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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Monday 3 Nov	Tuesday 4 Nov	Wednesday 5 Nov	Thursday 6 Nov	Friday 7 Nov
Change	-0.0325	-0.0900	0.0575	0.0100	-0.0375
Closing Price	3.7350	3.6450	3.7025	3.7125	3.6750
Factors Affecting the Market	The Dec. contract settled back just below \$3.75/bu as slowing corn export inspections and a stronger U.S. dollar gave no reason for it to continue upward.	U.S. corn harvest pace quickened to a level of 65 percent complete and that factor encouraged a sizable 9-cent decline in price.	The Dec. contract started off the day by trading down through \$3.60 before turning around and rallying back to close above \$3.70/bu.	News of weaker export sales for U.S. corn was offset by a rally in the soy complex. As a result, the Dec. contract closed basically unchanged.	Traders adjusted their positions in corn contracts prior to the release of the November WASDE at 12:00 PM EDT on Monday, Nov. 10 2014.

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 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.

Outlook: USDA will release the November WASDE report on Monday, November 10. A U.S. corn yield of 175 bushels per acre (bu/acre) is the average of the analysts' estimates for this report. In other words, the estimate is that the yield from U.S. corn will increase from 174.2 bu/acre in the October report to a new estimate of 175 bu/acre. How the actual number comes out in relation to that estimate will be a primary factor in determining if Monday's report is considered bullish or bearish for corn and related feed grains.

The November WASDE will also contain important data for the soy complex and wheat markets, and that associated data can influence the intensity of the data for corn. For example: an average corn yield estimate below 175 bu/acre and no increase in ending stocks could be considered bullish for corn, but that could be negated by a substantial yield increase for soybeans that establishes an overriding bearish tone in the market.

If soybean production data is bearish, the degree of near-term influence on corn contracts will depend upon other factors such as weather and demand. Cold weather is really no big deal, but any prospect for cold, wet and windy weather could make traders reluctant to press corn contracts too hard when 15 percent is still remaining in the field and a sizable amount is stored in open-air piles. As harvest is completed, demand will transition to become the dominant factor. A sizable drop-off in export sales and further reductions in petroleum prices, potentially weighing on ethanol producer margins, could be enough to enable corn contracts to trend lower. Such a composite of market factors will determine how low corn contracts can trend, but general interest in buying at prices below present levels will presumably limit the downside and establish a trading range into 2015.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending November 7, 2014			
Commodity	7-Nov	31-Oct	Net Change
Corn			
Dec 14	367.50	376.75	-9.25
Mar 15	380.50	389.25	-8.75
May 15	389.50	398.00	-8.50
Jul 15	396.25	404.25	-8.00
Soybeans			
Nov 14	1040.25	1046.50	-6.25
Jan 15	1036.75	1049.25	-12.50
Mar 15	1040.25	1053.25	-13.00
May 15	1044.50	1058.00	-13.50
Soymeal			
Dec 14	390.40	389.00	1.40
Jan 15	371.70	366.70	5.00
Mar 15	354.20	346.20	8.00

May 15	347.40	340.90	6.50
Soyoil			
Dec 14	32.40	34.80	-2.40
Jan 15	32.59	35.02	-2.43
Mar 15	32.79	35.24	-2.45
May 15	33.02	35.44	-2.42
SRW			
Dec 14	514.50	532.50	-18.00
Mar 15	526.25	545.75	-19.50
May 15	534.00	553.25	-19.25
Jul 15	540.25	560.25	-20.00
HRW			
Dec 14	569.25	593.75	-24.50
Mar 15	574.00	599.00	-25.00
May 15	577.75	601.50	-23.75
Jul 15	572.75	597.75	-25.00
MGEX (HRS)			
Dec 14	546.25	574.25	-28.00
Mar 15	560.25	584.50	-24.25
May 15	570.25	593.00	-22.75
Jul 15	580.25	602.25	-22.00

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: During November 7-10, wet weather is forecast for the eastern third of the Nation, Pacific Northwest and parts of the southern Great Plains. Rainfall totals will probably exceed four inches across Texas as the moisture is likely to have a tropical source. Lake enhanced precipitation is also likely near the Great Lakes as a low-pressure system is forecast to move from the Great Lakes to the Canadian Maritime Provinces during the next three days. During the early to middle portions of next week, a cold front is forecast to traverse the contiguous 48 states, ushering in drier and cooler conditions.

