



February 22, 2018

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 7

OCEAN FREIGHT MARKETS AND SPREAD 9

OCEAN FREIGHT COMMENTS 9

INTEREST RATES..... 12

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 March Contract					
\$/Bu	Friday February 16	Monday February 19	Tuesday February 20	Wednesday February 21	Thursday February 22
Change	-0.250	0.000	-2.000	0.250	1.0000
Closing Price	367.50	0.00	365.50	365.75	366.75
Factors Affecting the Market	<p>March corn finished down a quarter-cent for the day but up 5 1/2 for the week as dryness in Argentina threatens that country's crop. Cash corn prices are near three-month highs on the back of the futures rally. Outside markets were higher with the dollar up 48 points and U.S. equities steady/higher.</p>	<p>Markets were closed for the Presidents Day holiday.</p>	<p>March corn finished lower after touching a four-month high at \$3.70. Hedge and commercial selling was active. USDA said 36.9 million bushels of corn were exported last week, keeping YTD totals down 36 percent. Friday's CFTC data shows funds bullish corn and net long. Outside markets were mixed.</p>	<p>Trading was low-volume and slow with little fresh news to digest. The trade is looking to the USDA Outlook Forum's acreage numbers tomorrow. EIA's weekly ethanol report was delayed until tomorrow due to Monday's holiday. Outside markets were unsupportive for corn with a higher dollar and lower equities.</p>	<p>The USDA pegged 2018 U.S. corn acres at 90.0 million, in-line with market expectations. USDA included a sizeable increase in minor feed grains. Argentina's Buenos Aires Grain Exchange lowered its crop production forecast to 37 MMT. Outside markets were supportive.</p>

Outlook: USDA announced its forecast for 2018 U.S. corn acreage on Thursday: 90.0 million acres. The latest forecast is 200,000 acres less than the agency predicted in the February WASDE. The move, assuming USDA's February WASDE yield projection of 176.6 bushels/acre, would imply a 33-million-bushel decrease in production, pushing production to 14.601 billion bushels.

Outside of the latest USDA planting figures, Argentina was the primary driver of the corn market this week. Even that effect was muted, however, as March corn futures traded a narrow range. The drought in Argentina is causing crop quality concerns along with doubts about the country's production. On Thursday, the Buenos Aires Grain Exchange lowered its forecast for the country's corn crop by 2 MMT to 37 MMT. If realized, that would be a 4 MMT reduction from the 206/17 crop.

The drought in Argentina contrasts with the excessively rainy Brazilian weather. The latter has delayed planting of the second corn crop, despite soybean harvest progressing nearly as normal. This, combined with the Argentine drought, could be sufficient to extend the corn market's rally.

The U.S. Energy Information Agency said ethanol production increased last week to 1.068 million barrels per day as ethanol stocks fell by 100,000 barrels. Ethanol has been a bright spot for corn demand and, with ethanol margins pushing further into positive territory, it looks to continue this role.

U.S. corn exports remain slow heading into their traditional seasonal upswing. USDA's Export Sales report is delayed until Friday, February 23 due to the February 19 President's Day holiday in the U.S., but the Export Inspections report showed 36.9 million bushels were inspected last week. The weekly figure is below what was

needed to keep pace with USDA's projections. YTD exports are down 36 percent, but FOB NOLA corn remains among the most competitive origins available.

From a technical standpoint, March corn futures are still in an uptrend-supported rally. The 10-day moving average has become a key support point while resistance is found at \$3.70. Funds have turned bullish corn and should provide near-term support. Cash prices are rising and basis narrowing, a further sign of strength in the market. But, with plenty of corn in bins around the U.S., gains will be met with resistance, first at \$3.70 and then again at the 200-day moving average (\$3.73 ½).

