



April 12, 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 May Contract					
\$/Bu	Friday April 6	Monday April 9	Tuesday April 10	Wednesday April 11	Thursday April 12
Change	-1.000	2.250	-1.500	-2.250	1.7500
Closing Price	388.50	390.75	389.25	387.00	388.75
Factors Affecting the Market	Corn closed slightly lower in a week that could have been worse with global trade dynamics upended. The Corn Belt won't get much planting done as snow is expected this weekend, further increasing the probability of late planting. Outside markets were sharply lower with the dollar down 37 points; WTI crude oil fell \$1.48/barrel.	Higher prices in soybeans and wheat helped corn higher, though little fresh news was available for the latter market. Monday's Export Inspections showed 76.3 million bushels were exported, above analysts' expectations. Weekend snow will give way to warmer temperatures in the Midwest this week, though planting activity will remain low.	The WASDE report featured higher U.S. ending stocks (2.127 billion bushels), largely on reduced feed demand. USDA also reduced corn production estimates for Brazil and Argentina. Monday's Crop Progress report showed 2% planting progress across the U.S., and none in the Midwest. The dollar finished lower for the third straight day.	Low volume trade left corn to drift lower with little interesting news from yesterday's WASDE. Weekly ethanol output was down from last week but above last year's early seasonal decline. Ethanol stocks were lower for the 3rd week, which is bullish corn demand. Corn Belt weather is improving but planting is limited to the South with more cold weather expected for the northern states.	Corn closed higher as soybean buying gave the market a bid. USDA's Export Sales report was bullish soybeans with big sales volume, while corn sales & exports were slightly bullish. Exports and sales were above their weekly pace needed, but YTD volumes are still below USDA's forecasts. The dollar rose 26 points, ending a four-day slide.

Outlook: Following last week's policy-heavy week, this week has featured a calmer tone for the corn market. The biggest factors have been the relatively benign WASDE report on Tuesday and today's Export Sales report. The market is switching to demand-watching mode while it waits for plantings (2 percent complete as of last week) to pick up in the Midwest.

The WASDE's biggest change to the U.S. corn balance sheet was a 1.27 MMT reduction in feed and residual use that carried through (combined with a 127,000 MT reduction in FSI use) to boost 2017/18 ending stocks by 1.379 MMT to 55.426 MMT. USDA left the mid-point of its farm-gate price forecast unchanged, however, at \$3.20/bushel.

As the trade expected, USDA lowered corn production forecasts for Brazil and Argentina, trimming the former's production prospects 2.5 MMT to 92 MMT and the latter country's production 3 MMT to 33 MMT. Argentina has suffered a massive drought this year and the production changes were within the market's expectations. Notably, USDA reduced Argentine ending stocks 1.3 MMT, which equates to a 3 percent change in ending stocks/use. This is a sizeable shift in the stocks/use level and domestic prices could tighten accordingly.

The USDA made only minor changes to the U.S. sorghum and barley balance sheets this month. Feed and residual use of sorghum was pared 127,000 MT and ending stocks were reduced a commensurate amount. USDA increased the bottom end of its farm-gate sorghum price 10 cents/bushel. This month's WASDE also saw minor reductions in barley and oats import figures, as well as a 77,000 MT reduction in oat feed use. Barley price forecasts were increased slightly while oat prices were reduced.

This week's export sales report featured 0.839 MMT of 2017/18 corn sales and 1.91 MMT of corn exports (a marketing-year high). YTD bookings (sales plus exports) are down so far while YTD exports are down as well. If the U.S. ships all its bookings, the final 2017/18 export figure could be much closer to USDA's projections than present exports suggest. Weekly sorghum exports totaled 197,000 MT, bringing YTD bookings to a 29-percent increase while barley exports totaled 1,200 MT, bringing YTD bookings to 157 percent of last year.

