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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Friday 25 September	Monday 28 September	Tuesday 29 September	Wednesday 30 September	Thursday 1 October
Change	0.0750	-0.0225	0.0225	-0.0125	0.0100
Closing Price	3.8900	3.8675	3.8900	3.8775	3.8875
Factors Affecting the Market	The fact that all corn contracts uniformly made a strong move higher, rather than just the nearby, seems to indicate strong buying interest.	The market was hesitant to push the Dec. contract above \$390 per bushel without any fundamental justification for stronger prices.	Dec. corn appears stuck in a narrow trading range, hesitant to move above \$3.90 or below \$3.85 per bushel.	The release of USDA data allowed Dec. corn to have a wider trading range, but the close maintains its horizontal pattern.	The closing prices for Dec. corn have remained within less than a 3-cent range during the past five trading days.

Outlook: USDA published the quarterly U.S. Grain Stocks report on Wednesday, September 30 and it was considered neutral for feed grains. The Grain Stocks report offers a snapshot of total U.S. stocks on September 1 and projects that there were 1.73 billion bushels of corn, which was slightly smaller than the average analyst estimate of 1.735 billion bushels. The total 1.73 billion bushels of corn on September 1 was 41 percent above the year-ago level. However, that is not a bearish factor because last season’s record crop was

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 ten 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.

not yet harvested. Furthermore, the disappearance during the June-August time period was larger this season at 2.72 billion bushels, above the prior-year's usage during that same time period of 2.62 billion bushels. Naturally, the higher usage was encouraged by lower prices.

Sorghum is not expected to act as a competitive constraint against the price of corn moving higher since the September 1 stocks of 18.6 million bushels were down 46 percent from the prior year's level. Furthermore, the majority of reduction in sorghum stocks was at off-farm locations; that same condition of reduced stocks at off-farm locations also exists for corn. These circumstances imply that farmers are willing to maintain a certain level of stocks from one season to the next, and if that inventory is to be enticed away it will need to be with higher prices.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending October 1, 2015			
Commodity	1-Oct	25-Sep	Net Change
Corn			
Dec 15	388.75	389.00	-0.25
Mar 16	399.75	400.25	-0.50
May 16	406.25	407.50	-1.25
Jul 16	410.75	412.75	-2.00
Soybeans			
Nov 15	877.25	889.25	-12.00
Jan 16	880.75	893.25	-12.50
Mar 16	884.75	897.50	-12.75
May 16	888.25	899.50	-11.25
Soymeal			
Oct 15	302.60	308.70	-6.10
Dec 15	303.90	308.20	-4.30
Jan 16	303.20	306.90	-3.70
Mar 16	301.70	305.50	-3.80
Soyoil			
Oct 15	27.09	27.72	-0.63
Dec 15	27.32	27.91	-0.59
Jan 16	27.63	28.21	-0.58
Mar 16	27.88	28.44	-0.56
SRW			
Dec 15	518.25	507.75	10.50
Mar 16	524.25	515.00	9.25
May 16	528.25	519.50	8.75
Jul 16	529.75	522.75	7.00
HRW			
Dec 15	507.50	500.25	7.25
Mar 16	521.75	514.75	7.00
May 16	531.75	524.75	7.00
Jul 16	541.75	533.75	8.00
MGEX (HRS)			
Dec 15	531.25	522.75	8.50
Mar 16	544.50	536.25	8.25
May 16	553.75	546.25	7.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: September 27, 2015					
	Very Poor	Poor	Fair	Good	Excellent
Corn	3%	7%	22%	49%	19%
Sorghum	2%	6%	27%	54%	11%
Barley	-	-	-	-	-

Source: USDA

U.S. Drought Monitor Weather Forecast: The complex interaction between a blocking high over eastern Canada, a stationary upper-air low over the Southeast, and Hurricane Joaquin (or the remnants of) will bring the threat of heavy rain to the eastern third of the nation. Rainfall may total 3 to 4 inches (locally much more) across the Southeast, Mid Atlantic, and Northeast, pending the final track of Joaquin. Meanwhile, dry weather is expected from Texas into the upper Midwest. Farther west, a Pacific storm system will move ashore, bringing the potential for locally heavy showers from central and northern California into the northern Rockies. Dry weather is expected over the Southwest, though some late-season showers may arrive in the Four Corners at the end of the period. The NWS 6- to 10-day outlook for October 6-10 calls for above-normal precipitation and near- to above-normal temperatures nationwide, with drier-than-normal conditions confined to the lower Southeast.

