



June 7, 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 July Contract					
\$/Bu	Friday June 1	Monday June 4	Tuesday June 5	Wednesday June 6	Thursday June 7
Change	-2.500	-10.750	3.000	-5.500	-2.0000
Closing Price	391.50	380.75	383.75	378.25	376.25
Factors Affecting the Market	July corn ended down 14.5 cents for the week as favorable crop conditions and poor technical conditions weighed on the market. Bullish potential is increasingly isolated to Brazil, while the U.S. crop looks to be in good shape.	July corn fell nearly 11 cents as the U.S. crop is off to a great start. CFTC data shows funds holding a large net-long position, which is now a liquidation risk. The long-term U.S. weather outlook does not indicate a drought, limiting market support.	Bears took a break from selling and prices rebounded slightly. USDA said 97 percent of U.S. corn is planted, 86 percent emerged, and 78 percent is rated good/excellent. Cash prices are falling, eroding support for summer prices. The dollar fell 16 points.	Corn marked a new three-month low on good conditions in the Midwest. Brazil and China are dry but not enough to embolden corn bulls. July futures are following a pattern like 2017: a downward slide into summer. The dollar fell 26 points on political tensions.	Spillover selling from soybeans and no bullish news for corn pulled corn lower. Export sales reached 838 KMT while exports were well above their seasonal pace. South American currencies continue to fall, giving those countries advantages.

Outlook: July corn is 5 percent lower than our last report as corn bulls struggle to find a significant story. Presently, the dry Brazilian weather is the only bullish factor for the corn market, while rapidly deteriorating technical conditions, fund selling, good crop conditions, and a favorable U.S. weather outlook provide bears ample justification to keep selling.

The major story for the 2018/19 U.S. corn crop is its near-record high conditions ratings. On Monday, the USDA reported 78 percent of the crop is in good or excellent condition (above the five-year average of 71 percent) with 86 percent emergence. While early season conditions correlate poorly with actual yields, they offer some comfort in that the crop is off to a great start.

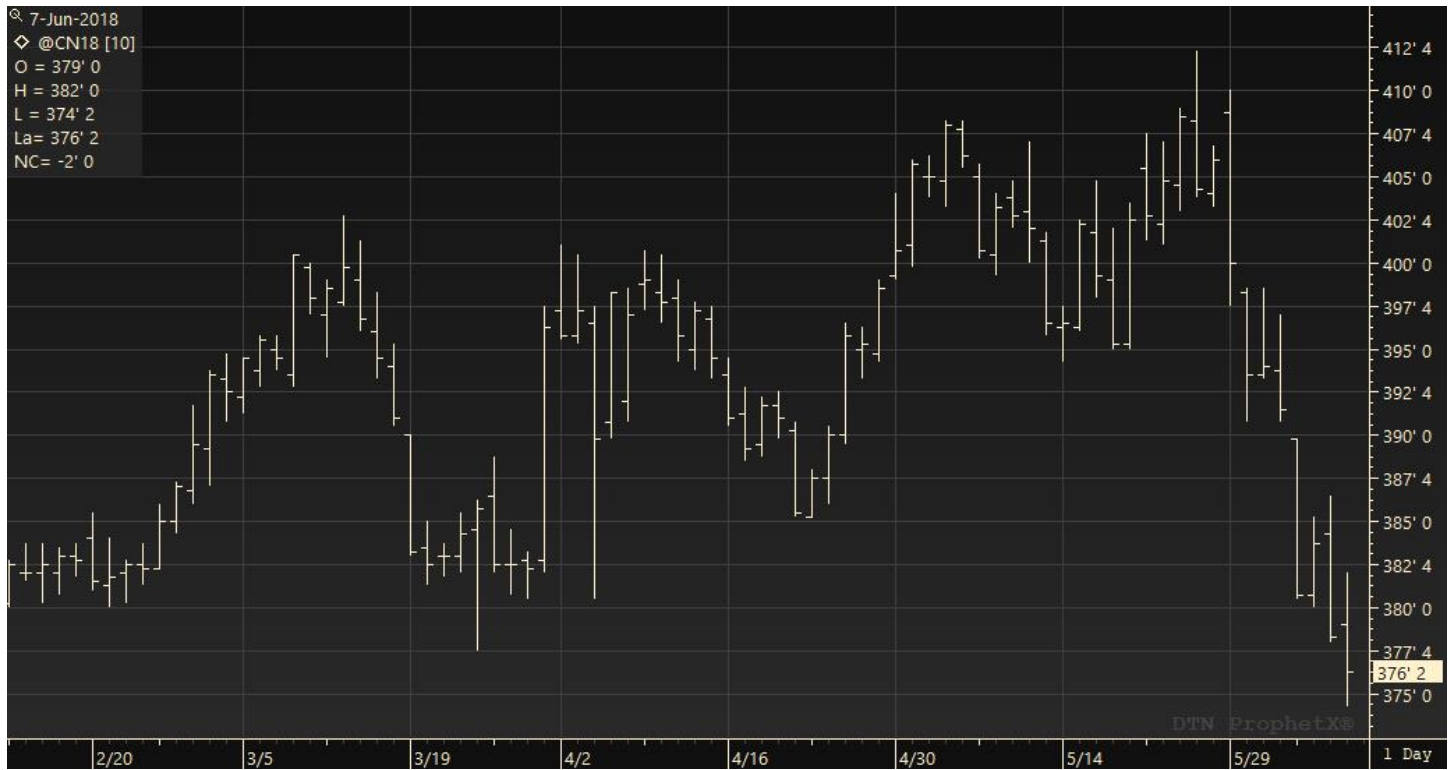
More importantly, the summer weather forecast for the U.S. does not suggest major periods of hot and dry weather. While the June forecast includes above-average temperatures for the Corn Belt, it suggests precipitation will be average. Similarly, the present outlook for July and August suggests normal temperatures and a slight chance of above-average precipitation. The bottom line is the current weather forecast does not offer much support for the corn market.

