



Market Perspectives

February 18, 2021

CONTENTS

Chicago Board of Trade Market News	2
CBOT March Corn Futures	4
U.S. Weather/Crop Progress	6
U.S. Export Statistics	7
FOB	8
Distiller’s Dried Grains with Solubles (DDGS).....	10
Country News	11
Ocean Freight Markets and Spreads	12
Ocean Freight Comments	13

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: CBOT March Corn Contract					
Cents/Bu	Friday February 12	Monday February 15	Tuesday February 16	Wednesday February 17	Thursday February 18
Change	-2.25		13.50	0.75	-2.75
Closing Price	538.75		552.25	553.00	550.25
Factors Affecting the Market	Corn settled lower heading into a long weekend with bitter cold forecast for most of the U.S. China's Lunar New Year holiday has quieted markets, though other destinations have been asking for U.S. offers. Brazil's soy harvest is making slow progress but is chugging forward. Outside markets were higher with crude oil up \$1.23/barrel.	Markets were closed for the U.S. President's Day holiday.	Wheat futures rallied following a weekend of bitter cold that increased winterkill risk. Spillover buying helped corn rally back over \$5.50, as did forecasts of hot, dry weather for Argentina and S. Brazil. USDA said 52.1 Mbu were inspected for export last week. Friday's CFTC report showed funds long over 300,000 contracts of corn still. The USD traded sideways.	Corn settled slightly higher in low-volume trade with some end-user interest. Wheat reversed course and pressured the corn market. The market is looking forward to Thursday and Friday's Ag Outlook Forum from USDA. S. American weather remains challenging, with increased dryness for Argentina. Outside markets were higher, the USD rose 44 bps.	USDA's initial 2021 planting forecast calls for 92 million corn acres, up 1 mill. from 2020 and 90 million acres of soybeans. That pressured corn futures slightly, despite USDA's bullish outlook for trade. Ethanol production fell from the prior week while ethanol stocks reached an 8-month high. Outside markets were weak with the USD down 40 bps and U.S. stocks lower.

Outlook: March corn futures are 11 ½ cents (2.1 percent) higher this week as a resurgence of Argentine drought concerns and steady end-user buying have supported values. The market has steadily ground higher in mostly low-volume trade during the U.S. holiday-shortened week. Much of the trade's attention on Thursday was dedicated to the USDA's annual Ag Outlook Forum, which offered the agency's first full look at the 2021/22 crop year.

USDA's annual Ag Outlook Forum issued a favorable/bullish outlook for U.S. ag commodities in the coming year. Total agricultural exports for 2021/22 were forecast at a record high of \$157 billion, which China expected to take \$31.5 billion of that. U.S. 2021/22 corn exports are expected to increase from the current year based on China's recovering hog inventories, though USDA has not yet quantified its 2021/22 corn export forecast. The agency also issued a 2021/22 corn price forecast of \$165.35/MT (\$4.20/bushel), down just 10 cents/bushel from the projected 2020/21 average price.

The USDA said it expects 73.653 million hectares (182 million acres) to be planted to corn and soybeans combined in the U.S. in 2021. Of that, corn is currently expected to be planted on 37.2 million hectares (92 million acre) and soybeans to 36.42 million hectares (90 million acres). The corn acreage forecast is up 0.405 million hectares (1 million acres) from 2020 while the soybean acreage reflects a 2.79-million-hectare (6.9-million-acre) increase.

The latest weather forecasts show the La Nina event in the Pacific Ocean strengthening, meaning it is likely to persist into mid- to late-spring. That will continue to threaten Argentina and Brazil with below-average precipitation, and the U.S. Plains and Southwest are likely to see similar dryness. This week's forecast for Argentina features below-average rainfall and above-normal temperatures, which may create modest yield reductions. The current two-week forecast offers slightly better chances of precipitation, but confidence in models is low.

The weekly Export Sales report is delayed until Friday due to this week's U.S. President's Day holiday, but Tuesday's Export Inspections report was supportive for corn. The report featured 1.3 MMT of inspections, down from the prior week but above pre-report expectations. YTD inspections total 22.7 MMT, up 84 percent. The USDA also reported 70,000 MT of sorghum inspections, all destined for China, which puts YTD inspections up 154 percent at 3.3 MMT.

