



**CONTENTS**

CHICAGO BOARD OF TRADE MARKET NEWS ..... 1

CBOT MAY CORN FUTURES..... 1

U.S. WEATHER/CROP PROGRESS ..... 3

U.S. EXPORT STATISTICS ..... 4

FOB..... 6

DISTILLERS DRIED GRAINS WITH SOLUBLES (DDGS) ..... 7

COUNTRY NEWS ..... 8

OCEAN FREIGHT MARKETS AND SPREAD ..... 8

OCEAN FREIGHT COMMENTS ..... 9

INTEREST RATES..... 12

**CHICAGO BOARD OF TRADE MARKET NEWS**

Week in Review: CME Corn December Contract					
\$/Bu	Friday 27 November	Monday 30 November	Tuesday 1 December	Wednesday 2 December	Thursday 3 December
<b>Change</b>	-0.065	0.0575	0.0200	-0.0300	0.0625
<b>Closing Price</b>	3.5925	3.65	3.67	3.64	3.7025
<b>Factors Affecting the Market</b>	Despite corn export sales above expectations, it was a shortened trading session with funds rolling contracts forward.	Weather, first day of delivery intentions and the RFS announcement all received attention and forced some short covering.	The trade began to focus more on the meaning of the RFS announcement from a day earlier.	The market moved in a narrow trading range with some attention to the drop in ethanol production.	Initially opening lower on disappointing corn exports, corn rebounded technically on a surge in the dollar vs. the euro.

**Outlook:** Futures tend to close higher ahead of the Thanksgiving holiday, and that is what they did last Wednesday. The big news this week was the U.S. Environmental Protection Agency’s (EPA) announcement of ethanol blending requirements for 2014-2016. The increase in ethanol use above the levels proposed last May will have to be factored into next week’s (December 9, 2015) USDA WASDE report. Some ambitious analysts predict that increased ethanol production will push corn disappearance by an additional 3.8-5.0 MMT. One analyst notes that if China is ignored, the world’s corn carryout is actually much smaller than characterized.

**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.**

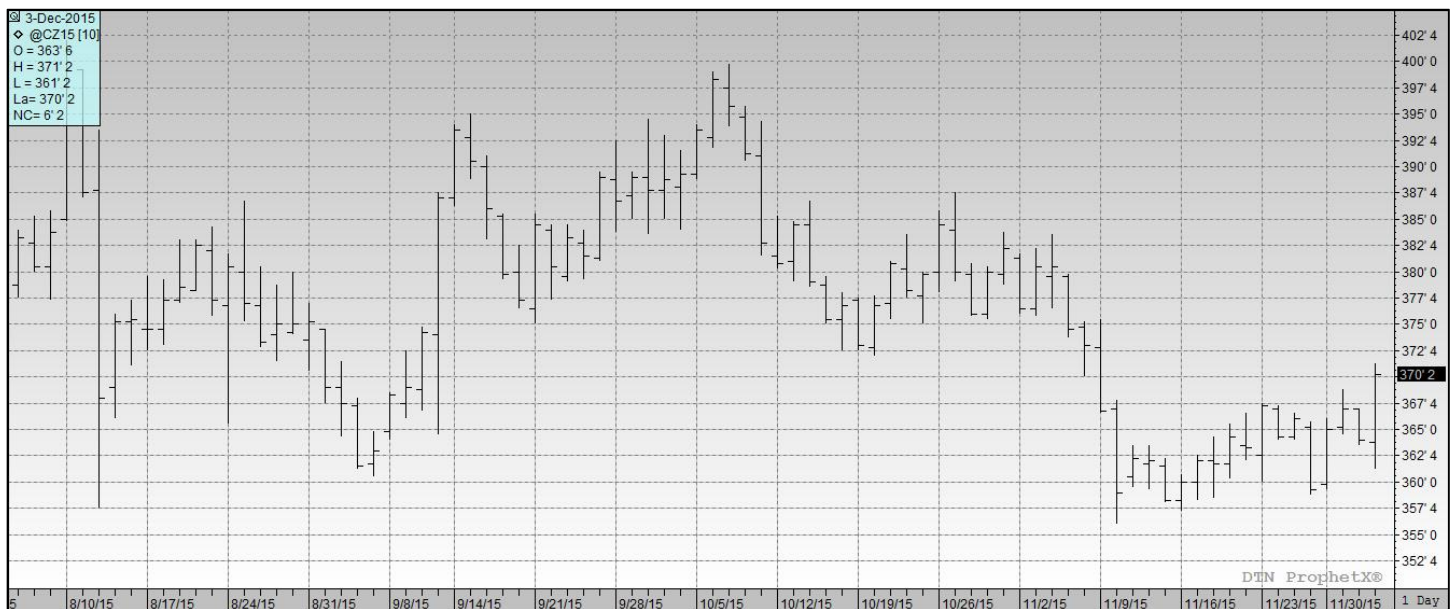
*The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C. and has ten international offices that oversee 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.*

