



June 15, 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 9	Monday June 12	Tuesday June 13	Wednesday June 14	Thursday June 15
Change	2.000	-10.500	3.7500	-4.0000	2.5000
Closing Price	387.75	377.25	381.00	377.00	379.50
Factors Affecting the Market	Corn closed 2 cents higher as USDA left U.S. balance sheets unchanged but increased Brazil's production less than expected. USDA pegged Brazil's 2016/17 corn crop at 97.0 MMT. USDA also increased world ending stocks to 195.27 MMT. Outside markets were mixed with the dollar up 7 points.	A wet weather forecast emboldened corn bears and the contract sold off sharply. Export demand was bullish, 41 million bushels exported last week, but could not overcome the latest weather news. Outside markets were weaker with the dollar down 12 points and U.S. equities lower with a sharp NASDAE selloff.	Higher wheat prices and poor corn conditions sent futures higher. Indiana, Illinois, and South Dakota had the highest share of poor or very-poor rated corn. Better weather is expected but concerns about the crop's resilience abound. Outside markets were supportive too, the dollar down 15 points and equities higher.	Midwest showers and more normal temperatures pressured corn. The weather outlook is turning warmer and drier but not imminently so. Ethanol production increases remain supportive for corn. FOB prices are close enough to Brazil's to keep U.S. corn competitive globally.	Corn survived early selling to close higher. NOAA today called for above normal temperatures for the corn belt, through July. USDA's Export Sales report was neutral for corn, with more sales than were needed but fewer exports. Still, the export pace keeps alive possible WASDE corn stocks reductions.

Outlook: July corn's months-long pattern of trading a "boring" 10-cent trading range is clearly over. The contract is trading as a "weather market" with daily directions dependent on whether the meteorological forecast *du jour* is bullish or bearish. A good weather forecast on Monday (June 12) sent corn 10 cents lower but Thursday's (June 15) NOAA forecast calling for above-normal temperatures for much of July put corn through a 12-cent trading range. The market is now almost solely trading supply changes implied by the weather and corn demand is almost forgotten.

