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## CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Friday 15 July	Monday 18 July	Tuesday 19 July	Wednesday 20 July	Thursday 21 July
<b>Change</b>	-0.065	0.05	-0.1475	-0.0425	-0.0350
<b>Closing Price</b>	3.5825	3.6325	3.485	3.4425	3.4075
<b>Factors Affecting the Market</b>	A volatile trading day ended lower as Midwest rains aided crop condition ratings.	Forecasted hot weather during pollination pushed the market slightly higher.	Favorable row crop conditions and a stronger U.S. dollar sent all grains sharply lower for the day.	Good crop conditions outweighed record ethanol production and dry weather concerns for a lower close.	New contract lows came after good weather forecasts for next week and bearish weekly export sales.

**Outlook:** Trading in corn was volatile this week with markets gyrating according to changing weather forecasts. The U.S. corn crop remains in good condition with 76 percent rated as good or excellent. The good crop condition added to bearish sentiment later in the week as the crop appears able to withstand the current Midwest heat wave. Temperatures in the Corn Belt are going to be oppressive but good July rainfalls and soil moisture will help the crop endure the heat. Despite the heat, the trade is not ruling out the possibility of an above-trend line yield this fall. Some now believe that USDA may actually increase yields in its August

**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.**

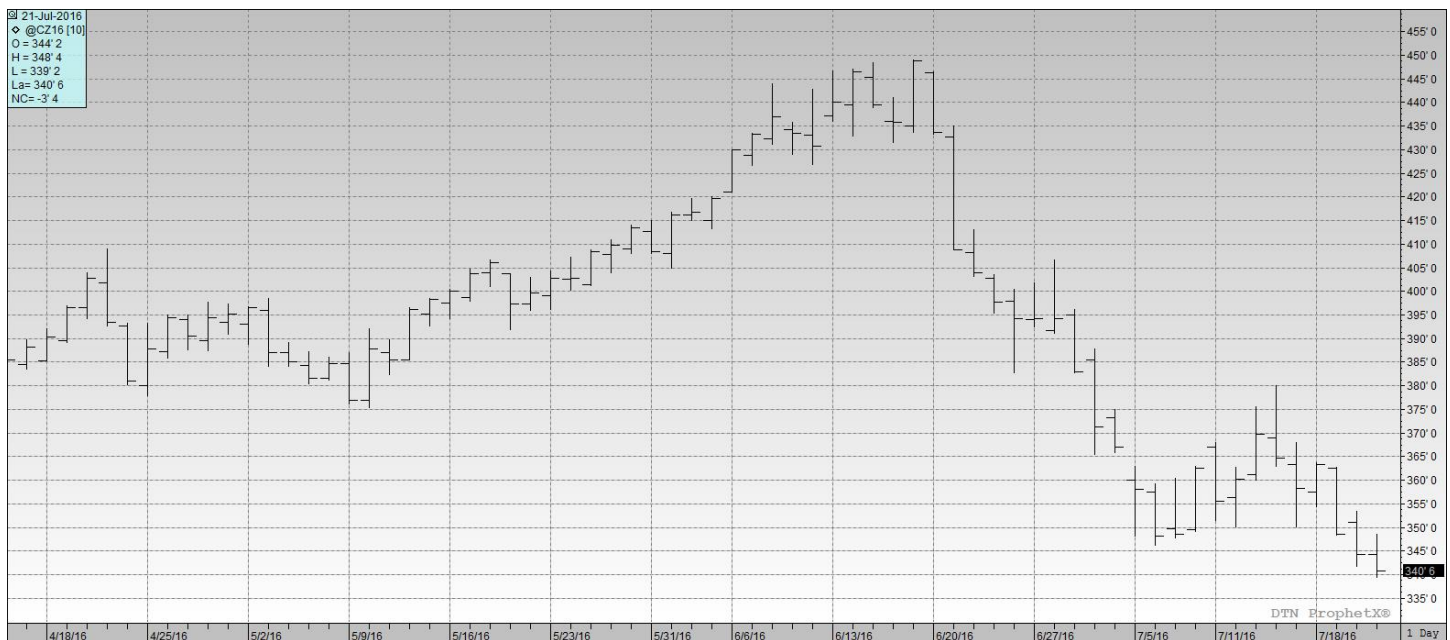
*The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C. and has ten international offices that oversee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

estimate which would push ending stocks above the psychologically important 15 percent level. Statistically, however, USDA has cut yield estimates in the September WASDE report in five of the last ten years.

