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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Monday 6 July	Tuesday 7 July	Wednesday 8 July	Thursday 9 July	Friday 10 July
Change	-0.0225	-0.0200	0.0125	0.0475	0.0600
Closing Price	4.3500	4.3300	4.3425	4.3900	4.4500
Factors Affecting the Market	The December corn contract was prone to consolidate between \$4.30 and \$4.40 per bushel until market price influencing factors became more certain.	Corn futures remained within a trading range as a slight increase in the average condition of U.S. corn was offset by the prospect of returning wet weather.	Near-term weather and production uncertainties were compounded by additional uncertainty about global economic conditions.	The December corn contract closed just below \$4.40 per bushel and was poised to step higher pending Friday's WASDE.	Data within USDA's July WASDE projected that U.S. corn ending stocks will decline in 2015/16. As a result, corn contracts stepped higher.

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: A subtle but important factor contained with USDA's July WASDE report is the reduction of the ending stocks estimate below 1.8 billion bushels for the current 2014/15 marketing year that will soon end on August 31, 2015. The importance of this fact is that it raises the price floor for the nearby corn contracts and it reduces the beginning stocks estimate for next season.

Increased demand is what reduced the estimate for 2014/15 corn ending stocks from the June estimate of 1.876 billion bushels to the new estimate of 1.779 billion bushels. This adjustment is important first because it dampens any justification for shoving the nearby futures contracts back below \$4.00 per bushel. Second, the reduced ending stocks for the current season become the beginning stocks for the approaching 2015/16 season that will begin on September 1. Naturally, the lower beginning stocks flows right through next season's balance sheet to result in ending stocks for the 2015/16 season dropping from the July estimate of 1.771 to 1.599 billion bushels.

Please consider that the prospect of 2015/16 U.S. corn ending stocks being at least 1.6 billion bushels is dependent upon the average corn yield falling no further than the current estimate of 166.8 bushels per acre. The reason that USDA chose not to adjust their yield estimate in the July WASDE is because the normal protocol is to wait upon actual field surveys and make adjustment to yields in the August data. Holding all other factors constant, each one-bushel drop below the current corn yield estimate of 166.8 bushels will reduce the ending stocks of U.S. corn by more than 81 million bushels. In other words, a reduction of less than 2 bushels per acre from the current estimate will cause U.S. corn ending stocks to fall below 1.5 billion bushels.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending July 10, 2015			
Commodity	10-July	2-July	Net Change
Corn			
Jul 15	427.25	419.75	7.50
Sep 15	434.75	428.50	6.25
Dec 15	445.00	437.25	7.75
Mar 16	454.75	446.50	8.25
Soybeans			
Jul 15	1043.50	1045.25	-1.75
Aug 15	1032.00	1038.25	-6.25
Sep 15	1024.00	1031.50	-7.50
Nov 15	1022.25	1030.25	-8.00
Soymeal			
Jul 15	366.00	357.40	8.60
Aug 15	355.60	350.10	5.50
Sep 15	351.50	346.10	5.40
Oct 15	347.70	343.60	4.10
Soyoil			
Jul 15	32.31	33.36	-1.05
Aug 15	32.42	33.48	-1.06
Sep 15	32.50	33.56	-1.06
Oct 15	32.61	33.68	-1.07
SRW			
Jul 15	581.50	585.75	-4.25
Sep 15	576.00	590.50	-14.50
Dec 15	583.50	599.25	-15.75
Mar 16	591.00	608.00	-17.00
HRW			
Jul 15	557.50	576.00	-18.50
Sep 15	572.25	591.75	-19.50
Dec 15	592.25	611.25	-19.00
Mar 16	606.25	623.50	-17.25
MGEX (HRS)			
Jul 15	597.25	606.25	-9.00
Sep 15	607.50	624.00	-16.50
Dec 15	621.50	639.75	-18.25
Mar 16	632.25	651.00	-18.75

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress

Commodity	5-July-15	Last Week	Last Year	2010-14 Average
Sorghum	95%	93%	97%	98%

Source: USDA

U.S. Crop Condition: July 10, 2014

	Very Poor	Poor	Fair	Good	Excellent
Corn	2%	6%	23%	53%	14%
Sorghum	3%	3%	27%	56%	11%
Barley	1%	5%	21%	57%	16%

