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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn July Contract

\$/Bu	Friday 13 May	Monday 16 May	Tuesday 17 May	Wednesday 18 May	Thursday 19 May
Change	0.0175	0.0325	0.0300	0.0250	-0.0950
Closing Price	3.9075	3.9400	3.9700	3.9950	3.900
Factors Affecting the Market	The May contract lost some on its last day of trading but Argentina's harvest is slow and forward month contracts ended in the positive. Overall it was a relatively quiet session.	Weekly export inspections were larger than expected (1.1 MMT), and there was a 128 KMT sale to Korea, but the small rally occurred at the end of the session.	July corn closed just 10 cents below the top of its seven-month range.	Corn closed higher for the fifth day in a row, with open interest significantly higher and implying more interested money ahead.	What goes up must come down. Expected Fed action driving the dollar higher, technical selling/profit taking and farmer selling contributed to the drop.

Outlook: USDA's May 10 WASDE report made clear that both corn production and consumption are getting larger. Despite the May 19 retrenchment, corn has achieved bullish momentum and has been trading above trend. That is impressive considering the very positive weather outlook for the Corn Belt, and while attention

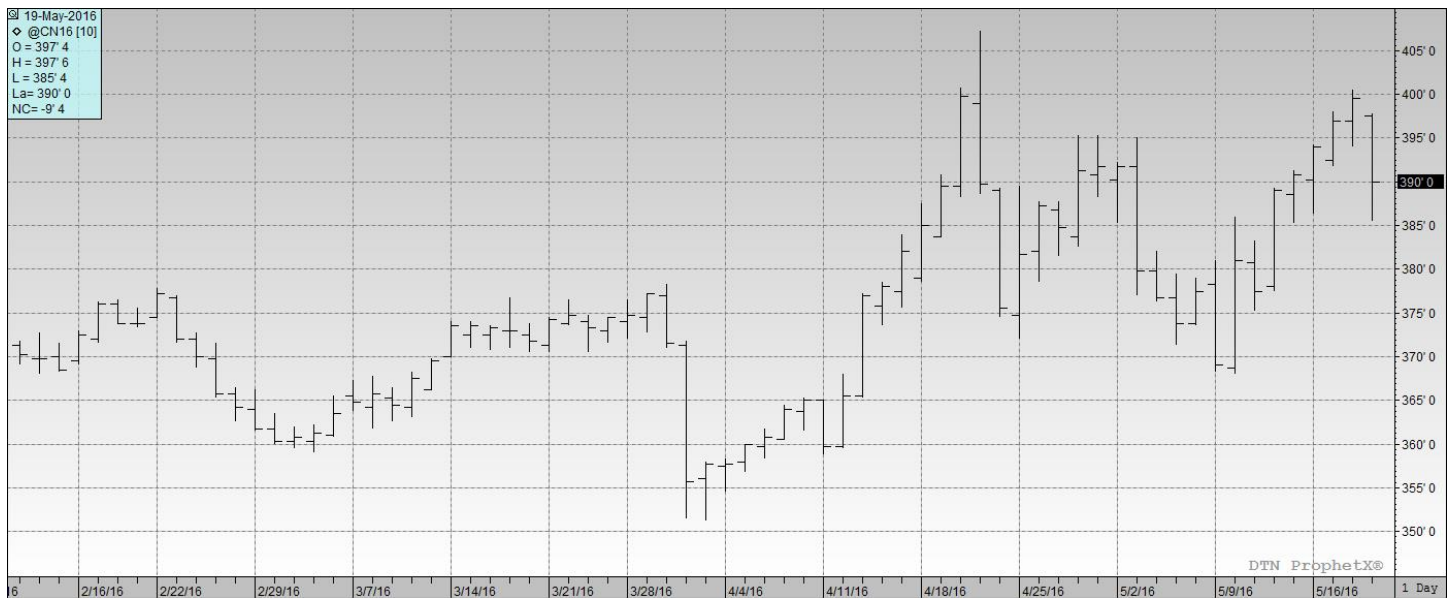
For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Manuel Sanchez or Alvaro Cordero at (202) 789-0789.

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.

has finally turned to that factor it was the rising dollar that served as the trigger. Until this week, momentum was a more important focus than the weather. In short, U.S. corn is going to be highly competitive for several weeks to come.

Exports are key and after a two-month hiatus, U.S. corn exports to China bounced back in March to put first quarter volume ahead of the two previous years, albeit at a lower price. Indeed, U.S. corn exports are booming altogether as this made the ninth week out of the past 11 in which sales exceeded 1 MMT. Sales reported for this past week were 1,473,100 MT of old crop and 540,700 MT of new crop corn.