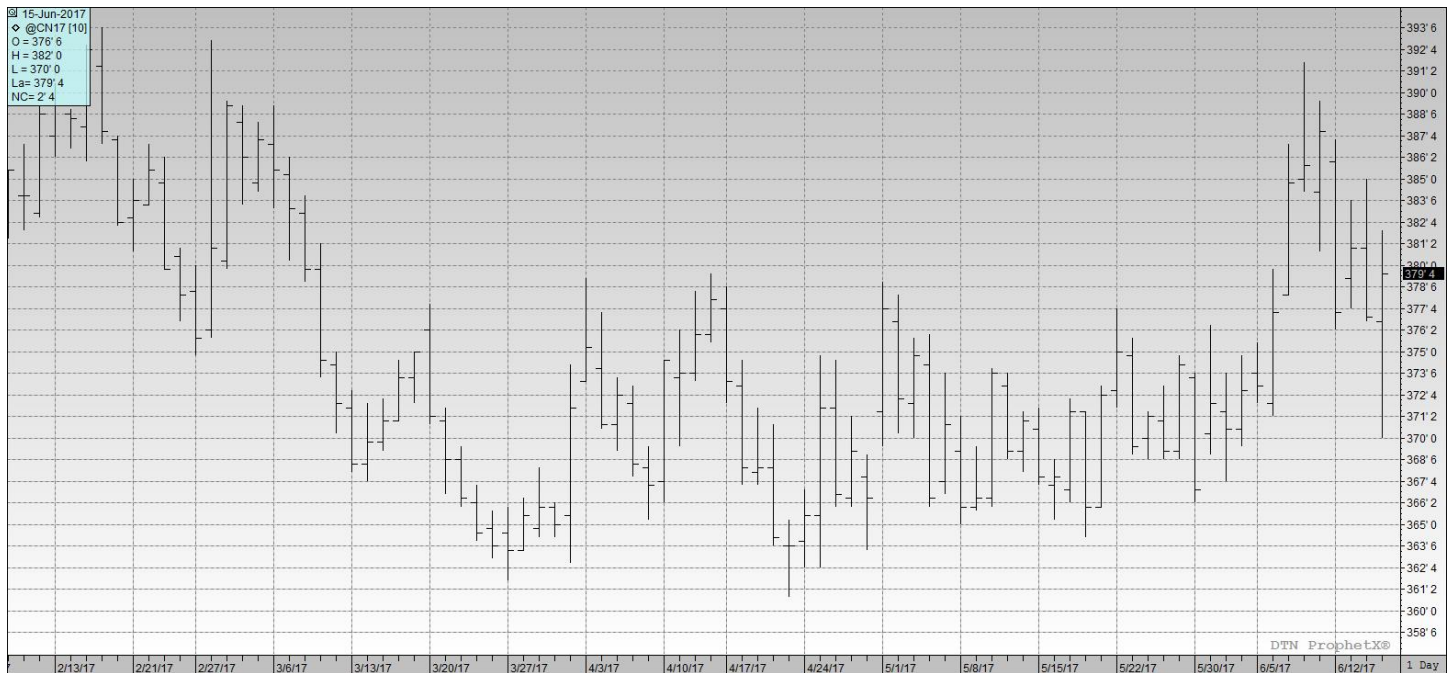
The early portion of corn's rally was driven by the wheat market. Drought in the Dakotas and spotty results from the Kansas wheat harvest sent all wheat futures higher. Spillover buying from wheat's rally initially pulled corn futures higher. More recently, however, USDA rated a concerningly large portion of Illinois and Indiana's corn as poor or very-poor, which is pulling yield estimates lower and pushing futures higher. Long-range forecasts for hotter and possibly drier weather this summer added to direct concerns about the corn crop. The futures market is presently grappling with the implications of a wet spring and a possibly dry summer, trying to find a clear trading direction.

Corn exports remain generally positive for the market, with Monday's Export Inspections report showing 41 million bushels exported, above the 36.5 million needed to meet USDA's projections. Thursday's Export Sales report showed more than sufficient sales volume in old crop corn (24.2 million bushels) but slightly less-than-needed exports (39.1 million bushels of 41.2 million needed).

On Thursday, U.S. corn FOB NOLA prices were nearly equal to Brazil's FOB Paranagua prices. So far, U.S. corn has remained competitive against South America, which has been hugely helpful for the U.S. market. Slow farmer selling in Brazil and Argentina, augmented by a slow Argentine harvest, is keeping South American prices elevated. Argentine exporters are facing negative (or nearly so) export margins which is limiting their market participation.

From a technical perspective, July corn is starting to heat up. An uptrend is forming and large trading volumes are supporting the upside breakout. Thursday's trading, which featured a low of \$3.70 and a 2.5-cent higher close, will be an important bullish marker going forward. Momentum in the market certainly swings bullish but world ending stocks will make bears unwilling to give up easily. A close above \$3.90 is needed to fully confirm a strong bullish market. A close below \$3.70 would be a victory for bears but the risks present in the market now make this an unlikely occurrence. For now, expect volatile trading with a bullish lean to the market.

