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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Friday 2 October	Monday 5 October	Tuesday 6 October	Wednesday 7 October	Thursday 8 October
Change	0.0050	0.0425	0.0475	-0.0250	-0.0450
Closing Price	3.8925	3.9350	3.9825	3.9575	3.9125
Factors Affecting the Market	Today was the fifth day of a horizontal extension in which markets bounced around and closed almost unchanged.	Price action moved higher and broke out of the recent trading range as investors await USDA's Friday reports.	The Dec. corn contract traded just below \$4.00 per bushel but was unable to move beyond. Friday's data will tell.	Consolidation by the Dec. contract appears to be taking place between \$3.90 and \$4.00 per bushel as trading positions are adjusted.	Pre-report trading and lackluster export sales enabled Dec. corn to drift back down toward \$3.90 per bushel.

Outlook: The estimate for the average U.S. corn yield will be the variable of primary importance within USDA's data that will be published on Friday, October 9, 2015. The previously released stocks data held no major surprises and it is still too early in the 2015/16 crop year to make significant changes to demand estimates. The expectation is that the October estimate for average U.S. corn yields will be 166.4 bushels per acre (bpa) per a recent survey conducted by Dow Jones. This would be a 1.1 bpa decline from the September

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.

estimate of 167.5. However, variability in yields throughout the Corn Belt has resulted in a range of pre-report predictions among analyst of 161 to 169.6 bpa. An October estimate below 165 bpa is expected to support prices and anything above 167 could result in a retest of the prior August low. An October yield estimate within the range of 165 to 167 bpa could most likely result in corn contracts creating a horizontal trading range that will extend into the first of December, at which point total demand can be better defined.

A second potentially price influencing factor will be the estimate for harvested corn acreage. Market participants are expecting USDA's October data to show a small decline in total corn acreage to 80.9 million acres from the September estimate of 81.1 million acres. A price influencing surprise could result from any reduction below 80.5 million bushels, or any increase in U.S. corn acreage. The outlook is that it will be the composite of changes to both yield and acreage that will determine the full influence on near-term prices, as these two price influencing factors could either support or offset each other. Demand and South American weather will then become increasingly important as the year-end approaches.

CBOT DECEMBER CORN FUTURES



Current Market Values:

Futures Price Performance: Week Ending October 8, 2015			
Commodity	8-Oct	2-Oct	Net Change
Corn			
Dec 15	391.25	389.25	2.00
Mar 16	401.75	399.50	2.25
May 16	407.75	406.00	1.75
Jul 16	413.00	410.25	2.75
Soybeans			
Nov 15	881.25	874.25	7.00
Jan 16	886.25	878.25	8.00
Mar 16	890.00	882.00	8.00
May 16	894.50	886.25	8.25
Soymeal			
Oct 15	303.80	298.50	5.30
Dec 15	304.30	301.20	3.10
Jan 16	303.50	300.50	3.00
Mar 16	301.90	298.90	3.00
Soyoil			
Oct 15	28.17	27.84	0.33
Dec 15	28.36	28.06	0.30
Jan 16	28.63	28.34	0.29
Mar 16	28.86	28.55	0.31
SRW			
Dec 15	511.50	513.25	-1.75
Mar 16	519.00	519.00	0.00
May 16	524.00	523.25	0.75
Jul 16	528.00	525.25	2.75
HRW			
Dec 15	503.50	500.50	3.00
Mar 16	517.75	514.75	3.00
May 16	527.25	524.75	2.50
Jul 16	537.25	534.75	2.50
MGEX (HRS)			
Dec 15	531.00	527.25	3.75
Mar 16	543.25	540.00	3.25
May 16	551.50	549.25	2.25
Jul 16	561.00	558.25	2.75

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: October 4, 2015					
	Very Poor	Poor	Fair	Good	Excellent
Corn	3%	7%	22%	48%	20%
Sorghum	2%	6%	27%	54%	11%
Barley	-	-	-	-	-

Source: USDA

U.S. Drought Monitor Weather Forecast: For the upcoming 5-day period (October 8-12), mostly light (0.25-0.75 inches) precipitation will occur in the eastern third of the Nation, with totals of up to 1-1.5 inches possible in the northern Rockies, Great Lakes region, central Appalachians, and eastern Florida. Farther west, heavy precipitation (1-3 inches) is expected in the southern High Plains and Rio Grande Valley, and 2-7 inches in western Washington. Elsewhere, little or no precipitation is expected. Temperatures across the lower 48 States will average above normal, especially in the West and Plains.

