

# Market Perspectives

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**June 3, 2021**

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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: CBOT July Corn Contract					
Cents/Bu	Friday May 28	Monday May 31	Tuesday June 1	Wednesday June 2	Thursday June 3
Change	-7.75		32.00	-13.75	-13.00
Closing Price	656.75		688.75	675.00	662.00
Factors Affecting the Market	The CBOT was lower in quiet, pre-holiday trade. Exports remain bullish with old-crop bookings totaling 97.3% of USDA's 2.775 Bbu forecast. The U.S. weather forecast remains concerning and Brazil's drought continues.	U.S. markets were closed for the Memorial Day holiday.	Corn futures jumped higher after the long holiday weekend with the U.S. and Brazilian weather turning hot/dry. July corn hit limit-up at one point before settling lower. Last week's Export Inspections were bullish at 81 Mbu.	Corn futures turned lower in an inside day on the charts with more rain forecast for the U.S. Corn Belt. Brazil's weather remains dire for the corn crop, however. Outside markets were supportive with U.S. stocks and crude oil trading higher.	Corn futures traded lower with a wetter 6–10-day forecast offsetting a dry 7-day forecast. Ethanol run rates and were higher last week. Ethanol stocks remain near 4-year lows. The USD traded higher, which pressured the CBOT.

**Outlook:** July corn futures are 5 ¼ cents (0.8 percent) higher after a holiday-shortened week of trading at the CBOT. Early week trade saw futures follow through on last week's reversal, but sideways trade developed Wednesday and Thursday. The U.S. crop is safely in the ground and off to a solid start, but June weather forecasts are concerning. Overall, it seems old crop futures are being driven by export data while the new crop market is increasingly weather dominated.

On Monday evening, the USDA reported U.S. farmers had seeded 95 percent of their intended corn acreage, essentially concluding the fastest planting since 1988. Eighty-one percent of the crop has emerged, well above the 5-year average emergence rate of 70 percent. USDA's initial corn conditions ratings pegged the crop at 76 percent rated good/excellent, above last year's initial rating (70 percent) and above the 5-year average 72 percent good/excellent rating. Early season crop conditions ratings have a poor correlation with final yields, but, nevertheless, the current strong ratings are encouraging.

The weekly Export Sales report is delayed due to the U.S. Memorial Day holiday, but the Export Inspections report saw 2.049 MMT shipped last week, a bullish volume that was above what was needed to keep pace with the USDA's latest forecast. To date, 2020/21 corn export inspections total 50.9 MMT, up 78 percent.

The CBOT seems to have officially entered its seasonal "weather mode" – where the day's trading action is mostly defined by the latest weather forecast. This week, those forecasts have been mostly bullish with hot, dry weather forecast for the U.S. Western Corn Belt and northern Plains through June. Brazil's weather is unchanged from its record-breaking drought and *safrinha* corn crop production estimates are being continually lowered. The consensus now seems to be that the total Brazilian 2020/21 corn crop will be 90-92 MMT, down from USDA's May WASDE estimate of 102 MMT. Markets

are likely to remain on edge until Brazil's production estimates stabilize or the U.S. weather forecast shows consistent showers for the Plains and Corn Belt.

U.S. cash prices/basis levels remain firm, a hallmark of a demand-led bull market. On average, U.S. basis bids are 13 cents over July futures (13N), up from 15N last week and well above the -61N observed this time in 2020. FOB NOLA offers are slightly lower this week at \$300.18/MT.

