



April 13, 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 April 7	Monday April 10	Tuesday April 11	Wednesday April 12	Thursday April 13
Change	-1.250	7.500	-0.5000	2.5000	2.0000
Closing Price	359.50	367.00	366.50	369.00	371.00
Factors Affecting the Market	May corn retreated from last week's gains on good Midwest planting weather. Planting progress is expected to be good this week. The situation in Syria did not affect the market though bearish jobs numbers added to CBOT weakness. The U.S. dollar gained 41 points while equities fell.	Harvest-disrupting rains in Argentina and Brazil over the weekend sent corn higher, erasing last week's losses. Commercial buying was noted which may encourage fund buying later. Export inspections were bullish at 46.1 million bushels and the dollar gave back some of yesterday's gains.	Corn markets were insulated from WASDE effects as USDA left the U.S. balance sheet essentially unchanged. Higher production for Brazil did pressure new crop futures, however, and cash corn prices were lower too. The dollar and U.S. equities were lower on geopolitical concerns about Korea.	Extremely quiet trading left the market to post modest gains. Despite the WASDE's bearish tint, the report was benign enough to limit selling. Ethanol production fell 33,000 barrels per day while stocks fell nearly 1 million barrels. Outside markets were weaker on Presidential currency comments.	Improving ethanol margins and wet field conditions in the Corn Belt's center were supportive to corn. Still, only muted trading occurred in advance of the 3-day weekend. Export sales were below what was needed in this week's report which capped gains. Outside markets were weaker.

Outlook: The corn market's reaction to the April USDA WASDE report was "we knew that." The USDA failed to make any substantive changes to the U.S. corn balance sheet, keeping the key ending stocks figure unchanged at 2.32 billion bushels. Feed and residual use was decreased by 50 million bushels, equally offsetting a 50 million bushel increase in corn used for ethanol production. The USDA gave the market little to trade on until it releases its initial forecast of the 2017/18 balance sheet in May.

As uninteresting as the U.S. balance sheet was, however, more exciting changes were noted in South American balance sheets. The USDA increased Brazil's production by 2 MMT to 93.5 MMT and increased the country's exports by 1 MMT to 32 MMT. The global supply situation is weighing on Brazil too, as the USDA increased the nation's ending stocks to 8.5 MMT (9.3 percent ending stocks/use ratio).

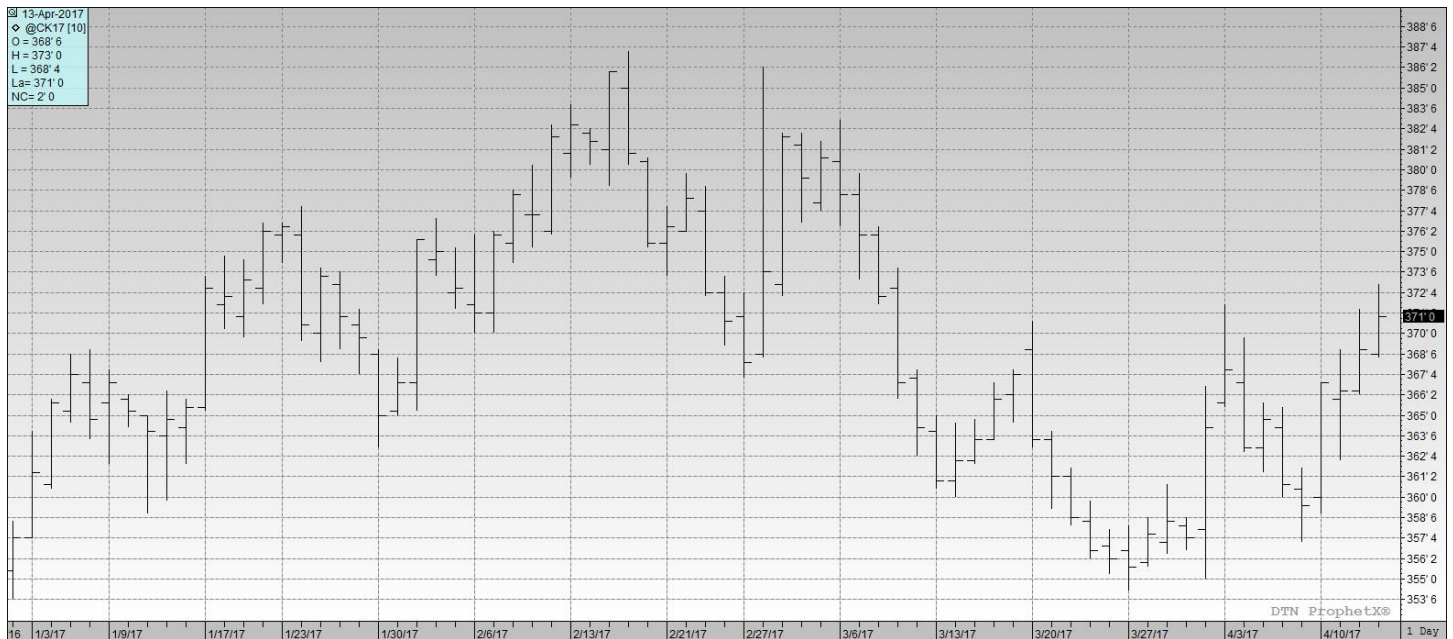
Similarly, Argentine corn production was increased by 1 MMT to 38.5 MMT and exports were increased by the same amount. Argentina's corn export forecast now stands at 26 MMT, a 20 percent increase from the prior year. Rains in the country may cause challenges exporting this crop, however. If rains continue much longer, farmers will switch from harvesting corn to soybeans, which may delay exports and put upward pressure on local prices. However, Argentina will still be forced to remain competitive versus Brazil on the global market and upward price potential is limited.

