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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn July Contract

\$/Bu	Monday 3 June	Tuesday 4 June	Wednesday 5 June	Thursday 6 June	Friday 7 June
Change	-0.0625	0.0475	0.0025	0.0250	0.0300
Closing Price	6.5575	6.6050	6.6075	6.6325	6.6625
Factors Affecting the Market	Corn futures could not maintain their early rally, which triggered some technical selling. Declines were less than 10 cents.	The July contract closed back above \$6.60/bushel as traders seemed reluctant to sell below \$6.50.	The July contract remained unchanged because of strong domestic demand, while the December contract closed lower.	A decline in the value of the dollar appeared to offset weak corn exports, and the July contract remained anchored above \$6.60/ bushel.	The expectation that wet planting weather will cause a loss of corn acreage ratcheted corn prices higher through the week.

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 will publish its June WASDE next Wednesday, June 12, and the next important reports, Acreage and Grains Stocks, will be published on June 28. By that point, extended weather forecasts will start to reach into the primary time period for corn pollination across the U.S. Corn Belt. If there is no major surprise in the USDA reports or weather forecasts, then the inflated spread between old crop and new crop corn prices could become volatile as it compresses.

If historical behavior is any indicator, then reluctance to sell before these important reports may allow the July 2013 contract to test the \$6.70-6.90 trading range. Such action also could be supported by market discussions about the potential reduction of 1-2 million corn acres because of late planting, strong domestic corn basis, and talk of dryness in areas such as Ohio and the coastal plain of North Carolina. If such a combination of factors does result in a limited price spike, then that price action would be a gift to anyone still holding old crop corn.

U.S. corn crop conditions have not started off ideally this season, but ratings could improve if plants in the western Corn Belt have warmer temperatures and abundant soil moisture for the next 10 days. Additionally, Argentina has been an aggressive seller of corn, while Brazil has little storage left and is likely to seek an established customer base prior to the harvest of the second corn crop that occurs from mid-June into September. Some of this corn is likely to make its way into the Southeastern United States.

The U.S. Climate Prediction Center recently noted that there is little likelihood for a threatening El Nino weather pattern during this current growing season. These topics can be discussed with more detail in the future, but they are noted at this time to emphasize the point that any near-term spike in corn futures probably is a selling opportunity for the remainder of old crop feed grain stocks.

CBOT JULY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending June 7, 2013			
Commodity	7-June	31-May	Net Change
Corn			
May	666.25	662.00	4.25
July	591.50	597.25	-5.75
Sep	558.50	567.25	-8.75
Soybeans			
May	1528.25	1510.00	18.25
July	1456.25	1437.75	18.50
Aug	1374.00	1347.25	26.75
Soymeal			
May	452.50	447.20	5.30
Soyoil			
May	48.53	48.38	0.15
CBOT Wheat			
May	696.25	705.50	-9.25
July	704.75	715.50	-10.75
Sept	719.25	730.00	-10.75
KCBOT Wheat			
May	735.00	751.00	-16.00
July	742.75	760.00	-17.25
Sep	760.75	778.75	-18.00
MGE Wheat			
May	819.75	820.00	-0.25
July	805.00	808.25	-3.25
Sep	812.25	815.50	-3.25

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	2-June-13	Last Week	Last Year	2008-12 Average
Corn	91%	86%	100%	95%
Sorghum	52%	43%	75%	60%
Barley	83%	78%	100%	93%

Source: USDA

U.S. Drought Monitor Weather Forecast: The NWS HPC Quantitative Precipitation Forecast (QPF) calls for heavy precipitation over the Southeast, Mid-Atlantic, and New England, while moderate precipitation amounts are forecast over the South, Midwest and High Plains. The three- to seven-day outlooks call for a high

