



November 9, 2017

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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 3	Monday November 6	Tuesday November 7	Wednesday November 8	Thursday November 9
<b>Change</b>	-2.250	-0.250	-0.250	0.500	-6.7500
<b>Closing Price</b>	348.25	348.00	347.75	348.25	341.50
<b>Factors Affecting the Market</b>	December corn held to its sideways trading range, finishing down 1/2 cent for the week. USDA announced corn sales to South Korea and Mexico, but sales and exports lag last year by a wide margin. Outside markets were higher, including a 20-point rise in the dollar.	Cold air entering the Midwest this week did nothing to move the corn market ahead of this week's WASDE report. Friday's CFTC data shows funds adding to corn short positions while commercials are buying at cheap prices. The dollar gave back nearly all Friday's gains.	December corn posted its third straight losing day on quiet trading. The US corn harvest is still behind average but the sheer volume that will be collected is a bullish factor. Outside markets were mixed with the dollar up 10 points.	Light commercial buying ahead of the WASDE sent corn a half-cent higher today. The trade is expecting a slightly bullish report, due to the challenges the crop endured early in the growing season. Outside markets were again mixed with a stronger tone to equities valuations.	December corn reached a new contract low as the USDA announced a new record large corn yield for the U.S. at 175.4 BPA. U.S. and world corn ending stocks grew also, with U.S. the stocks/use ratio reaching its second highest level in 10 years. The dollar fell 42 points.

**Outlook:** Today's WASDE report was just another in a long string of bearish corn market reports. The report featured growing U.S. ending stocks, a record-high U.S. corn yield, and 147 million bushels of extra corn in ending stocks. Moreover, world production and ending stocks were also revised higher in today's report. The news has all but sealed corn's bearish fate for the year.

The national average corn yield was pegged at a new, all-time record high of 175.4 bushels per acre (BPA), 2 percent higher than last month's forecast and 0.8 BPA larger than last year's record. Production across the U.S. will reach 14.578 billion bushels, 298 million more than last month's estimate but down 4 percent from last year.

On the demand side, USDA increased corn consumption for all uses except ethanol, which the agency left at 5.475 billion bushels. Feed and residual use increased 75 million bushels to 5.575 billion, while exports climbed equally to 1.925 billion. This year's export forecast is 16 percent lower than last year's volume.

Despite an additional 150 million bushels of corn consumption, this year's record yield pushed more corn into ending stocks. The 2.053 billion bushel ending stocks figure grew 147 million in this report and stand 8 percent larger than last year's ending stocks. The ending stocks/use ratio fell 0.2 percent to 17.2 percent, the second largest figure in the past 10 years.

U.S. corn exports so far this marketing year total 225.6 million bushels, or 12 percent of USDA's total forecast. This is behind the 5-year average pace of 15 percent for the beginning of November.

CBOT futures reacted strongly to today's report, putting in a new life-of-contract low at \$3.40 <sup>3</sup>/<sub>4</sub>. The market closed slightly above this point, however, as a sign that cheap corn will bring about some commercial buying

support. Factors such as a South American weather/crop damage event or political issues could rally the corn market, but U.S. and world corn markets could very well be range bound for the next several months.

