



September 20, 2018

CONTENTS

Chicago Board of Trade Market News 2
CBOT December Corn Futures..... 3
U.S. Weather/Crop Progress 5
U.S. Export Statistics 5
FOB 7
Distiller’s Dried Grains with Solubles (DDGS)..... 8
Country News 8
Ocean Freight Markets and Spread 10
Ocean Freight Comments..... 10
Interest Rates..... 15

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 September 14	Monday September 17	Tuesday September 18	Wednesday September 19	Thursday September 20
Change	1.250	-3.750	-4.750	2.500	6.7500
Closing Price	351.75	348.00	343.25	345.75	352.50
Factors Affecting the Market	Corn finished the week down 15.25 cents after USDA's bearish WASDE. Hurricane Florence hit North Carolina, a state where only 50 percent of the corn was harvested. The market is digesting USDA's large supply numbers but should also look to the excellent demand present.	December corn finished with a new contract low amid favorable weather across the Midwest. Rains are expected in South Dakota and Minnesota, but harvest should progress well. USDA said 40.6 million bushels were inspected for export last week, putting YTD totals up 26 percent.	Commercial and non-commercial selling pressured the market to another contract low as funds liquidated what CFTC's latest data said was a small long position. USDA said harvest was 9 percent complete, up from 6 percent on average. Outside markets were higher with the dollar up 10 bps.	Gains in soybeans and wheat turned the corn market slightly higher as farmers try to dodge spotty rains across the Corn Belt. The northwestern region of the Corn Belt will get heavy rains that could damage some of the crop. Ethanol production was up slightly from last week; stocks were steady.	Corn prices jumped higher on the back of a 20+ cent rally in soybeans. Northern IA and MN were hit with heavy rains and USDA reported bullish export sales (up 27% so far), both of which rallied the market. Funds were aggressive buyers. The dollar dropped 66 bps which should aid in further exports.

Outlook: December corn futures are up 2 cents (0.6 percent) this week as end users aggressively lock in supplies. Additional support has come from speculative profit taking and short covering amid the sharp rally in soybean futures. Heavy rains forecast for parts of the Midwest are creating some concerns about harvest progress, prompting the market to add a small risk premium.

USDA's weekly Export Sales report was bullish with 1.383 MMT of net sales and 1.077 MMT of exports. The latter was sufficient to keep YTD exports up 27 percent while YTD bookings (unshipped sales plus exports) are up 50 percent from last year. U.S. corn is among the cheapest feed grain globally, and the dollar's recent drop is helping international buyers book U.S. supplies.

The U.S. crop is doing well but is coming under duress from threatening rains. Monday, USDA said 54 percent of the crop was mature, up from the five-year average of 36 percent, and 9 percent was harvested (up from 6 percent on average). USDA said 68 percent of the crop is still in good/excellent condition. Looking forward, however, the Midwest is expected to receive substantial rains this week, especially Minnesota, Wisconsin, and northern Iowa. The rains could cause some crop damage along with delaying the harvest.

December futures seem to be attempting to post a seasonal low, with a new contract low reached on 18 September and a sharp rally thereafter. Funds are reported to be big buyers on the recent rally, including new position taking along with short covering. Still, the cash market remains weak and trending lower, which may undermine support for the futures rally. However, with rain concerns and bullish exports, speculative money is likely to remain cautious about pushing prices lower, and the market could see more price appreciation in the near-term.

CBOT December Corn Futures



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending September 20, 2018			
Commodity	20-Sep	14-Sep	Net Change
Corn			
Dec 18	352.50	351.75	0.75
Mar 19	364.75	363.75	1.00
May 19	372.75	372.25	0.50
Jul 19	379.00	378.25	0.75
Soybeans			
Nov 18	850.25	830.50	19.75
Jan 19	864.00	844.25	19.75
Mar 19	877.00	857.25	19.75
May 19	889.75	870.25	19.50
Soymeal			
Oct 18	311.40	305.80	5.60
Dec 18	314.40	308.70	5.70
Jan 19	315.30	309.20	6.10
Mar 19	315.20	308.40	6.80
Soyoil			
Oct 18	27.60	27.49	0.11
Dec 18	27.86	27.76	0.10
Jan 19	28.11	28.02	0.09
Mar 19	28.42	28.35	0.07
SRW			
Dec 18	524.00	511.50	12.50
Mar 19	542.50	530.25	12.25
May 19	553.75	544.50	9.25
Jul 19	556.25	550.25	6.00
HRW			
Dec 18	527.00	516.25	10.75
Mar 19	550.75	537.00	13.75
May 19	563.25	550.75	12.50
Jul 19	562.00	552.50	9.50
MGEX (HRS)			
Dec 18	588.00	572.25	15.75
Mar 19	601.25	587.50	13.75
May 19	608.50	596.50	12.00
Jul 19	614.50	604.00	10.50

