



January 4, 2018

CONTENTS

CHICAGO BOARD OF TRADE MARKET NEWS 2

CBOT MARCH CORN FUTURES 3

U.S. WEATHER/CROP PROGRESS 4

U.S. EXPORT STATISTICS 5

FOB..... 6

DISTILLER’S DRIED GRAINS WITH SOLUBLES (DDGS) 7

COUNTRY NEWS 7

OCEAN FREIGHT MARKETS AND SPREAD 8

OCEAN FREIGHT COMMENTS 9

INTEREST RATES..... 12

For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Alvaro Cordero 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 March Contract					
\$/Bu	Friday December 29	Monday January 1	Tuesday January 2	Wednesday January 3	Thursday January 4
Change	-1.250	0.000	2.500	-0.250	-2.000
Closing Price	350.75	350.75	353.25	353.00	351.00
Factors Affecting the Market	Corn finished 2017 on a down note and not budging from its comfort zone at \$3.50. The export pace remains slow and last week's corn shipments reached 20.5 million bushels. Brazilian corn prices are moving higher, but this has yet to send more business to the U.S. The dollar fell 37 points.	Markets closed for New Year holiday.	March corn started the year in the green, buoyed by light commercial buying. Cash prices are steadily rising, supporting the market. USDA said 26.9 million bu of corn were exported last week, bringing YTD totals down 36 percent. Ethanol futures are rising, which should support corn.	There was little news to move the market one way or another. The U.S. Midwest is cold and dry while Brazil is getting rain. Spot corn prices keep rising, which may be an indicator of higher futures prices ahead. Outside markets were supportive with U.S. stocks and the dollar gaining.	March corn headed back toward the safety of \$3.50 as there is no reason to send prices higher. Ethanol production slowed last week due to rising natural gas costs while stocks grew. This is hardly bullish for corn demand. U.S. stocks are higher on ADP's good jobs report.

Outlook: March corn refuses to leave the safety of its narrow range around \$3.50/bushel. Two holiday-shortened trading weeks in a row, combined with little fresh news, have left the contract decidedly range bound. The holidays created a lack of fundamental news and next week's January WASDE isn't likely to show major changes to the U.S. corn balance sheet. Until some new information is gathered, corn seems relegated to its current sideways pattern.

