



September 21, 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 September 15	Monday September 18	Tuesday September 19	Wednesday September 20	Thursday September 21
Change	0.500	-3.250	-3.250	1.750	0.250
Closing Price	354.75	351.50	348.25	350.00	350.25
Factors Affecting the Market	Lack of fresh news left the corn market to trade a narrow range. Warm temperatures across the Midwest will aid in crop maturity and drying in the coming weeks. Cash prices are off nine-month lows but remain under bearish pressure. Outside market were mixed.	Lack of news continued and left the market to drift lower. Export inspections were unimpressive at 26.6 million bu., bringing the MYTD total to 53.3 million bu. Outside markets were mixed ahead of the Fed's meeting with the dollar and U.S. equities higher.	Odd spurts of selling activity every 10-15 minutes sent the market lower. Technical trading was apparent and fund selling is also suspected. Monday's Crop Progress report showed 34% of corn is mature, below historic averages. The USD fell 18 points.	Very light trading occurred on even lighter fresh news. Spillover buying from soybeans helped corn gain a few cents though nothing fundamentally changed for corn. The Fed left rates unchanged, sending the dollar and U.S. equities sharply higher.	News was again light, except for a tepid Export Sales report. Corn sales were light but it's too early in the marketing year to worry at this point. For now, the market waits for next Friday's Grain Stocks report and actual harvest results from the field. Outside markets were lower.

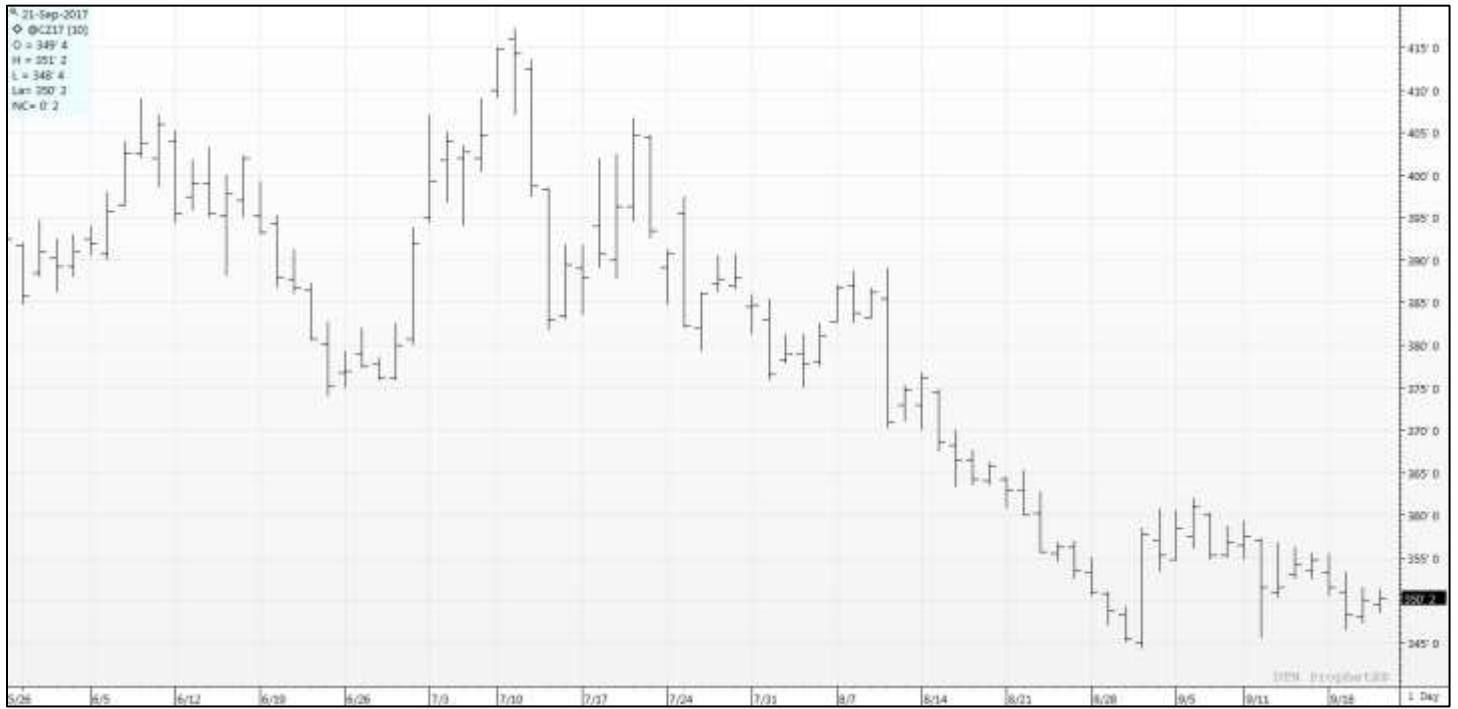
Outlook: December Corn futures have shown little excitement following last week's WASDE report. There has been little news to support either bullish or bearish arguments, though the bears seem to be winning the market direction battle. The contract has remained under bearish technical and fundamental pressure but seasonal lows are typically scored during September. The most important numbers traders can receive now are yield results from U.S. combines.

