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## CHICAGO BOARD OF TRADE MARKET NEWS

### Week in Review: CME Corn May Contract

\$/Bu	Friday 6 April	Monday 9 May	Tuesday 10 May	Wednesday 11 May	Thursday 12 May
<b>Change</b>	0.0425	-0.0825	0.1075	-0.0450	0.0960
<b>Closing Price</b>	3.7600	3.6775	3.7850	3.7400	3.836
<b>Factors Affecting the Market</b>	Initially reluctant, active soybean trading pulled corn along.	The market finished on the day's lows due to good planting progress and expected high ending stocks.	A WASDE showing tighter soybean supplies carried corn along with it.	Lacking any fresh demand news, the market took a breather with a modest decline.	A view that corn acres will be lost to soybeans in price competition, plus a sale of 210 KMT old crop corn to Saudi Arabia charged corn higher.

**Outlook:** USDA's May WASDE report was expected to be mostly bearish, and while it cannot be called bullish for corn it was less bearish than expected. The result was a 3.2 percent price spike on Tuesday. USDA projects the 2016/17 corn carryout to be 350 million bushels larger than last year's, but that turned out to be over 100 million bushels less than expected. And while world corn production this year will be substantially larger than last year, so will corn use, leaving ending stocks roughly the same. That said, it is still a 2.2-billion-

**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.**

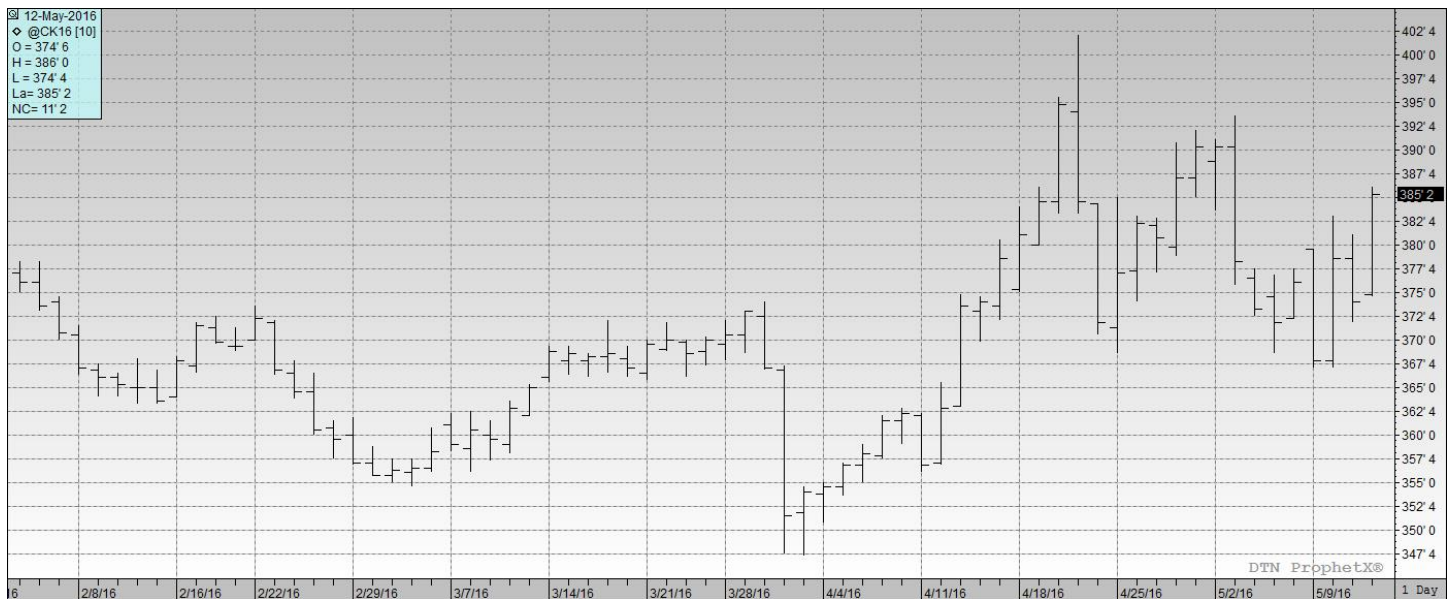
*The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C. and has ten international offices that oversee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

bushel carryout and the burden remains on the bulls. One demand trigger that could get pulled is the fact that U.S. corn at the gulf is notably cheaper than at the ports in Brazil.

