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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Friday 16 September	Monday 19 September	Tuesday 20 September	Wednesday 21 September	Thursday 22 September
Change	7.000	0.250	3.2500	-0.5000	-3.2500
Closing Price	337.000	337.250	340.500	340.000	336.750
Factors Affecting the Market	Concerns of yield variability and chances of harvest weather delays pushed markets higher. Fund buying in soybeans carried into corn, adding strength. Outside markets were mixed with most traders focused on the coming Fed meeting.	Fund and commercial buying continued today as wet Midwest weather increased harvest delay concerns. Technical selling quieted the rally, however. Corn exports so far are up year over year and are buoying prices.	Corn rose quickly on significant buying in soybeans and reports of spotty yields in harvest completed this far. USDA reports 9 percent of the corn is harvested, even with last year. Outside markets were mildly supportive.	Light trading occurred and lack of news let corn futures drift lower. Most traders were focused on the Fed's rate decision. Outside markets were supportive but corn shrugged off the lower dollar to close lower.	Corn moved away from technical resistance to close lower. Cash prices moved slightly higher but basis remains weak. Flooding in parts of the Midwest added to harvest concerns but was insufficient to spark buying.

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.

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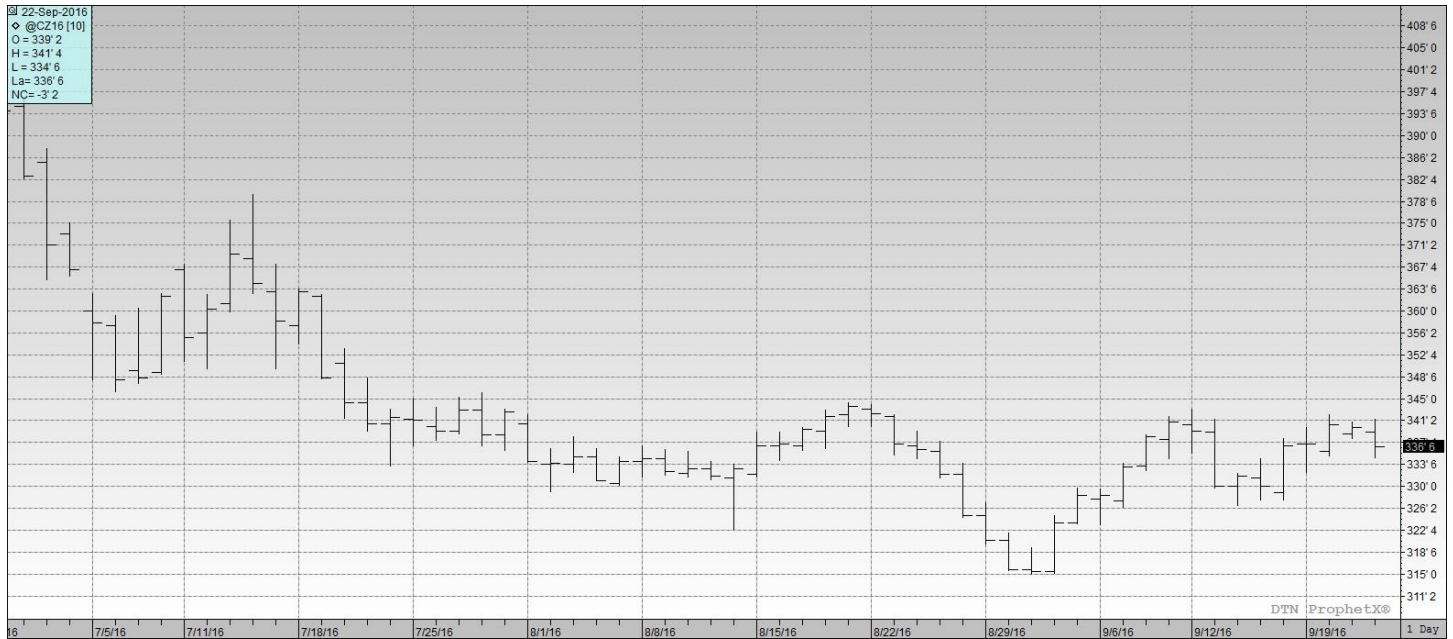
Outlook: Trading has been range-bound and somewhat lackluster in the week following the USDA WASDE report (issued September 12) with little outside news to influence prices. Buying strength was noted early in the week as funds pared down short positions and as wet weather in the Midwest increased concerns that some harvest delays may occur. The weather outlook continues to include rain for key parts of the corn belt through the weekend. Commercials have been buyers this week taking advantage of low prices to procure grain.

