

Report week 14 (2016)

Corn:

In the Black Sea (Ukr) market may positions traded around 164/5 US\$ for handy sizes out of Nikolayev, for panamax sizes out of the big ports 169US\$ traded. Prices are moving up in the Black sea region as supplies are getting thinner and export demand is still big. New crop nov/dec positions traded some vessels around the +40 level.

Hungarian Danube corn FOB levels oct/nov traded 138/139€. Basis January the nominal value is around 143€.

Some noticeable movement in corn towards Spain, with the risk/fear of an import levy for corn and the rising prices in the black sea, buyers were in the market to cover some short positions towards consumption or trade. June/July positions traded at levels around 155/156€ cif Span-med. January positions traded at levels of 152€ cif Span-med. Local market in Spain ex-store was being offered very aggressive end of last week (150€ FOB eq.)

The Dutch market was not that active, it is noticeable that the front (apr/jun) paper market is almost non-existent as there are no big paper long holders on these positions. Dutch consumers are paying over the offered paper market (163€) for non-GMO corn (which the shippers are bringing in anyway). Jul/aug positions were reported to be traded at levels of 162/163€ and OND positions traded at a level of 157€.

Wheat:

Egypt's (GASC) bought 60,000 tonnes of French wheat in a tender.

- The wheat was bought from Casillo at the price of \$181.69 a tonne free-on-board and \$10.65 a tonne freight from National Navigation Company.

Algeria's state grains agency OAIC bought about 400,000 tonnes of milling wheat in a tender that closed on Thursday.

- OAIC paid between \$180 and \$181 a tonne, cost and freight included, for the wheat, which is for shipment in June. Some said the agency may have bought a larger volume of around 450,000 tonnes. Algeria does not publish details of its grain tenders and results cited by traders are estimates. The origin of the grain was optional but was most likely to be sourced from France.

South Korea's (MFG) purchased 69,000 tonnes of feed wheat which can be sourced from any optional origins worldwide apart from Denmark and South America.

- The group made the purchase late last week at \$179.90 a tonne c&f. There is an extra \$1.25 a tonne surcharge for additional port unloading. If sourced from the U.S. Gulf or European Union, shipment was between July 17 to Aug. 5. Seller was Cargill

Egypt's (GASC) set a tender on Monday to buy an unspecified amount of wheat from global suppliers for shipment from May 21-31.

12.5 pro out of Northern Europe on old crop traded at a premium of 5/6 over may matif last week out of the Baltic for position end April and May, this was the cheapest option as German origin was quoted +9 and Polish (if there was a seller to be found) at +8 for the same position. New crop German (sep/dec) traded at a premium of -1 last week a few times with mostly German originators buying it as they cannot get these prices from the farmers and they have sales towards the local German mills for these positions that they want to cover. Polish same position -2 vs -4. Baltic traded there at -3.5 for a sep/dec position. Russian market still nominal values old crop May/Jun at 185/6US\$ FOB. And new crop market discussed last week 177 vs 175 US\$ based on august positions.

Feed wheat towards Spain showed some movement on old crop (Jun) at prices of 153/152€ cif spanned.

Feed wheat in the Dutch market was calm. Jan/mrt'17 was traded at 166€

Barley:

New crop Saudi selling ideas around 170\$ for July, 172US\$ for August (buyers just below 170\$ for Aug).

