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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn March Contract

\$/Bu	Friday 4 February	Monday 7 February	Tuesday 8 March	Wednesday 9 March	Thursday 10 March
Change	0.00750	0.0050	0.0375	0.0025	-0.0340
Closing Price	3.5450	3.5500	3.5875	3.5900	3.6250
Factors Affecting the Market	Corn was higher but only due to momentum provided by soybeans chasing Brazilian political upheaval.	No singular big story but good numbers on export inspections, ethanol exports, etcetera pushed corn higher.	Some short covering (9,000 contracts by funds) ahead of tomorrow’s WASDE but outside markets were unhelpful.	Except for the March contract, corn futures generally fell slightly but unlikely due to the WASDE that was released.	Despite disappointing exports sales, a surprising fall in the dollar prompted commercial buying and funds bought 10,000 contracts.

Outlook: The only demand story that can be found for corn is that last week’s Commitment of Traders report showed much larger short positions (247,000 contracts) in corn futures and options than expected, prompting some short covering. Today’s drop in the dollar is not a demand story. Until today there was only some covering because there just isn’t enough interpreted risk for those with huge short positions. Today showed a new source of risk, dollar volatility, but the market is without any fresh fundamental input. It certainly received

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.

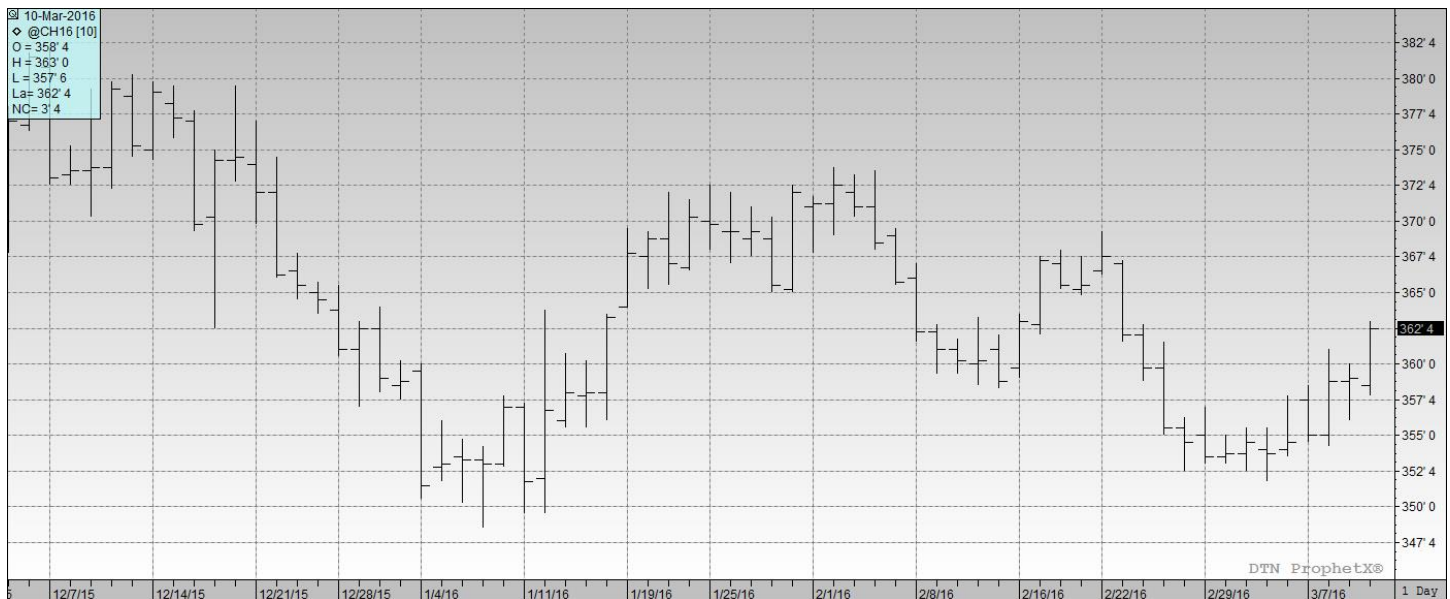
The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C. and has ten international offices that oversee 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.

little fundamental input from USDA's March 9, 2016 WASDE where the agency apparently decided that it also needed more information before it starts making any major changes to its numbers.

