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WEEKLY FEED GRAIN AND PROTEIN REPORT August 17, 2019

So, this was USDA WASDE week and the market certainly did react – corn price dropped by about USD 15 m/t, soybeans down by just about USD 5 m/t with soymeal close to USD 5 m/t lower, winter wheat was down by USD 9 to 10 m/t with spring wheat down by close to USD 5 m/t. Farm gate prices are said to be down even further than export and futures prices.

Needless to point out, some of the WASDE numbers came as a major surprise – like for corn with more planted and higher yields expected by USDA and even though ending stocks are down a little there will still be a very good supply of corn.

Corn futures did move a little higher on Friday as some buyers felt that corn had become a bargain. Some corn experts have said that the USDA numbers may not be accurately representing the current corn condition with yields perhaps overstated a little – only time will tell. For now, the WASDE has set the corn price direction – steady to lower.

Soybeans too had an up day on Friday in the futures market – some say due to bargain buying while other say it was just the one-day corn rally that got people in the buying mood. Soybeans are going to find it tough going on prices with the China situation continuing or perhaps worsening. Farmers are going to be sitting on giant piles of soybeans this year.

It has been said that some of the recently reported soybean sales are probably to China although the buyer may not be a direct China buyer.

Wheat prices continue lower on larger USDA WASDE crop estimates and high ending stocks.

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

| | | | |
|---|------------|-----------|---|
| US Gulf to Europe: 60/70,000 (10,000 disch) | \$20/21.00 | Up \$1.00 | X |
| US Gulf to Spain: 50,000 m/t (5,000 disch) | \$20/21.00 | Up \$1.00 | X |
| US Gulf Israel: 50,000 m/t | \$32/33.00 | Up \$1.00 | X |
| US Gulf to Egypt: Panamax (6,000 disch) | \$31/32.00 | Up \$1.00 | X |
| US Gulf Turkey: 50,000 m/t | \$33/34.00 | Up \$1.00 | 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) | \$36/37.00 | Up \$1.00 | X |
| US Gulf Nigeria: 30,000 m/t | \$50/51.00 | Up \$1.00 | X |
| US Gulf other Med: 30,000 MT(5,000 disch) | \$38/39.00 | Up \$1.00 | X |

