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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 14	Monday July 17	Tuesday July 18	Wednesday July 19	Thursday July 20
Change	6.500	-1.500	2.750	5.5000	8.5000
Closing Price	389.50	388.00	390.75	396.25	404.75
Factors Affecting the Market	The post-WASDE selloff ended and left markets to correct higher. Some showers are expected in the Midwest next week but most of the Corn Belt will be dry. Traders put a small weather premium back into the market. A lower dollar also helped the corn market today. Equities and crude oil were higher.	Corn traded both sides on unchanged but spent most of the day lower. Light volume trading occurred on divergent weather models. Some rain is expected where it isn't wanted but other areas will remain too dry. The CFTC data shows funds are long corn. Outside markets were weaker with crude off \$0.50.	Corn traded sharply higher before heavy selling pushed it near unchanged. Monday's deteriorating crop ratings were bullish – 64 percent of corn is rated good or excellent. The Corn Belt still looks dry and weather premiums are being added. The dollar fell with lower hopes for tax reform this fall.	Corn traded higher in the morning before falling in the afternoon. Weather models are divergent but all show hot/dry weather for key corn areas. Now, the task of modeling yield losses has begun. Everyone expects yield to be less than USDA's 170 bpa, but by how much remains unanswered.	Another round of hot, dry forecasts further emboldened corn bulls today, sending the December contract above the \$4 level. Export sales were bullish and put YTD bookings up 17 percent. Outside markets were mixed and the dollar fell 50 points on EU Central Bank news. Crude oil was lower too.

Outlook: What goes up must come down – and then go back up? Corn futures were rising fast before last week's bearish WASDE sent the market into selloff-mode for two days. After chasing out nearly all the corn bulls, drier weather forecasts sent the market higher again this week. Last Thursday, December corn futures were down 19 cents for the week. Today, prices are 20 cents higher than last week. The volatility is almost entirely due to the weather and different models' divergent forecasts.

The two primary weather models used by traders, the EU and NOAA's GFS models, have shown different results for much of the past week. In general, the GFS model has trended cooler and wetter while the EU has shown more limited rainfall and hotter temperatures. The EU model has been slightly more accurate so far this year, though both have proven extremely useful. The corn market's direction has largely depended on which model was updated the most recently. The market tends to rise when the EU shows hotter and drier predictions and tends to fall when the GFS model is less bullish. Because the GFS model has been slightly less reliable this year, traders are beginning to focus on EU model runs. These are showing more hot and dry weather, which matches what crop scouts are seeing in IA, IL, and IN – that the crops need rain!

USDA's current yield projection for the U.S. corn crop is 170.7 bushels per acre. Nearly all analysts view this figure as too optimistic given the hotter- and drier-than-normal weather observed so far. Crop genetics have vastly improved over the decades but corn still needs water and cooler night temperature to do well. Current yield projections are near 165 bushels per acre, which – leaving all other factors in the U.S. supply and demand sheet alone – would reduce ending stocks to 1.848 billion bushels, 478 million less than USDA's current figure.

USDA's latest Export Sales report was bullish corn. The report showed 18.4 million bushels sold from old crop supplies and 8.3 million from the yet-to-be-harvested new crop. Old crop sales were above the 3.8 million needed in this week's report. Similarly, weekly shipments of 41 million bushels were above the 39.7 million needed to reach USDA's 2.225-billion-bushel export projection. YTD corn export bookings are only 11 million bushels shy of USDA's export projection with over a month left in the marketing year. If the 17 percent YTD increase continues, the U.S. corn export program for 2016/17 could reach 2.308 billion bushels, 83 million more than USDA's projections.

From a technical perspective, December corn has bullish upside. Momentum indicators including the MACD and stochastic oscillators are showing a short-run upward move. Moving averages are starting to pull to the upside but are not showing great predictive power right now. Support and resistance points will be key going forward. The July 11 high of \$4.17 ¼ stands as major resistance for bulls but, if broken, would usher in a try of the June 8, 2016 (over one year ago) high of \$4.22 ¾. On the downside, support exists as \$3.82, \$3.80, and major support at \$3.74.

