



# 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 September 15, 2018

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

The always surprising WASDE report was surprising once again – certainly more bearish than many experts thought that it would be. Corn prices finished the week down by about USD 6 m/t while soybeans fared a little better dropping by just USD 5 m/t and soymeal slipped by USD 8 to 10 m/t. All in all, wheat prices didn't change at all.

On the corn side of things, the USDA set US 2018 corn yields at a level higher than anyone had expected pushing US corn production up by almost 2%. The report also pushed world corn production levels higher and moved world corn ending stocks levels up slightly.

In coming weeks, everyone will be watching the US corn harvest to see if yields are getting close to the USDA's enthusiastic forecast. There was not much buying interest for corn as the week ended since buyers are looking for lower prices next week.

Poor old soybeans have the problems of a big US crop and trade problems with China. It is very difficult to see how prices could be higher or even steady with all the bearish news facing US soybeans. And then, the soybean crush in the US for August did reach a record high but this is still not enough to support any higher soybean/soymeal prices.

While wheat prices didn't do much on the week in total, they were lower all week until Friday when the day's prices did move USD 5 m/t or so higher – probably pushed higher by the rash of new international tenders for wheat that were trying to take advantage of a little weakness in world wheat export prices.

### **Crop Situation and Condition – USA --- USDA report September 10, 2018**

<b><u>USA</u></b>	Very poor %	Poor %	Fair %	Good %	Very Good %
<b><u>Condition</u></b>					
Corn	4	8	20	47	21
Sorghum	5	12	30	42	11
Soybeans	3	7	22	50	18
<b><u>Harvested</u></b>	This week %	Last week %	This week 2017	Average 2013/17	
Corn	5	0	5	3	
Wheat, spring	93	87	94	85	
Sorghum	24	22	24	26	
Barley	92	84	95	92	
<b><u>Planted</u></b>					
Wheat, winter	5	0	5	5	



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## 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	Down \$2.00	X
US Gulf to Spain: 50,000 m/t (5,000 disch)	\$21/22.00	Down \$1.00	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)	\$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	\$43/44.00	Steady	X
US Gulf other Med: 30,000 MT(5,000 disch)	\$33/34.00	Steady	X
US Gulf South Africa: 45,000 m/t	\$38/39.00	Steady	X
US Gulf Japan: Panamax	\$46/47.00	Up \$1.00	X
US Gulf China: Panamax	\$45/46.00	Up \$1.00	X
US PNW South Africa – 40,000 m/t	\$37/38.00	Steady	X
US PNW Japan: Panamax	\$25/26.00	Steady	X
US PNW China: Panamax	\$24/25.00	Steady	X
US East Coast Egypt: Panamax	\$42/43.00	Steady	X
US East Coast Nigeria: Handisize	\$45/46.00	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	\$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	\$27/28.00	Steady	X
France/Germany to Jordan: 35/45,000 m/t (4k disch)	\$21/22.00	Up \$1.00	X
France/Germany to Morocco: 30,000 m/t (3k disch)	\$13/14.00	Steady	X
France/Germany to Saudi Arabia: 50/60,000	\$26/27.00	Steady	X
France/Germany to South Africa: 30,000 m/t	\$25/26.00	Steady	X
France/Germany to Turkey: 35,000 m/t	\$17/18.00	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	Down \$1.00	X
Argentina to Japan: 50,000 m/t, with top-off	\$40/41.00	Down \$1.00	X
Argentina to Egypt: 50,000 m/t	\$37/38.00	Steady	X
Argentina to Europe: 50/60,000 m/t	\$37/38.00	Steady	X
Argentina to Morocco: 25/30,000 m/t(3,000 disch)	\$23/24.00	Steady	X
Argentina to Jordan: 50,000 m/t	\$35/36.00	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	\$37/38.00	Steady	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	\$20/21.00	Steady	X
Brazil to Algeria/Tunisia: 25/30,000 m/t	\$27/28.00	Steady	X
Brazil to China: 55,000 m/t	\$36/37.00	Steady	X
Brazil to Japan: 55,000 m/t	\$37/38.00	Steady	X
Brazil to Europe: 50,000 m/t	\$34/35.00	Up \$1.00	X
Brazil to Morocco: 25/30,000 m/t	\$26/27.00	Up \$1.00	X
Brazil to Saudi Arabia 30/40,000 m/t	\$36/37.00	Steady	X



