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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Monday 30 June	Tuesday 1 July	Wednesday 2 July	Thursday 3 July	Friday 3 July
Change	-0.2200	-0.0250	-0.0475	-0.0275	-
Closing Price	4.2525	4.2275	4.1800	4.1525	-
Factors Affecting the Market	Bearish USDA data and collapsing soybean prices combined to cause December corn to post a new contract low.	Favorable crop conditions for average U.S. corn added more downward pressure and December corn made new lows.	The parade of new contract lows continued in December corn as weather forecasts improved.	Potential buyers have backed away and it is likely to take four to five days of selling before positions are readjusted.	Independence Day – markets closed.

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.

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Outlook: USDA released acreage and stocks data on Monday that was considered bearish for corn prices. A large increase in soybean acreage and no substantial offsetting reduction in corn acreage caused corn futures to be dragged down by sinking soybean contracts. The fact that corn stocks of 3.854 billion bushels were above the average estimate of 3.724 billion bushels also offered no buoyancy and buying interest dissolved as the probabilities of eventually being able to purchase at lower prices in the future increased.

A pool of traders went into Monday's report holding long positions and it is likely to take four to five days of selling before those positions are readjusted enough to allow even a limited bounce. Feed grain end-users who had extended some coverage prior to the data release on Monday are unlikely to extend any more coverage at this time. Rather, they are expected to purchase on an as-needed basis going into harvest.

Condition ratings on Monday afternoon implied that excessive rains in portions of the Corn Belt had no major impact on the average conditions for U.S. corn. Continued stability of favorable crop conditions increasingly implies that the bottom in corn contract prices may still be a ways off. The outlook for feed grain prices has become more bearish after receiving the combination of additional USDA data on Monday.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

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Current Market Values:

Futures Price Performance: Week Ending July 3, 2014			
Commodity	July 3	June 27	Net Change
Corn			
Jul 14	417.00	443.00	-26.00
Sep 14	409.50	442.25	-32.75
Dec 14	415.25	447.25	-32.00
Mar 15	426.75	458.00	-31.25
Soybeans			
Jul 14	1387.75	1432.00	-44.25
Aug 14	1299.75	1378.00	-78.25
Sep 14	1166.75	1266.00	-99.25
Nov 14	1133.50	1228.00	-94.50
Soymeal			
Jul 14	447.00	469.80	-22.80
Aug 14	417.70	447.20	-29.50
Sep 14	384.60	414.40	-29.80
Oct 14	363.30	395.30	-32.00
Soyoil			
Jul 14	38.56	39.98	-1.42
Aug 14	38.67	40.13	-1.46
Sep 14	38.72	40.22	-1.50
Oct 14	38.66	40.22	-1.56
SRW			
Jul 14	568.00	585.25	-17.25
Sep 14	579.50	593.75	-14.25
Dec 14	603.75	612.75	-9.00
Mar 15	627.50	632.25	-4.75
HRW			
Jul 14	697.00	726.00	-29.00
Sep 14	687.25	721.75	-34.50
Dec 14	697.00	726.50	-29.50
Mar 15	703.50	730.25	-26.75
MGEX (HRS)			
Jul 14	651.25	683.00	-31.75
Sep 14	675.00	692.50	-17.50
Dec 14	684.00	703.75	-19.75
Mar 15	693.00	714.00	-21.00

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	June 29, 2014	Last Week	Last Year	2009-13 Average
Sorghum	93%	88%	96%	96%

Source: USDA

U.S. Crop Condition: June 29, 2014					
	Very Poor	Poor	Fair	Good	Excellent
Corn	1%	4%	20%	55%	20%
Sorghum	1%	6%	34%	49%	10%
Barley	-	3%	29%	56%	12%

U.S. Drought Monitor Weather Forecast: During July 3-7, most of the contiguous United States is expected to receive a half-inch or less of rain, though there are a few exceptions. Northern and central Florida, the Outer Banks of North Carolina, near the mid-Atlantic Coast, and the southern and eastern New England coasts may get 2-4 inches of rain, in part from what is currently Tropical Storm (projected to be hurricane) Arthur and from an active cold front approaching from the west. In the Middle Mississippi Valley, 0.5-1.0 inch of rain is forecast during this period, while 0.5-1.5 inches of rain is expected in association with the onset of the Southwest Monsoon across portions of Arizona, New Mexico and northern Texas. Temperatures during the period are anticipated to be mostly within 4 degrees of normal, though very brief departures of 8-10 degrees above normal are projected for the northern Plains region.