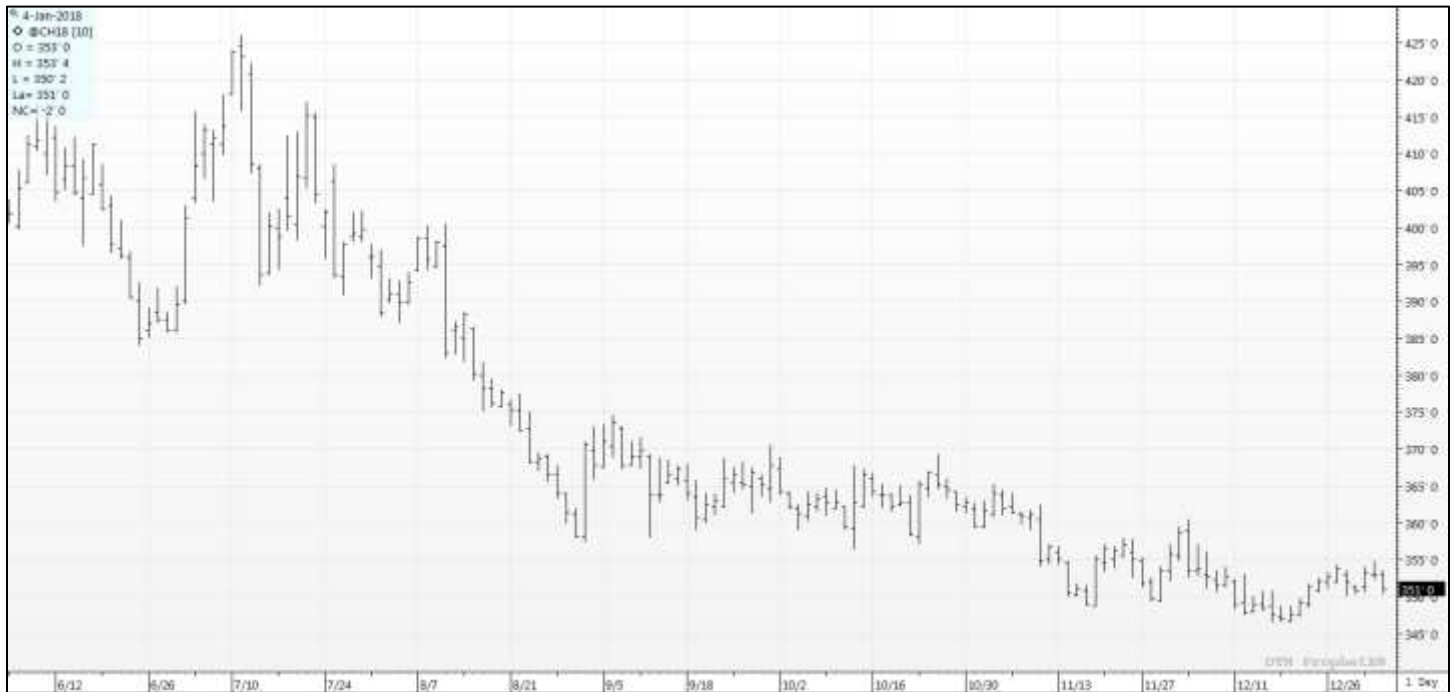
Brazilian corn prices have been rising steadily in the past few weeks, giving U.S. exporters more opportunities to increase sales. Today's prices show FOB NOLA corn as cheaper than Paranagua, Brazil and Argentina Upriver FOB offers, thought slightly higher than Santos, Brazil paper prices. The USDA will release its weekly Export Sales report on Friday this week, one day later than usual due to the New Year's holiday. Monday's Export Inspections report from the USDA showed 26.9 million bushels exported, a bearish amount that keeps marketing year-to-date totals down 38 percent from last year. The USDA's balance sheet currently projects a 16 percent reduction in exports, meaning exporters will have to get aggressive in 2018 to meet the agency's projection.

Weekly ethanol production fell 5 percent this week as the cold weather across the U.S. boosts natural gas costs and ethanol production costs. Ethanol stocks increased 3 percent as the cold weather limits driving and gasoline consumption. Ethanol has been a bright spot for corn demand this year and this week's production decrease is likely just a blip on the radar.

From a technical standpoint, March corn is heading sideways with neither upward nor downward momentum. The 40-day moving average has been likened to a "line in the sand" by some traders, with corn unwilling to close above this chart point. Still, cash corn prices are rising as is basis, a sign of commercial buying and of

possible futures price increases ahead. Funds still hold a large short position in corn, and should something spark a covering of this position, the market could pop higher quickly. But, until that happens, March corn futures are hovering near \$3.50 until further notice.

CBOT MARCH CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending January 4, 2018			
Commodity	4-Jan	29-Dec	Net Change
Corn			
Mar 18	351.00	350.75	0.25
May 18	359.25	359.00	0.25
Jul 18	367.75	367.25	0.50
Sep 18	375.25	374.75	0.50
Soybeans			
Jan 18	959.25	951.75	7.50
Mar 18	967.75	961.75	6.00
May 18	978.50	973.00	5.50
Jul 18	988.00	983.25	4.75
Soymeal			
Jan 18	315.80	312.60	3.20
Mar 18	319.80	316.80	3.00
May 18	322.50	320.10	2.40
Jul 18	325.50	323.50	2.00
Soyoil			
Jan 18	33.74	33.08	0.66
Mar 18	33.87	33.26	0.61
May 18	34.03	33.43	0.60
Jul 18	34.19	33.62	0.57
SRW			
Mar 18	434.00	427.00	7.00
May 18	446.50	440.25	6.25
Jul 18	459.25	453.25	6.00
Sep 18	472.75	465.75	7.00
HRW			
Mar 18	439.75	427.25	12.50
May 18	453.00	441.00	12.00
Jul 18	469.00	458.25	10.75
Sep 18	484.75	472.75	12.00
MGEX (HRS)			
Mar 18	627.75	614.75	13.00
May 18	632.75	622.50	10.25
Jul 18	636.25	626.25	10.00
Sep 18	627.50	623.75	3.75

