



CONTENTS

CHICAGO BOARD OF TRADE MARKET NEWS 1

CBOT MARCH CORN FUTURES 2

U.S. WEATHER/CROP PROGRESS 4

U.S. EXPORT STATISTICS 4

FOB..... 6

DISTILLER’S DRIED GRAINS WITH SOLUBLES (DDGS) 7

COUNTRY NEWS 8

OCEAN FREIGHT MARKETS AND SPREAD 8

OCEAN FREIGHT COMMENTS 9

INTEREST RATES..... 12

CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn March Contract

\$/Bu	Friday 8 January	Monday 11 January	Tuesday 12 January	Wednesday 13 January	Thursday 14 January
Change	0.04	-0.0525	0.0500	0.0125	0.000
Closing Price	3.57	3.5175	3.5675	3.58	3.58
Factors Affecting the Market	Pulled along by wheat, there was a mini short covering rally ahead of USDA’s WASDE report.	A solid corn export number was not enough to turn bearish heads in advance of the WASDE.	WASDE expectations turned out to be wrong and the market had to correct to reflect it.	Bouncing higher and lower by a nickel, the close brought a modest gain.	Like the day before, trading bounced up and down in a 5-cent range before closing even for the day.

Outlook: March corn futures have had a net gain of a whole penny over the past five days of trading. The funds have been approaching record short positions in corn and wheat and USDA’s WASDE report was not expected to alter the bearish mood – until it did. USDA reported lower harvested acres, a lower national yield and consequently lower 2015 corn production than in its December report. The reductions were small, but if anything they were expected to go the other way if at all. Still, the close on Tuesday at 5 cents higher was off

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.

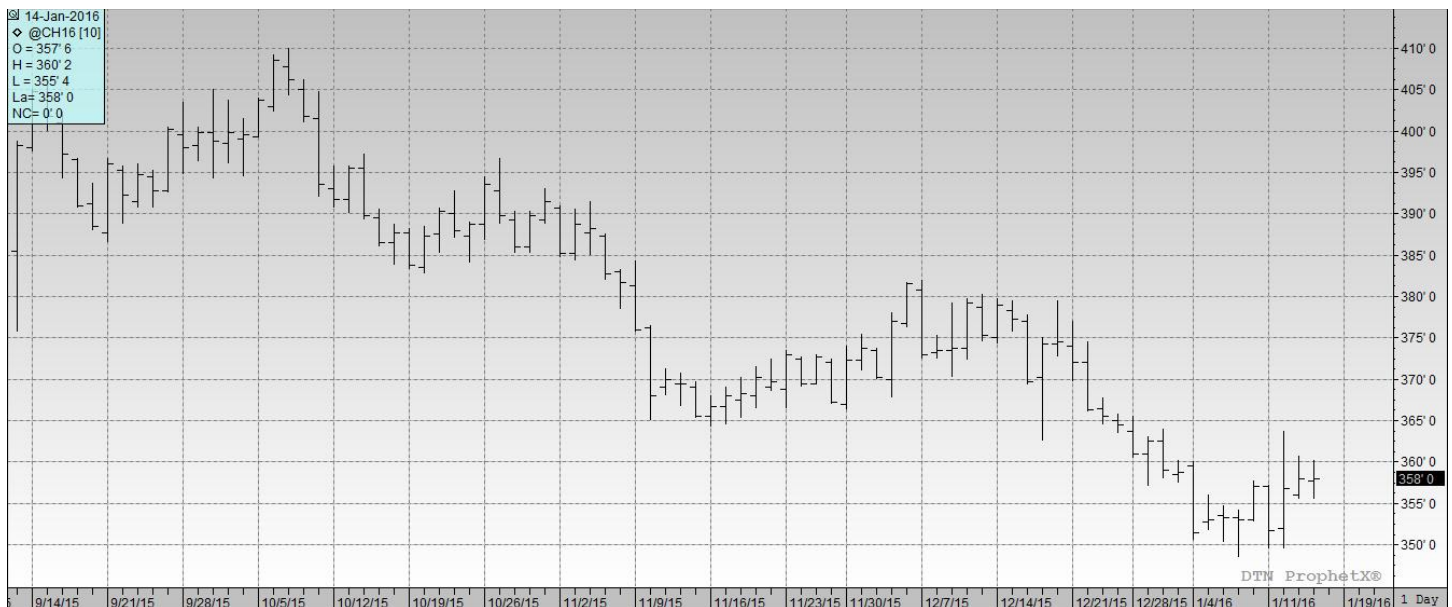
The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C. and has ten international offices that oversee 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.

