



Market Perspectives

October 20, 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: CME Corn December Contract					
Cents/Bu	Friday October 14	Monday October 17	Tuesday October 18	Wednesday October 19	Thursday October 20
Change	-8.00	-6.25	-2.50	-2.75	5.75
Closing Price	689.75	683.50	681.00	678.25	684.00
Factors Affecting the Market	Slow corn export sales pushed the market lower, as did a sharp selloff in macro-economic markets. Navigation of the Miss. River is improving but remains a constraint. The market seemed to focus on export pressures and harvest progress for the day. U.S. stocks sold off sharply and oil ended \$3.50/brl lower.	Corn moved lower but found support near \$6.80 as export inspections were modest at 17.7 Mbu. Ethanol margins remain positive, but energy markets are volatile and trending lower. Macroeconomic markets rallied to start the week, but oil ended \$0.15/cwt lower. The USD fell 1.27 bps while stocks rose sharply, and oil fell \$0.15/brl.	Corn pushed lower but found support near \$6.70 and settled just slightly lower after the Biden Admin. Announced the final release of 10-15 M barrels from the SPR. USDA said the corn harvest is 45% done and nearly all the crop is mature. Harvest should advance quickly this week with favorable weather.	For the second day in a row, corn found support at \$6.70 and settled near the high end of its daily range. Ethanol output rose 9% last week and topped 1M brl per day for the first time since Aug. Miss. River navigation is improving and exports should pick up. Outside markets were mixed; stocks fell while the USD rose 85 bps and oil rose \$2.73/brl.	Corn settled higher as end-user buying was active. Corn is attractively priced at \$6.70, and buyers took advantage. Export sales rose 4% but shipments fell 4%. The market is waiting for its typical springtime boost in export demand. Argentina is slated for needed rains this weekend and Brazil's weather is nearly ideal.

Outlook: December corn futures are 5 ¾ cents (0.8 percent) lower than last week after the market drifted lower for most of the week before it found some support on Thursday. The market has been increasingly focused on the U.S. harvest pace and the export prospects, both of which offered mild pressure this week. Grain markets are approaching the time of year when they typically make their seasonal lows and the fact the market has maintained a small, sideways trading range is indicative of underlying support.

The U.S. harvest is approaching its peak with favorable weather forecast for most of the Midwest. On Monday, USDA reported the 94 percent of the crop is mature and 45 percent is harvested, both figures are slightly above their 5-year averages. As the harvest advances, basis is starting to weaken slightly across the Midwest, with the Mississippi Rive navigation issues also working against basis levels. On average across the U.S., basis is 1 cent under December futures (-1Z), steady with the prior week and well above last year's -18Z level. Basis in the Corn Belt is trading at a 10-year high this harvest season as feed and ethanol demand remain strong.

U.S. corn export sales were up 4 percent from the prior week and totaled 458 KMT for the week ending 13 October. Weekly exports were down 4 percent at 407 KMT and put YTD shipments at 3.076 MMT. YTD corn exports are down 31 percent and bookings are 52 percent lower, due partly to the strong U.S. dollar. Shipments are expected to follow their seasonal increase in the early spring, however, and most analysts expect the market will meet USDA's current 57.788 MMT export forecast.

