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For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact 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 26	Monday May 29	Tuesday May 30	Wednesday May 31	Thursday June 1
Change	5.000		-7.2500	5.0000	-1.5000
Closing Price	374.25		367.00	372.00	370.50
Factors Affecting the Market	Commercial buying and forecasts of unwanted weekend rains sent corn higher. Longer-run forecasts are more positive with less rain and temperatures in the 80s. Brazil's harvest is 36 percent complete, offsetting the semi-bearish U.S. weather. The dollar and crude oil were higher while U.S. equities were mixed.	Markets were closed for the Memorial Day Holiday.	Dry weekend weather turned commercials into sellers, despite a bullish export inspections report. 47 million bushels of corn were exported last week, bringing the YTD total up 52 percent from last year. CFTC data shows funds are moderately short and commercials reduced longs. Outside markets were weak.	USDA's crop progress report confirmed reports of problems in Midwest corn fields. Only 65 percent of corn was rated in good or excellent condition, and some private metrics put the crop's condition at 4-year lows. The dollar was lower after the Fed Beige Book saw "modest" economic growth in April.	Corn traded nearly evenly on both sides of unchanged with sellers gaining a slight edge late in the day. Weather forecasts are turning friendlier for the corn crop. The dollar was 22 points higher and U.S. equities gained after private firm ADP reported better-than-expected job growth in April. Crude oil was lower.

Outlook: Corn market volatility typically increases after May but July futures have shown no interest in doing so – yet. A myriad of factors is pushing the market but competing factors cancel out each individual influence. Poor U.S. weather is offset by good planting progress which is offset by poor condition ratings which is offset by good South American harvest progress. The market remains range bound but with a twitchy feel, like any factor could overwhelm the others at a moment's notice.

USDA's latest Crop Progress report showed 91 percent of U.S. corn is planted, nearly matching the 5-year average of 93 percent. Across the U.S., 65 percent of corn was rated as good/excellent, which is near four-year lows. Crops in Iowa and Michigan were rated comparatively well while Illinois, Indiana, and Ohio had more poorly rated crops.

Initial crop condition ratings do have correlations to realized yields. Some models suggest that, after aggregating individual state crop condition ratings and yield predictions, the U.S. yield could be near 167 bushels-per-acre (BPA). Similarly, the U.S.-average good/excellent rating mathematically translates to a yield of 169 BPA. These yield predictions are 3 BPA lower than USDA's May WASDE forecast and point to a more average yield for 2017, compared to recent years' record yields.

The Memorial Day holiday delayed the release of USDA's Export Sales report until Friday but traders are expecting between 450,000-650,000 MT of 2016/17 corn to be sold in this week's report. Tuesday's Export

Inspections report showed 47 million bushels were exported, just below the 47.8 million needed in this week's report to match USDA's 17 percent demand growth projection. The report had a neutral implication for the market while tomorrow's Export Sales report could have a more pronounced impact.

The Brazilian safrinha corn harvest has begun, with Mato Grosso and Parana having harvested approximately 1 percent of their production. Brazilian corn prices are falling quickly and, according to one source, are 64 percent lower than this same time one year ago. The low prices are likely to discourage farmer selling which will force exporters to increase local market bids amid falling world prices. Storage space is becoming a problem for Brazilian farmers, however, which may quicken the pace of farmer selling.

Technical indicators point to more range-bound, sideways trading action for July corn. The 100-day moving average is nearly perfectly flat while shorter-term moving averages are almost equally as stable. Trading volume has been lackluster with little to encourage traders to add to positions. Going forward, pure fundamental factors will drive any sizable market movement.

