



October 15, 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 December Contract					
\$/Bu	Friday October 9	Monday October 12	Tuesday October 13	Wednesday October 14	Thursday October 15
Change	8.00	-6.00	2.25	5.25	7.25
Closing Price	395.00	389.00	391.25	396.50	403.75
Factors Affecting the Market	The bullish Oct. WASDE sent corn higher as USDA cut the U.S. corn crop and ending stocks. Global production was revised higher, but higher demand pulled global stocks 6.3 MMT lower. The bullish adjustments were more than the market expected, creating a rally. Outside markets were mixed with US stocks higher and the USD down 55 bps.	Corn fell back to start the week as the weekend saw strong harvest progress amid good weather. Funds booked some profits while end users booked cash needs on the break. Corn export inspections were down from the prior week but are up 72 percent YTD. Outside markets were quiet with the USD up slightly and crude oil down \$1.17/barrel.	Corn moved slightly higher in low volume trade as the markets' focus remains on demand. Mexico secured 4.3 Mbu yesterday, which helped support futures. End users are continually adjusting pricing ideas higher, which will help cash and futures strengthen. Outside markets were mixed with US stocks lower and the USD up 46 bps.	Corn closed higher and recaptured all Monday's losses. USDA said 16.5 Mbu was sold to China for 2020/21; export bookings now total 1.045 Bbu. 41% of U.S. corn is harvested, the fastest pace since 2015. The La Nina weather even is bringing concern for S. American summer crops, as the event typically brings drought for those regions.	Corn rallied sharply as buy-stops were triggered above \$4.00. Funds were net buyers amid strong technical signals. Ethanol production rebounded last week while ethanol stocks remain historically tight. Chinese corn prices remain near \$10/bushel and supportive for imports. Outside markets were lower, though the USD rose 42 bps.

Outlook: December corn futures are 8.75 cents (2.2 percent) higher this week and trading above \$4.00 for the first time since late January. After consolidating for most of the week, the market rallied 7 ¼ cents on Thursday to extend its upside move. Funds remain net buyers as export demand remains strong and hints of potential weather disruptions in South America support higher pricing ideas. The October WASDE was supportive for corn as USDA cut U.S. and global production.

The October WASDE saw USDA cut the harvested area estimate from 33.78 million hectares (83.44 million acres) to 33.39 million (82.5 million acres). The agency cut the U.S. corn yield from 11.2 MT/ha to 11.19 MT/ha (from 178.5 bushels/acres to 178.4) and the modest yield adjustment, combined with harvested area reduction, left production down 4.5 MMT (177 million bushels) from the September estimate. The 2020 U.S. corn crop is forecast at 373.95 MMT (14.722 million bushels), down 1.3 percent from 2019.

On the demand side, USDA left the 2020/21 U.S. export forecast unchanged at 59.06 MMT (2.325 billion bushels) but made small reductions to feed/residual and ethanol use. What made the report bullish was the larger-than-expected reduction in ending stocks, which are now forecast at 55.04 MMT (2.167 million bushels) for 2020/21.

Internationally, USDA lowered the global corn crop forecast to 1.458 billion MT. USDA made upward revisions to production in several African countries and Serbia, which the agency said more than offset production cuts to the European and Ukrainian crops. The agency lowered its forecast of global 2020/21

ending stocks by 6.3 MMT to 300.5 MMT. Global ending stocks were largely in-line with analysts' pre-report expectations. The global ending stocks-to-use ratio is forecast at 22.4 percent for 2020/21, down from 23.4 percent for 2019/20.

The trade is closely watching the strengthening La Nina weather event, which is defined by cooler-than-normal ocean temperatures in the Pacific. Typically, La Nina weather events bring dry conditions to northern Argentina and southern Brazil, while northeast Brazil tends to see greater precipitation. So far this year, Argentina's wheat crop has been hurt by drought but there have been few impacts expected for the corn or soybean crops. Now, with the La Nina forecast to strengthen into 2021, the odds are increasing that Argentine and Brazilian summer crops may see drier conditions. While a summer drought for these regions is far from certain, the historic patterns have helped justify higher CBOT values.

