



CONTENTS

CHICAGO BOARD OF TRADE MARKET NEWS 1

CBOT DECEMBER CORN FUTURES 3

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 July Contract

\$/Bu	Monday 19 May	Tuesday 20 May	Wednesday 21 May	Thursday 22 May	Friday 23 May
Change	-0.0625	-0.0375	0.0100	0.0225	0.0125
Closing Price	4.7725	4.7350	4.7450	4.7675	4.7800
Factors Affecting the Market	The July contract continued its downward trend from the prior week. Traders sold on expectation that the U.S. corn planting pace would continue to improve.	Corn contracts continued to trade lower, but that decline slowed. Corn planting was 73 percent complete, but the rate of emergence lagged.	The July corn contract found some price stability around \$4.75 per bushel after declining more than 45 cents.	Corn contracts found some price support as soybean futures made new highs and corn planting in the north-western Corn Belt remained delayed.	July corn is likely to retest support next week, but could then stabilize and work higher before pollination due to reasons given below.

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: After selling off about 45 cents, the nearby July corn contract seems to have found support around \$4.75 per bushel. Speculators' exiting of more long positions has the potential to drive this contract down another 10 cents, but continuously lower prices seems unlikely because of the near-term influence of higher soybean prices, delayed corn planting in the northern corn belt and normal uncertainties prior to corn pollination.

The prospect for ample moisture and warmer weather in the central United States is favorable for corn development. South American prices are also becoming increasingly competitive against U.S. corn as harvest in that region progresses. Such fundamental factors can make commercial end-users reluctant to chase prices higher. However, the actions of speculators to influence prices in the short-term should not be underestimated. Speculators presently hold long positions in soybean contracts that are making new highs. As well, wheat contracts seem to be in the process of completing their seasonal move downward prior to the winter wheat harvest. Lastly, corn contracts have sold off over the past couple of weeks according to expectations. This Outlook section discussed that prospect over the past month.

The outlook for future price action is dependent upon current market conditions, which is as follows: There is common market talk that soybean prices "must" be driven to higher levels in order to cut off demand. Such talk is the building of a consensus in hopes of taking action to drive prices higher. The influence of such talk seems to also be generating some discussion about the relatively tight old crop U.S. corn stocks. Due to that development, the prospects that USDA could further reduce old crop stocks (even if it is actually non-threatening), and the prospect that the U.S. Environmental Protection Agency (EPA) could backtrack regarding reduced ethanol production (even if it actually means no increase in ethanol production), could combine as catalysts to momentarily enable speculative traders who are still long corn contracts to initiate a pre-pollination rally that goes beyond what many experienced traders consider realistic. Of course, such developments are not certain – but successful grain traders are those who know how to plan for uncertainty.

May 23, 2014

Developing Markets • Enabling Trade • Improving Lives

CBOT JULY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending May 23, 2014			
Commodity	May 23	May 16	Net Change
Corn			
Jul 14	478.00	483.50	-5.50
Sep 14	475.50	481.25	-5.75
Dec 14	475.25	481.00	-5.75
Mar 15	484.75	489.00	-4.25
Soybeans			
Jul 14	1515.50	1465.00	50.50
Aug 14	1445.50	1399.75	45.75
Sep 14	1320.75	1274.00	46.75
Nov 14	1265.75	1221.50	44.25
Soymeal			
Jul 14	502.60	480.20	22.40
Aug 14	475.40	455.80	19.60
Sep 14	440.90	421.10	19.80
Oct 14	412.40	391.80	20.60
Soyoil			

