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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Monday 10 August	Tuesday 11 August	Wednesday 12 August	Thursday 13 August	Friday 14 August
Change	0.1725	-0.1350	-0.1950	0.0725	0.0025
Closing Price	4.0100	3.8750	3.6800	3.7500	3.7525
Factors Affecting the Market	Uncertainties about near-term weather and approaching USDA reports were enough to allow the corn contracts to start the week with a rally higher.	The fact that crop conditions did not decline and corn plants are progressing at a normal rate eliminated some of the bullish enthusiasm.	Data within USDA's August reports was bearish. Corn contracts fell as yield and production estimates exceeded expectations.	The Dec. corn contract was able to bounce back above \$3.70 per bushel but recent lows may soon be retested as trading positions are adjusted.	Dec. corn appears to be carving out a trading range similar to what occurred between July 28 and August 7, but it may not last that long this time.

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.

August 14, 2015

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Outlook: The release of USDA's August yield and production data was considered bearish for feed grains because the estimates exceeded pre-report expectations. The average corn yield estimate given by market analysts prior to the release of USDA reports was 164.4 bushels per acre in a DTN survey, moderately below USDA's July estimate of 166.8 bpa. However, the average U.S. corn yield estimate within USDA's August data was 168.8 bpa, slightly above USDA's July estimate. As well, the estimate for harvested U.S. corn acreage was left unchanged. The result is that the ending stocks estimate for U.S. corn in the soon-to-arrive 2015/16 season (beginning September 1) increased from the July estimate of 1.599 billion bushels to 1.713 billion bushels. This surprising increasing in U.S. corn stocks resulted in a sudden, sharp sell-off in the price of corn futures contracts.

The August data was presumably a disappointment to a large pool of speculators who held long positions in corn and were looking for justification to drive prices higher. The exiting of their long positions could weigh upon corn contracts for a limited time; However, there is little other fundamental justification to drive corn contracts lower once that activity ends for the following reasons: First, USDA's current corn ending stocks estimate for the 2015/16 season of 1.713 billion bushels is still below the ending stocks estimate for the current 2014/15 season of 1.772 billion bushels, which had a low price of \$3.1825/bushel in the nearby corn futures contract on October 1, 2014. At that time, USDA was projecting an ending stocks estimate 2.002 billion bushels and a stocks-to-use ratio of 14.7 percent. Eventually, the ending stocks estimate for the 2014/15 season declined down to the present estimate of 1.772 billion bushels and the stocks-to-use ratio fell to 12.9 percent. However, the recently increased ending stocks estimate for the 2015/16 season of 1.713 billion bushel has a stocks-to-use ratio of 12.4 percent, both of which are still below last year's final levels. Stated differently, there seems little reason for corn futures contracts to fall back to the depth of last season's lows.

Secondly, the projected ending stocks among global corn exporters is projected to decline by approximately 13.5 percent in 2015/16, and the coarse grain ending stocks of major exporters is expected to fall by more than 20 percent in that same time period. Demand to acquire ownership of inventory will likely grow as such factors become increasingly apparent to feed grain end-users while prices are low. There are several influences to consider, but the current French corn crop is down substantially, and while a stronger U.S. dollar can benefit the returns of South American farmers by means of the exchange rate, such a condition does not help them cover their increased costs of production for a crop that requires substantial inputs such as corn. In summary, the long-term outlook is that perceptions may change considerably in global feed grain markets during the 2015/16 season.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending August 14, 2015			
Commodity	14-Aug	7-Aug	Net Change
Corn			
Sep 15	364.00	372.75	-8.75
Dec 15	375.50	383.75	-8.25
Mar 16	387.00	394.75	-7.75
May 16	394.00	401.25	-7.25
Soybeans			
Aug 15	978.50	1009.00	-30.50
Sep 15	925.25	975.50	-50.25
Nov 15	916.50	963.25	-46.75
Jan 16	922.00	968.00	-46.00
Soymeal			
Aug 15	330.90	352.60	-21.70
Sep 15	325.20	344.30	-19.10
Oct 15	317.00	336.20	-19.20
Dec 15	314.20	332.70	-18.50
Soyoil			
Aug 15	28.78	30.03	-1.25
Sep 15	29.08	30.13	-1.05

