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**CHICAGO BOARD OF TRADE MARKET NEWS**

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

<b>\$/Bu</b>	<b>Monday 31 March</b>	<b>Tuesday 1 April</b>	<b>Wednesday 2 April</b>	<b>Thursday 3 April</b>	<b>Friday 4 April</b>
<b>Change</b>	0.1000	0.0550	-0.1175	0.0425	0.0175
<b>Closing Price</b>	5.0200	5.0750	4.9575	5.0000	5.0175
<b>Factors Affecting the Market</b>	USDA's quarterly stocks and planting intention data was considered moderately bullish and enabled the May contract to post double digit gains to close above \$5.00 per bushel.	The May contract extended its gains after making the highest close in seven months on Monday. Attention shifted to demand and weather factors.	Speculative traders have built a sizable long position and seem reluctant to drive the May contract above \$5.10 per bushel without additional fundamental justification.	The prospect of excessive moisture in parts of Illinois and Ohio and consistently strong export sales was enough to keep the May contract supported around \$5.00 per bushel.	Somewhat bullish data about available stocks, plantings intentions, exports and foreign competition allowed the May corn contract to close the week above the \$5.00 price level.

**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 published important data on Monday with the release of the Grain Stocks and Prospective Plantings reports. Both of these reports were considered supportive to corn prices. The quarterly corn stocks were estimated to be 7.006 billion bushels on March 1, which was below the average pre-report estimate of 7.11 billion bushels. The intended corn plantings of 91.7 million acres was below the average pre-report estimate of 92.9 million acres.

The quarterly corn stocks estimate was particularly important because it indicated that there is no reason to reduce USDA's feed use estimate. There are now two quarterly stocks reports in a row which indicate that domestic usage is strong. This fact strengthens the argument that corn futures contracts did not trade too high. The result is that the nearby May corn contract gained 10 cents on Monday and extended another 5 cents on Tuesday to close just above \$5.07 per bushel. However, traders seemed hesitant to drive the nearby May contract above \$5.10 per bushel without additional justification from fundamental factors.

Market attention will actively monitor weather in order to calculate an adequate risk premium in prices. A sudden transition to ideal weather could result in an additional 1 to 2 million acres of corn being planted. Alternatively, unfavorable conditions could have the opposite result. USDA data showed that year-over-year corn acreage reductions were not significant in the region from Minnesota, Iowa, Illinois, Indiana and over to Ohio. As a result, market participants will pay close attention to see if this corn producing region starts to receive excessive moisture; which could then cause the risk premium to increase within futures prices.

Strong export sales of U.S. corn is another factor that will be actively monitored. The present rate of sales is strong in comparison to USDA's current total annual export estimate of 1.625 billion bushels. Because the current sales pace is basically at this level, the probabilities are good that USDA will increase the estimate for U.S. corn exports in the April 9 WASDE. However, they may not increase it as much as they could because the shipment pace has been lagging behind the sales pace, which means that there could be some cancellations of sales later in the season if the prospects are high of safely producing a large corn crop. Of course, there will be no such level of certainty until after corn pollination occurs. As well, if the prospects of producing an abundant corn crop diminish then existing export sales will be shipped out the door quickly, which encourages more aggressive buying. As an aside, China is presently not an active participant in the U.S. corn market.

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## CBOT MAY CORN FUTURES



Source: Prophet X

### Current Market Values:

Futures Price Performance: Week Ending April 4, 2014			
Commodity	April 4	March 28	Net Change
<b>Corn</b>			
May 14	501.75	492.00	9.75
Jul 14	507.50	496.25	11.25
Sep 14	507.00	491.25	15.75
Dec 14	506.75	487.25	19.50
<b>Soybeans</b>			
May 14	1473.75	1436.50	37.25
Jul 14	1455.00	1407.75	47.25
Aug 14	1374.50	1351.50	23.00
Sep 14	1257.00	1247.00	10.00
<b>Soymeal</b>			
May 14	479.10	468.40	10.70
Jul 14	466.90	453.70	13.20
Aug 14	437.40	430.90	6.50
Sep 14	408.40	405.50	2.90
<b>Soyoil</b>			



May 14	41.57	40.48	1.09
Jul 14	41.77	40.71	1.06
Aug 14	41.55	40.66	0.89
Sep 14	41.25	40.43	0.82
<b>SRW</b>			
May 14	669.75	695.50	-25.75
Jul 14	676.50	699.25	-22.75
Sep 14	685.25	706.75	-21.50
Dec 14	698.25	716.25	-18.00
<b>HRW</b>			
May 14	733.75	763.50	-29.75
Jul 14	738.50	763.75	-25.25
Sep 14	744.50	766.75	-22.25
Dec 14	755.00	775.50	-20.50
<b>MGEX (HRS)</b>			
May 14	721.50	739.75	-18.25
Jul 14	721.50	739.00	-17.50
Sep 14	726.25	742.25	-16.00
Dec 14	736.25	750.25	-14.00