The futures market is experiencing large volumes and large open interest. Attention will now shift toward spring planting and the accompanying weather outlook.

U.S. corn remains competitive on the spot market. Both farmers and exporters are taking a beating in Argentina as weather delayed harvesting and thus delivery is imposing increased demurrage costs and late delivery penalties. Black Sea feed wheat is attracting feed interest, as is the HRW cash market. Wheat will grow more competitive for feed as the weeks go by.

## CBOT MAY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending May 12, 2016			
Commodity	12-May	6-May	Net Change
<b>Corn</b>			
May 16	385.25	376.00	9.25
Jul 16	389.00	377.50	11.50
Sep 16	391.75	379.50	12.25
Dec 16	396.25	384.75	11.50
<b>Soybeans</b>			
May 16	1064.50	1026.25	38.25
Jul 16	1072.00	1034.75	37.25
Aug 16	1074.00	1037.00	37.00
Sep 16	1066.50	1027.50	39.00
<b>Soymeal</b>			
May 16	366.80	341.20	25.60
Jul 16	364.40	342.80	21.60
Aug 16	362.60	341.10	21.50
Sep 16	361.70	339.70	22.00
<b>Soyoil</b>			
May 16	32.30	32.81	-0.51
Jul 16	32.57	33.06	-0.49
Aug 16	32.68	33.18	-0.50
Sep 16	32.79	33.30	-0.51
<b>SRW</b>			
May 16	458.50	453.25	5.25
Jul 16	468.00	463.75	4.25
Sep 16	477.75	474.50	3.25
Dec 16	494.25	492.00	2.25
<b>HRW</b>			
May 16	438.75	441.00	-2.25
Jul 16	449.75	453.50	-3.75
Sep 16	466.50	470.25	-3.75
Dec 16	490.75	494.75	-4.00
<b>MGEX (HRS)</b>			
May 16	523.00	531.00	-8.00
Jul 16	530.00	535.00	-5.00
Sep 16	537.25	542.75	-5.50
Dec 16	549.75	553.75	-4.00

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

## U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	May 8, 2016	Last Week	Last Year	2011-15 Average
Corn	64%	45%	69%	50%
Sorghum	30%	23%	31%	31%
Barley	79%	57%	84%	60%

Source: USDA

**U.S. Drought Monitor Weather Forecast:** Over the next 5-7 days, the Plains, Midwest, and Northeast remain in a very active weather pattern; the greatest precipitation amounts are projected from northeast Texas into southern Missouri, where up to 5 inches of rain is forecast. With this active pattern, a shot of cold air out of Canada will impact temperatures all the way into the south, with below-normal temperatures. Temperatures are expected to be coolest over the central Plains with departures of up to 15 degrees below normal.

The 6-10 day outlooks show that the best chances for above-normal temperatures are in the southern United States from Texas to the Carolinas. Projections show that the below-normal temperatures could be experienced over the Pacific Northwest, Midwest, and New England. A wetter than normal pattern looks to be likely as there are above-normal chances for precipitation above normal over areas from the Pacific Northwest, Central Plains, and most of the eastern United States. The greatest chances of above-normal precipitation are expected over the lower Mississippi River Valley and the Great Basin.

