

Report week 33

Corn:

South Korea's (FLC) purchased 60,000 tonnes of yellow corn to be sourced from optional origins in a tender for up to 140,000 tonnes which closed on Thursday

- The corn was purchased at \$187.50 a tonne c&f for arrival around Feb. 20, 2016, plus a \$1.50 a tonne surcharge for additional port unloading. Seller was VAIT

No purchase was made for another consignment of up to 70,000 tonnes of corn the FLC had also sought for arrival around Mar. 10, 2016. The lowest offer for the Mar. 10 arrival was \$191.50 a tonne for 69,000 tonnes of U.S. or South American corn.

South Korea's (KOCOPIA) purchased about 60,000 tonnes of food-quality corn in a tender which closed on Thursday. It is likely to be sourced optionally from the United States or South America.

- The corn was purchased at \$193.30 a tonne c&f including a surcharge for unloading at a second port. The corn had been sought for arrival by Dec. 5. Seller was Marubeni

A group of Israeli private buyers has purchased about 110,000 tonnes of corn to be sourced from optional origins in an international tender which closed on Aug. 13. The seller has the option of selecting the origin of the corn, which is likely to come from the Black Sea region, United States or South America. Seller was said to be Nidera.

- 35,000 tonnes was purchased for October arrival at \$182 a tonne c&f
- 35,000 tonnes was purchased for November arrival at \$182 a tonne c&f
- 40,000 tonnes was purchased for December arrival at \$183 a tonne c&f.

In the Black sea (Ukr) new crop (Oct/Nov/Dec) went sharply up, Sellers quoting +70 for oct/nov/dec vs buying ideas around +60. January onwards positions were too far apart with buying interest around +65 but sellers indicating +78.

Hungarian Danube corn FOB levels traded oct/nov positions last week around the 160€ level. Basis January traded around 165€.

On the Dutch market the start of the week was still active with trades done on September @180/181. Jan/mrt 180€ and 185€ jan/jun. Then The USDA report came out and all potential buyers were gone around these prices. Prices went down 5€ on all new crop positions.

Wheat:

Egypt's (GASC), bought 175,000 tonnes of Russian and Ukrainian wheat in a tender for Sept. 21-30 shipment. Traders gave the following breakdown of the purchase:

- 55,000 tonnes of Ukrainian wheat from Venus at \$ 179.99 a tonne on a free-on-board (fob) basis and \$10.60 a tonne freight from National Nav.
- 60,000 tonnes of Ukrainian wheat from Olam at \$181.96 a tonne fob and \$10.92 a tonne freight from Venus.
- 60,000 tonnes of Russian wheat from Union Co. at \$185.65 a tonne fob and \$9.70 a tonne freight from Union Co.

Tunisia's state grains agency bought 117,000 tonnes of soft wheat in a tender on Friday. The origin of the grain was optional. The wheat purchase comprised the following consignments:

- 17,000 tonnes at \$199.74 for end-Oct./early Nov. shipment
- 25,000 tonnes at \$196.75 for Nov. 5-15 shipment
- 25,000 tonnes at \$200.85 for Nov. 15-25 shipment
- 25,000 tonnes at \$202.34 for Dec. 5-25 shipment
- 25,000 tonnes at \$202.42 for Dec. 5-25 shipment

The tender had called for seven consignments of 25,000 tonnes and two of 17,000 tonnes for a range of shipment dates between October 2015 to February 2016.

Bangladesh's state grains buyer issued an international tender to import 50,000 tonnes of better quality wheat, in a bid to replenish reserves. The move came after imports of inferior quality wheat from Brazil in recent months, prompting the state buyer to seek better quality grain, adding more cargoes might be rejected if they do not meet quality standards.

Earlier this month, Bangladesh rejected a 52,500-tonne cargo of French wheat as the grain did not match tender specifications. The deadline to submit offers under the tender is Aug. 27, with validity up to Sept. 7, and the wheat has to be shipped within 40 days of signing the contract. This is the first tender issued by the state grains buyer in the current fiscal year that started in July.

