



November 30, 2017

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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 November 24	Monday November 27	Tuesday November 28	Wednesday November 29	Thursday November 30
Change	-2.000	-3.250	-2.000	3.750	2.20
Closing Price	355.00	351.75	349.75	353.50	355.6
Factors Affecting the Market	March corn futures were lower on a post-holiday trading lull and good Midwest weather that will allow combines to finish the harvest. The dollar fell 50 points while U.S. equities were higher on reports of good Black Friday sales volume.	Corn was lower again as export bottlenecks make the large harvest more difficult to absorb. Export inspections are down 42 percent from last year, a decidedly bearish figure. The dollar was modestly higher while U.S. equities finished the day mixed.	More bearish news came as USDA said corn harvest is still behind last year and 2018 planting will reach 91 million acres. Production for the coming year was forecast at 14.5 billion bushels. Corn needs some bullish news but is getting none.	Activity from traders rolling out of Dec/Mar spreads ahead of first notice day sent corn higher for the day. Some light commercial and non-commercial buying was also noted. The dollar finished unchanged and U.S. equities were mixed.	Dryness in Argentina, an expected RFS announcement and perhaps playing off the fall in soybeans, it was notable that even the December contract had a small rise on this first day of notice of intentions to deliver.

Outlook: March corn futures are in a bearish trend and can't seem to find much bullish news. U.S. exports are lagging both last year's pace and that needed to reach USDA's projections. Meanwhile, USDA issued an early 2018 corn market forecast that kept production near this year's level. The story continues to be that the world is awash in corn with few prospects for boosting demand or cutting supplies. At this point, the best chances for a bullish corn story are from a weather issue in South America or for a demand-boosting policy intervention by a major exporting or importing country.

USDA's long-term projections were released this week and featured 2018 projections of 91 million acres planted to corn, and the same amount planted to soybeans. USDA's 2018 corn production figure came in at 14.5 billion bushels, essentially equal to this year's production. The report was largely bearish the corn market, but traders seldom put much stock in this report's figures. The true planted area will be determined next spring, and projections at this point are just projections.

U.S. corn exports are behind last year, reaching 36 percent of what was exported by the end of November 2016. Today's Export Sales report included 23.6 million bushels of corn sold (behind the 26.4 million needed this week) and 25.6 million bushels exported (behind the 39.3 million needed). YTD exports are only 15 percent of USDA's projected total, even though 21 percent of the marketing year has elapsed. USDA will likely lower its export forecast in future WASDE reports.

The U.S. corn harvest continues to lag last year's pace, potentially putting some of the crop at risk. USDA reported 95 percent of the crop was harvested as of last week, behind last year's 98 percent pace. If USDA's projections are correct, this leaves approximately 730 million bushels still standing in the field. Most of this crop is in the Eastern Corn Belt, which experienced a wet fall this year. The weather is forecast to dry out some this week, allowing farmers to harvest that last 5 percent.

From a technical perspective, March corn has put in new lows and is following bearish moving averages. However, the contract seems to have found support at \$3.50 and is rebounding from that point. With funds holding large short positions and corn becoming cheap by commercial standards, there are low odds of the market putting in significant new lows. Conversely, there is little news to spark any rally in the market and choppy trading is expected going forward.

