

# Fryer's EU - Black Sea Report

WHEAT										
Futures	Matif (€)			CBOT (€)		Liffe (£)		Freight (Handies)		
	Dec	Mar	May	Dec	Mar	May 8	Nov 8		Rouen	B.Sea
Previous	163.00	168.50	172.25	158.00	165.50	147.00	147.00	Egypt	23.00	19.00
Close Oct 30	163.50	168.75	172.50	158.00	165.50	146.80	146.80	Algeria	20.00	21.00
Change	0.50	0.25	0.25	0.00	0.00	-0.20	-0.20	Morocco	18.00	23.00
Fob 25kt	France	German	Baltic	Costanza	Fob 25kt	UK	France	German	Baltic	Costanza
€uro	11.5 pro	12.5 pro	12.5 pro	12 pro	US\$	76/220/11	11.5 pro	12.5 pro	12.5 pro	12 pro
Dec	167.25	168.50	166.50	171.11	Dec	200.72	194.51	195.97	193.64	199.00
Jan	168.64	170.25	168.25	171.97	Jan	201.58	196.13	198.00	195.67	200.00
Feb	170.32	172.00	170.00	173.69	Feb	202.43	198.08	200.04	197.71	202.00
Mar	172.00	173.75	171.75	n/a	Mar	203.28	200.04	202.07	199.75	204.00
*basisJuly	Russian 12.5 pro			Rus/Ukr 25kt		C&F Egypt		Feed 25kt US\$		
	Azov	Marmara	Big Port	12.5 pro	11.5 pro	12.5 pro		Ukraine	UK	EU B. Sea
Dec	153.00	193.00	194.00	193.00	187.00	213.00	Dec	184.00	194.11	188.12
Jan	153.00	193.00	194.00	193.00	188.00	213.00	Jan	184.00	194.99	189.12
Feb	154.00	194.00	195.00	194.00	190.00	214.00	Feb	185.00	195.86	190.12

Over the weekend, Saudi bought 484kt Dec-Jan arrival at an average \$222 basis Jeddah (see details page 2). This was \$6 above their last purchase in August but it still looked like a sizeable discount against German/Baltic replacement, and HRW didn't seem to work either. However Argentine 12.5 pro did look like it could fill at least the Dammam share basis \$38 for freight and costings and current Fob replacement. And the EU markets were unmoved by the business with Matif up just 50¢ and premiums unchanged, with the €uro also flat. The Black Sea was ill-defined to start the week with Russian 12.5 pro apparently flat Nov-Dec-Jan at around \$194 plus \$1 per month beyond that, whilst the 11.5 pro discount narrows in the deferreds from \$7 in the nearby to just \$3 Mar-April. Feed remains around \$10 below the 12.5 value. Russia's harvest data still argues for a crop around 85 Mmt (see page 2). Results are not yet known on last week's 400kt tender but Ethiopia has doubled the volume at its Nov 28th tender, now also at 400kt. The French vessel line-up is better, but it's still the same destinations with no incremental demand.

BARLEY							C&F Saudi	Freight Jeddah	
Fob (4kt)	Germ/Balt (€)	UK (€)	Fob 50kt	France (€)	Germ/Balt (€)	UK (€) 25kt		N. EU	31
Dec	155.50	154.42		162.75	160.50	157.82	212-217	B. Sea	27
Jan	157.75	155.55		163.14	162.75	158.96	212-217	Argie	36
Feb	159.50	156.69		164.07	164.50	160.10	-	Aussie	27
Fob 50kt	France (\$)	Germ/Balt (\$)	UK (\$)	25kt	B. Sea	Up River	BB/Neco	WA	SA
Dec	189.28	186.66	183.55	188-192	n/a	n/a	185-190	210.00	205.00
Jan	189.73	189.28	184.45	188-192	n/a	n/a	185-190	210.00	205.00
Feb	190.81	191.31	185.34	n/a	n/a	-	210.00	210.00	205.00

It was another dull day for barley to start the week with EU premiums and Black Sea bid-offer spreads unchanged. Russia's harvest data continues to argue for a crop around 21 Mmt (see page 2).

## CORN

Futures	Matif (€)		Fob	Poland €	Fr Bay €	Rhine €	Danube €	Costanza €	Ukraine \$
	Jan	Mar							
Previous	160.00	164.50	ND	n/a	155.00	153.00	130.32	147.32	166.34
Close Oct 30	159.75	164.25	JFM	n/a	165.00	162.00	134.64	151.64	171.36
Change	-0.25	-0.25	AMJ	n/a	169.00	164.00	143.19	160.19	181.30

Matif corn shed 25¢ in low volume, the €uro was little changed, and French cash markets were dull with various holidays this week, whilst the rapidly advancing harvest removed much of the remaining selling pressure. Black sea premiums were little changed, but Russian harvest data continues to trim the crop potential with this week's pro rata calc down at just 13.1 Mmt against USDA's 15.3 Mmt and last year's 15.3 Mmt (see page 3). The Ukraine crop potential also continues to decline but as Azov coaster freight soars to over \$40, this is pricing in potential increasing demand for Ukraine handies to Turkey. The CBOT was little changed, the S American forecast continues to turn more favorable, US field data continues to argue for the USDA to raise their corn yield in the November report, and possibly up to last year's record high, which given this year's weather would be a total game changer for the corn market.

