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**CHICAGO BOARD OF TRADE MARKET NEWS**

**Week in Review: CME Corn July Contract**

<b>\$/Bu</b>	<b>Monday 26 May</b>	<b>Tuesday 27 May</b>	<b>Wednesday 28 May</b>	<b>Thursday 29 May</b>	<b>Friday 30 May</b>
<b>Change</b>	-	-0.0975	0.0375	-0.0650	-0.0375
<b>Closing Price</b>	-	4.6575	4.6950	4.6300	4.6575
<b>Factors Affecting the Market</b>	Memorial Day Holiday	Exiting of long positions in corn contracts continued to occur as traders accepted the fact that the planting pace had rebounded to normal levels.	Planting pace no better than the five-year average and so the July corn contract closed a few cents higher, but the rebound was unconvincing.	Traders exited more of their established long positions due to end-of-month position squaring and favorable weather forecasts for planting.	There presently seems to be fairly good support around \$4.65 per bushel for the July contract, which spent the whole week around that price level.

**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.*



# Market Perspectives

May 30, 2014

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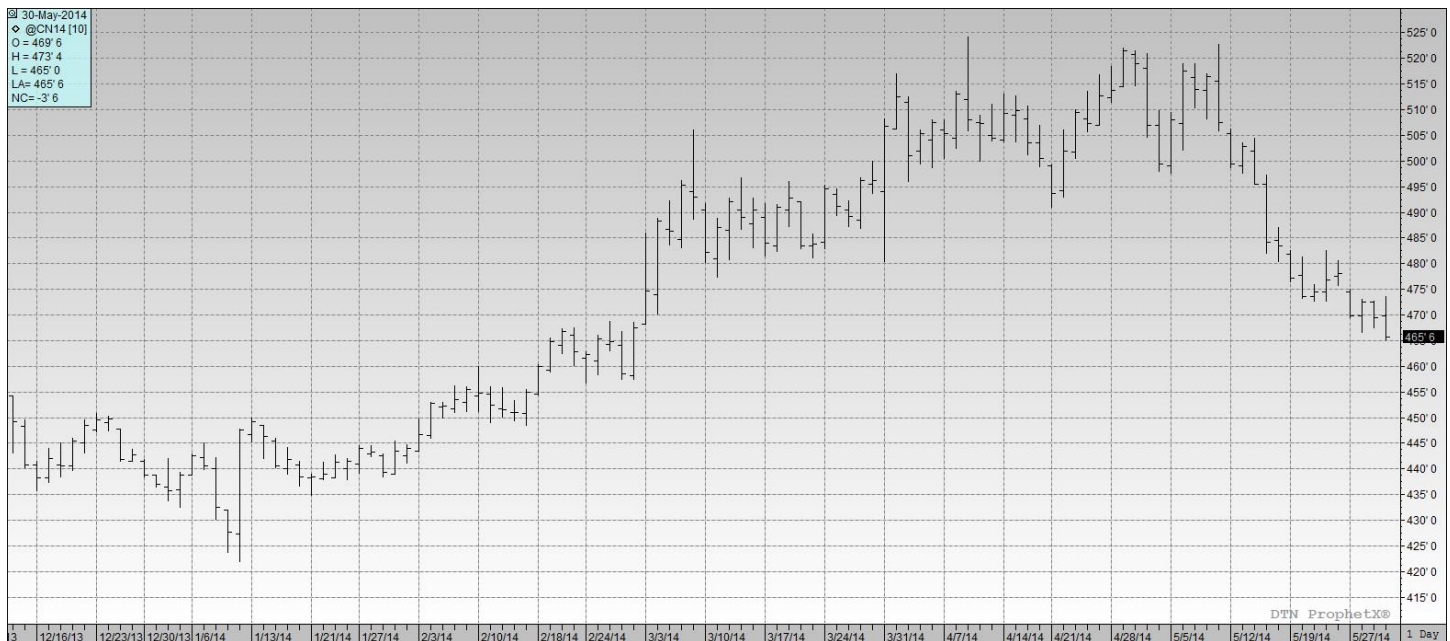
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**Outlook:** Corn contracts worked lower this week as large speculators were forced to adjust their portfolios with the arrival of the end of month and the end of quarter time periods. Basis remains firm as this weakness in futures is occurring and seems to indicate that producers are presently in no rush to sell while corn contracts test key levels of support. Many of those producers seemingly recognize that open interest is not collapsing as large traders adjust their positions. There also seems to be some recognition that while the overall planting pace of U.S. corn is in line with the five-year average, there is still acreage in the northern Corn Belt that remains unplanted even as the prevented planting dates relating to crop insurance approach.

