

Report week 6 (2017)

Corn:

South Korea's (NOFI) purchased 210,000 tonnes of corn and 67,000 tonnes of feed wheat in an international tender that closed on Friday. The corn was purchased in three consignments

- One consignment of 66,000 tonnes was sold by trading house Pan Ocean at \$192.45 a tonne c&f plus a \$1.15 a tonne surcharge for additional port unloading for arrival in South Korea around May 20.
- The second consignment of 69,000 tonnes was purchased at \$191.46 a tonne c&f plus a \$1.25 a tonne surcharge for additional port unloading for arrival around June 10. The seller was Zen-Noh.
- The third consignment of 66,000 tonnes was sold by CHS at a premium of \$1.0775 over the Chicago May corn contract CK7 plus a \$1 a tonne surcharge for additional port unloading for arrival around June 20.
- The feed wheat was sold by CJ International in a single 67,000 tonne consignment at \$199.95 a tonne c&f plus a \$1.20 a tonne surcharge for additional port unloading.

South Korea's (MFG) purchased about 136,000 tonnes of corn which can be sourced from optional origins in an international tender which closed on Thursday. The corn was sought in two consignments of 55,000 to 70,000 tonnes, one for arrival around May 20 and the other for arrival around June 5. Seller for both cargo's was Pan Ocean.

- The first consignment totalling 67,000 tonnes was purchased at \$191.75 a tonne c&f plus a \$1.00 a tonne surcharge for additional port unloading.
- The second consignment of 69,000 tonnes was purchased at a premium of 126.00 cents c&f over the Chicago May corn contract CK7 plus a \$1.00 a tonne surcharge for additional port unloading.

Blacksea was showing some trades out of Ukraine. March traded around 170/171\$ levels, Apr traded between 172 and 174US\$. New crop some nov positions traded around 40 over.

On the Danube still some problems with ice and lower water levels, despite these problems still some people taking/solving positions. Bss feb and march traded between 142 - 144. new crop rather quiet as farmers not selling much. Value there around 145€ FOB.

On the Dutch market we have seen some movement on the april positions between 172 and 177 (big spread between paper specs and special needs). New crop O/N/D traded around levels of 169/170€ Dutch interior.

Wheat:

Jordan's state grain buyer has issued new international tenders to purchase 100,000 tonnes of hard milling wheat and 50,000 tonnes of animal feed barley both to be sourced from optional origins. Deadline for the wheat tender is Feb. 21 and deadline for the barley tender is Feb. 22.

An Ethiopian government tender to buy 400,000 tonnes of wheat which closed on Tuesday received a lowest offer of \$219.68 per tonne c&f for the May shipment consignment.

The tender sought optional origin but it is thought the lowest offer was for wheat sourced from the Black Sea region. Some 10 trading houses took part in the tender.

The wheat is sought by Ethiopia's (PPPDS) in three shipment consignments of 133,333 tonnes each. The first is scheduled for March, the second for April and the third for May.

- Offers for the March consignment were in a range of \$223.68 to around \$249 a tonne c&f.
- Offers for the April consignment were in a range between about \$224 to around \$246 a tonne c&f.
- Offers for the May consignment were in a range of \$219.68 to around \$241 a tonne c&f.

The United Nations' Food and Agriculture Organisation warned in December that close to 12 million people across Ethiopia, Kenya and Somalia were in need of food assistance as farmers struggled with the knock-on effects of repeated droughts in the region.

Ethiopia made a series of very large wheat purchases between October 2015 and April 2016 after drought damaged crops.

Blacksea 12.5pro (russian) showed some decent trading last week with shorts getting squeezed in the origin (local delivered market moving up fast) between 187\$ and 192\$ was traded for march, april traded between 185\$ and 187\$. AMJ positions we have seen the offers around 186/5\$ but less action there. New crop (aug) traded at 175€. Market after that further looking for the offer but sellers moving to 177US\$.

