



October 5, 2017

CONTENTS

CHICAGO BOARD OF TRADE MARKET NEWS 2

CBOT DECEMBER CORN FUTURES 3

U.S. WEATHER/CROP PROGRESS 4

U.S. EXPORT STATISTICS 5

FOB..... 6

DISTILLER’S DRIED GRAINS WITH SOLUBLES (DDGS) 8

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 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 29	Monday October 2	Tuesday October 3	Wednesday October 4	Thursday October 5
Change	2.750	-3.750	-2.000	-1.250	1.2500
Closing Price	355.25	351.50	349.50	348.25	349.50
Factors Affecting the Market	USDA found 2.295 billion bushels of corn in storage as of Sept. 1, less than expected but the largest stocks in 30 years. The market reacted to the surprise by rising modestly. Exports have been slow and the market's bearish carry point to possible lower prices yet.	Fundamentals outweighed last week's technical and commercials returned as sellers. Harvest hedge pressure is rising despite weekend rains that slowed the harvest. The U.S. sold 597,000 MT of corn to Mexico. The dollar rose 56 points which added to selling pressure.	Slow, low volume trade left December corn to creep back to trendline support. Fundamental news was very light but the bearish carry in the market is keeping the pressure on. Traders don't seem worried about the slow harvest or Midwest rains.	Light trading left corn down 1.25 cents and below minor support. But trading was so light the technical action cannot be perceived as a reliable indicator. The U.S. dollar was off 13 points while U.S. stock prices hit new record highs. The dollar was down for a second straight day.	Buying in the soybean market pulled corn higher in very slow trade. U.S. corn export sales were better than expected but traders shrugged off the news as corn exports are still well behind their seasonal pace. The U.S. dollar jumped 41 points while stock indexes again hit record highs.

Outlook: About all one can say for corn futures is that they're still there, dutifully providing price discovery and risk management options. Unfortunately, there just doesn't seem to be much risk to manage. Trading volumes have been very light with little fundamental news to encourage position taking. Traders appear to be waiting for better harvest yield information before making judgements on corn's supply and demand situation.

The U.S. corn harvest is off to a slow start. As of Monday's Crop Progress report, USDA said 17 percent of the nation's corn had been harvested, behind both last year and the five-year average (23 percent). Farmers were hoping to achieve better harvest progress but last weekend's rains limited their ability to enter fields. Traders are expecting to see a sizeable jump in progress with next week's report but so far haven't put any risk premium in the market in case the jump isn't realized.

USDA's Thursday Export Sales report showed better than expected sales (the trade's average guess was between 0.5-0.7 MMT) with 0.814 MMT sold. Exports of 0.966 MMT were better than expected as well but still leave YTD exports 41 percent behind last year. Exports will likely be slow this week as China is celebrating a week-long national holiday. U.S. exports look to be stifled in the near term while Brazil has the competitive advantage. However, the tides typically turn and favor U.S.-origin corn during the fall. With the weather issues in Brazil right now, that turning point may come sooner rather than later.

Going forward, December corn futures are unlikely to make any sudden movements until the October WASDE is released next Thursday. The contract is near its lifetime low which won't be tested without strong fundamental reasoning. However, slow exports and large supplies will keep the contract from gaining any significant upward momentum. The December/March and March/May futures contract spreads show a bearish carry in the market and that sentiment is likely to prevail going forward.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending October 5, 2017			
Commodity	5-Oct	29-Sep	Net Change
Corn			
Dec 17	349.50	355.25	-5.75
Mar 18	362.50	367.75	-5.25
May 18	371.50	376.25	-4.75
Jul 18	379.25	383.75	-4.50
Soybeans			
Nov 17	968.25	968.25	0.00
Jan 18	979.00	978.50	0.50
Mar 18	988.00	987.75	0.25
May 18	997.00	995.75	1.25
Soymeal			
Oct 17	312.90	311.50	1.40
Dec 17	316.90	315.80	1.10
Jan 18	319.00	317.80	1.20
Mar 18	321.80	320.70	1.10
Soyoil			
Oct 17	32.77	32.57	0.20
Dec 17	33.00	32.82	0.18
Jan 18	33.18	32.99	0.19
Mar 18	33.41	33.23	0.18
SRW			
Dec 17	440.75	448.25	-7.50
Mar 18	459.50	466.50	-7.00
May 18	473.75	479.25	-5.50
Jul 18	486.00	490.75	-4.75
HRW			
Dec 17	434.25	442.75	-8.50
Mar 18	452.00	460.25	-8.25
May 18	465.75	474.00	-8.25
Jul 18	483.50	490.75	-7.25
MGEX (HRS)			
Dec 17	615.50	623.75	-8.25
Mar 18	629.00	637.00	-8.00
May 18	635.50	643.00	-7.50
Jul 18	639.50	645.00	-5.50