Farmers are entitled to plant after the final planting date passes but the risk for a farmer increases because any acres planted afterward receives lower yield and revenue guarantees. (The coverage rate commonly declines at 1 percent per day). In contrast, the farmer who has been prevented from planting may choose to simply not plant at all and can receive compensation for 60 to 70 percent of the insured coverage. The primary incentive for farmers to select payment and skip planting is market prices. This season, the December corn contract has declined by more than a half dollar from the recent highs as the prevented planting dates approach.

The general outlook is that some level of U.S. corn acreage is going to be lost this season as a number of producers elect to receive payments rather than plant. The exact amount of that acreage decline will become more apparent when USDA publishes their Acreage report on June 30. Market participants may be particularly sensitive to this data since it is arriving at the same time that the majority of U.S. corn prepares to enter the crucial period of pollination.

## CBOT JULY CORN FUTURES



Source: Prophet X

### Current Market Values:

Futures Price Performance: Week Ending May 30, 2014			
Commodity	May 30	May 23	Net Change
<b>Corn</b>			
Jul 14	465.75	478.00	-12.25
Sep 14	458.00	475.50	-17.50
Dec 14	457.50	475.25	-17.75
Mar 15	466.50	484.75	-18.25
<b>Soybeans</b>			
Jul 14	1493.25	1515.50	-22.25
Aug 14	1424.50	1445.50	-21.00
Sep 14	1285.75	1320.75	-35.00
Nov 14	1233.75	1265.75	-32.00
<b>Soymeal</b>			
Jul 14	500.20	502.60	-2.40
Aug 14	473.90	475.40	-1.50
Sep 14	436.10	440.90	-4.80
Oct 14	407.00	412.40	-5.40
<b>Soyoil</b>			



Jul 14	38.50	40.38	-1.88
Aug 14	38.61	40.41	-1.80
Sep 14	38.68	40.44	-1.76
Oct 14	38.71	40.33	-1.62
<b>SRW</b>			
Jul 14	627.25	652.50	-25.25
Sep 14	639.75	663.75	-24.00
Dec 14	660.50	682.25	-21.75
Mar 15	677.25	699.25	-22.00
<b>HRW</b>			
Jul 14	723.00	745.00	-22.00
Sep 14	730.75	752.25	-21.50
Dec 14	742.00	763.25	-21.25
Mar 15	748.00	767.75	-19.75
<b>MGEX (HRS)</b>			
Jul 14	706.50	725.50	-19.00
Sep 14	715.00	733.75	-18.75
Dec 14	725.00	743.00	-18.00
Mar 15	732.00	751.00	-19.00

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

## U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	May 25, 2014	Last Week	Last Year	2009-13 Average
Corn	84%	73%	84%	88%
Sorghum	42%	39%	42%	47%
Barley	84%	68%	77%	82%

Source: USDA

**U.S. Drought Monitor Weather Forecast:** During the May 30-June 2 time period, precipitation is expected across the northern and central Plains and into the Southeast. At the same time, below normal temperatures are expected along the Mid-Atlantic Coast and in the states along the western Gulf of Mexico. Above-normal temperatures are expected in the center of the country and along the West Coast.

