



**CONTENTS**

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

CBOT DECEMBER CORN FUTURES ..... 3

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

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

FOB..... 6

DISTILLERS DRIED GRAINS WITH SOLUBLES (DDGS) ..... 8

COUNTRY NEWS ..... 9

OCEAN FREIGHT MARKETS AND SPREADS..... 9

OCEAN FREIGHT COMMENTS ..... 10

INTEREST RATES..... 13

**CHICAGO BOARD OF TRADE MARKET NEWS**

Week in Review: CME Corn December Contract					
\$/Bu	Monday 5 August	Tuesday 6 August	Wednesday 7 August	Thursday 8 August	Friday 9 August
Change	-0.0325	-0.0125	-0.0100	0.0150	-0.0650
Closing Price	4.6050	4.5925	4.5825	4.5975	4.5325
Factors Affecting the Market	Prices worked lower as an increasingly bearish pool of traders seem determined to test if they press the December contract toward a \$4.50 per bushel objective.	The December contract closed below \$4.60 per bushel but the less actively traded September contract closed 3 cents higher on renewed interest in old-crop supplies.	New lows in the December contract were unable to spark additional fund selling while commercial buyers were not aggressive either. The market closed basically unchanged.	There was little trade activity other than moderate adjustments to trading positions as market participants prepare for the results of USDA's reports on Monday.	There was little trade activity other than moderate adjustments to trading positions as market participants prepare for the results of USDA's reports on Monday.

**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.*

August 9, 2013

*Developing Markets • Enabling Trade • Improving Lives*

---

**Outlook:** USDA will update their acreage and production estimates on Monday 12 August and a substantial level of bearish expectations is already built into present futures prices. The large short position currently held by speculators is evidence that many traders anticipate that Monday's data can drive prices even lower. This may be correct if USDA releases a yield estimate over 160 bushels per acre that produces total corn production above 14 billion bushels and ending stocks well above 2 billion bushels.

Monday's data will be based upon field surveys by NASS to determine USDA's state-by-state yield estimates and those results do not have an extremely strong correlation with the contents of the weekly Crop Progress reports. The average expectation from analysts is for USDA to increase their yield projection from 156.5 up to 157.7 bushels per acre. However, uncertainty is indicated in the range of analyst estimates from a high of 161.2 down to a low of 155.1 bushels per acre.

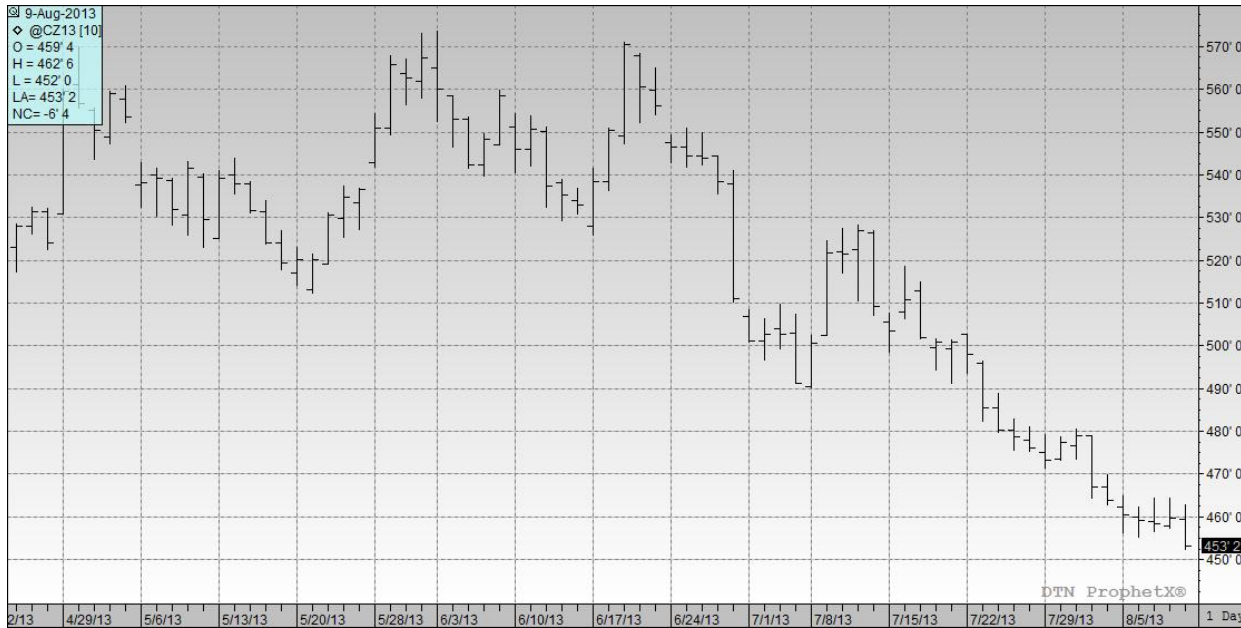
Favorable weather conditions lessen the prospect that the yield estimate will be lower than the current estimate of 156.5 bushels, but it is not entirely impossible. USDA focuses on accuracy and they will relay whatever the field data indicates. Data for the weekly Crop Progress reports is not obtained in such a rigorous format.

