Market Perspectives

U.S. GRAINS COUNCIL

September 26, 2019

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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.

Chicago Board of Trade Market News

Week in Review: CME Corn December Contract					
$/Bu	Friday September 20	Monday September 23	Tuesday September 24	Wednesday September 25	Thursday September 26
Change	-2.00	2.50	1.50	-0.50	-1.75
Closing Price	370.75	373.25	374.75	374.25	372.50
Factors Affecting the Market	Quiet trading sent corn down for the day but with a 2-cent weekly gain. The weekend forecast featured good weather while the extended forecast is too wet for the Western Corn Belt and too cold for the upper Plains. Outside markets were mostly lower with U.S. equities down sharply and the U.S. dollar index up 10 points.	Corn finished higher in quiet trading as the weather forecasts imply the need for greater yield/harvest premiums in futures prices. USDA said 9.2 mbu of corn was exported last week, a bearish figure. Outside markets were supportive despite a 15-point increase in the U.S. dollar.	USDA's late-Monday confirmation that only 29 percent of corn is mature prompted another day of CBOT gains. USDA reported sales of 7.9 mbu of corn to Mexico. Cash prices are firming amid light farm sales and increased weather risk. The U.S. dollar fell 28 points while the Dow dropped 142 bps.	Corn had a firmer tone through the day despite a half-cent loss at the close. The 40-day moving average was technical resistance for bulls. Heavy rains forecast for KS, NE, and IA will prevent harvest from starting, and the northern parts of the Western Corn Belt have elevated frost risk. The U.S. dollar jumped up 64 bps.	Little fresh news and technical resistance sent corn lower. USDA said 494,000 MT of corn were sold for 2019/20 delivery while 11 mbu was exported. The Midwest weather remains too wet for harvest to begin in earnest and frost/freeze concerns are rising in the North. The U.S. dollar was higher.

Outlook: December corn futures are 1 ¾ cents (0.5 percent) higher this week after down days on Wednesday and Thursday erased some of the early week gains. There is simply little fresh news for the corn market except continual weather forecast updates and the weekly export statistics. With harvest still not begun in earnest, the futures market is keeping a small risk premium in corn prices, but the USDA's latest ending stocks/use estimate for 2019/20 is keeping upside potential in check. The major trend for corn futures seems to be sideways until further notice.

USDA's latest Export Sales report recorded 494,000 MT of net sales and 278,900 MT of exports. While still very early in the marketing year, YTD bookings are down 50 percent. Other Export Sales highlights include 66,000 MT of sorghum net sales, 400 MT of sorghum exports, and 700 MT of barley shipments. YTD bookings for sorghum and barley are up 106 and 7 percent, respectively.

Cash prices are higher this week with the average price across the U.S. reaching $141.25/MT. Barge CIF NOLA values are 2 percent lower while FOB NOLA prices are slightly lower at $163.50/MT for October delivery. Technically, the trends are steady/firmer for interior cash prices and lower for export-oriented prices as exporters work to remain competitive on the world market.

From a technical standpoint, December corn posted a solid 20-cent move higher during September, and the present contract low is likely the seasonal low for the year as well. The weather continues to command additional yield/harvest premium in futures prices, but bulls are finding it difficult to overcome technical resistance at the 40-day moving average without solidly bullish news. Managed money funds are still heavily net short corn, which will keep the market under some pressure.

Interest Rates and Macroeconomic Markets, September 26, 2019						
	Last*	Weekly Change	Weekly % Change	Monthly Change	Monthly % Change	1-Year History
Interest Rates						
U.S. Prime	5.0	-0.3	-4.8%	-0.3	-4.8%	
LIBOR (6 Month)	2.0	0.0	-1.8%	0.0	0.4%	
LIBOR (1 Year)	2.0	-0.1	-3.9%	0.0	1.8%	
S&P 500	2,981.3	-25.4	-0.8%	56.8	1.9%	
Dow Jones Industrials	26,939.8	-155.0	-0.6%	577.6	2.2%	
U.S. Dollar	99.1	0.8	0.8%	0.7	0.7%	
WTI Crude	56.5	-1.7	-2.9%	-0.2	-0.3%	
Brent Crude	61.8	-2.6	-4.1%	1.3	2.1%	

Source: DTN ProphetX, World Perspectives, Inc.

