

Report week 27 (2017)

Corn:

Taiwan's MFIG purchased about 65,000 tonnes of corn likely to be sourced from Brazil in an international tender on Tuesday.

- The corn was all purchased at a premium of 68.37 U.S. cents c&f over the Chicago December 2017 corn contract CZ7. Shipment was sought for Sept. 16 to Oct. 5 if the corn is sourced from the U.S. Gulf, Brazil or Argentina.

Iranian state-owned animal feed importer SLAL has issued an international tender to purchase up to 200,000 tonnes of feed barley and 200,000 tonnes of corn, European traders said on Monday.

The tender closes on July 23, they said.

The barley was sought in three consignments for shipment between Aug. 23 and Sept. 6, Sept. 7 and 22 and Sept. 23 and Oct. 7, they said. The barley was expected to come from European origins, including Germany.

The corn was also sought in three consignments for shipment between Aug. 1 and 15, Aug. 16 and 30 and Aug. 31 and Sept. 14, they said. The barley was expected to come from Brazil. In its last reported tender on Jan. 24, SLAL purchased about 130,000 tonnes of feed barley. SLAL took a background seat in Iran's grain purchasing in recent years and its renewed activity in the international grain tender market was seen another sign the country's imports are returning to traditional patterns after the nuclear sanctions deal with western powers.

Blacksea market on corn was more quiet with CBOT rising fast on the back of the Chicago wheat. Premiums remained relatively stable on the selling side (between 40 and 35 over) and buyers still aiming for the 30 over level for OND. 1H December was traded at a flat price around 172\$ (around 32 over eq.) January traded around 32/33 over, and feb/march position were quiet with sellers around 40 over and buyers aiming for 35 over.

On the Danube the paper market was showing very little activity, on the physical side local and foreign end consumers were buying decent volumes on Oct/nov 148/149 FOB and 151/152€ for bss jan FOB.

On the Dutch market the action from the week before cooled down with prices quickly recovering on the back of rising CBOT.

Wheat:

Algeria's OAIC bought around 420,000 tonnes of optional-origin milling wheat in an international tender that closed on Tuesday.

- OAIC paid around \$215 a tonne, cost and freight included (a range between \$213.75 and \$216 a tonne) for the wheat which is to be shipped in September.

France would be the main origin but some of the wheat could come from Argentina.

Egypt's GASC bought 410,000 tonnes of wheat in a tender for position 5-15 august shipment with the following breakdown of the purchase in dollars per tonne:

- Glencore: 60,000 tonnes of Romanian wheat at \$198 free-on-board (FOB) and \$13 freight equating to \$211 cost and freight (C&F)
- AOS: 55,000 tonnes of Russian wheat at \$197.90 FOB and \$14.85 freight equating to \$212.75 C&F
- Daewoo: 60,000 tonnes of Russian wheat at \$199.99 FOB and \$14.20 freight equating to \$214.19 C&F
- GTCS: 60,000 tonnes of Russian wheat at \$201.85 FOB and \$13.44 freight equating to \$215.29 C&F
- Louis Dreyfus: 60,000 tonnes of Russian wheat at \$201.95 FOB and \$13.44 freight equating to \$215.39 C&F
- Glencore: 55,000 tonnes of Russian wheat at \$201.70 FOB and \$13.75 freight equating to \$215.45 C&F
- Aston: 60,000 tonnes of Russian wheat at \$201.50 FOB and \$13.30 freight equating to \$214.80 C&F

Egypt's (GASC) again on Saturday bought 115,000 tonnes of Russian wheat in a tender with the following breakdown of the purchase:

- 55,000 tonnes of Russian wheat from Friends at \$203.70 a tonne free-on-board (FOB) and \$15.80 a tonne freight equating to \$219.50 a tonne cost and freight (C&F)
- 60,000 tonnes of Russian wheat from Alegrow at \$204.75 a tonne FOB and \$15.17 a tonne freight equating to \$219.92 a tonne C&F

Blacksea 12.5pro levels were very firm on allot of demand by old short sellers and again GASC for over 500k august positions (see above) the paper market people were looking for august FOB positions around 190/192\$ levels. September values 195\$, october 198\$, november 201\$ and dec 204\$.

