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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Monday 20 October	Tuesday 21 October	Wednesday 22 October	Thursday 23 October	Friday 24 October
Change	0.0025	0.0775	-0.0300	0.0675	-0.0675
Closing Price	3.4825	3.5600	3.5300	3.5900	3.5300
Factors Affecting the Market	The fact that improved prospects for harvest weather did not press corn contracts lower indicated that seasonal lows were established.	The U.S. corn crop was 31 percent harvested in comparison to a five-year average of 53 percent pushed the Dec. contract back above \$3.55 per bushel.	Price action indicated that buyers were unwilling to chase the Dec. contract above \$3.55 per bushel. Yet, there was a desire to buy at lower levels.	Today's price action likely caught the attention of technical traders since moving averages and other indicators turned more bullish.	The Dec. contract closed just below \$3.55 per bushel as the market watches to see if farmers continue to dry their corn in the field or harvest more actively.

For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Manuel Sanchez or Alvaro Cordero at (202) 789-0789.

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: This section noted several weeks ago that extension of a trading range seemed the most probable scenario for corn contract prices through year-end, and that appears to be what is happening. Contract prices are now presumably entering the upper quartile of that range which will be extended into the future through year-end.

The fact that the rate of U.S. corn being inspected for export is rather active even though U.S. prices are holding a premium to competitors seems to be confusing for some market participants. However, the total equation cannot be factored without considering logistical costs. Global buyers run the total costs and seem to be finding that the U.S. is competitive for present needs.

In relation to future feed grain needs, the U.S. may also be more competitive than it seems because basis in some regions has not kept up with the recent rebound in nearby corn futures contracts. Conditions may improve as commercial buyers seek to encourage additional selling by U.S. producers so that they can extend future coverage for international clients. Increasing export sales is often a catalyst that fuels additional export sales.

Many U.S. producers seem willing to patiently wait for some improvement in price, and are also seeking to reduce costs by allowing corn to dry as much as possible in the field. This season's slow harvest rate cannot be entirely attributed to rainy conditions, but rather low prices. As a matter of fact, most producers are very aware that cool and damp weather can increase the prospect of negative issues such as fungus. The resulting outlook is that the U.S. corn harvest this season will continue at a slower-than-normal pace as producers intently monitor conditions.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending October 24, 2014			
Commodity	24-Oct	17-Oct	Net Change
Corn			
Dec 14	353.00	348.00	5.00
Mar 15	366.75	361.25	5.50
May 15	375.25	370.00	5.25
Jul 15	382.75	377.50	5.25
Soybeans			
Nov 14	977.50	951.75	25.75
Jan 15	983.25	959.75	23.50
Mar 15	990.00	968.00	22.00
May 15	996.75	976.75	20.00
Soymeal			
Dec 14	350.20	330.50	19.70
Jan 15	338.80	325.10	13.70
Mar 15	327.40	318.90	8.50
May 15	323.80	316.80	7.00

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Soyoil			
Dec 14	32.39	32.02	0.37
Jan 15	32.64	32.29	0.35
Mar 15	32.90	32.53	0.37
May 15	33.11	32.73	0.38
SRW			
Dec 14	517.75	516.00	1.75
Mar 15	531.00	528.00	3.00
May 15	538.75	534.50	4.25
Jul 15	546.25	541.50	4.75
HRW			
Dec 14	593.75	601.75	-8.00
Mar 15	596.25	601.75	-5.50
May 15	596.25	598.50	-2.25
Jul 15	590.50	588.25	2.25
MGEX (HRS)			
Dec 14	567.00	570.50	-3.50
Mar 15	578.00	575.75	2.25
May 15	585.75	583.50	2.25
Jul 15	594.25	591.25	3.00

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: During the October 24-27 time period, precipitation is expected in the Pacific Northwest, southern Florida and New England. Warmer-than-normal temperatures are expected throughout most of the interior of the nation.

