



Hammersmith Trade Services

A division of Hammersmith Marketing Ltd.

Corporate Head Office: Suite 200B, Centre of Commerce, One Bay Street,
 PO Box N-3944, Nassau, Bahamas. Email: tradegroup@hammersmith.biz
 WWW: hammersmithltd.blogspot.com SKYPE: bacon39a

Representative Office: +33.9.7044.4881 Mobile: +33.6.8068.4564 Fax: +33.4.5774.7575
 1 Traverse Du Cheval Blanc, St Remy de Provence, 13210 France

WEEKLY FEED GRAIN AND PROTEIN REPORT May 20, 2017

SECTION 1: US FEED GRAINS and VEGETABLE AND ANIMAL PROTEIN

Comparing the end of the week prices this week with last week makes it all look very quiet but there was enough activity during the week to make things a little exciting. The week ended with not much happening to corn prices, even though they were up a little on Friday, while both soybeans and soymeal moved lower on the week: USD 4 m/t for beans and USD 6 m/t or so for soymeal. Winter wheat was steady but spring wheat had a nice little USD 4 to 5 m/t price rally.

Most of the trade reports on Friday were saying that the market is waiting to see the first USDA corn crop rating report – there is some speculation that this may be part of next week's report.

There was quite a bit of discussion this week about difficulties in replanting some corn, as expected rain may keep farmers out of the fields this weekend into next week.

There was also some talk about falling US corn export numbers and how this could push corn prices lower in coming days.

There wasn't much else to talk about in the corn market this week as everyone seemed to be quite relaxed.

Soybeans were up on Friday in the futures market in the US but were still down on the week. However, the feeling is that the soybean strength could continue as the increased soybean price in Brazil could just push demand for US bean exports higher – at least that is the thought for the week.

While I don't ever talk much about wheat, it was interesting to read this week that the bear market in wheat could be over and that world demand for quality wheat could lead to higher prices in the export markets. It seems that while there is lots of wheat available there is not the supply of high quality wheat that many international buyers require.

Crop progress and condition --- USA and France

	May 14, 2017 %	May 14, 2016 %	Five year average %		
Planted USA					
Corn	71.0	73.0	70.0		
Sorghum	32.0	33.0	35.0		
Soybeans	32.0	34.0	32.0		
Spring wheat	78.0	87.0	73.0		
Spring Barley	78.0	88.0	79.0		
Condition USA	Very poor %	Poor %	Fair %	Good %	Excellent %
Winter wheat	4	12	32	43	9



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	May 15, 2017 %	May 15, 2016 %			
Planted France					
Corn	98.0	88.0			
Condition France	Very poor %	Poor %	Fair %	Good %	Excellent %
Wheat, soft	0.0	6.0	18.0	62.0	14.0
Barley, winter	1.0	10.0	22.0	56.0	11.0
Wheat, hard	1.0	9.0	23.0	60.0	7.0
Barley, spring	0.0	4.0	18.0	70.0	8.0
Corn	0.0	2.0	12.0	80.0	6.0

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)	\$21/22.00	Down \$1.00	x
US Gulf Israel: 50,000 MT	\$22/23.00	Down \$1.00	X
US Gulf to Egypt: Panamax(6,000 disch)	\$21/22.00	Down \$1.00	X
US Gulf Turkey: 50,000	\$23/24.00	Down \$1.00	x
US Gulf Morocco: 30,000(5,000 disch)	\$23/24.00	Down \$1.00	x
US Gulf Algeria/Tunisia: 30,000 (3,000 disch)	\$24/25.00	Down \$1.00	x
US Gulf Nigeria: 30,000 m/t	\$35/36.00	Down \$1.00	x
US Gulf other Med: 30,000 MT(5,000 disch)	\$29/30.00	Down \$1.00	x
US Gulf Japan: Panamax	\$37/38.00	Down \$1.00	X
US Gulf China: Panamax	\$36/37.00	Down \$1.00	x
US PNW South Africa – 40,000 m/t	\$37/38.00	Up \$1.00	x
US PNW Japan: Panamax	\$20/21.00	Up \$1.00	x
US PNW China: Panamax	\$19/20.00	Up \$1.00	x
US East Coast Egypt: Panamax	\$46/47.00	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	Steady	x
France/Germany to Egypt: 50,000 m/t (10,000 disch)	\$14/15.00	Steady	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	Steady	x
France/Germany to Saudi Arabia: 50/60,000	\$31/32.00	Steady	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)	\$24/25.00	Steady	X
Argentina to China: 50,000 m/t, with top-off	\$34/35.00	Down \$2.00	X
Argentina to Japan: 50,000 m/t, with top-off	\$35/36.00	Down \$2.00	X
Argentina to Egypt: 50,000 m/t	\$25/26.00	Steady	X
Argentina to Europe: 50/60,000 m/t	\$20/21.00	Up \$2.00	X
Argentina to Morocco: 25/30,000 m/t(3,000 disch)	\$21/22.00	Steady	X
Argentina to Saudi Arabia: 25/30,000 m/t	\$42/43.00	Steady	X
Argentina to South Africa 25/30,000 m/t (3,000 disch)	\$28/29.00	Down \$1.00	X
Argentina to Spain: 30,000 m/t	\$23/24.00	Steady	X
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$24/25.00	Steady	x



