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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Monday 17 February	Tuesday 18 February	Wednesday 19 February	Thursday 20 February	Friday 21 February
Change	-	0.0425	0.0425	0.0200	-0.0275
Closing Price	-	4.4950	4.5375	4.5575	4.5300
Factors Affecting the Market	Presidents Day Holiday	The March corn contract continued Friday's move higher and closed above the February 10 high of \$4.49 per bushel.	Once again the March contract closed up 4.25 cents and made a definitive close above the resistance level of \$4.50 per bushel.	Corn contracts continued higher as USDA's Chief Economist reduced the U.S. corn planting forecast from 93.5 to 92 million acres.	March corn traded down to a daily low just above \$4.50 but did not trade through, indicating it could turn from resistance to support.

For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Kevin Roepke or Alvaro Cordero at (202) 326-0637.

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 conducted their annual Outlook Conference this week and updated their long-term 10 year projections. These extended projections are not forecasts because USDA assumes consistent trends and normal conditions, but these projections can be useful in providing an initial foundation to perform more elaborate what-if analysis. It should also be noted that these predictions were not readjusted to make amends for the latest Farm Bill (Agricultural Act of 2014). Having made that distinction, the following is a summary of some of the key points that are predicted as the most likely scenario under conditions of normalcy:

- The world coarse grain trade is projected to increase 25 percent from 2014 to 2023 due to expanded livestock production in feed-deficit regions such as China, Mexico, Africa and the Middle East. The result is that U.S. corn exports are expected to rebound from the recent weather related shortfalls of the past few seasons. However, the percent of total U.S. corn being exported is predicted to level off at about 40 percent.
- The global barley trade is expected to increase about 14 percent during the next decade with Saudi Arabia remaining the leading importer.
- The international sorghum trade is predicted to remain nearly flat over the next 10 years.
- The increased food consumption and feed use over the next decade will be largely facilitated by steady economic growth in developing countries.
- U.S. corn use for ethanol production is expected to plateau at about 35 percent of total production as economic growth is expected to support global demand for biofuels. (Please see related discussion in the ethanol section.)
- A modest appreciation in the U.S. dollar is expected in the next decade from current levels but the dollar is to remain at lower levels than occurred in the past two decades. The dollar below historical levels is anticipated to help keep U.S. feed grains attractive to global buyers.
- U.S. corn prices are projected to modestly decline into the 2015/16 season under assumption of increasing trend yields and normal weather, before again trending higher due to growing global demand.
- U.S. corn planted acreage is predicted to decline and level off at about 88.5 million acres as corn yields are predicted to increase from 165.6 bushels per acre in 2014/15 to 183.6 bushels per acre in 2023/24. U.S. sorghum planted acreage is expected to level off at about 5.8 million acres with yields that flatten out around 65.1 bushels per acre. U.S. barley planted acreage is expected to level off at 2.9 million acres with yields that slowly increase from 70 bushels in 2014/15 to 75.7 bushels per acre in 2023/24.
- A key point is that USDA's prediction is that the future looks favorable under the scenario of expected normal conditions. Throughout the next decade, U.S. feed grain prices are predicted to remain below the high prices of the past two years but increasing global feed consumption, a relatively low value for the U.S. dollar, and consistent demand for biofuels are anticipated to combine in keeping U.S. feed grain price above pre-2007 levels.

CBOT MARCH CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending February 21, 2014			
Commodity	February 21	February 14	Net Change
Corn			
Mar 14	453.00	445.25	7.75
May 14	459.00	450.75	8.25
Jul 14	462.75	455.00	7.75
Sep 14	461.50	456.25	5.25
Soybeans			
Mar 14	1370.75	1337.50	33.25
May 14	1360.25	1325.00	35.25
Jul 14	1344.75	1307.50	37.25
Aug 14	1299.25	1258.75	40.50
Soymeal			
Mar 14	455.80	450.00	5.80
May 14	440.20	432.30	7.90
Jul 14	428.30	420.50	7.80
Aug 14	409.90	401.90	8.00
Soyoil			

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Mar 14	40.95	39.15	1.80
May 14	41.23	39.47	1.76
Jul 14	41.44	39.76	1.68
Aug 14	41.36	39.69	1.67
SRW			
Mar 14	609.75	598.50	11.25
May 14	605.50	596.25	9.25
Jul 14	609.25	600.50	8.75
Sep 14	617.75	608.75	9.00
HRW			
Mar 14	682.75	674.50	8.25
May 14	675.50	666.00	9.50
Jul 14	667.00	657.00	10.00
Sep 14	673.75	664.00	9.75
MGEX (HRS)			
Mar 14	664.25	666.50	-2.25
May 14	650.00	647.00	3.00
Jul 14	652.50	648.00	4.50
Sep 14	659.75	654.75	5.00

