



January 23, 2020

CONTENTS

Chicago Board of Trade Market News2

CBOT March Corn Futures3

U.S. Weather/Crop Progress5

U.S. Export Statistics6

FOB7

Distiller’s Dried Grains with Solubles (DDGS).....9

Country News10

Ocean Freight Markets and Spreads11

Ocean Freight Comments12

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 January 17	Monday January 20	Tuesday January 21	Wednesday January 22	Thursday January 23
Change	13.75		-1.75	1.25	5.00
Closing Price	389.25		387.50	388.75	393.75
Factors Affecting the Market	Rumors of export interest from the PNW helped the market recover all of the prior day's 12-cent losses. With exports likely to pick up, traders are not wanting to be too short corn. Wheat was higher, which helped corn as well. Outside markets were supportive.	Markets were closed for the U.S. MLK Jr. holiday.	March corn settled slightly lower, taking a break from Friday's rally. Export Inspections reached 13.6 mbu. Brazilian corn supplies and prices are tightening, which will help U.S. exports. Outside markets were lower; the dollar fell 7.5 bps.	Corn was higher overnight but traded both sides of unchanged in the day session as news remains light. Rumors of PNW purchases that started last Friday are still unconfirmed. FOB NOLA corn is among the lowest prices corn in the world.	Corn traded and closed above key resistance at \$3.92, which should bring additional technical buying next week. USDA reported 11.2 mbu of corn sales, which pushed futures higher. Outside markets were mixed; the dollar rose 15 bps.

Outlook: March corn futures are 4.5 cents (1.2 percent) higher this week after the market rallied from last Thursday's steep losses. The futures market has recovered all that it gave back last week and had an upside breakout from its recent trading range. Exports are starting to become an encouragement to the market, and technical developments are following.

The weekly Export Sales report is delayed one day due to Monday's U.S. holiday, but the Export Inspections report showed 345,000 MT of corn inspections. That figure was down from the prior week but was enough to put YTD shipments at 9.4 MMT. YTD inspections are down 54 percent. The report also featured 18,800 MT of sorghum inspections, which bring YTD totals up 73 percent from the prior year and 318 MT of barely inspections. YTD barley inspections, 17,246 MT, are up 164 percent.

On Thursday, USDA announced daily export sales of 284,000 MT (11.2 million bushels) of corn that was sold to Guatemala and "unknown" destinations. Most of the sale was for 2019/20 corn. The market saw the combination of the daily sales and continued expectations for increased demand/purchases from Asian countries as a bullish development. U.S. FOB Gulf corn is now among the cheapest in the world, which should allow U.S. sales and shipments to pick up substantially.

Cash corn prices are firmer this week with the national average price reaching \$147.53/MT. Basis has weakened slightly with the futures market rally and now averages 19 cents under the March contract. Barge CIF NOLA prices are up 3 percent this week while FOB NOLA offers are up the same percentage at \$179.25/MT.

From a technical standpoint, March corn has broken above its recent trading range, closing above what was key resistance at \$3.92 on Thursday. The strong technical day, combined with heavy trading volume, suggests continued rally potential is significant. With exports likely to pick up for several reasons and Brazil's second corn crop increasingly at risk of a late planting, funds and traders are

reluctant to remain short corn futures. As those short positions are excited, the market is apt to show notable strength. Open interest in corn futures, however, will be important to watch. That metric will provide insight into whether any rally is driven purely by short covering or if long-position taking (which will support a larger rally) is developing as well.

Interest Rates and Macroeconomic Markets, January 23, 2020						
	Last*	Weekly Change	Weekly % Change	Monthly Change	Monthly % Change	1-Year History
Interest Rates						
U.S. Prime	4.8	0.0	0.0%	0.0	0.0%	
LIBOR (6 Month)	1.8	0.0	-2.2%	-0.1	-5.0%	
LIBOR (1 Year)	1.9	0.0	-1.7%	-0.1	-4.6%	
S&P 500	3,325.5	8.7	0.3%	85.6	2.6%	
Dow Jones Industrials	29,158.9	-138.7	-0.5%	537.6	1.9%	
U.S. Dollar	97.7	0.4	0.4%	0.2	0.2%	
WTI Crude	55.6	-3.0	-5.0%	-6.1	-9.9%	
Brent Crude	62.0	-2.6	-4.0%	-4.8	-7.1%	

Source: DTN ProphetX, World Perspectives, Inc.

