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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn May Contract

\$/Bu	Friday 11 February	Monday 14 February	Tuesday 15 March	Wednesday 16 March	Thursday 17 March
Change	0.0340	0.0360	-0.0020	-0.0020	-0.0060
Closing Price	3.6500	3.6860	3.6840	3.6820	3.6760
Factors Affecting the Market	Strong outside markets, a 170 KMT sale to Japan and wetness in the Delta and funds have begun to cover some of their large short positions.	The corn pit saw all of the action as short position coverage continued; funds were more short than expected.	Narrow trading range (3 cents) and mixed outcomes as there was nothing to move the market one way or another.	Corn could find no reason to trade much in any direction.	Corn was up initially on a weaker dollar but on a day when outside markets were hot, corn closed down slightly.

Outlook: Last Friday’s Commitment of Traders report surprised many by the sheer scale of the net short positions by funds. Coverage was then pursued sparking a small rally. Nonetheless, short positions remain large. Then the U.S. Federal Reserve expressed concerns about a softer than expected economy, tanking the

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.

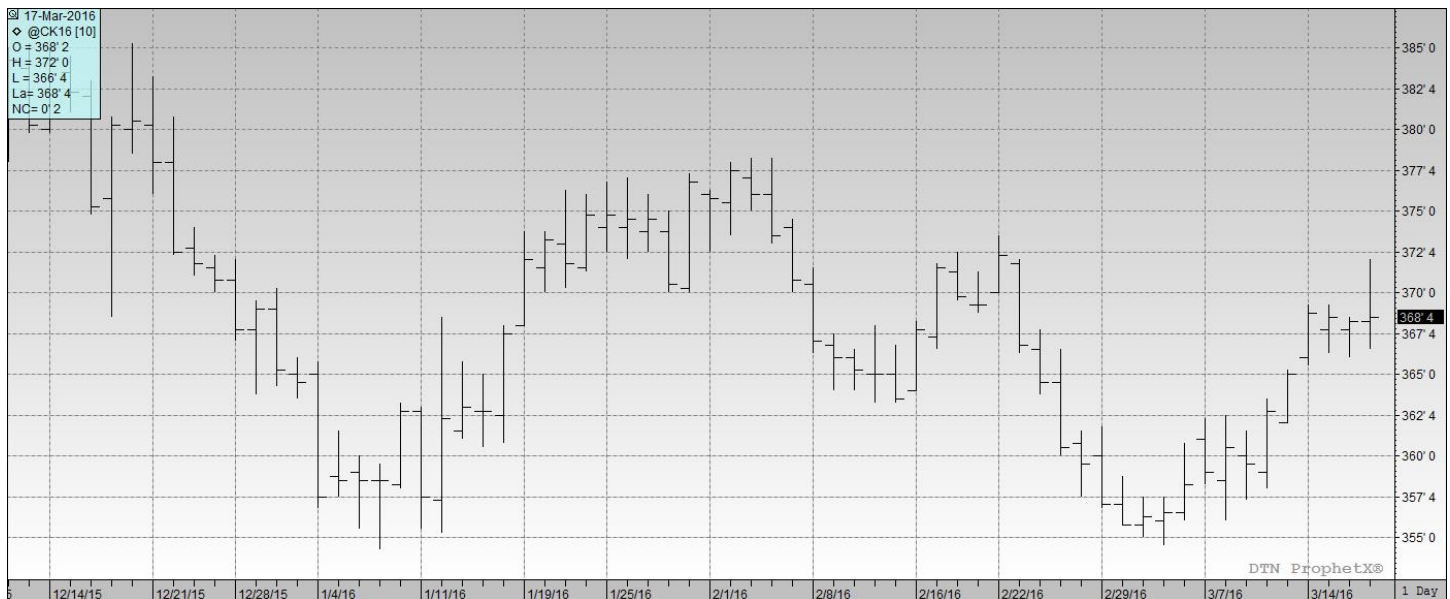
The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C. and has ten international offices that oversee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

dollar and sparking commodity markets. This bullish input pulled the equities market into the black for the first time in 2016 but it was not enough to hold up the price of agricultural commodities.

All of this may be small potatoes relative to the USDA reports on stocks and planting intentions at the end of this month. The latter report holds the most interest, particularly if it indicates a different story than the increase in corn acres expected by the trade. The May contract currently cannot break through the resistance at \$3.70-\$3.75; a bullish planting intentions report would break this barrier.

