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## 2016 MARKET PERSPECTIVES READERSHIP SURVEY

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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!

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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 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.*

## CHICAGO BOARD OF TRADE MARKET NEWS

| Week in Review: CME Corn December Contract |   |  |  |   |   |
|--|---|--|--|---|---|
| \$/Bu                                      | Friday<br>11 November   | Monday<br>14 November  | Tuesday<br>15 November   | Wednesday<br>16 November  | Thursday<br>17 November   |
| <b>Change</b>                              | -3.250  | -3.000   | 4.2500   | -3.0000   | 3.5000  |
| <b>Closing Price</b>                       | 340.250   | 337.250  | 341.500  | 338.500   | 342.000   |
| <b>Factors Affecting the Market</b>        | USDA's WASDE yield forecast continued pressuring markets lower. Favorable weather in Brazil during planting also contributed to the day's decline. Markets are uncertain about Trump's impact on exchange rates and the U.S. dollar rose 11 points. | Harvest is winding down and the day's trading focus was export-oriented. New export data from USDA was bullish, but politically-driven export uncertainty won the day's trading battle. Outside markets were mixed, with the Dow up and the dollar gaining 100 points. | Corn bounced higher as commercial (ethanol) demand remains strong. With harvest ending soon, higher cash prices will be required to pull corn from storage. Outside markets were wildly supportive with the S&P 500 up 70 points and crude oil jumping \$2.50. | Persistent strength in the dollar sent corn lower again, nearly erasing yesterday's gains. The dollar reached its eighth consecutive day of gains, which pressured corn during a light trading volume day. Basis remains strong in the corn belt and should rise this week. | USDA's latest export data were neutral for the market which traded a narrow range. Ordinarily, the export volumes seen so far would be bullish, but the large crop and strong dollar are limiting gains. U.S. equities were up for the day along with the dollar while oil fell slightly. |

**Outlook:** Following last week's surprise-laden trading, the corn market has been comparatively subdued – though not without action – this week. Fundamental news was light and offered little change to the market's outlook. The surprising increase in the national average corn yield has been absorbed by the market which is now largely focused on exports. The weather in Brazil has moderated substantially, allowing planting to progress, and forecasted rains are timely for the fledgling crop's development. Accordingly, the market's primary trading action has been lower since there are more bushels in the U.S. and a diminishing risk of poor Brazilian production.

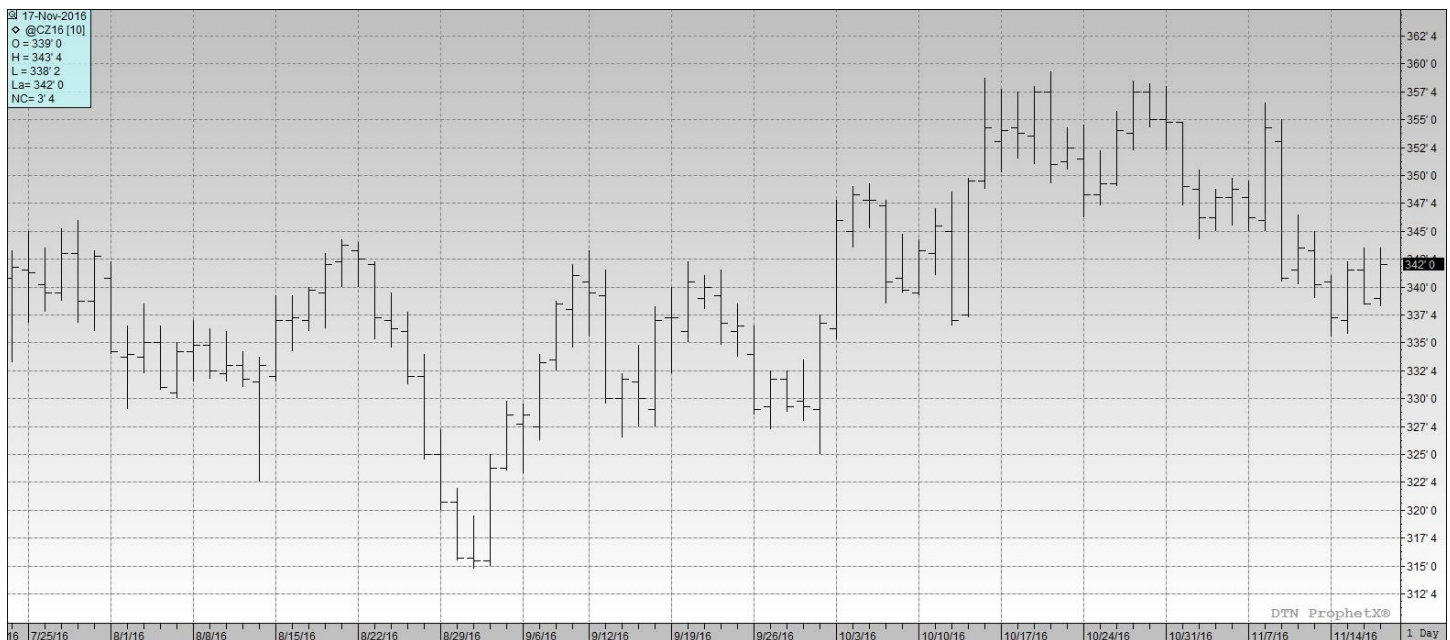
Over 93 percent of the U.S. corn crop is in the bin now (per USDA). While some states in the Upper Midwest, notably Ohio and Michigan, are lagging last year's pace, nearly all other states are ahead of schedule. Accordingly, basis and cash prices should start to firm as it will take additional incentive to motivate the sale of corn now safely tucked away in bins.

