



**May 3, 2018**

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***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 July Contract					
\$/Bu	Friday April 27	Monday April 30	Tuesday May 1	Wednesday May 2	Thursday May 3
<b>Change</b>	3.250	2.250	5.000	-0.750	3.000
<b>Closing Price</b>	398.50	400.75	405.75	405.00	408.00
<b>Factors Affecting the Market</b>	Dry conditions in Brazil helped corn higher for the day and up 13 cents for the week. The U.S. planting weather is warm and dry which is calming late-planting fears. Statistics Canada released its estimate that 3.8 million acres of corn will be planted this year, up 5% from 2017.	Continued dryness in Brazil helped July corn over the \$4/bushel mark today. Between Argentina's crop shortfall and recent Brazilian developments, managed money traders are becoming bullish. USDA said 57.7 million bushels of corn were exported last week.	Wheat market buying, and a more concerning global weather outlook pushed corn higher. USDA said yesterday 17% of U.S. corn is planted, 10% behind the 5-year average. Planting progress may be hampered however, by a line of storms expected across the Corn Belt.	July corn was steady in light trading volume as traders evaluate the fundamental landscape. Farmer selling is light, given the focus on planting, causing cash prices to rise. The dollar continued its recent run-up and closed 25 points higher while U.S. equity markets dropped sharply.	Fund buying lifted the corn market a few pennies to a new six-month high. Traders are focused on trade talks in China and on a colder/wetter weather forecast for the Midwest this weekend. U.S. corn export sales and shipments both exceeded needed volumes.

**Outlook:** Global weather is largely responsible for July corn futures' 23-cent rally over the past two weeks. Between dryness in Brazil that threatens the *safrinha* corn crop and drought across the U.S. Southern Plains and Australia causing trouble for the wheat crops, grain bulls now have better fundamentals to justify their position. Granted, the weather is certainly more dire for the wheat crops, and rising wheat futures have created spillover buying in the corn market. While this dynamic is of little importance to fundamental traders, it has created interesting technical developments.

From a technical perspective, July corn is in a short-term uptrend but hitting resistance near the \$4.10/bushel range. The contract has traded through and closed above many moving averages (MAs), including the 200-day MA on the weekly chart. This leaves the next upside target as \$4.25/bushel once nearby resistance at \$4.10 is broken. On the downside, the 10-, 20- and 40-day Mas are in a range between \$3.93-\$3.97 and will offer key support within this range. Notably, the trend is decidedly more bullish for December corn futures where resistance at \$4.18 was breached, leaving \$4.30 as the next technical target.

The fundamentals are supportive for corn futures as well. USDA reported 17 percent of the U.S. crop was planted as of Monday, 10 percent behind the 5-year average. Planting delays this early in the crop year correlate poorly to final yields but should planting fall further behind in the coming month, yield prospects could be reduced.

This week's *Export Sales* report from was neutral/bullish the corn market with 1.019 MMT of net sales and 1.474 MMT of shipments. YTD bookings (outstanding sales plus shipments) are down only 2 percent from last year while exports are down 17 percent. USDA's 2017/18 export forecast calls for a 3 percent year-over-year reduction in exports.

# CBOT JULY CORN FUTURES



Source: Prophet X

Current Market Values:

<b>Futures Price Performance: Week Ending May 3, 2018</b>			
<b>Commodity</b>	<b>3-May</b>	<b>27-Apr</b>	<b>Net Change</b>
<b>Corn</b>			
May 18	399.50	389.50	10.00
Jul 18	408.00	398.50	9.50
Sep 18	415.50	405.50	10.00
Dec 18	422.25	414.50	7.75
<b>Soybeans</b>			
May 18	1043.25	1045.00	-1.75
Jul 18	1053.25	1056.25	-3.00
Aug 18	1056.25	1058.00	-1.75
Sep 18	1052.25	1050.25	2.00
<b>Soymeal</b>			
May 18	398.40	393.20	5.20
Jul 18	398.60	395.30	3.30
Aug 18	395.40	392.80	2.60
Sep 18	392.70	390.30	2.40
<b>Soyoil</b>			
May 18	30.58	30.43	0.15
Jul 18	30.81	30.73	0.08
Aug 18	30.93	30.86	0.07
Sep 18	31.09	31.03	0.06
<b>SRW</b>			
May 18	540.50	495.50	45.00
Jul 18	538.00	498.50	39.50
Sep 18	552.75	515.50	37.25
Dec 18	572.75	537.75	35.00
<b>HRW</b>			
May 18	547.50	512.25	35.25
Jul 18	567.75	530.50	37.25
Sep 18	585.50	548.50	37.00
Dec 18	608.50	572.00	36.50
<b>MGEX (HRS)</b>			
May 18	631.25	606.25	25.00
Jul 18	630.00	608.00	22.00
Sep 18	636.50	614.25	22.25
Dec 18	648.25	626.00	22.25

