



# Market Perspectives

**July 8, 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 December Corn Contract					
Cents/Bu	Friday July 2	Monday July 5	Tuesday July 6	Wednesday July 7	Thursday July 8
Change	-9.25		-40.00	-8.75	-7.25
Closing Price	579.75		539.75	531.00	523.75
Factors Affecting the Market	Bearish news from several sources hit the corn market, including a D.C. Circuit Court ruling on E15 ethanol. The U.S. weather forecast is friendly for the weekend and next week and funds started liquidating some of their large long position in corn.	U.S. markets were closed for the Independence Day holiday.	Corn futures fell to limit-losses and traded synthetically 2-5 cents below that. Funds were net sellers after a weekend of good Midwest rains and forecasts for more in the coming weeks. Brazil's crop suffered frost, however, further paring yield potential.	Corn traded into major support and end users turned into buyers on the break. Fresh news was light, but the U.S. weather is trending favorably. U.S. corn conditions ratings were unchanged last week, though the Dakotas saw worsening conditions.	Corn was lower in consolidation trade ahead of next week's WASDE. Support at \$5.20 held in low-volume trade, though Tues.' still-open chart gap is bearish. Ethanol output rose last week, exceeding USDA's target corn grind, while stocks fell after 5 weeks of gains.

**Outlook:** December corn futures are 56 cents (9.7 percent) lower this week as traders and funds have been aggressive in liquidating long positions on improving Midwest weather forecasts. The market has erased the gains created by last week's Grain Stocks and Acreage reports with traders' focus increasingly turning to Monday's WASDE report and the U.S. late July weather outlook.

The U.S. weather has turned more favorable for corn production across the U.S. this week. While significant concern still exists for crops in the western U.S. and northern Plains, parts of the Dakotas, Iowa, and northern Minnesota received meaningful precipitation this week. The 7-day outlook suggests showers will continue across the region into mid-July, with some moderation in temperatures as well. The ongoing drought has certainly damaged yield potential for crops in the region, but the wetter outlook has allowed the CBOT to remove some of the weather risk that was priced into futures.

In contrast to the dry northern Plains outlook, the central and eastern Corn Belt will continue to see cooler-than-normal temperatures and above-average rainfall that will boost corn and soybean yield potential. This fact has been the market's primary focus this week with expectations for 4-5 inches of rainfall across Iowa, Illinois, and Indiana this week pressuring futures markets. The 6-14-day forecast offers good odds of above-average temperatures in mid-July, but rainfall should be normal or better, according to the latest model runs. Moderately hot temperatures combined with adequate precipitation can benefit corn yields and there are currently few weather threats to the Corn Belt crops.

While the major U.S. corn-producing states are under favorable weather conditions, Brazil's *safrinha* corn crop remains under duress. Initially plagued by drought, the crop suffered frost/freezing damage earlier this week. The states of Parana and Mato Grosso do Sul were most heavily impacted and private firms have once again cut their expectations of the crop's size. Analysts are expecting USDA to make

a significant downward adjustment to its forecast of the Brazilian crop in Monday's WASDE, a change that is likely to boost the agency's outlook for 2021/22 U.S. corn exports.

The weekly Export Sales report is delayed due to Monday's U.S. holiday, but the weekly Export Inspections report was neutral/bullish corn markets. Inspections totaled 1.23 MMT, up 20 percent from the prior week, and brought YTD inspections to 58.15 MMT, up 69 percent.