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: During the period of February 21-24, a drier weather pattern is expected for the Northwest, while significant precipitation is expected across the eastern half of the Nation, particularly in the Midwest, Southeast and New England. Unfortunately, dry weather should persist across the southwestern quarter of the U.S., including California, Nevada, Arizona, New Mexico and most of Texas. Temperatures will also average above-normal for much of the lower 48 States, except for another blast of Arctic air entering the northern Rockies and Plains and upper Midwest later in the period.

For the ensuing five-day period, the odds favor subnormal readings east of the Rockies and above-normal temperatures in the Southwest. Chances are favorable for above-median precipitation in the West, especially along the California-Oregon border and northern Sierra Nevada. To the east, precipitation is likely along the Gulf Coast States. In contrast, the odds for below median precipitation are forecast for the southern Rockies northeastward into the northern Plains, upper Midwest and Great Lakes region, with slight chances of below-median precipitation in the Northeast. 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 13, 2014					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	508,200	277,300	21,849.0	27,715.9	24%
Corn	739,800	745,000	16,461.9	35,295.7	148%
Sorghum	38,800	117,700	1,289.2	3,341.5	227%
Barley	0	700	121.4	164.6	34%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 691,400 MT for 2013/14 were down 46 percent from the previous week and 50 percent from the prior four-week average. Increases were reported for Japan (454,100 MT, including 156,100 MT switched from unknown destinations), Peru (99,300 MT, including 62,000 MT switched from unknown destinations), Egypt (74,800 MT, including 18,000 MT switched from unknown destinations), Venezuela (46,000 MT, including 5,000 MT switched from unknown destinations) and Guatemala (30,200 MT). Decreases were reported for unknown destinations (127,500 MT), China (18,800 MT) and the Dominican Republic (8,800 MT). Exports of 745,000 MT were down 22 percent from the previous week and 15 percent from the prior four-week average. The primary destinations were Japan (330,200 MT), Mexico (146,700 MT), Peru (99,300 MT), South Korea (60,600 MT) and Colombia (29,600 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 55,000 MT, all South Korea.

Barley: There were no net sales reported during the week. Exports of 700 MT were reported to Taiwan.

Sorghum: Net sales of 38,800 MT for 2013/14 were up noticeably from the previous week, but down 52 percent from the prior four-week average. Increases were reported for unknown destinations (37,100 MT) and China (1,700 MT). Exports of 117,700 MT were reported to China (116,900 MT) and Hong Kong (800 MT).

U.S. Export Inspections: Week Ending February 13, 2014					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	827,610	695,181	16,124,161	8,546,695	189%
Sorghum	113,586	64,833	1,562,206	1,100,592	142%
Soybeans	1,470,848	1,566,123	34,571,698	29,331,129	118%
Wheat	266,507	458,024	22,793,110	17,603,615	129%
Barley	299	1497	140,629	122,296	115%

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.

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USDA Grain Inspections for Export Report: Week Ending February 13, 2014

Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	578,860	70%	0	0%	109,020	96%
PNW	162,451	20%	122	100%	1,052	1%
Lakes	0	0%	0	0%	0	0%
Atlantic	4,696	1%	0	0%	2,352	2%
Interior Export Rail	81,481	10%	0	0%	1,162	1%
Total (Metric Tons)	827,488	100%	122	100%	113,586	100%
White Corn Shipments by Country (MT)			122	to South Korea		
Total White Corn (MT)			122			
Sorghum Shipments by Country (MT)					112,914	to China
					672	to Mexico
Total Sorghum (MT)					113,586	

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 March	-	-	+1.60 H	\$241.32
LH March	+1.10 K	\$224.00	+1.60 K	\$243.69
April	+1.00 K	\$220.07	+1.50 K	\$239.75
May	+0.92 K	\$216.92	+1.40 K	\$235.81

#2 White Corn (U.S. \$/MT FOB Vessel)

Max. 15.0% Moisture	March	April	May
Gulf	\$255	\$255	\$255

Sorghum (USD/MT FOB Vessel)

