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For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact 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.

CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Friday July 7	Monday July 10	Tuesday July 11	Wednesday July 12	Thursday July 13
Change	2.000	10.000	-0.500	-15.5000	-15.7500
Closing Price	404.75	414.75	414.25	398.75	383.00
Factors Affecting the Market	Hot and dry weekend weather for the Midwest kept corn higher for most of the day. USDA's Export Sales report showed a marketing-year low sales figure of 5.5 mbu. but 43.7 mbu in shipments, creating a neutral report. Cash markets are moving higher, supporting the futures rally.	Ongoing weather concerns and the CFTC report showing funds' long position in corn sent the market higher. USDA said 39.8 mbu of corn was exported last week, slightly down from the previous week but still a bullish amount. The dollar was up for the second straight day while U.S. equities were quiet and mixed.	Futures stayed near one-year highs but did not venture further ahead of the WASDE report. USDA said 19 percent of corn is silking, behind the 27 percent average for this point in the year. Sixty-five percent of the corn is rated as good/excellent, below average. The dollar fell 30 points while other outside markets were mixed.	Corn suffered double-digit losses due to the WASDE and the weather. USDA said U.S. new-crop ending stocks would be 2.325 bbu and left the yield at 170 bpa. This bearish combination and afternoon weather forecasts that called for cooler weather sent the market lower. Outside markets were higher.	A better weather forecast emboldened corn bears as did 6.3 mbu of new-crop corn sales last week. Exports were adequate at 34.7 mbu. Midwest weather looks to remain better-than-expected for the rest of July. The dollar was flat on the Fed's commitment to further rate hikes while oil was higher.

Outlook: Two factors drove corn futures in opposite directions this week: the weather and the WASDE. Weather forecasts calling for hot, dry conditions across much of the Corn Belt sent traders into short-covering and weather-market-rally mode early this week. The rally was quickly broken by a fundamentally bearish July WASDE report. Going forward, these two factors will continue to dictate the market's direction.

Traders and analysts worried about long-run weather forecasts that called for abnormally hot and dry weather across the Corn Belt a lot this past week. The forecasts indicated a heat wave would move across the region during the corn crop's key silking stage. Unfavorable conditions during this period can quickly reduce yields, and some yield models were estimating a national yield of 157 bushels/acre. The forecasts drove December futures to touch \$4.17/bushel on Tuesday before closing lower.

On Wednesday, the USDA issued a WASDE report that was expectedly bearish. U.S. 2017/18 corn ending stocks were increased by 215 million bushels to 2.325 billion. Larger old-crop supplies and larger new-crop seeding rates drove the increase in ending stocks. The WASDE included a trendline yield of 170.7 bushels/acre, as was expected by the trade. Notably, the average U.S. corn yield could fall 5 bushels/acre and leave 1.900 billion bushels in ending stocks. Some analysts are noting it will take a yield of less than 160 for the fundamentals to become truly bullish corn.

Current weather forecasts have lowered expectations for high temperatures, though the Midwest will remain dry. A high-pressure ridge over the Mountain West and Plains will keep moisture out of the Plains and Northern Plains for the coming 10 days. Any moisture will likely go to the Great Lakes as storm systems move around

the high-pressure ridge. Fortunately, the forecasts are calling for cooler temperatures which is a lesser threat to silking corn. However, the dry trend must still be watched and further deterioration in drought conditions could swing futures markets bullish again.

From a technical perspective, December corn futures have turned decidedly bearish. Tuesday's outside-day with a lower close chart formation was bearish and futures fell 30 cents over Wednesday and Thursday. The selloff blew through psychological support at \$4.00 and headed lower from there. The next minor support exists at \$3.8075, the June 30 daily low, and major support at \$3.74, the June 23 daily low and the lowest price since November 2016. Oscillating indicators are swinging back to bearish after the weather-market rally lifted them higher. December corn is now below the 10-day, 20-day, and 50-day moving averages but those seem to have offered little guidance in this year's sideways market.

