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**CHICAGO BOARD OF TRADE MARKET NEWS**

**Week in Review: CME Corn March Contract**

<b>\$/Bu</b>	<b>Friday 15 January</b>	<b>Monday 18 January</b>	<b>Tuesday 19 January</b>	<b>Wednesday 20 January</b>	<b>Thursday 21 January</b>
<b>Change</b>	0.0525	NA	0.045	0.010	-0.0175
<b>Closing Price</b>	3.6325	NA	3.6775	3.6875	3.67
<b>Factors Affecting the Market</b>	After opening lower the market rallied on a weaker dollar and light buying by funds.	Holiday – market was closed.	Better than expected Chinese GDP rallied all markets including commodities, which sparked some farmer selling.	While trade was light and bounded by a 3-4 cent range, corn was an outlier for closing higher on a day that was dismal for the stock market.	The corn contract started the day higher on short-covering but farmer selling and knowledge that ethanol production has to fall reversed things.

**Outlook:** The corn market could be fairing far worse given all of the headwinds. Argentina is dumping a lot of feed wheat into the market at the same time avian influenza is reducing a small amount of feed demand. Brazil has been receiving more favorable rains in the driest northeast part of the country, boosting corn prospects.

**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.*

Add in the continued fall in oil prices plus plummeting equity markets and it all seems rather depressing – yet corn has traded above the 20-day average at times despite all of the gloom.

The corn market might see a brief improvement in June given that the part of Argentina’s crop that was planted late is harvested then and all exporting must be completed by the end of that same month. Exporters there are worried about a squeeze play.

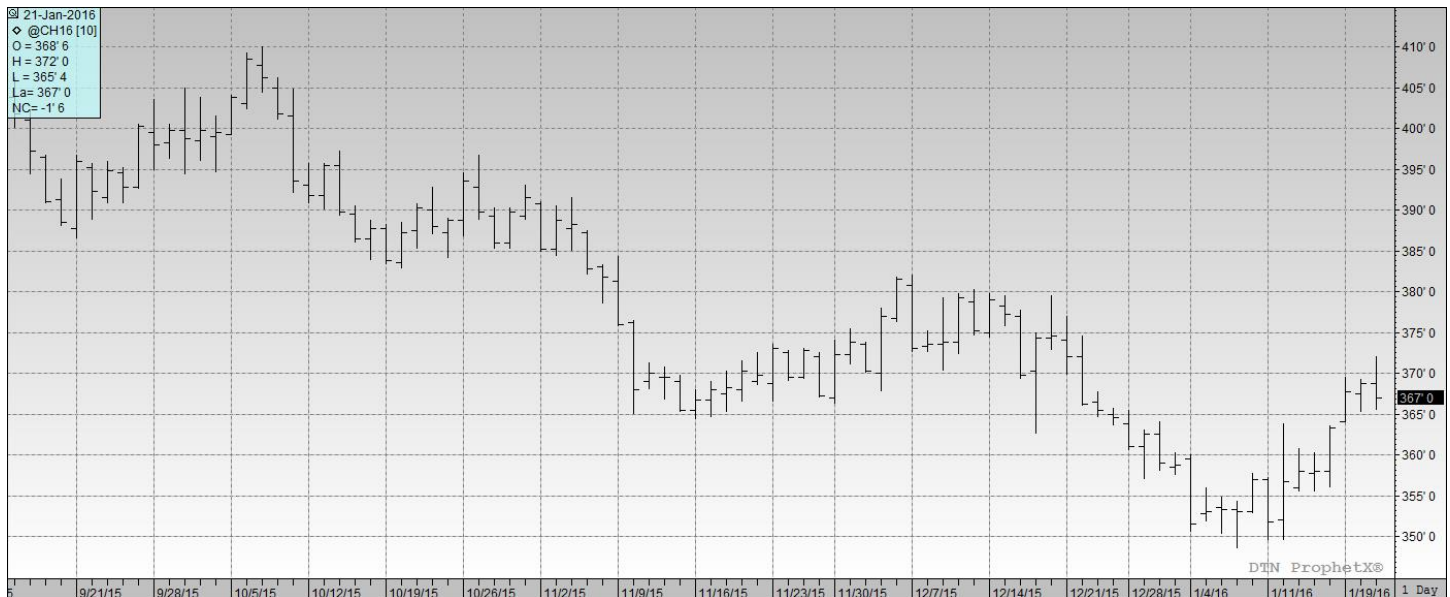
There are analysts on both sides of the question over what U.S. farmers will plant this spring:

*More Soybeans:* 1) Growing ending stocks and lower prices will discourage corn planted acres; and 2) bank financing is getting tighter and soybeans are cheaper to grow.

