



**CONTENTS**

CHICAGO BOARD OF TRADE MARKET NEWS ..... 1

CBOT MAY CORN FUTURES..... 1

U.S. WEATHER/CROP PROGRESS ..... 3

U.S. EXPORT STATISTICS ..... 4

FOB..... 6

DISTILLERS DRIED GRAINS WITH SOLUBLES (DDGS) ..... 7

COUNTRY NEWS..... 8

OCEAN FREIGHT MARKETS AND SPREAD ..... 8

OCEAN FREIGHT COMMENTS ..... 10

INTEREST RATES..... 12

**CHICAGO BOARD OF TRADE MARKET NEWS**

Week in Review: CME Corn December Contract					
\$/Bu	Friday 23 October	Monday 26 October	Tuesday 27 October	Wednesday 28 October	Thursday 29 October
<b>Change</b>	0.0150	0.0475	-0.0450	-0.0400	0.0400
<b>Closing Price</b>	3.7975	3.8450	3.8000	3.7600	3.8000
<b>Factors Affecting the Market</b>	December corn did not follow Thursday's lower trade but instead bounced off support at \$3.75 bu. and the week closed three cents higher.	The new week began with the nearby Dec. corn contract continuing to work higher to test the upper end of the trading range.	Corn contracts attempted to trade higher but the effort was rejected as prices closed back down at the prior day's opening.	Dec. corn drifted lower and is once again poised to test support at \$3.75 bu. if exports sales data remains weak tomorrow.	An increase in the weekly export sales pace of U.S. corn seems all that was needed to put a more solid price floor under Dec. corn.

**Outlook:** The relatively lagging pace of U.S. corn exports has been a point of discussion in the current 2015/16 crop year. It is increasingly acting as a constraining weight against the nearby December corn contract moving higher and contributed to this week's attempted rebound fizzling out toward the higher end of the recent trading range. It is realistic to assume that the lower end of the range may be tested, which in the nearby December contract is the region below \$3.72 bushel. A close below that price level could allow for a

**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.*

push toward \$3.60 bushel. If so, the December contract is likely to receive strong support in that region because of a common interest among traders to purchase corn contracts from March 2016 onward at lower prices. As a result, end-users of corn are encouraged to consider creation of a purchasing plan for at least the first quarter of calendar 2016 should a buying opportunity present itself.

The current estimated carryout of 1.561 billion bushels for U.S. corn is ample but not burdensome. As well, the stocks-to-use ration of 11.3 percent is sufficient but there is not a lot of downside because eyebrows will rise if it falls below 10 percent. That event happening is not a major concern so long as weather patterns are favorable, the dollar remains strong, and global buyers continue to purchase in a hand-to-mouth pattern. (Last season's stocks-to-use ratio for U.S. corn was 12.6 percent.)

## CBOT DECEMBER CORN FUTURES



Source: Prophet X

### Current Market Values:

Futures Price Performance: Week Ending October 29, 2015			
Commodity	29-Oct	23-Oct	Net Change
<b>Corn</b>			
Dec 15	380.00	379.75	0.25
Mar 16	389.75	388.75	1.00
May 16	395.75	394.75	1.00
Jul 16	400.00	399.00	1.00
<b>Soybeans</b>			
Nov 15	878.75	895.50	-16.75

Jan 16	880.25	896.00	-15.75
Mar 16	883.25	898.25	-15.00
May 16	889.00	902.25	-13.25
<b>Soymeal</b>			
Dec 15	301.60	305.10	-3.50
Jan 16	300.60	304.20	-3.60
Mar 16	299.40	302.50	-3.10
May 16	298.70	301.10	-2.40
<b>Soyoil</b>			
Dec 15	27.88	28.57	-0.69
Jan 16	28.19	28.86	-0.67
Mar 16	28.43	29.06	-0.63
May 16	28.66	29.25	-0.59
<b>SRW</b>			
Dec 15	515.00	490.50	24.50
Mar 16	519.50	497.25	22.25
May 16	523.50	501.50	22.00
Jul 16	525.00	503.00	22.00
<b>HRW</b>			
Dec 15	488.25	475.50	12.75
Mar 16	504.50	490.75	13.75
May 16	514.50	501.00	13.50
Jul 16	524.75	510.75	14.00
<b>MGEX (HRS)</b>			
Dec 15	520.00	508.00	12.00
Mar 16	532.00	522.25	9.75
May 16	541.25	533.25	8.00
Jul 16	551.50	543.75	7.75