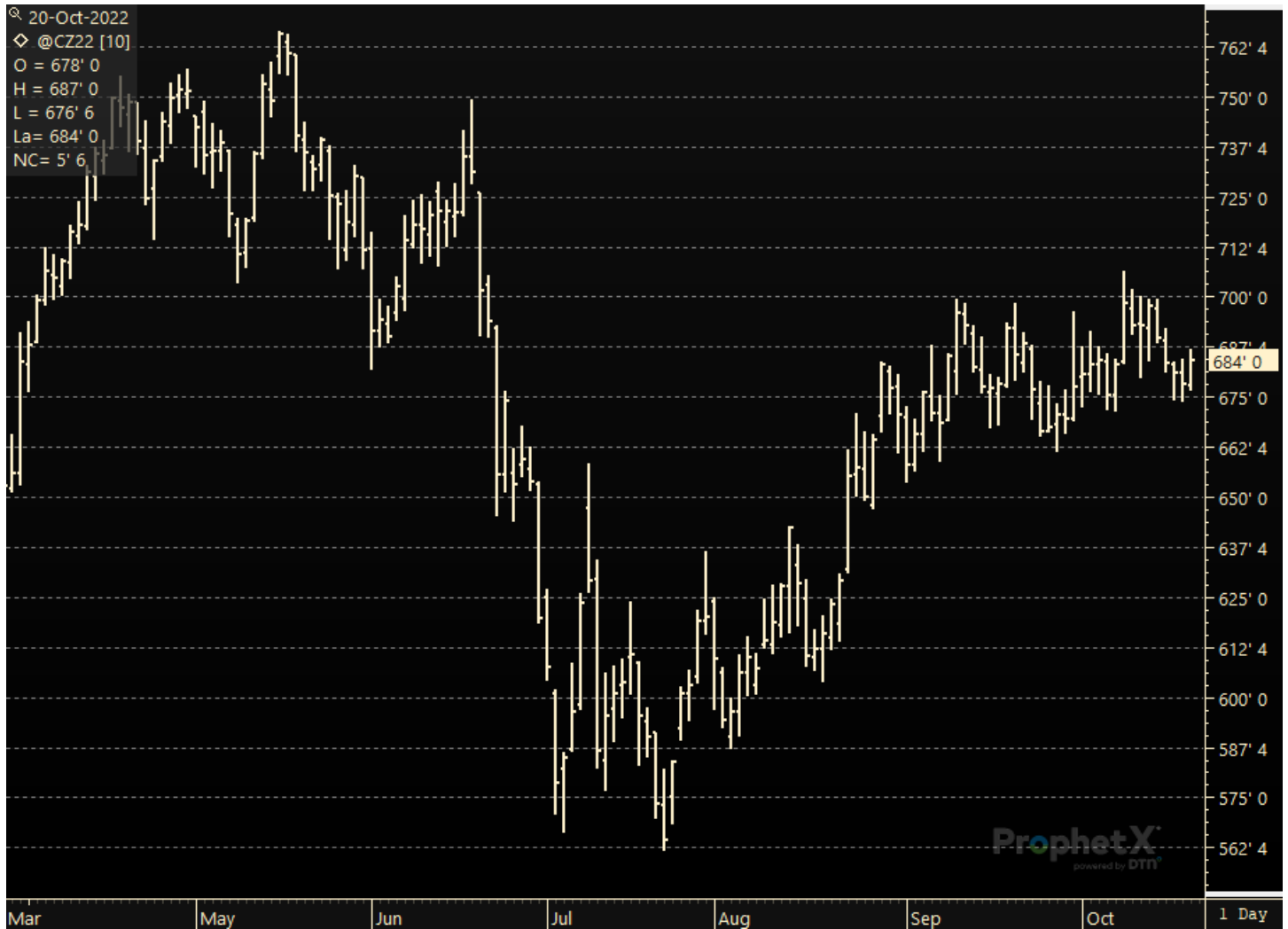
From a technical standpoint, December corn futures are now trading sideways in a range from \$6.71 to \$7.06 ½. Futures found support on dips to the low end of that range on Tuesday and Wednesday when commercial and end-user buying picked up. Amid the massive drought in Europe that will force the region to import more grain for feed and strong domestic livestock demand, corn futures seem likely to maintain their current support levels while waiting to start their seasonal, post-harvest grind higher.

Interest Rates and Macroeconomic Markets, October 20, 2022						
	Last*	Weekly Change	Weekly % Change	Monthly Change	Monthly % Change	1-Year History
Interest Rates						
U.S. Prime	6.25	0.0	0.0%	0.8	13.6%	
LIBOR (6 Month)	4.54	0.0	1.1%	0.4	10.1%	
LIBOR (1 Year)	5.11	0.0	0.8%	0.4	9.0%	
S&P 500	3,665.8	-4.1	-0.1%	-92.2	-2.5%	
Dow Jones Industrials	30,333.6	294.9	1.0%	256.9	0.9%	
U.S. Dollar	112.9	0.5	0.5%	1.5	1.4%	
WTI Crude	84.8	-4.3	-4.8%	1.3	1.6%	
Brent Crude	92.6	-2.0	-2.1%	3.0	3.4%	

Source: DTN ProphetX, World Perspectives, Inc.

