



CONTENTS

CHICAGO BOARD OF TRADE MARKET NEWS 1

CBOT DECEMBER CORN FUTURES 2

U.S. WEATHER/CROP PROGRESS..... 4

U.S. EXPORT STATISTICS 5

FOB..... 6

DISTILLERS DRIED GRAINS WITH SOLUBLES (DDGS) 8

COUNTRY NEWS 8

OCEAN FREIGHT MARKETS AND SPREAD..... 9

OCEAN FREIGHT COMMENTS 10

INTEREST RATES 12

CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Monday 25 August	Tuesday 26 August	Wednesday 27 August	Thursday 28 August	Friday 29 August
Change	-0.0400	-0.0250	0.0000	0.0425	-0.0450
Closing Price	3.6750	3.6500	3.6500	3.6925	3.6475
Factors Affecting the Market	The December corn contract remained in a rather mundane pattern. It seemed that 20 cents up is too high and 20 cents down is too low.	USDA reported on Monday afternoon that crop conditions for U.S. corn remain stable. As a result, futures were also stable.	Three cents was the entire trading range for the December corn contract today. The close was the same as Tuesday.	The fact that rains in the western Corn-Belt have become somewhat excessive allowed corn to trade higher.	At the moment, the December corn contract is trading primarily in only one direction – sideways.

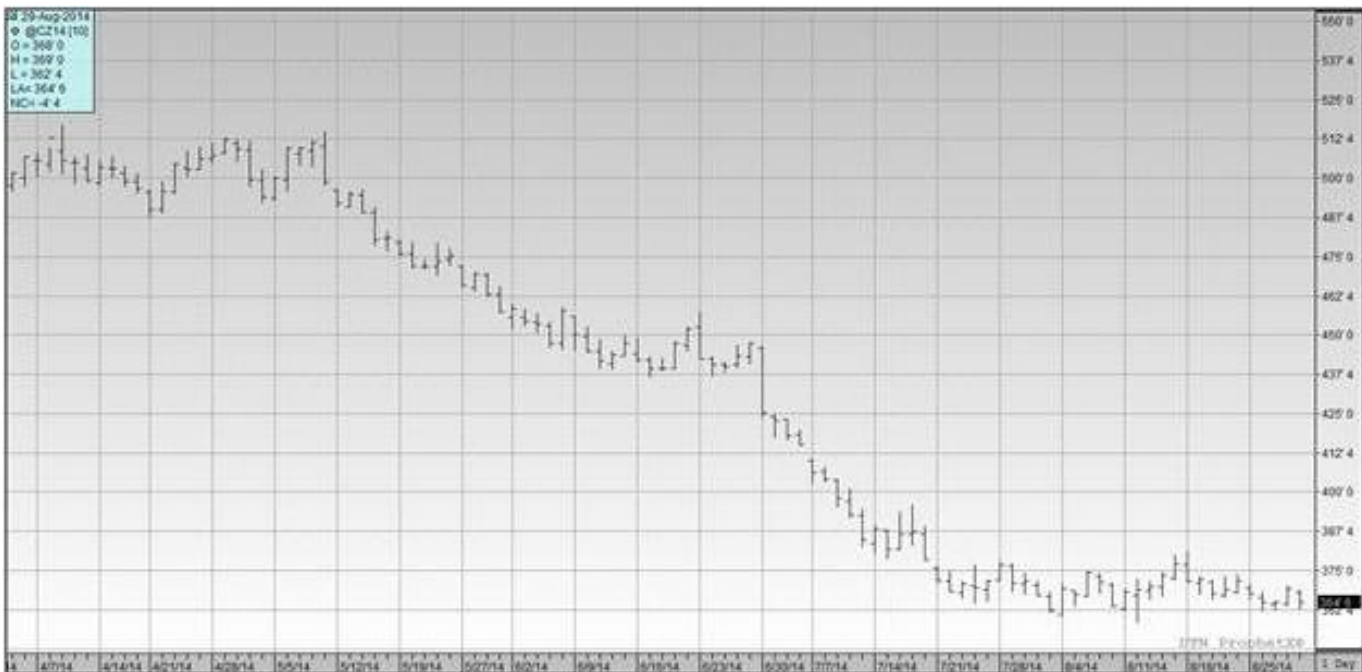
For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Kevin Roepke or Alvaro Cordero at (202) 326-0637.