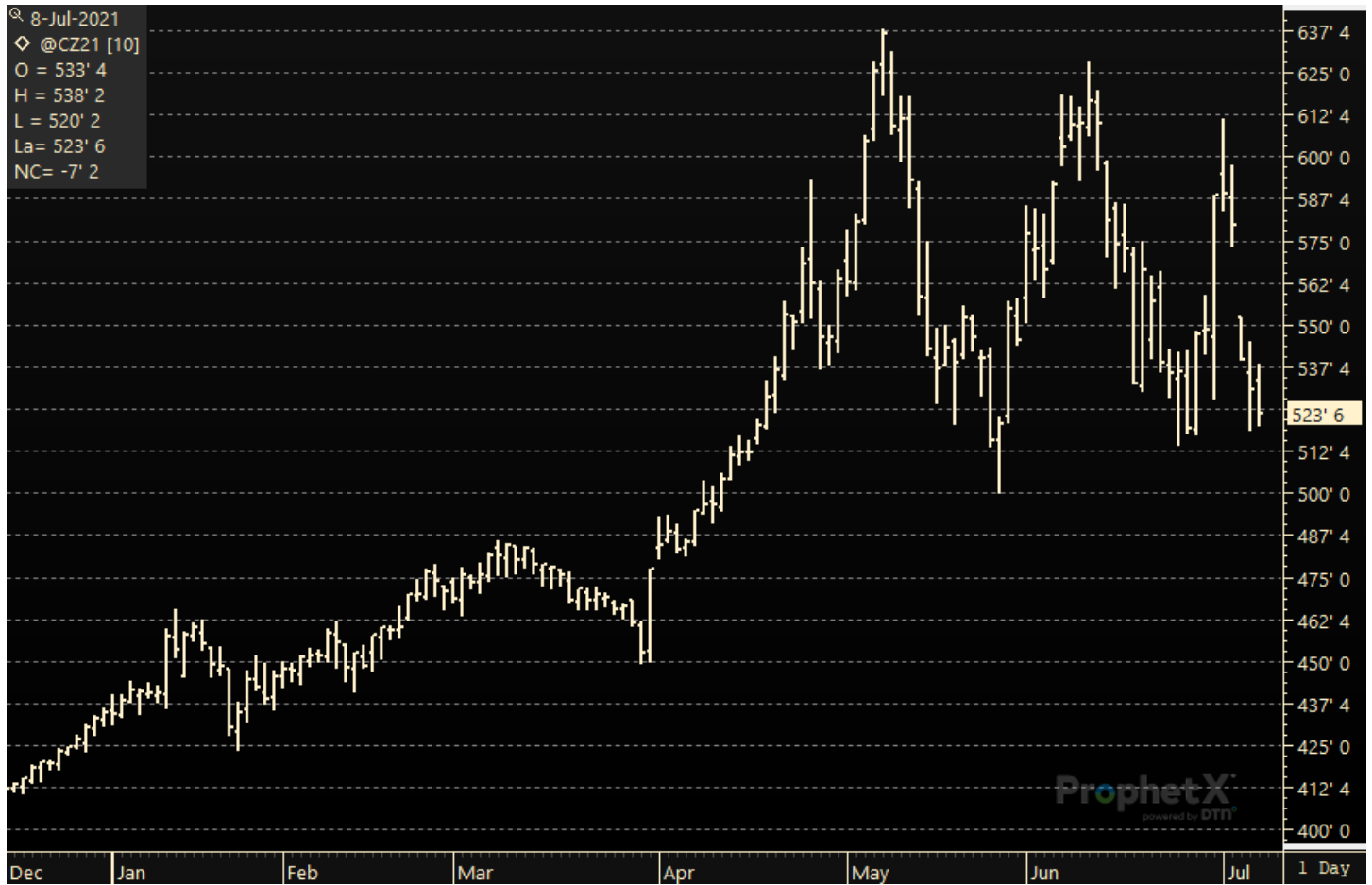
From a technical standpoint, December corn futures are bouncing sideways in a wide range from major support at \$5.00 to last Thursday's high (\$6.11 ¼). Within that range, support has developed at \$5.20 with the contract testing that level Wednesday and Thursday this week. End users, both domestically and internationally, were active buyers as prices reached that level following Tuesday's limit-down trade. Thursday's trade formed an inside day on the charts, a sign of steady, congestive trade as traders position for Monday's USDA report. Heading into the report, the unfilled chart gap from \$5.52 ¼ to \$5.73 ½ is a bearish sign and a break below \$5.20 could spark a selloff to \$5.00. Trade below that level, however, is unlikely as few will want to be overly bearish with USDA likely to cut the Brazilian corn crop and possibly lower production estimates for the western U.S. states.

Interest Rates and Macroeconomic Markets, July 8, 2021						
	Last*	Weekly Change	Weekly % Change	Monthly Change	Monthly % Change	1-Year History
<b>Interest Rates</b>						
U.S. Prime	3.3	0.0	0.0%	0.0	0.0%	
LIBOR (6 Month)	0.2	0.0	1.7%	0.0	3.4%	
LIBOR (1 Year)	0.2	0.0	-2.4%	0.0	-0.2%	
S&P 500	4,314.9	-5.1	-0.1%	75.7	1.8%	
Dow Jones Industrials	34,339.3	-294.3	-0.8%	-127.0	-0.4%	
U.S. Dollar	92.4	-0.2	-0.2%	2.3	2.6%	
WTI Crude	73.0	-2.3	-3.0%	2.7	3.8%	
Brent Crude	74.2	-1.7	-2.2%	1.7	2.3%	

Source: DTN ProphetX, World Perspectives, Inc.

