



November 29, 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 November 23	Monday November 26	Tuesday November 27	Wednesday November 28	Thursday November 29
Change	-2.750	-3.000	0.500	4.000	-0.2500
Closing Price	359.00	356.00	356.50	360.50	360.25
Factors Affecting the Market	Corn finished lower for the day and down 5 cents for the week as lackluster holiday trading left the market to drift lower. Friday's rains across the Corn Belt are frustrating harvest efforts. Corn sales and shipments slowed again this week after the dollar's recent strength. The U.S. dollar was higher while U.S. stocks and crude oil fell.	Fund liquidation continued to pressure the market while bullish factors remain sparse. Harvest continues to be mired in cool, wet weather which could lead to further reductions in harvested acres in future WASDE reports. USDA said export inspections were sufficient to keep YTD totals up 80 percent. The U.S. dollar continued its strength.	March ended slightly higher on light volume. Yesterday, USDA said corn harvest was 94 percent complete, lagging the 5-year average pace. U.S. corn exports remain solid but are slowing thanks for the influence of Ukraine's corn crop. Cash corn values are strengthening; perhaps a sign of future export strength. The USD rose 30 points.	Thoughts of a trade war resolution sent soybean futures higher and corn followed. The market closed higher on well above-average volume. There was little fundamentally bullish for corn specifically today, except that ethanol production remains solid despite weak crude oil. The dollar dropped 53 points on Federal Reserve comments.	Corn futures drifted lower as support was notably absent from the ag markets today. The funds have finished covering what they want of their short positions. Corn export sales were neutral the market while additional poor weather develops across the Midwest. The U.S. dollar rose again today while crude oil jumped on Russian output cut news.

Outlook: December and March corn futures contracts continue to drift largely sideways amid a combination of fund liquidation and short-covering along with a lack of notable fundamental developments. December futures are down 1.5 cents/bushel from last Wednesday's close, a drop of just 0.4 percent. Looking forward, the market is increasingly turning to a demand-focused model where exports, ethanol, and domestic feed use will be the predominant factors.

On the supply side, USDA said Monday that 94 percent of U.S. corn is harvested, slightly below the five-year average. The harvest has been complicated by rains and snow across most of the Midwest. The likely result of this dynamic is that the average U.S. yield and harvested acreage figure will be reduced in future WASDE reports.

The most readily observable demand component is the USDA's weekly Export Sales report. This week's data featured net sales of 1.26 MMT and exports of 1.05 MMT, which put YTD exports up 81 percent and YTD bookings (exports plus unshipped sales) up 16 percent. Sales have slowed in recent weeks, partly due to a stronger U.S. dollar, while exporters have been aggressive in shipping booked sales. Exports remain one of the strongly bullish factors for the corn market this year and are an increasingly important gauge of the market's potential.

From a technical standpoint, March corn futures are oscillating between support at \$3.65 and resistance at \$3.85-3.90. The market is now turning higher within this range and is targeting moving-average resistance near \$3.80. The recent upturn has come with well above-average volume, which is a strong indicator the swing higher will likely be extended. If the market can sustain gains above \$3.72 it would suggest the recent price softness was a bear trap, rather than fundamental weakness. The fundamentals are at least moderately bullish – especially with March corn near contract lows – and that combined with improving technical conditions suggest the market has room for further price appreciation.

