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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn July Contract					
\$/Bu	Friday 3 June	Monday 6 June	Tuesday 7 June	Wednesday 8 June	Thursday 9 June
Change	0.0300	0.0900	0.0050	0.0350	0.0475
Closing Price	4.1825	4.2725	4.2775	4.3125	4.2650
Factors Affecting the Market	The highest close in 11 months came from solid export sales.	Limited farmer selling helped corn have a stronger day than soybeans.	Trade was up and down with a modest finish.	Stress on the crop from a weather forecast of heat and less rainfall helped one side of a 13-cent trading range.	An improved outlook for Midwest rain dampened the market.

Outlook: Ninety-eight percent of the U.S. corn crop was planted as of June 5, 2016. USDA's weekly crop progress report rated 75 percent of the corn crop at good/fair, up from 72 percent a week ago.

USDA's next WASDE will be issued tomorrow (June 10) and the average of estimates by industry analysts ahead of that report is that the agency will raise the old corn crop export estimate (at least 25-50 million

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.

bushels) and lower the carryout by 1.7 million bushels. They also believe that the production estimate for the 2016/17 crop will be reduced by 67 million bushels to 14.363 billion bushels.

Early farmer selling turned out to be a mistake and producers are now more cautious about unloading until they better understand the market top. The market is also bolstered by continued dryness in South American production areas, and Argentine farmers still failing to deliver enough corn to the ports. The weather premium built into the Midwest U.S. crop this past week may be premature, however, given that there is no high pressure ridge to lock in high temperatures, and the outlook actually calls for cooler temps ahead.

Strong corn products demand in China is pushing prices higher and the Middle Kingdom bought 113 KMT of U.S. sorghum.

Finally, it should be noted that now that the funds have acquired large long positions in the market, they are likely to defend them. Whether their positions are sustainable without adverse weather will take time to resolve.

CBOT JULY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending June 9, 2016			
Commodity	9-Jun	3-Jun	Net Change
Corn			
Jul 16	426.50	418.25	8.25
Sep 16	430.50	419.75	10.75
Dec 16	433.50	419.75	13.75
Mar 17	438.25	426.00	12.25
Soybeans			
Jul 16	1176.00	1132.00	44.00
Aug 16	1172.00	1122.00	50.00
Sep 16	1159.75	1101.25	58.50
Nov 16	1152.75	1085.25	67.50
Soymeal			
Jul 16	413.50	414.30	-0.80
Aug 16	409.00	397.70	11.30
Sep 16	406.60	390.00	16.60
Oct 16	404.00	384.70	19.30
Soyoil			
Jul 16	33.03	32.26	0.77
Aug 16	33.17	32.38	0.79
Sep 16	33.30	32.51	0.79
Oct 16	33.43	32.63	0.80
SRW			
Jul 16	510.25	497.25	13.00
Sep 16	521.50	506.75	14.75
Dec 16	539.50	523.00	16.50
Mar 17	557.00	540.00	17.00
HRW			
Jul 16	484.25	474.00	10.25
Sep 16	501.00	489.75	11.25
Dec 16	525.75	513.00	12.75
Mar 17	541.75	529.25	12.50
MGEX (HRS)			
Jul 16	554.00	539.50	14.50
Sep 16	562.50	547.75	14.75
Dec 16	577.25	560.50	16.75
Mar 17	591.00	572.50	18.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	June 5, 2016	Last Week	Last Year	2011-15 Average
Corn	98%	94%	99%	97%
Sorghum	58%	44%	52%	62%
Barley	100%	97%	100%	100%

Source: USDA

U.S. Crop Condition: June 5, 2016					
	Very Poor	Poor	Fair	Good	Excellent
Corn	1%	3%	21%	61%	14%
Sorghum	-	-	-	-	-
Barley	-	1%	21%	61%	17%

