



November 2, 2017

CONTENTS

CHICAGO BOARD OF TRADE MARKET NEWS 2

CBOT DECEMBER 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 8

OCEAN FREIGHT MARKETS AND SPREAD 9

OCEAN FREIGHT COMMENTS 9

INTEREST RATES..... 13

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 27	Monday October 30	Tuesday October 31	Wednesday November 1	Thursday November 2
Change	-1.750	0.000	-3.000	2.500	2.2500
Closing Price	348.75	348.75	345.75	348.25	350.50
Factors Affecting the Market	A weaker close capped a week that posted a total gain of 4.5 cents. Corn is mired in a sideways trading range and today's forecast of snowy upper Midwest weather did nothing to change that. Outside markets were higher with the dollar up 16 points, crude oil up \$1.26 and U.S. equities higher too. More sideways trading action occurred as the trade expects the Crop Progress report to show modest progress. Export Inspections were bearish at 20.4 million bushels, bringing YTD totals down 45 percent from last year. Outside markets were weaker with the dollar off 28 points and U.S. equities falling too. December corn tested its 2017 low again as yesterday's Crop Progress report showed harvest well behind schedule. Noncommercial traders are likely avoiding corn with no bearish story to chase and no bullish news in sight. Commercial buying could buoy the market going forward. Outside markets were higher. Commercial buying moved the market higher, off 2017 lows. The world economy is improving, which could bolster U.S. trade prospects. Cash corn prices are near their August lows, which should add to commercial buying. The U.S. dollar rose 24 points following news of Trump's Fed chair pick. USDA announced the sale of 1.3 MMT of corn to Mexico, one of the top ten largest daily sales ever recorded. The news was bullish corn and futures rose modestly. There is still a big crop to harvest, however, and one large daily sales report does not create a bullish story. Outside markets were mixed.				

Outlook: The week's most notable news for the corn market came Thursday as USDA announced the sale of 1.3 MMT of corn to Mexico. The sale included 845,000 MT during the 2017/18 marketing year and 510,000 MT for the 2018/19 marketing year. The report ranked #10 on USDA's Top 10 Daily Export Sales report, with other sales to Mexico holding three of the top ten spots.

Beyond the large sale to Mexico, there was little to spark much interest in corn futures this week. Prices approached 2017 lows but did not fall much beyond previously established lows. Commercial buying became prevalent as corn neared its lows, which sent the market 5 cents higher over Wednesday and Thursday. Funds have not been influential in the market this week, paring back some short positions but lacking any reason to increase market exposure.

Ethanol has been a bright spot for corn this marketing year. Year-to-date production is up 4.1 percent, which is helping work off some of this year's big supply. DDGS prices have regained early-2017 strength, leaving ethanol producers with breakeven or above margins.