Wednesday's Federal Reserve meeting and quarterly press conference was expected to have a more pronounced impact on the corn market this week. The Fed's decision to leave rates unchanged "for the time being" sent the U.S. dollar index lower which would normally be bullish for corn. The corn market, and agricultural commodities at large, mainly shrugged off the report and worked their way lower. The Fed's decision to postpone a rate hike eliminates some uncertainty for the grain markets in that rate-hike induced volatility in the U.S. dollar or equities has been delayed at least until December.

U.S. weekly corn export net sales increased over the week prior by 218,000 MT, coming in at 921,900 MT. The weekly sales figure was at the high end of analysts' expectations and should be viewed as bullish for corn in the near term. Beyond exceeding last week's sales figure, net sales this week were above the pace (760,000 MT) needed to reach USDA's projections for the 2016/17 marketing year. Weekly shipments (1.353 MMT) were also above the pace needed for this week's report (1.074 MMT). The tight Brazilian and South American supplies are keeping U.S. exporters very competitive and expectations are for U.S. corn exports to continue to impress. The quick pace of corn exports so far this marketing year adds importance to the September 30 USDA Grain Stocks report which will provide a much-needed look at how much corn is in the bins.

December corn futures remain under bearish pressure but have likely put in harvest lows. The December contract embarked on a three-day streak of "higher highs" to start this week but retreated Thursday on comparatively light volume. Importantly for bulls, however, Thursday's close remained above the 10-day moving average (by ½ cent) which keeps some bullish momentum that could be revived by fundamental news. Some technicians are arguing December corn is forming a "head and shoulders" bottom; the head occurring at the August 31 contract low (\$3.14 ¾) and the August 19 and September 12 highs of \$3.44 ¼ and \$3.43 ¼, respectively, forming the shoulders. Whether the December contract has formed a major pricing bottom remains to be seen, but these chart points certainly form the support and resistance points that will guide trading going forward.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending September 22, 2016			
Commodity	22-Sep	16-Sep	Net Change
Corn			
Dec 16	336.75	337.00	-0.25
Mar 17	346.75	347.25	-0.50
May 17	354.00	354.50	-0.50
Jul 17	360.75	361.00	-0.25
Soybeans			
Nov 16	976.50	966.00	10.50
Jan 17	982.00	971.25	10.75
Mar 17	986.00	973.75	12.25
May 17	991.25	978.75	12.50
Soymeal			
Oct 16	307.90	313.70	-5.80
Dec 16	307.50	312.80	-5.30
Jan 17	308.10	312.90	-4.80
Mar 17	308.80	312.50	-3.70
Soyoil			
Oct 16	33.96	31.98	1.98
Dec 16	34.21	32.23	1.98
Jan 17	34.44	32.46	1.98
Mar 17	34.65	32.69	1.96
SRW			
Dec 16	405.50	403.25	2.25
Mar 17	428.25	425.00	3.25
May 17	442.00	439.00	3.00
Jul 17	450.00	449.50	0.50
HRW			
Dec 16	420.75	417.25	3.50
Mar 17	437.25	433.50	3.75
May 17	447.25	443.75	3.50
Jul 17	457.00	454.25	2.75
MGEX (HRS)			
Dec 16	501.25	492.75	8.50
Mar 17	509.50	502.75	6.75
May 17	517.75	511.75	6.00
Jul 17	526.25	521.00	5.25

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: During the next 5 days (September 22-26), most dryness or drought areas east of the Mississippi River are not expected to receive significant rainfall. Beneficial rain is, however, forecast for some areas west of the Mississippi River, including the southern Plains (2-3 inches), and from the northern High Plains and northern Rockies southward across northern Utah (1.5 to locally as much as 6.0 inches). During the 6-to-10-day period, September 27-October 1, odds favor above-median precipitation across the south-central contiguous U.S., peninsular Florida, and the Upper Mississippi Valley/Dakotas region. Odds favor below-median precipitation for portions of the mid-Atlantic, Carolinas, northern Georgia, and eastern parts of Kentucky and Tennessee. Below-median precipitation is also favored for most areas west of the eastern slopes of the Rockies.