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

## U.S. WEATHER/CROP PROGRESS

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U.S. Crop Planting Progress				
Commodity	April 29, 2018	Last Week	Last Year	5-year avg.
Corn	17%	5%	32%	27%
Sorghum	26%	24%	27%	26%
Barley	26%	11%	31%	44%

Source: USDA

**U.S. Drought Monitor Weather Forecast:** The NWS WPC 7-Day Quantitative Precipitation Forecast (QPF) calls for moderate-to-heavy accumulations ranging from 2-to-3 inches across the eastern Central Plains, Texas, and the Midwest (Iowa, northern Illinois, Michigan, southern Wisconsin). Out West, lesser accumulations (<1.5 inches) are expected in parts of the Intermountain West, central Rockies, and southern portions of the northern Rockies. Similar accumulation totals are forecasted for the Northeast and portions of the Mid-Atlantic. The CPC 6-10-day outlook calls for a high probability of above-normal temperatures across the West, the Plains, New England, and the Southeast while below-normal temperatures are expected in Michigan and south Texas.

In terms of precipitation, below-normal precipitation is expected across most of the eastern half of the continental U.S. with the exception of Florida where there is a high probability of above-normal precipitation. Above-normal precipitation is expected in a swath extending from west Texas through New Mexico and Colorado to Idaho. Further west, below normal precipitation is expected in northern California and much of the Great Basin.

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

## U.S. EXPORT STATISTICS

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U.S. Export Sales and Exports: Week Ending April 26, 2018					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	287,700	283,200	20,651.1	23,503.3	-16%
Corn	1,159,400	1,474,300	30,910.4	51,001.7	-2%
Sorghum	82,200	89,300	4,674.4	5,278.6	24%
Barley	0	400	29.6	40.0	57%

**Corn:** Net sales of 1,019,900 MT for 2017/2018 were up 46 percent from the previous week and 16 percent from the prior 4-week average. Increases were reported for Mexico (310,100 MT, including decreases of 3,500 MT), Colombia (148,200 MT, including 84,000 MT switched from unknown destinations and decreases of 1,000 MT), South Korea (126,000 MT, including 60,000 MT switched from unknown destinations and decreases of 2,400 MT), Egypt (116,700 MT, including 60,000 MT switched from unknown destinations and decreases of 3,300 MT), and Taiwan (80,100 MT, including decreases of 300 MT). Reductions were primarily for unknown destinations (127,400 MT) and Panama (51,800 MT). For 2018/2019, net sales of 49,300 MT were reported for Mexico. Exports of 1,474,300 MT were down 13 percent from the previous week and 9 percent from the prior 4-week average. The destinations were primarily to Mexico (364,900 MT), Japan (293,600 MT), Colombia (149,600 MT), South Korea (127,400 MT), and Spain (71,500 MT).

*Optional Origin Sales:* For 2017/2018, options were exercised to export 55,000 MT to Vietnam from the United States. The current optional origin outstanding balance of 708,000 MT is for South Korea (414,000 MT), unknown destinations (179,000 MT), Vietnam (65,000 MT), and Egypt (50,000 MT).

**Barley:** No net sales were reported for the week. Exports of 400 MT were to South Korea.

**Sorghum:** Net sales of 29,100 MT for 2017/2018 resulted as increases for Spain (49,500 MT), Colombia (25,200 MT), South Africa (6,500 MT, including 5,500 MT switched from unknown destinations), and Taiwan (4,400 MT), were partially offset by reductions for China (53,100 MT) and unknown destinations (5,500 MT). Exports of 89,300 MT were down 29 percent from the previous week and 42 percent from the prior 4-week average. The primary destinations were Spain (49,500 MT) and Colombia (25,200 MT).

