



July 25, 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 19	Monday July 22	Tuesday July 23	Wednesday July 24	Thursday July 25
Change	6.00	-9.00	4.75	-0.75	-3.25
Closing Price	435.75	426.75	431.50	430.75	427.50
Factors Affecting the Market	Commodities were broadly higher which supported corn. Weekend heat and lack of rain for IA and IL are keeping risk premiums priced into the market as well. Most corn looks to pollinate after this heatwave, however, which will help yields.	Choppy trading sent corn lower after the 7-day forecast called for mild temperatures with some dryness. Parts of IA and IL are too dry, but the E. Corn Belt has ample moisture. USDA said 17.2 million bushels were exported last week.	USDA said late Monday 57% of U.S. corn was in good or excellent condition, the lowest rating since the 2012 drought. That helped futures higher with expectations for further yield cuts. Demand, however, remains bearish and prices should trend sideways.	Corn fell slightly in lackluster trade with favorable weather for most of the U.S. Heat across Europe is threatening that crop, but the world is still well supplied with corn, as long as the U.S. has a 13+ billion-bushel crop. Outside markets were mixed with the dollar lower.	Favorable weather forecasts with showers across NE and IA sent corn lower towards major technical support. USDA said 22.8 million bushels were exported last week, below the volume needed to keep pace with the agency's forecast. The U.S. dollar rose 14 bps.

Outlook: December corn futures are down 8 ¼ cents (1.9 percent) this week as fresh fundamental news has been light in advance of the August WASDE and U.S. acreage reports. Bulls point to the likelihood of a smaller crop and yields as justifying higher prices while bears point to sagging demand as a market headwind. The market seems to have entered a holding pattern while the summer wears on and crops continue to mature.

On Monday, USDA said 35 percent of the U.S. corn crop was silking, well behind the five-year average pace of 66 percent. Fifty-six percent of the U.S. corn crop was rated as good or excellent condition, per the USDA, which is the lowest late-July rating since the 2012 drought. Yield potential has certainly been cut this year, but favorable weather forecasts for the coming 7-14 days should allow pollination to occur with minimal heat. If the weather forecast holds true, additional yield damage could be minimal.

USDA's weekly Export Sales report noted that exporters sold 121,200 MT of net sales for the 2018/19 crop with weekly exports of 578,600 MT. The export figure was down 15 percent from the prior week and put YTD exports at 45.286 MMT (down 8 percent). YTD bookings (unshipped sales plus exports) are down 16 percent. Other highlights from the report include 54,500 MT of sorghum exports and 700 MT of barley exports. YTD barley exports are up 6 percent.

Cash corn prices are slightly lower across the U.S. as farmer sales have increased amid favorable weather forecast for the 2019/20 crop. The average U.S. cash price fell 1 percent to \$4.17 this week but is 25 percent higher than this time in 2018. Barge CIF NOLA values are slightly higher at \$190/MT while FOB NOLA corn values are 2 percent higher at \$200/MT.

From a technical standpoint, December corn has largely entered a sideways trading pattern with major support at \$4.20. Weather forecasts have an atypical impact on the futures market this year with hot/dry forecasts sparking significant CBOT rallies and favorable outlooks prompting pricing weakness. Funds

