U.S. GRAINS COUNCIL

Market Perspectives

July 17, 2015

Developing Markets • Enabling Trade • Improving Lives

CONTENTS

CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
$/Bu	**Monday 13 July**	**Tuesday 14 July**	**Wednesday 15 July**	**Thursday 16 July**	**Friday 17 July**
Change	0.0675	-0.1300	0.0150	0.0075	-0.0975
Closing Price	4.5175	4.3875	4.4025	4.4100	431.25
Factors Affecting the Market	The December corn contract's close above $4.50 per bushel was a new high for the past year. More pronounced declines in crop conditions are necessary for still higher prices.	A sizable setback occurred in corn futures because Monday afternoon's crop condition did not show any appreciable decline to warrant higher prices.	The December corn contract was able to rally back up near the end of the day to close above $4.40 bu. and the 10-day average but the price action was not overly bullish.	There was an attempt to restore upward momentum as the December contract almost touched $4.50 bu. before being slammed back down.	There is a 20 cent decline in price between Monday's close and Friday's close in the Dec. contract. Additional downside is possible going into the first of August.

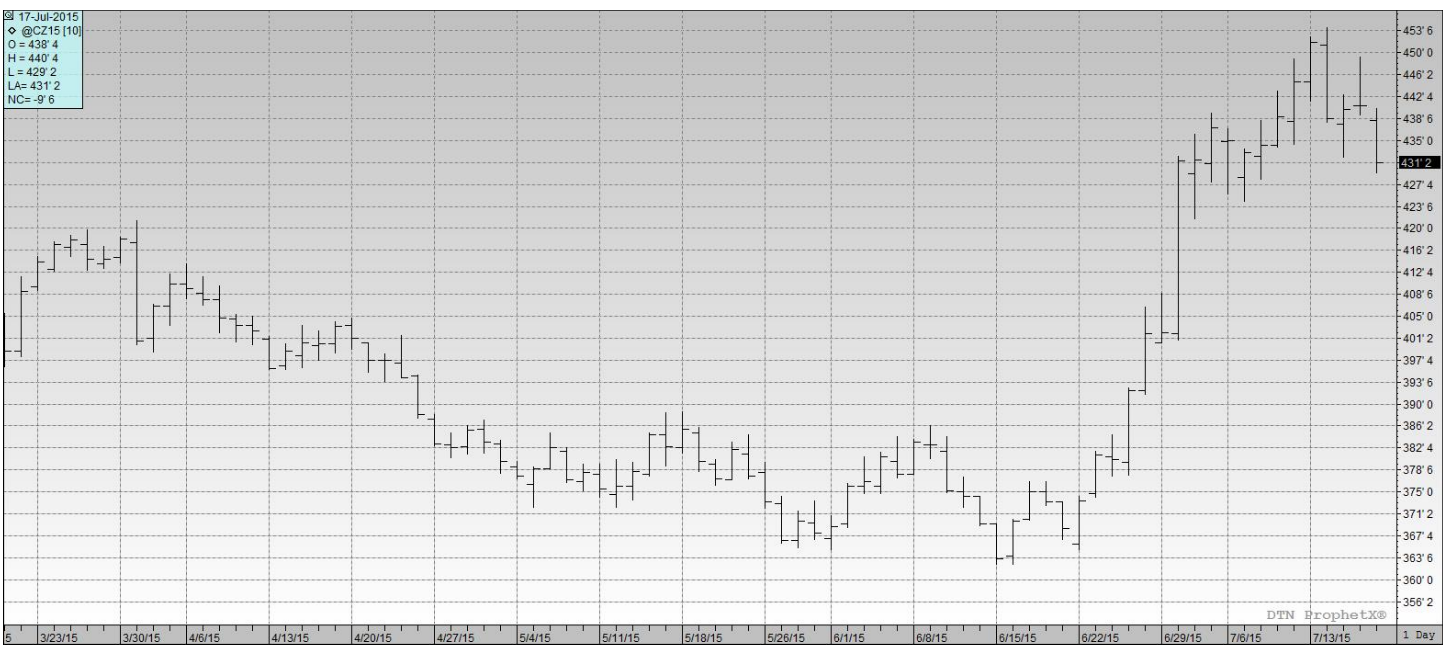
For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Manuel Sanchez or Alvaro Cordero at (202) 789-0789.