CBOT JULY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending June 1, 2017			
Commodity	1-Jun	26-May	Net Change
Corn			
Jul 17	370.50	374.25	-3.75
Sep 17	378.50	381.75	-3.25
Dec 17	389.25	392.50	-3.25
Mar 18	399.00	402.25	-3.25
Soybeans			
Jul 17	912.25	926.50	-14.25
Aug 17	915.25	929.50	-14.25
Sep 17	915.25	927.75	-12.50
Nov 17	917.75	929.25	-11.50
Soymeal			
Jul 17	297.50	301.80	-4.30
Aug 17	299.10	302.90	-3.80
Sep 17	300.40	304.20	-3.80
Oct 17	301.50	304.70	-3.20
Soyoil			
Jul 17	31.25	31.60	-0.35
Aug 17	31.38	31.71	-0.33
Sep 17	31.51	31.84	-0.33
Oct 17	31.62	31.92	-0.30
SRW			
Jul 17	429.00	438.25	-9.25
Sep 17	443.50	451.25	-7.75
Dec 17	466.00	473.50	-7.50
Mar 18	484.00	491.25	-7.25
HRW			
Jul 17	430.75	437.50	-6.75
Sep 17	449.25	455.25	-6.00
Dec 17	474.50	480.00	-5.50
Mar 18	489.25	495.00	-5.75
MGEX (HRS)			
Jul 17	578.75	568.75	10.00
Sep 17	582.50	573.25	9.25
Dec 17	585.75	577.75	8.00
Mar 18	589.50	583.00	6.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	May 28, 2017	Last Week	Last Year	2012-16 Avg.
Corn	91%	84%	93%	93%
Sorghum	44%	37%	43%	49%
Barley	94%	88%	97%	93%

Source: USDA

U.S. Crop Condition: May 28, 2017					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	1%	6%	28%	57%	8%
Sorghum	-	-	-	-	-
Barley	0%	3%	27%	55%	15%

Source: USDA

U.S. Drought Monitor Weather Forecast: From June 1-4, the heaviest precipitation will be confined along the Gulf Coast, much of Oklahoma, eastern Missouri and northern Illinois. Parts of Florida are also forecasted to receive 1 inch of rain or more. Meanwhile, temperatures will begin warmer than normal in the West and cooler than normal in the Midwest. The abnormal warmth will quickly spread eastward, affecting the Northern Plains on June 2 and the Midwest by June 3. By June 4, much of the CONUS will be warmer than normal with a few exceptions in the Deep South and parts of the Northeast. According to NOAA's 6- to 10-day outlook, odds are in favor of warmer than normal conditions west of the Rockies, while cooler than normal conditions dominate the east. Odds are in favor of below-normal precipitation in the Northwest and Midwest while the probability of above-normal precipitation is high along the eastern seaboard.

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

U.S. EXPORT STATISTICS

Due to the Monday, May 29 holiday, weekly U.S. export sales will be published on Friday, June 2. Updated U.S. export sales will be published in the June 8 edition of *Market Perspectives*.

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 25, 2017					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	239	3,417	39,109	31,928	122%
Corn	1,194,729	1,168,073	43,142,993	28,402,381	152%
Sorghum	121,397	60,062	4,666,693	7,093,318	66%
Soybeans	335,519	354,165	50,789,530	43,570,374	117%
Wheat	602,913	674,559	27,031,777	20,075,311	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 25, 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	545,615	46%	4,396	100%	99,103	82%
PNW	480,937	40%	0	0%	11,001	9%
Interior Export Rail	163,781	14%	0	0%	11,293	9%
Total (Metric Tons)	1,190,333	100%	4,396	100%	121,397	100%
White Corn Shipments by Country (MT)			4,396	to Colombia		
Total White Corn (MT)			4,396			
Sorghum Shipments by Country (MT)					99,103	to China
					11,001	to Japan
					11,293	to Mexico
Total Sorghum (MT)					121,397	

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	+0.50 N	\$165.54	+0.70 N	\$173.42
LH June	+0.46 N	\$163.97	+0.70 N	\$173.42
July	+0.41 N	\$162.00	+0.66 N	\$171.84
August	+0.38 U	\$163.97	+0.67 U	\$175.38

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
LH July	-	-	+0.85 Z	\$186.70
August	+0.80 Z	\$184.73	+0.85 Z	\$186.70

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	\$114.50	\$114.50	\$114.50
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	June	July	August
New Orleans	\$582.50	\$582.50	\$582.50
<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	\$510	-	
Truck Delvd. Chicago	\$515	-	

