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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Friday 19 August	Monday 22 August	Tuesday 23 August	Wednesday 24 August	Thursday 25 August
Change	0.018	-0.013	-0.0525	-0.0100	-0.0425
Closing Price	3.4375	3.425	3.3725	3.3625	3.32
Factors Affecting the Market	Corn futures unconvincingly worked their way higher on reports of ear tip back from crop tours. The crop is ahead of average maturity and an early freeze is the only remaining weather risk.	Crop tour reports in OH, IN, and SD were mixed and failed to support prices. Equity markets were mixed with a slightly higher dollar and lower crude oil again providing no support to the corn market.	Weak price actions occurred due to increased crop condition ratings which, by some measures, are the best since 1994. Crop tour yield estimates should increase as the tour reaches the heartland.	Outside markets weighed on corn as the Dollar Index rose and crude oil fell. Crop tour chatter seems to indicate an increasing probability of modest yield reductions occurring in the Sept. WASDE.	A fourth consecutive lower close occurred as crop tours reported good results for more states. Focus is on Friday's Federal Reserve speech where rate-hike hints may spark an export-damaging rise in the dollar.

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.

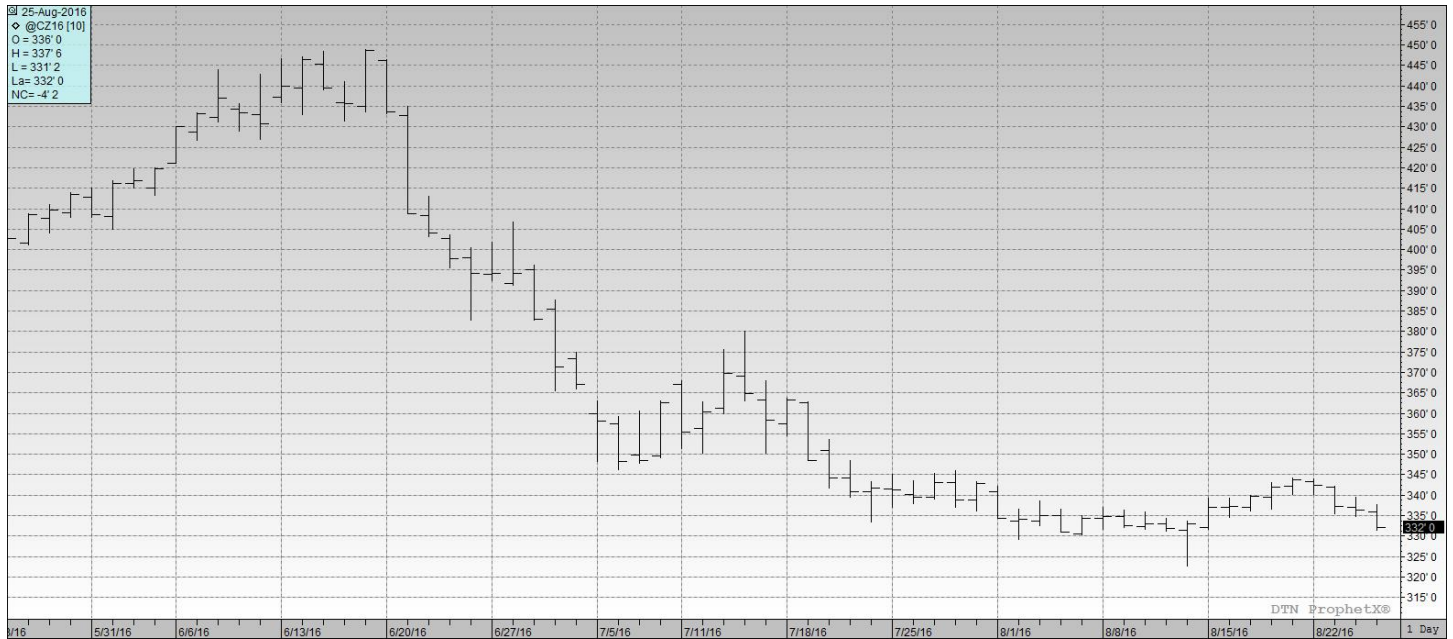
Outlook: In the wake of the August WASDE report, the market has largely been focused on Midwest crop tour reports, especially those of the ongoing Pro Farmer tour. So far, the tour has noted frequent incidences of ear tip back in Ohio, Indiana, and South Dakota but little other negative news. The tour's estimation of Nebraska's yield found a 4 percent decrease from the prior year while yield estimations in Indiana were 6 percent higher than 2015. Yield estimates for Illinois were pegged at 193.5 bushels per acre, up from 188 the prior year. In total, the tour results so far indicate the USDA's latest yield estimate may be overstated, but likely not by much.

