



# Hammersmith Trade Services

A division of Hammersmith Marketing Ltd.

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## WEEKLY FEED GRAIN AND PROTEIN REPORT May 13, 2017

### **SECTION 1: US FEED GRAINS and VEGETABLE AND ANIMAL PROTEIN**

The USDA WASDE report was the big news this week but judging by the activity in prices it was not too exciting a report. From a corn point of view then report overall was quite neutral with crops up in some areas and down in others but with ending world corn stocks expected to be about 13 percent lower. There was very little change in US corn numbers although there were some post-report comments that corn use in ethanol should have increased – perhaps in the next report.

Also this week, both Argentina and Brazil raised their crop forecasts for corn – tough to see any higher prices when crops just keep increasing.

Looks like the next corn news is going to have to be how the US planting is going and if it can catch up to the five-year average.

There was also nothing to exciting in the WASDE for soybeans – certainly not as much of a bearish report as some had expected. The market had been expecting a good jump in world stocks of soybeans and while there was a jump it was not much of one.

However, with soybeans, we had increased estimates of production from both Argentina and Brazil which should put a cap on any possible price rally. In the US, everyone is watching the weather to see if all the beans get in the ground but then this year's planting is not all that far behind the five-year average

### **Crop progress and condition --- USA and France**

	May 07, 2017 %	May 07, 2016 %	Five year average %		
<b>Planted USA</b>					
Corn	47.0	61.0	52.0		
Sorghum	30.0	29.0	30.0		
Soybeans	14.0	21.0	17.0		
Spring wheat	54.0	74.0	60.0		
Spring Barley	53.0	76.0	68.0		
<b>Condition USA</b>	Very poor %	Poor %	Fair %	Good %	Excellent %
Winter wheat	4	11	32	43	10
<b>Planted France</b>	May 08, 2017 %	May 08, 2016 %			
Corn	93.0	73.0			

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Condition France	Very poor %	Poor %	Fair %	Good %	Excellent %
Wheat, soft	0.0	6.0	19.0	61.0	14.0
Barley, winter	1.0	9.0	23.0	56.0	11.0
Wheat, hard	1.0	9.0	26.0	56.0	8.0
Barley, spring	0.0	4.0	18.0	68.0	10.0

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

US Gulf to Europe: 60/70,000 (10,000 disch)	\$14.00/15.00	Steady	X
US Gulf to Spain: 30,000 m/t (5,000 disch)	\$22/23.00	Down \$1.00	x
US Gulf Israel: 50,000 MT	\$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	\$24/25.00	Down \$1.00	x
US Gulf Morocco: 30,000(5,000 disch)	\$24/25.00	Steady	x
US Gulf Algeria/Tunisia: 30,000 (3,000 disch)	\$25/26.00	Steady	x
US Gulf Nigeria: 30,000 m/t	\$36/37.00	Down \$1.00	x
US Gulf other Med: 30,000 MT(5,000 disch)	\$30/31.00	Steady	X
US Gulf Japan: Panamax	\$38/39.00	Steady	X
US Gulf China: Panamax	\$37/38.00	Steady	X
US PNW South Africa – 40,000 m/t	\$36/37.00	Steady	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	\$45/46.00	Up \$1.00	X
US East Coast Nigeria: Handisize	\$51/52.00	Steady	x
France/Germany to Algeria: 30,000 m/t(3,000 disch)	\$14/15.00	Down \$1.00	X
France/Germany to Egypt: 50,000 m/t (10,000 disch)	\$14/15.00	Down \$1.00	X
France/Germany to Jordan: 35/45,000 m/t (4,000 disch)	\$27/28.00	Steady	X
France/Germany to Morocco: 30,000 m/t (3,000 disch)	\$11/12.00	Down \$1.00	X
France/Germany to Saudi Arabia: 50/60,000	\$31/32.00	Down \$1.00	X
France/Germany to South Africa: 30,000 m/t	\$35/36.00	Down \$1.00	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)	\$24/25.00	Down \$2.00	X
Argentina to China: 50,000 m/t, with top-off	\$36/37.00	Down \$2.00	X
Argentina to Japan: 50,000 m/t, with top-off	\$37/38.00	Down \$2.00	X
Argentina to Egypt: 50,000 m/t	\$25/26.00	Steady	X
Argentina to Europe: 50/60,000 m/t	\$19/20.00	Steady	X
Argentina to Morocco: 25/30,000 m/t(3,000 disch)	\$21/22.00	Down \$2.00	X
Argentina to Saudi Arabia: 25/30,000 m/t	\$42/43.00	Down \$1.00	X
Argentina to South Africa 25/30,000 m/t (3,000 disch)	\$29/30.00	Down \$1.00	X
Argentina to Spain: 30,000 m/t	\$23/24.00	Down \$1.00	x
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$24/25.00	Down \$2.00	X
Argentina to US Gulf: 25/35,000 m/t	\$16/17.00	Down \$1.00	X
Brazil to Algeria/Tunisia: 25/30,000 m/t	\$27/28.00	Down \$1.00	X
Brazil to China: 55,000 m/t	\$27/28.00	Down \$2.00	X
Brazil to Japan: 55,000 m/t	\$28/29.00	Down \$2.00	X
Brazil to Europe: 30,000 m/t	\$29/30.00	Down \$1.00	X



