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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Monday 6 January	Tuesday 7 January	Wednesday 8 January	Thursday 9 January	Friday 10 January
Change	0.0425	-0.0175	-0.0900	-0.0500	0.2075
Closing Price	4.2775	4.2600	4.1700	4.1200	4.3275
Factors Affecting the Market	The week started off with a limited amount of short covering by speculative traders, which caused the nearby March contract to close a little more than four cents higher.	Corn contracts basically stalled due to uncertainty about the contents of USDA's impending Friday reports.	Volume increased substantially as speculative traders decided to increase their short positions before Friday.	The March contract continued to erode into new contract lows as commercial buyers were reluctant to act before seeing USDA's data.	USDA's annual production estimates and quarterly grain stocks were bullish for corn and the nearby March contract rallied more than 20 cents.

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.

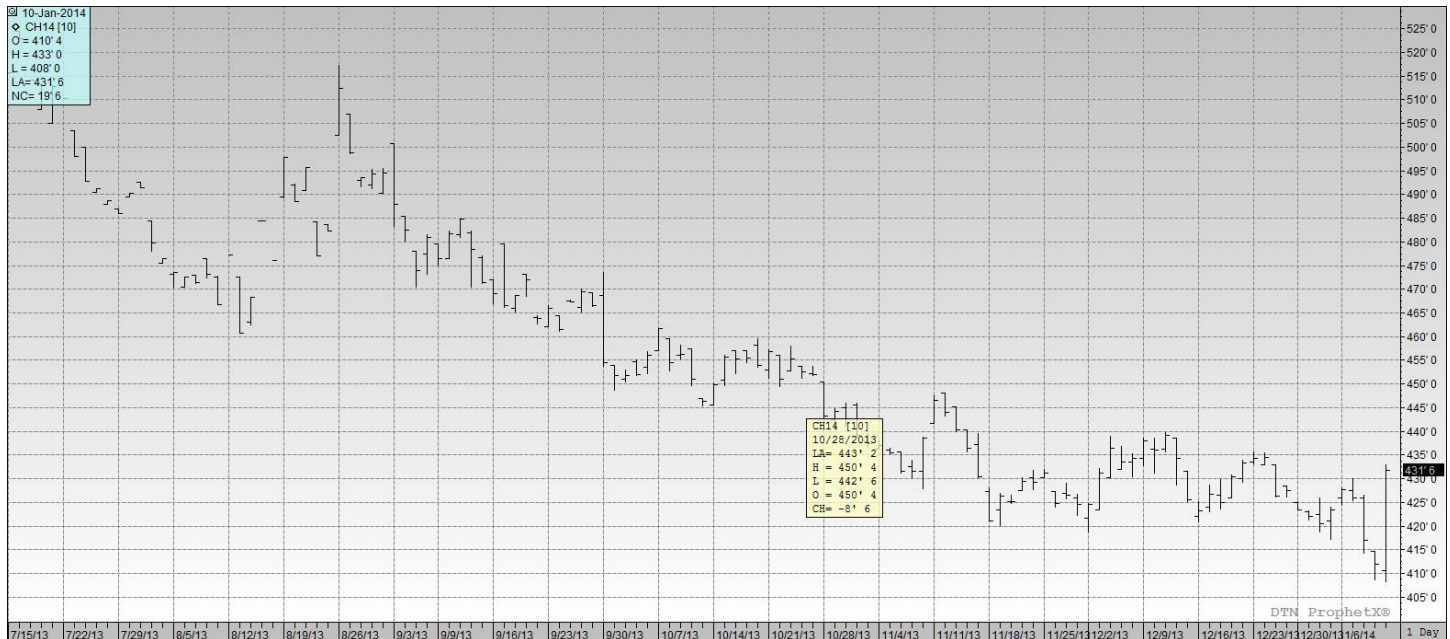
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Outlook: USDA released their annual production estimates for the current 2013/14 season. The average U.S. corn yield was revised downward to 158.8 bushels per acre after a more extensive analysis. This production estimate is below their prior yield estimate of 160.4 bushels. More importantly, it is below the average trade estimate of 161.1 bushels per acre. As a result, the report was considered bullish and many speculative traders who were holding short positions in corn seemed taken by surprise. Such a scenario can evolve when large numbers of market participants become heavily influenced by sentiment and place too much credence upon phrases such as, “big crops get bigger.” In contrast, USDA is publishing data that is the results of extensive analysis. Record corn yields did occur in 13 states, but the overall United States average corn yield declined slightly.

