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**CHICAGO BOARD OF TRADE MARKET NEWS**

**Week in Review: CME Corn March Contract**

<b>\$/Bu</b>	<b>Monday 7 Feb</b>	<b>Tuesday 10 Feb</b>	<b>Wednesday 11 Feb</b>	<b>Thursday 12 Feb</b>	<b>Friday 13 Feb</b>
<b>Change</b>	0.0550	-0.0325	-0.0225	-0.0275	0.0425
<b>Closing Price</b>	3.9125	3.8800	3.8575	3.8300	3.8725
<b>Factors Affecting the Market</b>	March corn closed above \$3.90 per bushel as trading positions are adjusted before USDA releases the WASDE report tomorrow.	The February WASDE reduced corn ending stocks for 2014/15 but traders did not seem surprised and prices closed lower.	March corn remains within a trading range of \$3.75 to \$3.95 per bushel. This range has continued for about a month.	The March corn contract spent another day drifting slightly lower within a horizontal pattern. There is no bullish or bearish catalyst.	Stronger basis enabled March corn to bounce modestly higher, but daily futures prices remain within the established trading-range.

**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.**

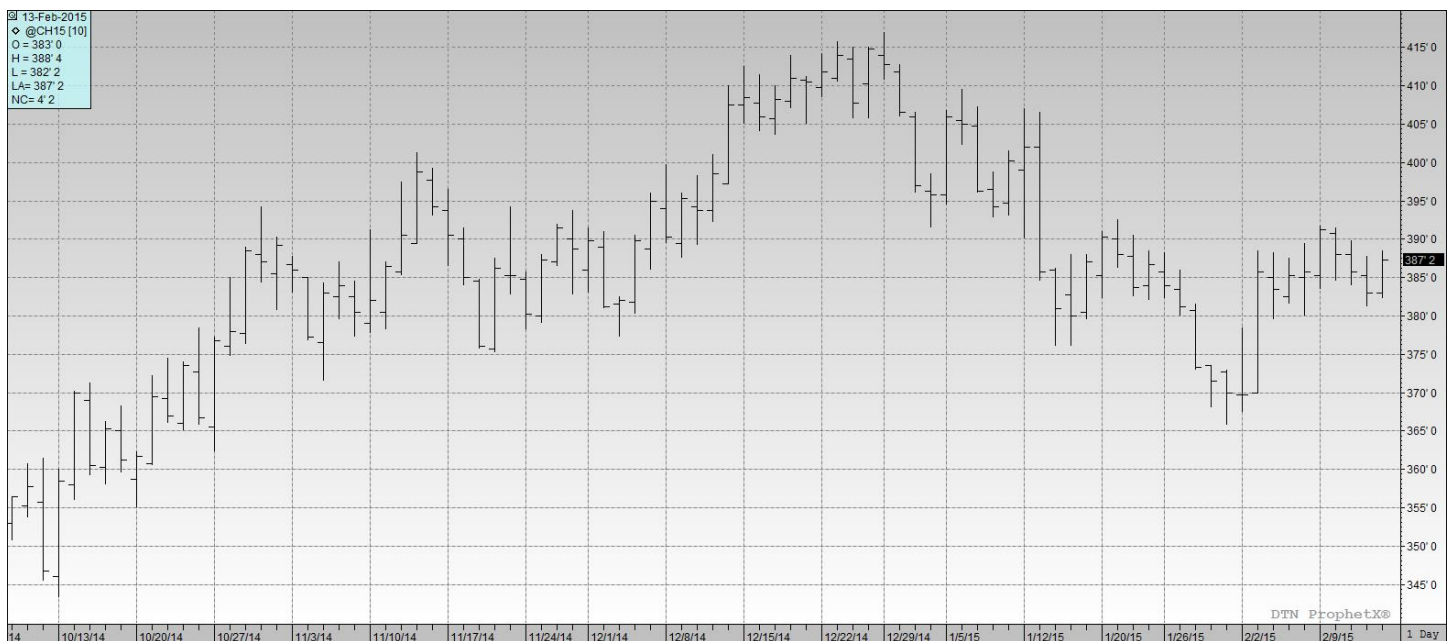
*The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C. and has nine international offices that oversee 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:** USDA published the February WASDE report on Tuesday Feb 10 and the data is expected to have a rather neutral influence on price because the more bullish decline in U.S. feed grain ending stocks was offset by increasing global corn stocks. The result is that corn futures contracts continue to trade sideways in a horizontal pattern. The top and bottom of that trading range will presumably be tested as prices are influenced by factors such as South American harvest, the pace of U.S. export sales, spring weather and acreage prospects in the Northern Hemisphere.

