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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn March Contract

\$/Bu	Friday 5 February	Monday 8 February	Tuesday 9 February	Wednesday 10 February	Thursday 11 February
Change	-0.0275	-0.0350	-0.0125	-0.0075	-0.0075
Closing Price	3.65.75	3.6225	3.6100	3.6025	3.5950
Factors Affecting the Market	Corn couldn’t find a reason to trade higher given a strong dollar and favorable weather in South America.	Financial market losses coupled with expectations of a bearish upcoming WASDE left nothing to support corn.	Atypically, volume was large (240,000 contracts) but the price range was narrow (2.5 cents).	With little new input, trading hardly moved between unchanged and a penny lower.	March corn continued its trek downward despite demand this week from Japan.

Outlook: Corn is back trading on the low end of the recent trading range and it looks technically weak. The trade figured that USDA’s February 9, 2016 WASDE report would reflect higher ending stocks but it tinkered with corn more than expected. U.S. corn exports for MY 2015/16 were cut by 50 million bushels, and imports were raised by 10 million bushels. After other adjustments, ending stocks were raised 35 million bushels. Meanwhile, forecasted world corn production was increased by 2 MMT more than expected, largely due to

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.

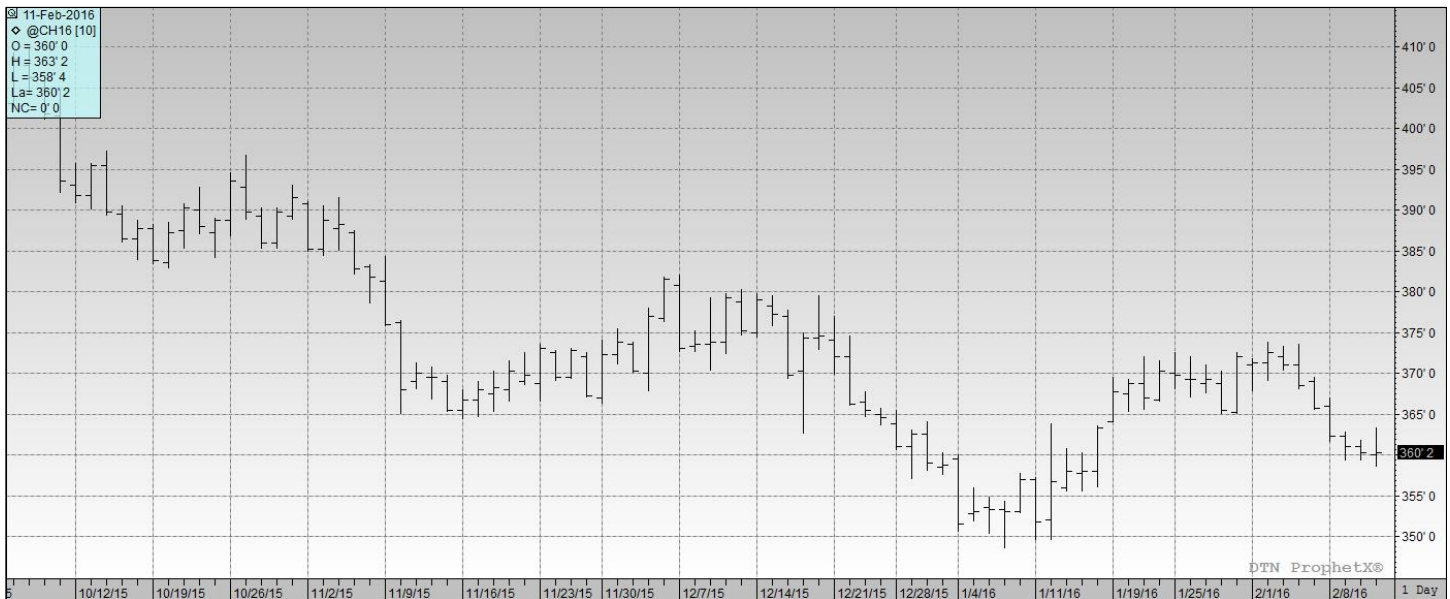
increases in Argentina (+1.4 MMT) and Brazil (+2.5 MMT). The market had expected reductions in South American production.