\* Last price as of 3:12 PM ET

# CBOT December Corn Futures



Source: DTN ProphetX

**Current Market Values:**

<b>Futures Price Performance: Week Ending July 8, 2021</b>			
<b>Commodity</b>	<b>8-Jul</b>	<b>2-Jul</b>	<b>Net Change</b>
<b>Corn</b>			
Jul 21	638.00	697.25	-59.25
Sep 21	536.75	592.00	-55.25
Dec 21	523.75	579.75	-56.00
Mar 22	531.50	586.25	-54.75
<b>Soybeans</b>			
Jul 21	1390.25	1451.75	-61.50
Aug 21	1365.25	1433.25	-68.00
Sep 21	1326.00	1408.00	-82.00
Nov 21	1319.50	1399.00	-79.50
<b>Soymeal</b>			
Jul 21	355.30	379.90	-24.60
Aug 21	356.80	381.50	-24.70
Sep 21	358.30	383.60	-25.30
Oct 21	359.10	384.60	-25.50
<b>Soyoil</b>			
Jul 21	64.25	66.82	-2.57
Aug 21	60.48	63.47	-2.99
Sep 21	59.82	62.87	-3.05
Oct 21	59.39	62.47	-3.08
<b>SRW</b>			
Jul 21	612.25	645.75	-33.50
Sep 21	618.00	652.75	-34.75
Dec 21	626.75	661.50	-34.75
Mar 22	634.50	669.75	-35.25
<b>HRW</b>			
Jul 21	590.25	611.25	-21.00
Sep 21	588.00	619.25	-31.25
Dec 21	599.25	630.00	-30.75
Mar 22	608.50	639.75	-31.25
<b>MGEX (HRS)</b>			
Jul 21	812.00	863.00	-51.00
Sep 21	805.00	838.75	-33.75
Dec 21	798.00	831.75	-33.75
Mar 22	790.75	825.00	-34.25

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

## U.S. Weather/Crop Progress

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U.S. Crop Conditions: July 4, 2021					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	2%	7%	27%	50%	14%
Sorghum	1%	3%	24%	58%	14%
Barley	13%	26%	39%	15%	7%

Source: USDA, World Perspectives, Inc.

**U.S. Drought Monitor Weather Forecast:** The National Weather Service Weather Prediction Center forecast for the remainder of the week (July 8 -13) shows tropical storm conditions and rainfall from Elsa will continue across parts of Florida and into the Southeast. Other areas expecting excessive rainfall include the Texas coast, Midwest, and Northeast. In the West, the hot weather will continue with daytime highs well into the 90s and lower 100s.

Moving into next week, the Climate Prediction Center six-to-10-day outlook (valid July 13-17) favors above normal temperatures across much of Alaska, the West, northern Plains and Northeast. Below normal temperatures are most likely across the Southern Plains. Below normal precipitation is expected across Alaska, the Northwest, Northern Plains, and Florida while above normal precipitation is favored along a band stretching from the Southwest, across the Midwest, and into the Northeast.

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. Independence Day holiday on Monday, 4 July 2021, the weekly USDA Export Sales report is delayed until Friday, 9 July 2021. Updated export statistics will be provided in next week's Market Perspectives report.

U.S. Export Inspections: Week Ending July 1, 2021					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	392	1,175	367	320%
Corn	1,235,931	1,033,703	58,151,738	34,379,268	169%
Sorghum	3,344	37,212	6,482,303	4,070,104	159%
Soybeans	206,152	110,515	57,451,813	37,383,262	154%
Wheat	258,438	288,548	1,792,539	2,414,848	74%

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 July 1, 2021						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	7,318	1%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	718,645	59%	20,722	85%	416	12%
PNW	325,933	27%	245	1%	0	0%
Interior Export Rail	166,893	14%	3,493	14%	2,928	88%
<b>Total (Metric Tons)</b>	<b>1,218,789</b>	<b>100%</b>	<b>24,460</b>	<b>100%</b>	<b>3,344</b>	<b>100%</b>
<b>White Corn Shipments by Country (MT)</b>			20,722 3,493 245	to Colombia to Mexico to S. Korea		
<b>Total White Corn</b>			<b>24,460</b>			
<b>Sorghum Shipments by Country (MT)</b>					2,634 416 294	to Mexico to Chad to Canada
<b>Total Sorghum</b>					<b>3,344</b>	

