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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn July Contract

\$/Bu	Friday 27 May	Monday 30 May	Tuesday 31 May	Wednesday 1 June	Thursday 2 June
Change	0.0450	NA	-0.0800	0.0900	0.0150
Closing Price	4.1275	NA	4.0475	4.1375	4.1525
Factors Affecting the Market	Continued strong export sales caused the top to blow off the previous resistance level.	CME closed for the U.S. Memorial Day holiday.	With planting near complete and 72 percent of the U.S. corn crop in good to excellent condition and no weather threat in sight, the market took a tumble.	Trading was in a wide 13-cent range and ended strong as funds on the first day of the new trading month bought back more contracts than they'd sold the day before.	Front month contracts hit \$4.15 in the overnight session based on export expectations and held on to the gain through the day session.

Outlook: Momentum is positive and the moving average continues in a bullish direction. The funds are now long approximately 70,000 corn contracts. They notably and literally bought into the bullish trend long before the commercial side of the market. Perhaps weighed down more by prior market experience, the commercials

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.

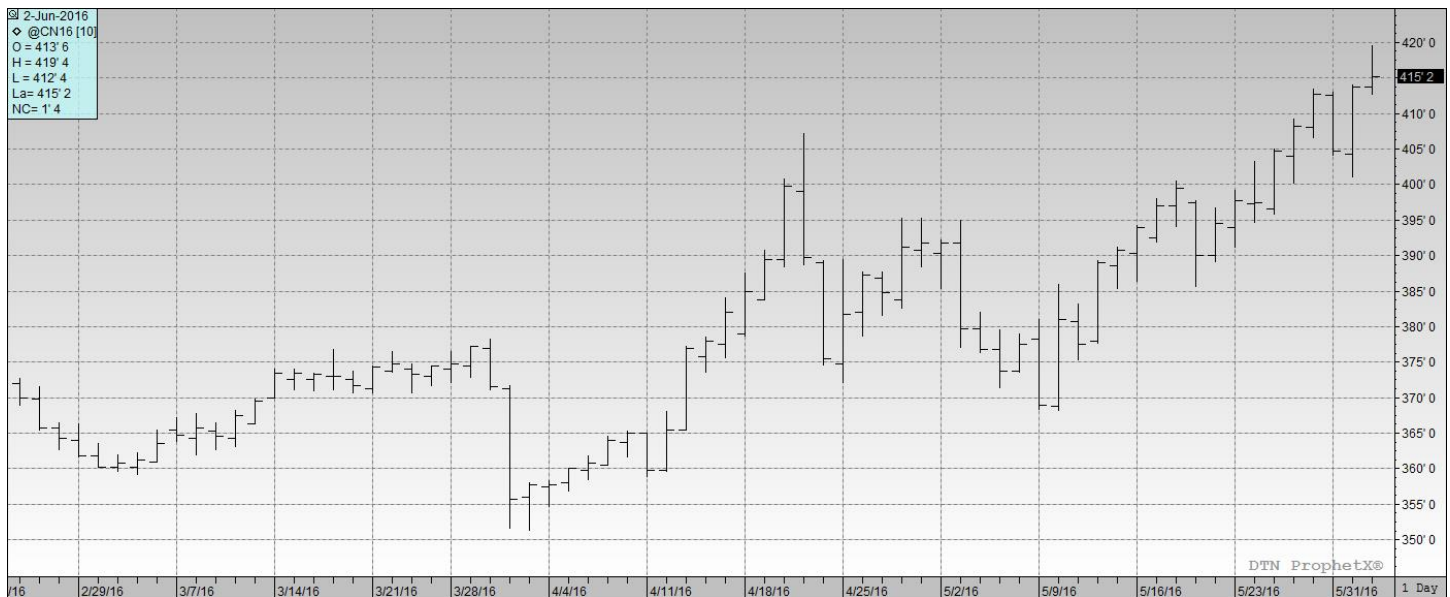
The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C. and has ten international offices that oversee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

did not give the short supply situation in Brazil and the export prospects of the U.S. the same credence as the funds. U.S. exports have benefited as Argentina has failed to deliver its crop from the farms to the ships that have long been waiting. (Note that the next U.S. Export Sales report will be issued on June 3.) The respectable level of export sales will not change the expected carryout tremendously, but the direction is nonetheless bullish.

