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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn March Contract

\$/Bu	Monday 2 Feb	Tuesday 3 Feb	Wednesday 4 Feb	Thursday 5 Feb	Friday 6 Feb
Change	-0.0025	0.1600	-0.0225	0.0175	0.0050
Closing Price	3.6975	3.8575	3.8350	3.8525	3.8575
Factors Affecting the Market	The March contract tried to rally but was shoved back down before the day ended. However, a bullish Doji candlestick was formed.	Yesterday's bullish technical chart action was enough to spark the buying interest that propelled March corn above \$3.85 bu.	Buyers of corn contracts were content not to chase prices higher. A trading range could start to develop at present prices.	A narrow trading range continues to evolve. Tuesday's rally and the current consolidation may be creating a bullish flag or pennant formation.	South American weather could be the largest influence in defining the direction for grain futures contracts come Sunday night.

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.

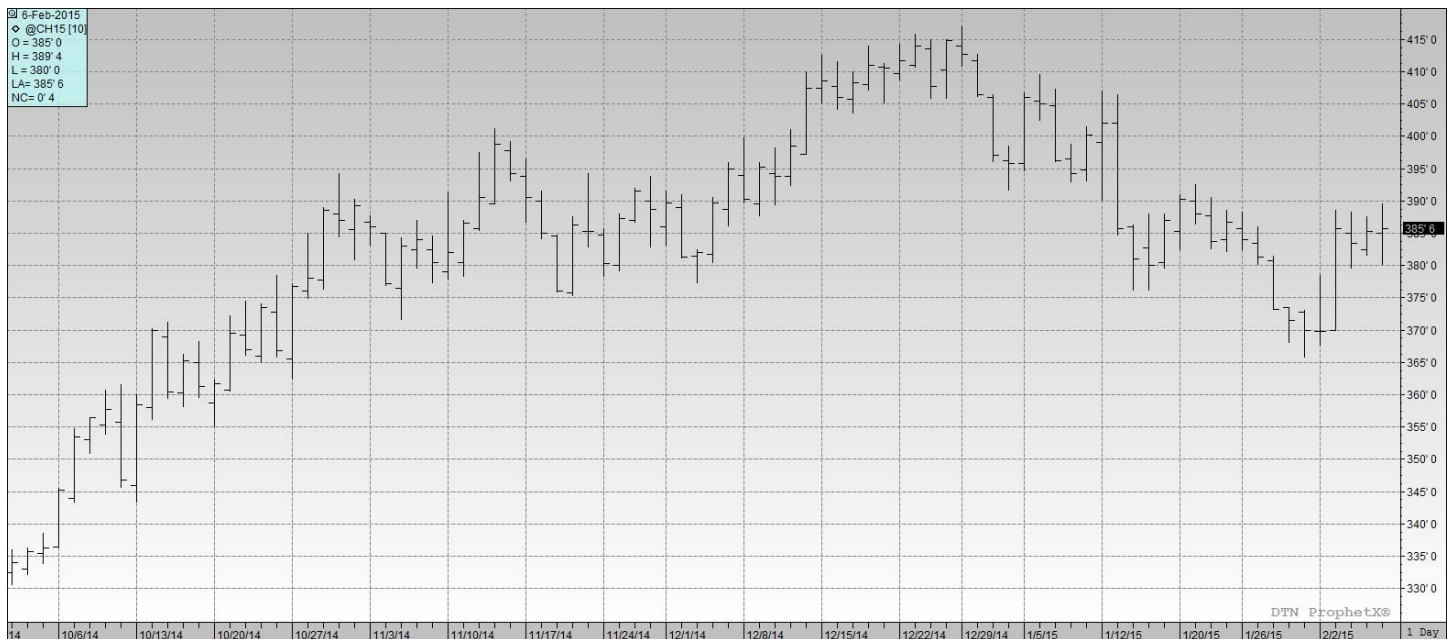
The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C. and has nine international offices that oversee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