Today's Export Sales report from the USDA showed 838 KMT of net corn sales for the 2017/18 marketing year and exports reaching 1.448 MMT. Exports this week were well above their seasonal trends. YTD corn export bookings (exports plus unshipped sales) are now 2 percent higher than last year, which if realized would imply actual 2017/18 corn exports 5 percent above USDA's present forecast.

From a technical standpoint, July corn has imploded. The contract breached the trendline formerly offering support, as well as all relevant moving averages. Minor support lies at \$3.70 before major support will be

tested at \$3.62, the life-of-contract low. The latest CFTC data (through last Tuesday) shows noncommercial traders holding large long positions in corn futures. That long position is now a liability for the market as funds are aggressively liquidating. Corn futures tend to decline seasonally heading into the summer and fall harvest, and this year looks to continue that pattern, perhaps starting earlier than normal.

CBOT July Corn Futures



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending June 7, 2018			
Commodity	7-Jun	1-Jun	Net Change
Corn			
Jul 18	376.25	391.50	-15.25
Sep 18	385.25	400.50	-15.25
Dec 18	396.75	411.75	-15.00
Mar 19	406.00	420.25	-14.25
Soybeans			
Jul 18	974.25	1021.25	-47.00
Aug 18	979.75	1026.00	-46.25
Sep 18	985.25	1030.25	-45.00
Nov 18	994.75	1037.75	-43.00
Soymeal			
Jul 18	358.40	374.20	-15.80
Aug 18	359.80	375.40	-15.60
Sep 18	360.70	375.10	-14.40
Oct 18	360.70	373.90	-13.20
Soyoil			
Jul 18	30.60	31.19	-0.59
Aug 18	30.72	31.31	-0.59
Sep 18	30.88	31.46	-0.58
Oct 18	31.02	31.61	-0.59
SRW			
Jul 18	526.75	523.25	3.50
Sep 18	544.25	540.75	3.50
Dec 18	565.25	561.75	3.50
Mar 19	583.50	579.75	3.75
HRW			
Jul 18	544.50	540.75	3.75
Sep 18	563.00	559.00	4.00
Dec 18	586.75	583.25	3.50
Mar 19	602.50	599.50	3.00
MGEX (HRS)			
Jul 18	597.50	604.00	-6.50
Sep 18	607.50	612.75	-5.25
Dec 18	620.25	623.50	-3.25
Mar 19	633.75	635.50	-1.75

