



Highlights: Our revised world fish meal Supply/Demand for 2018 and our first forecast for 2019 – See section I below

In Peru, the 2nd fishing season in the North/Centre went surprisingly well and the 2.1 Mn T quota was practically filled early January. It was one of the best 2nd fishing season in recent years and it concluded the year 2018 with a total, until December 31st of 6.2 Mn T, the best season in recent years. The coming of a weak "El-Niño" has been widely forecast in the last months of 2018. The question still remains open whether this "warm event" would affect the development of the coastal fish resources. IMARPE is planning its usual research cruise to start on February 12 for a 45 days survey. In the meantime, it looks like that the spawning process in the north/centre region which should have already started is not as dynamic as usual, something that the scientists will be following closely in the coming weeks.

In Chile, The North of Chile is currently under the usual fishing ban at this time of the year with no ending date but possibly until mid-February. In the south, the industry is increasingly fishing jack mackerel and also processing salmon trimmings. Overall, at 1.8 Mn T, the 2018 fishing year in Chile has been one of the best in recent years (graph 25) with 373 Thd T of fish meal produced, up 14% year to year and even up 74% above the poor year 2016.

The Lima fish meal market. As the 2nd fishing season was coming to an end and producers were starting to accumulate significant unsold stocks, trading started to be active attracted by price discounts particularly on the super-prime quality for which the lowest price was \$1500/T FCR China, equivalent to \$1480/T Fob. In recent days, prices rose a bit as buyers accepted prices up to \$1520/T FOB for super-prime quality and \$1280/T for the standard quality. The unsold stocks in Peru are estimated at 90 Thd T or less.

In China: Fish meal prices have been stable since the beginning of the year 2019 with imported super-prime fish meal at RMB 10600/T (equ. to \$1560/T) and imported standard fish meal at RMB 9700/T (equ. to \$1428/T), both basis ex-port storage in Shanghai. Considering that current prices may have reached their bottom, there are good reasons to anticipate a price recovery when the aquaculture season starts. By how much? It depends upon two major unknown factors: [see on page 7](#). Although on the decline prior to the Chinese New Year holiday (early February), fish meal stocks in Chinese ports remain high when compared with previous years, at 168.1 Thd T against 78.0 Thd T in January 2018. At 17.0 Thd T/ week, port off-takes are in line with the 3-years average (16.4 Thd T), a third above the previous year and 60% higher than in 2011 (graph 34). Now at less than 9 Thd T/week, "new arrivals" are 15% below the 3-years average and about half year ago level.

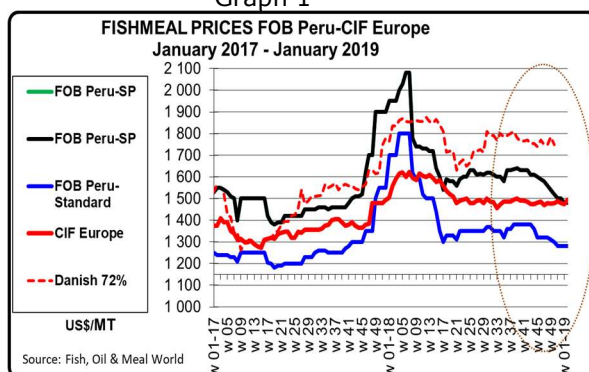
Fish oil: The market was unable to fully recover from the sharp price correction witnessed in the first semester 2018 which, actually started the year 2018 at a record price, a level at which the fish oil/rape oil price ratio had reached a three years record level close to 2.8. During the 2nd fishing season, average oil yields remained quite stable averaging about 3% but as buyers started to cover their 2019 requirements, aqua-grade oil prices started to return to a modest increase at \$1800/T FOB Peru and \$ 1650/T CIF Europe.

I- HIGHLIGHT: Our revised world fish meal Supply/Demand for 2018 and our first forecast for 2019 (see a summary table on page 4 and a detailed balance on page 13).

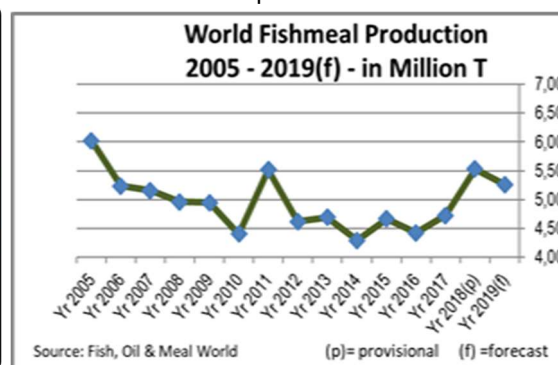
1) In the last half of 2018, bearish market conditions developed in the "Asia-Pacific" region with prices declining to previous year levels. The combination of expectations of a good 2nd fishing season in Peru, high fish meal stocks in Chinese ports and massive fish meal arrivals in China late 2018 led to the feeling that the Chinese market would be well supplied until the 1st quarter 2019. In addition, the Chinese economy started to slowdown, the USA-China trade war turned towards longer term uncertainty and end-users became more cautious in taking long term positions. Also, the sharp decline of the Yuan against the US dollar which returned to the level of 2008 (see section IV on page 11) did not help keep dollar denominated prices firm (graph 1). This scenario was not totally followed in the "Mediterranean-Atlantic" region where fish meal prices did not drastically decline: both CIF Europe and Danish 72% prices developed a premium against their respective Peruvian qualities (graph 1).

2) The feeling of production shortfall which had dominated the last half of 2017 was progressively replaced by a feeling of ample supply during the year 2018. Indeed, at 5.53 Mn T, 2018 world fish meal production rose 17% year to year and exceeded the 5.0 Mn T level for the first time in seven years (graph 2). Most of the increase came from Peru (graph 3 on next page) but Chile, China and the USA also contributed significantly to this performance. Finally, aside from the larger producers (see listing on page 13), a number of "other", smaller, producers from all over the world continue to supply roughly 16% of world production every year.

Graph 1



Graph 2

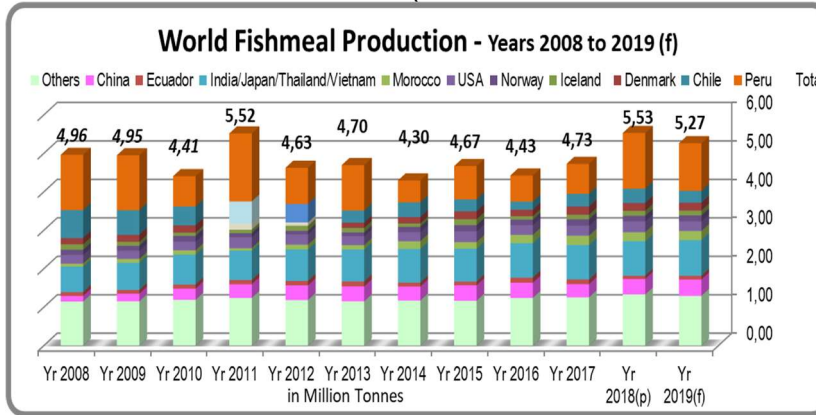




"Fish Oil and Meal World"

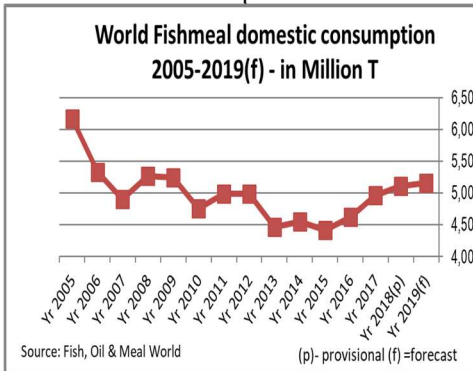
An independent "view" of the global fishmeal & fish oil markets. Reproduction forbidden- More info on: www.oilworld.de

Graph 3

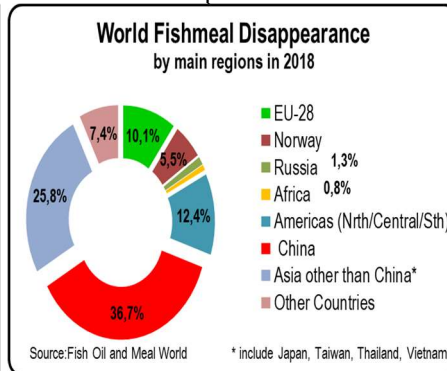


3) At 5.12 Mn T (graph 4), 2018 world fishmeal domestic consumption witnessed a rise of only 3% year to year. Although rising modestly, 2018 world domestic consumption was the highest in 10 years (graph 4) with China, alone, representing 36.7% of the total (graph 5), the highest market share in recent years (graph 6). With a declining Peruvian share of world production, the large Chinese demand has to rely more than ever on other origins, many of them in Asia but also in Africa and other American countries. At 25.8% of the world total, domestic consumption in the key Asian countries other than China reached 1.32 Mn T, up from 1.28 Mn T in 2017 (+3.4%). The third largest fish meal consuming region is Europe, including EU-28 plus Norway at 796 Thd T, practically unchanged from the previous year. At 12.4%, fish meal consumption in the American continent is more or less stable at about 630 Thd T.

