

Report week 17 (2016)

Corn:

A group of Israeli private buyers has issued international tenders to purchase up to 120,000 tonnes of corn and 40,000 tonnes of feed wheat, all of optional origins. The tenders close on May 4

- If based on European Union or Black Sea region supplies, some 45,000 tonnes of corn were sought for shipment between June 25-July 15; 45,000 tonnes between July 20-Aug. 10 and 30,000 tonnes between Aug. 20-Sept. 10. If the corn is sourced from the United States or South America, shipment period will be 20 days earlier
- If based on EU or Black Sea supplies, shipment of 20,000 tonnes of feed wheat was sought between July 1-20 and 20,000 tonnes between July 20-Aug. 10. Wheat shipment from other origins may be undertaken at an unspecified later period.

Algerian agency ONAB purchased at least 30,000 tonnes of corn in a tender issued last week. The corn was optional U.S. or South American origin but thought likely to be sourced from the United States.

- Price was around \$195 a tonne C&F. The tender had sought June 1-15 shipment; seller was claimed to be Cargill.

After the turmoil in the market the week before, corn in the Black-sea region was a little more quiet last week. This also had to do with the upcoming festivities in the region for this week (Orthodox eastern). Old crop values out of Ukraine traded at prices around 182 US\$ for May and 2US\$ more for June. New crop some vessels traded for OND positions between 50 and 53 over dec CBOT.

Hungarian Danube corn FOB levels old crop traded at a price of 152€ (may/jun). New crop oct/nov traded 146/147€. Basis January trades were done at levels of 150/149€.

On the Dutch market, with a national holiday in the middle of the week (Kingsday), there was not much activity to be seen. Front positions May/Jun traded around levels of 175/6€.

Wheat:

Saudi Arabia's state grain buyer bought 620,000 tonnes of hard wheat in a tender. The wheat purchased was of European, North and South American and Australian origin at the seller's option. The tender had been for wheat with 12.5 percent protein content and for Arrival in July and August. The statement gave the following breakdown of the purchase, with prices in dollars per tonne and arrival periods in brackets:

Jeddah Sea Port

- 65,000 tonnes hard wheat from ADM Hellas at \$212.42 (C&F) (July 1-10)
- 55,000 tonnes hard wheat from Casillo Commodities at \$211.99 C&F (July 10-20)
- 65,000 tonnes hard wheat from Glencore Grain at \$214.61 C&F (July 20-30)
- 60,000 tonnes hard wheat from Baywa at \$214.00 C&F (August 1-10)
- 65,000 tonnes hard wheat from Cargill at \$211.95 C&F (August 10-20)
- 60,000 tonnes hard wheat from Union Invivo at \$209.47 C&F (August 20-30)

Dammam Sea Port

- 65,000 tonnes hard wheat from ADM Hellas at \$219.72 C&F (July 1-10)
- 65,000 tonnes hard wheat from Glencore Grain at \$218.61 C&F (July 20-30)
- 65,000 tonnes hard wheat from Olam at \$216.44 C&F (August 10-20)

Jazan Sea Port

- 55,000 tonnes hard wheat from Soufflet Negoce at \$219.50 C&F (July 20-30)

12.5 pro out of Northern Europe old crop was traded in big volume last week for old crop positions (May onwards). All around a -2 premium compared to December Matif (at the time of trade around 190US\$ FOB eq.). Most of the volume bought by ADM in preparation of the above mentioned Saudi Tender. New crop was less active; even/-1 matif dec was the selling idea but buyers there not ready to pay it with Black sea origin being more competitive. Russian 12.5 traded new crop between 178 and 180US\$ for August positions and 1-2US\$ more for September.

Feed wheat in the Dutch market was showing little activity, premiums in France moved up on good export demand and so wheat premiums in the Dutch moved along with it. Buyers were not following.

Barley:

New crop Saudi market stayed relatively unchanged, sellers quoted 175/174US\$ against buyers at 171/2US\$.

For the German barley market the old crop april/may traded around levels of 140€ delivered. Basis September traded around levels of 150/49€ last week all around the FOB equivalent of 177/178\$ and premiums compared to matif of -19 to -21. So unchanged from the week before.

Dutch market was quiet on barley, although people start looking at new crop as barley becomes relatively cheap in the animal feed formula.

South America

Argentina started the week with its currency at 14.21 and ended it losing some value at 14.3. The Brazilian real started the week at 3.61 and finished it gaining some value at 3.4505. Last Wednesday, the IMF went out saying that Latin America is going thru it's 2nd year of recession. The countries that suffer the most are Brazil, Argentina, Venezuela and Ecuador. Nevertheless, specialists think that 2017 should be a good year for Argentina because of the measures taken to reduce the public deficit and to reintegrate the country into the international market. . On the Brazilian side, IMF is more concerned. They project that the GDP for this year will decrease with 3.8% and that this will be unchanged for 2017.. The IMF mentioned uncertainty as another important factor.. The future of the country is unknown, for example no one knows what will happen with the president.

The Buenos Aires grain exchange kept its number for the soybeans production unchanged at 56 million tons. Anyway, they are warning people that this number could decrease as the harvest continues. The harvest of soybeans is way behind at -37,6% compared to last year. But a dry period of 10 days will help the farmers to recover a big part of this delay. On the corn market, June position was the earliest sellers were able to offer, they were asking for +68cn. For 15/6- 15/7, sellers were aiming at +60cn. For July position, sellers were openly showing +50cn. Two trades were done for this position, one at the beginning of the week at +48cn and the other one later at +46cn. Regarding the wheat, not much availability on the spot and sellers not renewing values. Most of the sellers are looking forward to the new crop, with 10.5pct of protein they were asking for 175 and 11.5 pct of protein was quoted at 185.

It was announced by different traders from Brazil that the safrinha crop will be 5 to 10 million tons lower. The central and northern provinces are the ones that will suffer the most. On the corn market, August was offered at +80cu for Santos/ Tubarao. For September, including northern ports, was quoted at +65cu. Demand for both positions at +50cu. For November/ December demand was willing to pay +50cu. From the offer side, sellers were at least 15 cents higher.