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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 December Contract					
\$/Bu	Friday October 13	Monday October 16	Tuesday October 17	Wednesday October 18	Thursday October 19
Change	3.750	-2.250	-0.500	-1.500	0.500
Closing Price	352.75	350.50	350.00	348.50	349.00
Factors Affecting the Market	Despite a WASDE that was bearish corn, the December contract closed higher on spillover buying from soybeans. Weekend weather forecasts show rain that may limit harvest progress. Outside markets were supportive with the dollar steady/lower and equities higher.	Corn returned to its sideways range with a modest close lower. The weather forecast is favorable for the U.S. harvest but global export prices are not supporting U.S. exports. U.S. corn FOB Gulf is 9 cents higher than Brazilian corn. CFTC's latest data showed commercial value-buying, a sign of support for the market.	Corn held to a narrow, lightly traded range on the heels of Monday's Crop Progress report that showed 90 percent of the crop is mature and 28 percent is harvested. Harvest progress is almost half of the 5-year average (47 percent). Outside markets were higher with the dollar up 24 points and U.S. equities gaining as well.	Low volume trade left futures to work their way lower. The weather continues to be favorable for the harvest and commercial buying is supporting the market ahead of harvest hedge pressure. Ethanol production was above 1 million barrels/day, giving improved demand prospects for corn.	Quiet trade left December corn a half-cent higher with no new news to spark buying or selling. Commercial buying is keeping corn supported from its bearish fundamentals but exports continue to disappoint. Today's export sales included only 13.4 million bushels, putting exports down 46 percent YTD.

Outlook: December corn futures defied the bearish fundamentals in the October WASDE for a few days, buoyed by spillover buying from the soybean market. Ultimately, however, corn's own fundamentals caught up with the market, sending it slowly lower. The contract is range bound (again) with support from commercial value-buying and pressure from bearish global fundamentals.

U.S. corn export sales and exports have both been slow, but the latest USDA report showed positive signs of large sales volume of 49.9 billion bushels (1.245 MMT). Export sales are down 33 percent from last year and have reached 32 percent of USDA's export projections, versus the historic average of 44 percent for this time of year. The reason for slow exports and sales lies with the competitiveness of South American corn. Currently, U.S. FOB Gulf corn is at a 10-cent premium to Brazil and a 19-cent premium to Argentina Upriver FOB quotes. Rising freight rates are keeping Argentina on the sidelines for now but Brazilian prices are actively working against U.S. exports.

The U.S. harvest is well behind schedule. USDA's latest report noted 90 percent of U.S. corn is mature and only 28 percent of the crop was harvested as of last week. The harvest rate is nearly half of the normal pace (44 percent). Improving weather conditions should allow farmers to get into fields and make good progress this week. The soybean harvest is delayed but is closer to "normal" and farmers will likely switch to corn harvest soon.

From a technical perspective, December corn is heading sideways. Moving averages are theoretically bearish but, in reality, are converging to a directionless tangle of chart lines. The contract is neither oversold nor overbought and is trading water a few pennies above its life-of-contract low. The new contract low will likely serve as major support going forward, and cash market fundamentals indicate the market is unlikely to test this point again soon. U.S. corn basis is steady at \$0.44-0.45 under December futures, showing both a lack of harvest selling and moderate commercial buying interest. With cash markets offering some support and global fundamentals leaning heavily on the market, December corn seems relegated to trade sideways for the next several weeks.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending October 19, 2017			
Commodity	19-Oct	13-Oct	Net Change
Corn			
Dec 17	349.00	352.75	-3.75
Mar 18	362.75	366.50	-3.75
May 18	371.25	375.25	-4.00
Jul 18	378.25	382.50	-4.25
Soybeans			
Nov 17	986.50	1000.25	-13.75
Jan 18	997.00	1010.25	-13.25
Mar 18	1007.00	1019.25	-12.25
May 18	1016.00	1028.00	-12.00
Soymeal			
Dec 17	321.40	328.60	-7.20
Jan 18	323.70	330.70	-7.00
Mar 18	326.90	333.40	-6.50
May 18	329.50	335.40	-5.90
Soyoil			
Dec 17	33.83	33.69	0.14
Jan 18	33.99	33.85	0.14
Mar 18	34.22	34.09	0.13
May 18	34.46	34.31	0.15
SRW			
Dec 17	432.75	439.50	-6.75
Mar 18	451.25	458.00	-6.75
May 18	465.25	470.50	-5.25
Jul 18	478.25	484.25	-6.00
HRW			
Dec 17	429.25	436.25	-7.00
Mar 18	447.25	454.50	-7.25
May 18	461.25	468.25	-7.00
Jul 18	479.25	486.00	-6.75
MGEX (HRS)			
Dec 17	615.75	615.00	0.75
Mar 18	629.50	629.00	0.50
May 18	636.50	635.50	1.00
Jul 18	639.75	640.00	-0.25