Source: USDA

U.S. Drought Monitor Weather Forecast: Next week's forecast (June 9-16) calls for hot and relatively dry conditions as a ridge moves across the Great Plains, Mississippi Valley, Ohio Valley, and Southeast. Significant rainfall accumulations are expected across the upper Midwest as thunderstorms move through the region. The National Weather Service 7-Day forecast also calls for dryness across much of California and northwestern Montana and accumulations of generally less than a half an inch across the lower elevations of the West. The Climate Prediction Center 6-10 day outlooks call for a continuation of above normal temperatures June 14-18 across the western two-thirds of the contiguous U.S. and a relief to the recent warmth in the Pacific Northwest and New England. As for precipitation, the odds favor above-normal accumulations in the Pacific Northwest, the Midwest, and the South while the Plains and Northeast are likely to be below normal.

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 June 2, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	1,642,200	120,700	120.7	5,764.6	22%
Corn	1,746,200	1,242,200	30,016.3	44,692.4	2%
Sorghum	119,600	59,500	6,567.5	7,446.0	-10%
Barley	2,300	400	0.4	8.5	1%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 1,558,900 MT for 2015/2016 were up 18 percent from the previous week and from the prior 4-week average. Increases were reported for Japan (409,200 MT, including 108,500 MT switched from unknown destinations and decreases of 1,500 MT), South Korea (210,200 MT, including 68,000 MT switched from unknown destinations), Venezuela (150,000 MT), unknown destinations (144,900 MT), Vietnam (127,600 MT), and Saudi Arabia (78,700 MT). Reductions were reported for the French West Indies (6,800 MT) and Morocco (900 MT). For 2016/2017, net sales of 120,400 MT were reported for unknown destinations (68,300 MT), Mexico (22,100 MT), Peru (11,000 MT), Honduras (10,000 MT), and Colombia (9,000 MT). Exports of 1,242,200 MT were up 65 percent from the previous week and 19 percent from the prior 4-week average. The primary destinations were Mexico (262,000 MT), Japan (257,900 MT), Saudi Arabia (148,700 MT), South Korea (137,700 MT), El Salvador (66,600 MT), Peru (56,700 MT), and Algeria (46,600 MT).

Optional Origin Sales: For 2015/2016, new optional origin sales totaling 60,800 MT were reported for unknown destinations. The current optional origin outstanding sales balance is 394,800 MT, all unknown destinations.

Barley: Net sales for the 2016/2017 marketing year, which began June 1, totaled 200 MT were for Japan. A total of 2,100 MT in sales were carried over from the 2015/2016 marketing year, which ended May 31. There were no exports for the period ending May 31. Accumulated exports were 26,200 MT, down 82 percent from the prior year's total of 144,700 MT. Exports for June 1-2 totaled 400 MT, all Japan.

Sorghum: Net sales of 119,600 MT for 2015/2016 were down 43 percent from the previous week and 6 percent from the prior 4-week average. Increases were reported for China (63,600 MT) and unknown destinations (56,000 MT). Exports of 59,500 MT were up 11 percent from the previous week, but down 8 percent from prior 4-week average. The destinations were China (56,600 MT) and Mexico (2,700 MT).

U.S. Export Inspections: Week Ending June 2, 2016					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	416	0	798	0%
Corn	1,067,513	786,507	29,481,853	32,662,881	90%
Sorghum	65,884	66,250	7,159,226	7,416,358	97%
Soybeans	98,378	205,102	43,518,447	47,185,073	92%
Wheat	390,185	496,938	212,452	150,864	141%

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 June 2, 2016						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	1470	2%
Gulf	619,000	60%	38,095	100%	56,620	86%
PNW	267,067	26%	0	0%	0	0%
Interior Export Rail	143,351	14%	0	0%	7,794	12%
Total (Metric Tons)	1,029,418	100%	38,095	100%	65,884	100%
White Corn Shipments by Country (MT)			8,864	to Colombia		
			25,441	to El Salvador		
			3,790	to Guatemala		
Total White Corn (MT)			38,095			
Sorghum Shipments by Country (MT)					59,560	to China
					6,324	to Mexico
Total Sorghum (MT)					65,884	

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)
July	+0.72 N	\$196.25	+0.82 N	\$200.19
August	+0.70 U	\$197.04	+0.84 U	\$202.55
September	+0.79 U	\$200.58	+0.89 U	\$204.52
October	+0.85 Z	\$204.12	+0.63 Z	\$195.46

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
LH July	-	-	+0.65 Z	\$196.25
August	-	-	+0.60 Z	\$194.28
September	-	-	+0.60 Z	\$194.28

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	July	August	September
New Orleans	\$152	\$152	\$152
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
	July	August	September
New Orleans	\$620	\$620	\$620
*5-10,000 MT Minimum			

*All prices are market estimates.

