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CHICAGO BOARD OF TRADE MARKET NEWS

| Week in Review: CME Corn December Contract | | | | | |
|--|--|---|--|---|--|
| \$/Bu | Monday 22 September | Tuesday 23 September | Wednesday 24 September | Thursday 25 September | Friday 26 September |
| Change | 0.0125 | -0.0475 | 0.0400 | -0.0350 | -0.0300 |
| Closing Price | 3.3025 | 3.2550 | 3.2950 | 3.2600 | 3.2300 |
| Factors Affecting the Market | The maturity of the U.S. corn crop was about a week behind schedule but the week began with no weather threats on the horizon. | Yesterday's unchanged crop conditions allowed corn contracts to continue selling off. The Dec contract rested on \$3.25 | Today's limited bounce was largely attributable to profit taking by traders with short positions. Basis is weaker. | Export sales were published today and the pace was ample to meet USDA projections. However, prices weakened as the harvest grows. | The Dec. corn contract's entire trading range was less than 10 cents this week as prices drifted lower. Traders do not feel rushed to buy. |

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: USDA will publish their Grain Stocks report next Tuesday, but the content of that report is expected to have limited impact on feed grain prices since the final average U.S. corn yield and harvested acreage numbers remain uncertain; both of which will be updated in the October 10 WASDE report. At that time the harvest will also have further progressed. The corn harvest's pace is presently running about a week behind the 10-year average rate. That delay has not mattered so far because of favorable weather conditions, but concerns could increase if rains next week cause further delays.

Basis is starting to weaken within the Corn Belt harvesting begins in earnest, but remains relatively firm in outlier regions such as the Pacific Northwest. That pricing dynamic is expected to encourage active logistical flow, which could be useful in facilitating full utilization of the nation's storage capacity.

A similar flow of feed grain inventory is likely to take place in the global export markets as large inventories in the U.S., Eastern Europe and Ukraine flow into the normal global deficit regions, such as Japan, Central America. It could also potentially flow into Brazil if dryness persists in that nation and Argentine corn acreage decreases by an estimated 15 percent. Dryness has also recently intensified in China and the pace of Asian buying of low priced feed grains could accelerate into the new calendar year if the Pacific SOI increasingly points toward El Nino.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

September 26, 2014

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Current Market Values:

| Futures Price Performance: Week Ending September 26 , 2014 | | | |
|---|---------------|---------------|-------------------|
| Commodity | 26-Sep | 19-Sep | Net Change |
| Corn | | | |
| Dec 14 | 323.00 | 331.50 | -8.50 |
| Mar 15 | 335.75 | 344.25 | -8.50 |
| May 15 | 344.25 | 353.00 | -8.75 |
| Jul 15 | 351.50 | 360.00 | -8.50 |
| Soybeans | | | |
| Nov 14 | 910.25 | 957.00 | -46.75 |
| Jan 15 | 918.75 | 965.25 | -46.50 |
| Mar 15 | 927.00 | 972.75 | -45.75 |
| May 15 | 935.25 | 979.50 | -44.25 |
| Soymeal | | | |
| Oct 14 | 307.20 | 324.10 | -16.90 |
| Dec 14 | 301.10 | 315.40 | -14.30 |
| Jan 15 | 298.90 | 312.90 | -14.00 |
| Mar 15 | 297.20 | 311.80 | -14.60 |
| Soyoil | | | |
| Oct 14 | 31.92 | 32.46 | -0.54 |
| Dec 14 | 31.99 | 32.58 | -0.59 |
| Jan 15 | 32.27 | 32.83 | -0.56 |
| Mar 15 | 32.54 | 33.11 | -0.57 |
| SRW | | | |
| Dec 14 | 474.25 | 474.50 | -0.25 |
| Mar 15 | 487.50 | 491.00 | -3.50 |
| May 15 | 497.00 | 502.50 | -5.50 |
| Jul 15 | 503.75 | 512.00 | -8.25 |
| HRW | | | |
| Dec 14 | 563.75 | 560.25 | 3.50 |
| Mar 15 | 567.00 | 566.00 | 1.00 |
| May 15 | 569.75 | 569.50 | 0.25 |
| Jul 15 | 563.75 | 562.25 | 1.50 |
| MGEX (HRS) | | | |
| Dec 14 | 533.25 | 535.50 | -2.25 |
| Mar 15 | 548.75 | 552.75 | -4.00 |
| May 15 | 560.50 | 565.25 | -4.75 |
| Jul 15 | 572.00 | 577.50 | -5.50 |

