



June 8, 2017

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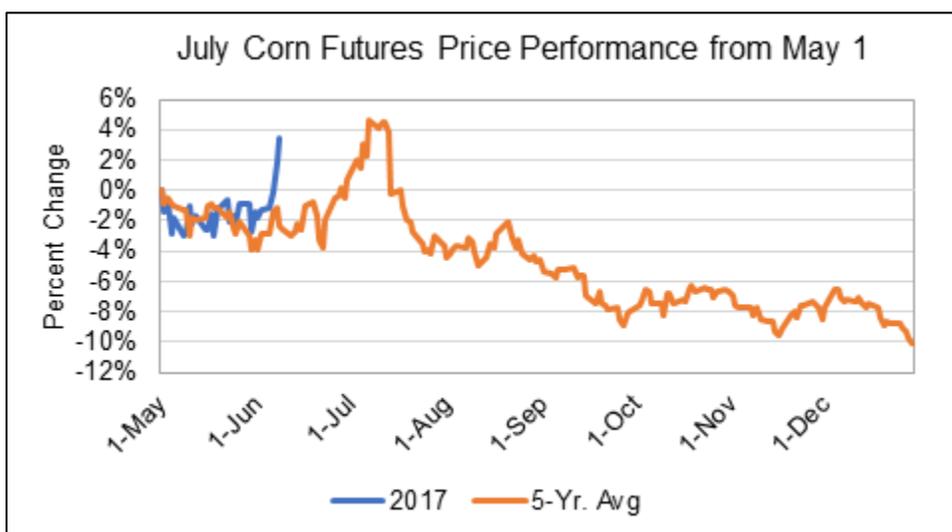
For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Alvaro Cordero at (202) 789-0789.

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 June 2	Monday June 5	Tuesday June 6	Wednesday June 7	Thursday June 8
Change	2.250	0.250	4.2500	7.5000	1.0000
Closing Price	372.75	373.00	377.25	384.75	385.75
Factors Affecting the Market	Stagnant trading ended the week where traders are largely in the dark about the U.S. corn crop's size. Plantings are good but who knows how much will survive the rainy Midwest spring. Brazil's safrinha corn crop is also doing well, adding to global supplies. Outside markets were mixed with the dollar down 53 points.	Good volume trading left the market basically unchanged as dryness in the Dakotas battled South American crop prospects. USDA's Export Inspections were solid at 46.3 million bushels, bringing YTD totals up 50 percent from last year. Crude oil and U.S. equities were weaker while the dollar gained 13 points.	Spillover bullishness from wheat carried corn higher, despite improvements in USDA's crop ratings. The U.S. crop may be suffering slightly but South American crops aren't. July corn is now on the high side of its recent trading range. U.S. equities and the dollar were lower on political concerns.	Forecasted hot temperatures in the Western Plains and more buying in wheat pushed corn above its recent trading range. Ethanol stocks show a good start to the summer driving season, which will be bullish corn. Futures buying pulled cash corn to three-month highs while outside markets were higher.	A second day of fund short-covering and dry weekend forecasts for the Dakotas helped corn higher. But, traders do not want to be overly-long before tomorrow's WASDE, and this factor pared gains in late-day trading. The WASDE is expected to increase global supplies.

Outlook: The commodity markets officially entered "weather market" status this week. Drought in the Dakotas and hot, dry weather forecasts for the Midwest drove nearly all grains markets higher, and July corn gained 11 ¾ cents during Tuesday and Wednesday's trading. A corn market rally is typical for corn futures in June but this year's rally, primed by this spring's bad weather, seems to have arrived early.



Source: DTN ProphetX, World Perspectives, Inc.

