



Hammersmith Trade Services

A division of Hammersmith Marketing Ltd.

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WEEKLY GRAIN AND PROTEIN REPORT June 20, 2020

Except for wheat price, commodities in the US seemed to have quite a quiet week. Corn prices were about a dollar a m/t higher with soybeans up by nearly USD 2 m/t and soymeal down by USD 2 m/t or so.

US winter wheat, both hard and soft, was down by about USD 8 m/t pushed lower by "harvest pressure". Winter wheat in the US is expected to have a very large harvest but, according to trade reports, the protein levels may be lower than normal and lower protein means lower prices. However, if there is a strong swing to lower protein in winter wheat harvest this may mean that premiums for higher protein Hard Red Winter wheat could be pushed much higher.

Corn prices didn't do anything all week. There were some good rains for much of the corn area but not much else to get the market excited. The weather ahead is expected to turn to hot and dry for the corn/soybean crops. Prices are just marking time for now.

Soybeans too were calm but there is some talk that China will have to be back in the US soybean market as the US has much of the available supply for now. Brazil looks to be down to its last few beans until harvest.

There are some rumblings that the higher corn prices in the US could lead to the EU reducing its current import levy on corn and sorghum. The current levy is at Euro 10.40 m/t and this may be reduced by 50%. The EU levy is actually a strange beast in that it increases costs to end users in the EU for an item, like corn, where about 18 million m/t will have to be imported and will be imported. Overall, the tariff probably has little or no effect on how much corn the EU imports. It also has no effect on US corn/sorghum to the EU as GMO stops much of any import of US product.

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

Baltic Freight Index numbers continue to race higher this week as the surge in demand from China and India for capesize vessels continues. According to AgriCensus the daily charter rate for Panamax sized vessels has increased by 70% with the smaller Supermax vessels up by about 45%.

Looking at the freight ideas below, you wont see any rates going down this week and the full effect of the increase in demand probably won't show in individual rates before the next week or so.

US Gulf to Europe: 60/70,000 (10,000 disch)	\$16/17.00	Up \$2.00	X
US Gulf to Spain: 50,000 m/t (5,000 disch)	\$16/17.00	Up \$2.00	X
US Gulf Israel: 50,000 m/t	\$26/27.00	Up \$1.00	X
US Gulf to Egypt: Panamax (6,000 disch)	\$25/26.00	Up \$1.00	X
US Gulf Turkey: 50,000 m/t	\$27/28.00	Up \$1.00	X
US Gulf Morocco: 30,000(5,000 disch)	\$36/37.00	Up \$3.00	X
US Gulf Algeria/Tunisia: 30,000 (3,000 disch)	\$36/37.00	Up \$2.00	X
US Gulf Nigeria: 30,000 m/t	\$58/59.00		X
US Gulf other Med: 30,000 MT(5,000 disch)	\$40/41.00	Up \$1.00	X

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US Gulf South Africa: 45,000 m/t	\$38/39.00		X
US Gulf Japan: Panamax	\$38/39.00	Up \$2.00	X
US Gulf China: Panamax	\$37/38.00	Up \$2.00	X
US PNW South Africa – 40,000 m/t	\$38/39.00	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	\$59/60.00	Up \$3.00	X
US East Coast Nigeria: Handisize	\$58/59.00		X
US Lakes – Europe – 30,000 m/t	\$42/43.00	Up \$1.00	X
US Lakes – Morocco – 30,000 m/t	\$43/44.00	Up \$1.00	X
France/Germany to Algeria: 30,000 m/t(3,000 dis)	\$21/22.00	Up \$1.00	X
France/Germany to Bangladesh: 35/45,000 m/t	\$48/49.00	Up \$1.00	X
France/Germany to China: 50,000 m/t	\$37/38.00	Up \$1.00	X
France/Germany to Egypt: 50,000 (10,000 dis)	\$16/17.00	Up \$1.00	X
France/Germany to India: 50,000 m/t	\$37/38.00	Up \$1.00	X
France/Germany to Jordan: 35/45,000 (4k dis)	\$29/30.00	Up \$1.00	X
France/Germany to Morocco: 30,000 m/t (3k dis)	\$22/23.00	Up \$1.00	X
France/Germany to Saudi Arabia: 50/60,000	\$34/35.00		X
France/Germany to South Africa: 30,000 m/t	\$41/42.00	Up \$1.00	X
France/Germany to Turkey: 35,000 m/t	\$22/23.00	Up \$1.00	X
France/Germany to Yemen: 30,000 m/t	\$60/61.00	Up \$1.00	X
Argentina to Algeria: 25/30,000 m/t(3,000 disch)	\$28/29.00		X
Argentina to China: 50,000 m/t, with top-off	\$25/26.00	Up \$2.00	X
Argentina to Japan: 50,000 m/t, with top-off	\$26/27.00	Up \$2.00	X
Argentina to Egypt: 50,000 m/t	\$13/14.00	Up \$1.00	X
Argentina to Europe: 50/60,000 m/t	\$10/11.00	Up \$1.00	X
Argentina to Morocco: 25/30,000 m/t(3,000 dis)	\$29/30.00	Up \$1.00	X
Argentina to Jordan: 50,000 m/t	\$49/50.00	Up \$1.00	X
Argentina to Saudi Arabia: 50,000 m/t	\$41/42.00		X
Argentina to South Africa 50,000 m/t	\$49/50.00	Up \$1.00	X
Argentina to Spain: 50,000 m/t	\$10/11.00	Up \$1.00	x
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$28/29.00		x
Argentina to US Gulf: 25/35,000 m/t	\$34/35.00		X
Brazil to Algeria/Tunisia: 25/30,000 m/t	\$33/34.00	Up \$1.00	X
Brazil to China: 55,000 m/t	\$28/29.00	Up \$3.00	X
Brazil to Japan: 55,000 m/t	\$27/28.00	Up \$3.00	X
Brazil to Europe: 50,000 m/t	\$20/21.00		X
Brazil to Morocco: 25/30,000 m/t	\$29/30.00	Up \$2.00	X
Brazil to Saudi Arabia 30/40,000 m/t	\$50/51.00	Up \$1.00	X
Brazil to Spain: 50,000 m/t	\$20/21.00		X
Brazil to Turkey/Egypt: 50,000 m/t	\$24/25.00		X
Australia to China: 40-55,000 m/t – round trip	\$17/18.00		X
Australia to Japan: 40-55,000 m/t – round trip	\$24/24.50	Up \$1.00	X
Australia to Saudi Arabia: 40-55,000 m/t	\$46/47.00	Up \$1.00	X
Ukraine to China: 50,000 m/t	\$25/26.00	Up \$2.00	X
Ukraine to Bangladesh, 50,000 m/t	\$48/49.00	Up \$1.00	X
Ukraine to India, 50,000 m/t	\$39/40.00		X
Black Sea to East Med: 30,000 m/t (3,000 disch)	\$14/15.00		X