CBOT MARCH CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending November 30, 2017			
Commodity	30-Nov	24-Nov	Net Change
Corn			
Dec 17	341.75	342.25	-0.50
Mar 18	355.75	355.00	0.75
May 18	363.75	363.25	0.50
Jul 18	371.50	371.25	0.25
Soybeans			
Jan 18	985.75	993.25	-7.50
Mar 18	997.75	1004.75	-7.00
May 18	1008.50	1014.75	-6.25
Jul 18	1017.25	1022.50	-5.25
Soymeal			
Dec 17	324.50	323.80	0.70
Jan 18	326.50	325.90	0.60
Mar 18	329.80	329.00	0.80
May 18	332.40	331.60	0.80
Soyoil			
Dec 17	33.75	33.94	-0.19
Jan 18	33.85	34.08	-0.23
Mar 18	34.06	34.32	-0.26
May 18	34.26	34.53	-0.27
SRW			
Dec 17	409.25	415.75	-6.50
Mar 18	433.00	434.75	-1.75
May 18	445.00	447.50	-2.50
Jul 18	458.25	461.25	-3.00
HRW			
Dec 17	414.50	414.50	0.00
Mar 18	431.50	432.00	-0.50
May 18	444.00	445.25	-1.25
Jul 18	460.75	463.25	-2.50
MGEX (HRS)			
Dec 17	601.25	623.50	-22.25
Mar 18	621.75	638.50	-16.75
May 18	628.75	643.50	-14.75
Jul 18	631.50	646.50	-15.00

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: The NWS WPC 7-Day Quantitative Precipitation Forecast (QPF) calls for liquid precipitation accumulations of 2-to-5 inches in western Washington and 1-to-2 inches across the Northern Rockies of Idaho and Montana. Accumulations of 0.5-to-1 are forecast for the central and southern Rockies. Accumulations of an inch are expected in the lower Midwest and northern portions of the South. The CPC 6- to 10-day outlook calls for a high probability of above-normal temperatures across the eastern half of the conterminous U.S. as well as in western Arizona, California, and western Nevada while below normal temperatures are expected in a swath extending from west Texas to eastern portions of the Pacific Northwest.

In terms of precipitation, below normal precipitation is expected across the western third of the conterminous U.S. while a high probability of above normal precipitation is forecast for the eastern third of the U.S. and eastern portions of the Desert Southwest.

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 November 23, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	196,800	337,500	11,639.6	17,164.8	-9%
Corn	606,100	651,200	7,494.3	22,022.8	-27%
Sorghum	331,000	217,100	981.0	2,861.2	7%
Barley	0	1,200	15.9	38.0	148%

Source: USDA/FAS

Corn: Net sales of 599,200 MT for 2017/2018 were down 45 percent from the previous week and 54 percent from the prior 4-week average. Increases were reported for Mexico (205,000 MT, including decreases of 2,000 MT), Japan (201,200 MT, including 91,900 MT switched from unknown destinations and decreases of 200 MT), South Korea (71,200 MT), Costa Rica (57,400 MT, including 27,700 MT switched from Honduras), Colombia (43,600 MT, including 40,000 MT switched from unknown destinations and decreases of 1,900 MT), and Morocco (25,000 MT). Reductions were reported for unknown destinations (38,600 MT). Exports of 651,200 MT were primarily to Mexico (268,800 MT), Japan (114,700 MT), Peru (111,500 MT), Colombia (70,200 MT), and Costa Rica (28,100 MT).

Optional Origin Sales: For 2017/2018, new optional origin sales of 6,000 MT were reported for Taiwan. Options were exercised to export 66,000 MT to Taiwan (including 60,000 MT, switched from unknown destinations) from other than the United States. The current optional origin outstanding balance is 257,500 MT for South Korea (138,000 MT) and unknown destinations (119,500 MT).

Barley: No net sales were reported for the week. Exports of 1,200 MT were reported to Japan (1,100 MT) and Taiwan (100 MT).

Sorghum: Net sales of 328,000 MT for 2017/2018--marketing-year high--were up 2 percent from the previous week and 26 percent from the prior 4-week average. Increases were reported for China (262,000 MT, including decreases of 3,000 MT) and unknown destinations (66,000 MT). Exports of 217,100 MT--a marketing-year high--were up noticeably from the previous week and from the prior 4-week average. The destinations were China (204,900 MT), Japan (10,500 MT), and Mexico (1,700 MT).