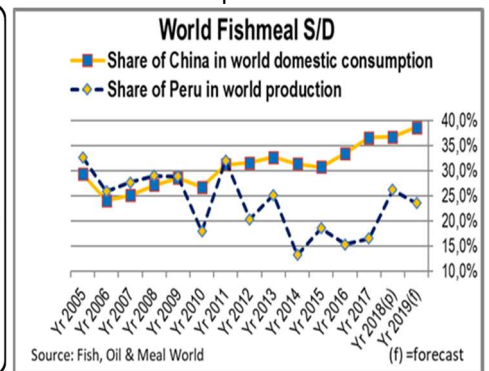
Graph 4



Graph 5



Graph 6



4) For 2019, we estimate that world fishmeal production will remain at a high level around 5.27 Mn T (graphs 2 and 3 above). This estimate is based on the assumption of the return to a less exceptional fishing activity in Peru, more in line with the average 2014/2017 landings, although still at more than 5.0 Mn T. This assumption implies the forecast of a 200 Thd T (-15%) decline of fish meal production in Peru from the previous year. But Peru would still supply close to 24% of world production.

Among our other assumptions (see details on page 13):

1. Chinese fish meal production is believed to remain more or less if not slightly higher than this year.
2. Fish meal production in Chile, Russia and the USA is seen on a slight downward trend.
3. Landings in the Scandinavian/North Atlantic environment on a slight rise from the previous year.

5) It is very difficult to assume a large rise of domestic consumption in 2019 on account of prices that remain high against what we see as a general trend towards lower prices for competing commodities. However, the current pricing trend of Peruvian fish meal should help 2019 world consumption to remain at a high level, at around 5.17 Mn T (graph 4 above), slightly higher than in 2018, mostly on account of a continuous large domestic consumption in China, (nearly 2.0 Mn T).

6) At 3.22 Mn T, world fish meal exports (excluding intra-EU 28 trade) rose modestly by 2.3% year to year (graph 7 and graph 8 for the detail for a selected number of key exporting countries) but comforted the 20% rise

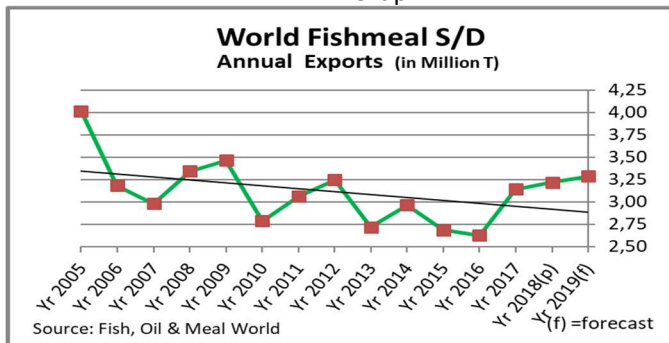


"Fish Oil and Meal World"

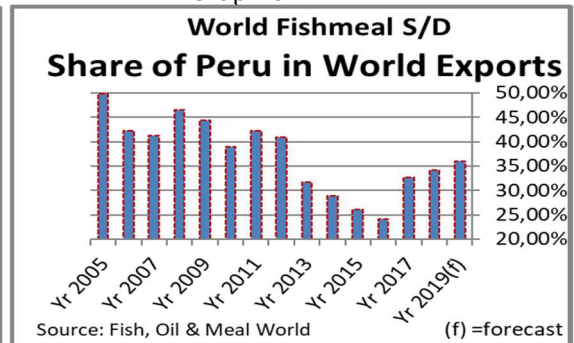
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between 2016 and 2017. A large share of this increase originates from Peruvian exports which, at 1.1 Mn T in 2018, a recent record, rose 73.2% from the low 2016 exports. In 2018, Peru accounted for 34.2% of world exports, up from 32.8 % in 2017 and up from 24.2% in 2016 (graph 8). Exports from Iceland, Norway, Chile and Thailand together rose 17% year to year to a total of 529 Thd T against 453 Thd T in 2017. The role of "Other" origins, other than the key exporting countries (EU-28, Iceland, Norway, USA, Peru, Chile, Thailand and Vietnam) also enable them to represent slightly more than 32% of total world exports (graph 10). With world exports representing between 58% and 66% of world production, the fish meal industry, whether from wild resource or from fish "trimmings", is highly oriented to supplying the world protein market, a characteristic not shared by many of the other major farm commodities. Our world export forecast for 2019 continue to rise to 3.29 Mn T, up more than 2% year to year.

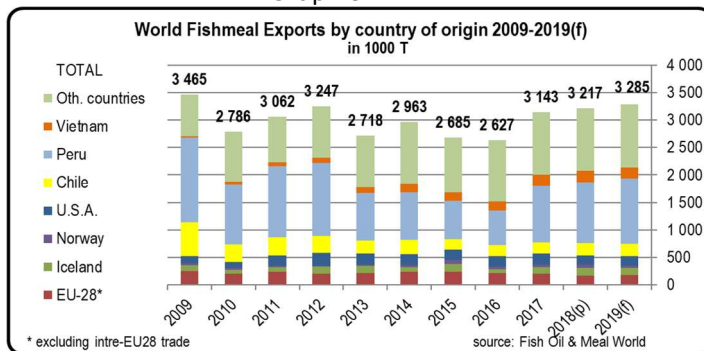
Graph 7



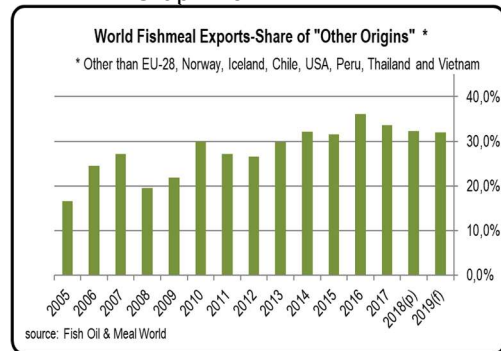
Graph 8



Graph 9

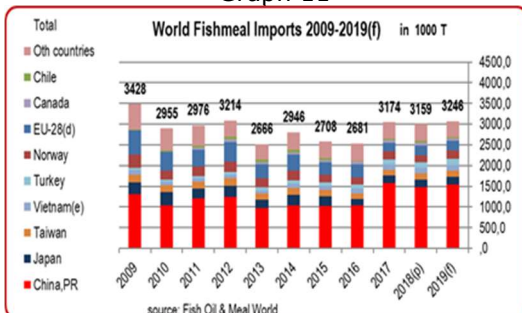


Graph 10

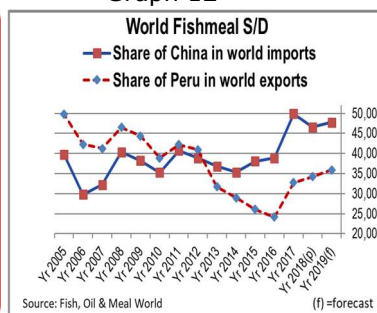


7) At 1.47 Mn T, 2018 fish meal imports into China were the second largest ever after the record year 2017 (1.58 Mn T) and represented 47% of total world imports (graph 12 and 13). Imports into China grew from 30% of world imports in 2003 (803 Thd T) to the current 2018 level. Aside from China, six other countries imported more than 100 Thd T fish meal in 2018: EU-28 (238 Thd T), Norway (170 Thd T), Japan (194 Thd T), Taiwan (149 Thd T) Turkey (140 Thd T) and Vietnam (124 Thd T). Together those seven large importers imported a total of 2.49 Mn T, corresponding to 79% of total world imports, down 2.4% from the previous year but +22% above 2016 exports. While China is on a rising long term trend, the six other "majors" are on a stable if not slightly declining trend. In the case of "Europe+Norway+Turkey" (graph 13), the rise of Turkey as a major importer partially counterbalanced a decline of imports in both EU-28 and Norway.

