



March 2, 2017

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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.

CHICAGO BOARD OF TRADE MARKET NEWS

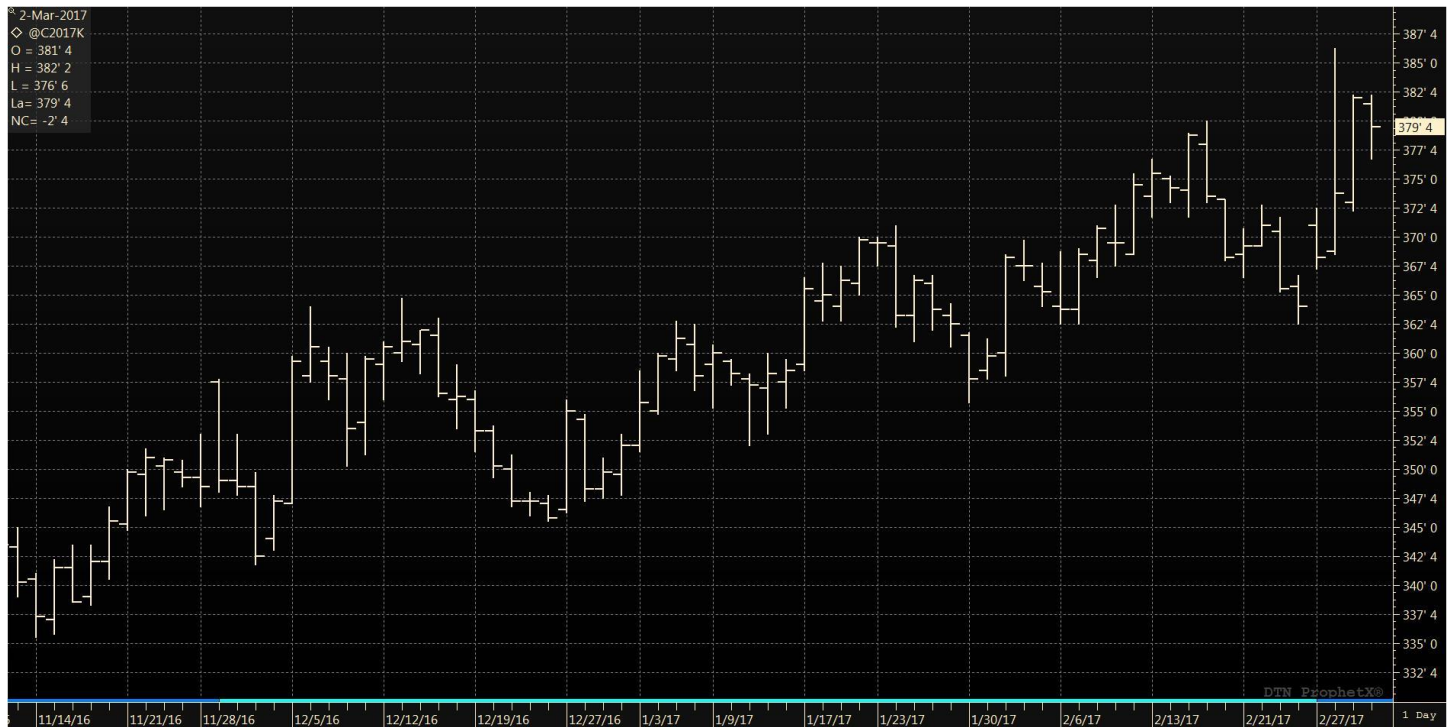
Week in Review: CME Corn May Contract

\$/Bu	Friday 24 February	Monday 27 February	Tuesday 28 February	Wednesday 1 March	Thursday 2 March
Change	-1.750	-2.500	5.5000	8.2500	-2.5000
Closing Price	370.75	368.25	373.75	382.00	379.50
Factors Affecting the Market	Corn retreated on good weather and big crop expectations for South America. U.S. FOB prices are still lower than Brazil, allowing robust exports for the week. USDA released 2017/18 numbers, pegging ending stocks at 2.215 bln. bu. down from last year.	Weekend weather was favorable in S. America, pressuring U.S. prices. USDA's export figure was bullish, with shipments up 75 percent YTD. May corn is testing 6-month lows near \$3.63. Cash corn prices were slightly weaker with the dollar essentially unchanged.	Corn traded as much as 18 cents higher before limiting gains. The dollar and other outside markets were all lower.	More bullish fuel came from slow planting in central Brazil and steady ethanol production. Equities were higher; the Dow crossed 21K for the first time in history.	A lower day erased the week's earlier gains. Export sales totaled 27.3 mill. bu. while exports were a bullish 59 mill. bu. March corn received 118 deliveries which also pressured the market. Outside markets were sharply lower.

