

Report week 19 (2016)

Corn:

Last week we had a new USDA-report which gave an upwards spike on the boards, mostly led by the bullishness on Soybeans. (CBOT corn DEC moving in one week from 377 to 400 points). Old crop out of Ukraine was showing limited activity last week, supply was thin on old crop, so sellers showed after rise of CBOT for May/June positions prices between 185 and 188 US\$. New crop some vessels traded for November positions around 51/52 over CBOT Chicago (premiums rather unchanged although CBOT gained 30 points) these trades were mostly done in a spread with Constanta (EU28 origin).

Hungarian Danube corn FOB market was very quiet last week, nominal values old crop 153€, oct/nov 146, bss jan 149€.

On the Dutch market, corn was less active as the price compared to the wheat/barley was rather high (20-22€spread on old crop). New crop jan/march'17 position some trades reported around 164/5€.

Wheat:

South Korea's (NOFI) purchased about 65,000 tonnes of optional-origin feed wheat in a tender on Tuesday but made no purchase of the corn and soymeal also sought

- The feed wheat was purchased at \$186.70 a tonne c&f plus a \$1.50 a tonne surcharge for additional port unloading, seller was Concordia.

The wheat is for shipment between Sept. 2-21 if sourced from the U.S. Pacific North West Coast, Australia or Canada; or between Aug. 13-Sept. 1 if sourced from the U.S. Gulf/east Europe; or between Aug. 8-27 if sourced from South America or the European Union.

The lowest offer for the yellow corn was \$193.82 a tonne c&f and the lowest offer for the soymeal was \$440.43 a tonne c&f. The tender had sought corn arrival between September and October and soymeal arrival in October.

Algeria's state grains agency OAIC bought around 500,000 tonnes of optional-origin milling wheat in a tender that closed on Tuesday. OAIC paid prices between \$187 and \$188 a tonne, including cost and freight, for the wheat to be shipped in July. Some traders put the volume purchased at 550,000 tonnes but said it was unlikely to have been much higher given that Algeria appeared to be only covering its needs for July.

Bangladesh's state grain buyer issued an international tender on Wednesday to import 50,000 tonnes of milling wheat. The tender's closing date is March 26 and offers must remain valid until June 6. The tender came after three cargoes of Russian wheat were cancelled on quality concerns.

12.5 pro out of Northern Europe old crop was not very active with resellers showing beginning of the week 193US\$ eq. as a selling idea for Jun/Jul positions (buyers then 190US\$). End of the week sellers quoting 191US\$ as idea but buyers moving back as well.

Blacksea (Russia) still quoted august positions sellers @ 180US\$, looking for close bids.

Feed wheat in the Dutch market showed some activity in front positions around 155/56€ (jun) and Dutch small consume starting to take in some new crop feed wheat position (aug/dec) at prices around 158/9€. Paper position sep/dec traded around levels of 160€.

Barley:

Jordan's state grain buyer has issued new international tenders to purchase 100,000 tonnes of animal feed barley to be sourced from optional origins. The deadline for the barley tender is May 18. The barley tender sought shipment of 50,000 tonnes from Oct. 16-31 and 50,000 tonnes from Nov. 1-15.

For the German barley market the old crop may position traded around levels of 133/34€ delivered. These were the final paper holders that needed to get rid of their position (September'15 till May'16 paper contracts) Basis September traded around levels of 145/46€.

Jul-15Aug some vessels reported traded towards the Spanish-med at 148€.

Dutch market showed good activity on new crop barley with Aug/Dec positions trading at levels of 148/149€, and jan/jun at a price of 155/156€. Barley is getting "cheap" in the formula for animal feed. This was the main reason of the purchase wave in barley.

South America

Argentina started the week with its currency at 14.3 and ended it gaining some value at 14.2. The Brazilian real started the week at 3.67 and finished it gaining some value at 3,50380. In Argentina, politicians are discussing the law concerning benefitting employees. The senate has already approved it and now it is in hands of the lower house. If the law arrives to Macri he already said he will veto the law. He believes that the law will keep away foreign investments and that the same will cause more than a lot of possible jobs will not be created. Thursday was a key day for the political future of Brazil. The senators voted in favor of continuing with the impeachment procedure. Now the vice president already assumed office for the period of maximum 180 days during which Dilma will be judged.

Last Tuesday, the USDA report for Argentina resulted in a cut on the corn production by 1 million ton to 27 million tons. Regarding the soybeans, the production went from 59 to 56.5 million tons, almost the same value that was estimated by the Buenos Aires grain exchange (56mlt). There is concern about the progress of the harvest that is going very slow. Beans are -28.2% behind compared with last year. The progress for corn last week was only 1.1%, this is because farmers continue to prioritize the bean harvest. On the corn market, July was offered at +65cn. For August and September, sellers were willing to sell at +60cu. The demand for last position ended up in the high 40's. Regarding the wheat, new crop was offered at 175 for the low pro, high 180's for 11.5 and 195 for 12pct protein.

USDA came out saying that the corn production for Brazil will be of 81 million tons, 3 mlt less than stated in the last report. These numbers are optimistic compared to the general opinion. On the corn market, sellers were willing to sell August at +75cu and September at +70. Most of the demand focus on OND position. They were aiming at +55cz for October and for November/ December they were willing to pay +60cz. Nevertheless, not many offers around.