



March 30, 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 March 24	Monday March 27	Tuesday March 28	Wednesday March 29	Thursday March 30
Change	-0.500	-0.500	2.0000	0.7500	-1.0000
Closing Price	356.25	355.75	357.75	358.50	357.50
Factors Affecting the Market	Good Brazilian weather is pushing that country's prices down, which lowered U.S. futures. Prices are trending lower and traders do not want to be long heading into the Grain Stocks report. CFTC data showed a large reduction in funds' long positions. The dollar was flat while U.S. equities fell slightly.	USDA export inspections were bullish at 61.3 million bushels (up 72 percent YTD), but good weather across the plains and Brazil kept the market headed lower. Cash corn markets are falling with futures, though farmer selling is light. Outside markets should have been supportive but weren't.	Mild noncommercial support was found as traders position for Friday's reports. May corn snapped a six-day losing streak even though Brazilian corn prices are now competitive against the U.S. The U.S. dollar was up sharply after hitting a four-month low Monday and crude oil was higher also.	May corn moved unconvincingly higher before the Prospective Plantings and Grains Stocks reports. Estimates suggest USDA will reveal 91 million corn acres and 8.55 billion bushels of corn in March 1 stocks. Corn demand remains supportive but overwhelmed by Brazilian crops.	Trading the day before the USDA reports was light and non-directional. The market is expecting 90-92 million corn acres and likely won't react much if acres fall within this range. Export sales were bullish and well above what was needed to reach USDA's demand projections.

Outlook: The world is waiting for Friday's Prospective Plantings and Grains Stocks reports from USDA. May corn has dutifully been trading lower in a "risk off" strategy to what is assumed to be a set of bearish USDA reports. Analysts are expecting USDA to show 91 million corn acres planted this spring and 8.55 billion bushels of corn in bins as of March 1, 2017. If realized, the March 1 stocks figure would mean a record-large demand of 8.39 billion bushels have been used already. Ethanol production and exports have certainly been sufficiently robust as to make this a definite possibility.

Despite record demand projections, however, the world is still awash with corn. The International Grains Center recently released their forecast for the 2017/18 global corn crop and estimated 1.024 billion MT of production. The figure is actually down slightly from 2016/17's production of 1.053 billion MT. The decrease in production stems from IGC's outlook of lower corn prices across the globe. Indeed, with the first-crop Brazilian corn harvest under way, Brazilian export prices have fallen to within 20 cents of U.S. FOB Gulf prices, confirmation of the long-anticipated pressure on global markets.