Oct 15	29.19	30.24	-1.05
Dec 15	29.40	30.46	-1.06
SRW			
Sep 15	506.50	510.50	-4.00
Dec 15	511.75	515.75	-4.00
Mar 16	516.75	523.00	-6.25
May 16	520.50	527.75	-7.25
HRW			
Sep 15	489.75	493.00	-3.25
Dec 15	510.00	513.75	-3.75
Mar 16	524.00	527.50	-3.50
May 16	534.00	537.50	-3.50
MGEX (HRS)			
Sep 15	518.50	525.00	-6.50
Dec 15	533.75	541.25	-7.50
Mar 16	549.25	558.25	-9.00
May 16	559.00	570.00	-11.00

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: August 14, 2014					
	Very Poor	Poor	Fair	Good	Excellent
Corn	2%	7%	21%	52%	18%
Sorghum	3%	5%	25%	57%	10%
Barley	2%	6%	26%	49%	17%

Source: USDA

U.S. Drought Monitor Weather Forecast: Over the next 5-7 days, the monsoonal moisture in the southwest is anticipated to remain in place, bringing with it up to an inch of rain over portions of New Mexico and Arizona. Some of this moisture will push up into portions of the Great Basin as well as the central and northern Rocky Mountains where up to an inch of rain is anticipated in parts of Utah and Colorado. The active pattern will remain over the high plains and Midwest, where 2+ inches of rain are anticipated in portions of northeast Nebraska, southeast South Dakota and southwest Minnesota. The southeast will see more moisture, especially along the coastal regions where up to 3 inches is projected. Temperatures are expected to be above normal over the west, the southern plains, and the eastern third of the United States, with departures of 3-6 degrees above normal. The high plains and northern Rocky Mountains look to be 3-6 degrees below normal during the next week.

The 6-10 day outlooks show that most of the country has the potential to have good chances of above-normal temperatures, with the greatest probability over the west coast and from New England into the Mid-Atlantic. The exception to this is the high plains and Rocky Mountain region, where the best chance of below-normal temperatures is expected. The eastern half of the United States has the expectation of above-normal

precipitation during the period while the area from California into the Great Basin is projected to have the probability of below-normal precipitation.

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 6, 2015

Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	424,000	399,500	3,345.9	8,945.1	-16%
Corn	304,600	840,600	42,388.7	47,155.8	-3%
Sorghum	4,100	180,900	7,712.2	8,507.9	70%
Barley	0	300	3.2	8.8	-76%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 29,200 MT for delivery in 2014/2015 were down noticeably from previous week and 87 percent from the prior 4-week average. Increases reported for South Korea (108,400 MT, including 105,900 MT switched from unknown destinations and decreases of 6,300 MT), Egypt (67,200 MT, including 53,000 MT switched from unknown destinations), Venezuela (53,000 MT), Colombia (45,200 MT, including 31,600 MT switched from unknown destinations), and Honduras (33,600 MT, including 14,100 MT switched from unknown destinations), were partially offset by decreases for unknown destinations (282,200 MT) and Taiwan (115,800 MT). Net sales of 501,900 MT for 2015/2016 were reported primarily for unknown destinations (206,300 MT), Mexico (157,500 MT), Japan (40,600 MT), and Costa Rica (39,800 MT). Exports of 840,600 MT were down 16 percent from the previous week and 23 percent from the prior 4-week average. The primary destinations were Mexico (218,800 MT), Japan (130,900 MT), Egypt (111,200 MT), South Korea (108,300 MT), Peru (58,000 MT), and Colombia (43,600 MT).

Barley: There were no sales reported during the week. Exports of 300 MT were reported to Taiwan.

Sorghum: Net sales reductions of 61,900 MT for 2014/2015 were reported for China (50,100 MT, including 112,000 MT switched from unknown destinations and decreases of 66,000 MT). Decreases were reported for unknown destinations (112,000 MT). Net sales of 166,500 MT for 2015/2016 were reported for China (114,000 MT) and unknown destinations (52,500 MT). Exports of 180,900 MT were down 36 percent from the previous week, but up 13 percent from the prior 4-week average. The destination was China.

U.S. Export Inspections: Week Ending August 6, 2015

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	804,981	920,708	41,919,817	43,877,053	96%
Sorghum	208,272	236,125	8,402,816	4,574,675	184%



Soybeans	151,964	170,896	49,008,168	43,149,663	114%
Wheat	365,986	318,655	3,508,893	4,584,653	77%
Barley	661	490	6,072	33,119	18%

Source: USDA/AMS. *Marketing Year is June 1-May 31 for wheat and barley and September 1-August 31 for corn, sorghum and soybeans. Week-to-week reports will vary due to exporter reported conditions and cancellations to previous week's reports.