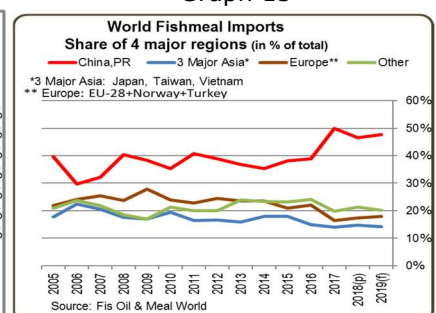
Graph 11



Graph 12



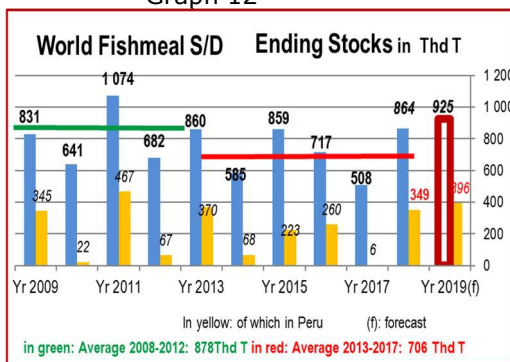
Graph 13



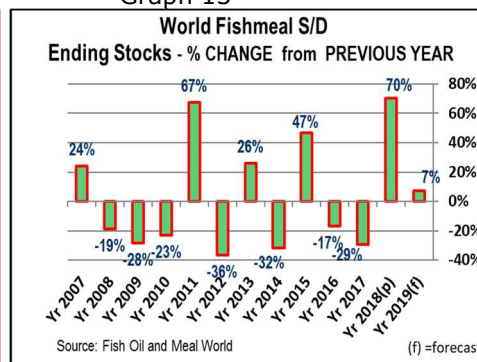


8) The ample world fish meal production in both 2017 and 2018 led to a more comfortable world supply and helped meet a rising demand, mostly from China. This additional production which came in part from improved fishing conditions in Peru, led to a **70% rise of ending stocks in December 2018 (graph 13)**. Actually, it was the return to a more usual situation resulting from the good 2nd fishing season in Peru. From a low 508 Thd T in December 2017, physical stocks at end of 2018 are estimated at 864 Thd T (graph 12), in line with the 2008/2012 average (878 Thd T) and with both years 2015 and 2013. But more than two third of these physical stocks are located in two countries: Peru and China. About 40% of these stocks (349 Thd T) are located in Peru (graph 14), where the production of a large part of the 2nd fishing season will be exported in the first months of 2019. Our forecast of world ending stocks in 2019 does rise to 925 Thd T in view of our assumptions of a continuation of good supplies from the major producers and persisting demand at the level of 2018.

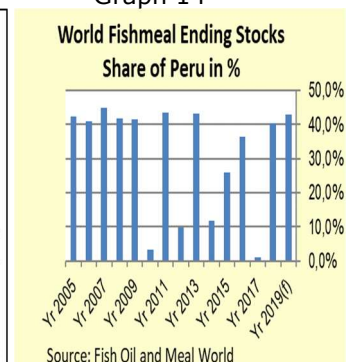
Graph 12



Graph 13



Graph 14



Conclusion: The rise of world fish meal production in 2018 provides the feeling of a more secure procurement for the end-users for the first time in months. It is particularly the case in China where fish meal buyers are now less concerned by a fish meal supply gap when the key aquaculture season starts in March/April, as it was the case a year ago. The combination of good 2018 production, both domestic and from abroad, and adequate, if not large, stocks in Chinese ports plus more attractive prices strengthen the confidence in the next consumption season. But, our Supply/demand analysis for 2018 ends up with rising stocks mainly in Peru and China. For 2019 (see table 1 below), we have assumed a partial continuation of a good supply with other reasonably good fishing seasons, albeit probably not as good as this year, not only in Peru but also in Chile, the USA, Scandinavia and China. World domestic consumption is also assumed to rise slightly (Table 1) on account of the current competitive prices compared with last year. Thus, the high 2019 ending stocks resulting from the above assumptions are an indicator that there is a risk of a stable to bearish market in the months to come, depending upon how the fishing activities develop, essentially in Peru/Chile.

Table 1

FISHMEAL:Summary of World Fishmeal S/D Balance						
(x1000 T)	Jan Dec 2019(f)	Jan Dec 2018(p)	Jan Dec 2 017	Jan Dec 2 016	Jan Dec 2 015	Jan Dec 2 014
Open'g stock	864	508	717	859	585	860
Production	5 266	5 531	4 728	4 425	4 671	4 297
Imports	3 246	3 159	3 174	2 681	2 708	2 946
Exports	3 285	3 217	3 143	2 627	2 685	2 963
Consumption	5 165	5 117	4 967	4 622	4 419	4 551
Ending stock	925	864	508	717	859	585

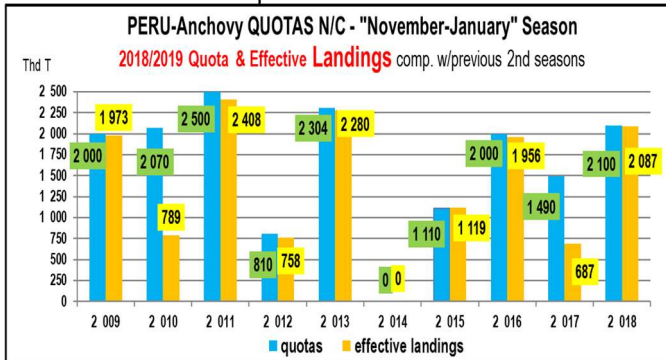


II- Details of the current fishing situation in key producing regions:

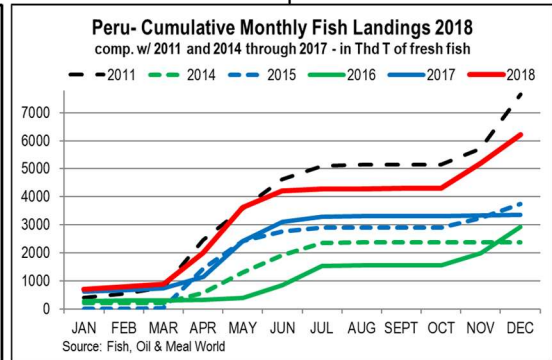
1) Peru: The 2nd fishing season in the North/Centre went surprisingly well and the 2.1 Mn T quota was practically filled early January. It was one of the best 2nd fishing season in recent years (graph 15) and it concluded the year 2018 with a total, until December 31st of 6.2 Mn T, the best season in recent years (graph 16). From the opening day, on November 15, fishing started quickly. During the 16 fishing days of November, 42% of the quota was already caught with limited juveniles in the Pisco/Tambo de Mora region which led to the first "mini-fishing bans". Oil yields started below 2% but rose quickly to an average of 3%. In December, the fishing activity landed 50% of the quota, in spite of few days without any fishing at a time of Christmas. Oil yields were stable with weekly averages between 2.8% and 3.3%. In January 2019, total landings reached 163.7 Thd T (8% of the quota) with weekly oil yields averaging 3.3% to 3.4%.

From December 25th 2018 onwards, daily landings declined steadily mainly in Pisco/Tambo de Mora and the Centre and practically stopped on January 12 (Graph 17). But many vessels left the North/Centre region after they had filled their quota and moved to the southern region to start fishing under the new 535 Thd T quota which had just been opened (Graph 18) to go fishing in the south region.