For the period of July 8-12, there are enhanced odds of above-median rainfall in the east-central CONUS, the Great Lakes region, southern Florida, and the Southwest. Below-median precipitation is favored over the Pacific Northwest and the northern Rockies. Mean temperatures for this period are favored to be above-normal over approximately the eastern and western thirds of the lower 48 states and near to below-normal temperatures are favored over the central third of the CONUS. 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 June 19, 2014					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	599,300	335,500	1,774.7	7,828.8	-15%
Corn	481,400	909,500	37,961.3	47,212.9	160%
Sorghum	60,900	1,700	3,104.0	4,380.1	186%
Barley	1,100	500	15.2	23.1	-24%

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Source: USDA, World Perspectives, Inc.

Corn: Net sales of 290,700 MT for 2013/14 were up 14 percent from the previous week, but down 12 percent from the prior four-week average. Increases were reported for Mexico (129,800 MT), Japan (90,600 MT, including 49,000 MT switched from unknown destinations and decreases of 10,200 MT), the Netherlands (66,000 MT, including 60,000 MT switched from unknown destinations), South Korea (62,800 MT, including 60,000 MT switched from unknown destinations and decreases of 2,300 MT), Saudi Arabia (62,100 MT, including 55,600 MT switched from unknown destinations) and Portugal (53,900 MT, including 55,000 MT switched from Spain and decreases of 1,100 MT). Decreases were reported for unknown destinations (182,500 MT), Spain (55,000 MT), Egypt (39,400 MT) and Venezuela (25,000 MT). Net sales of 474,700 MT for 2014/15 were reported primarily for unknown destinations (224,800 MT), Japan (67,100 MT), Guatemala (59,600 MT), El Salvador (59,500 MT) and Mexico (59,000 MT). Exports of 909,500 MT were down 16 percent from the previous week and 18 percent from the prior four-week average. The primary destinations were South Korea (193,000 MT), Egypt (156,600 MT), Mexico (135,100 MT), Japan (78,900 MT), the Netherlands (66,000 MT), Saudi Arabia (64,100 MT) and Colombia (62,000 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 55,000 MT, all South Korea. Export Adjustments: Accumulated exports to Spain were adjusted down 66,000 MT for week ending June 19, 2014. This shipment was reported twice.

Barley: Net sales of 1,100 MT for 2014/1015 were reported for Taiwan (1,000 MT) and South Korea (100 MT). Exports of 500 MT were reported to South Korea.

Sorghum: Net sales of 60,900 MT for 2013/14 were reported for unknown destinations (58,000 MT) and China (2,900 MT). Net sales of 58,000 MT for 2014/15 were reported for unknown destinations. Exports of 1,700 MT were reported to China.

U.S. Export Inspections: Week Ending June 19, 2014					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	872,960	988,080	37,842,772	14,774,469	256%
Sorghum	3,836	61,901	3,569,524	1,490,007	240%
Soybeans	72,804	61,919	42,597,860	35,022,656	122%
Wheat	335,389	628,451	1,838,058	2,297,887	80%
Barley	1,665	1,418	4,295	3,442	125%

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 June 19, 2014						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	550,262	65%	24,359	100%	0	0%
PNW	222,792	26%	0	0%	0	0%
Lakes	0	0%	0	0%	0	0%



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Atlantic	0	0%	0	0%	245	6%
Interior Export Rail	75,547	9%	0	0%	3,591	94%
Total (Metric Tons)	848,601	100%	24,359	100%	3,836	100%
White Corn Shipments by Country (MT)			21,296	to Colombia		
			3,063	to Japan		
Total White Corn (MT)			24,359			
Sorghum Shipments by Country (MT)					3,452	to China
					384	to Mexico
Total Sorghum (MT)					3,836	