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

U.S. Weather/Crop Progress

U.S. Crop Condition: September 17, 2018					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	4%	8%	20%	47%	21%
Sorghum	5%	12%	30%	44%	9%
Barley	-	-	-	-	-

Source: USDA

U.S. Drought Monitor Weather Forecast: Over the week beginning Tuesday September 18, areas from the Southern Plains to the Upper Midwest are expected receive the highest precipitation. Up to four inches, or more in localized regions, could fall over Oklahoma, northern Missouri, southern Minnesota, and northern Iowa. Up to two inches of precipitation is also forecast for northwestern Washington state. Wisconsin and Texas may also see some heavy rainfall. Most of Oregon, southern Idaho, California, Nevada, and Utah will remain dry. Temperatures are forecast to reach mostly into the 60s and 70s across the northern U.S., with some 50s around Montana. Additionally, some scattered shower activity early in the period may allow the southwest to see highs in the 80s. The heat continues across much of the central U.S. into the Southeast, where upper 80s and 90s will be prevalent.

Looking further ahead at NOAA's Climate Prediction Center (CPC) 6- to 10-day Outlook (September 23-27), the probability of dry conditions is highest in the Southwest, namely Utah, Colorado, New Mexico, and Arizona, exactly over the area where drought conditions are currently among the worst in the country, while wet conditions are most likely across eastern Texas, an area that has in recent weeks received excess rainfall. Most of the north central and southern U.S., with the exception of most of the states along the Atlantic Seaboard, may also see wetter-than-normal conditions. During this period, below-average temperatures may be seen over central California and the Northwest eastward to northern Minnesota, and central and northern New England, while above-average temperatures are forecast for most of the rest of the contiguous U.S. Looking two weeks out (September 25-October 1), the likelihood of above-average temperatures is highest in the Southeast. The probability of below-average temperatures is highest across Montana. The probability of above-average precipitation is highest over the northern U.S. from Oregon to Michigan and through the Plains into the deep South.

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 13, 2018					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	497,100	315,100	5,699.5	10,207.2	-22%
Corn	1,428,600	1,077,700	1,804.9	16,555.2	50%
Sorghum	20,200	1,700	2.6	65.7	-94%
Barley	0	100	12.9	53.5	47%

Corn: Net sales of 1,383,700 MT for 2018/2019 were reported for Mexico (344,600 MT, including decreases of 100 MT), South Korea (204,300 MT), Peru (148,900 MT, including 72,600 MT switched from unknown destinations), Japan (145,200 MT, including 44,900 MT switched from unknown destinations), and Costa Rica (135,900 MT, including decreases of 3,000 MT). For 2019/2020, net sales of 9,700 MT were reported for

Mexico. Reductions were reported for El Salvador (9,000 MT) and Israel (700 MT). Exports of 1,077,700 MT were primarily to Mexico (398,900 MT), Japan (96,000 MT), Taiwan (86,900 MT), Saudi Arabia (73,800 MT), and Colombia (73,300 MT).

Optional Origin Sales: For 2018/2019, new optional origin sales were reported for South Korea (69,000 MT) and unknown destinations (55,000 MT). The current outstanding balance of 1,089,000 MT is for South Korea (481,000 MT), unknown destinations (353,000 MT), Vietnam (130,000 MT), Saudi Arabia (70,000 MT), and Malaysia (55,000 MT).

Barley: No sales were reported during the week. Exports 100 MT reported were to Taiwan.