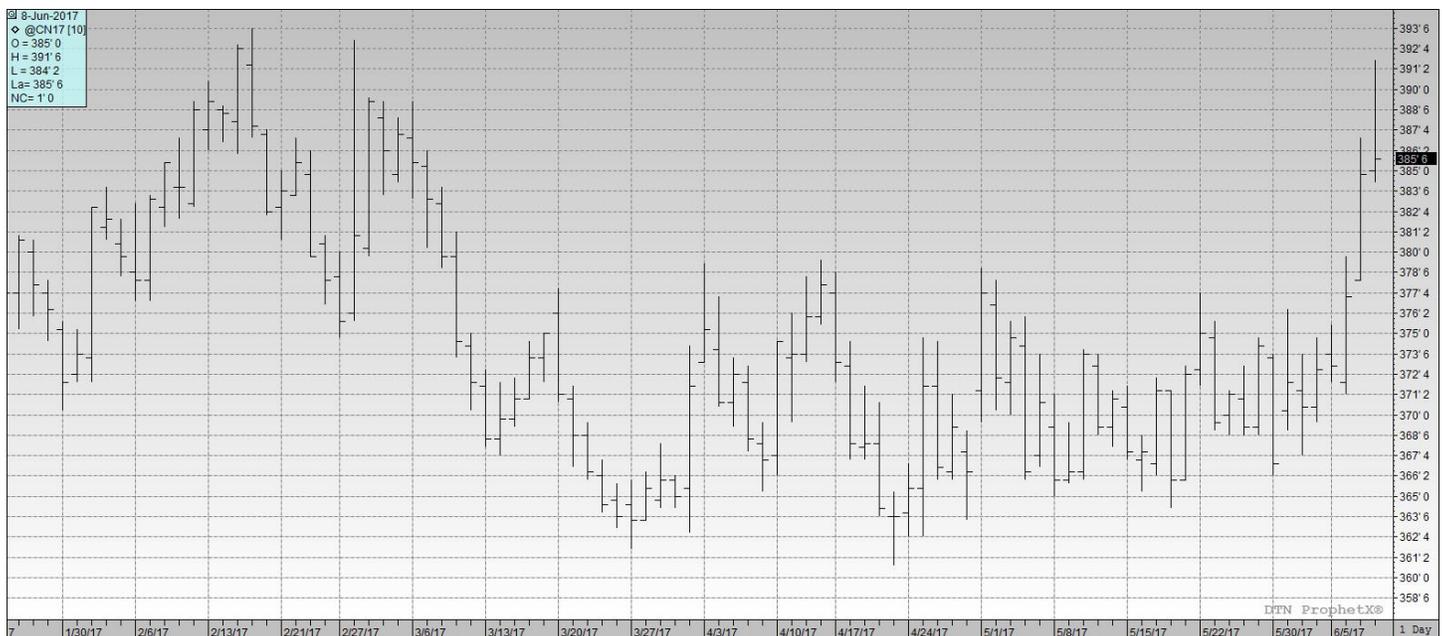
Drought in the Dakotas lifted wheat prices this week, spillover buying from which also buoyed corn. More directly relevant to corn, however, is the hot and dry weekend forecast for U.S. corn growing regions that is casting doubts on whether the formerly rain-soaked crop can withstand the heat. Some early season dryness can be beneficial for corn as it may encourage greater root development. However, given this crop's early struggles this heat may not be helpful.

Despite weather worries, July corn futures closed up only one penny on Thursday, down 6 cents from intraday highs. While early trading featured significant short-covering, the rally fizzled as traders actively positioned for Friday's WASDE. The USDA's report is expected to increase South American production estimates, which should keep bearish pressure on the markets. Brazil's CONAB already increased its production forecast for the country, with total corn production reaching 93.8 MMT. The increase of 1 MT from the May report comes from Brazilian corn yields that are reaching record highs at 5.41 MT/hectare.

Export sales for the week ending June 1 were disappointing as corn sales only reached 436,800 MT, down 115,500 from the prior week. Still, the figure was enough to keep sales well above their needed weekly pace of 228,000 MT. Total corn sales so far in the 2016/17 crop year are 51.475 MMT, up 21 percent from the prior year.

