



January 24, 2019

CONTENTS

Chicago Board of Trade Market News 2

CBOT March Corn Futures 3

U.S. Weather/Crop Progress 4

U.S. Export Statistics 5

FOB 6

Distiller’s Dried Grains with Solubles (DDGS)..... 7

Country News 8

Ocean Freight Markets and Spread 9

Ocean Freight Comments 9

Interest Rates..... 13

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 March Contract					
\$/Bu	Friday January 18	Monday January 21	Tuesday January 22	Wednesday January 23	Thursday January 24
Change	1.750		-2.750	-0.250	-1.7500
Closing Price	381.75		379.00	378.75	377.00
Factors Affecting the Market	March corn inched higher as traders are increasingly nervous given the ongoing government shutdown and the looming March 1 deadline for U.S.-China trade talks. The outlook is supportive with Brazilian weather remaining hot/dry and U.S. exports active.	Markets were closed for the U.S. Martin Luther King Jr. holiday.	Pressure from soybeans and better chances for rain in Brazil sent corn lower. USDA said 43.6 million bushels of corn were exported last week, keeping YTD inspections up 61 percent. Futures spreads remain bearish despite some positive fundamentals worldwide. Outside markets were lower.	Corn futures finished mixed in slow, unexciting trade. Cold Midwest weather caused Barge CIF NOLA values to raise slightly, but this is not expected to impact export demand. Brazil's extended weather forecast remains dry and warm. Outside markets were mixed.	Corn was lower in choppy trading and found support at the uptrend line. Competitive pricing at the U.S. Gulf is keeping export demand active. Brazil's weather remains tough for 2nd-crop corn. Outside markets were mixed/supportive with the USD up 49 points and crude oil higher. U.S. stocks were mixed in two-sided trading.

Outlook: March corn futures are down 4 $\frac{3}{4}$ cents (1.2 percent) this week as the U.S. government shutdown continues and widely-used fundamental data remains unavailable. In response, traders have switched to trading technical indicators as well as political news, the latter of which has been volatile. The two most prominent demand-side factors are U.S. exports and Brazilian weather, both of which remain supportive in the near-term.

The weekly *Export Inspections* report from USDA AMS showed 1.108 MMT were inspected for export last week, keeping the YTD total up 61 percent. Sorghum export inspections reached 65,000 MT while 343 MT of barley were exported. Reports are that international tenders for barley are keeping exporters aggressive in efforts to secure business.

U.S. cash corn prices are down 1 percent from last week at \$136.65/MT (\$3.47/bushel) as farmer selling increased slightly on futures' recent rally and pressured basis. Cash prices are 7 percent higher than this time last year. Barge CIF NOLA values are slightly higher this week as logistical concerns increase with the frigid Midwest weather. Current cash market trends, along with futures spreads, indicate the U.S. corn market is likely to remain entrenched in a sideways direction.

March corn trended sideways with last Thursday's rally meeting position liquidation and unenthusiastic technical selling. For now, \$3.85 is major resistance for March futures and the uptrend line at \$3.72 is major support. Without the CFTC report, it's impossible to truly know what managed money and commercial traders are doing, but there is widespread speculation that funds hold a modest long position in corn. That has

weighed on the market late this week, especially as long corn/short wheat spreads unwind. Going forward, there is little to suggest March futures will break from their \$3.70-\$3.85 trading range without a significant shift in market fundamentals (robust export data, reduction in Brazilian second-crop corn plantings, etc.).