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 September 15, 2016					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	566,300	551,600	8,118.9	13,469.6	23%
Corn	1,087,600	1,353,100	2,780.6	17,967.9	84%
Sorghum	85,200	108,000	168.5	764.2	-77%
Barley	800	0	5.5	12.7	-45%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 921,900 metric tons were reported for 2016/2017. The primary destinations were Mexico (413,800 MT), Peru (134,100 MT, including 89,500 MT switched from unknown destinations and decreases of 200 MT), South Korea (122,900 MT, including 120,000 MT switched from unknown destinations and decreases of 5,100 MT), Venezuela (57,000 MT), Colombia (56,800 MT), and Guatemala (41,500 MT, including 39,600 MT switched from unknown destinations). Reductions were for Chile (3,400 MT), Bangladesh (1,900 MT), and Morocco (1,500 MT). Exports of 1,353,100 MT were reported to Japan (296,300 MT), South Korea (264,700 MT), Mexico (249,700 MT), Peru (125,100 MT), Taiwan (79,900 MT), Chile (61,900 MT), and Bangladesh (59,000 MT).

Optional Origin Sales: For 2016/2017, the current outstanding balance totals 341,000 MT is for unknown destinations (276,000 MT), and Taiwan (65,000 MT).

Barley: Net sales of 800 MT for 2016/2017 were reported for Vietnam. There were no exports reported during the week.

Sorghum: Net sales of 38,700 MT for 2016/2017 resulted as increases for China (193,600 MT, including 114,000 MT switched from unknown destinations and decreases of 5,600 MT) were partially offset by

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reductions for unknown destinations (154,000 MT) and Mexico (1,000 MT). Exports of 108,000 MT were reported to China (106,600 MT), Indonesia (700 MT), and Mexico (600 MT).

U.S. Export Inspections: Week Ending September 15, 2016

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	998	599	21,763	20,455	106%
Corn	1,285,034	1,344,928	2,919,972	1,940,643	150%
Sorghum	156,702	64,993	222,869	406,887	55%
Soybeans	755,120	948,570	1,907,114	899,294	212%
Wheat	562,215	743,979	8,565,552	6,835,220	125%

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 September 15, 2016

Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	36,729	3%	0	0%	0	0%
Gulf	772,431	60%	0	0%	151,145	96%
PNW	268,209	21%	0	0%	0	0%
Interior Export Rail	205,070	16%	2,595	100%	5,557	4%
Total (Metric Tons)	1,282,439	0%	2,595	100%	156,702	100%
White Corn Shipments by Country (MT)			2,595	to Mexico		
			2,595			
Total White Corn (MT)						
Sorghum Shipments by Country (MT)					107,625	to China
					44,500	to Sudan
					196	to Indonesia
					4,381	to Mexico
Total Sorghum (MT)					156,702	

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 October	+0.75 Z	\$162.10	+1.32 Z	\$184.54
October	+0.77 Z	\$162.88	+1.32 Z	\$184.54
FH November	+0.83 Z	\$165.25	+1.29 Z	\$183.36
November	+0.87 Z	\$166.82	+1.29 Z	\$183.36

#2 White Corn (U.S. \$/MT FOB Vessel)		
Max. 15.0% Moisture	October	November
Gulf	\$196	\$196

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
October	+1.10 Z	\$175.88	+1.10 Z	\$175.88
November	+0.95 Z	\$169.97	+0.95 Z	\$169.97