The latest USDA report noted 34 percent of U.S. corn is rated "mature," behind the typical development pace. USDA also reported 7 percent of the crop is harvested, behind the typical pace of 11 percent. Good, warmer-than-average weather across much of the Corn Belt this week will aid in maturation and drying.

Corn exports have been lackluster to start the year. YTD exports total 55.8 million bushels so far, half of the 109 million bu. that had been exported at this time last year. Still, it's too early in the crop year to worry about the export pace, especially with the South American crop competing against U.S. exports.

December corn futures remain under bearish technical pressure, lodged in a downtrend and unable to break above their 20-day moving average. Still, the contract is only 10 cents above its life-of-contract low (\$3.44 ¼, reached on August 31), which many traders expect will be this year's seasonal low. As such, the contract is largely caught in a choppy, sideways trading range. Should the market breach the \$3.44 mark, it would signal resumption of the long-term down trend and usher in a swift round of selling. Conversely, a move higher would meet resistance at \$3.62 and would likely be followed by a slow grind higher.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending September 21, 2017			
Commodity	21-Sep	15-Sep	Net Change
Corn			
Dec 17	350.25	354.75	-4.50
Mar 18	363.00	367.25	-4.25
May 18	371.25	375.75	-4.50
Jul 18	378.00	382.25	-4.25
Soybeans			
Nov 17	970.75	968.75	2.00
Jan 18	981.00	979.00	2.00
Mar 18	990.25	987.75	2.50
May 18	998.50	995.75	2.75
Soymeal			
Oct 17	309.00	308.00	1.00
Dec 17	312.90	311.40	1.50
Jan 18	314.90	312.90	2.00
Mar 18	317.80	315.50	2.30
Soyoil			
Oct 17	34.10	34.56	-0.46
Dec 17	34.34	34.81	-0.47
Jan 18	34.50	34.97	-0.47
Mar 18	34.74	35.20	-0.46
SRW			
Dec 17	452.50	449.00	3.50
Mar 18	472.00	468.00	4.00
May 18	485.00	481.00	4.00
Jul 18	496.25	492.25	4.00
HRW			
Dec 17	449.50	446.00	3.50
Mar 18	467.50	463.75	3.75
May 18	480.25	476.75	3.50
Jul 18	497.25	492.25	5.00
MGEX (HRS)			
Dec 17	624.25	621.50	2.75
Mar 18	636.00	634.75	1.25
May 18	640.50	639.75	0.75
Jul 18	638.25	640.75	-2.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: September 18, 2017					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	4%	9%	26%	48%	13%
Sorghum	2%	6%	27%	53%	12%

Source: USDA

U.S. Drought Monitor Weather Forecast: During the next couple of days, a storm system and its attendant cold front will push eastward toward a ridge of high pressure parked over the eastern U.S. Initially, the front will make little progress, resulting in an axis of heavy rain stretching from the upper Midwest to the southern High Plains. Five-day rainfall totals could reach 2 to 4 inches or more along that axis, while isolated 1- to 3-inch amounts can be expected from the Pacific Northwest to the northern Rockies. Early next week, a warming trend will commence in the Far West, while cool conditions will shift eastward across the Plains. Late-season warmth and general dryness will continue, however, in the East.

