



Market Perspectives

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February 24, 2022

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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 May Corn Contract					
Cents/Bu	Friday February 18	Monday February 21	Tuesday February 22	Wednesday February 23	Thursday February 24
Change	3.50		19.75	8.75	9.00
Closing Price	652.75		672.50	681.25	690.25
Factors Affecting the Market	Corn posted its 3rd straight day of gains, and the December contract posted a new contract high. Traders were net buyers heading into a weekend with "war risk" growing in Ukraine. Also, the weather forecast remains hot and dry for South America. Outside markets were lower; U.S. stocks fell sharply, but the USD rose 24 bps.	Markets were closed for the U.S. President's Day holiday.	Grain markets rallied on news that Russia ordered troops into parts of Ukraine. No one seems to know whether the situation will deter grain exports from the Black Sea, but markets are rationing potential demand U.S. and other exporter supplies anyway. Crude oil rose \$1.70/brl while stocks fell sharply.	Corn pushed to new contract highs amid continued uncertainty in Ukraine. Russian hackers are disrupting Ukrainian government websites and adding to war concerns. Drought in South America is worsening and the outlook for Brazil's <i>safrinha</i> crop is falling. The USD rallied 16.5 bps while crude oil gained \$0.19/brl.	Corn and wheat jumped sharply higher overnight and hit limit-up gains after Russia invaded Ukraine. Wheat settled limit-up, but corn pulled back from its highs after USDA forecast 92 mill. acres will be planted this year and that 2022/23 U.S. ending stocks will hit a 3-year high. Outside markets were supportive; crude oil rose \$1.06/brl.

Outlook: May corn futures are 37 ½ cents (5.7 percent) higher this week after Russia invaded Ukraine. Ukraine, a significant grain exporter that was expected to ship 57.5 MMT of corn and wheat combined this year, shut its export ports early Thursday morning following the invasion. The threat to global exports sent wheat and corn futures higher both leading up to the invasion and in the first trading day since. Old and new crop corn and wheat futures all posted new contract highs on Thursday, with the May corn contract trading to \$7.16 ¼ at the day's peak. For corn, both old and new crop futures pulled back from the day's limit-up highs with May corn settling 9 cents higher and September corn ending 8 cents lower.

Looking forward, the only thing that seems certain is that markets will remain volatile. Markets are trying to price the significant uncertainty created by the invasion, and "war risk" premiums are present in grain prices, currency exchange rates, and freight rates. Grain bulls point to the odds of a protracted conflict in Ukraine disrupting farming and grain export operations, while bears remember that the 2014 annexation of Crimea left grain shipments largely unhindered. Only time will tell which viewpoint is correct.

The USDA's annual Ag Outlook Forum is underway this Thursday and Friday and offers the agency's first look at the 2022/23 U.S. crop balance sheets. The headline numbers were the forecast that farmers will seed 37.23 million hectares (92 million acres) of corn and 35.29 million hectares (87.2 million acres)

of soybeans in 2022. USDA's estimates were below pre-report expectations for both crops. For corn, USDA projected a 2022 yield of 11.38 MT/hectare (181 bushels/acre), which would be record-large if realized. The agency initially pegged the crop at 387.12 MMT (15.24 billion bushels), which would again be a record figure if realized.

On the demand side, USDA is largely looking for 2022/23 to be similar to the current projections for 2021/22 consumption. Feed and residual use were forecast equal with 2021/22 while ethanol use increased by 1.9 MMT (75 million bushels). Exports were forecast down slightly from 2022/23 at 59.693 MMT (2.35 million bushels) due to "expectations of increase competition...despite global trade growth." Ending stocks were estimated at 49.914 MMT (1.965 billion bushels), which would be a 3-year high and put the ending stocks-to-use ratio at 13.2 percent, up from 10.4 percent forecast for 2021/22. The larger carry-out prompted USDA to lower the season-average farm price to \$196.84/MT (\$5.00/bushel).