*Note: Values are repeated this week from last week's edition of Market Perspectives.

DDGS Price Table: June 9, 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	228	223	220
FOB Vessel GULF	232	226	225
Rail delivered PNW	244	242	239
Rail delivered California	244	243	240
Mid-Bridge Laredo, TX	244	243	241
FOB Lethbridge, Alberta	212	208	206
40 ft. Containers to South Korea (Busan)	262	258	255
40 ft. Containers to Taiwan (Kaohsiung)	262	258	256
40 ft. Containers to Philippines (Manila)	275	271	269
40 ft. Containers to Indonesia (Jakarta)	267	263	261
40 ft. Containers to Malaysia (Port Kelang)	266	264	261
40 ft. Containers to Vietnam (HCMC)	271	267	265
40 ft. Containers to Japan (Yokohama)	270	267	264
40 ft. containers to Thailand (LCMB)	264	261	259
40 ft. Containers to Shanghai, China	255	260	258
KC & Elwood, IL Rail Yard (delivered Ramp)	224	221	216

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 DDGS market caught fire this past week due to higher soybean meal prices. One trader says prices jumped \$15/container in one day and the survey average for the trading week showed a +\$23/container increase based on June shipment. Some buyers paid up but others had sticker shock. However, the survey shows similar increased prices for July/August shipment and at least one major Asian buyer is looking to lock in August/September supplies.

Ethanol Comments: Daily U.S. ethanol production rose an average 46,000 barrels and hit a more seasonal level of 1.006 million barrels. Meanwhile, demand pushed stock levels down (-2.6 percent) to 20.2 million barrels. Ethanol exports are running 5 percent higher and hit a 52 month (since December 2011) high in April. The Oil and Gas Investments Bulletin is bullish on Chinese demand and estimates that crush margins will remain positive, though some worry higher prices could slow export demand.

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

- Illinois differential is \$1.75 per bushel, in comparison to \$1.83 the prior week and \$2.19 a year ago.
- Iowa differential is \$1.82 per bushel, in comparison to \$1.78 the prior week and \$1.98 a year ago.
- Nebraska differential is \$1.64 per bushel, in comparison to \$1.75 the prior week and \$1.67 a year ago.
- South Dakota differential is \$2.22 per bushel, in comparison to \$2.22 the prior week and \$2.15 a year ago.

COUNTRY NEWS

Brazil: Hog and chicken slaughter capacity has fallen up to 15 percent due to high feed costs and falling domestic meat demand. Importers are hesitant to import U.S. corn because Brazilian GMO policy does not yet recognize 14 of the varieties grown there. Future livestock production could be adversely impacted. (Reuters)

China: Shandong province sold 99.62 percent of the corn it offered from state reserves, Hebei sold 85 percent of the corn it offered from reserves, and Jilin province sold 58 percent of its stockpile. (Bloomberg) The corn market is expanding but is held back by a lack of intellectual property rights and inadequate capital investment. A consolidation will be necessary. (Newsmakers.au/Wiseguys Reports)

India: Exports of protein meals continued to decline in May as a lack of supply and high prices made Indian soymeal uncompetitive. (WPI)

Indonesia: Importers of corn are paying demurrage and risking cargo degradation as the Bulog's monthly licensing scheme blocks imports above quota. (Hellenic Shipping News)