The February WASDE reduced ending stocks for U.S. corn, sorghum and barley in the current 2014/15 season. The ending stocks estimate for U.S. corn was reduced because of the expectation that greater gasoline consumption during 2015 will result in more ethanol usage. The increased ethanol production will produce more distiller grains, and that is a reason that U.S. feed consumption of corn was reduced. The final outcome of such adjustments is that U.S. corn ending stocks declined by 50 million bushels, from 1,877 to 1,827 million bushels. U.S. sorghum stocks were reduced from 32 to 27 million bushels because of strong exports while U.S. barley stocks were reduced from 82 to 77 million bushels because of reduced imports from Canada.

World corn production was increased for the 2014/15 season, but it was primarily offset by increased consumption. The increased corn trade is expected to consume the larger supplies from Ukraine and Argentina. Larger global supplies and U.S. corn ending stocks of 1827 million bushels do not warrant any price rationing. However, USDA's data also indicates that there is no surplus to cushion any sizable shortfall in next season's feed grain production.

## CBOT MARCH CORN FUTURES



Source: Prophet X

**Current Market Values:**

<b>Futures Price Performance: Week Ending February 13, 2015</b>			
<b>Commodity</b>	<b>13-Feb</b>	<b>6-Feb</b>	<b>Net Change</b>
<b>Corn</b>			
Mar 15	387.25	385.75	1.50
May 15	395.25	394.00	1.25
Jul 15	402.75	401.50	1.25
Sep 15	409.25	408.25	1.00
<b>Soybeans</b>			
Jan 15	990.50	973.50	17.00
Mar 15	994.75	980.00	14.75
May 15	1000.00	985.50	14.50
Jul 15	999.25	985.25	14.00
<b>Soymeal</b>			
Jan 15	332.30	329.40	2.90
Mar 15	326.00	323.10	2.90
May 15	323.60	320.70	2.90
Jul 15	322.70	319.70	3.00
<b>Soyoil</b>			
Jan 15	32.40	31.82	0.58
Mar 15	32.59	32.04	0.55
May 15	32.76	32.22	0.54
Jul 15	32.81	32.27	0.54
<b>SRW</b>			
Mar 15	533.00	527.00	6.00
May 15	529.25	529.00	0.25
Jul 15	532.25	531.25	1.00
Sep 15	539.75	538.75	1.00
<b>HRW</b>			
Mar 15	562.75	561.75	1.00
May 15	563.75	565.00	-1.25
Jul 15	568.50	567.25	1.25
Sep 15	579.00	578.50	0.50
<b>MGEX (HRS)</b>			
Mar 15	587.00	577.00	10.00
May 15	585.00	580.75	4.25
Jul 15	587.00	586.75	0.25
Sep 15	593.25	594.50	-1.25