* Last price as of 4:04 PM ET

CBOT December Corn Futures



Source: DTN ProphetX

Current Market Values:

Futures Price Performance: Week Ending October 20, 2022			
Commodity	20-Oct	14-Oct	Net Change
Corn			
Dec 22	684.00	689.75	-5.75
Mar 23	690.00	696.25	-6.25
May 23	690.00	697.25	-7.25
Jul 23	684.50	690.75	-6.25
Soybeans			
Nov 22	1391.50	1383.75	7.75
Jan 23	1400.00	1392.75	7.25
Mar 23	1407.75	1401.00	6.75
May 23	1414.50	1409.00	5.50
Soymeal			
Dec 22	413.30	411.10	2.20
Jan 23	406.80	406.80	0.00
Mar 23	400.00	400.70	-0.70
May 23	396.90	397.50	-0.60
Soyoil			
Dec 22	70.42	65.30	5.12
Jan 23	67.94	63.63	4.31
Mar 23	65.64	62.33	3.31
May 23	64.07	61.48	2.59
SRW			
Dec 22	849.25	859.75	-10.50
Mar 23	868.00	877.00	-9.00
May 23	878.00	885.50	-7.50
Jul 23	877.00	880.75	-3.75
HRW			
Dec 22	949.75	952.25	-2.50
Mar 23	948.00	950.75	-2.75
May 23	946.50	949.00	-2.50
Jul 23	941.25	940.00	1.25
MGEX (HRS)			
Dec 22	962.50	954.25	8.25
Mar 23	969.50	963.00	6.50
May 23	974.75	969.00	5.75
Jul 23	976.00	968.00	8.00

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

U.S. Weather/Crop Progress

U.S. Crop Conditions Ratings: October 16, 2022					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	9%	12%	26%	42%	11%
Sorghum	N/A	N/A	N/A	N/A	N/A
Barley	N/A	N/A	N/A	N/A	N/A

Source: USDA NASS, World Perspectives, Inc.

U.S. Drought Monitor Weather Forecast: During the next five days (October 20-24), the storm system over the Great Lakes is forecast to move northeastward into Canada, but bring some additional light precipitation to parts of the northern and eastern Great Lakes. Surface high pressure is expected to dominate much of the eastern lower 48. However, a storm system is predicted to spin up off the coast of the Carolinas bringing the potential for rainfall along portions of the Eastern Seaboard. In the West, an active storm pattern is expected, with the potential for upwards of 3 inches of precipitation for the higher elevations of the Pacific Northwest and upwards of 2 inches across portions of the Intermountain West. The first of two systems is expected to intensify over the central U.S. leading up to October 24, bringing increased precipitation chances to much of the Great Plains and the Mississippi Valley. Below-normal temperatures are expected to shift eastward from the West Coast to the Great Plains, associated with the storm system entering the West during the weekend. Ahead of this system, southerly flow is expected to keep temperatures near and above-normal, with the largest anomalies shifting eastward from the Great Plains to the eastern U.S.

The Climate Prediction Center's 6-10 day outlook (valid October 25-29), predicts increased chances of below-normal temperatures for southeastern Alaska and the western half of the contiguous U.S. (CONUS). Southerly flow and above-normal temperatures are favored from the Mississippi Valley to the East Coast. An active storm track is forecast across the Northeast Pacific, leading to above-normal precipitation odds across much of Alaska and extending into the Pacific Northwest. Low pressure is forecast to develop east of the Rockies bringing the potential for above-normal precipitation to much of the southeastern CONUS. Conversely, in the Southwest, below-normal precipitation is favored as the storm track is expected to remain farther northward.

Follow this link to view current U.S. and international weather patterns and future outlook: [Weather and Crop Bulletin](#).