## CBOT DECEMBER CORN FUTURES



Source: Prophet X

## Current Market Values:

Futures Price Performance: Week Ending November 9, 2017			
Commodity	9-Nov	3-Nov	Net Change
<b>Corn</b>			
Dec 17	341.50	348.25	-6.75
Mar 18	354.75	362.00	-7.25
May 18	363.50	370.75	-7.25
Jul 18	371.50	378.25	-6.75
<b>Soybeans</b>			
Nov 17	975.25	977.00	-1.75
Jan 18	985.00	986.75	-1.75
Mar 18	996.00	997.25	-1.25
May 18	1005.00	1006.25	-1.25
<b>Soymeal</b>			
Dec 17	311.80	313.90	-2.10
Jan 18	313.90	316.00	-2.10
Mar 18	317.30	319.50	-2.20
May 18	319.60	322.00	-2.40
<b>Soyoil</b>			
Dec 17	35.14	34.42	0.72
Jan 18	35.29	34.59	0.70
Mar 18	35.51	34.81	0.70
May 18	35.73	35.03	0.70
<b>SRW</b>			
Dec 17	429.00	425.75	3.25
Mar 18	445.00	444.50	0.50
May 18	456.00	457.50	-1.50
Jul 18	469.00	471.00	-2.00
<b>HRW</b>			
Dec 17	429.00	426.75	2.25
Mar 18	446.00	444.50	1.50
May 18	458.25	458.00	0.25
Jul 18	473.50	474.75	-1.25
<b>MGEX (HRS)</b>			
Dec 17	648.00	624.75	23.25
Mar 18	658.00	638.50	19.50
May 18	662.75	646.25	16.50
Jul 18	661.25	649.25	12.00

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

## U.S. WEATHER/CROP PROGRESS

**U.S. Drought Monitor Weather Forecast:** During the upcoming 5-day period (November 9-13), another Pacific storm takes aim at the Northwest (from northern California northward), with the greatest totals (4-8 inches) expected along the immediate coast, in the Cascades, and the northern Sierra Nevada, with lesser amounts (1-2 inches) in the northern Rockies. Light to moderate rain (1-1.5 inches) is expected in a narrow band from central Texas eastward to coastal Georgia and the Carolinas, along the far western Gulf Coast, and in the northern Great Lakes region. It should be dry in the Southwest, Great Basin, and northern and central Plains, with only light amounts (less than 0.5 inches) elsewhere. Temperatures should average above normal in the Southwest, Great Basin, and Rockies, and near to below-normal in the eastern half of the Nation.

During the 6- to 10-day period (November 14-18), odds favor above-median precipitation in the Northwest and the Great Lakes region while sub-median precipitation is likely in southern California, the Plains, and the Gulf and southern Atlantic Coast States. The chances for above-normal temperatures are likely in the middle third of the lower 48 States, especially in the Southwest and southern Plains, with odds tilted toward below-normal readings limited to the Pacific Northwest Coast.

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 2, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	843,500	298,000	10,814.7	16,291.2	-5%
Corn	2,490,600	489,800	5,729.8	19,393.2	-25%
Sorghum	312,500	104,100	577.7	2,080.1	15%
Barley	0	2,000	14.2	37.6	161%

Source: USDA/FAS

**Corn:** Net sales of 2,364,500 MT for 2017/2018 were up noticeably from the previous week and 92 percent from the prior 4-week average. Increases were reported for Mexico (1,166,300 MT, including decreases of 2,000 MT), South Korea (468,000 MT), Japan (337,500 MT, including 39,800 MT switched from unknown destinations and decreases of 300 MT), unknown destinations (213,000 MT), and Colombia (132,700 MT, including 75,100 MT, switched from unknown destinations). Reductions were reported for Brazil (60,700 MT). For 2018/2019, net sales of 574,200 MT reported for Mexico (577,700 MT), were partially offset by reductions for Peru (3,500 MT). Exports of 489,800 MT were primarily to Mexico (171,900 MT), Colombia (115,200 MT), Japan (69,500 MT), Honduras (39,500 MT), and Peru (35,400 MT).

*Optional Origin Sales:* For 2017/2018, new optional origin sales of 60,000 MT were reported for unknown destinations. Options were exercised to export 54,000 MT to unknown destinations from other than the United States. The current optional origin outstanding balance is 242,000 MT for unknown destinations (174,000 MT) and South Korea (68,000 MT).

**Barley:** No net sales were reported for the week. Export of 2,000 MT--a marketing-year high--were unchanged from the previous week and up noticeably from the prior 4-week average. The destination was Japan.

**Sorghum:** Net sales of 308,100 MT were up 9 percent from the previous week and up noticeably from the prior 4-week average. Increases were reported for unknown destinations (251,000 MT) and China (57,100 MT, including decreases of 4,400 MT). Exports of 104,100 MT were up noticeably from the previous week and from the prior 4-week average. The primary destinations were China (102,000 MT) and Mexico (2,100 MT).

