



Hammersmith Trade Services

A division of Hammersmith Marketing Ltd.

WEEKLY FEED GRAIN AND PROTEIN REPORT November 12, 2016 --- week 45

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SECTION 1: US FEED GRAINS and VEGETABLE AND ANIMAL PROTEIN

Now then, what can we say about US grains and oilseeds – well not all that much. Corn prices were down by about USD 3 m/t on average although some traders had export corn prices higher on the week as tight logistics were a bigger effect than lower futures.

While corn was hit this week by both a bearish USDA WASDE report and a surprise presidential election result, the overall effect on the market was not that great. Everyone knew the report would be bearish so this was factored into prices but few polls had expected a victory for Trump. It was interesting to watch the news coverage of the election and see how all (or most) of the Trump critics and most broadcasters were frantically trying to back pedal to get away from their previous anti-Trump comments.

Most of the expert comments at the end of the week had little to do with corn fundamentals and more to do with what the administration may do with trade in 2017.

Next week we can get back to trading grain and leave politics for a bit – at least until January when Trump moves into the White House.

Soybeans and soymeal also had a reasonably calm week although the futures market did try to push prices lower on Friday. Exports said that it was lower total Chinese soybean imports coupled with a drop in the value of the Brazilian currency (said to be Trump concern related) that pushed soybeans and meal lower. However, there don't seem to be too many bears around soybeans as, even with a giant crop, strong exports are expected to continue.

The South American soybean crop situation looks not too bad but there is too much rain in some areas and too little in others – just the same as always.

The CBOT futures market was very active in soybeans on Friday with a USD 15 m/t range in prices during the day with prices finishing the day about USD 4 m/t lower. Soybean contracts traded on Friday were at the highest volume in 6 months.

We are looking to next week to see some non-political price trends with some experts saying that corn could be steady to lower with soybeans looking steady to higher.

Crop condition --- USA and France

<u>Condition</u> <u>USA</u> <u>Nov 08, 2016</u>	<u>Very poor</u>	<u>Poor</u>	<u>Fair</u>	<u>Good</u>	<u>Excellent</u>
Winter wheat	2	7	33	48	10
<u>Harvested</u>	Nov 08 2016	Five year average			
Corn	86%	85%			



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Soybeans	93%	91%			
Sorghum	84%	78%			
Winter wheat planted	91%	92%			
Condition France Nov 07, 2016	Very poor	Poor	Fair	Good	Excellent
Corn	7	14	26	45	8
Wheat - soft	0	0	4	66	29
Barley	0	0	6	69	25
Harvested	2016	2015			
Corn	89	90			
Winter crops planted	2016	2015			
Wheat – soft	90%	93%			
Wheat - hard	54%	79%			
Barley	97%	98%			

@USDA and France AgriMer

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

The strong rally at the end of the week in the Baltic Index for Capesize vessels seems to be due to a number of coal and ore cargoes in the Atlantic looking for Capesize freight and finding no vessels. The rally is not at all grain related and while the rally in Capesize has pushed Panamax rates a little higher there seems to have been no serious effect so far on grain freight rates.

US Gulf to Europe: 60/70,000 (10,000 disch)	\$16/16.50	Up \$0.50	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	Steady	x
US Gulf other Med: 30,000 MT(5,000 disch)	\$30/31.00	Up \$1.00	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	\$36/37.00	Down \$1.00	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	\$39/40.00	Up \$1.00	x
France/Germany to South Africa: 30,000 m/t	\$36/37.00	Up \$1.00	X
France/Germany to Yemen: 30,000 m/t	\$52/53.00	Steady	x



