



Hammersmith Trade Services

A division of Hammersmith Marketing Ltd.

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WEEKLY FEED GRAIN AND PROTEIN REPORT December 10, 2016 --- week 49

SECTION 1: US FEED GRAINS and VEGETABLE AND ANIMAL PROTEIN

The big news this week was the latest USDA WASDE report – a report that changed little or nothing from the November report, at least as far as US supply and demand. Even for world numbers there were no real surprises – Australia wheat is forecasted higher as is Brazil corn – most numbers were unchanged. The next USDA WASDE report will be out on January 12, 2017 and it is expected that this report will more exciting.

So where did we end up on prices after the USDA report. Interestingly enough the no-change report resulted in most grains and oilseed prices moving higher. Corn prices were up by about USD 4 to 5 m/t on the week while soybeans were up by USD 4 m/t and soymeal up even more at USD 6 to 7 m/t higher. Winter wheat prices in the US were also a little higher on the week.

Corn prices were said to be higher on expected strong export demand along with more demand from the ethanol industry due to the increased blending target for ethanol in the USA. The increase by the USDA in the Brazil corn estimate didn't have much effect on market prices and, on the futures side, experts say that corn futures were just following soybean prices higher with no good reason for a rally in corn.

USA corn continues to be the lowest priced in export market but prices from South America are inching closer but US corn should continue to hold a big chunk of the corn export business until Brazil is able to ship their new crop corn. In North Africa and the Middle East, Black Sea corn – Ukraine and Romania – is now very competitive to US and it is reported that corn shipments from the Ukraine are so heavy that some wheat shipments are being delayed.

Soybeans were stronger on a nothing USDA report and most expert seem to feel that this was strictly export business related. USA soybean export sales just keep rolling along and the USA will not have to face much in the way of export competition from South America for another couple of months.

There was also some concern for Argentina soybeans as some areas are seeing a shortage of rainfall and, if this continues, soybean prices could move higher.

Crop condition --- USA and France

Crop condition reporting is over for the year. Nothing happening as winter progresses. More updates next spring.

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

There was a comment by World Perspectives this week that one result of the low freight rates is that owners are not completing maintenance on some vessels due to the low income and are laying up the vessels rather than doing needed repair work and even some regular maintenance.

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It is also seen this week that the rates for Capesize vessels continue to drop but that the rates for vessels that are consider grain size are steady to higher --- while the Baltic Dry Index may be lower overall this is due entirely to the weakness in rates for non-grain vessels.

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)	\$25/26.00	Up \$1.00	X
US Gulf Israel: 50,000 MT	\$25/26.00	Up \$1.00	X
US Gulf to Egypt: Panamax(6,000 disch)	\$24/25.00	Up \$1.00	X
US Gulf Turkey: 50,000	\$26/27.00	Up \$1.00	X
US Gulf Morocco: 30,000(5,000 disch)	\$34/35.00	Up \$1.00	X
US Gulf Nigeria: 30,000 m/t	\$56/57.00	Up \$1.00	X
US Gulf other Med: 30,000 MT(5,000 disch)	\$36/37.00	Up \$1.00	X
US Gulf Japan: Panamax	\$35/36.00	Up \$1.00	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	\$19/20.00	Up \$1.00	X
US PNW China: Panamax	\$18/19.00	Up \$1.00	X
US East Coast Egypt: Panamax	\$46/47.00	Steady	X
US East Coast Nigeria: Handisize	\$54/55.00	Up \$1.00	x
France/Germany to Algeria: 30,000 m/t(3,000 disch)	\$30/31.00	Steady	x
France/Germany to Egypt: 50,000 m/t (10,000 disch)	\$22/23.00	Down \$1.00	x
France/Germany to Jordan: 35/45,000 m/t (4,000 disch)	\$38/39.00	Up \$1.00	x
France/Germany to Morocco: 30,000 m/t (3,000 disch)	\$29/30.00	Steady	x
France/Germany to Saudi Arabia: 50/60,000	\$28/29.00	Corrected	x
France/Germany to South Africa: 30,000 m/t	\$40/41.00	Up \$1.00	x
France/Germany to Yemen: 30,000 m/t	\$56/57.00	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	\$31/32.00	Up \$1.00	X
Argentina to Japan: 50,000 m/t, with top-off	\$33/34.00	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	\$47/48.00	Up \$1.00	X
Argentina to South Africa 25/30,000 m/t (3,000 disch)	\$32/33.00	Up \$1.00	X
Argentina to Spain: 30,000 m/t	\$30/31.00	Steady	X
Argentina to Tunisia: 25/30,000 m/t (3,000 disch)	\$31/32.00	Steady	X
Brazil to Algeria: 25/30,000 m/t	\$33/34.00	Up \$1.00	X
Brazil to China: 55,000 m/t	\$26/27.00	Up \$1.00	X
Brazil to Japan: 55,000 m/t	\$28/29.00	Up \$1.00	X
Brazil to Europe: 30,000 m/t	\$31/32.00	Up \$1.00	X
Brazil to Morocco: 25/30,000 m/t	\$29/30.00	Up \$1.00	X
Brazil to Saudi Arabia 30/40,000 m/t	\$46/47.00	Up \$1.00	X
Brazil to Turkey/Egypt: 50,000 m/t	\$27/28.00	Up \$1.00	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	\$28/29.00	Up \$1.00	X
Ukraine to China: 50,000 m/t	\$29/30.00	Up \$1.00	X
Black Sea to East Med: 30,000 m/t (3,000 disch)	\$30/31.00	Up \$1.00	X



