



December 14, 2017

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 8

OCEAN FREIGHT MARKETS AND SPREAD 9

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 8	Monday December 11	Tuesday December 12	Wednesday December 13	Thursday December 14
Change	1.250	-3.750	-1.250	1.250	-0.5000
Closing Price	352.75	349.00	347.75	349.00	348.50
Factors Affecting the Market	March corn finished slightly higher and its only positive was avoiding a new contract low. Commercials are long after actively buying cheap corn, but funds show no signs of letting up on their short position. The dollar finished 15 points higher as did most other outside markets.	March corn finished within a tick of its contract lows as the market fundamentals remain bearish. Funds have other, more profitable places to put their money and are avoiding ag commodities. U.S. corn exports are down 42 percent from last year, but 4.3 million bushels were sold to Mexico today.	Corn futures closed lower even after USDA reduced its ending stocks forecast by 50 million bushels on higher corn use in ethanol. Only slight additions were made to world ending stocks. The December WASDE was neutral for corn overall. The dollar rose 16 points while crude oil fell 85 cents/barrel.	Corn regained its pre-WASDE price in light trading. The Federal Reserve put a slight damper on commodity prospects with a quarter-point boost in interest rates that sent the dollar down 63 points. Ethanol production dropped from last week's record high and commercials are still eager buyers.	The market finished a half penny lower with little new news to trade on. USDA's Export Sales report was disappointing, with 27.2 million bushels exported last week. That moved YTD exports down 37 percent so far. Cash corn and basis values are rising from good commercial buying.

Outlook: Corn prices remain on the defensive after a neutral December WASDE report. No major changes were made to the U.S. corn balance sheet in this week's report and, except for dry weather in Argentina, all other fundamentals remain bearish. Some technical indicators and recent fund activity may give way to a mild rally, but the long-term trend for corn is still down.

The December WASDE featured one demand-side change to the U.S. balance sheet: 50 million bushels of additional corn for ethanol use. This carried through and reduced U.S. ending stocks by an equal amount, leaving the 2017/18 U.S. carry out figure at 2.437 billion bushels. This equates to a 16.8 percent ending stock/use ratio, the second largest in the past 10 years, which will keep futures on the defensive. The extra 50 million bushels of corn for ethanol came at the expense of sorghum used for the same product, and USDA lowered its forecast of sorghum use in this industry. The USDA consequently increased its forecast of U.S. sorghum exports by 50 million bushels.

Elsewhere around the world, the USDA increased Brazil's beginning stocks and ending stocks by 11.81 million bushels, boosting that country's ending stocks/use ratio to 9.8 percent. China's 2017/18 ending stocks were increased as well, due to higher production estimates. On balance, the December WASDE was neutral the world corn markets and did not contain any trend-changing information.

Reuters today announced that Argentine corn planting is on its slowest pace ever (data back to 1995). According to Argentina's Ministry of Agriculture, 62 percent of the country's corn crop is sown to date, behind last year's 70 percent pace and the 5-year average of 75 percent. The slow plating is the result of La Nina-

induced dry weather which has kept farmers out of the field. So far, the weather and consequent planting delays have not worried the global markets, but a continuation of this trend could spark a short-covering rally.

Global competition for corn buyers is one reason U.S. corn exports remain below last year's volumes. YTD corn exports total 345.5 million bushels, only 18 percent of USDA's forecast (versus an average of 25 percent for this point in the marketing year), even though YTD bookings (unshipped sales + exports) total 935.6 million bushels (49 percent of USDA's forecast versus 58 percent on average). The slow export pace is a key factor keeping corn prices in their current bearish state.

From a technical perspective, some support late this week has come from funds unwinding long soybean/short corn spreads. This activity has pressured the soy complex and given some strength to corn. Technical indicators are neutral/bearish March corn, with the RSI at a neutral 40, and the 10, 20, and 40-day moving averages stacking up bearishly. Stochastic oscillators, however, point to over-sold conditions in the short-run, which, when combined with the recent spread activity, could produce a modest bounce. Fundamentally, nothing has changed for corn and the long-term trend is bearish, but a small rally could come from technical buying/fund activity.

