



**August 24, 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<br>August 18  | Monday<br>August 21   | Tuesday<br>August 22   | Wednesday<br>August 23  | Thursday<br>August 24   |
| <b>Change</b>                              | 1.500  | -2.750  | -3.000   | -4.250  | 0.500   |
| <b>Closing Price</b>                       | 365.75   | 363.00  | 360.00   | 355.75  | 356.25  |
| <b>Factors Affecting the Market</b>        | Dry weekend weather suspended selling action today. Cash corn prices are weaker and at 2017 lows, offering nothing to support futures prices. The dollar fell 25 points as U.S. equities ended the week on a down note due to U.S. political tensions. | Rain in IA and other key Midwest states emboldened bears, despite USDA's report that corn exports are up 25% YTD. Friday's CFTC data shows funds steadily cutting long positions, adding to selling pressure. The U.S. dollar fell 33 points. | USDA reported that the corn crop is behind schedule, only 29% dented versus 35% on average, but the lack of early frost in long-term weather forecasts means the delay is of no concern. Futures are dutifully following their seasonal trend: down. | Dec. corn reached a new contract low as the trade has no worries about procuring corn this year. Even with a smaller yield, large carry-in stocks virtually assure the market will be well-supplied. The weather is expected to remain favorable this week. | Corn cautiously closed higher on dryness in IL and variability in reported crop tour yields. Exports are slow but strong, up 22% YTD with 28.5 M bu. exported last week. Outside market were mixed with the dollar higher ahead of the Fed meeting. |

**Outlook:** December corn futures can't seem to catch a bid. Following the USDA's August WASDE, the contract has traded one direction: down. While the crazy weather this spring/early summer will still have a yet-untold impact on crop yields, USDA and early-season crop tours seem to agree the effect won't be that big. The market can easily handle some production loss, especially given the large carry-in stocks available.

From a development standpoint, the U.S. corn crop isn't in great shape statistically. The latest USDA report estimated 62% of the nation's corn rated good/excellent while Illinois' corn crop included 14% poor/very poor ratings. Across the U.S., 76% of the corn is in dough stage while only 29% is dented. Typically, 35% of the corn is dented at this point in the crop year.

While the statistics are less-than-stellar, American farmers have proven that, with the help of ever-improving genetics, they can overcome all but the worst weather challenges. Early results from various Midwest crop tours show wide variability in corn conditions but are generally supportive of trend-or-higher yields. A bigger threat now, given the crop's development delays, would be an early frost or hard freeze. Long-term weather forecasts do not currently include an abnormally early frost/freeze, which means trend-or-higher yields are the most probable outcome.

From a technical standpoint, December corn is trending down but due for a correction. Both the near- and intermediate-term trends are lower but the contract is becoming oversold. The RSI hit 30% and stochastic oscillators are at their lowest values since before the early-July weather rally. Accordingly, December corn is vulnerable to a correction higher. Commercial buying will likely lead the way, and cash prices/basis bids should be closely watched. Cash prices are heading lower every day but basis is starting to firm near 50 cents under December futures.

# CBOT DECEMBER CORN FUTURES



Source: Prophet X

**Current Market Values:**

| <b>Futures Price Performance: Week Ending August 24, 2017</b> |               |               |                   |
|---|---------------|---------------|-------------------|
| <b>Commodity</b>  | <b>24-Aug</b> | <b>18-Aug</b> | <b>Net Change</b> |
| <b>Corn</b>   |               |               |                   |
| Sep 17  | 342.00        | 352.00        | -10.00            |
| Dec 17  | 356.25        | 365.75        | -9.50             |
| Mar 18  | 368.75        | 377.75        | -9.00             |
| May 18  | 375.50        | 384.00        | -8.50             |
| <b>Soybeans</b>   |               |               |                   |
| Sep 17  | 941.25        | 937.50        | 3.75              |
| Nov 17  | 946.50        | 937.75        | 8.75              |
| Jan 18  | 955.25        | 945.75        | 9.50              |
| Mar 18  | 964.00        | 953.75        | 10.25             |
| <b>Soymeal</b>  |               |               |                   |
| Sep 17  | 297.60        | 297.20        | 0.40              |
| Oct 17  | 299.00        | 298.70        | 0.30              |
| Dec 17  | 300.90        | 300.50        | 0.40              |
| Jan 18  | 301.80        | 301.50        | 0.30              |
| <b>Soyoil</b>   |               |               |                   |
| Sep 17  | 34.78         | 33.61         | 1.17              |
| Oct 17  | 34.90         | 33.74         | 1.16              |
| Dec 17  | 35.13         | 33.97         | 1.16              |
| Jan 18  | 35.27         | 34.13         | 1.14              |
| <b>SRW</b>  |               |               |                   |
| Sep 17  | 409.00        | 416.00        | -7.00             |
| Dec 17  | 434.50        | 442.50        | -8.00             |
| Mar 18  | 457.25        | 465.25        | -8.00             |
| May 18  | 471.75        | 479.75        | -8.00             |
| <b>HRW</b>  |               |               |                   |
| Sep 17  | 405.50        | 414.50        | -9.00             |
| Dec 17  | 433.25        | 442.25        | -9.00             |
| Mar 18  | 451.75        | 460.75        | -9.00             |
| May 18  | 466.00        | 475.00        | -9.00             |
| <b>MGEX (HRS)</b>   |               |               |                   |
| Sep 17  | 650.50        | 668.75        | -18.25            |
| Dec 17  | 668.75        | 682.50        | -13.75            |
| Mar 18  | 673.00        | 682.25        | -9.25             |
| May 18  | 666.50        | 672.00        | -5.50             |