For the ensuing period of November 11-15, odds favor below normal temperatures east of the Rockies, with above normal temperatures west of the Continental Divide. Below-median precipitation is favored for much of the contiguous 48 states, except near the Great Lakes, New England and South Texas. 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 30, 2014					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings



Wheat	341,900	154,700	10,575.7	15,403.8	-26%
Corn	586,100	444,000	6,906.9	19,220.4	-12%
Sorghum	184,300	67,100	1,211.0	3,132.7	103%
Barley	400	500	52.6	86.7	-24%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 478,200 MT for 2014/15 were down 2 percent from the previous week and 55 percent from the prior four-week average. Increases were reported for unknown destinations (195,700 MT), Peru (76,500 MT, including 30,000 MT switched from unknown destinations), Mexico (69,100 MT), Colombia (60,200 MT, including 30,000 MT switched from unknown destinations), Canada (29,000 MT) and the Dominican Republic (20,000 MT). Decreases were reported for Guatemala (12,400 MT) and Japan (2,400 MT). Exports of 444,000 MT were primarily to Mexico (112,600 MT), Japan (95,700 MT), Egypt (54,400 MT), Costa Rica (38,800 MT), Colombia (32,100 MT), Peru (30,000 MT) and Guatemala (19,800 MT).

Barley: Net sales of 400 MT for 2014/15 were reported for South Korea (300 MT) and Taiwan (100 MT). Exports of 500 MT were reported to Taiwan (400 MT) and South Korea (100 MT).

Sorghum: Net sales of 181,300 MT for 2014/15 reported for unknown destinations (113,000 MT) and China (71,100 MT), were partially offset by decreases for Japan (2,700 MT). Exports of 67,100 MT were reported to China (51,600 MT) and Japan (15,500 MT).

U.S. Export Inspections: Week Ending October 30, 2014					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	425,856	733,152	6,852,551	5,249,794	131%
Sorghum	135,493	164,983	1,554,552	697,735	223%
Soybeans	2,770,997	2,263,628	11,009,500	9,375,728	117%
Wheat	208,706	212,575	10,940,212	16,339,066	67%
Barley	0	147	67,115	65,789	102%

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.

USDA Grain Inspections for Export Report: Week Ending October 30, 2014						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	364,553	86%	0	0%	128,799	95%
PNW	194	0%	0	0%	710	1%
Lakes	6,595	2%	0	0%	0	0%
Atlantic	1,616	0%	0	0%	0	0%
Interior Export Rail	52,898	12%	0	0%	5,984	4%
Total (Metric Tons)	425,856	100%	0	100%	135,493	100%
Sorghum Shipments					54,749	to Kenya



by Country (MT)						
					55,720	to China
					25,000	Sudan
					24	to Chile
Total Sorghum (MT)					135,493	

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)
November	+1.25 Z	\$193.89	+1.59 Z	\$207.27
December	+1.20 Z	\$191.92	+1.50 Z	\$203.73
January	+1.00 H	\$189.16	+1.37 H	\$203.73
February	+0.95 H	\$187.19	+1.40 H	\$204.91

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
November	+2.50 Z	\$243.10	+2.50 Z	\$243.10
December	+2.40 Z	\$239.16	+2.40 Z	\$239.16

Barley: Feed Barley (FOB USD/MT)			
	November	December	January
FOB PNW	\$240	\$240	\$240

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	\$700	\$700	\$700
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: November 7, 2014 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Nov.	Dec.	Jan.
Barge CIF New Orleans	174	174	176
FOB Vessel GULF	181	181	185
Rail delivered PNW	205	205	205
Rail delivered California	206	206	207
Mid-Bridge Laredo, TX	200	200	200
40 ft. Containers to South Korea (Busan)	212	212	225
40 ft. Containers to Taiwan (Kaohsiung)	209	209	222
40 ft. Containers to Philippines (Manila)	230	230	244
40 ft. Containers to Indonesia (Jakarta)	222	222	235
40 ft. Containers to Malaysia (Port Kelang)	222	222	236
40 ft. Containers to Vietnam (HCMC)	225	225	239
40 ft. Containers to Japan (Yokohama)	218	218	228
40 ft containers to Thailand (LCMB)	219	219	232
40 ft Containers to Shanghai, China	212	212	225
KC & Elwood, IL Rail Yard (delivered Ramp)	145	145	159