U.S. Export Inspections: Week Ending November 23, 2017					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	318	16,324	26,143	62%
Corn	638,711	659,761	7,249,396	12,567,302	58%
Sorghum	107,761	65,725	815,430	991,346	82%
Soybeans	1,578,592	2,275,512	20,908,394	24,181,859	86%
Wheat	344,721	260,304	12,341,580	13,114,460	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 November 23, 2017						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	490	0%
Gulf	448,460	71%	5,475	100%	103,023	96%
PNW	0	0%	0	0%	0	0%
Interior Export Rail	184,776	29%	0	0%	4,248	4%
Total (Metric Tons)	633,236	100%	5,475	100%	107,761	100%
White Corn Shipments by Country (MT)			5,475	to Mexico		
Total White Corn (MT)			5,475			
Sorghum Shipments by Country (MT)					106,132	to China
					1,629	To Mexico
Total Sorghum (MT)					107,761	

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)
December	0.58+Z	\$157.37	0.86+Z	\$168.40
January	0.50+H	\$159.74	0.75+H	\$169.58
February	0.51+H	\$160.13	0.77+H	\$170.36

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
December	1.25+Z	\$183.75	1.25+Z	\$183.75
January	1.20+H	\$187.29	1.25+H	\$189.26

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	December	January	February
New Orleans	\$150	\$150	\$150
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	December	January	February
New Orleans	\$585	\$585	\$585
*5-10,000 MT Minimum			
Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)			
	November	December	
Rail Delvd. Chicago	-	\$500	
Rail Delvd. Savannah	-	\$515	
Truck Delvd. Chicago	-	\$500	

DDGS Price Table: November 30, 2017 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	December	January	February
Barge CIF New Orleans	174	173	173
FOB Vessel GULF	185	184	184
Rail delivered PNW	211	209	208
Rail delivered California	214	212	211
Mid-Bridge Laredo, TX	211	209	209
FOB Lethbridge, Alberta	195	192	190
40 ft. Containers to South Korea (Busan)	205	205	207
40 ft. Containers to Taiwan (Kaohsiung)	203	203	204
40 ft. Containers to Philippines (Manila)	210	210	212
40 ft. Containers to Indonesia (Jakarta)	210	210	211
40 ft. Containers to Malaysia (Port Kelang)	209	209	211
40 ft. Containers to Vietnam (HCMC)	215	215	217
40 ft. Containers to Japan (Yokohama)	209	209	211
40 ft. containers to Thailand (LCMB)	208	208	209
40 ft. Containers to China (Shanghai)	206	206	209
40 ft. Containers to Bangladesh (Chittagong)	237	237	239
40 ft. Containers to Myanmar (Yangon)	229	229	231
KC & Elwood, IL Rail Yard (delivered Ramp)	168	167	167

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 remained elevated since news of China's VAT reduction but have failed to make new highs. It's been a generally quiet post-holiday week. Prices at the U.S. Gulf firmed slightly from last week while stronger increases were seen in prices for rail-delivered DDGS to the U.S. PNW and California. Containers to Asia were mixed, with increases seen for Indonesia, Malaysia and Japan and decreases for containers to the Philippines and Bangladesh. Merchandisers report an uptick in interest from Korean, Indonesian and Vietnamese buyers.

The onset of winter weather for the Midwest has boosted DDGS feed demand. FOB ethanol plant DDGS are priced at \$118/MT, down slightly from last week. DDGS are valued at 38 percent of Kansas City soybean meal and 104 percent of cash corn values, with the ethanol co-product becoming more competitive since last week.

DDGS hold a \$1.76 per-protein unit cost advantage versus soybean meal, up from last week which will continue to pull DDGS into feed rations.

