# Market Perspectives

***July 26, 2013***

U.S. GRAINS COUNCIL

***Developing Markets • Enabling Trade • Improving Lives***

**CONTENTS**



## CHICAGO BOARD OF TRADE MARKET NEWS

| Week in Review: CME Corn December Contract | | | | | |
|---|---|---|---|---|---|
| **$/Bu** | **Monday 22 July** | **Tuesday 23 July** | **Wednesday 24 July** | **Thursday 25 July** | **Friday 26 July** |
| **Change** | -0.0275 | -0.1250 | -0.0525 | -0.0150 | -0.0275 |
| **Closing Price** | 4.9800 | 4.8550 | 4.8025 | 4.7875 | 4.7600 |
| **Factors Affecting the Market** | Improved weather forecasts largely negated a three percent decline in the national average corn conditions, to 63 percent good- to-excellent. December corn closed below the physiologically important $5.00 per bushel price. | Corn futures sold off as better than expected rains occurred in western portions of the Corn Belt Monday night. Speculators became increasingly aggressive sellers. | A collapse in soybean futures applied downward pressure on corn contracts, but they actually held up fairly well in comparison, as commercial buyers met speculative sellers of corn. | Corn basis followed the proceeding collapse in soybeans. Lower cash prices caused the September corn contract to close down 12 cents, but the December contract closed down less than 2 cents. | The December contract declined every day this week. On Monday the market's attention will be fully focused on the weather and the changes in reported crop conditions. |

***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:** Favorable weather forecasts and the collapse of soybean futures were two primary factors influencing this week's decline in corn prices. The decline in corn futures was far more orderly than the decline in soybean futures, but there was still substantial erosion in the corn basis. Additionally, beneficial to end-users, is the fact that they now have the December 2013 to December 2014 contracts offering them an average price below $5.00 per bushel.

Price action of corn contracts seems to indicate there are plenty of end-users who are meeting the current sell-off with tactical purchases. Scale-down buying was implied on Thursday, as the September contract sold off an additional 12 cents, while the contracts from December on out sold off less than 2 cents. The December 2013 contract seemed to have support around $4.75 per bushel.

Experienced merchandisers recognize that speculators have built a sizable short position, and some of them have price objectives of $4.50 per bushel or lower. However, seasoned market participants have been around long enough to recognize that many of their speculative counterparts could reach a price objective only to discover that there is no one at that location who is willing to accept the other side of their position.

As was noted last week, weather is presently the dominant factor influencing grain prices. However, there is also the impending approach of the important August 12 reports from USDA. These reports will be discussed more next week. The outlook is that grain prices will begin to carve out a trading range for the next few weeks.

