



August 20, 2020

The COVID-19 pandemic is changing the markets and our working situations on a day-to-day basis - but what is not changing is the U.S. Grains Council’s commitment to you, our members’ valued customers.

The Council’s staff worldwide are committed to providing you the service and market information you have come to expect from us during this time. While we are teleworking, we remain ready to assist you and encourage you to contact us as issues or questions arise.

The Council wishes all our customers around the world good health and safety during this trying time.

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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 December Contract | | | | | |
|--|---|---|--|--|--|
| \$/Bu | Friday August 14 | Monday August 17 | Tuesday August 18 | Wednesday August 19 | Thursday August 20 |
| Change | -0.75 | 6.75 | -3.00 | -2.00 | -0.50 |
| Closing Price | 338.00 | 344.75 | 341.75 | 339.75 | 339.25 |
| Factors Affecting the Market | Quiet trade left corn slightly lower after Thursday's rally. The weekend forecast shows scattered showers for the Corn Belt, but a dry 10-day forecast after that. The cash market has been active on the rally with farmers selling old crop stocks. Outside markets were mixed with stocks and the USD lower. | Dry weather over the weekend sent corn higher and to new highs for the rally. Traders expect significant declines in crop conditions between the dryness and last week's windstorm. Wheat futures were sharply higher and that created spillover buying in corn as well. Outside markets were supportive. | Monday's Crop Progress report showed only a 2% decline in corn conditions, far less than expected. That created selling pressure at the CBOT, despite USDA's news that 12.8 mbu of new crop corn was sold to unknown destinations yesterday. Outside markets remain supportive with the dollar falling 75 bps. | December corn filled its chart gap left by Monday's open and, having done so, firmed heading into the close. Filling the chart gap was an important goal for corn bears but that support held was a win for bulls. Ethanol production was up slightly last week while stocks rose as well. The U.S. dollar rallied 61 bps while stocks fell. | December corn traded lower for most of the day but firmed heading into the close. Key support held at \$3.35, which suggests a sideways/higher trading outlook. USDA said 28.5 mbu of new crop corn was sold last week, a bullish amount. New crop sales are up 161% year-over-year. Outside markets were mixed. |

Outlook: December corn futures are up 1.25 cents (0.4 percent) this week as the market walked back to fill an existing chart gap and test new support levels. Concerns about hot/dry weather across the Corn Belt last weekend were assuaged by Monday' Crop Progress report that showed a modest decline in conditions ratings. New crop corn demand has been robust so far, which has helped keep prices supported.

Monday's Crop Progress report showed a 2 percent decline in the good/excellent rating for the U.S. corn crop, despite dry weekend weather and drought across parts of the Midwest. Ratings in Iowa fell sharply, however, as the impact of drought in the western part of the state and last week's derecho hurt conditions. The report continued to show that the crop remains advanced in its maturity, which is helping fend off any impacts of the recent hot/dry weather trend.

Crop tours are making their way across the Midwest this week, and initial yield forecasts have been reassuring. Record high yields have been predicted for South Dakota and forecasts for Illinois, Indiana, and Nebraska are above year-ago levels. Early results from Iowa suggest yields could be down 10-15 bushels/acre this year and the market is awaiting the final state-wide estimate. Of course, USDA's September projections will be the most influential for determining market direction.

Producers have been aggressive sellers on the recent rally, selling both any lingering old crop stocks as well as making new crop sales. Despite the increase in farm sales, basis has remained largely steady or higher as strong export demand has left exporters and grain elevators needing to buy grain. Cash corn prices are slightly higher this week at \$119.50/MT for spot delivery.

The weekly Export Sales report featured net old-crop corn sales of 61,600 MT and net new-crop sales of 0.723 MMT. Weekly exports were down 10 percent from the prior week at 1.197 MMT and were sufficient to put 2019/20 YTD bookings at 44.221 MMT – down 12 percent from the prior year and in-line with USDA’s forecast. Notably, new crop outstanding sales currently total 12.204 MMT, up 161 percent from the prior year.