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)			
	October	November	December
New Orleans	\$142	\$142	\$142
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	October	November	December
New Orleans	\$550	\$550	\$550
<i>*5-10,000 MT Minimum</i>			
Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)			
	September	October	November
Rail Delvd. East Coast	\$520	\$520	\$520
Rail Delvd. Chicago	\$492	-	-
Truck Delvd. Channahon/Elwood	\$505	\$505	-

**All prices are market estimates.*

DDGS Price Table: September 22, 2016 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	October	November	December
Barge CIF New Orleans	174	175	175
FOB Vessel GULF	183	186	185
Rail delivered PNW	185	187	187
Rail delivered California	188	190	190
Mid-Bridge Laredo, TX	188	189	189
FOB Lethbridge, Alberta	146	148	148
40 ft. Containers to South Korea (Busan)	211	211	212
40 ft. Containers to Taiwan (Kaohsiung)	209	210	210
40 ft. Containers to Philippines (Manila)	217	217	218
40 ft. Containers to Indonesia (Jakarta)	213	214	214
40 ft. Containers to Malaysia (Port Kelang)	215	216	216
40 ft. Containers to Vietnam (HCMC)	218	217	218
40 ft. Containers to Japan (Yokohama)	218	216	216
40 ft. containers to Thailand (LCMB)	212	212	213
40 ft. Containers to Shanghai, China	216	212	212
KC & Elwood, IL Rail Yard (delivered Ramp)	170	170	171

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: Prices for DDGS across the U.S. were higher, led by Gulf prices that rose \$5/ton for October delivery and \$6/ton for November. New Orleans CIF prices followed Gulf FOB prices higher but to a lesser degree. Rail rates to either the PNW or California were up modestly (near \$2/ton) while Texas prices were nearly unchanged (up \$1/ton). Prices were stronger this week due to seasonal ethanol plant closures for maintenance. Most Midwest plants conduct brief closures for maintenance through the early fall which typically introduces a mild seasonal buoyancy to prices. This year's DDGS prices appear to be following the typical pattern. Some merchandisers are expecting largely sideways price action as markets weigh opportunities to cover short sales with cheap corn versus fundamentals suggesting DDGS should price near 100 percent of corn value later this year.

International DDGS prices firmed this week after international shipping concerns sent them lower last week. On average, prices to Southeast Asia were up \$1/ton this week with South Korean prices rising \$4/ton for October delivery. The forward curve for international shipments from October to December is relatively flat, indicating a largely sideways trading pattern is likely for the near term.

Ethanol Comments: Ethanol margins are higher after production fell 23,000 barrels per day from last week, reaching only 0.981 million barrels per day. The production slowdown drew down ethanol stocks by 191,000 barrels to 20.016 million. Helping draw down stocks was a week-over-week increase in gasoline consumption

of 244,000 barrels per day. Ethanol margins have been helped this week by higher gasoline prices that stem from Colonial Pipeline's week-long closure a major pipeline in Alabama.

The margin between the corn price and the value of ethanol and coproducts was higher this past week across the four reference markets (see below), with the largest gains noted in Iowa and South Dakota. Compared to this same week last year, the spread is \$0.36-\$0.78 higher in all reference markets.

- Illinois differential is \$2.19 per bushel, in comparison to \$2.04 the prior week and \$1.68 a year ago.
- Iowa differential is \$2.23 per bushel, in comparison to \$1.86 the prior week and \$1.45 a year ago.
- Nebraska differential is \$1.81 per bushel, in comparison to \$1.71 the prior week and \$1.45 a year ago.
- South Dakota differential is \$2.20 per bushel, in comparison to \$1.99 the prior week and \$1.72 a year ago.

