U.S. GRAINS COUNCIL

# Market Perspectives

**November 3, 2016**

***Developing Markets • Enabling Trade • Improving Lives***

## CONTENTS


2016 MARKET PERSPECTIVES READERSHIP SURVEY ........ 1
CHICAGO BOARD OF TRADE MARKET NEWS ........ 2
CBOT DECEMBER CORN FUTURES ........ 3
U.S. WEATHER/CROP PROGRESS ........ 5
U.S. EXPORT STATISTICS ........ 5
FOB ........ 7
DISTILLER'S DRIED GRAINS WITH SOLUBLES (DDGS) ........ 8
COUNTRY NEWS ........ 9
OCEAN FREIGHT MARKETS AND SPREAD ........ 10
OCEAN FREIGHT COMMENTS ........ 11
INTEREST RATES ........ 12


## 2016 MARKET PERSPECTIVES READERSHIP SURVEY

To better serve the readers of *Market Perspectives*, the U.S. Grains Council requests that you take a few moments to complete a quick seven-question survey on the newsletter. Your time and insights are greatly appreciated. We look forward to continuing to provide you with valuable market intelligence!

Please follow this link to access the e-survey. Thank you!


***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.***

# Market Perspectives

U.S. GRAINS COUNCIL

**November 3, 2016**

*Developing Markets • Enabling Trade • Improving Lives*

## CHICAGO BOARD OF TRADE MARKET NEWS

| Week in Review: CME Corn December Contract | | | | | |
|---|---|---|---|---|---|
| **$/Bu** | **Friday 28 October** | **Monday 31 October** | **Tuesday 1 November** | **Wednesday 2 November** | **Thursday 3 November** |
| **Change** | -2.500 | -0.250 | -5.7500 | -2.7500 | 1.7500 |
| **Closing Price** | 355.000 | 354.750 | 349.000 | 346.250 | 348.000 |
| **Factors Affecting the Market** | Good weather forecasts imply harvest will finish on time, despite some wet fields. U.S. exports will continue to do well given low Brazilian supplies. U.S. cash prices reached three month highs today while outside markets were mixed. | USDA's export figures were bullish, saving corn from an even more bearish morning. The U.S. average basis strengthened one penny and speculators remain net long the market. The U.S. dollar gained 4 points but was not influential. | Anecdotal reports of large grain piles pressured markets. Harvest progresses with good weather which adds to the importance of logistics. Fortunately, good weather helps logistics too. Equities fell on election and Fed meeting jitters. | Defensive trading occurred following Tuesday's selloff. The EPA injected some positive news that ethanol production was higher last week but this failed to outweigh the bearish news. Outside markets weighed heavily on commodities today. | Corn snapped a four-day losing streak on good export news. Export volumes were neutral but on-track to possibly have USDA raise export forecasts next week. All markets have pre-election nerves and sideways trading will be prominent. |

**Outlook:** The corn market has been on the defensive this week even as little fundamental news has developed. The harvest is progressing well across the Midwest and reports are surfacing of large grain piles developing in corn-laden states. The thought of so much corn lying on the ground brought bearish sentiment to the markets which retreated from recent highs. With the massive volume of corn coming in from the fields, logistics are coming to the forefront of traders' minds. Any logistical breakdown or interruption would exacerbate already burdensome harvest supplies and would likely send the market reeling. Fortunately, the good weather enabling Midwest harvest progress is also positive for grain logistics.

U.S. corn exports this week were largely neutral for the market with a slight bullish upside. The USDA's estimate that 58.0 million bushels of corn were sold last week and 34.2 million were exported was shrugged off by the market and perceived as merely adequate. The upside, however, is that the exports keep year-to-date totals up 74 percent from the prior marketing year which may be enough to motivate USDA to increase their export forecasts in the coming November WASDE. The supply situation in Brazil will keep U.S. exports lively though at least February, providing inclement weather doesn't interfere.

December corn futures retreated below $3.50 on Tuesday and have failed to move above this key point since then. Bulls were unable to overcome strong resistance just shy of $3.60 which has suspended what once looked to be a building rally. For now, December corn remains at least in an upward channel, if not a mild uptrend, but technical indicators are beginning to break down and point to sideways, rangebound trading in the near term.