U.S. Export Statistics

U.S. Export Sales and Exports: Week Ending October 13, 2022					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	254,100	242,600	8,560.2	11,290.2	-8%
Corn	458,400	407,200	3,076.6	13,831.2	-52%
Sorghum	12,300	5,700	33.4	310.7	-88%
Barley	0	0	3.9	15.5	-49%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 408,300 MT for 2022/2023 primarily for Mexico (183,700 MT, including decreases of 32,900 MT), Japan (77,600 MT, including 37,000 MT switched from unknown destinations), Honduras (47,900 MT, including 7,500 MT switched from Guatemala and decreases of 17,100 MT), Colombia (30,000 MT), and Panama (22,700 MT), were offset by reductions for Guatemala (7,000 MT). Exports of 407,200 MT were primarily to Mexico (163,300 MT), China (71,400 MT), Honduras (49,000 MT), Japan (37,000 MT), and Saudi Arabia (30,700 MT).

Barley: No net sales or exports were reported for the week.

Sorghum: Net sales of 11,900 MT for 2022/2023 reported for unknown destinations (10,700 MT) and Mexico (1,600 MT), were offset by reductions for China (400 MT). Exports of 5,700 MT were to Mexico.

U.S. Export Inspections: Week Ending October 13, 2022					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	1,414	8,147	17%
Corn	448,423	457,366	3,286,228	4,168,337	79%
Sorghum	5,124	20,665	109,667	339,298	32%
Soybeans	1,882,386	976,877	4,669,685	6,035,217	77%
Wheat	231,842	615,868	9,364,007	9,339,876	100%

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 October 13, 2022

Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	1,960	0%	0	0%	0	0%
Gulf	325,875	73%	0	0%	0	0%
PNW	0	0%	0	0%	0	0%
Interior Export Rail	120,588	27%	0	0%	5,124	100%
Total (Metric Tons)	448,423	100%	0	0%	5,124	100%
White Corn Shipments by Country (MT)						
Total White Corn			0			
Sorghum Shipments by Country (MT)					5,124	to Mexico
Total Sorghum					5,124	

Source: USDA, World Perspectives, Inc.

Yellow Corn (USD/MT FOB Vessel*)				
YC FOB Vessel Max. 15.0% Moisture	GULF		PNW	
	Basis	Flat Price	Basis	Flat Price
	(#2 YC)	(#2 YC)	(#2 YC)	(#2 YC)
October	2.27+Z	\$358.59	2.46+Z	\$366.12
November	1.79+Z	\$339.89	2.06+Z	\$350.37
December	1.45+H	\$328.52	1.96+H	\$348.80
January	1.33+H	\$324.10	1.91+H	\$346.83
February	1.23+H	\$319.86	1.91+H	\$346.83
March	1.19+K	\$318.39	1.91+K	\$346.83

Sorghum (USD/MT FOB Vessel*)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
October	N/A	N/A	2.70+Z	\$375.57
November	N/A	N/A	2.70+Z	\$375.57
December	N/A	N/A	2.60+H	\$373.99

#2 White Corn (U.S. \$/MT FOB Vessel*)			
Max. 15.0% Moisture	October	November	December
Gulf	N/A	N/A	N/A

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT*)			
	October	November	December
New Orleans	\$290	\$290	\$290
<i>Quantity 5,000 MT</i>			

Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT*)			
Bulk 60% Pro.	October	November	December
New Orleans	\$850	\$850	\$850
<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: October 20, 2022 (USD/MT)
(Quantity, availability, payment, and delivery terms vary)

