

SECTION 1: US FEED GRAINS and VEGETABLE AND ANIMAL PROTEIN

With the US holiday last Monday, the market seemed to have decided to have a quiet week. Except for spring wheat, everything was down a little on the week. Even the CBOT had a quiet week with the futures trading in grain said to be “light”

Even the experts are saying that the expected volatility in grain markets that one expects this time of the year has yet to develop --- but it is coming. As you can see by the numbers below, planting of spring crops is about where it should be – the US farmer can always catch up on planting, so falling a little behind as it looked in May has less effect than it would have had many years ago.

There really wasn’t much in the market this week to push corn or soybean prices strongly in any one direction.

However, longer term, there is some talk that dry conditions in the grain areas in the US could become more important but at present it just seems to be spring wheat that may be at risk.

Crop progress and condition --- USA and France

	May 28, 2017 %	May 28, 2016 %	Five-year average %		
Planted USA					
Corn	91.0	93.0	93.0		
Sorghum	44.0	43.0	49.0		
Soybeans	67.0	71.0	68.0		
Spring wheat	96.0	98.0	91.0		
Spring Barley	94.0	97.0	100.0		
Condition USA	Very poor %	Poor %	Fair %	Good %	Excellent %
Winter wheat	4	11	33	44	8
Corn	1	6	28	57	8
Spring Wheat	1	5	32	53	9
Spring Barley		3	27	55	15
Planted France	May 29, 2017 %	May 29, 2016 %			
Corn	100.0	100.0			

Condition	Very poor	Poor	Fair	Good	Excellent
France	%	%	%	%	%
Wheat, soft	1.0	6.0	19.0	60.0	15.0
Barley, winter	2.0	11.0	22.0	55.0	11.0
Wheat, hard	0.0	9.0	25.0	57.0	8.0
Barley, spring	0.0	5.0	19.0	70.0	6.0
Corn	0.0	2.0	12.0	79.0	7.0

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

US Gulf to Europe: 60/70,000 (10,000 disch)	\$14.00/15.00	Steady	x
US Gulf to Spain: 30,000 m/t (5,000 disch)	\$21/22.00	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)	\$23/24.00	Steady	x
US Gulf Algeria/Tunisia: 30,000 (3,000 disch)	\$24/25.00	Steady	x
US Gulf Nigeria: 30,000 m/t	\$34/35.00	Steady	x
US Gulf other Med: 30,000 MT(5,000 disch)	\$27/28.00	Steady	x
US Gulf Japan: Panamax	\$36/37.00	Down \$1.00	X
US Gulf China: Panamax	\$35/36.00	Down \$1.00	x
US PNW South Africa – 40,000 m/t	\$36/37.00	Steady	x
US PNW Japan: Panamax	\$18/19.00	Down \$1.00	x
US PNW China: Panamax	\$17/18.00	Down \$1.00	x
US East Coast Egypt: Panamax	\$46/47.00	Down \$1.00	x
US East Coast Nigeria: Handisize	\$50/51.00	Down \$1.00	X
France/Germany to Algeria: 30,000 m/t(3,000 disch)	\$13/14.00	Steady	x
France/Germany to Egypt: 50,000 m/t (10,000 disch)	\$14/15.00	Steady	x
France/Germany to Jordan: 35/45,000 m/t (4,000 disch)	\$22/23.00	Adjusted	x
France/Germany to Morocco: 30,000 m/t (3,000 disch)	\$11/12.00	Steady	x
France/Germany to Saudi Arabia: 50/60,000	\$23/24.00	Down \$2.00	x
France/Germany to South Africa: 30,000 m/t	\$33/34.00	Down \$1.00	x
France/Germany to Yemen: 30,000 m/t	\$47/48.00	Steady	x
Argentina to Algeria: 25/30,000 m/t(3,000 disch)	\$23/24.00	Steady	x
Argentina to China: 50,000 m/t, with top-off	\$32/33.00	Down \$1.00	x
Argentina to Japan: 50,000 m/t, with top-off	\$34/35.00	Down \$1.00	x
Argentina to Egypt: 50,000 m/t	\$23/24.00	Down \$1.00	x
Argentina to Europe: 50/60,000 m/t	\$20/21.00	Steady	x
Argentina to Morocco: 25/30,000 m/t(3,000 disch)	\$20/21.00	Steady	x
Argentina to Saudi Arabia: 25/30,000 m/t	\$40/41.00	Steady	x
Argentina to South Africa 25/30,000 m/t (3,000 disch)	\$27/28.00	Steady	x
Argentina to Spain: 30,000 m/t	\$21/22.00	Steady	x
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$23/24.00	Steady	x
Argentina to US Gulf: 25/35,000 m/t	\$16/17.00	Steady	x
Brazil to Algeria/Tunisia: 25/30,000 m/t	\$24/25.00	Steady	x
Brazil to China: 55,000 m/t	\$24/25.00	Down \$1.00	x
Brazil to Japan: 55,000 m/t	\$25/26.00	Down \$1.00	x