From a technical standpoint, December futures have been consolidating from last week’s rally. The market pushed to a new high for the move on Monday, gapping higher at the open. For the rest of the week, the market has slowly ground lower as commercials and managed money funds emerged as sellers. The market tested support at \$3.35, which held, and moved higher Thursday afternoon, closing above the 100-day moving average. With Iowa yield still uncertain and likely to remain so until the September WASDE, it looks like bears will have a tough time pushing the market below \$3.35. Consequently, the outlook is for mostly sideways or higher trade to develop heading into September.

| Interest Rates and Macroeconomic Markets, August 20, 2020 | | | | | | |
|---|----------|---------------|-----------------|----------------|------------------|----------------|
| | Last* | Weekly Change | Weekly % Change | Monthly Change | Monthly % Change | 1-Year History |
| Interest Rates | | | | | | |
| U.S. Prime | 3.3 | 0.0 | 0.0% | 0.0 | 0.0% | |
| LIBOR (6 Month) | 0.3 | 0.0 | -9.6% | 0.0 | -7.0% | |
| LIBOR (1 Year) | 0.4 | 0.0 | -2.8% | 0.0 | -4.0% | |
| S&P 500 | 3,385.5 | 12.1 | 0.4% | 149.9 | 4.6% | |
| Dow Jones Industrials | 27,739.7 | -157.0 | -0.6% | 1,087.4 | 4.1% | |
| U.S. Dollar | 92.8 | -0.6 | -0.6% | -1.9 | -2.0% | |
| WTI Crude | 42.8 | 0.5 | 1.3% | 1.7 | 4.2% | |
| Brent Crude | 44.9 | 0.0 | -0.1% | 1.6 | 3.7% | |

Source: DTN ProphetX, World Perspectives, Inc.

* Last price as of 3:54 PM ET

CBOT December Corn Futures



Source: DTN ProphetX

Current Market Values:

| Futures Price Performance: Week Ending August 20, 2020 | | | |
|---|---------------|---------------|-------------------|
| Commodity | 20-Aug | 14-Aug | Net Change |
| Corn | | | |
| Sep 20 | 324.50 | 324.50 | 0.00 |
| Dec 20 | 339.25 | 338.00 | 1.25 |
| Mar 21 | 352.25 | 349.25 | 3.00 |
| May 21 | 360.25 | 356.75 | 3.50 |
| Soybeans | | | |
| Sep 20 | 903.00 | 897.00 | 6.00 |
| Nov 20 | 905.25 | 898.75 | 6.50 |
| Jan 21 | 911.75 | 903.75 | 8.00 |
| Mar 21 | 913.75 | 904.25 | 9.50 |
| Soymeal | | | |
| Sep 20 | 293.80 | 291.80 | 2.00 |
| Oct 20 | 296.30 | 294.10 | 2.20 |
| Dec 20 | 300.60 | 298.50 | 2.10 |
| Jan 21 | 301.90 | 299.50 | 2.40 |
| Soyoil | | | |
| Sep 20 | 31.30 | 31.06 | 0.24 |
| Oct 20 | 31.32 | 30.97 | 0.35 |
| Dec 20 | 31.52 | 31.09 | 0.43 |
| Jan 21 | 31.69 | 31.24 | 0.45 |
| SRW | | | |
| Sep 20 | 519.50 | 500.00 | 19.50 |
| Dec 20 | 528.50 | 509.50 | 19.00 |
| Mar 21 | 535.00 | 516.25 | 18.75 |
| May 21 | 539.25 | 521.00 | 18.25 |
| HRW | | | |
| Sep 20 | 441.50 | 425.25 | 16.25 |
| Dec 20 | 452.75 | 435.75 | 17.00 |
| Mar 21 | 462.75 | 445.00 | 17.75 |
| May 21 | 470.75 | 452.00 | 18.75 |
| MGEX (HRS) | | | |
| Sep 20 | 513.25 | 497.50 | 15.75 |
| Dec 20 | 527.50 | 512.25 | 15.25 |
| Mar 21 | 538.50 | 525.00 | 13.50 |
| May 21 | 547.50 | 534.50 | 13.00 |

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

U.S. Weather/Crop Progress

| U.S. Crop Conditions: August 16, 2020 | | | | | |
|---------------------------------------|-----------|------|------|------|-----------|
| Commodity | Very Poor | Poor | Fair | Good | Excellent |
| Corn | 3% | 7% | 21% | 52% | 17% |
| Sorghum | 5% | 9% | 29% | 45% | 12% |
| Barley | 1% | 3% | 19% | 59% | 18% |

Source: USDA, World Perspectives, Inc.