*More Corn:* 1) Lower planted winter wheat acres means more acres available for spring corn and soybeans; 2) the need for more cash flow will drive all acres upward; and 3) after two straight years of taking away acreage from corn, soybeans will have lost their attraction as rotation needs favor a tilt this time toward increased corn area.

The Farm Futures magazine survey of 1,550 farmers indicates soybean plantings will be down 500,000 acres from 2015, but corn planted area will rise by 1.5 million acres to 89.5 million. Sorghum acres will drop by 2.5 percent. In truth, all of this could change once the South American outcome becomes clearer.

## CBOT MARCH CORN FUTURES



Source: Prophet X

**Current Market Values:**

<b>Futures Price Performance: Week Ending January 21, 2016</b>			
<b>Commodity</b>	<b>21-Jan</b>	<b>15-Jan</b>	<b>Net Change</b>
<b>Corn</b>			
Mar 16	367.00	363.25	3.75
May 16	371.75	367.50	4.25
Jul 16	376.75	372.75	4.00
Sep 16	381.25	377.50	3.75
<b>Soybeans</b>			
Mar 16	878.50	879.00	-0.50
May 16	879.00	878.75	0.25
Jul 16	884.25	883.75	0.50
Aug 16	885.75	885.50	0.25
<b>Soymeal</b>			
Mar 16	272.20	270.70	1.50
May 16	274.20	273.60	0.60
Jul 16	276.60	276.70	-0.10
Aug 16	277.70	278.10	-0.40
<b>Soyoil</b>			
Mar 16	29.94	29.65	0.29
May 16	30.15	29.86	0.29
Jul 16	30.38	30.10	0.28
Aug 16	30.43	30.16	0.27
<b>SRW</b>			
Mar 16	475.00	473.75	1.25
May 16	479.75	478.50	1.25
Jul 16	485.00	484.50	0.50
Sep 16	493.25	493.00	0.25
<b>HRW</b>			
Mar 16	471.50	474.00	-2.50
May 16	481.75	484.00	-2.25
Jul 16	491.25	493.50	-2.25
Sep 16	504.50	506.50	-2.00
<b>MGEX (HRS)</b>			
Mar 16	500.25	497.25	3.00
May 16	505.50	503.50	2.00
Jul 16	511.50	510.50	1.00
Sep 16	521.25	520.75	0.50

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

## U.S. WEATHER/CROP PROGRESS

**U.S. Drought Monitor Weather Forecast:** Over the next 5-7 days, temperatures are expected to run well above normal (3-9 degrees) across the northern tier states from the Pacific NW to the Great Lakes. Below-normal temperatures are likely across the eastern Great Basin, central Rockies, central Plains, Midwest and across most of the eastern Seaboard from Florida northward into New England. As for precipitation, the best bet for the heaviest totals can be found in east-central California, northern California, and the coastal ranges of Oregon and Washington along with the Gulf Coast and Mid-Atlantic regions.

The 6-10 day outlooks (January 26-30, 2016) are calling for a high probability of above-normal temperatures across the entire western half of the country (from the Mississippi River to the Pacific Ocean) with the greatest signature found along the west coast from San Diego to Seattle. New England also seems primed to share in this winter warm spell. Precipitation is also most likely across northern California, the Pacific NW and the Great Basin with a slightly better chance of above-normal rains falling across the Southeast and central Florida in particular. Some strong pockets of dryness are most likely across the country's mid-section including the Midwest and central/southern Plains.

Follow this link to view current U.S. and international weather patterns and the future outlook: [Weather and Crop Bulletin](#).

## U.S. EXPORT STATISTICS

**Please note: Due to the holiday on Monday, January 18, 2016 the next USDA Export Sales report will be published on Friday, January 22, 2016. Thus, the Export Sales and Exports table and corresponding text (see below) is unchanged from last week's edition of Market Perspectives. Next week's edition will include updated export sales data.**

Export Sales and Exports: Week Ending January 7, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	281,800	552,200	11,961.6	16,079.1	-15%
Corn	712,400	638,200	10,039.1	21,121.6	-25%
Sorghum	28,900	270,900	3,719.4	5,467.5	-13%
Barley	0	200	22.4	26.1	-81%

Source: USDA, World Perspectives, Inc.