Notably, Brazil has exported a record amount of corn but now there are reports it may have to import some to meet domestic demands.

CBOT MAY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending March 17, 2016			
Commodity	17-Mar	11-Mar	Net Change
Corn			
May 16	368.50	365.00	3.50
Jul 16	373.00	369.50	3.50
Sep 16	378.25	374.25	4.00
Dec 16	387.25	382.75	4.50
Soybeans			
May 16	897.75	895.75	2.00
Jul 16	904.00	901.50	2.50
Aug 16	906.25	903.50	2.75
Sep 16	906.25	903.50	2.75
Soymeal			
May 16	267.00	273.50	-6.50
Jul 16	269.70	276.20	-6.50
Aug 16	271.00	277.20	-6.20
Sep 16	272.10	278.10	-6.00
Soyoil			
May 16	33.41	32.13	1.28
Jul 16	33.64	32.37	1.27
Aug 16	33.72	32.45	1.27
Sep 16	33.80	32.54	1.26
SRW			
May 16	462.50	475.75	-13.25
Jul 16	470.00	482.75	-12.75
Sep 16	479.75	492.00	-12.25
Dec 16	493.50	505.50	-12.00
HRW			
May 16	470.75	483.00	-12.25
Jul 16	481.25	493.00	-11.75
Sep 16	495.00	506.00	-11.00
Dec 16	514.75	525.25	-10.50
MGEX (HRS)			
May 16	509.75	515.25	-5.50
Jul 16	519.25	523.50	-4.25
Sep 16	529.25	533.25	-4.00
Dec 16	543.00	546.75	-3.75

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: During the next 5 days (March 17-21), a ridge will develop over the western U.S., bringing warmer-than-normal temperatures, and a trough over the east with colder-than-normal air masses. Up to 2 inches of precipitation may fall along the northern California to Washington coast, with a tenth of an inch to an inch further inland over the interior Northwest and central to northern Rockies. But most of the West to Great Plains will see little to no precipitation. Coastal lows will spread up to an inch to 2 inches from central Texas, along the Gulf of Mexico Coast, and up the Atlantic coast, and an inch to 2 inches may fall over the western Great Lakes. Precipitation is expected to be lighter towards the Ohio Valley with less than a quarter inch falling from the Ohio and Tennessee Valleys to the Mississippi Valley.

For days 6-10 (March 22-26), the odds favor below-normal precipitation in the Southwest to southern Plains of the CONUS, and along the Southeast coast, and above-normal precipitation across the northern tier states and along the Mississippi to Ohio Valleys. Above-normal temperatures are expected everywhere except the Pacific Northwest and southern Florida.

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 March 10, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	223,300	416,200	14,903.5	18,569.2	-18%
Corn	1,309,700	873,900	16,701.4	30,049.4	-18%
Sorghum	14,000	150,100	5,085.5	6,452.2	-20%
Barley	0	0	23.3	27.2	-81%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 1,227,000 MT for 2015/2016 were up 5 percent from the previous week and 17 percent from the prior 4-week average. Increases were reported for Japan (437,300 MT, including 109,400 MT switched from unknown destinations and decreases of 69,900 MT), Mexico (283,900 MT), unknown destinations (191,300 MT), the Dominican Republic (66,400 MT), China (52,500 MT), and Colombia (43,300 MT). Reductions were reported for South Korea (900 MT). For 2016/2017, net sales of 61,400 MT were reported for Mexico (47,400 MT) and Honduras (14,000 MT). Exports of 873,900 MT were down 17 percent from the previous week, but up 4 percent from the prior 4-week average. The primary destinations were Mexico (285,100 MT), Japan (260,200 MT), Colombia (132,300 MT), South Korea (64,200 MT), Venezuela (30,000 MT), and Guatemala (25,100 MT).

Optional Origin Sales: For 2015/2016, new optional origin sales totaling 58,000 MT were reported for unknown destinations. Decreases totaling 58,000 MT were reported for unknown destinations. The current outstanding balance totals 340,000 MT, all unknown destinations.

Barley: There were no sales or exports reported during the week.

Sorghum: Net sales of 9,400 MT for 2015/2016 resulted as increases for China (63,700 MT, including 59,200 MT switched from unknown destinations and decreases of 3,500 MT), Japan (8,400 MT, including 8,100 MT switched from unknown destinations), Mexico (5,300 MT), and Indonesia (200 MT), were partially offset by reductions for unknown destinations (68,100 MT). Exports of 150,100 MT were up 40 percent from the previous week, but down 1 percent from prior 4-week average. The destinations were China (127,900 MT), Japan (18,400 MT), and Mexico (3,800 MT).