Looking forward, corn futures will continue to be highly responsive to weather forecast updates. For now, forecasts look hot and dry and Chicago traders will continue to add a weather premium to the market.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending July 20, 2017			
Commodity	20-Jul	14-Jul	Net Change
Corn			
Sep 17	391.00	376.25	14.75
Dec 17	404.75	389.50	15.25
Mar 18	415.25	400.25	15.00
May 18	420.00	405.00	15.00
Soybeans			
Aug 17	1013.25	989.00	24.25
Sep 17	1018.25	992.75	25.50
Nov 17	1027.00	1001.50	25.50
Jan 18	1035.50	1010.25	25.25
Soymeal			
Aug 17	330.50	323.70	6.80
Sep 17	332.50	325.70	6.80
Oct 17	334.50	327.80	6.70
Dec 17	338.10	331.20	6.90
Soyoil			
Aug 17	33.97	33.24	0.73
Sep 17	34.11	33.36	0.75
Oct 17	34.22	33.46	0.76
Dec 17	34.45	33.68	0.77
SRW			
Sep 17	505.75	510.75	-5.00
Dec 17	529.25	534.75	-5.50
Mar 18	549.50	554.25	-4.75
May 18	560.00	565.00	-5.00
HRW			
Sep 17	503.75	513.50	-9.75
Dec 17	530.25	540.00	-9.75
Mar 18	547.25	556.00	-8.75
May 18	560.25	568.75	-8.50
MGEX (HRS)			
Sep 17	778.00	758.00	20.00
Dec 17	783.00	760.25	22.75
Mar 18	779.00	752.75	26.25
May 18	768.00	739.00	29.00

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: July 16, 2017					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	3%	8%	25%	51%	13%
Sorghum	2%	6%	29%	56%	7%
Barley	8%	10%	29%	43%	10%

Source: USDA

U.S. Drought Monitor Weather Forecast: In the two days since the Tuesday morning cutoff time of this week's USDM, additional frontal storms have moved across the northern and central Plains, and monsoon showers and thunderstorms have brought additional rain to parts of the Southwest. For July 20-24, 1 to locally 4 inches of rain is forecast for the Four Corners States and from the eastern Dakotas to the Northeast, and half an inch to an inch is predicted for the central to northern Plains and most of the country along and east of the Mississippi River. Areas expecting little to no rain include much of the West from California to central Montana, most of Texas, and parts of the western Carolinas. Temperatures are forecast to be above normal for most of the CONUS. Little relief from the heat can be expected as above-normal temperatures are in the outlook for most of the CONUS for July 25-August 2, with only the Northeast and parts of the coastal Northwest maybe having cooler-than-normal temperatures. Odds favor below-normal precipitation for the Pacific Northwest to northern Rockies, and most of the Plains into the Midwest. Above-normal monsoon precipitation is likely to continue for the Southwest. The Northeast may start out drier than normal, then turn wetter than normal.

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 13, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	682,200	550,200	3,753.5	9,419.7	2%
Corn	592,300	1,041,900	49,333.8	56,230.1	17%
Sorghum	57,000	59,200	4,228.2	4,619.6	-42%
Barley	5,500	200	4.1	35.7	225%

Source: USDA/FAS

Corn: Net sales of 466,500 MT for 2016/2017 were up noticeably from the previous week and 63 percent from the prior 4-week average. Increases were reported for Japan (263,100 MT, including 89,500 MT switched from unknown destinations and decreases of 16,600 MT), Mexico (209,000 MT), Peru (52,900 MT, including 44,500 MT switched from unknown destinations), Colombia (29,100 MT), and Venezuela (23,500 MT). Reductions were reported for unknown destinations (186,700 MT), Egypt (14,600 MT), and El Salvador (12,200 MT). For 2017/2018, net sales of 212,100 MT were reported primarily for Mexico (64,000 MT), unknown destinations (50,800 MT), and Colombia (48,000 MT). Exports of 1,041,900 MT were up 18 percent from the previous week, but down 1 percent from the prior 4-week average. The primary destinations were Mexico (354,100 MT), Japan (300,600 MT), Peru (79,900 MT), South Korea (63,500 MT), and Costa Rica (62,500 MT).

Optional Origin Sales: The current optional origin 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 5,500 MT for 2017/2018--a marketing-year high--were up noticeably from the previous and from the prior 4-week average. Increases were reported for Japan. Exports of 200 MT were reported to Taiwan.

Sorghum: Net sales of 57,000 MT for 2016/2017 were reported for China. For 2017/2018, net sales of 66,000 MT were reported for unknown destinations. Exports of 59,200 MT were down 43 percent from the previous week and 8 percent from the prior 4-week average. The destinations were China (58,300 MT) and Mexico (900 MT).