USDA Grain Inspections for Export Report: Week Ending August 6, 2015						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	498,448	62%	6,419	100%	208,272	100%
PNW	151,875	19%	0	1%	0	0%
Lakes	10,124	1%	0	0%	0	0%
Atlantic	4,632	1%	0	0%	0	0%
Interior Export Rail	133,483	17%	0	0%	0	0%
Total (Metric Tons)	798,562	100%	6,419	100%	208,272	100%
White Corn Shipments by Country (MT)			6,419	to Colombia		
Total White Corn (MT)			6,419			
Sorghum Shipments by Country (MT)					180,922	to China
					8,000	to Djibouti
					19,350	to Kenya
Total Sorghum (MT)					208,272	

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 September	+0.54 U	\$164.56	-	-
September	+0.56 U	\$165.34	+0.78 Z	\$178.53
FH October	+0.58 Z	\$170.66	+0.78 Z	\$178.53
October	+0.64 Z	\$173.02	+0.78 Z	\$178.53

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
August	+1.75 Z	\$216.72	+1.75 Z	\$216.72
September	+1.75 Z	\$216.72	+1.75 Z	\$216.72

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October	+1.75 Z	\$216.72	+1.75 Z	\$216.72
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Barley: Feed Barley (FOB USD/MT)			
	August	September	October
FOB PNW	\$260	\$260	\$260

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	September	October	November
New Orleans	\$170	\$170	\$170
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	September	October	November
New Orleans	\$680	\$680	\$680
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: August 14, 2015 (USD/MT)			
(Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Sep.	Oct.	Nov.
Barge CIF New Orleans	198	199	199
FOB Vessel GULF	208	210	210
Rail delivered PNW	210	211	212
Rail delivered California	214	215	216
Mid-Bridge Laredo, TX	211	212	212
FOB Lethbridge, Alberta	179	179	179
40 ft. Containers to South Korea (Busan)	253	253	253
40 ft. Containers to Taiwan (Kaohsiung)	252	252	252
40 ft. Containers to Philippines (Manila)	268	268	268
40 ft. Containers to Indonesia (Jakarta)	257	267	267
40 ft. Containers to Malaysia (Port Kelang)	266	266	266
40 ft. Containers to Vietnam (HCMC)	270	270	270
40 ft. Containers to Japan (Yokohama)	261	261	261
40 ft. containers to Thailand (LCMB)	264	264	264
40 ft. Containers to Shanghai, China	233	231	231
KC & Elwood, IL Rail Yard (delivered Ramp)	203	201	201

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 merchandisers and buyers continue to discuss pricing opportunities within market conditions that have recently become more uncertain, due to factors such as bearish USDA data and Chinese government actions; namely, devaluation of the Yuan and increased documentation requirements by the Chinese Ministry of Commerce for feed imports. Of these two latter events, Chinese buyers seem more concerned about the consequences of a changing exchange rate rather than increased documentation.

After the release of USDA data on August 12, the price of containerized DDGS dropped about \$10/MT and the price of bulk DDGS delivered to the Gulf of Mexico declined about \$5/MT. However, domestic prices were virtually unchanged and even increased slightly for DDGS that are transported by rail to the U.S. West Coast. Rail rates may remain firm as competition for freight will increase as the U.S. grain harvest gets underway. It seems that foreign buyers from Vietnam and China may be anticipating such developments as both are actively seeking offers for the September and October time period.

Ethanol Comments: The fact that crude oil contracts declined this past week to their lowest levels in more than six years has apparently not weighed too heavily on demand for ethanol. Rather, total U.S. ethanol stocks showed a rather sizable decline for week ending August 7 to 18.5 million barrels from the prior week's level of 19.2 million barrels. This decline in total stocks occurred while there was a modest increase in the average daily rate of ethanol production to 965,000 barrels per day (bpd) from the prior week's rate of 961,000 bpd. Additionally encouraging is the fact that the current total ethanol stocks are only 4.3 percent larger than the year-ago level. Such narrowing of the year-over-year change in total stocks occurred even though the present production rate ran 3.7 percent above year ago.

Without additional increases in the price of corn, further increases in the average U.S. production rate of ethanol seems unlikely because the spot differential between the cost of corn and the co-products continues to weaken, as the following data shows:

- Illinois differential is \$1.69 per bushel, in comparison to \$1.84 the prior week and \$3.55 a year ago.
- Iowa differential is \$1.74 per bushel, in comparison to \$1.77 the prior week and \$3.47 a year ago.
- Nebraska differential is \$1.41 per bushel, in comparison to \$1.44 the prior week and \$3.50 a year ago.
- South Dakota differential is \$2.18 per bushel, in comparison to \$2.20 the prior week and \$3.81 a year ago.

