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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Monday 24 February	Tuesday 25 February	Wednesday 26 February	Thursday 27 February	Friday 28 February
Change	-0.0150	0.0425	-0.0025	-0.0750	0.0950
Closing Price	4.5150	4.5575	4.5550	4.4800	4.5750
Factors Affecting the Market	Following Friday's potentially bearish double top, the March contract sold off hard early in the day but then recovered to close unchanged, which was an indecisive pricing action.	Trading became more active at the end of the day due to technical buying that was triggered in part by higher prices in the soy complex and a rebound in wheat contracts.	The nearby March corn contract closed basically unchanged as announcement of additional export sales was balanced by traders exiting out of their long positions.	Export sales of corn were good this morning but bullish traders became nervous when end of day selling pulled corn contracts down under the influence of volatile trading in the soy complex.	A rebound in other grains and increasing uncertainties about the availability of foreign corn supplies are the primary reasons for today's strong recovery in corn futures contracts.

For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Kevin Roepke or Alvaro Cordero at (202) 326-0637.

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 nine 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.

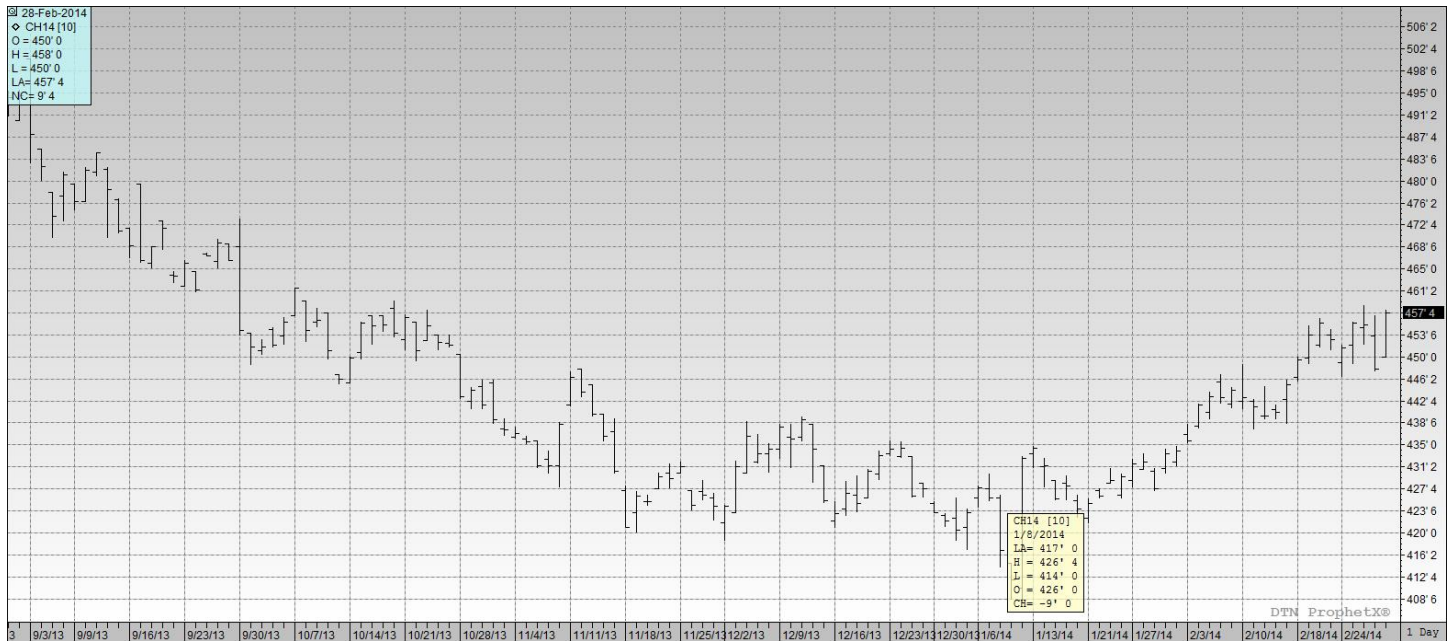
Outlook: Grain contracts became volatile at the end of February; however, such price action is not unusual as traders commonly adjust positions at the end of the month. Such volatility is likely to again appear at the end of March, which will also be the end of the first quarter for the calendar year. Further facilitating volatility will be uncertainty regarding USDA's reports during March.

