



U.S. GRAINS COUNCIL

Market Perspectives

February 22, 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, February 16, 2024	Monday, February 19, 2024	Tuesday, February 20, 2024	Wednesday, February 21, 2024	Thursday, February 22, 2024
Change	-1.25	Market Closed	2.25	-7.75	-5.00
Closing Price	416.50	U.S. Holiday	418.75	411.00	406.00
Factors Affecting the Market	Another night of quiet trade with a slight upward bias for corn, a brief rally at the opening of the daytime session and then selling throughout the day with corn closing 1.25 cents lower on the day. March corn hit another new contract low on fund selling and following the lower wheat market. despite funds holding one of the biggest short positions in corn ever. Plus, the market was still digesting the USDA Ag Outlook data as well. Grain markets all ended lower for the week with March corn down 12.5 cents and December down 9.5 cents. March soybeans fell another 11.25 cents, November was 15.25 lower, with March soybean meal losing \$1.20 per short ton and March bean oil was off 167 points. March Chicago wheat ended 34.25 lower, March Kansas City wheat fell 36.25 and Minneapolis wheat lost 29.25.		CBOT prices for grains and oilseeds were higher overnight and finished Tuesday's trading higher for the day with corn up 2 to 3 cents, wheat up 15 to 20 cents and soybeans 6 cents higher. Blockage on the Parana River continued to slow loadings from Rosario, Argentina while the marine services surveyed the river bottom to determine if dredging was going to be necessary. Chinese traders have returned after their week-long Lunar New Year's holiday. In other news, EPA has indicated that they are set to approve year-round E-15 ethanol sales nationwide in the U.S. in 2025 even though Midwestern states were hoping for approval for 2024. Dry weather persists in Argentina in the 10-day outlook and less than favorable weather continues to pull down both soybean and corn production estimates in Brazil. Equity markets were quite negative on Tuesday.	Overnight trade was quiet until European markets opened and beginning about 4 am (in central US), corn price started to move lower and selling pressure continued all day. New lows were made, and the market settled near the lows of the day. The war in Ukraine, and the logistical challenges in the Red Sea area have had a negative influence on prices of corn from the Black Sea area. Ukrainian planted area for corn continues to decline but weather has not reduced yields and stocks have actually built rapidly within Ukraine amid the loss of domestic consumption. Corn stocks in Ukraine rose to 7.8 MMTs in late summer 2022, and for marketing year 23/24 are projected to be over 5 MMTs despite recent gains in export markets. Ukraine typically carried about 0.8 to 1.2 MMT of stocks and so since 2022 Ukraine has been clearing stocks at nearly any price. Hence, new 3-year lows.	Overnight gains of 3-4 cents per bushel were quickly erased with a 10-cent plunge right after the daytime opening, dropping nearby corn prices to new contract lows and to the lowest level since mid-November 2020. While support should start to emerge at the \$4 per bushel level, the next target on the downside could be the COVID-lows that were seen in April 2020 near \$3 per bushel. The record large, short stance by managed funds has the potential for a sharp rebound when they begin to cover their short positions but while they are still adding to short positions, the market is sinking as buyers continue to take a wait and see attitude. Weakness in soybean meal and weakness in soybean prices in China are also cited as contributing factors to the weakness. The Chinese pork sector is losing an estimated \$21 USD per head and looking for any way to lower costs.

Outlook

As grain markets opened after the President's Day holiday in the U.S., markets moved higher led by shortcovering in the wheat market. The funds have built really massive, short or sold positions in the grain and oilseed sector, across corn and soybeans and wheat. And not just short positions in the U.S. but in Europe as well for the wheat market.

With the funds overexposed, it makes them nervous about any headlines out of the Red Sea or the Black Sea. The same thing applies to end users who may be going hand to mouth as prices have been in a downtrend, and they know that the funds have these big, short positions. Well, some negative news hit the market over the weekend that affected the freight price of grain and oilseeds. Two grain ships were hit in the Red Sea area, one of them ironically was headed towards Yemen. This is the first time the terrorists or rebels have actually hit grain ships and that raises the risk of higher freight costs, lengthens travel times, increases costs with the delays, and increases insurance levels according to market analysts.

