



# Market Perspectives

**January 19, 2023**

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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 March Contract					
Cents/Bu	Friday January 13	Monday January 16	Tuesday January 17	Wednesday January 18	Thursday January 19
Change	4.00		10.25	-4.00	-4.00
Closing Price	675.00		685.25	681.25	677.25
Factors Affecting the Market	Corn followed through on Thurs.' WASDE-inspired rally and posted a 21-cent gain for the week. The day's strength came from continued buying on the latest WADSE numbers and from worsening crop conditions in Argentina. Only 7% of Argentina's corn is rated good or excellent and USDA's 52-MMT forecast may not last long. The USD ticked 4 bps lower while crude oil rose \$1.47/brl.	Markets were closed for the U.S. MLK Jr. Day holiday.	Corn was weaker overnight with widespread precipitation forecast for the U.S. this week. That weakness attracted commercial and export buying, however, and the market rallied. Corn broke above the 200-day MA and trendline resistance in moderate volume and fund buying. USDA said 30.5 Mbu of corn was inspected for export last week, below the target volume.	Corn pushed higher in tentative trade but fell back by the close and posted a weak reversal signal. Argentina and Brazil are slated for beneficial showers this week and next with total rainfall of between 2-5 inches. Ethanol demand received a boost from the IEA's upward revision to 2023 world crude oil use. Outside markets were weaker; U.S. stocks and crude oil were lower.	Corn drifted lower in quiet trade and settled below trendline resistance and the 200-day MA, erasing Tues.' bullish activity. Trading volume was light, as was fundamental news. The Export Sales report is delayed due to this week's holiday. Ethanol output rose 6% last week and returned above 1 million brl/day. Outside markets were mixed; oil rose \$1.03 while stocks fell.

**Outlook:** March corn futures are up 2 ¼ cents (0.3 percent) this week as rallies Friday and Tuesday were all but erased by weaker trade Wednesday and Tuesday. The January WASDE's bullish surprises lingered for a few days and allowed bulls to push prices higher but the recent shift in the South American precipitation forecast gave bears the upper hand towards week's end. After months of extreme drought, Argentina is finally forecast to receive widespread and beneficial rains this week and next. Total precipitation could be as much as 50-127 mm (2-5 inches) and while it won't completely relieve the drought, it will go a long way towards improving crop conditions.

The Argentine drought and its impact on the country's corn crop remains a bullish influence for world grain markets. Just days after the January WASDE pegged Argentina's corn output for 2022/23 at 52 MMT, the Rosario Grain Exchange issued its forecast of 37 MMT, which was down 12 MMT from its prior estimate. The exchange's move agrees with some private forecasts, though most analysts still expect the crop to be at least 42 MMT. Regardless, these figures show just how damaging the drought has been to date and how welcome are the predicted rains.

Ethanol production continues to rebound strongly with lower natural gas prices helping margins. Production rose 6.9 percent last week and topped 1 million barrels per day for the first time in four

weeks. Ethanol stocks fell 1.7 percent during the second week of January, due partly to a 7 percent increase in gasoline consumption and also to lower ethanol output during the prior three weeks.

The weekly Export Sales report is delayed due to Monday's U.S. holiday, but Tuesday's Export Inspections report featured 774 KMT of corn shipments last week. That volume was up 93 percent from the holiday-reduced volumes the prior week and put YTD inspections at 10.775 MMT. YTD inspections are down 30 percent. On Thursday, the USDA reported 195 KMT of corn sold to Mexico for the 2022/23 as part of the daily export sales reporting program. That sale followed one for 150 KMT reported on 17 January with the corn destined for Colombia in the 2022/23 marketing year.