May 23, 2014

Developing Markets • Enabling Trade • Improving Lives

Jul 14	40.38	40.75	-0.37
Aug 14	40.41	40.77	-0.36
Sep 14	40.44	40.71	-0.27
Oct 14	40.33	40.47	-0.14
SRW			
Jul 14	652.50	674.25	-21.75
Sep 14	663.75	683.25	-19.50
Dec 14	682.25	698.75	-16.50
Mar 15	699.25	713.50	-14.25
HRW			
Jul 14	745.00	767.75	-22.75
Sep 14	752.25	773.25	-21.00
Dec 14	763.25	786.25	-23.00
Mar 15	767.75	790.00	-22.25
MGEX (HRS)			
Jul 14	725.50	739.25	-13.75
Sep 14	733.75	747.00	-13.25
Dec 14	743.00	756.25	-13.25
Mar 15	751.00	763.00	-12.00

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	May 18, 2014	Last Week	Last Year	2009-13 Average
Corn	73%	59%	65%	76%
Sorghum	39%	36%	34%	39%
Barley	68%	55%	68%	69%

Source: USDA

U.S. Drought Monitor Weather Forecast: During the May 23-26 time period, precipitation is expected across the Plains, from South Dakota to northern Texas and into eastern Colorado and Wyoming. Additional precipitation is expected around the Great Lakes and into the Mid-Atlantic and Northeast. Precipitation is estimated to approach two inches in select locations during this time period. At the same time, below-normal temperatures are expected in the Southwest, east of the Rockies and into the Southern Plains. Above-normal temperatures are expected along the West Coast, through the central U.S. and into the Southeast.

For the period of May 27-31, the odds favor normal to above-normal temperatures across the entire contiguous U.S., with the exception of the western Gulf Coast. Below-normal temperatures are favored along the aforementioned area around the Gulf of Mexico. Above-normal precipitation is likely across the eastern half of the US and in the far northern Plains. Below-normal precipitation is expected in the southern Plains and the

Pacific Northwest. 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 May 15, 2014					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	219,700	507,500	28,941.5	31,789.7	17%
Corn	922,800	1,159,100	31,444.0	45,020.1	162%
Sorghum	3,100	61,600	2,765.1	3,966.5	166%
Barley	0	100	172.5	177	30%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 507,900 MT for 2013/14 were up 48 percent from the previous week, but down 1 percent from the prior four-week average. Increases were reported for South Korea (508,200 MT, including 188,000 MT switched from unknown destinations), Mexico (158,000 MT), Colombia (108,900 MT, including 89,000 MT switched from unknown destinations and decreases of 1,000 MT), Taiwan (79,600 MT, including 60,000 MT switched from China), the Dominican Republic (45,600 MT) and Guatemala (27,800 MT, including 22,800 MT switched from unknown destinations). Decreases were reported for Japan (186,400 MT), unknown destinations (173,000 MT), Egypt (62,800 MT), China (60,100 MT) and the French West Indies (5,000 MT). Net sales of 62,500 MT for 2014/15 were reported for Mexico (60,000 MT) and Nicaragua (5,000 MT). Decreases were reported for Guatemala (2,500 MT). Exports of 1,159,100 MT were up 13 percent from the previous week, but down 12 percent from the prior four-week average. The primary destinations were South Korea (312,300 MT), Japan (230,200 MT), Colombia (209,400 MT), Mexico (187,300 MT), Taiwan (83,200 MT), Egypt (65,200 MT) and Guatemala (22,800 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 123,000 MT, all South Korea.

Barley: Net sales reductions of 6,000 MT for 2013/14 were reported for South Korea. Exports of 100 MT were reported to South Korea.

Sorghum: Net sales reductions of 5,500 MT for 2013/14 were reported for China (5,000 MT) and unknown destinations (500 MT). Net sales of 60,000 MT for 2014/15 were reported for China. Exports of 61,600 MT were reported to China. Export Adjustments: Accumulated exports to China were adjusted down 13 MT for week ending May 8. The correct destination is Taiwan and is included in this week's report.