** Last price as of 3:20 PM ET*

CBOT December Corn Futures

Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending September 26, 2019			
Commodity	**26-Sep**	**20-Sep**	**Net Change**
Corn			
Jul 19	372.50	370.75	1.75
Sep 19	384.75	381.75	3.00
Dec 19	392.25	389.50	2.75
Mar 20	397.50	395.25	2.25
Soybeans			
Jul 19	888.50	882.75	5.75
Aug 19	902.75	896.50	6.25
Sep 19	915.00	908.75	6.25
Nov 19	925.50	919.25	6.25
Soymeal			
Jul 19	290.80	291.10	-0.30
Aug 19	295.60	295.00	0.60
Sep 19	297.60	296.70	0.90
Oct 19	301.20	299.90	1.30
Soyoil			
Jul 19	29.01	29.28	-0.27
Aug 19	29.17	29.40	-0.23
Sep 19	29.42	29.64	-0.22
Oct 19	29.69	29.93	-0.24
SRW			
Jul 19	484.25	484.25	0.00
Sep 19	490.25	491.00	-0.75
Dec 19	494.25	495.75	-1.50
Mar 20	498.50	499.75	-1.25
HRW			
Jul 19	408.25	407.50	0.75
Sep 19	421.50	421.00	0.50
Dec 19	431.25	430.75	0.50
Mar 20	440.50	440.25	0.25
MGEX (HRS)			
Jul 19	548.75	524.25	24.50
Sep 19	562.00	537.50	24.50
Dec 19	572.00	548.50	23.50
Mar 20	581.75	557.50	24.25

**Price unit: Cents and quarter-cents/bu. (5,000 bu.)*

U.S. Weather/Crop Progress

U.S. Crop Conditions: September 22, 2019					
Commodity	**Very Poor**	**Poor**	**Fair**	**Good**	**Excellent**
Corn	3%	10%	30%	46%	11%
Sorghum	2%	6%	27%	51%	14%
Barley	-	-	-	-	-

Source: USDA

U.S. Drought Monitor Weather Forecast: The overall theme of a persistent and stagnant weather pattern will continue into next week. High pressure will maintain dryness and drought from New England to the Gulf Coast Region, though a series of weak cold fronts may provide chances for much-needed shower activity from eastern portions of Kentucky and Tennessee to the central Atlantic Coast. Likewise, mostly dry weather is expected from the Southwest into the central Rockies and Great Plains. In contrast, wet weather will continue from the Northwest into the northern Plains and upper Midwest, with another ribbon of moderate to heavy rain (locally more than 2 inches) possible from the southern High Plains into the Great lakes Region.

The NWS 6- to 10-day outlook for October 1–4 calls for above-normal temperatures across the eastern half of the nation in addition to the southern Plains and western Gulf Coast region, while cooler-than-normal weather prevails from the Pacific Coast into the upper Midwest. Near- to above-normal precipitation across much of the nation will contrast with drier-than-normal conditions across the southeastern quarter of the nation.

Follow this link to view current U.S. and international weather patterns and future outlook: [Weather and Crop Bulletin.]

U.S. Export Sales and Exports: Week Ending September 19, 2019					
Commodity	**Gross Sales (MT)**	**Exports (MT)**	**YTD Exports (000 MT)**	**YTD Bookings (000 MT)**	**% Change YTD Bookings**
Wheat	374,000	498,400	7,871.0	12,576.1	16%
Corn	514,400	278,900	1,148.5	9,148.9	-50%
Sorghum	66,100	400	32.2	135.5	106%
Barley	100	700	13.7	57.5	4%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 494,000 MT for 2019/2020, primarily for Mexico (196,800 MT, including decreases of 11,700 MT), Japan (92,900 MT, including 4,500 MT switched from unknown destinations and decreases of 3,600 MT), unknown destinations (85,300 MT), Colombia (47,300 MT), and Thailand (39,400 MT), were partially offset by reductions for Nicaragua (1,000 MT). Exports of 278,900 MT were primarily to Mexico (169,700 MT), Taiwan (27,200 MT), Japan (25,900 MT), Guatemala (22,600 MT), and the Dominican Republic (14,900 MT).