Brazil's corn exports have been robust but they are now slowing and, despite the relative value of the dollar, the U.S. is now the world's lowest-priced corn supplier. Weekly corn export sales have averaged over 2 MMT, blowing the top off of expectations. Imagine what they would be if not hindered by a very strong dollar.

Teucrium Trading LLC says that corn prices tend to bottom out in the last four months of the calendar year, with December exhibiting the largest number of price bottoms over the past 26 years.

Focused on the bear market as if it is guaranteed, the non-commercials have bunkered into huge short positions. Given their aversion to even short-term losses, it will not take too much adverse news (i.e. weather) for there to be a strong reversal in the market. In fact, some short covering before the end of the year seems likely.

## CBOT DECEMBER CORN FUTURES



Source: Prophet X

**Current Market Values:**

<b>Futures Price Performance: Week Ending December 3, 2015</b>			
<b>Commodity</b>	<b>3-Dec</b>	<b>27-Nov</b>	<b>Net Change</b>
<b>Corn</b>			
Dec 15	370.25	359.25	11.00
Mar 16	377.00	367.25	9.75
May 16	382.75	373.00	9.75
Jul 16	388.00	378.50	9.50
<b>Soybeans</b>			
Jan 16	897.50	873.00	24.50
Mar 16	900.25	875.50	24.75
May 16	906.25	881.75	24.50
Jul 16	913.00	888.00	25.00
<b>Soymeal</b>			
Dec 15	287.10	282.40	4.70
Jan 16	287.40	283.80	3.60
Mar 16	289.40	285.70	3.70
May 16	291.90	288.10	3.80
<b>Soyoil</b>			
Dec 15	30.59	28.75	1.84
Jan 16	30.87	29.08	1.79
Mar 16	31.10	29.34	1.76
May 16	31.22	29.52	1.70
<b>SRW</b>			
Dec 15	464.75	465.75	-1.00
Mar 16	478.75	479.00	-0.25
May 16	486.00	484.75	1.25
Jul 16	492.75	490.50	2.25
<b>HRW</b>			
Dec 15	458.75	450.00	8.75
Mar 16	476.50	466.50	10.00
May 16	487.25	477.25	10.00
Jul 16	497.25	488.25	9.00
<b>MGEX (HRS)</b>			
Dec 15	522.00	510.00	12.00
Mar 16	512.00	506.50	5.50
May 16	519.25	514.25	5.00
Jul 16	527.75	523.50	4.25

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

## U.S. WEATHER/CROP PROGRESS

**U.S. Drought Monitor Weather Forecast:** The NWS WPC 7-Day Quantitative Precipitation Forecast (QPF) calls for significant precipitation totals (ranging from six-to-sixteen inches) in coastal northern California, Oregon, and Washington with coastal areas of Washington expected to receive the greatest accumulations. Otherwise, more meager accumulations are forecasted for the Northern Rockies of Idaho and northern portions of the Sierras; the remainder of the West will be generally dry. In the eastern tier, heaviest precipitation accumulations (one-to-four inches) are forecasted for parts of the Southeast and Mid-Atlantic. The CPC 6–10 day outlooks call for a high probability of above normal temperatures across nearly the entire continental U.S., with the exception of normal temperatures in southern New Mexico and Texas. Across most of the West, with the exception of the Pacific Northwest and extreme northern California, there is a high probability of below normal precipitation. Below normal precipitation is forecast to extend across the Central and Northern Plains as well as across the Midwest into the Northeast. In contrast, portions of the Southeast, Southern Plains, and Texas have a high probability of above normal precipitation.

