



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)	8
COUNTRY NEWS.....	8
OCEAN FREIGHT MARKETS AND SPREAD	9
OCEAN FREIGHT COMMENTS	9
INTEREST RATES.....	12

CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn July Contract

\$/Bu	Friday 20 May	Monday 23 May	Tuesday 24 May	Wednesday 25 May	Thursday 26 May
Change	0.0450	0.0325	-0.0025	0.0725	0.0350
Closing Price	3.9450	3.9775	3.9750	4.0475	4.0825
Factors Affecting the Market	An accelerating corn export pace kept the bulls on the offensive.	Troubles with Brazil's Safrinha corn crop and reported quality problems with China's stocks helped push the market higher.	The market traded in a wide range (9 cents), falling sharply in the overnight, moving higher in the morning and then reversing late in the session for mixed close.	The impressive rally continued as non-commercials added coverage.	The July contract hit a 7-month high egged on by exports and a huge discount to the cost of corn in Brazil.

Outlook: Corn has been experiencing an impressive rally, in part due to the improved export sales pace and troubles with Brazil's winter crop. Still, one would expect some exiting of positions ahead of the three-day long market break for this weekend's U.S. Memorial Day holiday.

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.

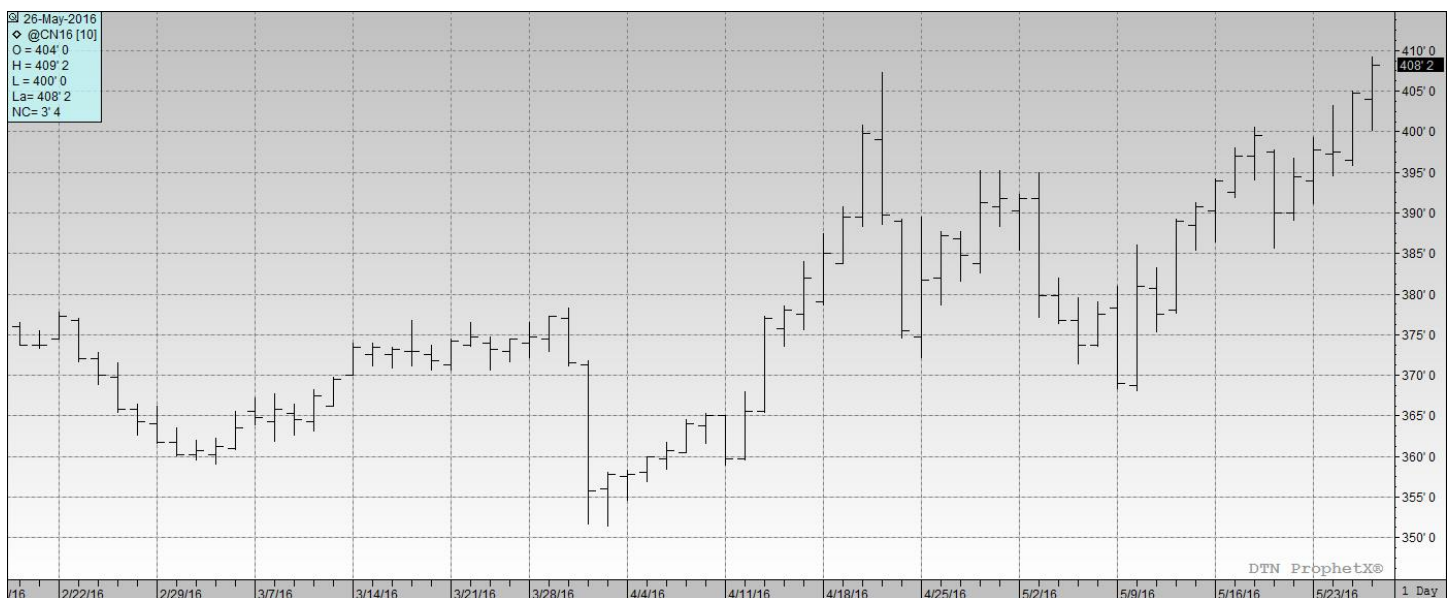
The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C. and has ten international offices that oversee 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 fact that corn plantings are roughly at the five-year average is considered bullish by some, especially when adding in some forecasts for a droughty U.S. Corn Belt due to the departure of the El Nino pattern. Add to that some cool dampness in states like Ohio and Indiana that have slowed planting there. At the same time the rally has spurred thoughts that higher prices will encourage more corn to get planted. U.S. export sales of corn continue to be positive and may require USDA to adjust slightly upward the estimated marketing year total.

