



Market Perspectives

October 12, 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 December Contract					
Cents/Bu	Friday October 6	Monday October 9	Tuesday October 10	Wednesday October 11	Thursday October 12
Change	-5.50	-3.75	-2.75	2.50	8.00
Closing Price	492	488.25	485.5	488	496
Factors Affecting the Market	Corn settled lower after the monthly US "jobs report" featured stronger than expected hiring, which sparked concerns about more interest rate hikes. The USD rallied initially but then turned lower. Corn futures continue to defy their typical trend lower in October, however, despite weaker basis. Outside markets were mostly higher but the USD fell 28 bps.	Corn settled lower as markets were unnerved by the weekend attacks in Israel and looming conflict in the Middle East. Crude oil rallied sharply, which helped create some support for corn. Harvest conditions were favorable across the US and strong progress is expected. Outside markets rose on dovish remarks from Fed bankers.	Corn drifted lower in lackluster trade with little fresh news to drive markets. Analysts are looking for cuts to the US yield and production outlook in Thursday's WASDE. South America's corn planting is making progress, but rains are concerning for southern Brazil while dryness is again an issue for Argentina.	Corn recovered from early weakness with traders paring shorts before the WASDE. USDA said 34% if the harvest is done with conditions ratings 10 points below normal. The US weather turns poor for harvest through the weekend with rain and strong winds forecast for the Midwest. The rains should help water levels in the Mississippi River.	Corn settled sharply higher in heavy volume after the USDA cut the US yield forecast more than expected and lowered the production forecast to 15.06 Bbu. Supply cuts outweighed demand reduction and ending stocks fell slightly to 2.11 Bbu. World ending stocks were also lower than expected, which helped support futures.

Outlook: Corn futures are 4 cents (0.8 percent) higher this week after sluggish early-week trade let values drift lower before Thursday's WASDE-induced rally. The WASDE surprised markets as USDA cut the U.S. corn yield, production, and ending stocks outlook by more than analysts expected. Additionally, the agency lowered world corn supplies and ending stocks more than anticipated. The major implication of the October report is that U.S. and world corn supplies are tightening and the market is entering a more price-supportive environment.

The headline number from the October WASDE was the corn yield forecast, as pre-report expectations were widely varied with some analysts looking for increases while others predicted mild cuts. USDA forecast the 2023 U.S. corn yield at 10.86 MT/ha (173.0 BPA), down 0.5 percent from the September forecast. USDA did not adjust the harvested area forecast (though it could in coming reports) and the lower yield pulled 1.78 MMT (70 million bushels) off the 2023 production outlook. The U.S. is now projected to produce 382.65 MMT (15.064 billion bushels) in 2023, which would be up 9.8 percent from 2022.

On the demand side of the balance sheet, USDA lowered feed and residual use slightly and shaved 640 KMT (25 million bushels) off the export forecast, which now stands at 51.44 MMT (2.025 billion bushels). In total, the supply cuts were greater than the demand reduction, which left 2023/24 ending stocks of 53.62 MMT (2.111 billion bushels), which was 2.79 MMT (110 million bushels) below the

September estimate. The ending stocks-to-use ratio now stands at 14.7 percent, down from the September estimate but the highest in four years. USDA raised its corn price outlook 1 percent to \$194.87/MT (\$4.95/bushel).

On the world balance sheet, USDA raised the production outlook fractionally as increases for Argentina, the EU, and Paraguay offset lower production in the U.S. USDA cut world beginning stocks and imports and increased the forecasts for feed and residual use and world exports. Total global corn consumption is pegged to increase 2.6 percent from 2022/23. World ending stocks were lowered 0.5 percent to 312.4 MMT for 2023/24, which leaves an ending stocks-to-use ratio of 22.5 percent, in-line with the past three years.