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Brazil to Morocco: 25/30,000 m/t	\$26/27.00	Down \$1.00	X
Brazil to Saudi Arabia 30/40,000 m/t	\$37/38.00	Down \$1.00	X
Brazil to Turkey/Egypt: 50,000 m/t	\$21/22.00	Up \$2.00	X
Australia to China: 40-55,000 m/t – round trip	\$19/19.50	Steady	X
Australia to Japan: 40-55,000 m/t – round trip	\$19.50/20.00	Steady	X
Australia to Saudi Arabia: 40-55,000 m/t	\$26/27.00	Steady	X
Ukraine to China: 50,000 m/t	\$28/29.00	Steady	X
Black Sea to East Med: 30,000 m/t (3,000 disch)	\$18/19.00	Steady	X
Ukraine to East Med: coaster (1,000 disch)	\$28/29.00	Steady	X
Black Sea to Egypt: 40/50,000 m/t – (6,000 disch)	\$20/21.00	Steady	X
Black Sea to Egypt: 30,000 m/t – (4,000 disch)	\$21/22.00	Steady	X
Ukraine to Egypt: coaster 3,000 m/t (1,000 disch)	\$28/29.00	Steady	X
Black Sea to Iraq: 50,000 m/t (4,000 disch)	\$32/33.00	Steady	X
Black Sea to Morocco: 30,000 m/t (3,000 disch)	\$15/16.00	Down \$1.00	X
Black Sea to Spain: 40/50,000 m/t (8,000 disch)	\$12/13.00	Down \$1.00	X
Black Sea to Jordan: 50,000 m/t (4,000 disch)	\$23/24.00	Steady	X
Black Sea to Saudi Arabia – Jeddah – 50k	\$27/28.00	Steady	X
Black Sea to South Africa – 30,000 m/t	\$36/37.00	Down \$1.00	X
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$14/15.00	Down \$1.00	X
Baltic Dry Index	1014	Up 20	X
Baltic Capesize Index	1725	Up 345	X
Baltic Panamax Index	992	Down 31	X
Baltic Supramax Index	784	Down 27	X
Baltic Handisize Index	509	Down 14	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 June 2017/August 2017

Wheat, USA Soft Red Winter, NOLA	USD 179/183	x
Wheat, USA Hard Red Winter 12 protein	USD 209/213	x
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 179/183	x
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 182/185	x
Wheat, Romania 12.5 pro	USD 182/185	x
Wheat, Superior, France, Rouen	USD 186/188	x
Wheat, milling, 12.0%, Argentina, upriver	USD 178/183 new crop	x
Wheat, feed, Black Sea	USD 171/174	x
Barley, France, Rouen port	USD 164/166	x
Barley, feed, Argentina	USD 167/170 June/July	x
Barley, feed, Black Sea, 30,000+	USD 158/162	x
Barley, feed, USA Pacific Northwest	USD 200/205	x
Corn, FOB NOLA USA	USD 158/162	x
Corn, FOB USA Pacific northwest	USD 171/174 June/July	x
Corn, FOB Argentina port, upriver	USD 153/158 Aug/Sep	x



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Corn, FOB Brazil port	USD 158/162 Aug/Sep	x
Corn, FOB Ukraine, 30,000+ m/t	USD 166/170	x
Corn, FOB France	USD 193/196	x
Corn, FOB Romania	USD 172/175	x
Corn, FOB Russia	USD 170/173	x
Sorghum, FOB Texas	USD 171/174	x
Sorghum, FOB Argentina port	USD 147/152	x
Soymeal, 48% protein, FOB NOLA	USD 349/352	x
Soymeal, 48% protein, USA, Rotterdam	USD 374/378	x
Soymeal, Argentina, Rotterdam	USD 352/356	x
Soymeal, 47% pro, FOB Argentina	USD 316/320	x
Soymeal, 48% protein, Brazil, Rotterdam	USD 347/350	x
Soymeal, 48% protein, FOB Brazil	USD 325/328	x
Soymeal, 48% protein, FOB India	USD 356/360	x
Soybeans, FOB NOLA	USD 368/371	x
Soybeans, Argentina, FOB	USD 358/362	x
Soybeans, Brazil, FOB	USD 362/367	x
Soybeans, Black Sea	USD 395/400	x
Corn Gluten Meal, USA FOB NOLA	USD 590/600 m/t	x
Corn Gluten Feed, USA FOB NOLA	USD 115/119 m/t	x
DDGS corn, 35 profat, USA FOB NOLA	USD 148/152 m/t	x

Not much news at all for corn by-products this week. Exporters have been trying to push US export prices up a little higher but buyers are resisting and bidding lower. According to the US Grains Council report, bids for DDGS are USD 5-8 m/t blow current market prices. It doesn't seem to likely that DDGS prices will drop that much but one never knows. As I mention every week, DDGS is a tremendous bargain versus corn/soymeal and export sales just keep chugging along.