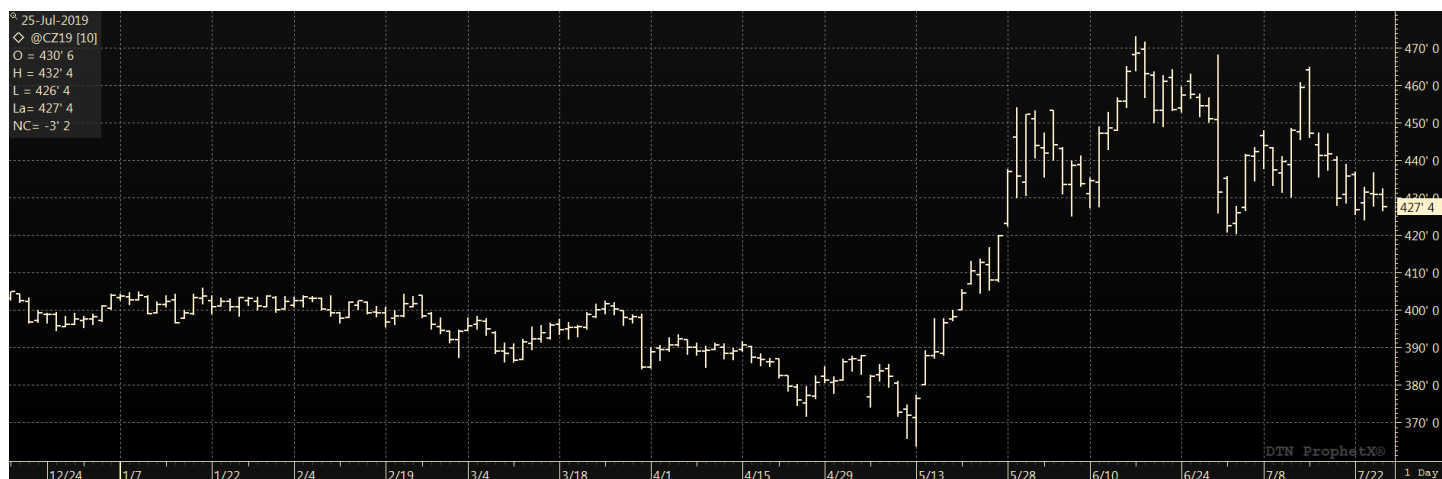
still hold a 178,00-contract long position in corn futures and have been defending that position on market breaks. Additionally, commercial buying has been notable when futures have approached \$4.25-4.30, which is further supporting the market. The outlook seems to be that corn futures will continue modest swings within their recent trading range until more is known about 2019 yields and acreage.

Interest Rates and Macroeconomic Markets, July 25, 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	-0.7%	0.0	-0.8%	
LIBOR (1 Year)	2.2	0.0	-1.7%	0.0	-0.2%	
S&P 500	3,001.4	6.3	0.2%	76.5	2.6%	
Dow Jones Industrials	27,095.8	-127.2	-0.5%	569.2	2.1%	
U.S. Dollar	97.8	1.1	1.2%	1.6	1.7%	
WTI Crude	56.2	0.9	1.7%	-3.2	-5.4%	
Brent Crude	63.5	1.5	2.5%	-2.2	-3.4%	

Source: DTN ProphetX, World Perspectives, Inc.

* Last price as of 3:04 PM ET

CBOT December Corn Futures



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending July 25, 2019			
Commodity	25-Jul	19-Jul	Net Change
Corn			
Jul 19	418.50	430.75	-12.25
Sep 19	427.50	435.75	-8.25
Dec 19	437.25	444.00	-6.75
Mar 20	441.50	448.00	-6.50
Soybeans			
Jul 19	882.50	901.50	-19.00
Aug 19	887.75	907.25	-19.50
Sep 19	899.75	919.25	-19.50
Nov 19	913.25	931.75	-18.50
Soymeal			
Jul 19	303.90	311.20	-7.30
Aug 19	305.50	312.50	-7.00
Sep 19	307.00	314.30	-7.30
Oct 19	309.80	317.50	-7.70
Soyoil			
Jul 19	28.27	28.10	0.17
Aug 19	28.41	28.20	0.21
Sep 19	28.54	28.31	0.23
Oct 19	28.79	28.56	0.23
SRW			
Jul 19	499.50	502.50	-3.00
Sep 19	507.25	513.50	-6.25
Dec 19	518.25	525.25	-7.00
Mar 20	523.75	531.00	-7.25
HRW			
Jul 19	437.50	440.00	-2.50
Sep 19	455.00	459.75	-4.75
Dec 19	472.00	479.25	-7.25
Mar 20	483.25	491.50	-8.25
MGEX (HRS)			
Jul 19	523.00	529.25	-6.25
Sep 19	536.50	542.50	-6.00
Dec 19	550.50	556.50	-6.00
Mar 20	559.50	564.75	-5.25

