

## Report week 42

### Corn:

South Korea's Korea Corn Processing Industry Association (KOCOPIA) purchased 55,000 tonnes of South American corn via a tender that closed on Thursday

- The purchase was made under C&F basis, and the details of the purchase are as follows: 55,000, South American origin, \$189.98, seller Concordia, 2-Feb-2016 (arrival).

South Korea's (NOFI), tendered for a quantity up to 207,000 tonnes of corn to be sourced from optional origins for March and April arrival

The tenders closed on Tuesday, and results are as follows:

| TONNES   | ARRIVAL        | PRICE     | SELLER |
|----------|----------------|-----------|--------|
| • 69,000 | March 25, 2016 | 190.9US\$ | Vitol  |
| • 69,000 | April 10, 2016 | 190.9US\$ | CHS    |
| • 69,000 | April 20, 2016 | 193.2US\$ | CHS    |

In the Black sea (Ukr) November/december'15 positions were heavily traded beginning this week at premiums between +38 and +45 over CBOT December. The farmers are reluctant to sell their goods, so own origination is slow and demand out of the European countries is big. January onwards positions nominally still +55 vs +45, but end of the week moving upwards to +60vs+50.

Hungarian Danube corn FOB levels nov/dec positions last week nominally around 150€, Basis January nominal level quoted 157€. Locals are paying good prices compared to the "paper" market so not much to trade last week.

Corn in the Dutch market some spot/November positions traded at 164/165€ and 168/169€ for new crop'16 O/N/D.

### Wheat:

Syria's (Hoboob) has extended the deadline for receiving offers for it to buy 200,000 tonnes of wheat by a week. The deadline has been extended to Oct. 26 to give exporters more chance to submit all necessary documents for the tender.

Traders had originally been given a Monday deadline to submit their offers for the tender.

"The bidding deadline was extended due to the four-day public holiday that took place in Syria and we wanted to give exporters more of a chance to give in paperwork,"

Hoboob cancelled a tender for 150,000 tonnes of wheat that had closed in April but did not disclose a reason. Wheat and other foods are excluded from Western trade sanctions imposed on Syria due to the government's attempts to suppress a longstanding uprising in the country. But dealers say difficulties in financing grain sales because of banking sanctions have deterred international trading firms from participating in Syrian tenders.

Jordan's Ministry of Trade and Industry is seeking to buy 100,000 tonnes of hard wheat and 100,000 tonnes of barley. Tender deadline for the wheat is Oct. 20 and for the barley is Oct. 27, they said. Jordan re-issued the two tenders after failing to buy the same amounts of wheat and barley last week. Jordan cancelled a tender for 100,000 tonnes of wheat for shipment in two 50,000-tonne consignments between Feb. 2 and March 15 on Oct. 13. No offers were made in that tender.

Jordan also cancelled a tender for 100,000 tonnes of barley on Oct. 14 for shipment in two 50,000 tonne consignments in the first or second half of March 2016.

Traders have said the limited selling interest to Jordan was due to strict tender terms on inspection and payment.

Egypt's (GASC), has bought 240,000 tonnes of Russian and Romanian wheat in a tender for Nov. 21-30 shipment

Traders gave the following breakdown of the purchase:

- 60,000 tonnes of Russian wheat from Aston at \$201.98 a tonne (FOB) and \$9.10 a tonne freight from National Navigation
- 60,000 tonnes of Russian wheat from Vitol at \$203.50 a tonne (FOB) and \$9.10 a tonne freight from National Navigation
- 60,000 tonnes of Russian wheat from Olam at \$203.90 a tonne (FOB) and \$8.57 a tonne freight from United Marine
- 60,000 tonnes of Romanian wheat from Glencore at \$203.45 a tonne (FOB) and \$9.08 a tonne freight from National Navigation

Milling wheat's Fob in Germany and Poland still quiet, but getting closer to workable with the prices moving up in the black sea (although Baltic still aggressive sellers till December positions with a 2€ discount to polish wheat). The Black sea values were again booked in the above mentioned GASC tender with Russian/Romanian origin bought.

On the Dutch market last week some movement on the feed wheat with nov/dec positions trading around 172€. Further positions not much movement to be seen.

## **Barley:**

For the German barley market new crop was traded at 185\$ FOB equivalent in the delivered interior market (basis October). France quoted around 185\$ FOB but no real new buying ideas popping up as fresh demand from China lacking. UK/Baltic still cheapest with nominal levels still around 176/175\$ FOB for pre-Christmas. Black sea values around 190US\$

Dutch market for barley quiet.

## South America:

The political situation in South America continues to be a topic. In the beginning of the week, there were a lot of talks of an impeachment procedure in Brazil but finally it was postponed, creating other scandals with the leader of the House of Representatives who is also believed to be part of corruption schemes. Argentina is in the middle of the elections and polls are still in favor for the candidate supported by current President Cristina Fernandez de Kirchner. Question is if he will have enough support to win in the first round or if it comes to ballottage. To become elected in first round, the candidate needs at least 40% of the votes and more than 10pct difference with the runner up (or over 50%).

We saw some relief in the heavy rains in the beginning of the week in Rio Grande Province but by the end of the week the rains came back and in the forecast we see more precipitation coming in. The wheat crop in the south is definitely suffering and people already talking about at least 1.3million tons of feed wheat out of 1.7million total production in the province. In Argentina the weather is rather beneficial for the crop development however the temperature could be a bit higher for the corn. The corn plantings this week were reported to have reached in total 27,5% of the projected area however the acreage is still believed to be 20% less than last year.

In the wheat market, it was said that a cargo of Brazilian feed wheat changed hands with a guarantee of max 5ppm Vomitoxine. Price would have been USD 168 per ton. Sellers by the end of the week were aiming at USD 170 for 15/12 onwards. Corn was rather quiet with mainly in house business clearing the market from most 2015 offers. Two November cargoes would have been traded in house at levels of +40/+42. On November cargo in Paranagua traded in the open market at +35cz. Buyers for Nov and Dec were aiming at +42 and +45 for Santos or Tubarao with only offer at +47cz for November in Paranagua. January was offered at +45ch in Santarem and +52 in Santos/Tubarao/Itaqui. New crop was offered at +30cu for August and +25cu for September at Santarem, with buyers September at +20cu for Santos/Tubarao. October at +25cz for Santos/Tubarao/Itaqui with buyers OND Santos/Tubarao at +15. Argentina with sellers more proud by the end of the week asking +45 for November or December.

## Sunseed/Sunoil

Ukrainian Sunflower oil kept firming up further during week 42. After a slow start, Wednesday the JFM positions were traded round 800USD multiple times. Towards the end of the week the buying side eased a bit while sellers kept offering at 800USD. Finally end of the week also some December was reported trading at 805USD while a November to December swap showed buyers willing to pay 11USD premium for the November over the December. While Soyaoil was weaker at some points, the Sunflower seeds and oils markets did not show much intention to go down throughout week 42. During the start of week 43 the sellers were still not ready to show lower prices. Even with Sunflower oil reaching a premium of round 130USD over Soyaoil, the market is not weakening and seems to be looking at Sunflower oil more as a sole product. Even with this spread it is reported that destination is paying replacement values.

The Sunflower seeds market was showing again firmer buying levels for week 42. This week started with buyers improving prices to 440USD levels while the sharpest seller was not moving down from 452 USD. With the Sunflower oil improving buyers were ready to improve prices again but sellers were however rather quick to step out of the market. Finally there was one trade recorded round 450USD. Week 43 started with Sunflower seeds buyers keeping ideas round the traded level, bidding 450USD against 460USD offer.

