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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn July Contract

\$/Bu	Friday 10 June	Monday 13 June	Tuesday 14 June	Wednesday 15 June	Thursday 16 June
Change	-0.0350	0.0700	0.0650	-0.0750	0.0375
Closing Price	4.2300	4.3000	4.3650	4.2900	4.2525
Factors Affecting the Market	Lower ending supplies in the WASDE report sent corn higher but the last hour of trading was all to the negative.	Corn ignored the slump in soybeans and rallied throughout the day on weather, exports and an expected slight drop in area planted.	The day started negative but corn rallied to a strong close with the December ending at a new contract high.	Open interest in the July contract collapsed as non-commercials sought to liquidate their long July positions for forward rolling.	Non-commercials took their cash and moved it into gold and the dollar ahead of next week's Brexit vote.

Outlook: USDA's June WASDE report was slightly bullish for corn as it reduced ending supplies for both the old crop (-95 million bushels) and new crop (-145 million bushels). Despite the better than previously expected corn exports, 2016/17 ending stocks will be ample (2 billion bushels/50 MMT), assuming production is not hurt.

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.

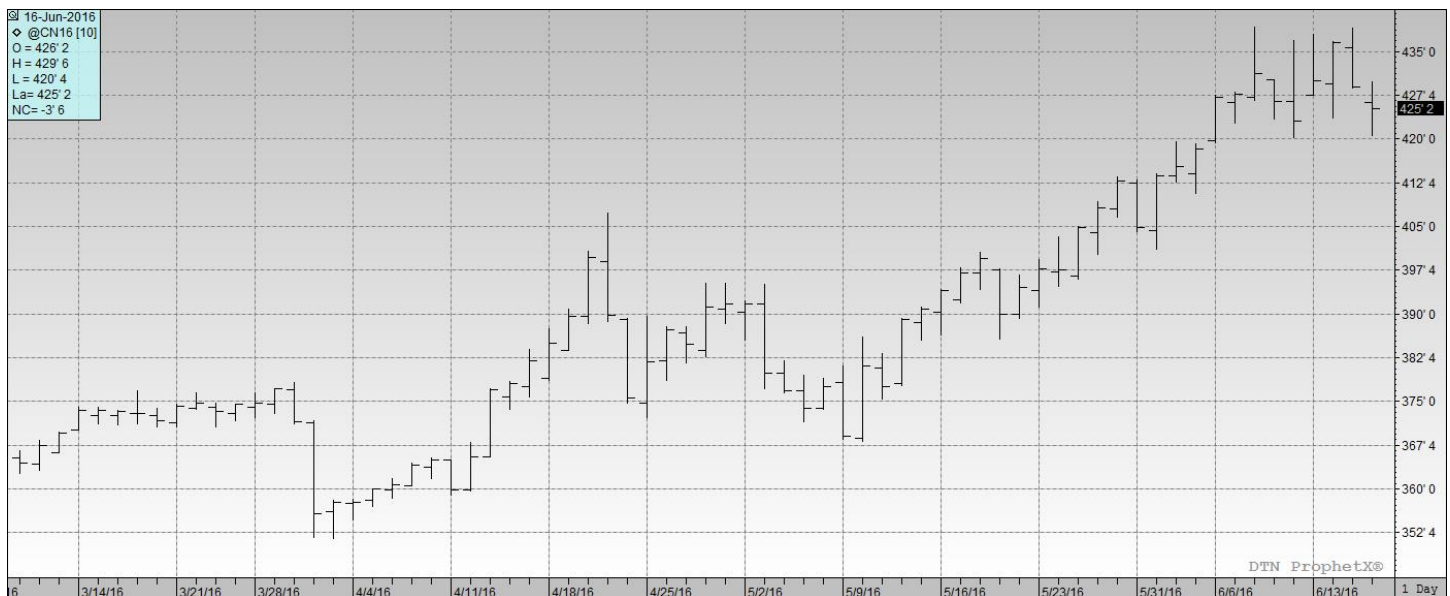
The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C. and has ten international offices that oversee 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.

A record long rally in the soybean market has the trade expecting USDA's 30 June planted acreage report to show fewer corn acres (approximately 1 million less) and more planted to soybeans. Weather is the main story between now and the 30 June quarterly stocks and planted acreage reports. Current weather conditions are very good; the forecast not so much. The models are having trouble with consistency but expectations are that it will be much dryer and warmer in July and August, which poses a threat. The corn market is already up nearly 20 percent over 1 March and may see more weather risk premiums being added.