The WASDE report will be published on March 10 and this is important to feed grain producers because there is a possibility that USDA could again increase their estimate for U.S. corn exports. U.S. corn export sales are presently running about 89 percent of the annual estimate, whereas normally the export sales pace is a little over 70 percent complete by this time of year. As well, USDA will publish the important Grain Stocks and Prospective Planting reports on March 31. There is often an aggressive price reaction to both of these reports. This season there will be a lot of anxious anticipation about potential acreage adjustments.

Weather during the month of March, and extended forecasts through April, will be another factor of uncertainty. As far as U.S. weather goes, the month of March seems poised to start off cold and but there is a possibility that temperatures could rebound above normal in the second part of the month. Temperature changes can influence moisture patterns. Warmer temperatures and sufficient moisture will be welcome, but excessive moisture can be a nuisance.

Farmers seem to recognize that impending uncertainties are sufficient in number that there is unlikely to be a substantial decline in feed grain prices anytime soon.

CBOT MARCH CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending February 28, 2014			
Commodity	February 28	February 21	Net Change
Corn			
Mar 14	457.50	453.00	4.50
May 14	463.50	459.00	4.50
Jul 14	467.50	462.75	4.75
Sep 14	468.00	461.50	6.50
Soybeans			
Mar 14	1414.25	1370.75	43.50
May 14	1414.00	1360.25	53.75
Jul 14	1385.25	1344.75	40.50
Aug 14	1331.00	1299.25	31.75
Soymeal			
Mar 14	467.90	455.80	12.10
May 14	457.70	440.20	17.50
Jul 14	443.60	428.30	15.30
Aug 14	424.20	409.90	14.30
Soyoil			



Mar 14	41.52	40.95	0.57
May 14	41.79	41.23	0.56
Jul 14	41.87	41.44	0.43
Aug 14	41.64	41.36	0.28
SRW			
Mar 14	599.00	609.75	-10.75
May 14	602.25	605.50	-3.25
Jul 14	608.25	609.25	-1.00
Sep 14	616.50	617.75	-1.25
HRW			
Mar 14	677.00	682.75	-5.75
May 14	674.00	675.50	-1.50
Jul 14	670.50	667.00	3.50
Sep 14	677.50	673.75	3.75
MGEX (HRS)			
Mar 14	670.75	664.25	6.50
May 14	656.25	650.00	6.25
Jul 14	654.25	652.50	1.75
Sep 14	662.00	659.75	2.25

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: From February 28 - March 3, precipitation will engulf much of the West. Five-day precipitation totals could reach 2-to-4 inches or more in the Sierra Nevada and 3-to-6 inches along the California coast. Totals of 1-to-3 inches will be common elsewhere in the West, except for locally higher amounts on Arizona's Mogollon Rim. Late in the period, a sprawling storm will affect the central and eastern U.S. Snow, sleet, and freezing rain can be expected across portions of the Plains, Midwest, Mid-South, and Mid-Atlantic States. Another strong surge of frigid air will trail the storm into the Plains and Midwest.

The NWS outlook for March 4-8 calls for below-normal temperatures from the Plains to the East Coast, except for warmer-than-normal weather in southern Florida. Warmth can be expected west of the Rockies, excluding areas near the Canadian border. Meanwhile, above-normal precipitation in the Pacific Northwest and the Atlantic Coast States will contrast with drier-than-normal conditions in a broad area stretching from central and southern portions of the Rockies and Plains into the middle Mississippi Valley. Follow this link to view current U.S. and international weather patterns and the future outlook: [Weather and Crop Bulletin](#).