The USDA's weekly Export Sales report is delayed due to a U.S. government holiday earlier this week. The Export Inspections report, however, noted that 632,000 MT of corn was inspected for export last week, down from the prior week. YTD inspections are up 72 percent, however, at 4.319 MMT. Sorghum inspections were light last week (totaling 192 MT) but YTD inspections are double last year's value. Barley inspections reached 1,896 MT, bringing YTD inspections 5 percent above the prior year.

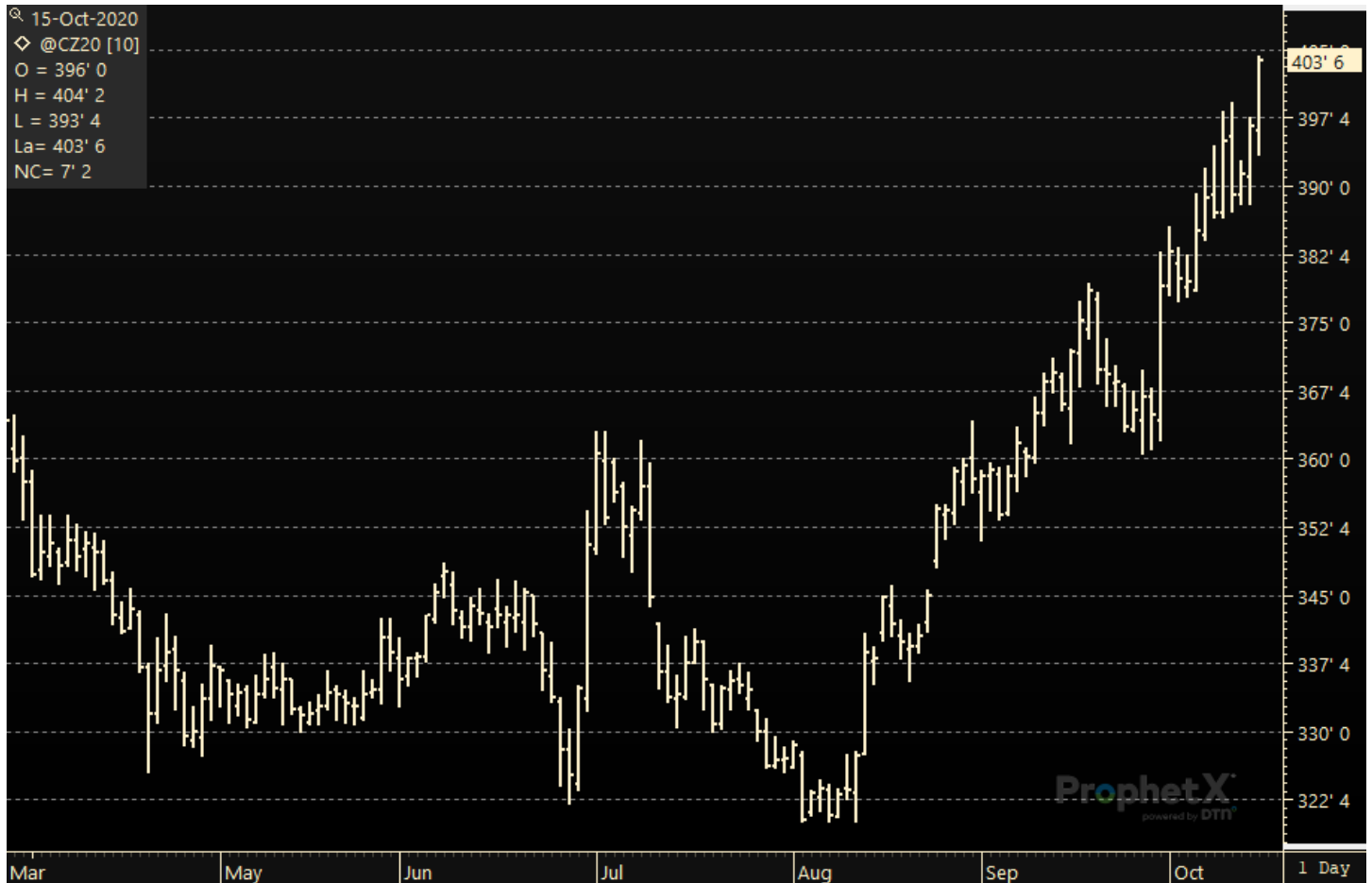
From a technical standpoint, December corn futures posted a bullish upside move with a strong close above \$4.00 on Thursday, October 15. That level had offered resistance in recent trade, but a period of consolidative trade gave bulls enough strength to push above that level. Bull markets are often characterized by sharp pullbacks that see strong support and result in consolidative trade. That pattern was evident this week and suggests the 2020 corn bull market is still alive and well.

