

Report week 7 (2017)

Corn:

South Korea's (KOCOPIA) has issued an international tender to purchase about 110,000 tonnes of optional-origin yellow corn. The tender closes on Wednesday, Feb. 22. The corn is sought in two 55,000 tonne consignments for arrival around May 10 and May 25. The corn can contain genetically-modified organisms (GMOs).

Korea's (KFA) purchased about 62,000 tonnes of corn in a tender Tuesday which can be sourced from optional origins including east Europe.

- A single consignment for arrival around May 20 was purchased by the KFA's Busan section at \$194.10 a tonne c&f plus a \$1.0 a tonne surcharge for additional port unloading. Seller was COFCO

Blacksea was showing some trades out of Ukraine. April traded around 171/172US\$ level for handy sizes and 174/5US\$ for panamax sizes. June traded a dollar higher for panamax size, 176US\$. New crop nominal value last week still around this 40 over DEC cbot (+42 offered, +38 bid)

On the Danube still problems with low water and ice, both north- and southbound. Prices traded bss feb/mrt with 142/3€. New crop remains rather quiet as well with levels nominally around 145/6€.

On the Dutch market it was very quiet on corn.

Wheat:

Egypt's (GASC), said on Friday it bought 360,000 tonnes of milling wheat (16-26mrc shipment) with the following breakdown of the purchase:

- AOS: 60,000 tonnes of Russian wheat at \$195 a tonne free on board (FOB) and \$9.85 a tonne freight from Venus equating to \$204.85 a tonne C&F
- Daewoo: 60,000 tonnes of Russian wheat at \$196 a tonne FOB and \$9.85 a tonne freight from Venus equating to \$205.85 a tonne C&F
- Grainbow: 60,000 tonnes of Russian wheat at \$196 a tonne FOB and \$11.60 a tonne freight from National Navigation Company equating to \$207.60 a tonne C&F
- Louis Dreyfus: 60,000 tonnes of Ukrainian wheat at \$195.50 a tonne FOB and \$12.60 a tonne freight from National Navigation Company equating to \$208.10 a tonne C&F
- Nidera: 60,000 tonnes of Romanian wheat at \$197.50 a tonne FOB and \$10.85 a tonne freight from National Navigation Company equating to \$208.35 a tonne C&F
- Aston: 60,000 tonnes of Russian wheat at \$197 a tonne FOB and \$11.60 a tonne freight from National Navigation Company equating to \$208.60 a tonne C&F

The Ethiopian government has bought about 400,000 tonnes of wheat in a tender for the same volume. The wheat is from optional origins but likely to include the Black Sea region as a source. The wheat was in three shipment consignments each of 133,333 tonnes. The first is scheduled for March, the second is for April and the third is scheduled for May.

- The first consignment was purchased from Promising International at \$227.85 a tonne c&f.
- The second was bought from ADM at \$227.50 a tonne c&f.
- The third from Phoenix at \$225.10 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 are in need of food assistance as farmers struggle 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.

Jordan's state grains buyer purchased 100,000 tonnes of milling wheat to be sourced from optional origins in a tender which closed on Tuesday.

- It was purchased at about \$202 a tonne c&f for shipment between July 2 and Aug. 1. Seller was trading house Ameropa

Tunisia's state grains agency has issued international tenders to purchase up to 109,000 tonnes of soft milling wheat and 25,000 tonnes of feed barley

The origin was optional. Tender deadline is Wednesday, Feb. 22.

The wheat was sought in three consignments of 25,000 tonnes and two of 17,000 tonnes for shipment between March 15 to April 25, depending on origin. The earliest shipments would be from the United States, Canada and South America, while the later shipments would be from Europe and the Black Sea region.

The barley was sought in a single consignment for shipment between March 25 to April 15, also depending on origin.

A Libyan state grain buying agency has delayed the offer deadline in an international tender to purchase 100,000 tonnes of milling wheat, 50,000 tonnes of durum wheat and 75,000 tonnes of yellow corn to Wednesday to Feb. 22.

Traders had previously said the deadline in the tender, which also seeks 75,000 tonnes of feed barley and 25,000 tonnes of soymeal, was Feb. 19.

Offers in the tender must remain valid until March 31, so an immediate decision may not be made. Shipment of the grains is sought in April and May.

Iraq's state grains board has re-issued an international tender to buy at least 50,000 tonnes of wheat, traders said on Monday.