In contrast to the competitively-priced, supply-burdened corn market, the oat market has been lively over the past month. After putting in life-of-contract lows at $1.71 in September, the December oat contract climbed over 30 percent to reach today's close at $2.22. The oat market has been lifted as wet weather in Canada is delaying the harvest and posing real concerns that supplies may be much tighter than expected.

## CBOT DECEMBER CORN FUTURES


*Source: Prophet X*

# Market Perspectives

**November 3, 2016**

*Developing Markets • Enabling Trade • Improving Lives*

**Current Market Values:**

| Futures Price Performance: Week Ending November 3, 2016 | | | |
|---|---|---|---|
| **Commodity** | **3-Nov** | **28-Oct** | **Net Change** |
| **Corn** | | | |
| Dec 16 | 348.00 | 355.00 | -7.00 |
| Mar 17 | 357.00 | 363.25 | -6.25 |
| May 17 | 364.25 | 370.25 | -6.00 |
| Jul 17 | 371.75 | 376.75 | -5.00 |
| **Soybeans** | | | |
| Nov 16 | 979.75 | 1001.25 | -21.50 |
| Jan 17 | 989.50 | 1012.00 | -22.50 |
| Mar 17 | 996.25 | 1018.50 | -22.25 |
| May 17 | 1003.00 | 1024.00 | -21.00 |
| **Soymeal** | | | |
| Dec 16 | 306.40 | 317.50 | -11.10 |
| Jan 17 | 308.20 | 319.00 | -10.80 |
| Mar 17 | 309.80 | 320.30 | -10.50 |
| May 17 | 311.60 | 321.20 | -9.60 |
| **Soyoil** | | | |
| Dec 16 | 35.10 | 35.41 | -0.31 |
| Jan 17 | 35.36 | 35.63 | -0.27 |
| Mar 17 | 35.54 | 35.76 | -0.22 |
| May 17 | 35.70 | 35.88 | -0.18 |
| **SRW** | | | |
| Dec 16 | 412.00 | 408.50 | 3.50 |
| Mar 17 | 429.75 | 428.25 | 1.50 |
| May 17 | 445.00 | 443.75 | 1.25 |
| Jul 17 | 458.50 | 457.75 | 0.75 |
| **HRW** | | | |
| Dec 16 | 410.50 | 411.25 | -0.75 |
| Mar 17 | 428.50 | 429.25 | -0.75 |
| May 17 | 440.75 | 441.25 | -0.50 |
| Jul 17 | 452.25 | 452.75 | -0.50 |
| **MGEX (HRS)** | | | |
| Dec 16 | 509.75 | 524.50 | -14.75 |
| Mar 17 | 517.50 | 530.75 | -13.25 |
| May 17 | 525.50 | 537.50 | -12.00 |
| Jul 17 | 532.50 | 544.25 | -11.75 |

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

## U.S. WEATHER/CROP PROGRESS

**U.S. Drought Monitor Weather Forecast:** The National Weather Service Quantitative Precipitation Forecast calls for continued dryness during the next week across the drought impacted areas of Alabama and Georgia as well as a broad area spanning from the southern half of California northeastward to North Dakota. More precipitation is forecast for the Pacific Northwest and along a band from New Mexico to the Northeast as fronts move through these areas. In general, warm conditions will dominate the temperature forecast for most of the country in the week ahead.

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 October 27, 2016 | | | | | |
|---|---|---|---|---|---|
| **Commodity** | **Gross Sales (MT)** | **Exports (MT)** | **YTD Exports (000MT)** | **YTD Bookings (000MT)** | **% Change YTD Bookings** |
| Wheat | 259,400 | 327,100 | 11,094.4 | 16,303.2 | 27% |
| Corn | 1,629,200 | 868,700 | 8,913.3 | 24,756.9 | 88% |
| Sorghum | 404,000 | 39,100 | 475.7 | 1,460.2 | -61% |
| Barley | 300 | 700 | 7.8 | 14.1 | -49% |