The NWS 6- to 10-day outlook for September 26-30 calls for the likelihood of below-normal temperatures across large sections of the Rockies and Plains, while warmer-than-normal weather will prevail in the Pacific Coast States and across the eastern one-third of the U.S. Meanwhile, below-normal rainfall in the Southeast and Northwest should contrast with wetter-than-normal conditions across New England, the upper Great Lakes region, and southern portions of the Rockies and Plains.

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 14, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	322,100	427,700	8,237.3	13,083.0	-3%
Corn	543,800	703,700	1,418.3	11,029.9	-39%
Sorghum	53,000	72,200	123.5	1,137.5	49%
Barley	0	700	8.9	36.3	188%

Source: USDA/FAS

Corn: Net sales of 526,900 MT for 2017/2018 were reported for Mexico (264,100 MT), Japan (111,600 MT, including 49,000 MT switched from unknown destinations), Colombia (73,000 MT, including 30,500 MT switched from unknown destinations and decreases of 500 MT), Costa Rica (30,400 MT, including 26,200 MT switched from unknown destinations), and Peru (24,100 MT). Reductions were reported for unknown destinations (43,900 MT) and the French West Indies (6,500 MT). Exports of 703,700 MT were primarily to Mexico (366,100 MT), Peru (113,600 MT), Japan (72,100 MT), Colombia (42,600 MT), and Costa Rica (30,000 MT).

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

Barley: No net sales were reported for the week. Exports of 700 MT were reported to Japan.

Sorghum: Net sales of 51,900 MT for 2017/2018 resulted as increases for China (117,900 MT, including 66,000 MT switched from unknown destinations and decreases of 1,100 MT) were partially offset by reductions for unknown destinations (66,000 MT). Exports of 72,200 MT were reported to China (70,600 MT) and Mexico (1,700 MT).

U.S. Export Inspections: Week Ending September 14, 2017

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	14,122	21,763	65%
Corn	676,819	676,243	1,353,062	2,931,453	46%
Sorghum	66,399	51,382	117,781	225,539	52%
Soybeans	928,575	1,106,758	2,035,333	1,913,434	106%
Wheat	464,375	508,855	8,723,280	8,577,542	102%

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 14, 2017

Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	33,131	5%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	433,846	64%	0	0%	64,887	98%
PNW	0	0%	0	0%	0	0%
Interior Export Rail	206,848	31%	2,994	100%	1,512	2%
Total (Metric Tons)	673,825	100%	2,994	100%	66,399	100%
White Corn Shipments by Country (MT)			2,994	to Mexico		
Total White Corn (MT)			2,994			
Sorghum Shipments by Country (MT)					64,887	to China
					24	to Japan
					1,488	to Mexico
Total Sorghum (MT)					66,399	

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)
LH September	0.45+Z	\$155.60	-	-
October	0.50+Z	\$157.57	0.89+Z	\$172.92
November	0.55+Z	\$159.54	0.90+Z	\$173.32

Sorghum (USD/MT FOB Vessel)

#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
November	1.35+Z	\$191.03	1.25+Z	\$187.10
December	1.35+Z	\$191.03	1.25+Z	\$187.10

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	October	November	December
New Orleans	\$144	\$144	\$144
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	October	November	December
New Orleans	\$580	\$580	\$580
<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	\$510	\$510	\$510
Truck Delvd. Chicago	\$505	\$505	\$505

