Market Perspectives

U.S. GRAINS COUNCIL

## August 8, 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.***

| Week in Review: CME Corn December Contract | | | | | |
|---|---|---|---|---|---|
| **$/Bu** | **Friday August 2** | **Monday August 5** | **Tuesday August 6** | **Wednesday August 7** | **Thursday August 8** |
| **Change** | 7.00 | 5.25 | -2.25 | 1.50 | 4.25 |
| **Closing Price** | 409.50 | 414.75 | 412.50 | 414.00 | 418.25 |
| **Factors Affecting the Market** | Dec. corn closed higher after a week of losses. Geopolitical news forced markets sharply lower Thursday and Friday's short-covering rally was welcome. Dryness is worsening across the Eastern Corn Belt, but temperatures remain mild. Outside markets were weaker. | Corn led grain futures to a higher close after a weaker start. Short-covering and profit taking helped the market higher. Concerns linger for the Eastern Corn Belt, but otherwise favorable conditions exist for the corn crop. USDA noted 24.9 mbu of export inspections last week. | Dec. 2019 futures were slightly lower though appeared to have stabilized. Dec. 2020 futures were sharply lower under aggressive farmer hedging. USDA said late Monday that 78% of U.S. corn is silking, meaning pollination likely occurred during good weather. The U.S. Dollar rose 18 bps. | Quiet trade left corn slightly higher as the market positions for the Aug. WASDE. Acreage estimates range from 83.5-91.5 million acres, yielding even more varied production figures. Volatility seems the only certainty in the coming report. Outside markets were mixed with the U.S. dollar higher. | Short-covering pulled the market back above the 100-day MA. The drought monitor showed dry conditions across Iowa to Ohio, which is increasingly concerning. USDA noted 1.7 mbu of corn sales last week and 27.3 mbu of exports. Outside markets were supportive. |

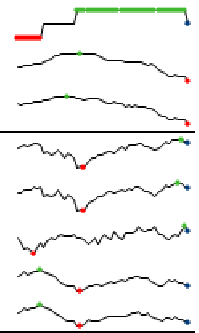
**Outlook:** December corn futures are up 8 ¾ cents (2.1 percent) this week as CBOT markets recover from oversold technical conditions. The August WASDE now has the market's full focus and pre-report positioning has been notable. Estimates for the report are wide-ranging and there is growing sentiment that the report could produce significant volatility in the futures market.

On Monday, USDA said 57 percent of U.S. corn was in good/excellent shape, down from the five-year average of 69 percent. Seventy-eight percent of U.S. corn is silking, behind the typical pace of 93 percent, which suggests most of the crop pollinated during favorable weather conditions. Dryness across the Eastern Corn Belt is growing and should be watched, but the critical time for the corn crop's development has seemingly passed without incident.

USDA's weekly Export Inspections report featured net sales of 95,200 MT and exports of 692,600 MT. The export figure was down 2 percent from the prior week and less than needed to keep pace with USDA's latest export forecast. YTD exports are down 11 percent while YTD bookings are 17 percent less than last year. USDA also noted that 9,600 MT of sorghum was exported last week.

U.S. cash prices are slightly higher across the Midwest this week with the average price moving 2 percent higher to $156.50/MT. Barge CIF NOLA and FOB NOLA corn prices are higher with Gulf export offers reaching $186.75/MT, an increase of 2 percent from the prior week. FOB NOLA prices are 7 percent higher than this time in 2018.

From a technical standpoint, December corn is moving sideways/higher after moving sharply lower last week. A combination of short-covering and commercial buying has supported this week's price action. The market is looking for USDA's acreage and yield estimates in the August WASDE, however, and next week's fundamentals will overrule current technical conditions. Pre-report estimates are extremely varied for the U.S. corn crop, however, virtually assuring that the coming WASDE will be actively watched and traded.