probability of above-normal precipitation across New England and the Mid-Atlantic states, while the West sees a high probability of below-normal precipitation. Temperatures forecasted on the three- to seven-day outlooks call for a high probability of above-normal temperatures across most of the West and the Plains, while New England has a high probability of below-normal temperatures. 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 May 30, 2013					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	125,500	528,500	26,093.2	27,098.2	-3%
Corn	113,500	359,800	13,996.6	17,383.1	-55%
Sorghum	500	33,600	1,070.6	1,492.6	64%
Barley	100	0	132.7	135.3	58%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 107,200 MT for 2012/13 were up 25 percent from the previous week, but down 19 percent from the prior four-week average. Increases reported for Japan (165,800 MT, including 86,700 MT switched from unknown destinations and decreases of 4,600 MT), Mexico (7,400 MT), Canada (5,400 MT) and Venezuela (5,000 MT) were partially offset by decreases for unknown destinations (77,600 MT). Net sales of 51,600 MT for 2013/14 were for Mexico. Exports of 359,800 MT were up 1 percent from the previous week and 29 percent from the prior four-week average. The primary destinations were Japan (202,700 MT), Mexico (107,300 MT), Venezuela (20,000 MT) and Jamaica (18,500 MT). Optional Origin Sales: For 2012/13, outstanding optional origin sales total 65,000 MT, all South Korea. For 2013/14, outstanding optional origin sales total 100,000 MT, all Mexico.

Barley: Net sales of 100 MT for 2012/13 were reported for Taiwan. Net sales of 500 MT for 2013/14 were reported for Taiwan. There were no exports reported during the week.

Sorghum: Net sales reductions of 800 MT for 2012/13 resulted as increases for Mexico (500 MT) were more than offset by decreases for Japan (1,200 MT). Exports of 33,600 MT were reported primarily to Japan (17,000 MT) and Mexico (16,500 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 60,000 MT, all China.

U.S. Export Inspections: Week Ending May 30, 2013					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	11,660	12,427	540,327	1,223,423	44%
Sorghum	664	941	56,813	41,920	136%
Soybeans	4,440	3,472	1,267,559	1,166,359	109%
Wheat	16,799	21,224	1,004,286	1,039,652	97%
Barley	30	40	6,549	6,370	103%

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 May 30, 2013						
Last Week (000 bushels)	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	9,212	80%	109	92%	649	98%
PNW	13	0%	0	0%	0	0%
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Interior Export Rail	2,317	20%	9	8%	15	2%
Total (1,000 bu)	11,542	100%	118	100%	664	100%
Total (Metric Tons)	293,178		2,997		16,866	
White Corn Shipments by County (MT)						
			2,769	to Japan		
			228	to S. Korea		
Total White Corn (MT)			2,997			
Sorghum Shipments by Country (MT)					16,866	to Mexico
Total Sorghum (MT)					16,866	

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)
June	-	-	+1.55 N	\$323.31
FH July	+1.03 N	\$302.84	+1.51 N	\$323.31
LH July	+0.86 N	\$296.14	+1.51 N	\$323.31
August	+1.42 U	\$288.76	+1.85 U	\$305.69
September	+1.02 U	\$273.02	+1.55 U	\$293.88

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	Oct	Nov	Dec
Gulf	\$290	\$290	\$290



Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
LH July	-	-	+.35 N	\$276.07
August	-	-	+.35 N	\$276.07
September	+1.00 Z	\$271.05	+1.35 Z	\$284.83
October	+.95 Z	\$269.08	-	-

Barley: Feed Barley (FOB USD/MT)			
	June	July	August
FOB PNW	\$280	\$280	\$280

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	June	July	August
New Orleans	\$217	\$217	\$217
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	June	July	August
New Orleans	\$687	\$687	\$687
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: June 7, 2013 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	June	July	August
Barge CIF New Orleans	292	293	291
FOB Vessel GULF	300	301	299
Rail delivered PNW	309	309	308
Rail delivered California	315	315	315
Mid-Bridge Laredo, TX	316	315	314
40 ft. Containers to South Korea (Busan)	367	365	364
40 ft. Containers to Taiwan (Kaohsiung)	356	353	352
40 ft. Containers to Philippines (Manila)	376	373	372
40 ft. Containers to Indonesia (Jakarta)	374	372	371
40 ft. Containers to Malaysia (Port Kelang)	375	373	372
40 ft. Containers to Vietnam (HCMC)	381	379	378
40 ft. Containers to Japan (Yokohama)	380	378	378
40 ft. containers to Thailand (LCMB)	371	369	368
40 ft. Containers to Shanghai, China	362	359	358

KC & Elwood, IL Rail Yard (delivered Ramp)	313	310	309
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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: The consensus from merchandisers seems to be that DDGS trading has slowed and prices have plateaued after climbing higher for the last few weeks. After a few weeks of aggressive buying, Asian clients are now seeing if they can encourage prices to come back down. That could happen to some degree because this is normally a period when demand seasonally slows. However, the extent of any demand slowdown is hard to determine because domestic buyers appear to increase their inclusion rate of DDGS within rations when prices decline.

