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## CHICAGO BOARD OF TRADE MARKET NEWS

### Week in Review: CME Corn May Contract

\$/Bu	Friday 15 April	Monday 18 April	Tuesday 19 April	Wednesday 20 April	Thursday 21 April
<b>Change</b>	0.0450	0.0250	0.0350	0.1025	-0.1140
<b>Closing Price</b>	3.7850	3.8100	3.8450	3.9475	3.8320
<b>Factors Affecting the Market</b>	South America's weather and political turmoil, plus a large U.S. export sale encouraged fund buying.	Heavy fund buying, encouraged by a large U.S. corn export inspection number sent futures higher for a fifth day in a row.	Corn was pulled higher (sixth day in a row) by wheat and soybeans, plus reported healthy export sales and South American weather.	Non-commercial funds continued their buying spree, urged on by Brazil's elimination of its corn import tax.	May hit \$4.02 early in the session but then slid as fundamentals weighed heavy on the market.

**Outlook:** Until Thursday's start at a correction, big short positions by funds had completely reversed with heavy volumes taking corn out of the trading range it had occupied since the last U.S. harvest. Fingers pointed all week to drought and political upheaval in Brazil coupled with floods in Argentina, but fundamentalists think the reaction is over-wrought considering the supply/demand situation, especially with the excellent U.S. planting weather. Until final trading on Thursday, Chicago futures saw offers 40 cents/bushel or higher than

**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.*

just three weeks ago, and settlement on Wednesday beat the \$3.91 high set back in December. The unconventional market situation has even prompted some conspiracy theories. Still, the rise in corn prices has been modest relative to the increases for wheat and soybeans. Many farmers are selling into this bull rush, others are not. Some are gambling that La Niña will make the U.S. Corn Belt less ideal later this season.

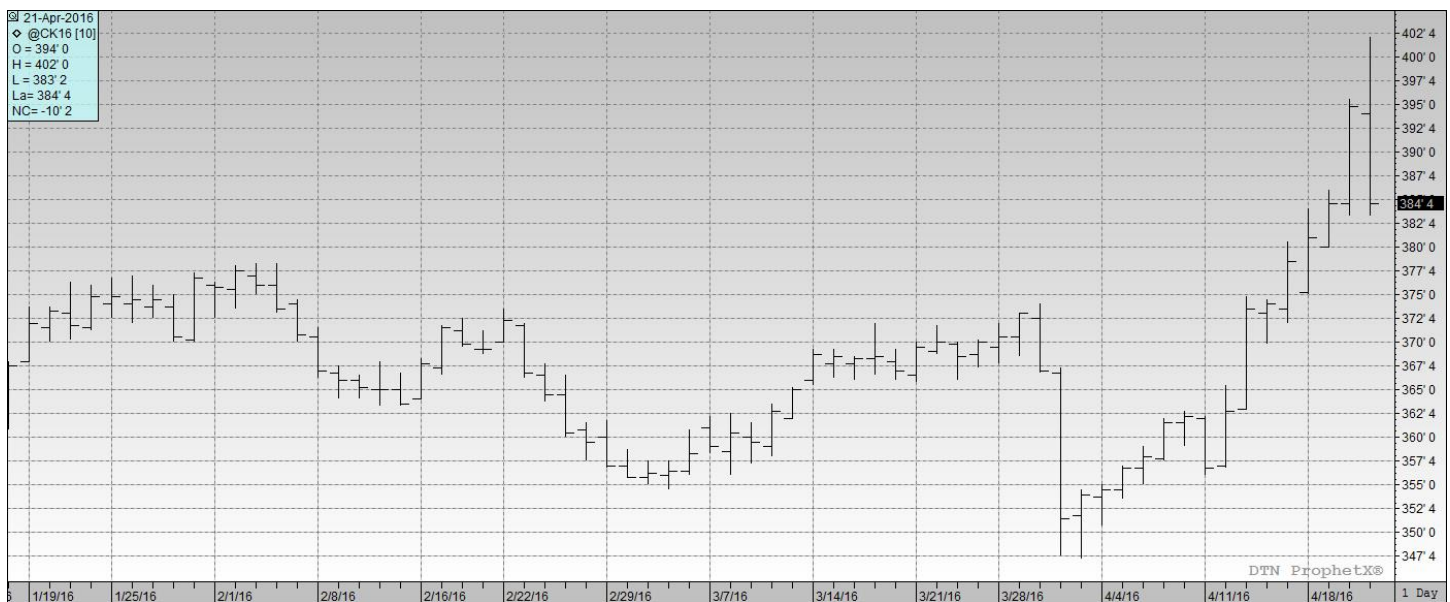
Noncommercial funds have been reversing their large short positions, though as of last week they still were net short in corn. The CFTC Commitment of Traders report on Friday night will be closely analyzed. The upside is that developments in South America, including 20 straight days of rain in Argentina and incessant dry heat during pollination in Brazil make U.S. corn the cheapest in the world, with U.S. weekly corn export sales hitting solid numbers at 1,202,800 MT for old crop and new crop at 181,100 MT – even as the July contract nears \$4/bushel. The downside is that it is being chased hard by a world with an abundance of cheap wheat for feeding.