COUNTRY NEWS

Brazil: The August crop report by the Ministry of Agriculture's National Supply Company (Conab) increased its corn crop production estimate by 2.5 million tons over its July estimate to a total of 84.3 MMT. This year's corn crop is 5.3 percent larger than last year's production, according to Reuters.

China: If Beijing drops the price of corn to world market levels, sorghum may also be impacted: China may import as much as 10 MMT of sorghum this year, but Australian exporters report that sales are slowing as

importers wait to see what will happen. Alternatively, there is concern that China could raise the import tariff on sorghum. Either way, sorghum imports are expected to fall off of their recent highs (Reuters).

Southern Africa: A record 27.4 million people in 15 southern African countries are in need of food aid according to the Southern Africa Development Community (SADC). The region had a surplus of corn, sorghum and other grains last year but adverse weather this year has reduced supplies to 40.23 MMT, an 11.8 percent decline (Bloomberg).

Russia: Grain exports from Russia this year have been on a moderate pace. This past week (August 3-9), Russia exported 7,200 MT of corn and 42,100 MT of barley plus wheat with the leading importers comprised of Egypt, Kuwait and Turkey. As a result, Russian Deputy Prime Minister Arkadiy Dvorkovich said on 11 August that the government is not planning to introduce restrictions on grain exports.

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	\$35.50	Up \$1.00	Handymax at \$36.00/MT
55,000 U.S. PNW-Japan	\$18.75	Up \$0.50	Handymax at \$19.00/MT
55,000 U.S. Gulf-China PNW to China	\$33.50 \$17.75	Up \$1.25 Up \$0.50	North China
30,000 U.S. Gulf-Veracruz, México	\$14.00	Up \$0.50	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	\$15.00 \$27.00	Up \$1.50 Up \$1.00	West Coast Colombia at \$23.00
36-40,000 U.S. Gulf-Guatemala	\$23.00	Up \$0.75	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$32.00 \$33.00	Up \$1.00 Up \$1.00	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$32.00	Up \$1.00	5,000 discharge rate
55,000 U.S. Gulf-Egypt PNW to Egypt	\$25.00 \$26.00	Up \$1.25 Up \$1.00	55,000 -60,000 MT St. Lawrence to Egypt \$25.00
65-75,000 U.S. Gulf-Europe- Rotterdam	\$15.50	Down \$0.50	Handymax at +\$1.50 more
Brazil, Santos-China	\$26.75 \$25.75	Up \$0.50 Up \$0.50	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia- China	\$36.00	Up \$0.50	48-53,000 MT (11.5 meter draft)

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56-60,000 Argentina-China Upriver with Top-Off	\$33.50	Up \$0.50	—
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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: Global ocean freight markets are a bit all over the place this week. I have seen rates booked on the same routes for the same size and positions that differed by more than \$1.50/ton; it seems to be all about how and when you do your negotiating. It is August vacation month in Europe with many out. Nearby markets are, of course, cheaper than the deferred positions.

The Capesize market is considerably lower while the Dry-Bulk Panamax and Supramax markets are up a little. The devaluation of the Chinese Yuan has put a lot of uncertainty into market projections for Chinese raw material imports, and this will surely have a negative impact on ocean freight values longer term. Panama Canal draft reduction from 39 feet, 6 inches (12.04 meters) down to 39 feet (11.89 meters), effective September 8, 2015, means smaller grain cargo sizes from the U.S. Gulf until they get good rains in Panama. China will require importers of barley, DDGS, and sorghum to register details of their purchases under a new system to come into effect from September 1, the commerce ministry said. They may be trying to control imports and encourage use of domestic corn, with one advising firm stating that the future may hold a quota system.

Baltic-Panamax Dry-Bulk Indices				
August 14, 2015	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	14,777	14,514	263	1.8%
P3A: PNW/Pacific– Japan	6,421	6,125	296	-4.8%

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 14, 2015	
Four weeks ago:	\$5.50-\$5.80
Three weeks ago:	\$5.50-\$6.00
Two weeks ago	\$6.10-\$6.40
One week ago:	\$7.00-\$7.75
This week	\$5.85-\$6.40

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
August 14, 2015	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.83	0.53	0.30	\$11.81	PNW
Soybeans	1.05	0.99	0.06	\$2.36	PNW

