

Report week 23 (2017)

Corn:

Blacksea market on corn was super quiet last week, 2h june traded at 170\$. New crop premiums were steady in Ukraine (despite CBOT moving 20 points between high and low) 35/34 seller vs 30/31 buyers OND positions.

On the Danube levels shown were 142 vs 144 on oct/nov and bss jan'18 levels 147 vs 145€. Not too much activity noticeable.

On the Dutch market is was also rather quiet, 170/169€ levels were traded for new crop O/N/D positions.

Wheat:

Egypt's GASC bought 360,000 tonnes of wheat in a purchase tender on Saturday. The winning offers were as follows:

- 60,000 tonnes of Russian wheat presented by GTCS for \$204.02 per tonne on a cost and freight basis.
- 60,000 tonnes of Romanian wheat presented by Cofco for \$204.80 per tonne on a cost and freight basis.
- 60,000 tonnes of Romanian wheat presented by Cerealcom for \$204.99 per tonne on a cost and freight basis.
- 60,000 tonnes of Russian wheat presented by Aston for \$206.45 per tonne on a cost and freight basis.
- 60,000 tonnes of Russian wheat presented by Friends for \$206.40 per tonne on a cost and freight basis.
- 60,000 tonnes of Russian wheat presented by AOS for \$206.40 per tonne on a cost and freight basis.

GASC was seeking an unspecified amount of wheat from global suppliers for shipment for July 10-July 20.

Saudi Arabia's (SAGO) said on Monday it has purchased 805,000 tonnes of hard wheat in an international tender. The tender for wheat with 12.5 percent protein content closed on June 9 with the agency seeking arrival for August to October. Origins offered were the European Union, North America, South America or Australia with the seller having the option of selecting the origin supplied. The purchase comprises 13 consignments to be shipped to the ports of Jeddah, Dammam and Jazan. These purchases in dollars per tonne c&f with arrival period in brackets:

Jeddah sea port:

- 65,000 tonnes from Bunge at \$222.65 C&F (Aug. 1-10)
- 65,000 tonnes from Cargill at \$218.58 C&F (Aug. 10-20)
- 65,000 tonnes from Baywa at \$212.00 C&F (Sept. 1-10)
- 65,000 tonnes from Cargill at \$212.51 C&F (Sept. 10-20)
- 60,000 tonnes from Louis Dreyfus at \$212.85 C&F (Sept. 20-30)

- *60,000 tonnes from Louis Dreyfus at \$212.45 C&F (Oct. 1-10)*
- *60,000 tonnes from Louis Dreyfus at \$213.65 C&F (Oct. 10-20)*

Dammam sea port (C&F):

- *60,000 tonnes from Glencore Grain at \$221.89 C&F (Aug. 1-10)*
- *65,000 tonnes from Cargill at \$220.91 C&F (Aug. 20-30)*
- *65,000 tonnes from Cargill at \$215.71 C&F (Sept. 10-20)*
- *65,000 tonnes from Bunge at \$216.44 C&F (Oct. 1-10)*

Jazan Sea Port (C&F):

- *55,000 tonnes from Soufflet at \$221.13 C&F (Aug. 1-10)*
- *55,000 tonnes from Louis Dreyfus at \$215.95 C&F (Oct. 1-10)*

Tunisia's state grains agency has issued an international tender to purchase some 92,000 tonnes of soft milling wheat and 25,000 tonnes of feed barley. The origin was optional.

Tender deadline is Wednesday, June 14.

- The wheat was sought in three consignments of 25,000 tonnes and one of 17,000 tonnes. If sourced from Europe or the Black Sea region, shipment was sought for Aug. 20 to Oct. 10.
- The barley was sought in a single 25,000 tonne consignment for July 15 to Aug. 5 shipment depending on origin.

Blacksea 12.5pro levels were moving up fast last week with GASC paying good prices FOB (192.5-195.5\$ range). The paper market was dead with buyers not willing to pay the rising market prices. Also problems with local VAT issues in Russia blocking liquidity in the market.