CBOT December Corn Futures



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending November 29, 2018			
Commodity	29-Nov	23-Nov	Net Change
Corn			
Dec 18	360.25	359.00	1.25
Mar 19	373.25	370.50	2.75
May 19	380.50	378.25	2.25
Jul 19	387.00	385.50	1.50
Soybeans			
Jan 19	887.25	881.00	6.25
Mar 19	900.50	894.75	5.75
May 19	913.75	908.00	5.75
Jul 19	926.25	920.25	6.00
Soymeal			
Dec 18	306.90	305.80	1.10
Jan 19	309.50	308.00	1.50
Mar 19	312.20	310.40	1.80
May 19	314.80	313.50	1.30
Soyoil			
Dec 18	27.68	27.65	0.03
Jan 19	27.91	27.85	0.06
Mar 19	28.16	28.09	0.07
May 19	28.43	28.37	0.06
SRW			
Dec 18	496.50	499.75	-3.25
Mar 19	507.75	507.25	0.50
May 19	514.50	513.00	1.50
Jul 19	521.50	520.25	1.25
HRW			
Dec 18	466.00	461.25	4.75
Mar 19	492.50	486.00	6.50
May 19	505.00	498.50	6.50
Jul 19	516.25	511.00	5.25
MGEX (HRS)			
Dec 18	569.50	574.25	-4.75
Mar 19	568.00	571.25	-3.25
May 19	575.00	576.50	-1.50
Jul 19	583.00	584.25	-1.25

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

U.S. Weather/Crop Progress

U.S. Drought Monitor Weather Forecast: A Pacific weather system was moving across the West during Tuesday and Wednesday after the cutoff time of the USDM, bringing more beneficial rain and snow to the drought areas of the Pacific coast to the Great Basin; another was poised to move into the West Coast by the release time of this USDM report; a third is expected to bring more precipitation to the West over the weekend;

while a fourth Pacific front is forecast to reach the coast by Tuesday morning. These weather systems will cross the Rockies and re-energize when they reach the Plains, picking up Gulf of Mexico moisture to bring precipitation to the central and eastern portions of the CONUS.

The NWS Quantitative Precipitation Forecast (QPF) for November 28-December 4 calls for 3-6 inches of new precipitation across the Sierra Nevada to northern California, and in spotty areas of coastal Oregon and Washington, with 2+ inches in parts of the Midwest, in a couple strips across the Southeast, and speckled across the Four Corners States. Half an inch to 2 inches of precipitation is predicted for the Great Basin to central and southern Rockies, much of the Midwest, and parts of the Northeast. Outside these areas, 0.25 to 0.50 inch is expected to fall, except little to no precipitation is forecast for southern portions of the Southwest, much of Texas and Oklahoma, and much of the northern Plains. Above-normal temperatures will precede the fronts, especially in the eastern CONUS, with below-normal temperatures following them, spreading across most of the CONUS by the end of the period.

The outlook for December 4-12 has colder-than-normal temperatures dominating the CONUS. Late in the period, warmer-than-normal air moves into the West as the trough migrates further east. Odds favor below-normal precipitation along the northern tier states and above-normal precipitation along the southern tier states and across much of the West.

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 November 22, 2018					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	380,100	249,800	9,596.7	14,891.3	-13%
Corn	1,410,000	1,053,200	13,602.1	25,570.1	16%
Sorghum	75,400	30,200	185.0	368.5	-87%
Barley	1,000	600	21.8	56.9	50%

Corn: Net sales of 1,266,500 MT for 2018/2019 were up 44 percent from the previous week and 77 percent from the prior 4-week average. Increases were reported for South Korea (327,900 MT, including 60,000 MT switched from Japan and decreases of 66,000 MT), Colombia (267,800 MT, including 93,000 MT switched from unknown destinations, 33,000 MT switched from Trinidad and Tobago, and decreases of 900 MT), Japan (197,500 MT, including 40,200 MT switched from unknown destinations and decreases of 65,900 MT), Peru (157,000 MT, including 30,000 MT switched from unknown destinations and decreases of 3,600 MT), and Mexico (120,800 MT, including decreases of 4,400 MT). Reductions were for Trinidad and Tobago (33,000 MT). Exports of 1,053,200 MT were up 26 percent from the previous week and 4 percent from the prior 4-week average. The destinations were primarily to Mexico (255,400 MT), Colombia (211,900 MT), Japan (207,300 MT), Peru (121,500 MT), and Taiwan (76,300 MT).

