



## **Hammersmith Trade Services**

A division of Hammersmith Marketing Ltd.

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### **WEEKLY GRAIN AND PROTEIN REPORT March 28, 2020**

Soybeans and wheat both had strong weeks this week – soybeans up by USD 7 to 9 m/t while nearby soft red winter wheat was up by USD 12 m/t and hard red winter was up by USD 7 to 8 m/t.

US Corn prices ended up almost unchanged on the week but could have room to move lower as experts are very concerned over dropping ethanol demand and the expected very large US corn crop. Black Sea corn prices are quite high and if the Ukraine slaps on export limits then prices could move higher. Of course, we do still have Argentina and Brazil maize coming – along with what might be surplus US corn – so corn prices could be very interesting and volatile in coming weeks.

Wheat prices were higher on the thought of Russian grain export limits along with the possibility that the Ukraine may also limit wheat exports.

According to most crop forecasting services, like the IGC, there will be lots of wheat --- eventually. But, until we get to eventually, the COVID-19 driven demand for wheat could easily keep wheat prices quite strong.

Logistics problems in Argentina are pushing soybean prices higher but most experts still seem to feel that soybean prices could move lower once again. The idea is that there are lots of soybeans in the world that can supply against reduced international demand --- which could push prices down.

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

US Gulf to Europe: 60/70,000 (10,000 disch)	\$12/13.00	Down \$1.00	X
US Gulf to Spain: 50,000 m/t (5,000 disch)	\$12/13.00	Down \$1.00	X
US Gulf Israel: 50,000 m/t	\$23/24.00	Down \$2.00	X
US Gulf to Egypt: Panamax (6,000 disch)	\$22/23.00	Down \$2.00	X
US Gulf Turkey: 50,000 m/t	\$24/25.00	Down \$2.00	X
US Gulf Morocco: 30,000(5,000 disch)	\$32/33.00		X
US Gulf Algeria/Tunisia: 30,000 (3,000 disch)	\$32/33.00		X
US Gulf Nigeria: 30,000 m/t	\$57/58.00		X
US Gulf other Med: 30,000 MT(5,000 disch)	\$39/40.00		X
US Gulf South Africa: 45,000 m/t	\$37/38.00		X
US Gulf Japan: Panamax	\$39/40.00	Down \$2.00	X
US Gulf China: Panamax	\$38/39.00	Down \$2.00	X
US PNW South Africa – 40,000 m/t	\$37/38.00		X
US PNW Japan: Panamax	\$20/21.00	Down \$1.00	X
US PNW China: Panamax	\$19/20.00	Down \$2.00	X
US East Coast Egypt: Panamax	\$56/57.00		X
US East Coast Nigeria: Handisize	\$56/57.00		X
US Lakes – Europe – 30,000 m/t	\$40/41.00		X
US Lakes – Morocco – 30,000 m/t	\$42/43.00		X
France/Germany to Algeria: 30,000 m/t(3,000 disch)	\$21/22.00		X



