



April 6, 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 31	Monday April 3	Tuesday April 4	Wednesday April 5	Thursday April 6
Change	6.750	3.500	-4.7500	1.7500	-4.0000
Closing Price	364.25	367.75	363.00	364.75	360.75
Factors Affecting the Market	USDA's smaller than expected corn area boosted the market. USDA said 90 million acres will go to corn this year, 1 million less than analysts predicted. The Grain Stocks report showed record-high corn demand for FH 2016/17. Dec. 17 corn's downtrend may be reversing.	Technical buying and further absorption of USDA's numbers sent corn higher. Midwest rains are generally favorable but heavy rains are developing in Argentina. Export inspections were bullish at 58.1 million bushels, up 70 percent from last year. Outside markets were lower.	Soy complex-weakness and planting progress pulled corn lower. Excellent planting progress is being made in the south and Argentina's rain threats are lower. Cash corn gained some strength while the dollar was slightly higher. Outside markets were higher.	Quiet trading sent corn slightly higher with not much news to absorb. The market is looking for Thursday's export sales report for guidance. Ethanol production fell by 35,000 barrels per day, a sign of spring maintenance. Outside markets were largely flat.	Despite bullish export sales of 1.14 MMT, commercial selling and broad CBOT weakness pushed corn lower. Lower ethanol futures and margins, good U.S. weather, and a higher dollar (up 19 points) also contributed to corn's decline. Crude oil and U.S. equities were higher but ignored.

Outlook: The USDA gave the corn market everything it could to induce a bullish rally. Last Friday, the USDA's Planting Intentions report surprised the market by estimating 90 million acres of corn would be planted this year, nearly 1 million less than the average analyst's estimate. Beyond forecasting tighter supplies, the USDA's Grain Stocks report showed record-high corn demand during the first half of the 2016/17 marketing year. March 1 corn stocks were pegged at 8.62 billion bushels which, while higher than expected, implied 8.32 billion bushels of record-breaking corn consumption from the 2016/17 crop.

The USDA's report was more bullish new-crop corn futures than old. The record-breaking demand apparent in USDA's stocks report has been largely known for some time, as reported in the booming exports and ethanol use reports. Despite excellent demand, the prospect of huge South American supplies and large global stocks are limiting old-crop gains.