<b>U.S. Export Inspections: Week Ending April 26, 2018</b>					
<b>Commodity (MT)</b>	<b>Export Inspections</b>		<b>Current Market YTD</b>	<b>Previous YTD</b>	<b>YTD as Percent of Previous</b>
	<b>Current Week</b>	<b>Previous Week</b>			
<b>Barley</b>	196	73	21,340	34,949	61%
<b>Corn</b>	1,465,265	1,737,986	31,258,487	38,489,776	81%
<b>Sorghum</b>	193,785	123,362	4,502,833	4,209,088	107%
<b>Soybeans</b>	679,379	472,335	43,503,705	49,499,137	88%
<b>Wheat</b>	376,256	643,937	21,895,240	24,400,542	90%

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 April 26, 2018**

Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	3,289	0%	0	0%	0	0%
Atlantic	6,869	0%	0	0%	0	0%
Gulf	815,661	57%	33,791	73%	187,489	97%
PNW	411,260	29%	269	1%	6,051	3%
Interior Export Rail	182,127	13%	11,999	26%	245	0%
<b>Total (Metric Tons)</b>	<b>1,419,206</b>	<b>100%</b>	<b>46,059</b>	<b>100%</b>	<b>193,785</b>	<b>100%</b>
<b>White Corn Shipments by Country (MT)</b>			10,044	to Colombia		
			15,970	to Costa Rica		
			7,777	to El Salvador		
			269	to Korea		
			11,975	to Mexico		
			24	to Spain		
<b>Total White Corn (MT)</b>			<b>46,059</b>			
<b>Sorghum Shipments by Country (MT)</b>					58,324	to China
					25,207	to Colombia
					5,000	to Djibouti
					18,200	to Ethiopia
					6,501	to South Africa
					49,502	to Spain
					25,000	to Sudan
					6,051	to Japan
<b>Total Sorghum (MT)</b>					<b>193,785</b>	

Source: USDA, World Perspectives, Inc.

**FOB**

<b>Yellow Corn (USD/MT FOB Vessel)</b>				
<b>YC FOB Vessel Max. 15.0% Moisture</b>	<b>GULF</b>		<b>PNW</b>	
	<b>Basis (#2 YC)</b>	<b>Flat Price (#2 YC)</b>	<b>Basis (#2 YC)</b>	<b>Flat Price (#2 YC)</b>
<b>June</b>	0.87+N	\$194.87	1.21+N	\$208.26
<b>July</b>	0.84+N	\$193.69	1.14+N	\$205.50

<b>Sorghum (USD/MT FOB Vessel)</b>				
#2 YGS FOB Vessel Max 14.0% Moisture	<b>NOLA</b>		<b>TEXAS</b>	
	<b>Basis</b>	<b>Flat Price</b>	<b>Basis</b>	<b>Flat Price</b>
<b>June</b>	0.80+N	\$192.12	0.65+N	\$186.21
<b>July</b>	0.80+N	\$192.12	0.65+N	\$186.21

<b>Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)</b>			
	<b>June</b>	<b>July</b>	<b>August</b>
<b>New Orleans</b>	\$193	\$184	\$175
<i>Quantity 5,000 MT</i>			
<b>Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)</b>			
<b>Bulk 60% Pro.</b>	<b>June</b>	<b>July</b>	<b>August</b>
<b>New Orleans</b>	\$613	\$608	\$603
<i>*5-10,000 MT Minimum</i>			
<b>Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)</b>			
	<b>May</b>	<b>June</b>	
<b>Rail Delvd. Chicago</b>	\$535	\$535	
<b>Rail Delvd. Savannah</b>	\$550	\$550	
<b>Truck Delvd. Chicago</b>	\$540	\$540	

