



May 25, 2017

CONTENTS

CHICAGO BOARD OF TRADE MARKET NEWS 2

CBOT JULY CORN FUTURES..... 3

U.S. WEATHER/CROP PROGRESS 4

U.S. EXPORT STATISTICS 5

FOB..... 6

DISTILLER’S DRIED GRAINS WITH SOLUBLES (DDGS) 7

COUNTRY NEWS 8

OCEAN FREIGHT MARKETS AND SPREAD 9

OCEAN FREIGHT COMMENTS 9

INTEREST RATES..... 12

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 ten 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.

CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn July Contract					
\$/Bu	Friday May 19	Monday May 22	Tuesday May 23	Wednesday May 24	Thursday May 25
Change	6.500	2.500	-5.5000	1.7500	-2.0000
Closing Price	372.50	375.00	369.50	371.25	369.25
Factors Affecting the Market	A scandal-filled week left corn higher for the day and up 1.5 cents for the week. Planting progress was meager this week and the forecast isn't friendly. Commercial buying helped offset Brazilian-led declines and interior U.S. basis is stable. The dollar was down 77 points.	Poor weekend planting weather sent corn higher again. Forecasts call for drier weather but offer little encouragement as final planting dates move closer. Exports were bullish at 45 million bushels, even as funds are still short corn. Outside markets were mixed.	USDA's Crop Progress showed planting in-line with 5-year averages, but traders are skeptical. There are a lot of acres that have been planted but will need to be replanted. Opportunities for replanting are becoming limited for the Eastern Corn Belt with June as the last planting date.	Lackluster trading left corn slightly, and unconvincingly, higher. The weather is the big issue right now and exports the lone fundamental variable for old-crop corn. Cash corn is lower, as are the U.S. dollar and crude oil. U.S. equities posted a 5th straight day of gains.	Corn finished lower with spillover selling pressure from soybeans. Weather is the big market driver right now and better weekend weather took some pressure off. Exports of 41.4 were neutral as they fell below the 41.9 needed. The dollar was higher.

Outlook: July corn futures decisively moved one direction this week – sideways. Poor planting weather and ample global supplies have trapped the market's action and, unfortunately, plenty of ambiguity exists between these two factors.

The latest Crop Progress report from USDA showed the U.S. corn crop even with the five-year average planting progress (85 percent). Traders viewed the report with both relief and skepticism; relief that planting is making progress and skepticism from knowing a large portion of those "planted" acres will be replanted. Farmers managed to get the corn crop in the ground, despite the cool, rainy weather plaguing the Midwest this year. The remaining question is how much seed is *still* in the ground and how much has been washed out.

Seed companies are reporting that farmers are aggressively inquiring about and procuring additional seed for replanting. Some have called this year "historic" regarding the acres that will be replanted this year. Farmers in the Western Corn Belt are reporting some operators are preparing to replant for a *second* time. With farm economics in their current state, it's tough to imagine how this will be profitable and expectations are that corn acreage estimates will fall in the June WASDE.

This week's market fireworks largely came last Thursday when news about a political scandal in Brazil broke. Brazil's President was implicated in a scandal between the world's largest meat packer, JBS, and a Brazilian senator. The news rocked currency markets and the Brazilian real plunged 8 percent in the following day's trading. The currency devaluation was great news for Brazilian farmers who received an instant price increase and sold 0.5-1 MMT of corn. The selling sent Chicago futures 5 cents lower for the day.

July corn's technical indicators are still a jumbled mess. The moving averages, stochastics, and RSI are all nicely (and uselessly) pointing sideways and the market is entrenched in range-bound trading. Major support

lies at \$3.64 while resistance is only 11 cents higher at \$3.75. The weather will continue to drive the market but a truly bullish case won't develop unless the weather turns colder and wetter – or prevent-plant reports increase. Given the weather risks already present, bears have little additional selling appetite and it will take a strongly bearish report to turn the market lower.