Outlook: This past week, bullish news came from USDA's weekly export sales report which estimated 58.9 million bushels of corn were exported last week. The figure came with a modestly disappointing sales figure of 28 million bushels, 0.8 of which were from the 2017/18 crop. Typically, export sales start to slump during the spring and steadily fall off into the summer. Last year, however, tight stocks in Brazil left U.S. exports robust through much of the spring and summer. This year is more likely to follow the traditional pattern, given the generally good condition of Brazil's crop and the country's expected production. So far, YTD exports are up 68 percent this year and bookings (exports plus unshipped sales) are up 57 percent YTD.

From a technical perspective, May corn remains in its long, shallow uptrend and shows few signs of reversing course. The 100-day moving average has proven to be a strong support point since early January and major support is noted there, at \$3.66. Resistance lies at \$3.87, the February 16 daily high, and strong fundamental news will be required to lift the market above this point. A sentiment of weakness is prevalent in the cash market with interior basis levels widening and cash prices retreating modestly. The March futures contract received 118 deliveries yesterday, illustrating the weak cash situation. Looking forward, the May contract likely has a few days of upward momentum left in its system. So far this year, May corn has responded well to slow stochastic indicators, and Monday's indication of oversold conditions gave way to Tuesday's rally. Look for the market to trade higher for the next few days before bulls run out of news and commercial selling kicks in.

CBOT MAY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending March 2, 2017			
Commodity	2-Mar	24-Feb	Net Change
Corn			
Mar 17	372.75	364.00	8.75
May 17	379.50	370.75	8.75
Jul 17	386.25	378.25	8.00
Sep 17	392.25	384.50	7.75
Soybeans			
Mar 17	1026.75	1013.50	13.25
May 17	1037.25	1024.25	13.00
Jul 17	1045.75	1033.25	12.50
Aug 17	1045.75	1033.00	12.75
Soymeal			
Mar 17	330.80	331.30	-0.50
May 17	334.80	335.70	-0.90
Jul 17	337.90	338.80	-0.90
Aug 17	337.20	338.10	-0.90
Soyoil			
Mar 17	33.88	32.39	1.49
May 17	34.13	32.67	1.46
Jul 17	34.40	32.93	1.47
Aug 17	34.46	33.03	1.43
SRW			
Mar 17	432.00	431.25	0.75
May 17	452.75	448.00	4.75
Jul 17	467.00	462.00	5.00
Sep 17	481.25	477.00	4.25
HRW			
Mar 17	460.25	453.75	6.50
May 17	470.25	467.00	3.25
Jul 17	481.75	478.50	3.25
Sep 17	495.50	492.75	2.75
MGEX (HRS)			
Mar 17	540.25	544.75	-4.50
May 17	553.00	553.75	-0.75
Jul 17	558.75	559.00	-0.25
Sep 17	564.50	564.75	-0.25

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: In the two days since the Tuesday morning cutoff time of this week's USDM, a frontal system dropped 1-2 inches of rain, and locally more, across parts of the Ohio Valley D0 area, with half an inch or more falling across parts of the Southeast. For March 2-9, 3-5 inches of precipitation, and locally more, is forecast for north coastal California to western Washington; 1-2 inches over parts of the Northern Rockies; and a tenth of an inch or more across the rest of the Northwest into the Great Basin. Precipitation is expected across parts of the Southern Plains to Southeast, Northern Plains to Great Lakes, and along the Eastern Seaboard, with amounts ranging from a few tenths of an inch across most of these regions, to an inch or two across southern Texas, the Gulf Coast, and northern Great Lakes. Most of the

Southwest into the Central Plains should be dry. Above-normal temperatures are expected for most of the CONUS, with the greatest departures in the Central Plains, while below-normal temperatures may linger in the Pacific Northwest. Odds favor the temperature anomaly pattern persisting through March 10-15. March 10-15 projections favor a continuation of the precipitation anomaly pattern with below-normal precipitation from the Southwest to Central Plains and along the Gulf of Mexico coast to Mid-Atlantic States, with above-normal precipitation favored for the rest of the CONUS.

