



September 19, 2019

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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 Cary Sifferath 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 September 13	Monday September 16	Tuesday September 17	Wednesday September 18	Thursday September 19
Change	1.50	5.25	-6.00	3.25	1.50
Closing Price	368.75	374.00	368.00	371.25	372.75
Factors Affecting the Market	Corn closed higher with a 13.25-cent weekly gain after the Sept. WASDE. The report confirmed plenty of grain around the world, but the market is still cautious about the U.S. crop. Outside markets were mixed with the U.S. dollar down 50 bps.	Lingering questions about the U.S. corn crop pushed futures higher, despite good weekend weather. USDA said 16.6 mbu were inspected for export last week, down 48% versus 2018/19. Crude oil futures were sharply higher after a weekend attack on a Saudi oil facility.	Extended forecasts of good weather pressured futures, despite USDA's Monday report showing over 25% of the U.S. corn crop isn't yet dented. Cash prices are trending lower but are near long-term support. Outside markets were weaker with the dollar down 43 bps.	Corn moved higher in a day of light news. Weather forecasts are favorable for corn while export prices are working their way lower. Outside markets were volatile after the Fed cut interested rates 0.25% but issued positive comments about the economy. The dollar rose 34 bps.	Weather forecasts are turning too rainy for the Western Corn Belt. The two-week forecast also includes rain that will be unwanted during harvest. USDA said 57.7 million bushels of corn were sold, with 18.0 mbu of exports. Outside markets were mixed with the dollar off 24 bps.

Outlook: December corn futures are 4 cents (1.1 percent) higher this week as improving demand signals and supportive technical developments helped the market higher. The weather across the U.S. remains broadly favorable for finishing the lingering corn crop, except that expected rains in the 14-day forecast could delay harvest. Demand is picking up and with traders keeping a small weather premium embedded in prices, the outlook largely calls for steady/higher prices.

USDA's latest Export Sales report recorded 1.464 MMT of net sales and 457,300 MT of exports. While still very early in the marketing year, YTD bookings are down 48 percent. However, prices around the world are turning higher, a signal that demand may be strengthening. Notably, white corn shipments have been strong in recent weeks, sparking a \$20/MT increase in offer prices in since the first of September. Other Export Sales highlights include 3,000 MT of sorghum exports and 200 MT of barley shipments. YTD bookings for sorghum and barley are up 6 and 7 percent, respectively.

Cash prices are higher this week with the average price across the U.S. reaching \$140.25/MT. Barge CIF NOLA values are 4 percent higher as well while FOB NOLA prices are slightly higher at \$164.50/MT for October delivery.

From a technical standpoint, December corn seems to have formed its seasonal lows and is forging a new sideways trading range. The contract has found support from commercial buying as well as technical trading at the 20-day moving average (\$3.65/bushel). Despite the fact U.S. ending stocks are projected to be ample for the 2019/20 marketing year, traders are still cautious about the U.S. supply situation, as the crop is not made yet. Consequently, the futures market is retaining a small weather premium until the crop is in the bin. Between that and solid commercial demand at relatively low prices, futures are likely to continue a slow, demand-driven grind higher.

Interest Rates and Macroeconomic Markets, September 19, 2019

	Last*	Weekly Change	Weekly % Change	Monthly Change	Monthly % Change	1-Year History
Interest Rates						
U.S. Prime	5.3	0.0	0.0%	0.0	0.0%	
LIBOR (6 Month)	2.1	0.0	1.4%	0.1	2.8%	
LIBOR (1 Year)	2.1	0.1	2.8%	0.1	5.6%	
S&P 500						
S&P 500	3,004.8	-4.7	-0.2%	81.9	2.8%	
Dow Jones Industrials						
Dow Jones Industrials	27,075.2	-107.2	-0.4%	823.0	3.1%	
U.S. Dollar						
U.S. Dollar	98.4	0.0	0.0%	0.2	0.2%	
WTI Crude						
WTI Crude	58.3	3.2	5.8%	2.9	5.3%	
Brent Crude						
Brent Crude	64.4	4.0	6.6%	4.5	7.5%	

Source: DTN ProphetX, World Perspectives, Inc.