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Brazil to Spain: 50,000 m/t	\$33/34.00	Up \$2.00	X
Brazil to Turkey/Egypt: 50,000 m/t	\$34/35.00	Up \$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	\$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	\$33/34.00	Up \$1.00	X
Ukraine to India: 45/50,000 m/t	\$29/30.00	Up \$1.00	X
Black Sea to East Med: 30,000 m/t (3,000 disch)	\$13/14.00	Steady	X
Ukraine to East Med: coaster (1,000 disch)	\$25/26.00	Up \$1.00	X
Russia to Turkey - Izmir: coaster (1,000 disch) -	\$28/29.00	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	Up \$1.00	X
Russia to Egypt: coaster 3,000 m/t (1,000 disch)	\$45/46.00	Up \$2.00	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	\$23/24.00	Up \$2.00	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)	\$24/25.00	Steady	X
Black Sea to Jordan: 50,000 m/t (5,000 disch)	\$28/29.00	Up \$1.00	X
Black Sea to Libya: 25/35,000 m/t	\$20/21.00	Steady	X
Black Sea to Saudi Arabia – Jeddah – 50k	\$34/35.00	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	\$11/12.00	Steady	X
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$18/19.00	Up \$1.00	X
Baltic Dry Index	1366	Down 124	X
Baltic Capesize Index	1900	Down 511	X
Baltic Panamax Index	1523	Down 5	X
Baltic Supramax Index	1134	No change	X
Baltic Handysize Index	588	Up 20	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 September 2018/November 2018

Wheat, USA Soft Red Winter, NOLA	USD 219/223 Oct/Dec	X
Wheat, USA Hard Red Winter 11 protein -NOLA	USD 243/248 Oct/Dec	x
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 207/211	x
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 218/223	X
Wheat, Romania 12.5 pro	USD 220/224	X
Wheat, Superior, France, Rouen	USD 234/236	X
Wheat, milling, 12.0%, Argentina, Upriver	USD 230/235 Dec/Jan 2019	x
Wheat, feed, Black Sea	USD 195/201	x



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Barley, France, Rouen port	USD 236/238	x
Barley, feed, Argentina, up river	USD no prices	x
Barley, feed, Black Sea, 30,000+	USD 231/235	x
Barley, feed, USA Pacific Northwest	USD 220/225	x
Corn, 2YC FOB NOLA USA	USD 157/160	x
Corn, 3YC FOB USA Pacific northwest	USD 174/178	x
Corn, FOB Argentina port, upriver	USD 155/159	x
Corn, FOB Brazil port	USD 171/176	x
Corn, FOB France - Atlantic	USD 206/209	x
Corn, FOB Romania	USD 176/180	x
Corn, FOB Russia	USD 183/187	x
Corn, FOB Ukraine, 30,000+ m/t	USD 173/178	x
Sorghum, FOB Argentina port	USD 151/154	x
Sorghum, FOB Texas	USD 170/174	x
Soymeal, 48% protein, FOB NOLA	USD 352/356	X
Soymeal, 48% protein, USA, Rotterdam	USD 377/381	x
Soymeal, Argentina, Rotterdam	USD 383/387	x
Soymeal, 47% pro, FOB Argentina	USD 348/351	x
Soymeal, 48% protein, Brazil, Rotterdam	USD 380/384	x
Soymeal, 48% protein, FOB Brazil	USD 350/354	x
Soybeans, FOB NOLA	USD 310/316	x
Soybeans, Argentina, FOB	USD 368/374	x
Soybeans, Brazil, FOB	USD 371/376	x
Soybeans, Black Sea	USD 362/367	x
Corn Gluten Meal, USA FOB NOLA	USD 540>>520 m/t	x
Corn Gluten Feed, USA FOB NOLA	USD 175>>170 m/t	x
DDGS corn, 35 profat, USA FOB NOLA	USD 196/201	x

With the WASDE report pushing corn and soybean/soymeal prices lower, it is easy to see why corn byproduct prices slipped lower this week. Experts are saying that the demand for DDGS will probably see a good increase in export demand as DDGS prices quite well against corn/soymeal.