Note: Data reflects the week of January 7, 2016.

**Note: the following text reflects the week of January 7, 2016.**

**Corn:** Net sales of 669,200 MT for 2015/2016 were up noticeably from the previous week and 14 percent from the prior 4-week average. Increases were reported for Japan (310,200 MT, including 89,000 MT switched from unknown destinations and decreases of 7,200 MT), Mexico (145,500 MT), Colombia (119,000 MT, including 75,000 MT switched from unknown destinations and decreases of 18,500 MT), El Salvador (51,900 MT,

including 11,700 MT switched from unknown destinations), Taiwan (24,000 MT), and Guatemala (23,500 MT, including 21,000 MT switched from unknown destinations). Reductions were reported for unknown destinations (33,700 MT), Costa Rica (14,000 MT), and the French West Indies (6,300 MT). Exports of 638,200 MT were up 78 percent from the previous week and 14 percent from the prior 4-week average. The primary destinations were Mexico (214,400 MT), Japan (151,600 MT), Colombia (143,500 MT), Peru (56,700 MT), Cuba (25,000 MT), and Guatemala (22,000 MT).

**Optional Origin Sales:** For 2015/2016, changes of destination were reported totaling 58,000 MT from unknown destinations to Japan. Options were exercised to export 58,000 MT to Japan from other than the United States. The current outstanding balance totals 398,000 MT, all unknown destinations.

**Barley:** There were no sales reported during the week. Exports of 200 MT were reported to Taiwan.

**Sorghum:** Net sales of 17,100 MT for 2015/2016 resulted as increases for China (49,100 MT, including 50,800 MT switched from unknown destinations and decreases of 8,600 MT), Japan (18,400 MT), and Mexico (500 MT), were partially offset by reductions for unknown destinations (51,000 MT). Exports of 270,900 MT were up noticeably from the previous week and up 91 percent from prior 4-week average. The destinations were China (261,100 MT, including 49,600 MT late reporting), Japan (8,400 MT), and Mexico (1,400 MT).

### U.S. Export Inspections: Week Ending January 14, 2016

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	490	0	28,380	118,942	24%
Corn	581,479	550,306	10,636,019	13,396,313	79%
Sorghum	88,614	171,668	4,090,178	3,415,782	120%
Soybeans	1,395,220	1,245,001	30,425,721	34,224,027	89%
Wheat	340,842	396,183	12,894,453	14,413,332	89%

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 January 14, 2016

Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	346,957	65%	41,853	92%	83,529	94%
PNW	60,009	11%	0	0%	0	0%
Interior Export Rail	128,944	24%	3,716	8%	5,085	6%
<b>Total (Metric Tons)</b>	<b>535,910</b>	<b>100%</b>	<b>45,569</b>	<b>100%</b>	<b>88,614</b>	<b>100%</b>
<b>White Corn Shipments by Country (MT)</b>			9,124	to Costa Rica		
			36,421	to Mexico		
			24	to Korea		



Total White Corn (MT)			45,569			
Sorghum Shipments by Country (MT)					50,175	to China
					34,700	to Sudan
					3,739	to Mexico
Total Sorghum (MT)					88,614	

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)
LH February	+0.75 H	\$174.01	+0.78 H	\$175.19
March	+0.64 H	\$169.68	+0.78 H	\$175.19
April	+0.54 K	\$167.61	+0.77 K	\$176.66

#2 White Corn (U.S. \$/MT FOB Vessel)		
Max. 15.0% Moisture	February	March
Gulf	\$203	\$204

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
January	+0.70 H	\$172.04	+0.90 H	\$179.91
February	+0.80 H	\$175.97	+0.90 H	\$179.91
March	+0.90 H	\$179.91	+0.90 H	\$179.91

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

\*Prices reflect the week of January 7, 2016.

