



# Market Perspectives

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**July 7, 2022**

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*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					
Cents/Bu	Friday July 1	Monday July 4	Tuesday July 5	Wednesday July 6	Thursday July 7
Change	-12.25		-29.00	6.50	11.25
Closing Price	607.50		578.50	585.00	596.25
Factors Affecting the Market	Corn tried to bounce higher but found selling and long liquidation pressure to end the week. Weekend weather forecast are good for the Midwest corn crop, adding to the pressure. The Brazilian <i>safrinha</i> harvest is ongoing and is competing with U.S. corn on the export market. Outside markets were supportive with U.S. stocks gaining and the USD up 43 bps.	<i>Markets were closed for the U.S. Independence Day holiday.</i>	A weekend of favorable weather for the US corn growing regions sent futures sharply lower. Dec. corn settled below \$6 for the first time since 27 Feb and the move below that point triggered sell-stops. Outside markets were weaker and pressured corn, with the U.S. dollar rising 139 bps. Crude oil fell nearly \$9/brl, adding to the macro-economic market weakness.	Corn posted a technical reversal with a new selloff low that found buying interest and pushed the market to a higher close. End-users were noted buyers on the break and Tues.' 3% decline in the good/excel. ratings for corn helped add strength. Midwest weather trends look positive into Aug., which will aid yields. Macro markets were mixed; oil fell again, and the USD rose 56 bps.	Corn followed through on Wed.'s reversal and settled higher after briefly trading above \$6. Fresh news was light, but Midwest weather forecasts shifted hotter and drier. CONAB pegged Brazil's corn crop at 115.7 MMT, just shy of USDA's June guess. Ethanol output fell last week while stocks grew 1 mill. brl. Macro markets were higher; oil and stocks rose while the USD fell.

**Outlook:** December corn futures are down 11 ¼ cents (1.9 percent) this week as fund selling and long liquidation continued following last week's Grain Stocks and June acreage reports. While the reports may not have been as bearish as the futures market's reaction, weak outside markets and steady liquidation trade kept prices on the defensive. Moreover, favorable Midwest weather forecasts boosted 2022 yield expectations despite a 3 percent decrease in the corn crop's good/excellent rating. Futures traders are also preparing for next week's July WASDE report, to be released on Tuesday, with the grain stocks and acreage data shifting the market's mindset to a more amply supply scenario.

Analysts are generally expecting USDA to keep the 2022 corn yield unchanged or slightly above the June estimate of 11.116 MT/ha (177 bushels/acre). Combined with the June acreage data (36.382 million hectares or 89.9 million acres), analysts are looking for a 2022 U.S. corn crop of 368.827 MMT (14.52 billion bushels), up from the June forecast but below 2021 levels. The higher production is expected to bolster U.S. ending stocks, with the average pre-report estimate indicating a 37.873-MMT (1.491 billion bushel) carry-out for 2022/23.

The U.S. corn crop is developing under generally favorable weather conditions across the Midwest, with forecasts for late-July and early-August switching to favor more precipitation than predicted earlier this year. That will aid the crop's pollination and kernel fill potential as this year's later planting means

the late-July weather will have greater-than-normal importance for yields. So far, 7 percent of the crop is silking, down from the 5-year average of 11 percent.

From a technical standpoint, December corn futures posted a bearish week on the charts but likely forged a near-term low on Wednesday. Wednesday's trade took futures to a new selloff low (\$5.66 ½) but the market rallied through the afternoon and settled higher to form a bullish reversal on the charts. Thursday's trade saw some follow through buying and short covering that carried the market above the \$6.00 level again. There is a growing sense that new crop corn futures are technically oversold (as also indicated by the Relative Strength Index at 25.6) and undervalued below \$6.00/bushel, which could create additional support heading into next week's WASDE report.

