



October 25, 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 December Contract					
\$/Bu	Friday October 19	Monday October 22	Tuesday October 23	Wednesday October 24	Thursday October 25
<b>Change</b>	-3.750	2.500	0.750	-2.000	-7.2500
<b>Closing Price</b>	367.00	369.50	370.25	368.25	361.00
<b>Factors Affecting the Market</b>	Corn finished the week on a down note with improving weather and harvest selling pressuring prices. Ethanol and export demand are robust. The U.S. dollar was lower but outside markets were largely ignored by commodity markets.	Corn futures paused amid their previous 4-day slide lower with demand staying solid and harvest weather improving. USDA said 37.4 M bu. were exported last week, a bullish figure that keeps inspections up 72% YTD. The USD was 38 points higher; U.S. stocks fell.	Markets were calm with little fresh news to stimulate trade. Export demand is off to a strong start, supporting prices. CFTC data shows funds slightly long corn, which could turn prices lower if they decide to liquidate. Outside markets were sharply lower.	December corn fell slightly, faring better than soybeans and wheat futures where selling was evident. EIA said ethanol stocks fell from last week but remain high. U.S. stocks took a beating that erased 2018's YTD gains with the Dow off 2.5 percent.	Slow export sales and funds liquidating their positions left the market lower. Harvest continues to pressure cash markets and erode futures support. U.S. equities were higher after yesterday's performance while the USD added 30 points to its value.

**Outlook:** Harvest pressure and modest exports this week increased the competitiveness of U.S. corn, with December futures down 9.75 cents from last week (2.6 percent lower). Better weather across the Midwest has accelerated harvest, along with the concurring cash sales. Elsewhere, macroeconomic weakness and a higher U.S. dollar worked to further pressure the markets.

This week's USDA Export Sales report featured 0.35 MMT of new-crop corn sales and exports of 1.21 MMT. YTD bookings (exports plus unshipped sales) reached 21.438 MMT, up 32 percent from this time last year. U.S. corn remains competitive on the world market, though recent strength in the dollar may complicate sales timing.

After several weeks of cool, rainy weather that delayed harvest, better weather this week has allowed farmers to aggressively collect the crop. On Monday, USDA said 49 percent of the corn crop was harvested (above the five-year average of 47 percent) and 96 percent of the crop was rated mature. Most in the trade expect good harvest to occur this week and expect Monday's report to show nearly 60 percent of the crop harvested.

In contrast to last week, the better harvest progress has accelerated farmer sales and pressured basis levels somewhat. Still, solid commercial demand is offering underlying support and cash prices (which average \$128.73/MT or \$3.27/bushel across the U.S.) are well above lows set earlier this fall. Current cash prices are 7 percent higher than this same week last year.

From a technical standpoint, December corn futures have broken below both their short-run trendline as well as moving-average support. Today's trading saw prices close at \$3.61/bushel, below the 40- and 50-day moving averages which had previously offered substantial support. Today's close was in-line with the 50 percent Fibonacci retracement level, which could offer support for trading going forward. With noncommercial

traders liquidating their long positions and harvest ongoing, the market may see additional pressure into next week, which could create excellent buying opportunities for end users.

## CBOT December Corn Futures



Source: Prophet X

**Current Market Values:**

<b>Futures Price Performance: Week Ending October 25, 2018</b>			
<b>Commodity</b>	<b>25-Oct</b>	<b>19-Oct</b>	<b>Net Change</b>
<b>Corn</b>			
Dec 18	361.00	367.00	-6.00
Mar 19	373.50	379.50	-6.00
May 19	381.50	387.00	-5.50
Jul 19	387.25	392.75	-5.50
<b>Soybeans</b>			
Nov 18	841.75	856.75	-15.00
Jan 19	854.50	870.50	-16.00
Mar 19	868.00	883.50	-15.50
May 19	882.00	897.00	-15.00
<b>Soymeal</b>			
Dec 18	304.30	313.10	-8.80
Jan 19	306.50	315.10	-8.60
Mar 19	307.80	314.60	-6.80
May 19	308.10	312.90	-4.80
<b>Soyoil</b>			
Dec 18	28.39	29.14	-0.75
Jan 19	28.61	29.38	-0.77
Mar 19	28.86	29.62	-0.76
May 19	29.13	29.89	-0.76
<b>SRW</b>			
Dec 18	487.25	514.75	-27.50
Mar 19	507.75	534.25	-26.50
May 19	521.00	547.00	-26.00
Jul 19	528.25	552.75	-24.50
<b>HRW</b>			
Dec 18	486.50	516.25	-29.75
Mar 19	513.00	540.75	-27.75
May 19	527.00	554.25	-27.25
Jul 19	536.00	560.25	-24.25
<b>MGEX (HRS)</b>			
Dec 18	569.50	588.75	-19.25
Mar 19	578.25	598.50	-20.25
May 19	586.75	604.75	-18.00
Jul 19	594.75	611.50	-16.75

