



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) 8

COUNTRY NEWS..... 9

OCEAN FREIGHT MARKETS AND SPREAD 9

OCEAN FREIGHT COMMENTS 10

INTEREST RATES..... 13

CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Friday 4 December	Monday 7 December	Tuesday 8 December	Wednesday 9 December	Thursday 10 December
Change	0.0600	-0.0775	0.015	0.0175	0.055
Closing Price	3.7625	3.685	3.70	3.7175	3.772
Factors Affecting the Market	There was short covering following yesterday's performance; the March contract was up 5 cents for the week prompting farmer selling.	Fund selling reversed Friday's gains as the market continued to ping pong in the same range.	Volume was so low ahead of USDA's WASDE report that CME likely wondered why they turned on the lights.	The WASDE report was relatively benign as expected, and the market reacted accordingly.	After a precipitous drop on Monday the market followed with three days of gains, getting back to where it ended last week.

Outlook: As expected, USDA reduced U.S. corn exports, increased the volume used for ethanol and increased the carryout for corn both nationally and globally in the most recent WASDE:

- 25 million bushel increase in corn for U.S. ethanol to 5.2 billion bushels;
- 50 million bushel reduction in U.S. corn exports to 1.75 billion bushels;

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.

- 25 million bushel increase in the U.S. corn carryout to 1.785 billion;
- 1 million bushel increase in U.S. ending supplies for both barley and grain sorghum;
- 1 MMT reduction in world corn production to 973.9 MMT;
- 1 MMT reduction in world corn consumption;
- 1.5 MMT reduction in world corn exports.

The boost in corn use for ethanol was smaller and the export decrease was probably larger than most expected, although not by enough to be called surprising. In fact, while USDA moved some numbers they were all quite modest and reinforced the market view that the December report each year is the “dullest and least important.”

Brazil’s corn export forecast was raised to a record 32 MMT and competition from other suppliers will grow stiffer for February-forward. This is why Tommy Grisafi of Advance Trading is quoted advising that U.S. corn will have to get marketed below the cost of production. At this juncture, farmers are holding on to the largest long position in the market. The problem is continuing limited demand out of Asia.

If there is a bright spot, it is the malt barley market. Rabobank projects that demand will grow 14 percent over the next five years, mostly in emerging markets as consumption of beer, and particularly higher quality beer, continues to rise. Prices have been volatile as malt quality premiums get bounced around by weather events, but major growth markets willing to spend the money include India, Brazil and Mexico. The question is how much lower prices for other crops tempt more farmers into growing malt barley, and if it does, will it reach a point where malt and feed barley prices converge?

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending December 10, 2015			
Commodity	10-Dec	4-Dec	Net Change
Corn			
Dec 15	377.25	376.25	1.00
Mar 16	379.25	381.50	-2.25
May 16	384.25	387.25	-3.00
Jul 16	388.75	392.75	-4.00
Soybeans			
Jan 16	878.25	906.00	-27.75
Mar 16	881.25	908.00	-26.75
May 16	887.50	914.00	-26.50
Jul 16	894.00	920.50	-26.50
Soymeal			
Dec 15	274.20	285.10	-10.90
Jan 16	273.80	284.90	-11.10
Mar 16	275.70	286.90	-11.20
May 16	278.40	289.30	-10.90
Soyoil			
Dec 15	31.51	31.80	-0.29
Jan 16	31.79	32.08	-0.29
Mar 16	32.03	32.26	-0.23
May 16	32.18	32.35	-0.17
SRW			
Dec 15	484.50	471.25	13.25
Mar 16	495.50	484.50	11.00
May 16	501.00	491.25	9.75
Jul 16	505.00	497.50	7.50
HRW			
Dec 15	475.75	463.50	12.25
Mar 16	489.75	480.50	9.25
May 16	500.00	491.25	8.75
Jul 16	510.25	501.50	8.75
MGEX (HRS)			
Dec 15	522.75	528.25	-5.50
Mar 16	515.50	515.50	0.00
May 16	525.25	523.25	2.00
Jul 16	534.25	531.75	2.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: During December 10-14, stormy weather should continue in the Northwest, bringing additional heavy precipitation to the climatologically-favored areas from the Cascades westward, as well as the Sierra Nevada. From the Washington Cascades westward, generally 2 to 5 inches of precipitation are anticipated while at least 4 inches are expected farther south into northern California. Coastal areas near the Oregon/California border should get 10 to 15 inches by mid-December. Farther east, a broad swath of moderate to heavy precipitation is forecast from the Great Lakes southwestward through much of the Mississippi Valley and eastern Texas. At least 1.5 inches are expected, with totals topping out near 5 inches in western Arkansas. Elsewhere, moderate precipitation is expected to the west and east of the wet swath in the central United States, specifically from the Plains to the Appalachians. Spotty areas in the central and northern Rockies and across Idaho can also expect moderate precipitation, with light amounts at best elsewhere.

