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CHICAGO BOARD OF TRADE MARKET NEWS

Week in Review: CME Corn December Contract					
\$/Bu	Monday 11 November	Tuesday 12 November	Wednesday 13 November	Thursday 14 November	Friday 15 November
Change	0.0800	-0.0250	-0.0250	-0.0325	-0.0450
Closing Price	4.3475	4.3225	4.2975	4.2650	4.2200
Factors Affecting the Market	Corn contracts worked higher as buying continued due to the publishing of USDA data on Friday that was less bearish than market expectations.	The 20 cent price rally of the prior two days stopped as short covering by dried up. Harvest is now 84 percent complete and there are few weather concerns.	Bearish traders were focused on the prospect that EPA will alter biofuel policy and reduce the mandate for ethanol production in 2014.	A third day of declines occurred in corn contracts as traders became increasingly hesitant to take prices higher before EPA clarified the RFS policy.	Prices continued to drift lower in anticipation of a statement from EPA, which occurred during the trading day, but the sky did not fall.

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: Speculators had recently established a record short position and prices sold off into last Friday's November WASDE, but USDA data did not give sufficient justification for bearish traders to drive corn futures lower. Corn futures rebounded 20 cents after the report, but then bearish traders refocused their attentions on the prospect of EPA adjusting down the mandates of future ethanol consumption. Reminiscent of the decline in corn futures prices that occurred before the release of the highly anticipated November WASDE, corn futures spent most of this week working lower in anticipation of an adjustment to biofuel policy. However, the contents of the impending announcement were already expected by the majority of market participants.

The general expectation by the market was that the Environmental Protection Agency (EPA) could moderately reduce the mandate for corn-based ethanol because total fuel consumption has not been as great as expected. However, any substantial adjustment to the Renewable Fuel Standard (RFS) mandate was expected to primarily be directed toward cellulosic ethanol production. Nevertheless, bearish traders anxiously awaited the probable announcement from EPA and paid little attention to large export sales figures or a relatively stout basis. Short traders desired a reason to shove the December 2013 corn contact back down to the recent low of \$4.15 per bushel that occurred immediately prior to the release of the November WASDE. After all, their time to remain in the nearby contract is limited and they need it to test the recent lows sooner rather than later. EPA made a public statement prior to the close today and the corn market did not fall apart. (A summary of EPA's statement can be read in the ethanol section.) In relation to the outlook of feed grain prices, this seems to have been another opportunity for savvy corn traders to, "sell the rumor, buy the fact".

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CBOT DECEMBER CORN FUTURES



Source: Prophet X

Current Market Values:

Futures Price Performance: Week Ending November 15, 2013			
Commodity	November 15	November 8	Net Change
Corn			
Dec 13	422.00	426.75	-4.75
Mar 14	430.50	438.50	-8.00
May 14	438.50	447.00	-8.50
Jul 14	445.75	453.75	-8.00
Soybeans			
Jan 14	1280.50	1296.00	-15.50
Mar 14	1265.75	1276.75	-11.00
May 14	1250.25	1258.00	-7.75
Jul 14	1245.00	1253.25	-8.25
Soymeal			
Dec 13	410.50	422.30	-11.80
Jan 14	405.70	414.90	-9.20
Mar 14	396.50	402.80	-6.30
May 14	387.90	392.30	-4.40
Soyoil			

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Dec 13	40.47	40.24	0.23
Jan 14	40.74	40.55	0.19
Mar 14	41.12	40.98	0.14
May 14	41.48	41.39	0.09
CBOT Wheat			
Dec 13	644.50	649.75	-5.25
Mar 14	654.50	661.50	-7.00
May 14	658.50	668.00	-9.50
Jul 14	655.75	668.50	-12.75
KCBOT Wheat			
Dec 13	698.25	708.50	-10.25
Mar 14	700.25	711.25	-11.00
May 14	699.25	711.50	-12.25
Jul 14	690.75	706.50	-15.75
MGE Wheat			
Dec 13	696.75	708.00	-11.25
Mar 14	706.50	719.50	-13.00
May 14	714.50	726.75	-12.25
Jul 14	721.25	732.75	-11.50

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

U.S. WEATHER/CROP PROGRESS

U.S. Drought Monitor Weather Forecast: The NWS HPC Quantitative Precipitation Forecast (QPF) calls for moderate precipitation across the Pacific Northwest, Northern Rockies of Idaho and Montana and the mountains of western Colorado. Precipitation accumulations of approximately one inch are expected along a north-south corridor extending from the lower Mississippi River Valley to the Upper Great Lakes.

