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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn July Contract

\$/Bu	Friday 24 June	Monday 27 June	Tuesday 28 June	Wednesday 29 June	Thursday 30 June
Change	-0.0275	0.0075	0.0000	-0.1250	-0.1100
Closing Price	3.8450	3.8525	3.8525	3.7275	3.6160
Factors Affecting the Market	The longs fared pretty well considering the adverse pressure of good weather and the UK's Brexit decision.	Intra-day highs were lost near the close as corn incurred downward pressure from the wheat market.	Early gains were wiped out by an improved weather forecast. Anticipation is that planted acreage will only be down a little if at all.	Good weather prompted heavy fund selling, which pushed the September contract down to its lowest close in seven weeks.	Today's USDA reports reinforced that export demand has been strong lately, but overall disappearance is at the slowest pace in 7 years.

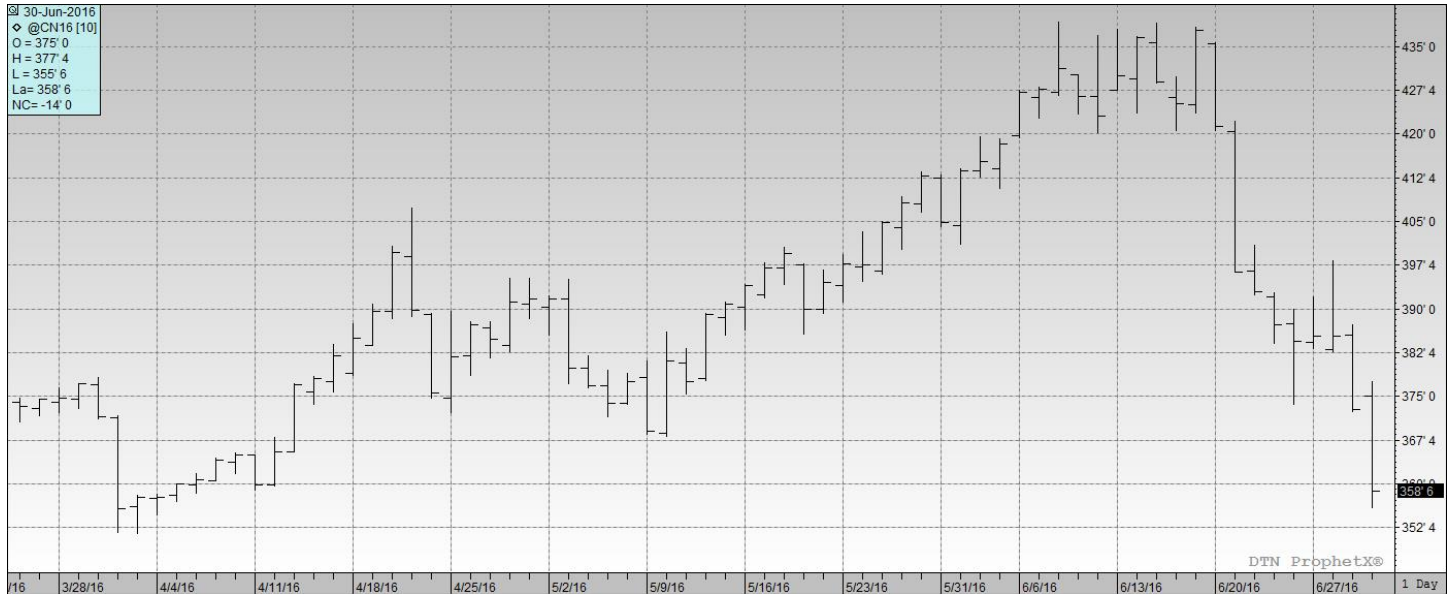
Outlook: USDA's planted acres and June 1 stocks reports were bearish. Farmers saw the spring run up in prices and planted more corn, 94.148 million acres, about 1.4 percent more than the trade had expected and up 7 percent from last year's seeded area. There also turned out to be about 4 percent more corn in inventory (4.722 billion bushels/120 MMT) than the trade had expected. Soybeans are bullish and the price ratio with

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.

corn is at an historic 3.1/1. This will get baked into the market and remain until and unless weather during the upcoming pollination period takes a turn for the worse.

