



August 22, 2019

CONTENTS

Chicago Board of Trade Market News2

CBOT December Corn Futures.....3

U.S. Weather/Crop Progress5

U.S. Export Statistics6

FOB8

Distiller’s Dried Grains with Solubles (DDGS).....9

Country News10

Ocean Freight Markets and Spreads11

Ocean Freight Comments12

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 August 16	Monday August 19	Tuesday August 20	Wednesday August 21	Thursday August 22
Change	9.75	-6.25	-5.75	1.50	0.75
Closing Price	380.75	374.50	368.75	370.25	371.00
Factors Affecting the Market	Crop Tour yields that were well below USDA's numbers supported futures. Cautious buying and short-position liquidation developed through the day. Cash corn prices were weaker with FOB NOLA offers working to stay competitive.	Helpful weekend rains sent the market lower in quiet trading. The weather is promising for the coming 14 days and should help yields. However, crop tours are estimating the U.S. yield 3-4 BPA less than USDA. Export Inspections hit 20.1 mill. bu.	More rains in the forecast pressured corn again though the selling was not particularly strong. Monday, USDA said 55 percent of corn is in the dough stage and 56 percent rated good/excellent. Outside markets were lower on U.S. economic worries.	Corn closed fractionally higher as neither sellers nor buyers have a strong case presently. U.S. export activity has slowed, which is a headwind for futures. Cash prices are lower amid an outlook for reduced ethanol use of corn.	Corn traded both side of unchanged in indecisive trade as crop tours finish this week. Export sales and shipments were less than needed to meet USDA's latest projections. Outside markets were supportive with U.S. equities up and the dollar down 10 bps.

Outlook: December corn futures are down 9 ¾ cents (2.6 percent) this week as the market trades sideways after last week's bearish WASDE. The market has apparently found its equilibrium amid bearish forecasts for good weather into the fall and bullish crop tour yield estimates that are below USDA's latest.

Trading this week was largely dominated by good rains across the Midwest that will help boost yields for the corn and soybean crops. Parts of Kansas, Southeastern Nebraska, and Missouri would prefer consistent sunshine over more rain, however, with warmer temperatures and sunlight needed to finish the crop. Overall, however, the weather has been favorable the past week, and looks to continue that trend for the next 14 days. Parts of the Eastern Corn Belt that were too dry a week ago now have adequate moisture with additional precipitation expected. The favorable weather forecast left futures with a muted tone this week.

Various private crop tours have reported yield forecasts that are less than USDA's August forecast. The tours note wide-ranging yields across Ohio, one of the latest-planted states and one where rains were needed early this week. Private yield forecasts averaged near 158-162 BPA for the state. In Illinois, crop tours estimated this year's yield at roughly 20 BPA less than 2018 and Iowa yields reflected a similar reduction from last year. The crop tour results seem to suggest that USDA will lower its 2019 corn yield estimate later this fall.

USDA's weekly Export Sales report featured net sales of 119,300 MT and exports of 539,700 MT. The export figure was down 24 percent from the prior week and less than needed to keep pace with USDA's latest export forecast. YTD exports are down 12 percent while YTD bookings are off 17 percent. USDA also noted that 50,600 MT of sorghum and 600 MT of barley were exported last week.

U.S. cash prices are weaker across the Midwest this week with the average price moving 2 percent lower to \$139.23/MT. Barge CIF NOLA and FOB NOLA corn prices are steady this week with Gulf export offers at \$163.75/MT, a decrease of 11 percent from the prior week. FOB NOLA prices are 5 percent higher than this time in 2018.

From a technical standpoint, December corn has stabilized and is trading sideways off technical support at \$3.65. Funds are thought to hold a neutral position in corn, which should help keep futures range-bound unless significant fundamental news is uncovered. The contract is technical oversold, however, which could spark a modest rally towards upside resistance at the August 16th high of \$3.81.

