



**March 8, 2018**

**CONTENTS**

CHICAGO BOARD OF TRADE MARKET NEWS ..... 2

CBOT MAY CORN FUTURES..... 3

U.S. WEATHER/CROP PROGRESS ..... 5

U.S. EXPORT STATISTICS ..... 5

FOB..... 6

DISTILLER’S DRIED GRAINS WITH SOLUBLES (DDGS) ..... 8

COUNTRY NEWS ..... 8

OCEAN FREIGHT MARKETS AND SPREAD ..... 9

OCEAN FREIGHT COMMENTS ..... 9

INTEREST RATES..... 14

---

***For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Alvaro Cordero at (202) 789-0789.***

*The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C. and has ten international offices that oversee programs in more than 50 countries. Financial support from our private industry members, including state checkoffs, agribusinesses, state entities and others, triggers federal matching funds from the USDA resulting in a combined program value of more than \$26 million.*

## CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn May Contract					
\$/Bu	Friday March 2	Monday March 5	Tuesday March 6	Wednesday March 7	Thursday March 8
<b>Change</b>	-1.000	2.000	1.000	-1.000	6.2500
<b>Closing Price</b>	385.25	0.00	388.25	387.25	393.50
<b>Factors Affecting the Market</b>	Corn withstood a selling onslaught in the wheat market to close only 1 cent down. Corn turned higher at midday, but late selling pushed the contract into the red at the close. The U.S. dollar was 26 points lower while equities were mixed. The trade will be quiet ahead of Thursday's WASDE reports.	Argentina received light showers today but not enough to make a difference in the country's drought. Soybean harvest is progressing in Brazil, making room for the second crop corn. Futures were higher in light trading. Outside markets were higher with the dollar flat.	May corn overcame a lower start to finish a penny higher as Argentina's seven-day forecast remains dry. The U.S. Plains forecast is equally dry but not concerningly so for corn. Cash corn prices reached seven-month highs while the U.S. dollar fell 57 points.	May corn finished down a penny in light trading ahead of the WASDE report. Weekly ethanol production and stocks were higher as production margins continue their improvement. The U.S. dollar was 16 points higher while U.S. stock indexes fell on political uncertainty from the White House.	USDA surprised traders with a 175-million-bushel increase in U.S. corn exports. U.S. ending stocks were reduced to 2.127 billion bushels, lower than traders expected. South American production was lowered but not to the levels Argentine and Brazilian officials have estimated.

**Outlook:** The USDA finally gave the world a WASDE report that was bullish corn. The agency increased the U.S. export forecast much more than traders expected and lowered world ending stocks to 199.2 MMT. The latter figure leaves a world ending stocks/use ratio of 16.1 percent, below the February forecast and just slightly above 2013/14 values (the five-year low).

Traders expected supply reductions in South America in today's report, and USDA did not disappoint. Brazilian corn production fell 0.5 MMT to 95 MMT as the slow soybean harvest pace is threatening second-crop corn plantings in that country. The drought in Argentina is causing trouble for that country's crop, and USDA lowered 2017/18 Argentine corn production by 3 MMT to 36 MMT.

The big surprise in today's report was the 8.5 percent increase in U.S. corn exports. The latest figure of 2,225 million bushels is less than 100 million below 2016/17's record exports.

USDA left the supply side of the U.S. corn balance sheet unchanged today but increased corn for ethanol use by 50 million bushels to 5,575 million. Ethanol margins are rapidly improving across the U.S. with higher DDGS and ethanol values offering producers more incentives to increase production. The net effect of higher exports and ethanol use was to decrease U.S. corn ending stocks 225 million bushels to 2.127 billion, leaving a 14.4 percent ending stocks/use ratio.

The U.S. sorghum balance sheet was largely unchanged in this month's WASDE, except for a 25-million-bushel increase in feed use and a commensurate reduction in exports. Ending stocks and USDA's mid-point price forecast were unchanged. USDA increased barley exports by 1 million bushels to 6 million and reduced ending stocks by the same amount.

Looking forward, there is still upward potential in the corn market. It is likely the Argentine crop will drop another 3-5 MMT and CONAB has the Brazilian crop at 87.3 MMT, less than USDA's 94.5 MMT. With those likely South American supply reductions, U.S. corn exports have room for further increases, as do U.S. prices. Funds are long corn and will not readily relinquish their position until they obtain reliable confirmation of bearish fundamentals. However, until more is known about U.S. planting intentions (and the market seems to be incentivizing more corn acres), the market will likely remain between \$3.95 and \$4.10 in the December contract.

