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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn July Contract

\$/Bu	Monday 9 June	Tuesday 10 June	Wednesday 11 June	Thursday 12 June	Friday 13 June
Change	-0.0800	-0.0550	-0.0450	0.0300	0.0300
Closing Price	4.5100	4.4550	4.4100	4.4400	4.4700
Factors Affecting the Market	July corn traded lower and gave back much of Friday's gains, but it did rebound about halfway from the day's low.	Corn contracts continued lower under the influence of favorable weather forecasts and crop conditions.	USDA's June WASDE report held no surprises for corn, and so the direction of least resistance remains lower.	Growing commercial interest at present price levels and short covering caused corn to trade slightly higher.	Buying continued as the opportunity presented itself to acquire the July contract below \$4.50 per bushel.

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.

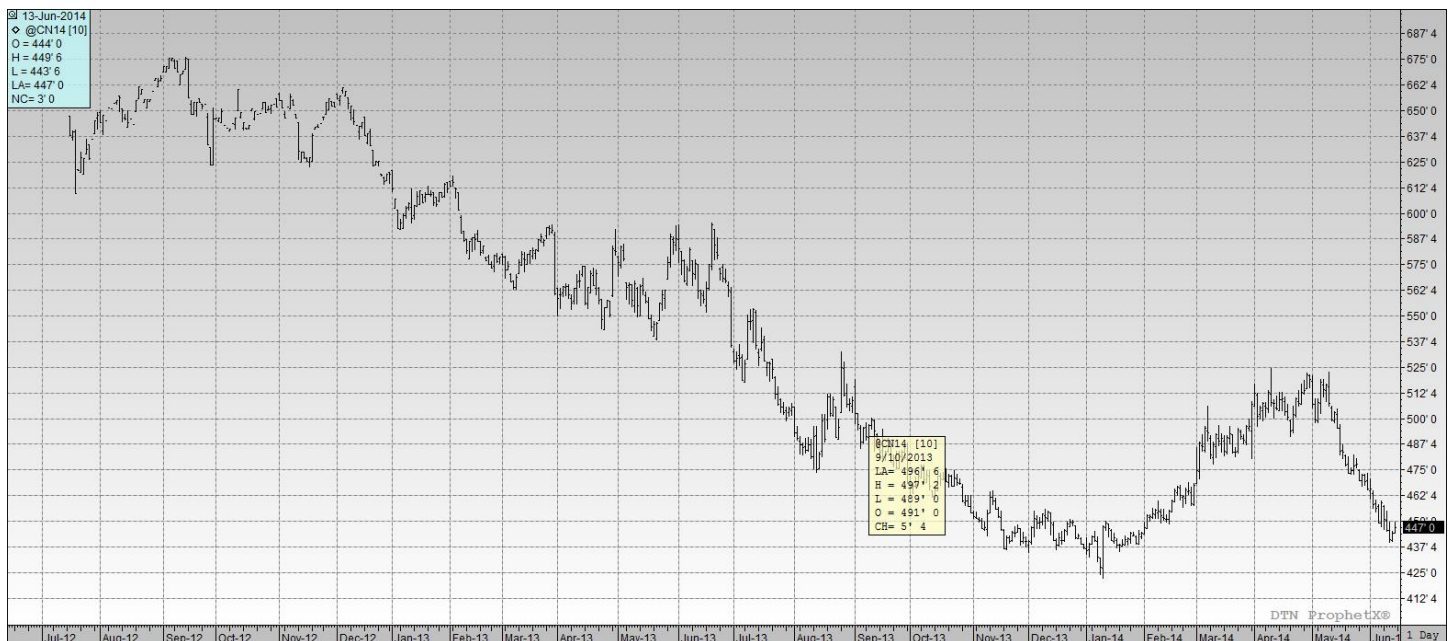
June 13, 2014

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Outlook: USDA published the June WASDE on Wednesday June 11, and the data it contains is neutral for corn and other feed grains. However, corn futures continued to temporarily drift lower due to continued favorable weather forecasts and the influence of modestly bearish data for wheat that was in the WASDE. Corn contract have since stabilized and attempted to gain some traction in order to work higher. The outlook is that the downside in corn futures prices will remain limited from present levels until USDA's Acreage Report is published on June 30 and weather for the period of pollination becomes more certain.