CBOT JULY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending June 30, 2016			
Commodity	30-Jun	24-Jun	Net Change
Corn			
Jul 16	358.75	384.50	-25.75
Sep 16	365.50	389.00	-23.50
Dec 16	371.25	394.25	-23.00
Mar 17	379.50	401.75	-22.25
Soybeans			
Jul 16	1175.00	1103.00	72.00
Aug 16	1174.25	1101.50	72.75
Sep 16	1162.25	1086.25	76.00
Nov 16	1153.25	1078.50	74.75
Soymeal			
Jul 16	405.30	375.60	29.70
Aug 16	405.80	376.60	29.20
Sep 16	403.70	375.40	28.30
Oct 16	401.10	373.40	27.70
Soyoil			
Jul 16	31.38	30.99	0.39
Aug 16	31.53	31.13	0.40
Sep 16	31.66	31.27	0.39
Oct 16	31.78	31.39	0.39
SRW			
Jul 16	431.25	454.75	-23.50
Sep 16	445.50	465.00	-19.50
Dec 16	465.50	484.75	-19.25
Mar 17	483.25	502.75	-19.50
HRW			
Jul 16	404.25	422.75	-18.50
Sep 16	422.50	441.00	-18.50
Dec 16	447.75	466.75	-19.00
Mar 17	464.25	483.25	-19.00
MGEX (HRS)			
Jul 16	495.25	517.75	-22.50
Sep 16	508.25	526.50	-18.25
Dec 16	523.75	541.50	-17.75
Mar 17	538.25	555.00	-16.75

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	June 26, 2016	Last Week	Last Year	2011-15 Average
Corn	-	-	-	-
Sorghum	91%	88%	95%	93%
Barley	-	-	-	-

Source: USDA

U.S. Crop Condition: June 26, 2016					
	Very Poor	Poor	Fair	Good	Excellent
Corn	1%	4%	20%	59%	16%
Sorghum	-	3%	27%	61%	9%
Barley	-	2%	23%	60%	15%

Source: USDA

U.S. Drought Monitor Weather Forecast: High pressure will maintain sunny skies across most of the eastern and southern U.S. into the weekend, with cooler-than-normal weather from the Corn Belt into the Northeast contrasting with lingering warmth over the Gulf Coast States. Showers will persist, however, in the western Corn Belt and central Plains, where rain could be locally heavy. During the upcoming holiday weekend, an area of low pressure will develop over the central High Plains and track eastward, producing a swath of increasingly heavy rain from the central Plains to the southern Corn Belt, reaching the southern Mid-Atlantic Region by early next week. Five-day rainfall totals are expected to top 5 inches in parts of Kansas, northern Oklahoma, and western Missouri. Farther west, monsoon showers will continue over the Four Corners and Southwest, with lighter showers spreading as far north as the central and northern Rockies. Hot, seasonably dry weather is expected over the Pacific Coast States. The NWS 6- to 10-day outlook for July 5-9 calls for above-normal temperatures across most of the nation, except for cooler conditions in the Northwest, with the greatest likelihood of abnormal warmth extending from the Corn Belt to the Gulf Coast. Above-normal rainfall is expected from the Upper Midwest to the southern Mid-Atlantic Coast, while drier-than-normal conditions are anticipated in New England and from the Interior Northwest southeastward to the western and southern Gulf Coast.

