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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Monday 21 October	Tuesday 22 October	Wednesday 23 October	Thursday 24 October	Friday 25 October
Change	0.0250	-0.0575	0.0075	-0.0250	-0.0025
Closing Price	4.4400	4.3825	4.4275	4.4025	4.4000
Factors Affecting the Market	The December corn contract continued in the narrow-horizontal consolidation pattern that was established last week.	Bullish and bearish traders remained in a stable standoff as corn closed lower within the same narrow trading range.	The trend in corn futures was horizontal as stout basis is offset by rumors of large yields.	Market discussions leaned heavily on bearish expectations and the nearby contract had trouble going down.	December corn consolidated and compressed in a very narrow 2.5 cent trading range. Increased price movement is likely next week.

For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Kevin Roepke or Alvaro Cordero at (202) 326-0637.

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.

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Outlook: Bullish and bearish traders seem evenly matched around the \$4.40 price level in the nearby December corn contract. As a result, the December contract has been in a fairly horizontal pattern since October 1. This has been somewhat of a nuisance for large speculators because their technical systems are becoming less bearish over time as selling has been evenly matched by stout buying. The strength of buying has surprised some of the large sellers who have sought to force the opposing buyers to step aside. The continued selling of contracts and the lack of decline in price is creating an increasingly threatening scenario for some of the large speculative shorts, because even a limited bounce can influence the value of positions with price levels that have been averaged down.

Now, traders with large short positions truly need the November WASDE to present a larger than expected average U.S. corn yield to justify a further sell-off in corn futures. Perhaps those institutional traders have listened to financial analysts at large banks call for \$3.50 per bushel corn, but actual market participants understand that such price levels are unlikely if there is to be 90-plus million acres of corn planted next season. Further, the prospect that corn contracts could temporarily sell off an additional 15-20 cents lower seems to be of little concern to corn end-users who are presently locking in favorable margins. Alternatively, a large speculator with a committed short position at present price levels must continue selling, so that indicators in trading systems do not trigger buying prior to the November 8 WASDE. It may prove difficult for them to stop a limited bounce in corn futures prior to that report.

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CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending October 25, 2013			
Commodity	October 25	October 18	Net Change
Corn			
Dec	440.00	441.50	-1.50
Mar	452.00	454.00	-2.00
May	460.75	462.25	-1.50
July	468.25	469.50	-1.25
Soybeans			
Nov	1300.00	1291.25	8.75
Jan	1293.50	1289.75	3.75
Mar	1272.00	1272.75	-0.75
May	1255.50	1257.25	-1.75
Soymeal			
Oct	423.50	410.10	13.40
Dec	414.10	405.60	8.50
Jan	400.70	394.90	5.80
Mar	391.40	386.30	5.10
Soyoil			

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Oct	40.73	41.68	-0.95
Dec	41.03	41.99	-0.96
Jan	41.40	42.40	-1.00
Mar	41.73	42.78	-1.05
CBOT Wheat			
Dec	690.75	705.75	-15.00
Mar	701.75	714.50	-12.75
May	707.50	716.50	-9.00
July	701.50	702.75	-1.25
KCBOT Wheat			
Dec	759.00	768.75	-9.75
Mar	759.00	766.25	-7.25
May	754.50	763.25	-8.75
July	737.00	746.50	-9.50
MGE Wheat			
Dec	745.00	760.25	-15.25
Mar	755.00	770.00	-15.00
May	761.25	774.75	-13.50
July	764.50	773.00	-8.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: October 20, 2012					
	Very Poor	Poor	Fair	Good	Excellent
Corn	4%	10%	26%	43%	17%
Sorghum	8%	14%	28%	39%	11%

Source: USDA

U.S. Drought Monitor Weather Forecast: During the period of October 25-28, temperatures are expected to be below-normal over the eastern half of the United States and above-normal over the West. With a trough setting up over the East, temperatures will be six- to- nine degrees Fahrenheit below-normal over the Ohio River Valley and three- to- six degrees above-normal over the Southwest. Precipitation over the next five days is projected to be greatest over the Great Lakes and east Texas as most of the country will remain dry.

The CPC forecast for October 29-November 3 has the continued chance of below-normal temperatures centered over the central Plains and extending over much of the central United States. Temperatures are expected to be above normal in the Southeast. The best chances for above-normal precipitation are over the Ohio River Valley and covering much of the eastern two-thirds of the country. Precipitation chances are trending below-normal in the Pacific Northwest. Follow this link to view current U.S. and international weather patterns and the future outlook: [Weather and Crop Bulletin](#).