Beyond the cash market strength induced by the harvest's waning days, strong demand from the ethanol industry is supporting cash prices. Ethanol production remains above projections and was higher this week. Exports appear to be key for the ethanol industry right now but their future is uncertain given the political uncertainty in U.S. international relations.

Political uncertainty may also hamper U.S. corn exports, which are up 79 percent over last year, later in the marketing year. The markets are carefully watching to determine President-elect Trump's leanings on policies that will influence exchange rates and export opportunities. The Mexican peso has fallen substantially against the dollar during the past week and the same fate has been suffered by other forex markets. Despite an uncertain future, however, exports of U.S. corn are likely to pick up during the last weeks of 2016 and into early 2017 as international buyers purchase before the new administration takes office.

Going forward, December corn futures are relegated to rangebound trading with a slight upward tilt. Technically, the nearby contract remains in a mild uptrend that is starting to bend downward and the once uptrend-signaling moving averages are converging into a largely directionless pile of lines. Corn trading volumes have been light this week and the market has not traded outside of a 6 ½ cent range. Traders tested technical support at \$3.37, found that it held, and have since turned their sights to a test of \$3.45. Outside these immediate targets, major support will be found at \$3.30 with the most significant resistance at \$3.60. Without significantly interesting new fundamental information, however, a test of either point is unlikely. From a risk standpoint, any downward price movement will likely be sudden and driven by a collapse in the export market. The market has more upside potential but any movement will be slow and the result of strong commercial demand prying newly-stored corn from bins.