| Interest Rates and Macroeconomic Markets, August 8, 2019 | | | | | | |
|---|---|---|---|---|---|---|
| | **Last*** | **Weekly Change** | **Weekly % Change** | **Monthly Change** | **Monthly % Change** | **1-Year History** |
| Interest Rates | | | | | |  |
| U.S. Prime | 5.3 | -0.3 | -4.5% | -0.3 | -4.5% | |
| LIBOR (6 Month) | 2.0 | -0.2 | -7.2% | -0.2 | -9.5% | |
| LIBOR (1 Year) | 2.0 | -0.2 | -9.7% | -0.3 | -13.5% | |
| S&P 500 | 2,938.1 | -15.4 | -0.5% | -61.8 | -2.1% | |
| Dow Jones Industrials | 26,378.5 | -204.9 | -0.8% | -709.6 | -2.6% | |
| U.S. Dollar | 97.6 | -0.8 | -0.8% | 0.5 | 0.6% | |
| WTI Crude | 52.7 | -1.2 | -2.2% | -7.5 | -12.4% | |
| Brent Crude | 57.6 | -2.9 | -4.8% | -8.9 | -13.4% | |

*Source: DTN ProphetX, World Perspectives, Inc.*

** Last price as of 4:08 PM ET*

## CBOT December Corn Futures


*Source: Prophet X*

**Current Market Values:**

| Futures Price Performance: Week Ending August 8, 2019 | | | |
|---|---|---|---|
| **Commodity** | **8-Aug** | **2-Aug** | **Net Change** |
| **Corn** | | | |
| Jul 19 | 411.00 | 399.50 | 11.50 |
| Sep 19 | 418.25 | 409.50 | 8.75 |
| Dec 19 | 428.50 | 420.50 | 8.00 |
| Mar 20 | 433.50 | 426.50 | 7.00 |
| **Soybeans** | | | |
| Jul 19 | 865.00 | 850.25 | 14.75 |
| Aug 19 | 870.25 | 855.75 | 14.50 |
| Sep 19 | 883.00 | 868.50 | 14.50 |
| Nov 19 | 896.00 | 882.00 | 14.00 |
| **Soymeal** | | | |
| Jul 19 | 294.80 | 292.40 | 2.40 |
| Aug 19 | 296.80 | 294.50 | 2.30 |
| Sep 19 | 298.50 | 296.20 | 2.30 |
| Oct 19 | 302.00 | 299.40 | 2.60 |
| **Soyoil** | | | |
| Jul 19 | 28.96 | 28.19 | 0.77 |
| Aug 19 | 29.01 | 28.32 | 0.69 |
| Sep 19 | 29.12 | 28.44 | 0.68 |
| Oct 19 | 29.38 | 28.71 | 0.67 |
| **SRW** | | | |
| Jul 19 | 498.50 | 490.75 | 7.75 |
| Sep 19 | 500.00 | 491.50 | 8.50 |
| Dec 19 | 508.00 | 500.50 | 7.50 |
| Mar 20 | 513.00 | 506.00 | 7.00 |
| **HRW** | | | |
| Jul 19 | 418.50 | 421.75 | -3.25 |
| Sep 19 | 435.00 | 438.75 | -3.75 |
| Dec 19 | 451.75 | 455.50 | -3.75 |
| Mar 20 | 462.75 | 466.25 | -3.50 |
| **MGEX (HRS)** | | | |
| Jul 19 | 520.50 | 522.25 | -1.75 |
| Sep 19 | 532.00 | 534.75 | -2.75 |
| Dec 19 | 545.75 | 548.75 | -3.00 |
| Mar 20 | 555.00 | 557.75 | -2.75 |

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

## U.S. Weather/Crop Progress

| U.S. Crop Conditions: August 4, 2019 | | | | | |
|---|---|---|---|---|---|
| **Commodity** | **Very Poor** | **Poor** | **Fair** | **Good** | **Excellent** |
| Corn | 3% | 10% | 30% | 47% | 10% |
| Sorghum | 1% | 3% | 25% | 59% | 12% |
| Barley | 0% | 5% | 18% | 62% | 15% |

*Source: USDA*

**U.S. Drought Monitor Weather Forecast:** During the next 5 days (August 8 - 13, 2019) should bring heavy rains of 1 to locally 4 inches to portions of western New Mexico, a swath through the central Plains, and many locations across upstate New York and southern Maine. Most of the area from northern Idaho eastward through northern Montana are expecting 1 to 2 inches, as are most of the Dakotas and scattered patches across the Pacific Northwest. Other areas of dryness across the contiguous 48 states should get lesser amounts. Locally up to an inch is expected in the Southeast and southern New England, and little or none is anticipated in most of the new D0 area in the southern Plains from central Kansas through Oklahoma and Texas. Temperatures are forecast to be a few degrees above normal in the southern Plains and the Southeast while subnormal temperatures should extend from the northern half of the Plains to the Pacific Ocean.

