



# Hammersmith Trade Services

A division of Hammersmith Marketing Ltd.

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## WEEKLY FEED GRAIN AND PROTEIN REPORT December 02, 2017

### **SECTION 1: US FEED GRAINS and VEGETABLE AND ANIMAL PROTEIN**

Well, the USA harvest seems to be all done and all the grain is in the bin. Now all we need to know is how much did we actually end up with. Was the USDA correct in its projections – do we just have a surplus or now a huge surplus? All questions for the market to argue over and for prices to react to. In most years we will have seen the low prices of the year and from here on in prices just move higher month by month to cover storage and finance costs. But then, there are always enough market factors that can be thrown in to keep things exciting until the next planting season in the US.

This week, as has been for the past couple of weeks, grain/oilseed markets were quiet with the week ending prices not all that far off the previous week. US corn and soybean prices were almost unchanged while soymeal was up by USD 4 or 5 m/t, winter wheat prices moved a couple of dollars per m/t higher while spring wheat continues to slip lower.

One small comment on wheat – hard red winter – if you want higher protein you will have to pay through the nose as the protein premium continues to be very strong. 11% protein HRW is reasonably priced but once you get into 12% and higher the protein premium is very high.

On the corn side of things there is little new information to report, except that corn use in ethanol is up by 2.8% on the year – well above the USDA estimate of a 1% increase. The USDA's ideas on corn for 2018 in the US showed about the same amount of planting and the same production size. Looks like another bumper year is expected for corn in 2018. Very difficult to expect higher corn price for farmers when so much corn is being produced in the USA and the world.

Soybean prices were said to be up a little on a lack of US farmer selling and year-to-date crush numbers that are higher than the USDA estimates. There are some concerns about the soybean crops in both Brazil and Argentina that gave a little push higher to market prices --- everyone is now watching the weather in South America, the rain in particular, as this is where the next price rally will be centered.

### **Crop progress and condition --- USA and France**

<b>Condition USA Nov 26, 2017</b>	Harvested	Very poor %	Poor %	Fair %	Good %	Excellent %
Corn	95%					
Soybeans	99%					
Sorghum	95%					
Winter wheat	99% planted	3	9	38	43	7



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	Harvested	Very poor %	Poor %	Fair %	Good %	Excellent %
<b>Condition France Nov 27, 2017</b>						
Corn	100%	0	3	16	61	20
Winter soft wheat	99% planted	0	0	4	90	6
Winter hard wheat	86% planted	0	4	13	82	1
Winter barley	100% planted	0	0	4	87	9

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

**Changes in freight are from the last report which was on November 18<sup>th</sup>, 2017.**  
**Changes in Baltic Indexes are from November 25<sup>th</sup>, 2017.**

