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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Friday 16 October	Monday 19 October	Tuesday 20 October	Wednesday 21 October	Thursday 22 October
Change	0.0125	-0.0375	0.0375	0.0400	-0.0250
Closing Price	3.7675	3.7300	3.7675	3.8075	3.7825
Factors Affecting the Market	The December corn contract bounced back to close positive as buying increased below the price of \$3.75 bu.	Nearby December corn did close below support at \$3.75 bu. but there was no collapse into new lows.	Buyers seem to perceive no need to chase the market higher but their purchasing is supportive.	Corn contracts are attempting to form a u-shaped rounding action to test if a near-term low can be established.	USDA Weekly Export Sales data did not give any justification for higher prices. The market remains flat.

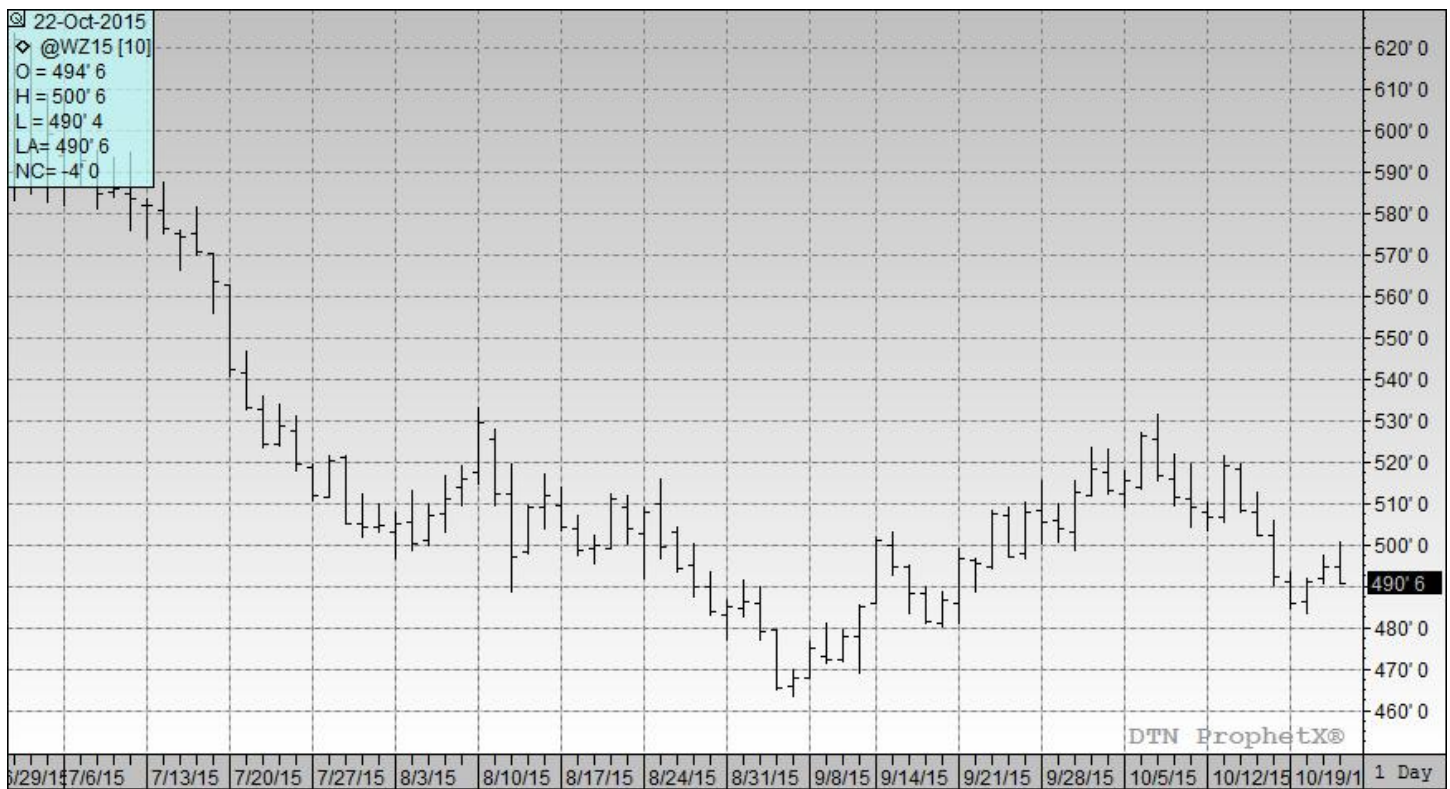
Outlook: The price action of corn contracts during the past week seems to indicate that there is a lack of interest among traders in building larger short positions at lower price levels. Rather, traders holding sizable short positions in corn would presumably like to force a capitulation by their counterparts holding long positions so that their exiting will create an opportunity for sellers to reduce the number of contracts held. The individuals holding short positions in corn apparently recognize that the rate of corn export sales has been lagging throughout the beginning of the current 2015/16 season, and yet there is not much give even when they press

