



U.S. GRAINS COUNCIL

Market Perspectives

February 8, 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, February 2, 2024	Monday, February 5, 2024	Tuesday, February 6, 2024	Wednesday, February 7, 2024	Thursday, February 8, 2024
Change	-4.50	0.00	-4.00	-4.50	-1.00
Closing Price	442.75	442.75	438.75	434.25	433.25
Factors Affecting the Market	<p>At the opening, corn moved a bit higher on the strong U.S. jobs report, but as interest rates began to climb, corn quickly turned a few cents lower, then continued to drop throughout the day closing near the lows of the day down 4.5 cents. Soybeans and soybean meal traded in a similar pattern to corn, but with more extended moves to the downside. Soybeans closed 15 cents lower on the day and soybean meal was down \$4.8 per ton. Weather news from South America continues to feature hot, dry weather. Recent crop condition reports from Argentina show soybean conditions dropping from 92% in fair, good or excellent condition to 86% this week. Brazil's corn first crop, estimate was revised upward, 0.4% higher than the January, but the country's safrinha corn crop estimate was lowered by 0.1%.</p>	<p>Corn was a cent or two weaker in the overnight trade and spent most of Monday trading 1 to 3 cents lower on the day, but then rallied late in the day to close unchanged. Soybeans and soybean meal started lower but moved steadily higher on the day closing near the highs of the day. USDA reported 24.58 million bushels of corn inspected for export for the week ending Feb 1, which was only 2/3 of the prior week's export inspections. Corn and wheat inspections were on the low side of expectations, soybeans were on the high side of expectations. Overnight, private exporters reported sales of 155,000 metric tons of corn for delivery to Mexico during the current marketing year. Rains were scattered in northern Argentina over the weekend and the expectations are turning wetter for both Argentina and Brazil.</p>	<p>Corn and oilseed futures were slightly higher overnight with strength in soybean oil leading the way. Traders expect some short covering ahead of the CONAB and USDA reports on Thursday. During the daytime session, soybeans and soybean oil continued on a positive note, but March corn moved lower shortly after the opening and stayed lower all day. South American weather models maintain extreme heat into next week. Due to 3 weeks of limited rainfall and 9-12 days of extreme heat, it is likely that the top end of the Argentine corn & soybean crops has been lost. Expect near normal rainfall across northern Brazil for the next 10 days but below normal rainfall for southcentral and southern Brazil where soil moisture shortages are developing.</p>	<p>Corn futures fell to new three-year lows overnight. The 2-day short-covering rally appears to have ended as trader sentiment seems to now be fearing a bearish report from USDA on Thursday. In addition, good rainfall totals were seen across major ag areas of Argentina overnight adding to the negative tone. However, farmer selling does not appear to be happening on this decline. The U.S. soybean meal export window is closing as Brazilian 48% soybean meal is now offered \$10 over March futures compared to \$50 over from the U.S. Gulf. Weakness in meal prices could extend to DDGs and corn gluten products.</p>	<p>Overnight trade was quiet ahead of today's USDA reports. Wheat traded lower, soybeans a bit firmer, and corn chopped around unchanged. During early daytime trading corn drifted lower to a new 3-year low. The initial response to the USDA report and new South American crop estimates was a brief short covering rally (about 6 cents/bu) but then prices retreated back toward the lows of the day. Brazilian crop estimating agency Conab cut its corn crop forecast 3.9 MMT to 113.7 MMT, with 3.1 MMT of the decline due to a smaller outlook for safrinha production. Conab now expects year-over-year declines of 3.4% for soybeans and 13.8% for corn from last year's record production. Conab reduced its 2023-24 export projections by 4.3 MMT for soybeans to 94.2 MMT and by 3 MMT for corn to 32 MMT.</p>

Outlook

Chicago-traded corn and soybeans have begun February with a similar energy as last month, downtrends intact and making new lows. Corn fell nearly 5% last month, the most for January since 2015, which featured a similar fundamental situation for U.S. corn as this year. March corn continues to hover near three-year lows. Thursday's poor export news for U.S. beans validates recent demand concerns from top buyer China, where the broader economy is still struggling to regain momentum post-COVID. This could continue pressuring nearby corn and particularly soybean futures.

New-crop futures will come under scrutiny this month, too, as the average price of November soybeans and December corn during February sets insurance guarantees to U.S. farmers for the 2024 growing season. These can impact planting decisions. Versus the February 2023 monthly averages, prices on February 1 were 19% lower for corn and 14% lower for soybeans. November soybeans are trading at about 2.47 times the value of December corn, not distinctly in favor of either crop as this inter-commodity dynamic can be just as important as the actual prices.