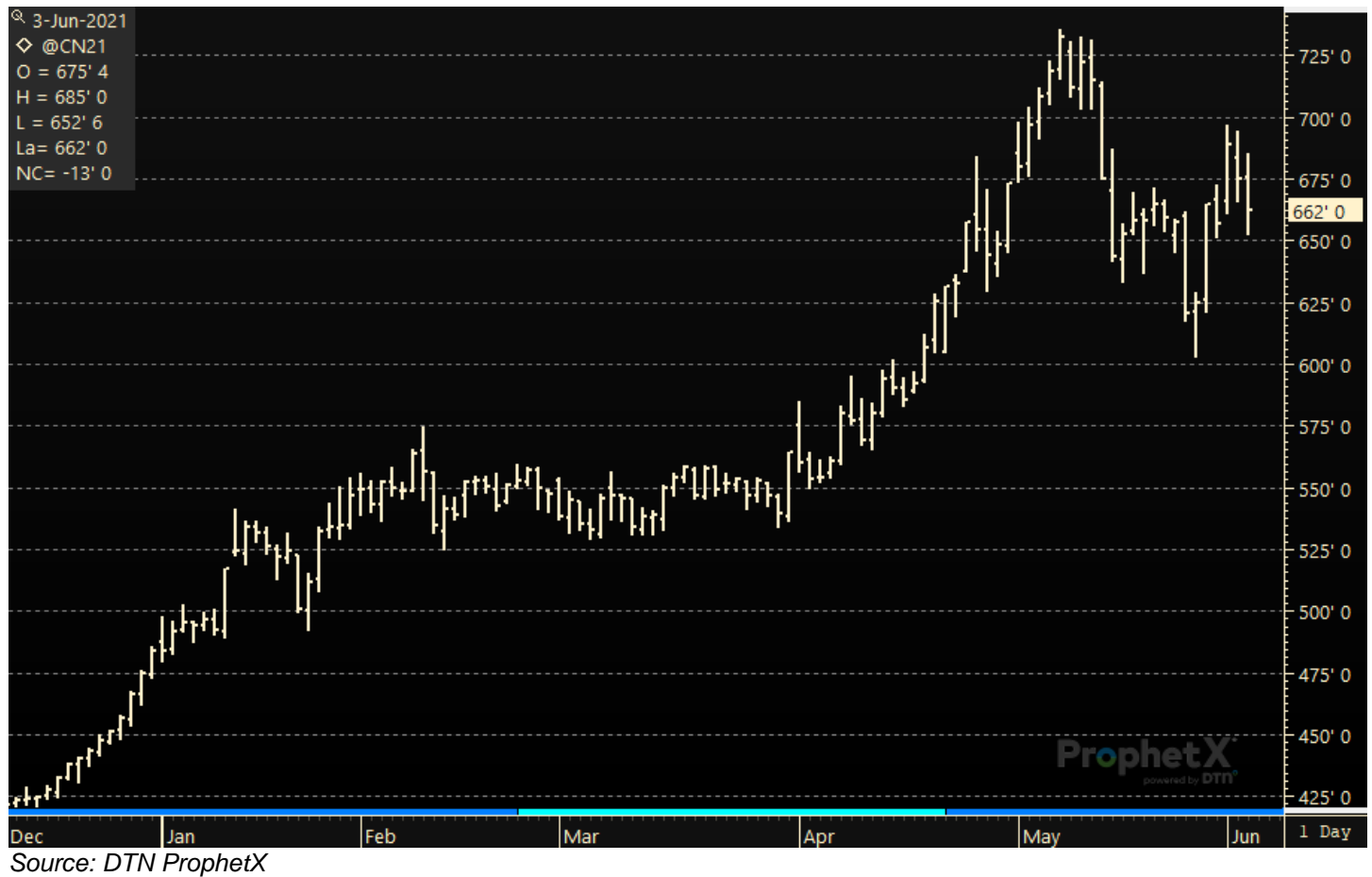
From a technical standpoint, July corn futures are in a wide trading range from last week's lows (\$602.  $\frac{3}{4}$ ) to Monday's high at \$6.96  $\frac{3}{4}$ . The \$6.50 mark is the likely swing point in that range and an upside breakout suggests trade to the contract high. Give the volume of support uncovered last week at the \$6.00 level, it seems a downside breakout is unlikely without a major shift in global market fundamentals. Funds remain heavily committed to the long side of the market but have been reluctant to extend that position so far this week. Exports and weather forecasts remain supportive and technical indicators are pointing higher as well. For now, it seems sideways/higher trade is the most likely outcome for the CBOT.