U.S. Drought Monitor Weather Forecast: The NWS WPC 7-Day Quantitative Precipitation Forecast (QPF) calls for light-to-moderate accumulations ranging from 1-to-5 inches across portions of the South, Southeast, and the Mid-Atlantic with Florida and eastern portions of the Gulf Coast expected to receive the heaviest accumulations. In the Upper Midwest and northern portions of New England, accumulations of less than 1 inch are expected. Elsewhere, generally dry conditions are expected across the remainder of the conterminous U.S. with some isolated thunderstorm activity expected across the Southwest, central and northern Rockies, and the Great Basin—although rainfall accumulations are expected to be light (<1 inch).

The CPC 6-10-day Outlook calls for a moderate-to-high probability of above-normal temperatures across most the conterminous U.S. with the exception of the far northern portions where temperatures are expected to be normal except for the Upper Midwest where below-normal temperatures are expected. In terms of precipitation, there is a moderate-to-high probability of above-normal precipitation across parts of the West including the Great Basin and areas of the Intermountain West including Utah, Wyoming, Idaho, and Montana. Other areas with a moderate probability of above-normal precipitation include much of the Midwest and the eastern tier. Conversely, drier-than-normal conditions are forecasted for western portions of Oregon and Washington as well as the Desert Southwest, northern Texas, and the Southern 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 August 13, 2020 | | | | | |
|--|------------------|--------------|----------------------|-----------------------|-----------------------|
| Commodity | Gross Sales (MT) | Exports (MT) | YTD Exports (000 MT) | YTD Bookings (000 MT) | % Change YTD Bookings |
| Wheat | 555,900 | 406,900 | 5,403.2 | 11,114.1 | 7% |
| Corn | 88,000 | 1,197,000 | 41,218.9 | 44,221.4 | -12% |
| Sorghum | 0 | 48,500 | 4,340.0 | 4,629.1 | 168% |
| Barley | 0 | 300 | 8.2 | 39.3 | -31% |

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 61,600 MT for 2019/2020 were down 84 percent from the previous week and 63 percent from the prior 4-week average. Increases primarily for Japan (70,200 MT, including 64,900 MT switched from unknown destinations), Colombia (52,300 MT, including 50,000 MT switched from unknown destinations and decreases of 8,400 MT), Guatemala (26,800 MT, including 32,000 MT switched from El Salvador and decreases of 4,800 MT), Mexico (10,600 MT, including decreases of 3,400 MT), and China (8,600 MT), were offset by reductions for unknown destinations (87,600 MT), El Salvador (29,200 MT), and Peru (8,000 MT).

For 2020/2021, net sales of 723,300 MT were primarily for unknown destinations (365,100 MT), Mexico (94,800 MT), South Korea (66,200 MT), Japan (55,500 MT), and Taiwan (41,300 MT).

Exports of 1,197,000 MT were down 10 percent from the previous week, but up 19 percent from the prior 4-week average. The destinations were primarily to China (382,400 MT), Mexico (297,800 MT), Japan (210,000 MT), Colombia (112,000 MT), and Guatemala (98,700 MT).

Optional Origin Sales: For 2019/2020, the current outstanding balance of 390,000 MT is for South Korea (260,000 MT), Vietnam (65,000 MT), and Taiwan (65,000 MT). For 2020/2021, the current outstanding balance of 260,000 MT is for Vietnam (195,000 MT) and South Korea (65,000 MT).