The decline in the average corn yield estimate from 160.4 to 158.8 bushels per acre was not entirely offset by an increase in harvested acreage from 87.2 to 87.7 million acres. The result was a modest decline in total U.S. corn production from 13.989 to 13.925 billion bushels and a decline in ending stocks for the present 2013/14 season from 1.792 to 1.631 billion bushels. However, market participants were expecting an average ending stocks estimates of 1.844 billion bushel, which was reflected in the aggressive selling that occurred this week prior to today’s reports. USDA also released their estimate U.S. ending stocks on December 1 as 10.43 billion bushels, which was also modestly below the average of 10.77 billion bushel. The end result is that the nearby March corn contract turned and rallied more than 20 cents this afternoon as it becomes increasingly evident that there is little to no downside below the pre-report lows that occurred earlier this week.

CBOT MARCH CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending January 10, 2014			
Commodity	January 10	January 3	Net Change
Corn			
Mar 14	432.75	423.50	9.25
May 14	440.75	431.75	9.00
Jul 14	447.50	438.75	8.75
Sep 14	452.75	445.00	7.75
Soybeans			
Jan 14	1303.75	1289.25	14.50
Mar 14	1278.50	1271.25	7.25
May 14	1260.00	1258.25	1.75
Jul 14	1246.00	1248.25	-2.25
Soymeal			
Jan 14	435.20	424.50	10.70
Mar 14	413.60	407.10	6.50
May 14	402.20	400.10	2.10
Jul 14	394.90	394.90	0.00
Soyoil			



Jan 14	37.95	38.34	-0.39
Mar 14	38.23	38.60	-0.37
May 14	38.56	38.94	-0.38
Jul 14	38.91	39.32	-0.41
SRW			
Mar 14	569.00	605.75	-36.75
May 14	575.00	611.25	-36.25
Jul 14	580.75	614.50	-33.75
Sep 14	590.50	624.25	-33.75
HRW			
Mar 14	626.00	642.50	-16.50
May 14	623.50	644.25	-20.75
Jul 14	620.25	644.00	-23.75
Sep 14	632.50	656.75	-24.25
MGEX (HRS)			
Mar 14	620.50	630.50	-10.00
May 14	621.00	640.00	-19.00
Jul 14	628.25	650.75	-22.50
Sep 14	636.50	660.00	-23.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: During the period of January 10-13, a strong ridge appears primed to set up camp for the next couple of weeks, bringing better prospects for well above-normal temperatures across most of the country. The only notable exception is southwestern Colorado, where temperatures are expected to be slightly below the norm. A strong storm system could bring the first considerable widespread winter event to the Pacific Northwest, particularly the western halves of Oregon and Washington as well as the Idaho Panhandle. Good moisture is also predicted for the southern Plains (eastern Kansas, eastern Oklahoma and eastern Texas), Lower Mississippi Valley, Gulf Coast and the Southeast. The Northeast may also see some good precipitation materialize over this period. The Southwest and northern Plains look to remain dry.

For the period of January 14-18, the ridging pattern looks to remain entrenched bringing better odds of continued above-normal temperatures across the entire West and into the western Plains from Texas northward to North Dakota. New England is another region looking to share in the warmth. The Great Lakes and the Gulf Coast appear to be headed for below-normal temperatures. As for precipitation, this pattern tilts the odds toward below-normal for the West and central and southern Plains while the northern Plains, Great Lakes and the eastern Seaboard can expect a better chance of above-normal precipitation. 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 January 2, 2013					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	112,700	436,500	19,441.3	24,590.1	27%
Corn	227,800	603,300	11,899.6	28,642.7	124%
Sorghum	700	7,900	782.6	2,746.1	201%
Barley	1,000	800	76.0	126.2	4%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 155,300 MT for 2013/14 were up 1 percent from the previous week, but down 79 percent from the prior four-week average. Increases were reported for Japan (100,200 MT, including 63,900 MT switched from China and 35,300 MT switched from unknown destinations), Mexico (70,700 MT), South Korea (55,000 MT, switched from China) and China (6,100 MT). Decreases were reported for unknown destinations (88,300 MT). Exports of 603,300 MT were down 29 percent from the previous week and 34 percent from the prior four-week average. The primary destinations were Japan (160,200 MT), China (155,600 MT), Mexico (151,000 MT), Saudi Arabia (63,100 MT) and Colombia (36,300 MT). Optional Origin Sales: For 2013/14, options were exercised to export 70,900 MT to Mexico from the United States. Outstanding optional origin sales total 55,000 MT, all South Korea. Export Adjustments: Accumulated exports to China were adjusted down 51,373 MT for week ending December 5, 2013. Japan is the new destination for these shipments and is included in this week's report.