The 3-7 day outlooks call for a high probability of above-normal temperatures across most of the West and the Eastern tier, while below-normal temperatures are expected across the Southern Plains and South. Below-normal precipitation is expected across most of the West and central Great Plains while there is a high probability of above-normal precipitation across the eastern third of the Lower 48. 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 November 7, 2013					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	308,900	382,800	16,066.2	21,196.1	39%
Corn	1,360,900	463,800	5,601.8	23,454.4	110%

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Sorghum	138,200	8,500	552.1	1,681.5	154%
Barley	0	100	63.0	113.9	-6%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 1,202,900 MT for 2013/14 reported for Mexico (301,400 MT), Japan (226,800 MT, including 50,600 MT switched from unknown destinations and decreases of 73,000 MT), South Korea (150,900 MT), China (115,700 MT, including 47,300 MT switched from unknown destinations and decreases of 5,400 MT), unknown destinations (90,300 MT) and Saudi Arabia (74,000 MT), were partially offset by decreases for Venezuela (5,000 MT). Exports of 463,800 MT were primarily to Mexico (134,800 MT), China (121,000 MT), Japan (51,900 MT), Peru (32,200 MT) and Guatemala (28,600 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 100,000 MT, all Mexico.

Barley: There were no sales reported during the week. Exports of 100 MT were to South Korea.

Sorghum: Net sales of 138,200 MT for 2013/14 were for unknown destinations (61,300 MT), China (61,000 MT, including 55,000 MT switched from unknown destinations), and Japan (15,800 MT, including 6,700 MT switched from unknown destinations). Exports of 8,500 MT were to Japan (6,700 MT), China (1,700 MT) and Mexico (100 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 60,000 MT, all China.

U.S. Export Inspections: Week Ending November 7, 2013

Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	424,222	796,474	5,674,837	4,272,651	133%
Sorghum	11,761	31,573	708,510	566,798	125%
Soybeans	2,169,034	2,190,099	11,380,153	11,861,468	96%
Wheat	332,797	242,522	16,619,178	11,629,696	143%
Barley	827	697	66,622	118,679	56%

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 November 7, 2013

Last Week (000 bushels)	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	9,186	55%	0	0	263	57%
PNW	55	0%	0	0	0	0%
Lakes	0	0%	0	0	0	0%
Atlantic	1269	8%	0	0	0	0%
Interior Export Rail	6,191	37%	0	0	200	43%
Total (1,000 bu)	16,701	100%	0	0	463	100%
Total (Metric Tons)	424,222		0		11,761	
Sorghum Shipments					6,681	to Japan



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by Country (MT)						
					3,353	to China
					1727	to Mexico
Total Sorghum (MT)					11,761	

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 December	-	-	+1.55 Z	\$227.15
LH December	-	-	+1.55 Z	\$227.15
January	+0.95 H	\$206.88	+1.30 H	\$220.66
February	+0.85 H	\$202.94	+1.30 H	\$220.66
March	+0.83 H	\$202.15	+1.30 H	\$220.66

#2 White Corn (U.S. \$/MT FOB Vessel)			
Max. 15.0% Moisture	December	January	February
Gulf	\$240	\$245	\$245

Sorghum (USD/MT FOB Vessel)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
November	+1.50 Z	\$225.18	+1.50 Z	\$225.18
December	+1.50 Z	\$225.18	+1.50 Z	\$225.18

Barley: Feed Barley (FOB USD/MT)			
	December	January	February
FOB PNW	\$255	\$255	\$255

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)			
	December	January	February
New Orleans	\$220	\$220	-
<i>Quantity 5,000 MT</i>			
Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)			
Bulk 60% Pro.	December	January	February
New Orleans	\$810	\$810	-
<i>*5-10,000 MT Minimum</i>			

*All prices are market estimates.