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: A rapidly-intensifying storm system near the Atlantic Seaboard will produce wind-driven snow from parts of the Mid-Atlantic into the Northeast. Substantial snow- and wind-related impacts are expected in New England, as well as coastal cities such as Savannah, Georgia, and Charleston, South Carolina. In the storm's wake, late-week temperatures will again plunge across the Midwest and Northwest. However, temperatures will rebound to above-normal levels by Sunday in all areas west of the Mississippi River. In the middle and lower Mississippi Valley and environs, some rain or freezing rain could precede the warmer weather. Elsewhere, periods of rain and snow will affect northern California and the Northwest, while dry weather prevails across the central and southern Plains. The NWS 6- to 10-day outlook

for January 9-13 calls for above-normal precipitation across much of the nation, with drier-than-normal weather confined to the nation's southern tier save for the Southwest. Colder-than-normal conditions will linger in the upper Midwest, while near- to-above-normal temperatures prevail elsewhere, with the greatest likelihood of abnormal warmth from the Rockies to the Pacific Coast.

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

U.S. EXPORT STATISTICS

Note: Due to the Monday, January 1 holiday, weekly U.S. export sales will be published on Friday, January 5. Updated U.S. export sales will be next published in the January 11, 2018 edition of *Market Perspectives*.

U.S. Export Inspections: Week Ending December 28, 2017					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	269	18,182	28,785	63%
Corn	683,898	619,893	10,536,536	17,049,258	62%
Sorghum	122,915	85,546	1,640,608	1,788,014	92%
Soybeans	1,139,436	1,283,200	28,317,221	33,002,359	86%
Wheat	274,506	519,541	14,530,209	15,537,849	94%

Source: USDA/AMS. *Marketing Year is June 1-May 31 for wheat and barley and September 1-August 31 for corn, sorghum and soybeans. Week-to-week reports will vary due to exporter reported conditions and cancellations to previous week's reports.

USDA Grain Inspections for Export Report: Week Ending December 28, 2017						
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	334,547	49%	0	0%	121,588	99%
PNW	251,943	37%	0	0%	0	0%
Interior Export Rail	97,408	14%	0	0%	1,327	1%
Total (Metric Tons)	683,898	100%	0	0%	122,915	100%
White Corn Shipments by Country (MT)			0	0		
Total White Corn (MT)			0	0		
Sorghum Shipments by Country (MT)					122,004	to China
					911	to Mexico
Total Sorghum (MT)					122,915	

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)
LH January	0.64+H	\$163.38	0.78+H	\$168.89
February	0.59+H	\$161.41	0.79+H	\$169.28
March	0.56+H	\$160.23	0.80+H	\$169.68

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
January	1.40+H	\$193.30	1.45+H	\$195.26
February	1.40+H	\$193.30	1.45+H	\$195.26
March	1.40+H	\$193.30	1.47+H	\$196.05

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	January	February	March
New Orleans	\$165	\$165	\$165
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	January	February	March
New Orleans	\$595	\$595	\$595
*5-10,000 MT Minimum			
Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)			
	January	February	
Rail Delvd. Chicago	\$495	\$495	
Rail Delvd. Savannah	\$502	\$502	
Truck Delvd. Chicago	\$484	-	

