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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn July Contract

\$/Bu	Friday 17 June	Monday 20 June	Tuesday 21 June	Wednesday 22 June	Thursday 23 June
Change	0.1250	-0.1650	-0.2500	-0.0325	-0.0575
Closing Price	4.3775	4.2125	3.9625	3.9300	3.8725
Factors Affecting the Market	Talk of a "flash" drought was enough to spur more coverage.	"Flash" drought looked unlikely and the market reversed course.	Better moisture outlook prompted funds to sell 35,000 corn contracts and sent the price down the daily limit.	A consolidation day in the market but the technical direction is still down.	The lack of bad weather news pushed corn down to its lowest close in six weeks.

Outlook: The market had been rising based on an extended hot weather forecast, despite consistent very good crop ratings (75 percent is good to excellent), but it has taken just four trading days this week to erase a majority of the corn contract's spring gains.

The shift occurs as the growing season changes into its most critical period. If there is going to be a blast of yield-reducing dry heat, it is not going to occur during the coming week. However, the GFS and EU weather

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.

models do not agree much beyond that. Moreover, pollination will be occurring in about three weeks and that is when moisture is most critical. After that, it is just 20 more days to maturity. Because the season started with such high production estimates, it will not take much adversity to bring that number down.

Non-commercials had befuddled more cautious traders with their jump into very long positions, and this week they began to sell it off. However, this could be just the second directional change of a very dangerous whipsaw. One bullish piece is the possibility of another reduction in the size of the Brazilian corn crop. U.S. corn export inspections were in the middle of the expected range this week. Still, the state of play going forward is that feed wheat is now once again priced below corn, and it will start gaining market share.

Other than weather, the market is focused on the quarterly stocks and planted acre revision reports to be issued by USDA in one week. Soybeans continue to attract a better price, and this should show in the amount of corn that gets planted.

Finally, it should be noted that options on the July contract expire tomorrow (June 24).

CBOT JULY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending June 23, 2016			
Commodity	23-Jun	17-Jun	Net Change
Corn			
Jul 16	387.25	437.75	-50.50
Sep 16	392.50	442.75	-50.25
Dec 16	397.75	448.75	-51.00
Mar 17	405.25	452.50	-47.25
Soybeans			
Jul 16	1124.50	1159.50	-35.00
Aug 16	1123.50	1160.00	-36.50
Sep 16	1109.00	1151.75	-42.75
Nov 16	1101.50	1148.25	-46.75
Soymeal			
Jul 16	383.20	407.40	-24.20
Aug 16	384.00	406.70	-22.70
Sep 16	383.00	406.10	-23.10
Oct 16	381.00	405.00	-24.00
Soyoil			
Jul 16	31.75	31.93	-0.18
Aug 16	31.90	32.06	-0.16
Sep 16	32.04	32.19	-0.15
Oct 16	32.17	32.31	-0.14
SRW			
Jul 16	454.25	481.25	-27.00
Sep 16	465.75	494.75	-29.00
Dec 16	486.25	513.00	-26.75
Mar 17	504.75	531.25	-26.50
HRW			
Jul 16	427.75	460.75	-33.00
Sep 16	445.50	478.50	-33.00
Dec 16	470.75	502.75	-32.00
Mar 17	487.50	518.50	-31.00
MGEX (HRS)			
Jul 16	521.50	539.75	-18.25
Sep 16	531.00	548.75	-17.75
Dec 16	545.50	561.75	-16.25
Mar 17	558.25	574.75	-16.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	June 19, 2016	Last Week	Last Year	2011-15 Average
Corn	-	-	-	-
Sorghum	88%	76%	81%	86%
Barley	-	-	-	-

Source: USDA

U.S. Crop Condition: June 19, 2016					
	Very Poor	Poor	Fair	Good	Excellent
Corn	1%	3%	21%	60%	15%
Sorghum	-	3%	27%	62%	8%
Barley	-	1%	22%	60%	17%

