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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Monday 1 September	Tuesday 2 September	Wednesday 3 September	Thursday 4 September	Friday 5 September
Change	-	-0.0100	-0.1175	-0.0550	0.0950
Closing Price	-	3.6375	3.5200	3.4650	3.5600
Factors Affecting the Market	Labor Day Holiday	A rally in the value of the U.S. dollar was just enough of a negative influence to press corn contracts slightly lower.	Corn conditions actually improved and that was more than enough to cause double digit loses in December corn.	Increased export sales and questionable weather for next week were not enough to offset the momentum from Wednesday's selling.	The prospect of an early season frost occurring in the northern Corn-Belt next week prompted some short covering and prices rallied.

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: The 2014/15 crop year for U.S. corn and sorghum began on September 1, and in just two years the market has transitioned from drought into a bumper crop. Consistently favorable crop conditions are causing market participants to look at the December 2014 new-crop contract and ask how low it can go. That question will be answered in part by the contents of next week's WASDE report, which will be published on Thursday September 11.

There is already an established expectation that USDA will increase corn yields in next week's WASDE and the only real uncertainty is by how much. The maturity of the current crop is about a week behind schedule. Some analysts estimate that average U.S. corn yields could be well above 170 bushels per acre (bu.) if weather conditions remain favorable until maturity is complete. Of course, weather is still an uncertainty and so is the final average yield of the different corn varieties. The result is that most analysts expect USDA to stair-step any increase in the forecast of final yields until they receive more concrete harvest information.

USDA estimated a national corn yield of 167.4 bu. in the August WASDE for the current 2014/15 season, which is well above the 2013/14 average of 158.8 bu. It is entirely possible that USDA could further increase their yield estimate in the September WASDE to 170 bu. next week. However, a December contract of \$3.50 bu. (cash prices below \$3.30 bu.) seems to already reflect such a yield. This is important to note, because open interest has been increasing at present price levels. Traders with short positions need USDA to eventually confirm their confidence that weather and the productive ability of this season's varieties will result in further yield increases.

CBOT DECEMBER CORN FUTURES



Source: Prophet X

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Current Market Values:

Futures Price Performance: Week Ending September 5 , 2014			
Commodity	September 5	August 29	Net Change
Corn			
Sep 14	346.50	359.00	-12.50
Dec 14	356.00	364.75	-8.75
Mar 15	368.75	377.75	-9.00
May 15	377.00	386.00	-9.00
Soybeans			
Sep 14	1085.50	1089.50	-4.00
Nov 14	1021.50	1024.25	-2.75
Jan 15	1028.25	1032.50	-4.25
Mar 15	1035.00	1040.50	-5.50
Soymeal			
Sep 14	436.10	439.50	-3.40
Oct 14	357.30	363.10	-5.80
Dec 14	349.10	350.70	-1.60
Jan 15	345.60	347.60	-2.00
Soyoil			
Sep 14	32.35	32.04	0.31
Oct 14	32.28	32.01	0.27
Dec 14	32.48	32.14	0.34
Jan 15	32.76	32.40	0.36
SRW			
Sep 14	531.50	550.25	-18.75
Dec 14	535.25	563.50	-28.25
Mar 15	553.00	582.50	-29.50
May 15	564.75	592.25	-27.50
HRW			
Sep 14	619.75	626.25	-6.50
Dec 14	628.50	642.75	-14.25
Mar 15	635.25	651.50	-16.25
May 15	636.75	655.50	-18.75
MGEX (HRS)			
Sep 14	626.25	615.00	11.25
Dec 14	611.50	629.75	-18.25
Mar 15	625.75	643.00	-17.25
May 15	635.50	652.75	-17.25

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Condition: August 31, 2014					
	Very Poor	Poor	Fair	Good	Excellent
Corn	2%	5%	19%	52%	22%
Sorghum	3%	9%	31%	47%	10%
Barley	4%	10%	34%	44%	8%

U.S. Drought Monitor Weather Forecast: The NWS WPC Quantitative Precipitation Forecast (QPF) calls for moderate-to-heavy rainfall accumulations (2-5 inches) across the Desert Southwest, Southern Rockies, Central Plains, Upper Midwest, Southeast and lower Mid-Atlantic regions. Late in the period, a plume of subtropical moisture is forecasted to move into the Southwest bringing potentially heavy rains. In the Far West, dry conditions are forecasted to persist across California, the Great Basin and most of the Pacific Northwest.