I heard from the US Grains Council that they will be having a DDGS workshop for prospective and existing buyers in the MENA region and Europe late in June 2017. This will probably increase the demand for US DDGS in the MENA region – not much more can be done for Europe due to the tight GMO restrictions in most, but not all, EU countries.

With the expected drop in fishmeal prices, we should probably see some softening of corn gluten meal prices but then CGM doesn't always do what you expect.

Corn gluten feed prices are steady – not much happening there. According to the USDA, domestic corn gluten meal prices are down by about USD 2 m/t, DDGS unchanged to down a little but they do show corn gluten feed prices up by about USD 6 m/t – this has not been seen in export market prices.

## Container shipments, minimum 200 m/t

Argentina Meat & Bone meal, 45/50 protein	USD 435/450 m/t CNF Asia
Argentina poultry meal, 57/60 protein	USD 540/550 m/t CNF Asia
Argentina feathermeal, 78/80 protein	USD 490/500 m/t CNF Asia
Paraguay Meat & Bone meal, 45% protein	USD 430/440 m/t CNF Asia
Australian MBM 45 protein	USD 480/490 m/t CNF Asia
Australian MBM 50 protein	USD 530/540 m/t CNF Asia

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Australian Feathermeal, 80 protein	USD 550/560 m/t CNF Asia
Australian Poultry Meal, pet food	USD 800/810 m/t CNF Asia
USA Meat & Bone meal, 50 protein	USD 530/550 m/t CNF Asia
USA Feathermeal, 80 protein	USD 550/570 m/t CNF Asia
USA Poultry Meal, feed grade	USD 670/680 m/t CNF Asia
USA Poultry Meal, pet food grade	USD 900/920 m/t CNF Asia

Meat and bone meal prices into major markets in Asia are reported to be lower this week by between USD 10 and 20 m/t. The drop in price was expected as the flurry of pre-Ramadan demand had helped to hold prices up and that demand is now gone.

US export poultry meal prices were a little higher this week but feathermeal prices were steady but future weakness in export feathermeal is expected as US domestic prices are looking a little softer.

There was a mention in the Jacobsen report this week that large stocks of fishmeal are on hand in China and, as added by me, falling fishmeal prices could reduce China's demand for animal protein or at least cause them to bid lower for any animal protein needs. As reported below, fishmeal prices seem to be down by as much as USD 100 m/t which will certainly influence animal protein demand.

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

All the big guns in the fishmeal business are back at work after the IFFO meeting in Barcelona, so trade reports are interesting once again. Stories post-Barcelona say that the new season Peru fishmeal orders booked now stand at about 350,000 m/t – up by about 100,000 m/t from the previous estimates. At 350,000 m/t of sales this represent close to 1.5 million m/t of catch. According to MSI Ceres there was also a report of an additional 80,000 m/t of fishmeal sold from Peru to China. A few more sales like this and there will be little Peruvian left to sell.

The story on prices is that they are slipping lower, as the major buyers are bidding below the market and, as was heard from Barcelona, there will be lots of fishmeal available from non-Peru origins in 2017. There have been some rumors that Peru prices could be down by USD 100 m/t but that has not as yet been seen in the market – perhaps only behind closed doors.

Reports have the catch to date at 852,000 m/t which should give about 195,000 m/t of fishmeal and 27,500 m/t of fishoil. It is going to take a while longer to cover all the current sales. Also, one day last week the catch was more than 67,000 m/t and there were over 500 vessels out fishing.

## European fishmeal prices – FOB North German port.

Type	Protein %	Price per m/t USD
Herring fishmeal	72% protein	1,315
Danish fishmeal	64% protein	1,310
Peru fishmeal	64% protein	1,300
Chile fishmeal	67% protein	1,350
Iceland fishmeal	70% protein	1,275

## PERU "INDICATION" FISHMEAL PRICES:

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

Minimum shipment of 200 m/t for fishmeal

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<u>Specification</u>	<u>Price per m/t FOB vessel Peru port</u>	<u>Price per m/t Chile port</u>
65% protein	1100/1120 m/t	
65/66 protein	1170/1190 m/t	
67% protein standard steam	1220/1240 m/t	
67% protein 150 TVN	1370/1390 m/t	1350/1370
67% protein 120 TVN	1420/1440 m/t	1400/1420
67% protein 1000 hist, 120 TVN	1450/1470 m/t	1440/1460
68% protein 500 hist, 120 TVN	1480/1500 m/t	1470/1490
Fish oil, crude bulk	1400/1450	1250/1300
Fish oil, crude drums	1500/1550	
Fish oil, flexi tank	1600/1650	
Fish oil, Omega 3: 28%EPA/DHA	1700/1800	

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

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