U.S. Export Inspections: Week Ending May 15, 2014					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	1,060,147	1,212,650	31,509,148	13,113,062	240%
Sorghum	146,073	77,883	3,244,983	1,402,002	231%
Soybeans	167,953	240,543	41,862,574	34,287,925	122%

May 23, 2014

Developing Markets • Enabling Trade • Improving Lives

Wheat	552,525	629,156	30,183,992	26,297,260	115%
Barley	1,435	37,509	198,631	141,030	141%

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 15, 2014						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	586,116	56%	0	0%	144,205	99%
PNW	316,502	30%	0	0%	0	0%
Lakes	0	0%	0	0%	0	0%
Atlantic	17,506	2%	0	0%	980	1%
Interior Export Rail	130,942	12%	9,081	100%	888	1%
Total (Metric Tons)	1,051,066	100%	9,081	100%	146,073	100%
White Corn Shipments by Country (MT)			9,081	to Mexico		
Total White Corn (MT)			9,081			
Sorghum Shipments by Country (MT)					119,605	to China
					25,580	to Ethiopia
					888	to Mexico
Total Sorghum (MT)					146,073	

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)
FHJune	+0.84 N	\$221.25	+1.15 N	\$233.45
LH June	+0.82 N	\$220.46	+1.15 N	\$233.45
FHJuly	+0.80 N	\$219.67	+1.15 N	\$233.45
LH July	+0.77 N	\$218.49	+1.15 N	\$233.45

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	June	July	August
Gulf	\$260	\$260	\$260



Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
May	+1.60 K	\$251.17	+1.60 K	\$251.17
LH July	+1.35 N	\$241.32	+1.35 N	\$241.32

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	\$221	\$221	\$221
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	June	July	August
New Orleans	\$895	\$895	\$895
<i>*5-10,000 MT Minimum</i>			

*All prices are market estimates.

DDGS Price Table: May 23, 2014 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	June	July	Aug.
Barge CIF New Orleans	275	270	268
FOB Vessel GULF	278	273	273
Rail delivered PNW	285	280	277
Rail delivered California	290	286	283
Mid-Bridge Laredo, TX	297	291	291
40 ft. Containers to South Korea (Busan)	328	328	325
40 ft. Containers to Taiwan (Kaohsiung)	328	328	325
40 ft. Containers to Philippines (Manila)	347	347	344
40 ft. Containers to Indonesia (Jakarta)	350	350	348
40 ft. Containers to Malaysia (Port Kelang)	345	345	343
40 ft. Containers to Vietnam (HCMC)	345	345	344
40 ft. Containers to Japan (Yokohama)	332	332	329
40 ft containers to Thailand (LCMB)	343	343	342
40 ft Containers to Shanghai, China	335	335	333
KC & Elwood, IL Rail Yard (delivered Ramp)	252	258	258

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: The week ending Friday, May 23 has seen additional declines in DDGS markets as offers presently outnumber bids for June delivery. Market demand has backed away as buyers wait for a more definitive bottom to develop in corn futures contracts. A number of domestic DDGS buyers have the expectation that weakened export demand could continue to weigh down prices. The result is that most of the buying ideas seem to be \$10-\$20/MT below current offers. Of course, that bid-ask spread is likely to quickly come together if it becomes evident that corn futures have found a near-term bottom.

The Chicago container market is reported to be trading in the low \$230s, and there could be short-term opportunities to secure even lower prices. Prices also traded at \$230 FOB Buffalo. There are reports of even lower offers in the third and fourth quarter of 2014. However, price weakness is not uniform and has seemingly plateaued in the regions of Kansas City and Minneapolis/St. Paul while prices in the Channahon/Elwood region are supported by strong local demand.

Ethanol Comments: The Environmental Protection Agency (EPA) is expected to announce their ethanol targets for 2014 before the end of June, and there is growing market anticipation that the corn ethanol target will be increased from the November estimate of 13 billion gallons to 13.6 billion gallons. This can be a favorable development for ethanol producers if it does not contribute to a temporary exaggeration in corn prices; please see the preceding Outlook section for additional discussion.

