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**CHICAGO BOARD OF TRADE MARKET NEWS**

Week in Review: CME Corn December Contract					
\$/Bu	Monday 27 October	Tuesday 28 October	Wednesday 29 October	Thursday 30 October	Friday 31 October
Change	0.1000	0.0150	0.1075	-0.0125	0.0275
Closing Price	3.6300	3.6450	3.7525	3.7400	3.7675
Factors Affecting the Market	A rally in the soy complex was enough of a bullish influence to cause sellers in the corn pit to step back. Dec. corn closed 10 cents higher.	The Dec. corn contract was unable to break through key technical resistance. A second attempt was expected.	A second attempt to close above key technical resistance was successful, yet a new bullish trend is not expected.	The Dec contract above 3.76 bu. was seen as a selling opportunity. Corn contracts are expected to range-trade into the end of Jan.	After initially being weak, the Dec contract closed strong. Price action will depend on weather and harvest progress next week.

**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.*

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**Outlook:** This section noted last week that the December corn contract appeared to be entering the upper quartile of a trading range, and that seems to be happening. Multiple traders seemed to perceive a short-term selling opportunity as the December contract traded above \$3.76 per bushel.

The recent increase in corn contracts to current price levels could be sufficient to cause a quick increase in the harvest pace; if only cash basis would follow suit. Otherwise, the lackluster harvest pace is likely to continue. A slower harvest pace of a bumper crop increases the threat potential for a sudden adverse weather event, such as an unexpected onslaught of snow, ice, or mud. If such conditions were to develop, then there could be some more upside in corn contracts. Additional upside could widen the trading range that is anticipated to extend itself from the present time period through January.

The short-term outlook is that a rectangular trading range will extend itself into the future, with highs of approximately \$3.80 per bushel. However, the development of a weather threat in the U.S. Corn Belt, supported by better than expected demand, could allow the December contract to rally a dollar from its October 1 low of \$3.1825 per bushel. Nearby corn contract prices could then evolve into a narrowing funnel pattern that extends through January. One way or another, a rather horizontal trading range is expected to extend itself into 2015. (Knowing the probability of which is more likely is difficult to estimate because weather forecasts are not much good beyond a week out.) Volatility is then anticipated to increase in February as market discussion intensifies regarding the topic of planting intentions.

## CBOT DECEMBER CORN FUTURES



Source: Prophet X

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**Current Market Values:**

<b>Futures Price Performance: Week Ending October 31, 2014</b>			
<b>Commodity</b>	<b>31-Oct</b>	<b>24-Oct</b>	<b>Net Change</b>
<b>Corn</b>			
Dec 14	376.75	353.00	23.75
Mar 15	389.25	366.75	22.50
May 15	398.00	375.25	22.75
Jul 15	404.25	382.75	21.50
<b>Soybeans</b>			
Nov 14	1046.50	977.50	69.00
Jan 15	1049.25	983.25	66.00
Mar 15	1053.25	990.00	63.25
May 15	1058.00	996.75	61.25
<b>Soymeal</b>			
Dec 14	389.00	350.20	38.80
Jan 15	366.70	338.80	27.90
Mar 15	346.20	327.40	18.80
May 15	340.90	323.80	17.10
<b>Soyoil</b>			
Dec 14	34.80	32.39	2.41
Jan 15	35.02	32.64	2.38
Mar 15	35.24	32.90	2.34
May 15	35.44	33.11	2.33
<b>SRW</b>			
Dec 14	532.50	517.75	14.75
Mar 15	545.75	531.00	14.75
May 15	553.25	538.75	14.50
Jul 15	560.25	546.25	14.00
<b>HRW</b>			
Dec 14	593.75	593.75	0.00
Mar 15	599.00	596.25	2.75
May 15	601.50	596.25	5.25
Jul 15	597.75	590.50	7.25
<b>MGEX (HRS)</b>			
Dec 14	574.25	567.00	7.25
Mar 15	584.50	578.00	6.50
May 15	593.00	585.75	7.25
Jul 15	602.25	594.25	8.00

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

## U.S. WEATHER/CROP PROGRESS

**U.S. Drought Monitor Weather Forecast:** The outlook over the next week shows a continuing chance of precipitation from the southern plains up into the Ohio River Valley, with amounts generally projected to be less than two inches. An active pattern along the coast of the Pacific Northwest ushers in more precipitation during the next seven days. Some areas along the Washington coast could receive up to five inches of rain for the period. Dry conditions dominate the southwest into the northern Plains. Temperatures during this time are forecasted to be above normal for the central and northern plains as well as the northern Rocky Mountains. Cooler than normal temperatures are expected over the eastern half of the country as well as along the west coast into the Great Basin.