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

U.S. EXPORT STATISTICS

U.S. Export Sales and Exports: Week Ending February 23, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	423,900	542,000	18,096.3	24,740.5	37%
Corn	745,100	1,497,800	24,756.2	43,408.3	57%
Sorghum	17,500	102,800	2,582.0	3,487.2	-45%
Barley	600	700	14.7	17.9	-34%

Corn: Net sales of 692,400 MT for 2016/2017 were down 7 percent from the previous week and 24 percent from the prior 4-week average. Increases were for Mexico (260,200 MT, including decreases of 7,400 MT), Japan (132,900 MT, including 81,400 MT switched from unknown destinations), South Korea (119,600 MT, including 55,000 MT switched from unknown destinations and decreases of 3,200 MT), Saudi Arabia (115,500 MT, including 116,000 MT switched from unknown destinations and decreases of 800 MT), and Colombia (101,800 MT, including 78,000 MT switched from unknown destinations and decreases of 15,900 MT). Reductions were reported for unknown destinations (378,800 MT) and Guatemala (3,600 MT). For 2017/2018, net sales of 20,600 MT were reported for Japan (13,000 MT) and Mexico (7,600 MT). Exports of 1,497,800 MT--a marketing-year high--were up 24 percent from the previous week and 38 percent from the prior 4-week average. The primary destinations were Mexico (376,300 MT), Japan (254,700 MT), Colombia (144,000 MT), South Korea (119,900 MT), and Saudi Arabia (115,500 MT).

Optional Origin Sales: For 2016/2017, new optional origin sales totaling 63,000 MT were reported for South Korea. Cancellations totaling 136,000 MT were reported for South Korea. The current optional origin outstanding balance of 756,000 MT is for unknown destinations (293,000 MT) and South Korea (463,000 MT).

Barley: Net sales of 600 MT for 2016/2017 were reported for Taiwan (300 MT), Japan (300 MT), and South Korea (100 MT). For 2017/2018, net sales of 4,400 MT were reported for Japan. Exports of 700 MT were reported to Japan (500 MT) and Taiwan (200 MT).

Sorghum: Net sales of 16,200 MT for 2016/2017 were down 81 percent from the previous week and 78 percent from the prior 4-week average. Increases were for China (51,700 MT, including decreases of 1,300 MT), the Republic of South Africa (49,500 MT, including 42,500 MT switched from unknown destinations), Japan (10,000 MT), and Taiwan (500 MT). Reductions were reported for unknown destinations (95,500 MT). Exports of 102,800 MT were down 42 percent from the previous week and 30 percent from the prior 4-week average. The destinations were China (51,700 MT), the Republic of South Africa (49,500 MT), Indonesia (900 MT), and Mexico (600 MT).

U.S. Export Inspections: Week Ending February 23, 2017

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	72	192	31,095	29,702	105%
Corn	1,461,296	1,168,856	25,900,816	14,766,746	175%
Sorghum	132,234	180,177	3,177,228	5,156,505	62%
Soybeans	704,945	1,094,337	43,389,282	38,605,821	112%
Wheat	537,877	570,810	18,926,908	14,808,742	128%

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 23, 2017

Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	943,179	68%	65,046	100%	129,169	98%
PNW	292,779	21%	0	0%	0	0%
Interior Export Rail	160,292	11%	0	0%	3,065	2%
Total (Metric Tons)	1,396,250	100%	65,046	100%	132,234	100%
White Corn Shipments by Country (MT)			2,957	to Jordan		
			62,089	to Mexico		
Total White Corn (MT)			65,046			
Sorghum Shipments by Country (MT)					51,739	to China
					49,500	to South Africa
					27,930	to Sudan
					3,065	to Mexico
Total Sorghum (MT)					132,234	

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)
March	+0.75 H	\$176.27	-	-
LH March	+0.57 H	\$169.18	-	-
April	+0.45 K	\$167.12	+0.79 K	\$180.50
May	+0.45 K	\$167.12	+0.75 K	\$178.93

Due to the low volume of trade we are unable to provide accurate White Corn FOB values for today's report.