Interest Rates and Macroeconomic Markets, July 7, 2022						
	Last*	Weekly Change	Weekly % Change	Monthly Change	Monthly % Change	1-Year History
<b>Interest Rates</b>						
U.S. Prime	4.75	0.0	0.0%	0.8	18.8%	
LIBOR (6 Month)	3.00	0.1	1.8%	0.7	32.3%	
LIBOR (1 Year)	3.55	-0.1	-1.6%	0.6	22.0%	
S&P 500	3,900.5	115.1	3.0%	-117.4	-2.9%	
Dow Jones Industrials	31,355.1	579.7	1.9%	-917.7	-2.8%	
U.S. Dollar	107.1	2.4	2.3%	3.8	3.7%	
WTI Crude	102.7	-3.1	-2.9%	-18.9	-15.5%	
Brent Crude	104.6	-4.5	-4.1%	-18.5	-15.0%	

Source: DTN ProphetX, World Perspectives, Inc.

\* Last price as of 3:37 PM ET

# CBOT December Corn Futures



Source: DTN ProphetX

**Current Market Values:**

<b>Futures Price Performance: Week Ending July 7, 2022</b>			
<b>Commodity</b>	<b>7-Jul</b>	<b>1-Jul</b>	<b>Net Change</b>
<b>Corn</b>			
Jul 22	747.00	754.50	-7.50
Sep 22	609.00	619.75	-10.75
Dec 22	596.25	607.50	-11.25
Mar 23	602.00	613.75	-11.75
<b>Soybeans</b>			
Jul 22	1591.25	1626.00	-34.75
Aug 22	1485.25	1509.75	-24.50
Sep 22	1383.00	1416.75	-33.75
Nov 22	1365.50	1395.25	-29.75
<b>Soymeal</b>			
Jul 22	470.00	459.70	10.30
Aug 22	423.50	422.10	1.40
Sep 22	401.00	401.20	-0.20
Oct 22	391.30	388.70	2.60
<b>Soyoil</b>			
Jul 22	63.17	65.68	-2.51
Aug 22	61.62	64.43	-2.81
Sep 22	60.51	63.35	-2.84
Oct 22	59.80	62.63	-2.83
<b>SRW</b>			
Jul 22	824.50	831.25	-6.75
Sep 22	836.50	846.00	-9.50
Dec 22	851.75	862.50	-10.75
Mar 23	865.25	875.50	-10.25
<b>HRW</b>			
Jul 22	891.00	911.00	-20.00
Sep 22	889.25	913.50	-24.25
Dec 22	897.50	921.50	-24.00
Mar 23	902.00	927.50	-25.50
<b>MGEX (HRS)</b>			
Jul 22	913.00	941.00	-28.00
Sep 22	934.50	948.00	-13.50
Dec 22	946.25	962.25	-16.00
Mar 23	958.25	976.00	-17.75

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

## U.S. Weather/Crop Progress

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U.S. Crop Conditions Ratings: July 3, 2022					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	2%	7%	27%	53%	11%
Sorghum	9%	12%	37%	39%	3%
Barley	4%	12%	25%	51%	8%

Source: USDA NASS, World Perspectives, Inc.

**U.S. Drought Monitor Weather Forecast:** A major heat wave is forecast to affect much of the south-central U.S. through at least July 7 or 8 with the anomalous heat becoming centered across the Southern Great Plains and West by mid-July. A swath of heavy rainfall (1 to 3 inches, locally more) is forecast from the Middle Mississippi and Ohio Valleys southeastward to the Mid-Atlantic States from July 7 to 11. Mostly dry weather is expected for the Northeast, Gulf Coast States, Lower Mississippi Valley, and Southern Great Plains. Monsoonal rainfall is forecast to be lighter compared to late June.

The Climate Prediction Center's 6-10 day outlook (valid July 12-16, 2022) favors above-normal temperatures throughout the West, Great Plains, and Gulf Coast States. Below-normal temperatures are more likely for the Great Lakes and Midwest. Below-normal precipitation is favored for the northern Great Plains and Middle to Upper Mississippi Valley. Probabilities for above-normal precipitation are elevated across eastern Alaska, the Great Basin, Southwest, Southern Great Plains, and along the East Coast.

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 4 July 2022, the weekly Export Sales report is delayed until Friday, 8 July 2022. Updated export statistics will be provided in the next Market Perspectives report.