| | | | |
|--|------------|-------------|---|
| US Gulf South Africa: 45,000 m/t | \$37/38.00 | | X |
| US Gulf Japan: Panamax | \$50/51.00 | Up \$1.00 | X |
| US Gulf China: Panamax | \$49/50.00 | Up \$1.00 | X |
| US PNW South Africa – 40,000 m/t | \$37/38.00 | | X |
| US PNW Japan: Panamax | \$28/29.00 | Up \$1.00 | X |
| US PNW China: Panamax | \$27/28.00 | Up \$1.00 | X |
| US East Coast Egypt: Panamax | \$49/50.00 | | X |
| US East Coast Nigeria: Handisize | \$55/56.00 | | X |
| | | | |
| France/Germany to Algeria: 30,000 m/t(3,000 disch) | \$18/19.00 | | X |
| France/Germany to Bangladesh: 35/45,000 m/t | \$39/40.00 | | X |
| France/Germany to China: 50,000 m/t | \$39/40.00 | Up \$1.00 | X |
| France/Germany to Egypt: 50,000 m/t (10,000 disch) | \$18/19.00 | Up \$1.00 | X |
| France/Germany to India: 50,000 m/t | \$32/33.00 | | X |
| France/Germany to Jordan: 35/45,000 m/t (4k disch) | \$20/21.00 | | X |
| France/Germany to Morocco: 30,000 m/t (3k disch) | \$17/18.00 | | X |
| France/Germany to Saudi Arabia: 50/60,000 | \$28/29.00 | Up \$1.00 | X |
| France/Germany to South Africa: 30,000 m/t | No prices | | X |
| France/Germany to Turkey: 35,000 m/t | \$17/18.00 | | X |
| France/Germany to Yemen: 30,000 m/t | \$30/31.00 | | X |
| | | | |
| Argentina to Algeria: 25/30,000 m/t(3,000 disch) | \$27/28.00 | Down \$1.00 | X |
| Argentina to China: 50,000 m/t, with top-off | \$42/43.00 | Up \$2.00 | X |
| Argentina to Japan: 50,000 m/t, with top-off | \$41/42.00 | Up \$2.00 | X |
| Argentina to Egypt: 50,000 m/t | \$26/27.00 | Up \$1.00 | X |
| Argentina to Europe: 50/60,000 m/t | \$26/27.00 | | X |
| Argentina to Morocco: 25/30,000 m/t(3,000 disch) | \$25/26.00 | Down \$1.00 | X |
| Argentina to Jordan: 50,000 m/t | \$36/37.00 | | X |
| Argentina to Saudi Arabia: 50,000 m/t | \$36/37.00 | | X |
| Argentina to South Africa 50,000 m/t | \$38/39.00 | | X |
| Argentina to Spain: 50,000 m/t | \$26/27.00 | | X |
| Argentina to Tunisia: 25/30,000 m/t (3,000 disch) | \$27/28.00 | Down \$1.00 | X |
| Argentina to US Gulf: 25/35,000 m/t | \$21/22.00 | Up \$1.00 | X |
| | | | |
| Brazil to Algeria/Tunisia: 25/30,000 m/t | \$30/31.00 | | X |
| Brazil to China: 55,000 m/t | \$39/40.00 | Up \$2.00 | X |
| Brazil to Japan: 55,000 m/t | \$38/39.00 | Up \$2.00 | X |
| Brazil to Europe: 50,000 m/t | \$28/29.00 | Down \$1.00 | X |
| Brazil to Morocco: 25/30,000 m/t | \$29/30.00 | | X |
| Brazil to Saudi Arabia 30/40,000 m/t | \$41/42.00 | | X |
| Brazil to Spain: 50,000 m/t | \$28/29.00 | Down \$1.00 | X |
| Brazil to Turkey/Egypt: 50,000 m/t | \$31/32.00 | Down \$1.00 | X |
| | | | |
| Australia to China: 40-55,000 m/t – round trip | \$20/20.50 | | X |
| Australia to Japan: 40-55,000 m/t – round trip | \$20/20.50 | | X |
| Australia to Saudi Arabia: 40-55,000 m/t | \$27/28.00 | | X |

| | | | |
|---|------------|-------------|---|
| Ukraine to China: 50,000 m/t | \$32/33.00 | | X |
| Ukraine to Bangladesh: 45,000 m/t | \$60/61.00 | Up \$3.00 | X |
| Ukraine to India: 45/50,000 m/t | \$57/58.00 | Up \$3.00 | X |
| Black Sea to East Med: 30,000 m/t (3,000 disch) | \$17/18.00 | | X |
| Ukraine to East Med: coaster (1,000 disch) | \$22/23.00 | | X |
| Russia to Turkey - Izmir: coaster (1,000 disch) - | \$22/23.00 | Down \$3.00 | X |
| Black Sea to Egypt: 40/50,000 m/t – (6,000 disch) | \$18/19.00 | | X |
| Black Sea to Egypt: 30,000 m/t – (4,000 disch) | \$16/17.00 | Down \$2.00 | X |
| Ukraine to Egypt: coaster 3,000 m/t (1,000 disch) | \$22/23.00 | | X |
| Russia to Egypt: coaster 3,000 m/t (1,000 disch) | \$36/38.00 | Down \$8.00 | X |
| Black Sea to Iraq: 50,000 m/t (4,000 disch) | \$40/41.00 | Up \$2.00 | X |
| Black Sea to Europe: 50,000 m/t | \$18/19.00 | Down \$1.00 | X |
| Black Sea to Morocco: 30,000 m/t (3,000 disch) | \$21/22.00 | | X |
| Black Sea to Spain: 40/50,000 m/t (8,000 disch) | \$18/19.00 | down \$1.00 | X |
| Black Sea to Jordan: 50,000 m/t (5,000 disch) | \$27/28.00 | | X |
| Black Sea to Libya: 25/35,000 m/t | \$24/25.00 | | X |
| Black Sea to Saudi Arabia – Jeddah – 50k | \$30/31.00 | Down \$2.00 | X |
| Black Sea to South Africa – 30,000 m/t | \$39/40.00 | | X |
| Black Sea to Turkey – 30,000 m/t | \$18/19.00 | | X |
| Black Sea to Tunisia/Algeria: 30,000(5,000 disch) | \$20/21.00 | | X |
| | | | |
| Baltic Dry Index – 40% Cape, 30% Panamax, 30% Supramax – no Handisize included) | 2088 | Up 340 | X |
| Baltic Capesize Index (100,000 plus DWT) | 3826 | Up 604 | X |
| Baltic Panamax Index (60,000 to 80,000 DWT) | 2169 | Up 271 | X |
| Baltic Supramax Index (50,000 to 60,000 DWT) | 1118 | Up 148 | X |
| Baltic Handisize Index (25,000 plus DWT) | 560 | Up 37 | 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 August/October 2019

