



# U.S. GRAINS COUNCIL

## Market Perspectives

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January 11, 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 March Contract					
Cents/Bu	Friday, January 5	Monday, January 8	Tuesday, January 9	Wednesday, January 10	Thursday, January 11
Change	-5.75	-5.75	4.25	0.25	-2.25
Closing Price	460.75	455.00	459.25	459.50	457.25
Factors Affecting the Market	Corn was slightly lower in the overnight trade and as weakness in the soybean complex accelerated, this weighted on corn prices while arctic cold in the Black Sea area and in the US central plains for next week are pushing wheat higher. Large fund managers are adding to their short positions for corn and soybeans as the new year starts. Overnight, Taiwan tendered for 65,000 MT of corn from multiple sources. Delayed export data showed 26.8 million bushels of corn shipped and 14.5 million bushels of new sales.	Corn was stable in the overnight trade but then opened lower and slipped 8.75 cents lower before finding some support. The soybean complex was lower also with soybeans, soybean oil and soybean meal dropping on the opening bell. Soybean meal remained weak throughout the day while soybean oil rallied back to close higher. Weekend rains in the drier areas of Brazil had a dampening effect on U.S. markets. Crude oil prices were also sharply lower in Monday trade, adding to the weakness. U.S. corn sank to a 3-year low, and soybeans hit a 2-year low.	The average early trade estimate on Dec 1 corn stocks is 12.05 billion bushels which would be up 11.4% from a year earlier and would be the largest Dec 1 corn stocks since 2017. Wheat stocks are expected to be up from a year ago, but soybean stocks are expected to be down 1.5% from a year ago. The average trade guess for corn production for 2023 is 15.23 billion bushels, 80 million bushels less than the November estimate. Corn rallied on short covering and decent export inspections of 33.7 million bushels.	No upside follow through today for the grains complex. Corn traded narrowly on both sides of unchanged ahead as the trade waits for the data from USDA on Friday and settled up a quarter cent. Wheat was unchanged for the day and soybeans dropped 13 cents per bushel with both soybean meal and oil declining also. News from South America was considered negative for soybean prices as production estimates were not as low as traders expected. Cold weather is moving into U.S. wheat growing areas but snow cover is expected before the cold weather arrives.	Corn opened slightly lower while soybeans were a few cents higher. The corn market drifted a bit above and a bit below unchanged before closing down 2.25 cents. Soybean meal tried to rally from recent weakness but closed a couple dollars per ton lower. DOE total fuel ethanol production rebounded to 1.062 million barrels per day on the week ending January 5, up from 1.049 million bpd the week prior and just 943k bpd on the comparable week last year. It was the second highest total for this same week of the year, behind 2020's 1.095 million bpd.

### Outlook

Weakness in crude oil futures (down more than 3% on Monday) set the tone for early week trade as the CME grains opened lower on Monday and then fell quickly to the lowest level in 3 years for corn and to the lowest level in 2 years for soybeans. Tuesday was a “turn-around” day with wheat and oats showing the most strength and corn and soybeans rising on short-covering. Early trade estimates of final 2023 U.S. corn and soybean production hit the wires on Monday with corn production expected to be 80

million bushels less than the November estimate on a reduction in harvested area and soybean production expected to be 50 million bushels lower than the November estimate with slightly higher harvested acreage. The average early trade estimate on Dec 1 corn stocks is 12.05 billion bushels which would be up 11.4% from a year earlier and would be the largest Dec 1 corn stocks since 2017. Wheat stocks are expected to be up from a year ago, but soybean stocks are expected to be down 1.5% from a year ago.

US crude oil and natural gas output is set to notch fresh records in 2024 and 2025 with average US oil production predicted to be 13.2 million barrels per day this year, rising to 13.4 mn b/d next year, according to the Energy Information Administration. Dry natural gas production is set to rise to an unprecedented 105 billion cubic feet per day in 2024 and 106 billion cu ft/d in 2025. Ethanol production is near record levels and expectations are that USDA will increase corn use for ethanol in Friday's report.