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Ukraine to East Med: coaster (1,000 disch)	\$22/23.00	Up \$4.00	X
Ukraine to Turkey: coaster (1,000 disch)	\$13/14.00		X
Russia to Turkey - Izmir: coaster (1,000 disch) -	\$13/14.00		X
Black Sea to Egypt: 40/50,000 m/t – (6,000 dis)	\$13/14.00	Up \$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)	\$22/23.00	Up \$4.00	X
Russia to Egypt: coaster 3,000 m/t (1,000 disch)	\$27/28.00		X
Black Sea to Iraq: 50,000 m/t (4,000 disch)	\$36/37.00	Up \$1.00	X
Black Sea to Europe: 50,000 m/t (8,000 disch)	\$15/16.00	Up \$2.00	X
Black Sea to Morocco: 30,000 m/t (3,000 disch)	\$17/18.00		X
Black Sea to Spain: 40/50,000 m/t (8,000 disch)	\$15/16.00	Up \$2.00	X
Black Sea to Jordan: 50,000 m/t (5,000 disch)	\$20/21.00		X
Black Sea to Libya: 25/35,000 m/t	\$26/27.00	Up \$1.00	X
Black Sea to Saudi Arabia – Jeddah – 50k	\$24/25.00		X
Black Sea to Turkey – 30,000 m/t	\$13/14.00	Up \$2.00	X
Black Sea to South Africa – 30,000 m/t	\$48/49.00		X
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$16/17.00		X
Baltic Dry Index – 40% Cape, 30% Panamax, 30% Supramax – no Handisize included)	1555	Up 632	X
Baltic Capesize Index (100,000 plus DWT)	3819	Up 2296	X
Baltic Panamax Index (60,000 to 80,000 DWT)	1178	Up 326	X
Baltic Supramax Index (50,000 to 60,000 DWT)	657	Up 60	X
Baltic Handisize Index (25,000 plus DWT)	363	Up 42	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 2020/August 2020

Wheat, USA Soft Red Winter, US Gulf	USD 204/208	X
Wheat, USA Hard Red Winter 11 protein, US Gulf	USD 207/210	X
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 200/203	X
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 205/208	X
Wheat, Romania 12.5 pro	USD 204/207	X
Wheat, Superior, France, Rouen	USD 208/210	X
Wheat, milling, 12.0%, Argentina, Upriver	USD 222/225	X
Wheat, feed, Black Sea	USD 189/192	X
Barley, France, Rouen port	USD 186/188	X
Barley, feed, Argentina, up river	USD 176/179	X
Barley, feed, Black Sea, 30,000+	USD 178/181	X
Corn, 2YC FOB NOLA USA	USD 164/167	X
Corn, 3YC FOB USA Pacific northwest	USD 172/175	X
Corn, FOB Argentina port, upriver	USD 152/155	X
Corn, FOB Brazil port	USD 162/165	X
Corn, FOB France – Atlantic	USD 191/193	X