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
April	+0.60 K	\$173.02	+0.50 K	\$169.08
May	+0.65 K	\$174.99	+0.50 K	\$169.08

Barley: Feed Barley (FOB USD/MT)			
	March	April	May
FOB PNW	\$190	\$195	\$200

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	March	April	May
New Orleans	\$140	\$140	\$140
<i>Quantity 5,000 MT</i>			

Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	March	April	May
New Orleans	\$620	\$620	\$620
<i>*5-10,000 MT Minimum</i>			

Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)		
	March	April
Rail Delvd. East Coast	\$560	\$570
Rail Delvd. Chicago	\$550	\$540
Truck Delvd. Chicago	\$555	\$540
Truck Delvd. Channahon/Elwood	-	-

**All prices are market estimates.*

DDGS Price Table: March 2, 2017 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	March	April	May
Barge CIF New Orleans	138	140	142
FOB Vessel GULF	152	154	155
Rail delivered PNW	171	173	174
Rail delivered California	174	175	177
Mid-Bridge Laredo, TX	171	172	173
FOB Lethbridge, Alberta	147	149	149
40 ft. Containers to South Korea (Busan)	182	182	184
40 ft. Containers to Taiwan (Kaohsiung)	181	181	184
40 ft. Containers to Philippines (Manila)	189	189	192
40 ft. Containers to Indonesia (Jakarta)	185	185	189
40 ft. Containers to Malaysia (Port Kelang)	186	186	186
40 ft. Containers to Vietnam (HCMC)	196	196	201
40 ft. Containers to Japan (Yokohama)	196	196	191
40 ft. containers to Thailand (LCMB)	182	182	182
40 ft. Containers to China (Shanghai)	184	184	182
KC & Elwood, IL Rail Yard (delivered Ramp)	137	138	139

*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: DDGS prices were mixed this week, with the sharply higher corn and weakening soybean meal markets offering conflicting influences for DDGS. Prices reported by the USDA (FOB ethanol plants) were \$1/short ton higher this week, while USGC's reported FOB NOLA prices were lower. DDGS (FOB plant) stand at 31 percent of corn futures value, the same as last week, while FOB NOLA DDGS are at 40 percent of FOB corn, down from the week prior. Cooler Midwest weather across the plains states this week is likely increasing feed demand for DDGS while a higher dollar and Brazil's Carnival celebration may be tempering international demand.

International prices have been competitive this week as merchandisers seek to move inventory. Prices for 40-foot containers to Asia were down \$5/ton on average this week, though prices to Japan climbed \$3/ton. On a per-protein unit basis, DDGS are still highly competitive against soybean meal. FOB plant DDGS have a \$2.87 advantage against soybean meal this week while, on the export front, FOB NOLA DDGS have a \$1.94 cost advantage.

Ethanol Comments: Weekly ethanol production was steady this week as ethanol stocks continued to grow and ethanol margins improved only modestly. Ethanol production last week was 1.034 million barrels per day, equal to the week prior, while ethanol stocks reached 23.09 million barrels; approaching its seasonal peak. The spring driving season tends to quickly draw down ethanol stocks and this year's mild winter and apparent early spring will likely hasten the stock reduction. From a demand standpoint, these factors should create upward pressure on ethanol prices, buoy production margins, and allow producers to continue their impressive output numbers.

Ethanol production margins were essentially steady across the four reference markets this week, with 4-7 cent gains in Illinois, Nebraska, and South Dakota, and a penny loss in Iowa. Across the U.S., margins were \$0.40 per bushel higher this week but are still below year-ago levels by \$0.12. The spread between futures-implied ethanol production margins and Iowa cash margins narrowed somewhat this week but remains abnormally strong compared to the past two years. The strength in the futures-implied margin is likely signaling better times ahead for producers, which will further encourage production.

- Illinois differential is \$1.45 per bushel, in comparison to \$1.41 the prior week and \$1.58 a year ago.
- Iowa differential is \$1.34 per bushel, in comparison to \$1.35 the prior week and \$1.47 a year ago.
- Nebraska differential is \$1.62 per bushel, in comparison to \$1.58 the prior week and \$1.82 a year ago.
- South Dakota differential is \$1.95 per bushel, in comparison to \$1.88 the prior week and \$1.96 a year ago.

