



# Hammersmith Trade Services

A division of Hammersmith Marketing Ltd.

## WEEKLY FEED GRAIN AND PROTEIN REPORT November 05, 2016 --- week 44

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Just for your information, I will be at the Global Grains Conference in Geneva this week – Nov 08 to 11 – so, if you are there say hello.

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

This coming week is election week in the US, so it is possible that markets may do strange things as we get closer to the voting – or the markets may do nothing as everyone sits on the side and waits to see the election results. From the current reports it looks like things are just getting closer and closer, although the NY Times still has Hillary at an 88 percent chance of winning.

Most everything finished the week a little lower: corn was down by about USD 2 m/t with soybeans down by about USD 8 m/t and soymeal down by the same USD 8 m/t. Only soft red winter and hard red winter wheat prices were able to move at all higher and then not much.

There just didn't seem to be any reason for corn prices to move higher this week and they just tended to drift lower during the week. The harvest has been going very well and is right on average – the corn mountains are building as the good weather allows the harvest to rush ahead. Private forecasts of the US corn crop have it coming in just slightly below the last USDA crop estimate. Some experts feel that the USDA may reduce their corn yield forecast but only slightly – not enough to drive the market.

Soybeans were much like corn with all eyes on the harvest and the crop yields. Private forecasts for the soybean crop are up by about 1 percent over that last USDA forecast but we will see this week what the updated USDA number look like. The soybean harvest is racing along while export sales are up by 30 percent over last year and for now there doesn't seem to be any good reason to expect a major price rally in soybeans or soymeal. These days a USD 10 m/t move up or down is not considered a serious rally unless it carries on for several days, which has not been seen of late.

### **Crop condition --- USA and France**

<b><u>Condition</u></b> <b><u>USA</u></b> <b><u>Oct 31, 2016</u></b>	<b><u>Very poor</u></b>	<b><u>Poor</u></b>	<b><u>Fair</u></b>	<b><u>Good</u></b>	<b><u>Excellent</u></b>
Winter wheat	2	7	33	48	10
<b><u>Harvested</u></b>	Oct 30 2016	Five year average			
Corn	75%	75%			
Soybeans	87%	85%			
Sorghum	76%	68%			
Winter wheat planted	86%	88%			
<b><u>Condition</u></b> <b><u>France</u></b>	<b><u>Very poor</u></b>	<b><u>Poor</u></b>	<b><u>Fair</u></b>	<b><u>Good</u></b>	<b><u>Excellent</u></b>



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<b>Oct 31, 2016</b>					
Corn	7	14	26	45	8
<b>Harvested</b>	<u>2016</u>	<u>2015</u>			
Corn	79	82			
<b>Winter crops planted</b>	<u>2016</u>	<u>2015</u>			
Wheat – soft	78%	86%			
Wheat - hard	21%	57%			
Barley	89%	96%			