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

U.S. Weather/Crop Progress

U.S. Crop Conditions: July 21, 2019					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	3%	10%	30%	47%	10%
Sorghum	1%	2%	24%	60%	13%
Barley	0%	5%	19%	58%	18%

Source: USDA

U.S. Drought Monitor Weather Forecast: Showers and thunderstorms will linger for the next few days in the Deep South, primarily across Florida and along the Gulf Coast. Meanwhile, a pair of slow-moving cold fronts crossing the northern U.S. will entrain moisture from the monsoon circulation, leading to spotty showers from the Southwest to the northern Plains and upper Midwest. Dry weather and near- or below-normal temperatures will prevail between the two primary areas of showery weather. Elsewhere, hot weather will dominate the Intermountain West.

The NWS 6- to 10-day outlook for July 30 – August 3 calls for near- or above-normal temperatures nationwide, except for cooler-than-normal conditions in northern Washington and the lower Mississippi Valley. Meanwhile, near- or below-normal rainfall across much of the Plains and Northwest should contrast with wetter-than-normal weather in the Southwest and a broad area covering the mid-South, Ohio and Tennessee Valleys, the lower Great Lakes region, and the Northeast.

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 18, 2019					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	716,100	496,100	3,407.0	8,515.5	25%
Corn	149,000	578,600	45,286.6	49,742.3	-16%
Sorghum	4,100	54,500	1,502.2	1,653.3	-67%
Barley	0	700	6.1	51.7	6%

Source: USDA

Corn: Net sales of 121,200 MT for 2018/2019 were down 39 percent from the previous week and 59 percent from the prior 4-week average. Increases were primarily for Japan (65,200 MT), Mexico (46,500 MT, including decreases of 11,900 MT), Colombia (32,200 MT, including 30,000 MT switched from unknown destinations), Costa Rica (21,300 MT, including 12,000 MT switched from Guatemala, 4,000 MT switched from El Salvador, 3,000 MT switched from Honduras, 3,000 MT switched from Nicaragua, and decreases of 700 MT), and Taiwan (7,100 MT). Reductions were primarily for unknown destinations (30,000 MT), Guatemala (12,000 MT), and Canada (8,400 MT). For 2019/2020, net sales of 386,600 MT were primarily for Guatemala (147,900 MT), unknown destinations (112,900 MT), Mexico (70,900 MT), Japan (27,000 MT), and Honduras (17,500 MT).

Exports of 578,600 MT were down 15 percent from the previous week and 18 percent from the prior 4-week average. The destinations were primarily to Japan (226,000 MT), Mexico (190,200 MT), Taiwan (70,000 MT), Colombia (39,400 MT), and Costa Rica (26,300 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, new optional origin sales of 60,000 MT were reported for Israel. 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: No net sales for 2018/2019 were reported for the week. Exports of 700 MT were primarily to Japan (400 MT).

Sorghum: Net sales of 4,100 MT for 2018/2019 were reported for Mexico (3,100 MT), Japan (900 MT), and South Korea (100 MT). Exports of 54,500 MT were up 5 percent from the previous week, but down 27 percent from the prior 4-week average. The destinations were Mexico (43,600 MT) and Japan (10,900 MT).

U.S. Export Inspections: Week Ending July 18, 2019					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	220	2,007	880	228%
Corn	438,045	690,427	43,609,681	49,825,192	88%
Sorghum	60,913	61,518	1,831,003	4,798,773	38%
Soybeans	559,462	855,377	39,278,790	51,708,497	76%
Wheat	433,117	348,519	3,393,362	2,661,352	128%

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	159,580	40%	38,739	100%	43,050	71%
PNW	111,654	28%	0	0%	10,918	18%
Interior Export Rail	128,048	32%	24	0%	6,945	11%
Total (Metric Tons)	399,282	100%	38,763	100%	60,913	100%
White Corn Shipments by Country (MT)			27,440 11,299 24	to Colombia to Costa Rica to Mexico		
Total White Corn (MT)			38,763			
Sorghum Shipments by Country (MT)					49,995 10,918	to Mexico to Japan
Total Sorghum (MT)					60,913	