**U.S. Export Inspections: Week Ending November 2, 2017**

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	122	636	16,006	25,605	63%
Corn	444,648	547,417	5,540,404	10,177,385	54%
Sorghum	53,476	1,485	499,562	692,698	72%
Soybeans	2,490,600	2,528,098	14,856,207	16,318,565	91%
Wheat	284,293	318,696	11,422,006	12,155,889	94%

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 November 2, 2017**

Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	4,646	1%	0	0%	0	0%
Gulf	346,503	79%	8,000	100%	50,799	95%
PNW	122	0%	0	0%	0	0%
Interior Export Rail	85,377	20%	0	0%	2,677	5%
<b>Total (Metric Tons)</b>	<b>436,648</b>	<b>100%</b>	<b>8,000</b>	<b>100%</b>	<b>53,476</b>	<b>100%</b>
White Corn Shipments by Country (MT)			8,000	to Colombia		
Total White Corn (MT)			8,000			
Sorghum Shipments by Country (MT)					51,919	to China
					1,557	to Mexico
<b>Total Sorghum (MT)</b>					<b>53,476</b>	

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)
FH November	0.49+Z	\$153.73	-	-
LH November	0.49+Z	\$153.73	-	-
December	0.50+Z	\$154.13	0.72+Z	\$162.79

**Sorghum (USD/MT FOB Vessel)**

#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
November	-	-	1.25+Z	\$185.62
December	1.30+Z	\$185.62	1.25+H	\$188.87

<b>Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)</b>			
	<b>November</b>	<b>December</b>	<b>January</b>
<b>New Orleans</b>	\$150	\$150	\$155
<i>Quantity 5,000 MT</i>			
<b>Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)</b>			
<b>Bulk 60% Pro.</b>	<b>November</b>	<b>December</b>	<b>January</b>
<b>New Orleans</b>	\$568.50	\$568.50	\$568.50
<i>*5-10,000 MT Minimum</i>			
<b>Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)</b>			
	<b>November</b>	<b>December</b>	
<b>Rail Delvd. Chicago</b>	\$490	\$490	
<b>Rail Delvd. Savannah</b>	\$510	\$510	
<b>Truck Delvd. Chicago</b>	\$500	\$500	

<b>DDGS Price Table: November 9, 2017 (USD/MT)</b> (Quantity, availability, payment and delivery terms vary)			
<b>Delivery Point</b> <b>Quality Min. 35% Pro-fat combined</b>	<b>November</b>	<b>December</b>	<b>January</b>
Barge CIF New Orleans	170	170	168
FOB Vessel GULF	182	183	186
Rail delivered PNW	208	206	205
Rail delivered California	210	208	207
Mid-Bridge Laredo, TX	208	207	211
FOB Lethbridge, Alberta	182	185	185
40 ft. Containers to South Korea (Busan)	199	199	200
40 ft. Containers to Taiwan (Kaohsiung)	197	197	198
40 ft. Containers to Philippines (Manila)	208	208	209
40 ft. Containers to Indonesia (Jakarta)	200	200	201
40 ft. Containers to Malaysia (Port Kelang)	199	199	200
40 ft. Containers to Vietnam (HCMC)	209	209	210
40 ft. Containers to Japan (Yokohama)	202	202	203
40 ft. containers to Thailand (LCMB)	201	201	202
40 ft. Containers to China (Shanghai)	204	204	206
40 ft. Containers to Bangladesh (Chittagong)	232	232	234
40 ft. Containers to Myanmar (Yangon)	228	228	230
KC & Elwood, IL Rail Yard (delivered Ramp)	162	163	164

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 are stronger this week with increased feed demand in the U.S. and Asian buying interest supporting prices. FOB ethanol plant prices have worked their way \$6/MT higher in the past two weeks; the onset of winter across the Midwest is boosting feed demand. FOB ethanol plants DDGS values are 39 percent of Kansas City soybean meal, higher than last week, and the per-protein unit of DDGS is \$1.66 less than soybean meal.