Nearby corn futures are now within a few pennies of their lowest level since September 2014. Recent rains in Argentina and Brazil have been helpful, and conditions have even improved somewhat in South Africa. Late planted corn in Argentina will need more rain as it hits the flowering stage. Some expect corn imports by South Africa could only be 4 MMT, but others dispute that number. Ocean freight is cheap, rail freight continues to be plentiful and lower in cost, grain is much cheaper and yet demand cannot be bought. Russia will deny corn imports from the U.S. for purported quality violations, though it is really based on geopolitics.

Final U.S. export data for 2015 shows an overall favorable year for sorghum sales to China, even though shipments were falling in the last half of the year. However, it was hay exports that remained bullish all the way to the end of the year, yielding a 21 percent increase over 2014 and an average price 21 percent higher than the previous year.

The next big USDA report to be anticipated by the trade is release of the 31 March planting intentions by U.S. farmers.

CBOT MARCH CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending February 11, 2016			
Commodity	11-Feb	5-Feb	Net Change
Corn			
Mar 16	360.25	365.75	-5.50
May 16	365.00	370.75	-5.75
Jul 16	369.75	376.00	-6.25
Sep 16	374.50	381.00	-6.50
Soybeans			
Mar 16	873.50	867.50	6.00
May 16	877.75	871.25	6.50
Jul 16	883.00	877.75	5.25
Aug 16	884.75	880.00	4.75
Soymeal			
Mar 16	263.70	265.00	-1.30
May 16	266.10	266.70	-0.60
Jul 16	268.70	269.30	-0.60
Aug 16	269.90	270.50	-0.60
Soyoil			
Mar 16	31.59	31.23	0.36
May 16	31.81	31.47	0.34
Jul 16	32.04	31.70	0.34
Aug 16	32.10	31.73	0.37
SRW			
Mar 16	458.25	466.75	-8.50
May 16	463.50	470.50	-7.00
Jul 16	468.75	475.75	-7.00
Sep 16	478.00	484.25	-6.25
HRW			
Mar 16	444.00	454.00	-10.00
May 16	453.75	463.50	-9.75
Jul 16	464.25	473.00	-8.75
Sep 16	478.00	486.75	-8.75
MGEX (HRS)			
Mar 16	486.25	491.25	-5.00
May 16	490.75	496.75	-6.00
Jul 16	499.50	504.00	-4.50
Sep 16	510.00	514.25	-4.25

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: During February 11-15, a half-inch or less of precipitation (liquid equivalent) is forecast for far northwestern California and the western margin of the drought region in Oregon. One to two inches of precipitation is anticipated across northern Idaho and northeastern Oregon. Unfortunately, much heavier amounts of precipitation (3-7 inches) are predicted for parts of the Pacific Northwest which are no longer in drought. Precipitation amounts of a half-inch or less are predicted for the Dakotas and most of the Mississippi Valley, with perhaps an inch for the Arkansas-Louisiana-Texas region, and for downwind areas of the Lower Great Lakes region.

During the ensuing 5 days (February 16-20), the projected precipitation pattern generally favors above-median precipitation from the Pacific Northwest and northern Rockies eastward across North Dakota, and continuing eastward and southeastward across the Great Lakes region, the Ohio and upper Tennessee Valleys, Appalachians, and Atlantic Coast states from Maine to South Carolina. Below-median precipitation is favored from California and the Southwest eastward across central and southern sections of both the Rockies and Great Plains, most of the Middle and Lower Mississippi Valley, and the Gulf Coast states including all of Florida. This pattern is what would be expected of a La Nina winter, not an El Nino winter. At any rate, some drought relief is at least favored across the northern U.S. during this period, but this is not the case for places like (most of) California, the Southwest, and Texas. Dryness is rapidly expanding across Texas, and some degradation in the drought depiction will probably be needed next week.

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 February 4, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	93,400	230,300	12,736.0	16,776.5	-17%
Corn	1,130,200	660,700	11,920.1	24,225.4	-25%
Sorghum	192,300	165,600	4,090.7	5,923.8	-16%
Barley	0	0	22.6	26.1	-81%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 405,000 MT for 2015/2016 were down 64 percent from the previous week and 57 percent from the prior 4-week average. Increases were reported for Japan (113,700 MT, including 40,700 MT switched from unknown destinations), Colombia (71,800 MT, including 61,000 MT switched from unknown destinations and decreases of 45,800 MT), Taiwan (68,600 MT), Mexico (47,100 MT), Peru (42,000 MT, including 30,000 MT switched from unknown destinations), and Panama (26,100 MT, including 20,700 MT switched from unknown destinations). Reductions of 40,600 MT were reported for unknown destinations. For 2016/2017, net sales reductions of 58,900 MT were for Japan. Exports of 528,700 MT were down 20 percent from the previous week and 16 percent from the prior 4-week average. The primary destinations were Mexico (199,900 MT),

Colombia (106,900 MT), Japan (103,300 MT), Peru (33,000 MT), Taiwan (29,600 MT), and Guatemala (22,200 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 400 MT were reported to Japan (300 MT) and Taiwan (100 MT).