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U.S. EXPORT STATISTICS

Export Sales and Exports: Week Ending October 3, 2013					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	706,200	835,400	13,749.6	19,182.6	44%
Corn	1,352,200	618,000	2,333.4	15,977.4	53%
Sorghum	255,600	18,000	329.5	1,235.1	99%
Barley	0	0	52.2	103.3	-14%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 1,341,400 MT for 2013/14 were reported for unknown destinations (428,100 MT), China (230,600 MT, including 60,000 MT switched from unknown destinations), Japan (179,300 MT, including 48,500 MT switched from unknown destinations), Colombia (145,400 MT, including 61,700 MT switched from unknown destinations), and Mexico (129,400 MT). Decreases were reported for Vietnam (2,700 MT). Exports of 618,000 MT were primarily to China (184,600 MT), Mexico (162,900 MT), Colombia (90,600 MT), Japan (82,500 MT) and Taiwan (36,800 MT). Optional Origin Sales: For 2013/2014, outstanding optional origin sales total 100,000 MT, all Mexico. Daily Sales Not Announced: Please note that for week ending October 3, corn sales totaling 609,400 MT for unknown destinations for delivery during the 2013/14 marketing year would have been reported as Daily Sales. However, these sales were not announced by press release, but are included in this week's report.

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

Sorghum: Net sales of 255,600 MT for 2013/14 were reported for unknown destination (175,900 MT), China (58,000 MT), Japan (9,900 MT, including 7,900 MT switched from unknown destination), South Africa (7,500 MT, including 7,000 MT switched from unknown destination) and Mexico (4,400 MT). Exports of 18,000 MT were reported to Japan (7,900 MT), South Africa (7,500 MT) and Mexico (2,700 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 60,000 MT, all China.

U.S. Export Inspections: Week Ending October 17, 2013					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	819,741	565,706	3,764,200	3,245,003	116%
Sorghum	98,632	67,135	630,783	470,731	134%
Soybeans	1,614,589	1,291,154	4,728,644	6,703,709	71%
Wheat	560,160	740,792	15,591,965	10,699,045	146%
Barley	784	10,908	65,098	97,321	67%

Source: USDA/AMS. *Marketing Year is June 1-May 31 for wheat and barley and Sept. 1-Aug. 31 for corn, sorghum and soybeans. Week-to-week reports will vary due to exporter reported corrections and cancellations to previous week's reports.

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USDA Grain Inspections for Export Report: Week Ending October 17, 2013						
Last Week (000 bushels)	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	24,439	77%	526	98%	3,830	99%
PNW	86	0%	0	0%	0	0%
Lakes	0	0%	0	0%	0	0%
Atlantic	1157	4%	0	0%	0	0%
Interior Export Rail	6,052	19%	12	2%	53	1%
Total (1,000 bu)	31,734	100%	538	100%	3,883	100%
Total (Metric Tons)	806,075		13,666		98,632	
White Corn Shipments by Country (MT)						
			10,592	to Colombia		
			2,769	to Honduras		
			305	to Mexico		
Total White Corn (MT)			13,666			
Sorghum Shipments by Country (MT)						
					60,226	to China
					37,060	to South Africa
					1,346	to Mexico
Total Sorghum (MT)					98,632	

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)
FH November	-	-	+1.35 Z	\$226.37
LH November	-	-	+1.35 Z	\$226.37
FH December	+0.92 Z	\$209.44	+1.30 Z	\$224.40
LH December	+0.89 Z	\$208.26	+1.30 Z	\$224.40
January	+0.69 H	\$205.11	+1.18 H	\$224.40

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	November	December	January
Gulf	\$250	\$250	\$252



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Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
October	+1.50 Z	\$232.27	+1.50 Z	\$232.27
November	+1.50 Z	\$232.27	+1.50 Z	\$232.27
December	-	-	+1.50 Z	\$232.27

Barley: Feed Barley (FOB USD/MT)			
	November	December	January
FOB PNW	\$250	\$250	\$250

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	November	December	January
New Orleans	\$220	\$220	\$220
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	November	December	January
New Orleans	\$745	\$745	\$745
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: October 25, 2013 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Nov	Dec	Jan
Barge CIF New Orleans	298	294	289
FOB Vessel GULF	300	297	290
Rail delivered PNW	301	296	293
Rail delivered California	304	299	296
Mid-Bridge Laredo, TX	308	303	300
40 ft. Containers to South Korea (Busan)	329	337	333
40 ft. Containers to Taiwan (Kaohsiung)	326	330	326
40 ft. Containers to Philippines (Manila)	347	355	351
40 ft. Containers to Indonesia (Jakarta)	346	354	350
40 ft. Containers to Malaysia (Port Kelang)	346	354	350
40 ft. Containers to Vietnam (HCMC)	340	348	344
40 ft. Containers to Japan (Yokohama)	330	338	334
40 ft. containers to Thailand (LCMB)	344	352	348
40 ft. Containers to Shanghai, China	326	334	330
KC & Elwood, IL Rail Yard (delivered Ramp)	266	259	256