From a technical standpoint, December corn is rangebound for yet another week. Fund activity is minimal and commercial firms are buying when prices are "cheap". January soybean futures are presenting an interesting wedge formation, which is often followed by a sharp up- or downward breakout. Should January soybean futures gain momentum and move strongly in one direction, that movement could create sympathetic buying/selling in corn futures. Corn in and of itself looks relatively risk-free for now, but other markets could exert influence soon.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending November 2, 2017			
Commodity	2-Nov	27-Oct	Net Change
Corn			
Dec 17	350.50	348.75	1.75
Mar 18	364.00	362.50	1.50
May 18	372.50	371.25	1.25
Jul 18	379.75	378.75	1.00
Soybeans			
Nov 17	989.00	975.25	13.75
Jan 18	999.25	986.50	12.75
Mar 18	1009.50	996.75	12.75
May 18	1018.50	1006.00	12.50
Soymeal			
Dec 17	317.40	312.10	5.30
Jan 18	319.40	314.10	5.30
Mar 18	322.90	317.20	5.70
May 18	325.50	319.70	5.80
Soyoil			
Dec 17	34.86	34.84	0.02
Jan 18	35.02	35.01	0.01
Mar 18	35.21	35.21	0.00
May 18	35.41	35.42	-0.01
SRW			
Dec 17	426.00	427.25	-1.25
Mar 18	444.50	445.25	-0.75
May 18	457.75	459.25	-1.50
Jul 18	472.00	474.00	-2.00
HRW			
Dec 17	425.75	425.25	0.50
Mar 18	443.50	443.00	0.50
May 18	457.25	457.00	0.25
Jul 18	474.50	474.75	-0.25
MGEX (HRS)			
Dec 17	614.00	617.00	-3.00
Mar 18	627.75	628.50	-0.75
May 18	636.00	635.50	0.50
Jul 18	640.75	639.25	1.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: During the upcoming 5-day period (November 2-6), a potent Pacific storm should drop decent precipitation (1-5 inches) on most of the Northwest, southward into central California and the Sierra Nevada, and eastward into parts of the central and northern Rockies. Light to moderate precipitation is expected in the lower Mississippi Valley northeastward into the eastern Great Lakes region and western New England. Little or no precipitation should occur in the Southwest, central and southern Plains, and the Southeast. 5-day temperatures will average well above-normal across most of the lower 48 States except for subnormal readings in the Far West and across the northern thirds of the Rockies and Plains and the upper Midwest. Well below-normal temperatures are expected in Montana and North Dakota.

During the 6- to 10-day period (November 7-11), odds favor above-median precipitation along the Pacific Northwest Coast, from the middle Mississippi and Ohio Valleys eastward into the Northeast. Probabilities for below median precipitation are greatest in the Great Basin, northern Rockies and Plains, upper Midwest, and along the Gulf Coast States. Above-normal temperatures are likely from the Four Corners region eastward to the southern and middle Atlantic regions, while a tilt toward subnormal temperatures were found in the Far West and across the northern thirds of the Rockies, Plains, and Midwest.

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 26, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	351,900	378,000	10,516.7	15,509.5	-5%
Corn	817,500	598,200	5,240.0	17,028.7	-31%
Sorghum	284,000	2,300	473.7	1,772.1	21%
Barley	100	0	12.1	37.5	164%

Source: USDA/FAS

Corn: Net sales of 811,400 MT for 2017/2018 were down 37 percent from the previous week and 33 percent from the prior 4-week average. Increases were reported for Japan (222,700 MT, including 73,300 MT switched from unknown destinations and decreases of 3,000 MT), Spain (198,000 MT), Peru (112,900 MT, including 45,000 MT switched from unknown destinations), Mexico (61,800 MT), and Brazil (60,700 MT). For 2018/2019, net sales of 90,000 MT were reported for Mexico. Exports of 598,300 MT were primarily to Mexico (221,400 MT), Japan (203,100 MT), Peru (73,300 MT), Colombia (41,500 MT), and Costa Rica (24,700 MT).

Optional Origin Sales: For 2017/2018, new optional origin sales of 68,000 MT were reported for South Korea. The current optional origin outstanding balance is 236,000 MT is for unknown destinations (168,000 MT) and South Korea (68,000 MT).

Barley: Net sales of 100 MT for 2017/2018 were reported for South Korea. There were no exports reported during the week.

Sorghum: Net sales of 284,000 MT for 2017/2018 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for China (208,000 MT), unknown destinations (66,000 MT), and Japan (10,000 MT). Exports of 2,300 MT were down 97 percent from the previous week and 95 percent from the prior 4-week average. The destinations were Mexico (1,700 MT) and China (600 MT).