DDGS Price Table: September 21, 2017 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	October	November	December
Barge CIF New Orleans	162	163	163
FOB Vessel GULF	174	174	174
Rail delivered PNW	186	187	187
Rail delivered California	189	189	190
Mid-Bridge Laredo, TX	186	187	187
FOB Lethbridge, Alberta	162	163	163
40 ft. Containers to South Korea (Busan)	194	195	197
40 ft. Containers to Taiwan (Kaohsiung)	195	196	196
40 ft. Containers to Philippines (Manila)	203	203	204
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)	204	204	206
40 ft. Containers to Japan (Yokohama)	202	202	203
40 ft. containers to Thailand (LCMB)	197	198	198
40 ft. Containers to China (Shanghai)	204	202	204
40 ft. Containers to Bangladesh (Chittagong)	219	220	221
40 ft. Containers to Myanmar (Yangon)	218	219	220
KC & Elwood, IL Rail Yard (delivered Ramp)	156	157	158

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 unchanged from last week, with lack of news limiting the market's activity. Merchandisers are reporting broken locks on the Ohio river and low water in the Mississippi are forcing DDGS off the water and into rail cars. Accordingly, rail rates are rising quickly for regions upriver. DDGS prices for product delivered via rail to the PNW, California, or Laredo, TX are \$5-6/MT higher this week.

Merchandisers noted some buying interest as DDGS came under pressure from the corn market's WASDE-induced turn lower, but limited near-term supplies are supporting pricing. Ethanol plants are still in the seasonal fall maintenance schedule which is keeping supplies low.

On the international front, higher ocean freight rates are pushing the threat of a general rate increase (GRI) from October to November. Traders are reporting current pricing is limiting demand for forward tonnage. Prices

for 40-foot containers to Southeast Asia averaged \$198.5/MT this week, a gain of \$2/MT higher, with prices for product sent to Japan and Shanghai, China leading the way.

FOB ethanol plant prices are steady with last week and are priced at 103 percent of cash corn values. This valuation is up 5 percent from the prior week as corn prices have weakened. Strength in the soybean meal market, however, has left DDGS more competitive against that feed ingredient and the ethanol co-product is valued at 38 percent of soybean meal. DDGS retain a \$1.66 per-protein unit cost advantage against soybean meal, down from last week.

COUNTRY NEWS

China: (Bloomberg and Reuters) Robust demand coupled with lower production is pushing corn prices higher. Additionally, with the government no longer propping up prices through purchases, farmers with storage will hold off on selling and wait for higher prices. This has all pushed cash corn to 1,720 yuan (\$260.97)/MT at the port of Liaoning. Meanwhile, to expedite the offloading of government stocks, auctions of 2013 crop corn have been expanded to every weekday instead of just on Thursdays.

Starch: Wei Xuming, secretary general of the country's starch association, says production capacity is expanding after the government lifted restrictions. Capacity will expand by 39.3 MMT, with 20.7 MMT already under construction, including fuel ethanol, and will be operating by end-2018 mostly in the northeast.

An increase in the export tax rebate has helped increase exports of corn products like starch (+177 percent y/y in July) and sweetener (+15.4 percent y/y in July). The corn refining industry consumed 61 MMT of corn in 2015-16 and the subsidy (150-200 yuan/ton) to processors may next be offered to refiners in the northeast region.

China State Grain Reserve Corn Sales						
Date	Crop Year	Amount Offered	Amount Sold	Percent	Price Yuan	Price USD
Sept. 13	2013	308,613	70,981	23	1,377	208.67
Sept. 14	2014	900,600	654,684	73	1,485	225.04
Sept. 19	2014	262,120	256,878	98	1,542	233.68
Sept. 20	2013	226,740	11,878	5	1,250	190.17
Sept. 21	2013	48,970	48,953	99	1,335	202.41
	2014	93,801	755,459	83	1,468	222.46

Source: Bloomberg/National Grain Trade Center

Kenya: Drought has curbed the output of maize, barley and other crops at the same time the economy has slowed and inflation has accelerated. (Reuters)