Thursday's export sales report was bearish with sales of 2.8 million bushels of old crop corn, the lowest sales figure for the marketing year. The sales figure is on-track to meet USDA's projections for the year but lagging export shipments threaten the ability to meet the forecast. Shipments for the week totaled 41.2 million bushels, below what was needed to meet the USDA's forecast.

December corn futures are drifting to the downside but lack any serious direction. The December contract closed below the 10-day moving average which give slight advantage to the bears but support is not far off, lying at \$3.29 initially and again at \$3.22. While the long-term trend for corn is deeply bearish, upward corrective action is still possible. In such case, resistance lies at \$3.44 and \$3.46, where the market was turned around earlier this week. Without significant news developments, the market is most likely to continue drifting sideways to slightly lower. The most bearish news, USDA's record yield projections, has already been absorbed by the market and traders now wait for confirmation or rejection of USDA's forecasts.

Cash prices across the U.S. have been largely stable with increases noted in interior areas. Interior basis has strengthened as exporters are procuring supplies to fill an increasing number of corn vessels in the lineup. The national corn basis, however, has remained steady this week at \$0.31 under the September corn contract. Many farmers are now perceiving flat price sales as their best marketing option before harvest kicks in.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending August 25, 2016			
Commodity	25-Aug	19-Aug	Net Change
Corn			
Sep 16	323.50	334.25	-10.75
Dec 16	332.00	343.75	-11.75
Mar 17	342.00	353.50	-11.50
May 17	349.00	360.25	-11.25
Soybeans			
Sep 16	998.25	1027.00	-28.75
Nov 16	975.50	1004.50	-29.00
Jan 17	977.50	1005.00	-27.50
Mar 17	976.50	1000.25	-23.75
Soymeal			
Sep 16	324.30	330.00	-5.70
Oct 16	321.30	327.40	-6.10
Dec 16	318.80	325.50	-6.70
Jan 17	316.60	323.30	-6.70
Soyoil			
Sep 16	32.91	34.14	-1.23
Oct 16	33.04	34.28	-1.24
Dec 16	33.32	34.56	-1.24
Jan 17	33.48	34.78	-1.30
SRW			
Sep 16	401.25	427.00	-25.75
Dec 16	423.75	444.75	-21.00
Mar 17	446.75	464.00	-17.25
May 17	460.75	477.25	-16.50
HRW			
Sep 16	405.50	418.75	-13.25
Dec 16	432.25	444.75	-12.50
Mar 17	448.50	460.50	-12.00
May 17	458.75	470.25	-11.50
MGEX (HRS)			
Sep 16	497.75	530.75	-33.00
Dec 16	504.50	527.25	-22.75
Mar 17	516.25	535.75	-19.50
May 17	525.75	543.00	-17.25

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: August 21, 2016					
	Very Poor	Poor	Fair	Good	Excellent
Corn	2%	5%	18%	54%	21%
Sorghum	1%	6%	28%	52%	13%
Barley	-	-	-	-	-

Source: USDA

U.S. Drought Monitor Weather Forecast: For the remainder of the week, late-summer heat will return to the East and the Far West, while a surge of cool air will briefly cover much of the nation's mid-section. During the weekend, however, temperatures will rebound to near- or above-normal levels in the central U.S., while late-season heat will persist in the East and West. During the next 5 days, the most significant, large-scale plume of moisture will stretch from southern sections of the Rockies and Plains into the Great Lakes region, resulting in 1- to 5-inch rainfall totals. In contrast, the Far West and the Mid-Atlantic States will remain mostly dry. During the weekend, a tropical wave (or named tropical storm) could result in heavy showers and local flooding in the southern Atlantic region, especially across southern Florida.

