



U.S. GRAINS
COUNCIL

Market Perspectives

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October 27, 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 21	Monday October 24	Tuesday October 25	Wednesday October 26	Thursday October 27
Change	0.25	-2.75	4.75	-1.25	-2.75
Closing Price	684.25	681.50	686.25	685.00	682.25
Factors Affecting the Market	Corn ended fractionally higher as slow river traffic and exports were offset by strong ethanol and feed demand. Midwest basis levels remain strong but basis near the river system is weakening as barges are loading lighter than normal. Barge rates have jumped higher due to the navigation issues. Outside markets were supportive, the USD fell 86 bps and stocks and oil rose.	Corn slipped lower towards the bottom of its trading range as US farmers made strong harvest progress over the weekend. The western Plains saw hot, dry, windy conditions but the Corn Belt saw favorable weather. Friday's CFTC data showed funds still heavily long corn, but slowly paring their position. Outside markets were supportive for ag futures again, the USD fell 2 bps while stocks rose.	Corn finished higher after two-sided trade. Ethanol margins improved and basis near plants remains strong. US farmers are 61% finished with harvesting corn, nearly 10 percent faster than the typical pace. Monday's Export Inspections totaled 18.5 Mbu, a volume below USDA's weekly target. Outside markets were supportive for corn for the 3rd straight day with a 104 bps drop in the USD.	Corn fell slightly lower in quiet trade with good harvest weather (except rains in MI and OH) pressuring values. The market is looking at the favorable start to Brazil's crops, which, despite drought in Argentina, are in good condition. U.S. basis levels remain strong, though river barge traffic is slowing again. Outside markets were mixed, the USD fell 125 bps while oil rose \$2.59/brl.	Corn sank slightly lower in two-sided trade with minimal commercial activity. Funds slowly liquidated some of their net long but are in no hurry. Corn Export Sales totaled 10.4 Mbu and exports hit 24.4 Mbu, below the weekly target pace. The lower Miss. River was re-opened to barge traffic on Thursday with restrictions. Outside markets were negative for corn and the USD rose 90 bps.

Outlook: December corn futures are 2 cents (0.3 percent) lower than last week as the market continues to drift sideways as the U.S. harvest reaches its peak. Corn has maintained a tight, sideways pattern since the October WASDE and the fact it has avoided any substantial harvest-time price pressure underscores the market's relative strength. Ethanol and livestock feed demand remain bright spots for the corn market while persistent river navigation issues are creating challenges for the export market. Still, with U.S. 2022/23 ending stocks projected to be the smallest since the drought year of 2012/13 the current export pace is failing to elicit much bearish sentiment. Additionally, commercial buying has been active on market dips towards the \$6.75 level, which indicates that point will likely become a trading range floor heading into 2023.

The U.S. corn harvest is now more than half-completed with USDA reporting 61 percent of fields were harvested through Sunday. Favorable weather last week and weekend allowed for an aggressive fieldwork pace that lifted completion rates above the five-year average (52 percent). Compared to the five-year average, most of the Corn Belt states have harvested more fields than usual, while the only major delays are in the western United States.

U.S. corn export sales were down sharply from the prior week and totaled 298.2 KMT for the week ending 20 October. Weekly exports, however, rose 52 percent and totaled 619 KMT and put YTD shipments at 3.695 MMT, down 28 percent YTD. YTD bookings total 14.095 MMT and account for 24.4 percent of USDA's predicted 2022/23 export total.