From a technical perspective, July corn has broken out of its trading range to the upside and plowed through resistance at \$3.89. However, today's close below that point shows uncertainty as to just how bullish the weather is for corn. A close below \$3.79 (former resistance which now stands as support) would certainly be bearish for the contract while a close above \$3.94 ³/₄ (the February 16 daily high) would open significant upside potential. The fundamentals in Friday's WASDE will decide the market's fate, but technical indicators will help determine the amount and speed of follow-through trading.

CBOT JULY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending June 8, 2017			
Commodity	8-Jun	2-Jun	Net Change
Corn			
Jul 17	385.75	372.75	13.00
Sep 17	393.50	380.75	12.75
Dec 17	403.75	391.00	12.75
Mar 18	411.75	400.75	11.00
Soybeans			
Jul 17	938.00	921.25	16.75
Aug 17	941.75	923.75	18.00
Sep 17	941.75	923.75	18.00
Nov 17	943.75	925.50	18.25
Soymeal			
Jul 17	306.10	301.90	4.20
Aug 17	307.70	303.50	4.20
Sep 17	308.70	304.60	4.10
Oct 17	308.80	305.50	3.30
Soyoil			
Jul 17	31.85	31.01	0.84
Aug 17	31.96	31.15	0.81
Sep 17	32.09	31.28	0.81
Oct 17	32.15	31.40	0.75
SRW			
Jul 17	449.25	429.50	19.75
Sep 17	463.25	443.75	19.50
Dec 17	484.50	465.00	19.50
Mar 18	501.50	482.75	18.75
HRW			
Jul 17	453.75	433.25	20.50
Sep 17	470.75	451.50	19.25
Dec 17	495.50	476.75	18.75
Mar 18	509.25	491.00	18.25
MGEX (HRS)			
Jul 17	604.25	583.75	20.50
Sep 17	608.50	587.00	21.50
Dec 17	606.25	588.50	17.75
Mar 18	607.50	591.75	15.75

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	June 4, 2017	Last Week	Last Year	2012-16 Avg.
Corn	96%	91%	97%	97%
Sorghum	55%	44%	56%	60%
Barley	99%	94%	100%	96%

Source: USDA

U.S. Crop Condition: June 4, 2017					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	1%	5%	26%	58%	10%
Sorghum	-	-	-	-	-
Barley	2%	5%	24%	57%	12%

Source: USDA

U.S. Drought Monitor Weather Forecast: The National Oceanic and Atmospheric Administration's Weather Prediction Center forecast calls for continued rain June 7-14 across the South and eastern portions of the United States. Average predictions range from ¼ of an inch across the Lower Mississippi and Tennessee River valleys to more than 5 inches along the coastal Carolinas and in Florida. Widespread rainfall is also expected across the Rockies and the central United States. Most locations are forecast to receive less than an inch of rain. However, if the forecast holds true, drought-stricken areas of eastern Montana, North Dakota, and Minnesota could see over 2 inches of rain. Finally, a frontal system in the Northwest is expected to bring unseasonable rainfall from northern California to western Montana.

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 June 1, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	2,383,000	93,900	93.9	6,608.8	15%
Corn	436,800	1,213,800	43,077.9	54,016.4	21%
Sorghum	1,400	76,700	3,911.5	4,306.8	-42%
Barley	700	0	0.0	28.4	234%