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 24, 2015					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	84,200	564,400	7,062.1	11,093.9	-18%
Corn	806,500	813,800	2,683.2	10,513.8	-28%
Sorghum	163,600	284,100	562.7	3,480.0	40%
Barley	100	600	18.4	23.3	-72%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 748,200 MT for 2015/2016 were up 76 percent from the previous week. Increases reported for Mexico (638,600 MT, including 23,000 MT switched from unknown destinations and decreases of 2,400 MT), Egypt (68,700 MT, including 65,000 MT switched from unknown destinations), Colombia (42,200 MT, including 25,300 MT switched from unknown destinations and decreases of 1,800 MT), Guatemala (41,100 MT), and Venezuela (29,900 MT, including 30,000 MT switched from Panama and decreases of 100 MT), were partially offset by decreases for unknown destinations (80,800 MT) and Panama (30,000 MT). Net sales of 53,100 MT for 2016/2017 were reported for Panama (51,900 MT) and Honduras (1,200 MT). Exports of 813,800 MT were up 2 percent from the previous week. The primary destinations were Mexico (233,200 MT),

Japan (206,400 MT), Colombia (111,700 MT), Egypt (68,700 MT), Venezuela (59,900 MT), Peru (30,500 MT), and Taiwan (29,300 MT).

Barley: Net sales of 100 MT for 2015/2016 were reported for Taiwan. Exports of 600 MT were reported to Taiwan.

Sorghum: Net sales of 163,600 MT for 2015/2016 resulted as increases for China (330,600 MT, including 167,000 MT switched from unknown destinations), were partially offset by decreases for unknown destinations (167,000 MT). Exports of 284,100 MT were up 68 percent from the previous week and 86 percent from the prior 4-week average. The destinations were China (281,100 MT) and Mexico (3,000 MT).

U.S. Export Inspections: Week Ending September 24, 2015

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	514	20,455	38,417	53%
Corn	809,383	735,535	2,750,026	3,149,217	87%
Sorghum	336,857	228,672	743,744	635,652	117%
Soybeans	530,493	502,846	1,429,787	1,501,683	95%
Wheat	651,194	611,804	7,486,414	8,880,448	84%

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.

October 1, 2015

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USDA Grain Inspections for Export Report: Week Ending September 24, 2015						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	5,138	1%	0	0%	0	0%
Gulf	533,452	73%	70,032	92%	334,989	99%
PNW	61,004	8%	196	0%	0	0%
Interior Export Rail	133,973	18%	5,588	7%	1,868	1%
Total (Metric Tons)	733,567	100%	75,816	100%	336,857	100%
White Corn Shipments by Country (MT)			4,027	to Colombia		
			3,005	to Japan		
			68,588	to Mexico		
			196	to Korea		
Total White Corn (MT)			75,816			
Sorghum Shipments by Country (MT)					330,519	to China
					4,470	to Japan
					1,868	to Mexico
Total Sorghum (MT)					336,857	

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 October	+0.70 Z	\$180.60	+0.95 Z	\$190.44
November	+0.71 Z	\$180.99	+0.78 Z	\$183.75
December	+0.73 Z	\$181.78	+0.93 Z	\$189.65

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
October	+1.25 Z	\$202.25	+1.25 Z	\$202.25
November	+1.25 Z	\$202.25	+1.25 Z	\$202.25

Barley: Feed Barley (FOB USD/MT)			
	October	November	December
FOB PNW	-	-	\$225

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	October	November	December
New Orleans	\$158	\$158	\$158
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
	October	November	December
New Orleans	\$615	\$615	\$615
<i>*5-10,000 MT Minimum</i>			

**All prices are market estimates.*

DDGS Price Table: October 1, 2015 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Oct	Nov	Dec
Barge CIF New Orleans	174	176	176
FOB Vessel GULF	184	186	185
Rail delivered PNW	189	191	191
Rail delivered California	193	194	195
Mid-Bridge Laredo, TX	190	191	191
FOB Lethbridge, Alberta	168	170	171
40 ft. Containers to South Korea (Busan)	215	215	215
40 ft. Containers to Taiwan (Kaohsiung)	220	220	220
40 ft. Containers to Philippines (Manila)	230	230	230
40 ft. Containers to Indonesia (Jakarta)	232	232	232
40 ft. Containers to Malaysia (Port Kelang)	229	229	229
40 ft. Containers to Vietnam (HCMC)	237	237	237
40 ft. Containers to Japan (Yokohama)	227	227	227
40 ft. containers to Thailand (LCMB)	225	225	225
40 ft. Containers to Shanghai, China	192	192	194
KC & Elwood, IL Rail Yard (delivered Ramp)	194	195	198