The 10 day outlooks call for a high probability of above-normal temperatures across the Far West, Southern Plains, South, Southeast and Mid-Atlantic while below-normal temperatures are forecasted across the Central Rockies, Northern Plains, Upper Midwest and New England. Regarding precipitation across the conterminous U.S., a high probability of above-normal precipitation is expect across the Southwest and the eastern half of the U.S. Below-normal precipitation is expected across the Pacific Northwest. 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 August 28, 2014					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	411,900	466,700	5,466.0	11,266.9	-26%
Corn	159,100	1,002,700	45,845.1	48,656.2	155%
Sorghum	0	163,400	4,418.7	5,008.5	210%
Barley	600	3,200	20.7	37.8	-34%

Source: USDA, World Perspectives, Inc.

Corn: Net sales reductions of 7,500 MT for 2013/14 were up 77 percent from the previous week, but down noticeably from the prior four-week average. Increases reported for South Korea (121,200 MT, including 57,000 MT switched from unknown destinations), Japan (84,500 MT, including 92,800 MT switched from unknown destinations and decreases of 8,300 MT), Honduras (16,500 MT) and Guatemala (13,600 MT, switched from unknown destinations), were more than offset by decreases for unknown destinations (230,100 MT), Mexico (21,400 MT), the Dominican Republic (17,700 MT) and Colombia (2,900 MT). Net sales of 525,600 MT for 2014/15 were reported primarily for unknown destinations (268,300 MT), Mexico (103,100 MT), Colombia (86,200 MT) and Guatemala (47,000 MT). Decreases were reported for Costa Rica (13,600 MT) and Honduras (10,600 MT). Exports of 1,022,600 MT were up 2 percent from the previous week and 5 percent

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from the prior four-week average. The primary destinations were Mexico (257,200 MT), Japan (233,700 MT), South Korea (181,100 MT), Colombia (71,800 MT), Spain (66,100 MT), Egypt (65,000 MT), the Dominican Republic (42,300 MT) and Panama (17,200 MT). Optional Origin Sales: For 2013/14, options were exercised to export 55,000 MT to South Korea from the United States.

Barley: Net sales of 800 MT for 2014/15 were reported for Taiwan. Exports of 300 MT were reported to South Korea (200 MT) and Taiwan (100 MT).

Sorghum: Net sales of 53,900 MT for 2013/14 were reported for China. Net sales of 58,000 MT for 2014/15 were reported for China. Exports of 217,600 MT were reported to China.

U.S. Export Inspections: Week Ending August 28, 2014					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	186,400	747,600	6,213.6	11,435.7	-28%
Sorghum	181,400	1,022,600	46,867.6	48,648.7	156%
Soybeans	56,600	217,600	4,636.3	5,062.4	213%
Wheat	800	300	20.9	38.5	-33%
Barley	186,400	747,600	6,213.6	11,435.7	-28%

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 August 28, 2014						
Last Week	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	462,678	55%	29,825	100%	156,815	99%
PNW	147,551	17%	0	0%	0	0%
Lakes	11,176	1%	0	0%	0	0%
Atlantic	32,652	4%	0	0%	0	0%
Interior Export Rail	189,313	22%	0	0%	1,616	1%
Total (Metric Tons)	843,370	100%	29,825	100%	158,431	100%
White Corn Shipments by Country (MT)			29,825	to Mexico		
Total White Corn (MT)			29,825			
Sorghum Shipments by Country (MT)					158,431	to China
Total Sorghum (MT)					158,431	

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	+1.30 Z	\$191.33	+1.60 Z	\$203.14
October	+1.30 Z	\$191.33	+1.55 Z	\$201.17
November	+1.27 Z	\$190.15	+1.55 Z	\$201.17
December	+1.27 Z	\$190.15	+1.55 Z	\$201.17