## CBOT DECEMBER CORN FUTURES



Source: Prophet X

**Current Market Values:**

| <b>Futures Price Performance: Week Ending November 17, 2016</b> |               |               |                   |
|---|---------------|---------------|-------------------|
| <b>Commodity</b>  | <b>17-Nov</b> | <b>11-Nov</b> | <b>Net Change</b> |
| <b>Corn</b>   |               |               |                   |
| Dec 16  | 342.00        | 340.25        | 1.75              |
| Mar 17  | 349.75        | 349.00        | 0.75              |
| May 17  | 356.50        | 356.50        | 0.00              |
| Jul 17  | 363.50        | 364.00        | -0.50             |
| <b>Soybeans</b>   |               |               |                   |
| Jan 17  | 989.50        | 986.00        | 3.50              |
| Mar 17  | 998.50        | 994.50        | 4.00              |
| May 17  | 1007.25       | 1002.25       | 5.00              |
| Jul 17  | 1014.00       | 1008.00       | 6.00              |
| <b>Soymeal</b>  |               |               |                   |
| Dec 16  | 311.50        | 307.80        | 3.70              |
| Jan 17  | 313.80        | 310.20        | 3.60              |
| Mar 17  | 316.50        | 312.20        | 4.30              |
| May 17  | 318.80        | 314.10        | 4.70              |
| <b>Soyoil</b>   |               |               |                   |
| Dec 16  | 33.70         | 34.44         | -0.74             |
| Jan 17  | 33.96         | 34.66         | -0.70             |
| Mar 17  | 34.21         | 34.89         | -0.68             |
| May 17  | 34.41         | 35.07         | -0.66             |
| <b>SRW</b>  |               |               |                   |
| Dec 16  | 403.00        | 403.00        | 0.00              |
| Mar 17  | 420.00        | 421.50        | -1.50             |
| May 17  | 433.25        | 436.75        | -3.50             |
| Jul 17  | 448.25        | 452.25        | -4.00             |
| <b>HRW</b>  |               |               |                   |
| Dec 16  | 408.75        | 410.25        | -1.50             |
| Mar 17  | 425.75        | 427.75        | -2.00             |
| May 17  | 437.75        | 439.25        | -1.50             |
| Jul 17  | 449.00        | 450.75        | -1.75             |
| <b>MGEX (HRS)</b>   |               |               |                   |
| Dec 16  | 526.75        | 520.00        | 6.75              |
| Mar 17  | 524.50        | 523.75        | 0.75              |
| May 17  | 529.00        | 530.75        | -1.75             |
| Jul 17  | 535.00        | 537.75        | -2.75             |

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

## U.S. WEATHER/CROP PROGRESS

**U.S. Drought Monitor Weather Forecast:** In the 24 hours after the valid time of the November 15 USDM, a low-pressure system dropped 1-2 inches of rain across parts of the Northeast and another system brought additional precipitation to the Pacific Northwest. During November 22-26, above-normal precipitation is expected across the Far West, the Midwest, and Northeast, while below-normal precipitation is forecasted for Texas, the Southeast, Montana, and North Dakota. A similar pattern is evident in the outlook for November 24-30. Odds favor drier-than-normal weather in the Southern Plains to Southeast and Montana, and wetter-than-normal weather across the Far West to Central Plains and Northeast. Temperatures are expected to be below normal along the East Coast but above normal for the rest of the CONUS for the entire period November 22-30.

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 November 10, 2016 |                  |              |                     |                      |                       |
|--|------------------|--------------|---------------------|----------------------|-----------------------|
| Commodity  | Gross Sales (MT) | Exports (MT) | YTD Exports (000MT) | YTD Bookings (000MT) | % Change YTD Bookings |
| Wheat  | 633,800          | 402,000      | 11,876.6            | 17,671.2             | 29%                   |
| Corn   | 1,716,800        | 540,800      | 10,341.3            | 27,646.2             | 90%                   |
| Sorghum  | 333,600          | 9,000        | 574.0               | 2,145.1              | -50%                  |
| Barley   | 800              | 400          | 9.1                 | 15.3                 | -41%                  |

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales of 1,661,000 MT for 2016/2017 were up 35 percent from the previous week and 47 percent from the prior 4-week average. Increases were for unknown destinations (433,800 MT), Japan (255,500 MT, including 38,200 MT switched from unknown destinations), the Dominican Republic (229,300 MT), Mexico (164,500 MT, including decreases of 47,100 MT), and Saudi Arabia (140,000 MT). Reductions were for Panama (18,000 MT) and Costa Rica (2,500 MT). Exports of 540,800 MT were down 39 percent from the previous week and 31 percent from the prior 4-week average. The primary destinations were Mexico (239,400 MT), Peru (60,100 MT), El Salvador (49,200 MT), Colombia (46,600 MT), Japan (38,200 MT), Guatemala (24,200 MT), and Taiwan (23,600 MT).

**Optional Origin Sales:** For 2016/2017, the current optional origin outstanding balance of 549,000 MT is for unknown destinations (280,000 MT), South Korea (204,000 MT), and Taiwan (65,000 MT).

**Export Adjustments:** Accumulated exports of corn to Colombia were adjusted down 5,500 MT for week ending October 13<sup>th</sup>. This shipment was of soft red winter wheat and is included in this week's report.