## CBOT MAY CORN FUTURES



Source: Prophet X

Current Market Values:

<b>Futures Price Performance: Week Ending March 8, 2018</b>			
<b>Commodity</b>	<b>8-Mar</b>	<b>2-Mar</b>	<b>Net Change</b>
<b>Corn</b>			
Mar 18	385.75	377.25	8.50
May 18	393.50	385.25	8.25
Jul 18	400.50	392.50	8.00
Sep 18	405.00	397.75	7.25
<b>Soybeans</b>			
Mar 18	1053.75	1060.75	-7.00
May 18	1064.00	1071.00	-7.00
Jul 18	1073.00	1079.25	-6.25
Aug 18	1073.50	1076.50	-3.00
<b>Soymeal</b>			
Mar 18	380.60	390.20	-9.60
May 18	383.40	392.90	-9.50
Jul 18	384.50	390.40	-5.90
Aug 18	380.90	385.00	-4.10
<b>Soyoil</b>			
Mar 18	31.67	32.06	-0.39
May 18	31.84	32.30	-0.46
Jul 18	32.06	32.49	-0.43
Aug 18	32.15	32.57	-0.42
<b>SRW</b>			
Mar 18	494.75	492.00	2.75
May 18	499.25	500.00	-0.75
Jul 18	515.25	514.50	0.75
Sep 18	531.75	528.75	3.00
<b>HRW</b>			
Mar 18	519.75	522.00	-2.25
May 18	533.25	533.75	-0.50
Jul 18	550.00	550.25	-0.25
Sep 18	566.75	566.00	0.75
<b>MGEX (HRS)</b>			
Mar 18	621.75	606.50	15.25
May 18	624.75	620.25	4.50
Jul 18	632.75	627.75	5.00
Sep 18	638.75	634.25	4.50

\*Price unit: Cents and quarter-cents/bu (5,000 bu)

## U.S. WEATHER/CROP PROGRESS

---

**U.S. Drought Monitor Weather Forecast:** The next 5 days (March 8-12, 2018) should bring moderate to heavy precipitation (locally over 2 inches) to northern sections of Alabama and Georgia. Moderate amounts (0.5 to 1.5 inches) are forecast for North Carolina, the mid-Atlantic, and southern Missouri. The other areas of dryness and drought across the contiguous states will only see a few tenths of an inch, if any. Somewhat above-normal temperatures (by 3 to 9 degrees) are expected in the West, the Four Corners States. Farther east, near- to slightly below-normal temperatures are forecast in the areas of dryness and drought from the Great Plains and Lower Mississippi Valley to the East Coast.

During the 6- to 10-day period (March 13-17), the odds favor drier than normal weather in most of the Great Plains and through most of the country from the Mississippi River eastward. Meanwhile, enhanced chances for above-normal precipitation cover southern Texas and the northern Plains, and from the Rockies westward to the Pacific Coast.

Follow this link to view current U.S. and international weather patterns and future outlook: [Weather and Crop Bulletin](#).

## U.S. EXPORT STATISTICS

---

U.S. Export Sales and Exports: Week Ending March 1, 2018					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	447,400	361,400	17,326.6	22,026.7	-12%
Corn	2,042,100	1,076,800	18,805.7	41,126.5	-7%
Sorghum	29,800	421,700	3,424.7	5,318.8	48%
Barley	15,000	300	25.1	52.8	195%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales of 1,857,600 MT for 2017/2018 were up 8 percent from the previous week and 6 percent from the prior 4-week average. Increases were reported for unknown destinations (385,900 MT), Japan (376,800 MT, including 36,300 MT switched from unknown destinations and decreases of 60,200 MT), Mexico (366,200 MT, including decreases of 1,300 MT), Taiwan (165,400 MT, including decreases of 100 MT), and Vietnam (134,000 MT). Reductions were reported for Portugal (35,500 MT) and Guatemala (6,700 MT). For 2018/2019, net sales of 70,300 MT were primarily reported for Japan (67,900 MT). Exports of 1,076,800 MT were down 13 percent from the previous week, but up 10 percent from the prior 4-week average. The destinations were primarily to Mexico (294,300 MT), Japan (230,800 MT), South Korea (134,200 MT), Colombia (77,600 MT), and the Netherlands (71,400 MT).

**Optional Origin Sales:** For 2017/2018, the current optional origin outstanding balance of 706,000 MT is for South Korea (274,000 MT), unknown destinations (246,000 MT), and Vietnam (186,000 MT).

**Barley:** Net sales of 15,000 MT were reported for Canada. Exports of 300 MT were reported to Japan (200 MT) and Taiwan (100 MT).

**Sorghum:** Net sales reductions of 1,700 MT for 2017/2018 resulted as increases for China (115,300 MT), were more than offset by reductions for unknown destinations (117,000 MT). Exports of 421,700 MT were up noticeably from the previous week and from the prior 4-week average. The destination was primarily to China.