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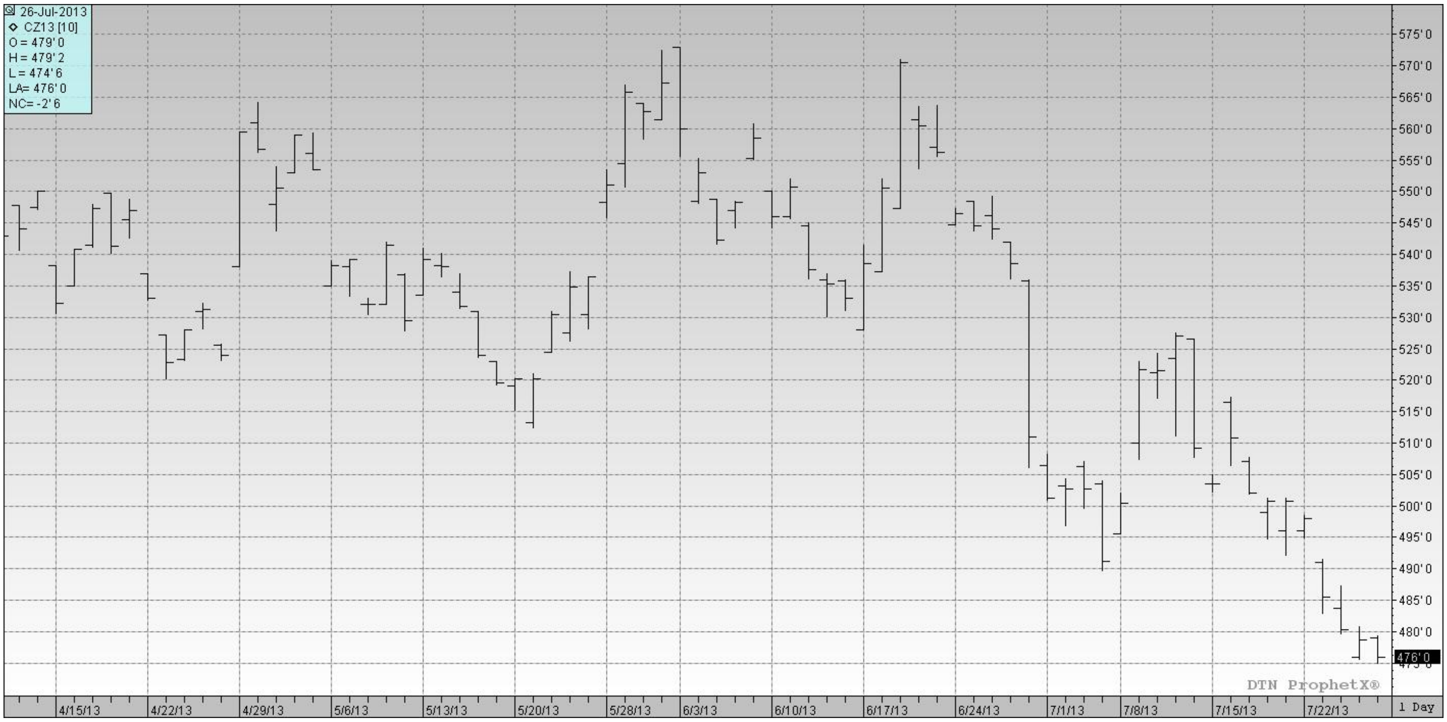
## CBOT DECEMBER CORN FUTURES




*Source: Prophet X*

**Current Market Values:**

| Futures Price Performance: Week Ending July 26, 2013 | | | |
|---|---|---|---|
| **Commodity** | **26-July** | **19-July** | **Net Change** |
| **Corn** | | | |
| Sep | 492.00 | 544.00 | -52.00 |
| Dec | 476.00 | 500.75 | -24.75 |
| Mar | 488.75 | 512.75 | -24.00 |
| **Soybeans** | | | |
| Aug | 1349.75 | 1490.75 | -141.00 |
| Sep | 1275.25 | 1326.00 | -50.75 |
| Nov | 1228.50 | 1274.00 | -45.50 |
| **Soymeal** | | | |
| Sep | 404.00 | 423.70 | -19.70 |
| **Soyoil** | | | |
| Sep | 43.62 | 45.47 | -1.85 |
| **CBOT Wheat** | | | |
| Sep | 650.25 | 664.50 | -14.25 |

| | | | |
|---|---|---|---|
| Dec | 661.50 | 675.25 | -13.75 |
| Mar | 671.50 | 685.50 | -14.00 |
| **KCBOT Wheat** | | | |
| Sep | 691.50 | 705.25 | -13.75 |
| Dec | 701.25 | 717.50 | -16.25 |
| Mar | 709.00 | 727.00 | -18.00 |
| **MGE Wheat** | | | |
| Sep | 736.50 | 750.50 | -14.00 |
| Dec | 747.75 | 761.50 | -13.75 |
| Mar | 759.50 | 774.25 | -14.75 |

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

## U.S. WEATHER/CROP PROGRESS

| U.S. Crop Condition: July 21, 2012 | | | | | |
|---|---|---|---|---|---|
| | **Very Poor** | **Poor** | **Fair** | **Good** | **Excellent** |
| Corn | 3% | 8% | 26% | 46% | 17% |
| Sorghum | 6% | 11% | 38% | 38% | 7% |
| Barley | 1% | 3% | 31% | 54% | 11% |