*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 (October 5-9), a meandering baroclinic zone is predicted to bring 1-4 inches of rain (locally greater amounts possible) from New Mexico across the south-central Plains, the north-central Mississippi Valley, and Great Lakes region. This may be enough to warrant some improvements across Kansas next week, if this forecast verifies. Across the eastern half of the Gulf Coast region, 2-4 inches of rain are generally anticipated, but these amounts could be exceeded if Tropical Depression 16 (TD-16) moves into that region. As of 2 PM EDT, Oct. 4, TD-16 is located near the coast of Nicaragua. This scenario would certainly help with some of the dryness across Alabama.

During the 6- to 10-day period (October 10-14), odds for above normal precipitation are elevated above climatological odds from about the western slopes of the Appalachians to the Atlantic Coast, and over extreme southern Texas. This would be expected to at least offset additional degradation across this region. From about the Mississippi Valley westward to the Pacific Coast, sub-normal precipitation amounts are favored.

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 28, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	496,500	715,500	9,378.5	14,010.8	-3%
Corn	855,400	966,000	3,111.7	12,164.1	-41%
Sorghum	119,000	300	285.9	1,315.5	32%
Barley	400	400	10.0	37.4	175%

Source: USDA/FAS

Corn: Net sales of 814,100 MT for 2017/2018 were reported for Mexico (190,600 MT), South Korea (119,600 MT), Colombia (116,700 MT, including 95,000 MT switched from unknown destinations), unknown destinations (115,300 MT), China (76,100 MT, including 65,000 MT switched from unknown destinations), and Honduras (65,300 MT, including 12,300 MT switched from unknown destinations). Reductions were reported for the French West Indies (8,300 MT). Exports of 966,000 MT were primarily to Mexico (401,500 MT), Japan (154,600 MT), Colombia (137,100 MT), South Korea (72,300 MT), and Peru (69,400 MT).

Optional Origin Sales: For 2017/2018, the current optional origin outstanding balance is 168,000 MT, all unknown destinations.

Barley: Net sales of 400 MT for 2017/2018 were reported for Taiwan. Exports of 400 MT were reported to South Korea (300 MT) and Japan (100 MT).

Sorghum: Net sales of 116,000 MT for 2017/2018 were reported for unknown destinations (66,000 MT) and China (50,000 MT). Exports of 300 MT were reported to Mexico.

U.S. Export Inspections: Week Ending September 28, 2017					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	14,122	24,258	58%
Corn	782,346	779,971	2,928,252	5,774,192	51%
Sorghum	1,272	130,165	250,295	372,831	67%
Soybeans	894,250	1,036,604	3,970,338	3,410,154	116%
Wheat	691,971	501,806	9,921,386	10,139,604	98%

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 September 28, 2017						
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	411,361	57%	63,140	100%	0	0%
PNW	123,999	17%	171	0%	0	0%
Interior Export Rail	183,651	26%	24	0%	1,272	100%
Total (Metric Tons)	719,011	100%	63,335	100%	1,272	100%
White Corn Shipments by Country (MT)			63,140	to Mexico		
			171	to South Korea		
			24	to Ireland		
Total White Corn (MT)			63,335			
Sorghum Shipments by Country (MT)					1,272	to Mexico
Total Sorghum (MT)					1,272	

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	0.60+Z	\$161.21	0.83+Z	\$170.27
FH November	0.56+Z	\$159.64	0.82+Z	\$169.87
LH November	0.57+Z	\$160.03	0.82+Z	\$169.87
December	0.58+Z	\$160.42	0.82+Z	\$169.87

Note on the White Corn export market: industry contacts report that the export market for White Corn is still undefined, but expect that values will start to solidify within the next few weeks.

