



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
3 Avenue Marie Gasquet, St Remy de Provence, 13210 France

WEEKLY FEED GRAIN AND PROTEIN REPORT August 11, 2018

SECTION 1: US FEED GRAINS and VEGETABLE AND ANIMAL PROTEIN

The USDA WASDE report was the main news as the week ended and seemed to be a surprise to most everyone with its bearish tone. Corn production and yields were both increased over the last report and the same applied to soybeans with higher yields and higher production. Although, with higher yields and higher production, ending stocks were forecasted to be higher and added some additional bearishness to the report.

Corn futures dropped by close to USD 5 m/t on Friday and were down USD 5 m/t on the week. Soybeans dropped USD 15 on Friday and about the same on the week with soymeal down by USD 11 on Friday but only down USD 9 on the week. Wheat prices to were pushed lower on Friday by the WASDE report with most US wheat prices down by USD 6 or 7 m/t on Friday.

The WASDE report also lowered it expected prices for both corn and soybeans as production is seen to be exceeding demand for the balance of 2018 into 2019.

For US wheat the WASDE was quite neutral but did forecast in increase in US wheat exports and a very, very small drop in average wheat yield. The report also showed world wheat stocks to be higher than most experts had thought, and this could be a tad bearish for wheat – of course wheat prices are sky-high at present so bearish may not mean anything.

Putting the WASDE aside for a moment, the weather for US crops looks quite good with rainfall expected in some dry areas but perhaps not quite as wide spread as famers would like.

The "WASDE effect" will continue into next week and it will be interesting to see what the effect will be --- will the weakness in pries continue, will the bulls get back in and push prices higher. Next week should be an interesting week for the US grain markets.

Crop Situation and Condition – USA and France

| France | Very poor % | Poor % | Fair % | Good % | Very Good % |
|------------------|-------------|-------------|----------------|--------|-------------|
| Condition | | | | | |
| Barley, spring | 1 | 5 | 21 | 70 | 3 |
| Corn | 3 | 12 | 23 | 57 | 5 |
| | | | | | |
| Harvested | This week % | Last week % | This week 2017 | | |
| Wheat - soft | 100 | 99 | 95 | | |
| Wheat - hard | 100 | 99 | 100 | | |
| Barley, spring | 100 | 96 | 100 | | |
| | | | | | |
| | | | | | |
| USA | Very poor | Poor | Fair | Good | Very Good |



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| | % | % | % | % | % |
|------------------|-------------|-------------|----------------|-----------------|----|
| Condition | | | | | |
| Wheat, spring | 1 | 5 | 20 | 60 | 14 |
| Corn | 3 | 7 | 19 | 50 | 21 |
| Sorghum | 6 | 12 | 33 | 42 | 7 |
| Soybeans | 3 | 7 | 23 | 51 | 16 |
| Barley | 0 | 2 | 19 | 64 | 15 |
| | | | | | |
| Harvested | This week % | Last week % | This week 2017 | Average 2013/17 | |
| Wheat, winter | 90 | 85 | 93 | 92 | |
| Wheat, spring | 13 | 4 | 22 | 14 | |
| Barley | 16 | 2 | 22 | 18 | |

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

| | | | |
|--|------------|-------------|---|
| US Gulf to Europe: 60/70,000 (10,000 disch) | \$21/22.00 | Down \$1.00 | X |
| US Gulf to Spain: 50,000 m/t (5,000 disch) | \$21/22.00 | Steady | X |
| US Gulf Israel: 50,000 m/t | \$28/29.00 | Steady | X |
| US Gulf to Egypt: Panamax (6,000 disch) | \$27/28.00 | Steady | X |
| US Gulf Turkey: 50,000 m/t | \$29/30.00 | Steady | X |
| US Gulf Morocco: 30,000(5,000 disch) | \$32/33.00 | Steady | x |
| US Gulf Algeria/Tunisia: 30,000 (3,000 disch) | \$33/34.00 | Steady | x |
| US Gulf Nigeria: 30,000 m/t | \$42/43.00 | Steady | x |
| US Gulf other Med: 30,000 MT(5,000 disch) | \$32/33.00 | Steady | x |
| US Gulf South Africa: 45,000 m/t | \$36/37.00 | Steady | X |
| US Gulf Japan: Panamax | \$43/44.00 | Steady | X |
| US Gulf China: Panamax | \$42/43.00 | Steady | X |
| US PNW South Africa – 40,000 m/t | \$37/38.00 | Steady | x |
| US PNW Japan: Panamax | \$24/25.00 | Down \$1.00 | X |
| US PNW China: Panamax | \$23/24.00 | Down \$1.00 | X |
| US East Coast Egypt: Panamax | \$42/43.00 | Down \$1.00 | X |
| US East Coast Nigeria: Handisize | \$44/45.00 | Steady | 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 | \$31/32.00 | Steady | X |
| France/Germany to China: 50,000 m/t | \$36/37.00 | 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 | \$28/29.00 | Up \$1.00 | x |
| France/Germany to Jordan: 35/45,000 m/t (4k disch) | \$22/23.00 | Steady | X |
| France/Germany to Morocco: 30,000 m/t (3k disch) | \$13/14.00 | Steady | X |
| France/Germany to Saudi Arabia: 50/60,000 | \$25/26.00 | Steady | X |
| France/Germany to South Africa: 30,000 m/t | \$25/26.00 | Steady | X |
| France/Germany to Turkey: 35,000 m/t | \$19/20.00 | Steady | X |
| France/Germany to Yemen: 30,000 m/t | \$38/39.00 | 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 | \$41/42.00 | Steady | X |
| Argentina to Japan: 50,000 m/t, with top-off | \$40/41.00 | Steady | X |
| Argentina to Egypt: 50,000 m/t | \$36/37.00 | Up \$1.00 | X |
| Argentina to Europe: 50/60,000 m/t | \$35/36.00 | Up \$1.00 | X |
| Argentina to Morocco: 25/30,000 m/t(3,000 disch) | \$23/24.00 | Steady | x |



