



May 11, 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 July Contract					
\$/Bu	Friday May 5	Monday May 8	Tuesday May 9	Wednesday May 10	Thursday May 11
Change	4.250	-4.750	0.5000	7.2500	-4.5000
Closing Price	370.75	366.00	366.50	373.75	369.25
Factors Affecting the Market	Futures headed lower due to rains in the Eastern Corn Belt which will make planting difficult. Planting conditions in the Western Corn Belt are improving with warmer temperatures and drier weather. Cash markets are steady and 471 contracts were delivered against May futures.	Good weather in the Western Corn Belt allowed planting to progress, though planting progress is lagging its 5-year average. Export inspections were modest but large enough to remain neutral for the market. Outside markets were higher with the dollar up 50 points on rate hike hopes.	Pre-WASDE positioning kept the market in a tight range. Widespread rain is predicted for this week but the weather was irrelevant today. Funds are short but do not appear to be actively covering before the WASDE. The dollar was higher again on prospects of a June rate hike.	Corn moved higher, driven by less-than-expected world ending stocks. U.S. ending stocks were in-line with pre-report expectations, however. South American crop production was increased, as was global demand. The report did not add to bearish views, but was not overly bullish either.	Corn traded lower on a bearish Export Sales report (sales of 10.9 million bu. and exports of 28.5 million) and better weekend weather. Lower sales are likely due to Brazilian competition. Brazil's CONAB raised the 2016/17 corn estimate to 92.8 MMT. Outside markets were quiet.

Outlook: Corn's headline number from the May WASDE was a 13 percent reduction in global ending stocks. The USDA pegged 2017/18 ending stocks at 195.3 MMT, below pre-report expectations. Likely reductions in Chinese and U.S. production cut the world production figure by 3 percent to 1,033 MMT. Global consumption for 2017/18 was unchanged at 1,214 MMT.

The only change to the 2016/17 U.S. balance sheet was a 25 million bushel increase in Food, Seed, and Industrial (FSI) use, which drove a commensurate decrease in U.S. ending stocks. The USDA did not increase U.S. exports or ethanol use like many analysts had expected. The lack of action leaves open the possibility for adjustments in these categories in June, which will give USDA time to evaluate the competitive pressure of Brazil's corn exports. If ethanol production continues at its average pace for this year, USDA could increase corn for ethanol use by 100 million bushels in later reports.

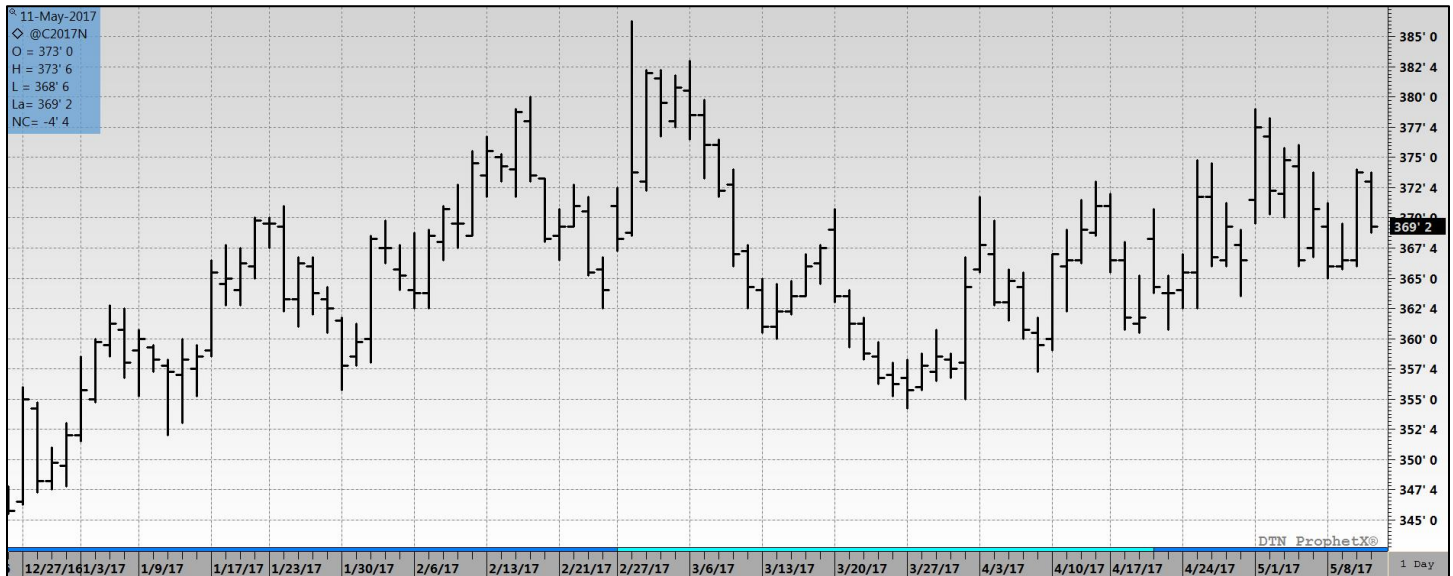
The USDA projected U.S. production will reach 14.065 billion bushels of corn from the 2017/18 crop. A projected yield of 170.7 bushels per acre and 82.4 million harvested acres created the production figure. If realized, this year's production would be a 7 percent reduction from the record set in 2016/17. The USDA increased FSI and ethanol consumption by 80 million and 50 million bushels, respectively. Smaller U.S. supplies and increased global competition for exports reduced the 2017/18 U.S. export forecast by 350 million bushels from the prior year.