The harvest remains slow in Argentina as soybeans are receiving the attention of the machinery. China's feed demand has been robust at the same time there are reported quality problems with government grain stocks – all of which has kept the domestic corn price from declining. If China has trouble consuming its own product, it will increase the challenge of achieving its goal of overall supply destruction. Corn planting in Eastern Europe has gone well and larger crops are expected this year. However, the lack of near-term farmer selling has enabled an unusual large sale of French corn to Egypt.

The International Grains Council (IGC) raised its forecast for world corn production, part of which is occurring in countries that traditionally import corn, and this will limit any growth in the actual volume of exports. Note that a relatively small share of world corn is actually traded and, because of the radius of the demand curve, the ebb and flow of exports has an outsized impact on corn prices. Moreover, what is traded has to compete with abundant wheat being sold as feed.

CBOT JULY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending May 26, 2016			
Commodity	26-May	20-May	Net Change
Corn			
Jul 16	408.25	394.50	13.75
Sep 16	410.50	396.75	13.75
Dec 16	409.75	399.75	10.00
Mar 17	416.50	406.50	10.00
Soybeans			
Jul 16	1079.75	1074.25	5.50
Aug 16	1077.25	1073.50	3.75
Sep 16	1061.75	1060.25	1.50
Nov 16	1050.50	1049.50	1.00
Soymeal			
Jul 16	409.60	392.70	16.90
Aug 16	393.10	380.80	12.30
Sep 16	381.40	373.70	7.70
Oct 16	374.90	368.50	6.40
Soyoil			
Jul 16	31.04	31.27	-0.23
Aug 16	31.16	31.38	-0.22
Sep 16	31.30	31.50	-0.20
Oct 16	31.43	31.63	-0.20
SRW			
Jul 16	481.25	467.75	13.50
Sep 16	491.75	478.75	13.00
Dec 16	508.50	496.50	12.00
Mar 17	524.00	513.50	10.50
HRW			
Jul 16	462.25	449.00	13.25
Sep 16	478.50	465.00	13.50
Dec 16	501.50	489.25	12.25
Mar 17	517.75	505.50	12.25
MGEX (HRS)			
Jul 16	534.50	527.75	6.75
Sep 16	542.25	535.25	7.00
Dec 16	555.25	547.25	8.00
Mar 17	566.25	558.00	8.25

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	May 22, 2016	Last Week	Last Year	2011-15 Average
Corn	86%	75%	90%	85%
Sorghum	37%	33%	40%	43%
Barley	94%	90%	99%	81%

Source: USDA

U.S. Drought Monitor Weather Forecast: The NWS WPC 7-Day Quantitative Precipitation Forecast (QPF) calls for significant rainfall accumulations across the nation's midsection – primarily focused on Texas, Plains, and western portions of the Midwest with accumulations from three-to-six inches while much of the South and Western U.S. area is forecasted to be generally dry. The CPC 6–10 day outlooks call for a high probability of above normal temperatures in the eastern half of the U.S. and Far West while below normal temperatures are expected in the Desert Southwest, extending northward into the eastern Great Basin and Central Rockies. Below normal precipitation is forecasted for the Pacific Northwest, much of California, western Great Basin, and across portions of the Northeast while there is a high probability of above normal precipitation across the Northern Rockies, Plains, Mid-Atlantic, South, and Southeast.

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 19, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	48,900	285,100	18,707.3	20,606.2	-12%
Corn	1,556,300	1,125,000	28,021.8	41,815.6	-3%
Sorghum	115,200	66,200	6,454.3	7,116.8	-14%
Barley	0	100	25.6	27.8	-81%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 1,381,100 MT for 2015/2016 were down 6 percent from the previous week, but unchanged from the prior 4-week average. Increases were reported for Japan (299,700 MT, including 94,700 MT switched from unknown destinations and decreases of 62,400 MT), South Korea (193,000 MT), Colombia (171,600 MT, including 37,500 MT switched from unknown destinations), Saudi Arabia (138,800 MT, including 65,000 MT switched from unknown destinations), Egypt (135,300 MT, including 23,400 MT switched from unknown destinations), and Morocco (129,400 MT, including 51,600 MT switched from unknown destination and 16,500 MT switched from Canada). Reductions were reported for Canada (15,900 MT), Guatemala (10,100 MT), and Costa Rica (1,400 MT). For 2016/2017, net sales of 246,200 MT were reported for Mexico (136,600 MT), unknown destinations (64,600 MT), Colombia (36,500 MT), and Honduras (8,500 MT). Exports of 1,125,000

MT were down 4 percent from the previous week and 3 percent from the prior 4-week average. The primary destinations were Mexico (316,200 MT), Japan (213,800 MT), Colombia (86,600 MT), Taiwan (78,600 MT), Morocco (71,900 MT), Saudi Arabia (68,800 MT), Peru (65,800 MT), and Guatemala (40,400 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 100 MT were reported to Taiwan.

