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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn March Contract

\$/Bu	Friday 11 December	Monday 14 December	Tuesday 15 December	Wednesday 16 December	Thursday 17 December
Change	-0.0425	0.0875	-0.0175	-0.0750	0.052
Closing Price	3.73	3.81	3.77	3.69	3.7425
Factors Affecting the Market	The lack of any bullish news coupled with falling oil and equities prices pulled the market lower.	The last day for the December contract finished strong despite the lower-than-expected weekly corn export inspection figure.	On the first day in which March is the front contract, the lack of any supportive news made a less than 2-cent loss surprising.	Impending cheaper Argentine corn may have begun to sink into traders’ thoughts.	After a weak morning start with the Argentine peso at a 30 percent devaluation, corn bounced back to end up a penny on the week thus far.

Outlook: USDA released its annual ten year outlook for major crops, an exercise it conducts merely to aid budgeting for farm programs, and it immediately gets overly interpreted by the market. It forecasts that the area planted to corn will fall to 88.0 million acres by 2025/26, while the yield continues to grow, resulting in ending supplies continuing at current levels. However, there are several private analysts that believe the area planted will expand as farmers try to cover their fixed costs, and instead it is yield that fails to measure up as they cut the variable cost side of their ledger with reduced fertilizer use.

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.

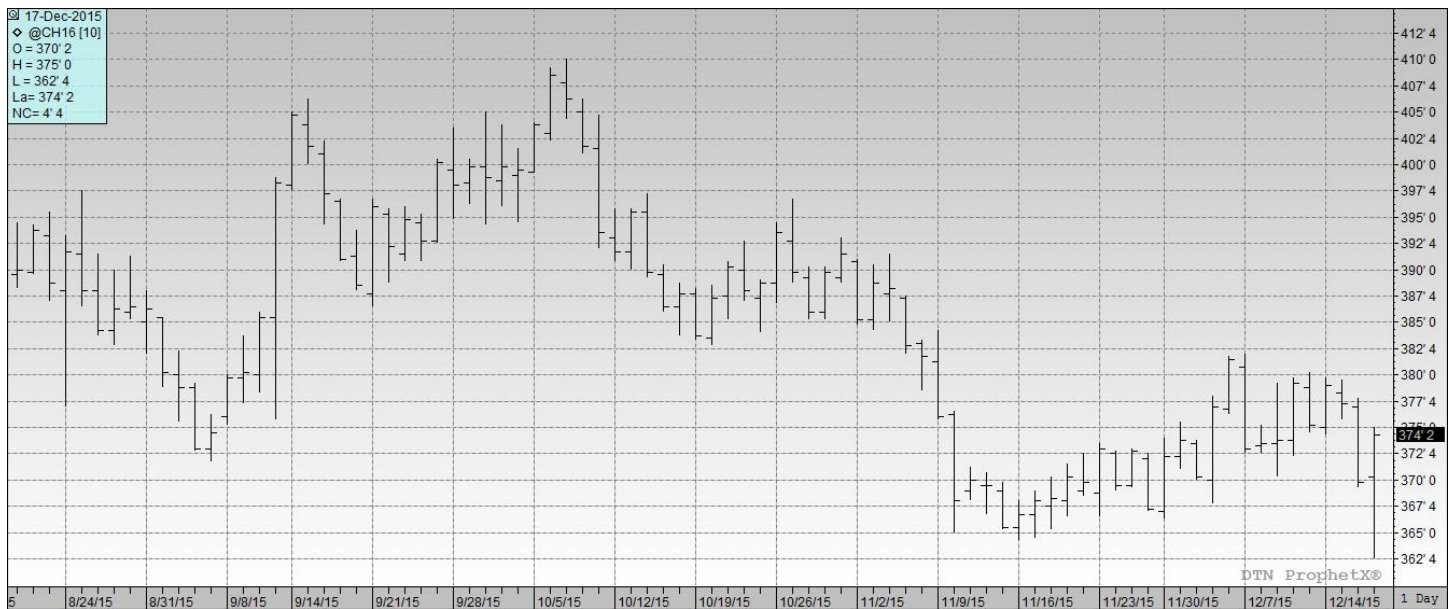
The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C. and has ten international offices that oversee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

Either way, futures market trading volume remains light, meaning any short covering that occurs will likely have an exaggerated impact. The Fed raised its interest rate to a quarter-point, and Argentina's Mauricio Macri followed through on his commitment to eliminate the corn export tax and devalue the peso. However, that does not obviate the impact of any potential future adverse weather impact on corn production.