COUNTRY NEWS

Africa: The Mozambican Agricultural Research Institute has planted its first GM maize test crop under the Water Efficient Maize for Africa program. (Crop Protection News) The National Bio-safety Authority had given approval for testing the GM corn in Kenya but then the National Environmental Management Authority halted the project, saying the ban on GMO imports also applies to controlled growing tests. Kenya is importing corn from Mexico and Ukraine due to a drought-stunted domestic crop. (Bloomberg)

China: Heilongjiang province has joined Jilin and Liaoning provinces in offering subsidies to feed millers for using corn. Heilongjiang will offer 300 yuan (\$43.67) per ton subsidies while Jilin has promised 200 yuan/MT and Liaoning is paying just 100 yuan. These major corn-producing provinces also paid subsidies to feed millers in October of last year. (Reuters) Jilin Province has also sought a delay in sales of corn from state stockpiles in an effort to boost demand for supplies directly from farmers. (Bloomberg)

Japan: Eleven feed makers tapped into 97 percent of the 340,000 tons of corn approved by MAFF for use in light of delayed shipments from the U.S. The corn being utilized represents 39 percent of the 850 KMT of corn (equivalent to one month's domestic demand) that 17 feed makers are required to stockpile in case of emergency. (Reuters)

Philippines: Ethanol imports in 2016 reached a record level at 440 million liters. That is a 21 percent increase from 2015 when ethanol imports were also up from the year before. The lack of domestic production capability is driving imports. (AgraNet)

Ukraine: Spring planting will start early in Ukraine with an estimated 2.59 million hectares to be sown to barley, down from 3.1 million hectares in 2016. (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	\$37.00	Up \$0.50	Handymax at \$37.00/MT
55,000 U.S. PNW-Japan	\$19.75	Up \$0.75	Handymax at \$19.50/MT
55,000 U.S. Gulf-China	\$35.50	Up \$0.50	North China
PNW to China	\$19.00	Up \$0.75	
25,000 U.S. Gulf-Veracruz, México	\$16.25	Up \$0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$14.50	Up \$0.25	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$21.00 \$33.00	Up \$0.75 Up \$0.75	West Coast Colombia at \$29.00
40-45,000 U.S. Gulf-Guatemala	\$25.75	Up \$0.50	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$25.50 \$27.75	Up \$0.50 Up \$0.50	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$24.50	Up \$0.50	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$22.50	Up \$0.50	55,000 -60,000 MT St. Lawrence to Egypt \$23.00
PNW to Egypt	\$25.75	Up \$0.50	
60-70,000 U.S. Gulf-Europe-Rotterdam	\$14.75	Unchanged	Handymax at +\$1.50 more
Brazil, Santos-China	\$26.00	Up \$0.75	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
Itacoatiara Port up river	\$25.50	Up \$0.75	
Amazonia-China	\$29.75	Up \$0.75	
56-60,000 Argentina-China Upriver with Top-Off	\$34.75	Up \$0.75	—

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: It was another up week in global ocean freight markets. Those who believe it is turnaround time seem to have the upper hand at the moment. It will be interesting to see just how far they can really push things.

Looking back, however, it is quite impressive how much the markets have moved/recovered. One year ago (February 29, 2016) the Baltic Panamax index stood at a low of 282. Today it closed at 1,041. That is an improvement of 759 points or 369 percent (of course it came up from a very low level). Physical rates are obviously not up that much, but this is proof that the markets have certainly bottomed and turned the corner. It is also a good indication of just how enthusiastic and anxious the paper players are. Physical rates have risen about \$12.50 (U.S. Gulf to China) and about \$6.50/MT (PNW to China) over the past year.

The grain vessel lineup in the PNW dropped this week to about 61 ships waiting, a small improvement. BNSF rail deliveries of grains also continues to improve with deliveries becoming more regular. It looks like the worst is behind us. Now, it will just be a case of having to sort out all the contract disputes.