CBOT March Corn Futures



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending January 24, 2019			
Commodity	24-Jan	18-Jan	Net Change
Corn			
Mar 19	377.00	381.75	-4.75
May 19	385.50	390.00	-4.50
Jul 19	393.50	397.25	-3.75
Sep 19	396.50	399.75	-3.25
Soybeans			
Mar 19	916.00	916.75	-0.75
May 19	929.75	930.00	-0.25
Jul 19	942.50	942.50	0.00
Aug 19	947.50	947.50	0.00
Soymeal			
Mar 19	312.30	315.10	-2.80
May 19	316.20	318.60	-2.40
Jul 19	320.20	322.30	-2.10
Aug 19	321.70	323.80	-2.10
Soyoil			
Mar 19	29.51	29.01	0.50
May 19	29.80	29.29	0.51
Jul 19	30.11	29.59	0.52
Aug 19	30.23	29.73	0.50
SRW			
Mar 19	521.50	517.75	3.75
May 19	528.25	523.50	4.75
Jul 19	534.00	528.75	5.25
Sep 19	542.25	536.75	5.50
HRW			
Mar 19	511.50	506.00	5.50
May 19	521.00	515.25	5.75
Jul 19	530.25	524.50	5.75
Sep 19	541.00	536.75	4.25
MGEX (HRS)			
Mar 19	576.25	574.25	2.00
May 19	579.75	579.00	0.75
Jul 19	585.75	585.50	0.25
Sep 19	592.25	592.25	0.00

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

U.S. Weather/Crop Progress

U.S. Drought Monitor Weather Forecast: Over the next 5-7 days, the eastern United States has the greatest potential for precipitation, with the greatest amounts over the Southeast and into southern Florida. The northern United States also should see precipitation from the northern Rocky Mountains into the Great Lakes and New England. Temperatures look to remain colder than normal over the Midwest with departures of high

temperatures of up to 20 degrees below normal. Warmer than normal conditions are expected over the West with high temperatures 3-6 degrees above normal.

The 6- to 10-day outlooks show that temperatures are likely to remain colder than normal over most areas east of the Rocky Mountains, with the greatest likelihood of below-normal temperatures over the Great Lakes and Tennessee Valley regions. Areas along the west coast are anticipated to have the best chances of above-normal temperatures. The highest probability of below-normal precipitation is along the west coast and into the Southwest and southern Plains while the northern Plains and much of the coastal areas of the East have the greatest chances of above-normal precipitation.

Follow this link to view current U.S. and international weather patterns and future outlook: [Weather and Crop Bulletin](#).

U.S. Export Statistics

Note: Due to the current U.S. government shutdown, weekly U.S. export sales data is unavailable.

U.S. Export Inspections: Week Ending January 17, 2019					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	343	0	6,534	19,088	34%
Corn	1,108,119	1,013,970	20,577,272	12,785,943	161%
Sorghum	65,821	8,262	561,855	1,937,171	29%
Soybeans	1,110,713	1,088,091	19,508,020	32,275,756	60%
Wheat	516,643	546,783	14,003,664	15,632,923	90%

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 January 17, 2019

Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	7,216	1%	0	0%	0	0%
Gulf	560,988	56%	92,609	92%	62,537	95%
PNW	304,769	30%	220	0%	0	0%
Interior Export Rail	134,434	13%	7,883	8%	3,284	5%
Total (Metric Tons)	1,007,407	100%	100,712	100%	65,821	100%
White Corn Shipments by Country (MT)			8,909	to Colombia		
			14,442	to El Salvador		
			3,066	to Japan		
			41,483	to Mexico		
			32,592	to New Zealand		
			220	to Korea		
Total White Corn (MT)			100,712			
Sorghum Shipments by Country (MT)					5,000	to Djibouti
					3,488	to Japan
					54,049	to Spain
					3,186	to Mexico
					49	to Panama
					49	to Philippines
Total Sorghum (MT)					65,821	

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)
February	0.62+H	\$172.82	-	-
March	0.61+H	\$172.43	1.03+H	\$188.97
April	0.56+K	\$173.81	0.96+K	\$189.56

#2 White Corn (U.S. \$/MT FOB Vessel)		
Max. 15.0% Moisture	February	March
Gulf	\$188	\$188

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
February	1.00+H	\$187.78	0.80+H	\$179.91
March	1.00+H	\$187.78	0.85+H	\$181.88
April	1.00+K	\$191.13	0.80+K	\$183.26

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	February	March	April
New Orleans	\$180	\$175	\$170
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	February	March	April
New Orleans	\$570	\$570	\$560
<i>*5-10,000 MT Minimum</i>			