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 continued rally of the December corn contract beyond $4.50 per bushel is dependent upon further substantial declines in the average crop condition rating for U.S. corn, and that did not occur. Rather, Monday’s data showed no change in the combined rating of good to excellent from the prior week for either U.S. corn and sorghum. Weather prospects also were forecast to improve in most of the global feed grain producing regions, except France. Such factors reduced prospects for still higher prices and that naturally diminished the incentive of bullish traders to continue buying. In opposite, traders holding short positions were more emboldened by the facts that the United States’ corn crop is poised to go into pollination without any real threatening weather and U.S. farmers need to finish cleaning out their bins. As well, South American traders are increasingly anxious to take advantage of the recent rally in global feed grain prices. Therefore the short-term outlook is that this week’s sell-off in corn contracts could last into the first of August.

Increasing demand could eventually turn corn contract prices higher, but without the development of a more substantial threat to production, that is expected to occur from lower price levels and after bottoming action has become more definitive on chart patterns. Such a demand driven rally occurred twenty years ago in 1995, following the record breaking harvest in 1994. Market conditions in the 2014-2015 time period have similarities.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending July 17, 2015			
Commodity	**17-July**	**10-July**	**Net Change**
Corn			
Sep 15	420.25	434.75	-14.50
Dec 15	431.25	445.00	-13.75
Mar 16	441.50	454.75	-13.25
May 16	447.25	459.75	-12.50
Soybeans			
Aug 15	1014.75	1032.00	-17.25
Sep 15	1005.75	1024.00	-18.25
Nov 15	1006.75	1022.25	-15.50
Jan 16	1012.75	1028.25	-15.50
Soymeal			
Aug 15	361.10	355.60	5.50
Sep 15	353.00	351.50	1.50
Oct 15	348.50	347.70	0.80
Dec 15	347.70	347.60	0.10
Soyoil			
Aug 15	31.78	32.42	-0.64
Sep 15	31.87	32.50	-0.63
Oct 15	31.94	32.61	-0.67
Dec 15	32.16	32.85	-0.69
SRW			
Sep 15	554.00	576.00	-22.00
Dec 15	563.50	583.50	-20.00
Mar 16	572.00	591.00	-19.00
May 16	576.00	594.00	-18.00
HRW			
Sep 15	546.50	572.25	-25.75
Dec 15	566.00	592.25	-26.25
Mar 16	580.25	606.25	-26.00
May 16	588.75	614.00	-25.25
MGEX (HRS)			
Sep 15	574.75	607.50	-32.75
Dec 15	591.00	621.50	-30.50
Mar 16	605.25	632.25	-27.00
May 16	614.25	639.00	-24.75

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: July 17, 2014					
	Very Poor	Poor	Fair	Good	Excellent
Corn	2%	7%	22%	54%	15%
Sorghum	2%	4%	27%	57%	10%
Barley	1%	5%	22%	54%	18%

Source: USDA

U.S. Drought Monitor Weather Forecast: The NWS WPC seven-day Quantitative Precipitation Forecast (QPF) calls for dry conditions across an area extending from northern California to the Pacific Northwest, while portions of the Southwest are predicted to receive monsoonal moisture with forecast accumulations in the 1-3 inch range – primarily centered over Arizona. Moderate precipitation accumulations (2-3 inches) are forecasted for eastern portions of the central and northern Plains while the Midwest, Northeast and parts of the Southeast are expected to receive light-to-moderate accumulations (1-3 inches).