The USDA predicted 2.11 billion bushels in U.S. ending stocks for 2017/18, down 1 percent from the current marketing year. The figure implies an ending stocks-to-use ratio of 14.8 percent, down from 2016/17. Because

of the ending stocks figure, the USDA did not change the U.S. average farm price for corn, leaving it at \$3.40 per bushel.

Technical indicators are giving a neutral outlook for July corn. The RSI and stochastic oscillators are decidedly directionless while moving average lines are converging in a jumbled mess. Some upward price direction exists above the contract's major support at \$3.61, but it's hard to call this a trendline. The case for a downtrend, however, is more easily made when looking back toward the mid-February highs. The market will continue to trade the weather forecasts for now, leaving a choppy trading pattern for the near future.

CBOT JULY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending May 11, 2017			
Commodity	11-May	5-May	Net Change
Corn			
May 17	360.50	361.75	-1.25
Jul 17	369.25	370.75	-1.50
Sep 17	377.25	378.25	-1.00
Dec 17	387.25	388.50	-1.25
Soybeans			
May 17	956.00	963.00	-7.00
Jul 17	966.25	973.00	-6.75
Aug 17	968.00	973.75	-5.75
Sep 17	965.25	968.50	-3.25
Soymeal			
May 17	311.10	312.30	-1.20
Jul 17	314.90	316.90	-2.00
Aug 17	315.70	317.60	-1.90
Sep 17	316.20	317.60	-1.40
Soyoil			
May 17	32.27	32.71	-0.44
Jul 17	32.49	32.90	-0.41
Aug 17	32.58	32.99	-0.41
Sep 17	32.69	33.08	-0.39
SRW			
May 17	426.00	427.50	-1.50
Jul 17	433.75	442.25	-8.50
Sep 17	448.00	456.25	-8.25
Dec 17	467.25	476.25	-9.00
HRW			
May 17	429.75	438.00	-8.25
Jul 17	440.75	450.00	-9.25
Sep 17	457.75	466.75	-9.00
Dec 17	480.50	490.75	-10.25
MGEX (HRS)			
May 17	539.00	542.00	-3.00
Jul 17	548.25	554.25	-6.00
Sep 17	555.50	561.25	-5.75
Dec 17	563.75	568.50	-4.75

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	May 7, 2017	Last Week	Last Year	2012-16 Avg.
Corn	47%	34%	61%	52%
Sorghum	30%	27%	29%	30%
Barley	53%	32%	76%	68%

Source: USDA

U.S. Drought Monitor Weather Forecast: Over the next 5-7 days, much of the central Plains, Midwest, and Northeast are targeted for rain, with the greatest amounts over the Mid-Atlantic and New England. From southern Georgia into Florida, below-normal precipitation is expected while much of the Southwest remains dry. The Pacific Northwest and northern Rocky Mountains are also expected to receive precipitation. Temperatures during this time will be cooler than normal over the West while much of the Plains, Midwest, and Southeast will be 3-6 degrees above normal. Cooler than normal temperatures are expected over the Northeast with above-normal precipitation.

