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**CHICAGO BOARD OF TRADE MARKET NEWS**

Week in Review: CME Corn December Contract					
\$/Bu	Monday 8 September	Tuesday 9 September	Wednesday 10 September	Thursday 11 September	Friday 12 September
<b>Change</b>	-0.0775	-0.0400	0.0150	-0.0475	-0.0250
<b>Closing Price</b>	3.4825	3.4425	3.4575	3.4100	3.3850
<b>Factors Affecting the Market</b>	Corn contracts traded lower as weather forecast indicated there was less of a threat from cold Canadian air spilling into the United States.	December corn drifted lower in a day of slow trading. Market participants waited to see the contents of Thursday's WASDE.	The market was up just slightly as limited buying offset selling in a slow market that continued to wait on USDA data.	USDA data was considered bearish but the selling was soon met by traders who perceived a buying opportunity.	Buyers are in no rush to chase corn higher. They don't have to rush so long as someone is willing to sell at current price levels.

**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.*

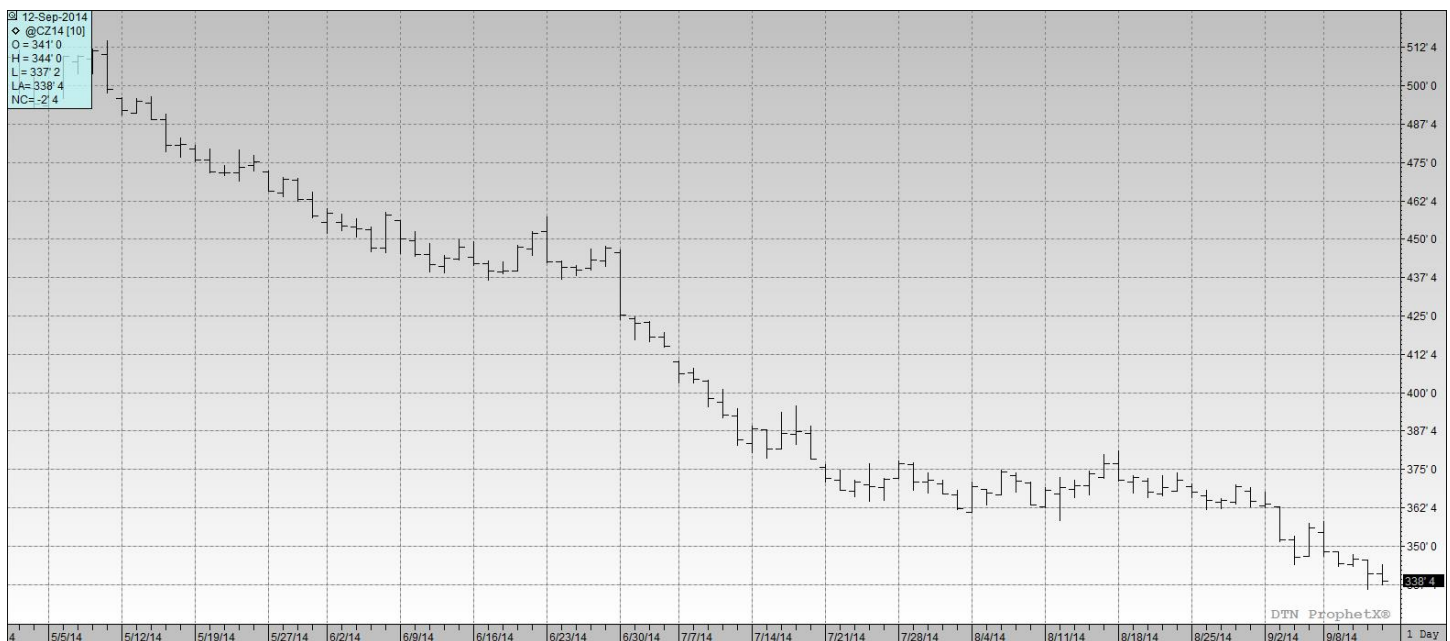
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**Outlook:** Thursday's September WASDE was the first of the 2014/15 crop year for corn and sorghum (Sep/Aug). The report was considered bearish in the fact that USDA's prediction for the average U.S. corn yield of 171.7 bushels per acre was one bushel larger than the average expected yield of 170.7 bushels. Each additional bushel that is added to the national average is expected to increase production by 83.8 million bushels. The combination of an average 171.7 bushels on 83.8 million acres is record U.S. corn production of 14.4 billion bushels. When beginning stocks and import are factored into the equation, the total amount of available corn in the U.S. market is expected to be a substantial 15.6 billion bushels. However, demand is also expected to be strong and the final ending-stocks estimate for the present 2014/15 season will be just over 2 billion bushels. A slight increase in exports would pull ending stocks back below 2 billion bushels, and that is possible.

