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**CHICAGO BOARD OF TRADE MARKET NEWS**

Week in Review: CME Corn December Contract					
\$/Bu	Monday 7 September	Tuesday 8 September	Wednesday 9 September	Thursday 10 September	Friday 11 September
<b>Change</b>		0.0525	0.0075	0.0525	0.1275
<b>Closing Price</b>	Holiday	3.6825	3.6900	3.7425	3.8700
<b>Factors Affecting the Market</b>	Markets were closed for the Labor Day holiday.	A sale of 4.7 million bushels to Mexico and the impending release of USDA data enabled the December corn contract to trade higher after a long three-day weekend.	Unchanged crop conditions and a favorable rate of development did not press prices lower. Price action implies that traders are uncertain about final yields.	December corn continued to work higher and closed almost 14 cents above last Friday's low of \$3.6050 per bushel. The December corn contract also closed above its 10-day average.	The data within USDA's September reports was supportive for U.S. corn prices. Charts now appear as though the harvest bottom has been established for 2015/16.

**Outlook:** USDA's September data revealed in today's WASDE and Crop Production reports was as expected, but price action implied that the majority of traders feel the harvest bottom has been established as corn

**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.*

contracts had double digit gains. USDA data projected that yields in the Eastern Corn Belt will be slightly below trend, while yields in the Western Corn Belt remain above trend. The end result was a 1.3 bushel reduction from the August estimate for total U.S. yields to 167.5 bu. This caused production to decline by about 101 million bushels, but there was also an additional 40 million bushel decline in the beginning stocks carried over from the prior season.

Even through there was a slight 20 million bushel decline in the projected domestic use for the current 2015/16 season, the reduced supply resulted in the stocks to use ratio for U.S. corn falling to 11.6 percent. That drop was enough to make market participants take notice, as the price of U.S. corn starts to increase exponentially whenever the stocks to use ratio falls below 10 percent.

## CBOT DECEMBER CORN FUTURES



Source: Prophet X

**Current Market Values:**

<b>Futures Price Performance: Week Ending September 11, 2015</b>			
<b>Commodity</b>	<b>11-Sep</b>	<b>4-Sep</b>	<b>Net Change</b>
<b>Corn</b>			
Sep 15	374.50	349.50	25.00
Dec 15	387.00	363.00	24.00
Mar 16	398.25	374.50	23.75
May 16	405.25	381.50	23.75
<b>Soybeans</b>			
Sep 15	887.75	877.25	10.50
Nov 15	874.25	866.50	7.75
Jan 16	877.50	869.75	7.75
Mar 16	879.00	871.00	8.00
<b>Soymeal</b>			
Sep 15	314.10	313.90	0.20
Oct 15	310.90	308.10	2.80
Dec 15	309.30	306.80	2.50
Jan 16	307.20	304.80	2.40
<b>Soyoil</b>			
Sep 15	26.58	26.44	0.14
Oct 15	26.65	26.53	0.12
Dec 15	26.85	26.73	0.12
Jan 16	27.18	27.03	0.15
<b>SRW</b>			
Sep 15	475.50	457.75	17.75
Dec 15	485.00	467.75	17.25
Mar 16	493.50	476.25	17.25
May 16	499.00	482.25	16.75
<b>HRW</b>			
Sep 15	459.00	448.50	10.50
Dec 15	482.25	474.75	7.50
Mar 16	496.00	489.00	7.00
May 16	506.00	498.50	7.50
<b>MGEX (HRS)</b>			
Sep 15	487.75	486.25	1.50
Dec 15	511.50	503.25	8.25
Mar 16	526.00	519.25	6.75
May 16	536.50	530.25	6.25

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

## U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: September 9, 2014					
	Very Poor	Poor	Fair	Good	Excellent
Corn	3%	7%	22%	49%	19%
Sorghum	2%	5%	25%	56%	12%
Barley	-	-	-	-	-