US Gulf to Europe: 60/70,000 (10,000 disch)	\$18/19.00	Up \$1.00	X
US Gulf to Spain: 50,000 m/t (5,000 disch)	\$22/23.00	Up \$1.00	X
US Gulf Israel: 50,000 m/t	\$29/30.00	Up \$2.00	X
US Gulf to Egypt: Panamax (6,000 disch)	\$28/29.00	Up \$2.00	X
US Gulf Turkey: 50,000 m/t	\$30/31.00	Up \$2.00	X
US Gulf Morocco: 30,000(5,000 disch)	\$31/32.00	Up \$2.00	X
US Gulf Algeria/Tunisia: 30,000 (3,000 disch)	\$32/33.00	Up \$2.00	X
US Gulf Nigeria: 30,000 m/t	\$39/40.00	Steady	X
US Gulf other Med: 30,000 MT(5,000 disch)	\$32/33.00	Steady	X
US Gulf South Africa: 45,000 m/t	\$38/39.00	Steady	X
US Gulf Japan: Panamax	\$44/45.00	Up \$3.00	X
US Gulf China: Panamax	\$43/44.00	Up \$3.00	X
US PNW South Africa – 40,000 m/t	\$37/38.00	Up \$1.00	X
US PNW Japan: Panamax	\$25/26.00	Up \$3.00	X
US PNW China: Panamax	\$24/25.00	Up \$1.00	X
US East Coast Egypt: Panamax	\$47/48.00	Up \$2.00	X
US East Coast Nigeria: Handisize	\$41/42.00	Up \$2.00	X
France/Germany to Algeria: 30,000 m/t(3,000 disch)	\$13/14.00	Steady	X
France/Germany to Bangladesh: 35/45,000 m/t	\$34/35.00	Steady	X
France/Germany to China: 50,000 m/t	\$32/33.00	Up \$1.00	X
France/Germany to Egypt: 50,000 m/t (10,000 disch)	\$15/16.00	Up \$1.00	X
France/Germany to India: 50,000 m/t	\$20/21.00	Up \$1.00	X
France/Germany to Jordan: 35/45,000 m/t (4k disch)	\$24/25.00	Steady	X
France/Germany to Morocco: 30,000 m/t (3k disch)	\$10/11.00	Steady	X
France/Germany to Saudi Arabia: 50/60,000	\$22/23.00	Up \$1.00	X
France/Germany to South Africa: 30,000 m/t	\$32/33.00	Steady	X
France/Germany to Turkey: 35,000 m/t	\$20/21.00	Steady	X
France/Germany to Yemen: 30,000 m/t	\$46/47.00	Steady	X
Argentina to Algeria: 25/30,000 m/t(3,000 disch)	\$24/25.00	Steady	X
Argentina to China: 50,000 m/t, with top-off	\$40/41.00	Up \$4.00	X



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Argentina to Japan: 50,000 m/t, with top-off	\$41/42.00	Up \$4.00	X
Argentina to Egypt: 50,000 m/t	\$26/27.00	Up \$2.00	X
Argentina to Europe: 50/60,000 m/t	\$25/26.00	Up \$1.00	X
Argentina to Morocco: 25/30,000 m/t(3,000 disch)	\$21/22.00	Steady	X
Argentina to Saudi Arabia: 25/30,000 m/t	\$47/48.00	Steady	X
Argentina to South Africa 50,000 m/t	\$24/25.00	Up \$1.00	X
Argentina to Spain: 50,000 m/t	\$24/25.00	Up \$2.00	X
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$24/25.00	Steady	X
Argentina to US Gulf: 25/35,000 m/t	\$21/22.00	Up \$1.00	X
Brazil to Algeria/Tunisia: 25/30,000 m/t	\$27/28.00	Steady	X
Brazil to China: 55,000 m/t	\$34/35.00	Up \$2.00	X
Brazil to Japan: 55,000 m/t	\$35/36.00	Up \$2.00	X
Brazil to Europe: 50,000 m/t	\$22/23.00	Steady	X
Brazil to Morocco: 25/30,000 m/t	\$26/27.00	Steady	X
Brazil to Saudi Arabia 30/40,000 m/t	\$35/36.00	Steady	X
Brazil to Turkey/Egypt: 50,000 m/t	\$25/26.00	Up \$2.00	X
Australia to China: 40-55,000 m/t – round trip	\$19.50/20.00	Steady	X
Australia to Japan: 40-55,000 m/t – round trip	\$20.00/20.50	Steady	X
Australia to Saudi Arabia: 40-55,000 m/t	\$25/26.00	Steady	X
Ukraine to China: 50,000 m/t	\$32/33.00	Up \$2.00	X
Ukraine to Bangladesh: 45,000 m/t	\$32/33.00	Up \$1.00	X
Ukraine to India: 45/50,000 m/t	\$27/28.00	Steady	X
Black Sea to East Med: 30,000 m/t (3,000 disch)	\$11/12.00	Steady	X
Ukraine to East Med: coaster (1,000 disch)	\$30/31.00	Steady	X
Black Sea to Egypt: 40/50,000 m/t – (6,000 disch)	\$13/14.00	Steady	X
Black Sea to Egypt: 30,000 m/t – (4,000 disch)	\$14/15.00	Steady	X
Ukraine to Egypt: coaster 3,000 m/t (1,000 disch)	\$30/31.00	Steady	X
Russia to Egypt: coaster 3,000 m/t (1,000 disch)	\$52/53.00	Steady	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)	\$15/16.00	Up \$1.00	X
Black Sea to Spain: 40/50,000 m/t (8,000 disch)	\$16/17.00	Steady	X
Black Sea to Jordan: 50,000 m/t (5,000 disch)	\$22/23.00	Steady	X
Black Sea to Saudi Arabia – Jeddah – 50k	\$24/25.00	Steady	X
Black Sea to South Africa – 30,000 m/t	\$37/38.00	Steady	X
Black Sea to Turkey – 30,000 m/t	\$13/14.00	Up \$1.00	X
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$15/16.00	Steady	X
Black Sea to Yemen: 50,000 m/t	\$23/24.00	Steady	X
Baltic Dry Index	1626	Up 213	X
Baltic Capesize Index	4025	Up 727	X
Baltic Panamax Index	1494	Up 213	X
Baltic Supramax Index	944	Up 69	X
Baltic Handysize Index	626	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.)