CBOT JULY CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending June 15, 2017			
Commodity	15-Jun	9-Jun	Net Change
Corn			
Jul 17	379.50	387.75	-8.25
Sep 17	387.50	395.75	-8.25
Dec 17	397.75	406.00	-8.25
Mar 18	406.75	414.75	-8.00
Soybeans			
Jul 17	934.75	941.50	-6.75
Aug 17	938.75	945.00	-6.25
Sep 17	940.00	945.50	-5.50
Nov 17	944.00	948.25	-4.25
Soymeal			
Jul 17	300.60	305.90	-5.30
Aug 17	302.40	307.50	-5.10
Sep 17	304.10	308.70	-4.60
Oct 17	304.70	308.90	-4.20
Soyoil			
Jul 17	32.74	32.29	0.45
Aug 17	32.87	32.41	0.46
Sep 17	32.98	32.53	0.45
Oct 17	33.05	32.59	0.46
SRW			
Jul 17	453.75	445.75	8.00
Sep 17	469.00	460.00	9.00
Dec 17	490.50	481.25	9.25
Mar 18	507.25	498.00	9.25
HRW			
Jul 17	465.25	451.50	13.75
Sep 17	483.25	469.25	14.00
Dec 17	508.50	494.25	14.25
Mar 18	521.00	507.75	13.25
MGEX (HRS)			
Jul 17	632.50	606.50	26.00
Sep 17	639.50	611.00	28.50
Dec 17	635.75	608.50	27.25
Mar 18	633.25	609.75	23.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Crop Planting Progress				
Commodity	June 11, 2017	Last Week	Last Year	2012-16 Avg.
Sorghum	71%	55%	73%	73%

Source: USDA

U.S. Crop Condition: June 11, 2017					
Commodity	Very Poor	Poor	Fair	Good	Excellent
Corn	2%	6%	25%	57%	10%
Sorghum	0%	2%	31%	62%	5%
Barley	3%	4%	21%	60%	12%

Source: USDA

U.S. Drought Monitor Weather Forecast: During the next five days (June 15-19), WPC's 5-day QPF forecasts widespread rainfall across most of the Midwest, Southeast, central Appalachians, and Great Lakes region, with the greatest totals (2-3 inches) from northern Missouri eastward into western Pennsylvania and southward into the Carolinas. Rain should also fall on coastal Washington and the northern Rockies. Dry weather should encompass the rest of the West, High Plains, Texas, and western Gulf Coast. Temperatures should average above-normal across the southern two-thirds of the U.S., with subnormal readings limited to the northern sections of the Rockies and Plains and upper Midwest.

For the ensuing five-day period (June 20-24), odds favor sub-median precipitation in the Northwest, Rockies, northern three-quarters of the Plains, and western Corn Belt, while above-median rainfall is likely along the Atlantic and eastern Gulf Coast States and the Great Lakes region. Above-normal temperatures are likely in the western half of the U.S. and Florida, with subnormal readings in the Great Lakes region and 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 June 8, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	375,100	624,400	718.4	6,982.2	7%
Corn	680,100	992,300	44,070.2	54,617.2	20%
Sorghum	60,600	1,400	3,912.9	4,367.5	-42%
Barley	100	100	0.1	28.5	210%

Source: USDA/FAS

Corn: Net sales of 600,700 MT for 2016/2017 were up 72 percent from the previous week and 25 percent from the prior 4-week average. Increases were reported for Mexico (200,400 MT, including decreases of 1,600 MT), Colombia (109,700 MT, including decreases of 1,100 MT), China (60,800 MT, switched from unknown destinations), Peru (57,800 MT, including 45,500 MT switched from unknown destinations), and Nigeria (39,100 MT, including 40,000 MT switched from unknown destinations and decreases of 900 MT). Reductions were reported for unknown destinations (103,000 MT) and Taiwan (61,000 MT). For 2017/2018, net sales of 13,500 MT were reported for Panama (16,500 MT), the French West Indies (8,200 MT), and Nicaragua (1,500 MT), were partially offset by reductions for unknown destinations (12,700 MT). Exports of 992,300 MT were down 18 percent from the previous week and 23 percent from the prior 4-week average. The primary destinations were Mexico (276,900 MT), Japan (195,800 MT), Taiwan (74,500 MT), South Korea (64,500 MT), and China (62,100 MT).

Optional Origin Sales: The current optional origin outstanding balance for 2016/2017 of 122,000 MT is for South Korea (68,000 MT) and unknown destinations (54,000 MT). The current outstanding balance for 2017/2018 of 112,000 MT is for unknown destinations.

Barley: No net sales were reported for the week. Exports of 100 MT were reported to Japan.