U.S. Export Inspections: Week Ending October 26, 2017					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	734	15,248	24,993	61%
Corn	517,679	636,029	5,066,018	9,248,104	55%
Sorghum	1,485	74,288	446,086	610,335	73%
Soybeans	2,505,988	2,585,817	12,341,881	13,640,755	90%
Wheat	315,317	170,998	11,114,268	11,643,486	95%

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 26, 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	398,643	78%	5,138	98%	0	0%
PNW	0	0%	122	2%	0	0%
Interior Export Rail	113,776	22%	0	0%	1,485	100%
Total (Metric Tons)	512,419	100%	5,260	100%	1,485	100%
White Corn Shipments by Country (MT)			5,138	to Costa Rica		
			122	to South Korea		
Total White Corn (MT)			5,260			
Sorghum Shipments by Country (MT)					1,485	to Mexico
Total Sorghum (MT)					1,485	

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)
FH November	0.49+Z	\$157.27	0.68+Z	\$164.75
LH November	0.49+Z	\$157.27	0.68+Z	\$164.75
December	0.50+Z	\$157.67	0.69+Z	\$165.15

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	November	December	January
Gulf	\$180	\$180	\$180

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
November	1.30+Z	\$189.16	1.25+Z	\$187.19
December	1.30+Z	\$189.16	1.25+H	\$192.51

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	November	December	January
New Orleans	\$146	\$146	\$146
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	November	December	January
New Orleans	\$565	\$565	\$565
*5-10,000 MT Minimum			
Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)			
	November	December	
Rail Delvd. Chicago	\$495	\$495	
Rail Delvd. Savannah	\$515	\$515	
Truck Delvd. Chicago	\$505	\$505	

DDGS Price Table: November 2, 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	164	165	167
FOB Vessel GULF	175	174	174
Rail delivered PNW	198	199	199
Rail delivered California	202	201	202
Mid-Bridge Laredo, TX	197	199	201
FOB Lethbridge, Alberta	178	178	180
40 ft. Containers to South Korea (Busan)	201	203	204
40 ft. Containers to Taiwan (Kaohsiung)	199	201	202
40 ft. Containers to Philippines (Manila)	209	211	213
40 ft. Containers to Indonesia (Jakarta)	204	204	206
40 ft. Containers to Malaysia (Port Kelang)	203	205	206
40 ft. Containers to Vietnam (HCMC)	207	208	209
40 ft. Containers to Japan (Yokohama)	206	208	210
40 ft. containers to Thailand (LCMB)	202	204	205
40 ft. Containers to China (Shanghai)	202	204	206
40 ft. Containers to Bangladesh (Chittagong)	230	232	233
40 ft. Containers to Myanmar (Yangon)	223	225	227
KC & Elwood, IL Rail Yard (delivered Ramp)	159	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: U.S. DDGS prices are steady this week with little to move the market. Barge CIF NOLA prices are unchanged at \$163.50/MT as both the freight and DDGS markets stabilized further this week. FOB NOLA prices fell \$1/MT to \$176/MT, but are \$6/MT higher than this time last year.

U.S. FOB ethanol plant DDGS are prices at 38 percent of Kansas City soybean meal values and 102 percent of cash corn, both ratios working their way 1 percent higher this week due to weakness in soybean meal/corn. The per-protein unit cost of DDGS is \$1.72 lower than soybean meal, \$0.28 higher than this time last year. Still, DDGS remain very competitive in feed rations and this week's pricing stability should encourage further near-term consumption.

Prices for 40-foot containers to Southeast Asia rose \$2/MT this week on the back of rising freight rates. Rates for product destined for China fell this week, giving back almost all of last week's gain. Prices for DDGS destined for other Southeast Asian destinations were broadly higher, with \$4-5/MT price increases for Indonesia and Malaysia.

With ethanol production remaining well above the 1,000 barrel/day mark, DDGS supplies should be ample in the near-term. Demand remains adequate to prevent supplies from overwhelming the market and the coming week should feature further pricing stability.