CBOT JULY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending May 19, 2016			
Commodity	19-May	13-May	Net Change
Corn			
Jul 16	390.00	390.75	-0.75
Sep 16	392.50	393.25	-0.75
Dec 16	397.25	398.25	-1.00
Mar 17	405.00	406.00	-1.00
Soybeans			
Jul 16	1071.50	1065.00	6.50
Aug 16	1073.00	1067.00	6.00
Sep 16	1062.00	1059.50	2.50
Nov 16	1053.50	1054.50	-1.00
Soymeal			
Jul 16	378.10	363.00	15.10
Aug 16	371.80	361.00	10.80
Sep 16	368.30	359.70	8.60
Oct 16	364.00	358.00	6.00
Soyoil			
Jul 16	31.91	32.50	-0.59
Aug 16	32.03	32.61	-0.58
Sep 16	32.15	32.72	-0.57
Oct 16	32.27	32.83	-0.56
SRW			
Jul 16	468.75	474.75	-6.00
Sep 16	479.50	484.00	-4.50
Dec 16	497.50	499.25	-1.75
Mar 17	514.25	513.25	1.00
HRW			
Jul 16	448.00	456.00	-8.00
Sep 16	464.00	472.75	-8.75
Dec 16	488.25	497.00	-8.75
Mar 17	504.50	513.00	-8.50
MGEX (HRS)			
Jul 16	528.50	535.50	-7.00
Sep 16	535.75	542.25	-6.50
Dec 16	547.25	554.25	-7.00
Mar 17	557.25	563.00	-5.75

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	May 15, 2016	Last Week	Last Year	2011-15 Average
Corn	75%	64%	82%	70%
Sorghum	33%	30%	36%	36%
Barley	90%	79%	93%	71%

Source: USDA

U.S. Drought Monitor Weather Forecast: The NWS WPC 7-Day Quantitative Precipitation Forecast (QPF) calls for significant rainfall accumulations in the Gulf Coast, Mid-Atlantic, Southeast, and Texas with totals ranging from two-to-four inches. Otherwise, lesser accumulations are forecasted for extreme northern California, the Northern Rockies, and the Pacific Northwest. The CPC 6–10 day outlooks call for a high probability of above-normal temperatures east of the Rockies while the West is expected to be below-normal. Below-normal precipitation is forecasted for the Eastern Tier and Desert Southwest while there is a high probability of above-normal precipitation in the western portions of the Midwest and South, Northern Great Basin, Northern Rockies, Pacific Northwest, and across the Plains states.

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 12, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	205,000	379,700	18,422.2	20,616.1	-11%
Corn	1,524,700	1,175,100	26,896.8	40,434.5	-5%
Sorghum	52,200	76,800	6,388.1	7,003.8	-15%
Barley	0	600	25.4	27.8	-81%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 1,473,100 MT for 2015/2016 were up 33 percent from the previous week and 13 percent from the prior 4-week average. Increases were reported for Japan (572,600 MT, including 160,200 MT switched from unknown destinations and decreases of 900 MT), Saudi Arabia (265,000 MT, including 55,000 MT switched from unknown destinations), Mexico (136,100 MT, including 30,000 MT switched from unknown destinations and decreases of 34,300 MT), South Korea (132,500 MT, including 65,000 MT switched from unknown destinations), Peru (100,900 MT, including 45,000 MT switched from unknown destinations), and Chile (82,800 MT, including 45,000 MT switched from unknown destinations). Reductions were reported for unknown destinations (26,700 MT), Colombia (800 MT), and New Zealand (500 MT). For 2016/2017, net sales of 540,700 MT were reported for unknown destinations (191,000 MT), Mexico (154,000 MT), Guatemala (88,600 MT), Jamaica (88,400 MT), Taiwan (18,000 MT), and Panama (600 MT). Exports of 1,175,100 MT

were up 3 percent from the previous week, but down 1 percent from the prior 4-week average. The primary destinations were Japan (347,400 MT), Mexico (265,800 MT), Taiwan (69,500 MT), South Korea (67,900 MT), Saudi Arabia (55,000 MT), Peru (49,500 MT), Algeria (45,600 MT), and Chile (45,300 MT).

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

Barley: There were no sales reported during the week. Exports of 600 MT were reported to Japan (400 MT) and South Korea (200 MT).