Sorghum: Net sales of 60,600 MT for 2016/2017 were up noticeably from the previous week and from the prior 4-week average. Increases were for China (53,000 MT) and Mexico (7,600 MT). Exports of 1,400 MT were down 98 percent from the previous week and from the prior 4-week average. The destinations were Mexico.

U.S. Export Inspections: Week Ending June 8, 2017					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	6,324	144	1,891	8%
Corn	1,041,534	1,177,107	45,380,519	31,177,858	146%
Sorghum	1,368	145,215	4,813,276	7,354,374	65%
Soybeans	508,220	286,944	51,608,222	43,818,042	118%
Wheat	773,992	524,308	860,447	621,155	139%

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 8, 2017						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	39,014	4%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	472,793	45%	0	0%	0	0%
PNW	344,230	33%	0	0%	122	9%
Interior Export Rail	184,699	18%	798	100%	1,246	91%
Total (Metric Tons)	1,040,736	100%	798	100%	1,368	100%
White Corn Shipments by Country (MT)			798	to Mexico		
Total White Corn (MT)			798			
Sorghum Shipments by Country (MT)					122	to Korea
					1,246	to Mexico
Total Sorghum (MT)					1,368	

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	+0.37 N	\$163.87	-	-
July	+0.35 N	\$163.08	+0.56 N	\$171.35
August	+0.35 U	\$166.23	+0.55 U	\$174.10

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	\$193.99	+0.75 Z	\$186.11
August	+0.95 Z	\$193.99	+0.75 Z	\$186.11

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	\$126	\$126	\$126
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	June	July	August
New Orleans	\$595	\$595	\$595
<i>*5-10,000 MT Minimum</i>			
Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)			
	June	July	
Rail Delvd. Savannah	\$515	\$515	
Rail Delvd. Chicago	\$505	\$505	
Truck Delvd. Chicago	\$515	\$515	

**All prices are market estimates.*

DDGS Price Table: June 15, 2017 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	July	August	September
Barge CIF New Orleans	149	147	148
FOB Vessel GULF	161	160	162
Rail delivered PNW	181	182	184
Rail delivered California	185	186	187
Mid-Bridge Laredo, TX	180	182	184
FOB Lethbridge, Alberta	152	153	154
40 ft. Containers to South Korea (Busan)	178	178	181
40 ft. Containers to Taiwan (Kaohsiung)	178	179	182
40 ft. Containers to Philippines (Manila)	186	186	189
40 ft. Containers to Indonesia (Jakarta)	184	184	189
40 ft. Containers to Malaysia (Port Kelang)	181	181	188
40 ft. Containers to Vietnam (HCMC)	191	191	193
40 ft. Containers to Japan (Yokohama)	181	181	189
40 ft. containers to Thailand (LCMB)	183	183	188
40 ft. Containers to China (Shanghai)	181	182	184
40 ft. Containers to Bangladesh (Chittagong)	208	210	211
40 ft. Containers to Myanmar (Yangon)	206	206	208
KC & Elwood, IL Rail Yard (delivered Ramp)	138	139	141

*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: DDGS prices worked their way higher this week as higher corn and soybean meal futures gave merchandisers room to increase offers. Fresh buying interest came mid-week as international buyers sought to secure supplies ahead of further price increases.

Recent sales and flagging ethanol production have significantly tightened June and July DDGS supplies. Merchandisers (and this publication) have been noting tight June supplies for several weeks but the tightness has now extended into July shipments. Some traders are attributing supply tightness to lower old crop corn availability, but others claim this is merely a "talking point" rather than an actual driving factor.

Kansas City soybean meal prices are \$5/MT higher this week while FOB ethanol plant DDGS prices were steady. Consequently, DDGS moved to a \$1.94 cost advantage (on a per-protein unit basis) against soybean meal. Domestically, DDGS are priced at 85 percent of cash corn values, a 1 percent gain from last week and still historically undervalued.