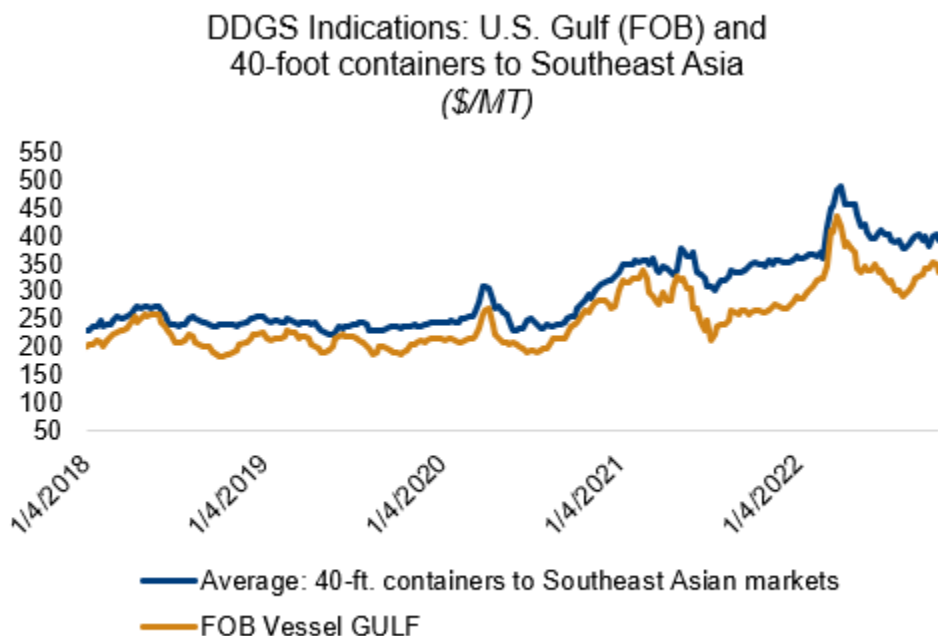
Delivery Point Quality Min. 35% Pro-fat combined	November	December	January
Barge CIF New Orleans	325	324	323
FOB Vessel GULF	336	334	333
Rail delivered PNW	341	344	347
Rail delivered California	349	351	353
Mid-Bridge Laredo, TX	351	354	354
FOB Lethbridge, Alberta	336	336	336
40 ft. Containers to South Korea (Busan)	361	358	357
40 ft. Containers to Taiwan (Kaohsiung)	382	377	378
40 ft. Containers to Philippines (Manila)	403	398	399
40 ft. Containers to Indonesia (Jakarta)	388	387	386
40 ft. Containers to Malaysia (Port Kelang)	389	389	388
40 ft. Containers to Vietnam (HCMC)	390	388	388
40 ft. Containers to Japan (Yokohama)	N/A	N/A	N/A
40 ft. containers to Thailand (LCMB)	392	391	390
40 ft. Containers to China (Shanghai)	N/A	N/A	N/A
40 ft. Containers to Bangladesh (Chittagong)	457	451	453
40 ft. Containers to Myanmar (Yangon)	402	402	401
KC Rail Yard (delivered ramp)	298	299	300
Elwood, IL Rail Yard (delivered ramp)	284	286	289

*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: DDGS values are \$7 lower this week as ethanol run rebounded for the third straight week and increased 9 percent for the week ending 14 October. DDGS supplies are increasing but feed demand has been strong as well. One merchandiser noted that “bids and offers are getting closer” and trade activity is picking up. Navigation issues on the Mississippi River are also creating price weakness in DDGS markets near the river system. The DDGS/Kansas City soymeal ratio rose to 0.57 this week, above the three-year average of 0.49, while the DDGS/cash corn ratio slipped back to 1.0 this week, below the three-year average of 1.06.

On the export market, Barge CIF NOLA prices are \$10 lower as the logistics hurdles continue to ease. FOB NOLA offers are down similar amounts this week with November offers at \$336/MT. Offers for 40-foot containers to Asia are steady/higher as increased product availability, river navigation issues, volatile freight markets exert their respective impacts. The average offer for containerized DDGS to Southeast Asia hit \$395/MT this week.



Source: *World Perspectives, Inc.*

Country News

Argentina: The Rosario Grain Exchange says corn planting is at the slowest pace in six years due to drought. Soil moisture levels in key growing areas are at the lowest in a decade. Only 10 percent of the early corn area has been planted and seeds that are sown later usually have lower yields. (Refinitiv)

Brazil: Conab reports that 30.9 percent of the first crop corn is planted and IMEA projects Mato Grosso to produce a record 45.5 MMT. Anec is raising its estimate for corn exports in October to an all time high. (AgriCensus)

EU: Strategie Grains reduced its monthly forecast for EU maize production to 50.4 MMT, a 25 percent reduction from the June forecast. Germany's association of farm cooperatives says the corn crop this year will be 3.5 MMT, a drop of 20 percent due to drought. Imports of corn from Ukraine have been rushing in and will increase the total intake to 23 MMT. (Reuters)