Sorghum: Net sales of 51,600 MT for 2015/2016 resulted as increases for China (57,600 MT, including 58,000 MT switched from unknown destinations and decreases of 400 MT), Colombia (600 MT), and Canada (100 MT), were partially offset by reductions for unknown destinations (6,500 MT) and Japan (200 MT). Exports of 76,800 MT were up 22 percent from the previous week, but down 48 percent from prior 4-week average. The destinations were China (57,600 MT), Colombia (15,600 MT), Japan (2,800 MT), and Mexico (800 MT).

U.S. Export Inspections: Week Ending May 12, 2016

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	220	0	31,439	162,538	19%
Corn	1,110,600	1,148,155	26,457,091	29,919,740	88%
Sorghum	89,905	127,017	6,974,963	7,091,924	98%
Soybeans	194,627	146,040	43,116,794	46,579,796	93%
Wheat	367,881	500,309	19,273,569	21,806,236	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 12, 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	656,220	60%	12,457	70%	80,962	90%
PNW	278,767	26%	0	0%	0	0%
Interior Export Rail	157,794	14%	5,362	30%	8,943	10%
Total (Metric Tons)	1,092,781	100%	17,819	100%	89,905	100%
White Corn Shipments by Country (MT)			12,457	to Colombia		
			73	to Korea		
			5,289	to Mexico		
Total White Corn (MT)			17,819			
Sorghum Shipments by Country (MT)					57,593	to China
					15,569	to Colombia
					5,000	to Djibouti
					2,800	to Japan
					8,943	to Mexico
Total Sorghum (MT)					89,905	

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	\$174.79	-	-
June	+0.51 N	\$173.61	+0.68 N	\$180.30
July	+0.51 N	\$173.61	+0.68 N	\$180.30
August	+0.58 U	\$177.35	+0.69 U	\$181.68

#2 White Corn (U.S. \$/MT FOB Vessel)		
Max. 15.0% Moisture	June	July
Gulf	\$225	\$225



Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
May	-	-	+0.90 N	\$188.97
June	-	-	+0.90 N	\$188.97
LH July	-	-	+0.65 U	\$180.11

Barley: Feed Barley (FOB USD/MT)			
	June	July	August
FOB PNW	\$195	\$195	\$195

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.	July	August	September
New Orleans	\$587	\$592	\$592
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: May 19, 2016 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	June	July	August
Barge CIF New Orleans	195	193	191
FOB Vessel GULF	202	200	198
Rail delivered PNW	221	219	219
Rail delivered California	225	223	223
Mid-Bridge Laredo, TX	217	217	216
FOB Lethbridge, Alberta	188	186	185
40 ft. Containers to South Korea (Busan)	235	233	232
40 ft. Containers to Taiwan (Kaohsiung)	238	233	232
40 ft. Containers to Philippines (Manila)	258	248	248
40 ft. Containers to Indonesia (Jakarta)	250	243	242
40 ft. Containers to Malaysia (Port Kelang)	248	241	240
40 ft. Containers to Vietnam (HCMC)	248	240	240
40 ft. Containers to Japan (Yokohama)	250	242	242
40 ft. containers to Thailand (LCMB)	241	236	236
40 ft. Containers to Shanghai, China	235	238	238
KC & Elwood, IL Rail Yard (delivered Ramp)	198	194	193

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 prices continued their higher trek this past week, though at a more tempered pace. The seesaw in price movements showed last week's increases pushed forward into Asian markets this week. Some Asian buyers have begun looking at purchases for July/August shipment; others may be gambling that good weather and increased ethanol grind will eventually deliver cheaper prices. Of course, those buyers that failed to cover prior to the most recent increase in corn and soymeal prices have paid a price.

Overall, the market continues to be influenced by high soymeal prices, and the July soybean contract has remained firm. There is ample supply but there is also big demand, with China back in the market this past week for both corn and DDGS.

Ethanol Comments: U.S. Environmental Protection Agency (EPA) called for ethanol blending in 2017 to be 300 million gallons (100 million bushels of corn) greater than in 2016, but 200 million gallons less than the amount targeted by statute.

The Energy Information Administration (EIA) again reduced (-0.7 percent) the estimated stocks of ethanol to 21.1 million barrels, and pegged production for the past week to be down (-1.5 percent) to 948,000 barrels per day.

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

- Illinois differential is \$1.77 per bushel, in comparison to \$1.44 the prior week and \$2.49 a year ago.
- Iowa differential is \$1.63 per bushel, in comparison to \$1.54 the prior week and \$2.39 a year ago.
- Nebraska differential is \$1.60 per bushel, in comparison to \$1.72 the prior week and \$2.18 a year ago.
- South Dakota differential is \$1.87 per bushel, in comparison to \$1.74 the prior week and \$2.56 a year ago.