USDA lowered 2015/16 beginning world corn stocks about 1 MMT and reduced production fractionally while upping world corn use a similar amount. Ending 2015/16 world corn stocks were 1.8 MMT lower than February, but they remain very large at an estimated 207 MMT. The WASDE report also lowered estimated feed use of wheat, which seems at odds with some of the prices being offered.

Looking ahead, the March 31, 2016 planting Intentions report and spring weather for northern hemisphere planting could be real market movers. The Corn Belt is virtually drought-free, save for a few counties in northern Minnesota, and USDA meteorologist Brad Rippey says that it has been 11 years since the last time the Midwest had an eight-week long stretch with such little drought. The odds would suggest drought is due but AgDay meteorologist Mike Hoffman predicts above-normal precipitation over the next 90 days. That will either help or hurt crop planting depending on the pattern. Still, don't expect the warmer than normal weather to prompt farmers to plant early – their crop insurance contracts prohibit it as protection against a late frost.

CBOT MARCH CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending March 10, 2016			
Commodity	10-Mar	4-Mar	Net Change
Corn			
Mar 16	362.50	354.50	8.00
May 16	362.75	358.25	4.50
Jul 16	367.50	363.50	4.00
Sep 16	372.25	369.50	2.75
Soybeans			
Mar 16	881.75	870.50	11.25
May 16	889.25	878.50	10.75
Jul 16	894.75	884.50	10.25
Aug 16	896.75	886.75	10.00
Soymeal			
Mar 16	270.20	267.70	2.50
May 16	271.90	270.90	1.00
Jul 16	274.60	273.20	1.40
Aug 16	275.70	274.20	1.50
Soyoil			
Mar 16	31.41	30.73	0.68
May 16	31.62	30.96	0.66
Jul 16	31.86	31.19	0.67
Aug 16	31.95	31.28	0.67
SRW			
Mar 16	471.50	454.75	16.75
May 16	477.00	460.75	16.25
Jul 16	483.25	466.75	16.50
Sep 16	492.50	476.25	16.25
HRW			
Mar 16	472.75	457.75	15.00
May 16	483.25	468.75	14.50
Jul 16	493.00	478.00	15.00
Sep 16	506.00	491.50	14.50
MGEX (HRS)			
Mar 16	511.75	502.75	9.00
May 16	512.50	497.75	14.75
Jul 16	520.50	505.50	15.00
Sep 16	530.25	514.75	15.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: During the next 5 days (March 10-14), an ongoing storm in the southern Plains and Delta (as of Wednesday, March 9) is expected to slowly track northeastward, dumping heavy rains (more than 2 inches, locally to 10 inches in Louisiana) on the southern Plains, lower and middle Mississippi, Tennessee, and Ohio Valleys, and New England. This is expected to cause localized flooding in many parts of the Delta (and did in northern Louisiana Tuesday night). In the Far West, Pacific storm systems are forecast to drop heavy precipitation (8-14 inches) on western sections of Washington, Oregon, and northern and central California, including the Cascades and Sierra Nevada, with lesser totals (up to 4 inches) in the northern Rockies. In addition, temperatures should be much lower with this set of storms as compared to the early March storm, producing more snow for the Cascades and Sierra Nevada. Unfortunately, little or no precipitation is expected in-between these two large events (Southwest, central and southern Rockies, northern and central High Plains). Temperatures will also average well above normal from the Rockies eastward.

For days 6-10 (March 15-19), the odds favor above median precipitation in the Rockies, northern Plains, and eastern half of the Nation (except southern Florida). Below median precipitation probabilities were found in the Far West, Southwest, south-central Plains, and southern Florida. The eastern half of the U.S. will see good chances for above normal temperatures, while near to below normal readings are likely in the West.