Whether the rally could be sustained was answered with a resounding "No!" on Wednesday as weakness entered the market early Wednesday as European markets opened and then sank to new lows as soybean meal prices dropped more than 2%. Farmer selling has been less than normal, especially for Brazilian soybeans, but also in the United States as well. If, and when, prices rally, farmers are likely to catch up on sales muting any rally that might occur from managed funds shortcovering. The grain markets have already built in a lot of bearish news especially with last week's projections from USDA at the Ag Outlook Forum. A near-term market bottom could develop if the bulk of the bearish news is already in the market. However, Ukrainian corn stocks are still well above the level they normally carry and selling pressure from the Black Sea area seems to be going on unabated. Ukrainian corn stocks are nearly 5 times higher than the historical levels they typically carried and turning those stocks into cash at seemingly any price appears to be one of the primary drivers of this market for now. Add to this some moderating weather in South America which is allowing the safrinha corn crop to be planted at reasonable levels of progress and the prospects of an early planting season for corn in the U.S. and it just adds fuel to the fire for the managed funds with a bearish stance.

Some spring fieldwork is already starting in Iowa, Minnesota and other Cornbelt states as the ground is not frozen and with persistent dry weather, soil conditions are good for pre-planting nitrogen applications and seedbed preparation fieldwork. Whether this early field work will affect farmer selling of corn is yet to be seen. Normally there is seasonal market strength that often starts in mid-February and lasts until planting time in the U.S. But if field work is already beginning, maybe this window of opportunity will not open this year.

Major bear markets end when the market runs out of sellers and so far, the supply of sellers has remained large.

CBOT March 2024 Corn Futures



Current Market Values

Futures Price Performance: Week Ending February 22, 2024

Commodity/Contract month	22-Feb-24	15-Feb-24	Net Change
Corn			
March 24	406.00	417.75	-11.75
May 24	418.50	429.75	-11.25
July 24	430.75	439.75	-9.00
Sep 24	439.75	445.50	-5.75
Soybeans			
March 24	1147.75	1162.25	-14.50
May 24	1152.50	1166.00	-13.50
July 24	1160.75	1175.25	-14.50
Sep 24	1140.75	1147.75	-7.00
Soybean Meal			
March 24	334.90	339.30	-4.40
May 24	331.40	333.20	-1.80
July 24	334.80	336.10	-1.30
Sep 24	336.60	337.20	-0.60
*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, precipitation is falling across most of the region. It is especially heavy in southern California which has faced flash flood warning. Significant snow is accumulating in many high-elevation areas. Constantly, in New Mexico, weather has been warm and windy.
- In the Plains states, cold weather is confined to areas along the Canadian border. Elsewhere in the region, the weather has been dry and windy with above average temperatures.
- In the Corn Belt, recording-setting warm temperatures are evident across most of the region.
- In the South, the weather is dry. Cooler temperatures are lingering in the Atlantic Cost States.

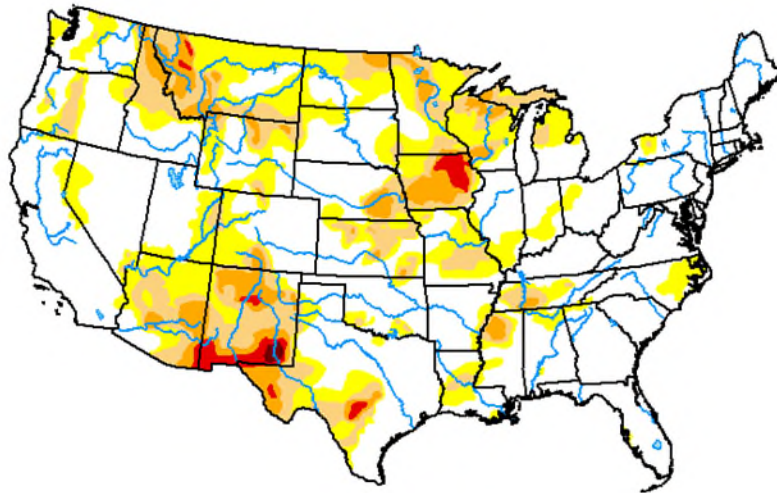
Outlook:

Storms are moving east across the country. Heavy precipitation is expected in the Ohio and Tennessee Valleys. During the weekend, rain and snow showers will affect areas from the Ohio Valley into the Northwest, while wet weather will return in the West, especially from the Pacific Northwest to the northern Rockies. Elsewhere, warm, mostly dry weather will dominate the Plains and the Upper Midwest, over the next 5 days. In Texas, another string of days with 80-degree warmth will begin on Sunday.