From a technical standpoint, May corn futures are in a sideways trading pattern with resistance at \$3.92/bushel and support at \$3.80. Exports are the biggest factor left to influence old-crop markets and other demand (feed and ethanol) will be closely watched as well. Funds are still long corn and likely won't relinquish this position unless exports are threatened again. For now, choppy sideways trading is the most likely outcome for the market.

CBOT MAY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending April 12, 2018			
Commodity	12-Apr	6-Apr	Net Change
Corn			
May 18	388.75	388.50	0.25
Jul 18	397.25	397.00	0.25
Sep 18	404.25	404.00	0.25
Dec 18	413.50	412.50	1.00
Soybeans			
May 18	1060.75	1033.75	27.00
Jul 18	1071.75	1044.75	27.00
Aug 18	1070.50	1046.00	24.50
Sep 18	1060.50	1038.25	22.25
Soymeal			
May 18	383.40	386.30	-2.90
Jul 18	387.40	390.10	-2.70
Aug 18	385.80	386.60	-0.80
Sep 18	383.40	383.00	0.40
Soyoil			
May 18	31.63	31.53	0.10
Jul 18	31.90	31.81	0.09
Aug 18	32.03	31.93	0.10
Sep 18	32.20	32.08	0.12
SRW			
May 18	481.00	472.25	8.75
Jul 18	498.25	488.50	9.75
Sep 18	516.75	505.50	11.25
Dec 18	540.00	528.25	11.75
HRW			
May 18	507.50	506.75	0.75
Jul 18	526.00	525.50	0.50
Sep 18	545.75	544.25	1.50
Dec 18	570.75	567.00	3.75
MGEX (HRS)			
May 18	623.00	607.25	15.75
Jul 18	632.50	617.00	15.50
Sep 18	637.00	623.50	13.50
Dec 18	645.75	634.75	11.00

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: During April 12-16, 2018, more precipitation is expected for the Pacific Northwest southward into northern California and the Sierra Nevada, and then eastward across the northern sections of the Rockies and Plains. Widespread moderate precipitation (0.5-2 inches) is anticipated for most of the eastern third of the Nation, with the greatest totals (2-4 inches) targeting the lower Mississippi and Tennessee Valleys, the north-central Great Plains, and the upper Mississippi Valley and Great Lakes region. Heavy snow should blanket the north-central Plains and upper Midwest. Unfortunately, the Southwest and southern half of the Plains is expected to remain dry. Temperatures should average below normal across much of the lower 48 States, especially in the northern Plains and upper Midwest, while the mid-Atlantic and Ohio Valley experience unseasonable warmth for a change.

For the ensuing 5 days (April 17-21), odds favor above-median precipitation across much of the West, Rockies, and Plains, except near to below-median totals in southern Arizona and most of New Mexico and Texas. The upper and middle Mississippi Valleys, Great Lakes region, and northern New England also favor above-median precipitation chances, while sub-median totals are likely for the Southeast, Appalachians, and mid-Atlantic. Subnormal temperatures are a good bet across much of the lower 48 States except in the southern Plains and extreme southern Florida.

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 April 5, 2018					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	144,200	436,400	19,327.4	23,038.1	-15%
Corn	864,900	1,912,100	26,141.2	48,193.1	-2%
Sorghum	10,200	197,000	4,339.4	5,219.3	29%
Barley	500	1,200	28.9	40.0	57%

Corn: Net sales of 839,900 MT for 2017/2018 were down 7 percent from the previous week and 46 percent from the prior 4-week average. Increases were reported for Japan (315,100 MT, including 107,800 MT switched from unknown destinations and decreases of 15,600 MT), Vietnam (187,200 MT, including 176,000 MT switched from unknown destinations), Mexico (147,700 MT, including decreases of 2,800 MT), Egypt (144,000 MT, including 40,000 MT switched from unknown destinations), and Saudi Arabia (125,800 MT, including 60,000 MT switched from unknown destinations and decreases of 300 MT). Reductions were primarily for unknown destinations (429,500 MT). For 2018/2019, net sales of 56,000 MT were for Mexico. Exports of 1,912,100 MT--a marketing-year high--were up 51 percent from the previous week and 41 percent from the prior 4-week average. The destinations were primarily to Japan (435,000 MT), Mexico (365,400 MT), Vietnam (247,200 MT), Saudi Arabia (130,800 MT), and Colombia (123,700 MT).