The June WASDE left 2014/15 ending stocks unchanged for corn, sorghum and barley. Even though current growing conditions are favorable, the projected corn U.S. yield remains at 165.3 bushels per acre due to the offsetting influence of a slower-than-normal start to corn planting that lasted into mid-May. Globally, the projection for coarse grain supplies for the 2014/15 season was increased by 2.3 MMT due to the anticipation of higher corn production and beginning stocks. It is interesting to note that corn production was increased for both Ukraine and Russia. While total planted corn acreage is down in Ukraine, USDA did raise the projected production for both Ukraine and Russia on expectations that yields will improve due to the importation of improved seed types. The June WASDE's projections for global coarse grain trade remain basically unchanged from the May estimates. The result of such factors is the primary reason for the outlook of limited downside in current corn prices.

CBOT JULY CORN FUTURES



Source: Prophet X

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Current Market Values:

Futures Price Performance: Week Ending June 13, 2014			
Commodity	June 13	June 6	Net Change
Corn			
Jul 14	447.00	459.00	-12.00
Sep 14	443.00	456.25	-13.25
Dec 14	447.50	457.75	-10.25
Mar 15	458.25	467.25	-9.00
Soybeans			
Jul 14	1425.75	1457.00	-31.25
Aug 14	1369.50	1401.00	-31.50
Sep 14	1260.00	1263.75	-3.75
Nov 14	1221.25	1218.75	2.50
Soymeal			
Jul 14	467.90	487.60	-19.70
Aug 14	443.40	461.70	-18.30
Sep 14	417.40	424.10	-6.70
Oct 14	398.40	398.10	0.30
Soyoil			
Jul 14	39.69	39.01	0.68
Aug 14	39.78	39.14	0.64
Sep 14	39.76	39.25	0.51
Oct 14	39.58	39.21	0.37
SRW			
Jul 14	586.00	618.25	-32.25
Sep 14	596.50	630.25	-33.75
Dec 14	617.00	651.00	-34.00
Mar 15	635.00	669.75	-34.75
HRW			
Jul 14	713.25	735.50	-22.25
Sep 14	715.50	740.25	-24.75
Dec 14	724.25	749.75	-25.50
Mar 15	728.75	754.75	-26.00
MGEX (HRS)			
Jul 14	684.25	709.25	-25.00
Sep 14	691.50	716.00	-24.50
Dec 14	703.75	726.75	-23.00
Mar 15	710.75	736.25	-25.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	June 8, 2014	Last Week	Last Year	2009-13 Average
Sorghum	67%	56%	67%	71%
Barley	87%	93%	97%	93%

Source: USDA

U.S. Drought Monitor Weather Forecast: Heavy rains are likely across the Great Plains from Oklahoma to Minnesota (5.1 inches is the maximum forecast value over Iowa). Widespread rains are also forecast over the Southeast and Florida. Little-to-no precipitation is forecast from Arizona and Utah to the West Coast.

The period of June 17 -21 features enhanced chances for above-normal rainfall from the Mississippi Valley to the East Coast, except Florida. Odds for below-median rains are increased across much of the West, west of the Continental Divide and across portions of southern 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 June 5, 2014					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	2,128	328,500	328.5	6,529.3	-12%
Corn	498,500	1,070,500	34,840.2	46,557.8	167%
Sorghum	117,200	65,900	3,031.4	4,246.4	184%
Barley	14,300	13,400	13.4	19.8	-31%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 409,700 MT for 2013/14 were down 26 percent from the previous week and 17 percent from the prior four-week average. Increases were reported for Japan (183,900 MT, including 79,100 MT switched from unknown destinations and decreases of 24,100 MT), Egypt (154,000 MT, including 20,000 MT switched from unknown destinations), Mexico (120,500 MT), Vietnam (55,300 MT, including 60,000 MT switched from unknown destinations and decreases of 4,700 MT) and Colombia (55,000 MT, including 40,000 MT switched from unknown destinations and decreases of 28,500 MT). Decreases were reported for unknown destinations (241,800 MT), Guatemala (11,200 MT) and South Korea (1,200 MT). Net sales of 105,500 MT for 2014/15 were reported primarily for unknown destinations (100,400 MT) and Nicaragua (5,000 MT). Exports of 1,070,500 MT were down 8 percent from the previous week and 5 percent from the prior four-week average. The primary destinations were Japan (318,500 MT), Mexico (197,700 MT), Egypt (119,800 MT), Taiwan (83,800 MT), Colombia (71,300 MT), South Korea (66,900 MT) and Vietnam (55,300 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 123,000 MT, all South Korea.

