



March 9, 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 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.

CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn May Contract

\$/Bu	Friday March 3	Monday March 6	Tuesday March 7	Wednesday March 8	Thursday March 9
Change	1.250	-2.250	-2.5000	-3.7500	-5.2500
Closing Price	380.75	378.50	376.00	372.25	367.00
Factors Affecting the Market	Demand remains strong, buoying corn futures. Corn exports are up 68 percent YTD and U.S. corn is priced 40 cents below Brazil's. 118 deliveries against March futures shows some cash weakness, however. The dollar index fell 61 points while equities were higher.	Wheat was higher but unable to influence corn. There is little news for the corn market, though funds are still long and exports growing. Last week's exports of 56.9 million bu. were bullish. The dollar was slightly higher, putting bearish pressure on corn.	Favorable weather sent corn and other grains lower. Daily sales of 4.7 million bu. to unknown destinations occurred, per the USDA. Markets were quiet as traders waited for the March WASDE. A higher dollar and lower crude oil and equities added to the CBOT's bearish mood.	Corn headed lower on good S. American weather and expectations for big crops in the Thursday WASDE. Ethanol production fell last week though stocks were lower. The dollar was 30 points higher while equities were down. Crude oil fell on record inventories.	Global ending stocks grew 4 MMT in the WASDE while Brazil and Argentina's production were both increased. U.S. supply-side factors did not change, though corn use in ethanol was increased. A lower dollar was ignored by the market while equities and crude were down.

Outlook: Thursday's WASDE report was bearish for the corn and broader grains markets. The report increased world corn ending stocks by 4 MMT from the USDA's February estimate to 221 MMT. The USDA left U.S. production unchanged, but increased Argentina's production 1 MMT to a record large 37.5 MMT. Moreover, the agency bumped Brazil's production up to 91.5 MMT. The large, 5 MMT increase in Brazilian production came on the heels of larger-than-expected safrinha crop acreage and record-yield reports. Brazil's exports were increased 3 MMT which could pressure U.S. exporters. Argentine exports were increased 1 MMT, implying the additional production will go straight to the international market.

For now, the USDA left U.S. balance sheet line items essentially unchanged – including U.S. exports. There were neither changes to planted or harvested acreage, nor to U.S. yields. In fact, all supply-side items were unchanged from the February WASDE. Small month-over-month reductions were noted in Feed and Residual (down 50 million bushels, or 1 percent) while corn for ethanol use was increased 50 million bushels to a record 5.4 billion bushels. Give the recent strength in ethanol production, this ethanol grind figure is likely still too low and further increases are likely. U.S. ending stocks and average farm price estimates were unchanged; USDA left U.S. wheat for feed unchanged and bumped up sorghum for feed/residual by 10 million bushels.

The latest export sales report from the USDA shows continued strong demand for U.S. corn. Weekly shipments of 57.3 million bushels were above the 46 million needed this week to reach USDA's projection of 2.225 billion bushels for the 2016/17 marketing year. While export figures were strong, weekly sales figures were more neutral, with only 32.8 million bushels sold this week, 29.1 million from the current marketing year and 3.6 from the 2017/18 marketing year. Traders viewed the report as natural to bearish when it was released, but in light of today's WASDE, the report has a more bearish tint.

The WASDE report added to the already mounting pressure on May corn futures. The contract retreated to its 200-day moving average soon after the report was released, found support at \$3.67 ½, then traded and closed below this point. The contract has not closed below the 200-day moving average since December and today's close will usher in a new downside target of \$3.52, followed by \$3.41. On the upside, should weather problems develop in South America or demand become exceptionally strong, \$3.87 stands as the most logical bullish price target. Per last Friday's CFTC report, money managers were still long corn but today's news may limit their appetite for remaining long amid growing world stocks.