Optional Origin Sales: For 2017/2018, the current optional origin outstanding balance of 783,000 MT is for South Korea (484,000 MT), unknown destinations (179,000 MT), and Vietnam (120,000 MT).

Barley: Net sales of 500 MT were reported for South Korea. Exports of 1,200 MT were primarily to Japan (1,200 MT).

Sorghum: Net sales of 8,700 MT for 2017/2018 resulted as increases for China (127,700 MT, including 120,000 MT switched from unknown destinations and decreases of 1,500 MT) and Japan (1,000 MT), were partially offset by reductions for unknown destinations (120,000 MT). Exports of 197,000 MT were up 14 percent from the previous week, but down 4 percent from the prior 4-week average. The destinations were China (186,000 MT) and Japan (11,000 MT).

U.S. Export Inspections: Week Ending April 5, 2018					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	21,071	32,362	65%
Corn	1,937,040	1,445,186	26,475,989	34,553,205	77%
Sorghum	246,316	125,239	4,067,385	3,906,037	104%
Soybeans	373,940	578,838	41,893,537	47,842,322	88%
Wheat	430,080	424,880	20,368,295	22,493,275	91%

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 5, 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	1,035,324	56%	92,914	100%	234,408	95%
PNW	620,408	34%	0	0%	10,998	4%
Interior Export Rail	188,394	10%	0	0%	910	0%
Total (Metric Tons)	1,844,126	100%	92,914	100%	246,316	100%
White Corn Shipments by Country (MT)			18,734	to Honduras		
			4,322	to Japan		
			69,858	to Mexico		
Total White Corn (MT)			92,914			
Sorghum Shipments by Country (MT)					234,408	to China
					10,998	to Japan
					910	to Mexico
Total Sorghum (MT)					246,316	

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)
May	0.96+K	\$190.84	1.18+K	\$199.50
June	0.86+N	\$190.25	1.09+N	\$199.30

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	May	June	July
Gulf	\$192	\$192	\$192

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
May	1.20+K	\$200.28	1.00+K	\$192.41
June	1.10+N	\$199.69	0.90+N	\$191.82

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	May	June	July
New Orleans	\$190	\$180	\$170
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	May	June	July
New Orleans	\$620	\$610	\$600
<i>*5-10,000 MT Minimum</i>			

DDGS Price Table: April 12, 2018 (USD/MT)
(Quantity, availability, payment and delivery terms vary)

Delivery Point Quality Min. 35% Pro-fat combined	April	May	June
Barge CIF New Orleans	238	237	233
FOB Vessel GULF	255	251	249
Rail delivered PNW	248	247	243
Rail delivered California	251	250	246
Mid-Bridge Laredo, TX	248	248	243
FOB Lethbridge, Alberta	220	215	204
40 ft. Containers to South Korea (Busan)	266	265	264
40 ft. Containers to Taiwan (Kaohsiung)	268	267	266
40 ft. Containers to Philippines (Manila)	268	268	267
40 ft. Containers to Indonesia (Jakarta)	266	265	265
40 ft. Containers to Malaysia (Port Kelang)	266	265	265
40 ft. Containers to Vietnam (HCMC)	271	270	270
40 ft. Containers to Japan (Yokohama)	266	265	264
40 ft. containers to Thailand (LCMB)	265	264	264
40 ft. Containers to China (Shanghai)	267	267	267
40 ft. Containers to Bangladesh (Chittagong)	291	291	290
40 ft. Containers to Myanmar (Yangon)	288	288	287
KC Rail Yard (delivered ramp)	220	219	218
Elwood, IL Rail Yard (delivered ramp)	222	222	220

*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: DDGS prices are continuing their way higher this week with FOB ethanol plant values up \$5/MT and Barge CIF NOLA prices \$4/MT higher. Kansas City soymeal climbed \$10/MT, which is helping support DDGS values and DDGS inclusion in feed rations. The per-protein unit cost of DDGS is \$1.69 less than that of soymeal, roughly equal with last week's difference and up from -\$2.34 this time last year.

