



U.S. GRAINS COUNCIL

Market Perspectives

January 4, 2024

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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, December 29	Monday, January 1	Tuesday, January 2	Wednesday, January 3	Thursday, January 4
Change	-3.00	0	-7.50	1.50	1.50
Closing Price	471.25	471.25	463.75	465.25	466.75
Factors Affecting the Market	<p>Corn finished 2023 on a weaker tone declining 3 of the 4 trading days between Christmas and New Years. Crude oil markets dropped sharply the past two days and this is dragging corn and soybean prices lower. A modestly lower U.S. dollar index is providing some support for corn. In the absence of news, markets drift lower. The next market-moving news is likely to come from changes in Brazilian weather patterns which could turn wetter in January in Mato Grosso, Goias and Bahia.</p>	<p>U.S. Holiday – Market Closed</p>	<p>Corn traded lower from the opening bell and fell 5 to 6 cents lower within the first 30 minutes. Soybeans and soybean meal also fell sharply at the opening and continued to weaken through midday before bouncing a little off the lows of the day. Outside markets were also weaker with the U.S. stock market indices falling by about 1% to 1.5% midday before finding some support. U.S. export inspections for the last week of December were less than the previous week and less than a year ago.</p>	<p>Corn opened weaker on spillover weakness from the soybean complex and a stronger dollar, but then reversed course throughout the day and closed slightly higher as the dollar weakened, and energy prices moved higher. U.S. stock market indices had a second day of weakness to start off 2024 as profit-taking from extended gains in the 4th quarter were locked in. With changes in corn prices in the U.S., South America, and the Black Sea area, U.S. origin corn is now very competitively priced.</p>	<p>Two-sided trade today with corn moving a few cents higher and then back to lower on the day before closing 1.5 cents higher for the day, but still 4.5 cents lower for the week. Export sales data this week is delayed until Friday due to the New Year's Day holiday on Monday. Wetter conditions in South America led to initial selling in U.S. corn and soybean markets this week, but the early reports on soybean yields out of Brazil are coming in less than expected and a period of heavier rains now could delay corn planting.</p>

Outlook

U.S. interest rates rose this week accentuating the weakness in U.S. stock market indices that featured profit taking after a very strong run to end 2023. After posting a 3-month low at the end of 2023 the U.S. dollar moved higher this week. Crude oil prices bounced off recent lows and ended the week slightly higher, but the bounce in crude oil prices did not carry through to ethanol prices as they remained steady.

A slow pace of farmer selling coupled with a steady demand by domestic processors has kept a floor under basis bids for corn. Farmers are showing reluctance to make fresh sales with futures prices hovering near contract lows.

Although it is a new year, the trading desks are not fully populated and won't be until Monday, January 8th and even then large trading firms are awaiting next Friday's USDA January crop report before returning to normal ag trading activity. Historically, the USDA January crop report will contain some changes in total acreage harvested and total production.

CBOT market participation, as measured by total market open interest, remains historically low. CBOT corn open interest fell to a 9-year low in late 2022 and then improved in 2023, however, the seasonal high in corn open interest was the lowest since 2014. Open interest for 2023 in the three major CBOT grain contracts peaked in late October to early November and has since declined. Compared to a year ago, corn and wheat open interest are 10% higher and soybean open interest is 5% greater. Ag markets are currently "out of favor" with fund managers but if U.S. treasury yields decline and the U.S. dollar falls, that could revive interest in agricultural commodities later this year.

CBOT March 2024 Corn Futures



Current Market Values

Futures Price Performance: Week Ending January 4, 2024			
Commodity	4-Jan-24	28-Dec-23	Net Change
Corn			
Mar 24	466.75	472.25	-5.50
May 24	479.00	486.50	-7.50
Jul 24	488.75	496.00	-7.25
Sep 24	491.50	498.50	-7.00
Soybeans			
Mar 24	1267.00	1312.00	-45.00
May 24	1276.00	1321.50	-45.50
Jul 24	1282.25	1326.25	-44.00
Sep 24	1233.00	1272.00	-39.00
Soybean Meal			
Mar 24	375.50	390.70	-15.20
May 24	375.90	389.30	-13.40
Jul 24	377.70	390.50	-12.80
Sep 24	372.90	385.10	-12.20
*Price Unit:	Corn/Soybeans: Cents and quarter-cents/bu. (5,000 bu.); Meal: \$/ton (100 tons)		

U.S. Weather/Crop Progress

Highlights:

- Northern U.S. warmth that has dominated for the past month will shift eastward, with colder temperatures filtering into the Plains states.
- After a quiet start to winter, the U.S. storm track is about to become very active with multiple, significant snowfall chances ahead.
- Moderate temperatures and the arrival of widespread snowfall will be favorable for U.S. winter crops into mid-January.

