



February 1, 2018

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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 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 January 26	Monday January 29	Tuesday January 30	Wednesday January 31	Thursday February 1
Change	1.250	2.250	2.750	0.000	0.2500
Closing Price	356.50	358.75	361.50	361.50	361.75
Factors Affecting the Market	Lack of fundamental news left corn to drift higher and towards its weekly high. The one-day delayed Export Sales report was disappointing, putting marketing year totals at 503 million bu. Outside markets were supportive with the dollar down 43 points and equities higher.	Hot, dry weather forecasts for Argentina put a bid under the entire grains complex, including corn. USDA announced 4.5 million bushels were sold to Egypt which also spurred the market. Export totals are still down 34% from last year. The dollar rose 32 points while the Dow fell 177.	Corn reached two-month highs as dry Argentine weather and reduced South African corn plantings change the global supply situation. USDA said 5.2 million bushels were sold to Spain this week, adding a bullish demand component to the story. U.S. equities were sharply lower.	March corn was unchanged on low-volume trading as other markets corrected lower from their recent gains. Ethanol stocks fell sharply which should be bullish corn demand in the near-term. USDA also said 5.7 million bushels were sold to "unknown" destinations today.	A volatile day in the soybean markets did not excite corn, where a day of mostly lower prices ended 1/4 cents higher. Argentine and South African production concerns remain but are yet insufficient to move the needle much. Outside markets were supportive with the dollar down 45 points.

Outlook: March corn gained 5 ¼ cents this week in what, for the current environment, amounts to a sizeable rally. The market found its way higher this week, fueled by dry weather in Argentina, production cuts around the world, and spillover buying from other markets. The fundamentals are hardly bullish yet, but modest production cuts may lift the market from its recent malaise.

Argentina's weather forecast remains hot and dry for the next 10 days, as it has been for weeks now. The situation is more concerning for the country's soybean crop, but it can hardly be ignored for corn. The USDA recently made a 2 MMT downward revision to Argentina's corn production this year due to the drought. Elsewhere, drought in South Africa has cut the country's corn planting expectations, further moderating world supply expectations. These changes are not enough to create a bull market but will likely keep corn trading at a premium to its recent ranges.

USDA's export sales report this morning featured better-than-expected sales for corn (72.9 million bushels) but export volumes that were lower than needed. YTD exports are down 30 percent from last year at 543 million bushels and have only reached 28 percent of USDA's annual forecast, versus an average of 33 percent for this time of year. U.S. exporters have some ground to cover if USDA's forecast will be met, but the falling U.S. dollar and the fact that FOB NOLA corn is the cheapest in the world right now could buoy exports.

From a technical perspective, March corn made the important move above the 100-day moving average and has since found strong support at this point. The market faces resistance at \$3.62 and has been unable to trade much above this point. Momentum indicators are pointing higher, though some are beginning to indicate an overbought market. Fund short-covering has been active this week and further deterioration in world crops

could extend this buying. The next upside targets are \$3.70 and \$3.75 while strong support lies at the 100-day moving average.

CBOT MARCH CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending February 1, 2018			
Commodity	1-Feb	26-Jan	Net Change
Corn			
Mar 18	361.75	356.50	5.25
May 18	370.00	365.00	5.00
Jul 18	377.75	373.25	4.50
Sep 18	385.00	380.75	4.25
Soybeans			
Mar 18	985.00	985.50	-0.50
May 18	996.50	997.00	-0.50
Jul 18	1006.00	1006.50	-0.50
Aug 18	1008.00	1008.75	-0.75
Soymeal			
Mar 18	334.00	335.70	-1.70
May 18	337.70	338.80	-1.10
Jul 18	340.30	340.90	-0.60
Aug 18	339.60	340.40	-0.80
Soyoil			
Mar 18	32.90	32.79	0.11
May 18	33.10	32.99	0.11
Jul 18	33.31	33.19	0.12
Aug 18	33.40	33.26	0.14
SRW			
Mar 18	451.00	441.00	10.00
May 18	464.25	453.75	10.50
Jul 18	478.00	466.50	11.50
Sep 18	491.50	480.25	11.25
HRW			
Mar 18	467.00	443.00	24.00
May 18	481.75	457.75	24.00
Jul 18	497.75	474.50	23.25
Sep 18	512.75	491.00	21.75
MGEX (HRS)			
Mar 18	611.75	614.50	-2.75
May 18	622.50	624.00	-1.50
Jul 18	630.50	630.75	-0.25
Sep 18	628.50	626.50	2.00