The 10 day outlook shows a trend of above-normal temperature chances continuing over most of the United States. The highest probabilities of above-normal temperatures will be over the northern tier of the country. The greatest probabilities of above-normal precipitation will be from the southern plains into the Midwest as well as the Pacific Northwest, which is a continuation of what is expected in the seven day outlook. The probability of dry conditions is greatest over the central and northern Plains, Southwest, and into California. 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 23, 2014					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	478,700	272,400	10,421.0	15,138.0	-26%
Corn	600,200	829,500	6,462.9	18,742.2	-8%
Sorghum	114,700	157,300	1,143.9	2,951.4	94%
Barley	100	0	52.1	86.3	-24%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales of 489,800 MT for 2014/15 were down 53 percent from the previous week and 55 percent from the prior four-week average. Increases were reported for South Korea (134,700 MT, including 130,000 MT switched from unknown destinations), Peru (88,700 MT, including 40,000 MT switched from unknown destinations and 35,000 MT switched from Colombia), Mexico (82,300 MT), Japan (77,900 MT, including 28,600 MT switched from unknown destinations and decreases of 2,300 MT), Colombia (74,000 MT, including 25,000 MT switched from unknown destinations and decreases of 12,000 MT) and Costa Rica (56,500 MT). Decreases were reported for unknown destinations (90,300 MT), Jamaica (64,300 MT), the French West Indies (7,000 MT), the Dominican Republic (4,000 MT) and Nicaragua (2,700 MT). Net Sales of 44,500 MT for 2015/2016 were reported for Canada (25,000 MT), Mexico (10,000 MT) and Nicaragua (9,500 MT). Exports of 829,500 MT were primarily to Mexico (166,900 MT), South Korea (135,100 MT), Japan (114,000 MT), Colombia (102,700 MT), Peru (85,100 MT), Canada (45,600 MT) and Guatemala (34,800 MT).

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**Barley:** Net sales reductions of 100 MT for 2014/15 resulted as increases for Taiwan (100 MT), were more than offset by decreases for the Philippines (200 MT). There were no exports reported during the week.

**Sorghum:** Net sales of 114,100 MT for 2014/15 resulted as increases for China (169,100 MT, including 55,000 MT switched from unknown destinations and decreases of 600 MT), were partially offset by decreases for unknown destinations (55,000 MT). Exports of 157,300 MT were reported to China.

U.S. Export Inspections: Week Ending October 23, 2014					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	702,906	717,653	6,396,449	4,453,380	144%
Sorghum	164,983	307,427	1,412,689	664,720	213%
Soybeans	2,195,372	2,023,443	8,170,247	7,128,521	115%
Wheat	212,575	482,392	10,731,506	16,096,459	67%
Barley	147	73	67,115	65,092	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 23, 2014						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
<b>Gulf</b>	518,095	76%	16,502	87%	159,852	97%
<b>PNW</b>	66,672	10%	0	0%	220	0%
<b>Lakes</b>	14,710	2%	0	0%	0	0%
<b>Atlantic</b>	7,670	1%	0	0%	2,107	1%
<b>Interior Export Rail</b>	76,762	11%	2,495	13%	2,804	2%
<b>Total (Metric Tons)</b>	683,909	100%	18,997	100%	164,983	100%
<b>White Corn Shipments by Country (MT)</b>			16,502	to Guatemala		
			2,495	to Mexico		
<b>Total White Corn (MT)</b>			18,997			
<b>Sorghum Shipments by Country (MT)</b>					149,478	to China
					15,505	to Japan
<b>Total Sorghum (MT)</b>					164,983	

Source: USDA, World Perspectives, Inc.



**FOB**

<b>Yellow Corn (USD/MT FOB Vessel)</b>				
<b>YC FOB Vessel Max. 15.0% Moisture</b>	<b>GULF</b>		<b>PNW</b>	
	<b>Basis (#2 YC)</b>	<b>Flat Price (#2 YC)</b>	<b>Basis (#2 YC)</b>	<b>Flat Price (#2 YC)</b>
November	+1.20 Z	\$195.56	+1.59 Z	\$210.91
December	+1.15 Z	\$193.59	+1.50 Z	\$207.37
January	+0.95 H	\$190.64	+1.38 H	\$207.57
February	+0.90 H	\$188.67	+1.40 H	\$208.35