The most recent weekly Crop Progress report classified national average corn conditions as 64 percent good to excellent and that is above the five-year average (and last year's drought-ridden conditions) but still below the 2010 conditions when the average yield was 152.8 bushels. The 1 percent increase to 64 percent in corn conditions occurred as improvements in seven states, particularly Illinois, offset declines in nine other states and unchanged ratings in two others. It will be interesting to see what the more extensive field survey data indicates on Monday.

August 9, 2013

Developing Markets • Enabling Trade • Improving Lives

## CBOT DECEMBER CORN FUTURES



Source: Prophet X

### Current Market Values:

Futures Price Performance: Week Ending August 9, 2013			
Commodity	9-August	2-August	Net Change
<b>Corn</b>			
Sep	465.75	476.00	-10.25
Dec	453.25	463.75	-10.50
Mar	466.75	476.50	-9.75
<b>Soybeans</b>			
Aug	1340.75	1331.00	9.75
Sep	1218.50	1212.75	5.75
Nov	1182.25	1181.50	0.75
<b>Soymeal</b>			
Sep	390.60	385.20	5.40
<b>Soyoil</b>			
Sep	41.50	42.49	-0.99
<b>CBOT Wheat</b>			
Sep	633.50	660.50	-27.00
Dec	647.25	673.00	-25.75
Mar	660.50	682.50	-22.00
<b>KCBOT Wheat</b>			

Sep	697.25	706.75	-9.50
Dec	703.50	718.75	-15.25
Mar	712.25	726.75	-14.50
<b>MGE Wheat</b>			
Sep	732.00	741.25	-9.25
Dec	739.75	750.00	-10.25
Mar	751.75	762.00	-10.25

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

## U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: August 4, 2012					
	Very Poor	Poor	Fair	Good	Excellent
Corn	3%	8%	25%	46%	18%
Sorghum	7%	11%	35%	41%	6%
Barley	1%	4%	30%	55%	10%

Source: USDA

**U.S. Drought Monitor Weather Forecast:** Over the period of August 9-11, temperatures will continue to remain below-normal over most of the country, with departures of six- to nine degrees Fahrenheit anticipated over the Plains and West Coast. Above-normal temperatures are expected in the Southern United States and the Northern Rocky Mountains. A wet pattern is likely to continue over much of Colorado, Kansas, Missouri and into Kentucky and Tennessee. The forecast is anticipating amounts of three inches over most of Kansas and Western Kentucky. Dry conditions are projected over most of the Western United States and into Texas.

