



**CONTENTS**

CHICAGO BOARD OF TRADE MARKET NEWS ..... 1

CBOT MAY CORN FUTURES.....2

U.S. WEATHER/CROP PROGRESS ..... 4

U.S. EXPORT STATISTICS ..... 5

FOB..... 6

DISTILLERS DRIED GRAINS WITH SOLUBLES (DDGS) ..... 7

COUNTRY NEWS ..... 8

OCEAN FREIGHT MARKETS AND SPREAD ..... 8

OCEAN FREIGHT COMMENTS ..... 10

INTEREST RATES..... 12

**CHICAGO BOARD OF TRADE MARKET NEWS**

Week in Review: CME Corn December Contract					
\$/Bu	Monday 22 June	Tuesday 23 June	Wednesday 24 June	Thursday 25 June	Friday 26 June
<b>Change</b>	0.0475	0.0775	-0.0075	0.1175	0.0975
<b>Closing Price</b>	3.7350	3.8125	3.8050	3.9225	4.0200
<b>Factors Affecting the Market</b>	Anticipation of another modest decline in the average crop condition of U.S. corn enabled prices to work steadily higher.	Forecasts for additional rains in regions with already soggy soil are made traders increasingly hesitant to sell.	Weekly ethanol data implied strong demand but the chart of the Dec. corn contract closed indecisively.	The resolve of short traders was weakened on less-than-ideal weather and USDA reports approach.	The December corn contract rallied back to levels that have not been seen since April as pre-report jitters take hold.

**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.**

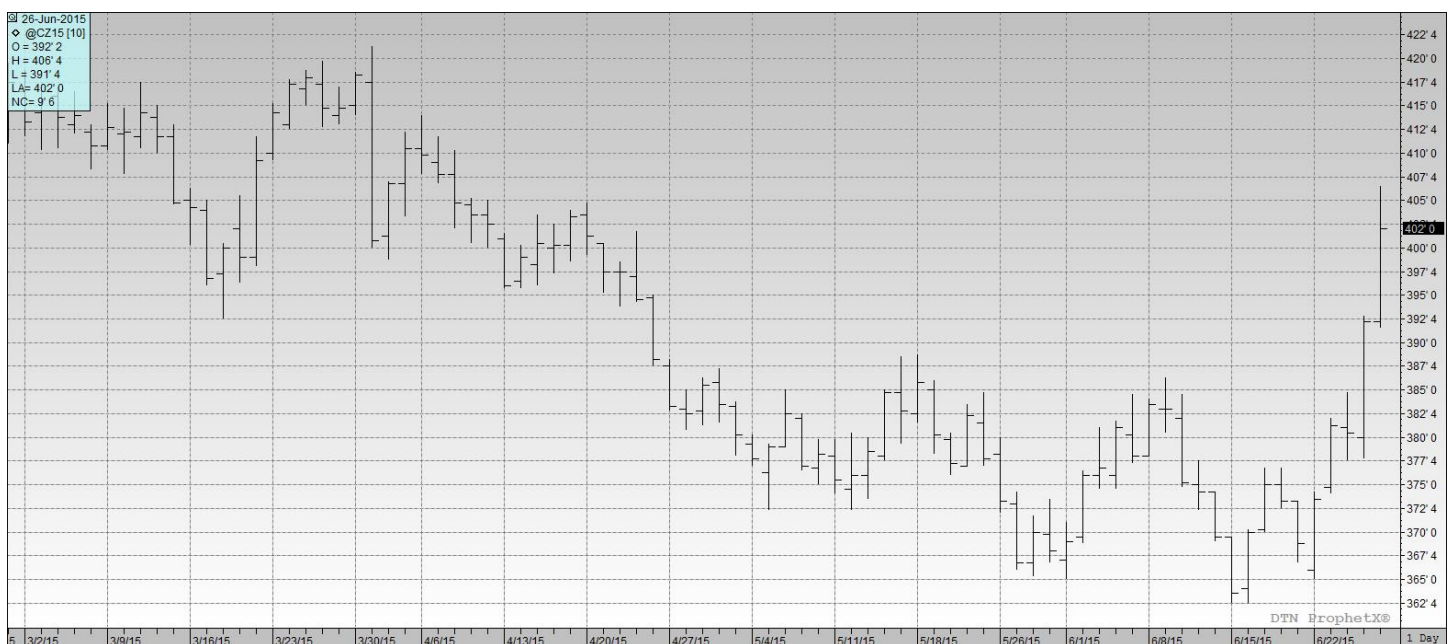
*The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C. and has nine international offices that oversee 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:** Market developments have evolved in conjunction with the near-term expectations that were conveyed in this section last week. A modest decline in crop conditions struck as a gentle tap but it seemed to be the blow that fractured confidence to remain in a short position prior to the release of important USDA data on Tuesday June 30. The December corn contract rallied from Monday morning's low of \$3.65 per bushel to close out the week by briefly trading above \$4.05 per bushel.