The market will closely be watching multiple USDA reports set to be released on Friday, January 12. This includes the WASDE, crop production, and December grains stocks. For corn average trade expectations include yield of 174.9 bushels per acre, production of 15.226 billion bushels, and US ending stocks of 2.105 billion. Yields expectations are unchanged from USDA's previous estimate while production and endings stocks are slightly lower.

## CBOT March 2024 Corn Futures



## Current Market Values

Futures Price Performance: Week Ending January 11, 2024			
Commodity	11-Jan-24	4-Jan-24	Net Change
<b>Corn</b>			
Mar 24	457.75	466.50	-8.75
May 24	469.75	479.00	-9.25
Jul 24	479.00	488.75	-9.75
Sep 24	483.00	491.75	-8.75
<b>Soybeans</b>			
Mar 24	1231.25	1267.50	-30.75
May 24	1236.50	1276.50	-31.00
Jul 24	1248.00	1283.00	-28.50
Sep 24	1256.00	1233.75	-27.00
<b>Soybean Meal</b>			
Mar 24	361.40	376.20	-19.80
May 24	362.20	376.40	-14.00
Jul 24	362.50	378.30	-13.90
Sep 24	364.90	373.80	-13.40
<b>*Price Unit:</b>	Corn/Soybeans: Cents and quarter-cents/bu. (5,000 bu.); Meal: \$/ton (100 tons)		

## U.S. Weather/Crop Progress

### Highlights:

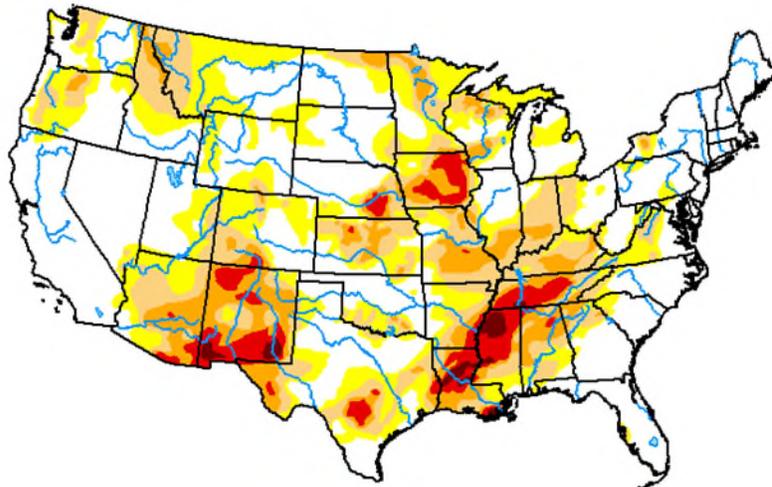
- In the Western US, cold and windy weather covers the north half of the region. Significant snow fell at higher elevations in the Northwest, with blizzard conditions occurring in several areas. Cold, dry conditions prevail in central and southern California and in the Southwestern US. Warnings of below freezing temperatures have been issued in parts of the Desert Southwest.
- In the US Plains, significant snow remains on the ground, notably from South Dakota to Kansas, providing winter wheat with beneficial moisture and insulation ahead of an expected cold wave. Conversely, the southern Plains are largely snow free, while only patchy snow exists on the north High Plains, including Montana. Temperatures on the Plains are typical for this time of year, although colder air is amassing in western Canada.
- In the Corn Belt, mild weather is following a departing storm system. Wet, wind-blown snow fell Tuesday, primarily from southwestern Corn Belt to Michigan. This led to increased stress on livestock and travel disruptions. Officially, January 9 snowfall in Iowa total 11.5 inches in Dubuque, 8.3 inches in Des Moines, and 7.8 inches in Davenport. Moline, Illinois received 6.8 inches.