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

## U.S. WEATHER/CROP PROGRESS

**U.S. Drought Monitor Weather Forecast:** During the next 5 days, active weather will continue across much of the nation. As a storm system moves across eastern Canada, rain will end later today in the northeastern U.S. However, a few rain and snow showers may linger in the Great Lakes region. Meanwhile, a parade of Pacific storms will cross the Northwest, where 5-day rainfall totals could reach 5 to 10 inches (or more) west of the Cascades. Significant precipitation (locally 2 to 6 inches) will also reach the northern Rockies. The first of the Pacific storms will dip into the Southwest before tracking eastward. As a result, heavy rain will return to parts of the south-central U.S. and quickly spread eastward. Five-day rainfall totals of 2 to 4 inches can be expected from the southeastern Plains to the southern Appalachians. In contrast, little or no precipitation will occur across the northern Plains and southern California. Elsewhere, mild weather in the western U.S. will be replaced by sharply colder conditions early next week.

The NWS 6- to 10-day outlook for November 3-7 calls for the likelihood of warmer-than-normal weather across the eastern two-thirds of the U.S., while below-normal temperatures will cover the West. Meanwhile, wetter-than-normal conditions across the majority of the nation will contrast with below-normal precipitation in the Pacific Northwest, the Northeast, and 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 October 22, 2015					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	553,400	320,200	10,421.0	12,750.3	-16%
Corn	766,600	433,300	4,623.1	12,588.7	-33%
Sorghum	153,100	162,400	1,595.0	3,626.0	23%
Barley	700	400	18.8	24.5	-72%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales of 708,800 MT for 2015/2016 were up noticeably from the previous week and 34 percent from the prior 4-week average. Increases reported for Mexico (300,000 MT), Colombia (160,900 MT, including 52,500 MT switched from unknown destinations and decreases of 1,600 MT), Peru (104,700 MT, including 55,000 MT switched from unknown destinations), unknown destinations (81,700 MT), and Jamaica (22,000 MT), were partially offset by reductions for Japan (18,300 MT). Exports of 433,300 MT were up 6 percent from the previous week, but down 25 percent from the prior 4-week average. The primary destinations were Mexico (139,400 MT), Colombia (124,600 MT), Peru (60,600 MT), Japan (52,700 MT), Guatemala (22,100 MT), and Canada (18,000 MT).

**Barley:** Net sales of 700 MT for 2015/2016 were up noticeably from the previous week and the prior 4-week average. Increases were reported primarily for Taiwan (500 MT) and South Korea (100 MT). Exports of 400 MT were reported to South Korea.

**Sorghum:** Net sales of 144,100 MT were up noticeably from the previous week and the prior 4-week average. Increases reported for China (111,100 MT, including 112,000 MT switch from unknown destinations and decreases of 8,000 MT) and Mexico (88,000 MT), were partially offset by reductions for unknown destinations (54,000 MT) and Haiti (1,000 MT). Exports of 162,400 MT were down 38 percent from the previous week and 44 percent from prior 4-week average. The destinations were China (160,400 MT) and Mexico (2,000 MT).