The CPC forecast for August 11-15 anticipates the best chances for below-normal temperatures will be over the Plains, Midwest, Northeast and especially in the Great Lakes region. The best chances for above-normal temperatures will be in the Southern United States and Pacific Northwest. Most of the country has above-normal chances of recording above-normal precipitation during this time frame. The greatest chances of above-normal precipitation will be over the Southeast. The Great Basin, Southwest, and most of Texas have the best chances of recording below-normal precipitation for the period. 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 August 1, 2013					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	811,900	773,400	5,572.1	13,618.8	42%
Corn	301,700	430,400	16,727.8	19,108.8	-52%
Sorghum	0	32,200	1,177.3	1,602.7	61%
Barley	0	0	6.2	52.2	-61%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales of 290,100 MT for 2012/13 resulted as increases for Japan (169,000 MT, including 44,400 MT switched from unknown destinations and decreases of 9,000 MT), Saudi Arabia (69,700 MT, including 65,000 MT switched from unknown destinations), Venezuela (66,500 MT), Panama (28,000 MT), and Honduras (22,300 MT), were partially offset by decreases for unknown destinations (101,200 MT). Net sales of 220,900 MT for 2013/14 were primarily for Mexico (96,400 MT), unknown destinations (53,300 MT), Japan (30,300 MT), and Colombia (21,700 MT). Exports of 430,400 MT were up 31 percent from the previous week and 39 percent from the prior four-week average. The primary destinations were Japan (212,200 MT), Saudi Arabia (69,700 MT), Mexico (67,000 MT), and Venezuela (46,500 MT). Optional Origin Sales: For 2012/13, outstanding optional origin sales total 65,000 MT, all South Korea. For 2013/14, 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 or exports reported during the week.

**Sorghum:** There were no sales reported during the week. Exports of 32,200 MT were reported to Mexico (31,200 MT) and China (1,000 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 60,000 MT, all China.

U.S. Export Inspections: Week Ending August 1, 2013					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	384,063	290,968	16,326,569	35,804,005	46%
Sorghum	35,384	50,726	1,614,742	1,276,451	127%
Soybeans	37,041	36,742	35,365,586	35,256,423	100%
Wheat	693,028	693,654	5,766,553	4,577,459	126%
Barley	893	261	6,096	1,568	389%

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 August 1, 2013						
Last Week (000 bushels)	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	12,561	90%	1,094	100%	1,177	84%
PNW	2	0%	0	0%	0	0%
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Interior Export Rail	1,463	10%	0	0%	216	16%
<b>Total (1,000 bu)</b>	<b>14,026</b>	<b>100%</b>	<b>1,094</b>	<b>100%</b>	<b>1,393</b>	<b>100%</b>
<b>Total (Metric Tons)</b>	<b>356,274</b>		<b>27,789</b>		<b>35,384</b>	
<b>White Corn Shipments by Country (MT)</b>			21,997	to Honduras		
			3,074	to Colombia		
			2,718	to Japan		
<b>Total White Corn (MT)</b>			<b>27,789</b>			
<b>Sorghum Shipments by Country (MT)</b>					35,384	to Mexico
<b>Total Sorghum (MT)</b>					<b>35,384</b>	

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	+1.22 U	\$231.38	+2.55 U	\$283.74
FH September	+1.00 U	\$222.72	+2.30 U	\$273.90
LH September	+.82 U	\$215.64	+2.30 U	\$273.90
FH October	+.96 Z	\$216.23	+1.50 Z	\$237.49
LH October	+.96 Z	\$216.23	+1.50 Z	\$237.49
FH November	+.88 Z	\$213.08	+1.30 Z	\$229.61
LH November	+.84 Z	\$211.50	+1.30 Z	\$229.61
December	+.69 Z	\$205.60	+1.30 Z	\$229.61

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	Oct	Nov	Dec
Gulf	\$210	\$210	\$210





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	\$241.42
September	+1.50 Z	\$237.49	+1.45 Z	\$235.52
October	+1.40 Z	\$233.55	+1.40 Z	\$233.55

Barley: Feed Barley (FOB USD/MT)			
	August	September	October
FOB PNW	\$260	\$260	\$260

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)		
	August	September
New Orleans	\$182	\$182
Quantity 5,000 MT		
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)		
	August	September
Bulk 60% Pro. New Orleans	\$660	\$660
*5-10,000 MT Minimum		

\*All prices are market estimates.