U.S. Export Inspections: Week Ending March 10, 2016					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	343	30,045	157,768	19%
Corn	804,499	970,557	16,543,172	20,502,713	81%
Sorghum	148,607	108,360	5,413,496	5,171,024	105%
Soybeans	715,186	1,094,579	40,275,887	43,143,906	93%
Wheat	406,577	449,026	15,665,835	17,894,693	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 March 10, 2016						
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	486,754	65%	43,714	81%	71,400	48%
PNW	181,751	24%	0	0%	10,161	7%
Interior Export Rail	82,301	11%	9,979	19%	67,046	45%
Total (Metric Tons)	750,806	100%	53,693	100%	148,607	100%
White Corn Shipments by Country (MT)			53,693	to Mexico		
Total White Corn (MT)			53,693			
Sorghum Shipments by Country (MT)					122,158	to China
					18,440	to Japan
					122	to Korea
					7,887	to Mexico
Total Sorghum (MT)					148,607	

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)
LH March	+0.49 K	\$164.36	-	-
April	+0.49 K	\$164.36	+0.61 K	\$169.08
May	+0.45 K	\$162.79	+0.61 K	\$169.08
June	+0.45 N	\$164.56	+0.60 N	\$170.46

#2 White Corn (U.S. \$/MT FOB Vessel)		
Max. 15.0% Moisture	April	May
Gulf	\$220	\$220

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
April	+0.83 K	\$177.75	+0.83 K	\$177.75
May	+0.83 K	\$177.75	+0.83 K	\$177.75
June	+0.83 N	\$179.52	+0.70 N	\$174.40

Barley: Feed Barley (FOB USD/MT)			
	March	April	May
FOB PNW	\$140	\$140	\$140

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	April	May	June
New Orleans	\$150	\$150	\$150
<i>Quantity 5,000 MT</i>			

Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	April	May	June
New Orleans	\$545	\$545	\$540

**5-10,000 MT Minimum*

**All prices are market estimates.*

DDGS Price Table: March 17, 2016 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Apr.	May	Jun.
Barge CIF New Orleans	166	164	163
FOB Vessel GULF	170	168	168
Rail delivered PNW	198	196	195
Rail delivered California	199	197	196
Mid-Bridge Laredo, TX	195	192	192
FOB Lethbridge, Alberta	165	162	162
40 ft. Containers to South Korea (Busan)	202	201	201
40 ft. Containers to Taiwan (Kaohsiung)	204	203	202
40 ft. Containers to Philippines (Manila)	214	214	214
40 ft. Containers to Indonesia (Jakarta)	217	216	215
40 ft. Containers to Malaysia (Port Kelang)	213	212	211
40 ft. Containers to Vietnam (HCMC)	212	211	210
40 ft. Containers to Japan (Yokohama)	215	215	215
40 ft. containers to Thailand (LCMB)	209	208	206
40 ft. Containers to Shanghai, China	208	208	208
KC & Elwood, IL Rail Yard (delivered Ramp)	171	170	169

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: Although U.S. exports of DDGS to China are down, that country continues to offer a price premium for both DDGS and sorghum imports over shipments going to other markets. Still, protein feed markets are pressured – the latest factor being large supplies of Canola meal coupled with a weak Canadian dollar, complicated further by China's ban on imports under the pretense of blackleg fungal disease. The ban comes concurrent with China's effort to deal with its own surplus of rapeseed meal supply.

USDA's Agricultural Marketing Service (AMS) reports that DDGS prices FOB domestic plants traded mostly steady last week with some locations down \$5.00/MT. In a similar vein, the trade reports that export prices for DDGS were flat to down slightly. There were no changes in prices for April/May shipment to China, the Philippines or Japan, and the maximum decline was -\$4/container for shipment to Thailand. The average change was -\$1/container.

The one positive offset is that freight remains very inexpensive, which helps the DDGS netbacks versus corn. There may be some supply tightening as plants go through the normal amount of expected downtime for spring maintenance in March and April.

Ethanol Comments: The industry has had its heaviest grind for ethanol since averaging 1.003 million barrels per day (BPD) during the week of January 8. Consequently, the Energy Information Administration (EIA)

March 17, 2016

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reports that U.S. weekly ethanol output was up 21,000 BPD to a total of 999,000 BPD. However, use is also up as the agency reports that weekly ethanol stocks declined by 454,000 barrels resulting in overall stocks of 22.85 million barrels. Higher overall fuel use and higher gasoline prices should improve margins.