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.

Outlook: Corn contracts began the week trading down 4- 5 cents due to improved rain forecasts ensuring that there would be sufficient moisture to meet the final states of a maturing crop. However, that ample moisture turned into excessive moisture in much of the western Corn-Belt. So, weather was not a catalyst to drive feed grain prices either higher or lower. A number of nations are presently shopping around to make sizable purchases of corn, but foreign prices are undercutting the price of U.S. corn at the Gulf. Thus, exports are not situated well to act as a catalyst to drive prices either higher or lower. Nor is domestic demand currently ready to influence prices since the prospect of abundant supplies is creating limited interest in extending coverage. As a result, the December corn contract has spent more than a month in a narrow trading range.

Open interest has been growing as corn as traders have been building sizable offsetting positions in corn contracts this past month. Corn has been able to remain in a narrow range because the two opposing sides are rather evenly balanced. The outlook is that this offsetting condition will not remain indefinite and one side will momentarily give way to allow for a sharp and limited price move. However, giving way and completely capitulating are not the same thing. As a result, the outlook is that volatility in corn contracts is likely to intensify from the present mundane levels going into calendar year 2015, but the prospects are not good during the next quarter for the occurrence of a single decisive move in one direction.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending August 29 , 2014			
Commodity	August 29	August 22	Net Change
Corn			
Sep 14	359.00	365.50	-6.50
Dec 14	364.75	371.50	-6.75
Mar 15	377.75	384.25	-6.50
May 15	386.00	392.00	-6.00
Soybeans			
Sep 14	1089.50	1166.00	-76.50
Nov 14	1024.25	1042.00	-17.75
Jan 15	1032.50	1048.75	-16.25
Mar 15	1040.50	1055.00	-14.50
Soymeal			
Sep 14	439.50	433.30	6.20
Oct 14	363.10	367.10	-4.00

August 29, 2014

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Dec 14	350.70	352.70	-2.00
Jan 15	347.60	349.60	-2.00
Soyoil			
Sep 14	32.04	32.36	-0.32
Oct 14	32.01	32.40	-0.39
Dec 14	32.14	32.60	-0.46
Jan 15	32.40	32.89	-0.49
SRW			
Sep 14	550.25	552.00	-1.75
Dec 14	563.50	562.25	1.25
Mar 15	582.50	580.25	2.25
May 15	592.25	589.25	3.00
HRW			
Sep 14	626.25	633.50	-7.25
Dec 14	642.75	644.00	-1.25
Mar 15	651.50	652.00	-0.50
May 15	655.50	654.25	1.25
MGEX (HRS)			
Sep 14	615.00	626.75	-11.75
Dec 14	629.75	634.50	-4.75
Mar 15	643.00	644.50	-1.50
May 15	652.75	653.25	-0.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: August 24, 2014					
	Very Poor	Poor	Fair	Good	Excellent
Corn	2%	5%	20%	52%	21%
Sorghum	2%	9%	31%	47%	11%
Barley	3%	7%	34%	47%	9%

U.S. Drought Monitor Weather Forecast: The NWS WPC Quantitative Precipitation Forecast (QPF) calls for moderate-to-heavy precipitation accumulations (2-6 inches) in an area stretching from the High Plains eastward to the Upper Midwest with lesser accumulations across the Lower Midwest, New England, Mid-Atlantic and the Southeast. 1-3 inches are forecasted across the Gulf Coast region while the western U.S. will remain largely dry.

The 10-day outlooks call for a high probability of above-normal temperatures across California, the Southwest and the eastern half of the U.S. while below normal temperatures are forecasted across the Pacific Northwest, northern Rockies and Intermountain West. A high probability of above-normal precipitation is forecasted for the

Eastern tier while the West will be below-normal. 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 August 21, 2014					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	411,900	466,700	5,466.0	11,266.9	-26%
Corn	159,100	1,002,700	45,845.1	48,656.2	155%
Sorghum	0	163,400	4,418.7	5,008.5	210%
Barley	600	3,200	20.7	37.8	-34%

Source: USDA, World Perspectives, Inc.