<b>DDGS Price Table: May 3, 2018 (USD/MT)</b>			
<i>(Quantity, availability, payment and delivery terms vary)</i>			
<b>Delivery Point</b> <b>Quality Min. 35% Pro-fat combined</b>	<b>May</b>	<b>June</b>	<b>July</b>
Barge CIF New Orleans	246	244	241
FOB Vessel GULF	260	258	254
Rail delivered PNW	260	258	255
Rail delivered California	263	261	258
Mid-Bridge Laredo, TX	262	261	258
FOB Lethbridge, Alberta	242	240	240
40 ft. Containers to South Korea (Busan)	268	267	266
40 ft. Containers to Taiwan (Kaohsiung)	269	268	267
40 ft. Containers to Philippines (Manila)	274	274	273
40 ft. Containers to Indonesia (Jakarta)	268	267	266
40 ft. Containers to Malaysia (Port Kelang)	270	269	268
40 ft. Containers to Vietnam (HCMC)	274	273	272
40 ft. Containers to Japan (Yokohama)	268	268	267
40 ft. containers to Thailand (LCMB)	269	269	268
40 ft. Containers to China (Shanghai)	270	270	270
40 ft. Containers to Bangladesh (Chittagong)	295	295	295
40 ft. Containers to Myanmar (Yangon)	291	291	291
KC Rail Yard (delivered ramp)	224	222	220
Elwood, IL Rail Yard (delivered ramp)	229	228	227

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)**

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**DDGS Comments:** Rising soybean meal values are underpinning higher DDGS values this week. The past weeks' reduction in ethanol output has led to tight nearby supplies and an inverse into the forward month. Buyers are waiting for cheaper prices while producers are not selling forward at discounts given the corn market's carry and upside potential. Merchandisers report most activity is focused on nearby shipments.

DDGS prices FOB ethanol plants are down \$2/MT higher this week while Kansas City soymeal is up \$10/MT. Rising soymeal prices mean DDGS are more cost-effective in feed rations this week, with DDGS holding a \$1.92/protein-unit cost advantage over soymeal.

Internationally, issues in Argentina are pushing soymeal prices higher which, in turn, are supporting DDGS values. Merchandisers are reporting international buyers were initially hesitant to book, but some then had to cover positions while others quickly bought before the market moved even higher. Barge CIF values are \$130/MT higher this with FOB Gulf values rising \$8/MT. Values for DDGS CIF Southeast Asia rose \$4/MT this week with prices for product destined for Japan leading the market higher.

## **COUNTRY NEWS**

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**Argentina:** Damage to Santa Fe's north berth at the T6 terminal will take a year to repair. The terminal will prioritize exporting soybeans, forcing corn to move out of other ports. However, this is not expected to be a problem since this year's corn crop is expected to be reduced by 20 to 25 percent from last year. (AgriCensus)

**Brazil:** Some major corn production areas have not had rain in three weeks and none is forecast until around May 10. This is leading AgRural to question whether a production estimate of 63.6 MMT is achievable. (AgRural; Reuters)

**China:** Only 62 percent of the 3.94 MMT of corn offered at auction on April 27 was sold. A small amount (1 KMT) of 2013 corn actually sold for a higher price (CNY 1,420/MT; \$224/MT) than the 2014 stocks (CNY 1,392/MT; \$219.66/MT). Meanwhile, none of the 2015 crop of corn offered was sold. The auctions continue on May 3-4. (AgriCensus)

**Russia:** Corn production in 2018/19 will hit 16.4 MMT, a 20 percent increase due to a 10 percent increase in planted area. However, barley production will fall by 4 percent to 19.3 MMT as yields face more normal weather conditions than the above average conditions last year. Corn exports are forecast at 6.8 MMT and barley exports will be 4.5 MMT. (USDA/FAS)

**Saudi Arabia:** The Saudi Grains Organization (SAGO) expects to import only 8 MMT of barley in 2017/18 and that will drop to 7.5 MMT in 2018/19. As a water conservation method, the government is discouraging hay production and instead boosting domestic animal feed production. (USDA/FAS)

**Ukraine:** Prices received for corn have dropped 2.3 percent over the past week to \$201/MT FOB as a result of suppressed sales to China. Demand has suffered due to China's auctioning of surplus domestic stocks, and the diversion of U.S. sorghum since Beijing imposed an antidumping duty on it. A delayed spring and evidence from satellite imagery indicates a late planting schedule and this could hurt corn yields. The pace has picked up and about a third of the corn crop is now planted. (Reuters; AgriCensus)

