



U.S. GRAINS COUNCIL

Market Perspectives

February 1, 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, January 26, 2024	Monday, January 29, 2024	Tuesday, January 30, 2024	Wednesday January 31, 2024	Thursday, February 1, 2024
Change	-5.50	-6.00	7.50	0.50	-1.00
Closing Price	446.25	440.25	447.75	448.25	447.25
Factors Affecting the Market	<p>Corn and other grains and oilseeds were weak overnight, and that weakness extended into the day session. Corn closed 5.50 cents lower. Soybeans were down 14 cents and wheat down 10 cents. Soybean meal was lower and soybean oil higher. The forecast of rain across Argentina and southern Brazil in the extended 11-15 day forecast also contributed to weakness in grain futures today. On Thursday, CBOT open interest declined with corn off by 5,766 contracts, soybeans off by 2,920 contracts. 16 ships, many carrying US grain were diverted from the Suez Canal to sailing around the Cape of Good Hope this week after attacks on vessels in the Red Sea taking the total grain cargoes diverted to some 3.9 million tons, up from 3.0 million tons last week.</p>	<p>Corn futures were 2 to 3 cents lower in the overnight trade, fell to 8 cents lower very shortly after the opening and traded near the lows the rest of the day. Soybeans were even weaker with soybean futures drifting 7 cents lower overnight, and then falling to 15 cents per bushel lower in the daytime trading session. Soybean meal was a little lower on the opening then traded higher most of the day, closing more than \$5 per ton higher. S&P Global dropped their expected U.S. soybean planted acreage by 500,000 acres, lowering their 2024/25 production estimate by 27 million bushels. Speculators have continued to build their short positions in corn and soybeans. The total net short position for grains and oilseeds is now the 6th largest all-time behind five weeks in April and May 2019.</p>	<p>Corn was slightly lower in the overnight trade, testing last week's lows near \$4.365 then started to rally and climbed higher all day, closing 7.5 to 8 cents higher. Soybeans and soybean meal followed similar paths with both closing near their highs for the day. One must go back to 2016 to find a more bearish CBOT mentality. Funds are holding a record short position for January 30th, and questions abound on Chinese demand due to its weak economy. Yet, South American crop sizes are being lowered and world vegoil prices have reached levels that should spur biofuel demand. If shorts start banking their January profits, a sharp rally could commence. South American weather pattern appears to be stuck. The models are having trouble pulling any rain forward in the forecast meaning hot and dry for the next 10-12 days.</p>	<p>Corn traded steady to 2 cents lower overnight and had some early weakness in the daytime session but came back to close near the high of the day and a half cent higher. Soybeans traded 8 to 10 cents lower overnight with weakness extending into the daytime session but like corn strengthened during the day and closed higher by 3 to 4 cents. Soybean meal was 2 to 3 dollars weaker overnight with weakness extending into the early daytime session but started to rally midday and closed near the highs of the day, up more than \$5 per ton. Funds were sellers overnight and in early trade, but the failure to fall to new lows appears to have set the stage for some short-covering as the calendar flips over to new month.</p>	<p>This week's US corn export sales were above expectations, but wheat was below the estimates and soybeans were surprisingly low this week. Overnight markets were slightly weaker for corn and moderately lower for soybeans. During the daytime session, corn traded in a 2 to 3 cent range, slightly lower on the day, rallied back to unchanged but then closed a cent lower. Daytime action for soybeans saw a brief rally off the lows midday, but then the soybean market sank to new intra-day lows late in the session and closed 19 cents lower for the day. Soybean meal had a similar pattern to soybeans with a brief midday rally, but then sank to new intra-day lows late in the day and closed more than \$6 lower. Weakness in Chinese soybean meal and soy oil futures contributed to weakness in the US markets</p>

Outlook

The advanced estimate for U.S. 4th quarter real GDP shows the U.S. economy growing at an annualized rate of 3.3%. This exceeded the average trade estimate of 2%. Nominal U.S. GDP was up 1.2% from the third quarter. At the same time, U.S. federal debt grew by 2.5% implying that U.S. GDP would have been negative were it not for government spending. The climbing U.S. debt will likely keep U.S. interest rates at elevated levels in the foreseeable future. U.S. equity markets had their biggest down day of the year on Wednesday, as the U.S. Federal Reserve indicated that the markets should not expect an interest rate cut in March. By Thursday, the equity markets had moved beyond that news and seem to be sure that a rate cut will happen at the May meeting of the Federal Reserve Board and recovered nearly all of Wednesday's losses on Thursday.

