



CONTENTS

CHICAGO BOARD OF TRADE MARKET NEWS 1

CBOT DECEMBER CORN FUTURES 3

U.S. WEATHER/CROP PROGRESS 4

U.S. EXPORT STATISTICS 4

FOB..... 6

DISTILLERS DRIED GRAINS WITH SOLUBLES (DDGS) 7

COUNTRY NEWS 9

OCEAN FREIGHT MARKETS AND SPREADS..... 8

OCEAN FREIGHT COMMENTS 10

INTEREST RATES..... 12

CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Monday 19 August	Tuesday 20 August	Wednesday 21 August	Thursday 22 August	Friday 23 August
Change	0.2200	-0.1000	0.0775	-0.1875	0.0550
Closing Price	4.8550	4.7550	4.8325	4.6450	4.7000
Factors Affecting the Market	Dry weather, a rally in soybeans and a likely decline in crop conditions all combined to drive corn contracts sharply higher.	The decline in crop conditions yesterday did not encourage additional buying, and prices sold back off as a trading range formed.	Slightly below-average yield estimates by private crop scouts for lowa caused prices to gain back much of the prior day's losses.	Speculators returned as aggressive sellers due to light rains and to force a downside breakout of a consolidation range in corn.	The December corn contract continues to carve out a trading range that is likely to develop over the next few weeks.

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 23, 2013

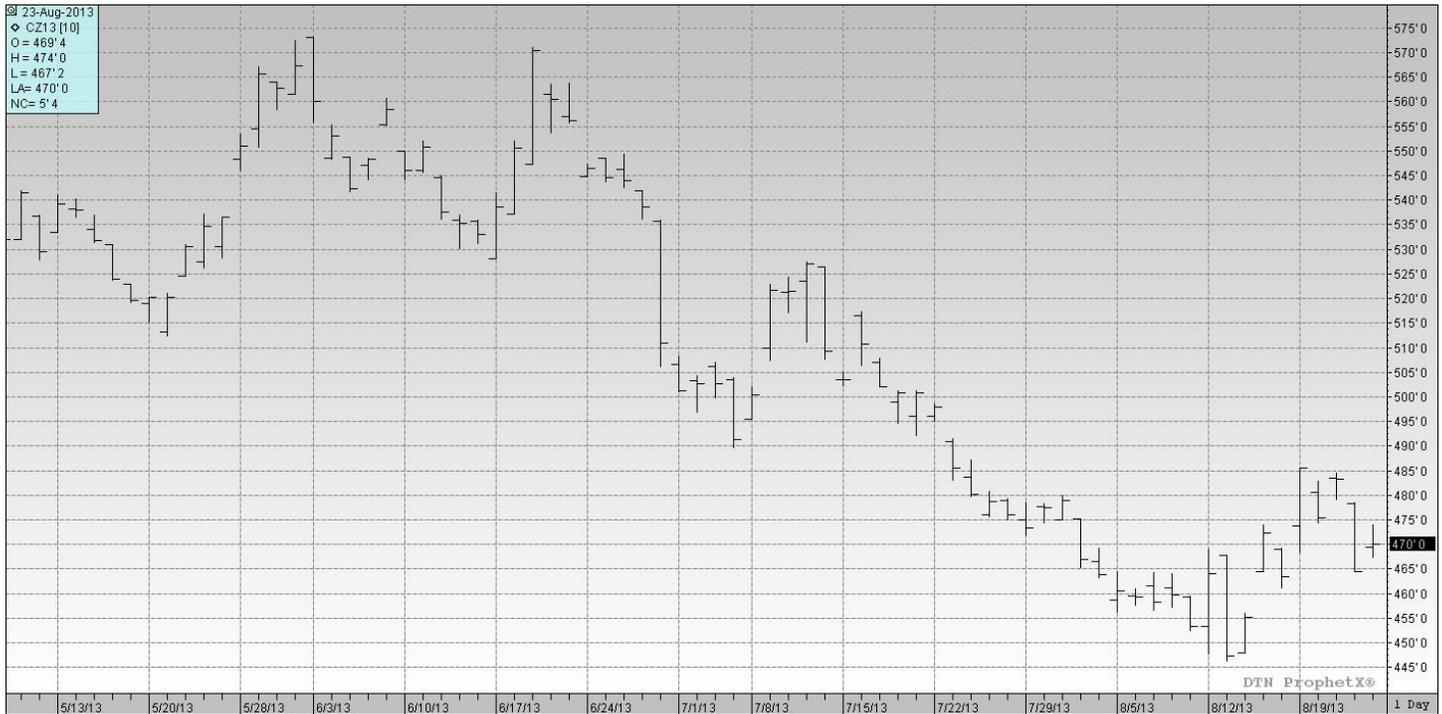
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Outlook: The December corn contracts started off the week with a strong rebound to about \$4.85/ bushel, which was about 40 cents higher than the prior-week's low. That rebound occurred in part because average corn conditions across the Corn Belt were expected to decline, and conditions did decline by 3 points to 61 percent good-to-excellent. Crop conditions could decline again next Monday, but will probably remain above the five-year average, which contains the poor ratings of the two prior years.