*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: A number of DDGS end users are patiently waiting for increasing U.S. harvest pressure to force the price of corn back down. That strategy can work if increased selling by U.S. farmers causes corn futures contracts to return a portion of the 30-cent per bushel rally that has occurred since the first week of September. However, a complete return to those prior low prices seems unlikely because a sizable amount of waiting demand is implied by the increased buying of corn futures contracts approximately 15 cents below current prices. As a matter of fact, that waiting demand below current price levels seems to be a major reason for the rebound in corn contracts since the first of September. Furthermore, the preceding Outlook section of

this report notes that total corn consumption has increased this past summer above the year-ago rate. Such evidence supports the notion that global buyers are attracted by recent prices.

Concentration of certain nutritional benefits is one advantage that DDGS has over corn that can allow for reduced transportation costs. This is a factor that can cause demand for DDGS to increase more sharply once it becomes evident that corn prices have limited downside remaining. Cash grain prices may remain flat for several months as the newly harvested crop is placed into storage. However, it is at that point that DDGS can rebound quicker because it is produced more uniformly throughout the year. Therefore, the savvy buyer of DDGS is attempting to purchase when the price of corn is at a low, but before the spread between the price of DDGS and corn starts to widen out.

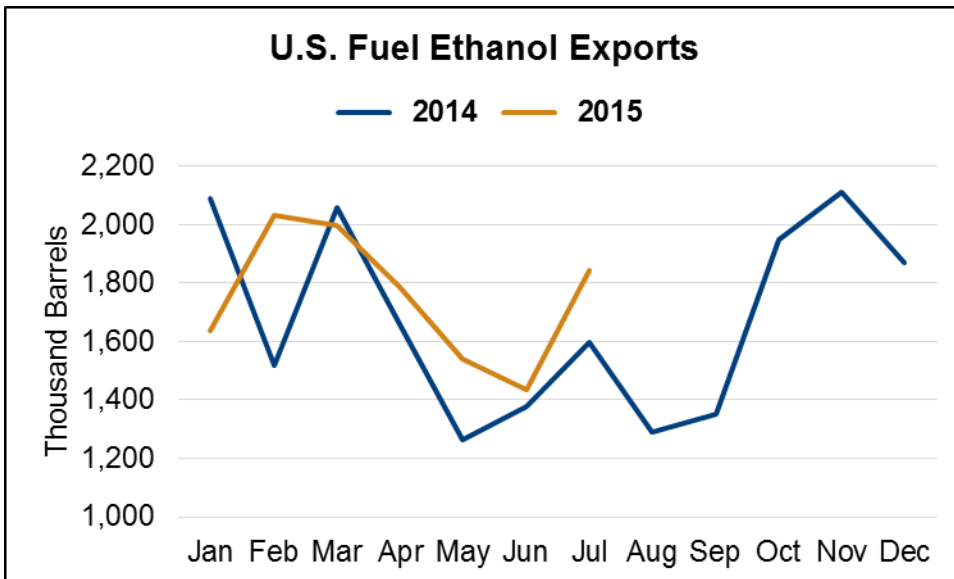
Ethanol Comments: The U.S. national average price of regular gasoline decreased for a sixth week in a row to \$2.32 per gallon, but this period of price decline may be coming to an end: The price of WTI crude oil increased by 84 cents to \$45.55 per barrel for the week ending September 25, 2015. Stability in the price of crude should eventually influence the price of gasoline – and then the price of ethanol.

Total U.S. ethanol stocks of 18.8 million barrels are exactly the same size as the year-ago level even though the current average daily production rate of 943,000 barrels per day (bpd) is more than seven percent larger than the year-ago production rate. This fact seems to imply stable consumption. A further positive point of consideration is that U.S. ethanol imports have fallen back off to zero, after temporarily increasing last week to an average daily rate of 44,000 bpd.