For the period of June 3-7, the odds favor normal to above-normal temperatures across the entire contiguous U.S., with the exception of the western Gulf of Mexico Coast. Below-normal temperatures are favored in around the Gulf of Mexico. Above-normal precipitation is likely from the central and northern Plains, through the Midwest and into the Mid-Atlantic and Southeast. Below-normal precipitation is expected from the Southern Plains through most of the West. 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 22, 2014					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	43,100	529,100	29,470.6	31,737.3	17%
Corn	864,900	1,210,200	32,654.2	45,641.4	164%
Sorghum	112,300	58,400	2,823.4	4,077.0	173%
Barley	100	500	173.1	177.1	31%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales of 621,300 MT for 2013/14 were up 22 percent from the previous week and 27 percent from the prior four-week average. Increases were reported for Mexico (249,600 MT), Egypt (200,700 MT, including 60,000 MT switched from unknown destinations), Israel (93,100 MT, including 89,000 MT switched from unknown destinations), Colombia (83,400 MT, including 55,000 MT switched from unknown destinations), Portugal (59,600 MT, including 55,000 MT switched from Spain) and South Korea (59,500 MT). Decreases were reported for unknown destinations (155,900 MT), China (115,000 MT), Spain (55,000 MT) and Costa Rica (1,400 MT). Net sales of 90,900 MT for 2014/15 were reported for Mexico (89,600 MT) and Japan (1,400 MT). Exports of 1,210,200 MT were up 4 percent from the previous week and 1 percent from the prior four-week average. The primary destinations were Mexico (277,300 MT), Egypt (208,700 MT), Japan (205,300 MT), Colombia (142,600 MT), South Korea (67,800 MT), Vietnam (65,000 MT) and Portugal (59,600 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 123,000 MT, all South Korea.

**Barley:** Net sales of 100 MT for 2013/14 were reported for South Korea. Net sales of 1,500 MT for 2014/15 were reported for Taiwan. Exports of 500 MT were reported to South Korea (300 MT) and Taiwan (200 MT).

**Sorghum:** Net sales of 110,500 MT resulted as increases for China (170,300 MT, including 58,300 MT switched from unknown destinations) and Canada (300 MT), were partially offset by decreases for unknown destinations (60,000 MT). Net sales of 60,000 MT for 2014/15 were reported for China. Exports of 58,400 MT were reported to China.

U.S. Export Inspections: Week Ending May 22, 2014					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	1,160,147	1,063,857	32,680,689	13,428,567	243%
Sorghum	59,402	146,169	3,304,481	1,425,854	232%
Soybeans	89,269	175,814	41,959,704	34,382,171	122%
Wheat	507,888	592,059	30,732,104	26,874,928	114%
Barley	1,249	1,435	199,880	141,896	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 22, 2014						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	807,753	75%	77,902	98%	58,337	98%
PNW	132,447	12%	146	0%	0	0%
Lakes	19,770	2%	0	0%	0	0%
Atlantic	4,625	0%	0	0%	465	1%
Interior Export Rail	116,107	11%	1,397	2%	600	1%
<b>Total (Metric Tons)</b>	<b>1,080,702</b>	<b>100%</b>	<b>79,445</b>	<b>100%</b>	<b>59,402</b>	<b>100%</b>
<b>White Corn Shipments by Country (MT)</b>						
			50,843	to Mexico		
			15,758	to Honduras		
			7,698	to Nicaragua		
			5,000	to Colombia		
			146	to S. Korea		
<b>Total White Corn (MT)</b>			<b>79,445</b>			
<b>Sorghum Shipments by Country (MT)</b>						
					58,802	to China
					600	to Mexico
<b>Total Sorghum (MT)</b>					<b>59,402</b>	

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	-	-	+1.18 N	\$229.81
LH June	+1.05 N	\$224.69	+1.18 N	\$229.81
FHJuly	+0.82 N	\$215.64	+1.18 N	\$229.81
LH July	+0.79 N	\$214.46	+1.18 N	\$229.81

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



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Gulf	\$260	\$260	\$260
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Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
LH July	+1.50 Z	\$239.16	+1.50 Z	\$239.16
August	+1.50 Z	\$239.16	+1.50 Z	\$239.16
September	+1.50 Z	\$239.16	+1.50 Z	\$239.16

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	\$217	\$217	\$217
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	June	July	August
New Orleans	\$865	\$865	\$865
*5-10,000 MT Minimum			

\*All prices are market estimates.