From a technical standpoint, May corn is starting a short-term uptrend in the middle of a longer, very shallow uptrend. The contract recently found support at \$3.54 and \$3.57 and is now above it's 10, 20, 40, and 100-day

moving averages. Commercial value-buying has been noted recently and basis levels have started to show signs of strength. Minor resistance lies at \$3.72 and more substantial resistance at \$3.88.

With only 90 million acres expected to go into corn production this year and given the weather problems in South America, few market participants are likely to be significantly bearish. Tomorrow's CFTC data is likely to show fund's net position as nearly flat, though a bullish lean is possible. The corn market has found both technical and fundamental support and upward price pressure is anticipated. However, this trend will be working against huge global supplies and gains will be slow and hard-won.

CBOT MAY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending April 13, 2017			
Commodity	13-Apr	7-Apr	Net Change
Corn			
May 17	371.00	359.50	11.50
Jul 17	378.00	367.25	10.75
Sep 17	384.50	374.75	9.75
Dec 17	394.50	384.50	10.00
Soybeans			
May 17	955.50	942.00	13.50
Jul 17	966.25	953.25	13.00
Aug 17	968.00	954.75	13.25
Sep 17	964.50	951.75	12.75
Soymeal			
May 17	317.50	307.40	10.10
Jul 17	321.80	311.40	10.40
Aug 17	322.40	312.10	10.30
Sep 17	321.80	312.10	9.70
Soyoil			
May 17	31.19	31.62	-0.43
Jul 17	31.38	31.88	-0.50
Aug 17	31.48	31.98	-0.50
Sep 17	31.59	32.08	-0.49
SRW			
May 17	429.75	424.00	5.75
Jul 17	442.75	436.25	6.50
Sep 17	455.75	449.75	6.00
Dec 17	476.75	470.00	6.75
HRW			
May 17	427.25	421.75	5.50
Jul 17	439.25	434.25	5.00
Sep 17	455.50	449.75	5.75
Dec 17	480.50	474.25	6.25
MGEX (HRS)			
May 17	530.25	518.25	12.00
Jul 17	538.75	526.25	12.50
Sep 17	546.75	534.50	12.25
Dec 17	557.25	546.50	10.75

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	April 9, 2017	Last Week	Last Year	2012-16 Avg.
Corn	3%	N/A	4%	3%
Sorghum	18%	15%	15%	15%
Barley	9%	N/A	17%	16%

Source: USDA

U.S. Drought Monitor Weather Forecast: During the next five days (April 13-17), the Weather Prediction Center (WPC) predicts 1.0-2.5 inches of precipitation from the southern High Plains northeastward across the mid-upper Mississippi Valley and into the western Great Lakes region. Heavy precipitation (3-4 inches, liquid equivalent) is expected across the Coastal Ranges of the Pacific Northwest and northwestern California, the Cascades of the Pacific Northwest, and the California Sierras. However, these areas are no longer in drought or dryness.