Sorghum: Net sales of 188,600 MT for 2015/2016 for Pakistan (109,800 MT, including 13,800 MT switched from unknown destinations), China (92,000 MT, including 49,900 MT switched from unknown destinations and decreases of 14,300 MT), and Mexico (3,000 MT), were partially offset by reductions for unknown destinations (16,300 MT). Exports of 240,000 MT were up 45 percent from the previous week and 50 percent from prior 4-week average. The destinations were China (222,400 MT), Pakistan (14,800 MT), and Mexico (2,800 MT).

U.S. Export Inspections: Week Ending February 4, 2016

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	490	29,188	124,688	23%
Corn	438,560	726,818	12,401,234	15,667,258	79%
Sorghum	238,515	169,888	4,654,494	4,017,450	116%
Soybeans	1,172,661	1,196,386	33,998,313	38,956,071	87%
Wheat	398,216	284,808	13,766,678	15,583,747	88%

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 February 4, 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	287,080	71%	33,000	100%	172,099	72%
PNW	84,421	21%	0	0%	64,105	27%
Interior Export Rail	34,059	8%	0	0%	2,311	1%
Total (Metric Tons)	405,560	100%	33,000	100%	238,515	100%
White Corn Shipments by Country (MT)			33,000	to Mexico		
Total White Corn (MT)			33,000			
Sorghum Shipments by Country (MT)					223,023	to China
					14,772	to Pakistan
					720	to Mexico
Total Sorghum (MT)					238,515	

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)
February 25	+0.60 H	\$165.44	-	-
FH March	+0.65 H	\$167.41	+0.76 H	\$171.74
March	+0.61 H	\$165.84	+0.76 H	\$171.74
April	+0.52 K	\$164.16	+0.65 K	\$169.28
May	+0.54 K	\$164.95	+0.75 K	\$173.22

#2 White Corn (U.S. \$/MT FOB Vessel)		
Max. 15.0% Moisture	February	March
Gulf	\$208	\$208

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
March	+0.80 H	\$173.32	+0.90 H	\$177.25
April	+0.80 K	\$175.19	+0.90 K	\$179.12
May	+0.80 K	\$175.19	+0.95 K	\$179.12

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Barley: Feed Barley (FOB USD/MT)			
	February	March	April
FOB PNW	\$140	\$140	\$140

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	March	April	May
New Orleans	\$172-\$175	\$172-\$175	\$172-\$175
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
	March	April	May
Bulk 60% Pro. New Orleans	\$550	\$550	\$550
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: February 11, 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	182	179	176
FOB Vessel GULF	190	187	184
Rail delivered PNW	201	198	196
Rail delivered California	203	200	198
Mid-Bridge Laredo, TX	199	196	194
FOB Lethbridge, Alberta	170	170	167
40 ft. Containers to South Korea (Busan)	218	207	206
40 ft. Containers to Taiwan (Kaohsiung)	223	210	208
40 ft. Containers to Philippines (Manila)	233	221	220
40 ft. Containers to Indonesia (Jakarta)	235	222	220
40 ft. Containers to Malaysia (Port Kelang)	242	219	218
40 ft. Containers to Vietnam (HCMC)	237	222	221
40 ft. Containers to Japan (Yokohama)	230	215	214
40 ft. containers to Thailand (LCMB)	228	215	213
40 ft. Containers to Shanghai, China	218	209	207
KC & Elwood, IL Rail Yard (delivered Ramp)	193	173	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: USDA's recent Grain Crushing and Coproducts Production report indicates that production of both distillers dried grains (423.6 KMT) and distillers dried grains with solubles (1.97 MMT) were up in

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December versus November, but down relative to totals in December 2014. The U.S. produced 27.7 MMT of distillers dried grains in 2015, and exported half of it with China a major buyer.

For this week's report, February prices firmed to all tracked destinations while there were only a few declines in March and April positions; all of this took place despite a relatively quiet market. March/April prices for U.S. delivery points firmed. Thailand showed the largest decline at \$5/container. Still, there was a 4,000 MT sale to Thailand for March/April delivery. The price, at \$208/container, was aggressive but reflected that there is still some demand in the market.