The 10-day outlooks call for a high probability of above-normal temperatures along the West Coast while northern portions of the Southwest and Intermountain West are expected to experience below-normal temperatures. Meanwhile, the eastern half of the country has a high probability of above-average temperatures, especially in the Southeast. Out West, there's a high probability of above-average precipitation forecasted for western portions of the Southwest, southern California, Intermountain West and eastern portions of the Pacific Northwest. Likewise, the Midwest and Northeast have a high probability of above-average precipitation while Texas and the Southern Plains are forecasted to be dry. 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 9 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 331,100 MT for delivery in 2014/15--a marketing-year low--were down 38 percent from the previous week and 41 percent from the prior four-week average. Increases were reported for Saudi Arabia (98,900 MT, including 100,000 MT switched from unknown destinations and decreases of 1,100 MT), South Korea (73,300 MT, including 63,000 MT switched from unknown destinations), Japan (67,300 MT), Mexico (61,900 MT, including 30,000 MT switched from unknown destinations and decreases of 2,700 MT), China (60,000 MT, including 55,000 MT switched from unknown destinations) and Panama (48,400 MT, including

17,800 MT switched from unknown destinations). Decreases were reported for unknown destinations (138,500 MT), Canada (38,700 MT), Colombia (1,500 MT) and the Dominican Republic (1,400 MT). Net sales of 325,100 MT for 2015/16 were reported for Mexico (223,500 MT), Japan (61,000 MT), unknown destinations (27,700 MT), Taiwan (5,400 MT), El Salvador (5,000 MT) and Nicaragua (2,500 MT). Exports of 1,131,700 MT were up 17 percent from the previous week and 9 percent from the prior four-week average. The primary destinations were Japan (236,100 MT), Mexico (234,100 MT), South Korea (153,800 MT), Saudi Arabia (98,900 MT), Taiwan (73,800 MT) and China (62,100 MT). Optional Origin Sales: For 2014/15, outstanding optional origin sales total 52,500 MT, all Egypt.

Barley: Net sales reductions of 100 MT for 2015/16 were down noticeably from the previous week, all Canada. Exports of 400 MT were down 61 percent from the previous week. The destinations were Taiwan (300 MT) and South Korea (100 MT).

Sorghum: Net sales of 100 MT for 2014/15 resulted as increases for China (24,100 MT, including 24,000 MT switched from unknown destinations and decreases of 900 MT), were partially offset by decreases for unknown destinations (24,000 MT). Exports of 75,200 MT were up noticeably from the previous week and from the prior four-week average. The destination was China.

U.S. Export Inspections: Week Ending 9 July, 2015					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	294,800	286,800	1,682.9	6,482.9	-24%
Sorghum	426,200	1,131,700	38,313.6	46,540.8	-3%
Soybeans	1,000	75,200	6,967.8	8,399.4	77%
Wheat	0	400	2.9	8.7	-64%
Barley	294,800	286,800	1,682.9	6,482.9	-24%

*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 9 July, 2015						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	622,956	62%	46,121	100%	100,115	100%
PNW	243,207	24%	0	0%	0	0%
Lakes	54,294	5%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Interior Export Rail	89,980	9%	0	0%	0	0%
Total (Metric Tons)	1,010,437	100%	46,121	100%	100,115	100%
White Corn Shipments by Country (MT)			30,527	to Mexico		
			15,594	to El Salvador		
Total White Corn (MT)			46,121			

Sorghum Shipments by Country (MT)						
					75,115	to China
					20,000	to Kenya
					5,000	to South Africa
Total Sorghum (MT)					100,115	

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	$191.03	-	-
August	+0.58 U	$188.28	+0.75 U	$194.97
FH September	+0.63 U	$190.25	+0.75 U	$194.97
LH September	+0.66 U	$191.43	+0.80 U	$196.94

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	$263.86	+2.50 Z	$263.86
August	+2.00 Z	$244.18	+2.00 Z	$244.18
September	+1.90 Z	$240.24	+1.90 Z	$240.24

Barley: Feed Barley (FOB USD/MT)			
	August	**September**	**October**
FOB PNW	$230	$230	$230

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. $/MT)			
	August	**September**	**October**
New Orleans	$163	$163	$163
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. $/MT)			
Bulk 60% Pro.	**August**	**September**	**October**
New Orleans	$684	$684	$684
**5-10,000 MT Minimum*			

All prices are market estimates.