Friday's export inspections for corn fell from the previous week but were at the top end of analysts' range. Still, the report is viewed unimpressive and thus as bearish. Export inspections for the 2015/16 crop year total 1.486 billion bushels, down 3 percent from the prior year. More importantly, the year-to-date inspections are below USDA's expected 2 percent increase in export demand. U.S. exports have been stymied partly due to inexpensive feed wheat on the global markets.

December corn put in new contract lows on Wednesday and Thursday, closing below support previously found at \$3.46. Noncommercial traders have nearly fully liquidated their long position - which totaled over 250,000 contracts at one point - which has added to the selling pressure. The U.S. dollar gained modest momentum this week which further pressured corn markets. From a technical perspective, the market is oversold and in an established downtrend. Should the oncoming heat wave damage the crop more than is currently anticipated, resistance will likely be found at \$3.63. Technically, there is little to stop the markets from putting in much lower lows. However, basis remains strong through the U.S. (\$0.31 under September) and farmers are becoming less willing sellers below \$3.45. Without significant weather events or other shocks, the market will likely grind lower towards \$3.30.

## CBOT DECEMBER CORN FUTURES



Source: Prophet X

**Current Market Values:**

<b>Futures Price Performance: Week Ending July 21, 2016</b>			
<b>Commodity</b>	<b>21-Jul</b>	<b>15-Jul</b>	<b>Net Change</b>
<b>Corn</b>			
Sep 16	334.25	352.25	-18.00
Dec 16	340.75	358.25	-17.50
Mar 17	350.25	366.25	-16.00
May 17	356.00	370.50	-14.50
<b>Soybeans</b>			
Aug 16	1032.50	1072.50	-40.00
Sep 16	1025.50	1065.50	-40.00
Nov 16	1012.50	1057.25	-44.75
Jan 17	1012.75	1055.75	-43.00
<b>Soymeal</b>			
Aug 16	352.50	369.40	-16.90
Sep 16	351.50	368.30	-16.80
Oct 16	348.80	366.60	-17.80
Dec 16	347.50	366.30	-18.80
<b>Soyoil</b>			
Aug 16	31.06	30.89	0.17
Sep 16	31.19	31.02	0.17
Oct 16	31.32	31.14	0.18
Dec 16	31.60	31.42	0.18
<b>SRW</b>			
Sep 16	417.75	424.75	-7.00
Dec 16	441.25	449.75	-8.50
Mar 17	464.50	472.75	-8.25
May 17	477.00	487.00	-10.00
<b>HRW</b>			
Sep 16	407.50	413.75	-6.25
Dec 16	433.50	439.75	-6.25
Mar 17	450.25	456.75	-6.50
May 17	461.00	467.75	-6.75
<b>MGEX (HRS)</b>			
Sep 16	486.25	496.75	-10.50
Dec 16	502.25	512.00	-9.75
Mar 17	518.25	527.00	-8.75
May 17	527.75	536.50	-8.75

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

## U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: July 17, 2016					
	Very Poor	Poor	Fair	Good	Excellent
Corn	1%	4%	19%	57%	19%
Sorghum	-	3%	29%	57%	11%
Barley	1%	3%	23%	58%	15%

Source: USDA

**U.S. Drought Monitor Weather Forecast:** The next 3-7 days will bring above normal temperatures for much of the CONUS with the warmest anomalies forecasted for the Midwest and along the East Coast. Negative temperature anomalies will be confined to the Northwest. The High Plains, parts of New England, the Southeast, and Florida have the best chances of greater than normal precipitation.