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

U.S. Weather/Crop Progress

U.S. Crop Planting Progress				
Commodity	June 3, 2018	Last Week	Last Year	5-year avg.
Corn	97%	92%	95%	95%
Sorghum	61%	49%	53%	54%
Barley	97%	93%	98%	95%

Source: USDA

U.S. Drought Monitor Weather Forecast: For the 5-day period June 7-11, 2018, the northern and eastern CONUS are generally predicted to receive 0.5-1.5 inches of rain. Heavier amounts are forecast over portions of the western Corn Belt, the southern Great Lakes region, and the Florida peninsula. A relative maximum of 3-4 inches is possible in Iowa, likely due to nocturnal thunderstorm clusters (MCS) which are common at this time of year. Little to no precipitation is expected elsewhere during this period. For the subsequent 5-day period (June 12-16, 2018), CPC predicts elevated odds of above normal rainfall across the southern CONUS, with a weak tilt toward above normal running northward across the Mississippi Valley and eastern Great Plains region. Elevated odds of below normal rainfall are highlighted over the Northwest, the northern High Plains, and most of the Atlantic Coast states from Maine to Virginia.

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 May 31, 2018					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	16,200	231,000	22,419.2	24,225.2	-15%
Corn	908,200	1,448,500	39,002.9	55,300.4	2%
Sorghum	11,900	4,400	4,834.2	5,105.2	19%
Barley	0	0	31.3	32.5	14%

Corn: Net sales of 838,600 MT for 2017/2018 were down 16 percent from the previous week and 5 percent from the prior 4-week average. Increases were reported for Mexico (247,500 MT, including 32,000 MT switched from unknown destinations and decreases of 13,200 MT), Vietnam (136,800 MT, including 65,000 MT switched from unknown destinations and decreases of 1,100 MT), Colombia (85,400 MT, including 20,000 MT switched from unknown destinations and decreases of 2,600 MT), Saudi Arabia (69,900 MT, including 65,000 MT switched from unknown destinations), and Japan (67,200 MT, including decreases of 3,200 MT). Reductions were primarily for unknown destinations (164,400 MT) and France (15,000 MT). For 2018/2019, net sales of 418,300 MT were reported for unknown destinations (203,200), Japan (60,000 MT), Vietnam (60,000 MT), and Mexico (45,000 MT). Exports of 1,448,500 MT were down 24 percent from the previous week and 14 percent from the prior 4-week average. The destinations were primarily to Mexico (286,800 MT), Japan (279,600 MT), Colombia (140,400 MT), Vietnam (137,400 MT), and South Korea (136,500 MT).

Optional Origin Sales: For 2017/2018, options were exercised to export 65,000 MT to Vietnam from the United States. Options were exercised to export 50,000 MT to unknown destinations from other than the United States. The current optional origin outstanding balance of 487,000 MT is for South Korea (276,000 MT), unknown destinations (91,000 MT), Saudi Arabia (70,000 MT), and Egypt (50,000 MT). For 2018/2019, new optional origin sales of 70,000 MT were reported for Saudi Arabia.

Export Adjustments: Accumulated exports of corn to Japan were adjusted down 2,791 MT for week ending May 10th. This shipment was reported twice and is corrected in this week's report.

Barley: There were no sales or exports for the 2017/2018 marketing year, which ended May 31. A total of 1,200 MT in sales were carried over to the 2018/2019 marketing year. Accumulated exports in 2017/2018 were 31,300 MT, up 23 percent from the prior year's total of 25,400 MT.