Optional Origin Sales: For 2018/2019, new optional origin sales of 66,000 MT were reported for South Korea. Options were exercised to export 69,000 MT to South Korea from the United States. The current outstanding balance of 643,200 MT is for unknown destinations (371,200 MT) and South Korea (272,000 MT).

Barley: Net sales of 1,000 MT were for Taiwan. Exports of 600 MT were to South Korea.

Sorghum: Net sales of 74,700 MT for 2018/2019 --a marketing-year high--were up noticeably from the previous week and from the prior 4-week average. Increases were reported for unknown destinations (60,000 MT), Japan (10,000 MT) and Mexico (4,700 MT, including decreases of 700 MT). Exports of 30,200 MT were down 41 percent from the previous week, but up 42 percent from the prior 4-week average. The destination was to Mexico.

U.S. Export Inspections: Week Ending November 22, 2018					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	245	5,751	16,690	34%
Corn	1,117,580	845,957	13,101,805	7,281,129	180%
Sorghum	10,576	54,830	236,803	816,017	29%
Soybeans	1,105,229	1,070,125	12,152,788	21,054,389	58%
Wheat	252,489	509,265	10,071,129	12,365,489	81%

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 November 22, 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	546,840	50%	11,936	56%	0	0%
PNW	357,545	33%	0	0%	0	0%
Interior Export Rail	191,879	18%	9,380	44%	10,576	100%
Total (Metric Tons)	1,096,264	100%	21,316	100%	10,576	100%
White Corn Shipments by Country (MT)			11,936	to Colombia		
			9,380	to Mexico		
Total White Corn (MT)			21,316			
Sorghum Shipments by Country (MT)					10,527	to Mexico
					49	to Panama
Total Sorghum (MT)					10,576	

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)
December	0.53+Z	\$162.69	0.96+Z	\$179.62
January	0.51+H	\$167.02	0.88+H	\$181.58
February	0.56+H	\$168.99	0.91+H	\$182.77

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
December	0.75+Z	\$171.35	0.60+Z	\$165.44
January	0.75+H	\$176.47	0.55+H	\$168.59
February	0.75+H	\$176.47	0.60+H	\$170.56

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	December	January	February
New Orleans	\$175	\$170	\$165

Quantity 5,000 MT

Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	December	January	February
New Orleans	\$565	\$560	\$555

*5-10,000 MT Minimum

DDGS Price Table: November 29, 2018 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	December	January	February
Barge CIF New Orleans	199	200	201
FOB Vessel GULF	208	208	209
Rail delivered PNW	232	233	234
Rail delivered California	237	238	240
Mid-Bridge Laredo, TX	234	234	235
FOB Lethbridge, Alberta	208	209	211
40 ft. Containers to South Korea (Busan)	235	235	238
40 ft. Containers to Taiwan (Kaohsiung)	233	233	235
40 ft. Containers to Philippines (Manila)	243	244	245
40 ft. Containers to Indonesia (Jakarta)	238	239	241
40 ft. Containers to Malaysia (Port Kelang)	239	239	241
40 ft. Containers to Vietnam (HCMC)	246	247	248
40 ft. Containers to Japan (Yokohama)	243	244	245
40 ft. containers to Thailand (LCMB)	240	238	240
40 ft. Containers to China (Shanghai)	237	235	240
40 ft. Containers to Bangladesh (Chittagong)	268	269	272
40 ft. Containers to Myanmar (Yangon)	268	269	273
KC Rail Yard (delivered ramp)	193	193	192
Elwood, IL Rail Yard (delivered ramp)	189	190	192

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 were up compared to the values last published on November 15, 2018, as the market has seen a generally steady uptick across most routes indicated in this report's DDGS price table.

This week, merchandisers reported sales to South Korea as well as the Southeast Asian markets of Indonesia and Vietnam. DDGS at the U.S. Gulf are at \$208/MT for December delivery compared to \$204/MT two weeks ago. On average, 40-foot containers to Southeast Asian destinations were up \$3/MT.