The 6-10 day outlooks show that the probabilities of below-normal temperatures are greatest over the West, while Alaska and the East are dominated by above-normal chances of warmer than normal temperatures. The greatest chances of below-normal precipitation are along the eastern seaboard and Southwest while above-normal precipitation chances are greatest over the Great Basin, northern Rocky Mountains, and into the High Plains.

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 May 4, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	60,500	595,800	24,051.5	27,948.9	37%
Corn	405,800	722,900	37,935.9	52,093.3	34%
Sorghum	5,700	187,300	3,569.8	4,254.3	-39%
Barley	0	100	17.6	25.5	-8%

Source: USDA/FAS

Corn: Net sales of 277,700 MT for 2016/2017--a marketing-year low--were down 64 percent from the previous week and 66 percent from the prior 4-week average. Increases were reported for Mexico (109,400 MT, including decreases of 3,900 MT), Japan (89,500 MT, including 42,500 MT switched from unknown destinations and decreases of 53,600 MT), Venezuela (30,000 MT), Jordan (26,300 MT, including 25,000 MT switched from unknown destinations), and Ireland (19,600 MT, switched from unknown destinations). Reductions were reported for unknown destinations (76,800 MT), Guatemala (12,600 MT), South Korea (5,200 MT), and El Salvador (700 MT).

For 2017/2018, net sales reductions of 55,100 MT resulted as increases for Nicaragua (16,400 MT), were more than offset by reductions for Japan (71,500 MT). Exports of 722,900 MT were down 41 percent from the previous week and 43 percent from the prior 4-week average. The primary destinations were Mexico (302,900 MT), Japan (198,200 MT), South Korea (61,300 MT), Canada (26,700 MT), and Jordan (26,300 MT).

Optional Origin Sales: The current optional origin outstanding balance for 2016/2017 of 294,000 MT is for unknown destinations (163,000 MT) and South Korea (131,000 MT). The current outstanding balance for 2017/2018 of 58,000 MT is for unknown destinations.

Barley: Barley: No net sales were reported for the week. Exports of 100 MT were reported to South Korea.

Sorghum: Net sales of 2,000 MT for 2016/2017 resulted as increases for China (110,300 MT, including 106,000 MT switched from unknown destinations and decreases of 500 MT) and Japan (900 MT), were partially offset by reductions for unknown destinations (106,000 MT) and Mexico (3,200 MT). Exports of

187,300 MT were up noticeably from the previous week and from the prior 4-week average. The destinations were China (160,800 MT), Mexico (15,600 MT), and Japan (10,900 MT).

U.S. Export Inspections: Week Ending May 4, 2017					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	240	2,515	35,285	31,219	113%
Corn	720,586	1,108,689	39,181,086	25,334,556	155%
Sorghum	165,312	115,611	4,374,400	6,885,034	64%
Soybeans	349,385	552,402	49,792,229	43,065,867	116%
Wheat	615,029	589,439	25,015,744	18,903,859	132%

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 May 4, 2017						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	45,559	7%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	323,547	47%	29,925	100%	160,559	97%
PNW	132,698	19%	0	0%	0	0%
Interior Export Rail	188,857	27%	0	0%	4,753	3%
Total (Metric Tons)	690,661	100%	29,925	100%	165,312	100%
White Corn Shipments by Country (MT)			10,560	to Colombia		
			19,365	to Guatemala		
Total White Corn (MT)			29,925			
Sorghum Shipments by Country (MT)					159,824	to China
					735	to S. Africa
					4,655	to Mexico
					98	to Korea
Total Sorghum (MT)					165,312	

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)
June	+0.35 N	\$158.06	+0.70 N	\$171.84
July	+0.35 N	\$158.06	+0.70 N	\$171.84
August	+0.40 U	\$162.98	+0.70 U	\$171.79

Due to the low volume of trade in the market, we are unable to provide accurate White Corn FOB values for this week's report.