For the ensuing five-day period (April 18-22), there are elevated odds for above-median precipitation across most of the northern and central thirds of the CONUS, while near- to below-median precipitation is favored across the southern tier of states.

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 April 6, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	521,300	634,300	21,479.4	27,239.0	41%
Corn	797,700	1,076,300	33,204.2	49,299.7	46%
Sorghum	77,600	97,800	3,146.0	4,039.8	-38%
Barley	1,000	1,000	17.1	25.4	-7%

Source: USDA/FAS

Corn: Net sales of 738,000 MT for 2016/2017 were down 35 percent from the previous week and 33 percent from the prior 4-week average. Increases were reported for Japan (230,900 MT, including decreases of 1,300 MT), Mexico (160,600 MT, including 52,700 MT switched from unknown destinations and decreases of 39,900 MT), Colombia (85,600 MT, including 83,000 MT switched from unknown destinations and decreases of 3,400 MT), Taiwan (74,700 MT, including 65,000 MT switched from unknown destinations), and Saudi Arabia (67,600 MT, including 65,000 MT switched from unknown destinations). Reductions were reported for unknown destinations (112,700 MT) and Indonesia (1,700 MT). For 2017/2018, net sales of 50,000 MT were reported for Japan. Exports of 1,076,300 MT were down 33 percent from the previous week and 27 percent from the prior 4-week average. The primary destinations were Mexico (245,800 MT), Japan (224,400 MT), Taiwan (154,000 MT), Colombia (120,800 MT), and Saudi Arabia (67,600 MT).

Optional Origin Sales: For 2017/2018, new optional origin sales of 58,000 MT were reported for unknown destinations. The current optional origin outstanding balance for 2016/2017 of 402,000 MT is for unknown destinations (203,000 MT) and South Korea (199,000 MT).

Barley: Net sales of 1,000 MT for 2016/2017 were reported for South Korea (600 MT) and Taiwan (400 MT). Exports of 1,000 MT were reported to Japan (900 MT) and South Korea (100 MT).

Sorghum: Net sales of 75,000 MT for 2016/2017 were down 42 percent from the previous week and 18 percent from the prior 4-week average. Increases were reported for China (108,500 MT), Japan (19,500 MT), Mexico (7,500 MT), and Indonesia (100 MT). Reductions were reported for unknown destinations (60,500 MT). Exports of 97,800 MT were down 56 percent from the previous week and 6 percent from the prior 4-week average. The destinations were China (58,500 MT), Japan (30,500 MT), Mexico (7,900 MT), Indonesia (600 MT), and Taiwan (300 MT).

U.S. Export Inspections: Week Ending April 6, 2017

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	73	439	32,458	30,656	106%
Corn	1,170,380	1,487,930	34,515,057	20,770,819	166%
Sorghum	155,910	138,420	3,899,052	6,239,526	62%
Soybeans	832,957	627,511	47,773,675	42,175,923	113%
Wheat	641,365	572,947	22,475,910	17,155,567	131%

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 April 6, 2017

Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	490	0%	0	0%	0	0%
Gulf	650,966	57%	30,655	100%	119,483	77%
PNW	333,798	29%	0	0%	30,499	20%
Interior Export Rail	154,471	14%	0	0%	5,928	4%
Total (Metric Tons)	1,139,725	100%	30,655	100%	155,910	100%
White Corn Shipments by Country (MT)			30,655	to Colombia		
Total White Corn (MT)			30,655			
Sorghum Shipments by Country (MT)					8,805	to Cameroon
					58,933	to China
					52,210	to Ethiopia
					30,499	to Japan
					5,365	to Mexico
					98	to Panama
Total Sorghum (MT)					155,910	

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	+0.43 K	\$162.98	-	-
May	+0.43 K	\$162.98	+0.77 K	\$176.37
June	+0.41 N	\$164.95	+0.68 N	\$175.58

#2 White Corn (U.S. \$/MT FOB Vessel)

Max. 15.0% Moisture	April	May
Gulf	\$196	\$196

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	\$175.58
May	-	-	+0.75 K	\$175.58

