



December 20, 2018

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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 Cary Sifferath 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 December 14	Monday December 17	Tuesday December 18	Wednesday December 19	Thursday December 20
Change	0.500	-0.750	1.500	-3.750	-6.5000
Closing Price	384.75	384.00	385.50	381.75	375.25
Factors Affecting the Market	Corn futures traded a half-cent higher today and finished down 3/4 cents for the week. USDA reported 4.9 million bushels sold to Japan while South American weather patterns, once increasingly bullish, have moderated. Cash corn prices are higher at 36 under March futures while outside markets remain bearish.	Corn gave back Friday's gains in low-volume trade. USDA said 34.8 mln. bushels were inspected for export last week, keeping YTD inspections up 73%. Brazilian weather is turning hot/dry; this may be supportive in the long-term. Managed money is turning bullish while farmers are not selling. The USD lost 30 bps and the Dow fell 500+ points.	Corn traded higher in the narrow range it has been stuck in for the past few weeks. Cash prices are near six-month highs while export sales remain robust. Crop conditions in Brazil are turning more favorable after Brazil's hot/dry weather earlier. Brazilian FOB corn prices are trading near six-month highs which could support U.S. export business.	March corn fell again in its sideways range with ethanol stocks growing as production remained steady. The market has been disappointed in the lack of confirmed sales to China after earlier rumors of such. Cash prices are rising, now at 35 cents under March futures. Crude oil was higher for the first time this week while U.S. equities fell.	Noncommercial position liquidation pressured the market and filled the post-G-20 meeting chart gap. The Export Sales report featured a marketing-year high sales figure, which the market ignored. Outside markets were weaker with the dollar down 65 bps, crude \$2 lower, and the Dow down 500+ points – the second such drop this week.

Outlook: March corn futures are 9 ½ cents (2.5 percent) lower this week as bears have been aggressive sellers on rallies. Fundamental news has been somewhat light, as is typical for this time of year, leaving the market to lean more heavily on technical indicators for direction. Still, some demand-side fundamentals remain supportive for the contract going forward.

The monthly Cattle on Feed report offered support for corn consumption this week. The former report noted on-feed inventories are up 2 percent from last year and were slightly above analysts' expectations. Similarly, the number of cattle placed on feed in November (therefore consuming corn for the next 3-6 months) was nearly 2 percent higher than the average pre-report analyst's estimate. With larger cattle supplies across the Midwest, feed consumption should remain robust through the spring.

The weekly Export Sales report featured 1.97 MMT of net sales for 2018/19 and 0.975 MMT of shipments – a marketing year high for sales that was driven by aggressive purchases from Mexico. The weekly shipment figure was 2 percent higher than the prior week while YTD exports remain 76 percent higher than the prior year. The report also showed 2.9 KMT of barley exports which puts YTD shipment totals for that crop up 41 percent.

Cash corn prices in the U.S. are trending higher amid strong export demand and quiet farmer selling. Futures have been unable to sustain a significant rally since November's G-20 meetings, but cash basis levels have

strengthened substantially. Cash corn prices averaged \$136.54/MT (\$3.47/bushel) this week, up 10 percent from this time in 2017.

From a technical perspective, March corn is range-bound with noncommercial selling (and, today, pre-holiday position liquidation) capping rallies and aggressive commercial purchases supporting breaks. The contract fell below moving average support today but has a trendline below \$3.72 ¼ - a point which is likely to be significant support. The market faces minor resistance at \$3.88 and major resistance at the 200-day MA (\$3.92). Look for the market to test trendline support in the coming days then, if that point holds, to move back to \$3.83 and resume a sideways trend.

