



**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) ..... 7

COUNTRY NEWS ..... 8

OCEAN FREIGHT MARKETS AND SPREAD ..... 9

OCEAN FREIGHT COMMENTS ..... 9

INTEREST RATES..... 12

**CHICAGO BOARD OF TRADE MARKET NEWS**

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

\$/Bu	Friday 19 February	Monday 22 February	Tuesday 23 February	Wednesday 24 February	Thursday 25 February
<b>Change</b>	0.0000	0.0200	-0.0550	-0.0225	-0.03600
<b>Closing Price</b>	3.6500	3.6750	3.6200	3.5975	3.6060
<b>Factors Affecting the Market</b>	Price action was negligible despite large volume, solid exports and reduced Argentine production.	Better than expected export inspections pushed prices up 4 cents before falling in late trade.	Monday’s higher pricing prompted a wave of farmer selling, causing a “Turnaround Tuesday” on the reminder of abundant supplies.	The price of wheat hit a six-year low but corn remained within its technical trading range.	USDA’s issuance of a projected \$3.45 season average corn price drove the market lower.

**Outlook:** USDA held its annual Outlook Conference where it forecasts crops for the year ahead. The agency expects corn production area in the U.S. to expand to 90 million acres (versus 88 million last year), partially offset by a 1.7-million-acre decline in minor feed grain production area, and resulting in a season average corn price of \$3.45/bushel. Global corn production will outstrip demand for the fifth year in a row, though ending stocks remain 40 percent below their peak in the late 1990s.

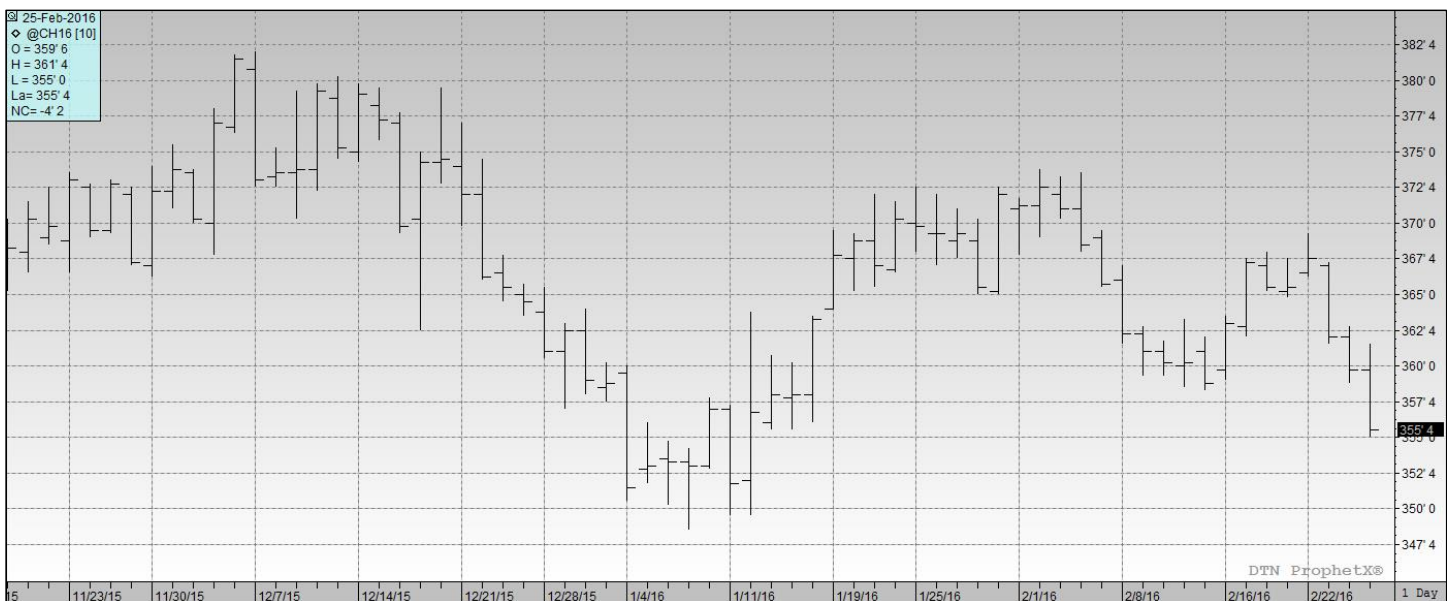
**For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Manuel Sanchez or Alvaro Cordero at (202) 789-0789.**