Interest Rates and Macroeconomic Markets, October 15, 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	1.2%	0.0	-6.3%	
LIBOR (1 Year)	0.3	0.0	-1.1%	0.0	-9.0%	
S&P 500	3,481.6	34.7	1.0%	124.6	3.7%	
Dow Jones Industrials	28,486.0	60.5	0.2%	584.0	2.1%	
U.S. Dollar	93.8	0.2	0.2%	0.8	0.9%	
WTI Crude	41.0	-0.2	-0.5%	0.0	0.0%	
Brent Crude	43.2	-0.2	-0.4%	-0.1	-0.3%	

Source: DTN ProphetX, World Perspectives, Inc.

* Last price as of 3:46 PM ET

CBOT December Corn Futures



Source: DTN ProphetX

Current Market Values:

Futures Price Performance: Week Ending October 15, 2020			
Commodity	15-Oct	9-Oct	Net Change
Corn			
Dec 20	403.75	395.00	8.75
Mar 21	408.00	402.25	5.75
May 21	409.25	406.50	2.75
Jul 21	409.25	409.50	-0.25
Soybeans			
Nov 20	1062.25	1065.50	-3.25
Jan 21	1062.00	1065.75	-3.75
Mar 21	1045.50	1048.25	-2.75
May 21	1039.25	1043.75	-4.50
Soymeal			
Dec 20	372.10	363.70	8.40
Jan 21	366.90	360.90	6.00
Mar 21	357.20	351.80	5.40
May 21	351.30	345.80	5.50
Soyoil			
Dec 20	33.17	34.01	-0.84
Jan 21	33.14	34.02	-0.88
Mar 21	33.10	33.94	-0.84
May 21	33.07	33.84	-0.77
SRW			
Dec 20	618.25	593.75	24.50
Mar 21	619.50	597.75	21.75
May 21	618.25	599.75	18.50
Jul 21	606.75	594.25	12.50
HRW			
Dec 20	558.00	535.50	22.50
Mar 21	566.25	544.50	21.75
May 21	572.25	550.50	21.75
Jul 21	576.50	554.75	21.75
MGEX (HRS)			
Dec 20	558.75	543.75	15.00
Mar 21	571.50	557.50	14.00
May 21	579.25	566.75	12.50
Jul 21	586.75	575.75	11.00

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

U.S. Weather/Crop Progress

U.S. Crop Conditions: October 11, 2020					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	5%	9%	25%	46%	15%
Sorghum	5%	12%	33%	38%	12%
Barley	-	-	-	-	-

Source: USDA, World Perspectives, Inc.

U.S. Drought Monitor Weather Forecast: A series of cold fronts over the next week are forecast to bring a higher chance of cooler than normal temperatures to the north-central continental United States. With the exception of the northern tier of states, much of the West is forecast to be dry through the evening of October 19. Farther east, higher rainfall amounts of a half an inch or more are possible from the Mid-Atlantic coast north, while lighter precipitation is forecast in the Midwest. Glancing ahead to the October 20-24 period, cooler than normal conditions are more likely to be widespread from the Pacific Northwest to the western Great Lakes, while in the eastern United States, warmer than normal temperatures are favored in this period. Widespread increased chances for above-normal precipitation are forecast in the northern Rockies and much of the Great Plains, Midwest, and East, while below-normal or near-normal precipitation is favored elsewhere in the Lower 48.