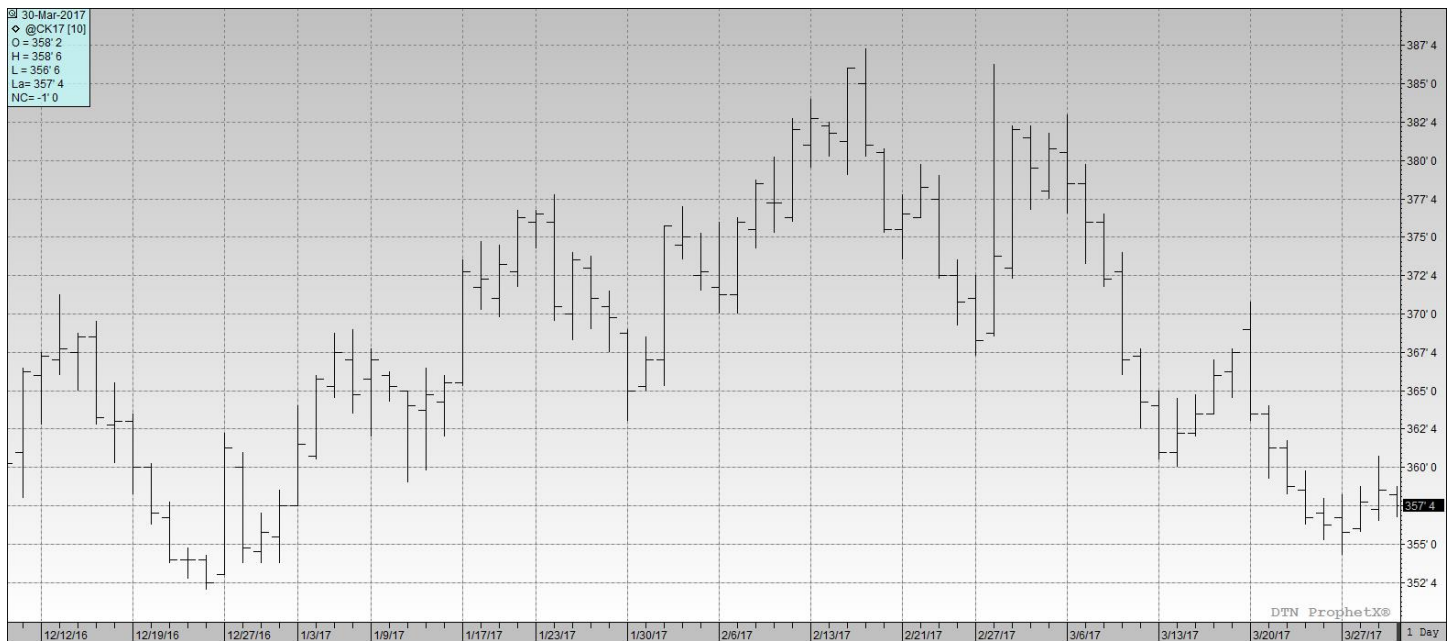
Additional bearish considerations came from JBS' announcement that the company will stop operations at 10 slaughter factories in Brazil for 20 days. While the resulting impact of keeping some cattle on feed longer should increase corn consumption, the more prevalent concern is that corn consumption by large industries will be lower due to the large meat stocks that have formed in Brazil.

USDA's export sales figures were quite bullish this week. The U.S. sold 33.1 million bushels of old-crop corn, well above the 28.2 million that were needed to reach the USDA's export projections for the year. Similarly,

weekly exports of 55.2 million bushels were almost 25 percent greater than what was needed last week. YTD exports are up 62 percent and YTD bookings (exports plus unshipped sales) are up 50 percent for the year. These figures show U.S. exporters have been aggressive in marketing corn, through with the Brazilian harvest coming their abilities will be tested.

From a technical perspective, May corn is in a downtrend, though significant support lies just under current prices. Additionally, the contract is oversold according to stochastic indicators and the Relative Strength Index. However, trading on technical analysis is hardly advisable since tomorrow is one of the most significant report days of the year. Should a bearish report be released, May corn will likely fall below support at \$3.50 and head lower, perhaps surrendering to a 100 percent retracement to the August 31 contract low (\$3.33). If, on the other hand, USDA's reports are bullish, the immediate upside target becomes \$3.75, and later a test of the February 16 high of \$3.87. The view, however, is for bearish news to be absorbed more quickly and bullish news will be rewarded with a slow grind higher.