The NWS 6- to 10-day outlook for August 30-September 3 calls for the likelihood of above-normal temperatures nearly nationwide, with the greatest odds of late-summer heat occurring in the eastern U.S. Cooler-than-normal conditions should be confined to northern California and the Pacific Northwest. Meanwhile, below-normal rainfall across the Intermountain West, Southwest, and central and southern Plains will contrast with wetter-than-normal weather across the nation's northern tier, along and near the Gulf Coast, and in the mid-South and Midwest.

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 August 18, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	385,200	564,000	5,633.7	11,565.9	18%
Corn	177,100	1,045,900	44,099.6	49,868.6	5%
Sorghum	0	2,300	7,637.0	8,207.0	-4%
Barley	100	0	4.7	11.8	-50%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 71,100 MT for 2015/2016--a marketing-year low--were down 58 percent from the previous week and 82 percent from the prior 4-week average. Increases were reported for Japan (126,900 MT,

including 109,200 MT switched from unknown destinations and decreases of 8,800 MT), Bangladesh (60,800 MT), Israel (50,400 MT, including 44,400 MT switched from unknown destinations), Chile (42,500 MT, switched from unknown destinations), and Mexico (22,800 MT). Reductions were reported for unknown destinations (286,700 MT), Morocco (22,900 MT), Guatemala (4,700 MT), and Honduras (1,000 MT). For 2016/2017, net sales of 1,059,900 MT were reported primarily for unknown destinations (480,100 MT), Mexico (119,000 MT), and Colombia (99,000 MT). Exports of 1,045,900 MT were down 10 percent from the previous week and 18 percent from the prior 4-week average. The primary destinations were Japan (359,000 MT), Mexico (121,400 MT), Colombia (88,400 MT) Taiwan (72,200 MT), and South Korea (68,100 MT).

Optional Origin Sales: For 2015/2016, the current optional origin outstanding balance is 334,000 MT, all unknown destinations. For 2016/2017, the current outstanding balance is 65,000 MT, all Taiwan.

Barley: Net sales of 100 MT for 2016/2017 were reported for Taiwan. There were no exports reported during the week.

Sorghum: Net sales reductions of 800 MT for 2015/2016 were reported for Mexico. For 2016/2017, net sales of 68,900 MT were reported for unknown destinations (58,000 MT) and Mexico (10,900 MT). Exports of 2,300 MT were down 97 percent from the previous week and 99 percent from the prior 4-week average. The destinations were Mexico (2,200 MT) and Indonesia (100 MT).

U.S. Export Inspections: Week Ending August 18, 2016

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	1,497	16,524	6,072	272%
Corn	1,249,309	1,172,762	44,121,975	43,720,334	101%
Sorghum	50,884	121,240	8,543,204	8,741,816	98%
Soybeans	961,414	774,820	49,398,364	49,608,012	100%
Wheat	530,824	637,437	5,970,828	4,486,124	133%

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 August 18, 2016						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	40,751	3%	0	0%	0	0%
Atlantic	7,099	1%	0	0%	0	0%
Gulf	508,337	42%	33,283	86%	44,000	86%
PNW	496,733	41%	0	0%	0	0%
Interior Export Rail	157,693	13%	5,413	14%	6,884	14%
Total (Metric Tons)	1,210,613	0%	38,696	100%	50,884	100%
White Corn Shipments by Country (MT)			33,283	to Honduras		
			24	to Iceland		
			5,389	to Mexico		
Total White Corn (MT)			38,696			
Sorghum Shipments by Country (MT)					44,000	to South Africa
					6,884	to Mexico
Total Sorghum (MT)					50,884	

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)
LH September	+1.10 U	\$170.66	-	-
FH October	+1.05 Z	\$172.04	+1.36 Z	\$184.24
October	+1.05 Z	\$172.04	+1.36 Z	\$184.24
November	+1.05 Z	\$172.04	+1.33 Z	\$183.06