Source: USDA

U.S. Drought Monitor Weather Forecast: Over the next seven days, precipitation chances look to remain the greatest over the Midwest, where 2-3 inches of rain is forecast from Illinois to Ohio. Rain chances over the west, particularly over northern California, northwest Nevada, southern Oregon and central Idaho and into the Rocky Mountains, looks to increase, with up to 2 inches possible. The northern plains looks to remain on the dry side as well as the southeast and most of Texas. Rain chances along the Gulf Coast and into Florida look favorable, with amounts up to 1 inch over most areas. Temperatures are forecast to be cooler-than-normal over much of the West and Midwest while warmer-than-normal temperatures are expected on the Plains and in the Southeast.

The 10-day outlooks show that much of the country has high chances of above-normal temperatures. The greatest chances of above-normal temperatures appear to be over the Southeast and the northern Plains. Precipitation chances are greatest over the eastern third of the country and the northern Plains while the best chances of below-normal precipitation appear to be in the southern Plains. 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 2 July, 2015

Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	395,500	268,800	1,396.1	6,191.5	-24%
Corn	583,200	966,200	37,181.9	46,209.8	-3%
Sorghum	0	0	6,892.6	8,399.3	89%
Barley	300	900	2.6	8.8	-63%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 535,200 MT for delivery in 2014/15 were down 10 percent from the previous week and 3 percent from the prior four-week average. Increases were reported for Japan (171,400 MT, including 107,200 MT late reporting and decreases of 9,000 MT), South Korea (125,000 MT, switched from unknown destinations), Saudi Arabia (70,800 MT, including 66,000 MT switched from unknown destinations), China (63,800 MT, including 58,000 MT switched from unknown destinations), Egypt (52,400 MT, including 40,000 MT switched from unknown destinations) and Colombia (43,600 MT, including 27,900 MT switched from unknown destinations). Decreases were reported for unknown destinations (139,500 MT) and Mexico (17,900 MT). Net sales of 149,000 MT for 2015/16 were reported for unknown destinations (50,800 MT), Mexico (47,100 MT), Colombia (40,000 MT), Japan (10,200 MT) and Honduras (1,000 MT). Exports of 966,200 MT were down 6 percent from the previous week and 4 percent from the prior four-week average. The primary destinations were Japan (208,200 MT), Mexico (141,800 MT), Peru (83,700 MT), Taiwan (76,100 MT), Egypt (71,400 MT), Saudi Arabia (70,800 MT) and South Korea (65,100 MT). Optional Origin Sales: For 2014/15, outstanding optional origin sales total 52,500 MT, all Egypt.

Barley: Net sales of 300 MT for 2015/16 were up noticeably from the previous week. Increases were reported for Taiwan. Exports of 900 MT were reported to Taiwan.

Sorghum: There were no sales or exports reported during the week.

U.S. Export Inspections: Week Ending 2 July, 2015					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	839,324	1,041,387	36,767,363	39,124,689	94%
Sorghum	367	103,328	7,530,534	3,634,671	207%
Soybeans	197,441	296,860	48,084,204	42,694,747	113%
Wheat	368,818	360,592	1,608,356	2,332,901	69%
Barley	0	1,273	3,943	4,642	85%

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 2 July, 2015						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	486,037	58%	1,660	37%	0	0%
PNW	226,937	27%	245	5%	220	60%
Lakes	19,048	2%	0	0%	0	0%
Atlantic	4,679	1%	0	0%	0	0%
Interior Export Rail	98,123	12%	2,595	58%	147	40%
Total (Metric Tons)	834,824	100%	4,500	100%	367	100%
White Corn Shipments by Country (MT)			2595	to Mexico		
			1,660	to Costa Rica		



			245	to Korea		
Total White Corn (MT)			4,500			
Sorghum Shipments by Country (MT)					220	to Korea
					147	to China
Total Sorghum (MT)					367	

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)
LH July	+0.65 U	\$196.74	+0.92 U	\$207.37
August	+0.61 U	\$195.17	+0.90 U	\$206.58
FH September	+0.66 U	\$197.13	+0.90 U	\$206.58
LH September	+0.71 U	\$199.10	+0.90 U	\$206.58