The weekly U.S. Export Sales report is delayed one day this week due to Monday's U.S. Federal holiday, but the weekly Export Inspections report featured 550 KMT of shipments. That volume was down from the prior week, but YTD shipments stand at 3.24 MMT, up 14 percent. Sorghum export inspections were down 8 percent from the prior week at 56.7 KMT but YTD shipments are up 191 percent at 303.8 KMT.

On Tuesday, USDA said 89 percent of the 2023 U.S. corn crop is rated mature and 34 percent has been harvested so far. Both figures are slightly ahead of the five-year average while the conditions rating (53 percent good/excellent) is 7 percentage points below normal. The harvest will face some challenges this weekend as rains and strong winds are forecast for parts of the Midwest, but the weather outlook shifts back to dry and clear in the 6-14-day forecast. There is some frost/freeze risk for immature crops in the Northern Plains and Great Lakes states, but analysts and markets are showing little concern for now.

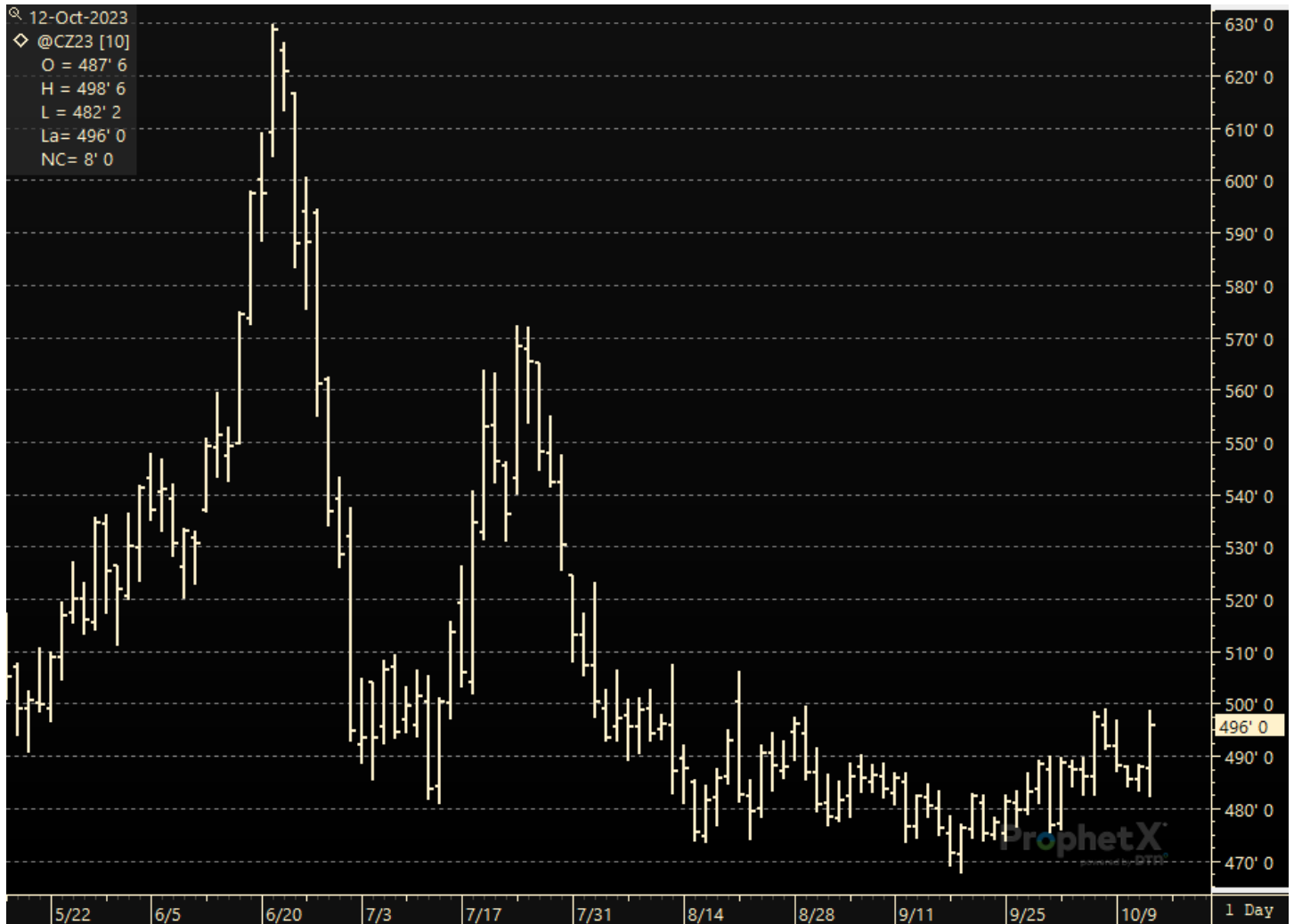
Technically, the corn market remains range-bound from support at \$4.80 and resistance at \$5.00 and is defying its normal seasonal pattern of early October declines. This year's harvest lows look like they were made in September, and the market has embarked on its seasonal grind higher earlier than usual. The October WASDE prompted price action that formed a bullish outside day on the charts, which may prompt funds to lighten up on their large short position. Commercial traders are net long corn futures, which is often a bullish development.