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Argentina to US Gulf: 25/35,000 m/t	\$16/17.00	Steady	x
Brazil to Algeria/Tunisia: 25/30,000 m/t	\$26/27.00	Down \$1.00	x
Brazil to China: 55,000 m/t	\$26/27.00	Down \$1.00	X
Brazil to Japan: 55,000 m/t	\$27/28.00	Down \$1.00	x
Brazil to Europe: 30,000 m/t	\$28/29.00	Down \$1.00	x
Brazil to Morocco: 25/30,000 m/t	\$25/26.00	Down \$1.00	x
Brazil to Saudi Arabia 30/40,000 m/t	\$37/38.00	Steady	x
Brazil to Turkey/Egypt: 50,000 m/t	\$23/24.00	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)	\$14/15.00	Down \$1.00	x
Black Sea to Spain: 40/50,000 m/t (8,000 disch)	\$12/13.00	Steady	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	Steady	x
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$13/14.00	Down \$1.00	x
Baltic Dry Index	956	Down 58	x
Baltic Capesize Index	1668	Down 57	x
Baltic Panamax Index	870	Down 122	x
Baltic Supramax Index	759	Down 24	x
Baltic Handysize Index	502	Down 7	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 182/187	x
Wheat, USA Hard Red Winter 12 protein	USD 212/217	x
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 178/182	x
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 182/185	x
Wheat, Romania 12.5 pro	USD 185/189	x
Wheat, Superior, France, Rouen	USD 185/187	x
Wheat, milling, 12.0%, Argentina, upriver	USD 177/182 new crop	x
Wheat, feed, Black Sea	USD 171/174	x
Barley, France, Rouen port	USD 164/166	x
Barley, feed, Argentina	USD 166/170 June/July	x



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Barley, feed, Black Sea, 30,000+	USD 155/159	x
Barley, feed, USA Pacific Northwest	USD 195/200	x
Corn, FOB NOLA USA	USD 163/165	x
Corn, FOB USA Pacific northwest	USD 173/177 June/July	x
Corn, FOB Argentina port, upriver	USD 156/160 Aug/Sep	X
Corn, FOB Brazil port	USD 161/164 Aug/Sep	X
Corn, FOB Ukraine, 30,000+ m/t	USD 166/170	X
Corn, FOB France	USD 192/197	X
Corn, FOB Romania	USD 174/177	x
Corn, FOB Russia	USD 170/173	x
Sorghum, FOB Texas	USD 177/180	x
Sorghum, FOB Argentina port	USD 152/157	x
Soymeal, 48% protein, FOB NOLA	USD 344/348	x
Soymeal, 48% protein, USA, Rotterdam	USD 369/373	x
Soymeal, Argentina, Rotterdam	USD 342/346	x
Soymeal, 47% pro, FOB Argentina	USD 314/318	x
Soymeal, 48% protein, Brazil, Rotterdam	USD 336/341	x
Soymeal, 48% protein, FOB Brazil	USD 323/326	x
Soymeal, 48% protein, FOB India	USD 376/382	x
Soybeans, FOB NOLA	USD 368/371	x
Soybeans, Argentina, FOB	USD 362/367	x
Soybeans, Brazil, FOB	USD 361/366	x
Soybeans, Black Sea	USD 392/397	x
Corn Gluten Meal, USA FOB NOLA	USD 580/590 m/t	x
Corn Gluten Feed, USA FOB NOLA	USD 117/120 m/t	x
DDGS corn, 35 profat, USA FOB NOLA	USD 149/152 m/t	x

According to the USDA US domestic price info, corn by product prices were quite steady on the week. They show no change at all for corn gluten feed prices, corn gluten meal up a little: USD 5 m/t and DDGS mainly unchanged.