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

U.S. WEATHER/CROP PROGRESS

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| U.S. Crop Condition: September 21, 2014 | | | | | |
|---|-----------|------|------|------|-----------|
| | Very Poor | Poor | Fair | Good | Excellent |
| Corn | 2% | 5% | 19% | 51% | 23% |
| Sorghum | 3% | 9% | 31% | 46% | 11% |

U.S. Drought Monitor Weather Forecast: During the September 26-30 period, a large upper-level trough of low pressure will begin moving over the western CONUS from the Pacific. Temperatures will be warmer-than-normal for much of the country at the beginning of this period, but will become cooler-than-normal in the West near the end of the period. The trough should bring precipitation to much of the West, with an inch or more expected from northern California to the Cascades of the Pacific Northwest and an inch or more over much of the northern Rockies. The precipitation is expected to miss southern California. Bands of frontal precipitation are likely in parts of the Plains and Midwest, in the Southeast and along the Gulf of Mexico and Atlantic coasts, although the precipitation is forecast to miss large parts of the Plains to Midwest.

The upper-level pattern will slowly migrate to the east during October 1-8. The 10-day and 14-day outlooks indicate that the temperature pattern will be below-normal in the West and above-normal in the East, with above-normal temperatures eventually returning to the West Coast. The precipitation pattern should transition to drier-than-normal in the West and wetter-than-normal from the Rockies to the Great Lakes and Southeast as the weather-producing systems migrate eastward. 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 18, 2014 | | | | | |
|--|------------------|--------------|---------------------|----------------------|-----------------------|
| Commodity | Gross Sales (MT) | Exports (MT) | YTD Exports (000MT) | YTD Bookings (000MT) | % Change YTD Bookings |
| Wheat | 467,400 | 474,400 | 8,018.9 | 12,836.7 | -27% |
| Corn | 961,400 | 1,038,600 | 2,456.5 | 13,875.6 | 0% |
| Sorghum | 74,300 | 62,800 | 174.3 | 2,329.5 | 140% |
| Barley | 0 | 500 | 23.0 | 81.6 | -21% |

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 836,400 MT for 2014/15 were reported primarily for Mexico (461,100 MT), Japan (146,400 MT, including 139,000 MT switched from unknown destinations and decreases of 23,200 MT), Peru (84,100 MT, including 60,000 MT switched from unknown destinations), the Dominican Republic (49,000 MT) and Colombia (42,200 MT, including 30,000 MT switched from unknown destinations). Decreases were reported for unknown destinations (41,000 MT), Ireland (9,500 MT) and South Korea (1,700 MT). Net sales of 270,000 MT for 2015/2016 were reported for Mexico. Exports of 1,038,600 MT were primarily to Mexico (312,800 MT), Japan (236,600 MT), Egypt (148,400 MT), Peru (109,000 MT), Colombia (86,600 MT), South Korea (58,700 MT) and Venezuela (40,000 MT).

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Barley: There were no sales reported during the week. Exports of 500 MT were reported to Taiwan.

Sorghum: Net sales of 74,300 MT for 2014/15 were reported for unknown destinations (55,000 MT) and China (19,300 MT). Exports of 62,800 MT were reported to China.

| U.S. Export Inspections: Week Ending September 18, 2014 | | | | | |
|---|--------------------|---------------|--------------------|--------------|----------------------------|
| Commodity (MT) | Export Inspections | | Current Market YTD | Previous YTD | YTD as Percent of Previous |
| | Current Week | Previous Week | | | |
| Corn | 1,018,858 | 760,224 | 2,504,634 | 1,176,887 | 213% |
| Sorghum | 126,907 | 149,541 | 339,047 | 310,468 | 109% |
| Soybeans | 467,684 | 255,142 | 802,711 | 588,226 | 136% |
| Wheat | 506,612 | 664,818 | 8,272,962 | 12,645,427 | 65% |
| Barley | 764 | 196 | 37,827 | 51,808 | 73% |