The CPC 6-10 day outlook calls for the greatest chances of above normal temperatures in California and the Great Basin, as well as the East Coast. The probability is high that below normal precipitation will occur in the Northwest, especially in Washington and Oregon, and the Midwest, while odds are in favor of above normal precipitation in the Southeast and East 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 July 14, 2016

Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	487,100	360,600	2,817.9	9,256.5	33%
Corn	507,200	1,240,900	37,924.9	48,265.3	3%
Sorghum	78,500	2,500	7,029.5	7,903.0	-6%
Barley	300	1,200	3.9	10.9	25%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales of 345,100 MT for 2015/2016 were down 48 percent from the previous week and 42 percent from the prior 4-week average. Increases were reported for Taiwan (146,700 MT, including 133,000 MT switched from unknown destinations), Mexico (132,800 MT, including 32,000 MT switched from unknown destinations and decreases of 12,700 MT), South Korea (127,200 MT, including 63,000 MT switched from unknown destinations), Peru (50,600 MT, including 35,000 MT switched from unknown destinations), Chile (45,000 MT), and Algeria (43,900 MT, including 45,000 MT switched from unknown destinations and decreases of 1,100 MT). Reductions were reported for unknown destinations (342,900 MT) and Japan (128,400 MT). For 2016/2017, net sales of 506,300 MT were reported primarily for unknown destinations (287,000 MT), Japan (85,500 MT), and Mexico (83,200 MT). Exports of 1,240,900 MT were unchanged from the previous week, but down 5 percent from the prior 4-week average. The primary destinations were Japan (340,800 MT), Mexico (268,600 MT), Taiwan (145,100 MT), Algeria (88,900 MT), South Korea (66,500 MT), and Colombia (47,600 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 300 MT for 2016/2017 were reported for South Korea. Exports of 500 MT were reported to Vietnam (300 MT) and South Korea (200 MT).

**Sorghum:** Net sales of 53,500 MT for 2015/2016 were up 25 percent from the previous week, but down 39 percent from the prior 4-week average. Increases were reported for China (28,000 MT), Colombia (25,000 MT), and Indonesia (500 MT). Exports of 2,500 MT were down 98 percent from the previous week and 96 percent from the prior 4-week average. The destination was Mexico.



**U.S. Export Inspections: Week Ending July 14, 2016**

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	294	1,977	7,376	4,799	154%
Corn	1,327,509	1,359,886	37,746,374	39,086,214	97%
Sorghum	68,655	124,600	7,765,085	7,799,265	100%
Soybeans	367,380	379,084	45,202,306	48,563,621	93%
Wheat	439,484	379,726	3,097,068	2,374,991	130%

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 July 14, 2016**

Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	22,001	2%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	652,621	50%	13,577	77%	59,020	86%
PNW	449,294	34%	0	0%	0	0%
Interior Export Rail	185,902	14%	4,114	23%	9,635	14%
<b>Total (Metric Tons)</b>	<b>1,309,818</b>	<b>100%</b>	<b>17,691</b>	<b>100%</b>	<b>68,655</b>	<b>100%</b>
White Corn Shipments by Country (MT)			9,617	to Colombia		
			3,960	to Japan		
			122	to Korea		
			3,992	to Mexico		
<b>Total White Corn (MT)</b>			<b>17,691</b>			
Sorghum Shipments by Country (MT)					59,044	to China
					9,611	to Mexico
<b>Total Sorghum (MT)</b>					<b>68,655</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)
FH August	+1.14 U	\$176.47	+1.21 U	\$179.22
LH August	+1.10 U	\$174.89	+1.21 U	\$179.22
September	+1.10 U	\$174.89	+1.24 U	\$180.40
October	+1.10 Z	\$177.45	+1.29 Z	\$184.93

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
August	-	-	+0.90 Z	\$169.58
September	-	-	+0.90 Z	\$169.58
October	-	-	+0.90 Z	\$169.58

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)			
	August	September	October
New Orleans	\$175	\$162	-
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	August	September	October
New Orleans	\$685	\$695	-
*5-10,000 MT Minimum			

\*All prices are market estimates.