Karen Braun, a market analyst for Reuters, notes that the January price weakness does not have to continue in February for beans. Since 2010, March soybeans declined throughout January five other times aside from this year, and the contract notched gains in February all five times. The trend for corn is more mixed with five other losing Januarys since 2009, though futures moved even lower in February in two of those years, 2009 and 2020. Global economic turmoil is the common link between those two years.

Braun goes on to note that U.S. corn ending stocks for 2023-24 are estimated to be up 59% on the year, and 2015 is the most similar year as stocks as of January 2015 were seen rising 52% on the year. In January 2015, March corn futures were trading at the lowest levels for that time of year in five years, and today they are the lowest seasonally in four years. The old-new-crop futures curve is almost identical to 2015, with March trading nearly 32 cents per bushel under the December contract, suggesting relatively comfortable supplies in the immediate term.

Speculative positioning sets 2024 apart from 2015 and most other years, and it makes a potential argument for some price strength in February. Funds are holding record short positions for the early February time period, and this could lead to a significant rally when they begin to reduce their positions.

USDA's February WASDE report for 2023/24 U.S. corn outlook is for lower food, seed, and industrial use and larger ending stocks. Corn used for glucose and dextrose is reduced 10 million bushels based on indicated usage to date. With no other use changes, U.S. corn ending stocks are up 10 million bushels from last month. The season-average corn price received by producers is unchanged at \$4.80 per bushel.

Global coarse grain production for 2023/24 is forecast 3.8 million tons lower to 1,510.1 million. Foreign corn production is down, with reductions for Brazil, Mexico, and Serbia partially offset by increases for India and Turkey. Major global trade changes for 2023/24 include higher projected corn exports for Ukraine and Pakistan with reductions for Brazil, India, and Serbia. Barley exports are raised for Australia and Ukraine but lowered for Canada. Foreign corn ending stocks are down relative to last month.

CBOT March 2024 Corn Futures



Current Market Values

Futures Price Performance: Week Ending February 8, 2024			
Commodity/Contract month	8-Feb-24	1-Feb-24	Net Change
Corn			
March 24	433.25	447.25	-14.00
May 24	445.00	458.25	-13.25
July 24	454.00	466.00	-12.00
Sep 24	461.75	471.00	-9.25
Soybeans			
March 24	1193.50	1203.25	-9.75
May 24	1199.75	1213.75	-14.00
July 24	1209.25	1223.75	-14.50
Sep 24	1178.25	1190.75	-12.50
Soybean Meal			
March 24	347.10	361.70	-14.60
May 24	342.70	357.20	-14.50
July 24	345.90	360.30	-14.40
Sep 24	346.60	359.70	-13.10
*Price Unit: Corn/Soybeans: Cents and quarter-cents/bu. (5,000 bu.); Meal: \$/ton (100 tons)			

U.S. Weather/Crop Progress

Highlights:

- In the West, California got hit with back-to-back winter storms, leaving many without electricity. Precipitation from these storms is moving further inland. Meanwhile, heavy snowfall at high elevations in the Southwest is improving the water supply in the area.
- In the Plains states, temperatures are cooler than last week but remain above normal in Montana and the Dakotas. Further South in the Central Plains, record setting warmth continues.
- In the Corn Belt, temperatures remain above normal. This is a notable change from the snowy conditions just a little over two weeks ago.
- In the South, the southern Atlantic region is experiencing dry, cool conditions. Texas recently received welcome precipitation to benefit their wintertime crops.

Outlook:

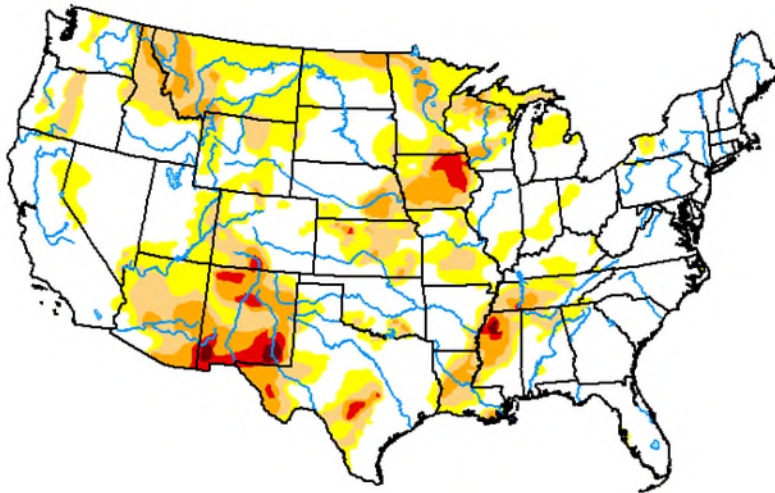
The current Pacific storm system is moving east across the U.S. The system is expected to cross the Rockies in the middle of the week and reach the Red River Valley by the end of the week. Snow is expected on the north side of the storm's path in Montana and North Dakota.