Ukrainian feedwheat traded around 166/165\$ levels FOB for August position. Most probably for destination Spain.

Dutch market was showing some front position july action around 175/174€ and august (new crop) at 165€. Sep/dec traded at 170.5€ for physical goods.

Barley:

Market continued to show interest in ukrainian origin barley (aug/sep positions) around 158/159\$, sellers were showing 163\$ levels.

French levels were moving up rapidly with matif rising last week. FOB was quoted around 165/166\$ without china options included.

Romania showed a market that translated around a level of 162/161\$ on the selling side against buyers just below 160\$.

Germany way out for the international market with interior prices being paid reflecting FOB equivalents of 175\$ for new crop bss september.

Dutch market was quiet on barley

South America

The Argentina peso started last week just below 16 and is now trading firmer at 15.88. The Real began at 3.2967 and is now quoting 3.32. Argentina had the visit of German Chancellor Angela Merkel. During the press conference she gave together with Macri after their meeting, she praised the new government for their transparency and for opening up to the world. She pointed out that Germany can be a great partner for Argentina in the future. In Brazil all eyes were on the Electoral Supreme Court. They were judging if the funding for the campaign for Dilma Rousseff and Michel Temer was legitimate. If they decided it was not legitimate, Temer could lose his presidency. We all know that the construction firm Odebrecht did already admit that they contributed to the campaign without declaring their participation. However for some reason, the judges decided that the testimony of Odebrecht could not be considered in this trial for which the case against Temer went to the archives and he remains the legitimate president of Brazil.

Similar to the general picture, the WASDE report did not bring too much surprises for South America. Production forecasts for all products remained unchanged. The Buenos Aires Grain Exchange also did not change the production numbers. They commented on the fear that the market is sensing for the excess of water in the main wheat areas. They said only 100k hectares are at stake and there is still a lot of time for those areas to recover. Weather in the continent remains good for the crops and should not play parts.

In the grain markets we saw some wheat business in Argentina for new crop. A cargo January changed hands at USD 171 for 11.5 pro in the very beginning of the week. By the end of the week we saw some international players stepping in on the buying side lifting the offerside to levels close to USD 180. There were rumors that more bids took place in this round of bidding, but no concrete confirmations. The offerside for 11.5pro old crop was at USD 185 for july/august, 176 December and 178 for January. Buyers remained in the low 170's. Corn was almost bidless during the entire week. Offers ended at +28 for june, +18 for july and +8 for August or September. New crop was offered at +30ck. Brazilian corn similar story. Offers were at +34 for july, +28 for August/September/October and +32/35 for November/December. Some demand at +20 for August, but not much more.

Sunseed/Sunoil

The Ukrainian Sunflower oil market, while trading volume, is still showing small windows for actually doing this trading. Pricewise the market is not making any big swings and keeps trading within this 745USD to 725USD range as we are now in for a few weeks. The oldcrop oil is still less reactive to Soyoil or Rapeoil movements. While newcrop is showing more willingness to follow other oils it is also still waiting for some reaction from the Sunflower seeds markets. August traded midweek at 730USD few times, making it the most liquid position. July buyers are discounting by 10USD against August but this has still not been adapted to by the selling side. While September is keeping discussions on a minimum October/November/December have seen a premium of 5USD at times but towards end of the week came back to 0USD vs 2,5USD carry against the August.

The Blacksea Sunflower seeds market showed again little movement throughout week 23. Simply liquidity is still very low. Oldcrop is finding little new demand with due to weak oil markets and newcrop is still missing significant willingness to sell. July positions were offered at 400USD throughout the week but no real buyers seen. Newcrop is still in the phase of developing liquidity. While more sellers are coming to the market to increase liquidity this is also pushing prices down. October was shown 375USD vs 365USD November/December 378USD vs 369USD. Start of the week with buyers moving down 1/2USD towards the end.