Both foreign and domestic buyers are expressing interest in getting their usage needs met for the remainder of this summer. A number of foreign buyers are looking to source DDGS supplies through the container market for the June-August time period to offset lagging shipments of soybeans and meal out of South America. It was noted that some of the Southeast Asian buyers were fishing behind the net for prices from three weeks ago. As discussed in the Outlook section of this report, such prices may be difficult to obtain for several more weeks.

Ethanol Comments: There was some market discussion this past week that the price of ethanol has weakened against gasoline because of concerns about the prospects of Brazilian imports, but such concerns seem a little premature at this time. Ethanol imports are likely to increase after June 1, but it would take a large increase in ethanol imports to replenish U.S. ethanol stocks to last year's levels. Current U.S. ethanol stocks are more than 20 percent below last year's levels.

Last week's production increase to 885,000 barrels per day (bpd) was an expansion from the prior week's level of 863,000 bpd, but below the level from the same week last year of 904,000 bpd. The weekly production increase contributed to an increase in stocks of 16.4 million barrels from the prior week's level of 16 million barrels. However, there is still a ways to go before returning to last year's stocks level of 21.2 million barrels. Higher ethanol prices likely would generate increased ethanol imports, but that trigger point does not seem to have been reached yet, as last week's ethanol imports fell back to zero. Furthermore, the price differential between the price of corn and co-product processing values this past week did not give a uniform indication that ethanol margins are moving higher:

- Illinois differential increased to \$2.52 per bushel, which is up from \$2.48 the prior week and above \$1.32 last year.
- Iowa differential decreased to \$2.05 per bushel, which is up from \$2.15 the prior week and above \$1.19 last year.
- Nebraska differential decreased to \$2.32 per bushel, which is up from \$2.37 the prior week and above \$.96 last year.
- South Dakota differential increased to \$2.28 per bushel, which is up from \$2.21 the prior week and above \$1.45 last year.

COUNTRY NEWS

Argentina: Argentina exported its first major shipment of GMO corn to China this week, according to Reuters. This shipment consists of 60,000 MT of corn and left the port of Bahia Blanca on June 1. The emergence of a larger middle class eager to consume more animal protein has ensured that Chinese feed demand has consistently grown over the recent past. China traditionally has been wary of GMO grains; however, this trend may be shifting, as Chinese buyers last year accepted a small shipment of Argentine-sourced GMO corn. However, the corn is still subject to rigorous inspection by Chinese authorities and may be rejected at the port of entry.

Brazil: President Dilma Rousseff approved new regulations to increase Brazilian port efficiency and create private investment incentives in order to attract up to \$12 billion in infrastructure improvements, reports Reuters. Brazil has become legendary in recent years for its logistical bottlenecks that can delay grain shipments by weeks and cause massive lineups of ships waiting to enter port. A key part of the new law, which is expected to reduce handling costs, would allow private port terminals to handle cargo for other companies instead of being limited to their own exclusive cargo interests. The government also will be auctioning off 52 leases that have expired in Brazil's largest port of Santo, as well as 107 leases at other ports throughout the country.

Russia: The Foreign Agricultural Service (FAS) is reporting that cold and wet weather in the Urals and Siberia has plagued spring planting in Russia, according to Bloomberg News. The Urals and Siberia account for 17.5 percent of the country's national crop. Despite the slow spring planting, FAS has indicated that Russia's total grain harvest will total some 91 MMT because of the good quality of the winter grain crop and rapid corn planting in European Russia. Barley will account for 17 MMT of this year's grain total, which is up from the 14 MMT harvested in 2012/13. Corn will also increased to 9 MMT, which is up from 8.2 MMT last year.

Spain: Farmers in the Spanish province of Leon have planted a record amount of corn this year, reports Bloomberg News. Planting rose by 8.9 percent from 62,900 hectares to 68,500 hectares on the heels of favorable spring weather and the high price of corn. Leon is Spain's largest corn-producing province, and last year farmers there grew 591,700 MT of corn, which was 14 percent of Spain's overall crop. Spain is the EU's largest corn importer. It bought some 6.06 MMT of corn last year, of which 3.91 MMT were purchased from countries outside of the EU.