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Corn, FOB Romania	USD 183/186	X
Corn, FOB Russia	USD 183/186	X
Corn, FOB Ukraine, 30,000+ m/t	USD 182/185	X
Sorghum, FOB Argentina port	USD 132/135	X
Sorghum, FOB Texas	USD 215/218	X
Soymeal, 48% protein, FOB NOLA	USD 342/345	X
Soymeal, 48% protein, USA, Rotterdam	USD 367/370	X
Soymeal, Argentina, Rotterdam	USD 348/351	X
Soymeal, 47% pro, FOB Argentina	USD 324/327	X
Soymeal, 48% protein, Brazil, Rotterdam	USD 344/347	X
Soymeal, 48% protein, FOB Brazil	USD 319/322	X
Soybeans, FOB NOLA	USD 355/357	X
Soybeans, Argentina, FOB	USD 350/353	X
Soybeans, Brazil, FOB	USD 367/370	X
Soybeans, Black Sea	USD 392/395	X
Corn Gluten Meal, USA FOB NOLA	USD 520/550 m/t July/Sept	X
Corn Gluten Feed, USA FOB NOLA	USD 196/199 m/t	X
DDGS corn, 35 profat, USA FOB NOLA	USD 195/200 m/t	x

DDGS prices moved a little lower this week and we now see DDGS and corn gluten feed at about the same FOB export price – that would seem to make DDGS a more interesting buy. With ethanol production increasing, the supply of DDGS is building too. The US Grains Council weekly report says that this will make more DDGS available for July/August export.

Corn gluten meal export prices seem to be slipping a little from their recent rally to higher levels. CGM had dropped by close to USD 100 m/t then turned around and ran up by USD 50 m/t. We are now getting back so that CNF prices are only USD 15 m/t or so higher than the recent lowest levels.

The latest Jacobsen report shows that corn by-product US domestic prices are steady for now so we may not see any further weakness in export prices for a bit.

Container shipments, minimum 200 m/t

Australian MBM 45% protein	USD 400/420 m/t CNF Asia
Australian MBM 50% protein	USD 430/450 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 460/480 m/t CNF Asia
	USD 390/410 to Indonesia
USA Feathermeal, 80% protein	USD 430/450 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 850/870 m/t CNF Asia

Meat and bone meal prices continued to move lower again this week as supply was very good while demand seemed to slack off. Most reports are saying that, at least for MBM, prices will probably continue lower through July.

All other animal protein prices were unchanged on the week but there is the feeling that these too

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could be moving lower in coming weeks.

According to at least one trade report the lower MBM prices are attracting buyers from Vietnam.

SECTION 2 --- FISHMEAL COMMENTS AND PRICES: PERUVIAN

Fishing in Peru seems to be still coming along quite well with the total now up to close to 1.4 million which leaves about 1.0 million mt of catch to reach the quota. Fishmeal production should be close to 310,000 m/t with fishoil at 47,000 m/t.

Reading some reports this week it looks like the fishing so far is much better than many experts had felt could happen --- it would be nice if it continued but bad weather is always a risk at this time of year.

The trade talk is much more positive now that we have seen some good fishing with the feeling being that a minimum of 2.0 mm/t of catch will be landed --- AGWWP (all going well, weather permitting).

Fishmeal prices look to have dropped a little this week – about USD 50 m/t – now that producers are actually long some product and can offer supply for sale. Buyers from Europe have been active but volume is small compared to what China can buy. Chinese buyers are still out there watching the market and the trade seems to expect that they will be in the market shortly in order not to miss the shipping spots that will get cargo to China exactly what it is needed. According to MSI Ceres that best shipment period for China would be July or perhaps a little into August --- if so they are going to have to start buying.

Of course, one has to recall that most of the business that carried over from last season was for China so perhaps its needs may not be quite as much as the trade hopes.

There was a report published this week on the possibility of an El Nino event in late 2020 and early 2021 --- chances seem to be that there will not be any major event.

FarmInsect of Germany is reported to have received investment funding that will enable it to build a pilot protein meal plant for the production of protein from insect larvae. The company says that using insect protein meal in animal feed has the potential to reduce the feed cost by 20%. At present the EU imports about 90% of its animal feed protein needs.

PERU “INDICATION” FISHMEAL PRICES:

European fishmeal prices – FOB North German port.

Type	Protein %	Price per m/t USD
Herring fishmeal	72% protein	1,820
Danish fishmeal	64% protein	1,450
Peru fishmeal	64% protein	1,580
Chile fishmeal	67% protein	1,650
Iceland fishmeal	70% protein	1,870

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>
65/66 protein	1400/1420 m/t	
67% protein standard steam	1450/1470 m/t	
67% protein 150 TVN	1500/1520 m/t	1500/1520 m/t
67% protein 120 TVN	1550/1570 m/t	1550/1570 m/t
67% protein 1000 hist, 120 TVN	1600/1620 m/t	1600/1620 m/t
68% protein 500 hist, 120 TVN	1650/1670 m/t	1650/1670 m/t
Fish oil, crude bulk	2300/2350	
Fish oil, crude drums	2350/2400	
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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