



U.S. GRAINS

COUNCIL

Market Perspectives

January 18, 2024

Table of Contents

- Chicago Board of Trade Market News 3
 - Outlook..... 3
- CBOT March 2024 Corn Futures 5
 - Current Market Values..... 5
- U.S. Weather/Crop Progress..... 6
- FOB..... 8
- Distiller’s Dried Grains with Solubles (DDGS) 9
 - DDGS Comments..... 9
- Ocean Freight Markets and Spreads..... 10
 - Ocean Freight Comments 10
- U.S. Export Statistics 12
 - Corn..... 13
 - Barley 13
 - Sorghum..... 13

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 12	Monday, January 15	Tuesday, January 16	Wednesday, January 17	Thursday, January 18
Change	-10.75	0.00	-3.50	-1.25	1.50
Closing Price	447.00	447.00	443.50	442.25	443.75
Factors Affecting the Market	<p>Overnight and early corn and soybean trade was a bit higher but as the USDA data was released the bottom fell out of both the corn and soybean markets. Relatively weak export sales data was not supportive either. In the USDA reports today, yields were increased and harvested acres were decreased but the result was an increase in projected ending stocks for both corn and soybeans. World ending stocks for corn were also increased. Prices dropped on this news with corn initially down more than 15 cents before settling down 10.75 cents for the day.</p>	<p>Market Closed, U.S. Holiday</p>	<p>Corn opened lower, traded about 4 cents higher in the first half hour, then fell back to 3 to 5 cents lower on the day, closing 3.5 cents lower. Soybeans opened higher, then traded lower on the day before rallying back for a higher close. Soybean meal opened \$6 higher, gave up \$3 to \$4 of the gain, then closed strong finishing up \$9 per ton on the day. Wheat was a negative influence on the corn market. Outside markets were weaker, oil was down, but cold temperatures are supportive of increased feed demand for livestock.</p>	<p>Corn rallied 5 cents per bushel on the opening, but by midday had lost the gains and was trading lower. Corn closed 1.25 cents/bushel lower for the day. Soybeans opened lower and moved lower all day, closing on the low. Soybean meal opened lower and closed at the lows of the day. U.S. stock markets were lower, crude oil traded higher on the day. Momentum in the markets remains negative. Pushback against fund selling is absent. Crop uncertainty is rising with regards to the South American crop estimates. It is now estimated that managed funds are short 253,000 contracts in corn and this amount of shorts has only been larger in 13 weeks since 2006.</p>	<p>Corn opened sharply lower, dropping to a new contract low (\$4.3675 March) before finding some support and bouncing back and trading higher on the day. Ukraine's Ag Ministry gave no specifics for the month but did say that January Ag exports are likely to decline due to the escalating Red Sea crisis. Houthi attacks on cargo ships in the Red Sea are disrupting grain shipments from Europe, Ukraine and Russia to customers in East Africa and Asia. Perceptions of improving South American weather continues to put pressure on U.S. grain and oilseed prices.</p>

Outlook

USDA released the final production report for the 2023 U.S. production of corn, grain sorghum, barley, and soybeans. Both corn and soybean yields exceeded the highest expectations. WASDE estimates for production and ending stocks domestically and globally also exceeded trade expectations, particularly for world corn stocks. Domestic production estimates were not as far off as yield estimates, as WASDE

also made unexpected cuts to total harvested acres. Changes to this year's corn crop are what the market focused on in this report. The U.S. yield estimate was raised to 177.3 bu/ac. This is a new record yield for U.S. corn. Even with cuts to acres harvested this jump in yield raised production by 108 million bushels. Some offsetting increases in corn use helped keep the increase in ending stocks more moderate, but they were still raised 31 million bushels. U.S. domestic feed use was raised by 25 million bushels, and ethanol use by 50 million bushels. This caused annual average farm price forecasts to be lowered \$0.05/bu. World corn ending stocks were raised by 10 million metric tons to 325.2 million metric tons. The supply-side news from these reports puts a negative cast over future price action, but the demand picture does offer some indications of increased usage. The focus for corn now turns to new demand news to drive the market price action with market watchers keeping an eye on southern hemisphere weather and crop prospects.

For soybeans, cuts to acres harvested were not enough to cover a significant increase to soybean yield, leading to higher total production. The new projected soybean yield would not be a record as two previous years have been higher: 2016 (51.9 bu/ac) and 2021 (51.0 bu/ac). However, with no increases in demand, ending stocks were raised 35 million bushels and the projected annual average farm price was lowered \$0.15/bu. World soybean ending stocks were increased by 0.4 million metric tons.