On the export market, FOB NOLA DDGS are \$10/MT higher and valued at 136 percent of FOB NOLA corn. The DDGS/corn ratio is at its highest point in at least two years as international DDGS demand remains robust. The difference between FOB NOLA-Barge CIF NOLA values widened again this week, increasing netback to merchandisers with river access, which should keep pulling product to the export market. Prices for DDGS CIF Southeast Asia rose \$12/MT on average this week.

COUNTRY NEWS

Brazil: Government grain agency Conab forecasts an increase in corn production to 80.6 MMT based on a 1.4 percent expansion in production area. Domestic demand for corn will increase to 10 MMT based on 3.75 MMT now projected to be consumed by the ethanol industry. Meanwhile, USDA's WASDE cut total South American corn production by 6 MMT. Chinese tariffs on U.S. corn could force a tightening of Brazil's export logistics, pushing usual sales of 3-4 MMT to countries like Iran, Egypt and Japan over to American suppliers. (AgriCensus)

China: The National Grain Trade Centre will release 7 MMT of corn for auction this week in the four major corn-producing provinces. Some of the corn dates back to 2013 and auction minimum prices have been discounted by around a fifth from current market prices of around 1,760-1,780 yuan (\$280/MT). (Reuters)

EU: Corn imports were 340 KMT last week and have hit 13.2 MMT thus far, a 51 percent increase versus last year at this time. (AgriCensus)

Russia: A vessel carrying 60 KMT of barley destined for Saudi Arabia ran aground in the Bosphorus, causing damage. Supplies of barley are already tight and with prices at \$239.75/MT FOB Novorossiysk, it is selling at a premium of \$29.25/MT over 12.5 percent milling wheat. (AgriCensus)

South Korea: The corn processing association KOCOPIA purchased a panamax-sized vessel of corn from the PNW for \$225/MT. It was a direct purchase since tenders are believed to be resulting in higher prices. The Nonghyup feed group will be challenging that theory by tendering for a shipment of corn for delivery during last half July that it hopes will be closer to \$218-220/MT. Corn imports will be higher in 2018/19 due to the government having destocked surplus rice. (AgriCensus; USDA/FAS)

Turkey: Government consideration of a reduction or elimination of the corn import duty remains open given concerns about food inflation. Importers recently cancelled a tender for \$149 KMT of corn because prices loaded with the tariff were considered too high. (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	\$44.00	Unchanged	Handymax at \$44.50/MT
55,000 U.S. PNW-Japan	\$24.25	Unchanged	Handymax at \$24.50/MT
65,000 U.S. Gulf-China	\$43.50	Unchanged	North or South China
PNW to China	\$23.75	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 \$28.00
From Argentina	\$34.00	Unchanged	
40-45,000 U.S. Gulf-Guatemala	\$27.50	Unchanged	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$31.50	Unchanged	8,000 MT daily discharge
	\$32.75	Unchanged	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$30.75	Unchanged	Discharge rate: 5,000
55,000 U.S. Gulf-Egypt	\$28.50	Unchanged	55,000-60,000 MT
PNW to Egypt	\$27.25	Unchanged	Russia Black Sea-Egypt \$14.75
60-70,000 U.S. Gulf-Europe-Rotterdam	\$19.75	Down \$0.25	Handymax at +\$1.75 more
Brazil, Santos-China	\$34.75	Unchanged	54-59,000 Supramax-Panamax
Itacoatiara Port up River	\$33.75	Unchanged	60-66,000 Post Panamax
Amazonia North Brazil-China	\$37.25	Unchanged	
56-60,000 Argentina-China	\$39.50	Unchanged	Upriver with BB top-off \$42.00

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 another example of how the Baltic paper market does not exactly follow the physical freight markets. Baltic index traders got a bit optimistic and moved the indices up a little this week. All-in-all it was not a very impressive rally, but the indices didn't fall any further. The physical freight markets continue to look soft and daily hire rates are not much changed week-over-week.