Source: USDA/FAS

Corn: Net sales of 348,600 MT for 2016/2017 were down 15 percent from the previous week and 25 percent from the prior 4-week average. Increases were reported for Saudi Arabia (139,300 MT, including 136,900 MT switched from unknown destinations), Japan (69,800 MT, including 50,000 MT switched from unknown destinations and decreases of 900 MT), China (68,400 MT, including 63,000 MT switched from unknown destinations), Mexico (63,100 MT, including decreases of 300 MT), and Colombia (42,800 MT, including 27,400 MT switched from unknown destinations). Reductions were reported for unknown destinations (194,200 MT) and the Dominican Republic (2,000 MT). For 2017/2018, net sales of 128,000 MT were reported for unknown destinations (94,000 MT), Panama (16,500 MT), and Mexico (10,000 MT). Exports of 1,213,800 MT were down 9 percent from the previous week, but up 4 percent from the prior 4-week average. The primary destinations were Mexico (273,100 MT), South Korea (269,100 MT), Japan (261,500 MT), Saudi Arabia (139,300 MT), and China (121,400 MT).

Optional Origin Sales: For 2016/2017, new optional origin sales of 100 MT were reported for South Korea. Options were exercised to export 69,100 MT to South Korea from the United States. The current optional origin outstanding balance for 2016/2017 of 122,000 MT is for unknown destinations (54,000 MT) and South Korea (68,000 MT). The current outstanding balance for 2017/2018 of 112,000 MT is for unknown destinations.

Barley: There were no sales or exports for the 2017/2018 marketing year, which began June 1. A total of 600 MT in sales were carried over from the 2016/2017 marketing year, which ended May 31. There were exports

for the period ending May 31 of 7,600 MT to Japan. Accumulated exports were 25,400 MT, up 3 percent from the prior year's total of 26,200 MT. There were no exports for June 1.

Sorghum: Net sales reductions of 2,000 MT for 2016/2017 resulted as increases for China (50,000 MT, switched from unknown destinations) and Mexico (1,000 MT), were more than offset by reductions for unknown destinations (53,000 MT). Exports of 76,700 MT were down 42 percent from the previous week and 32 percent from the prior 4-week average. The destinations were China (60,000 MT), Mexico (11,600 MT), and Japan (5,100 MT).

U.S. Export Inspections: Week Ending June 1, 2017					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	6,180	431	0	0	N/A
Corn	1,177,107	1,194,729	44,320,100	29,469,967	150%
Sorghum	144,456	121,397	4,811,149	7,159,348	67%
Soybeans	277,298	350,519	51,081,828	43,668,752	117%
Wheat	522,881	604,505	86,259	213,450	40%

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 June 1, 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	446,431	39%	38,645	100%	113,044	78%
PNW	506,607	44%	0	0%	19,293	13%
Interior Export Rail	185,424	16%	0	0%	12,119	8%
Total (Metric Tons)	1,138,462	100%	38,645	100%	144,456	100%
White Corn Shipments by Country (MT)			9,085	to Honduras		
			29,560	to Mexico		
Total White Corn (MT)			38,645			
Sorghum Shipments by Country (MT)					118,298	to China
					14,039	to Japan
					12,119	to Mexico
Total Sorghum (MT)					144,456	

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)
LH June	+0.32 N	\$164.46	-	-
July	+0.30 N	\$163.67	+0.61 N	\$175.88
August	+0.30 U	\$166.72	+0.63 U	\$179.71

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	+0.95 Z	\$196.35	+0.85 Z	\$192.41
August	+0.95 Z	\$196.35	+0.85 Z	\$192.41

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	\$124	\$124	\$124
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	June	July	August
New Orleans	\$590	\$590	\$590
<i>*5-10,000 MT Minimum</i>			
Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)			
	June	July	
Rail Delvd. Savannah	\$517	\$517	
Rail Delvd. Chicago	\$500	\$500	
Truck Delvd. Chicago	\$515	\$515	