Outlook: As one winter storm exits, the East coast, another is arriving in the West. Areas affected by the previous storm will likely face similar conditions with 3–4-day window between the storms. The new system will cross the central and southern Plains on Thursday into Friday, and the mid-South and Midwest from Friday into Saturday. The storm's trailing cold front will sweep across the South on Friday and exit the Atlantic Coast by Saturday. Bitter cold will trail the storm, with temperatures early next week expected to plunge below 0°F as far south as Texas' northern panhandle. Sub-zero temperatures will also cover the Midwest, while hard freezes (28°F or below) will spread into Louisiana's sugarcane

areas. Meanwhile, weekend temperatures below -30°F will affect the northern High Plains. The NWS 6- to 10-day outlook for January 15-19 calls for the likelihood of colder-than-normal conditions nationwide, except for near- or above-normal temperatures in California and the Desert Southwest. Meanwhile, near- or below-normal precipitation across much of the U.S. should contrast with wetter-than-normal weather in southern Texas, northern New England, the lower Southeast, and areas downwind of the Great Lakes, as well as an area stretching from northern California and the Pacific Northwest to the northern High Plains.

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

**January 9, 2024**  
(Released Thursday, Jan. 11, 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 <http://droughtmonitor.unl.edu/About.aspx>*

**Author:**

Adam Hartman  
NOAA/NWS/NCEP/CPC



[droughtmonitor.unl.edu](http://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
February	0.62 +H	205	1.39 +H	232
March	0.64 +H	206	1.33 +H	233
April	0.60 +K	209	1.35 +K	238
May	0.64 +K	210	NA	NA
June	NA	NA	NA	NA
July	NA	NA	NA	NA

Sorghum (\$USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max. 14% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
January	NA	NA	192 +H	258
February	NA	NA	192 +H	258
March	NA	NA	192 +H	258

Corn Gluten Feed Pellets (\$USD/MT FOB)			
21% Protein	January	February	March
Central US Barge	155	NA	NA
NOLA Vessel (5,000 MT)	171	NA	NA

Corn Gluten Feed (\$USD/MT FOB)			
Max. 15% Moisture	January	February	March
NOLA Vessel (5,000 MT)	284	NA	NA

Corn Gluten Meal (\$USD/MT FOB)			
60% Protein	January	February	March
Central US Barge	495	NA	NA
NOLA Vessel (5,000 MT)	511	NA	NA

**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.

# Distiller's Dried Grains with Solubles (DDGS)

## DDGS Comments

USDA reported DDGS prices averaged \$212.17/ton in the January 5 National Weekly Ethanol Report. This was slightly down from the previously reported price two weeks prior.

The DDGS/cash corn ratio this week is 1.30, down slightly from 1.31 from the last USDA report two weeks prior. However, this is notably stronger than the ratio was earlier this year (1.00-1.15). The DDGS/KC soybean meal ratio was firmer at 0.54, compared to 0.49 in the previous USDA report.

Notable price movement occurred in the Barge CIF New Orleans and FOB vessel gulf prices. Both are down \$15/MT from last week for January, February, and March. This likely occurred to offset barge freight rates, which were up 9% on the week. Lower domestic corn prices also contributed.