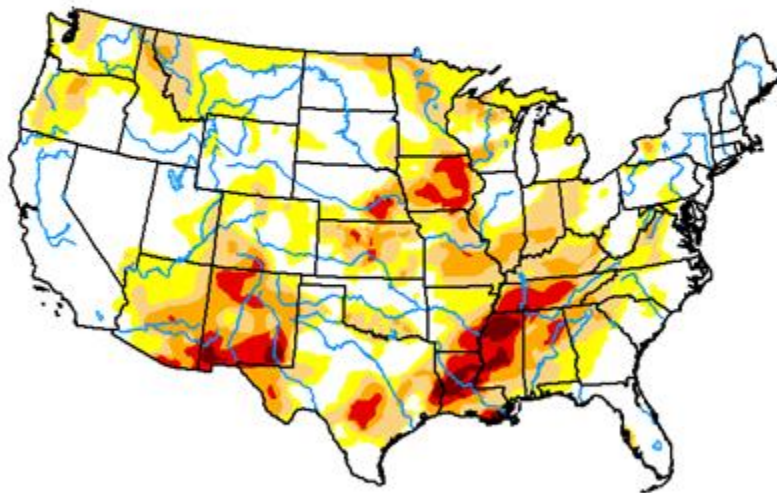
The U.S. weather pattern was split along the major U.S. crop regions during the past week. Across the northern U.S. Temperatures were 7-17 °F above normal, while the Southern Plains and Mississippi Delta Region were 2-4 °F below normal. 7-day precipitation totals were 15-35 mm (~0.6-1.4 in) wetter than normal spanning the Midwest and Northern Plains, while the Southern Plains and Mississippi Delta Region were up to 25 mm (~1 in) drier than normal. Precipitation along the Central/Northern Plains was high and resulted from a major winter storm last week, and snow cover still blankets the region, while snow coverage is nearly non-existent in the eastern U.S. Persistent warmth along the major winter wheat regions of the U.S. made for another favorable week for the crop.

A very active winter pattern will emerge across the U.S. into mid-January. Temperatures in the next few days will mirror the past week, with the Midwest and Northern Plains 7-14 °F above normal while portions of the southern U.S. will be 2-4 °F below normal. A major shift will arrive in the 6-10 day forecast. Cooler temperatures will be featured in the Plains and western U.S. whereas warmth will become focused on the eastern half of the country. This will set up a very active storm track that will bring multiple snow chances to the U.S., with most regions 25-75 mm (~1-3 in) wetter than normal through the next 10 days. The first snow chance will come over the weekend and will be focused on

portions of the northern/eastern Midwest. However, a powerful winter storm could be brewing for early next week, as forecast models have consistently shown this for a few days. If it holds, the result will be significant snowfall totals spanning the Plains/Midwest states along with blizzard conditions from very strong winds. This storm potential will be the main story to monitor over the course of the next week, as extreme cold risks are still not evident anytime soon in most areas. Despite colder temperatures moving into the Plains, present and upcoming snow coverage will prevent any concerns about U.S. wheat winterkill.

U.S. Drought Monitor Contiguous U.S. (CONUS)

January 2, 2024
(Released Thursday, Jan. 4, 2024)
Valid 7 a.m. EST



Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

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droughtmonitor.unl.edu

FOB

Yellow Corn (\$USD/MT FOB Vessel*)				
#2 YC FOB Vessel Max. 15% Moisture	GULF		PNW	
	Basis	Flat Price	Basis	Flat Price
January	0.59+H	206.39	1.05+H	224.50
February	0.62+H	207.57	1.25+H	232.37
March	0.64+H	208.36	1.32+H	235.13
April	0.60+K	211.80	N/A	N/A
May	0.64+K	213.38	N/A	N/A
June	N/A	N/A	N/A	N/A

Sorghum (\$USD/MT FOB Vessel*)				
#2 YGS FOB Vessel Max. 14% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
January	N/A	N/A	197+H	261.21
February	N/A	N/A	197+H	261.21
March	N/A	N/A	197+H	261.21

Corn Gluten Feed Pellets (\$USD/MT FOB Vessel*)			
Max. 15% Moisture	January	February	March
NOLA (5,000 MT)	N/A	N/A	N/A

Corn Gluten Feed (\$USD/MT FOB Vessel*)			
Max. 15% Moisture	January	February	March
NOLA (5-10,000 MT Minimum)	267.50	N/A	N/A

NOTES:	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 price.		
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Distiller's Dried Grains with Solubles (DDGS)

DDGS Comments

No USDA DDGS price report was published last week and this week's report is delayed until Friday due to the U.S. federal holiday.

