

Report week 47

Corn:

The Korea Feed Association (KFA) in Busan bought 58,000 tonnes of corn of South American and U.S Gulf origin from Zen-Noh Grain Corp in a tender that closed on Nov. 19.

- The KFA's Busan section made the purchase at \$188 per tonne C&F with a \$1.5 per tonne surcharge for additional port unloading. The products are to arrive at the port of Ulsan and Busan by May 5, 2016.

Spain's Abengoa started insolvency proceedings on Wednesday which could lead to Spain's largest bankruptcy on record, after a potential investor said it would not inject fresh capital into the engineering and renewables company.

The group earlier confirmed that Gonvarri, a unit of privately-held industrial group Gestamp, had backed away from a plan to inject around 350 million euros (\$374 million) into the firm. "The company will begin the negotiating process with its creditors with the aim to reach an accord to guarantee the financial viability under the Article 5 of the Bankruptcy act, which the company intends to request as soon as possible," Abengoa said in a statement.

Trading in Abengoa stock was suspended by the market regulator until 1000 GMT.

Under Spanish law, companies can enter into pre-insolvency proceedings, giving them up to four months to reach an agreement with creditors to avoid a full-blown insolvency process and a potential bankruptcy.

Abengoa has been trying to find new investors since the end of July, when it announced a 650 million euro rights issue of new shares to cut gross debt of some 8.9 billion euros.

Spanish and international banks' total exposure to Abengoa stands at around 20.2 billion euros, including financing for projects, a source familiar with the matter said at the end of September. Gonvarri's interest was conditional on banks underwriting a rights issue agreed in September and had asked the banks to inject 1.5 billion euros in to the company.

In the Black Sea (Ukr) December position traded around 166/167 US\$. Jan/feb/mrch positions in premiums +65/+70/+75 on the selling side, buyers showing 10-15 points lower interests. New crop, after some good volume traded the week before last week 5 cents apart between buyer and seller (+50 vs +45)

Hungarian Danube corn FOB levels basis December till May traded 152/153€ levels.

In the Dutch market last week some volume traded on the jan/mrt positions around 170/169€, way below any replacement levels. Long holders of paper were not waiting to be squeezed further and parted with their position at these levels. The main reasons for this, little fresh demand combined with the story of Abengoa (see above). Other positions were not active.

Wheat:

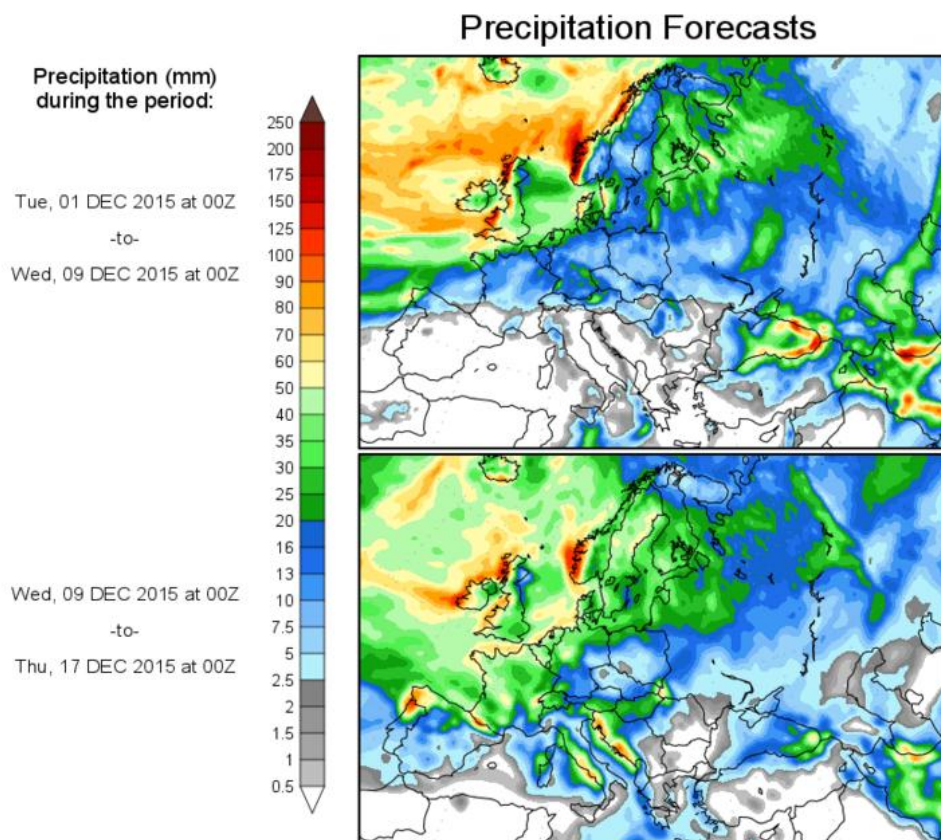
Egypt's (GASC), bought 240,000 tonnes of French, Russian and Romanian wheat in a tender for Dec. 21-31 shipment. Traders gave the following breakdown of the purchase:

- 60,000 tonnes of French wheat from Soufflet at \$195.54 a tonne free-on-board (FOB) and \$10.20 a tonne freight equating to \$205.74 a tonne C&F
- 60,000 tonnes of French wheat from Invivo at \$195.54 a tonne FOB and \$10.20 a tonne freight equating to \$205.74 a tonne C&F
- 60,000 tonnes of Romanian wheat from Ameropa at \$200.15 a tonne FOB and \$6 a tonne freight equating to \$206.15 a tonne C&F
- 60,000 tonnes of Russian wheat from Alegrow at \$198.85 a tonne FOB and \$7.30 a tonne freight equating to \$206.15 a tonne C&F

Bangladesh's state grains buyer has issued an international tender to import 50,000 tonnes of milling wheat. The deadline for offers is Dec. 8, with validity up to Dec. 20, and the wheat is to be shipped within 40 days of the signing of the contract. The tender called for wheat with at least 12.5 percent protein and a minimum test weight of 76 kilos per hectolitre.

Activity in the northern European Fob markets cooled down a bit last week, premiums moved up and farmer selling is slow (Germany/Poland), buyers were not willing to pay the premium for this as the Black sea was traded aggressively with Russian origin trading at 198/199US\$ level for positions March/April.

Feed wheat in the Dutch market showed more activity with the jan/march positions trading at 177€ (in a spread against apr/jun feed wheat at 181€). Jan/jun got traded at 177.5 and 178€.



Barley:

Algeria's state grains agency OAIC bought 75,000 tonnes of optional-origin feed barley in a tender earlier this week at around \$189 per tonne, cost and freight included. Seller was Glencore. Shipment dates for the three cargoes of 25,000 tonnes were in the second half of December and in January.

For the German barley market there were some trades in the delivered market bss January at a FOB equivalent at that time of 177US\$, in the Fob market outright January position 177 vs 174US\$. New crop bss September traded in the delivered market Germany at a premium of -19.5 against matif Dec. Where the sellers like the flat price and the buyers think the premium against matif is worth purchasing.

The barley market CIF Saudi was last week 195 seller vs buyers at 192/193US\$. With trade paying better prices (to cover shorts) than the Saudi's themselves.

Dutch market traded apr/jun position at 171€. Round about a 10€ discount to feed wheat.

South America:

The general climate in Argentina after the victory of Mr Macri is optimistic. Several social organizations that were very close to the Kirchner family are not happy and are announcing protests on the 10th of December, the day Macri takes office. The new staff of Macri has been announced and consists in most part out of people that count with a lot of expertise in the field where they will be acting. The new agriculture minister did announce that the promises made during the campaign will all be honored and that from the 11th of December, wheat and corn will not have export taxes and the percentage on soybeans will be reduced with 5 percent. For further details on what will happen on quotas and licenses, we will have to wait. The financial markets have reacted positively to the results of the elections. The blue dollar has come down below 15 pesos starting to reflect the real value of a peso without restrictions. In Brazil the firmness of the real came to an end this week. After quoting slightly below 3.70, the currency rallied back to levels in the mid 3.80's.

Weather-wise the week was a bit calmer with normal precipitation and even some dry spots were seen in Argentina. El Niño is still in force and still some heavy rains are in the forecast but not to worry about production. The news on the reduction of export tax on corn in Argentina might generate some shifting of acreage from beans to corn for the current year. Corn is still in the planting window and with no export tax; the calculation is starting to become much better.

In the markets, corn traded some cargoes in Argentina at levels between 35 and 37ck for March or April shipment. Old crop values are at +70ch but demand is not there to pay these values. Still some interest to sell Paraguayan for December/January shipment at levels around +55ch. In Brazil old crop is almost done. Some cargoes are appearing at levels of +83ch for January or +85ch for Feb but demand is below +70ch and preferably looking for December. New crop is quoted at +45cu for august, +40cu for Sep and +40cz for OND basis Santos/Tubarao/Itaqui. Demand is between 5 and 10cts lower. On the wheat in Argentina offers for 12% January at 192\$. Low quality milling wheat is at 185\$ with buyers below 180\$. In Brazil still sellers for Dec, Jan or Feb at USD 178.

Sunseed/Sunoil

Ukrainian Sunflower oil again did not show any clear direction. With still no demand from destination the buying side stayed quiet and showed little inspiration for the JFM/AMJ positions. Buyers kept bidding 780 USD for the February/March positions throughout the whole week. Where they paid a 10 USD premium for the January and a 20 USD premium for the December. Due to some shorts in the market the only traded position was the December, which traded outright between 810 USD and 815 USD and also in some swaps against February/March at 20 USD inverse. While the December was looking rather tight this inverse kept rather strong. However, towards the end of the week it became clear that there were more December offers in the market then anticipated. For the start of week 49 not much has changed. The Sunflower oil market is becoming less reactive to CBOT changes and while still showing little downward potential the market is still not ready to move to higher prices.

Week 48 didn't show any change on the Black Sea Sunflower seeds market. Just like the previous week, the Constanta buyers moved a bit down and were found round 425 USD. Sellers made some move to improve prices and put offers at 445 USD. While sellers did improve a bit from the week before the gap between buyers and sellers is seen widening and is creating an inactive market. The start of week 49 didn't show any changes and while not going down further seems not ready for improvement in prices.