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

**U.S. WEATHER/CROP PROGRESS**

| <b>U.S. Crop Condition: August 21, 2017</b> |                  |             |             |             |                  |
|---|------------------|-------------|-------------|-------------|------------------|
| <b>Commodity</b>                            | <b>Very Poor</b> | <b>Poor</b> | <b>Fair</b> | <b>Good</b> | <b>Excellent</b> |
| Corn  | 3%               | 9%          | 26%         | 48%         | 14%              |
| Sorghum                                     | 2%               | 5%          | 27%         | 56%         | 10%              |
| Barley                                      | 9%               | 13%         | 29%         | 39%         | 10%              |

Source: USDA; barley condition data reflects the August 14, 2017 report.

**U.S. Drought Monitor Weather Forecast:** Looking at the next 7 days, Tropical System Harvey is forecasted to make landfall in southeast Texas Friday morning bringing with it several days of heavy rainfall in eastern Texas, Louisiana, and the lower Mississippi Valley Friday through early next week. Precipitation totals may approach 1 foot in some locations. Elsewhere, precipitation totals may total 1-2 inches in the northern High Plains stretching southwestward into the Texas Panhandle and New Mexico. Another tropical disturbance is forecasted to bring precipitation to southern Florida and depending on its development and track, along the Southeastern coastline. An active weather is expected in the Southwest as weak disturbances move over New Mexico. Temperatures will remain below normal for much of the eastern half of the country while the western half will be above normal. The coolest anomalies will be in the South and Southeast.

Looking ahead 8-14 days, the Climate Prediction Center's outlook calls for the greatest probability of above normal temperatures in the Northwest while the South and Southeast have the best odds of being cooler than normal. Odds are in favor of precipitation falling in the Southwest and East while the Midwest and Northwest remain dry.

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 August 17, 2017 |                  |              |                     |                      |                       |
|--|------------------|--------------|---------------------|----------------------|-----------------------|
| Commodity  | Gross Sales (MT) | Exports (MT) | YTD Exports (000MT) | YTD Bookings (000MT) | % Change YTD Bookings |
| Wheat  | 412,500          | 499,000      | 6,426.6             | 11,547.6             | 0%                    |
| Corn   | 175,900          | 725,000      | 53,715.7            | 56,575.5             | 13%                   |
| Sorghum  | 78,800           | 52,600       | 4,673.9             | 4,891.7              | -40%                  |
| Barley   | 0                | 900          | 7.3                 | 36.3                 | 205%                  |

Source: USDA/FAS

**Corn:** Net sales of 102,400 MT for 2016/2017 were up 64 percent from the previous week and 68 percent from the prior 4-week average. Increases were reported for Costa Rica (47,600 MT, including 27,400 MT switched from Mexico and 17,100 MT switched from unknown destinations), Japan (44,900 MT, switched from unknown destinations), Mexico (43,200 MT), Peru (26,200 MT, switched from unknown destinations), and Venezuela (20,000 MT). Reductions were reported for unknown destinations (139,000 MT) and Colombia (4,700 MT). For 2017/2018, net sales of 423,300 MT were reported primarily for unknown destinations (137,600 MT), Japan (99,600 MT), and Mexico (92,900 MT). Reductions of 11,000 MT were reported for Ireland. Exports of 725,000 MT were up 4 percent from the previous week, but down 21 percent from the prior 4-week average. The primary destinations were Mexico (278,100 MT), Japan (152,000 MT), Peru (100,300 MT), Colombia (73,200 MT), and Costa Rica (47,600 MT).