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 23, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	700,200	530,700	1,582.4	7,635.5	31%
Corn	617,400	1,497,200	34,170.9	46,882.6	3%
Sorghum	86,000	56,300	6,846.2	7,748.7	-8%
Barley	100	400	2.1	10.2	20%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 468,500 MT for 2015/2016 were down 46 percent from the previous week and 59 percent from the prior 4-week average. Increases were reported for South Korea (259,800 MT, including 131,000 MT switched from unknown destinations and decreases of 6,000 MT), Japan (140,300 MT, including 156,800 MT switched from unknown destinations and decreases of 54,000 MT), Vietnam (112,000 MT, including 125,000 MT switched from unknown destinations), Taiwan (65,800 MT), Colombia (60,000 MT), Egypt (58,800 MT, including 65,000 MT switched from unknown destinations and decreases of 6,200 MT), and Portugal (54,000 MT, including 50,000 MT switched from unknown destinations). Reductions were reported for unknown destinations (461,800 MT), Algeria (3,700 MT), Guatemala (2,600 MT), and Nicaragua (2,500 MT). For 2016/2017, net sales of 536,100 MT were reported for South Korea (138,000 MT), Mexico (135,900 MT), Japan (120,000 MT), Costa Rica (84,200 MT), and unknown destinations (48,500 MT). Exports of 1,497,200 MT were up 24 percent from the previous week and 29 percent from the prior 4-week average. The primary destinations were Japan (370,200 MT), Mexico (283,600 MT), Vietnam (176,400 MT), South Korea (125,900 MT), Peru (99,000 MT), and Chile (77,800 MT).

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

Barley: Net sales of 1,000 MT for 2016/2017 were reported for Vietnam. Exports of 400 MT were reported to Taiwan.

Sorghum: Net sales of 84,600 MT for 2015/2016 were down 50 percent from the previous week and 38 percent from the prior 4-week average. Increases reported for China (112,600 MT, including 53,000 MT switched from unknown destinations and decreases of 1,400 MT) and Colombia (25,000 MT), were partially offset by reductions for unknown destinations (53,000 MT). Exports of 56,300 MT were up noticeably from the previous week, but down 33 percent from the prior 4-week average. The destinations were China (53,100 MT) and Mexico (3,200 MT).

U.S. Export Inspections: Week Ending June 23, 2016					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	2,495	0	4,386	3,943	111%
Corn	1,451,227	1,235,070	33,875,356	35,928,039	94%
Sorghum	119,550	13,402	7,487,350	7,530,167	99%
Soybeans	272,066	315,382	44,248,867	47,886,763	92%
Wheat	511,701	571,724	1,704,580	1,239,638	138%

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 23, 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	883,162	63%	42,887	89%	108,803	91%
PNW	372,531	27%	367	1%	0	0%
Interior Export Rail	147,290	10%	4,990	10%	10,747	9%
Total (Metric Tons)	1,402,983	100%	48,244	100%	119,550	100%
White Corn Shipments by Country (MT)			11,737	to El Salvador		
			36,140	to Mexico		
			367	to Korea		
Total White Corn (MT)			48,244			
Sorghum Shipments by Country (MT)					108,803	to China
					857	to Kenya
					9,890	to Mexico
Total Sorghum (MT)					119,550	

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	+0.95 N	\$178.63	+0.87 N	\$175.48
FH August	+0.88 U	\$178.53	+0.90 U	\$179.32
LH August	+0.90 U	\$179.32	+0.90 U	\$179.32
September	+0.99 U	\$182.86	+0.95 U	\$181.29
October	+1.00 Z	\$185.52	+1.08 Z	\$188.67

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	-	-	+0.75 Z	\$175.68
August	-	-	+0.75 Z	\$175.68
September	-	-	+0.75 Z	\$175.68

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	-	-	-
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	July	August	September
New Orleans	\$615	\$610	\$610
*5-10,000 MT Minimum			

*All prices are market estimates.