Outlook: The interest in buying the March corn contract below \$3.75 acted as a price floor and caused a sudden bounce back up to the \$3.85 per bushel range on Tuesday. Prices then consolidated at that range for several days. The spike higher and then consolidation has the appearance of a flag or pennant on the end of a pole, which consequently is the reason that particular technical formation is referred to as a flag or pennant. The upward development of such a technical formation normally indicates that prices will continue higher by approximately the same amount as the pole's length. In this case, it would imply that the March contract could bounce back up toward \$4.00 per bushel. However, there several additional factors to consider:

A supportive factor is that some premium could be purchased back into corn contracts due to uncertainty about U.S. corn acreage. As well, export demand for U.S. corn continues to be strong. Alternatively, South American is about to harvest a sizable soybean crop and U.S. farmers are expected to increase their own soybean acreage. Weakness in soybean prices could indirectly dampen any increase in bullish enthusiasm for corn contracts.

Growing uncertainty about whether or be bullish, and by how much, is what creates greater volatility in futures contracts. Price volatility in corn contracts can be particularly high in early spring as acreage intentions are being defined and then again later in the year during the time-period just prior to pollination. The outlook is that it will also be the case this season.

CBOT MARCH CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending February 6, 2015			
Commodity	6-Feb	30-Jan	Net Change
Corn			
Mar 15	385.75	370.00	15.75
May 15	394.00	378.50	15.50
Jul 15	401.50	386.00	15.50
Sep 15	408.25	393.00	15.25
Soybeans			
Jan 15	973.50	961.00	12.50
Mar 15	980.00	967.75	12.25
May 15	985.50	972.75	12.75
Jul 15	985.25	972.00	13.25
Soymeal			
Jan 15	329.40	329.90	-0.50
Mar 15	323.10	324.00	-0.90
May 15	320.70	321.80	-1.10
Jul 15	319.70	320.80	-1.10
Soyoil			
Jan 15	31.82	30.00	1.82
Mar 15	32.04	30.24	1.80
May 15	32.22	30.46	1.76
Jul 15	32.27	30.52	1.75
SRW			
Mar 15	527.00	502.75	24.25
May 15	529.00	506.75	22.25
Jul 15	531.25	511.50	19.75
Sep 15	538.75	519.75	19.00
HRW			
Mar 15	561.75	540.25	21.50
May 15	565.00	542.75	22.25
Jul 15	567.25	546.25	21.00
Sep 15	578.50	557.75	20.75
MGEX (HRS)			
Mar 15	577.00	556.75	20.25
May 15	580.75	561.25	19.50
Jul 15	586.75	569.00	17.75
Sep 15	594.50	577.00	17.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: Over the next week, the warm temperatures over the western half of the United States will continue. Much of the area will see daily high temperatures 6-12 degrees Fahrenheit above normal, with the greatest departure from normal high temperatures over eastern Colorado and western Kansas. Overnight lows are also expected to be above normal over most of the United States, with overnight lows 6-18 degrees Fahrenheit above normal. The greatest departures from normal are expected over the northern Rocky Mountains. The area around the Great Lakes and New England is expected to be cooler-than-normal during this time with departures of 3-6 degrees Fahrenheit below normal for maximum and minimum temperatures. Precipitation chances look impressive from central California north toward Oregon and Washington. Amounts are projected to be quite high at this time, but with the warm weather, much of this precipitation is expected as rain, except at the highest elevations. This system is expected to impact most of the northwestern United States and into the northern Rocky Mountains. Precipitation is also expected to impact the Gulf Coast and along the eastern seaboard, into New England. Amounts of up 1-2 inches are projected at this time.

The 10-day outlook has warm temperatures likely to continue over the western two-thirds of the country while the best chances for below normal temperatures is expected over New England, the Great Lakes region and along the East Coast. Precipitation projections are showing that the greatest chance of above normal precipitation is over the northern Plains and upper Midwest. The best chances for below normal precipitation take place over the southeastern United States, especially over the lower Mississippi valley and Gulf Coast as well as in California and the Great Basin. Follow this link to view current U.S. and international weather patterns and the future outlook: [Weather and Crop Bulletin](#).