Barley: No net sales for 2020/2021 were reported for the week. Exports of 300 MT were down 93 percent from the previous week and 77 percent from the prior 4-week average. The destination was Taiwan.

Sorghum: Net sales reductions of 4,600 MT for 2019/2020 were down noticeably from the previous week and from the prior 4-week average. Increases reported for China (48,400 MT, including 48,500 MT switched from unknown destinations and decreases of 100 MT), were more than offset by reductions for unknown destinations (53,000 MT).

For 2020/2021, net sales of 122,000 MT were reported for unknown destinations (68,000 MT) and China (54,000 MT). Exports of 48,500 MT were down 90 percent from the previous week and 77 percent from the prior 4-week average. The destination was China.

U.S. Export Inspections: Week Ending August 13, 2020

| Commodity (MT) | Export Inspections | | Current Market YTD | Previous YTD | YTD as Percent of Previous |
|----------------|--------------------|---------------|--------------------|--------------|----------------------------|
| | Current Week | Previous Week | | | |
| Barley | 1,996 | 0 | 2,461 | 2,938 | 84% |
| Corn | 1,036,985 | 1,288,883 | 40,312,783 | 46,168,508 | 87% |
| Sorghum | 83,934 | 109,012 | 4,723,598 | 1,999,455 | 236% |
| Soybeans | 785,075 | 785,568 | 40,950,167 | 43,485,255 | 94% |
| Wheat | 461,699 | 476,698 | 5,625,441 | 5,521,334 | 102% |

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 August 13, 2020

| Region | YC | % of Total | WC | % of Total | Sorghum | % of Total |
|--------------------------------------|------------------|-------------|------------|-------------|----------------------------|-----------------------------------|
| Lakes | 26,353 | 3% | 0 | 0% | 0 | 0% |
| Atlantic | 0 | 0% | 0 | 0% | 0 | 0% |
| Gulf | 635,490 | 61% | 0 | 0% | 72,684 | 87% |
| PNW | 223,671 | 22% | 490 | 100% | 0 | 0% |
| Interior Export Rail | 150,981 | 15% | 0 | 0% | 11,250 | 13% |
| Total (Metric Tons) | 1,036,495 | 100% | 490 | 100% | 83,934 | 100% |
| White Corn Shipments by Country (MT) | | | 490 | to S. Korea | | |
| Total White Corn | | | 490 | | | |
| Sorghum Shipments by Country (MT) | | | | | 48,557 24,200 11,177 | to China to Sudan to Mexico |
| Total Sorghum | | | | | 83,934 | |

Source: USDA, World Perspectives, Inc.

| 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) |
| September | 0.95+U | \$164.95 | 1.40+U | \$182.67 |
| October | 0.94+Z | \$170.56 | 1.42+Z | \$189.26 |
| November | 0.94+Z | \$170.36 | 1.41+Z | \$188.87 |

| #2 White Corn (U.S. \$/MT FOB Vessel*) | | | |
|--|-----------|---------|----------|
| Max. 15.0% Moisture | September | October | November |
| Gulf | N/A | N/A | N/A |

| Sorghum (USD/MT FOB Vessel*) | | | | |
|---|--------|------------|--------|------------|
| #2 YGS FOB Vessel Max 14.0% Moisture | NOLA | | TEXAS | |
| | Basis | Flat Price | Basis | Flat Price |
| September | 2.50+U | \$226.17 | 2.35+U | \$220.26 |
| October | 2.50+Z | \$231.98 | 2.32+Z | \$224.89 |
| November | 2.50+Z | \$231.98 | 2.25+Z | \$222.13 |

| Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT*) | | | |
|--|-----------|---------|----------|
| | September | October | November |
| New Orleans | \$180 | \$180 | \$180 |
| Quantity 5,000 MT | | | |
| Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT*) | | | |
| Bulk 60% Pro. | September | October | November |
| New Orleans | \$580 | \$580 | \$580 |
| *5-10,000 MT Minimum | | | |

*Prices are based on offer indications only. Quoted prices are believed to reflect current market conditions but may vary from actual offers. Terms of delivery, payment, and quality may vary from one supplier to another, impacting the actual value of the price.

