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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Friday 29 July	Monday 1 August	Tuesday 2 August	Wednesday 3 August	Thursday 4 August
Change	0.04	-0.085	-0.0025	0.0100	-0.0400
Closing Price	3.4275	3.3425	3.340	3.35	3.31
Factors Affecting the Market	Markets finished higher for the week as the lower U.S. dollar encouraged export prospects. U.S. Gulf corn prices are well below Brazilian port prices, creating a bullish demand scenario.	Forecasts of Corn Belt rains for the week and a 76 percent good or excellent crop rating moved the market lower. Bearish export inspections and U.S. dollar gains further pressured the market.	New contract lows were reached as some private sources expect a 175 bushel per acre yield adding to bearish feelings. Oil and a higher U.S. dollar further weighed on markets.	A narrow trading range for the day resulted in a slightly higher close. Short covering motivated some gains but a strong rally in the U.S. dollar index capped upward moves.	Early rally attempts fizzled with good crop conditions and Midwest showers. Mild support from soybean meal limited losses even as the U.S. dollar index rose by 0.18.

Outlook: Corn markets were largely influenced by the bears this week with new contract lows occurring in the December contract on Tuesday. The weather remains nearly ideal in the Midwest with more rains forecasted

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.

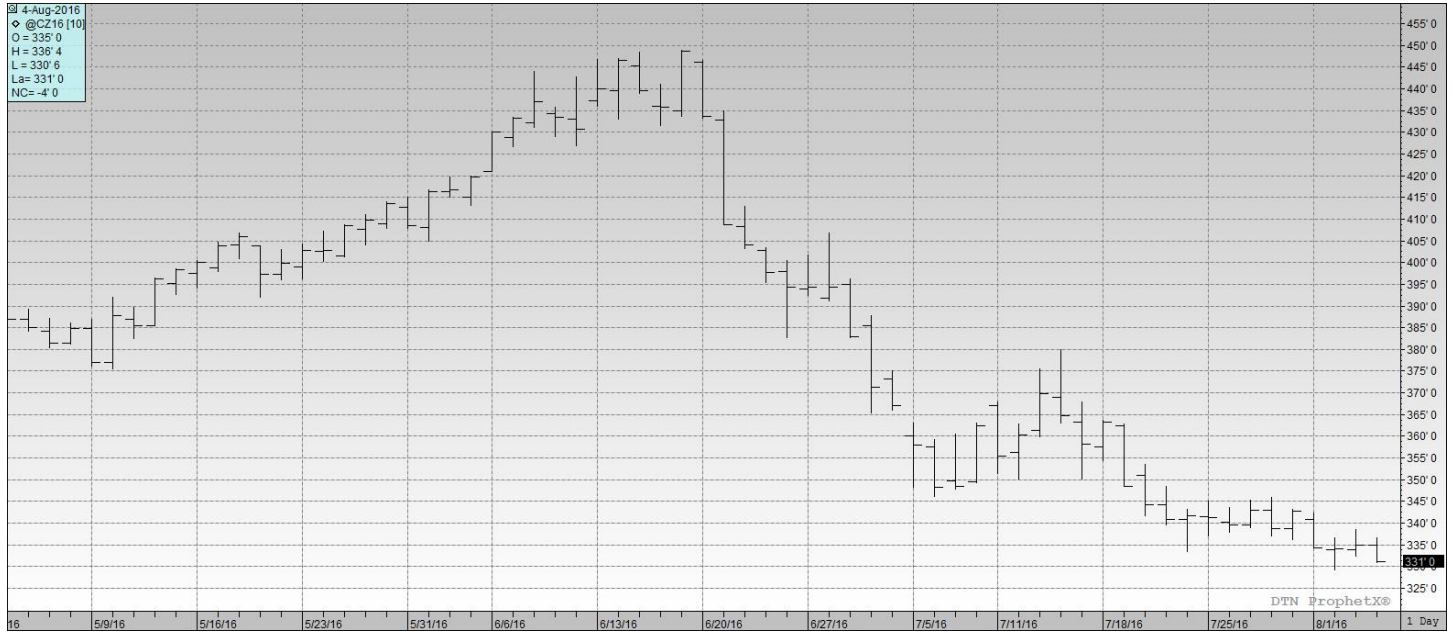
for this week. Parts of Michigan and Ohio are drier-than-ideal but should not significantly impact the U.S. crop. USDA kept the corn crop rated at 76 percent good or excellent this week and some private sources are calling for a national yield near between 171-175 bushels per acre. The trade is looking for USDA to increase the corn yield in next week's WASDE report.