October 29, 2015

Developing Markets • Enabling Trade • Improving Lives

**U.S. Export Inspections: Week Ending October 22, 2015**

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	612	239	21,923	67,115	33%
Corn	413,304	495,223	4,765,456	6,433,396	74%
Sorghum	205,049	200,373	1,815,942	1,424,718	127%
Soybeans	2,671,934	2,366,575	9,534,402	8,238,678	116%
Wheat	317,079	206,857	8,879,761	10,764,201	82%

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 22, 2015**

Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	14,598	4%	0	0%	0	0%
Atlantic	35,261	9%	0	0%	490	0%
Gulf	279,629	68%	0	0%	201,492	98%
PNW	24	0%	245	100%	0	0%
Interior Export Rail	83,547	20%	0	0%	3,067	2%
<b>Total (Metric Tons)</b>	<b>413,059</b>	<b>100%</b>	<b>245</b>	<b>100%</b>	<b>205,049</b>	<b>100%</b>
White Corn Shipments by Country (MT)			245	to Korea		
Total White Corn (MT)			245			
Sorghum Shipments by Country (MT)					203,228	to China
					1,821	to Mexico
<b>Total Sorghum (MT)</b>					<b>205,049</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)
<b>FH November</b>	+0.81 Z	\$181.49	+0.91 Z	\$185.42
<b>November</b>	+0.80 Z	\$181.09	+0.91 Z	\$185.42
<b>December</b>	+0.80 Z	\$181.09	+0.91 Z	\$185.42
<b>January</b>	+0.69 H	\$180.60	+0.86 H	\$187.29

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
<b>November</b>	+1.15 Z	\$194.87	+1.15 Z	\$194.87
<b>December</b>	+1.10 Z	\$192.90	+1.10 Z	\$192.90
<b>January</b>	+1.05 H	\$194.77	+1.05 H	\$194.77

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

Prices reflect the week ending October 8, 2015.

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	November	December	January
<b>New Orleans</b>	\$152	\$152	\$152
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	November	December	January
<b>New Orleans</b>	\$590	\$590	\$590
*5-10,000 MT Minimum			

\*All prices are market estimates.

DDGS Price Table: October 29, 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	176	175	177
FOB Vessel GULF	184	182	184
Rail delivered PNW	192	194	201
Rail delivered California	197	199	204
Mid-Bridge Laredo, TX	192	193	199
FOB Lethbridge, Alberta	164	166	170
40 ft. Containers to South Korea (Busan)	206	220	221
40 ft. Containers to Taiwan ( Kaohsiung )	208	221	223
40 ft. Containers to Philippines (Manila)	219	233	234
40 ft. Containers to Indonesia (Jakarta)	218	231	232
40 ft. Containers to Malaysia (Port Kelang)	221	234	235
40 ft. Containers to Vietnam (HCMC)	221	234	235
40 ft. Containers to Japan (Yokohama)	215	228	230
40 ft. containers to Thailand (LCMB)	215	229	230
40 ft. Containers to Shanghai, China	210	220	222
KC & Elwood, IL Rail Yard (delivered Ramp)	173	174	178

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:** DDGS merchandisers commented that the total amount of inventory slowed down this past week; this seems to have occurred in part because the majority of end users have acquired their immediate needs and because some merchandisers are fully committed in their sales for the next two months. However, other merchandisers still have DDGS inventory that they desire to sell. The result is that DDGS buyers may need to do some comparative shopping to find the best spot market price.

Competition among buyers normally starts to increase in the fall, in part because of the following factors: More cattle enter U.S. feedlots, and DDGS feed rations can increase during periods of winter weather because of certain nutritional benefits. DDGS merchandisers foresee the impending increase in demand and would like to increase their DDGS prices to at least 95 percent of the value of corn for the first quarter of 2016. However, a number of merchandisers have recently been pricing their DDGS at a lower percent of the value of corn, and such values can still be found, but the consensus is that those lower-priced opportunities may disappear before the calendar year ends.

Containerized rates for near-term shipment in November averaged approximately \$8/MT lower this past week while increasing about \$5/MT for shipment in December and January. The adjustment in pricing structure is explained in part because of temporary tight supplies in the barge market; nearby barge rates are currently

holding about a \$10 premium over deferred months. This particular market development may create pricing opportunities in the nearby market for buyers of containerized DDGS or for domestic users.

