

Report week 13 (2016)

Corn:

South Korea's (NOFI) purchased about 272,000 tonnes of corn likely to be sourced optionally from the United States or South America in a tender which closed on Friday

The tender for up to 276,000 tonnes had sought arrival in July and August.

- Three consignments each of 68,000 tonnes were all purchased at \$171.00 a tonne c&f for arrival around July 20, July 30 and Aug. 10, Seller was for all LDC
- A further 68,000 tonnes was purchased at a c&f premium of 76.60 cents over the Chicago September corn contract cu6 for arrival around Aug. 20, seller was Midstar

Three South Korean groups have purchased a total 192,000 tonnes of yellow corn set to be sourced from the United States or South America in private deals.

- Korea's (KFA), purchased about 60,000 tonnes of corn for arrival in South Korea around Aug. 30 at \$170.90 a tonne c&f, seller was LDC.
- Korea's (MFG) purchased some 69,000 tonnes for arrival around July 25, also at \$170.90 a tonne c&f, seller was Cargill.
- Korea's (FLC) also bought 63,000 tonnes for arrival around Aug. 10 at \$170.17 a tonne c&f, seller was Concordia.

All three purchases can be sourced at the sellers' option from either the United States Gulf, United States Pacific North West Coast or South America. Each of the three purchases also involves an additional \$1.25 a tonne surcharge for additional port unloading.

In the Black Sea (Ukr) market before the USDA report came out Apr/May positions were traded between 164 and 166 US\$. After the report and a -15/16 on the board the FOB market turned quiet.

Hungarian Danube corn FOB levels traded old crop bss april at 139€, for new crop bss October traded around 138€. Bss January traded at 142€ FOB.

There was no big trading volume in the Dutch market; it was noticeable that the front positions were moving up due to the fact that the paper longs liquidated their positions. After the report, the prices didn't drop as the risk of getting a levy out of third country goods is getting bigger. New crop OND traded at 156€, in a spread against feed wheat with 4€.

Wheat:

Moroccan grains agency ONICL on Tuesday launched a tender to buy 360,000 tonnes of European Union (EU) soft wheat, and 45,000 tonnes of EU durum under preferential tariff quota. ONICL said the deadline for bids was April 7 and shipments should arrive at Moroccan ports by May 31. Lots should be a minimum 5,000 tonnes.

Indonesian importers have in the past week purchased about 80,000 tonnes of feed wheat thought likely to be sourced from Argentina.

- It was for April shipment in two consignments, one of about 50,000 tonnes and one of 30,000 tonnes. The 50,000 tonne consignment was purchased at around \$175 a tonne c&f, a price regarded as aggressively low. Seller was Nidera

12.5 pro out of Northern Europe on old crop was not very active last week, Polish old crop is getting way too expensive as farmers are not selling quantities. German May onwards you find selling ideas around +8 over matif May. Baltic traded end april/begin may @ 5.5 over. New crop German (sep/dec) -1 vs -3, polish same position -2 vs -4. Baltic traded there at -3.5 for a sep/dec position. Russian market traded for May at 185US\$ and new crop was quoted 179/8 vs buying ideas (and last traded levels) of 175US\$.

Feed wheat we have seen some trades last week for old crop (June) at 154€, most probably based on UK origin.

Feed wheat in the Dutch market showed some activity on the old crop towards Dutch consumption for 2h April position (traded between 151 and 152€). OND position traded a few times at 160€ (outright and also in spread vs corn same position).

Barley:

New crop Saudi traded a few times last week 172US\$ CIFFO for July/August positions.