Rainy weather is expected in the western U.S. through the end of the week, followed by cooler, drier conditions on the weekend. Rain is also expected to develop in the South late in the week.

The NWS 6- to 10-day outlook for February 12-16 calls for near- or below-normal temperatures nationwide, except for warmer-than-normal weather along the northern Pacific Coast and from the Eastern Dakotas to New England. Meanwhile, near- or below-normal precipitation over most of the country should contrast with wetter-than-normal weather across the northern High Plains, Florida's peninsula, and portions of the south-central U.S.

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

February 6, 2024
(Released Thursday, Feb. 8, 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 February 7, 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	\$4.3425	\$0.69	\$198.12	\$1.54	\$231.58
March	H	\$4.3425	\$0.64	\$196.15	\$1.33	\$223.32
April	K	\$4.4465	\$0.57	\$197.49	\$1.35	\$228.20
May	K	\$4.4465	\$0.60	\$198.67	N/A	N/A
June	N	\$4.5550	\$0.57	\$201.76	N/A	N/A
July	N	\$4.5550	\$0.58	\$202.16	N/A	N/A

Sorghum (\$USD/MT FOB Vessel, Values as of February 7, 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	\$4.3425	NA	NA	\$1.80	\$241.82
March	H	\$4.3425	NA	NA	\$1.80	\$241.82
April	K	\$4.4465	NA	NA	\$1.75	\$243.95

Corn Gluten Feed Pellets (\$USD/MT FOB)		
21% Protein	Central U.S. Barge	Deliver NOLA
February	\$143	\$171
March	\$143	\$171
April	\$143	\$170

Corn Gluten Meal(\$USD/MT FOB)		
60% Protein	Central U.S. Barge	Delivered NOLA
February	\$400	\$455
March	\$400	\$455
April	\$400	\$454

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. Corn gluten feed and corn gluten meal reflect implied delivered values to NOLA (Central US FOB barge plus barge freight from St. Louis).
Source:	USDA-AMS; Reuters; Decision Innovation Solutions and Polaris Analytics and Consulting.

Distiller's Dried Grains with Solubles (DDGS)

DDGS Comments

USDA reported DDGS prices averaged \$206 per short ton in the February 2 National Weekly Ethanol Report. This was unchanged from last week.

The DDGS/cash corn ratio was 1.30, essentially unchanged from last 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 0.56, down from 0.58 last week. This is the first week since October 2023 that this ratio has decreased week-over-week.

The most recent U.S. Grain Crushing's report showed DDGS production in December 2023 was 1.95 million tons. This was up 9% from November 2023, and up 16% year-over-year. Wet mill corn gluten feed production was 246,000 tons in December 2023, down 3% year-over-year.

DDGS Price Table: February 7, 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	235	240	240
FOB Vessel Gulf	241	238	241
Rail Delivered PNW	268	265	268
Rail Delivered California	287	284	287
Mid-Bridge, Laredo, TX	287	284	287
FOB Lethbridge, Alberta	245	243	245
40 ft containers to South Korea (Busan)	321	318	321
40 ft containers to Taiwan (Kaohsiung)	326	323	326
40 ft containers to Philippines (Manila)	362	359	362
40 ft containers to Indonesia (Jakarta)	N/A	N/A	N/A
40 ft containers to Malaysia (Port Kelang)	336	333	336
40 ft containers to Vietnam (HCMC)	321	318	321
40 ft containers to Japan (Yokohama)	332	329	332
40 ft containers to Thailand (LCMB)	341	337	341
40 ft containers to China (Shanghai)	324	320	324
40 ft containers to Bangladesh (Chittagong)	N/A	N/A	N/A
40 ft containers to Myanmar (Yangon)	336	333	336
KC Rail Yard (delivered ramp)	235	233	235
Elwood, IL Rail Yard (delivered ramp)	225	223	225