**Barley:** Net sales of 800 MT for 2016/2017 were reported for Japan. Exports of 400 MT were reported to Japan (200 MT), Vietnam (100 MT), and Taiwan (100 MT).

**Sorghum:** Net sales of 333,500 MT were down 5 percent from the previous week, but up 76 percent from the prior the prior 4-week average. Increases were reported for China (230,000 MT), unknown destinations (62,600 MT), Japan (30,000 MT), and Mexico (10,900 MT, including decreases of 100 MT). Exports of 9,000 MT were down 90 percent from the previous week and 81 percent from the prior 4-week average. The destination was Mexico.

### U.S. Export Inspections: Week Ending November 10, 2016

| Commodity (MT) | Export Inspections |               | Current Market YTD | Previous YTD | YTD as Percent of Previous |
|----------------|--------------------|---------------|--------------------|--------------|----------------------------|
|                | Current Week       | Previous Week |                    |              |                            |
| Barley         | 0                  | 612           | 25,605             | 25,908       | 99%                        |
| Corn           | 618,155            | 929,184       | 10,795,443         | 5,928,537    | 182%                       |
| Sorghum        | 4,405              | 82,363        | 697,103            | 2,392,038    | 29%                        |
| Soybeans       | 2,623,821          | 2,974,811     | 16,247,837         | 14,079,444   | 115%                       |
| Wheat          | 191,062            | 512,403       | 12,347,367         | 9,666,847    | 128%                       |

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 November 10, 2016

| Region                                      | YC             | % of Total  | WC            | % of Total    | Sorghum      | % of Total  |
|---|----------------|-------------|---------------|---------------|--------------|-------------|
| Lakes                                       | 19,002         | 3%          | 0             | 0%            | 0            | 0%          |
| Atlantic                                    | 490            | 0%          | 0             | 0%            | 0            | 0%          |
| Gulf  | 341,881        | 60%         | 52,590        | 0%            | 0            | 0%          |
| PNW   | 120,803        | 21%         | 269           | 0%            | 0            | 0%          |
| Interior Export Rail                        | 83,120         | 15%         | 0             | 0%            | 4,405        | 100%        |
| <b>Total (Metric Tons)</b>                  | <b>565,296</b> | <b>100%</b> | <b>52,859</b> | <b>0%</b>     | <b>4,405</b> | <b>100%</b> |
| <b>White Corn Shipments by Country (MT)</b> |                |             | 12,749        | to Costa Rica |              |             |
|   |                |             | 39,841        | Mexico        |              |             |
|   |                |             | 269           | to Korea      |              |             |
| <b>Total White Corn (MT)</b>                |                |             | <b>52,859</b> |               |              |             |
| <b>Sorghum Shipments by Country (MT)</b>    |                |             |               |               | 4,405        | to Mexico   |
| <b>Total Sorghum (MT)</b>                   |                |             |               |               | <b>4,405</b> |             |

Source: USDA, World Perspectives, Inc.



**FOB**

| Yellow Corn (USD/MT FOB Vessel)         |                  |                       |                  |                       |
|---|------------------|-----------------------|------------------|-----------------------|
| YC FOB Vessel<br>Max. 15.0%<br>Moisture | GULF             |                       | PNW              |                       |
|   | Basis<br>(#2 YC) | Flat Price<br>(#2 YC) | Basis (#2<br>YC) | Flat Price<br>(#2 YC) |
| LH November                             | +0.70 Z          | \$162.20              | +0.97 Z          | \$172.82              |
| December                                | +0.70 Z          | \$162.20              | +0.97 Z          | \$172.82              |
| January                                 | +0.62 H          | \$162.10              | +0.92 H          | \$173.91              |

| #2 White Corn (U.S. \$/MT FOB Vessel) |         |          |
|---------------------------------------|---------|----------|
| Max. 15.0% Moisture                   | January | February |
| Gulf                                  | \$188   | \$188    |

| Sorghum (USD/MT FOB Vessel)             |       |            |         |            |
|---|-------|------------|---------|------------|
| #2 YGS FOB Vessel<br>Max 14.0% Moisture | NOLA  |            | TEXAS   |            |
|   | Basis | Flat Price | Basis   | Flat Price |
| December                                | -     | -          | +0.74 Z | \$163.77   |
| January                                 | -     | -          | +0.72 H | \$166.03   |