the day's highs of being up 12-13 cents. Moreover, open interest has grown at a greater pace than short covering, indicating that the mood is still bearish.

A large 4 million bushel sale of corn to Mexico helped close out the week. However, strong competition in the corn export market from South America and Ukraine will continue, making U.S. export sales hard fought. The market itself grew tighter as USDA reduced its projection for global corn consumption by 3 MMT.

China holds more than half of the world's 208.9 MMT of corn ending stocks for 2015/16 and its domestic corn prices had been holding steady, but they fell last week to an average of \$312.30/MT.

CBOT MARCH CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending January 14, 2016			
Commodity	14-Jan	8-Jan	Net Change
Corn			
Mar 16	358.00	357.00	1.00
May 16	362.75	362.75	0.00
Jul 16	368.25	369.00	-0.75
Sep 16	374.00	374.75	-0.75
Soybeans			
Jan 16	896.00	879.50	16.50
Mar 16	882.25	865.25	17.00
May 16	883.00	868.00	15.00
Jul 16	888.25	874.75	13.50
Soymeal			
Jan 16	269.70	267.90	1.80
Mar 16	274.20	268.70	5.50
May 16	277.00	271.20	5.80
Jul 16	279.80	274.00	5.80
Soyoil			
Jan 16	29.68	29.45	0.23
Mar 16	29.75	29.64	0.11
May 16	29.96	29.88	0.08
Jul 16	30.21	30.14	0.07
SRW			
Mar 16	468.75	478.50	-9.75
May 16	474.25	483.75	-9.50
Jul 16	480.50	490.25	-9.75
Sep 16	489.25	499.75	-10.50
HRW			
Mar 16	468.50	472.75	-4.25
May 16	478.75	482.50	-3.75
Jul 16	488.25	492.25	-4.00
Sep 16	501.50	505.75	-4.25
MGEX (HRS)			
Mar 16	492.50	501.00	-8.50
May 16	499.50	508.00	-8.50
Jul 16	507.50	516.75	-9.25
Sep 16	518.25	527.75	-9.50

*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, an active pattern will bring precipitation to much of the Pacific Northwest and northern California, which could see as much as 8 inches of precipitation. Much of the area from the Mississippi Valley to the east also looks favorable for precipitation, with the greatest amounts along the Gulf Coast and Eastern Seaboard. Temperatures will be normal to slightly above normal over the West and East, cooler than normal over the High Plains, and above normal over the Southern Plains.

The 6-10 day outlooks show that the best chances for above normal temperatures are over the area west of the Rocky Mountains with the greatest chances over the West Coast. The best chances for below normal temperatures are over the Eastern Seaboard. The best opportunity for above normal precipitation is over much of California and into the Great Basin. Increased chances of above normal precipitation can also be anticipated over much of the Plains and into the Southeast. The greatest odds of below normal precipitation are anticipated over south Texas and the Great Lakes region into northern New England.

