



**CONTENTS**

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

CBOT MARCH CORN FUTURES ..... 2

U.S. WEATHER/CROP PROGRESS ..... 4

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

FOB..... 6

DISTILLER’S DRIED GRAINS WITH SOLUBLES (DDGS) ..... 8

COUNTRY NEWS ..... 9

OCEAN FREIGHT MARKETS AND SPREAD ..... 10

OCEAN FREIGHT COMMENTS ..... 10

INTEREST RATES..... 13

**CHICAGO BOARD OF TRADE MARKET NEWS**

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

\$/Bu	Friday 22 January	Monday 25 January	Tuesday 26 January	Wednesday 27 January	Thursday 28 January
<b>Change</b>	0.0325	-0.005	-0.005	0.000	-0.0375
<b>Closing Price</b>	3.7025	3.6975	3.6925	3.6925	3.655
<b>Factors Affecting the Market</b>	The market firmed on better than expected export sales, Brazil possibly over-selling supply, and higher oil prices.	Weekly export inspections were just okay, trailing last year’s level by 21 percent, thus no short covering.	The market experienced thin trading volume in a narrow range and then was pressured lower by the influence of wheat.	There was not much reason to trade corn today, and consequently little was exchanged.	Funds sold 7,000 contracts as corn got dragged lower; an even larger selloff (11,000 contracts) in soybeans occurred.

**Outlook:** Chicago corn futures are described as “featureless” and trading is characterized as unnecessary, and yet March corn was able to gain 7 cents during the week of January 18, 2016 and is holding above the 50-day moving average of \$3.67/bushel. One bullish piece is the dry weather in parts of Argentina’s corn production area. Another is the fact that sorghum imports by China this past November were not as shabby as feared. Note that sorghum remains priced lower than corn and has multiple points of demand. Still, there are ample fundamentals going in the other direction.

**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.*

For example, Ukraine and Argentina continue to duke it out in the feed wheat market. Argentina typically sells high quality wheat to Brazil but with a large volume of lower quality product, it has made rare sales to South Korea and Vietnam. In China, government policy has improved corn utilization for starch, but that hasn't translated into any improvement in downstream demand. As a result, surplus inventories have increased. Even the upcoming Chinese New Year does not seem to improve the demand outlook.

However, it was the selloff in soybeans that ultimately dragged corn down in the futures market.

Back in the U.S., none of this seems to stymie corn farmers who are said to be planning on more acres planted this spring despite the low prices. They are encouraged by the above average yields of the past two years, and an overall global supply situation that is getting nudged lower.

## CBOT MARCH CORN FUTURES



**Current Market Values:**

<b>Futures Price Performance: Week Ending January 28, 2016</b>			
<b>Commodity</b>	<b>28-Jan</b>	<b>22-Jan</b>	<b>Net Change</b>
<b>Corn</b>			
Mar 16	365.50	370.25	-4.75
May 16	370.50	374.75	-4.25
Jul 16	375.25	379.75	-4.50
Sep 16	379.75	384.50	-4.75
<b>Soybeans</b>			
Mar 16	867.75	876.50	-8.75
May 16	870.50	877.25	-6.75
Jul 16	876.25	882.00	-5.75
Aug 16	878.00	883.25	-5.25
<b>Soymeal</b>			
Mar 16	266.90	268.50	-1.60
May 16	269.00	270.90	-1.90
Jul 16	271.00	273.50	-2.50
Aug 16	272.20	274.80	-2.60
<b>Soyoil</b>			
Mar 16	30.69	30.50	0.19
May 16	30.90	30.69	0.21
Jul 16	31.13	30.91	0.22
Aug 16	31.19	30.96	0.23
<b>SRW</b>			
Mar 16	472.25	475.50	-3.25
May 16	478.00	480.25	-2.25
Jul 16	484.00	485.25	-1.25
Sep 16	492.75	493.75	-1.00
<b>HRW</b>			
Mar 16	464.75	470.75	-6.00
May 16	475.50	480.75	-5.25
Jul 16	485.75	490.75	-5.00
Sep 16	499.25	504.00	-4.75
<b>MGEX (HRS)</b>			
Mar 16	495.25	497.00	-1.75
May 16	500.25	503.00	-2.75
Jul 16	507.00	509.00	-2.00
Sep 16	517.00	519.00	-2.00

