



Hammersmith Trade Services

A division of Hammersmith Marketing Ltd.

Corporate Head Office: Suite 200B, Centre of Commerce, One Bay Street,
PO Box N-3944, Nassau, Bahamas. Email: tradegroup@hammersmith.biz
WWW: hammersmithltd.blogspot.com SKYPE: bacon39a

Representative Office: +33.9.7044.4881 Mobile: +33.6.8068.4564 Fax: +33.4.5774.7575
1 Traverse Du Cheval Blanc, St Remy de Provence, 13210 France

WEEKLY FEED GRAIN AND PROTEIN REPORT January 14, 2017

SECTION 1: US FEED GRAINS and VEGETABLE AND ANIMAL PROTEIN

The biggest news of the week was the USDA WASDE report on Thursday and the surprising numbers for soybeans. The lower numbers for US soybean stocks and production levels pushed soybean prices up by nearly USD 20 m/ while soymeal prices were up even more with spot prices showing a rally of close to USD 25 m/t.

Hard red winter wheat and hard red spring wheat were also up on the week by about USD 7 m/t. corn prices were very quiet on the week with not much exciting for corn in the USDA report.

The USDA did reduce corn production a little and dropped ending stock levels but there seemed to be nothing in the report to get the corn market excited – perhaps everyone was watching soybeans. However, some experts are saying that the corn market will now be trending higher as carrying costs have to factored in and there seems to be little reason for prices to drop --- of course this could all change with the Brazil/Argentina corn crops. The corn harvest in South America is about a month away and, so far, everything looks quite good for the corn crops.

It is quite interesting that a small drop in US soybean crop estimates had such a major effect on soybean prices. Of course, the trade had expected the USDA to raise both production and ending stocks so slightly lower levels were a big surprise to the market. 2016 US soybean crop estimates were lowered by about 1.2% but the soybean futures market rallied by just over 5% -- seems to be overdone a little.

Wheat price rallied on lower plantings with winter wheat at the lowest planting level in more than 100 years. Experts say that farmers switched out of wheat due to very low market prices.

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

US Gulf to Europe: 60/70,000 (10,000 disch)	\$15/15.50	Steady	x
US Gulf to Spain: 30,000 m/t (5,000 disch)	\$25/26.00	Steady	x
US Gulf Israel: 50,000 MT	\$23/24.00	Down \$2.00	x
US Gulf to Egypt: Panamax(6,000 disch)	\$22/23.00	Down \$2.00	x
US Gulf Turkey: 50,000	\$24/25.00	Down \$2.00	x
US Gulf Morocco: 30,000(5,000 disch)	\$22/23.00	Down \$2.00	x
US Gul Algeria/Tunisia: 30,000 (3,000 disch)	\$26/27.00	New	x
US Gulf Nigeria: 30,000 m/t	\$52/53.00	Down \$2.00	x
US Gulf other Med: 30,000 MT(5,000 disch)	\$26/27.00	Down \$2.00	x
US Gulf Japan: Panamax	\$35/36.00	Steady	x
US Gulf China: Panamax	\$33/34.00	Steady	x
US PNW South Africa – 40,000 m/t	\$37/38.00	Steady	x
US PNW Japan: Panamax	\$18/19.00	Steady	x
US PNW China: Panamax	\$17/18.00	Steady	x
US East Coast Egypt: Panamax	\$45/46.00	Down \$1.00	x