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
July	+2.50 Z	\$273.61	+2.50 Z	\$273.61
August	+2.50 Z	\$273.61	+2.30 Z	\$265.73
September	+2.30 Z	\$265.73	+2.30 Z	\$265.73

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	\$150	\$150	\$150
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	July	August	September
New Orleans	\$685	\$685	\$685
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: July 10, 2015 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Jul.	Aug.	Sep.
Barge CIF New Orleans	208	208	205
FOB Vessel GULF	219	219	217
Rail delivered PNW	219	217	216
Rail delivered California	218	219	220
Mid-Bridge Laredo, TX	214	213	212
FOB Lethbridge, Alberta	227	225	226
40 ft. Containers to South Korea (Busan)	263	260	263
40 ft. Containers to Taiwan (Kaohsiung)	275	272	275
40 ft. Containers to Philippines (Manila)	280	277	279
40 ft. Containers to Indonesia (Jakarta)	278	275	278
40 ft. Containers to Malaysia (Port Kelang)	275	273	275
40 ft. Containers to Vietnam (HCMC)	272	270	271
40 ft. Containers to Japan (Yokohama)	271	268	271
40 ft. containers to Thailand (LCMB)	265	263	265
40 ft. Containers to Shanghai, China	244	243	244
KC & Elwood, IL Rail Yard (delivered Ramp)	204	204	204

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: There was a modest decline this past week for rail-delivered DDGS to domestic buyers on the West coast, but DDGS prices increased for everyone else. Rate increases generally varied from \$9-12/MT for containerized and bulk DDGS, but rates to Taiwan and Alberta, Canada increased well above those levels. Logistical costs are a key factor in determining rate variability to different destinations. Present logistical costs could be substantially different than will exist this fall when multiple crops are being simultaneously harvested. DDGS merchandisers can generally obtain more favorable rates from logistical companies by planning ahead.

A number of DDGS buyers are inquiring about DDGS prices in the October-November-December time period, but they seem reluctant to agree upon a price out of concern for missing a substantial setback in corn futures this fall. However, the preceding outlook section explains why any harvest decline in corn prices this fall is unlikely to be as large as many individuals were expecting even a month ago. Therefore, it is entirely possible that limited corn futures declines and higher transportation costs may not be much different than a combination of current corn futures contracts and prearranged freight rates for this fall. Consequently, any near-term limited sell-off in corn futures contracts is presumably an opportunity for DDGS buyers to work with merchandisers in order to investigate pricing possibilities for the October-November-December time period.

Ethanol Comments: Gasoline futures attempted to break out of a month-long trading range and sell-off on Monday due to concerns about the Chinese economy and global demand. However, it quickly became evident that such bearish action was premature and gasoline futures reestablished themselves back into the horizontal trading range. U.S. domestic gasoline demand has been relatively strong and that is beneficial for ethanol demand. As a result, it makes sense that USDA increased their estimate for the amount of U.S. corn used in ethanol production during the current 2014/15 crop year by an additional 25 million bushels.

As noted in the Outlook discussion, the increase in both domestic and export demand for corn raises the price floor for U.S. corn before the fall harvest. The result of firmer corn prices and horizontal gasoline prices is the narrowing of margins for ethanol producers. At the same time, U.S. ethanol production remains at high levels in order to retain market share. The average daily ethanol production rate increased to 987,000 barrels per day (bpd) for the week ending July 3, which is above the prior-week's level of 968,000 bpd and the year-ago level of 927,000 bpd. There was also an increase in the total U.S. ethanol stocks to 19.8 million barrels from the prior-week's level of 19.5 million barrels. The natural result is an emphasis on increasing efficiencies at ethanol facilities.

The need for improved efficiency due to narrower margins is implied by the differential between the cost of corn and the co-products that declined in three of the four primary locations across the Corn Belt for the week ending July 10, 2015:

- Illinois differential is \$1.62 per bushel, in comparison to \$1.74 the prior week and \$3.39 a year ago.
- Iowa differential is \$1.59 per bushel, in comparison to \$1.52 the prior week and \$3.09 a year ago.
- Nebraska differential is \$1.28 per bushel, in comparison to \$1.37 the prior week and \$2.95 a year ago.
- South Dakota differential is \$1.87 per bushel, in comparison to \$2.12 the prior week and \$3.43 a year ago.