April trade data shows that China has returned to the market. U.S. corn exports to China were down from March but at 65,098 MT, it was the second highest volume for the month of April since 2011, surpassed only by the 74,943 MT in April 2012. U.S. sorghum exports to China that month hit 559,663 MT, a 12.5 percent improvement over the previous month, and the FOB port of departure value of \$200.77/MT was 22.8 percent higher. Sorghum appears headed toward a solid year in export volume. Meanwhile, U.S. hay exports to China hit their second highest volume for the month since 2010 and are headed for a record year.

However, competition in the export market is about to increase as Argentine farmers have completed their soybean harvest and have now shifted all of their equipment over to corn, which has begun to arrive at ports with greater volume.

CBOT JULY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending June 16, 2016			
Commodity	16-Jun	10-Jun	Net Change
Corn			
Jul 16	425.25	423.00	2.25
Sep 16	430.50	427.50	3.00
Dec 16	435.75	430.75	5.00
Mar 17	440.75	435.75	5.00
Soybeans			
Jul 16	1134.50	1178.25	-43.75
Aug 16	1133.50	1177.75	-44.25
Sep 16	1123.75	1168.50	-44.75
Nov 16	1119.25	1162.75	-43.50
Soymeal			
Jul 16	397.70	414.00	-16.30
Aug 16	396.10	412.30	-16.20
Sep 16	395.20	411.30	-16.10
Oct 16	394.30	409.30	-15.00
Soyoil			
Jul 16	31.16	32.76	-1.60
Aug 16	31.30	32.90	-1.60
Sep 16	31.44	33.03	-1.59
Oct 16	31.57	33.16	-1.59
SRW			
Jul 16	472.50	495.00	-22.50
Sep 16	484.75	506.50	-21.75
Dec 16	504.25	524.75	-20.50
Mar 17	523.50	542.25	-18.75
HRW			
Jul 16	450.75	468.50	-17.75
Sep 16	468.50	485.50	-17.00
Dec 16	493.75	510.00	-16.25
Mar 17	510.00	525.75	-15.75
MGEX (HRS)			
Jul 16	529.25	538.50	-9.25
Sep 16	538.75	546.75	-8.00
Dec 16	552.75	561.75	-9.00
Mar 17	565.25	575.25	-10.00

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	June 12, 2016	Last Week	Last Year	2011-15 Average
Corn	-	-	-	-
Sorghum	76%	58%	67%	75%
Barley	-	-	-	-

Source: USDA

U.S. Crop Condition: June 12, 2016					
	Very Poor	Poor	Fair	Good	Excellent
Corn	1%	3%	21%	60%	15%
Sorghum	1%	3%	25%	64%	7%
Barley	-	1%	21%	60%	18%

Source: USDA

U.S. Drought Monitor Weather Forecast: In the short term (through June 21), temperatures as much as 6 degrees F cooler than normal are forecasted to occupy much of the Northwest, while much of the interior of the country will continue to bake in 5-10 degrees F above normal heat. Precipitation totals for the 5-day period ending on June 20 are forecasted to exceed 2 inches in southern Alabama and northern Florida as well as parts of the Mid-Atlantic. Based on the Climate Prediction Center's 6-10 day outlooks (June 20-24), the greatest probability of warmer than normal temperatures will occur in the Desert Southwest and extending into the Great Basin and Southern Rockies. Odds are in favor of near normal temperatures for the Southeast Coast and Northern High Plains and Great Lakes area. Below normal precipitation is most probable for much of the Northwest and a narrow swath of area stretching from the Southern Plains into the Tennessee Valley. Odds are in favor for above normal precipitation to occur in the coastal areas of the Gulf Coast states and Florida as well as in the Great Lakes area and parts of 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 June 9, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	783,400	351,800	472.4	6,527.4	29%
Corn	1,087,800	1,507,900	31,465.6	45,543.4	2%
Sorghum	59,700	220,900	6,788.3	7,496.2	-10%
Barley	700	900	1.3	9.2	10%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 909,700 MT for 2015/2016 were down 39 percent from the previous week and 36 percent from the prior 4-week average. Increases were reported for Japan (256,700 MT, including 105,800 MT switched from unknown destinations and decreases of 2,700 MT), South Korea (123,200 MT, including 120,000 MT switched from unknown destinations and decreases of 3,500 MT), Colombia (92,900 MT), Morocco (89,700 MT, including 22,700 MT switched from unknown destinations), Chile (89,200 MT, including 85,000 MT switched from unknown destinations), Algeria (76,900 MT, including 30,000 MT switched from unknown destinations and decreases of 700 MT), and Tunisia (63,000 MT, including 60,000 MT switched from unknown destinations). Reductions were reported for unknown destinations (218,200 MT), New Zealand (26,700 MT), Saudi Arabia (5,000 MT), and Panama (1,800 MT). For 2016/2017, net sales of 178,700 MT were reported for unknown destinations (42,700 MT), Mexico (40,000 MT), Japan (30,500 MT), and Panama (21,500 MT). Exports of 1,507,900 MT--a marketing-year high--were up 27 percent from the previous week and 42 percent from the prior 4-week average. The primary destinations were Japan (215,600 MT), Mexico (195,600 MT), South Korea (190,300 MT), Egypt (160,500 MT), Chile (89,200 MT), Peru (79,700 MT), and Taiwan (76,900 MT).