*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.*

On the bullish side, U.S. corn exports are beating expectations (up 20 percent last week over the four-week average) and should remain strong for a few more weeks. Argentine suppliers are slow to reduce premiums despite cheaper feed wheat in the market. Weather is the only foreseeable change variable and extraordinarily warm temperatures in the U.S. upper Midwest poses a risk to an emerging winter wheat crop should a cold snap return. Otherwise, the world is awash in wheat, so much so that Black Sea feed wheat is being offered into the North Africa market at parity to corn, giving it a marketing edge. In fact, the situation has made popular a wheat/corn spread in the future for those recognizing that wheat has to get cheap enough to sell into feed demand.

Monday, February 29 is first notice day for deliveries against the March futures contract.

## CBOT MARCH CORN FUTURES



Source: Prophet X

Current Market Values:

<b>Futures Price Performance: Week Ending February 25, 2016</b>			
<b>Commodity</b>	<b>25-Feb</b>	<b>19-Feb</b>	<b>Net Change</b>
<b>Corn</b>			
Mar 16	355.50	365.50	-10.00
May 16	360.50	369.25	-8.75
Jul 16	365.75	373.75	-8.00
Sep 16	371.50	378.75	-7.25
<b>Soybeans</b>			
Mar 16	859.00	878.25	-19.25
May 16	865.50	880.75	-15.25
Jul 16	871.75	885.25	-13.50
Aug 16	873.75	886.75	-13.00
<b>Soymeal</b>			
Mar 16	260.00	264.50	-4.50
May 16	262.70	266.00	-3.30
Jul 16	265.20	268.30	-3.10
Aug 16	266.40	269.50	-3.10
<b>Soyoil</b>			
Mar 16	30.65	31.39	-0.74
May 16	30.91	31.63	-0.72
Jul 16	31.14	31.86	-0.72
Aug 16	31.24	31.93	-0.69
<b>SRW</b>			
Mar 16	445.25	461.75	-16.50
May 16	454.00	466.75	-12.75
Jul 16	462.25	474.00	-11.75
Sep 16	473.00	484.00	-11.00
<b>HRW</b>			
Mar 16	446.25	457.00	-10.75
May 16	457.00	466.25	-9.25
Jul 16	467.50	476.50	-9.00
Sep 16	480.75	490.25	-9.50
<b>MGEX (HRS)</b>			
Mar 16	486.25	493.25	-7.00
May 16	491.75	497.75	-6.00
Jul 16	500.50	505.50	-5.00
Sep 16	510.75	515.50	-4.75

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

## U.S. WEATHER/CROP PROGRESS

**U.S. Drought Monitor Weather Forecast:** Stormy, occasionally cold weather in the East will contrast with warmth and dryness across much of the west. A potent winter storm will march northeastward across the Great Lakes, producing additional locally heavy showers across the Atlantic Coast States as well as moderate to heavy rain and snow in the Midwest. In the storm's wake, briefly chilly conditions east of the Mississippi will give way to a rapid warm up by early next week. Generally tranquil weather will prevail from the Plains into the upper Midwest, though here, too, increasingly warm conditions will develop into next week. Unfavorably warm, dry weather will persist from California and the Great Basin into the lower Four Corners Region, while periods of rain and mountain snow continue farther north from the Northwest into the northern and central Rockies. The NWS 6- to 10-day outlook for March 1-5 calls for above-normal temperatures across the western and central U.S. as well as much of the Northeast, with cooler-than-normal conditions confined to the upper Midwest. Meanwhile, below-normal precipitation is anticipated from the central and southern Pacific Coast eastward onto the High Plains and upper Midwest.

