

October 03, 2017

Middle East, Mediterranean and Africa Regional Analysis

NEWS UPDATES

MEDITERRANEAN/MIDDLE EAST COMMENTS:

Egypt reports that the Romanian wheat cargo rejected due to opy seeds is being discharged in advance of sieving and that the sieving process has not as yet begun. Also, the decision on what to do with the rejected French wheat cargo has not as yet been finalized.

Blumberg grain reports that they will be investing another USD 150 million in Egypt to complete the second phase of their grain storage project and add an additional 300 grain facilities. This further investment and work in Egypt is part of the long-term project that Blumberg had agreed with the government of Egypt but had ben delayed by "bureaucratic hurdles".

Egypt has seen the arrival of a grain marketing trade group from the UK that is hoping to develop post Brexit markets for UK wheat. The UK group will be detailing UK wheat to both the public and private sector.

Ukraine reports that wheat shipments to Egypt so far in the 2017/18 year are up by 39% at 465,500 m/t. A surprising number, as most of the Egypt government purchases have not been from the Ukraine meaning that the Egyptian private sector is very active in the Ukraine this year.

Egypt is the largest importer of Romanian corn exports followed by Spain and Turkey – Romanian corn exports last year total 3.3 million m/t, including shipments to the EU.

Syria has reported that they will buy 3 million m/t of Russian wheat over the next three years with financing expected to be provided by Russian sources. Russia has been a major supplier of wheat to Syria with, according to the Syrian ministry of trade, in excess of 1.5 million m/t of wheat shipped to Syria in 2017 to date. However, one need to remember that large wheat purchases with Russia have been announced in the past but failed to ever be completed. The news of this purchase has come from Syria with no confirmation from Russia.

Turkey is looking for a new customs union arrangement with the EU that could/should benefit both sides. Turkey says that the EU could benefit greatly in business in Turkey but also in business through Turkey to Turkish trade partners in the region: Middle East, Central Asia and Africa – where Turkey currently has strong trade relationships. Turkey says that the current bilateral trade could easily increase from the currrent level of USD 160 billion per year to more than USD 300 billion.

SOUTHERN/EASTERN AFRICA COMMENTS:

South Africa has increased their maize crop projections once again to 16.74 million m/t which is more than twice the level seen last year. The latest projection has increase maize production by about 2 percent: total maize 16.74 million m/t, white maize 9.89 mm/t, yellow maize 6.85 mm/t. White maize production is up from only 3.4 million m/t last year while yellow maize is up from 4.37 million m/t. On the wheat side of things, the 2017 crop is expected to be down from 2016: 2017 1.72 million m/t with 2016 at 1.91 million m/t.

Kenya is said to be facing a food crisis due to a maize harvest forecasted to be down by 20 percent as a result of erratic rainfall and the invasion of fall armyworms. Local experts say that the drought has been the worst in 30 years. However, the government says that a good reserve of maize from last year's crop will help to overcome the shortages in some areas. The government says that they have reserves

of 4.7 million 90 kg bags of maize. Total yearly maize production is forecasted to reach 42.2 million 90 kg bags which is about 2.2 million bags below last years production.

Kenya's UNGA flour milling group has reported an operating loss for the past year following a good profit the year before. They say that severe shortage of maize curtailed their milling operations so that no product was produced for sale while operating costs continued. They add that the government's program of duty free maize imports came too late in the financial year to have any major effect on financial results.

Uganda authorities say that the rainfall has returned as needed but that fall armyworms are also back. According to farming associations there is little government support for the fight against the armyworms. Forty percent of the farmland in Uganda is said to be experiencing armyworm problems. However, the government says that pesticides are available to farmers at a 30 percent discount but critics say the discount program has never come into effect. The discount pesticide program was supposed to operate through farmer associations and co-operatives but does this not seem to have happened.

A recent report on Africa states that Africa spent USD 65.8 billion on food imports in 2016 but that this amount is down by about 21 percent on what had been spent five years earlier. 15% of the total spent was by Egypt followed by Algeria 12%, South Africa 9%, Morocco and Nigeria – both at 7%.

Africa did have food exports of USD 47.2 billion – cocoa, coffee, tea, spices, vegetables, sugar, etc – but over 50% of exports came from only five countries: South Africa 17%, Ivory Coast 15%, Morocco 10%, Egypt 10% and Ghana 5%.