For the period of October 28- November 1, the odds favor normal to above-normal temperatures across country. Above-normal precipitation is likely from the Pacific Northwest into the northern Great Plains and Upper Midwest, as well as in southern Florida. Below-normal precipitation is expected in a wide area from the Southwest through the Southern Plains and Southeast and up through the Lower Midwest and into the Mid-Atlantic and New England. 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 October 16, 2014					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	311,600	431,700	10,148.6	14,693.1	-23%

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Corn	1,049,100	676,700	5,633.4	18,252.4	14%
Sorghum	235,000	251,900	986.6	2,837.3	130%
Barley	400	100	52.1	86.4	-16%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 1,031,200 MT for 2014/15 were down 46 percent from the previous week and 1 percent from the prior four-week average. Increases were reported for unknown destinations (576,200 MT), Japan (167,300 MT, including 63,700 MT switched from unknown destinations), Jamaica (86,400 MT), Peru (43,100 MT, including 30,000 MT switched from unknown destinations), Colombia (42,400 MT, including 12,000 MT switched from unknown destinations) and the Dominican Republic (23,000 MT). Decreases were reported for Vietnam (3,900 MT) and Guatemala (3,600 MT). Exports of 676,700 MT were primarily to Mexico (194,400 MT), Colombia (111,100 MT), Japan (106,900 MT), Venezuela (64,000 MT) and Peru (50,500 MT).

Barley: Net sales of 300 MT for 2014/15 were reported for Taiwan. Exports of 100 MT were reported to Taiwan.

Sorghum: Net sales of 234,600 MT were for China (179,700 MT), unknown destinations (52,000 MT) and Japan (2,900 MT, including 3,000 MT switched from unknown destinations and decreases of 100 MT). Exports of 251,900 MT--a marketing-year high--were reported to China (239,800 MT) and Japan (12,100 MT).

U.S. Export Inspections: Week Ending October 16, 2014

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	18,227,885	23,868,481	144,620,466	95,731,187	151%
Sorghum	7,808,953	3,304,670	31,692,980	16,012,105	198%
Soybeans	54,201,671	39,388,165	161,743,844	130,647,550	124%
Wheat	13,114,792	12,409,598	286,269,237	425,783,161	67%
Barley	1,589	7,990	1,458,027	1,417,183	103%

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 October 16, 2014

Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	531,967	77%	25,000	97%	297,730	97%
PNW	98	0%	24	0%	612	0%
Lakes	10,691	2%	0	0%	0	0%
Atlantic	42,971	6%	0	0%	0	0%
Interior Export Rail	106,056	15%	798	3%	9,085	3%
Total (Metric Tons)	691,783	100%	25,822	100%	307,427	100%



White Corn Shipments by Country (MT)			25,000	to New Zealand		
			798	to Mexico		
			24	to Japan		
Total White Corn (MT)			25,822			
Sorghum Shipments by Country (MT)					304,280	to China
					3,000	to Japan
					147	to Thailand
Total Sorghum (MT)					307,427	

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)
November	+1.15 Z	\$184.24	+1.59 Z	\$201.56
December	+1.10 Z	\$182.27	+1.52 Z	\$198.81
January	+0.95 H	\$181.78	+1.38 H	\$198.71
February	+0.90 H	\$179.81	+1.40 H	\$199.50

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
October	+2.60 Z	\$241.32	+2.60 Z	\$241.32
November	+2.50 Z	\$237.39	+2.50 Z	\$237.39
December	+2.40 Z	\$233.45	+2.40 Z	\$233.45

Barley: Feed Barley (FOB USD/MT)			
	November	December	January
FOB PNW	\$270	\$270	\$270

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	November	December	January
New Orleans	\$161	\$161	\$161
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
	November	December	January
Bulk 60% Pro. New Orleans	\$678	\$678	\$678

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*5-10,000 MT Minimum

*All prices are market estimates.