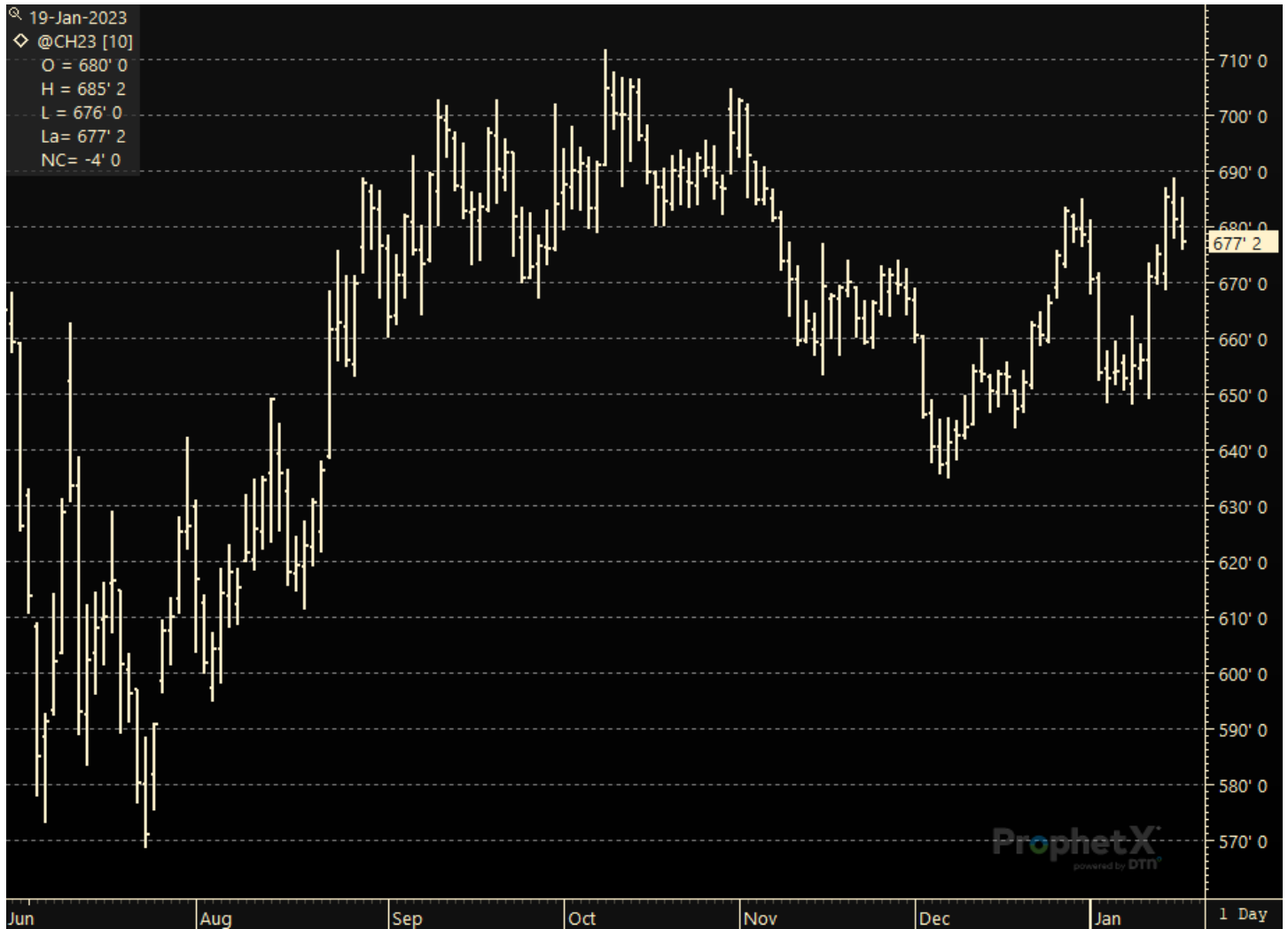
From a technical standpoint, March corn is pulling back from Tuesday's bullish breakout above trendline resistance and the 200-day moving average as that rally saw limited follow-through buying. The rains predicted for Argentina and southern Brazil sparked some profit taking and long liquidation by managed money funds, though trading volume has been light. Despite the recent pricing strength, export sales remain active with USDA reporting two large sales to Colombia and Mexico this week. The commercial and export activity should help keep the market supported going forward. March corn has trendline support at \$6.52 ½ and support at the early December low of \$6.35 with resistance overhead at \$6.90-7.00.