DDGS Price Table: August 20, 2020 (USD/MT)
(Quantity, availability, payment and delivery terms vary)

| Delivery Point Quality Min. 35% Pro-fat combined | September | October | November |
|---|------------------|----------------|-----------------|
| Barge CIF New Orleans | 200 | 205 | 206 |
| FOB Vessel GULF | 214 | 214 | 215 |
| Rail delivered PNW | 208 | 210 | 212 |
| Rail delivered California | 218 | 219 | 220 |
| Mid-Bridge Laredo, TX | 209 | 209 | 213 |
| FOB Lethbridge, Alberta | 187 | 188 | 190 |
| 40 ft. Containers to South Korea (Busan) | 228 | 229 | 230 |
| 40 ft. Containers to Taiwan (Kaohsiung) | 226 | 227 | 228 |
| 40 ft. Containers to Philippines (Manila) | 235 | 236 | 237 |
| 40 ft. Containers to Indonesia (Jakarta) | 229 | 230 | 231 |
| 40 ft. Containers to Malaysia (Port Kelang) | 233 | 234 | 235 |
| 40 ft. Containers to Vietnam (HCMC) | 231 | 232 | 233 |
| 40 ft. Containers to Japan (Yokohama) | 236 | 237 | 238 |
| 40 ft. containers to Thailand (LCMB) | 236 | 237 | 238 |
| 40 ft. Containers to China (Shanghai) | 233 | 234 | 235 |
| 40 ft. Containers to Bangladesh (Chittagong) | 257 | 258 | 259 |
| 40 ft. Containers to Myanmar (Yangon) | 253 | 254 | 255 |
| KC Rail Yard (delivered ramp) | 188 | 188 | 189 |
| Elwood, IL Rail Yard (delivered ramp) | 187 | 187 | 188 |

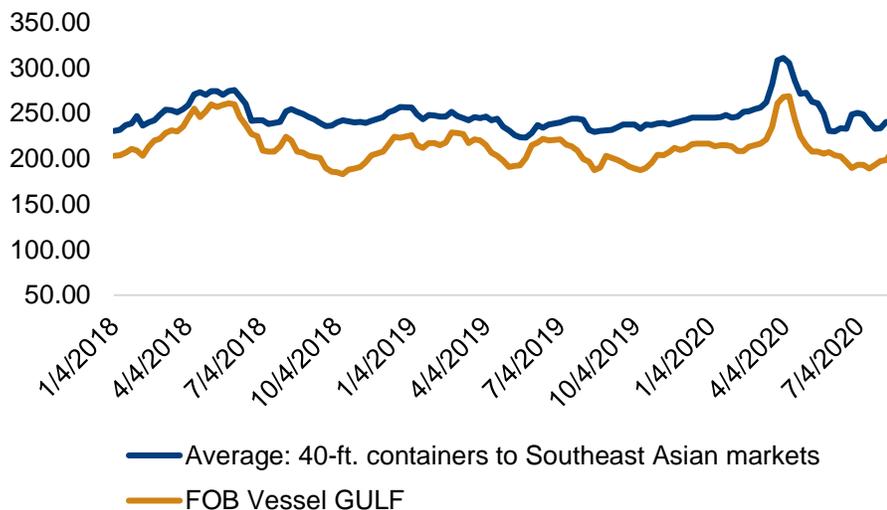
Source: World Perspectives, Inc. *Prices are based on offer indications only; terms of delivery, payment and quality may vary from one supplier to another, impacting the actual value of the price.

Distiller's Dried Grains with Solubles (DDGS)

DDGS Comments: Stronger domestic demand is pushing prices for DDGS FOB ethanol plants \$2/MT higher this week. Merchandisers report that buying interest from the cattle feeding industry for the fall is increasing and supporting values. Rail-delivered DDGS prices are up \$6-7/MT for spot/fall delivery. Kansas City soymeal prices, up \$4.30/MT, continue to rally and help support DDGS and other feedstuff markets. DDGS are priced at 113 percent of cash corn values, down from the prior week and above the five-year average ratio of 109 percent. The DDGS/soymeal price ratio is 0.41, below both last week's value and the three-year average.

