



# Hammersmith Trade Services

A division of Hammersmith Marketing Ltd.

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## WEEKLY USA GRAIN AND PROTEIN REPORT October 10, 2020

Well, the USDA WASDE report tended to get markets moving this week. Compared to the last report we had corn production down by about 1% but ending stocks down by 14%. Soybeans too had a small 1% drop in production but ending stocks were down by 37% -- a serious shock to the market. Total wheat production was almost unchanged from previous with wheat ending stocks down by 4.5%.

Much of the drop in soybean ending stocks was due to the increase in expected soybean exports.

Trade reports at the end of the week say that corn is in a bull market and will probably stay there since much of the US corn is now harvested and prices rarely drop in the months following harvest. Not that prices will just chug higher as we will have down days too – just keep watching for buying opportunities.

With the holidays in China just ended there are rumors in the market that Chinese buyers are looking closely at both US corn and DDGS.

With soybeans, the stocks to use ratio is at the lowest level in 5 years which should keep prices well into a bull market situation. There isn't anyone out there who is talking about lower prices for soybeans or soymeal in the next while.

Wheat had a quite WASDE report with not too much in changes. There was some concern on prices in trade reports as the futures market seems to be full of nervous people holding long position who may just panic and jump out – pushing prices lower in days ahead.

Looking at how the prices change for the week: corn was up by about USD 6 m/t, soybeans for 2020 were up by USD 15 m/t, soymeal was also up by close to USD 15 and overall wheat prices were up by about USD 9 m/t.

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

US Gulf to Europe: Panamax (10,000 disch)	\$21/22.00	Up \$1.00	X
US Gulf to Spain: Panamax m/t (5,000 disch)	\$21/22.00	Up \$1.00	X
US Gulf Israel: Panamax m/t	\$28/29.00	Steady	X
US Gulf to Egypt: Panamax (6,000 disch)	\$28/29.00	Steady	X
US Gulf Turkey: Panamax m/t	\$29/30.00	Steady	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	Steady	X
US Gulf Nigeria: 30,000 m/t	\$42/43.00	Steady	X
US Gulf other Med: 30,000 MT(5,000 disch)	\$41/42.00	Steady	X
US Gulf South Africa: 45,000 m/t	\$37/38.00	Down \$2.00	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	\$35/36.00	Steady	X
US PNW Japan: Panamax	\$24/25.00	Steady	X

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US PNW China: Panamax	\$23/24.00	Steady	X
US East Coast Egypt: Panamax	\$35/36.00	Down \$2.00	X
US East Coast Nigeria: Handisize	\$61/62.00	Steady	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	\$40/41.00	Steady	X
France/Germany to Egypt: Panamax (10,000 dis)	\$18/19.00	Steady	X
France/Germany to India: Panamax	\$35/36.00	Down \$1.00	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)	\$23/24.00	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	\$19/20.00	Down \$1.00	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	\$35/36.00	Down \$1.00	X
Argentina to Japan: Panamax, with top-off	\$35/36.00	Down \$1.00	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	\$31/32.00	Down \$2.00	X
Brazil to Japan: Panamax	\$30/31.00	Down \$2.00	X
Brazil to Europe: Panamax	\$26/27.00	Steady	X
Brazil to Morocco: 25/30,000 m/t	\$33/34.00	Down \$2.00	X
Brazil to Saudi Arabia 30/40,000 m/t	\$40/41.00	Steady	X
Brazil to Spain: Panamax	\$26/27.00	Steady	X
Brazil to Turkey/Egypt: Panamax	\$31/32.00	Steady	X
Australia to China: Panamax – round trip	\$17/18.00	Steady	X
Australia to Japan: Panamax – round trip	\$27/27.50	Steady	X
Australia to Saudi Arabia: Panamax	\$29/30.00	Steady	X
Ukraine to China: Panamax	\$30/31.00	Steady	X
Ukraine to Bangladesh, Panamax	\$44/45.00	Steady	X
Ukraine to India, Panamax	\$38/39.00	Down \$1.00	X
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	Steady	X
Ukraine to Turkey: coaster (1,000 disch)	\$22/23.00	Up \$4.00	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	Steady	X
Black Sea to Egypt: 30,000 m/t – (4,000 dich)	\$16/17.00	Down \$1.00	X



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Ukraine to Egypt: coaster 3,000 m/t (1,000 disch)	\$23/24.00	Steady	X
Russia to Egypt: coaster 3,000 m/t (1,000 disch)	\$40/41.00	Down \$3.00	X
Black Sea to Iraq: Panamax (4,000 disch)	\$44/45.00	Steady	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)	\$21/22.00	Steady	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	\$30/31.00	Down \$2.00	X
Black Sea to Turkey – 30,000 m/t	\$15/16.00	Steady	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)	1892	Down 128	X
Baltic Capesize Index (100,000 plus DWT)	3555	Down 432	x
Baltic Panamax Index (60,000 to 80,000 DWT)	439	Up 66	x
Baltic Supramax Index (50,000 to 60,000 DWT)	982	Down 9	X
Baltic Handisize Index (25,000 plus DWT)	595	Up 2	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 November 2020/January 2021