## 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	\$44.25	Unchanged	Handymax at \$44.50/MT
55,000 U.S. PNW-Japan	\$24.00	Unchanged	Handymax at \$24.50/MT
65,000 U.S. Gulf-China	\$43.25	Unchanged	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	\$19.75	Unchanged	West Coast Colombia at \$28.00
From Argentina	\$33.50	Unchanged	
40-45,000 U.S. Gulf-Guatemala	\$27.75	Unchanged	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$31.75	Unchanged	8,000 MT daily discharge
	\$33.00	Unchanged	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$31.00	Unchanged	Discharge rate: 5,000
55,000 U.S. Gulf-Egypt	\$28.75	Unchanged	55,000-60,000 MT Russia Black Sea-Egypt \$15.00
PNW to Egypt	\$28.00	Unchanged	
60-70,000 U.S. Gulf-Europe-Rotterdam	\$20.75	Unchanged	Handymax at +\$1.75 more
Brazil, Santos-China	\$34.50	Unchanged	54-59,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up River	\$33.50	Unchanged	
Amazonia North Brazil-China	\$37.00	Unchanged	
56-60,000 Argentina-China	\$39.00	Unchanged	Upriver with BB top-off \$41.50

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:** This week was mostly a repeat of the last. Dry-bulk markets are still steaming in circles without firm direction. The Capesize market was the leader last week but this week it was without feature. Grain cargo demand did not meet vessel owners' expectations and the spot markets are a bit soft.

Most of the afloat sorghum cargoes have now found homes, and the Texas Gulf vessel lineups for grain have diminished significantly. Bunge's CEO told reporters that "All soybean sales to China are now coming from non-U.S. origins." So, there is nothing bullish for vessels owners to hang their hat on at the moment.

Baltic-Panamax Dry-Bulk Indices				
May 3, 2018	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	16,495	16,810	-315	-1.9%
P3A: PNW/Pacific– Japan	10,496	9,954	542	5.4%
S1C: U.S. Gulf-China-S. Japan	21,531	21,883	-352	-1.6%

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:

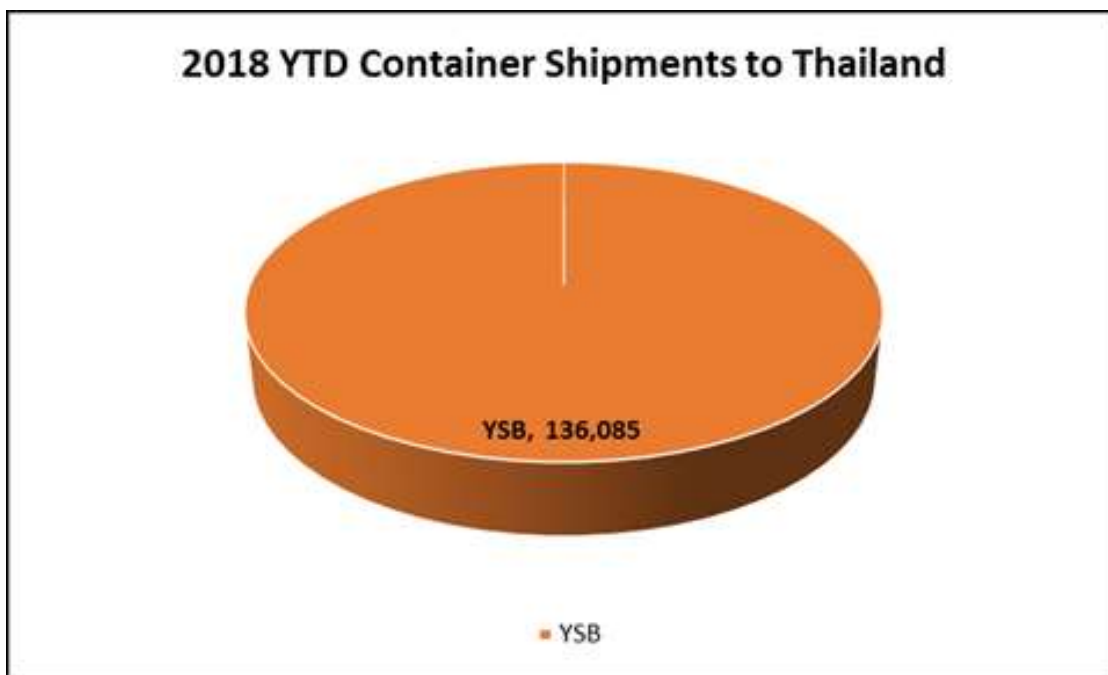
Week Ending May 3, 2018	
Four weeks ago:	\$5.10-\$5.70
Three weeks ago:	\$5.10-\$5.25
Two weeks ago:	\$5.85-\$6.85
One week ago:	\$7.00-\$7.55
This week	\$7.00-\$7.30