Sorghum: Net sales of 11,900 MT for 2017/2018 were reported for unknown destinations (10,900 MT) and China (1,000 MT). Exports of 4,400 MT were down 94 percent from the previous week and 95 percent from the prior 4-week average. The destination was Taiwan.

U.S. Export Inspections: Week Ending May 31, 2018					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	21,340	45,385	47%
Corn	1,554,961	1,705,655	39,578,067	44,322,976	89%
Sorghum	432	25,843	4,619,705	4,811,908	96%
Soybeans	557,733	579,245	46,795,868	51,125,126	92%
Wheat	341,470	445,709	23,852,754	27,491,617	87%

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 May 31, 2018						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	23,311	2%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	776,541	51%	34,213	81%	0	0%
PNW	605,441	40%	220	1%	0	0%
Interior Export Rail	107,252	7%	7,983	19%	432	100%
Total (Metric Tons)	1,512,545	100%	42,416	100%	432	100%
White Corn Shipments by Country (MT)			40,383	to Mexico		
			1,813	to El Salvador		
			220	to Korea		
Total White Corn (MT)			42,416			
Sorghum Shipments by Country (MT)					432	to Mexico
Total Sorghum (MT)					432	

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)
July	0.74+N	\$177.25	1.10+N	\$191.43
August	0.72+U	\$180.01	1.03+U	\$192.21

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
July	1.15+N	\$193.39	1.05+N	\$189.46
August	1.15+U	\$196.94	1.00+U	\$191.03

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	June	July	August
New Orleans	\$184	\$178	\$173
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	June	July	August
New Orleans	\$598	\$593	\$588
<i>*5-10,000 MT Minimum</i>			
Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)			
	June		
Rail Delvd. Chicago	-		
Rail Delvd. Savannah	\$520		
Truck Delvd. Chicago	\$505		

DDGS Price Table: June 7, 2018 (USD/MT)
(Quantity, availability, payment and delivery terms vary)

Delivery Point Quality Min. 35% Pro-fat combined	June	July	August
Barge CIF New Orleans	229	225	223
FOB Vessel GULF	246	242	240
Rail delivered PNW	239	237	235
Rail delivered California	242	240	239
Mid-Bridge Laredo, TX	242	240	239
FOB Lethbridge, Alberta	226	222	220
40 ft. Containers to South Korea (Busan)	264	262	262
40 ft. Containers to Taiwan (Kaohsiung)	266	265	264
40 ft. Containers to Philippines (Manila)	267	266	265
40 ft. Containers to Indonesia (Jakarta)	264	263	262
40 ft. Containers to Malaysia (Port Kelang)	265	263	263
40 ft. Containers to Vietnam (HCMC)	268	266	266
40 ft. Containers to Japan (Yokohama)	265	263	263
40 ft. containers to Thailand (LCMB)	264	263	262
40 ft. Containers to China (Shanghai)	260	259	258
40 ft. Containers to Bangladesh (Chittagong)	290	289	288
40 ft. Containers to Myanmar (Yangon)	282	281	280
KC Rail Yard (delivered ramp)	220	220	219
Elwood, IL Rail Yard (delivered ramp)	220	219	218

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 values are softer this week as buyers wait for the market to hit their bids. Falling soybean meal values have pressured the DDGS market and traders of the ethanol co-product are making the necessary adjustments to remain competitive. Traders in the domestic market report prices are softer in the West and slightly firmer in the East. FOB ethanol plant DDGS values are \$4/MT lower than this time last week and remain \$1.13/protein-unit less expensive than soybean meal.

On the export market, Barge CIF NOLA and FOB U.S. Gulf values are lower, with a larger drop in the latter squeezing netbacks to merchandisers. Rising freight rates have kept prices for containerized DDGS shipped CNF to Southeast Asia more stable this week. In sympathy with lower soybean meal values, exporters lowered asking prices for product destined for Southeast Asia approximately \$7/MT.

U.S. DDGS exports increased 10 percent month-over-month in April, reaching 997 KMT. April DDGS exports were 15 percent higher than the same month in 2017, marking solid growth in demand for the ethanol co-product.