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
November	1.40+Z	\$192.71	1.25+Z	\$186.80
December	1.40+Z	\$192.71	1.25+H	\$191.92

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	October	November	December
New Orleans	\$142	\$142	\$142
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	October	November	December
New Orleans	\$575	\$575	\$575
<i>*5-10,000 MT Minimum</i>			
Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)			
	October	November	December
Rail Delvd. Chicago	\$505	\$505	\$505
Rail Delvd. Savannah	\$510	-	-
Truck Delvd. Chicago	\$505	\$505	\$505

DDGS Price Table: October 5, 2017 (USD/MT)			
(Quantity, availability, payment and delivery terms vary)			
Delivery Point	October	November	December
Quality Min. 35% Pro-fat combined			
Barge CIF New Orleans	164	163	163
FOB Vessel GULF	175	173	173
Rail delivered PNW	189	190	190
Rail delivered California	191	192	192
Mid-Bridge Laredo, TX	188	187	188
FOB Lethbridge, Alberta	167	169	169
40 ft. Containers to South Korea (Busan)	197	196	197
40 ft. Containers to Taiwan (Kaohsiung)	196	196	197
40 ft. Containers to Philippines (Manila)	203	204	205
40 ft. Containers to Indonesia (Jakarta)	196	196	197
40 ft. Containers to Malaysia (Port Kelang)	196	196	197
40 ft. Containers to Vietnam (HCMC)	202	203	204
40 ft. Containers to Japan (Yokohama)	202	202	203
40 ft. containers to Thailand (LCMB)	198	198	198
40 ft. Containers to China (Shanghai)	204	204	205
40 ft. Containers to Bangladesh (Chittagong)	220	220	221
40 ft. Containers to Myanmar (Yangon)	219	219	220
KC & Elwood, IL Rail Yard (delivered Ramp)	157	158	159

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 export prices are steady/lower as the corn market's malaise reduces interest in forward contracting other commodities. U.S. exporters are reporting the Asian market has been very quiet with excitement over the Vietnamese market having faded somewhat. China, while not a major player in the DDGS market, is on holiday for this week which is reducing trading activity elsewhere in Asia.

Domestic U.S. prices have been steady with ethanol (and therefore DDGS) production increasing this week. Merchandisers are reporting near term inventory is almost all sold, leaving ethanol plants with little incentive to lower asking prices. Barge CIF NOLA rates are still increasing due to transportation issues along the Mississippi River, and rates for October barges to NOLA hit \$161/MT this week. FOB Gulf prices are steady with last week for October shipment, but November/December shipments fell \$1/MT. Prices for 40-foot containers destined for Southeast Asia were mixed but largely steady this week. Prices averaged \$198.50/MT this week, nearly the same as last week.

USDA's latest trade data shows U.S. DDGS exports YTD in 2017 hit 7.3 MMT, down 3 percent from the same period last year. Exports in August were 0.761 MMT, down 24 percent from July 2017 and down 66 percent from August 2016. The year-over-year change fails to reflect the true robustness of the U.S. export program, however, because exporters have overcome additional challenges this year. Thus, a DDGS export program nearly equal to the prior year shows the true value and competitiveness of U.S.-product on the international market.

COUNTRY NEWS

Middle East: Saudi Arabia tendered for 540 KMT of barley and Tunisia tendered for both barley and durum wheat. (Reuters)

Russia: Russian Agriculture Minister Alexander Tkachev says that railway transport of grains will be subsidized beginning in October. (TASS)

Vietnam: Imports of feed ingredients from Argentina are up 4.92 percent this year and imports of corn have risen 64.66 percent in volume and 59.83 percent in value. (Thai News Service)