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: Logistical factors within the United States seem to be influencing current DDGS prices and availability. Truck transportation is hard to find during the middle of harvest and so is access at many of the barge loading facilities. Volume is heavily booked into Chicago and the Gulf and difficulty in finding available trucks has the potential to skew sales figures for DDGS merchandisers. The result is that the domestic spot market is somewhat inverted and is trading mostly \$5 higher week to week.

Light international sales were reported to Japan and Taiwan for December, and Chinese buyers are returning with increased inquiries for the first quarter of CY2014. However, merchandisers are finding it difficult to meet price requests that various Asian buyers are seeking for the January/February/March period. Buyers who are seeking still lower DDGS prices may need to wait and see if the November 8th WASDE holds any additional bearish surprises that can drive corn futures even lower. However, DDGS merchandisers may find it difficult to offer substantially lower prices even if the report is decidedly bearish, because many ethanol facilities and end-users are locking in current corn price levels. They are doing so because active selling by speculators is presently offering them the opportunity to secure favorable margins, and they recognize that if the November 8th WASDE does not contain decidedly bearish data, then there will be a large number of speculative sellers who will desire to exit their short corn positions.

Market discussion is that recently purchased DDGS volume is just now starting to hit some of the Chinese ports, such as Qingdao. Several vessels filled with DDGS are in the process of being unloaded in China. These vessels seem to be entirely spoken for, traders report that there is a substantial amount of containerized DDGS that were purchased for speculative purposes. Competitive selling of these stocks could momentarily press down the local spot market for DDGS. As a result, Chinese DDGS buyers are likely to have particular interest in the market factors that will influence U.S. DDGS prices into the first and second quarter of 2014.

Ethanol Comments: Favorable ethanol producer margins have allowed total U.S. ethanol production to rebound to its highest level in more than a year with an average of 897,000 barrels per day (bpd). That was above last week's production rate of 869,000 bpd and a sizable 12 percent above the rate a year ago of 801,000 bpd. Nevertheless, U.S. ethanol stocks of 15.5 million barrels are only slightly above the prior-week's level of 15.4 million barrels and down a substantial 17.4 percent below the year-ago level of 18.8 million barrels. Another favorable factor is that ethanol imports have declined back to zero, and there have been no ethanol imports for the past three weeks.

There was a slight decline in the differentials between corn and the co-product values this week in the four reporting areas cross the Corn Belt:

- Illinois differential decreased to \$3.26 per bushel, which is down slightly from \$3.41 the prior week but well above \$1.61 for this same week a year ago.
- Iowa differential decreased to \$2.92 per bushel, which is down slightly from \$3.04 the prior week but well above \$1.51 for this same week a year ago.
- Nebraska differential decreased to \$2.71 per bushel, which is down slightly from \$2.93 the prior week but well above \$1.68 for this same week a year ago.

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- South Dakota differential decreased to \$3.13 per bushel, which is down slightly from \$3.28 the prior week. No data is available for the same week a year ago.

Please note that inaccurate rumors were spread the past couple weeks about potential changes that the EPA would make to RFS policy. However, it is correct that EPA will soon open discussions about RFS volume requirements for 2014. The key point to note is that any announcement will be in the form of a draft proposal that is open to discussion and nothing is being presented as new legislation that is written in stone. The public will have ample time for the voicing of opinions.

COUNTRY NEWS

Argentina: A lack of proper crop rotation techniques is threatening the soil quality in the Pampas region of the world's third largest corn producer, according to Retuers. This is a result of farmers favoring soy plantings because, unlike corn or wheat, there are no established export quotas for soybeans. Soy plantings are projected to total 20.65 million hectares in 2013/14, which is up from the 14.5 million hectares planted 10 years ago. Corn is projected to be planted on 5.7 million hectares this year, which is down from 6.1 million hectares in 2012/13, but still significantly higher than the 2.99 million hectares planted a decade ago. According to government data, fertilizers are only able to restore 37 percent of the nutrients soy removes from the soil, ensuring that 63 percent of nutrients are lost permanently each year.

