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**CHICAGO BOARD OF TRADE MARKET NEWS**

**Week in Review: CME Corn March Contract**

\$/Bu	Friday 1 January	Monday 4 January	Tuesday 5 January	Wednesday 6 January	Thursday 7 January
<b>Change</b>	-	-0.0725	0.0150	0.0025	-0.0025
<b>Closing Price</b>	-	3.5150	3.5300	3.5325	3.5300
<b>Factors Affecting the Market</b>	Market closed for New Year’s Day holiday.	China’s economic woes and Middle East turmoil weighed on markets forcing a new contract low as funds sold big.	A CFTC report revealing the large number of short positions by speculators actually caused short-covering.	The burden of China’s economic woes was countered by more short-covering.	China, weaker than expected export sales and falling petroleum prices all weighed on the corn market.

**Outlook:** There is a lot of feed available in the market confronting low demand but Argentina still managed three MMT in sales, mostly to Asian markets. The current bearish prices emanating from the supply and demand situation will have ripple effects going forward. Argentina’s corn planted area is expected to decline by 16 percent versus 2015 but USDA’s chief economist said this week that he expects U.S. corn planted area to expand by two million acres this year over last. Meanwhile, Argentina’s barley crop was planted on 1.2 million

**For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Manuel Sanchez or 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.*

hectares, a 40 percent increase, but with a large amount failing to make malting quality and thus destined for the feed market.

The market is likely to remain erratic until next week's (January 12) WASDE release. There will be more short-covering as insurance but do not be fooled, the thrust of this market remains short and bearish. Abundant supplies (globally), macroeconomic worries (China) and geopolitical risks (Middle East) are weighing heavily on commodities and equities. However, it is the macroeconomic situation that is most important since it most impacts the currently missing component: demand. China's Business News today reported China imported 113 MMT of food products in the first 11 months of CY 2015. That was an increase of 27.3 percent over the same period of 2014.

## CBOT MARCH CORN FUTURES



Source: Prophet X

Current Market Values:

<b>Futures Price Performance: Week Ending January 7, 2016</b>			
<b>Commodity</b>	<b>7-Jan</b>	<b>31-Dec</b>	<b>Net Change</b>
<b>Corn</b>			
Mar 16	353.00	358.75	-5.75
May 16	358.50	364.50	-6.00
Jul 16	364.50	370.50	-6.00
Sep 16	370.25	375.25	-5.00
<b>Soybeans</b>			
Jan 16	877.00	871.25	5.75
Mar 16	864.50	864.25	0.25
May 16	867.25	869.50	-2.25
Jul 16	873.75	876.75	-3.00
<b>Soymeal</b>			
Jan 16	266.20	264.30	1.90
Mar 16	267.40	265.50	1.90
May 16	270.00	269.00	1.00
Jul 16	273.10	272.50	0.60
<b>Soyoil</b>			
Jan 16	29.44	30.55	-1.11
Mar 16	29.62	30.75	-1.13
May 16	29.85	30.96	-1.11
Jul 16	30.10	31.18	-1.08
<b>SRW</b>			
Mar 16	468.50	470.00	-1.50
May 16	473.25	476.50	-3.25
Jul 16	480.50	483.25	-2.75
Sep 16	490.00	492.25	-2.25
<b>HRW</b>			
Mar 16	462.75	468.50	-5.75
May 16	472.50	478.75	-6.25
Jul 16	482.25	488.75	-6.50
Sep 16	496.00	503.00	-7.00
<b>MGEX (HRS)</b>			
Mar 16	494.75	493.25	1.50
May 16	501.50	502.00	-0.50
Jul 16	510.50	512.50	-2.00
Sep 16	522.00	524.25	-2.25

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

## U.S. WEATHER/CROP PROGRESS

**U.S. Drought Monitor Weather Forecast:** Over the next 5-7 days, the active pattern will continue along the West Coast with several storms projected to bring precipitation from southern Oregon into southern California, Arizona and the Four Corners region. As these storms track eastward, much of the Midwest and East Coast will have the opportunity for ample precipitation as well. Cooler-than-normal temperatures over the western half of the country will provide a good opportunity for snow accumulation, especially at the higher altitudes. The East will see high temperatures of 8-10 degrees above normal.