The importance of February weather across Argentina is borne out in yield/weather correlation studies. Weather between now and early March is critical for the corn crop development there. It has been estimated that 4 to 5 inches of rainfall during February is needed to produce trendline corn yields in Argentina. Excessive heat could be more troublesome than a lack of February rains, but the combination of low rainfall and high temperatures would result in lowered crop estimates there. Argentine corn and soy yields should not be adjusted lower yet; however, rain is in immediate need with an absence of heat. Argentine weather will play a very significant role in daily corn/soy price discovery during the next 6 weeks.

U.S. corn export sales in the week ending Jan 25th were above expectations at 47 million bushels, however wheat and soybean exports were disappointing. The current pace of corn exports suggests that USDA's forecast for marketing year exports is still on target. Final export numbers will be determined by the pace of new demand this summer which is a function of the South American crop size.

Corn futures tested near term lows near \$4.37 per bushel several times this week and have bounced off those lows each time. Large managed funds are holding record large short positions for late January/early February. In the past week, nearly every night new selling seems to come into the market but if the market does not press to new lows, then an intra-day short-covering rally seems to emerge by midday or near the close.

The soybean market is acting similar, except the soybean market made new lows for this move on Monday and closed back near those lows on Thursday. Harvest pressure from South America is weighing on the soybean complex despite nearly daily reports of poor yields and yields below expectations due to the very hot and dry weather since mid-December. There is little in the way of new news from USDA reports in the coming few weeks other than updates and adjustments to international production data in the monthly WASDE reports with the next one to be released on Thursday, Feb 8th.

CBOT March 2024 Corn Futures



Current Market Values

Futures Price Performance: Week Ending February 1, 2024			
Commodity/Contract month	1-Feb-24	25-Jan-24	Net Change
Corn			
March 24	447.25	451.75	-4.50
May 24	458.25	461.25	-3.00
July 24	466.00	469.25	-3.25
Sep 24	471.00	473.50	-2.50
Soybeans			
March 24	1203.25	1223.00	-19.75
May 24	1213.75	1230.25	-16.50
July 24	1223.75	1237.50	-13.75
Sep 24	1190.75	1201.00	-10.25
Soybean Meal			
March 24	361.70	358.20	3.50
May 24	357.20	358.50	-1.30
July 24	360.30	361.70	-1.40
Sep 24	359.70	360.70	-1.00
*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., above normal temperatures continue in advance of an approaching storm system. Precipitation and wind gusts hit parts of the Pacific northwest. The California Department of Water Resources reported the water equivalency of the Sierra Nevada snowpack is ~8.5 inches, approximately half its historical average for this time of the year.
- In the Plains states, snow continues to melt thanks to record temperatures.
- In the Corn Belt, the weather was dry and mild. Muddy conditions remain in parts of the Midwest due to recent rainfall combined with melting snow.
- In the South, warmer temperatures returned to the Western Gulf Coast. However, cooler conditions lingered in the Southeast. Precipitation in previous weeks is improving drought conditions throughout the South.

