

# Hammersmith Trade Services

A division of Hammersmith Marketing Ltd.

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## WEEKLY USA GRAIN AND PROTEIN REPORT September 26, 2020

Interesting to note that, after a week of much lower commodity prices, there are a number of very bullish expert projections in trade reports late on Friday. Nothing like a good bullish expert to help slow the slide in commodity prices.

Looking at the week, corn prices were down by about USD 6 m/t while soybeans dropped by about USD 15 m/t, US winter wheat fell by close to USD 12 m/t and spring wheat by about USD 8 m/t.

Most grain/oilseed reports at the end of the week say that much of the drop in prices this week was due to the harvest being upon us in the US. It is tough to keep prices moving higher if everyone sees mountains of grains/oilseeds just around the corner. Other than the harvest, trade reports say that the never ending US/China trade situation also added some to the weakness.

Reports on the futures market show that investment funds are holding the largest futures long position seen in the past 5 years with commercial interests being the main sellers and holding a similar record level of shorts. One wonders if the funds are brave enough to hold all those long positions through the harvest or will we see them drop many longs and go short – which could push soybean prices lower --- time will tell.

With wheat, there is concern that US wheat is going to have a difficult time competing in world markets this year. While every exporting country has higher prices at present, US prices seem to be even higher.

Most reports this week seemed to feel that there was not too much reason for corn prices to move lower. The feeling is that the current prices do include expected good harvest yields in the US and that good news on the crop really shouldn't move things lower.

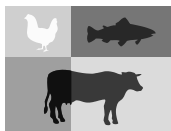
It will be interesting to see how the futures markets do on Monday after the strong down week this week that finished up with a small rally higher for most grains/oilseeds on Friday.

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

There is pressure on the shipping business for a tariff on vessel fuel to help offset the high carbon footprint of the ocean freight transportation. There is a proposal in the works for a tariff based on the CO2 production of vessel fuels – a tariff that the experts say would be high enough to convince vessel owners to switch to more efficient engine systems and fuels. Needless to say, be it in tariffs or vessel conversion costs higher freight rates will be the result of greater CO2 efficiency.

US Gulf to Europe: Panamax (10,000 disch)	\$20/21.00	Up \$1.00	X
US Gulf to Spain: Panamax m/t (5,000 disch)	\$20/21.00	Up \$1.00	X
US Gulf Israel: Panamax m/t	\$28/29.00	Down \$1.00	X
US Gulf to Egypt: Panamax (6,000 disch)	\$28/29.00	Down \$1.00	X
US Gulf Turkey: Panamax m/t	\$29/30.00	Down \$1.00	X
US Gulf Morocco: 30,000(5,000 disch)	\$40/41.00	Steady	X
US Gulf Algeria/Tunisia: 30,000 (3,000 disch)	\$39/40.00	Down \$1.00	X
US Gulf Nigeria: 30,000 m/t	\$48/49.00	Corrected	X

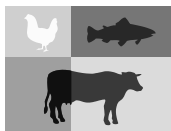
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US Gulf other Med: 30,000 MT(5,000 disch)	\$41/42.00	Steady	X
US Gulf South Africa: 45,000 m/t	\$41/42.00	Up \$1.00	X
US Gulf Japan: Panamax	\$43/44.00	Down \$1.00	X
US Gulf China: Panamax	\$42/43.00	Down \$1.00	X
US PNW South Africa – 40,000 m/t	\$35/36.00	Steady	X
US PNW Japan: Panamax	\$24/25.00	Steady	X
US PNW China: Panamax	\$23/24.00	Steady	X
US East Coast Egypt: Panamax	\$35/36.00	Corrected	x
US East Coast Nigeria: Handisize	\$61/62.00	Up \$2.00	X
US Lakes – Europe – 30,000 m/t	\$43/44.00	Steady	X
US Lakes – Morocco – 30,000 m/t	\$44/45.00	Steady	X
France/Germany to Algeria: 30,000 m/t(3,000 dis)	\$22/23.00	Up \$2.00	X
France/Germany to Bangladesh: 35/45,000 m/t	\$44/45.00	Steady	X
France/Germany to China: Panamax	\$39/40.00	Up \$1.00	X
France/Germany to Egypt: Panamax (10,000 dis)	\$18/19.00	Steady	X
France/Germany to India: Panamax	\$35/36.00	Steady	X
France/Germany to Jordan: 35/45,000 (4k dis)	\$40/41.00	Steady	X
France/Germany to Morocco: 30,000 m/t (3k dis)	\$25/26.00	Steady	X
France/Germany to Saudi Arabia: Panamax	\$37/38.00	Steady	X
France/Germany to South Africa: 30,000 m/t	\$41/42.00	Steady	X
France/Germany to Turkey: 35,000 m/t	\$20/21.00	Steady	X
France/Germany to Yemen: 30,000 m/t	\$55/56.00	Steady	X
Argentina to Algeria: 25/30,000 m/t(3,000 disch)	\$30/31.00	Steady	X
Argentina to China: Panamax, with top-off	\$36/37.00	Steady	X
Argentina to Japan: Panamax, with top-off	\$36/37.00	Steady	X
Argentina to Egypt: Panamax	\$27/28.00	Steady	X
Argentina to Europe: Panamax	\$20/21.00	Steady	X
Argentina to Morocco: 25/30,000 m/t(3,000 dis)	\$28/29.00	Steady	X
Argentina to Jordan: Panamax	\$40/41.00	Steady	X
Argentina to Saudi Arabia: Panamax	\$40/41.00	Steady	X
Argentina to South Africa: Panamax	\$27/28.00	Steady	X
Argentina to Spain: Panamax	\$20/21.00	Steady	X
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$30/31.00	Steady	X
Argentina to US Gulf: 25/35,000 m/t	\$32/33.00	Steady	X
Brazil to Algeria/Tunisia: 25/30,000 m/t	\$32/33.00	Steady	X
Brazil to China: Panamax	\$35/36.00	Up \$2.00	X
Brazil to Japan: Panamax	\$34/35.00	Up \$2.00	X
Brazil to Europe: Panamax	\$26/27.00	Up \$2.00	X
Brazil to Morocco: 25/30,000 m/t	\$35/36.00	Steady	X
Brazil to Saudi Arabia 30/40,000 m/t	\$40/41.00	Up \$1.00	X
Brazil to Spain: Panamax	\$26/27.00	Up \$2.00	X
Brazil to Turkey/Egypt: Panamax	\$31/32.00	Up \$2.00	X
Australia to China: Panamax – round trip	\$17/18.00	Steady	X
Australia to Japan: Panamax – round trip	\$25/25.50	Up \$2.00	X
Australia to Saudi Arabia: Panamax	\$27/28.00	Up \$2.00	X
Ukraine to China: Panamax	\$30/31.00	Steady	X
Ukraine to Bangladesh, Panamax	\$44/45.00	Up \$2.00	X
Ukraine to India, Panamax	\$39/40.00	Up \$1.00	X