#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price

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February	+1.65 H	\$243.29	+1.65 H	\$243.29
March	+1.65 H	\$243.29	+1.65 H	\$243.29
April	+1.60 K	\$243.69	+1.60 K	\$243.69

Barley: Feed Barley (FOB USD/MT)			
	March	April	May
FOB PNW	\$260	\$260	\$260

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	March	April	May
New Orleans	\$220	\$220	\$220
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
	March	April	May
Bulk 60% Pro. New Orleans	\$850	\$850	\$850
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: February 21, 2014 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Mar	Apr	May
Barge CIF New Orleans	315	305	300
FOB Vessel GULF	325	313	308
Rail delivered PNW	325	308	303
Rail delivered California	330	314	309
Mid-Bridge Laredo, TX	320	310	305
40 ft. Containers to South Korea (Busan)	365	360	360
40 ft. Containers to Taiwan (Kaohsiung)	360	355	355
40 ft. Containers to Philippines (Manila)	370	365	365
40 ft. Containers to Indonesia (Jakarta)	368	363	363
40 ft. Containers to Malaysia (Port Kelang)	368	363	363
40 ft. Containers to Vietnam (HCMC)	380	375	375
40 ft. Containers to Japan (Yokohama)	375	370	370
40 ft containers to Thailand (LCMB)	368	363	363
40 ft Containers to Shanghai, China	360	355	355
KC & Elwood, IL Rail Yard (delivered Ramp)	277	273	270

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)

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DDGS Comments: DDGS market participants are likely to have interest in the long-range data that was released at USDA's Outlook Conference this week, as there is some indication that corn-based ethanol could see growing international demand. Accepting the economic and normal growing conditions as defined by USDA presents a case where the price of crude oil could increase to \$150 per barrel, while the cost of corn remains fairly consistent. The evolution of such a situation could increase international demand for U.S. ethanol. Of course, increased ethanol production would also mean increased DDGS production.

The ethanol section of this report notes that it would be easiest for ethanol producers to satisfy the consistent demand of foreign end-users with buying programs that extend beyond sporadic purchases in the present spot market, and that those buyers who have such programs are likely to have some advantage over competition. That fact seems equally true for buyers of DDGS.

DDGS market participants may also note likely that the ethanol section reports that the differential between corn and co-products implies that profit margins for ethanol producers are presently better this year than they were at the same time last year. This fact is presumably of interest because DDGS buyers recognize that DDGS prices are currently well below levels that existed during this same time period a year ago. Such facts make it increasingly evident that there could be potential win-win pricing opportunities for both the DDGS buyer and the DDGS merchandiser should long-term market conditions evolve in a manner as projected by USDA in their Outlook Conference.

Ethanol Comments: Ethanol producers will be interested in USDA's 10-year projections that global crude oil prices will increase from an estimated \$101 per barrel in 2014 to \$150 per barrel by 2023. This increase in crude oil is expected to be faster than the general inflation rate and is primarily due to global economic growth. Such a forecast would presumably increase the popularity of U.S. corn based ethanol in world energy markets, especially if conditions remain normal for corn production and USDA projections are correct for average annual U.S. corn prices to remain below \$4.50 per bushel into 2023. Such data implies that the prospects of U.S. ethanol exports could be promising throughout the next decade.

It is entirely possible that highly populated regions of other nations could obtain the same benefits as similar areas of the U.S. that mandated some permanent proportional mix of ethanol into their own domestic fuel consumption. Such consumption is entirely feasible because U.S. ethanol facilities have the means to satisfy demands beyond the domestic needs of the United States. The foreign ethanol buyers who develop such a program beyond sporadic buying in the present spot market are likely to have an advantage over other foreign competition.

Growing ethanol exports is one reason that total U.S. ethanol stocks remain at current levels. Ethanol stocks as of 14 February are 17.2 million barrels. This amount is basically unchanged from the prior-week's level of 17.1 million barrels and 11.6 percent below the year ago level of 19.5 million barrels. Weekly average daily production of 903,000 barrels per day (bpd) is also about the same as the prior-week's level of 902,000 bpd. Near-term ethanol production seems likely to remain at these levels or better because the differential between corn and co-product processing values continues to improve across the Corn Belt. The differentials for the week ending February 21 are the following:

- Illinois differential is \$4.54 per bushel in comparison to \$4.40 the prior week and \$1.72 a year ago.
- Iowa differential is \$2.86 per bushel in comparison to \$2.74 the prior week and \$1.64 a year ago.