The NWS 6- to 10-day outlook for February 26 – March 1 calls for the likelihood of below-normal temperatures west of Rockies, while warmer-than-normal weather will cover the eastern two-thirds of the U.S. Meanwhile, near- or above- normal precipitation across most of the country should contrast with drier-than-normal conditions across Florida peninsula and the southern High Plains.

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

February 20, 2024
(Released Thursday, Feb. 22, 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 21, 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)
March	H	\$4.1100	\$0.62	\$186.21	\$1.38	\$216.13
April	K	\$4.2425	\$0.54	\$188.28	\$1.29	\$217.80
May	K	\$4.2425	\$0.56	\$189.07	\$1.29	\$217.80
June	N	\$4.3575	\$0.53	\$192.41	NA	NA
July	N	\$4.3575	\$0.55	\$193.20	NA	NA
August	U	\$4.4375	NA	NA	NA	NA

Sorghum (\$USD/MT FOB Vessel, Values as of February 21, 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)
March	K	\$4.2425	NA	NA	\$1.80	\$237.88
April	K	\$4.2425	NA	NA	\$1.80	\$237.88
May	K	\$4.2425	NA	NA	\$1.80	\$237.88

Corn Gluten Feed Pellets (\$USD/MT FOB)		
21% Protein	Central U.S. Barge	Delivered NOLA
March	\$138	\$165
April	\$138	\$165
May	\$138	\$165

Corn Gluten Meal(\$USD/MT FOB)		
60% Protein	Central U.S. Barge	Delivered NOLA
March	\$375	\$427
April	\$375	\$427
May	\$375	\$427

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 \$202 per short ton in the February 9 National Weekly Ethanol Report. This was down \$1 per short ton from the previous week.

The DDGS/cash corn ratio was 1.37, up slightly from 1.33 last week. This is the highest this ratio has been in over a year, as DDGS prices have continued to hold steady despite falling corn prices. The DDGS/KC soybean meal ratio was 0.55, essentially unchanged from last week. This ratio has been dropping faster than the previous three weeks after a strong run up from October to January.

Stable domestic DDGS prices helped keep most export quotes relatively stable week-over-week. Most March DDGS export prices increased week-over-week by \$2-3/MT. One exception was Barge CIF New Orleans prices which decreased \$3/MT.

DDGS Price Table: February 21, 2024 (USD/MT) (Quantity, availability, payment, and delivery terms vary)			
Delivery Point (Quality Min. 35% Pro-fat combined)	March	April	May
Barge CIF New Orleans	242	244	250
FOB Vessel Gulf	245	247	248
Rail Delivered PNW	365	369	371
Rail Delivered California	280	283	284
Mid-Bridge, Laredo, TX	290	293	294
FOB Lethbridge, Alberta	250	253	254
40 ft containers to South Korea (Busan)	314	318	319
40 ft containers to Taiwan (Kaohsiung)	319	322	324
40 ft containers to Philippines (Manila)	355	359	361
40 ft containers to Indonesia (Jakarta)	N/A	N/A	N/A
40 ft containers to Malaysia (Port Kelang)	329	333	334
40 ft containers to Vietnam (HCMC)	314	317	319
40 ft containers to Japan (Yokohama)	325	328	330
40 ft containers to Thailand (LCMB)	334	337	339
40 ft containers to China (Shanghai)	314	318	319
40 ft containers to Bangladesh (Chittagong)	N/A	N/A	N/A
40 ft containers to Myanmar (Yangon)	329	333	334
KC Rail Yard (delivered ramp)	234	237	238
Elwood, IL Rail Yard (delivered ramp)	N/A	N/A	N/A

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	21-Feb-24	14-Feb-24	Change
55,000 U.S. Gulf – Japan	60.30	60.71	-0.41
55,000 U.S. PNW – Japan	27.64	25.74	1.90
66,000 U.S. Gulf – China	50.21	50.86	-0.65
66,000 U.S. PNW – China	25.25	25.43	-0.18
25,000 U.S. Gulf – Veracruz, Mexico	17.00	18.00	-1.00
30-36,000 U.S. Gulf – Veracruz, Mexico	13.57	14.01	-0.44
30-38,000 U.S. Gulf – Colombia	19.00	20.00	-1.00
50,000 U.S. Gulf – East Coast Colombia	15.46	15.79	-0.33
50,000 Argentina – East Coast Colombia	20.24	20.11	0.13
43-45,000 U.S. Gulf-Guatemala	#N/A	#N/A	N/A
26-30,000 U.S. Gulf – Morocco	40.00	42.00	-2.00
55-60,000 U.S. Gulf – Egypt	30.00	30.00	0.00
55-60,000 U.S. PNW – Egypt	42.00	41.00	1.00
60-70,000 U.S. Gulf – Europe, Rotterdam	27.00	27.00	0.00
Brazil, Santos – China	45.29	44.21	1.08
Northern Coast Brazil – China	27.16	26.54	0.62
56-60,000 Argentina/Rosario – China Deep Draft	50.01	50.64	-0.63