Corn: Net sales reductions of 32,700 MT for 2013/14 were down noticeably from the previous week and from the prior four-week average. Increases reported for Japan (88,400 MT, including 94,800 MT switched from unknown destinations and decreases of 7,300 MT), Colombia (62,100 MT, including 30,000 MT switched from unknown destinations and decreases of 3,000 MT), Canada (18,200 MT), Mexico (14,900 MT) and Jamaica (8,600 MT), were more than offset by decreases for unknown destinations (172,900 MT), South Korea (48,800 MT), Taiwan (9,900 MT), Costa Rica (1,400 MT), El Salvador (1,300 MT) and the Dominican Republic (1,200 MT). Net sales of 695,600 MT for 2014/15 were reported primarily for Colombia (140,900 MT), South Korea (125,000 MT), Costa Rica (120,500 MT) and Peru (81,800 MT). Exports of 1,002,700 MT were down 10 percent from the previous week, but up 6 percent from the prior four-week average. The primary destinations were Japan (278,900 MT), Mexico (262,200 MT), South Korea (224,500 MT), Colombia (65,100 MT), Peru (46,000 MT), the Philippines (43,400 MT) and Canada (28,300 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 55,000 MT, all South Korea. Export Adjustments: Accumulated exports to Mexico were adjusted down 29,700 MT for week ending August 21, 2014, because this shipment was reported twice.

Barley: Net sales of 600 MT were reported for Taiwan. Exports of 3,200 MT were reported to Taiwan.

Sorghum: Net sales reductions of 8,900 MT for 2013/14 resulted as increases for China (46,100 MT, including 55,000 MT switched from unknown destinations and decreases of 8,900 MT), were more than offset by decreases for unknown destinations (55,000 MT). Net sales of 219,000 MT for 2014/15 were reported for China (216,000 MT) and unknown destinations (3,000 MT). Exports of 163,400 MT were reported to China.

U.S. Export Inspections: Week Ending August 21, 2014					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	1,091,301	971,305	45,939,659	17,229,967	1,091,301
Sorghum	239,780	164,912	4,979,367	1,787,303	239,780
Soybeans	145,161	56,909	43,362,534	35,676,751	145,161
Wheat	558,113	596,675	5,739,441	8,299,578	558,113



Barley	1,127	0	34,246	27,540	1,127
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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 August 21, 2014						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	548,947	51%	14,747	83%	236,157	98%
PNW	317,174	30%	0	0%	1,836	1%
Lakes	50,818	5%	0	0%	0	0%
Atlantic	4,299	0%	0	0%	0	0%
Interior Export Rail	152,222	14%	3,094	17%	1,787	1%
Total (Metric Tons)	1,073,460	100%	17,841	100%	239,780	100%
White Corn Shipments by Country (MT)			14,722	to Mexico		
			3,119	to Japan		
Total White Corn (MT)			17,841			
Sorghum Shipments by Country (MT)					222,404	to China
					16,960	to Ethiopia
					416	to Philippines
Total Sorghum (MT)					239,780	

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)
September	+1.30 Z	\$194.77	+1.55 Z	\$204.61
October	+1.30 Z	\$194.77	+1.55 Z	\$204.61
November	+1.27 Z	\$193.59	+1.55 Z	\$204.61
December	+1.27 Z	\$193.59	+1.53 Z	\$203.83

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
August	+1.95 Z	\$220.36	+1.95 Z	\$220.36



August 29, 2014

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September	+1.95 Z	\$220.36	+1.95 Z	\$220.36
October	+1.95 Z	\$220.36	+1.95 Z	\$220.36

Barley: Feed Barley (FOB USD/MT)			
	September	October	November
FOB PNW	\$265	\$265	\$265

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	September	October	November
New Orleans	\$175	\$175	\$175
Quantity 5,000 MT			

Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	September	October	November
New Orleans	\$680	\$680	\$680
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: August 29, 2014 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Sep.	Oct.	Nov.
Barge CIF New Orleans	197	197	198
FOB Vessel GULF	210	-	-
Rail delivered PNW	194	194	198
Rail delivered California	199	199	200
Mid-Bridge Laredo, TX	185	185	187
40 ft. Containers to South Korea (Busan)	240	240	241
40 ft. Containers to Taiwan (Kaohsiung)	234	235	236
40 ft. Containers to Philippines (Manila)	249	248	249
40 ft. Containers to Indonesia (Jakarta)	249	248	250
40 ft. Containers to Malaysia (Port Kelang)	250	250	252
40 ft. Containers to Vietnam (HCMC)	250	251	252
40 ft. Containers to Japan (Yokohama)	250	245	247
40 ft containers to Thailand (LCMB)	249	250	251
40 ft Containers to Shanghai, China	242	244	244
KC & Elwood, IL Rail Yard (delivered Ramp)	176	178	177

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: Merchandisers reported a quiet week in the DDGS markets with limited domestic demand and small purchases from foreign buyers for containerized product, such as 500 MT destined for Haiphong at \$230/MT, CFR for October, November, and December. There was also a sale of 200 MT for shipment to Kaohsiung at \$223/MT, CFR for the first half of November.

There is presently a common expectation among market participants that containerized grain shipments to Asia will increase as harvest approaches. As a result, there are rumors of a possible general rate increase (GRI) of approximately \$100/40' being initiated by shipping lines around the first of November, and potentially a second increase in December.

The significance of changing freight rates is already evident in the price change that occurred this past week in containerized freight rates to various Asian destinations. For example, the average cost of shipping a 40-foot container in the nearby August spot market increased \$14 dollars to one destination and decreased by an average amount of \$14 to a different destination. That is a substantial \$28 spread between two different Asia destinations, and it must largely be attributed to variability in freight rates. In comparison, the weekly rates decreased rather uniformly in the more distant September and October time periods.

U.S. ethanol facilities are presently making healthy margins and are running at full capacity. As a result, merchandisers are anxious for opportunities to move large volumes of DDGS. Buyers can make it much easier for merchandisers to offer the most favorable pricing terms by extending purchases into the future.

Ethanol Comments: The recent increases in crude oil prices seems to have generated some additional interest for U.S. ethanol in the global export market. As a result of this outflow, there was a sudden one week drop of 5.1 percent as total U.S. ethanol stocks declined to 17.3 million barrels. That was almost a 1 million barrel decline in stocks from the prior week's level of 18.3 million barrels. The strong but inconsistent export demand can go a long way in maintaining favorable margins for ethanol producers.

Ethanol producer could increase further if corn prices follow a similar pattern to this time a year ago: A year ago, nearby corn futures declined from a price of approximately \$4.70 per bushel at the end of August 2013 to approximately \$4.30 in January 2014. A similar price decline could occur this season but it will take multiple cards falling into place because corn contracts are presently priced about a dollar lower than a year ago.

The decline in corn prices last season allowed the differential between the price of corn and combined value of ethanol and DDGS to improve. Of course, total U.S. ethanol stocks at this time were 16.3 million gallons, which is about 6.6 percent below current levels. A rebound in ethanol margins this season would require a continued drawdown in stocks, weaker corn prices and rebounding crude oil prices. This week, there was a modest decline in the differential between the cost of corn and the co-products at the majority of ethanol facilities for week-ending Friday, August 29, 2014:

- Illinois differential is \$3.41 per bushel in comparison to \$3.55 the prior week and \$3.12 a year ago.

- Iowa differential is \$3.32 per bushel in comparison to \$3.29 the prior week and \$2.20 a year ago.
- Nebraska differential is \$3.28 per bushel in comparison to \$3.31 the prior week and \$2.71 a year ago.
- South Dakota differential is \$3.80 per bushel in comparison to \$3.90 the prior week and \$2.64 a year ago.

COUNTRY NEWS

EU: The EU is expected to have corn yields 12 percent above those in 2013, reports Reuters. The current forecast for EU corn stands at 68 MMT, which is 6 percent above last year's crop. Additionally, it is predicted that farmers will bring in 7.53 MT per hectare, which is up 11.8 percent from last year and 11.1 percent over the five-year average.