There are complaints in Malawi that the government is very slow to release any funding to the grain buying agency (ADMARC) to allow them to purchase local maize. Farmers are said to be selling to local traders at very, very low prices in order to buy seed and fertilizer for the next crop. Critics have said that ADMARC has made commitments to sell the maize to millers at a set price but have not as yet bought from farmers.

Farmers in Zambia are saying that maize exports need to be allowed as there is insufficient storage for the large maize crop in Zambia and the forced sale of maize due to the lack of storage will cause local prices to crash when there is strong demand at good prices from nearby countries. Local millers have been saying that maize exports should be banned but maize product exports – maize meal and flour – should be promoted. Needless to say the farmer's associations disagree as they see the millers profiting on the backs of the farmers.

WEEKLY TENDER AND SALES INFORMATION

Algeria bought 480,000 m/t of milling wheat in last weeks tender at prices said to be about USD 211 to 212 CNF. Shipment is to be in December and it is expected that the wheat will be from France but there was some mention in the trade of possible supply from Argentina. The wheat purchase was optional origin.

Saudi Arabia's SAGO booked 540,000 m/t of feed barley: 360,000 m/t to the Red Sea at an average of about USD 215.40 m/t CNF and 180,000 m/t to the Arabian Gulf at about USD 220.75 m/t CNF

SHIPPING NEWS

Bulk Ocean Freight – USD per m/t
October 02, 2017
All freight estimates are basis heavy grains

US Gulf to Europe: 60/70,000 (10,000 disch)	\$16.50/17.00	Steady	x
US Gulf to Spain: 30,000 m/t (5,000 disch)	\$23/24.00	Down \$1.00	X
US Gulf to Egypt: Panamax (6,000 disch)	\$25/26.00	Down \$1.00	X
US Gulf other Med: 25,000 m/t (3,000 disch)	\$32/33.00	Steady	X
US Gulf Israel: 50,000 m/t	\$26/27.00	Down \$1.00	X
US Gulf Morocco: 25,000 (3,000 disch)	\$28/29.00	Steady	X
US Gulf Algeria/Tunisia: 30,000 (3,000 disch)	\$29/30.00	Steady	X
US Gulf Turkey: 50,000	\$27/28.00	Down \$1.00	X
US Gulf South Africa	\$38/39.00	Steady	X
US Gulf Nigeria: 30,000 m/t	\$39/40.00	Steady	X
US East Coast Egypt: Panamax	\$46/47.00	Down \$1.00	X
US East Coast Nigeria: Handisize	\$41/42.00	Down \$2.00	X
France/Germany to Algeria: 30,000 m/t (3,000 disch)	\$13/14.00	Steady	x
France/Germany to Morocco: 30,000 m/t (3,000 dis)	\$12/13.00	Steady	X
France/Germany to India: 50,000 m/t	\$21/22.00	Down \$1.00	X
France/Germany to Jordan: 35/45,000 m/t (4,000 dis)	\$24/25.00	Steady	X
France/Germany to Saudi Arabia: 50/60,000	\$21/22.00	Steady	X
France/Germany to Turkey: 35,000 m/t	\$20/21.00	Down \$1.00	X
France/Germany to Egypt: 50,000 m/t (10,000 disch)	\$15/16.00	Down \$1.00	X
France/Germany to Yemen: 30,000 m/t	\$48/49.00	Steady	X
France/Germany to South Africa: 30,000 m/t	\$34/35.00	Steady	X
Argentina to Europe: 50/60,000 m/t	\$22/23.00	Down \$1.00	X
Argentina to Egypt: 50,000 m/t (10,000 disch)	\$24/25.00	Down \$1.00	X
Argentina to Algeria: 25/30,000 m/t (3,000 disch)	\$25/26.00	Steady	X
Argentina to Morocco: 25,000 m/t (3,000 disch)	\$22/23.00	Steady	X
Argentina to Tunisia: 30,000 m/t	\$25/26.00	Steady	X
Argentina to Saudi Arabia: 30/40,000 m/t	\$46/47.00	Steady	X
Argentina to South Africa 30,000 m/t (3,000 disch)	\$34/35.00	Steady	X
Argentina to Spain: 30,000 m/t	\$22/23.00	Steady	X
Brazil to Algeria/Tunisia: 25,000 m/t	\$27/28.00	Up \$1.00	X
Brazil to Turkey/Egypt: 50,000 m/t	\$22/23.00	Down \$1.00	X
Brazil to Morocco: 30,000 m/t	\$26/27.00	Up \$1.00	X
Brazil to Saudi Arabia: 30/40,000 m/t	\$33/34.00	Steady	X
Brazil to Europe: 50,000 m/t	\$21/22.00	Steady	X
Black Sea to Spain: 50,000 m/t (8,000 disch)	\$15/16.00	Down \$1.00	X
Black Sea to Morocco: 30,000 m/t (3,000 disch)	\$14/15.00	Steady	X
Black Sea to Tunisia/Algeria: 30,000 (5,000 disch)	\$15/16.00	Steady	X
Black Sea to East Med: 30,000 m/t (3,000 disch)	\$12/13.00	Steady	X
Ukraine to East Med: coaster	\$23/24.00	Steady	X
Ukraine to Egypt: coaster 3,000 m/t	\$23/24.00	Steady	X
Black Sea to Egypt: 40/50,000 m/t – (8,000 disch)	\$12/13.00	Down \$1.00	X
Black Sea to Saudi Arabia – Jeddah – 50k	\$22/23.00	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 Iraq: 50,000 m/t	\$31/32.00	Steady	X
Black Sea to Jordan: 50,000 m/t	\$21/22.00	Steady	X
Black Sea to Bangladesh: 50,000 m/t	\$31/32.00	Steady	X
Black Sea to India: 50,000 m/t	\$26/27.00	Steady	x
Baltic Dry Index	1328	Down 173	x
Baltic Capesize Index	2671	Down 502	x
Baltic Panamax Index	1268	Down 206	X
Baltic Supramax Index	1006	Down 62	X
Baltic Handysize Index	614	Up 12	x