U.S. corn planting (13 percent as of April 19) is advancing faster than the five-year average (8 percent), as one would expect with good weather and large investments in equipment during the bull market years. Final U.S. corn acres this season may be less than forecast due to the draw of even higher soybean prices.

The market is overbought but money is chasing momentum, which makes it vulnerable to the correction that may have started today.

Friday is the last trading day for CBOT May options.

## CBOT MAY CORN FUTURES



Source: Prophet X

**Current Market Values:**

<b>Futures Price Performance: Week Ending April 21, 2016</b>			
<b>Commodity</b>	<b>21-Apr</b>	<b>15-Apr</b>	<b>Net Change</b>
<b>Corn</b>			
May 16	384.50	378.50	6.00
Jul 16	389.75	382.00	7.75
Sep 16	389.25	382.25	7.00
Dec 16	393.50	388.25	5.25
<b>Soybeans</b>			
May 16	1018.75	956.00	62.75
Jul 16	1027.50	964.25	63.25
Aug 16	1027.25	965.75	61.50
Sep 16	1011.75	964.75	47.00
<b>Soymeal</b>			
May 16	325.20	295.90	29.30
Jul 16	328.00	298.60	29.40
Aug 16	326.90	299.60	27.30
Sep 16	324.90	300.30	24.60
<b>Soyoil</b>			
May 16	34.21	33.38	0.83
Jul 16	34.50	33.64	0.86
Aug 16	34.60	33.74	0.86
Sep 16	34.72	33.86	0.86
<b>SRW</b>			
May 16	495.75	459.75	36.00
Jul 16	503.50	467.50	36.00
Sep 16	512.25	477.00	35.25
Dec 16	527.50	494.25	33.25
<b>HRW</b>			
May 16	488.50	457.75	30.75
Jul 16	500.00	468.25	31.75
Sep 16	514.00	482.50	31.50
Dec 16	536.00	503.50	32.50
<b>MGEX (HRS)</b>			
May 16	543.50	523.50	20.00
Jul 16	551.25	528.00	23.25
Sep 16	558.50	536.25	22.25
Dec 16	569.50	547.75	21.75

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

## U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	April 17, 2016	Last Week	Last Year	2011-15 Average
Corn	13%	4%	7%	8%
Sorghum	16%	15%	18%	21%
Barley	33%	19%	38%	26%

Source: USDA

**U.S. Drought Monitor Weather Forecast:** During April 21-25, 2016, moderate precipitation totals of 0.5 to 2.0 inches with locally higher amounts are forecast for northern California, much of the Sierra Nevada, the northern tier of the Rockies and Plains, central and eastern Texas, and the central Appalachians. A few tenths of an inch at best are expected in other affected areas across the contiguous 48 states. Temperatures should average a few degrees above normal across much of the Intermountain West, Rockies, and Plains.

The odds favor above-normal precipitation across most of the contiguous 48 states during April 26-30, 2016. There are enhanced chances for subnormal precipitation in the D0 areas in southeastern Georgia and northeastern Florida, and no tilt of the odds towards either wetness or dryness in central South Carolina and in the Big Bend region of Texas and adjacent New Mexico. Enhanced chances for warmer than normal conditions exist from the southern half of the Plains eastward to the central Appalachians and the Southeast Coast, but cooler than normal weather is favored in most of the Far West, the northern Plains, and the Northeast.