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)              |          |          |         |
|--|----------|----------|---------|
|  | November | December | January |
| New Orleans  | \$140    | \$140    | \$140   |
| <i>Quantity 5,000 MT</i>   |          |          |         |
| Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)                       |          |          |         |
| Bulk 60% Pro.  | November | December | January |
| New Orleans  | \$590    | \$590    | \$590   |
| <i>*5-10,000 MT Minimum</i>  |          |          |         |
| Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST) |          |          |         |
|  | November | December | January |
| Rail Delvd. East Coast   | \$525    | \$525    | -       |
| Rail Delvd. Chicago  | \$515    | \$505    | -       |
| Truck Delvd. Chicago   | -        | -        | -       |
| Truck Delvd. Channahon/Elwood  | -        | -        | -       |

*\*All prices are market estimates.*

| DDGS Price Table: November 17, 2016 (USD/MT)<br>(Quantity, availability, payment and delivery terms vary) |          |          |         |
|---|----------|----------|---------|
| Delivery Point<br>Quality Min. 35% Pro-fat combined   | November | December | January |
| Barge CIF New Orleans   | 150      | 151      | 152     |
| FOB Vessel GULF   | 169      | 170      | 171     |
| Rail delivered PNW  | 170      | 174      | 175     |
| Rail delivered California   | 180      | 183      | 184     |
| Mid-Bridge Laredo, TX   | 173      | 174      | 175     |
| FOB Lethbridge, Alberta   | 148      | 149      | 150     |
| 40 ft. Containers to South Korea (Busan)  | 190      | 192      | 191     |
| 40 ft. Containers to Taiwan (Kaohsiung)   | 190      | 192      | 190     |
| 40 ft. Containers to Philippines (Manila)   | 197      | 198      | 197     |
| 40 ft. Containers to Indonesia (Jakarta)  | 194      | 196      | 195     |
| 40 ft. Containers to Malaysia (Port Kelang)   | 195      | 197      | 196     |
| 40 ft. Containers to Vietnam (HCMC)   | 202      | 203      | 199     |
| 40 ft. Containers to Japan (Yokohama)   | 196      | 198      | 195     |
| 40 ft. containers to Thailand (LCMB)  | 191      | 193      | 192     |
| 40 ft. Containers to Shanghai, China  | 196      | 197      | 197     |
| KC & Elwood, IL Rail Yard (delivered Ramp)  | 149      | 153      | 153     |

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:** Falling Midwest temperatures are increasing demand for DDGS in domestic livestock rations and a blizzard forecast for northern parts of the corn belt will help increase near-term demand. Compared to domestic soybean meal prices, DDGS prices on a per unit of protein basis were lower this week which will continue garnering interest from the livestock industry. Reports are surfacing that carriers are pushing GRI's into December but ample supplies at container depots may limit this effort. Even as domestic demand is picking up, international purchasers remain more interested in value-buying. Their strategy may be tested as some large bulk buyers are bringing bulk vessels to NOLA which will certainly support the market. Demand for Asian destinations has been quiet this week but some Chinese buyers are looking for spot shipment opportunities.

The tension between higher domestic demand and somewhat softer international interest is evident by prices that are relatively unchanged this week from last. Prices for DDGS CIF New Orleans fell \$2/ton this week while FOB Gulf prices were unchanged for December shipment and \$1/ton higher for January. Spot shipments to Southeast Asia were higher in general while January shipment prices slipped, giving value-seeking international buyers ample opportunity to fill their needs.

**Ethanol Comments:** The U.S. Energy Information Administration (EIA) updated its 2017 ethanol supply and demand forecast this week, predicting an increase in production for the coming year. EIA is forecasting



average production of 990,000 barrels per day in 2017, up from 970,000 in 2015. Projections for fourth quarter 2016 production were revised to 990,000 barrels per day, down from an average of 1.01 barrels during 2016's third quarter.