Sorghum: Net sales of 20,200 MT for 2018/2019 were reported for unknown destinations (10,200 MT) and Japan (10,000 MT). Exports of 1,700 MT were reported to Mexico.

U.S. Export Inspections: Week Ending September 13, 2018					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	196	3,204	14,122	23%
Corn	1,030,267	783,495	1,708,788	1,365,935	125%
Sorghum	1,326	1,774	2,836	118,907	2%
Soybeans	784,752	926,332	1,618,397	2,039,729	79%
Wheat	406,004	430,715	6,100,416	8,727,609	70%

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 13, 2018						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	18,895	2%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	571,799	58%	20,650	98%	0	0%
PNW	238,525	24%	0	1%	0	0%
Interior Export Rail	163,933	17%	16,465	1%	1,326	100%
Total (Metric Tons)	933,152	100%	37,115	100%	1,326	100%
White Corn Shipments by Country (MT)			14,150	to Colombia		
			6,500	to El Salvador		
			16,465	to Mexico		
Total White Corn (MT)			37,115			
Sorghum Shipments by Country (MT)					1,326	to Mexico
Total Sorghum (MT)					1,326	

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	0.52+Z	\$159.24	0.84+Z	\$171.84
November	0.63+Z	\$163.57	0.92+Z	\$174.99
December	0.65+Z	\$164.36	1.01+Z	\$178.53

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	October	November	December
Gulf	\$178	\$180	\$180

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
October	1.05+Z	\$180.11	0.85+Z	\$172.23
November	1.05+Z	\$180.11	0.85+Z	\$172.23
December	1.05+Z	\$180.11	0.85+Z	\$172.23

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	October	November	December
New Orleans	\$175	\$170	\$165
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	October	November	December
New Orleans	\$540	\$520	\$500
<i>*5-10,000 MT Minimum</i>			

DDGS Price Table: September 20, 2018 (USD/MT)
(Quantity, availability, payment and delivery terms vary)

Delivery Point Quality Min. 35% Pro-fat combined	October	November	December
Barge CIF New Orleans	178	180	183
FOB Vessel GULF	190	193	194
Rail delivered PNW	205	208	210
Rail delivered California	207	210	212
Mid-Bridge Laredo, TX	205	207	210
FOB Lethbridge, Alberta	187	189	191
40 ft. Containers to South Korea (Busan)	226	228	231
40 ft. Containers to Taiwan (Kaohsiung)	226	227	226
40 ft. Containers to Philippines (Manila)	232	234	238
40 ft. Containers to Indonesia (Jakarta)	227	228	233
40 ft. Containers to Malaysia (Port Kelang)	228	229	233
40 ft. Containers to Vietnam (HCMC)	236	238	245
40 ft. Containers to Japan (Yokohama)	237	238	243
40 ft. containers to Thailand (LCMB)	227	228	233
40 ft. Containers to China (Shanghai)	228	227	229
40 ft. Containers to Bangladesh (Chittagong)	266	267	271
40 ft. Containers to Myanmar (Yangon)	266	268	273
KC Rail Yard (delivered ramp)	180	181	183
Elwood, IL Rail Yard (delivered ramp)	177	179	182

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 was down from last week to \$3.0148/bushel, and FOB ethanol plant DDGS values fell as well to \$145.01/MT (*note:* last week FOB ethanol plant DDGS values were \$132.02 per short ton, or 145.53 per metric ton). The DDGS/cash corn value is 16 percent higher than its two-year average.

Reductions in ethanol production are expected to support the DDGS market. Merchandisers report a rebound in market activity, and stronger-than-expected DDGS prices, even in the face of falling corn prices, are likely indicative of more robust demand for the corn co-product.

DDGS prices were generally down across the board. A continued pickup in interest from international buyers is being reported as prices are nearing the market's bottom. On average, prices for 40-foot containers to Southeast Asia fell \$4/MT for October; FOB Gulf indications and U.S. rail rates were down as well.