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

DDGS Price Table: June 30, 2016 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	July	August	September
Barge CIF New Orleans	206	201	200
FOB Vessel GULF	215	210	210
Rail delivered PNW	212	211	210
Rail delivered California	215	214	213
Mid-Bridge Laredo, TX	212	211	210
FOB Lethbridge, Alberta	190	185	184
40 ft. Containers to South Korea (Busan)	245	236	233
40 ft. Containers to Taiwan (Kaohsiung)	246	237	234
40 ft. Containers to Philippines (Manila)	255	246	243
40 ft. Containers to Indonesia (Jakarta)	251	241	238
40 ft. Containers to Malaysia (Port Kelang)	253	243	241
40 ft. Containers to Vietnam (HCMC)	257	251	249
40 ft. Containers to Japan (Yokohama)	262	241	239
40 ft. containers to Thailand (LCMB)	251	240	237
40 ft. Containers to Shanghai, China	248	234	242
KC & Elwood, IL Rail Yard (delivered Ramp)	207	201	198

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: China's DDGS purchases have heretofore been tempered but that may have to change. Reports indicate that corn being sold out of China's reserves is disappointing quality-wise and that feed mills are boosting their purchases of sorghum and DDGS in response. Indeed, China reportedly imported 2.94 MMT of feedstuffs (one-third of which was corn, plus DDGS, cassava, etc.) in May. The value of quality corn is rising while the price of poorer quality corn coming out of stocks is being forced to fall in order to be competitive with the fully landed cost of corn imports. One report suggested that future Chinese corn plantings will decline in favor of growing vegetables due to their rising value. Meanwhile, Southeast Asia remains a booming market for DDGS, taking advantage of low-cost container shipping rates, but some buyers are hoping for lower prices ahead. Korea was reportedly in the market this past week.

DDGS prices for August delivery declined this past week by an average \$14.00/container. They also declined for September shipment, but by a much smaller \$0.75/container average. The bulk of the declines were in destination markets, with U.S. domestic transfer points reporting only small declines and even a \$3/container increase for FOB Gulf. This indicates that any more near-term declines at destination markets may also be smaller. The fall back in price was obligated by falling corn futures prices and will enable DDGS to be more competitive on a delivered basis.

Ethanol Comments: Ethanol margins have been satisfactory, inciting aggressive run times and so daily U.S. ethanol production rebounded this past week by 40,000 barrels per day and pushed average production per day back up over one million barrels. Stocks levels squeaked slightly higher by 21.2 million barrels.

The margins between the corn price and the value of ethanol and coproducts bounced around this past week (see below), depending on the market, but remain above levels recorded this time a year ago.

- Illinois differential is \$1.92 per bushel, in comparison to \$1.93 the prior week and \$1.80 a year ago.
- Iowa differential is \$2.03 per bushel, in comparison to \$1.92 the prior week and \$1.70 a year ago.
- Nebraska differential is \$1.67 per bushel, in comparison to \$1.66 the prior week and \$1.51 a year ago.
- South Dakota differential is \$2.09 per bushel, in comparison to \$2.13 the prior week and \$1.84 a year ago.

COUNTRY NEWS

China: Only part of the reserve corn offered for sale at auction actually sold, and it netted a lower price (\$248.56/MT) than the imported corn (\$256.09/MT) offered for sale. Shanghai JC Intelligence Co. says that the poorer quality domestic supply may boost imports, though the National Grain Trade Center indicates that the government thus far only sold 8.1 MMT of the 125 MMT of corn it has in reserves. (Bloomberg)

Nigeria: The National Biosafety Management Agency approved confined field trials of glyphosate resistant maize despite opposition from 100 NGOs. (The Africa Report)

India: PEC Limited only received one bid to supply 48,000 MT of non-GMO corn from Ukraine at \$245-255/MT. It was rejected for being too high and unaffordable. Ukrainian corn prices are rising because of diminishing offers from farmers. (WPI)

Kenya: Cereal Millers Association Chairman Nick Hutchinson says that the domestically produced maize is of very poor quality. He says that the country should consider switching to GMO maize to address the situation. (Citizen Reporter)