January 21, 2016

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Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	February	March	April
<b>New Orleans</b>	\$175	\$175	\$175
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
	February	March	April
<b>New Orleans</b>	\$560	\$560	\$560
<i>*5-10,000 MT Minimum</i>			

*\*All prices are market estimates.*

DDGS Price Table: January 21, 2016 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Feb.	Mar.	Apr.
Barge CIF New Orleans	170	170	170
FOB Vessel GULF	178	178	178
Rail delivered PNW	195	195	195
Rail delivered California	196	196	196
Mid-Bridge Laredo, TX	195	195	195
FOB Lethbridge, Alberta	169	168	168
40 ft. Containers to South Korea (Busan)	214	211	210
40 ft. Containers to Taiwan (Kaohsiung)	212	209	208
40 ft. Containers to Philippines (Manila)	229	221	219
40 ft. Containers to Indonesia (Jakarta)	228	225	224
40 ft. Containers to Malaysia (Port Kelang)	229	221	220
40 ft. Containers to Vietnam (HCMC)	227	226	225
40 ft. Containers to Japan (Yokohama)	226	220	218
40 ft. containers to Thailand (LCMB)	222	219	218
40 ft. Containers to Shanghai, China	214	211	209
KC & Elwood, IL Rail Yard (delivered Ramp)	180	177	176

*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)

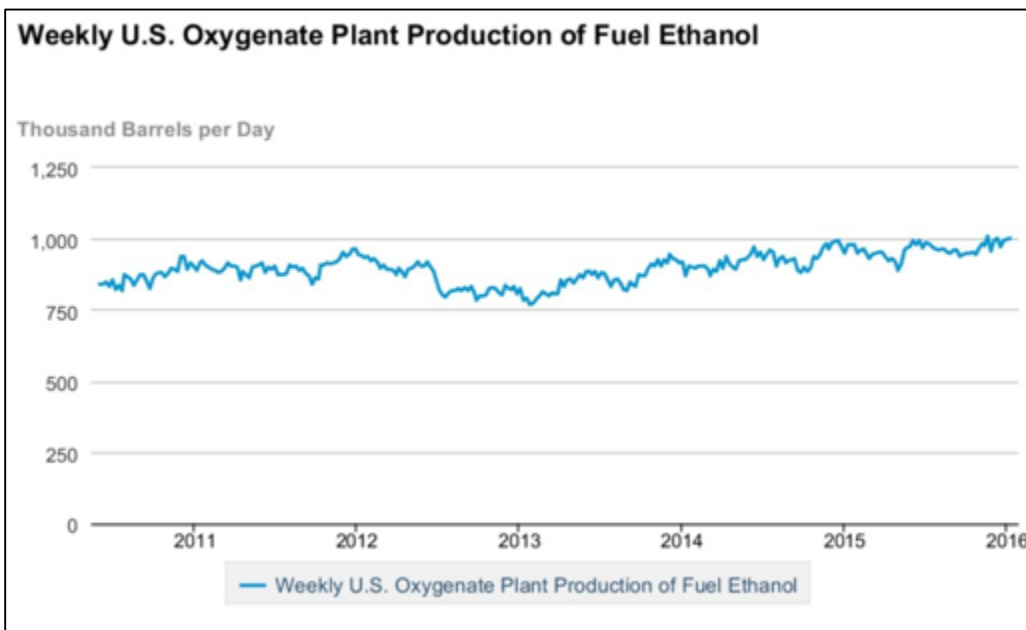
**DDGS Comments:** The trade reports that the market is actually currently tight in nearby slots as traders move to ship product before a perceived start date to the Chinese anti-dumping tariffs. January supply tightness has now moved into February, especially for those close to the container loading markets – like Chicago. That nearby tightness is evident as container prices for DDGS to nine Asian markets this past week climbed an average (some markets higher than others) of \$5.00 per container.

Testing of the new U.S. corn crop shows that it is of a better quality, which means that mycotoxins are not a concern and thus the DDGS quality should be good.

Meanwhile, the U.S. Department of Agriculture (USDA) is soliciting public comment through April 18 on how its standards and inspection process can be improved to boost exports of DDGS and other grains and products.

**Ethanol Comments:** At 1,003 million barrels, ethanol stocks were up again this past week as ethanol production has still not declined with the slower winter driving season. The weekly inventory is beginning to build and exports become more important in moving it as the price of gasoline gets lower.

In its latest Short-Term Energy Outlook, the U.S. Energy Information Administration (EIA) predicted that U.S. ethanol production will average 970,000 barrels per day in both 2016 and 2017. That is a 0.6 percent increase over its December forecast of 960,000 barrels per day in 2016. Until the slowdown for the slower winter driving months, production was around one million barrels per day. The corn crop harvested this past fall and headed for ethanol plants tested at a higher quality than the average of the past four growing seasons.