**U.S. Export Inspections: Week Ending March 1, 2018**

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	65,108	31,119	209%
Corn	1,316,368	1,316,368	19,236,638	27,359,694	70%
Sorghum	60,466	60,466	8,604,947	3,234,594	266%
Soybeans	766,271	766,271	38,508,558	44,377,757	87%
Wheat	280,243	280,243	18,002,929	19,515,518	92%

Source: USDA/AMS. \*Marketing Year is June 1-May 31 for wheat and barley and September 1-August 31 for corn, sorghum and soybeans. Week-to-week reports will vary due to exporter reported conditions and cancellations to previous week's reports.

**USDA Grain Inspections for Export Report: Week Ending March 1, 2018**

Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	590,690	68%	72,914	99%	264,606	79%
PNW	195,850	22%	391	1%	69,099	21%
Interior Export Rail	87,797	10%	0	100%	3,133	1%
<b>Total (Metric Tons)</b>	<b>874,337</b>	<b>100%</b>	<b>73,305</b>	<b>100%</b>	<b>336,838</b>	<b>100%</b>
<b>White Corn Shipments by Country (MT)</b>			5,090	to Costa Rica		
			67,824	to Mexico		
			391	to Korea		
<b>Total White Corn (MT)</b>			<b>73,305</b>			
<b>Sorghum Shipments by Country (MT)</b>					312,712	to China
					24,030	to Sudan
					96	to Philippines
<b>Total Sorghum (MT)</b>					<b>336,838</b>	

Source: USDA, World Perspectives, Inc.

**FOB**

**Yellow Corn (USD/MT FOB Vessel)**

YC FOB Vessel Max. 15.0% Moisture	GULF		PNW	
	Basis (#2 YC)	Flat Price (#2 YC)	Basis (#2 YC)	Flat Price (#2 YC)
April	0.91+K	\$190.74	0.98+K	\$193.49
May	0.85+K	\$188.38	0.95+K	\$192.31
June	0.75+N	\$187.19	0.87+N	\$191.92

<b>#2 White Corn (U.S. \$/MT FOB Vessel)</b>			
<b>Max. 15.0% Moisture</b>	<b>March</b>	<b>April</b>	<b>May</b>
<b>Gulf</b>	\$184	\$184	\$184

<b>Sorghum (USD/MT FOB Vessel)</b>				
<b>#2 YGS FOB Vessel Max 14.0% Moisture</b>	<b>NOLA</b>		<b>TEXAS</b>	
	<b>Basis</b>	<b>Flat Price</b>	<b>Basis</b>	<b>Flat Price</b>
<b>April</b>	1.30+K	\$206.09	1.05+K	\$196.25
<b>May</b>	1.25+K	\$204.12	0.95+K	\$192.31

<b>Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)</b>			
	<b>March</b>	<b>April</b>	<b>May</b>
<b>New Orleans</b>	-	\$200	\$190
<i>Quantity 5,000 MT</i>			

<b>Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)</b>			
<b>Bulk 60% Pro.</b>	<b>March</b>	<b>April</b>	<b>May</b>
<b>New Orleans</b>	\$620	\$610	\$600
<i>*5-10,000 MT Minimum</i>			

<b>DDGS Price Table: March 8, 2018 (USD/MT)</b> (Quantity, availability, payment and delivery terms vary)			
<b>Delivery Point Quality Min. 35% Pro-fat combined</b>	<b>March</b>	<b>April</b>	<b>May</b>
Barge CIF New Orleans	218	214	213
FOB Vessel GULF	228	226	224
Rail delivered PNW	238	236	235
Rail delivered California	239	237	236
Mid-Bridge Laredo, TX	234	233	231
FOB Lethbridge, Alberta	212	209	207
40 ft. Containers to South Korea (Busan)	249	244	243
40 ft. Containers to Taiwan (Kaohsiung)	251	245	244
40 ft. Containers to Philippines (Manila)	252	249	248
40 ft. Containers to Indonesia (Jakarta)	250	246	245
40 ft. Containers to Malaysia (Port Kelang)	250	246	245
40 ft. Containers to Vietnam (HCMC)	253	251	250
40 ft. Containers to Japan (Yokohama)	254	245	244
40 ft. containers to Thailand (LCMB)	249	246	245
40 ft. Containers to China (Shanghai)	250	250	248
40 ft. Containers to Bangladesh (Chittagong)	275	275	273
40 ft. Containers to Myanmar (Yangon)	270	270	268
KC Rail Yard (delivered ramp)	199	197	196
Elwood, IL Rail Yard (delivered ramp)	208	207	206

Source: WPI, \*Prices are based on offer indications only; terms of delivery, payment and quality may vary from one supplier to another, impacting the actual value of the price.