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

## U.S. EXPORT STATISTICS

U.S. Export Sales and Exports: Week Ending May 5, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	355,200	447,100	18,042.7	20,441.0	-12%
Corn	1,139,600	1,141,600	25,721.7	38,961.4	-6%
Sorghum	137,400	63,000	6,311.3	6,952.2	-14%
Barley	500	900	24.9	27.8	-81%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales of 1,105,300 MT for 2015/2016 were up 44 percent from the previous week, but down 16 percent from the prior 4-week average. Increases were reported for unknown destinations (257,900 MT), Japan (238,300 MT, including 58,000 MT switched from unknown destinations and decreases of 5,900 MT), Israel (132,000 MT), Mexico (117,200 MT), Taiwan (74,000 MT, including 65,000 MT switched from unknown destinations and decreases of 1,000 MT), Peru (55,300 MT, including 35,000 MT switched from unknown destinations and decreases of 800 MT), and Egypt (53,000 MT). Reductions were reported for Cuba (7,600

MT) and Nicaragua (1,300 MT). For 2016/2017, net sales of 150,400 MT were reported for unknown destinations (91,200 MT), Mexico (43,700 MT), Costa Rica (13,200 MT), Japan (1,300 MT), and Taiwan (1,000 MT). Exports of 1,141,600 MT were down 7 percent from the previous week and 1 percent from the prior 4-week average. The primary destinations were Mexico (263,700 MT), Japan (227,600 MT), Colombia (166,800 MT), Algeria (94,300 MT), Taiwan (75,600 MT), South Korea (55,100 MT), and Peru (54,300 MT).

*Optional Origin Sales:* For 2015/2016, the current optional origin outstanding sales balance totals 392,000 MT, all unknown destinations.

**Barley:** Net sales of 500 MT for 2015/2016 were reported for Taiwan. Exports of 800 MT were reported to South Korea (500 MT) and Japan (300 MT).

**Sorghum:** Net sales of 132,000 MT for 2015/2016 were down 27 percent from the previous week, but up 66 percent from the prior 4-week average. Increases reported for China (165,100 MT, including 49,600 MT switched from unknown destinations), Colombia (15,000 MT), Mexico (3,900 MT), and Japan (3,000 MT), were partially offset by reductions for unknown destinations (55,000 MT). Exports of 63,000 MT were down 73 percent from the previous week and 61 percent from prior 4-week average. The destinations were China (49,600 MT), Mexico (13,300 MT), and South Korea (100 MT).

## U.S. Export Inspections: Week Ending May 5, 2016

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	31,219	162,538	19%
Corn	1,142,545	1,158,949	25,330,117	28,804,794	88%
Sorghum	126,895	156,489	6,884,936	6,952,122	99%
Soybeans	111,314	180,178	42,875,705	46,238,699	93%
Wheat	497,119	355,879	18,902,498	21,473,325	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 May 5, 2016						
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	794,250	72%	32,238	69%	112,650	89%
PNW	238,424	22%	0	0%	0	0%
Interior Export Rail	63,462	6%	14,171	31%	14,245	11%
<b>Total (Metric Tons)</b>	<b>1,096,136</b>	<b>100%</b>	<b>46,409</b>	<b>100%</b>	<b>126,895</b>	<b>100%</b>
<b>White Corn Shipments by Country (MT)</b>			9,909	to El Salvador		
			2,808	to Japan		
			21,164	to Mexico		
			12,528	to Nicaragua		
<b>Total White Corn (MT)</b>			<b>46,409</b>			
<b>Sorghum Shipments by Country (MT)</b>					97,650	to China
					15,000	to Djibouti
					14,245	to Mexico
<b>Total Sorghum (MT)</b>					<b>126,895</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)
LH May	+0.54 N	\$174.40	-	-
June	+0.51 N	\$173.22	+0.68 N	\$179.91
July	+0.51 N	\$173.22	+0.68 N	\$179.91
August	+0.58 U	\$177.06	+0.65 U	\$179.81

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	June	July	August
Gulf	\$215	\$215	\$215



Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
May	+0.70 N	\$180.70	+0.70 N	\$180.70
June	+0.70 N	\$180.70	+0.70 N	\$180.70
LH July	+0.70 Z	\$183.55	+0.55 Z	\$177.65

Barley: Feed Barley (FOB USD/MT)		
	May	June
FOB PNW	\$190	\$190

\*Numbers reflect the week of April 21, 2016.

