



February 27, 2020

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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 May Contract					
\$/Bu	Friday February 21	Monday February 24	Tuesday February 25	Wednesday February 26	Thursday February 27
Change	-2.00	-4.50	0.25	-2.00	-6.50
Closing Price	380.75	376.25	376.50	374.50	368.00
Factors Affecting the Market	May corn futures traded quietly lower, holding up well under USDA's outlook for 94 mill. ac. to be planted this year. USDA increased the outlook for feed demand but expects 2020/21 ending stocks to reach 2.637 bu. Outside markets ended the day on a weak note due to economic growth concerns.	Global equity markets opened sharply lower due to fears about global growth due to the spreading coronavirus. Weaker equity and energy markets spilled over into the ag markets, sending corn lower for the day. Today's selling was technically, rather than fundamentally, driven.	May corn ended slightly higher after trading an inside day on the charts. Global equity and energy markets remain on the defensive, which is keeping pressure on ag markets too. Basis levels continue to firm as farm sales slow and end user demand remains solid. Value-buying of cash corn is strong.	May corn closed 2 cents lower amid near-record volume for the contract, 360,000 contracts being traded. Funds are liquidating positions while commercials extend coverage and value-buying. South Korea secured 1.4 MMT of optional origin corn, a sign that global demand is resilient.	May corn dropped below trading-range support and triggered sell-stops that accelerated the selling. Funds are heavily short corn while buyers remain on the sidelines. U.S. exports were 11 percent higher last week at 34 mbu. Outside markets continued their selloff with U.S. equities lower.

Outlook: May corn futures are 12 ¾ cents (3.3 percent) lower this week as global markets remain under pressure from concerns about global economic growth and commodity consumption. The coronavirus outbreaks were the catalyst for the drop in global equity markets, and subsequent “risk off” trade and position liquidation has impacted commodity markets as well. Fundamentally, little has changed this week regarding the outlook for corn supply and demand, but technical selling and declining risk appetites have pressured the futures market.

One of the biggest reassurances for global corn consumption and demand are the recent large purchases made by South Korea. That country this week secured 1.4 MMT of optional origin corn, which analysts believe will include U.S. product among other origins. U.S. corn exports increased 11 percent this week from the previous, reaching 844,000 MT according to USDA's latest *Export Sales* report. Gross sales this week hit 956,000 MT, bringing YTD bookings (exports plus unshipped sales) to 25.8 MMT. The report also featured 444,000 MT of sorghum net sales and 2,300 MT of sorghum exports. Sorghum bookings are up 124 percent YTD and are helping basis values at the Gulf move higher.

Cash corn prices are down 2 percent from last week, finding better support that the futures market with strong commercial buying and rising basis levels. Lower futures values have slowed farmer selling in the U.S., leading end users to increase bids to procure product. Basis narrowed to 9 cents under May futures, up from 16 cents under May futures last week. Barge CIF NOLA corn values are 4 percent lower at \$162/MT with improving river navigation helping ease prices. FOB NOLA values are down 3 percent at \$170.50/MT for spot shipment.

From a technical standpoint, May corn futures have broken out of their sideways trading range to the downside with funds liquidating positions and bear spreading corn/soybeans. Managed money traders are thought to hold a net short position of 160,000 contracts, including options. The size of that short will be a bullish factor when “risk off” trading ends and the market again focuses on the fundamentals, which will lead to significant short covering. The corn market is approaching technically oversold levels with the relative strength index (RSI) at 36, meaning a correction higher could come soon. Additional fundamental support is likely to appear from an uptick in exports with U.S. corn becoming increasingly competitive on the world market.

