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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Monday 4 August	Tuesday 5 August	Wednesday 6 August	Thursday 7 August	Friday 8 August
Change	0.0700	-0.0200	0.0700	-0.0300	-0.775
Closing Price	3.6925	3.6727	3.7425	3.7125	3.6350
Factors Affecting the Market	The prospect for drier weather was given as a reason for the day's higher close, but futures contracts below \$3.70 were seen as a good buying opportunity.	USDA that crop conditions and progress remain favorable and that was enough to allow prices to trade lower.	More sizable export sales announcements and global tensions made an upward move the direction of least resistance for December corn.	Both technical and fundamental factors are presently indecisive and that caused traders to stand aside and wait for conditions to develop.	"Tired" seems to be an apt description as uncertainty overhangs corn contracts prior to next week's release of the August WASDE.

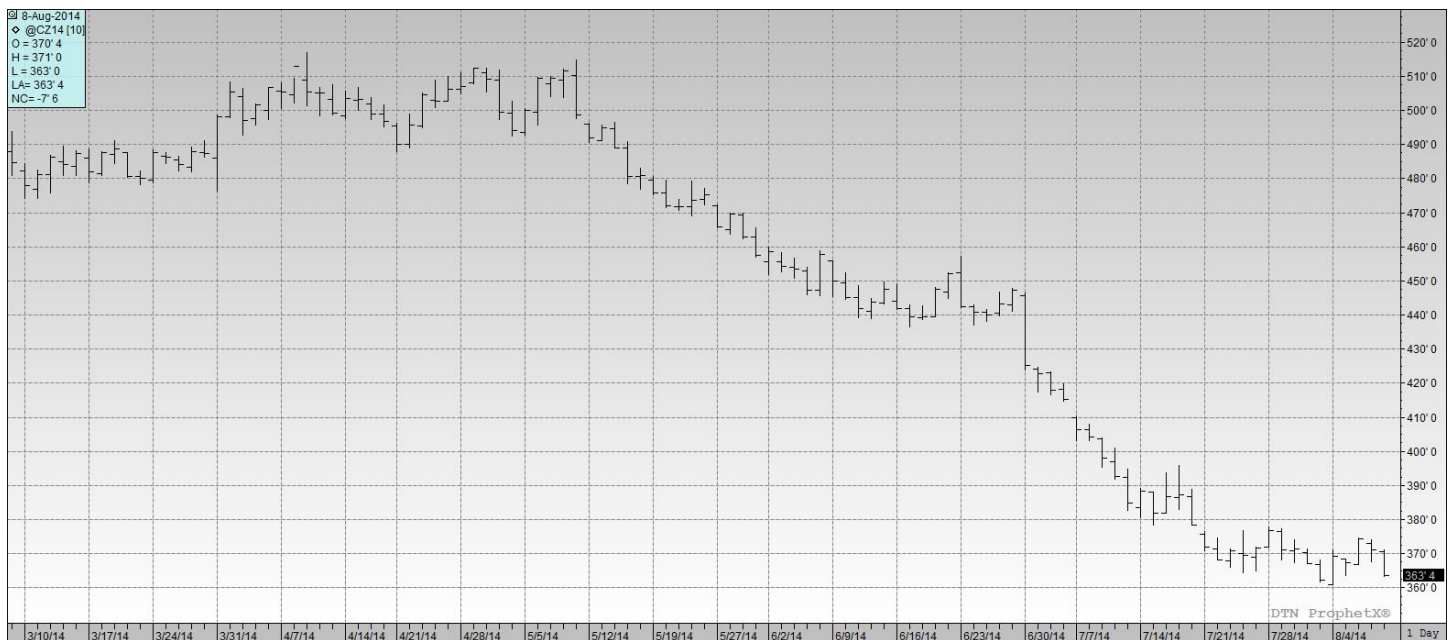
For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Kevin Roepke or Alvaro Cordero at (202) 326-0637.

