



Hammersmith Trade Services

A division of Hammersmith Marketing Ltd.

WEEKLY FEED GRAIN AND PROTEIN REPORT November 19, 2016 --- week 46

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SECTION 1: US FEED GRAINS and VEGETABLE AND ANIMAL PROTEIN

Once again, it was not too exciting a week in the grain business – probably too much interest in how the last of the US harvest was going. Corn prices were up a very little in the futures market but were down in little for export as logistics seem to be working a little better and the export basis has slipped a bit. However, for CNF buyers, the rally in freight prices looks to be continuing and the small drop in FOB NOLA prices was offset by increased ocean freight to almost everywhere.

In the USA, ethanol production numbers are strong which is bullish for corn prices while the competitive export price for corn has kept export demand very good.

Most experts seem to feel that there is little or no reason to expect corn prices to move lower and that the trend for coming weeks should be to higher prices as grain storage costs have to be factored in to grain prices.

Brazil's corn crop planting seems to be going well with good weather most everywhere for the last of the planting and some good rains just where they are needed for the new crop.

On the soybean/soymeal side of things there also wasn't too much excitement but another new sale to China did help to push prices up by a dollar or so on the week – not much. Very good export sales continue to hold price up and with export volume up by 25% on the year then things look very good for soybean exports.

As with corn, the bargain prices for soymeal are probably over for the year and farmers will be looking for higher prices to cover their storage and finance costs. So, like corn, it is more likely now the see prices trending higher rather than lower.

Crop condition --- USA and France

<u>Condition</u> <u>USA</u> <u>Nov 15, 2016</u>	<u>Very poor</u>	<u>Poor</u>	<u>Fair</u>	<u>Good</u>	<u>Excellent</u>
Winter wheat	2	7	32	49	10
<u>Harvested</u>	Nov 15 2016	Five year average			
Corn	93%	92%			
Soybeans	97%	95%			
Sorghum	90%	86%			
Winter wheat planted	94%	95%			



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Condition France Nov 14, 2016	Very poor	Poor	Fair	Good	Excellent
Corn	7	14	26	45	8
Wheat - soft	0	0	5	67	28
Barley	0	0	7	69	23
Harvested	<u>2016</u>	<u>2015</u>			
Corn	95	95			
Winter crops planted	<u>2016</u>	<u>2015</u>			
Wheat – soft	95%	97%			
Wheat - hard	70%	89%			
Barley	99%	99%			

@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)	\$17/17.50	Up \$1.00	X
US Gulf to Spain: 30,000 m/t (5,000 disch)	\$24/25.00	Up \$1.00	X
US Gulf Israel: 50,000 MT	\$24/25.00	Up \$2.00	X
US Gulf to Egypt: Panamax(6,000 disch)	\$23/24.00	Up \$2.00	X
US Gulf Turkey: 50,000	\$25/26.00	Up \$2.00	X
US Gulf Morocco: 30,000(5,000 disch)	\$30/31.00	Up \$2.00	X
US Gulf Nigeria: 30,000 m/t	\$52/53.00	Up \$2.00	X
US Gulf other Med: 30,000 MT(5,000 disch)	\$32/33.00	Up \$2.00	X
US Gulf Japan: Panamax	\$33/34.00	Up \$2.00	X
US Gulf China: Panamax	\$32/33.00	Up \$2.00	x
US PNW South Africa – 40,000 m/t	\$37/38.00	Up \$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	\$44/45.00	Up \$1.00	X
US East Coast Nigeria: Handisize	\$50/51.00	Up \$1.00	x
France/Germany to Algeria: 30,000 m/t(3,000 disch)	\$29/30.00	Up \$1.00	X
France/Germany to Egypt: 50,000 m/t (10,000 disch)	\$26/27.00	Down \$2.00	X
France/Germany to Jordan: 35/45,000 m/t (4,000 disch)	\$35/36.00	Up \$1.00	X
France/Germany to Morocco: 30,000 m/t (3,000 disch)	\$28/29.00	Up \$1.00	X
France/Germany to Saudi Arabia: 50/60,000	\$40/41.00	Up \$1.00	X
France/Germany to South Africa: 30,000 m/t	\$38/39.00	Up \$2.00	X
France/Germany to Yemen: 30,000 m/t	\$54/55.00	Up \$2.00	x
Argentina to Algeria: 25/30,000 m/t(3,000 disch)	\$31/32.00	Up \$1.00	x
Argentina to China: 50,000 m/t, with top-off	\$28/29.00	Up \$1.00	X
Argentina to Japan: 50,000 m/t, with top-off	\$30/31.00	Up \$1.00	X
Argentina to Egypt: 50,000 m/t	\$26/27.00	Steady	X
Argentina to Europe: 50/60,000 m/t	\$29/30.00	Up \$1.00	X
Argentina to Morocco: 25/30,000 m/t(3,000 disch)	\$30/31.00	Up \$1.00	X
Argentina to Saudi Arabia: 25/30,000 m/t	\$46/47.00	Steady	X
Argentina to South Africa 25/30,000 m/t (3,000 disch)	\$30/31.00	Steady	x