Interest Rates and Macroeconomic Markets, February 27, 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)	1.6	-0.1	-6.4%	-0.2	-10.6%	
LIBOR (1 Year)	1.6	-0.2	-9.0%	-0.2	-12.8%	
S&P 500	2,978.8	-394.5	-11.7%	-304.9	-9.3%	
Dow Jones Industrials	25,766.6	-3,453.3	-11.8%	-3,092.8	-10.7%	
U.S. Dollar	98.5	-1.4	-1.4%	0.6	0.6%	
WTI Crude	46.7	-7.1	-13.3%	-5.4	-10.4%	
Brent Crude	51.4	-7.9	-13.3%	-5.9	-10.3%	

Source: DTN ProphetX, World Perspectives, Inc.

CBOT May Corn Futures



Source: DTN ProphetX

Current Market Values:

Futures Price Performance: Week Ending February 27, 2020			
Commodity	27-Feb	21-Feb	Net Change
Corn			
Mar 20	364.50	377.00	-12.50
May 20	368.00	380.75	-12.75
Jul 20	372.50	383.50	-11.00
Sep 20	372.75	382.00	-9.25
Soybeans			
Mar 20	886.25	890.50	-4.25
May 20	895.00	899.00	-4.00
Jul 20	904.75	909.75	-5.00
Aug 20	908.25	913.00	-4.75
Soymeal			
Mar 20	296.90	289.20	7.70
May 20	303.60	294.80	8.80
Jul 20	307.90	300.10	7.80
Aug 20	309.20	301.60	7.60
Soyoil			
Mar 20	28.83	30.64	-1.81
May 20	29.19	31.01	-1.82
Jul 20	29.56	31.38	-1.82
Aug 20	29.72	31.53	-1.81
SRW			
Mar 20	529.25	551.00	-21.75
May 20	527.50	552.00	-24.50
Jul 20	529.00	552.00	-23.00
Sep 20	536.00	558.00	-22.00
HRW			
Mar 20	443.25	468.50	-25.25
May 20	451.75	475.50	-23.75
Jul 20	458.75	482.25	-23.50
Sep 20	468.00	490.25	-22.25
MGEX (HRS)			
Mar 20	507.75	526.00	-18.25
May 20	524.00	538.25	-14.25
Jul 20	533.50	547.50	-14.00
Sep 20	543.00	556.25	-13.25

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

U.S. Weather/Crop Progress

U.S. Drought Monitor Weather Forecast: During the next 5 days (February 27-March 2) in the West, light to moderate precipitation is expected in the Cascades, Sierra Nevada, Great Basin, and northern and central Rockies later in the 5-day period. Dry weather should prevail across the Plains, while a departing storm system early in the period brings light to moderate totals to the Northeast, Ohio Valley, and central Florida.

In the extended range forecast for the ensuing 5 days (March 3-7), odds are tilted toward above-normal precipitation east of the Rockies, especially from the lower Missouri and Tennessee Valleys northeastward into western New England, and across most of Alaska. Subnormal precipitation is favored in the Far West, especially California, Nevada, and Utah, and in extreme southern Texas. Above-normal temperatures are likely east of the Mississippi River, the Far West (mainly California), and northern High Plains. Enhanced probabilities for subnormal temperatures were found across Alaska, and in the central and southern Rockies.

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 February 20, 2020					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	393,200	408,000	17,618.1	22,636.9	3%
Corn	956,400	844,700	13,495.9	25,873.2	-35%
Sorghum	444,700	2,300	976.7	1,667.2	124%
Barley	300	300	33.7	49.2	-15%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 864,600 MT for 2019/2020 were down 31 percent from the previous week and 26 percent from the prior 4-week average. Increases primarily for Japan (316,700 MT, including 95,200 MT switched from unknown destinations), Mexico (162,300 MT, including 66,000 MT switched from unknown destinations and decreases of 75,900 MT), Costa Rica (146,600 MT), Colombia (104,500 MT, including 37,000 MT switched from unknown destinations), and South Korea (67,100 MT), were offset by reductions for unknown destinations (111,500 MT). For 2020/2021, net sales of 113,600 MT were for Mexico (97,600 MT), unknown destinations (13,000 MT), and Japan (3,000 MT).