**Optional Origin Sales:** The current 2016/2017, optional origin outstanding balance is 54,000 MT, all unknown destinations. For 2017/2018, the current outstanding balance is 112,000 MT, all unknown destinations.

**Barley:** No net sales were reported for the week. Exports of 900 MT were reported to Japan.

**Sorghum:** Net sales of 42,800 MT for 2016/2017 were up noticeably from the previous week, but down 25 percent from the prior 4-week average. Increases were reported for China (36,800 MT), Japan (15,000 MT), and Taiwan (300 MT). Reductions were reported for Mexico (9,300 MT). For 2017/2018, net sales of 138,200 MT were reported for unknown destinations (66,000 MT), China (53,000 MT), Japan (10,000 MT), and Mexico (9,200 MT). Exports of 52,600 MT were down 24 percent from the previous week and 47 percent from the prior 4-week average. The destinations were China (49,700 MT), Mexico (2,600 MT), and Taiwan (300 MT).

### U.S. Export Inspections: Week Ending August 17, 2017

| Commodity (MT) | Export Inspections |               | Current Market YTD | Previous YTD | YTD as Percent of Previous |
|----------------|--------------------|---------------|--------------------|--------------|----------------------------|
|                | Current Week       | Previous Week |                    |              |                            |
| Barley         | 0                  | 2,195         | 12,227             | 17,023       | 72%                        |
| Corn           | 691,442            | 761,317       | 55,254,686         | 44,152,270   | 125%                       |
| Sorghum        | 105,818            | 69,625        | 5,809,291          | 8,543,204    | 68%                        |
| Soybeans       | 665,283            | 590,618       | 56,331,933         | 49,552,412   | 114%                       |
| Wheat          | 583,126            | 511,624       | 6,756,174          | 6,039,050    | 112%                       |

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 August 17, 2017

| Region                               | YC             | % of Total  | WC         | % of Total  | Sorghum        | % of Total  |
|--------------------------------------|----------------|-------------|------------|-------------|----------------|-------------|
| Lakes                                | 11,407         | 2%          | 0          | 0%          | 0              | 0%          |
| Atlantic                             | 0              | 0%          | 0          | 0%          | 0              | 0%          |
| Gulf                                 | 414,859        | 60%         | 0          | 0%          | 100,632        | 95%         |
| PNW                                  | 122,750        | 18%         | 0          | 0%          | 0              | 0%          |
| Interior Export Rail                 | 142,302        | 21%         | 124        | 100%        | 5,186          | 5%          |
| <b>Total (Metric Tons)</b>           | <b>691,318</b> | <b>100%</b> | <b>124</b> | <b>100%</b> | <b>105,818</b> | <b>100%</b> |
| White Corn Shipments by Country (MT) |                |             | 100        | to Mexico   |                |             |
|                                      |                |             | 24         | to Spain    |                |             |
| <b>Total White Corn (MT)</b>         |                |             | <b>124</b> |             |                |             |
| Sorghum Shipments by Country (MT)    |                |             |            |             | 101,171        | to China    |
|                                      |                |             |            |             | 4,623          | to Mexico   |
|                                      |                |             |            |             | 24             | to Japan    |
| <b>Total Sorghum (MT)</b>            |                |             |            |             | <b>105,818</b> |             |

Source: USDA, World Perspectives, Inc.

## FOB

### Yellow Corn (USD/MT FOB Vessel)

| YC FOB Vessel<br>Max. 15.0%<br>Moisture | GULF             |                       | PNW              |                       |
|---|------------------|-----------------------|------------------|-----------------------|
|   | Basis<br>(#2 YC) | Flat Price<br>(#2 YC) | Basis<br>(#2 YC) | Flat Price<br>(#2 YC) |
| August                                  | 50+U             | \$154.32              | 0.80+U           | \$176.68              |
| September                               | 52+Z             | \$155.11              | 0.85+Z           | \$176.86              |
| October                                 | 61+Z             | \$158.65              | 0.85+Z           | \$176.86              |