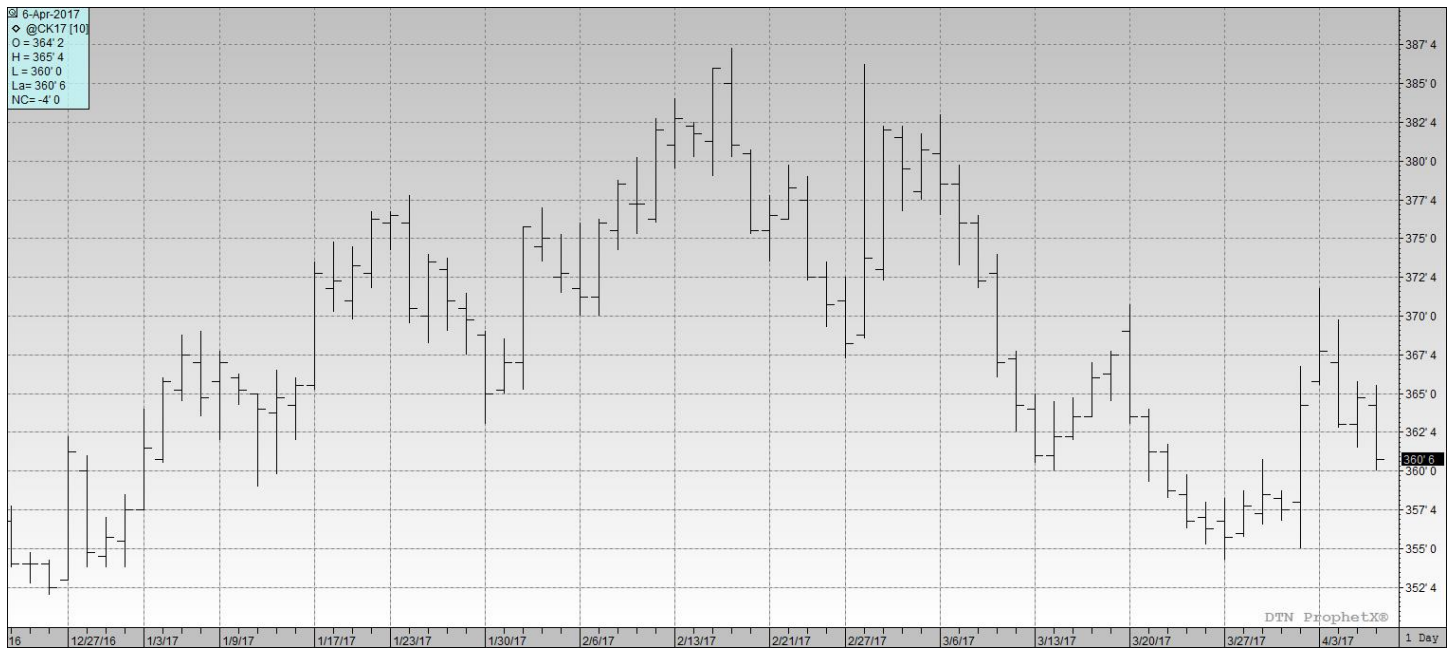
The acreage-induced new-crop corn rally provided a few days of excellent marketing opportunities but will likely not last long. While planted area was "only" 90 million acres, this figure still implies a 14.4-billion-bushel crop given trendline yields. If realized, this production would exceed USDA's initial 2017/18 demand projection by 200 million bushels, hardly a bullish scenario. In the near-term, fund positioning (funds were short heading into the report and covered much of this position in the following days) and spring weather developments will have a more profound market impact.

Today's Export Sales report was again bullish corn. The report identified 44.8 million bushels of old-crop corn sold last week, which was above the 15.6 million needed in this week's report. Similarly, weekly exports of 62.9

million bushels were well above the 44.5 that was required to meet's USDA's demand projections. The report continues to highlight the competitiveness of U.S corn, which is now the cheapest in the world.

From a technical standpoint, May corn is still in a long-term uptrend but is under pressure from a short-term down trend. Friday's post-report price action initially broke the short-term downtrend but subsequent trading has reconfirmed its presence. Today's trading found support at the 10 and 20-day moving averages which could set up the contract for a test of the 40-day moving average at \$3.76. The contract is neither over- nor undersold, giving little indication for corrective action one way or another. For now, the contract will essentially trade sideways until weather, commercial selling, or funds' actions motivate other activity.

CBOT MAY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending April 6, 2017			
Commodity	6-Apr	31-Mar	Net Change
Corn			
May 17	360.75	364.25	-3.50
Jul 17	368.50	371.75	-3.25
Sep 17	376.25	379.25	-3.00
Dec 17	386.00	388.25	-2.25
Soybeans			
May 17	941.50	946.00	-4.50
Jul 17	952.75	957.00	-4.25
Aug 17	954.75	959.50	-4.75
Sep 17	952.25	956.50	-4.25
Soymeal			
May 17	308.70	308.40	0.30
Jul 17	312.40	311.80	0.60
Aug 17	313.10	312.30	0.80
Sep 17	313.20	312.40	0.80
Soyoil			
May 17	31.37	31.78	-0.41
Jul 17	31.65	32.07	-0.42
Aug 17	31.75	32.17	-0.42
Sep 17	31.85	32.25	-0.40
SRW			
May 17	423.25	426.50	-3.25
Jul 17	436.00	439.00	-3.00
Sep 17	450.25	453.50	-3.25
Dec 17	470.75	473.75	-3.00
HRW			
May 17	420.00	420.50	-0.50
Jul 17	433.00	433.75	-0.75
Sep 17	448.75	449.50	-0.75
Dec 17	473.00	473.25	-0.25
MGEX (HRS)			
May 17	521.75	534.25	-12.50
Jul 17	529.25	542.25	-13.00
Sep 17	537.50	549.00	-11.50
Dec 17	548.50	557.75	-9.25