Optional Origin Sales: For 2015/2016, the current optional origin outstanding sales balance is 394,800 MT, all unknown destinations.

Export Adjustments: Accumulated exports for corn to Japan were adjusted down 58,656 MT for week ending June 2nd.

Barley: Net sales of 700 MT for 2016/2017 were reported for Vietnam (600 MT) and Japan (100 MT). Exports of 900 MT were reported to Japan (700 MT) and South Korea (200 MT).

Sorghum: Net sales of 50,100 MT for 2015/2016 resulted as increases for China (48,400 MT) and Japan (7,400 MT, including 7,100 MT switched from unknown destinations), were partially offset by reductions for unknown destinations (5,600 MT). Exports of 220,900 MT were up noticeably from the previous week and from prior 4-week average. The destinations were China (213,200 MT), Japan (7,400 MT), and Mexico (200 MT).

U.S. Export Inspections: Week Ending June 9, 2016

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	1,891	0	1,891	1,985	95%
Corn	1,696,990	1,067,586	31,178,916	33,770,820	92%
Sorghum	195,026	66,030	7,354,398	7,425,859	99%
Soybeans	136,506	98,378	43,654,953	47,411,809	92%
Wheat	363,803	391,207	577,253	538,251	107%

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 June 9, 2016						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	41,732	3%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	1,084,947	66%	61,440	100%	130,832	67%
PNW	333,495	20%	0	0%	60,374	31%
Interior Export Rail	175,376	11%	0	0%	3,820	2%
Total (Metric Tons)	1,635,550	100%	61,440	100%	195,026	100%
White Corn Shipments by Country (MT)			29,000	to Mexico		
			32,440	to Mozambique		
Total White Corn (MT)			61,440			
Sorghum Shipments by Country (MT)					165,406	to China
					7,394	to Japan
					19,998	to South Africa
					2,228	to Mexico
Total Sorghum (MT)					195,026	

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)
July	+0.75 N	\$196.94	+0.84 N	\$200.48
August	+0.76 U	\$199.40	+0.86 U	\$203.33
September	+0.88 U	\$204.12	+0.89 U	\$204.52
October	+0.95 Z	\$208.94	+0.90 Z	\$206.98

Please note that given the lack of volume in the white corn trade we are unable to provide accurate pricing figures for today's report.

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
LH July	-	-	+0.65 Z	\$197.13
August	-	-	+0.60 Z	\$195.17
September	-	-	+0.60 Z	\$195.17

Please note that given the lack of volume in the feed barley trade we are unable to provide accurate pricing figures for today's report.

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	July	August	September
New Orleans	\$155	\$155	\$155
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
	July	August	September
Bulk 60% Pro.			
New Orleans	\$625	\$625	\$625
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: June 16, 2016 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	June	July	August
Barge CIF New Orleans	232	227	227
FOB Vessel GULF	242	237	238
Rail delivered PNW	242	242	241
Rail delivered California	246	246	245
Mid-Bridge Laredo, TX	247	247	245
FOB Lethbridge, Alberta	215	215	215
40 ft. Containers to South Korea (Busan)	268	263	263
40 ft. Containers to Taiwan (Kaohsiung)	262	260	260
40 ft. Containers to Philippines (Manila)	273	274	274
40 ft. Containers to Indonesia (Jakarta)	268	266	266
40 ft. Containers to Malaysia (Port Kelang)	268	267	267
40 ft. Containers to Vietnam (HCMC)	270	270	270
40 ft. Containers to Japan (Yokohama)	273	273	273
40 ft. containers to Thailand (LCMB)	268	264	264
40 ft. Containers to Shanghai, China	275	275	275
KC & Elwood, IL Rail Yard (delivered Ramp)	228	225	220