CBOT March Corn Futures



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending December 20, 2018			
Commodity	20-Dec	14-Dec	Net Change
Corn			
Mar 19	375.25	384.75	-9.50
May 19	383.00	392.25	-9.25
Jul 19	390.25	398.75	-8.50
Sep 19	392.25	400.00	-7.75
Soybeans			
Jan 19	893.50	900.50	-7.00
Mar 19	906.25	913.75	-7.50
May 19	919.25	927.00	-7.75
Jul 19	931.25	938.75	-7.50
Soymeal			
Jan 19	307.70	307.30	0.40
Mar 19	312.00	311.60	0.40
May 19	315.20	315.40	-0.20
Jul 19	318.80	319.10	-0.30
Soyoil			
Jan 19	28.20	28.49	-0.29
Mar 19	28.48	28.76	-0.28
May 19	28.72	29.04	-0.32
Jul 19	28.99	29.32	-0.33
SRW			
Mar 19	523.50	530.00	-6.50
May 19	531.00	536.50	-5.50
Jul 19	538.25	542.75	-4.50
Sep 19	546.00	549.75	-3.75
HRW			
Mar 19	509.50	518.25	-8.75
May 19	520.75	529.25	-8.50
Jul 19	532.25	538.50	-6.25
Sep 19	543.25	550.00	-6.75
MGEX (HRS)			
Mar 19	568.50	584.00	-15.50
May 19	575.00	589.00	-14.00
Jul 19	581.25	595.00	-13.75
Sep 19	589.00	601.50	-12.50

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

U.S. Weather/Crop Progress

U.S. Drought Monitor Weather Forecast: For the rest of this week, the National Weather Service Weather Prediction Center is forecasting widespread moderate to heavy precipitation, with the highest amounts generally confined to an area ranging from eastern Texas northeast to the Atlantic Coast. Moderate to heavy

precipitation is also forecast in the Pacific Northwest. Primarily warmer than normal temperatures are also expected in the Lower 48 this week.

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 December 13, 2018					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	330,800	655,500	11,223.6	16,670.7	-12%
Corn	2,065,900	975,600	16,696.1	29,625.1	17%
Sorghum	200	12,200	316.0	435.8	-89%
Barley	0	2,900	25.6	57.0	57%

Corn: Net sales of 1,974,400 MT for 2018/2019--a marketing-year high-- were up noticeably from the previous week and up 87 percent from the prior 4-week average. Increases were reported for Mexico (1,339,000 MT, including decreases of 12,600 MT), Japan (391,200 MT, including 80,900 MT switched from unknown destinations and decreases of 8,300 MT), Colombia (189,900 MT, including 115,000 MT switched from unknown destinations and decreases of 18,000 MT), the Philippines (50,000 MT), and Canada (13,000 MT). Reductions were reported for unknown destinations (40,700 MT) and Jamaica (1,600 MT). For 2019/2020, total net sales were reported for Mexico (542,600 MT). Exports of 975,600 MT were up 3 percent from the previous week, but down 3 percent from the prior 4-week average. The destinations were primarily to Mexico (333,100 MT), Japan (292,300 MT), Colombia (145,200 MT), Taiwan (74,800 MT), and the Dominican Republic (44,100 MT).

Optional Origin: For 2018/2019, options were exercised to export 50,000 MT to South Korea from other than the United States. The current outstanding balance of 775,200 MT is for South Korea (404,000 MT), unknown destinations (306,200 MT), and Taiwan (65,000 MT).

Barley: No net sales were reported for the week. Exports of 2,900 MT--a marketing-year high--were up noticeably from the previous week and from the prior 4-week average. The destination was Japan.

Sorghum: Net sales of 100 MT for 2018/2019 were down 93 percent from the previous week and 99 percent from the prior 4-week average. Increases for the Philippines (200 MT), were partially offset by reductions for Mexico (100 MT). Exports of 12,200 MT were down 12 percent from the previous week and 76 percent from the prior 4-week average. The destination was to Mexico.

U.S. Export Inspections: Week Ending December 13, 2018

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	5,824	17,913	33%
Corn	885,060	876,305	15,991,318	9,241,028	173%
Sorghum	24,048	16,915	393,768	1,435,184	27%
Soybeans	974,876	926,600	15,159,894	25,896,642	59%
Wheat	682,162	449,002	11,712,571	13,756,228	85%

Source: USDA/AMS. *Marketing Year is June 1-May 31 for wheat and barley and Sept. 1-Aug. 31 for corn, sorghum and soybeans. Week-to-week reports will vary due to exporter reported conditions & cancellations to previous week's reports.