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.

prices into new lows. Rather, there is sufficient buying of corn futures contracts to constrain the size of moves into new lows, and basis in the cash market is firming. This is not a composite of conditions that builds confidence in pressing prices lower. As a result, the outlook is that sellers are likely to reduce their activities at current levels and consider resumption of selling at higher prices. Such actions could allow for a limited bounce in corn contracts even when fundamental justification appears to be lacking.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending October 22, 2015			
Commodity	22-Oct	16-Oct	Net Change
Corn			
Dec 15	378.25	376.75	1.50
Mar 16	388.00	387.75	0.25
May 16	393.50	394.00	-0.50
Jul 16	397.25	399.25	-2.00
Soybeans			
Nov 15	898.75	898.25	0.50
Jan 16	901.00	902.00	-1.00
Mar 16	902.75	905.50	-2.75
May 16	906.25	909.50	-3.25
Soymeal			
Dec 15	307.80	312.00	-4.20
Jan 16	306.80	310.40	-3.60
Mar 16	304.30	308.20	-3.90
May 16	302.30	306.40	-4.10
Soyoil			
Dec 15	28.85	28.60	0.25
Jan 16	29.13	28.89	0.24
Mar 16	29.32	29.10	0.22
May 16	29.47	29.27	0.20
SRW			
Dec 15	490.75	492.25	-1.50
Mar 16	497.00	500.00	-3.00
May 16	501.50	505.00	-3.50
Jul 16	503.75	508.50	-4.75
HRW			
Dec 15	475.50	483.50	-8.00
Mar 16	490.50	498.50	-8.00
May 16	500.50	508.50	-8.00
Jul 16	510.75	518.50	-7.75
MGEX (HRS)			
Dec 15	508.00	512.25	-4.25
Mar 16	522.00	525.50	-3.50
May 16	532.75	535.75	-3.00
Jul 16	543.75	546.00	-2.25

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: During the next few days, a slow-moving storm system will provide significant drought relief but possibly cause flash flooding in the south-central U.S. Five-day rainfall totals (October 20-25) could reach at least 2 to 5 inches on the southern High Plains; 2 to 6 inches in the western Gulf Coast region; and 3 to 7 inches across the southeastern Plains. Showers will also overspread the northern and central Plains, although totals from Nebraska to the Dakotas will be mostly an inch or less. Scattered showers will also reach the Ohio Valley and the Midwest, but mostly dry weather will prevail through the weekend in the southern Atlantic States and the Far West. Outside of the storm system's primary impact area (e.g. the south-central U.S.), warm weather will prevail nearly nationwide.

The NWS 6- to 10-day outlook for October 27 – 31 calls for the likelihood of warmer-than-normal weather across Florida and from the Pacific Coast to the northern and central Plains and the upper Midwest. Meanwhile, near- to below-normal temperatures can be expected across much of the South, East, and lower Midwest. The last 5 days of October should feature near- to above-normal precipitation across the majority of the U.S., with the greatest likelihood of wet weather occurring across the lower Southeast. In contrast, drier-than-normal conditions should occur from the northern Plains into the upper Great Lakes region.

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 15, 2015

Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	360,500	211,900	8,216.1	12,200.0	-17%
Corn	298,000	409,800	4,189.8	11,879.9	-22%
Sorghum	4,900	259,700	1,432.6	3,481.9	23%
Barley	0	0	18.4	23.8	-72%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 248,000 MT for 2015/2016 were down 59 percent from the previous week and 57 percent from the prior 4-week average. Increases reported for Japan (103,500 MT, including 43,500 MT switched from unknown destinations), Colombia (73,400 MT, including 30,000 MT switched from unknown destinations and decreases of 5,000 MT), Mexico (40,700 MT), Peru (28,000 MT), and Honduras (17,700 MT), were partially offset by reductions for unknown destinations (25,700 MT) and the French West Indies (6,500 MT). Exports of 409,800 MT were down 33 percent from the previous week and 39 percent from the prior 4-week average. The primary destinations were Mexico (236,700 MT), Colombia (77,500 MT), Japan (43,500 MT), Peru (29,700 MT), Taiwan (8,100 MT), and Canada (7,000 MT).