## **DISTILLER'S DRIED GRAINS WITH SOLUBLES (DDGS)**

---

**DDGS Comments:** Transportation issues continue to impact the DDGS market and cause troubles getting product from ethanol plants to export ports. Some traders are reporting DDGS barges should be loaded mid-Mississippi river this week, but there is still uncertainty as to when these barges will arrive at the Gulf. Barge CIF NOLA prices jumped higher three weeks ago and are holding those levels, rising another \$1/MT this week to \$217/MT. FOB NOLA DDGS prices are \$6/MT higher this week at \$228/MT, 127 percent of FOB NOLA corn values.

Merchandisers are reporting Vietnamese buyers are actively looking for April-June shipments but, so far, are not willing to pay asking prices. Some sales to South Korea have occurred but with limited volumes. So far this week, CIF Southeast Asia prices are up \$4/MT to \$270 with prices for Japan and Shanghai, China leading the way (each up \$10/MT).

## **COUNTRY NEWS**

---

**Argentina:** Some parts of the corn production area have reported half the normal precipitation and what fell was barely enough to counter evaporation. The drought is more like 2012 than the more severe conditions of 2009. Moreover, wetter conditions are now possible going forward, though they come late in the production cycle. USDA's March WASDE report predicts corn production at 36 MMT. A solar minimum is said to be the cause of the La Niña condition and its drought, and a solar minimum is due to occur again in 2019.

Separately, the government has approved new GMO corn varieties for use by farmers. The approval follows an agreement by producers to pay royalties to seed technology firms. (Reuters; AgriCensus)

**Brazil:** The combination of favorable rains and higher prices (up 22 percent in little over a month) could encourage farmers to plant a larger second crop of corn than currently forecast. Wetness has slowed harvest of the soybean crop and has thus delayed planting of corn, but the big question is how long the rains last before it goes into a typical dry period. Agricultural meteorologist Marco Antonio dos Santos of Rural Clima believes it could last into mid-April, rather than quitting as it typically does at the end of March. (AgriCensus)

Although winter corn planting is behind last year's record rate, Conab's February forecast called for a 63.3 MMT winter corn crop and its March forecast is for overall production at 87.3 MMT. USDA's March WASDE forecast for overall Brazilian corn production was lowered by 0.5 MMT to 94.5 MMT. However, some private forecasters believe farmers will now plant much more corn and production could total 95-98 MMT. This ignores the fact that farmers may run out of time to get second crop corn acres planted. (Reuters; AgriCensus; Farm Futures)

**EU:** The import duty on corn and sorghum was reduced from €5.61/MT to €0.56/MT based on a formula that tracks prices. Higher corn prices will not slow down imports, which are up almost 50 percent from a year ago to 10 MMT. Corn imports could grow even larger. (AgriCensus)

**UK:** The UK's Department for Environment, Food and Rural Affairs has increased its estimate for domestic corn utilization from 1.84 MMT to 1.9 MMT, mostly due to a switch from wheat to corn in the manufacture of ethanol. (AgriCensus)

**South Korea:** The feed buyer NOFI last week rejected corn shipments bid at \$203.75/MT but this week it may have paid \$220/MT as an overall 500 KMT of optional origin corn was bought by feed groups. A May cargo sold at \$214/MT, a June delivery is at \$213.50/MT, and a third delivery is priced at \$223/MMT. (AgriCensus)

**South Africa:** Grain SA believes the country will produce 12.2 MMT of maize and export 3.7 MMT. This is much higher than USDA's prediction of 1.7 MMT of exports, largely due to the disparity in counting beginning stocks.



USDA indicates South Africa has 3 MMT of surplus corn but Grain SA says it is 6 MMT. The amount ultimately exported will be heavily influenced by variable yields. (AgriCensus)

**Turkey:** The state grain board TMO is tendering for 149 KMT of corn with bids due by 13 March. Delivery is to be 19 March-8 April. (AgriCensus)

**Ukraine:** Feed wheat prices have been dropping due to abundant high protein wheat and barley at the same time corn prices have been rising and the two are nearly at the point of parity. Bids for Russian 10.5 percent protein wheat were at \$193/MT and 11.5 percent protein at \$197/MT. Led by demand from the Netherlands this week, Ukrainian corn bid prices hit \$198/MT on 6 March and then \$190.25/MT on 7 March. (AgriCensus; Platts)