CBOT MAY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending March 30, 2017			
Commodity	30-Mar	24-Mar	Net Change
Corn			
May 17	357.50	356.25	1.25
Jul 17	365.00	363.75	1.25
Sep 17	372.25	371.50	0.75
Dec 17	381.00	379.50	1.50
Soybeans			
May 17	963.00	975.75	-12.75
Jul 17	973.25	986.25	-13.00
Aug 17	975.25	988.50	-13.25
Sep 17	968.25	982.00	-13.75
Soymeal			
May 17	314.90	318.20	-3.30
Jul 17	318.30	321.40	-3.10
Aug 17	318.50	322.00	-3.50
Sep 17	317.90	322.00	-4.10
Soyoil			
May 17	32.01	32.23	-0.22
Jul 17	32.29	32.49	-0.20
Aug 17	32.37	32.56	-0.19
Sep 17	32.44	32.63	-0.19
SRW			
May 17	421.00	424.75	-3.75
Jul 17	434.00	439.50	-5.50
Sep 17	449.25	454.50	-5.25
Dec 17	469.50	473.75	-4.25
HRW			
May 17	417.25	428.00	-10.75
Jul 17	430.25	441.00	-10.75
Sep 17	445.50	456.00	-10.50
Dec 17	469.00	477.75	-8.75
MGEX (HRS)			
May 17	543.50	535.75	7.75
Jul 17	549.50	542.50	7.00
Sep 17	554.75	548.75	6.00
Dec 17	563.25	557.75	5.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: The storm responsible for the heavy rain that has fallen since Tuesday morning over the southern and central Plains will move slowly east, bringing welcomed showers and thunderstorms to the eastern third of the nation. The greatest likelihood for an inch or more of rain will be from the Midwest into the Northeast, with the more appreciable rainfall totals bypassing the lower Southeast's drought areas. Meanwhile, another moisture-laden Pacific storm will track from the Northwest across the northern Great Basin, emerging onto the central High Plains before reorganizing and strengthening over eastern Texas. This latter system will produce a swath of rain and mountain snow from the Pacific Northwest into the central Rockies, while moderate to heavy rain (2-6 inches) develops across the south-central U.S. by

early next week. Moisture from this second system is expected to reach the Ohio Valley, Mid-Atlantic, and Southeast by Tuesday morning. The NWS 6- to 10-day outlook for April 3-7 calls for above-normal temperatures nearly nationwide, with the greatest likelihood of warmth occurring in the southern Atlantic States. Meanwhile, near- to above-normal precipitation across most of the country will contrast with drier-than-normal weather from parts of California to the Rio Grande Valley.

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 March 23, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	473,500	495,400	20,280.2	26,249.1	36%
Corn	875,000	1,402,800	30,530.3	47,423.7	50%
Sorghum	19,900	58,300	2,827.8	3,834.6	-41%
Barley	0	200	15.4	24.3	-11%

Corn: Net sales of 716,900 MT for 2016/2017 were down 47 percent from the previous week and 28 percent from the prior 4-week average. Increases were reported for Peru (205,800 MT, including 155,000 MT switched from unknown destinations), Mexico (189,300 MT, including decreases of 5,200 MT), Japan (180,000 MT, including 56,200 MT switched from unknown destinations and decreases of 17,600 MT), Colombia (149,300 MT, including 140,500 MT switched from unknown destinations and decreases of 8,600 MT), and South Korea (133,000 MT, including 500 MT switched from Taiwan and decreases of 3,400 MT). Reductions were reported for unknown destinations (273,600 MT) and Canada (10,700 MT). For 2017/2018, net sales of 125,000 MT were reported for Mexico (78,200 MT), Nicaragua (30,000 MT), and unknown destinations (17,100 MT). Reductions were reported for Japan (300 MT). Exports of 1,402,800 MT were up 2 percent from the previous week, but down 4 percent from the prior 4-week average. The primary destinations were Colombia (398,200 MT), Mexico (228,000 MT), South Korea (191,200 MT), Taiwan (187,800 MT), and Japan (155,600 MT).

Optional Origin Sales: For 2016/2017, options were exercised to export 68,000 MT to South Korea from the United States. The current optional origin outstanding balance of 462,000 MT is for unknown destinations (203,000 MT) and South Korea (259,000 MT).

Barley: No net sales were reported for the week. Exports of 200 MT were reported to Taiwan.

Sorghum: Net sales of 16,700 MT for 2016/2017 resulted as increases for China (62,600 MT, including 58,000 MT switched from unknown destinations and decreases of 200 MT) and Mexico (14,500 MT), were partially offset by reductions for unknown destinations (57,500 MT) and Japan (3,000 MT). Exports of 58,300 MT were up noticeably from the previous week, but down 20 percent from the prior 4-week average. The destinations were China (57,800 MT) and Mexico (500 MT).

