

Report week 12 (2017)

Corn:

Algerian agency ONAB purchased about 25,000 tonnes of optional-origin corn in a tender which closed on Thursday.

- Price was around \$199 to \$199.50 a tonne c&f. The tender had sought April 13-30 shipment.

The corn was seen likely to be sourced in South America, possibly Argentina. ONAB had sought corn from the new 2017 crop.

Blacksea was showing some movement out of Ukraine last week. May positions (both 1st half and 2nd half) traded a few times at premiums of 70 over. New crop traded November positions around 37/38 over Dec CBOT.

On the Danube a range between 141 and 142€ traded FOB for bss april. New crop oct/nov market showed sellers around 147 and buyers 144€.

On the Dutch market it was very slow, some old crop april traded (physical delivery) at 175€ and paper 2-3€ cheaper. New crop was showing some trades at 167€ for OND.

Wheat:

Jordan's state grains buyer purchased 50,000 tonnes of hard milling wheat to be sourced from optional origins in a tender which closed on Wednesday.

- It was purchased at about \$203 a tonne c&f for shipment in the first half of September. Seller was trading house Nibulon.

After above purchase, Jordan's state grains buyer has issued an international tender to purchase 50,000 tonnes of hard milling wheat which can be sourced from optional origins. The tender closes on March 29. The wheat was sought in a series of possible shipment combinations between Sept. 16 and Oct. 31. It should be from harvests in 2016 or 2017.

Egypt, the world's largest buyer of wheat, has issued preliminary rejections on seven cargoes of the grain since introducing new import rules in January, prompting many traders to raise prices at state tenders. Egypt's import rules caused a nearly year-long standoff last year after it rejected a number of shipments for containing the common grains fungus ergot. But it adopted rules in line with international norms after mass boycotts of its state tenders. It introduced a new streamlined inspection system, reversed a zero-tolerance policy on ergot and no longer sends government inspectors abroad to approve cargoes. Under the new system the number of rejected cargoes had risen, driving up the cost of doing business. The seven cargoes purchased by GASC had received initial rejections from entering Egypt's ports due to higher than acceptable levels of insects or grass seeds. This was in addition to two Russian wheat cargoes and one Argentine cargo that were rejected at their ports of origin this month for not meeting GASC standards. Six of the seven cargoes rejected on arrival were forced to undergo costly fumigation and sieving before being inspected for re-entry. One vessel was accepted on re-testing.

These initial entry rejections were rare under the old system, suggesting the new inspection regime has brought with it tougher enforcement of existing rules.

The extra measures cost \$2.5 per tonne of wheat, or about \$150,000 per typical 60,000 tonne cargo purchased by GASC, a cost borne by trading companies. They say they are now increasing their offer prices by the same amount at state tenders to offset the loss.

"Traders of course are putting a premium now on the prices they offer GASC at above \$2 a tonne as a result of the situation" GASC this season is set to import at least 5.6 million tonnes of wheat, suggesting such an increase could cost Egypt over \$11 million per year.

The price at which GASC pays for its purchase tenders can influence global grain prices.

Blacksea 12.5pro was quiet on the old crop. Values last week 191\$ april/190US\$ May/ 192US\$ Jun. New crop was showing some movement on august at levels of 174/173US\$. September quoted 177/176\$, October 179\$.

Dutch market was really quiet.

Barley:

Saudi Arabia's (SAGO) said on Monday it has purchased some 1.51 million tonnes of animal feed barely in an international tender. The barley was sought from global suppliers for arrival in Saudi Arabia during May to June 2017. The origins offered were Australia, South America, the European Union and Black Sea at the sellers' option.

Following purchases were made:

Red Sea Ports (C&F):

- 60,000 tonnes from Glencore at \$190.70 C&F (May 1-15)
- 65,000 tonnes from Glencore at \$190.80 C&F (May 1-15)
- 60,000 tonnes from Holbud Limited at \$191.21 C&F (May 15-30)
- 60,000 tonnes from Holbud Limited at \$191.84 C&F (May 15-30)
- 60,000 tonnes from Holbud Limited at \$192.51 C&F (May 15-30)
- 60,000 tonnes from Glencore at \$191.49 C&F (May 15-30)
- 65,000 tonnes from Glencore at \$192.18 C&F (May 15-30)
- 60,000 tonnes from Concordia at \$186.68 C&F (June 1-15)
- 60,000 tonnes from Holbud Limited at \$189.41 C&F (June 1-15)
- 60,000 tonnes from Holbud Limited at \$189.91 C&F (June 1-15)
- 60,000 tonnes from Holbud Limited at \$190.41 C&F (June 1-15)
- 60,000 tonnes from Holbud Limited at \$191.41 C&F (June 1-15)
- 60,000 tonnes from Glencore at \$179.88 C&F (June 15-30)
- 60,000 tonnes from Glencore at \$181.13 C&F (June 15-30)
- 60,000 tonnes from Glencore at \$183.88 C&F (June 15-30)
- 60,000 tonnes from Glencore at \$184.88 C&F (15-30 June)
- 60,000 tonnes from Holbud Limited at \$184.91 C&F (June 15-30)

Arabian Gulf Ports (C&F):