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| | | | |
|---|---------------|-------------|---|
| Argentina to Jordan: 50,000 m/t | \$34/35.00 | Steady | X |
| Argentina to Saudi Arabia: 50,000 m/t | \$31/32.00 | Steady | x |
| Argentina to South Africa 50,000 m/t | \$28/29.00 | Steady | X |
| Argentina to Spain: 50,000 m/t | \$35/36.00 | 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 | \$19/20.00 | Steady | x |
| | | | |
| Brazil to Algeria/Tunisia: 25/30,000 m/t | \$27/28.00 | Up \$1.00 | X |
| Brazil to China: 55,000 m/t | \$35/36.00 | Steady | X |
| Brazil to Japan: 55,000 m/t | \$36/37.00 | Steady | X |
| Brazil to Europe: 50,000 m/t | \$31/32.00 | Up \$1.00 | X |
| Brazil to Morocco: 25/30,000 m/t | \$25/26.00 | Steady | x |
| Brazil to Saudi Arabia 30/40,000 m/t | \$34/35.00 | Steady | X |
| Brazil to Spain: 50,000 m/t | \$30/31.00 | Up \$1.00 | X |
| Brazil to Turkey/Egypt: 50,000 m/t | \$33/34.00 | Up \$2.00 | 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 | \$20.50/21.00 | Steady | x |
| Australia to Saudi Arabia: 40-55,000 m/t | \$25/26.00 | Steady | X |
| | | | |
| Ukraine to China: 50,000 m/t | \$33/34.00 | Down \$1.00 | X |
| Ukraine to Bangladesh: 45,000 m/t | \$32/33.00 | Steady | X |
| Ukraine to India: 45/50,000 m/t | \$28/29.00 | Steady | X |
| Black Sea to East Med: 30,000 m/t (3,000 disch) | \$14/15.00 | Up \$1.00 | X |
| Ukraine to East Med: coaster (1,000 disch) | \$25/26.00 | Steady | X |
| Russia to Turkey - Izmir: coaster (1,000 disch) - | \$30/31.00 | Steady | X |
| Black Sea to Egypt: 40/50,000 m/t – (6,000 disch) | \$15/16.00 | Steady | X |
| Black Sea to Egypt: 30,000 m/t – (4,000 disch) | \$15/16.00 | Steady | X |
| Ukraine to Egypt: coaster 3,000 m/t (1,000 disch) | \$25/26.00 | Steady | X |
| Russia to Egypt: coaster 3,000 m/t (1,000 disch) | \$45/46.00 | Steady | X |
| Black Sea to Iraq: 50,000 m/t (4,000 disch) | \$37/38.00 | Steady | X |
| Black Sea to Europe: 50,000 m/t | \$20/21.00 | Steady | x |
| Black Sea to Morocco: 30,000 m/t (3,000 disch) | \$16/17.00 | Steady | x |
| Black Sea to Spain: 40/50,000 m/t (8,000 disch) | \$22/23.00 | Down \$1.00 | x |
| Black Sea to Jordan: 50,000 m/t (5,000 disch) | \$27/28.00 | Steady | x |
| Black Sea to Libya: 25/35,000 m/t | \$20/21.00 | Steady | x |
| Black Sea to Saudi Arabia – Jeddah – 50k | \$29/30.00 | Up \$1.00 | x |
| Black Sea to South Africa – 30,000 m/t | \$37/38.00 | Steady | x |
| Black Sea to Turkey – 30,000 m/t | \$12/13.00 | Steady | x |
| Black Sea to Tunisia/Algeria: 30,000(5,000 disch) | \$17/18.00 | Steady | x |
| | | | |
| Baltic Dry Index | 1691 | Down 82 | X |
| Baltic Capesize Index | 3480 | Down 152 | X |
| Baltic Panamax Index | 1339 | Down 108 | X |
| Baltic Supramax Index | 1039 | Up 9 | X |
| Baltic Handysize Index | 542 | Down 1 | x |
| | | | |