DDGS Price Table: January 4, 2018 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	January	February	March
Barge CIF New Orleans	194	190	189
FOB Vessel GULF	203	200	199
Rail delivered PNW	220	218	218
Rail delivered California	222	221	220
Mid-Bridge Laredo, TX	218	218	217
FOB Lethbridge, Alberta	198	195	193
40 ft. Containers to South Korea (Busan)	221	220	221
40 ft. Containers to Taiwan (Kaohsiung)	224	224	224
40 ft. Containers to Philippines (Manila)	229	228	229
40 ft. Containers to Indonesia (Jakarta)	224	223	224
40 ft. Containers to Malaysia (Port Kelang)	224	223	224
40 ft. Containers to Vietnam (HCMC)	235	234	235
40 ft. Containers to Japan (Yokohama)	223	223	223
40 ft. containers to Thailand (LCMB)	224	224	224
40 ft. Containers to China (Shanghai)	223	223	224
40 ft. Containers to Bangladesh (Chittagong)	255	254	255
40 ft. Containers to Myanmar (Yangon)	249	249	250
KC & Elwood, IL Rail Yard (delivered Ramp)	183	182	182

Source: WPI, *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: DDGS prices are steady/higher this week as ethanol production declines in the U.S. limit supplies and as international demand recovers from its holiday lull. FOB ethanol plant DDGS are \$2/MT higher this week, as cold weather across the Midwest increases use in feed rations and as last week's 5 percent decrease in ethanol production limits supplies. Soybean meal values are steady after the holidays and FOB ethanol plant DDGS prices are 46 percent of Kansas City soybean meal. Domestically, DDGS retain a \$0.79 per-protein unit cost advantage over cash soybean meal.

Internationally, FOB Gulf prices are steady on holiday-reduced demand. The average price for January shipment is \$203/MT with February shipments \$3/MT lower. Prices for March shipment are just under \$200/MT as DDGS supplies should increase heading into the spring. Prices for 40-foot containers to Southeast Asia are \$226.5/MT, \$3 above the pre-holiday (December 21, 2017) weekly average. Merchandisers are reporting prices to Vietnam are the strongest of Asian destinations, rising \$6/MT from December 21.

COUNTRY NEWS

China: China will use 8.9 MMT of sorghum in 2017/18, a majority (5 MMT) of which will come from imports. Most sorghum goes into animal feed, offsetting the drop in DDGS imports, but an increasing amount is being used to produce the alcoholic drink baijiu. (WorldGrain)

Black Sea: UkrAgroConsult says that Ukraine farmers managed to harvest more of their production ahead of winter this crop season, but Russian farmers only harvested 86 percent of the projected area by December 21. This means that overall corn production will be down 5-6 percent from a year earlier and exports could decline by 10 percent compared to last season. (BlackSeaGrain.net)

The Russian State Statistics Service says that all the barley has been harvested but 14 percent of the corn still remains in the field. According to the USDA, average barley yields in Russia for the 2017-18 marketing year are 19 percent higher than in 2016-17. (World Grain)

Uganda: East African grain traders are hurrying to buy Ugandan maize (see table below) at about half the international price. Uganda has had a surplus crop at the same time neighboring countries are experiencing shortages due to drought. Traders pay as little as \$180/MT in Uganda and flip it into the Kenyan market for up to \$430/MT. The market is distorted due to the region's common market at the same time Uganda is paying a premium for maize going into the Strategic Grain Reserve. (AllAfrica)

Ugandan Maize Exports	
Importing Country	Volume (MT)
Kenya	30,500
Rwanda	5,405
Dem Rep of Congo	1,105