U.S. Export Inspections: Week Ending July 13, 2017

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	98	2,295	5,319	7,376	72%
Corn	1,109,638	1,010,889	50,862,048	37,747,716	135%
Sorghum	60,695	112,046	5,197,681	7,766,929	67%
Soybeans	285,972	476,136	53,283,777	45,413,046	117%
Wheat	578,627	536,002	3,921,581	3,104,255	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 13, 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	734,957	67%	18,953	96%	58,299	96%
PNW	198,246	18%	0	0%	0	0%
Interior Export Rail	156,783	14%	699	4%	2,396	4%
Total (Metric Tons)	1,089,986	100%	19,652	100%	60,695	100%
White Corn Shipments by Country (MT)			9,101	to Japan		
			10,551	to Mexico		
Total White Corn (MT)			19,652			
Sorghum Shipments by Country (MT)					58,299	to China
					24	to Japan
					2,372	to Mexico
Total Sorghum (MT)					60,695	

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)
August	+0.35 U	\$167.71	+0.51 U	\$174.01
September	+0.38 U	\$168.89	+0.60 U	\$177.55

Sorghum (USD/MT FOB Vessel)

#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
August	+1.00 Z	\$198.71	+0.90 Z	\$194.77
September	+1.00 Z	\$198.71	+0.90 Z	\$194.77

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	August	September	October
New Orleans	\$139	\$139	\$139
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	August	September	October
New Orleans	\$605	\$605	\$605
<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	-	\$545	\$545
Rail Delvd. Chicago	-	\$525	\$525
Truck Delvd. Chicago	\$540	\$525	\$525

DDGS Price Table: July 20, 2017 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	August	September	October
Barge CIF New Orleans	162	164	166
FOB Vessel GULF	175	174	175
Rail delivered PNW	193	194	194
Rail delivered California	196	196	197
Mid-Bridge Laredo, TX	192	193	193
FOB Lethbridge, Alberta	169	170	178
40 ft. Containers to South Korea (Busan)	183	183	186
40 ft. Containers to Taiwan (Kaohsiung)	184	184	185
40 ft. Containers to Philippines (Manila)	190	190	190
40 ft. Containers to Indonesia (Jakarta)	188	188	193
40 ft. Containers to Malaysia (Port Kelang)	189	189	193
40 ft. Containers to Vietnam (HCMC)	188	188	185
40 ft. Containers to Japan (Yokohama)	186	186	191
40 ft. containers to Thailand (LCMB)	190	190	192
40 ft. Containers to China (Shanghai)	187	187	188
40 ft. Containers to Bangladesh (Chittagong)	214	214	217
40 ft. Containers to Myanmar (Yangon)	215	215	215
KC & Elwood, IL Rail Yard (delivered Ramp)	149	150	152

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: Traders are noting greater pricing strength following corn and soybean futures' move higher. Strong river/barge values have caused DDGS prices to bounce back to near-term highs. Prices for DDGS barge CIF NOLA rose \$6/MT this week to \$162 while FOB NOLA prices hit \$175/MT. DDGS prices FOB ethanol plants are steady this week, averaging \$108/short ton.

Domestically, DDGS are priced at 35 percent of KC soybean meal and 90 percent of cash corn. DDGS hold a \$2.21 per-protein unit cost advantage to soybean meal, less than last week but in-line with values seen two weeks ago. On the export market, FOB Gulf DDGS are priced at 103 percent of FOB NOLA corn and 48 percent of FOB Gulf soybean meal. The per-protein unit cost between DDGS and soybean meal favors DDGS by \$0.68 this week, nearly double last week's recorded value.

Merchandisers are reporting higher prices are keeping international buyers sidelined for the time being. Container demand is weak and overseas buyers are making inquiries but are too far below domestic offers for trades to be completed. Should the CBOT rally continue, however, international buyers will be forced to increase bids and DDGS prices should have upward potential. Prices for 40-foot containers to SE Asia were lightly traded but quoted \$2/MT higher at \$192.10 this week.

COUNTRY NEWS

Brazil: Ethanol prices rose based on an expected hike in the gasoline tax. An increase in the CIDE tax would take 90 days to become effective and would impact gasoline only, but the PIS/Cofins tax could be increased immediately and would impact both gasoline and ethanol.