DDGS Price Table: May 30, 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	262	259	258
FOB Vessel GULF	270	267	268
Rail delivered PNW	279	275	271
Rail delivered California	285	281	277
Mid-Bridge Laredo, TX	282	275	273
40 ft. Containers to South Korea (Busan)	345	339	339
40 ft. Containers to Taiwan ( Kaohsiung )	342	333	333
40 ft. Containers to Philippines ( Manila )	345	345	345
40 ft. Containers to Indonesia ( Jakarta )	340	344	344
40 ft. Containers to Malaysia (Port Kelang)	347	343	343
40 ft. Containers to Vietnam (HCMC)	352	349	349
40 ft. Containers to Japan (Yokohama)	350	350	350
40 ft containers to Thailand (LCMB)	345	341	341
40 ft Containers to Shanghai, China	333	331	331
KC & Elwood, IL Rail Yard (delivered Ramp)	255	255	253

Source: WPI, \*Prices are based on offer indications only; terms of delivery, payment and

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*quality may vary from one supplier to another, impacting the actual value of the price.*

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## DISTILLERS DRIED GRAINS WITH SOLUBLES (DDGS)

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**DDGS Comments:** Domestic rail-delivered DDGS prices saw another week of substantial declines of \$9 per metric ton. Rate declines were particularly favorable for unit trades. There was a report of a unit trade trading to California in the high \$240 per U.S. short ton range for June delivery. Additionally, 5,000 U.S. short tons also sold in the Chicago market at \$233 for June delivery.

The average price for containerized DDGS to foreign markets was more stable this past week. The price stability in the average primarily occurred as declines in container rates to Indonesia, China, and the Philippines were offset by increases to South Korea, Japan, Taiwan and Vietnam.

A noteworthy fact is that all DDGS buyers, domestic and foreign, are able to obtain prices for the July and August time period that are below the current spot market. The opportunity to purchase at lower prices in this summer period is attractive because it is prior to harvest in most of the U.S. corn belt.

Domestic and foreign buyers appear to be waiting for a bottom to be defined in prices while there are more aggressive offers from DDGS merchandisers who are trying to stir up demand. The most talented buyers seem to be those who are able to buy while prices are in decline but the more common tendency is for most end-users to step back when prices decline and become more aggressive once prices start to rebound.

**Ethanol Comments:** The ethanol production level of 927,000 barrels per day (bpd) for the week ending May 23 was virtually unchanged from the prior week's production level of 925,000 bpd. The increase in ethanol stocks to 17.5 million barrels from the prior week's level of 17 million barrels is attributable to changes in demand since ethanol imports have fallen back to zero.

Changes in consumer purchases are commonly influenced by factors such as holidays and weather, which in turn are influenced by the flow of fuel from refineries to service stations that can cause an alteration of ethanol stocks. The fact that ROB gasoline holds a premium to ethanol is incentive for domestic blenders to mix at the maximum allowable levels.

Other nations whose societies could benefit from improved octane levels could also find the use of U.S. corn-based ethanol to be advantageous, and the recent sell-off in corn prices has improved the availability of this product. Improved ethanol producer margins are implied by the following differentials between the price of corn and processed co-products:

- Illinois differential is \$4.12 per bushel, in comparison to \$3.83 the prior week and \$2.52 a year ago.
- Iowa differential is \$4.02 per bushel, in comparison to \$3.62 the prior week and \$2.09 a year ago.
- Nebraska differential is \$3.70 per bushel, in comparison to \$3.44 the prior week and \$2.37 a year ago.
- South Dakota differential is \$4.22 per bushel, in comparison to \$3.97 the prior week and \$2.21 a year ago.



## COUNTRY NEWS

**Argentina:** Argentina's foreign currency reserves are expected to get a much needed boost as farmers begin exporting the remainder of the country's record agricultural harvest (including corn and sorghum) of 108 MMT, according to Bloomberg News. However, as of May 27, roughly 3.4 million hectares of corn remained unharvested due to persistently excessive rains that are threatening the crop's quality. In comparison, only 1.4 million hectares were still unharvested this time last year. Despite these fears, it is still believed that Argentina will bring in some 55 MMT of corn, which is around 15 percent more than it harvested last year.

**Brazil:** Shipments of corn at Brazil's Paranagua port were unaffected by a truck driver protest on May 29, reports Reuters. The drivers are striking over fines imposed on them by the port authority for parking outside of designated zones. This change in policy was done in order to try and streamline the process of getting grain trucks in and unloaded expediently.