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	\$216.92	+1.95 Z	\$216.92
October	+1.95 Z	\$216.92	+1.95 Z	\$216.92
November	+1.95 Z	\$216.92	+1.95 Z	\$216.92

Barley: Feed Barley (FOB USD/MT)			
	September	October	November
FOB PNW	\$265	\$265	\$265

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	September	October	November
New Orleans	\$175	\$175	\$175
Quantity 5,000 MT			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
	September	October	November
Bulk 60% Pro.			
New Orleans	\$692	\$692	\$692
*5-10,000 MT Minimum			

*All prices are market estimates.

DDGS Price Table: September 5, 2014 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Sep.	Oct.	Nov.
Barge CIF New Orleans	190	192	190
FOB Vessel GULF	200	204	202
Rail delivered PNW	195	194	195
Rail delivered California	201	200	201
Mid-Bridge Laredo, TX	196	198	198

40 ft. Containers to South Korea (Busan)	247	246	246
40 ft. Containers to Taiwan (Kaohsiung)	239	238	238
40 ft. Containers to Philippines (Manila)	258	255	255
40 ft. Containers to Indonesia (Jakarta)	255	249	249
40 ft. Containers to Malaysia (Port Kelang)	256	254	254
40 ft. Containers to Vietnam (HCMC)	262	259	259
40 ft. Containers to Japan (Yokohama)	265	260	260
40 ft containers to Thailand (LCMB)	255	254	254
40 ft Containers to Shanghai, China	241	242	242
KC & Elwood, IL Rail Yard (delivered Ramp)	167	168	168

*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 remained basically unchanged while the price of exported containers had an average increase of \$7/MT in the nearby spot market. The opposite happened last week, as domestic DDGS prices increased by about \$3/MT while international containerized prices declined by an additional \$4/MT. When averaged over several weeks, the price changes that are being offered to domestic and foreign DDGS buyers are rather uniform. Of course, logistical cost is always one determinant in pricing the total cost to various destinations. There is also one other extremely important consideration – the reliability of the buyer in making payments.

DDGS merchandisers will work hard to maintain a relationship with any buyer who promptly pays for inventory. Recent events have forced some DDGS merchandisers to reposition a number of containerized cargoes that were sent to Southeast Asia. The merchandisers found no shortage of new buyers willing to assume ownership of the containerized DDGS. Merchandisers naturally want to be hospitable in building new business relationships and desire to show trust. Unfortunately, a few buyers will periodically break that trust, but DDGS merchandisers talk among themselves. Word quickly gets out about who are the truly dependable buyers and they receive a price advantage.

Ethanol Comments: Management of ethanol facilities across the Corn-Belt uniformly considered various purchasing strategies as they watched corn prices hit new lows this week. There was some talk among market participants about the weak basis at the Gulf of Mexico, but most ethanol plants are more focused upon their own local basis. They are often closer to the pulse of the market than are speculative traders in Chicago.

Ethanol facilities in the upper Corn-Belt are keeping an eye on the prospect of cooler temperatures occurring in the next two weeks in Minnesota, the Dakotas and maybe even down to northern Iowa. They are also keeping an eye on factors such as precipitation amounts and changing acreage in South America, all of which are likely to have some influence on corn prices this fall.

Ethanol facilities desire to lock in favorable margins at the most opportune time. There was an improvement in the differential between the cost of corn and the co-products for ethanol facilities in three of the four regions across the Corn-Belt for week-ending Friday, September 5, 2014:

- Illinois differential is \$3.58 per bushel in comparison to \$3.41 the prior week and \$3.31 a year ago.
- Iowa differential is \$3.40 per bushel in comparison to \$3.32 the prior week and \$2.97 a year ago.
- Nebraska differential is \$3.25 per bushel in comparison to \$3.28 the prior week and \$3.30 a year ago.
- South Dakota differential is \$3.91 per bushel in comparison to \$3.80 the prior week and \$3.19 a year ago.