Thursday's export inspections for corn fell again from the previous week to 45.0 million bushels but remained above year-ago levels (36.2 million bushels). Year-to-date inspections for the 2015/16 crop total 1.583 billion bushels, down 2 percent from the prior year and missing USDA's projected demand increase of 2 percent. Opportunity exists for U.S. exports to increase, however, due to a smaller-than-expected crop in Brazil and the pending large U.S. crop. U.S. Gulf prices as of Thursday's market close were \$0.81 below Brazilian port prices – an abnormally large difference that bodes well for U.S. exports.

The CME Group reported a decrease in total agricultural products trading volume for July with futures-only corn volume falling 27 percent and corn options volume falling 32 percent. The latest CFTC data shows commercial traders decreased their short positions by 46,000 contracts while funds added 38,000 contracts to their short positions. Non-commercial traders are now nearly even in their positions with a slight lean to the short side.

December corn is working its way lower this week. A new contract low was reached at \$3.29 on Tuesday as the market broke key support at \$3.33¼ before bulls pushed the market higher for the close. Tuesday's buying interest shows traders are willing buyers at these low prices. For now, corn will likely remain in a sideways consolidation phase while further information on export demand and the size of the U.S. crop is gathered. Support is noted at Tuesday's low of \$3.29 while resistance lies at \$3.46. Should the December contract close below \$3.29 the next target will be at \$3.18 – the October 2014 contract low. The national average corn basis strengthened one cent this week to \$0.29 under the September contract as farmers continue to be reluctant sellers at current prices.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending August 4, 2016			
Commodity	4-Aug	29-Jul	Net Change
Corn			
Sep 16	320.75	334.50	-13.75
Dec 16	331.00	342.75	-11.75
Mar 17	341.50	351.50	-10.00
May 17	348.25	357.25	-9.00
Soybeans			
Aug 16	990.50	1032.50	-42.00
Sep 16	973.50	1020.00	-46.50
Nov 16	956.75	1003.00	-46.25
Jan 17	957.00	1003.00	-46.00
Soymeal			
Aug 16	329.70	350.00	-20.30
Sep 16	328.00	349.90	-21.90
Oct 16	326.10	348.90	-22.80
Dec 16	324.00	347.70	-23.70
Soyoil			
Aug 16	30.54	30.35	0.19
Sep 16	30.64	30.48	0.16
Oct 16	30.76	30.59	0.17
Dec 16	31.03	30.85	0.18
SRW			
Sep 16	403.25	407.75	-4.50
Dec 16	430.50	435.75	-5.25
Mar 17	457.00	460.25	-3.25
May 17	470.50	473.75	-3.25
HRW			
Sep 16	405.75	409.75	-4.00
Dec 16	432.00	436.00	-4.00
Mar 17	449.00	453.00	-4.00
May 17	459.75	463.75	-4.00
MGEX (HRS)			
Sep 16	488.75	488.25	0.50
Dec 16	501.00	503.75	-2.75
Mar 17	514.75	518.75	-4.00
May 17	523.50	528.75	-5.25

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: July 31, 2016					
	Very Poor	Poor	Fair	Good	Excellent
Corn	1%	5%	18%	56%	20%
Sorghum	1%	5%	28%	55%	11%
Barley	1%	3%	24%	58%	14%

Source: USDA

U.S. Drought Monitor Weather Forecast: During the next 5 days (August 4-8), heavy precipitation (1.5 to locally approaching 6 inches) is expected along the central Gulf Coast, the central and northern Florida Peninsula, and the central and southern Carolinas. Farther west, similar amounts of rain are anticipated in a swath from eastern Arizona northeastward through Iowa and northern Missouri. Moderate amounts are forecast in the eastern Great Basin and northern Arizona, through part of the north-central Plains, and in the interior Southeast. Only a few tenths of an inch at best are expected elsewhere, with little or none falling on Texas and California.