The 6-10 day outlooks show that the odds for temperatures to be cooler than normal are greatest over the upper Midwest and Great Lakes regions as well as over much of the eastern United States, High Plains, and Four Corners regions. The greatest odds of warmer-than-normal temperatures are over the West Coast. The best odds of above-normal precipitation include the West Coast, Gulf Coast into Florida, and the Great Lakes regions. For much of the central Rocky Mountains, Midwest and into the Mid-Atlantic, there are above-normal chances of below-normal precipitation.

Follow this link to view current U.S. and international weather patterns and the future outlook: [Weather and Crop Bulletin](#).

## U.S. EXPORT STATISTICS

Export Sales and Exports: Week Ending December 31, 2015					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	125,100	274,500	11,409.4	15,804.4	-15%
Corn	279,000	357,800	9,400.9	20,452.3	-25%
Sorghum	174,100	108,500	3,448.4	5,450.3	-10%
Barley	0	0	22.2	26.1	-81%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales of 252,900 MT for 2015/2016 were down 64 percent from the previous week and 68 percent from the prior 4-week average. Increases were reported for Mexico (117,800 MT), Colombia (91,600 MT, including 40,000 MT switched from unknown destinations), Peru (32,100 MT, including 29,100 MT switched from unknown destinations and decreases of 6,500 MT), unknown destinations (10,600 MT), and Canada (6,000 MT). Reductions were reported for Panama (13,100 MT) and Japan (1,700 MT). Exports of 357,800 MT were down 36 percent from the previous week and 39 percent from the prior 4-week average. The primary destinations were Mexico (117,400 MT), Colombia (94,200 MT), Peru (87,600 MT), Jamaica (25,300 MT), and Japan (21,600 MT).

**Optional Origin Sales:** For 2015/2016, the current outstanding balance totals 456,000 MT, all unknown destinations.

**Barley:** There were no sales reported during the week. Exports of 500 MT were reported to Japan.

**Sorghum:** Net sales of 174,100 MT for 2015/2016 were up 29 percent from the previous week, but down 5 percent from the prior 4-week average. Increases were reported for China (117,600 MT), unknown destinations (54,000 MT), and Mexico (2,600 MT). Exports of 108,500 MT were down 22 percent from the previous week and 42 percent from prior 4-week average. The destinations were China (62,600 MT) and Mexico (45,900 MT).

U.S. Export Inspections: Week Ending December 31, 2015					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	465	0	27,890	102,442	27%
Corn	324,566	574,945	9,449,468	12,147,054	78%
Sorghum	121,003	179,462	3,829,071	3,057,428	125%
Soybeans	1,510,834	1,492,684	27,670,823	30,833,852	90%
Wheat	348,273	310,985	12,155,232	13,858,957	88%

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 31, 2015						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	229,524	78%	31,754	100%	120,452	100%
PNW	0	0%	0	0%	0	0%
Interior Export Rail	63,288	22%	0	0%	551	0%
<b>Total (Metric Tons)</b>	<b>292,812</b>	<b>100%</b>	<b>31,754</b>	<b>100%</b>	<b>121,003</b>	<b>100%</b>
White Corn Shipments by Country (MT)			31,754	to Mexico		
Total White Corn (MT)			31,754			
Sorghum Shipments by Country (MT)					112,070	to China
					8,382	to Japan
					551	to Mexico
<b>Total Sorghum (MT)</b>					<b>121,003</b>	

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)
January	+0.64 H	\$164.16	+0.79 H	\$170.07
February	+0.63 H	\$163.77	+0.80 H	\$170.46
March	+0.64 H	\$164.16	+0.81 H	\$170.86

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	January	February	March
Gulf	\$198	\$200	\$200

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
January	+0.70 H	\$166.53	+0.90 H	\$174.40
February	+0.80 H	\$170.46	+0.90 H	\$174.40
March	+0.90 H	\$174.40	+0.90 H	\$174.40

Barley: Feed Barley (FOB USD/MT)			
	January	February	March
FOB PNW	\$143	\$143	\$143

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	January	February	March
New Orleans	\$152	\$152	\$152
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	January	February	March
New Orleans	\$550	\$550	\$550
*5-10,000 MT Minimum			

\*All prices are market estimates.