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	\$29.25	Up \$0.50	Handymax at \$29.75/MT
55,000 U.S. PNW-Japan	\$16.00	Unchanged	Handymax at \$16.50/MT
58-60,000 U.S. Gulf-China	\$27.25	Up \$0.50	North China
PNW to China	\$14.75	Unchanged	
30,000 U.S. Gulf-Veracruz, México	\$14.50	Unchanged	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$12.75	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$15.75 \$27.75	Unchanged Unchanged	West Coast Colombia at \$22.50
43,000 U.S. Gulf-Guatemala	\$22.25	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$32.25	Up \$0.25	8,000 MT daily discharge
	\$33.00	Unchanged	3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$32.75	Up \$0.25	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$23.25	Up \$0.25	55,000 -60,000 MT
PNW to Egypt	\$24.00	Unchanged	St. Lawrence to Egypt \$23.50
65-75,000 U.S. Gulf-Europe-Rotterdam	\$15.00	Unchanged	Handymax at +\$1.25 more
Brazil, Santos-China	\$19.25	Unchanged	54-58,000 Supramax-Panamax
	\$18.25	Up \$0.25	60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$29.00	Down \$0.50	48-53,000 MT (11.5-meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$27.50	Up \$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: With support from improved Q3 time charter rates the Baltic Panamax and Handymax indices gathered enough momentum to generate a good rally this week. The Capesize market, however, did not move much from last week's levels. Physical Dry-Bulk freight markets moved up a little but, as often happens, but the physical freight markets did not get as excited as the traders on the Baltic Exchange.

The new expanded Panama Canal locks officially opened last Sunday. The Canal states that they have more than 170 neo-Panamax ship transit reservations already booked for the new locks. Due to the weather effects from El Niño, the Canal is operating at less than the maximum draft capacities. Current vessel drafts at the new locks are set at 43 feet (13.10 meters) rather than the maximum 50 feet (15.24 meters). Every foot of draft lost equates to about 2,000 MT of cargo capacity.

Baltic-Panamax Dry-Bulk Indices				
June 30, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	9,763	8,722	1,041	11.9%
P3A: PNW/Pacific– Japan	5,305	4,428	877	19.8%

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:

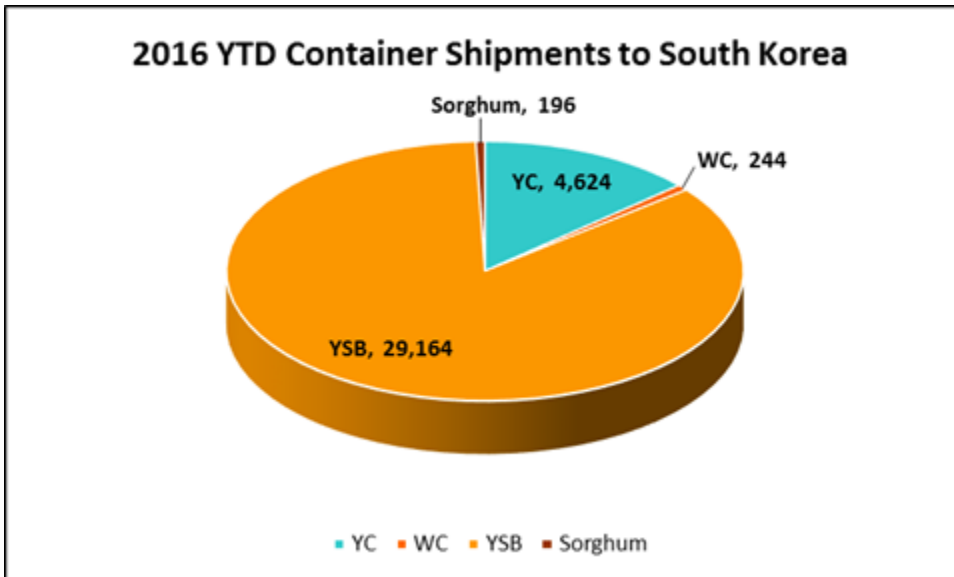
Week of June 30, 2016	
Four weeks ago:	\$4.05-\$4.25
Three weeks ago:	\$4.55-\$5.05
Two weeks ago:	\$4.80-\$4.95
One week ago:	\$4.25-\$4.45
This week:	\$4.35-\$4.45