<b>Sorghum (USD/MT FOB Vessel)</b>				
<b>#2 YGS FOB Vessel Max 14.0% Moisture</b>	<b>NOLA</b>		<b>TEXAS</b>	
	<b>Basis</b>	<b>Flat Price</b>	<b>Basis</b>	<b>Flat Price</b>
October	+2.60 Z	\$250.67	+2.60 Z	\$250.67
November	+2.50 Z	\$246.74	+2.50 Z	\$246.74
December	+2.40 Z	\$242.80	+2.40 Z	\$242.80

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

<b>Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)</b>			
	<b>November</b>	<b>December</b>	<b>January</b>
<b>New Orleans</b>	\$178	\$178	\$178
<i>Quantity 5,000 MT</i>			
<b>Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)</b>			
<b>Bulk 60% Pro.</b>	<b>November</b>	<b>December</b>	<b>January</b>
<b>New Orleans</b>	\$690	\$690	\$690
<i>*5-10,000 MT Minimum</i>			

*\*All prices are market estimates.*

<b>DDGS Price Table: October 31, 2014 (USD/MT)</b> (Quantity, availability, payment and delivery terms vary)			
<b>Delivery Point</b>	<b>Nov.</b>	<b>Dec.</b>	<b>Jan.</b>
<b>Quality Min. 35% Pro-fat combined</b>			
Barge CIF New Orleans	174	174	174
FOB Vessel GULF	194	194	194
Rail delivered PNW	210	209	208
Rail delivered California	200	200	199

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Mid-Bridge Laredo, TX	206	208	209
40 ft. Containers to South Korea (Busan)	203	205	216
40 ft. Containers to Taiwan ( Kaohsiung )	202	204	214
40 ft. Containers to Philippines ( Manila )	219	220	231
40 ft. Containers to Indonesia ( Jakarta )	216	218	228
40 ft. Containers to Malaysia (Port Kelang)	217	219	229
40 ft. Containers to Vietnam (HCMC)	215	217	226
40 ft. Containers to Japan (Yokohama)	209	212	217
40 ft containers to Thailand (LCMB)	214	214	224
40 ft Containers to Shanghai, China	207	207	220
KC & Elwood, IL Rail Yard (delivered Ramp)	144	144	154

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:** This is the second week in a row of uniform DDGS price increases for domestic and international buyers, with each increasing on average about \$12/MT. Merchandisers report that it is primarily domestic demand that is driving the push higher in DDGS values. The domestic buyers are increasing DDGS in their feed ratios as a substitute for expensive soymeal. The nutritionists of domestic end-users are striving to obtain the best costs and an acceptable level of amino acids. DDGS can accomplish this when mixed in the correct proportions. Note: many DDGS merchandisers may be able to forward useful materials about the feeding of DDGS to end-users.

One merchandiser reported that he is presently focusing all of his attention on the domestic market rather than on seeking out Asian demand. However, that perspective is not consistent, as a different merchandiser seemed optimistic that the spread will soon narrow between domestic and Asian bids and the rate of buying volume increases.

Buying volume for feeds normally increases as it becomes evident that a seasonal low has been established. Market participants seem to increasingly be in agreement that the price for corn futures on October 1 is the low for the current 2014/15 season. Consequently, the rate of domestic buying has picked up. However, foreign buyers of DDGS are still finding some of the best deals. For example, buyers from Thailand were able to secure 12,000 MT of DDGS earlier this week at \$190-194/MT. That low of a price level was hard to find by the end of this week, but Korea and Vietnamese buyers are actively making offers as they seek out opportunities.

**Ethanol Comments:** The average daily rate of U.S. ethanol production increased this past week to 937,000 barrels per day (bpd). That is an increase above the prior week's production level of 896,000 bpd, but that increase is not a factor of concern for the following reasons: It is normal for ethanol production to increase during the corn harvest. The amount of ethanol production during the same week a year ago was 911,000 bpd. The significance of this fact is that there is only a slight increase in this season's ethanol production during the harvest even though the percentage decline in corn contract prices is sizably larger this season. Additionally

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promising this season is the fact that there was a substantial decline in total U.S. ethanol stocks from 17.9 million barrels the prior week to 17 million barrels for the week ending October 24. The result is that present stocks levels have fallen back to just 13.9 percent of the year ago level. This process of decline in stocks has continued for several weeks and seems attributable to increased exports.