*Source: USDA, World Perspectives, Inc.*

**Corn:** Net sales of 1,473,500 MT for 2016/2017 were up 84 percent from the previous week and 24 percent from the prior 4-week average. Increases were for Japan (219,400 MT, including 112,000 MT switched from unknown destinations and decreases of 23,800 MT), Mexico (206,100 MT, including decreases of 16,100 MT), Cuba (204,300 MT), Colombia (196,100 MT, including 75,000 MT switched from unknown destinations and decreases of 5,300 MT), and South Korea (188,800 MT, including 60,000 MT switched from unknown destinations and decreases of 200 MT). Reductions were for El Salvador (13,600 MT), Costa Rica (5,300 MT), and Vietnam (700 MT). Exports of 868,700 MT were up 66 percent from the previous week, but down 13 percent from the prior 4-week average. The primary destinations were Mexico (163,800 MT), Japan (144,000 MT), Colombia (141,600 MT), South Korea (127,000 MT), Egypt (56,700 MT), Peru (41,400 MT), and Jordan (32,700 MT).

*Optional Origin Sales:* For 2016/2017, the current optional origin outstanding balance totals 345,000 MT, and is for unknown destinations (280,000 MT) and Taiwan (65,000 MT).

**Barley:** Net sales of 300 MT for 2016/2017 were reported for Taiwan (200 MT) and South Korea (100 MT). Exports of 700 MT were reported to Vietnam (500 MT) and Japan (200 MT).

**Sorghum:** Net sales of 404,000 MT for 2016/2017--a marketing-year high--were up noticeably from the previous week and from the prior the prior 4-week average. Increases were reported for China (316,000 MT), unknown destinations (50,000 MT), Mexico (33,000 MT), and Japan (5,000 MT). Exports of 39,100 MT were down 37 percent from the previous week, but up 5 percent from the prior 4-week average. The destinations were China (33,000 MT) and Mexico (6,100 MT).

| U.S. Export Inspections: Week Ending October 27, 2016 | | | | | |
|---|---|---|---|---|---|
| Commodity (MT) | Export Inspections | | Current Market YTD | Previous YTD | YTD as Percent of Previous |
| | Current Week | Previous Week | | | |
| **Barley** | 0 | 0 | 24,993 | 23,507 | 106% |
| **Corn** | 791,896 | 544,421 | 9,151,788 | 5,250,925 | 174% |
| **Sorghum** | 32,704 | 109,524 | 608,790 | 1,937,603 | 31% |
| **Soybeans** | 2,867,212 | 2,759,760 | 13,341,415 | 11,997,848 | 111% |
| **Wheat** | 325,496 | 265,208 | 11,632,771 | 9,049,656 | 129% |

*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 October 27, 2016 | | | | | | |
|---|---|---|---|---|---|---|
| Region | YC | % of Total | WC | % of Total | Sorghum | % of Total |
| **Lakes** | 0 | 0% | 0 | 0% | 0 | 0% |
| **Atlantic** | 34,671 | 5% | 0 | 0% | 0 | 0% |
| **Gulf** | 581,946 | 76% | 16,916 | 0% | 26,239 | 80% |
| **PNW** | 66,839 | 9% | 0 | 0% | 0 | 0% |
| **Interior Export Rail** | 86,411 | 11% | 5,113 | 0% | 6,465 | 20% |
| **Total (Metric Tons)** | 769,867 | 100% | 22,029 | 0% | 32,704 | 100% |
| **White Corn Shipments by Country (MT)** | | | 13,959 | to Colombia | | |
| | | | 2,957 | to Japan | | |
| | | | 24 | Ireland | | |
| | | | 5,089 | to Mexico | | |
| **Total White Corn (MT)** | | | 22,029 | | | |
| **Sorghum Shipments by Country (MT)** | | | | | 26,239 | to China |
| | | | | | 6,465 | to Mexico |
| **Total Sorghum (MT)** | | | | | 32,704 | |