Russia: This year's grain harvest has the potential to be Russia's largest since the dissolution of the USSR, according to Bloomberg News. Russia's Grain Union currently estimates the grain harvest at 104 MMT, which because of favorable weather going into the autumn is believed to have the potential to break the 2008 record of 108.2 MMT. Russia's exports in the season that began July 1 will total at least 30 MMT. The Grain Union estimates that 20 MMT of barley and 12 MMT of corn will be harvested, while 4 MMT of corn and 3 MMT of barley will be exported. Last year, Russia harvested 92.4 MMT of grain and pulses.

South Africa: South African yellow corn has fallen to its lowest level in three years, according to Bloomberg News. Yellow corn for December delivery fell by 1.9 percent to \$168/MT. The Crop Estimates Committee increased the country's yellow corn outlook by 4.6 percent to total some 6.6 MMT.

Ukraine: The Ukrainian winter barley harvest has been completed, and yields are said to be up by 49 percent compared to 2013 with 5.5 MT being harvest per hectare, reports Reuters.

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	Up \$1.50	Handymax at \$44.50/MT
55,000 U.S. PNW- Japan	\$25.00	Up \$0.50	Handymax at \$25.50/MT
55,000 U.S. Gulf – China PNW to China	\$44.50 \$24.00	Up \$1.00 Up \$0.50	North China
25,000 U.S. Gulf- Veracruz, México	\$15.00	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$13.00	Up \$0.50	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast Colombia, Argentina	\$20.50 \$30.00	Up \$1.00 Up \$1.00	West Coast Colombia at \$28.50
35,000 U.S. Gulf - Guatemala	\$27.00	Up \$0.50	Acajutla/Quetzal - 8,000 out

August 29, 2014

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25-30,000 U.S. Gulf – Algeria	\$35.00 \$37.00	Up \$1.00 Up \$1.00	8,000 MT daily discharge 3,000 MT daily discharge
25,000 U.S. Gulf-Morocco	\$35.00	Up \$1.00	5,000 discharge rate
55,000 U.S. Gulf – Egypt PNW to Egypt	\$33.00 \$32.50	Up \$1.00 Up \$1.00	55,000 -60,000 MT St. Lawrence to Egypt \$33.50
60-70,000 U.S. Gulf – Europe – Rotterdam	\$20.00	Up \$0.50	Handymax at +\$1.50 more
Brazil, Santos – China	\$35.00 \$34.00	Unchanged Up \$0.50	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$40.00	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: As we move closer to the North American fall corn and soybean harvest, Panamax and Supramax ocean freight markets are trying to extract better/higher rates. To some extent they are having success as rates are moving up slowly and remain at a carry out into October, November and December. Handymax and Handysize vessel sectors are also stepping up rates.

The big question will be how much more support they can gather in a market that is still tilted to the oversupply side. Capesize vessel markets seem to be running out of steam after climbing higher over the last three weeks. World buyers need to be prepared to pay higher demurrage rates for harvest time shipments. Export logistics will certainly be a buyer's biggest challenge this season.

Baltic Panamax Dry-Bulk Indices				
August 29, 2014	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	15,008	14,462	546	3.8%
P3A: PNW/Pacific – Japan	4,922	4,850	72	1.5%

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 August 29, 2014	
Four weeks ago	\$7.50-\$8.00
Three weeks ago:	\$7.70-\$8.00
Two weeks ago	\$7.40-\$8.85

