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WEEKLY GRAIN AND PROTEIN REPORT December 07, 2019

The next USDA WASDE report will be issued on Tuesday – wonder if it will be a Christmas present.

This week we had very little change in corn prices – up by less than USD 2 m/t – but soybeans did have about a USD 5 m/t price rally and soymeal was up as much as USD 7 m/t. US winter wheat took a dip with soft red winter down by about USD 6 m/t and hard red winter down by about the same.

The weeks drop in wheat prices were really just a reaction to the rally that we have seen over the past little while – wheat prices, it seems, just got a little too high and brought on some profit taking and automatic computer selling. Wheat prices had been moving higher since early November, so a bit of a price drop was expected. All the big buyers have probably covered their import wheat needs for now so there may not be any new big wheat export tenders until January – this may allow wheat prices to slip a bit lower.

I was at a US Wheat seminar in Casablanca this week and it certainly seems that for 2020 the durum wheat business is going to be very tough with prices expected to move to sky-high levels – the US durum crop suffered very badly from late rains, so the quality and yields are down and the prices for best quality durum wheat is racing higher.

Corn activity was very quiet this week as there was nothing much new in the market and export buyers seem to be well covered for now. As you can see by the numbers below, Japan and Mexico are the major buyers of US corn and their buying continues good, especially Mexico. There is nothing new to report from South America and we are all just waiting to see if the WASDE report has any surprises for corn.

Soybeans/soymeal moved higher on some positive feelings about the US/China trade situation and the possible waiving of some tariffs on some soybean import quotas --- this situation is up and down everyday as stories, rumors and comments keep appearing in the market (but not quite as bad as the Brexit stories, etc.). Will they/wont they is the US/China story again.

To finish off this week, most trade reports do not seem to be looking for anything dramatic from next week's WASDE report – the feeling is that December is one of those, in between, nothing months where little changes --- we will see come Tuesday.

**Top 20 US Export Destinations for Grains and Oilseeds –
10 months to October 2019 – in m/t**

Country	Wheat	Corn	Sorghum	Soybeans	Soymeal
Algeria	565,900			30,100	
Argentina				203,000	
Bangladesh	37,100			734,700	25,200
Brazil	192,300				
Belgium				33,000	38,600
Burma				15,800	122,500
Cameroon			20,700		
Canada	87,800	1,893,500	4,000	490,400	787,800
Chile	318,000			15,000	
China	105,000	250,000	628,100	15,711,000	
Colombia	530,100	3,158,900		547,500	986,800
Costa Rica	70,300	747,100		195,500	61,100
Cuba		58,000		42,100	
Djibouti			59,100		90,400
Dominican Rep	212,000	345,500		19,000	419,100
Ecuador	249,200	27,600			463,200
El Salvador	202,900	526,100			227,100
Egypt	726,700			2,408,700	
Eritrea			60,300		
Ethiopia	240,200		5,800		
France				95,200	
Germany				400,600	
Guatemala	486,900	836,100			354,700
Haiti	115,400	43,200			
Honduras	240,900	568,900			236,700
Indonesia	1,082,400	3,800		2,068,100	35,200
Iraq	472,500				
Israel	112,400	84,800		76,700	123,200
Italy	451,300		36,600	373,300	58,300
Jamaica	133,300	161,100			76,400
Japan	2,233,300	9,607,200	189,700	2,083,200	259,600
Kenya	124,500		18,900		
Lebanon				48,700	
Madagascar			2,100		
Malaysia	394,300	22,300		545,100	
Mexico	2,973,800	12,137,300	441,500	4,406,100	1,458,900
Morocco		61,800			267,100
Nepal				86,100	
Netherlands				1,965,000	