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

Ocean Freight Comments

There remains no let up with the Houthis attacking vessels using the Red Sea and have gone so far to announce that vessels wholly or partially owned or flagged by the United States, United Kingdom and Israel are banned. In addition to airstrikes and attacks from the sea, the Houthis are now attacking from below the sea with submarines on vessels.

That 12% of global maritime traffic has historically used the Red Sea to access the Suez Canal to connect Asia with the Middle East, Europe and North America, and vessel routes are being disrupted. Such disruptions lead to using alternative routes such as around the Cape of Good Hope that nearly doubles the journey between origin and destination markets. As a result of the longer journey, costs and freight rates increase. And such higher costs mean shippers are considering other trade flows or pass on the higher costs to the market. The situation through the Red Sea is expected to drag on indefinitely.

Meanwhile the Gatun Lake in Panama continues to see water levels fall further, standing at 80.9 feet as of February 22, 2024, down from 81.0 feet one week ago. Gatun Lake is used as a reservoir to hold water that is used to flush vessels through the series of locks of the canal zone, and for municipal water requirements. Water levels are not expected to rise anytime soon since this is the dry season that

extends through May. The Panama Canal Authority is projecting water levels to fall to 79.5 feet by the second half of April. Since the current low water event started during mid-2023, the lowest water level was 79.2 feet in July 2023.

The number of daily vessel transits is limited to 24, down from the normal 36, while the draft at the Neopanamax locks is 44 feet, down from 50 feet, and the freshwater surcharge is now 2.42%, up from last week's 2.31%. For reference purposes, a water level of 79.5 feet equates to a freshwater surcharge of 4.26% and does not change draft requirements through the Neopanamax locks or the Panamax locks.

Issues through the Red Sea and at the Panama Canal, and improved iron ore shipments are impacting ocean freight rates. The Baltic Dry Index climbed 94 points or 5.9% to an index of 1,676 this week, a level last seen in early January this year. The Panamax sector gained 91 points or 5.8% for the week to 1,673. The Supramax market jumped nearly 10% on the week to 1,154.

Dry bulk voyage rates on most grain routes were firmer this week. Out of the U.S. Gulf to Japan the rate was nearly 1% lower to \$60.30 per metric ton for a 55,000 metric ton shipment, while out of the Pacific Northwest the rate was up more than 7% to \$27.64 per metric ton. The spread between these key routes narrowed nearly 7% to \$32.66 per metric ton.

Despite the strength in the nearby voyage markets, the Forward Freight Agreements (FFAs) for Panamax and Supramax vessels for March and April sailings have eased, potentially leading to lower voyage or freight rates on the horizon. Panamax timecharters for March were down \$900 per day for the week to \$15,200, and for April they settled at \$16,000 per day, falling \$700 for the week.

Baltic Panamax Dry Bulk Time Charter Rates \$USD/Day				
Route	21-Feb-24	14-Feb-24	Change	Percent Change
P2A: U.S. Gulf/Atlantic – Japan	22,661	22,834	-173	-0.8
P3A: PNW/Pacific – Japan	14,002	10,661	3,341	31.3
S1C: U.S. Gulf – China/S. Japan	26,064	26,850	-786	-2.9
Source: Baltic Exchange/Reuters				

Capesize Vessel Freight Values Western Australia to South China (iron ore)				
	21-Feb-24	14-Feb-24	Change	Percent Change
\$USD/MT	9.65	9.26	0.39	4.2
Source: Source: Baltic Exchange/Reuters				

U.S. – Asia Market Spreads				
\$USD/MT				
21-Feb-24	PNW	Gulf	Bushel Spread	MT Spread
#2 Corn	1.38	0.62	0.76	29.92
Soybeans	1.30	0.80	0.50	18.37
Ocean Freight	27.64	60.30	NA	32.66
Source: Reuters, Decision Innovation Solutions & Polaris Analytics and Consulting				