COUNTRY NEWS

China: Andy Shissler of S&W Trading says that 70 percent of China's corn stockpile is "past its date" and the government may have to give a subsidy payment to farmers to get them to plant corn in 2018. The State Administration of Grain said it will increase its purchases of newly harvested corn as rains threaten the crop in the south. It may also expand storage capacity. (Bloomberg; Reuters)

China State Grain Reserve Corn Sales (MMT)						
Date	Crop Year	Amount Offered	Amount Sold	Percent Sold	Price Yuan	Price USD
Oct. 27, 2017	2013/14	3,759,467	1,756,420	46.71	1,424	214.12

Source: Bloomberg/National Grain Trade Center

Egypt: There is an increasing interest in corn from Ukraine. Traditional purchases from Argentina and Brazil are 50 to 60 KMT, requiring hedging and storage. Instead, corn can be bought at a flat price from Ukraine, which delivers it in small (5 to 10 KMT), more easily managed amounts. (Platts)

Mexico: Despite threats to buy corn from South America, Mexico purchased 1.36 MMT of U.S. corn, the fourth largest ever purchase amount and the tenth biggest corn sale to any country. (Bloomberg)

World: The International Grains Council boosted its projection for global grain production by 6 MMT with 83 percent of the increase attributed to larger U.S. production of corn. The organization also increased its prediction for global grain disappearance by 8 MMT, largely due to increased production of corn-based ethanol by China. (IGC)

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	Down \$0.50	Handymax at \$43.50/MT
55,000 U.S. PNW-Japan	\$24.50	Down \$0.25	Handymax at \$24.75/MT
65,000 U.S. Gulf-China	\$42.00	Down \$1.00	North China
PNW to China	\$24.25	Down \$0.25	
25,000 U.S. Gulf-Veracruz, Mexico	\$16.50	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	\$20.00	Down \$0.50	West Coast Colombia at \$27.50
From Argentina	\$30.00	Down \$0.50	
40-45,000 U.S. Gulf-Guatemala	\$28.00	Down \$0.50	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$30.50	Unchanged	8,000 MT daily discharge
	\$32.50	Down \$0.50	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$29.50	Unchanged	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$27.75	Unchanged	55,000-60,000 MT
PNW to Egypt	\$26.75	Unchanged	St. Lawrence to Egypt \$27.75
60-70,000 U.S. Gulf-Europe-Rotterdam	\$17.00	Down \$0.50	Handymax at +\$2.50 more
Brazil, Santos-China	\$33.25	Down \$0.25	54-59,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up River	\$32.25	Down \$0.25	
Amazonia North Brazil-China	\$35.75	Down \$0.25	
56-60,000 Argentina-China	\$39.75	Down \$0.25	Upriver with top-off \$42.50

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: I know I should not be so amazed by how many hundreds of points the Baltic Dry-Bulk indices move per day and per week, but I am. This is not the corn or soybean market where weather and other ever-changing factors impact things on a daily basis. The fundamentals in the ocean freight markets do not change in short periods of time. So, what the heck creates these significant daily moves? The obvious answer is the speculative paper trading that occurs; for some reason, trader optimism springs eternal. I say take your profits and run, but this is why physical markets do not move in lockstep with the Baltic indices and why charterers of physical vessels must be wary of the Baltic market movements.

In the end things will balance out, but it is the volatility that causes heartburn. What goes up, must come down. This week was a quiet week in freight markets and therefore a bit of a down market. East Coast-South American demand was lacking. U.S. Gulf grain cargo demand was not robust. On the container market side, from Alphaliner's Hua Joo Tan: New TEU capacity up 9 percent vs. 6-7 percent growth. No longer sees industry recovery in 2019 because of volume of new vessel capacity.