DDGS Price Table: January 24, 2019 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	February	March	April
Barge CIF New Orleans	204	203	202
FOB Vessel GULF	217	214	213
Rail delivered PNW	222	220	220
Rail delivered California	224	223	222
Mid-Bridge Laredo, TX	222	221	221
FOB Lethbridge, Alberta	204	203	202
40 ft. Containers to South Korea (Busan)	236	236	236
40 ft. Containers to Taiwan (Kaohsiung)	233	233	233
40 ft. Containers to Philippines (Manila)	243	243	243
40 ft. Containers to Indonesia (Jakarta)	245	245	245
40 ft. Containers to Malaysia (Port Kelang)	241	241	241
40 ft. Containers to Vietnam (HCMC)	246	246	246
40 ft. Containers to Japan (Yokohama)	244	244	244
40 ft. containers to Thailand (LCMB)	241	241	241
40 ft. Containers to China (Shanghai)	236	236	236
40 ft. Containers to Bangladesh (Chittagong)	272	272	272
40 ft. Containers to Myanmar (Yangon)	272	272	272
KC Rail Yard (delivered ramp)	194	194	194
Elwood, IL Rail Yard (delivered ramp)	188	188	188

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 \$3.47/bushel this week while FOB ethanol plant DDGS are \$155.71/MT, down from last week. The DDGS/cash corn value is 114 percent, above the two-year average of 107 percent.

DDGS indications are mostly up this week in response to a combination of strengthening demand, tightening supply and, to some extent, logistics at the U.S. Gulf. February execution is limited but remains available; FOB vessel U.S. Gulf for March delivery is at \$214/MT. Barge CIF New Orleans prices gained strength as well while U.S. rail rates were steady to slightly higher. On average, 40-foot containers to Southeast Asian markets were up \$5/MT this week from last week as merchandisers reported multiple sales to Vietnam.

Country News

Argentina: The Bolsa de Cereales cautions that corn plantings could be dampened by the export tax. (AgriCensus)

Canada: Large imports of feed from the U.S. means that Agriculture Canada will have to increase its current estimate of 2.45 MMT of annual barley exports. (FarmLead)

China: Imports of feeds including barley and sorghum fell dramatically in December. Facing a 25 percent tariff, sorghum imports were zero for the month compared to a year earlier and barley imports were down 75 percent to 140 KMT versus December 2017. For the year, China imported 6.82 MMT of barley, a 23.1 percent decline. December corn imports were 420 KMT, an increase, and the total for the year was up 24.7 percent to 3.52 MMT. Separately, A Chinese ministry assertion that the last of aging corn stocks will be sold in 2019 is challenged by what some say are 70-80 MMT of remaining corn stockpiles. The protein level in feed rations fell in 2018 due to soybean import restrictions. While ASF could reduce pork production, some believe the corn import quota will double to 10 MMT. (Reuters; SP Global Platts)

Egypt: Cold weather stymied poultry production and thus corn imports were well below the 700 KMT predicted by the government. The slowdown in poultry production caused corn prices to fall by \$10-20/MT. Demand will likely rise in January. (SPGlobal)

India: It is believed that the country is edging closer to having to import corn. (AgriCensus)

Jordan: With barley prices stabilizing, Jordan bought 60 KMT in an optional origin tender for up to 120 KMT. The sale was made at \$223.20/MT C&F for shipment in second half June. The price was \$35.30/MT less than a week before and down 20 percent from the \$276/MT paid in October. By purchasing only half the tender, Jordan signals that it expects prices to fall further. (AgriCensus; Reuters)

Paraguay: Corn exports were down 27 percent. (AgriCensus)

Russia: Russian news agencies had quoted Agriculture Minister Dmitry Patrushev saying the government would regulate domestic grain prices to stabilize the local market but the only known mechanism in continued use is subsidized rail rates for grain shipping from remote regions. (Reuters)

South Korea: Without using a tender, feed buying cooperative KFA bought 60 KMT of corn at \$208.20/MT C&F plus \$1/MT for additional port discharges. Another 65 KMT was bought by KFA's Incheon section. Meanwhile, Western Australian growers in the Ord region are having success with the gritting corn seed (P1756) enabling them to ship 30 KMT of corn to Korea's Dong-II this year amidst plans for expansion in the future. Perfecting production of the GMO-free corn was not without its challenges. (AgriCensus; Grain Central)