Domestic DDGS buyers typically like to confine their purchases to the nearby spot market, but the prospect of higher prices in the first quarter of 2016 is causing more of these users to inquire about extended coverage. They seem particularly interested in contracting with merchandisers who are willing to compromise on the price of DDGS as a composite percent value of corn for current and future needs.

**Ethanol Comments:** The U.S. average retail price of regular gasoline continued to decline for week ending October 23, 2015 to \$2.228 per gallon. That is approximately 5 cents below the prior week and 83 cents below a year ago. Prices are expected to remain weak until large petroleum supplies are offset by growing consumption, which seasonally should increase as spring approaches. In conjunction, domestic ethanol consumption should also increase.

There is also a prospect of domestic ethanol consumption increasing in a limited degree from the installation of 5,000 new ethanol fuel pumps across 21 U.S. states. USDA has provided \$100 million in matching grants to install pumps that offer higher blends of ethanol. Any such improvement in domestic demand is appreciated by ethanol facilities whose already thin margins have declined by approximately one third in the past two months, according to a story by Dow Jones.

Like petroleum, the price of ethanol can improve when demand begins to outpace supply. The latest data shows that current U.S. ethanol stocks stand at 18.3 million barrels for week ending October 23. This is a 3.2 percent decline from the prior week's total of 18.9 million barrels, and a realistic 7.2 percent above the year-ago level of 17 million barrels. That the average rate of daily production during that same period declined by less than 1 percent, 944,000 barrels per day (bpd), in comparison to the prior week's average rate of 951,000 bpd, implies that some exporting of U.S. ethanol is taking place. Improvements in demand from both domestic and foreign buyers should enable U.S. ethanol producer margins to improve, as implied by the better differential between the price of corn and co-products in the four regions of the Corn Belt for the week ending October 23, 2015:

- Illinois differential is \$1.68 per bushel, in comparison to \$1.53 the prior week and \$2.66 a year ago.
- Iowa differential is \$1.57 per bushel, in comparison to \$1.40 the prior week and \$2.44 a year ago.
- Nebraska differential is \$1.71 per bushel, in comparison to \$1.61 the prior week and \$2.57 a year ago.
- South Dakota differential is \$1.74 per bushel, in comparison to \$1.65 the prior week and \$2.52 a year ago.

## COUNTRY NEWS

---

**Argentina:** The greater Rosario market price for corn and soybean prices rose after presidential candidate Mauricio Macri forced the ruling party's candidate, Daniel Scioli, into a runoff. Macri promises to remove taxes and restrictions on the agricultural sector. (La Nacion)

**Brazil:** Farmers have forward sold a large portion (30 percent) of their second crop corn, which indicates that second crop corn planted area will increase by 13 percent to 27 million acres. The dramatic devaluation of the



Brazilian real is driving farmer confidence that the market will absorb more corn. Overall corn production for 2015/16 will be up 3.5 percent as Brazil becomes the world's second largest exporter. (DTN)

**China:** Ethanol imports in September hit an all-time high of 32 million gallons. The U.S. captured 34 percent of sales while Brazil grabbed 39 percent. At this pace, China could overtake Japan as the number one ethanol importer in Asia. (Biofuels Digest)

**Europe:** The expectations for EU corn imports this marketing year have yo-yoed. Europe imported 9 MMT of corn last year and when this year's crop looked to be down by 15-17 MMT, imports were expected to rise by 25 MMT – especially after pasture and grasslands were hurt by drought. However, a bumper wheat crop has changed expectations as more of that crop goes into feed. USDA still projects the EU will import 16 MMT but 11-12 MMT is the view in Europe. One offsetting factor is the Ukraine where wheat production will be down from last year by around 20 percent, which means there won't be 3 MMT in exports to the EU. (The Fryer Report)