DDGS Price Table: October 24, 2014 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Nov.	Dec.	Jan.
Barge CIF New Orleans	167	167	167
FOB Vessel GULF	185	186	186
Rail delivered PNW	195	196	196
Rail delivered California	187	186	186
Mid-Bridge Laredo, TX	192	193	193
40 ft. Containers to South Korea (Busan)	192	194	198
40 ft. Containers to Taiwan (Kaohsiung)	191	192	197
40 ft. Containers to Philippines (Manila)	206	207	211
40 ft. Containers to Indonesia (Jakarta)	205	207	211
40 ft. Containers to Malaysia (Port Kelang)	206	208	212
40 ft. Containers to Vietnam (HCMC)	204	206	210
40 ft. Containers to Japan (Yokohama)	197	199	201
40 ft containers to Thailand (LCMB)	203	204	208
40 ft Containers to Shanghai, China	199	199	205
KC & Elwood, IL Rail Yard (delivered Ramp)	130	131	137

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)

Both domestic and foreign DDGS prices increased by approximately the same amount this past week. On average, November increased about \$9/MT. The size of increases then declined into the future with December prices for both domestic and international averaging up about \$7/MT and January up about \$4/MT.

A number of Asian buyers are testing the market and bidding prices that are about \$20 under offers. They recently had some success as DDGS merchandisers with the largest excess supplies were forced to temporarily undercut the competition. However, more and more domestic DDGS buyers are making slightly higher offers than their foreign counterparts. This is one reason for the increasingly similar price changes for both domestic and foreign buyers. A second reason for the similar changes in price seems to be that burdensome stock levels are slowly being reduced. However, there is still abundant DDGS inventory that needs to be moved.

DDGS merchandisers seem intent on offering the best prices to their better clients. Domestic buyers seem to be aware of the conditions and make payments on time, accepting product without complaint. However, an advantage that foreign buyers have is that they purchase in larger volumes than some of the local domestic

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buyers who purchase hand-to-mouth. As a result, Thai buyers were successful this week in purchasing about 4,000MT to Lat Krabang/Laem Chabang in the price range of \$180-182. As well, a major Taiwanese feed mill won a tender at \$170 for Kaohsiung. Buyers from Korea attempted to purchase even lower, but without success. Even though plenty of opportunities exist, domestic buyers will outbid their Asian counterparts at a certain level.

Ethanol Comments: Two positive developments took place this week in the U.S. ethanol market. First, there was a substantial one week reduction in total ethanol stocks by 2.3 percent as stocks declined from 18.4 million barrels down to 17.9 million barrels for the week the ending October 17. This sizable reduction seems to indicate that exports have picked back up because it occurred even as the weekly rate of production increased from a level of 885,000 barrels per day (bpd) up to 896,000 bpd.

The second favorable development is that there was a rather sizable rebound in the differential between the cost of corn and the return for the co-products of ethanol and DDGS. The regional differentials for the week ending Friday, October 24, 2014 are as follows:

- Illinois differential is \$2.66 per bushel in comparison to \$2.29 the prior week and \$3.26 a year ago.
- Iowa differential is \$2.44 per bushel in comparison to \$1.96 the prior week and \$2.92 a year ago.
- Nebraska differential is \$2.57 per bushel in comparison to \$2.01 the prior week and \$2.71 a year ago.
- South Dakota differential is \$2.52 per bushel in comparison to \$2.12 the prior week and \$3.13 a year ago.

COUNTRY NEWS

Argentina: Argentina's Economic Ministry has approved the export of an additional 500,000 MT of corn from the 2013/14 season, according to Reuters.

Brazil: Brazil's main grain producing regions are expected to get widespread rains between October 28 and November 6, which would end several months of damaging dry weather, reports Reuters.

China: The Chinese government will likely stay the course and stockpile large amounts of corn for a third year in a row, according to Reuters. The government will probably add some 40 MMT of corn following the country's bumper harvest.

Kenya: The Cereal Growers Association has announced that another outbreak of Maize Lethal Necrosis has the potential to reduce Kenyan corn production by 30 percent as farmers are increasingly switching to other crops, according to Bloomberg News. Up to 70 percent of Kenyan corn farmers could be impacted by the virus. Kenya produced 2.8 MMT of corn through the end of the marketing year in June 2014, while consumption is expected to increase by 2.7 percent to 3.75 MMT.

