



# Hammersmith Trade Services

A division of Hammersmith Marketing Ltd.

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## WEEKLY GRAIN AND PROTEIN REPORT May 02, 2020

Corn prices were steady to just slightly lower this week as soybeans tried to run higher.

Corn planting in the US is doing quite well and the thoughts of a good crop but lower demand tried to push prices down. Corn usage for ethanol production is very bad with a drop of about 48% in corn consumption – all of this is known to the market, so the release of the latest Corn Crushing report by the USDA didn't seem to have an effect on corn prices. It is interesting to note that the corn used in beverage alcohol production was up very, very strongly – shows what everyone is doing during lockdown.

Soybean prices were up by about USD 4 m/t on the week pushed a little higher by very good soybean crushing numbers and expectations of more soybean business from China shortly – to meet the level of the US/China agreement.

Wheat had some variation in factors this week with the risk of frost damaging winter wheat crops while hot and dry weather in some areas may prove to be bad for spring wheat crops.

Export trading in most grains/oilseeds was subdued on Friday as many countries were closed for a May Day holiday on May 1<sup>st</sup>.

### **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 \$1.00	X
US Gulf to Egypt: Panamax (6,000 disch)	\$22/23.00	Down \$1.00	X
US Gulf Turkey: 50,000 m/t	\$24/25.00	Down \$1.00	X
US Gulf Morocco: 30,000(5,000 disch)	\$33/34.00		X
US Gulf Algeria/Tunisia: 30,000 (3,000 disch)	\$33/34.00		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	\$36/37.00	Down \$1.00	X
US Gulf China: Panamax	\$35/36.00	Down \$1.00	X
US PNW South Africa – 40,000 m/t	\$37/38.00		X
US PNW Japan: Panamax	\$19/20.00	Down \$1.00	X
US PNW China: Panamax	\$18/19.00	Down \$1.00	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	\$41/42.00		X
US Lakes – Morocco – 30,000 m/t	\$42/43.00		X
France/Germany to Algeria: 30,000 m/t(3,000 dis)	\$20/21.00		X
France/Germany to Bangladesh: 35/45,000 m/t	\$42/43.00		C

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France/Germany to China: 50,000 m/t	\$37/38.00		X
France/Germany to Egypt: 50,000 (10,000 dis)	\$17/18.00	Down \$1.00	X
France/Germany to India: 50,000 m/t	\$33/34.00		X
France/Germany to Jordan: 35/45,000 (4k dis)	\$24/25.00		X
France/Germany to Morocco: 30,000 m/t (3k dis)	\$20/21.00		X
France/Germany to Saudi Arabia: 50/60,000	\$34/35.00		X
France/Germany to South Africa: 30,000 m/t	\$45/46.00		X
France/Germany to Turkey: 35,000 m/t	\$17/18.00	Down \$1.00	X
France/Germany to Yemen: 30,000 m/t	\$55/56.00		X
Argentina to Algeria: 25/30,000 m/t(3,000 disch)	\$30/31.00	Down \$1.00	X
Argentina to China: 50,000 m/t, with top-off	\$27/28.00	Down \$1.00	X
Argentina to Japan: 50,000 m/t, with top-off	\$26/27.00	Down \$1.00	X
Argentina to Egypt: 50,000 m/t	\$17/18.00	Down \$1.00	X
Argentina to Europe: 50/60,000 m/t	\$13/14.00	Down \$1.00	X
Argentina to Morocco: 25/30,000 m/t(3,000 dis)	\$28/29.00		X
Argentina to Jordan: 50,000 m/t	\$47/48.00		X
Argentina to Saudi Arabia: 50,000 m/t	\$48/49.00		X
Argentina to South Africa 50,000 m/t	\$47/48.00		X
Argentina to Spain: 50,000 m/t	\$13/14.00	Down \$1.00	X
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$30/31.00	Down \$1.00	X
Argentina to US Gulf: 25/35,000 m/t	\$32/33.00		X
Brazil to Algeria/Tunisia: 25/30,000 m/t	\$30/31.00		X
Brazil to China: 55,000 m/t	\$23/24.00	Down \$1.00	X
Brazil to Japan: 55,000 m/t	\$22/23.00	Down \$1.00	X
Brazil to Europe: 50,000 m/t	\$23/24.00	Down \$1.00	X
Brazil to Morocco: 25/30,000 m/t	\$26/27.00		X
Brazil to Saudi Arabia 30/40,000 m/t	\$47/48.00		X
Brazil to Spain: 50,000 m/t	\$23/24.00	Down \$1.00	X
Brazil to Turkey/Egypt: 50,000 m/t	\$25/26.00	Down \$1.00	X
Australia to China: 40-55,000 m/t – round trip	\$24/24.50		X
Australia to Japan: 40-55,000 m/t – round trip	\$23/23.50		X
Australia to Saudi Arabia: 40-55,000 m/t	\$39/40.00		X
Ukraine to China: 50,000 m/t	\$26/27.00	Down \$1.00	X
Ukraine to Bangladesh, 50,000 m/t	\$43/44.00		X
Ukraine to India, 50,000 m/t	\$36/37.00		X
Black Sea to East Med: 30,000 m/t (3,000 disch)	\$14/15.00		X
Ukraine to East Med: coaster (1,000 disch)	\$23/24.00		X
Russia to Turkey - Izmir: coaster (1,000 disch) -	\$24/25.00		X
Black Sea to Egypt: 40/50,000 m/t – (6,000 dis)	\$13/14.00	Down \$1.00	X
Black Sea to Egypt: 30,000 m/t – (4,000 dich)	\$14/15.00		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)	\$35/36.00		x
Black Sea to Iraq: 50,000 m/t (4,000 disch)	\$34/35.00		X
Black Sea to Europe: 50,000 m/t	\$15/16.00	Down \$1.00	X
Black Sea to Morocco: 30,000 m/t (3,000 disch)	\$16/17.00		X
Black Sea to Spain: 40/50,000 m/t (8,000 disch)	\$15/16.00	Down \$1.00	X
Black Sea to Jordan: 50,000 m/t (5,000 disch)	\$17/18.00		X
Black Sea to Libya: 25/35,000 m/t	\$24/25.00		X
Black Sea to Saudi Arabia – Jeddah – 50k	\$23/24.00		X