U.S. Export Inspections: Week Ending March 23, 2017					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	49	48	31,456	30,436	103%
Corn	1,556,091	1,357,989	31,843,059	18,556,820	172%
Sorghum	165,844	59,977	3,604,267	5,941,700	61%
Soybeans	555,012	744,061	46,312,774	41,562,033	111%
Wheat	541,799	649,083	21,255,319	16,486,794	129%

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 23, 2017						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	196	0%	0	0%	196	0%
Gulf	1,047,930	70%	50,187	100%	161,647	97%
PNW	359,530	24%	0	0%	0	0%
Interior Export Rail	98,248	7%	0	0%	4,001	2%
Total (Metric Tons)	1,505,904	100%	50,187	100%	165,844	100%
White Corn Shipments by Country (MT)			19,537	to Colombia		
			30,650	to Mexico		
Total White Corn (MT)			50,187			
Sorghum Shipments by Country (MT)					196	to the Philippines
					114,147	to China
					47,500	to Sudan
					24	to Japan
					49	to South Korea
					3,928	to Mexico
Total Sorghum (MT)					165,844	

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)
FH April	+0.50 K	\$160.42	+0.75 K	\$170.27
LH April	+0.48 K	\$159.64	+0.75 K	\$170.27
May	+0.47 K	\$159.24	+0.75 K	\$170.27
June	+0.43 N	\$160.62	+0.70 N	\$171.25

Due to the low volume of trade we are unable to provide White Corn FOB indications in 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	-	-	+0.75 K	\$170.27
May	-	-	+0.75 K	\$170.27

Barley: Feed Barley (FOB USD/MT)			
	April	May	June
FOB PNW	\$195	\$200	\$205

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	April	May	June
New Orleans	\$128	\$128	\$128
<i>Quantity 5,000 MT</i>			

Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	April	May	June
New Orleans	\$607	\$607	\$607
<i>*5-10,000 MT Minimum</i>			

Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)		
	April	May
Rail Delvd. East Coast	\$550	\$550
Rail Delvd. Chicago	\$535	\$535
Truck Delvd. Chicago	-	-
Truck Delvd. Channahon/Elwood	-	-

**All prices are market estimates.*

DDGS Price Table: March 30, 2017 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	April	May	June
Barge CIF New Orleans	136	138	139
FOB Vessel GULF	144	148	149
Rail delivered PNW	162	163	164
Rail delivered California	164	165	167
Mid-Bridge Laredo, TX	161	162	164
FOB Lethbridge, Alberta	136	137	138
40 ft. Containers to South Korea (Busan)	171	171	172
40 ft. Containers to Taiwan (Kaohsiung)	169	170	171
40 ft. Containers to Philippines (Manila)	178	179	179
40 ft. Containers to Indonesia (Jakarta)	176	177	178
40 ft. Containers to Malaysia (Port Kelang)	176	177	178
40 ft. Containers to Vietnam (HCMC)	184	184	189
40 ft. Containers to Japan (Yokohama)	175	175	177
40 ft. containers to Thailand (LCMB)	171	171	172
40 ft. Containers to China (Shanghai)	176	176	181
KC & Elwood, IL Rail Yard (delivered Ramp)	129	130	132

*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: One key feature of commodity markets is that they are a “zero-sum game.” Someone wins at someone else’s loss and only one of two opposing views can be right. This dichotomy was prevalent in the DDGS market this week: buyers are sitting tight, waiting for softer prices as the weather warms, while sellers are defending offers in anticipation of week-long “turnarounds” heading in to April and May. Consequently, the market was quiet and featured infrequent, low-volume trading. Only time will tell which of these views will ultimately prove correct, but last year’s two-month-long bullish move started in April.

FOB NOLA DDGS prices remain competitive against FOB soybean meal, priced at 41 percent of soybean meal. This equates to a \$1.55 per protein-unit cost advantage for DDGS on the export market. FOB corn prices came under pressure from Brazil this week which pressured FOB Gulf DDGS lower by \$2/MT. The value of FOB DDGS versus FOB corn was down slightly but basically unchanged at 90 percent. Barge rates were essentially unchanged this week (down \$1/MT) in line with price signals from the Gulf.