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Barley: Net sales for the 2014/15 marketing year, which began June 1, totaled 12,600 MT and were for Japan. A total of 1,700 MT in sales were carried over from the 2013/14 marketing year, which ended May 31. Exports for the period ending May 31 of 800 MT brought accumulated exports to 176,300 MT, up 33 percent from the prior year's total of 132,700 MT. Exports for June 1-5 totaled 13,400 MT, all Japan.

Sorghum: Net sales of 117,000 MT for 2013/14 were up noticeably from the previous week and from the prior four-week average. Increases were for China (61,000 MT, including 58,000 MT switched from unknown destinations and decreases of 100 MT), unknown destinations (47,900 MT) and Japan (8,100 MT, switched from unknown destinations). Exports of 65,900 MT were reported to China (57,900 MT) and Japan (8,000 MT).

U.S. Export Inspections: Week Ending May 29, 2014					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	1,147,968	980,053	34,824,911	13,887,191	251%
Sorghum	67,461	118,254	3,490,196	1,446,883	241%
Soybeans	123,115	159,278	42,243,371	34,599,907	122%
Wheat	518,866	532,901	354,482	550,177	64%
Barley	1,237	14,054	821	0	82100%

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 May 29, 2014						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	672,816	60%	32,300	99%	65,905	98%
PNW	275,547	25%	293	1%	0	0%
Lakes	0	0%	0	0%	0	0%
Atlantic	30,249	3%	0	0%	0	0%
Interior Export Rail	136,763	12%	0	0%	1,556	2%
Total (Metric Tons)	1,115,375	100%	32,593	100%	67,461	100%
White Corn Shipments by Country (MT)			32,300	to Mexico		
			293	to S. Korea		
Total White Corn (MT)			32,593			
Sorghum Shipments by Country (MT)					58,834	to China
					8,051	to Japan
					576	to Mexico
Total Sorghum (MT)					67,461	

Source: USDA, World Perspectives, Inc.

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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)
FHJuly	+0.90 N	\$211.41	+1.28 N	\$226.37
LH July	+0.85 N	\$209.44	+1.28 N	\$226.37
August	+0.89 U	\$209.44	+1.30 U	\$225.58
September	+0.88 U	\$209.04	+1.30 U	\$225.58

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	June	July	August
Gulf	\$255	\$255	\$255

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
LH July	+1.85 Z	\$249.00	+1.85 Z	\$249.00
August	+1.75 Z	\$245.06	+1.75 Z	\$245.06
September	+1.70 Z	\$243.10	+1.70 Z	\$243.10

Barley: Feed Barley (FOB USD/MT)			
	June	July	August
FOB PNW	\$280	\$280	\$280

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	June	July	August
New Orleans	\$150	\$150	\$150
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	June	July	August
New Orleans	\$810	\$810	\$810
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: June 13, 2014 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point	July	Aug.	Sep.

Quality Min. 35% Pro-fat combined			
Barge CIF New Orleans	224	222	220
FOB Vessel GULF	232	230	230
Rail delivered PNW	247	245	245
Rail delivered California	253	251	251
Mid-Bridge Laredo, TX	245	243	241
40 ft. Containers to South Korea (Busan)	296	296	299
40 ft. Containers to Taiwan (Kaohsiung)	288	288	290
40 ft. Containers to Philippines (Manila)	303	303	306
40 ft. Containers to Indonesia (Jakarta)	301	301	303
40 ft. Containers to Malaysia (Port Kelang)	297	297	299
40 ft. Containers to Vietnam (HCMC)	325	324	324
40 ft. Containers to Japan (Yokohama)	305	348	348
40 ft containers to Thailand (LCMB)	319	299	301
40 ft Containers to Shanghai, China	285	285	290
KC & Elwood, IL Rail Yard (delivered Ramp)	214	213	213

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: Transitions in the DDGS market have generated substantial declines in price this past week and opportunities materialized to purchase domestic DDGS at prices \$25 below those of the prior week and \$40 lower in the containerized export market. These alterations to DDGS market conditions are not estimated to be permanent, but domestic end-users may consider adjustments to feed ratios for more DDGS.