Canada: Improved yields and expanded acreage are set to increase Canada's grain crop, reports Bloomberg News. Barley production is set to increase by 18 percent this year to 9.43 MMT, which is the largest crop since 2009. Corn production is predicted to match last year's total of 13.1 MMT.

Japan: The Agriculture Ministry has announced that it will import 49,380 MT of feed wheat from this week's buy and sell auction, according to Reuters. No bids for barley were received. The Ministry had sought 180,000 MT of feed wheat and 200,000 MT of barley in the weekly tender, and will seek the same amounts in next week's tender that will close on October 30.

South Africa: Farmers in Africa's largest corn producing state will likely reduce corn acreage by 3.5 percent in 2014, reports Bloomberg News. It is predicted that 2.69 million hectares of corn will be planted this year, which is down from last year's 2.78 million hectares as well as the five-year average of 2.75 million hectares. Yellow corn for December delivery has increased to \$230/MT

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	\$55.00	Down \$0.50	Handymax at \$55.50/MT
55,000 U.S. PNW- Japan	\$31.00	Down \$1.00	Handymax at \$33.00/MT
55,000 U.S. Gulf – China	\$53.00	Down \$0.50	North or South China
PNW to China	\$29.00	Down \$1.00	

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25,000 U.S. Gulf- Veracruz, México	\$19.00	Down \$0.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$16.50	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast Colombia, Argentina	\$22.50 \$33.00	Up \$1.50 Up \$1.00	West Coast Colombia at \$31.00 West Coast Colombia from Argentina at \$41.00
35,000 U.S. Gulf - Guatemala	\$28.00	Unchanged	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$39.50 \$42.00	Unchanged Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25,000 U.S. Gulf-Morocco	\$42.00	Unchanged	5,000 discharge rate
55,000 U.S. Gulf – Egypt PNW to Egypt	\$36.50 \$40.00	Down \$0.50 Down \$1.00	55,000 -60,000 MT St. Lawrence to Egypt \$36.00
60-70,000 U.S. Gulf – Europe – Rotterdam	\$26.00	Down \$1.00	Handymax at +\$1.50 more
Brazil, Santos – China	\$44.00 \$42.00	Down \$1.00 Down \$1.00	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$50.00	Down \$0.50	—

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: It was a good run, but the Baltic Panamax Index in the Pacific (P3A) topped out on October 10 at 17075 and the P2A index in the Gulf-Atlantic topped out on October 22 at 27030. It is mainly the decline in Capesize vessel demand and the resulting lack of need to split cargoes down into the Panamax and Supramax markets that is causing the change in Panamax freight values. Capesize vessel demand has been negatively impacted by the anticipated slowdown in Chinese iron ore and materials restocking efforts. This has greatly slowed the demand for big vessels out of Australia and all but stopped the chartering interest out of Brazil.

So we're at least temporarily back to a surplus of vessels and soft freight markets. Every side of the market has its day and it's now turning back to a buyers' market.

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Baltic Panamax Dry-Bulk Indices

October 25, 2013 Route	This Week	Last Week	Difference	Percent Change
P2A: Gulf/Atlantic – Japan	25,740	26,861	-1,121	-4.2%
P3A: PNW/Pacific – Japan	13,678	15,453	-1,775	-11.5%

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 25, 2013

Four weeks ago	\$13.10-\$13.85
Three weeks ago	\$11.80-\$12.80
Two weeks ago	\$12.50-\$13.95
One week ago	\$10.75-\$11.40
This week	\$10.25-\$9.45

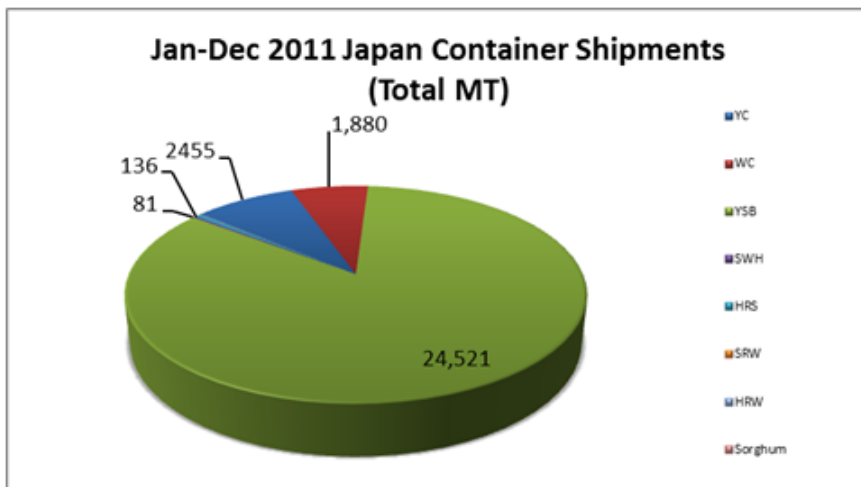
Source: O'Neil Commodity Consulting

U.S. – Asia Market Spreads

October 25, 2013	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.40	0.95	0.45	\$17.72	PNW
Soybeans	1.85	1.35	0.50	\$18.37	PNW
Ocean Freight	\$29.00	\$53.00	0.61-0.65	(\$24.00)	Nov.