CBOT MARCH CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending December 14, 2017			
Commodity	14-Dec	8-Dec	Net Change
Corn			
Dec 17	336.25	340.00	-3.75
Mar 18	348.50	352.75	-4.25
May 18	356.75	361.00	-4.25
Jul 18	365.00	369.25	-4.25
Soybeans			
Jan 18	967.75	989.75	-22.00
Mar 18	978.75	1001.50	-22.75
May 18	989.75	1012.25	-22.50
Jul 18	999.50	1021.00	-21.50
Soymeal			
Dec 17	321.20	330.00	-8.80
Jan 18	321.60	331.70	-10.10
Mar 18	325.60	335.70	-10.10
May 18	328.10	337.70	-9.60
Soyoil			
Dec 17	33.02	33.54	-0.52
Jan 18	33.18	33.62	-0.44
Mar 18	33.37	33.79	-0.42
May 18	33.52	33.93	-0.41
SRW			
Dec 17	395.00	392.00	3.00
Mar 18	418.25	419.00	-0.75
May 18	430.75	432.25	-1.50
Jul 18	443.50	445.75	-2.25
HRW			
Dec 17	402.50	400.75	1.75
Mar 18	418.25	418.00	0.25
May 18	431.25	431.00	0.25
Jul 18	447.50	447.00	0.50
MGEX (HRS)			
Dec 17	599.75	597.75	2.00
Mar 18	617.00	611.25	5.75
May 18	624.50	619.75	4.75
Jul 18	628.75	624.00	4.75

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: The precipitation pattern across the contiguous United States over the next week appears to be somewhat similar to the pattern seen over this past week: dryness from California stretching over to eastern Texas and Kansas. The far Pacific Northwest is poised to see heavy precipitation and some precipitation is expected over other parts of the Northwest and the High Plains. Most of the East Coast should also see some precipitation, with the heaviest amounts likely in New England.

Looking further ahead, the Climate Prediction Center's (CPC) 6-10-day forecast (December 19-23) indicates probable dryness across the western U.S., and parts of the Midwest, Mid-Atlantic, and Florida. Temperatures

are expected to be above normal during this time across most of the contiguous U.S. However, New England may be colder than average. Wet conditions are expected across the northern tier of the U.S. and in the Southeast, from Mississippi to Georgia. Looking even further out, CPC's 8- to 14-day forecast (December 21-27) suggests dryness will prevail across the western U.S. and southern Florida. Wetness is projected across much of the northern U.S., most of the High Plains, and much of the South and Southeast. Warmer-than-average temperatures are expected across most of the Southwest and the Southeast, while cooler-than-average conditions may occur across most of the rest of the contiguous U.S.

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 December 7, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	678,500	300,800	12,336.8	18,075.1	-9%
Corn	878,300	690,800	8,777.4	23,766.1	-28%
Sorghum	324,000	101,400	1,340.0	3,585.1	23%
Barley	0	900	17.2	38.0	129%

Source: USDA/FAS

Corn: Net sales of 866,900 MT for 2017/2018 were down 1 percent from the previous week and from the prior 4-week average. Increases were reported for Japan (182,900 MT, including 56,400 MT switched from unknown destinations and decreases of 5,100 MT), Colombia (126,400 MT, including 50,000 MT switched from unknown destinations), the Dominican Republic (88,000 MT), China (65,800 MT), South Korea (65,000 MT), and Jamaica (63,600 MT). Reductions were reported for the Leeward and Windward Islands (300 MT). Exports of 690,800 MT were up 17 percent from the previous week and from the prior 4-week average. The destinations were primarily to Mexico (273,900 MT), Japan (218,200 MT), Colombia (84,400 MT), Costa Rica (30,400 MT), and Guatemala (29,100 MT).

Optional Origin Sales: For 2017/2018, new optional origin sales of 136,000 MT were reported for South Korea. The current optional origin outstanding balance is 565,500 MT for South Korea (342,000 MT) and unknown destinations (223,500 MT).

Barley: No net sales were reported for the week. Exports of 900 MT were reported to Japan (500 MT) and Taiwan (400 MT).

Sorghum: Net sales of 317,400 MT for 2017/2018 were down 22 percent from the previous week, but up 7 percent from the prior 4-week average. Increases were reported for unknown destinations (198,000 MT) and China (119,400 MT, including decreases 6,600 MT). Exports of 101,400 MT were down 61 percent from the previous week and 39 percent from the prior 4-week average. The destinations were China (100,900 MT) and Mexico (500 MT).