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 January 7, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	281,800	552,200	11,961.6	16,079.1	-15%
Corn	712,400	638,200	10,039.1	21,121.6	-25%
Sorghum	28,900	270,900	3,719.4	5,467.5	-13%
Barley	0	200	22.4	26.1	-81%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 669,200 MT for 2015/2016 were up noticeably from the previous week and 14 percent from the prior 4-week average. Increases were reported for Japan (310,200 MT, including 89,000 MT switched from unknown destinations and decreases of 7,200 MT), Mexico (145,500 MT), Colombia (119,000 MT, including 75,000 MT switched from unknown destinations and decreases of 18,500 MT), El Salvador (51,900 MT, including 11,700 MT switched from unknown destinations), Taiwan (24,000 MT), and Guatemala (23,500 MT, including 21,000 MT switched from unknown destinations). Reductions were reported for unknown destinations (33,700 MT), Costa Rica (14,000 MT), and the French West Indies (6,300 MT). Exports of 638,200 MT were up 78 percent from the previous week and 14 percent from the prior 4-week average. The primary destinations were Mexico (214,400 MT), Japan (151,600 MT), Colombia (143,500 MT), Peru (56,700 MT), Cuba (25,000 MT), and Guatemala (22,000 MT).

Optional Origin Sales: For 2015/2016, changes of destination were reported totaling 58,000 MT from unknown destinations to Japan. Options were exercised to export 58,000 MT to Japan from other than the United States. The current outstanding balance totals 398,000 MT, all unknown destinations.

Barley: There were no sales reported during the week. Exports of 200 MT were reported to Taiwan.

Sorghum: Net sales of 17,100 MT for 2015/2016 resulted as increases for China (49,100 MT, including 50,800 MT switched from unknown destinations and decreases of 8,600 MT), Japan (18,400 MT), and Mexico (500 MT), were partially offset by reductions for unknown destinations (51,000 MT). Exports of 270,900 MT were up noticeably from the previous week and up 91 percent from prior 4-week average. The destinations were China (261,100 MT, including 49,600 MT late reporting), Japan (8,400 MT), and Mexico (1,400 MT).

U.S. Export Inspections: Week Ending January 7, 2016

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	465	27,890	102,442	27%
Corn	550,258	378,576	10,054,492	12,648,679	79%
Sorghum	171,357	121,493	4,001,253	3,181,112	126%
Soybeans	1,244,364	1,623,992	29,029,864	32,702,196	89%
Wheat	393,688	350,469	12,551,116	14,097,110	89%

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 January 7, 2016

Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	490	0%
Gulf	381,150	70%	4,097	100%	157,999	92%
PNW	59,741	11%	0	0%	0	0%
Interior Export Rail	105,270	19%	0	0%	12,868	8%
Total (Metric Tons)	546,161	100%	4,097	100%	171,357	100%
White Corn Shipments by Country (MT)			4,097	to Colombia		
Total White Corn (MT)			4,097			
Sorghum Shipments by Country (MT)					159,419	to China
					11,326	to Mexico
					612	to Somalia
Total Sorghum (MT)					171,357	

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	+0.65 H	\$166.53	-	-
February	+0.63 H	\$165.74	+0.78 H	\$171.64
March	+0.64 H	\$166.13	+0.78 H	\$171.64

#2 White Corn (U.S. \$/MT FOB Vessel)		
Max. 15.0% Moisture	February	March
Gulf	\$202	\$202

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	\$168.49	+0.90 H	\$176.37
February	+0.80 H	\$172.43	+0.90 H	\$176.37
March	+0.90 H	\$176.37	+0.90 H	\$176.37

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

*Prices reflect the week of January 7, 2016.

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)		
	February	March
New Orleans	\$180	\$180
Quantity 5,000 MT		
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)		
Bulk 60% Pro.	February	March
New Orleans	\$538	\$538
*5-10,000 MT Minimum		

*All prices are market estimates.