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: In the 2 days since the Tuesday morning cutoff time of this week's USDM, light precipitation has fallen across the northern tier states while the southern CONUS has been dry. For February 1-6, a ridge will set up over the western U.S., blocking storm systems and bringing warmer-than-normal temperatures, while a trough will dominate the East with colder-than-normal air masses. No precipitation is in the forecast for the Southwest to southern Plains. Pacific systems tracking across the Pacific Northwest and northern Rockies are predicted to drop half an inch of precipitation with over 3 inches in favored high elevation locations. The systems will dry out as they cross the Rockies, dropping up to half an inch of precipitation across the northern Plains to Great Lakes. The fronts and surface lows will pick up Gulf of Mexico

moisture as they travel into the eastern trough, bringing half an inch to an inch of precipitation from eastern Texas to the East Coast, with up to 2 inches expected from northeastern Mississippi to southern West Virginia.

The ridge/trough pattern is expected to persist into February 7-14, continuing warmer-than-normal temperatures for the West and cooler-than-normal temperatures for the northern and central Plains to East Coast. Odds favor below-normal precipitation beneath the ridge across the West and into the central Plains. The February 7-14 period is expected to begin wetter than normal for the northern Plains to Tennessee Valley and Mid-Atlantic to Northeast regions but turn drier-than-normal for the latter part of the period.

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 January 25, 2018					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	374,300	515,100	15,259.1	20,410.6	-11%
Corn	1,916,300	1,046,100	13,810.9	32,251.9	-20%
Sorghum	250,800	246,900	2,380.5	5,178.6	60%
Barley	0	600	22.5	37.8	125%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 1,850,600 MT for 2017/2018 were up 28 percent from the previous week and 93 percent from the prior 4-week average. Increases were reported for unknown destinations (484,900 MT), Mexico (315,900 MT, including decreases of 9,500 MT), Japan (290,900 MT, including 68,400 MT switched from unknown destinations and decreases of 2,200 MT), Colombia (197,700 MT, including 117,600 MT switched from unknown destinations and decreases of 900 MT), South Korea (132,100 MT, including 60,000 MT switched from unknown destinations), and Egypt (115,000 MT). Reductions were reported for China (100 MT). For 2018/2019, net sales of 31,000 MT were for Mexico (22,900 MT) and El Salvador (8,100 MT). Exports of 1,046,100--a marketing-year high--were up 75 percent from the previous week and 51 percent from the prior 4-week average. The destinations were primarily to Japan (333,300 MT), Colombia (201,800 MT), Mexico (186,300 MT), South Korea (63,100 MT), and Morocco (60,600 MT).

Optional Origin Sales: For 2017/2018, new optional origin sales of 55,000 MT were reported for Vietnam. The current optional origin outstanding balance of 724,500 MT is for South Korea (342,000 MT), unknown destinations (261,500 MT), and Vietnam (121,000 MT).

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

Sorghum: Net sales of 242,400 MT for 2017/2018 were up 46 percent from the previous week and 65 percent from the prior 4-week average. Increases were reported for China (305,300 MT, including 132,000 MT switched from unknown destinations and decreases of 8,400 MT) and Japan (11,200 MT). Reductions totaling 74,000 MT were reported for unknown destinations. Exports of 246,900 MT were up 13 percent from the previous week and up noticeably from the prior 4-week average. The destinations were China (236,000 MT), Japan (10,700 MT), and Mexico (200 MT).