*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 November | +0.80 Z | $168.49 | +0.97 Z | $175.19 |
| December | +0.80 Z | $168.49 | +0.94 Z | $174.01 |
| January | +0.72 H | $168.89 | +0.94 H | $177.55 |

| #2 White Corn (U.S. $/MT FOB Vessel) | | |
|---|---|---|
| Max. 15.0% Moisture | November | December |
| Gulf | $190 | $190 |

| Sorghum (USD/MT FOB Vessel) | | | | |
|---|---|---|---|---|
| #2 YGS FOB Vessel Max 14.0% Moisture | NOLA | | TEXAS | |
| | Basis | Flat Price | Basis | Flat Price |
| December | +0.70 Z | $164.56 | +0.70 Z | $164.56 |
| January | +0.65 H | $166.13 | +0.55 H | $162.20 |

| Barley: Feed Barley (FOB USD/MT) | | | |
|---|---|---|---|
| | November | December | January |
| FOB PNW | $180 | $180 | $185 |

| Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. $/MT) | | | |
|---|---|---|---|
| | November | December | January |
| New Orleans | $148 | $148 | $148 |
| *Quantity 5,000 MT* | | | |
| **Corn Gluten Meal (CGM) (FOB Vessel U.S. $/MT)** | | | |
| Bulk 60% Pro. | November | December | January |
| New Orleans | $576 | $576 | $576 |
| **5-10,000 MT Minimum* | | | |
| **Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. $/ST)** | | | |
| | November | December | January |
| Rail Delvd. East Coast | $525 | - | - |
| Rail Delvd. Chicago | $510 | - | - |
| Truck Delvd. Channahon/Elwood | $510 | - | - |

***All prices are market estimates.***

| DDGS Price Table: November 3, 2016 (USD/MT) (Quantity, availability, payment and delivery terms vary) | | | |
|---|---|---|---|
| **Delivery Point Quality Min. 35% Pro-fat combined** | **November** | **December** | **January** |
| Barge CIF New Orleans | 169 | 169 | 168 |
| FOB Vessel GULF | 183 | 183 | 183 |
| Rail delivered PNW | 186 | 188 | 190 |
| Rail delivered California | 187 | 189 | 191 |
| Mid-Bridge Laredo, TX | 191 | 193 | 193 |
| FOB Lethbridge, Alberta | 150 | 150 | 150 |
| 40 ft. Containers to South Korea (Busan) | 190 | 191 | 193 |
| 40 ft. Containers to Taiwan (Kaohsiung) | 190 | 190 | 193 |
| 40 ft. Containers to Philippines (Manila) | 196 | 196 | 198 |
| 40 ft. Containers to Indonesia (Jakarta) | 194 | 194 | 197 |
| 40 ft. Containers to Malaysia (Port Kelang) | 195 | 196 | 198 |
| 40 ft. Containers to Vietnam (HCMC) | 203 | 202 | 204 |
| 40 ft. Containers to Japan (Yokohama) | 194 | 194 | 196 |
| 40 ft. containers to Thailand (LCMB) | 192 | 193 | 195 |
| 40 ft. Containers to Shanghai, China | 190 | 191 | 193 |
| KC & Elwood, IL Rail Yard (delivered Ramp) | 149 | 151 | 154 |

*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 is stabilizing; taking a breather from its upward move last week. Ethanol plants have good margins through year's end and are locking in corn purchases and DDGS sales for this period, along with some Q1 2017 sales as well. Last week's pop in soybean meal prices pulled DDGS higher as well which gave decent forward selling opportunities. Prices were stronger earlier this week and have since moderated somewhat in a reversion to what seems to be the new normal. Prices for November and December shipment to U.S. destinations are $5/ton higher on average this week with FOB Gulf and PNW prices leading the way. Merchandisers are reporting much of the U.S. trade is pushing DDGS to the river/barge or domestic truck market as values are getting more competitive. Prices for international shipments are mixed with strength in some Southeast Asian markets being offset with weakness in others. On average, prices are firm, up $1/ton over last week.

USDA recently reported a 5 percent month-over-month decrease in DDGS production during September. The report calculated 1.96 million tons of DDGS were produced in September, down from 2.07 million tons in August. The production shortfall has reduced the volume of DDGS available to sell and contributed to stronger prices last month.