## OCEAN FREIGHT MARKETS AND SPREAD

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans*			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$45.00	Up \$0.50	Handymax at \$45.00/MT
55,000 U.S. PNW-Japan	\$24.00	Unchanged	Handymax at \$24.25/MT
65,000 U.S. Gulf-China	\$44.00	Up \$0.50	North or South China
PNW to China	\$23.50	Unchanged	
25,000 U.S. Gulf-Veracruz, Mexico	\$16.25	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, Mexico	\$14.00	Unchanged	Deep draft and 6,000 MT/day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia	\$19.50	Unchanged	West Coast Colombia at \$28.25
From Argentina	\$33.50	Unchanged	
40-45,000 U.S. Gulf-Guatemala	\$28.00	Unchanged	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$31.50	Up \$0.25	8,000 MT daily discharge
	\$33.25	Up \$0.25	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$30.75	Up \$0.25	Discharge rate: 5,000
55,000 U.S. Gulf-Egypt	\$28.50	Up \$0.25	55,000-60,000 MT
	\$27.25	Up \$0.25	Russia Black Sea-Egypt \$14.50
60-70,000 U.S. Gulf-Europe-Rotterdam	\$16.75	Down \$0.25	Handymax at +\$1.75 more
Brazil, Santos-China	\$35.00	Up \$1.00	54-59,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up River	\$34.25	Up \$1.00	
Amazonia North Brazil-China	\$38.50	Up \$1.00	
56-60,000 Argentina-China	\$40.25	Up \$0.75	Upriver with top-off \$42.75

Source: O'Neil Commodity Consulting

\*Numbers for this table based on previous night's closing values.

## OCEAN FREIGHT COMMENTS

**Transportation and Export Report: Jay O'Neil, O'Neil Commodity Consulting:** From a Lunar New Year perspective, it is another week into the New Year and we still have a firm tone to the markets. Vessel owners

and markets in general are still hoping for an up year with continued growth in vessel profitability. But, much as expected, things are not taking off like a rocket and the market still has some growing pains to work through. Q1 of the year remains challenging from a cargo growth perspective and we are witnessing a troublesome increase in the number of new vessel orders. The only way for this market to remain on solid ground is for vessel owners to keep their hands in their pockets and not get greedy with ideas of fleet expansion. China has projected annual GDP growth of 6.5 percent and this will be enough to support freight markets if the Dry-Bulk fleet does not expand by more than 2.0 percent this year.

<b>Baltic-Panamax Dry-Bulk Indices</b>				
<b>March 8, 2018</b>	<b>This Week</b>	<b>Last Week</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Route</b>				
P2A: Gulf/Atlantic – Japan	18,980	18,848	132	0.7%
P3A: PNW/Pacific– Japan	12,604	11,536	1,068	9.3%
S1C: U.S. Gulf-China-S. Japan	23,536	23,572	-36	-0.2%

Source: O'Neil Commodity Consulting

Below is a recent history of freight values for Capesize vessels of iron ore from Western Australia to South China:

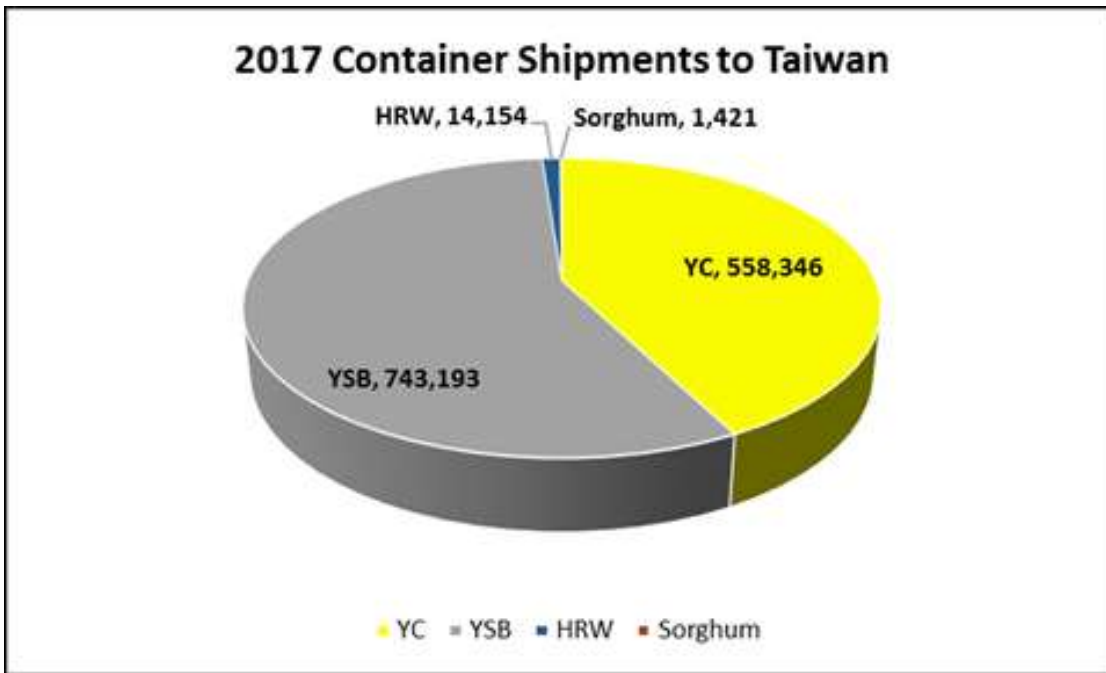
<b>Week Ending March 8, 2018</b>	
Four weeks ago:	\$6.20-\$6.70
Three weeks ago:	\$6.40-\$6.85
Two weeks ago:	\$5.85-\$7.15
One week ago:	\$6.75-\$7.15
This week	\$6.20-\$6.65