The weekly Export Sales report from USDA is delayed due to Monday's U.S. holiday, but the Export Inspections report featured 1.58 MMT of corn shipments this week. The inspection volume was 8 percent above the prior week and in-line with the seasonal increase in shipments. YTD corn inspections total 21.6 MMT, down 11 percent. The report also featured 257 KMT of sorghum inspections, up 41 percent from the prior week with China taking 255 KMT of the inspections. The rest was destined for Mexico.

From a technical standpoint, March corn futures are trending higher and posted new contract highs each of the past three days. The fact that the market settled 26 cents below its high and near the bottom of the day's trading range on Thursday suggests some of the bullish momentum may be waning, however. The market is approaching overbought levels and may need to pullback in corrective trade. Moreover, the recent strength in the U.S. dollar (created by global investors moving money into "safe haven" assets) will impact U.S. export pricing and competitiveness on a relative basis. Trendline support lies initially at \$6.53, followed by long-term trendline support at \$6.15 ¼.

Interest Rates and Macroeconomic Markets, February 24, 2022						
	Last*	Weekly Change	Weekly % Change	Monthly Change	Monthly % Change	1-Year History
Interest Rates						
U.S. Prime	3.25	0.0	0.0%	0.0	0.0%	
LIBOR (6 Month)	0.83	0.0	5.0%	0.4	78.1%	
LIBOR (1 Year)	1.34	0.0	0.5%	0.5	65.3%	
S&P 500	4,248.8	-131.5	-3.0%	-77.8	-1.8%	
Dow Jones Industrials	32,898.2	-1,413.8	-4.1%	-1,262.6	-3.7%	
U.S. Dollar	97.0	1.2	1.2%	-0.3	-0.3%	
WTI Crude	92.3	0.6	0.6%	5.7	6.6%	
Brent Crude	94.9	1.9	2.1%	6.7	7.6%	

Source: DTN ProphetX, World Perspectives, Inc.

* Last price as of 3:22 PM ET

CBOT May Corn Futures



Source: DTN ProphetX

Current Market Values:

Futures Price Performance: Week Ending February 24, 2022			
Commodity	24-Feb	18-Feb	Net Change
Corn			
Mar 22	695.00	654.25	40.75
May 22	690.25	652.75	37.50
Jul 22	678.50	647.00	31.50
Sep 22	620.75	608.75	12.00
Soybeans			
Mar 22	1661.50	1601.50	60.00
May 22	1654.00	1603.50	50.50
Jul 22	1636.75	1601.00	35.75
Aug 22	1592.25	1565.50	26.75
Soymeal			
Mar 22	464.90	447.90	17.00
May 22	455.60	445.70	9.90
Jul 22	451.50	445.10	6.40
Aug 22	438.90	437.60	1.30
Soyoil			
Mar 22	72.00	67.57	4.43
May 22	71.97	67.61	4.36
Jul 22	70.74	67.32	3.42
Aug 22	68.80	66.34	2.46
SRW			
Mar 22	926.00	797.00	129.00
May 22	934.75	804.00	130.75
Jul 22	925.00	800.75	124.25
Sep 22	914.00	802.50	111.50
HRW			
Mar 22	963.00	835.25	127.75
May 22	966.00	840.00	126.00
Jul 22	956.25	840.75	115.50
Sep 22	949.75	844.50	105.25
MGEX (HRS)			
Mar 22	1001.00	960.75	40.25
May 22	1002.75	961.25	41.50
Jul 22	1000.50	956.75	43.75
Sep 22	975.75	930.00	45.75

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

U.S. Weather/Crop Progress

U.S. Drought Monitor Weather Forecast: On February 24, a major winter storm will be ongoing across the south-central U.S. with snow and freezing rain. This winter storm is forecast to shift to the Midwest and Northeast where there is the potential for more than 6 inches of snowfall. The heaviest precipitation (more than 1 inch), associated with the low pressure system, is likely to affect the increasingly wet areas of the Ohio and Tennessee Valleys. In the wake of this winter storm, bitterly cold temperatures are forecast to overspread the Great Plains and also expand east across the Corn Belt. Onshore flow is expected to bring rain and high-elevation snow to the Pacific Northwest on February 27 and 28. Little to no precipitation is forecast along the Gulf Coast, Florida, and California through the end of February.