Source: AllAfrica

OCEAN FREIGHT MARKETS AND SPREAD

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	\$43.00	-	Handymax at \$45.00/MT
55,000 U.S. PNW-Japan	\$24.00	-	Handymax at \$25.25/MT
65,000 U.S. Gulf-China	\$42.50	-	North or South China
PNW to China	\$23.00	-	
25,000 U.S. Gulf-Veracruz, Mexico	\$16.50	-	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, Mexico	\$14.00	-	Deep draft and 6,000 MT/day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia	\$20.25	-	West Coast Colombia at \$28.50
From Argentina	\$33.00	-	
40-45,000 U.S. Gulf-Guatemala	\$28.50	-	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$31.25	-	8,000 MT daily discharge
	\$33.25	-	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$30.25	-	Discharge rate: 5,000
55,000 U.S. Gulf-Egypt	\$28.25	-	55,000-60,000 MT
PNW to Egypt	\$27.25	-	Russia Black Sea-Egypt \$14.00
60-70,000 U.S. Gulf-Europe-Rotterdam	\$16.75	-	Handymax at +\$2.00 more
Brazil, Santos-China	\$32.00	-	54-59,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up River	\$31.00	-	
Amazonia North Brazil-China	\$34.50	-	
56-60,000 Argentina-China	\$37.75	-	Upriver with top-off \$40.00

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: This week the Baltic Dry-Bulk Index suffered its biggest single day fall in close to four years.

In Q4 of 2017, vessel owners saw a market reversal and improved cargo demand with resulting higher market rates. This caused market players to get a bit overly optimistic about the prospects for 2018, especially considering that the first quarter of any year is usually the slowest period. So, here we are in Q1 of 2018 and things are not looking quite as robust. Markets have had to give a little back and, from a cargo demand perspective, we will likely see a fairly quiet couple of months before demand kicks in again. I do expect to see Dry-Bulk rates climb as we move farther into 2018, but we will have to go back down a little before we experience a further recovery in rates.

Baltic-Panamax Dry-Bulk Indices				
January 4, 2018	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	17,917	18,407	-490	-2.7%
P3A: PNW/Pacific– Japan	9,632	10,374	-742	-7.2%
S1C: U.S. Gulf-China-S. Japan	22,256	23,767	-1,511	-6.4%

Source: O'Neil Commodity Consulting

Below is a recent history of freight values for Capesize vessels of iron ore from Western Australia to South China:

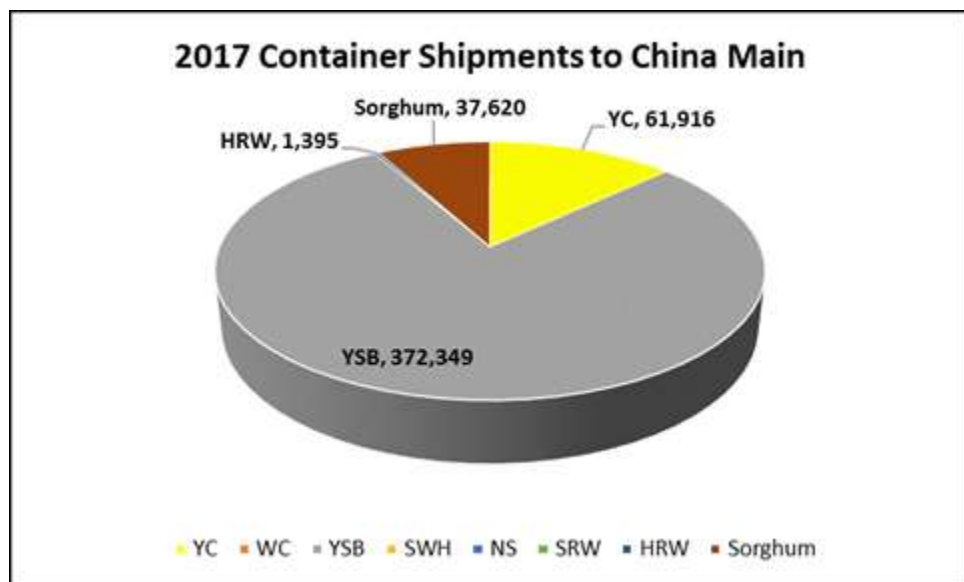
Week Ending January 4, 2018	
Four weeks ago:	\$8.75-9.90
Three weeks ago:	\$9.70-9.90
Two weeks ago:	\$9.75-10.00
One week ago:	-
This week	\$5.40-7.00