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	\$41.50	Down \$0.75	Handymax at \$42.00
55,000 U.S. PNW- Japan	\$23.00	Down \$0.50	Handymax at \$23.50
65,000 U.S. Gulf – China	\$41.00	Down \$0.75	North China
PNW to China	\$22.75	Down \$0.50	
25,000 U.S. Gulf - Veracruz, México	\$16.25	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf - Veracruz, México	\$13.75	Unchanged	Deep draft and 6,000 MT/day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia	\$19.50	Unchanged	West Coast Colombia at \$27.50
From Argentina	\$29.50	Unchanged	
40-45,000 U.S. Gulf - Guatemala	\$27.50	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$28.75	Down \$0.25	8,000 MT daily discharge
	\$31.75	Down \$0.25	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$28.00	Down \$0.25	5,000 discharge rate
55,000 U.S. Gulf –Egypt	\$25.75	Down \$0.25	55,000 -60,000 MT
PNW to Egypt	\$25.00	Down \$0.50	St. Lawrence to Egypt \$26.00
60-70,000 U.S. Gulf – Europe – Rotterdam	\$16.75	Down \$0.25	Handymax at +\$1.50 more
Brazil, Santos –China	\$33.00	Down \$0.25	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up River	\$32.00	Down \$0.25	
Amazonia North Brazil - China	\$35.50	Down \$0.25	
56-60,000 Argentina-China	\$39.50	Down \$0.75	

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 seems a bit amazing that the Baltic Dry-Bulk freight indices can move up and down by 300 to 600 points per day, even in relatively quiet markets. But I guess that is just evidence of the amount of paper trading that takes place as it does not directly correlate with the degree of rate movement in the physical markets.

This week's market action saw a continued softening in the Baltic Indices and some slightly lower priced physical vessel fixtures. At week's end the market is trying to stop the slide and recover slightly; probably with the hope that things will improve once the Chinese return from the golden week holiday. We are of course in full swing with the North America corn and soybean harvest, and vessel demand from the U.S. Gulf is increasing daily.

Baltic-Panamax Dry-Bulk Indices				
October 5, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	17,678	17,830	-152	-0.9%
P3A: PNW/Pacific– Japan	11,397	11,230	167	1.5%
S1C: U.S. Gulf-China-S. Japan	20,528	22,706	-2178	-9.6%

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:

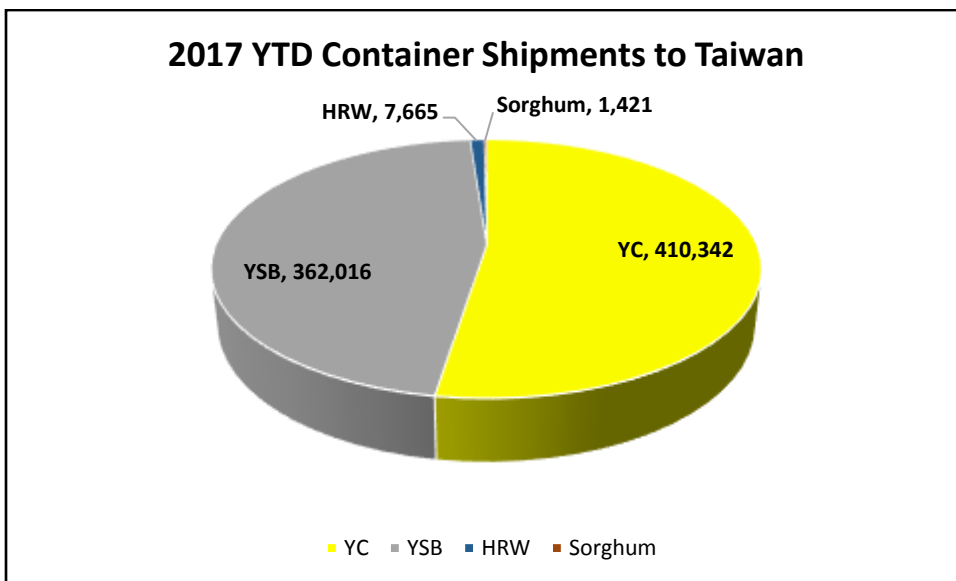
Week Ending October 5, 2017	
Four weeks ago:	\$7.25 - 7.60
Three weeks ago:	\$7.75 - 8.05
Two weeks ago:	\$7.75 - 8.05
One week ago:	\$7.30 - 7.90
This week	\$7.40 - 8.25

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
October 5, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.82	0.57	0.25	\$9.84	PNW
Soybeans	0.75	0.55	0.20	\$7.87	PNW
Ocean Freight	\$22.75	\$41.00	0.48-0.50	\$18.25	Oct.