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. Columbus Day holiday on Monday, the USDA's Export Sales report is delayed until Friday, October 16, 2020. Updated export statistics will be provided in next week's Market Perspectives report.

U.S. Export Inspections: Week Ending October 8, 2020					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	1,896	1,397	9,020	8,625	105%
Corn	632,184	884,157	4,319,958	2,506,319	172%
Sorghum	192	157,647	461,947	228,176	202%
Soybeans	2,157,012	2,004,867	9,095,531	5,162,862	176%
Wheat	514,086	678,715	10,437,123	9,498,368	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 October 8, 2020						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	1,886	0%	0	0%	0	0%
Gulf	493,651	79%	11,000	100%	0	0%
PNW	0	0%	0	0%	0	0%
Interior Export Rail	125,647	20%	0	0%	192	100%
Total (Metric Tons)	621,184	100%	11,000	100%	192	100%
White Corn Shipments by Country (MT)			11,000	to Colombia		
Total White Corn			11,000			
Sorghum Shipments by Country (MT)					192	to Mexico
Total Sorghum					192	

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)
November	1.46+Z	\$216.42	2.04+Z	\$239.26
December	1.43+Z	\$215.24	1.97+Z	\$236.50
January	1.33+H	\$212.98	1.82+H	\$232.27

#2 White Corn (U.S. \$/MT FOB Vessel*)			
Max. 15.0% Moisture	November	December	January
Gulf	NA	NA	NA

Sorghum (USD/MT FOB Vessel*)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
November	3.30+Z	\$288.86	3.00+Z	\$277.05
December	3.30+Z	\$288.86	3.00+Z	\$277.05
January	3.30+H	\$290.53	3.00+H	\$278.72

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT*)			
	November	December	January
New Orleans	\$210	\$210	\$210
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT*)			
Bulk 60% Pro.	November	December	January
New Orleans	\$560	\$560	\$560
*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: October 15, 2020 (USD/MT)
 (Quantity, availability, payment and delivery terms vary)

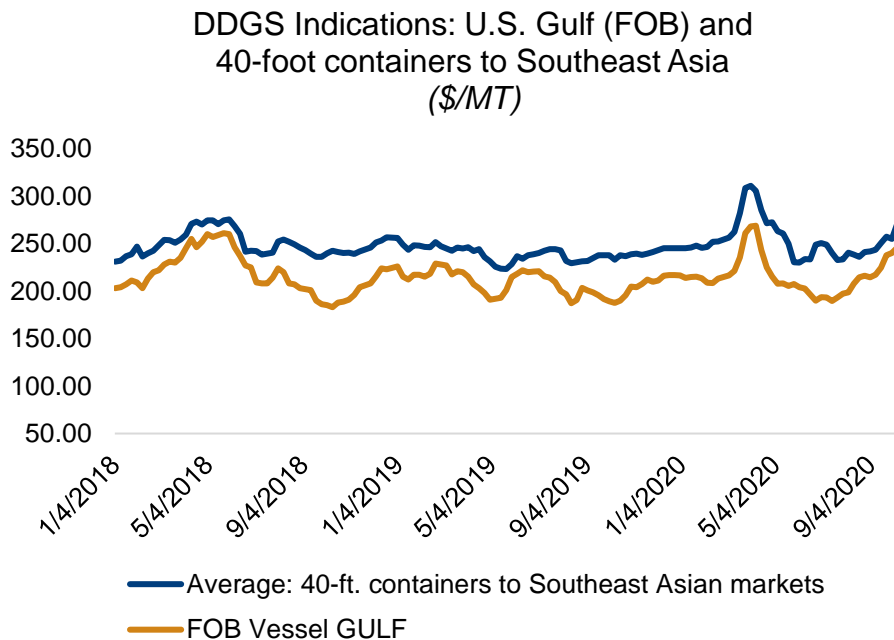
Delivery Point Quality Min. 35% Pro-fat combined	November	December	January
Barge CIF New Orleans	242	236	236
FOB Vessel GULF	256	251	248
Rail delivered PNW	234	234	234
Rail delivered California	239	237	237
Mid-Bridge Laredo, TX	231	232	233
FOB Lethbridge, Alberta	220	222	224
40 ft. Containers to South Korea (Busan)	268	263	263
40 ft. Containers to Taiwan (Kaohsiung)	266	261	261
40 ft. Containers to Philippines (Manila)	275	270	270
40 ft. Containers to Indonesia (Jakarta)	269	264	264
40 ft. Containers to Malaysia (Port Kelang)	273	268	268
40 ft. Containers to Vietnam (HCMC)	271	266	266
40 ft. Containers to Japan (Yokohama)	277	272	272
40 ft. containers to Thailand (LCMB)	277	272	272
40 ft. Containers to China (Shanghai)	273	268	268
40 ft. Containers to Bangladesh (Chittagong)	297	292	292
40 ft. Containers to Myanmar (Yangon)	293	288	288
KC Rail Yard (delivered ramp)	223	219	219
Elwood, IL Rail Yard (delivered ramp)	219	217	218