@USDA and France AgriMer

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

US Gulf to Europe: 60/70,000 (10,000 disch)	\$15.50/16.00	Steady	X
US Gulf to Spain: 30,000 m/t (5,000 disch)	\$23/24.00	Steady	X
US Gulf Israel: 50,000 MT	\$22/23.00	Steady	X
US Gulf to Egypt: Panamax(6,000 disch)	\$21/22.00	Steady	X
US Gulf Turkey: 50,000	\$23/24.00	Steady	X
US Gulf Morocco: 30,000(5,000 disch)	\$28/29.00	Steady	X
US Gulf Nigeria: 30,000 m/t	\$50/51.00	Down \$1.00	X
US Gulf other Med: 30,000 MT(5,000 disch)	\$29/30.00	Steady	X
US Gulf Japan: Panamax	\$31/32.00	Steady	X
US Gulf China: Panamax	\$30/31.00	Steady	X
US PNW South Africa – 40,000 m/t	\$37/38.00	Steady	x
US PNW Japan: Panamax	\$17/18.00	Steady	X
US PNW China: Panamax	\$16/17.00	Steady	x
US East Coast Egypt: Panamax	\$43/44.00	Steady	X
US East Coast Nigeria: Handisize	\$49/50.00	Steady	X
France/Germany to Algeria: 30,000 m/t(3,000 disch)	\$28/29.00	Steady	X
France/Germany to Egypt: 50,000 m/t (10,000 disch)	\$28/29.00	Steady	X
France/Germany to Jordan: 35/45,000 m/t (4,000 disch)	\$34/35.00	Steady	X
France/Germany to Morocco: 30,000 m/t (3,000 disch)	\$27/28.00	Steady	X
France/Germany to Saudi Arabia: 50/60,000	\$38/39.00	Down \$1.00	X
France/Germany to South Africa: 30,000 m/t	\$35/36.00	Down \$1.00	X
France/Germany to Yemen: 30,000 m/t	\$52/53.00	Down \$1.00	X
Argentina to Algeria: 25/30,000 m/t(3,000 disch)	\$30/31.00	Down \$1.00	X
Argentina to China: 50,000 m/t, with top-off	\$27/28.00	Down \$2.00	X
Argentina to Japan: 50,000 m/t, with top-off	\$29/30.00	Down \$2.00	x
Argentina to Egypt: 50,000 m/t	\$26/27.00	Steady	X
Argentina to Europe: 50/60,000 m/t	\$28/29.00	Steady	X
Argentina to Morocco: 25/30,000 m/t(3,000 disch)	\$29/30.00	Down \$1.00	X
Argentina to Saudi Arabia: 25/30,000 m/t	\$45/46.00	Steady	X
Argentina to South Africa 25/30,000 m/t (3,000 disch)	\$30/31.00	Steady	X
Argentina to Spain: 30,000 m/t	\$31/32.00	Steady	X
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$30/31.00	Down \$1.00	X
Brazil to Algeria: 25/30,000 m/t	\$29/30.00	Down \$2.00	X



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Brazil to China: 55,000 m/t	\$20/21.00	Down \$2.00	X
Brazil to Japan: 55,000 m/t	\$22/23.00	Down \$2.00	x
Brazil to Europe: 30,000 m/t	\$27/28.00	Steady	X
Brazil to Morocco: 25/30,000 m/t	\$25/26.00	Down \$2.00	X
Brazil to Saudi Arabia 30/40,000 m/t	\$41/42.00	Steady	X
Brazil to Turkey/Egypt: 50,000 m/t	\$24/25.00	Steady	X
Australia to China: 40-55,000 m/t – round trip	\$18.50/19.00	Down \$0.50	X
Australia to Japan: 40-55,000 m/t – round trip	\$19.00/19.50	Down \$0.50	X
Australia to Saudi Arabia: 40-55,000 m/t	\$23/24.00	Steady	X
Ukraine to China: 50,000 m/t	\$27/28.00	Steady	X
Black Sea to East Med: 30,000 m/t (3,000 disch)	\$28/29.00	Steady	X
Ukraine to East Med: coaster (1,000 disch)	\$25/26.00	Up \$2.00	X
Black Sea to Egypt: 40/50,000 m/t – (6,000 disch)	\$11/12.00	Steady	X
Black Sea to Egypt: 30,000 m/t – (4,000 dich)	\$11/12.00	Steady	X
Ukraine to Egypt: coaster 3,000 m/t (1,000 disch)	\$25/26.00	Up \$2.00	X
Black Sea to Iraq: 50,000 m/t (4,000 disch)	\$27/28.00	Steady	X
Black Sea to Morocco: 30,000 m/t (3,000 disch)	\$25/26.00	Steady	X
Black Sea to Spain: 40/50,000 m/t (8,000 disch)	\$14/15.00	Up \$2.00	X
Black Sea to Jordan: 50,000 m/t (4,000 disch)	\$18/19.00	Steady	X
Black Sea to Saudi Arabia – Jeddah – 50k	\$25/26.00	Steady	X
Black Sea to South Africa – 30,000 m//t	\$33/34.00	Steady	X
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$17/18.00	Steady	X
Baltic Dry Index	855	Up 21	X
Baltic Capesize Index	1593	Up 176	x
Baltic Panamax Index	885	Down 28	x
Baltic Supramax Index	716	Down 6	x
Baltic Handysize Index	433	Unchanged	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 December 2016/February 2017

Wheat, USA Soft Red Winter, NOLA	USD 188/191	x
Wheat, USA Hard Red Winter 12 protein	USD 197/200	x
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 175/178	x
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 179/183	x
Wheat, Romania 12.5 pro	USD 179/182	x
Wheat, Superior, France, Rouen	USD 189/191	X
Wheat, Medium, France, Rouen	No prices	x
Wheat, milling, 12.0%, Argentina, upriver	USD 169/173 Jan 2017	x
Wheat, feed, Black Sea	USD 163/168	x
Barley, France, Rouen port	USD 160/162	x
Barley, feed, Argentina	USD 149/155	x
Barley, feed, Black Sea, 30,000+	USD 159/162	x