Exports of 844,700 MT--a marketing-year high--were up 11 percent from the previous week and 20 percent from the prior 4-week average. The destinations were primarily to Mexico (278,700 MT), Colombia (224,700 MT), Japan (155,500 MT), Guatemala (62,200 MT), and Honduras (59,600 MT).

Optional Origin Sales: For 2019/2020, new optional origin sales of 65,000 MT were reported for South Korea. The current outstanding balance of 649,900 MT is for South Korea (531,000 MT), Israel (60,000 MT), and Egypt (58,900 MT).

Barley: For 2019/2020, total net sales of 300 MT were for Japan. For 2020/2021, total net sales of 500 MT were for Japan. Exports of 300 MT were down 19 percent from the previous week and 66 percent from the prior 4-week average. The destination was Japan.

Sorghum: Net sales of 444,500 MT for 2019/2020--a marketing-year high--were up noticeably from the previous week and from the prior 4-week average. Increases were primarily for unknown destinations (324,200 MT), China (119,000 MT), and Mexico (1,100 MT, including decreases of 200 MT). Exports of 2,300 MT were down 97 percent from the previous week and from the prior 4-week average. The destination was Mexico.

U.S. Export Inspections: Week Ending February 20, 2020

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	144	28,432	6,852	415%
Corn	912,922	795,399	13,221,709	24,952,493	53%
Sorghum	16,540	85,141	1,328,349	826,288	161%
Soybeans	594,536	1,005,050	28,884,345	25,120,685	115%
Wheat	411,523	503,082	18,144,118	16,521,400	110%

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 February 13, 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	595,589	69%	45,755	100%	0	0%
PNW	102,664	12%	0	0%	0	0%
Interior Export Rail	168,914	19%	0	0%	16,540	100%
Total (Metric Tons)	867,167	100%	45,755	100%	16,540	100%
White Corn Shipments by Country (MT)			38,442 7,313	to Colombia to Honduras		
Total White Corn			45,755			
Sorghum Shipments by Country (MT)					16,491 49	to Mexico to New Zealand
Total Sorghum					16,540	

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	0.70+H	\$170.86	1.09+H	\$186.41
April	0.68+K	\$171.45	0.60+K	\$168.30
May	0.67+K	\$171.05	1.05+K	\$186.21

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	March	April	May
Gulf	\$192	\$194	\$192

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
March	1.00+H	\$182.86	0.82+H	\$175.78
April	0.98+K	\$183.45	0.82+K	\$177.16
May	0.98+K	\$183.45	0.83+K	\$177.55

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	April	May	June
New Orleans	\$197	\$198	\$199
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	April	May	June
New Orleans	\$587	\$589	\$591
<i>*5-10,000 MT Minimum</i>			

DDGS Price Table: February 27, 2020 (USD/MT)
 (Quantity, availability, payment and delivery terms vary)