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	\$115	\$115	\$115
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	April	May	June
New Orleans	\$590	\$590	\$590
<i>*5-10,000 MT Minimum</i>			
Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)			
	April	May	
Rail Delvd. Savannah	\$538	\$538	
Rail Delvd. Chicago	\$530	\$530	
Truck Delvd. Chicago	\$535	\$535	
Truck Delvd. Channahon/Elwood	-	-	

**All prices are market estimates.*

DDGS Price Table: April 13, 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	135	137	137
FOB Vessel GULF	147	146	146
Rail delivered PNW	166	167	168
Rail delivered California	169	170	170
Mid-Bridge Laredo, TX	166	167	168
FOB Lethbridge, Alberta	142	143	143
40 ft. Containers to South Korea (Busan)	173	172	173
40 ft. Containers to Taiwan (Kaohsiung)	171	171	173
40 ft. Containers to Philippines (Manila)	180	179	181
40 ft. Containers to Indonesia (Jakarta)	176	176	178
40 ft. Containers to Malaysia (Port Kelang)	176	176	178
40 ft. Containers to Vietnam (HCMC)	182	182	187
40 ft. Containers to Japan (Yokohama)	176	176	179
40 ft. containers to Thailand (LCMB)	173	173	175
40 ft. Containers to China (Shanghai)	175	176	179
KC & Elwood, IL Rail Yard (delivered Ramp)	130	131	133

*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: Trading has been quiet this week though the bid/ask spread is reportedly narrowing for domestic product. Domestic prices are largely steady while international prices are \$5-7/MT higher, with baseline demand pulling product through the supply chain. Merchandisers are reporting inquiries from South Korea and Malaysia but few trades have been executed. Reported interest from other Asian countries is light.

Falling cash soybean meal prices have put pressure on the protein competitiveness of DDGS in recent weeks. The per-protein unit cost of DDGS FOB ethanol plants rose slightly to \$4.07 this week as did soybean meal, which reached \$6.12, giving DDGS a \$2.05 per protein unit advantage over soybean meal. Pricing strength was noted in rail-delivered product, where prices for DDGS delivered to the PNW, California, and Laredo, TX were up \$2-3/MT this week.

On the export market, DDGS retained a \$1.32 per protein unit advantage over soybean meal, based on FOB NOLA prices. FOB NOLA DDGS were quoted at \$147/MT, essentially steady with last week. Prices for 40-foot containers bound for Southeast Asia were mixed, some steady and others gaining \$3/MT this week. Prices for South Korea, the Philippines, and Thailand showed the greatest strength.

February DDGS exports were up 36 percent from last year, according to data from the U.S. Census Bureau. Over 1.07 MMT of DDGS were exported in February, which represents a 14 percent month-over-month increase and the highest monthly total in six months. Mexico solidified its role as the top destination for U.S. DDGS again and imported 241,000 MT, or 23 percent of total U.S. exports. Turkey, in line with its expanded feed manufacturing role, purchased 152,000 MT.

Ethanol production was sharply lower this week which should work to limit DDGS supplies, giving near-term price support. In the long run, however, it remains to be seen whether ethanol plants will increase production to "normal" levels due to improving margins, or whether they will operate at lower levels with steady DDGS prices and a weaker fuel outlook. The February export data should be encouraging as a signal of improving international demand. The most realistic view for the near-term is for steady to slightly higher DDGS prices.

COUNTRY NEWS

Brazil: Poultry producers hurt by a food safety scandal are finding some relief in the drop in their feed costs. Corn prices have fallen 28 percent thus far this year on the prospects of greater production. Moreover, corn prices could fall further. (Bloomberg) USDA/FAS/Brasilia says that corn prices could fall below the government support level when the second crop is harvested in June/July as ending stocks will have jumped 70 percent.