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 July	+0.98 N	\$202.74	+1.33 N	\$216.52
LH July	+0.90 N	\$199.59	+1.33 N	\$216.52
August	+0.83 U	\$193.89	+1.33 U	\$213.57
September	+0.83 U	\$193.89	+1.30 U	\$212.39

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
LH July	+1.75 Z	\$232.37	+1.75 Z	\$232.37
August	+1.75 Z	\$232.37	+1.75 Z	\$232.37
September	+1.70 Z	\$230.40	+1.70 Z	\$230.40

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

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	July	August	September
New Orleans	\$165	\$165	\$165
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	July	August	September

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New Orleans	\$690	\$690	\$690
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: July 3, 2014 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	July	Aug.	Sep.
Barge CIF New Orleans	196	195	194
FOB Vessel GULF	202	203	204
Rail delivered PNW	218	220	221
Rail delivered California	222	224	225
Mid-Bridge Laredo, TX	220	220	220
40 ft. Containers to South Korea (Busan)	292	293	294
40 ft. Containers to Taiwan (Kaohsiung)	285	286	288
40 ft. Containers to Philippines (Manila)	300	301	302
40 ft. Containers to Indonesia (Jakarta)	298	299	301
40 ft. Containers to Malaysia (Port Kelang)	294	295	297
40 ft. Containers to Vietnam (HCMC)	293	294	295
40 ft. Containers to Japan (Yokohama)	305	307	311
40 ft containers to Thailand (LCMB)	296	297	299
40 ft Containers to Shanghai, China	275	276	277
KC & Elwood, IL Rail Yard (delivered Ramp)	204	204	205

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 trading has been slow this week as market participants, who were waiting on the results of Monday's USDA data, decided to continue waiting due to the reports' bearish contents that continue to drive prices lower. DDGS buyers will stand back so long as corn prices appear to be headed lower. Domestic buyers are the largest consumers of DDGS, and their restrained action has resulted in domestic bulk rates of DDGS declining by as much as \$20/MT in two days.

The price of containerized DDGS in the export market suddenly dropped an additional \$6.00/MT for shipment out through September. The containerized export rate of DDGS did not drop as dramatically as the domestic bulk rates because increased competition for containers to specific destinations can partly offset the reduction in DDGS prices. Demand growth is occurring as lower prices encourage domestic and foreign buyers to increase the percentage of DDGS within feed rations.

Ethanol Comments: Relative stability in the price of crude oil and sinking corn prices increases the prospects for growth in ethanol exports due to attractive pricing in comparison to gasoline. While weekly data released by

the Energy Information Agency (EIA) does not monitor ethanol exports, the stock levels are monitored. Any export flow will influence the level of total stocks. Such evidence has not yet materialized. Total U.S. ethanol stocks for the week ending June 27 remained unchanged at 18.2 million barrels. The positive fact is total stocks have leveled off while average daily production increased slightly to 953,000 barrels per day (bpd), above the prior week's level of 938,000 bpd. The more negative fact is that total ethanol stocks are 17.9 percent above the year-ago level of 15.4 million barrels. Further growth in the year-to-year percent changes of stocks is expected to increasingly weigh on ethanol prices, if ethanol exports do not act as a pressure relief valve.

This week's substantial sell-off in corn prices will have a positive influence on the spot differential between ethanol and co-product processing values across the U.S. Corn Belt. However, those values will not be released for the week ending July 4 due to the holiday; those values will be published next Friday.

COUNTRY NEWS

Argentina: Laborers in Rosario, Argentina's main grain port, will begin a strike of indefinite length on Friday, according to Reuters. This strike is occurring at the peak harvest period for Argentina's corn crop. The CGT labor organization has indicated that a decision will be made on Monday to determine if the strike will continue. The reasons for labor conflict behind the strike have not yet been defined, however, it is assumed to at least partially stem from the Gernal San Martin Port Service Cooperative's request to enforce higher tariffs on grain exporters.