CBOT JULY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending May 25, 2017			
Commodity	25-May	19-May	Net Change
Corn			
Jul 17	369.25	372.50	-3.25
Sep 17	377.00	379.75	-2.75
Dec 17	387.50	390.25	-2.75
Mar 18	397.50	400.00	-2.50
Soybeans			
Jul 17	939.50	953.00	-13.50
Aug 17	941.50	954.25	-12.75
Sep 17	938.75	952.50	-13.75
Nov 17	939.25	951.75	-12.50
Soymeal			
Jul 17	304.70	307.00	-2.30
Aug 17	305.80	308.20	-2.40
Sep 17	307.00	309.20	-2.20
Oct 17	307.00	309.00	-2.00
Soyoil			
Jul 17	32.04	33.04	-1.00
Aug 17	32.15	33.13	-0.98
Sep 17	32.27	33.24	-0.97
Oct 17	32.35	33.31	-0.96
SRW			
Jul 17	430.75	435.25	-4.50
Sep 17	444.25	448.50	-4.25
Dec 17	466.50	469.75	-3.25
Mar 18	485.00	487.50	-2.50
HRW			
Jul 17	431.25	438.00	-6.75
Sep 17	449.00	455.00	-6.00
Dec 17	474.25	480.25	-6.00
Mar 18	489.50	495.00	-5.50
MGEX (HRS)			
Jul 17	562.25	555.75	6.50
Sep 17	567.75	562.50	5.25
Dec 17	573.75	570.00	3.75
Mar 18	580.75	577.50	3.25

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	May 21, 2017	Last Week	Last Year	2012-16 Avg.
Corn	84%	71%	84%	85%
Sorghum	37%	32%	36%	41%
Barley	88%	78%	93%	87%

Source: USDA

U.S. Drought Monitor Weather Forecast: A storm system in the vicinity of the central Appalachians on Thursday will drift northeastward, reaching coastal New England by May 26. Meanwhile, a low-pressure system will cross southern Canada, with a disturbance along the storm's trailing cold front affecting the nation's mid-section during the Memorial Day holiday weekend. On Friday, soaking rains will end across the Northeast, while showers and thunderstorms will develop from the northern Intermountain West into the lower Midwest. Rain will quickly spread eastward and return to parts of the southern and eastern U.S. during the weekend. Elsewhere, mostly dry weather during the next 5 days will be limited to just a few areas, including California and the Southwest.

The NWS 6- to 10-day outlook for May 30-June 3 calls for the likelihood of below-normal temperatures from the central and southern Plains to the western slopes of the Appalachians, while warmer-than-normal weather should prevail along the Atlantic Seaboard and across the northern High Plains and much of the West. Odds will be tilted toward near- to above-normal rainfall across most of the country, but drier-than-normal conditions can be expected from the Pacific Northwest into the upper Midwest.

Follow this link to view current U.S. and international weather patterns and future outlook: [Weather and Crop Bulletin](#).

U.S. EXPORT STATISTICS

U.S. Export Sales and Exports: Week Ending May 18, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	261,800	733,600	25,458.3	28,398.3	38%
Corn	473,100	1,052,400	40,531.7	53,255.8	27%
Sorghum	600	49,400	3,703.0	4,307.3	-39%
Barley	0	0	17.7	25.5	-8%

Source: USDA/FAS

Corn: Net sales of 457,200 MT for 2016/2017 were down 35 percent from the previous week and 33 percent from the prior 4-week average. Increases were reported for Japan (227,400 MT, including 156,300 MT switched from unknown destinations and decreases of 5,500 MT), Mexico (68,600 MT, including decreases of 2,600 MT), Taiwan (67,000 MT, including 65,000 MT switched from unknown destinations), South Korea (62,800 MT), and Bangladesh (53,400 MT, including 50,000 MT switched from Nigeria). Reductions were reported for unknown destinations (120,000 MT), Nigeria (50,000 MT), and the Dominican Republic (3,200 MT). For 2017/2018, net sales of 500 MT were reported for unknown destinations. Exports of 1,052,400 MT were down 32 percent from the previous week and 14 percent from the prior 4-week average. The primary destinations were Japan (464,900 MT), Mexico (348,600 MT), Taiwan (70,300 MT), Bangladesh (52,900 MT), and Peru (42,500 MT).