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: For the week of October 17-23, the extreme Northwest and the South/Southeast are likely to receive above-average precipitation, very heavy in the Northwest and up to 3 inches in parts of the South. Less than half an inch of precipitation is forecast across the mid-Atlantic states, the Northeast, and the High Plains into Montana. Looking a bit further to the October 22-26 timeframe, above-normal temperatures are expected over the western U.S, while parts of Texas may see below-average temperatures. Below-normal precipitation is also forecast for the western U.S. Looking even further out to the week of Oct 24-30, most of the contiguous U.S. is favored to see below-average precipitation, while above-

normal precipitation is favored across the Appalachians and eastward. The Great Lakes region is also favored to receive above-normal precipitation at this time.

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 October 12, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	616,000	315,000	10,019.1	14,801.2	-4%
Corn	1,308,500	339,300	4,037.4	14,929.0	-34%
Sorghum	121,400	52,300	399.3	1,484.6	41%
Barley	0	700	11.5	37.5	172%

Source: USDA/FAS

Corn: Net sales of 1,254,900 MT for 2017/2018 were down 21 percent from the previous week, but up 58 percent from the prior 4-week average. Increases were reported for Mexico (510,100 MT), Japan (233,800 MT), Honduras (132,200 MT, including 132,100 MT switched from unknown destinations), Peru (117,200 MT), and Colombia (98,100 MT, including 75,000 MT switched from unknown destinations and decreases of 6,000 MT). Reductions were reported for unknown destinations (16,900 MT) and Canada (14,400 MT). For 2018/2019, net sales of 15,000 MT were reported for Peru. Exports of 339,300 MT were primarily to Mexico (166,100 MT), Colombia (80,100 MT), Peru (39,200 MT), Japan (28,600 MT), and Canada (12,600 MT).

Export Adjustments: Accumulated exports to Canada were adjusted down 14,150 MT for week ending October 5th. This corn was Canadian corn and should not have been reported.

Optional Origin Sales: For 2017/2018, new optional origin sales of 60,000 MT were reported for unknown destinations. The current optional origin outstanding balance is 228,000 MT, all unknown destinations.

Barley: No net sales were reported for the week. Exports of 700 MT were reported to Japan (500 MT), Taiwan (100 MT), and South Korea (100 MT).

Sorghum: Net sales of 120,000 MT for 2017/2018 resulted as increases for unknown destinations (119,000 MT) and Mexico (2,400 MT), were partially offset by reductions for China (1,400 MT). Exports of 52,300 MT were reported to China (51,600 MT) and Mexico (700 MT).

