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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn July Contract

\$/Bu	Monday 25 May	Tuesday 26 May	Wednesday 27 May	Thursday 28 May	Friday 29 May
Change	-	-0.0500	-0.0550	0.0400	-0.0200
Closing Price	-	3.5500	3.4950	3.5350	3.5150
Factors Affecting the Market	Memorial Day Holiday; markets closed.	July corn only traded down five cents but it was a decisive close that broke through recent technical support levels.	Bearish traders strove to maintain the downward momentum by forcing July corn to close below \$3.50 per bushel.	Corn contracts bounced back up because there seems to be plenty of traders who desire to buy July corn below \$3.50 per bushel.	Just about all of the bearish news that can be conceived is apparently having a hard time forcing corn contracts into new lows.

Outlook: As the June 1 deadline approached, there was some anticipation that the biofuel announcement by the U.S. Government’s Environmental Protection Agency (EPA) could be construed as bearish for corn prices if mandated ethanol consumption were less than prior projections. That expectation proved to be somewhat correct, but only because the expectation for total gasoline use is down from earlier estimates. The current lower prices of gasoline are expected to stimulate increased gasoline consumption, and EPA is projecting such

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.

an increase in U.S. domestic consumption of conventional ethanol from 13.25 billion gallons in 2014, to 13.4 billion gallons in 2015 and 14 billion gallons in 2016. Please note that these amounts are not caps but minimums.

U.S. ethanol also has developed an export market. Recent declines in the price of corn are encouraging more ethanol production, and global buyers do take note when the price of ethanol is favorable in relation to gasoline. Present market conditions may stipulate that margins become thin for ethanol facilities, as is already the case for corn growers, but the overall outlook for both parties looks positive well into the future.

CBOT JULY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending May 29, 2015			
Commodity	29-May	22-May	Net Change
Corn			
Jul 15	351.50	360.00	-8.50
Sep 15	357.25	366.75	-9.50
Dec 15	368.00	377.75	-9.75
Mar 16	378.50	388.25	-9.75
Soybeans			
Jul 15	934.00	924.25	9.75
Aug 15	919.25	916.25	3.00
Sep 15	907.75	907.50	0.25
Nov 15	905.75	907.00	-1.25



Soymeal			
Jul 15	305.70	304.20	1.50
Aug 15	298.40	299.90	-1.50
Sep 15	295.00	297.10	-2.10
Oct 15	292.60	295.10	-2.50
Soyoil			
Jul 15	33.33	31.64	1.69
Aug 15	33.35	31.69	1.66
Sep 15	33.33	31.73	1.60
Oct 15	33.27	31.75	1.52
SRW			
Jul 15	477.00	515.25	-38.25
Sep 15	482.25	523.00	-40.75
Dec 15	497.00	537.00	-40.00
Mar 16	511.50	551.50	-40.00
HRW			
Jul 15	498.75	546.50	-47.75
Sep 15	507.75	557.00	-49.25
Dec 15	524.75	573.50	-48.75
Mar 16	538.00	586.25	-48.25
MGEX (HRS)			
Jul 15	530.75	568.75	-38.00
Sep 15	541.50	580.00	-38.50
Dec 15	555.50	593.25	-37.75
Mar 16	569.50	605.75	-36.25

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	24-May-15	Last Week	Last Year	2010-14 Average
Corn	92%	85%	86%	88%
Sorghum	41%	38%	45%	46%

Source: USDA

U.S. Drought Monitor Weather Forecast: During the next five days, the western U.S. will experience a warming trend, while near- to above-normal temperatures will continue in the East. In contrast, very cool weather will cover much of the Plains and Midwest. Meanwhile, heavy rain (locally 2-4 inches) will lead to additional flooding across the southeastern Plains and western Gulf Coast region. A broader area of the Plains and Midwest will receive 1-2 inches, with locally higher totals. Similar amounts can be expected in the eastern U.S., except along the southern Atlantic Coast. Elsewhere, showers in the Rockies and Intermountain West will contrast with warm, dry weather in the Pacific Coast States and the Desert Southwest.