**All prices are market estimates.*

DDGS Price Table: June 8, 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	150	151	152
FOB Vessel GULF	160	160	161
Rail delivered PNW	178	179	180
Rail delivered California	181	182	183
Mid-Bridge Laredo, TX	177	178	178
FOB Lethbridge, Alberta	151	152	152
40 ft. Containers to South Korea (Busan)	176	174	176
40 ft. Containers to Taiwan (Kaohsiung)	177	175	176
40 ft. Containers to Philippines (Manila)	183	181	182
40 ft. Containers to Indonesia (Jakarta)	182	181	181
40 ft. Containers to Malaysia (Port Kelang)	180	179	179
40 ft. Containers to Vietnam (HCMC)	191	191	193
40 ft. Containers to Japan (Yokohama)	179	176	177
40 ft. containers to Thailand (LCMB)	181	179	180
40 ft. Containers to China (Shanghai)	179	180	181
40 ft. Containers to Bangladesh (Chittagong)	208	209	209
40 ft. Containers to Myanmar (Yangon)	209	209	210
KC & Elwood, IL Rail Yard (delivered Ramp)	137	138	139

*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: Higher corn and soybean meal values buoyed DDGS prices this week. Reported sales are \$1-5/MT higher this week with a \$1-2/MT carry for June, July, and August shipments. Merchandisers are reporting foreign buyers are actively seeking offers but are posting bids \$5-10/MT below asking prices. A continued rally in corn prices would help increased bids but today's modest gains may not offer enough support to substantially close DDGS' bid/ask spread.

FOB Gulf DDGS prices were \$2-6/MT higher this week, led by \$3-7/MT gains in Barge CIF New Orleans rates. FOB NOLA, DDGS are prices at 90 percent of corn values and 44 percent of soybean meal, both figures up 1 percent from the prior week. Based on a two-year history, this week's improvement in DDGS prices brings the ethanol co-product in-line with historic soybean meal value relationships. However, DDGS still appear undervalued relative to corn based on this recent history.

Domestically, DDGS are priced at a \$1.87 per-protein unit discount to soybean meal. Rising soybean and soybean meal prices should help further improve this metric and expand DDGS consumption in livestock rations. Additionally, increases in the number of cattle on feed this spring, combined with reports of Dakota ranches selling cattle due to drought, will help spur domestic consumption.

During the first seven months of the 2016/17 corn marketing year (September-March), U.S. DDGS exports increased 6 percent from the prior year. Lower prices and consistent availability made U.S.-origin product attractive to foreign buyers during the first part of the marketing year. Notably, destinations for U.S. DDGS diversified from the prior year, with exports to Mexico, Turkey, Saudi Arabia, and Thailand growing substantially.

This week's international prices were higher and 40-foot containers to Southeast Asia destinations were \$1/MT higher on average. Prices to DDGS to Vietnam increased \$7/MT, followed by those for Thailand (up \$4/MT) and Malaysia (up \$3/MT).

COUNTRY NEWS

Argentina: The Energy Ministry last month increased the amount refiners must pay for corn-based ethanol by 0.7 percent and this month they've increased the procurement price of sugarcane-based ethanol by 5.0 percent to 16.070 pesos/liter. (Platts)

Brazil: Conab increased its estimate for this year's corn production by 1 MMT to a total of 93.83 MMT. The winter crop portion is a record 67 MMT. Leonardo Portalete of the state-owned rural agency Famasul says the corn in Mato Grosso do Sul is "very beautiful." However, the Real needs to weaken relative to the dollar closer to 4/1 to ensure competitiveness on the global market. (Platts, Bloomberg)

Meanwhile, Brazil's ethanol imports were up 122 percent on the month (May) and up six-fold on the year. Most of the ethanol arrives from the U.S. and some of it was speculative purchasing ahead of the potential imposition of a protective import tariff. Brazil's ethanol exports, which mostly go to the U.S., were down 35 percent in May and are down 48 percent year-on-year for the first five months. The FOB price (\$555.90/cubic meter) declared was down 7 percent from April and down 20 percent from a year ago. (Platts)