Country News

Algeria: The government's purchasing agency has issued a new tender to buy barley. (AgriCensus)

Argentina: The government's increase in the export tax has lowered the forecast for 2018/19 corn production by 2 MMT to 43 MMT. Farmers will switch production from corn to soybeans. A draft bill by the government would provide authority to raise the export tax even higher. (AgriCensus; Reuters)

Brazil: The planting of the 2018/19 corn crop has begun, and a government official says prices could hit the minimum guaranteed price level after the October presidential election. (AgriCensus; Reuters)

China: Higher prices drove corn auction sales to 2.9 MMT but the Heilongjiang corn auction saw volume drop by more than 25 percent. (AgriCensus)

EU: The Monitoring Agricultural Resources (MARS) bulletin indicates that improved rains late in the season were not enough to help corn and barley yields. The September estimate for both crops is lower than the August forecast. However, this did not prevent funds from shorting corn on the Euronext. (Europa)

Jordan: The state purchasing agency had issued a tender for buying barley but had to cancel it as sellers kept their distance. (AgriCensus)

Philippines: Almost all of the corn crop suffered typhoon damage and imports may be required to fill the gap. (Reuters)

South Korea: Formerly reluctant buying by feed millers reversed on lower CBOT prices and purchases were made by NOFI and FLC at \$201-203/MT. (AgriCensus)

Tunisia: The government buying agency has issued tenders for barley. (AgriCensus)

Ukraine: Corn prices have finally fallen enough to spur purchases by importers and UkrAgroConsult says production next year will be lower. By contrast, barley prices are at a 4.5 year high and will spur increased plantings. (AgriCensus; Reuters)

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	\$46.75	Up \$0.50	Handymax at \$47.75/MT
55,000 U.S. PNW-Japan	\$25.50	Up \$0.50	Handymax at \$26.00/MT
66,000 U.S. Gulf-China	\$45.50	Up \$0.50	North China
PNW to China	\$25.00	Up \$0.50	
25,000 U.S. Gulf-Veracruz, Mexico	\$17.00	Up \$0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, Mexico	\$15.00	Up \$0.25	Deep draft and 6,000 MT/day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia	\$20.25	Up \$0.25	West Coast Colombia at \$28.75
From Argentina	\$34.75	Up \$0.50	
40-45,000 U.S. Gulf-Guatemala	\$29.25	Up \$0.25	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$33.75	Up \$0.25	8,000 MT daily discharge
	\$35.25	Up \$0.25	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$36.25	Up \$0.25	Discharge rate: 5,000
55,000-60,000 U.S. Gulf-Egypt PNW to Egypt	\$30.50	Up \$0.25	55,000-60,000 MT Russia Black Sea-Egypt \$16.75
	\$29.75	Up \$0.25	
60-70,000 U.S. Gulf-Europe-Rotterdam	\$20.00	Unchanged	Handymax at +\$1.75 more
Brazil, Santos-China	\$36.75	Up \$0.25	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 60-66,000 MT
Brazil, Santos-China	\$36.00	Up \$0.25	
Itacoatiara-Port Upriver North Brazil	\$39.50	Up \$0.25	
56-60,000 Argentina/Rosario-China Deep Draft	\$41.25	Up \$0.25	Upriver with BB top-off \$43.00

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 freight markets were again a mixed affair, but they remain range-bound without clear direction. The Capesize market developed too big of an inverse against the forward curve, and paper traders decided to start selling the front end to narrow the slope. In turn, this put pressure on the Panamax sector and rates gave back most of their gains for the week. Hope remains for a 2018 Q4 market rally, but it appears that it will not be easy to accomplish unless we find a resolution to the global tariff situation.

The idled container vessel fleet is climbing to about 3 percent and there are new build orders for 1 million TEU's on the books for next year. This will continue the issue of container vessel oversupply.

Baltic-Panamax Dry-Bulk Indices				
September 20, 2018	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	19,921	20,118	-197	-1.0%
P3A: PNW/Pacific– Japan	12,692	11,652	1,040	8.9%
S1C: U.S. Gulf-China-S. Japan	24,717	24,443	274	1.1%