Chile: USDA reports that the U.S. is now the number one supplier of corn to Chile. As a result of falling domestic production and a 13.3 percent increase in demand, U.S. supplies of high quality, low cost corn enabled a 56 percent market share (840 KMT) in 2015/16. Other suppliers were Argentina and Paraguay. Chilean demand is expected to increase by 13 percent to 1.697 MMT in 2016/17. (USDA/FAS via Agrifish)

China: Corn prices rose RMB 13/MT (\$1.89/MT) to RMB 1,605/MT (\$232.95/MT). Prices are rising based on government subsidies to processors and declining farmer inventories. Meanwhile, food price inflation fell again in March by 4.4 percent year on year, marking two months in a row of declines after consistently inflating since 2009. (WPI)

India: Other meat exporting countries may benefit from meat and currency changes in India. The rupee has appreciated nearly 7 percent since the government imposed demonetization and this makes exporting more difficult. At the same time, Uttar Pradesh and other states are cracking down on animal slaughter. (WPI)

Turkey: Animal feed production continues its strong growth, increasing 55 percent in five years. Total production is at 20.4 MMT and is expected to hit capacity of 30 MMT in 2023. By contrast, domestic corn production is up just 22 percent over the past five years. (WPI)

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	\$40.25	Up \$1.25	Handymax at \$40.50/MT
55,000 U.S. PNW-Japan	\$22.25	Up \$1.25	Handymax at \$22.50/MT
55,000 U.S. Gulf-China	\$39.25	Up \$1.25	North China
PNW to China	\$21.25	Up \$1.00	
25,000 U.S. Gulf-Veracruz, México	\$16.00	Up \$0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$14.00	Up \$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	Unchanged Unchanged	West Coast Colombia at \$26.00
40-45,000 U.S. Gulf-Guatemala	\$24.50	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$26.50	Up \$0.75	8,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$29.00	Up \$0.75	3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$25.50	Up \$0.50	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$24.50	Up \$1.00	55,000 -60,000 MT
PNW to Egypt	\$26.00	Unchanged	St. Lawrence to Egypt \$23.00
60-70,000 U.S. Gulf-Europe-Rotterdam	\$15.50	Down \$0.25	Handymax at +\$1.50 more
Brazil, Santos-China	\$31.50	Up \$3.00	54-58,000 Supramax-
Itacoatiara Port upriver	\$31.50	Up \$2.50	Panamax
Amazonia-China	\$34.75	Up \$2.25	60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$40.75	Up \$2.50	—

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 Capesize Dry-Bulk markets took a breather and closed slightly lower this week after the paper traders noticed that the physical markets were not following their lead. The Dry-Bulk Panamax market, however, believed that demand is looking strong and both paper and physical markets decided to move on upward for the week. We have witnessed a substantial Panamax Dry-Bulk market rally over the last 13 months as rates from the U.S. Gulf to Asia have climbed from a low of \$22.50 up to near \$40.00/MT. The last time we saw \$40.00/MT from the U.S. Gulf to Japan was back in December 2014.

It should be noted that the forward curve for all Dry-Bulk market sectors remains inverted and therefore indicates that traders are not as optimistic about rates remaining at these levels out into the third and fourth quarters of 2017.

Baltic-Panamax Dry-Bulk Indices				
April 13, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	20,009	17,159	2,850	16.6%
P3A: PNW/Pacific– Japan	11,606	10,695	911	8.5%
S1C: U.S. Gulf-China-S. Japan	19,794	16,678	3,116	18.7%

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:

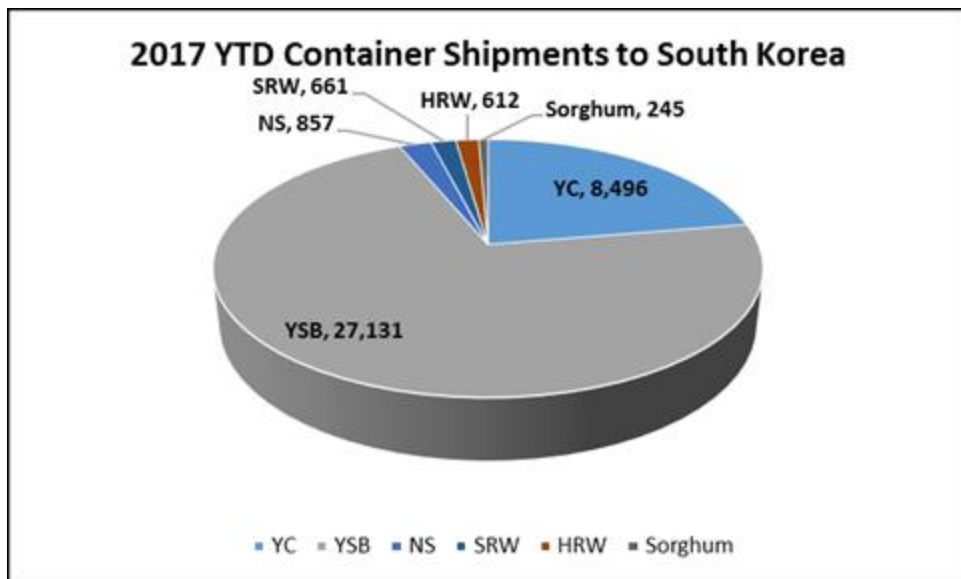
Week Ending April 13, 2017	
Four weeks ago:	\$6.15-\$6.65
Three weeks ago:	\$6.50-\$6.95
Two weeks ago:	\$6.60-\$7.00
One week ago:	\$6.35-\$6.70
This week	\$5.65-\$6.45