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Black Sea to Turkey – 30,000 m/t	\$12/13.00		X
Black Sea to South Africa – 30,000 m//t	\$46/47.00		X
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$15/16.00		X
Baltic Dry Index – 40% Cape, 30% Panamax, 30% Supramax – no Handisize included)	617	Down 48	X
Baltic Capesize Index (100,000 plus DWT)	820	Down 144	X
Baltic Panamax Index (60,000 to 80,000 DWT)	704	Down 43	X
Baltic Supramax Index (50,000 to 60,000 DWT)	413	Up 25	x
Baltic Handisize Index (25,000 plus DWT)	239	Down 8	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 May 2020/July 2020

Wheat, USA Soft Red Winter, US Gulf	USD 223>>216	X
Wheat, USA Hard Red Winter 11 protein, US Gulf	USD 227/230	X
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 224/227	X
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 230/233	X
Wheat, Romania 12.5 pro	USD 229/232	X
Wheat, Superior, France, Rouen	USD 217/220	X
Wheat, milling, 12.0%, Argentina, Upriver	USD 238/241	X
Wheat, feed, Black Sea	USD 217/220	X
Barley, France, Rouen port	USD 175/178	X
Barley, feed, Argentina, up river	USD 187/190	X
Barley, feed, Black Sea, 30,000+	USD 183/186	X
Corn, 2YC FOB NOLA USA	USD 145/148	X
Corn, 3YC FOB USA Pacific northwest	USD 160/163	X
Corn, FOB Argentina port, upriver	USD 146/149	X
Corn, FOB Brazil port	USD 154/157	X
Corn, FOB France – Atlantic	USD 184/186	X
Corn, FOB Romania	USD 180/183	X
Corn, FOB Russia	USD 178/181	X
Corn, FOB Ukraine, 30,000+ m/t	USD 173/176	X
Sorghum, FOB Argentina port	USD 129/132	X
Sorghum, FOB Texas	USD 205/208	X
Soymeal, 48% protein, FOB NOLA	USD 344/346	X
Soymeal, 48% protein, USA, Rotterdam	USD 369/371	X
Soymeal, Argentina, Rotterdam	USD 354/357	X
Soymeal, 47% pro, FOB Argentina	USD 314/317	X
Soymeal, 48% protein, Brazil, Rotterdam	USD 347/350	X
Soymeal, 48% protein, FOB Brazil	USD 317/320	X
Soybeans, FOB NOLA	USD 334/337	X
Soybeans, Argentina, FOB	USD 320/323	X

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Soybeans, Brazil, FOB	USD 333/336	X
Soybeans, Black Sea	USD 394/397	X
Corn Gluten Meal, USA FOB NOLA	USD 650>>630 m/t	X
Corn Gluten Feed, USA FOB NOLA	USD 200/210 m/t	X
DDGS corn, 35 profat, USA FOB NOLA	USD 215>>200 m/t May>>August	x

There are some interesting numbers out in the US on production --- DDGS production has dropped from 101,000 m/t per day last November to just 51,000 m/t per day at the end of April – all ethanol production related. The same is seen for corn gluten feed and corn gluten meal as by-products of ethanol production with both down by 50% or so – CGF is now at 5,400 m/t per day and CGM at just 1,000 m/t per day. Needless to say, the use of corn for ethanol has also dropped by close to 50% per day. Interestingly, while ethanol production is down by close to 50%, gasoline production in the US is only down by 37%.