FOB port or location specified. Prices in US\$, in metric tons:
All shipments in bulk grain vessels unless stated otherwise



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(NOLA is New Orleans, Louisiana, USA.)

ALL PRICES ARE FOR August 2018/October 2018

| | | |
|---|----------------------|---|
| Wheat, USA Soft Red Winter, NOLA | USD 228/240 | X |
| Wheat, USA Hard Red Winter 11 protein -NOLA | USD 253/265 | x |
| Wheat, Ukraine 11.5 pro, 30,000+ m/t | USD 221/225 Sep/Oct | x |
| Wheat, Russia 12.5 pro, 30,000+ m/t | USD 228/233 Sep/Oct | x |
| Wheat, Romania 12.5 pro | USD 219/224 Sep/Oct | X |
| Wheat, Superior, France, Rouen | USD 252/254 new crop | x |
| Wheat, milling, 12.0%, Argentina, Upriver | USD 235/239 | x |
| Wheat, feed, Black Sea | USD 207/211 | x |
| | | |
| Barley, France, Rouen port | USD 251/254 new crop | x |
| Barley, feed, Argentina | USD 177/180 Sep/Oct | x |
| Barley, feed, Black Sea, 30,000+ | USD 219/222 Sep/Oct | X |
| Barley, feed, USA Pacific Northwest | USD 220/225 | x |
| | | |
| Corn, 2YC FOB NOLA USA | USD 169/173 | x |
| Corn, 3YC FOB USA Pacific northwest | USD 177/181 | X |
| Corn, FOB Argentina port, Upriver | USD 174/178 Sep/Oct | x |
| Corn, FOB Brazil port | USD 173/177 Sep/Oct | x |
| Corn, FOB France - Atlantic | USD 220/229 Sep/Oct | x |
| Corn, FOB Romania | USD 193/196 Oct/Nov | x |
| Corn, FOB Russia | USD 206/209 Sep/Oct | x |
| Corn, FOB Ukraine, 30,000+ m/t | USD 193/197 Oct/Nov | x |
| Sorghum, FOB Argentina port | USD 168/172 | x |
| Sorghum, FOB Texas | USD 183/187 | x |
| | | |
| Soymeal, 48% protein, FOB NOLA | USD 384/388 | X |
| Soymeal, 48% protein, USA, Rotterdam | USD 409/413 | x |
| Soymeal, Argentina, Rotterdam | USD 404/408 | x |
| Soymeal, 47% pro, FOB Argentina | USD 357/362 Sep/Oct | x |
| Soymeal, 48% protein, Brazil, Rotterdam | USD 397/401 | x |
| Soymeal, 48% protein, FOB Brazil | USD 355/359 Sep/Oct | x |
| Soybeans, FOB NOLA | USD 329/334 Sep/Oct | X |
| Soybeans, Argentina, FOB | USD 375/379 Sep/Oct | X |
| Soybeans, Brazil, FOB | USD 385/389 Sep/Oct | X |
| Soybeans, Black Sea | USD 390/394 | x |
| | | |
| Corn Gluten Meal, USA FOB NOLA | USD 576>>568 m/t | x |
| Corn Gluten Feed, USA FOB NOLA | USD 176>>168 m/t | x |
| DDGS corn, 35 profat, USA FOB NOLA | USD 228/233 Sep/Nov | x |
| | | |

The USDA domestic pricing report – which comes out early in the week – showed corn gluten feed prices up by about USD 2 m/t with corn gluten meal said to be down by about USD 5 m/t and DDGS prices up by about USD 5 to 7 m/t. Of course, these national price ideas were all before the bearish USDA WASDE report.

One would expect that the effect of the WASDE report will be to move corn by-product prices lower this coming week. The exception may be DDGS where prices just seem to want to go higher and higher. But we will see if DDGS prices can continue strong in the face of weakening corn prices.



