



August 1, 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.

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					
\$/Bu	Friday July 26	Monday July 29	Tuesday July 30	Wednesday July 31	Thursday August 1
Change	-3.00	2.50	-6.00	-11.00	-7.50
Closing Price	424.50	427.00	421.00	410.00	402.50
Factors Affecting the Market	Corn traded at the lower end of its sideways trading range with good weekend weather keeping prices on the defensive. The Midwest will be dry but cooler temperatures will be favorable. Cash prices were slightly lower at 8 cents under September futures.	Corn found technical support at the July low of \$4.20 1/2 after a weekend of good weather. The coming week's forecast remains dry but overall positive. USDA said 25.4 mbu of corn were shipped last week. Outside markets were mixed with the dollar up 15 bps.	December corn fell and filled the open mid-May chart gap in a win for bearish traders. Most of the Corn Belt remains dry except for KS, NE, and MO which will see heavy rains this week. On Monday, USDA said 58% of U.S. corn is silking.	December corn fell heavily and closed below the 100-day moving average for the first time since May. Higher ethanol stocks and competitive export offers pressured the CBOT. U.S. equities fell and the U.S. dollar rose 50 bps after the Fed cut interest rates.	A third day of selling pressured Dec corn briefly below \$4.00 before commercial buying boosted the market. Geopolitical news sent markets lower at mid-day. USDA said 27.7 mbu of corn were exported last week. Outside markets were sharply lower.

Outlook: December corn futures are down 22 cents (5.2 percent) this week in sympathy with widespread price weakness in CBOT ag markets. Technical selling and position liquidation have been featured as well, which kept prices on the defensive. Traders point to the odds of better-than-expected corn yields as a bearish influence, despite the odds that USDA will cut its acreage forecast in the August reports.

On Monday, USDA said 58 percent of U.S. corn was in good/excellent shape, down from the five-year average of 71 percent and at its lowest in at least 5 years. Fifty-eight percent of U.S. corn is silking, behind the typical pace of 83 percent, which means the majority of the crop will pollinate with a broadly favorable weather forecast. Indeed, reports from farm country suggest that the crop looks better than expected given the extremely late planting. Those reports have some commodity analysts increasing their yield forecasts closer to USDA's 166 BPA estimate. The market has already priced in its own estimate of corn acres, and now both yield estimates are creeping higher and pressuring futures.

USDA's weekly Export Inspections report featured net sales of 143,100 MT and exports of 704,100 MT. The export figure was up 22 percent from the prior week but less than needed to keep pace with USDA's latest export forecast. YTD exports are down 8 percent while YTD bookings are 16 percent less than last year. USDA also noted that 400 MT of sorghum was exported last week along with 1,800 MT of barley.

Internationally, recent heatwaves and dryness across Europe prompted the USDA Foreign Agricultural Service (FAS) attaché in the region to cite concern for the crop, despite the fact overall conditions are favorable. Concern was particularly noted for Poland, Hungary, France, and Germany, as those countries and parts of northern and western Europe remain dry. The attaché increased the EU-28 2019/20 production forecast to 64.5 MMT based on larger crops in Hungary and Romania, and cut its import forecast commensurately to 18.5 MMT.

U.S. cash prices are lower across the Midwest this week with the average price moving 4 percent lower to \$154.25/MT. Barge CIF NOLA corn prices are lower this week with improving logistics along the Mississippi River keeping prices on the defensive. FOB Gulf values are 7 percent lower this week at \$183.75/MT for August delivery as exporters work to keep U.S.-origin corn competitive on the world markets.