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

## U.S. WEATHER/CROP PROGRESS

**U.S. Drought Monitor Weather Forecast:** The NWS HPC Seven-Day Quantitative Precipitation Forecast (QPF) calls for light precipitation accumulations (generally less than one inch) across the eastern half of the country while portions of the central and southern Rockies are forecasted to receive between one and two inches of liquid accumulation. The 10-day outlooks call for a high probability of above-normal temperatures across the West, while below-normal temperatures are forecasted for the eastern half of the country. A high probability of above-normal precipitation is forecasted across eastern portions of the West, Plains, South, Southeast and the Mid-Atlantic regions while below-normal precipitation is expected in the Pacific Northwest, northern California, Great Basin and the Upper Midwest. 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 February 5, 2015					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	421,500	373,800	15,431.0	20,744.3	-24%
Corn	1,103,400	618,900	15,942.4	33,151.0	-4%
Sorghum	332,700	168,500	3,391.8	7,401.8	124%
Barley	100	200	107.5	137.8	-16%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales of 1,003,100 MT for 2014/15 were up 19 percent from the previous week, but down 17 percent from the prior four-week average. Increases were reported for Mexico (427,900 MT), Japan (172,800 MT, including 42,700 MT switched from unknown destinations and decreases of 17,600 MT), Colombia (71,600 MT), South Korea (69,000 MT), Saudi Arabia (69,000 MT, including 65,000 MT switched from unknown destinations), Portugal (68,200 MT, including 62,000 MT switched from unknown destinations), Iran (66,000 MT) and the Dominican Republic (49,600 MT, including 26,500 MT switched from unknown destinations and decreases of 800 MT). Decreases were reported for unknown destinations (59,000 MT), the French West Indies (6,000 MT) and Canada (5,700 MT). Net sales of 117,700 MT for 2015/16 were reported for Mexico (81,100 MT) and Japan (36,600 MT). Exports of 618,900 MT were down 13 percent from the previous week and 9 percent from the prior four-week average. The primary destinations were Mexico (247,900 MT), Japan (91,900 MT), Saudi Arabia (69,000 MT), Portugal (68,200 MT), the Dominican Republic (49,300 MT), Guatemala (32,500 MT) and Colombia (24,400 MT). Optional Origin Sales: For 2014/15, outstanding optional origin sales total 68,000 MT, all South Korea.

**Barley:** Net sales of 100 MT for 2014/15 were reported for Japan. Exports of 200 MT were reported to Japan.

**Sorghum:** Net sales of 332,400 MT for 2014/15 were up 49 percent from the previous week and 28 percent from the prior four-week average. Increases were for China (163,400 MT, including 58,000 MT switched from

unknown destinations and decreases of 300 MT), unknown destinations (119,000 MT) and Japan (50,000 MT). Exports of 168,500 MT were up noticeably from the previous week and up 17 percent from the prior four-week average. The destination was China.

U.S. Export Inspections: Week Ending February 5, 2015					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	700,990	661,675	15,666,861	15,308,086	102%
Sorghum	122,478	128,365	3,968,377	1,448,620	274%
Soybeans	1,485,490	1,700,569	38,954,560	33,101,166	118%
Wheat	397,661	415,204	15,543,163	22,524,646	69%
Barley	1,396	2,036	124,688	140,330	89%

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 February 5, 2015						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
<b>Gulf</b>	501,639	72%	5,582	96%	118,437	97%
<b>PNW</b>	103,386	15%	0	0%	0	0%
<b>Lakes</b>	0	0%	0	0%	0	0%
<b>Atlantic</b>	0	0%	0	0%	0	0%
<b>Interior Export Rail</b>	90,159	13%	224	4%	4,041	3%
<b>Total (Metric Tons)</b>	695,184	100%	5,806	100%	122,478	100%
<b>White Corn Shipments by Country (MT)</b>			5,582	to Colombia		
			200	to Mexico		
			24	to Ireland		
<b>Total White Corn (MT)</b>			5,806			
<b>Sorghum Shipments by Country (MT)</b>					122,478	to China
<b>Total Sorghum (MT)</b>					122,478	

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	\$181.98	+1.10 H	\$195.76
March	+0.71 H	\$180.40	+1.09 H	\$195.36
April	+0.62 K	\$180.01	+1.08 K	\$198.12
May	+0.62 K	\$180.01	+1.08 K	\$198.12

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	February	March	April
Gulf	\$225	\$225	\$225

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	\$260.71	+2.75 H	\$260.71
March	+2.75 H	\$260.71	+2.75 H	\$260.71
April	+2.75 K	\$263.86	+2.75 K	\$263.86

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	\$170	\$170	\$172.5
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	February	March	April
New Orleans	\$745	\$745	\$752.5
*5-10,000 MT Minimum			

\*All prices are market estimates.