Wheat, USA Soft Red Winter, US Gulf	USD 266/269	X
Wheat, USA Hard Red Winter 11 protein, US Gulf	USD 261/264	X
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 242/244	X
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 245/247	X
Wheat, Romania 12.5 pro	USD 239/241	X
Wheat, Superior, France, Rouen	USD 240/242	X
Wheat, milling, 12.0%, Argentina, Upriver	USD 235/238	X
Wheat, feed, Black Sea	USD 240/242	X
Barley, France, Rouen port	USD 217/219	X
Barley, feed, Argentina, up river	USD 200/203	x
Barley, feed, Black Sea, 30,000+	USD 207/209	X
Corn, 2YC FOB NOLA USA	USD 211>>203	X
Corn, 3YC FOB USA Pacific northwest	USD 229>>220	X
Corn, FOB Argentina port, upriver	USD 207/210	X
Corn, FOB Brazil port	USD 214/217	X
Corn, FOB France – Atlantic	USD 213/215	X
Corn, FOB Romania	USD 209/211	X
Corn, FOB Russia	USD 208/210	X
Corn, FOB Ukraine, 30,000+ m/t	USD 209/211	X
Sorghum, FOB Argentina port	USD 153/156	X
Sorghum, FOB Texas	USD 270/273	X

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Soymeal, 48% protein, FOB NOLA	USD 431/434	X
Soymeal, 48% protein, USA, Rotterdam	USD 456/459	X
Soymeal, Argentina, Rotterdam	USD 462/465	X
Soymeal, 47% pro, FOB Argentina	USD 419/422	X
Soymeal, 48% protein, Brazil, Rotterdam	USD 457/460	X
Soymeal, 48% protein, FOB Brazil	USD 422/425	X
Soybeans, FOB NOLA	USD 450/453	X
Soybeans, Argentina, FOB	USD 451/454	X
Soybeans, Brazil, FOB	USD 474/477	X
Soybeans, Black Sea	USD 437/440	X
Corn Gluten Meal, USA FOB NOLA	USD 550>>570 m/t Nov>>Dec	X
Corn Gluten Feed, USA FOB NOLA	USD 230/235 m/t	X
DDGS corn, 35 profat, USA FOB NOLA	USD 264>>250 m/t	x

Corn by products are following corn prices higher with DDGS export prices up by about USD 15 m/t, corn gluten feed also up by about USD 15 m.t and corn gluten meal up by at least USD 20 m/t.

There was the comment in trade reports that some buyers were short corn byproducts because they had been hoping for lower prices but have now jumped into the market and pushed all prices considerably higher.

Looking at the situation with corn/soybeans/soymeal, it doesn't look like we will be able to see lower prices in the next while. Steady to higher prices look to be the trend for now.

## 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 430/450 m/t CNF Asia
Australian Poultry Meal, pet food	USD 800/820 m/t CNF Asia
USA Meat & Bone meal, 50% protein	USD 520/540 m/t CNF China USD 400/420 to Indonesia
USA Feathermeal, 80% protein	USD 500/520 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

Prices for meat and bone meal exports to major markets in Asia were steady this week. Of course, having Chinese buyers out of the market made things very quiet with reduced buying interest. It is reported in the trade that some exporters were trying to push prices higher, but that buyer had no interest in agreeing. The continuing rally in soybean prices will push animal protein prices higher but the market has been a bit slow in reacting to the higher levels for soybean.

USA domestic meat and bone meal prices look ready to move higher as MBM is now very competitive with soybean prices.

The Jacobsen Report this week was saying that there could be some COVID19 related demand in the market as buyer try to build stocks just in case we all face another serious Covid lockdown that could disrupt the supply chain.

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

The IMARPE cruise of both north and south regions of Peru is expected to be completed on November 13. The industry is hoping that the north results are going to be considered when available and not wait until mid-November when the entire cruise is complete, no one wants to start the fishing that late in the year.

The latest El Nino/La Nina report expects a mild La Nina event in Peru for the end of 2020 resulting in colder water which, they say, will disburse the fish stocks and make fishing more difficult in November and December.

With China on holidays this week very little activity has been seen --- all has been very, very quiet.

The latest fishmeal export numbers to the end of August show exports of 622,000 m/t with 481,000 m/t going to China (77.3%). The top 6 fishmeal producers in Peru represent about 90% of total exports, these are: Tasa 138,000 m/t, Copeinca 120,000 m/t, Exalmar 100,000 m/t, Hayduk 76,000 m/t, Diamante 66,500 m/t and Austral 42,000 m/t.

Looking at numbers in the MSI Ceres report one sees that Asia represents 89.9% of all Peru fishmeal exports with Europe at 5.1%, The Americas with 3.9% leaving about 1.0%.

It was reported that the Peru Government is setting up a task force to look at problems in the fishing industry that are limiting productivity – both the public and private sector will be involved in the task force.

## PERU "INDICATION" FISHMEAL PRICES:

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

Type	Protein %	Price per m/t USD
Herring fishmeal	72% protein	1,590
Danish fishmeal	64% protein	1,445
Peru fishmeal	64% protein	1,455
Chile fishmeal	67% protein	1,495
Iceland fishmeal	70% protein	1,605

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
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	

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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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