U.S. Export Inspections: Week Ending October 12, 2017					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	392	14,514	24,993	58%
Corn	322,672	582,247	3,904,525	7,815,471	50%
Sorghum	1,534	117,945	370,313	466,562	79%
Soybeans	1,770,324	1,490,367	7,234,457	7,828,941	92%
Wheat	322,860	351,685	10,623,888	11,041,724	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 October 12, 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	178,325	69%	63,741	100%	0	0%
PNW	0	0%	0	0%	0	0%
Interior Export Rail	80,606	31%	0	0%	1,534	100%
Total (Metric Tons)	258,931	100%	63,741	100%	1,534	100%
White Corn Shipments by Country (MT)			63,741	to Mexico		
Total White Corn (MT)			63,741			
Sorghum Shipments by Country (MT)					1,534	to Mexico
Total Sorghum (MT)					1,534	

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 October	0.57+Z	\$159.83	-	-
FH November	0.52+Z	\$157.87	0.80+Z	\$168.89
LH November	0.53+Z	\$158.26	0.80+Z	\$168.89
December	0.54+Z	\$158.65	0.80+Z	\$168.89

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	October	November	December
Gulf	\$175	\$175	\$175

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
November	1.40+Z	\$192.51	1.25+Z	\$186.60
December	1.40+Z	\$192.51	1.25+H	\$192.02

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	October	November	December
New Orleans	\$142	138	138
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	October	November	December
New Orleans	\$573	\$567	\$567
*5-10,000 MT Minimum			
Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)			
	November	December	
Rail Delvd. Chicago	\$510	\$510	
Rail Delvd. Savannah	\$515	\$515	
Truck Delvd. Chicago	\$510	\$510	

DDGS Price Table: October 19, 2017 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	November	December	January
Barge CIF New Orleans	163	165	167
FOB Vessel GULF	177	177	176
Rail delivered PNW	193	195	197
Rail delivered California	196	198	200
Mid-Bridge Laredo, TX	193	195	197
FOB Lethbridge, Alberta	160	160	160
40 ft. Containers to South Korea (Busan)	198	198	199
40 ft. Containers to Taiwan (Kaohsiung)	197	197	198
40 ft. Containers to Philippines (Manila)	206	206	207
40 ft. Containers to Indonesia (Jakarta)	198	198	199
40 ft. Containers to Malaysia (Port Kelang)	198	198	199
40 ft. Containers to Vietnam (HCMC)	204	205	206
40 ft. Containers to Japan (Yokohama)	203	203	204
40 ft. containers to Thailand (LCMB)	201	202	203
40 ft. Containers to China (Shanghai)	205	204	208
40 ft. Containers to Bangladesh (Chittagong)	226	226	228
40 ft. Containers to Myanmar (Yangon)	223	224	225
KC & Elwood, IL Rail Yard (delivered Ramp)	160	160	161

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: Merchandisers are reporting a very quiet week in DDGS trade. Prices are holding steady and neither buyers nor sellers are eager to push the market. Traders are noting near-term production is tight and that the trade is beginning to push forward. The carry is relatively flat in the domestic market but the freight increases traders expect to happen in November or December are pushing the export market into a steeper carry.

Prices for DDGS delivered by truck to Chicago increased \$3/MT this week to \$132. CIF NOLA Barge prices were steady as logistics issues continue to diminish. FOB Gulf quotes were steady/lower with limited buying or selling interest and averaged \$177/MT. DDGS delivered via rail to the PNW increased \$5/MT to \$193 this week.

Domestically, DDGS values are 38 percent of Kansas City soybean meal and 104 percent of cash corn. Stronger soybean meal prices have made the ethanol co-product more competitive and the cost per-protein unit favors DDGS by \$1.80.

On the export side, exporters are reporting overseas buyers are not aggressive in buying with their immediate needs filled. Some traders are noting an uptick in Vietnamese demand but also that asking prices are below the market, once fumigation costs are included. Prices for DDGS CIF Southeast Asia were steady to \$1/MT higher this week, averaging \$201/MT. Prices for Bangladesh rose \$7/MT, the largest gain this week, followed by prices for DDGS CIF Thailand which rose \$3/MT. Prices for other Southeast Asia destinations were steady this week.