Source: O'Neil Commodity Consulting

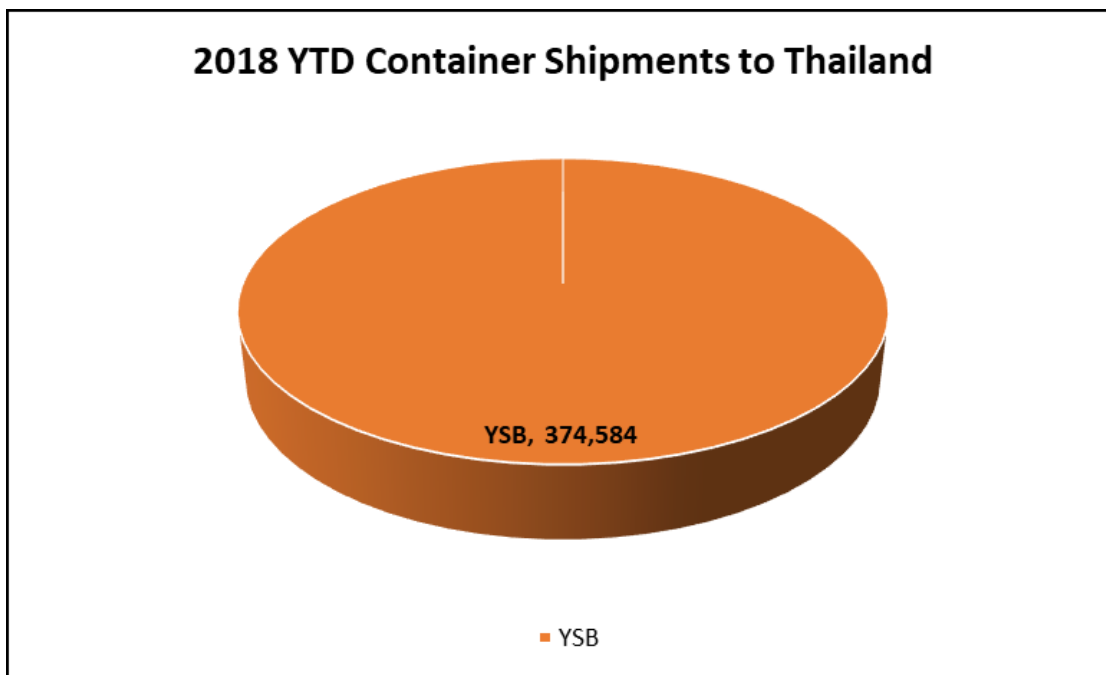
Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$9.80-\$9.80
Three weeks ago:	\$9.00-\$9.30
Two weeks ago:	\$9.00-\$9.30
One week ago:	\$7.50-\$7.60
This week	\$7.45-\$7.70

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
September 20, 2018	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.83	0.42	0.41	\$16.14	PNW
Soybeans	0.29	0.04	0.25	\$9.19	PNW
Ocean Freight	\$25.00	\$45.50	0.52-0.55	\$20.50	October