Considering that U.S. ethanol stocks are presently identical to last year, the differential between the spot market price for corn and the bi-products of ethanol and DDGS appears to have room to strengthen more, as can be seen in the data for the week ending September 25, 2015:

- Illinois differential is \$1.79 per bushel, in comparison to \$1.68 the prior week and \$2.28 a year ago.
- Iowa differential is \$1.58 per bushel, in comparison to \$1.45 the prior week and \$2.07 a year ago.
- Nebraska differential is \$1.64 per bushel, in comparison to \$1.45 the prior week and \$1.79 a year ago.
- South Dakota differential is \$1.86 per bushel, in comparison to \$1.72 the prior week and \$2.26 a year ago.

Increased Ethanol Exports: U.S. fuel ethanol exports climbed in July, putting shipments for the year 705,000 barrels ahead of the same period last year. Compared to ethanol exports for the past five years, 2015 sales are at the second fastest clip since 2011 – when the U.S. exported 28.4 million barrels. Notably, the increase in ethanol exports from June to July outpaced the increase in export sales of U.S. finished gasoline over the same period. The chart below shows the most recently available data covering U.S. ethanol exports.



Source: U.S. Energy Information Agency

COUNTRY NEWS

Australia: Exports of barley from Australia to China have increased by 82 percent over the past five years, and sorghum exports have grown by 2,000 percent. Loren Puette of market intelligence firm China Ag's says there is concern that this trade has now plateaued. However, James Cook University's Zhangyue Zhou believes that China's large corn stocks are not a threat to Australia's exports because of the quality issues with Chinese product. (ABC Rural)

Botswana: Botswana officials report that despite having good reserve stocks of sorghum, the country will need to import white maize from Zambia and yellow maize from South Africa. Sorghum is more of a food staple in Botswana than maize, so imports will probably not total more than 5,000- 6,000 MT. (WPI)

Brazil: Shipping agency Williams Brazil says that corn shipments totaled 9.4 MMT, up from 8.3 MMT during the week of September 22. This includes shipments from 13 ports including Santos, Brazil's largest. (Bloomberg)

China: With surplus production this year alone at 55 MMT, the government will auction off 2.3 MMT of corn next week at a price that will likely be lower than the \$314/MT it paid to acquire it. The government will pay 10 percent less for corn starting in November, which is expected to help out processors. Industry analyst Wang Baoquan of yumi.com.cn says processing capacity could grow by 10 percent with corn sweetener taking market share away from sugar. Meanwhile, importers of barley have to pay about two percent more as a result of the recent Yuan devaluation. (Bloomberg; Dow Jones)

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	\$33.00	Down \$0.50	Handymax at \$34.00/MT
55,000 U.S. PNW-Japan	\$17.75	Unchanged	Handymax at \$18.25/MT
55,000 U.S. Gulf-China	\$31.25	Down \$0.25	North China
PNW to China	\$16.75	Unchanged	
30,000 U.S. Gulf-Veracruz, México	\$15.25	Unchanged	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$13.00	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$17.75 \$30.00	Unchanged Unchanged	West Coast Colombia at \$25.25
36-40,000 U.S. Gulf-Guatemala	\$24.25	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$32.00 \$33.00	Unchanged Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$31.50	Unchanged	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$24.50	Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$25.00
PNW to Egypt	\$25.00	Unchanged	
65-75,000 U.S. Gulf-Europe-Rotterdam	\$16.00	Up \$0.25	Handymax at +\$1.50 more
Brazil, Santos-China	\$23.00 \$21.75	Unchanged Unchanged	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$34.00	Unchanged	48-53,000 MT (11.5 meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$30.50	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: There were no big changes in global freight markets this week. Overall the Dry-Bulk market remains soft. The Baltic Indices gave up some of their past gains and most physical rates remained unchanged. Vessel owners can only wait and hope that the North American Fall harvest will add a little excitement to things. However, any potential bump in cargo demand will likely be only temporary.

Baltic-Panamax Dry-Bulk Indices

October 1, 2015	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	10,741	11,159	-418	-3.7%
P3A: PNW/Pacific– Japan	6,141	6,506	-365	-5.6%

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 October 1, 2015

Four weeks ago:	\$5.15-\$5.75
Three weeks ago:	\$5.15-\$5.75
Two weeks ago	\$5.00-\$5.30
One week ago:	\$5.80-\$6.20
This week	\$5.85-\$6.20