Separately, China's CITIC AgriFund bought Dow's Brazilian corn seed operation for \$1.1 billion. The sale was required by Brazilian antitrust regulators as a condition for Dow's merger with DuPont. (Platts; Reuters)

China: Supply – the July 2017 China Agricultural Supply and Demand Estimates (CASDE) slightly raised expected corn yields and overall production while boosting its estimate of soybean imports. It lowered expected 2016/17 corn imports to 800 KMT from the earlier estimate of 1 MMT. The expected 2017/18 corn area was reduced due to a faster-than-expected decline in summer corn planting in Hebei, Shandong and Henan Provinces.

Reserve Corn Sales – the National Grain Trade Center reports that 2.6 MMT of 2014 crop corn was sold from state reserves on July 14. That is 87 percent of the amount offered and it sold at an average price of 1,492 yuan/MT (\$220.51). On July 20, it sold 54,115 MT of 2013 corn (9.14 percent of offering) at 1,250 yuan/MT (\$184.80) plus 867,667 MT of 2014 corn (88.35 percent of offering) at 1,442 yuan/MT (\$213.18).

GMO's – the government approved two new GMO corn events for importation. The approvals are part of a bilateral agreement with the U.S. to speed up approvals. Meanwhile, some companies are asking that the process of approval be made more transparent and science-based. (Reuters)

Indonesia: The Ministry of Energy and Mineral Resources reports that it would implement fuel ethanol production incentives, but it lacks the financial resources. Indonesia will produce 205 million liters of nonfuel ethanol from molasses in 2017 and 2018 but has not produced fuel ethanol since 2010. (Ethanol Producer Magazine)

Mexico: The white corn market in Mexico has been showing quite a bit of activity lately. Offers are currently at \$234/MT and recent shipments have been reported from West Coast Mexico to Kenya and Venezuela.

South Sudan: Army worms have infested 25 percent of the arable crop land and are destroying corn and sorghum plants. The FAO says that half the population is at risk of starvation. Now that the caterpillar has arrived, it is here to stay and could now spread to the Mediterranean and into Asia. (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	\$38.25	Up \$0.25	Handymax at \$38.50/MT
55,000 U.S. PNW-Japan	\$19.75	Up \$0.50	Handymax at \$19.75/MT
55,000 U.S. Gulf-China	\$37.25	Up \$1.00	North China
PNW to China	\$19.00	Up \$0.50	
25,000 U.S. Gulf-Veracruz, México	\$14.50	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$12.00	Down \$0.50	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$17.00 \$27.00	Down \$0.50 Up \$1.00	West Coast Colombia at \$25.75
40-45,000 U.S. Gulf-Guatemala	\$25.25	Down \$0.25	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$26.50 \$29.50	Up \$0.50	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$25.50	Up \$0.50	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$23.00	Up \$0.50	55,000 -60,000 MT
PNW to Egypt	\$23.00	Up \$0.50	St. Lawrence to Egypt \$23.25
60-70,000 U.S. Gulf-Europe-Rotterdam	\$13.50	Up \$0.50	Handymax at +\$1.50 more
Brazil, Santos-China	\$28.75	Up \$0.75	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port upriver	\$27.75	Up \$0.75	
Amazonia-China	\$31.75	Up \$0.75	
56-60,000 Argentina-China Upriver with Top-Off	\$35.00	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: The Baltic Index traders have now been able to maintain a two-week market rally; nothing too big, but a rally all the same. The Baltic Indexes represent what is being traded on quarterly time charter rates. Just because someone is willing to pay up for a six-month or one-year time charter on a vessel, this does not mean that that buyer can immediately turn around and start getting much better voyage charter rates for their investment. Physical markets are usually slower to react. Most of this week market improvement was felt in the East Coast-South America routes. Rates in the Pacific seem to be topy today.

Baltic-Panamax Dry-Bulk Indices				
July 20, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	16,584	15,295	1,289	8.4%
P3A: PNW/Pacific– Japan	9,251	8,682	569	6.6%
S1C: U.S. Gulf-China-S. Japan	19,061	18,983	78	0.4%

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 20, 2017	
Four weeks ago:	\$4.85 - \$5.45
Three weeks ago:	\$4.55 - \$5.25
Two weeks ago:	\$4.55 - \$5.20
One week ago:	\$4.30 - \$5.65
This week	\$4.50 - \$5.50

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
July 20, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.56	0.32	0.24	\$9.45	PNW
Soybeans	0.72	0.50	0.22	\$8.66	PNW
Ocean Freight	\$19.00	\$37.25	0.46-0.50	\$18.25	August

