

## Report week 32

### Corn:

Taiwan's MFIG has purchased 130,000 tonnes of corn to be sourced from Brazil in an international tender which closed on Tuesday. The tender had sought shipment in two consignments sourced from the United States, Brazil, Argentina or South Africa

- Some 65,000 tonnes of Brazilian corn was bought at a premium of 83.00 cents a bushel c&f over the Chicago March 2016 corn contract CH6 for shipment from Brazil between Dec. 2 and Dec. 21, 2015.
- Another 65,000 tonnes was purchased at a premium of 87.90 cents a bushel c&f over the Chicago March 2016 corn contract for shipment from Brazil between Dec. 22, 2015, and Jan. 10, 2016.

Brazilian corn dominated the tender. No offers for U.S., Argentine or South African corn were made

South Korea's (MFG) purchased 134,000 tonnes of optional-origin corn in a tender that closed on Tuesday

It was sought in two shipment periods, the first for arrival around Jan. 24, 2016, and the second for arrival around Feb. 5, 2016.

- 69,000 tonnes of corn for the first shipment position was purchased at \$185.99 a tonne c&f plus a \$1.50 a tonne for additional port unloading. Seller was Cargill
- 65,000 tonnes for the second shipment position was purchased at \$186.86 a tonne c&f plus a \$1.50 a tonne for additional port unloading. Seller was Concordia

The corn can be sourced optionally from the United States, South America, South Africa or the Black Sea region.

South Korea's (NOFI) purchased around 197,000 tonnes of optional-origin yellow corn in an international tender which closed on Wednesday. The tender had sought arrival in February and March 2016.

- The first consignment of about 65,000 tonnes was purchased at \$186.68 a tonne c&f for arrival in South Korea around Feb. 15, 2016. Seller was Concordia
- The second consignment of around 63,000 tonnes was purchased at \$186.90 a tonne c&f for arrival in South Korea around Feb. 25, 2016. Seller was CHS
- The third consignment of some 69,000 tonnes was purchased at a premium of 89.00 cents a bushel c&f over the Chicago March 2016 corn contract CH6 for arrival in South Korea around Feb. 25, 2016. Seller was Cargill

The corn can be sourced optionally from the U.S. Gulf or Pacific coasts, South America, European Union, east Europe/Black Sea or South Africa. The purchases each have an additional \$1.50 a tonne surcharge for additional port unloading.

The Korea Feed Association (KFA) purchased about 65,000 tonnes of optional-origin yellow corn in a tender which closed on Friday. The tender sought corn to be sourced from the U.S., South America and South Africa for Mar. 10, 2016, arrival.

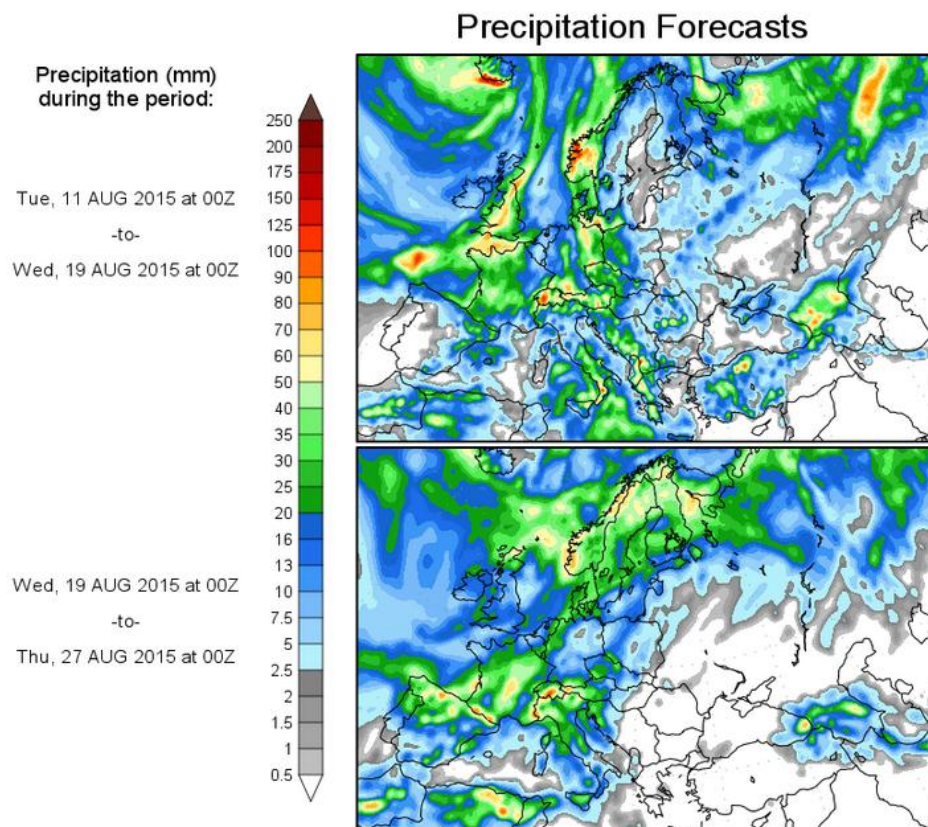
- The corn was purchased by the KFA's Incheon section at \$188.20 a tonne c&f Seller was Marubeni

