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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn May Contract

\$/Bu	Monday 7 April	Tuesday 8 April	Wednesday 9 April	Thursday 10 April	Friday 11 April
Change	-0.0250	0.0775	-0.0475	-0.0100	-0.0275
Closing Price	4.9925	5.0700	5.0225	5.0125	4.9850
Factors Affecting the Market	The squaring up of trading positions caused May corn to close lower despite large corn export inspections and less-than-ideal weather in the central Corn-Belt.	The May contract rebounded substantially above \$5.00 due to bullish expectations about the contents of Wednesday's WASDE report.	USDA released a bullish WASDE report and although the May contract traded up to \$5.19 it closed lower due to profit taking.	Improved weather forecast for the central Corn Belt and a weak stock market largely offset any bullish enthusiasm for buying corn contracts.	A lower close for the week of after a bullish WASDE report is not an indicator of strength. In the near-term, corn contracts could be in for a price setback.

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: USDA estimates for world agricultural supply and demand were published on Wednesday April 9 and the data was somewhat bullish for feed grains. The estimated ending stocks for U.S. feed grains were reduced because of reductions in corn and barley. The most bullish surprise to market participants was a substantial 125 million bushel increase in the estimate of U.S. corn exports for the present season. That increase in U.S. corn exports caused the ending stocks estimate to decrease by the same amount, which USDA now projects to be 1.331 billion bushels of corn when the present 2013/14 season is completed at the end of August. Note that these U.S. corn ending stocks are well below the prior projections of 2 billion bushels that many analysts were giving back in November. Consequently, the price rally in corn contracts from January to the present makes sense.

The ending stocks estimate of U.S. barley was reduced by 7 million bushels, from the March estimate of 90 down to the new April estimate of 83 million bushels. This revision down happened because of a 5 million bushel reduction in estimated imports and a 2 million bushel increase in exports. As well, there was a sizable 20 million bushel increase in the estimate for U.S. sorghum exports, from 160 to 180 million bushels, but that change was offset by a reduction in domestic use that was based on the higher than expected quarterly stocks estimate of sorghum, which was published in the March 31 Grain Stocks report.

It is interesting to note that even though USDA increased their global corn production, the estimate for global ending stocks of corn declined slightly for this season. Corn production estimates for Brazil, Russia and South Africa increased for a combined total of 6.4 MMT and was entirely offset by increased global corn usage.

USDA's revised estimates for global feed grains are by themselves more bullish, but corn futures contracts in the short run could come under the influence of other more negative factors. More bearish factors that could influence near-term corn prices are:

1. Speculators have already built substantial long positions in corn and soybeans and need to do some profit taking.
2. Chinese crushers are anxiously attempting to get out of some South American soybean purchases and a sell-off in soybeans could influence corn.
3. Wheat data in the latest WASDE was also somewhat bearish and could have some influence on corn.
4. Any sell-off in stocks could also have some indirect influence.
5. Weather in the U.S. Corn-belt is forecast to improve.
6. South American corn is becoming increasingly available to the global market.
7. Lastly, U.S. farmers are likely to consider items such as the preceding factors and uniformly decide it is time to sell some more of their 2013/14 feed grain inventory.

The outlook is that corn contracts could experience a near-term price setback and then be followed by another rebound of some sort going into corn pollination. The extent of any pre-pollination rebound will be heavily influenced by weather.

CBOT MAY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending April 11, 2014			
Commodity	April 11	April 4	Net Change
Corn			
May 14	498.50	501.75	-3.25
Jul 14	504.50	507.50	-3.00
Sep 14	502.50	507.00	-4.50
Dec 14	499.25	506.75	-7.50
Soybeans			
May 14	1463.00	1473.75	-10.75
Jul 14	1447.25	1455.00	-7.75
Aug 14	1379.00	1374.50	4.50
Sep 14	1267.75	1257.00	10.75
Soymeal			
May 14	472.90	479.10	-6.20
Jul 14	463.10	466.90	-3.80
Aug 14	437.60	437.40	0.20
Sep 14	411.30	408.40	2.90
Soyoil			