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

## U.S. EXPORT STATISTICS

U.S. Export Sales and Exports: Week Ending April 14, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	336,300	468,100	16,771.8	19,616.9	-17%
Corn	1,283,500	1,283,500	22,264.3	34,926.9	-12%
Sorghum	76,300	192,100	5,918.0	6,589.7	-18%
Barley	0	100	23.8	27.2	-81%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales of 1,202,800 MT for 2015/2016 were up 6 percent from the previous week and 31 percent from the prior 4-week average. Increases were reported for Japan (337,200 MT, including 61,100 MT switched from unknown destinations and decreases of 6,900 MT), Mexico (196,300 MT), Saudi Arabia (115,600 MT, including 45,000 MT switched from unknown destinations), unknown destinations (109,100 MT), Colombia (85,500 MT, including 60,500 MT switched from unknown destinations and decreases of 8,900 MT), and South Korea (65,200 MT). Reductions were reported for the Dominican Republic (21,200 MT). For 2016/2017, net

sales of 123,100 MT were reported for Mexico (90,000 MT), unknown destinations (35,000 MT), Costa Rica (33,400 MT), Panama (19,000 MT), and El Salvador (2,000 MT). Reductions were reported for Japan (56,300 MT). Exports of 1,283,500 MT--a marketing-year-high--were up 27 percent from the previous week and 20 percent from the prior 4-week average. The primary destinations were Japan (398,200 MT), Colombia (313,900 MT), Mexico (279,900 MT), Peru (60,700 MT), Guatemala (47,500 MT), and Saudi Arabia (45,600 MT).

Optional Origin Sales: For 2015/2016, new optional origin sales totaling 60,000 MT were reported for unknown destinations. The current outstanding balance totals 365,000 MT, all unknown destinations.

**Barley:** There were no sales reported for 2015/2016 during the week. Exports of 100 MT--a marketing-year--were reported to South Korea.

**Sorghum:** Net sales of 30,400 MT for 2015/2016 resulted as increases for China (61,600 MT, including 55,000 MT switched from unknown destinations), Mexico (10,100 MT), and Pakistan (3,700 MT), were partially offset by reductions for Turkey (45,000 MT). Exports of 192,100 MT were up 50 percent from the previous week and 20 percent from prior 4-week average. The destinations were China (117,000 MT), Pakistan (63,700 MT), Mexico (11,300 MT), and Indonesia (100 MT).

## U.S. Export Inspections: Week Ending April 14, 2016

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
<b>Barley</b>	490	220	31,146	162,514	19%
<b>Corn</b>	1,088,552	1,133,271	21,871,918	25,241,904	87%
<b>Sorghum</b>	193,926	181,140	6,433,476	6,340,851	101%
<b>Soybeans</b>	256,822	387,062	42,289,959	45,490,892	93%
<b>Wheat</b>	456,924	340,892	17,613,981	20,214,796	87%

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 14, 2016						
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	596,277	59%	56,262	81%	180,286	93%
PNW	241,027	24%	0	0%	0	0%
Interior Export Rail	181,967	18%	13,019	19%	13,640	7%
<b>Total (Metric Tons)</b>	<b>1,019,271</b>	<b>100%</b>	<b>69,281</b>	<b>100%</b>	<b>193,926</b>	<b>100%</b>
<b>White Corn Shipments by Country (MT)</b>			18,365	to Colombia		
			37,897	to South Africa		
			245	to Japan		
			12,774	to Mexico		
<b>Total White Corn (MT)</b>			<b>69,281</b>			
<b>Sorghum Shipments by Country (MT)</b>					116,573	to China
					63,713	to Pakistan
					13,640	to Mexico
<b>Total Sorghum (MT)</b>					<b>193,926</b>	

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)
<b>FH May</b>	+0.58 K	\$174.20	-	-
<b>May</b>	+0.54 K	\$172.63	+0.60 K	\$174.99
<b>June</b>	+0.52 N	\$173.91	+0.58 N	\$176.27
<b>July</b>	+0.55 N	\$175.09	+0.58 N	\$176.27

#2 White Corn (U.S. \$/MT FOB Vessel)		
Max. 15.0% Moisture	June	July
<b>Gulf</b>	\$205	\$205

\*Numbers reflect the week of April 14, 2016.





Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
April	+0.70 K	\$178.93	+0.70 K	\$178.93
May	+0.65 K	\$179.96	+0.65 K	\$179.96
June	+0.65 N	\$179.03	+0.65 N	\$179.03

Barley: Feed Barley (FOB USD/MT)		
	May	June
FOB PNW	\$190	\$190

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	May	June	July
New Orleans	\$130	\$130	\$130
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	May	June	July
New Orleans	\$525	\$525	\$525
*5-10,000 MT Minimum			

\*All prices are market estimates.

DDGS Price Table: April 21, 2016 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	May	Jun.	Jul.
Barge CIF New Orleans	168	168	164
FOB Vessel GULF	172	172	168
Rail delivered PNW	189	189	189
Rail delivered California	194	194	192
Mid-Bridge Laredo, TX	190	188	186
FOB Lethbridge, Alberta	167	167	165
40 ft. Containers to South Korea (Busan)	210	205	200
40 ft. Containers to Taiwan (Kaohsiung)	215	210	205
40 ft. Containers to Philippines (Manila)	223	218	213
40 ft. Containers to Indonesia (Jakarta)	228	223	218
40 ft. Containers to Malaysia (Port Kelang)	224	219	214
40 ft. Containers to Vietnam (HCMC)	221	216	211
40 ft. Containers to Japan (Yokohama)	219	214	209
40 ft. containers to Thailand (LCMB)	220	215	210
40 ft. Containers to Shanghai, China	210	205	200
KC & Elwood, IL Rail Yard (delivered Ramp)	175	170	168

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:** All DDGS markets moved up in price this past week, likely pulled by higher corn and soymeal pricing. Prices had dropped below the value of corn at the Gulf, but that was not sustainable. DDGS priced less than corn compels compounders to boost DDGS to maximum inclusion rates. For the first time in many weeks not a single position was in decline. The overall average increase was \$17/container, but Jakarta for May delivery was plus-\$28, and Asia deliveries overall were higher as they caught up with FOB Gulf pricing that began to feel the tighter market first.

There is even more potential in the market but there are also hurdles. India needs more plant proteins like DDGS for its livestock sector but the government has yet to liberalize its GM import policy. As a result, feed ingredients next door in Bangladesh are substantially cheaper.

**Ethanol Comments:** The Energy Information Administration (EIA) reduced the estimated stocks of ethanol to 22.05 million barrels (-1.2 percent) even as production increased by 1,000 barrels per day to 939,000 barrels per day.

The margin between the corn price and the value of ethanol and coproducts continued its climb upward in key markets (see below) with Nebraska coming close to matching the level of a year ago.



- Illinois differential is \$1.65 per bushel, in comparison to \$1.60 the prior week and \$2.38 a year ago.
- Iowa differential is \$1.72 per bushel, in comparison to \$1.53 the prior week and \$2.00 a year ago.
- Nebraska differential is \$1.85 per bushel, in comparison to \$1.71 the prior week and \$1.89 a year ago.
- South Dakota differential is \$1.94 per bushel, in comparison to \$1.90 the prior week and \$2.19 a year ago.

## COUNTRY NEWS

**Brazil:** The government eliminated the import tax (10 percent) for up to six months on a maximum of one million tons of corn. A short safrinha corn crop could encourage the planting of more first crop corn in September rather than soybeans. (Bloomberg and Reuters)

**Canada:** 2016 oat seeded area will be 2.972 million acres of oats, down by 365,000 acres from last year; pea and lentil area will expand. Also projected is an increase in corn plantings by 6.2 percent to 3.477 million acres from 3.275 million acres last year. (Stats Canada)

**European Union:** Brussels may impose duties on corn as import prices have fallen below the trigger level of €157/MT (155 percent of intervention). (Reuters)

**Pakistan:** The government has reversed an earlier decision to allow the sale of GM corn seeds that are herbicide tolerant and insect resistant. The decision had encountered strong criticism. (WPI)