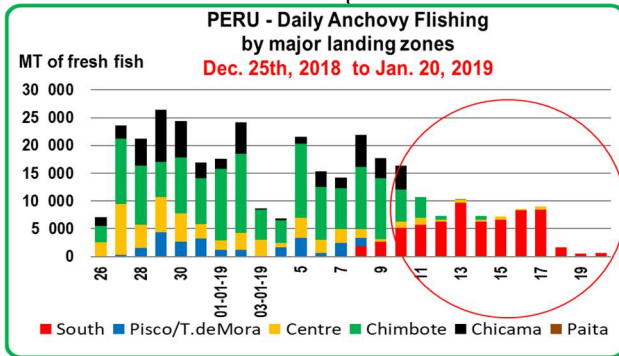
Graph 15



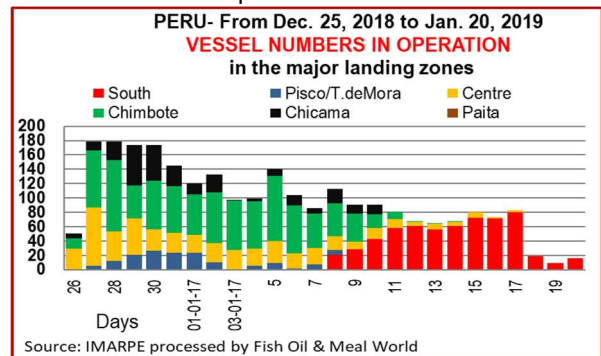
Graph 16



Graph 17



Graph 18

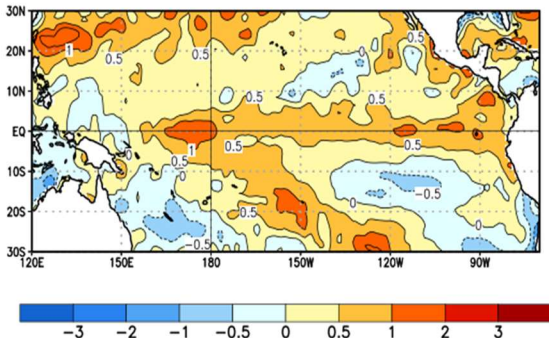


Graph 19

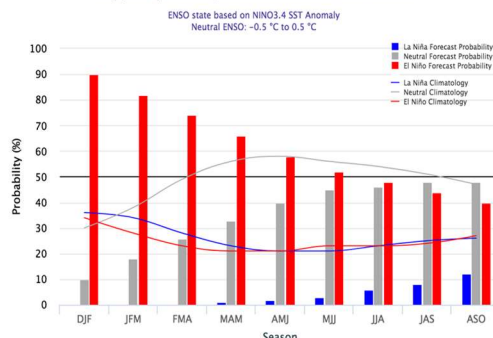
Graph 20

Graph 21

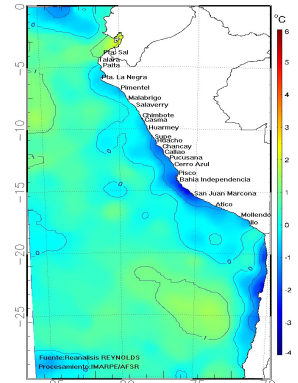
Average SST Anomalies
23 DEC 2018 – 19 JAN 2019



Early-January 2019 CPC/IRI Official Probabilistic ENSO Forecasts



ATSM HUMBOLDT 2018/12/20



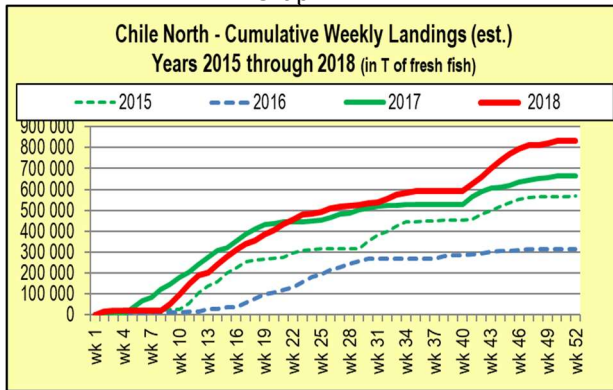


The coming of a weak "El-Niño" has been widely forecast in the last months of 2018. Actually, the seriousness of this forecast participated to the decision made by the Peruvian government of an early fishing season in the North/Centre region. Now, the American NOAA reports that present Pacific ocean conditions are "ENSO-neutral". Equatorial sea surface temperatures (SSTs) are above average across most of the Pacific Ocean (graph 19 on the previous page) and the patterns of convection and winds are mostly near average over the tropical Pacific. According to CPC forecasting models, there is a 65% probability of an El Niño phenomenon to form and continue through the Northern Hemisphere spring 2019 (graph 20 above). However, along the South American coast, SSTs remain close to normal if not slightly cold (blue color on graph 21). Thus the question still remains open whether this "warm event" would affect the development of the coastal fish resources. IMARPE is planning its usual research cruise to start on February 12 for a 45 days survey. In the meantime, it looks like that the spawning process in the north/centre region which should have already started is not as dynamic as usual, something that the scientists will be following closely in the coming weeks.

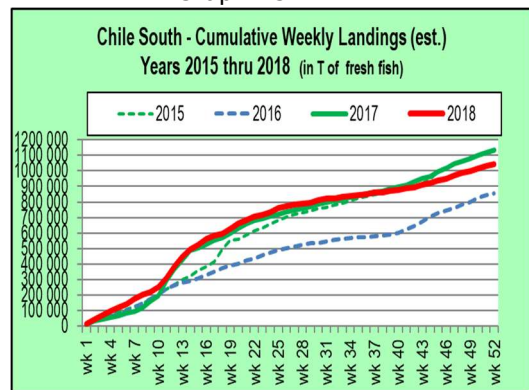
2) Chile: The North of Chile is currently under the usual fishing ban at this time of the year with no ending date but possibly until mid-February. In the south, the industry is increasingly fishing jack mackerel and also processing salmon trimmings, representing a total raw material processed of about 20 Thd T/week. For 2018, fish meal production year 2018, mostly in the last months of the year (graph 22) while in the south, the year started quite well, at parity with the previous year (graph 23) but did finish the year about 100 Thd T below the previous year.

Overall, at 1.8 Mn T, the 2018 fishing year in Chile has been one of the best in recent years (graph 25) with 373 Thd T of fish meal produced, up 14% year to year and even up 74% above the poor year 2016.

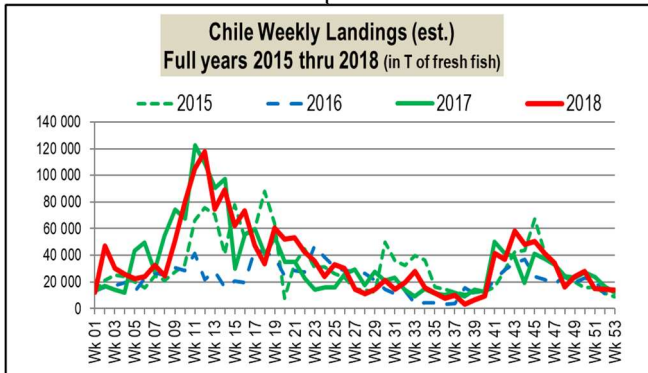
Graph 22



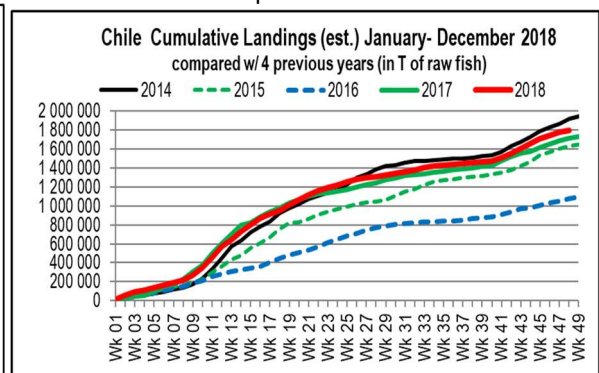
Graph 23



Graph 24



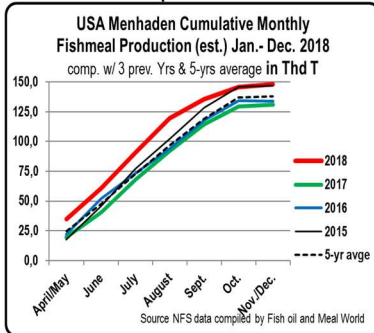
Graph 25



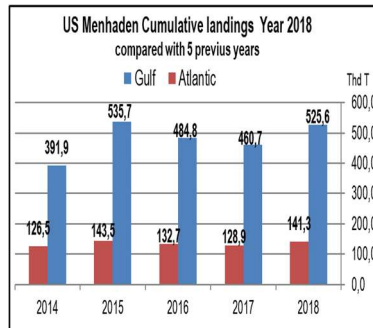
3) The U.S.A. (see all graphs on next page): The 2018 menhaden fishing season proved to be one of the best in recent years (graph 26). At 667 Thd T, total landings were 13% up year to year and close to 10% above the 5-years average (608.7 Thd T). Landings in the Gulf represented 78% of the total, at 525.6 Thd T (graph 27), a 14% increase year to year. The Atlantic side landed 141.3 Thd T, up 9.6% year to year. These landings are estimated to have given a production of 148.2 Thd T, the best production since 2013 (graph 28). When including fish meal production from other sources, mostly from Alaska where white fish meal is produced from trimmings of Alaska pollack, total US fish meal production is currently estimated at 282 Thd T up from 258 Thd T in 2017.