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ALL PRICES ARE FOR December 2017/February 2018

Wheat, USA Soft Red Winter, NOLA	USD 185/189	x
Wheat, USA Hard Red Winter 11 protein -NOLA	USD 200/205 lower protein from 12% down to 11%	x
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 179/183	X
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 191/193	X
Wheat, Romania 12.5 pro	USD 187/191	x
Wheat, Superior, France, Rouen	USD 194/198	X
Wheat, milling, 12.0%, Argentina, upriver	USD 176/179	x
Wheat, feed, Black Sea	USD 176/180	x
Barley, France, Rouen port	USD 184/187	x
Barley, feed, Argentina	USD 178/184	X
Barley, feed, Black Sea, 30,000+	USD 187/191	X
Barley, feed, USA Pacific Northwest	USD 220/225	X
Corn, 2YC FOB NOLA USA	USD 158/162	X
Corn, 3YC FOB USA Pacific northwest	USD 171/174	X
Corn, FOB Argentina port, upriver	USD 156/160	X
Corn, FOB Brazil port	USD 163/167	X
Corn, FOB Ukraine, 30,000+ m/t	USD 161/164	X
Corn, FOB France	USD 187/193	X
Corn, FOB Romania	USD 163/167	X
Corn, FOB Russia	USD 161/165	X
Sorghum, FOB Texas	USD 183/187	X
Sorghum, FOB Argentina port	USD 159/163	x
Soymeal, 48% protein, FOB NOLA	USD 354/360	X
Soymeal, 48% protein, USA, Rotterdam	USD 379/385	x
Soymeal, Argentina, Rotterdam	USD 367/371	x
Soymeal, 47% pro, FOB Argentina	USD 342/346	x
Soymeal, 48% protein, Brazil, Rotterdam	USD 358/361	x
Soymeal, 48% protein, FOB Brazil	USD no offers	x
Soymeal, 48% protein, FOB India	USD 355/360	x
Soybeans, FOB NOLA	USD 382/386	x
Soybeans, Argentina, FOB	USD 388/390	X
Soybeans, Brazil, FOB	USD 388/391	X
Soybeans, Black Sea	USD 383/388	x
Corn Gluten Meal, USA FOB NOLA	USD 585/590 m/t	X
Corn Gluten Feed, USA FOB NOLA	USD 150/153 m/t	X
DDGS corn, 35 profat, USA FOB NOLA	USD 186/188 m/t	X

It wasn't a particularly exciting week for corn by-products. Corn gluten feed prices were mainly unchanged on the week while export corn gluten meal did move about USD 5 m/t higher. Corn gluten meal could see a surge in export interest if buyers switch some demand to CGM from much higher priced fishmeal, following the current fishmeal price rally.

Sellers of DDGS are still waiting to see if there will be a rush of new business from China after the change in the import VAT but so far this has not developed.



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The USDA issued its monthly Grain Crushing report and DDGS production was up by about 6% over last month at 1.96 million m/t. Corn gluten feed production was up by close to 10% at 353,000 m/t with corn gluten meal production up by about 7% to 93,000 m/t. As a matter of information, corn used for crushing (mainly for ethanol production) was up by about 5%.