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 March 3, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	361,000	417,500	14,487.3	18,356.2	-18%
Corn	1,189,500	1,052,500	15,827.5	28,822.3	-20%
Sorghum	57,500	106,900	4,935.5	6,442.8	-18%
Barley	0	200	23.3	27.2	-81%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 1,172,300 MT for 2015/2016 were up 7 percent from the previous week and 37 percent from the prior 4-week average. Increases were reported for Mexico (339,100 MT), Japan (306,900 MT, including 207,600 MT switched from unknown destinations and decreases of 3,200 MT), Colombia (258,800 MT, including 85,000 MT switched from unknown destinations and decreases of 1,400 MT), Egypt (110,000 MT, including 55,000 MT switched from unknown destinations), South Korea (66,000 MT, including 60,000 MT switched from unknown destinations), China (64,000 MT, switched from unknown destinations), and Peru (53,500 MT). Reductions were reported for unknown destinations (161,000 MT) and Saudi Arabia (4,100 MT). For 2016/2017, net sales of 20,000 MT were reported for El Salvador (10,000 MT) and Peru (10,000 MT).

Exports of 1,052,500 MT--a marketing-year high--were up 33 percent from the previous week and 48 percent from the prior 4-week average. The primary destinations were Japan (265,500 MT), Mexico (231,900 MT), Colombia (144,000 MT), Saudi Arabia (66,000 MT), South Korea (65,500 MT), and Venezuela (60,000 MT).

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

Export Adjustments: Accumulated exports to Japan were adjusted down 63,090 MT for week ending February 18, 2016.

Barley: There were no sales reported for 2015/2016 during the week. For 2016/2017, net sales of 2,300 MT were reported for Japan. Exports of 200 MT were reported to Taiwan.

Sorghum: Net sales of 54,400 MT for 2015/2016 were up 39 percent from the previous week, but down 53 percent from the prior 4-week average. Increases for China (154,900 MT, including 101,300 MT switched from unknown destinations and decreases of 1,500 MT) and Mexico (2,500 MT), were partially offset by reductions for unknown destinations (103,000 MT). Exports of 106,900 MT were unchanged from the previous week, but down 42 percent from prior 4-week average. The destinations were China (102,400 MT), Mexico (4,400 MT), and South Korea (100 MT).

U.S. Export Inspections: Week Ending March 3, 2016

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	343	0	30,045	154,886	19%
Corn	953,062	739,488	15,715,332	19,767,402	80%
Sorghum	108,360	108,680	5,265,379	4,817,621	109%
Soybeans	1,067,366	1,055,182	39,546,530	42,548,497	93%
Wheat	443,190	376,470	15,241,928	17,374,203	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 March 3, 2016						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	4,707	1%	0	0%	0	0%
Gulf	651,708	72%	41,428	91%	101,384	94%
PNW	141,597	16%	0	0%	0	0%
Interior Export Rail	109,730	12%	3,892	9%	6,976	6%
Total (Metric Tons)	907,742	100%	45,320	100%	108,360	100%
White Corn Shipments by Country (MT)			21,126	to Costa Rica		
			20,302	to Honduras		
			3,892	to Mexico		
Total White Corn (MT)			45,320			
Sorghum Shipments by Country (MT)					101,384	to China
					6,976	to Mexico
Total Sorghum (MT)					108,360	

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 March	+0.48 K	\$161.70	-	-
April	+0.48 K	\$161.70	+0.61 K	\$166.82
May	+0.45 K	\$160.52	+0.61 K	\$166.82
June	+0.45 N	\$162.39	+0.60 K	\$166.43

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

*Prices reflect the week of February 25, 2016.

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
April	+0.83 K	\$175.38	+0.83 K	\$175.38
May	+0.83 K	\$175.38	+0.83 K	\$175.38
June	+0.83 N	\$177.35	+0.70 N	\$172.23

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

*Prices reflect the week of March 3, 2016.