USDA reduced the estimate for China's corn production by 5 MMT because of dryness in key growing regions. USDA also reduced their estimate for Argentine corn production by 3 MMT. Hot and dry weather also caused production estimates to be reduced for Ukraine by 1 MMT and Russia by 500,000 MT. The end result is that USDA increased their forecast for U.S. corn exports, and it could increase more in the future because of present attractive price levels. Price action after the release of USDA reports seems to already indicate that market participants perceive a buying opportunity rather than justification for more aggressive selling. That could indicate that further downside in prices is limited in corn contracts.

## CBOT DECEMBER CORN FUTURES



**Current Market Values:**

<b>Futures Price Performance: Week Ending September 12 , 2014</b>			
<b>Commodity</b>	<b>September 12</b>	<b>September 5</b>	<b>Net Change</b>
<b>Corn</b>			
Sep 14	339.00	346.50	-7.50
Dec 14	338.50	356.00	-17.50
Mar 15	351.00	368.75	-17.75
May 15	359.50	377.00	-17.50
<b>Soybeans</b>			
Sep 14	1091.00	1085.50	5.50
Nov 14	985.25	1021.50	-36.25
Jan 15	992.50	1028.25	-35.75
Mar 15	998.50	1035.00	-36.50
<b>Soymeal</b>			
Sep 14	408.00	436.10	-28.10
Oct 14	338.50	357.30	-18.80
Dec 14	327.90	349.10	-21.20
Jan 15	324.70	345.60	-20.90
<b>Soyoil</b>			
Sep 14	32.16	32.35	-0.19
Oct 14	32.55	32.28	0.27
Dec 14	32.77	32.48	0.29
Jan 15	33.03	32.76	0.27
<b>SRW</b>			
Sep 14	498.25	531.50	-33.25
Dec 14	502.50	535.25	-32.75
Mar 15	520.00	553.00	-33.00
May 15	530.75	564.75	-34.00
<b>HRW</b>			
Sep 14	572.25	619.75	-47.50
Dec 14	593.25	628.50	-35.25
Mar 15	601.25	635.25	-34.00
May 15	606.00	636.75	-30.75
<b>MGEX (HRS)</b>			
Sep 14	568.25	626.25	-58.00
Dec 14	578.00	611.50	-33.50
Mar 15	593.50	625.75	-32.25
May 15	605.25	635.50	-30.25

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

## U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: September 7, 2014					
	Very Poor	Poor	Fair	Good	Excellent
Corn	2%	5%	19%	52%	22%
Sorghum	3%	9%	31%	46%	11%

**U.S. Drought Monitor Weather Forecast:** Over the next week, the precipitation pattern looks to be quite active and encompassing the eastern half of the United States. The greatest precipitation amounts are anticipated over the Midwest, southern Plains and Southeast, with projected amounts of up to 3.50 inches. The moisture plume over the Southwest looks to shift east over the next week with amounts of up to an inch in New Mexico, west Texas and Colorado. Temperatures will be cooler than normal over the High Plains, with maximum temperature departures of 12-15 degrees below normal forecast over Nebraska, South Dakota and eastern Wyoming.

The 10 day outlook shows the cooler-than-normal temperatures more likely over the eastern half of the United States. The best chances for above-normal temperatures are centered on the Great Basin and western United States. The projections show that most of the Midwest, New England, Plains, northern Rocky Mountains and southern Mississippi Valley have the best chances for below-normal-precipitation. Above-normal precipitation chances are greatest over the southeast and southwestern United States. 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 September 4, 2014					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	709,400	559,200	6,772.8	12,125.9	-26%
Corn	2,020,200	695,500	695.5	12,379.5	-3%
Sorghum	571,100	0	0.0	1,922.8	113%
Barley	500	600	21.6	39.0	-32%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales for the 2014/15 marketing year, which began September 1, totaled 563,200 MT. Increases reported for Mexico (127,100 MT), Japan (108,400 MT, including 57,900 MT switched from unknown destinations and decrease of 82,300 MT), unknown destinations (80,700 MT), South Korea (68,100 MT, including 63,000 MT switched from unknown destinations) and Costa Rica (52,700 MT), were partially offset by decreases for Colombia (22,900 MT) and Guatemala (12,700 MT). A total of 1,341,400 MT in sales were carried over from the 2013/14 marketing year, which ended August 31. Exports for the period ending August 31 of 507,500 MT brought accumulated exports to 47,375,100 MT, up noticeably from the prior year's total of

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18,044,200 MT. The primary destinations were Japan (244,200 MT), Mexico (119,500 MT), Saudi Arabia (71,500 MT), Honduras (31,800 MT) and Colombia (19,900 MT). Exports for September 1-4 totaled 695,500 MT, with Mexico (196,700 MT), Japan (142,900 MT), South Korea (133,100 MT), Spain (66,000 MT) and El Salvador (28,600 MT) being the primary destinations.