FOB Gulf prices are \$1-5/MT higher this week (averaging \$161/MT), bringing the DDGS/corn value ratio to 101 percent. This week marks the first time this metric has been above 100 percent since early December 2016. On a per-protein unit basis, FOB Gulf DDGS are \$0.60 cheaper than FOB soybean meal, the latter having fallen price despite higher futures.

Internationally, new importers have been looking to secure U.S. DDGS for ports including Taiwan, Colombia, Indonesia and Bangladesh but merchandisers are reporting prices and volumes are low (less than 500 MT and bids \$10 under market trades). Prices for 40-foot containers destined for Southeast Asia were \$5/MT higher on average, led by a \$5/MT gain in Japan and Philippines prices.

COUNTRY NEWS

China: The Chinese Agricultural Supply and Demand Estimates report reduced its June forecast for corn production to 211.65 MMT, a 0.7 percent decline from May and a 3.6 percent reduction from last year. The China National Grain and Oils Information Center says this may be the smallest corn crop since 2013 due to drought conditions, hail, and farmers switching to planting soybeans.

The government sold 1.02 MMT of state owned corn reserves last Friday and is expected to offer 3.5 MMT of 2013 reserve corn for auction this week. (Reuters; Bloomberg)

EU: Corn and barley yields have declined due to hot, dry weather. Strategie Grains dropped its forecast for barley production by 1.6 MMT to 58 MMT, a 3 percent reduction year on year. It cut its maize production forecast by 1 MMT to a total of 60 MMT, the same level as last year. However, FranceAgriMer increased its estimate of corn ending stocks from 2.2 to 2.3 MMT. (Reuters)

Israel: Traders tendered for optional origin corn and feed wheat with two consignments of 50 KMT apiece of corn reportedly purchased. (Reuters)

Korea: The Korean Corn Processing Industry Association (KOCOPIA) tendered for 55-60 KMT of optional origin corn. (Reuters)

Philippines: Davao Region corn production is up 26 percent for the first quarter of 2017 versus a year ago. Yellow corn production was up 11.69 percent to 13.476 MMT, and white corn production was up 32.5 percent to 39.829 MMT. (Sunstar)

Tunisia: The state grains agency tendered for 25 KMT of barley. (Reuters)

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	\$36.25	Up \$0.25	Handymax at \$37.00/MT
55,000 U.S. PNW-Japan	\$18.50	Up \$0.50	Handymax at \$18.50/MT
55,000 U.S. Gulf-China PNW to China	\$35.50 \$17.50	Up \$0.50 Up \$0.50	North China
25,000 U.S. Gulf-Veracruz, México	\$14.00	Up \$0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$12.00	Unchanged	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$16.50 \$25.50	Up \$0.75 Up \$0.75	West Coast Colombia at \$24.25
40-45,000 U.S. Gulf-Guatemala	\$24.00	Up \$1.00	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$25.00 \$28.00	Up \$1.00	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$24.00	Up \$1.00	5,000 discharge rate
55,000 U.S. Gulf-Egypt PNW to Egypt	\$21.00 \$21.50	Up \$0.50 Unchanged	55,000 -60,000 MT St. Lawrence to Egypt \$21.50
60-70,000 U.S. Gulf-Europe- Rotterdam	\$13.75	Unchanged	Handymax at +\$1.50 more
Brazil, Santos-China Itacoatiara Port upriver Amazonia-China	\$25.00 \$23.75 \$28.50	Up \$0.50 Up \$0.25 Up \$0.50	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$32.00	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: This week turned out to be predominately a "give back" week. What the market lost last week, it gained back this week. So, Dry-Bulk markets remain in a fairly narrow trading range without sufficient support to surge higher – nor do we see willingness among vessel owners to drop rates in any meaningful way. The forward curve on the Baltic Exchange shows a bit of hope for rates to improve slightly as we go out into the second half of 2017 – but nothing that should provoke any excitement nor greatly improve the bottom line for most ship owners. If you own vessels you have to hope that 2018 will be better.