Source: O'Neil Commodity Consulting

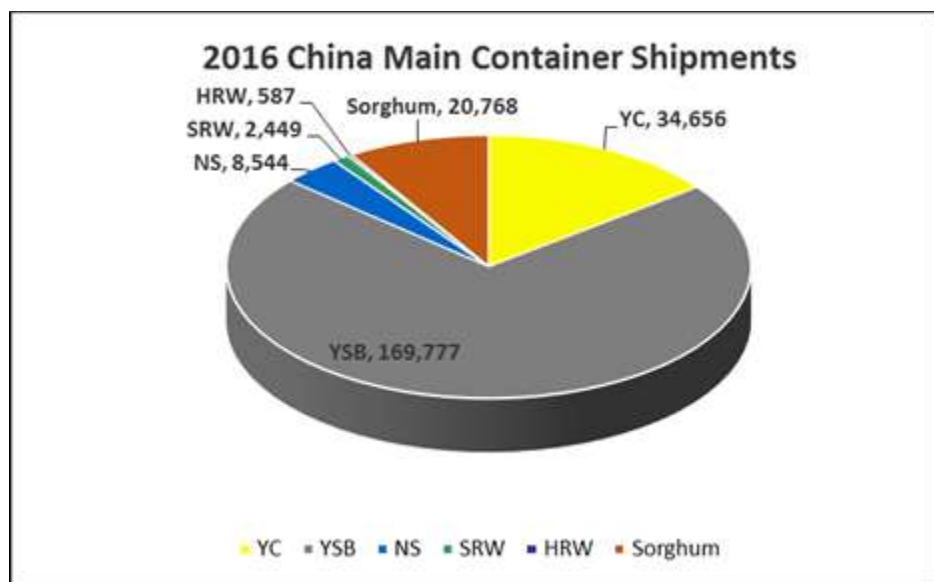
U.S.-Asia Market Spreads					
January 4, 2018	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.86	0.57	0.29	\$11.42	PNW
Soybeans	0.93	0.53	0.40	\$15.75	PNW
Ocean Freight	\$23.00	\$42.50	0.50-0.53	\$19.50	Feb.