U.S. weather continues to be suboptimal with late sprouting in the eastern Corn Belt, and the Midwest overall is looking at below normal precipitation for the next 10-14 days.

Things are even more bullish in Brazil where the short supply has sent the national average price to R\$53/60kg (\$6.27/bushel).

CBOT JULY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending June 2, 2016			
Commodity	2-Jun	27-May	Net Change
Corn			
Jul 16	415.25	412.75	2.50
Sep 16	415.75	414.25	1.50
Dec 16	416.75	413.50	3.25
Mar 17	422.75	420.00	2.75
Soybeans			
Jul 16	1144.25	1086.50	57.75
Aug 16	1130.75	1083.00	47.75
Sep 16	1102.50	1067.50	35.00
Nov 16	1081.75	1056.25	25.50
Soymeal			
Jul 16	418.30	402.60	15.70
Aug 16	399.40	388.70	10.70
Sep 16	388.80	381.10	7.70
Oct 16	381.40	375.90	5.50
Soyoil			
Jul 16	32.26	31.48	0.78
Aug 16	32.37	31.61	0.76
Sep 16	32.48	31.74	0.74
Oct 16	32.58	31.87	0.71
SRW			
Jul 16	485.50	481.50	4.00
Sep 16	496.25	491.75	4.50
Dec 16	514.00	508.25	5.75
Mar 17	531.00	523.50	7.50
HRW			
Jul 16	464.50	459.75	4.75
Sep 16	480.75	475.75	5.00
Dec 16	504.75	498.50	6.25
Mar 17	521.25	514.75	6.50
MGEX (HRS)			
Jul 16	532.25	528.00	4.25
Sep 16	540.75	535.50	5.25
Dec 16	553.75	549.25	4.50
Mar 17	565.75	562.00	3.75

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	May 29, 2016	Last Week	Last Year	2011-15 Average
Corn	94%	86%	94%	92%
Sorghum	44%	37%	42%	51%
Barley	97%	94%	100%	88%

Source: USDA

U.S. Drought Monitor Weather Forecast: The NWS WPC 7-Day Quantitative Precipitation Forecast (QPF) (June 1-8, 2016) is showing a very dry week on tap west of the continental divide. Heavy rains are expected in the southern Plains, Michigan's Upper Peninsula, southern Florida, the middle Appalachians and New England. The West will also warm up under some strong ridging as temperatures are expected to be running 6-18 degrees above normal for this time of year. Cooler weather should persist over this period in Texas, the Midwest, the Mid-Atlantic and the Northeast.

Under strong model and forecast tool agreement, CPC's 6-10 day outlooks are showing a strong ridge building in the West and extending into the central and northern Plains. Temperatures here will likely be running well above normal for the period June 7-11. Temperatures across the Southeast also look to be above normal while the Northeast is most likely to experience below-normal temperatures during this time frame. As for precipitation, the odds are tilted toward above-normal totals in the Pacific Northwest, the northern Great Basin and northern New England. The odds are not looking good in the central and southern Great Plains, Midwest, Gulf Coast region (except for southern Florida), and Mid-Atlantic, with rainfall looking likely to be below normal through early June.

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.

*Due to the holiday on Monday, May 30 2016 the next U.S. Export Sales report will be released on Friday, June 3 2016. The June 9, 2016 edition of Market Perspectives will have updated figures.

Note: Due to the holiday on Monday, May 30 2016 the next U.S. Export Sales report will be released on Friday, June 3 2016. The June 9, 2016 edition of Market Perspectives will have updated commentary.