There will be export competition this year, but the proportional market share captured by competitors this season is expected to be smaller as stocks of quality U.S. corn rebound. There are legitimate expectations that Chinese corn imports could reach 10 MMT in the approaching 2013/14 season, and the United States is expected to still remain the largest supplier to China.

Numerous buyers are waiting on U.S. basis levels to decline as the harvest approaches. So far, basis in the interior of the Corn Belt and the export market have remained rather stout as harvest approaches. The degree to how much basis will weaken into the harvest will be heavily dependent upon the price action of futures contracts. The speculative community currently has a record short position. If they are successful in eventually driving the December contract down to the \$4.00/ bushel region then basis is likely to remain strong by historical standards. On the other hand, if the funds get chased out of their position and futures prices rebound in the harvest period, then basis will weaken.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending August 23, 2013			
Commodity	23-August	16-August	Net Change
Corn			
Sep	495.50	473.75	21.75
Dec	470.00	463.50	6.50
Mar	482.25	476.00	6.25
Soybeans			
Sep	1365.25	1283.25	82.00
Nov	1328.00	1259.25	68.75
Jan	1328.50	1261.75	66.75
Soymeal			
Sep	433.20	408.80	24.40
Soyoil			
Sep	42.64	42.81	-0.17
CBOT Wheat			
Sep	634.50	631.00	3.50
Dec	646.00	643.50	2.50

August 23, 2013

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Mar	658.00	656.25	1.75
KCBOT Wheat			
Sep	695.50	698.25	-2.75
Dec	697.25	702.25	-5.00
Mar	704.75	710.00	-5.25
MGE Wheat			
Sep	716.25	737.25	-21.00
Dec	725.00	738.25	-13.25
Mar	739.75	750.00	-10.25

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: August 18, 2012					
	Very Poor	Poor	Fair	Good	Excellent
Corn	4%	9%	26%	44%	17%
Sorghum	3%	10%	32%	45%	10%
Barley	2%	5%	28%	51%	14%

Source: USDA

U.S. Drought Monitor Weather Forecast: Over the period of August 23-26, there is an above-normal chance for precipitation mainly in the Southeast, the extreme Southern Plains, and the Southwest. Temperatures are expected to be above-normal across the northern part of the country from Montana through New England and below-normal on both the East and West Coasts.