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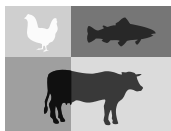
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Black Sea to East Med: 30,000 m/t (3,000 disch)	\$17/18.00	Steady	X
Ukraine to East Med: coaster (1,000 disch)	\$23/24.00	Up \$1.00	X
Ukraine to Turkey: coaster (1,000 disch)	\$18/19.00	Up \$1.00	x
Russia to Turkey - Izmir: coaster (1,000 disch) -	\$25/26.00	Steady	X
Black Sea to Egypt: 40/50,000 m/t – (6,000 dis)	\$15/16.00	Down \$1.00	X
Black Sea to Egypt: 30,000 m/t – (4,000 dich)	\$17/18.00	Steady	X
Ukraine to Egypt: coaster 3,000 m/t (1,000 disch)	\$23/24.00	Up \$1.00	X
Russia to Egypt: coaster 3,000 m/t (1,000 disch)	\$43/44.00	Up \$1.00	X
Black Sea to Iraq: Panamax (4,000 disch)	\$44/45.00	Up \$2.00	X
Black Sea to Europe: Panamax (8,000 disch)	\$21/22.00	Steady	X
Black Sea to Morocco: 30,000 m/t (3,000 disch)	\$22/23.00	Up \$2.00	X
Black Sea to Spain: Panamax (8,000 disch)	\$21/22.00	Steady	X
Black Sea to Jordan: Panamax (5,000 disch)	\$26/27.00	Steady	X
Black Sea to Libya: 25/35,000 m/t	\$25/26.00	Steady	X
Black Sea to Saudi Arabia – Jeddah – Panamax	\$31/32.00	Up \$1.00	X
Black Sea to Turkey – 30,000 m/t	\$15/16.00	Down \$2.00	X
Black Sea to South Africa – 30,000 m/t	\$30/31.00	Steady	X
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$20/21.00	Steady	x
Baltic Dry Index – 40% Cape, 30% Panamax, 30% Supramax – no Handisize included)	1667	Up 371	X
Baltic Capesize Index (100,000 plus DWT)	2915	Up 1015	X
Baltic Panamax Index (60,000 to 80,000 DWT)	1380	Up 65	X
Baltic Supramax Index (50,000 to 60,000 DWT)	992	Up 51	X
Baltic Handisize Index (25,000 plus DWT)	585	Up 27	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 October 2020/December 2020

Wheat, USA Soft Red Winter, US Gulf	USD 248/251	X
Wheat, USA Hard Red Winter 11 protein, US Gulf	USD 241/244	X
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 232/234	X
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 235/237	X
Wheat, Romania 12.5 pro	USD 231/233	X
Wheat, Superior, France, Rouen	USD 228/230	X
Wheat, milling, 12.0%, Argentina, Upriver	USD 245/248	X
Wheat, feed, Black Sea	USD 232/234	X
Barley, France, Rouen port	USD 208/210	X
Barley, feed, Argentina, up river	USD 204/206 Nov	X
Barley, feed, Black Sea, 30,000+	USD 198/200 Nov	X
Corn, 2YC FOB NOLA USA	USD 193/196	X
Corn, 3YC FOB USA Pacific northwest	USD 206/209	X
Corn, FOB Argentina port, upriver	USD 190/193	X
Corn, FOB Brazil port	USD 198/201	X
Corn, FOB France – Atlantic	USD 206/208	X