Barley: Net sales of 1,000 MT were reported for Taiwan. Exports of 800 MT were to Japan (400 MT) and Taiwan (400 MT).

Sorghum: Net sales of 600 MT for 2013/14--a marketing-year low--were reported for Mexico. Exports of 7,900 MT were to Mexico (6,300 MT) and China (1,600 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 60,000 MT, all China.

U.S. Export Inspections: Week Ending January 2, 2013					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	490,697	730,126	11,988,612	6,683,460	179%
Sorghum	17,908	82,223	1,034,151	826,853	125%
Soybeans	1,536,234	1,190,373	25,108,883	22,316,113	113%
Wheat	370,165	364,586	20,222,713	14,401,265	140%
Barley	1,045	0	79,011	121,379	65%

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 January 2, 2013

Last Week (000 bushels)	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	9,198	50%	896	93%	492	70%
PNW	5,088	28%	8	1%	0	0%
Lakes	0	0%	0	0%	0	0%
Atlantic	75	0%	0	0%	20	3%
Interior Export Rail	3,993	22%	60	6%	193	27%
Total (1,000 bu)	18,354	100%	964	100%	705	100%
Total (Metric Tons)	466,210		24,487		17,908	
White Corn Shipments by Country (MT)			18,543	to Colombia		
			4,217	to Japan		
			1,524	to Mexico		
			203	to South Korea		
Total White Corn (MT)			24,487			
Sorghum Shipments by Country (MT)					7,493	to Mexico
					6,173	to Japan
					3,709	to China
					533	to Indonesia
Total Sorghum (MT)					17,908	

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)
February	+1.00 H	\$209.73	+1.50 H	\$229.42
March	+0.89 H	\$205.40	+1.40 H	\$225.48
April	+0.69 K	\$200.68	+1.25 K	\$222.72
May	+0.68 K	\$200.28	+1.25 K	\$222.72

Sorghum (USD/MT FOB Vessel)

#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
February	+1.65 H	\$235.32	+1.65 H	\$235.32
March	+1.65 H	\$235.32	+1.65 H	\$235.32
April	+1.60 K	\$236.50	+1.60 K	\$236.50



Barley: Feed Barley (FOB USD/MT)			
	January	February	March
FOB PNW	\$245	\$245	\$245

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	January	February	March
New Orleans	\$215	\$215	\$215
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	January	February	March
New Orleans	\$745	\$745	\$745
<i>*5-10,000 MT Minimum</i>			

*All prices are market estimates.

DDGS Price Table: January 10, 2014 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Jan	Feb	Mar
Barge CIF New Orleans	265	260	255
FOB Vessel GULF	275	268	263
Rail delivered PNW	275	270	270
Rail delivered California	280	275	275
Mid-Bridge Laredo, TX	275	270	270
40 ft. Containers to South Korea (Busan)	325	330	335
40 ft. Containers to Taiwan (Kaohsiung)	320	325	330
40 ft. Containers to Philippines (Manila)	330	335	340
40 ft. Containers to Indonesia (Jakarta)	328	333	338
40 ft. Containers to Malaysia (Port Kelang)	328	333	338
40 ft. Containers to Vietnam (HCMC)	340	345	350
40 ft. Containers to Japan (Yokohama)	335	340	345
40 ft containers to Thailand (LCMB)	328	333	338
40 ft Containers to Shanghai, China	320	325	330
KC & Elwood, IL Rail Yard (delivered Ramp)	243	243	243

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: The Census Bureau reports U.S. DDGS exports increased to a new monthly record in November 2013. The largest destination for U.S. DDGS during 2013 has been China but Japan, South Korea and Canada have all become major destinations in their own right. Various buyers in those locations have had an opportunity to take advantage of the recent setback in DDGS that occurred as market conditions became

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decidedly bearish prior to today's release of USDA data. As discussed in the outlook section, today's data was not nearly as bearish as many market participants were expecting and further downside for both corn and DDGS prices now seems limited.