Interest Rates and Macroeconomic Markets, January 19, 2023						
	Last*	Weekly Change	Weekly % Change	Monthly Change	Monthly % Change	1-Year History
<b>Interest Rates</b>						
U.S. Prime	7.50	0.0	0.0%	0.0	0.0%	
LIBOR (6 Month)	5.11	0.0	-0.4%	-0.1	-1.0%	
LIBOR (1 Year)	5.36	-0.1	-1.0%	-0.1	-1.2%	
S&P 500	3,913.0	-70.2	-1.8%	90.6	2.4%	
Dow Jones Industrials	33,150.6	-1,039.4	-3.0%	123.1	0.4%	
U.S. Dollar	102.0	-0.2	-0.2%	-2.4	-2.3%	
WTI Crude	80.4	2.1	2.6%	3.0	3.8%	
Brent Crude	86.4	2.3	2.8%	4.7	5.8%	

Source: DTN ProphetX, World Perspectives, Inc.

\* Last price as of 3:25 PM ET

# CBOT March Corn Futures



Source: DTN ProphetX

**Current Market Values:**

<b>Futures Price Performance: Week Ending January 19, 2022</b>			
<b>Commodity</b>	<b>19-Jan</b>	<b>13-Jan</b>	<b>Net Change</b>
<b>Corn</b>			
Mar 23	677.25	675.00	2.25
May 23	674.75	673.75	1.00
Jul 23	663.25	663.75	-0.50
Sep 23	611.00	614.25	-3.25
<b>Soybeans</b>			
Mar 23	1514.75	1527.75	-13.00
May 23	1511.50	1527.25	-15.75
Jul 23	1503.75	1525.00	-21.25
Aug 23	1465.75	1489.75	-24.00
<b>Soymeal</b>			
Mar 23	471.20	476.30	-5.10
May 23	456.20	462.20	-6.00
Jul 23	447.10	455.10	-8.00
Aug 23	433.20	443.00	-9.80
<b>Soyoil</b>			
Mar 23	63.15	63.06	0.09
May 23	62.98	62.90	0.08
Jul 23	62.57	62.56	0.01
Aug 23	61.91	62.04	-0.13
<b>SRW</b>			
Mar 23	734.50	743.75	-9.25
May 23	742.75	752.00	-9.25
Jul 23	745.50	753.75	-8.25
Sep 23	754.75	760.75	-6.00
<b>HRW</b>			
Mar 23	832.00	843.75	-11.75
May 23	827.50	840.25	-12.75
Jul 23	823.00	835.00	-12.00
Sep 23	825.25	837.00	-11.75
<b>MGEX (HRS)</b>			
Mar 23	904.00	912.25	-8.25
May 23	898.00	906.00	-8.00
Jul 23	892.25	900.75	-8.50
Sep 23	874.00	882.25	-8.25

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

## U.S. Weather/Crop Progress

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**U.S. Drought Monitor Weather Forecast:** The National Weather Service Weather Prediction Center forecast for the remainder of the week (valid January 18 – January 20) calls for a winter storm to bring freezing rain and snowfall to the High Plains and Upper Midwest. To the southeast, showers and thunderstorms are expected with localized areas of heavy rainfall. Chances will increase for a wintry mix of snow, sleet and freezing rain along the East Coast as the storm system moves into the northeast on Thursday. Much of the southern U.S. can expect unseasonably warm temperatures. Meanwhile, another storm system is expected to move southeastward through the Pacific Northwest into the Northern Rockies, the Great Basin, California and the Desert Southwest, bringing rain and snow at lower elevations and heavier mountain snow.