DDGS Price Table: November 15, 2013 (USD/MT) (Quantity, availability, payment and delivery terms vary)			
Delivery Point Quality Min. 35% Pro-fat combined	Dec	Jan	Feb
Barge CIF New Orleans	302	293	282
FOB Vessel GULF	310	296	292
Rail delivered PNW	304	297	293
Rail delivered California	310	295	293
Mid-Bridge Laredo, TX	308	299	293
40 ft. Containers to South Korea (Busan)	337	337	335
40 ft. Containers to Taiwan (Kaohsiung)	333	333	330
40 ft. Containers to Philippines (Manila)	346	346	344
40 ft. Containers to Indonesia (Jakarta)	345	345	343
40 ft. Containers to Malaysia (Port Kelang)	346	346	343
40 ft. Containers to Vietnam (HCMC)	348	348	345
40 ft. Containers to Japan (Yokohama)	340	340	338
40 ft. containers to Thailand (LCMB)	344	344	341
40 ft. Containers to Shanghai, China	334	334	332
KC & Elwood, IL Rail Yard (delivered Ramp)	267	257	252

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: Strong exports continue to drive the DDGS market with demand from China, Mexico and Canada leading the way. Merchandisers report that some buyers are now requesting prices for all of 2014. Chinese buyers seem to be requesting lower prices while buyers from Vietnam are keeping up with the offers. Domestic U.S. buyers continue to be somewhat frustrated with DDGS values in relation to CBOT futures contracts and they are not keeping up with present price levels for the January-March period.

There are reports of good container loading out of Oakland for January-June delivery and out of Savannah for the January-September period. Asian buyers remain active sales at the following price levels:

- Qingdao/Shanghai: \$323 JAN – MAR
- HCMC \$335 JAN & FEB
- Haiphong \$338

Ethanol Comments: In order to alleviate potential problems that could occur due to current gasoline consumption being less-than-expected when the Renewable Fuel Standard (RFS) was implemented in 2007, the Environmental Protection Agency (EPA) proposed making limited reductions to the mandated amount of corn-based ethanol consumption and larger reductions in mandates of cellulosic ethanol production. The intent is to avoid any problems with the “blend wall” that could occur if the annual requirement mandated by

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Congress is greater than the 10 percent amount of ethanol that can be mixed into conventional blends of gasoline.

The initial diagnosis is that the mandate for minimum corn-based ethanol production could decline from the 2013 production level of 13.8 billion gallons to between 12.7 billion and 13.2 billion gallons in 2014. It should be noted that the EPA stressed there is a continued commitment to promote U.S. biofuels. As well, this is a “proposal” on the part of the EPA, which will be open for 60 days of public comment before being made final next year.

Ethanol production will continue to have a market both domestically and abroad. Ethanol production for the week ending November 8 averaged 927,000 barrels per day (bpd) in comparison to the prior week of 920,000 bpd. Total U.S. stocks remained unchanged from week to week at 15.2 million barrels, which is 15.1 percent below year ago. The differentials between corn and the co-products values indicate that ethanol producer margins remain favorable across the Corn Belt:

- Illinois differential substantially increased to \$3.24 per bushel, which is up from \$2.64 the prior week and above \$1.56 for this same week a year ago.
- Iowa differential increased to \$2.51 per bushel, which is up from \$2.28 the prior week above \$1.35 for this same week a year ago.
- Nebraska differential increased to \$2.30 per bushel, which is up from \$1.88 the prior week and above \$1.65 for this same week a year ago.
- South Dakota differential decreased to \$2.62 per bushel, which is down from \$2.88 the prior week but well above \$1.51 for this same week a year ago.

COUNTRY NEWS

Brazil: The world’s top exporter of corn shipped 20.8 MMT of corn between January-November 10, 2013, which was an improvement over the 19.77 MMT exported in the entirety of 2012, reports Reuters. Brazil exported 22 MMT of corn in the 2012/13 crop year, while the United States exported 18.58 MMT. However, USDA predicts that Brazilian exports will drop off in December and January and at that point the United States will then resume its place as the world’s top exporter of corn.

China: The Chinese government is mounting a massive public relations campaign in order to dispel the belief held by many of the country’s citizens that GMO corn is unsafe for consumption, according to Reuters. China’s burgeoning population has made food security a very real concern for the government and this media campaign is part of a larger effort to secure food sources.

Further on China: The government will continue to purchase domestic corn for the state reserves. This is expected to keep domestic prices higher than those on the global market and will likely trigger increased imports. The government announced that the price at which it will purchase domestic corn will be between 2,220-2,260 yuan/MT (\$364.37-\$370.94/MT). China stockpiled more than 30 MMT of corn in 2012.