COUNTRY NEWS

Brazil: The Brazilian grain exporters association ANEC revised upward its estimate for corn exports this year. Drought in the competing Eastern European region prompted a 3 MMT increase from November in the forecasted export of corn to 33 MMT. (Reuters)

Canada: Feed barley bids have shown strength that could carry into the spring with the only threat being corn imports from the U.S. A lot of good-quality but low protein wheat is priced on par and acquisition of local feed benefits from multiple sources, whereas corn relies on rail deliveries. (Commodity News Service Canada)

China: At least 10 to 12 cargoes (700 KMT) of mostly U.S. corn was purchased for delivery during February-April. Higher domestic prices (1,830 yuan/MT) and attractive import prices (1,530 yuan; \$232/MT) has some trading houses predicting that corn imports will hit 5 to 5.5 MMT rather than the 3 MMT predicted by USDA. Domestic prices for sorghum and feed barley are also rising. (Reuters)

COFCO Biochemical intends to invest 5.5 billion yuan during 2017-2020 in expanded corn refinery processing in northeast Jilin province. It will boost output capacity by 3 MMT/year including 600 KMT of ethanol. (Bloomberg)

Philippines: The National Corn Competitiveness Board is seeking to lift the current prohibition on exports, citing large opportunities for selling corn elsewhere in the ASEAN region. Otherwise, the organization warns, farmers may switch to growing higher-value crops. (UkrAgroConsult)

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	Up \$2.00	Handymax at \$44.75/MT
55,000 U.S. PNW-Japan	\$24.75	Up \$0.75	Handymax at \$25.50/MT
65,000 U.S. Gulf-China	\$43.25	Up \$2.00	North China
PNW to China	\$24.00	Up \$0.75	
25,000 U.S. Gulf-Veracruz, Mexico	\$16.75	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	\$20.75	Up \$0.75	West Coast Colombia at \$28.50
From Argentina	\$32.75	Up \$0.75	
40-45,000 U.S. Gulf-Guatemala	\$28.75	Up \$0.75	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$31.75	Up \$1.50	8,000 MT daily discharge
	\$33.75	Up \$1.50	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$30.75	Up \$1.50	Discharge rate: 5,000
55,000 U.S. Gulf-Egypt	\$29.00	Up \$1.25	55,000-60,000 MT
PNW to Egypt	\$28.00	Up \$1.25	Russia Black Sea-Egypt \$16.00
60-70,000 U.S. Gulf-Europe-Rotterdam	\$18.00	Up \$1.50	Handymax at +\$2.25 more
Brazil, Santos-China	\$33.75	Up \$1.00	54-59,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up River	\$32.75	Up \$1.00	
Amazonia North Brazil-China	\$36.25	Up \$1.00	
56-60,000 Argentina-China	\$40.00	Up \$1.00	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: Do you see any fundamental reason for the Dry-Bulk Indices to be up well over one thousand points this week? I don't either, but I guess we should remember not to fight the market too hard as it can run right over you. I'm still leery of the justification and staying power for this type of rally late in the year. Vessel owners: this is a gift that you had better take advantage of. Curiously, however, the past six-month rise in Dry-Bulk grain cargo rates has not significantly benefited the containerized grain export business. With the exception of the non-GMO soybean trade, container grain sellers tell me that their business is down year-over-year, especially to major buyers like China, Indonesia and Taiwan. Is this just an issue of timing on the buyer's part or is it something more? Hopefully it is just a change in timing. Container rates for grain export have not really moved up and shipping lines are asking sellers if they will have sufficient demand to fill empties in the JFM period.

Another question has been: do we have enough bulk export capacity in the U.S.? With Lake Charles doing very little volume and Mississippi facilities ADM Paulina and ADM AMA closed for a period of about one year, I'd have to say we certainly have an excess of grain export capacity in the USA. Vessel lineups in the U.S. Gulf and PNW are not robust. We need business – or we will just carry more grain out another year.