COUNTRY NEWS

China: The Agriculture Ministry forecasts a larger corn deficit for 2017/18 to 4.31 MMT after reducing the production amount by 2.38 MMT and increasing the expected consumption by 1.05 MMT. Top corn producing province Heilongjiang will reduce the subsidy to farmers by 13 percent to 133.46 yuan (\$20.30) per mu (0.067 hectares). However, Zhang Dalong of COFCO Futures expects farmers to still plant corn because it is more profitable. (Bloomberg; Reuters)

China State Grain Reserve Corn Sales (MMT)						
Date	Crop Year	Amount Offered	Amount Sold	Percent Sold	Price Yuan	Price USD
Oct. 13, 2017	2013/14	2,104,773	1,195,722	56.81	1,435	218.11
	2013	134,323	3,000	2.23	1,290	195.90

Source: Bloomberg/National Grain Trade Center

Ukraine: USDA/FAS forecasts that Ukrainian barley production will be down 11 percent this year compared to last (to 8.6 MMT). The crop is losing out in production area to wheat due to equivalent production costs but 25 percent lower yields. Meanwhile, the corn harvest is 20 percent complete but at a total of 27.2 MMT, the final crop will be 3 percent smaller than last year. (World Grain)

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	\$44.00	Up \$1.50	Handymax at \$43.00
55,000 U.S. PNW-Japan	\$25.50	Up \$1.50	Handymax at \$24.50
65,000 U.S. Gulf-China	\$43.50	Up \$1.50	North China
PNW to China	\$25.00	Up \$1.25	
25,000 U.S. Gulf-Veracruz, Mexico	\$17.00	Up \$0.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, Mexico	\$14.50	Up \$0.50	Deep draft and 6,000 MT/day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia	\$21.00	Up \$1.00	West Coast Colombia at \$29.00
From Argentina	\$31.00	Up \$1.00	
40-45,000 U.S. Gulf-Guatemala	\$29.00	Up \$0.75	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$30.50	Up \$1.00	8,000 MT daily discharge
	\$33.50	Up \$1.00	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$30.00	Up \$0.75	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$28.00	Up \$1.25	55,000-60,000 MT St. Lawrence to Egypt \$27.00
PNW to Egypt	\$27.00	Up \$1.25	
60-70,000 U.S. Gulf-Europe-Rotterdam	\$18.00	Up \$1.00	Handymax at +\$1.50 more
Brazil, Santos-China	\$34.50	Up \$1.00	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up River	\$33.50	Up \$1.00	
Amazonia North Brazil-China	\$37.00	Up \$1.00	
56-60,000 Argentina-China	\$41.00	Up \$1.00	-

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: Global Dry-Bulk freight markets found the energy to stage another rally this week. We are experiencing record Chinese soybean imports; big Chinese iron ore imports; record Russian wheat exports out of the Black Sea; and good new crop U.S. grain exports. All of these factors have come together to support higher rates in Dry-Bulk freight markets in the Atlantic, Pacific and Black Sea.

If you need vessel freight for the next two months it feels like you should step in and cover those needs now. However, I expect that we will see a market correction to the down side once the harvest is over and we get into the first quarter of 2018.

A note on Panamax Dry-Bulk ocean freight rates for corn or soybeans to HCMC Vietnam: The appropriate market spreads on this route are not necessarily a direct thing to rate. If you are going from the U.S. Gulf via the Cape of Good Hope the steaming time to Vietnam (versus Northern China) is shorter, so, that freight would be a little cheaper. However, routing via the Panama Canal the distance is longer and thus more expensive. So, on average maybe it is best to say that the rate from the U.S. Gulf to Vietnam is about the same as to

Northern China (give or take \$1.00/MT depending on routing). The freight spread between N. China versus S. China is generally a \$1.00-1.50 difference. Close to 90 percent of the Panamax vessels going from the U.S. Gulf to China are currently going around the Cape rather than thru the Panama Canal. This is due to relatively cheap fuel prices and the desire to avoid paying Canal fees.