New Zealand		126,600			
Nigeria	1,889,9600			20,800	
Nicaragua		252,000			87,300
Pakistan				665,900	
Panama	71,600	388,200		20,800	162,500
Peru	312,800	1,029,900		180,000	134,700
Philippines	2,449,700	71,500	700	81,700	1,791,500
Poland					127,200
Portugal				160,000	
Romania					49,700
Saudi Arabia	30,100	550,900			
Somalia			88,400		
South Africa	153,700		54,500		
South Korea	1,040,400	1,873,700	1,800	883,300	60,400
Spain		600	371,700	1,139,900	69,700
Sri Lanka	68,100				171,000
Sudan	53,100		110,600		
Taiwan	1,057,000	1,093,900	6,500	1,474,900	16,300
Thailand	509,200			1,055,500	136,000
Trinidad	89,800	56,600			19,200
Tunisia				64,400	33,700
UK	25,300			116,600	
Venezuela	76,600	12,000			108,500
Vietnam	136,400	65,300		512,200	526,500
Yemen	679,800				

December 2019

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

US Gulf to Europe: 60/70,000 (10,000 disch)	\$19/20.0 0		X
US Gulf to Spain: 50,000 m/t (5,000 disch)	\$19/20.0 0		X
US Gulf Israel: 50,000 m/t	\$29/30.0 0		X
US Gulf to Egypt: Panamax (6,000 disch)	\$28/29.0 0		X
US Gulf Turkey: 50,000 m/t	\$30/31.0 0		X
US Gulf Morocco: 30,000(5,000 disch)	\$35/36.0 0		X
US Gulf Algeria/Tunisia: 30,000 (3,000 disch)	\$35/36.0 0	Up \$1.00	X
US Gulf Nigeria: 30,000 m/t	\$55/56.0 0		X

US Gulf other Med: 30,000 MT(5,000 disch)	\$39/40.0 0		X
US Gulf South Africa: 45,000 m/t	\$42/43.0 0		X
US Gulf Japan: Panamax	\$47/48.0 0	Up \$1.00	X
US Gulf China: Panamax	\$46/47.0 0	Up \$1.00	X
US PNW South Africa – 40,000 m/t	\$37/38.0 0		X
US PNW Japan: Panamax	\$25/26.0 0		X
US PNW China: Panamax	\$24/25.0 0		X
US East Coast Egypt: Panamax	\$56/57.0 0		X
US East Coast Nigeria: Handisize	\$56/57.0 0	Up \$1.00	X
France/Germany to Algeria: 30,000 m/t(3,000 disch)	\$20/21.0 0	Up \$1.00	X
France/Germany to Bangladesh: 35/45,000 m/t	\$40/41.0 0		X
France/Germany to China: 50,000 m/t	\$37/38.0 0		X
France/Germany to Egypt: 50,000 m/t (10,000 disch)	\$18/19.0 0		X
France/Germany to India: 50,000 m/t	\$31/32.0 0		X
France/Germany to Jordan: 35/45,000 m/t (4k disch)	\$22/23.0 0		X
France/Germany to Morocco: 30,000 m/t (3k disch)	\$16/17.0 0		X
France/Germany to Saudi Arabia: 50/60,000	\$31/32.0 0		X
France/Germany to South Africa: 30,000 m/t	\$43/44.0 0		X
France/Germany to Turkey: 35,000 m/t	\$18/19.0 0		X
France/Germany to Yemen: 30,000 m/t	\$52/53.0 0		X
Argentina to Algeria: 25/30,000 m/t(3,000 disch)	\$31/32.0 0		X
Argentina to China: 50,000 m/t, with top-off	\$37/38.0 0		X
Argentina to Japan: 50,000 m/t, with top-off	\$36/37.0 0		X
Argentina to Egypt: 50,000 m/t	\$26/27.0 0	Up \$1.00	X
Argentina to Europe: 50/60,000 m/t	\$25/26.0 0	Up \$1.00	X
Argentina to Morocco: 25/30,000 m/t(3,000 disch)	\$27/28.0 0		X
Argentina to Jordan: 50,000 m/t	\$41/42.0 0		X