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Argentina to Algeria: 25/30,000 m/t(3,000 disch)	\$30/31.00	Steady	x
Argentina to China: 50,000 m/t, with top-off	\$27/28.00	Steady	X
Argentina to Japan: 50,000 m/t, with top-off	\$29/30.00	Steady	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	Steady	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	\$30/31.00	Down \$1.00	x
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$30/31.00	Steady	x
Brazil to Algeria: 25/30,000 m/t	\$29/30.00	Steady	x
Brazil to China: 55,000 m/t	\$20/21.00	Steady	X
Brazil to Japan: 55,000 m/t	\$22/23.00	Steady	x
Brazil to Europe: 30,000 m/t	\$27/28.00	Steady	x
Brazil to Morocco: 25/30,000 m/t	\$25/26.00	Steady	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	Steady	X
Australia to Japan: 40-55,000 m/t – round trip	\$19.00/19.50	Steady	X
Australia to Saudi Arabia: 40-55,000 m/t	\$23/24.00	Steady	x
Ukraine to China: 50,000 m/t	\$26/27.00	Down \$1.00	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	Steady	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	Steady	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	Steady	X
Black Sea to Jordan: 50,000 m/t (4,000 disch)	\$19/20.00	Up \$1.00	x
Black Sea to Saudi Arabia – Jeddah – 50k	\$26/27.00	Up \$1.00	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	1045	Up 190	x
Baltic Capesize Index	2302	Up 709	x
Baltic Panamax Index	1011	Up 126	x
Baltic Supramax Index	705	Down 11	x
Baltic Handisize Index	428	Down 5	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



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Wheat, USA Soft Red Winter, NOLA	USD 185/188	x
Wheat, USA Hard Red Winter 12 protein	USD 196/199	x
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 177/180	x
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 180/183	x
Wheat, Romania 12.5 pro	USD 176/179	x
Wheat, Superior, France, Rouen	USD 186/188	X
Wheat, Medium, France, Rouen	No prices	x
Wheat, milling, 12.0%, Argentina, upriver	USD 170/173 Jan 2017	x
Wheat, feed, Black Sea	USD 167/170	x
Barley, France, Rouen port	USD 152/155	x
Barley, feed, Argentina	USD 149/155	
Barley, feed, Black Sea, 30,000+	USD 160/163	x
Barley, feed, USA Pacific Northwest	USD 175/179	x
Corn, FOB NOLA USA	USD 162/165	x
Corn, FOB USA Pacific northwest	USD 173/176	x
Corn, FOB Argentina port, upriver	USD 173/176	x
Corn, FOB Brazil port	USD 189/192	x
Corn, FOB Black Sea, 30,000+ m/t	USD 167/170	x
Corn, FOB France	USD 182/185	x
Corn, FOB Romania	USD 170/173	x
Sorghum, FOB Texas	USD 162/165	x
Sorghum, FOB Argentina port	USD 164/167	x
Soymeal, 48% protein, FOB NOLA	USD 368/371	x
Soymeal, 48% protein, USA, Rotterdam	USD 393/396	x
Soymeal, Argentina, Rotterdam	USD 377/380	x
Soymeal, 47% pro, FOB Argentina	USD 345/348	x
Soymeal, 48% protein, Brazil, Rotterdam	USD 365/369	x
Soymeal, 48% protein, FOB Brazil	USD 347/350	x
Soybeans, FOB NOLA	USD 396/399	x
Soybeans, Argentina, FOB	USD 401/404	x
Soybeans, Brazil, FOB	USD 418/421	x
Soybeans, Black Sea	USD 390/395	x
Corn Gluten Meal, USA FOB NOLA	USD 575/580 m/t	x
Corn Gluten Meal, CNF Egypt	USD 650/660 m/t	x
Corn Gluten Feed, USA FOB NOLA	USD 152/155 m/t	x
DDGS corn, 35 profat, USA FOB NOLA	USD 170/174 m/t	x

Corn by-products didn't seem to do too much this week and, as with everything else, the US election results seemed to excite both buyers and sellers. Buyers didn't know if they should buy or not while sellers seemed to be hoping for higher prices everywhere. Things will certainly calm down for next week.

DDGS demand has been very good both for export and for domestic use as the current prices for DDGS make it work very well in animal feed rations versus corn and soymeal. Export demand for shipments of DDGS in 2016 is good but shipping positions are very limited due to the strong sales and large number of holiday – starting with US Thanksgiving in a couple of weeks.