Optional Origin Sales: For 2019/2020, the current outstanding balance of 635,000 MT is for South Korea (455,000 MT), Israel (120,000 MT), and China (60,000 MT).

Barley: For 2019/2020, total net sales of 100 MT were for Japan. Exports of 700 MT were up noticeably from the previous week and up 3 percent from the prior 4-week average. The destination was Japan.

Sorghum: Net sales of 66,100 MT for 2019/2020 were primarily for Mexico (40,000 MT), Japan (25,000 MT), and unknown destinations (1,000 MT). Exports of 400 MT were to Mexico.

U.S. Export Inspections: Week Ending September 19, 2019					
Commodity (MT)	**Export Inspections**		**Current Market YTD**	**Previous YTD**	**YTD as Percent of Previous**
	Current Week	**Previous Week**			
Barley	0	49	3,036	3,547	86%
Corn	233,993	423,129	1,129,132	3,077,810	37%
Sorghum	6,276	45,857	85,675	6,332	1353%
Soybeans	922,550	668,496	2,164,513	2,340,915	92%
Wheat	476,173	517,550	8,005,684	6,545,647	122%

*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 & cancellations to previous week's reports.*

USDA Grain Inspections for Export Report: Week Ending September 19, 2019						
Region	**YC**	**% of Total**	**WC**	**% of Total**	**Sorghum**	**% of Total**
Lakes	0	0%	0	0	0	0%
Atlantic	0	0%	0	0	0	0%
Gulf	94,556	40%	0	0	0	0%
PNW	15,049	6%	0	0	0	0%
Interior Export Rail	124,388	53%	0	0	6,276	100%
Total (Metric Tons)	233,993	100%	0	0	6,276	100%
White Corn Shipments by Country (MT)						
Total White Corn (MT)						
Sorghum Shipments by Country (MT)					6,276	to Mexico
Total Sorghum (MT)					**6,276**	

Source: USDA, World Perspectives, Inc.

FOB

Yellow Corn (USD/MT FOB Vessel)				
YC FOB Vessel Max. 15.0% Moisture	**GULF**		**PNW**	
	Basis (#2 YC)	**Flat Price (#2 YC)**	**Basis (#2 YC)**	**Flat Price (#2 YC)**
October	0.43+Z	$163.57	0.88+Z	$181.09
November	0.49+Z	$165.94	0.88+Z	$181.29
December	0.56+Z	$168.69	0.91+Z	$182.27

#2 White Corn (U.S. $/MT FOB Vessel)			
Max. 15.0% Moisture	**November**	**December**	**January**
Gulf	$195	$199	$203

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	**NOLA**		**TEXAS**	
	Basis	**Flat Price**	**Basis**	**Flat Price**
October	0.90+Z	$182.08	0.60+Z	$170.27
November	0.95+Z	$184.04	0.65+Z	$172.23
December	0.95+Z	$184.04	0.65+Z	$172.23

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. $/MT)			
	October	**November**	**December**
New Orleans	$167	$169	$170
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. $/MT)			
Bulk 60% Pro.	**October**	**November**	**December**
New Orleans	$470	$475	$480
**5-10,000 MT Minimum*			

