



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 December 03, 2016 --- week 48

SECTION 1: US FEED GRAINS and VEGETABLE AND ANIMAL PROTEIN

It was quite a down week for grain prices this week with corn down by about USD 5 m/t in both cash and futures. Soybeans and soymeal had the most negative week with soybeans down by about USD 7 m/t while soymeal was down by about USD 10 m/t. Wheat was down on the week too with US hard red winter wheat down by about USD 8 m/t and soft red winter wheat down by about USD 6 m/t.

Corn prices moved lower as there didn't seem to be any buying interest in the market. Sellers were trying to move a little of the near record corn crop while buyers were looking for lower corn prices. For this week, the buyers got what they wanted.

Experts seem to feel that, while there is lots of US corn, export demand and US ethanol production is keeping the corn demand quite strong – even with a massive harvest. However, experts do not think that corn prices will collapse as both supply and demand seem to be well balanced at present.

The corn futures market does look to be on the weak side with both December and March corn contracts trying to move higher but with not much luck. Most experts seem to feel that corn will trade in a narrow price range over the next few weeks due to a lack of any news or fundamentals to push the market higher or lower.

The market for soybeans/soymeal seemed to feel that the South American soybean situation was very good and that prices should move a tad lower in anticipation of a huge crop in Brazil. Perhaps it was more a case of just no reason for soybean prices to be higher or perhaps everyone is waiting to see what the USDA reports next week will say about world soybean supply and demand.

For this week, there just doesn't seem to be any reason for soybeans/soymeal to move higher in price. The trend seems to be steady to lower.

Crop condition --- USA and France

| Condition USA Nov 27, 2016 | Very poor | Poor | Fair | Good | Excellent |
|---|----------------------|----------------------|-------------|-------------|------------------|
| Winter wheat | 2 | 8 | 32 | 47 | 11 |
| Harvested | Nov 27 2016 | Five year average | | | |
| Corn | 100% | 100% | | | |
| Sorghum | 96% | 96% | | | |
| Winter wheat planted | 100% | 100% | | | |



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| Condition France Nov 28, 2016 | Very poor | Poor | Fair | Good | Excellent |
|--|------------------|---------------|-------------|-------------|------------------|
| Corn | 7 | 14 | 26 | 45 | 8 |
| Wheat - soft | 0 | 1 | 6 | 67 | 26 |
| Barley | 0 | 1 | 7 | 69 | 23 |
| | | | | | |
| Harvested | 2016 % | 2015 % | | | |
| Corn | 100 | 100 | | | |
| | | | | | |
| Winter crops planted | 2016 % | 2015 % | | | |
| Wheat – soft | 100 | 100 | | | |
| Wheat - hard | 88 | 96 | | | |
| Barley | 100 | 100 | | | |
| | | | | | |