The ensuing 5 days (December 15-19) bring enhanced chances for above normal precipitation to the Northwest and the northern half of the contiguous states from the Rockies to the Atlantic Ocean. Florida has increased odds for above normal precipitation as well. Odds tilting toward drier than normal conditions are limited to much of Texas and adjacent New Mexico.

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 December 3, 2015

Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	227,600	215,000	10,172.2	14,704.6	-15%
Corn	1,103,000	549,800	7,231.0	18,174.2	-23%
Sorghum	109,800	283,100	2,881.4	4,644.3	-6%
Barley	0	100	20.9	26.1	-79%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 1,095,300 MT for 2015/2016 were up noticeably from the previous week and 11 percent from the prior 4-week average. Increases were reported for unknown destinations (380,200 MT), Mexico (303,300 MT), Colombia (130,100 MT, including 38,000 MT switched from unknown destinations and decreases of 2,300 MT), South Korea (125,300 MT), Japan (66,000 MT), Peru (64,900 MT), and Honduras (19,400 MT, including 7,700 MT switched from unknown destinations and decreases of 1,100 MT). Reductions were reported for Costa Rica (2,000 MT), Nicaragua (1,800 MT), and Barbados (800 MT). Net sales of 1,800 MT for 2016/2017 were reported for Nicaragua. Exports of 549,800 MT were up 47 percent from the previous week and 41 percent from the prior 4-week average. The primary destinations were Mexico (250,500 MT), Japan (126,000 MT), Colombia (72,700 MT), Peru (27,500 MT), Jamaica (17,900 MT), and El Salvador (14,600 MT).

December 10, 2015

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Optional Origin Sales: For 2015/2016, the current outstanding balance is 511,000 MT, all unknown destinations.

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

Sorghum: Net sales of 103,600 MT for 2015/2016 resulted as increases for China (156,900 MT, including 108,500 MT switched from unknown destinations and decreases of 2,700 MT) and the Republic of South Africa (7,200 MT, including 6,500 MT switched from unknown destinations), were partially offset by reductions for unknown destinations (60,500 MT). Exports of 283,100 MT were up 64 percent from the previous week and 46 percent from prior 4-week average. The destinations were China (262,500 MT), Mexico (12,800 MT), the Republic of South Africa (7,200 MT), and Indonesia (600 MT).

U.S. Export Inspections: Week Ending December 3, 2015

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	490	73	27,107	102,173	27%
Corn	491,879	333,556	7,248,977	9,631,220	75%
Sorghum	270,562	229,803	3,103,957	2,307,880	134%
Soybeans	1,720,617	1,985,550	21,841,173	23,748,606	92%
Wheat	225,034	364,117	10,529,728	12,420,835	85%

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 December 3, 2015						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	294	0%	0	0%	0	0%
Gulf	238,395	56%	69,477	100%	266,489	98%
PNW	62,996	15%	0	0%	0	0%
Interior Export Rail	120,717	29%	0	0%	4,073	2%
Total (Metric Tons)	422,402	100%	69,477	100%	270,562	100%
White Corn Shipments by Country (MT)			4,567	to Colombia		
			12,447	to El Salvador		
			11,000	to Guatemala		
			8,963	to Honduras		
			32,500	to Mexico		
Total White Corn (MT)			69,477			
Sorghum Shipments by Country (MT)					8,540	Chad
					209,799	to China
					23,980	to Ethiopia
					24,586	to South Africa
					3,657	to Mexico
Total Sorghum (MT)					270,562	