| | | |
|--|---------------------|---|
| Wheat, USA Soft Red Winter, US Gulf | USD 209/212 | X |
| Wheat, USA Hard Red Winter 11 protein, US Gulf | USD 202/206 | X |
| Wheat, Ukraine 11.5 pro, 30,000+ m/t | USD 187/190 | X |
| Wheat, Russia 12.5 pro, 30,000+ m/t | USD 191/194 | X |
| Wheat, Romania 12.5 pro | USD 191/194 | X |
| Wheat, Superior, France, Rouen | USD 186/188 | X |
| Wheat, milling, 12.0%, Argentina, Upriver | USD 188/191 Dec/Jan | X |
| Wheat, feed, Black Sea | USD 183/187 | X |
| | | |
| Barley, France, Rouen port | USD 174/176 | X |
| Barley, feed, Argentina, up river | USD 175/178 Dec/Jan | X |
| Barley, feed, Black Sea, 30,000+ | USD 176/179 Oct/Nov | X |
| | | |

| | | |
|---|----------------------|---|
| Corn, 2YC FOB NOLA USA | USD 164/167 | X |
| Corn, 3YC FOB USA Pacific northwest | USD 178/181 | X |
| Corn, FOB Argentina port, upriver | USD 151/154 | X |
| Corn, FOB Brazil port | USD 153/156 | X |
| Corn, FOB France – Atlantic | USD 192/194 new crop | X |
| Corn, FOB Romania | USD 168/171 Oct/Nov | X |
| Corn, FOB Russia | USD 176/179 Oct/Nov | X |
| Corn, FOB Ukraine, 30,000+ m/t | USD 161/164 Oct/Nov | X |
| Sorghum, FOB Argentina port | USD 147/150 | X |
| Sorghum, FOB Texas | USD 173/175 | X |
| | | |
| Soymeal, 48% protein, FOB NOLA | USD 334/337 | X |
| Soymeal, 48% protein, USA, Rotterdam | USD 359/362 | X |
| Soymeal, Argentina, Rotterdam | USD 348/351 | X |
| Soymeal, 47% pro, FOB Argentina | USD 307/310 | X |
| Soymeal, 48% protein, Brazil, Rotterdam | USD 335/338 | X |
| Soymeal, 48% protein, FOB Brazil | USD 305/308 | X |
| Soybeans, FOB NOLA | USD 336/339 | X |
| Soybeans, Argentina, FOB | USD 351/354 | X |
| Soybeans, Brazil, FOB | USD 372/375 | X |
| Soybeans, Black Sea | USD 352/355 | X |
| | | |
| Corn Gluten Meal, USA FOB NOLA | USD 495/505 m/t | x |
| Corn Gluten Feed, USA FOB NOLA | USD 174/178 m/t | X |
| DDGS corn, 35 profat, USA FOB NOLA | USD 187/195 | X |
| | | |
| | | |

Corn byproduct prices moved a little lower this week – especially DDGS. As corn prices dropped by about USD 15 m/t, the DDGS market took quite a good hit. DDGS prices change more quickly as it is the most traded of the three byproducts. Corn gluten meal hasn't really changed at all, but we could see some weakness in the coming week as lower corn should mean lower CGM and corn gluten feed.