The Climate Prediction Center's 6-10 day outlook (valid Mar 1-5, 2022) favors near to above normal temperatures across much of the contiguous U.S. However, it should be noted that below normal temperatures are likely to return to the northern Rockies, northern Great Plains, and upper Mississippi Valley by the second week of March. Below normal precipitation is favored for much of the Southeast, southern Great Plains, Southwest, and California, while above normal precipitation is most likely from the northern Rockies east to the northern Great Plains and upper Mississippi Valley.

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. President's Day holiday on Monday, 21 February 2022, the USDA's weekly Export Sales report is delayed until Friday, 25 February. Updated export statistics will be provided in next week's Market Perspectives report.

U.S. Export Inspections: Week Ending February 17, 2022					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	10,010	28,628	35%
Corn	1,576,666	1,455,693	21,641,447	24,196,393	89%
Sorghum	257,855	182,530	2,873,829	3,464,945	83%
Soybeans	975,102	1,160,320	39,800,818	51,102,622	78%
Wheat	539,366	459,337	15,047,249	17,801,759	85%

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 17, 2022						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	2,898	0%	0	0%	0	0%
Gulf	977,452	72%	15,400	50%	132,038	51%
PNW	378,876	28%	0	0%	122,253	47%
Interior Export Rail	0	0%	15,567	50%	3,564	1%
Total (Metric Tons)	1,359,226	100%	30,967	100%	257,855	100%
White Corn Shipments by Country (MT)			15,567 7,927 7,473	to Mexico to El Salvador to Honduras		
Total White Corn			30,967			
Sorghum Shipments by Country (MT)					255,172 2,683	to China to Mexico
Total Sorghum					257,855	

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	1.07+H	\$315.86	1.64+H	\$337.97
April	0.97+K	\$309.92	1.59+K	\$334.13
May	0.91+K	\$307.69	1.59+K	\$334.13
June	0.90+N	\$302.54	1.59+N	\$329.51
July	0.87+N	\$301.23	1.59+N	\$329.51
August	1.16+U	\$290.04	1.89+U	\$318.58

#2 White Corn (U.S. \$/MT FOB Vessel*)			
Max. 15.0% Moisture	March	April	May
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
March	N/A	N/A	2.25+H	\$362.18
April	N/A	N/A	2.25+K	\$360.31
May	N/A	N/A	2.25+K	\$360.31

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT*)			
	March	April	May
New Orleans	N/A	N/A	N/A
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT*)			
Bulk 60% Pro.	March	April	May
New Orleans	\$865	\$855	\$855
*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 24, 2022 (USD/MT)
 (Quantity, availability, payment and delivery terms vary)

Delivery Point Quality Min. 35% Pro-fat combined	March	April	May
Barge CIF New Orleans	314	312	305
FOB Vessel GULF	325	316	309
Rail delivered PNW	335	330	328
Rail delivered California	337	337	333
Mid-Bridge Laredo, TX	333	333	330
FOB Lethbridge, Alberta	336	336	335
40 ft. Containers to South Korea (Busan)			
40 ft. Containers to Taiwan (Kaohsiung)			
40 ft. Containers to Philippines (Manila)			
40 ft. Containers to Indonesia (Jakarta)	361	361	361
40 ft. Containers to Malaysia (Port Kelang)	361	361	361
40 ft. Containers to Vietnam (HCMC)	361	361	361
40 ft. Containers to Japan (Yokohama)			
40 ft. containers to Thailand (LCMB)	361	361	361
40 ft. Containers to China (Shanghai)			
40 ft. Containers to Bangladesh (Chittagong)	365	365	365
40 ft. Containers to Myanmar (Yangon)	357	357	357
KC Rail Yard (delivered ramp)			
Elwood, IL Rail Yard (delivered ramp)	298	296	295