Exports are important to the U.S. DDGS market and consume about 25 percent of total production. Of course, China has been and will continue to be an important player in that market, but merchandisers report that other international buyers have expressed interest in any inventory that Chinese buyers are unable to take at the moment. As well, domestic buyers are expressing a similar interest. After all, domestic beef producers remain the largest buyers of U.S. DDGS and consume a full 40 percent of total production. The domestic dairy market consumes slightly more than a quarter of all DDGS produced. Domestic poultry and swine each consume about 4-to-5 percent. Consequently, demand for DDGS has not declined; buyers are just seeking to obtain it lower prices. Buyers have been successful in obtaining lower prices for the past couple of weeks, but still even lower prices seem unlikely after the release of today's USDA reports.

Ethanol Comments: U.S. ethanol exports in November were strong at 82.4 million gallons, which was the highest monthly export amount since March 2012. Canada remains the highest export destination but significant amounts also were sent to the Philippines, India, Norway and Brazil. Exports to Brazil are noteworthy because it implies that Brazil is unlikely to become a major competitor in the U.S. biofuel market so long as they are buying U.S. ethanol. The result is that imports of ethanol into the United States remain at zero. The rate of ethanol imports this time last year was 52,000 barrels per day for the week ending January 4, 2013.

Market related news stories this past week were somewhat excited about the fact that U.S. ethanol stocks had increased from 15.6 to 16.1 million barrels for the week ending January 3, 2014. The stories implied that this increase in ethanol stocks is bearish, but there was less emphasis on the fact that the total U.S. ethanol stock level of 16.1 million barrels is still 18.7 percent below the year ago level. As well, ethanol stocks grew in January of 2010, 2011 and 2012. Consequently, the increasing ethanol stock level during January 2014 is not necessarily an ominous sign. Of course, the gap between present ethanol stocks and the year-ago level will eventually narrow and producer returns will ebb and flow, but the industry remains healthy. The differentials between corn and the co-products values for the week ending January 10, 2014 were lower in three of four areas of the Corn-Belt but all remain well above year-ago levels:

- Illinois differential is \$4.40 per bushel in comparison to \$3.90 the prior week and \$1.24 a year ago.
- Iowa differential is \$3.00 per bushel in comparison to \$3.70 the prior week and \$1.15 a year ago.
- Nebraska differential is \$3.06 per bushel in comparison to \$3.63 the prior week and \$1.43 a year ago.
- South Dakota differential is \$3.25 per bushel in comparison to \$3.47 the prior week and \$1.49 a year ago.

COUNTRY NEWS

Argentina: A damaging hot and dry December in the Pampas has been replaced with a wet January, and further forecasts call for the trend to continue into February, according to Reuters. However, the drought-like

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conditions have already caused irreversible damage to the 2013/2014 corn crop. An analyst at the Buenos Aires Grains Exchange estimates this year's corn crop at 20 MMT.

China: Chinese corn imports in the year to September are predicted to fall by 30 percent from earlier estimates because of the rejection of U.S. cargoes containing an unapproved GM strain, reports Reuters. The Shanghai JC Intelligence Co. Ltd has forecast that China will import 4.4 MMT of corn this marketing year, which is down from an estimate made last month of 6.6 MMT. China imported 2.7 MMT of corn in the previous marketing year and has rejected 600,000 MT of U.S. corn since November. USDA predicts that China will import 7 MMT of corn this year.

France: French barley exports in November 2013 fell to 122,599 MT, which is a 9.9 percent reduction from the November 2012 total of 311,258 MT. Corn shipments have also slipped by 0.7 percent to total some 625,660 MT.

Japan: The Ministry of Agriculture has announced that it will import 600 MT of feed wheat and 14,200 MT of barley from a simultaneous buy and sell auction that closed on Wednesday. The ministry had sought to purchase 120,000 MT of feed wheat and 200,000 MT of barley. It will be seeking these same amounts in another auction to be held on January 15.