COUNTRY NEWS

France: The condition of French corn and spring barley have been hard hit by persistent dry weather, reports Reuters. The good/excellent score for barley has fallen by seven points in the last week to total 66 percent, with an overall decline of 17 points over the past month. The corn score has fallen by 10 points in the last week to now total 71 percent good/excellent, with an overall monthly decline of 13 points. The winter barley harvest was reported as 85 percent complete on July 6, with initial results indicating a good harvest largely unaffected by the hot and dry weather plaguing the country. French corn stocks remain high at 3.3 MMT in spite of recent exports within the EU.

South Africa: Africa's largest producer imported 79,850 MMT of corn from Argentina since April, according to Bloomberg News. South African also intends to import 50,000 metric tons of white corn from Mexico reports Reuters. The price of yellow corn has risen by 26 percent in 2015.

Ukraine: Agriculture Minister Oleksiy Pavlenko has stated that Ukraine might be forced to reduce its forecast for the 2015 grain harvest if hot weather continues, according to Reuters. An earlier June forecast projected Ukrainian farmers could harvest 60 MMT of grain with predicted exports at 34 MMT, however the minister has

indicated that another week of hot weather could negatively impact late corn maturation and force a reduction. Further, the grain harvest has begun in most of the country and so far farmers have harvested 450,000 hectares of barley.

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	\$32.50	Up \$0.50	Handymax at \$33.00/MT
55,000 U.S. PNW-Japan	\$18.50	Up \$0.50	Handymax at \$19.00/MT
55,000 U.S. Gulf-China PNW to China	\$31.50 \$17.50	Up \$1.25 Up \$0.50	North China
30,000 U.S. Gulf-Veracruz, México	\$14.25	Unchanged	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$12.50	Up \$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	Unchanged Unchanged	West Coast Colombia at \$22.50
36-40,000 U.S. Gulf-Guatemala	\$22.50	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$30.00	Unchanged	8,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$31.05	Unchanged	3,000 MT daily discharge
55,000 U.S. Gulf-Egypt PNW to Egypt	\$29.00	Down \$0.50	5,000 discharge rate
55,000 U.S. Gulf-Egypt PNW to Egypt	\$25.50 \$27.00	Up \$0.25 Up \$0.25	55,000 -60,000 MT St. Lawrence to Egypt \$26.50
65-75,000 U.S. Gulf-Europe- Rotterdam	\$15.00	Unchanged	Handymax at +\$1.50 more
Brazil, Santos-China	\$25.50 \$24.50	Down \$0.50 Down \$0.50	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia- China	\$34.00	Down \$0.50	48-53,000 MT (11.5 meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$32.25	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: The Baltic Indices moved up this week and have been attempting to show some strength. However, there has again been some “separation or disconnect” between the paper and physical markets. Freight buyers are just not convinced there is a strong reason to chase the market up.

The Panamax and Supramax sectors have seen improved cargo demand in the North Atlantic with coverage of short term tonnage. Most of the action has been in the Atlantic with the Pacific lagging behind. Freight bids and offers are getting farther apart with Panamax rates to Japan bid at \$31.00/MT and offered at \$34.00/MT. This makes it a bit more difficult to place an exact dollar figure on just what rate is appropriate for is market. The higher offers for voyage charters have made some move to short term time charters for coverage. It is interesting to see sales of two-to-three cargoes of Brazilian corn into the U.S. East coast for August arrival.