DDGS Price Table: January 10, 2024 (USD/MT) (Quantity, availability, payment, and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	January	February	March
Barge CIF New Orleans	233	231	230
FOB Vessel Gulf	240	237	234
Rail Delivered PNW	258	256	258
Rail Delivered California	278	277	275
Mid-Bridge, Laredo, TX	300	297	298
FOB Lethbridge, Alberta	260	260	259
40 ft containers to South Korea (Busan)	311	311	308
40 ft containers to Taiwan (Kaohsiung)	315	315	312
40 ft containers to Philippines (Manila)	353	353	351
40 ft containers to Indonesia (Jakarta)	NA	NA	NA
40 ft containers to Malaysia (Port Kelang)	327	327	325
40 ft containers to Vietnam (HCMC)	312	312	310
40 ft containers to Japan (Yokohama)	330	330	327
40 ft containers to Thailand (LCMB)	332	332	330
40 ft containers to China (Shanghai)	315	315	313
40 ft containers to Bangladesh (Chittagong)	NA	NA	NA
40 ft containers to Myanmar (Yangon)	327	327	325
KC Rail Yard (delivered ramp)	247	245	246
Elwood, IL Rail Yard (delivered ramp)	223	221	223
Source:	USDA/AMS, Reuters, Drewry, Decision Innovation Solutions & 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	10-Jan-24	3-Jan-24	Weekly Change
55,000 U.S. Gulf – Japan	58.18	62.88	-4.70
55,000 U.S. PNW – Japan	24.57	26.17	-1.60
66,000 U.S. Gulf – China	47.16	51.38	-4.22
66,000 U.S. PNW – China	24.25	26.34	-2.09
25,000 U.S. Gulf – Veracruz, Mexico	22.00	25.00	-3.00
30-36,000 U.S. Gulf – Veracruz, Mexico	12.63	16.21	-3.58
30-38,000 U.S. Gulf – Colombia	25.00	28.00	-3.00
50,000 U.S. Gulf – East Coast Colombia	13.13	14.04	-0.91
50,000 Argentina – East Coast Colombia	19.51	21.98	-2.47
43-45,000 U.S. Gulf-Guatemala	NA	NA	NA
26-30,000 U.S. Gulf – Morocco	53.00	59.00	-6.00
55-60,000 U.S. Gulf – Egypt	36.00	42.00	-6.00
55-60,000 U.S. PNW – Egypt	42.00	42.00	0.00
60-70,000 U.S. Gulf – Europe, Rotterdam	28.00	33.00	-5.00
Brazil, Santos – China	39.80	44.11	-4.31
Northern Coast Brazil – China	24.49	27.38	-2.89
56-60,000 Argentina/Rosario – China Deep Draft	46.62	51.46	-4.84

Source: Reuters; \*Values for this table based on previous night's closing values.

### Ocean Freight Comments

While there are bullish features in the ocean freight markets, not all vessel types reflect such realities. Container freight rates are strengthening while dry bulk rates are weakening. As an example of this, according to Xeneta, container rates to the U.S. Center Gulf, specifically to Houston, Texas have surged to \$US 3,979 per forty-foot container (FEU), which is 71% above the all-time low in April 2023. Container rates are higher as container lines are avoiding two key shipping lanes. One, they are constraining or halting transits through the Red Sea due to on-going terrorist attacks. And two, they are reducing or avoiding the Panama Canal due to persistent drought and low water conditions in Gatun Lake. Instead, carriers are opting to use longer routes around the Cape of Good Hope, nearly doubling transit times, or for U.S. cargoes, shift movements through the US West Coast ports and use the rail landbridge to move containers to and from the hinterland. The higher rates are reflecting higher vessel utilization levels of days at sea.

Despite the issues through the Red Sea or Panama Canal, dry bulk freight rates continue to fall, with the Baltic Dry Index dropping 427 points or more than 20% this week to an index of 1,664. The dry bulk

sector is being led lower on seasonally slow shipments, especially ahead of the Chinese New Year that begins February 10, 2024, and officially ending on February 20, 2024. The dry bulk sector is being pulled lower by the largest class of vessels, the Capesize market that ended the week 25% lower to an index of 2,696. The smaller and more grain focused sectors were lower as well with the Panamax market down 19% to 1,464 and the Supramax down 11% to 1,135.

The dry bulk sector is less impacted by the terrorist activities in the Red Sea since about 4% of global dry bulk cargoes transit that region to access the Suez Canal and Mediterranean Sea. However, sailings of grain out of the Center Gulf to Asia that would go through the Panama Canal are taking the long route around the Cape of Good Hope or cargoes are being shifted through the U.S. Pacific Northwest.