U.S. EXPORT STATISTICS

Export Sales and Exports: Week Ending February 20, 2014					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	449,600	547,400	22,396.4	28,081.0	24%
Corn	929,400	853,100	17,315.0	36,136.5	148%
Sorghum	115,100	4,000	1,293.2	3,456.6	234%
Barley	100	300	121.7	164.7	33%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 840,800 MT for 2013/2014 were up 22 percent from the previous week, but down 39 percent from the prior four-week average. Increases were reported for Japan (178,900 MT, including 83,300 switched from unknown destinations and decreases of 56,700 MT), Colombia (139,800 MT, including 37,100 MT switched from unknown destinations and decreases of 14,600 MT), Peru (105,400 MT, including 68,000 MT switched from unknown destinations), the Dominican Republic (82,000 MT) and Egypt (68,000 MT). Decreases were reported for China (3,000 MT). Net sales of 1,500 MT for 2014/2015 were reported for Honduras. Exports of 853,100 MT were up 15 percent from the previous week, but down 1 percent from the prior four-week average. The primary destinations were Japan (285,000 MT), Mexico (186,400 MT), Peru (130,100 MT), Colombia (94,100 MT) and South Korea (56,500 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 55,000 MT, all South Korea.

Barley: Net sales of 100 MT for 2013/2014 were reported for South Korea. Net sales of 200 MT for 2014/2015 were reported for the Philippines. Exports of 300 MT were reported to South Korea.

Sorghum: Net sales of 115,100 MT for 2013/14 were up noticeably from the previous week and 28 percent from the prior four-week average. Increases were reported for unknown destinations (114,600 MT) and China (500 MT). Exports of 4,000 MT were reported to China (2,800 MT) and Hong Kong (1,200 MT).

U.S. Export Inspections: Week Ending February 20, 2014					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	791,947	843,340	16,942,506	8,845,073	192%
Sorghum	5,657	113,586	1,567,863	1,113,175	141%
Soybeans	1,270,993	1,484,530	35,856,689	30,086,938	119%
Wheat	427,239	306,707	23,268,822	18,180,177	128%
Barley	2096	299	142,725	122,296	117%

Source: USDA/AMS. *Marketing Year is June 1-May 31 for wheat and barley and Sept. 1-Aug. 31 for corn, sorghum and soybeans. Week-to-week reports will vary due to exporter reported corrections and cancellations to previous week's reports.

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USDA Grain Inspections for Export Report: Week Ending February 20, 2014						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	642,450	82%	0	0%	0	0%
PNW	35,799	5%	0	0%	980	17%
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	1,274	23%
Interior Export Rail	103,419	13%	10,279	100%	3,403	60%
Total (Metric Tons)	781,668	100%	10,279	100%	5,657	100%
White Corn Shipments by Country (MT)			10,279	to Mexico		
Total White Corn (MT)			10,279			
Sorghum Shipments by Country (MT)					4,483	to China
					1,174	to Mexico
Total Sorghum (MT)					5,657	

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 March	-	-	+1.65 K	\$247.43
FH April	+1.00 K	\$221.84	+1.45 K	\$239.55
LH April	+0.95 K	\$219.87	+1.45 K	\$239.55
May	+0.85 K	\$215.93	+1.43 K	\$238.77
June	+0.78 N	\$214.75	+1.38 N	\$238.37

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	March	April	May
Gulf	\$255	\$255	\$255

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
February	+1.65 H	\$245.06	+1.65 H	\$245.06
March	+1.65 H	\$245.06	+1.65 H	\$245.06
April	+1.60 K	\$245.46	+1.60 K	\$245.46



Barley: Feed Barley (FOB USD/MT)			
	March	April	May
FOB PNW	\$260	\$260	\$260

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	March	April	May
New Orleans	\$225	\$225	\$225
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	March	April	May
New Orleans	\$895	\$895	\$895
<i>*5-10,000 MT Minimum</i>			

*All prices are market estimates.