During August 9-13, the odds favor drier than normal weather in eastern Virginia, the East Coast Megalopolis, and portions of New England. Most of the Four Corners states and the Great Basin also have enhanced chances for subnormal precipitation. In contrast, wetter than normal weather is favored from the northern Rockies eastward through the Great Lakes Region, in the lower Ohio and middle Mississippi Valleys, and across the areas of current dryness and drought in the interior Southeast.

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 28, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	406,400	578,200	3,946.0	10,089.1	18%
Corn	459,400	1,138,500	40,443.2	49,035.2	4%
Sorghum	114,000	112,500	7,313.8	8,086.8	-6%
Barley	500	600	4.6	11.8	34%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 331,100 MT for 2015/2016 were down 25 percent from the previous week and 27 percent from the prior 4-week average. Increases were reported for Egypt (122,500 MT, including 63,000 MT switched from unknown destinations), Japan (108,900 MT, switched from unknown destinations and decreases of 1,600 MT), Vietnam (76,000 MT, including 60,000 MT switched from Japan), Israel (66,000 MT, including 60,000 MT

switched from unknown destinations), Mexico (59,100 MT), and Algeria (47,200 MT, including 45,000 MT switched unknown destinations). Reductions were reported for unknown destinations (359,900 MT), South Korea (52,200 MT), and Spain (20,000 MT). For 2016/2017, net sales of 896,300 MT were reported primarily for unknown destinations (638,600 MT), Japan (103,600 MT), and Mexico (50,000 MT). Exports of 1,138,500 MT were down 18 percent from the previous week and 11 percent from the prior 4-week average. The primary destinations were Japan (356,400 MT), Mexico (140,400 MT), Vietnam (72,400 MT), Egypt (67,500 MT), Israel (66,000 MT), and South Korea (57,700 MT).

Optional Origin Sales: For 2015/2016, the current optional origin outstanding balance is 452,800 MT, all unknown destinations. For 2016/2017, the current outstanding balance is 65,000 MT, all Taiwan.

Barley: Net sales of 500 MT for 2016/2017 were reported for Taiwan (200 MT), Japan (200 MT), and Vietnam (100 MT). Exports of 600 MT were reported to Vietnam (300 MT), Japan (200 MT), and Taiwan (100 MT).

Sorghum: Net sales of 112,200 MT for 2015/2016 resulted as increases for China (136,100 MT, including 58,000 MT switched from unknown destinations and decreases of 1,800 MT), were partially offset by reductions for unknown destinations (24,000 MT). For 2016/2017, net sales of 12,500 MT were reported for unknown destinations. Exports of 112,500 MT were down 35 percent from the previous week, but up 27 percent from the prior 4-week average. The destinations were China (110,100 MT) and Mexico (2,400 MT).

U.S. Export Inspections: Week Ending July 28, 2016

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	1,298	2,589	11,263	5,411	208%
Corn	1,144,317	1,319,331	40,211,364	41,115,203	98%
Sorghum	176,684	179,864	8,123,477	8,194,544	99%
Soybeans	671,154	718,346	46,635,984	48,856,204	95%
Wheat	662,373	587,735	4,354,363	3,149,781	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 July 28, 2016						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	3,171	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	722,967	65%	10,861	42%	167,941	95%
PNW	244,394	22%	0	0%	0	0%
Interior Export Rail	147,855	13%	15,069	58%	8,743	5%
Total (Metric Tons)	1,118,387	100%	25,930	100%	176,684	100%
White Corn Shipments by Country (MT)			10,861	to El Salvador		
			15,069	to Mexico		
Total White Corn (MT)			25,930			
Sorghum Shipments by Country (MT)					167,941	to China
					8,743	to Mexico
Total Sorghum (MT)					176,684	