Optional Origin Sales: The current optional origin outstanding balance for 2016/2017 of 191,000 MT is for unknown destinations (123,000 MT) and South Korea (68,000 MT). The current outstanding balance for 2017/2018 of 58,000 MT is for unknown destinations.

Barley: There were no sales or exports reported during the week.

Sorghum: Net sales reductions of 3,200 MT for 2016/2017 resulted as increases for China (49,200 MT, switched from unknown destinations) and Mexico (600 MT), were more than offset by reductions for unknown destinations (53,000 MT). Exports of 49,400 MT were down 41 percent from the previous week and 47 percent from the prior 4-week average. The destinations were China (49,200 MT) and Mexico (200 MT).

U.S. Export Inspections: Week Ending May 18, 2017

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	2,364	168	37,817	31,512	120%
Corn	1,144,187	1,420,269	41,913,002	27,615,874	152%
Sorghum	60,062	67,336	4,533,920	7,027,068	65%
Soybeans	348,535	284,475	50,447,843	43,365,272	116%
Wheat	674,559	695,016	26,428,815	19,578,373	135%

Source: USDA/AMS. *Marketing Year is June 1-May 31 for wheat and barley and September 1-August 31 for corn, sorghum and soybeans. Week-to-week reports will vary due to exporter reported conditions and cancellations to previous week's reports.

USDA Grain Inspections for Export Report: Week Ending May 18, 2017

Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	606,229	54%	19,500	99%	49,185	82%
PNW	376,154	33%	122	1%	0	0%
Interior Export Rail	142,182	13%	0	100%	10,877	18%
Total (Metric Tons)	1,124,565	100%	19,622	100%	60,062	100%
White Corn Shipments by Country (MT)			19,500	to Honduras		
			122	to South Korea		
Total White Corn (MT)			19,622			
Sorghum Shipments by Country (MT)					49,185	to China
					10,877	to Mexico
Total Sorghum (MT)					60,062	

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)
FH June	+0.43 N	\$162.29	+0.71 N	\$173.32
LH June	+0.40 N	\$161.11	+0.71 N	\$173.32
July	+0.38 N	\$160.33	+0.71 N	\$173.32
August	+0.38 U	\$163.38	+0.67 U	\$174.79

Due to the low volume of trade in the market, we are unable to provide accurate White Corn FOB values for this week's report.

Sorghum (USD/MT FOB Vessel)

#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
June	+0.95 N	\$182.77	+0.85 N	\$178.83
July	+0.95 N	\$182.77	+0.75 Z	\$182.08

Due to the low volume of trade in the market, we are unable to provide accurate Feed Barley FOB values for this week's report.

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	June	July	August
New Orleans	\$117	\$117	-
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	June	July	August
New Orleans	\$581	\$581	-
<i>*5-10,000 MT Minimum</i>			
Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)			
	June	July	
Rail Delvd. Savannah	\$520	-	
Rail Delvd. Chicago	\$505	-	
Truck Delvd. Chicago	\$509	-	

**All prices are market estimates.*

DDGS Price Table: May 25, 2017 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	June	July	August
Barge CIF New Orleans	141	140	140
FOB Vessel GULF	157	155	149
Rail delivered PNW	169	170	170
Rail delivered California	172	173	173
Mid-Bridge Laredo, TX	171	172	172
FOB Lethbridge, Alberta	145	146	146
40 ft. Containers to South Korea (Busan)	173	173	175
40 ft. Containers to Taiwan (Kaohsiung)	173	174	175
40 ft. Containers to Philippines (Manila)	180	181	183
40 ft. Containers to Indonesia (Jakarta)	178	178	180
40 ft. Containers to Malaysia (Port Kelang)	177	177	178
40 ft. Containers to Vietnam (HCMC)	182	182	182
40 ft. Containers to Japan (Yokohama)	178	178	178
40 ft. containers to Thailand (LCMB)	175	176	177
40 ft. Containers to China (Shanghai)	177	177	177
KC & Elwood, IL Rail Yard (delivered Ramp)	133	134	134

*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.*

DISTILLER'S DRIED GRAINS WITH SOLUBLES (DDGS)

DDGS Comments: The market has strengthened from what was a flat start to the week. Prices increased in Chicago; Savannah, Georgia; and the barge market. Barge prices were \$2/MT higher this week and Chicago prices were \$5-10 higher as well. FOB Gulf prices increased this week as international demand picked up.