Brazil to Europe: 30,000 m/t	\$27/28.00	Steady	x
Brazil to Morocco: 25/30,000 m/t	\$23/24.00	Steady	x
Brazil to Saudi Arabia 30/40,000 m/t	\$36/37.00	Steady	x
Brazil to Turkey/Egypt: 50,000 m/t	\$21/22.00	Steady	x
Australia to China: 40-55,000 m/t – round trip	\$19/19.50	Steady	X
Australia to Japan: 40-55,000 m/t – round trip	\$19.50/20.00	Steady	X
Australia to Saudi Arabia: 40-55,000 m/t	\$26/27.00	Steady	x
Ukraine to China: 50,000 m/t	\$27/28.00	Down \$1.00	x
Black Sea to East Med: 30,000 m/t (3,000 disch)	\$14/15.00	Steady	x
Ukraine to East Med: coaster (1,000 disch)	\$25/27.00	Down \$2.00	X
Black Sea to Egypt: 40/50,000 m/t – (6,000 disch)	\$14/15.00	Down \$2.00	x
Black Sea to Egypt: 30,000 m/t – (4,000 disch)	\$15/16.00	Down \$2.00	X
Ukraine to Egypt: coaster 3,000 m/t (1,000 disch)	\$25/27.00	Down \$2.00	x
Black Sea to Iraq: 50,000 m/t (4,000 disch)	\$32/33.00	Steady	x
Black Sea to Morocco: 30,000 m/t (3,000 disch)	\$13/14.00	Steady	x
Black Sea to Spain: 40/50,000 m/t (8,000 disch)	\$14/15.00	Adjusted	x
Black Sea to Jordan: 50,000 m/t (4,000 disch)	\$20/21.00	Adjusted	x
Black Sea to Saudi Arabia – Jeddah – 50k	\$21/22.00	Adjusted	x
Black Sea to South Africa – 30,000 m/t	\$36/37.00	Steady	x
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$14/15.00	Adjusted	x
Baltic Dry Index	830	Down 82	x
Baltic Capesize Index	1374	Down 217	x
Baltic Panamax Index	792	Down 53	x
Baltic Supramax Index	674	Down 47	x
Baltic Handysize Index	446	Down 23	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 June 2017/August 2017

Wheat, USA Soft Red Winter, NOLA	USD 180/185	x
Wheat, USA Hard Red Winter 12 protein	USD 212/217	x
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 176/180	x
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 180/183	x
Wheat, Romania 12.5 pro	USD 183/185	x
Wheat, Superior, France, Rouen	USD 185/188	x
Wheat, milling, 12.0%, Argentina, upriver	USD 180/184 new crop	x
Wheat, feed, Black Sea	USD 171/175	x
Barley, France, Rouen port	USD 169/172	x
Barley, feed, Argentina	USD 160/164	x
Barley, feed, Black Sea, 30,000+	USD 157/160	x