Source: USDA

**U.S. Drought Monitor Weather Forecast:** For the upcoming 4-day period, September 11-14, 2015, at least moderate rainfall (0.5 inch or more) is expected across most of the South and East, specifically, from southern and eastern Texas, the Mississippi/Ohio Rivers' Confluence, and the eastern Great Lakes Region eastward. Between 2 and 3 inches are forecast for coastal and south-central New England, southeastern New York, New Jersey, eastern Pennsylvania, Delaware, and eastern Maryland. Farther west, much of interior West Virginia, the Maryland Panhandle, and southwestern Pennsylvania should also receive 2 inches or more. To the west, eastern Kansas and western Missouri are expected to see 1 to locally 2 inches, but areas to the west and north of the central Great Lakes Region, the central Great Plains, and western Texas can expect less than 0.25 inch, save for scattered locations in the southern Rockies and northwestern-most Washington. A return to above-normal temperatures is expected from the High Plains westward to the Pacific Coast, with temperatures topping out 9 degrees F to 15 degrees F higher than normal from the Great Basin and San Joaquin Valley northward through the Intermountain West. Meanwhile, daily high temperatures will average a few degrees below normal from the central and southern Appalachians to the central Plains.

The odds favor a return to subnormal precipitation for the ensuing 5 days (September 15-19, 2015) from the Appalachians and Ohio Valley eastward to the Atlantic Coast from Georgia northward through New England. There is also a lesser tilt of the odds toward below-normal precipitation in west-central California and across western Texas and the southern High Plains. In contrast, wetter than normal weather is expected throughout the Pacific Northwest, Desert Southwest, Rockies, northern and eastern Great Plains, Mississippi Valley, and southern Florida Peninsula. Warmer-than-normal weather is anticipated from the High Plains eastward to the Atlantic Coast, except near the central Gulf Coast and Tennessee Valley. Meanwhile, cooler weather is expected to settle back into the northwestern quarter of the country.

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 September 3, 2015					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	339,100	500,400	5,340.1	10,356.5	-15%
Corn	1,902,800	267,400	267.4	8,806.3	-29%

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Sorghum	987,700	400	0.4	3,254.7	69%
Barley	500	13,900	17.8	23.3	-40%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales for the 2015/2016 marketing year, which began September 1, totaled 411,200 MT. Increases reported for Colombia (186,500 MT, including 35,000 MT switched from unknown destinations and decreases of 3,600 MT), Mexico (71,900 MT), South Korea (60,800 MT), Japan (40,800 MT, switched from unknown destinations), the Dominican Republic (31,100 MT), and Venezuela (30,000 MT, switched from unknown destinations), were partially offset by decreases for unknown destinations (84,900 MT). A total of 1,427,100 MT in sales were carried over from the 2014/2015 marketing year, which ended August 31. Exports for the period ending August 31 of 640,900 MT brought accumulated exports to 45,845,500 MT, down 3 percent from the prior year's total of 47,375,100 MT. The primary destinations were Japan (193,400 MT), Colombia (113,400 MT), Mexico (105,900 MT), South Korea (63,800 MT), and Guatemala (34,900 MT). Exports for September 1-3 totaled 267,400 MT, with Mexico (121,500 MT), Colombia (65,500 MT), Japan (40,800 MT), and Venezuela (30,000 MT) being the primary destinations.

**Barley:** Net sales reductions of 1,000 MT for 2015/2016 resulted as increases for South Korea (200 MT), were more than offset by decreases for Morocco (1,200 MT). Exports of 13,900 MT were up noticeably from the previous week and from the prior 4-week average. The destination was Morocco.

**Sorghum:** Net sales for the 2015/2016 marketing year, which began September 1, totaled 162,000 MT. Increases were primarily reported for unknown destinations (100,000 MT), China (27,000 MT), Colombia (22,000 MT), and Mexico (13,000 MT). Exports for September 1-3 totaled 400 MT, with Mexico being the destination. A total of 227,700 MT in sales were carried over from the 2014/2015 marketing year, which ended August 31. Exports for the period ending August 31 of 282,200 MT brought accumulated exports to 8,321,700 MT, up 77 percent from the prior year's total of 4,700,800 MT. The destinations were China (211,700 MT, including 59,000 MT late reporting) and Japan (70,500 MT).