Sorghum: Net sales of 113,000 MT for 2015/2016 were up noticeably from the previous week and up 9 percent from the prior 4-week average. Increases reported for China (102,300 MT, including 51,500 MT switched from unknown destinations and decreases of 2,200 MT), Japan (10,200 MT), and Mexico (500 MT). Exports of 66,200 MT were down 14 percent from the previous week and 44 percent from prior 4-week average. The destinations were China (49,300 MT) and Mexico (16,800 MT).

U.S. Export Inspections: Week Ending May 19, 2016					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	73	220	31,512	162,538	19%
Corn	1,076,464	1,133,462	27,556,441	30,927,631	89%
Sorghum	52,031	90,003	7,027,092	7,203,329	98%
Soybeans	77,372	211,056	43,209,230	46,881,989	92%
Wheat	301,271	369,378	19,576,337	22,257,264	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 19, 2016						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	21,997	2%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	683,217	66%	37,539	85%	49,300	95%
PNW	128,248	12%	73	0%	0	0%
Interior Export Rail	199,003	19%	6,387	15%	2,731	5%
Total (Metric Tons)	1,032,465	100%	43,999	100%	52,031	100%
White Corn Shipments by Country (MT)			37,539	to Honduras		
			73	to Korea		
			6,387	to Mexico		
Total White Corn (MT)			43,999			
Sorghum Shipments by Country (MT)					49,300	to China
					2,731	to Mexico
Total Sorghum (MT)					52,031	

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)
June	+0.51 N	\$180.80	+0.68 N	\$187.49
July	+0.52 N	\$181.19	+0.68 N	\$187.49
August	+0.58 U	\$184.44	+0.69 U	\$188.77
September	+0.73 U	\$190.34	+0.70 U	\$189.16

#2 White Corn (U.S. \$/MT FOB Vessel)		
Max. 15.0% Moisture	June	July
Gulf	\$233	\$233

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	\$196.15
June	-	-	+0.90 N	\$196.15
LH July	-	-	+0.65 U	\$187.19

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

*Prices reflect the week of May 19, 2016.

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	July	August	September
New Orleans	\$158	\$158	\$158
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
	July	August	September
Bulk 60% Pro.			
New Orleans	\$640	\$640	\$640
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: May 26, 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	209	207	206
FOB Vessel GULF	215	213	212
Rail delivered PNW	232	231	229
Rail delivered California	235	234	232
Mid-Bridge Laredo, TX	231	230	228
FOB Lethbridge, Alberta	190	193	192
40 ft. Containers to South Korea (Busan)	247	238	237
40 ft. Containers to Taiwan (Kaohsiung)	247	236	235
40 ft. Containers to Philippines (Manila)	265	250	248
40 ft. Containers to Indonesia (Jakarta)	250	242	240
40 ft. Containers to Malaysia (Port Kelang)	250	243	241
40 ft. Containers to Vietnam (HCMC)	255	247	245
40 ft. Containers to Japan (Yokohama)	260	247	244
40 ft. containers to Thailand (LCMB)	249	241	239
40 ft. Containers to Shanghai, China	245	240	238
KC & Elwood, IL Rail Yard (delivered Ramp)	205	202	198

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: The spike in soybean meal prices is putting upward pressure on the cost of DDGS. Adding to the price increases are buyers that had held off, hoping the cost would decline but can no longer wait to refill their pipeline. This could keep prices elevated for a while. Price increases in recent weeks have swung back and forth, showing up at boarding facilities in the U.S. one week, and then getting reflected in export destinations the following week.

This week it was U.S. export locations rising with the average FOB Gulf rate increasing by an average of \$14/container. The only decline in price across 14 tracked markets were minor dollar or two reductions in container prices headed to Indonesia in July/August.

Ethanol Comments: China's ethanol imports declined in April but state-owned COFCO Agri has reportedly set up a U.S. ethanol trading desk, which implies some longer term interest.

U.S. ethanol production and stocks continued their decline. The Energy Information Administration (EIA) again reduced (-1.4 percent) the estimated stocks of ethanol to 20.8 million barrels, and pegged production for the past week to be down (-2.0 percent) to 946,000 barrels per day.