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	0.72+U	\$193.1	1.16+U	\$210.22
September	0.69+U	\$191.92	1.23+U	\$213.18
October	0.66+Z	\$194.28	1.22+Z	\$216.33

#2 White Corn (U.S. \$/MT FOB Vessel)		
Max. 15.0% Moisture	August	September/October
Gulf	\$240	Unquoted

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
August	0.80+U	\$196.25	0.30+U	\$176.56
September	0.80+Z	\$199.79	0.35+Z	\$182.08
October	0.90+Z	\$203.73	0.50+Z	\$187.98

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	August	September	October
New Orleans	\$186	\$190	\$194
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	August	September	October
New Orleans	\$500	\$506	\$512
*5-10,000 MT Minimum			

DDGS Price Table: July 25, 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	191	201	204
FOB Vessel GULF	209	211	215
Rail delivered PNW	218	220	223
Rail delivered California	222	224	226
Mid-Bridge Laredo, TX	223	226	228
FOB Lethbridge, Alberta	191	193	195
40 ft. Containers to South Korea (Busan)	224	227	238
40 ft. Containers to Taiwan (Kaohsiung)	224	227	238
40 ft. Containers to Philippines (Manila)	244	245	250
40 ft. Containers to Indonesia (Jakarta)	236	238	250
40 ft. Containers to Malaysia (Port Kelang)	236	238	245
40 ft. Containers to Vietnam (HCMC)	242	244	255
40 ft. Containers to Japan (Yokohama)	243	245	252
40 ft. containers to Thailand (LCMB)	238	240	245
40 ft. Containers to China (Shanghai)	235	237	240
40 ft. Containers to Bangladesh (Chittagong)	266	269	272
40 ft. Containers to Myanmar (Yangon)	268	270	273
KC Rail Yard (delivered ramp)	195	197	201
Elwood, IL Rail Yard (delivered ramp)	191	193	196

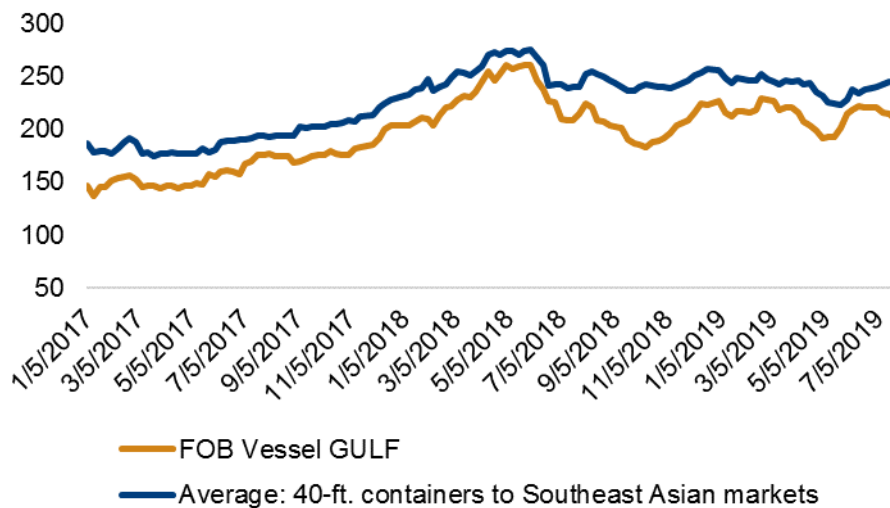
Source: World Perspectives, Inc. *Prices are based on offer indications only; terms of delivery, payment and quality may vary from one supplier to another, impacting the actual value of the price.