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: This past week there was a sizable reduction in the cost of DDGS that are sold FOB in the Gulf. Central American buyers of the co-product may find that there is a favorable pricing opportunity when buying DDGS in volume to load out a vessel. Multiple merchandisers have the ability to make that happen.

Asian buyers have similar opportunities too, but that also will presumably require some comparative shopping because of variability in logistical costs. That has become particularly evident in the domestic market as rail-delivered DDGS to the United States' Pacific Northwest have recently declined, while rail-delivered DDGS to California have increased in cost.

Containerized rates to Asian destinations consistently increased this past week from \$6 to \$9/MT. The increase has caused some of the foreign buyers to momentarily step back from the market. It is interesting that the bid/ask levels are so firm in their resolve when agreeable terms appear to be only about \$3 apart. More than likely, the price direction resulting from the USDA's WASDE on Monday, November 10 will help clarify which side should comply.

It will be far easier for merchandisers to accept a slightly lower bid if a combination of factors should allow for a limited setback in corn futures contracts next week. Of course, purchases in sufficient volume and time into the

November 7, 2014

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future can help facilitate more favorable freight cost negotiations, which is particularly important in relation to rail rates because there has recently been some stiff competition from other industries for rail space.

Ethanol Comments: Corn-based ethanol continued to be the world's lowest-cost octane enhancer, as reported in a story by Dow Jones. That is a primary reason for the consistent export demand that is anticipated to range somewhere between 800 million to 1 billion gallons in 2015. Foreign demand is coming from neighboring destinations such as Canada and Mexico, Asian nations with pollution concerns, and even the oil-rich Middle East.

Brazilian sugar-based ethanol producers are the world's second largest ethanol producers. The majority of Brazil's ethanol production is consumed domestically, and the industry has struggled to expand into the global market because of their own government's policies that have recently subsidized gasoline production at the expense of the ethanol industry. The recent re-election of Dilma Rousseff as Brazil's president has raised concerns by the Brazilian Sugarcane Industry Association that their ethanol processors may continue to struggle. That is unfortunate.

There is ample U.S. corn-based ethanol as stocks increased slightly to 17.2 million barrels for the week ending October 31, 2014. That was up slightly from the prior week's level of 17 million barrels. However, the percentage in relation to a year ago continues to decline, down from 13.9 percent the prior week to 13.2 for the most current week. That continued narrowing against year-ago production and the stable export demand are two factors that have allowed the differential between the cost of corn and the return for the co-products of ethanol and DDGS to significantly improve in all regions for week ending Friday, November 7, 2014:

- Illinois differential is \$3.26 per bushel, in comparison to \$2.55 the prior week and \$2.64 a year ago.
- Iowa differential is \$2.80 per bushel, in comparison to \$2.41 the prior week and \$2.28 a year ago.
- Nebraska differential is \$2.76 per bushel, in comparison to \$2.58 the prior week and \$1.88 a year ago.
- South Dakota differential is \$2.76 per bushel, in comparison to \$2.51 the prior week and \$2.88 a year ago.

COUNTRY NEWS

Asia: Asian feed millers have been caught flat-footed by a surprise rally in corn prices, according to Reuters. Millers in countries including Indonesia, Vietnam and Thailand had previously ordered cargoes over the last few months by locking in premiums that must be paid over future and leaving the futures level to be determined later.

China: A drought on the North China Plain from May-August 2014 has reduced Chinese corn production for the first time in five years, reports Bloomberg News. SGS SA conducted interviews with 307 farmers and estimates that corn output is set to drop 3.6 percent to 210.6 MMT, which stands in contrast to an October 12 USDA estimate of 217 MMT.

Further on China: China's official news agency, Xinhua, has released a report indicating that more than 40 percent of China's arable land is suffering from degradation, according to Reuters. Soil pollution has impacted some 3.3 million hectares.