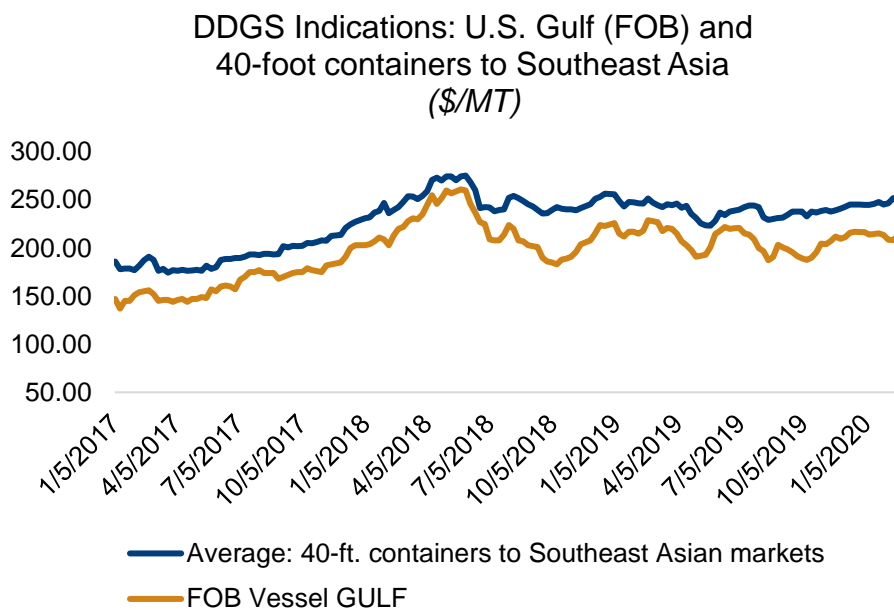
Delivery Point Quality Min. 35% Pro-fat combined	March	April	May
Barge CIF New Orleans	202	203	203
FOB Vessel GULF	215	215	214
Rail delivered PNW	221	222	223
Rail delivered California	224	225	226
Mid-Bridge Laredo, TX	221	222	223
FOB Lethbridge, Alberta	199	200	201
40 ft. Containers to South Korea (Busan)	242	240	240
40 ft. Containers to Taiwan (Kaohsiung)	240	237	237
40 ft. Containers to Philippines (Manila)	253	251	251
40 ft. Containers to Indonesia (Jakarta)	245	243	243
40 ft. Containers to Malaysia (Port Kelang)	246	243	243
40 ft. Containers to Vietnam (HCMC)	251	249	249
40 ft. Containers to Japan (Yokohama)	250	248	248
40 ft. containers to Thailand (LCMB)	258	255	255
40 ft. Containers to China (Shanghai)	238	236	236
40 ft. Containers to Bangladesh (Chittagong)	273	270	270
40 ft. Containers to Myanmar (Yangon)	274	271	271
KC Rail Yard (delivered ramp)	207	206	207
Elwood, IL Rail Yard (delivered ramp)	201	200	201

*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 weaker across the U.S. this week with the futures markets pressuring values. Basis has firmed to 9 cents under May futures, however, despite the decline in flat prices. Prices for DDGS FOB ethanol plants are down \$1/MT while cash soybean meal prices have rallied \$4/MT on news of Argentina's higher export taxes. DDGS are priced at 109 percent of cash corn values, up from last week and slightly above the three-year average. The DDGS/soymeal price ratio is 0.49, steady with the prior week and above the three-year average.

Merchandisers are reporting that the DDGS markets are quieter this week amid global uncertainty about the economic outlook. Exporters report that international buyers pushed prices to the top end of their recent trading range and are now waiting before extending coverage. Barge CIF NOLA values are down \$1/MT, with FOB Gulf offers declining an equal amount. Prices for containers to Southeast Asia are \$2/MT higher, however, reaching \$255/MT for March shipment.



Source: World Perspectives, Inc.

Country News

Afghanistan: Helmand province corn production is 16.5 percent greater this year due to better seed and farmer training. (Pajhwok Afghan News)

Argentina: The Buenos Aires Grain Exchange raised its estimate for corn production by 1 MMT to 50 MMT. Upriver basis has softened, making way for exports and BCR says a record volume of corn was exported in the 2018/19 season. (Reuters)

Brazil: About 10-15 percent of the soy area is behind in being harvested and moisture is needed in some areas for the second crop corn. Meat production and exports will create a strong demand for corn this year. (Reuters; AgriCensus)

Jordan: MIT paid \$198/MT CFR Aqaba for barley delivered in July. (AgriCensus)

South Africa: The maize harvest for 2020 is estimated to be 29 percent larger than a year ago due to good weather conditions. CEC expects 14.4 MMT of corn production. The locust situation in nearby countries should make for a strong export season. (Reuters; AgriCensus)