Rabobank says that China's sorghum and feed barley imports may decline in coming years due to policy changes, but Saudi Arabia is set to become a better market for imported feed grains as it phases out fodder production over the next three years due to water limitations.

At this stage, the trade will be waiting for USDA's January reports, including the release of the December 1 stocks report.

CBOT MARCH CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending December 17, 2015			
Commodity	17-Dec	11-Dec	Net Change
Corn			
Mar 16	374.25	375.25	-1.00
May 16	380.25	380.25	0.00
Jul 16	385.75	384.75	1.00
Sep 16	389.75	388.50	1.25
Soybeans			
Jan 16	877.00	870.75	6.25
Mar 16	877.75	873.75	4.00
May 16	883.50	880.00	3.50
Jul 16	890.25	886.50	3.75
Soymeal			
Jan 16	275.90	273.70	2.20
Mar 16	277.60	275.50	2.10
May 16	280.00	277.90	2.10
Jul 16	282.90	280.50	2.40
Soyoil			
Jan 16	30.07	31.36	-1.29
Mar 16	30.31	31.60	-1.29
May 16	30.53	31.76	-1.23
Jul 16	30.75	31.91	-1.16
SRW			
Mar 16	484.00	490.50	-6.50
May 16	491.00	496.25	-5.25
Jul 16	497.25	500.50	-3.25
Sep 16	507.25	510.50	-3.25
HRW			
Mar 16	480.50	482.50	-2.00
May 16	491.00	492.75	-1.75
Jul 16	501.75	502.75	-1.00
Sep 16	515.75	516.75	-1.00
MGEX (HRS)			
Mar 16	508.00	507.75	0.25
May 16	517.50	518.25	-0.75
Jul 16	527.25	527.00	0.25
Sep 16	538.25	538.25	0.00

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: During December 17-21, storminess should continue across the Pacific Northwest, northern California, most of Idaho, and adjacent parts of surrounding states. Precipitation totals in most of the area should be moderate, ranging from about an inch to a few inches, but areas from the Cascades to the West Coast will likely get soaked again. More than a foot could fall on parts of coastal Oregon. Farther east, light to moderate precipitation, with isolated amounts of up to 1.5 inches, are expected across the areas of dryness and drought in the East. From the Appalachians to the Rockies and in the Southwest, existing dry areas shouldn't expect much relief, with only a few tenths of an inch at best anticipated. Temperatures are forecast to average several degrees above normal from the Plains to the East Coast, and near normal in most other locations.

The odds favor wet weather across almost the entire contiguous 48 states during the ensuing 5 days (December 22-26), with the highest likelihoods covering areas from the Mississippi Valley to the Appalachians in the East, and the central and northern Rockies, northern and central Intermountain West, and Oregon in the West. Very mild weather is possible across the eastern half of the country.

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 10, 2015

Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	331,200	332,300	10,504.5	70.0	32%
Corn	695,800	495,000	7,663.0	18,690.6	-23%
Sorghum	171,500	58,900	2,940.3	4,812.8	-5%
Barley	0	400	21.3	26.1	-81%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 579,400 MT for 2015/2016 were down 44 percent from the previous week and 47 percent from the prior 4-week average. Increases were reported for unknown destinations (172,100 MT), Colombia (131,500 MT, including 25,000 MT switched from unknown destinations and decreases of 3,200 MT), Japan (99,000 MT, including 3,600 MT switched from unknown destinations and decreases of 9,500 MT), South Korea (65,000 MT), Peru (35,600 MT), Mexico (32,200 MT), and Cuba (25,000 MT). Reductions were reported for Guatemala (7,000 MT) and the French West Indies (1,700 MT). Net sales of 98,200 MT for 2016/2017 were reported for Japan (97,200 MT) and Nicaragua (1,000 MT). Exports of 495,000 MT were up 2 percent from the previous week and 11 percent from the prior 4-week average. The primary destinations were Mexico (194,300 MT), Japan (105,500 MT), Colombia (96,600 MT), Peru (66,200 MT), Nicaragua (12,800 MT), and Taiwan (8,900 MT).