For the ensuing 5 days (October 13-17), the odds favor above-median precipitation from the Southwest northeastward into the central Corn Belt. In contrast, sub-median precipitation is favored in the Northwest and Southeast. A strong tilt toward above-normal temperatures is expected in the western half of the U.S., with lower but still above-normal odds in the eastern half of the nation.

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 October 1, 2015					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	301,000	567,500	7,629.6	11,382.1	-18%
Corn	617,600	489,900	3,173.1	11,033.5	-28%
Sorghum	15,000	353,000	915.7	3,484.0	37%
Barley	500	0	18.4	23.9	-79%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 519,700 MT for 2015/2016 were down 31 percent from the previous week. Increases reported for Mexico (338,300 MT), Panama (52,200 MT), Bangladesh (44,000 MT, including 40,000 MT switched from unknown destinations), Jamaica (43,000 MT), and Japan (37,200 MT, including 10,400 MT switched from unknown destinations and decreases of 24,000 MT), were partially offset by decreases for unknown destinations (50,300 MT) and Taiwan (1,800 MT). Net sales reductions of 53,100 MT for 2016/2017 were reported for Panama (51,900 MT) and Honduras (1,200 MT). Exports of 489,900 MT were down 40 percent from the previous week. The primary destinations were Mexico (184,100 MT), Japan (120,900 MT),

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Bangladesh (44,000 MT), Colombia (31,300 MT), Guatemala (31,200 MT), Panama (21,100 MT), and El Salvador (17,000 MT).

Barley: Net sales of 500 MT for 2015/2016 were reported for Japan (300 MT) and South Korea (200 MT). There were no exports reported during the week.

Sorghum: Net sales of 4,000 MT for 2015/2016 resulted as increases for Venezuela (49,400 MT, including 50,000 MT switched from China and decreases of 600 MT), China (6,600 MT), Indonesia (600 MT), and Japan (400 MT), were partially offset by decreases for unknown destinations (53,000 MT). Exports of 353,000 MT were up 24 percent from the previous week and 67 percent from the prior-4 week average. The destinations were China (294,600 MT), Venezuela (49,400 MT), Japan (4,500 MT), and Mexico (4,400 MT).

U.S. Export Inspections: Week Ending October 1, 2015

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	70	0	20,528	66,528	31%
Corn	469,697	810,386	3,220,726	4,037,461	80%
Sorghum	297,378	336,857	1,041,122	810,179	129%
Soybeans	1,122,669	541,570	2,563,533	2,504,340	102%
Wheat	557,109	635,699	8,028,028	9,579,153	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.



USDA Grain Inspections for Export Report: Week Ending October 1, 2015						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	43,999	10%	0	0%	0	0%
Gulf	286,632	64%	21,286	100%	294,648	99%
PNW	294	0%	0	0%	0	0%
Interior Export Rail	117,486	26%	0	0%	2,730	1%
Total (Metric Tons)	448,411	100%	21,286	100%	297,378	100%
White Corn Shipments by Country (MT)			6,998	to Colombia		
			6,808	to Costa Rica		
			7,480	to El Salvador		
Total White Corn (MT)			21,286			
Sorghum Shipments by Country (MT)					294,648	to China
					2,730	to Mexico
Total Sorghum (MT)					297,378	

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	+0.72 Z	\$182.37	+0.96 Z	\$191.82
November	+0.73 Z	\$182.77	+0.78 Z	\$184.73
December	+0.75 Z	\$183.55	+0.97 Z	\$192.21
January	+0.69 H	\$185.32	+0.90 H	\$193.59