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	\$57.00	Down \$1.00	Handymax at \$58.00/MT
55,000 U.S. PNW- Japan	\$28.50	Down \$1.00	Handymax at \$30.00/MT
55,000 U.S. Gulf – China	\$55.50	Down \$1.00	North China
PNW to China	\$26.50	Down \$1.00	
25,000 U.S. Gulf- Veracruz, México	\$20.00	Down \$0.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$17.50	Down \$0.50	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast	\$25.00	Unchanged Up \$1.00	West Coast Colombia at \$34.50
Colombia, Argentina	\$37.00		West Coast Colombia from Argentina at \$43.00
35,000 U.S. Gulf - Guatemala	\$32.50	Up \$2.50	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$43.00	Unchanged Down \$0.50	8,000 MT daily discharge
	\$45.00		3,000 MT daily discharge
25,000 U.S. Gulf-Morocco	\$45.00	Down \$0.50	5,000 discharge rate
55,000 U.S. Gulf – Egypt	\$38.00	Down \$1.00	55,000 -60,000 MT
PNW to Egypt	\$39.00	Down \$1.00	St. Lawrence to Egypt

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			\$36.00
60-70,000 U.S. Gulf – Europe – Rotterdam	\$24.00	Down \$1.00	Handymax at +\$1.50 more
Brazil, Santos – China	\$41.00 \$38.50	Down \$0.50 Down \$0.75	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$47.00	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 has been a very slow and soft start for 2014 ocean freight markets. If you are freight buyer; you are in the driver's seat. Vessel owners are not getting the love they need from this market yet. Not mention that we still have the Lunar New Year holidays to go through in Asia.

There have been very few reported grain fixtures over the last ten days, so it is difficult to pinpoint any exact fair rates other than to say that things are generally lower with no support in sight.

In thin markets whoever needs to force something to happen will always pay the price and push the market one way or the other.

Baltic Panamax Dry-Bulk Indices				
January 10, 2014	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	23,823	24,786	-963	-3.9%
P3A: PNW/Pacific – Japan	10,294	11,463	-1,169	-10.2%

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 January 10, 2014	
Four weeks ago	\$ 13.05-\$14.50
Three weeks ago:	\$ 13.05-\$14.50
Two weeks ago	\$ 12.50-\$12.75
One week ago:	\$ 12.50-\$12.50
This week	\$12.00-\$12.50

Source: O'Neil Commodity Consulting

U.S. – Asia Market Spreads					
January 10, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage

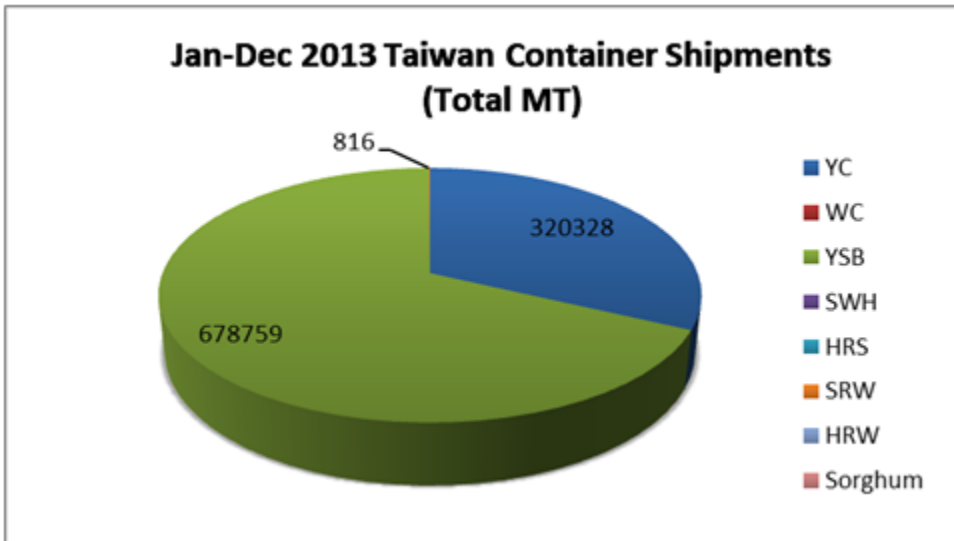
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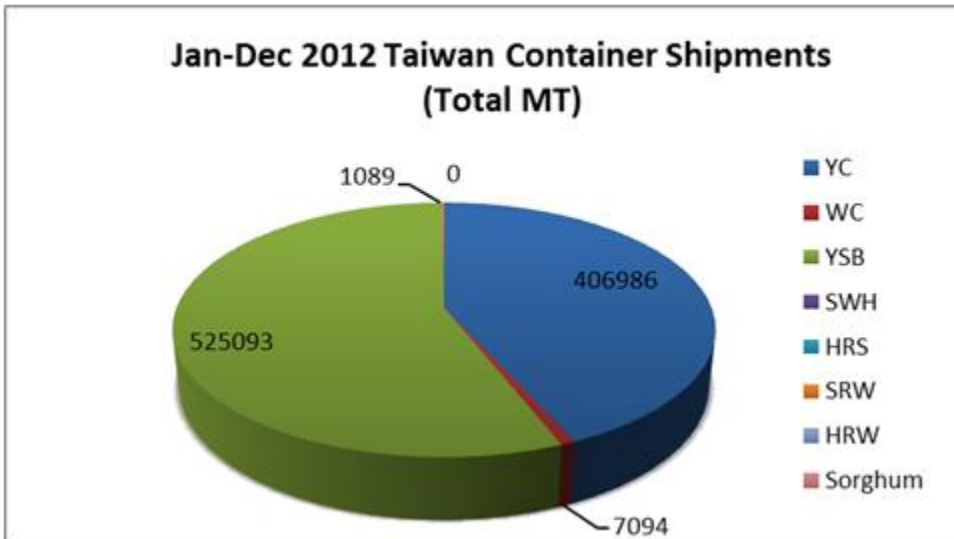
# 2 Corn	1.50	1.00	0.50	\$19.68	PNW
Soybeans	1.85	1.25	0.60	\$22.05	PNW
Ocean Freight	\$26.50	\$55.50	0.74-0.79	(\$29.00)	Feb.