CBOT MARCH CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending February 22, 2018			
Commodity	22-Feb	16-Feb	Net Change
Corn			
Mar 18	366.75	367.50	-0.75
May 18	374.75	375.00	-0.25
Jul 18	382.50	382.75	-0.25
Sep 18	389.50	389.50	0.00
Soybeans			
Mar 18	1032.00	1021.50	10.50
May 18	1043.25	1032.50	10.75
Jul 18	1052.50	1042.25	10.25
Aug 18	1053.00	1043.25	9.75
Soymeal			
Mar 18	376.90	373.30	3.60
May 18	379.60	376.00	3.60
Jul 18	379.10	373.80	5.30
Aug 18	374.60	368.40	6.20
Soyoil			
Mar 18	32.04	31.54	0.50
May 18	32.25	31.73	0.52
Jul 18	32.41	31.92	0.49
Aug 18	32.49	32.03	0.46
SRW			
Mar 18	451.25	457.75	-6.50
May 18	464.25	471.50	-7.25
Jul 18	479.00	486.50	-7.50
Sep 18	495.25	502.50	-7.25
HRW			
Mar 18	470.75	478.50	-7.75
May 18	486.25	493.50	-7.25
Jul 18	504.25	510.50	-6.25
Sep 18	522.00	527.75	-5.75
MGEX (HRS)			
Mar 18	603.00	605.25	-2.25
May 18	615.75	615.75	0.00
Jul 18	625.75	624.25	1.50
Sep 18	632.50	631.00	1.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: An active stormy pattern looks to continue in the central and eastern United States as we progress into next week. As a front continues to settle over the central, south-central, and eastern United States, expect moderate to heavy precipitation to continue in these areas late this week. A new storm system this weekend may deliver some rain and snow to parts of the central Plains, Midwest, Great Lakes, and mid-South. Mainly dry conditions are forecasted to persist in Florida, the Carolinas, and most of the low elevation areas of Nevada and California. Some precipitation approaching an inch is possible in the Sierra Nevada. Generally, temperatures in the western United States should fall below normal,

while temperatures in the eastern United States will likely be warmer than normal. More variable temperatures are anticipated in the central United States.

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 Monday, February 19 holiday, weekly U.S. export sales will be published on Friday, February 23. Updated U.S. export sales will be next published in the March 1, 2018 edition of *Market Perspectives*.

U.S. Export Inspections: Week Ending February 15, 2018					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	220	539	20,606	30,927	67%
Corn	938,099	846,108	16,644,605	24,449,896	68%
Sorghum	195,150	33,072	2,514,236	3,044,994	83%
Soybeans	960,066	1,338,875	37,011,315	42,722,063	87%
Wheat	422,298	499,825	17,546,208	18,388,515	95%

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 February 15, 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	499,378	54%	0	0%	126,053	65%
PNW	306,487	33%	122	2%	59,403	30%
Interior Export Rail	124,229	13%	7,883	98%	9,694	5%
Total (Metric Tons)	930,094	100%	8,005	100%	195,150	100%
White Corn Shipments by Country (MT)			122	to Korea		
			7,883	to Mexico		
Total White Corn (MT)			8,005			
Sorghum Shipments by Country (MT)					194,762	to China
					98	to Korea
					290	to Mexico
Total Sorghum (MT)					195,150	

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)
March	0.73+H	\$173.12	0.93+H	\$180.99
April	0.68+K	\$174.30	0.84+K	\$180.60
May	0.66+K	\$173.51	0.86+K	\$181.39

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	March	April	May
Gulf	\$176	\$176	\$176

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
March	1.45+H	\$201.46	1.25+K	\$196.74
April	1.45+K	\$204.61	1.25+K	\$196.74

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	March	April	May
New Orleans	\$165	\$160	\$155
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	March	April	May
New Orleans	\$590	\$585	\$580
<i>*5-10,000 MT Minimum</i>			
Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)			
	March	April	
Rail Delvd. Chicago	\$520	\$520	
Rail Delvd. Savannah	\$522	\$522	
Truck Delvd. Chicago	\$520	\$520	

DDGS Price Table: February 22, 2018 (USD/MT)
 (Quantity, availability, payment and delivery terms vary)

Delivery Point Quality Min. 35% Pro-fat combined	March	April	May
Barge CIF New Orleans	210	207	206
FOB Vessel GULF	220	216	212
Rail delivered PNW	232	229	228
Rail delivered California	234	230	229
Mid-Bridge Laredo, TX	230	228	227
FOB Lethbridge, Alberta	197	196	195
40 ft. Containers to South Korea (Busan)	237	236	236
40 ft. Containers to Taiwan (Kaohsiung)	238	238	237
40 ft. Containers to Philippines (Manila)	241	241	241
40 ft. Containers to Indonesia (Jakarta)	236	236	235
40 ft. Containers to Malaysia (Port Kelang)	236	236	235
40 ft. Containers to Vietnam (HCMC)	243	242	242
40 ft. Containers to Japan (Yokohama)	235	235	235
40 ft. containers to Thailand (LCMB)	235	235	235
40 ft. Containers to China (Shanghai)	240	240	240
40 ft. Containers to Bangladesh (Chittagong)	268	268	268
40 ft. Containers to Myanmar (Yangon)	264	264	264
KC Rail Yard (delivered ramp)	196	195	195
Elwood, IL Rail Yard (delivered ramp)	202	201	201

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 generally up across the board from last week. There is some market chatter regarding domestic buyers increasing DDGS in rations; meanwhile, Kansas City soybean meal increased this week from last. Slowing rail traffic remains a key logistical issue. Barge CIF NOLA prices are \$8/MT higher this week while FOB Gulf DDGS values are also up \$7/MT.