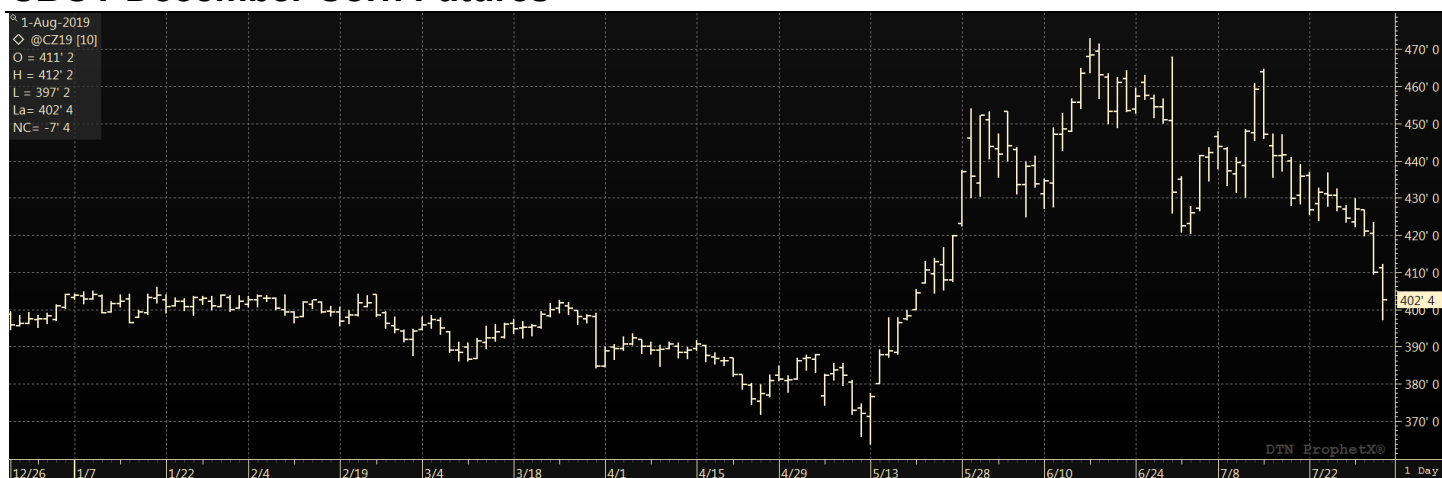
From a technical standpoint, December corn has broken out of its sideways trading range and below key moving-average support points. The market's momentum is clearly downward, but futures are becoming oversold by some metrics. That combined with December corn's Thursday trading that saw a move below \$4.00 rebuffed by commercial buying that pushed the contract to close at \$4.02 ½ may well create a move higher next week. Short profit taking and position squaring ahead of what could be a bullish August WASDE may offer near-term support. Moreover, the U.S. is still looking at smaller acreage and highly uncertain yields, which hardly seems a bearish combination.

Interest Rates and Macroeconomic Markets, August 1, 2019						
	Last*	Weekly Change	Weekly % Change	Monthly Change	Monthly % Change	1-Year History
Interest Rates						
U.S. Prime	5.5	0.0	0.0%	0.0	0.0%	
LIBOR (6 Month)	2.2	0.0	1.1%	0.0	-0.9%	
LIBOR (1 Year)	2.2	0.0	0.4%	0.0	-0.7%	
S&P 500	2,957.3	-46.3	-1.5%	-38.5	-1.3%	
Dow Jones Industrials	26,611.8	-529.2	-1.9%	-354.2	-1.3%	
U.S. Dollar	98.4	0.6	0.6%	1.6	1.7%	
WTI Crude	54.4	-1.6	-2.9%	-2.9	-5.1%	
Brent Crude	61.1	-2.3	-3.7%	-2.2	-3.5%	

Source: DTN ProphetX, World Perspectives, Inc.

* Last price as of 3:32 PM ET

CBOT December Corn Futures



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending August 1, 2019			
Commodity	1-Aug	26-Jul	Net Change
Corn			
Jul 19	392.75	414.50	-21.75
Sep 19	402.50	424.50	-22.00
Dec 19	413.25	434.50	-21.25
Mar 20	419.75	438.75	-19.00
Soybeans			
Jul 19	847.00	883.25	-36.25
Aug 19	852.75	888.75	-36.00
Sep 19	865.25	901.00	-35.75
Nov 19	878.75	914.25	-35.50
Soymeal			
Jul 19	293.20	303.10	-9.90
Aug 19	295.10	304.90	-9.80
Sep 19	296.70	306.50	-9.80
Oct 19	299.70	309.70	-10.00
Soyoil			
Jul 19	27.68	28.47	-0.79
Aug 19	27.80	28.63	-0.83
Sep 19	27.92	28.75	-0.83
Oct 19	28.16	29.02	-0.86
SRW			
Jul 19	475.75	496.00	-20.25
Sep 19	480.75	504.25	-23.50
Dec 19	491.75	515.25	-23.50
Mar 20	497.75	520.50	-22.75
HRW			
Jul 19	415.75	432.00	-16.25
Sep 19	433.25	450.25	-17.00
Dec 19	450.50	467.25	-16.75
Mar 20	462.25	478.50	-16.25
MGEX (HRS)			
Jul 19	518.50	524.50	-6.00
Sep 19	532.25	536.75	-4.50
Dec 19	547.00	550.75	-3.75
Mar 20	556.00	559.50	-3.50