CNF Prices for 40-foot containers to Southeast Asia were higher this week, climbing \$3/MT. Prices for containers destined for Vietnam rose \$6/MT while product destined for Taiwan increased \$3/MT. The forward curve for internationally-destined DDGS is looking stronger with prices for April, May, and June shipment all increasing (\$1/MT on average). If FOB Gulf prices attract significant buying attention near \$150/MT, it seems CNF prices to Southeast Asia have done the same at \$175/MT.

COUNTRY NEWS

Brazil: Winter corn planting is complete in the Center-South region and the harvesting of the summer corn crop is 56 percent complete. (Bloomberg)

China: Chinese corn futures on the Dalian Exchange have been falling (\$242.36/MT close on March 29) based on the rumored impending sale of government surplus stocks. Corn prices in the south have been rising (\$251.07/MT; 1,730 yuan/MT) and the government may sell corn from reserves in April at prices expected to be at \$210 to \$217 per ton. There is no official confirmation but market talk says the price could go as low as \$159/MT (1,100 yuan/MT), which would be 32 percent below the May futures contract. Heilongjiang produces a lot of corn with few users and the government sold corn in the province last year at \$174/MT (1,200 yuan/MT). (Bloomberg)

Separately, the Dalian Exchange plans to begin offering corn options contracts if the soymeal options contract launching on March 31 is a success.

Malaysia: Brazil is the typical supplier of corn to Malaysia, but due to last year’s drought the U.S. has now supplied 162,000 MT of corn to the country. These are the first sales by the U.S. in five years. (Feedstuffs)

South Africa: The Crop Estimates Committee forecasts this year’s corn production at 14.3 MMT, an 83 percent increase over last year’s drought-stricken crop. Ample rainfall means this year’s crop may yield the most production in 36 years. (Bloomberg)

Turkey: Ankara imposed high duties on Russian supplied wheat, corn and sunflower starting in mid-March. The economy ministers for the two countries plan to hold discussions on Russia’s supply of grain to Turkey in early April. (Reuters)

Ukraine: Export shipments of corn are up 6.7 percent thus far in this marketing year. Top buyers include the EU, Iran, Egypt, and South Korea. (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	\$39.00	Up \$1.00	Handymax at \$39.50/MT
55,000 U.S. PNW-Japan	\$21.25	Up \$0.75	Handymax at \$19.50/MT
55,000 U.S. Gulf-China	\$38.00	Up \$1.25	North China
PNW to China	\$20.50	Up \$0.75	
25,000 U.S. Gulf-Veracruz, México	\$16.00	Down \$0.75	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$14.00	Down \$1.00	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$20.50 \$33.00	Down \$1.00 Down \$1.00	West Coast Colombia at \$27.50
40-45,000 U.S. Gulf-Guatemala	\$25.00	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$26.00 \$28.25	Unchanged Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$25.00	Unchanged	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$24.00	Up \$1.00	55,000 -60,000 MT St. Lawrence to Egypt \$23.00
PNW to Egypt	\$26.50	Up \$0.50	
60-70,000 U.S. Gulf-Europe-Rotterdam	\$16.00	Up \$0.25	Handymax at +\$1.50 more
Brazil, Santos-China	\$28.50	Up \$0.50	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
Itacoatiara Port up river	\$29.00	Up \$1.50	
Amazonia-China	\$32.50	Up \$1.00	
56-60,000 Argentina-China Upriver with Top-Off	\$38.25	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: There was a big jump in ocean freight indices this week, with a bit lighter move up in physical voyage charter rates. Market excitement was mostly focused on the Capesize and Panamax vessel freight markets and less so in the Supramax and Handymax sectors.

The Baltic P2 and P3 Panamax indices ran up in increments of 400-500 points per day this week. So...everything is bullish now? Most indices rose to highs not seen since November 2014. But, interestingly enough the Baltic S1C Dry-Bulk Supramax index from the U.S. Gulf to China-South Japan dropped in value each day this week. This caused quite a divergence in market spreads. Chinese coal and iron ore/steel demand due to "restocking" was the main demand factor behind the rally.