DDGS Price Table: July 21, 2016 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	August	September	October
Barge CIF New Orleans	193	191	191
FOB Vessel GULF	205	205	206
Rail delivered PNW	200	199	198
Rail delivered California	203	202	201
Mid-Bridge Laredo, TX	210	208	207
FOB Lethbridge, Alberta	168	168	168
40 ft. Containers to South Korea (Busan)	222	219	218
40 ft. Containers to Taiwan (Kaohsiung)	219	216	216
40 ft. Containers to Philippines (Manila)	230	227	227
40 ft. Containers to Indonesia (Jakarta)	224	221	221
40 ft. Containers to Malaysia (Port Kelang)	227	224	224
40 ft. Containers to Vietnam (HCMC)	230	227	227
40 ft. Containers to Japan (Yokohama)	223	220	220
40 ft. containers to Thailand (LCMB)	223	220	220
40 ft. Containers to Shanghai, China	220	218	218
KC & Elwood, IL Rail Yard (delivered Ramp)	196	192	190

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:** At the same time that ample grain supplies are pressuring markets, DDGS prices are having to take into account historically high put-through rates at the Gulf. Prices are expected to continue moving lower but that has not stifled near-term demand.

DDGS is still being viewed fully relative to its corn value in the feed ration. In fact, container values to Asian destinations were down very modestly (<\$3/container) this past week. Uncertain will be the impact of a large crop coming in this fall relative to demand but, at this juncture, buyers are purportedly already bidding for fourth quarter purchases.

**Ethanol Comments:** Ethanol production this past week hit a record high of 1.029 million barrels per day, up 25,000 barrels from the prior week. Similarly, ethanol stocks grew by 26,000 barrels to 21.157 million barrels. However, gasoline usage recovered from the prior week's fall and surpassed the usage observed at the beginning on July.

The margin between the corn price and the value of ethanol and coproducts was lower this past week in all of the four reference markets (see below), and the spread versus this time last year continues to widen.



- Illinois differential is \$2.16 per bushel, in comparison to \$2.40 the prior week and \$1.53 a year ago.
- Iowa differential is \$2.27 per bushel, in comparison to \$2.37 the prior week and \$1.56 a year ago.
- Nebraska differential is \$1.94 per bushel, in comparison to \$1.98 the prior week and \$1.20 a year ago.
- South Dakota differential is \$2.34 per bushel, in comparison to \$2.42 the prior week and \$1.55 a year ago.

## COUNTRY NEWS

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**Argentina:** Export logistics slowed even further this week as two of the country's largest trucking unions went on strike. Some ports have seen all incoming trucks come to a halt while others have seen a marked decrease in volumes. Rosario saw 125 trucks arrive from midnight to 7:00 AM on Wednesday, versus over 7,000 the prior week. (Various sources).

**Poland:** A recent USDA report pegged total ethanol production in Poland at 200,000 MT. Poland's bioethanol and biodiesel industry both have excess capacity and further investment or production expansions are not anticipated. Poland's National Incentive Target is 7.1 percent for this year and will expand to 20 percent renewables in all energy used by 2020. (USDA/FAS GAIN report)

**Lithuania:** Lithuanian ethanol production was estimated at 12,000 MT according to USDA/FAS, roughly half of the country's 2011 production (23,000 MT). Production decreases came after a 2014 bankruptcy and subsequent closure of one Lithuanian ethanol plant. Lithuanian ethanol consumption is estimated at 11,000 MT, down 4,000 MT from the prior year. The USDA report notes that only a small proportion of Lithuania's vehicles use ethanol due to the harsh winter conditions. (USDA/FAS GAIN report)

**South Africa:** Despite the drought in South Africa, one South African bank is noting little stress on the bank's loan portfolio. South Africa experienced the least rainfall since record keeping started in 1904, severely damaging crops and livestock herds. (Bloomberg)

**South Africa:** Astral Foods, Ltd. notes that high deed costs are forcing it to consider permanent cuts in its poultry production. (Bloomberg).