CIF NOLA barge prices are higher due to issues in parts of the river system, including stoppages on the Ohio river due to higher water. CIF NOLA prices rose \$6.50/MT this week to their last quote at \$170/MT. FOB NOLA prices are also higher as players with long positions or product to sell raise asking prices in response to demand-boosting news from Asia. FOB NOLA prices are up \$7/MT to \$182.25 as of their last quote.



Internationally, the Asian market continues to firm with noted buying support. Prices to China and Vietnam are up \$2-3/MT while other destinations saw lower bids. On average, 40-foot containers to Southeast Asia were steady this week at \$202/MT. Early week buying was attributed to President Trump's visit to Asia that was expected to improve trade relations while late-week price increases were due to announced tax/tariff changes in the region.

## COUNTRY NEWS

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**Argentina:** President Mauricio Macri is pushing legislation that would allow farmers to deduct the cost of fertilizer from their taxes. The goal is to expand corn production and end over-reliance on soybeans. Corn exports have grown 50 percent under Macri. There will also be greater investment in irrigation and more royalties paid for seeds in order to advance the genetics that are used. The goal is to boost corn production by 37 percent by 2025. (Bloomberg)

**Brazil:** To reduce the need for idling plants between sugarcane harvests, more "flex mills" will be built so that corn can be used during the intervening months as an ethanol feedstock. (Reuters)

**China:** The Foreign Ministry announced that although antidumping duties would remain in place, the value added tax (11 percent) would no longer be applied to imported DDGS. Meanwhile, the State Development and Investment Corporation signed an agreement to construct a 600 KMT ethanol plant in northeastern Heilongjiang province that will consume 1.85 MMT of corn each year. (Reuters)

**South Sudan:** Sorghum and maize prices are 281 percent higher than last year as a result of the bloody civil war occurring in the country's green belt production area. (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	\$43.00	Unchanged	Handymax at \$43.50/MT
55,000 U.S. PNW-Japan	\$24.50	Unchanged	Handymax at \$24.75/MT
65,000 U.S. Gulf-China	\$42.00	Unchanged	North China
PNW to China	\$24.25	Unchanged	
25,000 U.S. Gulf-Veracruz, Mexico	\$16.50	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, Mexico	\$14.00	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 \$27.50
From Argentina	\$30.00	Unchanged	
40-45,000 U.S. Gulf-Guatemala	\$28.00	Unchanged	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$30.50	Unchanged	8,000 MT daily discharge
	\$32.50	Unchanged	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$29.50	Unchanged	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$27.75	Unchanged	55,000-60,000 MT
PNW to Egypt	\$26.75	Unchanged	St. Lawrence to Egypt \$27.75
60-70,000 U.S. Gulf-Europe-Rotterdam	\$17.00	Unchanged	Handymax at +\$2.50 more
Brazil, Santos-China	\$33.25	Unchanged	54-59,000 Supramax-Panamax
Itacoatiara Port up River	\$32.25	Unchanged	60-66,000 Post Panamax
Amazonia North Brazil-China	\$35.75	Unchanged	
56-60,000 Argentina-China	\$40.00	Up \$0.25	Upriver with top-off \$42.50

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:** There really is not much new to say about current global ocean freight markets. This week Dry-Bulk markets have been characterized as "trading in a narrow range." This simply means that things aren't moving much, and we have reached a bit of a stalemate between buyers and sellers in a market without many features. Thus, rates are mostly unchanged.

U.S. Gulf and PNW grain vessel lineups are diminishing from past weeks and there is not any robust demand out of the East Coast of South America. The only market on fire has been the small coaster market in the Black Sea where rates have gotten outrageously high (\$40-plus per MT regionally) due to a shortage of small 2-3,000 MT vessels.