U.S. cash prices and basis remain firm with bitter cold and snow across the Midwest creating logistical challenges and supporting bids. The average cash price in the U.S. is \$211.07/MT (\$5.36/bushel), up 3 percent from last week. Basis has narrowed to 17 cents under March futures (-17H), up slightly from -18H last week. Barge CIF NOLA offers are up 2 percent as of Thursday afternoon's trade, following a volatile week. FOB NOLA offers for March are up slightly at \$252/MT.

From a technical standpoint, March and May corn futures have entered a sideways trading pattern with support at last Thursday's lows and various moving averages. Despite the bearish key reversal following the February WASDE, follow-through selling and position liquidation has been limited. Indeed, the latest CFTC Commitments of Traders' report showed managed money funds still holding a near-record large long position of over 300,000 contracts. The market seems to be waiting for signs of Chinese demand following that country's week-long Lunar New Year holiday as well as the outlook for the Brazilian *safrinha* corn crop. End-user demand remains steady and evident on breaks, which will likely keep the corn market trading sideways heading into March.

Interest Rates and Macroeconomic Markets, February 18, 2021						
	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)	0.2	0.0	-4.9%	0.0	-16.9%	
LIBOR (1 Year)	0.3	0.0	-2.9%	0.0	-6.7%	
S&P 500	3,914.0	-2.4	-0.1%	60.9	1.6%	
Dow Jones Industrials	31,492.8	62.1	0.2%	316.8	1.0%	
U.S. Dollar	90.6	0.1	0.1%	0.4	0.5%	
WTI Crude	60.0	1.7	2.9%	6.8	12.8%	
Brent Crude	63.4	2.2	3.6%	7.3	12.9%	

Source: DTN ProphetX, World Perspectives, Inc.

* Last price as of 3:48 PM ET

CBOT March Corn Futures



Source: DTN ProphetX

Current Market Values:

Futures Price Performance: Week Ending February 18, 2021			
Commodity	18-Feb	12-Feb	Net Change
Corn			
Mar 21	550.25	538.75	11.50
May 21	549.00	536.50	12.50
Jul 21	539.00	525.00	14.00
Sep 21	483.50	472.25	11.25
Soybeans			
Mar 21	1375.00	1372.00	3.00
May 21	1376.50	1371.25	5.25
Jul 21	1364.75	1356.75	8.00
Aug 21	1321.75	1314.00	7.75
Soymeal			
Mar 21	425.90	427.20	-1.30
May 21	425.00	427.00	-2.00
Jul 21	421.90	423.20	-1.30
Aug 21	408.70	409.60	-0.90
Soyoil			
Mar 21	46.91	46.04	0.87
May 21	46.25	45.40	0.85
Jul 21	45.48	44.60	0.88
Aug 21	44.51	43.54	0.97
SRW			
Mar 21	662.50	636.75	25.75
May 21	665.25	641.25	24.00
Jul 21	649.75	630.00	19.75
Sep 21	647.50	629.75	17.75
HRW			
Mar 21	636.75	616.75	20.00
May 21	643.00	622.50	20.50
Jul 21	646.50	625.75	20.75
Sep 21	650.00	630.50	19.50
MGEX (HRS)			
Mar 21	631.75	616.00	15.75
May 21	642.75	626.00	16.75
Jul 21	650.75	634.00	16.75
Sep 21	657.50	641.50	16.00

*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 18-22), temperatures should remain below normal across much of the lower 48 States, although moderating temperatures are expected later in the period in the northern Plains. A vigorous storm system will impact the Southeast and Northeast early in the period, with significant snow and icing possible. Tranquil weather should prevail in the Nation's midsection, while a series of storms hit the Pacific Northwest, bringing heavy rains to the coast and heavy snows to the Cascades, and light precipitation to the Rockies.

The ensuing 5 days (February 23-27) brings enhanced chances of above-normal precipitation to the northern tier of States, from Washington eastward to the Great Lakes region, and across Alaska. The odds favor subnormal precipitation across the southern half of the Nation. With a pattern change, above-normal temperatures are most-likely across the northeastern quarter of the country, especially in the upper Midwest, across southern sections of the Southwest, and in southwestern Alaska. In contrast, subnormal readings are anticipated in the Northwest and the remainder 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: USDA's Export Sales report is delayed one day until Friday, February 19, 2021 due to Monday's U.S. President's Day holiday. Updated Export Sales statistics will be provided in next week's report.