Going forward, the fundamentals are bearish unless the weather significantly damages yield potential. Trading will be choppy and additional downside is likely limited. Should the weather generate another rally above \$4.00/bushel, farmers and commercial firms may find solid marketing opportunities.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending July 13, 2017			
Commodity	13-Jul	7-Jul	Net Change
Corn			
Jul 17	361.00	382.25	-21.25
Sep 17	369.75	392.50	-22.75
Dec 17	383.00	404.75	-21.75
Mar 18	393.50	413.75	-20.25
Soybeans			
Jul 17	972.50	996.00	-23.50
Aug 17	975.50	1001.00	-25.50
Sep 17	978.75	1006.25	-27.50
Nov 17	987.50	1015.50	-28.00
Soymeal			
Jul 17	316.80	328.50	-11.70
Aug 17	317.90	330.70	-12.80
Sep 17	319.90	332.70	-12.80
Oct 17	321.90	334.70	-12.80
Soyoil			
Jul 17	33.01	32.78	0.23
Aug 17	33.07	32.85	0.22
Sep 17	33.19	32.97	0.22
Oct 17	33.28	33.08	0.20
SRW			
Jul 17	495.50	515.25	-19.75
Sep 17	511.75	535.00	-23.25
Dec 17	535.00	557.75	-22.75
Mar 18	554.00	574.50	-20.50
HRW			
Jul 17	499.75	526.50	-26.75
Sep 17	515.50	543.00	-27.50
Dec 17	542.00	568.75	-26.75
Mar 18	558.25	582.25	-24.00
MGEX (HRS)			
Jul 17	745.75	757.50	-11.75
Sep 17	749.50	766.75	-17.25
Dec 17	753.00	760.75	-7.75
Mar 18	747.00	749.25	-2.25

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: July 9, 2017					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	3%	7%	25%	52%	13%
Sorghum	1%	5%	31%	56%	7%
Barley	7%	12%	30%	41%	10%

Source: USDA

U.S. Drought Monitor Weather Forecast: The NWS WPC 7-Day Quantitative Precipitation Forecast (QPF) calls for moderate precipitation accumulations (1 to 3 inches) across portions of the Southwest and Central Rockies as monsoonal moisture is expected to return while the remainder of the West will continue in a dry pattern. Much of the Eastern tier of the conterminous U.S. is expected to receive accumulations ranging from 1 to 3 inches with the heaviest accumulations forecasted for south Florida, eastern portions of the Carolinas, and southern New England. In the Midwest, widespread accumulations of 1 to 2.5 inches are expected across eastern and northern portions of the region. The CPC 6- to 10-day outlooks call for a high probability of above-normal temperatures across the northern half of the conterminous U.S., Gulf Coast, and California. Below normal temperatures are expected in southeastern Arizona, northern Texas, Oklahoma, and Arkansas. Below-normal precipitation is forecast for the Pacific Northwest, central Plains, Midwest, Mid-Atlantic, and Northeast while there is a high probability of above-normal precipitation across the Southeast, South, Southwest, Great Basin, and Intermountain West.

Follow this link to view current U.S. and international weather patterns and future outlook: [Weather and Crop Bulletin](#).

U.S. EXPORT STATISTICS

U.S. Export Sales and Exports: Week Ending July 6, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	378,400	475,300	3,203.4	8,750.2	0%
Corn	262,300	880,500	48,291.9	55,763.5	16%
Sorghum	61,100	103,700	4,169.0	4,562.7	-42%
Barley	300	500	3.9	30.2	185%

Source: USDA/FAS

Corn: Net sales of 161,000 MT for 2016/2017 were up 15 percent from the previous week, but down 59 percent from the prior 4-week average. Increases were reported for Japan (112,200 MT, including 92,200 MT switched from unknown destinations), Spain (94,500 MT, including 65,000 MT switched from unknown destinations), Mexico (87,700 MT), Saudi Arabia (49,700 MT, including 47,000 MT switched from unknown destinations), and Peru (35,700 MT, including 32,500 MT switched from unknown destinations). Reductions were reported for unknown destinations (321,400 MT), El Salvador (12,300 MT), and the French West Indies (6,900 MT). For 2017/2018, net sales of 279,700 MT were reported primarily for Mexico (269,200 MT). Exports of 880,500 MT were down 21 percent from the previous week and 19 percent from the prior 4-week average. The primary destinations were Mexico (246,200 MT), Taiwan (98,700 MT), Spain (94,500 MT), Japan (92,200 MT), and Colombia (52,800 MT).