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
June	+0.95 N	\$181.68	+0.85 N	\$177.75
July	+0.95 N	\$181.68	+0.70 N	\$171.84

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

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	May	June	July
New Orleans	\$115	\$115	\$115
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	May	June	July
New Orleans	\$590	\$590	\$590
<i>*5-10,000 MT Minimum</i>			
Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)			
	FH May	LH May	June
Rail Delvd. Savannah	\$525	\$525	\$530
Rail Delvd. Chicago	\$505	\$505	\$505
Truck Delvd. Chicago	\$510	\$510	\$510

*All prices are market estimates.

DDGS Price Table: May 11, 2017 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	May	June	July
Barge CIF New Orleans	136	138	138
FOB Vessel GULF	149	148	148
Rail delivered PNW	170	172	172
Rail delivered California	172	174	174
Mid-Bridge Laredo, TX	170	172	172
FOB Lethbridge, Alberta	142	142	142
40 ft. Containers to South Korea (Busan)	173	174	176
40 ft. Containers to Taiwan (Kaohsiung)	168	168	168
40 ft. Containers to Philippines (Manila)	178	178	179
40 ft. Containers to Indonesia (Jakarta)	177	179	181
40 ft. Containers to Malaysia (Port Kelang)	176	177	177
40 ft. Containers to Vietnam (HCMC)	-	-	-
40 ft. Containers to Japan (Yokohama)	165	165	165
40 ft. containers to Thailand (LCMB)	174	175	175
40 ft. Containers to China (Shanghai)	174	175	184
KC & Elwood, IL Rail Yard (delivered Ramp)	131	133	136

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 worked their way higher this week as tighter ethanol margins and transportation carriers' new alliances created pricing opportunities. Traders also booked some tonnage forward as a hedge against any possible summer marketing slowdown. Improved marketing opportunities came from corn futures' price bump but lack of sales-driven demand limited gains.

Merchandisers are reporting quiet export demand with bids \$5-8/MT below asking prices. Prices for deferred delivery months are rising, though it is unclear whether this is demand driven or merchandisers' effort to drive purchases in the nearby month. Alternatively, input pricing may require higher asking prices to manage ethanol production margins.

DDGS' value relative to corn is still extremely low by historic standards. The ratio of cash corn and FOB ethanol plant DDGS prices is 84 percent this week while the ratio of FOB NOLA prices equal 105 percent. The FOB Gulf ratio has been below 110 percent for the entirety of 2017, whereas it averaged 114 percent during 2016. Compared to soybean meal, FOB ethanol plants DDGS have a \$2.29 per protein unit cost advantage this week and a \$1.49 advantage FOB NOLA. Judged by the relative value of competing feedstuffs, DDGS appear to have potential to continue moving higher.

COUNTRY NEWS

Brazil: The Chamber of Foreign Trade (CAMEX) has delayed until next month and depending on further analysis the decision on whether to impose duties on imports of ethanol from the U.S. Brazilian producer groups have asked the government to impose duties of between 16 and 20 percent on the imports. (Reuters)

China: CNGOIC says that Chinese farmers will plant 35.84 million hectares of corn this year, which is down 2.5 percent from a year ago. Production is expected to be 211.5 MMT, a 3.7 percent reduction from last year. The corn growing province of Liaoning has only planted 44.6 percent of its corn versus 66.4 percent this time last year because of drought.

Results of the government's latest auction of corn stocks are shown in the table below. Meng Shengda of Shengda Futures describes corn sales this past week as bullish and exceeding expectations. He said it is based on strong demand and smaller stocks than expected. Prices received at the auction were higher than expected. The government will sell another 860 KMT from 2014 corn stocks at the next auction.

Results of China's Latest Corn Auction (MMT)					
Crop Year	Offered	Sold	Share	Yuan/MT	USD/MT
2012	.4439	.370	73.76	1,425	206.53
2013	2.504	2,138	85.4	1,378	199.64

Sources: Bloomberg; Reuters

India: Prime Minister Narendra Modi has asked officials to expedite the establishment of next generation bioethanol refineries utilizing agricultural residues. He wants an emphasis on ethanol blending in gasoline. (Deccan Herald)

Kenya: Jaindi Kiseru says the whole grain marketing system must be overhauled and that the food supply chains are "primitive and exploitative" [sic]. There are multiple price regimes – tariff-free imports, tariff-paid imports, strategic reserve – with players gaming the system to maximum profit. (Daily Nation/Syndigate)