Baltic-Panamax Dry-Bulk Indices				
November 2, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	18,975	19,041	-66	-0.3%
P3A: PNW/Pacific– Japan	11,860	13,186	-1,326	-10.1%
S1C: U.S. Gulf-China-S. Japan	22,772	23,600	-828	-3.5%

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:

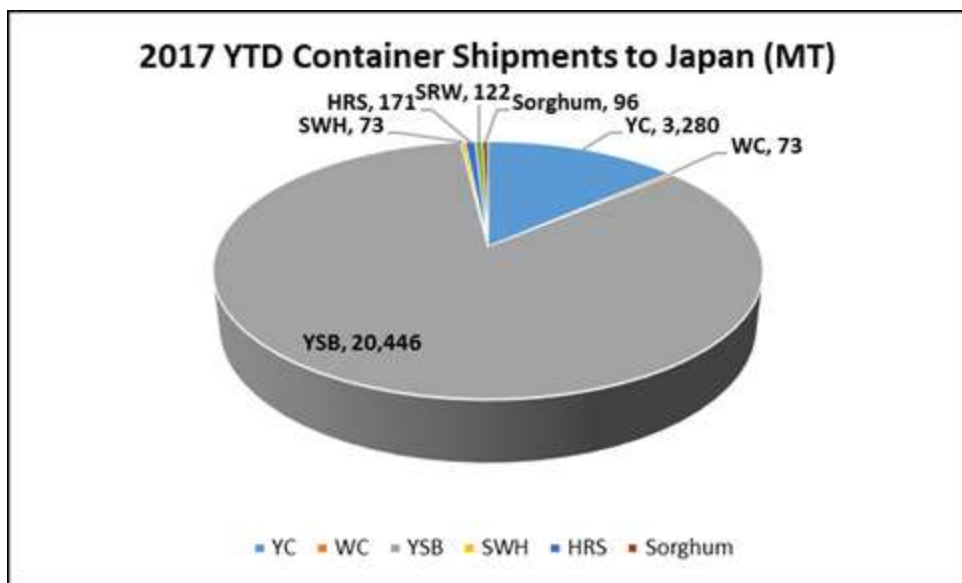
Week Ending November 2, 2017	
Four weeks ago:	\$7.40-8.25
Three weeks ago:	\$7.95-8.25
Two weeks ago:	\$8.50-9.00
One week ago:	\$8.15-8.50
This week	\$7.50-\$8.25

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
November 2, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.72	0.53	0.19	\$7.48	PNW
Soybeans	0.62	0.49	0.13	\$5.12	PNW
Ocean Freight	\$24.25	\$42.00	0.45-0.48	\$17.75	Dec.