USDA Grain Inspections for Export Report: Week Ending December 13, 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	469,159	54%	5,355	43%	10,867	45%
PNW	276,841	32%	0	0%	0	0%
Interior Export Rail	126,472	14%	7,233	57%	13,181	55%
Total (Metric Tons)	872,472	100%	12,588	100%	24,048	100%
White Corn Shipments by Country (MT)			5,355	to Colombia		
			48	to Jordan		
			7,185	to Mexico		
Total White Corn (MT)			12,588			
Sorghum Shipments by Country (MT)					1,862	to South Africa
					9,005	to Somalia
					13,181	to Mexico
Total Sorghum (MT)					24,048	

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)
January	0.56+H	\$169.77	0.97+H	\$185.91
February	0.59+H	\$170.95	0.98+H	\$186.31
March	0.61+H	\$171.74	1.02+H	\$187.88

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
January	0.85+H	\$181.19	0.75+H	\$177.25
February	0.85+H	\$181.19	0.75+H	\$177.25
March	0.85+H	\$181.19	0.75+H	\$177.25

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	January	February	March
New Orleans	\$195	\$190	\$185
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	January	February	March
New Orleans	\$630	\$620	\$610
*5-10,000 MT Minimum			

DDGS Price Table: December 20, 2018 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	January	February	March
Barge CIF New Orleans	207	208	206
FOB Vessel GULF	223	224	223
Rail delivered PNW	244	243	242
Rail delivered California	246	245	244
Mid-Bridge Laredo, TX	245	246	247
FOB Lethbridge, Alberta	220	218	217
40 ft. Containers to South Korea (Busan)	249	249	249
40 ft. Containers to Taiwan (Kaohsiung)	244	245	245
40 ft. Containers to Philippines (Manila)	256	256	256
40 ft. Containers to Indonesia (Jakarta)	250	250	250
40 ft. Containers to Malaysia (Port Kelang)	250	250	250
40 ft. Containers to Vietnam (HCMC)	258	258	260
40 ft. Containers to Japan (Yokohama)	256	256	256
40 ft. containers to Thailand (LCMB)	250	250	251
40 ft. Containers to China (Shanghai)	248	245	245
40 ft. Containers to Bangladesh (Chittagong)	278	278	278
40 ft. Containers to Myanmar (Yangon)	276	277	277
KC Rail Yard (delivered ramp)	208	208	208
Elwood, IL Rail Yard (delivered ramp)	200	200	200

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: Cash corn values are \$3.46/bushel this week while FOB ethanol plant DDGS are \$171.69/MT, up from last week. The DDGS/cash corn value is 126 percent, above the two-year average of 106 percent. Merchandisers reported a quiet week as prices remained mostly steady in advance of the holiday

season; the expectation is that the market will be slow through the end of the year. This week, sales were reported to Indonesia and Vietnam for February 2019 delivery.

DGGS at the U.S. Gulf are at \$223/MT for January 2019 delivery. On average, 40-foot containers to Southeast Asian destinations were up \$3/MT this week from last week. Prices for 40-foot containers to Malaysia (\$250/MT) and Vietnam (\$258/MT) are up \$4/MT from last week's figures. Prices for other international routes are firm to slightly higher.

Country News

Brazil: Rainfall expected over the next week is easing concerns over pollination and fill-stage problems on the approximately 50 percent of the first crop corn acres that are at that point in development. (Reuters)

China: At 257.3 MMT, the 2018 corn crop was smaller than the 2017 crop. Corn imports are likely to resume in January with the U.S. expected to supply 3 MMT of the 7.2 MMT annual quota. An official from China's National Development and Reform Commission says that impacts from the African Swine Fever outbreak have been minimal thus far but there could be a spike in pork prices if the disease spreads farther. It could also impact feed demand depending on pig stock levels and producer margins. (AgriCensus; Transport Topics; Bloomberg)

Jordan: Falling prices have encouraged Jordan to purchase its third cargo of barley in a month, this time from Russia. (AgriCensus)

Mexico: Importers bought 426,800 MT of U.S. corn with the bulk of it scheduled for delivery in 2018/19. (Reuters)

Paraguay: Corn production in eastern Paraguay received persistently below-normal moisture thus far in December; however, the forecast calls for replenishing rainfall. (Reuters)