Barley: There were no sales or exports reported during the week.

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Sorghum: Net sales reductions of 9,800 MT for 2015/2016 resulted as increases for China (155,200 MT, including 166,000 MT switched from unknown destinations and decreases of 14,700 MT) and Haiti (1,000 MT), were more than offset by reductions for unknown destinations (166,000 MT). Exports of 259,700 MT were up 1 percent from the previous week, but down 2 percent from prior 4-week average. The primary destinations were China (256,400 MT) and Mexico (3,200 MT).

U.S. Export Inspections: Week Ending October 15, 2015

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	293	490	21,311	66,968	32%
Corn	459,812	604,769	4,316,741	5,698,284	76%
Sorghum	200,373	369,398	1,610,893	1,258,412	128%
Soybeans	2,364,655	1,897,695	6,860,558	5,975,050	115%
Wheat	205,458	322,910	8,561,283	10,551,332	81%

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 15, 2015

Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	32,176	7%	0	0%	1,861	1%
Gulf	301,344	66%	0	0%	196,490	98%
PNW	73	0%	0	0%	0	0%
Interior Export Rail	126,195	27%	24	100%	2,022	1%
Total (Metric Tons)	459,788	100%	24	100%	200,373	100%
White Corn Shipments by Country (MT)			24	to Ireland		
Total White Corn (MT)			24			
Sorghum Shipments by Country (MT)					199,054	to China
					1,319	to Mexico
Total Sorghum (MT)					200,373	

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	\$177.25	-	-
November	+0.73 Z	\$177.65	+0.90 Z	\$184.34
December	+0.75 Z	\$178.43	+0.90 Z	\$184.34
January	+0.69 H	\$179.91	+0.87 H	\$187.00

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	\$198.12	+1.25 Z	\$198.12
November	+1.15 Z	\$194.18	+1.15 Z	\$194.18
December	+1.05 Z	\$190.25	+1.05 Z	\$190.25

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

Prices reflect the week ending October 8, 2015.

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	November	December	January
New Orleans	\$150	\$150	\$150
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
	November	December	January
Bulk 60% Pro. New Orleans	\$615	\$615	\$615
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: October 22, 2015 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Nov	Dec	Jan
Barge CIF New Orleans	178	179	183
FOB Vessel GULF	185	186	189
Rail delivered PNW	192	193	197
Rail delivered California	194	195	199
Mid-Bridge Laredo, TX	185	189	193
FOB Lethbridge, Alberta	160	165	167

40 ft. Containers to South Korea (Busan)	212	212	212
40 ft. Containers to Taiwan (Kaohsiung)	217	217	217
40 ft. Containers to Philippines (Manila)	227	227	227
40 ft. Containers to Indonesia (Jakarta)	229	229	229
40 ft. Containers to Malaysia (Port Kelang)	226	226	226
40 ft. Containers to Vietnam (HCMC)	234	234	234
40 ft. Containers to Japan (Yokohama)	224	224	224
40 ft. containers to Thailand (LCMB)	222	222	222
40 ft. Containers to Shanghai, China	213	213	215
KC & Elwood, IL Rail Yard (delivered Ramp)	172	173	176

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 structure of DDGS prices adjusted this past week and there was some different price action for inventory destined to domestic and international destinations. All spot prices increased this past week, except for the containerized DDGS in the beginning of calendar year 2016. The average price of containerized DDGS in early 2016 declined in value by \$9/MT. There was no similar discount offered on either domestic or bulk volume purchases. As well, the price for containerized DDGS remained flat through the next quarter while offers on both domestic and bulk-delivered DDGS increased into the future. Such a pricing structure seems to indicate that merchandisers are encouraging foreign buyers to extend cover of containerized DDGS into the future.

DDGS are presently priced low in relation to corn. For example, some merchandisers have offered a portion of DDGS in the first quarter of 2016 at 75 percent of corn value – a historically low level for this time of year. Merchandisers would normally like to see DDGS priced at least at 95 percent of the value of corn, and so higher prices are anticipated once they market a larger amount of their future production.

Buyers from Vietnam, Korea, Thailand and Taiwan were purchasing DDGS this past week and all bought for November and December shipment. One merchandiser was able to sell 15,000 MT. As well, Chinese buying interest has reportedly returned to the DDGS market but DDGS merchandisers report that those consumers are being patient in making purchases.