Source: O'Neil Commodity Consulting

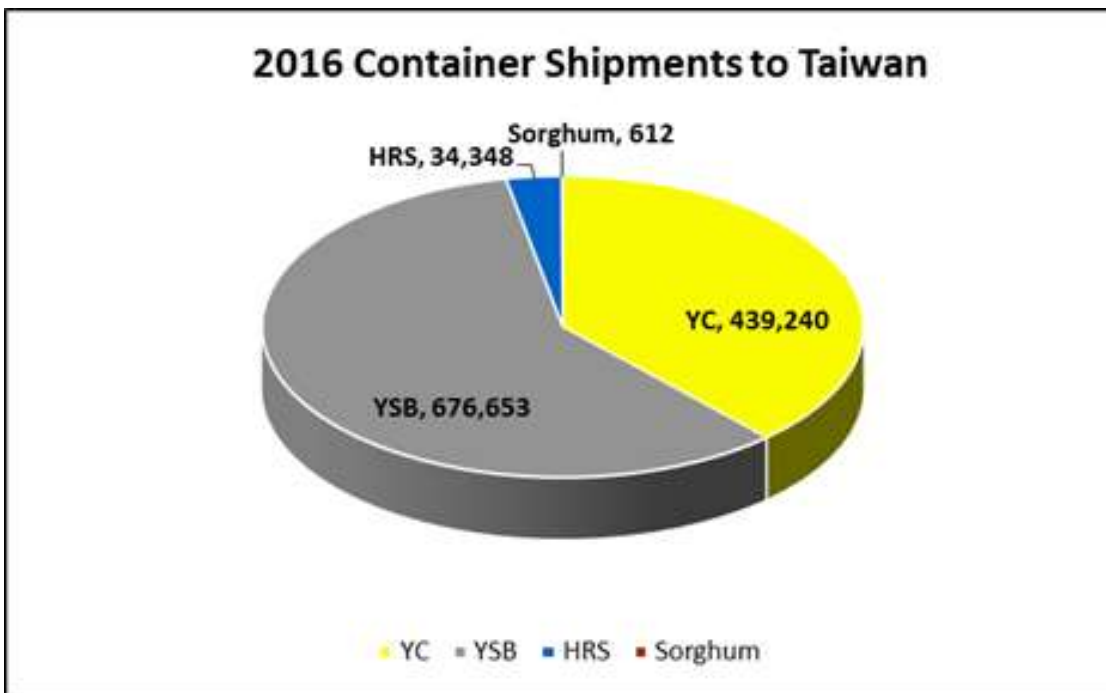
<b>U.S.-Asia Market Spreads</b>					
<b>March 8, 2018</b>	<b>PNW</b>	<b>Gulf</b>	<b>Bushel Spread</b>	<b>MT Spread</b>	<b>Advantage</b>
#2 Corn	1.15	0.95	0.20	\$7.87	PNW
Soybeans	0.86	0.67	0.19	\$7.48	PNW
Ocean Freight	\$23.50	\$44.00	0.52-0.55	<b>\$20.50</b>	April

Source: O'Neil Commodity Consulting

The charts below represent 2017 annual totals versus 2016 annual totals for container shipments to Taiwan.