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
September	-	-	+1.15 Z	\$175.97
October	+1.10 Z	\$174.01	+1.15 Z	\$175.97

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)			
	September	October	November
New Orleans	\$165	\$165	\$165
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	September	October	November
New Orleans	\$620	\$620	\$620
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: August 25, 2016 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	September	October	November
Barge CIF New Orleans	178	177	178
FOB Vessel GULF	189	191	190
Rail delivered PNW	190	191	191
Rail delivered California	192	193	193
Mid-Bridge Laredo, TX	188	189	189
FOB Lethbridge, Alberta	154	154	155
40 ft. Containers to South Korea (Busan)	209	209	208
40 ft. Containers to Taiwan (Kaohsiung)	211	206	205
40 ft. Containers to Philippines (Manila)	217	216	215
40 ft. Containers to Indonesia (Jakarta)	215	213	211
40 ft. Containers to Malaysia (Port Kelang)	218	215	214
40 ft. Containers to Vietnam (HCMC)	218	217	216
40 ft. Containers to Japan (Yokohama)	214	212	210
40 ft. containers to Thailand (LCMB)	213	209	209
40 ft. Containers to Shanghai, China	215	212	212
KC & Elwood, IL Rail Yard (delivered Ramp)	171	168	166

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: U.S. DDGS exports are on track to reach a new record this year. The most recent USDA data shows U.S. DDGS exports are up 6 percent for the 2015/16 MY which, if continued, could put total marketing year exports near 12 million tons. Export volume of this magnitude would be very close to the record set in the 2013/14 MY.

The near record ethanol production this week failed to significantly dampen DDGS prices. Across all reported destinations, prices rose \$1/ton this week with prices for rail delivery to the PNW strengthening the most at \$6/ton. Prices for product destined for the U.S. Gulf or NOLA moderated from last week's strong gains but are underpinned by sellers maintaining offers at 100 percent of corn value. Market strength was also observed for Asia-destined containers with an average price increase of \$2/ton. Prices for October delivery increased the most with containers to the Philippines and Indonesia increasing \$5/ton over the prior week.

Some merchandisers are reporting stronger demand in the rail and export markets which is likely to buoy prices for spot delivery at least. DDGS prices are competitive with corn and soybean meal in many feed rations right now which is prompting buyers to ask for forward prices. Sellers, however, anticipating good winter demand and slowing ethanol production are reluctant to book very far in advance. Export demand remains the wild card in the pricing outlook but exports have been consistently strong and may help overcome any remaining bearish sentiment from the large corn crop.

Ethanol Comments: Ethanol production this week nearly tied the record high for a second week in a row. Weekly production reached 1.028 million barrels, 1,000 barrels short of tying the record 1.029 million barrels produced last week. The breakneck pace of ethanol production in the past two weeks has pushed stocks higher to 20.817 million barrels. Gasoline consumption moderated somewhat this past week as the start of school in some areas signals the end of summer driving demand. U.S. gasoline consumption reached 9.659 million barrels per day during the past week, a decrease of 100,000 barrels from the prior week.

The margin between the corn price and the value of ethanol and coproducts was mixed this past week across the four reference markets (see below), and the spread versus this time last year was higher for Illinois and South Dakota but modestly lower for Iowa and Nebraska.

- Illinois differential is \$1.87 per bushel, in comparison to \$1.89 the prior week and \$1.77 a year ago.
- Iowa differential is \$1.78 per bushel, in comparison to \$1.72 the prior week and \$1.81 a year ago.
- Nebraska differential is \$1.43 per bushel, in comparison to \$1.45 the prior week and \$1.48 a year ago.
- South Dakota differential is \$1.88 per bushel, in comparison to \$1.80 the prior week and \$1.82 a year ago.