Until we get better definition in the markets, I am going to have to call rates mostly unchanged for the week.

Baltic-Panamax Dry-Bulk Indices				
April 12, 2018	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	17,499	17,420	79	0.5%
P3A: PNW/Pacific– Japan	10,629	10,320	309	3.0%
S1C: U.S. Gulf-China-S. Japan	21,778	20,989	789	3.8%

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:

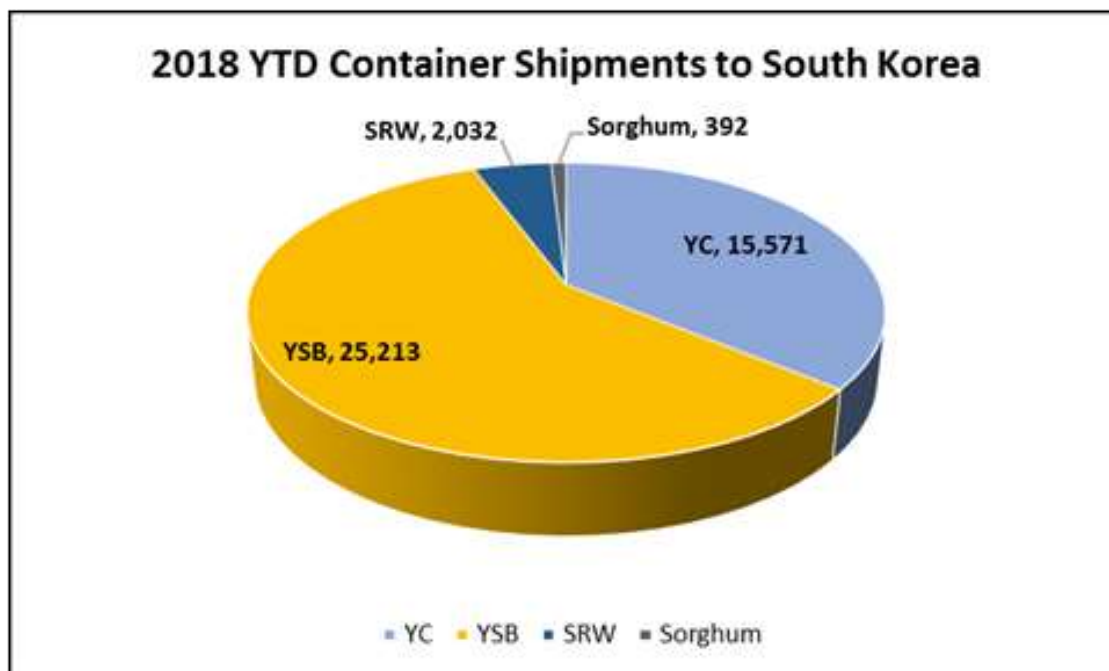
Week Ending April 12, 2018	
Four weeks ago:	\$6.05-\$6.55
Three weeks ago:	\$5.90-\$6.20
Two weeks ago:	\$5.35-\$6.40
One week ago:	\$5.10-\$5.70
This week	\$5.10-\$5.25

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
April 12, 2018	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.30	1.10	0.20	\$7.87	PNW
Soybeans	1.05	1.05	0.00	\$0.00	PNW
Ocean Freight	\$23.75	\$43.50	0.50-0.54	\$19.75	May