* Last price as of 3:49 PM ET

CBOT December Corn Futures



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending September 19, 2019			
Commodity	19-Sep	13-Sep	Net Change
Corn			
Jul 19	372.75	368.75	4.00
Sep 19	384.00	381.50	2.50
Dec 19	391.75	390.50	1.25
Mar 20	397.50	397.00	0.50
Soybeans			
Jul 19	893.00	898.75	-5.75
Aug 19	906.00	912.25	-6.25
Sep 19	918.25	924.00	-5.75
Nov 19	928.75	934.75	-6.00
Soymeal			
Jul 19	292.20	297.90	-5.70
Aug 19	296.10	301.50	-5.40
Sep 19	297.70	303.30	-5.60
Oct 19	301.00	306.50	-5.50
Soyoil			
Jul 19	29.81	29.29	0.52
Aug 19	29.97	29.43	0.54
Sep 19	30.20	29.64	0.56
Oct 19	30.48	29.92	0.56
SRW			
Jul 19	488.00	483.50	4.50
Sep 19	494.25	489.50	4.75
Dec 19	498.75	494.00	4.75
Mar 20	502.25	497.50	4.75
HRW			
Jul 19	409.50	399.75	9.75
Sep 19	423.25	414.00	9.25
Dec 19	433.00	424.50	8.50
Mar 20	442.25	434.75	7.50
MGEX (HRS)			
Jul 19	520.25	505.50	14.75
Sep 19	533.75	520.50	13.25
Dec 19	544.50	532.00	12.50
Mar 20	554.25	543.00	11.25

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

U.S. Weather/Crop Progress

U.S. Crop Conditions: September 15, 2019					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	4%	10%	31%	44%	11%
Sorghum	1%	5%	28%	51%	14%
Barley	-	-	-	-	-

Source: USDA

U.S. Drought Monitor Weather Forecast: An active weather pattern will foster periods of moderate to heavy rainfall from the southern Plains into the Midwest, while intermittent rain and mountain snow linger from the Pacific Northwest into the northern Rockies. Meanwhile, moisture associated with the remnants of Tropical Storm Imelda will fuel locally heavy showers in southeastern Texas and the western Delta. Some late-season monsoon showers are also possible in the Four Corners Region, though the heaviest rain may stay east of the region.

Despite the stormy weather pattern, little—if any—rain is expected across the Southeast, with only light showers in the offing farther north in the Mid-Atlantic and Northeastern States. The NWS 6- to 10-day outlook for September 24–29 calls for above-normal temperatures along the central California Coast and from the Rockies to the East Coast; cooler-than-normal weather will be confined to the Northwest and lower Southwest. Near- to above-normal precipitation across much of the nation will contrast with drier-than-normal conditions from the Southeast into the Mid-Atlantic 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 September 12, 2019					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	381,800	509,300	7,372.6	12,292.9	20%
Corn	1,477,900	457,300	869.5	8,654.9	-48%
Sorghum	2,000	3,000	31.8	69.5	6%
Barley	0	200	12.9	57.4	7%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 1,464,600 MT for 2019/2020 were primarily for Mexico (1,158,200 MT, including decreases of 5,900 MT), Japan (133,700 MT, including 114,900 MT switched from unknown destinations and decreases of 200 MT), Costa Rica (98,900 MT), Guatemala (55,000 MT, including 6,100 MT switched from El Salvador and decreases of 1,400 MT), and El Salvador (32,300 MT, including 3,000 MT switched from Nicaragua and decreases of 400 MT). Reductions were primarily for unknown destinations (59,100 MT). For 2019/2020, total net sales of 64,900 MT were for Mexico. Exports of 457,300 MT were primarily to Mexico (237,200 MT), Japan (142,200 MT), Canada (26,100 MT), Guatemala (15,000 MT), and Honduras (13,100 MT).

Optional Origin Sales: For 2019/2020, new optional origin sales of 65,000 MT were reported for South Korea. The current outstanding balance of 635,000 MT is for South Korea (455,000 MT), Israel (120,000 MT), and China (60,000 MT).

Barley: No net sales for 2019/2020 were reported for the week. Exports of 200 MT--a marketing-year low--were down 85 percent from the previous week and 74 percent from the prior 4-week average. The destinations were Japan (100 MT) and South Korea (100 MT).

Sorghum: Net sales of 2,000 MT for 2019/2020 reported for unknown destinations, were partially offset by reductions for Mexico (100 MT). Exports of 3,000 MT were to Mexico.

