

Report week 43

Corn:

A group of Israeli private buyers has issued international tenders to purchase up to 125,000 tonnes of corn, 35,000 tonnes of feed wheat and 15,000 tonnes of feed barley, all of optional origins. The tenders close on Oct. 28.

- If based on European Union or Black Sea region supplies, some 25,000 tonnes of corn was sought for shipment between Dec. 25, 2015, to Jan. 20, 2016. 50,000 tonnes between Jan. 25 to Feb. 25, 2016, and 50,000 tonnes between Feb. 20 to March 10, 2016.
- If based on EU or Black Sea supplies, shipment of all the feed wheat was sought between Jan. 20 to Feb. 10, 2016.
- The barley was all sought for shipment between Jan 20 to Feb. 10, 2016, if from the Black Se or EU.

Shipment periods from other origins may differ.

In the Black sea (Ukr) November/december'15 some trades were done around the 170\$ FOB level. Feb/march was traded at 176/178\$ FOB

Hungarian Danube corn FOB levels nov/dec positions last week traded around 150€, Basis January nominal level quoted 158 on the selling side. Locals are paying good prices compared to the "paper" market so not much to trade again last week. Because of the low water level on the Danube (see below) the Hungarian market is at the moment not interesting for shippers to bring to Germany or further to Holland.

Cargo vessels still cannot sail fully loaded on the Rhine and Danube rivers in Germany as water levels remain low. Water levels have been low since early August following unusually dry weather in river catchment areas. The Rhine is too shallow to allow vessels to sail with full loads for its entire length south of Cologne and Duisburg. The Danube is also too low for ships to sail with full loads along the entire German section of the river.

The Rhine is an important shipping route for commodities including grains, minerals, coal and oil products such as heating oil. The Danube is an important route for heating oil and for east European grain exports to west Europe. Low water means vessel operators impose surcharges on freight rates, increasing costs for cargo owners. More vessels are needed to transport cargo, also increasing costs.

Corn in the Dutch market some spot/November/December positions traded beginning of the week between 163€ and 166€ depending on position and origin (braz/ukr or any). Jan/march between 172 and 173€ en jan/jun @176€. Jul/sep with 176 and oct/dec'16 with 172€.

Wheat:

Bangladesh has rejected a 20,000-tonne cargo of French wheat as the grain failed to match tender specifications, a senior official with the state grains buyer said on Wednesday.

Around 50,000 tonnes of wheat, with 10 percent protein content, was sold at \$244.50 a tonne, including CIF liner out. This 20,000 tonnes of wheat, which was the last shipment of the 50,000 tonnes, had been rejected after the lab test confirmed the quality did not match the specifications set out in the tender

Two shipments involving a total of 104,500 tonnes of wheat were rejected in August by the state buyer after the grain failed to match tender specifications.

Last month, the state grains buyer also cancelled two international tenders to import 100,000 tonnes of wheat while quality specifications are reviewed.

It earlier faced severe criticism for importing 200,000 tonnes of wheat from Brazil in tenders, some of which was alleged to be below standard.

Jordan's state grain buyer has issued an international tender to purchase 100,000 tonnes of hard milling wheat which can be sourced from optional origins. The tender closes on Wednesday, Oct. 28

A series of wheat tenders issued by Jordan in October ended without a purchase. The country's previous wheat tender, also for 100,000 tonnes, was cancelled on Oct. 20 with no grain bought. Traders have said the limited selling interest to Jordan was due to strict tender terms on grain quality inspection and payment. The country also last week re-issued a tender to purchase 100,000 tonnes of animal feed barley, with a deadline for offers on Tuesday, Oct. 27

The lowest offer in the tender from the Ethiopian government to buy a massive 1 million tonnes of wheat which closed on Friday was \$233.26 a tonne c&f, European traders said on Monday. The offer was for 50,000 tonnes and comprised \$195 a tonne fob plus \$33.75 a tonne for ocean shipping and an additional \$4.51 for other financial charges.