The export market, quiet lately in part due to the Chinese New Year and Tet Holiday in Vietnam, is reportedly picking back up as buyers return to their desks. Merchandisers report increased interest from Asian markets including Indonesia and Vietnam. Prices for 40-foot containers to Indonesia (Jakarta) and Vietnam (HCMC) are up modestly this week from last, and on average DDGS destined for Southeast Asia increased \$2/MT this week.

COUNTRY NEWS

Argentina: The forecast indicates there is little likelihood for rain over the short-term. A "worst case scenario" may be developing with corn the hardest hit. As much as 58 percent of the crop is said to be in poor condition. The Rosario Grain Exchange has lowered its estimate for corn production to 35 MMT, versus USDA's February prediction of 39 MMT. (Reuters; AgriCensus)

Brazil: The consultancy AgRural has put the harvest of the center-south's first crop corn at 15 percent, versus 16 percent a year ago, and planting of the safrinha crop at 26 percent, which is 5 percent behind average. Meanwhile, corn export sales in the first half of February were 732 KMT, which is more than during the whole month of February in 2017. Sales to the EU have increased five-fold and now account for almost half of all

European imports. Sale prices (\$182.50 - \$190.50/MT) have been 95-115 percent premiums to Chicago's March contract as supplies tighten and uncertainty mounts over planting of the safrinha crop. (AgriCensus)

France: FranceAgriMer says the corn production area in 2017 fell by 2.6 percent but total production increased 14.8 percent as yields increased by 15 percent to 9.74 MT/ha. Meanwhile, barley prices hit €165/MT FOB Rouen, a two-year record due to tightening supplies. (AgriCensus; Reuters)

Kenya: Drought has forced the highest amount of maize imports in the past five years. Thus far this year 77.5 KMT (\$31.2 million) have been purchased from Uganda and 10 KMT from Tanzania, but supply is not keeping up with demand. The National Cereals and Produce Board is expected to purchase another 51.75 KMT. (EastAfrican)

Russia: Barley sales reached 3.93 MMT, a 96 percent increase over 2017/18. Corn exports reached 2.93 MMT, a 3.2 percent reduction from last year. (AgriCensus)

Saudi Arabia: Tightening global barley stocks forced the state buying agency SAGO to pay 12.3 percent more for a recent purchase of 960 KMT of feed barley. The country typically buys 8 MMT of barley to feed its goat, camel and sheep herds. (AgriCensus)

South Africa: Rainfall has arrived, but it is late and has impacted plantings. Production in the northwest part of the production area is still facing issues. USDA's export forecast of 1.7 MMT for South Africa may have to be cut. (AgriCensus)

South Korea: The major feed organizations NOFI and KFAB have tendered for a total of 128 KMT of corn for May loading and June delivery to the port of Busan. Buyers are getting anxious over rising prices as a result of Argentina's drought. (AgriCensus)

Ukraine: The Argentine situation is giving Ukraine an edge in selling corn during March/April. However, premiums for FOB March Panamax loadings (\$0.80/bushel over the Chicago March contract or \$182.50/MT) have been pushed to 18-month highs. Key buyers are China, the EU and Egypt but the sale of Panamax vessels to China has created tight logistics. China is now likely to take 3 MMT of corn from Ukraine, versus 2 MMT last year, and the EU is likely to come into the market in April when stocks have been run low. (Platts)