Country News

Australia: USDA's forecast for barley production was lowered to 7.4 MMT, which is still 500 KMT greater than ABARES' estimate. The weather bureau says that equatorial sea surface temperatures have breached a key threshold raising the chances for an El Niño to 70 percent. Rabobank reports that an El Niño is negative for Australia and other southeast Asian crops, and possibly harmful to Brazil's second corn crop, while providing a helpful moisture boost to the southern U.S. (USDA; AgriCensus)

Brazil: Corn exports during the first half of November at 1.78 MMT were on par with a year earlier. Sales were dented due to the push for moving soybeans out of ports. (AgriCensus)

China: The Ministry of Commerce has commended an anti-dumping investigation into imports of Australian supplied barley. Australia controls about two-thirds of the import market. China purchased 4 MMT of Australian barley in 2017 valued at \$1.8 billion but drought has reduced the supplies available this year. China has ample corn to replace feed barley but needs to import quality malting barley for its growing beer demand. The government has approved imports of corn and barley from Kazakhstan, though supplies there are limited. The slaughter of pigs due to ASF hit 600,000 as the disease reached Beijing. (Bloomberg; FarmLead)

EU: The harvesting of maize has been completed in most parts of Europe with some delay in long-cycle varieties in northern Spain due to wet weather conditions. Polish corn production will fall 20 percent in 2018-19 due to drought in key growing areas. Output will be 3.2 MMT versus 4 MMT produced in 2017-18. Ukrainian corn will make up for the deficit. Corn production has been greatly expanding in Poland due to demand from poultry and other countries. (USDA/FAS/GAIN; EU MARS)

Iran: The state grain buying agency SLAL tendered for 200 KMT of feed barley for shipment during December-January. It paid 241.56/MT for 130 KMT during its last international tender. (AgriCensus)

South Africa: SAGIS says that increased domestic use has eased burdensome corn stocks. Meanwhile, drought is delaying planting of the new corn crop. (AgriCensus)

South Korea: NOFI and KOCOPIA tendered for 200 KMT of corn for February-April arrival; MFG bought a cargo of feed corn at \$204.30/MT and FLC purchased corn at \$203.13/MT for March delivery. (AgriCensus)

Tunisia: The government agency ODC is back in the market for purchasing barley. (AgriCensus)

Turkey: The state grain buying agency TMO bought 75 KMT of barley. (AgriCensus)

Ukraine: The Agrarian Policy Ministry reports that corn production reached a record 34.8 MMT, boosted by higher yields. However, deliveries are facing seasonal logistics hurdles and may force defaults. (World-Grain)

Vietnam: Corn imports will set a record in CY 2018 as they had already reached 7.4 MMT after three-quarters of the year. Regional sources dismiss the theory that the cause is transshipments to China, saying that livestock expansion is sufficient to explain the domestic demand. (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	\$48.00	Unchanged	Handymax at \$48.00/MT
55,000 U.S. PNW-Japan	\$26.25	Down \$0.50	Handymax at \$26.75/MT
66,000 U.S. Gulf-China	\$47.00	Unchanged	North China
PNW to China	\$25.50	Down \$0.50	
25,000 U.S. Gulf-Veracruz, Mexico	\$17.50	Down \$0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, Mexico	\$15.25	Down \$0.25	Deep draft and 6,000 MT/day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia	\$20.75	Down \$0.25	West Coast Colombia at \$29.00
From Argentina	\$34.00	Down \$0.50	
40-45,000 U.S. Gulf-Guatemala	\$29.75	Down \$0.25	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$36.25	Down \$0.50	8,000 MT daily discharge
	\$37.00	Down \$0.50	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$38.25	Down \$0.50	Discharge rate: 5,000
55,000-60,000 U.S. Gulf-Egypt PNW to Egypt	\$33.50	Down \$1.25	55,000-60,000 MT Russia Black Sea-Egypt \$17.00
	\$33.50	Down \$0.75	
60-70,000 U.S. Gulf-Europe-Rotterdam	\$20.50	Up \$1.00	Handymax at +\$1.75 more
Brazil, Santos-China	\$37.00	Down \$1.00	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 60-66,000 MT
Brazil, Santos-China	\$35.75	Down \$1.00	
Itacoatiara-Port Upriver North Brazil	\$40.00	Down \$1.00	
56-60,000 Argentina/Rosario-China Deep Draft	\$41.00	Down \$1.00	Upriver with BB top-off \$43.50