Baltic-Panamax Dry-Bulk Indices				
March 2, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	13,495	12,291	1,204	9.8%
P3A: PNW/Pacific– Japan	8,824	7,704	1,120	14.5%
S1C: U.S. Gulf-China-S. Japan	20,628	19,369	1,259	6.5%

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:

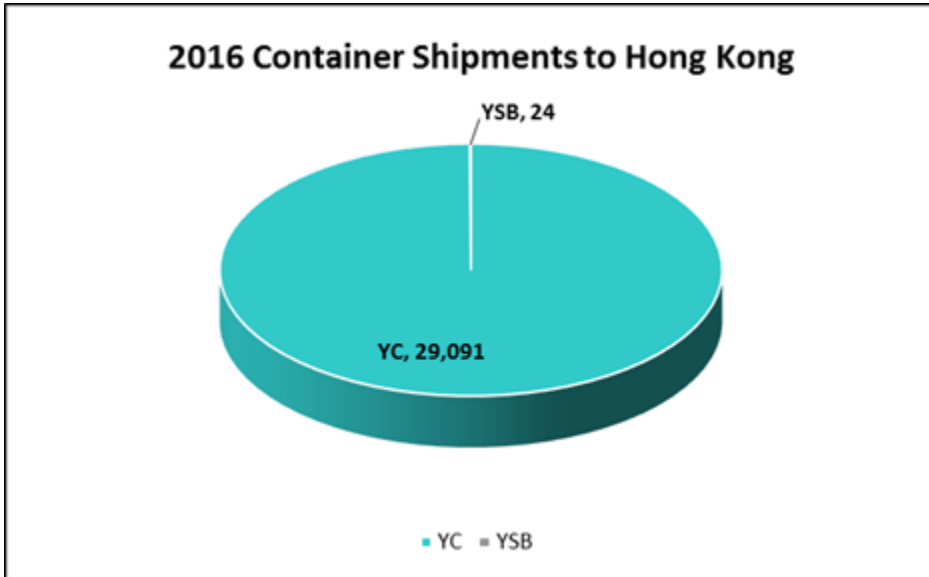
Week Ending March 2, 2017	
Four weeks ago:	\$4.95-\$5.15
Three weeks ago:	\$4.70-\$4.90
Two weeks ago:	\$3.85-\$4.10
One week ago:	\$4.20-\$5.40
This week	\$5.35-\$6.00

Source: O'Neil Commodity Consulting

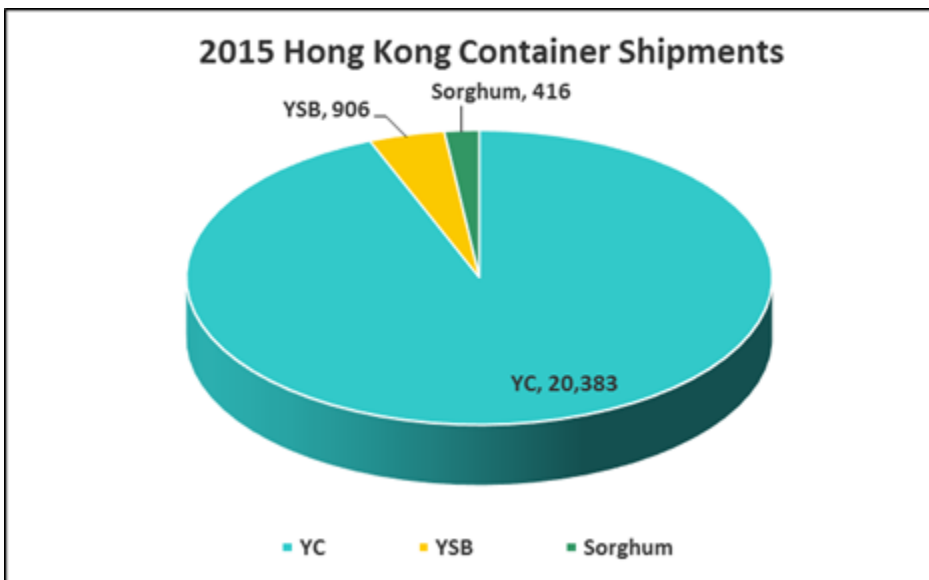
U.S.-Asia Market Spreads					
March 2, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.76	0.46	0.30	\$11.81	PNW
Soybeans	0.68	0.37	0.31	\$12.20	PNW
Ocean Freight	\$19.00	\$35.50	0.42-0.45	(\$16.50)	April