Dutch market was relatively quiet on feedwheat, both trade and consumption awaiting what the quality will be out of france and germany regarding wheat this year.

Barley:

Jordan's state grain buyer has purchased 100,000 tonnes of animal feed barley to be sourced from optional origins in an international tender which closed on Tuesday.

- Some 50,000 tonnes was bought from Midgulf and 50,000 tonnes from GTCS, all at about \$194.50 a tonne c&f.

Iranian state-owned animal feed importer SLAL has issued an international tender to purchase up to 200,000 tonnes of feed barley. The tender closes on July 23.

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In its last reported tender on Jan. 24, SLAL purchased about 130,000 tonnes of feed barley. SLAL took a background seat in Iran's grain purchasing in recent years and its renewed activity in the international grain tender market was seen another sign the country's imports are returning to traditional patterns after the nuclear sanctions deal with western powers.

Barley in full swing in Europe and first indications on quality and quantity are good. Constanta area traded between 160 and 163\$ FOB for end july/august positions. Ukraine traded around 160\$ for same positions (no china docs). Russian same prices.

German market still firm in dollar terms as local interior market paying good prices (185\$ eq) and farmers not selling big volumes for the new crop.

South America

The currency faced quite some devaluation in Argentina. Its started the week at 16.80 and is now trading at 17. The Brazilian real firmed up from 3.3015 to 3.2550. Macri attended the G20 meetings in Germany and took advantage of his visit to continue his search for new investments for the country. He emphasized that Argentina is much more transparent. He also expressed once again the support of Argentina versus the Paris convention. Brazilian headlines are all about the accusations that the general prosecutor has presented against president Temer. The commission for Constitution and Justice is now analyzing the accusations and will pronounce next week. Half of the necessary members have already pronounced their support to proceed with the investigations.

The weather in Argentina is starting to create concerns for the wheat area as well as the corn harvest. Excess of rains makes field work impossible. There is still time for wheat plantings but with other wheat markets rallying, Argentina is no staying behind. Offers for old crop were at 190 for 115pct pro and new crop at USD 188 versus buyers in the mid/high 170's. The corn came off a bit on the back of a stronger Chicago and lack of demand. Sellers for july were showing -3cu but inviting for close bids. August and September were offered at -2cu and OND just below +10cu. In Brazil the situation on the corn was similar. There were some rumors that it had traded at 16/7cu for august but these rumors were not confirmed. It starts to calculate to Asian tender destinations. Offers for August/September/October were at +18, November at +20 and December at +24cz.

Sunseed/Sunoil

The Ukrainian Sunflower oil market made a nice move up to find some new support for both oldcrop but especially newcrop October/November/December positions. Driven by CBOT Soyoil bullishness, destinations initiated some covering which in combination with slow Sunflower seeds supply moved sellers up rather quickly. The week started with OND trading round 740USD, moving up 10USD to 750USD trading and offers moving up another 10USD after that. After some calming down on Soyoil the Sunflower oil came back a bit aswell but ended the week with OND still valued round 750USD. Oldcrop was mostly discussed in swaps throughout the week, showing August to OND 7,50USD vs 0USD carry and September to OND 5USD vs 0USD.

The Blacksea Sunflower seeds market showed again little movement throughout week 27. Simply liquidity is still very low. Market is mostly trying to develop liquidity for newcrop Sunflower seeds, while markets seems still putting most energy into Rapeseed. After some good support found on the oil the October started 373USD vs 365USD but quickly followed the oil up to 378USD vs 370USD and November/December come to 385USD vs 374USD. On October position there have been some small trades recorded at 370USD during the move up.