May 14	42.10	41.57	0.53
Jul 14	42.26	41.77	0.49
Aug 14	42.08	41.55	0.53
Sep 14	41.87	41.25	0.62
SRW			
May 14	660.25	669.75	-9.50
Jul 14	668.25	676.50	-8.25
Sep 14	678.00	685.25	-7.25
Dec 14	691.75	698.25	-6.50
HRW			
May 14	719.50	733.75	-14.25
Jul 14	726.00	738.50	-12.50
Sep 14	734.50	744.50	-10.00
Dec 14	745.25	755.00	-9.75
MGEX (HRS)			
May 14	701.75	721.50	-19.75
Jul 14	709.50	721.50	-12.00
Sep 14	715.50	726.25	-10.75
Dec 14	726.50	736.25	-9.75

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: Over the next four-to-six days, an active weather pattern will take shape over portions of the Plains, Midwest, and southeastern United States. Precipitation chances and amounts are greatest over the Midwest, the Ohio River Valley, and portions of the Gulf Coast. Areas of thunderstorms may produce 2-3 inches of rain locally. Precipitation chances are also high over the central-to-northern Rocky Mountains. Temperatures during this time should be above-normal over the western United States, where high temperatures will be up to 12 degrees above-normal in the Great Basin and northern California. Normal to slightly-below-normal high temperatures are expected in the plains and northern Plains, respectively, while high temperatures will be above normal over the eastern United States.

The 10-day outlook continues with the cooler-than-normal temperature pattern over the eastern half of the United States, with the best chances for below-normal temperatures in the Great Lakes region. The chances for above-normal temperatures will also continue west of the Great Divide and also for southern Florida. The eastern seaboard and the Pacific Northwest are the two areas with the best chances of above-normal precipitation during this time. The Midwest and southwestern United States have the best chances of recording below-normal precipitation during this period. 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 April 3, 2014					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	213,100	553,600	25,532.2	30,294.5	18%
Corn	768,800	1,217,400	24,014.8	41,965.4	167%
Sorghum	2,000	67,900	2,014.9	3,462.7	159%
Barley	1,000	0	135.4	179.4	35%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 658,700 MT for 2013/14 were down 31 percent from the previous week and 30 percent from the prior four-week average. Increases were reported for South Korea (253,000 MT, including 118,700 MT switched from unknown destinations and decreases of 2,200 MT), Japan (171,600 MT, including 102,900 MT switched from unknown destinations and decreases of 26,800 MT), Colombia (72,900 MT, including 54,000 MT switched from unknown destinations), Israel (52,000 MT), Guatemala (48,600 MT, including 21,000 MT switched from unknown destinations), Costa Rica (44,300 MT) and Egypt (39,500 MT, including 38,000 MT switched from China). Decreases were reported for unknown destinations (83,400 MT), China (58,000 MT) and Brazil (35,000 MT). Net sales of 58,000 MT for 2014/15 were reported for Japan. Exports of 1,217,400 MT were down 15 percent from the previous week, but up 10 percent from the prior four-week average. The primary destinations were Japan (365,400 MT), Mexico (250,200 MT), South Korea (177,900 MT), Colombia (96,700 MT), Taiwan (76,900 MT) and Venezuela (64,000 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 123,000 MT, all South Korea.

Barley: Net sales of 1,000 MT for 2013/14 were reported for South Korea. There were no exports reported during the week.

Sorghum: Net sales of 1,700 MT for 2013/14 resulted as increases for Japan (9,400 MT switched from unknown destinations), China (1,400 MT), and Canada (300 MT), were partially offset by decreases for unknown destinations (9,400 MT). Exports of 67,900 MT were reported to China (57,800 MT), Japan (9,400 MT) and Mexico (700 MT).

U.S. Export Inspections: Week Ending April 3, 2014					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	33,289,636	33,911,072	602,554,038	285,807,073	211%
Sorghum	860,052	3,698,309	59,364,677	33,483,141	177%
Soybeans	13,869,355	13,813,018	1,107,064,007	907,812,596	122%
Wheat	16,493,930	13,811,031	722,164,394	608,455,892	119%
Barley	13,041	28,195	3,455,565	2,950,520	117%

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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.