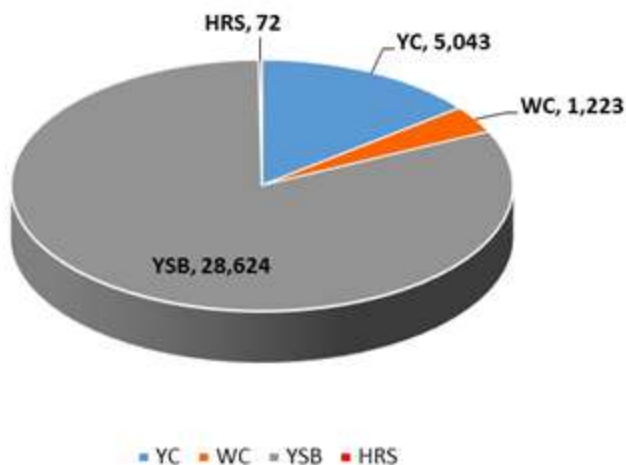
Source: O'Neil Commodity Consulting

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



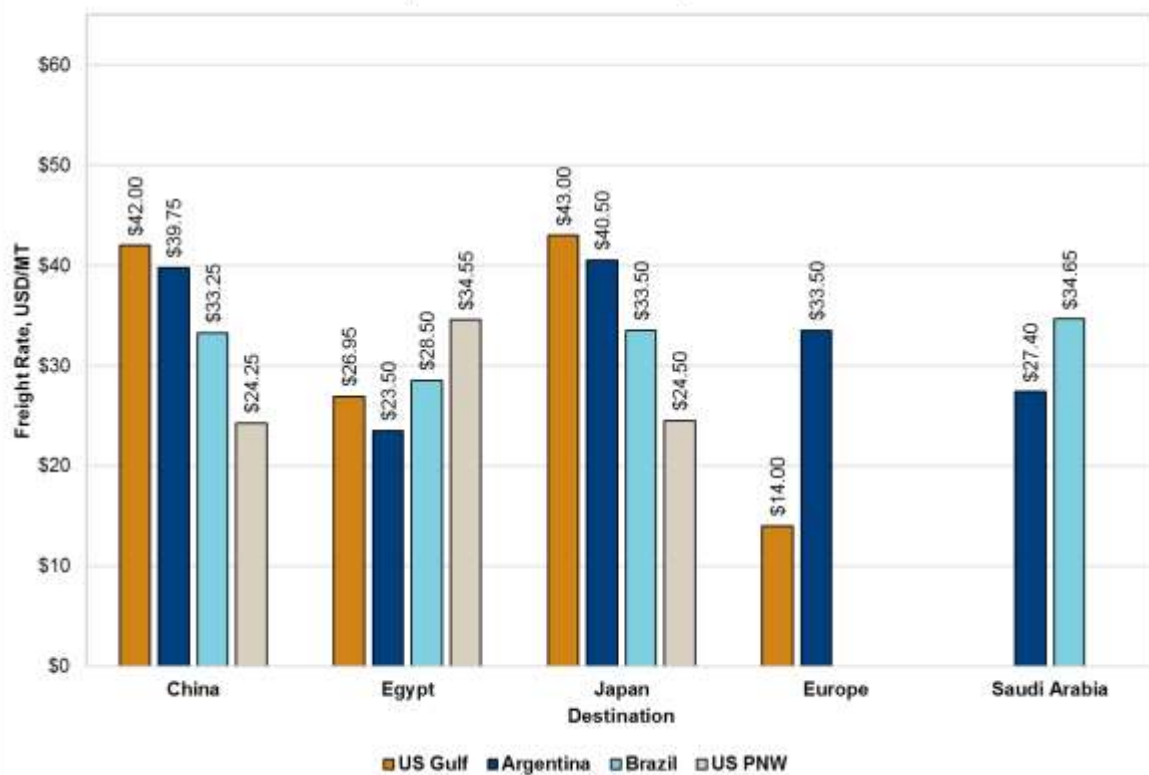
Source: O'Neil Commodity Consulting

2016 Container Shipments to Japan (MT)

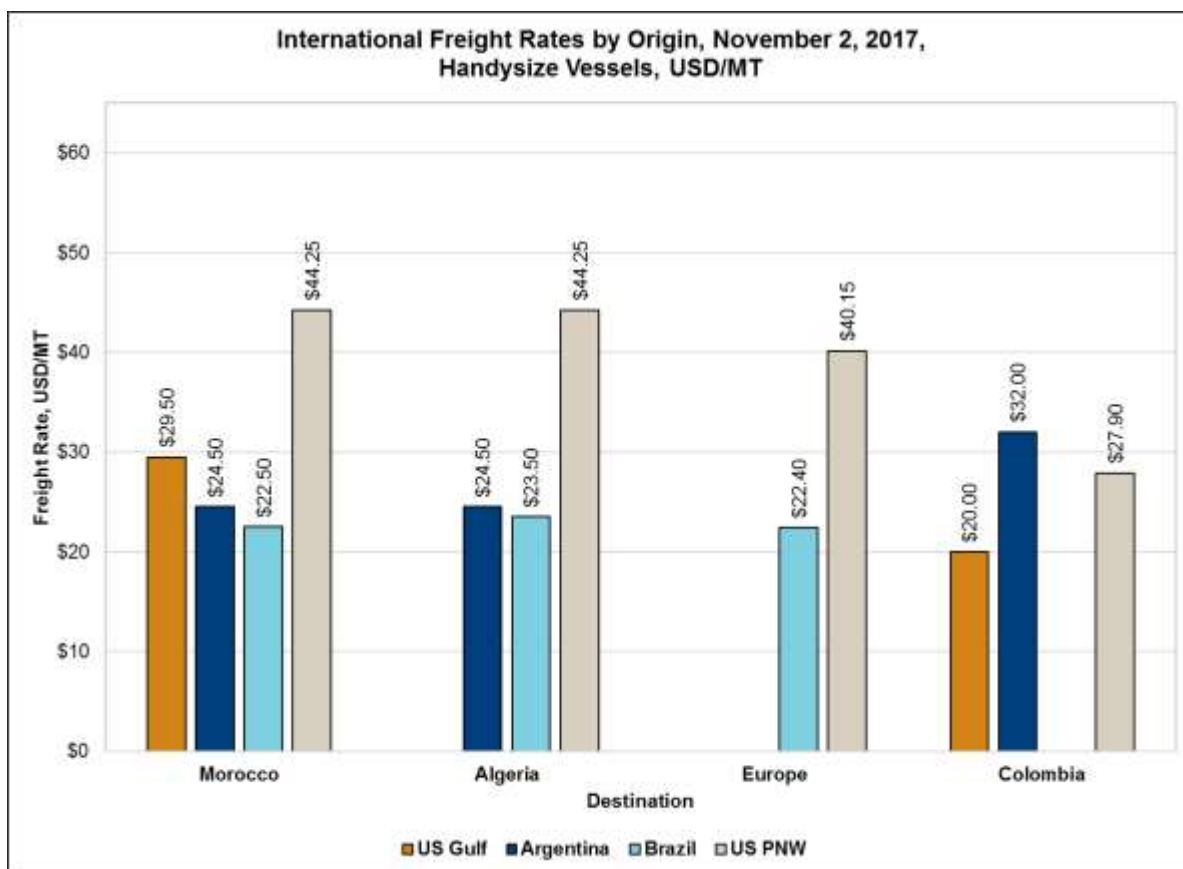


Source: O'Neil Commodity Consulting