Merchandisers are reporting June FOB Gulf shipments are becoming increasingly tight. Several are confirming trades in the low \$160s and note that quotes below \$155 are increasingly unrealistic. Steady/stronger demand and the final impacts of the spring maintenance closures are responsible for the market tightness.

Southeast Asian buyers were active purchasers this week following weeks of subdued inquiries. Traders sold loads to Korea for June shipment and Malaysia for LH June/FH July shipment. Shipments to Korea are up 83 percent YTD while Malaysia has imported 3 percent more DDGS.

Merchandisers are reporting increasing inquiries from Bangladesh, which is a small but growing market for U.S. DDGS. In 2016, the U.S. shipped 38,900 MT to Bangladesh, which was a 579 percent change from the prior year. So far in 2017 (latest data through March), U.S. DDGS exports to Bangladesh have totaled 17,800 MT, up 14 percent from this time last year.

Higher DDGS prices boosted the relative price of DDGS to corn, moving the market to 85 percent of cash corn values and 96 percent of FOB Gulf corn. DDGS carry a \$2.01 per-protein unit cost advantage against Kansas City soybean meal and a \$0.94 per-protein unit advantage against FOB Gulf soybean meal. Both figures are down from the prior week.

COUNTRY NEWS

Brazil: Consultancy firm AgRural says that the winter safrinha corn crop is producing larger than expected yields. Soybean & Corn Advisor had increased its projection for Brazil's total 2016/17 corn production to 93 MMT, but AgRural has boosted its guess of the safrinha crop by 3.5 percent and the prior summer crop by nearly 2 percent to reach a total of 94.4 MMT – a 42 percent increase in production year on year. (Bloomberg)

China: A total of 7 MMT of 2013 harvested corn is being offered this week at auction from government reserves. Last week, the government sold nearly 1 MMT of 2011 and 2012 crop corn at 1,225 yuan/MT (US\$177.85), which is a 25 percent discount to the September Dalian futures contract. It sold another 3.56 MMT at 1,409 yuan/MT. The price of corn on the Dalian remains under pressure.

Meanwhile, the National Meteorological Service says that recent rains have eased drought conditions in northern areas, and this will help farmers to replant crops. But, others contend that high temperatures will cause the drought to persist and the government recommends the planting of drought tolerant crops instead of corn. (Reuters; Bloomberg)

France: The French corn growers' group AGPM says that beneficial rains and a slumping dollar is putting downward pressure on LIFFE futures prices. The euro value of corn was down 4 percent last week, the largest decline since 2015. Meanwhile, MDA agricultural weather forecaster Donald Keeney says that a return of dry, warm conditions will impose persistent dryness on the crops in France and Spain. (Bloomberg)

South Africa: The yields being achieved by the continent's largest corn producer, South Africa, is raising expectations that this year's crop could reach 14.65 MMT, the second largest on record. The April forecast by the government's Crop Estimates Committee called for 14.54 MMT. (Newsday; Bloomberg)

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	\$37.00	Down \$0.25	Handymax at \$39.00/MT
55,000 U.S. PNW-Japan	\$19.00	Down \$0.50	Handymax at \$21.00/MT
55,000 U.S. Gulf-China	\$36.00	Down \$0.25	North China
PNW to China	\$18.00	Down \$0.25	
25,000 U.S. Gulf-Veracruz, México	\$14.25	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$12.50	Down \$0.25	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$16.25 \$25.25	Down \$0.25 Down \$0.25	West Coast Colombia at \$23.00
40-45,000 U.S. Gulf-Guatemala	\$22.25	Down \$0.25	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$24.50 \$27.50	Down \$0.25	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$23.50	Down \$0.25	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$21.25	Down \$0.25	55,000 -60,000 MT
PNW to Egypt	\$22.50	Down \$0.50	St. Lawrence to Egypt \$22.50
60-70,000 U.S. Gulf-Europe-Rotterdam	\$14.25	Unchanged	Handymax at +\$1.50 more
Brazil, Santos-China	\$25.50	Down \$1.25	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port upriver	\$24.50	Down \$1.25	
Amazonia-China	\$29.00	Down \$1.00	
56-60,000 Argentina-China Upriver with Top-Off	\$33.00	Down \$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 relatively quiet week in global Dry-Bulk markets. Quiet markets usually result in lower values, and this is how things played out this week.