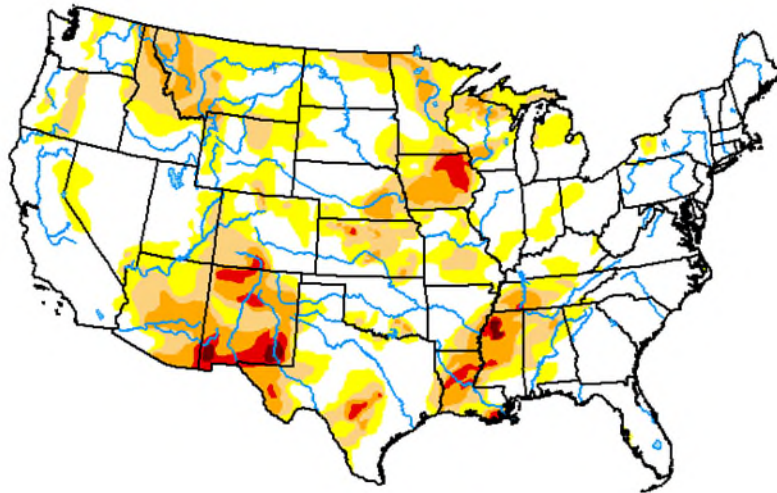
Outlook: A storm system arriving along the West Coast will affect the Pacific Coast states through Thursday before turning eastward and crossing the Southwest. Rain and possible snow will affect the central and southern Plains late in the week, followed by showers and thunderstorms in the Gulf Coast states during the weekend. A trailing storm system should reach California by Sunday. Five-day precipitation totals could reach 4 to 8 inches in coastal and mountainous areas of California, with light to moderately heavy amounts extending eastward to the Rockies and High Plains. Rainfall totals of 1 to 2 inches may fall across the South.

In contrast, mostly dry weather should prevail during the next 5 days across the Midwest and Northeast. Temperatures will remain significantly above normal at least through the weekend in much of the central U.S., while cooler air will begin to overspread the West.

The NWS 6- to 10-day outlook for February 5-9 calls for the likelihood of near- or above-normal temperatures and precipitation across much of country. Cooler-than-normal conditions will be confined to the southern Atlantic region and the Far West, while drier-than-normal weather should be limited to western Washington and an area stretching from the Gulf Coast to the southern and central Appalachians and the Northeast.

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

January 30, 2024
(Released Thursday, Feb. 1, 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>

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droughtmonitor.unl.edu

FOB

Yellow Corn (\$USD/MT FOB Vessel, Values as of January 31, 2024)						
#2 YC FOB Vessel Max. 15% Moisture Delivery Month	Futures Month	Futures Price (\$/bu)	GULF		PNW	
			Basis (\$/bu)	Flat Price (\$USD/MT)	Basis (\$/bu)	Flat Price (\$USD/MT)
February	H	\$4.4825	\$0.73	\$205.21	\$1.47	\$234.34
March	H	\$4.4825	\$0.68	\$203.24	\$1.44	\$233.16
April	K	\$4.5850	\$0.61	\$204.52	\$1.39	\$235.23
May	K	\$4.5850	\$0.61	\$204.52	\$1.35	\$233.65
June	N	\$4.6650	\$0.57	\$206.09	\$1.29	\$234.44
July	N	\$4.6650	\$0.62	\$208.06	NA	NA

Sorghum (\$USD/MT FOB Vessel, Values as of January 31, 2024)						
#2 YGS FOB Vessel Max. 14% Moisture Delivery Month	Futures Month	Futures Price (\$/bu)	NOLA		TEXAS	
			Basis (\$/bu)	Flat Price (\$USD/MT)	Basis (\$/bu)	Flat Price (\$USD/MT)
February	H	\$4.4825	NA	NA	\$1.90	\$251.27
March	H	\$4.4825	NA	NA	\$1.90	\$251.27
April	K	\$4.5850	NA	NA	\$1.85	\$253.33

Corn Gluten Feed Pellets (\$USD/MT FOB)		
21% Protein	Central U.S. Barge	NOLA Vessel (5,000 MT)
February	\$150	\$180
March	\$150	\$179
April	\$150	\$179

Corn Gluten Meal(\$USD/MT FOB)		
60% Protein	Central U.S. Barge	NOLA Vessel (5,000 MT)
February	\$415	\$472
March	\$415	\$471
April	\$415	\$471

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. One corn or sorghum bushel equals 56 pounds and one metric tons equals 2,204.62 pounds.