Still, the margins being received by farmers are severely pressured, falling into the single digits according to the Ukraine Grain Association. The Association says that margins were 46 percent last year. Low global prices have caused sellers to become discerning. (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	\$44.00	Up \$1.00	Handymax at \$44.25/MT
55,000 U.S. PNW-Japan	\$23.75	Up \$0.50	Handymax at \$24.25/MT
65,000 U.S. Gulf-China	\$43.00	Up \$0.75	North or South China
PNW to China	\$23.00	Up \$0.50	
25,000 U.S. Gulf-Veracruz, Mexico	\$16.00	Up \$0.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, Mexico	\$13.75	Up \$0.25	Deep draft and 6,000 MT/day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia	\$19.50	Up \$0.50	West Coast Colombia at \$28.00
From Argentina	\$33.50	Up \$0.50	
40-45,000 U.S. Gulf-Guatemala	\$28.00	Up \$0.75	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$31.00	Up \$0.75	8,000 MT daily discharge
	\$32.75	Up \$0.75	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$30.25	Up \$0.75	Discharge rate: 5,000
55,000 U.S. Gulf-Egypt	\$28.00	Up \$0.75	55,000-60,000 MT
PNW to Egypt	\$26.75	Up \$0.75	Russia Black Sea-Egypt \$14.25
60-70,000 U.S. Gulf-Europe-Rotterdam	\$16.50	Up \$0.50	Handymax at +\$1.75 more
Brazil, Santos-China	\$33.00	Up \$0.50	54-59,000 Supramax-Panamax
Itacoatiara Port up River	\$32.00	Up \$0.50	60-66,000 Post Panamax
Amazonia North Brazil-China	\$36.50	Up \$0.50	
56-60,000 Argentina-China	\$38.50	Up \$0.50	Upriver with 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: Today is the first work day back from the Lunar New Year Holiday (it is now the year of the dog). Asian exchanges and markets are back up and running. Trading volumes are understandably low and slow as everyone gradually returns to work. As expected, vessel owners and traders are anticipating that demand will ramp back up and that freight values will rise. We are therefore looking at slightly higher offers in the market today. Next week's activity will provide a better indication of just how strong cargo demand is and where rates can go.

Grain shipments from East Coast South America are increasing, but vessel lineups at both the U.S. Gulf and PNW remain fairly strong, especially for sorghum cargoes out of the Texas Gulf.

Baltic-Panamax Dry-Bulk Indices				
February 22, 2018	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	18,257	16,795	1,462	8.7%
P3A: PNW/Pacific– Japan	10,713	9,245	1,468	15.9%
S1C: U.S. Gulf-China-S. Japan	22,867	21,939	928	4.2%

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 February 22, 2018	
Four weeks ago:	\$4.90-\$6.85
Three weeks ago:	\$6.60-\$7.50
Two weeks ago:	\$6.20-\$6.70
One week ago:	\$6.40-\$6.85
This week	\$5.85-\$7.15

Source: O'Neil Commodity Consulting

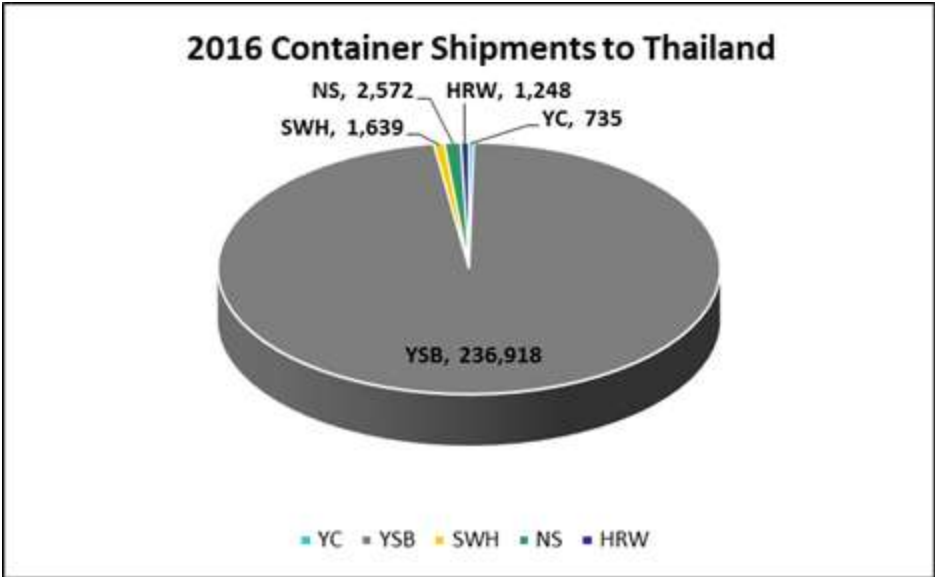
U.S.-Asia Market Spreads					
February 22, 2018	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.85	0.64	0.21	\$8.27	PNW
Soybeans	0.85	0.42	0.43	\$16.93	PNW
Ocean Freight	\$23.00	\$43.00	0.50-0.54	\$20.00	April