Middle East: Tenders include Jordan seeking 100 KMT of feed barley and Tunisia tendering for 50 KMT of feed barley. (Reuters) Meanwhile, Saudi Arabia will build a 1,000-mile-long "Land Bridge" railroad line from the Red Sea to the Persian Gulf that will also help lift barley, maize and other products out of the Busaita production region. (Bloomberg)

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	\$42.75	Up \$0.25	Handymax at \$43.00
55,000 U.S. PNW-Japan	\$24.00	Up \$0.50	Handymax at \$24.00
55,000 U.S. Gulf-China PNW to China	\$42.50 \$23.75	Up \$0.50 Up \$0.75	North China
25,000 U.S. Gulf-Veracruz, México	\$16.50	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$14.00	Down \$0.50	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$20.00 \$30.00	Unchanged Down \$0.50	West Coast Colombia at \$28.00
40-45,000 U.S. Gulf-Guatemala	\$28.00	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$29.50 \$32.50	Up \$0.25 Up \$0.25	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$28.75	Up \$0.25	5,000 MT discharge rate
55,000 U.S. Gulf-Egypt PNW to Egypt	\$26.50 \$26.00	Up \$0.25	55,000-60,000 MT St. Lawrence to Egypt \$24.50
60-70,000 U.S. Gulf-Europe- Rotterdam	\$17.00	Unchanged	Handymax at +\$1.50 more
Brazil, Santos-China Itacoatiara Port upriver Amazonia-China	\$34.00 \$33.00 \$36.50	Up \$0.25 Up \$0.25 Down \$0.25	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$40.50	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: It is a bit difficult to pinpoint dry-bulk ocean freight rates today. Technically the Baltic Indices still look bullish and seem to want to move higher, but the physical market appears to be losing some steam and is showing sign of fatigue. It has been a good run-up over the past two months and it is always hard for any market to keep moving in just one direction for very long. Though China iron ore and coal imports should remain steady and supply market support, and the North American fall harvest is right in front of us, I do see vessel owners starting to pull back on vessel scrapping and even sneak in some new build vessel orders.

This is not a strategy that will support long-term profitability for vessel owners and operators. They need to avoid killing the golden goose. But, for this week markets seem to be mostly steady and looking for new input. Be advised that the port of Brunswick, Georgia in the United States was damaged in the last hurricane and the timeline for repairs to the facility – and subsequent resumption of grain loading – is unknown and questionable.

Baltic-Panamax Dry-Bulk Indices				
September 21, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	19,207	19,252	-45	-0.2%
P3A: PNW/Pacific– Japan	13,302	12,782	520	4.1%
S1C: U.S. Gulf-China-S. Japan	22,956	21,661	1,295	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 September 21, 2017	
Four weeks ago:	\$6.80 - \$7.50
Three weeks ago:	\$6.90 - \$7.30
Two weeks ago:	\$7.25 - \$7.50
One week ago:	\$7.75 - \$8.05
This week	\$7.70 - \$8.10

Source: O'Neil Commodity Consulting

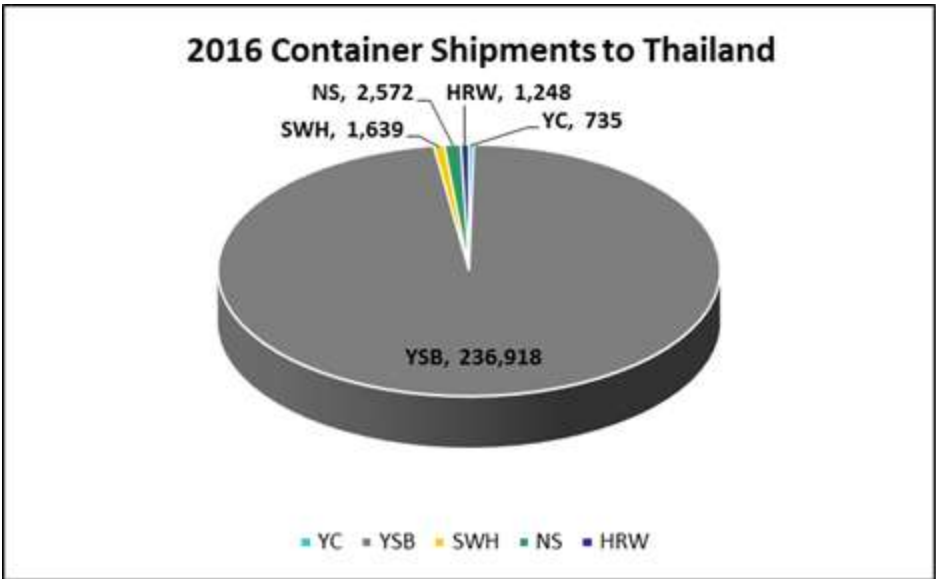
U.S.-Asia Market Spreads					
September 21, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.88	0.48	0.40	\$15.75	PNW
Soybeans	0.80	0.61	0.19	\$7.48	PNW
Ocean Freight	\$23.75	\$42.50	0.48-0.51	\$18.75	Oct.