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

## U.S. Weather/Crop Progress

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**U.S. Drought Monitor Weather Forecast:** A wet weather pattern is in store for much of the southern and eastern U.S. The combination of moisture associated with the remnants of Hurricane Willa, a pronounced southward dip in the jet stream, and a blocking high over the northern Atlantic Ocean will lead to a wet and colder weather pattern across the East. The storm responsible will continue to track across the nation's

southern tier, having already produced moderate to heavy rain and localized flooding in parts of the Four Corners Region. The storm will bring moderate heavy rain across the Gulf Coast States before churning slowly up the East Coast over the weekend, producing wind-swept rain and inland snow. A second faster-moving system will follow the Nor'easter, maintaining the threat of rain and high-elevation snow in the Northeast.

Meanwhile, much-needed moisture will sweep across Northwestern drought areas in two waves, with the second system early next week potentially leading to fresh snowfall in the central and northern Rockies. Despite the nation's active weather, the Southwest will turn drier. The NWS 6- to 10-day outlook for October 30-November 3 calls for near- to above-normal precipitation over much of the nation, with drier-than-normal weather limited to the West Coast and lower Southeast. Cooler-than-normal weather is expected across the eastern third of the nation and from the central Plains to the Great Basin, while above-normal temperatures linger across the western Gulf Coast and in the Pacific Coast States.

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 October 18, 2018					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	533,000	400,100	7,893.4	12,557.3	-17%
Corn	583,200	1,213,200	8,490.6	21,437.7	32%
Sorghum	55,000	600	69.4	212.5	-86%
Barley	300	900	17.7	55.9	49%

**Corn:** Net sales of 349,500 MT for 2018/2019 were reported for Mexico (275,800 MT, including decreases of 2,600 MT), Colombia (208,500 MT, including 167,000 MT switched from unknown destinations), Honduras (47,800 MT), Costa Rica (37,000 MT), and Tunisia (19,300 MT, switched from France). Reductions were reported for unknown destinations (164,500 MT), South Korea (69,000 MT), Vietnam (60,000 MT), and France (20,500 MT). For 2019/2020, total net sales were reported for Mexico (28,000 MT). Exports of 1,213,200 MT were primarily to Mexico (405,000 MT), Colombia (201,500 MT), Japan (174,200 MT), Taiwan (86,200 MT), and South Korea (66,100 MT).

*Optional Origin Sales:* For 2018/2019, the current outstanding balance of 849,000 MT is for South Korea (481,000 MT), unknown destinations (303,000 MT), and Vietnam (65,000 MT).

**Barley:** Net sales of 300 MT for 2018/2019 were reported for Taiwan. Exports of 900 MT were to Japan (500 MT) and South Korea (400 MT).

**Sorghum:** Net sales of 55,000 MT for 2018/2019 were reported for unknown destinations. Exports of 600 MT were reported to Mexico.