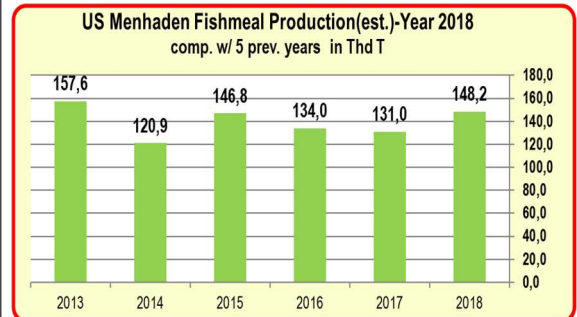
Graph 26



Graph 27



Graph 28

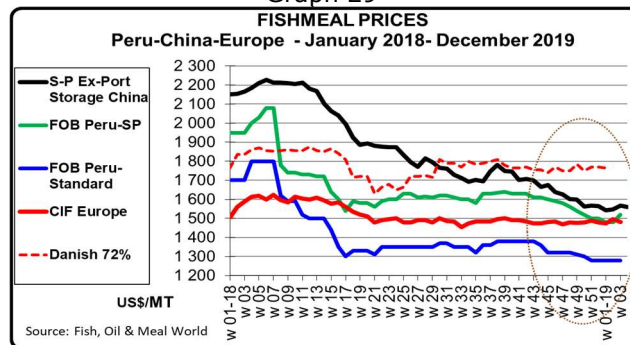


III- Market review – Peru – China- fish oil prices

✓ **In Peru:** As the 2nd fishing season was coming to an end and producers were starting to accumulate significant unsold stocks, trading started to be active attracted by price discounts particularly on the super-prime quality for which the lowest price was \$1500/T FCR China, equivalent to \$1480/T Fob. Based on an estimated fish meal production of 500 Thd T (both north/centre and south) since November 1st, it is estimated that total sales of the "new crop" would reach about 410 Thd T (including Peru domestic consumption), leaving about 90 Thd T unsold stocks or less. In recent days, prices rose a bit as buyers accepted prices up to \$1520/T FOB for super-prime quality and \$1280/T for the standard quality (graph 29 – green and blue lines). Given the current prices in China, expressed in US dollars, the latest FOB Peru price for super-prime does not enable the buyer to cover the cost of shipping plus handling/storage in Chinese ports.

✓ **In Europe:** CIF European port prices were stable just below \$1500/T CIF. Prices reported for the Danish 72% continue to show a premium of \$270/\$290 above the CIF Europe.

Graph 29

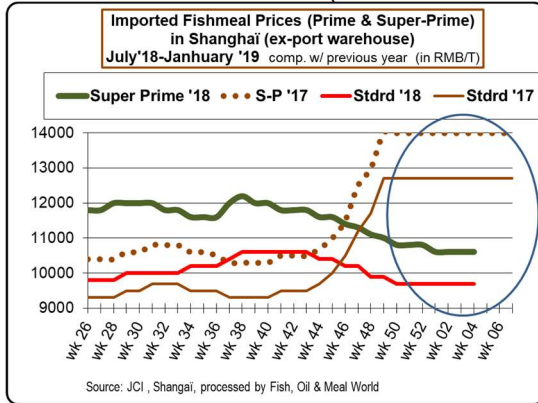


✓ **In China** (see all graphs on next page): Fish meal prices have been stable since the beginning of the year 2019 with imported super-prime fish meal at RMB 10600/T (equ. to \$1560/T) and imported standard fish meal at RMB 9700/T (equ. to \$1428/T), both basis ex-port storage in Shanghai (graph 30). These prices are roughly 24% below previous year level. The progressive downward trend of fish meal prices in 2018 was very similar to the trend developed in 2011, with the same starting point and a similar ample supply in Peru (graph 31). Also, in 2011, fish meal stocks in Chinese ports were about the same as today (graphs 32 and 33). Considering that current prices may have reached their bottom, there are good reasons to anticipate a price recovery when the aquaculture season starts. By how much? It depends upon two major unknown factors: a) What will be the quota set for the 1st fishing session in the north/centre of Peru and how much will be effectively landed? And b) Will fish meal demand in China be as strong as the year before, particularly at time of the aquaculture season?

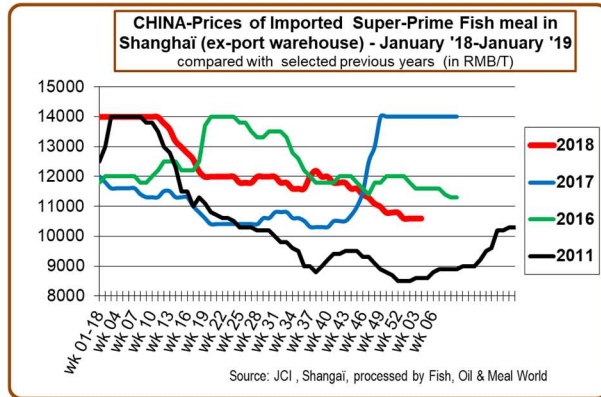
Although on the decline prior to the Chinese New Year holiday (early February), fish meal stocks in Chinese ports remain high when compared with previous years, at 168.1 Thd T against 78.0 Thd T in January 2018 (graph 33). However, at 17.0 Thd T/ week, port off-takes are in line with the 3-years average (16.4 Thd T), a third above the previous year and 60% higher than in 2011 (graph 34). Now at less than 9 Thd T/week, "new arrivals" are 15% below the 3-years average and about half year ago level. As the end-users need to refill their own stocks before the Chinese New Year holidays, port off takes will continue to exceed "new arrivals" for still few more weeks, until the shipments from Peru reach China sometimes in February.