*Source: USDA*

**U.S. Drought Monitor Weather Forecast:** During the period from July 24-29, an upper-level trough with associated cool front will dominate the weather east of the Rockies, bringing below-normal temperatures and areas of rain. Half an inch or more of precipitation is forecast from the Plains to the East Coast, except for the Ohio and Tennessee valleys and Southern Texas, where very little rain will fall. An inch or more may fall from the Western Great Lakes to Nebraska, and from Arkansas to Mississippi, bringing relief to the newly expanded D0 areas, as well as from Florida to the Mid-Atlantic coastal areas. The heaviest rains (two inches or more) are forecast for parts of Kansas and Oklahoma. Monsoon rains are predicted to continue for the Southwest to central Rockies states, with up to an inch across much of New Mexico and Colorado. Otherwise, above-normal temperatures are forecast for the West beneath an upper-level ridge with little to no rainfall for the Northwest and coastal California.

The NWS forecasts for July 30-August 7 show the highest likelihood of above-normal precipitation for the Northern Plains to Great Lakes, then extending down to the Southeast, and the highest likelihood for below-normal precipitation from the Pacific Northwest to the Southern Plains. Above-normal temperatures are expected for the Southwest into Western Texas, and for coastal New England, while below-normal temperatures are anticipated for the Southeast, Northern Plains to Western Great Lakes, and coastal Northwest. 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 July 25, 2013 | | | | | |
|---|---|---|---|---|---|
| Commodity | Gross Sales (MT) | Exports (MT) | YTD Exports (000MT) | YTD Bookings (000MT) | % Change YTD Bookings |
| Wheat | 730,900 | 567,900 | 4,171.3 | 12,295.7 | 46% |
| Corn | 92,300 | 239,900 | 15,969.4 | 18,684.7 | -52% |
| Sorghum | 58,000 | 23,200 | 1,099.5 | 1,583.0 | 63% |
| Barley | 0 | 200 | 4.9 | 60.2 | -55% |

*Source: USDA, World Perspectives, Inc.*

**Corn:** Net sales reductions of 27,900 MT for 2012/13 resulted as increases for Japan (29,200 MT, switched from unknown destinations), Mexico (16,300 MT), Venezuela (13,000 MT), Taiwan (10,200 MT), and Guyana (2,900 MT, switched from the French West Indies), were more than offset by decreases for unknown destinations (96,200 MT), the French West Indies (3,000 MT), and Panama (800 MT). Net sales of 515,900 MT for 2013/14 were primarily for unknown destinations (319,800 MT), Mexico (94,400 MT), and Guatemala (45,000 MT). Exports of 239,900 MT were up 41 percent from the previous week and 19 percent from the prior 4-week average. The primary destinations were Japan (99,600 MT), Mexico (65,100 MT), Venezuela (48,000 MT), and Colombia (16,700 MT). Optional Origin Sales: For 2012/2013, outstanding optional origin sales total 65,000 MT, all South Korea. For 2013/2014, outstanding optional origin sales total 148,000 MT, and are for Japan (48,000 MT) and Mexico (100,000 MT).

**Barley:** There were no sales reported during the week. Exports of 200 MT were to Japan.

**Sorghum:** Net sales of 58,000 MT for 2012/2013 were reported for unknown destinations (55,000 MT), Mexico (2,000 MT), and China (1,000 MT). Exports of 23,200 MT were reported to Mexico. Optional Origin Sales: For 2013/2014, outstanding optional origin sales total 60,000 MT, all China.

| U.S. Export Inspections: Week Ending July 18, 2013 | | | | | |
|---|---|---|---|---|---|
| Commodity (MT) | Export Inspections | | Current Market YTD | Previous YTD | YTD as Percent of Previous |
| | Current Week | Previous Week | | | |
| Corn | 225,231 | 415,002 | 15,623,825 | 35,256,258 | 44% |
| Sorghum | 22,708 | 4,013 | 1,522,409 | 1,154,171 | 132% |
| Soybeans | 77,484 | 100,264 | 35,262,710 | 34,477,365 | 102% |
| Wheat | 629,669 | 665,676 | 4,348,055 | 3,481,498 | 125% |
| Barley | 1,002 | 261 | 4,942 | 1,568 | 315% |