Interest Rates and Macroeconomic Markets, August 22, 2019						
	Last*	Weekly Change	Weekly % Change	Monthly Change	Monthly % Change	1-Year History
Interest Rates						
U.S. Prime	5.3	0.0	0.0%	-0.3	-4.5%	
LIBOR (6 Month)	2.0	-0.1	-2.6%	-0.2	-7.2%	
LIBOR (1 Year)	2.0	-0.1	-3.7%	-0.2	-10.3%	
S&P 500	2,925.1	77.5	2.7%	-78.6	-2.6%	
Dow Jones Industrials	26,272.8	693.4	2.7%	-868.2	-3.2%	
U.S. Dollar	98.2	0.0	0.0%	0.4	0.4%	
WTI Crude	55.3	0.9	1.6%	-0.7	-1.2%	
Brent Crude	59.9	1.7	2.9%	-3.5	-5.5%	

Source: DTN ProphetX, World Perspectives, Inc.

* Last price as of 3:34 PM ET

CBOT December Corn Futures



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending August 15, 2019			
Commodity	22-Aug	16-Aug	Net Change
Corn			
Jul 19	363.25	371.00	-7.75
Sep 19	371.00	380.75	-9.75
Dec 19	383.00	392.75	-9.75
Mar 20	390.75	400.00	-9.25
Soybeans			
Jul 19	856.00	867.25	-11.25
Aug 19	868.75	879.75	-11.00
Sep 19	882.50	893.50	-11.00
Nov 19	895.50	906.50	-11.00
Soymeal			
Jul 19	293.70	294.90	-1.20
Aug 19	295.70	296.80	-1.10
Sep 19	299.30	300.30	-1.00
Oct 19	300.60	301.80	-1.20
Soyoil			
Jul 19	28.54	29.13	-0.59
Aug 19	28.65	29.25	-0.60
Sep 19	28.90	29.51	-0.61
Oct 19	29.12	29.74	-0.62
SRW			
Jul 19	467.25	470.75	-3.50
Sep 19	471.75	477.50	-5.75
Dec 19	477.75	484.00	-6.25
Mar 20	481.75	489.75	-8.00
HRW			
Jul 19	393.25	394.25	-1.00
Sep 19	404.25	409.50	-5.25
Dec 19	418.25	425.50	-7.25
Mar 20	428.75	436.25	-7.50
MGEX (HRS)			
Jul 19	498.50	506.25	-7.75
Sep 19	513.50	518.50	-5.00
Dec 19	526.25	533.00	-6.75
Mar 20	536.00	543.00	-7.00

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

U.S. Weather/Crop Progress

U.S. Crop Conditions: August 18, 2019					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	3%	11%	30%	46%	10%
Sorghum	1%	6%	28%	52%	13%
Barley	2%	5%	20%	58%	15%

Source: USDA

U.S. Drought Monitor Weather Forecast: Over the week beginning Tuesday, August 20, according to NOAA's Climate Prediction Center, dry conditions are expected to continue across much of the western half of the continental U.S. Some heavy rain may fall over parts of the Midwest and Southeast, with as much as five inches in areas of southern Iowa, northern Mississippi, eastern Nebraska, and parts of the Carolinas. Southern Louisiana may see up to seven inches. Looking further ahead to August 25-29, below-normal temperatures are favored across parts of eastern Montana, the Dakotas, Nebraska, Kansas, Minnesota, Iowa, and Missouri, while above-normal temperatures are forecast for parts of the Southern Plains and the Southwest. There are enhanced probabilities of above-normal temperatures for most southern coastal locations of Alaska due to above-normal sea surface temperatures. Near to below-normal precipitation is possible for the west, although parts of Southern California may see above-average rainfall. Rainfall may be above normal across the central and eastern U.S., except for parts of the Northeast. Above-normal precipitation is favored across northern and eastern Alaska, but may be below-normal across southwestern mainland Alaska and the Aleutians, where drought conditions prevail. Please note the forecast confidence for this period is average, according to CPC.