U.S. Export Statistics

Publication of the USDA export sales report for the week of February 15, 2024, is delayed until Friday, February 23 due to the U.S. federal holiday on Monday, February 19. 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 February 8, 2024					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	435,098	405,275	11,497.9	17,602.4	2.0%
Corn	1,490,248	903,258	17,956.7	36,215.1	3.7%
Sorghum	63,631	197,518	2,920.6	4,397.1	0.0%
Barley	0	200	4.2	16.6	0.0%
Source: USDA/FAS, Decision Innovation Solutions & Polaris Analytics Consulting					

Corn

Net sales of 1,306,900 MT for 2023/2024 were up 7 percent from the previous week and 13 percent from the prior 4-week average. Increases primarily for Mexico (421,100 MT, including decreases of 1,700 MT), Colombia (351,200 MT, including 40,000 MT switched from unknown destinations and decreases of 6,700 MT), unknown destinations (108,000 MT), Honduras (105,400 MT, including decreases of 45,700 MT), and South Korea (82,700 MT, including 20,000 MT switched from unknown destinations and decreases of 100 MT), were offset by reductions for Nicaragua (1,700 MT). Total net sales of 2,300 MT for 2024/2025 were for Honduras. Exports of 903,300 MT were up 15 percent from the previous week, but unchanged from the prior 4-week average. The destinations were primarily to Mexico (425,800 MT), Japan (129,600 MT), Colombia (75,200 MT), Saudi Arabia (55,000 MT), and Taiwan (54,700 MT).

Barley

No net sales for 2023/2024 were reported. Total net sales of 14,000 MT for 2024/2025 were for Japan. Exports of 200 MT were to Mexico.

Sorghum

Total net sales reductions of 2,100 MT for 2023/2024 – a marketing-year low – were down noticeably from the previous week and from the prior 4-week average. The reductions include decreases of 11,400 MT for China. Total net sales reductions of 60,000 MT for 2024/2025 were for China. Exports of 197,500 MT were up 76 percent from the previous week and 43 percent from the prior 4-week average. The destination was China.

U.S. Export Inspections: Week Ending February 15, 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	918,610	892,335	18,118,948	13,736,678	32%
Sorghum	315,795	194,224	3,307,493	569,444	481%
Soybeans	1,185,885	1,342,086	31,969,302	41,393,182	-23%
Wheat	380,774	407,524	12,091,334	14,660,513	-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 15, 2024						
Region	Yellow Corn	% of Total	White Corn	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	612	0%	0	0%	0	0%
Gulf	459,204	50%	3,243	90%	108,698	34%
PNW	195,826	21%	0	0%	198,575	63%
Interior Export Rail	259,384	28%	341	10%	8,498	3%
Total (MT)	915,026	100%	3,584	100%	315,771	100%
White Corn Shipments by Country (MT)			3,243	to Guatemala		
			341	to South Korea		
Total Sorghum			3,584			
Sorghum Shipments by Country (MT)					315,292	to China
					479	to Mexico
Total Sorghum					315,771	
Source:	USDA/AMS Weekly Grain Inspections					

Grain and Soybean Export Inspections by Container and Week

	15-Feb-24	8-Feb-24	Change	% Change
Metric Tons				
Total	105,705	133,079	-27,374	-21%
Corn	15,349	10,524	4,825	46%
Soybeans	80,781	116,703	-35,922	-31%
Wheat	1,053	1,591	-538	-34%
Sorghum	8,522	4,261	4,261	100%
Barley	0	0	0	0%
Containers				
Total	4,317	5,435	-1,118	-21%
Corn	627	430	197	46%
Soybeans	3,299	4,766	-1,467	-31%
Wheat	43	65	-22	-34%
Sorghum	348	174	174	100%
Barley	0	0	0	0%
Top 15 Destinations (number containers)				
Taiwan	1,154	1,253	-99	-8%
Indonesia	1,060	1,501	-441	-29%
China	669	826	-157	-19%
Malaysia	443	545	-102	-19%
Vietnam	443	514	-71	-14%
Thailand	181	290	-109	-38%
Philippines	111	93	18	19%
Japan	101	160	-59	-37%
Nepal	64	202	-138	-68%
Bangladesh	40	0	40	0%
Cambodia	31	0	31	0%
South Korea	14	12	2	17%
Hong Kong	6	16	-10	-63%
Burma	0	18	-18	-100%
Costa Rica	0	5	-5	-100%
Source	USDA/AMS Weekly Grain Inspections			