Ethanol margins were stable to slightly weaker this week as production rose 15,000 barrels from the prior week to 1.017 million barrels per day. Ethanol stocks fell 3 percent from the previous week and are at their lowest level since at least September at only 18.609 million barrels. The stocks decrease came in the face of a 4 percent (842,000 barrel) decrease in ethanol consumption, implying exports last week were strong.

The margin between the corn price and the value of ethanol and coproducts was essentially unchanged this past week across the four reference markets (see below). Compared to this same week last year, the spread is roughly \$0.50 higher in all reference markets.

- Illinois differential is \$2.20 per bushel, in comparison to \$2.17 the prior week and \$1.75 a year ago.
- Iowa differential is \$2.08 per bushel, in comparison to \$2.05 the prior week and \$1.49 a year ago.
- Nebraska differential is \$2.15 per bushel, in comparison to \$2.22 the prior week and \$1.71 a year ago.
- South Dakota differential is \$2.26 per bushel, in comparison to \$2.27 the prior week and \$1.73 a year ago.

## COUNTRY NEWS

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**China:** Shanghai JC Intelligence Co. Ltd. reports that animal-feed mills are turning to imports of sorghum because bad weather and rail disruptions have prevented the flow of corn from the Northeast production region. The feed mills need to build inventory, and corn on the Dalian Exchange climbed 1.2 percent to 1,642 yuan (\$238.74)/MT – the highest close in five months. (Bloomberg)

**Japan:** Purchases of U.S. corn this month are at more than 900 KMT due to attractive discounts. Nearby shipments are now favored. (Bloomberg)

**South Africa:** Yellow corn rallied the most in a month (\$225/MT) as the rand slid the most in value in five years against the U.S. dollar. This has made domestic corn farm more competitive over imported product. (Bloomberg)

**South Korea:** The country's largest animal feed maker, Nonghyup Feed Inc., purchased 68 KMT optional origin corn at \$183.99/MT C&F plus a \$1.25/MT port unloading charge. South Korean feed mills have stepped up their non-tender corn purchases in recent days. (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  | \$33.75               | Up \$1.75                   | Handymax at \$34.25/MT                                |
| 55,000 U.S. PNW-Japan   | \$18.50               | Up \$0.75                   | Handymax at \$19.00/MT                                |
| 58-60,000 U.S. Gulf-China   | \$32.25               | Up \$1.75                   | North China   |
| PNW to China  | \$17.75               | Up \$1.00                   |   |
| 25,000 U.S. Gulf-Veracruz, México                                 | \$14.50               | Up \$0.50                   | 3,000 MT daily discharge rate                         |
| 35-40,000 U.S. Gulf-Veracruz, México                              | \$13.00               | Up \$0.50                   | Deep draft and 8,000 MT per day discharge rate.       |
| 25/35,000 U.S. Gulf-East Coast Colombia, from Argentina           | \$17.50<br>\$29.00    | Up \$0.75<br>Up \$1.00      | West Coast Colombia at \$23.00                        |
| 43,000 U.S. Gulf-Guatemala  | \$23.50               | Up \$1.75                   | Acajutla/Quetzal - 8,000 out                          |
| 26-30,000 U.S. Gulf-Algeria                                       | \$22.75               | Up \$1.00                   | 8,000 MT daily discharge                              |
| 25-30,000 U.S. Gulf-Morocco                                       | \$25.25               | Up \$1.00                   | 3,000 MT daily discharge                              |
| 25-30,000 U.S. Gulf-Morocco                                       | \$22.00               | Up \$1.00                   | 5,000 discharge rate                                  |
| 55,000 U.S. Gulf-Egypt  | \$20.50               | Up \$1.00                   | 55,000 -60,000 MT<br>St. Lawrence to Egypt<br>\$17.50 |
| PNW to Egypt  | \$23.25               | Up \$1.00                   |   |
| 65-75,000 U.S. Gulf-Europe-Rotterdam                              | \$15.00               | Up \$0.50                   | Handymax at +\$1.50 more                              |
| Brazil, Santos-China  | \$21.00               | Up \$1.00                   | 54-58,000 Supramax-Panamax<br>60-66,000 Post Panamax  |
| Itacoatiara Port up river Amazonia-China                          | \$20.50               | Up \$1.00                   |   |
| Amazonia-China  | \$29.50               | Up \$0.50                   |   |
| 56-60,000 Argentina-China Upriver with Top-Off                    | \$30.00               | Up \$2.00                   | —   |

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:** Global Dry-Bulk rates jumped up this week. For the moment, the market is not steaming in circles and instead has taken a new bullish direction. There is a lot of talk about a much firmer Atlantic market, but not much real explanation as to why. Over the past month Panamax owners have seen daily hire rates move from \$6,000/day up to \$9,000/day. They must be doing something right.

