

# **Report week 41 (2016)**

## **Corn:**

South Korea's (KOCOPIA) purchased about 55,000 tonnes of yellow corn which can be sourced from optional origins in tender which closed on Thursday.

- The corn was purchased at \$187.89 a tonne c&f including surcharge for additional port unloading. The grain is for arrival in South Korea by Jan. 30, 2017. Seller was Pan ocean.

South Korea's (MFG) purchased 132,000 tonnes of optional-origin yellow corn in a tender which closed on Thursday. The corn was bought in two consignments of 66,000 tonnes.

- One consignment was purchased at \$184.50 a tonne c&f plus a \$1.0 a tonne surcharge for additional port unloading for arrival around Jan. 21, 2017. Seller was Pan Ocean
- The second was purchased at \$185.50 a tonne c&f including surcharge for additional port unloading for arrival around Feb. 3, 2017. Seller was Cofco.

CBOT corn (dec) showed some decent movement after USDA report last Wednesday, losing about 10 points only to regain about 15 point during the next days (bottom reached??). O/N/D positions traded around 75 over CBOT dec (FOB Ukraine). J/F/M same premiums but then over the march CBOT. New crop OND'17 was traded a few times at a premium of 50 over.

Low waterlevels on the Danube put the market for oct/nov at a standstill. Oct/Nov nominally quoted around levels of 126€, bss January was not showing too much movement €137 vs 134 was the market last week.

On the Dutch market it has been very quiet last week, traders are busy with their front position logistics (low water in inland rivers) and not working on new sales.

## **Wheat:**

Egypt's state grain buyer GASC said it bought 180,000 tonnes of Russian and Romanian wheat in a tender with the following breakdown of the purchase:

- 60,000 tonnes of Russian wheat from Louis Dreyfus at \$177.94 a tonne free-on-board (FOB) and \$9.05 a tonne freight equating to \$186.99 a tonne cost and freight (C&F)
- 120,000 tonnes of Romanian wheat from Ameropa at \$180.50 a tonne FOB and \$6.50 a tonne freight equating to \$187 a tonne C&F

Saudi Arabia's (SAGO), said on Monday it purchased 610,000 tonnes of hard wheat in a tender. A tender for 595,000 tonnes had closed on Friday seeking wheat with 12.5 percent protein for shipment in December and January. The purchase comprises ten consignments, with 370,000 tonnes to be shipped to the port of Jeddah, 185,000 tonnes to Dammam and 55,000 tonnes to Jazan. The following is a breakdown of the purchases in dollars a tonne with arrival period in brackets:

Jeddah (purchases in cost and freight)

- 60,000 tonnes hard wheat from Louis Dreyfus at \$208.74 C&F (Dec. 1-10)
- 60,000 tonnes hard wheat from Concordia at \$207.42 C&F (Dec. 10-20)
- 60,000 tonnes hard wheat from Concordia at \$206.67 C&F (Jan. 1-10)
- 65,000 tonnes hard wheat from ADM Hellas at \$208.94 C&F (Jan. 10-20)
- 60,000 tonnes hard wheat from Louis Dreyfus at \$209.74 C&F (Jan. 20-30)

Dammam (purchases in C&F)

- 65,000 tonnes hard wheat from Cargill at \$213.76 C&F (Dec. 1-10)
- 60,000 tonnes hard wheat from Louis Dreyfus at \$209.24 C&F (Jan. 10-20)

Jazan (purchases in cost and freight)

- 55,000 tonnes hard wheat from Cargill at \$211.16 C&F (Dec. 1-10)

Shipping Port (FOB):

- 65,000 tonnes hard wheat (German/Poland/Latvia Origins) from Cargill at \$190.71 FOB (Dec. 1-30) to be carried by Bahri to Jeddah Sea Port
- 60,000 tonnes hard wheat (German/Poland/Latvia Origins) from Olam at \$192.00 FOB (Dec. 1-30) to be carried by Bahri to Dammam Sea Port.

Algeria's OAIC has bought 450,000 to 500,000 tonnes of milling wheat from optional origins in a tender which closed on Thursday. It has been widening its sources of wheat in recent months after its traditional supplier France suffered weather damage to its harvest this year. One leading exporter put the total bought in the most recent tender at 480,000 tonnes. The origin is optional but traders said they thought the wheat was likely to be sourced from the European Union and/or South America. The price range was quoted at \$195 to \$198 a tonne c&f. The tender sought shipment between Nov. 15 to Dec. 15.