The grain sorghum reports lowered U.S. production by 4 million bushels, lowered feed, seed & industrial use by 10 million bushels, and raised exports by 10 million bushels. Ending stocks for 2023/24 marketing year were lowered 4 million bushels to 22 million bushels. There was no change to the expected annual average farm price of \$4.85 per bushel.

The USDA reports increased beginning stocks of barley by 8 million bushels, and made no changes to production or demand categories, thus ending stocks for 2023/24 were increased by 8 million bushels to 77 million bushels. The average annual farm price was raised by 10 cents to \$7.50 per bushel.

Global coarse grain production for 2023/24 is forecast up 11.9 million tons to 1,513.9 million. This month's foreign coarse grain outlook is for larger production, lower trade, and higher stocks. Foreign corn production is forecast higher with increases for China, India, and Paraguay partly offset by a decline for Brazil. China corn production is raised to a record 288.8 million tons based on the latest area and yield data from the National Bureau of Statistics. India corn production is raised on higher area. Brazil corn production is cut reflecting lower second crop corn area expectations.

Major global coarse grain trade changes for 2023/24 include increased corn exports for Turkey, but reductions for Brazil and India. Corn imports are raised for Iran, Iraq, and Turkey but reduced for the EU, Bangladesh, and Vietnam. Sorghum exports are raised for the United States, with higher imports projected for China. China's corn feed and residual use is raised based on a larger crop. Foreign corn ending stocks are higher, mostly reflecting an increase for China partly offset by a decline for Brazil.

Corn prices moved lower this week, dropping 20 cents per bushel and making new contract lows at \$4.3675 (March) before finding some support but still losing 14 cents per bushel for the week.

CBOT March 2024 Corn Futures



Current Market Values

Futures Price Performance: Week Ending January 18, 2024

Commodity	18-Jan-24	11-Jan-24	Net Change
Corn			
Mar 24	443.75	457.75	-14.00
May 24	454.50	469.75	-15.25
Jul 24	463.00	479.00	-16.00
Sep 24	468.25	483.00	-14.75
Soybeans			
Mar 24	1213.25	1236.50	-23.25
May 24	1223.75	1248.00	-24.25
Jul 24	1233.00	1256.00	-23.00
Sep 24	1197.75	1217.25	-19.50
Soybean Meal			
Mar 24	361.30	362.20	-0.90
May 24	357.70	362.50	-4.80
Jul 24	359.70	364.90	-5.20
Sep 24	358.10	362.30	-4.20
*Price Unit:	Corn/Soybeans: Cents and quarter-cents/bu. (5,000 bu.); Meal: \$/ton (100 tons)		

U.S. Weather/Crop Progress

Highlights:

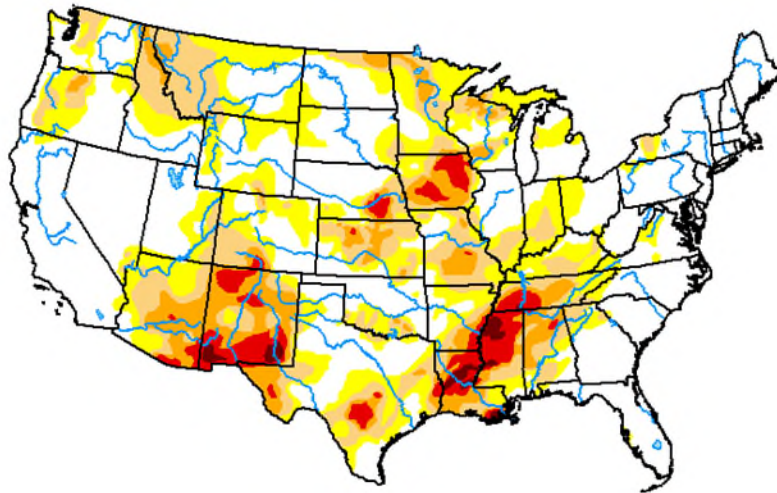
- In the Western U.S., widespread rain and snow showers cover most of the Pacific Northwest and Northern Mountain Region. The most significant snowfall affected the northern sections of the Rockies and the Cascades. Both areas have received below normal precipitation so far this winter. Further south, mild dry weather is providing favorable field conditions for winter agricultural regions in California and the Desert Southwest.
- In the Plains states, temperatures have begun to moderate after a recent cold snap but remain below normal. Snow cover persists in many winter wheat producing areas, providing needed insulation and moisture. Further north in Montana, protective snow cover has been lacking for most of the winter thus far.
- In the Corn Belt, the weather is cold, windy, and dry. Sub-zero temperatures with lower wind chills persist in nearly all parts of the Corn belt. Snow from last week still covers most of the Midwest. Some regions from Nebraska to Michigan received over a foot of snow making travel difficult.
- In the South, temperatures fell below freezing, most notably in winter agricultural regions like Florida and Southern Texas. Some temperatures below 0°F were reported in Kentucky and Tennessee.