Dutch market showed some decent activity in the front positions between 176 and 179€. Apr/Jun showed some activity between 178 and 181€. New crop some trades reported between 169 and 170€.

Barley:

Algeria's state grains agency OAIC has issued international tenders to purchase nominal 50,000 tonnes of feed barley. The tender will close on Thursday the 16th of february.

The barley was sought for shipment in a single period between March 1-15.

Volumes in Algeria's tenders are nominal and the country frequently purchases more than the volumes initially sought.

A few vessels with destination Saudi traded last week out of Germany at FOB levels between 165US\$ and 168US\$ for march/april positions. Also equivalent of this price traded in the delivered interior market. New crop in Germany traded some bigger volumes in the delivered market around FOB equivalents of 168/169US\$.

On the Dutch market we have seen some movement on all positions between march and june between 157 and 160€.

South America:

The currency in general had a stable to firm week in South America. The Argentine peso opened at 15.77 and ended a bit stronger at 15.47. In Brazil, the real started at 3.1150 and closed at 3.1111. The corruption cases keep on appearing in both Argentina and Brazil. In Argentina the headlines were dominated by the story that justice is prosecuting the former director of the intelligence agency. During the investigation his phone was tapped and several communications with former president Cristina Kirchner are compromising him and her for abuse of power. In Brazil, the week started with the funeral of the former first lady and wife of Lula. Lula, during the service, criticized the judicial system and blamed them for the death of his wife. The public could not believe he took advantage of this moment to fight his personal battle.

The weather had some relief in the beginning of the week in Argentina. The heavy rains over the weekend were perfect for the dry spots and missed out on the places where excess of rains is causing troubles for the crops and the logistics. The rains however during the end of the week did bring some more water to the flooded areas. The report of the USDA and the Buenos Aires exchange pegged the production in Argentina as follows: Soybeans 55,5 according to the USDA (in Feb they estimated 57) against 54,8 by the Exchange who had previously informed 53,6 million... Corn: 36.5 million tons according to the USDA and 37 million according to the exchange. The Brazilian production numbers according to the USDA for soybeans remained at 104 million tons and corn was also steady at 86,5 million tons, almost 20 million tons more than the disastrous year of 2016.

In the market we saw some trades in the corn market in both Argentina and Brazil. In Argentina, the April position traded at +40ck for paper terms up river. The Brazilian corn traded on the October position at +45cz. The values in general for Argentina for corn were as follows: 15/3 +55ck, April +43ck, May +40ck, June +32cn, July +27cn and August/Sep at +25cn. In Brazil the offers were at +47cu for August/September S/T with 5cts discount for northern ports. October at 48cz and November/December at +50cz. Demand only looking for S/T positions at low/mid 40's. Wheat was offered in Argentina at USD 185 for 11.5 or 12 pro. In Brazil 12 pro is buyable at 182 for March. Barley after the Saudi tender traded at USD 160 and is further bid at those levels. Demand asks for USD 165/166.

Sunseed/Sunoil

The Ukrainian Sunflower oil market is still not breaking into any new direction. The markets are lacking more and more liquidity. This spot market is still showing longs on which sellers are mostly concentrated. Shorts bit by bit pick up some spot oil but the pressure from sellers is bigger. On the deferred positions however it is mostly the trade willing to sell as crushers being less competitive, expect better levels in the future. Pricewise the March/April/May/June positions are mostly found moving between 765USD and 755USD. For now there have been some bits of trades for March and April round 760 USD. However while the April/May/June is unwilling to break below the 760 USD line we expect with end of February closing in that the March longs will break lose and have to go below this level during week 7.

The Blacksea Sunflower seeds market again doesn't show much changes from last weeks. Origination is slow with some difficulties in logistics causing seller to no go far below 400usd for March/April positions. On other hand both Blacksea and ARAG markets have longs on the spot Sunflower oil, which is keeping the front of the market weak and making the slim crush margin unable to improve the low 390USD buying levels.