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There was really not much change in prices this week as the market talked more about the US election than about export prices --- no one seemed all that interested in booking some business

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 740/760 m/t CNF Asia

According to trade reports in Asia, the supply of animal proteins from Australia and New Zealand is very tight as their animal slaughter is running well below the levels of previous years. The lack of product for OZ/NZ makes USA product much more competitive in major Asian markets and does offer the potential for higher prices for sellers in coming days, although most prices this week were steady and not higher.

As with everything else, there was talk about "the Trump effect" on the feed ingredient market and the uncertainty led to some strength in prices as buyers were concerned that the US may suddenly slap on some protectionist restrictions – of course nothing major is going to happen in a flash. Trump does not even become president until January 2017 and he probably won't be thinking much about meat and bone meal.

According to domestic US trade reports, the animal protein markets in the US had a quite wide price spread last week. The US animal slaughter continues at a high rate and this is putting more animal protein into the market but this rate is expected to drop off after the upcoming US Thanksgiving holiday in late November.

Meat and bone meal export prices were steady and was feathermeal but buyers had to pay a little more to get supplies of poultry meal, especially pet food quality poultry meal.

SECTION 2 --- FISHMEAL COMMENTS AND PRICES: PERUVIAN

Well, the waiting is all over and the Peru fishing quota has been announced: 2 million m/t of catch with exploratory fishing beginning on the 11th of November and full fishing on the 15th – fishing is to continue until the full quota is landed. No end date has been set for the quota but it is normally the end of January but hopefully all will be landed long before January.

The only problem that seems to be facing fishing is the high level of juvenile fish at present. So, we will expect to see a number of short term fishing bans if the catch exceeds to allowed limit for juvenile fish – the maximum level is set at 10 percent of the catch.

There has been quite a bit of activity in prices this week but nothing too concrete as no one is really booking anything – at least not until we get some fishing under our belt. Prices were reported to



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have jumped up on the US election than fallen a little on the quota announcement. Looking at the prices below, one could easily be up or down USD 20 m/t (or a little more) from these prices.

What we need is to get the fishing going, see how the catch is and the market can determine the prices.

It is interesting to note that, for the first time that I can recall, fishmeal was actually mentioned at the Global Grain Conference in Geneva. It was a very short mention as part of a presentation on business in South Asia but it was mentioned. A graph was shown of Peru fishmeal prices from 1984 until 2016, basis CIF Asia, with the low for prices being in 1993/94 and 1999/2000 when prices were less than USD 400 m/t to 2014/15 when price hit a high of about USD 2,400 m/t. From 1984 until 2005 the prices moved in a range that moved between USD 500 and 700 m/t, with some peaks and valleys but since 2005/06 Peru fishmeal prices have been in a steady trend higher and have never gotten back down to the previous high level of USD 800 m/t. It is quite likely that we will never see USD 800 m/t again, unless someone comes up with a low cost fishmeal alternative and fishmeal demand plunges.

European fishmeal prices – FOB North German port.

Type	Protein %	Price per m/t USD	Cost per protein unit
Herring fishmeal	72% protein	1,735	24.09
Danish fishmeal	64% protein	1,480	23.13
Peru fishmeal	64% protein	1,590	24.84
Chile fishmeal	67% protein	1,690	25.22
Iceland fishmeal	70% protein	1,800	25.71

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	1380/1400 m/t	
67% protein standard steam	1420/1440 m/t	1450/1470
67% protein 150 TVN	1450/1470 m/t	1470/1490
67% protein 120 TVN	1500/1520 m/t	1520/1540
67% protein 1000 hist, 120 TVN	1550/1560 m/t	1570/1590
68% protein 500 hist, 120 TVN	1600/1650 m/t	1620/1640
Fish oil, crude bulk	2000/2050	1650/1700
Fish oil, crude drums	2100/2150	
Fish oil, flexi tank	2200/2250	
Fish oil, Omega 3: 28%EPA/DHA	2700/2800	



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

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