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	April 2, 2017	Last Week	Last Year	2012-16 Avg.
Corn	N/A	N/A	N/A	N/A
Sorghum	15%	N/A	13%	12%
Barley	N/A	N/A	N/A	N/A

Source: USDA

U.S. Drought Monitor Weather Forecast: During the next five days (April 6-10), the Weather Prediction Center (WPC) precipitation forecast calls for moderate precipitation (0.5-1.5 inches) to reach perhaps as far south as Santa Barbara, CA. The Northern Plains is predicted to receive close to a half-inch of precipitation during this 5-day period, which should at least offset any additional deterioration. Light precipitation (less than 0.5-inch) expected over the Central and Southern Plains offers little in the way of additional drought improvements. One to two inches of rain anticipated for the Northeast and Mid-Atlantic Coastal Plain provides improved prospects for additional drought relief in that region, as does moderate to heavy rainfall (0.5-4.0) inches across the Southeast, with the possible exception of Florida.

For the ensuing five-day period (April 11-15), there are elevated odds for above-median precipitation across the south-central CONUS, northern California, the Pacific Northwest, the northern Rockies, and parts of the Upper Mississippi Valley. There are elevated odds for below-median precipitation across the Southeast, and in a band stretching from the southern Sierras of California eastward across much of the Rockies and Plains, the north-central Mississippi Valley, the southern Great Lakes region, and the Northeast.

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 30, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	600,800	564,900	20,845.1	26,817.4	40%
Corn	1,338,700	1,597,700	32,128.0	48,561.8	49%
Sorghum	131,500	220,500	3,048.3	3,964.8	-39%
Barley	0	700	16.1	24.3	-11%

Source: USDA/FAS

Corn: Net sales of 1,138,100 MT for 2016/2017 were up 59 percent from the previous week and 13 percent from the prior 4-week average. Increases were reported for Mexico (280,500 MT, including 30,000 MT switched from unknown destinations and decreases of 18,300 MT), Colombia (252,300 MT, including 206,000 MT switched from unknown destinations and decreases of 104,300 MT), Japan (242,500 MT, including 65,400 MT switched from unknown destinations), Taiwan (135,500 MT), and South Korea (130,700 MT, including decreases of 67,000 MT). Reductions were reported for unknown destinations (287,900 MT), Haiti (700 MT), and the Leeward and Windward Islands (100 MT). For 2017/2018, net sales of 34,600 MT reported for Mexico (37,600 MT) and Guatemala (8,000 MT), were partially offset by decreases for Nicaragua (11,000 MT). Exports of 1,597,700 MT--a marketing-year high--were up 14 percent from the previous week and 11 percent from the prior 4-week average. The primary destinations were Colombia (474,500 MT), Japan (373,100 MT), Mexico (242,600 MT), Saudi Arabia (134,700 MT), and South Korea (133,500 MT).

Optional Origin Sales: For 2016/2017, options were exercised to export 60,000 MT to South Korea from the United States. The current optional origin outstanding balance of 402,000 MT is for unknown destinations (203,000 MT) and South Korea (199,000 MT).

Barley: No net sales were reported for the week. Exports of 700 MT were reported to Japan.

Sorghum: Net sales of 130,200 MT for 2016/2017 were up noticeably from the previous week and 50 percent from the prior 4-week average. Increases were reported for China (63,500 MT, including decreases of 1,300 MT), unknown destinations (53,000 MT), Mexico (13,200 MT), and Taiwan (500 MT). Exports of 220,500 MT

were up noticeably from the previous week and from the prior 4-week average. The destinations were China (202,300 MT), Mexico (17,700 MT), and Taiwan (500 MT).