There have been additional market inquiries regarding grain from South America to Mexico but I have not seen any actual freight fixed. The pickup in South American farmer selling of soybeans has resulted in aggressive export marketing down there and should certainly lead to improved vessel demand. Sadly, for vessel owners this has not yet led to better freight prices.

Baltic-Panamax Dry-Bulk Indices				
May 25, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	12,059	12,530	-471	-3.8%
P3A: PNW/Pacific– Japan	6,326	6,856	-530	-7.7%
S1C: U.S. Gulf-China-S. Japan	18,189	19,517	-1,328	-6.8%

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 Ending May 25, 2017	
Four weeks ago:	\$5.95 - \$6.40
Three weeks ago:	\$5.50 - \$6.10
Two weeks ago:	\$5.60 - \$6.35
One week ago:	\$5.80 - \$6.20
This week	\$6.00 - \$6.35

Source: O'Neil Commodity Consulting

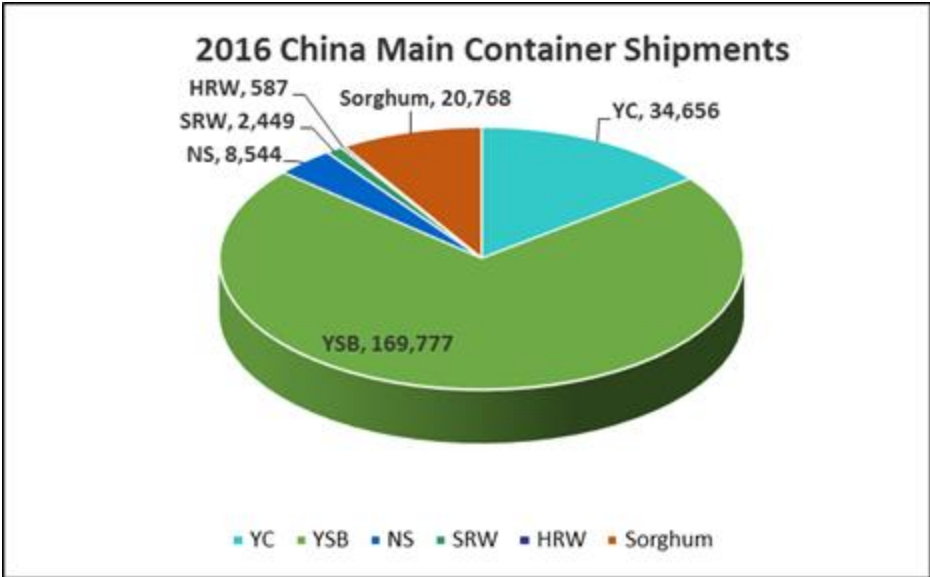
U.S.-Asia Market Spreads					
May 25, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.70	0.41	0.29	\$11.42	PNW
Soybeans	0.70	0.46	0.24	\$9.45	PNW
Ocean Freight	\$18.00	\$36.00	0.46-0.49	\$18.00	JUNE