Canada: Recent heavy rains in Canada's growing regions have rendered up to 4 million acres of cropland too wet to sow, according to Bloomberg News. This is expected to negatively impact Canada's barley production this year.

Ukraine: Grain exports are exceeding last year's totals, particularly as Ukraine seeks new buyers in China and the Middle East, reports Bloomberg News. 2014 corn exports through July 1 were 20 MMT, and totaled 13.4 MMT in 2013. Barley exports so far in 2014 have totaled 2.4 MMT, which is up from 2.1 this time in 2013. Total grain exports through July 1 were some 32.1 MMT.

South Africa: Yellow corn for December delivery in Africa's largest corn producing country currently stands at \$181/MT, reports Bloomberg News. South Africa is predicted to produce 13.9 MMT of corn this year, which would be country's largest crop since 1981.

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	\$43.00	Up \$1.00	Handymax at \$43.00/MT
55,000 U.S. PNW- Japan	\$23.50	Up \$1.50	Handymax at \$22.50/MT
55,000 U.S. Gulf – China	\$42.00	Up \$1.00	North China

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PNW to China	\$22.50	Up \$1.50	
25,000 U.S. Gulf- Veracruz, México	\$16.50	Up \$0.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$15.00	Up \$0.50	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast Colombia, Argentina	\$21.00 \$29.50	Up \$1.00 Up \$0.50	West Coast Colombia at \$28.00
35,000 U.S. Gulf - Guatemala	\$26.00	Unchanged	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$34.50 \$36.00	Up \$0.50 Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25,000 U.S. Gulf-Morocco	\$34.00	Up \$0.50	5,000 discharge rate
55,000 U.S. Gulf – Egypt PNW to Egypt	\$31.50 \$30.50	Up \$1.00 Up \$1.50	55,000 -60,000 MT St. Lawrence to Egypt \$31.00
60-70,000 U.S. Gulf – Europe – Rotterdam	\$19.00	Up \$0.50	Handymax at +\$1.50 more
Brazil, Santos – China	\$34.00 \$32.50	Up \$0.50 Up \$0.50	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$38.50	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: The ocean freight markets finally found bottom and bounced off of it. However, this does not mean that the fundamentals have changed enough to support a big rally. It just means the market has probably stopped declining for the moment and may be starting to stabilize at slightly higher rates than we have seen over the last month. This will at least help to pay for the higher fuel costs even if it does not return vessel operators to profitability.

Baltic Panamax Dry-Bulk Indices				
July 3, 2014	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	10,315	9,690	625	6.4%
P3A: PNW/Pacific – Japan	4,872	3,236	1,636	50.6%

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 July 3, 2014	
Four weeks ago	\$7.50-\$8.10
Three weeks ago:	\$7.85-\$8.10
Two weeks ago	\$7.70-\$8.00
One week ago:	\$7.70-\$7.85
This week	\$7.90-\$8.20

Source: O'Neil Commodity Consulting

U.S. – Asia Market Spreads					
July 3, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.30	0.87	0.43	\$16.93	PNW
Soybeans	1.99	1.60	0.39	\$14.33	PNW
Ocean Freight	\$22.50	\$42.00	0.50-0.53	(\$19.50)	August

Source: O'Neil Commodity Consulting

The charts below represent January-December 2013 annual totals versus January-May 2014 container shipments for South Korea.



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	\$37	\$41	\$39	\$30	\$35	\$26	\$42
	Brazil	\$32	\$35	\$34	\$27	\$25	\$20	-
Corn (White)	Argentina	\$37	\$41	\$39	\$30	\$35	\$26	\$42
	Brazil	\$32	\$35	\$34	\$27	\$25	\$20	-
Barley	Argentina	\$37	\$41	\$39	\$30	\$35	\$26	\$42
	Brazil	\$32	\$35	\$34	\$27	\$25	\$20	-
Sorghum	Argentina	\$37	\$41	\$39	\$30	\$35	\$26	\$42
	Brazil	\$32	\$35	\$34	\$27	\$25	\$20	-

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 (%): July 2, 2014			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.33	0.33	0.32
LIBOR (1 year)	0.55	0.55	0.53

Source: www.bankrate.com