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 November 26, 2015					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	397,700	399,000	9,957.2	14,479.5	-14%
Corn	507,300	373,800	6,681.2	17,078.8	-25%
Sorghum	115,100	172,800	2,598.3	4,540.7	-2%
Barley	0	100	20.8	26.1	-76%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales of 499,400 MT for 2015/2016 were down 76 percent from the previous week and 50 percent from the prior 4-week average. Increases were reported for Mexico (216,900 MT), Japan (190,900 MT, including 47,600 MT switched from unknown destinations and decreases of 4,200 MT), Guatemala (30,800 MT, including 16,200 MT switched from unknown destinations and 2,100 MT switched from Nicaragua), Colombia (29,200 MT), Honduras (15,700 MT, including 13,500 MT switched from unknown destinations), and El Salvador (12,700 MT, including 11,700 MT switched from unknown destinations and 700 MT switched from Nicaragua). Reductions were reported for unknown destinations (8,500 MT) and Nicaragua (2,800 MT). Exports of 373,800 MT were down 30 percent from the previous week and 11 percent from the prior 4-week average. The primary destinations were Japan (114,700 MT), Mexico (102,900 MT), Peru (33,300 MT), Honduras (30,100 MT), Guatemala (27,700 MT), and Colombia (19,700 MT).

Optional Origin Sales: For 2015/2016, new optional origin sales totaling 116,000 MT were reported for unknown destinations. The current outstanding balance is 511,000 MT, all unknown destinations.

December 3, 2015

Developing Markets • Enabling Trade • Improving Lives

**Barley:** There were no sales reported during the week. Exports of 100 MT were reported to Taiwan.

**Sorghum:** Net sales of 109,700 MT for 2015/2016 resulted as increases for China (216,200 MT, including 106,500 MT switched from unknown destinations and decreases of 5,400 MT), were partially offset by reductions for unknown destinations (106,500 MT). Exports of 172,800 MT were up 6 percent from the previous week, but down 17 percent from prior 4-week average. The destinations were China (158,000 MT) and Mexico (14,800 MT).

### U.S. Export Inspections: Week Ending November 26, 2015

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	636	26,544	101,855	26%
Corn	298,692	494,957	6,714,251	9,095,462	74%
Sorghum	213,729	211,554	2,817,321	2,097,803	134%
Soybeans	1,835,072	1,855,121	19,968,536	21,541,235	93%
Wheat	275,736	272,632	10,216,313	12,150,618	84%

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 26, 2015

Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	612	0%
Gulf	261,156	90%	8,507	100%	209,495	98%
PNW	0	0%	0	0%	0	0%
Interior Export Rail	29,029	10%	0	0%	3,622	2%
<b>Total (Metric Tons)</b>	<b>290,185</b>	<b>100%</b>	<b>8,507</b>	<b>100%</b>	<b>213,729</b>	<b>100%</b>
<b>White Corn Shipments by Country (MT)</b>			5,500	to Costa Rica		
			3,007	to Japan		
<b>Total White Corn (MT)</b>			<b>8,507</b>			
<b>Sorghum Shipments by Country (MT)</b>					210,107	to China
					648	to Indonesia
					2,974	to Mexico
<b>Total Sorghum (MT)</b>					<b>213,729</b>	

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)
December	+0.66 Z	\$171.74	+0.90 Z	\$181.19
LH December	+0.66 Z	\$171.74	+0.90 Z	\$181.19
January	+0.62 H	\$172.82	+0.82 H	\$180.70
February	+0.66 H	\$174.40	+0.82 H	\$180.70

#2 White Corn (U.S. \$/MT FOB Vessel)		
Max. 15.0% Moisture	January	February
Gulf	\$205	\$205

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
January	+0.65 H	\$174.01	+0.90 H	\$183.85
February	+0.65 H	\$174.01	+0.90 H	\$183.85
March	+0.65 H	\$174.01	+0.90 H	\$183.85

Barley: Feed Barley (FOB USD/MT)	
	December
FOB PNW	\$225

Prices reflect the month of October, 2015.