**Barley:** Net sales of 500 MT for 2014/15 were reported for Taiwan. Net sales of 25,000 MT for 2015/2016 were reported for unknown destinations. Exports of 600 MT were reported to Taiwan (500 MT) and South Korea (100 MT).

**Sorghum:** Net sales for the 2014/15 marketing year, which began September 1, totaled 208,300 MT. Increases were primarily reported for China (193,000 MT) and Japan (15,200 MT). A total of 362,900 MT in sales were carried over from the 2013/14 marketing year, which ended August 31. Exports for the period ending August 31 of 64,500 MT, all China, brought accumulated exports to 4,700,800 MT, up noticeably from the prior year's total of 1,340,900 MT.

U.S. Export Inspections: Week Ending September 4, 2014					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	1,197,385	884,986	725,552	207,385	350%
Sorghum	64,019	160,585	62,305	101,071	62%
Soybeans	173,732	44,967	78,588	50,194	157%
Wheat	530,773	774,069	7,065,112	10,209,295	69%
Barley	539	1,666	36,451	27,888	131%

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 September 4, 2014						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	715,888	62%	32,797	73%	59,224	93%
PNW	270,113	23%	0	0%	1714	3%
Lakes	3,090	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Interior Export Rail	163,522	14%	11,975	27%	3,081	5%
<b>Total (Metric Tons)</b>	<b>1,152,613</b>	<b>100%</b>	<b>44,772</b>	<b>100%</b>	<b>64,019</b>	<b>100%</b>
<b>White Corn Shipments by Country (MT)</b>			16,500	to Honduras		
			15,823	to Mexico		
			12,449	to Guatemala		
<b>Total White Corn (MT)</b>			<b>44,772</b>			



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Sorghum Shipments by Country (MT)					63,923	to China
					96	to Mexico
<b>Total Sorghum (MT)</b>					64,019	

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)
September	+1.25 Z	\$182.47	-	-
October	+1.30 Z	\$184.44	+1.55 Z	\$194.28
November	+1.27 Z	\$183.26	+1.50 Z	\$192.31
December	+1.27 Z	\$183.26	+1.48 Z	\$191.52

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
September	+1.95 Z	\$210.03	+1.95 Z	\$210.03
October	+1.95 Z	\$210.03	+1.95 Z	\$210.03
November	+1.95 Z	\$210.03	+1.95 Z	\$210.03

Barley: Feed Barley (FOB USD/MT)			
	October	November	December
FOB PNW	\$250	\$250	\$250

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	October	November	December
<b>New Orleans</b>	\$185	\$185	\$185
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	October	November	December
<b>New Orleans</b>	\$690	\$690	\$690
*5-10,000 MT Minimum			

\*All prices are market estimates.



DDGS Price Table: September 12, 2014 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Oct.	Nov.	Dec.
Barge CIF New Orleans	185	184	184
FOB Vessel GULF	199	198	198
Rail delivered PNW	196	196	196
Rail delivered California	204	204	204
Mid-Bridge Laredo, TX	195	193	191
40 ft. Containers to South Korea (Busan)	227	227	229
40 ft. Containers to Taiwan ( Kaohsiung )	222	222	224
40 ft. Containers to Philippines ( Manila )	234	234	237
40 ft. Containers to Indonesia ( Jakarta )	235	235	238
40 ft. Containers to Malaysia (Port Kelang)	237	237	240
40 ft. Containers to Vietnam (HCMC)	237	237	240
40 ft. Containers to Japan (Yokohama)	236	236	239
40 ft containers to Thailand (LCMB)	234	234	236
40 ft Containers to Shanghai, China	220	220	225
KC & Elwood, IL Rail Yard (delivered Ramp)	150	149	150

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 week the DDGS market seemed to have lost its footing and gave back all the price stability of the past few weeks. Domestic rates were down from \$5-10/MT and containerized export rates for DDGS averaged down an additional \$20/MT. Yet, buyers seem to be remaining tactically patient despite the present opportunities. Vietnamese buyers purchased a limited amount of product for October shipment, but the overall sales pace for the October to December harvest period is below the normal seasonal rate. For example, one merchandiser reported that he usually has most of his October product book by this time period, but this season he has only about 40 percent sold. A similarly slow rate of sales is also being reported by domestic sales staff, with around 25-30 percent sold.