Source: O'Neil Commodity Consulting

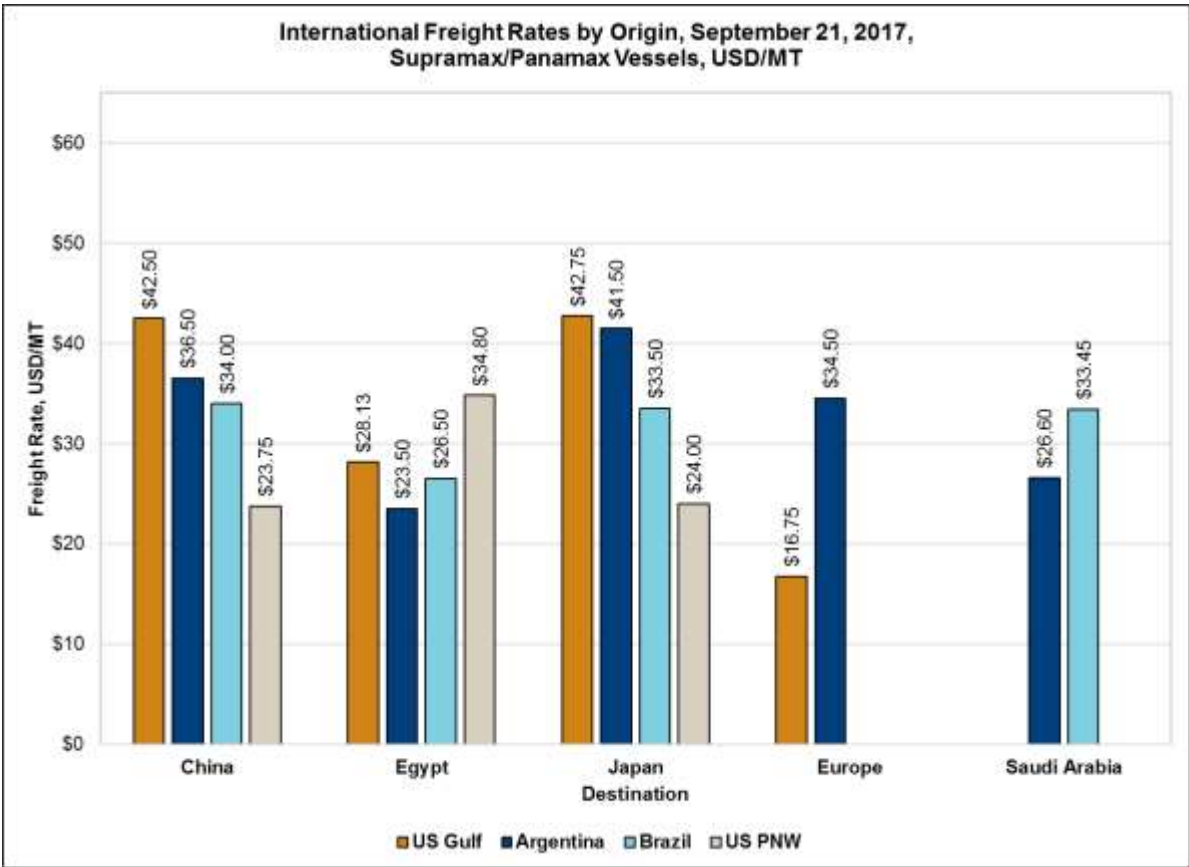
The charts below represent YTD 2017 versus 2016 annual totals for container shipments to Thailand.