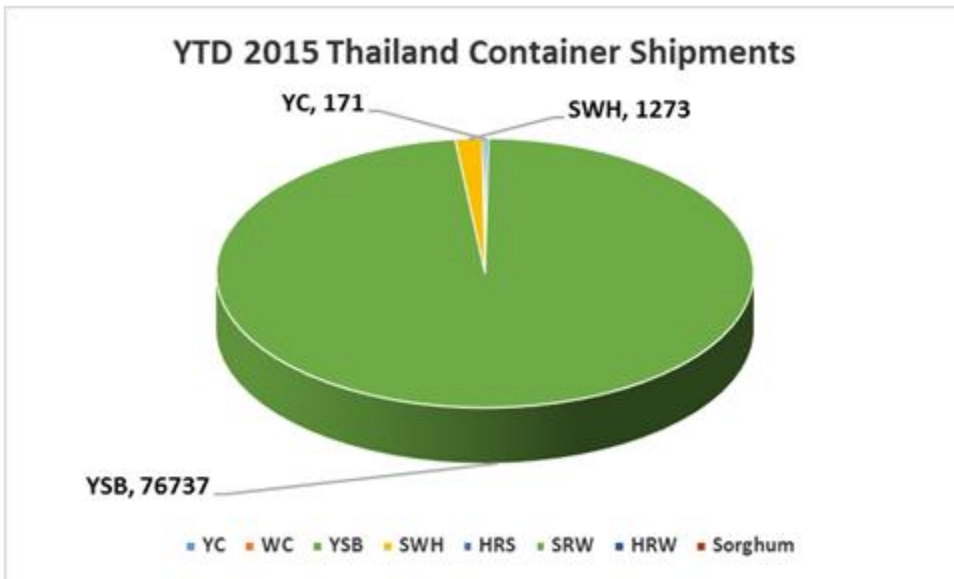
Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads

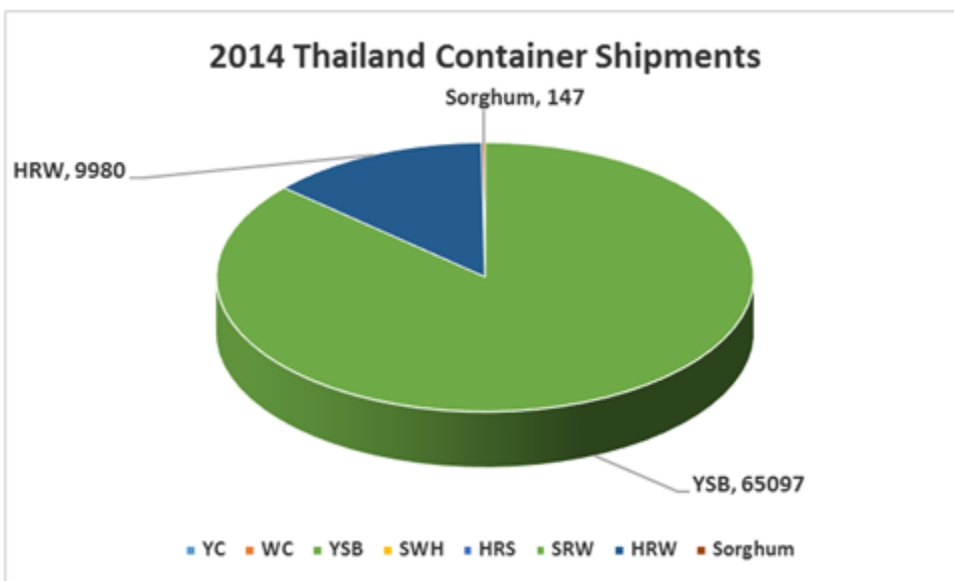
October 1, 2015	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.93	0.71	0.22	\$8.66	PNW
Soybeans	1.18	1.04	0.14	\$5.51	PNW
Ocean Freight	\$16.75	\$31.25	0.37-0.49	(\$14.50)	Nov.

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT) – Week Ending October 1, 2015								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$31	\$33	\$30	\$25	\$25	\$23	-
	Brazil	\$23	\$25	\$24	\$21	\$19	\$18	-
Corn	Argentina	\$31	\$33	\$30	\$25	\$25	\$23	-

October 1, 2015

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(White)	Brazil	\$23	\$25	\$24	\$21	\$19	\$18	-
Barley	Argentina	\$31	\$33	\$30	\$25	\$25	\$23	-
	Brazil	\$23	\$25	\$24	\$21	\$19	\$18	-
Sorghum	Argentina	\$31	\$33	\$30	\$25	\$25	\$23	-
	Brazil	\$23	\$25	\$24	\$21	\$19	\$18	-

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 30, 2015			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.53	0.53	0.54
LIBOR (1 year)	0.86	0.82	0.84

Source: www.bankrate.com