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	April	May	June
New Orleans	\$150	\$150	\$150
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	April	May	June
New Orleans	\$540	\$540	\$540
<i>*5-10,000 MT Minimum</i>			

*All prices are market estimates.

DDGS Price Table: March 10, 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	167	165	165
FOB Vessel GULF	175	173	173
Rail delivered PNW	197	195	193
Rail delivered California	199	196	194
Mid-Bridge Laredo, TX	196	195	195
FOB Lethbridge, Alberta	167	166	166
40 ft. Containers to South Korea (Busan)	202	201	201
40 ft. Containers to Taiwan (Kaohsiung)	207	206	206
40 ft. Containers to Philippines (Manila)	215	214	214
40 ft. Containers to Indonesia (Jakarta)	219	219	219
40 ft. Containers to Malaysia (Port Kelang)	216	215	215
40 ft. Containers to Vietnam (HCMC)	213	212	212
40 ft. Containers to Japan (Yokohama)	216	215	215
40 ft. containers to Thailand (LCMB)	213	212	212
40 ft. Containers to Shanghai, China	209	208	208
KC & Elwood, IL Rail Yard (delivered Ramp)	174	171	170

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 are being pressured lower, possibly due to early spring warming reducing the energy requirements of livestock and thus feed demand. There was an average \$10/container decline FOB Gulf this past week not reflected yet in export numbers. The average prices for 40-foot containers delivered to Asia in March were down \$2/container or less, and showed no change for April/May delivery.

USDA's Grain Crushing and Co-Products Production Report for March indicates that the making of DDGS and most other corn co-products was down in January, along with the lower production of ethanol. DDGS exports to China continue to slide with January's total from the U.S. at 218,961 MT at a reported average value of \$208.43/MT. U.S. sorghum and hay exports to China also fell in January, though they were at average or better levels for this time of year. Still, markets for DDGS remain diverse: Canada, Ireland, Israel, Spain, Thailand, Tunisia, Turkey, Vietnam and many other places around the world. DDGS exports to Mexico in January were healthy (195,669 MT), and the Vietnamese feed market continues to grow, including for DDGS.

Ethanol Comments: USDA reports that January's production of ethanol was lower than December but the Energy Information Administration (EIA) says that last week's ethanol exports were the second-largest ever, and exports for January (87.1 million gallons) were at the highest level in more than a year. China was a major buyer (29.4 million gallons).

Ethanol blending margins had been improving due to a steady market and firmer gasoline prices. In its March edition of the Short-Term Energy Outlook, the EIA slightly increased its projection for U.S. ethanol production in 2016 (0.6 percent) and 2017 (0.3 percent) versus its February forecast. It predicts rising prices for gasoline (\$2.02/gallon by June).

USDA made one interesting change in its March WASDE report, lowering the 2014/15 grind for ethanol by 9 million bushels.

The margin between the corn price and the value of ethanol and coproducts fell (see below).

- Illinois differential is \$1.36 per bushel, in comparison to \$1.45 the prior week and \$1.97 a year ago.
- Iowa differential is \$1.20 per bushel, in comparison to \$1.27 the prior week and \$1.55 a year ago.
- Nebraska differential is \$1.37 per bushel, in comparison to \$1.46 the prior week and \$1.41 a year ago.
- South Dakota differential is \$1.34 per bushel, in comparison to \$1.55 the prior week and \$1.72 a year ago.