CBOT MAY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending March 9, 2017			
Commodity	9-Mar	3-Mar	Net Change
Corn			
Mar 17	359.75	374.75	-15.00
May 17	367.00	380.75	-13.75
Jul 17	374.50	387.25	-12.75
Sep 17	381.25	393.00	-11.75
Soybeans			
Mar 17	1000.25	1027.00	-26.75
May 17	1011.00	1037.50	-26.50
Jul 17	1020.50	1046.00	-25.50
Aug 17	1021.50	1046.00	-24.50
Soymeal			
Mar 17	324.10	328.80	-4.70
May 17	328.50	333.00	-4.50
Jul 17	331.90	336.00	-4.10
Aug 17	331.10	335.20	-4.10
Soyoil			
Mar 17	32.87	34.13	-1.26
May 17	33.11	34.38	-1.27
Jul 17	33.38	34.65	-1.27
Aug 17	33.47	34.70	-1.23
SRW			
Mar 17	426.00	433.75	-7.75
May 17	444.00	453.50	-9.50
Jul 17	459.75	468.25	-8.50
Sep 17	474.75	482.25	-7.50
HRW			
Mar 17	453.25	462.00	-8.75
May 17	462.50	471.75	-9.25
Jul 17	474.25	483.25	-9.00
Sep 17	488.75	496.50	-7.75
MGEX (HRS)			
Mar 17	534.75	537.00	-2.25
May 17	538.75	547.75	-9.00
Jul 17	546.25	554.00	-7.75
Sep 17	552.75	560.50	-7.75

*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 develop over the South and into portions of the Southeast. Up to 2 inches of rain is projected from south Texas into portions of Louisiana and Mississippi. Another storm system will impact the Pacific Northwest with both coastal and inland regions anticipating over 4 inches of rain and snow accumulating in the upper elevations. Cooler air will move south out of Canada, bringing with it colder than normal temperatures over the eastern half of the United States. Warmer than normal temperatures are expected over much of the West and Southwest, with departures of up to 12 degrees above normal.

The 6-10 day outlooks show a high probability of above-normal temperatures centered over the Southwest and impacting most areas from the West, Plains, and Southeast. A higher probability of cooler than normal temperatures is anticipated over New England and the Pacific Northwest. The highest probabilities of above-normal precipitation are projected to be over the Pacific Northwest and New England while the Plains are showing the highest chances of below-normal precipitation.

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 March 2, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	476,100	450,500	18,517.7	25,103.0	37%
Corn	892,400	1,453,700	26,210.0	44,149.5	53%
Sorghum	111,000	52,700	2,634.7	3,597.3	-44%
Barley	0	300	15.0	17.9	-34%

Corn: Net sales of 741,100 MT for 2016/2017 were up 7 percent from the previous week, but down 7 percent from the prior 4-week average. Increases were for Japan (318,800 MT, including 99,200 MT switched from unknown destinations and decreases of 5,000 MT), South Korea (175,800 MT, including 65,000 MT switched from unknown destinations and decreases of 14,500 MT), Mexico (165,000 MT, including decreases of 1,600 MT), Saudi Arabia (113,100 MT, including 101,500 MT switched from unknown destinations), and Colombia (61,700 MT, including 48,000 MT switched from unknown destinations and decreases of 100 MT). Reductions were reported for unknown destinations (218,300 MT) and El Salvador (15,600 MT). For 2017/2018, net sales of 93,000 MT were reported for Mexico (90,000 MT) and Japan (3,000 MT). Exports of 1,453,700 MT were down 3 percent from the previous week, but up 15 percent from the prior 4-week average. The primary destinations were Japan (457,200 MT), Mexico (246,300 MT), South Korea (196,500 MT), Colombia (164,000 MT), and Saudi Arabia (113,100 MT).

Optional Origin Sales: For 2016/2017, options were exercised to export 68,000 MT to South Korea from the United States. The current optional origin outstanding balance of 688,000 MT is for unknown destinations (293,000 MT) and South Korea (395,000 MT).

Barley: No net sales were reported for the week. Exports of 300 MT were reported to Taiwan.

Sorghum: Net sales of 110,100 MT for 2016/2017 were up noticeably from the previous week and up 79 percent from the prior 4-week average. Increases were for Mexico (99,300 MT), Japan (10,000 MT), and China (1,700 MT). Reductions were reported for Nigeria (900 MT). Exports of 52,700 MT were down 49 percent from the previous week and 57 percent from the prior 4-week average. The destinations were China (51,700 MT), Mexico (600 MT), and Nigeria (400 MT).