Distiller's Dried Grains with Solubles (DDGS)

DDGS Comments: Cash corn prices are lower across the U.S. this week, averaging \$4.16/bushel while FOB ethanol plant DDGS prices are down slightly at \$147.34/MT. DDGS are priced at 90 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 \$340.40/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 traders keep the ethanol co-product competitive with lower corn and soymeal values. Merchandisers are reporting a significant increase in international buying interest as corn futures have stabilized in recent days. Exporters note Taiwan, Korea, the Philippines, Indonesia, Vietnam, and Bangladesh have been active markets for both inquiries and sales. Prices for 40-foot containers to Southeast Asia are averaging \$244/MT, steady with last week's values.

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



Source: World Perspectives, Inc.

Country News

Brazil: The consultancy Safras & Mercado says the 2019/20 corn crop will be 103.97 MMT, just 3 percent from last year's record-breaking crop. AgRural says the safrinha corn harvest is now 67 percent complete. (Reuters; AgriCensus)

EU: Amid record heat, FranceAgriMer again reduced its rating for the French maize crop to 74 percent good/excellent, down from 78 percent a week earlier. (Reuters)

Mexico: The corn production estimate for 2018/19 was raised by 150 KMT to 26.85 MMT. The production estimate of 27 MMT for 2019/20 is unchanged. (USDA/FAS)

Indonesia: The fall armyworm will reduce the 2018/19 corn crop by 600 KMT. (USDA/FAS)

South Africa: Corn exports for 2019/20 will be 1.1 MMT, down 400 KMT from the previous estimate and just half the amount of corn exported in 2016/17. (USDA/FAS)

South Korea: Taking advantage of falling prices, the Korean Corn Processing Industry Association (KOCOPIA) issued a tender for 60 KMT of corn. (Reuters)

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	\$50.50	Up \$1.00	Handymax \$50.00 mt
55,000 U.S. PNW- Japan	\$28.00	Up \$1.00	Handymax \$28.00 mt
66,000 U.S. Gulf – China	\$50.00	Up \$1.00	North China
PNW to China	\$27.50	Up \$1.00	
25,000 U.S. Gulf- Veracruz, México	\$18.50	Up \$0.50	3,000 MT daily discharge rate
30-35,000+ U.S. Gulf- Veracruz, México	\$15.75	Up \$0.50	Deep draft and 6,000 MT per day discharge rate.
25-35,000 U.S. Gulf – East Coast, Colombia	\$22.00	Up \$1,00	<u>West Coast Colombia at \$28.00</u>
From Argentina	\$32.00		
43-45,000 U.S. Gulf - Guatemala	\$29.50	Up \$1.00	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$37.00	Up \$1.00	8,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$38.00		3,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$38.50	Up \$1.00	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$31.50	Up \$1.00	60,000 -55,000 mt
PNW to Egypt	\$32.00		Romania- Russia- Ukraine \$16.30 -\$17.40 -\$18.30 (France \$19.00-\$19.50)
60-70,000 U.S. Gulf – Europe, Rotterdam	\$20.50	Unchanged	Handymax at +\$1.75 more
Brazil, Santos – China	\$39.25	Up \$1.00	54-59,000 Supramax-Panamax
Brazil, Santos – China	\$39.00		60-66,000 Post Panamax
Itacoatiara-Port Upriver North Brazil	\$41.25		60-66,000 mt
56-60,000 Argentina/Rosario – China, Deep Draft	\$42.00	Up \$1.00	Upriver with BB Top Off \$46.50

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: It was a wild ride in Dry-Bulk freight markets this week. The week started stronger as bulls tried to move rates higher, but by Wednesday the wheels started to come off the wagon as paper sellers emerged to take profits. The Capesize market dropped over \$1.00/MT off its high in 24 hours. The Baltic Dry Index fell over 3,000 points in the same time period and the Panamax sector followed as well. The Baltic indices and physical markets remained up slightly for the week but looked soft and were trending lower on market Thursday's

close. This is the first time since March-April 2014 that the Panamax rate from the U.S. Gulf to China has touched the \$50.00 mark. The overall trend remains upward, but it looks as if things got moving a bit to far too fast over the past two weeks.