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## World Wheat Fob Comparisons (from highest to lowest basis the nearby)

Origin	HRW*	HRW*	German	French	Baltic	Russian	HRW*	Russian	SRW*	Argentine
% Protein*	11.5/13	11/12.5	12.5	11.5	12.5	12.5	Ords	11.5	9.5	12
Dec	213.9	197.3	196.0	194.5	193.6	194.0	190.0	187.0	185.2	179.0
Jan	216.8	200.3	198.0	196.1	195.7	194.0	192.9	188.0	186.3	182.0
Feb	218.6	202.1	200.0	198.1	197.7	195.0	194.8	190.0	188.1	185.0

Origin	HRS 13.5	CWRS 13.5	CWRS 13	APW
	PNW	VCR	VCR	WA
Dec	275.0	262.4	255.0	249.0
Jan	276.0	264.2	256.9	252.0
Feb	277.0	264.9	253.2	255.0

\*US protein is basis 12% moisture. Thus HRW 10.5 pro equates to 12% EU/Russian; 11 pro HRW equates to 12.5% EU/Russian. SRW 10 pro equates to 11.4%

Exchange	\$	Change	€	Change
€	1.1630	0.0020	1	0
£	1.3205	0.0080	1.1354	0.0049
Rub	57.925	-0.1750	67.367	-0.0873
UAH	26.835	0.0350	31.2091	0.0943
Turk Lr	3.7785	-0.0095	4.3944	-0.0035
Egypt £	17.6500	0.0000	20.5270	0.0353

## Russian Harvest Progress as of ...

WHEAT	Oct 20		Oct 27		Change on Week		Final	USDA	Pro Rata production*	Last Week
	2016	2017	2016	2017	2016	2017				
Area	27.1	27.2	27.2	27.3	0.1	0.1	27.0	27.9	27.6	27.6
Yield	2.8	3.2	2.8	3.2	0.0	0.0	2.7	2.9	3.1	3.1
Production	75.6	87.3	75.9	87.9	0.3	0.6	72.5	82.0	85.5	85.2

BARLEY	Oct 20		Oct 27		Change on Week		Final	USDA	Pro Rata production*	Last Week
	2016	2017	2016	2017	2016	2017				
Area	8.1	7.7	8.1	7.7	0.0	0.0	7.9	7.9	7.9	7.9
Yield	2.4	2.8	2.4	2.8	0.0	0.0	2.2	2.6	2.6	2.6
Production	19.0	21.5	19.0	21.5	0.0	0.0	17.5	20.5	20.8	20.9

CORN	Oct 20		Oct 27		Change on Week		Final	USDA	Pro Rata production*	Last Week
	2016	2017	2016	2017	2016	2017				
Area	1.3	1.5	1.6	1.7	0.3	0.2	2.8	3.0	2.9	2.9
Yield	5.5	4.8	5.6	4.8	0.1	0.0	5.3	5.1	4.6	4.6
Production	7.2	7.2	8.9	8.2	1.8	1.0	15.3	15.3	13.1	13.5

## French Vessel Line-up

	Wheat		Barley		Corn
Portugal	10	Germany	4	UK	39
Italy	7	Spain	4	Holland	9
				Belgium	10
				Germany	5
				Eire	26
EU	17	EU	8	EU	89
Algeria	177	Morocco	49	Others	3
Oth. Africa	20	Jordan	13		
Yemen	27	Libya			
Cuba	23				
Others	11				
Non-EU	258	Non-EU	62	Non-EU	3
Total	275	Total	70	Total	92
Previous	129	Previous	79	Previous	64

## Saudi Wheat Results

Arrival	kt	Jeddah	kt	Dammam
10-20 Dec	60	\$221.51		
20-30 Dec	63	\$221.67	63	\$229.58
1-10 Jan	63	\$222.38		
10-20 Jan	60	\$221.54	60	\$228.00
20-30 Jan	60	\$222.50		
<b>Total</b>	<b>306</b>	<b>\$221.92</b>	<b>123</b>	<b>\$228.79</b>
		Arrival	kt	Jizan
		10-20 Jan	55	\$223.50

Our best guess on replacement

	German	Baltic	HRW11	Arg 12.5
Fob	196	194	199	190
Fret	30	32	34	38
C&F	226	226	233	228
				(Dammam)