## 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	\$31.25	Unchanged	Handymax at \$32.00/MT
55,000 U.S. PNW-Japan	\$17.50	Unchanged	Handymax at \$18.00/MT
58-60,000 U.S. Gulf-China	\$29.25	Unchanged	North China
PNW to China	\$16.00	Unchanged	
30,000 U.S. Gulf-Veracruz, México	\$15.50	Unchanged	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$13.75	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$16.75 \$28.25	Unchanged Unchanged	West Coast Colombia at \$23.50
43,000 U.S. Gulf-Guatemala	\$23.50	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$33.75 \$34.75	Unchanged Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$34.25	Unchanged	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$24.75	Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$23.50
PNW to Egypt	\$25.50	Unchanged	
65-75,000 U.S. Gulf-Europe-Rotterdam	\$15.25	Unchanged	Handymax at +\$1.25 more
Brazil, Santos-China	\$20.25	Unchanged	54-58,000 Supramax-Panamax
Itacoatiara Port up river Amazonia-China	\$19.50 \$30.00	Unchanged Unchanged	60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$29.00	Unchanged	48-53,000 MT (11.5-meter draft)
			—

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:** Most of what I hear in the Panamax Dry-Bulk market is how the “technical” have been bullish and supporting of the Baltic Index price rally. So, this past upward move appears to be largely technical in nature and not fully supported by the physical markets. It is also interesting to note that the recent rally in the Dry-Bulk markets was not, as is

normally the case, led by the Capesize vessel market. That market has actually been soft over the last few weeks. It has been the smaller vessels (Panamax and Handymax types) that have been the market leaders.

The other topic of discussion in the global Dry-Bulk market is about how the Dry-Bulk fleet is depending more on the grains cargo sector for support. If this is truly the case, and Grains only represent 12-14 percent of Dry-Bulk demand, then this market is in a real pickle and will certainly suffer as the harvest season uptick comes and goes. However, the market rally appears to be losing strength and things are now readjusting.

### Baltic-Panamax Dry-Bulk Indices

July 21, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	11,450	11,623	-173	-1.5%
P3A: PNW/Pacific– Japan	6,852	6,480	372	5.7%

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 of July 21, 2016

Four weeks ago:	\$4.25-\$4.45
Three weeks ago:	\$4.35-\$4.45
Two weeks ago	\$4.65-\$4.75
One week ago:	\$4.50-\$4.55
This week	\$4.40-\$4.55