Country News

Algeria: The Office Algerien Interprofessionnel des Cereales (OAIC) bought 40 KMT of corn in a tender that brought \$210/MT. (AgriCensus)

Argentina: With its currency falling and harvested corn now available, Upriver basis levels dipped below those of the U.S. Gulf for the first time in six months. Premiums were heard at 68 cents over the July contract, while FOB U.S. Gulf offers were in the low 70-cents range. Values are expected to fall further. (AgriCensus)

Australia: Farmers are pressuring the Australian government to withdraw from a 17-country WTO case against China's farm support spending. They fear that Beijing will retaliate by no longer buying barley and wheat from Australia. (The Weekly Times)

Brazil: The Real has moved to a historically record low just as the second-crop safrinha corn harvest is starting up. Separately, the government's 150 percent hike in the minimum freight price ended the trucker's strike but made grain too expensive to move. Agriculture Minister Blairo Maggi says the Transport regulator exaggerated the amount needed by truckers and that the minimum fee will be adjusted lower. However, the truckers say they will strike again and harder if the deal is revoked. The truckers strike had forced a stall in the harvesting of the second corn crop. Meanwhile, USDA will likely have to move its corn production estimate lower for Brazil in next week's report. (AgriCensus; FarmLead)

China: The corn auction was focused in Heilongjiang province and sold over 61 percent of the stocks offered. Prices are heating up in the region. (AgriCensus)

Korea: Taking advantage of Argentina's corn supplies entering the market and pushing prices lower, South Korea went on a buying spree and roped in 800 KMT.

Ukraine: There were difficulties moving corn before and now Argentina entering the market means that Ukraine's supplies are stuck. (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	\$42.75	Up \$0.75	Handymax at \$43.25/MT
55,000 U.S. PNW-Japan	\$24.50	Up \$0.25	Handymax at \$24.75/MT
65,000 U.S. Gulf-China	\$42.00	Up \$1.00	North or South China
PNW to China	\$23.75	Up \$0.25	
25,000 U.S. Gulf-Veracruz, Mexico	\$16.00	Up \$0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, Mexico	\$14.00	Up \$0.25	Deep draft and 6,000 MT/day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia	\$19.50	Up \$0.25	West Coast Colombia at \$28.75
From Argentina	\$33.50	Up \$0.50	
40-45,000 U.S. Gulf-Guatemala	\$28.25	Up \$1.00	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$31.00	Up \$0.50	8,000 MT daily discharge
	\$32.75	Up \$0.50	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$33.25	Up \$0.50	Discharge rate: 5,000
55,000 U.S. Gulf-Egypt	\$28.00	Up \$0.50	55,000-60,000 MT Russia Black Sea-Egypt \$15.00
PNW to Egypt	\$27.00	Up \$0.25	
60-70,000 U.S. Gulf-Europe-Rotterdam	\$21.00	Up \$1.00	Handymax at +\$1.75 more
Brazil, Santos-China	\$33.75	Up \$1.00	54-59,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up River	\$33.00	Up \$1.50	
Amazonia North Brazil-China	\$36.50	Up \$1.00	
56-60,000 Argentina-China	\$38.25	Up \$1.00	Upriver with BB top-off \$41.00

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: It was another of "those" weeks. Dry-bulk traders felt things had gone low enough and they ran the Baltic Indices up. But the physical market is talking about entering the dull days of summer and questioning if rates can be maintained into the third quarter of 2018. With crude oil, and therefore bunker fuel prices on the rise, vessel owners have good reason to hope for and want higher freight rates.

Posidonia 2018, the big annual global freight conference, is being conducted in Athens, Greece. Of course, all the chatter there is bullish – note that most of the participants are vessel owners, operators and brokers. The three big topics of the conference are de-carbonization, digitalization, and slow steaming. Both dry-bulk and container ships are engaging in slow steaming in an effort to control fuel costs. So, it will take longer for your shipment to arrive. In the world of container shipping markets the trade is estimating vessel growth of 4.5 percent this year versus cargo growth of 5 percent. We will have to see if that holds with all the new vessel orders. The top-10 container shipping lines now control 74 percent of the active fleet and the top-5 lines control 54 percent of the active fleet as consolidation continues.