Baltic-Panamax Dry-Bulk Indices				
November 30, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	18,052	16,916	1,136	6.7%
P3A: PNW/Pacific– Japan	10,209	8,839	1,370	15.5%
S1C: U.S. Gulf-China-S. Japan	24,706	22,781	1,925	8.5%

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:

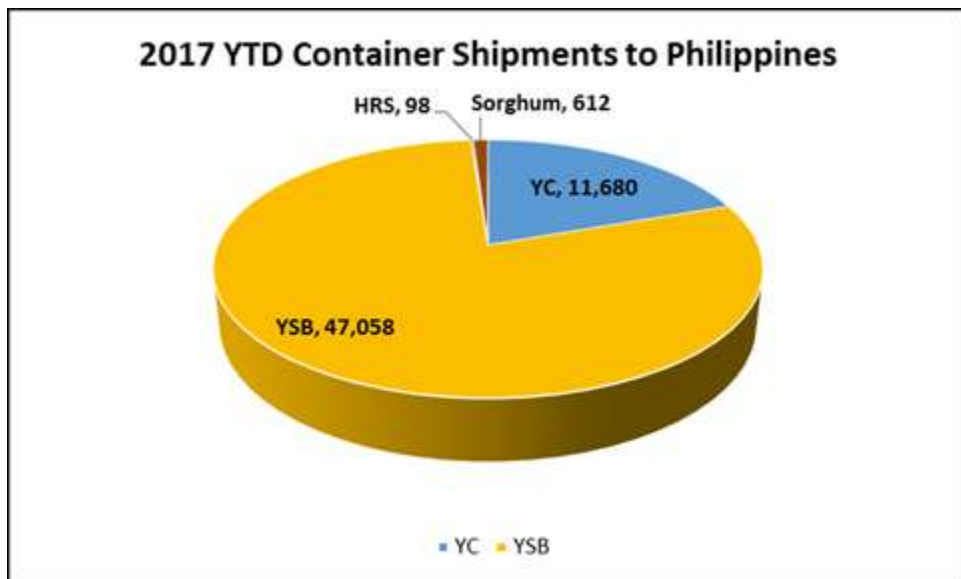
Week Ending November 30, 2017	
Four weeks ago:	\$7.50-8.25
Three weeks ago:	\$7.50-8.80
Two weeks ago:	\$7.50-8.15
One week ago:	-
This week	\$8.75-9.90

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
November 30, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.77	0.46	0.31	\$12.20	PNW
Soybeans	0.81	0.45	0.36	\$14.17	PNW
Ocean Freight	\$24.00	\$43.00	0.48-0.52	\$19.00	Dec.