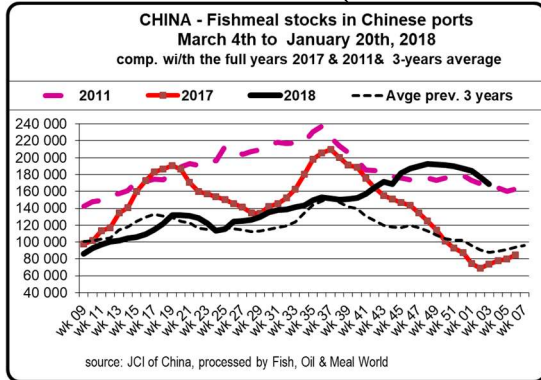
Graph 30



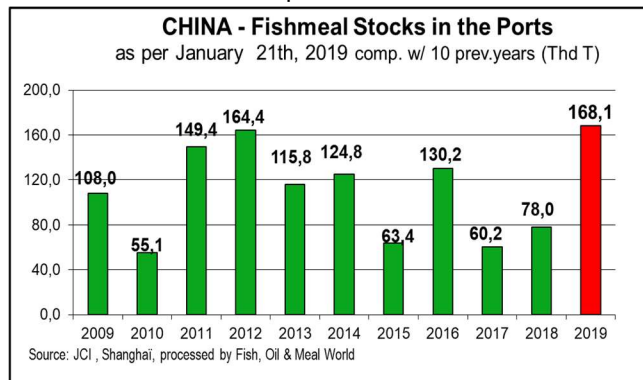
Graph 31



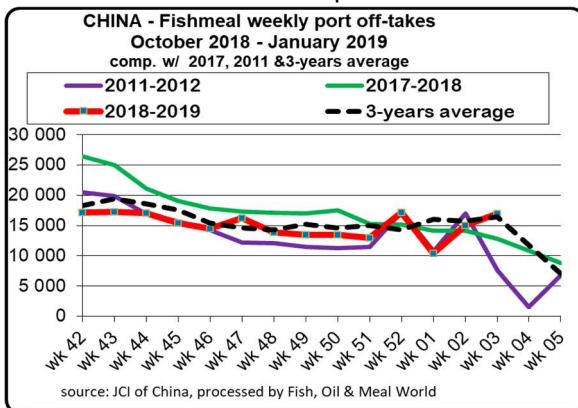
Graph 32



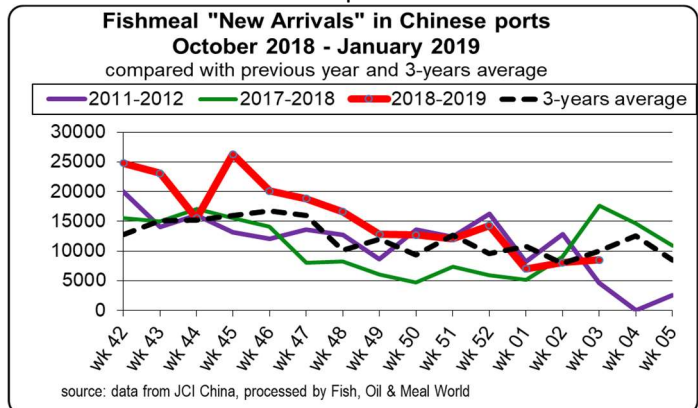
Graph 33



Graph 34



Graph 35



✓ **The fish oil market** (see all graphs on next page): The fish oil market was unable to fully recover from the sharp price correction witnessed in the first semester 2018 (graphs 36 and 37) which, actually started the year 2018 at a record price, a level at which the fish oil/rape oil price ratio had reached a three years record level close to 2.8 (graph 38). The good fishing activity in Peru associated with relatively high oil yields (on average above 4%) during the first fishing season enabled a stabilization more or less at previous year level (graph 37). During the 2nd fishing season, average oil yields remained quite stable averaging about 3% (graph 39) but as buyers started to cover their 2019 requirements, aqua-grade oil prices started to return to a modest increase at \$1800/T FOB Peru and \$ 1650/T CIF Europe (graph 36). Peru, the largest fish oil producer, representing about 25% of world fish oil production, produced 229 Thd T fish oil in 2018, up from 109 Thd T year to year, the highest annual production since 2011 and quite close to the average fish oil production of the years 2006/2012 (graph 40 on next page).

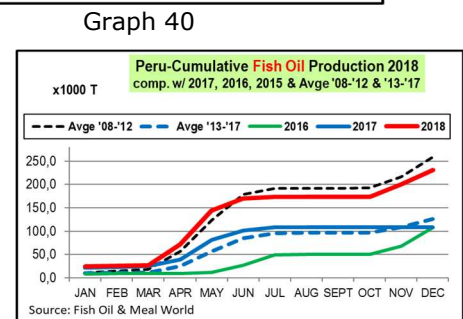
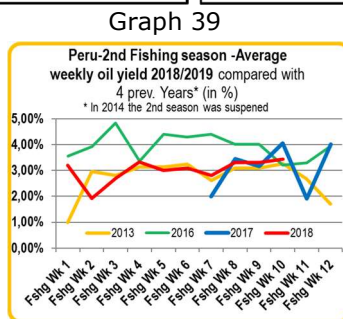
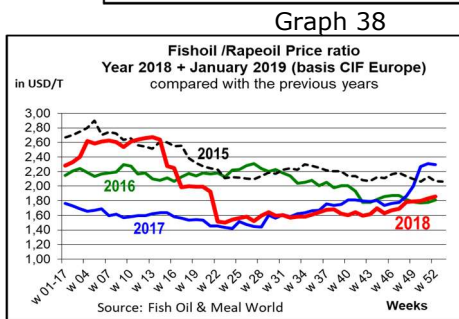
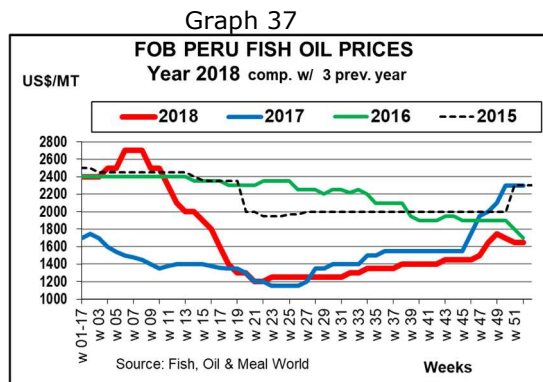
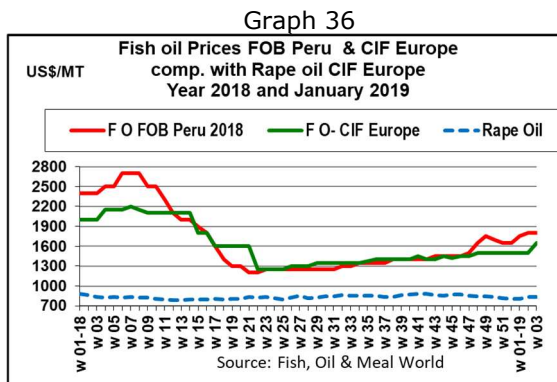


Table 2 – Selected recent fishmeal and fish oil prices

Dates	Week	PRICES FOB PERU (\$/T) Prompt Shipment yellow cells: "forward" prices			Price Ex-ports Stocks Shanghai		F. Oil
		FM	FM	FM	Super-Prime RMB/T	equivalent in US\$	
	Number	FAQ	Prime	Super-P			FOB Peru Bulk
Nov 5 to 11	w 45	1 360	1 570	1 610	11 600	1 675,11	1 450
Nov 12 to 18	w 46	1 320	1 550	1 600	11 400	1 637,51	1 450
Nov 19 to 25	w 47	1 320	1 540	1 590	11 300	1 627,12	1 450
Nov 26 to Dec 2	w 48	1 320	1 540	1 580	11 100	1 601,66	1 500
Dec 3 to 9	w 49	1 320	1 510	1 560	11 000	1 598,88	1 650
Dec 10 to 16	w 50	1 310	1 490	1 540	10 800	1 563,47	1 750
Dec 17 to 23	w 51	1 300	1 470	1 520	10 800	1 566,08	1 700
Dec 24 to 30	w 52	1 280	1 450	1 500	10 800	1 565,72	1 650
Dec 31 to Jan 6	w 01-19	1 280	1 450	1 500	10 600	1 541,71	1 650
Jan 7 to 13	w 02	1 280	1 450	1 480	10 600	1 547,42	1 750
Jan 14 to 20	w 03	1 280	1 450	1 480	10 600	1 566,47	1 800
Jan 21 to 27	w 04	1 280	1 470	1 520	10 600	1 560,43	1 800

IV-Selected "Other" markets - A global and graphic update.

1) The commodity markets (see all graphs on next page): Commodity markets have been reacting sharply to the new economic environment faced with much uncertainty in terms of trade policies and the overall concerns on the economies of some key countries. The USA-China "trade war" is still going on as no agreement has been reached yet... and, actually, the discussions appear to be blocked. As usual, all this uncertainty reflects in commodity markets. Since October 2018, the CRB index of commodities dropped sharply from about 200 to less than 180 (graph 41) reaching its lowest level in recent years. Petroleum, a key factor in the index, witnessed a sharp price correction since September 2018, with prices falling from more than \$80/barrel to less than \$60/ barrel (graph 42). Another indicator of uncertainty is gold which, at times of economic tensions, returns to its status of "safe reserve" and consequently becomes bullish (graph 43). The sector of metals, directly related to the dynamism of the economy has been quite stable in the past two/three weeks (graph 44) but the recent rise of nickel prices (graph 45)

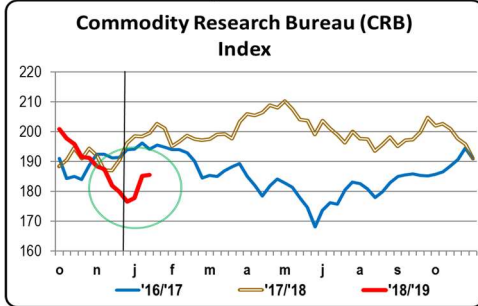


"Fish Oil and Meal World"

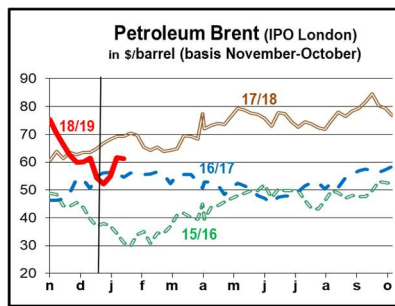
An independent "view" of the global fishmeal & fish oil markets. Reproduction forbidden- More info on: www.oilworld.de

compensate weak copper prices (graph 46), reflecting a decline of consumption in China. The "soft" commodities are fully bearish (graph 47). Both sugar and coffee prices are on a steep decline (graphs 48 & 49).