The trade reports this week say that export demand for the week was quite low with the only active buyers wanting to buy below current market levels. Looking at both corn gluten feed and DDGS, it is difficult to see prices dropping much lower – as I have mentioned before, at current prices they both look like a bargain.

With fishmeal prices down by about USD 100 m/t, there is the chance that there could be some weakness in the corn gluten meal export business but corn gluten meal can always surprise you with its market price strength...probably since much of it goes into pet food where prices are a little less volatile than the feed business.

There doesn't seem to be much reason to forecast higher prices at present – so enjoy the current low levels.

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



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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
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 560/570 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

It seemed like a quiet week in the export animal feed sector – meat and bone meal prices did slide a little into Asia as demand remained a little soft. Buyers seem to have good cover until July.

According to the Jacobsen report, prices for meat and bone meal may be a little too high versus soymeal which is causing buyers to bid low and putting some downward pressure on prices.

Price pressure or not this has just been a slow week for export orders.

The trade shows that export prices from the US, Australia and New Zealand were mainly unchanged on the week.

SECTION 2 --- FISHMEAL COMMENTS AND PRICES: PERUVIAN

Fishing in Peru remains very good and the total catch to Friday was up at 1.13 million m/t against the 2.8 million m/t quota. There are about 450 to 500 vessels out fishing every day. The mini fishing bans that are in place don't seem to be slowing the fishing at all.

Trade reports in Peru can't seem to agree on how much fishmeal has been sold with estimates ranging from 300,000 m/t to 400,000 m/t. At the 400,000 m/t, this represents about 1.7 million m/t of catch.

Reports also say that fishmeal producers are busily lining up their export logistics as it takes a whole bunch of containers to ship 400,000 m/t of fishmeal --- export shipments are expected to begin by the end of May or early June.

Also, according to trade reports, there is not much new business around a buyers seem to be well covered for now and sellers are not looking to put much more business on the books ---- time to get shipping.

Now then, what about prices – trade numbers show that current prices are down by about USD 100 to 120 m/t from the end of last season....not surprising with the size of the quota and the fishing success so far.

A report from Rabobank has forecasted that fishmeal prices will trade in the USD 1,200 to 1,700 m/t level over the next five years. Rabobank is also looking for increased world production of fishmeal for the next couple of years --- up about 500,000 m/t per year, this would bring total world fishmeal production up to about 5.4 million m/t per year by 2019. Of course, the weather in Peru and our friend El Nino can certainly kick a hole in those numbers.

Rabobank also says that fishmeal will face stronger competition from other "novel" protein sources like microbial derived protein, insect protein and algae based protein. As they point out, the



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complications for these alternatives will be scaling up production and balancing amino acid levels and this is in addition to trying to make a price/benefit competitive protein alternative to fishmeal.

European fishmeal prices – FOB North German port.

Type	Protein %	Price per m/t USD
Herring fishmeal	72% protein	1,340
Danish fishmeal	64% protein	1,335
Peru fishmeal	64% protein	1,300
Chile fishmeal	67% protein	1,350
Iceland fishmeal	70% protein	1,290

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	1000/1020 m/t	
65/66 protein	1070/1090 m/t	
67% protein standard steam	1100/1120 m/t	
67% protein 150 TVN	1230/1250 m/t	1290/1310
67% protein 120 TVN	1280/1300 m/t	1310/1330
67% protein 1000 hist, 120 TVN	1330/1350 m/t	1330/1350
68% protein 500 hist, 120 TVN	1380/1400 m/t	1350/1360
Fish oil, crude bulk	1250/1300	1150/1200
Fish oil, crude drums	1350/1400	
Fish oil, flexi tank	1450/1500	
Fish oil, Omega 3: 28%EPA/DHA	1600/1700	

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

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