USDA Grain Inspections for Export Report: Week Ending April 3, 2014						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	838,307	67%	51,001	95%	29,548	87%
PNW	237,602	19%	392	1%	3,184	9%
Lakes	0	0%	0	0%	0	0%
Atlantic	46,369	4%	0	0%	0	0%
Interior Export Rail	134,398	11%	2495	5%	1,127	3%
Total (Metric Tons)	1,256,676	100%	53,888	100%	33,859	100%
White Corn Shipments by Country (MT)			33,533	to Mexico		
			17,787	to Colombia		
			2,176	to Japan		
			392	to Korea		
Total White Corn (MT)			53,888			
Sorghum Shipments by Country (MT)					18,588	to Japan
					10,960	to Kenya
					3,184	to China
					1,127	to Mexico
Total Sorghum (MT)					33,859	

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)
FH May	-	-	+1.35 K	\$245.85
LH May	+0.90 K	\$228.14	+1.35 K	\$245.85
June	+0.75 N	\$228.14	+1.29 N	\$249.40
July	+0.75 N	\$228.14	+1.26 N	\$248.21



#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	April	May	June
Gulf	\$268	\$268	-

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
April	+1.75 K	\$261.60	+1.75 K	\$261.60
May	+1.75 K	\$261.60	+1.75 K	\$261.60
LH July	+1.25 N	\$247.82	+1.25 N	\$247.82

Barley: Feed Barley (FOB USD/MT)			
	April	May	June
FOB PNW	\$265	\$265	\$265

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	May	June	July
New Orleans	\$228	\$228	\$228
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	May	June	July
New Orleans	\$930	\$930	\$930
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: April 11, 2014 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	May	June	July
Barge CIF New Orleans	301	300	296
FOB Vessel GULF	306	306	298
Rail delivered PNW	318	315	308
Rail delivered California	316	316	304
Mid-Bridge Laredo, TX	327	323	313
40 ft. Containers to South Korea (Busan)	372	369	364
40 ft. Containers to Taiwan (Kaohsiung)	363	360	355
40 ft. Containers to Philippines (Manila)	369	366	361
40 ft. Containers to Indonesia (Jakarta)	369	366	361
40 ft. Containers to Malaysia (Port Kelang)	371	369	364
40 ft. Containers to Vietnam (HCMC)	376	374	369

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40 ft. Containers to Japan (Yokohama)	372	369	354
40 ft containers to Thailand (LCMB)	375	372	367
40 ft Containers to Shanghai, China	360	358	353
KC & Elwood, IL Rail Yard (delivered Ramp)	294	290	285

*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: DDGS prices did decline this past week and buyers may be correct in assuming that prices could continue to have some more downside in the near-term. (Please see the discussion in the preceding Outlook section of today's report about corn prices.) Merchandisers note that DDGS availability is getting better at the origin and supplies are becoming increasingly available as far down as Mexico.

Logistical backlogs are still being worked out and that has resulted in some buyers backing away purchases in the nearby spot market, but there currently seems to be good interest in pricing some product for the second half of the calendar year. One merchandiser just completed a 1,000 MT sale for the July-September time period. The pace of such sales could pick up substantially if there is a further near-term setback in DDGS prices.

A different DDGS merchandiser reports that while he does not have much product available to sell in the spot market, he does have future product available to sell from June onward. He is offering that product to his clients but most of the buyers say he is priced \$5-10/MT too high. A near-term setback in corn futures contracts could create a pricing opportunity. Such an opportunity should probably not be neglected because both merchandisers and buyers seem to recognize that corn contracts are likely to become more volatile going into corn pollination.

Ethanol Comments: USDA left the estimate unchanged for the amount of corn used in making U.S. ethanol and by-products at 5 billion bushels for the present 2013/14 season. This stable production level is the same as in the 2011/12 season and slightly above the 4.648 billion bushels of usage seen during the 2012/13 season. USDA will give their initial estimate of corn used for ethanol and by-products during the 2014/15 season (that begins September 1) in next month's May 9 WASDE report.

Market participants are uncertain about the production level for next season because the Environmental Protection Agency (EPA) still has not finalized the 2014 Renewable Fuel Standard (RFS). Gina McCarthy, EPA Administrator, stated that the ruling would be completed by sometime in June. She has indicated that the agency will attempt to be "more-timely" in the future. Hopefully so, as ethanol producers need to be able to plan for future production.