Milling wheat's Fob in Germany and Poland very quiet last week with German levels around 200\$ for 12.5pro and polish around 195\$. With no close buying interest around. Black sea still around 10-15\$\$ cheaper compared to these markets.

Feed wheat Dutch Sep positions traded around 173/172€ and Jan/mrt traded between 183 and 186€ jan/jun at 186/187€.

Barley:

Tunisia's state grains agency bought 125,000 tonnes of feed barley in a tender on Friday. The barley was purchased at between \$193.21 and \$195.44 a tonne C&F for shipment between Oct. 20 and end-November. Seller on all positions was Nidera.

The barley purchase comprised the following consignments:

- 25,000 tonnes at \$193.87 for Oct. 20-30 shipment
- 25,000 tonnes at \$193.21 for Nov. 1-10 shipment
- 25,000 tonnes at \$194.00 for Nov. 10-20 shipment
- 25,000 tonnes at \$195.44 for Nov. 20-30 shipment
- 25,000 tonnes at \$195.44 for Nov. 20-30 shipment

The tender had sought seven 25,000 tonne consignments of barley for shipment between October 2015 to January 2016.

French barley market new crop last week selling ideas around 187\$ but buyers indicating 185\$. For the German barley market new crop was traded at 190\$ FOB equivalent. First time that the price of German barley trades over French barley prices, this shows that China's demand in French barley is limited. Black sea levels still quoted between 170 and 175\$, depending on position.

South America:

A rather quiet week in South America with very few big rounds of buying compared to the previous weeks. The main event was the USDA report that came in as a shock to most of the players. Nobody was expecting a carry out of 1.7 million bushels and the general feeling is also that this number is too high. The demand for the US corn is too low and the yield is considered as too high. However with the drop in Chicago that was caused by the report, the premiums went firmer in both Argentina and Brazil. With regards to weather, we continue to see strong signs of El Niño in southern Brazil, Uruguay and the main growing region of Argentina. Urban areas especially in Buenos Aires province in Argentina are dealing with flooding.

On the political field, in Argentina it was a week post elections with several accusations of minor frauds and candidates starting their official campaigns in full. In Brazil, the government is facing its worst approval rate ever. This is mainly caused by the big corruption scandal around state owned petrol company Petrobras. On Sunday a big demonstration against the government took place in all major cities in Brazil bringing over a million people to the streets.

Marketwise, in Argentina not too much business reported during the week. The premiums started before the report at levels of 25cz and ended the week 10cts firmer at 35cz for OND. In Brazil there was some more movement after Tuesday's report. The premiums started the week at 45cz but jumped after the report to levels of 60cz for October November and 65cz for December. Same was backed up by reported trades at 55cz for November and 60cz for December post report.

Sunseed/Sunoil:

Ukrainian Sunflower oil started week 33 quietly. While the bid-ask spread narrowed buyer and sellers seemed still unwilling to meet. The August position was disappearing from the picture as it seems buyers had covered their position, while there were still some small quantities offered. Buyers moved on to the September position. While the market showed multiple serious buyers the selling side for full September stayed rather thin. On the selling side there were offers appearing for 15 September / 15 October, as new crop selling is expected to start for the southern part of Ukraine during the second half of August and to be in full swing during the start of September. End of the week some 15 September / 15 October was recorded trading at 780 USD. For the October position there was also a rather active buying side. Buyers were willing to show 10/15 USD premium for the October over the November/December position. It was expected for demand to be attracted significantly for the October position due to the low supply that was shown for August and September. For the November/December buyers found little inspiration and kept closely moving together with the Soybean oil market. As Sellers were doing the same we were unable to bridge the 10USD bid-ask spread.

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 combined with a weak Sunflower oil market it was difficult for the market to motivate farmers to seller. During the end of week 33 the selling side started picking up a bit and some September was recorded trading and further bid at 390USD.