U.S. Export Inspections: Week Ending December 7, 2017					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	440	0	17,130	27,660	62%
Corn	658,403	605,129	8,536,378	14,623,561	58%
Sorghum	150,651	264,033	1,230,701	1,349,066	91%
Soybeans	1,229,817	1,802,605	24,086,444	27,950,761	86%
Wheat	316,867	410,974	13,073,264	14,106,397	93%

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 7, 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	373,142	63%	69,956	100%	145,175	96%
PNW	59,263	10%	220	0%	0	0%
Interior Export Rail	155,822	26%	0	0%	5,476	4%
Total (Metric Tons)	588,227	100%	70,176	100%	150,651	100%
White Corn Shipments by Country (MT)			8,126	to Costa Rica		
			7,564	to Guatemala		
			54,266	to Mexico		
			220	to Korea		
Total White Corn (MT)			70,176			
Sorghum Shipments by Country (MT)					150,123	to China
					528	to Mexico
Total Sorghum (MT)					150,651	

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	0.52+Z	\$152.85	-	-
January	0.50+H	\$156.88	0.77+H	\$167.51
February	0.51+H	\$157.27	0.77+H	\$167.51
March	0.52+H	\$157.67	0.79+H	\$168.30

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	January	February	March
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
January	1.35+H	\$190.34	1.35+H	\$190.34
February	1.35+H	\$190.34	1.35+H	\$190.34
March	1.35+H	\$190.34	1.30+H	\$188.38

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	January	February	March
New Orleans	\$150	\$150	\$150
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	January	February	March
New Orleans	\$588	\$588	\$588
*5-10,000 MT Minimum			
Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)			
	December	January	
Rail Delvd. Chicago	\$505	\$505	
Rail Delvd. Savannah	\$515	\$515	
Truck Delvd. Chicago	\$500	\$492	

DDGS Price Table: December 14, 2017 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	January	February	March
Barge CIF New Orleans	188	186	185
FOB Vessel GULF	200	196	196
Rail delivered PNW	217	216	214
Rail delivered California	218	217	213
Mid-Bridge Laredo, TX	215	214	212
FOB Lethbridge, Alberta	195	192	191
40 ft. Containers to South Korea (Busan)	215	215	216
40 ft. Containers to Taiwan (Kaohsiung)	216	216	217
40 ft. Containers to Philippines (Manila)	222	222	157
40 ft. Containers to Indonesia (Jakarta)	218	218	219
40 ft. Containers to Malaysia (Port Kelang)	218	218	219
40 ft. Containers to Vietnam (HCMC)	227	227	228
40 ft. Containers to Japan (Yokohama)	216	216	218
40 ft. containers to Thailand (LCMB)	218	218	219
40 ft. Containers to China (Shanghai)	218	218	221
40 ft. Containers to Bangladesh (Chittagong)	248	248	250
40 ft. Containers to Myanmar (Yangon)	244	244	246
KC & Elwood, IL Rail Yard (delivered Ramp)	178	177	177

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: Prices remain firm with buyers stepping up to pay asking prices. FOB ethanol plant prices hit \$127/MT this week as demand remains strong. FOB ethanol plant DDGS are valued at 42 percent of

Kansas City soybean meal prices and 115 percent of cash corn. On a per-protein unit basis, DDGS are \$1.31 cheaper than soybean meal, with their advantage losing \$0.30 this week. Rising soybean meal prices have increased demand for DDGS in feed rations but a weaker soy complex may push some DDGS from domestic use to international destinations.

Barge CIF NOLA prices rose to \$188/MT this week while FOB Gulf prices climbed to \$200, the first-time prices have reached such levels since July 2016. Prices for 40-foot containers to Southeast Asia are stronger this week as well, though gains were more muted than those in the FOB Gulf market. DDGS CIF Southeast Asia averaged \$219/MT this week, up \$4 from last week. Product destined for Bangladesh (up \$6/MT) and Myanmar (up \$5/MT) experienced the largest price increases, while other destinations reported \$3-4/MT gains. Some merchandisers are hearing strong buying interest from Vietnam, where prices rose \$3/MT this week.

COUNTRY NEWS

Argentina: La Nina-imposed drier weather in the latter half of this year threatens late planted corn in the Pampas production area, and some corn may not get planted. The Argentina Rural Society says about half the corn crop tends to get planted later. (Reuters)

China: The government's estimate of corn imports was reduced by 500 KMT for the year as a result of larger than expected domestic production. Meanwhile, the National Development Reform Commission says that plans are in place to subsidize grain transportation and storage in the country to improve efficiency. (Reuters)

Ukraine: Market participants are saying that corn production and exports will be less than the amounts predicted by USDA. The last USDA WASDE report pegged Ukrainian corn production at 25 MMT with 20.5 MMT of exports. However, production is expected to be down to 24 to 24.5 MMT due to less ideal conditions in the south and east. Exports may only hit 18 MMT, in part due to tougher world competition. U.S. corn is priced at \$156/MT, which is \$10/MT less than Ukrainian corn as the latter depends upon spot selling in nearby markets.