COUNTRY NEWS

Canada: Corn for grain production will decrease by 2.9 percent from 2015 to 13 MMT. Declines in both planted area and yields are reported in both Quebec and Ontario. (StatsCanada)

Japan: Fuel ethanol use, mostly imported, is rising and imports in 2017 are expected to be 64 percent above the government mandated use level of 500 million liters. Discussions to set the post-2017 use level begin next year and discussions about changing the sustainability requirement could begin this year. The country's carbon and land use calculations related to ethanol currently limit imports to that produced using sugarcane. (USDA FAS GAIN)

South Africa: White corn futures experienced their largest decline (-3.5 percent) in 14 months as 74,418 tons' worth of imports from Mexico hit the market early this month. Grain SA estimates that one million tons of white corn will need to be imported, of which about one-third has entered thus far this year. (Bloomberg)

United Kingdom: The number of pubs is declining, pressured downward by several factors (housing values, changes in consumption patterns, etc.) but one includes the 21 percent hike in the cost of barley due to rain damage on the Continent. (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	\$30.25	Up \$0.25	Handymax at \$31.00/MT
55,000 U.S. PNW-Japan	\$16.50	Up \$0.25	Handymax at \$17.00/MT
58-60,000 U.S. Gulf-China	\$29.00	Up \$0.50	North China
PNW to China	\$15.50	Up \$0.25	
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	\$16.25	Up \$0.25	West Coast Colombia at \$22.75
Colombia, from Argentina	\$28.00	Up \$0.50	
43,000 U.S. Gulf-Guatemala	\$22.50	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$22.00	Unchanged	8,000 MT daily discharge
	\$23.50	Up \$0.50	3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$21.50	Up \$0.50	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$20.50	Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$20.50
PNW to Egypt	\$21.50	Down \$0.75	
65-75,000 U.S. Gulf-Europe-Rotterdam	\$15.50	Up \$0.25	Handymax at +\$1.50 more
Brazil, Santos-China	\$19.25	Unchanged	54-58,000 Supramax-Panamax
	\$18.50	Up \$0.25	60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$29.25	Up \$0.25	48-53,000 MT (11.5-meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$28.50	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: The Baltic Panamax Index has clawed its way back to 700, which is where it was in mid-August. So, it continues to look like the markets are mostly steaming in circles waiting for something sustainable to happen.

Not surprisingly, physical freight markets have been slower to follow the full excitement of the index buyers. Global freight markets, in all sectors, have obviously been living in a state of financial hardship and emotional depression for the last couple of years and are desperately watching and hoping for any sign of a turnaround. Every market bounce produces a sense of optimism and renewed interest in new investments, which in turn becomes counterproductive. Ocean freight investors will have to learn to apply patience and enjoy small improvements before jumping in with new investments and vessel orders to obtain what they truly desire and need.

Baltic-Panamax Dry-Bulk Indices				
September 22, 2016	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	10,429	9,829	600	6.1%
P3A: PNW/Pacific– Japan	5,914	5,441	473	8.7%

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:

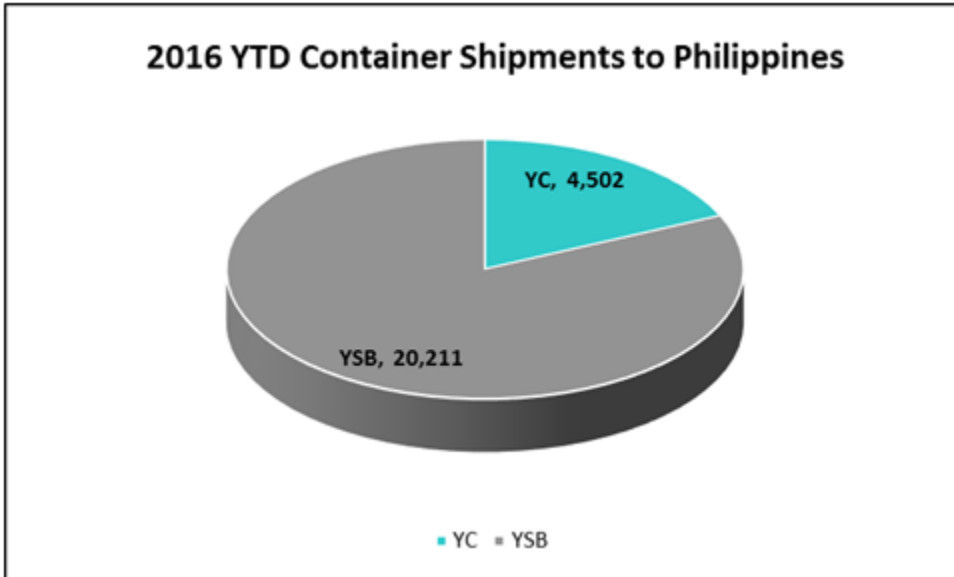
Week Ending September 22, 2016	
Four weeks ago:	\$4.40-\$4.85
Three weeks ago:	\$4.60-\$4.75
Two weeks ago:	\$5.05-\$5.40
One week ago:	\$5.55-\$5.90
This week	\$5.90-\$6.40