A presentation at a recent industry conference highlighted the broad-based benefits of feeding DDGS to livestock. A swine nutritionist noted DDGS have benefits including reducing methane emissions in dairy cows and, because DDGS have natural antioxidants, improving animal health without using antibiotics. Additionally, inclusion in livestock rations offers environmental benefits including reducing hydrogen sulfide and ammonia in piglet manure and reducing algae growth in lakes and rivers downstream of livestock operations. The latter effect occurs because DDGS have the highest digestible phosphorus of any livestock feedstuff.

**Ethanol Comments:** Higher ethanol margins encouraged plants to increase production by 11,000 barrels per day from last week (1 percent), with production reaching 1.002 million barrels per day. Ethanol stocks fell 180,000 barrels this week (-1 percent) even as gasoline consumption fell 3 percent (581,000 barrels per day) this week. Exports, after lagging in the prior week, returned with strength this week and drove the ethanol stocks reduction even as domestic consumption fell.

U.S. ethanol exports have been strong this year (up 8 percent YTD), aided recently by reductions in Brazil's export program. Traders are noting this week that Brazilian exporters are suspending sales to Asia, preferring to keep product for their own domestic market which is experiencing surging prices. The global dynamics may explain why U.S. ethanol exports to China were up in August, totaling 5.71 million liters. August's exports mark a dramatic increase from July's paltry 25,000 liters.

The margin between the corn price and the value of ethanol and coproducts was higher this past week across all four reference markets (see below). Compared to this same week last year, the spread is roughly $0.40 higher in all reference markets.

- Illinois differential is $2.15 per bushel, in comparison to $2.12 the prior week and $1.86 a year ago.
- Iowa differential is $2.06 per bushel, in comparison to $1.98 the prior week and $1.60 a year ago.
- Nebraska differential is $2.16 per bushel, in comparison to $2.08 the prior week and $1.78 a year ago.
- South Dakota differential is $2.24 per bushel, in comparison to $2.16 the prior week and $1.79 a year ago.

## COUNTRY NEWS

**Brazil:** Corn export commitments and actual exports are running far enough behind last year's levels that USDA seems likely to lower its estimate further in its November 9 WASDE report. (WPI) Stubbornly high corn prices and slack demand are also adversely affecting the country's poultry exports, with Brazil's world beating poultry export company BRF SA stating disappointing third quarter profits. (Reuters)

**Canada**: The Ontario Ethanol Growth Fund, which has paid out C$520 million since 2005 for the construction of ethanol plants, appears unlikely to be extended at the end of this year. (Postmedia)

**China:** With a corn stockpile that has doubled in size since 2009, the government will use subsidies and tax rebates to move excess supplies into the export market. (Newton Daily News) The Northeast province of Jilin will provide nearly $30/MT subsidies to 22 corn processors to help farmers sell their harvest, per the Jilin Provincial Grain Administration. Meanwhile, a survey of Chinese farmers by SGS SA concludes that the cut in subsidies will cause corn production to fall by 7.3 percent in 2017, versus a government estimate of a 5.4 percent drop. (Bloomberg News)

# Market Perspectives

***November 3, 2016***

***Developing Markets • Enabling Trade • Improving Lives***

**Israel**: Private buyers closed yesterday on a purchase of approximately 120 KMT of optional origin corn. The purchase price was between $175 to $179/MT C&F and shipment periods will vary based on origin. If from the Black Sea, it will be in three shipments between late December and early March. South American suppliers could deliver it 20 days earlier than that and U.S. suppliers would be 15 days quicker. (Reuters)