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
April 13, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.79	0.42	0.37	\$14.57	PNW
Soybeans	0.60	0.29	0.31	\$12.20	PNW
Ocean Freight	\$21.25	\$39.25	0.46-0.49	(\$18.00)	May

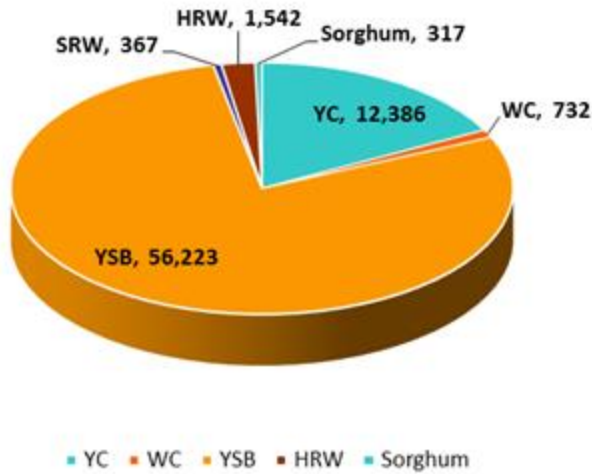
Source: O'Neil Commodity Consulting

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



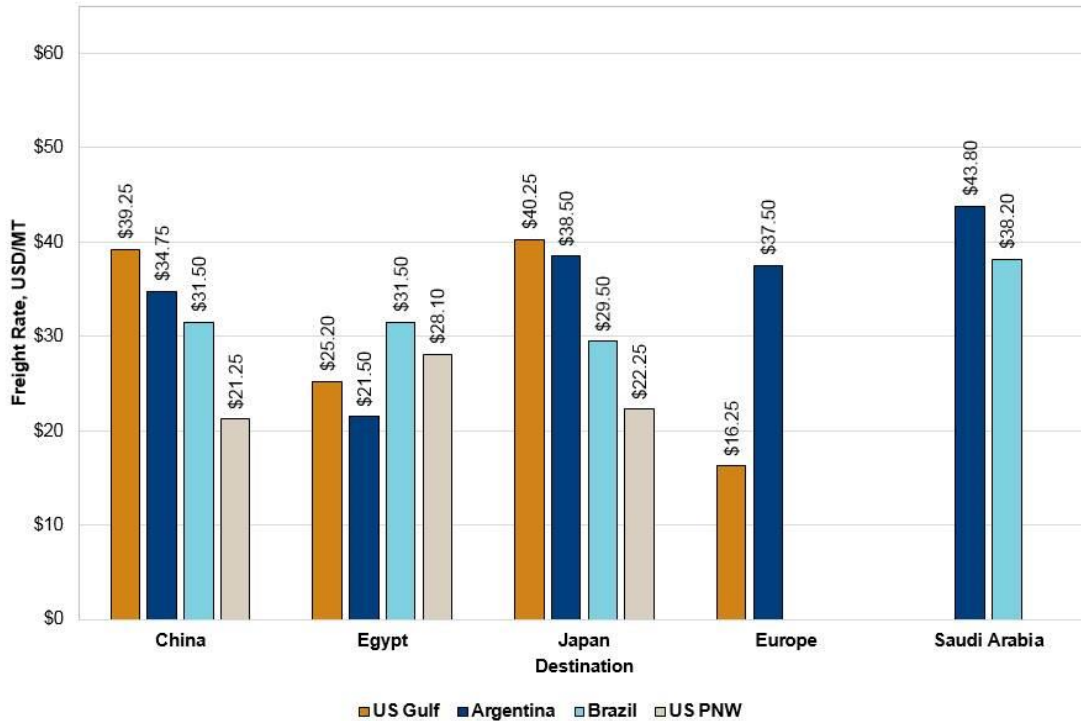
Source: O'Neil Commodity Consulting

2016 Container Shipments to South Korea