France: French farmers had harvested 57 percent of the country's corn crop by October 27, according to Reuters. This is up from the 38 percent that had been harvested the prior week and significantly higher than the 30 percent brought in at this point in 2013. France is the EU's largest corn producer and the harvest this year is expected to be a record harvest in a year when the EU is pulling in a large corn crop.

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	\$45.50	Down \$0.50	Handymax at \$46.00/MT
55,000 U.S. PNW-Japan	\$25.00	Down \$0.50	Handymax at \$25.00/MT
55,000 U.S. Gulf-China	\$44.50	Down \$0.50	North China
PNW to China	\$34.00	Down \$0.50	
25,000 U.S. Gulf-Veracruz, México	\$17.00	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$14.50	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$25.00 \$31.00	Up \$4.50 Unchanged	West Coast Colombia at \$29.00
36-40,000 U.S. Gulf-Guatemala	\$28.00	Down \$0.50	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf-Algeria	\$35.00	Unchanged	8,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$37.00	Unchanged	3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$35.00	Up \$0.50	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$32.00	Unchanged	55,000 -60,000 MT
PNW to Egypt	\$33.00	Unchanged	St. Lawrence to Egypt \$33.00
60-70,000 U.S. Gulf-Europe-Rotterdam	\$20.00	Unchanged	Handymax at +\$1.50 more
Brazil, Santos-China	\$34.50	Unchanged	54-58,000 Supramax-
	\$33.25	Down \$0.25	Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$39.00	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: This week ocean

freight rates appear to have topped out as the rally ran out of fuel and things sat back a bit. There is, however, getting to be more trade talk about Q4 2014 being the turnaround point for Dry-Bulk ocean freight rates. And many believe that, from a vessel owner's perspective, 2015 will bring much better rates. It may be a lot of wishful thinking?

If we look back to the start of 2014 we see that Panamax rates from the U.S. Gulf to Japan began the year at about \$58.00/MT and then slid to a low of around \$42.00/MT before clawing back up to the current value of \$46.00/MT. So, we did not experience all that much volatility during the past year and there is still considerable distance to cover just to get rates back close to where we started things in January. In that we still have a vessel oversupply situation and the world economy remains shaky, I'm not expecting to see a big rate jump soon. I do not believe that rates will be able to fully recover back to Q1 2014 levels in Q1 2015. Rates will most likely bounce around through the end of the North American grain harvest and then have to look for a new demand element to keep things buoyed.

On a different note, it looks like U.S. exporters are making very good FOB-ing margins at the Gulf with corn and soybean margins at 30 cents per bushel (\$11.80/MT-plus), and sorghum margins at over \$1.00 per bushel (\$40.00/MT) or more.

Baltic Panamax Dry-Bulk Indices				
November 7, 2014	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	16,373	16,958	-585	-3.4%
P3A: PNW/Pacific– Japan	11,244	11,784	-540	-4.6%

Source: O'Neil Commodity Consulting

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

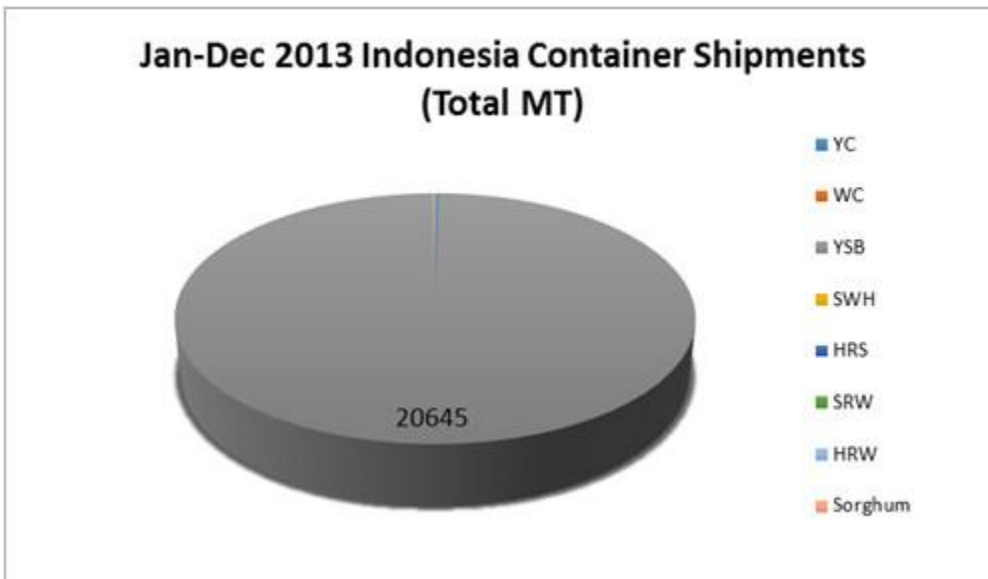
Week of November 7, 2014	
Four weeks ago:	\$7.55-\$7.95
Three weeks ago:	\$7.15-\$7.50
Two weeks ago	\$8.00-\$8.95
One week ago:	\$9.30-\$9.70
This week	\$9.35-\$9.65