*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.*

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| USDA Grain Inspections for Export Report: Week Ending July 18, 2013 | | | | | | |
|---|---|---|---|---|---|---|
| **Last Week (000 bushels)** | **YC** | **% of Total** | **WC** | **% of Total** | **Sorghum** | **% of Total** |
| **Gulf** | 7,921 | 89% | 0 | 0% | 866 | 97% |
| **PNW** | 4 | 0% | 9 | 100% | 0 | 0% |
| **Lakes** | 0 | 0% | 0 | 0% | 0 | 0% |
| **Atlantic** | 0 | 0% | 0 | 0% | 0 | 0% |
| **Interior Export Rail** | 933 | 11% | 0 | 0% | 28 | 3% |
| **Total (1,000 bu)** | 8,858 | 100% | 9 | 100% | 894 | 100% |
| **Total (Metric Tons)** | 225,002 | | 229 | | 22,708 | |
| **White Corn Shipments by Country (MT)** | | | 229 | to Korea | | |
| **Total White Corn (MT)** | | | 229 | | | |
| **Sorghum Shipments by Country (MT)** | | | | | 22,708 | to Mexico |
| **Total Sorghum (MT)** | | | | | | |

*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 August | +1.62 U | $257.47 | +2.85 U | $305.89 |
| FH September | +1.10 U | $236.99 | +2.65 U | $227.55 |
| LH September | +.97 U | $231.88 | +2.65 U | $298.01 |
| FH October | +1.12 Z | $231.48 | +1.60 Z | $250.38 |
| LH October | +1.12 Z | $231.48 | +1.60 Z | $250.38 |
| FH November | +1.02 Z | $227.55 | +1.30 Z | $238.57 |
| LH November | +.87 Z | $221.64 | +1.30 Z | $238.57 |

| #2 White Corn (U.S. $/MT FOB Vessel) | | | |
|---|---|---|---|
| **Max. 15.0% Moisture** | **Oct** | **Nov** | **Dec** |
| **Gulf** | $270 | $270 | $270 |

| Sorghum (USD/MT FOB Vessel) | | | | |
|---|---|---|---|---|
| **#2 YGS FOB Vessel Max 14.0% Moisture** | **NOLA** | | **TEXAS** | |
| | **Basis** | **Flat Price** | **Basis** | **Flat Price** |
| August | - | - | +1.60 Z | $250.38 |

| | | | | |
|---|---|---|---|---|
| September | +1.50 Z | $246.44 | +1.45 Z | $244.47 |
| October | +1.40 Z | $242.51 | +1.40 Z | $242.51 |

| Barley: Feed Barley (FOB USD/MT) | | | |
|---|---|---|---|
| | August | September | October |
| FOB PNW | $275 | $275 | $275 |

| Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. $/MT) | | |
|---|---|---|
| | August | September |
| **New Orleans** | $194 | $194 |
| *Quantity 5,000 MT* | | |
| **Corn Gluten Meal (CGM) (FOB Vessel U.S. $/MT)** | | |
| **Bulk 60% Pro.** | **August** | **September** |
| **New Orleans** | $685 | $685 |
| **5-10,000 MT Minimum* | | |