FOB port of location specified
Prices in US\$ per metric ton
Updated as of close of market October 02, 2017
All shipments in bulk grain vessels.
All prices are October to December 2017

Wheat, USA Soft Red Winter, NOLA	USD 193/198	x
Wheat, USA Hard Red Winter 12 protein, NOLA	USD 232/236 high protein premium	x
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 183/188	X
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 190/194	X
Wheat, Romania 12.5 pro	USD 190/195	X
Wheat, France, 11.0 pro France, Rouen	USD 192/194	x
Wheat, milling, Argentina, upriver	USD 186/191 New crop Dec	X
Wheat, feed, Black Sea	USD 171/176	x
Barley, FOB France, Rouen port	USD 186/188	x
Barley, FOB Argentina, BB + Neco	USD 184/188 New crop Dec	X
Barley, FOB Black Sea, 30,000+	USD 178/183	X
Barley, FOB USA Pacific Northwest	USD 220/225	X
Corn, FOB NOLA USA	USD 162/167	X
Corn, FOB USA Pacific northwest	USD 166/171 Nov/Dec	x
Corn, FOB Argentina port, upriver	USD 149/154	X
Corn, FOB Brazil port	USD 156/160	X
Corn, FOB Ukraine, 30,000+ m/t	USD 160/164	X
Corn, FOB France	USD 181/185	X
Corn, FOB Romania	USD 166/171	X
Corn, FOB Russia	USD 161/165	X
Sorghum, FOB Texas	USD 188/193	X
Sorghum, FOB Argentina port – high tannin	USD 159/164	x
Soymeal, 48% protein, FOB NOLA	USD 347/352	X
Soymeal, 48% protein, USA, Rotterdam, CNF	USD 372/377	x
Soymeal, Argentina, Rotterdam, CNF	USD 353/357	X

Soymeal, 47% pro, FOB Argentina	USD 321/325	X
Soymeal, 48% protein, Brazil, Rotterdam, CNF	USD 347/352	X
Soymeal, FOB Brazil	USD 316/319	X
Soybeans, FOB NOLA	USD 381/386	X
Soybeans, FOB Argentina	USD 378/383	X
Soybeans, FOB Brazil	USD 383/388	X
Soybeans, FOB Black Sea	USD 377/381	x
Corn Gluten Meal, USA FOB NOLA	USD 575/580 m/t	X
Corn Gluten Feed, USA FOB NOLA	USD 144/147 m/t	x
DDGS corn, 35% profat, USA FOB NOLA	USD 181/185 m/t	x