Baltic-Panamax Dry-Bulk Indices				
October 19, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	19,959	19,414	545	2.8%
P3A: PNW/Pacific– Japan	14,245	13,126	1,119	8.5%
S1C: U.S. Gulf-China-S. Japan	25,033	23,278	1,755	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:

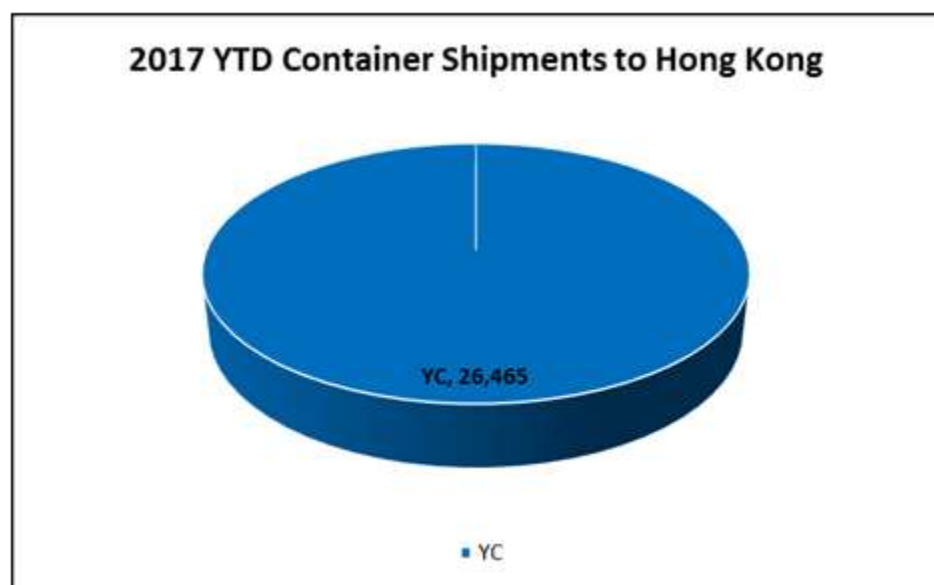
Week Ending October 19, 2017	
Four weeks ago:	\$7.75-8.05
Three weeks ago:	\$7.30-7.90
Two weeks ago:	\$7.40-8.25
One week ago:	\$7.95-8.25
This week	\$8.50-9.00

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
October 19, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.76	0.53	0.23	\$9.05	PNW
Soybeans	0.65	0.45	0.20	\$7.87	PNW
Ocean Freight	\$25.00	\$43.50	0.47-0.50	\$18.50	Nov.

Source: O'Neil Commodity Consulting

The charts below represent YTD 2017 versus 2016 annual totals for container shipments to Hong Kong.