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	\$38.25	Down \$1.00	Handymax at \$39/MT
55,000 U.S. PNW-Japan	\$19.75	Down \$0.50	Handymax at \$21.00/MT
55,000 U.S. Gulf-China	\$37.75	Up \$0.5	North China
PNW to China	\$18.75	Down \$0.50	
25,000 U.S. Gulf-Veracruz, México	\$15.00	Down \$0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$13.00	Down \$0.25	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$17.00 \$26.00	Down \$0.50 Down \$1.00	West Coast Colombia at \$23.50
40-45,000 U.S. Gulf-Guatemala	\$23.00	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$25.25 \$28.20	Down \$0.25	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$24.25	Down \$0.25	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$22.5	Down \$0.50	55,000 -60,000 MT
PNW to Egypt	\$24.00		St. Lawrence to Egypt \$23.00
60-70,000 U.S. Gulf-Europe-Rotterdam	\$14.50	Unchanged	Handymax at +\$1.50 more
Brazil, Santos-China	\$27.75	Down \$1.25	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port upriver	\$26.75		
Amazonia-China	\$31.00		
56-60,000 Argentina-China Upriver with Top-Off	\$35.00	Down \$0.50	—

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: Were Global Dry-Bulk markets up or are down again this week? The answer is a little bit of both. For the most part it was a quiet week without much featured. The Capesize and Panamax vessels had difficulty holding the line on rates but the Supramax and Handymax, in relative terms, did a bit better. Vessel markets are mostly trying to determine which way to go. Cargo demand has not picked up much but vessel owners are reluctant to sell at lower numbers. While North American freight markets were a sideways affair this week, South American rates slipped back with vessel supply down there overbalancing anticipated cargo demand. The Baltic Index forward curve for all vessel sizes does not project a bullish outlook.

On the interior logistics situation, barge navigation on the lower Mississippi River has reopened but it will take a bit more than a week for empty barges to get up north and for service to get back to normal levels.

Baltic-Panamax Dry-Bulk Indices				
May 11, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	13,734	13,754	-20	-0.1%
P3A: PNW/Pacific– Japan	7,675	8,088	-413	-5.1%
S1C: U.S. Gulf-China-S. Japan	20,367	19,684	683	3.5

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:

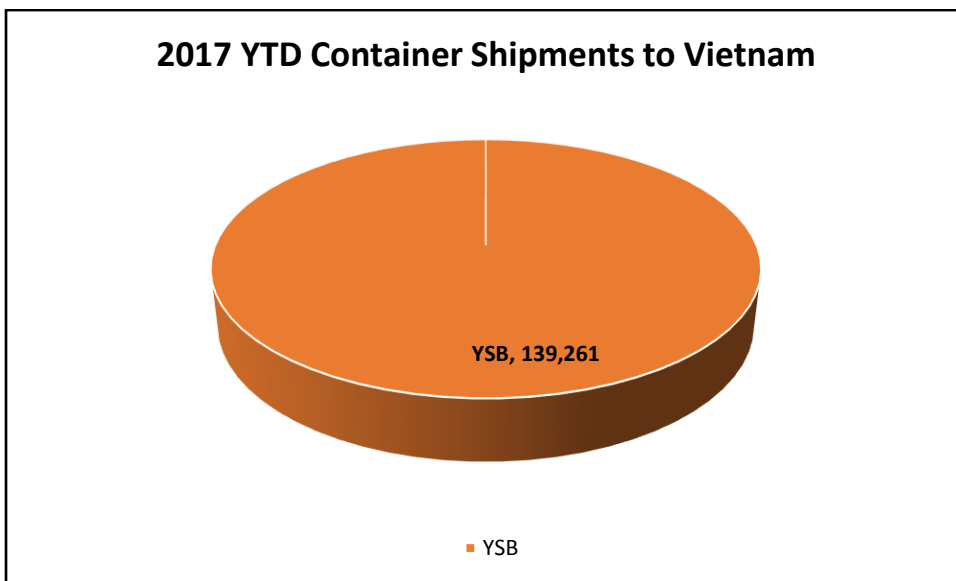
Week Ending May 11, 2017	
Four weeks ago:	\$ 6.20 - \$ 6.70
Three weeks ago:	\$ 6.15 - \$ 6.60
Two weeks ago:	\$ 5.95 - \$ 6.40
One week ago:	\$ 5.50 - \$ 6.10
This week	\$ 5.60 - \$ 6.35