Interest Rates and Macroeconomic Markets, June 3, 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	-2.5%	0.0	-16.6%	
LIBOR (1 Year)	0.2	0.0	-2.8%	0.0	-12.2%	
S&P 500	4,194.2	-6.7	-0.2%	-7.4	-0.2%	
Dow Jones Industrials	34,591.9	127.2	0.4%	43.3	0.1%	
U.S. Dollar	90.5	0.5	0.6%	-0.5	-0.5%	
WTI Crude	68.9	2.0	3.0%	4.2	6.4%	
Brent Crude	71.4	2.2	3.1%	3.3	4.8%	

Source: DTN ProphetX, World Perspectives, Inc.

\* Last price as of 3:49 PM ET

## CBOT July Corn Futures



## Current Market Values:

Futures Price Performance: Week Ending June 3, 2021			
Commodity	3-Jun	28-May	Net Change
<b>Corn</b>			
Jul 21	662.00	656.75	5.25
Sep 21	582.25	573.25	9.00
Dec 21	566.50	545.50	21.00
Mar 22	573.25	552.25	21.00
<b>Soybeans</b>			
Jul 21	1549.25	1530.50	18.75
Aug 21	1504.25	1482.00	22.25
Sep 21	1436.25	1407.00	29.25
Nov 21	1403.50	1372.75	30.75
<b>Soymeal</b>			
Jul 21	391.60	395.50	-3.90
Aug 21	392.90	396.50	-3.60
Sep 21	392.80	395.40	-2.60
Oct 21	389.60	392.30	-2.70
<b>Soyoil</b>			
Jul 21	68.85	65.79	3.06
Aug 21	65.38	62.33	3.05
Sep 21	63.98	61.01	2.97
Oct 21	62.79	59.72	3.07
<b>SRW</b>			
Jul 21	676.25	663.50	12.75
Sep 21	680.75	667.25	13.50
Dec 21	688.50	674.75	13.75
Mar 22	695.75	681.75	14.00
<b>HRW</b>			
Jul 21	624.25	613.25	11.00
Sep 21	632.25	620.50	11.75
Dec 21	644.00	632.25	11.75
Mar 22	654.25	642.50	11.75
<b>MGEX (HRS)</b>			
Jul 21	777.50	727.50	50.00
Sep 21	782.75	733.50	49.25
Dec 21	783.00	737.50	45.50
Mar 22	781.50	742.75	38.75

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

## U.S. Weather/Crop Progress

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U.S. Crop Planting Progress				
Commodity	May 30, 2021	Last Week	Last Year	5-year avg.
Corn	95%	90%	92%	87%
Sorghum	41%	33%	48%	45%
Barley	95%	91%	92%	94%

Source: USDA, World Perspectives, Inc.

U.S. Crop Conditions: May 30, 2021					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	1%	3%	20%	62%	14%
Sorghum	NA	NA	NA	NA	NA
Barley	3%	10%	39%	43%	5%

Source: USDA, World Perspectives, Inc.

**U.S. Drought Monitor Weather Forecast:** Over the next 5-7 days, it is anticipated that much of the West as well as the central Plains will remain dry. The southern Plains and portions of the Carolinas are expected to see the most rain. Warmer than normal conditions are supposed to dominate the West and into the northern Plains, with departures of 12-15 degrees above normal in portions of California and Nevada. Cooler than normal temperatures are expected over the southern Plains and South in response to the anticipated rain.