\*\*Prices reflect the week of December 17, 2015.



DDGS Price Table: January 7, 2016 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Jan.	Feb.	Mar.
Barge CIF New Orleans	174	173	173
FOB Vessel GULF	180	178	178
Rail delivered PNW	196	196	196
Rail delivered California	200	199	199
Mid-Bridge Laredo, TX	193	191	191
FOB Lethbridge, Alberta	174	171	171
40 ft. Containers to South Korea (Busan)	211	211	211
40 ft. Containers to Taiwan ( Kaohsiung )	208	208	208
40 ft. Containers to Philippines (Manila)	225	223	223
40 ft. Containers to Indonesia (Jakarta)	224	222	222
40 ft. Containers to Malaysia (Port Kelang)	226	222	222
40 ft. Containers to Vietnam (HCMC)	223	223	223
40 ft. Containers to Japan (Yokohama)	222	217	217
40 ft. containers to Thailand (LCMB)	218	220	220
40 ft. Containers to Shanghai, China	210	211	211
KC & Elwood, IL Rail Yard (delivered Ramp)	173	175	174

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 remains priced at around 115-120 percent of the value of corn to most destinations, which makes it a relative bargain considering this is below its feed component value as estimated by USDA. Some in the trade say that buyers expect the market to go lower and are possibly waiting, but they argue that the fall in prices that has already occurred takes account of all of the bearish factors. There is no reason for sellers to lower their prices any further for the export market when the U.S. domestic market is firm and appreciative of its value. Perhaps in recognition of the above, average offers to Asia are up from those indicated before the holidays.

Meanwhile, prices for New Orleans and the Gulf were down slightly, while rail-delivered domestic rates were slightly down or up depending on the specific route. Prices for KC & Elwood, IL rail yard (delivered ramp) are unchanged through February.

**Ethanol Comments:** U.S. ethanol production was at 996,000 barrels per day, a slight increase from the 992,000 barrel per day average a week earlier. Weekly stocks were up an equivalent 5,000 barrels. There have been no ethanol imports since before the holidays. By contrast, the news has focused on the record amount of U.S. fuel ethanol exports to China in 2015, with sales in October alone exceeding the total of exports for the previous ten years combined.

While U.S. EPA set fuel ethanol blending requirements below statutory levels, they are nonetheless at a level that will push on the blend wall, spurring further efforts to overcome infrastructure hurdles. Most important is what is happening on the demand side where low fuel prices have spurred record U.S. auto sales (E15 ready) of larger vehicles combined with an overall increase in miles driven.

India is taking a similar approach. After meeting an earlier target of five percent for ethanol blending, on 22 December the government announced that it is doubling the mandate to a 10 percent blend.

Meanwhile, for the week ending January 7, 2016 the differential between the price of corn and co-products for the four regions of the Corn Belt is as follows:

- Illinois differential is \$1.47 per bushel, in comparison to \$1.29 the prior week and a holiday a year ago.
- Iowa differential is \$1.29 per bushel, in comparison to \$1.12 the prior week and holiday a year ago.
- Nebraska differential is \$1.44 per bushel, in comparison to \$1.33 the prior week and holiday a year ago.
- South Dakota differential is \$1.44 per bushel, in comparison to \$1.45 the prior week and holiday a year ago.

## COUNTRY NEWS

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**India:** A tender for 320 KMT of non-GMO corn imports is unlikely to generate many offers given the stipulation that cargoes can be rejected during offloading. (WPI)

**Indonesia:** Djarot Kusumayakti, CEO of Indonesia's state procurement agency Bulog, says corn imports will total 600 KMT in the first quarter of 2016. Corn imports had been halted in July 2015 when the government tried to boost self-sufficiency. Bulog will handle all of the country's planned 2.4 MMT of corn imports in 2016 through a new business model that is being developed. (Jakarta Globe)

**Kenya:** The country's National Biosafety Authority recommended on 5 January that the country remove its ban on imports of GMOs. Kenya is Africa's largest per capita consumer of corn and second largest seed market, and the government is reviewing import permits for GM corn and cotton. (Bloomberg)