The margin between the corn price and the value of ethanol and coproducts was up this past week in all four key markets (see below).

- Illinois differential is \$1.78 per bushel, in comparison to \$1.77 the prior week and \$2.60 a year ago.
- Iowa differential is \$1.63 per bushel, in comparison to \$1.54 the prior week and \$2.35 a year ago.
- Nebraska differential is \$1.63 per bushel, in comparison to \$1.60 the prior week and \$2.11 a year ago.
- South Dakota differential is \$2.15 per bushel, in comparison to \$1.87 the prior week and \$2.51 a year ago.

COUNTRY NEWS

Brazil: The Agriculture Ministry will sell 160,000 MT of corn from stockpiles with prices pegged at 17.50 Reais/kg. (Bloomberg)

China: An auction for 2.0 MMT of state-owned corn will begin on Friday. Prices will range from \$1,300-1,450 yuan/MT (\$197-221/MT), which is very cheap but involves stock from 2012. Weekly auctions are expected into October. (Reuters)

South Africa: The Crop Estimates Committee raised its maize production forecast by 1.5 percent to 7.16 MMT, which would be 3.8 percent higher than a Reuter's survey of crop analysts. (Reuters)

Ukraine: Corn crop estimates are rising with some private estimates as high as 28-29 MMT due to favorable spring weather. (Reuters)

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	\$27.25	Up \$0.75	Handymax at \$27.50/MT
55,000 U.S. PNW-Japan	\$16.50	Up \$0.50	Handymax at \$16.00/MT
58-60,000 U.S. Gulf-China	\$25.25	Up \$0.75	North China
PNW to China	\$15.00	Up \$0.50	
30,000 U.S. Gulf-Veracruz, México	\$13.75	Up \$0.25	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$12.00	Up \$0.25	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$14.50 \$26.50	Up \$0.25 Up \$0.25	West Coast Colombia at \$20.75
39-43,000 U.S. Gulf-Guatemala	\$20.75	Up \$0.25	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$30.50	Up \$0.50	8,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$32.25	Up \$0.50	3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$30.50	Up \$0.50	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$21.50	Up \$0.50	55,000 -60,000 MT
PNW to Egypt	\$22.75	Unchanged	St. Lawrence to Egypt \$19.50
65-75,000 U.S. Gulf-Europe-Rotterdam	\$14.25	Up \$0.25	Handymax at +\$1.25 more
Brazil, Santos-China	\$18.50	Up \$0.50	54-58,000 Supramax-Panamax
Itacoatiara Port up river Amazonia-China	\$17.50	Up \$0.50	60-66,000 Post Panamax
56-60,000 Argentina-China	\$28.75	Up \$0.50	48-53,000 MT (11.5-meter draft)
Upriver with Top-Off	\$26.50	Up \$0.50	—

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: As mentioned previously, we are in a low-priced, but bumpy, global ocean freight environment. Hope among vessel owners still springs eternal, but the oversupply of ships continues to create a ceiling on how high any temporary rally can go. So, what goes up over the course of a week or two eventually comes back down. This has been another bumpy

week as the Baltic Dry-Bulk indices slipped back and the physical market moved up slightly in most markets. Maybe the reconciliation will come next week?

It is still a buyers' market, both for spot and 60-day vessel fixtures and for ship buyers in the used vessel market. It is considerably cheaper to purchase a two-year old Cape or Panamax vessel as opposed to building a new one – and this is a big problem for Asian shipyards.

Baltic-Panamax Dry-Bulk Indices				
May 25, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	8,443	8,708	-265	-3.0%
P3A: PNW/Pacific– Japan	4,700	4,882	-182	-3.7%

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:

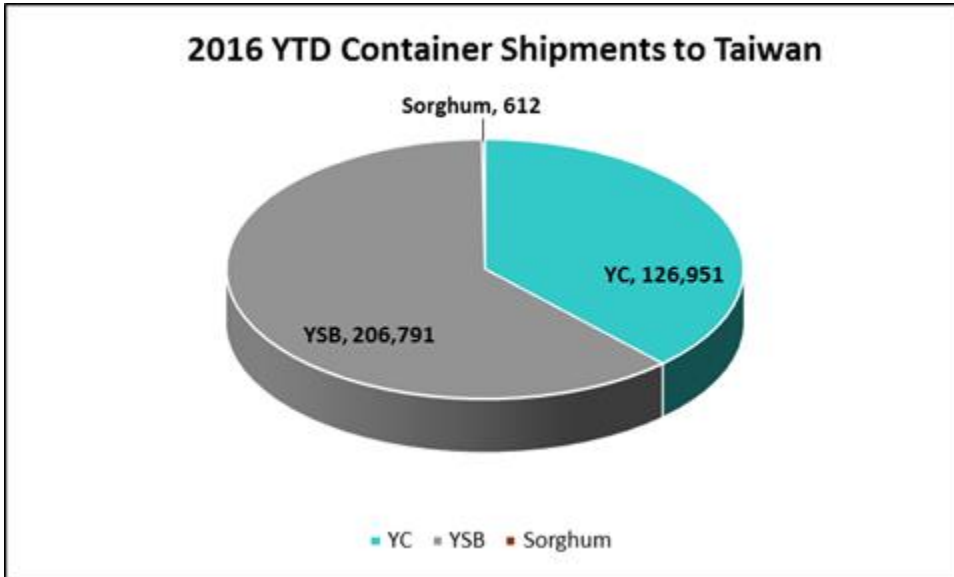
Week of May 25, 2016	
Four weeks ago:	\$4.10-\$4.45
Three weeks ago:	\$4.05-\$4.20
Two weeks ago	\$3.55-\$3.85
One week ago:	\$4.00-\$4.55
This week	\$4.20-\$4.25

Source: O'Neil Commodity Consulting

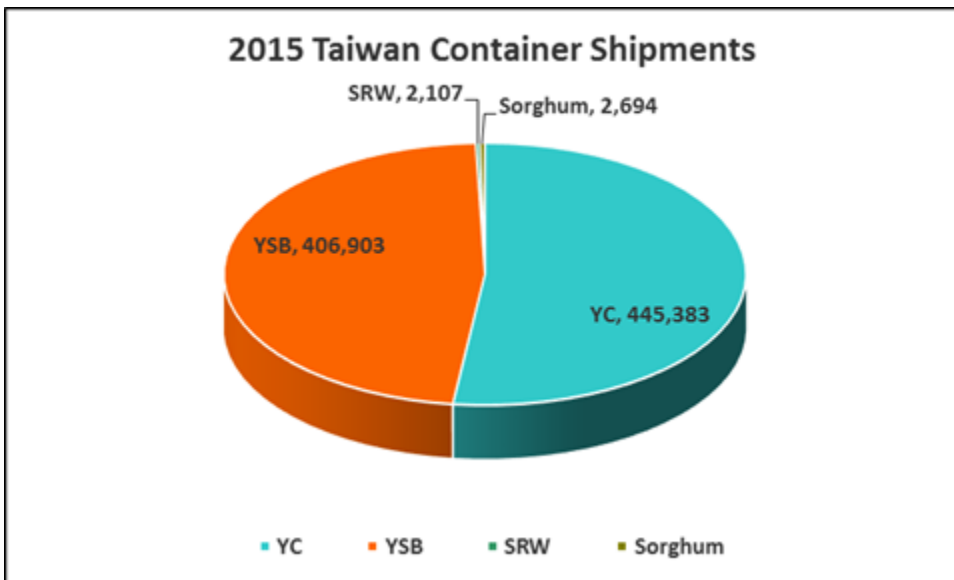
U.S.-Asia Market Spreads					
May 25, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.72	0.50	0.22	\$8.66	PNW
Soybeans	0.87	0.43	0.44	\$17.32	Gulf
Ocean Freight	\$15.00	\$25.25	0.25-0.28	(\$10.25)	June

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 May 26, 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	\$23.00	\$25.00	\$24.00	\$16.50	\$18.00	\$22.50	\$20.00	\$22.00
	Brazil	\$16.00	\$18.00	\$17.00	\$7.75	\$8.80	\$11.25	-	-
Corn (White)	Argentina	\$23.00	\$25.00	\$24.00	\$16.50	\$18.00	\$22.50	\$20.00	\$22.00
	Brazil	\$16.00	\$18.00	\$17.00	\$7.75	\$8.80	\$11.25	-	-
Barley	Argentina	\$23.00	\$25.00	\$24.00	\$16.50	\$18.00	\$22.50	\$20.00	\$22.00
	Brazil	\$16.00	\$18.00	\$17.00	\$7.75	\$8.80	\$11.25	-	-
Sorghum	Argentina	\$23.00	\$25.00	\$24.00	\$16.50	\$18.00	\$22.50	\$20.00	\$22.00
	Brazil	\$16.00	\$18.00	\$17.00	\$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 25, 2016

	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	0.96	0.91	0.91
LIBOR (1 year)	1.30	1.24	1.24

Source: www.bankrate.com