Source: USDA

U.S. Drought Monitor Weather Forecast: A pair of disturbances will continue to track east along a stalled frontal boundary, producing a swath of moderate to heavy rain (1 to 3 inches, locally more) from the lower Great Lakes into the Mid-Atlantic States. Somewhat spottier showers will develop south of the front from the middle Mississippi Valley into the Carolinas, though some of this rain could be locally heavy as well. Farther west, a pair of upper-air disturbances will trigger scattered showers and thunderstorms, the first over the central Plains and middle Mississippi Valley, while the second moves into the Northwest. In contrast, hot, mostly dry weather will prevail across Texas, Oklahoma, and much of the West. The NWS 6- to 10-day outlook for June 28-July 2 calls for above-normal temperatures in the Northeast, Gulf Coast, and from the Plains to the Pacific Coast States. Conversely, cooler-than-normal weather is anticipated across the Corn Belt and Tennessee Valley. Above-normal rainfall is expected across much of the southern and eastern U.S., including the Four Corners, while drier-than-normal conditions prevail from the Northwest into the Great Lakes Region.

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 16, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	487,900	579,300	1,051.7	6,990.2	28%
Corn	919,000	1,208,200	32,673.8	46,414.1	3%
Sorghum	168,000	1,600	6,789.9	7,664.2	-8%
Barley	-	500	1.8	9.2	10%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 870,700 MT for 2015/2016 were down 4 percent from the previous week and 32 percent from the prior 4-week average. Increases were reported for Japan (232,400 MT, including 109,600 MT switched from unknown destinations), Mexico (162,400 MT), Venezuela (86,400 MT, including 30,000 MT switched from unknown destinations and decreases of 600 MT), South Korea (65,200 MT), Israel (64,600 MT, including 60,000 MT switched from unknown destinations), Chile (48,100 MT, including 45,000 MT switched from unknown destinations), Algeria (44,300 MT, including 45,000 MT switched from unknown destinations and decreases of 700 MT), and Colombia (40,300 MT). Reductions were reported for Saudi Arabia (4,600 MT) and the Dominican Republic (200 MT). For 2016/2017, net sales of 550,300 MT were reported for unknown destinations (186,400 MT), Japan (158,000 MT), Saudi Arabia (65,000 MT), Costa Rica (48,000 MT), and Colombia (31,000 MT). Exports of 1,208,200 MT were down 20 percent from the previous week, but up 6 percent from the prior 4-week average. The primary destinations were Japan (285,300 MT), Mexico (278,500 MT), Saudi Arabia (140,400 MT), Taiwan (79,000 MT), South Korea (65,300 MT), Israel (64,600 MT), and Venezuela (59,400 MT).

Optional Origin Sales: For 2015/2016, the current optional origin outstanding sales balance is 394,800 MT, all unknown destinations.

Barley: There were no sales reported during the week. Exports of 500 MT were reported to Taiwan (300 MT) and Japan (200 MT).

Sorghum: Net sales of 168,000 MT for 2015/2016 were up noticeably from the previous week and up 37 percent from the prior 4-week average. Increases were reported for unknown destinations (115,000 MT) and China (53,000 MT). Exports of 1,600 MT were down 99 percent from the previous week and 98 percent from the prior 4-week average. The destinations were China (1,300 MT) and Mexico (300 MT).

U.S. Export Inspections: Week Ending June 16, 2016					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	1,891	1,891	2,670	71%
Corn	1,235,070	1,707,867	32,424,863	34,886,652	93%
Sorghum	13,402	195,026	7,367,800	7,426,839	99%
Soybeans	314,990	149,266	43,981,919	47,589,903	92%
Wheat	571,724	407,705	1,192,879	879,046	136%

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 16, 2016						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	21,041	2%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	780,919	65%	35,000	100%	0	0%
PNW	259,258	22%	0	0%	0	0%
Interior Export Rail	138,754	12%	98	0%	13,402	100%
Total (Metric Tons)	1,199,972	100%	35,098	100%	13,402	100%
White Corn Shipments by Country (MT)			35,000	to Mexico		
			98	to Korea		
Total White Corn (MT)			35,098			
Sorghum Shipments by Country (MT)					9,189	to Mexico
					4,213	to Somalia
Total Sorghum (MT)					13,402	

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	+0.83 N	\$185.13	+0.85 N	\$185.91
FH August	+0.83 U	\$187.19	+0.85 U	\$187.98
LH August	+0.86 U	\$188.38	+0.85 U	\$187.98
September	+0.93 U	\$191.13	+0.89 U	\$189.56
October	+0.98 Z	\$195.17	+0.95 Z	\$193.99

Please note that given the lack of volume in the white corn trade we are unable to provide accurate pricing figures for today's report.

