

Report week 21 (2016)

Corn:

South Korea's (MFG) rejected all offers and made no purchases in an international tender to buy up to 70,000 tonnes of corn from optional origins, which closed on Thursday. Prices were regarded as too high. The corn had been sought for arrival in South Korea around Aug. 10.

- The lowest offer in the tender was \$203.08 a tonne c&f on a flat price basis. The lowest premium offer was 109.49 cents a bushel over the Chicago September corn contract CU6.

MFG was seeking flat prices of under \$200 a tonne c&f

Last week we have seen a rally of 10-15 points on CBOT, despite this rally, premiums in the black sea remained firm (South-America firming up as well) OND values nominally +70/75 seller vs +55/60 buyers. Old crop out of Ukraine was showing some activity last week, both shorts covering and some destination business was done around prices of 190-193 US\$ FOB.

Hungarian Danube corn FOB market was not showing too much activity last week with a local exchange as well in Budapest end of last week. Old crop traded 160€ for June (mostly local consumers buying), oct/nov 149, bss jan 152€.

On the Dutch market, corn was showing some decent activity on the summer position with trades between 174 and 176 (jul/sep), New crop (OND) between 169 and 171€, Jan/march 172/173€ and jan/jun around same prices.

Wheat:

Switzerland's Aston offered to sell 50,000 tonnes of wheat to Bangladesh for \$233.89 a tonne c&f liner out, the lowest offer in a tender that opened on Thursday.

Only one other trader, Phoenix, competed for the tender from the Directorate General of Food, quoting \$274.05 a tonne.

The tender came as Bangladesh's imports plan suffered after three cargoes of Russian wheat, totalling 150,000 tonnes, were cancelled over quality concerns.

South Korea's Feed Leaders' Committee (FLC) purchased 60,000 tonnes of feed wheat which can be sourced from any origin worldwide except South America and Denmark in a private deal on Tuesday.

- The wheat was purchased at \$189.90 a tonne c&f plus a \$1.25 a tonne surcharge for additional port unloading.

The wheat should arrive around Sept. 30. Seller was trading house Concordia.

Jordan cancelled on Tuesday a tender to buy 100,000 tonnes of wheat after receiving no offers. Jordan has failed to make purchases in a series of tenders, with traders citing quality control and payment terms that have reduced participation.

It did book 100,000 tonnes of wheat in a tender last week for October shipment but this was the country's first purchase since March 8

Algeria's state grains agency OAIC has issued an international tender to buy optional-origin milling wheat for August shipment. The bidding deadline is on Wednesday, June 1.

The tender indicated a nominal volume of 50,000 tonnes but Algeria usually buys more

12.5 pro out of Northern Europe old crop was showing some movement on old crop German origin jun/july positions around -4/-5 in premiums (185/187US\$ FOB eq.). New crop quiet with local delivered markets paying better prices and export program limited for new crop.

Black sea (Russia) was quoted 178US\$ Aug/ 180US\$ sep/ 182US\$ Oct, with buying interest a few US\$ below.

11.5 pro was traded between 168 and 171 for Aug positions out of Ukraine. Strange thing in this market is that people will pay same price for feed wheat quality but no sharp sellers for this product.

Feed wheat in the Dutch market showed some activity in front positions around 160/159€ for jun/july positions (old crop). Bigger quantities were traded (mostly too Dutch consumption) for aug/dec at prices of 162/163€.

Barley:

For the German barley market the new crop Basis September traded around levels of 149/148/147€ (All at premiums of around -21/-22 under dec MATIF). Too expensive for the international market to bring to destination at the moment (172/174US\$ FOB eq.).

Several vessels reported to be traded out of France (destination China) at FOB levels at the time between 160-162US\$ for July/aug position.

