

Report week 8 (2016)

Corn:

In the Black Sea (Ukr) 2hMarch till May positions were traded between 165 and 167US\$, which was in line with the market out of Constanta which traded around 154/3€.

Hungarian Danube corn FOB levels for old crop traded at 137€ bss March. New crop bss October nominal at 140€ for paper specs, with local industry paying 140/141€ for sustainable goods.

The Dutch market keeps on crumbling with no fresh consume demand Apr/Jun traded down to 156€ and the bottom has not been reached there yet as feed wheat is still 6-8€ cheaper on that position. New crop traded jan/jun position at 164€.

Wheat:

Switzerland's ADM International has secured a tender to supply 50,000 tonnes of wheat to Bangladesh after submitting the lowest offer of \$211.45 a tonne.

The price includes freight, insurance and discharge costs. This is the lowest price the state grains buyer is paying for wheat in the current fiscal year. ADM had earlier won another tender to supply a similar volume of wheat at \$215.87 a tonne.

The origin of the wheat of the latest deal could be Russia or India, adding that the state buyer was receiving Russian wheat in the previous two tenders.

The lowest offer in the tender from the Ethiopian government to buy 70,000 tonnes of wheat which closed on Tuesday is \$206.13 a tonne c&f free out for optional origin supplies. No purchase had yet been made and negotiations continue.

The offer was for shipment to the port of Djibouti and was made for the full 70,000 tonnes in the tender. The offer rose to \$230.13 a tonne if extra ship unloading costs were wanted by the purchaser. This was followed by offers of \$207.96 and \$208.44 a tonne c&f free out to Djibouti. Finance for the purchase is being provided by the World Bank's International Development Association (IDA) and other aid agencies to help build up Ethiopia's food reserves after drought damaged crops.

A group of animal feed makers in the Philippines purchased about 110,000 tonnes of feed wheat from optional origins in a tender which closed on Wednesday. The wheat can be sourced from any optional origins worldwide excluding India and Brazil.

- Half was purchased at around \$180 a tonne c&f for May shipment and half at about \$181.50 a tonne for June shipment. Sellers were Cargill and Midstar

Egypt's GASC has bought 300,000 tonnes of wheat in a tender. With the following breakdown of the purchase:

- 60,000 tonnes of French wheat from Soufflet at \$175 a tonne free-on-board (FOB) and \$8.98 a tonne freight from National Navigation equating to \$183.98 a tonne C&F
- 60,000 tonnes of Romanian wheat from Ameropa at \$179.65 a tonne FOB and \$4.33 a tonne freight from Ameropa equating to \$183.98 a tonne C&F
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- 60,000 tonnes of Argentine wheat from BTG at \$172 a tonne FOB and \$15.70 a tonne freight from National Navigation equating to \$187.70 a tonne C&F
- 60,000 tonnes of Ukraine wheat from Louis Dreyfus at \$179 a tonne FOB and \$8.70 a tonne freight from National Navigation equating to \$187.70 a tonne C&F

Saudi Arabia's state grain buyer bought 870,000 tonnes of hard wheat in a tender. The wheat purchased was of European, North and South American and Australian origin, The tender had been for wheat with 12.5 percent protein content and is for shipment for April to June. The wheat was purchased in 14 consignments for shipments to the ports of Jeddah, Dammam and Jizan. The following breakdown of the purchase, with prices in dollars per tonne and shipment periods in brackets:

Jeddah Sea Port :

- 65,000 tonnes from ADM HELLAS at \$186.28 C&F (1-10 Apr. 2016)
- 65,000 tonnes from ADM HELLAS at \$189.78 C&F (10-20 Apr. 2016)
- 65,000 tonnes from ADM HELLAS at \$189.78 C&F (20-30 Apr. 2016)
- 65,000 tonnes from ADM HELLAS at \$184.58 C&F (1-10 May 2016)
- 65,000 tonnes from ADM HELLAS at \$186.58 C&F (10-20 May 2016)
- 60,000 tonnes from LOUIS DREYFUS at \$187.44 C&F (20-30 May 2016)
- 65,000 tonnes from ADM HELLAS at \$186.18 C&F (1-10 Jun. 2016)
- 65,000 tonnes from ADM HELLAS at \$188.18 C&F (10-20 Jun. 2016)
- 60,000 tonnes from LOUIS DREYFUS \$189.44 C&F (20-30 Jun. 2016)