Source: O'Neil Commodity Consulting

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

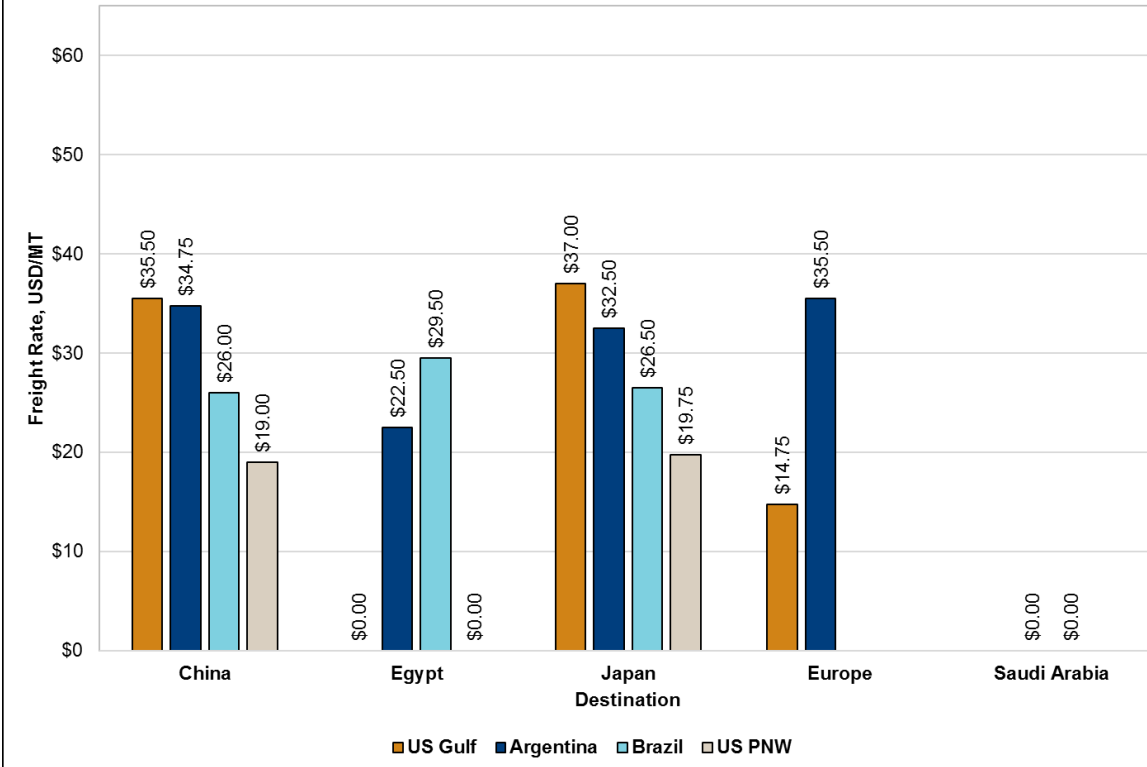


Source: O'Neil Commodity Consulting



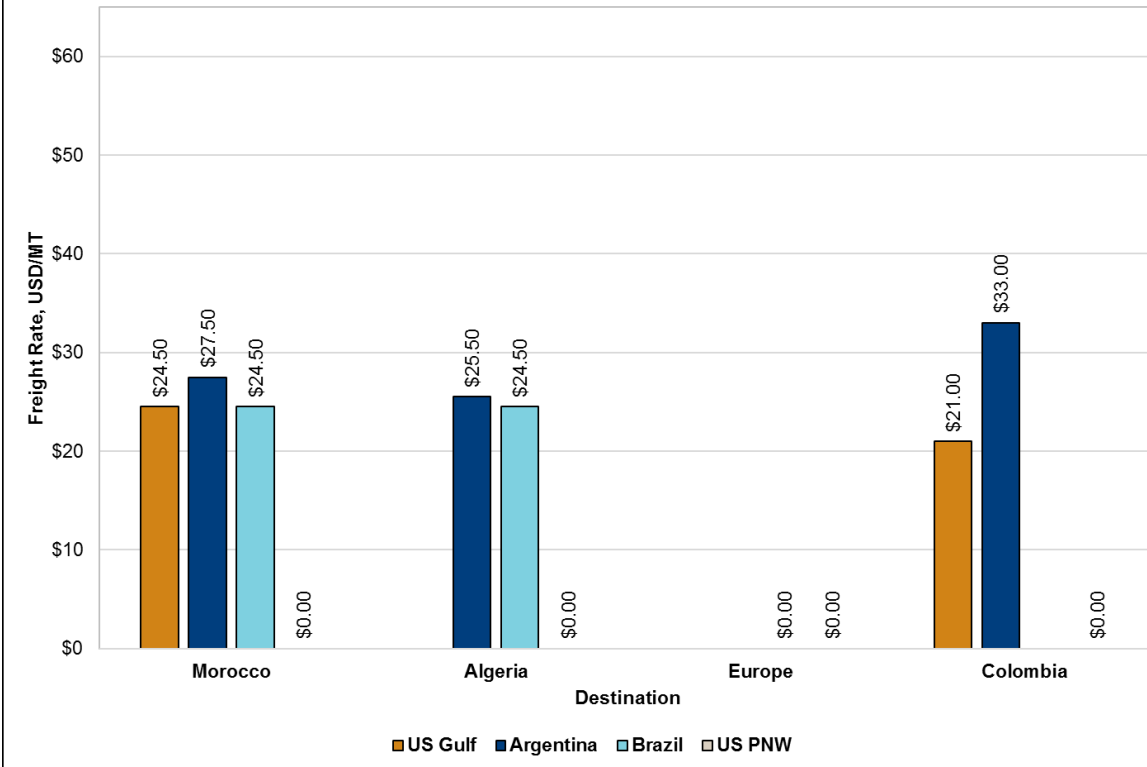
Source: O'Neil Commodity Consulting

International Freight Rates by Origin, March 2, 2017,
Supramax/Panamax Vessels, USD/MT

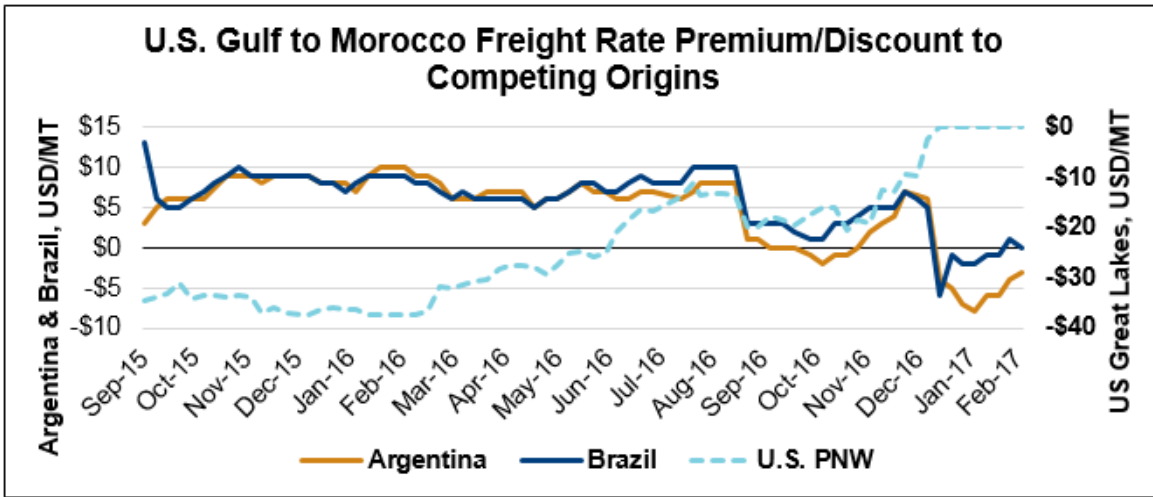


Source: DTN, O'Neil Commodity Consulting and WPI

International Freight Rates by Origin, March 2, 2017,
Handysize Vessels, USD/MT



Source: DTN, O'Neil Commodity Consulting and WPI



Source: DTN, O'Neil Commodity Consulting and WPI

Interest

INTEREST RATES

Interest Rates (%): March 2, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	3.75	3.75	3.75
LIBOR (6 month)	1.37	1.36	1.35
LIBOR (1 year)	1.76	1.74	1.72

Source: www.bankrate.com