South Korea: NOFI purchased 30 KMT of barley. (AgriCensus)

Ukraine: Agricultural ministry data shows that first half October exports of mostly corn and wheat were only down 2.4 percent from a year ago. However, this may have involved grain not exported early this year and the trend is in doubt. Russia's Deputy UN Ambassador Dmitry Polyanskiy said he is not optimistic about the renewal of a U.N.-brokered deal that resumed Ukraine's Black Sea exports of grain and fertilizer. He said cooperation with the UN will be impacted if the world body investigates the use of Iranian-built drones in Ukraine. (Reuters)

Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans*			
October 20, 2022			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$63.25	Down \$0.50	Handymax \$63.25/MT
55,000 U.S. PNW- Japan	\$37.00	Unchanged	Handymax at \$37.00/MT
66,000 U.S. Gulf – China	\$62.25	Down \$0.50	North or South China
PNW to China	\$36.50	Unchanged	
25,000 U.S. Gulf - Veracruz, México	\$26.00	Unchanged	3,000 MT daily discharge rate
30-36,000+ U.S. Gulf - Veracruz, México	\$22.50	Unchanged	Deep draft and 6,000 MT per day discharge rate.
30-38,000 U.S. Gulf - Colombia	\$36.25	Unchanged	West Coast Colombia at \$40.75
<u>50,000 MT U.S. Gulf to East Coast Colombia</u>	\$33.50		
From Argentina	\$43.75		
43-45,000 U.S. Gulf - Guatemala	\$43.00	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 US Gulf - Morocco	\$61.00	Down \$0.25	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$60.00	Down \$0.25	55,000-60,000 MT Egypt Romania - Russia- Ukraine \$27.50 -\$29.00 - \$.42.00 - France \$42.00, Bulgaria \$30.00
PNW to Egypt	\$61.00		
60-70,000 U.S. Gulf – Europe, Rotterdam	\$30.00	Unchanged	Handymax at +\$2.50 more
Brazil, Santos – China	\$53.50	Down \$1.00	54-59,000 Supramax-Panamax
Brazil, Santos – China	\$51.00		60-66,000 Post Panamax
Northern Coast Brazil - China	\$57.50		55-60,000 MT
56-60,000 Argentina/Rosario-China, Deep Draft	\$57.00	Down \$1.00	Up-River 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: Are dry-bulk markets up or down? The answer is "yes". This was another week of adjustment as the Baltic indices and FFA paper markets tried to catch up with last week's physical markets, and physical markets decided to adjust lower to match up with last week's paper markets. In the end, indexes were slightly higher while physical rates were little changed. Dry-bulk markets are still looking for reasons to rally but cannot find fundamental support to do so. Increased cargo demand is simply not yet surfacing.

The low water situation on the Mississippi River and resulting barge restrictions continues to be the major story in U.S. transportation markets. Difficult river logistics and high barge freight costs continue to push U.S. corn and soybean exports to West Coast ports.

U.S. railroad labor contract negotiations continue without a resolution in sight. The next deadline is 19 November. I still do not expect a U.S. rail strike to occur but remain less confident about the situation with the ILWU union and West Coast Container ports.

Baltic-Panamax Dry-Bulk Indices				
October 20, 2022	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	28,186	28,060	126	0.4
P3A: PNW/Pacific– Japan	19,027	17,808	1,219	6.8
S1C: U.S. Gulf-China-S. Japan	26,836	26,157	679	2.6