August 29, 2014

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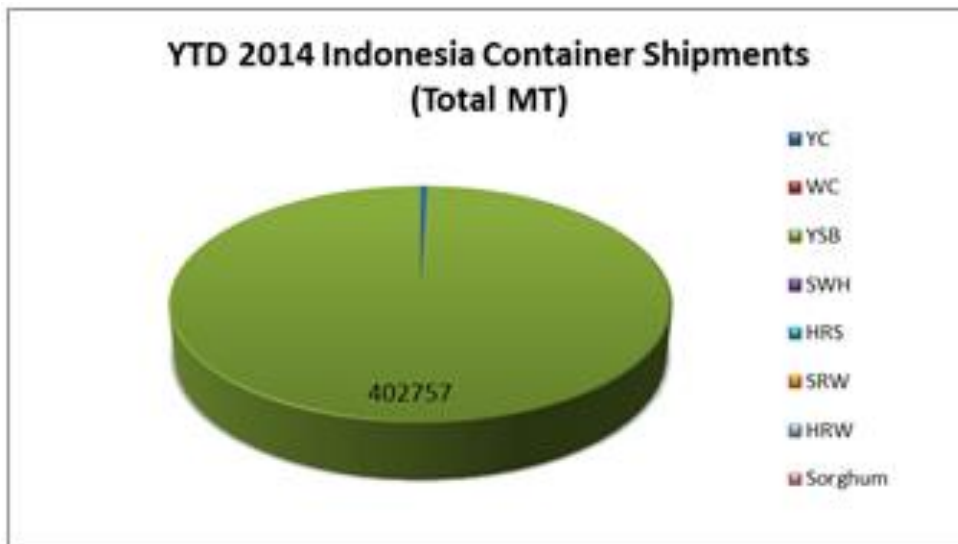
One week ago:	\$8.90-\$9.30
This week	\$8.75-\$9.15

Source: O'Neil Commodity Consulting

U.S. – Asia Market Spreads					
August 29, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.60	1.27	0.33	\$12.99	PNW
Soybeans	2.60	2.30	0.30	\$11.02	PNW
Ocean Freight	\$24.00	\$44.50	0.52-0.56	(\$20.50)	September

Source: O'Neil Commodity Consulting

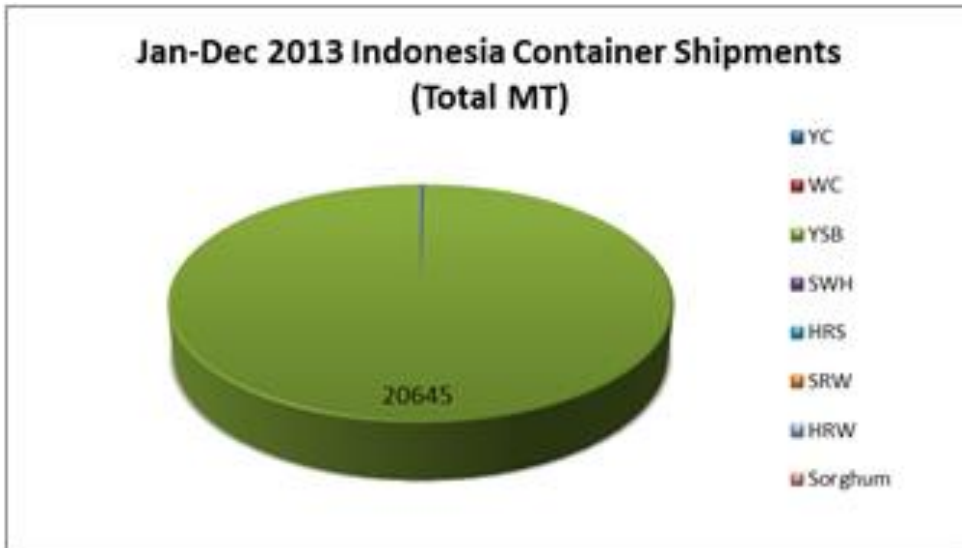
The charts below represent January-December 2013 annual totals versus January-August 2014 container shipments for Indonesia.



Source: O'Neil Commodity Consulting

August 29, 2014

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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	\$48	\$50	-	-	\$40	\$40	-
	Brazil	\$43	\$45	-	-	\$30	\$33	-
Corn (White)	Argentina	\$48	\$50	-	-	\$40	\$40	-
	Brazil	\$43	\$45	-	-	\$30	\$33	-
Barley	Argentina	\$48	\$50	-	-	\$40	\$40	-
	Brazil	\$43	\$45	-	-	\$30	\$33	-
Sorghum	Argentina	\$48	\$50	-	-	\$40	\$40	-
	Brazil	\$43	\$45	-	-	\$30	\$33	-

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 (%): August 27, 2014			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.33	0.33	0.33
LIBOR (1 year)	0.57	0.55	0.56

Source: www.bankrate.com