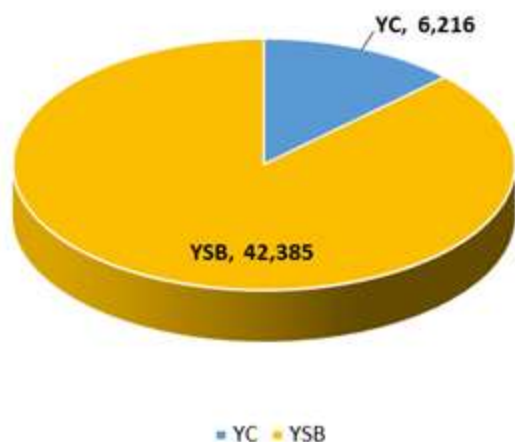
Source: O'Neil Commodity Consulting

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



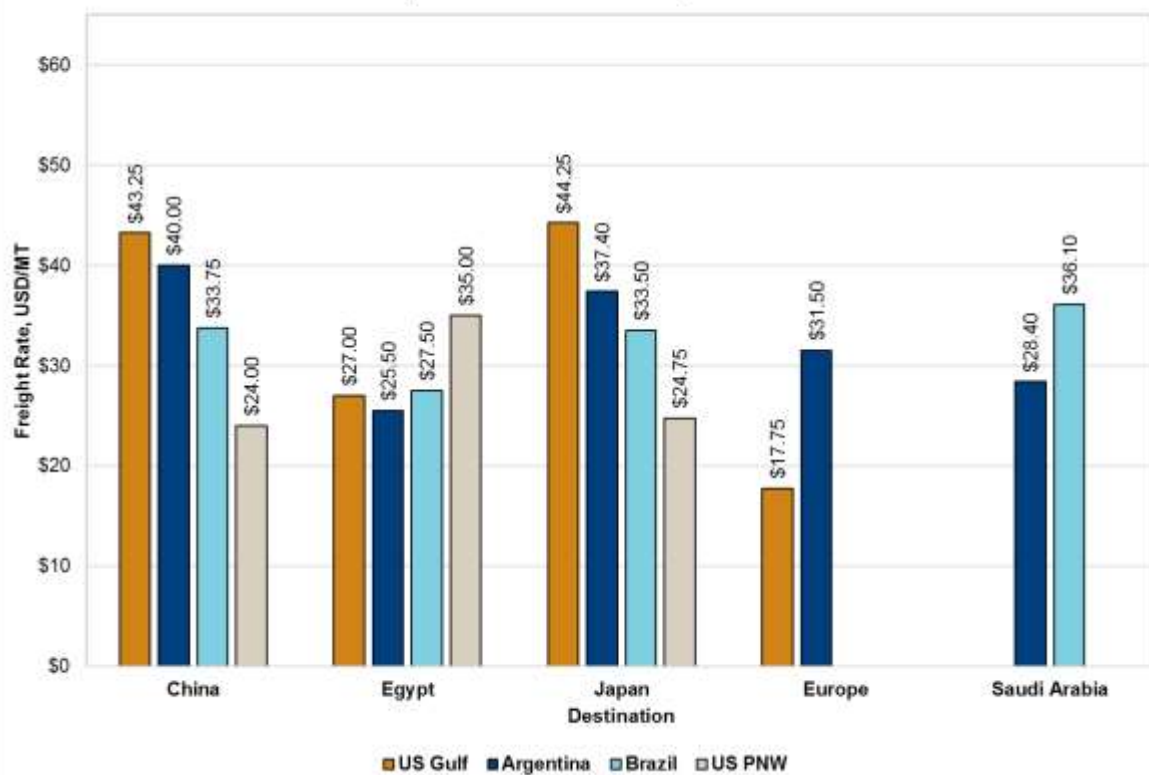
Source: O'Neil Commodity Consulting

2016 Container Shipments to Philippines

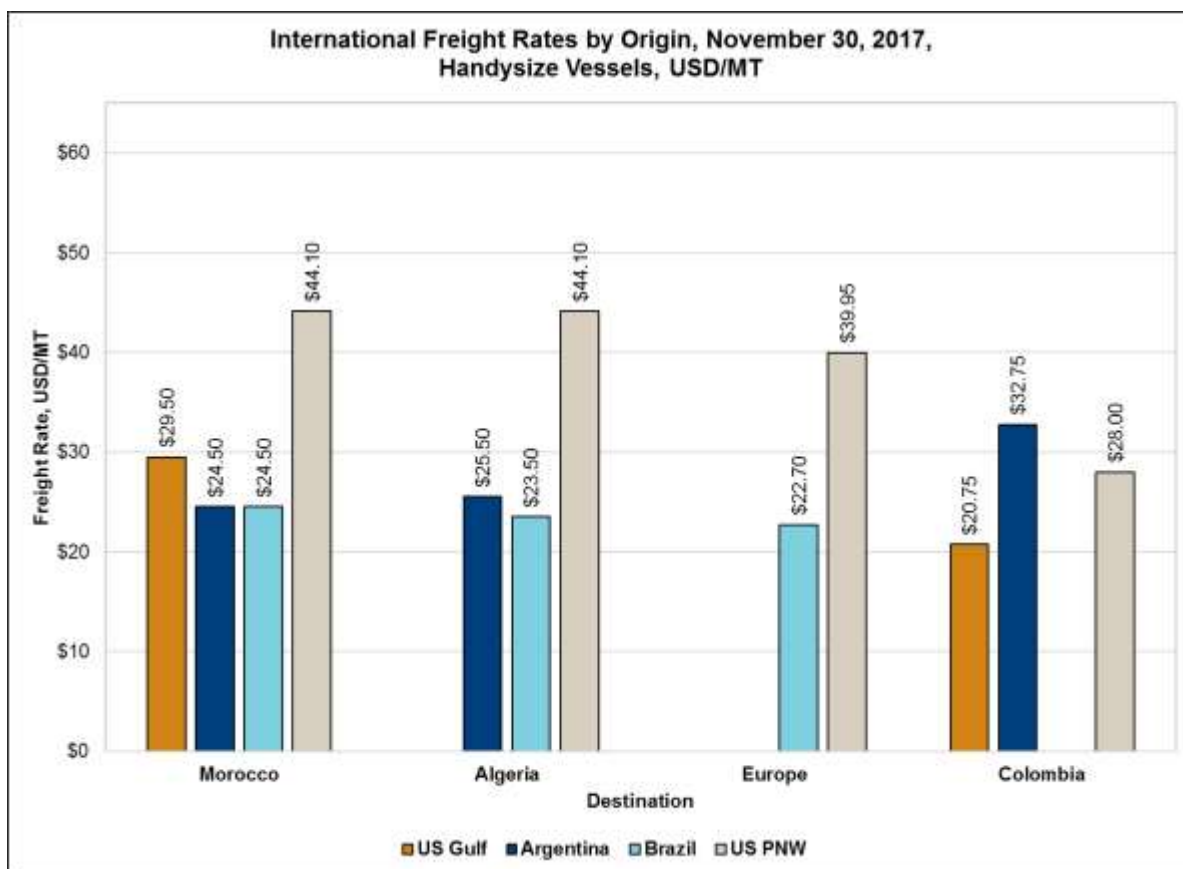


Source: O'Neil Commodity Consulting