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Argentina to Spain: 30,000 m/t	\$30/31.00	Steady	X
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$31/32.00	Up \$1.00	x
Brazil to Algeria: 25/30,000 m/t	\$30/31.00	Up \$1.00	X
Brazil to China: 55,000 m/t	\$21/22.00	Up \$1.00	X
Brazil to Japan: 55,000 m/t	\$23/24.00	Up \$1.00	x
Brazil to Europe: 30,000 m/t	\$28/29.00	Up \$1.00	X
Brazil to Morocco: 25/30,000 m/t	\$26/27.00	Up \$1.00	X
Brazil to Saudi Arabia 30/40,000 m/t	\$43/44.00	Up \$2.00	X
Brazil to Turkey/Egypt: 50,000 m/t	\$26/27.00	Up \$2.00	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	\$24/25.00	Up \$1.00	x
Ukraine to China: 50,000 m/t	\$26/27.00	Steady	x
Black Sea to East Med: 30,000 m/t (3,000 disch)	\$29/30.00	Up \$1.00	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)	\$12/13.00	Up \$1.00	X
Black Sea to Egypt: 30,000 m/t – (4,000 disch)	\$13/14.00	Up \$2.00	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)	\$29/30.00	Up \$2.00	X
Black Sea to Morocco: 30,000 m/t (3,000 disch)	\$27/28.00	Up \$2.00	X
Black Sea to Spain: 40/50,000 m/t (8,000 disch)	\$15/16.00	Up \$1.00	x
Black Sea to Jordan: 50,000 m/t (4,000 disch)	\$20/21.00	Up \$1.00	X
Black Sea to Saudi Arabia – Jeddah – 50k	\$27/28.00	Up \$1.00	X
Black Sea to South Africa – 30,000 m/t	\$35/36.00	Up \$2.00	X
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$19/20.00	Up \$2.00	X
Baltic Dry Index	1257	Up 212	x
Baltic Capesize Index	2752	Up 449	x
Baltic Panamax Index	1388	Up 277	x
Baltic Supramax Index	809	Up 104	x
Baltic Handysize Index	466	Up 38	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 185/188	x
Wheat, USA Hard Red Winter 12 protein	USD 199/203	x
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 180/183	X
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 181/184	x
Wheat, Romania 12.5 pro	USD 175/178	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 168/171	x



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Barley, France, Rouen port	USD 154/156	X
Barley, feed, Argentina	USD 149/155	X
Barley, feed, Black Sea, 30,000+	USD 158/162	X
Barley, feed, USA Pacific Northwest	USD 175/179	X
Corn, FOB NOLA USA	USD 160/163	x
Corn, FOB USA Pacific northwest	USD 169/171	x
Corn, FOB Argentina port, upriver	USD 176/179	X
Corn, FOB Brazil port	USD 187/190	X
Corn, FOB Black Sea, 30,000+ m/t	USD 164/167	X
Corn, FOB France	USD 180/183	X
Corn, FOB Romania	USD 166/169	X
Sorghum, FOB Texas	USD 165/169	X
Sorghum, FOB Argentina port	USD 163/166	X
Soymeal, 48% protein, FOB NOLA	USD 358/362	X
Soymeal, 48% protein, USA, Rotterdam	USD 383/387	X
Soymeal, Argentina, Rotterdam	USD 367/370	X
Soymeal, 47% pro, FOB Argentina	USD 341/344	X
Soymeal, 48% protein, Brazil, Rotterdam	USD 359/362	X
Soymeal, 48% protein, FOB Brazil	USD 332/335	X
Soybeans, FOB NOLA	USD 391/394	X
Soybeans, Argentina, FOB	USD 397/400	X
Soybeans, Brazil, FOB	USD 410/413	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 150/153 m/t	X
DDGS corn, 35 profat, USA FOB NOLA	USD 168/171 m/t	x

There was little or no change in DDGS prices in the US this week with both export and domestic prices steady for last week. While there is strong domestic demand for DDGS there is an even stronger level of supply so prices don't seem to be able, at least for this week, to show any change.