Source: O'Neil Commodity Consulting

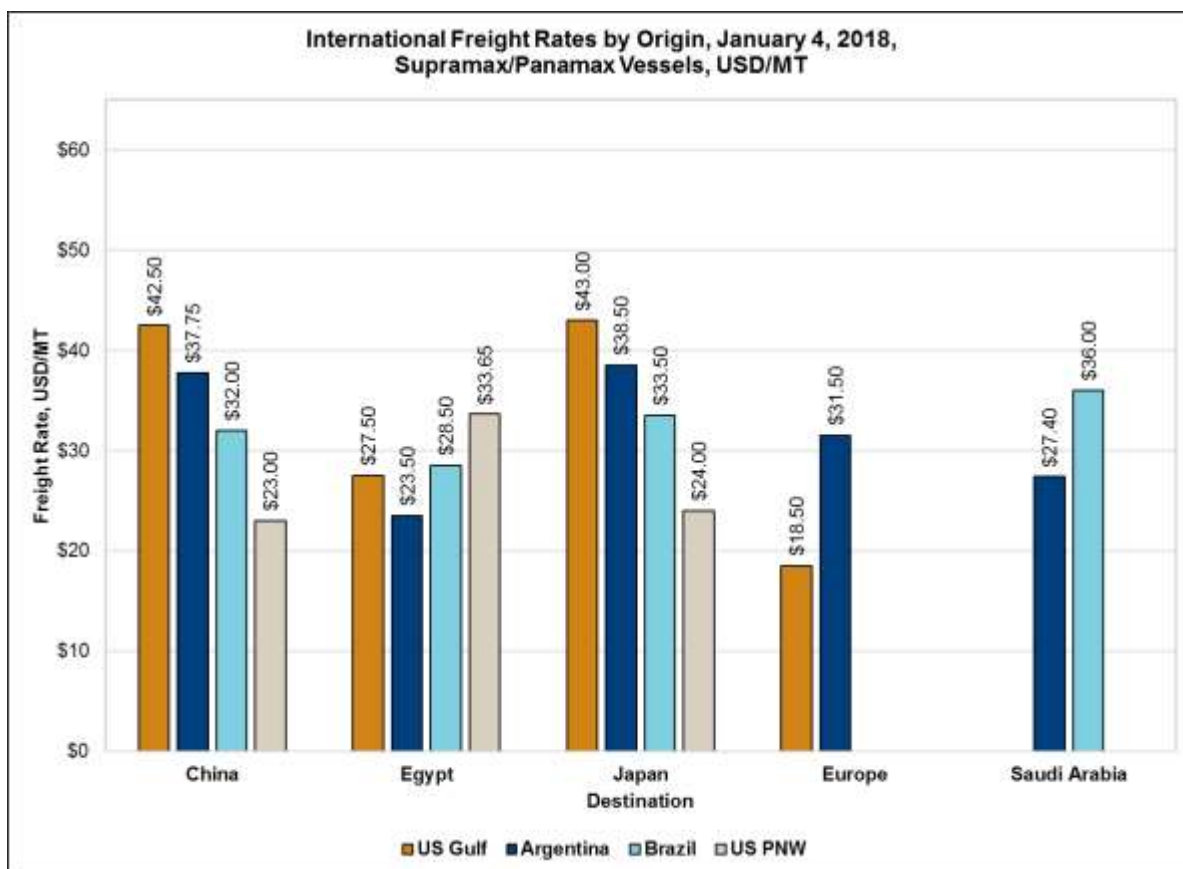
The charts below represent 2017 annual totals versus 2016 annual totals for container shipments to China.