### U.S. Export Inspections: Week Ending October 18, 2018

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	294	4,037	15,248	26%
Corn	949,168	1,011,355	7,823,167	4,548,339	172%
Sorghum	9,407	50,857	131,748	444,601	30%
Soybeans	1,148,566	1,209,870	5,936,483	9,843,872	60%
Wheat	385,047	458,470	8,208,838	10,823,128	76%

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

### USDA Grain Inspections for Export Report: Week Ending October 18, 2018

Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	19,337	2%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	650,953	72%	30,502	73%	7,060	75%
PNW	131,129	14%	0	0%	0	0%
Interior Export Rail	106,170	12%	11,077	27%	2,347	25%
<b>Total (Metric Tons)</b>	<b>907,589</b>	<b>100%</b>	<b>41,579</b>	<b>100%</b>	<b>9,407</b>	<b>100%</b>
White Corn Shipments by Country (MT)			22,884	to Colombia		
			18,695	to Mexico		
<b>Total White Corn (MT)</b>			<b>41,579</b>			
Sorghum Shipments by Country (MT)					7,060	to Kenya
					2,347	to Mexico
<b>Total Sorghum (MT)</b>					<b>9,407</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)
November	0.55+Z	\$163.77	0.88+Z	\$176.76
December	0.63+Z	\$166.92	0.94+Z	\$179.12
January	0.59+H	\$170.27	0.90+H	\$182.47

### #2 White Corn (U.S. \$/MT FOB Vessel)

Max. 15.0% Moisture	November	December	January
Gulf	\$183	\$183	\$187

<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>November</b>	0.90+Z	\$177.55	0.70+Z	\$169.68
<b>December</b>	0.90+Z	\$177.55	0.70+Z	\$169.68
<b>January</b>	0.90+H	\$182.47	0.70+H	\$174.60

<b>Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)</b>			
	<b>November</b>	<b>December</b>	<b>January</b>
<b>New Orleans</b>	\$180	\$165	\$170
<i>Quantity 5,000 MT</i>			
<b>Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)</b>			
<b>Bulk 60% Pro.</b>	<b>November</b>	<b>December</b>	<b>January</b>
<b>New Orleans</b>	\$540	\$530	\$520
<i>*5-10,000 MT Minimum</i>			

<b>DDGS Price Table: October 25, 2018 (USD/MT)</b> (Quantity, availability, payment and delivery terms vary)			
<b>Delivery Point</b> <b>Quality Min. 35% Pro-fat combined</b>	<b>November</b>	<b>December</b>	<b>January</b>
Barge CIF New Orleans	177	178	181
FOB Vessel GULF	189	190	195
Rail delivered PNW	208	210	212
Rail delivered California	210	212	214
Mid-Bridge Laredo, TX	209	211	212
FOB Lethbridge, Alberta	190	194	197
40 ft. Containers to South Korea (Busan)	228	229	232
40 ft. Containers to Taiwan (Kaohsiung)	226	227	230
40 ft. Containers to Philippines (Manila)	237	238	241
40 ft. Containers to Indonesia (Jakarta)	232	233	237
40 ft. Containers to Malaysia (Port Kelang)	234	235	238
40 ft. Containers to Vietnam (HCMC)	241	241	244
40 ft. Containers to Japan (Yokohama)	239	240	244
40 ft. containers to Thailand (LCMB)	232	233	236
40 ft. Containers to China (Shanghai)	231	230	233
40 ft. Containers to Bangladesh (Chittagong)	266	268	270
40 ft. Containers to Myanmar (Yangon)	265	268	271
KC Rail Yard (delivered ramp)	189	189	191
Elwood, IL Rail Yard (delivered ramp)	185	186	189

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:** Cash corn values are \$3.27/bushel this week while FOB ethanol plant DDGS fell \$0.80/MT to \$144.88. The DDGS/cash corn value is 113 percent, above the two-year average of 106 percent.

Merchandisers report continued steady demand from Indonesia, where interest in U.S. DDGS is expected to increase going forward. Additionally, demand from Bangladesh has remained steady. Indications for November delivery of 40-foot containers to Southeast Asia are down \$2/MT this week from last week's figure, while prices at the U.S. Gulf are up from last week. Generally speaking trade has been slow this week, as U.S. merchandisers and buyers from around the globe came together for USGC's Export Exchange conference. To review discussion topics and check out conference highlights, please click [here](#).