The tender closes on Feb. 26 and offers must remain valid until March 2

Iraq had made no purchase in its previous tender for 50,000 tonnes and a new tender was expected to be issued.

Only three companies made offers in last week's tender, with many trading companies deciding not to participate because of uncertainty about new tender specifications and payment terms.

Blacksea 12.5pro was rising fast on front positions (supported by tender GASC) spot/march positions traded around 192/3US\$ FOB. With these trades, further positions were also quoted higher. 192april/190may/188jun but less buying interest there. New crop (aug) values unchanged 179/8\$ seller vs 175/6\$ buyers.

Dutch market showed some activity in the front positions between 178 and 179€.

Barley:

Algeria's state grains agency OAIC purchased about 50,000 tonnes of feed barley to be sourced from optional origins in a tender which closed on Thursday.

- Prices were around \$182 to \$183 a tonne c&f. The barley was sought for shipment in a single period between March 1-15. Seller was Casillo

German market showing some action FOB around 155/156€ (164/165\$) with some short trading positions covering saudi/iran and Algeria sales.

On the Dutch market we have seen some movement on apr/june positions between 159 and 160€. New crop non-discussed.

South America:

The currency had a mixed week in the South American continent. The Argentine peso started the week at 15.467 and ended a bit weaker at 15.65 but it came as low as 15.25 at a certain stage. The Brazilian Real began trading at 3.1110 and closed a bit firmer at 3.085. The forecast for inflation for February will be higher than the target set by the Argentine government. Especially the increase in electricity tariffs in the beginning of the month will bring the expected inflation to 2.5% on a monthly basis. The Mexican government, in a response to the controversial statements of president Trump, announced that a delegation will travel to Argentina and Brazil in order to secure supply of corn. They would like to be less dependent on supply from the United States. Main concern in the market is if there will be enough logistical capacity in the ports as currently the supply comes mostly by trains.

The weather started a bit cooler but closer to the weekend, the temperatures started rising again. The weather seems very beneficial for the crops which are in good shape. In Argentina, the first harvest reports are coming out with very good yields for corn, however the Buenos Aires Exchange left their numbers unchanged for the production. 37 million tons for Corn and 54.8 for soybeans. In Brazil the harvest is also at full pace. Remarkable is that chicken farms in the northeast of Brazil remain looking for supply of corn thru imports. Main reason is that the internal logistics from the corn producing area to the plants are very expensive and there is an advantage on tax credits that keep imports interesting.

No business was reported in the open market throughout the week. In Argentina, the corn ended being offered at +57 for 15/3-15/4 versus buyers at +53 for full march. April offered at +45 versus buyers at +41 and may offered at +42. June was offered at +32, July at +27 as well as August September where a Panamax could be bought at a 5 cent spread at +32cu.

Demand for OND at +20. Brazil was offered at +45cu for August/September/October but demand only aiming at mid/high 30's. For Nov/Dec demand is willing to see levels in the low 40's but sellers aiming at least 10 cents higher. On the wheat market, offers for March at USD 192 for 12 pro and USD 194 for April 11.5 pro. April in Bahia Blanca 12 pro is worth above 200. Buyers only interested around USD 185. For April. In Brazil indications for March delivery at low 180's.

Sunseed/Sunoil

After few weeks of no clear direction, the Ukrainian Sunflower oil market broke down to move below 750USD. The week started in the same value range for April/May/June positions, with offers at low 760s USD and buyers round 750USD. Wednesday 17th of February the GASC tender received offers reflecting these values. Last two days of the week however CBOT Soy oil took charge and moved buyers below 750USD. While mostly the Ukrainian crush doesn't react too quickly to such moves it dove after the buyers this time. This weakness of oil was partly being mitigated by firm meal markets, enabling sellers to move down. End of Friday the lowest recorded trade was 743USD for April. As the March was already discounted last few weeks it seems market is preparing for some rolling into the April. So there is a clear push from paper longs on the March followed by both trade and crush on the April. May/June while flat to April are still rather kept out by the sellers. The main task of the market is still to find demand for the front positions. Week 8 continued this trend of weakness by keeping offers March/April well below 750USD in the search of buyers, which now show their support at 735USD.

The Blacksea Sunflower seeds market again doesn't show much changes from last weeks. While the oil was weak during end of the week, the Sunflower seed market traded again round 400USD for March and April positions. Origination is not letting the markets move down. While the market is still quoting offers 402USD against bids at 394USD the recorded levels show the market is unchanged and keep trading at same levels as previous weeks.