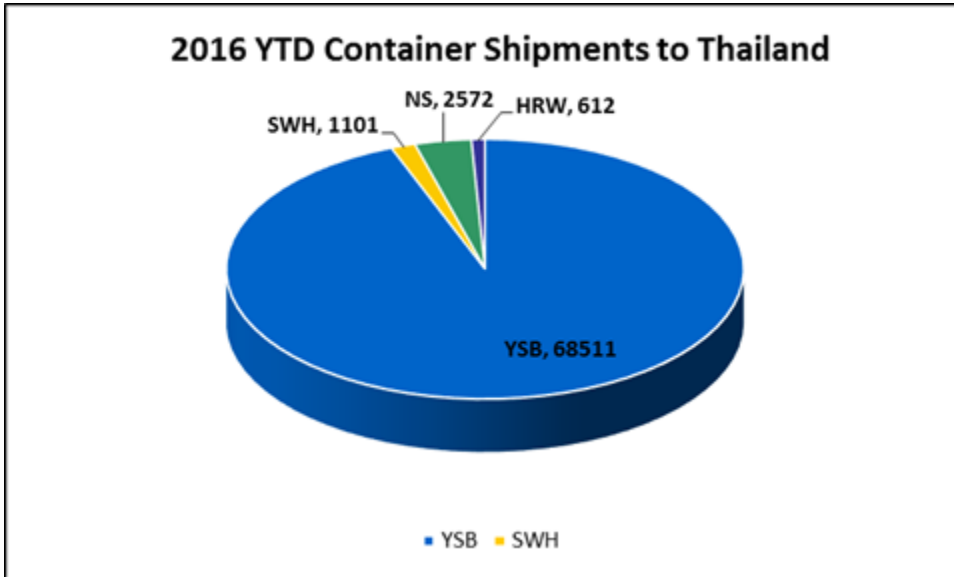
Source: O'Neil Commodity Consulting

### U.S.-Asia Market Spreads

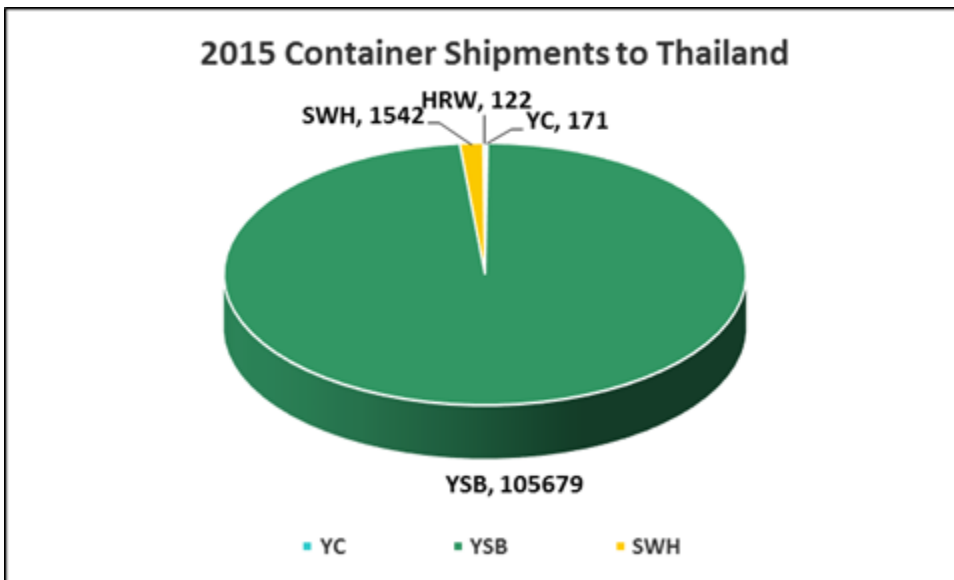
July 21, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.15	1.08	0.07	\$2.76	PNW
Soybeans	1.15	1.05	0.10	\$3.94	PNW
Ocean Freight	\$16.00	\$29.25	0.34-0.36	(\$13.25)	August

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending July 21, 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	\$29.00	\$31.00	\$30.00	\$25.50	\$24.50	\$29.00	\$30.00	\$29.00
	Brazil	\$21.50	\$24.25	\$24.00	\$15.00	\$17.00	\$18.50	\$25.00	\$26.00
Corn (White)	Argentina	\$29.00	\$31.00	\$30.00	\$25.50	\$24.50	\$29.00	\$30.00	\$29.00
	Brazil	\$21.50	\$24.25	\$24.00	\$15.00	\$17.00	\$18.50	\$25.00	\$26.00
Barley	Argentina	\$29.00	\$31.00	\$30.00	\$25.50	\$24.50	\$29.00	\$30.00	\$29.00
	Brazil	\$21.50	\$24.25	\$24.00	\$15.00	\$17.00	\$18.50	\$25.00	\$26.00
Sorghum	Argentina	\$29.00	\$31.00	\$30.00	\$25.50	\$24.50	\$29.00	\$30.00	\$29.00
	Brazil	\$21.50	\$24.25	\$24.00	\$15.00	\$17.00	\$18.50	\$25.00	\$26.00

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 (%): July 20, 2016			
	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	1.01	0.97	0.93
LIBOR (1 year)	1.31	1.25	1.24

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