China: The government sold nearly 475 KMT of 2013 corn at 1,332 yuan (\$196.01)/MT. That was just one-quarter of the corn offered and a sharp drop from the 4.2 MMT of corn sold last Thursday. Last Friday, 1.36 MMT out of 3.2 MMT offered were sold at an average price of 1,347/MT (\$198.27), plus there were sales by Sinograin. There was 162 KMT of lower quality corn sold to starch and ethanol makers at 1,235/MT (\$181.79). (Reuters)

EU: An EU General Court provided an initial ruling against an antidumping duty imposed a half a decade ago on ethanol imported from the U.S. but the extra 9.5 percent tariff expires next year. In anticipation, there are subtle market signals that some in the trade are preparing to return to the more active movement of ethanol across the Atlantic. (ICIS News)

Kenya: A shortage of corn blamed on the drought by the government has sent the price of maize flour up by 60 percent. The government has lifted tariffs on imported corn, released stored stockpiles of corn that was rotten, and is now paying subsidies to corn companies that are supposed to charge less for their product. However, some claim there is broad based corruption involved in an election year. (NPR)

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	\$36.00	Down \$0.50	Handymax at \$37.00/MT
55,000 U.S. PNW-Japan	\$18.00	Down \$0.50	Handymax at \$19.00/MT
55,000 U.S. Gulf-China	\$35.00	Down \$0.50	North China
PNW to China	\$17.00	Down \$0.50	
25,000 U.S. Gulf-Veracruz, México	\$13.75	Down \$0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$12.00	Down \$0.25	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$15.75 \$24.75	Down \$0.25 Down \$0.25	West Coast Colombia at \$22.75
40-45,000 U.S. Gulf-Guatemala	\$23.00	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$24.00 \$27.00	Down \$0.25	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$23.00	Down \$0.25	5,000 discharge rate
55,000 U.S. Gulf-Egypt	\$20.50	Down \$0.50	55,000 -60,000 MT
PNW to Egypt	\$21.50	Down \$0.50	St. Lawrence to Egypt \$21.50
60-70,000 U.S. Gulf-Europe-Rotterdam	\$13.75	Down \$0.50	Handymax at +\$1.50 more
Brazil, Santos-China	\$24.50	Down \$0.50	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
Itacoatiara Port upriver	\$23.50	Down \$0.50	
Amazonia-China	\$28.00	Down \$0.50	
56-60,000 Argentina-China Upriver with Top-Off	\$32.00	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: It was another negative week for global Dry-Bulk freight – almost like the U.S. soybean futures markets, but even they were up a little today. It is much the same story: too much freight and not enough cargo business. I've heard that vessel owners are calling brokers they do not normally speak with to ask if they know of any business. East Coast South America is the only market with much demand. The North American and Black Sea markets are fairly quiet. Thus, the Baltic Indices and physical markets are lower for the week.

Baltic-Panamax Dry-Bulk Indices				
June 8, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	11,571	11,736	-165	-1.4%
P3A: PNW/Pacific– Japan	5,416	5,880	-464	-7.9%
S1C: U.S. Gulf-China-S. Japan	15,953	16,939	-986	-5.8%

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 June 8, 2017	
Four weeks ago:	\$5.60 - \$6.35
Three weeks ago:	\$5.80 - \$6.20
Two weeks ago:	\$6.00 - \$6.35
One week ago:	\$6.05 - \$6.40
This week	\$5.30 - \$5.80

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
June 8, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.60	0.31	0.29	\$11.42	PNW
Soybeans	0.78	0.47	0.31	\$12.20	PNW
Ocean Freight	\$17.00	\$35.00	0.46-0.49	\$18.00	JULY