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Ukraine to East Med: coaster (1,000 disch)	\$27/28.00	Up \$1.00	x
Black Sea to Egypt: 40/50,000 m/t – (6,000 disch)	\$15/16.00	Up \$1.00	X
Black Sea to Egypt: 30,000 m/t – (4,000 dich)	\$16/17.00	Up \$1.00	X
Ukraine to Egypt: coaster 3,000 m/t (1,000 disch)	\$27/28.00	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)	\$27/28.00	Up \$1.00	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)	\$23/24.00	Up \$2.00	X
Black Sea to Saudi Arabia – Jeddah – 50k	\$28/29.00	Steady	X
Black Sea to South Africa – 30,000 m//t	\$38/39.00	Up \$1.00	X
Black Sea to Tunisia/Algeria: 30,000(5,000 disch)	\$22/23.00	Up \$1.00	X
Baltic Dry Index	1090	Down 108	x
Baltic Capesize Index	1575	Down 618	x
Baltic Panamax Index	1508	No change	x
Baltic Supramax Index	966	Up 45	x
Baltic Handisize Index	567	Up 24	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 179/182	x
Wheat, USA Hard Red Winter 12 protein	USD 191/194	x
Wheat, Ukraine 11.5 pro, 30,000+ m/t	USD 179/182	X
Wheat, Russia 12.5 pro, 30,000+ m/t	USD 180/183	X
Wheat, Romania 12.5 pro	USD 180/184	X
Wheat, Superior, France, Rouen	USD 181/183	x
Wheat, Medium, France, Rouen	No prices	X
Wheat, milling, 12.0%, Argentina, upriver	USD 170/173	X
Wheat, feed, Black Sea	USD 171/173	X
Barley, France, Rouen port	USD 153/156	x
Barley, feed, Argentina	USD 155/159	x
Barley, feed, Black Sea, 30,000+	USD 158/162	x
Barley, feed, USA Pacific Northwest	USD 188/192	x
Corn, FOB NOLA USA	USD 161/163	x
Corn, FOB USA Pacific northwest	USD 174/176	x
Corn, FOB Argentina port, upriver	USD 184/187	x
Corn, FOB Brazil port	USD 184/187	x
Corn, FOB Black Sea, 30,000+ m/t	USD 166/170	x
Corn, FOB France	USD 179/181	x
Corn, FOB Romania	USD 170/173	x
Sorghum, FOB Texas	USD 166/170	x
Sorghum, FOB Argentina port	USD 162/167	X
Soymeal, 48% protein, FOB NOLA	USD 358/362	x
Soymeal, 48% protein, USA, Rotterdam	USD 383/387	X



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Soymeal, Argentina, Rotterdam	USD 358/364	X
Soymeal, 47% pro, FOB Argentina	USD 323/328	X
Soymeal, 48% protein, Brazil, Rotterdam	USD 352/356	X
Soymeal, 48% protein, FOB Brazil	USD 325/329	X
Soybeans, FOB NOLA	USD 391/395	X
Soybeans, Argentina, FOB	USD 406/411	X
Soybeans, Brazil, FOB	USD 411/416	X
Soybeans, Black Sea	USD 410/420	X
Corn Gluten Meal, USA FOB NOLA	USD 575/585 m/t	X
Corn Gluten Meal, CNF Egypt	USD 670/680 m/t	X
Corn Gluten Feed, USA FOB NOLA	USD 150/155 m/t	X
DDGS corn, 35 profat, USA FOB NOLA	USD 165/168 m/t	X

According to the USDA national prices, corn gluten feed prices are up by about USD 5 m/t on the week with corn gluten meal prices up by as much as USD 20 m/t while DDGS prices seemed to remain steady. Trade reports say that much of the change in prices is logistics driven as winter weather slows things down. There is also an increase in demand for corn by-products from the animal feed industry in the US as the winter weather leads to more feed requirements for grass-fed livestock – not much grass left in December.

According to the latest US Grains Council weekly report, DDGS are at an extremely competitive level against both corn and soymeal which could quite easily lead to increased export demand. There were also some news reports this week suggesting that as long as the grain situation in China is unclear there will be considerable weakness in DDGS export prices. However, as has been pointed out in this report in the past, when prices are low other export destinations seem very willing to pick up most of the export volume that has been lost to China.