U.S. Export Inspections: Week Ending March 30, 2017					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	439	539	32,385	30,436	106%
Corn	1,475,257	1,569,779	33,332,004	19,648,725	170%
Sorghum	138,420	166,299	3,743,142	6,058,386	62%
Soybeans	620,725	555,396	46,933,883	41,788,861	112%
Wheat	559,646	545,686	21,820,721	16,814,675	130%

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 30, 2017						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	4,611	0%	0	0%	0	0%
Gulf	929,209	65%	36,935	92%	60,545	44%
PNW	354,558	25%	122	0%	55,131	40%
Interior Export Rail	146,928	10%	2,894	7%	22,744	16%
Total (Metric Tons)	1,435,306	100%	39,951	100%	138,420	100%
White Corn Shipments by Country (MT)			32,000	to Colombia		
			4,935	to Guatemala		
			122	to South Korea		
			2,894	to Mexico		
Total White Corn (MT)			39,951			
Sorghum Shipments by Country (MT)					103,816	to China
					11,860	to Ethiopia
					98	to South Korea
					22,646	to Mexico
					138,420	
Total Sorghum (MT)						

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 April	+0.40 K	\$157.77	-	-
May	+0.40 K	\$157.77	+0.79 K	\$173.12
June	+0.40 N	\$160.82	+0.72 N	\$173.42

#2 White Corn (U.S. \$/MT FOB Vessel)		
Max. 15.0% Moisture	April	May
Gulf	\$192	\$192

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	\$171.55
May	-	-	+0.75 K	\$171.55

Due to the low volume of trade we are unable to provide Feed Barley FOB indications in today's report.

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	April	May	June
New Orleans	\$120	\$120	\$120
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	April	May	June
New Orleans	\$595	\$595	\$595
<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	\$535	\$535	
Truck Delvd. Channahon/Elwood	-	-	

**All prices are market estimates.*

DDGS Price Table: April 6, 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	137	139
FOB Vessel GULF	146	147	148
Rail delivered PNW	164	164	166
Rail delivered California	167	167	169
Mid-Bridge Laredo, TX	164	165	166
FOB Lethbridge, Alberta	136	138	139
40 ft. Containers to South Korea (Busan)	171	172	172
40 ft. Containers to Taiwan (Kaohsiung)	170	171	172
40 ft. Containers to Philippines (Manila)	178	179	180
40 ft. Containers to Indonesia (Jakarta)	175	177	178
40 ft. Containers to Malaysia (Port Kelang)	175	177	178
40 ft. Containers to Vietnam (HCMC)	182	182	187
40 ft. Containers to Japan (Yokohama)	182	182	187
40 ft. containers to Thailand (LCMB)	171	172	173
40 ft. Containers to China (Shanghai)	177	177	182
KC & Elwood, IL Rail Yard (delivered Ramp)	129	131	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: Prices were higher this week on modest supply reductions. Spring maintenance season has sprung for Midwest ethanol plants which resulted in a 3.3 percent drop in weekly ethanol production. In turn, DDGS prices were steady to a few dollars higher, led by FOB ethanol plant values.

The average DDGS price quoted by ethanol plants increased \$2/MT this week to \$100.03. Spring maintenance closures and modest CBOT gains allowed merchandisers to gain some pricing advantages. Domestically, DDGS are priced at 70 percent of corn futures and hold a \$2.88 per-protein-unit advantage over soybean meal. Both values are essentially unchanged from last week.

Prices at the Gulf have come off recent lows by \$3-4/MT. FOB Gulf prices averaged \$146.25 this week (up \$3/MT) while Barge CIF NOLA values were steady. Increases in PNW corn prices pulled rail-delivered DDGS higher by about \$2/MT as export demand to Asian destinations remains strong. On the export market, DDGS are priced at 91 percent of FOB corn values and have a \$1.17 per-protein-unit advantage over soybean meal.