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 15, 2019					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	668,300	659,500	5,459.3	10,421.6	22%
Corn	141,100	539,700	47,930.9	50,103.3	-17%
Sorghum	100	50,600	1,639.8	1,724.8	-66%
Barley	0	600	10.2	56.7	10%

Source: USDA

Corn: Net sales of 119,300 MT for 2018/2019 were up noticeably from the previous week and up 31 percent from the prior 4-week average. Increases were primarily for Mexico (96,900 MT, including decreases of 10,700 MT), Japan (61,700 MT, including 60,800 switched from unknown destinations and decreases of 2,500 MT), Canada (10,600 MT, including decreases of 200 MT), Honduras (8,200 MT, including 4,000 MT switched from Guatemala, 4,000 MT switched from El Salvador, and decreases of 700 MT), and Guatemala (7,800 MT, including 6,900 MT switched from El Salvador, 3,600 MT switched from Nicaragua, and decreases of 600 MT). Reductions were primarily for unknown destinations (60,800 MT), El Salvador (10,900 MT), the French West Indies (8,500 MT), and South Korea (2,500 MT). For 2019/2020, net sales of 301,600 MT resulting in increases for Mexico (155,400 MT), South Korea (65,200 MT), Jamaica (47,500 MT), and Canada (20,300 MT), were partially offset by reductions for unknown destinations (2,000 MT). Exports of 539,700 MT were down 24 percent from the previous week and 20 percent from the prior 4-week average. The destinations were primarily to Mexico (323,100 MT), Japan (95,900 MT), Honduras (40,700 MT), Guatemala (24,800 MT), and Panama (19,700 MT).

Optional Origin: For 2018/2019, the current outstanding balance of 121,000 MT is for South Korea. For 2019/2020, the current outstanding balance of 648,600 MT is for South Korea (325,000 MT), unknown destinations (203,600 MT), and Israel (120,000 MT).

Barley: No net sales for 2018/2019 were reported for the week. Exports of 600 MT were to Japan.

Sorghum: Net sales reductions of 2,900 MT for 2018/2019 resulting in increases for China (50,000 MT, including 53,000 MT switched from unknown destinations and decreases of 3,000 MT) and South Korea (100 MT). For 2019/2020, total net sales of 10,200 MT were for Japan. Exports of 50,600 MT were down 34 percent from the previous week, but up 43 percent from the prior 4-week average. The destinations were China (50,000 MT) and Mexico (600 MT).

U.S. Export Inspections: Week Ending August 15, 2019

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	2,938	2,299	128%
Corn	510,334	719,810	46,157,132	55,144,388	84%
Sorghum	56,802	84,529	1,999,024	4,971,816	40%
Soybeans	1,158,217	944,872	43,484,717	54,613,471	80%
Wheat	488,905	710,633	5,445,531	4,354,538	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 15, 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	366,018	75%	17,058	72%	50,002	88%
PNW	146	0%	0	0%	0	0%
Interior Export Rail	120,626	25%	6,486	28%	6,800	12%
Total (Metric Tons)	486,790	100%	23,544	100%	56,802	100%
White Corn Shipments by Country (MT)			23,544	to Mexico		
Total White Corn (MT)			23,544			
Sorghum Shipments by Country (MT)					50,002 6,800	to China to Mexico
Total Sorghum (MT)					56,802	

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	0.49+U	\$162.1	1.02+U	\$182.96
September	0.48+U	\$161.9	1.04+U	\$183.95
October	0.53+Z	\$166.72	1.05+Z	\$187.39

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

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	\$181.49	0.70+Z	\$173.61
September	0.95+Z	\$183.45	0.75+Z	\$175.58
October	0.95+Z	\$183.45	0.80+Z	\$177.55

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	August	September	October
New Orleans	\$173	\$179	\$182
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	August	September	October
New Orleans	\$485	\$505	\$510
*5-10,000 MT Minimum			