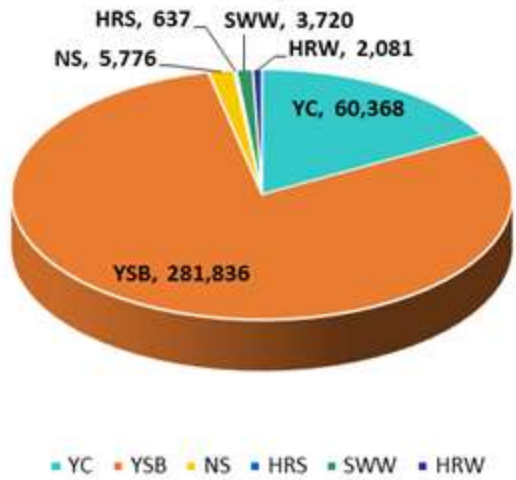
Source: O'Neil Commodity Consulting

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



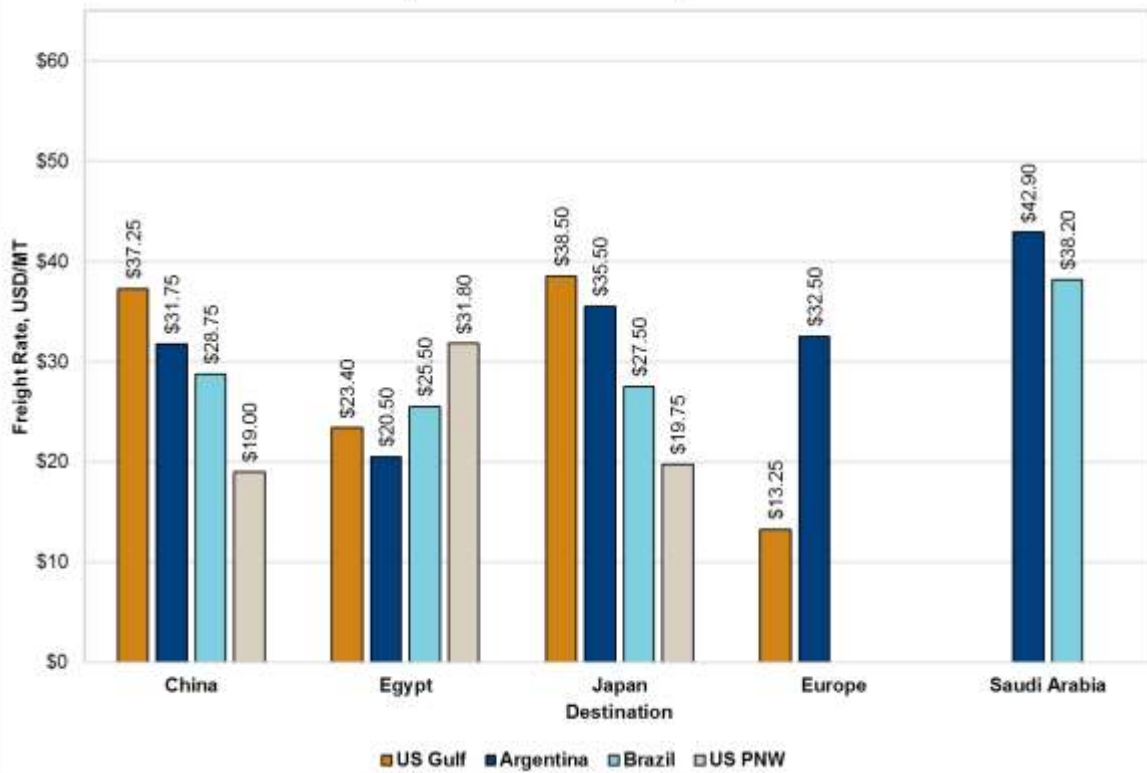
Source: O'Neil Commodity Consulting

2016 Container Shipments to Vietnam



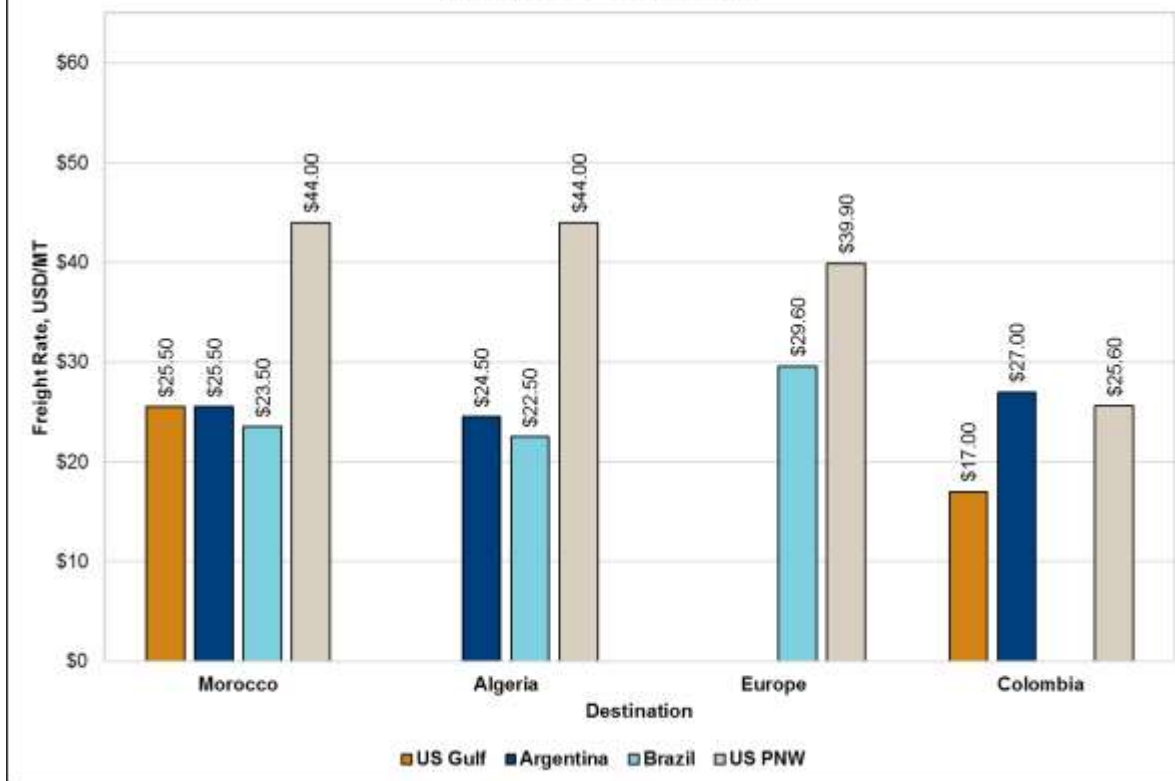
Source: O'Neil Commodity Consulting

International Freight Rates by Origin, July 20, 2017, Supramax/Panamax Vessels, USD/MT



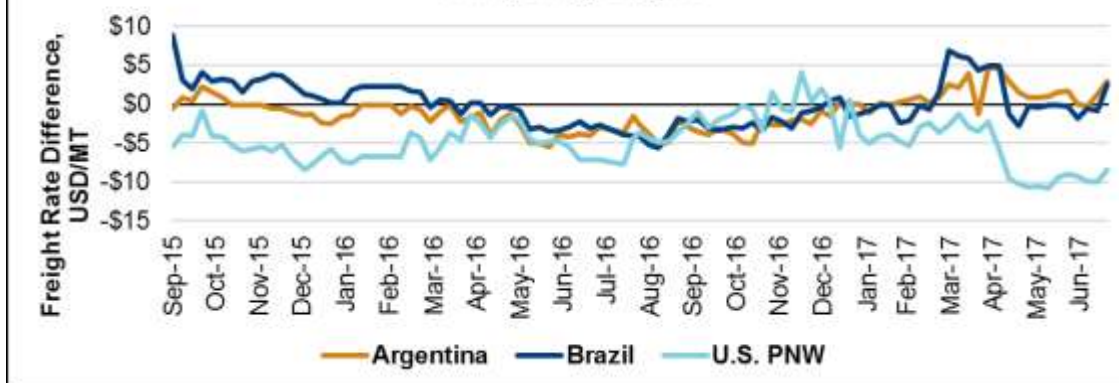
Source: DTN, O'Neil Commodity Consulting and WPI

**International Freight Rates by Origin, July 20, 2017,
Handysize Vessels, USD/MT**



Source: DTN, O'Neil Commodity Consulting and WPI

**U.S. Gulf to Egypt Freight Rate Premium/Discount to
Competing Origins**



Source: DTN, O'Neil Commodity Consulting and WPI

INTEREST RATES

Interest Rates (%): July 20, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	4.25	4.25	4.25
LIBOR (6 month)	1.46	1.46	1.44
LIBOR (1 year)	1.73	1.75	1.74

Source: www.bankrate.com