



# Hammersmith Trade Services

A division of Hammersmith Marketing Ltd.

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## WEEKLY FEED GRAIN AND PROTEIN REPORT June 01, 2019

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

How was that for an exciting week for prices – both cash and futures – while prices did slip a little on Friday we still ended up with a very strong week: corn was up by almost USD 10 m/t with soybeans up by USD 18 m/t and soymeal up by over USD 20 m/t. Wheat too had an up week, not quite as far up but still up: soft red winter wheat was up by USD 5 m/t with hard red winter up by close to USD 12 m/t even spring wheat was dragged a little higher as it was up by about USD 2 m/t.

We have just had another week of weather problems, trade wars and new tariffs --- all of which look to be bullish for grains and oilseeds (except perhaps with Mexico which could just add new tariffs to imports from the US, including grains, etc. – the Mexico situation was much of the reason for the slip in prices on Friday).

Corn prices climbed for most days this week as wet weather continued to delay planting, but farmers may just not switch to soybeans as the higher corn prices may just keep them planting corn – late or not. There is nothing like higher prices to motivate the farmers and the market.

With soybeans, it is difficult to know what is going to happen with the farmers in the US – will they switch planting from corn to soybeans. Will the US government support programs keep farmers tied to soybeans? It all comes down to case of where the return will be the greatest – will it be in corn or in beans. Also with soybeans is the question of how much damage could all this wet weather do to the soybean planting and to the crop. It may be more difficult for soybeans to hold the price rally than it is for corn. It will be interesting to see if soybeans remain strong next week.

With wheat, while the winter crop is being harvested in some area there is the concern of all this rainfall and what it is doing to the quality of the crop. Farmers prefer to finish off the crop year with some sunshine rather than tons and tons of rainfall. Yes, rainfall can delay the harvest, but it is also not as good as sunshine for finishing the crop.

Next week will probably be just as exciting as this week as we look toward counter tariff programs from Mexico, more rhetoric with China and unfortunately still more rainfall.

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

US Gulf to Europe: 60/70,000 (10,000 disch)	\$17/18.00	Steady	X
US Gulf to Spain: 50,000 m/t (5,000 disch)	\$17/18.00	Steady	X
US Gulf Israel: 50,000 m/t	\$30/31.00	Steady	X
US Gulf to Egypt: Panamax (6,000 disch)	\$29/30.00	Steady	X
US Gulf Turkey: 50,000 m/t	\$31/32.00	Steady	X
US Gulf Morocco: 30,000(5,000 disch)	\$37/38.00	Up \$1.00	X
US Gulf Algeria/Tunisia: 30,000 (3,000 disch)	\$35/36.00	Up \$1.00	X
US Gulf Nigeria: 30,000 m/t	\$46/47.00	Up \$1.00	X
US Gulf other Med: 30,000 MT(5,000 disch)	\$36/37.00	Steady	X
US Gulf South Africa: 45,000 m/t	\$35/36.00	Steady	X
US Gulf Japan: Panamax	\$44/45.00	Up \$1.00	X



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US Gulf China: Panamax	\$43/44.00	Up \$1.00	X
US PNW South Africa – 40,000 m/t	\$37/38.00	Steady	X
US PNW Japan: Panamax	\$25/26.00	Up \$1.00	X
US PNW China: Panamax	\$24/25.00	Up \$1.00	X
US East Coast Egypt: Panamax	\$45/46.00	Steady	x
US East Coast Nigeria: Handisize	\$51/52.00	Up \$1.00	X
France/Germany to Algeria: 30,000 m/t(3,000 disch)	\$15/16.00	Steady	X
France/Germany to Bangladesh: 35/45,000 m/t	\$40/41.00	Steady	X
France/Germany to China: 50,000 m/t	\$37/38.00	Steady	X
France/Germany to Egypt: 50,000 m/t (10,000 disch)	\$15/16.00	Steady	X
France/Germany to India: 50,000 m/t	No info	Steady	X
France/Germany to Jordan: 35/45,000 m/t (4k disch)	\$20/21.00	Steady	X
France/Germany to Morocco: 30,000 m/t (3k disch)	\$14/15.00	Steady	X
France/Germany to Saudi Arabia: 50/60,000	\$25/26.00	Steady	X
France/Germany to South Africa: 30,000 m/t	\$18/19.00	Steady	X
France/Germany to Turkey: 35,000 m/t	\$15/16.00	Steady	X
France/Germany to Yemen: 30,000 m/t	\$30/31.00	Steady	X
Argentina to Algeria: 25/30,000 m/t(3,000 disch)	\$27/28.00	Steady	X
Argentina to China: 50,000 m/t, with top-off	\$37/38.00	Steady	X
Argentina to Japan: 50,000 m/t, with top-off	\$36/37.00	Steady	X
Argentina to Egypt: 50,000 m/t	\$31/32.00	Steady	X
Argentina to Europe: 50/60,000 m/t	\$31/32.00	Up \$1.00	X
Argentina to Morocco: 25/30,000 m/t(3,000 disch)	\$24/25.00	Steady	X
Argentina to Jordan: 50,000 m/t	\$33/34.00	Steady	X
Argentina to Saudi Arabia: 50,000 m/t	\$35/36.00	Steady	x
Argentina to South Africa 50,000 m/t	\$34/35.00	Up \$1.00	X
Argentina to Spain: 50,000 m/t	\$31/32.00	Up \$1.00	X
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$27/28.00	Steady	X
Argentina to US Gulf: 25/35,000 m/t	\$21/22.00	Steady	X
Brazil to Algeria/Tunisia: 25/30,000 m/t	\$28/29.00	Steady	X
Brazil to China: 55,000 m/t	\$34/35.00	Steady	X
Brazil to Japan: 55,000 m/t	\$33/34.00	Steady	X
Brazil to Europe: 50,000 m/t	\$28/29.00	Down \$1.00	X
Brazil to Morocco: 25/30,000 m/t	\$27/28.00	Steady	X
Brazil to Saudi Arabia 30/40,000 m/t	\$37/38.00	Steady	X
Brazil to Spain: 50,000 m/t	\$28/29.00	Down \$1.00	X
Brazil to Turkey/Egypt: 50,000 m/t	\$28/29.00	Down \$1.00	x
Australia to China: 40-55,000 m/t – round trip	\$19.00/19.50	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	\$25/26.00	Steady	X
Ukraine to China: 50,000 m/t	\$34/35.00	Down \$1.00	X
Ukraine to Bangladesh: 45,000 m/t	\$38/39.00	Steady	X
Ukraine to India: 45/50,000 m/t	\$34/35.00	Steady	X
Black Sea to East Med: 30,000 m/t (3,000 disch)	\$15/16.00	Up \$1.00	X
Ukraine to East Med: coaster (1,000 disch)	\$21/22.00	Steady	X
Russia to Turkey - Izmir: coaster (1,000 disch) -	\$20/21.00	Steady	X
Black Sea to Egypt: 40/50,000 m/t – (6,000 disch)	\$16/17.00	Steady	X
Black Sea to Egypt: 30,000 m/t – (4,000 dich)	\$16/17.00	Steady	X