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

## U.S. WEATHER/CROP PROGRESS

**U.S. Drought Monitor Weather Forecast:** The NWS HPC Quantitative Precipitation Forecast (QPF) calls for moderate-to-heavy precipitation accumulations (two-to-six inches) across the lower Midwest and moderate accumulations (two-to-three) in the South and Southeast. The Upper Midwest, New England, central Rockies and Pacific Northwest are forecasted to receive accumulations of less than two inches.

The 10-day outlooks call for a high probability of above-normal temperatures across the West, while below-normal temperatures are forecasted across the South, Midwest, and Eastern U.S. A high probability of above-normal precipitation is forecasted across portions of the Southeast, Mid-Atlantic, New England, northern Plains, and Pacific Northwest, while the remainder of the West, southern Plains, and western portions of the South are expected to have below-normal precipitation. Follow this link to view current U.S. and international weather patterns and the future outlook: [Weather and Crop Bulletin](#).

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## U.S. EXPORT STATISTICS

Export Sales and Exports: Week Ending March 27, 2014					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	370,900	523,100	24,978.6	30,252.7	19%
Corn	1,136,500	1,425,700	22,823.4	41,332.7	166%
Sorghum	1,600	77,700	1,947.0	3,461.0	159%
Barley	500	300	135.4	178.5	34%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales of 960,600 MT for 2013/14 were down 32 percent from the previous week and 12 percent from the prior four-week average. Increases were reported for Japan (236,500 MT, including 118,300 MT switched from unknown destinations), South Korea (184,600 MT, including 60,000 MT switched from Japan and decreases of 3,200 MT), Egypt (136,200 MT, including 60,000 MT switched from China), Guatemala (106,500 MT, including 20,700 MT switched from unknown destinations, 4,900 MT switched Nicaragua, and 1,900 MT switched from Costa Rica), Colombia (92,300 MT, including 56,900 MT switched from unknown destinations and decreases of 5,600 MT), Taiwan (73,100 MT, including 63,000 MT switched from unknown destinations), Saudi Arabia (69,000 MT, including 65,000 MT switched from China) and Mexico (60,100 MT). Decreases were reported for China (221,400 MT), Honduras (2,500 MT), and Nicaragua (1,200 MT). Net sales of 37,900 MT for 2014/15 were reported for Costa Rica. Exports of 1,425,700 MT were up 16 percent from the previous week and 36 percent from the prior four-week average. The primary destinations were Japan (324,800 MT), Egypt (261,200 MT), Mexico (207,600 MT), Colombia (163,000 MT), South Korea (123,300 MT), Taiwan (74,400 MT) and Saudi Arabia (69,000 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 123,000 MT, all South Korea. Export Adjustments: Accumulated exports to Venezuela were adjusted down 25,000 MT for week ending March 20, 2014. This shipment was reported twice.

**Barley:** Net sales of 500 MT for 2013/14 were reported for Taiwan. Net sales of 2,400 MT for 2014/15 were reported for Japan. Exports of 300 MT were reported to South Korea.

**Sorghum:** Net sales of 200 MT for 2013/14 resulted as increases for Japan (15,400 MT switched from unknown destinations) and China (200 MT), were partially offset by decreases for unknown destinations (15,400 MT). Exports of 77,700 MT were reported to China (61,400 MT), Japan (15,400 MT) and Mexico (900 MT).

U.S. Export Inspections: Week Ending March 27, 2014					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	1,327,575	1,150,102	22,403,648	10,983,953	204%
Sorghum	145,597	123,937	2,303,241	1,314,486	175%
Soybeans	506,039	736,520	40,165,858	32,913,640	122%
Wheat	492,577	552,105	25,913,632	21,572,819	120%