### Sorghum (USD/MT FOB Vessel)

| #2 YGS FOB Vessel<br>Max 14.0% Moisture | NOLA   |            | TEXAS  |            |
|---|--------|------------|--------|------------|
|   | Basis  | Flat Price | Basis  | Flat Price |
| September                               | +1.10Z | \$186.70   | +1.05Z | \$184.73   |
| October                                 | +1.10Z | \$186.70   | +1.00Z | \$182.77   |

| <b>Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)</b>              |                  |                |                 |
|---|------------------|----------------|-----------------|
|   | <b>September</b> | <b>October</b> | <b>November</b> |
| <b>New Orleans</b>  | \$140            | \$140          | \$140           |
| <i>Quantity 5,000 MT</i>  |                  |                |                 |
| <b>Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)</b>                       |                  |                |                 |
| <b>Bulk 60% Pro.</b>  | <b>September</b> | <b>October</b> | <b>November</b> |
| <b>New Orleans</b>  | \$595            | \$595          | \$595           |
| <i>*5-10,000 MT Minimum</i>   |                  |                |                 |
| <b>Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)</b> |                  |                |                 |
|   | <b>September</b> | <b>October</b> | <b>November</b> |
| <b>Rail Delvd. Savannah</b>   | \$530            | -              | -               |
| <b>Rail Delvd. Chicago</b>  | \$515            | \$520          | -               |
| <b>Truck Delvd. Chicago</b>   | \$530            | -              | -               |

| <b>DDGS Price Table: August 24, 2017 (USD/MT)</b><br>(Quantity, availability, payment and delivery terms vary) |                  |                |                 |
|--|------------------|----------------|-----------------|
| <b>Delivery Point</b><br><b>Quality Min. 35% Pro-fat combined</b>  | <b>September</b> | <b>October</b> | <b>November</b> |
| Barge CIF New Orleans  | 161              | 163            | 165             |
| FOB Vessel GULF  | 174              | 175            | 177             |
| Rail delivered PNW   | 189              | 189            | 189             |
| Rail delivered California  | 191              | 191            | 191             |
| Mid-Bridge Laredo, TX  | 190              | 190            | 190             |
| FOB Lethbridge, Alberta  | -                | -              | -               |
| 40 ft. Containers to South Korea (Busan)   | 189              | 190            | 190             |
| 40 ft. Containers to Taiwan (Kaohsiung)  | 187              | 188            | 188             |
| 40 ft. Containers to Philippines (Manila)  | 193              | 194            | 194             |
| 40 ft. Containers to Indonesia (Jakarta)   | 189              | 190            | 190             |
| 40 ft. Containers to Malaysia (Port Kelang)  | 188              | 187            | 187             |
| 40 ft. Containers to Vietnam (HCMC)  | 190              | 192            | 192             |
| 40 ft. Containers to Japan (Yokohama)  | 195              | 197            | 197             |
| 40 ft. containers to Thailand (LCMB)   | 189              | 190            | 190             |
| 40 ft. Containers to China (Shanghai)  | 188              | 189            | 189             |
| 40 ft. Containers to Bangladesh (Chittagong)   | 211              | 212            | 212             |
| 40 ft. Containers to Myanmar (Yangon)  | 211              | 212            | 212             |
| KC & Elwood, IL Rail Yard (delivered Ramp)   | 157              | 157            | 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 prices paused their climb higher this as ethanol plants began aggressively marketing forward months. International buyers are still present but bids are low with the market slowing. Traders are noting that a weaker corn price outlook and limited inventories are moving some locations to an inverted market.

Barge CIF NOLA values were \$1/MT higher while FOB U.S. Gulf prices were unchanged to \$2/MT lower. The sharp increase ethanol production during the past two weeks has added to DDGS supplies, making it more difficult for merchandisers to increase offers.



Domestically, DDGS prices are maintaining a firm tone. FOB ethanol plant prices are unchanged this week from their \$1/MT move higher last week. DDGS are priced at 104% of cash corn and 40% of cash soybean meal, with both ratios higher than the previous week. The per-protein unit cost advantage of DDGS (versus soybean meal) is \$1.46, down slightly from last week.

DDGS consumption has been solid so far this year and is expected to remain so. Large hog and cattle inventories have increased overall feedstuffs consumption, including that of DDGS. Tomorrow's Cattle on Feed report from USDA will provide additional guidance as to what DDGS consumption will look like for that sector in the coming months.