Several ethanol producers are in the process of performing routine spring maintenance and that is a primary reason for a slight reduction in ethanol production during the week ending April 4. Average daily ethanol production was 896,000 barrels per day (bpd), which was down from the prior week's level of 922,000 bpd. Even with that reduced production, total ethanol stocks increased from 15.9 million barrels the prior week to 16.4 million barrels for the week ending April 4. That is a notable week-to-week increase of 3.4 percent. Total ethanol stocks are still 7.8 percent below the year ago level of 17.8 percent, but that gap between annual stock levels can quickly narrow with such weekly increases.

Adding to the amount of weekly production was another week of ethanol imports. Ethanol imports averaged 38,000 bpd, which was up from the prior week's level of 11,000 bpd. Those imports are likely to continue at a brisk rate so long as profit margins remain at attractive levels. The differential between corn and co-products did decline for the week ending April 11, but the margins are still more than double the year ago levels:

- Illinois differential is \$5.47 per bushel in comparison to \$6.14 the prior week and \$2.75 a year ago.
- Iowa differential is \$5.31 per bushel in comparison to \$5.84 the prior week and \$2.41 a year ago.
- Nebraska differential is \$5.04 per bushel in comparison to \$5.52 the prior week and \$2.57 a year ago.
- South Dakota differential is \$5.84 per bushel in comparison to \$6.47 the prior week and \$2.73 a year ago.

COUNTRY NEWS

EU: The EU has taken steps toward making imports of Ukrainian grain duty-free as part of a larger trade package aimed to facilitate Ukraine's drift away from Moscow, according to Reuters. If the measure is approved, a duty-free quota would be open until October 31 for the importation of 400,000 MT of Ukrainian corn and 250,000 MT of barley. A proposed comprehensive free-trade agreement that could come into effect later this year would set quotas for corn at 650,000 MT and barley at 350,000 MT.

Japan: The Ministry of Agriculture has announced that it will import 25,970 MT of feed wheat and 41,150 MT of barley following an auction that closed on Wednesday, according to Reuters. MOA had sought 120,000 MT of wheat and 200,000 MT of barley in the weekly tender and will seek the same amounts on April 16. The cargoes for both dates must be loaded by July 31 or arrive in Japan by September 30.

South Africa: Yellow corn prices declined to \$207.61/MT, reports Bloomberg News. The decline comes after a USDA report indicating that grain stockpiles in South Africa were larger than earlier estimated.

Ukraine: Ukraine's corn crop may decline by 18 percent this year as farmers reduce planting acreage for the first time in five years and limit their use of inputs due to a currency that has fallen by 34 percent against the dollar and reduced credit availability, according to Bloomberg News. Production may decline to 23.3 MMT, which is a major reduction from the 30.9 MMT of corn brought in last year, but above the 20.9 MMT in 2012.

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

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55,000 U.S. Gulf-Japan	\$50.00	Unchanged	Handymax at \$51.50/MT
55,000 U.S. PNW- Japan	\$27.00	Unchanged	Handymax at \$28.00/MT
55,000 U.S. Gulf – China PNW to China	\$48.00 \$25.50	Unchanged Unchanged	North China
25,000 U.S. Gulf- Veracruz, México	\$19.50	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$17.00	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast Colombia, Argentina	\$25.00 \$34.00	Up \$2.00 Up \$1.00	West Coast Colombia at \$30.00
35,000 U.S. Gulf - Guatemala	\$31.00	Down \$0.50	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$39.00 \$41.00	Unchanged Down \$1.00	8,000 MT daily discharge 3,000 MT daily discharge
25,000 U.S. Gulf-Morocco	\$40.00	Down \$1.00	5,000 discharge rate
55,000 U.S. Gulf – Egypt PNW to Egypt	\$34.00 \$35.00	Unchanged Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$34.50
60-70,000 U.S. Gulf – Europe – Rotterdam	\$22.00	Unchanged	Handymax at +\$1.50 more
Brazil, Santos – China	\$41.00 \$39.00	Up \$1.00 Up \$1.00	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$43.50	Up \$0.50	—

Source: O'Neil Commodity Consulting

*Numbers for this table based on previous night's closing values.