DDGS Price Table: January 14, 2016 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Feb.	Mar.	Apr.
Barge CIF New Orleans	173	172	171
FOB Vessel GULF	181	180	179
Rail delivered PNW	193	191	191
Rail delivered California	197	195	195
Mid-Bridge Laredo, TX	188	187	185
FOB Lethbridge, Alberta	169	168	168
40 ft. Containers to South Korea (Busan)	208	206	206
40 ft. Containers to Taiwan (Kaohsiung)	209	207	207
40 ft. Containers to Philippines (Manila)	224	221	221
40 ft. Containers to Indonesia (Jakarta)	222	220	220
40 ft. Containers to Malaysia (Port Kelang)	228	221	221
40 ft. Containers to Vietnam (HCMC)	220	220	220
40 ft. Containers to Japan (Yokohama)	216	214	214
40 ft. containers to Thailand (LCMB)	219	217	217
40 ft. Containers to Shanghai, China	208	208	208
KC & Elwood, IL Rail Yard (delivered Ramp)	174	171	170

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: As expected, there have been no immediate negative effects from China MOFCOM's announced anti-dumping/countervailing duty investigation into U.S. DDGS sales. Sales to China had already slowed at the same time demand from other Asian countries (Vietnam, Korea, Thailand, Taiwan) continues. In fact, prices this past week incurred some of the smallest changes in several weeks, basically unchanged for February delivery and down just 1 percent for March delivery. 40-foot containers FOB the Gulf for February were at \$181, versus \$178 a week ago, and February shipments to Taiwan or the Philippines were up a dollar each to \$209 and \$224, respectively. Containers shipped to Malaysia next month were up \$6 from a week ago to \$228.

Meanwhile, the DDGS supply is actually likely to grow tighter and more precious. This is because ethanol producers usually slow down their production between now and spring due to these being lower gasoline consumption months.

Ethanol Comments: The U.S. grind for ethanol continues to be the one bullish factor in the market. Last week's ethanol production average of 1,003 thousand barrels per day was once more above the average needed to meet USDA's corn-for-ethanol forecast. The caution is that the production is adding to stocks, which are above last year's level at this time. The correction that is likely to occur is a slowdown in ethanol production. Historically, ethanol producers have reduced their output during this time of year because gasoline

demand – and thus blending requirements – tends to drop off in the winter until warmer weather arrives in spring.

Overall, the U.S. Energy Information Agency (EIA) released its updated forecast calling for production in both 2016 and 2017 to average 970 thousand barrels a day, which is 6 thousand barrels per day greater than in 2015.

Meanwhile, ethanol production margin remains slim and the blender margin negative (note: due to a technical error ethanol margin data for Illinois was unavailable at the time of this report's publication).

- Iowa differential is \$1.12 per bushel, in comparison to \$1.29 the prior week and \$1.52 a year ago.
- Nebraska differential is \$1.36 per bushel, in comparison to \$1.44 the prior week and \$1.53 a year ago.
- South Dakota differential is \$1.33 per bushel, in comparison to \$1.44 the prior week and \$1.79 a year ago.

COUNTRY NEWS

Brazil: The estimate for corn production this season was raised from 82.04 MMT to 82.3 MMT. (DowJones)

India: Fifteen separate bids were received to supply 260 KMT of non-GMO corn with prices ranging from \$192.99-\$245/ton. The state-run PEC will tender for an additional 200 KMT with deliveries expected by the end of March.

Russia: Rusagro says that it shipped 10 KMT of corn to Japan. The country is set to become the world's largest wheat exporter just as the government has proposed an export tax in order to keep enough domestically for affordable animal feed. (Bloomberg/Reuters)

Sweden: Ethanol imports are up sharply, boosted by the purchasing power of a strong krona. (Agra-net)

South Africa: Yellow corn hit its highest price (\$222/MT) since 1996 and white corn (\$295/MT) is near its historical record. The country needs \$1.2 billion to import enough corn to meet demand. There may be contracts with South America to supply white corn later in this marketing year. (Bloomberg)