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	7-Feb-24	31-Jan-24	Change
55,000 U.S. Gulf – Japan	58.26	61.23	-2.97
55,000 U.S. PNW – Japan	24.86	25.12	-0.26
66,000 U.S. Gulf – China	48.45	50.46	-2.01
66,000 U.S. PNW – China	24.29	25.20	-0.91
25,000 U.S. Gulf – Veracruz, Mexico	18.00	20.00	-2.00
30-36,000 U.S. Gulf – Veracruz, Mexico	13.96	13.54	0.42
30-38,000 U.S. Gulf – Colombia	20.00	22.00	-2.00
50,000 U.S. Gulf – East Coast Colombia	15.17	15.86	-0.69
50,000 Argentina – East Coast Colombia	18.77	20.45	-1.68
43-45,000 U.S. Gulf-Guatemala	#N/A	#N/A	#N/A
26-30,000 U.S. Gulf – Morocco	44.00	46.00	-2.00
55-60,000 U.S. Gulf – Egypt	30.00	29.00	1.00
55-60,000 U.S. PNW – Egypt	41.00	41.00	0.00
60-70,000 U.S. Gulf – Europe, Rotterdam	26.00	29.00	-3.00
Brazil, Santos – China	41.47	44.01	-2.54
Northern Coast Brazil – China	24.93	26.18	-1.25
56-60,000 Argentina/Rosario – China Deep Draft	48.09	50.43	-2.34

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

Ocean Freight Comments

Attacks on vessels transiting the Red Sea have impacted trade routes between Asia and the Middle East and Europe more than other global routes. Ship owners and operators of container and tanker vessels, and some dry bulk vessels have halted sending equipment through the region and are routing around the Cape of Good Hope instead. Routing around the Cape of Good Hope nearly doubles the sailing time for some routes. As a result, ocean freight rates for those routes have increased, and supply chains must be reestablished to receive necessary supplies. War risk premiums have increased upwards of 50% on vessels transiting the region, especially those carrying or have a connection to the United States, United Kingdom, or Israel. Reportedly the war risk premium is 1% of the value of the vessel. However, Maersk, the largest container vessel operator, has warned that overcapacity of the container fleet will limit how much rates can rise as new vessel deliveries kick in over the next two years.

The Panama Canal Authority announced it will not make additional changes to the number of vessels transiting the isthmus until April. At present the number of daily vessel transits is limited to 24 to conserve the amount of water used to flush vessels through the network of locks. If water levels in

Gatun Lake hold steady during the dry season that started in January and typically runs into the month of May then vessel transits will hold firm. Normally the number of daily vessel transits is about 36. Meanwhile, the freshwater surcharge is 2.21% this week, up from 2.11% last week.

The Baltic Dry Index showed some life being 6% higher for the week to an index reading of 1,487. Although, the index peaked at 1,516 during the week and is retreating again. The Capesize market has been supportive but looks to be fizzling out. The smaller vessel classes were weaker throughout the week with the Panamax index losing nearly 8% to an index reading of 1,445 while the Supramax sector was down about 1% to 1,047.

The Forward Freight Agreements (FFAs) for Panamax and Supramax vessels were slightly firmer this week. Panamax time charters for March were up \$200 per day for the week to \$15,000. For April the Panamax time charters settled at \$16,100 per day for the week after peaking at \$16,900 during the week.

Dry bulk voyage rates were weaker on most grain routes this week. Rates on routes out of the U.S. Gulf to Asia route were down \$2 to \$3 per metric ton during the week. The rates out of the Pacific Northwest were down less than \$1 per metric ton for the week.

Baltic Panamax Dry Bulk Time Charter Rates \$USD/Day				
Route	7-Feb-24	31-Jan-24	Change	Percent Change
P2A: U.S. Gulf/Atlantic – Japan	21,338	22,702	-1,364	-6.0
P3A: PNW/Pacific – Japan	10,061	10,041	20	0.2
S1C: U.S. Gulf – China/S. Japan	24,529	22,521	2,008	8.9
Source: Baltic Exchange/Reuters				

Capesize Vessel Freight Values Western Australia to South China (iron ore)				
	7-Feb-24	31-Jan-24	Change	Percent Change
\$USD/MT	8.69	7.97	0.73	9.1
Source: Source: Baltic Exchange/Reuters				