**All prices are market estimates.*

DDGS Price Table: June 1, 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	143	143	143
FOB Vessel GULF	155	156	157
Rail delivered PNW	171	172	172
Rail delivered California	173	175	175
Mid-Bridge Laredo, TX	172	173	173
FOB Lethbridge, Alberta	147	147	148
40 ft. Containers to South Korea (Busan)	174	173	175
40 ft. Containers to Taiwan (Kaohsiung)	176	176	176
40 ft. Containers to Philippines (Manila)	181	181	181
40 ft. Containers to Indonesia (Jakarta)	181	182	183
40 ft. Containers to Malaysia (Port Kelang)	177	178	178
40 ft. Containers to Vietnam (HCMC)	184	184	184
40 ft. Containers to Japan (Yokohama)	179	179	179
40 ft. containers to Thailand (LCMB)	177	178	178
40 ft. Containers to China (Shanghai)	179	179	181
KC & Elwood, IL Rail Yard (delivered Ramp)	135	136	137

*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 holiday-shortened trading week left DDGS prices mostly steady with a higher undertone for domestically-consumed product. Some were expecting more volatility following the holiday but trading has been quiet so far. FOB NOLA prices were steady to \$5/MT higher, depending on the delivery month. June shipments continue to be tough to find and offers for August increased \$7/MT this week.

The Southeast Asia market has been softer this week, despite robust exports done so far this year. Korean buyers are saturated with product for nearby delivery and are bidding \$5-8/MT under offers for forward delivery.

Domestically, DDGS are priced at 85 percent of cash corn and 36 percent of Kansas City soybean meal. The per-protein unit cost of DDGS is \$1.85 lower than that of soybean meal, though DDGS' advantage slipped from last week due to weakness in the soybean meal market. The USDA's May Cattle on Feed report showed a 2 percent increase in feedlot inventories from last year, which will be positive for U.S. DDGS consumption.

On the export front, DDGS are priced at 96 percent of FOB Gulf corn, equal to last week's value, and 47 percent of soybean meal. The per-protein unit cost of DDGS versus soybean meal favors DDGS by \$0.75 currently, down from \$0.94 last week. It is important to note, however, that changes in the DDGS/soybean meal cost ratio is due to weakness in soybean meal prices, not DDGS. DDGS exports have been robust so far this year and look to remain so.

COUNTRY NEWS

China: A government auction of corn from the 2013 crop resulted in sales of 3.2 MMT with an average value of 1,377 yuan/MT (US\$202.38/MT).

Sub-Saharan Africa: South Africa's Crop Estimates Committee expects the nation's farmers to reap an "unprecedented" 15.63 MMT of maize this year. It is the only Sub-Saharan country to approve GMO's and 70 percent of the maize crop is GMO. Notably, South Africa's corn yield is around twice that of the rest of Sub-Saharan Africa's combined average yield.

By contrast, drought conditions in east Africa have severely limited crop production in Kenya, Uganda, Somalia, Ethiopia and South Sudan. South Africa could supply them with maize, but Jacques Pienaar of Commodity Insight Africa says that limited transportation linkages, trade barriers and GMO prohibitions make it difficult.

Further: The price of South African white maize for July delivery has fallen to R1,652.60/MT (US\$127.84/MT), the lowest level in three years for the most active contract. South Africa would like to sell its 3.6 MMT surplus into East Asia but its production of white corn will have less appeal there. (Reuters; Bloomberg)

Zimbabwe: The government had reduced the mandatory blending of ethanol with petrol down from 15 percent to 5 percent in March, but now has increased the amount to 10 percent. Supplies had been tight in March but now there are increased supplies available.

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	\$36.50	Down \$0.50	Handymax at \$37.00/MT
55,000 U.S. PNW-Japan	\$18.50	Down \$0.50	Handymax at \$19.00/MT
55,000 U.S. Gulf-China	\$35.50	Down \$0.50	North China
PNW to China	\$17.50	Down \$0.50	
25,000 U.S. Gulf-Veracruz, México	\$14.00	Down \$0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$12.25	Down \$0.25	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$16.00 \$25.00	Down \$0.25 Down \$0.25	West Coast Colombia at \$23.00
40-45,000 U.S. Gulf-Guatemala	\$23.00	Up \$0.75	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$24.25 \$27.25	Down \$0.25	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$23.25	Down \$0.25	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$21.00	Down \$0.25	55,000 -60,000 MT
PNW to Egypt	\$22.00	Down \$0.50	St. Lawrence to Egypt \$22.00
60-70,000 U.S. Gulf-Europe-Rotterdam	\$14.25	Unchanged	Handymax at +\$1.50 more
Brazil, Santos-China	\$25.00	Down \$0.50	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port upriver	\$24.00	Down \$0.50	
Amazonia-China	\$28.50	Down \$0.50	
56-60,000 Argentina-China Upriver with Top-Off	\$32.50	Down \$0.50	—