COUNTRY NEWS

France: Dryness since July may cut ear size and thus output of maize this year. Officials call for a 13 percent reduction from the five-year average but Dale Mohler of AccuWeather says it could be up to a 20 percent reduction. (Bloomberg)

Germany: Beer makers in Europe are paying 11 percent more for malt due to excessive rain damaging the barley crop. French barley output this year could fall 21 percent to 10.2 MMT. Prices were as high as \$238/MT but have fallen back due to harvest progress in the UK. (Bloomberg)

South Africa: Analysts are maintaining their estimate of 7.26 MMT of maize production for this year but Brink van Wyk of BVG says that next year's production of white corn could double if La Nina produces the rains that are possible. (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	\$29.50	Up \$0.25	Handymax at \$30.25/MT
55,000 U.S. PNW-Japan	\$16.50	Unchanged	Handymax at \$17.00/MT
58-60,000 U.S. Gulf-China	\$28.00	Unchanged	North China
PNW to China	\$15.50	Unchanged	
30,000 U.S. Gulf-Veracruz, México	\$15.00	Down \$0.25	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$13.25	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$16.25 \$27.50	Unchanged Unchanged	West Coast Colombia at \$22.50
43,000 U.S. Gulf-Guatemala	\$22.75	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$33.00	Unchanged	8,000 MT daily discharge
	\$33.50	Unchanged	3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$33.75	Unchanged	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$22.00	Unchanged	55,000 -60,000 MT
PNW to Egypt	\$24.25	Unchanged	St. Lawrence to Egypt \$22.50
65-75,000 U.S. Gulf-Europe-Rotterdam	\$15.00	Unchanged	Handymax at +\$1.25 more
Brazil, Santos-China	\$19.75	Unchanged	54-58,000 Supramax-Panamax
	\$18.75	Unchanged	60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$29.25	Up \$0.75	48-53,000 MT (11.5-meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$28.50	Unchanged	—

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: As you can see from the market reports of the last few weeks, rates and market activity are just bouncing around in a narrow price range. One week things are up fifty cents to a dollar and the next week they are back down. It has been, and likely will continue to be, difficult for ocean freight markets to have a breakout on either side of the equation. It is likely, however, that we will experience a little uptick in values as we get into the fall grain harvest and export demand increases. Storage space will be a challenge this year for the U.S. corn and soybean harvest; some facilities are already telling farmers that they can only take their grain if it is sold. Facilities will need to quickly ship product in order to stay open and handle the whole crop. This will surely lead to the need to increase exports in the first quarter of the crop year. However, once the harvest activity and subsequent need to move grain diminishes things are surely destined to fall back into their old trading ranges.

Baltic-Panamax Dry-Bulk Indices				
August 25, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	10,394	10,703	-309	-2.9%
P3A: PNW/Pacific– Japan	5,365	5,512	-147	-2.7%

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:

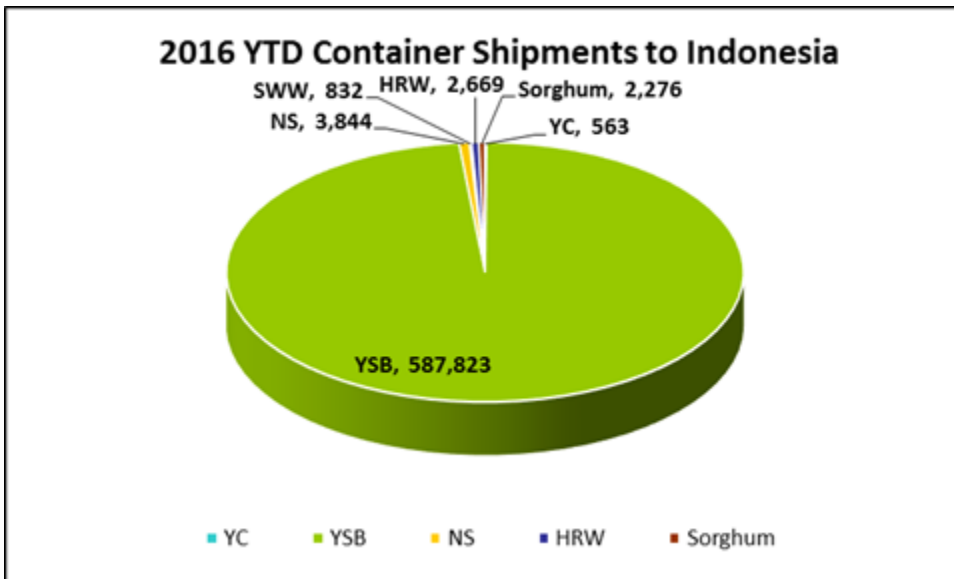
Week Ending August 25, 2016	
Four weeks ago:	\$4.35-\$4.55
Three weeks ago:	\$3.80-\$4.10
Two weeks ago	\$4.05-\$4.10
One week ago:	\$4.40-\$4.85
This week	\$4.40-\$4.85