South Korea: The availability of Ukrainian corn on the market enabled KOCOPA to buy corn at \$213/MT. However, it skipped on a tender that only saw higher prices. Meanwhile, NOFI picked up U.S. feed grade quality wheat. (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	\$48.00	Unchanged	Handymax at \$48.50/MT
55,000 U.S. PNW-Japan	\$25.75	Down \$0.25	Handymax at \$26.25/MT
66,000 U.S. Gulf-China	\$47.00	Unchanged	North China
PNW to China	\$25.25	Up \$0.25	
25,000 U.S. Gulf-Veracruz, Mexico	\$18.00	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, Mexico	\$15.50	Unchanged	Deep draft and 6,000 MT/day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia	\$21.00	Unchanged	West Coast Colombia at \$30.75
From Argentina	\$35.25	Up \$0.25	
40-45,000 U.S. Gulf-Guatemala	\$31.50	Up \$0.25	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$36.50	Unchanged	8,000 MT daily discharge
	\$37.50	Unchanged	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$38.50	Unchanged	Discharge rate: 5,000
55,000-60,000 U.S. Gulf-Egypt PNW to Egypt	\$33.50	Unchanged	55,000-60,000 MT Russia Black Sea-Egypt \$16.00
	\$33.50	Unchanged	
60-70,000 U.S. Gulf-Europe-Rotterdam	\$20.75	Down \$0.25	Handymax at +\$1.75 more
Brazil, Santos-China	\$35.75	Down \$0.50	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 60-66,000 MT
Brazil, Santos-China	\$34.50	Down \$0.50	
Itacoatiara-Port Upriver North Brazil	\$38.75	Down \$0.50	
56-60,000 Argentina/Rosario-China Deep Draft	\$39.50	Down \$0.50	Upriver with BB top-off \$42.00

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: The only thing that is challenging in this market is devising different ways to say that things are dull and steady. The word quiet has been used frequently to describe recent market action.

If we look back at freight rates over the past three months, we find that dry-bulk rates from the U.S. Gulf to Asia have mostly traded in a \$1/ton range. This week the markets have not found reason to break out of this pattern. Even the recently announced U.S. soybean sales to China for January-February 2019 have not created enough excitement to move the needle much. Dry-bulk markets are looking for bigger volumes and more sustained demand that equates to net cargo gains, and not just a shift in shipping routes.

Baltic-Panamax Dry-Bulk Indices				
December 20, 2018	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	19,961	19,797	164	0.8%
P3A: PNW/Pacific– Japan	10,428	9,668	760	7.9%
S1C: U.S. Gulf-China-S. Japan	27,022	26,822	200	0.7%

Source: O'Neil Commodity Consulting

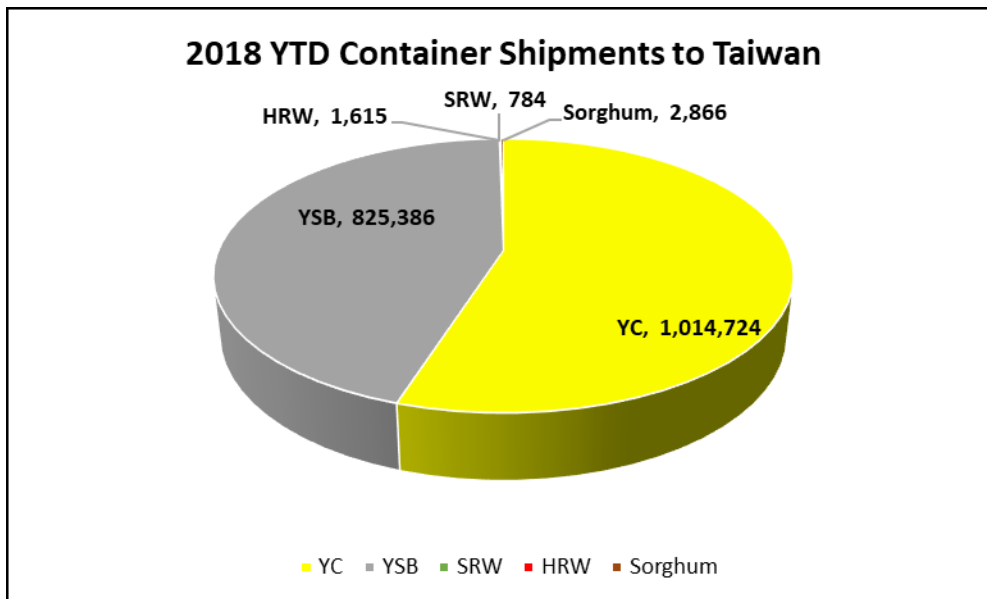
Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$5.30-\$6.25
Three weeks ago:	\$6.15-\$8.50
Two weeks ago:	\$7.95-\$8.25
One week ago:	\$8.40-\$8.90
This week	\$7.50-\$8.75