DDGS Price Table: August 22, 2019 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point	September	October	November
Quality Min. 35% Pro-fat combined			
Barge CIF New Orleans	175	183	186
FOB Vessel GULF	191	195	196
Rail delivered PNW	205	208	211
Rail delivered California	210	212	216
Mid-Bridge Laredo, TX	208	210	216
FOB Lethbridge, Alberta	182	189	195
40 ft. Containers to South Korea (Busan)	221	223	225
40 ft. Containers to Taiwan (Kaohsiung)	220	221	223
40 ft. Containers to Philippines (Manila)	232	233	235
40 ft. Containers to Indonesia (Jakarta)	225	226	229
40 ft. Containers to Malaysia (Port Kelang)	225	227	229
40 ft. Containers to Vietnam (HCMC)	227	228	230
40 ft. Containers to Japan (Yokohama)	231	231	233
40 ft. containers to Thailand (LCMB)	229	230	232
40 ft. Containers to China (Shanghai)	222	222	224
40 ft. Containers to Bangladesh (Chittagong)	248	249	251
40 ft. Containers to Myanmar (Yangon)	246	247	250
KC Rail Yard (delivered ramp)	186	187	190
Elwood, IL Rail Yard (delivered ramp)	182	184	186

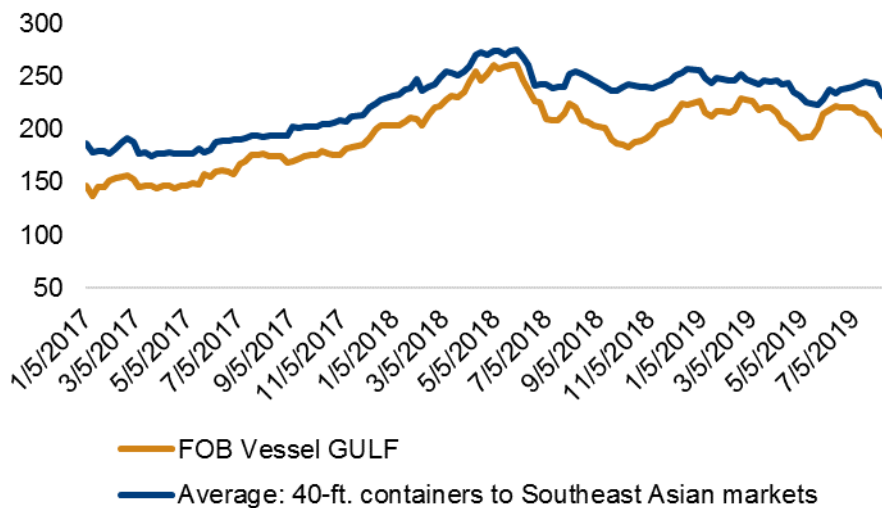
Source: World Perspectives, Inc. *Prices are based on offer indications only; terms of delivery, payment and quality may vary from one supplier to another, impacting the actual value of the price.

Distiller's Dried Grains with Solubles (DDGS)

DDGS Comments: Cash corn prices are lower across the U.S. this week, averaging \$3.53/bushel while FOB ethanol plant DDGS prices are down \$3.75/MT at \$134.50/MT. DDGS are priced at 97 percent of cash corn values, up from last week and just below the three-year average of 106 percent. Soymeal prices are lower as well, reaching \$323/MT this week, which puts DDGS prices at 42 percent of soymeal.

Merchandisers report that talk of reduced ethanol plant runtimes has firmed offers and that asking prices are higher heading into the week's end. International inquiries are active, especially from Vietnam, but exporters report slow sales. Barge CIF NOLA values are steady this week while FOB Gulf offers have fallen \$6/MT for September shipment. Rail rates are \$2-3/MT higher while prices for 40-foot containers are steady this week.

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



Source: World Perspectives, Inc.