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Barley, feed, USA Pacific Northwest	USD 177/181	x
Corn, FOB NOLA USA	USD 165/167	x
Corn, FOB USA Pacific northwest	USD 176/179	x
Corn, FOB Argentina port, upriver	USD 175/178	x
Corn, FOB Brazil port	USD 186/188	x
Corn, FOB Black Sea, 30,000+ m/t	USD 168/172	x
Corn, FOB France	USD 187/190	x
Corn, FOB Romania	USD 172/174	x
Sorghum, FOB Texas	USD 162/164	x
Sorghum, FOB Argentina port	USD 163/167	x
Soymeal, 48% protein, FOB NOLA	USD 360/364	X
Soymeal, 48% protein, USA, Rotterdam	USD 385/389	X
Soymeal, Argentina, Rotterdam	USD 361/367	X
Soymeal, 47% pro, FOB Argentina	USD 337/340	X
Soymeal, 48% protein, Brazil, Rotterdam	USD 354/358	X
Soymeal, FOB Brazil	USD 329/332	x
Soymeal, 48% protein, India FAQ	USD 520/525	X
Soybeans, FOB NOLA	USD 388/391	X
Soybeans, Argentina, FOB	USD 392/396	x
Soybeans, Brazil, FOB	USD 405/409	x
Soybeans, Black Sea	USD 382/385	x
Corn Gluten Meal, USA FOB NOLA	USD 555/560 m/t	x
Corn Gluten Meal, CNF Egypt	USD 640/650 m/t	x
Corn Gluten Feed, USA FOB NOLA	USD 148/151 m/t	x
DDGS corn, 35 profat, USA FOB NOLA	USD 173/176 m/t	x

The USDA reports that there has been very little change in the domestic market for both corn gluten meal and corn gluten feed prices but export prices have moved higher – due mainly, as reported last week, to the higher cost of transportation to export ports in the US. Depending on who you talk to the US DDGS prices are up by USD 5 to 10 m/t in the domestic market but don't show quite that much increase as yet for export. Of course, export prices had been running ahead of the domestic prices for the past couple of weeks.

The monthly USDA production report was out this week and it showed that DDGS production was down by about 5 percent in September to just under 2 million m/t and this has probably helped to keep DDGS prices steady to higher. Corn gluten feed production was down by about 3 percent in September to 326,200 m/t while corn gluten meal was down by about 1 percent to 86,700 m/t.

### **USA Exports of corn by-products – January to September 2016 – in m/t - major destinations only**

	Corn Gluten Feed	Corn Gluten Meal	Distillers Dried Grains DDGS
Canada	23,500	52,700	381,900
Chile		40,600	
China			2,127,300
Colombia	49,800	73,700	131,100
Costa Rica			64,200



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Egypt		115,100	133,800
El Salvador			46,800
Germany	29,400		
Holland	19,100		
Indonesia		158,500	217,300
Ireland	240,000		194,600
Israel	143,500		141,400
Japan		13,300	216,500
Malaysia		13,300	
Mexico	11,200	21,500	1,420,000
Morocco	60,400		119,600
Pakistan			59,300
Philippines			112,600
Portugal	57,900		
South Korea			658,400
Spain			107,400
Taiwan		22,400	164,500
Thailand		25,200	507,700
Turkey	189,700		562,700
UK	50,900		110,000
Vietnam		12,800	810,900

USDA GATS

Container shipments, minimum 200 m/t

Argentina Meat & Bone meal, 45/50 protein	USD 420/440 m/t CNF Asia
Argentina poultry meal, 57/60 protein	USD 530/540 m/t CNF Asia
Argentina feathermeal, 78/80 protein	USD 460/470 m/t CNF Asia
Paraguay Meat & Bone meal, 45% protein	USD 410/420 m/t CNF Asia
Australian MBM 45 protein	USD 440/450 m/t CNF Asia
Australian MBM 50 protein	USD 490/500 m/t CNF Asia
Australian Feathermeal, 80 protein	USD 520/530 m/t CNF Asia
Australian Poultry Meal, pet food	USD 790/810 m/t CNF Asia
USA Meat & Bone meal, 50 protein	USD 460/480 m/t CNF Asia
USA Feathermeal, 80 protein	USD 500/510 m/t CNF Asia
USA Poultry Meal, feed grade	USD 560/580 m/t CNF Asia
USA Poultry Meal, pet food grade	USD 750/770 m/t CNF Asia