The 6-10-day outlooks show the majority of the country has above normal chances of recording temperatures above normal during the period with the northern Plains, upper Midwest, and into the Northeast having the greatest likelihood. Cooler than normal temperatures are expected over Alaska, the West Coast, and into the southern Plains. It is anticipated that dry conditions will continue to dominate the Plains and West with the highest likelihood over the Great Basin. The greatest odds of above normal precipitation will be along the Mississippi Valley and into 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

*Note: Due to the U.S. Memorial Holiday on Monday, the weekly Export Sales report is delayed until Friday, June 4, 2021. Updated export statistics will be provided in the next Market Perspectives report on June 10, 2021.*

U.S. Export Inspections: Week Ending May 27, 2021					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	33,143	30,548	108%
Corn	2,049,217	1,746,162	50,942,045	28,655,143	178%
Sorghum	162,736	163,697	6,129,411	3,321,185	185%
Soybeans	192,221	222,107	56,437,429	35,521,654	159%
Wheat	256,496	598,941	25,231,272	24,952,366	101%

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 May 27, 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	1,322,481	66%	32,088	83%	162,089	100%
PNW	507,821	25%	122	0%	0	0%
Interior Export Rail	180,218	9%	6,287	16%	647	0%
<b>Total (Metric Tons)</b>	<b>2,010,520</b>	<b>100%</b>	<b>38,497</b>	<b>100%</b>	<b>162,736</b>	<b>100%</b>
White Corn Shipments by Country (MT)			23,926 8,162 6,287 122	to Colombia to El Salvador to Mexico to S. Korea		
<b>Total White Corn</b>			<b>38,497</b>			
Sorghum Shipments by Country (MT)					162,089 647	to China to Philippines
<b>Total Sorghum</b>					<b>162,736</b>	

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)
July	1.01+N	\$300.18	1.69+N	\$326.95
August	1.69+U	\$295.90	2.45+U	\$325.47
September	1.28+U	\$279.41	2.10+U	\$311.69

#2 White Corn (U.S. \$/MT FOB Vessel*)			
Max. 15.0% Moisture	July	August	September
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
July	N/A	N/A	3.20+N	\$386.59
August	N/A	N/A	3.95+U	\$384.72
September	N/A	N/A	2.90+U	\$343.39

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT*)			
	July	August	September
New Orleans	\$248	\$250	\$250
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT*)			
Bulk 60% Pro.	July	August	September
New Orleans	\$748	\$740	\$740
*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: June 3, 2021 (USD/MT)**  
(Quantity, availability, payment and delivery terms vary)

<b>Delivery Point Quality Min. 35% Pro-fat combined</b>	<b>July</b>	<b>August</b>	<b>September</b>
Barge CIF New Orleans	258	259	260
FOB Vessel GULF	274	276	276
Rail delivered PNW	293	295	295
Rail delivered California	301	301	302
Mid-Bridge Laredo, TX	291	291	293
FOB Lethbridge, Alberta	270	272	272
40 ft. Containers to South Korea (Busan)	325	325	325
40 ft. Containers to Taiwan (Kaohsiung)	330	330	330
40 ft. Containers to Philippines (Manila)	340	340	340
40 ft. Containers to Indonesia (Jakarta)	350	350	350
40 ft. Containers to Malaysia (Port Kelang)	353	353	353
40 ft. Containers to Vietnam (HCMC)	355	355	355
40 ft. Containers to Japan (Yokohama)	340	340	340
40 ft. containers to Thailand (LCMB)	353	353	353
40 ft. Containers to China (Shanghai)	335	335	335
40 ft. Containers to Bangladesh (Chittagong)	340	340	340
40 ft. Containers to Myanmar (Yangon)	350	350	350
KC Rail Yard (delivered ramp)	255	255	255
Elwood, IL Rail Yard (delivered ramp)	254	253	254