DDGS Price Table: February 13, 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	256	255	252
FOB Vessel GULF	269	267	262
Rail delivered PNW	266	262	258
Rail delivered California	267	264	260
Mid-Bridge Laredo, TX	260	258	254
40 ft. Containers to South Korea (Busan)	313	310	309
40 ft. Containers to Taiwan ( Kaohsiung )	309	306	304
40 ft. Containers to Philippines ( Manila )	330	328	324
40 ft. Containers to Indonesia ( Jakarta )	322	319	318
40 ft. Containers to Malaysia (Port Kelang)	321	319	318
40 ft. Containers to Vietnam (HCMC)	326	324	323
40 ft. Containers to Japan (Yokohama)	313	314	310
40 ft containers to Thailand (LCMB)	324	319	317
40 ft Containers to Shanghai, China	308	306	306
KC & Elwood, IL Rail Yard (delivered Ramp)	239	240	239

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:** During the past week there was a slight increase in the average price of containerized DDGS to Asia as market participants organize their business prior to the Chinese New Year, which begins on February 19. DDGS buying from Asia is expected to slow during the next two weeks because of the holiday celebrations, though some Chinese clients have expressed their interest in securing DDGS purchases through June – particularly if they can get the merchandisers to reduce their offers by an additional \$10/MT. However, DDGS merchandisers do not seem anxious to accept those bids while there is congestion at U.S. West Coast ports. Labor issues at those ports are making the shipping period on contracts difficult to guarantee.

DDGS merchandisers presently find it easy to deal with domestic clients, and that presumably is a reason that barge and rail rates to the Gulf of Mexico and New Orleans declined this past week by \$2-\$4/MT. The price of rail-delivered DDGS into Texas, and potentially into Mexico, did not increase. The average rate for bulk DDGS into California increased by about \$3/MT.

Several DDGS merchandisers have expressed the opinion that there is room for domestic buyers to receive more favorable price offers for DDGS, particularly if there is a momentary setback in corn futures contracts. In the meantime, DDGS merchandisers are executing the obligations that they have on their books. Remaining offers for the February to March time period seem limited in number.

**Ethanol Comments:** The February WASDE seems to imply that USDA has an optimistic opinion about ethanol production prospects through the summer of 2015. The estimate for corn used in ethanol production between now and the end of August was increased by 75 million bushels, from 5,175 to 5,250 million bushels. The justification for this increase is a forecast by the Energy Information Administration (EIA) for higher gasoline consumption due to lower prices.

A rebound in petroleum prices above \$70 per barrel could also cause ethanol exports to grow, which could help reduce growing U.S. ethanol stocks. Such a development would be favorable because ethanol stocks have grown sizable in comparison to a year ago. Ethanol stocks were 23.9 percent above a last year for the week ending February 6. Average daily ethanol production during that same time period also increased to a rate of 961,000 barrels per day (bpd), above the prior-week's level of 948,000 bpd and 6.6 percent above the year-ago average of 902,000 bpd.

Increasing demand could reduce stocks and help ethanol producers maintain stable margins. Please note that the differential between the cost of corn and the return for the co-products of ethanol and DDGS is stable for week ending Friday, February 13, 2015:

- Illinois differential is \$1.78 per bushel in comparison to \$1.84 the prior week and \$4.40 a year ago.
- Iowa differential is \$1.46 per bushel in comparison to \$1.46 the prior week and \$2.74 a year ago.
- Nebraska differential is \$1.41 per bushel in comparison to \$1.41 the prior week and \$2.66 a year ago.
- South Dakota differential is \$1.67 per bushel in comparison to \$1.66 the prior week and \$2.78 a year ago.

## COUNTRY NEWS

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**Australia:** Australian barley exports in 2014/15 are expected to drop by 25 percent to total 4.7 MMT this year, according to Reuters.