Barley, feed, USA Pacific Northwest	USD 195/200	x
Corn, FOB NOLA USA	USD 160/163	x
Corn, FOB USA Pacific northwest	USD 170/175	x
Corn, FOB Argentina port, upriver	USD 161/166 Aug/Sep	x
Corn, FOB Brazil port	USD 160/164 Aug/Sep	x
Corn, FOB Ukraine, 30,000+ m/t	USD 168/172	x
Corn, FOB France	USD 187/192	x
Corn, FOB Romania	USD 177/180	x
Corn, FOB Russia	USD 168/172	x
Sorghum, FOB Texas	USD 184/187	x
Sorghum, FOB Argentina port	USD 147/152	x
Soymeal, 48% protein, FOB NOLA	USD 327/331	x
Soymeal, 48% protein, USA, Rotterdam	USD 352/356	x
Soymeal, Argentina, Rotterdam	USD 334/338	x
Soymeal, 47% pro, FOB Argentina	USD 307/311	x
Soymeal, 48% protein, Brazil, Rotterdam	USD 333/337	x
Soymeal, 48% protein, FOB Brazil	USD 307/312	x
Soymeal, 48% protein, FOB India	USD 335/340	x
Soybeans, FOB NOLA	USD 363/368	x
Soybeans, Argentina, FOB	USD 351/355	x
Soybeans, Brazil, FOB	USD 356/362	x
Soybeans, Black Sea	USD 377/382	x
Corn Gluten Meal, USA FOB NOLA	USD 580/590 m/t	x
Corn Gluten Feed, USA FOB NOLA	USD 114/117 m/t	x
DDGS corn, 35 profat, USA FOB NOLA	USD 155/158 m/t	x

It was a short work week in the US, with the holiday last Monday so business seemed to be a little slower for the week. DDGS prices did move up a little in the US – perhaps as much as USD 5 m/t in some parts of the US. Export prices were up about USD 3 m/t for DDGS.

According to the USDA numbers, corn gluten feed prices were down by about USD 2 m/t while corn gluten meal prices were unchanged on the week. Other than DDGS there was no change in FOB export prices.

The US export numbers for corn gluten meal took jump higher in April as Egypt imported in excess of 30,000 m/t in one month – this is about a three-month supply for Egypt. Egypt had not bought much corn gluten meal since late 2016 so stocks were low and feed producers needed some higher protein.

The USDA grain crushing report was out this week and showed DDGS production down by about 12 % on the month – a drop of about 250,000 m/t. Corn gluten feed production was down a little while corn gluten meal was up by just a tad.

USA Corn by-product exports – Jan/April 2017 – in m/t – major destinations.

	Corn Gluten Feed	Corn Gluten Meal	Distillers Dried Grains DDGS
Bangladesh			23,700
Cambodia			14,700
Canada		15,900	236,600
Chile		29,000	6,100
China			255,500
Colombia	27,600	35,000	68,100
Egypt	2,700	42,300	51,900
Indonesia		83,100	199,200
Ireland	78,700		130,800
Israel	62,700	5,200	98,700
Japan		1,900	166,600
Malaysia		5,100	32,500
Mexico	10,100	9,400	769,200
Morocco	18,100		79,600
New Zealand			47,800
Pakistan			17,200
Philippines			53,300
Portugal	4,900		16,000
Saudi Arabia			25,200
South Korea			285,900
Spain	5,400		167,100
Taiwan		10,700	80,000
Thailand		21,800	240,800
Turkey	50,600		632,900
UK			75,900
Vietnam		3,400	2,000
Total exports	261,700	281,800	3,906,500

@USDA GATS

Container shipments, minimum 200 m/t

Argentina Meat & Bone meal, 45/50% protein	USD 430/440 m/t CNF Asia
--	--------------------------

Argentina poultry meal, 57/60% protein	USD 540/550 m/t CNF Asia
Argentina feathermeal, 78/80% protein	USD 490/500 m/t CNF Asia
Paraguay Meat & Bone meal, 45% protein	USD 420/430 m/t CNF Asia
Australian MBM 45% protein	USD 460/470 m/t CNF Asia
Australian MBM 50% protein	USD 510/530 m/t CNF Asia
Australian Feathermeal, 80% protein	USD 550/560 m/t CNF Asia
Australian Poultry Meal, pet food	USD 800/810 m/t CNF Asia
USA Meat & Bone meal, 50% protein	USD 530/550 m/t CNF Asia
USA Feathermeal, 80% protein	USD 540/550 m/t CNF Asia
USA Poultry Meal, feed grade	USD 660/670 m/t CNF Asia
USA Poultry Meal, pet food grade	USD 870/890 m/t CNF Asia

Export business was a little quite this week as major Asian buyers are just into the Ramadan period. There was a little weakness in some prices but it was not across the board. The limited number of buyer who were out there this week were all looking for lower prices and exporters seemed quite happy to accept lower bids.