Source: O’Neil Commodity Consulting

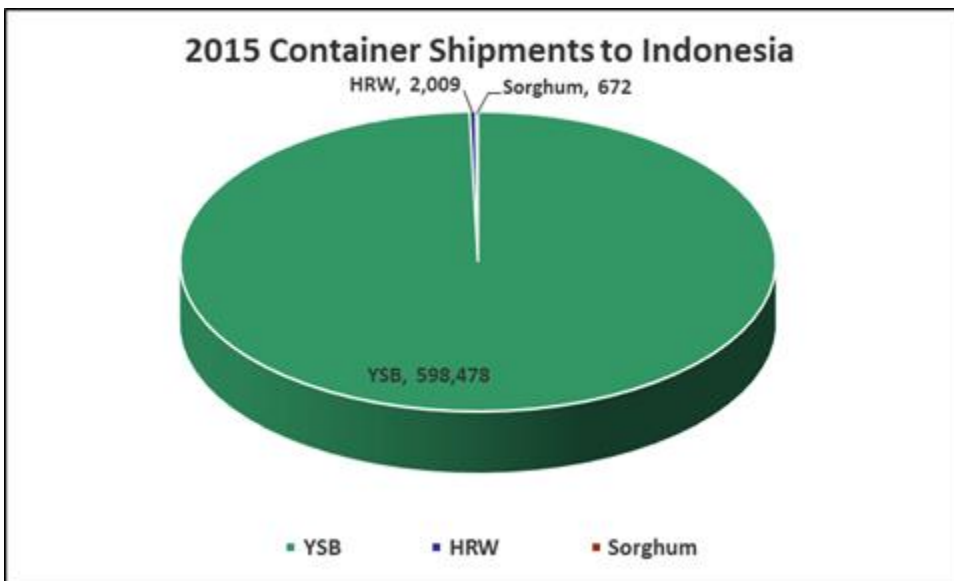
U.S.-Asia Market Spreads					
August 25, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.33	1.04	0.29	\$11.42	Gulf
Soybeans	1.55	1.35	0.20	\$7.87	PNW
Ocean Freight	\$15.50	\$28.00	0.32-0.34	(\$12.50)	October

Source: O’Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

**International Freight Rates for Feed Grains – Select Routes
Estimated Spot Price (\$/MT) – Week Ending August 25, 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	\$26.00	\$28.00	\$26.75	\$22.00	\$21.50	\$26.00	\$28.25	\$27.50
	Brazil	\$19.00	\$21.00	\$20.25	\$12.00	\$14.50	\$16.00	\$23.50	\$24.50
Corn (White)	Argentina	\$26.00	\$28.00	\$26.75	\$22.00	\$21.50	\$26.00	\$28.25	\$27.50
	Brazil	\$19.00	\$21.00	\$20.25	\$12.00	\$14.50	\$16.00	\$23.50	\$24.50
Barley	Argentina	\$26.00	\$28.00	\$26.75	\$22.00	\$21.50	\$26.00	\$28.25	\$27.50
	Brazil	\$19.00	\$21.00	\$20.25	\$12.00	\$14.50	\$16.00	\$23.50	\$24.50
Sorghum	Argentina	\$26.00	\$28.00	\$26.75	\$22.00	\$21.50	\$26.00	\$28.25	\$27.50
	Brazil	\$19.00	\$21.00	\$20.25	\$12.00	\$14.50	\$16.00	\$23.50	\$24.50

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 (%): August 24, 2016

	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	1.23	1.19	1.07
LIBOR (1 year)	1.52	1.52	1.37

Source: www.bankrate.com