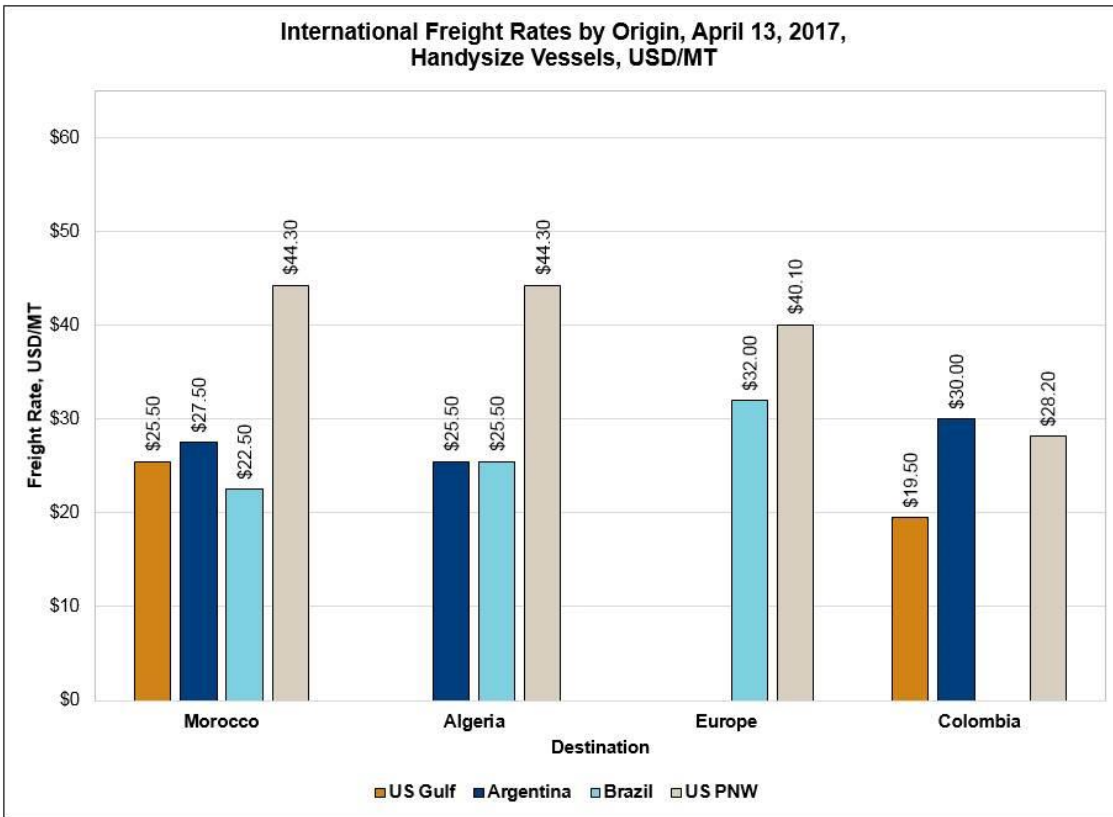


Source: O'Neil Commodity Consulting

International Freight Rates by Origin, April 13, 2017, Supramax/Panamax Vessels, USD/MT



Source: DTN, O'Neil Commodity Consulting and WPI



Source: DTN, O'Neil Commodity Consulting and WPI



Source: DTN, O'Neil Commodity Consulting and WPI

INTEREST RATES

Interest Rates (%): April 13, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	4.00	4.00	3.75
LIBOR (6 month)	1.43	1.43	1.43
LIBOR (1 year)	1.80	1.79	1.82

Source: www.bankrate.com