Baltic-Panamax Dry-Bulk Indices				
March 30, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	16,474	14,490	1,984	13.7%
P3A: PNW/Pacific– Japan	11,087	10,098	989	9.8%
S1C: U.S. Gulf-China-S. Japan	17,069	19,044	-1,975	-10.4%

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 30, 2017	
Four weeks ago:	\$5.35-\$6.00
Three weeks ago:	\$6.15-\$6.45
Two weeks ago:	\$6.15-\$6.65
One week ago:	\$6.50-\$6.95
This week	\$6.60-\$7.00

Source: O'Neil Commodity Consulting

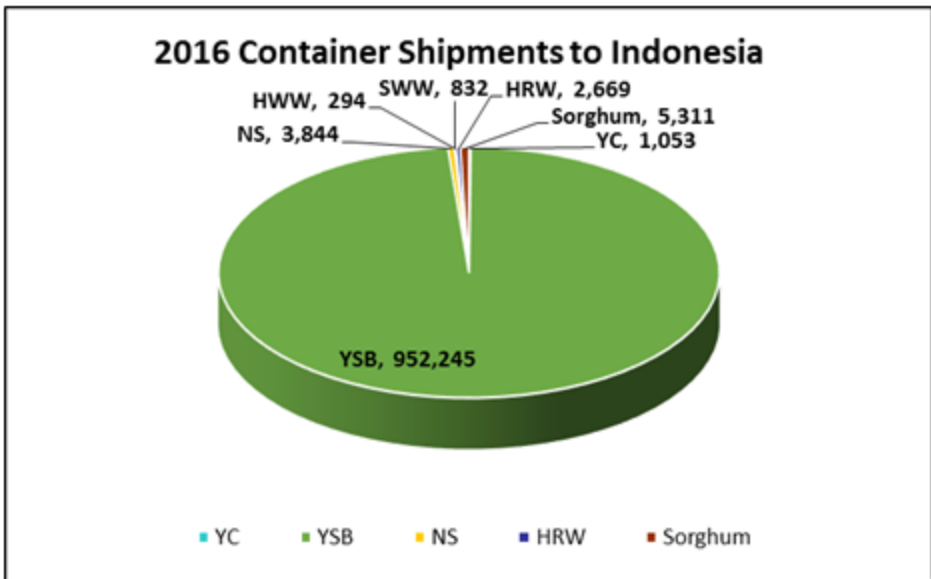
U.S.-Asia Market Spreads					
March 30, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.78	0.43	0.35	\$13.78	PNW
Soybeans	0.60	0.32	0.28	\$11.02	PNW
Ocean Freight	\$20.50	\$38.00	0.43-0.46	(\$17.50)	April