On a voyage rate basis, with demand for dry bulk vessel service weakening, and crude oil prices in a sideways trading pattern, which has kept bunker fuel prices in check, shipments out of the Center Gulf to Asia were down more than \$4 per metric ton this week as the rate to Japan settled at \$58.15 per metric ton for the week. Out of the PNW, rates did not fall as much but were lower nonetheless with the rate to Japan down \$1.60 per metric ton to \$24.57 per metric ton. The spread between these venerable routes narrowed \$3.30 per metric ton or 8.5% to \$33.61 per metric ton.

Navigation conditions on the lower Mississippi River through Memphis, Tennessee have improved, but remain below the zero-gauge reading at -1.8 feet as of January 11, 2024. One month ago, the gauge was -6.5 feet. The negative reading has been a prolonged affair since August 2023. The U.S. Army Corps of Engineers has kept the key navigation channels dredged to allow barges and cargoes to move along the Mississippi River System. Over the next thirty days, the Corps anticipates that enough rain will recharge the system to see the Memphis gauge firmly rebound into positive territory. However, a polar vortex is moving into and across the United States and that could limit the volume of water finding its way into the navigation channels and limiting how much the gauge could improve.

<b>Baltic Panamax Dry Bulk Time Charter Rates</b>				
<b>\$USD/Day</b>				
<b>Route</b>	<b>10-Jan-24</b>	<b>3-Jan-24</b>	<b>Change</b>	<b>Percent Change</b>
<b>P2A: U.S. Gulf/Atlantic – Japan</b>	<b>20,888</b>	<b>24,734</b>	<b>-3,846</b>	<b>-15.5</b>
<b>P3A: PNW/Pacific – Japan</b>	<b>9,521</b>	<b>11,923</b>	<b>-2,402</b>	<b>-20.1</b>
<b>S1C: U.S. Gulf – China/S. Japan</b>	<b>27,857</b>	<b>30,768</b>	<b>-2,911</b>	<b>-9.5</b>
<b>Source:</b>	<b>Baltic Exchange/Reuters</b>			

Capesize Vessel Freight Values Western Australia to South China (iron ore)				
	10-Jan-24	3-Jan-24	Change	Percent Change
<b>\$USD/MT</b>	8.35	10.08	-1.73	-17.2
<b>Source:</b>	Source: Baltic Exchange/Reuters			

U.S. – Asia Market Spreads \$USD/MT				
10-Jan-24	PNW	Gulf	Bushel Spread	MT Spread
<b>#2 Corn</b>	1.21	0.62	-0.59	-23.03
<b>Soybeans</b>	0.20	0.85	0.66	24.07
<b>Ocean Freight</b>	24.57	58.18	0.85	33.61
<b>Source:</b>	Reuters, Decision Innovation Solutions & Polaris Analytics and Consulting Note: PNW soybean basis was omitted last week to confirm value from source.			

## U.S. Export Statistics

U.S. Export Sales and Exports: Week Ending January 4, 2024					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
<b>Wheat</b>	135,296	585,638	9,942.8	15,393.2	0.8%
<b>Corn</b>	617,008	1,037,102	13,427.2	30,276.3	1.6%
<b>Sorghum</b>	134,006	242,107	2,170.3	4,066.1	3.4%
<b>Barley</b>	2	2,189	3.2	16.6	0.0%
<b>Source:</b>	USDA/FAS, Decision Innovation Solutions & Polaris Analytics Consulting				

### Corn

Net sales of 487,600 MT for 2023/2024 were up 33 percent from the previous week, but down 52 percent from the prior 4-week average. Increases primarily for Colombia (216,100 MT, including 100,000 MT switched from unknown destinations and decreases of 21,000 MT), Japan (152,500 MT, including 146,400 MT switched from unknown destinations and decreases of 2,000 MT), Mexico (121,000 MT, including 63,000 MT switched from unknown destinations and decreases of 60,700 MT), South Korea (68,100 MT), and Guatemala (42,600 MT, including 23,100 MT switched from unknown destinations, 15,700 MT switched from Panama, and decreases of 3,800 MT), were offset by reductions primarily for unknown destinations (138,200 MT), and Costa Rica (4,300 MT). Exports of 1,037,100 MT were up 52 percent from the previous week and 13 percent from the prior 4-week average. The destinations were primarily to Mexico (401,500 MT), Japan (283,400 MT), Colombia (235,400 MT), Guatemala (35,500 MT), and Canada (35,000 MT).