South Africa: Yellow corn for December delivery fell this week to \$179.29/MT, reports Bloomberg News.

Vietnam: Vietnamese corn millers have canceled import shipments following a large drop in global grain prices, according to Reuters. Vietnamese buyers are renegeing on some 200,000 MT of corn and there is a fear

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that these cancellations could drive corn prices that have dropped by 25-35 percent in the past three months even lower. Vietnam has doubled its corn imports in the past five years to total 2.2 MMT in 2013/14. Millers are currently being offered Brazilian corn at \$200/MT for Panamax cargoes, which is a steep reduction from the \$275/MT many agreed to pay three months ago. U.S. Gulf corn is currently being offered at \$184.96/MT for October, which is down from \$224/MT in June following a record harvest of 367.68 MMT this 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	\$46.00	Up \$0.50	Handymax at \$46.00/MT
55,000 U.S. PNW-Japan	\$24.50	Unchanged	Handymax at \$25.00/MT
55,000 U.S. Gulf-China PNW to China	\$44.50 \$33.25	Up \$0.50 Up \$0.25	North China
25,000 U.S. Gulf-Veracruz, México	\$16.00	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$13.50	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$20.00 \$30.00	Unchanged Unchanged	West Coast Colombia at \$28.50
36-40,000 U.S. Gulf-Guatemala	\$27.50	Unchanged	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf-Algeria	\$34.50	Unchanged	8,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$36.50	Unchanged	3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$34.50	Unchanged	5,000 discharge rate
55,000 U.S. Gulf-Egypt PNW to Egypt	\$32.00 \$32.00	Unchanged Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$33.00
60-70,000 U.S. Gulf-Europe- Rotterdam	\$19.50	Unchanged	Handymax at +\$1.50 more
Brazil, Santos-China	\$34.00 \$33.00	Unchanged Unchanged	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$38.50	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: The Panamax

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freight sector continued to be firm this week on the Baltic Freight Index, but we did not see the physical markets get as excited as the folks playing the Baltic indices. The Capsize iron ore vessel market from Western Australia to China did pop up \$1.00-\$1.50/MT on higher volumes of business. It will likely take the Panamax sector a bit longer to catch up with the trend.

One would think, however, that the uptick in U.S. soybean exports to China could lead to better (higher) rates from the U.S. Gulf and PNW.

Baltic Panamax Dry-Bulk Indices				
October 24, 2014	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	16,348	15,073	1,275	8.5%
P3A: PNW/Pacific– Japan	10,191	8,731	1,460	16.7%

Source: O'Neil Commodity Consulting

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

Week of October 24, 2014	
Four weeks ago:	\$7.40-\$7.90
Three weeks ago:	\$7.40-\$7.90
Two weeks ago:	\$7.55-\$7.95
One week ago:	\$7.15-\$7.50
This week:	\$8.00-\$8.95