Outlook: Precipitation has been moving across the U.S. This has already affected the Pacific Northwest and is expected in the Midwest and East regions of the U.S. later in the week. Unlike previous winter storms, precipitation is not expected to be heavy, although some disruptive amounts may occur in the northern regions of the U.S. Sub-zero temperatures are expected to linger through the weekend following the storm before milder conditions return to most parts of the U.S. This milder weather has already begun to show in the Western U.S.

The NWS 6- to 10-day outlook for January 22-26 calls for above-normal temperatures nationwide, with the Great Lakes region having the greatest likelihood of experiencing warmer-than-normal weather. Meanwhile, near- or above-normal precipitation across most of the country should contrast with drier than-normal conditions across much of the northern Plains.

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

January 16, 2024
(Released Thursday, Jan. 18, 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

FOB

Yellow Corn (\$USD/MT FOB Vessel)				
#2 YC FOB Vessel Max. 15% Moisture	GULF		PNW	
	Basis	Flat Price	Basis	Flat Price
February	0.74 +H	202	1.33 +H	226
March	0.63 +H	201	1.35 +H	227
April	0.60 +K	201	1.20 +K	226
May	0.64 +K	202	NA	NA
June	0.59 +K	204	NA	NA
July	0.63 +K	206	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	1.95 +H	252
February	NA	NA	1.95 +H	252
March	NA	NA	1.95 +H	252

Corn Gluten Feed Pellets (\$USD/MT FOB)			
21% Protein	January	February	March
Central US Barge	155	155	155
NOLA Vessel (5,000 MT)	186	185	185

Corn Gluten Meal (\$USD/MT FOB)			
60% Protein	January	February	March
Central US Barge	460	460	460
NOLA Vessel (5,000 MT)	522	521	521

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 \$204.27 per short ton in the January 12 National Weekly Ethanol Report. This was slightly down from \$212.17 per short ton last week. Weaker soybean meal and corn prices likely played a part in weaker DDGS prices.

The DDGS/cash corn ratio this week is 1.27, down slightly from 1.30 from the last week. The ratio remains notably stronger than the ratio was earlier this year (1.00-1.15) but appears to be entering a downward trend. The DDGS/KC soybean meal ratio was 0.55, up slightly from last week.

Most prices were relatively stable compared to last week. Large movers include FOB Lethbridge, Alberta, which dropped \$10/MT and KC Rail Yard which fell \$12/MT. Lower domestic DDGS prices and domestic corn prices likely contributed to these price declines.