Distiller's Dried Grains with Solubles (DDGS)

DDGS Comments

USDA reported DDGS prices averaged \$206 per short ton in the January 26 National Weekly Ethanol Report. This was essentially unchanged from last week, increasing only a few cents per short ton. This is not surprising as corn and soybean meal both traded relatively flat last week.

The DDGS/cash corn ratio ticked back up down to 1.29, relative to 1.31 the previous week. The ratio has been hovering around 1.3 since late November 2023, and is significantly higher than it has been the past two years (1.00-1.15). The DDGS/KC soybean meal ratio was 0.58, up from 0.56 last week. After falling to around 0.45 in Nov 2023, this ratio has been consistently increasing week over week.

Most February DDGS export prices increased week-over-week by \$7-10/MT. The largest change was in the Taiwan price quote of \$10/MT. However, not all prices increased this much. FOB Lethbridge, Alberta, KC Rail Yard, Elwood, IL, and Japan prices were consistent week-over-week. Quotes for FOB Vessel Gulf, Barge CIF New Orleans, and Laredo, TX decreased between \$2-5/MT week-over-week.

DDGS Price Table: January 31, 2024 (USD/MT) (Quantity, availability, payment, and delivery terms vary)			
Delivery Point (Quality Min. 35% Pro-fat combined)	February	March	April
Barge CIF New Orleans	232	232	232
FOB Vessel Gulf	238	238	236
Rail Delivered PNW	265	265	263
Rail Delivered California	280	280	278
Mid-Bridge, Laredo, TX	290	290	288
FOB Lethbridge, Alberta	250	250	248
40 ft containers to South Korea (Busan)	314	314	312
40 ft containers to Taiwan (Kaohsiung)	319	319	316
40 ft containers to Philippines (Manila)	355	355	353
40 ft containers to Indonesia (Jakarta)	N/A	N/A	N/A
40 ft containers to Malaysia (Port Kelang)	329	329	327
40 ft containers to Vietnam (HCMC)	314	314	312
40 ft containers to Japan (Yokohama)	325	325	322
40 ft containers to Thailand (LCMB)	334	334	331
40 ft containers to China (Shanghai)	317	317	314
40 ft containers to Bangladesh (Chittagong)	N/A	N/A	N/A
40 ft containers to Myanmar (Yangon)	329	329	327
KC Rail Yard (delivered ramp)	235	235	233
Elwood, IL Rail Yard (delivered ramp)	225	225	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	31-Jan-24	24-Jan-24	Change
55,000 U.S. Gulf – Japan	61.23	62.05	-0.82
55,000 U.S. PNW – Japan	25.12	25.32	-0.20
66,000 U.S. Gulf – China	50.46	50.89	-0.43
66,000 U.S. PNW – China	25.20	25.85	-0.65
25,000 U.S. Gulf – Veracruz, Mexico	20.00	21.00	-1.00
30-36,000 U.S. Gulf – Veracruz, Mexico	13.54	13.64	-0.10
30-38,000 U.S. Gulf – Colombia	22.00	23.00	-1.00
50,000 U.S. Gulf – East Coast Colombia	11.76	12.21	-0.45
50,000 Argentina – East Coast Colombia	20.45	20.51	-0.06
43-45,000 U.S. Gulf-Guatemala	#N/A	#N/A	N/A
26-30,000 U.S. Gulf – Morocco	46.00	49.00	-3.00
55-60,000 U.S. Gulf – Egypt	29.00	30.00	-1.00
55-60,000 U.S. PNW – Egypt	41.00	42.00	-1.00
60-70,000 U.S. Gulf – Europe, Rotterdam	29.00	28.00	1.00
Brazil, Santos – China	44.01	43.98	0.03
Northern Coast Brazil – China	26.18	27.27	-1.09
56-60,000 Argentina/Rosario – China Deep Draft	50.43	50.84	-0.41