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France/Germany to Bangladesh: 35/45,000 m/t	\$41/42.00		X
France/Germany to China: 50,000 m/t	\$36/37.00	Down \$1.00	X
France/Germany to Egypt: 50,000 m/t (10,000 disch)	\$19/20.00		X
France/Germany to India: 50,000 m/t	\$32/33.00		X
France/Germany to Jordan: 35/45,000 m/t (4k disch)	\$23/24.00		X
France/Germany to Morocco: 30,000 m/t (3k disch)	\$19/20.00		X
France/Germany to Saudi Arabia: 50/60,000	\$33/34.00		X
France/Germany to South Africa: 30,000 m/t	\$44/45.00		X
France/Germany to Turkey: 35,000 m/t	\$18/19.00	Down \$1.00	X
France/Germany to Yemen: 30,000 m/t	\$53/54.00		X
Argentina to Algeria: 25/30,000 m/t(3,000 disch)	\$30/31.00		X
Argentina to China: 50,000 m/t, with top-off	\$29/30.00	Down \$3.00	X
Argentina to Japan: 50,000 m/t, with top-off	\$28/29.00	Down \$3.00	X
Argentina to Egypt: 50,000 m/t	\$23/24.00	Down \$2.00	X
Argentina to Europe: 50/60,000 m/t	\$19/20.00	Down \$1.00	X
Argentina to Morocco: 25/30,000 m/t(3,000 disch)	\$27/28.00		X
Argentina to Jordan: 50,000 m/t	\$46/47.00		X
Argentina to Saudi Arabia: 50,000 m/t	\$47/48.00		X
Argentina to South Africa 50,000 m/t	\$46/47.00	Down \$1.00	X
Argentina to Spain: 50,000 m/t	\$19/20.00	Down \$1.00	X
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$30/31.00		X
Argentina to US Gulf: 25/35,000 m/t	\$31/32.00	Down \$1.00	X
Brazil to Algeria/Tunisia: 25/30,000 m/t	\$32/33.00	Down \$3.00	X
Brazil to China: 55,000 m/t	\$26/27.00	Down \$1.00	X
Brazil to Japan: 55,000 m/t	\$25/26.00	Down \$1.00	X
Brazil to Europe: 50,000 m/t	\$29/30.00	Up \$1.00	X
Brazil to Morocco: 25/30,000 m/t	\$29/30.00	Down \$3.00	X
Brazil to Saudi Arabia 30/40,000 m/t	\$47/48.00		X
Brazil to Spain: 50,000 m/t	\$29/30.00		X
Brazil to Turkey/Egypt: 50,000 m/t	\$31/32.00		X
Australia to China: 40-55,000 m/t – round trip	\$22.50/22		X
Australia to Japan: 40-55,000 m/t – round trip	\$23/23.50		X
Australia to Saudi Arabia: 40-55,000 m/t	\$37/38.00		X
Ukraine to China: 50,000 m/t	\$30/31.00	Down \$2.00	X
Black Sea to East Med: 30,000 m/t (3,000 disch)	\$17/18.00		X
Ukraine to East Med: coaster (1,000 disch)	\$23/24.00		X
Russia to Turkey - Izmir: coaster (1,000 disch) -	\$22/23.00		X
Black Sea to Egypt: 40/50,000 m/t – (6,000 disch)	\$16/17.00		X
Black Sea to Egypt: 30,000 m/t – (4,000 dich)	\$15/16.00	Down \$2.00	X
Ukraine to Egypt: coaster 3,000 m/t (1,000 disch)	\$24/25.00		X
Russia to Egypt: coaster 3,000 m/t (1,000 disch)	\$33/34.00		X
Black Sea to Iraq: 50,000 m/t (4,000 disch)	\$35/36.00		X
Black Sea to Europe: 50,000 m/t	\$20/21.00	Down \$2.00	X
Black Sea to Morocco: 30,000 m/t (3,000 disch)	\$18/19.00	Down \$1.00	X
Black Sea to Spain: 40/50,000 m/t (8,000 disch)	\$20/21.00	Down \$2.00	X
Black Sea to Jordan: 50,000 m/t (5,000 disch)	\$22/23.00	Down \$1.00	X
Black Sea to Libya: 25/35,000 m/t	\$24/25.00		X
Black Sea to Saudi Arabia – Jeddah – 50k	\$25/26.00	Down \$2.00	X
Black Sea to South Africa – 30,000 m/t	\$46/47.00		X



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Black Sea to Turkey – 30,000 m/t	\$16/17.00	Down \$1.00	X
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$16/17.00	Down \$3.00	x
Baltic Dry Index – 40% Cape, 30% Panamax, 30% Supramax – no Handysize included)	556	Down 69	X
Baltic Capesize Index (100,000 plus DWT)	-97	Up 24	X
Baltic Panamax Index (60,000 to 80,000 DWT)	729	Down 78	X
Baltic Supramax Index (50,000 to 60,000 DWT)	641	Down 100	X
Baltic Handysize Index (25,000 plus DWT)	401	Down 22	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 April 2020/June 2020

Wheat, USA Soft Red Winter, US Gulf	USD 250>>239	X
Wheat, USA Hard Red Winter 11 protein, US Gulf	USD 229/232	X
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 213/216	X
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 224/227	X
Wheat, Romania 12.5 pro	USD 221/224	X
Wheat, Superior, France, Rouen	USD 223/225	X
Wheat, milling, 12.0%, Argentina, Upriver	USD 236/239	X
Wheat, feed, Black Sea	USD 210/213	X
Barley, France, Rouen port	USD 197/200	X
Barley, feed, Argentina, up river	USD 188/191	X
Barley, feed, Black Sea, 30,000+	USD 182/184	X
Corn, 2YC FOB NOLA USA	USD 166/169	X
Corn, 3YC FOB USA Pacific northwest	USD 178/181	X
Corn, FOB Argentina port, upriver	USD 168/171	X
Corn, FOB Brazil port	USD 166/169 new crop	X
Corn, FOB France – Atlantic	USD 189/191	X
Corn, FOB Romania	USD 179/182	X
Corn, FOB Russia	USD 184/187	X
Corn, FOB Ukraine, 30,000+ m/t	USD 180/183	X
Sorghum, FOB Argentina port	USD 133/136	X
Sorghum, FOB Texas	USD 190/193	X
Soymeal, 48% protein, FOB NOLA	USD 383>>370	X
Soymeal, 48% protein, USA, Rotterdam	USD 408>>395	X
Soymeal, Argentina, Rotterdam	USD 420/423	X
Soymeal, 47% pro, FOB Argentina	USD 363/366	X
Soymeal, 48% protein, Brazil, Rotterdam	USD 400/403	X
Soymeal, 48% protein, FOB Brazil	USD 355/358	X
Soybeans, FOB NOLA	USD 349/352	X