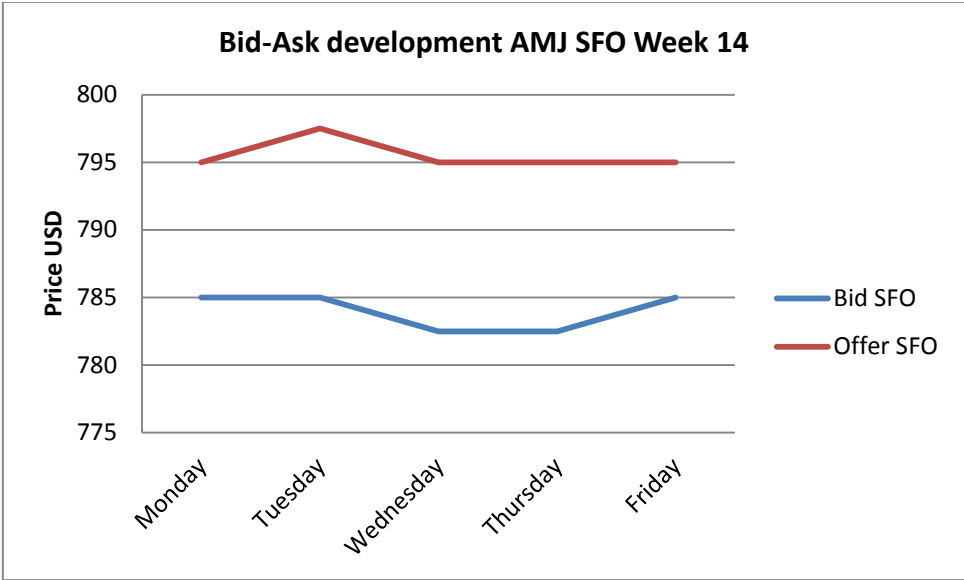
For the German barley market the delivered new crop basis September traded between 146 and 149, all around the FOB equivalent of 175US\$ and premiums compared to matif of -19 to -21.

Dutch market old crop some movement noticeable on physical delivery Apr/May/Jun positions between 148 and 151€ depending on position. New crop no activity.

Sunseed/Sunoil

The Ukrainian Sunflower oil market was still supported during week 14. While the EU 6ports paper market was being pressured down by the weak Soybean oil (CBOT) the Ukrainian physical market held on to its prices. With still a strong EUR and the spread between Soybean oil and Sunflower oil keeping round 55USD the EU consumers didn't step in the market as expected and hoped. On the other hand there was already a significant program of vessel planned into the EU. The expected supply is most probable the reason why the EU paper market is more quickly reacting to weakness on the board. The Black Sea Sunflower oil market keeps showing a lack of liquidity over the past weeks. While the trade is trying to keep its position close to square, the crush is still showing difficulty in buying seeds. This is not allowing much competition from sellers. Due to this the bid-ask spread on average is round 15/10USD, which makes it difficult to clarify a trading level. The spot position was calming down during week 14. Shorts have covered big parts of the position and are now seeing new offers coming into the market. While demand on the spot is not increasing the premium for spot became a discount rather quickly. Buyers bid round 785USD for May/June/July positions while sellers kept prices round 800/795USD. After the many swaps at even between April and May/June, buyers of April would only take more in a carry of 5USD.

Week 14 showed nothing new on the Black Sea Sunflower seeds market. While Sunflower oil was seeing a bit of support buyers of seeds were still not willing to show much effort. Buyers of new crop Sunflower seeds kept bidding 365USD throughout the week and also during the start of week 15. Sellers didn't move further up this week but kept best selling idea at 380USD. On old crop there seems to be nothing close to a market. While buyers still show 395USD for April there seem to be only some smaller quantities offered round 415USD.



South America

Argentina started the week with its currency at 14.86 and ended it gaining some value at 14.46. From the Brazilian side, the real started the week at 3.6179 and finished it rather stable at 3.6382. On Wednesday the news came out that since Macri took office, a total of 11.000 public workers were fired. With this measure the country should save 235 million dollars.

On the corn Market, the Rosario grain exchange report came out on Thursday, they continue to estimate a corn production of 25 million tons. This is a kind of strange since the general consensus is at least a corn production of 27 million tons, just like the USDA. By Monday, in Argentina, for May position sellers were aiming at values above +60ck, while buyers were looking for values in the mid 50's. A trade was registered at +58ck. For more forward positions, June was offered at +43cn. For July, sellers were asking for values next to +38cn. Last but not least, August was offered at +30cu. Regarding barley and wheat, there is still buying interest for May but not much availability. Anyway if sellers were able to offer they will be at least USD 10 apart. About soybeans, constant rains are affecting the harvest, which raises premiums

On the Brazilian corn market, sellers were offering +50cu for August and September at +48cu for optional ports. For October, sellers were offering at the low 40cz with multiple port options. On the demand side, buyers were mostly looking for November/ December for Santos or Tubarao at mid 30's.