COUNTRY NEWS

Argentina: It is believed that Argentine farmers could increase corn plantings by up to 20 percent if the next elected president dismantles the country's export quotas, reduces taxes and rolls back myriad policies that have slowed investment in agriculture, according to Reuters.

EU: It is predicted that Europe could endure its third mild and wet winter, reports Reuters.

South Africa: South African yellow corn for December delivery has risen for the first time in a week to total \$164.58/MT, according to Bloomberg News.

Ukraine: Ukraine's grain exports in the first two months of the 2014/15 seasons have risen to 5.01 MMT, reports Reuters. This is a substantial increase over the 3.3 MMT shipped at this point last year. These shipments included 1.89 MMT of barley and 377,000 MT of corn. The agricultural ministry anticipates a total grain harvest of 63 MMT, which is similar to the amount brought in last year. It is estimated that farmers have so far harvested 35.6 MMT of grain over 9.8 million hectares, which is about 66 percent of the total area.

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	Up \$1.00	Handymax at \$46.50/MT
55,000 U.S. PNW- Japan	\$26.00	Up \$1.00	Handymax at \$26.50/MT
55,000 U.S. Gulf – China	\$45.50	Up \$1.00	North China
PNW to China	\$25.00	Up \$1.00	
25,000 U.S. Gulf- Veracruz, México	\$16.00	Up \$1.00	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$13.50	Up \$0.50	Deep draft and 8,000 MT per day discharge rate.

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25/35,000 U.S. Gulf- East Coast Colombia, Argentina	\$20.50 \$30.00	Unchanged Unchanged	West Coast Colombia at \$28.50
35,000 U.S. Gulf - Guatemala	\$27.00	Unchanged	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$35.00 \$37.00	Unchanged Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25,000 U.S. Gulf-Morocco	\$35.00	Unchanged	5,000 discharge rate
55,000 U.S. Gulf – Egypt PNW to Egypt	\$33.00 \$32.50	Unchanged Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$33.50
60-70,000 U.S. Gulf – Europe – Rotterdam	\$20.50	Up \$0.50	Handymax at +\$1.50 more
Brazil, Santos – China	\$35.50 \$34.50	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	\$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: As we enter the last quarter of 2014, the shipping industry is anxiously asking itself if things have finally turned the corner. Rates seem to have at least stabilized and even shown some improvement over the last month. The strong carry, or Contango, in the markets certainly indicates that everyone is optimistic about what the last months of 2014 and the next year will produce. The spot market continues to be a buyers' market but it will take considerably more money to wrestle a ship away from an owner for the Oct.-Nov.-Dec. positions. The Panamax sector is currently leading the way up. The Capesize markets are trailing the rest, but even they are showing a wide spread between the \$16,918 spot market and the \$24,500 Q4 market. Markets in the Pacific are showing the best recovery, but then again they suffered the most over the past quarter.

I am not thinking that ocean freight markets are going to become wildly bullish but I do think shippers and receivers are going to have to adjust to paying a bit more as we move forward. The containerized grain freight markets will likely take longer to recover and improve. This will cause the spreads between Dry-Bulk and container freight to widen in the favor of containerized grain shipments.

Baltic Panamax Dry-Bulk Indices				
September 5, 2014	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	15,819	15,227	592	3.9%
P3A: PNW/Pacific – Japan	6,559	5,272	1,287	24.4%