U.S. Export Inspections: Week Ending September 12, 2019					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	2,987	3,547	84%
Corn	421,803	612,065	893,813	1,724,428	52%
Sorghum	45,161	34,549	78,703	2,836	2775%
Soybeans	666,490	977,914	1,239,957	1,621,576	76%
Wheat	459,258	412,608	7,470,221	6,116,454	122%

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 September 12, 2019

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	235,996	63%	37,129	83%	37,230	82%
PNW	0	0%	0	0%	0	0%
Interior Export Rail	140,970	37%	7,708	17%	7,931	18%
Total (Metric Tons)	376,966	100%	44,837	100%	45,161	100%
White Corn Shipments by Country (MT)			40,284 4,529 24	to Mexico to Venezuela to Ireland		
Total White Corn (MT)			44,837			
Sorghum Shipments by Country (MT)					37,230 7,931	to Somalia to Mexico
Total Sorghum (MT)					45,161	

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)
October	0.46+Z	\$164.85	0.94+Z	\$183.55
November	0.50+Z	\$166.23	0.90+Z	\$181.98
December	0.56+Z	\$168.79	0.92+Z	\$182.96

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	November	December	January
Gulf	\$195	\$199	\$203

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
October	0.90+Z	\$182.17	0.60+Z	\$170.36
November	0.95+Z	\$184.14	0.65+Z	\$172.33
December	0.95+Z	\$184.14	0.65+Z	\$172.33

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	October	November	December
New Orleans	\$171	\$173	\$174
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	October	November	December
New Orleans	\$470	\$475	\$485
<i>*5-10,000 MT Minimum</i>			

DDGS Price Table: September 19, 2019 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	October	November	December
Barge CIF New Orleans	184	187	188
FOB Vessel GULF	196	198	199
Rail delivered PNW	215	216	218
Rail delivered California	216	218	219
Mid-Bridge Laredo, TX	212	213	214
FOB Lethbridge, Alberta	193	194	196
40 ft. Containers to South Korea (Busan)	232	224	226
40 ft. Containers to Taiwan (Kaohsiung)	229	222	225
40 ft. Containers to Philippines (Manila)	238	237	239
40 ft. Containers to Indonesia (Jakarta)	234	230	232
40 ft. Containers to Malaysia (Port Kelang)	235	230	233
40 ft. Containers to Vietnam (HCMC)	232	234	236
40 ft. Containers to Japan (Yokohama)	236	233	236
40 ft. containers to Thailand (LCMB)	236	240	242
40 ft. Containers to China (Shanghai)	227	225	228
40 ft. Containers to Bangladesh (Chittagong)	255	253	255
40 ft. Containers to Myanmar (Yangon)	252	256	259
KC Rail Yard (delivered ramp)	192	192	195
Elwood, IL Rail Yard (delivered ramp)	187	188	190

Source: World Perspectives, Inc. *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.

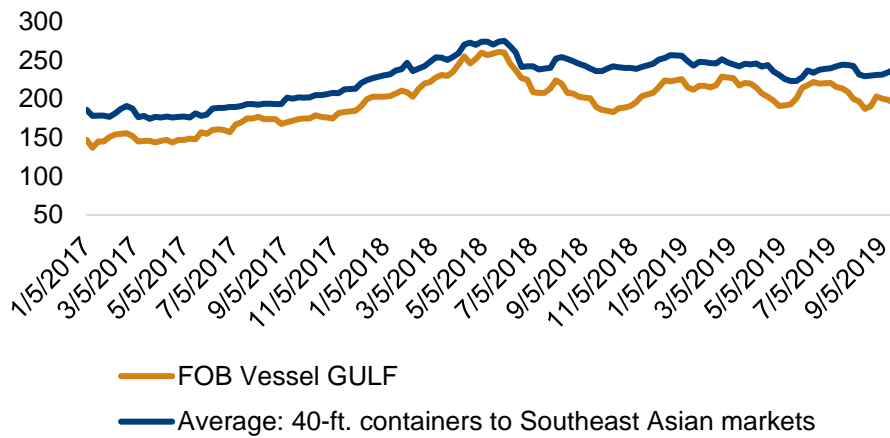
Distiller's Dried Grains with Solubles (DDGS)

DDGS Comments: Cash corn prices are steady/higher across the U.S. this week with the futures market rally and stronger cash bids supporting values. Prices for DDGS FOB ethanol plants are \$1.00/MT higher despite a notable move lower in Kansas City soymeal prices. DDGS are priced at 102 percent of cash corn values, down from last week and below the three-year average of 106 percent. The DDGS/soymeal price ratio is 0.44, up slightly from last week and slightly above the three-year average.

DDGS merchandisers and traders report the market is strengthening due to ethanol plant slowdowns that have tightened supplies. With the slowdowns expected to continue into the fall and winter, DDGS supplies will remain price supportive. Some merchandisers suggest that DDGS prices would be notably higher if not for demand competition from large world corn and soybean stocks.

FOB Gulf DDGS prices are slightly (\$3/MT) lower this week for October shipment while U.S. rail rates have increased \$2/MT on average. Asking prices for 40-foot containers to Southeast Asia are up \$4/MT to \$239/MT following last week's active inquiries.