\*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 (valid through February 2), temperatures are expected to run well above normal (6-12 degrees or more) for virtually all locales east of the Rocky Mountains. Parts of the Pacific NW and Great Basin can expect slightly cooler-than-normal temperatures over the same period. As for precipitation, the recent favorable pattern remains as chances for good precipitation are expected across a good portion of the West, particularly the west coast along the coastal ranges, Sierra Nevada and Cascade Ranges. Central Florida is also looking likely to have good rains over this period. The country's mid-section looks to be dry, all in all.

The 6-10 day outlooks (February 2-6, 2016) are calling for better chances of below-normal temperatures across the middle two-thirds of the country with above-normal readings likely along both coasts. Precipitation prospects look best in the Pacific NW, central Plains, Midwest, Great Lakes, Florida and the Northeast. Below-normal precipitation is more likely in southern California, the Desert Southwest, most of Texas and the lower Mississippi Valley and Delta.

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 weather-related temporary closure of the Federal government earlier this week, USDA's next Export Sales report will be released on Friday, January 29, 2016. The following table reflects the week of January 14, 2016.**

Export Sales and Exports: Week Ending January 14, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	418,700	257,700	12,194.3	16,416.1	-15%
Corn	1,182,700	571,600	10,610.7	22,279.3	-27%
Sorghum	216,600	105,700	3,825.1	5,678.2	-14%
Barley	0	200	22.6	26.1	-81%

Source: USDA, World Perspectives, Inc.

Note: Data reflects the week of January 14, 2016.

**Note: the following text reflects the week of January 14, 2016.**

**Corn:** Net sales of 1,157,700 MT for 2015/2016 were up 73 percent from the previous week and 91 percent from the prior 4-week average. Increases were reported for Mexico (466,900 MT), unknown destinations (255,600 MT), Saudi Arabia (146,500 MT, including 70,000 MT switched from unknown destinations), South Korea (138,000 MT), Japan (61,200 MT), and Colombia (59,600 MT). Net sales of 189,000 MT for 2016/2017 were reported for Mexico (180,000 MT) and Japan (9,000 MT). Exports of 571,600 MT were down 10 percent from the previous week and 4 percent from the prior 4-week average. The primary destinations were Mexico

(298,400 MT), Japan (125,100 MT), Saudi Arabia (76,500 MT), Colombia (22,900 MT), El Salvador (21,100 MT), Peru (11,000 MT), and Taiwan (6,600 MT).

Optional Origin Sales: For 2015/2016, 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 210,700 MT for 2015/2016 were reported for unknown destinations (162,500 MT), China (48,200 MT, including 48,800 MT switched from unknown destinations and decreases of 700 MT), and Mexico (100 MT). Exports of 105,700 MT were down 61 percent from the previous week and 46 percent from prior 4-week average. The destinations were China (103,000 MT, including 53,300 MT late reporting) and Mexico (2,700 MT).