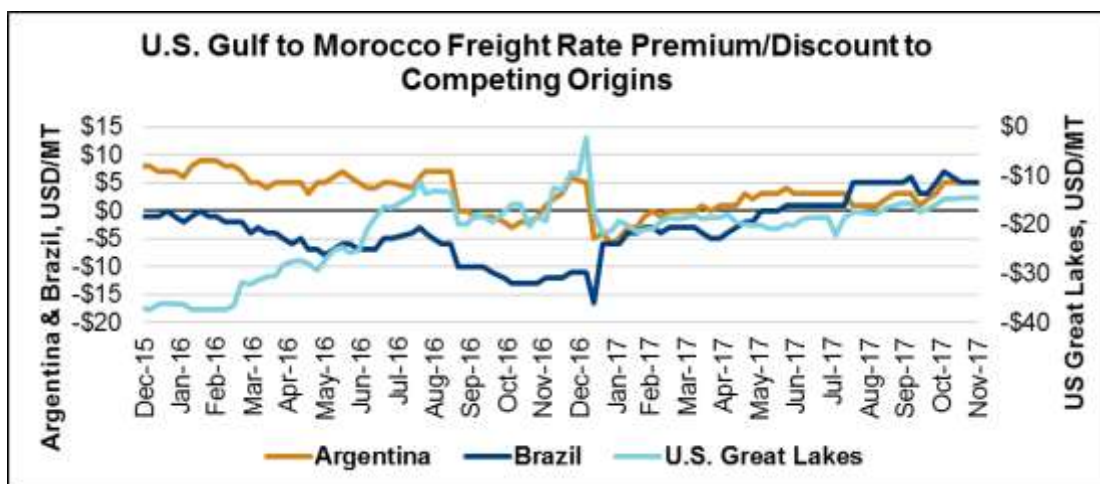
International Freight Rates by Origin, November 30, 2017, Supramax/Panamax Vessels, USD/MT



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 30, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	4.25	4.25	4.25
LIBOR (6 month)	1.66	-	1.58
LIBOR (1 year)	1.94	-	1.85

Source: www.bankrate.com