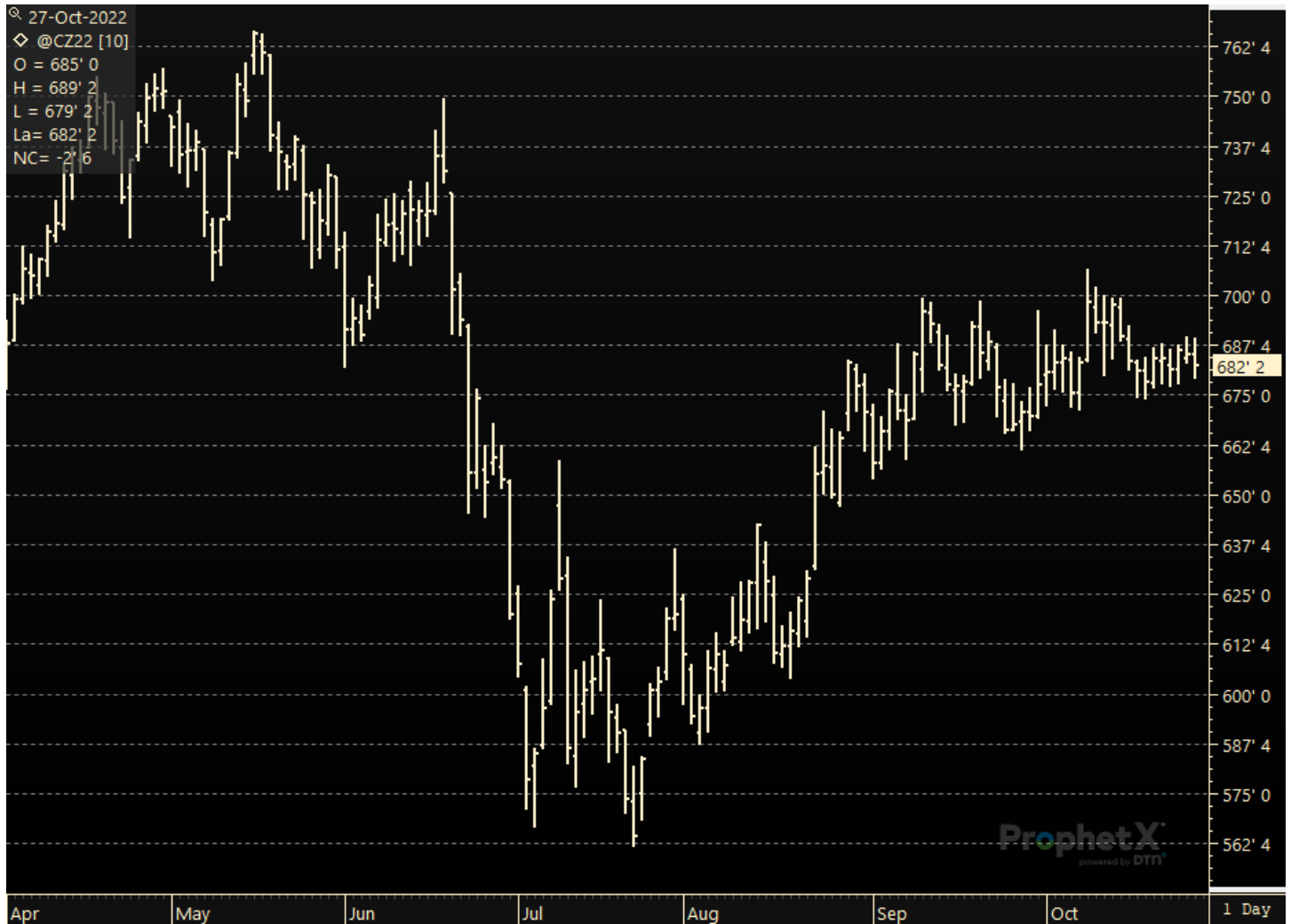
From a technical standpoint, December corn futures remain lodged in their sideways trading pattern with minor support at \$6.75 and trading range support at the 7 October daily low (\$6.71 ½). The trading range high lies at \$7.06 ½ with minor resistance near \$6.85. Trading volume has been declining as volatility and uncertainty in agriculture and non-agricultural markets has prompted managed money funds to pare position sizes. Again, the fact that new crop futures have avoided a selloff amid the quickly advancing harvest points to underlying strength, as does the Midwest average basis, which is trading 5 cents over December futures this week. The lack of selling pressure and a strong basis argues for steady/higher prices to develop this fall and winter.