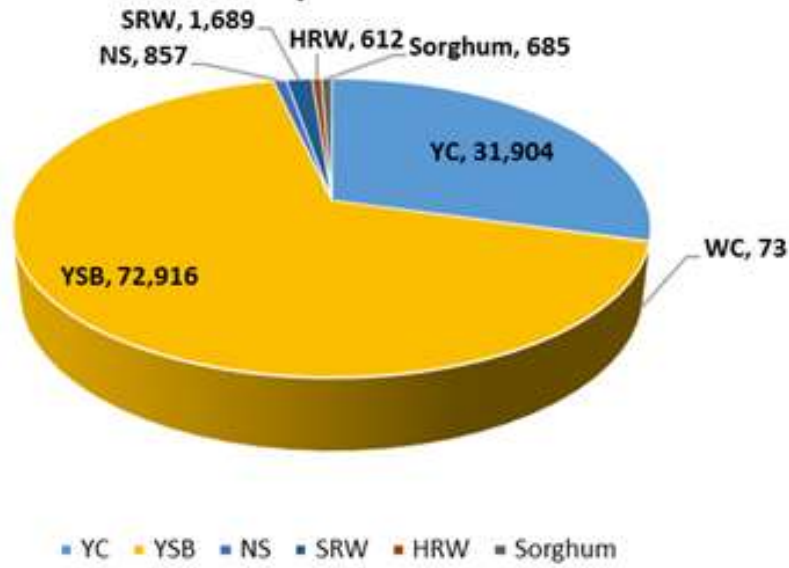
Source: O'Neil Commodity Consulting

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



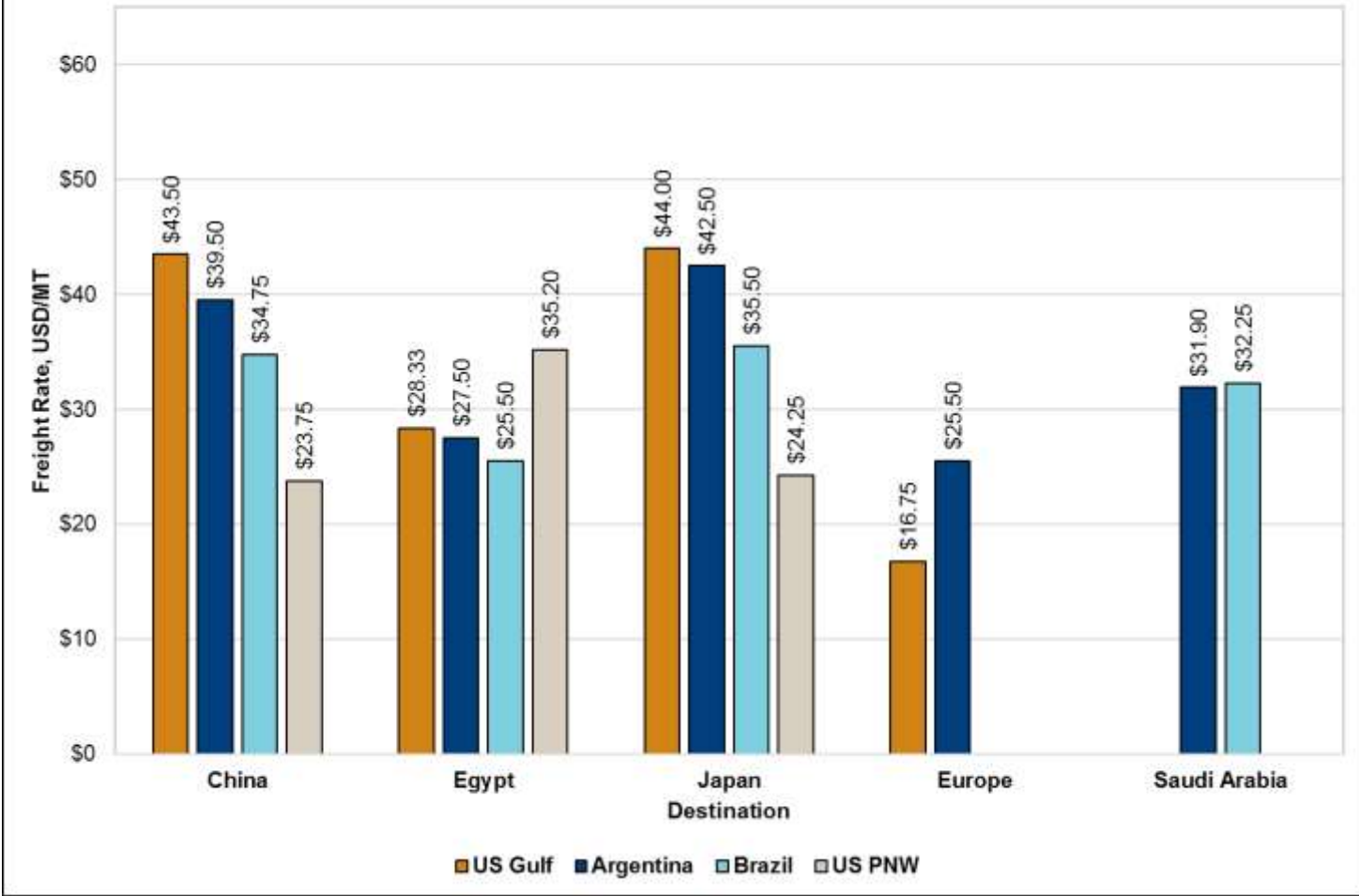
Source: O'Neil Commodity Consulting

2017 Container Shipments to South Korea



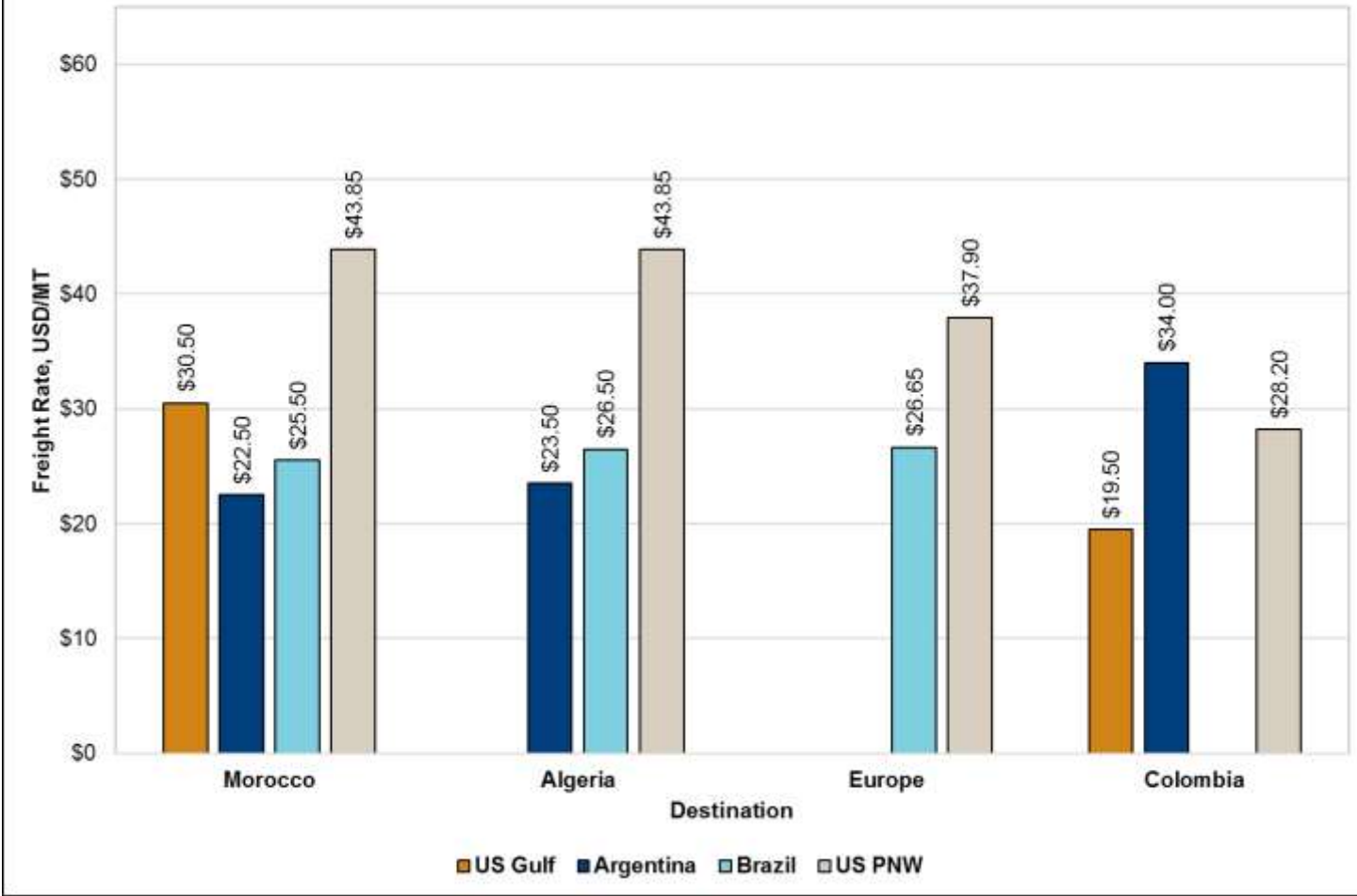