Not much change in export prices this week into the major importing markets in Asia. According to the Jacobsen report, sellers are trying hard to get higher prices but buyers are not interested in paying more. About the only item that did increase this week was the price for US feathermeal where prices seemed to be about USD 20 m/t CNF. There is also some word that poultry meal prices could move higher in the next couple of weeks.

The US domestic market is firming up with both MBM and feathermeal showing some local price increases. Looking at the Jacobsen Report comparison of MBM prices versus soymeal in the US it can be seen that MBM prices are very close to their low for the year versus soymeal – this normally happens before a price rally.

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## USA Exports of animal proteins – January to September 2016 – in m/t - major destinations only

	Meat and Bone Meal Includes poultry and pork meal	Feathermeal
Canada	49,200	12,100
Chile		8,200
China	42,100	5,400
Ecuador	7,000	
Germany	11,600	
Holland	9,200	
Honduras	8,300	
Indonesia	94,200	21,600
Mexico	53,000	
Philippines	8,500	
Vietnam	20,700	1,000

USDA GATS

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

The fishmeal experts in Peru seem to all, or almost all, expect a quota of about 1.5 million m/t of catch for the next fishing season with only the odd person looking for a larger quota. It won't be long now, probably this week, and we will have an official announcement of the quota from the government of Peru.

The word from the folks just back from the IFFO Conference is that there was little or no Peru business booked, although other origins did do some business. Both buyers and sellers were quite hesitant about new Peru fishmeal business as without a quota no one is too sure what will be available and where the prices may be. According to MSI Ceres in Peru there were presentations at the IFFO event from 24 different fishmeal originating countries but looking down the list of countries there are few surprises as most have been shipping for quite a while just no one ever counted them up and realized that there were 24 origins represented and there are additional origins that were not at the IFFO.

According to the latest import numbers from China, Peru is still the largest supplier with 43.1% of the business or 365,000 m/t of fishmeal so far in 2016. Vietnam is the second largest supplier at 11.9% followed by the USA at 9.7%. Up to the end of September China had imported just a little under 850,000 m/t of fishmeal. From the Peru point of view, 70% of fishmeal exports go to China followed by 11% to Germany.

Two interesting things in the news this week – first that a company in Japan has come up with a way of producing fish with no fishy smell – much of this the reports say due to the reduction in fishmeal in the diet. The diet for the fish has increased vegetable protein and in some cases includes orange juice and orange peel. Some are also reported to be using ground olive leaves and various pleasant smelling spices in feed formulations which also seems to reduce the fishy smell. The second item is the news that Cargill is developing the production of omega-3 fatty acids from canola oil as a replacement for fishoil and fishmeal. Cargill says that they have been working on this for five years, in cooperation with BASF Germany, and hope to have commercial availability by 2020.

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## European fishmeal prices – FOB North German port.

Type	Protein %	Price per m/t USD	Cost per protein unit
Herring fishmeal	72% protein	1,730	24.02
Danish fishmeal	64% protein	1,495	23.35
Peru fishmeal	64% protein	1,575	24.61
Chile fishmeal	67% protein	1,675	25.00
Iceland fishmeal	70% protein	1,820	26.00

## 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
	<u>New crop prices for the Peru November fishing quota</u>	
65% protein	1330/1340 m/t	
65/66 protein	1360/1370 m/t	
67% protein standard steam	1400/1410 m/t	1350/1370
67% protein 150 TVN	1440/1450 m/t	1380/1400
67% protein 120 TVN	1480/1490 m/t	1450/1470
67% protein 1000 hist, 120 TVN	1550/1560 m/t	1500/1520
68% protein 500 hist, 120 TVN	1560/1570 m/t	1550/1570
Fish oil, crude bulk	2150/2200	1700/1750
Fish oil, crude drums	2250/2300	
Fish oil, flexi tank	2400/2450	
Fish oil, Omega 3: 28%EPA/DHA	2800/3000	

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

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