Ethanol Comments: USDA raised corn use for ethanol grind by 25 million bushels in its February 9, 2016 WASDE report. Low petroleum prices are pressuring ethanol margins but biofuel mandates will keep exports large in 2016. Ethanol exports in December (309 million liters) were at a nine-month high. Ethanol exports overall in 2015 (836 million gallons) represented 6 percent of total U.S. production in 2015. March ethanol futures jumped to a six-week high this past week as a result of an arbitrage opportunity as Brazilian ethanol prices hit a 5-year high.

Fuel ethanol stocks rose last week by 600,000 barrels to 23 million total on production that was up nearly 10,000 barrels per day. There were again no imports.

Meanwhile, the margin between the corn price and the value of ethanol and coproducts dropped last week in all four tracked markets (see below).

- Illinois differential is \$1.29 per bushel, in comparison to \$1.35 the prior week and \$1.84 a year ago.
- Iowa differential is \$1.16 per bushel, in comparison to \$1.21 the prior week and \$1.50 a year ago.
- Nebraska differential is \$1.39 per bushel, in comparison to \$1.41 the prior week and \$1.41 a year ago.
- South Dakota differential is \$1.38 per bushel, in comparison to \$1.55 the prior week and \$1.66 a year ago.

COUNTRY NEWS

Argentina: Newly installed President Mauricio Macri fulfilled a campaign promise by raising the ethanol blend mandate from 10 percent to 12 percent. The mandate has been consistently raised from 6 percent in 2013 to 8.5 percent in September 2014, to 10 percent in December 2014 and now 12 percent. (WPI)

India: The government's bid to make the country self-sufficient in food is threatened by adverse weather in 80 percent of the production areas. While global food prices decline, they are rising in India. A 2 MMT shortfall in corn production will be partially offset by poultry growers through increased consumption of pearl millet, broken rice and sorghum, but the import of 1 MMT of corn is still a possibility. (WPI)

Turkey: Barley production is expected to rise to 3.4 MMT, and feed use will expand by 1.5 MMT. Corn production is also higher by 1.3 MMT, pushing import requirements lower by an equal amount. But corn stocks will grow by 500 KMT as cheaper feed wheat and feed barley takes its place. (USDA/FAS/GAIN)

Zimbabwe: Agriculture Minister Joseph Made says that all emergency corn imports will be inspected and any found with GMOs will be rejected. Some may be considered later if trucked under security escort to milling plants. (Bloomberg)

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	Up \$0.25	Handymax at \$24.00/MT
55,000 U.S. PNW-Japan	\$12.75	Up \$0.25	Handymax at \$13.00/MT
55,000 U.S. Gulf-China	\$20.25	Up \$0.25	North China
PNW to China	\$11.75	Up \$0.25	
30,000 U.S. Gulf-Veracruz, México	\$12.00	Unchanged	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 \$25.00	Down \$0.25 Up \$0.25	West Coast Colombia at \$20.50
36-40,000 U.S. Gulf-Guatemala	\$20.75	Up \$0.25	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	Unchanged	Handymax at +\$1.25 more
Brazil, Santos-China	\$14.50 \$13.00	Up \$0.50 Up \$0.50	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$24.50	Up \$0.50	48-53,000 MT (11.5-meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$21.50	Up \$0.25	—

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: China and much of Asia are out on holiday. It is the Lunar New February 8-13, 2016. Global freight markets are therefore very quiet, but that is a relative description as things have been slow for many months even without a holiday. All-in-all ocean freight markets are just bouncing along bottom. Markets can't really go much lower but do not have the support to move up. So we have arrived at bit of a standoff. Now we wait to see what shippers go into cold lay-up, who goes bankrupt and who continues to operate. The Baltic Panamax index did move up a little this week but I don't see that it has affected rates in the physical market.

The Panama Canal Authority (ACP) announces that sill reinforcements in the new locks have been completed this week, bringing the Panama Canal Expansion one step closer to the projected June 2016 inauguration. The maximum vessel draft recommendation at the South West Pass to the Mississippi River remains at 41 feet.