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

- It was purchased at about \$203 a tonne c&f for shipment in the second half of March and first half of April 2017. Seller was said to be trading house Ameropa.

Jordan has struggled to make purchases in a series of wheat tenders in recent months, with traders saying uncertainty about new quality controls and payment terms has reduced participation by major grain exporting houses.

A group of animal feed makers in the Philippines has purchased about 155,000 tonnes of feed wheat to be sourced from optional origins including Australia, the Black Sea region and the European Union. A tender for the same volume for shipment in late 2016 and early 2017 closed on Wednesday.

- One consignment of about 50,000 tonnes was bought at \$186.50 a tonne c&f for shipment between Dec. 1-21 if sourced from the Black Sea or the European Union, or between Dec. 21-Jan. 10 if sourced from Australia.
- Another consignment of about 55,000 tonnes was bought at \$185.50 a tonne c&f if sourced from the Black Sea region or the European Union or at \$198.49 a tonne c&f if sourced from Australia. Shipment for the second consignment was between Dec. 22-Jan. 11 if sourced from the Black Sea or the European Union, or between Jan. 11-31 if sourced from Australia.
- A third consignment of about 50,000 tonnes was bought at \$199.00 a tonne c&f and was thought likely to be sourced from Australia. It was for shipment between Feb. 1-21 from Australia.

Blacksea some decent action noticeable last week in milling wheat. Russia/Romania trading 12.5pro to GASC around 180US\$ FOB. For 11.5pro a decent amount of trades were reported with destination India around 168/170US\$ for oct/nov positions.

In Europe (Germany/Poland) a big position in milling wheat was traded (all for above tenders Saudi/Algeria) +5/+6 was traded out of Germany for Algerian specs milling wheat. And +6/+7 for Saudi specs milling wheat.

Feed wheat in the Dutch market was moving a bit with matif rising during the whole week. 168€ Dutch consumers priced a decent volume on Jan/jun position.

## **Barley:**

In the blacksea we have seen some movement on Ukrainian barley for january postions between 154 and 157 US\$ FOB.

German delivered barley market traded last week around levels of 142€ for bss october (around 163US\$ FOB eq.)

A few parcels of scandinavian barley traded at prices between 128 and 130€ FOB (153/154US\$ FOB eq.), OND positions.

On the Dutch market it was quiet on barley.

## **South America**

Banks in Argentina began the week closed due to a national holiday. The peso ended the week at an average of 15.2 against the dollar. The real gained some value during the last week, ending at 3.1861.

According to the Buenos Aires grain exchange 1/3 of the corn has already been planted. On the wheat, rains have helped to improve the conditions of the crop. The harvest of the early crops has already started in the north of the country. On the corn market, November was offered at +95cz, December and January at +100cz/h respectively. Demand is not being very attracted to these values as there are cheaper origins. On the new crop, there is more interest to sell earlier positions. March was offered at +55ck, for April/ May sellers could be found at +45ck. For June/ July/ August sellers were asking for +35. Regarding the wheat, there is more action taking place. The last trade registered was for 12% prot at 164 to be shipped between 15/12 and 15/1. Sellers are starting to look more proud, offers can be found at 170.

This was a short week for Brazil as well due to a national holiday. With the holiday in the middle, the market was even quiet this week. Sellers for August/ September new crop were indicating +60/55cu respectively. Demand is not willing to pay this values. On the container business, demand is interested to buy soybean meal hipro mainly into Chittagong and Yangon for November/ December shipment. They are willing to buy below 410 but most of the sellers are looking to sell from February onwards.

## Sunseed/Sunoil

The Ukrainian Sunflower oil market seems to be bottoming out. While Sunflower oil is heavy the crushers simply doesn't follow buyer below 755USD levels. The Blacksea SFO market is also still keeping a clear inverse as buyers on the front simply don't find any alternative. October/November still finds some longs showing 10usd premium over the December, waiting for the few small shorts to panic. Overall for October/November 755 is being bid during the week but trades have been recorded where buyers are meeting the offering levels close to 775USD. Otherwise the December position shows most liquidity where the selling side is rather active starting the week at 765USD and moving to 770USD during end of the week. The buying side is moving between 750USD and 755USD throughout the week. The Blacksea Sunflower seeds market is still rather slow. With nearby shorts being mostly covered there is not too much interest for November/December position. With supply side also not pushing it seems trade is now focusing on creating the next significant short market on January. Best buyers seen where showing 395USD throughout the week for December/January positions. Sellers however were not found below 405 as the cpt market in constanta was trading fob value of 400+ USD.