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: I do not want to sound like a broken record, but there is not much new to say about these freight markets other than the fact that they slipped lower again this week. Global ocean freight markets simply got too optimistic about the future during the first two quarters of 2017 and now they are waking up to reality. Some operators gave up "slow steaming" practices and this added to market efficiencies and the vessel oversupply situation. Desperate owners push for all they can get out of market rallies and then end up shooting themselves in the foot. This week's soft markets are being blamed on a short holiday week, but we know this is not the root cause. Though cargo demand will not likely support a rally in the coming weeks, we are most likely to entering a period of sideways market action until the U.S. fall harvest.

Baltic-Panamax Dry-Bulk Indices				
June 1, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	11,736	12,059	-323	-2.7%
P3A: PNW/Pacific– Japan	5,880	6,326	-446	-7.1%
S1C: U.S. Gulf-China-S. Japan	16,939	18,189	-1,250	-6.9%

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:

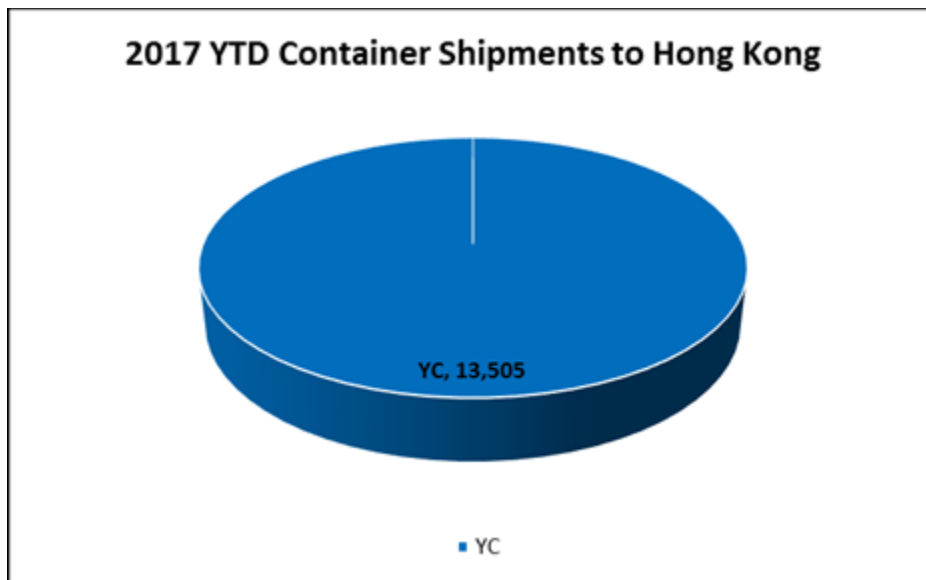
Week Ending June 1, 2017	
Four weeks ago:	\$5.50 - \$6.10
Three weeks ago:	\$5.60 - \$6.35
Two weeks ago:	\$5.80 - \$6.20
One week ago:	\$6.00 - \$6.35
This week	\$6.05 - \$6.40

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
June 1, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.61	0.36	0.25	\$9.84	PNW
Soybeans	0.70	0.46	0.24	\$9.45	PNW
Ocean Freight	\$17.50	\$35.50	0.46-0.49	\$18.00	JULY