## COUNTRY NEWS

**Brazil:** To avoid storage problems with record levels (97.1 MMT) of production there have been record monthly exports of corn during July and August. The sales are occurring despite a stronger real, producer dissatisfaction with prices and sharply higher freight rates. Moving grain from Sorriso in Mato Grosso to the port of Paranaguá reached \$87.43/MT on August 11. (Reuters)

**China:** Corn for January delivery on the Dalian exchange hit a sixteen month high of 1,737 yuan (\$260.40; \$6.61/bushel)/MT based on a tightening supply of corn. Meanwhile, China's July corn import of 910,000 MT made it the fourth highest volume on record. At the same time, the country's ethanol exports surged six-fold in July to 19,814 cubic meters (5,234,305 gallons) China's policy is to double ethanol output to 4 million tons by 2020. (Reuters; Bloomberg)

| China State Grain Reserve Corn Sales <sup>1</sup> |           |                |             |         |            |           |
|---|-----------|----------------|-------------|---------|------------|-----------|
| Date  | Crop Year | Amount Offered | Amount Sold | Percent | Price Yuan | Price USD |
| August 17   | 2014      | 304,083        | 123,811     | 40      | 1,420      | 212.88    |
|   | 2013      | 505,987        | 15,000      | 3       | 1,250      | 187.39    |
| August 18   | 2014      | 1,200,000      | 494,718     | 41      | 1,444      | 216.47    |
| August 24   | 2014      | 308,087        | 147,991     | 48      | 1,438      | 215.82    |
|   | 2013      | 490,987        | 28,825      | 6       | 1,257      | 188.44    |

Source: Bloomberg/National Grain Trade Center

<sup>1</sup>Excludes direct sales and other dispositions.

**Mozambique:** The Institute of Agricultural Research is harvesting its first GMO corn crop. The Institute is testing 14 different GM maize varieties on 0.25 hectares to find the best drought tolerant and pest resistant option for farmers. (Diario de Mocambique/All Africa)

**Russia:** Corn exports were 5.14 MMT during the first 10 months of the 2016/17 marketing year with Europe the major buyer. Turkey is still a major market but is no longer the number one destination for Russian corn. (World Grain News)



## 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   | \$39.50                       | Up \$0.50                   | Handymax at \$40.00                                  |
| 55,000 U.S. PNW-Japan  | \$20.50                       | Up \$0.50                   | Handymax at \$21.00                                  |
| 55,000 U.S. Gulf-China   | \$39.00                       | Up \$1.00                   | North China  |
| PNW to China   | \$20.00                       | Up \$0.75                   |  |
| 25,000 U.S. Gulf-Veracruz, México                                  | \$15.50                       | Up \$0.50                   | 3,000 MT daily discharge rate                        |
| 35-40,000 U.S. Gulf-Veracruz, México                               | \$13.50                       | Up \$0.50                   | Deep draft and 6,000 MT per day discharge rate.      |
| 25/35,000 U.S. Gulf-East Coast Colombia, from Argentina            | \$18.50<br>\$29.00            | Up \$0.50                   | West Coast Colombia at \$27.00                       |
| 40-45,000 U.S. Gulf-Guatemala                                      | \$26.50                       | Up \$0.50                   | Acajutla/Quetzal - 8,000 out                         |
| 26-30,000 U.S. Gulf-Algeria  | \$27.75<br>\$30.25            | Up \$0.50<br>Unchanged      | 8,000 MT daily discharge<br>3,000 MT daily discharge |
| 25-30,000 U.S. Gulf-Morocco  | \$27.00                       | Up \$0.50                   | 5,000 MT discharge rate                              |
| 55,000 U.S. Gulf-Egypt<br>PNW to Egypt                             | \$24.75<br>\$24.25            | Up \$0.50                   | 55,000-60,000 MT<br>St. Lawrence to Egypt \$24.50    |
| 60-70,000 U.S. Gulf-Europe-Rotterdam                               | \$15.50                       | Unchanged                   | Handymax at +\$1.50 more                             |
| Brazil, Santos-China<br>Itacoatiara Port upriver<br>Amazonia-China | \$30.50<br>\$29.00<br>\$33.50 | Up \$0.50                   | 54-58,000 Supramax-Panamax<br>60-66,000 Post Panamax |
| 56-60,000 Argentina-China<br>Upriver with Top-Off                  | \$36.75                       | Up \$0.50                   | —  |

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:** The Baltic indices continued to rally upward this week. There has been a lot of technical support and, as is common, the paper traders are pushing things harder and farther than the physical markets.