Source: U.S. EIA

Ethanol production margin for the Corn Belt are as follows:

- Illinois differential is \$1.13 per bushel, in comparison to \$1.21 the prior week and \$1.57 a year ago.
- Iowa differential is \$1.02 per bushel, in comparison to \$1.12 the prior week and \$1.29 a year ago.
- Nebraska differential is \$1.26 per bushel, in comparison to \$1.36 the prior week and \$1.22 a year ago.
- South Dakota differential is \$1.20 per bushel, in comparison to \$1.33 the prior week and \$1.60 a year ago.



## COUNTRY NEWS

**Argentina:** The Buenos Aires Grain Exchange raised the projected area planted to corn this season by 8.8 percent to 3.1 million hectares. (Agrimoney)

**Brazil:** Analyst Agroconsult reduced its estimate of the first annual corn crop to 27.9 MMT from 28.5 MMT, and the larger second crop down to 57.7 MMT from an earlier estimate of 60 MMT. (Reuters)

**European Union:** The European Compound Feed Manufacturers' Federation (FEFAC) reports that the decline in the pig sector will cause European feed production to decline by 0.5 percent compared to 2015. The predicted 1 percent rise in poultry feed demand will not offset the 3 percent decline in pig feed requirements. (Agrimoney)

**India:** Minister for Road Transport and Highways Nitin Gadkari confirmed that the government would issue within the month a possible doubling of the ethanol blending policy to 10 percent. Separately, the Indian state-run trading company PEC has asked bidders to extend the validity of the offers to supply 290 KMT of non-GMO yellow corn to 21 January instead of the previous deadline of 18 January. Prices offered ranged from a low of \$191.99/MT to a high of \$245/MT on corn likely originating from Ukraine. India's feed and starch manufacturers will pay a 25 percent margin to PEC Limited to receive the product. (Reuters/WPI)

## 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	\$23.21	Down \$1.25	Handymax at \$24.50/MT
55,000 U.S. PNW-Japan	\$13.00	Down \$0.50	Handymax at \$14.00/MT
55,000 U.S. Gulf-China	\$21.50	Down \$1.50	North China
PNW to China	\$12.00	Down \$0.50	
30,000 U.S. Gulf-Veracruz, México	\$12.25	Down \$0.25	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$10.25	Down \$0.50	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$13.50 \$25.00	Down \$0.25 Down \$0.50	West Coast Colombia at \$20.00
36-40,000 U.S. Gulf-Guatemala	\$20.25	Down \$0.25	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$27.00 \$29.25	Down \$1.00 Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$26.00	Down \$1.00	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$18.00	Down \$1.00	55,000 -60,000 MT St. Lawrence to Egypt \$18.50
PNW to Egypt	\$20.25	Down \$1.00	

65-75,000 U.S. Gulf-Europe-Rotterdam	\$11.25	Down \$0.25	Handymax at +\$1.25 more
Brazil, Santos-China	\$14.50 \$13.00	Down \$2.00 Down \$2.00	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$25.00	Down \$2.00	48-53,000 MT (11.5-meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$21.50	Down \$2.50	—

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:** Amazingly last week's indices and rates were not the bottom of the market. Maybe this week will be? The markets rate of decline has moderated and it is very difficult to believe things can go lower. Capesize rates are virtually unchanged for the week. Cheaper crude oil and China's announcement that their economy grew at an even slower rate of 6.8 percent last quarter only helps feed the negative sentiment.

It should be noted that due to high water levels Port of New Orleans, LA bar pilots have reduced the maximum draft recommendation from 47 feet to 43 feet.

PS: If you bought a frame for last week's report just save it – you should have a historic low to put on the wall soon.

Baltic-Panamax Dry-Bulk Indices				
January 20, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	5,923	6,373	-450	-7.1%
P3A: PNW/Pacific– Japan	2,587	2,781	-194	-7.0%

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:

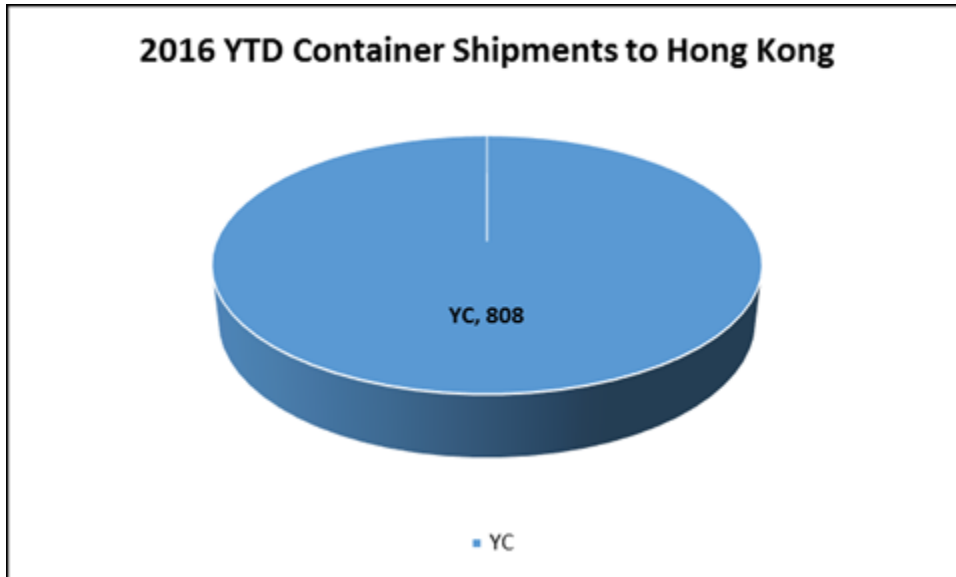
Week of January 20, 2016	
Four weeks ago:	\$3.25-\$4.00
Three weeks ago:	\$2.95-\$3.20
Two weeks ago	\$2.85-\$3.30
One week ago:	\$2.85-\$2.95
This week	\$2.90-\$2.95

Source: O'Neil Commodity Consulting

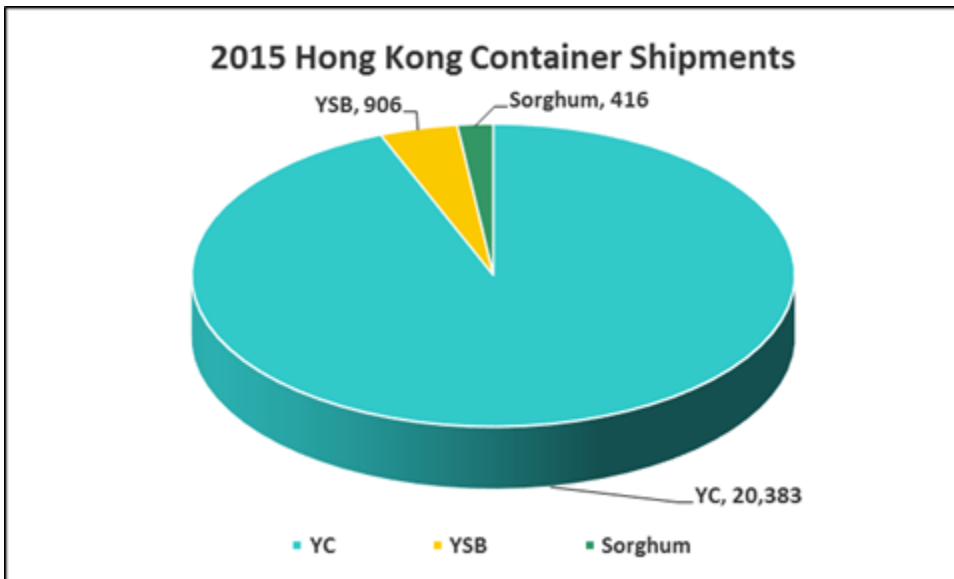
U.S.-Asia Market Spreads					
January 20, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.82	0.67	0.15	\$5.91	PNW
Soybeans	1.10	0.85	0.25	\$9.84	Both
Ocean Freight	\$12.00	\$21.50	0.24-0.26	(\$9.50)	Feb.

Source: O'Neil Commodity Consulting

The charts below represent year-to-date 2016 versus January-December 2015 annual totals for container shipments to Hong Kong.



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending January 21, 2016								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$21	\$23	\$22	\$23	\$23	\$18	-
	Brazil	\$13.50	\$15	\$14	\$20	\$17	\$13	-
Corn (White)	Argentina	\$21	\$23	\$22	\$23	\$23	\$18	-
	Brazil	\$13.50	\$15	\$14	\$20	\$17	\$13	-
Barley	Argentina	\$21	\$23	\$22	\$23	\$23	\$18	-
	Brazil	\$13.50	\$15	\$14	\$20	\$17	\$13	-
Sorghum	Argentina	\$21	\$23	\$22	\$23	\$23	\$18	-
	Brazil	\$13.50	\$15	\$14	\$20	\$17	\$13	-

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 (%): January 20, 2016			
	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	0.86	0.85	0.81
LIBOR (1 year)	1.15	1.15	1.11

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