@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) | \$16/16.50 | Steady | x |
| US Gulf to Spain: 30,000 m/t (5,000 disch) | \$24/25.00 | Steady | x |
| US Gulf Israel: 50,000 MT | \$24/25.00 | Steady | x |
| US Gulf to Egypt: Panamax(6,000 disch) | \$23/24.00 | Steady | x |
| US Gulf Turkey: 50,000 | \$25/26.00 | Steady | x |
| US Gulf Morocco: 30,000(5,000 disch) | \$33/34.00 | Up \$1.00 | x |
| US Gulf Nigeria: 30,000 m/t | \$55/56.00 | Up \$1.00 | x |
| US Gulf other Med: 30,000 MT(5,000 disch) | \$35/36.00 | Up \$1.00 | x |
| US Gulf Japan: Panamax | \$34/35.00 | Up \$1.00 | X |
| US Gulf China: Panamax | \$33/34.00 | Up \$1.00 | x |
| US PNW South Africa – 40,000 m/t | \$37/38.00 | Steady | x |
| US PNW Japan: Panamax | \$18/19.00 | Up \$1.00 | X |
| US PNW China: Panamax | \$17/18.00 | Up \$1.00 | x |
| US East Coast Egypt: Panamax | \$46/47.00 | Steady | X |
| US East Coast Nigeria: Handisize | \$53/54.00 | Up \$1.00 | x |
| | | | |
| France/Germany to Algeria: 30,000 m/t(3,000 disch) | \$30/31.00 | Up \$1.00 | X |
| France/Germany to Egypt: 50,000 m/t (10,000 disch) | \$23/24.00 | Down \$1.00 | X |
| France/Germany to Jordan: 35/45,000 m/t (4,000 disch) | \$37/38.00 | Up \$1.00 | X |
| France/Germany to Morocco: 30,000 m/t (3,000 disch) | \$29/30.00 | Up \$1.00 | X |
| France/Germany to Saudi Arabia: 50/60,000 | \$41/42.00 | Up \$1.00 | X |
| France/Germany to South Africa: 30,000 m/t | \$39/40.00 | Up \$1.00 | X |
| France/Germany to Yemen: 30,000 m/t | \$55/56.00 | Up \$1.00 | x |
| | | | |
| Argentina to Algeria: 25/30,000 m/t(3,000 disch) | \$31/32.00 | Steady | x |
| Argentina to China: 50,000 m/t, with top-off | \$30/31.00 | Up \$1.00 | x |
| Argentina to Japan: 50,000 m/t, with top-off | \$32/33.00 | 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 | Steady | x |
| Argentina to Morocco: 25/30,000 m/t(3,000 disch) | \$30/31.00 | Steady | 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) | \$31/32.00 | Steady | x |
| Argentina to Spain: 30,000 m/t | \$30/31.00 | Steady | x |



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| | | | |
|---|---------------|-----------|---|
| Argentina to Tunisia: 25/30,000 m/t (3,000 disch) | \$31/32.00 | Steady | x |
| Brazil to Algeria: 25/30,000 m/t | \$32/33.00 | Up \$1.00 | x |
| Brazil to China: 55,000 m/t | \$25/26.00 | Up \$2.00 | x |
| Brazil to Japan: 55,000 m/t | \$27/28.00 | Up \$2.00 | x |
| Brazil to Europe: 30,000 m/t | \$30/31.00 | Up \$1.00 | x |
| Brazil to Morocco: 25/30,000 m/t | \$28/29.00 | Up \$1.00 | x |
| Brazil to Saudi Arabia 30/40,000 m/t | \$45/46.00 | Up \$1.00 | x |
| Brazil to Turkey/Egypt: 50,000 m/t | \$26/27.00 | steady | x |
| Australia to China: 40-55,000 m/t – round trip | \$19.00/19.50 | 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 | \$27/28.00 | Up \$1.00 | x |
| Ukraine to China: 50,000 m/t | \$28/29.00 | Up \$1.00 | x |
| Black Sea to East Med: 30,000 m/t (3,000 disch) | \$29/30.00 | Steady | X |
| Ukraine to East Med: coaster (1,000 disch) | \$26/27.00 | Up \$1.00 | X |
| Black Sea to Egypt: 40/50,000 m/t – (6,000 disch) | \$14/15.00 | Up \$1.00 | X |
| Black Sea to Egypt: 30,000 m/t – (4,000 dich) | \$15/16.00 | Up \$1.00 | X |
| Ukraine to Egypt: coaster 3,000 m/t (1,000 disch) | \$26/27.00 | Up \$1.00 | X |
| Black Sea to Iraq: 50,000 m/t (4,000 disch) | \$29/30.00 | Steady | X |
| Black Sea to Morocco: 30,000 m/t (3,000 disch) | \$26/27.00 | Steady | X |
| Black Sea to Spain: 40/50,000 m/t (8,000 disch) | \$15/16.00 | Steady | X |
| Black Sea to Jordan: 50,000 m/t (4,000 disch) | \$21/22.00 | Steady | X |
| Black Sea to Saudi Arabia – Jeddah – 50k | \$28/29.00 | Steady | X |
| Black Sea to South Africa – 30,000 m//t | \$37/38.00 | Up \$1.00 | X |
| Black Sea to Tunisia/Algeria: 30,000(5,000 disch) | \$21/22.00 | Steady | X |
| Baltic Dry Index | 1198 | Up 17 | X |
| Baltic Capesize Index | 2193 | Down 70 | x |
| Baltic Panamax Index | 1508 | Up 119 | x |
| Baltic Supramax Index | 921 | Up 13 | x |
| Baltic Handisize Index | 543 | Up 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 January 2017/March 2017