The fact that further declines in U.S. corn crop conditions are likely to be made evident on June 29 is being factored into prices by the 40 cent rally this week. There also seems to be a general understanding that there is little precedence for crop conditions to sharply reverse a declining trend and bounce back later in the season. So, even though the final yields have limited statistical correlation with the initial crop condition estimates, there is seldom a tendency for crop condition estimates in the latter part of the season (which are strongly correlated with final yields) to rebound back to prior high levels that occurred earlier in the season. As a result, declining crop conditions any time in the growing season translates into a lower estimate for final yields.

Throw in uncertainty about acreage with the prospect of yield reduction and that combination is enough to make bearish traders nervous about holding a sizable short position at levels that are in the lower quartile of prices from the past seven years. Naturally. Their anxiety can be reduced after the Acreage and Stocks reports are published and the weather forecast improves going into pollination, but the outlook for the remainder of this summer is that the prior confident arrogance to challenge anyone who dares stand in front of new lows will have largely dissipated.

## CBOT DECEMBER CORN FUTURES



Source: Prophet X

**Current Market Values:**

<b>Futures Price Performance: Week Ending June 26, 2015</b>			
<b>Commodity</b>	<b>26-June</b>	<b>19-June</b>	<b>Net Change</b>
<b>Corn</b>			
Jul 15	385.00	353.25	31.75
Sep 15	392.50	358.75	33.75
Dec 15	402.00	368.75	33.25
Mar 16	412.75	379.75	33.00
<b>Soybeans</b>			
Jul 15	1002.00	971.50	30.50
Aug 15	997.75	955.25	42.50
Sep 15	989.50	942.00	47.50
Nov 15	986.00	939.75	46.25
<b>Soymeal</b>			
Jul 15	341.30	323.10	18.20
Aug 15	334.80	316.80	18.00
Sep 15	329.60	311.60	18.00
Oct 15	326.50	307.20	19.30
<b>Soyoil</b>			
Jul 15	33.22	32.55	0.67
Aug 15	33.31	32.63	0.68
Sep 15	33.38	32.71	0.67
Oct 15	33.46	32.79	0.67
<b>SRW</b>			
Jul 15	562.25	488.50	73.75
Sep 15	568.00	492.50	75.50
Dec 15	576.00	506.25	69.75
Mar 16	583.25	519.75	63.50
<b>HRW</b>			
Jul 15	559.25	503.25	56.00
Sep 15	569.00	513.00	56.00
Dec 15	588.50	532.00	56.50
Mar 16	601.50	546.00	55.50
<b>MGEX (HRS)</b>			
Jul 15	595.75	543.00	52.75
Sep 15	609.25	553.75	55.50
Dec 15	622.25	567.25	55.00
Mar 16	632.75	581.00	51.75

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

## U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	21-June-15	Last Week	Last Year	2010-14 Average
Sorghum	85%	71%	86%	89%

Source: USDA

U.S. Crop Condition: June 21, 2014					
	Very Poor	Poor	Fair	Good	Excellent
Corn	1%	5%	23%	57%	14%
Sorghum	3%	3%	26%	56%	12%
Barley	0%	3%	21%	59%	17%

Source: USDA

**U.S. Drought Monitor Weather Forecast:** For the upcoming period of June 26-29, hot and dry weather should prevail west of the Rockies' Front Range, except in parts of the desert Southwest. Little, if any, precipitation is expected and daily high temperatures from Utah and Nevada northward through the northern Rockies and Intermountain West will average 9-18 degrees F above normal, with even higher departures possible along the east side of the Cascades. Near normal temperatures and light to moderate precipitation are forecast for the Plains and southeastern Rockies, with over an inch of possible in the higher elevations of south-central Colorado and adjacent New Mexico. Light to moderate rain is also expected across the Great Lakes and northern New England, along with cooler than normal temperatures (daily highs should average 3-6 degrees F below normal). Moderate-to-heavy rainfall, generally exceeding an inch, is expected from the Midwest, Ohio Valley and lower Northeast southward through the Gulf Coast and Florida. Over an inch of rain is anticipated everywhere except parts of Florida, with 2-5 inches potentially falling on the Ohio Valley, central to northern Appalachians and mid-Atlantic region.