Interest Rates and Macroeconomic Markets, October 27, 2022						
	Last*	Weekly Change	Weekly % Change	Monthly Change	Monthly % Change	1-Year History
Interest Rates						
U.S. Prime	6.25	0.0	0.0%	0.0	0.0%	
LIBOR (6 Month)	4.93	0.2	4.1%	0.8	18.3%	
LIBOR (1 Year)	5.39	0.1	1.0%	0.6	12.9%	
S&P 500	3,813.7	147.9	4.0%	173.2	4.8%	
Dow Jones Industrials	32,082.6	1,749.0	5.8%	2,857.0	9.8%	
U.S. Dollar	110.5	-2.4	-2.1%	-1.7	-1.6%	
WTI Crude	88.8	4.3	5.1%	7.6	9.3%	
Brent Crude	94.8	2.5	2.7%	7.6	8.8%	

Source: DTN ProphetX, World Perspectives, Inc.

* Last price as of 3:38 PM ET

CBOT December Corn Futures



Source: DTN ProphetX

Current Market Values:

Futures Price Performance: Week Ending October 27, 2022			
Commodity	27-Oct	21-Oct	Net Change
Corn			
Dec 22	682.25	684.25	-2.00
Mar 23	687.75	690.50	-2.75
May 23	687.00	689.75	-2.75
Jul 23	681.00	683.50	-2.50
Soybeans			
Nov 22	1382.25	1395.50	-13.25
Jan 23	1393.50	1404.50	-11.00
Mar 23	1402.00	1411.75	-9.75
May 23	1409.50	1419.00	-9.50
Soymeal			
Dec 22	415.40	417.90	-2.50
Jan 23	407.90	410.30	-2.40
Mar 23	399.80	401.60	-1.80
May 23	395.30	397.90	-2.60
Soyoil			
Dec 22	72.30	71.50	0.80
Jan 23	69.56	68.97	0.59
Mar 23	66.94	66.52	0.42
May 23	65.22	64.71	0.51
SRW			
Dec 22	838.50	850.75	-12.25
Mar 23	858.00	869.50	-11.50
May 23	868.50	879.50	-11.00
Jul 23	868.50	878.00	-9.50
HRW			
Dec 22	932.25	948.25	-16.00
Mar 23	931.75	946.50	-14.75
May 23	930.25	944.50	-14.25
Jul 23	924.75	939.75	-15.00
MGEX (HRS)			
Dec 22	950.50	961.50	-11.00
Mar 23	958.00	968.00	-10.00
May 23	963.25	974.00	-10.75
Jul 23	960.25	975.50	-15.25

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

U.S. Weather/Crop Progress

U.S. Drought Monitor Weather Forecast: During the next five days (October 27-31), the storm system that brought heavy rainfall to parts of the Southern Plains will bring rainfall to parts of the eastern Great Lakes and Northeast before exiting the U.S. The pattern will remain active across the remainder of the CONUS. However, much of the precipitation potential will be across the Southern Plains, extending eastward across parts of the Deep South, associated with a low pressure system that is forecast to intensify over the Southern Plains by the weekend before moving eastward through the remainder of the week. The Pacific Northwest is also expected to remain active through Monday, October 31. Additionally, near to below-normal temperatures are expected across the West Coast and much of the Southern Tier of the CONUS, along the predicted storm track. Farther north from the Northern Plains to the Northeast, predominantly above-normal temperatures are forecast due to a lesser influence from the storm track farther south.

The Climate Prediction Center's 6-10 day outlook (valid November 1-5) predicts increased chances of below-normal temperatures and above-normal precipitation across the western half and two-thirds of the CONUS, respectively, associated with mean mid-level low-pressure. Meanwhile, mid-level high pressure favors above-normal temperatures from the Great Plains to the East Coast and drier than normal conditions from the Mississippi Valley eastward. In Alaska, a southerly storm track favors predominantly above-normal precipitation and is forecast to keep temperatures cooler than normal.