The CPC 6-10-day outlook (August 14 -18, 2019) favors above-normal precipitation in east-central Alaska, the Pacific Northwest, the central and northern Plains, the lower Mississippi Valley, and the Southeast. Meanwhile, subnormal precipitation is expected in southern and southeast Alaska, the eastern Great Basin, the Four Corners States, most of Texas, and the Northeast. Temperatures should average below normal from the Intermountain West eastward through the Midwest and Northeast, and across east-central Alaska. Farther south, southern and southeastern Alaska have enhanced chances of warmer than normal weather, along with the Pacific Coast and a large swath from the Great Basin through the Four Corners States, central and southern High Plains, lower Mississippi Valley, and Southeast. The highest likelihood for hotter than normal weather are across most of Texas and the lower Southeast.

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

## U.S. Export Statistics

| U.S. Export Sales and Exports: Week Ending August 1, 2019 | | | | | |
|---|---|---|---|---|---|
| **Commodity** | **Gross Sales (MT)** | **Exports (MT)** | **YTD Exports (000 MT)** | **YTD Bookings (000 MT)** | **% Change YTD Bookings** |
| **Wheat** | 576,200 | 367,600 | 4,184.3 | 9,386.3 | 25% |
| **Corn** | 95,200 | 692,600 | 46,683.3 | 49,927.8 | -17% |
| **Sorghum** | 38,800 | 9,600 | 1,512.2 | 1,692.3 | -66% |
| **Barley** | 0 | 1,400 | 9.3 | 56.7 | 15% |

*Source: USDA*

**Corn:** Net sales of 42,600 MT for 2018/2019 were down 70 percent from the previous week and 82 percent from the prior 4-week average. Increases were primarily for Saudi Arabia (59,300 MT, including 60,000 MT switched from unknown destinations and decreases of 800 MT), Mexico (42,900 MT, including decreases of 3,900 MT), El Salvador (30,400 MT, including 23,300 MT switched from Guatemala), Japan (30,300 MT, including 49,300 MT switched from unknown destinations and decreases of 27,500 MT), and Colombia (25,800 MT, including 25,500 MT switched from unknown destinations and decreases of 4,700 MT). Reductions were primarily for unknown destinations (134,800 MT) and Guatemala (25,500 MT). For 2019/2020, net sales of 197,000 MT resulting in increases for Mexico (92,300 MT), Honduras (37,500 MT), Panama (35,600 MT), unknown destinations (25,200 MT), and Canada (11,400 MT), were partially offset by reductions for Colombia (5,000 MT). Exports of 692,600 MT were down 2 percent from the previous week and 11 percent from the prior 4-week average. The destinations were primarily to Mexico (253,800 MT), Japan (214,000 MT), Saudi Arabia (59,300 MT), Guatemala (37,400 MT), and El Salvador (25,100 MT).

*Optional Origin:* For 2018/2019, increases resulting from change in destination for Japan (50,000 MT, switched from unknown destinations). Options were exercised to export 114,500 MT to Taiwan (65,000 MT) and Japan (49,500 MT) from other than the United States. Decreases totaling 500 MT were reported for Japan. The current outstanding balance of 121,000 MT is for South Korea. For 2019/2020, new optional origin sales of 130,000 MT were reported for South Korea. The current outstanding balance of 598,600 MT is for South Korea (325,000 MT), unknown destinations (153,600 MT), and Israel (120,000 MT).