Dammam Sea Port:

- 60,000 tonnes from ADM HELLAS at \$187.53 C&F (10-20 Apr. 2016)
- 60,000 tonnes from GLENCORE GRAIN at \$193.16 C&F (1-10 May 2016)
- 60,000 tonnes from ADM HELLAS at \$188.33 C&F (20-30 May 2016)
- 60,000 tonnes from GLENCORE GRAIN at \$191.38 C&F (10-20 Jun. 2016)

Jazan Sea Port:

- 55,000 tonnes from ADM HELLAS at \$186.78 C&F (20-30 Apr. 2016)

Importers in Thailand have issued an international tender to purchase 256,600 tonnes of feed wheat. The wheat can be sourced from any origin worldwide except Brazil. The tender closes on Wednesday March 2 and seeks August-December shipment. A previous tender from the importers for the same volume on Feb. 24 had ended without a purchase as prices were regarded as too high.

The Taiwan Flour Millers' Association has issued an international tender to purchase 100,975 tonnes of grade 1 milling wheat to be sourced from the United States. Tender deadline is March 3.

- The wheat is sought in two consignments, one for April 18 to May 2 shipment and the other for shipment between May 5-19.

12.5 pro out of northern Europe was traded for German origin Bss march at 173.5US\$. After that it turned quiet, with the trade preparing for the above mentioned Saudi tender. ADM claimed the majority of this tender and that was not unexpected as they were the big buyer in the north the weeks before. With 15/16US\$ freight the tender was not extremely aggressive (around 170/173US\$ FOB northern Europe). Russian market selling ideas around 175US\$ with buyers around 172/3US\$. Except March positions there the market is about 2/3\$ higher.

Feed wheat to Spain traded September/October Positions around 156€. This is most probably based on French/Romanian origin. Constanta traded at 149€ FOB which makes the CIF business possible to connect.

Feed wheat in the Dutch market was very quiet with matif dropping 4€ on Wednesday last week all potential buying interest disappeared.

Barley:

Jordan in the market for 50.000mt barley for positions July/August. Tender closing date: 2nd March 2016

Saudi market traded around 177US\$ CIF for aug/sep positions, with closest origin to calculate this being the Romanian market trading around 161/162US\$ FOB.

For the German barley market the delivered market bss march was relatively quiet with the big exporters spot boats filled up. New crop basis September traded between 148 and 151€. Which was at the time of trading around -17/-18 compared to matif December.

Dutch market old crop barley was dead quit with prices being too expensive compared to feed wheat and corn. New crop traded (buyers call O/N/D position) around 151€