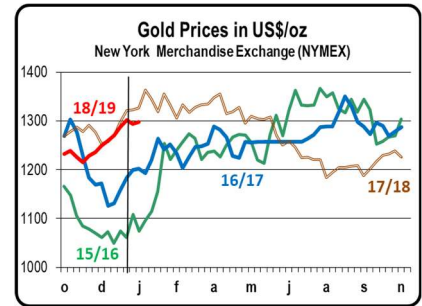
Graph 41



Graph 42

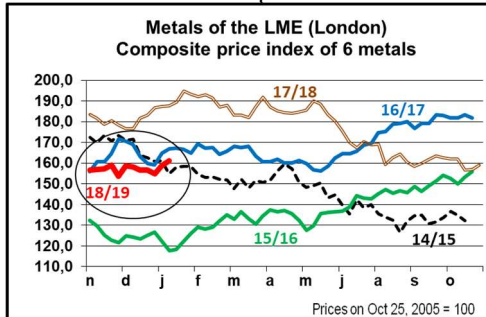


Graph 43

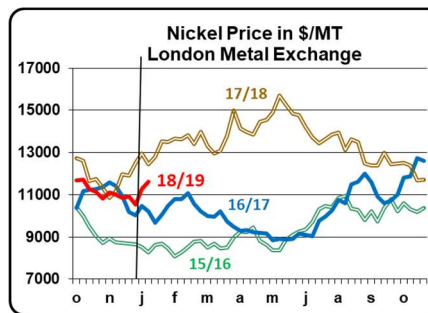


Index of the six metals of the LME market, nickel and copper

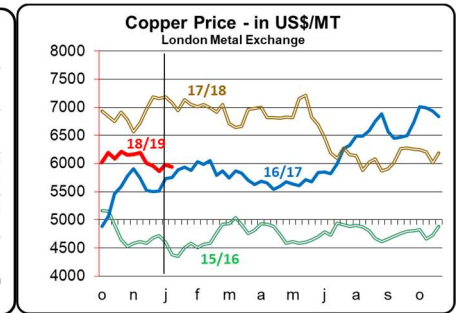
Graph 44



Graph 45

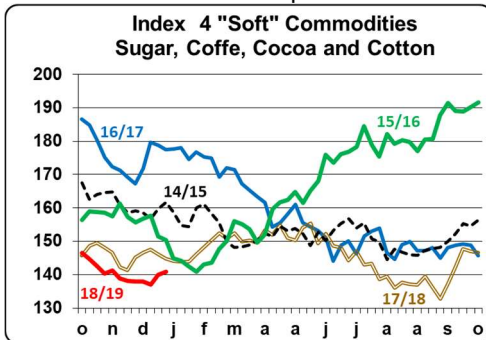


Graph 46

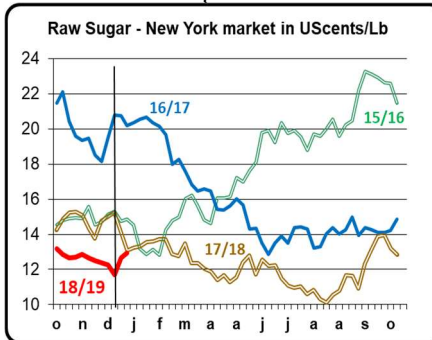


The "soft" commodities, sugar and coffee

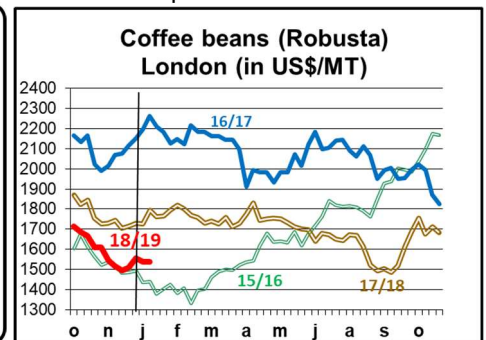
Graph 47



Graph 48



Graph 49



2) The grains and oilseeds markets (see all graphs on next page): The entire oilseed sector is operating under the uncertain outlook of the negotiations held to find a solution to the trade dispute between the USA and China. Following rumors that high-level meetings in Washington were cancelled which were, then, denied, the actual progress of these negotiations remains highly uncertain. And soybeans are at the heart of the discussions. Meanwhile, as expected, US soybean sales to China resumed although far below what would have been a "normal" year. The question which remains totally open is whether this situation will last and for how long. On the other hand, the Brazilian soybean crop is suffering significant crop losses on account of drought in some key producing regions. In Argentina, although the crop looks generally favorable in central and southern areas, flooding may damage the crop in the north. At around \$9.0/bushel, soybean prices still show a discount of \$1/bushel from year ago prices before the trade dispute started (graph 51). However, soya meal prices on the CBOT are currently at the level of a year ago (graph 53). In line with most vegetable oils, soya oil prices continue to be sharply discounted against previous years' levels (graph 54). Finally, the grain markets, wheat and corn show stable prices (graphs 52 and 55).

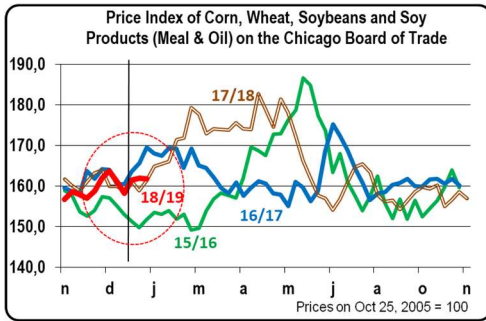


"Fish Oil and Meal World"

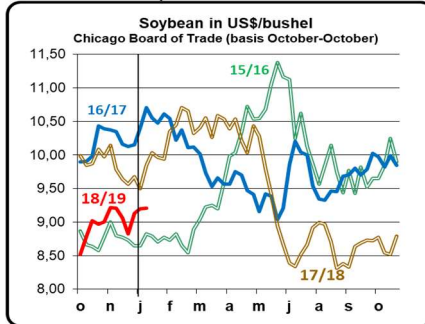
An independent "view" of the global fishmeal & fish oil markets. Reproduction forbidden- More info on: www.oilworld.de

The grain/oilseeds complex on the Chicago Board of Trade – Soybeans and wheat

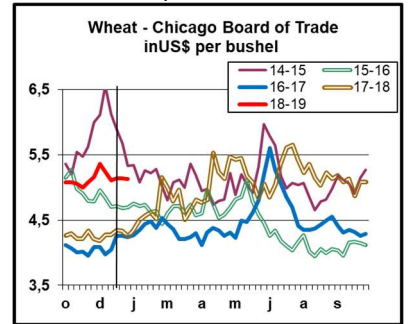
Graph 50



Graph 51

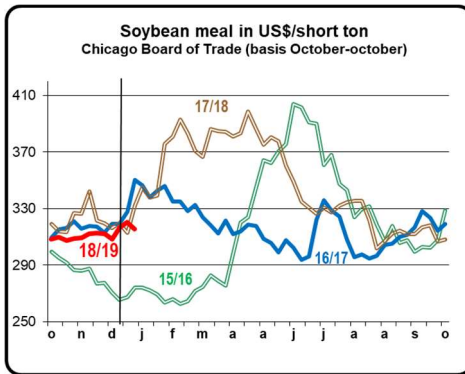


Graph 52

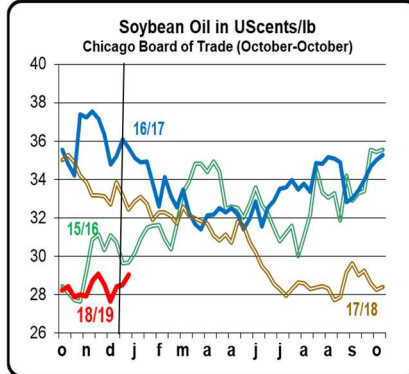


Prices of corn, soya meal and soya oil on the CBOT

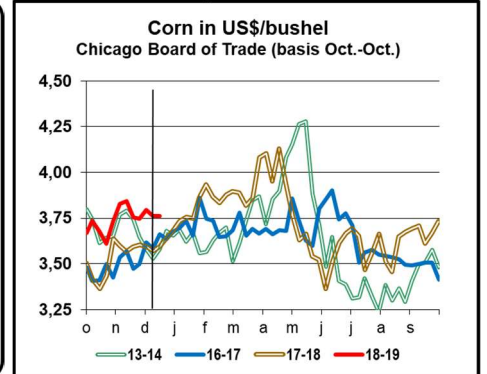
Graph 53



Graph 54

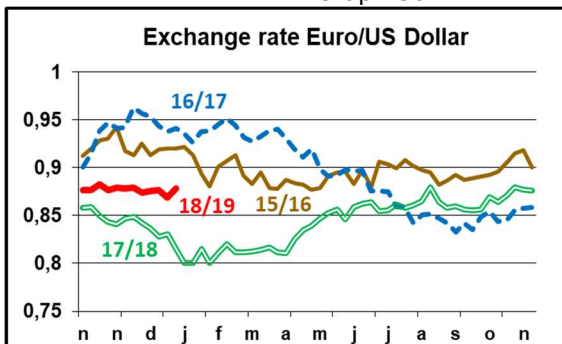


Graph 55

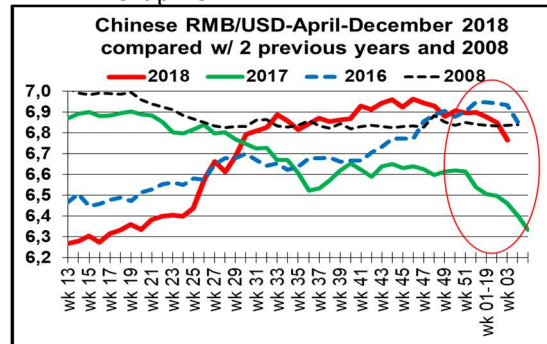


3) Currencies: At a time of so much uncertainty it may appear a bit strange to see that the US dollar/Euro relationship has remained so stable, particularly in the past three months (graph 56). On the Chinese side, the Yuan appeared to modestly regain strength in the past weeks after a period at its lowest level in many years (graph 57).