Container shipments, minimum 200 m/t

| | |
|-------------------------------------|--------------------------|
| Australian MBM 45% protein | USD 355/375 m/t CNF Asia |
| Australian MBM 50% protein | USD 395/315 m/t CNF Asia |
| Australian Feathermeal, 80% protein | USD 570/580 m/t CNF Asia |
| Australian Poultry Meal, pet food | USD 750/760 m/t CNF Asia |
| USA Meat & Bone meal, 50% protein | USD 425/440 m/t CNF Asia |
| | USD 420/430 to Indonesia |
| USA Feathermeal, 80% protein | USD 400/420 m/t CNF Asia |
| USA Poultry Meal, feed grade | USD 490/510 m/t CNF Asia |
| USA Poultry Meal, pet food grade | USD 650/700 m/t CNF Asia |

Prices for meat and bone meal to major buyers in Asia moved lower this week as exporters had to fight against lower soymeal prices but there was a little strength seen in CNF prices for feathermeal and poultry meal --- it was mentioned to me this week that is should really describe poultry meal as poultry byproduct meal which would be correct but

is just another word to type – so when you see poultry meal in my report just add in “byproduct” as you read.

In the US domestic market everything is steady to lower as the drops in the prices for vegetable proteins certainly stop any rally in animal protein. Even pet food grade poultry meal was lower this week on weakening demand.

There doesn't seem to be any reason to expect prices to move higher in the short term.

SECTION 2 --- FISHMEAL COMMENTS AND PRICES: PERUVIAN

The biggest news in Peru fishmeal this week is the sudden drop in prices as most of the remaining fishmeal stocks seem to have been sold in one big swoop. Price dropped by about USD 100 m/t for all grades. A week or so ago the stocks were said to be at 130,000 m/t but are now down to about 30,000 m/t. It is not expected that prices will move lower, as the warehouses have been cleaned out with most of the sales being to China.

There has been a little fishing in the South of Peru, but the juvenile level is very high, so regional fishing bans are expected. The total catch for the week was just over 1,200 m/t.

Peru fishmeal exports for the first 7 months of 2019 are shown below, courtesy of the weekly report of MSI Ceres and Peru Customs.

PERU “INDICATION” FISHMEAL PRICES:

European fishmeal prices – FOB North German port.

| Type | Protein % | Price per m/t USD |
|------------------|-------------|-------------------|
| Herring fishmeal | 72% protein | 1,870 |
| Danish fishmeal | 64% protein | 1,450 |
| Peru fishmeal | 64% protein | 1,500 |
| Chile fishmeal | 67% protein | 1,575 |
| Iceland fishmeal | 70% protein | 1,845 |

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 |
|--------------------------------|------------------------------------|--------------------------|
| 65/66 protein | 1100/1120 m/t | |
| 67% protein standard steam | 1150/1170 m/t | |
| 67% protein 150 TVN | 1250/1270 m/t | No prices |
| 67% protein 120 TVN | 1300/1320 m/t | 1310/1330 |
| 67% protein 1000 hist, 120 TVN | 1350/1370 m/t | 1370/1390 |

| | | |
|----------------------------------|---------------|-----------|
| 68% protein 500 hist, 120 TVN | 1400/1420 m/t | 1400/1420 |
| | | |
| Fish oil, crude bulk | 1800/1850 | |
| Fish oil, crude drums | 1850/1900 | |
| Fish oil, flexi tank | 1950/2000 | |
| Fish oil, Omega 3: 28%EPA/DHA | 2000/2200 | |

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

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