| | | |
|---|----------------------|---|
| Wheat, USA Soft Red Winter, NOLA | USD 175/177 | x |
| Wheat, USA Hard Red Winter 12 protein | USD 192/195 | X |
| Wheat, Ukraine 11.5 pro, 30,000+ m/t | USD 177/181 | x |
| Wheat, Russia 12.5 pro, 30,000+ m/t | USD 179/183 | x |
| Wheat, Romania 12.5 pro | USD 180/184 | x |
| Wheat, Superior, France, Rouen | USD 182/184 | x |
| Wheat, Medium, France, Rouen | No prices | x |
| Wheat, milling, 12.0%, Argentina, upriver | USD 167/171 Jan 2017 | x |
| Wheat, feed, Black Sea | USD 170/172 | x |
| Barley, France, Rouen port | USD 145/147 | x |



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| | | |
|---|-----------------|---|
| Barley, feed, Argentina | USD 154/157 | x |
| Barley, feed, Black Sea, 30,000+ | USD 158/161 | x |
| Barley, feed, USA Pacific Northwest | USD 185/190 | x |
| | | |
| Corn, FOB NOLA USA | USD 157/160 | X |
| Corn, FOB USA Pacific northwest | USD 170/173 | x |
| Corn, FOB Argentina port, upriver | USD 177/182 | x |
| Corn, FOB Brazil port | USD 178/183 | X |
| Corn, FOB Black Sea, 30,000+ m/t | USD 163/167 | x |
| Corn, FOB France | USD 171/133 | x |
| Corn, FOB Romania | USD 169/172 | x |
| Sorghum, FOB Texas | USD 160/166 | X |
| Sorghum, FOB Argentina port | USD 160/165 | x |
| | | |
| Soymeal, 48% protein, FOB NOLA | USD 357/360 | X |
| Soymeal, 48% protein, USA, Rotterdam | USD 382/385 | X |
| Soymeal, Argentina, Rotterdam | USD 366/371 | X |
| Soymeal, 47% pro, FOB Argentina | USD 338/343 | X |
| Soymeal, 48% protein, Brazil, Rotterdam | USD 352/356 | X |
| Soymeal, 48% protein, FOB Brazil | USD 324/329 | x |
| Soybeans, FOB NOLA | USD 391/395 | x |
| Soybeans, Argentina, FOB | USD 408/413 | x |
| Soybeans, Brazil, FOB | USD 414/419 | x |
| Soybeans, Black Sea | USD 393/397 | x |
| | | |
| Corn Gluten Meal, USA FOB NOLA | USD 570/580 m/t | X |
| Corn Gluten Meal, CNF Egypt | USD 670/680 m/t | X |
| Corn Gluten Feed, USA FOB NOLA | USD 148/153 m/t | x |
| DDGS corn, 35 profat, USA FOB NOLA | USD 166/169 m/t | x |

The USDA issued their monthly "grain crushing" report this week and it shows that DDGS monthly production was down just a little in October to 1.93 million m/t with corn gluten feed up by 5 percent to 343,000 m/t and corn gluten meal up by 6 percent to 59,000 m/t. Total corn use for ethanol and by products was up by 5 percent from last month but down by 3 percent on 2015.

Needless to say, the continued strong production of ethanol is going to provide monthly supplies of DDGS close to 2 million m/t per month.

The USDA average prices this week shows that DDGS are down by about USD 5 m/t overall while corn gluten feed prices are down by about USD 2 m/t and corn gluten meal down by USD 10 to 12 m/t.

Export prices for all corn by-products were down on the week, as the market followed soymeal prices lower. This week, all protein items: vegetable, animal (but not fishmeal) trended lower helped along by the USD 10 m/t drop in soymeal prices.

With the expected record Brazil soybean harvest not all that far ahead it will probably be difficult for any protein items to have a serious price rally as soybeans/soymeal seem to be the price leaders for protein these days.