## Country News

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**Argentina:** The corn production estimate for 2018/19 was raised by 0.5 MMT to 41.5 MMT based on expanded planting area more than offsetting lower yields. Separately, protests are gearing up as the Federation of Argentine Transporters (FETRA) has called for a strike seeking higher tariffs, and the Argentina Rural Confederation is urging protests in opposition to the government's export taxes on grain. (USDA/FAS/GAIN; World-Grain)

**Brazil:** Fast planting and beneficial moisture will help raise corn yields, though too much moisture in southern Brazil must be watched for its impact. The recent increase in corn prices has caused shipments using the country's northern arc route to become uncompetitive. (AgriCensus; Reuters)

**Canada:** About 29 percent (2.38 MMT) of the 1.64 million acres planted to barley remain to be harvested. Feed barley prices are falling under pressure from newly harvested product plus pressure from U.S. corn. Oat exports this year are at 449.7 KMT (+16 percent, year-over-year) and barley exports are at 295.6 KMT (+13 percent, year-over-year). (FarmLead)

**China:** Research by the Dalian exchange indicates that farmers in Heilongjiang province are planting more corn after finding the government's CNY200/mu (\$432/ha) subsidy inadequate for switching to soybeans. Last Friday's corn auction saw a 30 percent increase in sales, but the price dipped. Meanwhile, the latest auction saw corn sales rise to 81 percent of offerings and the setting of two more auction dates. Separately, sorghum imports plunged in September by 76.9 percent and officials have told hog farmers to stop feeding kitchen waste as that may have contributed to the outbreak of Asian Swine Fever. Corn imports for the month were 40 KMT. (AgriCensus; Reuters)

**Jordan:** Feed barley prices are pressured higher as the state grain buying agency paid \$274.50/MT for 60 KMT delivered first half of February. The Russian feed barley was priced \$2.50/MT above the previous purchase. (AgriCensus)

**Russia:** Smaller acreage sown and extreme dryness early in the season has lowered estimates for corn and barley production to 11.8 MMT and 16.8 MMT, respectively. (USDA/FAS; World-Grain)

**Tunisia:** State buying agency Office des Cereales tendered for 100 KMT of feed barley. It previously purchased 50 KMT of feed barley for November delivery at \$262.67/MT CFR. (AgriCensus)

**Ukraine:** The agriculture ministry reported that 2.5 MMT of barley and 2.3 MMT of corn have been exported. Corn bids into February and March were heard at \$170-\$172/MT. (AgriCensus; Reuters)

**Vietnam:** A new 240 KMT/year feed mill was opened in southern Vietnam, but corn buyers were forced to washout 140 KMT in purchases as demand slackened and stocks are on the increase. (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	\$49.25	Down \$0.50	Handymax at \$50.00/MT
55,000 U.S. PNW-Japan	\$27.50	Down \$0.25	Handymax at \$28.00/MT
66,000 U.S. Gulf-China	\$48.00	Down \$0.75	North China
PNW to China	\$26.75	Down \$0.25	
25,000 U.S. Gulf-Veracruz, Mexico	\$18.00	Down \$0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, Mexico	\$15.75	Down \$0.25	Deep draft and 6,000 MT/day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia	\$21.25	Down \$1.00	West Coast Colombia at \$29.50
From Argentina	\$35.00	Down \$1.50	
40-45,000 U.S. Gulf-Guatemala	\$30.00	Down \$1.00	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$36.50	Down \$0.50	8,000 MT daily discharge
	\$37.75	Down \$0.50	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$39.00	Down \$0.50	Discharge rate: 5,000
55,000-60,000 U.S. Gulf-Egypt PNW to Egypt	\$33.25	Down \$0.25	55,000-60,000 MT
	\$32.50	Down \$0.50	Russia Black Sea-Egypt \$18.00
60-70,000 U.S. Gulf-Europe-Rotterdam	\$21.25	Down \$0.25	Handymax at +\$1.75 more
Brazil, Santos-China	\$39.75	Down \$0.75	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 60-66,000 MT
Brazil, Santos-China	\$39.00	Down \$0.75	
Itacoatiara-Port Upriver North Brazil	\$42.50	Down \$0.75	
56-60,000 Argentina/Rosario-China Deep Draft	\$44.25	Down \$0.75	Upriver with BB top-off \$46.00

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:** Global dry-bulk markets seem to be a reoccurring story; each week the Baltic freight market paper traders try to push the indices up, and by week's end they fail, and we remain in a range bound market.