Source: O'Neil Commodity Consulting

The charts below represent January-December 2011 and January-December 2012 annual totals versus January-December 2013 year-to-date container shipments for Taiwan.



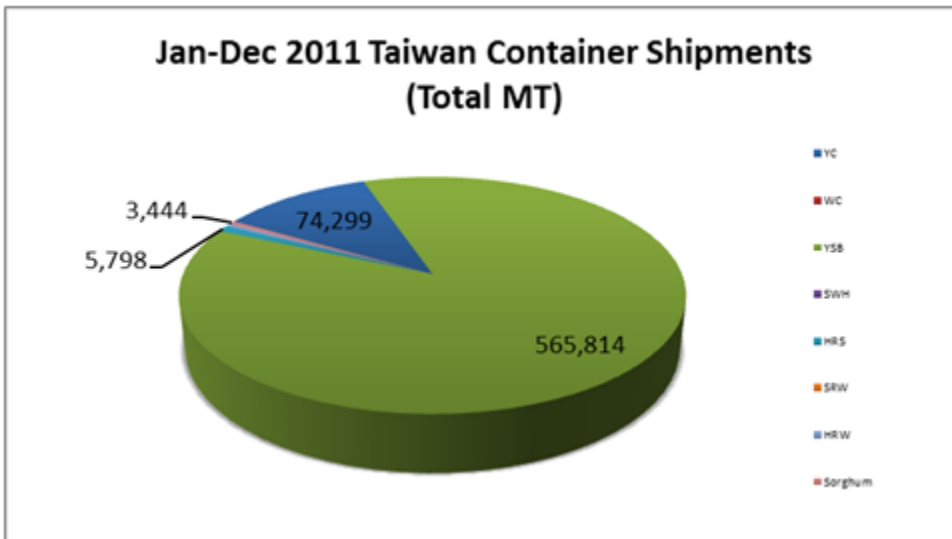
Source: O'Neil Commodity Consulting



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	\$51	\$54	\$53	\$44	\$45	\$40	-
	Brazil	\$44	\$45	\$45	\$38	\$39	\$33	-
Corn (White)	Argentina	\$51	\$54	\$53	\$44	\$45	\$40	-
	Brazil	\$44	\$45	\$45	\$38	\$39	\$33	-
Barley	Argentina	\$51	\$54	\$53	\$44	\$45	\$40	-
	Brazil	\$44	\$45	\$45	\$38	\$39	\$33	-
Sorghum	Argentina	\$51	\$54	\$53	\$44	\$45	\$40	-
	Brazil	\$44	\$45	\$45	\$38	\$39	\$33	-

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 (%): January 8, 2014			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.34	0.34	0.34
LIBOR (1 year)	0.58	0.58	0.58

Source: www.bankrate.com