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 18, 2014 | | | | | | |
|--|---------|------------|--------|-------------|---------|------------|
| Last Week | YC | % of Total | WC | % of Total | Sorghum | % of Total |
| Gulf | 619,846 | 63% | 42,444 | 100% | 121,861 | 96% |
| PNW | 119,728 | 12% | 122 | 0% | 0 | 0% |
| Lakes | 15,006 | 2% | 0 | 0% | 0 | 0% |
| Atlantic | 37,148 | 4% | 0 | 0% | 0 | 0% |
| Interior Export Rail | 184,540 | 19% | 24 | 0% | 5,046 | 4% |
| Total (Metric Tons) | 976,268 | 100% | 42,590 | 100% | 126,907 | 100% |
| White Corn Shipments by Country (MT) | | | 32,328 | to Mexico | | |
| | | | 10,116 | to Colombia | | |
| | | | 122 | to Korea | | |
| | | | 24 | to Jordan | | |
| Total White Corn (MT) | | | 42,590 | | | |
| Sorghum Shipments by Country (MT) | | | | | 114,753 | to China |
| | | | | | 12,154 | to Japan |
| Total Sorghum (MT) | | | | | 126,907 | |

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 | +1.20 Z | \$174.40 | - | - |
| October | +1.22 Z | \$175.19 | +1.52 Z | \$187.00 |
| November | +1.22 Z | \$175.19 | +1.50 Z | \$186.21 |
| December | +1.17 Z | \$173.22 | +1.48 Z | \$185.42 |

| Sorghum (USD/MT FOB Vessel) | | | | |
|---|---------|------------|---------|------------|
| #2 YGS FOB Vessel Max 14.0% Moisture | NOLA | | TEXAS | |
| | Basis | Flat Price | Basis | Flat Price |
| October | +2.45 Z | \$223.61 | +2.45 Z | \$223.61 |
| November | +2.45 Z | \$223.61 | +2.45 Z | \$223.61 |

| 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 |
| New Orleans | \$182 | \$182 | \$182 |
| <i>Quantity 5,000 MT</i> | | | |
| Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT) | | | |
| | October | November | December |
| Bulk 60% Pro. | | | |
| New Orleans | \$700 | \$700 | \$700 |
| <i>*5-10,000 MT Minimum</i> | | | |

*All prices are market estimates.

| DDGS Price Table: September 26, 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 | 175 | 173 | 172 |
| FOB Vessel GULF | 185 | 183 | 182 |
| Rail delivered PNW | 187 | 182 | 181 |
| Rail delivered California | 191 | 186 | 186 |
| Mid-Bridge Laredo, TX | 175 | 176 | 177 |

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| | | | |
|---|-----|-----|-----|
| 40 ft. Containers to South Korea (Busan) | 215 | 215 | 217 |
| 40 ft. Containers to Taiwan (Kaohsiung) | 207 | 207 | 209 |
| 40 ft. Containers to Philippines (Manila) | 223 | 223 | 226 |
| 40 ft. Containers to Indonesia (Jakarta) | 220 | 220 | 223 |
| 40 ft. Containers to Malaysia (Port Kelang) | 223 | 223 | 226 |
| 40 ft. Containers to Vietnam (HCMC) | 231 | 231 | 233 |
| 40 ft. Containers to Japan (Yokohama) | 230 | 230 | 235 |
| 40 ft containers to Thailand (LCMB) | 224 | 224 | 226 |
| 40 ft Containers to Shanghai, China | 213 | 213 | 211 |
| KC & Elwood, IL Rail Yard (delivered Ramp) | 138 | 138 | 140 |

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: Domestic DDGS prices declined another \$9-10/MT this week and containerized export prices fell \$2-3/MT. It makes sense that buyers are hesitant to react when there is such a consistent week-to-week decline in prices. The result is that there seems to presently be far more discussion between DDGS buyers and merchandisers than there is trading activity. Vietnamese buyers made a few purchases recently, but many end-users are primarily watching the market and evaluating their positions.