### U.S. Export Inspections: Week Ending January 21, 2016

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
<b>Barley</b>	318	490	28,698	121,256	24%
<b>Corn</b>	599,765	581,479	11,235,784	14,304,194	79%
<b>Sorghum</b>	154,276	89,079	4,244,919	3,717,534	114%
<b>Soybeans</b>	1,197,226	1,398,698	31,626,425	35,769,179	88%
<b>Wheat</b>	187,903	341,042	13,082,556	14,731,495	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 21, 2016						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	490	0%
Gulf	399,230	68%	11,363	99%	99,667	65%
PNW	122,822	21%	98	1%	47,524	31%
Interior Export Rail	66,252	11%	0	0%	6,595	4%
<b>Total (Metric Tons)</b>	<b>588,304</b>	<b>100%</b>	<b>11,461</b>	<b>100%</b>	<b>154,276</b>	<b>100%</b>
<b>White Corn Shipments by Country (MT)</b>			6,247	to Colombia		
			5,116	to Honduras		
			98	to Korea		
<b>Total White Corn (MT)</b>			<b>11,461</b>			
<b>Sorghum Shipments by Country (MT)</b>					100,584	to China
					2,850	to Ethiopia
					46,133	to Kenya
					24	to Japan
					815	to Mexico
					3,870	to Somalia
<b>Total Sorghum (MT)</b>					<b>154,276</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)
LH February	+0.75 H	\$173.42	+0.78 H	\$174.60
March 5	+0.67 H	\$170.27	+0.78 H	\$174.60
March	+0.64 H	\$169.08	+0.78 H	\$174.60
April	+0.54 K	\$167.12	+0.77 K	\$176.17

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

\*Prices reflect the week of January 21, 2016.



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	\$171.45	+0.90 H	\$179.32
February	+0.80 H	\$175.38	+0.90 H	\$179.32
March	+0.90 H	\$179.32	+0.90 H	\$179.32

Barley: Feed Barley (FOB USD/MT)			
	February	March	April
FOB PNW	\$130	\$130	\$130

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	February	March	April
New Orleans	\$165	\$165	\$165
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	February	March	April
New Orleans	\$560	\$560	\$560
*5-10,000 MT Minimum			

\*All prices are market estimates.



DDGS Price Table: January 28, 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	173	171	170
FOB Vessel GULF	180	179	178
Rail delivered PNW	196	194	192
Rail delivered California	200	198	195
Mid-Bridge Laredo, TX	199	198	198
FOB Lethbridge, Alberta	168	167	165
40 ft. Containers to South Korea (Busan)	216	213	212
40 ft. Containers to Taiwan (Kaohsiung)	218	215	214
40 ft. Containers to Philippines (Manila)	227	224	222
40 ft. Containers to Indonesia (Jakarta)	228	225	224
40 ft. Containers to Malaysia (Port Kelang)	231	224	222
40 ft. Containers to Vietnam (HCMC)	233	232	231
40 ft. Containers to Japan (Yokohama)	226	221	218
40 ft. containers to Thailand (LCMB)	225	222	221
40 ft. Containers to Shanghai, China	216	215	213
KC & Elwood, IL Rail Yard (delivered Ramp)	178	176	175

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:** As noted previously, nearby slots of DDGS for export are in tight supply. Some buyers are apparently hoping that China will impose import penalties, which can occur no earlier than March 20, 2016, and that this will soften prices thereafter. However, DDGS prices are also pressured by the decline in grind (see ethanol section) and tighter margins. The current premium over corn may be justified but the gamble is when and if this declines.

Traditionally, there has been a price decline beginning in March. However, this time around the trade reports there has even been a slight increase in values for shipments this April. Moreover, the cautionary tale is years like 2010/11 when prices continued to rise on supply concerns, and 2011/12 when DDGS prices climbed 36 percent from January to July.

Prices increased week-to-week for container shipments to certain Asian destinations by as much as \$6. Domestic rail-delivered rates declined into April by as much as \$3.

**Ethanol Comments:** Last week's ethanol production fell 2.2 percent (21,000 barrels/day) from the prior week. This is the second weekly decline in a row. Encouragingly, ethanol stocks also declined by about 2.3 percent, but they were still 4 percent higher than last year. Export demand remains very hard to find; however, there are negligible imports.



Meanwhile, the margin between the corn price and the value of ethanol and co-products fell in Iowa to below \$1.00.

- Illinois differential is \$1.10 per bushel, in comparison to \$1.13 the prior week and \$1.63 a year ago.
- Iowa differential is \$0.98 per bushel, in comparison to \$1.02 the prior week and \$1.32 a year ago.
- Nebraska differential is \$1.17 per bushel, in comparison to \$1.26 the prior week and \$1.26 a year ago.
- South Dakota differential is \$1.19 per bushel, in comparison to \$1.20 the prior week and \$1.60 a year ago.

