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**CHICAGO BOARD OF TRADE MARKET NEWS**

Week in Review: CME Corn December Contract					
\$/Bu	Monday 24 August	Tuesday 25 August	Wednesday 26 August	Thursday 27 August	Friday 28 August
<b>Change</b>	0.0325	-0.0350	-0.0374	0.0175	0.0000
<b>Closing Price</b>	3.8050	3.7700	3.7325	3.7500	3.7500
<b>Factors Affecting the Market</b>	It was an impressive feat for Dec. corn to close positive and above \$3.80 per bushel in a day when there was aggressive selling of soy complex futures.	Stable crop condition ratings and a stronger dollar capped the upside and the prospect of lower yields limited the downside.	A third day of a narrow trading range and a closing change of less than 4 cents; prices lack a reason to move up or down.	The change from the prior day was less than two cents in the Dec. corn contract. The current 2014/15 crop year for corn will expire on August 31, 2015.	Dec. corn spent the week in a flat-horizontal pattern while the day-to-day change in prices narrowed from about 3.5 cents down to zero change.

**Outlook:** In a recent DTN survey of subscribers, 53 percent predicted that corn yields will decline in USDA’s September 11, 2015 reports. While that estimate is a majority, it is not a strong majority. As well, the recent weekly crop condition reports for U.S. corn are remaining stable during a period of the growing season when

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*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.*

they normally decline. There is also no established precedence for declining average U.S. corn yields this season because of the increase to 168.8 bushels per acre (bu.) in USDA's August data, which was up from the July estimate of 166.8 bu. The point being, the composite of preceding factors imply that any decrease of average U.S. corn yields within USDA's September data is unlikely to be large enough to shock the market sufficiently to fuel a prolonged rally.

The 2015/16 crop season will begin on September 1, 2015. The outlook is that increasing demand, rather than a supply shock, will be the necessary catalyst to eventually propel prices to higher levels. Increasing demand normally develops over longer time periods than does a supply shock. Demand normally starts to steadily increase in a period when there is mounting concern about future production. It may not be until the second quarter of calendar year 2016 before uncertainty about South American weather and U.S. planting intentions stimulate global end-users to extend their coverage aggressively enough to cause the trend of corn prices to shift in an upward trajectory.

## CBOT DECEMBER CORN FUTURES



Source: Prophet X

**Current Market Values:**

<b>Futures Price Performance: Week Ending August 28, 2015</b>			
<b>Commodity</b>	<b>28-Aug</b>	<b>21-Aug</b>	<b>Net Change</b>
<b>Corn</b>			
Sep 15	363.25	365.25	-2.00
Dec 15	375.00	377.25	-2.25
Mar 16	386.50	388.75	-2.25
May 16	393.00	394.75	-1.75
<b>Soybeans</b>			
Sep 15	893.25	905.25	-12.00
Nov 15	885.50	889.50	-4.00
Jan 16	890.75	893.50	-2.75
Mar 16	892.25	893.25	-1.00
<b>Soymeal</b>			
Sep 15	321.40	326.90	-5.50
Oct 15	315.40	317.80	-2.40
Dec 15	312.70	314.60	-1.90
Jan 16	310.50	311.80	-1.30
<b>Soyoil</b>			
Sep 15	27.79	27.36	0.43
Oct 15	27.92	27.44	0.48
Dec 15	28.17	27.67	0.50
Jan 16	28.44	27.96	0.48
<b>SRW</b>			
Sep 15	477.00	499.50	-22.50
Dec 15	483.75	504.00	-20.25
Mar 16	491.75	508.00	-16.25
May 16	497.00	510.50	-13.50
<b>HRW</b>			
Sep 15	457.75	471.00	-13.25
Dec 15	483.50	492.75	-9.25
Mar 16	497.75	507.00	-9.25
May 16	507.75	516.75	-9.00
<b>MGEX (HRS)</b>			
Sep 15	490.50	501.50	-11.00
Dec 15	511.50	518.00	-6.50
Mar 16	529.00	535.00	-6.00
May 16	540.50	545.25	-4.75

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

## U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: August 28, 2014					
	Very Poor	Poor	Fair	Good	Excellent
Corn	3%	7%	21%	50%	19%
Sorghum	2%	5%	25%	56%	12%
Barley	2%	7%	26%	48%	17%