DDGS Price Table: August 9, 2013 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Aug	Sep	Oct
Barge CIF New Orleans	268	262	230
FOB Vessel GULF	268	265	240
Rail delivered PNW	292	288	262
Rail delivered California	301	295	260
Mid-Bridge Laredo, TX	310	304	275
40 ft. Containers to South Korea (Busan)	370	360	330
40 ft. Containers to Taiwan ( Kaohsiung )	362	347	317
40 ft. Containers to Philippines ( Manila )	376	366	336
40 ft. Containers to Indonesia ( Jakarta )	373	363	333
40 ft. Containers to Malaysia (Port Kelang)	375	365	335
40 ft. Containers to Vietnam (HCMC)	380	370	345
40 ft. Containers to Japan (Yokohama)	375	365	335
40 ft. containers to Thailand (LCMB)	376	366	336
40 ft. Containers to Shanghai, China	365	355	333
KC & Elwood, IL Rail Yard (delivered Ramp)	293	287	258

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 had a mixed week as prices varied from \$5.00 lower to \$5.00 higher. It seems that foreign buyers still have some inventory gaps to fill between now and harvest. Several merchandisers reported that export demand is strong for shipment through March. Most of that demand continues to be for containers but there is also a growing interest in purchasing for the bulk market as well. DDGS merchants note that logistical factors this fall could become “interesting” as competition heats up for available containers.

Domestic buyers continue to monitor the inverse in corn futures and purchase for their immediate needs. Corn harvest is beginning in parts of Texas and will move northward as the season progresses. This harvest is pressuring the southern basis so that end-users in those regions are now paying just slightly more for their delivered corn than ethanol plants further north. The result is that some of the domestic poultry DDGS users are requesting lower prices.

According to a recent article by Dave Juday of World Perspectives, the largest consumers of DDGS are the beef sector (41%), dairy (26%), exports (23%), pork (6%) and then poultry (4%). Buyers in all of these sectors may seek to extend coverage of the DDGS purchases as inverted old-crop prices decline and it becomes increasingly evident that a bottom is forming in the new-crop corn market.

**Ethanol Comments:** EPA announced this week that the 2013 blending mandate will remain unchanged at 13.8 billion gallons of ethanol but the agency hinted that adjustments could be made to 2014 requirements. This is a rather important issue for ethanol facilities because it implies that market conditions could become increasingly competitive next season. The strongest position next year will likely be held by ethanol producers who are able to secure contract agreements on production and lock-in profitable hedges. Opportunities are currently presenting themselves for the development of such strategic initiatives. The opportunity is not indefinite because futures prices are increasingly relaying a message to farmers that they need to expand into soybeans and reduce their corn acreage next season. If so, corn prices could be higher in the second half of 2014.

Last week’s consistent increase in ethanol producer margins caused production to rebound this week to 853,000 barrels per day (bpd), up from 832,000 bpd the prior week. Imports also increased to 56,000 bpd, up from 13,000 bpd the prior week. Ethanol stocks grew to 16.7 million barrels which is up from the prior week’s level of 16.5 million barrels. The present stock levels of 16.7 million barrels is still 10.4 percent below a year ago and 7.5 percent below the stock levels of two years ago. The lower year-to-year stock levels have been important in enabling ethanol producers to maintain recently favorable margins. The differentials between corn and co-products values indicate that ethanol producer margins declined this week in three of the four following regions:

- Illinois differential increased to \$2.41 per bushel. Up from \$2.26 the prior week and above \$1.41 for this same week a year ago.
- Iowa differential decreased to \$2.37 per bushel. Down from \$2.58 the prior week but above \$1.47 for this same week a year ago.



August 9, 2013

*Developing Markets • Enabling Trade • Improving Lives*

- Nebraska differential decreased to \$2.01 per bushel. Down from \$2.09 the prior week but above \$1.70 for this same week a year ago.
- South Dakota differential decreased to \$2.47 per bushel. Down from \$2.51 the prior week but above \$2.04 for this same week a year ago.

## COUNTRY NEWS

**China:** Chinese health officials have officially cleared the country's first major shipment of GMO corn from Argentina, according to Reuters. The 60,000 MT shipment is set to be used in hog and chicken feed. China has also recently approved Ukrainian corn for import in an effort to meet increased demand for animal protein.