U.S. Export Inspections: Week Ending February 11, 2021					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	1,597	0	26,233	28,432	92%
Corn	1,322,412	1,585,145	22,781,818	12,386,309	184%
Sorghum	70,153	201,560	3,336,950	1,311,809	254%
Soybeans	809,574	1,904,499	50,080,957	28,258,884	177%
Wheat	392,555	452,967	17,407,905	17,720,296	98%

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 11, 2021						
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	862,487	67%	41,498	95%	70,153	100%
PNW	235,778	18%	73	0%	0	0%
Interior Export Rail	180,480	14%	1,996	5%	0	0%
Total (Metric Tons)	1,278,745	100%	43,567	100%	70,153	100%
White Corn Shipments by Country (MT)			15,068	to Honduras		
			10,955	to Colombia		
			9,975	to El Salvador		
			5,500	to Venezuela		
			1,996	to Mexico		
			73	to S. Korea		
Total White Corn			43,567			
Sorghum Shipments by Country (MT)					70,153	to China
Total Sorghum					70,153	

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)
March	0.88+H	\$251.07	1.20+H	\$263.67
April	0.92+K	\$252.15	1.47+K	\$273.80
May	0.92+K	\$252.15	1.48+K	\$274.20

#2 White Corn (U.S. \$/MT FOB Vessel*)			
Max. 15.0% Moisture	March	April	May
Gulf	\$277	\$260	\$260

Sorghum (USD/MT FOB Vessel*)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
March	N/A	N/A	3.20+H	\$342.60
April	N/A	N/A	3.20+K	\$342.11
May	N/A	N/A	3.15+K	\$340.14

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT*)			
	April	May	June
New Orleans	\$264	\$265	\$265
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT*)			
Bulk 60% Pro.	April	May	June
New Orleans	\$793	\$798	\$798
*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: February 18, 2021 (USD/MT)
 (Quantity, availability, payment and delivery terms vary)

Delivery Point Quality Min. 35% Pro-fat combined	March	April	May
Barge CIF New Orleans	311	303	302
FOB Vessel GULF	337	322	322
Rail delivered PNW	311	306	303
Rail delivered California	314	312	310
Mid-Bridge Laredo, TX	312	311	309
FOB Lethbridge, Alberta	302	299	296
40 ft. Containers to South Korea (Busan)	350	350	350
40 ft. Containers to Taiwan (Kaohsiung)	350	350	350
40 ft. Containers to Philippines (Manila)	360	360	360
40 ft. Containers to Indonesia (Jakarta)	353	353	355
40 ft. Containers to Malaysia (Port Kelang)	355	355	358
40 ft. Containers to Vietnam (HCMC)	358	358	360
40 ft. Containers to Japan (Yokohama)	360	360	360
40 ft. containers to Thailand (LCMB)	355	355	358
40 ft. Containers to China (Shanghai)	355	355	355
40 ft. Containers to Bangladesh (Chittagong)	360	360	360
40 ft. Containers to Myanmar (Yangon)	353	353	355
KC Rail Yard (delivered ramp)	275	275	275
Elwood, IL Rail Yard (delivered ramp)	285	282	281

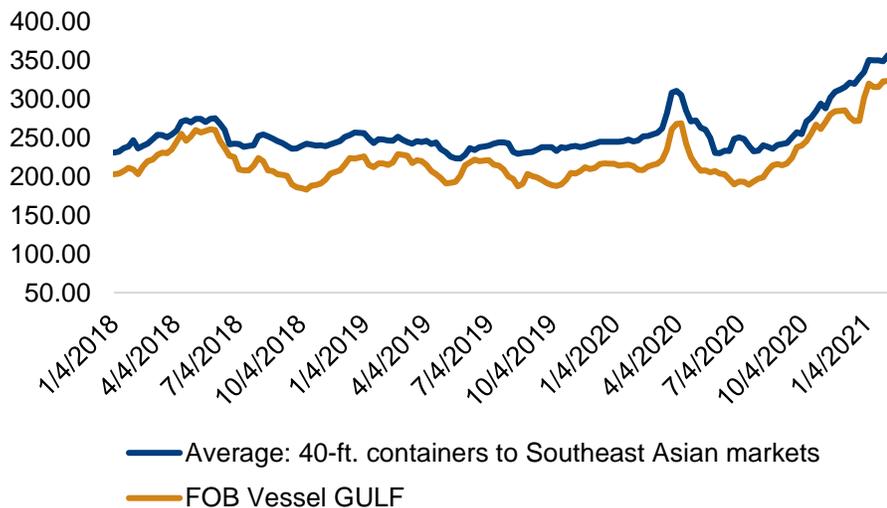
*Source: World Perspectives, Inc. *Prices are based on offer indications only; terms of delivery, payment and quality may vary from one supplier to another, impacting the actual value of the price.*