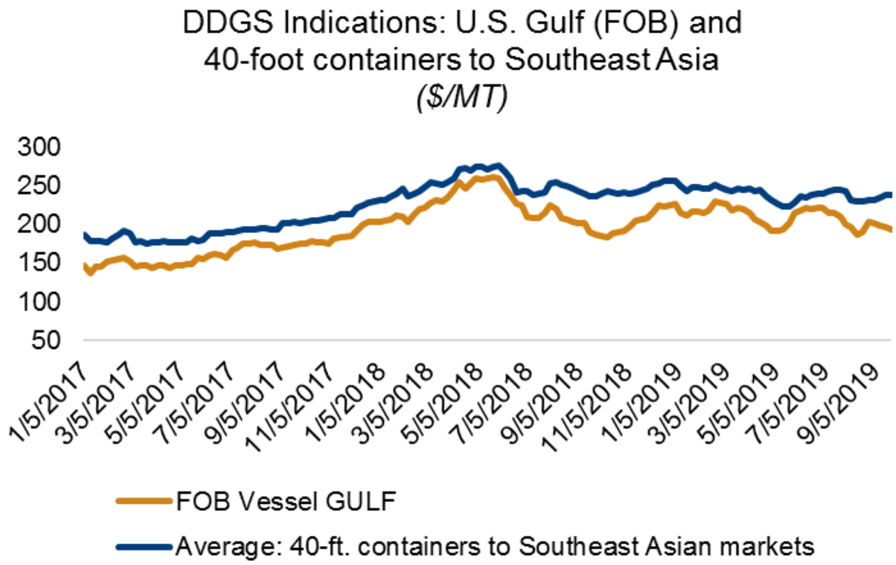
DDGS Price Table: September 26, 2019 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point **Quality Min. 35% Pro-fat combined**	**October**	**November**	**December**
Barge CIF New Orleans	180	183	183
FOB Vessel GULF	192	194	194
Rail delivered PNW	212	214	214
Rail delivered California	218	219	220
Mid-Bridge Laredo, TX	215	215	216
FOB Lethbridge, Alberta	193	193	193
40 ft. Containers to South Korea (Busan)	232	223	225
40 ft. Containers to Taiwan (Kaohsiung)	229	222	224
40 ft. Containers to Philippines (Manila)	238	237	239
40 ft. Containers to Indonesia (Jakarta)	234	229	232
40 ft. Containers to Malaysia (Port Kelang)	235	230	232
40 ft. Containers to Vietnam (HCMC)	232	233	236
40 ft. Containers to Japan (Yokohama)	236	233	236
40 ft. containers to Thailand (LCMB)	236	239	242
40 ft. Containers to China (Shanghai)	227	225	227
40 ft. Containers to Bangladesh (Chittagong)	255	253	255
40 ft. Containers to Myanmar (Yangon)	252	256	258
KC Rail Yard (delivered ramp)	192	193	195
Elwood, IL Rail Yard (delivered ramp)	187	188	190

*Source: World Perspectives, Inc. *Prices are based on offer indications only; terms of delivery, payment and quality may vary from one supplier to another, impacting the actual value of the price.*

Distiller's Dried Grains with Solubles (DDGS)

DDGS Comments: Cash corn prices are 3 cents/bushels higher across the U.S. this week with firmer futures supporting cash bids. Prices for DDGS FOB ethanol plants are steady despite a $2/MT move higher in Kansas City soymeal prices. DDGS are priced at 101 percent of cash corn values, down from last week and below the three-year average of 106 percent. The DDGS/soymeal price ratio is 0.44, steady with last week and slightly above the three-year average.

FOB Gulf DDGS prices are $4/MT lower this week amid broadly quiet export markets. Prices for 40-foot containers to Southeast Asia are steady this week at $239/MT.



Source: World Perspectives, Inc.

Country News

Argentina: The Buenos Aires Grain Exchange estimates the 2019/20 corn crop at 50 MMT, which is now consistent with USDA's September WASDE report. The increase is based on expanding the production area to 6.4 million hectares versus the 6.2 million hectares planted last season. Meanwhile, the Central Bank reports that 8.7 MMT of 2019/20 corn has been exported. Exporters are rushing the movement of corn ahead of an expected export tax being imposed. (Reuters; AgriCensus)

Brazil: The agriculture ministry says that corn exports have rebounded (AgriCensus)

China: The 2019/20 corn crop is larger but some of it has quality concerns. The government's auction sold 500 KMT of corn, the most in five weeks. (AgriCensus)

Egypt: Corn imports will rise 4 percent to offset lower domestic output. (AgriCensus; USDA)

EU: The corn harvest has begun in France even as crop conditions are dropping. (AgriCensus)

India: The kharif (rainy season) corn crop will be 4 percent larger but still shy of the target amount. The government split a corn import quota for 400 KMT. (AgriCensus)

Southern Africa: The FAO says that higher rainfall amounts will boost the region's corn output. (AgriCensus)