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	January	February	March
New Orleans	\$151	\$151	\$151
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	January	February	March
New Orleans	\$585	\$585	\$585
*5-10,000 MT Minimum			

\*All prices are market estimates.

DDGS Price Table: December 3, 2015 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Dec.	Jan.	Feb.
Barge CIF New Orleans	174	172	172
FOB Vessel GULF	186	180	180
Rail delivered PNW	194	194	194
Rail delivered California	199	199	199
Mid-Bridge Laredo, TX	193	193	196
FOB Lethbridge, Alberta	165	165	165
40 ft. Containers to South Korea (Busan)	217	212	213
40 ft. Containers to Taiwan ( Kaohsiung )	222	213	215
40 ft. Containers to Philippines (Manila)	230	223	223
40 ft. Containers to Indonesia (Jakarta)	229	224	225
40 ft. Containers to Malaysia (Port Kelang)	230	225	226
40 ft. Containers to Vietnam (HCMC)	229	225	227
40 ft. Containers to Japan (Yokohama)	227	216	216
40 ft. containers to Thailand (LCMB)	224	220	222
40 ft. Containers to Shanghai, China	201	203	204
KC & Elwood, IL Rail Yard (delivered Ramp)	185	184	185

Source: WPI, \*Prices are based on offer indications only; terms of delivery, payment and quality may vary from one supplier to another, impacting the actual value of the price.

## DISTILLER'S DRIED GRAINS WITH SOLUBLES (DDGS)

**DDGS Comments:** The U.S. EPA's announced ethanol blend requirements for 2014-2015 received mixed reactions for being below statutory levels but above those proposed in May. The mandate for 14.05 billion gallons in 2015 is 4.85 percent above the proposed level in May and the 14.5 billion gallons mandated for 2016 is up 3.57 percent. This will in turn build the supply of DDGS; the premium presently being earned by ethanol in the market means that DDGS will continue to have an advantage over feed mills.

DDGS exports were down in September, but were still up by nearly 30 percent for the first nine months of the year versus 2014. While some parts of the world are quiet, demand is picking up. Sales of 2,000 MT were made to Korea at \$206/MT for January shipment, and Vietnam is in play for a shipment at a slightly higher price. In fact, the real story is that prices have stabilized – no longer moving about wildly.

This past week saw some softening in container prices to Asia but a firmer basis for rail and FOB cargoes out of the PNW. The wider swings included a drop in the price of a 40-foot container to Shanghai, and an increase in rail delivered to the U.S. west coast.

**Ethanol Comments:** U.S. ethanol production was at 956,000 barrels per day (bpd), a slight drop from the average one million bpd during the two prior weeks. Nonetheless, ethanol stocks climbed by 1.9 percent to 20 million barrels as imports provided an additional 32,000 bpd on average.

Note that the U.S. EPA's ethanol mandate announcement for 2016 assumes exports at 750,000 gallons. Ethanol has been priced at a premium to gasoline for three months now due to export demand and this dynamic is likely to continue into 2016.

Ethanol makers in China continue to lose money trying to convert higher-priced corn (\$320/MT versus \$311.60/MT a week earlier) into ethanol priced below \$820/MT, and dropping. Meanwhile, for the week ending December 3, 2015 the differential between the price of corn and co-products averaged only 2 cents compared to the prior week for the four regions of the Corn Belt.

- Illinois differential is \$1.75 per bushel, in comparison to \$1.70 the prior week and \$3.73 a year ago.
- Iowa differential is \$1.43 per bushel, in comparison to \$1.46 the prior week and \$4.18 a year ago.
- Nebraska differential is \$1.59 per bushel, in comparison to \$1.59 the prior week and \$4.28 a year ago.
- South Dakota differential is \$1.73 per bushel, in comparison to \$1.67 the prior week and \$3.42 a year ago.

## COUNTRY NEWS

**Bulgaria:** Farmers are refusing to sell their corn as the market is currently offering prices below their cost of production. (WPI)

**India:** The kharif season's corn crop is much smaller, with the government predicting 16.4 MMT but the trade banking that it will be 12.5-13.8 MMT. At a cost of \$235/MT and rising, poultry producers are switching to other feed ingredients. (WPI)

**Jordan:** Tenders for barley are being reissued by the government due to the lack of any bidders. The trade has backed away from the market after what it perceives as Jordan's unjustifiable rejection of some wheat imports after inspection.