DDGS Price Table: February 28, 2014 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Mar	Apr	May
Barge CIF New Orleans	325	315	305
FOB Vessel GULF	335	323	313
Rail delivered PNW	340	335	325
Rail delivered California	346	341	331
Mid-Bridge Laredo, TX	335	325	315
40 ft. Containers to South Korea (Busan)	375	365	360
40 ft. Containers to Taiwan (Kaohsiung)	370	360	355
40 ft. Containers to Philippines (Manila)	380	370	365
40 ft. Containers to Indonesia (Jakarta)	378	368	363
40 ft. Containers to Malaysia (Port Kelang)	378	368	363
40 ft. Containers to Vietnam (HCMC)	390	380	375
40 ft. Containers to Japan (Yokohama)	385	375	370
40 ft containers to Thailand (LCMB)	378	368	363
40 ft Containers to Shanghai, China	350	360	355
KC & Elwood, IL Rail Yard (delivered Ramp)	288	284	281

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.

DISTILLERS DRIED GRAINS WITH SOLUBLES (DDGS)

DDGS Comments: There is some competitive pricing among merchandisers for the containerized DDGS movement into Shanghai, but overall this week there was a consistent \$10 per MT increase in spot prices for containerized DDGS. Domestic spot deliveries of DDGS by rail experienced greater price increases due to logistical constraints, which are largely related to harsh winter weather causing backlogs. Backlogs have the

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potential to ripple into future pricing, and are part of the reason for even greater increases in the cost of domestic DDGS delivered by rail one to two months out. Indeed, domestic rail delivered DDGS prices for April and May both increased by more than \$20 per MT this week. This may have created somewhat of a pricing opportunity for foreign buyers of containerized DDGS which were \$10 higher in the spot market, followed by a \$5 increase for April and no increase for May.

Buyers of DDGS should note that a number of the ethanol plants have reduced their run time to about 65 percent of capacity. This rate is as slow as they can go without fouling things up with their fermentation process or freezing due to the cold. Such reduced production is necessary because the slowing availability of rail cars and trucks is causing plants to get plugged up with ethanol. As well, the severe winter weather is causing natural gas prices to temporarily explode higher in some regions of the country. For example, one merchandiser reported that the price of natural gas that could be purchased at the beginning of the month at \$4-5 per dekatherm traded today at \$70 per dekatherm. Such extreme pricing is a temporary condition, but it can easily influence future DDGS prices.

Another factor to consider is the declining prices of containerized DDGS into April and May (please see table). That pricing structure is exactly the opposite of the how corn futures are currently priced. Therefore, the assumption is that DDGS merchandisers are seeking to incentivize buyers of containerized DDGS to extend purchases into the future by offering a favorable pricing structure.

Ethanol Comments: The winter weather that has already caused some logistical delays may continue to influence ethanol deliveries for another week, but recent increased ethanol prices do not seem fully attributable to just transportation difficulties. Strong demand also appears to be an underlying factor. That notion is supported in part from the fact that total U.S. ethanol stocks for the week ending February 21 were 17 million barrels, down from the prior week's total stocks level of 17.2 million barrels. Some ethanol inventory could be waiting in railcars for transportation out of the Midwest to coastal regions, but a weekly decline in stocks of 200,000 barrels is hard to attribute to delayed logistics when production is increasing.

Strong demand is also implied by the fact that there was a slight increase in weekly ethanol production to 905,000 bpd for the past week, but ethanol stocks remain more than 12 percent below the year-ago level. Having a weekly production level that is 11.5 percent above the year-ago level and a stocks level that is 12.1 percent below the year-ago level is an indicator of demand.

The assumption of strong demand for ethanol is further validated by the consistent weekly increases in the differential between corn and co-product processing values across the Corn Belt. Differentials for this week ending February 28 are the following:

- Illinois differential is \$5.36 per bushel, in comparison to \$4.54 the prior week and \$1.90 a year ago.
- Iowa differential is \$3.27 per bushel, in comparison to \$2.86 the prior week and \$1.61 a year ago.
- Nebraska differential is \$3.05 per bushel, in comparison to \$2.78 the prior week and \$1.93 a year ago.
- South Dakota differential is \$3.67 per bushel, in comparison to \$3.09 the prior week and \$1.86 a year ago.