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Indonesia: Deputy Agricultural Minister Rusman Heriwan has stated that the country should lift its ban on the production of genetically modified grain in order to boost production, reports Reuters. Skyrocketing food prices over the past five years had caused the government to set a goal of being self-sufficient in beef and corn production by 2014, however the country is unlikely to meet this goal at the current level of production. Indonesia currently allows for the importation of GM feed corn, but has not allowed the introduction of GM seed for domestic production due to widespread negative public opinion.

Israel: Seed tech firm Kaiima Bio-Agritech has announced that it has developed a method to accelerate the process of genome doubling in crops without altering their genetic makeup, according to Reuters. However, details are currently being withheld regarding the particulars of this development. Israel has long been a leader in agricultural technological development and its total agricultural technological exports in 2011 totaled some \$3.4 billion.

Japan: The Ministry of Agriculture announced that it will import 10,390 MT of feed barley via an SBS auction that closed on Wednesday, according to Reuters. The government had sought to purchase 120,000 MT of feed wheat and 200,000 MT of feed barley and will be seeking the same amounts in another tender to be held on November 20.

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	\$53.00	Down \$1.50	Handymax at \$54.50/MT
55,000 U.S. PNW- Japan	\$28.00	Down \$2.00	Handymax at \$31.00/MT
55,000 U.S. Gulf – China PNW to China	\$51.25 \$26.00	Down \$1.75 Down \$2.0	North China
25,000 U.S. Gulf- Veracruz, México	\$18.50	Down \$0.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$15.50	Down \$0.50	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast Colombia, Argentina	\$22.50 \$32.00	Down \$0.50 Down \$1.00	West Coast Colombia at \$30.00 West Coast Colombia from Argentina at \$40.00
35,000 U.S. Gulf - Guatemala	\$27.50	Down \$0.50	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$39.00 \$41.00	Down \$1.00 Down \$1.00	8,000 MT daily discharge 3,000 MT daily discharge
25,000 U.S. Gulf-Morocco	\$41.00	Down \$1.00	5,000 discharge rate
55,000 U.S. Gulf – Egypt PNW to Egypt	\$35.00 \$38.50	Down \$1.00 Down \$1.50	55,000 -60,000 MT St. Lawrence to Egypt \$34.00

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60-70,000 U.S. Gulf – Europe – Rotterdam	\$23.50	Down \$1.50	Handymax at +\$1.50 more
Brazil, Santos – China	\$40.00 \$38.00	Down \$2.00 Down \$2.00	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$46.00	Down \$2.00	—

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 is a very mixed bag for this week's dry-bulk ocean freight markets. The Capesize market is relatively steady with iron ore raters from Western Australia still trading in the low \$9.00/MT range. The Supramax and Handymax markets remain firm, but the Panamax market continues to struggle. The Baltic Panamax index (BPI) was down 3 percent last week and is down another 8 percent this week. You have to go back to September 19 to find a BPI at a similar level.

The Christmas market rally anticipated by vessel owners certainly has not yet materialized. The weakness in the Pacific is widening the U.S. Gulf/PNW freight spread and pushing more grain business to the U.S. West Coast. Canadian West Coast grain facilities have seen record vessel backups and loading delays.

The current wait for ships to transit the Panama Canal is about five days. Approximately 15 ships are transiting each way while an estimated 35-40 ships are lined up daily to transit from each direction. There are 7 open booking slots available every day and each slot is being auctioned at the \$100,000+ level, all of which are taken mostly by tankers.

Baltic Panamax Dry-Bulk Indices				
November 15, 2013	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	20,497	22,232	-1,735	-7.8%
P3A: PNW/Pacific – Japan	10,376	11,413	-1,037	-9.1%

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 November 15, 2013	
Four weeks ago	\$10.75-\$11.40
Three weeks ago	\$10.25-\$9.45
Two weeks ago	\$8.20-\$9.15
One week ago	\$8.25-\$9.15
This week	\$8.70-\$9.20