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	\$24.50	Down \$0.75	Handymax at \$25.25/MT
55,000 U.S. PNW-Japan	\$13.50	Down \$0.50	Handymax at \$15.50/MT
55,000 U.S. Gulf-China	\$23.00	Down \$1.00	North China
PNW to China	\$12.50	Down \$0.50	
30,000 U.S. Gulf-Veracruz, México	\$12.50	Down \$0.50	4,000 MT daily discharge

January 14, 2016

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			rate
40-45,000 U.S. Gulf-Veracruz, México	\$10.75	Down \$0.50	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$13.75 \$25.50	Down \$0.50 Down \$0.75	West Coast Colombia at \$20.00
36-40,000 U.S. Gulf-Guatemala	\$20.50	Down \$0.50	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$28.00 \$29.25	Down \$0.50 Down \$0.50	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$27.00	Down \$0.50	5,000 discharge rate
55,000 U.S. Gulf-Egypt PNW to Egypt	\$19.00 \$21.25	Down \$0.75 Down \$0.75	55,000 -60,000 MT St. Lawrence to Egypt \$20.00
65-75,000 U.S. Gulf-Europe-Rotterdam	\$11.50	Down \$0.50	Handymax at +\$1.25 more
Brazil, Santos-China	\$16.50 \$15.00	Down \$2.00 Down \$1.00	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$27.00	Down \$1.50	48-53,000 MT (11.5 meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$24.00	Down \$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: How much lower can rates go? Everyone keeps asking that question and every time it seems we have hit bottom, things go a little lower. That is the situation as we move through the first month of 2016. The Baltic Panamax index is now at a historic low of 399. I have keep records on this since 2002 and have never seen it so low. So, "are we there yet?" I do not think we have much room to go lower unless we can go to zero. Vessel owners have been selling ships at highly discounted rates to help with cash flow and others are just dropping anchor and sitting as rates have fallen below operating costs. So, we must be scrapping bottom.

But even if this is true, there does not seem to be much reason for a meaningful market turnaround. It is going to be a very difficult year for the shipping industry. Vessel owners must be thinking about jumping into the ocean while at sea?

PS: You may want to frame this edition of the Transportation Report as it could turn out to be the low point in global ocean freight rates in your professional lifetime.

January 14, 2016

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Baltic-Panamax Dry-Bulk Indices				
January 13, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	6,538	7,445	-907	-12.2%
P3A: PNW/Pacific– Japan	2,848	3,074	-226	-7.4%

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:

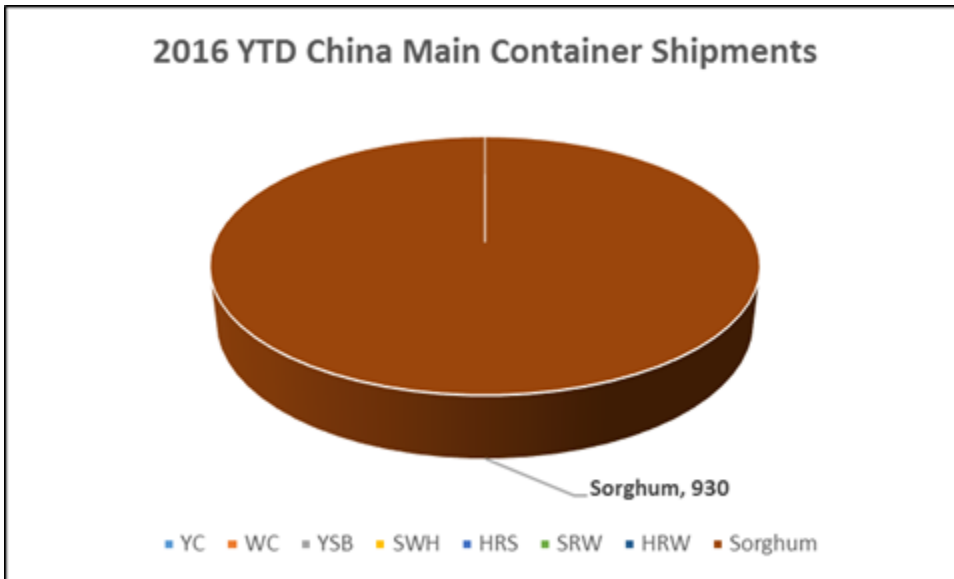
Week of January 13, 2016	
Four weeks ago:	\$4.10-\$4.25
Three weeks ago:	\$3.25-4.00
Two weeks ago	\$2.95-\$3.20
One week ago:	\$2.85-\$3.30
This week	\$2.85-\$2.95