DDGS Indications: U.S. Gulf (FOB) and
40-foot containers to Southeast Asia
(\$/MT)



Source: World Perspectives, Inc.

Country News

Argentina: The Buenos Aires Grain Exchange says that rain is bringing relief and the corn crop is being planted. Limited capacity at Atlantic ports has corn export options blunted. (AgriCensus)

Canada: Weather has increased the amount of pre-germination barley and this means more could go to feed than the malting market as intended. (FarmLead)

China: Buying is slow on the corn auction but improved to 263 KMT. The fall army worm threat is over for this crop season as it has gone into hibernation but it will be back next year. The pest is now established in the country and Pan Wenbo of the agriculture ministry's planting administration worries that it could move next year into the main corn growing area in the northeast. Some areas lost 5 percent of their production this year due to the bug. Meanwhile, Wu Tianlong of the Rural Economy Research Center contends that there are only 56 MMT of corn left in state reserves and believes that the 10 percent ethanol mandate for 2020 will be reduced as a result. (Reuters; AgriCensus)

EU: Hot, dry weather caused a reduced forecast for the corn crop, falling 3.8 percent to 7.63 MMT. The spring barley crop forecast was also reduced but by 0.2 percent for an output of 4.10 MMT. (EU JRC MARS)

South Korea: Corn imports may be reduced as African swine fever was discovered and pigs are being culled. (AgriCensus)

Tunisia: The government has joined the crowded market in a tender for barley. (AgriCensus)

Ukraine: Poor demand has slowed Q4 corn export prospects even as yields from early harvesting efforts are on the high side. Yields are hitting 6 MT/Ha. (95 bushels/acre), which is 8 percent better than last year. The Sizov Report predicts a 36.3 MMT corn crop, slightly larger than USDA's forecast of 36 MMT. (AgriCensus; Successful Farming)

Vietnam: Corn imports hit 1.8 MMT but African swine fever is expected to reduce demand from feed millers. (AgriCensus; S&P Global)

Zimbabwe: The Civil Protection Unit says the drought has halved the size of the corn crop. The government bought 150 KMT of corn from South Africa, which is just one-fifth the amount tendered. The government is negotiating a supply agreement with Tanzania. (Bloomberg)

Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans* September 19, 2019			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$52.25	Up \$0.25	Handymax \$53.00 mt
55,000 U.S. PNW- Japan	\$29.50	Up \$0.25	Handymax \$29.75 mt
66,000 U.S. Gulf – China	\$51.25	Up \$0.25	North China
PNW to China	\$29.00	Unchanged	
25,000 U.S. Gulf- Veracruz, México	\$19.00	Up 0.25	3,000 MT daily discharge rate
30-35,000+ U.S. Gulf- Veracruz, México	\$16.00	Up \$0.25	Deep draft and 6,000 MT per day discharge rate.
25-35,000 U.S. Gulf – East Coast, Colombia	\$21.50	Unchanged	<u>West Coast Colombia at \$31.00</u>
From Argentina	\$35.00		
43-45,000 U.S. Gulf - Guatemala	\$29.25	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$37.00	Unchanged	8,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$38.00	Unchanged	3,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$38.50	Unchanged	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$32.25	Unchanged	60,000 -55,000 mt
PNW to Egypt	\$32.50		Romania- Russia- Ukraine \$18.75 -\$16.75 -\$17.75 (France \$21.25-\$22.00)
60-70,000 U.S. Gulf – Europe, Rotterdam	\$21.00	Unchanged	Handymax at +\$1.75 more
Brazil, Santos – China	\$40.50	Unchanged	54-59,000 Supramax-Panamax
Brazil, Santos – China	\$41.00	Unchanged	60-66,000 Post Panamax
Itacoatiara-Port Upriver North Brazil	\$42.25	Unchanged	60-66,000 mt
56-60,000 Argentina/Rosario – China, Deep Draft	\$43.25	Unchanged	Upriver with BB Top Off \$46.25

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: If you are a vessel owner; the market is not going the direction it should. The popular belief was that Dry-bulk freight markets had bottomed out and should consistently move higher to cover increasing operating costs. Indeed, there have been substantial market increases over the past seven months with the Baltic Dry-Bulk index sitting at five-year highs. But the market rally seems to be stalling as worries over the global economic health circulate among traders. The physical markets have not been as enthusiastic as the paper traders, and this will have to change for things to move higher.