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Ukraine to Egypt: coaster 3,000 m/t (1,000 disch)	\$21/22.00	Steady	X
Russia to Egypt: coaster 3,000 m/t (1,000 disch)	\$32/33.00	Steady	X
Black Sea to Iraq: 50,000 m/t (4,000 disch)	\$33/34.00	Steady	X
Black Sea to Europe: 50,000 m/t	\$19/20.00	Down \$1.00	X
Black Sea to Morocco: 30,000 m/t (3,000 disch)	\$17/18.00	Steady	X
Black Sea to Spain: 40/50,000 m/t (8,000 disch)	\$19/20.00	Down \$1.00	X
Black Sea to Jordan: 50,000 m/t (5,000 disch)	\$24/25.00	Steady	X
Black Sea to Libya: 25/35,000 m/t	\$21/22.00	Steady	X
Black Sea to Saudi Arabia – Jeddah – 50k	\$27/28.00	Steady	X
Black Sea to South Africa – 30,000 m/t	\$38/39.00	Steady	X
Black Sea to Turkey – 30,000 m/t	\$15/16.00	Up \$1.00	X
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$16/17.00	Steady	x
Baltic Dry Index – 40% Cape, 30% Panamax, 30% Supramax – no Handisize included)	1096	Up 30	X
Baltic Capesize Index (100,000 plus DWT)	1620	Up 75	X
Baltic Panamax Index (60,000 to 80,000 DWT)	1335	Up 31	X
Baltic Supramax Index (50,000 to 60,000 DWT)	752	Down 27	X
Baltic Handisize Index (25,000 plus DWT)	398	Up 5	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/July 2019

Wheat, USA Soft Red Winter, US Gulf	USD 225>>220	X
Wheat, USA Hard Red Winter 11 protein, US Gulf	USD 225>>222	x
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 185/187 July/Sep New	X
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 194/196 July/Sep New	X
Wheat, Romania 12.5 pro	USD 186/189 July/Sep New	X
Wheat, Superior, France, Rouen	USD 213/215	X
Wheat, milling, 12.0%, Argentina, Upriver	USD 202/205	X
Wheat, feed, Black Sea	USD 180/183 July/Sep New	X
Barley, France, Rouen port	USD 192/194	X
Barley, feed, Argentina, up river	USD 182/185	X
Barley, feed, Black Sea, 30,000+	USD 172/175 July/Sep New	X
Corn, 2YC FOB NOLA USA	USD 194/197	X
Corn, 3YC FOB USA Pacific northwest	USD 210/213	X
Corn, FOB Argentina port, upriver	USD 175/178 July/Sep	X
Corn, FOB Brazil port	USD 178/181 Aug/Oct	X
Corn, FOB France – Atlantic	USD 190/192	X
Corn, FOB Romania	USD 172/175 July/Sep	X
Corn, FOB Russia	USD 176/179 July/Sep	X
Corn, FOB Ukraine, 30,000+ m/t	USD 178/181 July/Sep	X
Sorghum, FOB Argentina port	USD 162/165 Jun/Aug	X