South Africa: South African corn prices have increased this week because of the weaker rand, which has given locally sourced grain a price advantage over imports, according to Bloomberg News. White corn for July delivery rose by 1.5 percent to \$231/MT, while yellow corn gained 1.7 percent to \$228.36/MT.

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	\$44.00	Unchanged	Handymax at \$45.00/MT

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55,000 U.S. PNW- Japan	\$22.50	Unchanged	Handymax at \$23.50/MT
55,000 U.S. Gulf – China	\$41.50	Down \$0.50	North or South China
PNW to China	\$21.50	Unchanged	
25,000 U.S. Gulf- Veracruz, México	\$18.50	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$16.50	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast Colombia, Argentina	\$21.50	Unchanged	West Coast Colombia at \$30.00
	\$29.00	Unchanged	West Coast Colombia from Argentina at \$37.00
35,000 U.S. Gulf - Guatemala	\$28.50	Up \$0.50	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$35.00	Unchanged	8,000 MT daily discharge
	\$37.00	Unchanged	3,000 MT daily discharge
25,000 U.S. Gulf-Morocco	\$36.00	Unchanged	5,000 discharge rate
55,000 U.S. Gulf – Egypt PNW to Egypt	\$25.50	Unchanged	55,000 -60,000 MT
	\$33.00	Unchanged	St. Lawrence to Egypt \$27.00
60-70,000 U.S. Gulf – Europe – Rotterdam	\$20.00	Unchanged	Handymax at +\$2.50 more
55-60,000 Brazil, Santos – China Parangua	\$35.50	Unchanged	54-59,000 Supramax-
	\$34.50	Unchanged	Panamax 60-66,000 Post Panamax
55-60,000 Argentina-China Deep draft	\$40.50	Unchanged	—

Source: O'Neil Commodity Consulting

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

OCEAN FREIGHT COMMENTS

Transportation and Export Report: Jay O'Neil, O'Neil Commodity Consulting: Ocean freight markets are showing no mercy and continue to inflict pain on vessel owners and operators. The market is still trying to find bottom. It may have temporarily done so today, as the 19-day slide seemed to have come to an end. Panamax vessel owners have simply backed away from chartering at current levels because the economics are just too painful. One vessel owner with 40 ships has offered to charter his vessels to anyone who will cover the cost of fuel. I am therefore leaving rates basically unchanged for the week until we get a better view of how things are shanking out. Current daily hire rates are as follows.

Capesize	\$5,215
Panamax	\$6,176
Supramax	\$9,197
Handysize	\$7,734

Two PNW export Grain facilities, United Grain at Vancouver, Washington and Columbia Grain in Portland, Oregon have locked out the International Longshore and Warehouse Union (ILWU). PNW grain elevators continue to work as the situation plays out. We are seeing a rise in labor tensions as we move into the June-July wheat harvest.

Baltic Panamax Dry-Bulk Indices				
7-June-13	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	12,455	12,850	-395	-3.1%
P3A: PNW/Pacific – Japan	4,828	4,961	-133	-2.7%