Source: O'Neil Commodity Consulting

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

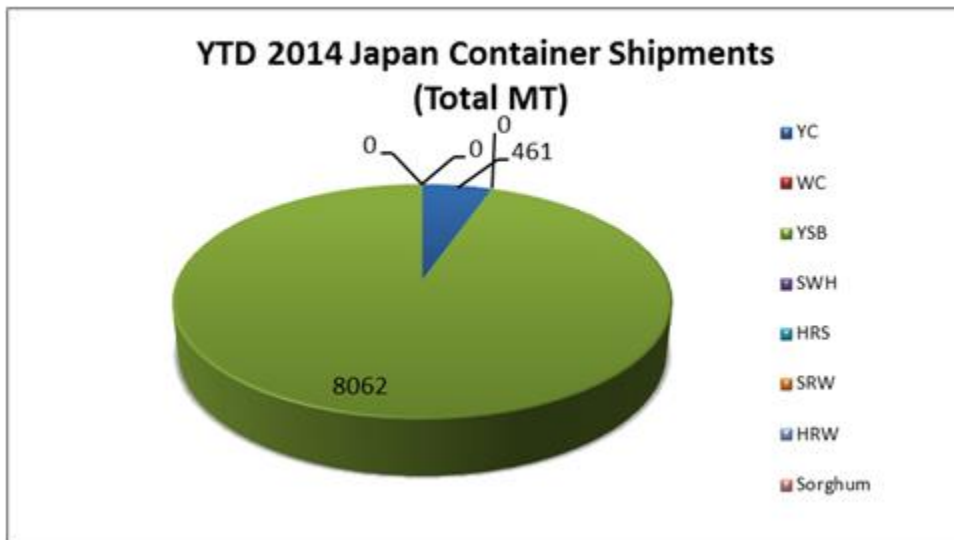
Week of September 5, 2014	
Four weeks ago	\$7.70-\$8.00
Three weeks ago:	\$7.40-\$8.85
Two weeks ago	\$8.90-\$9.30
One week ago:	\$8.75-\$9.15
This week	\$8.40-\$8.80

Source: O'Neil Commodity Consulting

U.S. – Asia Market Spreads					
September 5, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.55	1.23	0.32	\$12.60	PNW
Soybeans	2.45	1.90	0.55	\$20.21	Both
Ocean Freight	\$25.00	\$45.50	0.52-0.56	(\$20.50)	September

Source: O'Neil Commodity Consulting

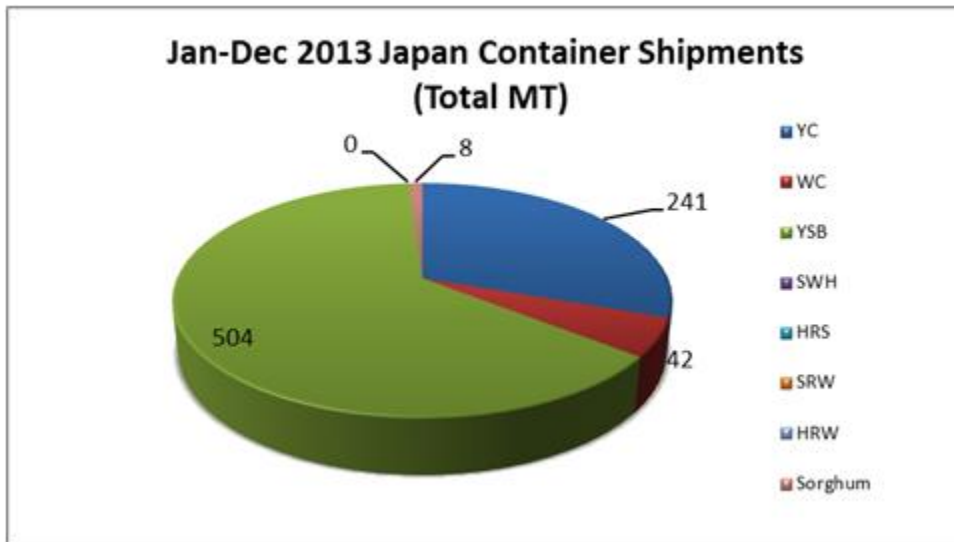
The charts below represent January-December 2013 annual totals versus January-August 2014 container shipments for Japan.



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	47	44	30	32	28	40
	Brazil	37	41	38	26	25	23	-
Corn (White)	Argentina	43	47	44	30	32	28	40
	Brazil	37	41	38	26	25	23	-
Barley	Argentina	43	47	44	30	32	28	40
	Brazil	37	41	38	26	25	23	-
Sorghum	Argentina	43	47	44	30	32	28	40
	Brazil	37	41	38	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 3, 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	0.57	0.58

Source: www.bankrate.com