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	\$174.50	-	-
LH December	+0.66 Z	\$174.50	-	-
January	+0.62 H	\$173.71	+0.79 H	\$180.40
February	+0.66 H	\$175.29	+0.80 H	\$180.80
March	+0.68 H	\$176.07	+0.81 H	\$181.19

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	January	February	March
Gulf	\$210	\$210	\$210



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	\$174.89	+0.90 H	\$184.73
February	+0.65 H	\$174.89	+0.90 H	\$184.73
March	+0.65 H	\$174.89	+0.90 H	\$184.73

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	\$152	\$152	\$152
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 10, 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	173	173
FOB Vessel GULF	182	182	182
Rail delivered PNW	196	195	195
Rail delivered California	199	198	198
Mid-Bridge Laredo, TX	193	194	194
FOB Lethbridge, Alberta	165	165	165
40 ft. Containers to South Korea (Busan)	215	205	205
40 ft. Containers to Taiwan (Kaohsiung)	220	204	204
40 ft. Containers to Philippines (Manila)	230	218	218
40 ft. Containers to Indonesia (Jakarta)	232	221	221
40 ft. Containers to Malaysia (Port Kelang)	239	218	218
40 ft. Containers to Vietnam (HCMC)	233	220	220
40 ft. Containers to Japan (Yokohama)	227	212	212
40 ft. containers to Thailand (LCMB)	225	215	215
40 ft. Containers to Shanghai, China	215	207	207
KC & Elwood, IL Rail Yard (delivered Ramp)	172	171	171

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: October exports of DDGS as reported by the U.S. Census show shipments to global destinations (aside from China) up 6 percent in October compared with a month earlier. Major buyers continue to be Mexico, Vietnam, Canada, Turkey and South Korea. In fact, U.S. DDGS exports for the year are forecast to hit a record 12.8 MMT.

Notably, the Middle East/North Africa (MENA) is a market for DDGS (see below) as its expanding animal protein demand, particularly poultry, and lack of feed supply drive demand. DDGS imports by Middle East/North Africa from January-October 2015 (MT) are shown below (sourced from USDA/FAS/GATS).

- Egypt: 88,600
- Israel: 106,500
- Morocco: 93,500
- Turkey: 81,400

Vietnam continues to be an aggressive buyer, followed by Korea and Thailand with prices ranging in the low 200s. While containers into China showed a 14 percent increase in price for December delivery and a 12

December 10, 2015

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percent increase for February, Malaysia was not far behind in showing strength. However, shipments out to March show softer prices all around.

Ethanol Comments: The weekly ethanol production report through December 4 showed average daily production of 993,000 barrels/day, up 37,000 barrels/day from the prior week. Ethanol stocks declined slightly on increased demand. The EPA also announced that U.S. crude oil supplies actually dropped slightly last week, but stocks of distillates increased. Crude oil prices rallied briefly on the lower oil supplies before quickly turning lower again.

U.S. ethanol exports totaled 70.1 million gallons in October, a 16 percent increase over September's level. Notably, China was the top customer for U.S. ethanol for the first time, taking nearly half (32.6 million gallons) the total amount exported by the U.S. Year-to-date ethanol exports remain up 4 percent over last year.

There were no ethanol imports reported for last week and imports were down in October to just 25 percent of the amount imported in September. Imports of ethanol are down for the year and October marked the 26th month in which the U.S. was a net exporter of the fuel. Meanwhile, for the week ending December 10, 2015 the differential between the price of corn and co-products for the four regions of the Corn Belt is as follows:

- Illinois differential is \$1.67 per bushel, in comparison to \$1.75 the prior week and \$3.92 a year ago.
- Iowa differential is \$1.43 per bushel, in comparison to \$1.43 the prior week and \$3.58 a year ago.
- Nebraska differential is \$1.61 per bushel, in comparison to \$1.59 the prior week and \$3.71 a year ago.
- South Dakota differential is \$1.50 per bushel, in comparison to \$1.56 the prior week and \$3.83 a year ago.