**All prices are market estimates.*

| DDGS Price Table: July 26, 2013 (USD/MT)<br>(Quantity, availability, payment and delivery terms vary) | | | |
|---|---|---|---|
| Delivery Point<br>Quality Min. 35% Pro-fat combined | Aug | Sep | Oct |
| Barge CIF New Orleans | 283 | 280 | 242 |
| FOB Vessel GULF | 285 | 280 | 252 |
| Rail delivered PNW | 299 | 298 | 251 |
| Rail delivered California | 308 | 305 | 258 |
| Mid-Bridge Laredo, TX | 310 | 308 | 250 |
| 40 ft. Containers to South Korea (Busan) | 360 | 355 | 325 |
| 40 ft. Containers to Taiwan ( Kaohsiung ) | 352 | 342 | 312 |
| 40 ft. Containers to Philippines ( Manila ) | 366 | 361 | 331 |
| 40 ft. Containers to Indonesia ( Jakarta ) | 363 | 358 | 328 |
| 40 ft. Containers to Malaysia (Port Kelang) | 365 | 360 | 330 |
| 40 ft. Containers to Vietnam (HCMC) | 370 | 365 | 340 |
| 40 ft. Containers to Japan (Yokohama) | 365 | 360 | 330 |
| 40 ft. containers to Thailand (LCMB) | 366 | 361 | 331 |
| 40 ft. Containers to Shanghai, China | 355 | 350 | 328 |
| KC & Elwood, IL Rail Yard (delivered Ramp) | 289 | 287 | 249 |

*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:** This week's DDGS pricing table shows that merchandisers will pass along saving to clients whenever the market presents opportunities. Domestic DDGS buyers that have coverage seem to be in a wait and see mode as prices decline, while foreign buyers continue to keep their pipelines moving. The export container market has been stable, but buyers do not want to purchase too much product ahead of time when there is a $30-40 inverse hanging over the market.

Domestic DDGS buyers have been particularly sensitive to the inverted pricing conditions, but they are in an opportune position to recognize that the corn basis has significantly declined this week. Of course, there could still be some additional decline in basis between now and fall harvest, but nothing in proportion to what occurred this week.

DDGS merchandisers have reported receiving many more inquires about locking in prices for the September through December time period. Such interest makes a good deal of sense because of this week's declining prices.The December corn contract seems to have come to rest on rather stable support at $4.75 per bushel, and the contracts from December forward already have a carry built back into their pricing structure. Even with such a carry, the average price of contracts from December 2013 to December 2014 is below $5.00 per bushel. Therefore, both foreign and domestic DDGS buyers may want to open discussion with merchandisers to see if even longer-term pricing arrangements could be made into 2014.

One important consideration for buyers, particularly international buyers, is the prospect of future freight costs. When a buyer knows for certain what his DDGS purchases are, then it is easier to negotiate freight rates. Demand for freight is likely to increase as the harvest gets underway. One seasoned DDGS merchandiser noted that container freight usually increases starting in October, and sometimes by as much as $100/40' by general rate increase. That means there is some prospect that any additional price savings could be offset by increased transportation costs. Consequently, now seems to be an opportune time for buyers and merchandisers to have open and creative dialogs.

Lastly, the number of U.S. ethanol plants that are officially registered by the Chinese Ministry of Agriculture continued to increase. Those ethanol facilities that still have not registered should be reminded to do so, because at some point Chinese Customs may increase their enforcement.

**Ethanol Comments:** Congressional hearings occurred this week regarding the Renewable Fuels Standard (RFS) to discuss possible legislative revisions to the program. The present setback in corn prices was an opportune indicator to Congress that any temporary waiver of the mandate is unnecessary. A further indicator is the fact that all corn by-product values are well below year-ago levels. Any adjustment to the policy is expected to be confined to cellulosic mandates.

Ethanol production declined for the week ending July 19 by an average of 23,000 barrels per day (bpd) to a total of 853,000 bpd, which is down from 876,000 bpd the prior week. This occurred in part because of substantial declines in ethanol producer margins across the Corn Belt, which is implied by the proceeding differentials between corn and the value of co-products values:

- Illinois differential decreased to $1.97 per bushel, which is down from $2.43 the prior week but above $1.62 for this same week a year ago.
- Iowa differential decreased to $1.86 per bushel, which is down from $2.02 the prior week and below $1.95 for this same week a year ago.
- Nebraska differential decreased to $1.66 per bushel, which is down from $2.01 the prior week and below $1.95 for this same week a year ago.
- Illinois differential decreased to $1.70 per bushel, which is down from $2.24 the prior week and below $1.96 for this same week a year ago.