Distiller's Dried Grains with Solubles (DDGS)

DDGS Comments: U.S. DDGS are higher this week with continued cold Midwest weather and high natural gas prices curtailing production. The DDGS/cash corn price ratio is down from the prior week at 118 percent and above the three-year average of 110 percent. The DDGS/soymeal price ratio stands at 0.51, down from the prior week and above the three-year average of 0.42.

Merchandisers report that domestic and international customers are waiting to see how natural gas curtailments will impact ethanol production and DDGS supplies before booking. Trade is reported as "coming in waves" this week, with flurries of activity followed by quiet markets. The barge market has reportedly been volatile this week with early-week panic buying giving way to softer trade Wednesday afternoon and Thursday. Reasons for the lower late-week trade include more favorable weather forecasts and greater barge availability. As of Thursday afternoon, Barge CIF NOLA values are up \$2/MT for March but down \$4-5/MT for April/May. FOB NOLA offers are up \$13/MT for March at \$337 with April/May up \$1-6/MT.

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



Source: World Perspectives, Inc.

Country News

Argentina: The Buenos Aires Grain Exchange raised its corn production estimate by 2.5 MMT to 48.5 MMT. (Reuters)

Brazil: Mato Grosso's safrinha corn planting is only 21 percent complete, versus the 63 percent average. This could push crop maturation into the drier end of the growing season. Parana state's corn planting is at 8 percent as the window begins to close. (Reuters; AgriCensus)

China: American Farm Bureau Federation chief economist John Newton says China can import U.S. corn at the equivalent of a \$3/bushel discount to its own domestic crop pricing. (Farm Journal)

EU: Weekly corn imports into Europe are the lowest level so far in 2020/21 marketing year. (AgriCensus)

Mexico: The government's plan to stop importing GMO corn and the use of the herbicide glyphosate will likely face legal challenges according to the new head of Mexico's top farm lobby. It may also be subject to challenge under the USMCA. (Reuters)

South Korea: The Major Feedmill Group (MFG) bought 69 KMT of corn for June arrival. (AgriCensus)

South Africa: The government's Commodity Estimates Committee reports that the final 2020 corn crop production level was cut by 0.7 percent to 15.3 MMT. (AgriCensus)

Turkey: TMO buys 235,000 MT of corn as price rises \$7/MT (AgriCensus)

Ukraine: Domestic CPT corn prices hit par with FOB export prices and exporters await demand from the EU and China. (AgriCensus)

Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans* February 18, 2021			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$54.00	Up \$5.00	Handymax \$505 MT
55,000 U.S. PNW- Japan	\$32.25	Up \$5.25	Handymax \$27.00 MT
66,000 U.S. Gulf – China	\$53.00	Up \$5.00	North China
PNW to China	\$31.00	Up \$5.25	
25,000 U.S. Gulf - Veracruz, México	\$24.00	Up \$3.00	3,000 MT daily discharge rate
30-36,000+ U.S. Gulf - Veracruz, México	\$20.50	Up \$2.75	Deep draft and 6,000 MT per day discharge rate.
30-38,000 U.S. Gulf - Colombia	\$30.00	Up \$4.00	<u>West Coast Colombia at \$39.00</u>
<u>East Coast Colombia</u> From Argentina	<u>\$39.00</u> \$40.50		USG to E/C 50,000 MT at \$24.50
43-45,000 U.S. Gulf - Guatemala	\$36.00	Up \$4.00	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$38.25 \$40.75	Up \$5.00	8,000 MT daily discharge 3,000 MT daily discharge
26-30,000 US Gulf - Morocco	\$40.50	Up \$5.00	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$40.50	Up \$5.00	60,000 -55,000 MT -Egypt
PNW to Egypt	\$41.00		Romania- Russia- Ukraine \$15.00-\$15.50 -\$16.00 France \$20.50
60-70,000 U.S. Gulf – Europe, Rotterdam	\$20.00	Up \$2.50	Handymax at +\$1.75-\$2.00 more
Brazil, Santos – China	\$47.50	Up \$9.00	54-59,000 Supramax-Panamax
Brazil, Santos – China	\$47.00		60-66,000 Post Panamax
Northern Coast Brazil - China	\$48.00		Upriver No. Brazil Plus -55,000 MT Plus \$7.50/MT
56-60,000 Argentina/Rosario- China, Deep Draft	\$53.25	Up \$9.00	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: This week has been one of exceptional volatility in dry-bulk markets. The excitement started in the Capesize sector and flowed into Panamax and Supramax markets. Market action was fundamentally unexplainable other than buyer euphoria carried the day. It was as though Reddit and Robinhood traders got ahold of freight markets. Conventional wisdom, if valid anymore, would lead one to believe the market will see profit taking and an adjustment in the coming days. There has not been a big influx of physical cargo demand that would justify such a market jump. Market participants should approach this week's rate action with extreme caution.