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
May 3, 2018	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.19	0.89	0.30	\$11.81	PNW
Soybeans	0.90	0.75	0.15	\$5.51	PNW
Ocean Freight	\$23.50	\$43.25	0.50-0.54	\$19.75	June

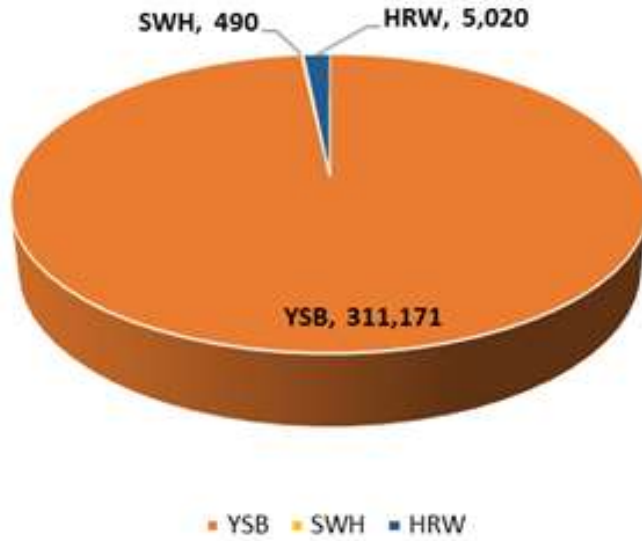
Source: O'Neil Commodity Consulting

The charts below represent 2018 YTD totals versus 2017 annual totals for container shipments to Thailand.