COUNTRY NEWS

Brazil: Farmers are waging war with a particularly voracious species of helicoverpa armigera caterpillar that likely arrived in the country from Asia, according to Reuters. The pest is not limited to any particular crop and is consuming sorghum, vegetables and soybeans. This is Brazil's third major pest outbreak in three decades, and could threaten the country's claim to be the master of tropical farming.

Japan: The Ministry of Agriculture received no bids for the importation of feed barley or feed wheat in its weekly auction that closed on Wednesday, reports Reuters. The MOA had sought 120,000 MT of feed wheat and 200,000 MT of feed barley and will seek the same amounts in a tender that closes March 5. These cargoes will be required to be loaded by June 30 or arrive in Japan by August 29.

South Africa: Yellow corn prices fell by 0.9 percent to 203.74/MT, according to Bloomberg News. Additionally, South Africa is said to harvest 6 percent more corn this year over last year for a total of 12.4 MMT, which exceeds an earlier forecast of 12.1 MMT and more than the 11.7 MMT grown in 2012/13.

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	\$53.00	Unchanged	Handymax at \$54.00/MT
55,000 U.S. PNW- Japan	\$28.00	Unchanged	Handymax at \$29.00/MT
55,000 U.S. Gulf – China PNW to China	\$51.00 \$26.00	Unchanged Unchanged	North China
25,000 U.S. Gulf- Veracruz, México	\$20.00	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$17.50	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast Colombia, Argentina	\$25.00 \$37.00	Unchanged Unchanged	West Coast Colombia at \$34.00
35,000 U.S. Gulf - Guatemala	\$35.00	Unchanged	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$43.00 \$45.00	Unchanged Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25,000 U.S. Gulf-Morocco	\$45.00	Unchanged	5,000 discharge rate
55,000 U.S. Gulf – Egypt PNW to Egypt	\$38.00 \$39.00	Up \$0.50 Up \$1.00	55,000 -60,000 MT St. Lawrence to Egypt \$38.50
60-70,000 U.S. Gulf – Europe – Rotterdam	\$23.00	Up \$0.50	Handymax at +\$1.50 more
Brazil, Santos – China	\$42.00	Down \$0.50	54-58,000 Supramax-

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	\$40.50	Down \$0.50	Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$47.50	Down \$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: World ocean freight markets continue to feel soft. Cargo demand has not picked up sufficiently to soak up the surplus in vessel freight. Markets are still waiting for the needed uptick in world economic conditions that will be the true driver of demand. South American Grain and Soybean vessel line ups are growing and more ships are ballasting in that direction.

Though the markets (especially the Baltic indices) are a little weaker this week, I believe the lower rates indicated last week still reflect the current situation fairly well. I'm therefore leaving most rates unchanged until I see better fixture volumes.

Baltic Panamax Dry-Bulk Indices				
February 28, 2014	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	16,123	18,020	-1,897	-10.5%
P3A: PNW/Pacific – Japan	11,559	12,265	-706	-5.8%

Source: O'Neil Commodity Consulting

Below is a recent history of freight values for Capesize vessels of iron ore from Western Australia to China:

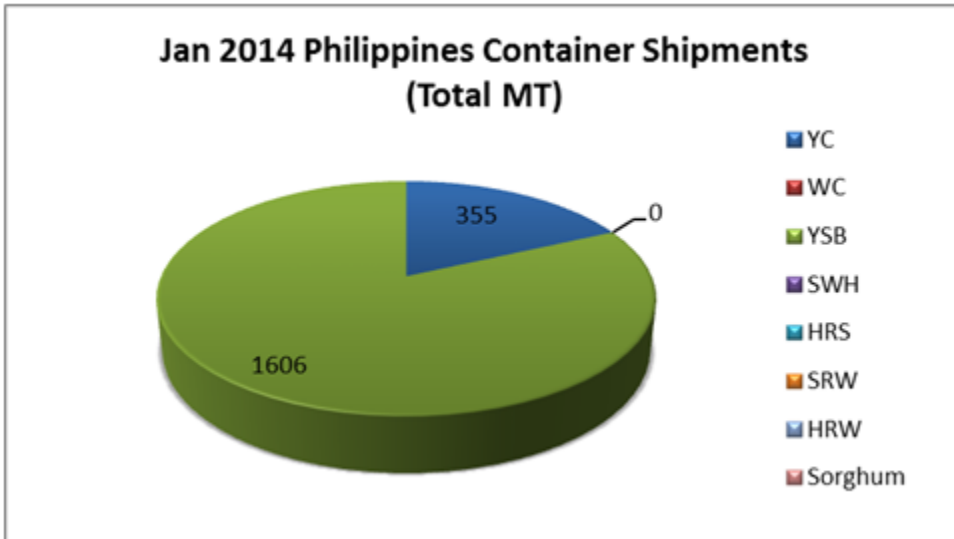
Week of February 28, 2014	
Four weeks ago	\$7.10-\$7.60
Three weeks ago:	\$7.15-\$7.60
Two weeks ago	\$7.50-\$7.60
One week ago:	\$8.25-\$8.60
This week	\$9.05-\$9.45