U.S. Export Inspections: Week Ending June 30, 2022					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	49	49	1,919	3%
Corn	676,824	1,246,950	48,094,166	58,291,790	83%
Sorghum	10,228	148,696	6,699,359	6,482,901	103%
Soybeans	354,987	475,556	51,735,043	57,584,542	90%
Wheat	111,830	352,894	1,451,658	1,908,464	76%

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 June 30, 2022						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	7,805	1%	0	0%	0	0%
Gulf	401,080	63%	38,530	95%	0	0%
PNW	196	0%	318	1%	73	1%
Interior Export Rail	227,199	36%	1,696	4%	10,155	99%
<b>Total (Metric Tons)</b>	<b>636,280</b>	<b>100%</b>	<b>40,544</b>	<b>100%</b>	<b>10,228</b>	<b>100%</b>
White Corn Shipments by Country (MT)			32,680 7,546 318	to Mexico to Colombia to S. Korea		
<b>Total White Corn</b>			<b>40,544</b>			
Sorghum Shipments by Country (MT)					7,877 2,278 49 24	to Mexico to China to Japan to S. Korea
<b>Total Sorghum</b>					<b>10,228</b>	

Source: USDA, World Perspectives, Inc.

<b>Yellow Corn (USD/MT FOB Vessel*)</b>				
<b>YC FOB Vessel</b> Max. 15.0% Moisture	<b>GULF</b>		<b>PNW</b>	
	<b>Basis</b>	<b>Flat Price</b>	<b>Basis</b>	<b>Flat Price</b>
	<b>(#2 YC)</b>	<b>(#2 YC)</b>	<b>(#2 YC)</b>	<b>(#2 YC)</b>
<b>July</b>	1.00+N	\$333.45	2.96+N	\$410.67
<b>August</b>	1.19+U	\$286.60	2.91+U	\$354.37
<b>September</b>	1.47+U	\$297.57	2.66+U	\$344.53
<b>October</b>	1.61+Z	\$298.21	2.35+Z	\$327.36
<b>November</b>	1.62+Z	\$298.41	2.17+Z	\$320.28
<b>December</b>	1.56+Z	\$295.95	1.97+Z	\$312.40

<b>Sorghum (USD/MT FOB Vessel*)</b>				
<b>#2 YGS FOB Vessel</b> Max 14.0% Moisture	<b>NOLA</b>		<b>TEXAS</b>	
	<b>Basis</b>	<b>Flat Price</b>	<b>Basis</b>	<b>Flat Price</b>
<b>July</b>	N/A	N/A	1.55+N	\$353.82
<b>August</b>	N/A	N/A	2.00+U	\$326.26
<b>September</b>	N/A	N/A	1.95+Z	\$320.75

<b>#2 White Corn (U.S. \$/MT FOB Vessel*)</b>				
<b>Max. 15.0% Moisture</b>	<b>July</b>	<b>August</b>	<b>September</b>	
<b>Gulf</b>	N/A	N/A	N/A	

<b>Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT*)</b>				
	<b>July</b>	<b>August</b>	<b>September</b>	
<b>New Orleans</b>	\$300	\$300	\$300	
<i>Quantity 5,000 MT</i>				

<b>Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT*)</b>				
<b>Bulk 60% Pro.</b>	<b>July</b>	<b>August</b>	<b>September</b>	
<b>New Orleans</b>	\$795	\$795	\$795	
<i>*5-10,000 MT Minimum</i>				

*\*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 7, 2022 (USD/MT)**  
 (Quantity, availability, payment, and delivery terms vary)