For the ensuing period of June 30-July 4, continued above-normal temperatures are favored in most of the West and across the Gulf Coast and southern Atlantic regions, including Florida. Meanwhile, the odds favor anomalously cool weather from the Plains eastward through the upper Southeast, Ohio Valley, Great Lakes and interior portions of the mid-Atlantic and Northeast. Drier-than-normal conditions are favored across Florida and in a swath from the northern Plains to the Pacific Northwest. Enhanced chances for above-normal precipitation cover a large part of the rest of the contiguous 48 states, excepting California, the central Gulf Coast and in a strip from the northern Intermountain West eastward through the Dakotas and Minnesota, south of the area where subnormal precipitation is favored. 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 June 18, 2015					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	341,500	284,500	376.7	5,047.3	-27%
Corn	707,100	1,044,900	34,064.8	44,583.4	-4%
Sorghum	60,000	10,100	6,835.2	8,370.1	94%
Barley	0	300	0.7	8.4	-62%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales of 496,800 MT for delivery in 2014/15 were down 21 percent from the previous week and 11 percent from the prior four-week average. Increases were reported for Japan (352,700 MT, including 102,400 MT switched from unknown destinations and decreases of 30,000 MT), South Korea (115,800 MT, including 180,000 MT switched from unknown destinations and decreases of 66,000 MT), Colombia (74,300 MT), Taiwan (73,700 MT, including 63,000 MT switched from unknown destinations), China (60,500 MT, including 55,000 MT switched from unknown destinations) and Mexico (39,200 MT). Decreases were reported for unknown destinations (287,500 MT), the French West Indies (10,000 MT) and New Zealand (5,900 MT). Net sales of 297,500 MT for 2015/16 were reported for Mexico (220,200 MT), unknown destinations (48,600 MT), Taiwan (23,000 MT), the French West Indies (5,000 MT) and Guatemala (700 MT). Exports of 1,126,000 MT were up 8 percent from the previous week and 16 percent from the prior four-week average. The primary destinations were Japan (468,700 MT), Mexico (204,700 MT), South Korea (124,600 MT), Colombia (96,000 MT), Taiwan (71,400 MT) and China (61,100 MT). Optional Origin Sales: For 2014/15, new optional origin sales totaling 52,500 MT were reported for Egypt. Outstanding optional origin sales total 52,500 MT, all Egypt.

**Barley:** Net sales of 100 MT for 2015/16 were reported for Japan. Exports of 500 MT were reported to Japan (400 MT) and Canada (100 MT).

**Sorghum:** Net sales of 100 MT for 2014/15 were reported primarily for Canada. There were no exports reported during the week.

U.S. Export Inspections: Week Ending June 18, 2015					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
<b>Corn</b>	442,100	388,300	765.0	5,481.6	-25%
<b>Sorghum</b>	697,000	1,126,000	35,190.8	45,080.2	-4%
<b>Soybeans</b>	200	0	6,835.3	8,370.3	94%
<b>Wheat</b>	100	500	1.2	8.4	-62%
<b>Barley</b>	442,100	388,300	765.0	5,481.6	-25%

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 June 18, 2015						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	594,076	54%	0	0%	0	0%
PNW	360,299	33%	0	0%	0	0%
Lakes	27,726	3%	0	0%	0	0%
Atlantic	10,143	1%	0	0%	980	100%
Interior Export Rail	113,010	10%	0	0%	0	0%
<b>Total (Metric Tons)</b>	<b>1,105,254</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>980</b>	<b>100%</b>
<b>Sorghum Shipments by Country (MT)</b>					980	to Burma
<b>Total Sorghum (MT)</b>					980	