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

U.S. Weather/Crop Progress

U.S. Crop Conditions: July 28, 2019					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	3%	9%	30%	47%	11%
Sorghum	1%	3%	25%	59%	12%
Barley	0%	5%	18%	62%	15%

Source: USDA

U.S. Drought Monitor Weather Forecast: Temperatures will be variable across much of the country next week, but generally, expect warmer than normal temperatures in the Intermountain West, near to below normal temperatures in the south-central United States, and variable conditions elsewhere. Over the next week, the NWS forecast calls for scattered rain to continue over Colorado, Utah, Arizona, and New Mexico, and for heavier rain from eastern Nebraska southward to Louisiana. Rain is also forecast for much of the Southeast and Mid-Atlantic region.

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 July 25, 2019					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	384,300	409,700	3,816.7	8,898.6	24%
Corn	199,400	704,100	45,990.7	49,885.3	-16%
Sorghum	200	400	1,502.6	1,653.4	-67%
Barley	5,000	1,800	7.9	56.7	16%

Source: USDA

Corn: Net sales of 143,100 MT for 2018/2019 were up 18 percent from the previous week, but down 43 percent from the prior 4-week average. Increases were primarily for Mexico (145,000 MT, including decreases of 14,000 MT), Japan (74,800 MT, including 79,500 MT switched from unknown destinations and decreases of 15,500 MT), Taiwan (15,900 MT, including decreases of 100 MT), Canada (7,300 MT, including decreases of 900 MT), and El Salvador (3,900 MT, including 4,000 MT switched from Guatemala and decreases of 100 MT). Reductions were reported for unknown destinations (79,500 MT), Colombia (16,400 MT), Guatemala (7,000 MT), and the Dominican Republic (5,400 MT). For 2019/2020, net sales of 129,600 MT resulting in increases for Mexico (52,000 MT), unknown destinations (50,800 MT), and Japan (28,500 MT), were partially offset by reductions for Colombia (14,000 MT) and El Salvador (1,300 MT).

Exports of 704,100 MT were up 22 percent from the previous week and 5 percent from the prior 4-week average. The destinations were primarily to Mexico (298,100 MT), Japan (260,800 MT), China (63,000 MT), El Salvador (28,900 MT), and Colombia (18,000 MT).

Optional Origin: For 2018/2019, the current outstanding balance of 236,000 MT is for South Korea (121,000 MT), Taiwan (65,000 MT), and unknown destinations (50,000 MT). For 2019/2020, the current outstanding balance of 468,600 MT is for South Korea (195,000 MT), unknown destinations (153,600 MT), and Israel (120,000 MT).

Barley: For 2018/2019, total net sales of 5,000 MT were for Japan. Exports of 1,800 MT were to Japan.

Sorghum: For 2018/2019, total net sales of 200 MT were for South Korea. Exports of 400 MT were down 99 percent from the previous week and from the prior 4-week average. The destinations were Mexico (300 MT) and South Korea (100 MT).

U.S. Export Inspections: Week Ending July 25, 2019

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	2,007	1,223	164%
Corn	645,367	438,544	44,255,547	51,486,785	86%
Sorghum	9,126	60,913	1,840,129	4,847,235	38%
Soybeans	1,031,477	560,856	40,311,922	52,477,266	77%
Wheat	390,730	447,288	3,798,662	3,051,478	124%

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 July 18, 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	424,372	68%	21,948	100%	0	0%
PNW	0	0%	0	0%	0	0%
Interior Export Rail	199,047	32%	0	0%	9,126	100%
Total (Metric Tons)	623,419	100%	21,948	100%	9,126	100%
White Corn Shipments by Country (MT)			17,991 3,957	to Colombia to Japan		
Total White Corn (MT)			21,948			
Sorghum Shipments by Country (MT)					147 8,979	to S. Korea to Mexico
Total Sorghum (MT)					9,126	