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	\$45.00	Up \$0.75	Handymax at \$45.50/MT
55,000 U.S. PNW-Japan	\$25.25	Up \$0.50	Handymax at \$25.75/MT
65,000 U.S. Gulf-China	\$44.25	Up \$1.00	North or South China
PNW to China	\$24.50	Up \$0.50	
25,000 U.S. Gulf-Veracruz, Mexico	\$17.25	Up \$0.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, Mexico	\$14.75	Up \$0.25	Deep draft and 6,000 MT/day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia	\$21.00	Up \$0.25	West Coast Colombia at \$29.25
From Argentina	\$33.75	Up \$1.00	
40-45,000 U.S. Gulf-Guatemala	\$29.25	Up \$0.50	Acajutla/Quetzal-8,000 out
26-30,000 U.S. Gulf-Algeria	\$32.25	Up \$0.50	8,000 MT daily discharge
	\$34.25	Up \$0.50	3,000 MT daily discharge
25-30,000 US Gulf-Morocco	\$31.50	Up \$0.75	Discharge rate: 5,000
55,000 U.S. Gulf-Egypt	\$29.50	Up \$0.50	55,000-60,000 MT Russia Black Sea-Egypt \$16.00
PNW to Egypt	\$28.50	Up \$0.50	
60-70,000 U.S. Gulf-Europe-Rotterdam	\$18.75	Up \$0.75	Handymax at +\$2.25 more
Brazil, Santos-China	\$33.75	Up \$0.25	54-59,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up River	\$32.75	Up \$0.25	
Amazonia North Brazil-China	\$36.25	Up \$0.25	
56-60,000 Argentina-China	\$40.25	Up \$0.25	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: The Capesize Dry-Bulk Index and physical markets have truly enjoyed an impressive rally, and the Panamax and other freight markets were pulled up with it. The term I hear a lot is "market sentiment is positive." This is true – it is now very optimistic and even bullish.

Vessel owners and freight analysts now believe that we have turned the corner and largely rebalanced the fleet size versus cargo demand. I'm not sure that the first quarter of 2018 will see higher values, but it does appear that 2018 daily hire rates will be higher than in 2017. Hang on to your hats and be prepared to pay more.

The 2020 CO2 emissions regulations and their impact on the type of fuel vessels will burn, and the actions owners will have to take to comply, will also have a dramatic influence on vessel scrapping and freight rates as we move forward. Dry-Bulk rate increases are certainly outpacing container grain rates, and we will have to see how that potentially changes the percentage of grain moved for export in containers.

On the container side of things: buyers in the Asian Sub-Continent are experiencing considerably longer delivery/transit times due to the consolidation that has occurred in the shipping industry and the change in Asian transshipment ports.

Baltic-Panamax Dry-Bulk Indices				
December 14, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	20,394	19,288	1,106	5.7%
P3A: PNW/Pacific– Japan	11,583	10,820	763	7.1%
S1C: U.S. Gulf-China-S. Japan	25,364	25,200	164	0.7%

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 December 14, 2017	
Four weeks ago:	\$7.50-8.15
Three weeks ago:	-
Two weeks ago:	\$8.75-9.90
One week ago:	\$9.70-9.90
This week	\$9.75-10.00

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
December 14, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.78	0.50	0.28	\$11.02	PNW
Soybeans	0.78	0.42	0.36	\$14.17	PNW
Ocean Freight	\$24.50	\$44.25	0.50-0.54	\$19.75	Jan.