OCEAN FREIGHT COMMENTS

Transportation and Export Report: Jay O'Neil, O'Neil Commodity Consulting: The Baltic Indices continued their downward slide this week as freight demand remained elusive.

We have reached the point where vessel owners are thinking about holding their ships back from the market to wait for better times. You will note that that the Baltic P3A index in the Gulf-Atlantic was trading at 23823 on January 10 and now, just four months later, it is sitting at 13177. That is a drop of 10,646 points or 55 percent.

This is not what vessel owners or their banks were expecting in the 2014 season. Thought the market is definitely soft and defensive, I am leaving most of the rates unchanged, or little changed, due to the thinness of trading activity and the general reluctance of vessel owners to let go at current levels. We will have to see which side wins the price battle next week. The Capesize market remains the weakest.

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Baltic Panamax Dry-Bulk Indices

April 11, 2014	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	13,132	13,570	-438	-3.2%
P3A: PNW/Pacific – Japan	8,175	8,882	-707	-8.0%

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 April 11, 2014

Four weeks ago	\$9.05-\$9.45
Three weeks ago:	\$9.00-\$10.50
Two weeks ago	\$9.75-\$11.70
One week ago:	\$10.00-\$11.25
This week	\$9.90-\$8.10

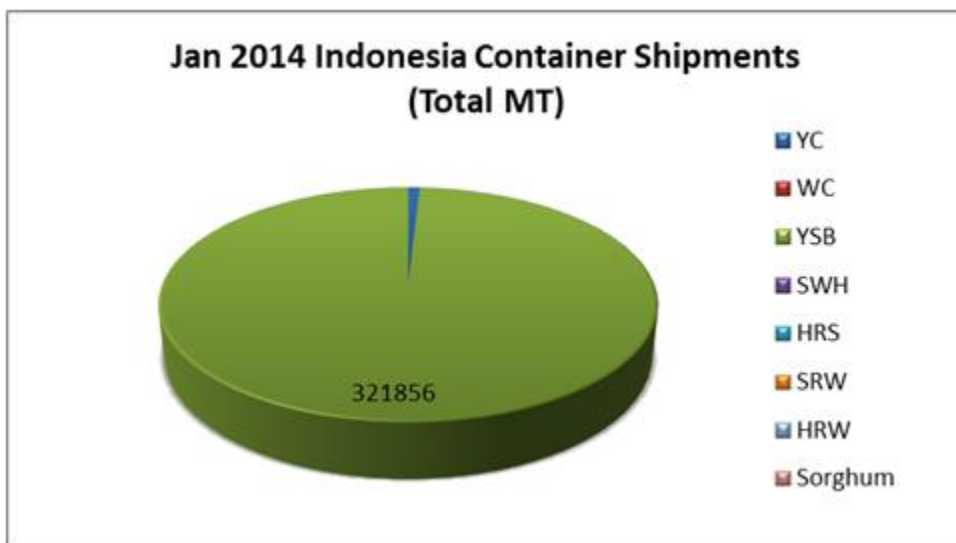
Source: O'Neil Commodity Consulting

U.S. – Asia Market Spreads

April 11, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.30	0.83	0.47	\$18.50	PNW
Soybeans	1.45	0.85	0.60	\$22.05	BOTH
Ocean Freight	\$25.50	\$48.00	0.59-0.63	(\$22.50)	May

Source: O'Neil Commodity Consulting

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



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	\$44	\$47	\$45	\$33	\$36	\$35	-
	Brazil	\$36	\$38	\$37	\$31	\$26	\$25	-
Corn (White)	Argentina	\$44	\$47	\$45	\$33	\$36	\$35	-
	Brazil	\$36	\$38	\$37	\$31	\$26	\$25	-
Barley	Argentina	\$44	\$47	\$45	\$33	\$36	\$35	-
	Brazil	\$36	\$38	\$37	\$31	\$26	\$25	-
Sorghum	Argentina	\$44	\$47	\$45	\$33	\$36	\$35	-
	Brazil	\$36	\$38	\$37	\$31	\$26	\$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 (%): April 9, 2014			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.33	0.33	0.33
LIBOR (1 year)	0.55	0.56	0.55

Source: www.bankrate.com