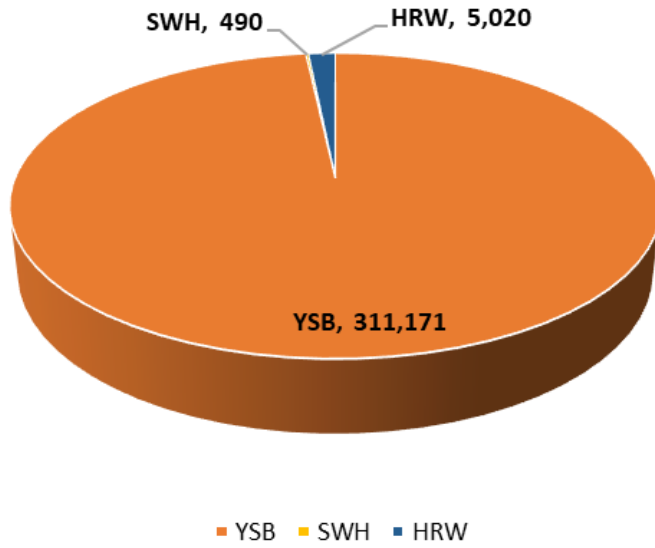
Source: O'Neil Commodity Consulting

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



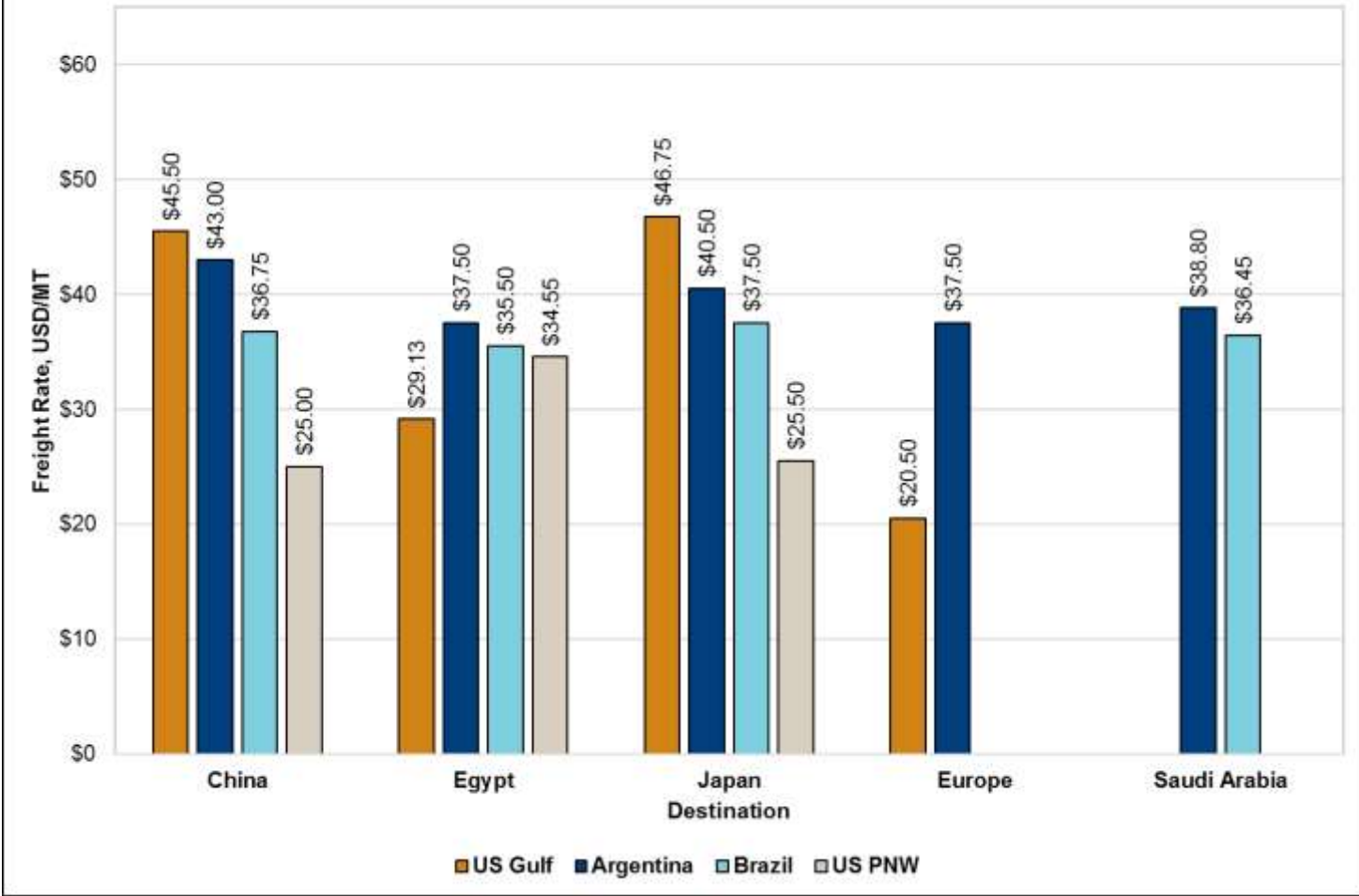
Source: O'Neil Commodity Consulting

2017 Container Shipments to Thailand



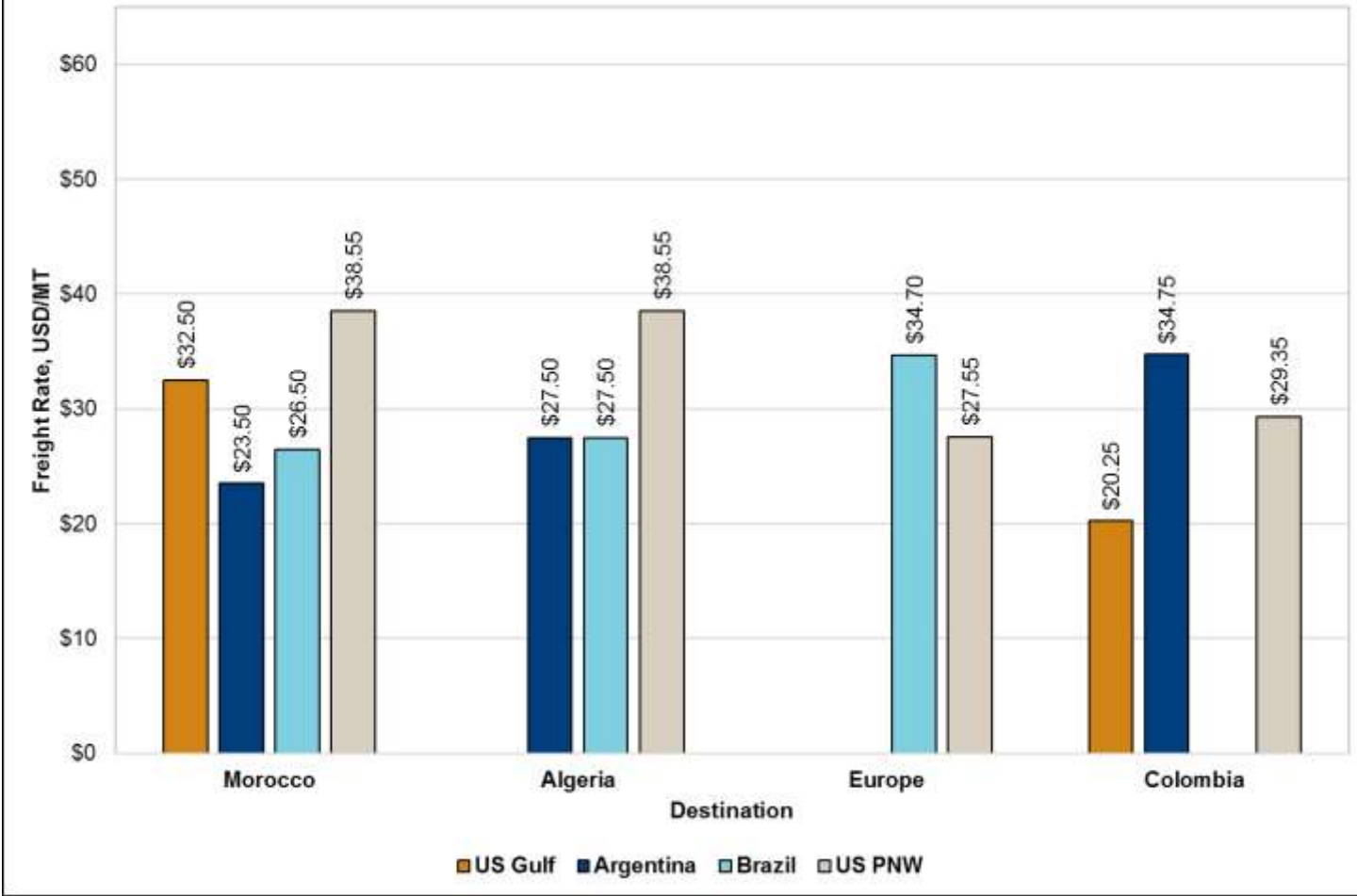
Source: O'Neil Commodity Consulting

**International Freight Rates by Origin, September 20, 2018,
Supramax/Panamax Vessels, USD/MT**



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

**International Freight Rates by Origin, September 20, 2018,
Handysize Vessels, USD/MT**



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

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



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

Interest Rates

Interest Rates (%): September 20, 2018			
	Current Week	Last Week	Last Month
U.S. Prime	5.00	5.00	5.00
LIBOR (6 month)	2.57	2.56	2.51
LIBOR (1 year)	2.88	2.87	2.81

Source: www.bankrate.com