Domestic buyers are striving to be patient and wait for some evidence that a bottom has formed in DDGS prices before stepping up to purchase. Those buyers seem to be keeping one eye on each other and recognize that present DDGS price levels offer a profitable pricing opportunity for animal production. The anticipated increase in domestic DDGS demand is foreseen to also benefit the domestic barge market and other bulk shippers.

Exported DDGS that were in transition to China seem to be finding ready access in other locations such as Korea and Indonesia. As present DDGS production is absorbed by alternative foreign locations and domestic consumption, it will be interesting to see if competition will eventually be necessary to purchase the increased DDGS flow back out of these channels. That future condition is currently unknown, but the one certainty is that DDGS can now be purchased at or below break-even levels.

Ethanol Comments: USDA left 2014/15 corn used for ethanol and DDGS production unchanged in the June WASDE at 5.050 billion bushels. This is exactly the same amount that is anticipated to be used in the current 2013/14 season. It seems apparent that USDA is not anticipating any major alterations for the U.S. ethanol sector and presumably recognizes that an ebb-and-flow of stock occurs. Total U.S. ethanol stocks have

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recently been increasing and the latest estimate is 18.4 million barrels for the week ending June 6. This is a slight increase above the prior-week's production level of 18.3 million barrels. Average daily production for the week was 944,000 barrels per day (bpd) in comparison to the prior-week's level of 938,000 bpd. Considering the recent decline in corn prices, this production increase is no aggressive escalation. Nor are the returns of ethanol facilities in a precipitous decline. This is implied by the differential between the cost of corn and the value of ethanol and DDGS at processing plants at facilities across the U.S. Corn-Belt.

The differentials between corn and co-product processing values for this week ending June 13, 2014 are as follows:

- Illinois differential is \$3.53 per bushel in comparison to \$3.64 the prior week and \$2.21 a year ago.
- Iowa differential is \$3.33 per bushel in comparison to \$3.49 the prior week and \$2.05 a year ago.
- Nebraska differential is \$3.23 per bushel in comparison to \$3.38 the prior week and \$2.26 a year ago.
- South Dakota differential is \$3.76 per bushel in comparison to \$3.91 the prior week and \$2.07 a year ago.

COUNTRY NEWS

Argentina: A strike undertaken by workers at Rosario, Argentina's largest agricultural exporting port, over a disagreement in wages has been called off after government arbitration, according to Reuters. The protest began on Monday and had held up 126 grain ships and had negatively impacted all of the port's terminals. Rosario accounts for 80 percent of Argentina's agricultural shipments.

France: French barley has been beset by "unprecedented" levels of the fungal disease yellow rust, according to Bloomberg News. While there is not yet an official estimate at what the damage to this year's crop might be, FranceAgriMer has indicated that rust can impact yields by as much as 3-4 MT per hectare. The harvesting of winter barley is expected to begin in Burgundy this week, and barley grain ear development there was estimated at about 10 days ahead of the average seen in recent years.

India: India's weather office has announced that monsoon rains arrived both a week late and 48 percent below average levels, reports Reuters. However, heavy rains will not be critical for the health of India's crops until later in the season, around mid-July. Agriculture accounts for 14 percent of India's economy, and only half of India's farmland has access to irrigation. If poor rains persist, it could raise food prices and put negative pressure on the country's economic growth. The Indian Meteorological Department estimates that there is a 33 percent chance that monsoon rains will be deficient, which is defined as rainfall that is less than 90 percent of the long-period average.

South Africa: Yellow corn for July delivery in Africa's largest corn producing country has fallen to \$183.93/MT, according to Bloomberg News.

Spain: Grain production in the Castile and Leon regions of Spain are projected to fall by 40 percent due to disease and poor growing conditions, reports Bloomberg News. Barley production is expected to fall to 1.88 MMT, which is a significant reduction from the 3.5 MMT brought in last year. The decrease is due to a

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combination of factors, including a very wet winter followed by very dry conditions in April and May and a major outbreak of fungal diseases rust and septoria.