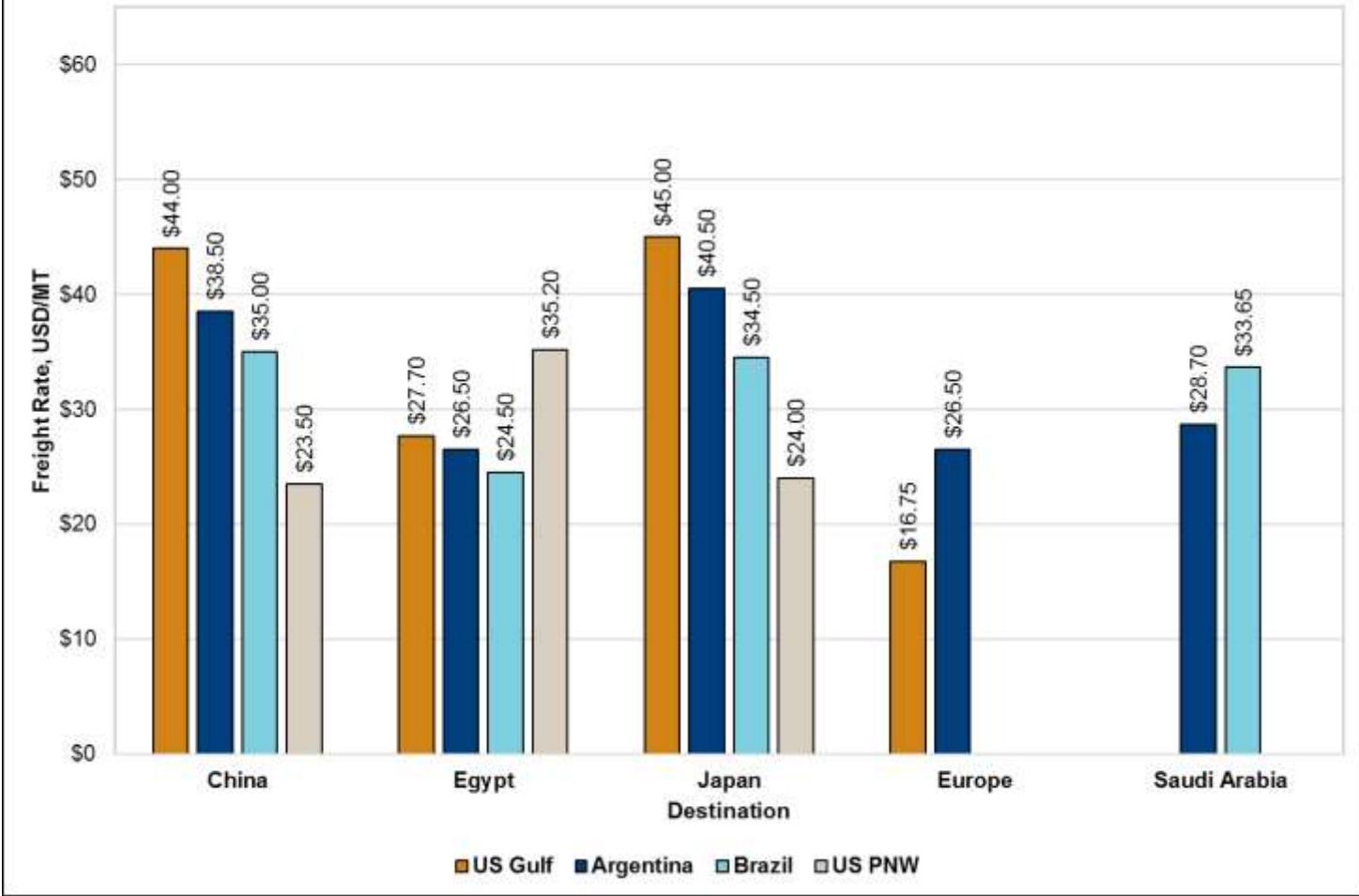


Source: O'Neil Commodity Consulting



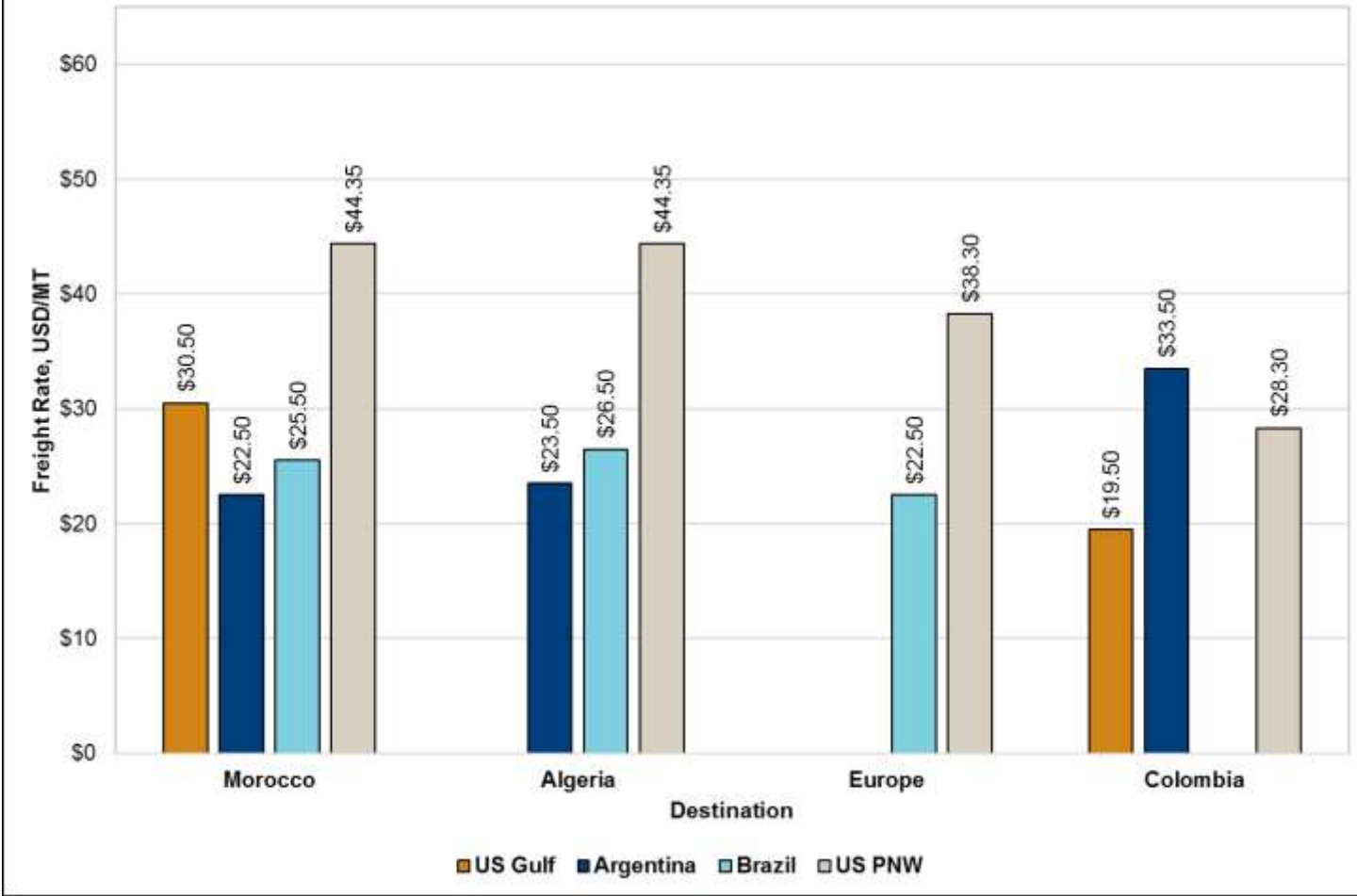
Source: O'Neil Commodity Consulting

**International Freight Rates by Origin, March 8, 2018,  
Supramax/Panamax Vessels, USD/MT**



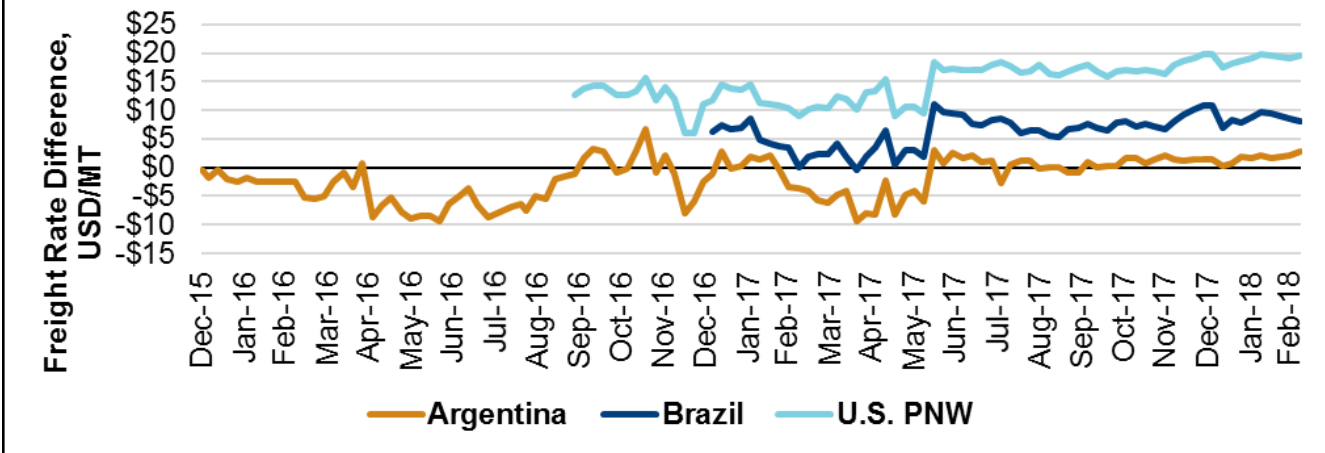
Source: DTN, O'Neil Commodity Consulting and World Perspectives, Inc.

**International Freight Rates by Origin, March 8, 2018,  
Handysize Vessels, USD/MT**



Source: DTN, O'Neil Commodity Consulting and World Perspectives, Inc.

**U.S. Gulf to China Freight Rate Premium/Discount to  
Competing Origins**



Source: DTN, O'Neil Commodity Consulting and World Perspectives, Inc.

## INTEREST RATES

---

<b>Interest Rates (%): March 8, 2018</b>			
	<b>Current Week</b>	<b>Last Week</b>	<b>Last Month</b>
<b>U.S. Prime</b>	4.5	4.5	4.5
<b>LIBOR (6 month)</b>	2.24	2.21	1.99
<b>LIBOR (1 year)</b>	2.51	2.48	2.28

Source: [www.bankrate.com](http://www.bankrate.com)