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

Ocean Freight Comments

The dry bulk ocean freight market has been a yo-yo. Much like the toy with a string wrapped around an axis, when released, gravity takes over and as the string reaches its maximum it reverses course and winds itself back up. That has been the pattern with dry bulk ocean freight rates during the first month of 2024. The closely watched Baltic Dry Index for example, started 2024 where it left off with 2023, with gravity pulling it lower. But it seemed it found a bottom and tried to wind back up before losing ground as gravity pulled it lower, ending January down by more than one-third for the month to an index of 1,398. Admittedly, the index is more than double where it was one year ago.

Despite the terrorist attacks on vessels plying the Red Sea, leading vessel owners and operators to use alternative longer routes such as sailing around the Cape of Good Hope, dry bulk ocean freight rates are responding more to weakened demand. And news out of China is not encouraging with manufacturing marking its fourth monthly contraction while housing is in disarray. China is experiencing deflationary pressures and weakened demand for its products and goods that need to be shipped, ergo, less raw ingredients to manufacture such products. And China will be celebrating its New Year starting February 10 through February 20, historically a slower period for vessel demand, which will further exacerbate the situation.

This week the Forward Freight Agreements (FFAs) for Panamax and Supramax vessels lost momentum. Panamax time charters for February peaked at over \$14,000 per day one week ago, falling nearly \$1,700 for the week to \$12,300. A similar pattern is playing out for March with the current FFA pointing to \$14,800 per day. The Supramax market is reflecting a similar tendency, with rates for March having peaked at \$15,300 per day about ten days ago and have fallen to \$14,500.

The water level of Gatun Lake in Panama was slightly lower for the week to 81.2 feet, about six feet below normal for this time of year. Rain is being forecast over the next ten days that will provide some relief, but it will not be enough to recharge Gatun Lake that is an important reservoir used to flush ships through the Panama Canal system of locks. The freshwater surcharge is 2.11% this week, up from 2.01% last week. Daily vessel transits are limited to 24, down from 36 during normal navigation conditions. This is Panama's dry season that runs through May.

With weakness in the dry bulk sector, voyage rates fell commensurately this week. The U.S. Gulf to China route was down \$0.43 per metric ton or 0.8% to \$50.46 per metric ton this week. For the month of January, this route was down nearly 4%. Out of the Pacific Northwest the rate to China ended the week at \$25.20 per metric ton, down 2.5% or \$0.65 per metric ton. And for the month of January, this rate was down 6%.

Baltic Panamax Dry Bulk Time Charter Rates				
\$USD/Day				
Route	31-Jan-24	24-Jan-24	Change	Percent Change
P2A: U.S. Gulf/Atlantic – Japan	22,702	23,952	-1,250	-5.2
P3A: PNW/Pacific – Japan	10,041	10,677	-636	-6.0
S1C: U.S. Gulf – China/S. Japan	22,521	21,450	1,071	5.0
Source: Baltic Exchange/Reuters				

Capesize Vessel Freight Values				
Western Australia to South China (iron ore)				
	31-Jan-24	24-Jan-24	Change	Percent Change
\$USD/MT	7.97	8.16	-0.19	-2.3
Source: Source: Baltic Exchange/Reuters				

U.S. – Asia Market Spreads				
\$USD/MT				
31-Jan-24	PNW	Gulf	Bushel Spread	MT Spread
#2 Corn	1.47	0.73	0.74	29.13
Soybeans	1.35	0.82	0.53	19.47
Ocean Freight	25.12	61.23	NA	36.11
Source: Reuters, Decision Innovation Solutions & Polaris Analytics and Consulting				

U.S. Export Statistics

U.S. Export Sales and Exports: Week Ending January 25, 2024					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	325,884	267,126	10,777.9	16,874.7	1.9%
Corn	1,213,573	911,350	16,270.7	33,688.9	3.7%
Sorghum	71,240	67,702	2,611.1	4,338.4	1.7%
Barley	0	0	4.0	16.6	0.0%
Source:	USDA/FAS, Decision Innovation Solutions & Polaris Analytics Consulting				