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: The dry-bulk markets started the week on a continued soft note before they rallied slightly in an attempt to recover some of last week's losses. The Capes were again the market leader and helped to pull the Panamax sector up from its lows. However – unlike the Capes – the the Panamax and smaller dry-bulk vessel markets were not able to fully recover.

The biggest excitement of the week was the Russian/Ukrainian naval dispute/blockade at the Kerch Strait in the Black Sea. The strait handles about 40 percent of Russian grain exports but only 2-3 percent of Ukrainian grain exports. Therefore, if the Russians wish to block Ukrainian ships transiting the strait it should not have a big impact on export volumes from the Black Sea. Nevertheless, this is a significant geopolitical development. Vessel owners tried to increase shipping rates through that area but have not found buyers willing to pay up.

Baltic-Panamax Dry-Bulk Indices				
November 29, 2018	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	19,845	19,841	4	0.0%
P3A: PNW/Pacific– Japan	9,044	9,459	-415	-4.4%
S1C: U.S. Gulf-China-S. Japan	25,831	24,001	1,830	7.6%

Source: O'Neil Commodity Consulting

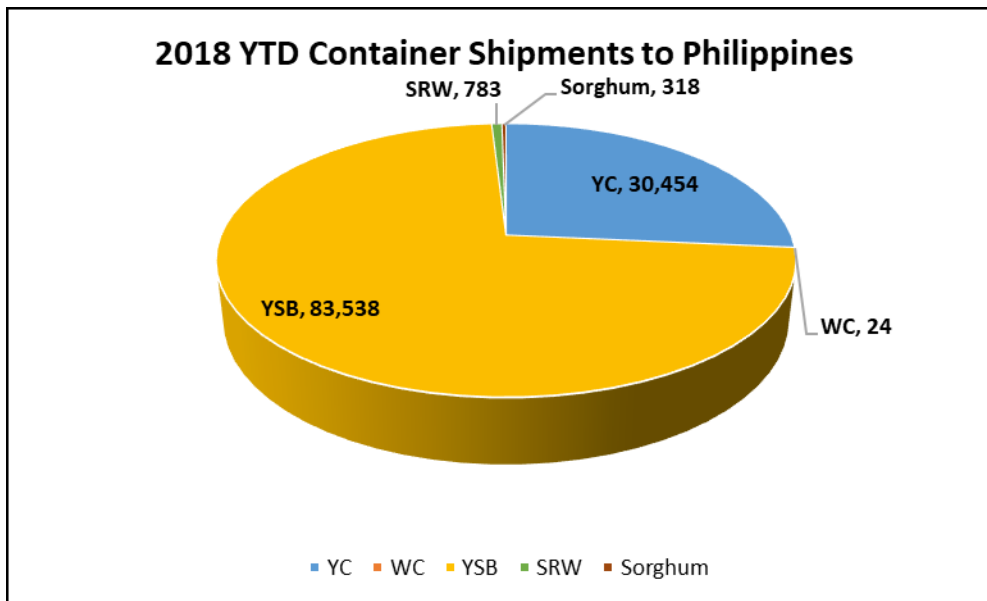
Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$8.50-\$8.90
Three weeks ago:	\$8.50-\$8.85
Two weeks ago:	\$7.50-\$8.50
One week ago:	\$5.30-\$6.25
This week	\$6.15-\$8.50