The NWS 10-day outlook calls for the likelihood of near- to above-normal temperatures and precipitation across much of the nation. Enhanced odds of cooler-than-normal conditions will be limited to parts of Texas, while drier-than-normal weather will be limited to the Pacific Northwest and the northern Intermountain West. 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 May 21, 2015					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	49,200	494,100	21,929.2	23,310.5	-27%
Corn	920,300	1,070,800	31,236.6	42,995.8	-6%
Sorghum	77,300	111,400	6,564.2	8,286.3	103%
Barley	0	100	128.1	148.7	-16%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 812,600 MT for delivery in 2014/15 were up noticeably from the previous week and 12 percent from the prior four-week average. Increases were reported for Japan (455,900 MT, including 107,800 MT switched from unknown destinations and decreases of 71,000 MT), Colombia (117,000 MT, including 65,000 MT switched from unknown destinations, 50,000 MT switched from Panama and decreases of 7,900 MT), South Korea (112,500 MT, including 80,000 MT switched from unknown destinations), Taiwan (57,000 MT), Mexico (42,200 MT) and Peru (39,000 MT). Decreases were reported for unknown destinations (52,500 MT), Panama (50,000 MT) and China (900 MT). Net sales of 80,700 MT for 2015/16 were reported for China (58,000 MT), Mexico (13,700 MT), El Salvador (8,000 MT) and unknown destinations (1,000 MT). Exports of 1,079,500 MT were down 3 percent from the previous week and 5 percent from the prior four-week average. The primary destinations were Mexico (267,800 MT), Japan (229,900 MT), Colombia (214,300 MT), Taiwan (133,600 MT), South Korea (91,000 MT) and Saudi Arabia (75,500 MT).

Barley: There were no sales reported during the week. Net sales of 200 MT for 2015/16 were reported for Japan. Exports of 200 MT were reported to South Korea.

Sorghum: Net sales of 100,600 MT for 2014/15 resulted as increases for China (179,500 MT, including 82,000 MT switched from unknown destinations and decreases of 4,900 MT), were partially offset by decreases for unknown destinations (79,000 MT). Net sales of 271,000 MT for 2015/16 were reported for China (163,000 MT) and unknown destinations (108,000 MT). Exports of 147,300 MT were down 11 percent from the previous week and 23 percent from the prior four-week average. The destination was China.

U.S. Export Inspections: Week Ending May 21, 2015					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	1,006,720	1,108,998	30,920,512	32,696,890	95%



Sorghum	111,405	139,802	7,203,329	3,304,481	218%
Soybeans	291,192	341,097	46,870,988	41,960,880	112%
Wheat	418,376	327,033	22,194,653	30,734,890	72%
Barley	0	0	162,538	200,223	81%

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 May 21, 2015						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	797,387	80%	7,079	92%	111,405	100%
PNW	62,587	6%	0	0%	0	0%
Lakes	10,511	1%	0	0%	0	0%
Atlantic	5,510	1%	0	0%	0	0%
Interior Export Rail	123,058	12%	588	8%	0	0%
Total (Metric Tons)	999,053	100%	7,667	100%	111,405	100%
White Corn Shipments by Country (MT)			7,079	to Honduras		
			588	to Japan		
Total White Corn (MT)			7,667			
Sorghum Shipments by Country (MT)					111,405	to China
Total Sorghum (MT)					111,405	

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 June	+0.75 N	\$167.90	+0.95 N	\$175.78
LH June	+0.74 N	\$167.51	+0.95 N	\$175.78
July	+0.70 N	\$165.94	+0.95 N	\$175.78
August	+0.64 U	\$165.84	+0.90 U	\$176.07



#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	June	July	August
Gulf	\$205	\$205	\$205

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
June	+2.80 N	\$248.61	+2.80 N	\$248.61
July	+2.50 Z	\$243.29	+2.50 Z	\$243.29
August	+2.50 Z	\$243.29	+2.30 Z	\$235.42

Barley: Feed Barley (FOB USD/MT) (Week ending May 22, 2015)			
	June	July	August
FOB PNW	\$235	\$235	\$235

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	June	July	August
New Orleans	\$140	\$140	\$140
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	June	July	August
New Orleans	\$682.50	\$682.50	\$682.50
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: May 29, 2015 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Jun.	Jul.	Aug.
Barge CIF New Orleans	227	218	215
FOB Vessel GULF	239	232	229
Rail delivered PNW	236	230	229
Rail delivered California	238	232	231
Mid-Bridge Laredo, TX	235	234	232
40 ft. Containers to South Korea (Busan)	289	277	277
40 ft. Containers to Taiwan (Kaohsiung)	285	272	272
40 ft. Containers to Philippines (Manila)	300	283	283
40 ft. Containers to Indonesia (Jakarta)	295	283	283
40 ft. Containers to Malaysia (Port Kelang)	296	287	287
40 ft. Containers to Vietnam (HCMC)	300	291	291

40 ft. Containers to Japan (Yokohama)	300	280	280
40 ft. containers to Thailand (LCMB)	297	280	280
40 ft. Containers to Shanghai, China	284	274	273
KC & Elwood, IL Rail Yard (delivered Ramp)	223	221	220

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: DDGS buyers from Korea and Vietnam were in the market this week and looking to potentially price shipments for the months of July and August. Their strategy makes great sense because of the favorable pricing that is currently being offered for that time period; bulk DDGS rates at the Gulf of Mexico are on average below the spot market by \$9/MT for July and down \$13/MT for August. In similar fashion, domestic rates for DDGS are averaging down \$5/MT for July and \$7/MT for August, while international containerized rates are down \$4/MT below the spot price for each of those months.