*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.*

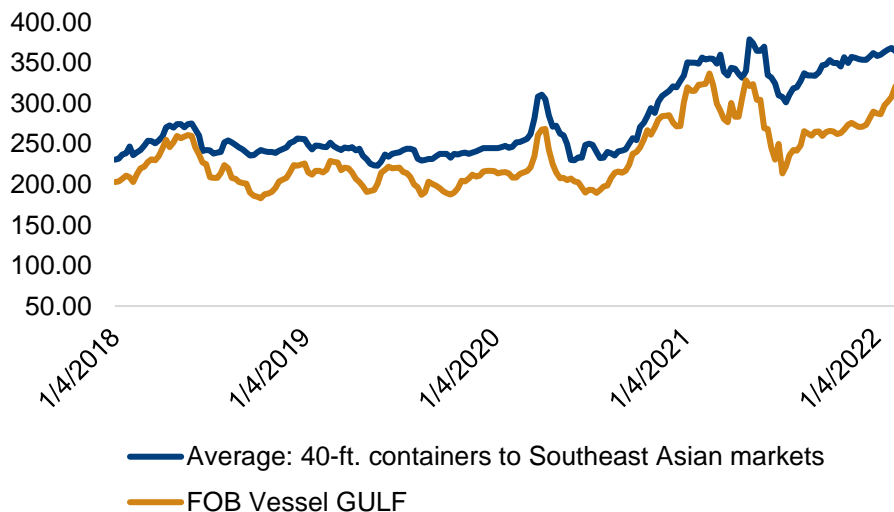
Distiller's Dried Grains with Solubles (DDGS)

DDGS Comments: U.S. DDGS prices are up \$6.25/MT this week, marking their tenth consecutive weekly gain. Rallies in grain and feedstuff markets beyond DDGS are offering support, as is strong domestic demand. Livestock feeders are preparing for more cold temperatures heading into March, a fact that will boost livestock feed demand. The Kansas City soymeal/DDGS ratio fell to 0.48 this week, down from 0.49 last week but above the three-year average of 0.47. The DDGS/cash corn ratio moved to 0.97 this week, down from 1.0 last week and below the three-year average of 1.06.

Barge freight rate is rising again due to cold temperatures and logistics challenges in the Midwest. Barge CIF NOLA DDGS prices are up \$5-7/MT for spot positions while FOB Gulf offers are steady/\$2 higher for March – May shipment. U.S. rail rates are roughly \$20/MT higher this week with offers for product delivered into the PNW up \$18/MT for March shipment.

Exporters and brokers report the market for containerized DDGS to Southeast Asia remains quiet again this week with spotty bids/offers. Offers average \$360/MT this week, down from the prior week.

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 says that corn harvesting has begun with 1.7 percent captured by 16 February. (AgriCensus)

Brazil: Datagro pegged the corn crop at 117.82 MMT, up from its previous forecast of 115.22 MMT, and corn exports were higher in February. Deral says that the Paraná summer corn harvest is 38 percent complete; Emater notes that Rio Grande do Sul corn harvesting is 54 percent complete; and Conab placed overall national corn harvesting at 20 percent done. Mato Grosso farmers have entered talks to sell 5 MMT of corn directly to Iran. (Reuters; AgriCensus)

China: The General Administration of Customs has approved the importation of corn from Myanmar. (Reuters)

EU: Overall moisture conditions are good but southern and southwest Mediterranean regions remain in a drought. French barley is in good condition. (MARS; FranceAgriMer)