For the period of August 27-31, the odds favor normal- to- above-normal temperatures across the entire Contiguous U.S. Above normal-precipitation is likely across the northern half of the country from Maine to eastern Oregon. 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 15, 2013					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	513,000	871,300	7,153.3	14,602.9	40%
Corn	63,200	173,500	17,278.8	19,107.9	-52%
Sorghum	3,600	20,800	1,273.0	1,616.9	60%
Barley	200	0	7.3	52.4	-64%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 58,200 MT for 2012/13 resulted as increases for Mexico (35,800 MT), Japan (18,400 MT, including 18,100 MT switched from unknown destinations), Honduras (13,500 MT, including 12,300 MT switched from unknown destinations), Venezuela (10,000 MT), and Taiwan (5,100 MT), were partially offset by decreases for unknown destinations (30,400 MT) and Canada (1,600 MT). Net sales of 434,400 MT for 2013/14 were primarily for Mexico (166,300 MT), Japan (101,600 MT), and Guatemala (59,100 MT). Exports of 173,500 MT were down 54 percent from the previous week and 50 percent from the prior 4-week average. The primary destinations were Mexico (103,600 MT), Japan (28,600 MT), Panama (15,400 MT), and Honduras (13,500 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 Mexico (100,000 MT) and Japan (48,000 MT).

Barley: Net sales of 200 MT were reported for South Korea. There were no exports reported during the week.

Sorghum: Net sales of 3,600 MT for 2012/13 resulted as increases for Japan (7,700 MT, including 6,100 MT switched from unknown destinations) and Mexico (2,000 MT), were partially offset by decreases for unknown destinations (6,100 MT). Net sales of 120,000 MT for 2013/14 were for China (60,000 MT) and unknown destinations (60,000 MT). Exports of 20,800 MT were reported to Japan (18,700 MT) and Mexico (2,000 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 60,000 MT, all China.

U.S. Export Inspections: Week Ending August 15, 2013

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	179,356	389,397	16,911,503	37,477,397	45%
Sorghum	24,156	88,904	1,727,801	1,383,161	125%
Soybeans	144,082	93,433	35,603,645	36,275,934	98%
Wheat	919,547	662,574	7,469,676	5,823,326	128%
Barley	0	914	7,011	60,265	12%

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 15, 2013

Last Week (000 bushels)	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	3,795	54%	0	0%	679	71%
PNW	0	0%	0	0%	0	0%
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Interior Export Rail	3,262	46%	4	100%	272	29%
Total (1,000 bu)	7,057	100%	4	100%	951	100%
Total (Metric Tons)	179,255		102		24,156	
White Corn Shipments by			102	to Mexico		



Country (MT)						
Total White Corn (MT)			102			
Sorghum Shipments by Country (MT)					10,008	to Kenya
					6,909	to Japan
					5,639	to Mexico
					1,270	to Djibouti
					330	to Tanzania
Total Sorghum (MT)					24,156	

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	-	-	+2.40 U	\$289.55
LH September	+1.05 U	\$236.40	+2.40 U	\$289.55
FH October	+1.20 Z	\$232.27	+1.55 Z	\$246.05
LH October	+1.20 Z	\$232.27	+1.55 Z	\$246.05
FH November	+0.93 Z	\$221.64	+1.35 Z	\$238.18
LH November	+0.89 Z	\$220.07	+1.35 Z	\$238.18
December	+0.83 Z	\$217.70	+1.30 Z	\$236.21

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	Oct	Nov	Dec
Gulf	\$250	\$250	\$250

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
August	-	-	+1.20 Z	\$232.27
September	+1.50 Z	\$244.08	+1.20 Z	\$232.27
October	+1.40 Z	\$240.14	+1.20 Z	\$232.27

Barley: Feed Barley (FOB USD/MT)			
	September	October	November
FOB PNW	\$255	\$255	\$255

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)		
	October	November
New Orleans	\$195	\$195
Quantity 5,000 MT		
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)		
	October	November
Bulk 60% Pro.		
New Orleans	\$670	\$670
*5-10,000 MT Minimum		

*All prices are market estimates.