Moving into next week (valid January 21 – January 25), the forecast calls for a storm system to track from the central Plains to the Northeast, bringing strong winds and wintry weather to the northern regions and rain to the south. At 8 – 14 days, the Climate Prediction Center Outlook (valid January 25 – January 31) calls for below-normal temperatures over most of the country except for the Northeast, Southeast and Alaska. The Northeast can expect near-normal temperatures, while the Southeast and Alaska have the greatest probability of warmer-than-normal temperatures. Most of the U.S. can expect near- to slightly above-normal precipitation. Only the Pacific Northwest and northern Minnesota have increased odds for below-normal precipitation.

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. Martin Luther King Jr. holiday, the weekly Export Sales report from USDA is delayed until Friday, 20 January 2023. Updated export sales statistics will be provided in the next issue of the Market Perspectives report.

U.S. Export Inspections: Week Ending January 12, 2022					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	1,855	10,010	-81%
Corn	774,461	401,108	10,775,858	15,327,954	-30%
Sorghum	2,708	11,332	421,054	2,072,671	-80%
Soybeans	2,075,197	1,456,526	32,171,029	33,648,746	-4%
Wheat	320,473	209,544	12,422,495	12,821,562	-3%

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 January 12, 2022						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	7,150	1%	0	0%	0	0%
Gulf	338,971	44%	0	0%	0	0%
PNW	204,066	27%	538	5%	0	0%
Interior Export Rail	214,156	28%	9,580	95%	2,708	100%
<b>Total (Metric Tons)</b>	<b>764,343</b>	<b>100%</b>	<b>10,118</b>	<b>100%</b>	<b>2,708</b>	<b>100%</b>
White Corn Shipments by Country (MT)			9,580 538	to Mexico to S. Korea		
<b>Total White Corn</b>			<b>10,118</b>			
Sorghum Shipments by Country (MT)					2,708	to Mexico
<b>Total Sorghum</b>					<b>2,708</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>February</b>	1.02+H	\$306.82	1.60+H	\$329.61
<b>March</b>	1.01+H	\$306.18	1.60+H	\$329.61
<b>April</b>	0.97+K	\$303.97	1.53+K	\$325.87
<b>May</b>	0.94+K	\$302.74	1.46+K	\$323.11
<b>June</b>	0.98+N	\$299.79	1.45+N	\$318.19
<b>July</b>	0.94+N	\$298.11	1.45+N	\$318.19

<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>February</b>	N/A	N/A	2.55+H	\$367.01
<b>March</b>	N/A	N/A	2.45+H	\$363.07
<b>April</b>	N/A	N/A	2.45+K	\$362.09

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

<b>Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT*)</b>				
	<b>February</b>	<b>March</b>	<b>April</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>February</b>	<b>March</b>	<b>April</b>	
<b>New Orleans</b>	\$825	\$825	\$825	
<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: January 19, 2022 (USD/MT)**  
(Quantity, availability, payment, and delivery terms vary)

<b>Delivery Point Quality Min. 35% Pro-fat combined</b>	<b>February</b>	<b>March</b>	<b>April</b>
Barge CIF New Orleans	334	333	334
FOB Vessel GULF	339	338	338
Rail delivered PNW	390	389	390
Rail delivered California	394	394	395
Mid-Bridge Laredo, TX	386	385	387
FOB Lethbridge, Alberta	362	362	361
40 ft. Containers to South Korea (Busan)	380	380	385
40 ft. Containers to Taiwan (Kaohsiung)	420	420	425
40 ft. Containers to Philippines (Manila)	415	415	420
40 ft. Containers to Indonesia (Jakarta)	383	383	388
40 ft. Containers to Malaysia (Port Kelang)	395	395	400
40 ft. Containers to Vietnam (HCMC)	388	388	393
40 ft. Containers to Japan (Yokohama)	N/A	N/A	N/A
40 ft. containers to Thailand (LCMB)	399	399	404
40 ft. Containers to China (Shanghai)	N/A	N/A	N/A
40 ft. Containers to Bangladesh (Chittagong)	N/A	N/A	N/A
40 ft. Containers to Myanmar (Yangon)	380	380	385
KC Rail Yard (delivered ramp)	343	343	344
Elwood, IL Rail Yard (delivered ramp)	331	331	332