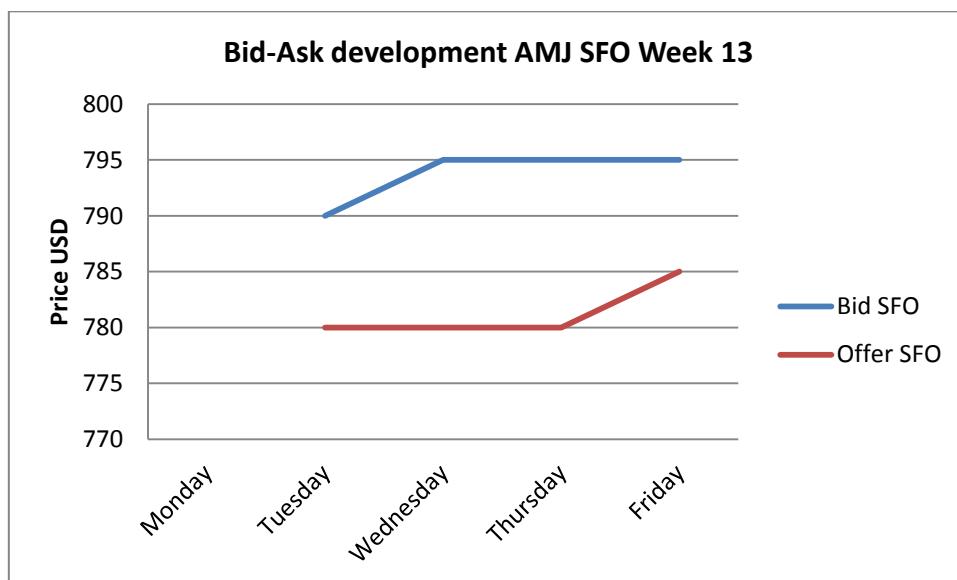
For the German barley market the delivered new crop basis September traded between 148 and 150€. Which was at the time of trading around -21/-22 compared to matif December. A price which multinationals found interesting to sell as it reflected a FOB parity which is the same as CIFFO Saudi.

Dutch market old crop some movement noticeable on physical delivery Apr/May/Jun positions between 148 and 150€ depending on position. New crop no activity.

Sunseed/Sunoil

The Ukrainian Sunflower oil market was well supported during week 13. The overall market could see still oil stocks but with strength of the EUR and the spread between Soybean oil and Sunflower oil decreasing to 55/50USD, buyers were more motivated. Still on the front side of the market it seems there were some shorts in need to cover while not much liquidity in the market. Due to this the April/May/June position kept bidding 785/790 USD. Offers however became rather proud after longs on the spot were sold out and moved away to 795USD and even most crushers showing 800USD. Outright not much was traded due to difficulties in bridging this 10usd bid-ask spread. However, the shorts on the spot were able to cover big parts of the position by swapping April to May or June at even.

Week 13 showed slow movement on the Black Sea Sunflower seeds market again. While Sunflower oil was still seeing a bit of support buyers of seeds were not willing to show much effort. Buyers of new crop Sunflower seeds kept bidding 365USD throughout the week and also during the start of week 14. Sellers however due to support on the oil and little liquidity were quick to move offers up again to 380USD. On old crop there seems to be nothing close to a market. While buyers still show 390/395USD for April there seems to be no firm selling side.



South America

The lowest value of the Argentinean currency was at 14.66, the rest of the week the peso was rather stable ending at 14.8. From the Brazilian side, the real started the week at 3.622 and finished it gaining some value at 3.5. On Wednesday night Argentinian senators approved the agreement to pay the holdouts. This way a long lasting issue came to an end. On the Brazilian side, the political environment was kind of critical. Protests continue taking place and also the PMDB, one of the major political parties, does not support the president any longer.

On the corn market, last week it was confirmed that Brazil booked 500k of argy corn for April/ May over the past weeks. By Monday, on the Argentinian corn market, April position could be found at +50ck, while buyers were looking for values at the mid low +40's. For May position was offered at +45ck. Moving forward to June, sellers aimed at values near 30cn. Regarding barley, the market was still interested to buy a panamax for April at levels of 152 but sellers weren't able to get the volume together.

On the Brazilian corn market, sellers were still looking for values near +40cu for August and September optional ports. For October/ November, sellers were offering at the low 40's with multiple port options. On the other hand, buyers were mostly looking at December for Santos or Tubarao at mid/ high 30's.

On Thursday everything changed, because of the report that came out. They forecasted that for corn the area to harvest will be bigger than last year. This generated a drop in Chicago, and as a consequence sellers hold back quiet, analyzing the situation for their next steps. Nevertheless, despite of and after the aforementioned, 3 trades were confirmed for the August Argy corn at +30cu.