U.S. EXPORT STATISTICS

Export Sales and Exports: Week Ending January 29, 2015					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	470,500	439,600	15,057.2	20,335.0	-24%
Corn	1,000,100	714,800	15,323.5	32,147.9	-3%
Sorghum	223,700	80,600	3,223.3	7,069.4	114%
Barley	1,000	200	107.4	137.6	-13%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 844,900 MT for 2014/15 were down 12 percent from the previous week and 22 percent from the prior four-week average. Increases were reported for Mexico (297,000 MT), Colombia (158,400 MT, including 109,000 MT switched from unknown destinations and decreases of 47,900 MT), South Korea (116,100 MT), Japan (88,200 MT, including 30,000 MT switched from unknown destinations and decreases of 4,000 MT), Egypt (66,000 MT, including 60,000 MT switched from unknown destinations), the Dominican Republic (35,500 MT) and Honduras (28,900 MT, including 26,100 MT switched from unknown destinations). Decreases were reported for unknown destinations (46,800 MT), Guatemala (10,900 MT) and China (2,000 MT). Net sales of 7,100 MT for 2015/16 were reported for Mexico (7,600 MT) and unknown destinations (900 MT). Decreases were reported for Japan (1,400 MT). Exports of 714,800 MT were down 14 percent from the

previous week, but up 14 percent from the prior four-week average. The primary destinations were Japan (185,900 MT), Colombia (175,100 MT), Mexico (135,400 MT), Costa Rica (39,500 MT), El Salvador (31,000 MT) and Honduras (28,000 MT). *Optional Origin Sales:* For 2014/15, outstanding optional origin sales total 68,000 MT, all South Korea. *Export Adjustments:* Accumulated exports to Japan were adjusted down 111,481 MT for week ending January 22, 2015. These shipments were reported twice.

Barley: Net sales of 1,000 MT for 2014/15 were reported for Taiwan. Exports of 200 MT were reported to Taiwan.

Sorghum: Net sales of 223,600 MT for 2014/15 were down 4 percent from the previous week and 10 percent from the prior four-week average. Increases were for China (165,600 MT) and unknown destinations (58,000 MT). Net sales of 58,000 MT for 2015/16 were for unknown destinations. Exports of 80,600 MT were down 73 percent from the previous week and 52 percent from the prior four-week average. The destination was China.

U.S. Export Inspections: Week Ending January 29, 2015					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	661,675	886,825	14,944,815	14,612,038	102%
Sorghum	128,365	301,752	3,845,899	1,383,787	278%
Soybeans	1,697,852	1,544,809	37,446,010	31,534,727	119%
Wheat	394,029	318,163	15,124,327	22,076,852	69%
Barley	1,497	2,314	122,753	138,833	88%

Source: USDA/AMS. *Marketing Year is June 1-May 31 for wheat and barley and Sept. 1-Aug. 31 for corn, sorghum and soybeans. Week-to-week reports will vary due to exporter reported corrections and cancellations to previous week's reports.

USDA Grain Inspections for Export Report: Week Ending October January 29, 2015						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	446,661	74%	52,888	95%	125,647	98%
PNW	71,693	12%	147	0%	0	0%
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Interior Export Rail	87,492	14%	2,794	5%	2,718	2%
Total (Metric Tons)	605,846	100%	55,829	100%	128,365	100%
White Corn Shipments by Country (MT)			33,894	to Mexico		
			12,870	to Colombia		
			8,918	to El Salvador		
			147	to Korea		
Total White Corn (MT)			55,829			
Sorghum Shipments by Country (MT)					127,949	to China



					416	to Hong Kong
Total Sorghum (MT)					128,365	

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)
February	+0.75 H	\$181.39	+1.10 H	\$195.17
March	+0.71 H	\$179.81	+1.09 H	\$194.77
April	+0.62 K	\$179.52	+1.08 K	\$197.63
May	+0.62 K	\$179.52	+1.08 K	\$197.63

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	February	March	April
Gulf	\$210	\$210	\$210