Source: O'Neil Commodity Consulting

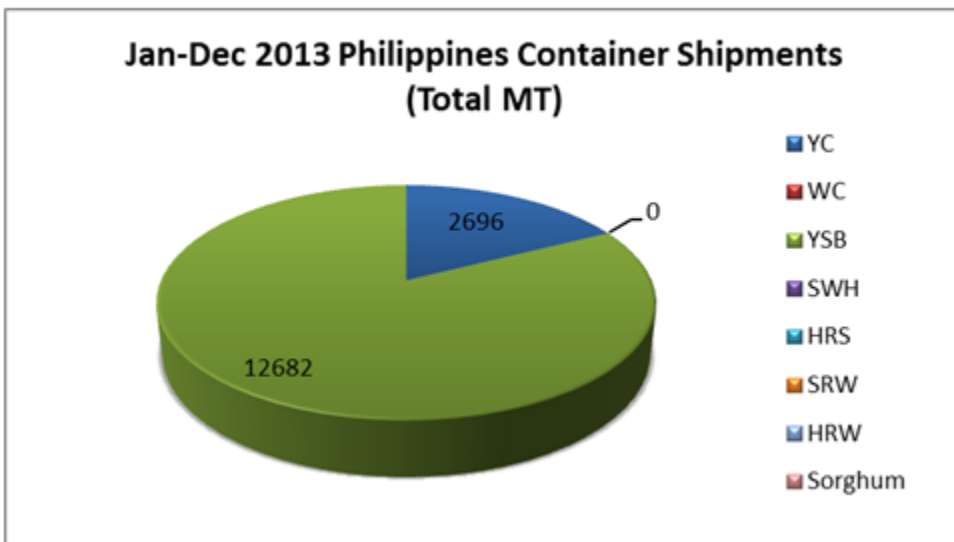
U.S. – Asia Market Spreads					
February 28, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.60	1.06	0.54	\$21.26	PNW
Soybeans	1.60	1.15	0.45	\$16.53	PNW
Ocean Freight	\$26.00	\$51.00	0.64-0.68	(\$25.00)	March

Source: O'Neil Commodity Consulting

The charts below represent January-December 2013 and January-December 2012 annual totals versus January 2014 year-to-date container shipments for Philippines.



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

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Source: O'Neil Commodity Consulting

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT)								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$50	\$55	\$53	\$37	\$40	\$38	\$45
	Brazil	\$44	\$48	\$45	\$35	\$30	\$26	-
Corn (White)	Argentina	\$50	\$55	\$53	\$37	\$40	\$38	\$45
	Brazil	\$44	\$48	\$45	\$35	\$30	\$26	-
Barley	Argentina	\$50	\$55	\$53	\$37	\$40	\$38	\$45
	Brazil	\$44	\$48	\$45	\$35	\$30	\$26	-
Sorghum	Argentina	\$50	\$55	\$53	\$37	\$40	\$38	\$45
	Brazil	\$44	\$48	\$45	\$35	\$30	\$26	-

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 (%): February 26, 2014			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.33	0.33	0.34
LIBOR (1 year)	0.56	0.55	0.57

Source: www.bankrate.com