Source: O'Neil Commodity Consulting

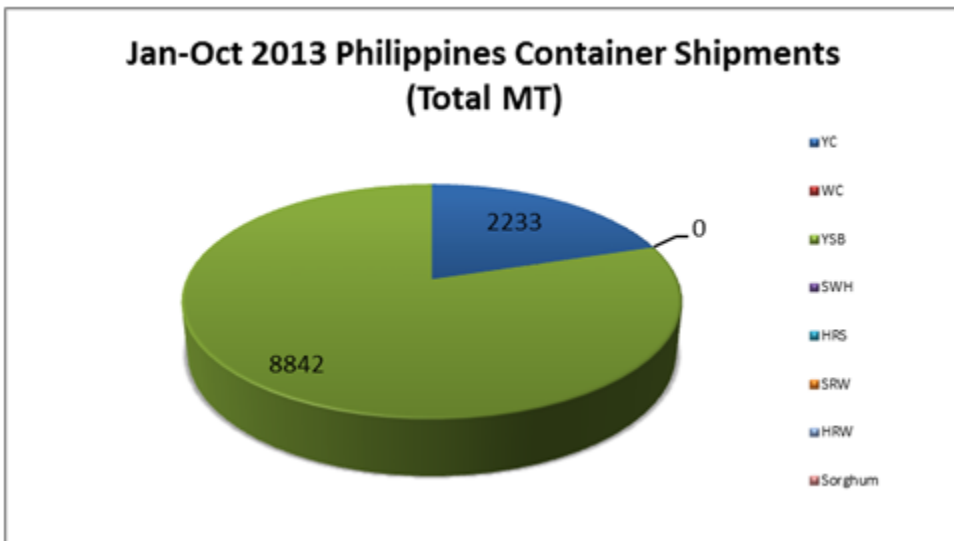
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U.S. – Asia Market Spreads					
November 15, 2013	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.60	0.95	0.65	\$25.59	BOTH
Soybeans	1.88	1.35	0.53	\$19.47	PNW
Ocean Freight	\$26.00	\$51.25	0.64-0.69	(\$25.00)	Dec.

Source: O'Neil Commodity Consulting

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



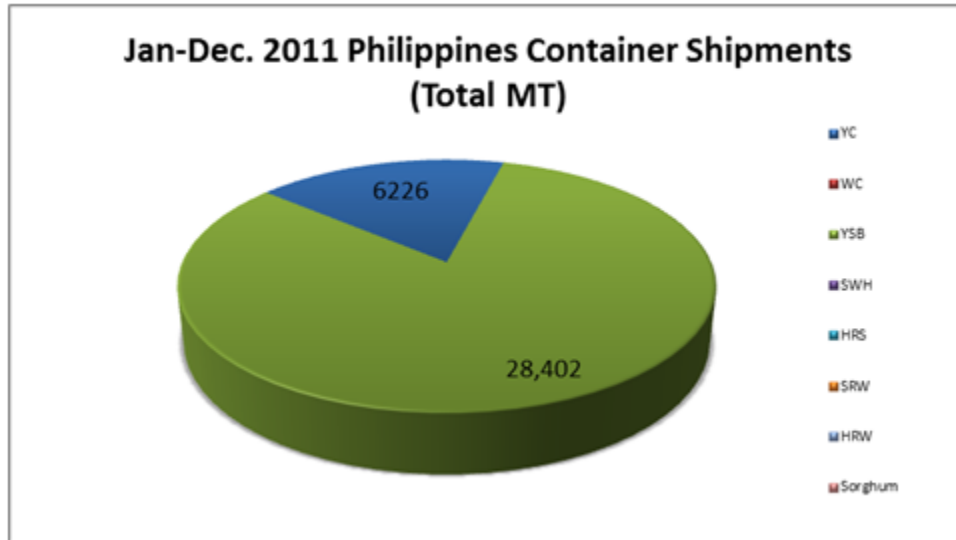
Source: O'Neil Commodity Consulting



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Source: O'Neil Commodity Consulting



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	\$46	\$48	\$47	\$32.5	\$33	\$34	-
	Brazil	\$38	\$41	\$40	\$31	\$24	\$25	-
Corn (White)	Argentina	\$46	\$48	\$47	\$32.5	\$33	\$34	-
	Brazil	\$38	\$41	\$40	\$31	\$24	\$25	-
Barley	Argentina	\$46	\$48	\$47	\$32.5	\$33	\$34	-
	Brazil	\$38	\$41	\$40	\$31	\$24	\$25	-
Sorghum	Argentina	\$46	\$48	\$47	\$32.5	\$33	\$34	-
	Brazil	\$38	\$41	\$40	\$31	\$24	\$25	-

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 (%): November 13, 2013			
	Current Week	Last Week	Last Month
U.S. Prime	3.25	3.25	3.25
LIBOR (6 month)	0.35	0.35	0.36
LIBOR (1 year)	0.59	0.60	0.63

Source: www.bankrate.com