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Barley	1295	1198	158,117	135,519	117%
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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 March 27, 2014						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	941,049	73%	30,526	99%	139,792	96%
PNW	249,669	19%	343	1%	4,531	3%
Lakes	0	0%	0	0%	0	0%
Atlantic	4,620	0%	0	0%	0	0%
Interior Export Rail	101,289	8%	49	0%	1,274	1%
<b>Total (Metric Tons)</b>	<b>1,296,627</b>	<b>100%</b>	<b>30,918</b>	<b>100%</b>	<b>145,597</b>	<b>100%</b>
<b>White Corn Shipments by Country (MT)</b>			24,627	to Guatemala		
			5,899	to Colombia		
			343	to Brazil		
			49	to Korea		
<b>Total White Corn (MT)</b>			<b>30,918</b>			
<b>Sorghum Shipments by Country (MT)</b>					62,260	to China
					47,250	to Sudan
					20,570	to Uganda
					15,419	to Japan
					98	to Korea
<b>Total Sorghum (MT)</b>					<b>145,597</b>	

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 April	-	-	+1.50 K	\$256.58
LH April	+0.82 K	\$229.81	+1.50 K	\$256.58
May	+0.80 K	\$229.02	+1.40 K	\$252.64
June	+0.75 K	\$227.05	+1.35 K	\$250.67
July	+0.75 N	\$229.32	+1.32 N	\$251.76



Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
April	+1.75 K	\$266.42	+1.75 K	\$266.42
May	+1.75 K	\$266.42	+1.75 K	\$266.42
LH July	+1.25 N	\$249.00	+1.25 N	\$249.00

Barley: Feed Barley (FOB USD/MT)			
	April	May	June
FOB PNW	\$265	\$265	\$265

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	April	May	June
<b>New Orleans</b>	\$220	\$220	\$220
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	April	May	June
<b>New Orleans</b>	\$960	\$960	\$960
*5-10,000 MT Minimum			

\*All prices are market estimates.

DDGS Price Table: April 4, 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	290	285	280
FOB Vessel GULF	297	292	287
Rail delivered PNW	330	320	315
Rail delivered California	336	326	321
Mid-Bridge Laredo, TX	328	323	316
40 ft. Containers to South Korea (Busan)	385	375	370
40 ft. Containers to Taiwan ( Kaohsiung )	376	366	361
40 ft. Containers to Philippines ( Manila )	382	372	367
40 ft. Containers to Indonesia ( Jakarta )	382	372	367
40 ft. Containers to Malaysia (Port Kelang)	384	374	369
40 ft. Containers to Vietnam (HCMC)	390	380	375
40 ft. Containers to Japan (Yokohama)	385	375	370
40 ft containers to Thailand (LCMB)	388	378	373
40 ft Containers to Shanghai, China	373	363	358
KC & Elwood, IL Rail Yard (delivered Ramp)	290	286	282

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:** The successful merchandising and global interest in DDGS was noted this past week by Secretary Tom Vilsack of the U.S. Department of Agriculture when he spoke at a container loading facility in Joliet, Illinois. Secretary Vilsack said that American biofuels need to follow the byproduct overseas, as noted by an article from agrinews.com. Efficiency from beginning to end has enabled this industry to become global within just a few years.

DDGS end-users are becoming increasingly accustomed to the routine of ethanol plants performing periodic maintenance, which a number of facilities will perform in the month of April. Merchandisers seek to work with buyers in maintaining a consistent product flow. This season has proven more challenging because of logistical issues, but as noted in the ethanol section, those difficulties are being corrected. DDGS buyers seem to recognize this fact and the result is that DDGS trading has slowed this past week as buyers are willing to momentarily step back and wait for transportation issues to improve. Buyers would also like to see some decline in prices, which did not happen this past week.

The average price of DDGS in the nearby April spot market was up by \$10 or more and up about \$5 per MT for the May and June time periods. Consequently, a number of DDGS buyers who have sufficient inventory for immediate needs have decided to watch corn planting conditions materialize in the United States. That tactic can pay off, but only if planting conditions are favorable. The spring planting season is a crucial period for buyers to maintain an open dialog with DDGS merchandisers.

**Ethanol Comments:** Ethanol futures prices had a setback this week as it became evident that logistical issues are being corrected. A primary indicator of this correction is that ethanol stocks are increasing on the East Coast, which is the United States' largest consumption area of ethanol. Approximately 70 percent of U.S. ethanol is transported by rail and weather-related delays had rippled throughout the entire industry. Rail-lines are credited for working around the clock to correct the logistical backlogs.

Expectations for an eventual decline in the elevated spot market of ethanol was reflected in the pricing structure of ethanol futures contracts, which has more distant contracts trading at a sharp discount. A decline in the spot market is beneficial to the U.S. corn-based ethanol industry because the recent escalation in prices basically erased the premium that Brazilian ethanol held over U.S. ethanol prices, and that condition encourages the importation of Brazilian sugar-based ethanol into the United States. For the week ending March 28, imports of ethanol into the United States averaged about 11,000 barrels per day (bpd). During the same time period, improved rail flow enabled domestic ethanol production to increase to an average of 922,000 bpd, up from the prior week's average daily production level of 885,000 bpd. Greater supplies caused total U.S. ethanol stocks to increase to 15.9 million barrels. This was an increase from the prior week's level of 15.7 million barrels, but U.S. ethanol stocks are still 9.2 percent below the year-ago level of 17.5 million barrels.