## Barley

No net sales were reported for the week. Exports of 2,200 MT were to Mexico (2,000 MT) and Taiwan (200 MT).

## Sorghum

Total net sales of 133,000 MT for 2023/2024 were up noticeably from the previous week and up 54 percent from the prior 4-week average. The destination was China, including decreases of 1,000 MT. Exports of 242,100 MT were up noticeably from the previous week and up 8 percent from the prior 4-week average. The destinations were to China (241,600 MT) and Mexico (500 MT).

U.S. Export Inspections: Week Ending January 4, 2024					
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	856,597	569,857	12,807,045	10,002,350	28%
Sorghum	120,238	111,922	2,188,647	418,346	423%
Soybeans	674,749	969,454	23,945,566	30,239,371	-21%
Wheat	491,074	276,433	10,132,124	12,102,022	-16%
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 January 4, 2024						
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	529,757	63%	14,836	98%	53,846	45%
PNW	117,134	14%	0	0%	63,723	53%
Interior Export Rail	194,625	23%	245	2%	2,669	2%
<b>Total (MT)</b>	<b>841,516</b>	<b>100%</b>	<b>15,081</b>	<b>100%</b>	<b>120,238</b>	<b>100%</b>
White Corn Shipments by Country (MT)			8,237	to Colombia		
			6,599	to Mexico		
			245	to Japan		
<b>Total Sorghum</b>			<b>15,081</b>			
Sorghum Shipments by Country (MT)					118,391	to China
					1,725	to Mexico
					122	to Colombia
<b>Total Sorghum</b>					<b>120,238</b>	
Source:	USDA/AMS Weekly Grain Inspections					

<b>Grain and Soybean Export Inspections by Container and Week</b>				
	<b>4-Jan-24</b>	<b>28-Dec-23</b>	<b>Change</b>	<b>% Change</b>
	<b>Metric Tons</b>			
<b>Total</b>	76,002	79,847	-3,845	-5%
<b>Corn</b>	4,969	1,297	3,672	283%
<b>Soybeans</b>	67,802	73,042	-5,240	-7%
<b>Wheat</b>	440	3,134	-2,694	-86%
<b>Sorghum</b>	2,791	2,374	417	18%
<b>Barley</b>	0	0	0	0%
	<b>Containers</b>			
<b>Total</b>	3,104	3,261	-157	-5%
<b>Corn</b>	203	53	150	283%
<b>Soybeans</b>	2,769	2,983	-214	-7%
<b>Wheat</b>	18	128	-110	-86%
<b>Sorghum</b>	114	97	17	18%
<b>Barley</b>	0	0	0	0%
	<b>Top 15 Destinations (number containers)</b>			
<b>Indonesia</b>	847	809	38	5%
<b>China</b>	674	800	-126	-16%
<b>Taiwan</b>	545	549	-4	-1%
<b>Vietnam</b>	309	172	137	80%
<b>Thailand</b>	185	338	-153	-45%
<b>Malaysia</b>	175	179	-4	-2%
<b>Nepal</b>	131	156	-25	-16%
<b>Bangladesh</b>	72	32	40	125%
<b>Korea Rep</b>	65	138	-73	-53%
<b>Japan</b>	56	60	-4	-7%
<b>Philippines</b>	28	12	16	133%
<b>Hong Kong</b>	11	0	11	0%
<b>Colombia</b>	5	0	5	0%
<b>Panama</b>	1	2	-1	-50%
<b>Cambodia</b>	0	9	-9	-100%
<b>Source</b>	USDA/AMS Weekly Grain Inspections			