On the export market, asking prices continue to firm as increasing domestic demand is tightening near-term supplies. Offers for DDGS Barge CIF NOLA are up \$1-2/MT for September/October delivery while FOB Gulf offers are up \$4-5/MT. Prices for 40-foot containers to Southeast Asia are down slightly this week, averaging \$237/MT. Exporters note that destination markets have recently been trading at a discount to replacement values as inventories were secure at lower prices. Industry sources say that once those lower priced inventories clear, export demand will be price supportive.

DDGS Indications: U.S. Gulf (FOB) and
40-foot containers to Southeast Asia
(\$/MT)



Source: World Perspectives, Inc.

Country News

Argentina: Corn exporters face a "negative margin" as farmers withhold their crop and the higher FAS price makes it difficult for them to meet their existing corn export contracts. Meanwhile, the Buenos Aires Grain Exchange forecasts 2020/21 corn planted acres at 6.2 million hectares, which is slightly below last season's 6.3 million. Conditions are too dry in the northern and southern grain belts. (AgriCensus)

Australia: Canberra has appealed to Beijing to end the 80.5 percent AD/CVD tariffs on its barley shipments. The punitive tariffs were applied amid soured diplomatic relations and now China is probing the application of new tariffs on Australian wine as well. (Refinitiv)

Brazil: Indigenous protesters have put up roadblocks on a key corn transport highway. They are protesting the government's inadequate Covid-19 protection. Nonetheless, corn exports hit a record in August. (AP News; AgriCensus)

China: The latest weekly auction of government-stored corn was again 100 percent sold out. The highest and average (\$269.86/MT) bid prices at the 20 August auction continued to decline but the lowest bid prices have been rising. Meanwhile, more corn is being imported to meet the feed demand of expanding pig and poultry production. Feed demand in July grew at the fastest rate in 10 years. (National Grain Trade Center; Reuters)

EU: A German co-op has trimmed its forecast for barley production after 'extreme weather.' French corn conditions have worsened following a heat wave. (AgriCensus)

South Korea: MFIG, NOFI, Kocopia all passed on making corn purchases. (AgriCensus)

Taiwan: MFIG bought corn from Posco at \$185.45 over the March contract. (AgriCensus)

Ukraine: The barley harvest has wrapped up and output missed USDA's forecast, according to the Agriculture Ministry. Also, dry weather has corn output this season at 35 MMT and not the 39 MMT originally forecast. As of 19 August, corn exports are at 502 KMT, versus 1.68 MMT a year ago. (AgriCensus; Reuters)

Turkey: The Turkish Grain Board again tendered for barley imports. (AgriCensus)

Thailand: The Thailand Feed Mill Association bought barley for December delivery. (AgriCensus)