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	\$203.24	+1.25 Z	\$203.24
November	+1.25 Z	\$203.24	+1.25 Z	\$203.24

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

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	November	December	January
New Orleans	\$153	\$153	\$153
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
	November	December	January
New Orleans	\$615	\$615	\$615
<i>*5-10,000 MT Minimum</i>			

**All prices are market estimates.*

DDGS Price Table: October 8, 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	171	172	172
FOB Vessel GULF	180	181	181
Rail delivered PNW	186	187	187
Rail delivered California	188	189	189
Mid-Bridge Laredo, TX	186	187	187
FOB Lethbridge, Alberta	161	164	164
40 ft. Containers to South Korea (Busan)	215	216	217
40 ft. Containers to Taiwan (Kaohsiung)	215	215	215
40 ft. Containers to Philippines (Manila)	225	225	225
40 ft. Containers to Indonesia (Jakarta)	225	226	226
40 ft. Containers to Malaysia (Port Kelang)	224	225	226
40 ft. Containers to Vietnam (HCMC)	230	231	232
40 ft. Containers to Japan (Yokohama)	222	222	222
40 ft. containers to Thailand (LCMB)	222	223	224
40 ft. Containers to Shanghai, China	212	213	213
KC & Elwood, IL Rail Yard (delivered Ramp)	178	179	180

*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: The overall implication of this week's price action is that DDGS buyers are being presented pricing opportunities by merchandisers who presently desire to increase their volume sold. For example, consider the fact that DDGS prices have recently weakened while corn futures contracts strengthened. This is one indicator that merchandisers have abundant inventory that they desire to move. A second potential indicator of this circumstance is the discount for October DDGS prices.

DDGS inventories at ethanol facilities have increased in part because of a common expectation among buyers that harvest will press corn contracts back down toward the lows that occurred in August. However, the Outlook section of this report explains the circumstances that are necessary for that even to happen. It is possible that DDGS buyers could be waiting on corn pricing conditions that are not going to develop if total U.S. corn production declines. Therefore, it may be advantageous to consider the ebb and flow of DDGS inventories when creating purchasing strategies. It is possible for DDGS prices to decline even if the price of corn remains flat, but that condition is not permanent.

Ethanol Comments: The current 2015/16 crop year for U.S. corn is only about five weeks old, yet some market participants are touting the fact that the sales pace for corn exports is slower than normal. Presently about only about 23 percent of USDA estimated total U.S. exports of 1.85 billion bushels has been sold when the normal amount sold by this time is closer to 45 percent. This slower sales pace is primarily the result of many global end users purchasing corn in a hand-to-mouth manner because of the expectation that the U.S. corn harvest will again force prices back down. The correctness of this assumption will be better defined after USDA data is published on October 9, 2015. The key point being, this circumstance has granted more time for ethanol facilities to define their purchasing strategies while U.S. gasoline prices stabilize. The average retail price of U.S. gasoline decreased for the seventh week in a row to \$2.318 per gallon on October 5, as reported by the U.S. Energy Information Administration (EIA).

Total U.S. ethanol stocks remained unchanged from the prior week at 18.2 million barrels. A positive note is that this amount is slightly below the year-ago stocks of 18.7 million barrels. This occurred even as the currently average daily production rate of 950,000 barrels per day (bpd) increased above the prior week's level of 943,000 and is 5.4 percent above the year-ago average daily rate of 901,000 bpd. Additionally, the stable stocks level exists even though ethanol imports returned with an average rate of 17,000 bpd.

The differential between the combined market returns for ethanol and DDGS and the price of corn does not imply that margins will incentivize ethanol facilities to increase production. The following data show that the differentials in three of the four regions of the Corn Belt declined for the week ending October 2, 2015 and remain below a year ago:

- Illinois differential is \$1.72 per bushel, in comparison to \$1.79 the prior week and \$2.12 a year ago.
- Iowa differential is \$1.54 per bushel, in comparison to \$1.58 the prior week and \$1.99 a year ago.
- Nebraska differential is \$1.70 per bushel, in comparison to \$1.64 the prior week and \$1.84 a year ago.
- South Dakota differential is \$1.74 per bushel, in comparison to \$1.86 the prior week and \$2.18 a year ago.