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
May 11, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.70	0.37	0.33	\$12.99	PNW
Soybeans	0.65	0.5	0.15	\$5.91	PNW
Ocean Freight	\$18.75	\$37.25	0.47-0.50	\$18.50	JUNE

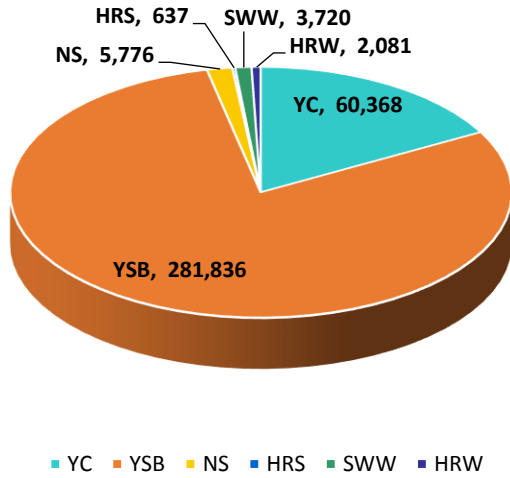
Source: O'Neil Commodity Consulting

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



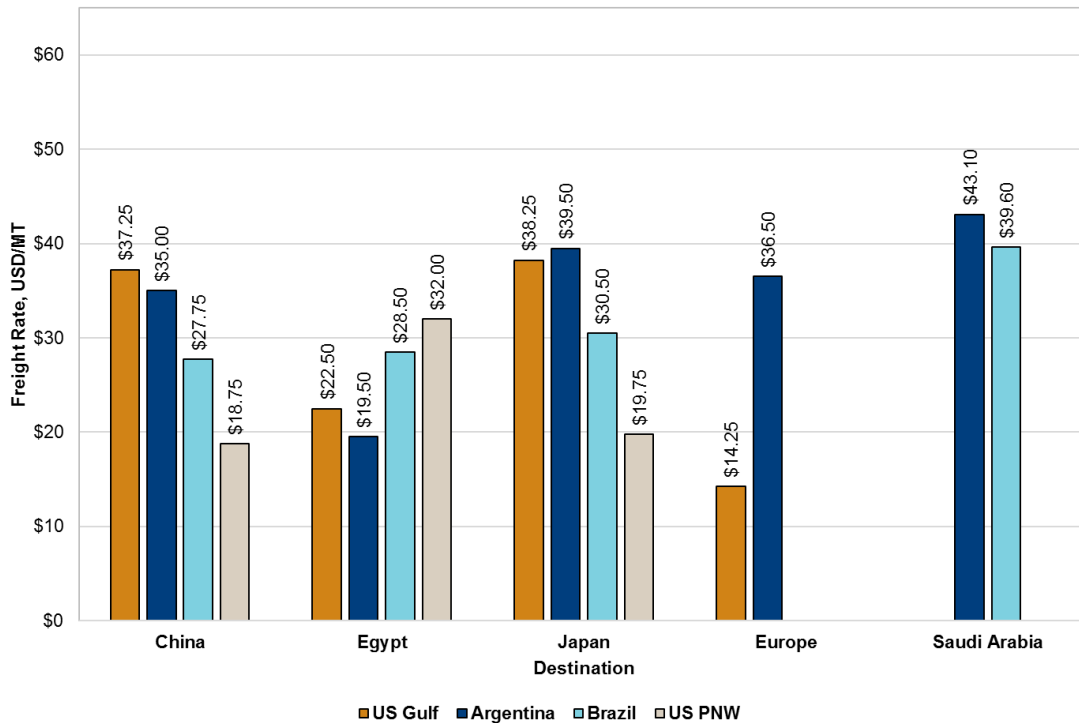
Source: O'Neil Commodity Consulting