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Corn, FOB Romania	USD 191/193	X
Corn, FOB Russia	USD 191/193	X
Corn, FOB Ukraine, 30,000+ m/t	USD 193/195	X
Sorghum, FOB Argentina port	USD 142/145	X
Sorghum, FOB Texas	USD 249/252	X
Soymeal, 48% protein, FOB NOLA	USD 404/407	X
Soymeal, 48% protein, USA, Rotterdam	USD 429/432	X
Soymeal, Argentina, Rotterdam	USD 425/428	X
Soymeal, 47% pro, FOB Argentina	USD 397/400	X
Soymeal, 48% protein, Brazil, Rotterdam	USD 427/430	X
Soymeal, 48% protein, FOB Brazil	USD 397/400	X
Soybeans, FOB NOLA	USD 419/422	X
Soybeans, Argentina, FOB	USD 423/426	X
Soybeans, Brazil, FOB	USD 440/443	X
Soybeans, Black Sea	No info	X
Corn Gluten Meal, USA FOB NOLA	USD 540>>560 m/t Oct>>DEC	X
Corn Gluten Feed, USA FOB NOLA	USD 195/200 m/t	x
DDGS corn, 35 profat, USA FOB NOLA	USD 235/238 m/t	X

Lower ethanol production and strong DDGS demand have helped to move DDGS domestic and export prices higher --- even lower corn prices couldn't create any weakness in DDGS. According to the US Grains Council, FOB NOLA prices for DDGS are up by as much as USD 16 m/t.

Corn gluten meal was not as strong this week and export prices for November/December did slip lower by about USD 10 m/t. If the weakness in soybeans/soymeal continues then perhaps we will see a little more room for lower CGM prices.

## Container shipments, minimum 200 m/t

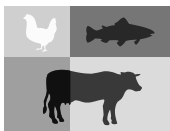
Australian MBM 45% protein	USD 410/430 m/t CNF Asia
Australian MBM 50% protein	USD 455/475 m/t CNF Asia
Australian Feathermeal, 80% protein	USD 420/440 m/t CNF Asia
Australian Poultry Meal, pet food	USD 780/800 m/t CNF Asia
USA Meat & Bone meal, 50% protein	USD 530/550 m/t CNF China USD 400/420 to Indonesia
USA Feathermeal, 80% protein	USD 480/500 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 900/920 m/t CNF Asia

Meat and bone meal prices in Asia moved higher again this week following the earlier rally in soymeal prices --- however, weakness in soybean prices this week could put some downside in MBM priced for the coming week.

Animal protein production in both Australia and New Zealand is still lower than in past periods due to continued lower animal slaughter.

Poultry meal prices from most origins are moving higher mainly due to an increase in demand from the pet food industry.

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Even with some weakness in soybean prices this week, most experts are looking for animal protein prices to be steady to higher for the balance of 2020.

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

The IMARPE research cruise is about to move on to its second section, the acoustic survey, which will finish in October. We are all waiting for a good set of cruise results.

There has still been no fishing in the South of Peru.

While there has been little or no new business reported, Trade reports do imply that new season fishmeal prices will probably be higher than the prices indicated below – some say a minimum of USD 20 m/t higher.

Producers/exporters in Peru are out of the market at present – no one much wants to take on any more new sales against the next season – just too risky.

There has been quite a bit of speculation on when the next season will actually begin and it seems that more experts are moving from a late October start to a possible mid-November start. The problem with starting in November is that it may not be possible to land all the quota before the fishing falls off again in January, but this is all just guesswork for now.

MSI Ceres reported this week that there have been some vessel cancellations in Peru which will push some export fishmeal shipments into October. They also reported an outbreak of COVID-19 on a Maersk vessel in Callao. Shipping is just not all that easy these days.

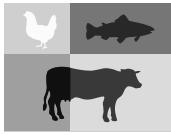
## PERU "INDICATION" FISHMEAL PRICES:

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

Type	Protein %	Price per m/t USD
Herring fishmeal	72% protein	1,635
Danish fishmeal	64% protein	1,430
Peru fishmeal	64% protein	1,450
Chile fishmeal	67% protein	1,490
Iceland fishmeal	70% protein	1,555

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	1120/1140 m/t	
67% protein standard steam	1210/1230 m/t	
67% protein 150 TVN	1320/1340 m/t	1320/1340 m/t
67% protein 120 TVN	1370/1390 m/t	1370/1390 m/t
67% protein 1000 hist, 120 TVN	1420/1440 m/t	1420/1440 m/t



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68% protein 500 hist, 120 TVN	1470/1490 m/t	1450/1470 m/t
Fish oil, crude bulk	2000/2100	1900/2000
Fish oil, crude drums	2050/2150	
Fish oil, flexi tank	2150/2250	
Fish oil, Omega 3: 28%EPA/DHA	2200/2300	

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

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