Baltic-Panamax Dry-Bulk Indices				
February 18, 2021	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	31,636	26,732	4,904	18.3
P3A: PNW/Pacific– Japan	21,296	13,850	7,446	53.8
S1C: U.S. Gulf-China-S. Japan	31,333	27,775	3,558	12.8

Source: O'Neil Commodity Consulting

Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$7.75-8.20
Three weeks ago:	\$6.35-7.70
Two weeks ago:	\$5.90-6.05
One week ago:	\$5.75-6.05
This week	\$6.10-8.50

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
February 18, 2021	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.45	0.87	0.58	\$22.83	Both
Soybeans	1.50	0.80	0.70	\$25.72	GULF
Ocean Freight	\$31.50	\$53.00	0.55-0.59	\$21.50	March

Source: O'Neil Commodity Consulting

Bulk Grain Freight Rates to Europe from Select Origins



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

Bulk Grain Freight Rates for Key Suppliers and Destinations
February 18, 2021

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
<i>Panamax/Supramax Vessels</i>							
U.S. Gulf		54.00	7.75	16.8%	10.75	24.9%	
U.S. PNW	Japan	32.25	5.75	21.7%	9.5	41.8%	
Argentina		43.50	6	16.0%	11	33.8%	
Brazil		40.50	7	20.9%	11	37.3%	
U.S. Gulf		53.00	8	17.8%	11.25	26.9%	
U.S. PNW	China	31.00	6	24.0%	9.25	42.5%	
Argentina		53.25	11.5	27.5%	19.5	57.8%	
Brazil		48.00	11.5	31.5%	14.25	42.2%	
U.S. Gulf		18.00	-2	-10.0%	2.55	16.5%	
Argentina	Europe	20.50	0	0.0%	-8	-28.1%	
Brazil		26.50	0	0.0%	-5	-15.9%	
Argentina	Saudi Arabia	43.50	3	7.4%	-1	-2.2%	
Brazil		49.50	4	8.8%	2	4.2%	
U.S. Gulf		36.50	8.00	28.1%	11.00	43.1%	
U.S. PNW	Egypt	35.00	6.00	20.7%	11.15	46.8%	
Argentina		30.50	1.00	3.4%	2.00	7.0%	
Brazil		32.50	1.00	3.2%	-1.00	-3.0%	
<i>Handysized Vessels</i>							
U.S. Gulf		40.50	6.75	20.0%	6.75	20.0%	
U.S. Great Lakes	Morocco	44.00	0.00	0.0%	2.00	4.8%	
Argentina		28.50	0.00	0.0%	1.00	3.6%	
Brazil		34.50	3.00	9.5%	-9.00	-20.7%	
U.S. Great Lakes	Europe	43.00	0.00	0.0%	3.00	7.5%	
Brazil		32.00	0.40	1.3%	0.50	1.6%	
Argentina	Algeria	30.50	0.00	0.0%	-3.00	-9.0%	
Brazil		32.50	0.00	0.0%	-14.00	-30.1%	
U.S. Gulf		30.00	7.25	31.9%	10.75	55.8%	
U.S. PNW	Colombia	35.00	5.00	16.7%	9.60	37.8%	
Argentina		40.50	7.25	21.8%	7.50	22.7%	
<i>Shipping Indexes</i>							
Baltic Dry Index		1364	-10	-0.7%	930	214.3%	

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