Source: O'Neil Commodity Consulting

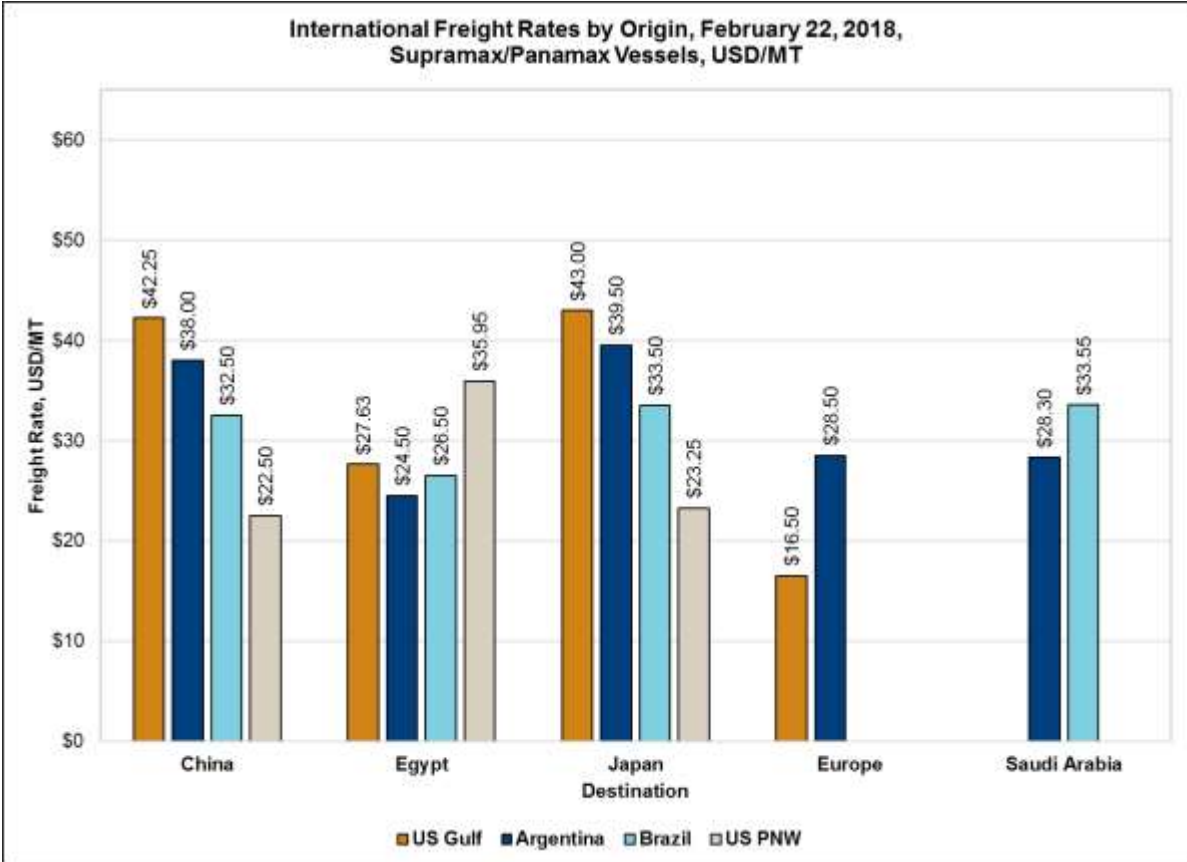
The charts below represent 2017 annual totals versus 2016 annual totals for container shipments to Thailand.



