



Hammersmith Trade Services

A division of Hammersmith Marketing Ltd.

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WEEKLY FEED GRAIN AND PROTEIN REPORT February 25, 2017

SECTION 1: US FEED GRAINS and VEGETABLE AND ANIMAL PROTEIN

The USDA held its annual Outlook Forum this week and the projections issued at the forum were probably a little positive for wheat and soybeans but even for corn. According to some in the trade there was nothing new for the market to consider or at least not much that will affect current prices.

Overall corn was down by a couple of dollars on the week and the nearby premium for export corn seems to be shrinking as the logistic situation improves, at least in the US Gulf. There is still much talk about the corn situation with Mexico and speculation on the US corn business to Mexico slowing down – so far this is all guess work.

Soybeans and soymeal were down all week – although the futures market did move a tad higher on Friday and “a tad” is not much. On the week, soybeans were down USD 8 to 10 m/t while soymeal followed at about USD 10 m/t lower. Trade reports say that a shift in soybean business to South America is putting downward pressure on US soybean/soymeal prices. It also seems that every forecast of soybean production from Argentina and Brazil shows increases – tough to maintain prices or support a rally when supplies seem to grow every day.

Even wheat prices were down on the week and no one much seemed to care that the USDA wheat plantings for 2017 would be at the lowest level since WW1 and that is a long time ago. Of course, you also have to consider that crop yields are way up since WW1 so plantings may be a very poor statistic to look at from 60 years ago.

One factor that is quite interesting for wheat is the situation in France where the winter wheat crop looks fantastic compared to last year and will probably get France right back into the soft wheat export market once again. While the US doesn't really compete much with France, the other countries that have been covering former France business this year will be back competing in other markets after the 2017 winter wheat harvest --- and they should bump into US wheat.

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

US Gulf to Europe: 60/70,000 (10,000 disch)	\$14.50/15.00	Steady	x
US Gulf to Spain: 30,000 m/t (5,000 disch)	\$24/25.00	Steady	x
US Gulf Israel: 50,000 MT	\$23/24.00	Up \$1.00	x
US Gulf to Egypt: Panamax(6,000 disch)	\$22/23.00	Up \$1.00	x
US Gulf Turkey: 50,000	\$24/25.00	Up \$1.00	x
US Gulf Morocco: 30,000(5,000 disch)	\$24/25.00	Up \$1.00	x
US Gul Algeria/Tunisia: 30,000 (3,000 disch)	\$26/27.00	Up \$1.00	x
US Gulf Nigeria: 30,000 m/t	\$52/53.00	Steady	x
US Gulf other Med: 30,000 MT(5,000 disch)	\$28/29.00	Steady	x
US Gulf Japan: Panamax	\$36/37.00	Steady	x
US Gulf China: Panamax	\$34/35.00	Steady	x
US PNW South Africa – 40,000 m/t	\$39/40.00	Steady	x
US PNW Japan: Panamax	\$19/20.00	Steady	x