Please note the concerning fact that the differential in the regions of Iowa, Nebraska and Illinois all declined below the year-ago level. Further concerning is the continued increase in ethanol stocks to 17.3 million barrels. This is a four percent increase above the prior week's level of 16.6 million barrels, and less than 10 percent below the year-ago level of 19 million barrels.

Recent ethanol production levels have not been excessive and the rebound in stocks seems primarily attributable to reduced gasoline demand by consumers. Ethanol imports have been moderate up to this point, and stood at 41,000 bpd for the week ending July 19, which was down from the prior week of 50,000 bpd and below the year ago level of 53,000 bpd.

This week's price setback in corn could be an opportunity for ethanol producers to deal with less favorable market conditions.

## COUNTRY NEWS

**European Union:** Favorable growing conditions across Europe have caused yield predications for barley and corn to go up, according to Bloomberg News. Barley yields are now forecast to total some 4.78 MT/hectare, which is up from a previous outlook of 4.68 MT/hectare, and last year's total of 4.38 MT/hectare. Corn yields are expected to increase to 7.22 MT/hectare, which is up from 7.13 MT/hectare predicted in June, and last year's total of 6.08 MT/hectare.

**India:** The monsoon has been a boon to India's crops, dispelling the likelihood of drought this year, reports Reuters. Flash floods have occurred in Andhra Pradesh and Uttar Pradesh, but no major damage to crops was reported. The rains have brought especial relief to parts of India's south and west, where severe drought prevailed last year. Corn planting has seen an uptick this year following a governmental initiative to increase crop diversification, as the crop requires less water than other Indian staples such as rice and cotton. The 2010/11 crop year in India was record setting at 257 MMT.

**Indonesia:** Because of increased feed demand and reduced domestic production, corn imports are expected to double from last year's levels to total some 2.8 MMT, according to Reuters. The Indonesian Feedmills Association had previously predicted that imports would total 2 MMT in 2013. Indonesia imported 1.55 MMT of corn in 2012.

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**South Africa:** White corn for December delivery fell by 1 percent to $236.22/MT, reports Bloomberg News. Yellow corn fell by 1.7 percent to $217.35/MT.

Additionally, Reuters reports that South Africa will likely cut is corn forecast for the fifth consecutive month due to continued drought. The South African government's Crop Estimates Committee reduced its forecast to 11.375 MMT, which is down from last year's total harvest of 11.83 MMT.

**Spain:** Europe's largest grain importer has the potential to harvest its largest grain crop in 20 years following a spring that saw rainfall increase by 55 percent more than the average, according to Bloomberg News. The total grain crop may be as much as 23.9 MMT, which is 1.64 MMT more than an earlier forecast predicted, and a dramatic improvement over the 2012 total of 15.5 MMT. Barley production has the potential to total 9.83 MMT, up from the June forecast of 8.85 MMT, and last year's total of 5.66 MMT. Corn is likely to increase to 4.33 MMT, which is up from the June forecast of 4.01 MMT, and last year's total of 3.81 MMT.

## 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 | $46.00 | Down $0.50 | Handymax at $47.00/MT |
| 55,000 U.S. PNW- Japan | $24.00 | Down $0.75 | Handymax at $25.00/MT |
| 55,000 U.S. Gulf – China<br>PNW to China | $43.00<br>$22.50 | Down $0.50<br>Down $0.75 | North or South China |
| 25,000 U.S. Gulf- Veracruz, México | $20.75 | Down $0.25 | 3,000 MT daily discharge rate |
| 35-40,000 U.S. Gulf- Veracruz, México | $17.75 | Down $0.50 | Deep draft and 8,000 MT per day discharge rate. |
| 25/35,000 U.S. Gulf- East Coast Colombia, Argentina | $23.00<br>$30.50 | Unchanged<br>Unchanged | West Coast Colombia at $31.50<br>West Coast Colombia from Argentina at $39.00 |
| 35,000 U.S. Gulf - Guatemala | $29.50 | Unchanged | Acajutla/Quetzal - 8,000 out |
| 25-30,000 U.S. Gulf – Algeria | $37.50<br>$39.50 | Unchanged<br>Unchanged | 8,000 MT daily discharge<br>3,000 MT daily discharge |
| 25,000 U.S. Gulf-Morocco | $38.00 | Unchanged | 5,000 discharge rate |
| 55,000 U.S. Gulf – Egypt<br>PNW to Egypt | $27.00<br>$34.00 | Down $0.50<br>Down $0.50 | 55,000 -60,000 MT<br>St. Lawrence to Egypt $27.50 |
| 60-70,000 U.S. Gulf – Europe – Rotterdam | $23.00 | Down $0.50 | Handymax at +$2.50 more |
| Brazil, Santos – China | $36.00<br>$35.00 | Unchanged<br>Down $0.50 | 54-58,000 Supramax-Panamax |