Coming off recent lows, DDGS prices have additional upward potential. However, as spring weather increases across the Midwest and pastures green up, there will be some reduction in feed demand. International buyers will have to provide the bulk of any price increases. Merchandisers are reporting some increased interest from international buyers who were well covered through the early spring but are looking to secure product for late spring/early summer. In summary, pricing strength remains but significant gains are not expected for this well-supplied market.

COUNTRY NEWS

Argentina: The government's new tax and trade policies have energized farmers into growing more wheat and corn. Farm equipment sales are expected to rise for the first time in three years. South American sales of harvesting combines will be up 20 percent and tractor sales will rise by 15 percent. (Reuters)

China: The Grain Reserve Corporation has lowered the purchase price of corn by 100 yuan (\$14.50) per ton, indicating an early end to post-harvest purchasing. Total corn procurement is down and auctions begin next month with the National Development and Reform Commission seeking a balance in sales that will repress imports but not hurt farmers. Instead, there will be an effort to verbally persuade farmers to switch from corn to soybean production. Grain and Oil News reports rumors that 2013/14 stocks of corn will be sold at a 33 percent discount to their acquisition price, and that 2011/12 corn stocks will be sold to distillers at a 38 percent discount to their original acquisition value.

Separately, Sinograin says that state grain reserves of corn will begin selling next week, well ahead of the usual May start date. (Bloomberg)

France: The bird flu outbreak will reduce total feed demand by 330,000 tons this year. Maize growers had said last month they expect a 150,000-ton reduction in demand due to the flu. (Reuters)

India: The government slashed subsidies for potash by 20 percent, which will force a rise in prices for the key production input. Higher prices are expected to reduce utilization and thus affect the production of crops like corn, rice and soybeans. (Reuters)

Zimbabwe: Agriculture Minister Dr. Joseph Made says that maize production will be 2.5 MMT this year, up from an earlier projection of 2 MMT. The Grain Marketing Board is offering farmers the equivalent of \$390/MT for their maize via a \$500 million, three-year campaign. Imports will be cut off via a government order of not issuing import permits. (Zimpapers LTD)

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	Unchanged	Handymax at \$39.50/MT
55,000 U.S. PNW-Japan	\$21.00	Down \$0.25	Handymax at \$19.50/MT
55,000 U.S. Gulf-China	\$38.00	Unchanged	North China
PNW to China	\$20.25	Down \$0.25	
25,000 U.S. Gulf-Veracruz, México	\$15.75	Down \$0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$13.75	Down \$0.25	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$19.50 \$30.00	Down \$1.00 Down \$3.00	West Coast Colombia at \$26.00
40-45,000 U.S. Gulf-Guatemala	\$24.50	Down \$0.50	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$25.75 \$28.25	Down \$0.25 Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$24.75	Down \$0.25	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$23.50	Down \$0.50	55,000 -60,000 MT St. Lawrence to Egypt \$23.00
PNW to Egypt	\$26.00	Down \$0.50	
60-70,000 U.S. Gulf-Europe-Rotterdam	\$15.75	Down \$0.25	Handymax at +\$1.50 more
Brazil, Santos-China	\$28.50	Unchanged	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
Itacoatiara Port upriver	\$29.00	Unchanged	
Amazonia-China	\$32.50	Unchanged	
56-60,000 Argentina-China Upriver with Top-Off	\$38.25	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: The Chinese are back from their brief holiday but don't seem to be in a big buying mood. Global freight markets are therefore feeling a bit topy and rates today are somewhere between unchanged to slightly lower than last week.

The Dry-Bulk Supramax and Handymax markets continue to be the softest among the freight sectors. The bigger news is probably in the U.S./Mississippi River barge freight market where reduced demand and overcapacity have driven April-May barge freight rates down to 185-245 percent of CCR. At these low rates barge owners are contemplating parking their tow boats and barges and waiting for rates that cover their cost of operation. Domestic rail business is also suffering and rail car costs are also down substantially from past weeks and months. But we are, of course, in the U.S. spring planting season when farmers focus on their fields and not their grain marketing needs.