Interest Rates and Macroeconomic Markets, October 12, 2023						
	Last*	Weekly Change	Weekly % Change	Monthly Change	Monthly % Change	1-Year History
Interest Rates						
U.S. Prime	8.50	0.0	0.0%	0.0	0.0%	
LIBOR (6 Month)	5.86	-0.1	-1.0%	0.0	-0.7%	
LIBOR (1 Year)	5.94	0.0	0.0%	0.0	0.0%	
S&P 500	4,349.6	91.4	2.1%	-155.5	-3.5%	
Dow Jones Industrials	33,631.1	511.6	1.5%	-1,276.0	-3.7%	
U.S. Dollar	106.6	0.2	0.2%	1.2	1.1%	
WTI Crude	83.5	1.2	1.5%	-6.6	-7.4%	
Brent Crude	86.4	2.3	2.8%	-7.3	-7.8%	

Source: DTN ProphetX, World Perspectives, Inc.

* Last price as of 4:01 PM ET

CBOT December Corn Futures



Source: DTN ProphetX

Current Market Values:

Futures Price Performance: Week Ending October 12, 2023			
Commodity	12-Oct	6-Oct	Net Change
Corn			
Dec 23	496.00	492.00	4.00
Mar 24	511.50	507.25	4.25
May 24	519.50	515.25	4.25
Jul 24	524.25	520.00	4.25
Soybeans			
Nov 23	1290.00	1266.00	24.00
Jan 24	1308.75	1284.50	24.25
Mar 24	1319.50	1299.25	20.25
May 24	1332.00	1313.25	18.75
Soymeal			
Oct 23	387.60	367.60	20.00
Dec 23	392.90	372.10	20.80
Jan 24	389.20	370.90	18.30
Mar 24	383.90	368.50	15.40
Soyoil			
Oct 23	54.47	57.29	-2.82
Dec 23	53.37	55.35	-1.98
Jan 24	52.76	54.59	-1.83
Mar 24	52.33	53.95	-1.62
SRW			
Dec 23	571.50	568.25	3.25
Mar 24	601.50	598.00	3.50
May 24	619.75	617.00	2.75
Jul 24	636.25	634.00	2.25
HRW			
Dec 23	675.00	673.75	1.25
Mar 24	684.00	682.75	1.25
May 24	690.00	688.75	1.25
Jul 24	693.50	692.25	1.25
MGEX (HRS)			
Dec 23	723.50	720.50	3.00
Mar 24	747.25	745.00	2.25
May 24	761.25	759.50	1.75
Jul 24	773.75	773.25	0.50