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 July	+0.84 N	\$184.64	+0.92 N	\$187.78
LH July	+0.83 N	\$184.24	+0.92 N	\$187.78
August	+0.69 U	\$181.68	+0.90 U	\$189.95
FH September	+0.70 U	\$182.08	+0.94 U	\$191.52
September	+0.75 U	\$184.04	+0.94 U	\$191.52

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	\$261.80	+2.80 N	\$261.80
July	+2.50 Z	\$256.68	+2.50 Z	\$256.68
August	+2.50 Z	\$256.68	+2.30 Z	\$248.80

Barley: Feed Barley (FOB USD/MT)			
	July	August	September
FOB PNW	\$230	\$230	\$230

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	July	August	September
New Orleans	\$170	\$170	\$170

Quantity 5,000 MT			
<b>Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)</b>			
<b>Bulk 60% Pro.</b>	<b>July</b>	<b>August</b>	<b>September</b>
<b>New Orleans</b>	\$680	\$680	\$680
*5-10,000 MT Minimum			

\*All prices are market estimates.

<b>DDGS Price Table: June 26, 2015 (USD/MT)</b> (Quantity, availability, payment and delivery terms vary)			
<b>Delivery Point</b>	<b>Jul.</b>	<b>Aug.</b>	<b>Sep.</b>
<b>Quality Min. 35% Pro-fat combined</b>			
Barge CIF New Orleans	203	203	201
FOB Vessel GULF	224	216	217
Rail delivered PNW	211	210	210
Rail delivered California	213	212	212
Mid-Bridge Laredo, TX	212	210	210
FOB Lethbridge, Alberta	187	191	191
40 ft. Containers to South Korea (Busan)	246	244	246
40 ft. Containers to Taiwan ( Kaohsiung )	248	245	248
40 ft. Containers to Philippines ( Manila )	255	253	255
40 ft. Containers to Indonesia ( Jakarta )	262	260	262
40 ft. Containers to Malaysia (Port Kelang)	260	259	260
40 ft. Containers to Vietnam (HCMC)	261	259	261
40 ft. Containers to Japan (Yokohama)	255	252	255
40 ft containers to Thailand (LCMB)	255	253	255
40 ft Containers to Shanghai, China	235	233	236
KC & Elwood, IL Rail Yard (delivered Ramp)	190	190	190

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 this past week the December corn contract rallied back up to price levels that have not been seen since April. This type of price action can place DDGS merchandisers in a bind because when such events happen there seems to be a tendency for customers to request the prices that were being offered before the rally. These requests can be difficult to fill after changes have occurred in market conditions, but the DDGS merchandisers seem determined to figure out ways to use advantages such as logistical discounts for volume to help their customers obtain better prices. Consider the following factors:

Even though there was a significant rally in corn prices during this past week, the average rate being offered for containerized DDGS to various Asian destinations only increased by an average of \$1/MT. Buyers in

locations such as Taiwan, Malaysia and the Philippines actually had the ability to obtain lower rates during the week, while buyers in Japan and Indonesia were offered rates that were largely unchanged. Domestic buyers, who purchase primarily in the nearby spot market, did see their offers increase on average by about \$6/MT; however, such an increase was still limited when considering the sharp rally in corn futures this past week and the current high level of uncertainty before important USDA data is released next week. This uncertainty has caused enough DDGS buyers to make purchases prior to the release of next week's data that at least one merchandiser reported having over 35 percent of sales already purchased for September. Yet, it is evident that plenty of pricing opportunities still exist because there was a sizable drop this past week in the rate being offered into Alberta, Canada. Finding the best opportunity may just require some shopping around among the different merchandisers.

**Ethanol Comments:** A sizable decline in total ethanol stocks in tandem with weekly ethanol production occurring at a new record level was a positive development this week. Ethanol stocks declined to 19.8 million barrels for the week ending June 19, in comparison to the prior-week's level of 20.7 million barrels. The current U.S. ethanol stocks level is also less than 10 percent above the year ago level of 18.2 million barrels. Meanwhile the average daily rate of ethanol production was 994,000 barrels per day (bpd) in comparison to the week ago rate of 980,000 bpd.