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	\$28.25	Up \$0.25	Handymax at \$28.75/MT
55,000 U.S. PNW-Japan	\$16.00	Down \$0.25	Handymax at \$16.00/MT
58-60,000 U.S. Gulf-China	\$26.25	Up \$0.25	North China
PNW to China	\$14.50	Down \$0.25	
30,000 U.S. Gulf-Veracruz, México	\$14.00	Up \$0.25	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$12.25	Up \$0.25	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$15.25 \$27.25	Up \$0.50 Up \$0.50	West Coast Colombia at \$21.00
43,000 U.S. Gulf-Guatemala	\$21.50	Up \$0.50	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$31.25 \$33.00	Up \$0.25 Up \$0.25	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$31.75	Up \$0.25	5,000 discharge rate
55,000 U.S. Gulf-Egypt PNW to Egypt	\$22.25 \$23.25	Up \$0.25 Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$20.00
65-75,000 U.S. Gulf-Europe-Rotterdam	\$15.00	Up \$0.50	Handymax at +\$1.25 more
Brazil, Santos-China	\$18.50 \$17.25	Unchanged Down \$0.25	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$29.00	Unchanged	48-53,000 MT (11.5-meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$27.00	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: I've heard it said that "If freight markets are to rally it will have to be led by the Capes," and that is certainly what happened this week. Improved Chinese demand for raw materials ahead of the Dragon Boat Festival holiday (which lasts one week) moved the Capesize markets higher and helped to pull most everything else up with it. I have to think that this move is more temporary than an indication that we are at a true turnaround point for the global freight markets.

A shipping expert with a maritime consultancy said at the Coaltrans Asia conference in Bali Tuesday that “a reduction of an estimated 30 percent of excess tonnage supply is needed before the dry freight market can be turned around.” So, we probably have some time to go before anyone can get really excited about a bull market in global Dry-Bulk or containerized shipping rates.

I don’t understand, and so someone will have to explain it to me: why are the Handymax and Supramax vessels getting \$14,000/day on the USG to Central America route while everyone else is getting only \$5-6,000/day hire? You would think that the world fleet should rush to this business, and then things would adjust.

On the bright side of the demand picture I do see that North African countries are coming back into our market for U.S. corn. I see U.S. corn shipments going to Algeria, Morocco, Egypt and Saudi Arabia. This means that Black Sea Corn is in limited supply.

Baltic-Panamax Dry-Bulk Indices				
June 9, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	8,399	8,227	172	2.1%
P3A: PNW/Pacific–Japan	3,798	4,245	-447	-10.5%

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:

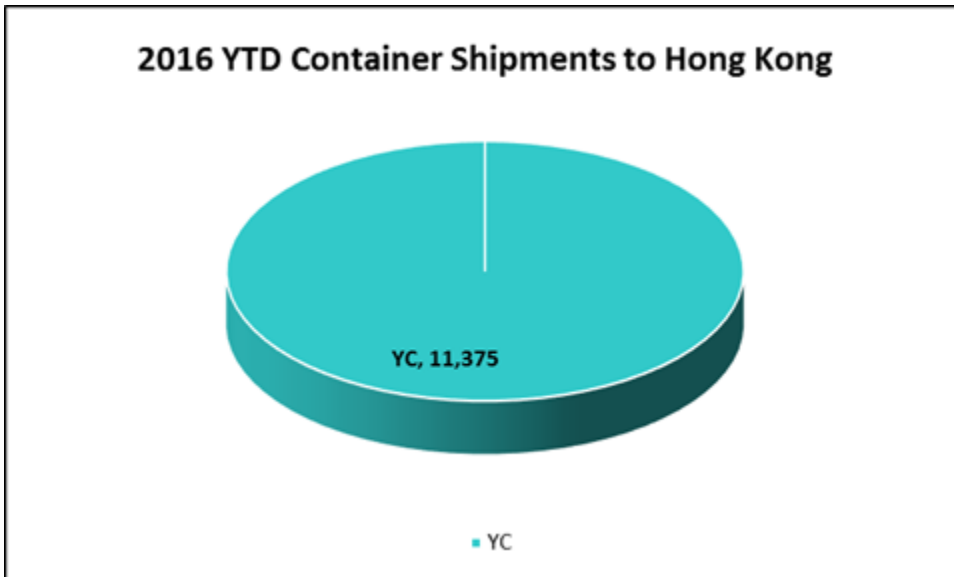
Week of June 9, 2016	
Four weeks ago:	\$3.55-\$3.85
Three weeks ago:	\$4.00-\$4.55
Two weeks ago:	\$4.20-\$4.25
One week ago:	\$4.05-\$4.25
This week	\$4.55-\$5.05