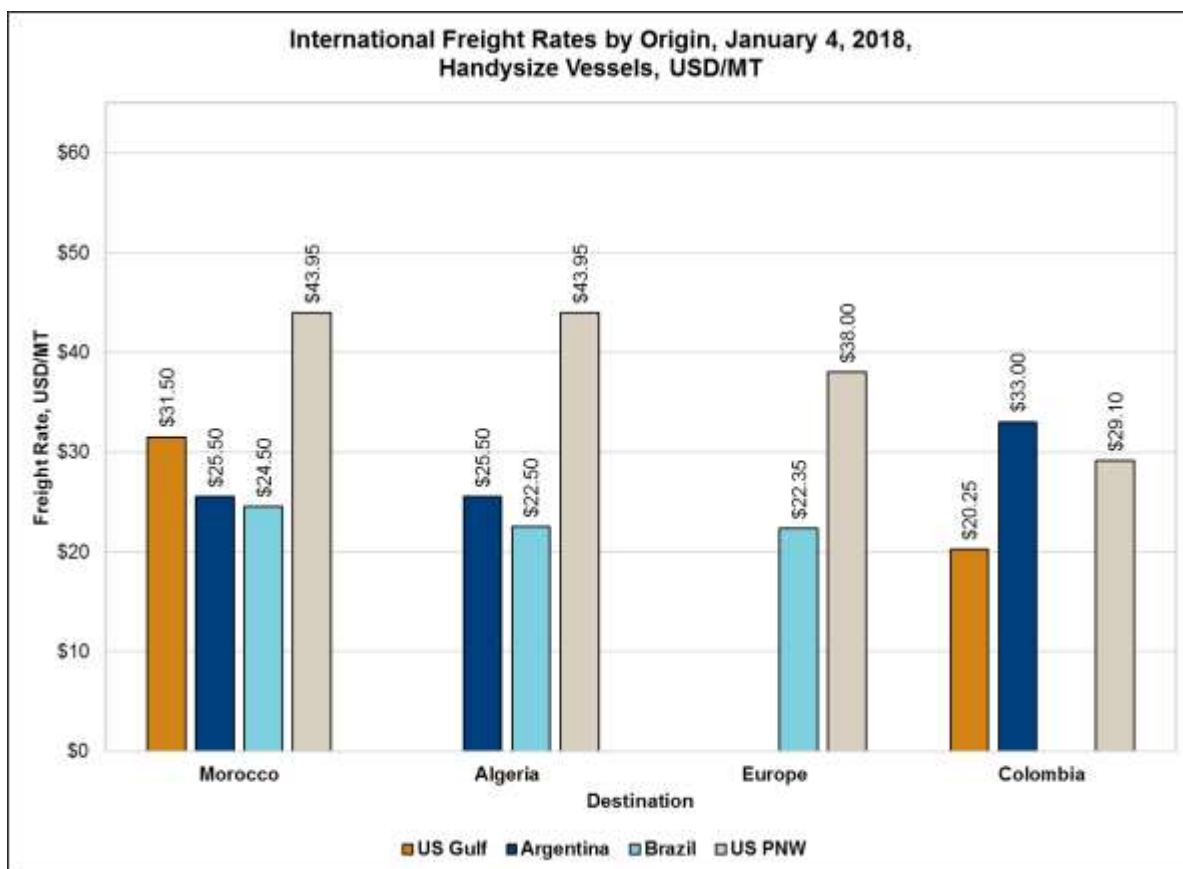
Source: O'Neil Commodity Consulting



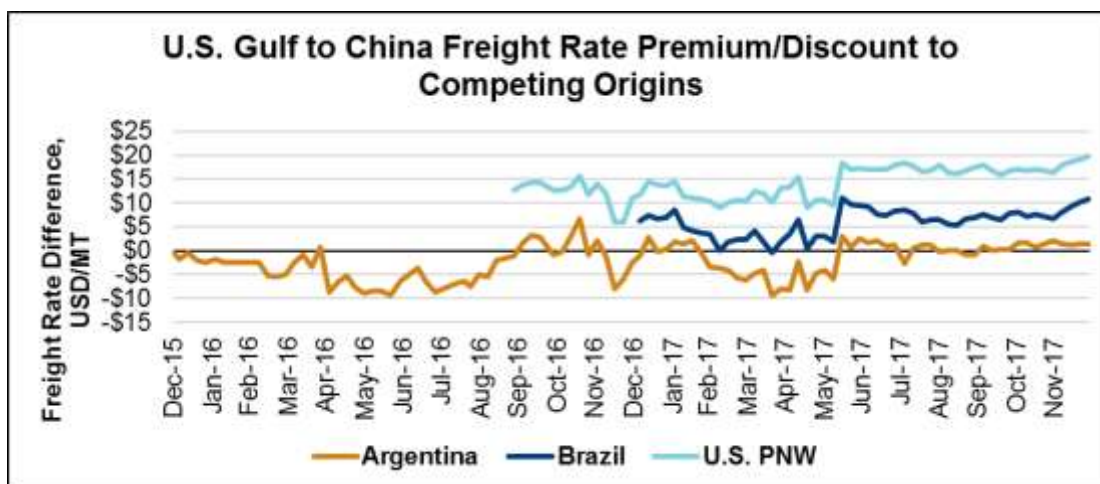
Source: O'Neil Commodity Consulting



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



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INTEREST RATES

Interest Rates (%): January 4, 2018			
	Current Week	Last Week	Last Month
U.S. Prime	4.50	-	4.25
LIBOR (6 month)	1.84	-	1.32
LIBOR (1 year)	2.11	-	1.69

Source: www.bankrate.com