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)
July	1.48+U	\$269.37	2.62+U	\$314.45
August	1.23+U	\$259.53	2.02+U	\$290.83
September	1.25+Z	\$255.40	1.90+Z	\$280.79

#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	3.50+U	\$349.09
August	N/A	N/A	2.70+U	\$317.60
September	N/A	N/A	2.70+Z	\$312.48

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT*)			
	July	August	September
New Orleans	\$185	\$185	\$185
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT*)			
Bulk 60% Pro.	July	August	September
New Orleans	\$610	\$610	\$610
*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: July 8, 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	208	209	211
FOB Vessel GULF	214	216	222
Rail delivered PNW	242	245	247
Rail delivered California	256	258	259
Mid-Bridge Laredo, TX	244	247	250
FOB Lethbridge, Alberta	241	243	245
40 ft. Containers to South Korea (Busan)	290	290	290
40 ft. Containers to Taiwan (Kaohsiung)	308	308	308
40 ft. Containers to Philippines (Manila)	305	305	305
40 ft. Containers to Indonesia (Jakarta)	300	300	300
40 ft. Containers to Malaysia (Port Kelang)	310	310	310
40 ft. Containers to Vietnam (HCMC)	312	312	312
40 ft. Containers to Japan (Yokohama)	305	305	305
40 ft. containers to Thailand (LCMB)	318	318	318
40 ft. Containers to China (Shanghai)	300	300	300
40 ft. Containers to Bangladesh (Chittagong)	305	305	305
40 ft. Containers to Myanmar (Yangon)	304	304	304
KC Rail Yard (delivered ramp)	210	210	210
Elwood, IL Rail Yard (delivered ramp)	218	220	222

*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.*

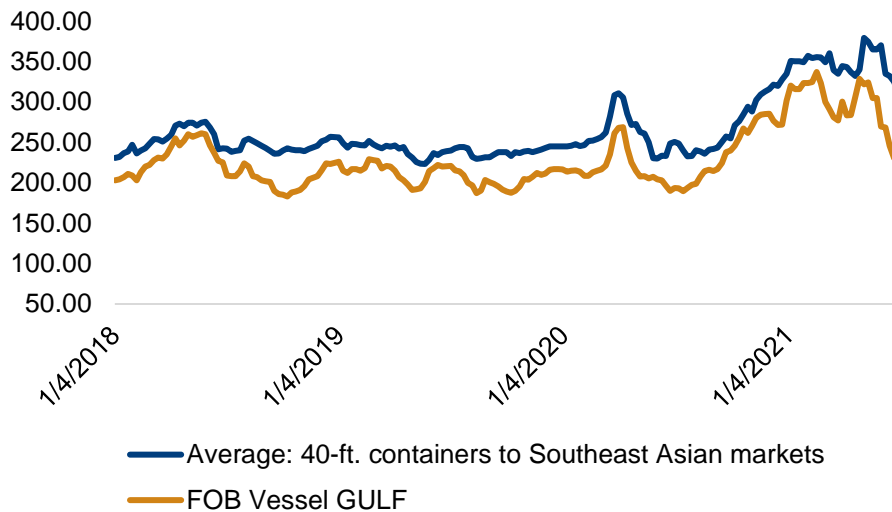
## Distiller's Dried Grains with Solubles (DDGS)

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**DDGS Comments:** U.S. DDGS prices are trending lower amid larger ethanol production and weakness in corn and soymeal markets. Domestic DDGS values are down \$7-10/MT this week while Kansas City soymeal values have fallen \$30/MT. The DDGS/cash corn ratio is 0.74 this week, up from the prior week and below the three-year average of 1.13. The DDGS/Kansas City soymeal ratio is steady with last week at 0.48 and above the three-year average of 0.46.

DDGS values on the export market are giving back some of last week's gains and exporters report quiet international interest this week due to Monday's U.S. holiday. Barge CIF NOLA rates are down \$30-36/MT for spot positions while FOB Gulf offers are down \$35-40/MT. Offers for 40-foot containers to Southeast Asia are finding better support this week, however, down just \$2/MT on average at \$307/MT.

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



Source: World Perspectives, Inc.