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 18, 2016

Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	390,700	230,000	13,681.9	17,681.3	-17%
Corn	979,700	870,700	14,048.3	26,615.5	-24%
Sorghum	55,000	216,400	4,721.5	6,349.5	-15%
Barley	0	0	23.2	26.2	-81%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales of 934,400 MT for 2015/2016 were down 11 percent from the previous week, but up 10 percent from the prior 4-week average. Increases were reported for Japan (334,800 MT, including 58,000 MT switched from unknown destinations and decreases of 5,300 MT), unknown destinations (170,500 MT), Costa Rica (125,200 MT), Colombia (123,000 MT, including 35,000 MT switched from unknown destinations and decreases of 2,500 MT), and Mexico (118,700 MT). Reductions were reported for the Dominican Republic (31,000 MT) and the French West Indies (2,000 MT). For 2016/2017, net sales of 131,800 MT were for unknown destinations (105,200 MT) and Japan (26,700 MT). Exports of 870,700 MT--a marketing-year high--were up 19 percent from the previous week and 36 percent from the prior 4-week average. The primary destinations were Mexico (353,200 MT), Japan (248,600 MT), Colombia (182,300 MT), South Korea (58,100 MT), and Taiwan (11,700 MT).

Optional Origin Sales: For 2015/2016, the current outstanding balance is 340,000 MT, all unknown destinations.

**Barley:** There were no sales or exports reported during the week.

**Sorghum:** Net sales of 43,200 MT for 2015/2016 were down 78 percent from the previous week and 73 percent from the prior 4-week average. Increases for China (119,700 MT, including 100,300 MT switched from unknown destinations and decreases of 6,600 MT) and Pakistan (29,000 MT, switched from China), were partially offset by reductions for unknown destinations (105,500 MT). Exports of 216,400 MT were up 24 percent from the previous week and 27 percent from prior 4-week average. The destinations were China (211,700 MT) and Mexico (4,600 MT).

### U.S. Export Inspections: Week Ending February 18, 2016

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	514	29,702	147,320	20%
Corn	900,323	691,641	14,014,417	17,305,014	81%
Sorghum	212,278	172,869	5,043,511	4,558,714	111%
Soybeans	1,531,401	1,760,174	37,407,597	41,271,946	91%
Wheat	245,464	385,635	14,399,715	16,517,239	87%

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 18, 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	571,222	67%	52,822	100%	146,224	69%
PNW	151,413	18%	0	0%	64,999	31%
Interior Export Rail	124,866	15%	0	0%	1,055	0%
<b>Total (Metric Tons)</b>	<b>847,501</b>	<b>100%</b>	<b>52,822</b>	<b>100%</b>	<b>212,278</b>	<b>100%</b>
White Corn Shipments by Country (MT)			21,522	to Colombia		
			31,300	to Mexico		
<b>Total White Corn (MT)</b>			<b>52,822</b>			
Sorghum Shipments by Country (MT)					211,223	to China
					1,055	to Mexico
<b>Total Sorghum (MT)</b>					<b>212,278</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)
<b>FH March</b>	+0.52 H	\$152.55	+0.72 H	\$160.42
<b>March</b>	+0.50 H	\$151.76	+0.72 H	\$160.42
<b>April</b>	+0.48 K	\$160.82	+0.74 K	\$171.05
<b>May</b>	+0.50 K	\$161.61	+0.75 K	\$171.45

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	March	April	May
<b>Gulf</b>	\$204	\$205	\$205

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
<b>March</b>	+0.83 H	\$164.75	+0.95 H	\$169.48
<b>April</b>	+0.83 K	\$174.60	+0.85 K	\$175.38
<b>May</b>	+0.83 K	\$174.60	+0.85 K	\$175.38

Barley: Feed Barley (FOB USD/MT)			
	March	April	May
<b>FOB PNW</b>	\$140	\$140	\$140

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	March	April	May
<b>New Orleans</b>	\$158	\$158	\$158
<i>Quantity 5,000 MT</i>			

Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	March	April	May
<b>New Orleans</b>	\$560	\$560	\$560

\*5-10,000 MT Minimum

\*All prices are market estimates.



DDGS Price Table: February 25, 2016 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Mar.	Apr.	May
Barge CIF New Orleans	180	176	176
FOB Vessel GULF	188	184	183
Rail delivered PNW	206	204	203
Rail delivered California	207	205	204
Mid-Bridge Laredo, TX	197	195	194
FOB Lethbridge, Alberta	175	173	172
40 ft. Containers to South Korea (Busan)	210	208	207
40 ft. Containers to Taiwan (Kaohsiung)	214	211	211
40 ft. Containers to Philippines (Manila)	224	219	219
40 ft. Containers to Indonesia (Jakarta)	224	221	220
40 ft. Containers to Malaysia (Port Kelang)	227	219	218
40 ft. Containers to Vietnam (HCMC)	226	225	225
40 ft. Containers to Japan (Yokohama)	221	218	218
40 ft. containers to Thailand (LCMB)	219	217	216
40 ft. Containers to Shanghai, China	212	212	212
KC & Elwood, IL Rail Yard (delivered Ramp)	177	175	174