U.S. – Asia Market Spreads \$USD/MT				
7-Feb-24	PNW	Gulf	Bushel Spread	MT Spread
#2 Corn	1.54	0.69	0.85	33.46
Soybeans	1.35	0.80	0.55	20.21
Ocean Freight	24.86	58.26	NA	33.40
Source: Reuters, Decision Innovation Solutions & Polaris Analytics and Consulting				

U.S. Export Statistics

U.S. Export Sales and Exports: Week Ending February 1, 2024					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	386,842	314,729	11,092.6	17,253.1	2.2%
Corn	1,355,584	782,753	17,053.5	34,908.2	3.6%
Sorghum	63,000	111,993	2,723.1	4,399.2	1.4%
Barley	0	0	4.0	16.6	0.0%
Source:	USDA/FAS, Decision Innovation Solutions & Polaris Analytics Consulting				

Corn

Net sales of 1,219,300 MT for 2023/2024 were up 1 percent from the previous week and 25 percent from the prior 4-week average. Increases primarily for unknown destinations (341,200 MT), Japan (274,700 MT, including 73,700 MT switched from unknown destinations), Mexico (163,100 MT, including decreases of 4,000 MT), Colombia (138,700 MT, including 49,500 MT switched from unknown destinations and decreases of 15,400 MT), and South Korea (133,600 MT), were offset by reductions for China (68,000 MT) and Suriname (300 MT). Exports of 782,800 MT were down 14 percent from the previous week and 19 percent from the prior 4-week average. The destinations were primarily to Mexico (384,800 MT), Colombia (105,500 MT), Japan (79,100 MT), Guatemala (73,300 MT), and South Korea (69,900 MT).

Barley

No net sales or exports were reported for the week.

Sorghum

Net sales of 60,900 MT for 2023/2024 were down 15 percent from the previous and 40 percent from the prior 4-week average. Increases reported for China (120,900 MT, including 60,000 MT switched from unknown destinations and decreases of 2,100 MT), were offset by reductions for unknown destinations (60,000 MT). Exports of 112,000 MT were up 65 percent from the previous week, but down 34 percent from the prior 4-week average.

U.S. Export Inspections: Week Ending February 1, 2024

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD Change from Previous Year
	Current Week	Previous Week			
Barley	0	0	1,814	2,154	-16%
Corn	624,295	926,349	16,286,804	12,549,435	30%
Sorghum	115,643	63,319	2,797,425	496,730	463%
Soybeans	1,426,472	913,448	29,116,276	38,116,001	-24%
Wheat	266,269	283,789	11,273,765	13,813,759	-18%
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 February 1, 2024

Region	Yellow Corn	% of Total	White Corn	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	7,150	1%	0	0%	0	0%
Gulf	210,473	34%	10,780	98%	111,479	96%
PNW	136,906	22%	0	0%	0	0%
Interior Export Rail	258,742	42%	244	2%	4,164	4%
Total (MT)	613,271	100%	11,024	100%	115,643	100%
White Corn Shipments by Country (MT)			10,780 244	to Italy to South Korea		
Total Sorghum			11,024			
Sorghum Shipments by Country (MT)					115,043 576 24	to China to Mexico to Norway
Total Sorghum					115,643	
Source:	USDA/AMS Weekly Grain Inspections					

Grain and Soybean Export Inspections by Container and Week				
	1-Feb-24	25-Jan-24	Change	% Change
	Metric Tons			
Total	129,972	122,057	7,915	6%
Corn	12,803	10,625	2,178	20%
Soybeans	111,634	104,770	6,864	7%
Wheat	1,347	4,066	-2,719	-67%
Sorghum	4,188	2,596	1,592	61%
Barley	0	0	0	0%
	Containers			
Total	5,308	4,985	323	6%
Corn	523	434	89	21%
Soybeans	4,559	4,279	280	7%
Wheat	55	166	-111	-67%
Sorghum	171	106	65	61%
Barley	0	0	0	0%
	Top 15 Destinations (number containers)			
Taiwan	1,557	1,156	401	35%
China	1,396	1,200	196	16%
Indonesia	877	1,040	-163	-16%
Malaysia	435	496	-61	-12%
Thailand	346	203	143	70%
Vietnam	342	503	-161	-32%
Nepal	152	73	79	108%
Japan	70	97	-27	-28%
Philippines	66	67	-1	-1%
South Korea	0	0	0	0%
Hong Kong	10	20	-10	-50%
Bangladesh	7	3	4	133%
Norway	1	0	1	0%
Brazil	0	12	-12	-100%
India	0	30	-30	-100%
Source	USDA/AMS Weekly Grain Inspections			