Corn

Net sales of 1,206,700 MT for 2023/2024 were up 26 percent from the previous week and 58 percent from the prior 4-week average. Increases primarily for Japan (503,800 MT, including 123,300 MT switched from unknown destinations and decreases of 500 MT), Mexico (372,300 MT, including decreases of 2,600 MT), South Korea (304,000 MT, including 240,000 MT switched from unknown destinations and decreases of 2,000 MT), Colombia (57,500 MT), and Guatemala (21,400 MT, including 17,300 MT switched from Panama), were offset by reductions primarily for unknown destinations (105,000 MT). Net sales of 144,500 MT for 2024/2025 were reported for Japan (98,500 MT) and Mexico (46,000 MT). Exports of 911,400 MT were down 2 percent from the previous week, but unchanged from the prior 4-week average. The destinations were primarily to Mexico (367,900 MT), Japan (239,800 MT), China (70,600 MT), Colombia (49,500 MT), and Canada (37,300 MT).

Barley

No net sales or exports were reported for the week.

Sorghum

Total net sales of 71,200 MT for 2023/2024 were up 18 percent from the previous week, but down 19 percent from the prior 4-week average. Increases were for China. Total net sales reductions of 118,700 MT for 2024/2025 were for China. Exports of 67,700 MT were down 16 percent from the previous week and 63 percent from the prior 4-week average.

U.S. Export Inspections: Week Ending January 25, 2024

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD Change from Previous Year
	Current Week	Previous Week			
Barley	0	200	1,814	2,154	-16%
Corn	901,958	746,933	15,638,118	12,055,435	30%
Sorghum	63,319	78,689	2,681,782	494,850	442%
Soybeans	889,717	1,184,956	27,666,073	36,201,368	-24%
Wheat	264,666	315,186	10,988,373	13,223,200	-17%
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 25, 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	383,230	45%	33,111	77%	60,723	96%
PNW	281,589	33%	0	0%	0	0%
Interior Export Rail	193,976	23%	10,052	23%	2,596	4%
Total (MT)	858,795	100%	43,163	100%	63,319	100%
White Corn Shipments by Country (MT)			33,111	to El Salvador		
			9,979	to Mexico		
			73	to South Korea		
Total Sorghum			43,163			
Sorghum Shipments by Country (MT)					62,839	to China
					480	to Mexico
Total Sorghum					63,319	
Source:	USDA/AMS Weekly Grain Inspections					

Grain and Soybean Export Inspections by Container and Week

	25-Jan-24	18-Jan-24	Change	% Change
Metric Tons				
Total	108,813	105,409	3,404	3%
Corn	10,135	8,152	1,983	24%
Soybeans	92,016	92,507	-491	-1%
Wheat	4,066	1,053	3,013	286%
Sorghum	2,596	3,697	-1,101	-30%
Barley	0	0	0	0%
Containers				
Total	4,444	4,305	139	3%
Corn	414	333	81	24%
Soybeans	3,758	3,778	-20	-1%
Wheat	166	43	123	286%
Sorghum	106	151	-45	-30%
Barley	0	0	0	0%
Top 15 Destinations (number containers)				
China	1,188	1,146	42	4%
Taiwan	1,025	1,154	-129	-11%
Indonesia	813	927	-114	-12%
Vietnam	447	398	49	12%
Malaysia	406	131	275	210%
Thailand	199	330	-131	-40%
Japan	76	54	22	41%
Nepal	73	58	15	26%
Un Arab Em	69	0	69	0%
Philippines	67	43	24	56%
India	30	0	30	0%
Hong Kong	20	15	5	33%
South Korea	0	0	0	0%
Brazil	12	0	12	0%
Bangladesh	3	0	3	0%
Source	USDA/AMS Weekly Grain Inspections			