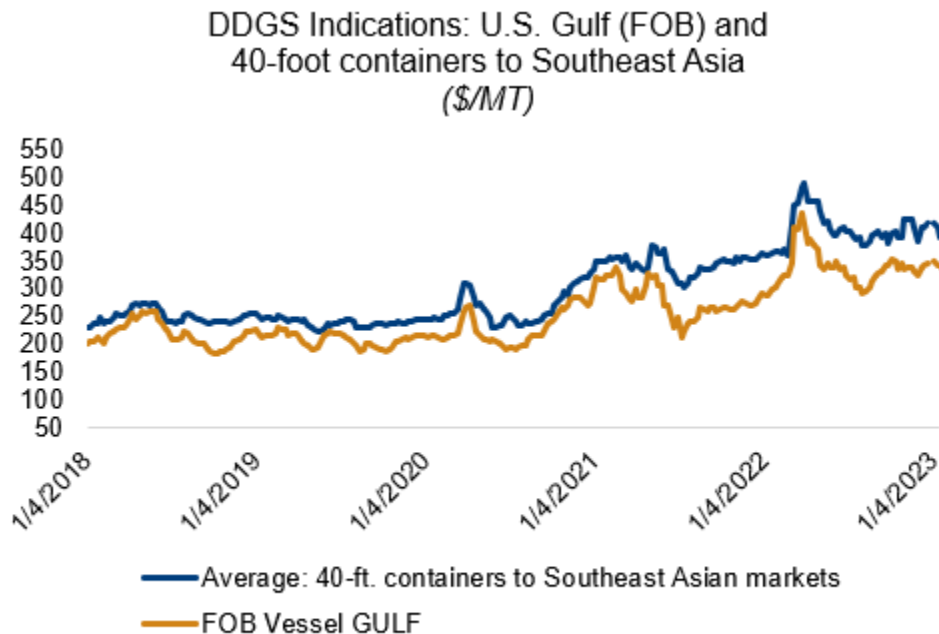
*Source: World Perspectives, Inc. \*Prices are based on offer indications only; terms of delivery, payment and quality may vary from one supplier to another, impacting the actual value of the price.*

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

**DDGS Comments:** DDGS values are steady to \$2/MT lower this week as ethanol run rates and DDGS production continue to recover. After rising 11 percent two weeks ago, ethanol output rose another 6 percent last week. High soymeal costs are reportedly pushing livestock feeders to pursue DDGS more aggressively, but most have already filled near-term needs, leaving the market with a weaker tone.

The DDGS/Kansas City soymeal ratio is at 0.51 this week, down from last week and above the three-year average of 0.50. The DDGS/cash corn ratio edged higher this week to 1.08, down from last week's value of 1.12 and above the three-year average.

On the export market, Barge CIF NOLA prices are steady to \$1/MT lower and are averaging \$334/MT for February through April shipment. FOB NOLA offers are down \$2-3/MT this week at \$338-339/MT while U.S. rail rates are up \$5. Finally, softer ocean freight markets are allowing offers for 40-foot containers to Southeast Asia to ease and values are down \$20/MT this week at \$394.