* Last price as of 3:59 PM ET

CBOT March Corn Futures



Source: DTN ProphetX

Current Market Values:

Futures Price Performance: Week Ending January 23, 2020			
Commodity	23-Jan	17-Jan	Net Change
Corn			
Mar 20	393.75	389.25	4.50
May 20	398.50	395.25	3.25
Jul 20	403.25	401.00	2.25
Sep 20	400.75	400.25	0.50
Soybeans			
Mar 20	909.50	929.75	-20.25
May 20	923.25	943.00	-19.75
Jul 20	937.00	955.50	-18.50
Aug 20	941.75	959.25	-17.50
Soymeal			
Mar 20	298.90	300.60	-1.70
May 20	303.20	305.20	-2.00
Jul 20	307.70	309.70	-2.00
Aug 20	309.20	311.40	-2.20
Soyoil			
Mar 20	32.48	33.35	-0.87
May 20	32.82	33.67	-0.85
Jul 20	33.18	34.02	-0.84
Aug 20	33.28	34.10	-0.82
SRW			
Mar 20	580.50	570.50	10.00
May 20	579.00	571.25	7.75
Jul 20	578.75	570.50	8.25
Sep 20	583.50	575.75	7.75
HRW			
Mar 20	492.25	494.25	-2.00
May 20	499.75	501.50	-1.75
Jul 20	506.75	509.25	-2.50
Sep 20	514.50	517.50	-3.00
MGEX (HRS)			
Mar 20	555.75	560.00	-4.25
May 20	564.50	568.50	-4.00
Jul 20	572.00	575.25	-3.25
Sep 20	580.25	583.00	-2.75

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

U.S. Weather/Crop Progress

U.S. Drought Monitor Weather Forecast: Pacific weather systems will continue to cross the CONUS in a westerly jet stream flow. For January 23-28, 3 or more inches of precipitation is forecast for the northern California to Washington coast and coastal ranges, with an inch or more across parts of the Rockies, especially the northern Rockies. An inch or more of precipitation will be widespread from central Texas to the Tennessee Valley, across parts of the central Plains to Midwest, and from northeast Georgia to New England. Half an inch or less of precipitation is predicted for the rest of the West to central and northern Plains, and parts of Florida and the Great Lakes. Temperatures are forecast to be warmer than normal for much of the CONUS.

For January 29-February 1, odds favor above-normal precipitation across eastern Alaska and the panhandle as well as most of the CONUS. Below-normal precipitation is expected for western Alaska, parts of the southwestern CONUS, and northern portions of the Great Lakes and New England. Odds favor a continuation of warmer-than-normal temperatures across most of the CONUS and the Alaska panhandle, with below-normal temperatures in the Four Corners area and across most of Alaska.

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 U.S. Martin Luther King Jr. holiday on Monday, the Export Sales report is delayed until Friday, January 24, 2020. Updated export statistics will be provided in next week's Market Perspectives report.

U.S. Export Inspections: Week Ending January 16, 2020					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	318	168	17,246	6,534	264%
Corn	345,859	483,559	9,431,246	20,615,492	46%
Sorghum	18,875	20,319	976,556	564,622	173%
Soybeans	1,199,136	1,149,404	24,169,056	19,540,223	124%
Wheat	435,129	560,976	15,917,942	14,016,732	114%

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 January 16, 2020						
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	199,554	60%	13,115	96%	11,057	59%
PNW	0	0%	563	4%	0	0%
Interior Export Rail	132,627	40%	0	0%	7,818	41%
Total (Metric Tons)	332,181	100%	13,678	100%	18,875	100%
White Corn Shipments by Country (MT)			13,115 563	to Colombia to S. Korea		
Total White Corn			13,678			
Sorghum Shipments by Country (MT)					11,057 7,818	to Japan to Mexico
Total Sorghum					18,875	

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)
February	0.65+H	\$180.60	1.16+H	\$200.68
March	0.70+H	\$182.37	1.16+H	\$200.48
April	0.64+K	\$182.08	1.14+K	\$201.56

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	February	March	April
Gulf	\$202	\$203	\$204

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
February	0.95+H	\$192.41	0.80+H	\$186.51
March	0.95+H	\$192.41	0.80+H	\$186.51
April	0.95+K	\$194.28	0.80+K	\$188.38

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	February	March	April
New Orleans	\$209	\$209	\$210
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	February	March	April
New Orleans	\$544	\$546	\$547
*5-10,000 MT Minimum			