Source: O’Neil Commodity Consulting

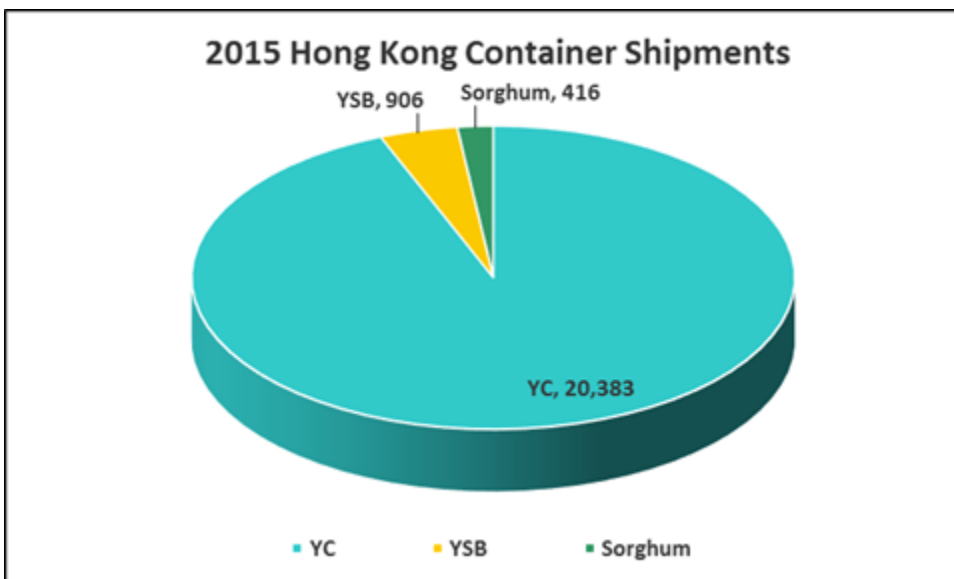
U.S.-Asia Market Spreads					
June 9, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.80	0.70	0.10	\$3.94	PNW
Soybeans	0.85	0.62	0.23	\$9.05	PNW
Ocean Freight	\$14.50	\$26.25	0.30-0.32	(\$11.75)	July

Source: O’Neil Commodity Consulting

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



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 9, 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	\$23.50	\$25.60	\$23.50	\$19.70	\$21.00	\$25.70	\$24.00	\$23.50
	Brazil	\$17.00	\$19.70	\$18.00	\$8.50	\$11.00	\$13.00	\$20.50	\$20.70
Corn (White)	Argentina	\$23.50	\$25.60	\$23.50	\$19.70	\$21.00	\$25.70	\$24.00	\$23.50
	Brazil	\$17.00	\$19.70	\$18.00	\$8.50	\$11.00	\$13.00	\$20.50	\$20.70
Barley	Argentina	\$23.50	\$25.60	\$23.50	\$19.70	\$21.00	\$25.70	\$24.00	\$23.50
	Brazil	\$17.00	\$19.70	\$18.00	\$8.50	\$11.00	\$13.00	\$20.50	\$20.70
Sorghum	Argentina	\$23.50	\$25.60	\$23.50	\$19.70	\$21.00	\$25.70	\$24.00	\$23.50
	Brazil	\$17.00	\$19.70	\$18.00	\$8.50	\$11.00	\$13.00	\$20.50	\$20.70

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 8, 2016

	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	0.95	0.98	0.90
LIBOR (1 year)	1.33	1.32	1.22

Source: www.bankrate.com