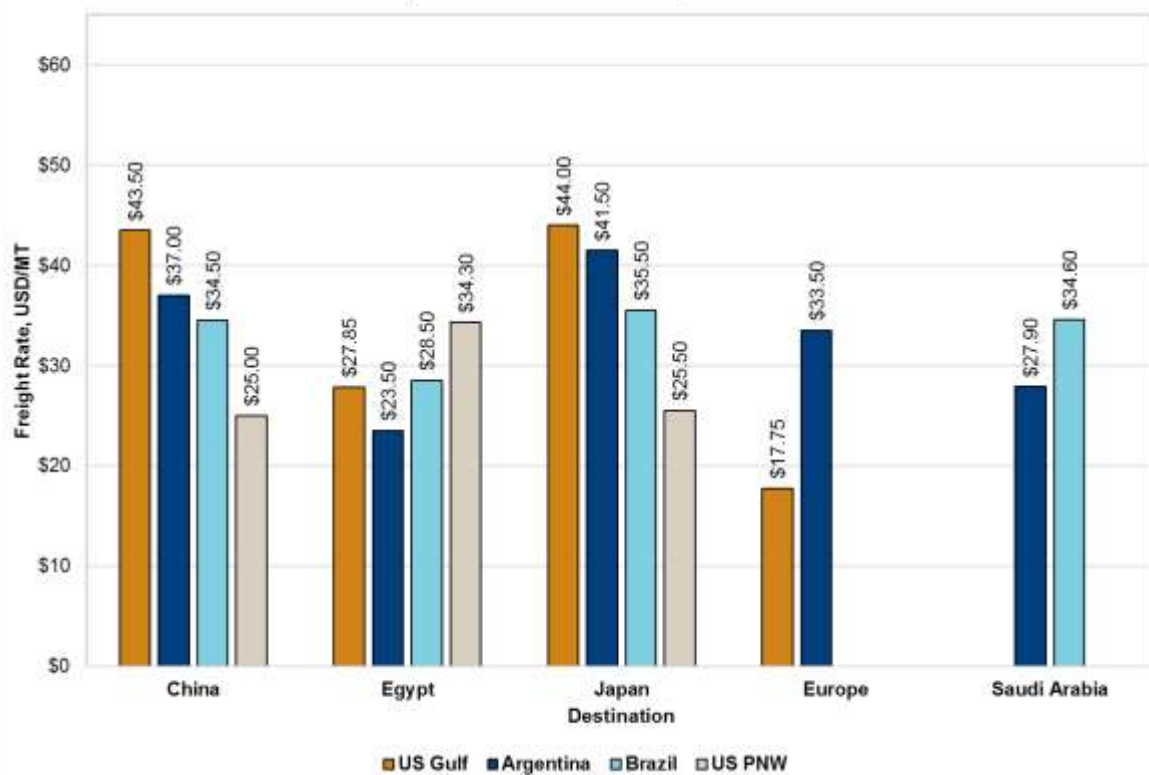
Source: O'Neil Commodity Consulting

2016 Container Shipments to Hong Kong

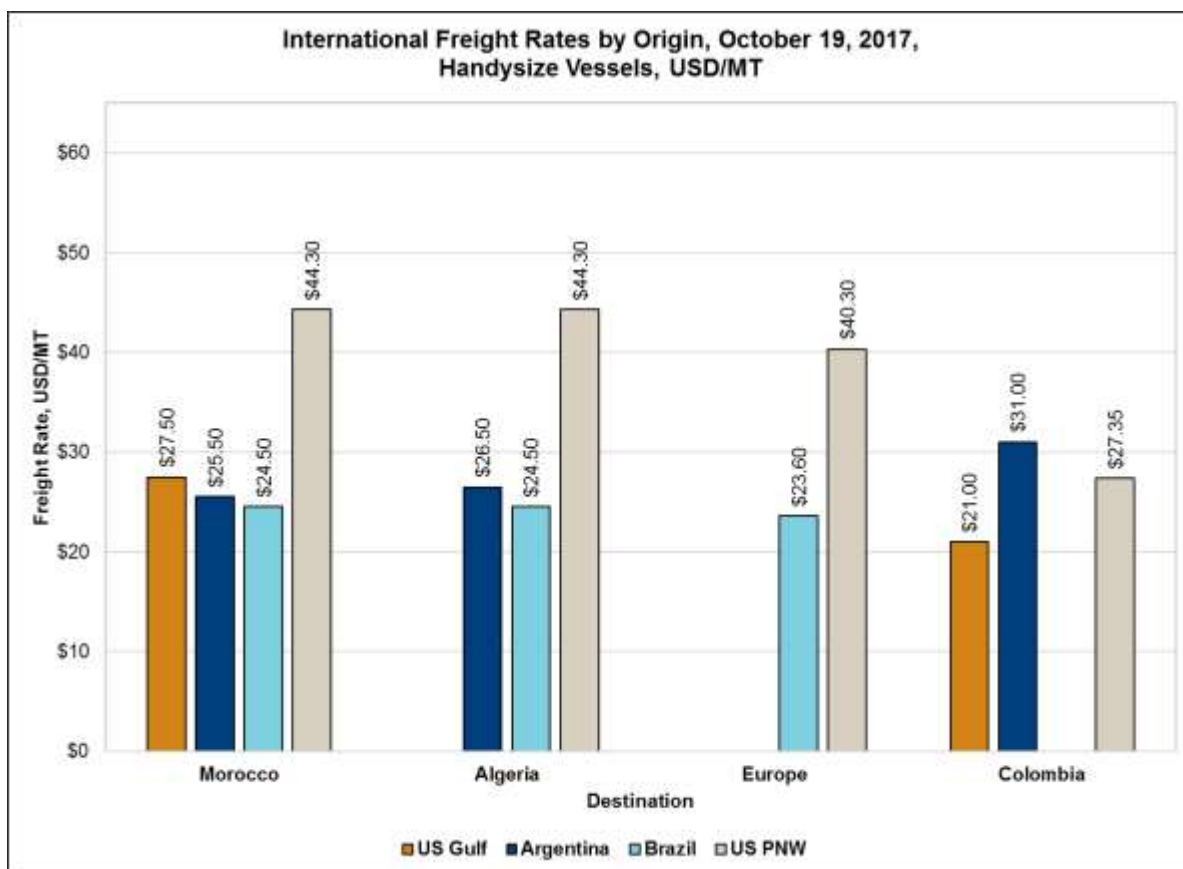


Source: O'Neil Commodity Consulting

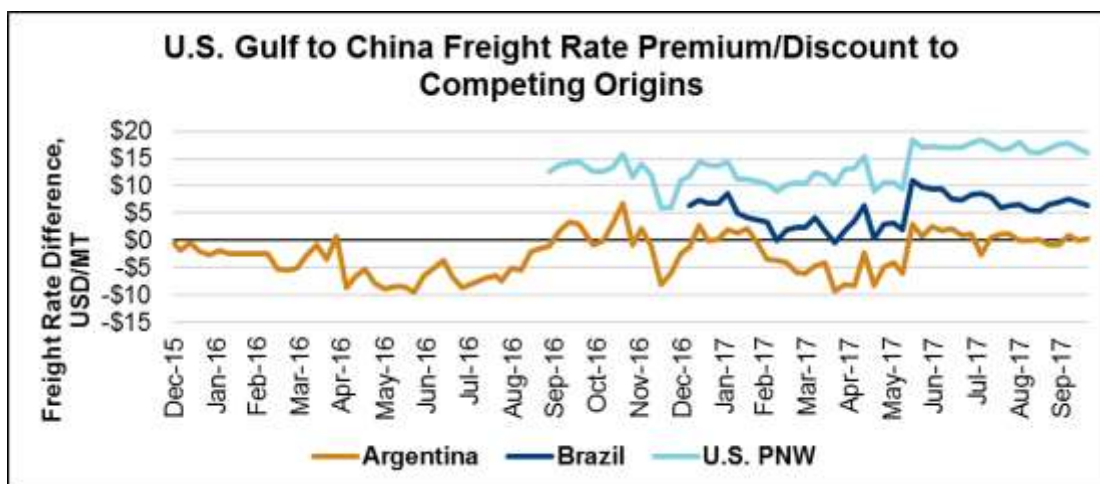
International Freight Rates by Origin, October 19, 2017, Supramax/Panamax Vessels, USD/MT



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



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

INTEREST RATES

Interest Rates (%): October 19, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	4.25	4.25	4.25
LIBOR (6 month)	1.55	1.52	1.48
LIBOR (1 year)	1.82	1.81	1.74

Source: www.bankrate.com