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
LH July	-	-	+0.75 Z	\$186.11
August	-	-	+0.75 Z	\$186.11
September	-	-	+0.75 Z	\$186.11

Please note that given the lack of volume in the feed barley trade we are unable to provide accurate pricing figures for today's report.

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	July	August	September
New Orleans	\$155	\$155	\$155
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
	July	August	September
New Orleans	\$615	\$615	\$615
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: June 23, 2016 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	July	August	September
Barge CIF New Orleans	206	203	200
FOB Vessel GULF	212	209	207
Rail delivered PNW	217	213	212
Rail delivered California	220	215	215
Mid-Bridge Laredo, TX	221	220	219
FOB Lethbridge, Alberta	191	189	189
40 ft. Containers to South Korea (Busan)	268	254	251
40 ft. Containers to Taiwan (Kaohsiung)	285	254	251
40 ft. Containers to Philippines (Manila)	272	259	257
40 ft. Containers to Indonesia (Jakarta)	274	260	257
40 ft. Containers to Malaysia (Port Kelang)	273	259	256
40 ft. Containers to Vietnam (HCMC)	278	263	260
40 ft. Containers to Japan (Yokohama)	288	259	257
40 ft. containers to Thailand (LCMB)	272	256	253
40 ft. Containers to Shanghai, China	285	263	260
KC & Elwood, IL Rail Yard (delivered Ramp)	216	211	208

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 demand for corn by China's feed millers remains very strong and prices are rising (\$294.90/MT average), which should make DDGS more attractive. Still, it is Vietnam according to media reports that is going big for largely U.S. DDGS. Imports from the U.S. have reportedly skyrocketed.

At this juncture, DDGS buyers are as confused as others in the commodity markets. Some buyers hope the price will go lower, while others are stepping in now to take advantage of the recent price drop.

Ethanol Comments: Chinese demand for ethanol remains very strong with imports from the U.S. totaling nearly 131 million liters during April, a record, and at a FOB port value of \$0.45/liter or \$1.69/gallon. It has already reached an all-time annual record of 416 million liters at an average value of \$0.44/liter or \$1.66 per gallon for the first four months of 2016. The following table compares the details of the U.S. exports to China for those first four months of each year from 2011 through 2016:

U.S. Ethanol Exports to China January-April 2011-2016				
Year	Value (000 \$)	Volume (liter)	\$/liter	\$/gallon
2011	315	507,013	\$0.62	\$2.35
2012	30	49,895	\$0.60	\$2.28
2013	75	124,196	\$0.60	\$2.29
2014	34	56,042	\$0.61	\$2.30
2015	120	224,177	\$0.54	\$2.03
2016	182,130	415,550,432	\$0.44	\$1.66

Source: USDA GATS

Daily U.S. ethanol production fell slightly this past week to an average of 962,000 barrels per day. Stock levels also fell slightly to 21.1 million barrels.

The margin between the corn price and the value of ethanol and coproducts was up in all four key markets (see below) this past week, and are above levels recorded this time a year ago.

- Illinois differential is \$1.93 per bushel, in comparison to \$1.825 the prior week and \$1.81 a year ago.
- Iowa differential is \$1.92 per bushel, in comparison to \$1.90 the prior week and \$1.73 a year ago.
- Nebraska differential is \$1.66 per bushel, in comparison to \$1.60 the prior week and \$1.51 a year ago.
- South Dakota differential is \$2.13 per bushel, in comparison to \$2.08 the prior week and \$1.78 a year ago.