Rates are up a few dollars (\$3-\$4.00/MT) per ton from the same point last year but seem to have plateaued and unable to break through to a new higher level. Vessel owners remain optimistic and bullish and certainly need values to increase to pay for the upcoming higher clean fuel costs.

Baltic-Panamax Dry-Bulk Indices				
October 25, 2018	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	21,159	22,936	-1,777	-7.7%
P3A: PNW/Pacific– Japan	11,695	13,265	-1,570	-11.8%
S1C: U.S. Gulf-China-S. Japan	25,469	25,450	19	0.1%

Source: O'Neil Commodity Consulting

Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$7.20-\$7.25
Three weeks ago:	\$7.95-\$9.30
Two weeks ago:	\$7.95-\$8.60
One week ago:	\$8.70-\$9.00
This week	\$8.50-\$8.90

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
October 25, 2018	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.84	0.51	0.33	\$12.99	PNW
Soybeans	0.35	0.28	0.07	\$2.57	PNW
Ocean Freight	\$26.75	\$48.50	0.55-0.59	\$21.75	November

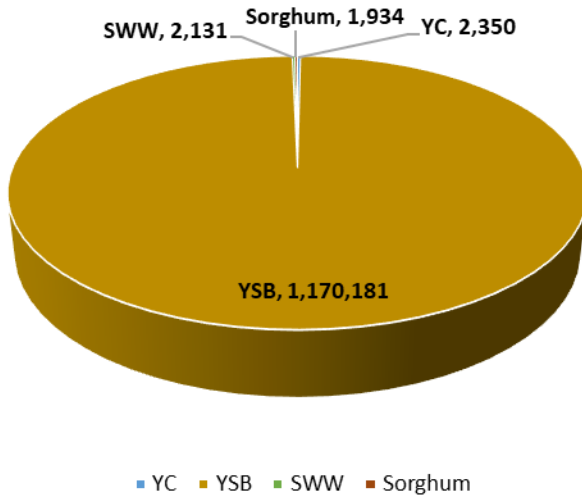
Source: O'Neil Commodity Consulting

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



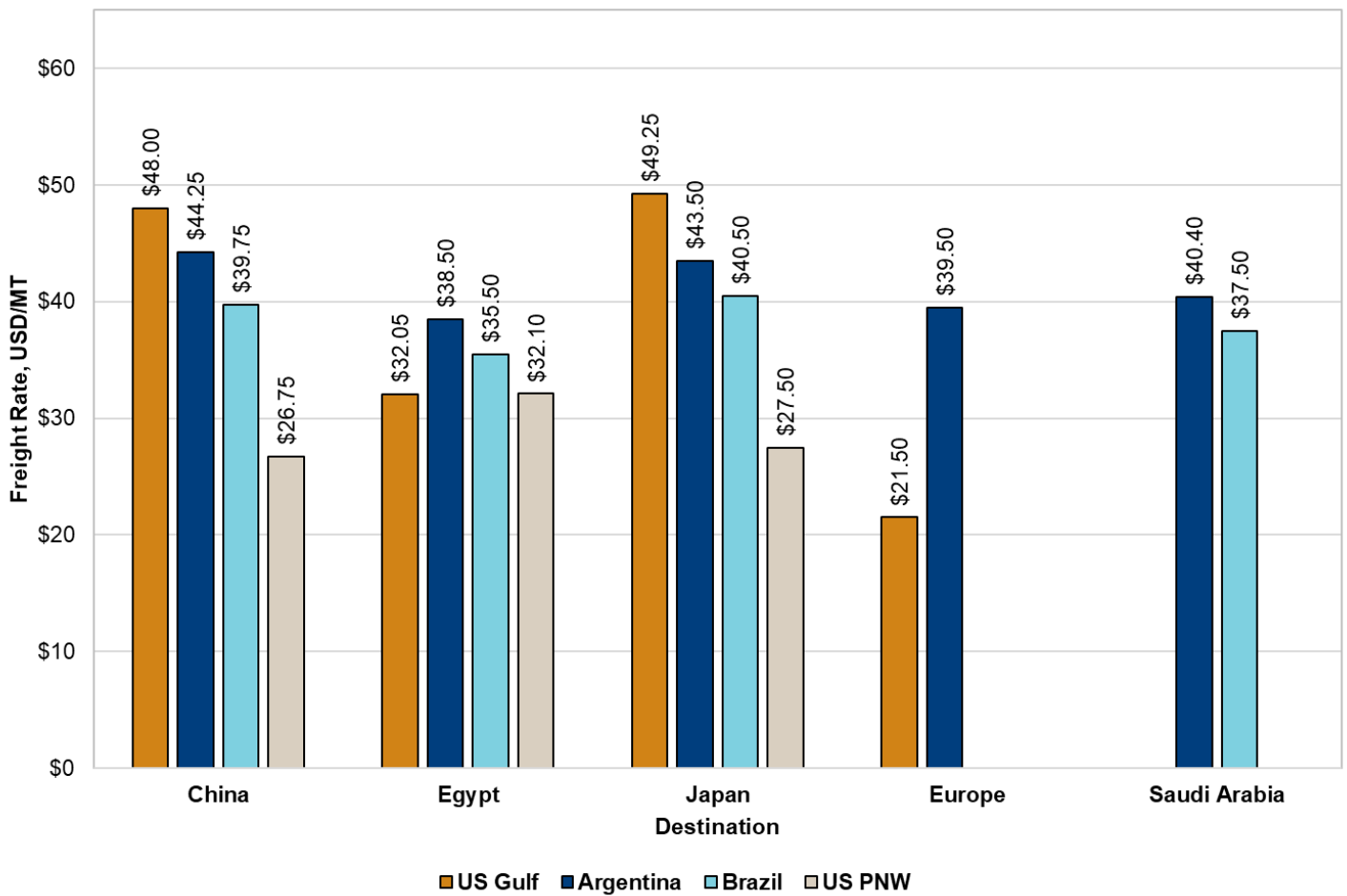
Source: O'Neil Commodity Consulting

### 2017 Container Shipments to Indonesia



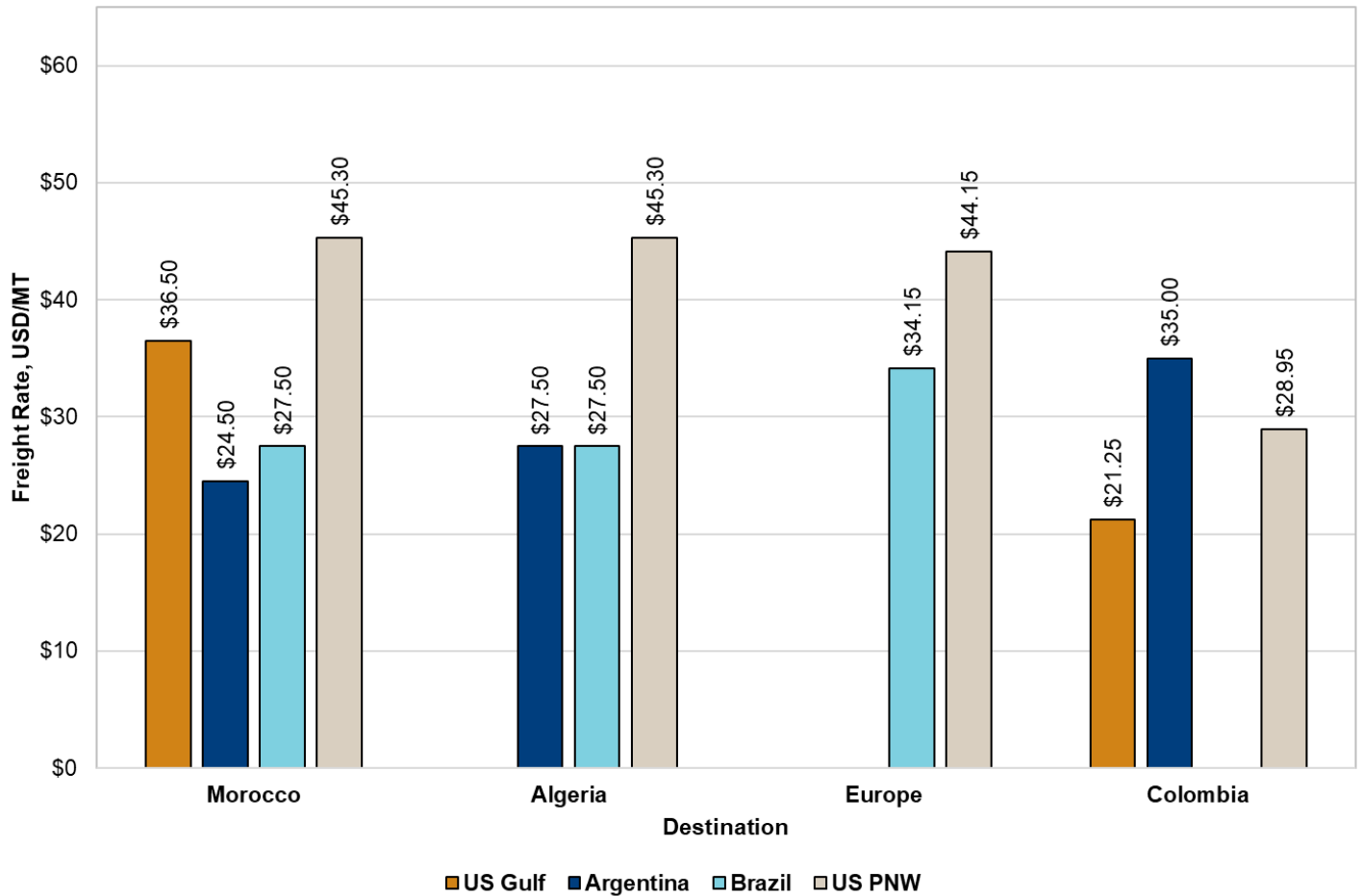
Source: O'Neil Commodity Consulting