Jordan: The state grain buying agency issued a tender for 120 KMT of feed barley. (Reuters)

Russia: the export tax on barley and corn were cut for the week of February 24 – March 2. (AgriCensus)

Turkey: The state grain board operator Toprak Mahsulleri Ofisi purchased 255 KMT of barley for March delivery. (AgriCensus)

Ukraine: Despite war risks, a rare sale of two shipments of corn were made to Vietnam. (AgriCensus)

Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans*			
February 24, 2022			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$68.50	Up \$2.50	Handymax \$66.50/MT
55,000 U.S. PNW- Japan	\$38.25	Up \$2.00	Handymax at \$37.00/MT
66,000 U.S. Gulf – China	\$67.50	Up \$3.00	North or South China
PNW to China	\$37.50	Up \$2.00	
25,000 U.S. Gulf - Veracruz, México	\$25.50	Up \$.75	3,000 MT daily discharge rate
30-36,000+ U.S. Gulf - Veracruz, México	\$22.25	Up \$0.75	Deep draft and 6,000 MT per day discharge rate.
30-38,000 U.S. Gulf - Colombia	\$36.50	Up \$1.00	West Coast Colombia at \$43.00
<u>50,000 MT U.S. Gulf to East Coast Colombia</u>	\$35.75		
From Argentina	\$50.50		
43-45,000 U.S. Gulf - Guatemala	\$45.00	Up \$1.00	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	Unqtd.		
26-30,000 US Gulf - Morocco	\$57.50	Up \$2.00	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$57.00	Up \$2.00	55,000-60,000 MT Egypt Romania – Russia - Ukraine \$21.00 - 21.00 - 22.00 France \$32.00
PNW to Egypt	\$57.00		
60-70,000 U.S. Gulf – Europe, Rotterdam	\$25.50	Up \$1.50	Handymax at +\$2.50 more
Brazil, Santos – China	\$59.50	Up \$3.00	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 55-60,000 MT
Brazil, Santos – China	\$57.00		
Northern Coast Brazil - China	\$65.50		
56-60,000 Argentina/Rosario-China, Deep Draft	\$64.50	Up \$3.00	Upriver with Top-off, Plus \$3.75 - 4.00/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 is obviously a difficult and complicated time in ocean freight and commodity markets. The initial dry-bulk market response to the Ukrainian situation was to hike up prices due to the added risk factor. It has been reported that "war risk" insurance for vessels in the region is ranging between \$200,000-300,000. It is likely that wheat, corn, barley, sunflower, and oil shipments from the area will have to be switched to other origins and this will add tonne-miles, and therefore cost, to each voyage. Things are going to be quite jumbled for a while and this will add to market volatility.

I do not see much direct freight impact on container markets, other than the fact the jump in fuel prices will affect all sectors. There is also the risk of a global economic downturn. So, we probably will be faced with different market forces pulling in different directions.

Baltic-Panamax Dry-Bulk Indices				
February 24, 2022	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	33,227	30,273	2,954	9.8
P3A: PNW/Pacific– Japan	25,473	23,150	2,323	10.0
S1C: U.S. Gulf-China-S. Japan	32,929	33,271	-342	-1.0