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: The soybean meal rally plus a hot, dry forecast for the U.S. Midwest continue to push upward pressure in the DDGS market. Ordinarily prices would be headed lower in summer but at times it has hit parity with corn and could be at a peak. However, some buyers are anxiously buying ahead of what some

fear will now be a possible weather spike in the market. Meanwhile, and despite hurdles, U.S. DDGS exports to China achieved a month over month increase in April. A total of 125,587 MT were shipped to China, up 3 percent with highly competitive average pricing at \$194.20/MT FOB.

The nearby market for DDGS in the Gulf has been very tight as barges favor the speed and ease of loading soybeans. Containers rates to Southeast Asia are up an average of \$5 for July and August from last week, while rates to China and Japan showed larger increases.

Ethanol Comments: Daily U.S. ethanol production rose an average 8,000 barrels and hit a more seasonal level of 1.013 million barrels. Meanwhile, stock levels rose one million barrels (4.7 percent) to 21.2 million barrels.

The margin between the corn price and the value of ethanol and coproducts was variable this past week in the four key markets tracked (see below).

- Illinois differential is \$1.82 per bushel, in comparison to \$1.75 the prior week and \$2.03 a year ago.
- Iowa differential is \$1.90 per bushel, in comparison to \$1.82 the prior week and \$1.91 a year ago.
- Nebraska differential is \$1.60 per bushel, in comparison to \$1.64 the prior week and \$1.64 a year ago.
- South Dakota differential is \$2.08 per bushel, in comparison to \$2.22 the prior week and \$2.06 a year ago.

COUNTRY NEWS

India: Untimely rains have damaged 5-7 percent of the corn crop and prices are now high enough to prevent exports. If imports are required, CNF prices would be in the range of \$235-240/MT, though there is no non-GMO supply available. (WPI)

Philippines: A joint project by Century Properties Inc., (CPI) and Precision Agriculture Management and Grains Development-Southeast Asia (PAMGD-SEA) has been initiated and will result in the annual production of 90,000 MT of genetically modified (GM) yellow corn. (BusinessWorld, Philippines)

Tanzania: In contrast to other parts of Sub-Saharan Africa, Tanzania has had very good maize production for three years in a row and is now exporting surplus stocks to neighboring countries. (WPI)

Ukraine: The feed market is inverted due to a lack of quality corn. Feed corn is currently more expensive than 3rd grade wheat and 4th grade wheat, but it usually trades around the same or at a \$10/MT discount to feed wheat. (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	\$28.25	Unchanged	Handymax at \$28.75/MT
55,000 U.S. PNW-Japan	\$15.50	Down \$0.50	Handymax at \$16.00/MT
58-60,000 U.S. Gulf-China	\$26.25	Unchanged	North China
PNW to China	\$14.25	Down \$0.25	
30,000 U.S. Gulf-Veracruz, México	\$14.00	Unchanged	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$12.25	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$15.25 \$27.25	Unchanged Unchanged	West Coast Colombia at \$21.00
43,000 U.S. Gulf-Guatemala	\$21.50	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$31.25 \$33.00	Unchanged Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$31.75	Unchanged	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$22.25	Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$22.00
PNW to Egypt	\$23.25	Unchanged	
65-75,000 U.S. Gulf-Europe-Rotterdam	\$15.00	Unchanged	Handymax at +\$1.25 more
Brazil, Santos-China	\$18.50	Unchanged	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$17.25	Unchanged	
Itacoatiara Port up river Amazonia-China	\$29.00	Unchanged	48-53,000 MT (11.5-meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$27.00	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: It was a fairly quiet week in global ocean freight markets. The rally of the past week seems to have fizzled out and the market is re-grouping at slightly lower rates.

I believe the biggest issue facing the market now is whether or not vessel owners will heed the advice given at the annual Posidonia conference and not invest in more new builds. There is always the itch to order new vessels and expand once the market feels it has bottomed out and may be on the road to improved conditions. But to build more ships would be a killer for this struggling market and industry.