Source: *World Perspectives, Inc.*

## Country News

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**Australia:** Hope is rising that bilateral talks could restart the tradition of supplying barley to China. Sales stopped as Beijing punished Canberra over a call to investigate Covid. (AgriCensus)

**China:** Corn production surpassed rice in 2012 and last year corn comprised 43 percent of total cereal production, versus 34 percent for rice. Corn imports in 2022 were down 27.3 percent year-on-year. (Statista; AgriCensus)

**Egypt:** State-owned General Authority for Supply Commodities issued its first ever tender for corn with delivery slated for 10-25 February. (North Africa Post)

**Mexico:** A 50 percent export tariff will be applied to white corn until 30 June in an effort to tamp down high tortilla prices. (World Grain)

**Russia:** The government increased the export tax on barley. (AgriCensus)

**Ukraine:** Agriculture Minister Mykola Solskyi says that poor weather conditions have hurt the corn crop, with up to 10-15 percent of it lost. Large swings in temperature make it difficult for farmers to work and the quality will be damaged. (Successful Farming)

## Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans*			
January 19, 2023			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$51.50	Down \$0.75	Handymax \$52.00 mt
55,000 U.S. PNW- Japan	\$28.25	Unchanged	Handymax at \$28.00 mt
66,000 U.S. Gulf – China	\$51.00	Down \$0.50	North or South China
PNW to China	\$28.00	Unchanged	
25,000 U.S. Gulf - Veracruz, México	\$22.50	Unchanged	3,000 MT daily discharge rate
30-36,000+ U.S. Gulf - Veracruz, México	\$18.75	Unchanged	Deep draft and 6,000 MT per day discharge rate.
30-38,000 U.S. Gulf - Colombia	\$29.00	Unchanged	West Coast Colombia at \$33.00
<u>50,000 MT U.S. Gulf to East Coast Colombia</u>	\$27.00		
From Argentina	\$36.00		
43-45,000 U.S. Gulf - Guatemala	\$36.50	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 US Gulf - Morocco	\$41.00	Unchanged	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$40.50	Down \$0.50	55,000-60,000 mt Egypt
PNW to Egypt	\$41.00		Romania - Russia- Ukraine \$16.50 - \$24.00 - \$35.00 - France \$25.00, Bulgaria \$17.00
60-70,000 U.S. Gulf – Europe, Rotterdam	\$26.50	Down \$0.75	Handymax at +\$2.50 more
Brazil, Santos – China	\$40.25	Up \$0.50	54-59,000 Supramax-Panamax
Brazil, Santos – China	\$38.00		60-66,000 Post Panamax
Northern Coast Brazil - China	\$44.00		55-60,000 mt
56-60,000 Argentina/Rosario-China, Deep Draft	\$43.00	Up \$0.50	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:** The Lunar/Chinese New Year will occur this Sunday, 22 January and markets are therefore entering a ten-day holiday period. FFA paper traders have been sellers as they clean up positions going into the holiday.

It has been rough sailing for vessel owners to start the New Year and, for the moment, the skies are looking dark. Vessel owners are desperately hoping that China reopens strong and that traders open their wallets when they return from holiday. Panamax hire rates for CY 2023 are just \$13,400/day.

Baltic-Panamax Dry-Bulk Indices				
January 19, 2023	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	18,273	18,950	-677	-3.6
P3A: PNW/Pacific– Japan	7,312	6,993	319	4.6
S1C: U.S. Gulf-China-S. Japan	14,550	17,693	-3,143	-17.8