This bump up in Dry-Bulk rates will make containerized grain shipments more competitive to Asia and provide motivation for container shipping lines to maintain or even raise their rate structures.

If the market rally can be sustained for a while ship owners may even be able to make some payments on their outstanding loans. I'm sure that vessel owners will do all they can to take advantage of this rally and will be setting their offering prices even higher than what I have indicated as current market rates below. One charterer told me he had been offered as high as \$36.00/MT on the U.S. Gulf to Japan route for December. He did not book that and will keep looking.

The North American grain harvest has helped support rates, but we are now entering the back side of the harvest and will have to track exports track over the coming quarter. Domestic rail and barge rates have dropped substantially over the past two weeks. China has started to offer corn to Korea at \$7.00/MT discounts to all other origins.

| Baltic-Panamax Dry-Bulk Indices |           |           |            |                |
|---------------------------------|-----------|-----------|------------|----------------|
| November 17, 2016               | This Week | Last Week | Difference | Percent Change |
| Route                           |           |           |            |                |
| P2A: Gulf/Atlantic – Japan      | 15,492    | 11,896    | 3,596      | 30.2%          |
| P3A: PNW/Pacific– Japan         | 8,148     | 7,246     | 902        | 12.4%          |

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:

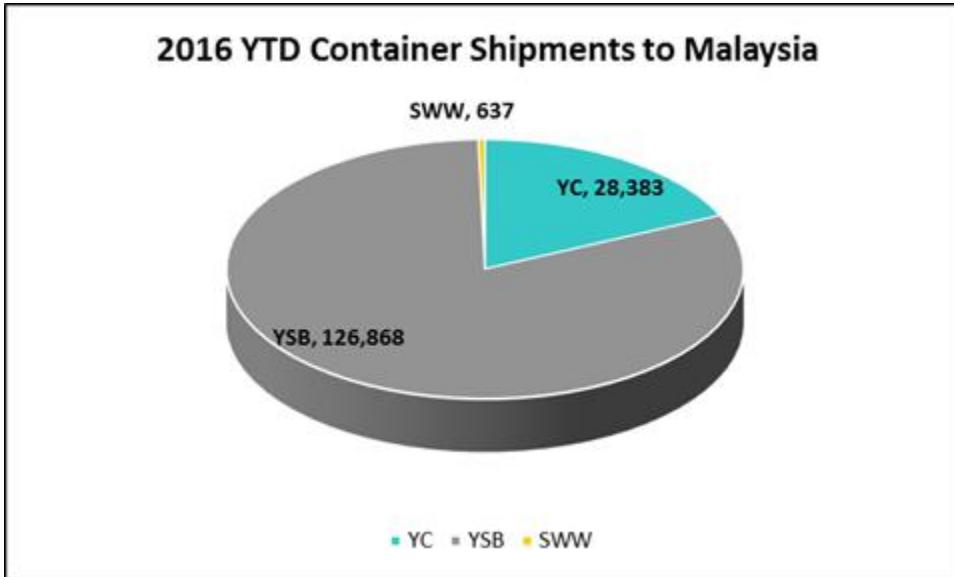
| Week Ending November 17, 2016 |               |
|-------------------------------|---------------|
| Four weeks ago:               | \$5.35-\$6.10 |
| Three weeks ago:              | \$4.90-\$5.10 |
| Two weeks ago:                | \$4.90-\$5.50 |
| One week ago:                 | \$5.75-\$6.00 |
| This week                     | \$5.80-\$6.25 |