## Country News

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**Argentina:** Corn sales have been running ahead of last year, but the UOCRA workers union blocked San Rosario and other ports, hindering the shipment of grain. The Buenos Aires Grain Exchange says the corn harvest is 52 percent complete. (AgriCensus)

**Brazil:** Frost has damaged the crop and AgRural reduced its corn production forecast by another 5 MMT from May to a season total of 85.3 MMT. The safrinha crop is 12 percent harvested. Up to 20 percent of the corn crop could go to ethanol by 2030. (Reuters; AgriCensus)

**China:** Farmers will plant more corn in place of soybeans, sorghum and other crops with JCI predicting a 6.2 percent increase in output for a total corn crop in 2021/22 at 253.9 MMT. That would be slightly higher than official and semi-official forecasts of between a 3.96 and 4.9 percent increase. The government will boost its crop insurance policies to boost production of corn and other crops. Sinograin auctioned 130,294 tons of corn imported from the U.S. and Ukraine. Corn imports for 2020/21 may be 20 MMT instead of USDA's forecast of 26 MMT. (Reuters; USDA/FAS)

**EU:** Barley exports out of Rouen have picked up pace and France was Europe's largest exporter of barley in 2020/2021. (AgriCensus)

**Jordan:** State grain buyer MIT purchased 60 KMT of barley for November shipment at \$271.95/MT. (AgriCensus)

**Russia:** The government has lowered the export tax on barley for the first time since its launch. (AgriCensus)

**South Africa:** Up to 75 percent of the corn crop is now harvested. (AgriCensus)

**South Korea:** NOFI tendered for corn and NOFI purchased 65 KMT of Black Sea corn in a private transaction. (AgriCensus)

**Turkey:** State grain buyer TMO purchased 440 KMT of barley for July-August shipment. (AgriCensus)

## Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans* July 8, 2021			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$85.00	Up \$3.00	Handymax \$85.50/MT
55,000 U.S. PNW- Japan	\$46.25	Up \$0.25	Handymax \$46.50/MT
66,000 U.S. Gulf – China	\$84.00	Up \$3.00	North China
PNW to China	\$45.25	Up \$0.25	
25,000 U.S. Gulf - Veracruz, México	\$33.50	Up \$1.00	3,000 MT daily discharge rate
30-36,000+ U.S. Gulf - Veracruz, México	\$31.00	Up \$1.00	Deep draft and 6,000 MT per day discharge rate.
30-38,000 U.S. Gulf - Colombia <u>50,000 MT U.S. Gulf to East Coast Colombia</u> From Argentina	\$47.00 <u>\$46.00</u> \$61.50	Up \$2.00	<u>West Coast Colombia at \$59.00</u>
43-45,000 U.S. Gulf - Guatemala	\$51.00	Up \$2.00	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$68.00 \$70.50	UP \$3.00	8,000 MT daily discharge 3,000 MT daily discharge
26-30,000 US Gulf - Morocco	\$65.50	Up \$3.00	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$68.50	Up \$3.00	60,000 -55,000 MT -Egypt
PNW to Egypt	\$68.00		Romania – Russia - Ukraine \$30.50 - \$31.00 - \$31.00 France \$41.00
60-70,000 U.S. Gulf – Europe, Rotterdam	\$22.50	Unchanged	Handymax at +\$1.75-2.00 more
Brazil, Santos – China	\$69.50	Up \$0.50	54-59,000 Supramax-Panamax
Brazil, Santos – China	\$68.50		60-66,000 Post Panamax
Northern Coast Brazil - China	\$69.50		Upriver No. Brazil Plus -55,000 MT Plus \$7.50/MT
56-60,000 Argentina/Rosario-China, Deep Draft	\$74.50	Up \$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:** Dry-bulk markets bounced around this week trying to determine if they want to go higher or lower. At weeks' end, the FFA paper market found support and finished the week slightly higher. The smaller size ships continue to fare better than Capesize vessels.

It is clear freight markets are getting a bit topky and, though vessel owners remain bullish, it will not be easy for rates to climb higher. But this does not mean markets are set to drop much either. This is a new market environment, and I suspect we will have to live with these generally higher rates through 2021. The same holds true for container rates.