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:** There are conflicting reports about current market trends but one report says that data published on February 22 by China's General Administration of Customs indicates that imports of DDGS surged in January, 2016 to 290,653 tons. Reuters quotes a Chinese buyer saying that "Companies are still buying to benefit from low U.S. prices..." The article quotes the average shipment value at \$235.40/MT. Traders expect China's DDGS imports to continue for a few more months. These imports follow a record volume of DDGS and sorghum imports by China in 2015. Meanwhile, Shanghai JC Intelligence Co. Ltd. asserts that China's January sorghum imports also remained solid at 923,941 MT, versus 733,590 MT a year ago.

Overall, the trade indicates a firming of prices (average +\$4/container) this past week for April/May delivery to destinations such as China and Japan, but an average decline of \$1.50/container with Thailand as the destination.

**Ethanol Comments:** The U.S. Energy Information Administration (EIA) expects petroleum prices to move back towards equilibrium and average \$40/barrel for Brent crude in 2016, though the market doesn't look that way at the moment. Nonetheless, the U.S. ethanol industry plans to double its exports over the next six years based on world demand for octane to reduce pollution. Green Pool Commodity Specialists forecast global ethanol demand to expand by 0.9 percent in 2016 to 118.7 billion liters, against 117.9 billion liters in

production. They conclude that Asia will be buying more ethanol from the U.S. – which may be driven in part by a decision in some markets against allowing energy demand to compete with their own domestically produced supply of food.

U.S. ethanol production this past week rose to 994,000 barrels per day, up from 975,000, but in an indication that perhaps the seasonal peak in supply building has occurred, surplus stocks fell for the first time in several weeks – though by just 100,000 barrels to a total of 23 million.

Meanwhile, the margin between the corn price and the value of ethanol and coproducts continued to push higher last week in Iowa and South Dakota, and remains higher than a year ago in Nebraska (see below).

- Illinois differential is \$1.36 per bushel, in comparison to \$1.36 the prior week and \$1.73 a year ago.
- Iowa differential is \$1.28 per bushel, in comparison to \$1.26 the prior week and \$1.43 a year ago.
- Nebraska differential is \$1.47 per bushel, in comparison to \$1.48 the prior week and \$1.37 a year ago.
- South Dakota differential is \$1.52 per bushel, in comparison to \$1.50 the prior week and \$1.58 a year ago.

## COUNTRY NEWS

---

**China:** Corn imports in January were the lowest since 2013 whereas wheat imports for the month were up by 209.7 percent. (Bloomberg)

**Europe:** European livestock are consuming increasing volumes of imported corn as a result of that grain's attractive pricing. Dairy cattle feed rations reached 29 percent corn content last year and now are at 30 percent. (Bloomberg)

**India:** Total coarse cereal production is estimated at 38.40 MMT, versus 42.86 MMT in 2014/15. The rabi season corn crop is estimated at 5.41 MMT, down from 7.16 MMT last year. (WPI)

**South Africa:** Makenosi Maroo of the Department of Agriculture says that maize with unapproved GM traits will be allowed into designated storage in order to speed up imports. Normally such product must go straight to processing. (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	\$22.50	Unchanged	Handymax at \$23.50/MT
55,000 U.S. PNW-Japan	\$13.00	Unchanged	Handymax at \$13.50/MT
55,000 U.S. Gulf-China	\$20.75	Unchanged	North China
PNW to China	\$12.00	Unchanged	
30,000 U.S. Gulf-Veracruz, México	\$12.25	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	\$12.75 \$24.50	Down \$0.25 Down \$0.50	West Coast Colombia at \$19.50
36-40,000 U.S. Gulf-Guatemala	\$20.00	Down \$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	\$21.25	Unchanged	
65-75,000 U.S. Gulf-Europe-Rotterdam	\$11.75	Unchanged	Handymax at +\$1.25 more
Brazil, Santos-China	\$15.25 \$14.00	Unchanged Unchanged	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$25.50	Unchanged	48-53,000 MT (11.5-meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$22.50	Unchanged	—

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:** Last week's attempt to rally ocean freight values is fading. The Dry-Bulk Capesize market looks to be in even worse shape than before with west Australia iron ore to China trading down to \$2.75/MT. Panamax rates in the grain trade look to be moving mostly sideways and struggling to maintain stability. Smaller vessels are holding up a little better in this market.