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 20, 2022					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	550,200	136,800	8,697.0	11,823.4	-6%
Corn	298,200	619,000	3,695.5	14,095.2	-53%
Sorghum	1,000	1,500	34.9	311.8	-89%
Barley	0	0	3.9	15.5	-49%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 264,000 MT for 2022/2023 primarily for China (157,800 MT, including 66,000 MT switched from unknown destinations), Mexico (109,700 MT, including decreases of 300 MT), Canada (28,400 MT), Japan (18,200 MT, including 14,700 MT switched from unknown destinations), and Trinidad and Tobago (11,000 MT, including 4,000 MT switched from unknown destinations), were offset by reductions for unknown destinations (65,700 MT) and Colombia (14,000 MT). Exports of 619,000 MT were primarily to Mexico (316,400 MT), China (218,600 MT), Japan (55,600 MT), Jamaica (7,200 MT), and Canada (6,000 MT).

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

Sorghum: Total net sales of 1,000 MT for 2022/2023 were for Mexico. Exports of 1,500 MT were primarily to Mexico (1,300 MT).

U.S. Export Inspections: Week Ending October 20, 2022					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	147	0	1,561	8,147	19%
Corn	470,623	459,696	3,768,124	4,803,201	78%
Sorghum	28,424	5,148	138,115	419,388	33%
Soybeans	2,888,829	1,924,790	7,600,918	8,603,350	88%
Wheat	125,582	233,937	9,491,684	9,537,355	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 20, 2022

Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	8,140	2%	0	0%	0	0%
Gulf	346,052	74%	0	0%	23,920	84%
PNW	0	0%	0	0%	49	0%
Interior Export Rail	116,431	25%	0	0%	4,455	16%
Total (Metric Tons)	470,623	100%	0	0%	28,424	100%
White Corn Shipments by Country (MT)						
Total White Corn						
Sorghum Shipments by Country (MT)					23,920 4,455 49	to Djibouti to Mexico to S. Korea
Total Sorghum					28,424	

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)
October	2.43+Z	\$364.05	2.46+Z	\$365.43
November	1.98+Z	\$346.34	2.06+Z	\$349.68
December	1.51+H	\$330.00	1.91+H	\$345.94
January	1.37+H	\$324.69	1.91+H	\$345.94
February	1.28+H	\$321.14	1.91+H	\$345.94
March	1.23+K	\$318.68	1.91+K	\$345.65

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	2.75+Z	\$376.85
November	N/A	N/A	2.70+Z	\$374.88
December	N/A	N/A	2.60+H	\$373.11

#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	\$285	\$285	\$285
<i>Quantity 5,000 MT</i>			

Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT*)			
Bulk 60% Pro.	October	November	December
New Orleans	\$820	\$820	\$820
<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 27, 2022 (USD/MT)
(Quantity, availability, payment, and delivery terms vary)