DDGS Price Table: August 23, 2013 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Sep	Oct	Nov
Barge CIF New Orleans	279	264	251
FOB Vessel GULF	287	274	261
Rail delivered PNW	291	264	252
Rail delivered California	300	270	260
Mid-Bridge Laredo, TX	295	270	265
40 ft. Containers to South Korea (Busan)	355	350	330
40 ft. Containers to Taiwan (Kaohsiung)	347	342	322
40 ft. Containers to Philippines (Manila)	360	355	330
40 ft. Containers to Indonesia (Jakarta)	358	353	328
40 ft. Containers to Malaysia (Port Kelang)	360	355	325
40 ft. Containers to Vietnam (HCMC)	365	360	335
40 ft. Containers to Japan (Yokohama)	357	352	327
40 ft. containers to Thailand (LCMB)	355	350	325
40 ft. Containers to Shanghai, China	350	345	320
KC & Elwood, IL Rail Yard (delivered Ramp)	296	281	269

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 report that Chinese buyers continue to look for near-term coverage. One merchandiser was able to sell about 13,000 MT this week, with the majority priced for October shipment. Most of these sales were to China, but small amounts were also destined to Taiwan, Malaysia, Japan, Vietnam and Korea.

August 23, 2013

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This week's limited rebound in prices has reduced buyer inquiries about the September period because they don't want to get caught holding old-crop product when new-crop becomes available. As noted in the ethanol discussion, some influence from old-crop prices could last into the first part of October.

DDGS buyers continue to inquire about prices for the October-March period, but the fact that farmer selling has not picked up makes it difficult for merchandisers to offer the prices that customers are currently requesting for that time. As a result, domestic DDGS buyers are buying day-by-day in anticipation of lower forward contracts values. That strategy makes sense if one is assuming that corn prices will eventually remain compressed under the weight of a large harvest for an extended period of time. Otherwise, it probably makes sense to discuss prospective strategies with merchandisers prior to harvest. Such discussions also enable the merchandisers to investigate the prospects of incorporating both basis and container freight rates.

Ethanol Comments: The preceding Outlook section touched upon the stronger-than-normal basis in the Corn Belt. It is this higher basis that is causing corn to flow from the earlier harvest into southern states and back into the Corn Belt. A story by Reuters reports that 1,000 barges of corn are expected to move northward by the middle of September to Midwest ethanol plants from southern farms. Current market dynamics seem to imply those ethanol facilities, and their resulting DDGS clients, should not expect basis levels to decline to historical levels prior to October; and then much will still depend upon the price action of new-crop futures contracts.

Ethanol production of 844,000 barrels per day (bpd) remains sufficient to meet demand without saturating the market; this is a 13,000 bpd decline from the prior week. The result is that total U.S. ethanol stocks of 16.5 million barrels is basically unchanged from the prior week's level of 16.4 million barrels, and about 11 percent below last year's stocks level of 18.5 million barrels. Ethanol imports continued for the seventh week in a row, but the inflow of 19,000 bpd is almost half the prior-week's level of 36,000 bpd, and substantially below the same week a year ago level of 68,000 bpd.

There was a slight decline in implied margins this week for ethanol producers in the regions of Illinois, Iowa and Nebraska. There was slight improvement for implied margins in the South Dakota region. Returns remain above a year-ago in all of the regions, which is indicated by the following differentials between corn and the value of co-products values:

- Illinois differential declined slightly to \$2.36 per bushel, which is in comparison to \$2.40 the prior week and \$1.56 for this same week a year ago.
- Iowa differential declined slightly to \$2.20 per bushel, which is in comparison to \$2.28 the prior week and \$1.50 for this same week a year ago.
- Nebraska differential declined slightly to \$1.98 per bushel, which is in comparison to \$2.02 the prior week and \$1.90 for this same week a year ago.
- South Dakota differential increased slightly to \$2.64 per bushel, which is in comparison to \$2.57 the prior week and \$1.85 for this same week a year ago.

COUNTRY NEWS

Argentina: Deputy Agriculture Secretary Oscar Solis has indicated that Argentina will likely export 22-24 MMT of the 2012/13 corn crop, an increase that suggests the government will authorize increased exports,

according to Reuters. This potential increase in exports comes on the heels of last month's 23 percent increase in the corn outlook due to larger-than-expected planting acreage. So far, Argentina has authorized the export of 17 MMT of corn from the 2012/13 crop.