There was only a slight decrease in the differential between the cost of corn and the return for the co-products of ethanol and DDGS during this past week. It is also noteworthy that the differential is close to year-ago levels. The regional differentials for week ending Friday, October 31, 2014 are as follows:

- Illinois differential is \$2.55 per bushel in comparison to \$2.66 the prior week and \$3.16 a year ago.
- Iowa differential is \$2.41 per bushel in comparison to \$2.44 the prior week and \$2.68 a year ago.
- Nebraska differential is \$2.56 per bushel in comparison to \$2.57 the prior week and \$2.55 a year ago.
- South Dakota differential is \$2.51 per bushel in comparison to \$2.52 the prior week and \$2.88 a year ago.

## COUNTRY NEWS

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**Argentina:** A mild El Nino is expected to provide the Pampas grain belt with ample rainfall followed by sunny weather, according to Reuters.

**Canada:** The Ministry of Agriculture will likely lift requirements for railways to move minimum crop volumes provided that a sudden pile up of grain does not occur and that the railways prove themselves capable of the task at hand, reports Reuters.

**China:** The Chinese government is set to further its control on the import of grain in order to cut down on smuggling and other illegal activities to prevent oversupply, according to Reuters. China is currently experiencing a grain storage shortage as the country maintains record stockpiles in the face of another good harvest.

**South Africa:** South Africa has cut its estimate for corn planting in 2015 by 3.3 percent reports Bloomberg News. Farmers could plant 2.6 million hectares of corn, which is down from the September forecast of 2.69 million hectares.

**Vietnam:** Vietnam's Ministry of Agriculture has approved four strains of Monsanto GM corn for use by the country's farmers, according to Bloomberg News. This move comes after an 80 percent increase in pork consumption over the past decade and corn imports that have quadrupled in three years. Vietnam is projected to consume 33 kg of pork per person by 2020. In comparison China is projected to consume 32.6 kg per person and the EU 31.3 kg by 2020. Vietnam is set to import 4.5 MMT of corn this year, which is more than twice the 2.19 MMT it imported in 2013. Domestic corn production has only increased by 1.4 percent his year to total 5.27 MMT.



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## 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	Unchanged	Handymax at \$46.50/MT
55,000 U.S. PNW-Japan	\$25.50	Up \$1.00	Handymax at \$25.00/MT
55,000 U.S. Gulf-China	\$45.00	Up \$0.50	North China
PNW to China	\$34.50	Up \$1.25	
25,000 U.S. Gulf-Veracruz, México	\$17.00	Up \$1.00	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$14.50	Up \$1.00	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$25.00 \$31.00	Up \$0.50 Up \$1.00	West Coast Colombia at \$29.50
36-40,000 U.S. Gulf-Guatemala	\$28.50	Up \$1.00	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf-Algeria	\$35.00 \$37.00	Up \$0.50 Up \$0.50	8,000 MT daily discharge 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	\$32.00	Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$33.00
PNW to Egypt	\$33.00	Up \$1.00	
60-70,000 U.S. Gulf-Europe-Rotterdam	\$20.00	Up \$0.50	Handymax at +\$1.50 more
Brazil, Santos-China	\$34.50 \$33.50	Up \$0.50 Up \$0.50	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$39.50	Up \$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:** It was another week of up markets. Looking back, the Baltic Dry-Bulk Indices have, for the most part, been moving up for the last 16 days. This looks impressive and has been fueled mostly by improved iron ore and coal business as well as increased grain exports from the U.S.

Physical rates in the grain trade are slightly higher but have not mirrored the percentage increases of the Baltic Exchange. We'll have to wait to see if this is just a matter of lag-time or a case of some overly excited (read

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overly optimistic) players in the Baltic Exchange. Atlantic and Pacific Dry-Bulk indices are now back up to levels not seen since late March 2014. It is curious to note that Physical Panamax rates from the U.S. and South America to Asia in late March were \$3.00-\$4.00/MT higher than they are today at nearly the same index levels. Considerably cheaper bunker fuel rates must have something to do with that.

