



# Hammersmith Trade Services

A division of Hammersmith Marketing Ltd.

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## WEEKLY GRAIN AND PROTEIN REPORT January 25, 2020

Prices were mainly a little lower this week with soybeans leading the way. Soybeans were down by about USD 10 m/t, corn was down a little – no more than a dollar or two – US spring wheat was even down, this time by about USD 4 m/t followed by hard red winter wheat that was down by about USD 3 m/t. Soft red winter wheat prices were steady at current very high levels.

With soybeans being the big loser this week, the reasons why seem to be a fantastic crop in Brazil and very high hopes for the Argentina crop along with a no new soybean buying from China. China is normally always good for market excitement and this week is was exciting because they weren't in the market.

Corn export sales were good this week but that didn't seem to be enough to get the market excited. We will need a few more reports of improved export sales to get things moving higher. However, we are getting into the time when US corn will be replacing Black Sea corn in some areas but then we also see that new crop Brazil corn is looking good and looking low priced.

Trade reports suggest the much of the drop in wheat prices was just profit taking by large speculators. However, it was also said that prices in Europe and the Black Sea look to have reached the top and may slip lower – this would be a negative factor for US wheat at current price levels. US export prices would have to drop to compete.

### **Estimated Bulk Grain Freight in USD per m/t, basis heavy grains**

It was a tough week for large vessels with the Baltic Dry Index showing it biggest drop since 1999. It is said that the drop this week was mainly because of the lack of vessel demand due to Chinese New Year. Grain shipments are a smaller segment of the overall ocean freight business – less than 10% of all freight – so the freight rates for grain vessels was quite steady as grain demand was good. Overall ocean freight rates are expected to be weak for the next three months.

US Gulf to Europe: 60/70,000 (10,000 disch)	\$16/17.00	Down \$1.00	x
US Gulf to Spain: 50,000 m/t (5,000 disch)	\$16/17.00	Down \$1.00	X
US Gulf Israel: 50,000 m/t	\$28/29.00	Down \$1.00	X
US Gulf to Egypt: Panamax (6,000 disch)	\$27/28.00	Down \$1.00	X
US Gulf Turkey: 50,000 m/t	\$29/30.00	Down \$1.00	X
US Gulf Morocco: 30,000(5,000 disch)	\$35/36.00		X
US Gulf Algeria/Tunisia: 30,000 (3,000 disch)	\$34/35.00		X
US Gulf Nigeria: 30,000 m/t	\$57/58.00		X
US Gulf other Med: 30,000 MT(5,000 disch)	\$41/42.00		X
US Gulf South Africa: 45,000 m/t	\$46/47.00	Up \$1.00	X
US Gulf Japan: Panamax	\$46/47.00		X
US Gulf China: Panamax	\$45/46.00		X
US PNW South Africa – 40,000 m/t	\$38/39.00	Up \$1.00	X
US PNW Japan: Panamax	\$25/26.00		X
US PNW China: Panamax	\$24/25.00		X