Source: O'Neil Commodity Consulting

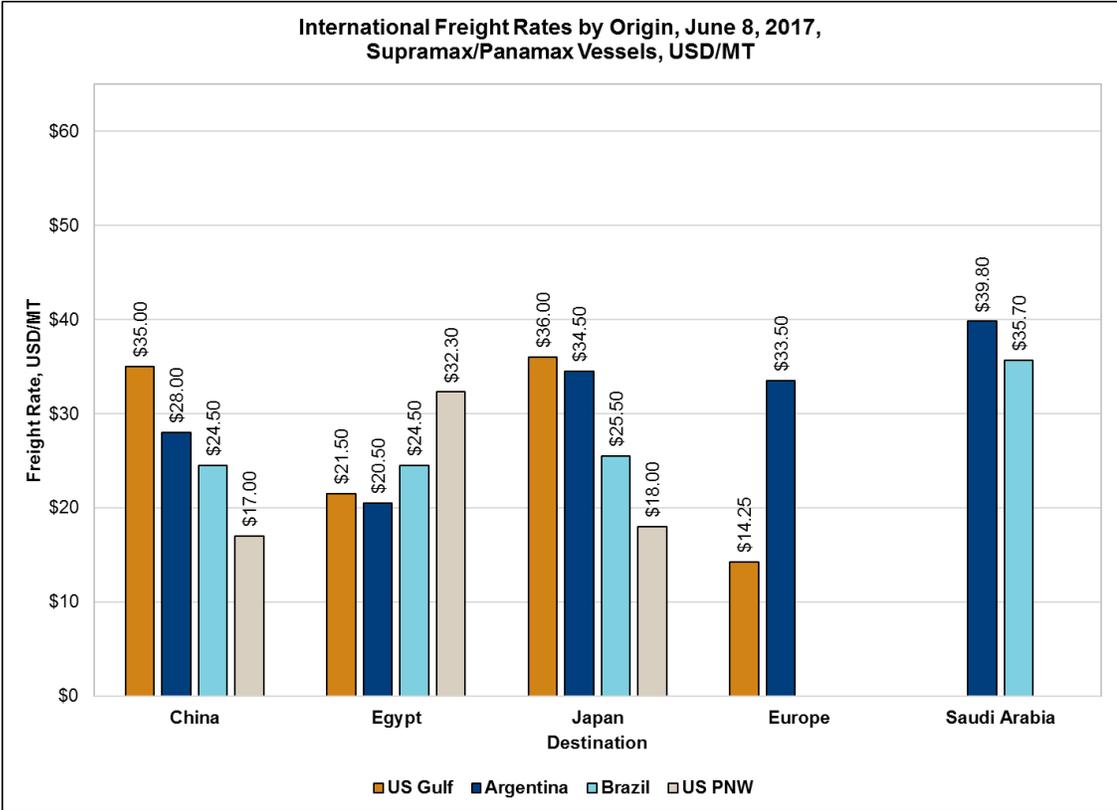
The charts below represent YTD 2017 versus 2016 annual totals for container shipments to Indonesia.