South Korea: The coronavirus has not slowed corn buying as 1.4 MMT was purchased with some coming from the U.S.; NOFI bought 138 KMT of corn for June/July delivery; another 67 KMT was purchased from South American in a private deal. (Refinitiv; AgriCensus)

Tunisia: ODC purchased 75 KMT of barley for delivery in April. (AgriCensus)

Ukraine: State weather forecaster Tetyana Adamenko says the 2020 grain crop is expected to be good based on weather conditions. Corn exports were 14 percent higher last week. (Refinitiv; AgriCensus)

Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans*			
February 27, 2020			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$43.50	Up \$0.25	Handymax \$44.25 mt
55,000 U.S. PNW- Japan	\$23.50	Up \$0.75	Handymax \$24.50 mt
66,000 U.S. Gulf – China	\$42.00	Up \$0.25	North China
PNW to China	\$22.75	Up \$1.00	
25,000 U.S. Gulf- Veracruz, México	\$16.50	Unchanged	3,000 MT daily discharge rate
30-35,000+ U.S. Gulf- Veracruz, México	\$13.75	Unchanged	Deep draft and 6,000 MT per day discharge rate.
25-35,000 U.S. Gulf – East Coast, Colombia	\$19.00	Down \$0.25	<u>West Coast Colombia at \$26.50</u> USG to E/C 50,000 mt at \$15.75
From Argentina	\$33.00	Down \$0.25	
43-45,000 U.S. Gulf - Guatemala	\$28.25	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$33.50	Up \$0.25	8,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$33.75	Up \$0.25	3,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$34.00	Up \$0.25	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$25.50	Up \$0.50	60,000 -55,000 mt Romania- Russia- Ukraine \$12.25 -\$11.50 -\$12.25
PNW to Egypt	\$25.50	Up \$0.50	France \$16.50
60-70,000 U.S. Gulf – Europe, Rotterdam	\$14.50	Unchanged	Handymax at +\$1.75 more
Brazil, Santos – China	\$32.00	Up \$0.75	54-59,000 Supramax- Panamax
Brazil, Santos – China	\$30.50	Up \$0.75	60-66,000 Post Panamax
Itacoatiara-Port Upriver North Brazil	\$34.50		Upriver No. Brazil Plus - 55,000 mt Plus \$7.50/mt
56-60,000 Argentina/Rosario – China, Deep Draft	\$34.50	Up \$0.75	Upriver with BB Top Off \$39.00

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: Dry-Bulk markets are still struggling, and big carries remain between the 30 day and forward markets as vessel owners continue to hope for a recovery. Traders say they simply cannot find much interest in moving the needle in these slow conditions. Coronavirus COVID19 still hangs over the market with a lot of uncertainty as to its full economic impact. Additionally, the large cost spread between VLSFO and HSFO is creating a substantial operating cost differential between scrubber-fitted vessels and those that must use LSFO. So, freight competitiveness will greatly depend on the specifics of the freight provider. Finally, of course, there is the issue of slowing global economies. Some are now predicting that Chinese GDP growth may drop from 6.5% to 4.5% or event possibly as low as 4.0%. In uncertain times everyone stays close to shore.

Baltic-Panamax Dry-Bulk Indices				
February 27, 2020	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	14,088	14,023	65	0.5
P3A: PNW/Pacific– Japan	5,360	6,081	-721	-11.9
S1C: U.S. Gulf-China-S. Japan	20,183	18,772	1,411	7.5