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

Export Adjustments: Accumulated exports to Japan were adjusted down 62,993 MT for the week ending December 3rd. This shipment was reported twice.

Barley: There were no sales reported during the week. Exports of 400 MT were reported to Israel (300 MT) and South Korea (100 MT).

Sorghum: Net sales of 168,500 MT for 2015/2016 were up 63 percent from the previous week, but down 11 percent from the prior 4-week average. Increases were reported for China (106,000 MT), unknown destinations (51,500 MT), and Mexico (11,000 MT). Exports of 58,900 MT were down 79 percent from the previous week and 74 percent from prior 4-week average. The destinations were China (58,600 MT) and Mexico (300 MT).

U.S. Export Inspections: Week Ending December 10, 2015

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	318	490	27,425	102,442	27%
Corn	566,835	501,239	7,825,172	10,196,130	77%
Sorghum	129,099	271,052	3,233,546	2,541,820	127%
Soybeans	1,343,651	1,721,450	23,185,657	25,632,416	90%
Wheat	434,767	225,034	10,964,495	12,823,463	86%

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.

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USDA Grain Inspections for Export Report: Week Ending December 10, 2015						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	392	0%	0	0%	0	0%
Gulf	393,518	70%	3,478	100%	68,731	53%
PNW	62,999	11%	0	0%	57,000	44%
Interior Export Rail	106,448	19%	0	0%	3,368	3%
Total (Metric Tons)	563,357	100%	3,478	100%	129,099	100%
White Corn Shipments by Country (MT)			3,478	to Japan		
Total White Corn (MT)			3,478			
Sorghum Shipments by Country (MT)					113,115	to China
					10,860	to Ethiopia
					4,572	to Japan
					552	to Mexico
Total Sorghum (MT)					129,099	

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)
January	+0.62 H	\$171.74	+0.79 H	\$178.43
February	+0.63 H	\$172.14	+0.80 H	\$178.83
March	+0.65 H	\$172.92	+0.81 H	\$179.22

#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	\$172.92	+0.85 H	\$180.80
February	+0.65 H	\$172.92	+0.85 H	\$180.80
March	+0.65 H	\$172.92	+0.85 H	\$180.80



Barley: Feed Barley (FOB USD/MT)			
	January	February	March
FOB PNW	\$143	\$143	\$143

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	\$550	\$550	\$550
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: December 17, 2015 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Jan.	Feb.	Mar.
Barge CIF New Orleans	174	174	175
FOB Vessel GULF	181	181	182
Rail delivered PNW	197	196	196
Rail delivered California	199	198	198
Mid-Bridge Laredo, TX	191	192	192
FOB Lethbridge, Alberta	174	173	173
40 ft. Containers to South Korea (Busan)	209	209	209
40 ft. Containers to Taiwan (Kaohsiung)	197	197	197
40 ft. Containers to Philippines (Manila)	217	217	217
40 ft. Containers to Indonesia (Jakarta)	218	218	218
40 ft. Containers to Malaysia (Port Kelang)	216	216	216
40 ft. Containers to Vietnam (HCMC)	217	217	217
40 ft. Containers to Japan (Yokohama)	206	206	206
40 ft. containers to Thailand (LCMB)	216	216	216
40 ft. Containers to Shanghai, China	208	208	208
KC & Elwood, IL Rail Yard (delivered Ramp)	173	173	173

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: Healthy U.S. ethanol will keep supplies of DDGS available to foreign buyers. The trade is reporting steady inquiries, and generally steady pricing. Vietnam remains a keen buyer and while container sales to Asia took an overall average 15 percent price slide for January shipments, the average for February

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and March deliveries is down only 1 percent. Containers to South Korea buck the trend noted above, with prices increasing into February and March. FOB Lethbridge, Alberta prices are holding steadily up from the past weeks through March.

There is speculation that DDGS sales to China could actually increase in the short-term.

Ethanol Comments: U.S. ethanol production was at one million barrels per day, up 7 percent from last week's average. Ethanol imports averaged 32,000 barrels per day, and ethanol stocks climbed by 2.5 percent to 20.3 million barrels. Note that the U.S. Congress ended a 40-year ban on crude oil exports, which should strengthen oil prices and that of other fuels.