*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: FOB ethanol plant prices are up \$7/MT this week amid strong domestic and international demand, coupled with general bullishness in multiple commodity markets. DDGS are valued at 115% of cash corn, up from the prior week and above the three-year average of 109%. Kansas City soymeal values are steady this week with CBOT futures having entered a consolidation phase. DDGS are valued at 42% of Kansas City soymeal, up from last week and equal to the three-year average.

Brokers and exporters report that DDGS for the export market are steady/higher this week, especially for spot positions. Barge CIF NOLA prices are up \$3/MT for November and steady for December/January. FOB Gulf offers are up \$10/MT for spot positions while deferred offers are up \$4-6/MT. U.S. rail rates are generally lower this week while 40-foot containers to Southeast Asia are up \$5/MT for spot positions and steady/up \$1 for deferred.



Source: World Perspectives, Inc.

Country News

Algeria: The Office Algerien Interprofessionnel des Cereales (OAIC) has tendered for corn and barley to be shipped in November. (AgriCensus)

Argentina: Corn planting, which started in September, has progressed to 20.8 percent of the 6.3 million hectares expected. However, drought conditions, especially in the north, are driving production forecasts lower. The Buenos Aires Grain Exchange expects growers to harvest 47 MMT of corn in 2020/21, a 3 MMT reduction from last season. The La Nina climate event could also impact the planting of the second corn crop in December/January. The La Nina in 2010/11 adversely impacted corn yields for two years in a row. (Gro Intelligence; AgriCensus)

Brazil: In contrast with Argentina, dry weather in Brazil has not yet led to lower production estimates. However, the areas of dryness could result in a delay in planting the safrinha (second) corn crop, which is the source of most exports. At this juncture, CONAB is projecting corn production at 105.2 MMT, a 2 percent increase over the previous season but almost 5 MMT less than USDA's estimate. (Brownfield)

China: The price of corn on the Dalian futures exchange is at record highs (\$380.70/MT; \$9.67/bushel – January 2021 contract) due to the slow pace of harvest and questionable supplies. This is leading to speculation that the country's corn import TRQ will need to be raised. Imports of barley from Canada are tracking three times greater than a year ago. China's agriculture ministry says corn production will be higher this year despite weather concerns. (Reuters; FarmLead)

EU: The French corn harvest has reached the halfway point and FranceAgriMer lowered the corn production estimate by 600 KMT from a month earlier and took 500 KMT off the barley estimate, now at 13.5 MMT. Barley output will be down 23 percent from a year earlier, but corn production will be 6 percent above year ago levels despite dry conditions due to the expanded area that was sown. Strategie Grain analysts forecast EU and UK corn production at an estimated 62.7 MMT, down from 64.9 MMT one month ago. (Reuters; AgriCensus)