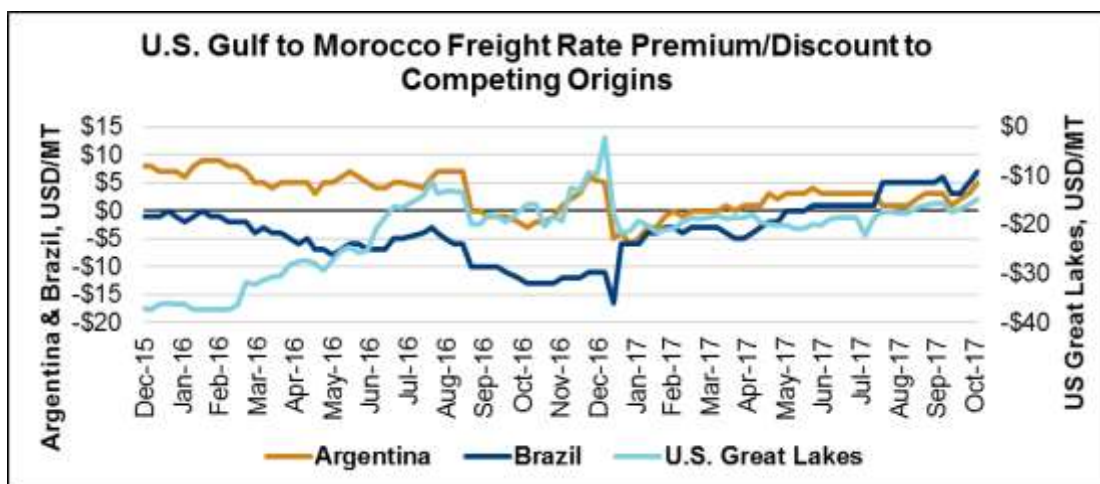
International Freight Rates by Origin, November 2, 2017, Supramax/Panamax Vessels, USD/MT



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 (%): November 2, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	4.25	4.25	4.25
LIBOR (6 month)	1.58	1.56	1.52
LIBOR (1 year)	1.85	1.83	1.80

Source: www.bankrate.com