## 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 | $31.75 | Unchanged | Handymax at $32.25/MT |
| 55,000 U.S. PNW-Japan | $17.75 | Up $0.25 | Handymax at $18.25/MT |
| 58-60,000 U.S. Gulf-China<br>PNW to China | $30.25<br>$16.75 | Down $0.75<br>Up $0.25 | North China |
| 25,000 U.S. Gulf-Veracruz, México | $14.00 | Unchanged | 3,000 MT daily discharge rate |
| 35-40,000 U.S. Gulf-Veracruz, México | $12.50 | Unchanged | Deep draft and 8,000 MT per day discharge rate. |
| 25/35,000 U.S. Gulf-East Coast Colombia, from Argentina | $16.75<br>$28.00 | Unchanged<br>Unchanged | West Coast Colombia at $23.00 |
| 43,000 U.S. Gulf-Guatemala | $22.75 | Unchanged | Acajutla/Quetzal - 8,000 out |
| 26-30,000 U.S. Gulf-Algeria | $21.75<br>$24.25 | Unchanged<br>Unchanged | 8,000 MT daily discharge<br>3,000 MT daily discharge |
| 25-30,000 U.S. Gulf-Morocco | $21.00 | Unchanged | 5,000 discharge rate |
| 55,000 U.S. Gulf-Egypt<br>PNW to Egypt | $19.50<br>$22.25 | Unchanged<br>Unchanged | 55,000 -60,000 MT<br>St. Lawrence to Egypt $17.50 |
| 65-75,000 U.S. Gulf-Europe-Rotterdam | $14.25 | Up $0.25 | Handymax at +$1.50 more |
| Brazil, Santos-China<br><br>Itacoatiara Port up river Amazonia-China | $20.00<br>$19.50<br>$29.00 | Unchanged<br>Unchanged<br>Unchanged | 54-58,000 Supramax-Panamax<br>60-66,000 Post Panamax |
| 56-60,000 Argentina-China Upriver with Top-Off | $28.00 | Unchanged | — |

*Source: O'Neil Commodity Consulting*
**Numbers for this table based on previous night's closing values.*

U.S. GRAINS COUNCIL

# Market Perspectives

***November 3, 2016***

***Developing Markets • Enabling Trade • Improving Lives***

## OCEAN FREIGHT COMMENTS

**Transportation and Export Report: Jay O'Neil, O'Neil Commodity Consulting:** From the first quarter of 2016 to the fourth, daily hire rates for most Dry-Bulk vessels have risen enough to cover most of the daily operating cost for ship owners, but not to a level that provides a profitable return. Thus, vessel owners are still in trouble with their bankers. But just like those who rooted for the Cleveland Indians in the Major League Baseball World Series, hopes for a turnaround win seem to be dashed. Baltic Indices are lower this week and have given back most of the technical gains of the last three weeks. Physical rates are always a bit slower to react. Now we are back to reality and the only way forward is to stop building new ships, increase vessel scrapping, and wait for the global economy to pick up and create more cargo demand. However, then we will be faced with the consequences of this solution. Shipyards are suffering and with them sovereign economies. For example: the Korean government has announced a big stimulus package for Korean shipyards to encourage additional ship building demand – just what the global market does not need. It is a shame, but there must be some suffering while getting back to better health.

| Baltic-Panamax Dry-Bulk Indices | | | | |
|---|---|---|---|---|
| **November 3, 2016**<br>Route | **This Week** | **Last Week** | **Difference** | **Percent Change** |
| P2A: Gulf/Atlantic – Japan | 11,528 | 12,179 | -651 | -5.3% |
| P3A: PNW/Pacific– Japan | 6,891 | 7,293 | -402 | -5.5% |

*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:

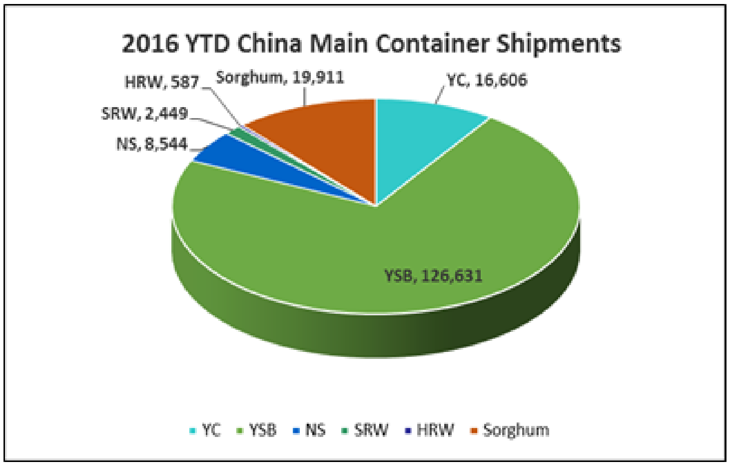
| Week Ending November 3, 2016 | |
|---|---|
| Four weeks ago: | $5.25-$6.40 |
| Three weeks ago: | $6.00-$6.45 |
| Two weeks ago: | $5.35-$6.10 |
| One week ago: | $4.90-$5.10 |
| This week | $4.90-$5.50 |