COUNTRY NEWS

China: Agriculture Minister Han Changfu says that corn production will be reduced by cutting acreage in less efficient regions and that while China will import grain, it will not become reliant on them. The goal is to keep grain output stable, and to improve pricing and storage systems. Chen Xiwen of the Central Rural Work Leading Group says that corn is oversupplied but China still had a 20 MMT shortfall in overall grain production relative to demand. Corn prices fell for the second consecutive week. (Bloomberg)

Philippines: A new regulation covering GM crops was codified allowing their use and importation to resume. A lawsuit against the prior regulation had brought the country's biotech sector to a halt. (NCBP)

South Africa: The price of corn declined to its lowest levels since November on news of beneficial rains in some areas, and on increases in the value of the rand. Meanwhile, traders bought 147,602 MT of imported corn last week in anticipation of the shortfall. (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	\$23.50	Up \$0.75	Handymax at \$24.25/MT
55,000 U.S. PNW-Japan	\$14.00	Up \$0.75	Handymax at \$14.75/MT
55,000 U.S. Gulf-China	\$21.50	Up \$0.50	North China
PNW to China	\$13.00	Up \$0.75	
30,000 U.S. Gulf-Veracruz, México	\$12.50	Up \$0.25	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$10.50	Up \$0.25	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$12.75 \$24.75	Up \$0.25 Up \$0.25	West Coast Colombia at \$19.50
36-40,000 U.S. Gulf-Guatemala	\$20.00	Up \$0.50	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$27.50 \$29.75	Up \$0.50 Up \$0.50	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$26.50	Up \$0.50	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$18.50	Up \$0.50	55,000 -60,000 MT St. Lawrence to Egypt \$19.00
PNW to Egypt	\$21.75	Up \$0.50	
65-75,000 U.S. Gulf-Europe-Rotterdam	\$11.75	Unchanged	Handymax at +\$1.25 more
Brazil, Santos-China	\$15.75 \$14.75	Up \$0.75 Up \$0.75	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$26.00	Up \$0.50	48-53,000 MT (11.5-meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$23.50	Up \$1.00	—

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 an interesting week in global freight markets. Though the Capesize market did not show any notable signs of life, the smaller size vessels (Panamax, Supramax and Handymax sectors) provided good support for the Baltic Exchange and helped to move the BDI index higher for the week. It is looking more and more like we have put a bottom into this market. This does not, however, mean there is sufficient new demand to support and sustain a move to substantially higher levels; but it is likely that the markets have stopped their downward spiral. We must recognize that there remains a large surplus of ships with many at anchor just waiting for better opportunities.

Much the same can be said for containerized grain freight rates, as they too have reached incredibly low levels which deny any profit potential for the shipping line. Container rates from the Chicago area to Asia are as low as \$800-\$850/TEU. Rates from the U.S. East Coast (Norfolk or Savannah) have been down to \$250/TEU and the Los Angeles rates to Asia hit \$150/TEU. This is good for grain sellers and end users but not at all healthy for the shipping lines.

Baltic-Panamax Dry-Bulk Indices				
March 10, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	6,708	6,038	670	11.1%
P3A: PNW/Pacific– Japan	4,628	3,533	1,095	31.0%

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:

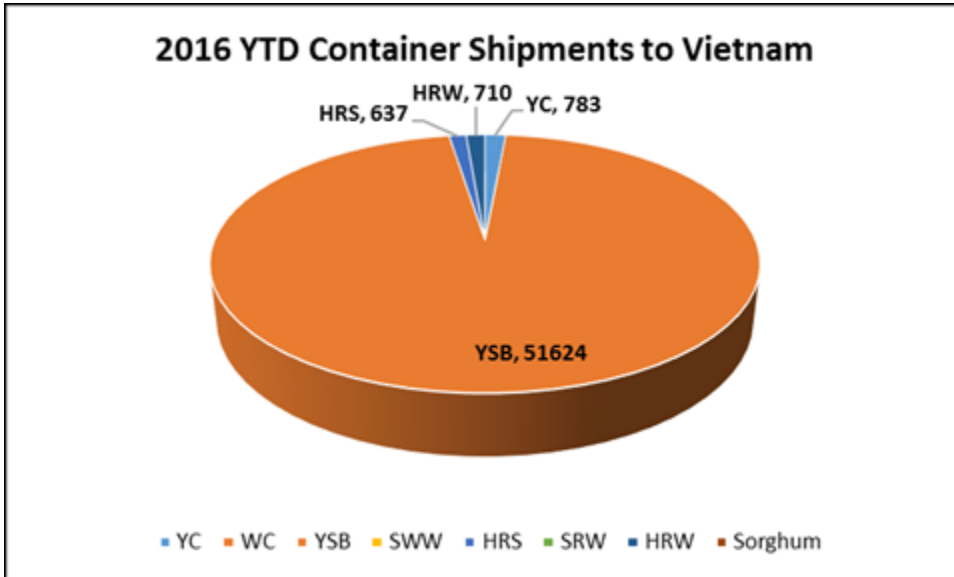
Week of March 10, 2016	
Four weeks ago:	\$2.85-\$3.00
Three weeks ago:	\$2.80-\$2.90
Two weeks ago:	\$2.75-\$3.00
One week ago:	\$2.90-\$3.00
This week:	\$2.90-\$3.00