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

U.S. Weather/Crop Progress

U.S. Crop Conditions Ratings: October 8, 2023					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	6%	12%	29%	44%	9%
Sorghum	11%	17%	31%	32%	9%
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 12-16, 2023), an intense low pressure system is forecast to track from the Central Rockies and Great Plains eastward to the Midwest and Central Appalachians. A swath of heavy precipitation (1 to 3 inches) is likely to accompany this surface low. On October 12th, a vigorous area of mid-level low pressure is expected to bring heavy snow (6 to 12 inches) to the higher elevations of Wyoming. A low pressure system is forecast to move offshore of the Southeast by October 13th after it brings widespread precipitation to parts of the Southeast. Mostly dry weather is forecast to persist across the Tennessee Valley, while much drier weather prevails across the Southern Great Plains. Periods of light to moderate precipitation are expected for the coastal Pacific Northwest.

The Climate Prediction Center's 6-10 day outlook (valid October 17-21, 2023) favors near to below-normal precipitation throughout much of the contiguous U.S. with above-normal precipitation most likely across southeastern Alaska. Increased probabilities for above-normal temperatures are forecast across the West and Northern to Central Great Plains, while below-normal temperatures are likely for the Mid-Atlantic and Southeast.

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. Federal holiday on Monday, 9 October the weekly Export Sales report is delayed until Friday, 13 October 2023. Updated export statistics will be provided in next week's Market Perspectives report.

U.S. Export Inspections: Week Ending October 5, 2023					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	122	643	1,414	-55%
Corn	550,585	670,124	3,243,858	2,837,805	14%
Sorghum	56,778	61,618	303,857	104,543	191%
Soybeans	1,036,223	676,659	3,024,466	2,793,065	8%
Wheat	265,242	428,774	6,357,704	9,132,214	-30%

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 5 ,2023						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	10,942	2%	0	0%	0	0%
Gulf	354,192	64%	0	0%	56,387	99%
PNW	220	0%	587	100%	0	0%
Interior Export Rail	184,644	34%	0	0%	391	1%
Total (Metric Tons)	549,998	100%	587	100%	56,778	100%
White Corn Shipments by Country (MT)			563 24	to S. Korea to Philippines		
Total White Corn			587			
Sorghum Shipments by Country (MT)					55,436 1,342	to China to Mexico
Total Sorghum					56,778	

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)
November	0.83+Z	\$227.94	1.37+Z	\$249.20
December	0.81+Z	\$227.15	1.35+Z	\$248.41
January	0.70+H	\$228.92	1.26+H	\$250.97
February	0.72+H	\$229.71	1.26+H	\$250.97
March	0.74+H	\$230.50	1.26+H	\$250.97
April	0.74+K	\$233.65	1.27+K	\$254.51

Sorghum (USD/MT FOB Vessel*)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
November	N/A	N/A	1.95+Z	\$272.03
December	N/A	N/A	1.95+Z	\$272.03
January	N/A	N/A	1.95+H	\$278.13

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

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT*)			
	November	December	January
New Orleans	\$235	\$235	\$235
<i>Quantity 5,000 MT</i>			

Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT*)			
Bulk 60% Pro.	November	December	January
New Orleans	\$680	\$680	\$680
<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 12, 2023 (USD/MT)
 (Quantity, availability, payment, and delivery terms vary)

Delivery Point Quality Min. 35% Pro-fat combined	November	December	January
Barge CIF New Orleans	239	241	242
FOB Vessel GULF	252	254	254
Rail delivered PNW	263	266	267
Rail delivered California	282	281	281
Mid-Bridge Laredo, TX	271	273	275
FOB Lethbridge, Alberta	273	276	276
40 ft. Containers to South Korea (Busan)	287	287	288
40 ft. Containers to Taiwan (Kaohsiung)	303	304	304
40 ft. Containers to Philippines (Manila)	302	303	305
40 ft. Containers to Indonesia (Jakarta)	290	291	291
40 ft. Containers to Malaysia (Port Kelang)	293	293	295
40 ft. Containers to Vietnam (HCMC)	292	292	293
40 ft. Containers to Japan (Yokohama)	304	304	306
40 ft. containers to Thailand (LCMB)	295	295	296
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)	290	291	291
KC Rail Yard (delivered ramp)	258	259	261
Elwood, IL Rail Yard (delivered ramp)	254	255	257

