

Report week 7 (2016)

Corn:

In the Black Sea (Ukr) Apr/May positions were quoted 171/2US\$ vs 168/169US\$ with 2\$ discount for same positions out of Nikolayev. New crop, January'17 position traded at a premium of 41 over the march CBOT, February '17 at a premium of 45 over.

Constanta traded between 170 and 171US\$ FOB for apr/may positions.

Hungarian Danube corn FOB levels for old crop traded at 137€ bss feb. New crop bss October nominal at 140€, with local factories paying these prices for sustainable corn.

The Dutch market was still quiet last week with the market lacking fresh input (at least no reason to be bullish). 159 traded for Apr/Jun position and jan/jun'17 between 166 and 167€.

Wheat:

Jordan's state grains buyer purchased 50,000 tonnes of hard milling wheat to be sourced from optional origins in a tender for up to 100,000 tonnes which closed on Tuesday.

- It was purchased at \$203.75 a tonne c&f for shipment in the second half of July. Seller was Romanian trading company Dolj.

Egypt's GASC has bought 240,000 tonnes wheat. Of the total, GASC purchased 60,000 tonnes of French wheat and 180,000 tonnes of Russian wheat.

The wheat was purchased at an average price of \$193.91 a tonne cost and freight (C&F).

With following breakdown of the purchase:

- 60,000 tonnes of French wheat from Soufflet at \$183 a tonne free-on-board (FOB) and \$8.40 a tonne freight from National Navigation equating to \$191.40 a tonne C&F
- 60,000 tonnes of Russian wheat from Union Co. at \$187.90 a tonne FOB and \$6.60 a tonne freight from National Navigation equating to \$194.50 a tonne C&F
- 60,000 tonnes of Russian wheat from Union Co. at \$187.90 a tonne FOB and \$6.60 a tonne freight from National Navigation equating to \$194.50 a tonne C&F
- 60,000 tonnes of Russian wheat from Louis Dreyfus at \$188.65 a tonne FOB and 6.60 a tonne freight from National Navigation equating to \$195.25 C&F

GASC purchased the wheat from the three companies that had made it offers earlier on Friday after failing to make a purchase in a previous tender on Sunday.

A letter from the agriculture ministry was sent to suppliers this week prior to Friday's tender to reassure them it would permit a 0.05 percent tolerance level of ergot in wheat imports after having previously announced a zero tolerance policy.

Suppliers have been reluctant to make offers to GASC and those who did had been adding a risk premium to prices.

A group of animal feed makers in the Philippines has issued an international tender to purchase up to 110,000 tonnes of feed wheat and up to 105,500 tonnes of soymeal.

The tender deadline is Wednesday, Feb. 24.

- The soymeal was sought in three consignments with shipment on May 11-June 15, June 5-July 10 or July 1-Aug. 5, depending on the origin.
- The feed wheat was sought in two consignments for shipment on May 8-June 17 and June 2-July 12, depending on the origin.

Importers in Thailand have issued an international tender to purchase 256,600 tonnes of feed wheat and 5,000 tonnes of rapeseed.

The feed wheat can be sourced from any origin worldwide except Brazil, the rapeseed should be sourced from India. The tender closes on Feb. 24.

- Some 67,800 tonnes of wheat was sought for shipment for Aug. 1-31, 68,800 tonnes for Sept. 1-30, 40,000 tonnes for Oct. 1-31, 40,000 tonnes for Nov. 1-30 and 40,000 tonnes for Dec. 1-31.
- All the rapeseed was sought for shipment for July 1-31

The Ethiopian government has issued an international tender to purchase 70,000 tonnes of milling wheat from optional origins as the country continues to build up its food reserves following a serious drought. The offer deadline in the new tender is Feb. 23

Iraq issued a new international tender on Sunday to buy at least 50,000 tonnes of wheat, the Iraqi trade ministry said in a statement. The closing date for the tender is March 6 and offers must stay valid until March 10. The wheat can be sourced optionally from the United States, Canada or Australia.

German 12.5pro got traded around premiums of 0/-1 compared to matif May for March and bss april position. At the time it calculated around prices of 175/176US\$ FOB. This was aggressive compared to Russian offers of 181/182US\$ from the multi's. With the \$ becoming stronger to the Euro these euro based commodities are becoming more competitive in the world market.

Feed wheat to Spain traded old crop (June) at 156€, new crop around 157€ levels CIF for August/September positions.

Feed wheat in the Dutch market moved a bit, old crop (apr/jun) Dutch consumption priced a part of their book at prices around 151€. With the feed wheat around 8-10€ cheaper than corn, the usage of corn in the feed mix will be limited. New crop OND traded at 165 euro's which was a huge premium compared to old crop but compared to matif (-9 under dec matif) a price worth buying.

Barley:

Jordan's state grain buyer has purchased 100,000 tonnes of animal feed barley to be sourced from optional origins in an international tender for the same volume, which closed on Wednesday

- It was purchased at \$189.50 a tonne c&f in two 50,000 tonne consignments. One consignment for shipment in the second half of May was purchased from Midgulf International and another for shipment in the second half of June was purchased from Cerealcom Dolj.

Jordan's state grains buyer had also purchased 50,000 tonnes of hard milling wheat to be sourced from optional origins in a tender which closed on Tuesday

For the German barley market there were some trades in the delivered market bss march at prices between around 145/146€ with mainly first hand buying this for their export program.