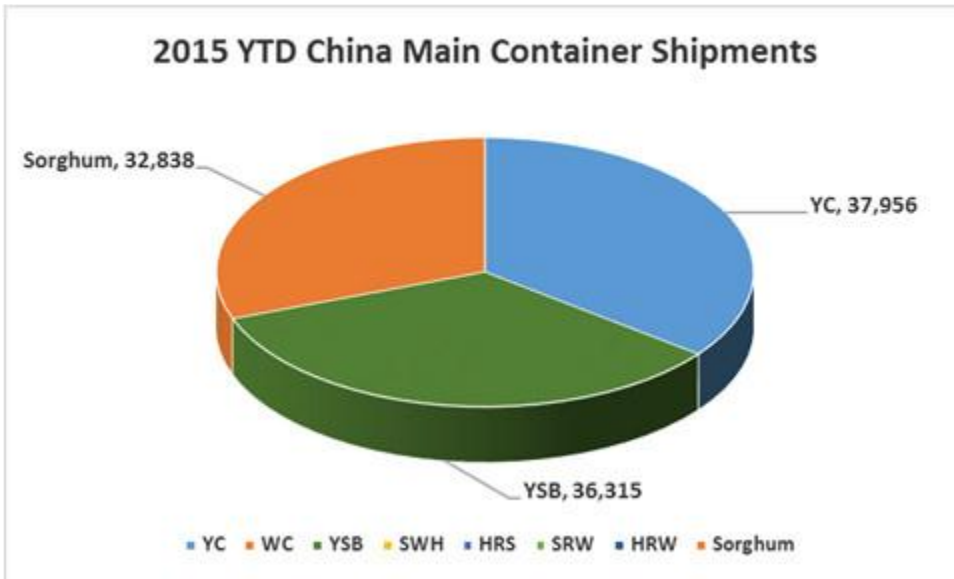
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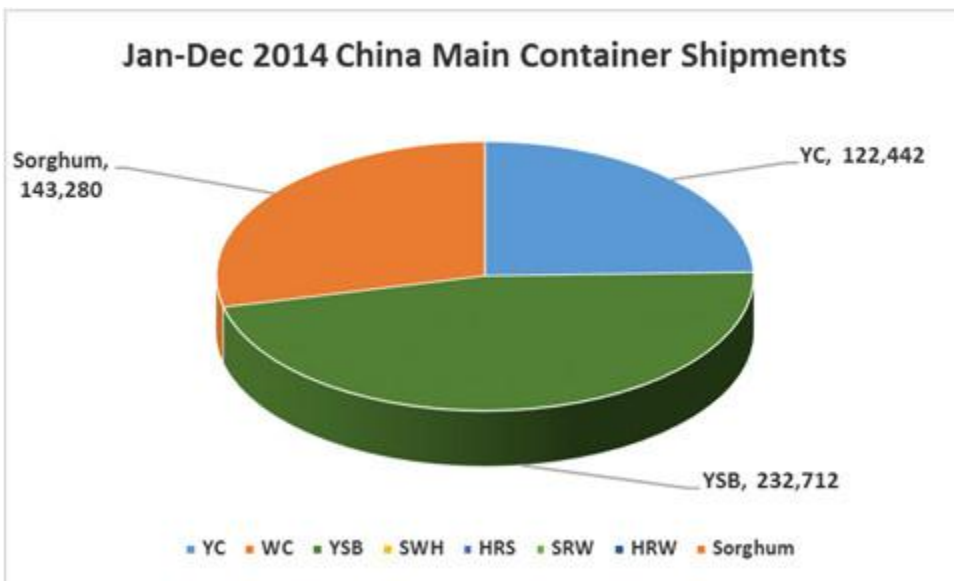
Ocean Freight	\$17.50	\$33.50	0.38-0.41	(\$16.00)	Sept.
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Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

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International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week ending August 14, 2015								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$31	\$34	\$32	\$27	\$26	\$24	-
	Brazil	\$24	\$27	\$25	\$22	\$20	\$19	-
Corn (White)	Argentina	\$31	\$34	\$32	\$27	\$26	\$24	-
	Brazil	\$24	\$27	\$25	\$22	\$20	\$19	-
Barley	Argentina	\$31	\$34	\$32	\$27	\$26	\$24	-
	Brazil	\$24	\$27	\$25	\$22	\$20	\$19	-
Sorghum	Argentina	\$31	\$34	\$32	\$27	\$26	\$24	-
	Brazil	\$24	\$27	\$25	\$22	\$20	\$19	-

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 12, 2015			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.52	0.49	0.46
LIBOR (1 year)	0.84	0.81	0.76

Source: www.bankrate.com