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Soybeans, Argentina, FOB	USD 343/346	X
Soybeans, Brazil, FOB	USD 346/349	X
Soybeans, Black Sea	USD 382/385	X
Corn Gluten Meal, USA FOB NOLA	USD 585/595 m/t	X
Corn Gluten Feed, USA FOB NOLA	USD 207/210 m/t	X
DDGS corn, 35 profat, USA FOB NOLA	USD 260>>240 m/t	X

The biggest news this week has been the rally in DDGS prices which has been caused by the drop in ethanol production. FOB New Orleans DDGS prices are reported to have reached USD 260 m/t which is the highest level in a couple of years. According to some press reports the spot price is the highest ever seen for DDGS. The relationship of DDGS to corn prices is at the highest level seen in 3 years.

While the spot DDGS price is very high most trade reports say that May to July prices should also move higher. CNF Asia prices for May are said to be up by about USD 35 m/t.

Corn gluten feed prices moved a little higher this week – up by about USD 5 while corn gluten meal prices slipped about USD 5 m/t lower. These days, all the excitement is in DDGS.

### Container shipments, minimum 200 m/t

Australian MBM 45% protein	USD 420/440 m/t CNF Asia
Australian MBM 50% protein	USD 470/490 m/t CNF Asia
Australian Feathermeal, 80% protein	USD 450/470 m/t CNF Asia
Australian Poultry Meal, pet food	USD 770/780 m/t CNF Asia
USA Meat & Bone meal, 50% protein	USD 490/510 m/t CNF Asia
USA Feathermeal, 80% protein	USD 430/450 to Indonesia
USA Poultry by-product Meal, feed grade	USD 440/460 m/t CNF Asia
USA Poultry Meal, pet food grade	USD 440/460 m/t CNF Asia
	USD 790/820 m/t CNF Asia

Shortage of supply is pushing prices higher from all areas the add to that the rally in soymeal prices and everything must move higher. Australian export prices moved higher with limited slaughter and continued good demand.

The US slaughter levels have been good, but demand is strong – especially from pet food producers.

The drop in ethanol production is reducing DDGS supply and feed people are looking more at animal proteins for coming weeks. a switch from DDGS and higher soymeal prices should keep animal protein prices quite firm.

They could be some drop in production depending on the effect of COVID-19 on the workforce and this too could add to the upward pressure on prices.

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

Like every other country in the world, Peru has been hit by COVID-19 – the effects on the fishmeal business are less than on many other businesses as we are between seasons. At present it looks like the main problems are logistic with a shortage of containers and staffing problems in the ports due to outbreaks of the virus. Peru is still trying to ship the last of the sold fishmeal supply, but actual shipments have dropped off drastically due to the logistics situation.



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The IMARPE research cruise is continuing and should finish in a week or so – then we will see what the possible quota will be. There is a good chance that COVID-19 could delay the quota announcement and the start of the next fishing season.

It is reported that there are some Chinese buyers out there for the next season's production but, in this period of uncertainty, no one is interested in booking additional export business.

Chile has opened the fishing season for sardine and anchovy in the Valparaiso/Biobio regions of the country.

Prices are steady – with nothing to sell – the next price trend will be seen after the quota announcement.

China has opened their market to fishmeal and fishoil from Norway, as had been expected. 27 Norwegian producers are approved for shipment to China. Norway normally exports about 115,000 m/t of fishmeal and fishoil per year.

There was also a very interesting report on the tilapia industry in Egypt published this week. Egypt produces about 900,000 m/t of tilapia per year. Aquaculture feed demand is expected to reach 1.5 million m/t this year – Egypt is reported to have 90 aquafeed producers. It is also said that up to 40% of local aquafeed is produced using soymeal due to the high price of fishmeal. Tilapia are the most raised fish in Egypt due to a number of important cost and production factors – tilapia are also quite forgiving in their feed demand – much like goats.

### **PERU "INDICATION" FISHMEAL PRICES:**

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

Type	Protein %	Price per m/t USD
Herring fishmeal	72% protein	1,635
Danish fishmeal	64% protein	1,415
Peru fishmeal	64% protein	1,560
Chile fishmeal	67% protein	1,610
Iceland fishmeal	70% protein	1,610

**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	1450/1470 m/t	
67% protein standard steam	1530/1550 m/t	
67% protein 150 TVN	1580/1600 m/t	1550/1570 m/t
67% protein 120 TVN	1630/1650 m/t	1600/1620 m/t
67% protein 1000 hist, 120 TVN	1690/1710 m/t	1640/1660 m/t
68% protein 500 hist, 120 TVN	1730/1750 m/t	1730/1750 m/t
Fish oil, crude bulk	2300/2350	
Fish oil, crude drums	2350/2400	



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Fish oil, flexi tank	2450/2500	
Fish oil, Omega 3: 28%EPA/DHA	2500/2600	

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

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