As the buyers and merchandisers share opinions, there seems to be agreement that a seasonal low in corn futures contracts could happen about the time the U.S. corn harvest is half complete. Individuals point out that there are some additional factors to consider this season, such as housing the enormous grain stocks in North American and likely adjustments to South American planted acreage. However, all seem to recognize that large speculators are holding a substantial short position in corn contracts going into the first of October, and they may not be able to gracefully exit at current low price levels. Consequently, a number of merchandisers have expressed a willingness to team up with DDGS end-users who are able and willing to purchase extended coverage in corn futures contracts.

Ethanol Comments: Average daily ethanol production made a substantial one-week decline down to 889,000 barrels per day (bpd). That was a six-month low level and a substantial 4.5 percent drop from the prior-week's level of 931,000 bpd. However, the weekly production is still 6.9 percent above the year-ago level of 832,000 bpd. Total ethanol stocks are in decline from the prior-week level of 18.8 million barrels down to a level of 18.6, but the total is 19.1 percent above the year-ago stocks level of 15.6 million barrels.

The rate of weekly ethanol production may continue to decline until logistical issues are smoothed out, which presently does not look promising as the harvest of a bumper crop is coming into full fruition. This is occurring as the price of ethanol has lost 50 cents per gallon in the last month. The only positive of this sharp decline is that U.S. ethanol is increasingly attractive on the global export markets. U.S. ethanol can now undercut the price of South American ethanol. A negative of such a steep decline is that the differential between the price

corn and the price of ethanol co-products is at the following lower levels for week ending Friday, September 26, 2014 at:

- Illinois differential is \$2.28 per bushel in comparison to \$2.40 the prior week and \$3.59 a year ago.
- Iowa differential is \$2.07 per bushel in comparison to \$2.19 the prior week and \$2.72 a year ago.
- Nebraska differential is \$1.79 per bushel in comparison to \$2.09 the prior week and \$2.78 a year ago.
- South Dakota differential is \$2.26 per bushel in comparison to \$2.48 the prior week and \$2.97 a year ago.

COUNTRY NEWS

Brazil: Brazil's Supreme Court unanimously blocked the city of Santos' efforts at preventing the Ponta de Praia neighborhood from moving, loading or storing bulk goods, including corn, according to Reuters. The issue stems from local complaints concerning the high volume of truck traffic. The court ruled that the port is under federal jurisdiction and the city had no legal authority over it.

India: The monsoon will leave India's grain-producing northwest next week, but could linger in the central and southern portions of the country, reports Reuters. The overall grain harvest is expected to be lower than last year due to the late and weak appearance of the monsoon season, but is still expected to meet the country's needs.

Russia: The Agricultural Ministry has announced that Russia is on track to harvest upwards of 100 MMT of grain this year, reports Reuters. The country's exportable surplus in 2014/15 will total 27-30 MMT.

South Africa: South African yellow corn for December delivery has risen to \$164.37/MT, according to Bloomberg News.

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 | \$45.0 | Down \$0.50 | Handymax at \$46.50/MT |
| 55,000 U.S. PNW-Japan | \$25.50 | Unchanged | Handymax at \$26.00/MT |
| 55,000 U.S. Gulf-China | \$44.50 | Unchanged | North China |
| PNW to China | \$24.50 | Down \$0.50 | |
| 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 | Up \$0.50 | West Coast Colombia at \$28.50 |
| Colombia, from Argentina | \$30.00 | Unchanged | |

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| | | | |
|--------------------------------------|---------|-----------|----------------------------------|
| 36-40,000 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 |
| | \$37.00 | Unchanged | 3,000 MT daily discharge |
| 25-30,000 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 |
| PNW to Egypt | \$32.50 | Up \$0.50 | St. Lawrence to Egypt \$33.00 |
| 60-70,000 U.S. Gulf-Europe-Rotterdam | \$20.00 | Unchanged | Handymax at +\$1.50 more |
| Brazil, Santos-China | \$35.00 | Unchanged | 54-58,000 Supramax- |
| | \$34.00 | Unchanged | Panamax |
| 56-60,000 Argentina-China | \$39.50 | Unchanged | 60-66,000 Post Panamax |
| Upriver with Top-Off | | | — |

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 not a very exciting week in ocean freight markets, which is why things slipped back a bit.

The Capesize market lost ground and along with the Panamax sector. The overall market is not yet at the point where it can sustain a rally even though things do point to better/higher markets in 2015.