2016 Container Shipments to Vietnam

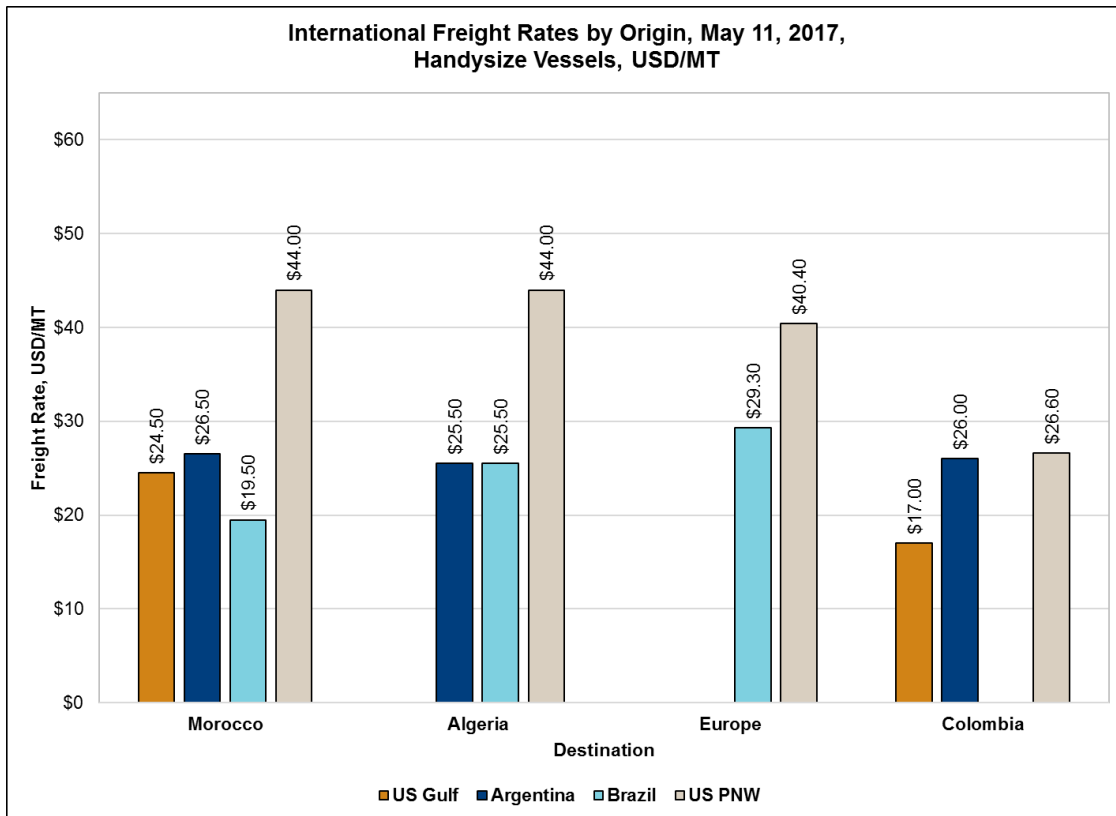


Source: O'Neil Commodity Consulting

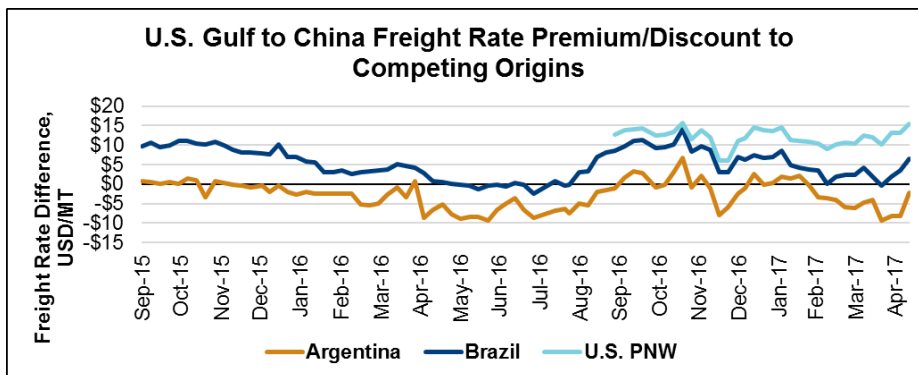
International Freight Rates by Origin, May 11, 2017, Supramax/Panamax Vessels, USD/MT



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 (%): May 11, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	4	4	3.5
LIBOR (6 month)	1.44	1.43	1.43
LIBOR (1 year)	1.79	1.77	1.80

Source: www.bankrate.com