## COUNTRY NEWS

---

**China:** The China National Grain and Oils Information Center (CNGOIC) reports that companies have ordered more than 20 cargoes (1.2 MMT) of corn, mostly from Ukraine, for shipment in the first quarter of the year. (ThomsonReuters)

**India:** The attempt to import corn after 16 years appears successful as a 225,000 MT contract was awarded to Daewoo. (WPI)

**Iraq:** FAO reports a 10 percent decline in barley production, but when compared to the five-year average, production is up five percent. (FAO)

**Russia:** Deputy Minister of Agriculture Yevgeniy Gromyko announced that the ministry is considering possible introduction of an export duty for corn and barley.

**South Africa:** Grain SA reports that the country has had the least amount of rain since 1904, and while South Africa's Crop Estimates Committee believes that corn production will hit 7.44 MMT, many private analysts say it will be closer to 6.1 MMT. (Bloomberg)

**Zimbabwe:** The government secured a \$200 million line of credit from the Afreximbank for the purchase of corn, which could amount to 700 KMT. (Reuters)

## 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	\$22.75	Down \$0.50	Handymax at \$24.00/MT
55,000 U.S. PNW-Japan	\$12.50	Down \$0.50	Handymax at \$13.00/MT
55,000 U.S. Gulf-China	\$20.00	Down \$1.50	North China
PNW to China	\$11.50	Down \$0.50	
30,000 U.S. Gulf-Veracruz, México	\$12.00	Down \$0.25	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$10.25	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$13.25 \$24.75	Down \$0.25 Down \$0.25	West Coast Colombia at \$20.00
36-40,000 U.S. Gulf-Guatemala	\$20.25	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$27.00 \$29.25	Unchanged Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$26.00	Unchanged	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$18.00	Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$18.50
PNW to Egypt	\$20.25	Unchanged	
65-75,000 U.S. Gulf-Europe-Rotterdam	\$11.50	Up \$0.25	Handymax at +\$1.25 more
Brazil, Santos-China	\$13.50 \$12.00	Down \$1.00 Down \$1.00	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$24.00	Down \$1.00	48-53,000 MT (11.5-meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$21.00	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:** The past two weeks has proven how difficult it is to predict a market bottom. It is amazing that hire rates have continued to slide when they are this far below operating cost. Capesize vessels have been trading at near \$3,000/day and say they need close to \$6,000/day to break even. One shipping analyst estimates that the Capesize vessel fleet now

exceeds cargo demand by 50 percent. Panamax vessel rates are in a similar situation, trading in the \$2,500-\$3,000/day range.

Market economics are now forcing vessel operators to drop anchor and layup rather than run. This will remove capacity but not eliminate it. The Baltic Dry Index is now 325 and the Panamax Index sits at just 293. Physical dry-bulk grain rates seem to have bottomed/stabilized; maybe further bloodletting can be avoided? Seminar participants in Amman, Jordan last week asked me how they can know what vessel owners are strong and who is in financial danger. In truth every owner is in danger – it is just a matter of degree. So be careful.

Baltic-Panamax Dry-Bulk Indices				
January 28, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	5,288	5,759	-471	-8.2%
P3A: PNW/Pacific– Japan	2,050	2,492	-442	-17.7%

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:

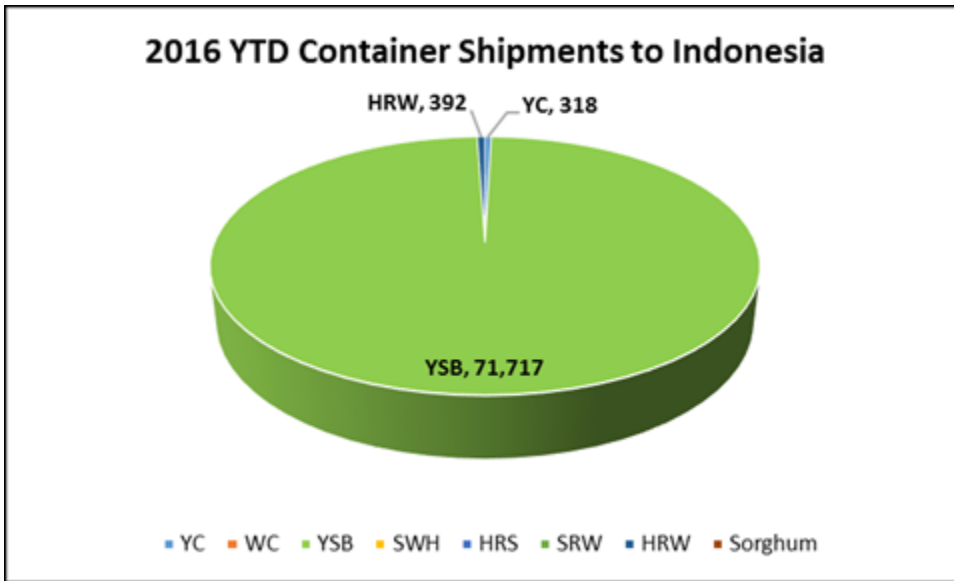
Week of January 28, 2016	
Four weeks ago:	\$2.95-\$3.20
Three weeks ago:	\$2.85-\$3.30
Two weeks ago	\$2.85-\$2.95
One week ago:	\$2.90-\$2.95
This week	\$2.90-\$3.10

Source: O'Neil Commodity Consulting

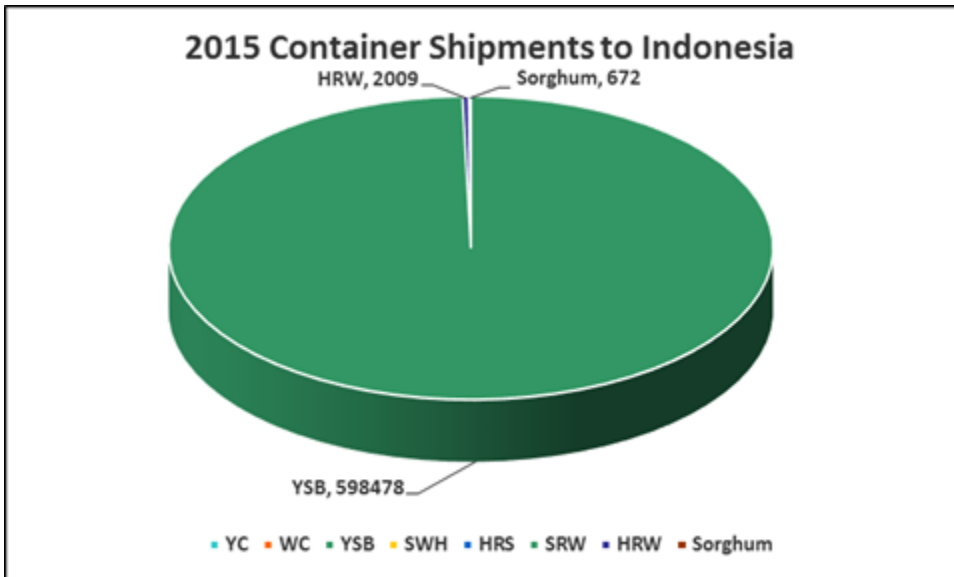
U.S.-Asia Market Spreads					
January 28, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.80	0.62	0.18	\$7.09	PNW
Soybeans	1.08	0.75	0.33	\$12.99	Gulf
Ocean Freight	\$11.50	\$20.00	0.22-0.23	(\$8.50)	March

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

January 28, 2016

Developing Markets • Enabling Trade • Improving Lives

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending January 28, 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 27, 2016			
	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	0.86	0.86	0.83
LIBOR (1 year)	1.16	1.15	1.15

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