DDGS Price Table: January 17, 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	234	234	234
FOB Vessel Gulf	238	238	238
Rail Delivered PNW	258	258	258
Rail Delivered California	272	272	271
Mid-Bridge, Laredo, TX	295	295	294
FOB Lethbridge, Alberta	250	250	250
40 ft containers to South Korea (Busan)	305	305	305
40 ft containers to Taiwan (Kaohsiung)	309	309	308
40 ft containers to Philippines (Manila)	347	347	347
40 ft containers to Indonesia (Jakarta)	N/A	N/A	N/A
40 ft containers to Malaysia (Port Kelang)	321	321	320
40 ft containers to Vietnam (HCMC)	306	306	305
40 ft containers to Japan (Yokohama)	324	324	323
40 ft containers to Thailand (LCMB)	326	326	325
40 ft containers to China (Shanghai)	309	309	308
40 ft containers to Bangladesh (Chittagong)	N/A	N/A	N/A
40 ft containers to Myanmar (Yangon)	321	321	320
KC Rail Yard (delivered ramp)	235	235	235
Elwood, IL Rail Yard (delivered ramp)	225	225	225
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	17-Jan-24	10-Jan-24	Change
55,000 U.S. Gulf – Japan	58.32	58.18	0.14
55,000 U.S. PNW – Japan	24.20	24.57	-0.37
66,000 U.S. Gulf – China	47.28	47.16	0.12
66,000 U.S. PNW – China	24.32	24.25	0.07
25,000 U.S. Gulf – Veracruz, Mexico	21.00	22.00	-1.00
30-36,000 U.S. Gulf – Veracruz, Mexico	11.61	12.63	-1.02
30-38,000 U.S. Gulf – Colombia	23.00	25.00	-2.00
50,000 U.S. Gulf – East Coast Colombia	12.53	13.13	-0.60
50,000 Argentina – East Coast Colombia	18.91	19.51	-0.60
43-45,000 U.S. Gulf-Guatemala	N/A	N/A	N/A
26-30,000 U.S. Gulf – Morocco	50.00	53.00	-3.00
55-60,000 U.S. Gulf – Egypt	33.00	36.00	-3.00
55-60,000 U.S. PNW – Egypt	41.00	42.00	-1.00
60-70,000 U.S. Gulf – Europe, Rotterdam	27.00	28.00	-1.00
Brazil, Santos – China	41.05	39.80	1.25
Northern Coast Brazil – China	25.41	24.49	0.92
56-60,000 Argentina/Rosario – China Deep Draft	46.66	46.62	0.04

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

Ocean Freight Comments

Shipping activity or the lack thereof through the Red Sea continues to be a focused event. The Houthi's are continuing to attack vessels transiting the region. Earlier this week two U.S.-owned and operated dry bulk vessels, one transporting steel and the other carrying phosphate rock, were attacked. The United States and British military are carrying out strikes against the Houthi attackers but lack a full coalition of other supporting countries to take a firm stand. The U.S. did reinstate the Houthi's as "Specially Designated Global Terrorist." Meanwhile war risk premiums are rising on vessels transiting the area. Premiums have reportedly risen to 1% of the vessels' value, up from 0.7% over the past week. The situation is not expected any time soon and will likely escalate. Ship owners and operators are mixed on their actions, but many are choosing longer and more expensive sailing routes around the Cape of Good Hope of South Africa.

It is estimated that about seven million metric tons of grain are transported through the Suez Canal and the Red Sea each month. Given the attacks on vessels about 20% of those shipments are being diverted around the Cape of Good Hope, up from 10% nearly two weeks ago. Because of the attacks in the Red

Sea, wheat shipments transiting the Suez Canal and Red Sea fell by almost 40% in the first half of January to 0.5 million metric tons, according to the World Trade Organization. The impacted shipments include wheat from Europe, rapeseed from Australia and soybeans from the United States. For U.S. grain exports, most shipments do not use the Suez Canal or Red Sea, rather the vessels carrying those exports transit the Panama Canal, are already sailing around the Cape of Good Hope, or through the Pacific Northwest for a direct transit across the Pacific Ocean to Asia. The U.S. has alternative routing options accessing global markets.

The water level of Gatun Lake in Panama has not changed much the past week, holding steady at 81.5 feet, about seven below normal for this time of year. Gatun Lake serves as an important reservoir to flush ships through the Panama Canal system of locks. The low water has led to a freshwater surcharge of 1.82%, limiting the number of daily vessel transits to 24, down from 36 during normal navigation conditions, and increased transit delays. This is Panama's dry season that runs through May, so water levels are not anticipated to improve much until June.

With this being the seasonal slow demand period for dry bulk freight vessels, rates are continuing to fall, with the Baltic Dry Index dropping 356 points or more than 21% this week to an index of 1,308. The dry bulk sector is being led lower 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 36% lower to an index of 1,733. The smaller and more grain-focused sectors were lower but only slightly, with the Panamax market down 1% to 1,446 and the Supramax down 8% to 1,039.

On a voyage rate basis, with demand for dry bulk vessel service weakening, and crude oil prices in a sideways trading pattern keeping bunker fuel prices in check, shipments out of the Center Gulf to Asia were slightly firmer this week as the rate to Japan ended the week at \$58.32 per metric ton. Out of the PNW, the rate to Japan was down \$37cents per metric ton to \$24.27 per metric ton. The spread between these highly monitored routes widened \$0.51 per metric ton to \$34.12 per metric ton.