COUNTRY NEWS

Argentina: Agriculture Minister Ricardo Buryaile predicts his country's corn planted area will increase by 20 percent in the upcoming summer season. He says the additional 10 to 15 MMT of corn production will mean a decline in soybean output. (Reuters)

Brazil: Agriculture Minister Blairo Maggi says his government will take action to boost supplies of both soybeans and corn. The plan is to raise the minimum price for corn, which in addition to this year's drought has varied little in planting area the past three years. (Reuters)



Market Perspectives

June 23, 2016

Developing Markets • Enabling Trade • Improving Lives

Black Sea: There is still some old crop corn for sale but the rise in CBOT prices has prompted farmers to hold on to their crop. They are unlikely to let go of their supply until they see how the pollination stage goes for their new crop. (WPI)

China: Nearly half (1.18 MMT) of the corn offered at auction (2.52 MMT) was sold this past week out of state reserves. Jilin province was able to sell 98 percent of the corn it offered. (Bloomberg)

India: March imports of 225,000 MT of corn were the first in 16 years. The goal was to buy 500 KMT of non-GMO corn within the short timeframe allotted. India needs more corn but may not be able to get it due to the higher price being required. (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	\$28.75	Up \$0.50	Handymax at \$28.75/MT
55,000 U.S. PNW-Japan	\$16.00	Up \$0.50	Handymax at \$16.00/MT
58-60,000 U.S. Gulf-China	\$26.75	Up \$0.50	North China
PNW to China	\$14.75	Up \$0.50	
30,000 U.S. Gulf-Veracruz, México	\$14.50	Up \$0.50	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$12.75	Up \$0.50	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$15.75 \$27.75	Up \$0.50 Up \$0.50	West Coast Colombia at \$22.25
43,000 U.S. Gulf-Guatemala	\$22.25	Up \$0.75	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$32.00 \$33.00	Up \$0.75 Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$32.50	Up \$0.75	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$23.00	Up \$0.75	55,000 -60,000 MT St. Lawrence to Egypt \$23.00
PNW to Egypt	\$24.00	Up \$0.75	
65-75,000 U.S. Gulf-Europe-Rotterdam	\$15.00	Unchanged	Handymax at +\$1.25 more
Brazil, Santos-China	\$19.25	Up \$0.75	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river	\$18.00	Up \$0.75	
Amazonia-China	\$29.50	Up \$0.50	48-53,000 MT (11.5-meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$28.00	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: The Baltic Indices thought they found reason to rally this week and the physical markets reluctantly followed, albeit to a lesser degree. The Capesize vessel market actually slipped back a bit this week while the Panamax and Handymax markets showed a little strength. We will have to see if this market support can hold or if this is just another case of the freight markets bouncing around without any true direction.

The new and expanded Panama Canal is scheduled to open for business on Sunday and operators claim they have a lineup of vessels registered to move through the new locks.

Baltic-Panamax Dry-Bulk Indices				
June 23, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	8,722	8,665	57	0.7%
P3A: PNW/Pacific– Japan	4,428	3,833	595	15.5%

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:

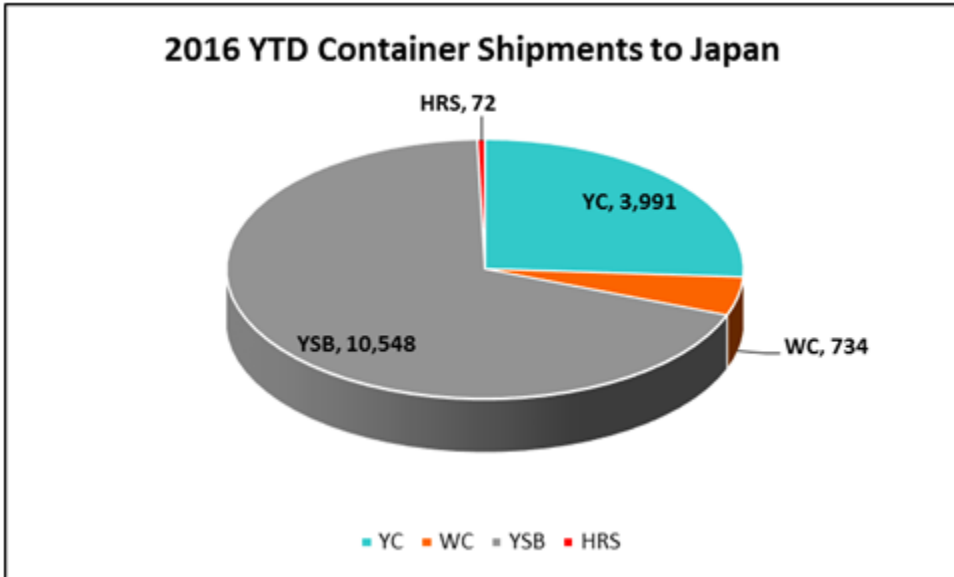
Week of June 23, 2016	
Four weeks ago:	\$4.20-\$4.25
Three weeks ago:	\$4.05-\$4.25
Two weeks ago	\$4.55-\$5.05
One week ago:	\$4.80-\$4.95
This week	\$4.25-\$4.45