U.S. Export Inspections: Week Ending March 2, 2017					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	120	72	31,215	30,045	104%
Corn	1,444,972	1,467,947	27,358,327	15,738,551	174%
Sorghum	54,850	133,959	3,233,803	5,264,865	61%
Soybeans	921,779	706,267	44,312,383	39,701,257	112%
Wheat	535,920	543,318	19,468,269	15,257,768	128%

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 March 2, 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	905,220	65%	51,068	96%	51,711	94%
PNW	365,761	26%	147	0%	0	0%
Interior Export Rail	120,780	9%	1,996	4%	3,139	6%
Total (Metric Tons)	1,391,761	100%	53,211	100%	54,850	100%
White Corn Shipments by Country (MT)			20,453	to Colombia		
			32,611	to Mexico		
			147	to South Korea		
Total White Corn (MT)			53,211			
Sorghum Shipments by Country (MT)					51,711	to China
					3,139	Mexico
Total Sorghum (MT)					54,850	

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)
March 25	+0.53 K	\$165.34	-	-
April	+0.46 K	\$162.59	+0.78 K	\$175.19
May	+0.45 K	\$162.20	+0.78 K	\$175.19
June	+0.43 N	\$164.36	+0.73 N	\$176.17

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	March	April	May
Gulf	\$203	\$203	\$203

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
April	+0.60 K	\$168.10	+0.50 K	\$164.16
May	+0.55 K	\$166.13	+0.50 K	\$164.16

Barley: Feed Barley (FOB USD/MT)			
	March	April	May
FOB PNW	\$190	\$195	\$200

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	April	May	June
New Orleans	\$130	\$130	\$130
Quantity 5,000 MT			

Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	April	May	June
New Orleans	\$615	\$615	\$615
*5-10,000 MT Minimum			

Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)		
	March	April
Rail Delvd. East Coast	\$560	\$560
Rail Delvd. Chicago	\$545	\$545
Truck Delvd. Chicago	-	-
Truck Delvd. Channahon/Elwood	-	-

*All prices are market estimates.

DDGS Price Table: March 9, 2017 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	March	April	May
Barge CIF New Orleans	135	137	138
FOB Vessel GULF	145	147	148
Rail delivered PNW	163	165	166
Rail delivered California	165	167	168
Mid-Bridge Laredo, TX	162	164	165
FOB Lethbridge, Alberta	142	143	143
40 ft. Containers to South Korea (Busan)	172	172	174
40 ft. Containers to Taiwan (Kaohsiung)	172	173	174
40 ft. Containers to Philippines (Manila)	178	178	181
40 ft. Containers to Indonesia (Jakarta)	177	177	180
40 ft. Containers to Malaysia (Port Kelang)	177	178	180
40 ft. Containers to Vietnam (HCMC)	178	178	181
40 ft. Containers to Japan (Yokohama)	173	173	176
40 ft. containers to Thailand (LCMB)	172	173	174
40 ft. Containers to China (Shanghai)	179	179	182
KC & Elwood, IL Rail Yard (delivered Ramp)	128	129	131

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 exports had a near-record year in 2016, almost matching the 2015 all-time record. Exports in 2016 totaled 11.48 MMT, the second highest figure on record and down just 10 percent from 2015. Per an industry report, roughly one of every three tons produced in the U.S. was exported during 2016, and Mexico along with several Asian countries were the primary buyers.

DDGS prices this week continued buying demand and remained competitive against slightly lower soybean meal prices. The value proposition offered by DDGS versus soybean meal is keeping Asian buyers eager to purchase U.S. product, according to DDGS merchandisers. U.S. FOB ethanol plant DDGS prices were lower this week, averaging \$102/MT while FOB Gulf prices declined \$3/MT to \$145. Still, DDGS are holding their value against soybean meal, maintaining a \$2.80 per protein unit advantage against soybean meal FOB plant and a \$1.77 per protein unit advantage on the export market (FOB Gulf). Asian buyers are taking advantage of the competitiveness, purchasing higher DDGS volumes at lower prices (prices for 40-foot containers to southeast Asia were down this week). With ethanol production slowing and consumption of DDGS increasing, a turnaround in DDGS prices is possible in the coming weeks.