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	\$44.00	Down \$1.00	Handymax at \$45.00/MT
55,000 U.S. PNW- Japan	\$23.00	Down \$1.00	Handymax at \$24.00/MT
55,000 U.S. Gulf – China PNW to China	\$42.00 \$22.00	Down \$2.00 Down \$1.00	North China
25,000 U.S. Gulf- Veracruz, México	\$16.50	Down \$0.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$14.50	Down \$0.50	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast Colombia, Argentina	\$20.00 \$29.50	Down \$0.50 Down \$0.50	West Coast Colombia at \$27.00
35,000 U.S. Gulf - Guatemala	\$26.00	Down \$0.50	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$35.00 \$38.00	Down \$1.00 Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25,000 U.S. Gulf-Morocco	\$36.00	Unchanged	5,000 discharge rate
55,000 U.S. Gulf – Egypt PNW to Egypt	\$32.00 \$30.00	Down \$1.00 Down \$1.00	55,000 -60,000 MT St. Lawrence to Egypt \$31.00
60-70,000 U.S. Gulf – Europe – Rotterdam	\$19.00	Down \$0.25	Handymax at +\$1.50 more
Brazil, Santos – China	\$36.00 \$35.00	Unchanged Unchanged	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$42.00	Down \$1.00	—

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: Vessel owners have to be asking if the market has hit bottom yet. After this week's action it is difficult to say much more than things are feeling very weak, and that we must be close to bottoming out. World Panamax rates continued to sink, and with them the financial health of vessel owners and investors. It has been, and still is, a dramatic down cycle that no one was expecting. Just when you think it cannot go any lower, it does. This is truly the shipping

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recovery that wasn't. We have not seen the Baltic Panamax Index at the 582 level since early October 2012. Capes are now getting \$14,100/day and Panamax vessels about \$5,300/day on long hauls.

This week's excuses wrtr the holidays in Europe, but I don't see how people can go on holiday unless they have all their business needs covered beforehand. So, it's really a case of insufficient demand, and the market needs to recognize that and perhaps just stay on holiday until the money runs out. The gap between the bid and ask in freight markets is growing as many operators are holding back and hoping things will improve with time. However, they cannot hold their breath forever. What is trading is mostly for short voyages as operators are reluctantly willing to take a hit on the nearby business just to keep running with the expectation that things will get better on the next round. The physical Capesize market was stable this week, maybe that is a good sign?

According to a maritime CEO "The vast majority of ships on order today have no contractual employment and no evidential income other than indications of future ship values referenced back to the boom years of 10 years ago."

"...If a shipowner cannot serve his existing bank debt, how is he going to service the new owners of the debt who have much higher expectations of return on their investments than simple bank margins"

Should we root for Brazil in the World Cup or be fearful that, if they win, the celebrations will disrupt port activities?

Baltic Panamax Dry-Bulk Indices				
June 13, 2014	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	11,511	12,842	-1,331	-10.4%
P3A: PNW/Pacific – Japan	4,675	5,725	-1,050	-18.3%