Source: USDA

**U.S. Drought Monitor Weather Forecast:** For the upcoming 5-day period, August 27-September 1, attention will be focused on southeastern Florida, which may experience very heavy rainfall early next week in association with what is currently Tropical Storm Erika. Preliminary forecasts from the National Hurricane Center in Miami strengthen Erika to a hurricane either this Sunday or Monday, as it bears down on the southeastern Florida coast. However, Erika is still 4-5 days away from Florida, and its track and intensity may change significantly by then. In the desert Southwest, up to an inch of rain is predicted to fall during this period, which would at least help to offset additional deterioration in many areas. Several inches of precipitation are anticipated across the coastal ranges and Cascades of the Pacific Northwest, an area that could certainly use the moisture. Up to several inches of rain are also forecast for portions of the Midwest/Upper Midwest/Upper Great Lakes region. Depending on exactly where the rain does fall, some reduction in drought coverage is possible.

For the ensuing 5-day period, September 2-6, chances for above-median rainfall are elevated across the Southeast, due to the anticipated approach of Erika near the beginning of the period. Above-median rainfall is also favored across the northwestern and north-central portions of the lower 48 states, in advance of an upper-level trough. Odds for below-median rainfall are elevated across portions of the Northeast, and the southwestern and south-central CONUS.

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 20, 2015					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	572,100	357,200	4,309.3	9,788.6	-13%
Corn	94,800	820,600	44,127.4	47,306.8	-3%
Sorghum	49,000	165,000	7,989.2	8,557.0	71%
Barley	0	200	3.6	23.8	-37%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales reductions of 131,800 MT for delivery in 2014/2015--a marketing-year low--were down noticeably from previous week and from the prior 4-week average. Increases reported for Japan (58,700 MT), Mexico (47,000 MT), Panama (24,200 MT, switched from Colombia), Taiwan (6,600 MT), and Peru (3,300 MT), were more than offset by decreases for unknown destinations (246,400 MT), Colombia (24,100 MT), Canada (1,600 MT), Venezuela (1,200 MT), and Costa Rica (1,200 MT). Net sales of 986,600 MT for 2015/2016 were reported primarily for Mexico (387,600 MT), unknown destinations (343,800 MT), Japan (89,000 MT), Colombia (64,900 MT), and Taiwan (47,000 MT). Exports of 820,600 MT were down 11 percent from the previous week and 14 percent from the prior 4-week average. The primary destinations were Japan (269,500 MT), Mexico (200,000 MT), Venezuela (79,800 MT), Colombia (71,000 MT), South Korea (63,100 MT), Canada (45,800 MT), and Costa Rica (26,500 MT).

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

**Sorghum:** Net sales of 49,000 MT for 2014/2015 were reported for China (165,000 MT, including 116,000 MT switched from unknown destinations). Decreases were reported for unknown destinations (116,000 MT). Net sales reductions of 45,900 MT for 2015/2016 resulted as increases for Japan (4,100 MT), were more than offset by decrease for China (50,000 MT). Exports of 165,000 MT were up 47 percent from the previous week, but down 11 percent from the prior 4-week average. The destination was China.

### U.S. Export Inspections: Week Ending August 20, 2015

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
<b>Corn</b>	883,987	901,408	43,720,334	45,951,043	95%
<b>Sorghum</b>	164,984	173,526	8,741,326	4,980,420	176%
<b>Soybeans</b>	210,128	376,718	49,607,816	43,352,332	114%
<b>Wheat</b>	277,992	560,328	4,401,928	5,762,165	76%
<b>Barley</b>	0	0	6,072	34,246	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 20, 2015

Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
<b>Gulf</b>	652,743	74%	0	0%	164,984	100%
<b>PNW</b>	63,145	7%	0	0%	0	0%
<b>Lakes</b>	25,815	3%	0	0%	0	0%
<b>Atlantic</b>	0	0%	0	0%	0	0%
<b>Interior Export Rail</b>	137,394	16%	4,890	100%	0	0%
<b>Total (Metric Tons)</b>	879,097	100%	4,890	100%	164,984	100%
<b>White Corn Shipments by Country (MT)</b>			4,890	to Mexico		
<b>Total White Corn (MT)</b>			4,890			



Sorghum Shipments by Country (MT)					164,984	to China
Total Sorghum (MT)					164,984	

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)
September	+0.70 U	\$170.56	+0.85 Z	\$181.09
FH October	+0.70 Z	\$175.19	+0.78 Z	\$178.34
October	+0.72 Z	\$175.97	+0.78 Z	\$178.34
November	+0.74 Z	\$176.76	+0.98 Z	\$186.21

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
September	+1.35 Z	\$200.78	+1.35 Z	\$200.78
October	+1.05 Z	\$188.97	+1.05 Z	\$188.97
November	+1.10 Z	\$190.93	+1.10 Z	\$190.93

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

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	September	October	November
New Orleans	\$150	\$150	\$150
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	September	October	November
New Orleans	\$645	\$645	\$645
*5-10,000 MT Minimum			

\*All prices are market estimates.