In relation to rates for the nearby spot market, this week there were declines of \$8/MT for both containerized and bulk DDGS being sent to foreign clients. Alternatively, there was no such decline in either domestic truck or rail rates for DDGS. The reason for this difference seems to be because domestic buyers primarily purchase only for their immediate needs while foreign buyers will often extend their purchases into the futures, which is something that DDGS merchandisers appreciate.

Foreign buyers have told several different DDGS merchandisers that they are waiting on prices to hit bottom before purchasing any more product. However, most traders know that predicting the actual bottom is easier said than done.

Ethanol Comments: The Environmental Protection Agency (EPA) finally issued the mandated ethanol production requirements for 2014, which come about two years late, and directed that the amount of ethanol that was produced during that year be produced. Such a formality is influencing the price of Renewable Identification Numbers (RINs) but it is expected to have limited influence on the present-day price of ethanol.

Demand is the factor that will influence the current and future price of ethanol, and the EPA noted that the total U.S. gasoline consumption in 2015 and 2016 is likely to be less than was forecast several years ago. As a result, the amount of ethanol consumption is also expected to be lower than was initially projected. That is a logical conclusion, but it also seems reasonable to conclude that recent declines in the price of gasoline should also encourage a rebound in consumption.

Evidence of demand is seen in the fact that total U.S. ethanol stocks declined to 20.1 million barrels for the week ending May 22, which was down from the prior week's total of 20.4 million barrels. This reduction occurred while there was a sizable increase in the average daily production rate to 969,000 barrels per day (bpd). That increase presumably contributed to this week's decline in the differentials between the spot price of corn and ethanol co-products in primary regions of the Corn Belt. The differentials for the week ending May 29, 2015 are as follows:

- Illinois differential is \$2.39 per bushel, in comparison to \$2.60 the prior week and \$4.12 a year ago.
- Iowa differential is \$2.14 per bushel, in comparison to \$2.35 the prior week and \$4.02 a year ago.
- Nebraska differential is \$1.84 per bushel, in comparison to \$2.11 the prior week and \$3.70 a year ago.
- South Dakota differential is \$2.42 per bushel, in comparison to \$2.57 the prior week and \$4.22 a year ago.

COUNTRY NEWS

France: The port of Rouen shipped 222,556 MT of grain for the week ending May 27, which is a five-week high reports Bloomberg News. Among these shipments was 128,005 MT of barley bound for China.

South Africa: Bloomberg News reports that the South African Crop Estimates Committee has raised its corn production forecast by 0.8 percent following weeks of reduced forecasts. Farmers may bring in 9.8 MMT of corn, which will be the smallest harvest since 2007. Drought conditions in the Free State and North West provinces (where 64 percent of the 2014 harvest was grown) are the primary culprits in the small corn totals this year.

Ukraine: UkrAgroConsult has predicted that the total grain harvest for 2015/16 could total 54.9 MMT, according to Bloomberg News. This is up from an earlier prediction of 52.3 MMT due to good weather in April.

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	\$30.00	Down \$0.25	Handymax at \$30.25/MT
55,000 U.S. PNW-Japan	\$16.50	Unchanged	Handymax at \$17.00/MT
55,000 U.S. Gulf-China	\$28.75	Down \$0.25	North China
PNW to China	\$15.50	Unchanged	
30,000 U.S. Gulf-Veracruz, México	\$14.00	Unchanged	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$11.50	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$12.50 \$23.50	Unchanged Unchanged	West Coast Colombia at \$20.00
36-40,000 U.S. Gulf-Guatemala	\$20.50	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$28.00 \$29.50	Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$27.00		Unchanged
55,000 U.S. Gulf-Egypt	\$23.50	Unchanged	55,000 -60,000 MT

PNW to Egypt	\$24.00	Unchanged	St. Lawrence to Egypt \$24.00
65-75,000 U.S. Gulf-Europe-Rotterdam	\$13.25	Unchanged	Handymax at +\$1.50 more
Brazil, Santos-China	\$23.00 \$22.00	Unchanged Unchanged	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$31.00	Unchanged	48-53,000 MT (11.5 meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$28.75	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: It was another rather flat week in global dry-bulk freight markets. As mentioned previously; there really isn't much reason for markets to move significantly in either direction and things are therefore pretty much range-bound for now. This is comforting news for freight buyers but not at all good for vessel owners and investors – and vessel owners are certainly feeling the pain. Vessel owner Golden Destiny has delayed the construction and delivery of 19 new vessels out to 2017. The company reported a loss of 15.3 million USD in the first quarter of 2015. It is easy to conclude that Golden Destiny is not alone in this situation and we should expect to see more of this as we go forward. The market turnaround is not in sight.