The improved logistics and increases in production and stocks are allowing the enormously wide differential between the spot value of co-products and corn to start descending from lofty levels. The differentials for the week ending April 4, 2014 are as follows:



- Illinois differential is \$6.14 per bushel, in comparison to \$8.31 the prior week and \$2.35 a year ago.
- Iowa differential is \$5.84 per bushel, in comparison to \$6.33 the prior week and \$1.92 a year ago.
- Nebraska differential is \$5.52 per bushel, in comparison to \$5.98 the prior week and \$2.39 a year ago.
- South Dakota differential is \$6.47 per bushel, in comparison to \$6.69 the prior week and \$2.52 a year ago.

## COUNTRY NEWS

**South Africa:** South Africa has received its first shipment of imported corn in 2014, reports WPI. The South Africa Grain Information Service reports that 14,000 MT of Ukrainian yellow corn was imported, which represented the first South African corn imports since April 2012. Corn stocks are currently 37 percent lower than at this point in 2013 and stand at 675,000 MT. South Africa has exported 1.9 MMT of corn so far this year. Total corn production is estimated at 12.95 MMT, which is an 11 percent increase over the previous year and potentially the largest corn harvest since 1981's record setting 14.4 MMT.

**Russia/Ukraine:** Western banks that participate in the global commodity trade have begun tightening payment procedures for grain deals made with Russia, according to Reuters. Banks are cutting down on "pre-financing" on grain deals and only provide payment once there is substantial proof that grain has been loaded onto a vessel. Similar measures were applied to grain deals made in Ukraine following its violent political turmoil. Global corn prices have increased by about 20 percent this year to over \$5 per bushel in part due to fears that the supply of Ukrainian corn could be disrupted, especially if plantings decrease. As of now, grain shipments from Russian and Ukrainian ports remain undisturbed.

## 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	\$50.00	Down \$2.00	Handymax at \$51.50/MT
55,000 U.S. PNW- Japan	\$27.00	Down \$1.00	Handymax at \$28.00/MT
55,000 U.S. Gulf – China	\$48.00	Down \$1.50	North China
PNW to China	\$25.50	Down \$1.00	
25,000 U.S. Gulf- Veracruz, México	\$19.50	Down \$0.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$17.00	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast	\$23.00	Down \$0.50	West Coast Colombia at \$31.00
Colombia, Argentina	\$33.00	Down \$1.50	
35,000 U.S. Gulf - Guatemala	\$31.50	Down \$0.50	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$39.00	Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
	\$42.00	Unchanged	

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25,000 U.S. Gulf-Morocco	\$41.00	Unchanged	5,000 discharge rate
55,000 U.S. Gulf – Egypt PNW to Egypt	\$34.00 \$35.00	Unchanged Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$34.50
60-70,000 U.S. Gulf – Europe – Rotterdam	\$22.00	Unchanged	Handymax at +\$1.50 more
Brazil, Santos – China	\$40.00 \$38.00	Down \$2.00 Down \$2.00	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$43.00	Down \$2.00	—

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:** It was another soft week for world ocean freight markets. Demand is just not developing to the extent anticipated, or needed, in the eyes of vessel owners. The proverbial finger is being pointed at the slow economic growth in China and the Chinese cancellation of Brazilian soybean cargoes. We may have to wait until the U.S. wheat harvest in June-July to find additional demand for some of the excess freight. However, it will continue to be the Capes that drive overall market direction. Lower commodity prices would, of course, help build commodity demand.

Baltic Panamax Dry-Bulk Indices				
April 4, 2014	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	13,667	15,493	-1,826	-11.8%
P3A: PNW/Pacific – Japan	9,138	10,606	-1,468	-13.8%

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 April 4, 2014	
Four weeks ago	\$9.05-\$9.45
Three weeks ago:	\$9.00-\$10.50
Two weeks ago	\$9.75-\$11.70
One week ago:	\$10.00-\$11.25
This week	\$10.35-\$10.45

Source: O'Neil Commodity Consulting

U.S. – Asia Market Spreads					
April 4, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.35	0.85	0.50	\$19.68	PNW