On the other hand, USA domestic prices for corn gluten meal were up by about USD 20 to 25 m/t in much of the US. This increase has not been seen so far in the export market but it would not be too surprising to see export prices for CGM bumping on USD 590 m/t next week.

Nothing much exciting happened to corn gluten feed export or domestic prices this week with prices trading in a plus/minus USD 5 m/t range

One more item on DDGS was that the press this week was saying that China's DDGS imports will drop by 50% this due mainly to lower corn prices in China and restrictions in the imports of DDGS from the USA. US exports of DDGS to China are about 4 million m/t lower than the 2015 total and the lowest in several years – so there will be no record DDGS exports to China this year. On the other side of the story, as mentioned previously, increased exports to other markets have taken up most of the drop in China's imports. So, while there may be some buying opportunities in DDGS there is no significant change in the export levels – only the importing countries have changed.

Container shipments, minimum 200 m/t

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Argentina Meat & Bone meal, 45/50 protein	USD 410/430 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 475/500 m/t CNF Asia
USA Feathermeal, 80 protein	USD 500/510 m/t CNF Asia
USA Poultry Meal, feed grade	USD 580/600 m/t CNF Asia
USA Poultry Meal, pet food grade	USD 750/770 m/t CNF Asia

The animal protein export market seemed to be quiet this week or perhaps the trade just didn't want to say anything. It is reported that the CNF Asia prices for meat and bone meal are up a little on the week but with limited reported sales it is tough to know exactly what has happened to prices.

As reported by Jacobsen this week, the export market seems to be quite steady for prices with little or no market excitement at present. They do point out that MBM supplies from New Zealand should become more available in coming days and one supposes that additional supplies could limit any rally in MBM prices. Prices out of Australia show no change at all on the week. So market seem a tad dull this week.

Even the US domestic market is not all that exciting as US domestic MBM traded in about a USD 10 m/t range this week – feathermeal seemed to be mainly unchanged but there was a push higher for poultry meal in some parts of the US.

There is no specific price trend in the market at present but perhaps once we get past the US grain and oilseed harvest everyone will show a little more interest in what is happening with animal proteins.

SECTION 2 --- FISHMEAL COMMENTS AND PRICES: PERUVIAN

Reports show that fishing in Peru, up to the 17th, totals about 105,000 m/t of catch or about 24,000 m/t of fishmeal production. The juvenile level is very high in some areas of Peru which has resulted in short term fishing bans. According to the available statistics there are about 200 vessels out fishing on a daily basis. The daily catch levels don't seem to be able to get much over 17,000 m/t -- we will need to see an increase the average daily catch if the total quota is to be landed.

MSI Ceres weekly report says that there is quite a lot of active discussion on just how much fishmeal has been presold with estimates ranging from a low of 165,000 m/t to about 200,000 m/t. If the total sold is at 200,000 m/t this would represent just over 40% of this seasons maximum production.

There doesn't seem to be a great rush of buyers in the market, as some had expected – perhaps they are all sitting back waiting for a possible drop in prices or, as some seem to think, no one has a pressing need to rush into buying.

21 heads of state will be in Peru this week for the APEC – Asia Pacific Economic Cooperation – Conference. Almost all the nations involved are fishmeal users and most are also aquaculture producers. While fishmeal won't be number one on the overall agenda, aquaculture should be on the agenda and there could easily be "hallway" discussions concerning fishmeal.

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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	1,660	23.05
Danish fishmeal	64% protein	1,450	22.66
Peru fishmeal	64% protein	1,525	23.83
Chile fishmeal	67% protein	1,625	24.25
Iceland fishmeal	70% protein	1,670	23.86

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	

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

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