With weak export volumes and slow farmer grain movement, U.S. Export FOBbing (loading) margins (with the exception of grain sorghum) are terrible; in some cases, near zero. With the continued weakness in global stock markets and slowdown in demand for raw materials, machinery, and maybe even consumer goods, we are not building sufficient new cargo demand. I don't believe dry-bulk ocean freight rates can go much lower but that doesn't mean that we are out of the freight crisis and that more drama will not occur; it will. It is going to be a very rocky 2016 – hold on to your hats.

Baltic-Panamax Dry-Bulk Indices				
February 25, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	5,815	6,348	-533	-8.4%
P3A: PNW/Pacific– Japan	3,045	2,874	171	5.9%

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 25, 2016	
Four weeks ago:	\$2.90-\$3.10
Three weeks ago:	\$2.85-\$3.00
Two weeks ago:	\$2.85-\$3.00
One week ago:	\$2.80-\$2.90
This week	\$2.75-\$3.00

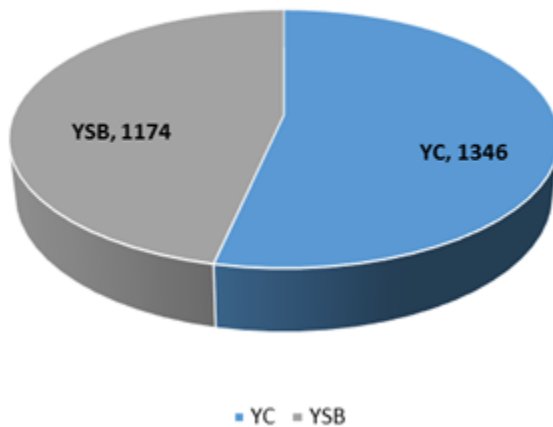
Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
February 25, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.72	0.51	0.21	\$8.27	Both
Soybeans	0.95	0.58	0.37	\$14.57	Gulf
Ocean Freight	\$12.00	\$20.75	0.22-0.23	(\$8.75)	March

Source: O'Neil Commodity Consulting

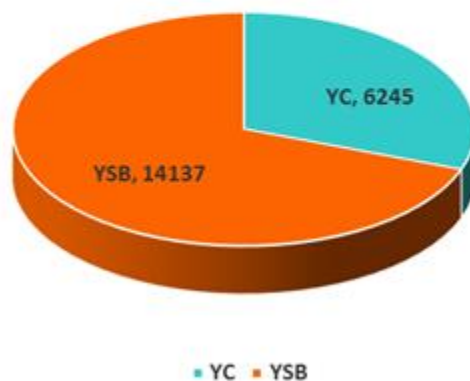
The charts below represent year-to-date 2016 versus January-December 2015 annual totals for container shipments to the Philippines.

## 2016 YTD Container Shipments to Philippines



Source: O'Neil Commodity Consulting

## 2015 Container Shipments to Philippines



Source: O'Neil Commodity Consulting

February 25, 2016

Developing Markets • Enabling Trade • Improving Lives

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending February 18, 2016								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$20.50	\$22	\$21	\$23	\$23	\$17	-
	Brazil	\$14.50	\$16	\$15	\$20	\$17	\$12	-
Corn (White)	Argentina	\$20.50	\$22	\$21	\$23	\$23	\$17	-
	Brazil	\$14.50	\$16	\$15	\$20	\$17	\$12	-
Barley	Argentina	\$20.50	\$22	\$21	\$23	\$23	\$17	-
	Brazil	\$14.50	\$16	\$15	\$20	\$17	\$12	-
Sorghum	Argentina	\$20.50	\$22	\$21	\$23	\$23	\$17	-
	Brazil	\$14.50	\$16	\$15	\$20	\$17	\$12	-

Note: Bid-ask spreads can vary in width and initial offers may be higher on less active routes.

Source: World Perspectives, Inc.

\*Note: Prices reflect the week of February 18, 2016.

## INTEREST RATES

Interest Rates (%): February 24, 2016			
	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	0.88	0.87	0.86
LIBOR (1 year)	1.14	1.12	1.16

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