Source: O'Neil Commodity Consulting

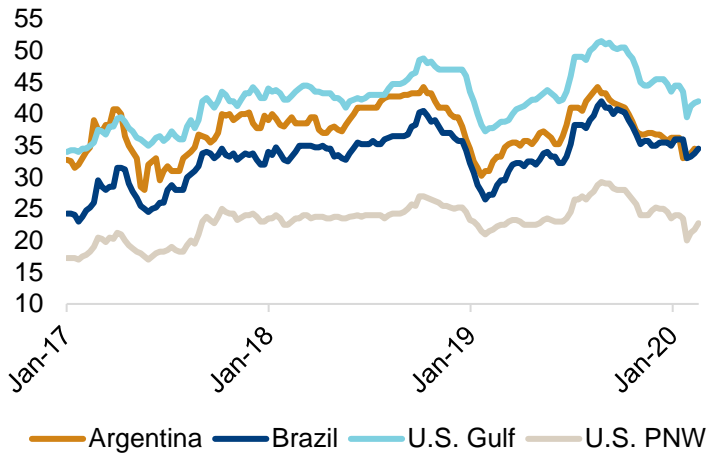
Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$7.00-7.20
Three weeks ago:	\$6.00-6.15
Two weeks ago:	\$5.75-6.00
One week ago:	\$5.80-5.90
This week	\$5.50-5.70

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
February 27, 2020	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.98	0.30	0.68	\$26.77	GULF
Soybeans	1.20	0.95	0.25	\$9.19	PNW
Ocean Freight	\$22.75	\$42.00	0.49-0.52	\$19.25	April

Source: O'Neil Commodity Consulting

Bulk Grain Freight Rates to China from Select Origins



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

Bulk Grain Freight Rates for Key Suppliers and Destinations
February 27, 2020

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
<i>Panamax/Supramax Vessels</i>							
U.S. Gulf		43.50	-1.5	-3.3%	4	10.1%	
U.S. PNW	Japan	23.50	-0.75	-3.1%	0.75	3.3%	
Argentina		33.50	-2	-5.6%	2	6.3%	
Brazil		30.50	-4	-11.6%	4	15.1%	
U.S. Gulf		42.00	-1.5	-3.4%	3.75	9.8%	
U.S. PNW	China	22.75	-0.75	-3.2%	0.5	2.2%	
Argentina		34.50	-1.75	-4.8%	2	6.2%	
Brazil		34.50	-1.5	-4.2%	5.75	20.0%	
U.S. Gulf		15.40	-1.6	-9.4%	-1.1	-6.7%	
Argentina	Europe	28.50	0	0.0%	-5	-14.9%	
Brazil		31.50	0	0.0%	1	3.3%	
Argentina	Saudi Arabia	45.50	1	2.2%	13	40.0%	
Brazil		48.50	1	2.1%	13	36.6%	
U.S. Gulf		25.50	-2.00	-7.3%	-1.00	-3.8%	
U.S. PNW	Egypt	24.55	-2.45	-9.1%	-4.25	-14.8%	
Argentina		28.50	0.00	0.0%	-4.00	-12.3%	
Brazil		33.50	0.00	0.0%	5.00	17.5%	
<i>Handysize Vessels</i>							
U.S. Gulf		34.50	-1.00	-2.8%	1.00	3.0%	
U.S. Great Lakes	Morocco	41.75	0.05	0.1%	-3.30	-7.3%	
Argentina		27.50	0.00	0.0%	4.00	17.0%	
Brazil		43.50	2.00	4.8%	19.00	77.6%	
U.S. Great Lakes	Europe	39.75	0.05	0.1%	-4.30	-9.8%	
Brazil		33.70	2.35	7.5%	3.00	9.8%	
Argentina	Algeria	32.50	-1.00	-3.0%	5.00	18.2%	
Brazil		47.50	1.00	2.2%	21.00	79.2%	
U.S. Gulf		19.00	-0.50	-2.6%	-0.50	-2.6%	
U.S. PNW	Colombia	25.55	-5.20	-16.9%	-4.75	-15.7%	
Argentina		33.00	-0.25	-0.8%	0.00	0.0%	
<i>Shipping Indexes</i>							
Baltic Dry Index		434	-112	-20.5%	-209	-32.5%	

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