U.S. Export Inspections: Week Ending January 25, 2018					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	19,088	30,495	63%
Corn	993,506	722,681	13,736,572	20,888,839	66%
Sorghum	151,702	168,583	2,088,187	2,540,193	82%
Soybeans	1,104,978	1,421,878	33,379,877	38,830,662	86%
Wheat	579,875	423,620	16,192,732	16,807,676	96%

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 January 25, 2018						
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	545,799	59%	57,200	94%	135,935	90%
PNW	291,912	31%	0	0%	10,662	7%
Interior Export Rail	95,003	10%	3,592	6%	5,105	3%
Total (Metric Tons)	932,714	100%	60,792	100%	151,702	100%
White Corn Shipments by Country (MT)			17,962	to Colombia		
			7,754	to Honduras		
			35,076	to Mexico		
Total White Corn (MT)			60,792			
Sorghum Shipments by Country (MT)					139,436	to China
					1,029	to Djibouti
					10,662	to Japan
					575	to Mexico
Total Sorghum (MT)					151,702	

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 February	0.62+H	\$166.82	0.92+H	\$178.63
FH March	0.57+H	\$164.85	0.90+H	\$177.84
LH March	0.55+H	\$164.07	0.90+H	\$177.84

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	February	March	April
Gulf	\$171	\$171	\$171

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
February	1.75+H	\$211.31	1.65+H	\$207.37
March	1.75+H	\$211.31	1.65+H	\$207.37

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	February	March	April
New Orleans	\$170	\$165	\$160
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	February	March	April
New Orleans	\$595	\$590	\$585
*5-10,000 MT Minimum			
Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)			
	February	March	
Rail Delvd. Chicago	\$495	\$495	
Rail Delvd. Savannah	\$505	-	
Truck Delvd. Chicago	\$505	-	

DDGS Price Table: February 1, 2018 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	February	March	April
Barge CIF New Orleans	197	195	194
FOB Vessel GULF	209	204	200
Rail delivered PNW	232	227	224
Rail delivered California	231	227	224
Mid-Bridge Laredo, TX	228	224	221
FOB Lethbridge, Alberta	208	206	205
40 ft. Containers to South Korea (Busan)	239	236	235
40 ft. Containers to Taiwan (Kaohsiung)	241	239	238
40 ft. Containers to Philippines (Manila)	244	241	240
40 ft. Containers to Indonesia (Jakarta)	242	240	239
40 ft. Containers to Malaysia (Port Kelang)	242	240	239
40 ft. Containers to Vietnam (HCMC)	248	246	246
40 ft. Containers to Japan (Yokohama)	249	244	244
40 ft. containers to Thailand (LCMB)	241	238	237
40 ft. Containers to China (Shanghai)	238	235	234
40 ft. Containers to Bangladesh (Chittagong)	269	267	266
40 ft. Containers to Myanmar (Yangon)	264	261	260
KC & Elwood, IL Rail Yard (delivered Ramp)	199	197	196

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 have taken a pause from their months-long increase as buyers and sellers reassess market fundamentals. Ethanol production fell slightly this week, but ethanol stocks were down 3.5

percent, which may signal additional production in the coming weeks. FOB ethanol plant DDGS were down \$1/MT this week while soybean meal rose \$3.60/MT, putting the DDGS/soybean meal ratio at 44 percent, down from the prior week. On a per-protein unit basis, FOB ethanol plant DDGS are \$1.08 cheaper than Kansas City soybean meal.

Barge CIF NOLA DDGS values were lower this week as river logistics improve. FOB NOLA DDGS fell as did rail-delivered product to the PNW. Internationally, prices for 40-foot containers to SE Asia increased \$7/MT on average as demand remains robust, especially in Indonesia, Malaysia, and Japan. Prices for product destined for Japan increased \$20/MT this week while product for Indonesia and Malaysia rose \$11/MT.