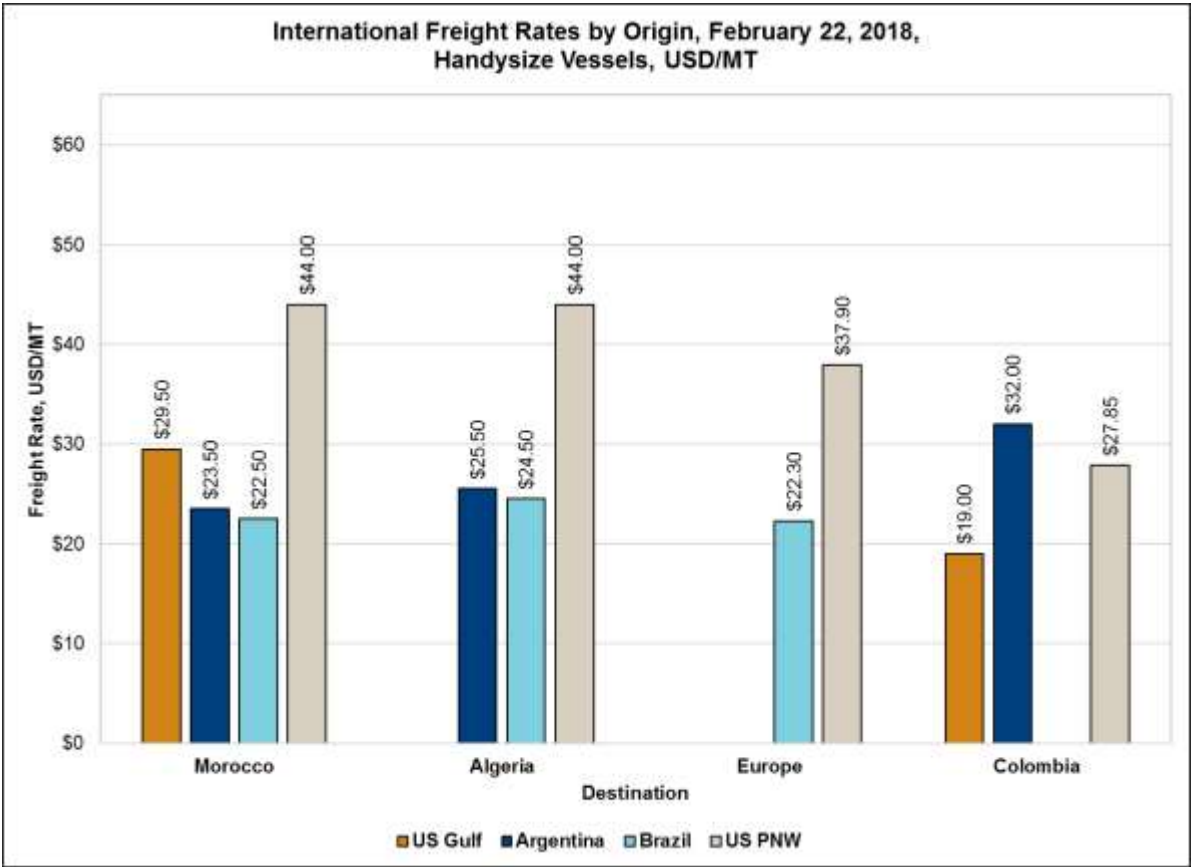
Source: O'Neil Commodity Consulting



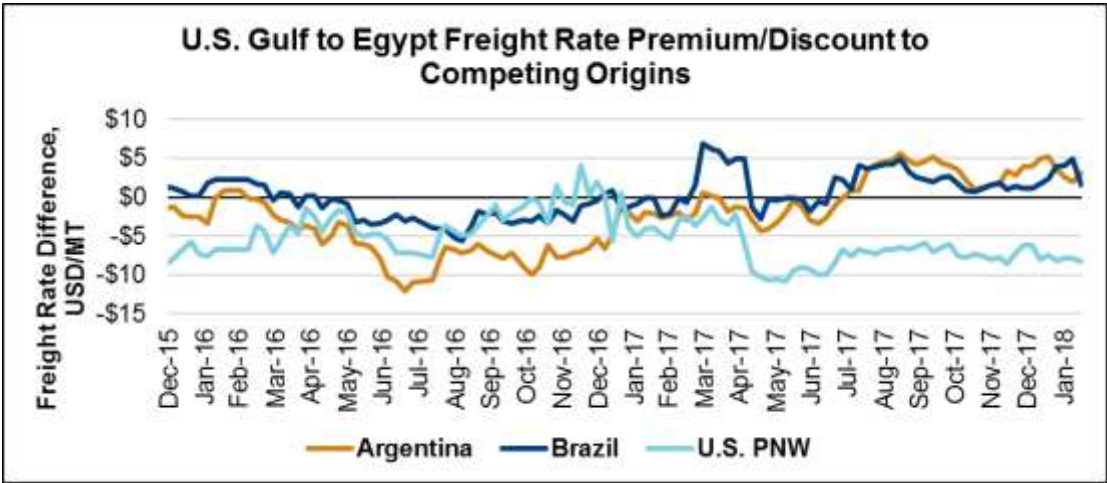
Source: O'Neil Commodity Consulting



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



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INTEREST RATES

Interest Rates (%): February 22, 2018			
	Current Week	Last Week	Last Month
U.S. Prime	4.5	4.5	4.5
LIBOR (6 month)	2.13	2.06	1.93
LIBOR (1 year)	2.41	2.33	2.22

Source: www.bankrate.com