**Barley:** No net sales for 2018/2019 were reported for the week. Exports of 1,400 MT were to Japan.

**Sorghum:** Net sales of 38,800 MT for 2018/2019 resulting in increases for China (25,000 MT), Mexico (13,700 MT), and Japan (5,700 MT, including 5,600 MT switched from unknown destinations). Reductions were for unknown destinations (5,600 MT). For 2019/2020, total net sales of 25,000 MT were for China. Exports of 9,600 MT were up noticeably from the previous week, but down 80 percent from the prior 4-week average. The destination was primarily to Japan (5,700 MT).

| U.S. Export Inspections: Week Ending August 1, 2019 | | | | | |
|---|---|---|---|---|---|
| Commodity (MT) | Export Inspections | | Current Market YTD | Previous YTD | YTD as Percent of Previous |
| | Current Week | Previous Week | | | |
| **Barley** | 0 | 931 | 2,938 | 1,516 | 194% |
| **Corn** | 631,289 | 667,669 | 44,909,138 | 52,774,581 | 85% |
| **Sorghum** | 14,689 | 9,126 | 1,854,818 | 4,894,838 | 38% |
| **Soybeans** | 1,029,010 | 1,064,335 | 41,373,961 | 53,370,914 | 78% |
| **Wheat** | 395,136 | 413,768 | 4,216,836 | 3,378,650 | 125% |

*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 August 1, 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** | 361,289 | 60% | 28,250 | 100% | 5,716 | 39% |
| **PNW** | 115,609 | 19% | 0 | 0% | 0 | 0% |
| **Interior Export Rail** | 126,141 | 21% | 0 | 0% | 8,973 | 61% |
| **Total (Metric Tons)** | 603,039 | 100% | 28,250 | 100% | 14,689 | 100% |
| **White Corn Shipments by Country (MT)** | | | 23,300<br>4,950 | to Colombia<br>to El Salvador | | |
| **Total White Corn (MT)** | | | **28,250** | | | |
| **Sorghum Shipments by Country (MT)** | | | | | 5,716<br>8,973 | to S. Korea<br>to Mexico |
| **Total Sorghum (MT)** | | | | | **14,689** | |

*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) |
| **August** | 0.64+U | $186.8 | 1.05+U | $202.94 |
| **September** | 0.58+U | $184.44 | 1.07+U | $203.93 |
| **October** | 0.60+Z | $188.28 | 1.10+Z | $207.96 |

| #2 White Corn (U.S. $/MT FOB Vessel) | | | |
|---|---|---|---|
| Max. 15.0% Moisture | August | September | October |
| **Gulf** | $229 | $226 | $230 |

| Sorghum (USD/MT FOB Vessel) | | | | |
|---|---|---|---|---|
| #2 YGS FOB Vessel Max 14.0% Moisture | NOLA | | TEXAS | |
| | Basis | Flat Price | Basis | Flat Price |
| **August** | 0.90+Z | $200.09 | 0.70+Z | $192.21 |
| **September** | 0.95+Z | $202.06 | 0.75+Z | $194.18 |
| **October** | 0.95+Z | $202.06 | 0.85+Z | $198.12 |

| Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. $/MT) | | | |
|---|---|---|---|
| | August | September | October |
| **New Orleans** | $177 | $181 | $186 |
| *Quantity 5,000 MT* | | | |

| Corn Gluten Meal (CGM) (FOB Vessel U.S. $/MT) | | | |
|---|---|---|---|
| Bulk 60% Pro. | August | September | October |
| **New Orleans** | $495 | $500 | $505 |
| **5-10,000 MT Minimum* | | | |