A group of Israeli private buyers has issued an international tender to purchase up to 110,000 tonnes of corn sourced from optional origins. The tender closes Thursday, Aug. 13. If based on European Union or Black Sea region supplies, some 30,000 tonnes of corn was sought for shipment between Oct. 1-20, 45,000 tonnes between Nov. 1-20 and 35,000 tonnes between Nov. 25 and Dec. 15. Shipment periods from other origins may differ.

In the Black sea (Ukr) new crop (Oct/Nov/Dec) went sharply up, traded in the range between 50 and 60 over CBOT depending on position. January onwards positions were too far apart with buying interest around +60 but sellers indicating +70.

Hungarian Danube corn FOB levels traded oct/nov positions last week around the 154€ level. Basis January sellers disappeared during the week with farmers reluctant to sell and the heat wave continuing the coming days-weeks. Buyers showed buying interests at around 157€

On the Dutch market it was very active last week with Dutch consumers pricing some contracts and German consumers active as well. Old crop aug/1-15Sep was traded between 174€ and 178€, oct/dec around 173€, Jan/mrt between 175€ and 177€ and jan/jun between 177€ and 184€.



## Wheat:

CBH Group, Australia's largest wheat exporter, is moving into Russia, allowing the grower-owned cooperative to tap the competitiveness of Black Sea grain in Asian markets.

Operating under the name Granary, CBH Group will buy grain from Russian growers to sell and ship to international customers, using existing supply chains around the Black Sea area. The expansion into Russia will allow CBH Group to compete with some of the world's largest exporters, including Cargill, ADM and Bunge, which all have Russian operations to capitalise on the growing demand for Russian supplies in Asia.

Egypt's (GASC), has bought 120,000 tonnes of Russian wheat in a tender for Sept. 11-20 shipment. Egypt bought 60,000 tonnes of wheat from Louis Dreyfus and another 60,000 tonnes from Olam with the following breakdown of the purchases:

- 60,000 tonnes of Russian wheat from Dreyfus at \$187.94 a tonne on a free-on-board (fob) basis and at \$10.79 a tonne freight from National Navigation Company (NNC).
- 60,000 tonnes of Russian wheat from Olam at \$187.94 a tonne fob and at \$10.97 a tonne freight from National Navigation.

Saudi Arabia bought 505,000 tonnes of hard wheat in an international tender which closed on Friday. Wheat with 12.5 percent protein content had been sought in the tender.

The accepted origins are the European Union, North America, South America, Australia and Canada at the sellers' option. The wheat was purchased in nine consignments, for shipments to the ports of Jeddah and Dammam. These purchases in dollars a tonne with shipment period in 2015 in brackets:

### Jeddah Port:

- 55,000 tonnes from Cerealis ( at \$220.50 C&F (Sept. 20-30)
- 55,000 tonnes from Cerealis at \$220.50 C&F (Oct. 1-10)
- 55,000 tonnes from Cerealis at \$221.50 C&F (Oct. 10-20)
- 55,000 tonnes from Cerealis at \$221.50 C&F (Oct. 20-30)
- 65,000 tonnes from ADM Hellas at \$223.25 C&F (Nov. 1-10)
- 55,000 tonnes from Cerealis at \$223.50 C&F (Nov. 10-20)
- 55,000 tonnes from Cerealis at \$223.50 C&F (Nov. 20-30)

### Dammam Port:

- 55,000 tonnes from Bunge at \$227.34 C&F (Oct. 10-20)
- 55,000 tonnes from Bunge at \$227.84 C&F (Nov. 10-20)

Milling wheat's Fob in Germany and Poland very quiet last week with German levels around 205\$ for 12.5pro and polish around 200\$. With no close buying interest around. Black sea still around 10-15\$ cheaper compared to these markets. With the above Saudi tender based on North European (German/Polish/Baltic) milling wheat, prices should drop in these regions.

Feed wheat Dutch Sep/dec positions traded between 176€ and 180€ and Jan/mrt traded between 181€ and 184€.