## Container shipments, minimum 200 m/t

Australian MBM 45% protein	USD 400/410 m/t CNF Asia
Australian MBM 50% protein	USD 440/450 m/t CNF Asia
Australian Feathermeal, 80% protein	USD 480/490 m/t CNF Asia
Australian Poultry Meal, pet food	USD 860/870 m/t CNF Asia
USA Meat & Bone meal, 50% protein	USD 450/460 m/t CNF Asia
	USD 370/380 to Indonesia
USA Feathermeal, 80% protein	USD 490/500 m/t CNF Asia
USA Poultry Meal, feed grade	USD 570/590 m/t CNF Asia
USA Poultry Meal, pet food grade	USD 800/830 m/t CNF Asia

Prices for all animal proteins were higher into the main import markets in Asia. While some of the market strength is supply related some of the price rally is probably due to the jump in fishmeal prices and a buyers' rush to cover some protein needs for alternative proteins to fishmeal.

Supply from Australia and New Zealand is expected to increase but the overall strength in protein prices could keep animal protein prices from moving lower even as supply improves. Demand may just quickly eat up any additional supply.

Domestic prices in the USA were steady with a good supply of animal proteins available at prices that work well against soymeal. Domestic prices don't look to be moving higher at present.

## SECTION 2 --- FISHMEAL COMMENTS AND PRICES: PERUVIAN

With the new low quota announced in Peru and the vessels out fishing with poor results so far, all attention is now on who may be a seller. Everyone seems to be a buyer, but sellers are all hiding away just waiting to see how the fishing goes and how high a price they can get for their unsold fishmeal.

The low quota will mean that this seasons production will not exceed about 340,000 m/t of fishmeal and as much as 50% of that quantity may be presold at lower prices. Needless to say, sellers will not want to sell much more unless they can see an attractive selling price point.

One shouldn't forget that as the quota drops the overhead cost per ton increases as the producers and fishing fleet fixed costs don't drop just because the quota is lower – variable costs yes but not fixed costs. Selling prices have to be higher just to cover costs from the ocean to the end of production.

As you can see from the indication prices below, there has been an immediate price jump – perhaps the jump is too high but only time and some fishing will tell. According to the trade, prices are also much higher in China, the highest level in a year --- prices are up by about 20% in the local China market. Although there is lots of imported fishmeal on hand in China the fact that replacement cost has moved higher will keep prices for stock on hand at higher levels.

And then there is the fishing in Peru where very high levels of juvenile fish have been seen, leading to a number of mini-bans for fishing. In some areas the juvenile level is in excess of 90%.



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So, as things stand: poor fishing with several mini-bans, very strong buyer demand, sellers out of the market, much higher prices.....exciting days for a while with even higher prices to be expected.

## European fishmeal prices – FOB North German port.

Type	Protein %	Price per m/t USD	
Herring fishmeal	72% protein	1,630	Up \$75 m/t
Danish fishmeal	64% protein	1,490	Up \$110
Peru fishmeal	64% protein	1,500	Up \$125
Chile fishmeal	67% protein	1,550	Up \$130
Iceland fishmeal	70% protein	1,600	Up \$30

## 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
65% protein	1300/1320 m/t	Up \$80	
65/66 protein	1330/1350 m/t	Up \$80	
67% protein standard steam	1400/1300 m/t	Up \$90	
67% protein 150 TVN	1550/1570 m/t	Up \$160	No prices
67% protein 120 TVN	1600/1620 m/t	Up \$170	No prices
67% protein 1000 hist, 120 TVN	1650/1670 m/t	Up \$180	1650/1670
68% protein 500 hist, 120 TVN	1700/1720 m/t	Up \$180	1700/1720
Fish oil, crude bulk	1800/1850	Up \$200	1450/1500
Fish oil, crude drums	1900/1950	Up \$200	
Fish oil, flexi tank	2000/2050	Up \$200	
Fish oil, Omega 3: 28%EPA/DHA	No prices		

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

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