Source: O'Neil Commodity Consulting

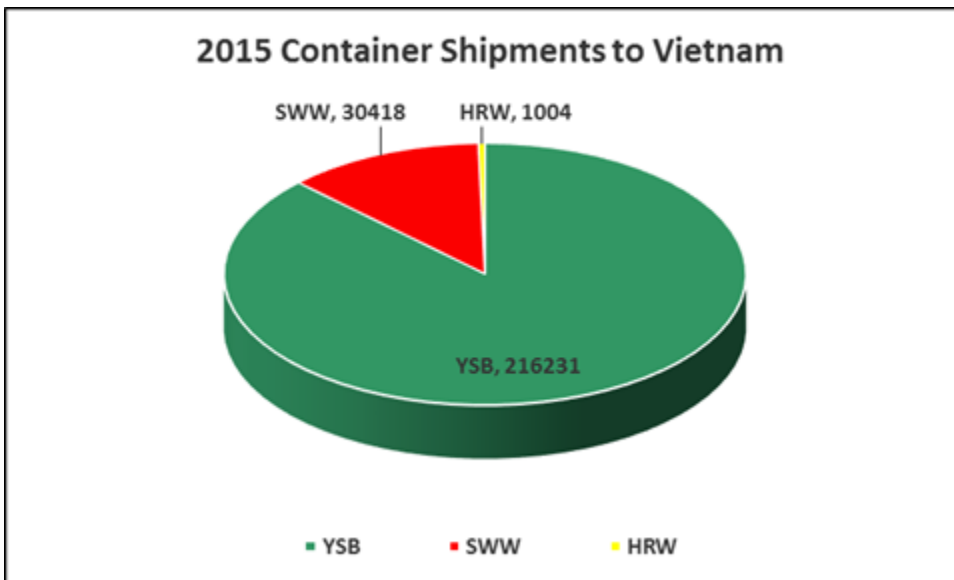
U.S.-Asia Market Spreads					
March 10, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.61	0.48	0.13	\$5.12	PNW
Soybeans	0.93	0.48	0.45	\$17.72	Gulf
Ocean Freight	\$13.00	\$21.50	0.22-0.24	(\$8.50)	April

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

March 10, 2016

Developing Markets • Enabling Trade • Improving Lives

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending March 10, 2016								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$22	\$23.50	\$22.50	-	\$24.50	\$17.50	-
	Brazil	\$15	\$17	\$16	-	\$18.50	\$12.50	-
Corn (White)	Argentina	\$22	\$23.50	\$22.50	-	\$24.50	\$17.50	-
	Brazil	\$15	\$17	\$16	-	\$18.50	\$12.50	-
Barley	Argentina	\$22	\$23.50	\$22.50	-	\$24.50	\$17.50	-
	Brazil	\$15	\$17	\$16	-	\$18.50	\$12.50	-
Sorghum	Argentina	\$22	\$23.50	\$22.50	-	\$24.50	\$17.50	-
	Brazil	\$15	\$17	\$16	-	\$18.50	\$12.50	-

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 (%): March 9, 2016			
	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	0.90	0.88	0.87
LIBOR (1 year)	1.19	1.16	1.14

Source: www.bankrate.com