DDG prices in the Pacific Northwest (rail) were last reported December 22, 2023, at \$284 - \$305 per short ton which was unchanged to down \$3 per ton from the prior week. DDG prices in Iowa were last quoted at \$200 to \$240 per ton, unchanged at up \$12 per ton.

U.S. DDGS exports totaled 897,000 MT in October 2023, according to the USDA, up 12% year-over-year. YTD DDGS exports were down 4%.

The most recent monthly Grain Crushing report from USDA featured 505 million bushels of corn used for ethanol in November 2023, up 1% from year-over-year. DDGS production totaled 1.80 million tons in November 2023, also up 1% year-over-year. DWG production totaled 1.37 million tons, down 6 percent year-over-year.

DDGS Price Table: January 4, 2023 (USD/MT) (Quantity, availability, payment, and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	January	February	March
Barge CIF New Orleans	248	246	245
FOB Vessel Gulf	255	253	249
Rail Delivered PNW	272	270	272
Rail Delivered California	285	284	282
Mid-Bridge, Laredo, TX	305	302	303
FOB Lethbridge, Alberta	272	272	271
40 ft containers to South Korea (Busan)	318	318	315
40 ft containers to Taiwan (Kaohsiung)	322	322	319
40 ft containers to Philippines (Manila)	360	360	358
40 ft containers to Indonesia (Jakarta)	N/A	N/A	N/A
40 ft containers to Malaysia (Port Kelang)	334	334	332
40 ft containers to Vietnam (HCMC)	319	319	317
40 ft containers to Japan (Yokohama)	337	337	335
40 ft containers to Thailand (LCMB)	339	339	337
40 ft containers to China (Shanghai)	323	323	321
40 ft containers to Bangladesh (Chittagong)	N/A	N/A	N/A
40 ft containers to Taiwan Myanmar (Yangon)	322	322	320
KC Rail Yard (delivered ramp)	245	243	244
Elwood, IL Rail Yard (delivered ramp)	223	221	223
Source:	Reuters/Decision Innovation Solutions and Polaris Analytics and Consulting.		

Ocean Freight Markets and Spreads

Bulk Freight Rates for HSS – Heavy Grain, Sorghum and Soybeans* \$USD/MT			
Route and Vessel Size	3-Jan-24	27-Dec-23	Weekly Change
55,000 U.S. Gulf – Japan	62.88	64.27	-1.39
55,000 U.S. PNW – Japan	26.17	26.53	-0.36
66,000 U.S. Gulf – China	51.38	53.28	-1.90
66,000 U.S. PNW – China	26.34	27.32	-0.98
25,000 U.S. Gulf – Veracruz, Mexico	25.00	27.00	-2.00
30-36,000 U.S. Gulf – Veracruz, Mexico	16.21	17.67	-1.46
30-38,000 U.S. Gulf – Colombia	28.00	30.00	-2.00
50,000 U.S. Gulf – East Coast Colombia	14.04	16.01	-1.97
50,000 Argentina – East Coast Colombia	21.98	23.11	-1.13
43-45,000 U.S. Gulf-Guatemala	N/A	N/A	N/A
26-30,000 U.S. Gulf – Morocco	59.00	64.00	-5.00
55-60,000 U.S. Gulf – Egypt	42.00	44.00	-2.00
55-60,000 U.S. PNW – Egypt	42.00	42.00	0.00
60-70,000 U.S. Gulf – Europe, Rotterdam	33.00	33.00	0.00
Brazil, Santos – China	44.11	44.77	-0.66
Northern Coast Brazil – China	27.38	27.90	-0.52
56-60,000 Argentina/Rosario – China Deep Draft	51.46	53.55	-2.09
Source:	Reuters; *Numbers for this table based on previous night's closing values.		