Source: O'Neil Commodity Consulting

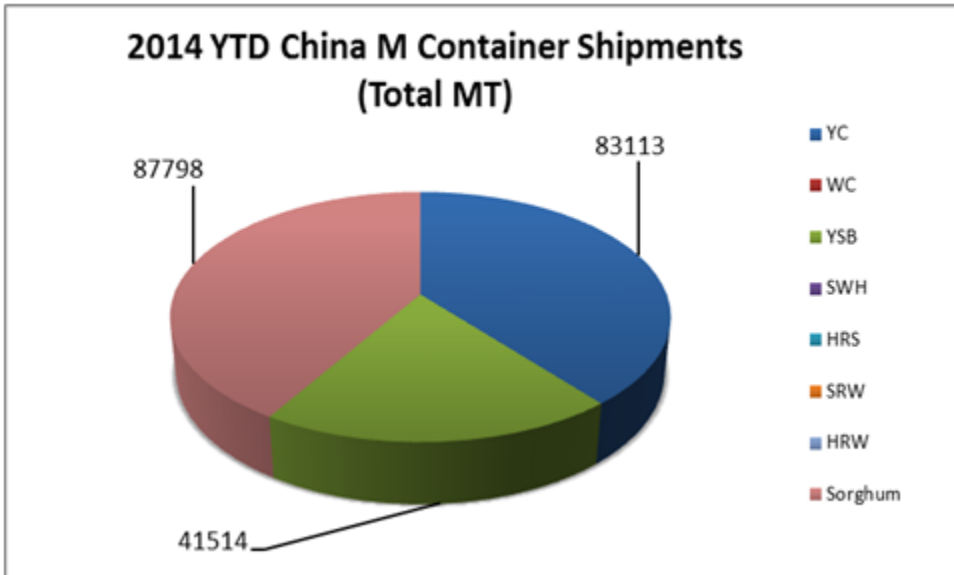
U.S. – Asia Market Spreads					
October 24, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.59	1.10	0.49	\$19.29	PNW
Soybeans	2.05	1.62	0.43	\$15.80	PNW
Ocean Freight	\$23.00	\$44.25	0.54-0.58	(\$21.25)	November

Source: O'Neil Commodity Consulting

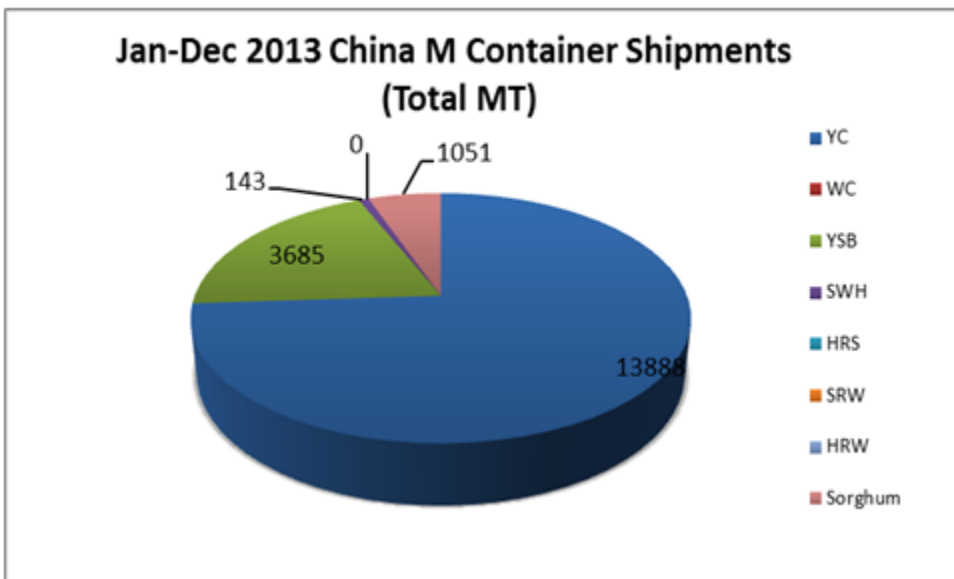
The charts below represent January-December 2013 annual totals versus year-to-date 2014 container shipments to China.

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Source: O'Neil Commodity Consulting



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



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Corn (Yellow)	Argentina	\$41	\$43	\$41	\$30	\$31	\$29	\$40
	Brazil	\$34	\$37	\$35	\$26	\$24	\$21	-
Corn (White)	Argentina	\$41	\$43	\$41	\$30	\$31	\$29	\$40
	Brazil	\$34	\$37	\$35	\$26	\$24	\$21	-
Barley	Argentina	\$41	\$43	\$41	\$30	\$31	\$29	\$40
	Brazil	\$34	\$37	\$35	\$26	\$24	\$21	-
Sorghum	Argentina	\$41	\$43	\$41	\$30	\$31	\$29	\$40
	Brazil	\$34	\$37	\$35	\$26	\$24	\$21	-

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 (%): October 22, 2014			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.32	0.32	0.33
LIBOR (1 year)	0.54	0.55	0.58

Source: www.bankrate.com