Country News

Argentina: The Buenos Aires Grain Exchange says the corn harvest is 90.1 percent complete. Corn sales by farmers slowed following the election shock but the Rosario Board of Trade says export registrations are surging as the peso declines in value and the trade fears foreign exchange issues. Grain trade organizations have called for a rapid elimination of grain export taxes. (AgriCensus)

Brazil: Corn exporters are seeing increased competition from Ukraine. Offsetting competition in global markets is a forecast for domestic corn-based ethanol production at 1.4 billion liters. (AgriCensus; USDA)

China: The corn auction clearance rate fell to a three-month low and corn and sorghum imports were canceled. (AgriCensus)

EU: French corn conditions are stable but except for barley, weekly grain exports have slowed. (AgriCensus)

India: The government lowered its estimate for corn production this year. (AgriCensus)

Mexico: Buyers purchased 328 KMY of corn for delivery in the 2019/20 marketing year. (USDA)

Saudi Arabia: The government grain purchasing agency SAGO issued a tender to purchase 780 KMT of feed barley. Delivery is for October to December. (Reuters)

South Korea: MFG paid \$199/MT in a private purchase of corn. KFA purchased 63 KMT of corn from CJ International. KOCOPIA paid \$16/MT less as it purchased 60 KMT of corn. (AgriCensus)

Ukraine: With the harvest boosting supplies, barley exports are running strong. (AgriCensus)

Zambia: Government Information Minister Dora Siliya blamed price distortion by unscrupulous and greedy retailers for the record high and rising price for corn meal.

Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans* August 22, 2019			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$51.00	Up \$0.50	Handymax \$51.00 mt
55,000 U.S. PNW- Japan	\$28.50	Up \$0.50	Handymax \$27.75 mt
66,000 U.S. Gulf – China	\$50.50	Up \$0.50	North China
PNW to China	\$27.75	Up \$0.50	
25,000 U.S. Gulf- Veracruz, México	\$18.50	Unchanged	3,000 MT daily discharge rate
30-35,000+ U.S. Gulf- Veracruz, México	\$15.75	Unchanged	Deep draft and 6,000 MT per day discharge rate.
25-35,000 U.S. Gulf – East Coast, Colombia	\$21.75	Unchanged	<u>West Coast Colombia at \$30.00</u>
From Argentina	\$32.25		
43-45,000 U.S. Gulf - Guatemala	\$29.50	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$37.00	Up \$0.25	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 \$0.25	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$32.00	UP \$0.50	60,000 -55,000 mt
PNW to Egypt	\$32.25		Romania/Russia/Ukraine \$18.00/16.00/18.50 (France \$22.00-22.50)
60-70,000 U.S. Gulf – Europe, Rotterdam	\$20.75	Up \$0.75	Handymax at +\$1.75 more
Brazil, Santos – China	\$40.25	Up \$0.75	54-59,000 Supramax-Panamax
Brazil, Santos – China	\$39.75		60-66,000 Post Panamax
Itacoatiara-Port Upriver North Brazil	\$42.00		60-66,000 mt
56-60,000 Argentina/Rosario – China, Deep Draft	\$42.75	Up \$0.75	Upriver with BB Top Off \$47.25

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: It was another one of those too-typical weeks in dry-bulk markets. The week started out stronger with lots of promise but lost steam by the weeks' end. The market is still up slightly from last week's prices but lower than Tuesday's trade. All freight markets know they need to move rates higher to cover increasing costs; but are struggling to maintain the full thrust of recent market moves. It is mostly a case of physical players being reluctant to follow paper traders' lead. Dry bulk freight, however, has done a better job of raising rates compared to the container shipping sector. Backhaul container rates have been relatively flat over the past six months. Some Southeast Asian markets are now starting to see delivered container grain rates below that of CIF dry-bulk. If this trend continues, and I believe it will, there should be a slight shift over to more containerized grain sales verses dry-bulk to Northern and Southeast Asia.