We are just ten days away from the opening of the new expanded Panama Canal. Please keep in mind that the Old locks will still be in operation and many ships will continue to transit through them for reasons of size and toll fees.

Baltic-Panamax Dry-Bulk Indices				
June 16, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	8,665	8,399	266	3.2%
P3A: PNW/Pacific– Japan	3,833	3,798	35	0.9%

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:

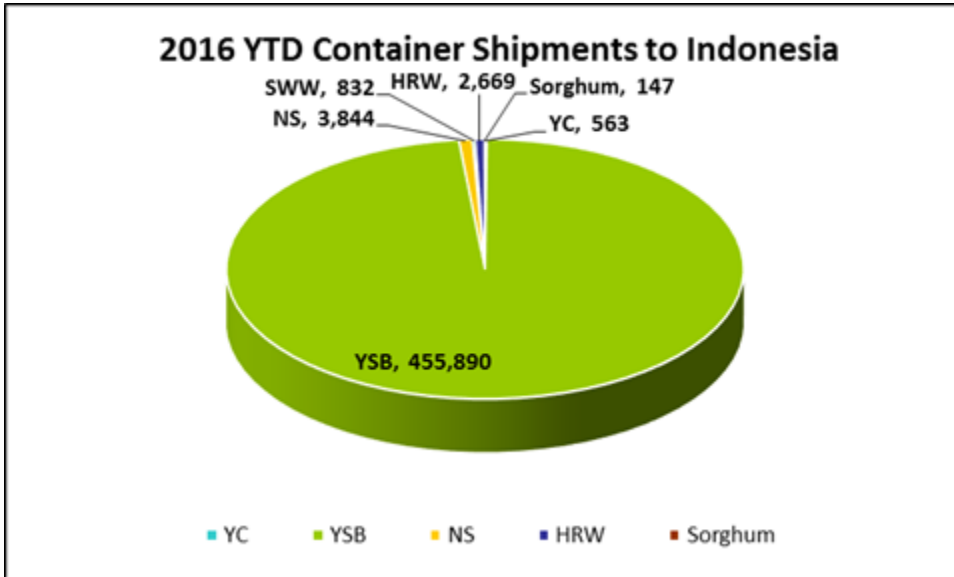
Week of June 16, 2016	
Four weeks ago:	\$4.00-\$4.55
Three weeks ago:	\$4.20-\$4.25
Two weeks ago	\$4.05-\$4.25
One week ago:	\$4.55-\$5.05
This week	\$4.80-\$4.95

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
June 16, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.84	0.76	0.08	\$3.15	PNW
Soybeans	0.85	0.75	0.10	\$3.94	PNW
Ocean Freight	\$14.25	\$26.25	0.30-0.32	(\$12.00)	July

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending June 16, 2016									
Commodity	Origins	China	Japan	Korea	Morocco	Egypt	Saudi Arabia	Morocco	Colombia
Vessel Size		PNMX	PNMX	PNMX	PNMX	PNMX	PNMX	Handy	Handy
Corn (Yellow)	Argentina	\$24.50	\$26.30	\$24.40	\$20.00	\$21.75	\$26.00	\$23.50	\$23.00
	Brazil	\$17.50	\$20.50	\$18.70	\$9.40	\$11.50	\$13.50	\$19.50	\$20.00
Corn (White)	Argentina	\$24.50	\$26.30	\$24.40	\$20.00	\$21.75	\$26.00	\$23.50	\$23.00
	Brazil	\$17.50	\$20.50	\$18.70	\$9.40	\$11.50	\$13.50	\$19.50	\$20.00
Barley	Argentina	\$24.50	\$26.30	\$24.40	\$20.00	\$21.75	\$26.00	\$23.50	\$23.00
	Brazil	17, 50	\$20.50	\$18.70	\$9.40	\$11.50	\$13.50	\$19.50	\$20.00
Sorghum	Argentina	\$24.50	\$26.30	\$24.40	\$20.00	\$21.75	\$26.00	\$23.50	\$23.00
	Brazil	\$17.50	\$20.50	\$18.70	\$9.40	\$11.50	\$13.50	\$19.50	\$20.00

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 (%): June 15, 2016			
	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	0.93	0.95	0.91
LIBOR (1 year)	1.27	1.33	1.24

Source: www.bankrate.com