## U.S. Export Inspections: Week Ending September 3, 2015

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
<b>Corn</b>	894,609	1,000,175	471,577	731,840	64%
<b>Sorghum</b>	236,676	98,880	59,939	62,599	96%
<b>Soybeans</b>	93,308	184,285	22,644	80,422	28%
<b>Wheat</b>	371,343	626,634	5,438,851	7,101,973	77%
<b>Barley</b>	13,820	49	19,941	36,867	54%

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 September 3, 2015						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	575,403	66%	19,652	100%	234,511	99%
PNW	155,337	18%	0	0%	0	0%
Lakes	9,964	1%	0	0%	0	0%
Atlantic	4,565	1%	0	0%	0	0%
Interior Export Rail	129,688	15%	0	0%	2,165	1%
<b>Total (Metric Tons)</b>	<b>874,957</b>	<b>100%</b>	<b>19,652</b>	<b>100%</b>	<b>236,676</b>	<b>100%</b>
White Corn Shipments by Country (MT)			11,976	to Colombia		
			7,676	to Japan		
<b>Total White Corn (MT)</b>			<b>19,652</b>			
Sorghum Shipments by Country (MT)					224,568	to China
					11,437	To Japan
					671	to Mexico
<b>Total Sorghum (MT)</b>					<b>236,676</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 September	+0.70 Z	\$179.91	-	-
FH October	+0.70 Z	\$179.91	+0.96 Z	\$190.15
October	+0.72 Z	\$180.70	+0.96 Z	\$190.15
November	+0.74 Z	\$181.49	+0.78 Z	\$183.06
December	+0.75 Z	\$181.88	+0.98 Z	\$190.93

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	\$205.50	+1.35 Z	\$205.50
October	+1.35 Z	\$205.50	+1.35 Z	\$205.50
November	+1.35 Z	\$205.50	+1.35 Z	\$205.50



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Barley: Feed Barley (FOB USD/MT)			
	September	October	November
<b>FOB PNW</b>	-	\$235	\$235

Note: Prices reflect the week ending September 4, 2015.

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	October	November	December
<b>New Orleans</b>	\$155	\$155	\$155
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
	October	November	December
<b>Bulk 60% Pro.</b>			
<b>New Orleans</b>	\$645	\$645	\$645
*5-10,000 MT Minimum			

\*All prices are market estimates.

DDGS Price Table: September 11, 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	173	174	175
FOB Vessel GULF	185	186	186
Rail delivered PNW	184	185	185
Rail delivered California	180	187	188
Mid-Bridge Laredo, TX	186	187	187
FOB Lethbridge, Alberta	158	160	160
40 ft. Containers to South Korea (Busan)	247	232	232
40 ft. Containers to Taiwan ( Kaohsiung )	245	230	230
40 ft. Containers to Philippines (Manila)	265	250	250
40 ft. Containers to Indonesia (Jakarta)	253	245	247
40 ft. Containers to Malaysia (Port Kelang)	253	245	247
40 ft. Containers to Vietnam (HCMC)	259	251	253
40 ft. Containers to Japan (Yokohama)	262	247	247
40 ft. containers to Thailand (LCMB)	250	243	244
40 ft. Containers to Shanghai, China	236	229	229
KC & Elwood, IL Rail Yard (delivered Ramp)	183	181	181

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.

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## **DISTILLERS DRIED GRAINS WITH SOLUBLES (DDGS)**

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**DDGS Comments:** DDGS demand was slow this past week as many buyers wanted to first see the results of USDA's September data before deciding on a purchasing strategy. Those DDGS buyers are expected to make active inquiries next week since the USDA data caused a pronounced jump in corn prices today.