**South Africa:** The government's Crop Estimates Committee says that the smallest corn crop since 2011 will be planted in South Africa in 2016 due to the drought. Meanwhile, the country's output of malting barley is expected to be unchanged at 347,017 tons. (Bloomberg)

## 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	\$30.75	Up \$0.50	Handymax at \$31.50/MT
55,000 U.S. PNW-Japan	\$17.00	Unchanged	Handymax at \$17.50/MT
55,000 U.S. Gulf-China	\$29.75	Down \$2.50	North China
PNW to China	\$16.00	Unchanged	
30,000 U.S. Gulf-Veracruz, México	\$14.25	Up \$0.25	4,000 MT daily discharge rate
40-45,000 U.S. Gulf-Veracruz, México	\$12.50	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$16.00 \$27.75	Up \$0.50 Up \$0.25	West Coast Colombia at \$23.00
36-40,000 U.S. Gulf-Guatemala	\$22.75	Up \$1.25	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$31.00 \$32.00	Unchanged Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$30.50	Unchanged	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$23.50	Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$24.00
PNW to Egypt	\$25.00	Unchanged	
65-75,000 U.S. Gulf-Europe-	\$14.50	Unchanged	Handymax at +\$1.50 more

October 29, 2015

Developing Markets • Enabling Trade • Improving Lives

Rotterdam			
Brazil, Santos-China	\$21.50 \$20.25	Up \$0.50 Up \$0.50	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port up river Amazonia-China	\$32.25	Up \$0.25	48-53,000 MT (11.5 meter draft)
56-60,000 Argentina-China Upriver with Top-Off	\$29.00	Up \$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:** Yes – monitoring global ocean freight markets has become a bit like watching paint dry. There is not much action or movement, let alone excitement. In the commodities markets we would call this market “range bound.” Over the course of the past ten months U.S. Gulf Panamax vessel grain rates to China have ranged from \$28-35.00/MT, with most of the period trading between \$30-33.00/MT. Over the same period U.S. PNW rates to China have run between \$16.00-19.00/MT. Not much excitement here. And the future, or at least the next six months, does not look likely to bring much change to this situation.

So, grain buyers should feel comfortable with these market economics while vessel owners will continue to suffer. And I will just have to keep moving things up and down \$0.50/MT each week just to make it look like there is some action.

Baltic-Panamax Dry-Bulk Indices				
October 29, 2015	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	10,985	10,959	-64	-0.6%
P3A: PNW/Pacific– Japan	5,177	5,343	-166	-3.1%

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 29, 2015	
Four weeks ago:	\$5.85-\$6.20
Three weeks ago:	\$5.80-\$6.00
Two weeks ago:	\$5.40-\$5.55
One week ago:	\$4.85-\$5.25
This week	\$4.80-\$5.20