COUNTRY NEWS

Argentina: Inadequate moisture prompted USDA to reduce Argentina's estimated corn production by 2 MMT down to a total of 40 MMT. Rabobank made a similar reduction, lowering its estimate from 41 MMT to 39 MMT. The bank reduced the country's corn export forecast by 1.5 MMT to a total of 28 MMT. (UkrAgroConsult; Rabobank)

Brazil: The country's Matto Grosso state contributed 62.5 percent (18.3 MMT) to the country's 29.2 MMT in corn exports in 2017 but Imea, the government analysis entity, says its contribution will fall this year to 15.58 MMT. Late planting of the summer soybean crop prevented subsequent planting of second-crop corn. (Agricensus)

Mexico: USDA's corn production estimate for Mexico in 2017/18 was raised by 2.2 percent to 26.8 MMT. The import estimate was similarly reduced. (Agricensus)

Nigeria: Corn output in 2018 will fall 7 percent (750 KMT) from last season to 10 MMT. Pests and a 33 percent increase in corn imports to 400 KMT are blamed for the decline. (Bloomberg)

Turkey: Farmers have switched a small amount of their acreage from corn to cotton, which has hit multi-year highs. Brazilian farmers may similarly be enticed to switch some of the safrinha corn acres over to cotton. Meanwhile, to fight food inflation the government has eliminated the 35 percent duty on imported barley until 1 April 2018. A 25 percent tariff remains in place on imported corn. (Agricensus; World Grain)

Ukraine: Corn prices rose to a six-month high (\$172.50/MT) based on the sale of 10 (Panamax) vessels to China and growing exports to the EU. (Platts)

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	\$44.25	Down \$0.50	Handymax at \$45.00/MT
55,000 U.S. PNW-Japan	\$24.50	Down \$0.50	Handymax at \$25.50/MT
65,000 U.S. Gulf-China	\$43.25	Down \$0.50	North or South China
PNW to China	\$23.50	Down \$0.50	
25,000 U.S. Gulf-Veracruz, Mexico	\$16.00	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, Mexico	\$14.00	Unchanged	Deep draft and 6,000 MT/day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia	\$19.75	Down \$0.50	West Coast Colombia at \$28.00
From Argentina	\$33.00	Down \$1.00	
40-45,000 U.S. Gulf-Guatemala	\$28.00	Down \$0.50	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$31.00	Down \$0.50	8,000 MT daily discharge
	\$33.00	Down \$0.50	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$30.25	Down \$0.50	Discharge rate: 5,000
55,000 U.S. Gulf-Egypt	\$28.25	Down \$0.50	55,000-60,000 MT
PNW to Egypt	\$27.00	Down \$0.50	Russia Black Sea-Egypt \$14.25
60-70,000 U.S. Gulf-Europe-Rotterdam	\$16.75	Up \$0.50	Handymax at +\$2.00 more
Brazil, Santos-China	\$33.75	Down \$1.00	54-59,000 Supramax-Panamax
Itacoatiara Port up River	\$32.75	Down \$0.75	60-66,000 Post Panamax
Amazonia North Brazil-China	\$37.25	Down \$0.75	
56-60,000 Argentina-China	\$39.25	Down \$0.75	Upriver with top-off \$41.50

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: Last week I stated that ocean freight rates were moving up and down like the tide. This week they continued to act this way. Two weeks ago, the markets were lower week-over-week. Last week they went up; what went up last week went back down this week. So, from a cost perspective, things are simply moving in circles. We are two weeks away from the Lunar New Year and I do not believe anyone wants to make any big moves prior to the holiday break.