Source: O'Neil Commodity Consulting

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

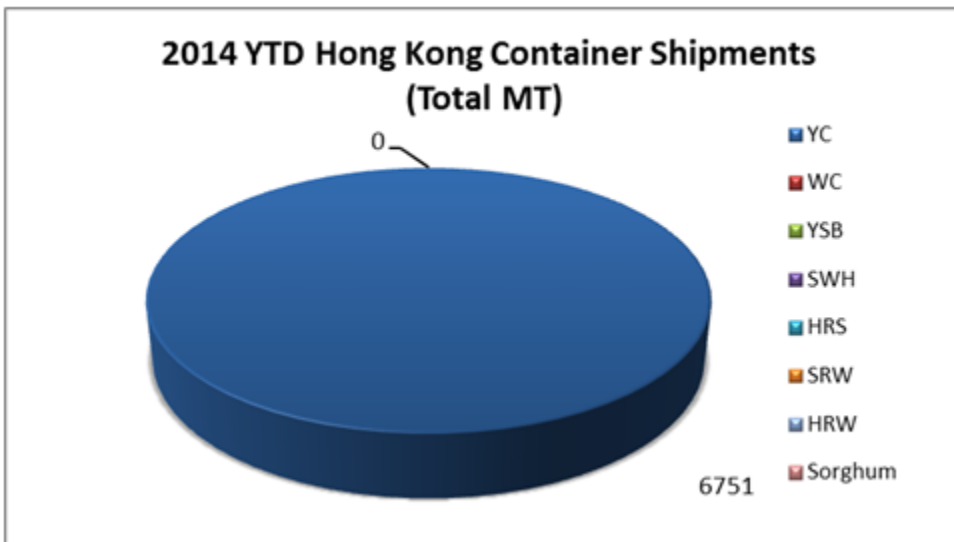
Week of June 13, 2014	
Four weeks ago	\$7.50-\$8.10
Three weeks ago:	\$7.20-\$7.55
Two weeks ago	\$7.50-\$8.20
One week ago:	\$7.50-\$8.10
This week	\$7.85-\$8.10

Source: O'Neil Commodity Consulting

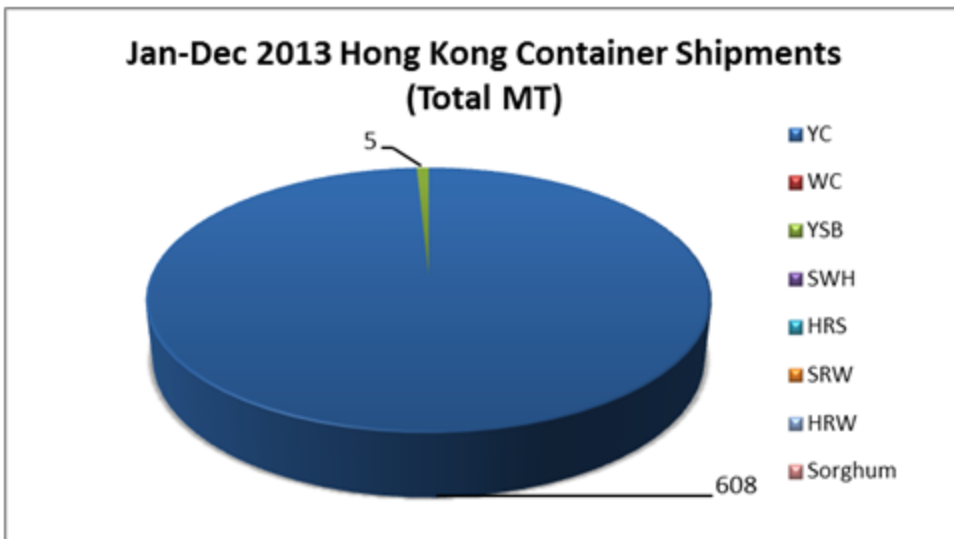
U.S. – Asia Market Spreads					
June 13, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.35	0.85	0.50	\$19.68	Both
Soybeans	1.50	0.92	0.58	\$21.31	GULF
Ocean Freight	\$22.00	\$42.00	0.53-0.56	(\$20.00)	July

Source: O'Neil Commodity Consulting

The charts below represent January-December 2013 annual totals versus January-May 2014 container shipments for Hong Kong.



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

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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	\$40	\$40.5	\$40.5	\$31	\$36	\$35	\$42
	Brazil	\$34	\$34.5	\$34.5	\$28	\$26	\$25	-
Corn (White)	Argentina	\$40	\$40.5	\$40.5	\$31	\$36	\$35	\$42
	Brazil	\$34	\$34.5	\$34.5	\$28	\$26	\$25	-
Barley	Argentina	\$40	\$40.5	\$40.5	\$31	\$36	\$35	\$42
	Brazil	\$34	\$34.5	\$34.5	\$28	\$26	\$25	-
Sorghum	Argentina	\$40	\$40.5	\$40.5	\$31	\$36	\$35	\$42
	Brazil	\$34	\$34.5	\$34.5	\$28	\$26	\$25	-

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 (%): June 11, 2014			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.32	0.32	0.32
LIBOR (1 year)	0.53	0.53	0.54

Source: www.bankrate.com