Source: O'Neil Commodity Consulting

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

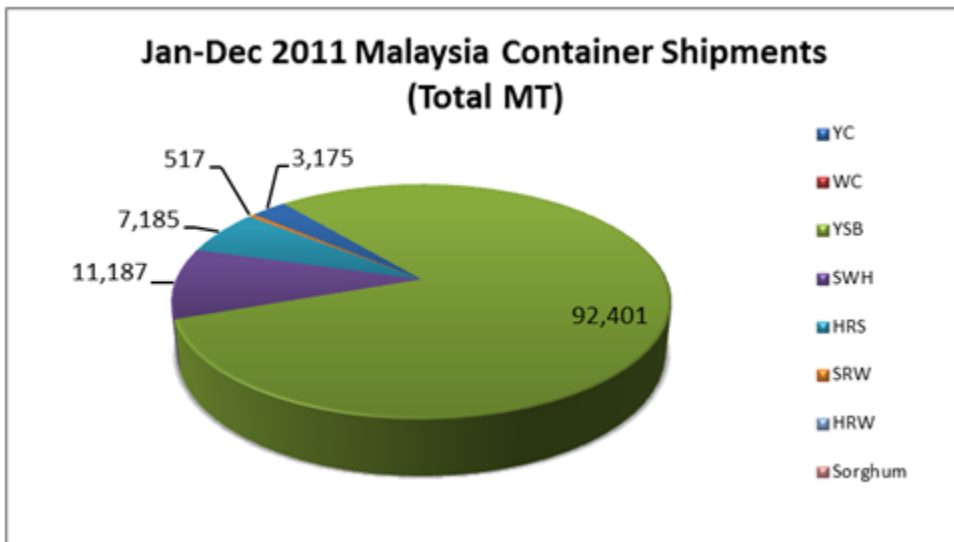
Week of June 7, 2013	
Four weeks ago	\$7.15-\$7.25
Three weeks ago	\$7.15-\$7.25
Two weeks ago	\$7.10-\$7.30
One week ago	\$7.25-\$7.85
This week	\$7.25-\$7.40

Source: O'Neil Commodity Consulting

U.S. – Asia Market Spreads					
6/7/2013	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.51	0.90	0.61	\$24.01	GULF
Soybeans	1.70	1.00	0.70	\$25.72	GULF
Ocean Freight	\$21.50	\$41.50	0.51-0.54	(\$20.00)	July

Source: O'Neil Commodity Consulting

The charts below represent January-December 2011 and 2012 annual totals versus January-April 2013 year-to-date container shipments for Malaysia.



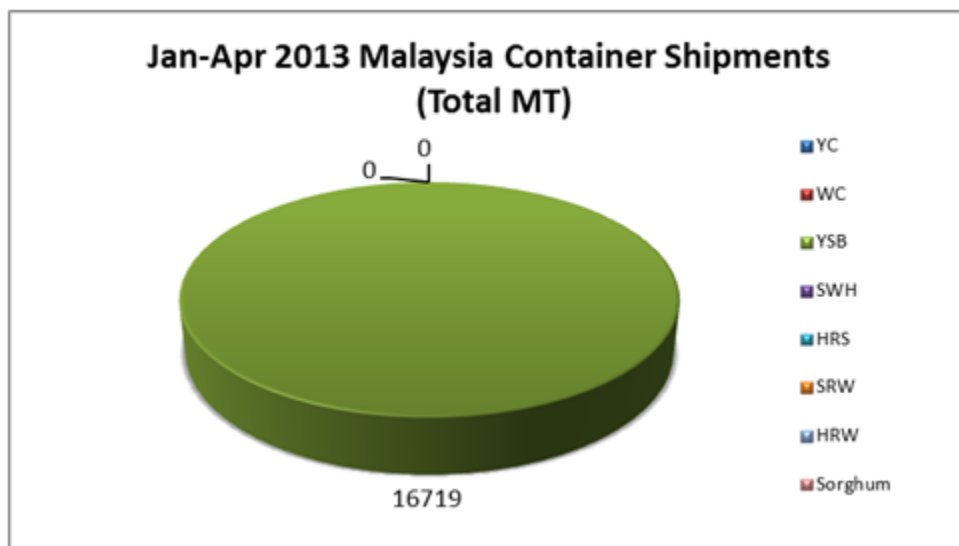
Source: O'Neil Commodity Consulting



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	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$45	\$46	\$32.50	\$33	\$37	\$44
	Brazil	\$40	\$43	\$30	\$31	\$34	\$37
Corn (White)	Argentina	\$45	\$46	\$32.50	\$33	\$37	\$44
	Brazil	\$40	\$43	\$30	\$31	\$34	\$37
Barley	Argentina	\$45	\$46	\$32.50	\$33	\$37	\$44
	Brazil	\$40	\$43	\$30	\$31	\$34	\$37
Sorghum	Argentina	\$45	\$46	\$32.50	\$33	\$37	\$44
	Brazil	\$40	\$43	\$30	\$31	\$34	\$37

Source: World Perspectives, Inc.

INTEREST RATES

Interest Rates (%): June 5, 2013			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.41	0.42	0.43
LIBOR (1 year)	0.69	0.69	0.70

Source: www.bankrate.com