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
December 20, 2018	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.05	0.58	0.47	\$18.50	PNW
Soybeans	0.85	0.32	0.53	\$19.47	PNW
Ocean Freight	\$25.25	\$47.00	0.55-0.59	\$21.75	January

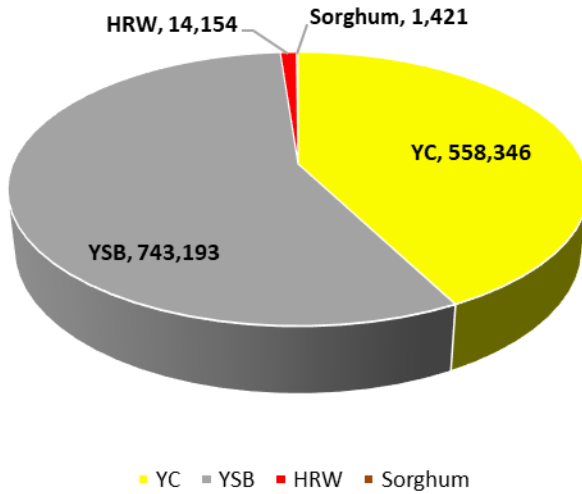
Source: O'Neil Commodity Consulting

The charts below represent 2018 YTD totals versus 2017 annual totals for container shipments to Taiwan.