Iran: The state agency State Livestock Affairs Logistics is tendering for 200 KMT of barley. (AgriCensus)

South Korea: Some private corn purchase deals are occurring but KFA bought 131 KMT of corn in a tender for February delivery. The price was \$247.69/MT. (AgriCensus)

Taiwan: The Maize Industry Procurement Association purchased 65 KMT of corn at \$220/MT over March for December/January shipment. (AgriCensus)

Thailand: The Thailand Feed Mill Association (TFMA) has tendered for barley as part of its 2021 purchasing campaign. (AgriCensus)

Ukraine: With harvesting one-third completed, 8.3 MMT of corn has been hauled in but corn prices are being impacted by farmers defaulting on their deliveries. APK-Inform forecasts 28.5 MMT of corn exports this marketing year, which is 2 MMT less than USDA's estimate. (AgriCensus)

Vietnam: Feed demand is expected to increase as the country's pig population recovers from ASF. (USDA)

Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans* October 15, 2020			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$43.00	Down \$0.25	Handymax \$45.00 mt
55,000 U.S. PNW- Japan	\$23.75	Unchanged	Handymax \$24.75 mt
66,000 U.S. Gulf – China	\$42.00	Down \$0.25	North China
PNW to China	\$23.00	Unchanged	
25,000 U.S. Gulf - Veracruz, México	\$17.50	Unchanged	3,000 MT daily discharge rate
30-36,000+ U.S. Gulf - Veracruz, México	\$14.50	Unchanged	Deep draft and 6,000 MT per day discharge rate.
30-38,000 U.S. Gulf - Colombia	\$20.00	Unchanged	West Coast Colombia at \$31.75
<u>East Coast Colombia</u>	\$30.50		USG to E/C 50,000 mt at \$16.50
From Argentina	\$31.50		
43-45,000 U.S. Gulf - Guatemala	\$29.00	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$38.75	Unchanged	8,000 mt daily discharge
	\$40.75		3,000 mt daily discharge
26-30,000 US Gulf - Morocco	\$40.00	Unchanged	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$28.00		60,000 -55,000 mt -Egypt
PNW to Egypt	\$29.00	Down \$0.25	Romania- Russia- Ukraine \$13.75-\$13.75 -\$14.00 France \$17.50
60-70,000 U.S. Gulf – Europe, Rotterdam	\$20.00	Down \$1.25	Handymax at +\$1.75 more
Brazil, Santos – China	\$31.75		54-59,000 Supramax-Panamax
Brazil, Santos – China	\$30.25		60-66,000 Post Panamax
Northern Coast Brazil - China	\$34.75	Unchanged	Upriver No. Brazil Plus -55,000 mt Plus \$7.50/mt
56-60,000 Argentina/Rosario-China, Deep Draft	\$35.00	Unchanged	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: China's Golden Week Holiday is over and Dry-Bulk vessel demand did not rebound as expected. Paper traders were active but had to take profits after being unable to move markets upward. A lack of support from physical markets helped limit upward movement. The Capesize market was the weakest and pulled other sectors lower. November Capesize vessels are now trading at around \$25,000/day with Q1 2021 Panamax daily hire rates dropping to \$9,900/day. U.S. containerized grain exports hit a yearly high this week at 177,994 MT with 35,792 MT of that composed of soybeans destined for mainland China.