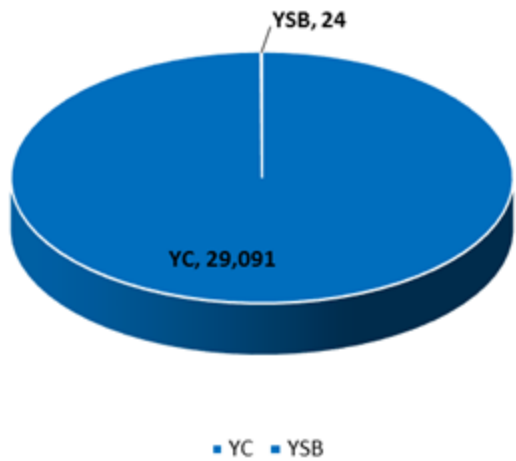
Source: O'Neil Commodity Consulting

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



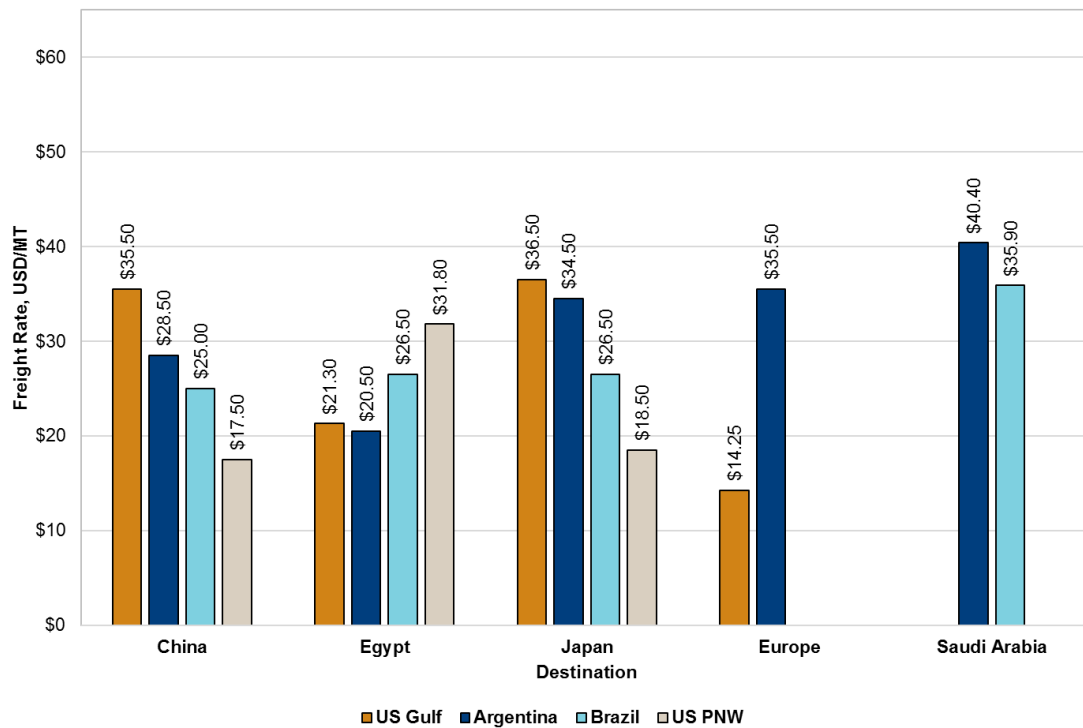
Source: O'Neil Commodity Consulting

2016 Container Shipments to Hong Kong

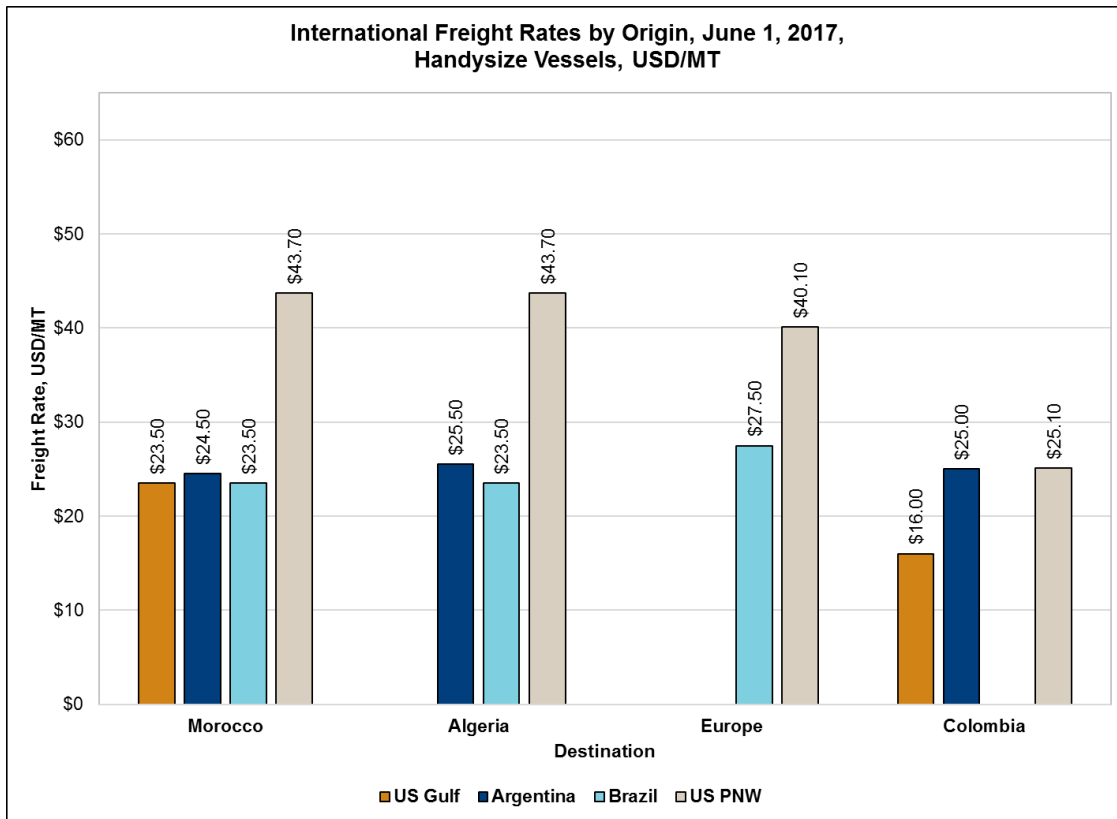


Source: O'Neil Commodity Consulting

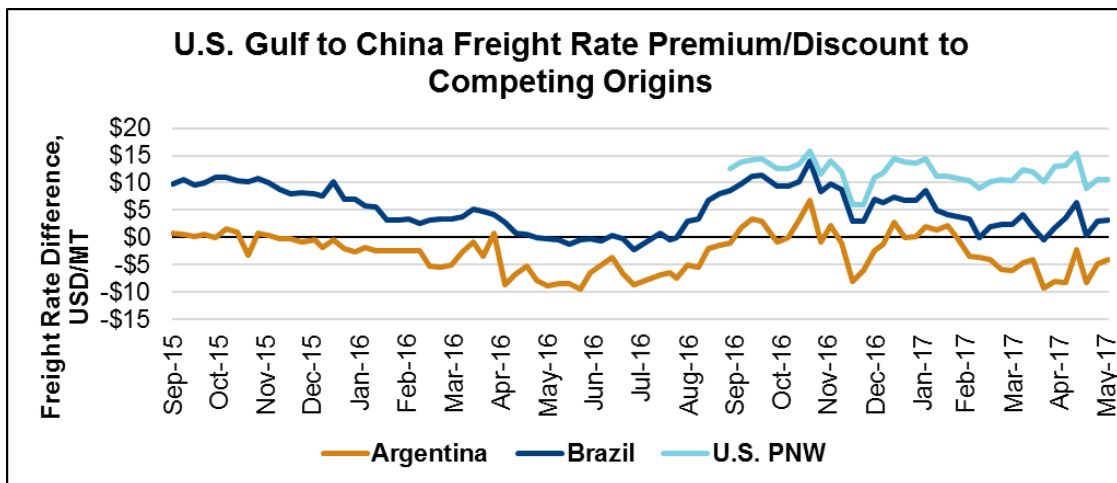
International Freight Rates by Origin, June 1, 2017, Supramax/Panamax Vessels, USD/MT



Source: DTN, O'Neil Commodity Consulting and WPI



Source: DTN, O'Neil Commodity Consulting and WPI



Source: DTN, O'Neil Commodity Consulting and WPI

INTEREST RATES

Interest Rates (%): June 1, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	4.00	4.00	4.00
LIBOR (6 month)	1.41	1.41	0.98
LIBOR (1 year)	1.72	1.72	1.32

Source: www.bankrate.com