Argentina to Saudi Arabia: 50,000 m/t	\$42/43.0 0	Up \$1.00	X
Argentina to South Africa 50,000 m/t	\$42/43.0 0		X
Argentina to Spain: 50,000 m/t	\$25/26.0 0	Up \$1.00	X
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$31/32.0 0		X
Argentina to US Gulf: 25/35,000 m/t	\$20/21.0 0	Up \$1.00	X
Brazil to Algeria/Tunisia: 25/30,000 m/t	\$39/40.0 0	Up \$1.00	X
Brazil to China: 55,000 m/t	\$34/35.0 0		X
Brazil to Japan: 55,000 m/t	\$33/34.0 0		X
Brazil to Europe: 50,000 m/t	\$29/30.0 0		X
Brazil to Morocco: 25/30,000 m/t	\$35/36.0 0		X
Brazil to Saudi Arabia 30/40,000 m/t	\$43/44.0 0		X
Brazil to Spain: 50,000 m/t	\$29/30.0 0		X
Brazil to Turkey/Egypt: 50,000 m/t	\$31/32.0 0		X
Australia to China: 40-55,000 m/t – round trip	\$20/20.5 0		X
Australia to Japan: 40-55,000 m/t – round trip	\$21/21.5 0		X
Australia to Saudi Arabia: 40-55,000 m/t	\$31/32.0 0		X
Ukraine to China: 50,000 m/t	\$32/33.0 0	Up \$1.00	X
Black Sea to East Med: 30,000 m/t (3,000 disch)	\$15/16.0 0	Down \$2.00	X
Ukraine to East Med: coaster (1,000 disch)	\$25/26.0 0		X
Russia to Turkey - Izmir: coaster (1,000 disch) -	\$25/26.0 0		X
Black Sea to Egypt: 40/50,000 m/t – (6,000 disch)	\$16/17.0 0		X
Black Sea to Egypt: 30,000 m/t – (4,000 dich)	\$15/16.0 0	Down \$2.00	X
Ukraine to Egypt: coaster 3,000 m/t (1,000 disch)	\$25/26.0 0		X
Russia to Egypt: coaster 3,000 m/t (1,000 disch)	\$43/44.0 0		X
Black Sea to Iraq: 50,000 m/t (4,000 disch)	\$37/38.0 0	Down \$3.00	X
Black Sea to Europe: 50,000 m/t	\$21/22.0 0	Up \$1.00	X
Black Sea to Morocco: 30,000 m/t (3,000	\$18/19.0	Down	X

disch)	0	\$2.00	
Black Sea to Spain: 40/50,000 m/t (8,000 disch)	\$21/22.00	Up \$1.00	X
Black Sea to Jordan: 50,000 m/t (5,000 disch)	\$23/24.00	Down \$2.00	X
Black Sea to Libya: 25/35,000 m/t	\$23/24.00	Down \$2.00	X
Black Sea to Saudi Arabia – Jeddah – 50k	\$28/29.00	Down \$2.00	X
Black Sea to South Africa – 30,000 m//t	\$41/42.00		X
Black Sea to Turkey – 30,000 m/t	\$13/14.00	Down \$3.00	X
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$17/18.00	Down \$2.00	X
Baltic Dry Index – 40% Cape, 30% Panamax, 30% Supramax – no Handisize included)	1558	Up 30	X
Baltic Capesize Index (100,000 plus DWT)	3273	Up 142	X
Baltic Panamax Index (60,000 to 80,000 DWT)	1347	Up 122	X
Baltic Supramax Index (50,000 to 60,000 DWT)	835	Up 19	X
Baltic Handisize Index (25,000 plus DWT)	507	Up 6	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 2019/January 2020

Wheat, USA Soft Red Winter, US Gulf	USD 239/241	X
Wheat, USA Hard Red Winter 11 protein, US Gulf	USD 210/213	X
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 206/208	X
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 211/213	X
Wheat, Romania 12.5 pro	USD 209/211	X
Wheat, Superior, France, Rouen	USD 207/209	X
Wheat, milling, 12.0%, Argentina, Upriver	USD 196/199	X
Wheat, feed, Black Sea	USD 203/205	X
Barley, France, Rouen port	USD 190/192	X
Barley, feed, Argentina, up river	USD 180/183	X
Barley, feed, Black Sea, 30,000+	USD 186/189	X
Corn, 2YC FOB NOLA USA	USD 170/172	X
Corn, 3YC FOB USA Pacific northwest	USD 190/192	X
Corn, FOB Argentina port, upriver	USD 168/171	X
Corn, FOB Brazil port	USD 178/180	X
Corn, FOB France – Atlantic	USD 187/189	X