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: USDA will publish the August WASDE on Tuesday August 12. There is currently a peculiar dynamic as market participants seem only partially interested in the contents of this report due to the assumption that future USDA data will be even more bearish. It seems a little presumptuous to assume that published yields are destined to get larger and larger and prices will be forced lower and lower. U.S. growing conditions have been excellent and the estimated yield for U.S. corn and other feed grains seem likely to increase in the August WASDE, but USDA will attempt to estimate yields as accurately as possible. The yield estimates will become more accurate as the season progresses, but there is no precedence for the assumption that more accurate yield estimates and higher yield estimates are one in the same.

Argentine corn sales are not expected to become fully active until the value of Argentine peso becomes more certain. In addition, corn sales out of the Black Sea region have the uncomfortable prospect of impending conflict. Nor does it look like burdensome corn crops will be produced in Ukraine and China. As a result of such uncertainties, buyers from Mexico, South Korea, Japan, Central America, and U.S. ethanol producers are chiefly watching the U.S. market and waiting on firm indications that global prices have bottomed. The outlook is that a bottom in U.S. feed grain markets will occur when bearish sentiment applies pressure to corn futures and cash prices independently remain firm. This occurrence can be an important indicator of an impending bottom in prices because negotiations and securing of product often occurs prior to any barrage of export sales announcements.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

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Current Market Values:

Futures Price Performance: Week Ending August 8 , 2014			
Commodity	August 8	August 1	Net Change
Corn			
Sep 14	351.75	352.50	-0.75
Dec 14	363.50	362.25	1.25
Mar 15	376.50	374.75	1.75
May 15	384.50	383.25	1.25
Soybeans			
Aug 14	1284.75	1215.00	69.75
Sep 14	1113.75	1073.50	40.25
Nov 14	1084.75	1058.50	26.25
Jan 15	1093.25	1066.75	26.50
Soymeal			
Aug 14	397.50	387.50	10.00
Sep 14	367.90	355.80	12.10
Oct 14	353.60	345.10	8.50
Dec 14	350.60	342.40	8.20
Soyoil			
Aug 14	35.44	35.45	-0.01
Sep 14	35.52	35.54	-0.02
Oct 14	35.61	35.58	0.03
Dec 14	35.87	35.71	0.16
SRW			
Sep 14	549.25	534.25	15.00
Dec 14	566.00	553.25	12.75
Mar 15	585.25	574.00	11.25
May 15	597.50	587.00	10.50
HRW			
Sep 14	629.25	632.75	-3.50
Dec 14	642.75	643.50	-0.75
Mar 15	652.50	648.00	4.50
May 15	656.00	650.75	5.25
MGEX (HRS)			
Sep 14	618.75	616.00	2.75
Dec 14	630.75	626.75	4.00
Mar 15	642.75	640.50	2.25
May 15	650.75	648.25	2.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: August 3, 2014					
	Very Poor	Poor	Fair	Good	Excellent
Corn	2%	5%	20%	51%	22%
Sorghum	2%	7%	32%	49%	10%
Barley	-	4%	30%	55%	11%

U.S. Drought Monitor Weather Forecast: From August 8-11, showery weather will gradually shift from the north-central U.S. into the Southeast. Five-day rainfall totals could reach 2-4 inches from the southwestern Corn Belt to the Carolinas. Meanwhile, mostly dry weather will prevail across the Great Lakes region and the southern Plains, although generally cool weather in the Midwest will contrast with hot conditions in the south-central U.S. Farther west, monsoon showers will be mostly confined to the northern Intermountain region, although a new surge of moisture may reach the Southwest during the next few days.