Source: O'Neil Commodity Consulting

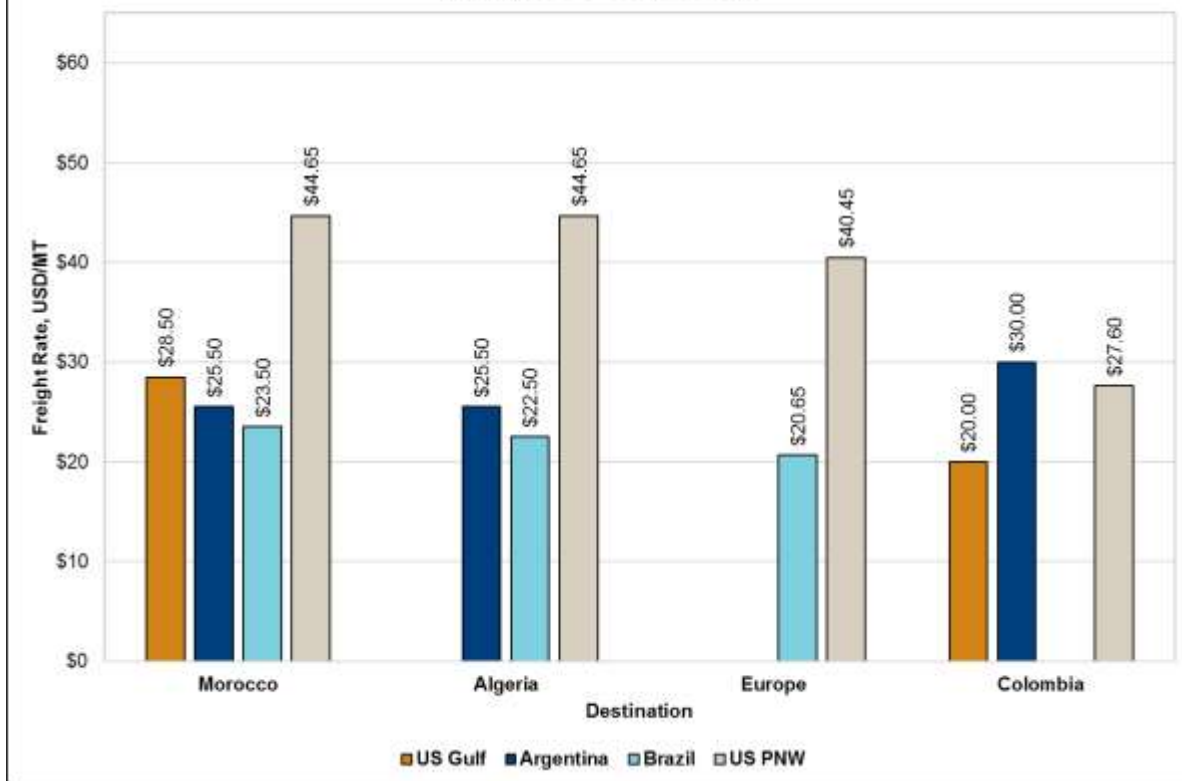


Source: O'Neil Commodity Consulting



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

**International Freight Rates by Origin, September 21, 2017,
Handysize Vessels, USD/MT**



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

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



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

INTEREST RATES

Interest Rates (%): September 21, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	4.25	4.25	4.25
LIBOR (6 month)	1.48	1.45	1.46
LIBOR (1 year)	1.74	1.71	1.73

Source: www.bankrate.com