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- Nebraska differential is \$2.78 per bushel in comparison to \$2.66 the prior week and \$1.86 a year ago.
- South Dakota differential is \$3.09 per bushel in comparison to \$2.89 the prior week and \$1.90 a year ago.

COUNTRY NEWS

Brazil: Somar Meteorologica has announced that a predicted increase in rainfall next month will likely cause disruptions for grain loading at the country's main ports, according to Bloomberg News. It is predicted that rain will fall for the vast majority of March at the ports of Santos and Paranagua. Additionally, Brazilian corn futures have jumped by 9.2 percent due to persistent dry weather in February that is threatening output. The potential for a slowdown in loadings due to the predicted rain could push these futures even higher. It is predicted that Brazil will bring in 75 MMT of corn this year, which is down from an earlier forecast of 79 MMT.

Japan: The Ministry of Agriculture received no bids for the importation of feed barley or feed wheat in its weekly auction that closed on Wednesday, reports Reuters. The MOA had sought 120,000 MT of feed wheat and 200,000 MT of feed barley and will seek the same amounts in a tender that closes February 26.

South Africa: Yellow corn prices fell by 0.4 percent to 204.44/MT, according to Bloomberg News.

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	\$53.00	Up \$1.00	Handymax at \$54.00/MT
55,000 U.S. PNW- Japan	\$28.00	Up \$1.00	Handymax at \$29.00/MT
55,000 U.S. Gulf – China	\$51.00	Up \$1.00	North China
PNW to China	\$26.00	Up \$1.00	
25,000 U.S. Gulf- Veracruz, México	\$20.00	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$17.50	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast	\$25.00	Unchanged	West Coast Colombia at \$35.00
Colombia, Argentina	\$37.00	Unchanged	
35,000 U.S. Gulf - Guatemala	\$35.00	Unchanged	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$43.00	Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
	\$45.00	Unchanged	
25,000 U.S. Gulf-Morocco	\$45.00	Unchanged	5,000 discharge rate
55,000 U.S. Gulf – Egypt	\$37.50	Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$38.50
PNW to Egypt	\$38.00	Unchanged	

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60-70,000 U.S. Gulf – Europe – Rotterdam	\$22.50	Up \$0.50	Handymax at +\$1.50 more
Brazil, Santos – China	\$42.50 \$41.00	Up \$1.50 Up \$1.50	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$48.00	Up \$1.50	—

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: Is the market is up or down this week? The answer is, both. Freight markets are firmer in the Pacific where vessel availability seems to be getting tighter; but the Atlantic is still soft and suffering under the weight of too many vessels ballasting to the east coast of South America in anticipation of the big Grain export programs there.

The most significant action in ocean freight markets over the past two weeks has been the changing spreads between the Atlantic and Pacific. The Baltic indices are expressing things a bit more dramatically than the physical markets this week. I've moved Grain rates in the Atlantic up a little this week more as an adjustment/correction to last week's figures then to indicate any real strength in that market. We are also seeing a renewed winding in the price relationship between Panamax and Handymax/Supremax vessels.

According to USDA data, during the week ending February 13, 48 ocean-going grain vessels were loaded in the Gulf, which is 33 percent more than the same period last year. 76 vessels are expected to be loaded within the next 10 days, which is 90 percent more than the same period last year. So, U.S. grain exports remain robust.

Baltic Panamax Dry-Bulk Indices				
February 21, 2014	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	18,020	19,910	-1,890	-9.5%
P3A: PNW/Pacific – Japan	12,265	11,121	1,144	10.3%

Source: O'Neil Commodity Consulting

Below is a recent history of freight values for Capesize vessels of iron ore from Western Australia to China:

Week of February 21, 2014	
Four weeks ago	\$7.75-\$8.05
Three weeks ago:	\$7.10-\$7.60