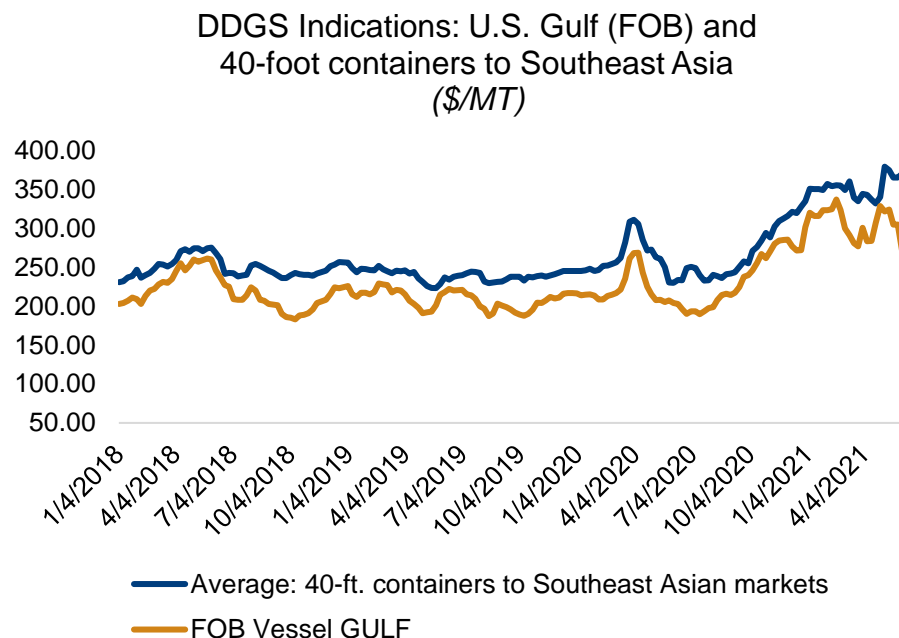
*Source: World Perspectives, Inc. \*Prices are based on offer indications only; terms of delivery, payment and quality may vary from one supplier to another, impacting the actual value of the price.*

## Distiller's Dried Grains with Solubles (DDGS)

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**DDGS Comments:** U.S. DDGS prices are lower this week as ethanol run rates increase and weaker soymeal futures pressure the market. Merchandisers report strong domestic demand but additional production is pressuring prices on the margin. The DDGS/cash corn ratio is 0.85 this week, down from the prior week and below the three-year average of 1.13. The DDGS/Kansas City soymeal ratio is down from the prior week at 0.55 and above the three-year average of 0.46.

On the export front, DDGS prices are mixed this week. Barge CIF NOLA prices down \$4-5/MT while FOB Gulf offers are steady/up \$2/MT at \$274/MT for July shipment. Prices for 40-foot containers to Southeast Asia are down \$18/MT with offers averaging \$352/MT this week.



Source: World Perspectives, Inc.

## Country News

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**Argentina:** The government's ban on beef exports has created uncertainty in grains and a view that 8 percent of the corn area could switch to soybeans since the latter goes to domestic crush plants and is not at risk of export restrictions like corn. Around 72 percent of the corn is exported. The government is trying to isolate consumers from the global spike in food prices, but farmers say they are bearing the cost. The Buenos Aires Grain Exchange sees farmers planting 1.3 million hectares of barley in 2021/22. Port workers have been striking and grain farmers say they may follow. Meanwhile, river logistics have been challenged by low water levels. (AgriCensus; Reuters)

**Brazil:** Emergency water supplies were released in five states and the government is considering issuing options contracts to encourage farmers to plant more corn instead of soybeans. Due to a drought said to be the worst in 91 years, Safras pegged the corn crop at 95.2 MMT; Datagro sees the total crop at 101.65 MMT; StoneX is at 89.68 MMT; AgRural lowered its estimate of the safrinha corn crop by 5 MMT to 60 MMT and total production at 91 MMT. (Reuters)

**China:** Speculation as to a corn import restriction has not materialized in the trade data. (Reuters)

**EU:** Crop ratings for French barley edged back higher while dropping for corn. (AgriCensus)

**Mexico:** Despite drought conditions, the FAS attaché estimate of the corn crop was raised by 235 KMT to a total of 27.2 MMT, which is larger than last year's 26.6 MMT but lower than USDA's estimate of 28 MMT. The sorghum crop estimate is lowered from 4.3 MMT to 3.8 MMT. (FAS GAIN)