**South Africa:** Drought prompted South Africa to buy white corn from the U.S. for the first time in 12 years. In the current marketing year, which ends April 30th, South Africa has imported over 70,000 tons of white maize from Mexico and Zambia. (South Africa Grain Information Service; Bloomberg)

**Zambia:** The National Bio-Safety Authority has given the Shoprite supermarket chain authority to import food stuffs containing GMOs. (Daily Mail)

## 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	\$25.00	Up \$0.50	Handymax at \$25.75/MT
55,000 U.S. PNW-Japan	\$15.00	Up \$0.25	Handymax at \$15.50/MT
55,000 U.S. Gulf-China PNW to China	\$23.00 \$14.00	Up \$0.25 Up \$0.25	North China
30,000 U.S. Gulf-Veracruz, México	\$13.00	Up \$0.25	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$11.00	Up \$0.25	Deep draft and 8,000 MT per day discharge rate.

25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$13.50 \$25.50	Up \$0.25 Up \$0.25	West Coast Colombia at \$20.00
36-40,000 U.S. Gulf-Guatemala	\$20.00	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$29.00 \$30.75	Up \$0.25 Up \$0.25	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$28.00	Up \$0.25	5,000 discharge rate
55,000 U.S. Gulf-Egypt PNW to Egypt	\$20.00 \$22.75	Up \$0.25 Up \$0.25	55,000 -60,000 MT St. Lawrence to Egypt \$19.50
65-75,000 U.S. Gulf-Europe- Rotterdam	\$13.00	Up \$0.50	Handymax at +\$1.25 more
Brazil, Santos-China	\$17.50 \$16.50	Up \$0.25 Up \$0.25	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia- China	\$27.75	Up \$0.25	48-53,000 MT (11.5-meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$25.50	Up \$0.25	—

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:** Dry-Bulk markets have changed/improved. I have to believe that the market has set a bottom and that the lows for the year have been established and are now behind us. Global Dry-Bulk markets hit bottom around February 1, 2016 and dragged anchor for most of February and March. In late March and early April things turned around a bit and provided vessel owners with a bounce in daily hire values. Since February 1:

- The Baltic Dry-Bulk Panamax Atlantic index has improved by 5,177 points (just about doubled);
- The Panamax index in the Pacific has jumped 3,018 points or 152 percent.

The only remaining question then becomes where do things go from here? Granted, we have seen considerable consolidation in the shipping industry, some vessel layoffs, slow steaming plus a lot of vessel sales and scrapping. But the world fleet remains in oversupply and the fundamental picture is not yet bullish. So, vessel owners should certainly take advantage of this rally and not get overconfident or adventurous. With thoughts of U.S. corn and HRW wheat exports to Brazil I've been asked to estimate the freight cost of a Handymax vessel from the U.S. Gulf to Northern Brazil; my estimate would be close to \$15.50-\$16.00/MT.

### Baltic-Panamax Dry-Bulk Indices

April 21, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	10,421	9,950	471	4.7%
P3A: PNW/Pacific– Japan	4,997	4,698	299	6.4%

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 of April 21, 2016

Four weeks ago:	\$3.05-\$3.45
Three weeks ago:	\$3.03-\$3.05
Two weeks ago	\$3.40-\$3.60
One week ago:	\$3.70-\$3.85
This week	\$3.00-\$4.50