*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.*

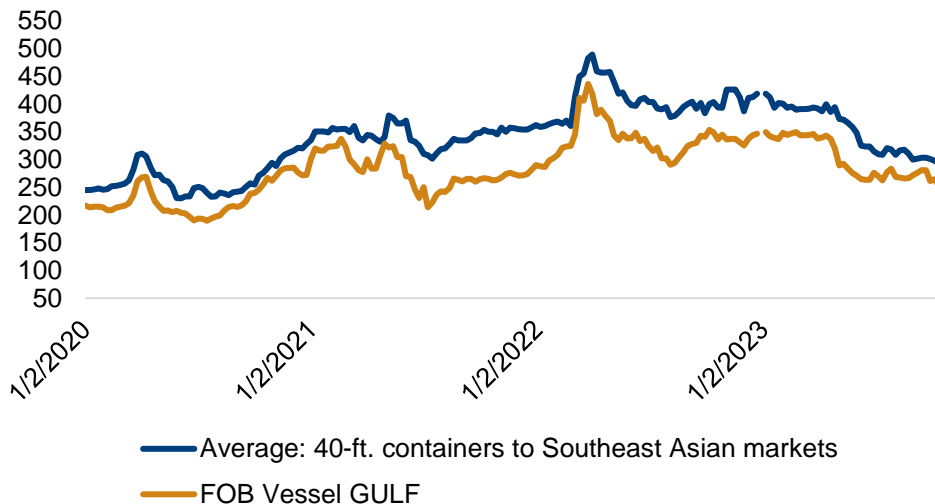
Distiller's Dried Grains with Solubles (DDGS)

DDGS Comments: DDGS values are weaker this week as the ethanol grind and DDGS output continues to run 10-15 percent above year-ago levels. Additionally, early-week weakness in the soymeal market and pressure in corn futures corn helped push values lower. Domestic demand for DDGS is starting to pick up with livestock feeders booking forward needs for the colder months when feed consumption rises.

The DDGS/cash corn ratio is lower than last week at 1.23 but is still above the three-year average of 1.02. The DDGS/soymeal ratio rose fell the prior week and hit 0.50, which is in line with the three-year average.

Rates for DDGS delivered by rail to key U.S. locations are down \$6/MT this week and extended last week's weakness with railroads lowering rates amid light demand. Barge CIF NOLA DDGS offers are \$16/MT lower this week as barge rates pull back from their recent rally. Spot offers for Barge CIF NOLA DDGS average \$239/MT with \$1 carries for December and January positions. FOB Gulf offers are down \$10/MT for November at \$252 while offers for December and January are down \$8. Finally, offers for 40-foot containers to Southeast Asia are down \$6/MT due to the combined pullbacks in U.S. DDGS markets and ocean freight values.

DDGS Indications: U.S. Gulf (FOB) and
40-foot containers to Southeast Asia
(\$/MT)



Source: World Perspectives, Inc.

Country News

Algeria: State agency ONAB tendered for 120 KMT of corn with delivery in November. (AgriCensus)

Brazil: Corn exports had a strong start to October but shipments are at risk due to drought reduced water levels on the northern Amazon basin and higher associated freight rates. Conab's forecast for the 2023/24 season shows corn production at 119.4 MMT, down 9.47 percent from the record 131.9 MMT produced in 2022/23. Corn planting is reduced due to drought and better returns on soybeans. Summer crop corn planting reached 26.8 percent. (Reuters; AgriCensus)

EU: FranceAgriMer reported that 27 percent of the maize crop had been harvested by 2 October. The agency projected higher barley exports due to greater demand from China. Agrest sees the maize crop coming out larger than expected. (Reuters; AgriCensus)