Ethanol facilities are generally experiencing strengthening demand for ethanol and lax demand for DDGS. The result is that recent gains for ethanol are largely being offset by lackluster returns from DDGS. However, data for the week-ending June 26, 2015 shows that the declining differential between the price of corn and the co-products are not significant:

- Illinois differential is \$1.80 per bushel in comparison to \$1.81 the prior week and \$2.96 a year ago.
- Iowa differential is \$1.70 per bushel in comparison to \$1.73 the prior week and \$2.83 a year ago.
- Nebraska differential is \$1.51 per bushel in comparison to \$1.51 the prior week and \$2.90 a year ago.
- South Dakota differential is \$2.28 per bushel in comparison to \$2.11 the prior week and \$3.27 a year ago.

## COUNTRY NEWS

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**Argentina:** Port workers at the grain hub of Rosario have called off a strike that was planned for this week after export companies agreed to provide the workers with a 31.5 percent wage increase, according to Reuters. The strike had the potential to significantly slow corn exports during the harvest.

**China:** Widespread precipitation has boosted China's expected corn output in 2015/16 to 231 MMT, which is 17 MMT higher than last year, according to Reuters.

**India:** India's weather office reports that monsoon rains have covered the country in its entirety, reports Reuters. This event has occurred two weeks earlier-than-normal, which in tandem with rainfall that has been 25 percent higher-than-average since the start of the season has staved off fears of a drought. However, the



forecast remains that monsoon rains will be below average this year. Rains in the northwest and central grain-growing regions should help to speed the planting of this year's corn crop.

**South Africa:** Africa's largest producer may cut its corn forecast for 2015 by a further 0.8 percent due to drought damage, reports Bloomberg News. It is estimated that farmers will bring in 9.76 MMT of corn, which would be the lowest since 2007 due to the worst drought conditions seen since 1992. Last year, farmers brought in a bumper crop of 14.3 MMT, which was the highest harvest in 33 years. Yellow corn prices have risen by 17 percent this year.

## 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	\$32.00	Down \$0.50	Handymax at \$32.50/MT
55,000 U.S. PNW-Japan	\$18.00	Down \$0.50	Handymax at \$19.50/MT
55,000 U.S. Gulf-China	\$30.25	Down \$0.25	North China
PNW to China	\$17.00	Down \$0.50	
30,000 U.S. Gulf-Veracruz, México	\$14.25	Down \$0.25	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$12.25	Down \$0.25	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$14.25 \$26.25	Down \$0.25 Down \$0.25	West Coast Colombia at \$22.50
36-40,000 U.S. Gulf-Guatemala	\$22.25	Down \$0.25	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$30.00 \$31.05	Down \$0.50 Down \$0.25	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$29.50	Up \$1.50	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$25.25	Down \$0.75	55,000 -60,000 MT St. Lawrence to Egypt \$26.00
PNW to Egypt	\$26.75	Unchanged	
65-75,000 U.S. Gulf-Europe-Rotterdam	\$15.00	Up \$0.50	Handymax at +\$1.50 more
Brazil, Santos-China	\$26.00 \$25.00	Down \$0.75 Down \$0.75	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$34.50	Down \$0.50	48-53,000 MT (11.5 meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$32.50	Down \$0.25	—

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 a mixed week. The Capesize vessel market found continued support from the iron ore sector but Panamax grain freight markets seem to have topped out and fallen back a little.

Increases in net-cargo demand have been limited and tightness in available vessels has, so far, proven to be just positional and will quickly resolved once vessels ballast to the areas of need.

Baltic Panamax Dry-Bulk Indices				
June 26, 2015	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	11,805	12,336	-431	-3.5%
P3A: PNW/Pacific– Japan	5,880	5,971	-91	-1.5%

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:

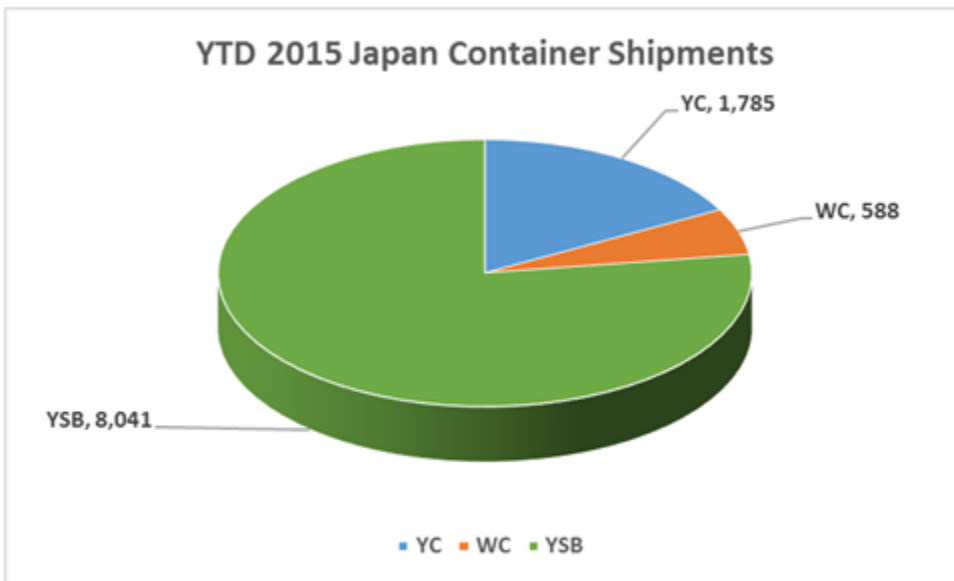
Week of June 26, 2015	
Four weeks ago:	\$4.90-\$5.15
Three weeks ago:	\$5.05-\$5.15
Two weeks ago	\$4.95-\$5.10
One week ago:	\$4.95-\$5.10
This week	\$5.75-\$5.90

Source: O'Neil Commodity Consulting

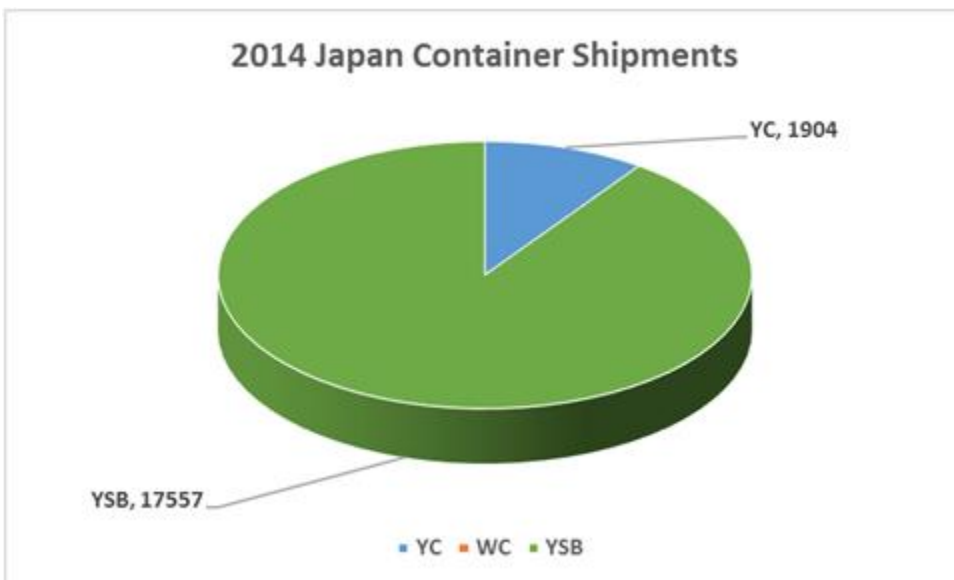
U.S. – Asia Market Spreads					
June 26, 2015	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.92	0.74	0.18	\$7.09	PNW
Soybeans	1.15	0.90	0.25	\$9.84	PNW
Ocean Freight	\$17.00	\$30.25	0.34-0.36	(\$13.25)	July

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) – Week ending June 26, 2015								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$31	\$34	\$32	\$25	\$25	\$23	-
	Brazil	\$23	\$25	\$24	\$21	\$19	\$18	-
Corn (White)	Argentina	\$31	\$34	\$32	\$25	\$25	\$23	-
	Brazil	\$23	\$25	\$24	\$21	\$19	\$18	-
Barley	Argentina	\$31	\$34	\$32	\$25	\$25	\$23	-
	Brazil	\$23	\$25	\$24	\$21	\$19	\$18	-
Sorghum	Argentina	\$31	\$34	\$32	\$25	\$25	\$23	-
	Brazil	\$23	\$25	\$24	\$21	\$19	\$18	-

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 (%): June 24, 2015			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.44	0.45	0.43
LIBOR (1 year)	0.77	0.79	0.74

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