**EU:** A combination of low prices and decreased competition have set EU barley exports on the path to a record year, led by strong French exports of feed barley to China, reports Reuters. France's Strategie Grains has increased its monthly estimate for EU barley exports in 2014/15 by 400,000 MT to total some 7.9 MMT, which is a marked increase over the 5.7 MMT exported last year. Of that total, 1.62 MMT is slated to go to China, which is up from the 112,000 MT sent there in 2013/14. They went on to predict that next year's exports could reach 8.1 MMT, with 2 MMT slated for China.

Further, the UK has shipped its first bulk shipment of feed barley to Japan, while Germany is increasing exports to Saudi Arabia.

**Ukraine:** The Agriculture Ministry has announced that it stands ready to impose measures to defend local grain markets if a sharp devaluation in the hryvnia causes exports to increase dramatically, according to Reuters. In the last week, the hryvnia has lost 30 percent of its value against the dollar as Ukraine's Central Banks moved toward a free-float. Domestic grain is priced in dollar equivalent, which has raised fears that traders could opt to export grain instead of keeping it for domestic consumption. Ukraine has exported 22 MMT of grain so far this season, with 9.2 MMT of that being corn and 3.8 MMT being barley.



**South Africa:** Continued hot and arid conditions over the coming two weeks will likely dictate food prices for the coming year, reports Bloomberg News. Yellow corn futures for July delivery dropped to \$204.81/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	\$27.50	Down \$0.50	Handymax at \$28.50/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	\$28.00	Up \$0.50	5,000 discharge rate
55,000 U.S. Gulf-Egypt PNW to Egypt	\$26.00 \$26.00	Up \$0.50 Up \$0.50	55,000 -60,000 MT St. Lawrence to Egypt \$27.00
60-70,000 U.S. Gulf-Europe-Rotterdam	\$13.00	Unchanged	Handymax at +\$1.50 more
Brazil, Santos-China	\$22.50 \$21.00	Down \$0.50 Down \$0.50	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$27.50	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:** Like many things, the Baltic Indices and physical ocean freight rates could not stay down forever. They have, at least for now, bottomed out

February 13, 2015

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and are attempting a small bounce in many markets. The bounce however does not seem to be affecting the South American market to Asia, as that route is still under pressure and rates remain depressed.

I do not expect things to go up too much due to a large oversupply of vessels. As this week's freight fixtures show, we are entering the beginning of the South American soybean shipping season and it appears the Argentine farmers are finally letting go of some supplies. Oilseed shipping is starting to shift.

The other big news this week is that the ILSW labor negotiations on the West Coast are not progressing very well. Work slowdowns and stoppages continue with greater severity and frequency, and things continue to slide down hill on service. Everyone needs to be very diligent regarding their shipment and arrival logistics.

### Baltic Panamax Dry-Bulk Indices

February 13, 2015 Route	This Week	Last Week	Difference	Percent Change
P2A: Gulf/Atlantic – Japan	8,321	7,721	600	7.8%
P3A: PNW/Pacific– Japan	3,667	2,813	854	30.4%

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 13, 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-\$4.70