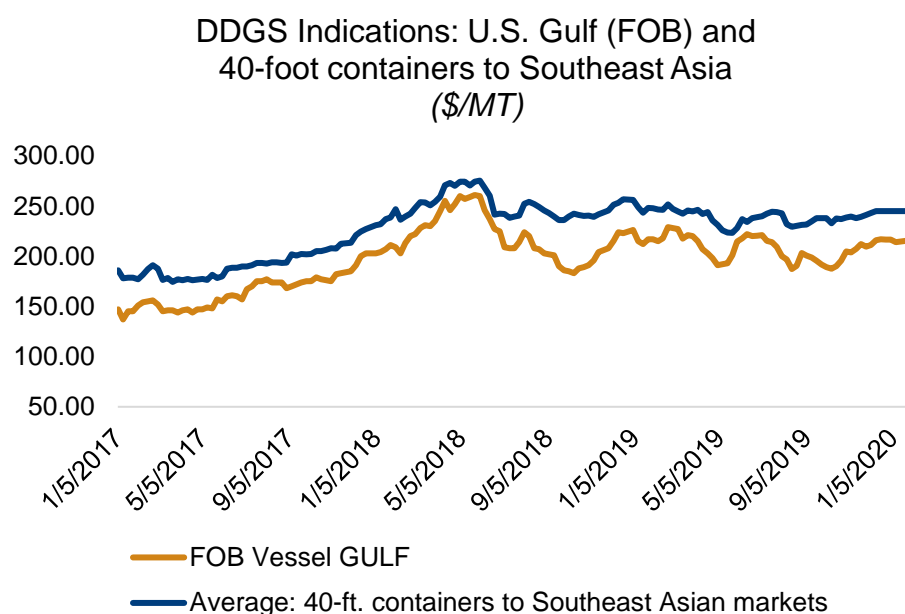
DDGS Price Table: January 23, 2020 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	February	March	April
Barge CIF New Orleans	205	207	209
FOB Vessel GULF	215	217	219
Rail delivered PNW	228	230	231
Rail delivered California	229	231	232
Mid-Bridge Laredo, TX	227	230	230
FOB Lethbridge, Alberta	209	210	209
40 ft. Containers to South Korea (Busan)	236	235	236
40 ft. Containers to Taiwan (Kaohsiung)	234	233	234
40 ft. Containers to Philippines (Manila)	246	245	246
40 ft. Containers to Indonesia (Jakarta)	239	237	238
40 ft. Containers to Malaysia (Port Kelang)	240	239	240
40 ft. Containers to Vietnam (HCMC)	244	243	244
40 ft. Containers to Japan (Yokohama)	242	241	242
40 ft. containers to Thailand (LCMB)	255	254	255
40 ft. Containers to China (Shanghai)	234	233	234
40 ft. Containers to Bangladesh (Chittagong)	263	262	263
40 ft. Containers to Myanmar (Yangon)	265	264	265
KC Rail Yard (delivered ramp)	205	205	205
Elwood, IL Rail Yard (delivered ramp)	202	203	203

Source: World Perspectives, Inc. *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 prices are firmer across the U.S. this week with basis widening to 19 cents under March futures. Prices for DDGS FOB ethanol plants are fractionally higher despite a \$4/MT decrease in Kansas City soymeal prices. DDGS are priced at 107 percent of cash corn values, steady with last week and slightly above the three-year average. The DDGS/soymeal price ratio is 0.50, up from the prior week and above the three-year average.

DDGS markets are still quiet this week but prices are firming across the board. Barge CIF NOLA values are \$1-2/MT higher this week for spot positions while April delivery quotes are up \$3/MT. U.S. rail rates are continuing to firm as well, up \$2/MT this week. FOB NOLA offers are mostly steady with a relatively flat forward curve while prices for 40-foot containers for Southeast Asia are up \$1-2/MT this week. The average quote for February containers to Southeast Asia is \$249/MT.



Source: World Perspectives, Inc.