**Russia:** Barley exports in November 2015 were 417 KMT, down 15 percent from the same period a year ago as this year's crop is off 24 percent. (WPI)

**South Africa:** The effects of the drought will force South Africa to import nearly half (5 MMT) of its corn consumption (10.5 MMT) this year, likely starting in May. White corn delivered July hit \$270.82/MT. (Bloomberg)

**Zimbabwe:** Corn stocks are dangerously low at just two months of consumption (lower in some parts of the country) as the government disputes that imports are being impeded and some farmers are reportedly selling their government-supplied seed at higher valued food prices, thus skipping the hassle of production. (WPI)



## 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	\$25.25	Unchanged	Handymax at \$26.00/MT
55,000 U.S. PNW-Japan	\$14.00	Unchanged	Handymax at \$15.50/MT
55,000 U.S. Gulf-China	\$24.00	Up \$0.50	North China
PNW to China	\$13.00	Unchanged	
30,000 U.S. Gulf-Veracruz, México	\$13.00	Unchanged	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$11.25	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$14.25 \$26.25	Unchanged Unchanged	West Coast Colombia at \$20.50
36-40,000 U.S. Gulf-Guatemala	\$21.00	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$28.50 \$29.75	Unchanged Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$27.50	Unchanged	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$19.75	Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$21.00
PNW to Egypt	\$22.00	Unchanged	
65-75,000 U.S. Gulf-Europe-Rotterdam	\$12.00	Down \$0.25	Handymax at +\$1.25 more
Brazil, Santos-China	\$18.50 \$16.00	Unchanged Down \$0.25	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$28.50	Unchanged	48-53,000 MT (11.5 meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$25.00	Unchanged	—

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:** Happy 2016 to all! To no one's surprise 2016 is starting out just like 2015 ended. Global ocean freight markets remain defensive and most analyses are not anticipating a significant market turnaround until 2017. This holds true for both the Dry Bulk and the Containerized cargo markets. I believe the only surprise in 2015 was that we did not see more shipping company bankruptcies; 2016 will likely change that. We are already witnessing increased acts of

desperation on the part of vessel owners via forced vessel sales at highly discounted values. Those with deep financial pockets will benefit and survive; those who do not will have to drop out.

Once again the biggest issues facing shipping companies are as follows: How many vessels can we scrap in 2016 and when will the global economy pick up steam? As you will see below, the vessel lineups at the U.S. PNW and Texas Gulf have really drawn down.

Baltic-Panamax Dry-Bulk Indices				
January 7, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	7,445	7,582	-137	-1.8%
P3A: PNW/Pacific– Japan	3,3074	3,151	-77	-2.4%

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:

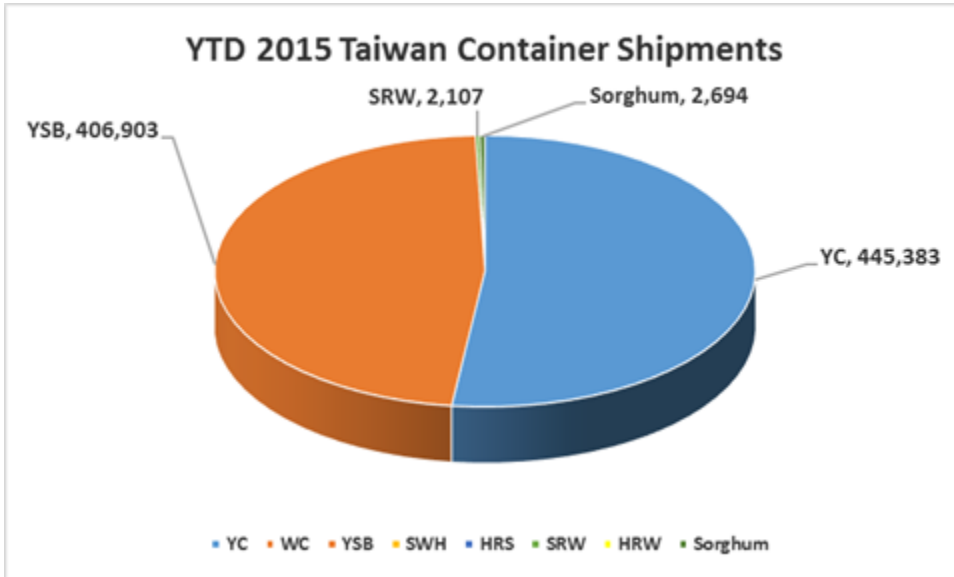
Week of January 7, 2016	
Four weeks ago:	\$4.40-\$5.00
Three weeks ago:	\$4.10-\$4.25
Two weeks ago	\$3.25-4.00
One week ago:	\$2.95-\$3.20
This week	\$2.85-\$3.30