The pricing structure indicates that DDGS merchandisers have mounting inventory that they are anxious to move. Consequently, they seem to have the strongest interest in selling large-volume purchases. Sizable price declines were offered to domestic buyers if they were willing to purchase rail-delivered DDGS in volume. Buyers of FOB vessels at the Gulf of Mexico were also offered similar favorable pricing opportunities. Buyers of containerized DDGS were not offered lower prices for spot market purchases, but they were also presented substantial cost savings for purchases at least one to two months into the future.

**Ethanol Comments:** Improved demand for ethanol is implied in the decline of total ethanol stocks to 18.6 million barrels from the prior week's level of 19 million barrels. Total U.S. ethanol stocks are now only 3.4 percent larger than the year-ago level of 18 million barrels. Furthermore, the decline in stocks occurred while the average daily production rate of ethanol increased to 958,000 barrels per day (bpd) from the prior week's rate of 948,000 bpd. Lower price levels are apparently incentivizing consumption.

Please consider that the national average price of gasoline is presently approximately \$2.44 per gallon, which is more than a dollar cheaper than the year-ago price. Stated differently, the \$46.02 price for a barrel of petroleum in Texas (WTI) is less than the \$47.30 decline from the year-ago price level. Consumers have incentive to increase demand. Strong demand may stabilize returns for ethanol producers. The differential between the cost of corn and the co-products improved slightly during the week ending September 11, 2015:

- Illinois differential is \$1.66 per bushel, in comparison to \$1.72 the prior week and \$2.94 a year ago.
- Iowa differential is \$1.61 per bushel, in comparison to \$1.57 the prior week and \$2.78 a year ago.
- Nebraska differential is \$1.54 per bushel, in comparison to \$1.44 the prior week and \$2.71 a year ago.
- South Dakota differential is \$2.26 per bushel, in comparison to \$2.22 the prior week and \$3.24 a year ago.

Last week, this section included a chart that showed the steady increase in U.S. ethanol exports from 2013 into the present day. To provide additional historical context, it should be noted that the U.S. was a net importer of ethanol in 2009. In 2010, exports exceeded imports by 200 million gallons, turning the U.S. into a net exporter. By 2011, the U.S. was the world's largest ethanol exporter, a position it still maintains. Exports in 2011 were about 1.2 billion gallons, triple the approximately total 400 million gallons exported in 2010. The turnaround in 2011 is attributed to:

- A decrease in Brazilian ethanol production and global exports;
- The prospect of a 10-percent blend wall, which led the U.S. ethanol industry to export as an outlet for record production.

During the 2014 calendar year, a total of 837 million gallons was exported. Through July of 2015, the U.S. ethanol export pace is ahead of last year's pace. Key export markets include Canada, Mexico, and the EU.



## COUNTRY NEWS

**Argentina:** Sales of corn seed have declined sharply this year because of a poor profitability outlook. It is expected that Argentina's farmers will plant 23 percent less corn in the upcoming crop year, and most of that land likely will be shifted into soybeans. (World Perspectives, Inc.)

**Australia:** It rained during the winter despite a forecasted El Nino-driven drought, and the result is a larger barley crop. The Australian Bureau of Agricultural and Resource Economics has increased its barley crop forecast to 8.6 MMT, versus the 8.2 MMT predicted back in June. (Bloomberg)

**India:** The monsoon is withdrawing early in Himachal Pradesh in northern India. The corn crop was planted two weeks late and now is receiving 35 percent less rain than is optimal.