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 26, 2016

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	416	73	31,928	180,222	18%
Corn	786,407	1,147,856	28,414,240	31,911,906	89%
Sorghum	65,890	52,031	7,092,982	7,362,255	96%
Soybeans	182,261	88,349	43,397,962	46,967,064	92%
Wheat	494,842	302,342	20,072,250	22,622,295	89%

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 26, 2016						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	21,963	3%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	409,263	54%	28,000	100%	50,585	77%
PNW	172,980	23%	122	0%	0	0%
Interior Export Rail	154,079	20%	0	0%	15,305	23%
Total (Metric Tons)	758,285	100%	28,122	100%	65,890	100%
White Corn Shipments by Country (MT)			28,000	to Mexico		
			122	to Korea		
Total White Corn (MT)			28,122			
Sorghum Shipments by Country (MT)					52,055	to China
					13,835	to Mexico
Total Sorghum (MT)					65,890	

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	\$183.55	-	-
July	+0.52 N	\$183.95	+0.79 N	\$194.58
August	+0.58 U	\$186.51	+0.79 U	\$194.77
September	+0.73 U	\$192.41	+0.83 U	\$196.35

Note: based on limited market activity and insufficient volume to warrant listing prices, the white corn table has been omitted from this edition of *Market Perspectives*.

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
June	-	-	+0.90 N	\$198.91
LH July	-	-	+0.65 U	\$189.26

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	\$152	\$152	\$152
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
	July	August	September
Bulk 60% Pro.			
New Orleans	\$650	\$650	\$650
<i>*5-10,000 MT Minimum</i>			

**All prices are market estimates.*

DDGS Price Table: June 2, 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	208	201	198
FOB Vessel GULF	214	207	204
Rail delivered PNW	232	228	226
Rail delivered California	236	232	230
Mid-Bridge Laredo, TX	230	228	226
FOB Lethbridge, Alberta	205	200	198
40 ft. Containers to South Korea (Busan)	260	249	247
40 ft. Containers to Taiwan (Kaohsiung)	260	246	244
40 ft. Containers to Philippines (Manila)	270	257	254
40 ft. Containers to Indonesia (Jakarta)	265	252	249
40 ft. Containers to Malaysia (Port Kelang)	265	252	249
40 ft. Containers to Vietnam (HCMC)	270	255	253
40 ft. Containers to Japan (Yokohama)	265	254	252
40 ft. containers to Thailand (LCMB)	260	249	247
40 ft. Containers to Shanghai, China	250	248	245
KC & Elwood, IL Rail Yard (delivered Ramp)	209	204	200

*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: Price increases were impressive all around based on the weekly survey of traders, though this week the larger jump was for deliveries to Asian markets. Most of the interest is coming for near-term delivery and that is where price increases are sharpest. Containers delivered in June to Korea (+\$25), Taiwan (+\$23) and Vietnam (+\$23) saw the largest jumps. The average change across all markets was up an average \$16/container for June delivery. Deliveries for July were up an average \$11/container and for August the average increase was \$9/container. There is interest in deferred deliveries but mostly just because of the discounts.

Chinese demand has purportedly increased but overall buyer interest is also much better than it was. The strong upward pressure on soybean meal prices does not look like it will abate soon.

USDA's Grain Crushings and Co-Products report issued on June 1, 2016 showed DDGS production in April at 1.702 MMT, up 2 percent for the same month a year earlier. Offsetting the increase is a decline in the production of DDG without solubles and non-modified wet DDG.

Ethanol Comments: USDA's Grain Crushings and Co-Products report issued on June 1, 2016 indicates that 392.4 million bushels of corn were used for ethanol production in April, down from 407.7 million bushels used in April of last year.

U.S. ethanol production rose 1.5 percent last week to an average of 960 thousand barrels per day; stocks according to the Energy Information Administration (EIA) continue to decline (-0.2 percent) and now stand at 20.77 million barrels.

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 \$1.83 per bushel, in comparison to \$1.78 the prior week and \$2.39 a year ago.
- Iowa differential is \$1.78 per bushel, in comparison to \$1.63 the prior week and \$2.14 a year ago.
- Nebraska differential is \$1.75 per bushel, in comparison to \$1.63 the prior week and \$1.84 a year ago.
- South Dakota differential is \$2.22 per bushel, in comparison to \$2.15 the prior week and \$2.33 a year ago.