Optional Origin Sales: The current optional outstanding balance for 2016/2017 of 122,000 MT is for South Korea (68,000 MT) and unknown destinations (54,000 MT). The current outstanding balance for 2017/2018 of 112,000 MT is for unknown destinations.

Barley: Net sales of 300 MT for 2017/2018 were reported for South Korea (200 MT) and Japan (100 MT). Exports of 500 MT were reported to Japan.

Sorghum: Net sales of 59,600 MT for 2016/2017 reported for China (112,500 MT, including 53,000 MT switched from unknown destinations and decreases of 1,500 MT) and Mexico (100 MT), were partially offset by reductions for unknown destinations (53,000 MT). Exports of 103,700 MT were up noticeably from the previous week and from the prior 4-week average. The destinations were China (100,500 MT) and Mexico (3,200 MT).

U.S. Export Inspections: Week Ending July 6, 2017

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	2,295	0	5,221	7,082	74%
Corn	1,010,889	1,139,584	49,752,410	36,418,865	137%
Sorghum	112,046	16,183	5,136,986	7,696,430	67%
Soybeans	475,157	281,038	52,996,826	45,012,465	118%
Wheat	533,872	518,499	3,340,523	2,657,584	126%

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 July 6, 2017

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	619,641	63%	21,882	100%	56,502	50%
PNW	182,755	18%	0	0%	49,016	44%
Interior Export Rail	186,611	19%	0	0%	6,528	6%
Total (Metric Tons)	989,007	100%	21,882	100%	112,046	100%
White Corn Shipments by Country (MT)			21,882	to Mexico		
Total White Corn (MT)			21,882	to Mexico		
Sorghum Shipments by Country (MT)					100,518	to China
					5,000	to Djibouti
					6,528	to Mexico
Total Sorghum (MT)					112,046	

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	+0.40 N	\$157.87	-	-
August	+0.37 U	\$160.13	+0.55 U	\$167.21
September	+0.40 U	\$161.31	+0.64 U	\$170.76

Sorghum (USD/MT FOB Vessel)

#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
August	+0.90 Z	\$186.21	+1.00 Z	\$190.15
September	+0.85 Z	\$184.24	+1.00 Z	\$190.15

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	July	August	September
New Orleans	\$140	\$135	\$135
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	July	August	September
New Orleans	\$590	\$580	\$580
<i>*5-10,000 MT Minimum</i>			
Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)			
	July	August	September
Rail Delvd. Savannah	\$530	\$530	-
Rail Delvd. Chicago	-	-	-
Truck Delvd. Chicago	\$540	\$540	\$540

DDGS Price Table: July 13, 2017 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	July	August	September
Barge CIF New Orleans	156	157	160
FOB Vessel GULF	170	168	170
Rail delivered PNW	192	191	192
Rail delivered California	195	194	196
Mid-Bridge Laredo, TX	192	191	192
FOB Lethbridge, Alberta	164	164	164
40 ft. Containers to South Korea (Busan)	183	182	187
40 ft. Containers to Taiwan (Kaohsiung)	181	181	185
40 ft. Containers to Philippines (Manila)	189	189	192
40 ft. Containers to Indonesia (Jakarta)	188	187	192
40 ft. Containers to Malaysia (Port Kelang)	186	186	192
40 ft. Containers to Vietnam (HCMC)	183	192	193
40 ft. Containers to Japan (Yokohama)	182	182	189
40 ft. containers to Thailand (LCMB)	187	187	191
40 ft. Containers to China (Shanghai)	188	187	188
40 ft. Containers to Bangladesh (Chittagong)	214	213	213
40 ft. Containers to Myanmar (Yangon)	213	212	213
KC & Elwood, IL Rail Yard (delivered Ramp)	144	144	145

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: Merchandisers are reporting a stronger DDGS market despite the post-WASDE selloff in corn, soybean, and soybean meal futures. Corn prices' recent strength has eroded ethanol margins, which will limit DDGS supply growth for a little while. Additionally, the abnormally hot weather across the Midwest is slowing ethanol plant production and creating more off-specification product. Consequently, the market for DDGS meeting required specifications is becoming even tighter. Traders are noting buyers aren't interested at these prices but, given tightening fundamentals, sellers are sticking to asking prices. Some merchandisers are reporting the two-day selloff in corn futures helped facilitate trades.