Baltic-Panamax Dry-Bulk Indices				
November 9, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	18,730	18,975	-245	-1.3%
P3A: PNW/Pacific– Japan	11,023	11,860	-837	-7.1%
S1C: U.S. Gulf-China-S. Japan	23,181	22,772	-409	1.8%

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:

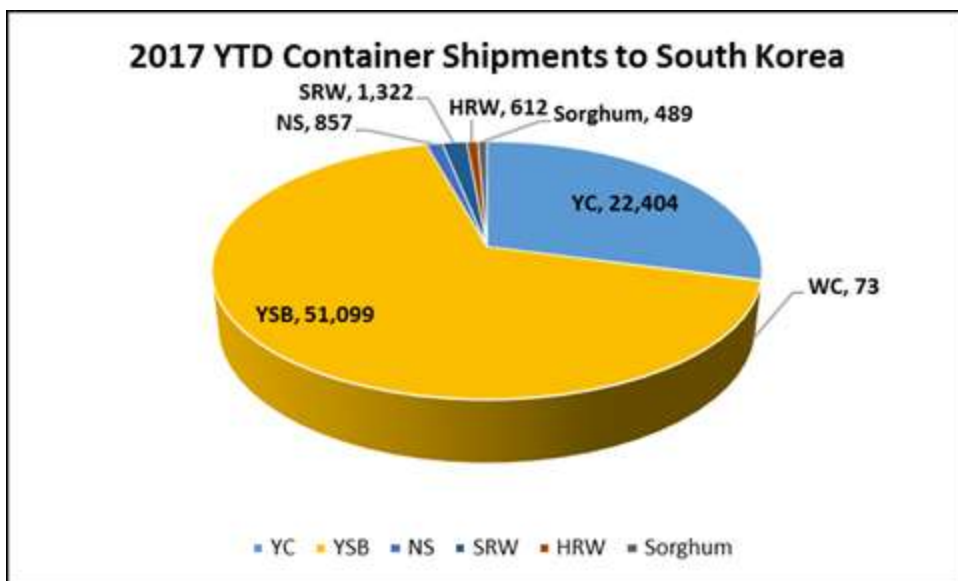
Week Ending November 9, 2017	
Four weeks ago:	\$7.95-8.25
Three weeks ago:	\$8.50-9.00
Two weeks ago:	\$8.15-8.50
One week ago:	\$7.50-8.25
This week	\$7.50-8.80

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
November 9, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.70	0.56	0.14	\$5.51	PNW
Soybeans	0.66	0.46	0.20	\$7.87	PNW
Ocean Freight	\$24.25	\$42.00	0.45-0.48	\$17.75	Dec.

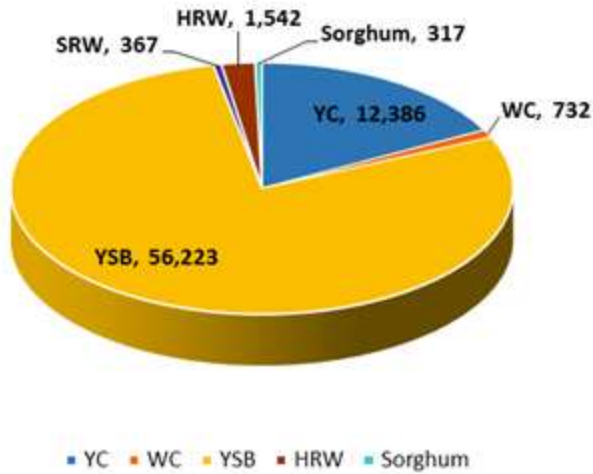
Source: O'Neil Commodity Consulting

The charts below represent YTD 2017 versus 2016 annual totals for container shipments to South Korea.