COUNTRY NEWS

Brazil: Chicken production has fallen by 10 percent in the past three months and looks to decline further due to the high cost of corn. (Bloomberg)

China: The government plans to increase the June 3, 2016 corn auction volume by 1 MMT to a total of 3.42 MMT. (Reuters)

Malawi: The government is seeking to buy 1 MMT of maize from Europe at a cost of around \$350 million but it is unlikely to find the white maize preferred by consumers. (WPI)

Venezuela: Empresas Polar SA, the country's largest food processor, announced it was suspending beer production due to the unavailability of foreign exchange on which to import barley. (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	\$28.00	Up \$0.25	Handymax at \$28.75/MT
55,000 U.S. PNW-Japan	\$16.25	Down \$0.25	Handymax at \$16.00/MT
58-60,000 U.S. Gulf-China PNW to China	\$26.00 \$14.75	Up \$0.75 Up \$0.50	North China
30,000 U.S. Gulf-Veracruz, México	\$13.75	Unchanged	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$12.00	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$14.75 \$26.75	Up \$0.25 Up \$0.25	West Coast Colombia at \$20.75
43,000 U.S. Gulf-Guatemala	\$21.00	Up \$0.25	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$31.00 \$32.75	Up \$0.50 Up \$0.50	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$31.50	Up \$1.00	5,000 discharge rate
55,000 U.S. Gulf-Egypt PNW to Egypt	\$22.00 \$23.25	Up \$0.50 Up \$0.50	55,000 -60,000 MT St. Lawrence to Egypt \$20.00
65-75,000 U.S. Gulf-Europe- Rotterdam	\$14.50	Up \$0.25	Handymax at +\$1.25 more
Brazil, Santos-China	\$18.50 \$17.50	Unchanged Unchanged	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$29.00	Up \$0.25	48-53,000 MT (11.5-meter draft)
56-60,000 Argentina-China 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: Global ocean freight markets were very mixed this week. The Baltic Dry-Bulk indices continued to slide lower while the physical market in the Atlantic continued to move slightly upward. Physical markets in the Pacific, however, slipped lower. Business in the U.S. Gulf has provided better-than-expected demand. There was not much volume traded and the market is mostly trying to find a level of balance.



Baltic-Panamax Dry-Bulk Indices

June 2, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	8,227	8,417	-190	-2.3%
P3A: PNW/Pacific– Japan	4,245	4,693	-448	-9.5%

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 June 1, 2016

Four weeks ago:	\$4.05-\$4.20
Three weeks ago:	\$3.55-\$3.85
Two weeks ago:	\$4.00-\$4.55
One week ago:	\$4.20-\$4.25
This week	\$4.05-\$4.25

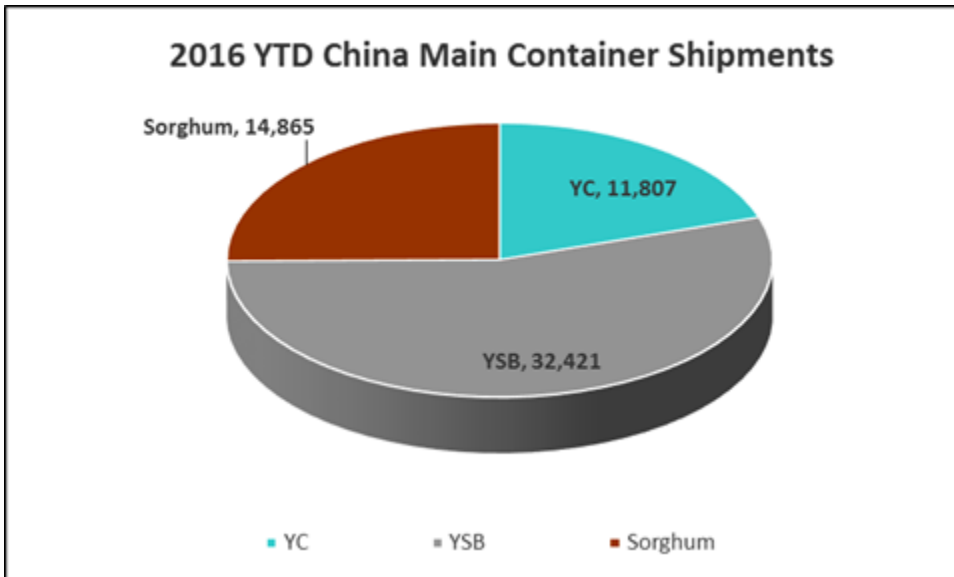
Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads

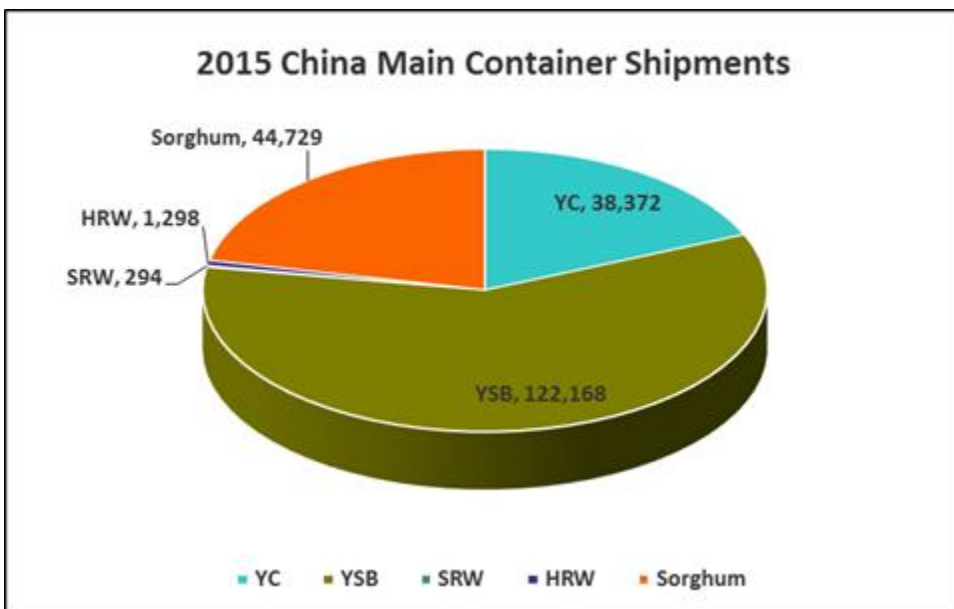
June 2, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.79	0.54	0.25	\$9.84	PNW
Soybeans	0.90	0.60	0.30	\$11.81	Both
Ocean Freight	\$14.75	\$26.00	0.29-0.31	(\$11.25)	July

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

**International Freight Rates for Feed Grains – Select Routes
Estimated Spot Price (\$/MT) – Week Ending June 2, 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	\$24.00	\$26.00	\$24.00	\$20.00	\$21.50	\$26.00	\$23.00	\$24.00
	Brazil	\$17.50	\$20.00	\$18.50	\$9.00	\$10.50	\$13.00	\$20.00	\$21.00
Corn (White)	Argentina	\$24.00	\$26.00	\$24.00	\$20.00	\$21.50	\$26.00	\$23.00	\$24.00
	Brazil	\$17.50	\$20.00	\$18.50	\$9.00	\$10.50	\$13.00	\$20.00	\$21.00
Barley	Argentina	\$24.00	\$26.00	\$24.00	\$20.00	\$21.50	\$26.00	\$23.00	\$24.00
	Brazil	\$17.50	\$20.00	\$18.50	\$9.00	\$10.50	\$13.00	\$20.00	\$21.00
Sorghum	Argentina	\$24.00	\$26.00	\$24.00	\$20.00	\$21.50	\$26.00	\$23.00	\$24.00
	Brazil	\$17.50	\$20.00	\$18.50	\$9.00	\$10.50	\$13.00	\$20.00	\$21.00

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 (%): June 1, 2016

	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	0.98	0.96	0.90
LIBOR (1 year)	1.32	1.30	1.23

Source: www.bankrate.com