Baltic-Panamax Dry-Bulk Indices				
April 5, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	16,741	16,474	267	1.6%
P3A: PNW/Pacific– Japan	10,809	11,087	-278	-2.5%
S1C: U.S. Gulf-China-S. Japan	16,591	17,069	-478	-2.8%

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:

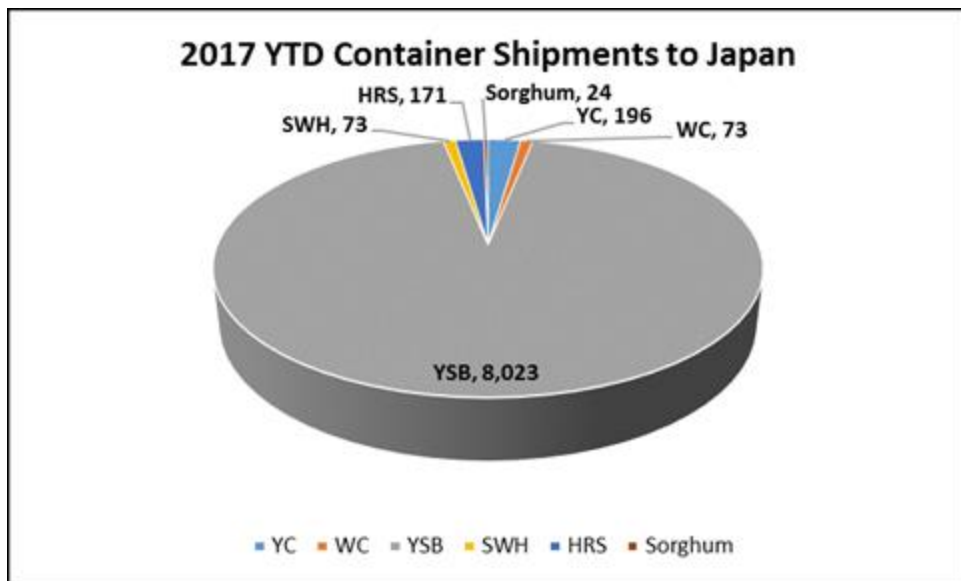
Week Ending April 5, 2017	
Four weeks ago:	\$6.15-\$6.45
Three weeks ago:	\$6.15-\$6.65
Two weeks ago:	\$6.50-\$6.95
One week ago:	\$6.60-\$7.00
This week	\$6.35-\$6.70

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
April 5, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.77	0.41	0.36	\$14.17	PNW
Soybeans	0.60	0.30	0.30	\$11.81	PNW
Ocean Freight	\$20.50	\$38.00	0.44-0.48	(\$17.50)	May

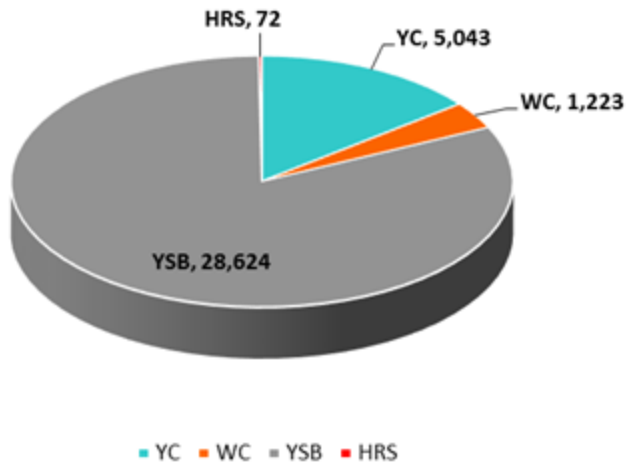
Source: O'Neil Commodity Consulting

The charts below represent YTD 2017 versus 2016 annual totals for container shipments to Japan.