Source: O'Neil Commodity Consulting

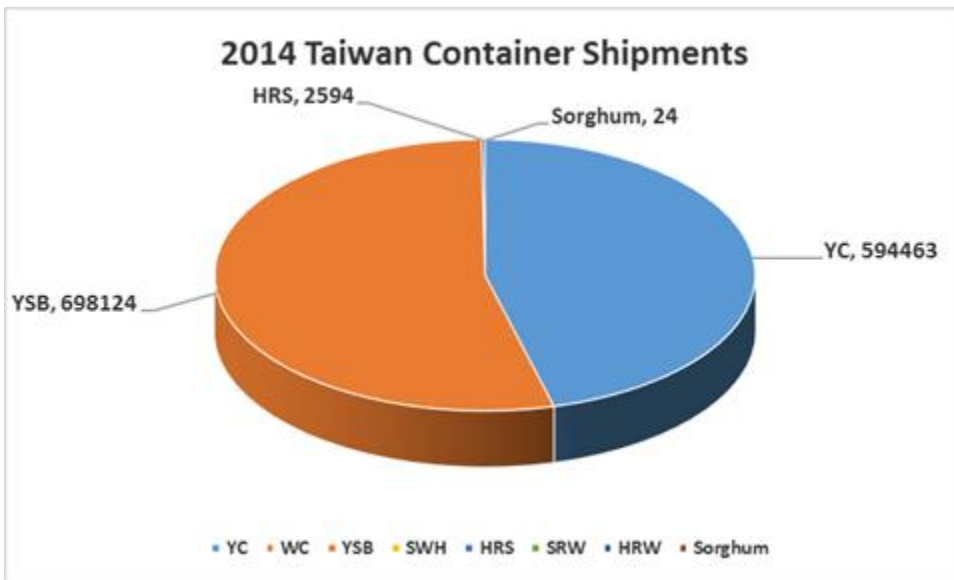
U.S.-Asia Market Spreads					
January 7, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.74	0.60	0.14	\$5.51	PNW
Soybeans	0.95	0.78	0.17	\$6.69	PNW
Ocean Freight	\$13.00	\$23.75	0.27-0.29	(\$10.75)	Jan.

Source: O'Neil Commodity Consulting

The charts below represent year-to-date 2015 versus January-December 2014 annual totals for container shipments to Taiwan.



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending January 7, 2016								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$23	\$25	\$24	\$23	\$25	\$20	-
	Brazil	\$16	\$18	\$17	\$20	\$19	\$15	-
Corn (White)	Argentina	\$23	\$25	\$24	\$23	\$25	\$20	-
	Brazil	\$16	\$18	\$17	\$20	\$19	\$15	-
Barley	Argentina	\$23	\$25	\$24	\$23	\$25	\$20	-
	Brazil	\$16	\$18	\$17	\$20	\$19	\$15	-
Sorghum	Argentina	\$23	\$25	\$24	\$23	\$25	\$20	-
	Brazil	\$16	\$18	\$17	\$20	\$19	\$15	-

Note: Bid-ask spreads can vary in width and initial offers may be higher on less active routes.

Source: World Perspectives, Inc.

## INTEREST RATES

Interest Rates (%): January 6, 2016			
	Current Week	Last Week	Last Month
U.S. Prime	3.50	-	3.25
LIBOR (6 month)	0.85	-	0.72
LIBOR (1 year)	1.18	-	1.02

Source: [www.bankrate.com](http://www.bankrate.com)