Baltic Panamax Dry-Bulk Indices				
July 10, 2015	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	14,305	12,545	1,760	14.0%
P3A: PNW/Pacific– Japan	6,943	6,293	650	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 South China:

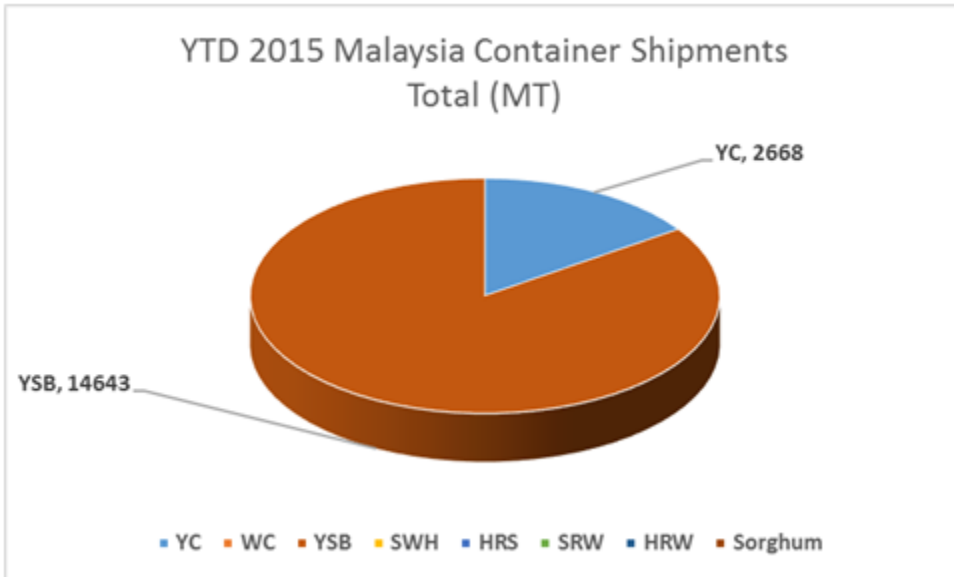
Week of July 10, 2015	
Four weeks ago:	\$4.95-\$5.10
Three weeks ago:	\$4.95-\$5.10
Two weeks ago:	\$5.75-\$5.90
One week ago:	\$5.40-\$5.70
This week	\$5.20-\$5.65

Source: O’Neil Commodity Consulting

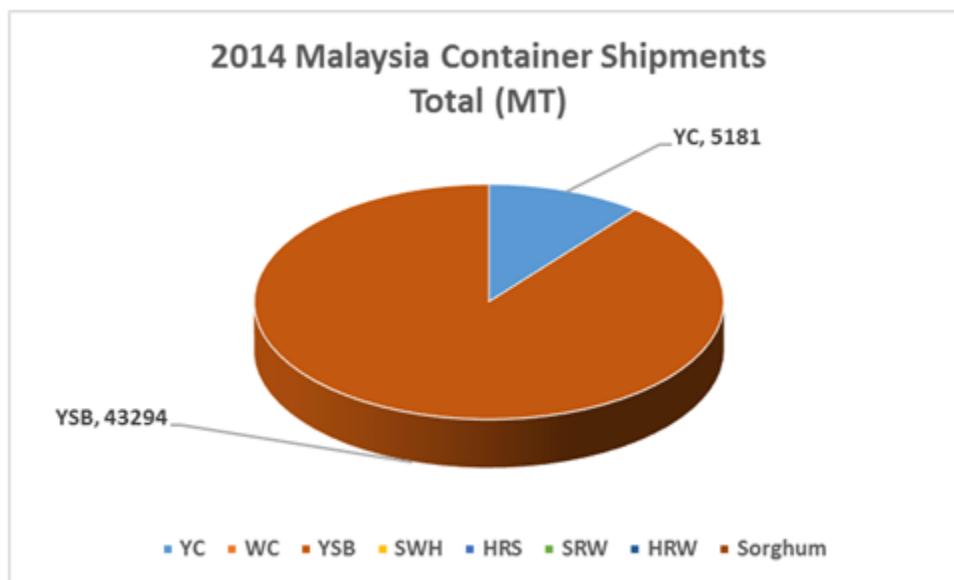
U.S. – Asia Market Spreads					
July 10, 2015	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.80	0.60	0.20	\$7.87	PNW
Soybeans	1.00	0.80	0.20	\$7.87	PNW
Ocean Freight	\$17.50	\$34.50	0.43-0.46	(\$17.00)	August

Source: O’Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week ending July 10, 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 (%): July 8, 2015			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.44	0.44	0.44
LIBOR (1 year)	0.77	0.78	0.75

Source: www.bankrate.com