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
February	+2.75 H	\$260.12	+2.75 H	\$260.12
March	+2.75 H	\$260.12	+2.75 H	\$260.12
April	+2.75 K	\$263.37	+2.75 K	\$263.37

Barley: Feed Barley (FOB USD/MT)			
	February	March	April
FOB PNW	\$265	\$265	\$265

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	February	March	April
New Orleans	\$175	\$177.5	\$177.5
Quantity 5,000 MT			

Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	February	March	April
New Orleans	\$770	\$770	\$760
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: February 6, 2015 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Feb.	Mar.	Apr.
Barge CIF New Orleans	258	258	255
FOB Vessel GULF	271	271	270
Rail delivered PNW	264	264	260
Rail delivered California	265	265	261
Mid-Bridge Laredo, TX	260	260	255
40 ft. Containers to South Korea (Busan)	306	304	304
40 ft. Containers to Taiwan (Kaohsiung)	302	301	301
40 ft. Containers to Philippines (Manila)	335	333	333
40 ft. Containers to Indonesia (Jakarta)	317	315	315
40 ft. Containers to Malaysia (Port Kelang)	316	314	315
40 ft. Containers to Vietnam (HCMC)	321	320	320
40 ft. Containers to Japan (Yokohama)	311	313	310
40 ft containers to Thailand (LCMB)	316	312	312
40 ft Containers to Shanghai, China	301	300	300
KC & Elwood, IL Rail Yard (delivered Ramp)	248	245	245

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.

DISTILLERS DRIED GRAINS WITH SOLUBLES (DDGS)

DDGS Comments: Domestic prices for bulk DDGS averaged about \$3.00/MT higher during this past week. The largest price increases were for DDGS delivered by rail to California. Those increases are presumably related to West Coast congestion and issues involving shipment execution. The East Coast of the U.S. has also had a few shipment issues.

In contrast, the price for containerized DDGS to foreign destinations declined on average by about \$5.00/MT. There were some limited sales this week of 500 MT for both April and May to the Vietnamese port of Haiphong at \$320/MT, CFR. Otherwise, several merchandisers reported that the markets was relatively quiet as various Asian buyers were hoping DDGS prices would be forced even lower in order to remain competitive with declining soybean meal and rape seed meal prices in China. Of course, those buyers presumably also recognize that a greater influence on DDGS prices results from the action of corn contract at the CBOT.

It is possible that buying of containerized DDGS will momentarily increase next week so that purchases can be arranged before the Chinese New Year begins on February 19. The reduced demand during Chinese New Year may create an opportunity for domestic U.S. buyers of DDGS and buyers from other foreign locations such as Japan, Mexico and Central America.

Ethanol Comments: There continues to be no more cost effective means to boost octane in gasoline than ethanol. So long as that remains the case, ethanol producer margins are expected to stay constant, but lower than a year ago. Stability in the ethanol market is likely to be derived from increased gasoline consumption resulting from an improved U.S. economy and lower petroleum prices at the pump.

There was a slight increase this past week in ethanol stocks from the prior-week's level of 20.6 million barrels to the current level of 21 million barrels. Such increases do need to stop because total U.S. stocks are well above a year ago, however stocks can contract if consumption increases and production does not. Please note that recent production did decline from the prior-week's average rate of 978,000 barrels per day (bpd) to a slightly lower average of 948,000 bpd.

Continued stability is reflected in the less than two cent average decline in the differential between the cost of corn and the return for the co-products of ethanol and DDGS for week ending Friday, February 6, 2015:

- Illinois differential is \$1.84 per bushel in comparison to \$1.81 the prior week and \$3.43 a year ago.
- Iowa differential is \$1.50 per bushel in comparison to \$1.56 the prior week and \$2.60 a year ago.
- Nebraska differential is \$1.41 per bushel in comparison to \$1.43 the prior week and \$2.60 a year ago.
- South Dakota differential is \$1.66 per bushel in comparison to \$1.68 the prior week and \$2.75 a year ago.