Source: O'Neil Commodity Consulting

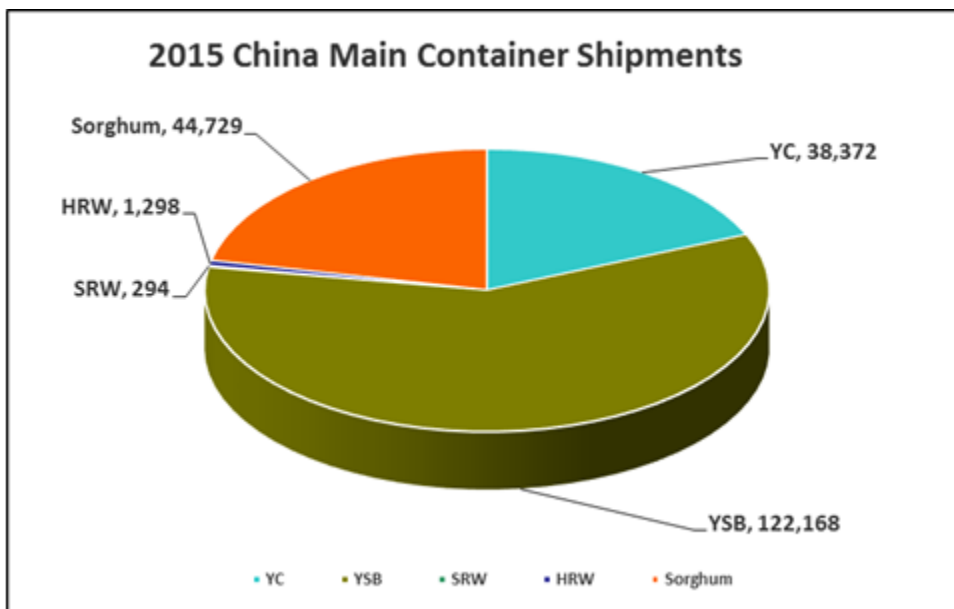
U.S.-Asia Market Spreads					
January 13, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.78	0.61	0.17	\$6.69	PNW
Soybeans	1.12	0.88	0.24	\$9.45	PNW
Ocean Freight	\$12.50	\$23.00	0.27-0.29	(\$10.50)	Feb.

Source: O'Neil Commodity Consulting

The charts below represent year-to-date 2016 versus January-December 2015 annual totals for container shipments to China.



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

January 14, 2016

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International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending January 14, 2016								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$22	\$24	\$23	\$23	\$25	\$20	-
	Brazil	\$14.50	\$16	\$16	\$20	\$19	\$15	-
Corn (White)	Argentina	\$22	\$24	\$23	\$23	\$25	\$20	-
	Brazil	\$14.50	\$16	\$16	\$20	\$19	\$15	-
Barley	Argentina	\$22	\$24	\$23	\$23	\$25	\$20	-
	Brazil	\$14.50	\$16	\$16	\$20	\$19	\$15	-
Sorghum	Argentina	\$22	\$24	\$23	\$23	\$25	\$20	-
	Brazil	\$14.50	\$16	\$16	\$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 13, 2016			
	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	0.85	0.85	0.76
LIBOR (1 year)	1.15	1.18	1.07

Source: www.bankrate.com