## Barley:

BayWa AG said on Wednesday it was buying German barley trader Evergrain to expand its international malting barley business. The takeover, still needing competition approval, should enable BayWa's malting barley trading volume to exceed 1 million tonnes in coming years. Hamburg-based Evergrain sources malting barley, used for beer and malt production, from Western Europe, Argentina and Australia and serves brewing and malt industry customers in Europe, Asia and South America.

Jordan's state grain buyer has purchased 50,000 tonnes of animal feed barley to be sourced from optional origins in an international tender for up to 100,000 tonnes which closed on Tuesday. The barley had been sought in a range of shipment combinations in 50,000 tonne consignments between Nov. 1 and Dec. 15.

- The barley was bought at \$210 a tonne c&f for shipment in the second half of November. Seller was trading house Sarles, the barley was sought in the tender from the 2014 or 2015 harvests

Jordan's state grain buyer has issued an international tender to purchase 100,000 tonnes of animal feed barley to be sourced from optional origins. The tender deadline is Aug. 13. The barley is sought in a range of shipment combinations in 50,000 tonne consignments for Dec. 1, 2015, to Jan. 15, 2016.

Traders said offers in the previous tender were restrained as Jordan is asking traders to accept ship waiting time on arrival of up to an extra eight days for additional inspections of cargos and payment to be made only after an additional inspection report.

French barley market new crop last week selling ideas around 190\$ but buyers indicating 186\$. For the German barley market new crop nominal values were around 188US\$.

## South America:

In Argentina the political climate was all focused on the preliminary elections for the presidential elections in October. These elections were not really meaningful in the way that it would define the successor of Cristina Kirchner but it was to define which will be the candidates for each block, being the governing party or the opposition. The result was not a big surprise with the current governor of Buenos Aires state defined as the candidate for the government and Mauricio Macri (current governor of Buenos Aires city) and Sergio Massa (mayor of a small town near Buenos Aires city and former chief of cabinet of Cristina) as the most important opposition candidates. The agricultural sector held a protest last week to attract attention from all candidates on their current situation. Farmer unions did announce further matters for the coming week such as protest along the highways and a stop of commercialization. The weather was showing clear signs of El Niño with heavy rains in the main growing areas and flooding in the suburbs of Buenos Aires. Marketwise, the farmer selling is not very active both on grains and oilseeds. Crushing margins in the beans however remain very decent. In corn, few business were reported for August and September shipments at levels of 26 and 28cu. The week ended with offers at 30cu. OND started to be looked at by the sellers at levels around 30cz.

In Brazil, the real touched its lowest point since the socialistic government is in power. Friday's close was at 3.50. Apart from facing devaluation, the government is also facing its period with lowest possible approval of the country and people are preparing a massive protest for the 16<sup>th</sup> of August asking for the president's resignation. Meanwhile more and more cases of corruption in state owned companies, such as Petrobras are appearing. With regards to the weather, the southern part of the country received heavy rainfall which is also typical for an el Niño year. The wheat has already passed the flowering stage so the most critical part has already passed. However, rains are supposed to continue for which quality items such as falling number on wheat or toxins on corn could still be a threat for the south. In general, the farmer selling did not react to the devaluation of the currency and even a higher cbot did not give any relief to the premiums. However, Brazil was again the main destination for Brazilian corn at heavy discounts. In the FOB, several cargoes traded in Santos/Tubarao at levels ranging between 45cu for sept and 37cz for ond at the beginning of the week up to 52cu and 45cz by the end of the week. On the 2016 we also saw one cargo changing hands at 22cu6.

## Sunseed/Sunoil:

Ukrainian Sunflower oil started week 32 with a 30 USD bid-ask spread on both the old and new crop. Sellers held on to 860 USD for August, 765 USD for October and 755 USD for November/December throughout the biggest part of the week. With some minor movement the offering side did not change its idea from the previous week. With destinations showing little to no demand and weakness on the palm, soybean and crude oil, there was little chance to motivate the buying side. While prices of the November/December positions is close to last crops lows, there is no clear direction in the market. For this there was not one single trade reported on the Ukrainian SFO market during week 32. The coming weeks will be very important with Ukraine and parts of Russia expected to start bringing Sunflower seeds to the market. Also the upcoming USDA crop report is hoped to bring some inspiration to the market.

The Sunflower seeds market activity on the Black Sea was still rather slow due to a lack of sellers. With the dry and hot weather farmers were not too quick to sell. During week 32 the October position was seen weakening a bit. While the previous week showed a rather firm October position with buyers above 400 USD, this week offers were shown at 405 USD against bids at 395 USD. While prices were slightly decreasing, there was still no big volume coming to the market.