Navigation conditions on the lower Mississippi River through Memphis, Tennessee improved significantly this past week, jumping nearly 17 feet to a gage reading of 15.1 feet as of January 18, 2024. This is the highest reading since May 2023, and the first week above a zero-gage reading since mid-August 2023. These conditions assure adequate and improving opportunities to move grain and grain products by barge to export elevators located on the lower Mississippi River.

Baltic Panamax Dry Bulk Time Charter Rates \$USD/Day				
Route	17-Jan-24	10-Jan-24	Change	Percent Change
P2A: U.S. Gulf/Atlantic – Japan	20,997	20,888	109	0.5
P3A: PNW/Pacific – Japan	8,969	9,521	-552	-5.8
S1C: U.S. Gulf – China/S. Japan	23,500	27,857	-4,357	-15.6
Source:	Baltic Exchange/Reuters			

Capesize Vessel Freight Values Western Australia to South China (iron ore)				
	17-Jan-24	10-Jan-24	Change	Percent Change
\$USD/MT	7.80	8.35	-0.55	-6.6
Source:	Source: Baltic Exchange/Reuters			

U.S. – Asia Market Spreads \$USD/MT				
17-Jan-24	PNW	Gulf	Bushel Spread	MT Spread
#2 Corn	1.25	0.74	-0.51	-19.98
Soybeans	0.11	0.85	0.74	27.28
Ocean Freight	24.20	58.32	0.87	34.12
Source:	Reuters, Decision Innovation Solutions & Polaris Analytics and Consulting			

U.S. Export Statistics

Publication of the USDA export sales report for the week of January 11, 2024, is delayed until Friday, January 19 due to the U.S. federal holiday on Monday, January 15. Therefore, the previous week's export sales numbers and commentary are provided here. Export inspections data was available and has been updated.

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
Wheat	135,296	585,638	9,942.8	15,393.2	0.8%
Corn	617,008	1,037,102	13,427.2	30,276.3	1.6%
Sorghum	134,006	242,107	2,170.3	4,066.1	3.4%
Barley	2	2,189	3.2	16.6	0.0%
Source:	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 11, 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	875,621	1,092,362	13,918,431	10,782,138	29%
Sorghum	296,128	175,237	2,539,774	421,054	503%
Soybeans	1,264,468	1,040,628	25,576,844	32,431,040	-21%
Wheat	234,205	501,910	10,377,165	12,427,689	-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 11, 2024						
Region	Yellow Corn	% of Total	White Corn	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	4,680	1%	0	0%	0	0%
Gulf	318,522	37%	11,513	100%	224,708	76%
PNW	340,070	39%	0	0%	64,909	22%
Interior Export Rail	200,836	23%	0	0%	6,487	2%
Total (MT)	864,108	100%	11,513	100%	296,104	100%
White Corn Shipments by Country (MT)			7,696	to El Salvador		
			3,817	to Japan		
Total Sorghum			11,513			
Sorghum Shipments by Country (MT)					262,616	to China
					32,553	to Eritrea
					935	to Mexico
Total Sorghum					296,104	
Source:	USDA/AMS Weekly Grain Inspections					

Grain and Soybean Export Inspections by Container and Week				
	11-Jan-24	4-Jan-24	Change	% Change
	Metric Tons			
Total	126,691	82,806	43,885	53%
Corn	11,535	5,017	6,518	130%
Soybeans	105,512	73,849	31,663	43%
Wheat	3,133	1,149	1,984	173%
Sorghum	6,511	2,791	3,720	133%
Barley	0	0	0	0%
	Containers			
Total	5,174	3,382	1,792	53%
Corn	471	205	266	130%
Soybeans	4,309	3,016	1,293	43%
Wheat	128	47	81	172%
Sorghum	266	114	152	133%
Barley	0	0	0	0%
	Top 15 Destinations (number containers)			
China	1,293	811	482	59%
Taiwan	1,164	567	597	105%
Indonesia	879	877	2	0%
Vietnam	568	331	237	72%
Malaysia	464	186	278	149%
Thailand	251	222	29	13%
Korea Rep	153	65	88	135%
Nepal	152	131	21	16%
Japan	107	61	46	75%
Philippines	48	28	20	71%
Bangladesh	37	72	-35	-49%
Hong Kong	29	11	18	164%
Singapore	23	0	23	0%
French Poly	6	0	6	0%
Cambodia	0	14	-14	-100%
Source	USDA/AMS Weekly Grain Inspections			