The NWS outlook for August 12-16 calls for the likelihood of below-normal temperatures from the central Plains into the Midwest and Northeast, while hotter-than-normal conditions can be expected across the northern High Plains, Deep South, and much of the West. Meanwhile, near-to-above-normal rainfall across the majority of the U.S. will contrast with the likelihood of drier-than-normal weather in southern Texas and from the Pacific Northwest to the northern High Plains. 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 July 31, 2014					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	701,300	415,200	3,973.4	10,322.7	-24%
Corn	240,600	1,071,700	43,005.9	48,735.8	155%
Sorghum	2,300	120,900	3,776.0	4,847.9	202%
Barley	500	400	16.5	25.2	-52%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 120,900 MT for 2013/14 were down 30 percent from the previous week and 66 percent from the prior four-week average. Increases were reported for Japan (185,200 MT, including 194,700 MT switched from unknown destinations and decreases of 18,600 MT), Israel (69,000 MT, including 60,000 MT switched from unknown destinations), Mexico (61,800 MT), Colombia (42,300 MT), Peru (35,200 MT, including 30,000 MT switched from unknown destinations and decreases of 6,300 MT) and Taiwan (24,600 MT). Decreases were reported for unknown destinations (287,300 MT), Egypt (68,000 MT), Costa Rica (1,700 MT) and Nicaragua (1,300 MT). Net sales of 758,700 MT for 2014/15 were reported primarily for Colombia (237,000 MT), Mexico (186,200 MT), unknown destinations (108,200 MT), Japan (98,000 MT) and Costa Rica

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(62,000 MT). Exports of 1,071,700 MT were up 24 percent from the previous week and 8 percent from the prior four-week average. The primary destinations were Japan (363,200 MT), Mexico (191,300 MT), South Korea (190,300 MT), Peru (96,100 MT), Israel (69,000 MT), Colombia (56,600 MT) and Panama (19,700 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 55,000 MT, all South Korea.

Barley: Net sales of 400 MT for 2014/15 resulted as increases for Taiwan (500 MT). Decreases were reported for South Korea (100 MT). Exports of 400 MT were reported to Taiwan.

Sorghum: Net sales of 2,300 MT for 2013/14 resulted as increases for China (57,300 MT, including 55,000 MT switched from unknown destinations), were partially offset by decreases for unknown destinations (55,000 MT). Exports of 120,900 MT were reported to China.

U.S. Export Inspections: Week Ending July 31, 2014					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	1,140,546	816,065	42,969,590	16,342,536	263%
Sorghum	122,482	179,660	4,315,278	1,614,733	267%
Soybeans	39,256	112,345	43,061,701	35,370,839	122%
Wheat	351,503	396,453	3,995,890	5,859,405	68%
Barley	2,572	21,791	33,119	6,079	545%

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 July 31, 2014						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	617,013	55%	15,399	100%	116,001	95%
PNW	331,310	29%	0	0%	2474	2%
Lakes	0	0%	0	0%	0	0%
Atlantic	30,954	3%	0	0%	490	0%
Interior Export Rail	145,870	13%	0	0%	3,517	3%
Total (Metric Tons)	1,125,147	100%	15,399	100%	122,482	100%
White Corn Shipments by Country (MT)			8,800	to Mexico		
			6,599	to Colombia		
Total White Corn (MT)			15,399			
Sorghum Shipments by Country (MT)					121,854	to China
					628	to Mexico
Total Sorghum (MT)					122,482	

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 August	+1.38 U	\$192.80	+1.65 U	\$203.43
September	+1.38 U	\$192.80	+1.65 U	\$203.43
October	+1.30 Z	\$194.28	+1.65 Z	\$208.06
November	+1.30 Z	\$194.28	+1.65 Z	\$208.06

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	\$219.87	+1.95 Z	\$219.87
September	+1.95 Z	\$219.87	+1.95 Z	\$219.87
October	+1.95 Z	\$219.87	+1.95 Z	\$219.87

Barley: Feed Barley (FOB USD/MT)			
	August	September	October
FOB PNW	\$280	\$280	\$280

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

Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	August	September	October
New Orleans	\$693	\$693	\$693
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: August 8, 2014 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Aug.	Sep.	Oct.
Barge CIF New Orleans	163	165	166
FOB Vessel GULF	186	185	189
Rail delivered PNW	176	177	180
Rail delivered California	182	183	188
Mid-Bridge Laredo, TX	178	180	183