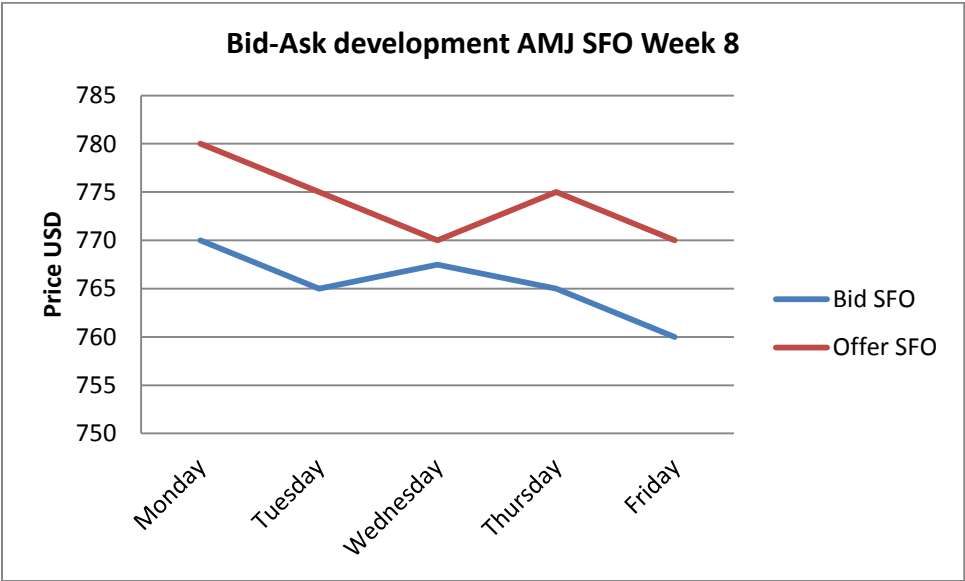
Sunseed/Sunoil

Egypt's (GASC), bought 89,000 tonnes of vegetable oils in a tender. Of the total, GASC purchased 61,000 tonnes of soybean oil and 28,000 tonnes of sunflower oil, the oil is for shipment 15-30 March. Below the breakdown of prices:

- 31,000 tonnes of soybean oil from ADM at \$741 a tonne
- 30,000 tonnes of soybean oil from Nidera at \$741 a tonne
- 12,000 tonnes of sunflower oil from Nidera at \$807 a tonne
- 16,000 tonnes of sunflower oil from Aston at \$807 a tonne

The Ukrainian Sunflower oil market started showing some more sellers throughout week 7 and continued to do so for week 8. The market kept under heavy pressure from the existing Sunflower oil stocks at the Ukrainian ports. With rather limited buyers the Sunflower oil seemed to be less moved by other markets and kept pressing down throughout the week. The AMJ positions started the week with 780USD offered against 770USD bid and lost 10USD towards the end of the week. Also for March the premium was disappearing. We started the week with buyer paying 1USD inverse for the March over the April against sellers at 5USD inverse. Towards the end of the week we had buyers of the march showing 0USD inverse against sellers at 2,50USD. Starting week 9, Sunflower oil markets keep rather heavy with on Monday April Ukrainian Sunflower oil trading at 765 USD.

Week 8 showed slow movement on the Black Sea Sunflower seeds market as well. Buyers were still showing the same bearish attitude towards Sunflower seeds with these heavy Sunflower oil markets. With a rather limited amount left on the old crop Sellers didn't change their ideas and offered March/April at 400/405USD. New crop this time showed some significant weakness with offers moving to 380USD. For the start of week 9 market even found offers for new crop Sunflower seeds at 370USD while the best buyers showed low 360s USD at very best.



South America

Argentina started this week with a peso gaining some stability. Started the week at 15.26 and ended it at 15.38. From Brazilian side, the real keeps on very stable moving from 3.9475 to 3.9523. The news in the market on the economic side was that the mayor holdout funds announced that they had reached an agreement with the Argentine government regarding the long lasting dispute on outstanding (defaulted) debt. This news got confirmed later by the Argentine government.

By Monday, on the Argentinian corn market, March/ April/ May was offered at +55ck while buyers were looking for values 10 cents lower. During the following days premiums went down, March/ April at +50ck and May at +45ck. For June/ July values moved from +43/39cn to +40/38cn respectively. Moving forward to August position, interest to sell was at high 20's. Sellers open values on Monday were +32cu and by the end of the week they were quoted at +28cu. On the wheat, sellers with interest in March position considering values at 160. Fridays tender from Egypt was a bit of a surprise to the market. Argentina sold to GASC a cargo of 11.5 pro at 172 that, if we consider the costs assumed when selling to GASC, it should be an equivalent to 167 for a panamax vessel. This aggressive offer made sellers consider values near 165 for upriver positions. Regarding barley, sellers looking for 15/3-15/4 or full April at 162-3. Buyers however were looking at values in the mid 150's, which considering CFR values to Saudi Arabia make more sense.

On the Brazilian market, corn was offered +50cu for August from Santos. Compared to buyers this is a big difference, they could be willing to trade at +35cu. Resellers of papers were a bit more aggressive and considering values of 40cu for more optional ports. For September, Santos was quoted at +48cu but overheard as well that resellers were more aggressive looking at similar levels as August. Moving forward to October/ November/ December position was offered at +35cz for optional ports. The common point between Argentina and Brazil was the lack of demand. This has resulted in the decrease in prices of some products and it might continue, however only when real demand appears. The feeling is that without a reason, nobody will show the back of their tongue.