Russia: Export duties for 11-17 October were raised 1.78 percent for corn to \$31.20/MT, but were lowered -1.24 percent for barley to \$11.65/MT. (Reuters)

South Korea: FLC purchased 130 KMT of corn via private deals. Delivery will be via two shipments of around 65 KMT each and arriving in January. MFG bought 136 KMT of corn in two consignments with delivery in February. KFA bought 69 KMT of corn for delivery in January. NOFI tendered for 138 KMT of corn with delivery slated for February and purchased 136 KMT from Olam. (Reuters; AgriCensus)

Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans*			
October 12, 2023			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$57.00	Down \$0.50	Handymax \$57.00 MT
55,000 U.S. PNW- Japan	\$30.00	Down \$0.50	Handymax at \$30.00 MT
66,000 U.S. Gulf – China	\$56.50	Down \$0.50	North or South China
PNW to China	\$29.50	Down \$0.50	
25,000 U.S. Gulf - Veracruz, México	\$22.00	Down \$0.25	3,000 MT daily discharge rate
30-36,000+ U.S. Gulf - Veracruz, México	\$19.25	Down \$0.25	Deep draft and 6,000 MT per day discharge rate.
30-38,000 U.S. Gulf - Colombia	\$30.75	Down \$.50	West Coast Colombia at \$32.50
<u>50,000 MT U.S. Gulf to East Coast Colombia</u>	\$27.50		
From Argentina	\$38.50		
43-45,000 U.S. Gulf - Guatemala	\$30.75	Down \$0.50	Acajutla/Quetzal - 8,000 out
26-30,000 US Gulf - Morocco	\$36.25		5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$35.00	Down \$0.50	55,000-60,000 MT Egypt Romania - Russia - Ukraine \$20.00 - \$19.50 - \$40.00 France \$24.00 Bulgaria \$19.00
PNW to Egypt	\$35.50		
60-70,000 U.S. Gulf – Europe, Rotterdam	\$28.50	Down \$0.25	Handymax at +\$2.50 more
Brazil, Santos – China	\$43.50	Down \$0.75	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 55-60,000 MT
Brazil, Santos – China	\$41.50		
Northern Coast Brazil - China	\$47.25		
56-60,000 Argentina/Rosario-China, Deep Draft	\$49.25	Down \$0.75	Upriver with Top-off Plus \$3.75-4.75

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 continue to struggle in their effort to sustain a rally. FFA paper sellers emerged to dampen the bullish sentiment and moved markets slightly lower for the week.

The forward curve chart on freight futures is at an inverse and showing some pessimism about China's economic recovery and the outlook for increased cargo demand. Water problems persist for the Panama Canal and Mississippi River. Vessel owners are anticipating Canal transit and wait times to remain up to ten days going into Q1 2024. Rain is still badly needed for Mississippi River water levels and barge drafts and harvest logistic concerns remain.

Baltic-Panamax Dry-Bulk Indices				
October 12, 2023	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	23,250	25,118	-1,868	-7.4
P3A: PNW/Pacific– Japan	13,636	12,253	1,383	11.3
S1C: U.S. Gulf-China-S. Japan	23,821	22,264	1,557	7.0