The Jacobsen Report this week was mentioning that the low-cost supply of DDGS in the USA (and for export) is putting some downward pressure on animal protein prices as feed producers try to keep costs down and continue to move to more vegetable based protein.

No one seems to be forecasting higher animal protein prices in coming weeks.

USA exports of animal proteins and feathermeal – Jan/April 2017 – in m/t – major destinations

	Meat and Bone meal -- includes pork and poultry meal	Feathermeal
Indonesia	56,900	10,900
Mexico	55,400	
Canada	20,300	3,200
Chile		2,600
China	17,300	5,300
Vietnam	9,600	
Germany	3,900	
Ecuador	2,600	
Thailand	2,600	
Peru	2,000	
Total exports	179,400	22,700

@USDA GATS

SECTION 2 --- FISHMEAL COMMENTS AND PRICES: PERUVIAN

Total catch is now up to 1.575 million m/t, as of June 01. Not bad, fishing doesn't seem to be falling off at all.

Fishmeal prices in Peru were up a little this week but some trade reports say that it was more the producers increasing prices rather than buyers bidding higher for supply. Buyers don't seem all that much too willing to pay higher prices so we will have to see if the USD 20 m/t increase can hold.

There was an estimate in a trade report this week that, assuming the full quota is landed, there will only be a maximum of 200,000 m/t of unsold fishmeal - not exactly an overwhelming quantity.

The ports in Peru are very busy with the first of the fishmeal from this season with exporters saying that it is impossible to find any shipping space for June – container vessels seem to be oversold with stories that cargo could be left behind for the next vessel – just a case of too much business crammed in a short period of time.

The word in Peru is that many are confident that the full quota will be landed – even with the weather turning quite a bit worse. According to the MSI CERES report some “experts” are even saying that the quota could all be done by the end of June.

MSI Ceres also mentions that there is a feeling with producers that the market prices are at the bottom with the next few months likely to see higher prices, slightly higher.

European fishmeal prices – FOB North German port.

Type	Protein %	Price per m/t USD
Herring fishmeal	72% protein	1,375
Danish fishmeal	64% protein	1,340
Peru fishmeal	64% protein	1,300
Chile fishmeal	67% protein	1,350
Iceland fishmeal	70% protein	No info

PERU “INDICATION” FISHMEAL PRICES:

ALL PRICES SHOWN ARE IN CONTAINER, ON VESSEL, AT ORIGIN --- US DOLLARS

Minimum shipment of 200 m/t for fishmeal

<u>Specification</u>	<u>Price per m/t FOB vessel Peru port</u>	<u>Price per m/t Chile port</u>
65% protein	1000/1020 m/t	
65/66 protein	1070/1090 m/t	
67% protein standard steam	1100/1120 m/t	
67% protein 150 TVN	1230/1250 m/t	1290/1310
67% protein 120 TVN	1300/1320 m/t	1310/1330
67% protein 1000 hist, 120 TVN	1350/1370 m/t	1350/1370
68% protein 500 hist, 120 TVN	1400/1420 m/t	1400/1420

Fish oil, crude bulk	1200/1250	1100/1150
Fish oil, crude drums	1300/1350	
Fish oil, flexi tank	1400/1450	
Fish oil, Omega 3: 28%EPA/DHA	1600/1700	

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

The information contained herein is based on sources that we believe to be reliable, but we do not represent that it is accurate or complete. Nothing contained herein should be considered as an offer to sell or a solicitation of an offer to buy. All references to prices are subject to change without notice. Any opinions expressed herein are solely those of the author. As such, they may differ in material respects from those of, or expressed or published by or on behalf of, Hammersmith Marketing Ltd or its officers, directors, employees or affiliates

Copyright © 2017 Wayne S. Bacon