Baltic Panamax Dry-Bulk Indices				
October 31, 2014	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	16,958	16,348	610	3.7%
P3A: PNW/Pacific– Japan	11,784	10,191	1,593	15.6%

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:

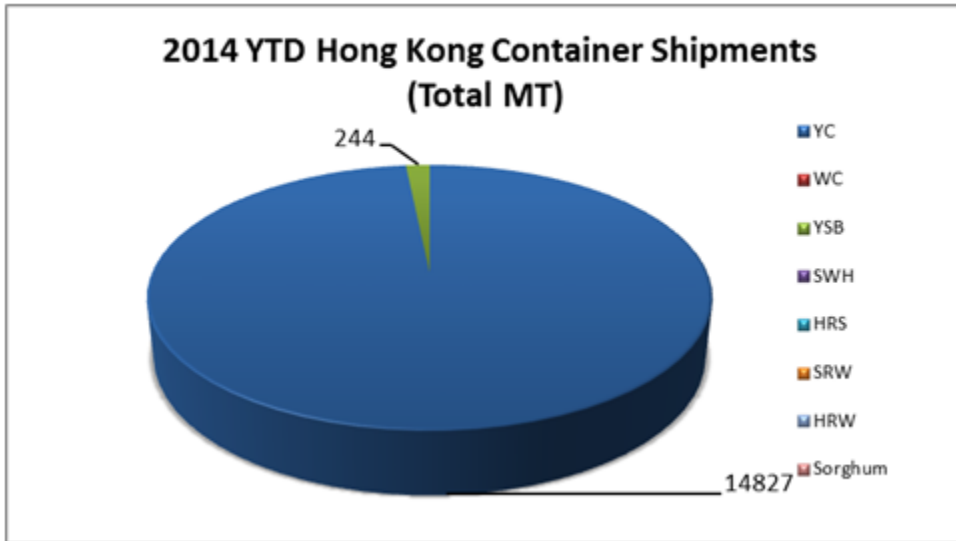
Week of October 31, 2014	
Four weeks ago:	\$7.40-\$7.90
Three weeks ago:	\$7.55-\$7.95
Two weeks ago	\$7.15-\$7.50
One week ago:	\$8.00-\$8.95
This week	\$9.30-\$9.70

Source: O'Neil Commodity Consulting

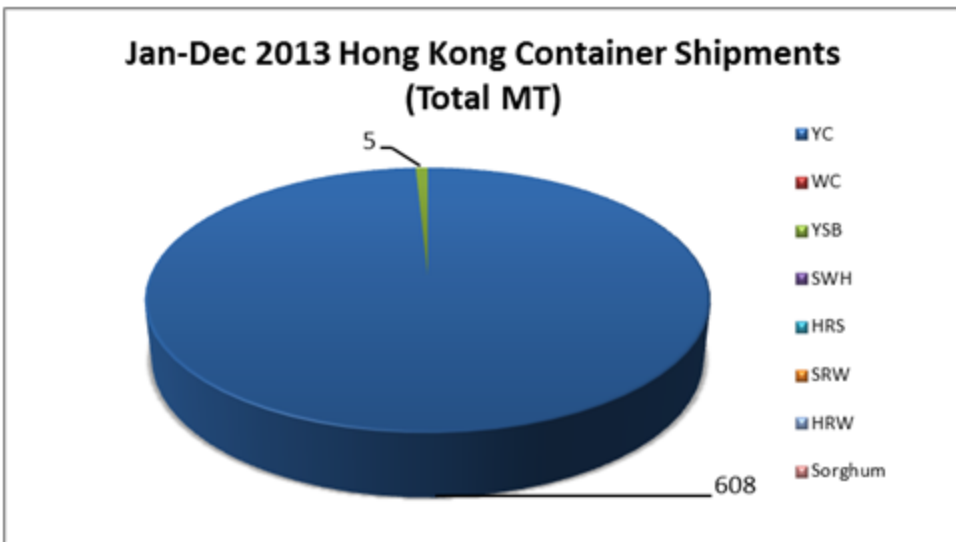
U.S. – Asia Market Spreads					
October 31, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.59	1.15	0.44	\$17.32	PNW
Soybeans	2.00	1.60	0.40	\$14.70	PNW
Ocean Freight	\$24.50	\$45.00	0.54-0.58	(\$20.50)	November

Source: O'Neil Commodity Consulting

The charts below represent January-December 2013 annual totals versus year-to-date 2014 container shipments to 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	\$44	\$42	\$33	\$31	\$30	\$40
	Brazil	\$34	\$38	\$36	\$27	\$24	\$22	-
Corn (White)	Argentina	\$40	\$44	\$42	\$33	\$31	\$30	\$40
	Brazil	\$34	\$38	\$36	\$27	\$24	\$22	-
Barley	Argentina	\$40	\$44	\$42	\$33	\$31	\$30	\$40
	Brazil	\$34	\$38	\$36	\$27	\$24	\$22	-
Sorghum	Argentina	\$40	\$44	\$42	\$33	\$31	\$30	\$40
	Brazil	\$34	\$38	\$36	\$27	\$24	\$22	-

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 29, 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	0.54	0.58

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