DDGS nearby prices slipped quite a bit lower this week as the panic buying seems to have stopped (as it also did with toilet paper). Much of the interest in DDGS exports is now a few weeks out as buyer seem to have covered all spot needs.

Corn gluten meal prices remain firm and high (sounds like a phrase of lyrics from an old Bob Seger song) as the demand from the pet food industry is still very good.

As is usual, the prices are supply/demand driven with corn gluten meal up on strong demand while DDGS has moved lower as high prices have scared off buyers.

## Container shipments, minimum 200 m/t

Australian MBM 45% protein	USD 470/490 m/t CNF Asia
Australian MBM 50% protein	USD 520/540 m/t CNF Asia
Australian Feathermeal, 80% protein	USD 450/470 m/t CNF Asia
Australian Poultry Meal, pet food	USD 800/820 m/t CNF Asia
USA Meat & Bone meal, 50% protein	USD 545/565 m/t CNF Asia
	USD 500/520 to Indonesia
USA Feathermeal, 80% protein	USD 460/480 m/t CNF Asia
USA Poultry by-product Meal, feed grade	USD 440/460 m/t CNF Asia
USA Poultry Meal, pet food grade	USD 820/840 m/t CNF Asia

All animal protein prices were steady to higher this week but experts seem to feel that prices may be a little too high and that there could be some weakness developing. Of course, the Covid-19 demand in the pet food industry will certainly come some prices firm – like poultry meal.

The Jacobsen report was saying that animal slaughter in Australia and New Zealand is increasing so this could put pressure on export prices to Asian buyers.

In the US it is repeated this week that, other than pet food demand, end users are switching to less expensive soymeal wherever possible. However, Covid-19 will probably cause lower production levels which may just keep prices up for longer as supply dwindles.

Longer term we should see lower prices but for now it is very hard to judge what will happen day to day.

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

The Imarpe cruise finished a couple of days ago and we are just waiting for any announcement on results.. Friday was a holiday in Peru (like most of Europe) so the week ended with no new reports on fishing quotas.

The trade expects that the government will get all the Imarpe results on Monday May 4<sup>th</sup> so perhaps we will see a fishing quota set shortly after that. Trade reports say that the fishing/fishmeal industry is all set to roll on the new quota with all equipment shipshape and Bristol fashion.

The Covid-19 ban in Peru is only set until May 10<sup>th</sup> so perhaps there will be a managed wind down of restrictions after that – if so then this will make fishing and processing a little easier.

According to trade reports there was some new season, super prime fishmeal booked at USD 1725, which is just about where prices have been sitting for a few weeks.

China reports that just over 250,000 m/t of fishmeal was imported in January to March 2020 with 117,000 m/t coming from Peru, Russia and Chile had 22,000 m/t each with Vietnam at 19,000 m/t and Thailand at close to 16,000 m/t. Prices for fishmeal in China are said to be steady to slightly higher as demand is good and supply arrival is expected to slow. Most trade reports expect China fishmeal stocks to drop over the next couple of months as demand is building but there will be little more supply arriving.

## PERU “INDICATION” FISHMEAL PRICES:

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

Type	Protein %	Price per m/t USD
Herring fishmeal	72% protein	1,680
Danish fishmeal	64% protein	1,410
Peru fishmeal	64% protein	1,560
Chile fishmeal	67% protein	1,610
Iceland fishmeal	70% protein	1,720

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	1500/1520 m/t	
67% protein 150 TVN	1550/1570 m/t	1550/1570 m/t
67% protein 120 TVN	1600/1620 m/t	1600/1620 m/t
67% protein 1000 hist, 120 TVN	1660/1680 m/t	1640/1660 m/t
68% protein 500 hist, 120 TVN	1700/1720 m/t	1700/1720 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	2500/2600	
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INFORMATION: gtee = guarantee, TVN = total volatile nitrogen, hist = histamine

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