Source: O'Neil Commodity Consulting

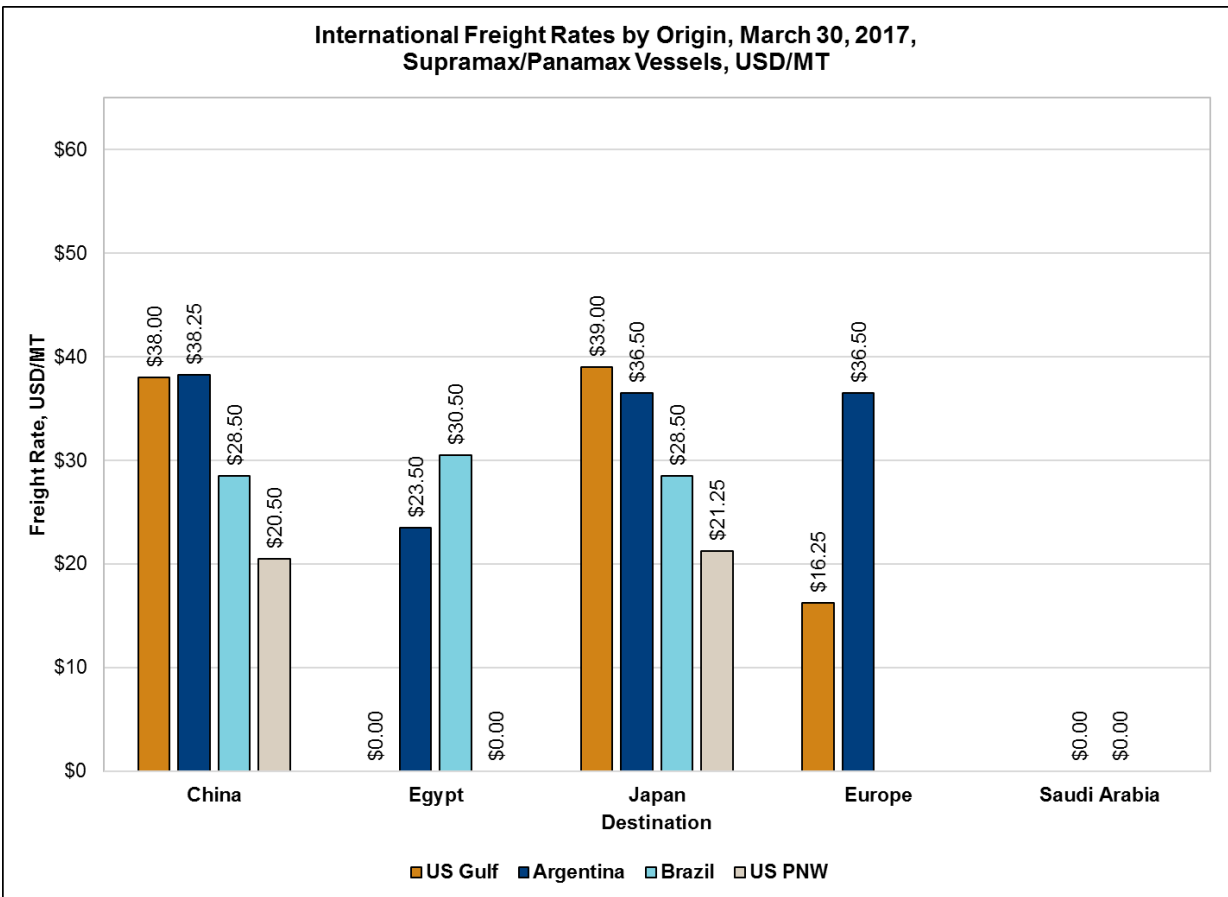
The charts below represent YTD 2017 versus January-December 2016 annual totals for container shipments to Indonesia.