Source: O'Neil Commodity Consulting

**International Freight Rates by Origin, April 12, 2018,
Supramax/Panamax Vessels, USD/MT**



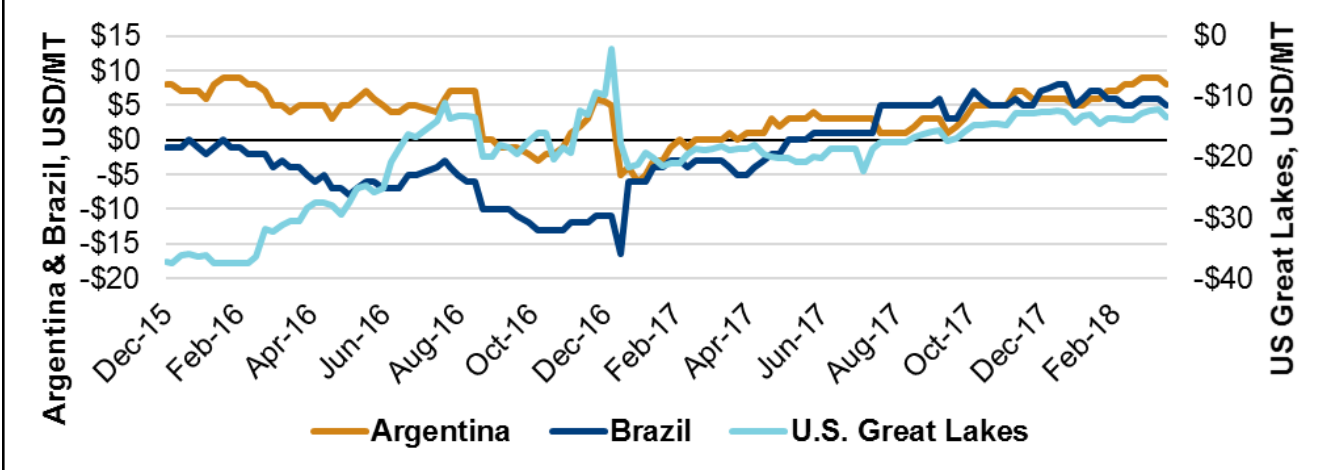
Source: DTN, O'Neil Commodity Consulting and World Perspectives, Inc.

**International Freight Rates by Origin, April 12, 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

Interest Rates (%): April 12, 2018			
	Current Week	Last Week	Last Month
U.S. Prime	4.75	4.75	4.5
LIBOR (6 month)	2.47	2.46	2.30
LIBOR (1 year)	2.70	2.67	2.58

Source: www.bankrate.com