Rumors are relatively common when markets are slow. Having said that, a merchandiser reported that he was hearing rumors that one specifically large buyer has quietly returned to the market and is looking to make some purchases for October and November shipments for an unknown quantity. Of course, the “unknown” is what makes a rumor a rumor. Presently, one *fact* that is known is that China’s domestic corn prices are well above world price levels. Another know fact is that USDA just reduced their forecasted Chinese corn production for the present 2014/15 season by 5 million MT due to persistent summer dryness in key growing areas in the Northern Plain and Northeast. It is with such subtle developments in the market that DDGS buyers are struggling to decide when to be patient and when to take action.

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**Ethanol Comments:** USDA increased the estimate of corn used for ethanol production during the 2014/15 season from the prior 5.075 billion bushels to a new September estimate of 5.125 billion bushels. Of course, ethanol producers will need a continuation of favorable margins for that increase to occur. Consequently, it does not seem entirely justifiable for market commutators to declare that the price of ethanol traded sharply lower this week in reaction to declining corn prices. There may be some influence but there is also a normal seasonal decline in ethanol prices during this time period. As well, total U.S. ethanol stocks are larger than a year ago. Unfortunately, that is an item that could become a pressing factor on the price of ethanol - particularly if ethanol exports slow.

The most recent total U.S. ethanol stocks figure is 18 million barrels. That is 10.8 percent larger than the year ago level of 16.3 million barrels. Current production of 927,000 barrels per day (bpd) is about 9.2 percent larger than the same week a year ago production of 848,000 bpd. Those production levels are likely to be adjusted soon if ethanol producer margins continue to decline at the rate that occurred this week. There was a large decline in the differential between the price of corn and price for ethanol co-products in all four of the reporting regions for week-ending Friday, September 12, 2014:

- Illinois differential is \$2.94 per bushel in comparison to \$3.58 the prior week and \$3.54 a year ago.
- Iowa differential is \$2.78 per bushel in comparison to \$3.40 the prior week and \$3.33 a year ago.
- Nebraska differential is \$2.71 per bushel in comparison to \$3.25 the prior week and \$3.17 a year ago.
- South Dakota differential is \$3.24 per bushel in comparison to \$3.91 the prior week and \$3.44 a year ago.

## COUNTRY NEWS

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**Argentina:** Corn planting in Argentina is off to a good start with favorable weather. However, many farmers are concerned about low global prices and the fact that the government has yet to announce this year's export quota, according to Reuters. Farmers are also expected to reduce the total area dedicated to corn planting by 700,000 hectares (16 percent) to 3.7 million hectares as high inflation has caused a spike in production costs.

**Canada:** An early frost in Alberta could potentially damage that province's wheat and barley crop, reports Reuters. 39 percent of Alberta's harvest had been brought in as of September 12, and it is believed that the frost could lower the crops' grade quality and delay the remaining harvest, which is not seen as being a major setback.

**China:** China will likely harvest 2.2 percent less corn in 2014 following a major drought this summer in the country's northeast, according to Reuters. The China National Grain and Oils Information Center has released an estimate that this year's corn output will total some 213.8 MMT, which is a reduction of 8.5 MMT from its August estimate. This is the first fall in domestic corn production since 2010.

**South Africa:** South African yellow corn for December delivery dropped to \$164/MT, according to Bloomberg News.



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**Russia:** Russia is in talks with Iran to trade grain valued at \$500 million in exchange for oil as a means of getting around Western sanctions, reports Reuters. State-controlled grain trader United Grain Company has stated that it was ready to trade 1-2 MMT of grain per year in return for oil.

## 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	\$46.50	Unchanged	Handymax at \$46.50/MT
55,000 U.S. PNW- Japan	\$26.00	Unchanged	Handymax at \$26.50/MT
55,000 U.S. Gulf – China	\$45.50	Unchanged	North China
PNW to China	\$25.00	Unchanged	
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	\$20.50	Unchanged	West Coast Colombia at \$28.50
Colombia, Argentina	\$30.00	Unchanged	
35,000 U.S. Gulf - Guatemala	\$27.00	Unchanged	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$35.00	Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
	\$37.00	Unchanged	
25,000 U.S. Gulf-Morocco	\$35.00	Unchanged	5,000 discharge rate
55,000 U.S. Gulf – Egypt	\$33.00	Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$33.50
PNW to Egypt	\$32.50	Unchanged	
60-70,000 U.S. Gulf – Europe – Rotterdam	\$20.50	Unchanged	Handymax at +\$1.50 more
Brazil, Santos – China	\$35.50	Unchanged	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
	\$34.50	Unchanged	
56-60,000 Argentina-China Upriver with Top-Off	\$40.00	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:** Generally speaking, the market rally of the past couple of weeks continued to appreciate across vessel segments. Most Baltic Dry-Bulk indices were up week-over-week and owners are feeling better about their Q4 prospects. It does,