Source: O'Neil Commodity Consulting

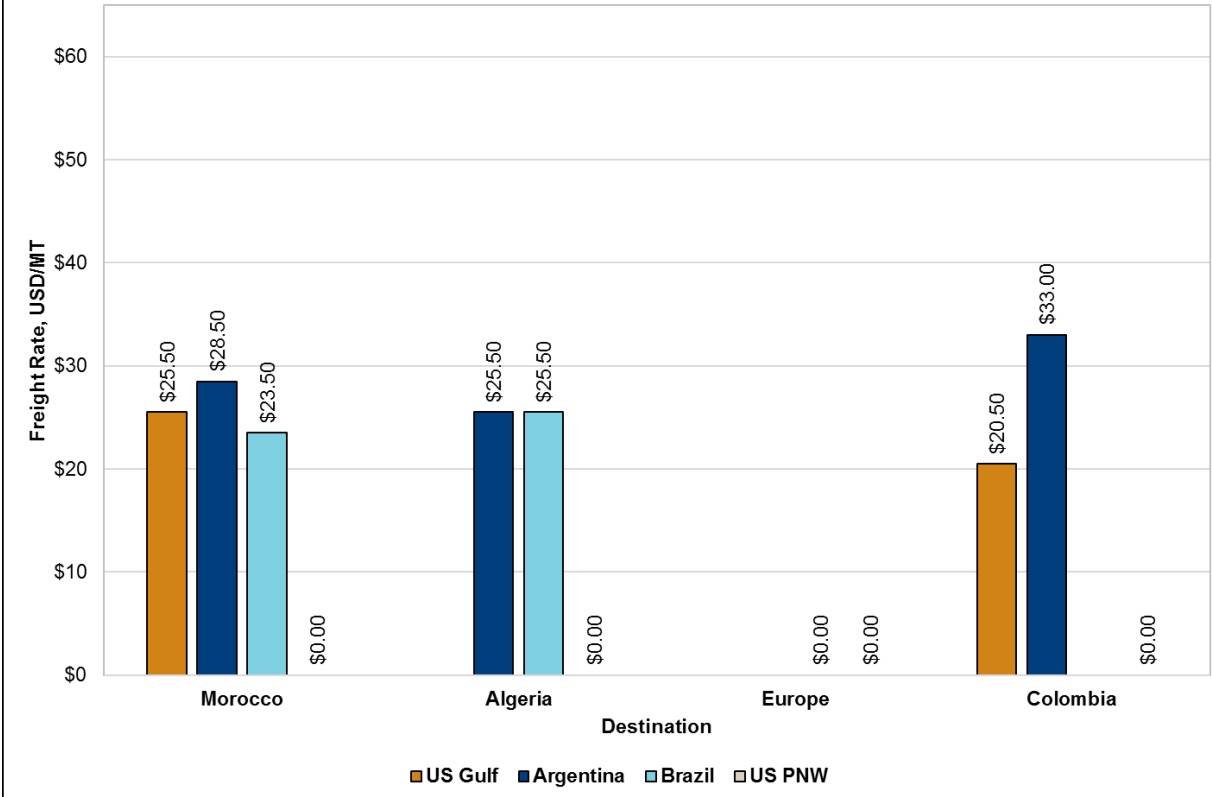


Source: O'Neil Commodity Consulting



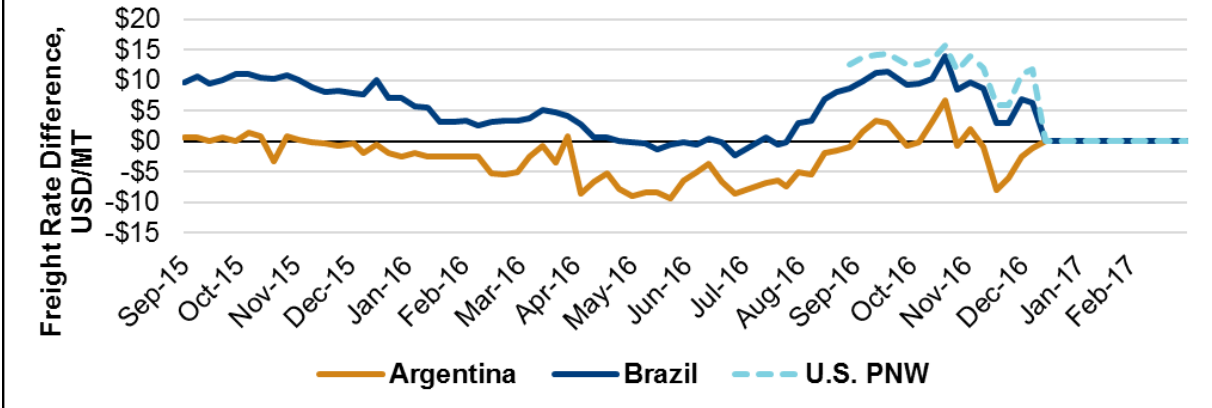
Source: DTN, O'Neil Commodity Consulting and WPI

**International Freight Rates by Origin, March 30, 2017,
Handysize Vessels, USD/MT**



Source: DTN, O'Neil Commodity Consulting and WPI

**U.S. Gulf to China Freight Rate Premium/Discount to
Competing Origins**



Source: DTN, O'Neil Commodity Consulting and WPI

INTEREST RATES

Interest Rates (%): March 30, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	4.00	4.00	3.75
LIBOR (6 month)	1.42	1.43	1.37
LIBOR (1 year)	1.80	1.82	1.76

Source: www.bankrate.com