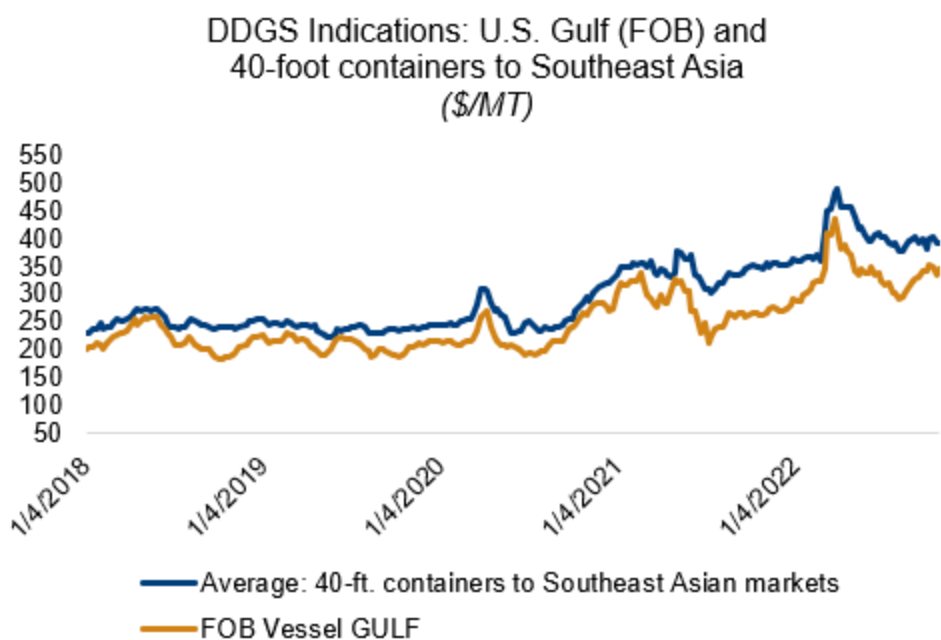
Delivery Point Quality Min. 35% Pro-fat combined	November	December	January
Barge CIF New Orleans	336	331	327
FOB Vessel GULF	345	339	336
Rail delivered PNW	343	345	349
Rail delivered California	357	361	364
Mid-Bridge Laredo, TX	345	347	352
FOB Lethbridge, Alberta	329	330	332
40 ft. Containers to South Korea (Busan)	N/A	N/A	N/A
40 ft. Containers to Taiwan (Kaohsiung)	350	350	360
40 ft. Containers to Philippines (Manila)	410	410	415
40 ft. Containers to Indonesia (Jakarta)	410	410	414
40 ft. Containers to Malaysia (Port Kelang)	392	392	397
40 ft. Containers to Vietnam (HCMC)	395	395	400
40 ft. Containers to Japan (Yokohama)	400	400	410
40 ft. containers to Thailand (LCMB)	392	392	391
40 ft. Containers to China (Shanghai)	408	408	418
40 ft. Containers to Bangladesh (Chittagong)	N/A	N/A	N/A
40 ft. Containers to Myanmar (Yangon)	434	434	438
KC Rail Yard (delivered ramp)	298	299	300
Elwood, IL Rail Yard (delivered ramp)	279	282	284

*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 \$3 lower this week as ethanol run rates rose for a fourth straight week. Navigation issues on the Mississippi River have also pushed additional product into the domestic market, adding pressure to values. Of note is the fact that offers and trades for DDGS into the river system are starting to be quoted on a 34 percent pro-fat basis (versus the typical 35 percent). The DDGS/Kansas City soymeal ratio fell to 0.55 this week, above the three-year average of 0.49, while the DDGS/cash corn ratio slipped down to 0.98 this week, below the three-year average of 1.06.

On the export market, Barge CIF NOLA prices are \$11 higher for November shipment, erasing all of last week's declines as barge rates rally again. Offers for DDGS on barges for December and January are up \$7 and \$4/MT, respectively. FOB NOLA offers are up \$9 for November at \$345/MT for 35 percent pro-fat and near \$335-330/MT for 34 percent pro-fat. Offers for 40-foot containers to Asia are up \$10-15 at \$407/MT this week.



Source: World Perspectives, Inc.

Country News

Argentina: Recent rains have been helpful but an analyst with the Rosario Grains Exchange says that land intended for corn this season will be more likely planted to soybeans. The Buenos Aires Grain Exchange trimmed its corn planting estimate and cut the target for barley output. (Reuters)

Brazil: Corn exports reached 5.9 MMT in the first three weeks and the exporters association Anec raised its estimate for total corn exports in October. The consultancy Safras & Mercado predicts the first corn crop will be 25.2 MMT and the safrinha crop will hit 87.8 MMT. (AgriCensus)

China: Corn imports in September plummeted by 56.6 percent to just 1.53 MMT. (AgriCensus)