Source: O'Neil Commodity Consulting

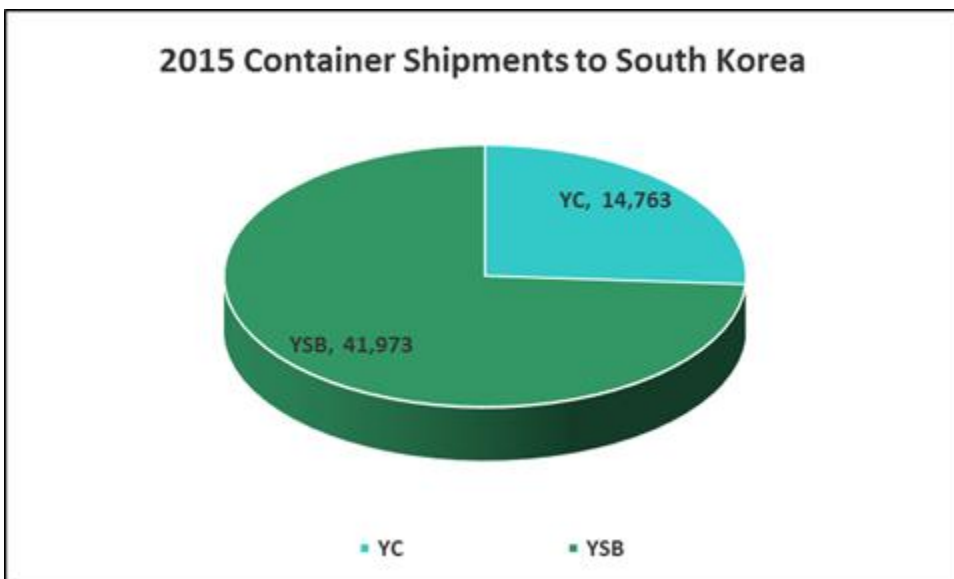
U.S.-Asia Market Spreads					
June 30, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.99	0.90	0.09	\$3.54	PNW
Soybeans	1.05	1.05	0.00	\$0.00	PNW
Ocean Freight	\$14.75	\$27.75	0.32-0.34	(\$12.50)	July

Source: O'Neil Commodity Consulting

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



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 30, 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	\$26.50	\$29.00	\$28.00	\$23.00	\$22.50	\$27.00	\$27.50	\$27.00
	Brazil	\$19.50	\$23.00	\$22.00	\$12.00	\$14.00	\$15.50	\$22.50	\$23.50
Corn (White)	Argentina	\$26.50	\$29.00	\$28.00	\$23.00	\$22.50	\$27.00	\$27.50	\$27.00
	Brazil	\$19.50	\$23.00	\$22.00	\$12.00	\$14.00	\$15.50	\$22.50	\$23.50
Barley	Argentina	\$26.50	\$29.00	\$28.00	\$23.00	\$22.50	\$27.00	\$27.50	\$27.00
	Brazil	\$19.50	\$23.00	\$22.00	\$12.00	\$14.00	\$15.50	\$22.50	\$23.50
Sorghum	Argentina	\$26.50	\$29.00	\$28.00	\$23.00	\$22.50	\$27.00	\$27.50	\$27.00
	Brazil	\$19.50	\$23.00	\$22.00	\$12.00	\$14.00	\$15.50	\$22.50	\$23.50

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 29, 2016			
	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	0.90	0.93	0.98
LIBOR (1 year)	1.25	1.24	1.32

Source: www.bankrate.com