| **DDGS Price Table: August 8, 2019** (USD/MT)<br>(Quantity, availability, payment and delivery terms vary) | | | |
|---|---|---|---|
| **Delivery Point<br>Quality Min. 35% Pro-fat combined** | **August** | **September** | **October** |
| Barge CIF New Orleans | 175 | 184 | 187 |
| FOB Vessel GULF | 196 | 199 | 201 |
| Rail delivered PNW | 198 | 200 | 203 |
| Rail delivered California | 202 | 205 | 208 |
| Mid-Bridge Laredo, TX | 202 | 204 | 208 |
| FOB Lethbridge, Alberta | 182 | 187 | 190 |
| 40 ft. Containers to South Korea (Busan) | 217 | 217 | 219 |
| 40 ft. Containers to Taiwan (Kaohsiung) | 217 | 218 | 220 |
| 40 ft. Containers to Philippines (Manila) | 234 | 235 | 236 |
| 40 ft. Containers to Indonesia (Jakarta) | 222 | 223 | 225 |
| 40 ft. Containers to Malaysia (Port Kelang) | 223 | 223 | 225 |
| 40 ft. Containers to Vietnam (HCMC) | 224 | 225 | 226 |
| 40 ft. Containers to Japan (Yokohama) | 228 | 229 | 230 |
| 40 ft. containers to Thailand (LCMB) | 230 | 231 | 232 |
| 40 ft. Containers to China (Shanghai) | 220 | 220 | 222 |
| 40 ft. Containers to Bangladesh (Chittagong) | 249 | 250 | 252 |
| 40 ft. Containers to Myanmar (Yangon) | 248 | 249 | 251 |
| KC Rail Yard (delivered ramp) | 189 | 190 | 192 |
| Elwood, IL Rail Yard (delivered ramp) | 186 | 187 | 190 |

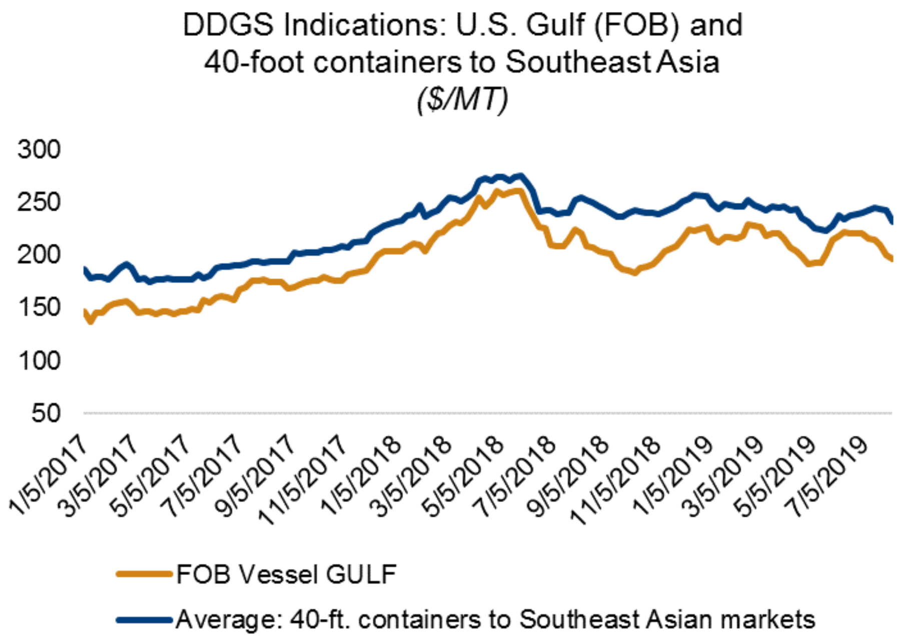
*Source: World Perspectives, Inc. *Prices are based on offer indications only; terms of delivery, payment and quality may vary from one supplier to another, impacting the actual value of the price.*

## Distiller's Dried Grains with Solubles (DDGS)

**DDGS Comments:** Cash corn prices are higher across the U.S. this week, averaging $3.97/bushel while FOB ethanol plant DDGS prices are down $1.95/MT at $142.75/MT. DDGS are priced at 91 percent of cash corn values, down from last week and below the two-year average of 107 percent. Soymeal prices are lower as well, reaching $325/MT this week, which puts DDGS prices at 44 percent of soymeal.

Merchandisers report that many ethanol plants are selling more DDGS on a spot or prompt delivery basis with expectations that ethanol/DDGS production may slow down in the near future. Prices are lower this week but exporters report that active inquiries from Southeast Asia, combined with expectations of slowing production, have created near-term outlooks for higher prices.

Prices for DDGS CIF NOLA barge are $2.50/MT higher this week while FOB Gulf values are slightly lower at $196/MT. Prices for 40-foot containers are $11/MT lower this week at $231/MT for August shipment but increasing international interest has exporters defending offers.