Source: O'Neil Commodity Consulting

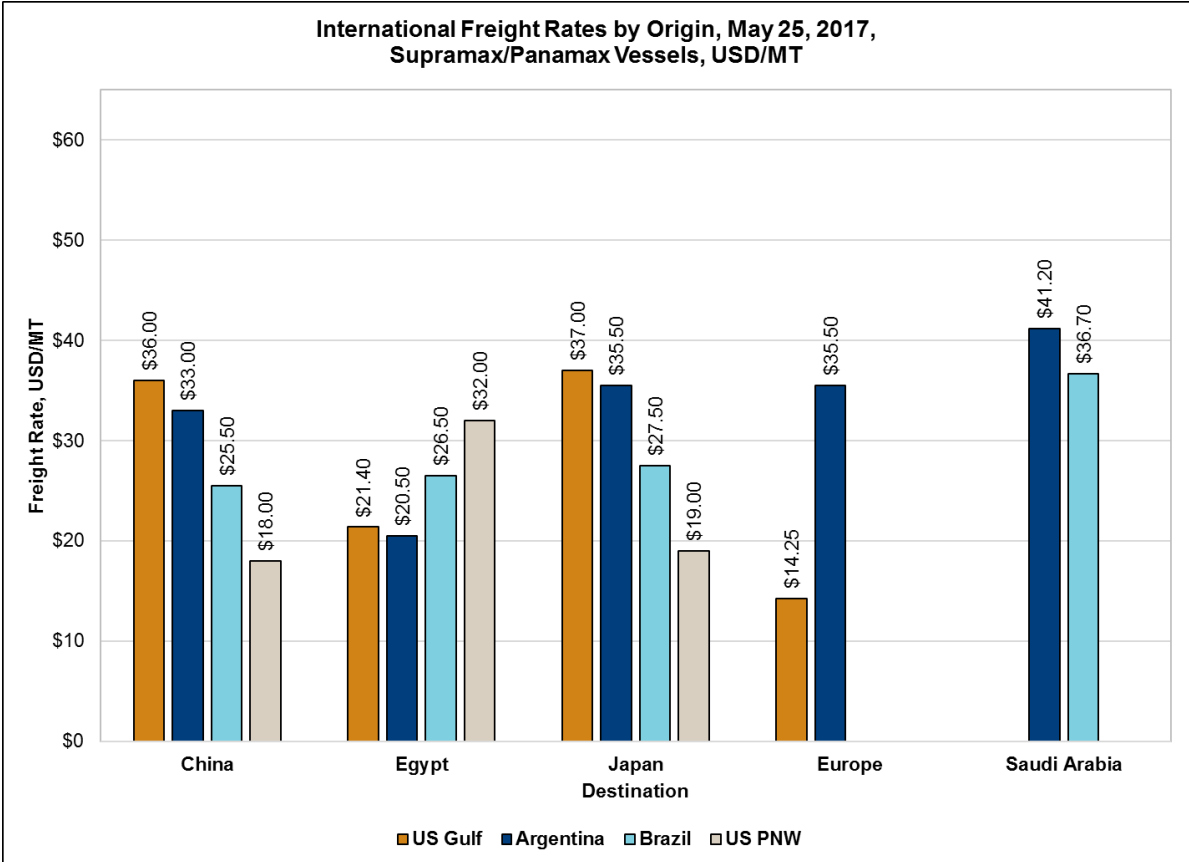
The charts below represent YTD 2017 versus 2016 annual totals for container shipments to China.