EU: The EU Commission reduced its forecast for this year's maize crop once again, cutting it 1 percent to 54.9 MMT, a 15-year low. That is down 24.6 percent from the 2021/22 crop. Maize imports were raised to 22 MMT, the largest in four years. (Reuters)

Russia: The export tax on barley was raised but the levy on corn continues to drop for October 26 – November 1 sales. (AgriCensus)

South Korea: NOFI purchased 68 KMT of corn at \$330/MT for January arrival and issued a tender for 138 KMT of corn with a January/February delivery. (AgriCensus)

Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans*			
October 27, 2022			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$62.00	Down \$1.25	Handymax \$62.00 MT
55,000 U.S. PNW- Japan	\$35.50	Down \$1.50	Handymax at \$35.50 MT
66,000 U.S. Gulf – China	\$61.00	Down \$1.25	North or South China
PNW to China	\$35.00	Down \$1.50	
25,000 U.S. Gulf - Veracruz, México	\$25.75	Down \$0.25	3,000 MT daily discharge rate
30-36,000+ U.S. Gulf - Veracruz, México	\$22.00	Down \$.50	Deep draft and 6,000 MT per day discharge rate.
30-38,000 U.S. Gulf - Colombia	\$35.50	Down \$0.50	West Coast Colombia at \$40.75
<u>50,000 MT U.S. Gulf to East Coast Colombia</u>	\$33.00		
From Argentina	\$43.00		
43-45,000 U.S. Gulf - Guatemala	\$42.50	Down \$0.50	Acajutla/Quetzal - 8,000 out
26-30,000 US Gulf - Morocco	\$60.00	Down \$1.00	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$59.00	Down \$1.00	55,000-60,000 MT Egypt
PNW to Egypt	\$59.50		Romania - Russia - Ukraine \$27.00 - \$28.00 - \$41.00 France \$41.00, Bulgaria \$29.00
60-70,000 U.S. Gulf – Europe, Rotterdam	\$30.00	Unchanged	Handymax at +\$2.50 more
Brazil, Santos – China	\$51.00	Down \$2.50	54-59,000 Supramax-Panamax
Brazil, Santos – China	\$48.50		60-66,000 Post Panamax
Northern Coast Brazil - China	\$55.00		55-60,000 MT
56-60,000 Argentina/Rosario-China, Deep Draft	\$54.50	Down \$2.50	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: Dry-bulk markets are not showing vessel owners much love. Overall markets remain weak, and considerable uncertainty remains regarding the global economic outlook for 2023. Panamax daily hire rates have dropped to \$14,000/day for November and \$11,300/day for Q1 2023. The dry-bulk new vessel order book is historically small, but cargo demand growth is also slack. As stated previously, much depends on China.

The low water situation on the Mississippi River has improved slightly and two-way barge traffic has reopened. More rain is needed, however, to ensure this is not just a temporary situation. With container rates dropping, it is good to see U.S. containerized grain exports starting to pick back up.

U.S. railroad labor contract negotiations continue without resolution and fears of a potential rail strike are increasing. Much the same is true for the ILWU union contract negotiations at West Coast Container ports. Should a rail or port strike occur, it is hoped that the government would step in with a demand for a 90-day cooling off period.

Baltic-Panamax Dry-Bulk Indices				
October 27, 2022	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	25,591	28,186	-2,595	-9.2
P3A: PNW/Pacific– Japan	17,156	19,027	-1,871	-9.8
S1C: U.S. Gulf-China-S. Japan	26,179	26,836	-657	-2.4