40 ft. Containers to South Korea (Busan)	219	219	229
40 ft. Containers to Taiwan (Kaohsiung)	211	211	221
40 ft. Containers to Philippines (Manila)	230	230	235
40 ft. Containers to Indonesia (Jakarta)	232	232	232
40 ft. Containers to Malaysia (Port Kelang)	219	231	237
40 ft. Containers to Vietnam (HCMC)	237	237	239
40 ft. Containers to Japan (Yokohama)	215	215	220
40 ft containers to Thailand (LCMB)	230	230	234
40 ft Containers to Shanghai, China	220	220	224
KC & Elwood, IL Rail Yard (delivered Ramp)	126	131	136

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: Corn futures contracts finally showed some stability this week after six weeks of decisively weak technical chart action. During this week, the sharp declines in DDGS prices also halted. Containerized DDGS prices bounced back up almost \$30/MT for August and September and up about \$15/MT for October. Domestic buying was less enthusiastic and averaged up about \$5/MT. There is an apparent difference in DDGS purchasing strategies as some buyers have decided to purchase prior to the publication of the August WASDE report next Tuesday, August 12, and others have decided to wait for more definitive confirmation that a bottom truly has been established in corn futures contracts.

There seems to be almost universal certainty among market participants that USDA will increase their estimate for U.S. corn yields in next Tuesday's report, but the prospects are less certain about corn production estimates for other global regions such as China and Ukraine. As well, unstable financial conditions in Argentina and potential conflict in the Black Sea region are additional uncertainties that are keeping global buying interest strong in the United States, essentially recognizing the country as the primary source of feed grains in the beginning of the 2014/15 season. (That topic is elaborated on in the Outlook section of today's report.)

During the past year, there has been an increasing tendency for futures contracts to sell off sharply prior to the release of a key USDA report and then bounce back afterward as market conditions have become more bearish. Similar anticipatory behavior has been expressed prior to the release of the approaching August WASDE. It will be interesting to see if corn prices are able to maintain their downward trend after the report is published or not. DDGS buyers are encouraged to watch the reaction of both futures and cash prices after the report in order to create an effective purchasing strategy.

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Ethanol Comments: Data from the U.S. Census was published Wednesday and shows total U.S. ethanol exports for fuel and other industrial uses increased by 56 percent during the first six months of this year, reports a story by Platts. The most recent June figures were 13 percent above May levels and 76 percent above year-ago levels. The importance of this fact is the indication that recent growth in ethanol exports is not a waning development.

Export demand for ethanol has recently helped reduce ethanol stocks faster than increases in production. Continued export flow is indicated in the fact that U.S. ethanol stocks declined from 18.6 to 18.3 million barrels for the week ending August 1, while there was a lesser decline in ethanol production during that same period of 954,000 barrels per day (bpd) to 902,000 bpd. It helps to maintain a more favorable production margin by having the percent year-over-year increase in stocks remains less than the percentage increase in production.

The end of the summer driving season and the eventual bottoming in corn prices could cause margins for ethanol producers to decline into year's end. The differential between the cost of corn and the co-products at ethanol facilities implies that spot margins are likely to be in decline, but those margins remain well above year-ago levels across the Corn-Belt. The differentials are the following for the week ending Friday, August 8, 2014:

- Illinois differential is \$3.16 per bushel, in comparison to \$3.42 the prior week and \$2.41 a year ago.
- Iowa differential is \$3.17 per bushel, in comparison to \$3.26 the prior week and \$2.58 a year ago.
- Nebraska differential is \$3.02 per bushel, in comparison to \$3.12 the prior week and \$2.01 a year ago.
- South Dakota differential is \$3.31 per bushel, in comparison to \$3.68 the prior week and \$2.51 a year ago.

COUNTRY NEWS

Brazil: Hoping to capitalize on growing tensions between Russia and the West, Brazil is actively working to increase its export levels of corn to Russia, reports Reuters. The Russian government has dispatched officials to South American embassies, including those of Brazil, Argentina and Chile, to try and make up for any shortfall that its embargo on Western food imports might cause.

China: Chinese corn output could see its first decline in five years due to the persistent drought on the North China Plain, according to Bloomberg News. Output in what is traditionally China's second-largest corn producing region may fall to 200 MMT down from last year's record high 203 MMT. Corn output in other provinces, including Henan, Hebei, Shandong, Shaanxi and Inner Mongolia, is also expected to be negatively impacted. Henan province, which was the country's fifth-largest corn producer last year, will likely see a 12.2 percent yield reduction this year.