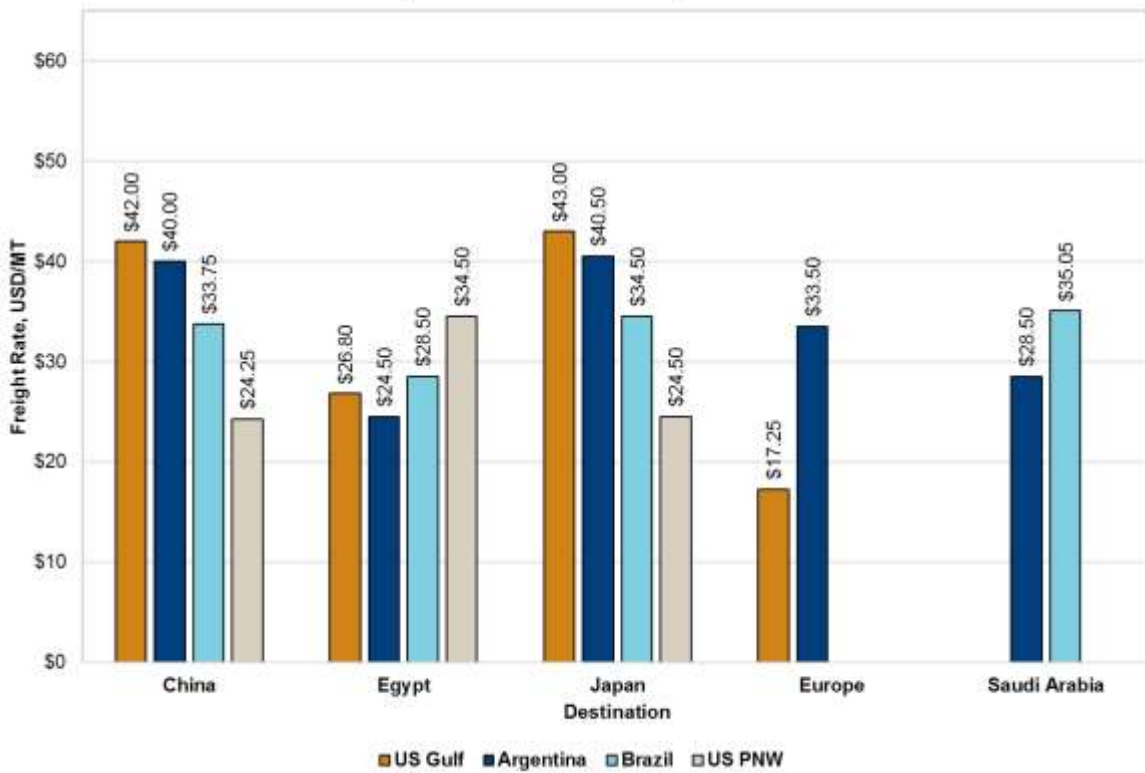
Source: O'Neil Commodity Consulting

### 2016 Container Shipments to South Korea

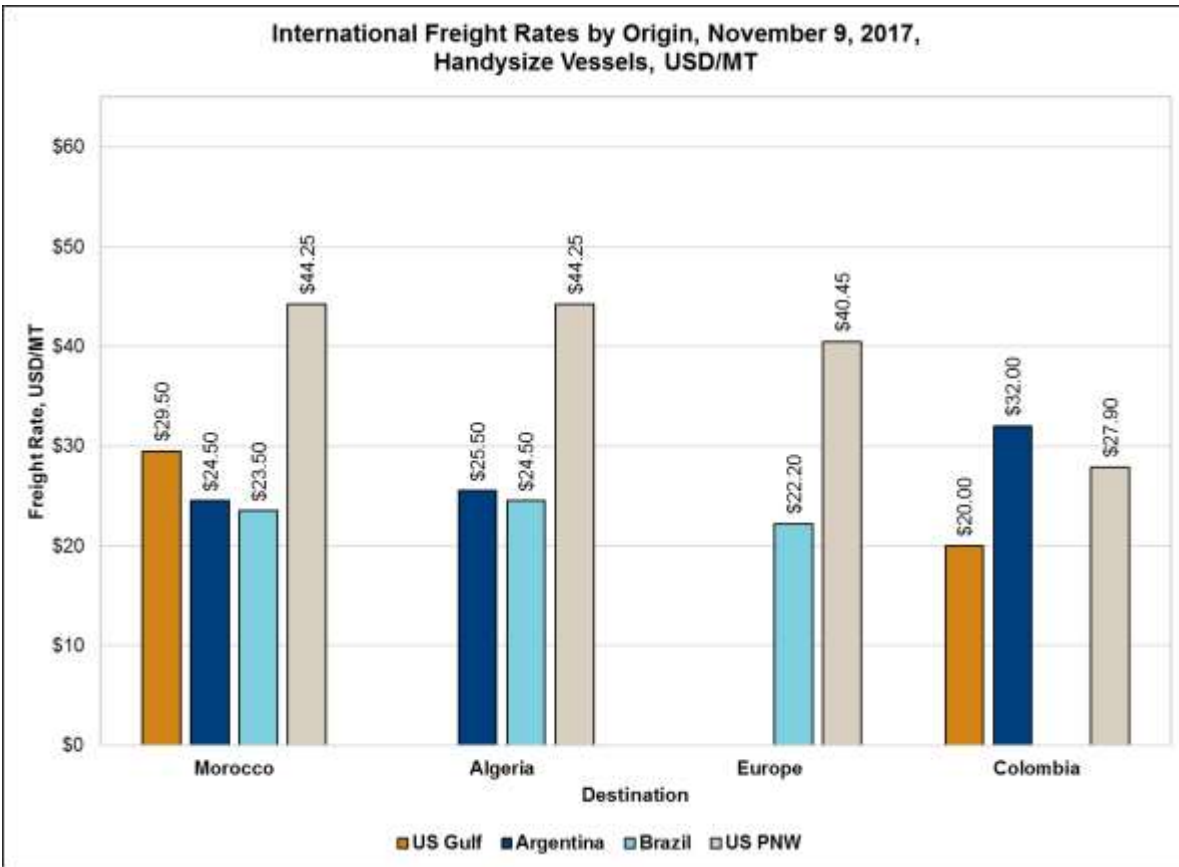


Source: O'Neil Commodity Consulting

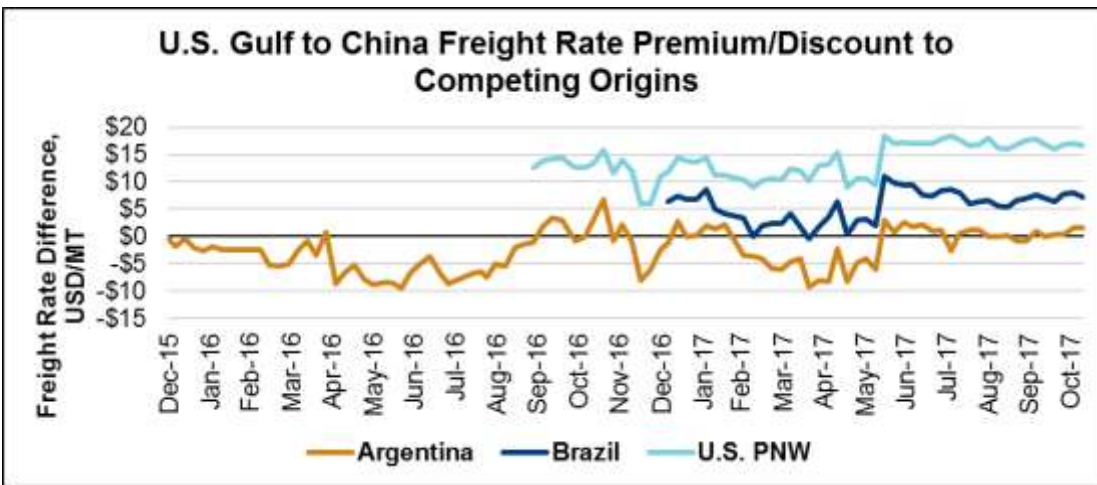
### International Freight Rates by Origin, November 9, 2017, Supramax/Panamax Vessels, USD/MT



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



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

## INTEREST RATES

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<b>Interest Rates (%): November 9, 2017</b>			
	<b>Current Week</b>	<b>Last Week</b>	<b>Last Month</b>
<b>U.S. Prime</b>	4.25	4.25	4.25
<b>LIBOR (6 month)</b>	1.60	1.58	1.52
<b>LIBOR (1 year)</b>	1.87	1.85	1.81

Source: [www.bankrate.com](http://www.bankrate.com)