**South Africa:** Yellow corn for July delivery has fallen by 0.2 percent to \$188.49/MT, according to Bloomberg News. This is the lowest South African yellow corn prices have been since February 13, 2013. The Crop Estimates Committee has raised its forecast for corn production by 4 percent, estimating that farmers will bring in some 13.5 MMT, which is an increase over last month's 13.03 MMT prediction. Should this estimate pan out, it will be the largest South Africa has brought in since the 14.1 MMT it harvested in 1981.

## 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	\$46.00	Down \$1.00	Handymax at \$46.50/MT
55,000 U.S. PNW- Japan	\$25.00	Down \$1.00	Handymax at \$25.50/MT
55,000 U.S. Gulf – China PNW to China	\$45.25 \$24.50	Down \$0.25 Down \$0.50	North China
25,000 U.S. Gulf- Veracruz, México	\$17.50	Down \$0.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$15.50	Down \$0.50	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast Colombia, Argentina	\$21.00 \$31.00	Down \$0.50 Down \$1.00	West Coast Colombia at \$28.500
35,000 U.S. Gulf - Guatemala	\$28.00	Down \$0.50	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$36.50 \$38.50	Down \$0.50 Down \$0.50	8,000 MT daily discharge 3,000 MT daily discharge
25,000 U.S. Gulf-Morocco	\$37.00	Down \$1.00	5,000 discharge rate
55,000 U.S. Gulf – Egypt PNW to Egypt	\$33.50 \$32.00	Down \$0.50 Down \$1.00	55,000 -60,000 MT St. Lawrence to Egypt \$33.00

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60-70,000 U.S. Gulf – Europe – Rotterdam	\$19.25	Down \$0.25	Handymax at +\$1.50 more
Brazil, Santos – China	\$37.50 \$36.75	Down \$1.00 Down \$0.50	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$43.00	Down \$0.75	—

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:** Ocean freight markets continued trending lower this week, but can you guess why?

Golden Destiny stated that “During the first four months of 2014, the average number of weekly reported new orders was 69, up by 86 percent year-on-year (37 new orders on average reported per week in January-April 2013) and up by 165 percent from 2012 levels. (26 new orders on average reported per week in January-April 2012)”

It has been reported that ship owners/investors have plunked down \$40 billion in new building across the entire shipping sector in the first four months of 2014. If market players don't learn from their past mistakes they will inevitably relive them. Or as the original George Santayana quote read, “Those who cannot remember the past are condemned to repeat it.” However you wish to state it, I hope shipping investors and their banks get the message. Daily hire rates for Capesize Bulk vessels is down to \$10,900/day and Dry-Bulk Panamax vessels are at \$7,200/day for long voyages, while short 20-day voyages can go for as low as \$4,000/day.

I see about 12 Brazilian soybean vessels either at U.S. ports or on their way to U.S. ports. They are set to unload in all regions: the U.S. Gulf, West Coast California, East Coast and even the Great Lakes. It looks like all of our year end soybean carryout stocks will be from Brazilian beans?

In 2013 China accounted for 200 MMT of new cargo demand or 83 percent of world dry-bulk freight growth.

Baltic Panamax Dry-Bulk Indices				
May 30, 2014	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	13,904	15,071	-1,167	-7.7%
P3A: PNW/Pacific – Japan	6,844	7,663	-819	-10.7%