- 60,000 tonnes from Holbud Limited at \$192.21 C&F (May 1-15)
- 60,000 tonnes from Holbud Limited at \$193.18 C&F (May 1-15)
- 60,000 tonnes from Glencore at \$188.78 C&F (May 15-30)
- 60,000 tonnes from Glencore at \$190.89 C&F (May 15-30)
- 60,000 tonnes from Holbud Limited at \$188.91 C&F (June 1-15)

- 60,000 tonnes from Holbud Limited at \$189.43 C&F (June 1-15)
- 60,000 tonnes from Holbud Limited at \$187.81 C&F (June 15-30)
- 60,000 tonnes from Holbud Limited at \$188.10 C&F (June 15-30)

Turkey's state grain board TMO purchased some 88,000 tonnes of feed barley in an international tender which closed on Thursday. The barley was bought in eight 11,000 tonne consignments. The barley is for shipment between March 30 to April 10.

Traders said these consignments were purchased, with seller, port of discharge and c&f price:

Tiryaki AGRO	Bandirma	(\$192.85)
Tiryaki AGRO	Bandirma	(\$192.85)
Tiryaki AGRO	Bandirma	(\$192.85)
VA Intertrade	Samsun	(\$193.01)
Ulusoy	Izmir	(\$193.56)
+Ulusoy	Iskenderun	(\$195.77)
Ulusoy	Iskenderun	(\$195.77)
ADM	Trabzon	(\$193.01)

The consignments can be 20 percent larger or smaller than 11,000 tonnes at the buyer's option. Russian origin was not sought in the tender.

Turkish buyers have put purchases of Russian agricultural products including wheat, corn and sunflower oil on hold, despite denials from Ankara that it has effectively blocked some imports from Russia.

After the Saudi results of Monday some action was noticeable on the world FOB markets on barley. With (as expected) Holbud buying most of the parcels. Following trades were reported: German origin cargo around 165\$, French cargo(s) around 165\$, Russian cargo around 165\$, 2 Argi cargo's 153/154US\$.

On the Dutch market it was quiet.

South America:

The Argentine peso was trading a bit firmer through the week. It started at 15.614 and ended at 15.53. In Brazil the contrary happened to the Real where the week started at 3.0715 while it is now trading 3.1260. The headlines in Brazil were dominated by a scandal in the Brazilian meat industry. An undercover investigation from the federal police showed that meat producing firms, including stock exchange listed companies were not very strict with sanitary controls. At the same time the health inspectors were also not doing their jobs properly. The result of this scandal was that major export destinations for Brazilian meat decided to ban the imports until the situation is under control. At this moment, China and Hong Kong have already agreed again to allow the imports.

Weather continues to be fine in South America. On a daily basis more and more trucks with corn are arriving to the ports. That is also necessary as soon the window for soybean harvest

will open and farmers give preference to that crop. Corn is easier to leave in the field and it will even be helping to dry the grains. The market however did not come off too much mainly driven by a lot of demand. Several business took place in the fob market on 15/4 up to july positions. The cargo with april dates traded at +46ck7, may up river at +43 or panamax at +48ck7, june up river at 30cn7 and panamax at +34cn7 and the july panamax traded at +25cn7. Demand kept looking at the traded levels while sellers were aiming at +54ck7 for april, +50ck7 for may and +34cn for handy up river. July at +25cn for handy and August/September +20 vs +15cu7.

In Brazil the prices of corn in the local market came down drastically after the news that the meat exports were in heavy winds. The origination values are still not showing good margin, but it is getting close to export parity. Having said this, prices started coming down a bit in the market. Two business were reported early in the week, but they were supposed to have happened the week before. Price level for November delivery was +40cz and at this level, sellers are queueing to see more demand. This could be the logic that supposed secret biz was came out a couple of days later to trigger more buyers to step in. This did not really happen. Sellers remained in the very high 30's but buyers not aggressive. Only rumours that there would be buyers at +35 but when asking for the firm bid, there was no one home.

Sunseed/Sunoil

The Ukrainian Sunflower oil market is keeping heavy also for week 12. While export quantities are reaching record high numbers stocks at ports are still there. While margin are in theory not allowing lower levels it seems the market is taking its step to process these stocks and diving time after time simply to meet buyers. While other oils like Rapeseed and Soybean have also shown weakness this week, the moment of firmness Sunflower oil seems to find little correlation. The week started with April offered at 745USD. March was still considered at a 5USD discount and May/June found offers in moment of liquidity flat to the April. The market seemed more determined to sell and found new lows this week rather quickly. This week was a rather clear movement down with offers finishing 15USD lower end of the week. Market clear digging for buyers. Week 13 started with the same basis, Sellers proactive to trade while the buyingside keep low liquidity.

The Blacksea Sunflower seeds market shows little to no change starting week 12. After the 10USD drop during week 11 sellers kept April offers at best round 390USD during first half of the week against bids at 380USD. With Danube waterlevels improving, the sharp oldcrop Sunflower seeds offers from Slovakia and Hungary were becoming competitive. Both calculating up river to ARAG and down river to Constanta. Towards end of the week this April position moved lower showing offers at 385USD with still best buyers keeping 380USD. While Sunflower seeds are weaker they are still not moving down in the speed of the oil and meal keeping crush buying at a minimum.