But; wow, what a rally it was. Three months ago, on 2 June 2017, the Baltic P2 Panamax Index for the Atlantic stood at 11,577. On August 23 it was at 17,193. That is a jump of 5,616 points or a 49 percent increase. Most of it in the index paper markets. One industry reporter questioned if there could be a correlation between the "Charge of the Light Brigade" and the Baltic indices? Supramax vessels in the Gulf and East Coast South America are now getting up to \$18,000/day in daily hire rates. Longer term time charter rates are closer to \$13,500/day. But things are definitely looking topy today.

I particularly like one blogger's comment that "Vessel owners never miss an opportunity to miss an opportunity." So, will they lock in these good rates and go to the bank or get greedy and wait for something better; or even worse, run out and order new ships?

| Baltic-Panamax Dry-Bulk Indices |           |           |            |                |
|---------------------------------|-----------|-----------|------------|----------------|
| August 24, 2017                 | This Week | Last Week | Difference | Percent Change |
| Route                           |           |           |            |                |
| P2A: Gulf/Atlantic – Japan      | 17,193    | 17,677    | -484       | -2.7%          |
| P3A: PNW/Pacific– Japan         | 9,620     | 9,881     | -261       | -2.6%          |
| S1C: U.S. Gulf-China-S. Japan   | 19,124    | 18,036    | 1,088      | 6.0%           |

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:

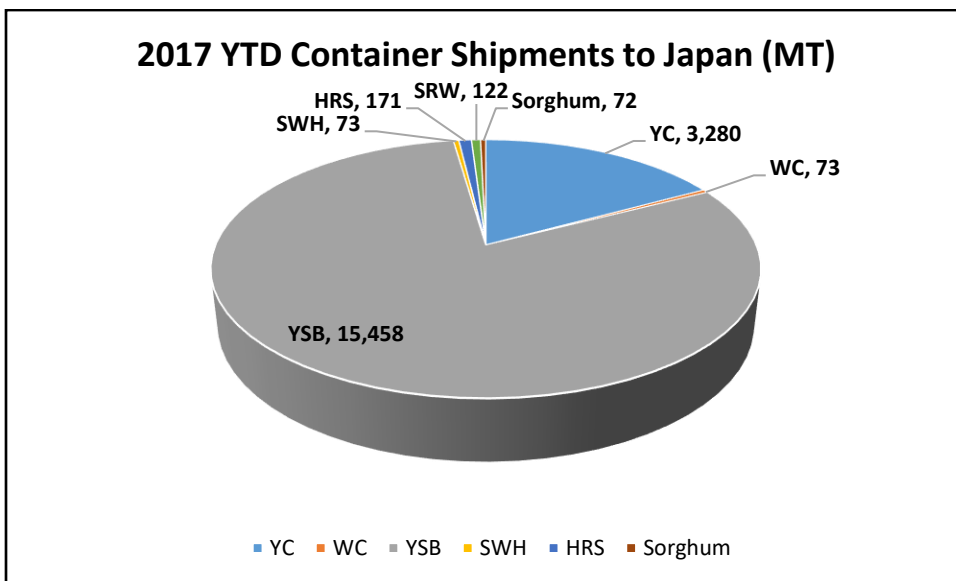
| Week Ending August 24, 2017 |                 |
|-----------------------------|-----------------|
| Four weeks ago:             | \$5.50 - \$6.00 |
| Three weeks ago:            | \$5.60 - \$6.40 |
| Two weeks ago:              | \$6.15 - \$6.50 |
| One week ago:               | \$6.90 - \$7.25 |
| This week                   | \$6.80 - \$7.50 |

Source: O'Neil Commodity Consulting

| U.S.-Asia Market Spreads |         |         |               |           |           |
|--------------------------|---------|---------|---------------|-----------|-----------|
| August 24, 2017          | PNW     | Gulf    | Bushel Spread | MT Spread | Advantage |
| #2 Corn                  | 0.88    | 0.52    | 0.36          | \$14.71   | PNW       |
| Soybeans                 | 1.10    | .75     | .35           | \$13.78   | PNW       |
| Ocean Freight            | \$20.25 | \$39.00 | 0.48-0.51     | \$18.75   | Sept.     |