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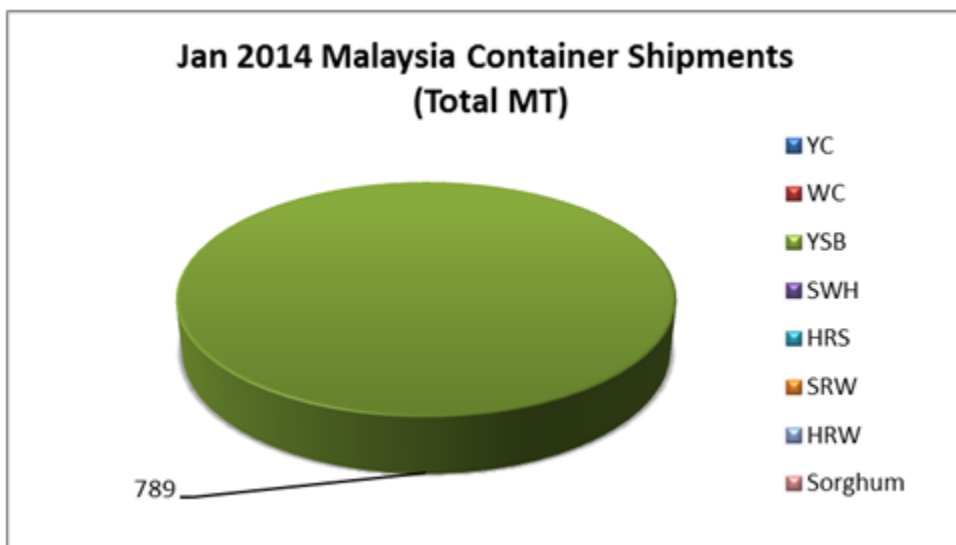
Two weeks ago	\$7.15-\$7.60
One week ago:	\$7.50-\$7.60
This week	\$8.25-\$8.60

Source: O'Neil Commodity Consulting

U.S. – Asia Market Spreads					
February 21, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.60	1.00	0.60	\$23.62	PNW
Soybeans	1.65	1.20	0.45	\$16.53	PNW
Ocean Freight	\$26.00	\$51.00	0.64-0.68	(\$25.00)	March

Source: O'Neil Commodity Consulting

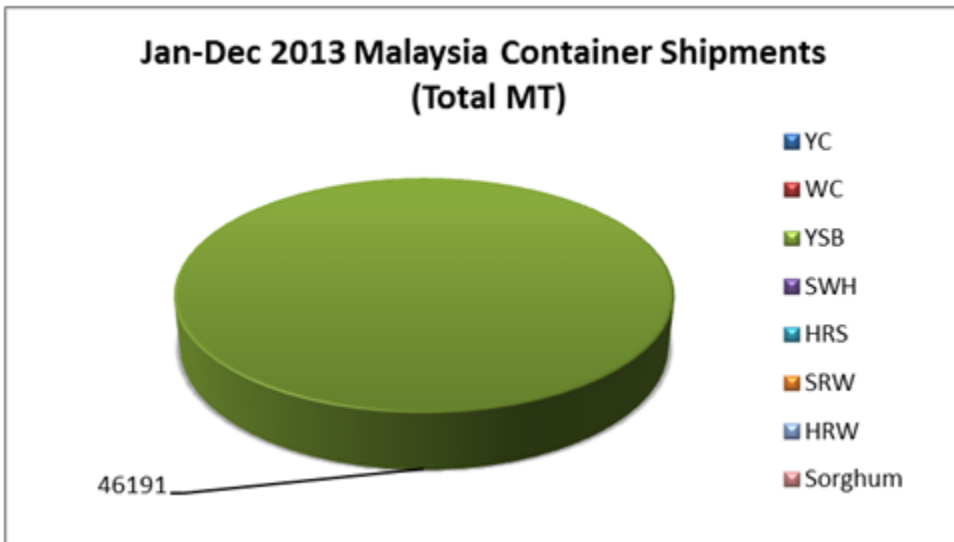
The charts below represent January-December 2013 and January-December 2012 annual totals versus January 2014 year-to-date container shipments for Malaysia.



Source: O'Neil Commodity Consulting

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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	\$50	\$55	\$53	\$37	\$40	\$38	\$45
	Brazil	\$44	\$48	\$45	\$35	\$30	\$30	-
Corn (White)	Argentina	\$50	\$55	\$53	\$37	\$40	\$38	\$45
	Brazil	\$44	\$48	\$45	\$35	\$30	\$30	-
Barley	Argentina	\$50	\$55	\$53	\$37	\$40	\$38	\$45

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	Brazil	\$44	\$48	\$45	\$35	\$30	\$30	-
Sorghum	Argentina	\$50	\$55	\$53	\$37	\$40	\$38	\$45
	Brazil	\$44	\$48	\$45	\$35	\$30	\$30	-

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 19, 2014			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.33	0.33	0.34
LIBOR (1 year)	0.55	0.56	0.57

Source: www.bankrate.com