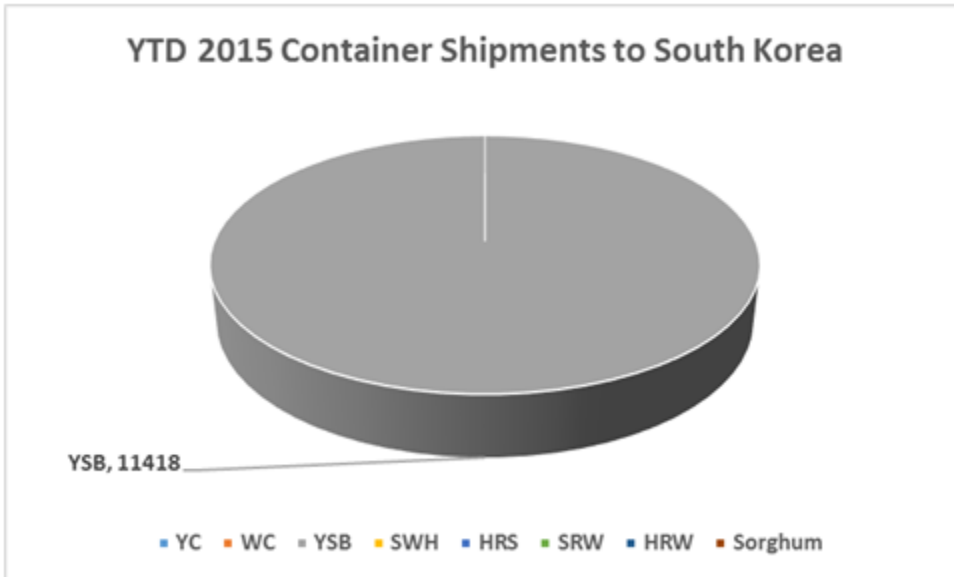
Source: O'Neil Commodity Consulting

### U.S. – Asia Market Spreads

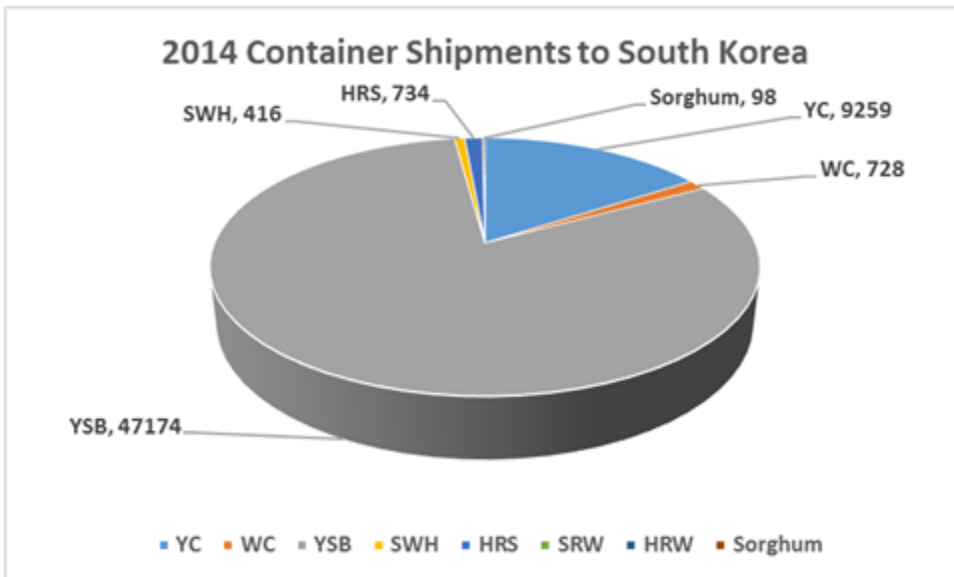
February 13, 2015	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.02	0.69	0.33	\$12.99	PNW
Soybeans	1.10	1.00	0.10	\$3.94	PNW
Ocean Freight	\$15.00	\$26.00	0.28-0.30	(\$11.00)	March

Source: O'Neil Commodity Consulting

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



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	\$33	\$31	\$24	\$26	\$22	-
	Brazil	\$22	\$25	\$23	\$20	\$21	\$17	-
Corn (White)	Argentina	\$30	\$33	\$31	\$24	\$26	\$22	-
	Brazil	\$22	\$25	\$23	\$20	\$21	\$17	-
Barley	Argentina	\$30	\$33	\$31	\$24	\$26	\$22	-
	Brazil	\$22	\$25	\$23	\$20	\$21	\$17	-
Sorghum	Argentina	\$30	\$33	\$31	\$24	\$26	\$22	-
	Brazil	\$22	\$25	\$23	\$20	\$21	\$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 11, 2015			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.38	0.36	0.36
LIBOR (1 year)	0.63	0.62	0.63

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