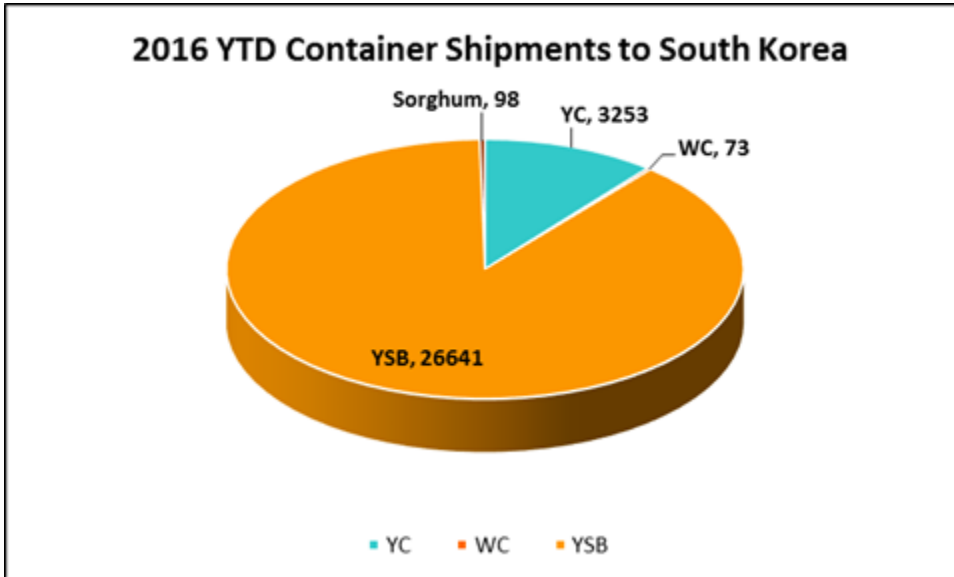
Source: O'Neil Commodity Consulting

### U.S.-Asia Market Spreads

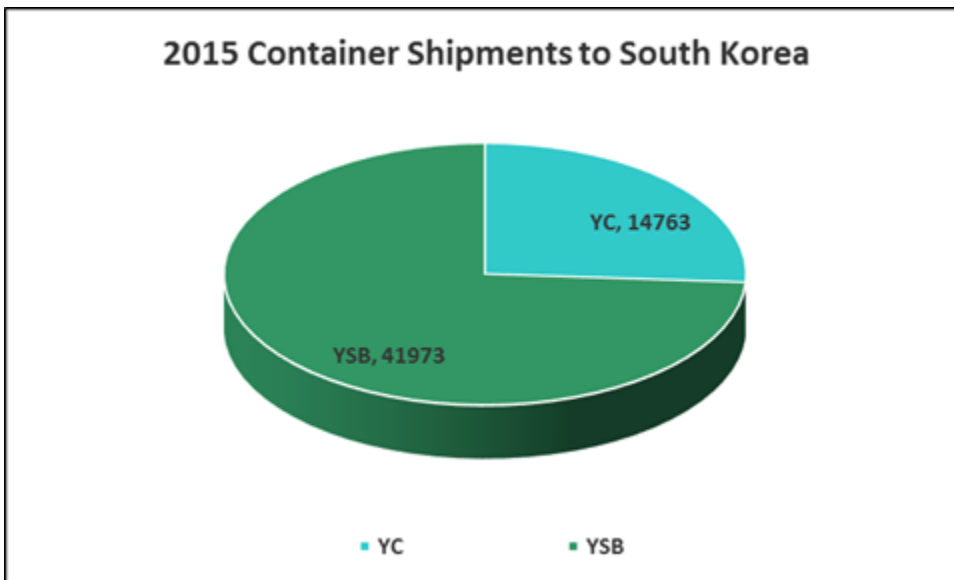
April 21, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.69	0.53	0.16	\$6.30	PNW
Soybeans	0.95	0.50	0.45	\$17.72	Gulf
Ocean Freight	\$14.00	\$23.00	0.23-0.24	(\$9.00)	May

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

April 21, 2016

Developing Markets • Enabling Trade • Improving Lives

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending April 21, 2016								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$22.00	\$23.50	\$24.50	-	\$17.00	\$18.50	\$19.50
	Brazil	\$16.00	\$17.50	\$18.50	-	\$8.50	\$8.70	\$11.00
Corn (White)	Argentina	\$22.00	\$23.50	\$24.50	-	\$17.00	\$18.50	\$19.50
	Brazil	\$16.00	\$17.50	\$18.50	-	\$8.50	\$8.70	\$11.00
Barley	Argentina	\$22.00	\$23.50	\$24.50	-	\$17.00	\$18.50	\$19.50
	Brazil	\$16.00	\$17.50	\$18.50	-	\$8.50	\$8.70	\$11.00
Sorghum	Argentina	\$22.00	\$23.50	\$24.50	-	\$17.00	\$18.50	\$19.50
	Brazil	\$16.00	\$17.50	\$18.50	-	\$8.50	\$8.70	\$11.00

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 (%): April 20, 2016			
	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	0.90	0.89	0.90
LIBOR (1 year)	1.22	1.21	1.21

Source: [www.bankrate.com](http://www.bankrate.com)