COUNTRY NEWS

Australia: The barley production estimate was raised by 2.4 MMT (23 percent) to what would now be a record crop of 13 MMT. (Western Producer)

China: The nation's second largest corn producing province, Jilin, is asking for larger subsidies from the central government. Beijing had tried to push the responsibility of farmer support to the provincial level but removal of the central government's support has pushed prices below the forecasted level. As a result of the surpluses, the China National Grain and Oils Information Center says that as of March 1, domestic corn was priced 60 yuan (\$8.68) less per ton than the landed cost of U.S. No. 2 corn. It now expects China to import just 1 MMT of corn this year. The government is dreaming up all kinds of ways to dispose of the large surplus of corn from ethanol, to sweetener, to plastics. (Reuters; FT)

Russia: Corn production 2016/17 reached a record 15.3 MMT, a 16 percent increase. The Federal Statistics Service says about a third of it will be exported. (Bloomberg)

South America: USDA raised its estimates for corn production to 37.5 MMT in Argentina and 91.5 MMT in Brazil. Some private forecasters believe the crops are even larger but USDA's latest forecast was above the average of the predictions by the trade. (Reuters)

South Sudan: A scarcity of food has caused a 150 percent increase in the price of sorghum, leading local producers to increase their sowing of the staple crop. (Daily Monitor)

Ukraine: Europe's third largest agricultural exporter, Ukraine, intends to raise cargo transportation tariffs by 25 percent this summer. Grain transportation rates in Ukraine have grown by 88 percent over the past three years. Meanwhile, Ukrainian Railways has still been unable to provide grain hopper cars in sufficient quantity. (World Grain; Philippines News Agency)

Zambia: At 3 MMT, the Grain Traders Association of Zambia says this is the only southern African country to produce a surplus of corn this past year and, unless the government lifts the export restriction, grain holders will run out of storage space. (Bloomberg)

Zimbabwe: The state-run Agricultural Marketing Authority has \$62 million to buy corn from farmers and has been told to raise an additional \$80 million. Farmers have planted 55 percent more corn this year after only

delivering about half of the domestic requirement of 2.2 MMT. The government pays farmers \$390/MT, or 2.67 times the current value of corn on the world market. (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	\$39.00	Up \$2.00	Handymax at \$37.50/MT
55,000 U.S. PNW-Japan	\$21.25	Up \$1.50	Handymax at \$19.50/MT
55,000 U.S. Gulf-China	\$37.50	Up \$2.00	North China
PNW to China	\$20.50	Up \$1.50	
25,000 U.S. Gulf-Veracruz, México	\$17.00	Up \$0.75	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$15.25	Up \$0.75	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$22.25 \$35.00	Up \$1.25 Up \$2.00	West Coast Colombia at \$30.00
40-45,000 U.S. Gulf-Guatemala	\$26.75	Up \$1.00	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$27.00 \$29.25	Up \$1.50 Up \$1.50	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$26.00	Up \$1.50	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$24.00	Up \$1.50	55,000 -60,000 MT St. Lawrence to Egypt \$23.00
PNW to Egypt	\$27.00	Up \$1.25	
60-70,000 U.S. Gulf-Europe-Rotterdam	\$15.50	Up \$0.75	Handymax at +\$1.50 more
Brazil, Santos-China	\$29.50	Up \$3.50	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
Itacoatiara Port up river	\$29.00	Up \$3.50	
Amazonia-China	\$33.00	Up \$3.25	
56-60,000 Argentina-China Upriver with Top-Off	\$38.00	Up \$3.25	—

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: "Hooray and up she rises!" Market traders are sure showing optimism for a bullish market. Dry-bulk freight markets are definitely up and rising and deserving of some celebration by vessel owners. In the last three weeks, the Baltic Dry-Bulk index is up 376 points or 55 percent. The Baltic Dry-Bulk Panamax index is up 287 points or 31 percent. Physical Dry-Bulk Panamax markets from the U.S. Gulf to Asia are up \$3.00/MT or 9 percent. At week's end things seem to be cooling down a bit, or at least taking a rest.