Dutch market traded apr/jun positions between 147 and 148€, new crop to expensive compared to the feed wheat and corn, sep/dec 155€ vs 153€ for physical delivery.

Sunseed/Sunoil

The Ukrainian Sunflower oil market started showing some more sellers throughout week 7. After a period of low liquidity, due to no selling pressure coming from the crush, the trade also became more active on the selling side. This improved the liquidity somewhat for the AMJ positions. The market was reporting of some significant Sunflower oil stocks at the Ukrainian ports during the second half of the week. With export numbers for February and March that don't justify for these amounts, the AMJ positions were becoming rather heavy. AMJ positions were bid at 780USD during the biggest part of the week. However, towards the end of the week the buying side started becoming thinner while more sellers were stepping into the market. This movement in the market finally concluded a close on Friday with 779USD offered against 775usd Bid. The February and March positions were seeing less demand and due to this lowering their premium that was seen during previous weeks.

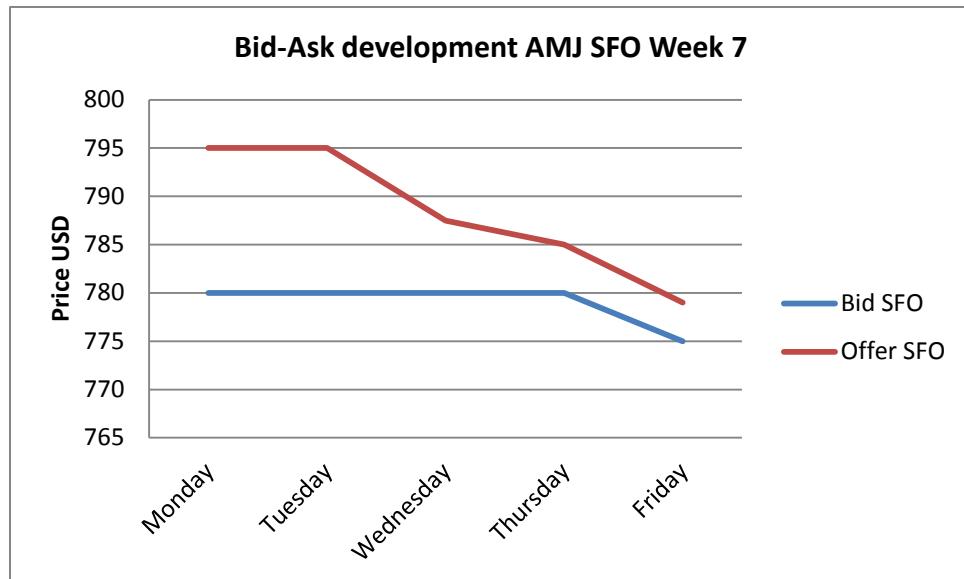
February was offered widely against March at a 5usd inverse while March traded against April at a 2,50usd inverse. Starting week 8 we see the same spreads apply but outright AMJ is offered at 775 wish buyers for some smaller volume showing 765 at best.

GASC SFO Tender:

After its 12,000 tonnes purchase on the 17th of February 2016, Egypt's state buyer (GASC) said on Friday it has issued an international tender to purchase an unspecified volume of soy oil and sunflower oil.

- The tender deadline is Wednesday, Feb. 24. Shipment is sought between March 15-30.

Week 7 showed slow movement on the Black Sea Sunflower seeds market as well. Buyers were not well motivated to buy Sunflower seeds with these heavy Sunflower oil markets. Sellers needed to improve their ideas a bit and offered March/April at 400/405USD. Market finally reported one trade FOB Constanta at high 390s for old crop Sunflower seeds. New crop didn't change and kept offers on October at 395USD. EU crushers still following the Argentinian Sunflower seeds market closely. Seems the Argentinian market is attractively priced and it's mostly a question of meeting EU specification. Until now we have seen 2 cargos traded which were able to guarantee these needed specifications.



South America

This was an important week for the Argentinian currency. It started the week at 14.77 and by the end of the week it got over the barrier of 15, ending at 15.06. On the Brazilian side, more stability in the currency. The real moved in the range of 3.98 and 4.07. Macri's first months are showing lots of changes; improvement in international relationships with Italy, France and USA as well as record exports of agriproducts. Brazil is showing record numbers on the line up, there are 2.2 million tons of corn to be loaded. Despite all this, the country is suffering a recession that has the president and its citizens very worried.

On the Argentinian market, rains continue so farmers are much more relieved. On corn, for March started the week at +60ck and ending it at +53ck. For April/ May values have moved only two cents from +55ck to +53ck. This discount is due to lower origination values. On the wheat market, interest is to sell 12pct protein for March at 195 and for April at 203-5.

Numbers for barley have been rather stable; interest to sell March is rounding 165-6.

On the Brazilian market, even after carnival there is not a lot of movement. Farmer is still retaining his products waiting for better values. Some resellers of papers are in the market keeping FOB prices under pressure. The week ended with offers for Santos/Tubarao at +50cu for August and some 3 cent discount for northern ports. September was offered at +48 and OND at +45, all with 5 cents discount for Itaqui/Barcarena/Punta da Madera.