Separately, the U.S. Environmental Protection Agency and the Commodity Futures Trading Commission announced that they would begin sharing information on the generation of renewable identification numbers (RINs) using non-public, proprietary business information in an effort to ensure the sanctity of the market.

The margin between the corn price and the value of ethanol and coproducts was up in Iowa, Nebraska and South Dakota, but fell in Illinois. (see below).

- Illinois differential is \$1.30 per bushel, in comparison to \$1.36 the prior week and \$2.04 a year ago.
- Iowa differential is \$1.22 per bushel, in comparison to \$1.20 the prior week and \$1.67 a year ago.
- Nebraska differential is \$1.38 per bushel, in comparison to \$1.37 the prior week and \$1.57 a year ago.
- South Dakota differential is \$1.44 per bushel, in comparison to \$1.34 the prior week and \$1.88 a year ago.

COUNTRY NEWS

China: Corn prices are falling precipitously, down \$12.30/MT to an average \$288.10/MT last week as the government unloads surplus stocks and cornstarch inventories continue to climb. (WPI)

India: A tender to import 240,000 tons of corn was cancelled due to higher expected domestic production and, notably, “questions about the availability of non-genetically modified corn as demanded.” (Reuters)

Turkey: The government increased the local value added tax on imported DDGS and corn gluten feed from 8 percent to 18 percent in order to protect the domestic soybean/sunseed crushers.

Zimbabwe: The World Food Program is seeking \$220 million to supply corn and other staples to Zimbabweans suffering from the drought. (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	\$23.50	Unchanged	Handymax at \$24.25/MT
55,000 U.S. PNW-Japan	\$14.00	Unchanged	Handymax at \$14.75/MT
55,000 U.S. Gulf-China	\$21.50	Unchanged	North China
PNW to China	\$13.00	Unchanged	
30,000 U.S. Gulf-Veracruz, México	\$12.50	Unchanged	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$10.50	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$12.75 \$24.75	Unchanged Unchanged	West Coast Colombia at \$19.50
36-40,000 U.S. Gulf-Guatemala	\$20.00	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$27.50 \$29.75	Unchanged Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$26.50	Unchanged	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$18.50	Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$19.00
PNW to Egypt	\$21.75	Unchanged	
65-75,000 U.S. Gulf-Europe-Rotterdam	\$11.75	Unchanged	Handymax at +\$1.25 more
Brazil, Santos-China	\$15.75 \$14.75	Unchanged Unchanged	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$26.00	Unchanged	48-53,000 MT (11.5-meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$23.50	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: In the world of ocean freight, what goes up must come back down. The basic fundamentals remain unchanged. It appears the market rally of the previous two weeks has come to an end and that things are cooling off again. The Capsize vessel market has not moved enough to notice over the past three weeks and past support in the Panamax sector seems to be wavering. It is only the smaller vessel segments (Supramax and Handymax) that are

holding onto past gains. I've left rates unchanged for the week as we monitor how things track going into the weekend.

It looks like we exported some U.S. ethanol from Houston, TX to India at a freight rate of \$85.00/MT. I don't believe that U.S. west coast product would be competitive, but for the record that freight spread looks to be close to \$10.00/MT.

Baltic-Panamax Dry-Bulk Indices				
March 16, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	6,700	6,708	-8	-0.1%
P3A: PNW/Pacific– Japan	4,695	4,628	67	1.4%

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:

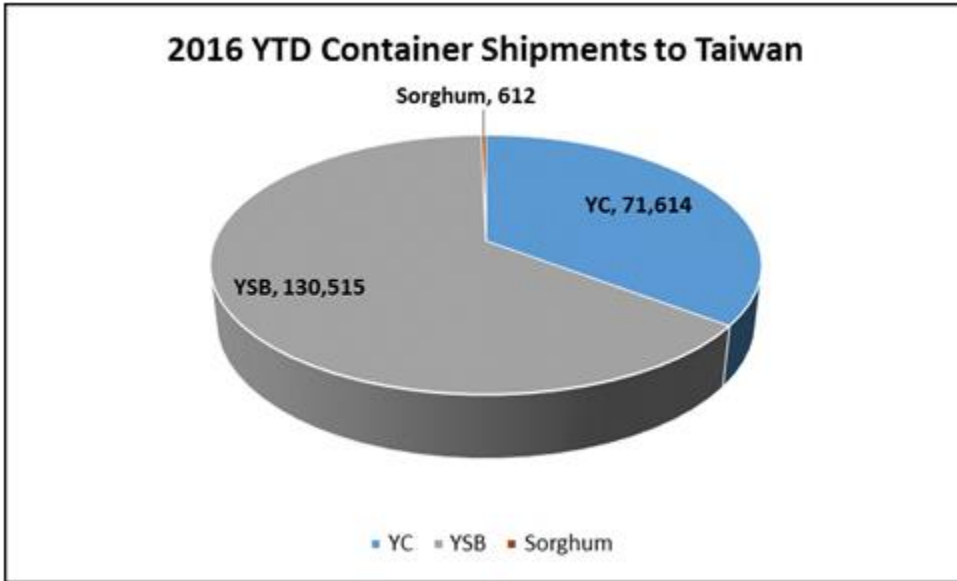
Week of March 16, 2016	
Four weeks ago:	\$2.80-\$2.90
Three weeks ago:	\$2.75-\$3.00
Two weeks ago:	\$2.90-\$3.00
One week ago:	\$2.90-\$3.00
This week:	\$2.95-\$3.00

Source: O'Neil Commodity Consulting

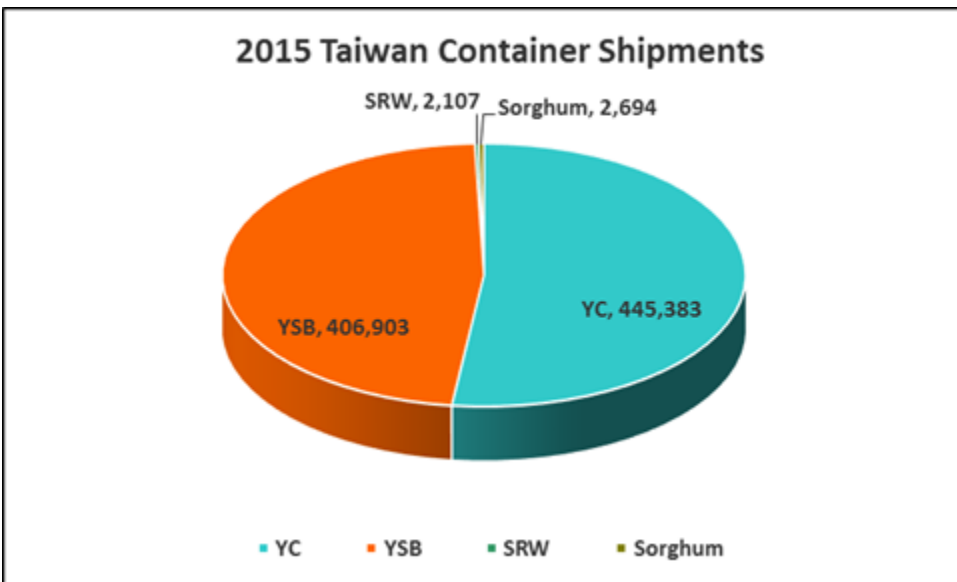
U.S.-Asia Market Spreads					
March 16, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.61	0.48	0.13	\$5.12	PNW
Soybeans	0.94	0.48	0.46	\$18.11	Gulf
Ocean Freight	\$13.00	\$21.50	0.22-0.23	(\$8.50)	April

Source: O'Neil Commodity Consulting

The charts below represent year-to-date 2016 versus January-December 2015 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 March 17, 2016								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$20.25	\$22.50	\$21	-	\$24	\$17	-
	Brazil	\$14.75	\$16.75	\$15.75	-	\$18	\$12	-
Corn (White)	Argentina	\$20.25	\$22.50	\$21	-	\$24	\$17	-
	Brazil	\$14.75	\$16.75	\$15.75	-	\$18	\$12	-
Barley	Argentina	\$20.25	\$22.50	\$21	-	\$24	\$17	-
	Brazil	\$14.75	\$16.75	\$15.75	-	\$18	\$12	-
Sorghum	Argentina	\$20.25	\$22.50	\$21	-	\$24	\$17	-
	Brazil	\$14.75	\$16.75	\$15.75	-	\$18	\$12	-

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 (%): March 16, 2016			
	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	0.91	0.90	0.87
LIBOR (1 year)	1.22	1.19	1.12

Source: www.bankrate.com