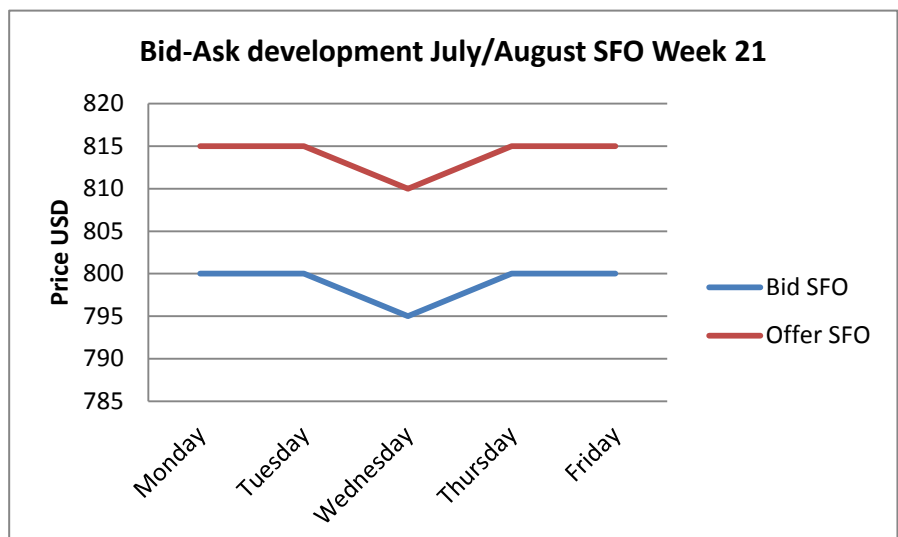
Blacksea (Russia) traded for above mentioned positions around 158US\$ FOB level.

Dutch market showed good activity on barley with ex-crop trading around 142/143€ compared to these prices a big spread vs full new crop (sep/dec position) at 153/152€.

Sunseed/Sunoil

The Ukrainian Sunflower oil market was giving back some of its gain from past weeks. While the EU 6ports paper market was already heavy the Ukrainian market started following. Buyers on destinations were not generating much purchasing ideas on the Sunflower oil. The thin offering side for today's Egyptian tender showed otherwise already the rather clearly divided market. While the trade is not holding too much SFO it is also not willing to take a short position at these levels. After some short weakness however end of the week it felt like CBOT was bottoming out for the time being and so Ukrainian Sunflower oil also found some support. While June/July/August positions were showing 815USD offers against 800USD bids throughout the whole week. Trades end of the week showed the value being slightly below 810USD. Start of week 22 even managed to record one trade at 810USD while continuing the same offer and bid quotes. While it is still considered too early to discuss September the new crop is becoming more discussed but keep a wide bid-ask range with October/November/December positions offered at 775USD and bid 760USD.

Week 21 showed nothing new on the Black Sea Sunflower seeds market. While Sunflower oil was being weak, the overall Sunflower seeds market was not showing too much movement. Buyers of new crop Sunflower seeds kept to bidding 385USD throughout the week. Sellers however rather unchanged and were offering 395 for some new crop sunflower seeds. On old crop there was little discussion. Sellers still round 450USD but as this doesn't make any good margins for the crush the demand seems to be staying out.



South America

Argentina started the week with its currency at 14.1 and ended it gaining some value at 14.055. The Brazilian real started the week at 3.5706 and finished it gaining some value at 3,5443. Macri attended the 162 anniversary of the Buenos Aires grain exchange; he is the only president in the last 12 years attending this event. This shows how important the agriculture is for him. In fact, his commitment to the agricultural business is also shown in the measures he is taking. He has lowered and/or eliminated the taxes for the grains and oilseeds and he also removed the export quota. With these measures the exports of oils, grains and byproducts have increased 70% in the first quarter, compared to last year. On the Brazilian side, Michel Temer, the temporary president, is facing a public deficit of almost 49 billion dollars. At the beginning of the week he announced a huge cut in public expenses, which will have impact on all ministries.

On the Argentinian corn market, for spot positions sellers were asking for bids above +90cn. For August position there are several players with papers of 40k, they were willing to sell at +70cu but also willing to see bids in the mid 60's. For September, sellers were indicating mid low 70's. For OND positions not many sellers but the ones present were willing to sell at +80cz. Besides the holiday in the middle of the week, that day, 3 cargos were done to Brazil. September was done at +187, October at +75cz and November at +80cz.

On the Brazilian corn market, this was a short week. Thursday was a national holiday because of Corpus Christi and Friday most of the people took the day off. For August/September, sellers were asking for +80cu. For OND positions, sellers were willing to see bids in the high 80's while demand was willing to pay around 80cu.