No purchase had yet been made and other trading houses have been asked to match the offer, they said. The state grains buyer plans to import 950,000 tonnes of wheat in the year to June 2016, up from 300,000 tonnes the previous year.

Syria's state grain buying agency General Establishment for Cereal Processing and Trade (Hoboob) bought 200,000 tonnes of soft bread-making wheat in an international tender. The wheat was purchased at 192.50 euros per tonne c&f. The purchase was made from a Syrian company. Syrian farmers enduring a fifth year of civil war have sold less wheat to the state than last year despite a better crop and higher offer price. The shortfall has been made up with imports but these are complicated by Western sanctions.

Milling wheat's Fob in Poland started picking up with -7 under dec matif trading for Nov position and -6 for December position out of Poland. All cargo's bought for destination Saudi.

On the Dutch market start of last week some movement on the feed wheat with nov/dec positions trading around 172/173€. Further positions jan/mrt traded around 177 and jan/jun around 179 which was premium compared to matif around -5/-6 compared to matif march at that time.

Barley:

For the German barley market new crop was traded at 187\$ FOB equivalent in the delivered interior market (basis November). UK/Baltic still cheapest with nominal levels still around 177/176\$ FOB for pre-Christmas.

Dutch market for barley was active last week on the jan/march positions where some quantities traded @ 170€ (both trade and end-consumers)

South America:

The weather in Southern Brasil and central Argentina continues to see a lot of rains. Harvesting of the wheat is heavily prejudiced in Brazil and there are some quality concerns. However offers are still around for max 5ppm vomitoxin but the testweight is also of concern to some exporters. They are asking for allowance between 68 and 72. On the political and economic field, Argentina was all about presidential and governor elections. The results of the vote were quite a surprise. The actual governor of Buenos Aires province, Daniel Scioli, was supposed to win with a big advantage and the question was more if there would be a second round or not. Finally the results were much closer against all odds and ended with only 2.5% difference. The whole country is now hopefull that we will see a change as from December. This will however bring farmer selling to a minimum until the new president defines its politics on agriculture exports.

In the market we did not see too much movement with premiums getting firmer all over the continent. In Argentina the corn premiums on the selling side jumped up 15cts after last business basically due to low margins and lack of farmer selling. Numbers for Nov/Dec were respectively 51 and 53cz. Buyers remained at low 30`s. In Paraguay a similar story after one exporter had cleared the market by selling a total of 120k in the beginning of the week at levels around 20cz/h. Exporters did not show firm offers and bids were still at last traded level. In Brazil also firmer numbers in line with the aforesaid. November in Paranagua ended offered at 51cz and December at 58cz for Paranagua with buyers at mid 40`s. New crop nominally at 30cu/cz offered with buyers at +15cu/cz all the way from Sep till December.

Sunseed/Sunoil

Ukrainian Sunflower oil kept firming up further during week 43. While it was not in the same speed as during last week, the direction seemed determined. With CBOT Soyoil even showing weakness at some points, the market seemed to follow the spread between Ukrainian Sunflower oil and Argentinian Soybean oil less strictly. Ukrainian farmers are found to be keeping hold of the Sunflower seeds due to upcoming elections which could bring some turbulence to the currency. Because of this the crush in Ukraine is less covered as expected, which is leading to a rather thin selling side. Mid-week trades were recorded for December position at 835USD and JFM positions at 825USD. Towards end of the week there was some improvement with Friday trades recorded 5USD higher. Week 44 is finally showing some weakness in this market. While crushers are still not willing to offer significant volume the trade is showing offers for JFM positions at 830USD for the start of the week.

The Sunflower seeds market was showing again firmer buying levels for week 43. This week started with buyers improving prices to 450USD levels while the sharpest seller was at 465USD. With the Sunflower oil keeping getting firmer buyers seemed to have little chance at lower levels. Finally there were no trades recorded, but week 43 started with buyers at 465USD and no firm sellers.