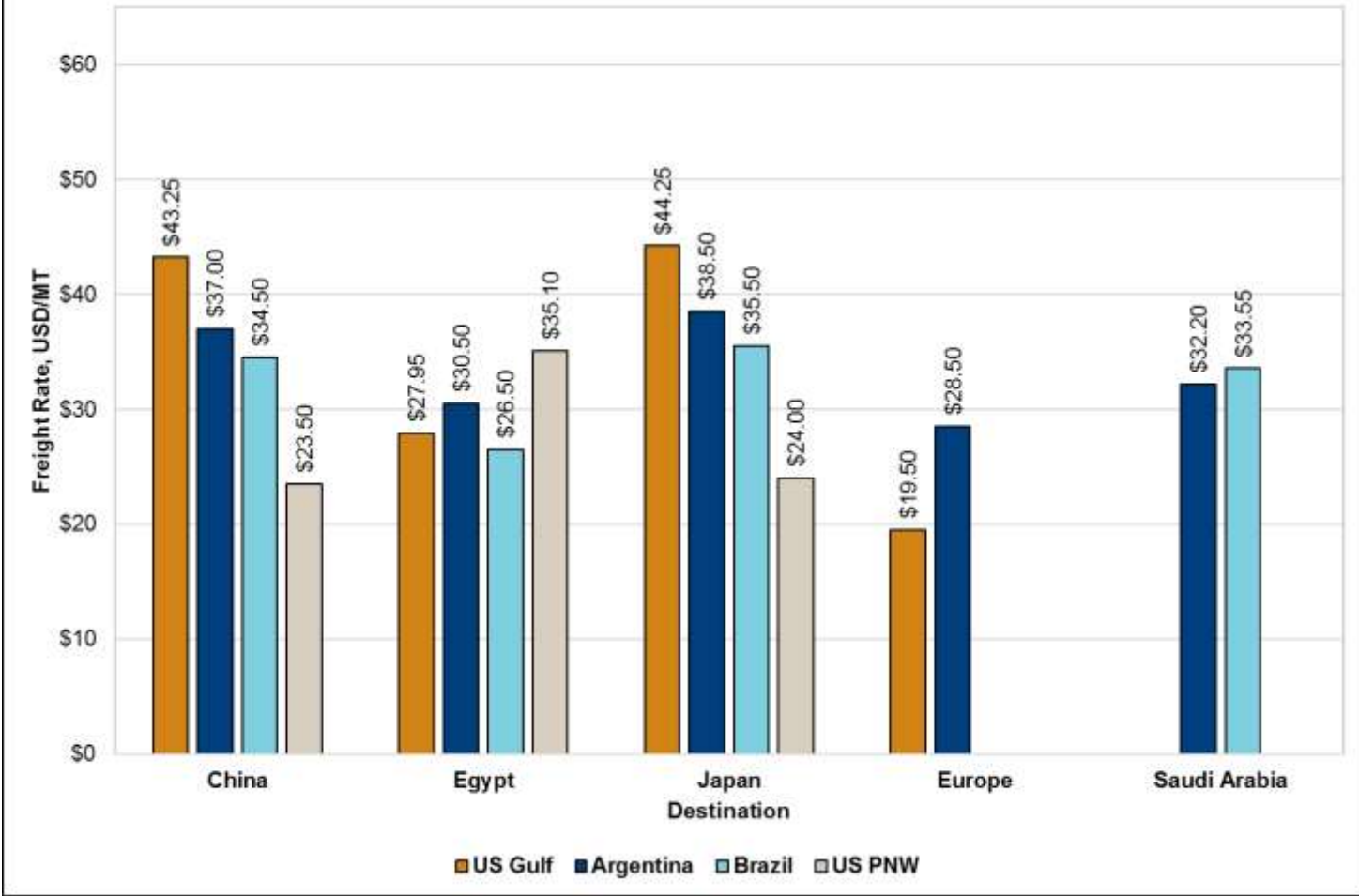
Source: O'Neil Commodity Consulting

## 2017 Container Shipments to Thailand



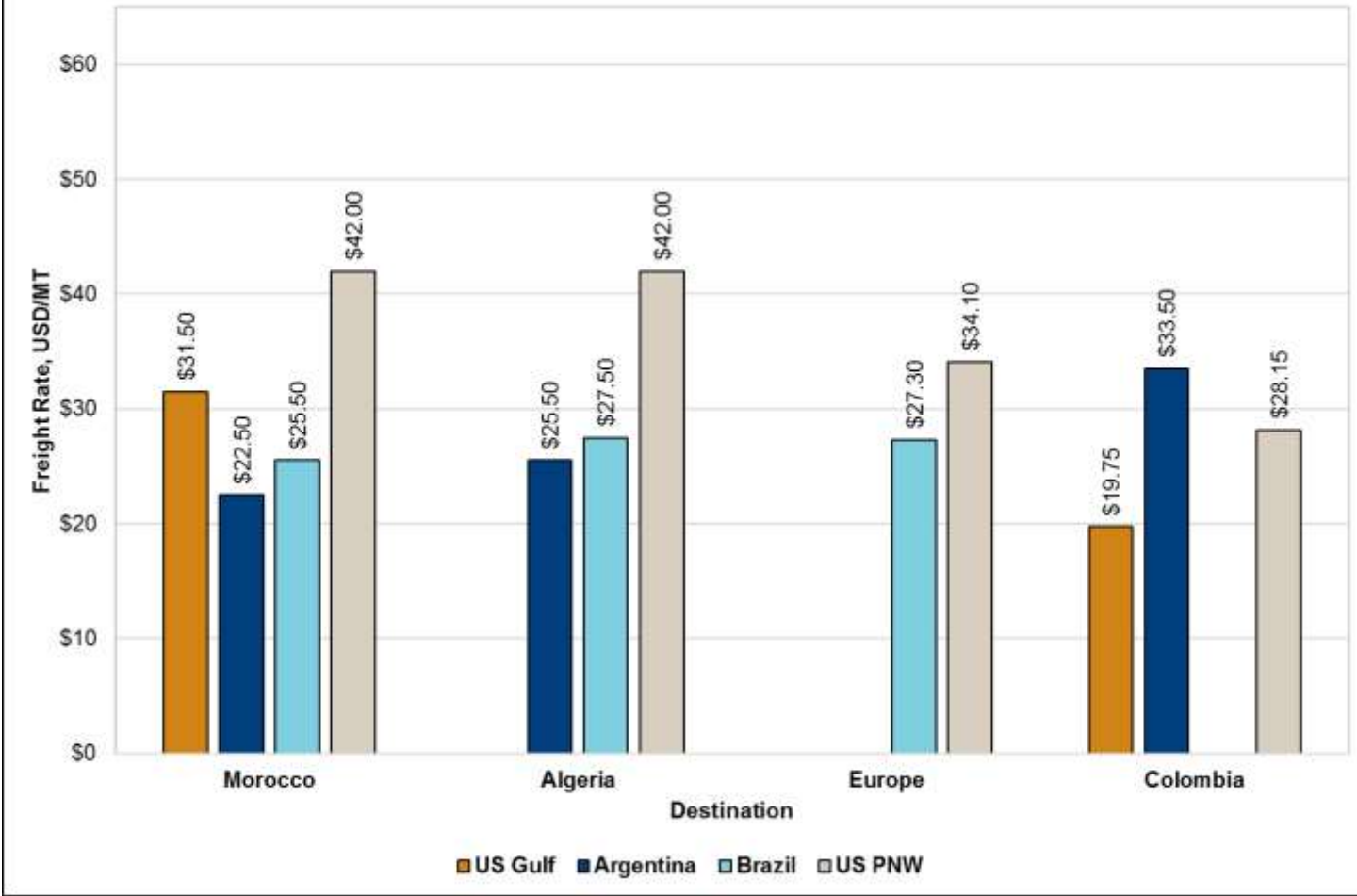
Source: O'Neil Commodity Consulting

**International Freight Rates by Origin, May 3, 2018,  
Supramax/Panamax Vessels, USD/MT**



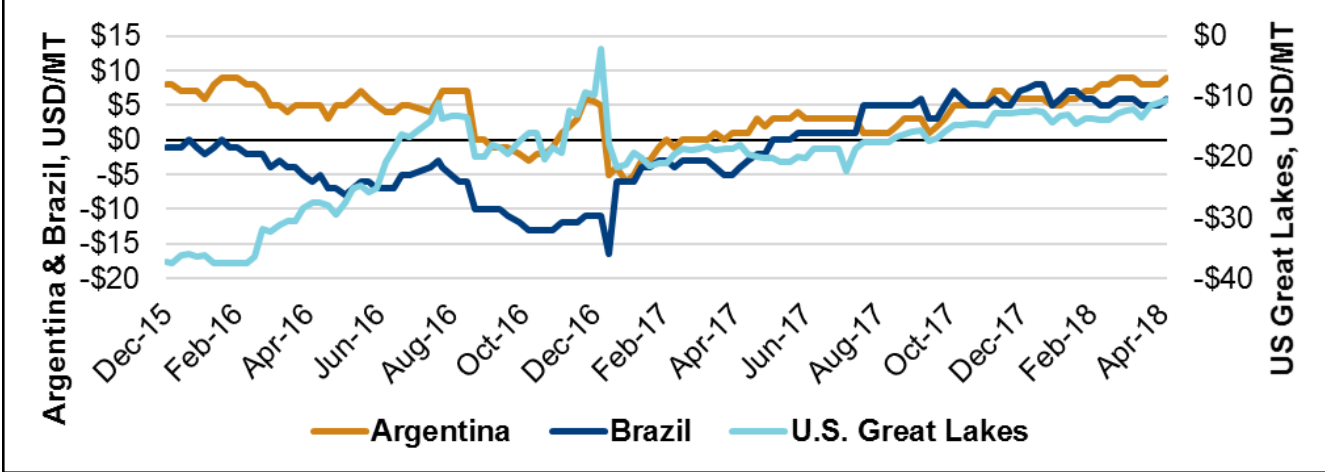
Source: DTN, O'Neil Commodity Consulting and World Perspectives, Inc.

**International Freight Rates by Origin, May 3, 2018,  
Handysize Vessels, USD/MT**



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

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



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

## INTEREST RATES

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<b>Interest Rates (%): May 3, 2018</b>			
	<b>Current Week</b>	<b>Last Week</b>	<b>Last Month</b>
<b>U.S. Prime</b>	4.75	4.75	4.75
<b>LIBOR (6 month)</b>	2.51	2.52	2.46
<b>LIBOR (1 year)</b>	2.77	2.77	2.67

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