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	\$179.62	1.00+U	\$193.79
September	0.67+U	\$180.99	1.08+U	\$197.13
October	0.64+Z	\$183.65	1.15+Z	\$203.53

#2 White Corn (U.S. \$/MT FOB Vessel)		
Max. 15.0% Moisture	August/September	October
Gulf	\$222	\$223

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
August	0.80+Z	\$189.95	0.50+Z	\$178.14
September	0.80+Z	\$189.95	0.55+Z	\$180.11
October	0.90+Z	\$193.89	0.70+Z	\$186.01

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	August	September	October
New Orleans	\$178	\$182	\$188
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 1, 2019 (USD/MT)
(Quantity, availability, payment and delivery terms vary)

Delivery Point Quality Min. 35% Pro-fat combined	August	September	October
Barge CIF New Orleans	176	186	190
FOB Vessel GULF	200	203	208
Rail delivered PNW	204	207	210
Rail delivered California	208	211	214
Mid-Bridge Laredo, TX	205	209	211
FOB Lethbridge, Alberta	180	182	186
40 ft. Containers to South Korea (Busan)	228	231	234
40 ft. Containers to Taiwan (Kaohsiung)	228	231	234
40 ft. Containers to Philippines (Manila)	240	243	247
40 ft. Containers to Indonesia (Jakarta)	240	243	246
40 ft. Containers to Malaysia (Port Kelang)	234	237	241
40 ft. Containers to Vietnam (HCMC)	243	246	249
40 ft. Containers to Japan (Yokohama)	242	245	248
40 ft. containers to Thailand (LCMB)	236	239	242
40 ft. Containers to China (Shanghai)	235	237	240
40 ft. Containers to Bangladesh (Chittagong)	263	266	270
40 ft. Containers to Myanmar (Yangon)	265	268	271
KC Rail Yard (delivered ramp)	190	193	196
Elwood, IL Rail Yard (delivered ramp)	185	187	190

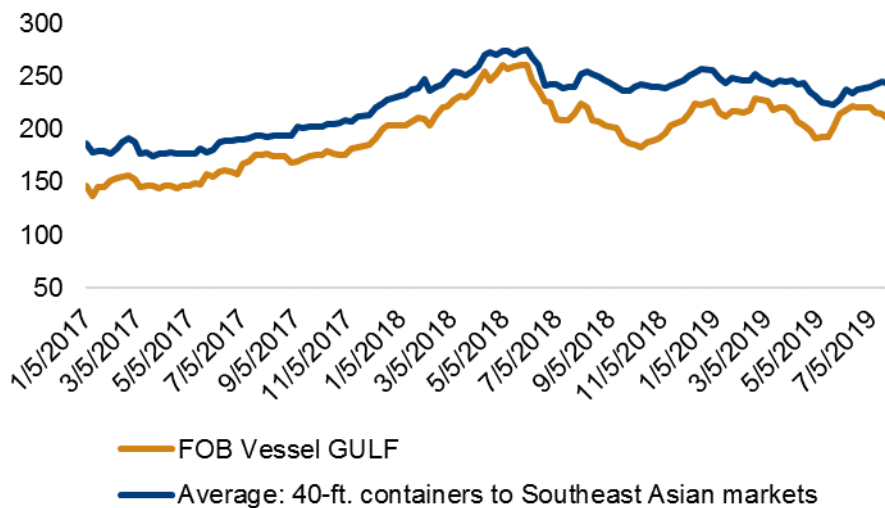
Source: World Perspectives, Inc. *Prices are based on offer indications only; terms of delivery, payment and quality may vary from one supplier to another, impacting the actual value of the price.

Distiller's Dried Grains with Solubles (DDGS)

DDGS Comments: Cash corn prices are lower across the U.S. this week, averaging \$3.92/bushel while FOB ethanol plant DDGS prices are down \$2.50/MT at \$144.50/MT. DDGS are priced at 94 percent of cash corn values, up from last week but below the two-year average of 107 percent. Soymeal prices are lower as well, reaching \$339/MT this week, which puts DDGS prices at 43 percent of soymeal.