Tunisia: The government tendered for 50 KMT of feed barley and paid less than in its last tender. (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	\$41.00	Down \$2.00	Handymax at \$41.50/MT
55,000 U.S. PNW-Japan	\$23.00	Down \$0.50	Handymax at \$23.25/MT
66,000 U.S. Gulf-China	\$40.00	Down \$2.00	North China
PNW to China	\$22.40	Down \$0.60	
25,000 U.S. Gulf-Veracruz, Mexico	\$16.75	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, Mexico	\$14.25	Unchanged	Deep draft and 6,000 MT/day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia	\$20.00	Unchanged	West Coast Colombia at \$29.75
From Argentina	\$34.50	Unchanged	
40-45,000 U.S. Gulf-Guatemala	\$30.00	Down \$0.50	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$33.00	Down \$1.00	8,000 MT daily discharge
	\$34.00	Down \$1.00	3,000 MT daily discharge
26-30,000 US Gulf-Morocco	\$35.00	Down \$1.00	Discharge rate: 5,000
55,000-60,000 U.S. Gulf-Egypt	\$28.00	Down \$1.00	55,000-60,000 MT
	\$28.75	Down \$0.50	Russia Black Sea-Egypt \$14.50-\$15.50
60-70,000 U.S. Gulf-Europe-Rotterdam	\$18.00	Unchanged	Handymax at +\$1.75 more
Brazil, Santos-China	\$28.75	Down \$2.00	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 60-66,000 MT
Brazil, Santos-China	\$27.50	Down \$2.00	
Itacoatiara-Port Upriver North Brazil	\$31.75	Down \$2.00	
56-60,000 Argentina/Rosario-China Deep Draft	\$32.50	Down \$2.00	Upriver with BB top-off \$35.00

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: As Dr. Seuss' book states, "There's no joy in Whoville." That is certainly an accurate statement if Whoville is where vessel owners live. If things continue going this way, then vessel owners may be looking for a new place to live! It was another disappointing week with slack demand for vessel owners and operators as dry-bulk markets continued their 2019 slump.

The P2A Baltic Panamax index is down 5,828 points since the beginning of the year. Panamax vessel freight from the U.S. Gulf to China is down \$6.00 per ton since the Christmas holiday. The market obviously needs more cargo demand or an increase in vessel scrapping. Apparently, it is trying to motivate both.

Baltic-Panamax Dry-Bulk Indices				
January 24, 2019	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	12,895	15,000	-2,105	-14.0%
P3A: PNW/Pacific– Japan	6,117	8,319	-2,202	-26.5%
S1C: U.S. Gulf-China-S. Japan	13,717	17,333	-3,616	-20.9%

Source: O'Neil Commodity Consulting

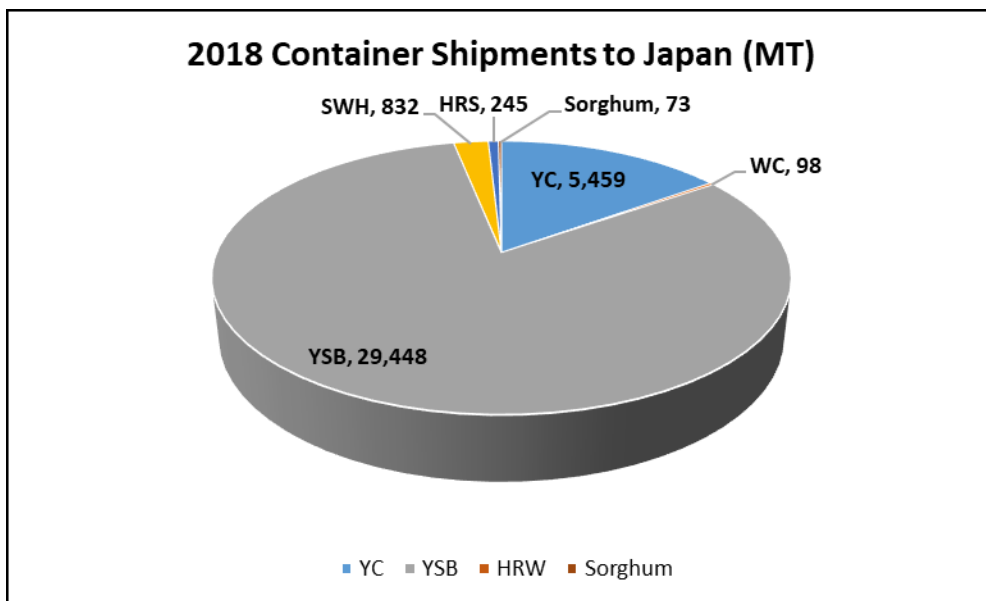
Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$7.50-\$8.75
Three weeks ago:	\$6.60-\$7.25
Two weeks ago:	\$6.50-\$6.80
One week ago:	\$5.22-\$6.60
This week	\$5.95-\$6.90