**South Africa:** The Free State is South Africa's largest corn producing province (44 percent of the nation's supply) and it has been declared a "drought disaster." The second largest producing area, the North West Province has also been afflicted. The result is that South Africa's corn crop is projected to be 9.84 MMT versus 14.3 MMT in 2014. (Bloomberg)

**Zimbabwe:** Repeated problems with drought are forcing farmers to switch from producing corn to growing sorghum. The corn crop this year will be 742 KMT, roughly half its usual size. As a result, Zimbabwe will spend \$300 million importing 700 KMT of grain. (Reuters)

## 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	\$34.50	Down \$1.50	Handymax at \$35.50/MT
55,000 U.S. PNW-Japan	\$18.00	Down \$1.00	Handymax at \$19.00/MT
55,000 U.S. Gulf-China	\$32.00	Down \$1.50	North China
PNW to China	\$17.00	Down \$1.00	
30,000 U.S. Gulf-Veracruz, México	\$15.00	Down \$0.25	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$13.00	Down \$0.25	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast	\$16.50	Down \$0.50	West Coast Colombia at \$25.00
Colombia, from Argentina	\$29.00	Down \$0.50	
36-40,000 U.S. Gulf-Guatemala	\$24.00	Down \$0.50	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$32.00	Down \$0.50	8,000 MT daily discharge 3,000 MT daily discharge
	\$33.00	Down \$0.50	
25-30,000 U.S. Gulf-Morocco	\$31.50	Down \$1.00	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$24.50	Down \$1.00	55,000 -60,000 MT

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PNW to Egypt	\$25.00	Down \$1.00	St. Lawrence to Egypt \$25.00
65-75,000 U.S. Gulf-Europe- Rotterdam	\$15.00	Unchanged	Handymax at +\$1.50 more
Brazil, Santos-China	\$23.50 \$22.25	Down \$2.50 Down \$2.75	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia- China	\$33.50	Down \$2.00	48-53,000 MT (11.5 meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$31.25	Down \$2.25	—

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:** There was no relief for vessel owners this week. The Baltic exchange indices fell further and the physical market followed. Trading volumes picked up a bit, but aside from the Capesize market the added activity was all at lower levels. In grain freight markets, we are in that transitional time between big South American corn and soybean shipments and the advent of the North American fall harvest. Export vessel lineups in the U.S. Gulf and PNW have slipped back from previous weeks but should soon ramp up as the harvest gains momentum.

Baltic-Panamax Dry-Bulk Indices				
September 11, 2015	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	11,132	12,480	-1,348	-10.8%
P3A: PNW/Pacific– Japan	5,651	6,189	-538	-8.7%

Source: O'Neil Commodity Consulting

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

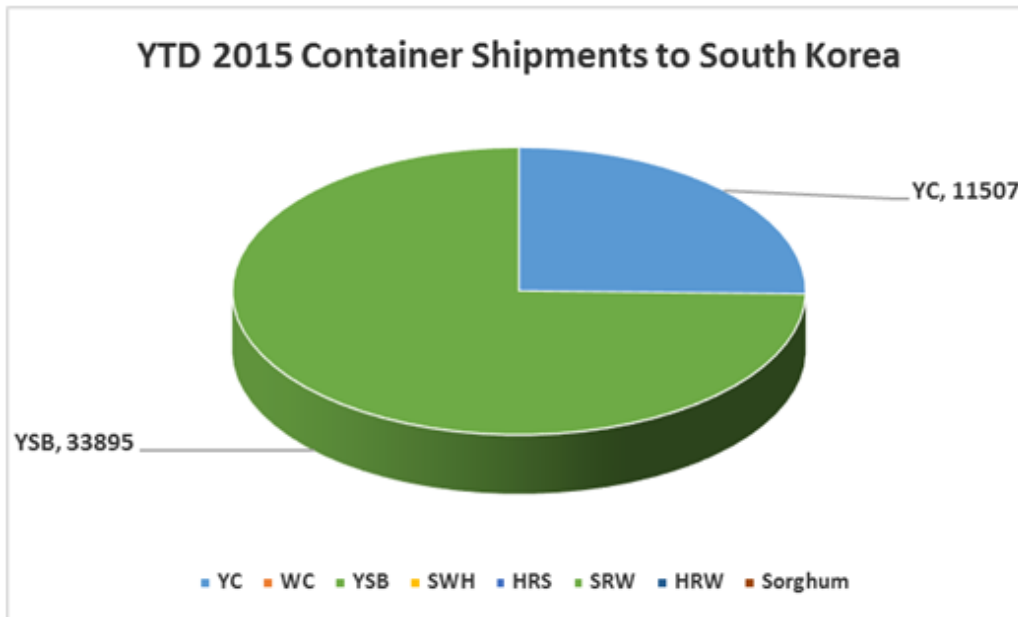
Week of September 11, 2015	
Four weeks ago:	\$5.85-\$6.40
Three weeks ago:	\$5.75-\$6.00
Two weeks ago:	\$4.25-\$5.30
One week ago:	\$4.65-\$5.35
This week	\$5.15-\$5.75