<b>Delivery Point Quality Min. 35% Pro-fat combined</b>	<b>August</b>	<b>September</b>	<b>October</b>
Barge CIF New Orleans	294	294	295
FOB Vessel GULF	315	317	322
Rail delivered PNW	336	334	341
Rail delivered California	339	340	343
Mid-Bridge Laredo, TX	342	343	346
FOB Lethbridge, Alberta	322	320	321
40 ft. Containers to South Korea (Busan)	343	343	343
40 ft. Containers to Taiwan (Kaohsiung)	382	382	382
40 ft. Containers to Philippines (Manila)	407	407	407
40 ft. Containers to Indonesia (Jakarta)	389	389	389
40 ft. Containers to Malaysia (Port Kelang)	397	397	397
40 ft. Containers to Vietnam (HCMC)	388	388	388
40 ft. Containers to Japan (Yokohama)			
40 ft. containers to Thailand (LCMB)	395	395	395
40 ft. Containers to China (Shanghai)			
40 ft. Containers to Bangladesh (Chittagong)	520	520	520
40 ft. Containers to Myanmar (Yangon)	448	448	448
KC Rail Yard (delivered ramp)	289	291	293
Elwood, IL Rail Yard (delivered ramp)	287	288	290

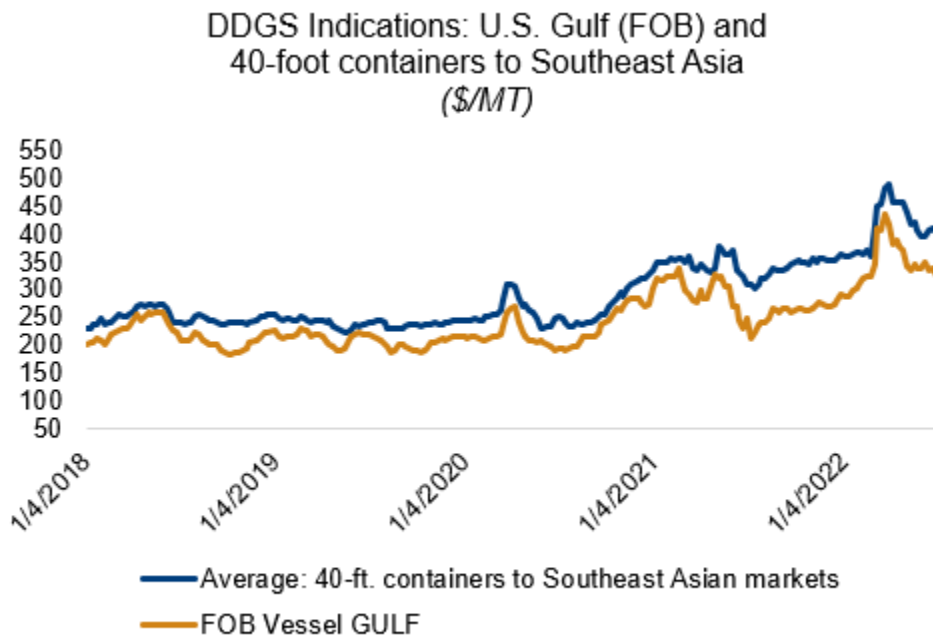
*Source: World Perspectives, Inc. \*Prices are based on offer indications only; terms of delivery, payment and quality may vary from one supplier to another, impacting the actual value of the price.*

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

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**DDGS Comments:** DDGS prices fell \$3-5/MT this week amid continued weakness in commodity futures. Buyers have also adopted a “hand to mouth” procurement strategy, which is slowing trade. The DDGS/Kansas City soymeal ratio was lower at 0.50 this week, down from 0.51 last week and above the three-year average of 0.49. The DDGS/cash corn ratio was up from the prior week at 0.94 and below the three-year average of 1.06.

Barge CIF NOLA offers \$10/MT lower, on average, this week while FOB Gulf offers are down \$7-10/MT, depending on the shipment period. U.S. rail rates are down \$5/MT this week while offers for containerized DDGS to southeast Asia remain spotty but are steady/\$1 lower, averaging \$407/MT.



Source: World Perspectives, Inc.