Ethanol Comments: The pricing of ethanol futures contracts implies that margins are likely to remain thin for ethanol producers through 2016: prices declined from approximately \$1.56 per gallon for the nearby November ethanol contract to a low of approximately \$1.51 in February before rebounding slightly into the summer of 2016. Such low prices should encourage stable domestic consumption and exports.

Continuous exporting of U.S. ethanol is one reason that current stocks are able to remain stable even though the weekly production is consistently above the year-ago rate. For example, total ethanol stocks for the week ending October 16, 2015 are 18.9 million barrels in comparison to the year-ago rate of 19 million barrels – virtually unchanged. Meanwhile, the average daily production rate of 951,000 barrels per day (bpd) is 6.1

percent above the year-ago rate of 896,000 bpd. The differential between the price of corn and co-products continued to slowly narrow in the four regions of the Corn Belt for week ending October 16, 2015:

- Illinois differential is \$1.53 per bushel, in comparison to \$1.64 the prior week and \$2.29 a year ago.
- Iowa differential is \$1.40 per bushel, in comparison to \$1.47 the prior week and \$1.96 a year ago.
- Nebraska differential is \$1.61 per bushel, in comparison to \$1.62 the prior week and \$2.01 a year ago.
- South Dakota differential is \$1.65 per bushel, in comparison to \$1.71 the prior week and \$2.12 a year ago.

COUNTRY NEWS

Argentina: Both of the leading candidates in this Sunday's presidential election in Argentina have said they will eliminate the export tax on corn and wheat and reduce the tax on soybeans. The corn production area in Argentina has fallen each year for the past three years. (Bloomberg)

China: Beijing will purchase roughly half the amount of corn in 2015/16 (40-50 MMT) for government held stocks than it did last year. Domestic purchases by processors will likely increase and reduce the amount of import demand. Government held stocks could reach 200 MMT, roughly 20 percent more than total annual consumption. (Reuters)

Europe: The major feed trade associations in Europe (FEFAC, FEDIOL, COCERAL) issued a study that indicates livestock production would be hit with €2.8 billion (\$3.12 billion) in higher costs if member states imposed a ban on GMO feed use.

Kenya: Africa Harvest in conjunction with DuPont Pioneer is working to improve the nutritional quality of sorghum in order to better feed 300 million Africans. (Bloomberg)

Ukraine: The corn crop is tracking to be in line with last year's production despite lower yields in the better production areas of the north and west. (WSJ)

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	\$30.25	Down \$3.00	Handymax at \$31.00/MT
55,000 U.S. PNW-Japan	\$17.00	Down \$0.75	Handymax at \$17.50/MT
55,000 U.S. Gulf-China PNW to China	\$32.25 \$16.00	Down \$2.50 Down \$0.75	North China
30,000 U.S. Gulf-Veracruz, México	\$14.00	Down \$1.25	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$12.50	Down \$0.50	Deep draft and 8,000 MT per day discharge rate.

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25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$15.50 \$27.50	Down \$1.00 Down \$1.00	West Coast Colombia at \$22.50
36-40,000 U.S. Gulf-Guatemala	\$21.50	Down \$1.00	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$31.00 \$32.00	Down \$1.00 Down \$1.00	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$30.50	Down \$1.00	5,000 discharge rate
55,000 U.S. Gulf-Egypt PNW to Egypt	\$23.50 \$25.00	Down \$1.00 Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$24.00
65-75,000 U.S. Gulf-Europe- Rotterdam	\$14.50	Down \$0.50	Handymax at +\$1.50 more
Brazil, Santos-China	\$21.00 \$19.75	Down \$2.00 Down \$2.00	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia- China	\$32.00	Down \$2.00	48-53,000 MT (11.5 meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$28.50	Down \$2.00	—

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 guess the big questions at the moment are: How low can things go? How much worse can things get for vessel owners?

Market dynamics remain soft and buyers have the upper hand. I did read a freight news story that quoted an international freight consultant saying Capesize rates would rise to \$25,000/day, but I don't know what tea leaves that individual was reading. The general news out of China continues to disappoint with each new economic forecast dropping a little from the previous one. I'm not real bearish but I certainly I don't see anything bullish on the horizon. As far as rates go, it appears that I've been erring on the side of caution regarding rates over the last few weeks. As I look at this week's market activity things are lower than the Baltic Indices would indicate. Of course, the physical market does not often follow the Baltic point for point. I'm therefore adjusting rates in this report.