| | | | |
|---|---|---|---|
| | | | 60-66,000 Post Panamax |
| 56-60,000 Argentina-China Upriver with Top-Off | $41.00 | 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:** Nothing good lasts forever, and that is certainly the case with ocean freight rates. From an owner's perspective, it was a good little run up on prices over the last five weeks, but it was not destined to last long. The basic forces of too much supply verses demand still apply to this market, and the market rally has topped out. Weaker Capesize rates, along with not enough growth in grain exports, have weakened the support for Panamax freight. The next hope for the Panamax market will likely be the Fall U.S. corn and soybean harvest.

No significant new news in the PNW Grain elevator labor situation. The wheat harvest is progressing and we need to monitor the port situation closely.

| Baltic Panamax Dry-Bulk Indices | | | | |
|---|---|---|---|---|
| 25-July-13 Route | This Week | Last Week | Difference | Percent Change |
| P2A: Gulf/Atlantic – Japan | 17,335 | 17,753 | -418 | -2.4% |
| P3A: PNW/Pacific – Japan | 7,028 | 7,482 | -454 | -6.1% |

*Source: O'Neil Commodity Consulting*

Below is a recent history of freight values for Capesize vessels of iron ore from Western Australia to China:

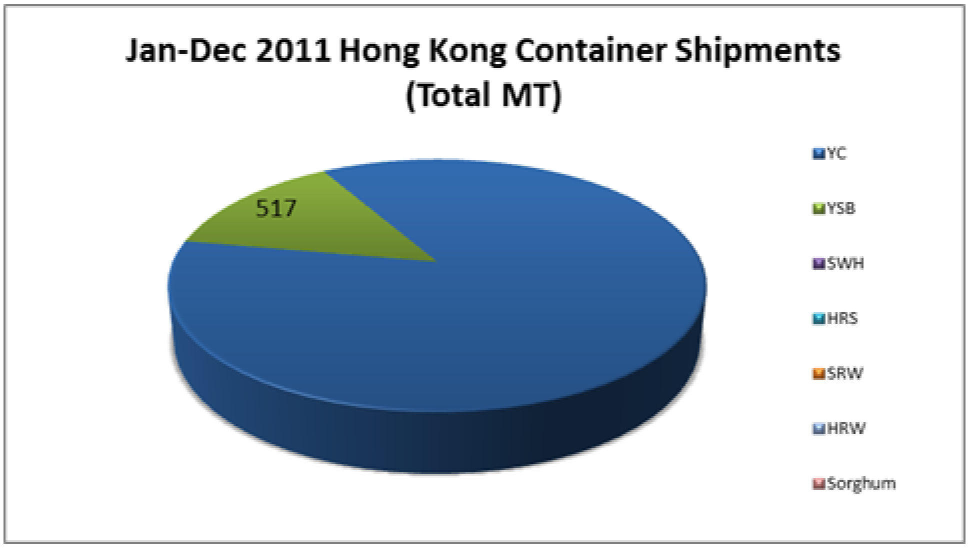
| Week of July 25, 2013 | |
|---|---|
| Four weeks ago | $8.00-$8.15 |
| Three weeks ago | $7.70-$8.00 |
| Two weeks ago | $7.40-$7.70 |
| One week ago | $7.55-$7.75 |
| This week | $7.70-$7.75 |