Baltic-Panamax Dry-Bulk Indices				
February 10, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	5,767	5,540	227	4.1%
P3A: PNW/Pacific– Japan	2,223	2,035	188	9.2%

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:

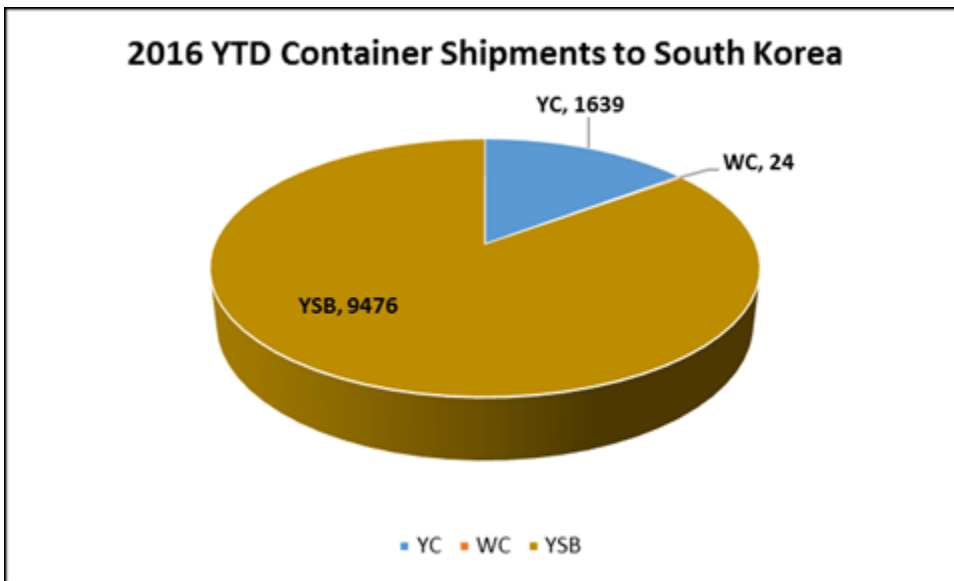
Week of February 10, 2016	
Four weeks ago:	\$2.85-\$2.95
Three weeks ago:	\$2.90-\$2.95
Two weeks ago	\$2.90-\$3.10
One week ago:	\$2.85-\$3.00
This week	\$2.85-\$3.00

Source: O'Neil Commodity Consulting

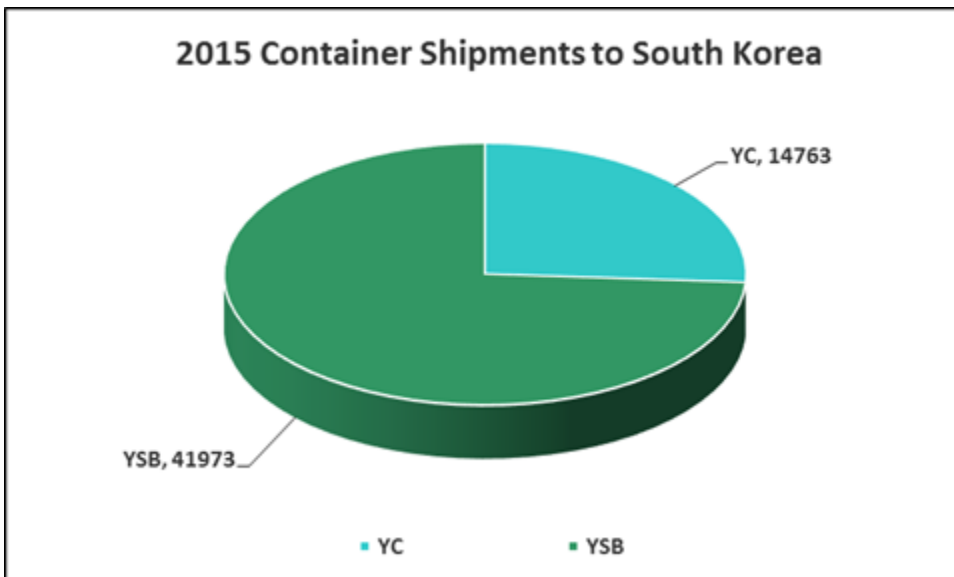
U.S.-Asia Market Spreads					
February 10, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.77	0.61	0.16	\$6.30	PNW
Soybeans	1.05	0.73	0.32	\$12.60	Gulf
Ocean Freight	\$11.75	\$20.25	0.22-0.23	(\$8.50)	March

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending February 11, 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 (%): February 10, 2016			
	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	0.87	0.86	0.85
LIBOR (1 year)	1.14	1.14	1.15

Source: www.bankrate.com