Taiwan: The feed making group MFIG purchased 65 KMT of corn from Glencore at $201/MT. Illinois officials say that Taiwan has committed to buy $2.2 billion worth of corn and soybeans from their state. (AgriCensus; Crain's)

Turkey: The government agency TMO tendered for barley (AgrCensus)

Ukraine: Corn yields are 8 percent higher this year and averaging 95 bushels per acre. This could put the crop larger than the 36 MMT predicted by USDA. Barley exports have made solid gains. (FarmLead; AgriCensus)

Zimbabwe: The drought and an economic crisis has created a food security risk but Tanzania will deliver 100 KMT of corn in weeks. (Bloomberg)

Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans* September 26, 2019			
Route and Vessel Size	**Current Week (USD/MT)**	**Change from Previous Report**	**Remarks**
55,000 U.S. Gulf-Japan	$51.50	Down $0.75	Handymax $53.00 mt
55,000 U.S. PNW- Japan	$28.75	Down $0.75	Handymax $29.75 mt
66,000 U.S. Gulf – China PNW to China	$50.50 $28.25	Down $0.75 Down $0.75	North China
25,000 U.S. Gulf- Veracruz, México	$18.75	Down 0.25	3,000 MT daily discharge rate
30-35,000+ U.S. Gulf- Veracruz, México	$16.00	Unchanged	Deep draft and 6,000 MT per day discharge rate.
25-35,000 U.S. Gulf – East Coast, Colombia From Argentina	$21.00 $36.00	Down $0.50	West Coast Colombia at $31.00
43-45,000 U.S. Gulf - Guatemala	$29.25	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	$36.50	Down $0.50	8,000 mt daily discharge
26-30,000 US Gulf-Morocco	$37.50	Unchanged	3,000 mt daily discharge
26-30,000 US Gulf-Morocco	$38.00	Down $0.50	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt PNW to Egypt	$31.75 $32.00	Down $0.50	60,000 -55,000 mt Romania- Russia- Ukraine $18.75 -$16.75 -$17.00 (France $21.25-$21.50)
60-70,000 U.S. Gulf – Europe, Rotterdam	$20.00	Down $1.00	Handymax at +$1.75 more
Brazil, Santos – China	$39.50	Down $1.00	54-59,000 Supramax-Panamax
Brazil, Santos – China	$40.00	Unchanged	60-66,000 Post Panamax
Itacoatiara-Port Upriver North Brazil	$41.25	Unchanged	60-66,000 mt
56-60,000 Argentina/Rosario – China, Deep Draft	$42.25	Down $1.00	Upriver with BB Top Off $45.25

Source: O'Neil Commodity Consulting
**Numbers for this table based on previous night's closing values.*

Ocean Freight Comments

Transportation and Export Report: Jay O'Neil, O'Neil Commodity Consulting: Bears were in control of the freight market this week. Physical and paper values in the Capesize market declined while the Panamax market followed. The Supramax and Handymax sectors held up much better than the larger vessels. African swine fever, trade wars, and the slowing of global economic growth continue to weigh on freight markets. Some Dry-Bulk publications are trying to call this pull back a simple technical correction, but it is much more than that. Both Dry-Bulk and Containerized freight markets desperately need better cargo demand and growth. On the container side we are not seeing the normal pre-holiday rush for freight, as it seems that retailers have made their purchases early due to fears over the tariff wars. Something is going to have to change for the better or we will see a rapid acceleration of shipping consolidation.

Baltic-Panamax Dry-Bulk Indices				
September 26, 2019 Route	**This Week**	**Last Week**	**Difference**	**Percent Change**
P2A: Gulf/Atlantic – Japan	25,573	27,938	-2,365	-8.5
P3A: PNW/Pacific– Japan	11,941	13,227	-1,286	-9.7
S1C: U.S. Gulf-China-S. Japan	29,961	30,414	-453	-1.5