Ocean Freight Markets and Spreads

| Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans* August 20, 2020 | | | |
|--|-----------------------|-----------------------------|--|
| Route and Vessel Size | Current Week (USD/MT) | Change from Previous Report | Remarks |
| 55,000 U.S. Gulf-Japan | \$44.50 | Unchanged | Handymax \$46.00 mt |
| 55,000 U.S. PNW- Japan | \$24.25 | Unchanged | Handymax \$25.50 mt |
| 66,000 U.S. Gulf – China | \$43.50 | Unchanged | North China |
| PNW to China | \$23.50 | Unchanged | |
| 25,000 U.S. Gulf - Veracruz, México | \$17.75 | Unchanged | 3,000 MT daily discharge rate |
| 30-36,000+ U.S. Gulf - Veracruz, México | \$15.00 | Unchanged | Deep draft and 6,000 MT per day discharge rate. |
| 30-38,000 U.S. Gulf - Colombia | \$20.75 | Unchanged | <u>West Coast Colombia at \$30.75</u> |
| <u>East Coast Colombia</u> | <u>\$29.50</u> | | USG to E/C 50,000 mt at \$17.50 |
| From Argentina | \$34.00 | | |
| 43-45,000 U.S. Gulf - Guatemala | \$29.00 | Unchanged | Acajutla/Quetzal - 8,000 out |
| 26-30,000 U.S. Gulf – Algeria | \$39.00 \$41.00 | Unchanged | 8,000 mt daily discharge 3,000 mt daily discharge |
| 26-30,000 US Gulf - Morocco | \$40.50 | Unchanged | 5,000 discharge rate |
| 55-60,000 U.S. Gulf –Egypt | \$29.00 | Unchanged | 60,000 -55,000 mt |
| PNW to Egypt | \$29.25 | | Romania- Russia- Ukraine \$16.00-\$16.10 -\$16.40 France \$20.00 |
| 60-70,000 U.S. Gulf – Europe, Rotterdam | \$19.75 | Down \$0.25 | Handymax at +\$1.75 more |
| Brazil, Santos – China | \$32.50 | Down \$0.50 | 54-59,000 Supramax- Panamax |
| Brazil, Santos – China | \$32.00 | | 60-66,000 Post Panamax |
| Northern Coast Brazil - China | \$35.50 | | Upriver No. Brazil Plus - 55,000 mt Plus \$7.50/mt |
| 56-60,000 Argentina/Rosario- China, Deep Draft | \$36.50 | Down \$0.50 | Upriver with BB Top Off Plus \$3.75 mt |

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: After a brief run up in freight values, markets have now plateaued and seem to be reassessing conditions. This week saw Dry-Bulk sellers taking advantage of the inverted market (backwardation) situation and taking profits. The inverted markets also attracted better volumes of vessels for hire.

The Capesize sector lost \$600/day in daily hire rates on Wednesday. Daily hire rates for Panamax vessels lost nearly \$600/day over the course of the week and are now trading down from \$13,200/day to \$12,600/day for September. The market tone is currently described as "cautious".

| Baltic-Panamax Dry-Bulk Indices | | | | |
|---------------------------------|-----------|-----------|------------|----------------|
| August 20, 2020 | This Week | Last Week | Difference | Percent Change |
| Route | | | | |
| P2A: Gulf/Atlantic – Japan | 25,827 | 266,618 | -240,791 | -90.3 |
| P3A: PNW/Pacific– Japan | 13,858 | 14,435 | -577 | -4.0 |
| S1C: U.S. Gulf-China-S. Japan | 25,136 | 25,136 | 0 | 0.0 |

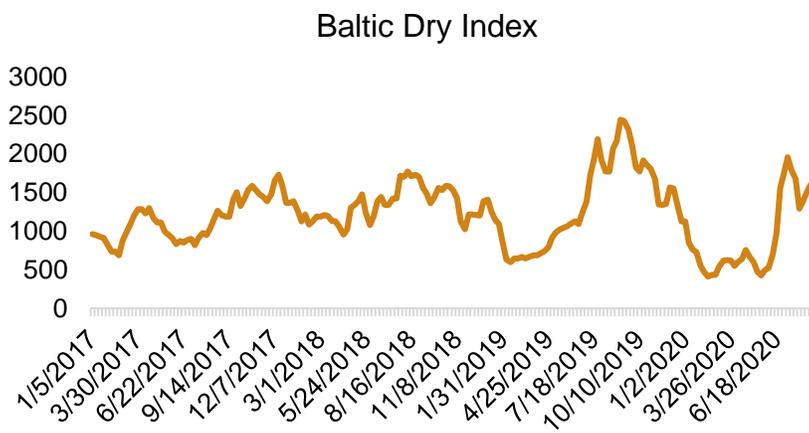
Source: O'Neil Commodity Consulting

| Capesize Vessel Freight Values Western Australia to South China (iron ore) | |
|---|-------------|
| Four weeks ago: | \$7.00-8.20 |
| Three weeks ago: | \$6.15-7.15 |
| Two weeks ago: | \$7.60-8.50 |
| One week ago: | \$8.10-8.20 |
| This week | \$7.50-8.00 |