U.S. Interior rail logistics to west coast ports in the PNW have greatly improved. Most rail track repair has been completed and grain rail service to the ports has pretty much returned to normal. The vessel loading backlog is slowly declining but will still take some weeks to fully recover. We have to hope Mother Nature will not throw something more at us over the next couple of months. We are not totally out of the winter season yet and certainly not beyond the possibility of spring flooding. Best to keep a little extra inventory.

Baltic-Panamax Dry-Bulk Indices				
March 9, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	15,056	13,929	1,127	8.1%
P3A: PNW/Pacific– Japan	10,390	9,170	1,220	13.3%
S1C: U.S. Gulf-China-S. Japan	20,781	20,528	253	1.2%

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:

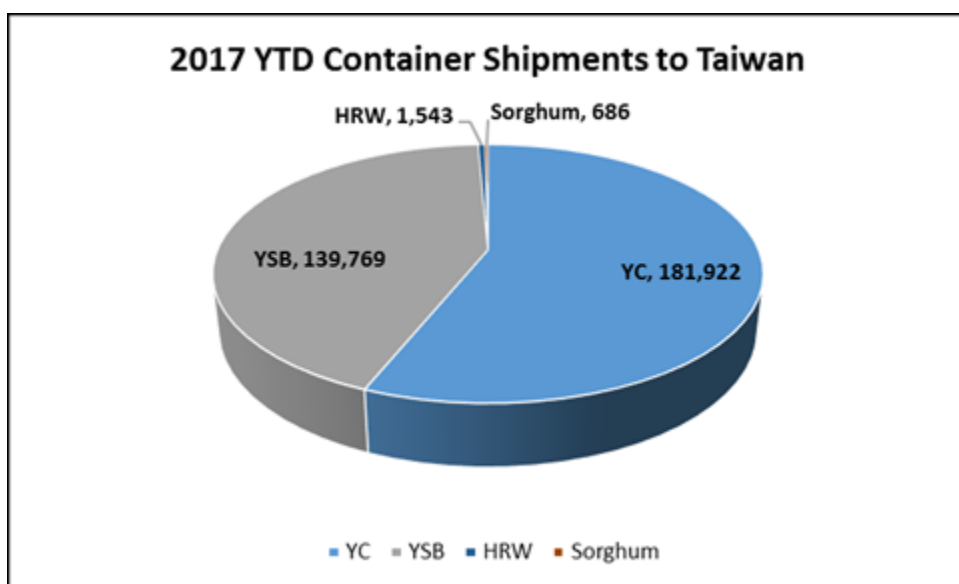
Week Ending March 9, 2017	
Four weeks ago:	\$4.70-\$4.90
Three weeks ago:	\$3.85-\$4.10
Two weeks ago:	\$4.20-\$5.40
One week ago:	\$5.35-\$6.00
This week	\$6.15-\$6.45

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
March 9, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.77	0.46	0.31	\$12.20	PNW
Soybeans	0.66	0.33	0.33	\$12.99	PNW
Ocean Freight	\$20.50	\$37.50	0.42-0.45	(\$17.00)	April

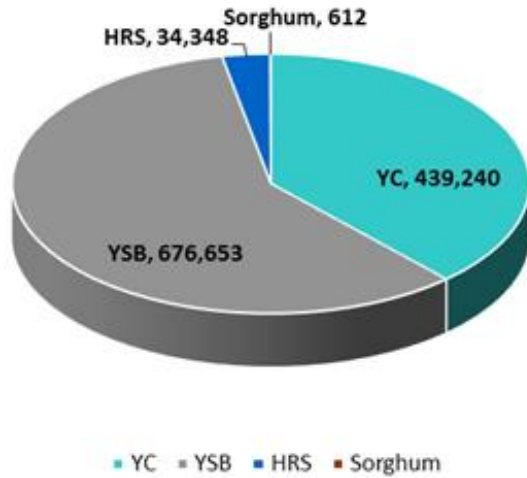
Source: O'Neil Commodity Consulting

The charts below represent YTD 2017 versus January-December 2016 annual totals for container shipments to Taiwan.