**South Africa:** The drought has resulted in the most imports of yellow corn in 11 years, bringing in nearly 100 KMT from South America. Corn on the South African Futures Exchange hit a record \$232/MT. (Bloomberg)

## 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	\$26.50	Down \$3.00	Handymax at \$27.50/MT
55,000 U.S. PNW-Japan	\$14.50	Down \$1.00	Handymax at \$15.50/MT
55,000 U.S. Gulf-China PNW to China	\$24.50 \$13.50	Down \$3.50 Down \$0.50	North China
30,000 U.S. Gulf-Veracruz, México	\$13.25	Down \$0.50	4,000 MT daily discharge rate



December 3, 2015

Developing Markets • Enabling Trade • Improving Lives

40-45,000 U.S. Gulf-Veracruz, México	\$11.50	Down \$0.50	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$14.50 \$26.50	Down \$1.00 Down \$1.00	West Coast Colombia at \$20.50
36-40,000 U.S. Gulf-Guatemala	\$21.00	Down \$1.00	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$29.50 \$30.50	Down \$1.00 Down \$1.00	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$28.50	Down \$1.00	5,000 discharge rate
55,000 U.S. Gulf-Egypt PNW to Egypt	\$21.00 \$23.00	Down \$1.50 Down \$1.00	55,000 -60,000 MT St. Lawrence to Egypt \$22.00
65-75,000 U.S. Gulf-Europe-Rotterdam	\$13.00	Down \$0.50	Handymax at +\$1.50 more
Brazil, Santos-China	\$19.50 \$17.50	Down \$0.50 Down \$1.50	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$29.50	Down \$1.50	48-53,000 MT (11.5 meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$26.00	Down \$1.50	—

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:** I've obviously been a bit conservative on my rate indications, thinking that vessel owners would strongly resist going much lower. However, I continue to see new freight fixtures at even lower rates than I expected – and so I will adjust things this week. The Baltic Panamax index continues to drop. I must assume that the market believes that vessel owners have not yet felt enough pain. This begs the same old question: how much further down can things go?

Somehow we have not hit bottom yet, but we must be close. Low fuel prices have stemmed a lot of the previous slow steaming practices and this of course has only resulted in better logistical efficiencies and a greater availability of ships. I guess the market must now go to levels that force owners to layup vessels in order to reduce the volume of available capacity. So – are we there yet?

Panamax rates from the U.S. Gulf to China are trading in two different route values, one for shipping via the Panama Canal and another for going around the Cape. Rates on this business can differ by \$1.50 or so per ton depending on the cargo size and route; the Cape route is currently the cheaper option. Please note that since there was no report published last week the below rates represent a two-week market change.

December 3, 2015

Developing Markets • Enabling Trade • Improving Lives

Baltic-Panamax Dry-Bulk Indices				
December 3, 2015	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	7,386	8,245	-859	-10.4%
P3A: PNW/Pacific– Japan	3,287	3,135	152	4.8%

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:

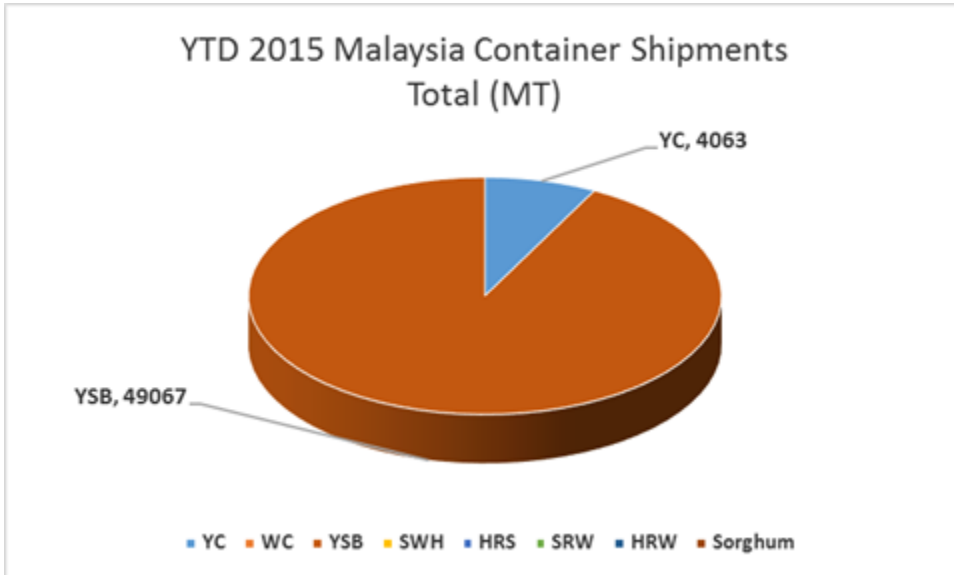
Week of December 3, 2015	
Four weeks ago:	\$4.55-\$5.05
Three weeks ago:	\$4.55-\$5.10
Two weeks ago	\$4.20-\$4.60
One week ago:	N/A
This week	\$4.40-\$5.00