Baltic-Panamax Dry-Bulk Indices				
February 1, 2018	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	18,080	19,105	-1,025	-5.4%
P3A: PNW/Pacific– Japan	9,883	10,671	-788	-7.4%
S1C: U.S. Gulf-China-S. Japan	22,139	23,933	-1,794	-7.5%

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:

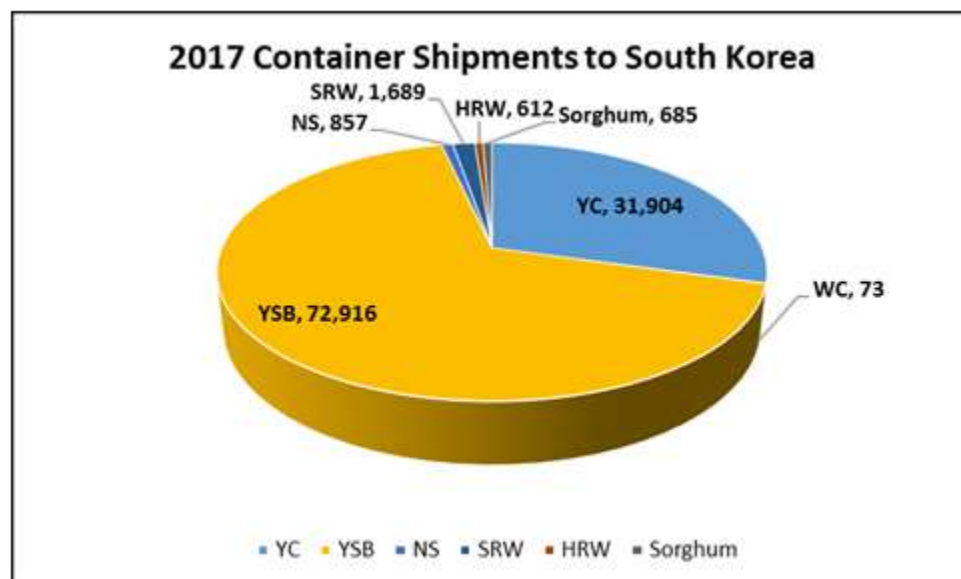
Week Ending February 1, 2018	
Four weeks ago:	\$5.40-\$7.00
Three weeks ago:	\$ 6.20-\$6.75
Two weeks ago:	\$5.80-\$6.90
One week ago:	\$4.90-\$6.85
This week	\$6.60-\$7.50

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
February 1, 2018	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.86	0.57	0.29	\$11.42	PNW
Soybeans	0.89	0.40	0.49	\$19.29	PNW
Ocean Freight	\$23.50	\$43.25	0.50-0.54	\$19.75	Feb.