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however, feel like the rally is beginning to lose some momentum and may be topping out for the moment. I do not see the physical markets showing as much strength as the Baltic indices, so it may be a time for adjustment. The markets are of course still in a carry situation with the forward periods bringing higher rates than for nearby shipments.

Based on seller offers to Asia, October-November rates are about \$2.00/MT over the spot market. The Feb.-March rates are about an additional \$1.00-\$2.00/MT premium.

As for the grain freight spreads between the U.S. Gulf and Brazil to China and other Asian destinations, we currently have a spread of about \$10.50/MT with Brazil having the advantage. However, as we look forward to March 2015, the deferred market is closer to a \$6.50-7.00/MT spread in favor of Brazil. U.S export companies are saying that O-N-D grain elevations in the U.S. Gulf are almost all booked up for the season. We may have to move new additional business to the PNW.

Baltic Panamax Dry-Bulk Indices				
September 12, 2014	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	15,381	15,819	-438	-2.8%
P3A: PNW/Pacific – Japan	7,741	6,559	1,182	18.0%

Source: O'Neil Commodity Consulting

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

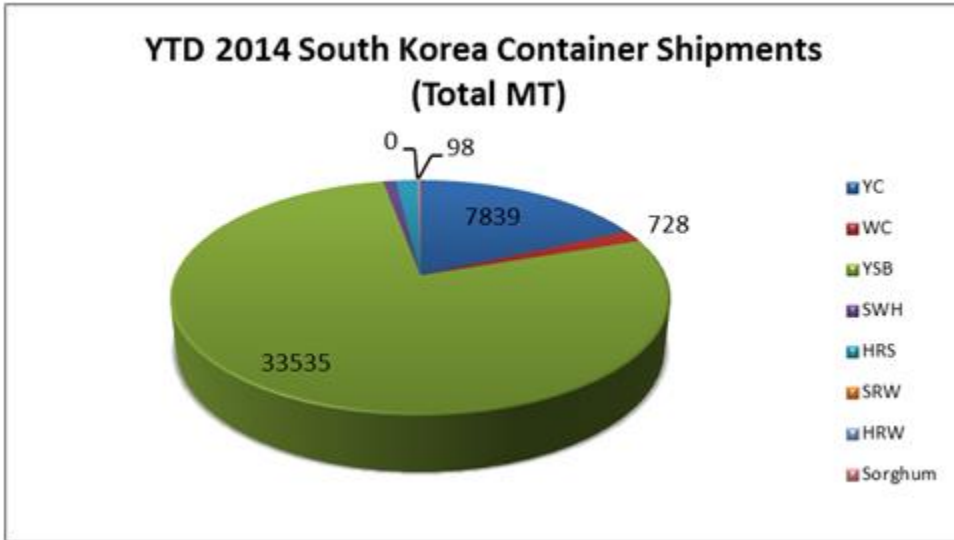
Week of September 12, 2014	
Four weeks ago	\$7.40-\$8.85
Three weeks ago:	\$8.90-\$9.30
Two weeks ago	\$8.75-\$9.15
One week ago:	\$8.40-\$8.80
This week	\$8.50-\$8.95

Source: O'Neil Commodity Consulting

U.S. – Asia Market Spreads					
September 12, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.52	1.20	0.32	\$12.60	PNW
Soybeans	2.40	1.88	0.52	\$19.11	Both
Ocean Freight	\$25.00	\$45.50	0.49-0.53	(\$19.50)	October

Source: O'Neil Commodity Consulting

The charts below represent January-December 2013 annual totals versus January-August 2014 container shipments for South Korea.



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	45	47	46	30	32	28	40
	Brazil	38	42	39	26	25	23	-
Corn (White)	Argentina	45	47	46	30	32	28	40
	Brazil	38	42	39	26	25	23	-
Barley	Argentina	45	47	46	30	32	28	40
	Brazil	38	42	39	26	25	23	-
Sorghum	Argentina	45	47	46	30	32	28	40
	Brazil	38	42	39	26	25	23	-

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 (%): September 10, 2014			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.33	0.33	0.33
LIBOR (1 year)	0.56	0.56	0.55

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