In relative terms, East Coast South America continues to be the hot spot as the vessel line up in Brazil grows and more vessels ballast to that market in hopes of better values. The idle container vessel fleet remains large and young container vessels continue to be sold for scrap, but consolidation and shipping alliances have kept container rates from dropping.

Baltic-Panamax Dry-Bulk Indices				
June 15, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	13,105	11,705	1,400	12.0%
P3A: PNW/Pacific– Japan	6,571	5,437	1,134	20.9%
S1C: U.S. Gulf-China-S. Japan	16,278	15,850	428	2.7%

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:

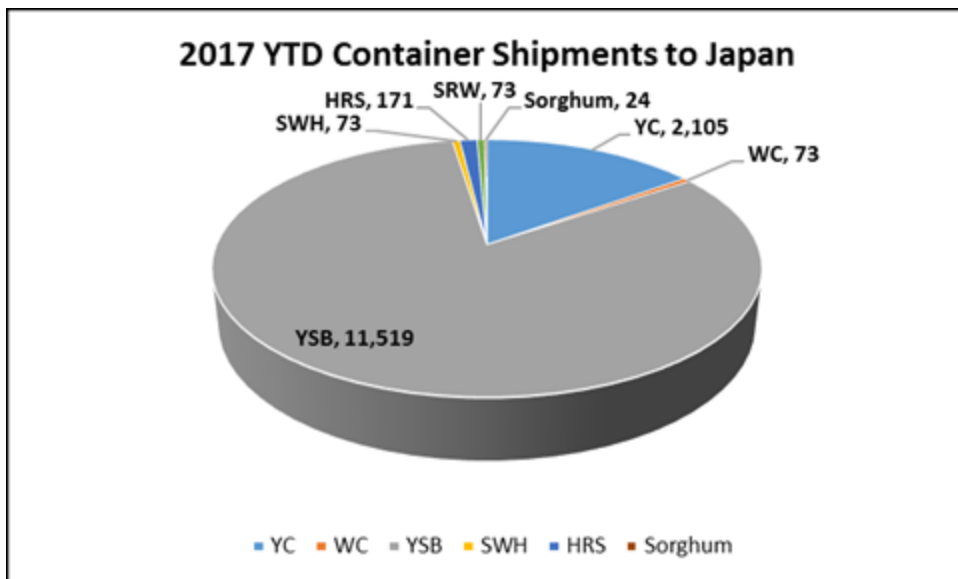
Week Ending June 15, 2017	
Four weeks ago:	\$5.80 - \$6.20
Three weeks ago:	\$6.00 - \$6.35
Two weeks ago:	\$6.05 - \$6.40
One week ago:	\$5.30 - \$5.80
This week	\$5.00 - \$5.90

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
June 15, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.56	0.37	0.19	\$7.48	PNW
Soybeans	0.78	0.46	0.32	\$12.60	PNW
Ocean Freight	\$17.50	\$35.50	0.46-0.49	\$18.00	JULY