Source: O'Neil Commodity Consulting

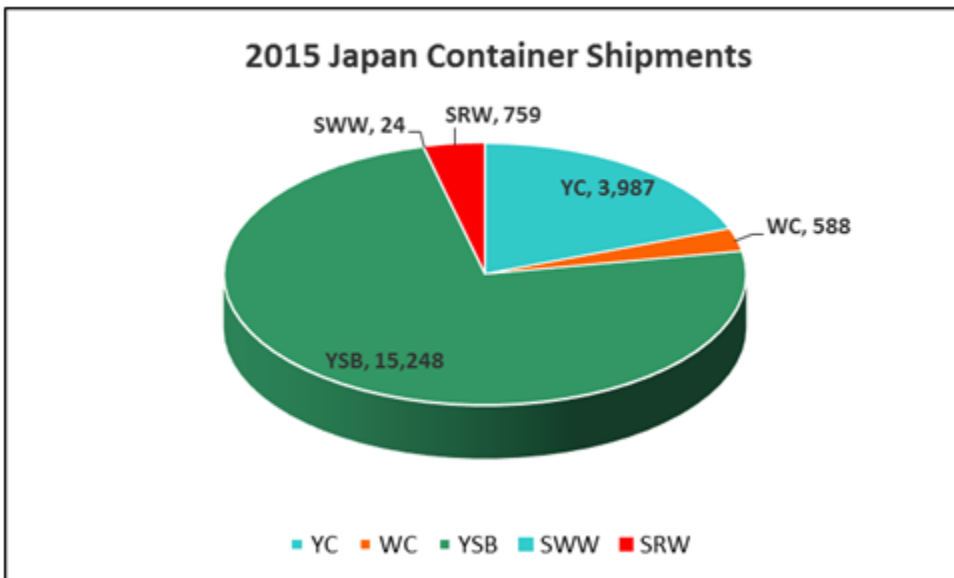
U.S.-Asia Market Spreads					
June 23, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.87	0.80	0.07	\$2.76	PNW
Soybeans	1.00	0.98	0.02	\$0.79	PNW
Ocean Freight	\$14.75	\$26.75	0.30-0.32	(\$12.00)	July

Source: O'Neil Commodity Consulting

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



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 23, 2016									
Commodity	Origins	China	Japan	Korea	Morocco	Egypt	Saudi Arabia	Morocco	Colombia
Vessel Size		PNMX	PNMX	PNMX	PNMX	PNMX	PNMX	Handy	Handy
Corn (Yellow)	Argentina	\$24.00	\$27.00	\$25.50	\$21.00	\$22.00	\$26.00	\$26.50	\$26.00
	Brazil	\$17.50	\$20.00	\$19.00	\$9.00	\$12.50	\$14.50	\$22.50	\$23.50
Corn (White)	Argentina	\$24.00	\$27.00	\$25.50	\$21.00	\$22.00	\$26.00	\$26.50	\$26.00
	Brazil	\$17.50	\$20.00	\$19.00	\$9.00	\$12.50	\$14.50	\$22.50	\$23.50
Barley	Argentina	\$24.00	\$27.00	\$25.50	\$21.00	\$22.00	\$26.00	\$26.50	\$26.00
	Brazil	\$17.50	\$20.00	\$19.00	\$9.00	\$12.50	\$14.50	\$22.50	\$23.50
Sorghum	Argentina	\$24.00	\$27.00	\$25.50	\$21.00	\$22.00	\$26.00	\$26.50	\$26.00
	Brazil	\$17.50	\$20.00	\$19.00	\$9.00	\$12.50	\$14.50	\$22.50	\$23.50

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 22, 2016			
	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	0.93	0.93	0.96
LIBOR (1 year)	1.24	1.27	1.30

Source: www.bankrate.com