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
January 24, 2019	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.94	0.60	0.34	\$13.39	PNW
Soybeans	0.68	0.25	0.43	\$15.80	PNW
Ocean Freight	\$22.40	\$40.00	0.45-0.55	\$17.60	February

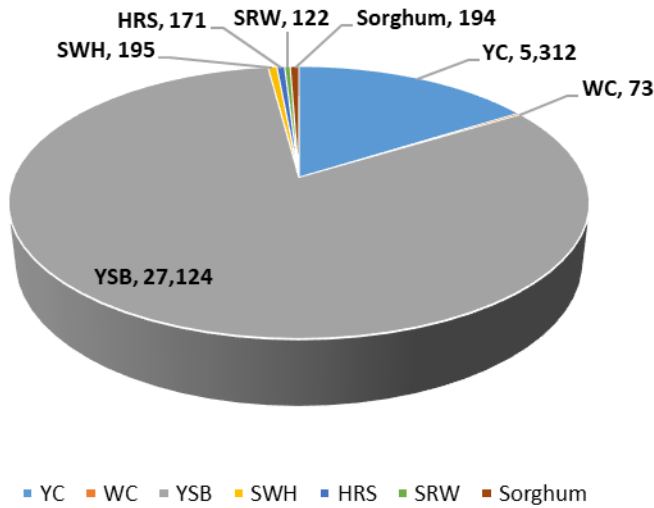
Source: O'Neil Commodity Consulting

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



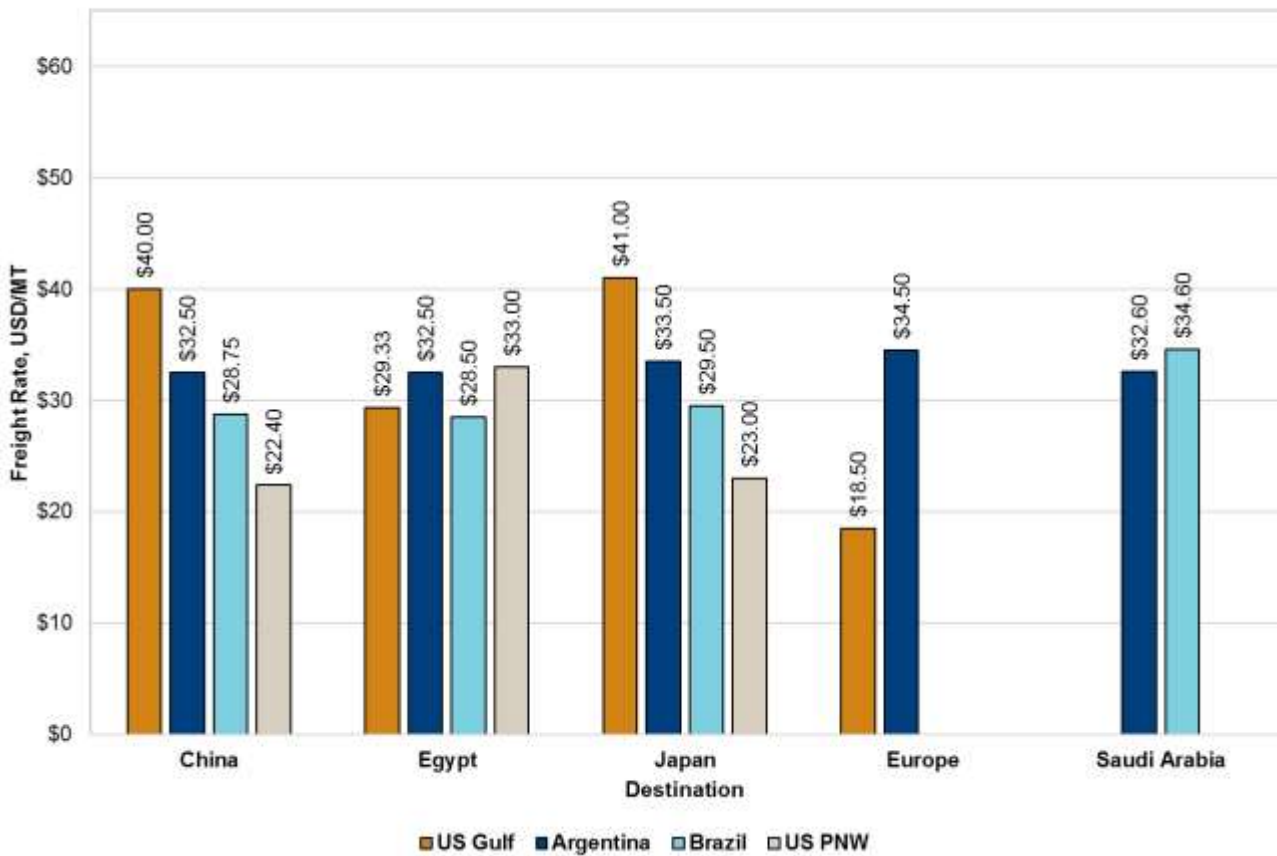