Ocean Freight Comments

Dry bulk ocean freight rates ended 2023 retracing gains through early December. The Baltic Dry Index for example, the venerable measurement on the health of the dry bulk sector ended 2023 at 2,094, a drop of 37% from an eighteen-month peak of 3,346 on December 4. The decline is attributed to the wild swings of the Capesize market that saw demand collapse to haul iron ore and coal. The Capesize market greatly influences the Baltic Dry Index.

The smaller vessel classes finished the year lower as well with the Panamax market ending at an index reading of 1,909, nearly one-fourth off its early December peak and the Supramax sector ending at 1,369, which was 13% below the December peak.

Even though freight rates ended 2023 lower, they remain well above levels from one year ago, with the Baltic Dry Index two-thirds higher, the Capesize market more than double, while the Panamax and Supramax sectors ended about 30% higher.

With 2023 in the rearview mirror, freight rates continue the pathway of lower levels with the Panamax market starting 5% lower at 1,808, the Supramax down 7% to 1,271 and the Handysize sector down 15% to 745.

Ocean freight rates are demonstrating a weakness in demand despite bullish factors across the globe. For example, the Panama Canal continues to experience an El Nino induced drought leading to historic low water levels in Gatun Lake, the key reservoir used to flush vessels through the Panama Canal. The drought is not expected to let up anytime soon. The seasonal dry period continues until May. The Panama Canal Authority relaxed the number of daily transits from 18 (that was to go into effect February 1, 2024) to 24 vessels, but that is woefully below the 38 transits when navigation conditions are adequate. These fewer slots mean transit times between origins and destinations are longer, adding upwards of \$0.50 per metric ton for grain each day a vessel is delayed locking through the Panama Canal. Or vessels take longer routes around the Cape of Good Hope or through the Suez Canal. For grain exports out of the United States routing volumes through the Pacific Northwest is a good alternative. The vessel draft is restricted to 44.0 feet through the Neopanamax locks, while unchanged at 39.5 feet through the Panamax or original set of locks.

Meanwhile, the Red Sea is fraught with attacks on merchant vessels plying the waters between Asia and the Mediterranean Sea, which requires transiting the Suez Canal. As such, vessel owners and operators have paused using that route out of safety concerns. Instead, vessels are being routed around the Cape of Good Hope, adding days and weeks to transit times. Those longer sailings lead to tightened vessel capacity utilization and higher freight rates while disrupting supply chains.

Freight rates could find upward price action on continued transit issues across Panama, increased terrorist activity in the Red Sea, improving global economic activity that demands more iron ore and coal, and shifts in grain and soybean flows between South America and the United States, depending on how crops progress in South America. For now, ocean freight rates have a sluggish start moving into the New Year.

Baltic Panamax Dry Bulk Time Charter Rates \$USD/Day				
Route	3-Jan-24	22-Dec-23	Change	Percent Change
P2A: U.S. Gulf/Atlantic – Japan	24,734	25,866	-1,700	-6.4
P3A: PNW/Pacific – Japan	26,434	12,246	-323	-2.6
S1C: U.S. Gulf – China/S. Japan	30,768	35,757	-4,989	-14.0
Source:	Baltic Exchange/Reuters			

Capesize Vessel Freight Values Western Australia to South China (iron ore)				
	3-Jan-24	22-Dec-23	Change	Percent Change
\$USD/MT	10.08	11.19	-1.11	-9.9
Source:	Source: Baltic Exchange/Reuters			

U.S. – Asia Market Spreads \$USD/MT				
Jan 3, 2024	PNW	Gulf	Bushel Spread	MT Spread
#2 Corn	1.05	0.59	0.46	18.11
Soybeans	N/A	0.86	N/A	N/A
Ocean Freight	17.73	62.88	N/A	45.15
Source:	Decision Innovation Solutions & Polaris Analytics and Consulting			

U.S. Export Statistics

The Export Sales data for the week ending December 28, 2023, was not available at the time this report was published due to the federal holiday on Monday, January 1, 2024. Date from the previous week is available below.