Country News

Argentina: The Buenos Aires Grain Exchange says that corn planting nears completion and timely rains have likely saved the potential to produce 49 MMT of corn notes the BCR or central bank. (AgriCensus)

Brazil: Harvesting of the soybean crop is at just 1.8 percent and the delay may adversely impact the planting of the Safrinha corn crop. Also, corn exports continue to lag. However, the Mato Grosso Institute of Agricultural Economics (IMEA) says that farmers forward sold more corn this year than usual, and that prices have been higher, and are likely to stay elevated. Part of this is due to an increase in the volume of corn going to make ethanol. The corn ethanol producers' association Unem says that three new plants are coming on-line this year, adding 1 billion liters of capacity. There are seven additional plants under construction and within eight years corn will provide nearly 20 percent of the nation's ethanol feed stock. (AgriCensus; Reuters; Nasdaq' Argus)

China: The agriculture ministry issued biosafety certificates for domestically developed GMO corn traits that move the country closer to growing its own genetically modified crops. One trait was developed by Beijing Dabeinong Technology Group Ltd and a second by Zhejiang University. (Reuters)

EU: The French grain organization Intercereales reports that the transportation strike is threatening grain exports and livestock feed producers say they cannot bring in enough crops for marketing. (Reuters)

Mexico: The 2019/20 corn crop will be 25 MMT, a 10 percent decline from the 27.6 MMT produced last year. Dry weather in the spring/summer will also result in reduced yields. (FAS GAIN)

South Korea: MFG bought corn privately, likely from South America. (AgriCensus)

Tunisia: The government's Organisation Tunisienne de Défense du Consommateur tendered for imports of barley and other grains. (AgriCensus)

Ukraine: The Ministry for the Development of Economy, Trade and Agriculture says that grain exports were up 29 percent in 2019/20. It included 3.8 MMT of barley and 14.2 MMT of corn. (Reuters)

Zimbabwe: The Grain Millers Association of Zimbabwe (GMAZ) has acquired 100 KMT of maize from South Africa and Brazil. The government is allowing private acquisitions of grain to fill needs suffering from the drought. (NewZimbabwe.com; Bloomberg)

Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans* January 23, 2020			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$45.50	Down \$0.50	Handymax \$46.25 mt
55,000 U.S. PNW- Japan	\$24.75	Unchanged	Handymax \$25.00 mt
66,000 U.S. Gulf – China	\$44.00	Down \$0.50	North China
PNW to China	\$24.00	Unchanged	
25,000 U.S. Gulf- Veracruz, México	\$17.25	Unchanged	3,000 MT daily discharge rate
30-35,000+ U.S. Gulf- Veracruz, México	\$14.50	Unchanged	Deep draft and 6,000 MT per day discharge rate.
25-35,000 U.S. Gulf – East Coast, Colombia	\$19.75	Unchanged	<u>West Coast Colombia at \$29.00</u> USG to E/C 50,000 mt at \$16.00
From Argentina	\$33.50		
43-45,000 U.S. Gulf - Guatemala	\$28.75	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$34.25	Unchanged	8,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$34.75		3,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$34.75	Unchanged	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$27.25	Down \$0.50	60,000 -55,000 mt
PNW to Egypt	\$27.50		Romania- Russia- Ukraine \$13.00 -\$13.00 -\$12.50 (France \$17.00)
60-70,000 U.S. Gulf – Europe, Rotterdam	\$16.25	Down \$0.25	Handymax at +\$1.75 more
Brazil, Santos – China	\$34.25	Up \$0.50	54-59,000 Supramax- Panamax
Brazil, Santos – China	\$33.00		60-66,000 Post Panamax
Itacoatiara-Port Upriver North Brazil	\$36.50		Upriver No. Brazil Plus - 55,000 mt Plus \$7.50/mt
56-60,000 Argentina/Rosario – China, Deep Draft	\$36.75	Up \$0.50	Upriver with BB 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: The Lunar, or often called Chinese New Year, is this Saturday, 25 January 2020. This is the year of the Rat, the year 4717, and many in the shipping industry may be thinking there is a rat gnawing at the ropes supporting their markets. The spring festival preparations and celebrations will last two weeks, meaning markets this week and next will have light trade volumes. Moreover, as is often noted, quiet markets are not bullish. Both Capesize and Panamax markets are in contango, or as we in the grain trade call it, a carry market, evidence that hope springs eternal. I do not expect to see much movement in next week's market, and after that we will have to see what the year of the rat brings.