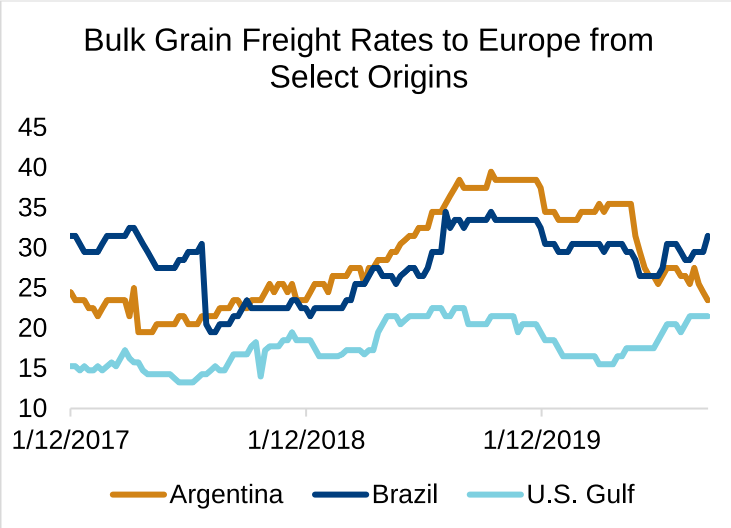
Source: O'Neil Commodity Consulting

Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	$10.25-10.55
Three weeks ago:	$10.50-11.25
Two weeks ago:	$10.50-11.00
One week ago:	$10.50-11.00
This week	$8.50-9.90

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
September 26, 2019	**PNW**	**Gulf**	**Bushel Spread**	**MT Spread**	**Advantage**
#2 Corn	0.85	0.46	0.39	$15.35	PNW
Soybeans	0.73	0.28	0.45	$16.53	PNW
Ocean Freight	$28.25	$50.50	0.57-0.61	$22.25	October

Source: O'Neil Commodity Consulting



Source: World Perspectives, Inc., O'Neil Commodity Consulting

Bulk Grain Freight Rates for Key Suppliers and Destinations
September 26, 2019

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
Panamax/Supramax Vessels							
U.S. Gulf	Japan	51.50	-0.25	-0.5%	4.25	9.0%	
U.S. PNW		28.75	-1	-3.4%	2.25	8.5%	
Argentina		45.50	4	9.6%	4	9.6%	
Brazil		40.50	1	2.5%	3	8.0%	
U.S. Gulf	China	50.50	-0.75	-1.5%	4.25	9.2%	
U.S. PNW		28.25	-0.5	-1.7%	2.5	9.7%	
Argentina		42.25	-1.25	-2.9%	-0.75	-1.7%	
Brazil		40.00	-1.25	-3.0%	2	5.3%	
U.S. Gulf	Europe	21.50	0	0.0%	1	4.9%	
Argentina		23.50	-2	-7.8%	-14	-37.3%	
Brazil		31.50	3	10.5%	-2	-6.0%	
Argentina	Saudi Arabia	40.50	2	5.2%	8	24.6%	
Brazil		44.50	3	7.2%	8	21.9%	
U.S. Gulf	Egypt	32.50	0.00	0.0%	-1.50	-4.4%	
U.S. PNW		31.60	-1.15	-3.5%	-4.05	-11.4%	
Argentina		26.50	0.00	0.0%	-11.00	-29.3%	
Brazil		34.50	3.00	9.5%	-1.00	-2.8%	
Handysized Vessels							
U.S. Gulf	Morocco	38.50	0.00	0.0%	6.00	18.5%	
U.S. Great Lakes		41.85	-3.15	-7.0%	3.40	8.8%	
Argentina		26.50	1.00	3.9%	2.00	8.2%	
Brazil		32.50	2.00	6.6%	5.00	18.2%	
U.S. Great Lakes	Europe	39.80	-4.25	-9.6%	12.20	44.2%	
Brazil		31.15	2.40	8.3%	-3.75	-10.7%	
Argentina	Algeria	30.50	3.00	10.9%	3.00	10.9%	
Brazil		33.50	2.00	6.3%	6.00	21.8%	
U.S. Gulf	Colombia	21.00	-1.00	-4.5%	0.25	1.2%	
U.S. PNW		30.70	0.50	1.7%	1.65	5.7%	
Argentina		36.00	3.50	10.8%	0.75	2.1%	
Shipping Indexes							
Baltic Dry Index		2108	-60	-2.8%	674	47.0%	

Source: World Perspectives, Inc. and O'Neil Commodity Consulting