The fact that U.S. ethanol stocks have recently declined from 17.3 down to 17 million barrels for the week ending May 16, while production increased during that same period from an average daily rate of 922,000 barrels per day (bpd) up to 925,000 bpd, seems to be evidence of sufficient demand to justify EPA increasing the amount of mandated ethanol consumption for 2014. That decline in U.S. ethanol stocks would have been even larger if there had been no ethanol imports at an average rate of 11,000 bpd. (The rate of such ethanol imports is primarily dependent upon the prices of South American sugar and freight rates rather than changes in corn prices).

The recent decline in corn prices has enabled U.S. ethanol producer margins to improve and remain well above year-ago levels. Present prices of CBOT corn futures contracts may offer an opportunity for ethanol producers to currently lock in favorable margins through the summer and avoid the prospect of an unforeseen bump in mid-summer corn prices. The present favorable margin for U.S. ethanol producers is implied in the differential between the price of corn and processed co-products that are reported from significant locations across the corn belt:

- Illinois differential is \$3.83 per bushel, in comparison to \$3.45 the prior week and \$2.48 a year ago.
- Iowa differential is \$3.62 per bushel, in comparison to \$3.27 the prior week and \$2.10 a year ago.
- Nebraska differential is \$3.44 per bushel, in comparison to \$3.10 the prior week and \$2.34 a year ago.
- South Dakota differential is \$3.97 per bushel, in comparison to \$3.74 the prior week and \$2.18 a year ago.

COUNTRY NEWS

EU: A study conducted by Stanford University has predicted that European barley production may fall more than 20 percent by 2040 due to an expected warming of the climate by 3.6 degrees Fahrenheit, according to Bloomberg News. Barley is sensitive to warm temperatures and negatively impacts yields. Corn production reduction is expected to be 10 percent, but the study found that improved irrigation practices could lessen this.

South Africa: Yellow corn has fallen to its lowest level in 15 months due to a combination of declining U.S. corn prices and the rand strengthening against the dollar, which has made imported corn a cheaper alternative, according to Bloomberg News. Yellow corn for July delivery fell by 1 percent to \$192/MT.

Russia: Russian research firm Ikar has indicated that Russian grain exports will likely be unaffected by potential future sanctions from the EU or U.S., reports Bloomberg News. The EU sources less than 10 percent of its grain from Russia, while the U.S. imports no Russian grain. USDA has predicted that Russia will export 3.5 MMT this year, which would make it world's fifth largest corn exporter.

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	\$47.00	Down \$0.50	Handymax at \$47.50/MT
55,000 U.S. PNW- Japan	\$26.00	Down \$0.50	Handymax at \$26.00/MT
55,000 U.S. Gulf – China	\$45.50	Down \$0.50	North China
PNW to China	\$25.00	Down \$0.50	
25,000 U.S. Gulf- Veracruz, México	\$18.00	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$16.00	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast Colombia, Argentina	\$21.50	Unchanged	West Coast Colombia at \$29.00
	\$32.00	Unchanged	
35,000 U.S. Gulf - Guatemala	\$28.50	Unchanged	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$37.00	Unchanged	8,000 MT daily discharge
	\$39.00	Unchanged	3,000 MT daily discharge
25,000 U.S. Gulf-Morocco	\$38.00	Unchanged	5,000 discharge rate
55,000 U.S. Gulf – Egypt PNW to Egypt	\$34.00	Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$33.50
	\$33.00	Unchanged	
60-70,000 U.S. Gulf – Europe – Rotterdam	\$19.50	Unchanged	Handymax at +\$1.50 more
Brazil, Santos – China	\$38.50	Unchanged	54-58,000 Supramax-

May 23, 2014

Developing Markets • Enabling Trade • Improving Lives

	\$37.25	Down \$0.25	Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$43.75	Up \$0.25	—

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 liked the way the week started out but were disappointed with the way it ended. Monday and Tuesday showed promise with daily hire rates advancing from where they left off on the previous Friday. However, by Wednesday, the market lost its support and began to fall back. The reasons for the market's inability to sustain a rally are all the same as previously reported, the S&D balance simply has not shifted yet.