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Sorghum, FOB Texas	USD 204/207	X
Soymeal, 48% protein, FOB NOLA	USD 360/363 Jun/July	X
Soymeal, 48% protein, USA, Rotterdam	USD 385/388	X
Soymeal, Argentina, Rotterdam	USD 377/380	X
Soymeal, 47% pro, FOB Argentina	USD 339/342	X
Soymeal, 48% protein, Brazil, Rotterdam	USD 367/370	X
Soymeal, 48% protein, FOB Brazil	USD 343/346	X
Soybeans, FOB NOLA	USD 347/350	X
Soybeans, Argentina, FOB	USD 351/354	X
Soybeans, Brazil, FOB	USD 360/363	X
Soybeans, Black Sea	USD no prices	X
Corn Gluten Meal, USA FOB NOLA	USD 495/505 m/t	X
Corn Gluten Feed, USA FOB NOLA	USD 160/165 m/t	X
DDGS corn, 35 profat, USA FOB NOLA	USD 217/220	X

It is interesting to see that, in another week of higher corn prices, only DDGS seemed to make much of a price rally. Over the past couple of weeks US export DDGS prices have jumped by USD 25 to 30 m/t while corn gluten feed seems not to have changed at all and corn gluten meal has only had a small rally of about USD 10 m/t.

One would expect that the higher corn prices will have to lead price increases for all corn by-products, if the rally in corn holds. It is true that CGM prices out in August/September are about USD 20 to 30 m/t higher than June/July, but this is just what has been the recent normal premium for buying further out.

There doesn't seem to be any reason to expect prices to move lower for now – very tough to see any weakness when corn is so strong.

## Container shipments, minimum 200 m/t

Australian MBM 45% protein	USD 300/310 m/t CNF Asia
Australian MBM 50% protein	USD 330/340 m/t CNF Asia
Australian Feathermeal, 80% protein	USD 540/550 m/t CNF Asia
Australian Poultry Meal, pet food	USD 690/710 m/t CNF Asia
USA Meat & Bone meal, 50% protein	USD 390/400 m/t CNF Asia
	USD 325/335 to Indonesia
USA Feathermeal, 80% protein	USD 480/520 m/t CNF Asia
USA Poultry Meal, feed grade	USD 480/500 m/t CNF Asia
USA Poultry Meal, pet food grade	USD 725/745 m/t CNF Asia

Even with soymeal prices racing higher there was no rally in animal protein prices – prices to China were even reported to be a little softer for meat and bone meal. Prices from both Australia and New Zealand were unchanged on the week but the cattle slaughter is higher in both countries so this may lead to further price weakness if supplies of meat and bone meal accumulate.

USA domestic prices were steady to lower which is making animal protein look very good when compared to higher soymeal prices --- soymeal was up by just over USD 20 m/t on the week but US MBM was slipping lower. Most trade experts feel that US MBM prices are going to move higher as buyers



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switch from soymeal to MBM.

If vegetable protein prices continue to move higher then animal protein prices will certainly follow.

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

Total catch is now up to about 1,180,000 m/t with the landings this week varying from 36,000 m/t to 60,000 m/t per day. The catch so far should yield about 268,000 m/t of fishmeal and 49,000 m/t of fishoil. All going well the full 2.1 million m/t quota could be landed by the end of June.

Prices seem to have slipped just a little, but buyers are said to be still looking for lower price levels. The very high stocks on hand in China along with the reduced usage due to African Swine Fever (ASF) is putting some pressure on export fishmeal prices. ASF is said to be reported back as far as the 1700's but only in Africa and was not seen outside of Africa until the early 1900's. Much like foot and mouth disease in cattle there doesn't seem to be an easy cure for ASF.

Sellers in Peru seem to be more inclined to accept buyer's lower bids this week as demand from China may fall off a little and cause further price weakness. China is still buying and Europe seems to be back in the market a little.

According to import numbers from China, they have imported about 484,000 m/t of fishmeal in the January to April period with 276,000 m/t (57%) coming from Peru, 32,700 m/t from Russia, 31,000 m/t from Vietnam, 28,000 m/t from Mauritania and 21,300 m/t from Thailand along with smaller amounts from Pakistan, Chile, Morocco, Mexico and the USA.

### PERU "INDICATION" FISHMEAL PRICES:

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

Minimum shipment of 200 m/t for fishmeal

<u>Specification</u>	<u>Price per m/t FOB vessel Peru port</u>	<u>Price per m/t Chile port</u>
65/66 protein	1280/1300 m/t	
67% protein standard steam	1350/1370 m/t	
67% protein 150 TVN	1450/1470 m/t	No prices
67% protein 120 TVN	1500/1520 m/t	1500/1520
67% protein 1000 hist, 120 TVN	1550/1570 m/t	1570/1590
68% protein 500 hist, 120 TVN	1600/1620 m/t	1600/1620
Fish oil, crude bulk	1900/1950	
Fish oil, crude drums	1950/2000	
Fish oil, flexi tank	2050/2100	
Fish oil, Omega 3: 28%EPA/DHA	2100/2400	

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

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