Europe: The corn harvest in Bulgaria and Romania has started three weeks earlier than usual this year, reports WPI. The corn crop has matured at a faster-than-usual rate this year due to hot and dry weather during July and August following the pollination period. However, no major impact on yields is expected.

South Africa: South African corn futures fell again after speculation that wet weather in the U.S. could lead to a bumper crop caused a drop in U.S. prices, reports Bloomberg News. White corn for December delivery fell by 0.6 percent to \$230/MT, while yellow corn dropped 0.7 percent to \$217.21/MT.

Further on South Africa. WPI reports that a new drought resistant corn seed, 30y87, has been developed there. This new strain has the potential to greatly improve yields; however, it requires advanced farming techniques and accurate fertilizer applications, which could hinder its adoption by the majority of small farmers.

Tunisia: The FAO is reporting that Tunisian grain harvest has fallen by 47 percent this year, as persistent dry weather forced farmers to reduce their planting acreage, according to Bloomberg News. The crop has fallen to 1.37 MMT, which is down from 2.61 MMT last year. Of this total, some 320,000 MT consists of barley. The country's grain imports may jump as high as 3.57 MMT in 2013/14, which is 30 percent more than last year, and 23 percent higher than the five-year average.

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	\$45.00	Unchanged	Handymax at \$45.00/MT
55,000 U.S. PNW- Japan	\$24.50	Up \$0.50	Handymax at \$24.50/MT
55,000 U.S. Gulf – China	\$43.00	Unchanged	North or South China
PNW to China	\$23.00	Up \$0.50	
25,000 U.S. Gulf- Veracruz, México	\$20.50	Unchanged	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	Unchanged	West Coast Colombia at \$30.00
	\$30.00	Unchanged	West Coast Colombia from Argentina at \$38.00
35,000 U.S. Gulf - Guatemala	\$28.00	Unchanged	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$37.00	Unchanged	8,000 MT daily discharge
	\$39.00	Unchanged	3,000 MT daily discharge
25,000 U.S. Gulf-Morocco	\$37.00	Unchanged	5,000 discharge rate

August 23, 2013

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55,000 U.S. Gulf – Egypt PNW to Egypt	\$27.00 \$35.00	Unchanged Up \$1.00	55,000 -60,000 MT St. Lawrence to Egypt \$27.50
60-70,000 U.S. Gulf – Europe – Rotterdam	\$23.00	Unchanged	Handymax at +\$2.50 more
Brazil, Santos – China	\$36.00 \$34.50	Unchanged Unchanged	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$40.00	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: This week's story was mostly a continuation of last week's. We remain in the August doldrums and freight markets are waiting for the end of summer and a return of business. Gulf –Atlantic markets were softer all week but seemed to be leveling off as we hit the end of the week. Pacific Panamax markets continued to show some support and eked out small weekly gains. At this point I'm guessing that next week will prove to be a fairly flat market.

Baltic Panamax Dry-Bulk Indices				
August 23, 2013	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	14,478	14,741	-263	-1.8%
P3A: PNW/Pacific – Japan	7,095	6,644	451	6.8%