Corn, FOB Romania	USD 171/174	X
Corn, FOB Russia	USD 179/182	X
Corn, FOB Ukraine, 30,000+ m/t	USD 170/173	X
Sorghum, FOB Argentina port	USD 147/150	X
Sorghum, FOB Texas	USD 175/177	X
Soymeal, 48% protein, FOB NOLA	USD 345/348	X
Soymeal, 48% protein, USA, Rotterdam	USD 370/373	X
Soymeal, Argentina, Rotterdam	USD 365/368	X
Soymeal, 47% pro, FOB Argentina	USD 320/323	X
Soymeal, 48% protein, Brazil, Rotterdam	USD 355/358	X
Soymeal, 48% protein, FOB Brazil	USD 321/324	X
Soybeans, FOB NOLA	USD 350/353	X
Soybeans, Argentina, FOB	USD 359/361	X
Soybeans, Brazil, FOB	USD 370/372	X
Soybeans, Black Sea	USD 361/364	X
Corn Gluten Meal, USA FOB NOLA	USD 510/520 m/t	X
Corn Gluten Feed, USA FOB NOLA	USD 205/207 m/t	X
DDGS corn, 35 profat, USA FOB NOLA	USD 210/215 m/t	X

USA DDGS prices slipped a little this week and export business seems to be a little slow. However, exporters who ship corn by-products in containers are reporting to be fully booked well into January/February 2020.

Both corn gluten feed and corn gluten meal moved a little higher this week – at least for export shipments over the next couple of months.

The problem now will not be in getting a supply of product but in getting somewhere to get containers loaded – there is just very little loading time available.

The actual price of the commodities is stable, but the cost of loading is increasing which is tending to move CNF prices higher.

There was a comment in the reports this week that corn gluten feed and meal business to Asia has been very strong for a while now and is expected to stay that way into 2020 --- this will keep prices firm.

There are quite a number of markets in the world that do buy corn byproducts in containers as I is not every market that can take a full vessel or even a full hold, especially if there is nothing to load it with from the USA.

USA exports of corn by-products – 9 months to September 2019 – major destinations and selected countries – in m/t

Country	Distillers Dried Grains DDGS 2019	Corn Gluten Meal 2019	Corn Gluten Feed 2019
Australia		2,500	
Bangladesh	151,900	28,700	
Burma	43,700	1,000	600
Cambodia	34,300		
Canada	524,900	60,400	
Chile		121,300	
China	140,600	13,300	
Colombia	155,600	68,500	22,100
Costa Rica	66,100		
Ecuador	21,200	2,600	
Egypt	134,900	125,300	15,500
El Salvador	47,000	7,900	
Guatemala	46,400	2,100	1,800
Honduras	44,300	6,800	
Indonesia	747,100	123,200	8,900
Ireland	241,900		309,600
Israel	202,800		190,400
Japan	436,000	9,600	
Malaysia	44,500	31,200	
Mexico	1,686,400	15,400	27,700
Morocco	215,700		41,600
New Zealand	161,900		32,200
Peru	10,100	7,000	
Philippines	229,800	1,800	700
Portugal	14,200		18,000
South Korea	1,020,700	900	
Spain	103,400		
Taiwan	200,000	28,300	
Thailand	454,300	27,100	
Turkey	521,100		125,600
UK	149,700		51,100
Vietnam	1,039,100	18,100	