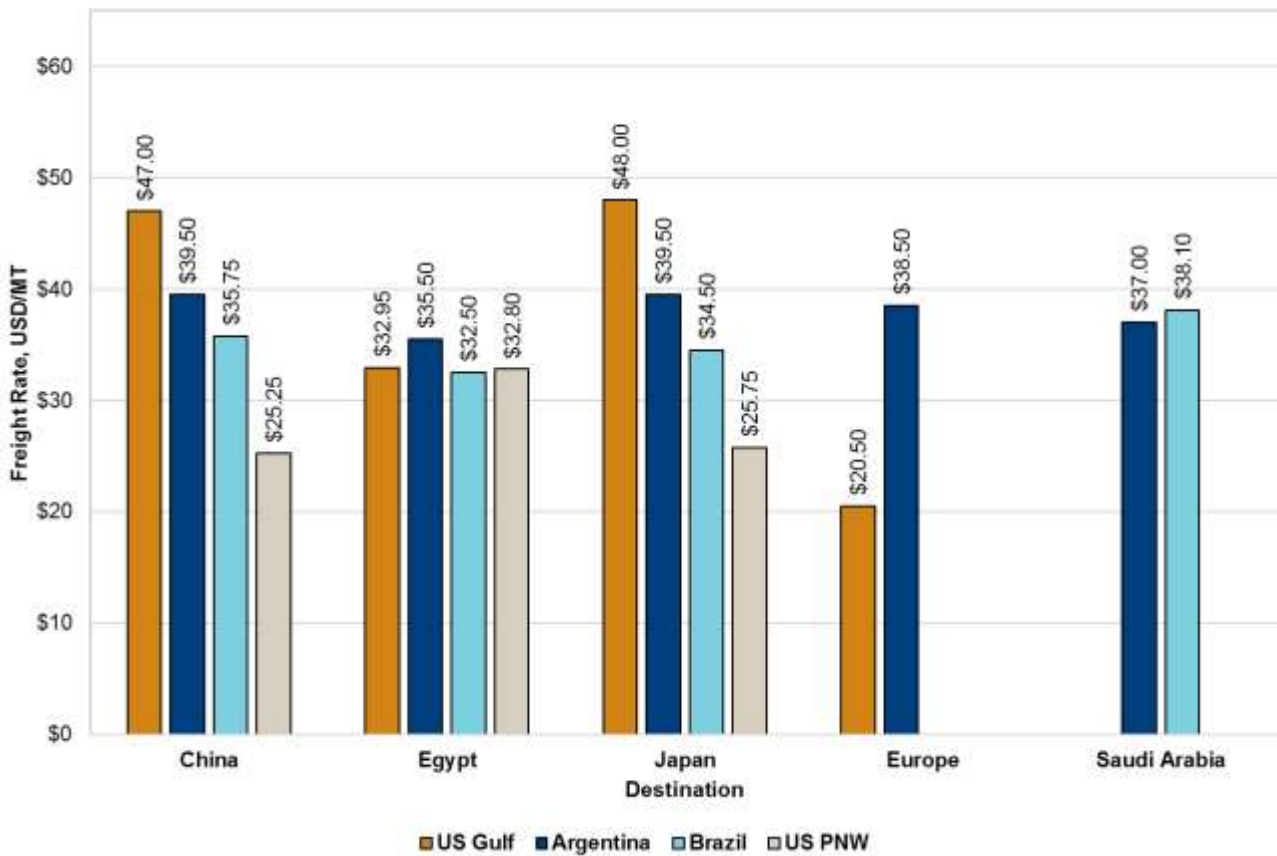
Source: O'Neil Commodity Consulting

2017 Container Shipments to Taiwan



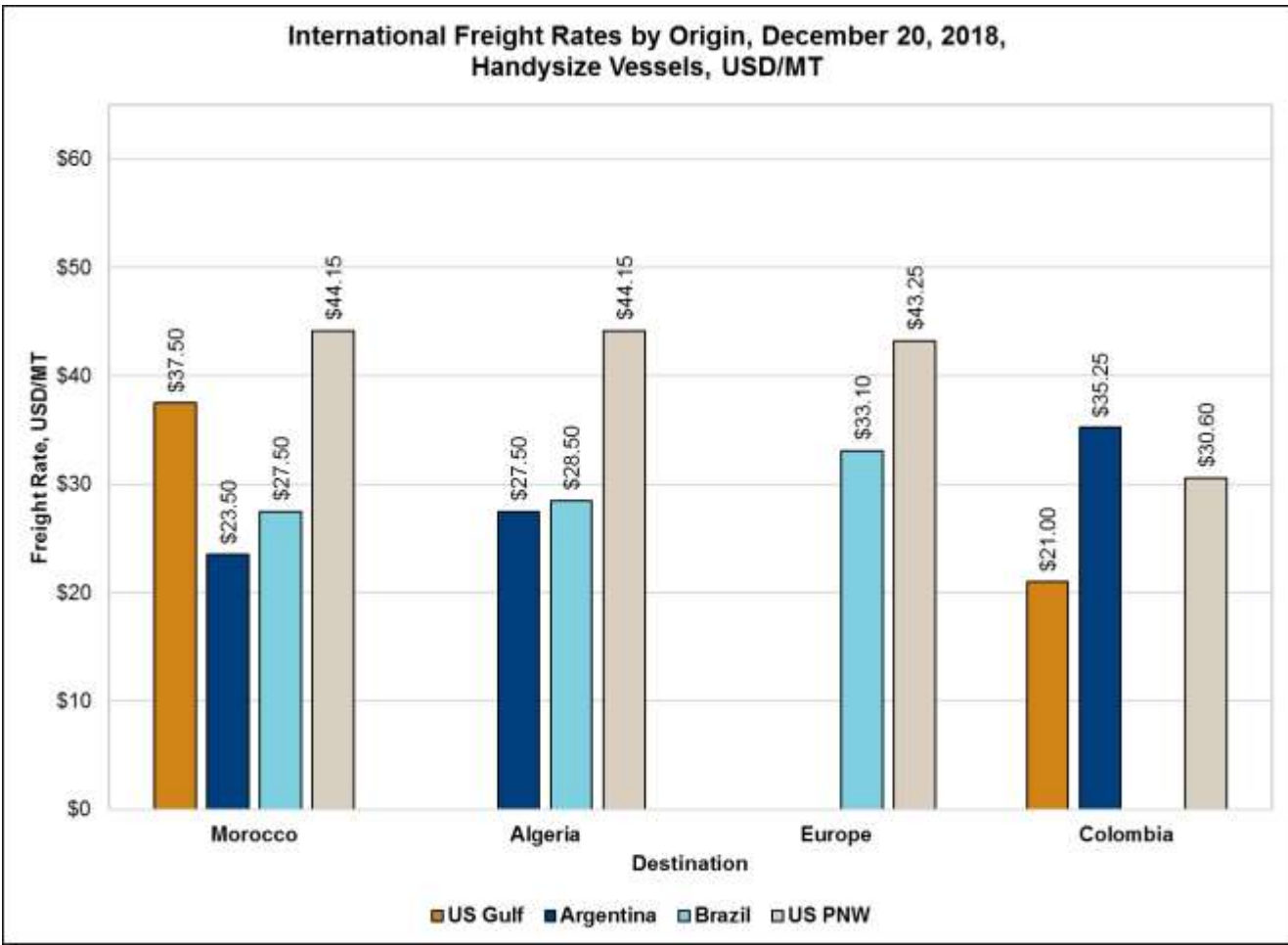
Source: O'Neil Commodity Consulting

International Freight Rates by Origin, December 20, 2018, Supramax/Panamax Vessels, USD/MT



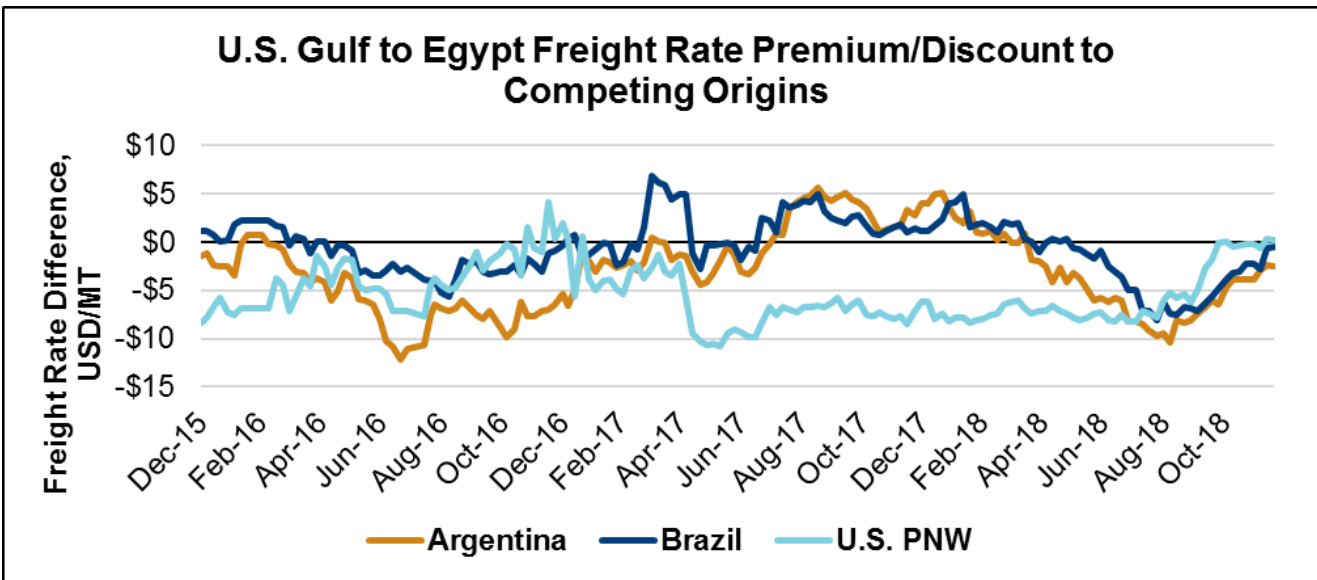
Source: DTN, O'Neil Commodity Consulting and World Perspectives, Inc.

**International Freight Rates by Origin, December 20, 2018,
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 (%): December 20, 2018			
	Current Week	Last Week	Last Month
U.S. Prime	5.25	5.25	5.25
LIBOR (6 month)	2.88	2.88	2.86
LIBOR (1 year)	3.06	3.09	3.10

Source: www.bankrate.com