**France:** French barley exports have risen by 39 percent over levels seen last year to 5.97 MMT, reports Bloomberg News. Corn exports on the other hand have fallen by 4.7 percent to 6.43 MMT.

**Japan:** The Japanese Ministry of Agriculture, Forestry and Fisheries has reported that the country purchased 52,590 MT of feed wheat and 39,795 MT of feed barley this week, according to Bloomberg News.

**South Africa:** Yellow corn futures have dropped their furthest in two weeks as the rand appreciated against the dollar, which has made imported grain a cheaper alternative to domestic supplies, reports Bloomberg News. Yellow corn for September delivery declined by 1 percent to \$216/MT, while white corn for December delivery fell by 0.4 percent to \$236.93/MT.

## 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	\$45.50	Down \$1.00	Handymax at \$46.00/MT
55,000 U.S. PNW- Japan	\$24.00	Down \$0.75	Handymax at \$25.75/MT
55,000 U.S. Gulf – China	\$43.50	Down \$0.50	North or South China
PNW to China	\$22.50	Down \$0.50	
25,000 U.S. Gulf- Veracruz, México	\$20.50	Down \$0.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$18.00	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast Colombia, Argentina	\$22.00	Down \$1.00	West Coast Colombia at \$30.00
	\$30.00	Down \$0.50	West Coast Colombia from Argentina at \$38.00
35,000 U.S. Gulf - Guatemala	\$28.50	Down \$1.00	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$37.00	Down \$0.50	8,000 MT daily discharge
	\$39.00	Down \$0.50	3,000 MT daily discharge
25,000 U.S. Gulf-Morocco	\$37.00	Down \$1.00	5,000 discharge rate

August 9, 2013

*Developing Markets • Enabling Trade • Improving Lives*

55,000 U.S. Gulf – Egypt PNW to Egypt	\$27.00 \$34.00	Down \$0.50 Down \$0.50	55,000 -60,000 MT St. Lawrence to Egypt \$27.50
60-70,000 U.S. Gulf – Europe – Rotterdam	\$23.00	Down \$1.00	Handymax at +\$2.50 more
Brazil, Santos – China	\$36.00 \$34.50	Unchanged Down \$0.50	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$40.00	Down \$1.00	—

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:** I would like to give you a lot of exciting news about the freight markets, but there just isn't any. The market is in the dull summer holiday period and is tracking lower. So, at the risk of sounding like a broken record, I will just say that overall things are down on reduced volumes. At 962, the Baltic Panamax index is back down to where it was in late June and feels like it will slip further.

The Capesize market was able to muster some support from improved iron ore business out of West Australia, and is slightly higher for the week. Everyone is anticipating better (higher) markets once we get into the October-November new crop harvest period in North America.

No significant new news yet in the PNW Grain elevator International Longshore and Warehouse Union (ILWU) labor situation.

Baltic Panamax Dry-Bulk Indices				
August 8, 2013	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	15,488	16,294	-806	-4.9%
P3A: PNW/Pacific – Japan	6,075	6,281	-206	-3.3%

Source: O'Neil Commodity Consulting

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

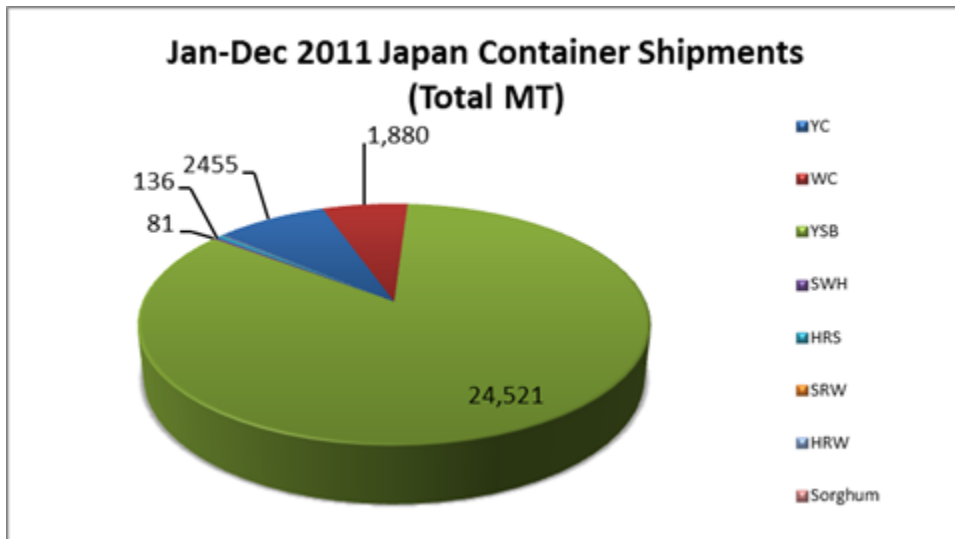
Week of August 8, 2013	
Four weeks ago	\$7.40-\$7.70
Three weeks ago	\$7.55-\$7.75
Two weeks ago	\$7.70-\$7.75
One week ago	\$7.75-\$8.25
This week	\$8.45-\$8.65