FOB ethanol plant DDGS prices remain at 33 percent of Kansas City soybean meal prices, yielding a \$2.56 per-protein unit cost advantage. Similarly, FOB Gulf DDGS retained 97 percent and 46 percent of FOB Gulf

corn and soybean meal values, respectively. The price ratios are still below historic norms and imply DDGS should remain competitive for export demand.

FOB Gulf DDGS are higher this week while Barge CNF NOLA prices rose an equal amount. Prices for DDGS rail-delivered to the PNW are up \$10/MT this week despite a \$3/MT decrease in FOB PNW corn prices. Prices for 40-foot containers to Southeast Asia were up \$2/MT this week with prices increasing for all reported destinations except Vietnam and Japan.

COUNTRY NEWS

Brazil: UNICA reported that ethanol exports for June were down from a year earlier. By contrast, ethanol imports were high in June, reaching 199.5 million liters.

Soybean & Corn Advisor's Michael Cordonnier raised his estimate of Brazilian corn production by about 1 percent to 95 MMT. As a result, the country will export a near record amount of corn this year (28-30 MMT). Production is encouraged because the government offers an above-market price premium. Corn exports have grown at an average annual rate of 21 percent over the past decade. (Ethanol Producer Magazine; Bloomberg; Reuters; Agra-net)

China: The National Grain Trade Center reports that 72 percent of the 4.3 MMT of corn offered for sale at auction last Friday was sold with an average price of 1,420 yuan. The government offered 2 MMT of corn for auction on 13 July and managed to sell 628 KMT of 2013 corn at an average price of 1,273 yuan (\$187.58) (Bloomberg)

India: Petroleum Minister Dharmendra Pradhan said that India can replace Rs 1 lakh crore worth of hydrocarbon imports by bio-fuels but rejected the sugar industry's demand for an increase in the price of ethanol. The Minister said that the primary job of sugar mills is to manufacture sugar and not ethanol. Meanwhile, U.S. marketers believe that India is a good market for importing more ethanol. (Economic Times; WPI)

Ukraine: UkrAgro estimates that Ukraine's corn exports this year will reach a record 20.6 MMT, a 600 KMT increase from the earlier estimate. It raised Russia's projected corn exports from 5 MMT to 5.6 MMT. (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	\$37.50	Up \$0.50	Handymax at \$38.00/MT
55,000 U.S. PNW-Japan	\$19.25	Up \$0.25	Handymax at \$19.75/MT
55,000 U.S. Gulf-China PNW to China	\$36.25 \$18.50	Up \$0.50 Up \$0.25	North China
25,000 U.S. Gulf-Veracruz, México	\$14.50	Up \$0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$12.50	Up \$0.25	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$17.50 \$26.00	Up \$0.25 Unchanged	West Coast Colombia at \$25.75
40-45,000 U.S. Gulf-Guatemala	\$25.50	Up \$0.25	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$26.00 \$29.00	Up \$0.50	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$25.00	Up \$0.50	5,000 discharge rate
55,000 U.S. Gulf-Egypt PNW to Egypt	\$22.50 \$22.50	Up \$0.50 Up \$0.25	55,000 -60,000 MT St. Lawrence to Egypt \$22.75
60-70,000 U.S. Gulf-Europe- Rotterdam	\$13.00	Down \$0.25	Handymax at +\$1.50 more
Brazil, Santos-China Itacoatiara Port upriver Amazonia-China	\$28.00 \$27.00 \$31.00	Up \$2.00 Down \$1.75 Up \$1.50	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$34.50	Up \$1.50	—

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 searched far and wide to come up with something new and interesting to say about these freight markets, but I fear that simply does not exist.

Last week I stated that the "...market continues to steam in circles" as freight markets were down \$.50-0.75/MT; this week, they are mostly back up the same amount. The only exception is down in South America, where the vessel lineups continue to grow and the grain freight rates are up \$1.50-\$2.00/MT from the previous week.