*Source: World Perspectives, Inc.*

## Country News

**Algeria**: Government feed agency ONAB purchased 40 KMT of Argentine corn at tender. (AgriCensus)

**Argentina**: The Rosario Board of Trade revised upward its estimate for 2018/19 corn exports to 34 MMT as the first half of 2019 saw a sharp increase. The Buenos Aires Grain Exchange says the corn harvest has hit 75 percent. Meanwhile, Misiones province will boost its future corn area in order to meet demand from Brazil. (AgriCensus)

**Australia**: Drought continues in Eastern Australia where there is a lot of feed barley demand. Higher prices will encourage a 12 percent expansion in barley acres in 2019/20 with Western Australia planting the crop in lieu of wheat. (FarmLead; USDA/FAS)

**Brazil**: Datagro Consultoria predicts the 2019/20 corn harvest will hit a record 104.3 MMT. Farming and trading firm Amaggi is switching its best corn acres over to cotton. The firm will plant 20,000 fewer hectares of corn and increase its cotton area by 172 percent. The harvest is nearing an end, and some believe this will reignite the truck freight issue. Meanwhile, corn exports hit 6.316 MMT in July, a record, including 500 KMT to Mexico. (Reuters; FarmLead; Platts)

**Canada**: Rain in Western Canada has caused barley prices to drop from CAD290/MT to CAD250 deliver Lethbridge. Saskatchewan feed barley prices have now dropped below CAD200/MT. Strong export demand for both feed and malt barley has supported prices. (Platts)

**China**: Public auctions have been underwhelming but it rebounded recently and sold 760 KMT. (AgriCensus)

**Europe**: Hot, dry weather has the corn crop a matter of concern in Germany, France, Hungary and Poland. The crop is generally good but in need of rain ant Poland's production will be lower than year ago levels. The EU's Joint Research Centre says to expect France's corn crop to be revised downward. (USDA/FAS; AgriCensus)

**India**: The late start to the monsoon has planted area 6.6 percent behind last year at this time, though corn planting is at 6.9 million hectares, the same as last year at this time. (Reuters)

**Kazakhstan**: The agriculture ministry says a record 7.4 million acres were planted to barley in 2019. UkrAgroConsult projects the country's production to hit 4.5 MMT, up 13 percent from last year and leading to exports of 2 MMT (FarmLead)

**Morocco**: The Ministry of Agriculture reduced its projection for barley production by 7.2 percent to 1.16 MMT, raising the prospects for more barley imports. (AgriCensus)
Saudi Arabia: Barley imports for 2019/20 barley have been cut by 1.5 MMT based on adequate domestic stocks and increased use of domestic feed. (AgriCensus)

**South Korea**: FLC purchased corn at $207/MT while MFG and KFA bought privately, the latter paying $$215/MT. KOCOPIA issued a tender to purchase 55 KMT of corn. (AgriCensus)

**Turkey**: Barley production will hit 7.9 MMT in 2019/20, down from a projected 8.5 MMT due to poor rains. Still, the country's barley production has been expanding at 5 percent per year on average. (USDA/FAS)

**Ukraine**: Barley yields are viewed more positively as harvesting comes to an end, and the corn export pace has slowed. (AgriCensus)