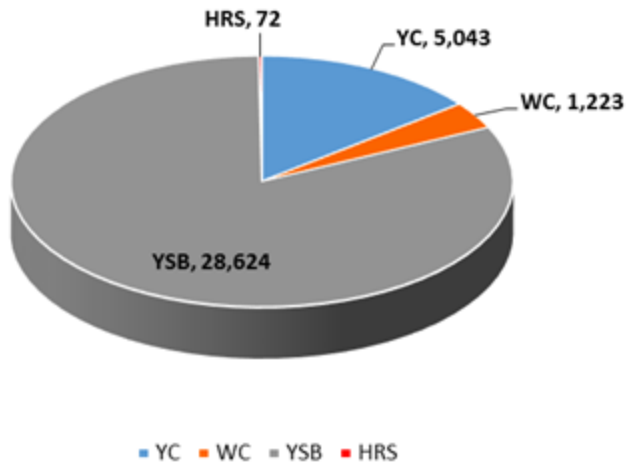
Source: O'Neil Commodity Consulting

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



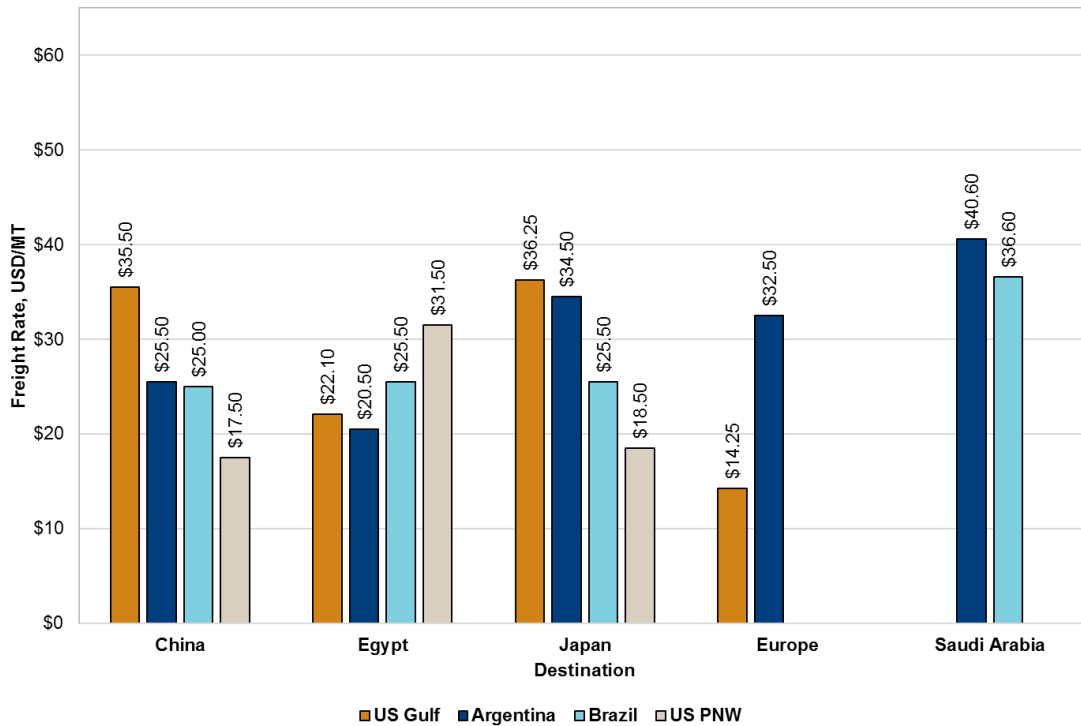
Source: O'Neil Commodity Consulting

2016 Container Shipments to Japan

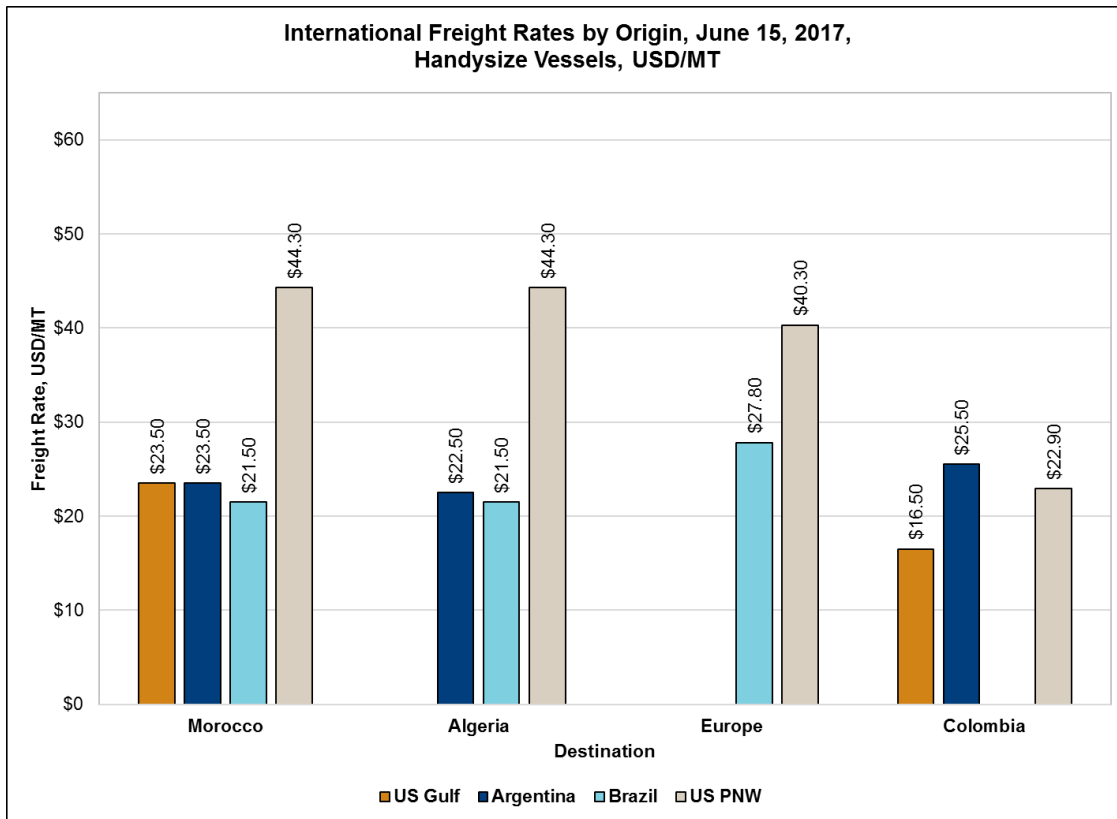


Source: O'Neil Commodity Consulting