**South Africa:** The Crop Estimates Committee says maize production is 16.1 MMT. (AgriCensus)

**Ukraine:** The Agriculture Ministry says grain exports this season are down 22.3 percent year on year, with corn exports at 21.5 MMT and barley exports at 4.1 MMT. (Reuters)

## Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans* June 3, 2021			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$66.00	Unchanged	Handymax \$66.50/MT
55,000 U.S. PNW- Japan	\$38.25	Down \$0.25	Handymax \$39.00/MT
66,000 U.S. Gulf – China	\$64.50	Down \$0.50	North China
PNW to China	\$37.50	Down \$0.25	
25,000 U.S. Gulf - Veracruz, México	\$27.00	Unchanged	3,000 MT daily discharge rate
30-36,000+ U.S. Gulf - Veracruz, México	\$24.00	Unchanged	Deep draft and 6,000 MT per day discharge rate.
30-38,000 U.S. Gulf - Colombia	\$36.00	Unchanged	<u>West Coast Colombia at \$47.25</u>
<u>50,000 MT U.S. Gulf to East Coast Colombia</u>	<u>\$35.00</u>		
From Argentina	\$49.50		
43-45,000 U.S. Gulf - Guatemala	\$41.00	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$51.00	Unchanged	8,000 MT daily discharge
	\$53.50		3,000 MT daily discharge
26-30,000 US Gulf - Morocco	\$49.50	Unchanged	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$51.50	Unchanged	60,000 -55,000 MT - Egypt
PNW to Egypt	\$51.50		Romania - Russia - Ukraine \$19.00 - \$19.50 - \$19.50 France \$28.00
60-70,000 U.S. Gulf – Europe, Rotterdam	\$22.00	Down \$1.50	Handymax at +\$1.75-2.00 more
Brazil, Santos – China	\$56.50	Up \$0.50	54-59,000 Supramax-Panamax
Brazil, Santos – China	\$55.50		60-66,000 Post Panamax
Northern Coast Brazil - China	\$56.50		Upriver No. Brazil Plus -55,000 MT Plus \$7.50/MT
56-60,000 Argentina/Rosario-China, Deep Draft	\$61.75	Up \$0.75	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:** It was another week of mixed results in Dry-Bulk freight markets. The Capesize market took it on the chin this week as physical rates slipped in both the Pacific and Atlantic. Iron Ore trade and paper traders could not hold things up. Somehow, the Panamax and Supramax vessel segments managed to hold steady to remain largely unchanged for the week. If Capesize markets are unable to recover next week, it will be difficult for the other markets to generate upward momentum. High containerized grain rates and poor logistics continue to have a negative impact on U.S. weekly export volumes of containerized grains and products.

Baltic-Panamax Dry-Bulk Indices				
June 3, 2021	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	35,818	33,368	2,450	7.3
P3A: PNW/Pacific– Japan	26,712	27,709	-997	-3.6
S1C: U.S. Gulf-China-S. Japan	33,533	31,064	2,469	7.9