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US East Coast Nigeria: Handisize	\$53/54.00	Down \$2.00	x
France/Germany to Algeria: 30,000 m/t(3,000 disch)	\$24/25.00	Down \$1.00	x
France/Germany to Egypt: 50,000 m/t (10,000 disch)	\$16/17.00	Steady	x
France/Germany to Jordan: 35/45,000 m/t (4,000 disch)	\$35/36.00	Down \$1.00	x
France/Germany to Morocco: 30,000 m/t (3,000 disch)	\$23/24.00	Down \$1.00	x
France/Germany to Saudi Arabia: 50/60,000	\$28/29.00	Steady	x
France/Germany to South Africa: 30,000 m/t	\$37/38.00	Down \$1.00	x
France/Germany to Yemen: 30,000 m/t	\$53/54.00	Down \$1.00	x
Argentina to Algeria: 25/30,000 m/t(3,000 disch)	\$27/28.00	Down \$2.00	x
Argentina to China: 50,000 m/t, with top-off	\$29/30.00	Down \$1.00	X
Argentina to Japan: 50,000 m/t, with top-off	\$30/31.00	Down \$1.00	x
Argentina to Egypt: 50,000 m/t	\$24/25.00	Steady	x
Argentina to Europe: 50/60,000 m/t	\$23/24.00	Steady	x
Argentina to Morocco: 25/30,000 m/t(3,000 disch)	\$26/27.00	Down \$2.00	x
Argentina to Saudi Arabia: 25/30,000 m/t	\$45/46.00	Down \$1.00	x
Argentina to South Africa 25/30,000 m/t (3,000 disch)	\$31/32.00	Down \$1.00	x
Argentina to Spain: 30,000 m/t	\$24/25.00	Down \$2.00	x
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$27/28.00	Down \$2.00	x
Brazil to Algeria/Tunisia: 25/30,000 m/t	\$32/33.00	Down \$2.00	x
Brazil to China: 55,000 m/t	\$23/24.00	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	\$31/32.00	Down \$1.00	x
Brazil to Morocco: 25/30,000 m/t	\$28/29.00	Down \$2.00	x
Brazil to Saudi Arabia 30/40,000 m/t	\$40/42.00	Steady	x
Brazil to Turkey/Egypt: 50,000 m/t	\$23/24.00	Steady	x
Australia to China: 40-55,000 m/t – round trip	\$18.00/18.50	Steady	X
Australia to Japan: 40-55,000 m/t – round trip	\$18.50/19.00	Steady	X
Australia to Saudi Arabia: 40-55,000 m/t	\$26/27.00	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)	\$18/19.00	Down \$1.00	x
Ukraine to East Med: coaster (1,000 disch)	\$27/28.00	Steady	x
Black Sea to Egypt: 40/50,000 m/t – (6,000 disch)	\$16/17.00	Steady	x
Black Sea to Egypt: 30,000 m/t – (4,000 dich)	\$17/18.00	Steady	x
Ukraine to Egypt: coaster 3,000 m/t (1,000 disch)	\$27/28.00	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)	\$21/22.00	Down \$2.00	x
Black Sea to Spain: 40/50,000 m/t (8,000 disch)	\$13/14.00	Down \$2.00	x
Black Sea to Jordan: 50,000 m/t (4,000 disch)	\$21/22.00	Down \$1.00	x
Black Sea to Saudi Arabia – Jeddah – 50k	\$25/26.00	Down \$1.00	x
Black Sea to South Africa – 30,000 m/t	\$35/36.00	Down \$1.00	x
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$19/20.00	Down \$1.00	x
Baltic Dry Index	910	Down 53	x
Baltic Capesize Index	1383	Down 275	x
Baltic Panamax Index	1042	Up 150	x
Baltic Supramax Index	739	Down 44	x
Baltic Handisize Index	459	Down 49	X



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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 February 2017/April 2017

Wheat, USA Soft Red Winter, NOLA	USD 182/186	x
Wheat, USA Hard Red Winter 12 protein	USD 206/211	x
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 177/180	x
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 182/184	x
Wheat, Romania 12.5 pro	USD 183/186	x
Wheat, Superior, France, Rouen	USD 190/193	x
Wheat, milling, 12.0%, Argentina, upriver	USD 173/177	x
Wheat, feed, Black Sea	USD 169/172	x
Barley, France, Rouen port	USD 162/164	x
Barley, feed, Argentina	USD 156/161	x
Barley, feed, Black Sea, 30,000+	USD 162/165	x
Barley, feed, USA Pacific Northwest	USD 185/195	x
Corn, FOB NOLA USA	USD 167>>163	X
Corn, FOB USA Pacific northwest	USD 176/179	x
Corn, FOB Argentina port, upriver	USD 181/186	X
Corn, FOB Brazil port	USD 182/185	x
Corn, FOB Black Sea, 30,000+ m/t	USD 165/168	x
Corn, FOB France	USD 184/187	x
Corn, FOB Romania	USD 168/171	x
Sorghum, FOB Texas	USD 166/169	x
Sorghum, FOB Argentina port	USD 159/163	x
Soymeal, 48% protein, FOB NOLA	USD 372/375	x
Soymeal, 48% protein, USA, Rotterdam	USD 397/400	X
Soymeal, Argentina, Rotterdam	USD 382/385	x
Soymeal, 47% pro, FOB Argentina	USD 349/352	x
Soymeal, 48% protein, Brazil, Rotterdam	USD 370/374	x
Soymeal, 48% protein, FOB Brazil	USD 333/337	X
Soybeans, FOB NOLA	USD 397/400	x
Soybeans, Argentina, FOB	USD 408/411	x
Soybeans, Brazil, FOB	USD 405/408	x
Soybeans, Black Sea	USD 405/410	X
Corn Gluten Meal, USA FOB NOLA	USD 600/610 m/t	x
Corn Gluten Meal, CNF Egypt	USD 700/710 m/t	x
Corn Gluten Feed, USA FOB NOLA	USD 145/150 m/t	x
DDGS corn, 35 profat, USA FOB NOLA	USD 148/152 m/t	x