Baltic-Panamax Dry-Bulk Indices				
October 15, 2020	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	21,391	22,255	-864	-3.9
P3A: PNW/Pacific– Japan	12,068	11,991	77	0.6
S1C: U.S. Gulf-China-S. Japan	24,953	25,181	-228	-0.9

Source: O'Neil Commodity Consulting

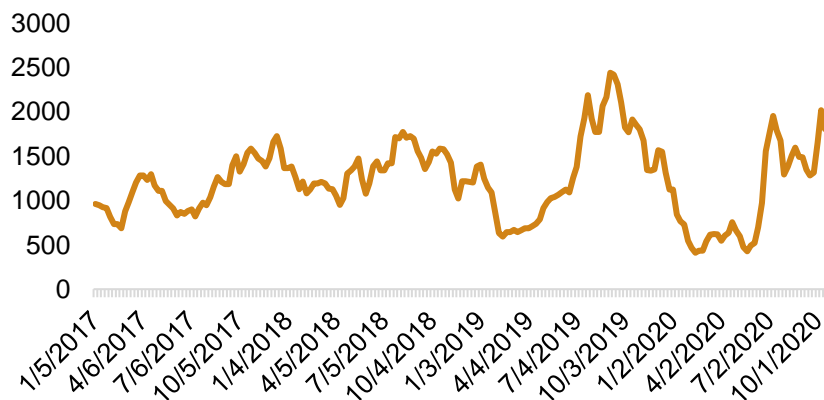
Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$7.10-7.45
Three weeks ago:	\$7.95-8.65
Two weeks ago:	\$8.25-8.90
One week ago:	\$10.45-11.00
This week	\$8.00-9.20

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
October 15, 2020	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.90	1.43	0.47	\$18.50	BOTH
Soybeans	1.98	1.55	0.43	\$15.80	PNW
Ocean Freight	\$23.00	\$42.00	0.48-0.52	\$19.00	November

Source: O'Neil Commodity Consulting

Baltic Dry Index



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

Bulk Grain Freight Rates for Key Suppliers and Destinations
October 15, 2020

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
<i>Panamax/Supramax Vessels</i>							
U.S. Gulf		43.00	-0.5	-1.1%	-8.5	-16.5%	
U.S. PNW	Japan	23.75	0	0.0%	-4.75	-16.7%	
Argentina		36.50	0	0.0%	-4	-9.9%	
Brazil		32.50	0	0.0%	-6	-15.6%	
U.S. Gulf		42.00	-0.5	-1.2%	-8.5	-16.8%	
U.S. PNW	China	23.00	0	0.0%	-5	-17.9%	
Argentina		35.00	-1	-2.8%	-6.25	-15.2%	
Brazil		34.75	-1	-2.8%	-5.5	-13.7%	
U.S. Gulf		21.00	1.4	7.1%	0.5	2.4%	
Argentina	Europe	20.50	0	0.0%	-2	-8.9%	
Brazil		26.50	2	8.2%	-3	-10.2%	
Argentina	Saudi Arabia	40.50	-1	-2.4%	-1	-2.4%	
Brazil		40.50	2	5.2%	-5	-11.0%	
U.S. Gulf		28.50	-1.00	-3.4%	-4.00	-12.3%	
U.S. PNW	Egypt	29.00	0.00	0.0%	-3.00	-9.4%	
Argentina		27.50	0.00	0.0%	4.00	17.0%	
Brazil		31.50	2.00	6.8%	-1.00	-3.1%	
<i>Handysized Vessels</i>							
U.S. Gulf		40.50	0.00	0.0%	3.00	8.0%	
U.S. Great Lakes	Morocco	44.00	0.00	0.0%	2.35	5.6%	
Argentina		28.50	0.00	0.0%	1.00	3.6%	
Brazil		33.50	-6.00	-15.2%	0.00	0.0%	
U.S. Great Lakes	Europe	43.00	0.00	0.0%	3.35	8.4%	
Brazil		32.90	3.00	10.0%	3.45	11.7%	
Argentina	Algeria	30.50	0.00	0.0%	-1.00	-3.2%	
Brazil		32.50	0.00	0.0%	-3.00	-8.5%	
U.S. Gulf		20.00	0.00	0.0%	0.00	0.0%	
U.S. PNW	Colombia	32.00	3.00	10.3%	3.40	11.9%	
Argentina		30.50	-1.00	-3.2%	-8.50	-21.8%	
<i>Shipping Indexes</i>							
Baltic Dry Index		1807	525	41.0%	-109	-5.7%	

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