Market Perspectives

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DDGS Price Table: July 17, 2015 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	**Aug.**	**Sep.**	**Oct.**
Barge CIF New Orleans	213	211	211
FOB Vessel GULF	222	220	220
Rail delivered PNW	218	219	220
Rail delivered California	219	220	221
Mid-Bridge Laredo, TX	215	215	215
FOB Lethbridge, Alberta	230	228	230
40 ft. Containers to South Korea (Busan)	267	261	261
40 ft. Containers to Taiwan (Kaohsiung)	287	281	281
40 ft. Containers to Philippines (Manila)	287	281	281
40 ft. Containers to Indonesia (Jakarta)	276	274	274
40 ft. Containers to Malaysia (Port Kelang)	279	277	277
40 ft. Containers to Vietnam (HCMC)	278	277	277
40 ft. Containers to Japan (Yokohama)	282	276	276
40 ft. containers to Thailand (LCMB)	262	261	261
40 ft. Containers to Shanghai, China	215	211	211
KC & Elwood, IL Rail Yard (delivered Ramp)	206	208	208

*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 pricing this past week was somewhat odd in the fact that some prices to the same destination increased one month and decreased another. This altering price action indicated the significant influence that factors such as storage, unsold inventory and fluctuating logistical rates can have on offers being extended by DDGS merchandisers. Those merchandisers seem to have a strong appreciation for enough time to plan for the future, but the majority of those individuals also seem to realize that abundant notice is not something that DDGS buyers can always offer.

The need for DDGS merchandisers to sometimes plan ahead and estimate future demand without any firm agreements gives them a strong interest in any opportunity to sell sizable amounts of DDGS over prolonged periods of time. Naturally, the best offers are extended to the largest potential customers, and that fact was evident this past week as substantial reductions were presented to Chinese buyers of containerized DDGS. Alternatively, those foreign buyers who consistently purchase in only small amounts usually saw rates rise to varying degrees. However, they may also be able to obtain better rates next week on DDGS purchases if corn futures continue to drift lower for the next week to two.

Ethanol Comments: The decline in crude oil futures contracts this week could be a further indicator that increased summer driving demand has peaked and will slow as Americans travel less and prepare for the return of the school year. If so, margins for ethanol producers are unlikely to improve by way of better demand. Improved margins for ethanol facilities will instead have to come from reduced input costs, primarily corn. That prospect has recently increased, and the price of corn could still have further downside. However, that downside in corn prices is not expected to stretch far into 2015 as discussed in the preceding outlook section.

Relatively thin margins are not incentivizing ethanol producers to increase production, and the average daily rate declined slightly during the week ending July 10, 2015 to 984,000 barrels per day (bpd) from the prior level of 987,000 bpd. Total ethanol stocks did decline during that same period, but only marginally to 19.7 million barrel from the prior level of 19.8 million barrels. A somewhat favorable note is that current stocks are only 10 percent above the year-ago level, but additional declines seem necessary to obtain any rebound in ethanol producer margins.

The differential between the cost of corn and the co-products continued to show weakness in three of the four primary locations across the Corn Belt for the week ending July 17, 2015:

- Illinois differential is $1.53 per bushel, in comparison to $1.62 the prior week and $3.49 a year ago.
- Iowa differential is $1.56 per bushel, in comparison to $1.59 the prior week and $3.26 a year ago.
- Nebraska differential is $1.20 per bushel, in comparison to $1.28 the prior week and $3.19 a year ago.
- South Dakota differential is $1.99 per bushel, in comparison to $1.87 the prior week and $3.59 a year ago.

COUNTRY NEWS

Brazil: Fertilizer sales in Brazil have fallen 9.6 percent in the first half of 2015 as demand from corn farmers has dropped due to high interest rates, the low price of corn on the global markets and increased fertilizer costs associated with a stronger dollar, according to Reuters. Fertilizer deliveries through June 2015 totaled 11.71 MMT, which is down from 12.95 MMT for the same time in 2014. Prior to this year, fertilizer sales had been hitting record consecutive highs. This lower demand could potentially be indicative of reduced corn acreage in 2015/16.