Source: O'Neil Commodity Consulting

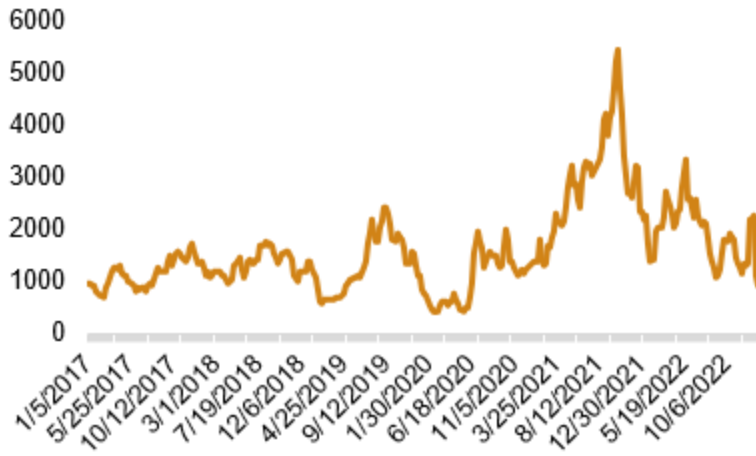
Capesize Vessel Freight Values	
Western Australia to South China (iron ore)	
Four weeks ago:	\$8.11-8.15
Three weeks ago:	\$8.11-8.15
Two weeks ago:	\$7.30-8.00
One week ago:	\$7.00-7.30
This week	\$6.80-7.00

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
January 19, 2023	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.50	0.88	0.62	\$24.41	Both
Soybeans	2.15	1.16	0.99	\$36.38	GULF
Ocean Freight	\$28.00	\$51.00	0.58-0.63	<b>\$23.00</b>	February

Source: O'Neil Commodity Consulting

### Baltic Dry Index



Source: World Perspectives, Inc.

**Bulk Grain Freight Rates for Key Suppliers and Destinations**  
**January 19, 2023**

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
<i>Panamax/Supramax Vessels</i>							
U.S. Gulf		51.50	-5.50	-9.6%	-13.00	-20.2%	
U.S. PNW	Japan	28.25	-3.75	-11.7%	-6.75	-19.3%	
Argentina		46.50	-4.00	-7.9%	-16.00	-25.6%	
Brazil		41.50	-4.00	-8.8%	-13.00	-23.9%	
U.S. Gulf		51.00	-5.25	-9.3%	-12.25	-19.4%	
U.S. PNW	China	28.00	-3.50	-11.1%	-6.00	-17.6%	
Argentina		43.00	-5.00	-10.4%	-14.00	-24.6%	
Brazil		44.00	-4.75	-9.7%	-15.00	-25.4%	
U.S. Gulf		27.40	-1.90	-6.5%	2.40	9.6%	
Argentina	Europe	55.50	3.00	5.7%	14.50	35.4%	
Brazil		56.50	2.00	3.7%	12.50	28.4%	
Argentina	Saudi Arabia	65.50	3.00	4.8%	9.00	15.9%	
Brazil		74.50	3.00	4.2%	10.00	15.5%	
U.S. Gulf		40.50	-6.75	-14.3%	-12.00	-22.9%	
U.S. PNW	Egypt	41.70	-6.50	-13.5%	-1.30	-3.0%	
Argentina		66.50	3.00	4.7%	11.00	19.8%	
Brazil		70.50	3.00	4.4%	8.00	12.8%	
<i>Handysize Vessels</i>							
U.S. Gulf		41.00	-8.25	-16.8%	-12.00	-22.6%	
U.S. Great Lakes	Morocco	90.00	8.20	10.0%	49.50	122.2%	
Argentina		59.50	3.00	5.3%	13.00	28.0%	
Brazil		62.50	3.00	5.0%	10.00	19.0%	
U.S. Great Lakes	Europe	90.00	9.00	11.1%	47.30	110.8%	
Brazil		64.90	3.20	5.2%	14.80	29.5%	
Argentina	Algeria	60.50	3.00	5.2%	11.00	22.2%	
Brazil		63.50	3.00	5.0%	10.00	18.7%	
U.S. Gulf		29.00	-3.00	-9.4%	-5.00	-14.7%	
U.S. PNW	Colombia	50.00	0.00	0.0%	11.20	28.9%	
Argentina		36.00	-3.00	-7.7%	-13.00	-26.5%	
<i>Shipping Indexes</i>							
Baltic Dry Index		946	-1240	-56.7%	-785	-45.3%	

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.