Baltic-Panamax Dry-Bulk Indices				
August 22, 2019	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	28,889	28,478	411	1.4
P3A: PNW/Pacific– Japan	14,962	14,225	737	5.2
S1C: U.S. Gulf-China-S. Japan	28,745	25,750	2,995	11.6

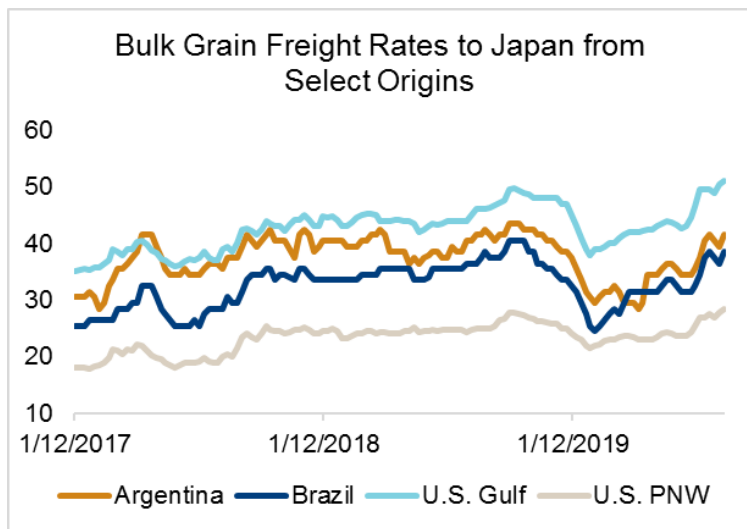
Source: O'Neil Commodity Consulting

Capesize Vessel Freight Values Western Australia to South China (iron ore)	
Four weeks ago:	\$9.30-11.15
Three weeks ago:	\$9.70-10.00
Two weeks ago:	\$8.95-9.65
One week ago:	\$8.95-9.95
This week	\$9.70-10.55

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
August 22, 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 **August 22, 2019**

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
Panamax/Supramax Vessels							
U.S. Gulf	Japan	51.00	1.5	3.0%	5	10.9%	
U.S. PNW		28.50	1.5	5.6%	3.5	14.0%	
Argentina		41.50	1	2.5%	0	0.0%	
Brazil		38.50	1	2.7%	2	5.5%	
U.S. Gulf	China	50.50	1.5	3.1%	5.75	12.8%	
U.S. PNW		27.75	1.25	4.7%	3.5	14.4%	
Argentina		42.75	1.75	4.3%	0	0.0%	
Brazil		39.75	1.5	3.9%	3.25	8.9%	
U.S. Gulf	Europe	20.50	0	0.0%	-1	-4.7%	
Argentina		26.50	-1	-3.6%	-10	-27.4%	
Brazil		28.50	-2	-6.6%	-4	-12.3%	
Argentina	Saudi	36.50	1	2.8%	5	15.9%	
Brazil	Arabia	41.50	2	5.1%	6	16.9%	
U.S. Gulf	Egypt	31.50	1.00	3.3%	3.00	10.5%	
U.S. PNW		32.10	1.15	3.7%	-3.55	-10.0%	
Argentina		26.50	0.00	0.0%	-11.00	-29.3%	
Brazil		31.50	-4.00	-11.3%	-1.00	-3.1%	
Handysize Vessels							
U.S. Gulf	Morocco	37.50	0.00	0.0%	5.00	15.4%	
U.S. Great Lakes		44.85	0.00	0.0%	6.45	16.8%	
Argentina		25.50	-1.00	-3.8%	2.00	8.5%	
Brazil		29.50	1.00	3.5%	4.00	15.7%	
U.S. Great Lakes	Europe	43.75	-0.10	-0.2%	16.45	60.3%	
Brazil		28.60	1.20	4.4%	-4.00	-12.3%	
Argentina	Algeria	27.50	-1.00	-3.5%	0.00	0.0%	
Brazil		30.50	0.00	0.0%	3.00	10.9%	
U.S. Gulf	Colombia	21.75	0.75	3.6%	1.50	7.4%	
U.S. PNW		29.05	2.10	7.8%	1.00	3.6%	
Argentina		32.25	1.25	4.0%	-2.25	-6.5%	
Shipping Indexes							
Baltic Dry Index		2067	-124	-5.7%	340	19.7%	

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