Source: O'Neil Commodity Consulting

U.S. – Asia Market Spreads					
August 8, 2013	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	2.30	1.00	1.30	\$51.18	GULF
Soybeans	3.00	1.90	1.10	\$40.42	GULF
Ocean Freight	\$22.50	\$43.50	0.53-0.57	(\$21.00)	Sept

Source: O'Neil Commodity Consulting

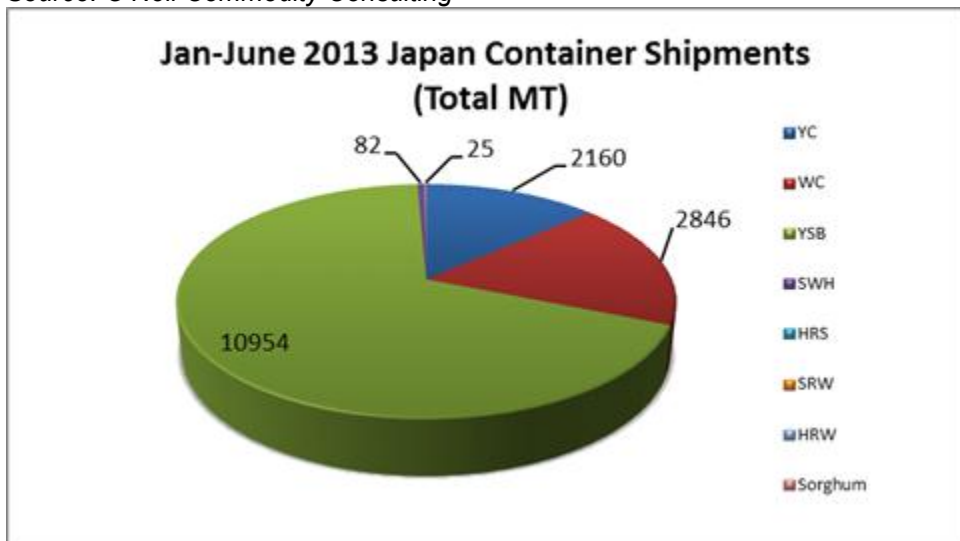
The charts below represent January-December 2011 and January-December 2012 annual totals versus January-June 2013 year-to-date container shipments for Japan.



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

August 9, 2013

Developing Markets • Enabling Trade • Improving Lives

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	\$36	\$34	\$31	\$43
	Brazil	\$39.5	\$39	\$33	\$28	\$24	\$37
Corn (White)	Argentina	\$44	\$44	\$36	\$34	\$31	\$43
	Brazil	\$39.5	\$39	\$33	\$28	\$24	\$37
Barley	Argentina	\$44	\$44	\$36	\$34	\$31	\$43
	Brazil	\$39.5	\$39	\$33	\$28	\$24	\$37
Sorghum	Argentina	\$44	\$44	\$36	\$34	\$31	\$43
	Brazil	\$39.5	\$39	\$33	\$28	\$24	\$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 (%): August 7, 2013			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.40	0.40	0.41
LIBOR (1 year)	0.67	0.67	0.69

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