Graph 56



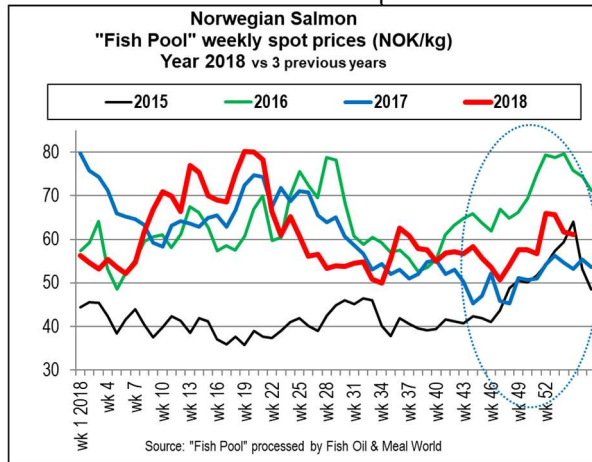
Graph 57



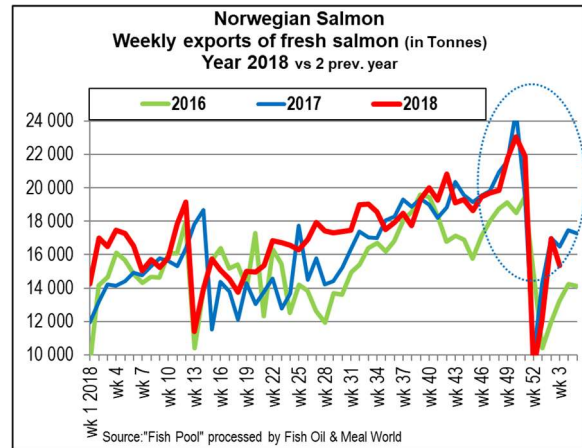
4) The Fish Pool Index (FPI) and weekly fresh salmon exports (see both graphs on next page): Salmon prices on the "Fish Pool" market in Norway recovered slightly from a low point in August/September 2018 to top at 66 NOK/Kg in the last week of 2018. At 61.62 NOK/Kg, the current price of fresh salmon on this market is 15% above year ago prices and 7% above the 5-years average (graph 58). Weekly fresh salmon exports remain more or less unchanged at 16 Thd T per week (graph 59). For the whole year 2018, total salmon exports reached 897.8 Thd T, up from 850.6 Thd T in 2017 and also 850 Thd T for the 3-years average.



Graph 58



Graph 59

**VI-Meaningful factors to keep in mind and watch in the coming days/weeks**

- 1) Two major items to continue to monitor in the coming weeks:
 - a. How will the Chinese market react when the first fish meal lots from the 2nd fishing season in Peru reach the Chinese market? We should expect a sharp rise of "new arrivals". But will port off-takes rise accordingly? Or will these "new arrivals" remain in port stocks? The answer to these two questions will be determining factors in the trend of prices on the domestic market.
 - b. What will be the findings of the forthcoming research survey along the Peruvian coast and how large will the quota be? For the time being, a quota level of around 3.0 Mn T appears to be a reasonable assumption which takes into account a fair to good situation of the resource. Our fishing assumption for the full year 2019 is currently forecast at 5.3 Mn T, which includes 0.24 Mn T in the first quarter 2019, 3.0 Mn T for the 1st fishing season, 1.8 Mn T for 2019 share of the 2nd fishing season and 0.26 Mn T in the south.
- 2) Whether fishing in the other major producing countries continue to be favorable will have an impact on the world market particularly in the various Asian countries. In our assumptions, we took the position of generally favorable fishing conditions in the key producing countries.
- 3) In China, developments of the African swine fever epidemy could constitute a significant factor affecting the entire feed industry in China.
- 4) Finally, the general economic environment may become a significant factor concerning the fish meal and oil markets in 2019, starting with the matter of the trade dispute between the USA and China and whether a solution is found. Anyway, the year 2019 will likely be a year of much uncertainty with much volatility on all markets including the farm commodity markets.

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FISHMEAL : World Supply/Demand Balance						
(1000 T)	Jan Dec	Jan Dec	Jan Dec	Jan Dec	Jan Dec	Jan Dec
	2019 (f)	2018 (f)	2 017	2 016	2 015	2 014
Open'g stock	863,7	507,7	717	859	585	860
Production	5266	5531	4728	4425	4671	4297
<i>of which</i>						
Denmark	203,3	203,8	214	166	206	165
Spain	35	35	32	30	30	30
Others						
EU-28	463	458	462	413	443	393
Iceland	130	131	120	92	153	88
Norway	152	143	167	141	164	140
Russia	103	112	98	95	88	75
Morocco/Mauri	236	236	242	217	172	203
S. Africa, Rep;	76	79	70	91	72	70
U.S.A.	250	282	258	254	277	233
Chile	310	373	327	214	311	384
Ecuador	100	84	121	132	95	103
Peru	1238	1448	780	677	866	569
China, PR	425	402	344	395	402	364
India	155	135	160	134	88	77
Japan	193	190	193	195	197	198
Thailand	380	376	366	391	420	460
Vietnam	200	196	179	176	152	139
Imports	3246	3159	3174	2681	2708	2946
<i>of which</i>						
EU-28 (b)	234	238	202	316	303	385
Norway	195	170	193	176	182	226
Canada	59	51	54	70	64	59
U.S.A.	59	60	63	55	50	53
Chile	40	37	34	26	58	75
China,PR	1550	1471	1583	1042	1031	1042
India	18	33	8	25	11	1
Indonesia	95	88	70	52	47	79
Japan	186	194	180	158	231	254
Taiwan	149	149	138	124	141	167
Turkey	151	140	124	98	79	81
Vietnam	128	124	127	120	113	105
Exports	3285	3217	3143	2627	2685	2963
<i>of which</i>						
EU-28(b)	183	169	202	216	239	242
Iceland	125	138	123	70	145	81
Norway	42	60	43	46	66	35
Morocco/Mauri	232	231	255	205	158	200
Russia	65	70	62	68	59	58
Sth Africa	59	67	60	76	57	52
U.S.A.	175	170	201	199	190	206
Chile	230	230	208	192	194	258
Ecuador	78	62	98	114	76	79
Peru	1180	1100	1030	635	700	858
India	68	67	88	32	49	50
Thailand	99	101	79	154	156	172
Vietnam	200	209	199	166	150	157
Consumption	5165	5117	4967	4622	4419	4551
<i>of which</i>						
EU-28	505	516	501	516	493	515
Norway	282	281	297	279	286	312
Canada	88	82	85	100	92	85
U.S.A.	149	148	133	114	107	84
Chile	151	151	146	142	179	183
Peru	11	11	9	9	13	16
China,PR	1990	1878	1816	1544	1355	1424
India	108	111	90	99	51	28
Japan	371	370	366	364	428	435
Taiwan	170	171	158	145	162	186
Thailand	344	339	350	310	295	309
Turkey	151	140	124	108	79	81
Vietnam	128	112	107	130	115	87
Ending stock	924,5	863,7	508	717	859	585
<i>of which</i>						
EU-28	38	28	17	57	60	45
Iceland	14	15	28	37	20	17
Norway	32	8	36	16	24	30
U.S.A.	35	50	26	39	43	13
Chile	8	40	12	4	98	102
Peru	396	349	6	260	223	68
China,PR	225	240	250	140	250	180

(a) Residual of the balance (b) Intra-EU trade is excluded.