DDGS Price Table: August 28, 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	179	180	181
FOB Vessel GULF	197	197	199
Rail delivered PNW	195	194	195
Rail delivered California	197	196	197
Mid-Bridge Laredo, TX	199	201	201
FOB Lethbridge, Alberta	170	172	173
40 ft. Containers to South Korea (Busan)	242	242	242
40 ft. Containers to Taiwan ( Kaohsiung )	240	240	240
40 ft. Containers to Philippines (Manila)	260	260	260
40 ft. Containers to Indonesia (Jakarta)	251	251	251
40 ft. Containers to Malaysia (Port Kelang)	250	250	250
40 ft. Containers to Vietnam (HCMC)	257	257	257
40 ft. Containers to Japan (Yokohama)	257	257	257
40 ft. containers to Thailand (LCMB)	247	247	247
40 ft. Containers to Shanghai, China	236	236	236
KC & Elwood, IL Rail Yard (delivered Ramp)	183	183	184

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 prices were lower this past week because some buyers have stepped back in order to better define their purchasing strategies for the fourth quarter of 2015. There has been a notable slowdown by Chinese buyers. However, their decline in purchases is not necessarily because they assume there is a lot more downside to current prices, but instead because they seem uncertain about potential changes to their own government's policies. For example, the Commerce Ministry is requiring all buyers to register imports of DDGS, sorghum and barley imports beginning September 1. This requirement seems to be initially intimidating some Chinese buyers, but their concerns may not last long if the registration process is the only constraint.

In the meantime, buyers from other Asian nations such as Vietnam and Indonesia do seem to recognize that current global price levels for feed have limited downside, and they have expressed interest in extending their coverage into the first quarter of 2016. These buyers are entering the market at an excellent time because there are a number of DDGS merchandisers who have increasing amounts of inventory to sell at attractive price levels. The result is that DDGS prices declined by an additional \$5/MT for both international and domestic buyers this past week. One sale occurred for 1,600 MT of DDGS to Ho Chi Minh City (HCMC) in Vietnam for October shipment. There are reported to be additional buyers from Vietnam and Korea who are also quietly probing for potential purchases while there is a lull in demand. Those buyers still have some time to search for pricing opportunities. However, total demand for DDGS is expected to rebound once the U.S. corn harvest is

largely complete, because rail freight rates generally decline and that will presumably encourage buyers from Mexico, Canada and the U.S. West Coast to increase their own purchases.

**Ethanol Comments:** After trading below \$40 per barrel for the first part of this week, the nearby October crude oil contract made a sharp rebound to close above \$45 per barrel for the week ending Friday, August 28, 2015. The implication of this price action is that reduced gasoline prices is stimulating increased demand for crude, and presumably the same for ethanol.

Unfortunately, increased demand for ethanol is not being reflected in the weekly data from the Energy Information Administration (EIA) which shows that total U.S. ethanol stocks remained stationary for week ending August 21, 2015. Those stocks remained stationary even though there was a slight reduction in the average daily production rate to 952,000 barrels per day (bpd), down from the prior week's level of 965,000 bpd. As well, the spot differential between the cost of corn and the co-products has not improved in the most recent data for the week ending August 28, 2015:

- Illinois differential is \$1.64 per bushel, in comparison to \$1.77 the prior week and \$3.41 a year ago.
- Iowa differential is \$1.63 per bushel, in comparison to \$1.81 the prior week and \$3.32 a year ago.
- Nebraska differential is \$1.45 per bushel, in comparison to \$1.48 the prior week and \$3.28 a year ago.
- South Dakota differential is \$2.15 per bushel, in comparison to \$2.16 the prior week and \$3.80 a year ago.