### International Freight Rates by Origin, October 25, 2018, Supramax/Panamax Vessels, USD/MT



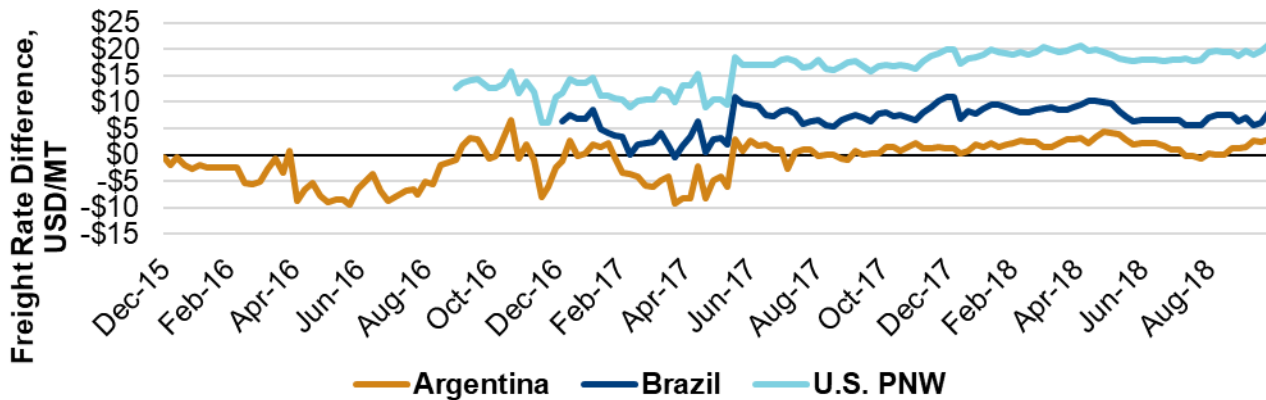
Source: DTN, O'Neil Commodity Consulting and World Perspectives, Inc.

**International Freight Rates by Origin, October 25, 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

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<b>Interest Rates (%): October 25, 2018</b>			
	<b>Current Week</b>	<b>Last Week</b>	<b>Last Month</b>
<b>U.S. Prime</b>	5.25	5.25	5.00
<b>LIBOR (6 month)</b>	2.75	2.63	2.60
<b>LIBOR (1 year)</b>	3.03	2.96	2.91

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