Source: O'Neil Commodity Consulting

| U.S.-Asia Market Spreads | | | | | |
|--------------------------|---------|---------|---------------|-----------|-----------|
| August 20, 2020 | PNW | Gulf | Bushel Spread | MT Spread | Advantage |
| #2 Corn | 1.45 | 0.94 | 0.51 | \$20.08 | BOTH |
| Soybeans | 1.42 | 1.12 | 0.30 | \$11.02 | PNW |
| Ocean Freight | \$23.50 | \$43.50 | 0.51-0.54 | \$20.00 | September |

Source: O'Neil Commodity Consulting



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

Bulk Grain Freight Rates for Key Suppliers and Destinations
August 20, 2020

| Origin | Destination | This Week | Monthly Change | Monthly % Change | Yearly Change | Yearly % Change | 2-Year History |
|---------------------------------|--------------|-----------|----------------|------------------|---------------|-----------------|----------------|
| <i>Panamax/Supramax Vessels</i> | | | | | | | |
| U.S. Gulf | | 44.50 | 3 | 7.2% | -6.5 | -12.7% | |
| U.S. PNW | Japan | 24.25 | 3.5 | 16.9% | -4.25 | -14.9% | |
| Argentina | | 36.50 | 3 | 9.0% | -5 | -12.0% | |
| Brazil | | 32.50 | 0 | 0.0% | -6 | -15.6% | |
| U.S. Gulf | | 43.50 | 3 | 7.4% | -7 | -13.9% | |
| U.S. PNW | China | 23.50 | 3.25 | 16.0% | -4.25 | -15.3% | |
| Argentina | | 36.50 | 2.5 | 7.4% | -6.25 | -14.6% | |
| Brazil | | 35.50 | 2.5 | 7.6% | -4.25 | -10.7% | |
| U.S. Gulf | | 20.50 | 0 | 0.0% | 0 | 0.0% | |
| Argentina | Europe | 18.50 | 5 | 37.0% | -8 | -30.2% | |
| Brazil | | 23.50 | 0 | 0.0% | -5 | -17.5% | |
| Argentina | Saudi Arabia | 42.50 | 1 | 2.4% | 6 | 16.4% | |
| Brazil | | 56.50 | 3 | 5.6% | 15 | 36.1% | |
| U.S. Gulf | | 29.50 | 2.00 | 7.3% | -2.00 | -6.3% | |
| U.S. PNW | Egypt | 26.00 | -1.00 | -3.7% | -6.10 | -19.0% | |
| Argentina | | 23.50 | 7.00 | 42.4% | -3.00 | -11.3% | |
| Brazil | | 29.50 | 2.00 | 7.3% | -2.00 | -6.3% | |
| <i>Handysized Vessels</i> | | | | | | | |
| U.S. Gulf | | 41.50 | 2.00 | 5.1% | 4.00 | 10.7% | |
| U.S. Great Lakes | Morocco | 43.00 | 0.00 | 0.0% | -1.85 | -4.1% | |
| Argentina | | 31.50 | 2.00 | 6.8% | 6.00 | 23.5% | |
| Brazil | | 38.50 | 5.00 | 14.9% | 9.00 | 30.5% | |
| U.S. Great Lakes | Europe | 42.00 | 1.00 | 2.4% | -1.75 | -4.0% | |
| Brazil | | 29.60 | 3.40 | 13.0% | 1.00 | 3.5% | |
| Argentina | Algeria | 30.50 | 1.00 | 3.4% | 3.00 | 10.9% | |
| Brazil | | 34.50 | 1.00 | 3.0% | 4.00 | 13.1% | |
| U.S. Gulf | | 20.75 | 2.50 | 13.7% | -1.00 | -4.6% | |
| U.S. PNW | Colombia | 29.00 | 0.00 | 0.0% | -0.05 | -0.2% | |
| Argentina | | 34.00 | 2.00 | 6.3% | 1.75 | 5.4% | |
| <i>Shipping Indexes</i> | | | | | | | |
| Baltic Dry Index | | 1598 | -80 | -4.8% | -469 | -22.7% | |

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