Baltic-Panamax Dry-Bulk Indices				
January 23, 2020	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	12,406	13,913	-1,507	-10.8
P3A: PNW/Pacific– Japan	3,556	3,583	-27	-0.8
S1C: U.S. Gulf-China-S. Japan	18,908	19,475	-567	-2.9

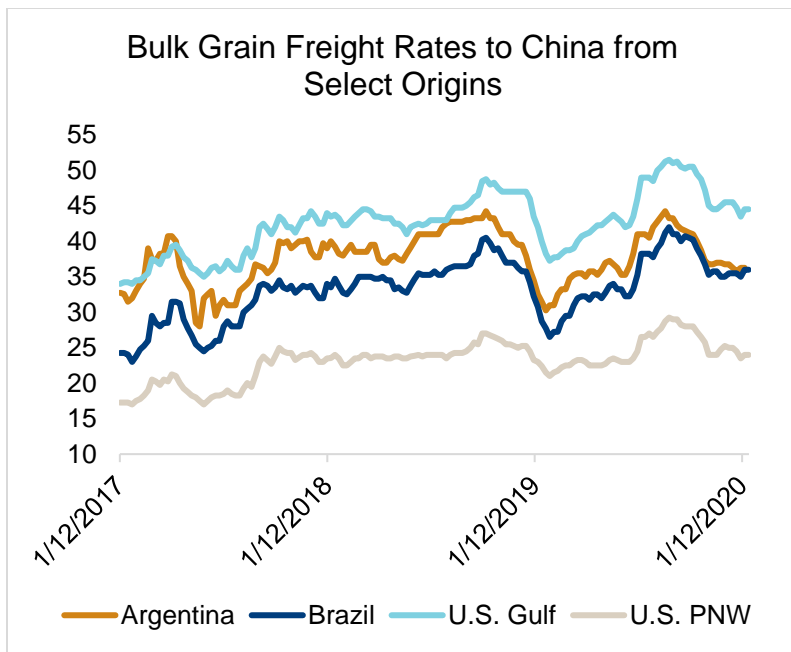
Source: O'Neil Commodity Consulting

Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$7.10-8.45
Three weeks ago:	\$7.10-7.35
Two weeks ago:	\$6.60-7.25
One week ago:	\$7.20-7.40
This week	\$7.10-7.30

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
January 23, 2020	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.15	0.68	0.47	\$18.50	PNW
Soybeans	0.95	0.65	0.30	\$11.02	PNW
Ocean Freight	\$24.00	\$44.50	0.52-0.56	\$20.50	February

Source: O'Neil Commodity Consulting



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

Bulk Grain Freight Rates for Key Suppliers and Destinations
January 23, 2020

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
Panamax/Supramax Vessels							
U.S. Gulf	Japan	46.00	-0.5	-1.1%	5	12.2%	
U.S. PNW		24.75	-0.75	-2.9%	1.75	7.6%	
Argentina		35.50	-1	-2.7%	2	6.0%	
Brazil		33.50	0	0.0%	4	13.6%	
U.S. Gulf	China	44.50	-1	-2.2%	4.5	11.3%	
U.S. PNW		24.00	-1	-4.0%	1.6	7.1%	
Argentina		36.25	-0.5	-1.4%	3.75	11.5%	
Brazil		36.00	0.5	1.4%	7.25	25.2%	
U.S. Gulf	Europe	18.50	-1.5	-7.5%	0	0.0%	
Argentina		28.50	2	7.5%	-6	-17.4%	
Brazil		31.50	0	0.0%	1	3.3%	
Argentina	Saudi Arabia	44.50	1	2.3%	14	45.9%	
Brazil		46.50	2	4.5%	11	31.0%	
U.S. Gulf	Egypt	28.50	-1.00	-3.4%	-1.00	-3.4%	
U.S. PNW		28.95	-0.15	-0.5%	-4.05	-12.3%	
Argentina		28.50	1.00	3.6%	-4.00	-12.3%	
Brazil		32.50	-1.00	-3.0%	4.00	14.0%	
Handysize Vessels							
U.S. Gulf	Morocco	35.50	-1.00	-2.7%	-1.00	-2.7%	
U.S. Great Lakes		42.05	-0.05	-0.1%	-2.35	-5.3%	
Argentina		27.50	0.00	0.0%	5.00	22.2%	
Brazil		40.50	4.00	11.0%	16.00	65.3%	
U.S. Great Lakes	Europe	40.05	-0.10	-0.2%	-3.45	-7.9%	
Brazil		32.00	0.45	1.4%	1.85	6.1%	
Argentina	Algeria	33.50	2.00	6.3%	7.00	26.4%	
Brazil		45.50	5.00	12.3%	20.00	78.4%	
U.S. Gulf	Colombia	19.50	-0.50	-2.5%	-0.50	-2.5%	
U.S. PNW		32.10	1.10	3.5%	2.20	7.4%	
Argentina		33.00	-2.00	-5.7%	-1.50	-4.3%	
Shipping Indexes							
Baltic Dry Index		0	-1123	-100.0%	-1092	-100.0%	

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