We are in the process of finishing up the U.S. HRW wheat harvest, which did not really have much impact on rates from the U.S. Gulf. Now we will want to see what happens with the October-November corn and soybean harvest exports. It is interesting to see the very wide spread in the FOB vessel values of U.S. sorghum and corn. Sorghum values are at +95 CZ while corn sits at +29 CZ for August shipment.

Baltic-Panamax Dry-Bulk Indices				
July 13, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	15,295	14,459	836	5.8%
P3A: PNW/Pacific– Japan	8,682	8,089	593	7.3%
S1C: U.S. Gulf-China-S. Japan	18,983	18,381	602	3.3%

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:

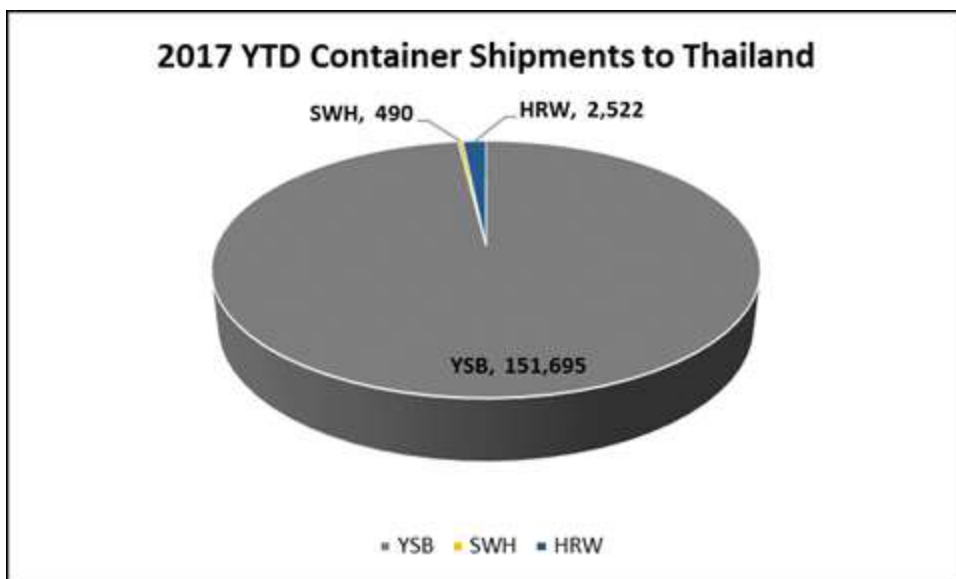
Week Ending July 13, 2017	
Four weeks ago:	\$5.00 - \$5.90
Three weeks ago:	\$4.85 - \$5.45
Two weeks ago:	\$4.55 - \$5.25
One week ago:	\$4.55 - \$5.20
This week	\$4.30 - \$5.65

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
July 13, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.51	0.29	0.22	\$8.66	PNW
Soybeans	0.72	0.42	0.30	\$11.81	PNW
Ocean Freight	\$18.50	\$36.25	0.45-0.48	\$17.75	August

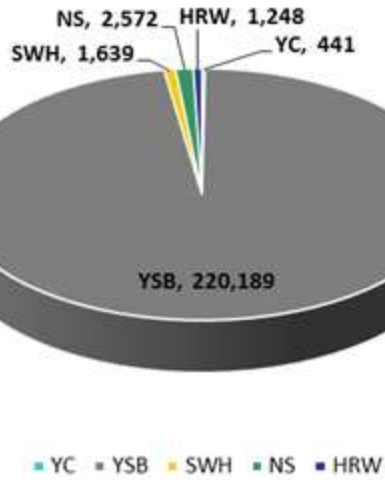
Source: O'Neil Commodity Consulting

The charts below represent YTD 2017 versus 2016 annual totals for container shipments to Thailand.