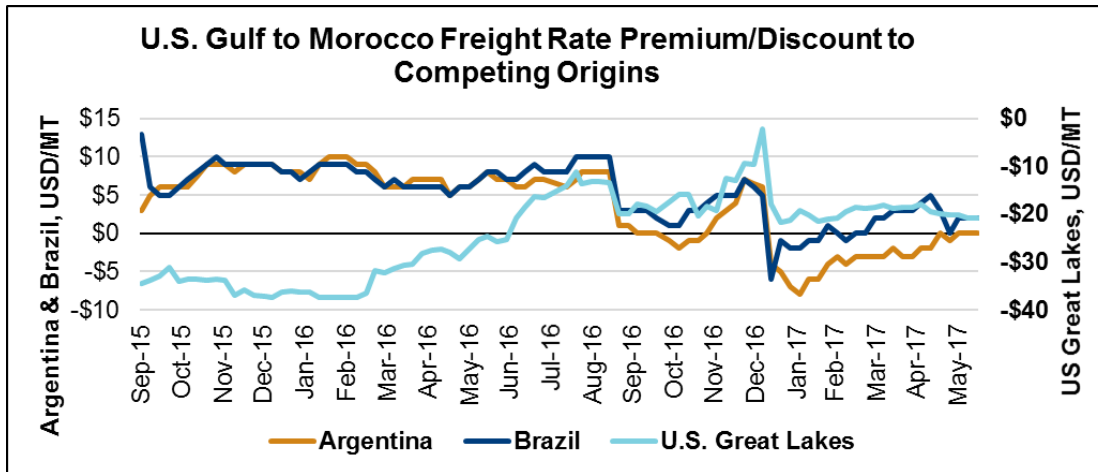
International Freight Rates by Origin, June 15, 2017, Supramax/Panamax Vessels, USD/MT



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 15, 2017			
	Current Week	Last Week	Last Month
U.S. Prime	4.00	4.00	4.00
LIBOR (6 month)	1.42	1.42	1.42
LIBOR (1 year)	1.74	1.72	1.75

Source: www.bankrate.com