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
November 29, 2018	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.85	0.55	0.30	\$11.81	PNW
Soybeans	0.50	0.25	0.25	\$9.19	PNW
Ocean Freight	\$25.50	\$47.00	0.55-0.59	\$21.50	December

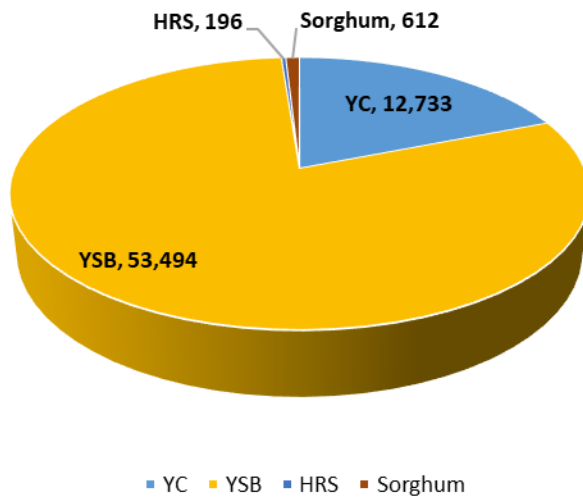
Source: O'Neil Commodity Consulting

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



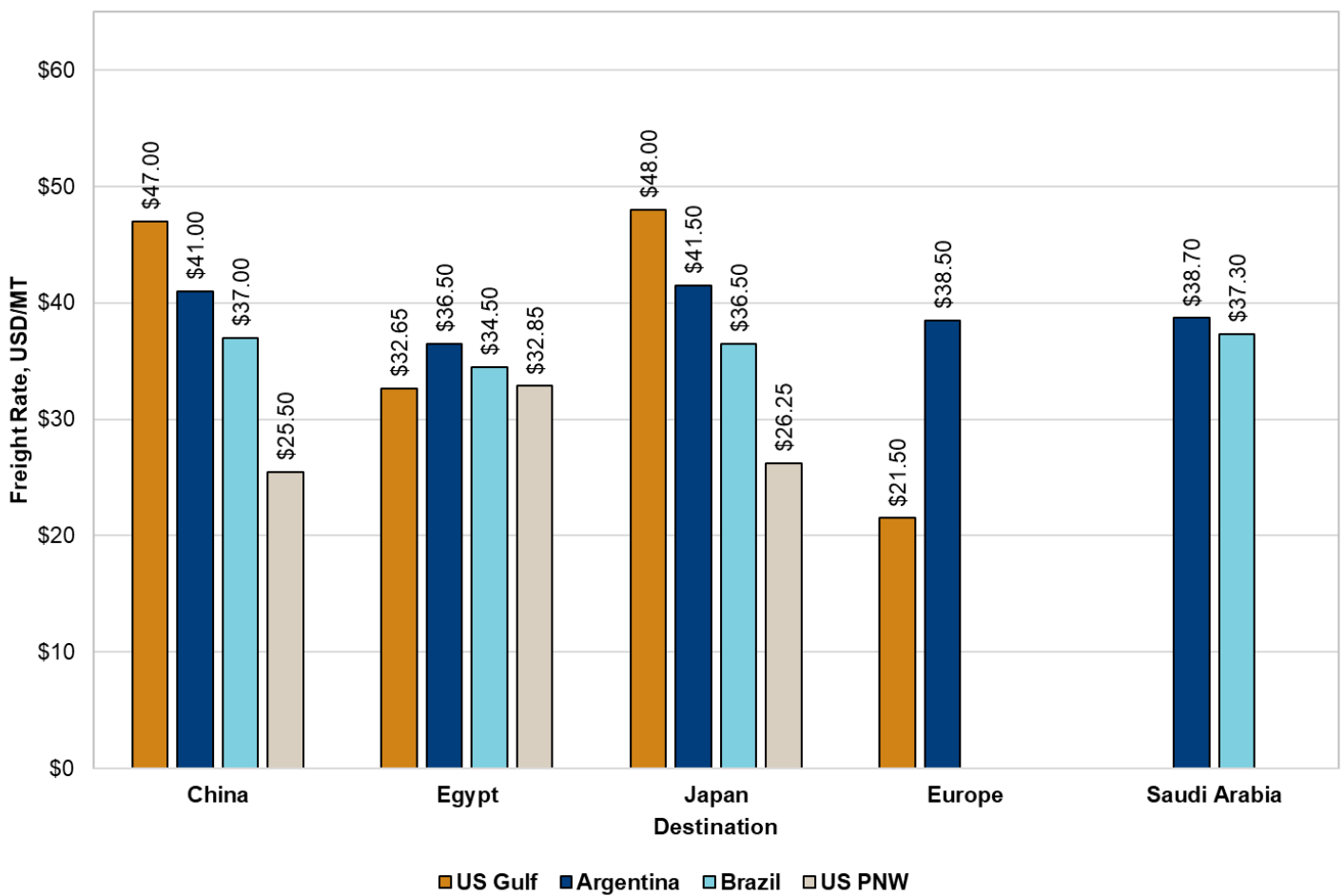
Source: O'Neil Commodity Consulting

2017 Container Shipments to Philippines



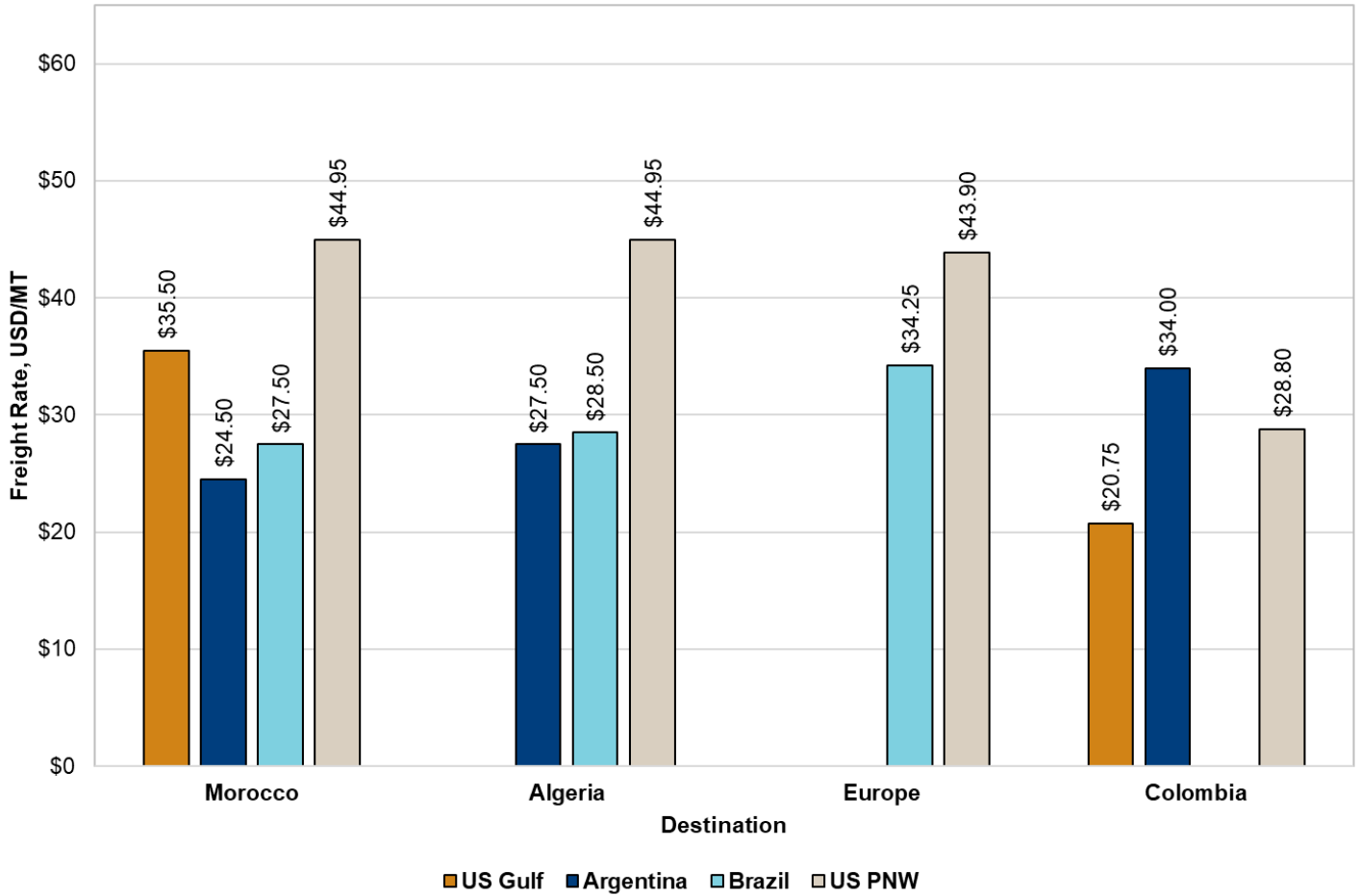
Source: O'Neil Commodity Consulting

International Freight Rates by Origin, November 28, 2018, Supramax/Panamax Vessels, USD/MT



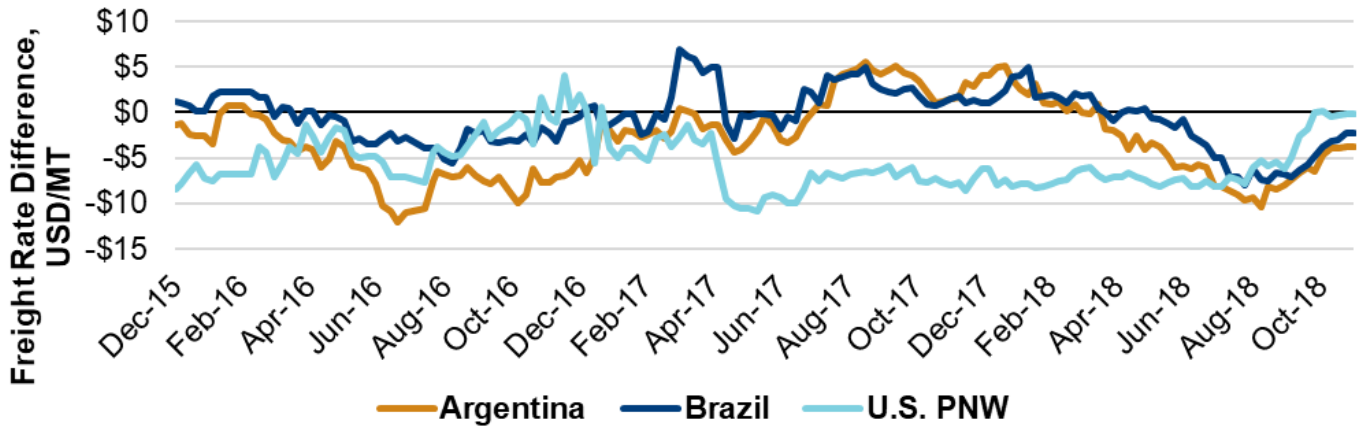
Source: DTN, O'Neil Commodity Consulting and World Perspectives, Inc.

**International Freight Rates by Origin, November 28, 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 (%): November 29, 2018			
	Current Week	Last Week	Last Month
U.S. Prime	5.25	-	5.25
LIBOR (6 month)	2.88	-	2.80
LIBOR (1 year)	3.13	-	3.07

Source: www.bankrate.com