Source: O'Neil Commodity Consulting

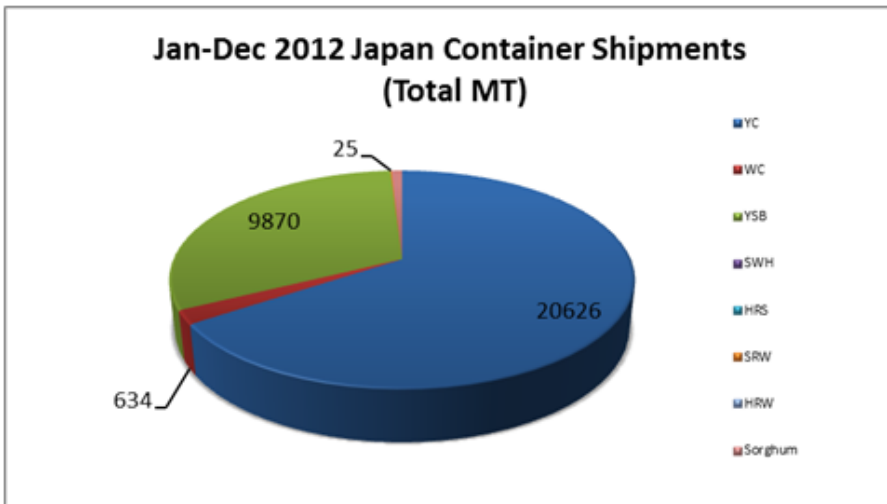
The charts below represent January-December 2011 and January-December 2012 annual totals versus January-September 2013 year-to-date container shipments for Japan.



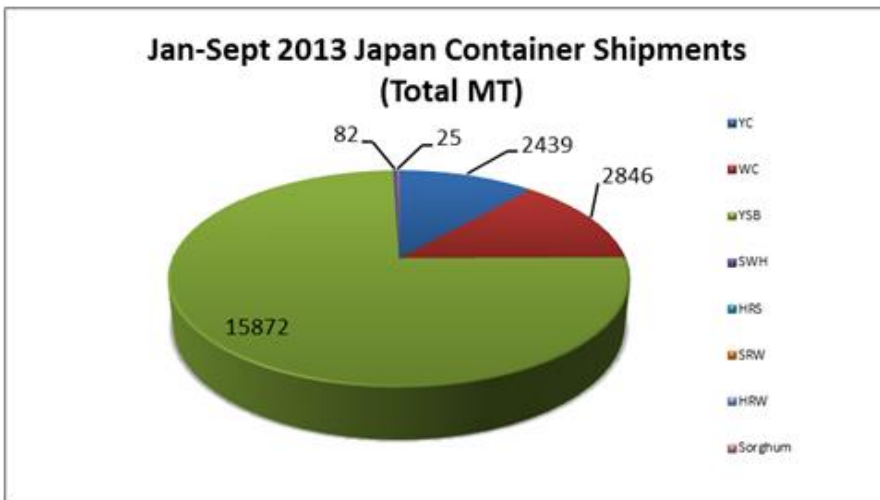
Source: O'Neil Commodity Consulting

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Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

International Freight Rates for Feed Grains – Select Routes Estimated Spot Price (\$/MT)								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$46	\$48	\$47	\$32.5	\$35	\$38	-
	Brazil	\$39	\$41	\$40	\$31	\$27	\$30	-
Corn (White)	Argentina	\$46	\$48	\$47	\$32.5	\$35	\$38	-
	Brazil	\$39	\$41	\$40	\$31	\$27	\$30	-
Barley	Argentina	\$46	\$48	\$47	\$32.5	\$35	\$38	-

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	Brazil	\$39	\$41	\$40	\$31	\$27	\$30	-
Sorghum	Argentina	\$46	\$48	\$47	\$32.5	\$35	\$38	-
	Brazil	\$39	\$41	\$40	\$31	\$27	\$30	-

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 23, 2013			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.36	0.37	0.38
LIBOR (1 year)	0.61	0.63	0.64

Source: *www.bankrate.com*