Baltic Panamax Dry-Bulk Indices				
May 29, 2015	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	8,302	8,295	7	0.1%
P3A: PNW/Pacific– Japan	4,254	4,798	-544	-11.3%

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:

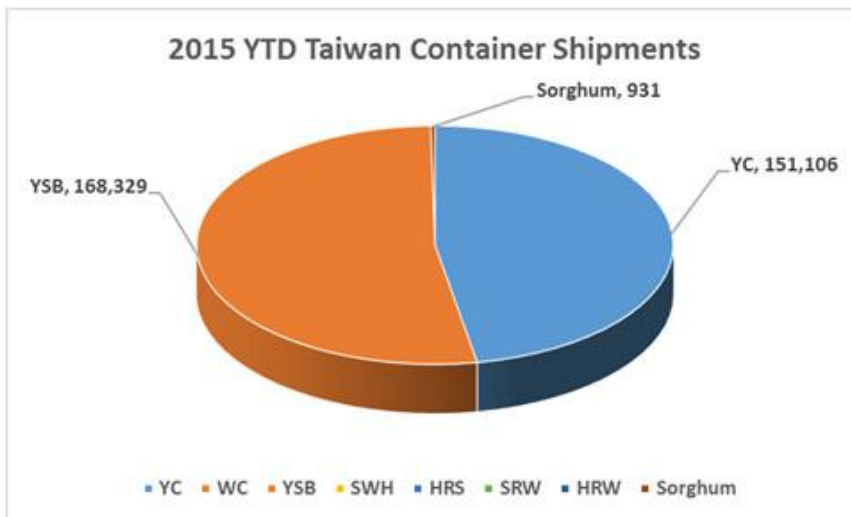
Week of May 29, 2015	
Four weeks ago:	\$4.40-\$4.50
Three weeks ago:	\$4.40-\$4.65
Two weeks ago:	\$4.80-\$5.60
One week ago:	\$4.90-\$5.15
This week	\$4.95-\$5.15

Source: O'Neil Commodity Consulting

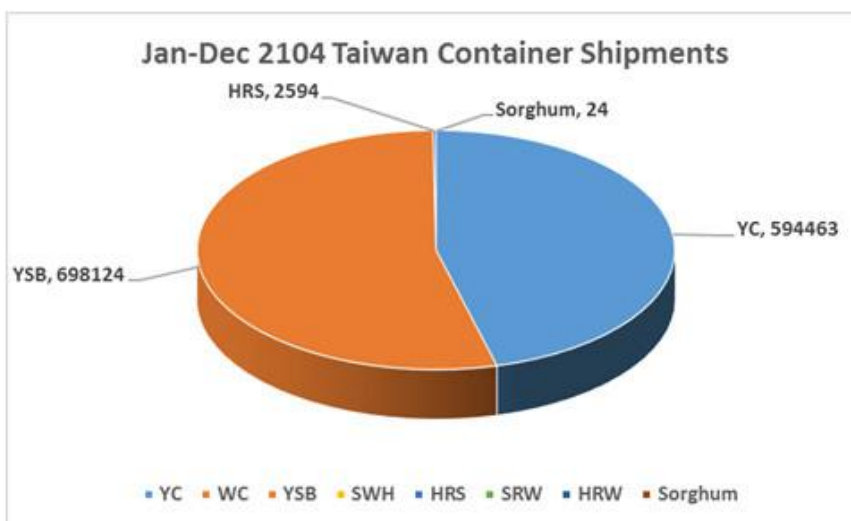
U.S. – Asia Market Spreads					
May 29, 2015	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.94	0.70	0.24	\$9.45	PNW
Soybeans	1.20	0.85	0.35	\$13.78	Both
Ocean Freight	\$15.50	\$29.00	0.34-0.37	(\$13.50)	June

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week ending May 29, 2015								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$29	\$31	\$30	\$25	\$25	\$22	-
	Brazil	\$22	\$24	\$23	\$21	\$19	\$17	-
Corn (White)	Argentina	\$29	\$31	\$30	\$25	\$25	\$22	-
	Brazil	\$22	\$24	\$23	\$21	\$19	\$17	-
Barley	Argentina	\$29	\$31	\$30	\$25	\$25	\$22	-
	Brazil	\$22	\$24	\$23	\$21	\$19	\$17	-
Sorghum	Argentina	\$29	\$31	\$30	\$25	\$25	\$22	-
	Brazil	\$22	\$24	\$23	\$21	\$19	\$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 (%): May 27, 2015			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.43	0.41	0.41
LIBOR (1 year)	0.74	0.72	0.71

Source: www.bankrate.com