COUNTRY NEWS

Argentina: Corn and wheat planted area this year will be 1.5 million hectares smaller than last year. That forecast is a 20 percent larger drop than forecast by the Buenos Aires Grain Exchange. Lower global corn prices combined with high taxation by the government have reduced profitability for these crops. (Agrimony)



Market Perspectives

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Australia: Market analysts Green pool Commodity Specialists predicts that this year's El Nino will cause global sugar output to fall 5.6 MMT short of demand, the worst supply deficit in six years. This could affect ethanol production and prices have rallied as a result of the short crop.

Canada: Statistics Canada forecasts 2015/16 barley production will be 7.6 MMT, a nearly 7 percent increase over 2014/15. USDA's September report pegged Canadian barley at 7.3 MMT but will issue a new report tomorrow. Statistics Canada predicts the 2015/16 oat crop will be 3.3 MMT, up nearly 14 percent from 2014/15 but 10 KMT below USDA's September estimate. (Dow Jones)

Ukraine: UkAgroConsult says that a government decision to reduce corn exports by 21 percent will increase the demand for corn from other suppliers, and encourage the use of other grains such as wheat for animal feed. (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	\$32.75	Down \$0.25	Handymax at \$33.50/MT
55,000 U.S. PNW-Japan	\$17.75	Unchanged	Handymax at \$18.25/MT
55,000 U.S. Gulf-China	\$31.25	Unchanged	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	\$18.00 \$30.00	Up \$0.25 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	Unchanged	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: China is on holiday this week and things are fairly quiet. Global ocean freight markets continue to struggle. Vessel owners are desperately hoping for a turnaround that does not appear to be imminent. Freight markets are definitely showing a carry, or contango situation, with deferred positions trading at a premium to today's values. Actually this is just a situation of vessel owners not being willing to sell forward positions at today's prices. However, they will end up having to accept what the market will pay when next month arrives and becomes the present.

Buyers, of course, are not seeing any reason to pay up and seem very content to just wait and see what happens.

You will notice that grain vessel lineups at the U.S. Gulf are starting to build as the fall harvest progresses. PNW vessel lineups, however, have dropped back while the number of sorghum vessels loading in the Texas Gulf has declined substantially from previous weeks. The drop in rail car values in the secondary rail car market is a strong indicator that farmers are holding a lot of their production and not marketing very much from the combine.

Baltic-Panamax Dry-Bulk Indices				
October 7, 2015	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	10,718	10,636	82	0.8%
P3A: PNW/Pacific– Japan	6,275	6,068	207	3.4%

Source: O'Neil Commodity Consulting

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

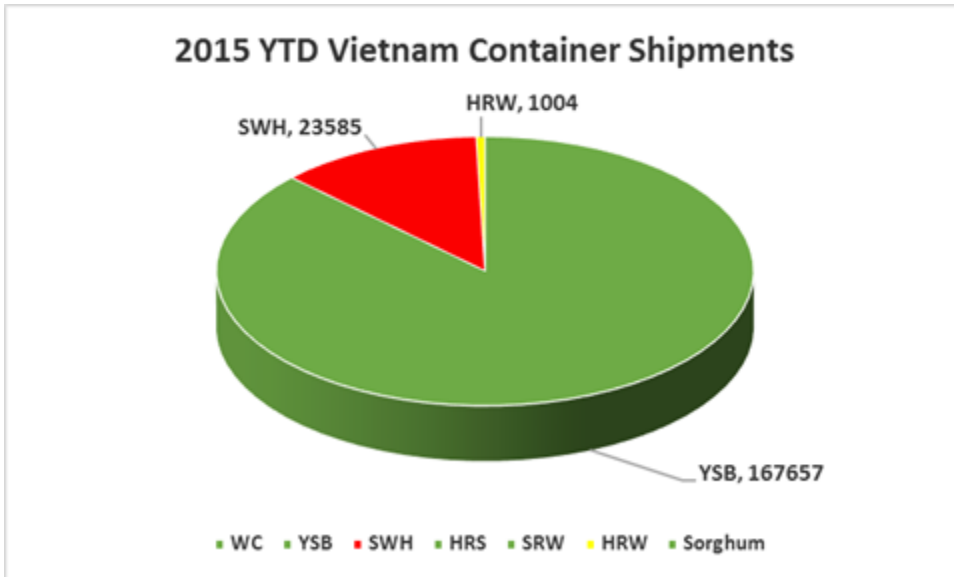
Week of October 7, 2015	
Four weeks ago:	\$5.15-\$5.75
Three weeks ago:	\$5.00-\$5.30
Two weeks ago	\$5.80-\$6.20
One week ago:	\$5.85-\$6.20
This week	\$5.80-\$6.00