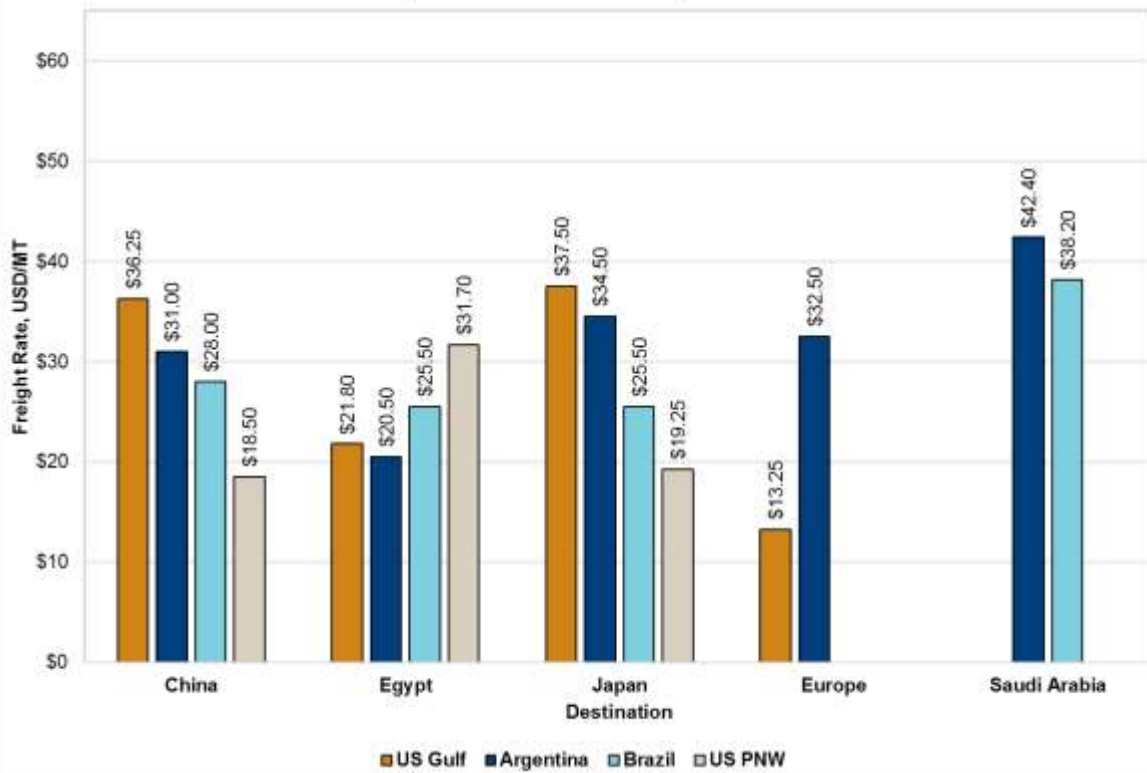
Source: O'Neil Commodity Consulting

2016 Container Shipments to Thailand

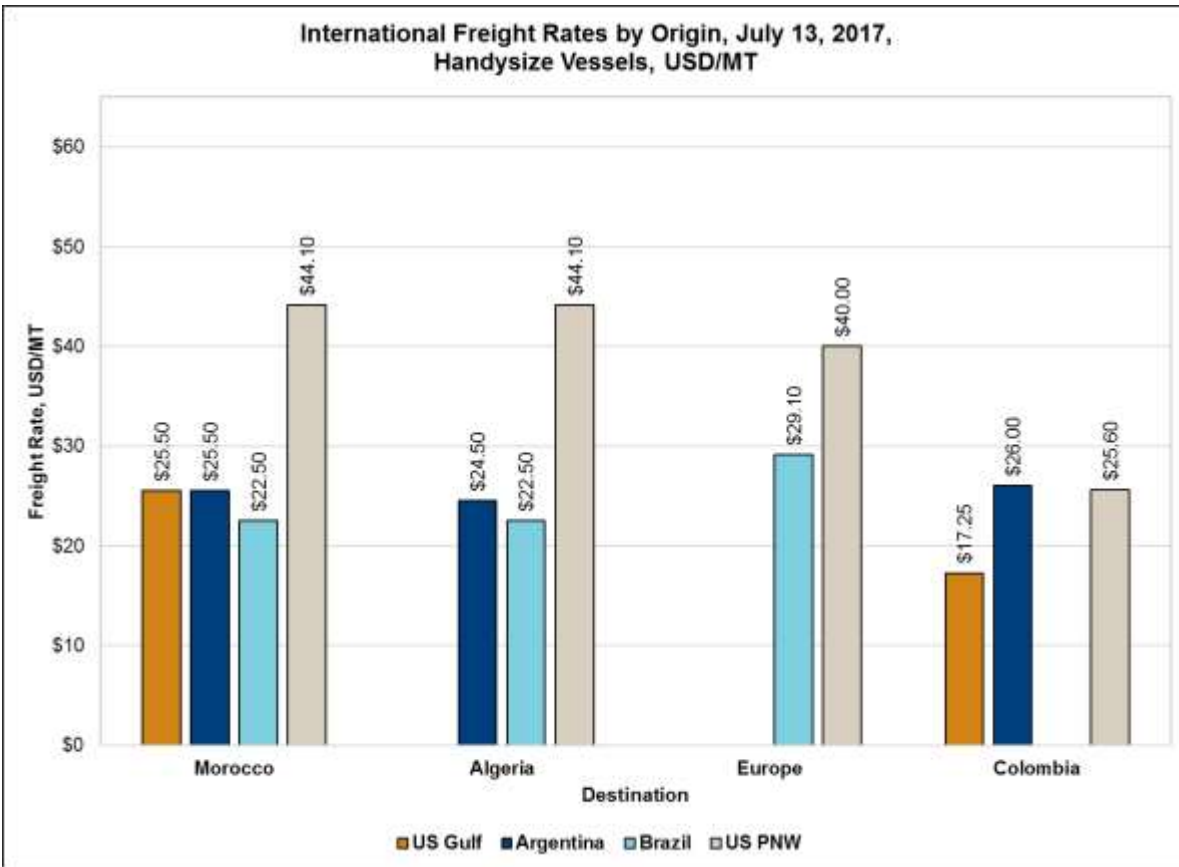


Source: O'Neil Commodity Consulting

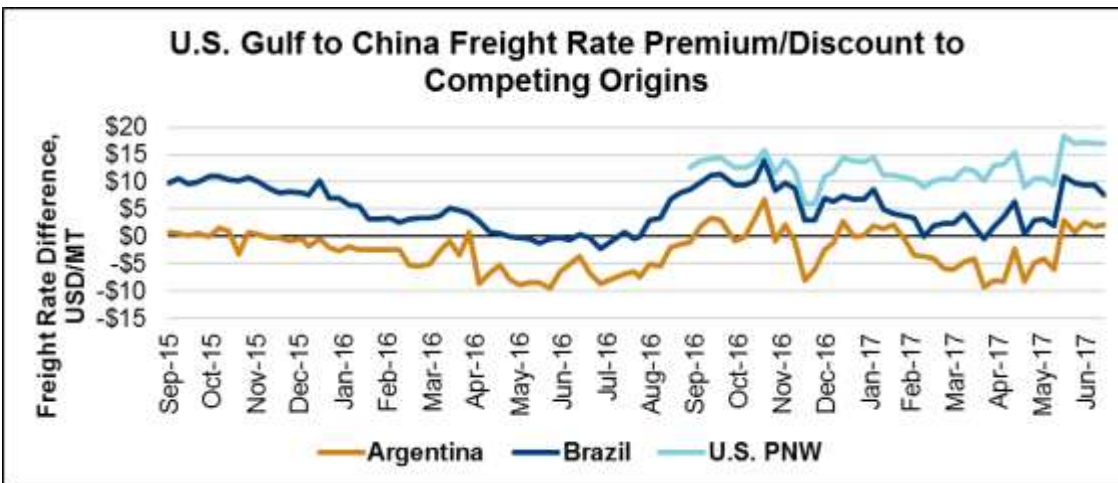
International Freight Rates by Origin, July 13, 2017, Supramax/Panamax Vessels, USD/MT



Source: DTN, O'Neil Commodity Consulting and WPI



Source: DTN, O'Neil Commodity Consulting and WPI



Source: DTN, O'Neil Commodity Consulting and WPI

INTEREST RATES

Interest Rates (%): July 13, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	4.25	4.25	4.00
LIBOR (6 month)	1.46	1.45	1.42
LIBOR (1 year)	1.75	1.75	1.74

Source: www.bankrate.com