Prices for DDGS CIF NOLA barge and FOB U.S. Gulf are lower this week as improving Mississippi River conditions have allowed once-trapped barges to move downriver to the Gulf. Merchandisers report that Gulf capacity is tight and that is keeping asking prices competitive. Exporters note that international demand is somewhat quieter this week and that the CBOT selloff in corn and soybean meal futures has influenced DDGS as well. FOB NOLA price indications were last quoted at \$200/MT while 40-foot containers CNF Southeast Asia were steady this week at \$236/MT.

DDGS Indications: U.S. Gulf (FOB) and
40-foot containers to Southeast Asia
(\$/MT)



Source: World Perspectives, Inc.

Country News

Argentina: The corn and sorghum association Maizar says that country's corn planted area in 2019/20 will expand by 5-10 percent. The crop will be huge, but demand is seen as scant. (AgriCensus)

Canada: Barley exports for 2018/19 are 14 percent higher than a year ago with 2.14 MMT currently shipped. Agriculture Canada has predicted 3 MMT of barley exports (both feed and malt) for the current marketing year and again in 2019/20. The demand is coming from China and competition is down due to low protein levels in Europe and drought in Australia. (FarmLead)

China: Officials from the Shandong Agriculture and Rural Affairs Bureau warn that the fall army worm will spread deeper into corn production areas of the Province and poses a "major threat" to the region's harvest this fall. Shandong is the third largest corn producing province (Reuters)

India: The Ministry of Agriculture & Farmers Welfare says that farmers have sown corn on 68.9 percent of the area, which is down 6.3 percent from last year due to the lack of timely monsoon rains. The rains are 35 percent below average and little has fallen in the central, western and northern parts of the country. (Reuters)

Mexico: Farmers are boosting their yields of white corn by growing it on irrigated land. The U.S. still has much higher yield because it grows GE corn and its farms are on average 30 times larger enabling scales of economy. (USDA/ERS)

South Korea: Capitalizing on falling prices, MFG bought 69 KMT of corn and FLC purchased 65 KMT of optional October/November delivery. (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	\$49.50	Down \$1.00	Handymax \$49.00 mt
55,000 U.S. PNW- Japan	\$27.50	Down \$0.50	Handymax \$27.50 mt
66,000 U.S. Gulf – China	\$49.00	Down \$1.00	North China
PNW to China	\$27.00	Down \$0.50	
25,000 U.S. Gulf- Veracruz, México	\$18.00	Down \$0.50	3,000 MT daily discharge rate
30-35,000+ U.S. Gulf- Veracruz, México	\$15.25	Down \$0.50	Deep draft and 6,000 MT per day discharge rate.
25-35,000 U.S. Gulf – East Coast, Colombia	\$21.00	Down \$1.00	<u>West Coast Colombia at \$28.00</u>
From Argentina	\$31.00		
43-45,000 U.S. Gulf - Guatemala	\$28.50	Down \$1.00	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$36.00	Down \$1.00	8,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$37.00		3,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$37.50	Down \$1.00	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$30.50	Down \$1.00	60,000 -55,000 mt
PNW to Egypt	\$31.00		Romania/Russia/Ukraine \$16-18 (France \$18.50-19.00)
60-70,000 U.S. Gulf – Europe, Rotterdam	\$20.00	Down \$0.50	Handymax at +\$1.75 more
Brazil, Santos – China	\$38.25	Down \$1.00	54-59,000 Supramax-Panamax
Brazil, Santos – China	\$38.00		60-66,000 Post Panamax
Itacoatiara-Port Upriver North Brazil	\$40.25		60-66,000 mt
56-60,000 Argentina/Rosario – China, Deep Draft	\$41.00	Down \$1.00	Upriver with BB Top Off \$45.50

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: Dry-Bulk ocean freight markets are down this week but still at relatively high values overall. The Baltic indices and physical freight markets continued to fall back this week as they corrected from last month's overdone rally. Rates, however, still stand near the highest levels since 2009. Overall, Panamax markets took

back the \$1.00/MT gains of last week as the market tries to find some equilibrium. Freight markets got a bit too excited too fast over the past six weeks and had to go through a period of adjustment, but they have not lost their bullish sentiment for Q4 of 2019.