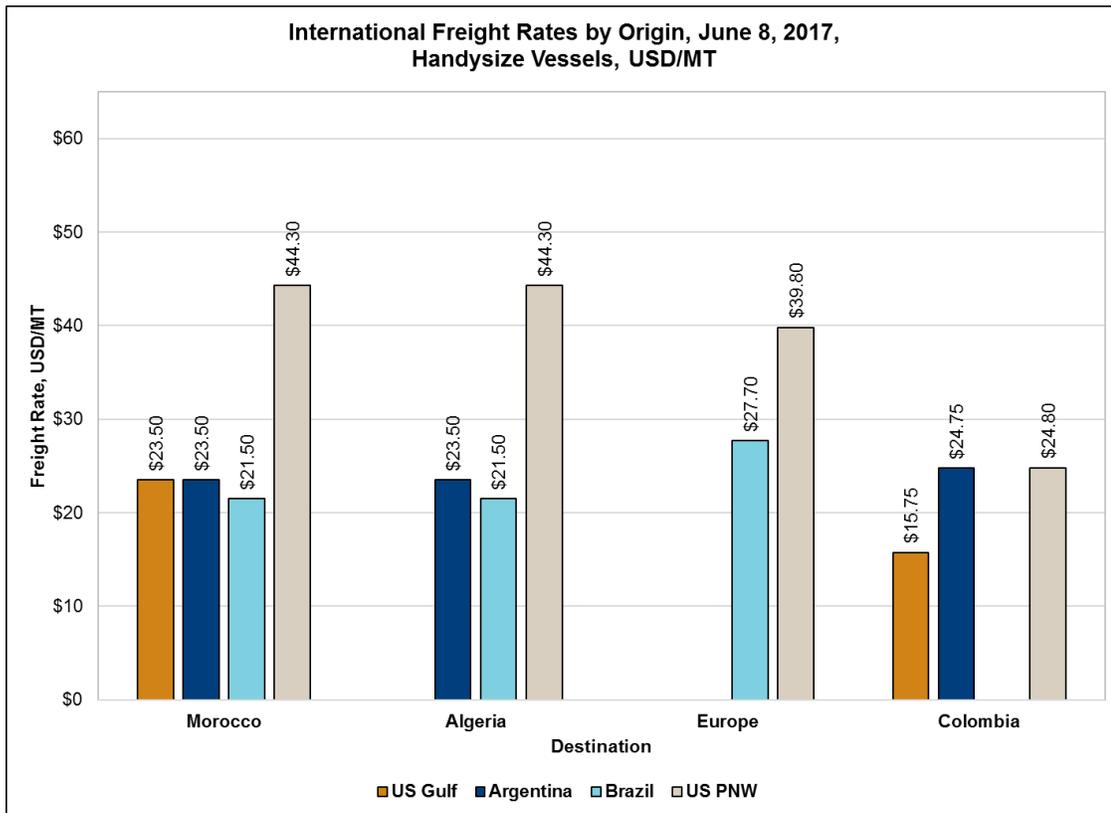
Source: O'Neil Commodity Consulting



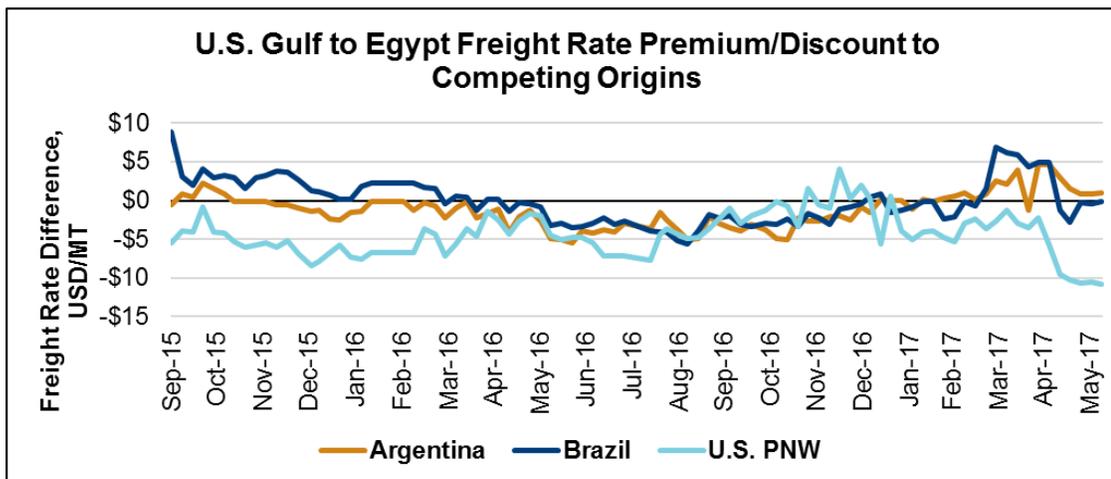
Source: O'Neil Commodity Consulting



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 8, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	4.00	4.00	4.00
LIBOR (6 month)	1.42	1.41	1.45
LIBOR (1 year)	1.72	1.72	1.79

Source: www.bankrate.com