India: Unexpected dry weather in the corn-producing regions of central, southern and western India has put the crops planted during the recent monsoon season at risk, reports Reuters. The threat of reduced yields has caused food prices to soar in the world’s second most populous country. Heavier-than-anticipated rains in early June encouraged an initial rush to plant 44.5 million hectares of cropland by July 17, which is 62 percent higher than the planted area at the same time in 2014. However, due to the development of dry conditions planting has largely stopped. Weather forecasts have indicated that India could suffer its first drought since 2009 due to the El Niño weather pattern.

Iran: The loosening of sanctions against Iran could bring about a large growth in disposable income and has the potential to cause a major increase in demand for corn, according to Reuters.

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	$36.00	Up $3.50	Handymax at $33.00/MT
55,000 U.S. PNW-Japan	$19.50	Up $1.00	Handymax at $19.50/MT
55,000 U.S. Gulf-China PNW to China	$34.50 $18.50	Up $3.00 Up $1.00	North China
30,000 U.S. Gulf-Veracruz, México	$15.50	Up $1.25	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	$14.00	Up $1.50	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	$15.75 $28.25	Up $1.50 Up $2.00	West Coast Colombia at $24.00
36-40,000 U.S. Gulf-Guatemala	$24.50	Up $2.00	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	$33.00 $34.00	Up $3.00 Up $3.00	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	$32.00	Up $3.00	5,000 discharge rate
55,000 U.S. Gulf-Egypt PNW to Egypt	$25.50 $27.00	Unchanged Unchanged	55,000 -60,000 MT St. Lawrence to Egypt $26.50
65-75,000 U.S. Gulf-Europe-Rotterdam	$17.00	Up $2.00	Handymax at +$1.50 more
Brazil, Santos-China Itacoatiara Port up river Amazonia-China	$28.00 $27.00 $37.00	Up $2.50 Up $2.50 Up $3.00	54-58,000 Supramax-Panamax 60-66,000 Post Panamax 48-53,000 MT (11.5 meter draft)
56-60,000 Argentina-China Upriver with Top-Off	$35.25	Up $3.00	—

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: Just when one thinks the market is sleeping and going nowhere, it wakes up. I guess this is what keeps things interesting?

The Baltic Dry-Bulk, and particularly the Panamax and Supramax sectors have put together a pretty good rally over the past seven weeks. During this time period the BPI has more than doubled (from 522 on June 1 to 1162 today) and now the physical markets are following the trend.

Grain freight demand from South America has definitely picked up. It feels like some East Coast South American (ESCA) freight buyers, maybe too many, were caught short and forced to enter the market all at once. ECSA and the North Atlantic have been the primary market drivers. The Atlantic is still the leader with the Pacific routes following at a slower pace. The fall in iron ore prices to $40.00/MT has also assisted in creating demand.

According to Allendale Inc., U.S. FOB vessel corn is priced $29/MT over Brazil right now and it would take $10 - $15/MT to ship it up to the U.S. East Coast. This is something the market will be watching as well as the price of feed wheat.

Baltic Panamax Dry-Bulk Indices				
July 17, 2015 Route	This Week	Last Week	Difference	Percent Change
P2A: Gulf/Atlantic – Japan	15,777	14,305	1,472	10.3%
P3A: PNW/Pacific– Japan	7,907	6,943	964	13.9%

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:

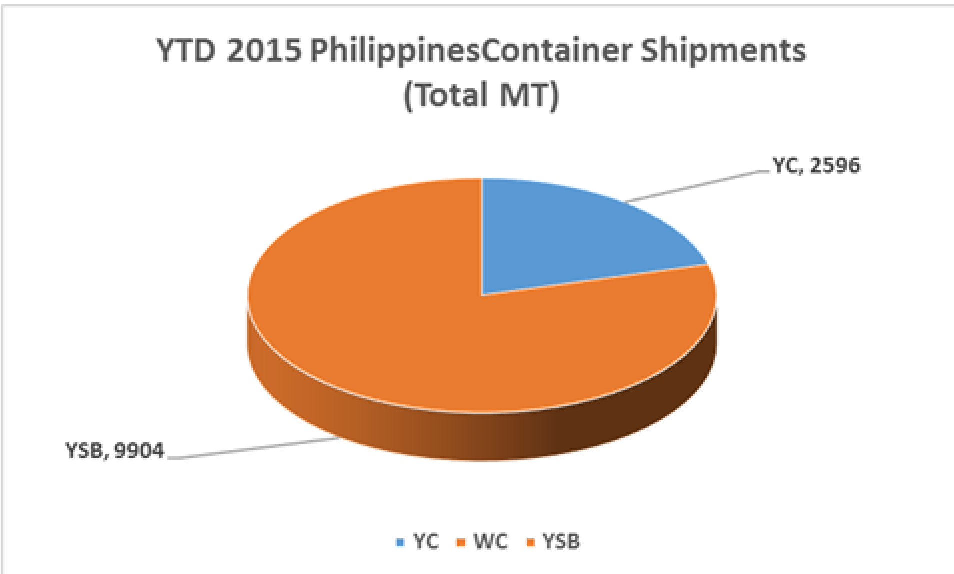
Week of July 17, 2015	
Four weeks ago:	$4.95-$5.10
Three weeks ago:	$5.75-$5.90
Two weeks ago	$5.40-$5.70
One week ago:	$5.20-$5.65
This week	$5.50-$5.80

Source: O'Neil Commodity Consulting

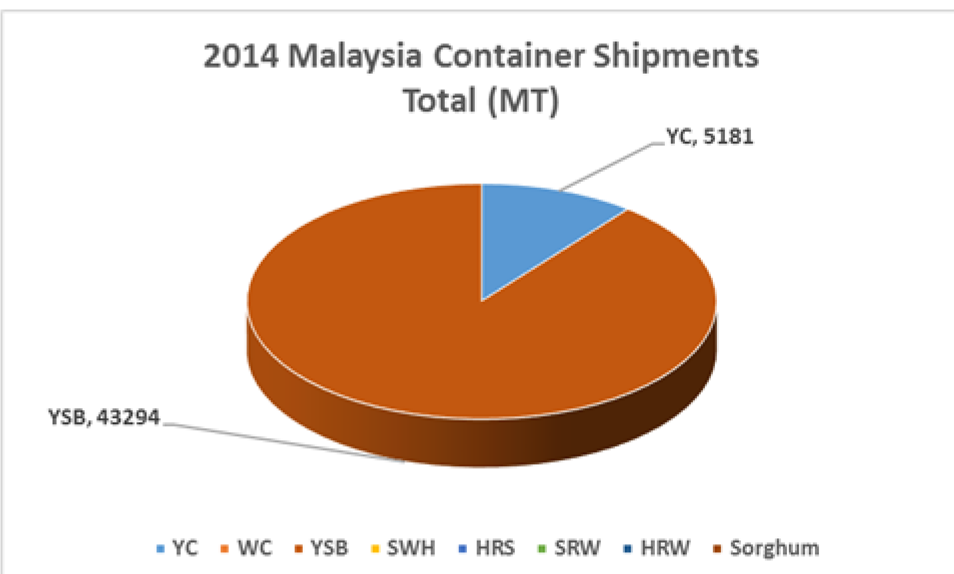
U.S. – Asia Market Spreads					
July 17, 2015	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.76	0.63	0.13	$5.12	PNW
Soybeans	0.90	0.72	0.18	$7.09	PNW
Ocean Freight	$18.50	$34.50	0.41-0.44	($16.00)	August

Source: O'Neil Commodity Consulting

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



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 17, 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 15, 2015			
	Current Week	**Last Week**	**Last Month**
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.44	0.44	0.45
LIBOR (1 year)	0.76	0.77	0.79

Source: www.bankrate.com