**Vietnam**: Feed buyers are holding out hoping to buy sub-$200/MT delivered corn. (AgriCensus)

## Ocean Freight Markets and Spreads

| Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans* | | | |
|---|---|---|---|
| **Route and Vessel Size** | **Current Week (USD/MT)** | **Change from Previous Report** | **Remarks** |
| 55,000 U.S. Gulf-Japan | $49.00 | Down $0.50 | Handymax $49.50 mt |
| 55,000 U.S. PNW- Japan | $27.00 | Down $0.50 | Handymax $27.50 mt |
| 66,000 U.S. Gulf – China<br>PNW to China | $48.50<br>$26.50 | Down $0.50<br>Down $0.50 | North China |
| 25,000 U.S. Gulf- Veracruz, México | $17.75 | Down $0.25 | 3,000 MT daily discharge rate |
| 30-35,000+ U.S. Gulf- Veracruz, México | $15.00 | Down $0.25 | Deep draft and 6,000 MT per day discharge rate. |
| 25-35,000 U.S. Gulf –<br>East Coast, Colombia<br>From Argentina | $20.50<br><br>$30.50 | Down $0.50 | West Coast Colombia at $27.50 |
| 43-45,000 U.S. Gulf - Guatemala | $28.00 | Down $0.50 | Acajutla/Quetzal - 8,000 out |
| 26-30,000 U.S. Gulf – Algeria | $35.50 | Down $0.50 | 8,000 mt daily discharge |
| 26-30,000 US Gulf-Morocco | $36.50 | | 3,000 mt daily discharge |
| 26-30,000 US Gulf-Morocco | $37.00 | Down $0.50 | 5,000 discharge rate |
| 55-60,000 U.S. Gulf –Egypt<br>PNW to Egypt | $30.00<br>$30.50 | Down $0.50 | 60,000 -55,000 mt Romania/Russia/Ukraine $15.50 -$15.00 -$17.20 (France $21.00-$21.50) |
| 60-70,000 U.S. Gulf – Europe, Rotterdam | $19.50 | Down $0.50 | Handymax at +$1.75 more |
| Brazil, Santos – China | $37.75 | Down $0.50 | 54-59,000 Supramax-Panamax |
| Brazil, Santos – China | $37.50 | | 60-66,000 Post Panamax |
| Itacoatiara-Port Upriver North Brazil | $39.75 | | 60-66,000 mt |
| 56-60,000 Argentina/Rosario – China, Deep Draft | $40.50 | Down $0.50 | Upriver with BB Top Off $45.00 |

*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:** Paper traders tried their best to support the markets and reverse the downward trend of the last two weeks, but a reluctance to bid up on the part of physical buyers and global economic news thwarted their efforts. The U.S.-

China trade war and the newly imposed tariffs was an economic bucket of cold water on freight markets and rates sank further down.

This is not a healthy situation for either the global economic outlook or vessel owners who are incurring substantial expenses to comply with the IMO2020 CO2 regulations. September daily hire rates for Panamax vessels in the Pacific are now around $14,100/day. Q4 traded at $13,500/day. Traders are hoping for a bottoming out of the market very soon.

| Baltic-Panamax Dry-Bulk Indices | | | | |
|---|---|---|---|---|
| **August 8, 2019** | **This Week** | **Last Week** | **Difference** | **Percent Change** |
| Route | | | | |
| P2A: Gulf/Atlantic – Japan | 25,264 | 24,968 | 296 | 1.2 |
| P3A: PNW/Pacific– Japan | 11,058 | 11,496 | -438 | -3.8 |
| S1C: U.S. Gulf-China-S. Japan | 23,256 | 23,811 | -555 | -2.3 |

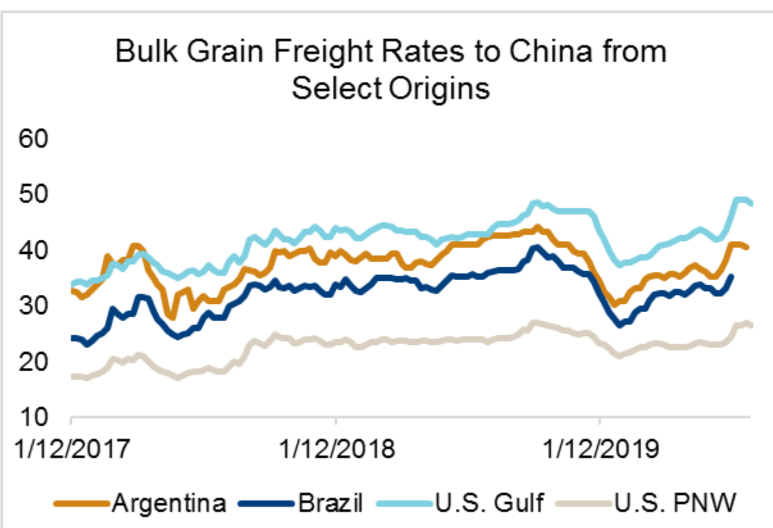
*Source: O'Neil Commodity Consulting*

| Capesize Vessel Freight Values<br>Western Australia to South China (iron ore) | |
|---|---|
| Four weeks ago: | $8.50-9.10 |
| Three weeks ago: | $9.50-10.40 |
| Two weeks ago: | $9.30-11.15 |
| One week ago: | $9.70-10.00 |
| This week | $8.95-9.65 |