Source: O'Neil Commodity Consulting

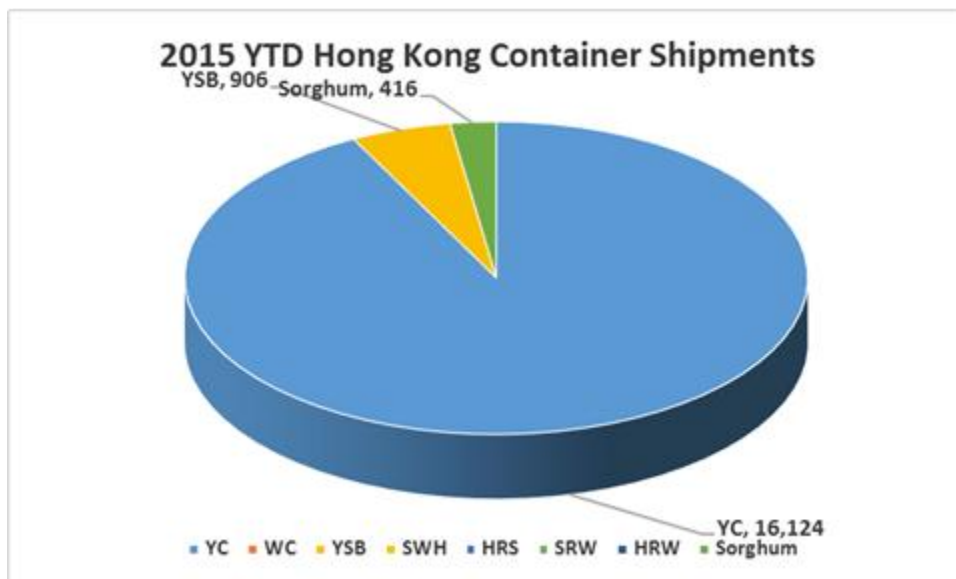
October 29, 2015

*Developing Markets • Enabling Trade • Improving Lives*

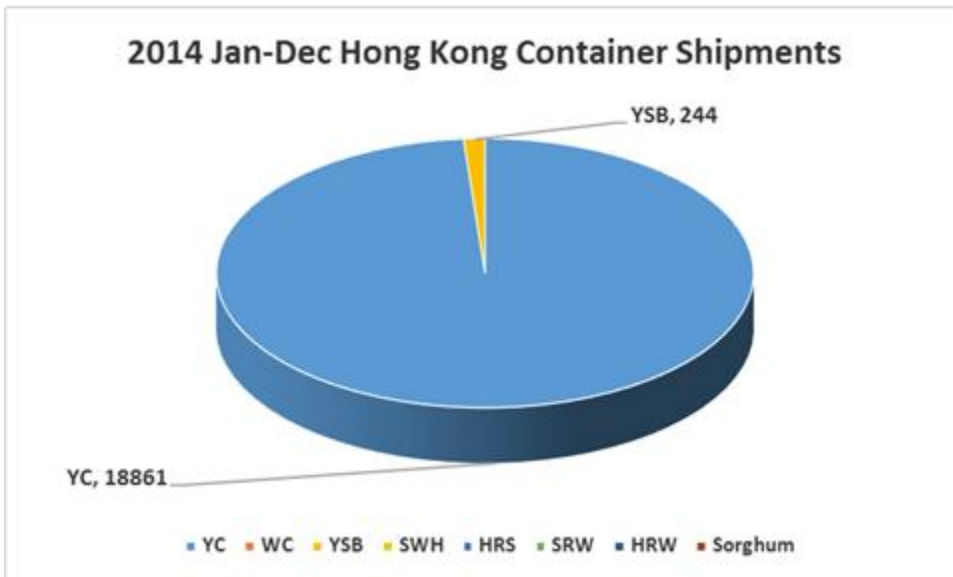
U.S.-Asia Market Spreads					
October 29, 2015	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	0.90	0.73	0.17	\$6.69	PNW
Soybeans	1.09	0.87	0.22	\$8.66	PNW
Ocean Freight	\$16.00	\$29.75	0.35-0.37	(\$13.75)	Nov.

Source: O'Neil Commodity Consulting

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



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 29, 2015								
Commodity	Origins	China	Japan	Korea	Colombia	Morocco	Egypt	Saudi Arabia
Corn (Yellow)	Argentina	\$30	\$32	\$31	\$25	\$25	\$22	-
	Brazil	\$21	\$23	\$22	\$21	\$19	\$17	-
Corn (White)	Argentina	\$30	\$32	\$31	\$25	\$25	\$22	-
	Brazil	\$21	\$23	\$22	\$21	\$19	\$17	-
Barley	Argentina	\$30	\$32	\$31	\$25	\$25	\$22	-
	Brazil	\$21	\$23	\$22	\$21	\$19	\$17	-
Sorghum	Argentina	\$30	\$32	\$31	\$25	\$25	\$22	-
	Brazil	\$21	\$23	\$22	\$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 28, 2015			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.53	0.52	0.53
LIBOR (1 year)	0.83	0.83	0.86

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