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US East Coast Egypt: Panamax	\$56/57.00		X
US East Coast Nigeria: Handisize	\$56/57.00		X
France/Germany to Algeria: 30,000 m/t(3,000 disch)	\$19/20.00		X
France/Germany to Bangladesh: 35/45,000 m/t	\$41/42.00		X
France/Germany to China: 50,000 m/t	\$37/38.00		X
France/Germany to Egypt: 50,000 m/t (10,000 disch)	\$18/19.00		X
France/Germany to India: 50,000 m/t	\$30/31.00	Up \$1.00	X
France/Germany to Jordan: 35/45,000 m/t (4k disch)	\$22/23.00		X
France/Germany to Morocco: 30,000 m/t (3k disch)	\$17/18.00		X
France/Germany to Saudi Arabia: 50/60,000	\$32/33.00		X
France/Germany to South Africa: 30,000 m/t	\$44/45.00		X
France/Germany to Turkey: 35,000 m/t	\$19/20.00		X
France/Germany to Yemen: 30,000 m/t	\$52/53.00		X
Argentina to Algeria: 25/30,000 m/t(3,000 disch)	\$33/34.00		X
Argentina to China: 50,000 m/t, with top-off	\$36/37.00		X
Argentina to Japan: 50,000 m/t, with top-off	\$35/36.00		X
Argentina to Egypt: 50,000 m/t	\$28/29.00		X
Argentina to Europe: 50/60,000 m/t	\$28/29.00		X
Argentina to Morocco: 25/30,000 m/t(3,000 disch)	\$27/28.00		X
Argentina to Jordan: 50,000 m/t	\$45/46.00		X
Argentina to Saudi Arabia: 50,000 m/t	\$44/45.00		X
Argentina to South Africa 50,000 m/t	\$44/45.00		X
Argentina to Spain: 50,000 m/t	\$28/29.00		X
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$33/34.00		X
Argentina to US Gulf: 25/35,000 m/t	\$20/21.00		X
Brazil to Algeria/Tunisia: 25/30,000 m/t	\$46/47.00	Up \$1.00	X
Brazil to China: 55,000 m/t	\$34/35.00		X
Brazil to Japan: 55,000 m/t	\$34/35.00	Up \$1.00	X
Brazil to Europe: 50,000 m/t	\$31/32.00		X
Brazil to Morocco: 25/30,000 m/t	\$41/42.00	Up \$1.00	X
Brazil to Saudi Arabia 30/40,000 m/t	\$47/48.00	Up \$1.00	X
Brazil to Spain: 50,000 m/t	\$31/32.00		X
Brazil to Turkey/Egypt: 50,000 m/t	\$33/34.00	Up \$1.00	X
Australia to China: 40-55,000 m/t – round trip	\$20/20.50		X
Australia to Japan: 40-55,000 m/t – round trip	\$21/21.50		X
Australia to Saudi Arabia: 40-55,000 m/t	\$35/36.00	Up \$1.00	X
Ukraine to China: 50,000 m/t	\$36/37.00	Up \$1.00	X
Black Sea to East Med: 30,000 m/t (3,000 disch)	\$18/19.00	Up \$1.00	X
Ukraine to East Med: coaster (1,000 disch)	\$25/26.00		X
Russia to Turkey - Izmir: coaster (1,000 disch) -	\$23/24.00		x
Black Sea to Egypt: 40/50,000 m/t – (6,000 disch)	\$15/16.00	Down \$1.00	x
Black Sea to Egypt: 30,000 m/t – (4,000 dich)	\$17/18.00	Up \$2.00	X
Ukraine to Egypt: coaster 3,000 m/t (1,000 disch)	\$27/28.00		X
Russia to Egypt: coaster 3,000 m/t (1,000 disch)	\$37/38.00		X
Black Sea to Iraq: 50,000 m/t (4,000 disch)	\$35/36.00	Up 1.00	X
Black Sea to Europe: 50,000 m/t	\$24/25.00		X
Black Sea to Morocco: 30,000 m/t (3,000 disch)	\$20/21.00		X
Black Sea to Spain: 40/50,000 m/t (8,000 disch)	\$24/25.00		X



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Black Sea to Jordan: 50,000 m/t (5,000 disch)	\$24/25.00	Up \$1.00	X
Black Sea to Libya: 25/35,000 m/t	\$24/25.00		X
Black Sea to Saudi Arabia – Jeddah – 50k	\$31/32.00	Up \$2.00	X
Black Sea to South Africa – 30,000 m//t	\$44/45.00		X
Black Sea to Turkey – 30,000 m/t	\$17/18.00		X
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$21/22.00		x
Baltic Dry Index – 40% Cape, 30% Panamax, 30% Supramax – no Handisize included)	557	Down 197	X
Baltic Capesize Index (100,000 plus DWT)	165	Down 547	X
Baltic Panamax Index (60,000 to 80,000 DWT)	870	Down 179	X
Baltic Supramax Index (50,000 to 60,000 DWT)	543	Down 17	X
Baltic Handisize Index (25,000 plus DWT)	360	Down 19	x

FOB port or location specified. Prices in US\$, in metric tons:  
All shipments in bulk grain vessels unless stated otherwise  
 (NOLA is New Orleans, Louisiana, USA.)

ALL PRICES ARE FOR February 2020/April 2020

Wheat, USA Soft Red Winter, US Gulf	USD 262/266	X
Wheat, USA Hard Red Winter 11 protein, US Gulf	USD 230/233	X
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 225/227	X
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 231/233	X
Wheat, Romania 12.5 pro	USD 227/229	X
Wheat, Superior, France, Rouen	USD 222/224	X
Wheat, milling, 12.0%, Argentina, Upriver	USD 220/224	X
Wheat, feed, Black Sea	USD 220/223	X
Barley, France, Rouen port	USD 190/192	X
Barley, feed, Argentina, up river	USD 190/192	X
Barley, feed, Black Sea, 30,000+	USD 191/193	X
Corn, 2YC FOB NOLA USA	USD 180/183	X
Corn, 3YC FOB USA Pacific northwest	USD 201/204	X
Corn, FOB Argentina port, upriver	USD 193/196	X
Corn, FOB Brazil port	USD 173/176 new crop	X
Corn, FOB France – Atlantic	USD 195/198	X
Corn, FOB Romania	USD 183/186	X
Corn, FOB Russia	USD 197/200	X
Corn, FOB Ukraine, 30,000+ m/t	USD 185/188	X
Sorghum, FOB Argentina port	USD 140/143	X
Sorghum, FOB Texas	USD 187/190	X
Soymeal, 48% protein, FOB NOLA	USD 349/352	X
Soymeal, 48% protein, USA, Rotterdam	USD 374/377	X
Soymeal, Argentina, Rotterdam	USD 369/372	X