Capesize vessels lost the most ground this week.

Baltic Panamax Dry-Bulk Indices				
May 23, 2014	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	15,071	15,454	-383	-2.5%
P3A: PNW/Pacific – Japan	7,663	7,935	-272	-3.4%

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 May 23, 2014	
Four weeks ago	\$7.25-\$7.90
Three weeks ago:	\$7.50-\$7.75
Two weeks ago	\$6.90-\$7.00
One week ago:	\$7.50-\$8.10
This week	\$7.20-\$7.45

Source: O'Neil Commodity Consulting

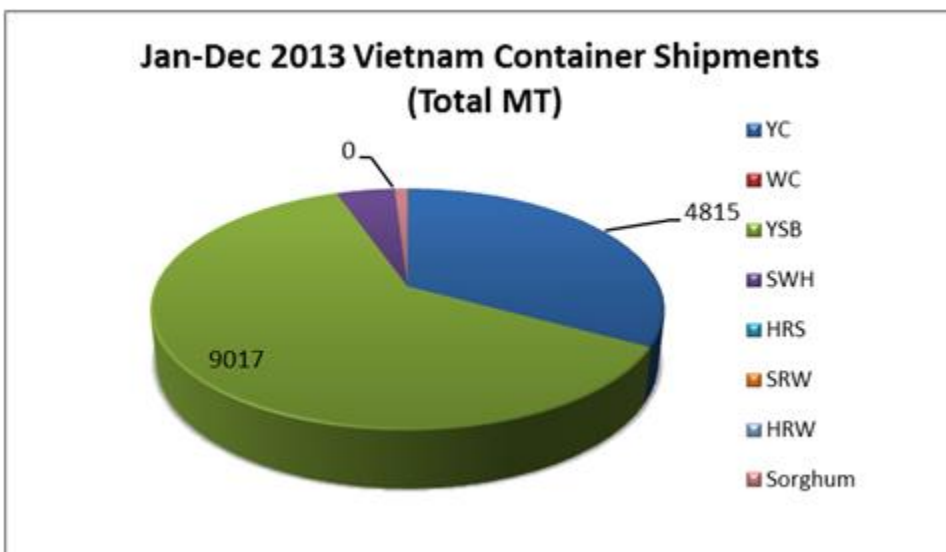
U.S. – Asia Market Spreads					
May 23, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.18	0.85	0.33	\$12.99	PNW
Soybeans	1.50	0.90	0.60	\$22.05	GULF
Ocean Freight	\$25.00	\$45.50	0.52-0.56	(\$20.50)	June

Source: O'Neil Commodity Consulting

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



Source: O'Neil Commodity Consulting



Source: O'Neil Commodity Consulting

May 23, 2014

Developing Markets • Enabling Trade • Improving Lives

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	\$43	\$45	\$44	\$31	\$36	\$35	\$44
	Brazil	\$37	\$39	\$38	\$28	\$26	\$28	-
Corn (White)	Argentina	\$43	\$45	\$44	\$31	\$36	\$35	\$44
	Brazil	\$37	\$39	\$38	\$28	\$26	\$28	-
Barley	Argentina	\$43	\$45	\$44	\$31	\$36	\$35	\$44
	Brazil	\$37	\$39	\$38	\$28	\$26	\$28	-
Sorghum	Argentina	\$43	\$45	\$44	\$31	\$36	\$35	\$44
	Brazil	\$37	\$39	\$38	\$28	\$26	\$28	-

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 (%): May 21, 2014			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.33	0.32	0.32
LIBOR (1 year)	0.53	0.54	0.55

Source: www.bankrate.com