Source: O'Neil Commodity Consulting

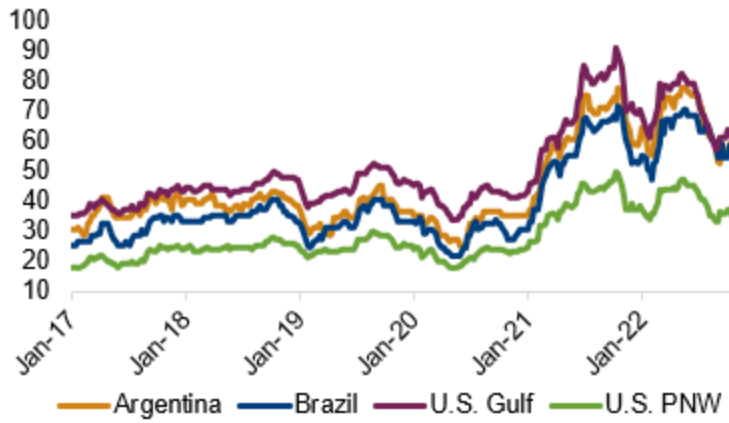
Capesize Vessel Freight Values	
Western Australia to South China (iron ore)	
Four weeks ago:	\$8.75-9.80
Three weeks ago:	\$8.15-9.50
Two weeks ago:	\$8.50-9.45
One week ago:	\$8.75-9.30
This week	\$8.80-9.10

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
October 27, 2022	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	2.45	2.45	0.00	\$0.00	PNW
Soybeans	3.20	2.65	0.55	\$20.21	PNW
Ocean Freight	\$35.00	\$61.00	0.66-0.71	\$26.00	November

Source: O'Neil Commodity Consulting

Bulk Grain Freight Rates to Japan from Select Origins



Source: World Perspectives, Inc.

Bulk Grain Freight Rates for Key Suppliers and Destinations
October 27, 2022

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
<i>Panamax/Supramax Vessels</i>							
U.S. Gulf		62.00	1.00	1.6%	-27.50	-30.7%	
U.S. PNW	Japan	35.50	-0.50	-1.4%	-13.50	-27.6%	
Argentina		58.50	2.00	3.5%	-19.00	-24.5%	
Brazil		57.50	3.00	5.5%	-14.00	-19.6%	
U.S. Gulf		61.00	1.00	1.7%	-27.50	-31.1%	
U.S. PNW	China	35.00	-0.50	-1.4%	-13.25	-27.5%	
Argentina		54.50	-0.25	-0.5%	-22.00	-28.8%	
Brazil		55.00	-3.25	-5.6%	-16.50	-23.1%	
U.S. Gulf		25.60	-3.70	-12.6%	-6.40	-20.0%	
Argentina	Europe	46.30	1.00	2.2%	5.80	14.3%	
Brazil		51.00	2.70	5.6%	5.50	12.1%	
Argentina	Saudi Arabia	59.00	-2.50	-4.1%	0.50	0.9%	
Brazil		65.50	0.00	0.0%	1.00	1.6%	
U.S. Gulf		59.00	1.00	1.7%	-14.00	-19.2%	
U.S. PNW	Egypt	49.50	1.00	2.1%	-14.00	-22.0%	
Argentina		59.50	2.00	3.5%	9.00	17.8%	
Brazil		66.50	2.00	3.1%	7.00	11.8%	
<i>Handysize Vessels</i>							
U.S. Gulf		60.00	1.00	1.7%	-10.50	-14.9%	
U.S. Great Lakes	Morocco	47.50	1.00	2.2%	-10.50	-18.1%	
Argentina		52.50	2.00	4.0%	12.00	29.6%	
Brazil		55.50	2.00	3.7%	11.00	24.7%	
U.S. Great Lakes	Europe	49.70	1.00	2.1%	-10.50	-17.4%	
Brazil		46.10	-3.25	-6.6%	-16.50	-26.4%	
Argentina	Algeria	54.50	2.00	3.8%	10.00	22.5%	
Brazil		56.50	2.00	3.7%	12.00	27.0%	
U.S. Gulf		35.50	0.50	1.4%	-11.50	-24.5%	
U.S. PNW	Colombia	40.30	0.50	1.3%	-11.50	-22.2%	
Argentina		43.00	0.50	1.2%	-21.25	-33.1%	
<i>Shipping Indexes</i>							
Baltic Dry Index		1797	-16	-0.9%	-2460	-57.8%	

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 and 27 Oct. 2022.