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Soymeal, 47% pro, FOB Argentina	USD 336/339	X
Soymeal, 48% protein, Brazil, Rotterdam	USD 360/363	X
Soymeal, 48% protein, FOB Brazil	USD 327/330	X
Soybeans, FOB NOLA	USD 352/355	X
Soybeans, Argentina, FOB	USD 356/359	X
Soybeans, Brazil, FOB	USD 350/353	X
Soybeans, Black Sea	USD 377/380	X
Corn Gluten Meal, USA FOB NOLA	USD 545/550 m/t	X
Corn Gluten Feed, USA FOB NOLA	USD 210/213 m/t	X
DDGS corn, 35 profat, USA FOB NOLA	USD 217/222 m/t	x

The market seemed very quiet this week for corn byproducts --- DDGS prices are said to be a little higher but only by a dollar or two – the expected run up in corn gluten meal prices hasn't happened, funny that as with fishmeal jumping by USD 100 m/t it was expected that buyers would move to CGM and push prices higher but this doesn't seem to have happened.

Also, the effect of corn aflatoxin on prices seems to have disappeared – I guess the aflatoxin situation isn't as bad as was earlier reported.

As usual, prices should track corn prices, but I will continue to be surprised if there is no push higher in CGM – perhaps after Chinese New Year when buyers realize that they are short supply.

## Container shipments, minimum 200 m/t

Australian MBM 45% protein	USD 340/350 m/t CNF Asia
Australian MBM 50% protein	USD 370/380 m/t CNF Asia
Australian Feathermeal, 80% protein	USD 410/420 m/t CNF Asia
Australian Poultry Meal, pet food	USD 630/640 m/t CNF Asia
USA Meat & Bone meal, 50% protein	USD 450/460 m/t CNF Asia USD 380/400 to Indonesia
USA Feathermeal, 80% protein	USD 400/420 m/t CNF Asia
USA Poultry by-product Meal, feed grade	USD 380/400 m/t CNF Asia
USA Poultry Meal, pet food grade	USD 600/620 m/t CNF Asia

The volume of Asia business has ended for now as we move in to Chinese New Year. Prices should be steady for a couple of weeks.

The Jacobsen report was saying that if the Mexico market opens again for US meal and bone meal then MBM prices should firm up --- at least for pure beef MBM.

There will continue to be some business done in Asia during New Year, but it will be quite slow overall. Animal protein producers are probably going to have to stockpile product or push more into their own domestic market.

Prices in the US domestic market are steady to lower with no one expecting much change in the trend unless Mexico is back in or soybean rallies.

## SECTION 2 --- FISHMEAL COMMENTS AND PRICES: PERUVIAN

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It looks like the total loadings against quota in Peru will be just a shade over 1 million m/t or about 240,000 m/t of fishmeal. Now we just have to wait for the next fishing season and to try to find some protein sources until then.

As can be expected by the small production, fishmeal sales in Peru exceed production and it looks like a good chunk of business will need to be rolled into next season. All producers are assuring buyers that contracts will be honored but just not this fishing season

The prices below, in Peru, are based upon the market price of USD 1700 m/t for Super Prime ---there is nothing to buy so the prices are just a calculation rather than the price product is available.

Total Peru fishmeal exports for 2019 have reached 1,036,772 m/t – quite a good year.

Also, the Peru government has issued a new decree that reorganizes the Imarpe (Instituto Del Mar de Peru) senior management. Perhaps this will have some affect on the future of fishing in Peru.

So, all quiet on the fishmeal front for now. I guess that we now have to be out buying black soldier fly (BSF) protein. There was a report out this week that said BSF production will have a value of USD 2.57 billion by 2030 with most of this coming from the animal feed industry and pet food. I wonder how many flies it takes to produce USD 2.57 billion in protein.

## PERU "INDICATION" FISHMEAL PRICES:

### European fishmeal prices – FOB North German port.

Type	Protein %	Price per m/t USD
Herring fishmeal	72% protein	1,630
Danish fishmeal	64% protein	1,375
Peru fishmeal	64% protein	1,550
Chile fishmeal	67% protein	1,600
Iceland fishmeal	70% protein	1,620

ALL PRICES SHOWN ARE IN CONTAINER, ON VESSEL, AT ORIGIN --- US DOLLARS

Minimum shipment of 200 m/t for fishmeal

Specification	Price per m/t FOB vessel Peru port	Price per m/t Chile port
65/66 protein	1350/1370 m/t	
67% protein standard steam	1450/1460 m/t	
67% protein 150 TVN	1500/1510 m/t	1500/1530 m/t
67% protein 120 TVN	1550/1560 m/t	1550/1560 m/t
67% protein 1000 hist, 120 TVN	1600/1610 m/t	1600/1650 m/t
68% protein 500 hist, 120 TVN	1700/1720 m/t	1700/1750 m/t
Fish oil, crude bulk	2300/2350	
Fish oil, crude drums	2350/2400	
Fish oil, flexi tank	2450/2500	



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Fish oil, Omega 3: 28%EPA/DHA	No prices	
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INFORMATION: gtee = guarantee, TVN = total volatile nitrogen, hist = histamine

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