Source: O'Neil Commodity Consulting

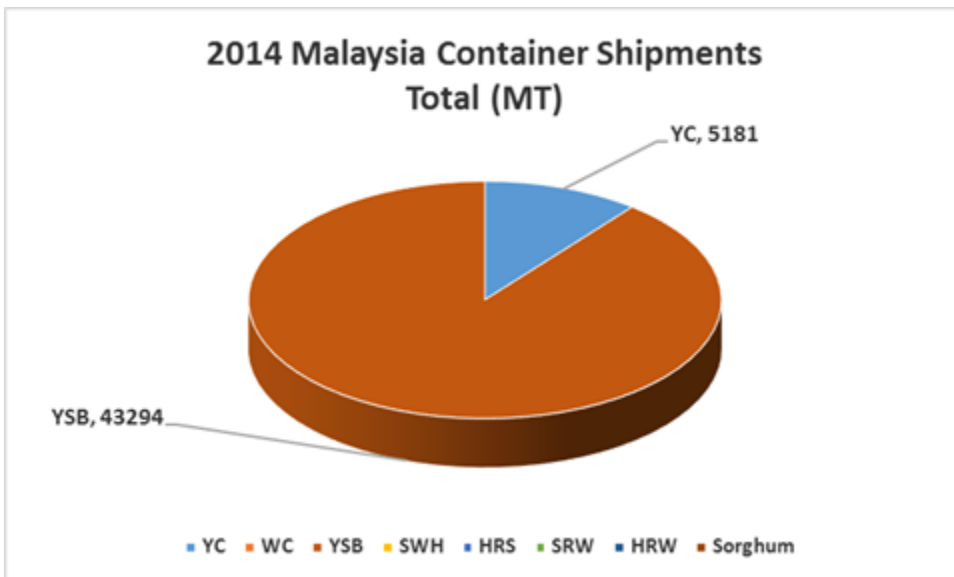
U.S.-Asia Market Spreads					
December 3, 2015	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.79	0.59	0.20	\$7.87	PNW
Soybeans	0.92	0.76	0.16	\$6.30	PNW
Ocean Freight	\$13.50	\$24.50	0.30-0.28	(\$11.00)	Jan.

Source: O'Neil Commodity Consulting

The charts below represent year-to-date 2015 versus January-December 2014 annual totals for container shipments to Malaysia.



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

December 3, 2015

Developing Markets • Enabling Trade • Improving Lives

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending December 3, 2015								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$24	\$26	\$25	\$26	\$25	\$21	-
	Brazil	\$18	\$20	\$19	\$23	\$19	\$16	-
Corn (White)	Argentina	\$24	\$26	\$25	\$26	\$25	\$21	-
	Brazil	\$18	\$20	\$19	\$23	\$19	\$16	-
Barley	Argentina	\$24	\$26	\$25	\$26	\$25	\$21	-
	Brazil	\$18	\$20	\$19	\$23	\$19	\$16	-
Sorghum	Argentina	\$24	\$26	\$25	\$26	\$25	\$21	-
	Brazil	\$18	\$20	\$19	\$23	\$19	\$16	-

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 (%): December 2, 2015			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	-	3.25
LIBOR (6 month)	0.66	-	0.56
LIBOR (1 year)	0.97	-	0.87

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