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	+1.04 U	\$167.21	+1.30 U	\$177.45
LH August	+1.04 U	\$167.21	+1.30 U	\$177.45
September	+1.02 U	\$166.43	+1.30 U	\$177.45
October	+1.02 Z	\$170.46	+1.28 Z	\$180.70

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
September	+1.05 Z	\$171.64	+1.15 Z	\$175.58
October	+1.00 Z	\$169.68	+1.15 Z	\$175.58

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	\$155	\$155	\$156.5
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
	August	September	October
Bulk 60% Pro.			
New Orleans	\$650	\$650	\$650
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: August 4, 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	176	175	177
FOB Vessel GULF	184	184	183
Rail delivered PNW	191	190	192
Rail delivered California	192	191	194
Mid-Bridge Laredo, TX	194	193	196
FOB Lethbridge, Alberta	160	158	157
40 ft. Containers to South Korea (Busan)	215	210	211
40 ft. Containers to Taiwan (Kaohsiung)	214	208	209
40 ft. Containers to Philippines (Manila)	223	217	217
40 ft. Containers to Indonesia (Jakarta)	217	213	214
40 ft. Containers to Malaysia (Port Kelang)	220	215	216
40 ft. Containers to Vietnam (HCMC)	224	218	219
40 ft. Containers to Japan (Yokohama)	235	215	215
40 ft. containers to Thailand (LCMB)	215	211	212
40 ft. Containers to Shanghai, China	230	213	213
KC & Elwood, IL Rail Yard (delivered Ramp)	176	173	173

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 DDGS market has been active this week with buyers in Southeast Asia looking to secure product. Some sales to Vietnam have been noted this week while South Korea and China are actively seeking product as well. DDGS in 40-foot containers to Japan and China were priced \$5 per container higher this week for August delivery. Running well above year-ago levels are U.S. DDGS export volumes to Vietnam (up 78 percent), South Korea (up 85 percent) and Thailand (up 62 percent), which may reduce the importance of other destinations to U.S. export interests. Notably, DDGS exports to Turkey have totaled 345,000 MT year-to-date which constitutes an increase of over 1,000 percent.

Prices for FOB Gulf and U.S. rail slots experienced declines this week as DDGS are still competing for space on the rail network. Sellers are reluctant to price their product much lower, however, given the expected demand in the coming winter months.

Ethanol Comments: Ethanol production this past week rose above the prior week's production but remained below the record highs of two weeks ago. Last week's production reached 1.004 million barrels per day, up 6,000 barrels from the prior week. Similarly, ethanol stocks grew by 213,000 barrels to 20.603 million barrels. The build-up in ethanol stocks was partly driven by a decline in gasoline usage which fell to 9.752 million barrels per day this week, down 25,000 from the prior week.

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 \$1.85 per bushel, in comparison to \$2.04 the prior week and \$1.80 a year ago.
- Iowa differential is 1.84 per bushel, in comparison to 1.93 the prior week and 1.69 a year ago.
- Nebraska differential is 1.52 per bushel, in comparison to 1.57 the prior week and 1.38 a year ago.
- South Dakota differential is 1.86 per bushel, in comparison to 2.01 the prior week and 1.8 a year ago.

COUNTRY NEWS

Black Sea: Rainfall has been 10-30 percent below normal and temperatures hotter, which causes speculation that the region's corn crop will incur damage. The crop will be 200 KMT below prior estimates in Bulgaria and the heat is stressing the crop in Ukraine. (Bloomberg)

China: Domestic corn users in China have become so bearish that they've stopped buying corn in government auctions in anticipation that the world market will force prices even lower. The government offered 3 MMT of corn at below import prices and yet sold just 143 MT. (Reuters)

China: The government intends to restructure its support for corn and production this year is about two million hectares lower, but Agriculture Minister Han Changfu announced that the country would reduce corn production by 9 percent by 2020, or about 3.3 million hectares. (Reuters)