USA Exports of corn by-products – January to October 2016 – in m/t - major destinations only

	Corn Gluten Feed	Corn Gluten Meal	Distillers Dried Grains DDGS
Canada	25,200	57,600	422,600
Chile		40,600	
China	1,000		2,252,300 Down 62%
Colombia	54,300	78,600	153,600
Costa Rica	1,500		71,500
Egypt		115,100	141,400
El Salvador		11,600	48,900
Germany	29,400		
Holland	19,100		
Indonesia	2,100	174,900	293,200
Ireland	257,600		204,200
Israel	169,500		158,400
Japan		15,900	259,800
Malaysia		15,500	40,500
Mexico	12,300	22,300	1,551,700
Morocco	68,500	1,500	133,700
New Zealand			71,400
Pakistan			59,300
Philippines			132,500



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Portugal	57,900		14,300
South Korea			751,200
Spain			160,200
Taiwan		25,600	188,300
Thailand		27,300	603,600
Turkey	223,000		626,600
UK	51,100		121,100
Vietnam		13,700	932,800
Total	978,600	644,900	9,611,100
% change	Up 54%	Down 7%	Down 11%

USDA GATS

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 480/490 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

Reports in the trade say that export prices for meat and bone meal have weakened by USD 20 m/t or so as buyers seem to be able to find deal from suppliers with too much supply. Sellers in Asia say that US exporters have been accepting lower customer bids and that that has brought the entire MBM market lower. USA export prices published don't show any weakness but the very low domestic prices in the USA could certainly convince exporters to be more aggressive in their export pricing.

Domestic supplies of MBM are quite large in the US due mainly to higher cattle kill level while the price pressure from low cost vegetable protein is limiting any possible increase in prices.

The Jacobsen report this week was saying that with, Christmas and New Year coming up shortly, there could easily be a holiday driven rally in prices as buyers try to cover short term needs before the holidays.

They also point out that sellers in Australia and New Zealand are holding out for higher prices but aren't having too much success so far.

USA Exports of animal proteins – January to October 2016 – in m/t - major destinations only

	Meat and Bone Meal Includes poultry and pork meal	Feathermeal
Canada	55,000	14,300
Chile		8,400

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China	46,000	6,900
Ecuador	7,800	
Germany	14,000	
Holland	10,100	
Honduras	9,700	
Indonesia	106,500	23,900
Mexico	62,500	
Philippines	8,700	
Thailand	3,200	
Vietnam	23,800	1,000
Total	358,900	54,000
% change	Up 49%	Down 29%

USDA GATS

SECTION 2 --- FISHMEAL COMMENTS AND PRICES: PERUVIAN

Fishing in Peru is still at about 20,000 m/t of catch per day with the odd day getting up to the high 20's. The total catch, up to Friday, is at about 625,000 m/t which leaves 1.4 million m/t to go to reach full quota – at 20,000 m/t per day this means 70 more days of fishing and we don't have that much time. It is reported that some experts feel the total catch may only reach 1.5 million m/t.

If the catch comes up short, say 1.5 million m/t, then fishmeal production could be around 350,000 m/t and, with a reported 200,000 m/t of the fishmeal presold, this does not leave much left to cover a few month's needs.

The trade in Peru reports that there is more buying interest in the past couple of weeks – probably as buyers see that fishing is coming up a little short. But, the prices expected by the buyers are well below current market levels and sellers are showing no interest.

Rabobank published a report of world fishmeal this week and their conclusion is that 2016/17 fishmeal production will be higher which should mean prices will be lower. Most of the increase in supply is due to Peru fishing again. Rabobank says that prices could be between a high of USD 1600 m/t and a low of USD 1200 m/t. Rabobank points out that much of the demand for fishmeal depends on the recovery of the China and Thailand shrimp industries and they don't expect any increase in demand from the China pig industry. However, Rabobank does say that world fishmeal production in 2017 will show the first increase in total world production in five years but production will still be below levels seen prior to 2011.

There was a report in the press this week about a new fishmeal replacement developed in the US that is produced by enzyme treating soymeal. This new item – EnzoMeal – has been test fed in Australia (to perch), Norway (to salmon) and the USA (to bass) with results that seem to show that it can replace between 50 and 100 percent of the fishmeal in the diet with no adverse effects.

It seems that almost every week there is a new fishmeal replacement but, as they are all very low production products, it will be sometime until much effect is felt in the fishmeal industry.

European fishmeal prices – FOB North German port.

Type	Protein %	Price per m/t USD
Herring fishmeal	72% protein	1,575



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Danish fishmeal	64% protein	1,420
Peru fishmeal	64% protein	1,515
Chile fishmeal	67% protein	1,615
Iceland fishmeal	70% protein	1,610

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	1300/1310 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	1580/1600
Fish oil, crude bulk	1900/1950	1600/1650
Fish oil, crude drums	2000/2050	
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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