Source: O'Neil Commodity Consulting

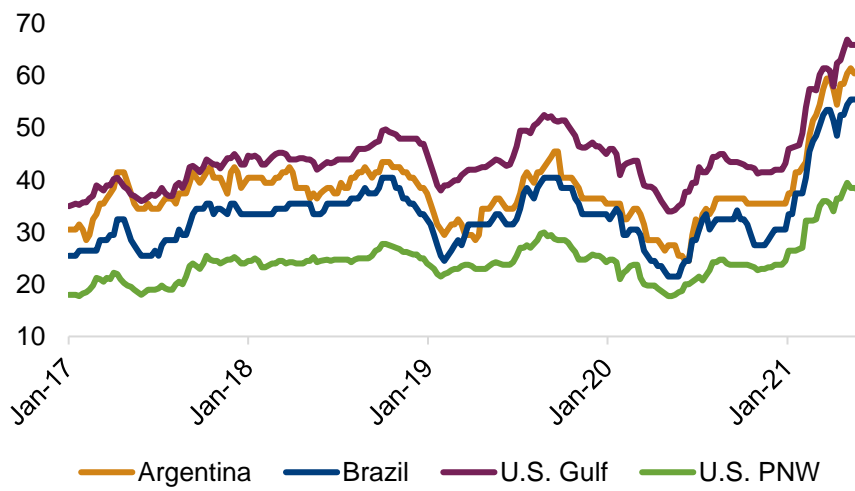
Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$14.00-14.80
Three weeks ago:	\$14.00-15.00
Two weeks ago:	\$12.00-12.30
One week ago:	\$12.30-13.20
This week	\$10.40-11.00

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
June 3, 2021	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.60	0.96	0.64	\$25.20	PNW
Soybeans	1.68	0.98	0.70	\$25.72	PNW
Ocean Freight	\$37.75	\$65.00	0.69-0.74	<b>\$27.25</b>	July

Source: O'Neil Commodity Consulting

## Bulk Grain Freight Rates to Japan from Select Origins



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

**Bulk Grain Freight Rates for Key Suppliers and Destinations**  
**June 3, 2021**

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
Panamax/Supramax Vessels							
U.S. Gulf	Japan	66.00	1.00	1.5%	31.00	88.6%	
U.S. PNW		38.25	0.25	0.7%	19.75	106.8%	
Argentina		60.50	2.00	3.4%	35.00	137.3%	
Brazil		55.50	3.00	5.7%	34.00	158.1%	
U.S. Gulf	China	64.50	0.00	0.0%	30.50	89.7%	
U.S. PNW		37.50	0.00	0.0%	19.75	111.3%	
Argentina		61.75	1.25	2.1%	33.50	118.6%	
Brazil		56.50	0.00	0.0%	28.75	103.6%	
U.S. Gulf	Europe	24.00	0.00	0.0%	11.50	92.0%	
Argentina		25.50	1.00	4.1%	15.00	142.9%	
Brazil		31.50	3.00	10.5%	11.00	53.7%	
Argentina	Saudi Arabia	53.50	2.00	3.9%	10.00	23.0%	
Brazil		54.50	3.00	5.8%	6.00	12.4%	
U.S. Gulf	Egypt	51.00	0.00	0.0%	27.50	117.0%	
U.S. PNW		53.30	3.30	6.6%	32.15	152.0%	
Argentina		35.50	1.00	2.9%	21.00	144.8%	
Brazil		42.50	3.00	7.6%	19.00	80.9%	
Handysize Vessels							
U.S. Gulf	Morocco	49.50	0.50	1.0%	17.00	52.3%	
U.S. Great Lakes		56.00	2.00	3.7%	13.85	32.9%	
Argentina		28.50	0.00	0.0%	0.00	0.0%	
Brazil		34.50	-4.00	-10.4%	10.00	40.8%	
U.S. Great Lakes	Europe	55.00	2.00	3.8%	13.85	33.7%	
Brazil		32.90	1.90	6.1%	9.15	38.5%	
Argentina	Algeria	31.50	0.00	0.0%	3.00	10.5%	
Brazil		32.50	0.00	0.0%	1.00	3.2%	
U.S. Gulf	Colombia	36.00	0.00	0.0%	17.50	94.6%	
U.S. PNW		40.00	-4.00	-9.1%	12.90	47.6%	
Argentina		49.50	0.50	1.0%	15.75	46.7%	
Shipping Indexes							
Baltic Dry Index		2596	-457	-15.0%	2076	399.2%	

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

Note: Quoted rates are believed to reflect current market conditions but may vary from actual offers. Rates may differ based on delivery terms, demurrage, and other factors.