## Country News

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**Argentina:** Nearly half the 2021/22 corn crop has been harvested. (BAGE)

**Brazil:** AgRural says almost a third of the *safrinha* corn crop has been harvested. The consultancy Safras and Mercado reduced its estimate of the 2021/22 corn crop to 117.2 MMT. The area planted to corn in 2022/23 will expand by 3.6 percent to 22.5 million hectares; production is forecast at 120 MMT and exports up 2 MMT to 46.5 MMT. More corn could be exported to China based on a recent SPS agreement. Conab pegged 2021/22 corn exports at 37.5 MMT and imports at 1.7 MMT as the second crop production estimate was raised slightly. (FAS GAIN; Reuters; AgriCensus)

**Cambodia:** Prices for the pumpkin-hued cultivar known as red corn are rising as China is now a destination along with the usual marketing in Thailand. The feed crop was fetching \$0.18/kg (\$180/MT) as the harvest reached 30 percent. (Phenom Penh Post)

**Canada:** Oat planted area is up over 16 percent to 4 million acres, but barley planted area is down 15.1 percent to 7 million acres. The area planted to corn is up 4.1 percent to 3.6 million acres. (Stats Canada)

**EU:** MY 2021/22 barley exports are down 6 percent from a year ago but corn exports at 16.4 MMT are up 7.9 percent. (DG-Agri)

**Philippines:** A buyer is back in the market seeking barley and sorghum for October/December arrival. (AgriCensus)

**South Korea:** MFG bought 130 KMT of corn at \$322.49/MT and KFA purchased 58 KMT of corn for October delivery at \$343.49/MT. (AgriCensus)

## Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans*			
July 7, 2022			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$75.00	Down \$1.50	Handymax \$75.00 MT
55,000 U.S. PNW- Japan	\$43.25	Down \$0.75	Handymax at \$43.00 MT
66,000 U.S. Gulf – China	\$74.00	Down \$1.75	North or South China
PNW to China	\$42.50	Down \$1.00	
25,000 U.S. Gulf - Veracruz, México	\$30.00	Down \$0.25	3,000 MT daily discharge rate
30-36,000+ U.S. Gulf - Veracruz, México	\$26.25	Down \$0.25	Deep draft and 6,000 MT per day discharge rate.
30-38,000 U.S. Gulf - Colombia	\$44.00	Down \$0.50	West Coast Colombia at \$51.50
50,000 MT U.S. Gulf to East Coast Colombia	\$43.50		
From Argentina	\$55.00		
43-45,000 U.S. Gulf - Guatemala	\$51.50	Down \$0.50	Acajutla/Quetzal - 8,000 out
26-30,000 US Gulf - Morocco	\$72.50	Down \$0.75	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$73.25	Down \$1.00	55,000-60,000 MT Egypt Romania - Russia - Ukraine \$31 - \$35 - \$51 France \$46 - Bulgaria \$36
PNW to Egypt	\$73.00		
60-70,000 U.S. Gulf – Europe, Rotterdam	\$35.00	Unchanged	Handymax at +\$2.50 more
Brazil, Santos – China	\$66.50	Down \$3.00	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 55-60,000 MT
Brazil, Santos – China	\$64.00		
Northern Coast Brazil - China	\$72.50		
56-60,000 Argentina/Rosario-China, Deep Draft	\$71.50	Down \$3.00	Upriver with Top-off, Plus \$3.85-4.75

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:** Just as traders thought freight markets had found a bottom last week, things turned south and moved even lower. The current outlook has been described as “gloomy”. Paper traders are hoping values will fare better this week. Markets remain fearful of the global economic uncertainty and some predictions of a coming recession. Hopes are that the Chinese government’s financial stimulus package will provide some added cargo import demand.

The U.S. West Coast ILWU labor contract expired on July 1. Negotiations are ongoing with no sign of an agreement soon. Both sides state that a labor strike is not planned, at least not at this time.