Baltic-Panamax Dry-Bulk Indices				
September 19, 2019	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	27,938	28,709	-771	-2.7
P3A: PNW/Pacific– Japan	13,227	14,711	-1,484	-10.1
S1C: U.S. Gulf-China-S. Japan	30,414	30,114	300	1.0

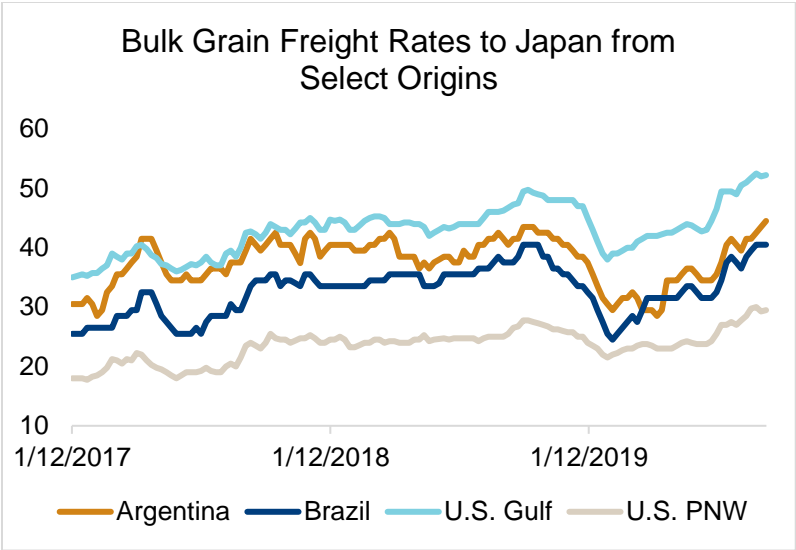
Source: O'Neil Commodity Consulting

Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$9.70-10.55
Three weeks ago:	\$10.25-10.55
Two weeks ago:	\$10.50-11.25
One week ago:	\$10.50-11.00
This week	\$10.50-11.00

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
September 19, 2019	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.80	0.46	0.34	\$13.39	PNW
Soybeans	0.65	0.24	0.41	\$15.06	PNW
Ocean Freight	\$29.00	\$51.25	0.57-0.61	\$22.25	October

Source: O'Neil Commodity Consulting



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

Bulk Grain Freight Rates for Key Suppliers and Destinations
September 19, 2019

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
<i>Panamax/Supramax Vessels</i>							
U.S. Gulf		52.25	1.25	2.5%	5.5	11.8%	
U.S. PNW	Japan	29.50	1	3.5%	4	15.7%	
Argentina		44.50	3	7.2%	4	9.9%	
Brazil		40.50	2	5.2%	3	8.0%	
U.S. Gulf		51.25	0.75	1.5%	5.75	12.6%	
U.S. PNW	China	29.00	1.25	4.5%	4	16.0%	
Argentina		43.25	0.5	1.2%	0.25	0.6%	
Brazil		41.00	1.25	3.1%	4.25	11.6%	
U.S. Gulf		21.50	1	4.9%	1	4.9%	
Argentina	Europe	24.50	-2	-7.5%	-13	-34.7%	
Brazil		29.50	1	3.5%	-4	-11.9%	
Argentina	Saudi Arabia	39.50	3	8.2%	8	25.4%	
Brazil	Arabia	43.50	2	4.8%	7	19.2%	
U.S. Gulf		32.50	1.00	3.2%	-1.50	-4.4%	
U.S. PNW	Egypt	34.00	1.90	5.9%	-0.55	-1.6%	
Argentina		27.50	1.00	3.8%	-10.00	-26.7%	
Brazil		32.50	1.00	3.2%	-3.00	-8.5%	
<i>Handysize Vessels</i>							
U.S. Gulf		38.50	1.00	2.7%	6.00	18.5%	
U.S. Great Lakes	Morocco	45.40	0.55	1.2%	6.65	17.2%	
Argentina		25.50	0.00	0.0%	2.00	8.5%	
Brazil		31.50	2.00	6.8%	5.00	18.9%	
U.S. Great Lakes	Europe	44.40	0.65	1.5%	16.70	60.3%	
Brazil		30.05	1.45	5.1%	-4.65	-13.4%	
Argentina	Algeria	29.50	2.00	7.3%	2.00	7.3%	
Brazil		32.50	2.00	6.6%	5.00	18.2%	
U.S. Gulf		21.50	-0.25	-1.1%	1.25	6.2%	
U.S. PNW	Colombia	31.00	1.95	6.7%	1.65	5.6%	
Argentina		35.00	2.75	8.5%	0.25	0.7%	
<i>Shipping Indexes</i>							
Baltic Dry Index		2311	244	11.8%	954	70.3%	

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