Baltic-Panamax Dry-Bulk Indices				
July 25, 2019	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	28,710	27,394	1,316	4.8
P3A: PNW/Pacific– Japan	13,945	13,649	296	2.2
S1C: U.S. Gulf-China-S. Japan	25,028	24,839	189	0.8

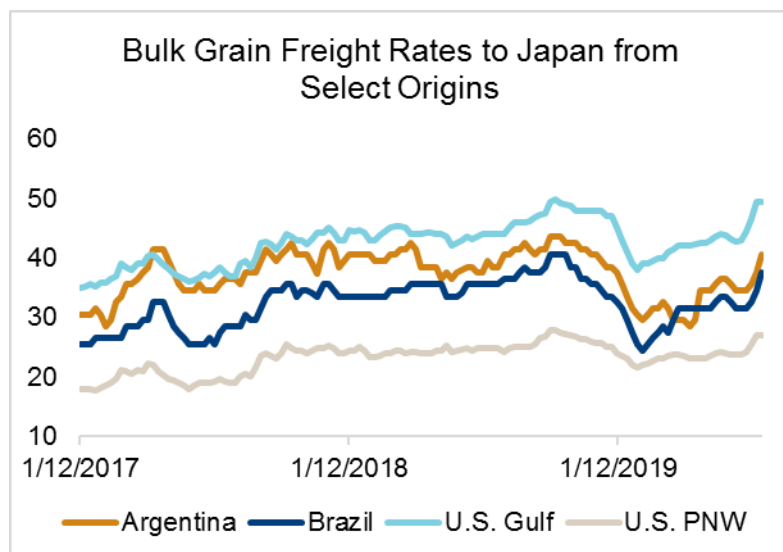
Source: O'Neil Commodity Consulting

Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$7.10-7.95
Three weeks ago:	\$7.05-7.35
Two weeks ago:	\$8.50-9.10
One week ago:	\$9.50-10.40
This week	\$9.30-11.15

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
July 25, 2019	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.92	0.70	0.22	\$8.66	PNW
Soybeans	0.90	0.60	0.30	\$11.81	PNW
Ocean Freight	\$27.50	\$50.00	0.57-0.60	\$22.50	August

Source: O'Neil Commodity Consulting



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

Bulk Grain Freight Rates for Key Suppliers and Destinations July 25, 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	6.5	15.1%	5.5	12.5%	
U.S. PNW		27.00	3.25	13.7%	2.25	9.1%	
Argentina		40.50	6	17.4%	2	5.2%	
Brazil		37.50	6	19.0%	2	5.6%	
U.S. Gulf	China	49.00	6.75	16.0%	6	14.0%	
U.S. PNW		26.50	3.5	15.2%	2.5	10.4%	
Argentina		41.00	5.75	16.3%	0	0.0%	
Brazil		38.25	6	18.6%	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	35.50	2	6.0%	4	12.7%	
Brazil	Arabia	39.50	2	5.3%	5	14.5%	
U.S. Gulf	Egypt	30.50	1.00	3.4%	3.00	10.9%	
U.S. PNW		30.95	1.60	5.5%	-4.55	-12.8%	
Argentina		26.50	-1.00	-3.6%	-9.00	-25.4%	
Brazil		35.50	6.00	20.3%	4.00	12.7%	
Handysize Vessels							
U.S. Gulf	Morocco	37.50	2.00	5.6%	5.00	15.4%	
U.S. Great Lakes		44.85	-0.15	-0.3%	6.90	18.2%	
Argentina		26.50	2.00	8.2%	3.00	12.8%	
Brazil		28.50	2.00	7.5%	3.00	11.8%	
U.S. Great Lakes	Europe	43.85	-0.15	-0.3%	16.80	62.1%	
Brazil		27.40	0.90	3.4%	-2.05	-7.0%	
Argentina	Algeria	28.50	1.00	3.6%	1.00	3.6%	
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		26.95	-1.05	-3.8%	-1.10	-3.9%	
Argentina		31.00	-1.50	-4.6%	-3.00	-8.8%	
Shipping Indexes							
Baltic Dry Index		1144	4	0.4%	-574	-33.4%	

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