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US PNW China: Panamax	\$18/19.00	Steady	x
US East Coast Egypt: Panamax	\$44/45.00	Steady	x
US East Coast Nigeria: Handisize	\$51/52.00	Steady	x
France/Germany to Algeria: 30,000 m/t(3,000 disch)	\$18/19.00	Down \$1.00	x
France/Germany to Egypt: 50,000 m/t (10,000 disch)	\$13/14.00	Steady	x
France/Germany to Jordan: 35/45,000 m/t (4,000 disch)	\$33/34.00	Steady	x
France/Germany to Morocco: 30,000 m/t (3,000 disch)	\$16/17.00	Down \$1.00	X
France/Germany to Saudi Arabia: 50/60,000	\$26/27.00	Up \$1.00	X
France/Germany to South Africa: 30,000 m/t	\$35/36.00	Steady	X
France/Germany to Yemen: 30,000 m/t	\$49/50.00	Steady	x
Argentina to Algeria: 25/30,000 m/t(3,000 disch)	\$27/28.00	Up \$1.00	X
Argentina to China: 50,000 m/t, with top-off	\$31/32.00	Up \$2.00	X
Argentina to Japan: 50,000 m/t, with top-off	\$32/33.00	Up \$2.00	X
Argentina to Egypt: 50,000 m/t	\$25/26.00	Up \$1.00	X
Argentina to Europe: 50/60,000 m/t	\$22/23.00	Up \$1.00	X
Argentina to Morocco: 25/30,000 m/t(3,000 disch)	\$24/25.00	Steady	X
Argentina to Saudi Arabia: 25/30,000 m/t	\$39/40.00	Down \$1.00	X
Argentina to South Africa 25/30,000 m/t (3,000 disch)	\$26/27.00	Up \$1.00	X
Argentina to Spain: 30,000 m/t	\$24/25.00	Steady	X
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$27/28.00	Up \$1.00	X
Argentina to US Gulf: 25/35,000 m/t	\$19/20.00	Steady	x
Brazil to Algeria/Tunisia: 25/30,000 m/t	\$29/30.00	Up \$1.00	x
Brazil to China: 55,000 m/t	\$25/26.00	Up \$1.00	x
Brazil to Japan: 55,000 m/t	\$26/27.00	Steady	x
Brazil to Europe: 30,000 m/t	\$29/30.00	Steady	X
Brazil to Morocco: 25/30,000 m/t	\$27/28.00	Up \$1.00	X
Brazil to Saudi Arabia 30/40,000 m/t	\$39/40.00	Up \$1.00	X
Brazil to Turkey/Egypt: 50,000 m/t	\$24/25.00	Up \$1.00	X
Australia to China: 40-55,000 m/t – round trip	\$19.00/19.50	Up \$1.00	x
Australia to Japan: 40-55,000 m/t – round trip	\$19.50/20.00	Up \$1.00	x
Australia to Saudi Arabia: 40-55,000 m/t	\$25/26.00	Steady	x
Ukraine to China: 50,000 m/t	\$27/28.00	Up \$1.00	x
Black Sea to East Med: 30,000 m/t (3,000 disch)	\$16/17.00	Steady	X
Ukraine to East Med: coaster (1,000 disch)	\$27/28.00	Steady	X
Black Sea to Egypt: 40/50,000 m/t – (6,000 disch)	\$17/18.00	Steady	X
Black Sea to Egypt: 30,000 m/t – (4,000 dich)	\$18/19.00	Steady	X
Ukraine to Egypt: coaster 3,000 m/t (1,000 disch)	\$27/28.00	Steady	X
Black Sea to Iraq: 50,000 m/t (4,000 disch)	\$27/28.00	Up \$1.00	x
Black Sea to Morocco: 30,000 m/t (3,000 disch)	\$20/21.00	Steady	X
Black Sea to Spain: 40/50,000 m/t (8,000 disch)	\$13/14.00	Steady	x
Black Sea to Jordan: 50,000 m/t (4,000 disch)	\$20/21.00	Steady	x
Black Sea to Saudi Arabia – Jeddah – 50k	\$23/24.00	Steady	X
Black Sea to South Africa – 30,000 m//t	\$36/37.00	Up \$1.00	x
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$19/20.00	Steady	x
Baltic Dry Index	875	Up 134	x
Baltic Capesize Index	1165	Up 426	x
Baltic Panamax Index	947	Up 30	X



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Baltic Supramax Index	809	Up 80	X
Baltic Handisize Index	428	Up 37	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 March 2017/May 2017

Wheat, USA Soft Red Winter, NOLA	USD 190/192	x
Wheat, USA Hard Red Winter 12 protein	USD 224>>212	x
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 185/188	X
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 189/192	x
Wheat, Romania 12.5 pro	USD 193/196	x
Wheat, Superior, France, Rouen	USD 193/195	x
Wheat, milling, 12.0%, Argentina, upriver	USD 179/182	x
Wheat, feed, Black Sea	USD 174/178	x
Barley, France, Rouen port	USD 166/168	x
Barley, feed, Argentina	USD 159/163	x
Barley, feed, Black Sea, 30,000+	USD 167/170	x
Barley, feed, USA Pacific Northwest	USD 190/195	x
Corn, FOB NOLA USA	USD 168>>164	x
Corn, FOB USA Pacific northwest	USD 199>>176	x
Corn, FOB Argentina port, upriver	USD 170/174	x
Corn, FOB Brazil port	USD 185/188	x
Corn, FOB Black Sea, 30,000+ m/t	USD 169/173	x
Corn, FOB France	USD 187/190	x
Corn, FOB Romania	USD 176/178	x
Sorghum, FOB Texas	USD 163/166	X
Sorghum, FOB Argentina port	USD 160/163	x
Soymeal, 48% protein, FOB NOLA	USD 372/375	X
Soymeal, 48% protein, USA, Rotterdam	USD 397/400	x
Soymeal, Argentina, Rotterdam	USD 377/379	x
Soymeal, 47% pro, FOB Argentina	USD 352/357	x
Soymeal, 48% protein, Brazil, Rotterdam	USD 367/371	x
Soymeal, 48% protein, FOB Brazil	USD 341/344	x
Soybeans, FOB NOLA	USD 395/398	x
Soybeans, Argentina, FOB	USD 384/388	x
Soybeans, Brazil, FOB	USD 392/396	X
Soybeans, Black Sea	USD 404/407	x
Corn Gluten Meal, USA FOB NOLA	USD 590/600 m/t	x
Corn Gluten Feed, USA FOB NOLA	USD 140/145 m/t	x
DDGS corn, 35 profat, USA FOB NOLA	USD 159/163 m/t	x

Not too much excitement in the corn by-product market this week. DDGS prices seem to have calmed down a little although the nearby prices are still at a premium to the more distant prices. With



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soymeal prices off by about USD 10 m/t this week there is little reason for corn by-product prices to move higher.