Europe: The barley crop was expected to be slightly larger this year at 62.6 MMT but no one knows how much damage has been done by torrential rains that have caused lodging. Meanwhile, the rains have turned 15 percent more wheat than usual from food to feed grade, which will reduce the amount of corn used in animal production. (Reuters)

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	\$28.50	Down \$1.00	Handymax at \$30.25/MT
55,000 U.S. PNW-Japan	\$16.00	Down \$0.50	Handymax at \$17.25/MT
58-60,000 U.S. Gulf-China PNW to China	\$27.00 \$15.00	Down \$1.50 Down \$0.50	North China
30,000 U.S. Gulf-Veracruz, México	\$15.00	Unchanged	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$13.25	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$16.00 \$27.50	Unchanged Unchanged	West Coast Colombia at \$22.75
43,000 U.S. Gulf-Guatemala	\$23.00	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$33.00 \$34.00	Unchanged Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$33.75	Unchanged	5,000 discharge rate
55,000 U.S. Gulf-Egypt PNW to Egypt	\$22.75 \$24.50	Unchanged Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$23.00
65-75,000 U.S. Gulf-Europe- Rotterdam	\$14.50	Down \$0.50	Handymax at +\$1.25 more
Brazil, Santos-China	\$19.25 \$18.50	Down \$0.50 Down \$0.50	54-58,000 Supramax- Panamax 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	\$28.00	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: Global Dry-Bulk ocean freight markets continued to steam south this week. That is, global freight markets continued to readjust by giving back the gains made in the month of July. The rally that freight owners thought to be a sign of a true market turn around ended up being short lived as the weight of available vessels came to bear on the market. We simply do not yet have the global economic growth needed to support the necessary increase in seaborne cargo demand. So, it is back to the drawing board for freight owners and their financial backers as it seems the market turnaround is still over the horizon.

According to SSY: "Total dry bulk carrier newbuilding deliveries for the year to date have reached 369 vessels (30.89 MDWT). This comprised 69 Capesize vessels (13.05 MDWT), 81 Panamax vessels (6.66 MDWT), 133 Handymax vessels of 40,000-64,999 DWT (8.11 MDWT) and 86 Handysize vessels (3.08 MDWT)."

Baltic-Panamax Dry-Bulk Indices				
August 4, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	9,321	10,008	-687	-6.9%
P3A: PNW/Pacific– Japan	5,198	5,881	-683	-11.6%

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:

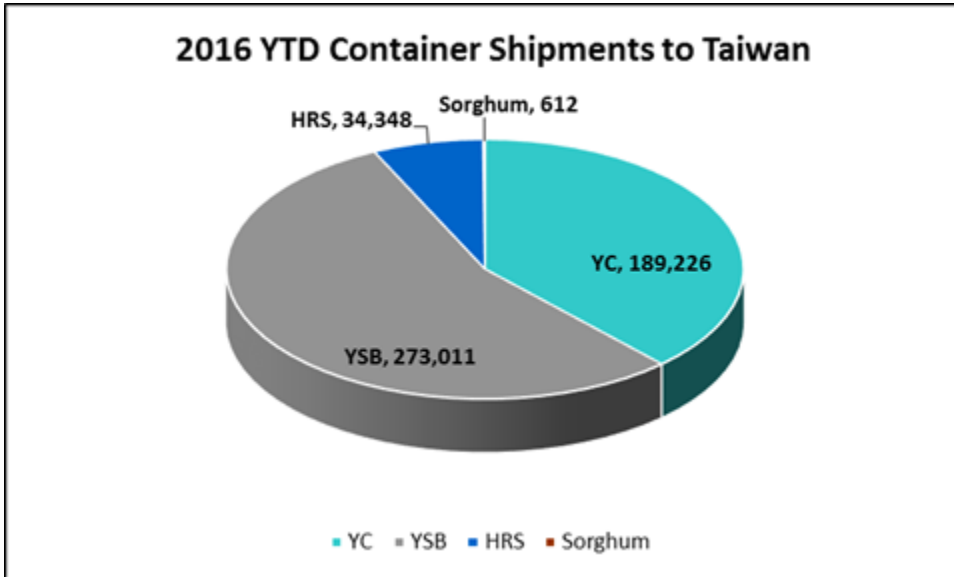
Week Ending August 4, 2016	
Four weeks ago:	\$4.65-\$4.75
Three weeks ago:	\$4.50-\$4.55
Two weeks ago:	\$4.40-\$4.55
One week ago:	\$4.35-\$4.55
This week	\$3.80-\$4.10