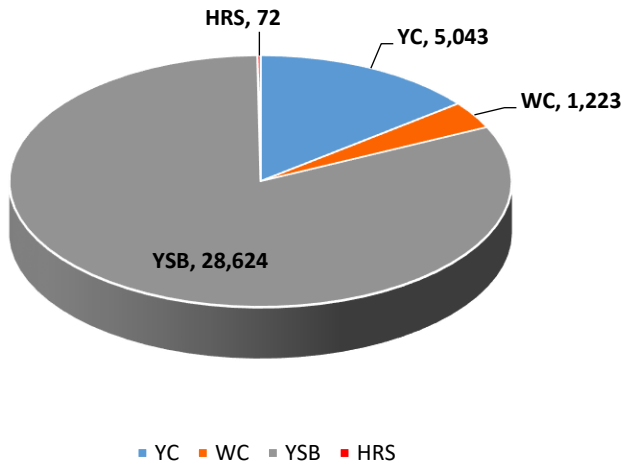
Source: O'Neil Commodity Consulting

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



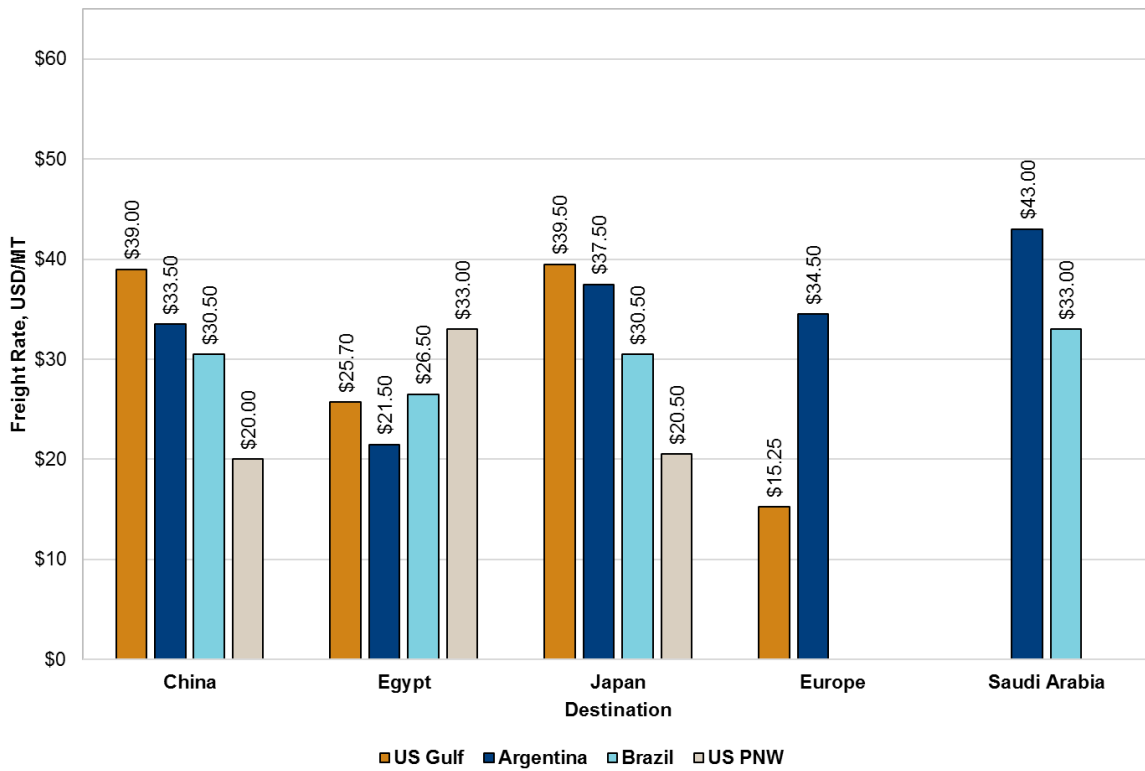
Source: O'Neil Commodity Consulting

### 2016 Container Shipments to Japan (MT)



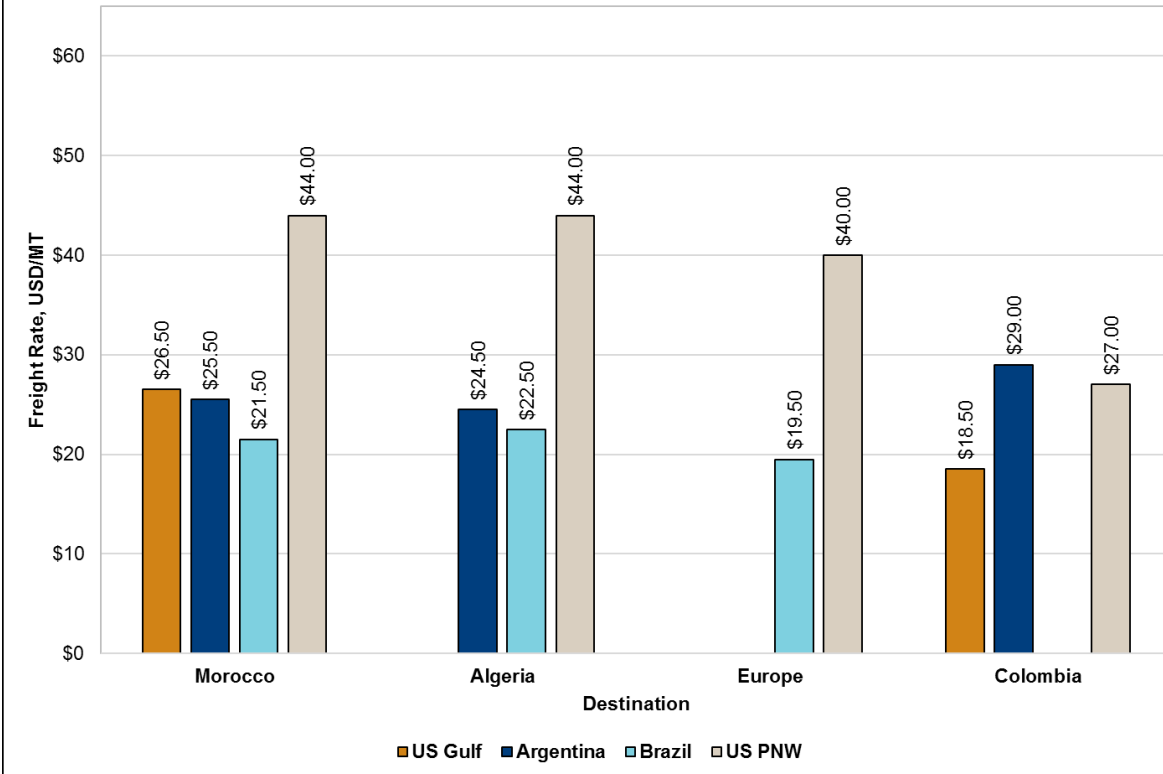
Source: O'Neil Commodity Consulting

### International Freight Rates by Origin, August 24, 2017, Supramax/Panamax Vessels, USD/MT



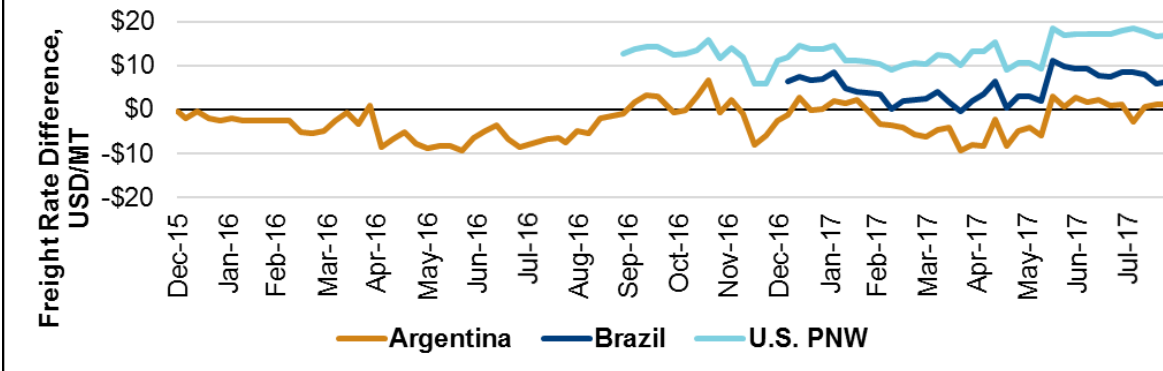
Source: DTN, O'Neil Commodity Consulting and World Perspectives, Inc.

**International Freight Rates by Origin, August 24, 2017,  
Handysize Vessels, USD/MT**



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

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



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

## INTEREST RATES

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| <b>Interest Rates (%): August 24, 2017</b> |                     |                  |                   |
|--|---------------------|------------------|-------------------|
|  | <b>Current Week</b> | <b>Last Week</b> | <b>Last Month</b> |
| <b>U.S. Prime</b>                          | 4.25                | 4.25             | 3.50              |
| <b>LIBOR (6 month)</b>                     | 1.46                | 1.46             | 1.45              |
| <b>LIBOR (1 year)</b>                      | 1.73                | 1.74             | 1.74              |

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