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There was a report published this week that the drought in Europe has increased feed demand greatly – due to a lack of fodder for livestock. This has pushed up European feed ingredient prices for items like DDGS. Demand is outpacing production for DDGS in Europe which could easily result in increased demand for US DDGS and perhaps corn gluten feed from the EU. While both DDGS and CGF are GMO items there is still good import demand from specific EU countries.

One report this week was saying that the run up in wheat prices in Europe has hit the ethanol production very hard – some producers can only use wheat for ethanol and DDGS production – also, Europe is not as major a corn producer as the US, certainly not in the UK, which does make ethanol production more difficult when wheat prices rally. Producers can not quickly or cheaply switch ethanol production to other grains.

So, it is possible that we could see stronger demand for US DDGS and corn gluten meal developing in Europe which will help to keep US export prices firm.

Container shipments, minimum 200 m/t

| | |
|-------------------------------------|--------------------------|
| Australian MBM 45% protein | USD 350/360 m/t CNF Asia |
| Australian MBM 50% protein | USD 390/400 m/t CNF Asia |
| Australian Feathermeal, 80% protein | USD 525/535 m/t CNF Asia |
| Australian Poultry Meal, pet food | USD 850/870 m/t CNF Asia |
| USA Meat & Bone meal, 50% protein | USD 400/420 m/t CNF Asia |
| USA Feathermeal, 80% protein | USD 370/390 to Indonesia |
| USA Poultry Meal, feed grade | USD 630/640 m/t CNF Asia |
| USA Poultry Meal, pet food grade | USD 600/620 m/t CNF Asia |
| | USD 830/850 m/t CNF Asia |

Prices seemed to be mainly unchanged this week with sellers not interested in lowering prices further and Asian buyers not too interested in buying. According to the Jacobsen Report about the only animal protein to change was poultry meal from Australia which had moved a little lower. However, it is reported that US poultry meal export prices were softening.

In the domestic US market both poultry meal and feather meal moved a little lower but there was little or no change in UAS domestic meat and bone meal prices.

The weakness in soymeal prices after the WASDE report could put some downward pressure on animal protein prices this coming week. On the other hand, some trade experts feel that animal protein prices could start to trend higher as demand could shift from vegetable proteins to more cost-effective animal proteins.

Also, for meat and bone meal – China has added US MBM and poultry meal to the tariff list, in their fight with the US, which will jack the price up by about 25% -- this should bring US in China business to a shuddering halt.

SECTION 2 --- FISHMEAL COMMENTS AND PRICES: PERUVIAN

The fishing season in Northern Peru has officially come to an end – as announced by the government – there wasn't much fishing being done in the north at all, so it was no surprise and will make little difference on the fishmeal business. Fishing in the south of Peru continues but the catch is very small and very few vessels are out fishing.



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From a buyer point of view everything seems to be quite quiet --- China did announce that US origin fishmeal was being added to the 25% tariff list which could move some demand to Peru. The US has only shipped about 25,000 m/t of fishmeal to China this year so the effect on Peru will be very minimal.

Fishmeal stocks in China are building quite quickly as shipments from Peru are arriving but the demand in China has held quite strong so China should not end up with a mountain of unneeded fishmeal.

MSI Ceres mentioned in their weekly report that there may be some Peru fishmeal demand building in Europe – there hasn't been much demand from there so far this year but the increased animal feed demand in drought plagued Europe could push up fishmeal import demand.

The IFFO report this week shows that Chile has exported just slightly over 100,000 m/t so far this year with 42% going to China with Asia taking close to 70% of Chile's fishmeal exports. Interestingly, the second largest importer of Chilean fishmeal, after China, is the USA – but YTD US imports of Chile fishmeal are only about 12,000 m/t.

Fishmeal prices seem to be steady everywhere – up a little then down a little but no serious trend higher or lower at present.

European fishmeal prices – FOB North German port.

| Type | Protein % | Price per m/t USD |
|------------------|-------------|-------------------|
| Herring fishmeal | 72% protein | 1,810 |
| Danish fishmeal | 64% protein | 1,485 |
| Peru fishmeal | 64% protein | 1,475 |
| Chile fishmeal | 67% protein | 1,525 |
| Iceland fishmeal | 70% protein | 1,750 |

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 FAQ | 1250/1300 m/t | |
| 65/66 protein | 1310/1330 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 | No prices |
| 67% protein 1000 hist, 120 TVN | 1550/1570 m/t | 1560/1580 |
| 68% protein 500 hist, 120 TVN | 1580/1600 m/t | 1600/1620 |
| Fish oil, crude bulk | 1400/1420 | 1380/1400 |
| Fish oil, crude drums | 1470/1480 | |
| Fish oil, flexi tank | 1570/1580 | |
| Fish oil, Omega 3: 28%EPA/DHA | 1700/1800 | |

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



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