Source: O'Neil Commodity Consulting

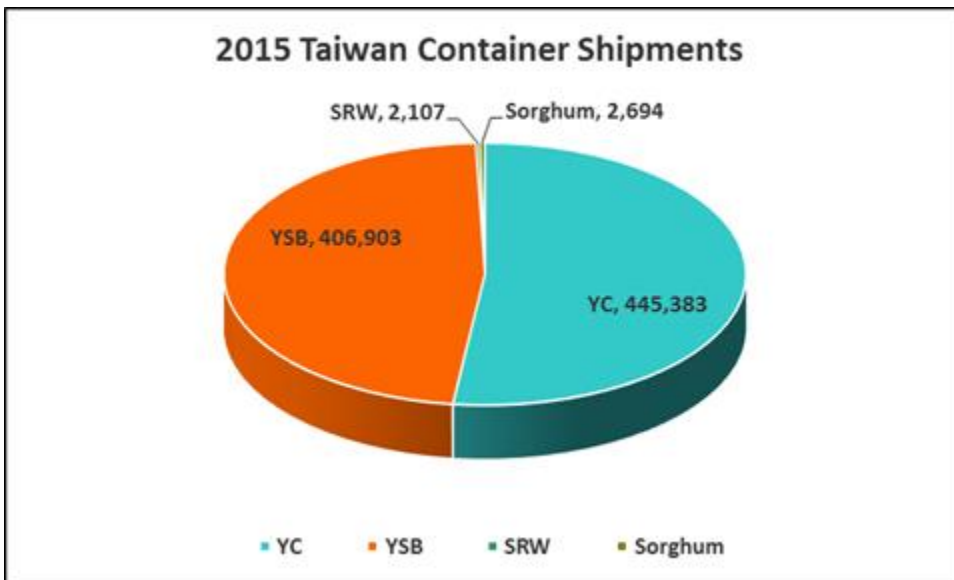
U.S.-Asia Market Spreads					
August 4, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.23	1.12	0.11	\$4.33	PNW
Soybeans	1.45	1.12	0.33	\$12.99	Gulf
Ocean Freight	\$15.00	\$27.00	0.33-0.35	(\$12.00)	September

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending August 4, 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	\$27.00	\$29.00	\$28.00	\$23.50	\$22.50	\$27.00	\$29.00	\$28.00
	Brazil	\$19.75	\$22.00	\$21.50	\$13.50	\$15.50	\$16.75	\$24.00	\$25.00
Corn (White)	Argentina	\$27.00	\$29.00	\$28.00	\$23.50	\$22.50	\$27.00	\$29.00	\$28.00
	Brazil	\$19.75	\$22.00	\$21.50	\$13.50	\$15.50	\$16.75	\$24.00	\$25.00
Barley	Argentina	\$27.00	\$29.00	\$28.00	\$23.50	\$22.50	\$27.00	\$29.00	\$28.00
	Brazil	\$19.75	\$22.00	\$21.50	\$13.50	\$15.50	\$16.75	\$24.00	\$25.00
Sorghum	Argentina	\$27.00	\$29.00	\$28.00	\$23.50	\$22.50	\$27.00	\$29.00	\$28.00
	Brazil	\$19.75	\$22.00	\$21.50	\$13.50	\$15.50	\$16.75	\$24.00	\$25.00

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 (%): August 3, 2016			
	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	1.13	1.07	0.93
LIBOR (1 year)	1.43	1.37	1.23

Source: www.bankrate.com