The forward curve is still positive and owners are anxiously awaiting better times. The only freight markets that are on fire are the North American rail car and river barge markets. As the Fall harvest progresses shippers are paying big premiums for interior transportation.

| Baltic Panamax Dry-Bulk Indices | | | | |
|---------------------------------|-----------|-----------|------------|----------------|
| September 26, 2014 | This Week | Last Week | Difference | Percent Change |
| Route | | | | |
| P2A: Gulf/Atlantic – Japan | 14,238 | 14,135 | 103 | 0.7% |
| P3A: PNW/Pacific – Japan | 6,825 | 7,269 | -444 | -6.1% |

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 September 26, 2014 | |
|----------------------------|---------------|
| Four weeks ago | \$8.75-\$9.15 |
| Three weeks ago: | \$8.40-\$8.80 |

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| | |
|---------------|---------------|
| Two weeks ago | \$8.50-\$8.95 |
| One week ago: | \$7.80-\$8.50 |
| This week | \$7.40-\$7.90 |

Source: O'Neil Commodity Consulting

| U.S. – Asia Market Spreads | | | | | |
|----------------------------|---------|---------|---------------|-----------|-----------|
| September 26, 2014 | PNW | Gulf | Bushel Spread | MT Spread | Advantage |
| # 2 Corn | 1.65 | 1.18 | 0.47 | \$18.50 | PNW |
| Soybeans | 2.40 | 1.78 | 0.62 | \$22.78 | GULF |
| Ocean Freight | \$24.00 | \$44.50 | 0.52-0.56 | (\$20.50) | October |

Source: O'Neil Commodity Consulting

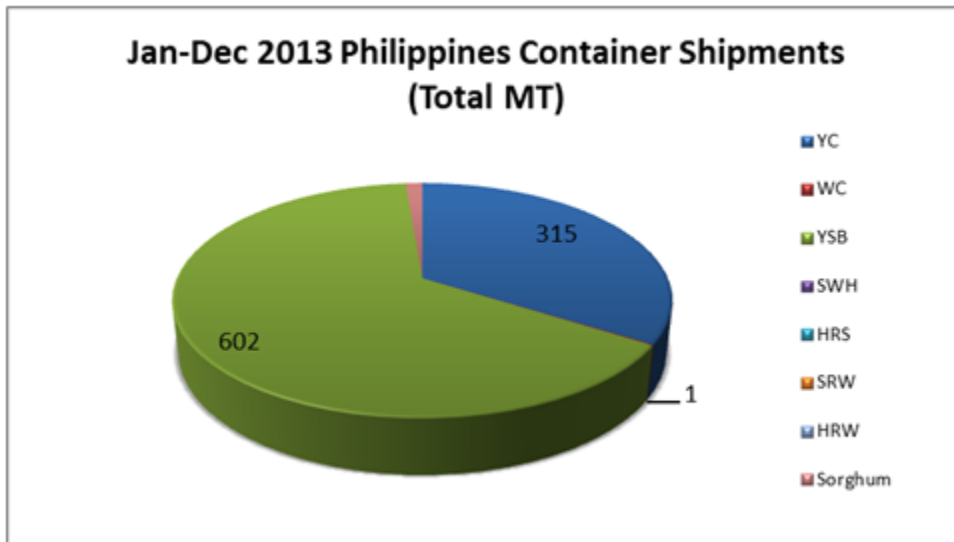
The charts below represent January-December 2013 annual totals versus year-to-date 2014 container shipments to Malaysia.



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 | 44 | 47 | 45 | 30 | 32 | 31 | 43 |
| | Brazil | 36 | 41 | 38 | 26 | 25 | 22 | - |
| Corn (White) | Argentina | 44 | 47 | 45 | 30 | 32 | 31 | 43 |
| | Brazil | 36 | 41 | 38 | 26 | 25 | 22 | - |
| Barley | Argentina | 44 | 47 | 45 | 30 | 32 | 31 | 43 |
| | Brazil | 36 | 41 | 38 | 26 | 25 | 22 | - |
| Sorghum | Argentina | 44 | 47 | 45 | 30 | 32 | 31 | 43 |
| | Brazil | 36 | 41 | 38 | 26 | 25 | 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 (%): September 24, 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) | 0.58 | 0.59 | 0.57 |

Source: www.bankrate.com