Source: O'Neil Commodity Consulting

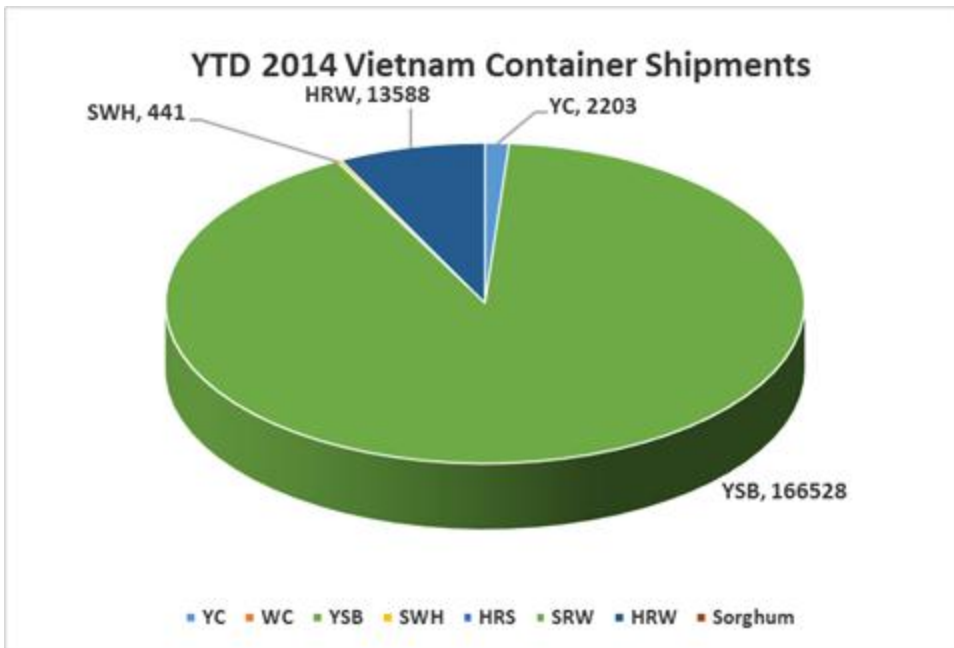
U.S.-Asia Market Spreads					
October 7, 2015	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.91	0.70	0.21	\$8.27	PNW
Soybeans	1.17	1.03	0.14	\$5.51	PNW
Ocean Freight	\$16.75	\$31.25	0.37-0.39	(\$14.50)	Nov.

Source: O'Neil Commodity Consulting

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



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 October 8, 2015								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$29	\$31	\$30	\$25	\$25	\$22	-
	Brazil	\$22	\$24	\$23	\$21	\$19	\$17	-
Corn (White)	Argentina	\$29	\$31	\$30	\$25	\$25	\$22	-
	Brazil	\$22	\$24	\$23	\$21	\$19	\$17	-
Barley	Argentina	\$29	\$31	\$30	\$25	\$25	\$22	-
	Brazil	\$22	\$24	\$23	\$21	\$19	\$17	-
Sorghum	Argentina	\$29	\$31	\$30	\$25	\$25	\$22	-
	Brazil	\$22	\$24	\$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 (%): October 7, 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)	0.85	0.86	0.86

Source: www.bankrate.com