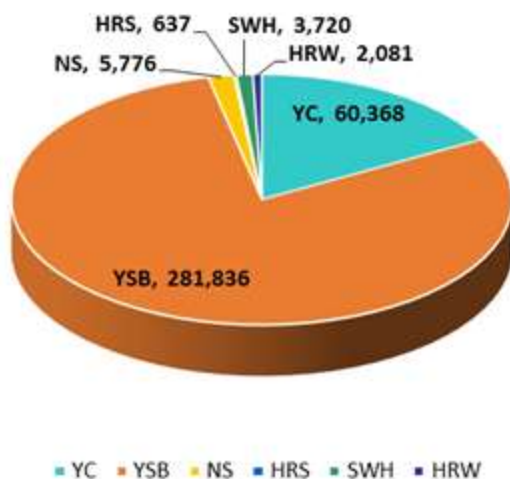
Source: O'Neil Commodity Consulting

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



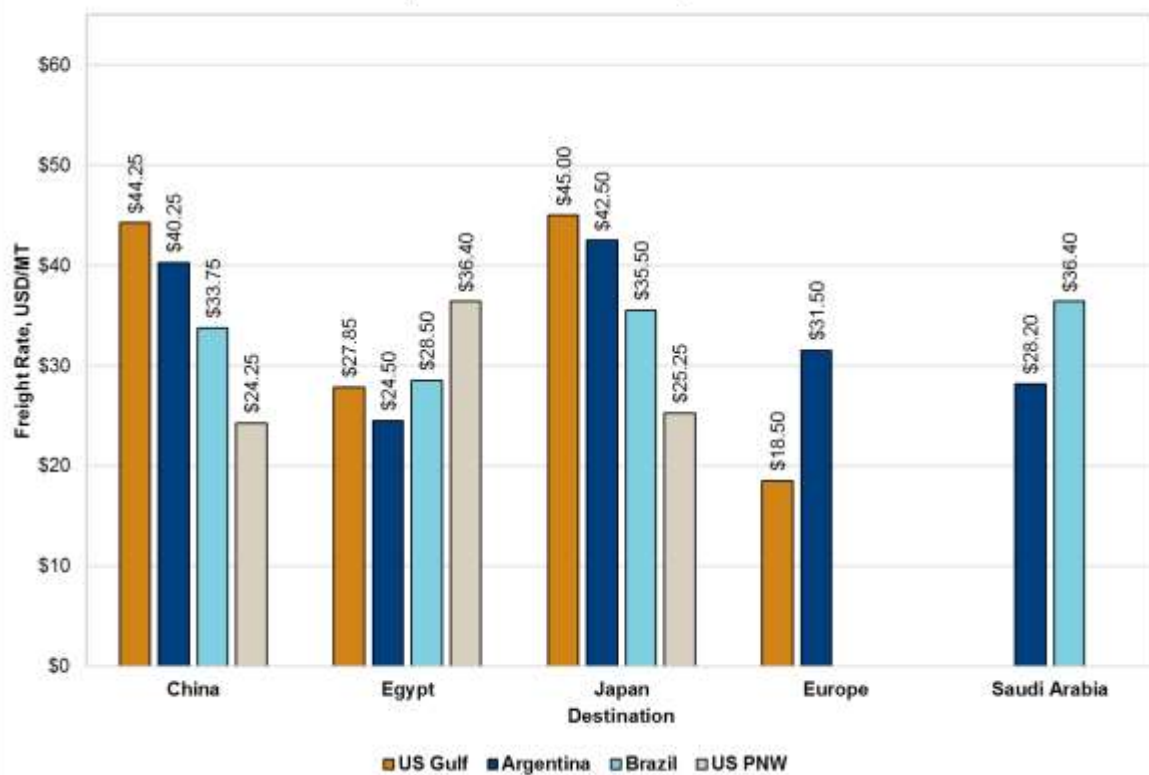
Source: O'Neil Commodity Consulting

2016 Container Shipments to Vietnam

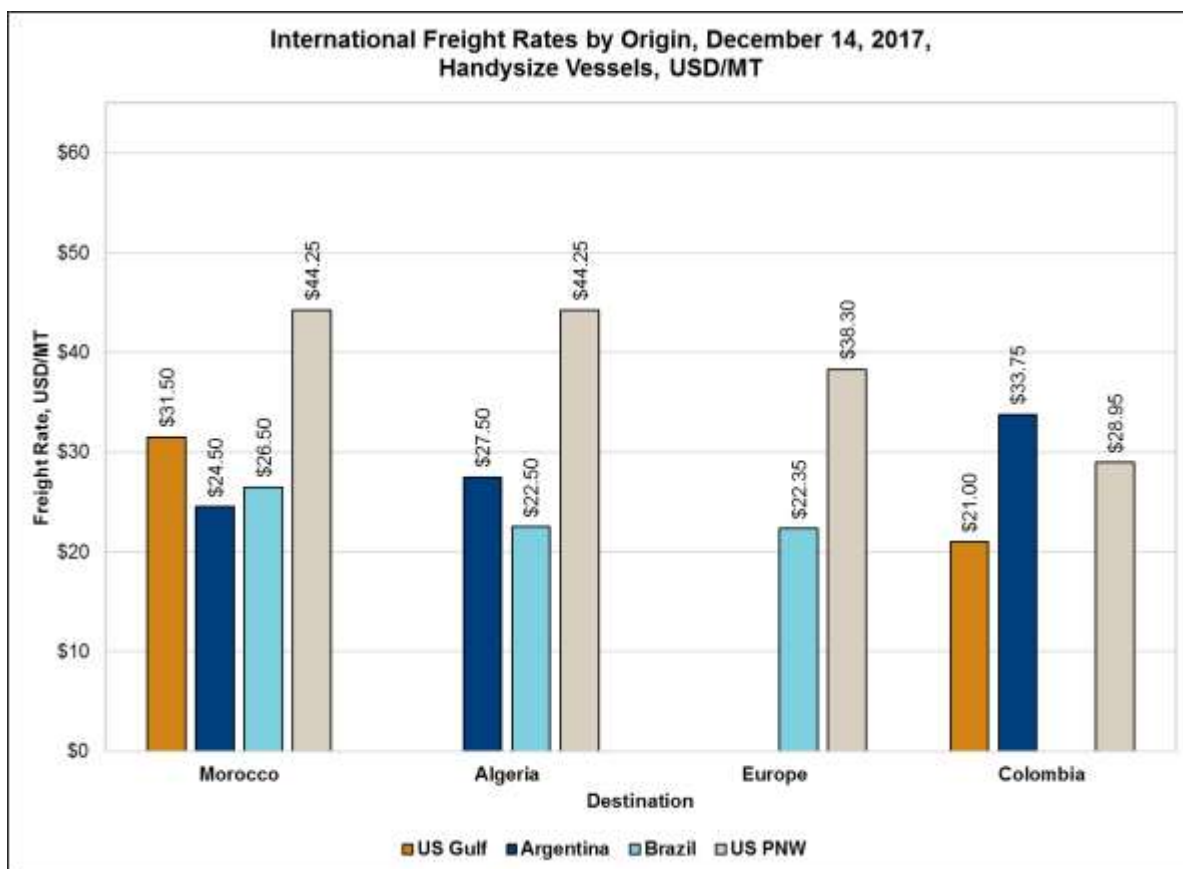


Source: O'Neil Commodity Consulting