COUNTRY NEWS

Brazil: Dry weather promoted the Safrinha corn crop to mature early and farmers are harvesting early as current higher prices more than offset the additional cost of drying. The crop will be 4 MMT smaller at 53 MMT and the overall crop is lowered by 5 MMT to 79 MMT. (Reuters; Conab)

India: The state of Bihar banned liquor sales a few weeks ago and to now address the adverse impacts on farmers and distillers, the government is asking petroleum suppliers to blend ethanol into their fuels. (The Economic Times)

India: Imports of 225 KMT of corn have failed to dent price rises (\$190.29/MT) as the Bihar corn crop is arriving with high moisture content – which could lead to damage. (WPI)

Ukraine: The economy is beginning to improve as indicated by an expected 7 percent increase in poultry demand, which will boost consumption of the new corn crop. (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	\$26.50	Up \$1.00	Handymax at \$27.50/MT
55,000 U.S. PNW-Japan	\$16.00	Up \$0.50	Handymax at \$16.00/MT
55,000 U.S. Gulf-China	\$24.50	Up \$1.00	North China
PNW to China	\$14.50	Up \$0.50	
30,000 U.S. Gulf-Veracruz, México	\$13.50	Up \$0.25	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$11.75	Up \$0.25	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	Up \$0.50 Up \$0.50	West Coast Colombia at \$20.50
36-40,000 U.S. Gulf-Guatemala	\$20.50	Up \$0.50	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$30.00 \$31.75	Up \$1.00 Up \$1.00	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$30.00	Up \$2.00	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$21.00	Up \$1.00	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	\$14.00	Up \$1.00	Handymax at +\$1.25 more
Brazil, Santos-China	\$18.00 \$17.00	Up \$1.00 Up \$1.00	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$28.25	Up \$1.00	48-53,000 MT (11.5-meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$26.00	Up \$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: Though global freight markets remain far away from any true recovery they will, and are, bouncing around with every small increase in demand – even if it is only temporary. So, charterers will have to endure some degree of volatility as they pick their opportunities to buy freight. The U.S. Gulf to Mexico is a good example of this, as during the past 6 months this short-haul route has seem freight fixed from a low of about \$9.50/MT to a high of \$13.75/MT.

Ocean freight buyers will certainly have good opportunities to lock in attractive freight as we go forward, but they will have to manage market volatility in the process.

An uptick in demand for Capesize vessels pulled the market up this week and the Panamax sector followed. Most of the action occurred in the Atlantic. Buyers of Handy size freight (25-38,000 MT) need to be the most careful as this sector is showing the strongest owner returns in this depressed market.

Average daily earnings for Capesize vessels moved up to \$6,286 this week. The average daily earnings for Panamax vessels increased \$4,768 per day. According to Norden Shipping, 5-7 percent of the current Dry Bulk fleet could be scrapped by the end of 201. World fleet growth is estimated at 1-3 percent this year. BIMCO expects the container shipping fleet to break the 20 million TEU barrier soon. Container shipping TEU capacity increased by 240 percent over the past 10 years. At the end of 2015 it was at 19.7 million TEU.

Baltic-Panamax Dry-Bulk Indices

May 19, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	8,708	8,417	291	3.5%
P3A: PNW/Pacific– Japan	4,882	4,693	189	4.0%

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 19, 2016

Four weeks ago:	\$3.00-\$4.50
Three weeks ago:	\$4.10-\$4.45
Two weeks ago:	\$4.05-\$4.20
One week ago:	\$3.55-\$3.85
This week	\$4.00-\$4.55