## COUNTRY NEWS

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**Argentina:** Concerned that farmers will grow six MMT less corn and cause a livestock feed shortage, the Argentine government plans to offer farmers interest rate subsidies (600 basis points) to maintain its production rather than switch to soybeans. However, increased profit from soybeans may be more attractive to farmers than increased debt at 19 percent interest rates. It is export restrictions and not credit that makes corn less profitable to produce. (Bloomberg)

**China:** Zhongna Wang of Zhasoshang Futures says that Beijing revising its corn price support program could impact the volume of sorghum that the country imports. He says that China will have imported a record 10 MMT of sorghum in 2014/15 as a result of the current high guaranteed corn price. (DTN)

**Zambia:** The Food Reserve Agency will purchase just 500,000 MT of corn from farmers, versus the one million MT last year, due to the drought-induced drop in production. This will cause a drop in exports and force other countries in the region to import more expensive corn from elsewhere in the world. (Dow Jones)

**South Africa:** The country's Crop Estimates Committee said this week that wheat production would be at a five year low and yet the price of white corn deliverable December fell 1.1 percent in price to 3,085 rand (\$233) per MT. (DTN)



## OCEAN FREIGHT MARKETS AND SPREAD

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans*			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$36.00	Up \$0.25	Handymax at \$37.00/MT
55,000 U.S. PNW-Japan	\$19.00	Unchanged	Handymax at \$19.50/MT
55,000 U.S. Gulf-China	\$33.50	Down \$0.25	North China
PNW to China	\$18.00	Unchanged	
30,000 U.S. Gulf-Veracruz, México	\$15.25	Up \$1.00	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$13.25	Up \$0.50	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$16.75 \$29.00	Up \$1.25 Up \$1.00	West Coast Colombia at \$25.00
36-40,000 U.S. Gulf-Guatemala	\$24.25	Up \$1.00	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$32.50 \$33.50	Unchanged Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$32.50	Unchanged	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$25.50	Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$25.00
PNW to Egypt	\$26.00	Unchanged	
65-75,000 U.S. Gulf-Europe-Rotterdam	\$15.00	Down \$0.50	Handymax at +\$1.50 more
Brazil, Santos-China	\$26.00 \$25.00	Unchanged Unchanged	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$35.50	Unchanged	48-53,000 MT (11.5 meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$33.50	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:** I know vessel owners are employing slow steaming practices but it now seems to be the same story for market rates and direction. Nothing is moving very fast or very much. It may be difficult to drop rates much from current levels, but it is even more difficult to sustain a rally in these markets. The Capesize vessel market discovered this in a big way this week. The rate adjustments on Central American routes are simply an adjustment to previous rates that were a little too aggressive. Freight Traders are saying that loadings out of South America are slowing

considerably and that the market has adopted a very quiet tone at the end of the week. Of course, quiet markets are never bullish. So, it looks like we'll have to wait 30-45 days and see what develops for new business from the fall harvest out of North America.

<b>Baltic-Panamax Dry-Bulk Indices</b>				
<b>August 28, 2015</b>	<b>This Week</b>	<b>Last Week</b>	<b>Difference</b>	<b>Percent Change</b>
<b>Route</b>				
P2A: Gulf/Atlantic – Japan	13,805	14,600	-795	-5.4%
P3A: PNW/Pacific– Japan	6,609	6,690	-81	-1.2%

Source: O'Neil Commodity Consulting

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

<b>Week of August 28, 2015</b>	
Four weeks ago:	\$6.10-\$6.40
Three weeks ago:	\$7.00-\$7.75
Two weeks ago:	\$5.85-\$6.40
One week ago:	\$5.75-\$6.00
This week:	\$4.25-\$5.30

Source: O'Neil Commodity Consulting

<b>U.S.-Asia Market Spreads</b>					
<b>August 28, 2015</b>	<b>PNW</b>	<b>Gulf</b>	<b>Bushel Spread</b>	<b>MT Spread</b>	<b>Advantage</b>
# 2 Corn	0.97	0.67	0.30	\$11.81	PNW
Soybeans	1.14	0.99	0.15	\$5.91	PNW
Ocean Freight	\$18.00	\$34.00	0.40-0.43	(\$16.00)	Oct.

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week ending August 28, 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.

Note: Posted prices reflect no change from the week ending August 21, 2015.

## INTEREST RATES

Interest Rates (%): August 26, 2015			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.52	0.53	0.47
LIBOR (1 year)	0.85	0.84	0.81

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