In dry-bulk, Tomas Kristiansen estimates "...the influx of new, large Valemax vessels could make 67 Capesize vessels unemployed within 24 months. More new ships and less scrapping now creating a poor scenario for dry-bulk carriers. Dry-bulk cargo demand is expected to grow by 2.5 percent."

Baltic-Panamax Dry-Bulk Indices				
June 7, 2018	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	17,528	15,285	2,243	14.7%
P3A: PNW/Pacific– Japan	10,902	10,181	721	7.1%
S1C: U.S. Gulf-China-S. Japan	19,750	18,433	1,317	7.1%

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 June 7, 2018	
Four weeks ago:	\$7.60-\$7.65
Three weeks ago:	\$8.30-\$8.60
Two weeks ago:	\$7.45-\$8.20
One week ago:	\$6.55-\$6.85
This week	\$7.50-\$8.15

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
June 7, 2018	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.10	0.70	0.40	\$15.75	PNW
Soybeans	1.00	0.68	0.32	\$11.76	PNW
Ocean Freight	\$23.75	\$42.00	0.46-0.50	\$18.25	July

Source: O'Neil Commodity Consulting

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

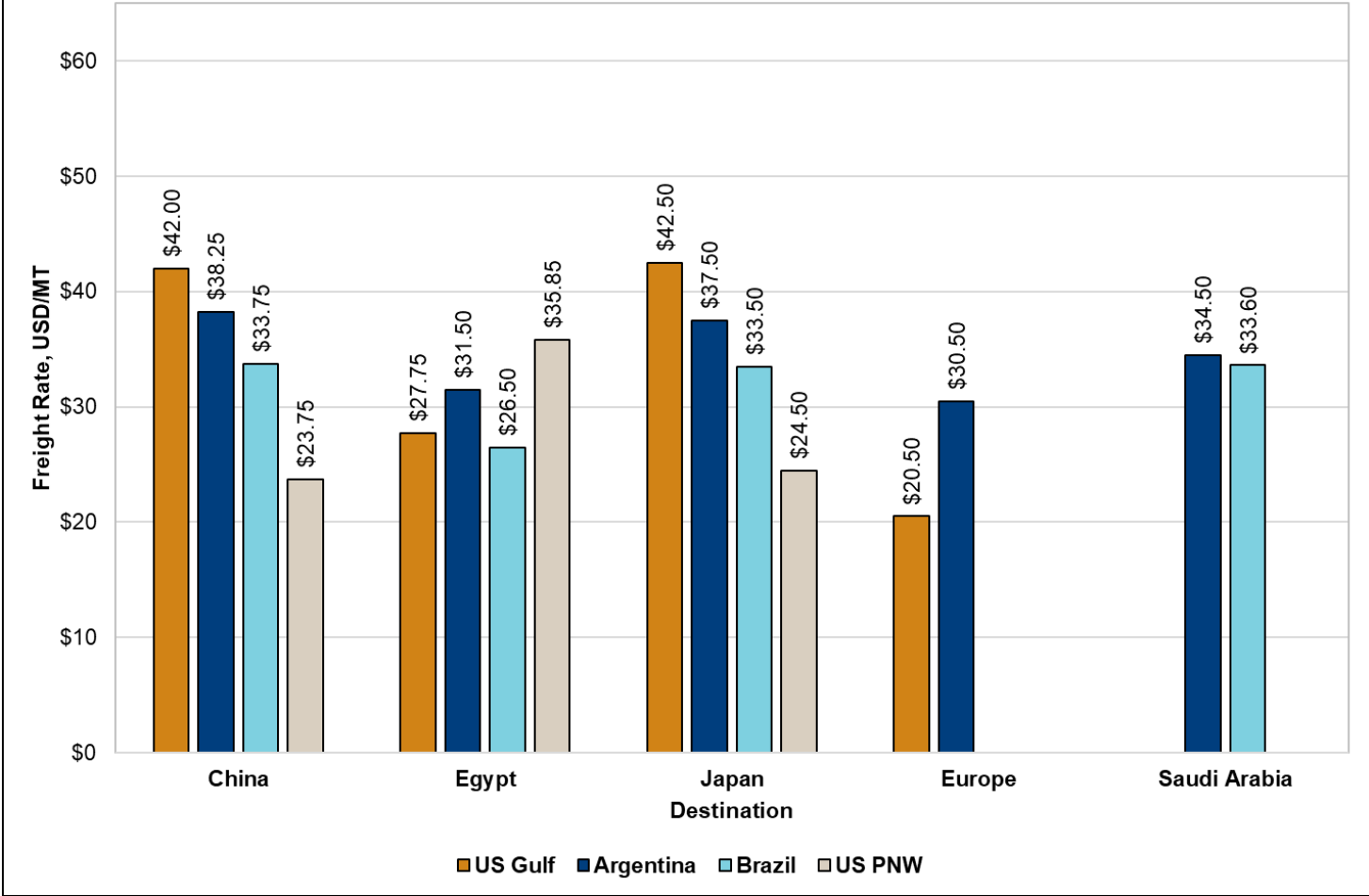


Source: O'Neil Commodity Consulting