*Source: O'Neil Commodity Consulting*

| U.S.-Asia Market Spreads | | | | | |
|---|---|---|---|---|---|
| **August 8, 2019** | **PNW** | **Gulf** | **Bushel Spread** | **MT Spread** | **Advantage** |
| #2 Corn | 0.95 | 0.55 | 0.40 | $15.75 | PNW |
| Soybeans | 0.78 | 0.40 | 0.38 | $13.96 | PNW |
| Ocean Freight | $26.50 | $48.50 | 0.56-0.60 | $22.00 | September |

*Source: O'Neil Commodity Consulting*




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

| Bulk Grain Freight Rates for Key Suppliers and Destinations<br>August 8, 2019 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Origin** | **Destinatior** | **This Week** | **Monthly Change** | **Monthly % Change** | **Yearly Change** | **Yearly % Change** | **2-Year History** |
| | | | *Panamax/Supramax Vessels* | | | | |
| U.S. Gulf | Japan | 49.00 | 2.5 | 5.4% | 5 | 11.4% | |
| U.S. PNW | | 27.00 | 1.5 | 5.9% | 2.75 | 11.3% | |
| Argentina | | 40.50 | 5 | 14.1% | 0 | 0.0% | |
| Brazil | | 37.50 | 5 | 15.4% | 1 | 2.7% | |
| U.S. Gulf | China | 48.50 | 2.5 | 5.4% | 5.5 | 12.8% | |
| U.S. PNW | | 26.50 | 2 | 8.2% | 3 | 12.8% | |
| Argentina | | 40.50 | 2.25 | 5.9% | -1.5 | -3.6% | |
| Brazil | | 37.75 | 2.5 | 7.1% | 1.75 | 4.9% | |
| U.S. Gulf | Europe | 20.50 | 2 | 10.8% | -2 | -8.9% | |
| Argentina | | 27.50 | 2 | 7.8% | -7 | -20.3% | |
| Brazil | | 30.50 | 4 | 15.1% | 1 | 3.4% | |
| Argentina | Saudi Arabia | 36.50 | 3 | 9.0% | 5 | 15.9% | |
| Brazil | | 41.50 | 4 | 10.7% | 7 | 20.3% | |
| U.S. Gulf | Egypt | 30.50 | 2.00 | 7.0% | 3.00 | 10.9% | |
| U.S. PNW | | 30.80 | 1.85 | 6.4% | -3.30 | -9.7% | |
| Argentina | | 26.50 | 2.00 | 8.2% | -9.00 | -25.4% | |
| Brazil | | 33.50 | 3.00 | 9.8% | 2.00 | 6.3% | |
| | | | *Handysized Vessels* | | | | |
| U.S. Gulf | Morocco | 37.50 | 2.00 | 5.6% | 5.00 | 15.4% | |
| U.S. Great Lakes | | 44.95 | 0.00 | 0.0% | 7.15 | 18.9% | |
| Argentina | | 26.50 | 1.00 | 3.9% | 3.00 | 12.8% | |
| Brazil | | 29.50 | 3.00 | 11.3% | 4.00 | 15.7% | |
| U.S. Great Lakes | Europe | 43.95 | 0.00 | 0.0% | 17.20 | 64.3% | |
| Brazil | | 30.10 | 3.60 | 13.6% | -0.25 | -0.8% | |
| Argentina | Algeria | 29.50 | 2.00 | 7.3% | 2.00 | 7.3% | |
| Brazil | | 30.50 | 2.00 | 7.0% | 4.00 | 15.1% | |
| U.S. Gulf | Colombia | 20.50 | 0.50 | 2.5% | 0.75 | 3.8% | |
| U.S. PNW | | 27.85 | 0.85 | 3.1% | -0.05 | -0.2% | |
| Argentina | | 30.50 | -3.00 | -9.0% | -3.50 | -10.3% | |
| | | | *Shipping Indexes* | | | | |
| Baltic Dry Index | | 1146 | 4 | 0.4% | -627 | -35.4% | |

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