Source: O'Neil Commodity Consulting

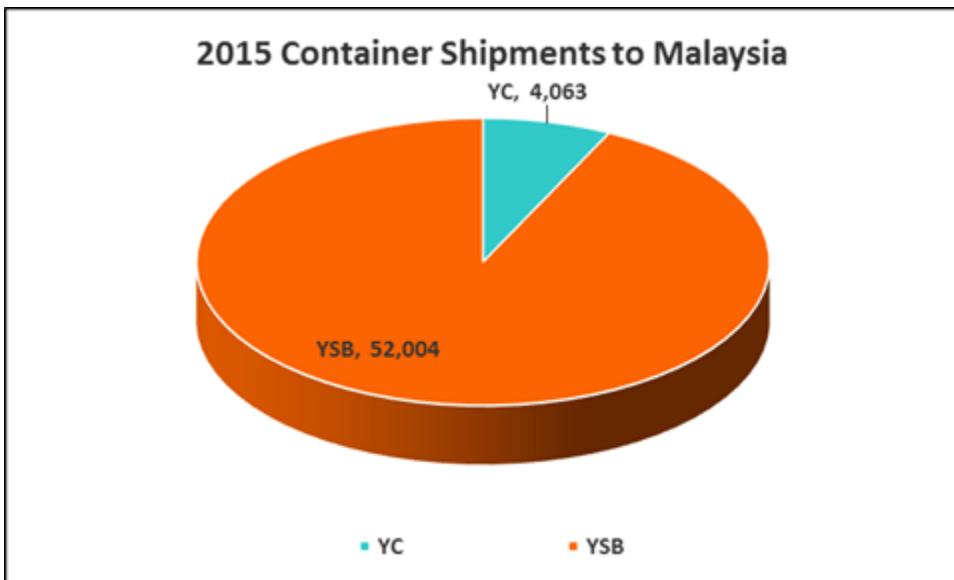
| U.S.-Asia Market Spreads |         |         |               |           |           |
|--------------------------|---------|---------|---------------|-----------|-----------|
| November 17, 2016        | PNW     | Gulf    | Bushel Spread | MT Spread | Advantage |
| #2 Corn                  | 0.86    | 0.65    | 0.21          | \$8.27    | PNW       |
| Soybeans                 | 0.93    | 0.61    | 0.32          | \$12.60   | PNW       |
| Ocean Freight            | \$17.75 | \$32.25 | 0.36-0.39     | (\$14.50) | December  |

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

| International Freight Rates for Feed Grains – Select Routes<br>Estimated Spot Price (\$/MT) – Week Ending November 17, 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 | \$26.50 | \$28.00 | \$27.25 | \$22.75 | \$22.50 | \$27.00      | \$29.00 | \$28.50  |
|   | Brazil    | \$19.50 | \$21.75 | \$23.00 | \$12.75 | \$25.50 | \$16.25      | \$24.25 | \$25.25  |
| Corn (White)  | Argentina | \$26.50 | \$28.00 | \$27.25 | \$22.75 | \$22.50 | \$27.00      | \$29.00 | \$28.50  |
|   | Brazil    | \$19.50 | \$21.75 | \$23.00 | \$12.75 | \$25.50 | \$16.25      | \$24.25 | \$25.25  |
| Barley  | Argentina | \$26.50 | \$28.00 | \$27.25 | \$22.75 | \$22.50 | \$27.00      | \$29.00 | \$28.50  |
|   | Brazil    | \$19.50 | \$21.75 | \$23.00 | \$12.75 | \$25.50 | \$16.25      | \$24.25 | \$25.25  |
| Sorghum   | Argentina | \$26.50 | \$28.00 | \$27.25 | \$22.75 | \$22.50 | \$27.00      | \$29.00 | \$28.50  |
|   | Brazil    | \$19.50 | \$21.75 | \$23.00 | \$12.75 | \$25.50 | \$16.25      | \$24.25 | \$25.25  |

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 17, 2016 |              |           |            |
|---------------------------------------|--------------|-----------|------------|
|                                       | Current Week | Last Week | Last Month |
| U.S. Prime                            | 3.50         | 3.50      | 3.50       |
| LIBOR (6 month)                       | 1.27         | 1.25      | 1.26       |
| LIBOR (1 year)                        | 1.59         | 1.56      | 1.59       |

Source: [www.bankrate.com](http://www.bankrate.com)