@USDA GATS December 2019

Container shipments, minimum 200 m/t

Australian MBM 45% protein	USD 340/350 m/t CNF Asia - adjusted
Australian MBM 50% protein	USD 370/380 m/t CNF Asia - adjusted
Australian Feathermeal, 80% protein	USD 410/420 m/t CNF Asia - adjusted
Australian Poultry Meal, pet food	USD 630/640 m/t CNF Asia – adjusted
USA Meat & Bone meal, 50% protein	USD 420/430 m/t CNF Asia
	USD 370/380 to Indonesia
USA Feathermeal, 80% protein	USD 390/400 m/t CNF Asia
USA Poultry by-product Meal, feed grade	USD 380/400 m/t CNF Asia
USA Poultry Meal, pet food grade	USD 590/600 m/t CNF Asia

Prices for animal proteins in world markets moved a little higher this week with the trade reporting that much of the strength is due to buyers covering now so that they don't come up short during the long Christmas/New year holiday period. A good chunk of the production will be shut down for the holiday period. Also, Chinese New Year come up in late January so there is earlier demand for that market too.

All the Australia prices shown above have been adjusted this week as they all seemed to get a bit out of whack. Seems that my source for OZ prices is not quite as accurate as I had been assuming. Supply of meat and bone meal from both OZ and NZ is very good for now but that will slack off shortly in the wind down to the December holidays.

USA domestic prices were a little lower on the week and most traders are not looking for any strength in prices – other than a little pre-Christmas rally. Prices do look to be steady into 2020.

USA exports of animal protein – 10 months to October 2019 – major destinations – in m/t

Destination	Meat and bone meal – includes poultry and pork meal	Feather meal
Burma	4,600	
Cambodia	1,500	
Canada	42,200	6,800
Chile	31,600	36,600
China	118,600	3,600
Colombia	1,100	
Ecuador	25,000	500
Germany		
Guatemala	2,500	
Honduras	5,300	1,400
Indonesia	194,100	21,300
Jamaica		

Malaysia	9,900	
Mexico	163,600	
Peru	2,800	1,100
Philippines	28,000	300
Sri Lanka	1,900	
Thailand	26,900	
Vietnam	74,300	2,100
Total exports	735,000 Up 42.0%	74,100 Down 22.0%

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SECTION 2 --- FISHMEAL COMMENTS AND PRICES: PERUVIAN

The catch in Peru was back up last week and reached close to 90,000 m/t which brings the total up to 825,000 m/t landed – still to go about 1.96 million m/t. Fishing seems to be quite good in some areas of Peru.

Business seems to have perked up a little in Peru with a number of smaller lots report to have traded to Japan and a little to China.

Estimates in the trade have Peru shipping over 1 million m/t of fishmeal in 2019 – this would mean that over 1 million m/t has been shipped for the past three years – not bad at all.

MSI Ceres noted this week that there were so many boats out in the good fishing areas that collisions were tough to avoid.

Prices have not changed at all but then there is not too much new fishmeal in the warehouses as yet. However, the feeling in the trade is that prices could move higher as it seems more and more likely that the whole Peru quota will not be landed.

One other note from MSI Ceres was that, according to the FAO, 50% of fish consumed in the world now comes from aquaculture with aquaculture production expected to double by 2030. It looks like fish production could be the next answer to solving a lack of food. I guess that all this aquaculture production will make some fish supplies totally “sustainable”.

PERU "INDICATION" FISHMEAL PRICES:

European fishmeal prices – FOB North German port.

Type	Protein %	Price per m/t USD
Herring fishmeal	72% protein	1,620
Danish fishmeal	64% protein	1,365
Peru fishmeal	64% protein	1,430
Chile fishmeal	67% protein	1,520
Iceland fishmeal	70% protein	1,575

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>
65/66 protein	1110/1120 m/t	
67% protein standard steam	1150/1160 m/t	
67% protein 150 TVN	1200/1210 m/t	No prices
67% protein 120 TVN	1250/1260 m/t	1240/1260
67% protein 1000 hist, 120 TVN	1300/1310 m/t	1290/1310
68% protein 500 hist, 120 TVN	1350/1360 m/t	1340/1360
Fish oil, crude bulk	1800/1850	
Fish oil, crude drums	1850/1900	
Fish oil, flexi tank	1950/2000	
Fish oil, Omega 3: 28%EPA/DHA	2000/2200	

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

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