Source: O'Neil Commodity Consulting

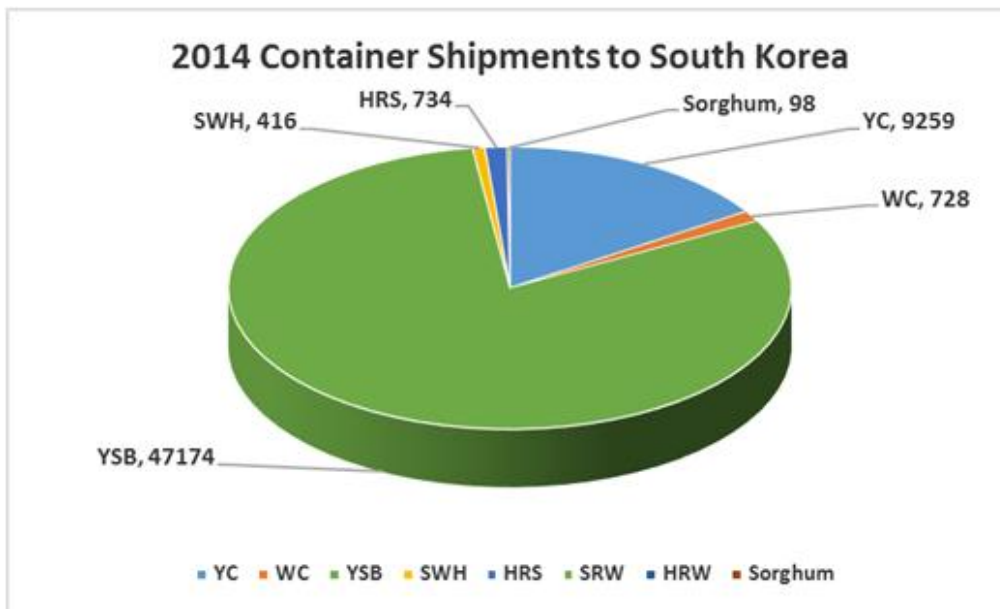
U.S.-Asia Market Spreads					
September 11, 2015	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.96	0.69	0.27	\$10.63	PNW
Soybeans	1.11	1.03	0.08	\$3.15	PNW
Ocean Freight	\$17.00	\$32.00	0.38-0.41	(\$15.00)	Oct.

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week ending September 11, 2015								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$31	\$33	\$32	\$25	\$25	\$22	-
	Brazil	\$22	\$25	\$23	\$21	\$19	\$17	-
Corn (White)	Argentina	\$31	\$33	\$32	\$25	\$25	\$22	-
	Brazil	\$22	\$25	\$23	\$21	\$19	\$17	-
Barley	Argentina	\$31	\$33	\$32	\$25	\$25	\$22	-
	Brazil	\$22	\$25	\$23	\$21	\$19	\$17	-
Sorghum	Argentina	\$31	\$33	\$32	\$25	\$25	\$22	-
	Brazil	\$22	\$25	\$23	\$21	\$19	\$17	-

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 (%): September 9, 2015			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.54	0.54	0.52
LIBOR (1 year)	0.86	0.84	0.84

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