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	June	July	August
New Orleans	\$152	\$152	\$152
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	June	July	August
New Orleans	\$577.5	\$577.5	\$577.5
*5-10,000 MT Minimum			

\*All prices are market estimates.



DDGS Price Table: May 12, 2016 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	May	June	July
Barge CIF New Orleans	197	193	191
FOB Vessel GULF	202	198	197
Rail delivered PNW	216	214	212
Rail delivered California	218	216	214
Mid-Bridge Laredo, TX	212	210	210
FOB Lethbridge, Alberta	181	180	178
40 ft. Containers to South Korea (Busan)	235	230	230
40 ft. Containers to Taiwan (Kaohsiung)	240	230	230
40 ft. Containers to Philippines (Manila)	258	245	245
40 ft. Containers to Indonesia (Jakarta)	255	239	239
40 ft. Containers to Malaysia (Port Kelang)	250	238	238
40 ft. Containers to Vietnam (HCMC)	245	236	236
40 ft. Containers to Japan (Yokohama)	245	242	239
40 ft. containers to Thailand (LCMB)	240	233	233
40 ft. Containers to Shanghai, China	235	230	230
KC & Elwood, IL Rail Yard (delivered Ramp)	194	191	189

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:** While some buyers may be holding off – hoping that DDGS will trend lower after its recent run-up – the rally in soybeans may have the opposite effect. The soybean/corn price ratio is now at 2.75:1, which is well above the level at which farmers would decide to switch some acres away from corn and into additional soybean production. Additionally, excess moisture in the eastern corn belt may prompt even more shifting away from corn production and towards soybeans since they can be planted later after the fields have been able to dry.

Indications are that China is back buying, having seen the run-up in soymeal and needing protein for inclusion in hog rations. Indeed, DDGS prices continued their climb upward this past week only this time the bigger increases were at the U.S. Gulf. Still, there were notable increases to every delivery point and in each of the near-term delivery months. Prices for 40-foot containers of DDGS delivered near-term to Southeast Asia were up 8.5 percent this past week and up 6.8 percent for delivery to Shanghai.

**Ethanol Comments:** The Energy Information Administration (EIA) called weekly ethanol production 39,000 barrels per day higher, likely due to plants coming back on line after maintenance. However, stocks dropped 900,000 barrels during the week from 22.2 million to 21.3 million. Current estimated stocks remain above last year's level.



The margin between the corn price and the value of ethanol and coproducts was down in all four of the key markets from a week ago (see below).

- Illinois differential is \$1.44 per bushel, in comparison to \$1.57 the prior week and \$2.59 a year ago.
- Iowa differential is \$1.54 per bushel, in comparison to \$1.64 the prior week and \$2.30 a year ago.
- Nebraska differential is \$1.72 per bushel, in comparison to \$1.76 the prior week and \$2.18 a year ago.
- South Dakota differential is \$1.74 per bushel, in comparison to \$2.02 the prior week and \$2.40 a year ago.

## COUNTRY NEWS

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**Canada:** The country's wheat stocks may be the lowest in a decade but barley stocks were at 3.81 MMT, up 12 percent from a year ago. (Stats Canada)

**India:** Even after paying the import duty, GMO plant proteins would be cheaper than buying domestic feed – but the technology remains blocked. (WPI)

**Kenya:** Field trials with GMO maize are starting in Kenya with commercialization expected in 2018. (Reuters)

**Malawi:** The country now has more flexible fuel vehicles and a commitment to using ethanol in lieu of gasoline. (Africanews)

**Russia:** Corn production for 2016 is estimated at 13.5 MMT, 2.2 percent more than last year and possibly a record. Area planted increased by 2.9 million hectares and yields are expected at 2.45 MT/Ha. (WPI)