Source: O'Neil Commodity Consulting

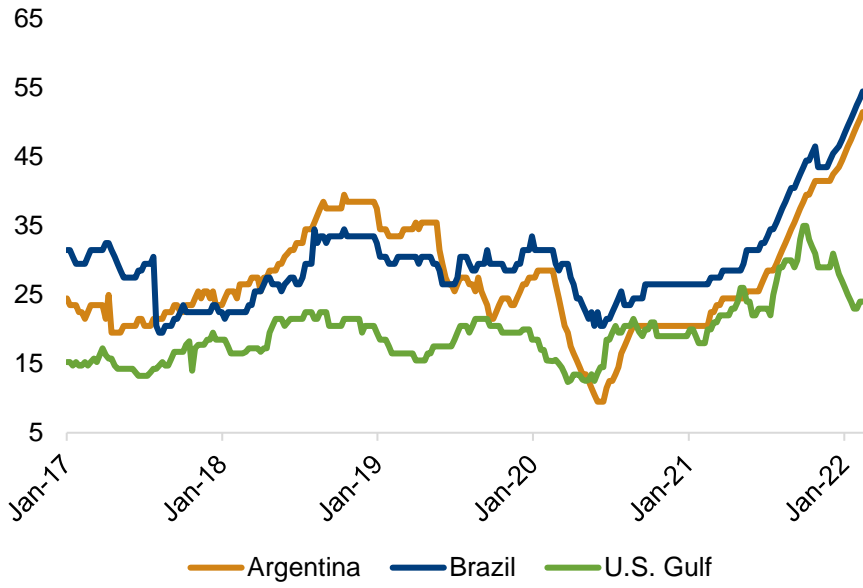
Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$6.10-7.40
Three weeks ago:	\$6.00-7.30
Two weeks ago:	\$7.00-8.45
One week ago:	\$7.00-8.00
This week	\$8.50-10.40

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
February 24, 2022	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.50	0.98	0.52	\$20.47	PNW
Soybeans	2.05	1.05	1.00	\$36.74	GULF
Ocean Freight	\$37.50	\$67.50	0.76-0.82	\$30.00	April

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 24, 2022

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
<i>Panamax/Supramax Vessels</i>							
U.S. Gulf		68.50	6.00	9.6%	11.00	19.1%	
U.S. PNW	Japan	38.25	3.75	10.9%	6.00	18.6%	
Argentina		61.50	5.00	8.8%	13.00	26.8%	
Brazil		53.50	3.00	5.9%	8.00	17.6%	
U.S. Gulf		67.50	6.25	10.2%	11.50	20.5%	
U.S. PNW	China	37.50	4.00	11.9%	6.50	21.0%	
Argentina		64.50	8.00	14.2%	12.25	23.4%	
Brazil		65.50	8.00	13.9%	18.50	39.4%	
U.S. Gulf		24.00	0.00	0.0%	4.00	20.0%	
Argentina	Europe	51.50	4.00	8.4%	31.00	151.2%	
Brazil		54.50	4.00	7.9%	28.00	105.7%	
Argentina	Saudi Arabia	81.50	4.00	5.2%	37.00	83.1%	
Brazil		81.50	4.00	5.2%	31.00	61.4%	
U.S. Gulf		57.00	5.50	10.7%	15.50	37.3%	
U.S. PNW	Egypt	54.30	1.00	1.9%	15.60	40.3%	
Argentina		60.50	4.00	7.1%	30.00	98.4%	
Brazil		67.50	4.00	6.3%	34.00	101.5%	
<i>Handysize Vessels</i>							
U.S. Gulf		57.50	5.50	10.6%	18.00	45.6%	
U.S. Great Lakes	Morocco	68.30	0.30	0.4%	23.10	51.1%	
Argentina		53.50	6.00	12.6%	25.00	87.7%	
Brazil		56.50	3.00	5.6%	21.00	59.2%	
U.S. Great Lakes	Europe	65.30	0.30	0.5%	21.30	48.4%	
Brazil		28.50	-1.50	-5.0%	-4.30	-13.1%	
Argentina	Algeria	56.50	6.00	11.9%	26.00	85.2%	
Brazil		57.50	3.00	5.5%	25.00	76.9%	
U.S. Gulf		36.50	3.50	10.6%	7.50	25.9%	
U.S. PNW	Colombia	50.00	0.00	0.0%	14.20	39.7%	
Argentina		50.50	2.50	5.2%	10.00	24.7%	
<i>Shipping Indexes</i>							
Baltic Dry Index		2045	654	47.0%	336	19.7%	

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.