Source: O'Neil Commodity Consulting

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

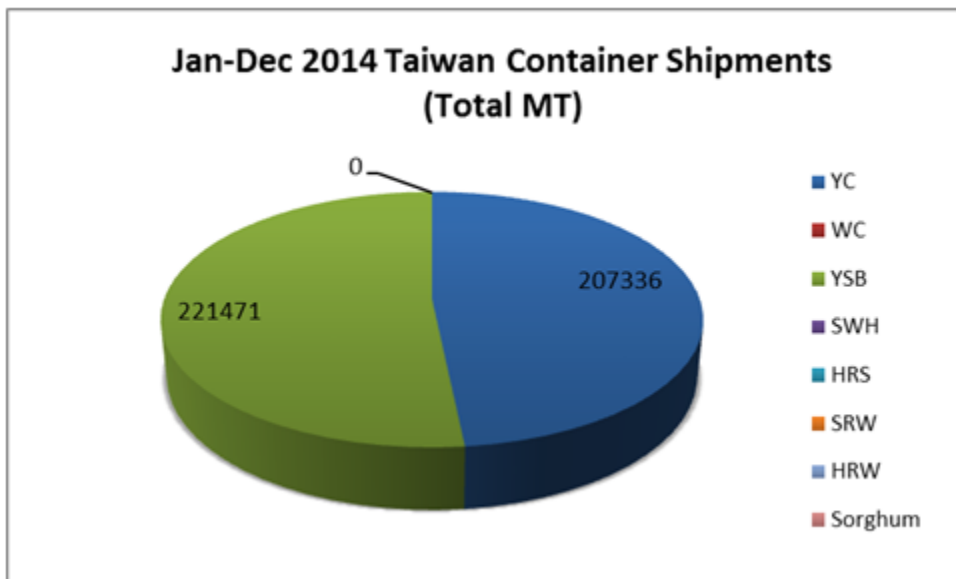
Week of May 30, 2014	
Four weeks ago	\$7.50-\$7.75
Three weeks ago:	\$6.90-\$7.00
Two weeks ago	\$7.50-\$8.10
One week ago:	\$7.20-\$7.55
This week	\$7.50-\$8.20

Source: O'Neil Commodity Consulting

U.S. – Asia Market Spreads					
May 30, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.20	0.85	0.35	\$13.78	PNW
Soybeans	1.50	1.00	0.50	\$18.37	PNW
Ocean Freight	\$24.50	\$45.25	0.53-0.56	(\$20.75)	June

Source: O'Neil Commodity Consulting

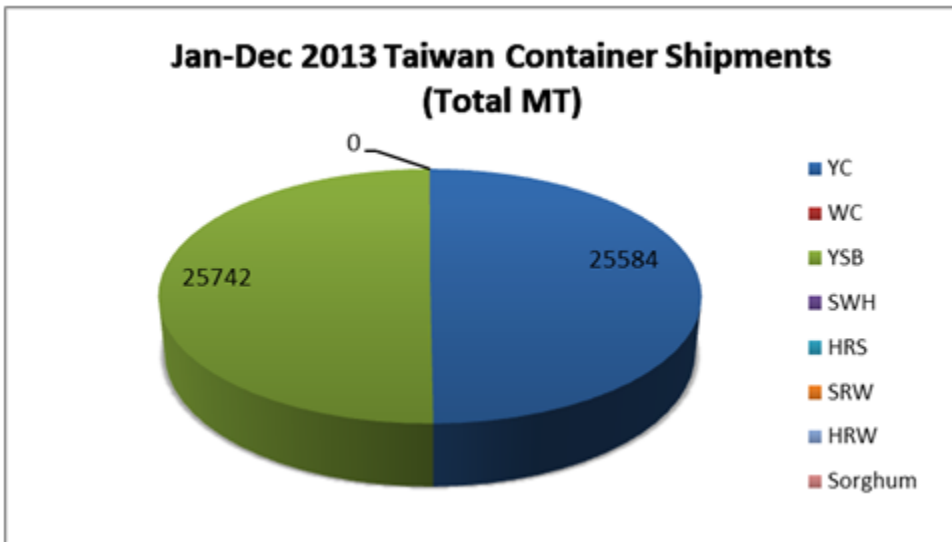
The charts below represent January-December 2013 annual totals versus January-February 2014 container shipments for Taiwan.



Source: O'Neil Commodity Consulting

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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	\$43	\$45	\$44	\$31	\$36	\$35	\$44
	Brazil	\$38	\$40	\$38	\$28	\$26	\$28	-
Corn (White)	Argentina	\$43	\$45	\$44	\$31	\$36	\$35	\$44
	Brazil	\$38	\$40	\$38	\$28	\$26	\$28	-
Barley	Argentina	\$43	\$45	\$44	\$31	\$36	\$35	\$44
	Brazil	\$38	\$40	\$38	\$28	\$26	\$28	-
Sorghum	Argentina	\$43	\$45	\$44	\$31	\$36	\$35	\$44
	Brazil	\$38	\$40	\$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 28, 2014			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.32	0.33	0.32
LIBOR (1 year)	0.54	0.53	0.55

Source: [www.bankrate.com](http://www.bankrate.com)