The USDA's weekly price report was issued before the WASDE so does not reflect what happened later in the week --- the report shows corn gluten feed prices in the US up by about USD 2 m/t with corn gluten meal prices steady and DDGS prices mainly USD 5 to 10 m/t lower.

If the current weakness in corn prices continues then we should see a further drop in US corn by product prices.

### 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 430/440 m/t CNF Asia
	USD 430/440 to Indonesia
USA Feathermeal, 80% protein	USD 630/640 m/t CNF Asia



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USA Poultry Meal, feed grade	USD 600/620 m/t CNF Asia
USA Poultry Meal, pet food grade	USD 820/840 m/t CNF Asia

Meat and bone meal prices into major markets in Asia moved higher this week – at least for US product. Australian prices were steady and New Zealand just a tad higher. There also didn't seem to be much in the way of buyer interest this week – everything seemed quiet on the export side.

In the US domestic market, meat and bone meal prices are trading quite low as supply is greater than the current demand and animal protein is fighting for business against vegetable protein. Some trade reports are saying that animal protein prices are going to be low for a while now as vegetable protein is very, very reasonably priced for feed producers.

The Jacobsen Report this week mentioned that the animal protein business has become quite export driven and that the current "political environment" (US versus the world or Trump versus the world) may make any increase in export prices very difficult.

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

As reported last week, there is still no fishing in the south of Peru which leaves close to 480,000 m/t of catch on the quota.

New season fishmeal prices are reported to be moving higher this week with at least one trade report saying that fishmeal prices are about USD 50 m/t higher than those shown below. However, not all trade reports agree on exactly where the price is, but everyone does feel that things are moving higher.

Advance sales of fishmeal are now said to be more than 130,000 m/t which is close to 30% of the production if the quota is set at 2 million m/t.

The latest estimate of China's total fishmeal imports for 2018, from JCI Intelligence, forecasts a small drop in imports – down by 50,000 m/t to 1.43 million m/t from the last forecast in August. Even down a little, the total is still up by close to 400,000 m/t over fishmeal imports in 2014/15/16.

Peru's total fishmeal exports to the end of August are estimated to be at about 850,000 m/t with just over 700,000 m/t (83% of total exports) going to China and a total of 94% of all Peru fishmeal exports going to Asia.

Only a few more weeks now until we hear the results of the IMARPE cruise but so far everyone is very enthusiastic about the biomass and the next quota.

The JCI China Feed Conference is coming up on September 20, 2018 which may be the time to get more fishmeal business booked. All the movers and shakers in the fishmeal business will likely attend the conference.

### European fishmeal prices – FOB North German port.

Type	Protein %	Price per m/t USD
Herring fishmeal	72% protein	1,800
Danish fishmeal	64% protein	1,500
Peru fishmeal	64% protein	1,475
Chile fishmeal	67% protein	1,525



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Iceland fishmeal	70% protein	1,755
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## 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
65/66 protein	1260/1280 m/t	
67% protein standard steam	1310/1330 m/t	
67% protein 150 TVN	1460/1480 m/t	No prices
67% protein 120 TVN	1510/1530 m/t	1530/1550
67% protein 1000 hist, 120 TVN	1560/1580 m/t	1600/1620
68% protein 500 hist, 120 TVN	1600/1620 m/t	1610/1630
Fish oil, crude bulk	1410/1430	1400/1450
Fish oil, crude drums	1460/1480	
Fish oil, flexi tank	1560/1580	
Fish oil, Omega 3: 28%EPA/DHA	1700/1800	

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

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