The US Grains Council mentioned in their weekly report that the container freight rates to Asia are moving higher and as much of the corn by-product business moves in containers this will push up CNF prices. They note that containers to Vietnam were up by USD 14 m/t while to Japan the increase was USD 9 m/t.

The USDA feedstuffs report shows that, on the domestic side, corn gluten meal prices were up by about USD 5 m/t with corn gluten feed down by about USD 1 m/t and DDGS prices down by about USD 3 to 5 m/t.

Container shipments, minimum 200 m/t

Argentina Meat & Bone meal, 45/50 protein	USD 420/430 m/t CNF Asia
Argentina poultry meal, 57/60 protein	USD 530/540 m/t CNF Asia
Argentina feathermeal, 78/80 protein	USD 460/470 m/t CNF Asia
Paraguay Meat & Bone meal, 45% protein	USD 420/430 m/t CNF Asia
Australian MBM 45 protein	USD 460/470 m/t CNF Asia
Australian MBM 50 protein	USD 510/520 m/t CNF Asia
Australian Feathermeal, 80 protein	USD 530/540 m/t CNF Asia
Australian Poultry Meal, pet food	USD 770/790 m/t CNF Asia
USA Meat & Bone meal, 50 protein	USD 465/485 m/t CNF Asia
USA Feathermeal, 80 protein	USD 540/550 m/t CNF Asia
USA Poultry Meal, feed grade	USD 630/640 m/t CNF Asia
USA Poultry Meal, pet food grade	USD 760/780 m/t CNF Asia

According to this week's Jacobsen, there looks to be a rally in meat and bone meal prices in Asia with both Indonesia and China said to be showing higher prices. Hard to say if this is a serious rally as prices for soymeal certainly aren't moving higher which should put a cap on any MBM rally.

There was also a bump up of USD 10 m/t or so in feathermeal and poultry meal with the trade saying that some of the buying may be advance Ramadan buying – Ramadan is still quite a ways away, as it won't begin until about May 27, so it does seem to be too early for a Ramadan price rally.

Jacobsen also notes that Asian demand for US feathermeal and poultry meal is also quite good which has helped to raise export prices by about USD 10 m/t.

If any readers wonder why the animal protein comments always seem to cover just Asia this is because a very large percentage of animal protein shipments, from all origins, are to Asia. There is really no other export market for animal proteins that is as important as the Asian market.

SECTION 2 --- FISHMEAL COMMENTS AND PRICES: PERUVIAN

There is still no fishing allowed in the southern zone in Peru. For the northern zone, the exploratory research cruise will run from Feb 28 to April 08 – seems like a long research cruise but what do I know about research cruises.

Speculation seems to be that the next north quota will be between 2.5 million m/t catch up to 3 million m/t. Of course, this is all just guess work at present.

New sales for the next northern fishing period remain quite brisk with the trade reporting that all of June and July look to be sold out with estimates of about 200,000 m/t of fishmeal sold – mostly to buyers in China. Producers are said to be wanting to pre-book about 50% of their next production –

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at 2.5 million m/t this would be about 600,000 m/t of total fishmeal production with a target of pre-booking 300,000 m/t or so.

As to prices, nothing new to report this week as the prices below seem to be about correct with some up and down range – depending on who you talk to.

European fishmeal prices – FOB North German port.

Type	Protein %	Price per m/t USD
Herring fishmeal	72% protein	1,415
Danish fishmeal	64% protein	1,330
Peru fishmeal	64% protein	1,350
Chile fishmeal	67% protein	1,400
Iceland fishmeal	70% protein	1,410

PERU "INDICATION" FISHMEAL PRICES:

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% protein	1150/1180 m/t	
65/66 protein	1250/1270 m/t	
67% protein standard steam	1300/1320 m/t	1330/1350
67% protein 150 TVN	1340/1360 m/t	1380/1400
67% protein 120 TVN	1390/1410 m/t	1430/1450
67% protein 1000 hist, 120 TVN	1440/1460 m/t	1480/1500
68% protein 500 hist, 120 TVN	1490/1510 m/t	1520/1540
Fish oil, crude bulk	1450/1500	1500/1550
Fish oil, crude drums	1550/1600	
Fish oil, flexi tank	1700/1750	
Fish oil, Omega 3: 28%EPA/DHA	1900/2000	

INFORMATION: gtee = guarantee, TVN = total volatile nitrogen, hist = histamine

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