The big news in the market this week was the action taken by China against US DDGS imports. Some experts feel that the new duties imposed will drop DDGS shipments to China to only about 1 million m/t in 2017, down from 2.3 million m/t so far in 2016 and 6.2 million m/t in 2015. In 2016, the lower DDGS prices attracted enough other buyers so that YTD exports were only down about 9% but the



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question is: will there be enough new business to offset a drop of another 1.2 million m/t in China's DDGS imports.

DDGS prices are extremely cost-effective at present and it is not too hard to imagine corn and soymeal importers looking very closely at DDGS as a very low cost feed alternative.

Corn gluten meal and corn gluten feed prices didn't do too much this week with CGM export prices up a little while CGM domestic USA prices were said to be lower. Corn gluten feed export prices were steady but domestic US prices were down by about USD 2 m/t on average. US domestic DDGS prices tended to be steady to USD 5 m/t lower.

Container shipments, minimum 200 m/t

Argentina Meat & Bone meal, 45/50 protein	USD 400/410 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 400/410 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 510/520 m/t CNF Asia
Australian Poultry Meal, pet food	USD 770/790 m/t CNF Asia
USA Meat & Bone meal, 50 protein	USD 440/460 m/t CNF Asia
USA Feathermeal, 80 protein	USD 520/530 m/t CNF Asia
USA Poultry Meal, feed grade	USD 560/580 m/t CNF Asia
USA Poultry Meal, pet food grade	USD 780/800 m/t CNF Asia

The Asian animal protein market was very quiet this week as we get closer to the Chinese New Year holiday which begins on January 28th.

Supplies from both Australia and New Zealand are limited with low cost meat and bone meal from the USA filling most of the demand. Exporters in OZ/NZ will have to get a bit more aggressive with their pricing if they want to get some business back from the US shippers.

USA domestic MBM prices were steady on the week while feathermeal prices moved a little higher. The rally this week in soymeal will probably give a little strength to animal protein prices in the next week.

There was a report from Turkey that poultry producers will no longer be able to use poultry by-product meal in their feed formulations. Local experts say that this change could result in Turkey becoming an exporter of poultry meal.

SECTION 2 --- FISHMEAL COMMENTS AND PRICES: PERUVIAN

The new fishing quota for the south of Peru has been announced: 515,000 m/t of anchovy beginning on January 17 – the quota will expire on June 30, 2017 or when total quota landed.

Fishing in the north of Peru has averaged about 25,000 m/t per day with the total now at about 1.66 million m/t – leaving 334,000 m/t of catch remaining. If the fishing stays at an average of 25,000 m/t per day, then the total quota is going to be very close to being landed --- something that very few people expected could happen.

Quoting MSI Ceres again this week, they report that export sales since the start of the season in September are up at 355/365,000 m/t. Also, it seems that I misquoted MSI Ceres export numbers last week, so, hopefully I have done it correctly this week (inshallah). MSI Ceres points out that there

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will be about 100,000 m/t of fishmeal to trade, assuming that the catch continues, but this is certainly not a huge amount of fishmeal to cover the period until the next fishing season.

Prices in Peru are reported to be a little lower this week but no one expects this to be a new price trend – just a market adjustment.

European fishmeal prices – FOB North German port.

Type	Protein %	Price per m/t USD
Herring fishmeal	72% protein	1,530
Danish fishmeal	64% protein	1,400
Peru fishmeal	64% protein	1,550
Chile fishmeal	67% protein	1,650
Iceland fishmeal	70% protein	1,520

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	1240/1250 m/t	
65/66 protein	1270/1280 m/t	
67% protein standard steam	1300/1310 m/t	1350/1370
67% protein 150 TVN	1380/1400 m/t	1400/1440
67% protein 120 TVN	1430/1450 m/t	1450/1470
67% protein 1000 hist, 120 TVN	1480/1500 m/t	1500/1520
68% protein 500 hist, 120 TVN	1530/1550 m/t	1580/1600
Fish oil, crude bulk	1700/1750	1600/1650
Fish oil, crude drums	1800/1850	
Fish oil, flexi tank	1950/2000	
Fish oil, Omega 3: 28%EPA/DHA	2400/2500	

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

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