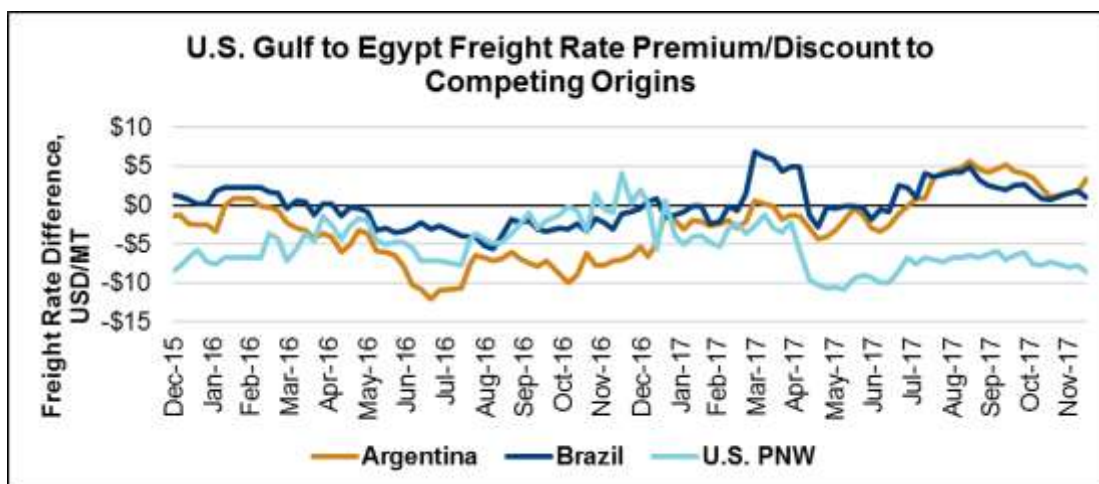
International Freight Rates by Origin, December 14, 2017, Supramax/Panamax Vessels, USD/MT



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 (%): December 14, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	4.25	4.25	4.25
LIBOR (6 month)	1.75	1.71	1.62
LIBOR (1 year)	2.03	1.99	1.89

Source: www.bankrate.com