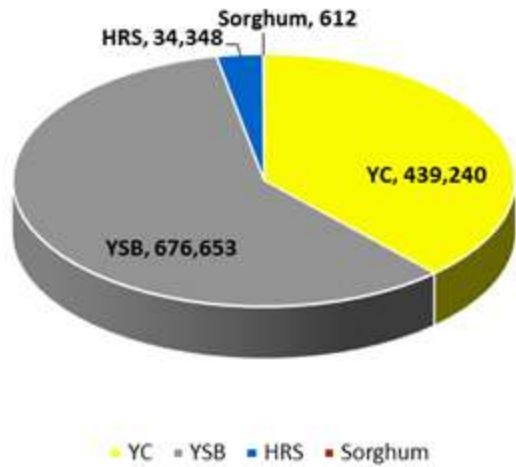
Source: O'Neil Commodity Consulting

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



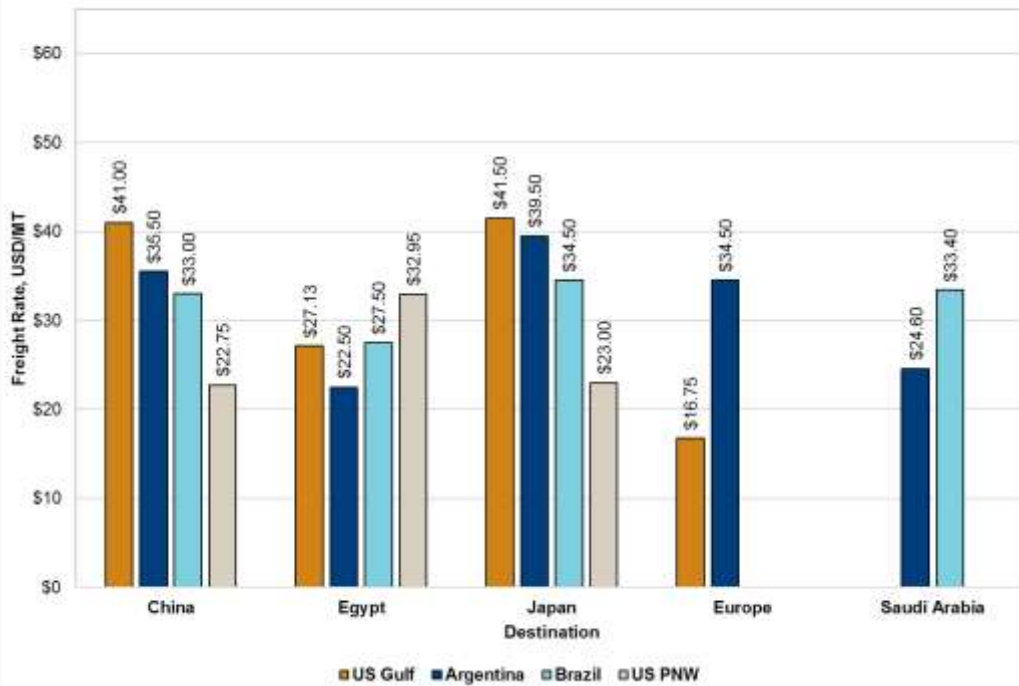
Source: O'Neil Commodity Consulting

2016 Container Shipments to Taiwan

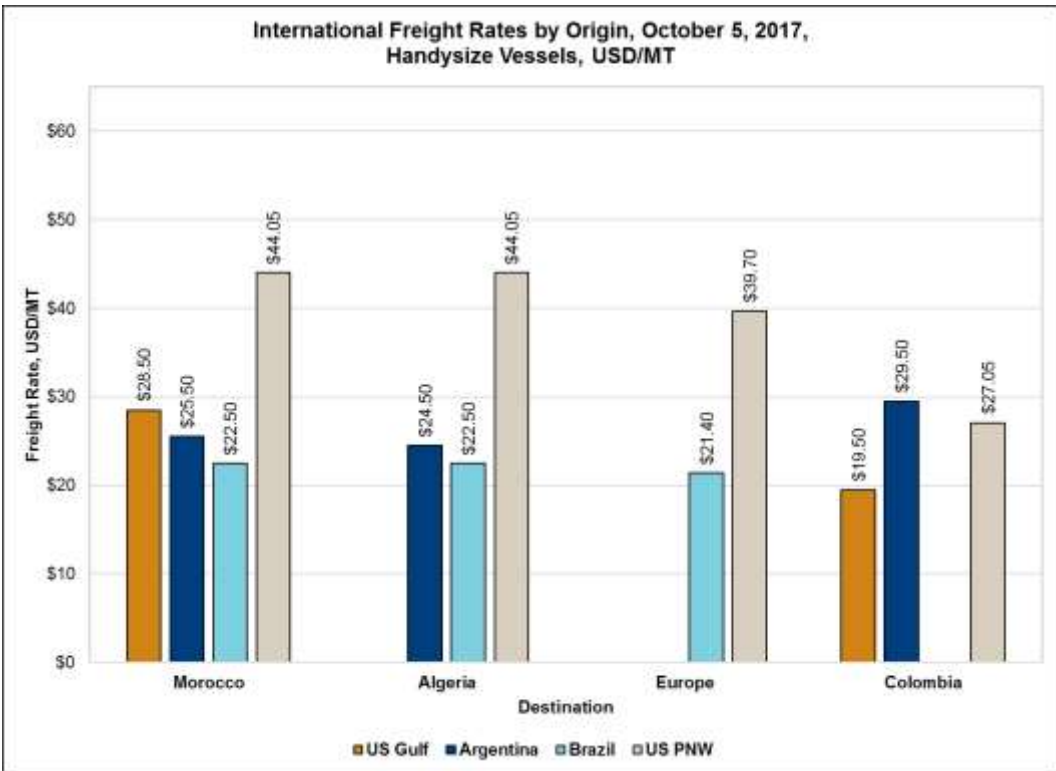


Source: O'Neil Commodity Consulting

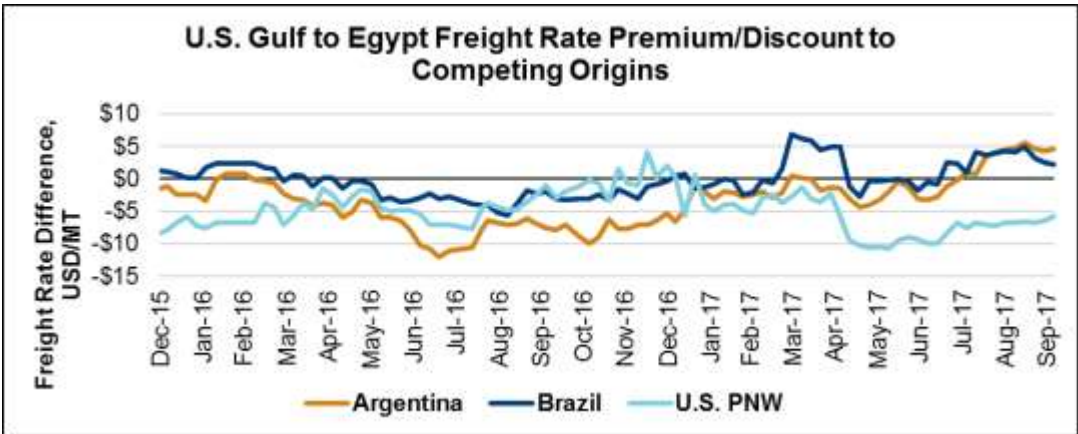
International Freight Rates by Origin, October 5, 2017, Supramax/Panamax Vessels, USD/MT



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

Interest Rates (%): October 5, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	4.25	4.25	3.5
LIBOR (6 month)	1.51	1.50	1.45
LIBOR (1 year)	1.80	1.79	1.71

Source: www.bankrate.com