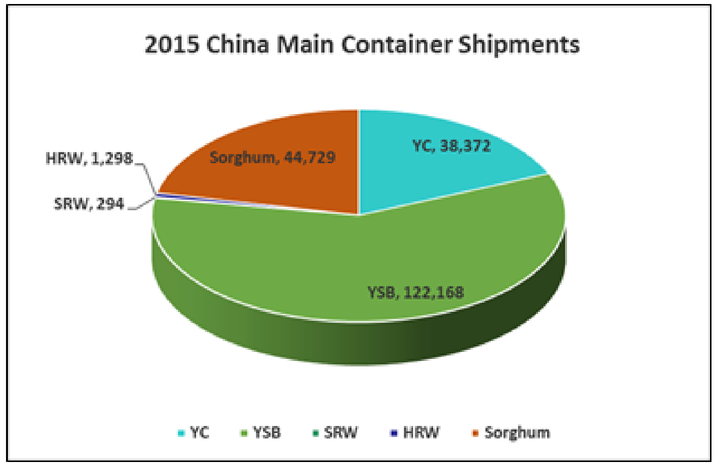
*Source: O'Neil Commodity Consulting*

| U.S.-Asia Market Spreads | | | | | |
|---|---|---|---|---|---|
| **November 3, 2016** | **PNW** | **Gulf** | **Bushel Spread** | **MT Spread** | **Advantage** |
| #2 Corn | 0.97 | 0.76 | 0.21 | $8.27 | PNW |
| Soybeans | 1.00 | 0.69 | 0.31 | $12.20 | PNW |
| Ocean Freight | $16.75 | $30.25 | 0.34-0.37 | ($13.50) | November |

*Source: O'Neil Commodity Consulting*

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




*Source: O'Neil Commodity Consulting*

| International Freight Rates for Feed Grains – Select Routes<br>Estimated Spot Price ($/MT) – Week Ending November 3, 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** | $25.75 | $27.25 | $26.50 | $22.00 | $21.50 | $26.25 | $28.75 | $28.25 |
| | **Brazil** | $18.50 | $21.00 | $20.25 | $12.00 | $24.75 | $15.50 | $24.00 | $25.00 |
| **Corn (White)** | **Argentina** | $25.75 | $27.25 | $26.50 | $22.00 | $21.50 | $26.25 | $28.75 | $28.25 |
| | **Brazil** | $18.50 | $21.00 | $20.25 | $12.00 | $24.75 | $15.50 | $24.00 | $25.00 |
| **Barley** | **Argentina** | $25.75 | $27.25 | $26.50 | $22.00 | $21.50 | $26.25 | $28.75 | $28.25 |
| | **Brazil** | $18.50 | $21.00 | $20.25 | $12.00 | $24.75 | $15.50 | $24.00 | $25.00 |
| **Sorghum** | **Argentina** | $25.75 | $27.25 | $26.50 | $22.00 | $21.50 | $26.25 | $28.75 | $28.25 |
| | **Brazil** | $18.50 | $21.00 | $20.25 | $12.00 | $24.75 | $15.50 | $24.00 | $25.00 |

*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 (%): November 3, 2016 | | | |
|---|---|---|---|
| | **Current Week** | **Last Week** | **Last Month** |
| **U.S. Prime** | 3.50 | 3.50 | 3.50 |
| **LIBOR (6 month)** | 1.26 | 1.26 | 1.25 |
| **LIBOR (1 year)** | 1.58 | 1.57 | 1.55 |

*Source: www.bankrate.com*