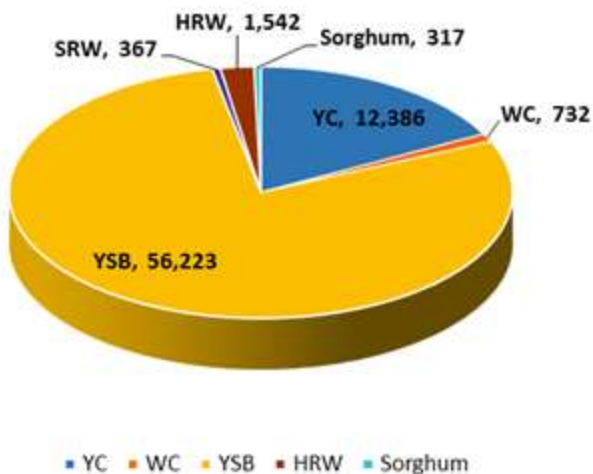
Source: O'Neil Commodity Consulting

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



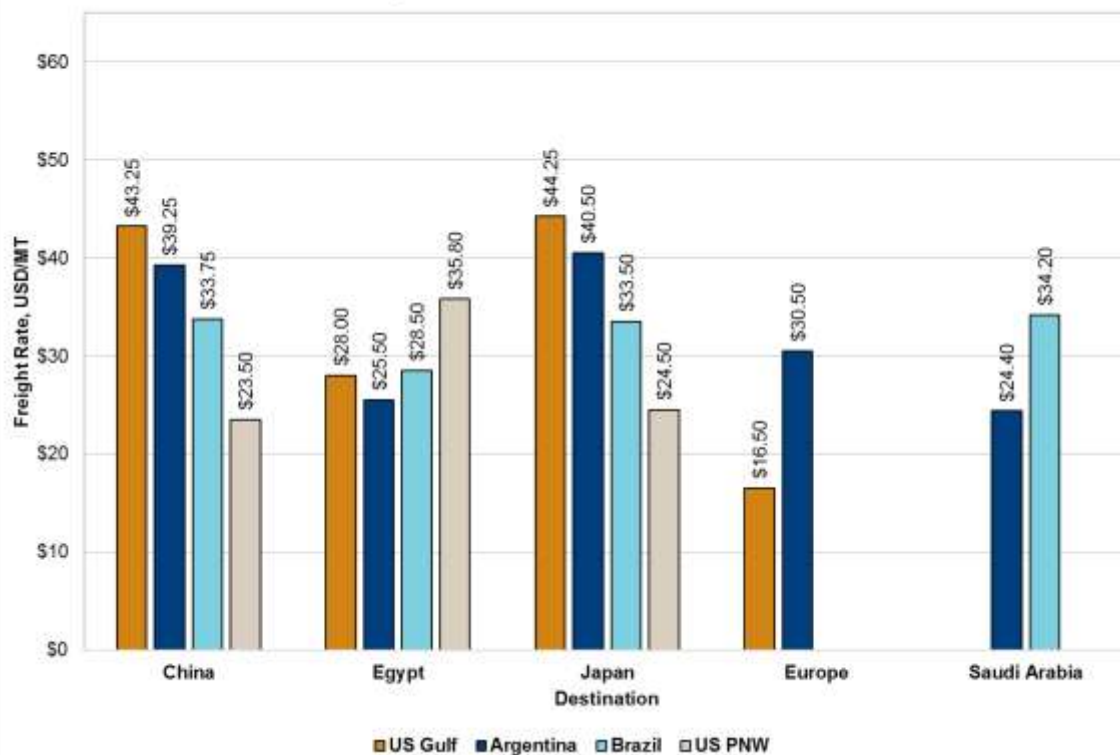
Source: O'Neil Commodity Consulting

2016 Container Shipments to South Korea

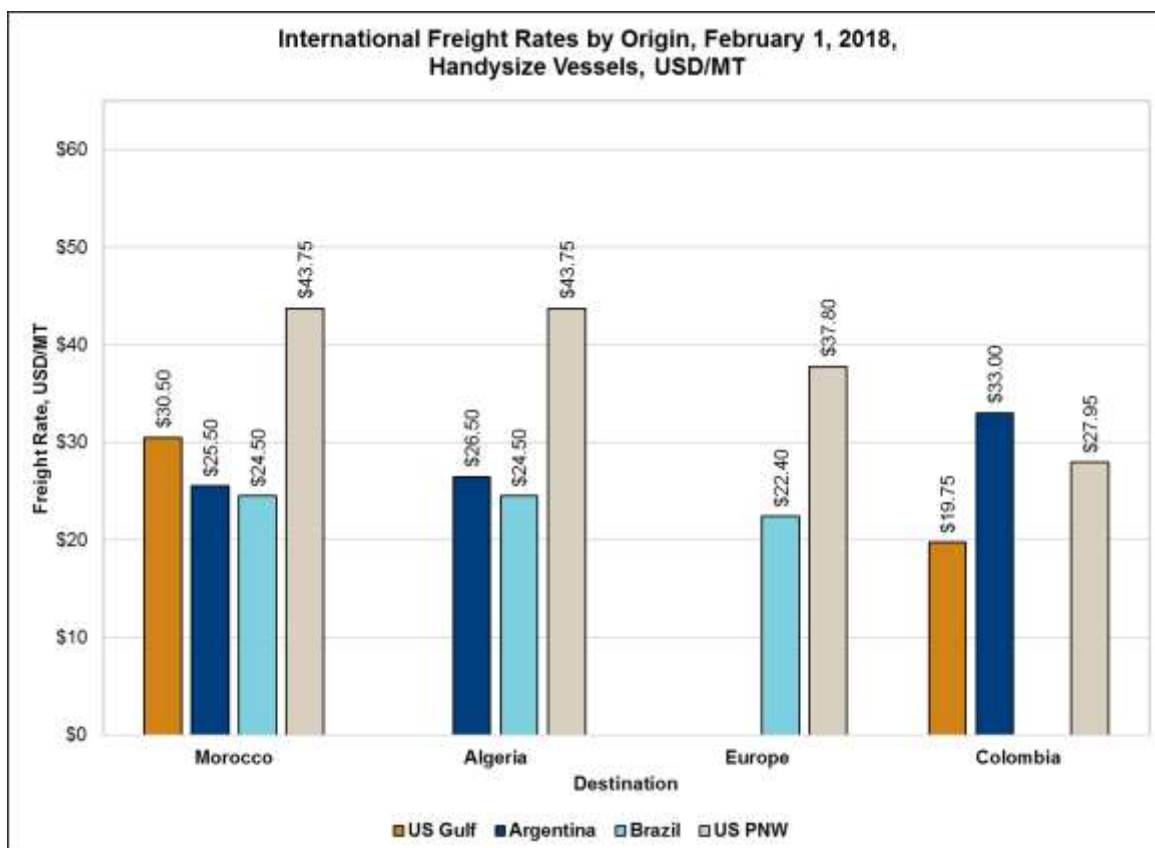


Source: O'Neil Commodity Consulting

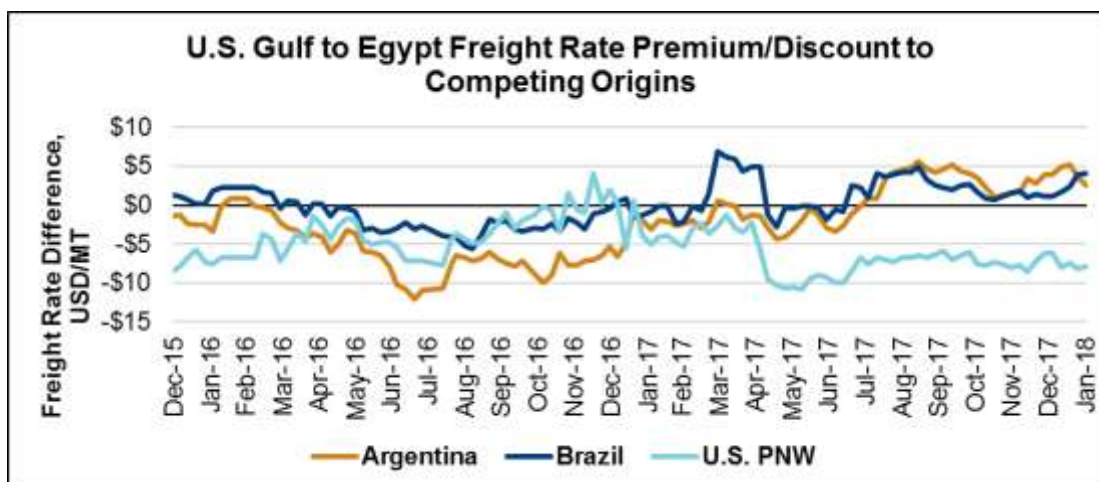
International Freight Rates by Origin, February 1, 2018, Supramax/Panamax Vessels, USD/MT



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



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



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

INTEREST RATES

Interest Rates (%): February 1, 2018			
	Current Week	Last Week	Last Month
U.S. Prime	4.5	4.5	4.5
LIBOR (6 month)	1.97	1.93	1.84
LIBOR (1 year)	2.26	2.22	2.11

Source: www.bankrate.com