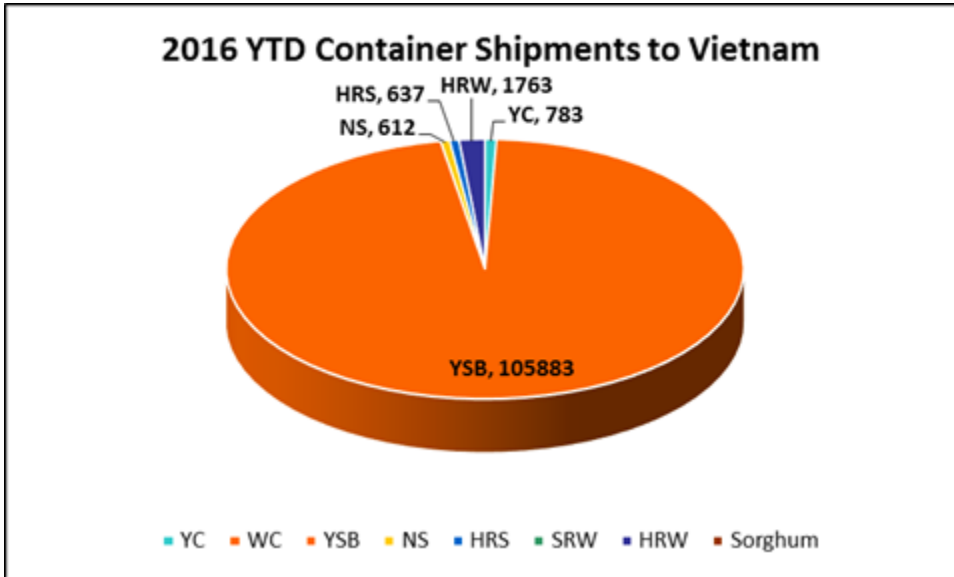
Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads

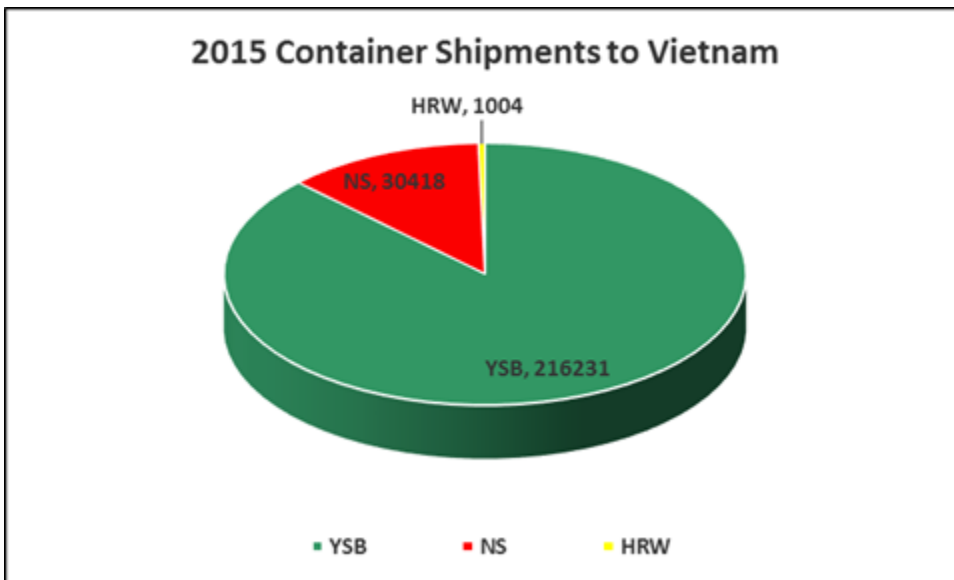
May 19, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.72	0.50	0.22	\$8.66	PNW
Soybeans	0.87	0.43	0.44	\$17.32	Gulf
Ocean Freight	\$14.50	\$24.50	0.25-0.27	(\$10.00)	June

Source: O'Neil Commodity Consulting

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



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 19, 2016**

Commodity	Origins	China	Japan	Korea	Morocco	Egypt	Saudi Arabia	Morocco	Colombia
Vessel Size		Panamax	Panamax	Panamax	Panamax	Panamax	Panamax	Handy	Handy
Corn (Yellow)	Argentina	\$22.00	\$21.75	\$22.25	\$16.50	\$18.00	\$22.50	\$20.00	\$22.00
	Brazil	\$17.25	\$17.00	\$17.50	\$7.75	\$8.80	\$11.25	-	-
Corn (White)	Argentina	\$22.00	\$21.75	\$22.25	\$16.50	\$18.00	\$22.50	\$20.00	\$22.00
	Brazil	\$17.25	\$17.00	\$17.50	\$7.75	\$8.80	\$11.25	-	-
Barley	Argentina	\$22.00	\$21.75	\$22.25	\$16.50	\$18.00	\$22.50	\$20.00	\$22.00
	Brazil	\$17.25	\$17.00	\$17.50	\$7.75	\$8.80	\$11.25	-	-
Sorghum	Argentina	\$22.00	\$21.75	\$22.25	\$16.50	\$18.00	\$22.50	\$20.00	\$22.00
	Brazil	\$17.25	\$17.00	\$17.50	\$7.75	\$8.80	\$11.25	-	-

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 18, 2016

	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	0.91	0.90	0.90
LIBOR (1 year)	1.24	1.22	1.21

Source: www.bankrate.com