Source: O'Neil Commodity Consulting

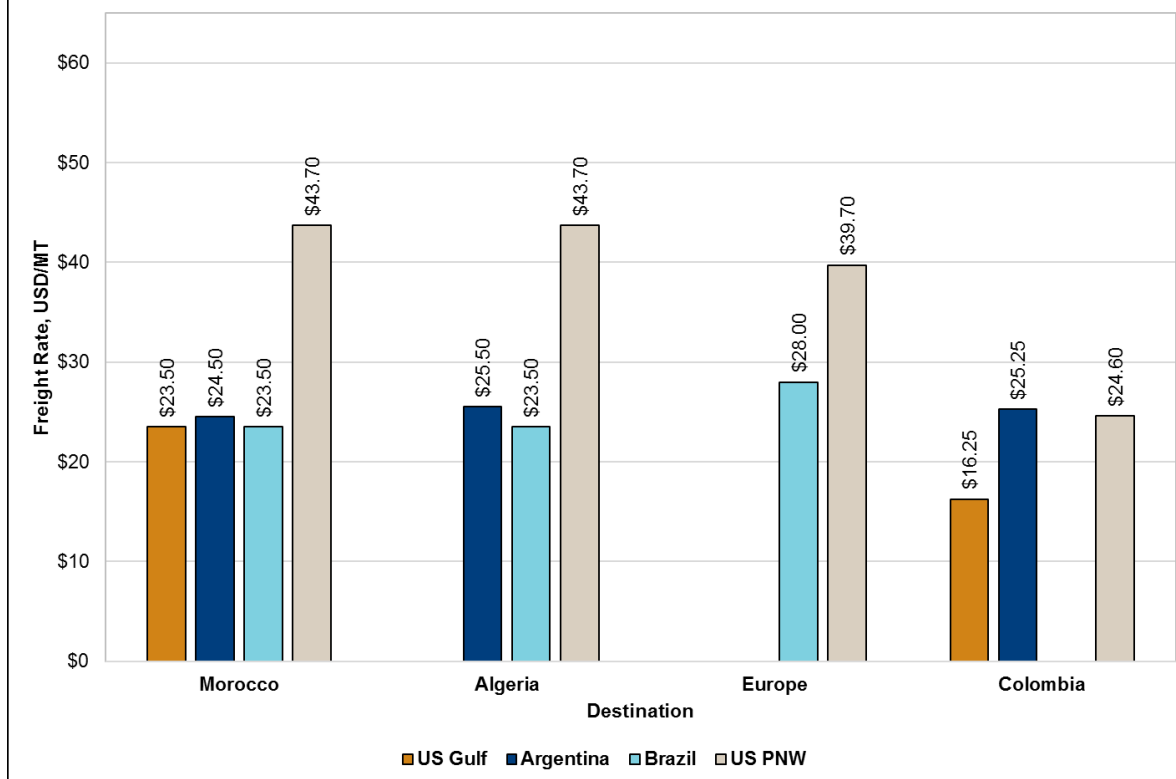


Source: O'Neil Commodity Consulting



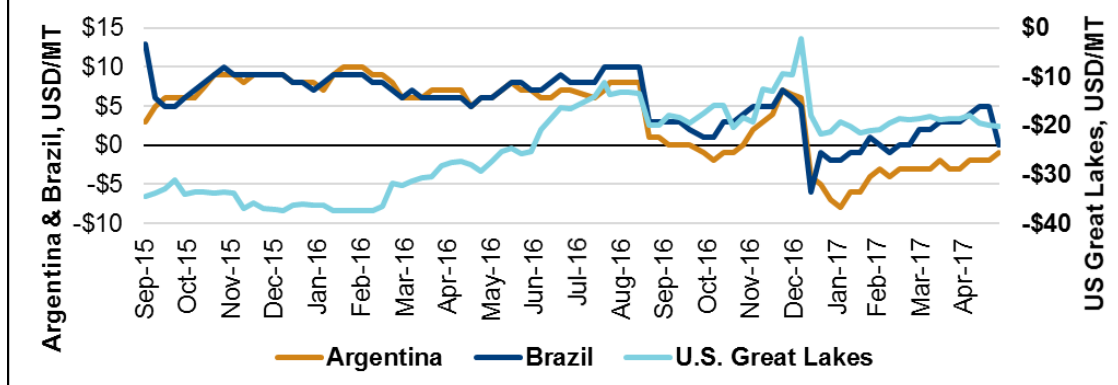
Source: DTN, O'Neil Commodity Consulting and WPI

**International Freight Rates by Origin, May 25, 2017,
Handysize Vessels, USD/MT**



Source: DTN, O'Neil Commodity Consulting and WPI

**U.S. Gulf to Morocco Freight Rate Premium/Discount to
Competing Origins**



Source: DTN, O'Neil Commodity Consulting and WPI

INTEREST RATES

Interest Rates (%): May 25, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	4.00	4.00	4.00
LIBOR (6 month)	1.41	1.42	1.42
LIBOR (1 year)	1.72	1.75	1.77

Source: www.bankrate.com