COUNTRY NEWS

Canada: StatsCanada estimates this year's barley crop at 8.2 MMT, a 15 percent increase over 2014 though that year saw a smaller-than-trend crop.

China: China Grain Reserves Corp (Sinograin) may begin selling corn out of reserves as early as this month that is both out of condition and below the cost of acquisition. (Reuters)

India: Negative returns are starting to reduce poultry production though not before the downstream effect of some feed millers being unable to pay their input suppliers. (WPI)

South Africa: Some analysts are concerned that South Africa may lack sufficient infrastructure to handle the potential for 4 MMT of corn imports, on top of other incoming grains. Complicating the drought is the sluggish South African economy, which caused the rand to drop against the dollar. A weak rand spiked the value of white corn up 3.2 percent to \$256/MT; yellow corn rose 1.3 percent. (Bloomberg)

Ukraine: The Minister of Agriculture signed a non-binding agreement with the trade on the amount of exports to be allowed. The campaign will involve 16 MMT of corn and 3.9 MMT of barley. Through luck or some other factor, the previous year's agreement pretty much matched the actual trade.

December 10, 2015

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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	\$25.50	Down \$1.00	Handymax at \$26.50/MT
55,000 U.S. PNW-Japan	\$14.00	Down \$0.50	Handymax at \$15.50/MT
55,000 U.S. Gulf-China	\$23.50	Down \$1.00	North China
PNW to China	\$13.00	Down \$0.50	
30,000 U.S. Gulf-Veracruz, México	\$13.00	Down \$0.25	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$11.25	Down \$0.25	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$14.25 \$26.25	Down \$0.25 Down \$0.25	West Coast Colombia at \$20.50
36-40,000 U.S. Gulf-Guatemala	\$21.00	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$29.25 \$30.50	Down \$0.25 Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$28.25	Down \$0.25	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$20.50	Down \$0.50	55,000 -60,000 MT St. Lawrence to Egypt \$22.00
PNW to Egypt	\$22.50	Down \$0.50	
65-75,000 U.S. Gulf-Europe-Rotterdam	\$12.75	Down \$0.25	Handymax at +\$1.50 more
Brazil, Santos-China	\$19.00 \$16.75	Down \$0.50 Down \$0.75	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$29.00	Down \$0.50	48-53,000 MT (11.5 meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$25.50	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: Are we just playing the beach game of Limbo now, where we try to see how low everyone can go before falling to the ground? I'm thinking that this is how the global ocean freight industry feels at the moment. Capesize vessel daily hire rates are currently \$10,300/day while Panamax daily earnings are only \$5,600/day. The one-year Capesize time-charter rate is even lower at \$8,100/day. With demurrage rates higher than this the best situation for a vessel

December 10, 2015

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owner is to sit on demurrage somewhere. I know I have said this before but it does feel like we have found, or are finding, a bottom in this market. At least things seem to have stabilized for the moment.

Baltic-Panamax Dry-Bulk Indices				
December 10, 2015	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	6,877	7,386	-509	-6.9%
P3A: PNW/Pacific– Japan	3,050	3,287	-237	-7.2%

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:

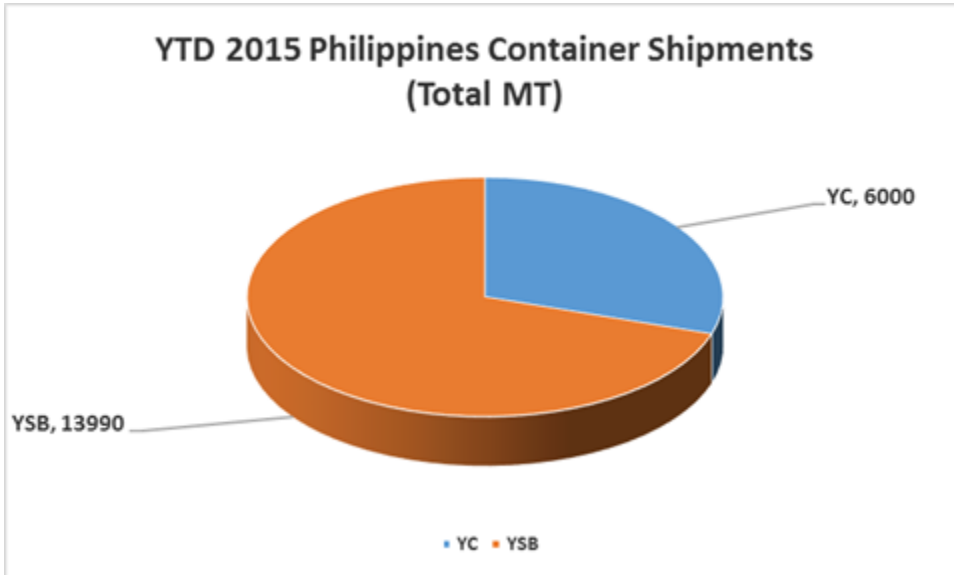
Week of December 10, 2015	
Four weeks ago:	\$4.55-\$5.10
Three weeks ago:	\$4.20-\$4.60
Two weeks ago:	N/A
One week ago:	\$4.40-\$5.00
This week:	\$4.10-\$4.25

Source: O'Neil Commodity Consulting

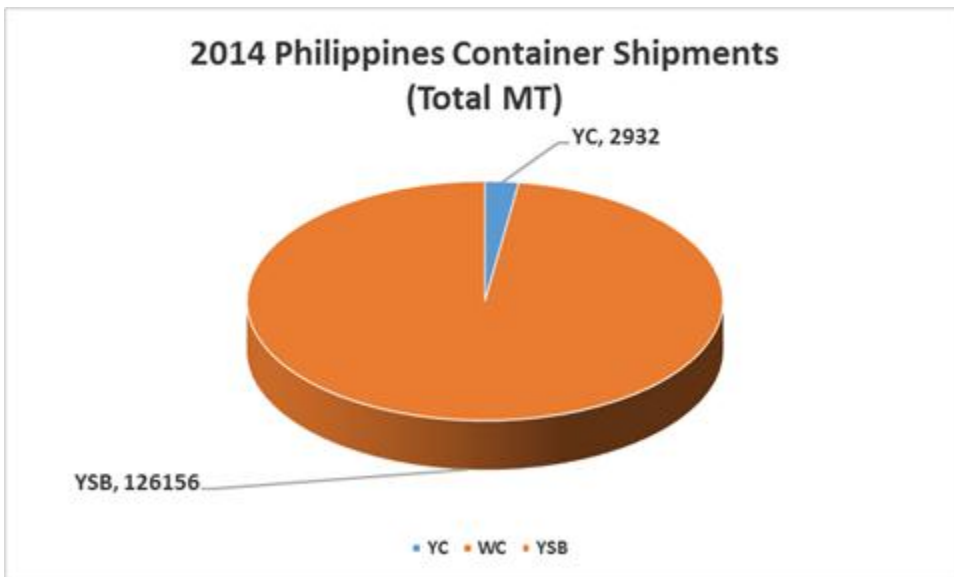
U.S.-Asia Market Spreads					
December 10, 2015	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.79	0.60	0.19	\$7.48	PNW
Soybeans	0.92	0.76	0.16	\$6.30	PNW
Ocean Freight	\$13.00	\$23.50	0.27-0.29	(\$10.50)	Jan.

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

December 10, 2015

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International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending December 10, 2015								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$25	\$27	\$26	\$25	\$25	\$21	-
	Brazil	\$18	\$20	\$19	\$22	\$19	\$16	-
Corn (White)	Argentina	\$25	\$27	\$26	\$25	\$25	\$21	-
	Brazil	\$18	\$20	\$19	\$22	\$19	\$16	-
Barley	Argentina	\$25	\$27	\$26	\$25	\$25	\$21	-
	Brazil	\$18	\$20	\$19	\$22	\$19	\$16	-
Sorghum	Argentina	\$25	\$27	\$26	\$25	\$25	\$21	-
	Brazil	\$18	\$20	\$19	\$22	\$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 9, 2015			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.72	0.66	0.59
LIBOR (1 year)	1.02	0.97	0.90

Source: www.bankrate.com