COUNTRY NEWS

Argentina: Informa has raised its 2014/15 Argentina corn production estimate to 23 MMT, Reports Reuters. This is up from a January 6 estimate of 22 MMT.

Brazil: Informa has announced its corn production estimate latest in 2014/15 of 72.8 MMT, which is up 550,000 MT from a January 6 estimate, reports Reuters.

Russia: The Agricultural Ministry announced that Russia may export 20-30 MMT of grain in 2015/16, according to Reuters.

South Africa: A lack of rain in Free State province (which produces 43 percent of South Africa's corn) could negatively impact corn yields, reports Bloomberg News. Yellow corn for July delivery now stands at \$186.53/MT.

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	\$28.00	Unchanged	Handymax at \$29.00/MT
55,000 U.S. PNW-Japan	\$16.00	Unchanged	Handymax at \$17.00/MT
55,000 U.S. Gulf-China	\$26.00	Unchanged	North China
PNW to China	\$15.00	Unchanged	
25,000 U.S. Gulf-Veracruz, México	\$13.00	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$11.00	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$14.50 \$23.50	Unchanged Unchanged	West Coast Colombia at \$23.00
36-40,000 U.S. Gulf-Guatemala	\$22.00	Unchanged	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf-Algeria	\$28.00 \$31.50	Unchanged Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$27.50	Down \$0.50	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$25.50	Down \$0.50	55,000 -60,000 MT St. Lawrence to Egypt \$27.00
PNW to Egypt	\$25.50	Down \$0.50	
60-70,000 U.S. Gulf-Europe-Rotterdam	\$13.00	Unchanged	Handymax at +\$1.50 more
Brazil, Santos-China	\$23.00 \$21.50	Unchanged Up \$0.25	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$28.00	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: Just when you think the market cannot go lower, it does. It seems we have not actually reached bottom yet and the market wishes to continue to inflict pain on vessel owners and operators. The Baltic Indices were down more than the physical markets.

Maybe this is what is needed to motivate vessels owners to do what must be done; stop orders for new builds and scrap any vessel over 23-25 years old. The downward market slope on global freight does, however, seem

to be flattening out. Regardless, importers of grain and oil seeds are certainly benefiting from the lower commodity prices and cheap dry-bulk ocean freight. Panamax freight from the U.S. East Coast (Norfolk, VA) is trading to China at a \$4.00/MT discount to the US Gulf. The Handysize freight market from Norfolk, VA to the Caribbean and North Africa has been very competitive versus the US Gulf.

Container freight rates have not come down, and have even increased slightly, due to the West Coast's labor issues. This unfortunate problem is likely to continue to haunt everyone for months to come.

Baltic Panamax Dry-Bulk Indices

February 6, 2015	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	7,721	8,625	-904	-10.5%
P3A: PNW/Pacific– Japan	2,813	3,600	-787	-21.9%

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 February 6, 2015

Four weeks ago:	\$4.05-\$4.35
Three weeks ago:	\$4.30-\$4.60
Two weeks ago:	\$4.30-\$4.60
One week ago:	\$4.15-\$4.30
This week:	\$4.30-\$4.40