Source: O'Neil Commodity Consulting

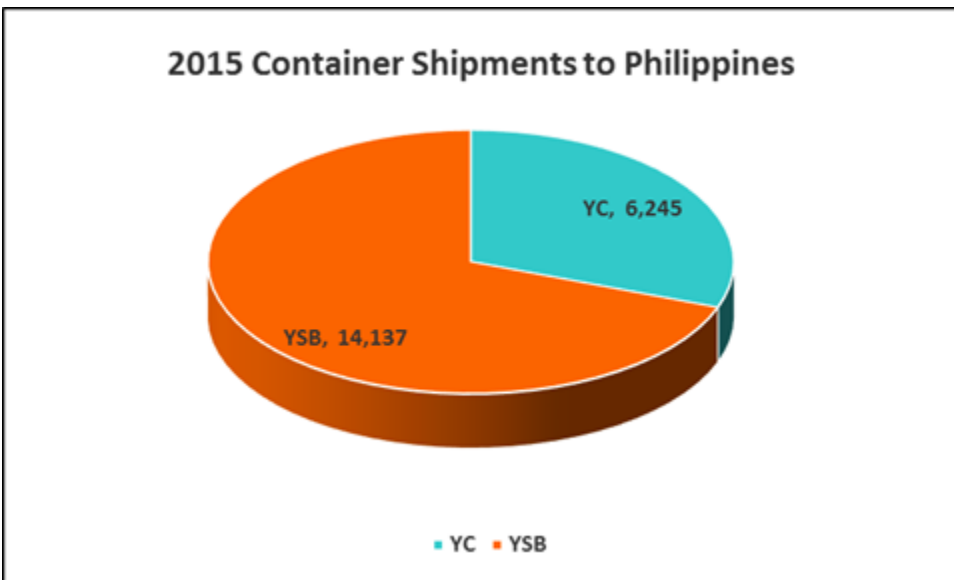
U.S.-Asia Market Spreads					
September 22, 2016	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.21	0.80	0.41	\$16.14	Gulf
Soybeans	1.45	1.13	0.32	\$12.60	PNW
Ocean Freight	\$15.50	\$29.00	0.34-0.37	(\$13.50)	November

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending September 22, 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	\$25.00	\$20.25	\$25.75	\$11.50	\$21.25	\$25.75	\$28.50	\$28.00
	Brazil	\$18.50	\$20.75	\$20.25	\$11.75	\$14.25	\$15.50	\$24.00	\$25.00
Corn (White)	Argentina	\$25.00	\$20.25	\$25.75	\$11.50	\$21.25	\$25.75	\$28.50	\$28.00
	Brazil	\$18.50	\$20.75	\$20.25	\$11.75	\$14.25	\$15.50	\$24.00	\$25.00
Barley	Argentina	\$25.00	\$20.25	\$25.75	\$11.50	\$21.25	\$25.75	\$28.50	\$28.00
	Brazil	\$18.50	\$20.75	\$20.25	\$11.75	\$14.25	\$15.50	\$24.00	\$25.00
Sorghum	Argentina	\$25.00	\$20.25	\$25.75	\$11.50	\$21.25	\$25.75	\$28.50	\$28.00
	Brazil	\$18.50	\$20.75	\$20.25	\$11.75	\$14.25	\$15.50	\$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 (%): September 21, 2016			
	Current Week	Last Week	Last Month
U.S. Prime	3.50	3.50	3.50
LIBOR (6 month)	1.26	1.25	1.23
LIBOR (1 year)	1.54	1.56	1.52

Source: www.bankrate.com