Source: O'Neil Commodity Consulting

2017 Container Shipments to Japan (MT)



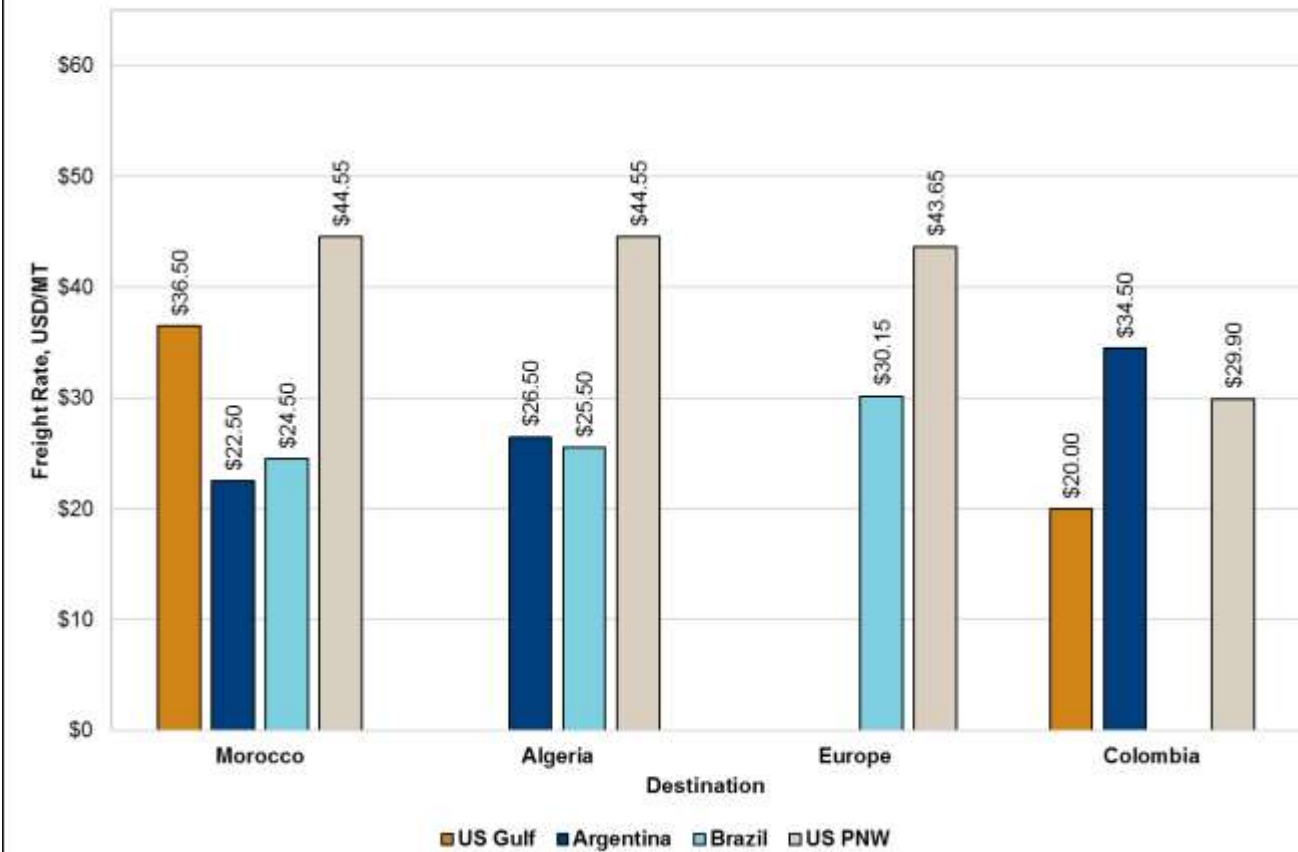
Source: O'Neil Commodity Consulting

International Freight Rates by Origin, January 24, 2019, Supramax/Panamax Vessels, USD/MT



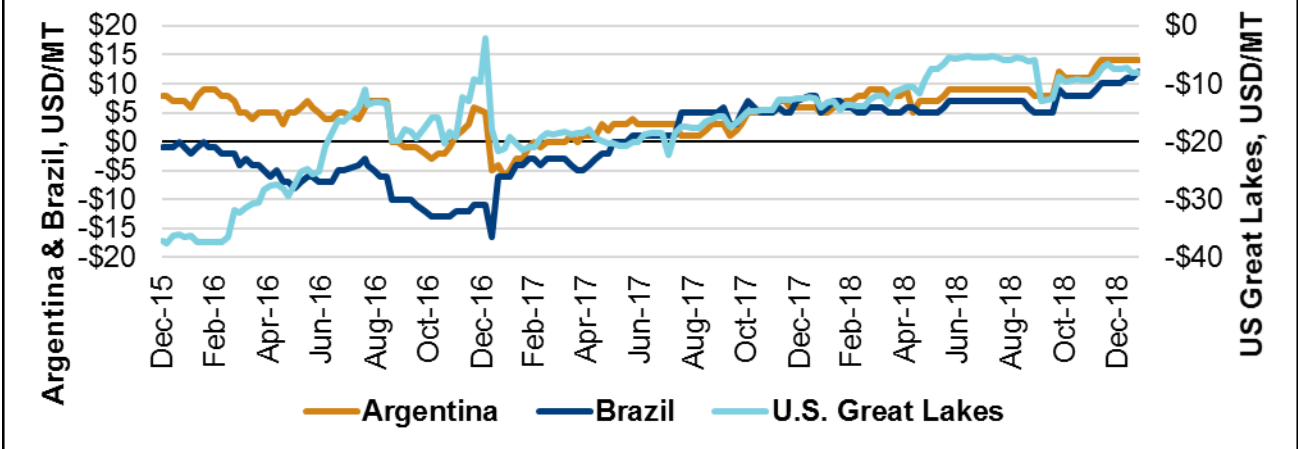
Source: DTN, O'Neil Commodity Consulting and World Perspectives, Inc.

**International Freight Rates by Origin, January 24, 2019,
Handysize Vessels, USD/MT**



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

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



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

Interest Rates

Interest Rates (%): January 24, 2019			
	Current Week	Last Week	Last Month
U.S. Prime	5.50	5.50	5.50
LIBOR (6 month)	2.85	2.85	2.89
LIBOR (1 year)	3.04	3.01	3.05

Source: www.bankrate.com