Baltic-Panamax Dry-Bulk Indices				
July 7, 2022	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	29,364	30,918	-1,554	-5.0
P3A: PNW/Pacific– Japan	18,346	19,767	-1,421	-7.2
S1C: U.S. Gulf-China-S. Japan	25,914	24,793	1,121	4.5

Source: O’Neil Commodity Consulting

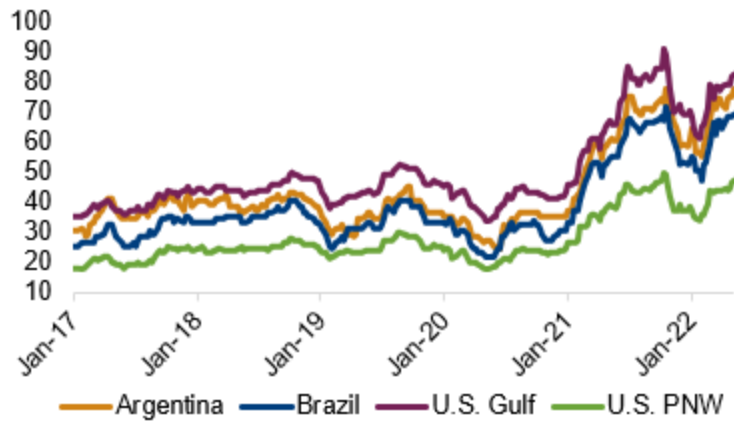
Capesize Vessel Freight Values	
Western Australia to South China (iron ore)	
Four weeks ago:	\$12.90-12.15
Three weeks ago:	\$12.20-12.70
Two weeks ago:	\$11.35-12.50
One week ago:	\$11.00-11.80
This week	\$10.90-11.00

Source: O’Neil Commodity Consulting

U.S.-Asia Market Spreads					
July 7, 2022	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	3.05	2.00	1.05	\$41.34	GULF
Soybeans	2.95	2.40	0.55	\$20.21	PNW
Ocean Freight	\$42.50	\$74.00	0.8-0.86	\$31.50	August

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**  
**July 7, 2022**

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
<i>Panamax/Supramax Vessels</i>							
U.S. Gulf		75.00	-4.50	-5.7%	-10.00	-11.8%	
U.S. PNW	Japan	43.25	-2.00	-4.4%	-3.00	-6.5%	
Argentina		74.50	-2.00	-2.6%	-0.50	-0.7%	
Brazil		66.50	-2.00	-2.9%	-0.50	-0.7%	
U.S. Gulf		74.00	-4.50	-5.7%	-10.00	-11.9%	
U.S. PNW	China	42.50	-2.00	-4.5%	-3.75	-8.1%	
Argentina		71.50	-4.50	-5.9%	-3.00	-4.0%	
Brazil		72.50	-4.50	-5.8%	3.00	4.3%	
U.S. Gulf		35.30	-0.70	-1.9%	12.30	53.5%	
Argentina	Europe	68.50	3.00	4.6%	41.00	149.1%	
Brazil		72.50	4.00	5.8%	40.00	123.1%	
Argentina	Saudi Arabia	99.50	4.00	4.2%	40.00	67.2%	
Brazil		99.50	4.00	4.2%	43.00	76.1%	
U.S. Gulf		73.25	-0.75	-1.0%	4.75	6.9%	
U.S. PNW	Egypt	74.50	-0.80	-1.1%	12.70	20.6%	
Argentina		78.50	4.00	5.4%	41.00	109.3%	
Brazil		85.50	4.00	4.9%	38.00	80.0%	
<i>Handysize Vessels</i>							
U.S. Gulf		72.50	-1.00	-1.4%	7.00	10.7%	
U.S. Great Lakes	Morocco	98.80	13.50	15.8%	53.80	119.6%	
Argentina		71.50	4.00	5.9%	43.00	150.9%	
Brazil		74.50	4.00	5.7%	39.00	109.9%	
U.S. Great Lakes	Europe	95.30	14.00	17.2%	59.30	164.7%	
Brazil		35.40	-7.20	-16.9%	7.00	24.6%	
Argentina	Algeria	71.50	2.00	2.9%	40.00	127.0%	
Brazil		75.50	4.00	5.6%	43.00	132.3%	
U.S. Gulf		44.00	-1.00	-2.2%	-3.00	-6.4%	
U.S. PNW	Colombia	55.00	-5.00	-8.3%	15.00	37.5%	
Argentina		55.00	-1.25	-2.2%	-6.50	-10.6%	
<i>Shipping Indexes</i>							
Baltic Dry Index		2159	-474	-18.0%	-1065	-33.0%	

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.