Source: O'Neil Commodity Consulting

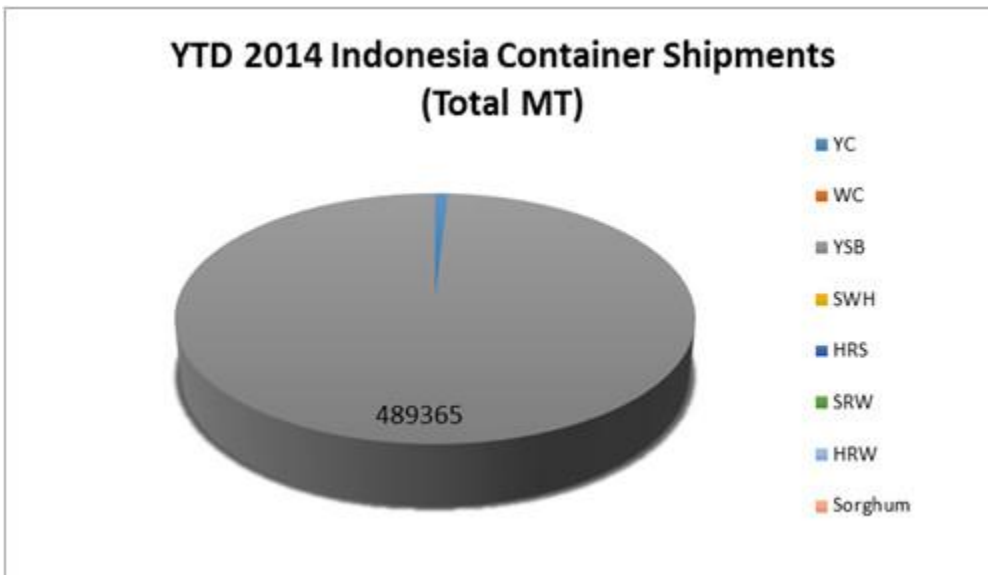
U.S. – Asia Market Spreads					
November 7, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.44	1.13	0.31	\$12.20	PNW
Soybeans	1.75	1.50	0.25	\$9.19	PNW
Ocean Freight	\$24.00	\$44.50	0.54-0.58	(\$20.50)	November

Source: O'Neil Commodity Consulting

The charts below represent January-December 2013 annual totals versus year-to-date 2014 container shipments to Indonesia.



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	\$39	\$43	\$42	\$33	\$31	\$27	\$36
	Brazil	\$31	\$34	\$35	\$27	\$24	\$20	-
Corn (White)	Argentina	\$39	\$43	\$42	\$33	\$31	\$27	\$36
	Brazil	\$31	\$34	\$35	\$27	\$24	\$20	-
Barley	Argentina	\$39	\$43	\$42	\$33	\$31	\$27	\$36
	Brazil	\$31	\$38	\$35	\$27	\$24	\$20	-
Sorghum	Argentina	\$39	\$43	\$42	\$33	\$31	\$27	\$36
	Brazil	\$31	\$38	\$35	\$27	\$24	\$20	-

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 (%): November 5, 2014			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.33	0.32	0.33
LIBOR (1 year)	0.56	0.54	0.57

Source: www.bankrate.com