*Source: O'Neil Commodity Consulting*

| U.S. – Asia Market Spreads | | | | | |
|---|---|---|---|---|---|
| 7/25/2013 | PNW | Gulf | Bushel Spread | MT Spread | Advantage |
| # 2 Corn | 2.80 | 1.65 | 1.15 | $45.27 | GULF |
| Soybeans | 3.50 | 2.25 | 1.25 | $45.93 | GULF |
| Ocean Freight | $22.50 | $43.00 | 0.52-0.55 | ($20.25) | August |

*Source: O'Neil Commodity Consulting*

The charts below represent January-December 2011 and January-December 2012 annual totals versus January-June 2013 year-to-date container shipments for Hong Kong.




*Source: O'Neil Commodity Consulting*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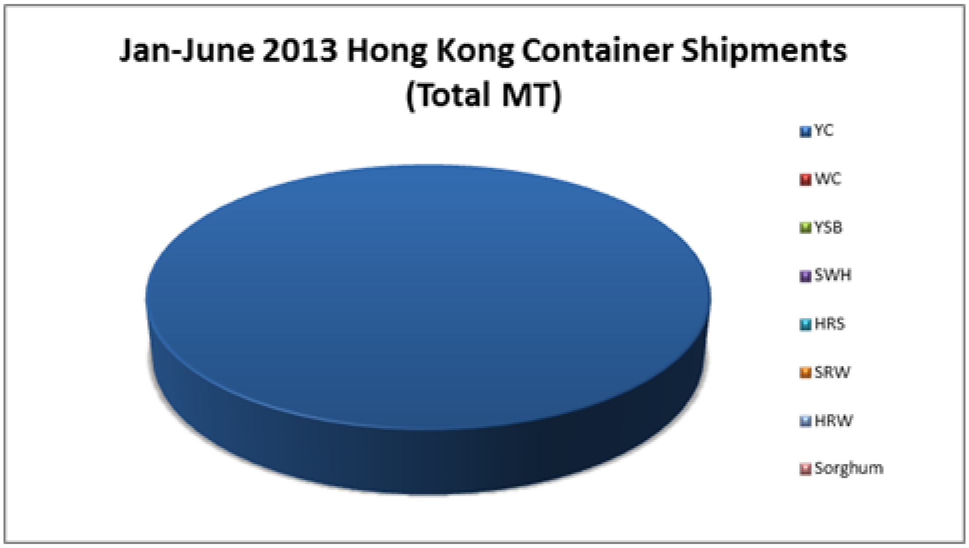


*Source: O'Neil Commodity Consulting*

| International Freight Rates for Feed Grains – Select Routes Estimated Spot Price ($/MT) | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Commodity** | **Origins** | **Japan** | **Korea** | **Colombia** | **Morocco** | **Egypt** | **Saudi Arabia** |
| **Corn (Yellow)** | **Argentina** | $44 | $44 | $34 | $34 | $31 | $45 |
| | **Brazil** | $39.5 | $39 | $31 | $28 | $23 | $37 |
| **Corn (White)** | **Argentina** | $44 | $44 | $34 | $34 | $31 | $45 |
| | **Brazil** | $39.5 | $39 | $31 | $28 | $23 | $37 |
| **Barley** | **Argentina** | $44 | $44 | $34 | $34 | $31 | $45 |
| | **Brazil** | $39.5 | $39 | $31 | $28 | $23 | $37 |
| **Sorghum** | **Argentina** | $44 | $44 | $34 | $34 | $31 | $45 |
| | **Brazil** | $39.5 | $39 | $31 | $28 | $23 | $37 |

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 24, 2013 | | | |
|---|---|---|---|
| | **Current Week** | **Last Week** | **Last Month** |
| **U.S. Prime** | 3.25 | 3.25 | 3.25 |
| **LIBOR (6 month)** | 0.40 | 0.40 | 0.42 |
| **LIBOR (1 year)** | 0.68 | 0.69 | 0.68 |

*Source: www.bankrate.com*