Russia: The Russian government has announced that its ban on Western food imports will have no impact on its own grain exports, according to Reuters. Russian grain exports are expected to be 25 MMT in the 2014/15 marketing year, which is a minor decline from the 25.4 MMT seen last year.

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	\$41.50	Unchanged	Handymax at \$42.25/MT
55,000 U.S. PNW- Japan	\$22.75	Down \$0.25	Handymax at \$23.75/MT
55,000 U.S. Gulf – China	\$40.50	Unchanged	North China
PNW to China	\$21.75	Down \$0.25	
25,000 U.S. Gulf- Veracruz, México	\$14.50	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$12.00	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast	\$19.25	Unchanged	West Coast Colombia at \$27.50
Colombia, Argentina	\$28.00	Unchanged	
35,000 U.S. Gulf - Guatemala	\$25.50	Unchanged	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$34.00	Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25,000 U.S. Gulf-Morocco	\$36.00	Unchanged	
25,000 U.S. Gulf-Morocco	\$33.50	Unchanged	5,000 discharge rate
55,000 U.S. Gulf – Egypt	\$32.00	Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$31.00
PNW to Egypt	\$30.00	Unchanged	
60-70,000 U.S. Gulf – Europe – Rotterdam	\$17.75	Down \$0.50	Handymax at +\$1.50 more
Brazil, Santos – China	\$32.75	Unchanged	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
	\$31.25	Unchanged	
56-60,000 Argentina-China Upriver with Top-Off	\$37.00	Unchanged	—

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 another mixed week in world ocean freight markets, and it seems that they're still steaming in circles.

The Capesize iron ore trade between West Australia and China slumped back to previous levels. Like last week, the Atlantic Panamax trade was stable but the Pacific markets continued to be soft. The spot and 20-day

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market remains the weakest with vessel owners refusing to let go of forward tonnage for September-November unless they can get a \$4.00-5.00/MT premium over nearby values. Twenty-day Panamax rates for soybeans from the U.S. Gulf to China have been as low as \$40.50/MT, but Chinese crushers have had to pay up to \$45.00/MT for October shipments.

Here in China feed millers are talking about the possibility of their government placing restrictions on imports of U.S. sorghum. The feeling here is that the Chinese push back on feed grain imports is all political. But I have also heard crusher projections that China could import up to 73-74 MMT of soybeans in 2015.

Baltic Panamax Dry-Bulk Indices				
August 8, 2014	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	11,904	11,325	579	5.1%
P3A: PNW/Pacific – Japan	3,025	3,310	-285	-8.6%

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 8, 2014	
Four weeks ago	\$7.50-\$7.65
Three weeks ago:	\$7.50-\$8.00
Two weeks ago	\$7.70-\$8.00
One week ago:	\$7.70-\$8.00
This week	\$7.45-\$7.75

Source: O'Neil Commodity Consulting

U.S. – Asia Market Spreads					
August 8, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.65	1.30	0.35	\$13.78	PNW
Soybeans	2.60	2.10	0.50	\$18.37	Both
Ocean Freight	\$21.75	\$40.50	0.48-0.51	(\$18.75)	September

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	\$44	\$48	\$45	\$28	\$34	\$26	\$42
	Brazil	\$38	\$42	\$39	\$25	\$24	\$20	-
Corn (White)	Argentina	\$44	\$48	\$45	\$28	\$34	\$26	\$42
	Brazil	\$38	\$42	\$39	\$25	\$24	\$20	-
Barley	Argentina	\$44	\$48	\$45	\$28	\$34	\$26	\$42
	Brazil	\$38	\$42	\$39	\$25	\$24	\$20	-

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Sorghum	Argentina	\$44	\$48	\$45	\$28	\$34	\$26	\$42
	Brazil	\$38	\$42	\$39	\$25	\$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 (%): August 6, 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)	0.58	0.56	0.55

Source: *www.bankrate.com*