Baltic-Panamax Dry-Bulk Indices				
October 22, 2015	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	10,959	11,555	-596	-5.2%
P3A: PNW/Pacific– Japan	5,343	6,359	-1,016	-16.0%

Source: O'Neil Commodity Consulting

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

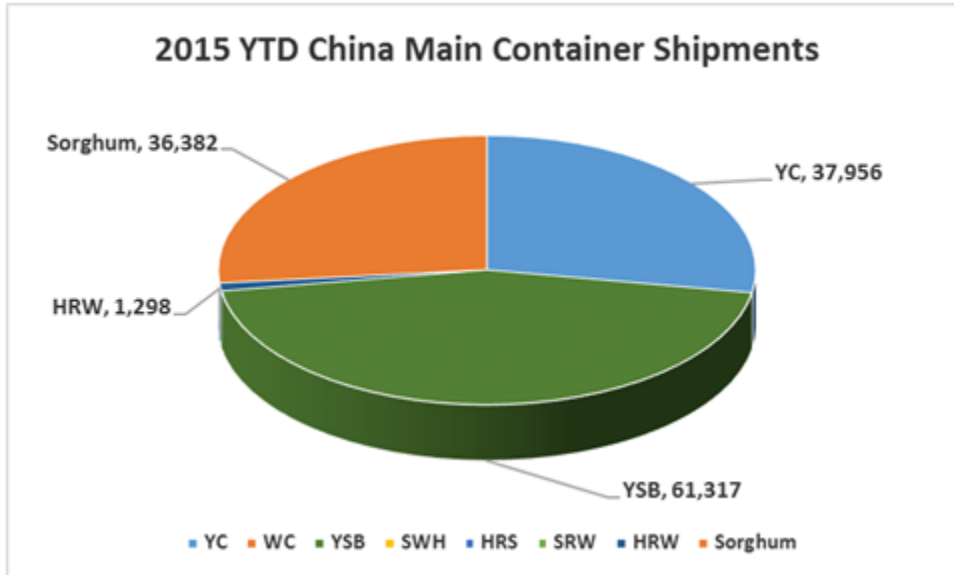
Week of October 22, 2015	
Four weeks ago:	\$5.80-\$6.20
Three weeks ago:	\$5.85-\$6.20
Two weeks ago:	\$5.80-\$6.00
One week ago:	\$5.40-\$5.55
This week	\$4.85-\$5.25

Source: O'Neil Commodity Consulting

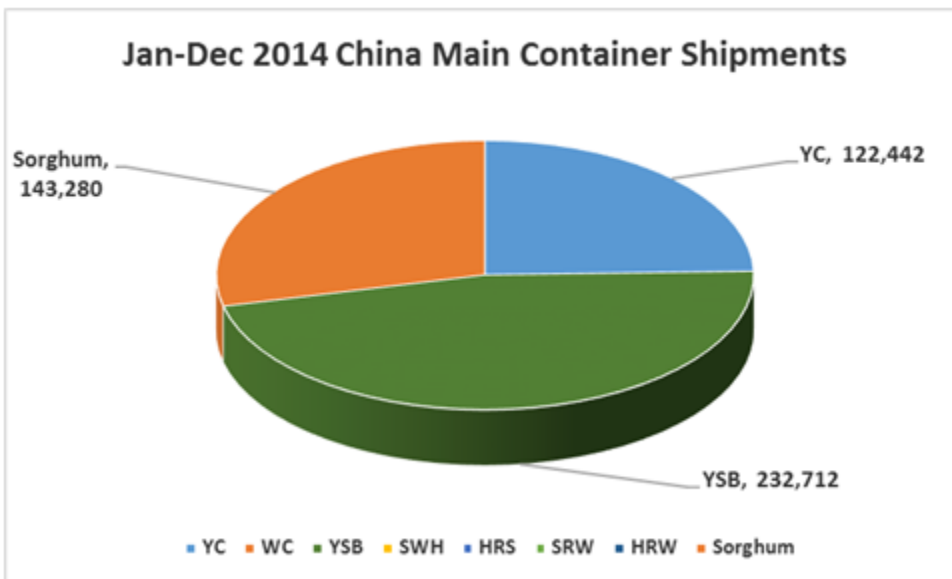
U.S.-Asia Market Spreads					
October 22, 2015	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.91	0.77	0.14	\$5.51	PNW
Soybeans	1.09	0.93	0.16	\$6.30	PNW
Ocean Freight	\$16.00	\$29.25	0.34-0.36	(\$13.25)	Nov.

Source: O'Neil Commodity Consulting

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



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 22, 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 21, 2015			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.52	0.52	0.53
LIBOR (1 year)	0.83	0.84	0.82

Source: www.bankrate.com