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Container shipments, minimum 200 m/t

| | |
|---|--------------------------|
| 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 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 480/500 m/t CNF Asia |
| USA Feathermeal, 80 protein | USD 500/510 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 |

Meat and bone meal prices in major Asian markets are reported to be lower this week as the supply is running ahead of the demand. Prices are still firm for December shipments but Jan/Feb/Mar 2017 seems to be weaker. Producers are said to be trying to keep the prices steady into 2017 but buyers are looking for lower prices. Experts seem to be quite divided on where prices will be going in early 2017 with some feeling that the December higher prices could spread into January while others feel that larger supplies and fewer sales after the new year will push prices lower.

From the US, there is some strength in feathermeal price and in pet food grade poultry meal but MBM prices are having trouble maintaining current levels – just too much supply.

The Jacobsen Report this week points out that the trend for replacing animal protein with vegetable protein continues with low veg protein prices moving more and more buyers away from animal proteins. This has been a very long term trend that started years ago with replacing fishmeal and has graduated to replacing all animal proteins. Other than price, in export markets, vegetable proteins do have an advantage, as they can be used quite effectively in a much wider variety of animal feeds than animal protein, this allows importers to quickly change the use of vegetable proteins in feed formulations.

SECTION 2 --- FISHMEAL COMMENTS AND PRICES: PERUVIAN

Fishing is chugging along at an average of just over 20,000 m/t per day for the past week – still not as high as most would like. The total catches up to Dec 01 is at just under 450,000 m/t, so there is still quite a way to go. There were a couple of days this week when the catch got up to about 30,000 m/t but this level of catch doesn't happen every day.

According to more information from IMARPE in Peru, the fishing could be better in January and the level of juveniles will be lower.

The trade in Peru reports that sales are picking up slowly as both buyers and sellers seem to be aware that the fishing is not as good as one might want and there is the feeling that supplies of fishmeal in Peru could get quite tight in early 2017. Sellers are still not all that enthusiastic about booking new business – some still have to cover the orders booked earlier in the year and buyers are not wild about paying higher prices – at least not so far – but business is picking up.

Prices in Peru for most grades of fishmeal, except the lowest grades, are up by close to USD 50 m/t on the week and, if sales pick up or landings slip, prices could move higher.

The latest fishmeal import information from China shows that Peru has about 44 percent of the business followed by Vietnam at just under 12 percent than the USA at about 10 percent. The other

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main suppliers are Thailand, Russia, Chile and Ecuador. China's fishmeal imports to the end of October 2016 were at about 930,000 m/t.

European fishmeal prices – FOB North German port.

| Type | Protein % | Price per m/t USD | Cost per protein unit |
|------------------|-------------|-------------------|-----------------------|
| Herring fishmeal | 72% protein | 1,570 | 21.80 |
| Danish fishmeal | 64% protein | 1,440 | 22.50 |
| Peru fishmeal | 64% protein | 1,520 | 23.75 |
| Chile fishmeal | 67% protein | 1,620 | 24.18 |
| Iceland fishmeal | 70% protein | 1,580 | 22.57 |

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> |
|--------------------------------|--|---------------------------------|
| | <u>New crop prices for the Peru November fishing quota</u> | |
| 65% protein | 1300/1310 m/t | |
| 65/66 protein | 1350/1360 m/t | |
| 67% protein standard steam | 1400/1420 m/t | 1430/1450 |
| 67% protein 150 TVN | 1450/1470 m/t | 1450/1470 |
| 67% protein 120 TVN | 1500/1520 m/t | 1500/1520 |
| 67% protein 1000 hist, 120 TVN | 1550/1570 m/t | 1550/1570 |
| 68% protein 500 hist, 120 TVN | 1600/1620 m/t | 1600/1620 |
| | | |
| Fish oil, crude bulk | 1950/2000 | 1650/1700 |
| Fish oil, crude drums | 2050/2100 | |
| Fish oil, flexi tank | 2150/2200 | |
| Fish oil, Omega 3: 28%EPA/DHA | 2700/2800 | |

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

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