Baltic-Panamax Dry-Bulk Indices				
July 8, 2021	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	55,295	55,300	-5	0.0
P3A: PNW/Pacific– Japan	32,132	32,675	-543	-1.7
S1C: U.S. Gulf-China-S. Japan	39,911	40,856	-945	-2.3

Source: O'Neil Commodity Consulting

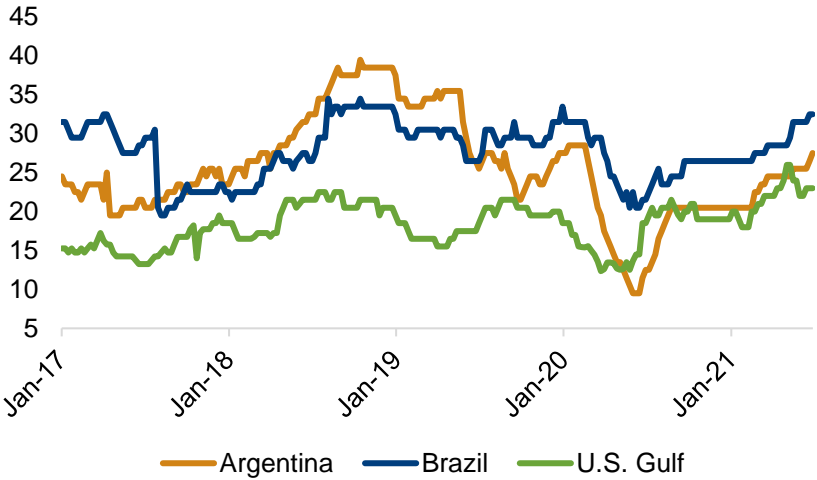
Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$9.60-10.50
Three weeks ago:	\$11.50-12.60
Two weeks ago:	\$10.25-11.30
One week ago:	\$11.35-11.70
This week	\$10.80-11.90

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
July 8, 2021	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	2.40	1.65	0.75	\$29.53	PNW
Soybeans	2.00	1.25	0.75	\$27.56	PNW
Ocean Freight	\$46.25	\$84.00	0.96-1.03	<b>\$37.75</b>	August

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**  
**July 8, 2021**

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
<i>Panamax/Supramax Vessels</i>							
U.S. Gulf		85.00	17.00	25.0%	45.50	115.2%	
U.S. PNW	Japan	46.25	7.25	18.6%	25.25	120.2%	
Argentina		75.00	14.50	24.0%	42.50	130.8%	
Brazil		67.00	11.50	20.7%	38.50	135.1%	
U.S. Gulf		84.00	17.00	25.4%	43.00	104.9%	
U.S. PNW	China	46.25	7.75	20.1%	25.75	125.6%	
Argentina		74.50	10.00	15.5%	39.00	109.9%	
Brazil		69.50	10.00	16.8%	35.00	101.4%	
U.S. Gulf		23.00	1.00	4.5%	4.50	24.3%	
Argentina	Europe	27.50	2.00	7.8%	15.00	120.0%	
Brazil		32.50	1.00	3.2%	11.00	51.2%	
Argentina	Saudi Arabia	59.50	5.00	9.2%	18.00	43.4%	
Brazil		56.50	2.00	3.7%	5.00	9.7%	
U.S. Gulf		68.50	15.00	28.0%	43.00	168.6%	
U.S. PNW	Egypt	61.80	8.50	15.9%	36.80	147.2%	
Argentina		37.50	2.00	5.6%	21.00	127.3%	
Brazil		47.50	5.00	11.8%	22.00	86.3%	
<i>Handysize Vessels</i>							
U.S. Gulf		65.50	14.00	27.2%	27.00	70.1%	
U.S. Great Lakes	Morocco	45.00	-11.00	-19.6%	2.00	4.7%	
Argentina		28.50	0.00	0.0%	-1.00	-3.4%	
Brazil		35.50	1.00	2.9%	5.00	16.4%	
U.S. Great Lakes	Europe	36.00	-19.00	-34.5%	-6.00	-14.3%	
Brazil		28.40	-4.50	-13.7%	3.90	15.9%	
Argentina	Algeria	31.50	0.00	0.0%	3.00	10.5%	
Brazil		32.50	0.00	0.0%	-1.00	-3.0%	
U.S. Gulf		47.00	10.00	27.0%	28.25	150.7%	
U.S. PNW	Colombia	40.00	0.00	0.0%	11.00	37.9%	
Argentina		61.50	11.00	21.8%	29.00	89.2%	
<i>Shipping Indexes</i>							
Baltic Dry Index		3224	786	32.2%	1268	64.8%	

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.