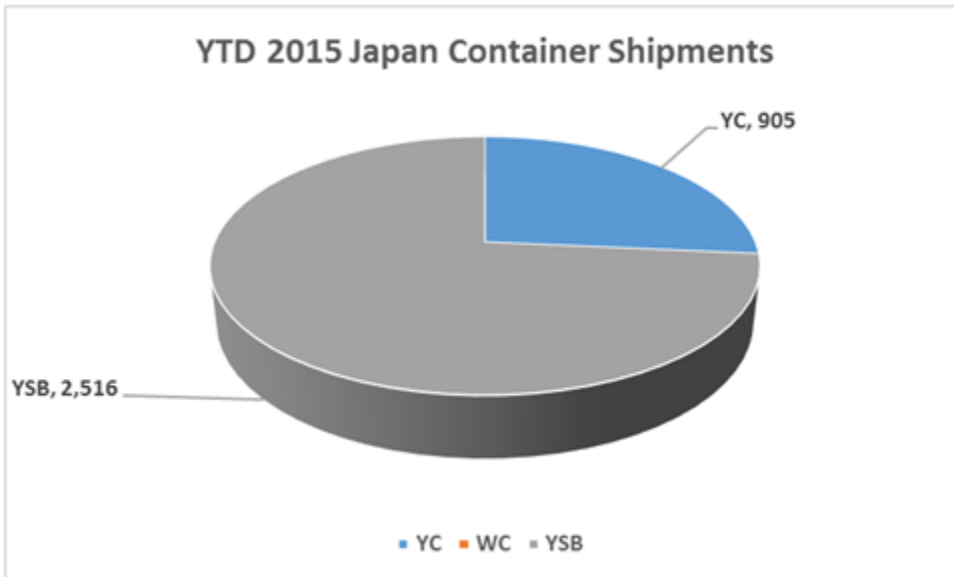
Source: O'Neil Commodity Consulting

U.S. – Asia Market Spreads

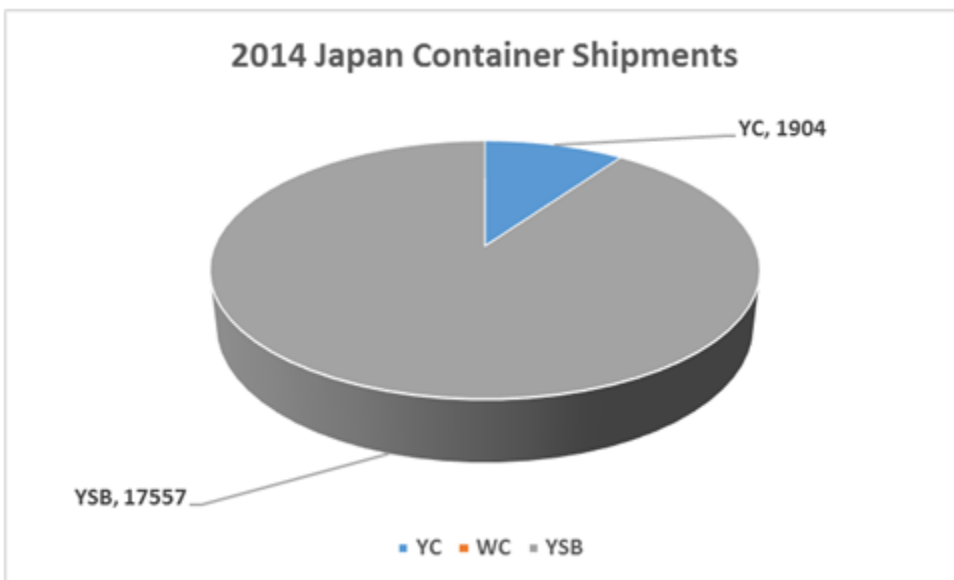
February 6, 2015	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.70	0.68	0.02	\$0.79	PNW
Soybeans	1.15	1.00	0.15	\$5.91	PNW
Ocean Freight	\$15.00	\$26.00	0.28-0.30	(\$11.00)	March

Source: O'Neil Commodity Consulting

The charts below represent January-December 2014 annual totals versus year-to-date 2015 container shipments to Japan.



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT)								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$30	\$32	\$31	\$28	\$25	\$23	-
	Brazil	\$22	\$24	\$23	\$24	\$20	\$17	-
Corn (White)	Argentina	\$30	\$32	\$31	\$28	\$25	\$23	-
	Brazil	\$22	\$24	\$23	\$24	\$20	\$17	-
Barley	Argentina	\$30	\$32	\$31	\$28	\$25	\$23	-
	Brazil	\$22	\$24	\$23	\$24	\$20	\$17	-
Sorghum	Argentina	\$30	\$32	\$31	\$28	\$25	\$23	-
	Brazil	\$22	\$24	\$23	\$24	\$20	\$17	-

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 (%): February 4, 2015			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.36	0.36	0.36
LIBOR (1 year)	0.62	0.62	0.63

Source: www.bankrate.com