Ethanol remains a popular public policy with Civatal reportedly building a new sugar-based plant in Mato Grosso, Brazil. In India, where sugar-based ethanol production has doubled over the past year, the government is set to approve all ethanol automobiles while banning luxury diesel vehicles in downtown New Delhi in order to improve air quality.

For the week ending December 17, 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 \$1.53 per bushel, in comparison to \$1.67 the prior week and \$3.33 a year ago.
- Iowa differential is \$1.34 per bushel, in comparison to \$1.43 the prior week and \$3.02 a year ago.
- Nebraska differential is \$1.56 per bushel, in comparison to \$1.61 the prior week and \$3.11 a year ago.
- South Dakota differential is \$1.48 per bushel, in comparison to \$1.50 the prior week and \$3.11 a year ago.

COUNTRY NEWS

India: India needs to import corn for its starch makers and feed millers, who are suffering losses, but the government must issue a new tariff rate quota (TRQ), which it has not done since April and has resulted in a de facto import ban. Unclear is how it will manage reasonably priced imports with its zero tolerance for any GMO content.

Indonesia: Djarot Kusumayakti, CEO of Indonesia's state procurement agency Bulog, says corn imports will total 600 KMT in the first quarter of 2016. Corn imports had been halted in July 2015 when the government tried to boost self-sufficiency. Bulog will handle all of the country's planned 2.4 MMT of corn imports in 2016 through a new business model that is being developed. (Jakarta Globe)

Jordan: To solve its problems with procurement, Amman has contracted with UAE based Al Dahra Company to take over the country's purchasing of 400 KMT of barley.

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	\$25.25	Down \$0.25	Handymax at \$26.50/MT
55,000 U.S. PNW-Japan	\$14.00	Unchanged	Handymax at \$15.50/MT
55,000 U.S. Gulf-China	\$23.50	Unchanged	North China
PNW to China	\$13.00	Unchanged	
30,000 U.S. Gulf-Veracruz, México	\$13.00	Unchanged	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$11.25	Unchanged	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	Unchanged Unchanged	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	\$28.50 \$29.75	Down \$0.75 Down \$0.75	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$27.50	Down \$0.75	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$19.75	Down \$0.75	55,000 -60,000 MT St. Lawrence to Egypt \$21.00
PNW to Egypt	\$22.00	Down \$0.50	
65-75,000 U.S. Gulf-Europe-Rotterdam	\$12.25	Down \$0.50	Handymax at +\$1.50 more
Brazil, Santos-China	\$18.50 \$16.25	Down \$0.50 Down \$0.50	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$28.50	Down \$0.50	48-53,000 MT (11.5 meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$25.00	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: Though the market remains weak and defensive, things did seem to bottom out this week. After making new lows on Monday the Baltic Panamax Index turned around and showed a little support for the balance of the week. I cannot call this market action a rally, but it does appear that we may have reached a level low enough that no one wants to sell beyond. If you look closely at the poor Capesize Iron ore market you will notice that there was a trade this

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week from Western Australia to China at \$2.25/MT, before things stabilized at around \$3.30/MT. It just can't get lower than that!

My belief is that the market will probably bounce around at current levels until something substantial occurs to improve cargo demand – and that is not likely to happen for many months.

Baltic-Panamax Dry-Bulk Indices				
December 17, 2015	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	6,741	6,759	-18	-0.3%
P3A: PNW/Pacific– Japan	3,087	2,958	129	4.4%

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:

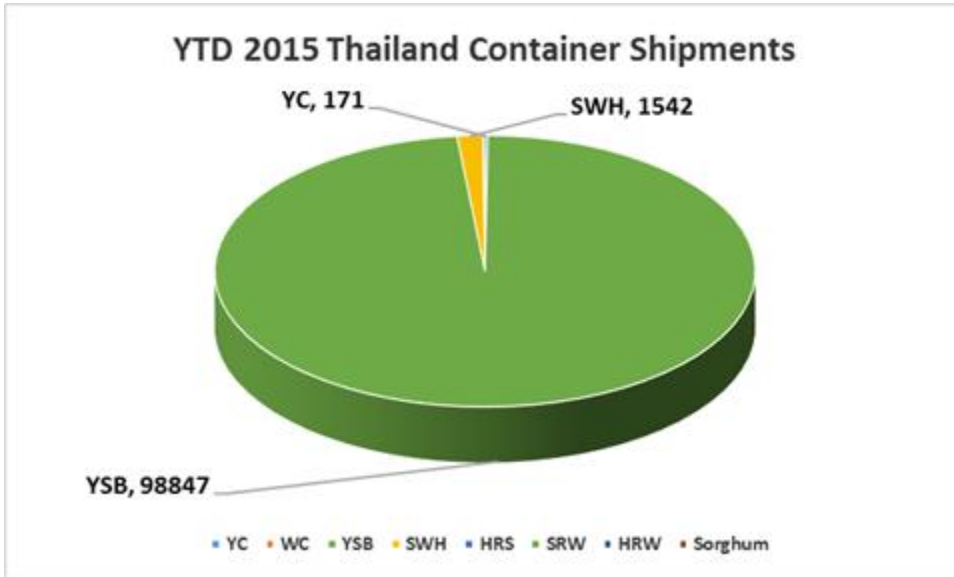
Week of December 17, 2015	
Four weeks ago:	\$4.20-\$4.60
Three weeks ago:	N/A
Two weeks ago	\$4.40-\$5.00
One week ago:	\$4.10-\$4.25
This week	\$3.25-\$4.00

Source: O'Neil Commodity Consulting

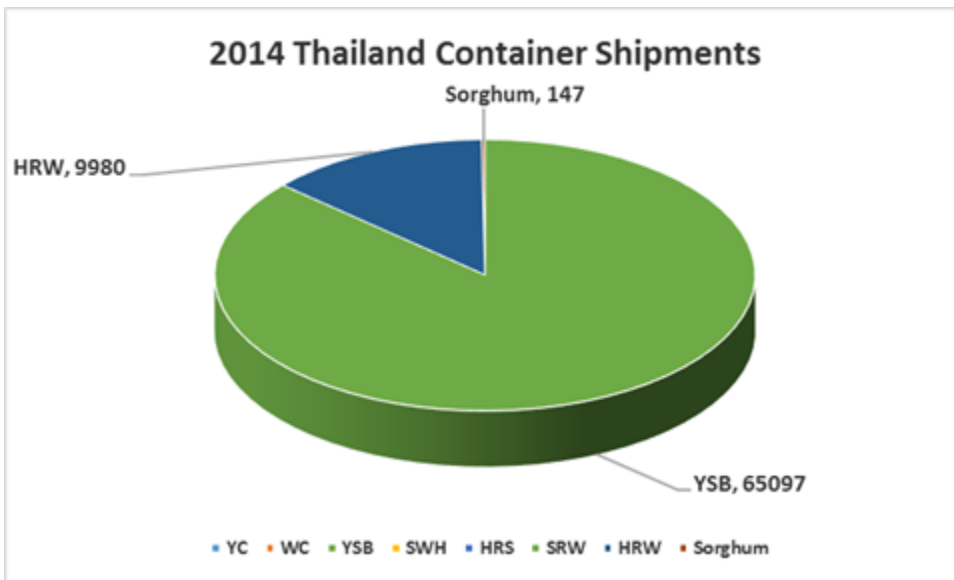
U.S.-Asia Market Spreads					
December 17, 2015	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.77	0.60	0.17	\$6.69	PNW
Soybeans	0.90	0.75	0.15	\$5.91	PNW
Ocean Freight	\$13.00	\$23.50	0.27-0.29	(\$10.50)	Jan.

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

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International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending December 17, 2015								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$24	\$26	\$25	\$24	\$25	\$20	-
	Brazil	\$17	\$19	\$18	\$21	\$19	\$15	-
Corn (White)	Argentina	\$24	\$26	\$25	\$24	\$25	\$20	-
	Brazil	\$17	\$19	\$18	\$21	\$19	\$15	-
Barley	Argentina	\$24	\$26	\$25	\$24	\$25	\$20	-
	Brazil	\$17	\$19	\$18	\$21	\$19	\$15	-
Sorghum	Argentina	\$24	\$26	\$25	\$24	\$25	\$20	-
	Brazil	\$17	\$19	\$18	\$21	\$19	\$15	-

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 16, 2015			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.76	0.72	0.60
LIBOR (1 year)	1.07	1.02	0.94

Source: www.bankrate.com