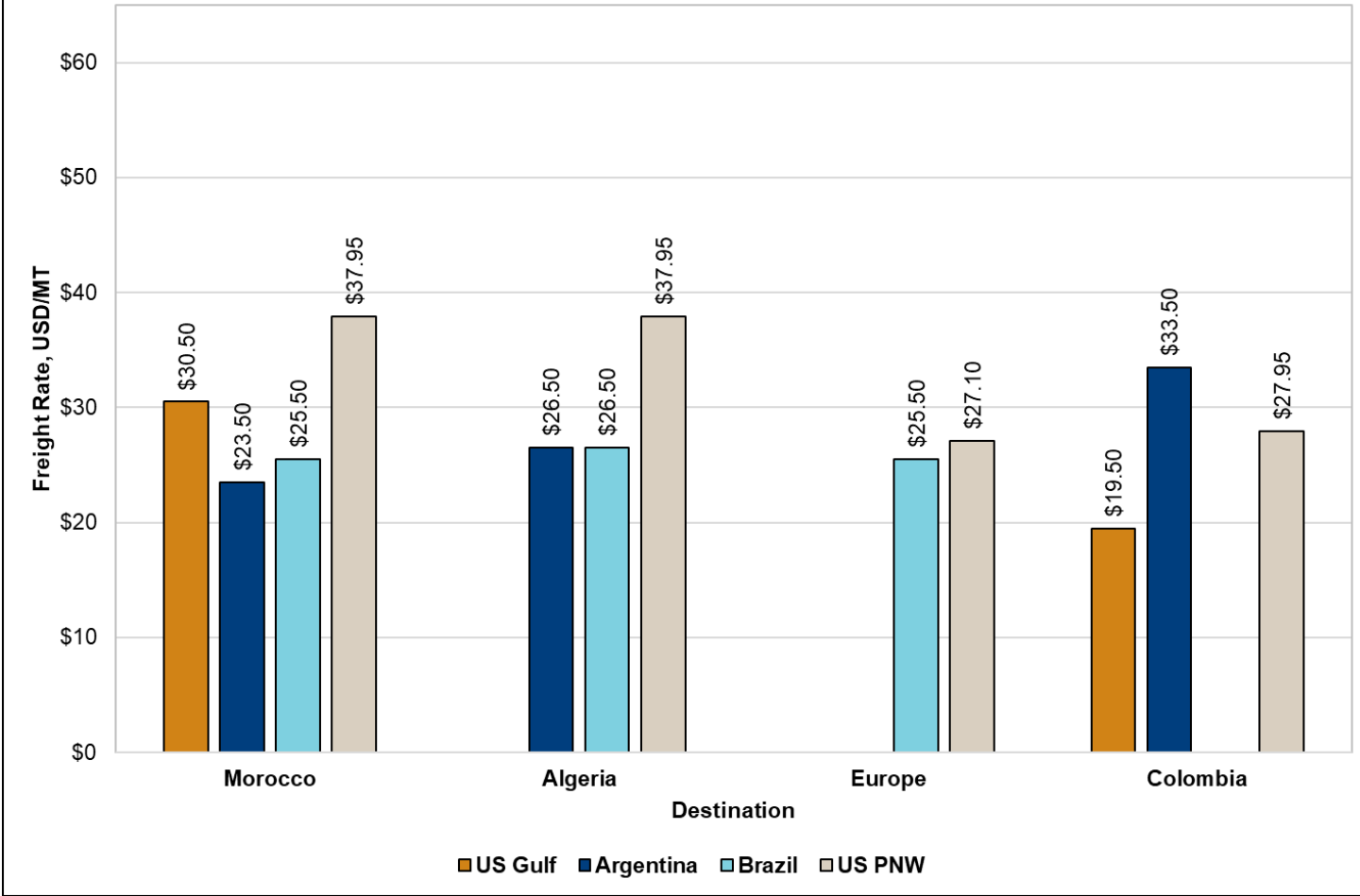
Source: O'Neil Commodity Consulting

**International Freight Rates by Origin, June 7, 2018,
Supramax/Panamax Vessels, USD/MT**



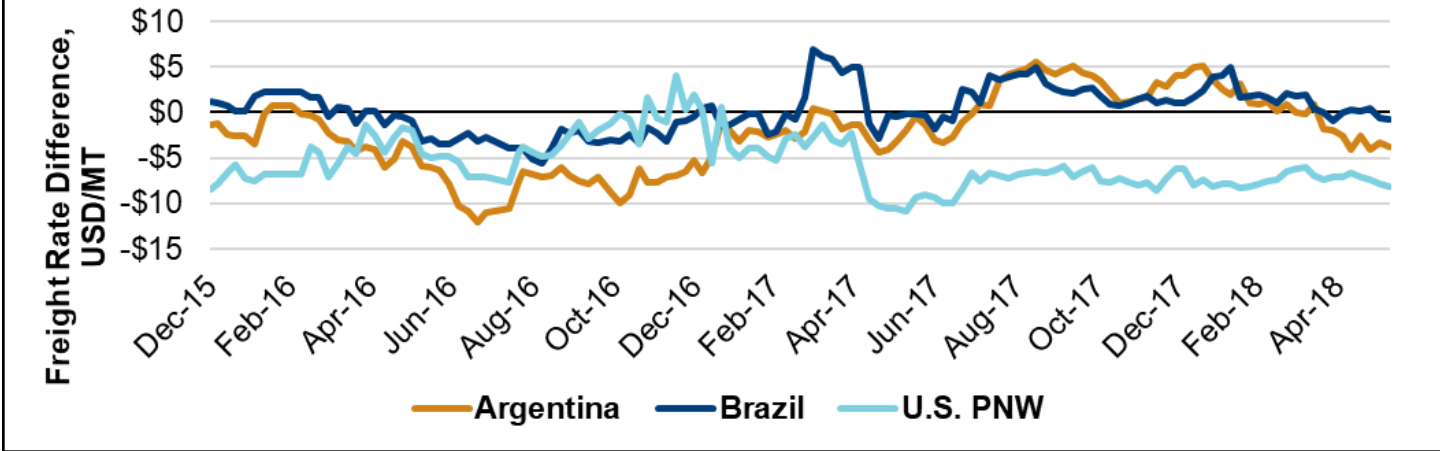
Source: DTN, O'Neil Commodity Consulting and World Perspectives, Inc.

**International Freight Rates by Origin, June 7, 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 (%): June 7, 2018			
	Current Week	Last Week	Last Month
U.S. Prime	4.75	4.75	4.75
LIBOR (6 month)	2.48	2.47	2.52
LIBOR (1 year)	2.74	2.71	2.77

Source: www.bankrate.com