**South Africa:** Maize yields during South Africa's last major drought year (1991/92) averaged 0.85 MT/Ha. Yields during this year's major drought have averaged 3.72 MT/Ha. Although not explanatory of the complete difference, a major change has been the adoption of GM varieties. (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	\$25.50	Up \$0.50	Handymax at \$26.50/MT
55,000 U.S. PNW-Japan	\$15.50	Up \$0.50	Handymax at \$15.50/MT
55,000 U.S. Gulf-China	\$23.50	Up \$0.50	North China
PNW to China	\$14.00	Unchanged	
30,000 U.S. Gulf-Veracruz, México	\$13.25	Up \$0.25	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$11.50	Up \$0.25	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$13.75 \$25.75	Up \$0.25 Up \$0.25	West Coast Colombia at \$20.00
36-40,000 U.S. Gulf-Guatemala	\$20.00	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$29.00 \$30.75	Unchanged Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$28.00	Unchanged	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$20.00	Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$19.50
PNW to Egypt	\$22.75	Unchanged	
65-75,000 U.S. Gulf-Europe-Rotterdam	\$13.00	Unchanged	Handymax at +\$1.25 more
Brazil, Santos-China	\$17.00 \$16.00	Unchanged Unchanged	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$27.25	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:** The past freight rally is certainly over and we are back to a Dry-Bulk (and container) market that is struggling. The Baltic indices are bouncing around a little but the physical markets are not really moving much. It is feeling like a stare-off game where buyers and sellers are trying to see who blinks first. The slight improvement in reported rates are more of an adjustment than any real upward movement in the overall rate structure.

Q1 financial reports are being published by shipping companies and the results are understandably not good.

There is an abundance of underutilized grain export capacity sitting in the U.S. Gulf and PNW.

Baltic-Panamax Dry-Bulk Indices				
May 12, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	8,417	8,577	-160	-1.9%
P3A: PNW/Pacific– Japan	4,693	4,735	-42	-0.9%

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:

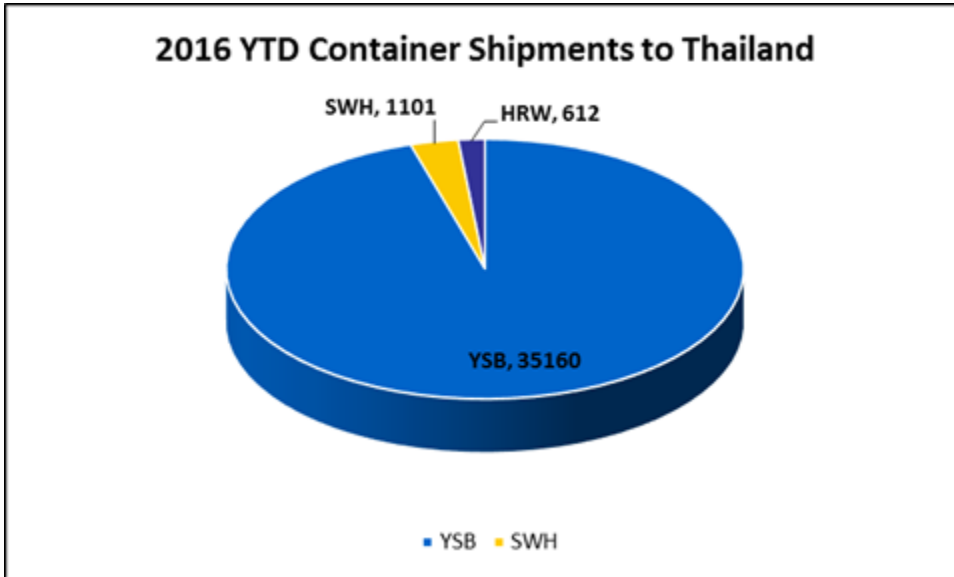
Week of May 12, 2016	
Four weeks ago:	\$3.70-\$3.85
Three weeks ago:	\$3.00-\$4.50
Two weeks ago	\$4.10-\$4.45
One week ago:	\$4.05-\$4.20
This week	\$3.55-\$3.85