Source: O'Neil Commodity Consulting

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

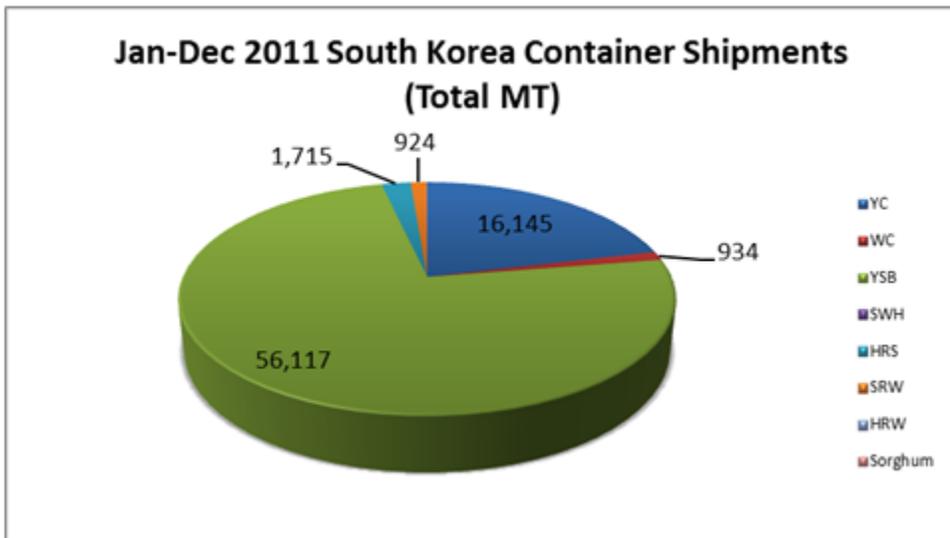
Week of August 23, 2013	
Four weeks ago	\$7.70-\$7.75
Three weeks ago	\$7.75-\$8.25
Two weeks ago	\$8.45-\$8.60
One week ago	\$8.25-\$9.95
This week	\$8.90-\$9.15

Source: O'Neil Commodity Consulting

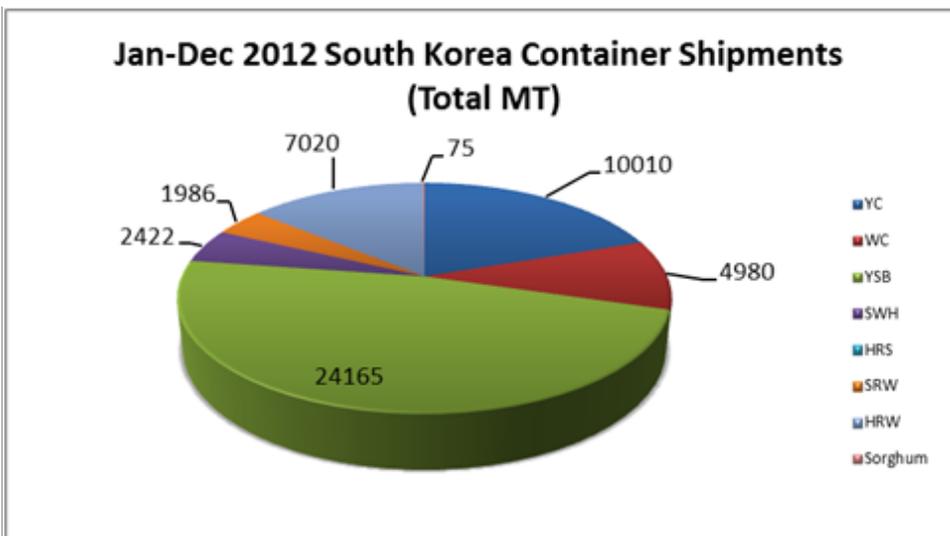
U.S. – Asia Market Spreads					
August 23, 2013	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	2.45	1.05	1.40	\$55.11	GULF
Soybeans	3.00	1.65	1.35	\$49.60	GULF
Ocean Freight	\$23.00	\$43.00	0.51-0.54	(\$20.00)	Sept

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting



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	\$42	\$36	\$34	\$31	\$43
	Brazil	\$38	\$37	\$33	\$28	\$24	\$37
Corn (White)	Argentina	\$44	\$42	\$36	\$34	\$31	\$43
	Brazil	\$38	\$37	\$33	\$28	\$24	\$37
Barley	Argentina	\$44	\$42	\$36	\$34	\$31	\$43
	Brazil	\$38	\$37	\$33	\$28	\$24	\$37
Sorghum	Argentina	\$44	\$42	\$36	\$34	\$31	\$43
	Brazil	\$38	\$37	\$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 21, 2013			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.39	0.40	0.40
LIBOR (1 year)	0.68	0.67	0.68

Source: www.bankrate.com