U.S. Export Sales and Exports: Week Ending December 21, 2023					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	302,870	341,982	9,071.3	15,133.6	1.9%
Corn	1,404,632	1,279,454	11,708.6	29,421.2	4.4%
Sorghum	71,751	186,816	1,814.1	3,914.4	0.3%
Barley	5	200	0.5	16.6	0.0%
Source:	USDA/FAS, Decision Innovation Solutions & Polaris Analytics Consulting				

Corn

Net sales of 1,242,100 MT for 2023/2024 were up 23 percent from the previous week, but down 12 percent from the prior 4-week average. Increases primarily for Mexico (546,400 MT, including decreases of 26,300 MT), Colombia (168,200 MT, including 121,000 MT switched from unknown destinations), Japan (147,400 MT, including 47,500 MT switched from unknown destinations and decreases of 8,000 MT), Guatemala (80,300 MT, including 66,700 MT switched from Panama), and China (73,500 MT, including 68,000 MT switched from unknown destinations), were offset by reductions for Panama (39,200 MT). Total net sales of 11,200 MT for 2024/2025 were for Mexico. Exports of 1,279,500 MT--a marketing-year high-- were up 47 percent from the previous week and 55 percent from the prior 4-week

average. The destinations were primarily to Mexico (380,500 MT), Colombia (285,200 MT), Japan (154,900 MT), China (141,600 MT), and Saudi Arabia (72,800 MT).

Barley

No net sales were reported for the week. Exports of 200 MT was to Japan.

Sorghum

Net sales of 11,800 MT for 2023/2024 were down 95 percent from the previous week and 92 percent from the prior 4-week average. Increases reported for China (69,800 MT, including 58,000 MT switched from unknown destinations and decreases of 60,000 MT), were offset by reductions for unknown destinations (58,000 MT). Total net sales reductions of 62,400 MT for 2024/2025 were for China. Exports of 186,800 MT were down 26 percent from the previous week and 25 percent from the prior 4-week average. The destinations were to China (185,800 MT) and Mexico (1,000 MT).

U.S. Export Inspections: Week Ending December 28, 2023					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD Change from Previous Year
	Current Week	Previous Week			
Barley	0	0	1,614	1,855	-13%
Corn	569,735	1,227,239	11,950,326	9,600,289	24%
Sorghum	111,922	260,705	2,068,409	407,014	408%
Soybeans	961,694	1,117,747	23,261,441	28,778,610	-19%
Wheat	273,671	461,431	9,637,945	11,892,478	-19%
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 & cancelations to previous week's reports.				

U.S. Grain Inspections for Export Report: Week Ending December 28, 2023

Region	Yellow Corn	% of Total	White Corn	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	287,373	52%	8,490	45%	73,248	65%
PNW	138,980	25%	0	0%	36,300	32%
Interior Export Rail	124,614	23%	10,278	55%	2,374	2%
Total (MT)	550,967	100%	18,768	100%	111,922	100%
White Corn Shipments by Country (MT)			10,278	to Mexico		
			8,490	to Japan		
Total Sorghum			18,768			
Sorghum Shipments by Country (MT)					73,777 to China	
					36,300 to Japan	
					1,845 to Mexico	
Total Sorghum					111,922	
Source:	USDA/AMS Weekly Grain Inspections					

Grain and Soybean Export Inspections by Container and Week

	28-Dec-23	21-Dec-23	Change	% Change
	Metric Tons			
Total	1,917,022	3,067,122	-1,150,100	-37%
Corn	569,735	1,227,239	-657,504	-54%
Soybeans	961,694	1,117,747	-156,053	-14%
Wheat	273,671	461,431	-187,760	-41%
Sorghum	111,922	260,705	-148,783	-57%
Barley	0	0	0	0%
	Containers			
Total	78,310	125,291	-46,981	-37%
Corn	23,273	50,132	-26,859	-54%
Soybeans	39,285	45,660	-6,375	-14%
Wheat	11,179	18,849	-7,670	-41%
Sorghum	4,572	10,650	-6,078	-57%
Barley	0	0	0	0%
	Top 15 Destinations (number containers)			
China	24,949	30,486	-5,537	-18%
Mexico	12,967	25,683	-12,716	-50%
Japan	11,994	14,805	-2,811	-19%
Italy	5,878	0	5,878	0%
Philippines	4,314	850	3,464	407%
Colombia	4,105	11,482	-7,377	-64%
Germany	3,463	5,487	-2,023	-37%
Spain	3,253	2,182	1,071	49%
Bangladesh	2,416	2,546	-130	-5%
South Korea	1,245	9,003	-7,758	-86%
Honduras	964	0	964	0%
Indonesia	726	3,364	-2,638	-78%
Venezuela	677	500	177	35%
Taiwan	490	2,263	-1,773	-78%
Thailand	275	2,855	-2,580	-90%
Source	USDA/AMS Weekly Grain Inspections			