Source: O'Neil Commodity Consulting

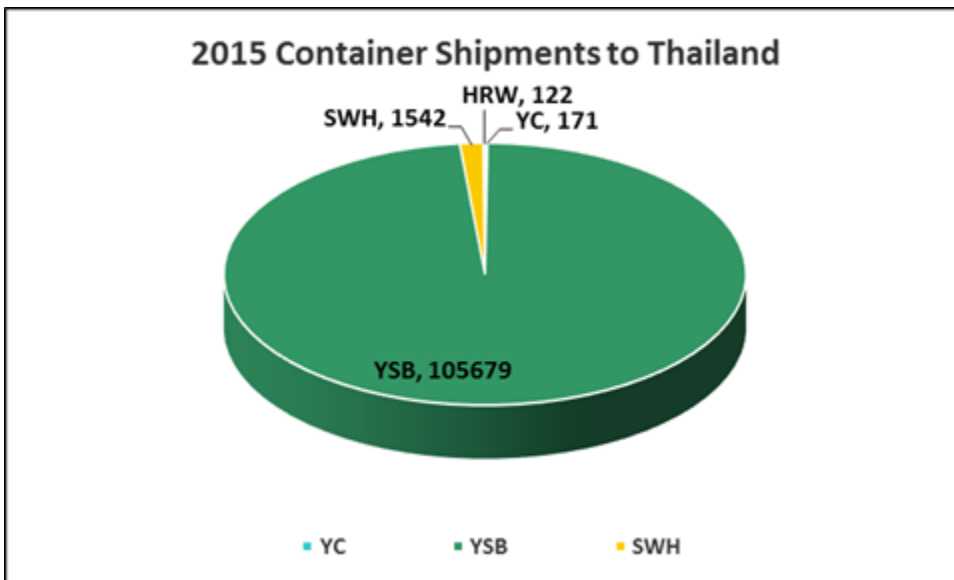
U.S.-Asia Market Spreads					
May 12, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.68	0.52	0.16	\$6.30	PNW
Soybeans	0.87	0.42	0.45	\$17.72	Gulf
Ocean Freight	\$14.00	\$23.50	0.24-0.26	(\$9.50)	June

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending May 12, 2016								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
<b>Vessel Size</b>		<b>Panamax</b>	<b>Panamax</b>	<b>Panamax</b>	<b>Panamax</b>	<b>Panamax</b>	<b>Panamax</b>	<b>Panamax</b>
<b>Corn (Yellow)</b>	<b>Argentina</b>	\$23.25	\$22.50	\$23.60	-	\$16.75	\$18.00	\$22.50
	<b>Brazil</b>	\$16.75	\$16.25	\$17.00	-	\$7.70	\$8.50	\$11.00
<b>Corn (White)</b>	<b>Argentina</b>	\$23.25	\$22.50	\$23.60	-	\$16.75	\$18.00	\$22.50
	<b>Brazil</b>	\$16.75	\$16.25	\$17.00	-	\$7.70	\$8.50	\$11.00
<b>Barley</b>	<b>Argentina</b>	\$23.25	\$22.50	\$23.60	-	\$16.75	\$18.00	\$22.50
	<b>Brazil</b>	\$16.75	\$16.25	\$17.00	-	\$7.70	\$8.50	\$11.00
<b>Sorghum</b>	<b>Argentina</b>	\$23.25	\$22.50	\$23.60	-	\$16.75	\$18.00	\$22.50
	<b>Brazil</b>	\$16.75	\$16.25	\$17.00	-	\$7.70	\$8.50	\$11.00

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 (%): May 11, 2016			
	Current Week	Last Week	Last Month
<b>U.S. Prime</b>	3.50	3.50	3.50
<b>LIBOR (6 month)</b>	0.90	0.90	0.89
<b>LIBOR (1 year)</b>	1.22	1.23	1.21

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