Baltic-Panamax Dry-Bulk Indices				
August 1, 2019	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	24,968	28,710	-3,742	-13.0
P3A: PNW/Pacific– Japan	11,496	13,945	-2,449	-17.6
S1C: U.S. Gulf-China-S. Japan	23,811	25,028	-1,217	-4.9

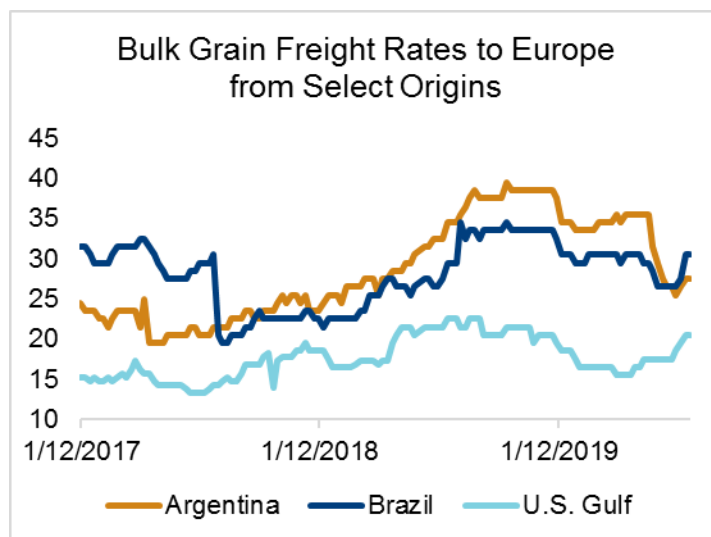
Source: O'Neil Commodity Consulting

Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$7.05-7.35
Three weeks ago:	\$8.50-9.10
Two weeks ago:	\$9.50-10.40
One week ago:	\$9.30-11.15
This week	\$9.70-10.00

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
August 1, 2019	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.00	0.62	0.38	\$14.96	PNW
Soybeans	0.82	0.50	0.32	\$12.60	PNW
Ocean Freight	\$27.00	\$49.00	0.57-0.60	\$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 **August 1, 2019**

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
Panamax/Supramax Vessels							
U.S. Gulf	Japan	49.50	5	11.2%	5.5	12.5%	
U.S. PNW		27.50	3.25	13.4%	2.75	11.1%	
Argentina		41.50	7	20.3%	3	7.8%	
Brazil		38.50	7	22.2%	3	8.5%	
U.S. Gulf	China	49.00	5.5	12.6%	6	14.0%	
U.S. PNW		27.00	3.5	14.9%	3	12.5%	
Argentina		41.00	4.5	12.3%	0	0.0%	
Brazil		38.25	5	15.0%	3	8.5%	
U.S. Gulf	Europe	20.50	3	17.1%	-2	-8.9%	
Argentina		27.50	1	3.8%	-7	-20.3%	
Brazil		30.50	4	15.1%	1	3.4%	
Argentina	Saudi Arabia	36.50	4	12.3%	5	15.9%	
Brazil	Arabia	40.50	3	8.0%	6	17.4%	
U.S. Gulf	Egypt	31.50	4.00	14.5%	4.00	14.5%	
U.S. PNW		32.10	2.80	9.6%	-3.40	-9.6%	
Argentina		27.50	2.00	7.8%	-8.00	-22.5%	
Brazil		33.50	4.00	13.6%	2.00	6.3%	
Handysize Vessels							
U.S. Gulf	Morocco	38.50	4.00	11.6%	6.00	18.5%	
U.S. Great Lakes		45.00	-0.05	-0.1%	7.40	19.7%	
Argentina		26.50	1.00	3.9%	3.00	12.8%	
Brazil		28.50	2.00	7.5%	3.00	11.8%	
U.S. Great Lakes	Europe	43.95	-0.05	-0.1%	17.15	64.0%	
Brazil		30.60	4.15	15.7%	1.15	3.9%	
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	21.00	2.00	10.5%	1.25	6.3%	
U.S. PNW		28.10	1.15	4.3%	0.05	0.2%	
Argentina		31.00	-1.50	-4.6%	-3.00	-8.8%	
Shipping Indexes							
Baltic Dry Index		1145	4	0.4%	-558	-32.8%	

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