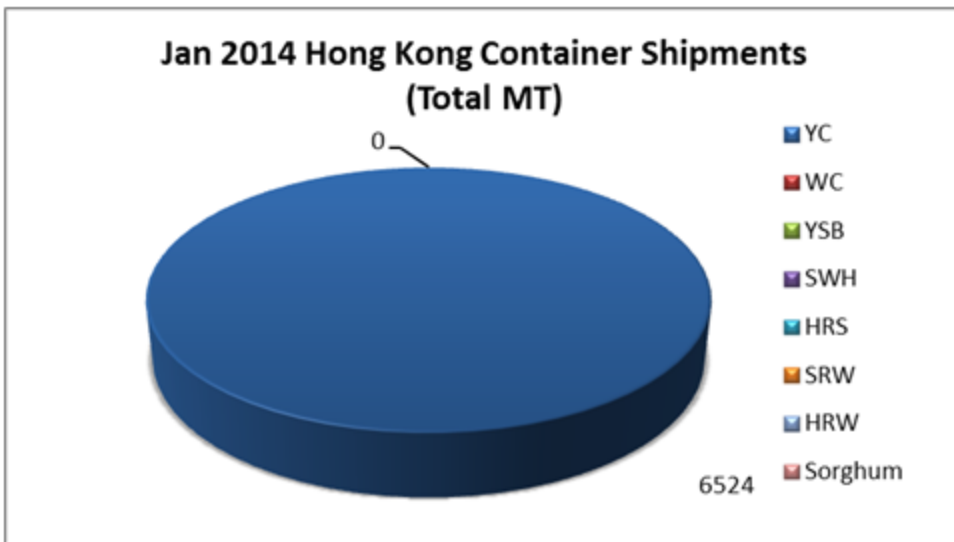
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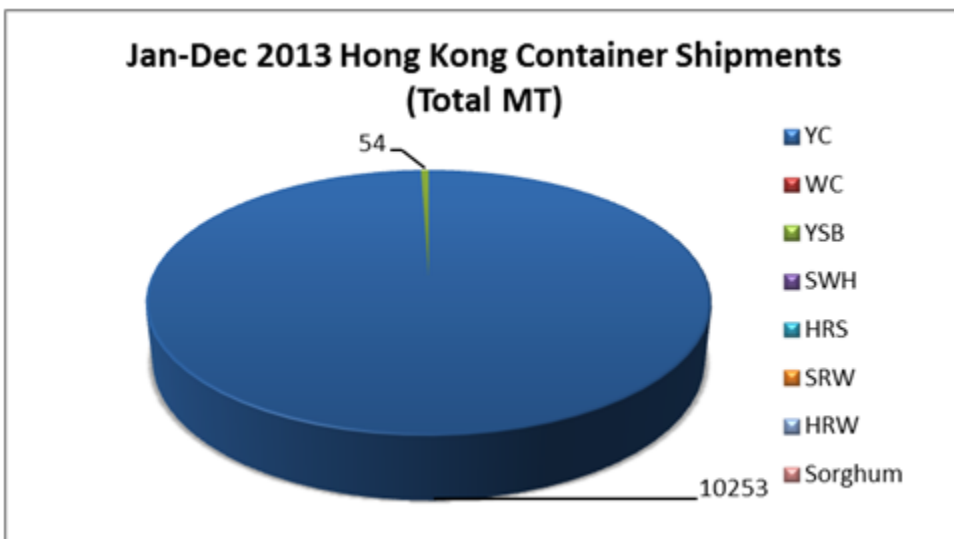
Soybeans	1.45	0.95	0.50	\$18.37	PNW
Ocean Freight	\$25.50	\$48.00	0.57-0.61	(\$22.50)	May

Source: O'Neil Commodity Consulting

The charts below represent January-December 2013 annual totals versus January 2014 year-to-date container shipments for Hong Kong.



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

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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	\$46	\$49	\$47	\$33	\$37	\$35	-
	Brazil	\$38	\$40.5	\$40	\$31	\$27	\$25	-
Corn (White)	Argentina	\$46	\$49	\$47	\$33	\$37	\$35	-
	Brazil	\$38	\$40.5	\$40	\$31	\$27	\$25	-
Barley	Argentina	\$46	\$49	\$47	\$33	\$37	\$35	-
	Brazil	\$38	\$40.5	\$40	\$31	\$27	\$25	-
Sorghum	Argentina	\$46	\$49	\$47	\$33	\$37	\$35	-
	Brazil	\$38	\$40.5	\$40	\$31	\$27	\$25	-

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 (%): April 2, 2014			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.33	0.33	0.33
LIBOR (1 year)	0.56	0.56	0.55

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