Source: O'Neil Commodity Consulting

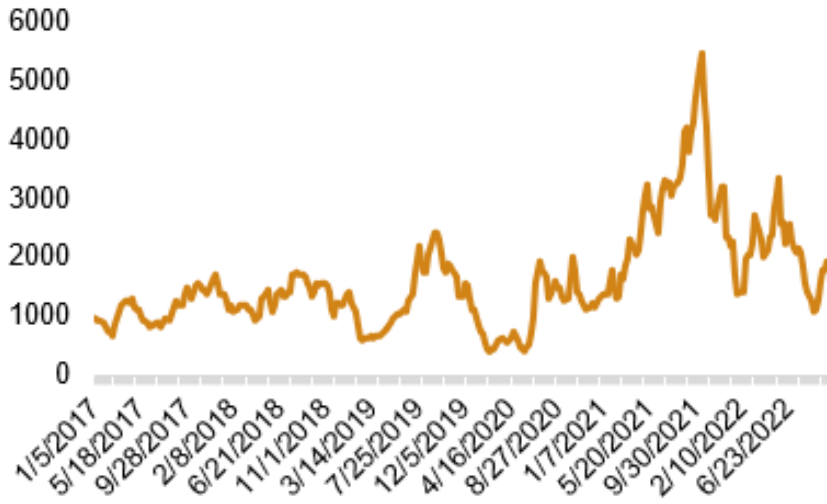
Capesize Vessel Freight Values	
Western Australia to South China (iron ore)	
Four weeks ago:	\$8.85-9.75
Three weeks ago:	\$8.75-9.80
Two weeks ago:	\$8.15-9.50
One week ago:	\$8.50-9.45
This week	\$8.75-9.30

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
October 20, 2022	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	2.45	2.45	0.00	\$0.00	PNW
Soybeans	3.40	2.60	0.80	\$29.39	GULF
Ocean Freight	\$36.50	\$62.25	0.65-0.7	\$25.75	November

Source: O'Neil Commodity Consulting

Baltic Dry Index



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

Bulk Grain Freight Rates for Key Suppliers and Destinations
October 20, 2022

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
<i>Panamax/Supramax Vessels</i>							
U.S. Gulf		63.25	2.25	3.7%	-27.75	-30.5%	
U.S. PNW	Japan	37.00	1.00	2.8%	-13.00	-26.0%	
Argentina		59.50	2.00	3.5%	-14.00	-19.0%	
Brazil		58.50	-1.00	-1.7%	-9.00	-13.3%	
U.S. Gulf		62.25	2.25	3.8%	-27.75	-30.8%	
U.S. PNW	China	36.50	1.00	2.8%	-13.00	-26.3%	
Argentina		57.00	2.00	3.6%	-21.00	-26.9%	
Brazil		57.50	-1.00	-1.7%	-15.50	-21.2%	
U.S. Gulf		30.30	1.00	3.4%	-2.70	-8.2%	
Argentina	Europe	46.30	1.00	2.2%	6.80	17.2%	
Brazil		49.30	1.00	2.1%	4.80	10.8%	
Argentina	Saudi Arabia	61.50	0.00	0.0%	3.00	5.1%	
Brazil		65.50	0.00	0.0%	1.00	1.6%	
U.S. Gulf		60.00	2.00	3.4%	-14.50	-19.5%	
U.S. PNW	Egypt	60.50	0.50	0.8%	-9.30	-13.3%	
Argentina		59.50	1.00	1.7%	10.00	20.2%	
Brazil		66.50	1.00	1.5%	8.00	13.7%	
<i>Handysize Vessels</i>							
U.S. Gulf		61.00	2.00	3.4%	-10.75	-15.0%	
U.S. Great Lakes	Morocco	92.70	0.40	0.4%	23.70	34.3%	
Argentina		52.50	1.00	1.9%	13.00	32.9%	
Brazil		55.50	1.00	1.8%	12.00	27.6%	
U.S. Great Lakes	Europe	93.20	-0.10	-0.1%	27.20	41.2%	
Brazil		25.50	2.00	8.5%	-18.60	-42.2%	
Argentina	Algeria	54.50	1.00	1.9%	11.00	25.3%	
Brazil		56.50	1.00	1.8%	13.00	29.9%	
U.S. Gulf		36.25	1.25	3.6%	-11.50	-24.1%	
U.S. PNW	Colombia	53.00	0.00	0.0%	1.00	1.9%	
Argentina		43.75	1.25	2.9%	-21.50	-33.0%	
<i>Shipping Indexes</i>							
Baltic Dry Index		1843	290	18.7%	-2889	-61.1%	

Source: World Perspectives, Inc.

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. Indications for some routes were corrected on 20 Oct. 2022.