Source: O'Neil Commodity Consulting

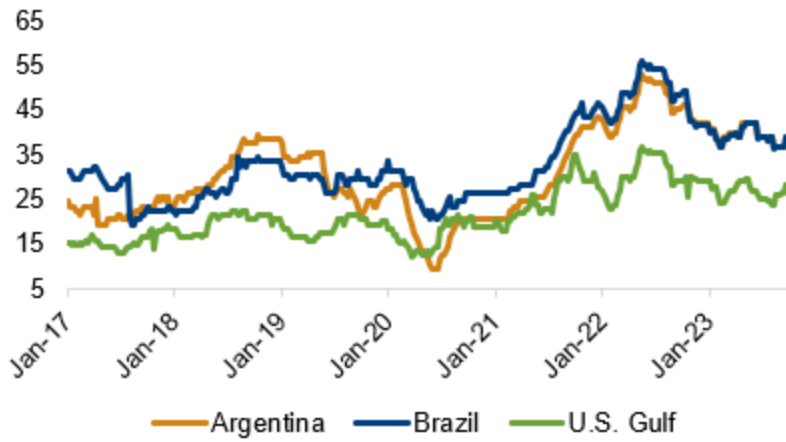
Capesize Vessel Freight Values	
Western Australia to South China (iron ore)	
Four weeks ago:	\$8.25-8.50
Three weeks ago:	\$8.60-9.20
Two weeks ago:	\$9.30-10.20
One week ago:	\$10.25-10.60
This week	\$10.45-11.15

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
October 12, 2023	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.43	0.80	0.63	\$24.80	PNW
Soybeans	1.45	0.80	0.65	\$23.88	PNW
Ocean Freight	\$30.00	\$57.00	0.69-0.73	\$27.00	November

Source: O'Neil Commodity Consulting

Bulk Grain Freight Rates to Europe from Select Origins



Source: World Perspectives, Inc.

Bulk Grain Freight Rates for Key Suppliers and Destinations
October 12, 2023

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
<i>Panamax/Supramax Vessels</i>							
U.S. Gulf		57.00	1.00	1.8%	-6.75	-10.6%	
U.S. PNW	Japan	30.00	0.00	0.0%	-7.00	-18.9%	
Argentina		51.00	1.00	2.0%	-5.50	-9.7%	
Brazil		43.00	1.00	2.4%	-11.50	-21.1%	
U.S. Gulf		56.50	1.00	1.8%	-6.25	-10.0%	
U.S. PNW	China	29.50	0.00	0.0%	-7.00	-19.2%	
Argentina		49.25	-0.50	-1.0%	-8.75	-15.1%	
Brazil		43.50	-0.50	-1.1%	-15.00	-25.6%	
U.S. Gulf		28.30	2.00	7.6%	-1.00	-3.4%	
Argentina	Europe	37.00	0.00	0.0%	-9.30	-20.1%	
Brazil		39.00	2.00	5.4%	-10.30	-20.9%	
Argentina	Saudi Arabia	64.00	0.00	0.0%	2.50	4.1%	
Brazil		63.00	0.00	0.0%	-2.50	-3.8%	
U.S. Gulf		35.00	1.00	2.9%	-25.25	-41.9%	
U.S. PNW	Egypt	32.70	-0.30	-0.9%	-18.05	-35.6%	
Argentina		51.00	0.00	0.0%	-6.50	-11.3%	
Brazil		58.00	0.00	0.0%	-6.50	-10.1%	
<i>Handysized Vessels</i>							
U.S. Gulf		36.25	1.00	2.8%	-25.00	-40.8%	
U.S. Great Lakes	Morocco	65.00	4.00	6.6%	16.25	33.3%	
Argentina		61.00	3.00	5.2%	10.50	20.8%	
Brazil		47.00	0.00	0.0%	-6.50	-12.1%	
U.S. Great Lakes	Europe	56.00	4.00	7.7%	5.05	9.9%	
Brazil		39.50	1.00	2.6%	-7.10	-15.2%	
Argentina	Algeria	61.00	3.00	5.2%	8.50	16.2%	
Brazil		48.00	0.00	0.0%	-6.50	-11.9%	
U.S. Gulf		30.75	0.50	1.7%	-5.50	-15.2%	
U.S. PNW	Colombia	23.75	0.50	2.2%	-16.30	-40.7%	
Argentina		38.50	0.50	1.3%	-5.25	-12.0%	
<i>Shipping Indexes</i>							
Baltic Dry Index		1991	782	64.7%	47	2.4%	

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.