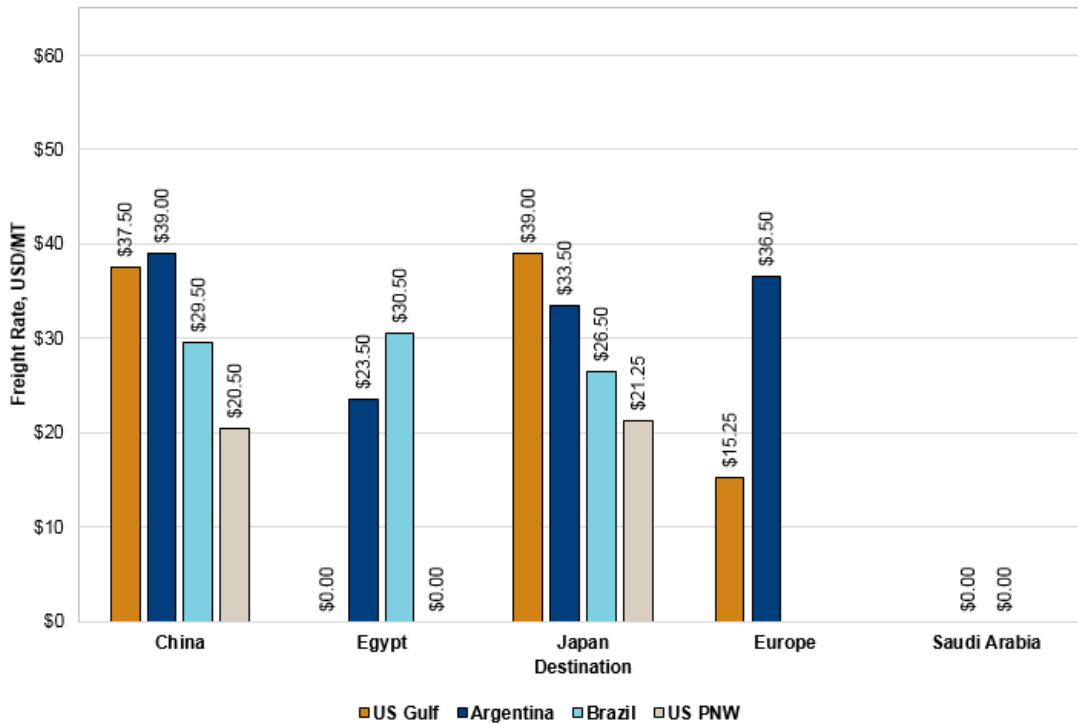
Source: O'Neil Commodity Consulting

2016 Container Shipments to Taiwan

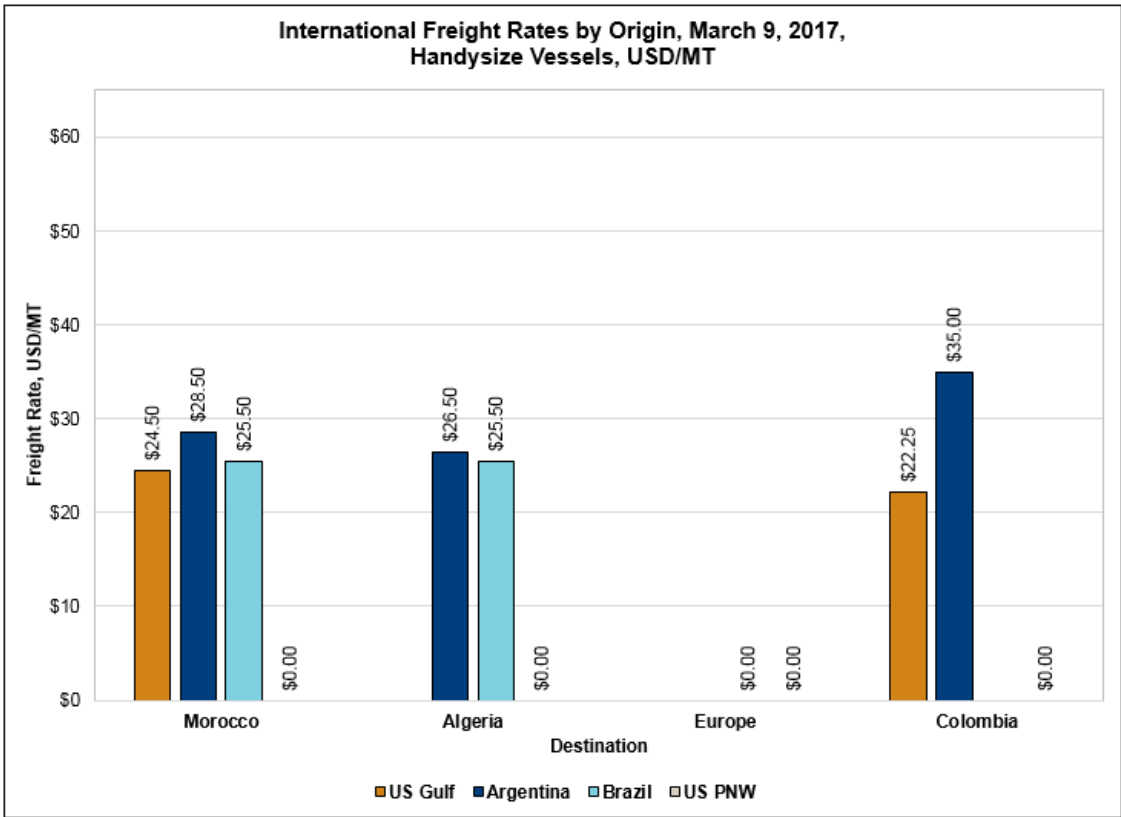


Source: O'Neil Commodity Consulting

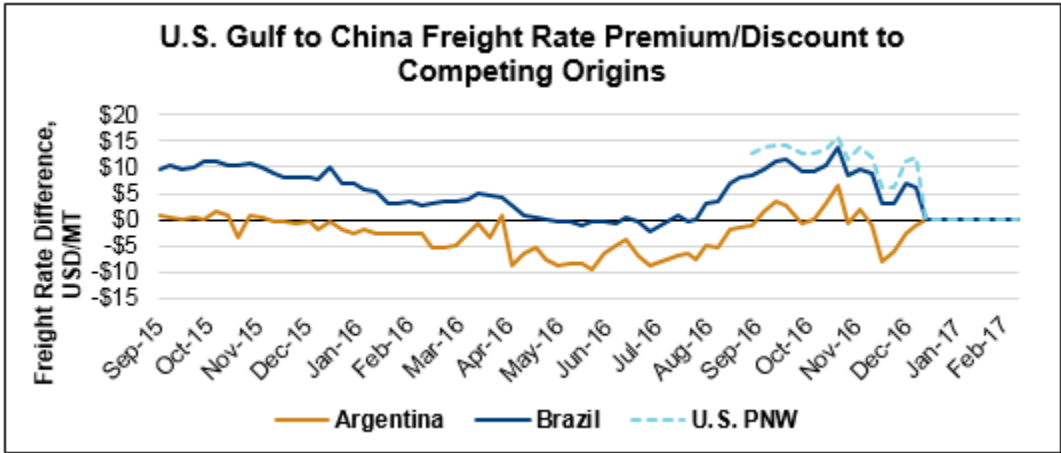
International Freight Rates by Origin, March 9, 2017, Supramax/Panamax Vessels, USD/MT



Source: DTN, O'Neil Commodity Consulting and WPI



Source: DTN, O'Neil Commodity Consulting and WPI



Source: DTN, O'Neil Commodity Consulting and WPI

INTEREST RATES

Interest Rates (%): March 9, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	3.75	3.75	3.75
LIBOR (6 month)	1.42	1.37	1.34
LIBOR (1 year)	1.80	1.76	1.71

Source: www.bankrate.com