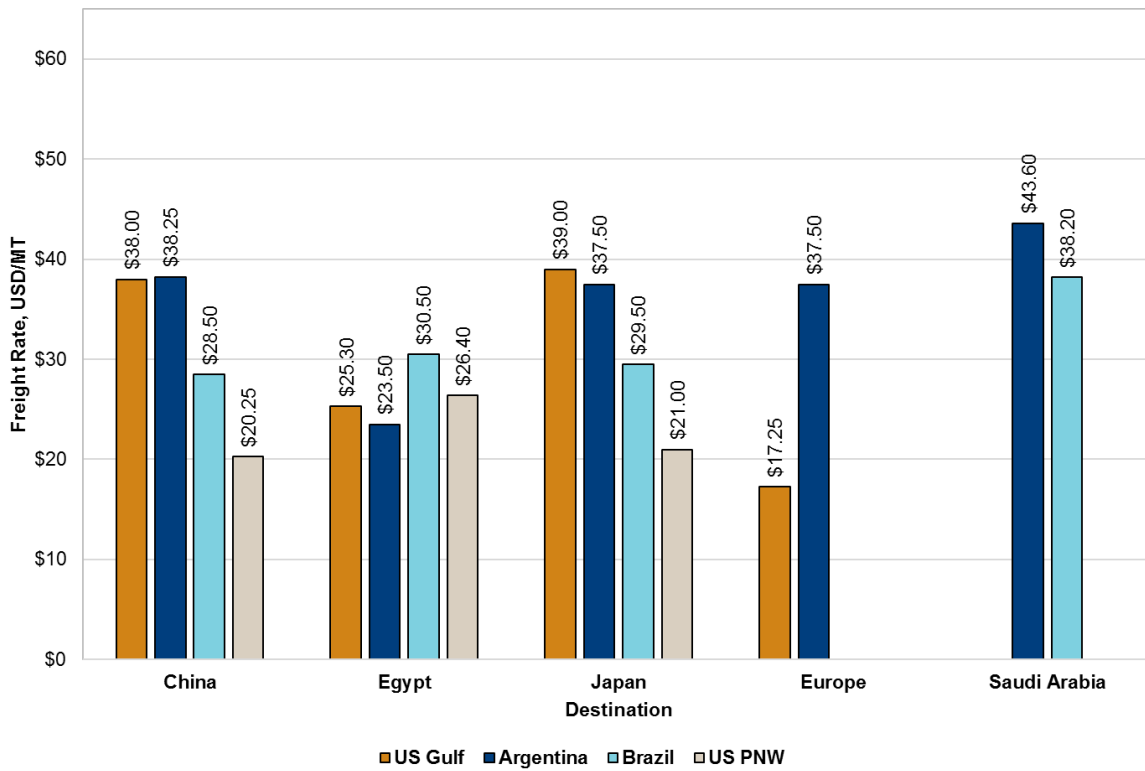
Source: O'Neil Commodity Consulting

2016 Container Shipments to Japan



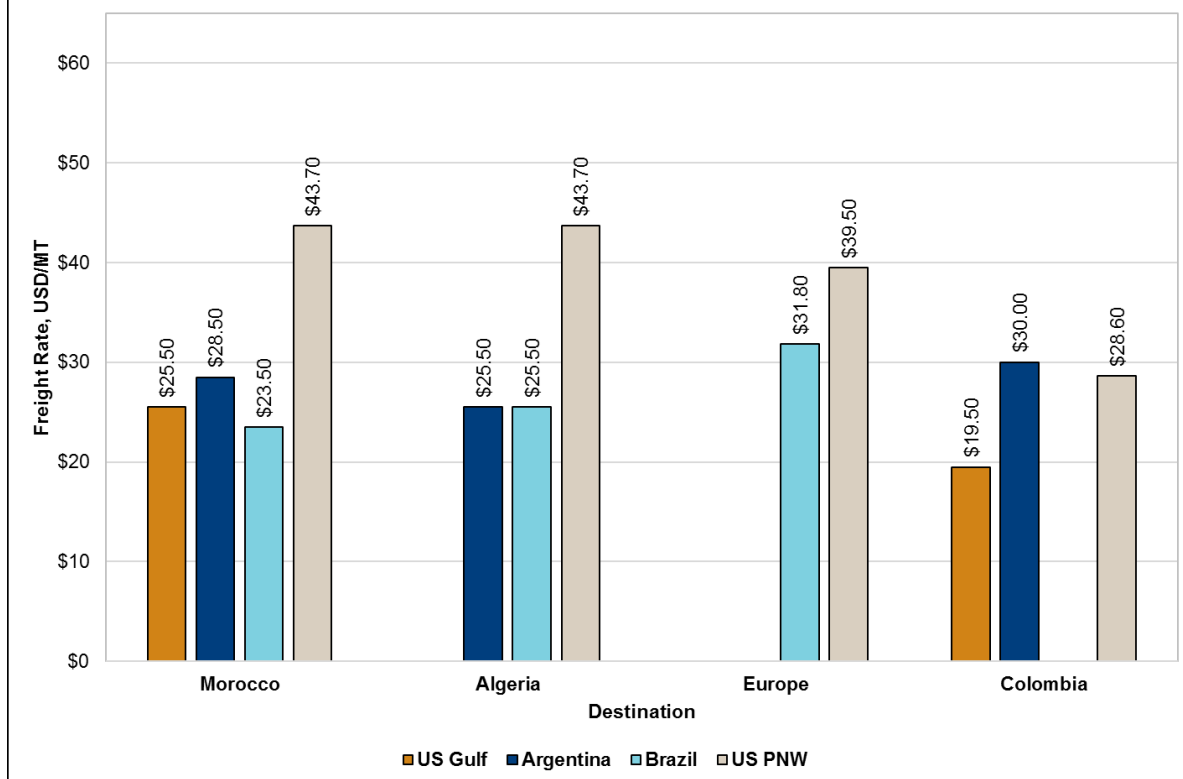
Source: O'Neil Commodity Consulting

International Freight Rates by Origin, April 6, 2017, Supramax/Panamax Vessels, USD/MT



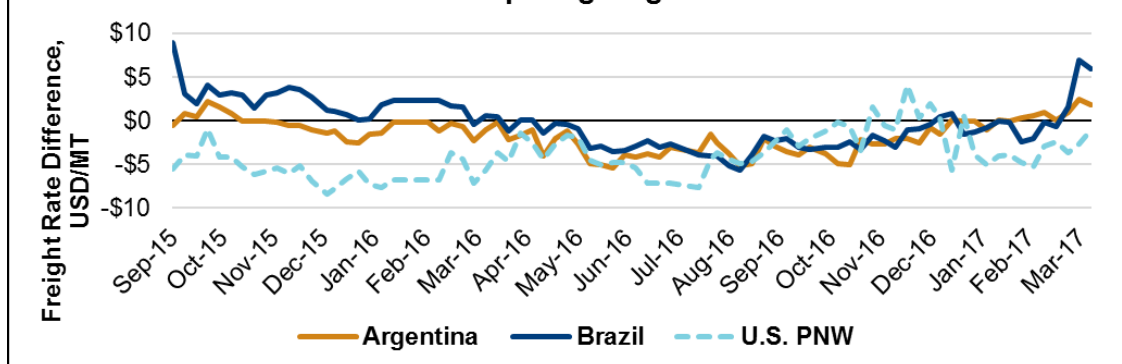
Source: DTN, O'Neil Commodity Consulting and WPI

**International Freight Rates by Origin, April 6, 2017,
Handysize Vessels, USD/MT**



Source: DTN, O'Neil Commodity Consulting and WPI

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



Source: DTN, O'Neil Commodity Consulting and WPI

INTEREST RATES

Interest Rates (%): April 5, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	4.00	4.00	3.75
LIBOR (6 month)	1.43	1.42	1.42
LIBOR (1 year)	1.79	1.80	1.80

Source: www.bankrate.com