



**CONTENTS**

CHICAGO BOARD OF TRADE MARKET NEWS ..... 1

CBOT DECEMBER CORN FUTURES ..... 3

U.S. WEATHER/CROP PROGRESS ..... 4

U.S. EXPORT STATISTICS ..... 5

FOB..... 6

DISTILLERS DRIED GRAINS WITH SOLUBLES (DDGS) ..... 7

COUNTRY NEWS ..... 8

OCEAN FREIGHT MARKETS AND SPREAD ..... 8

OCEAN FREIGHT COMMENTS ..... 9

INTEREST RATES..... 12

**CHICAGO BOARD OF TRADE MARKET NEWS**

Week in Review: CME Corn December Contract					
\$/Bu	Monday 13 January	Tuesday 14 January	Wednesday 15 January	Thursday 16 January	Friday 17 January
<b>Change</b>	0.0150	-0.0300	-0.0575	0.0225	-0.0400
<b>Closing Price</b>	4.3450	4.3150	4.2575	4.2800	4.2400
<b>Factors Affecting the Market</b>	The March contract started off the week slightly higher but bearish traders were still in shock from Friday's data and hesitant to get out.	End-users saw no reason to chase corn contracts higher when there was nothing bullish imminently developing.	Reduced ethanol production was given as a reason for lower prices, but that was primarily because of poor weather.	The March corn contract closed a couple cents higher and appeared as though it may start to define a trading range as the market waited for news.	The March contract closed out the week about 10 cents lower than Monday. A trading range continues to be defined.

**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.*

January 17, 2014

*Developing Markets • Enabling Trade • Improving Lives*

---

**Outlook:** USDA published data on January 10 that was more bullish for corn than soybeans. This data and present market dynamics have put large speculators into a rather uncomfortable situation because they have established a major position that is primarily long soybeans and short corn. There presently appears to be some reluctance to lighten up on this position because speculators started once again selling corn after the March contract rebounded back toward \$4.30 per bushel. As a result, the March contract has notched steadily lower throughout this week.

There are prospects for moisture conditions in southern Argentina to improve, which is important as the corn crop transitions into crucial developmental stages. Last week's data from USDA has already reduced Argentine production by 1 MMT following December heat and dryness. Market Interest in South American weather could intensify if expected moisture disappoints in the next two weeks.

There is some market discussion that impending South American soybean production and increased soybean acreage in North America could weigh on near-term soybean prices. Additionally, declining soybean contracts could negatively influence the price of corn futures contracts. However, the 2013/14 U.S. corn crop is expected to have a carry-out of 1.631 billion bushels and the export sales pace is about 80 percent of the annual forecast, in comparison to a five-year average that is normally closer to 60 percent for this time of year. There have been some significant cancellations by China but that corn has been rerouted – not returned. The shipment pace of corn export sales from the United States is currently right in line with the five-year average.

There will need to be a substantial sell-off in both soybeans and wheat to have sufficient influence to pull nearby corn contracts down below \$4.00 per bushel. Aggressively selling the March contracts at \$4.25 per bushel in hopes of driving it back down toward \$4.10 does not make much sense. Rather, such action seems more indicative of large speculative traders being emotionally attached to short positions in corn even as their negative assumptions are lessened by developing market factors. The outlook for appending to an already large short position in corn is not attractive in the near-term.

## CBOT MARCH CORN FUTURES



Source: Prophet X

### Current Market Values:

Futures Price Performance: Week Ending January 17, 2014			
Commodity	January 17	January 10	Net Change
<b>Corn</b>			
Mar 14	424.00	432.75	-8.75
May 14	431.75	440.75	-9.00
Jul 14	438.50	447.50	-9.00
Sep 14	443.25	452.75	-9.50
<b>Soybeans</b>			
Mar 14	1316.50	1278.50	38.00
May 14	1297.25	1260.00	37.25
Jul 14	1282.00	1246.00	36.00
Aug 14	1241.25	1209.75	31.50
<b>Soymeal</b>			
Mar 14	434.50	413.60	20.90
May 14	420.70	402.20	18.50
Jul 14	411.90	394.90	17.00
Aug 14	398.10	382.40	15.70
<b>Soyoil</b>			

January 17, 2014

Developing Markets • Enabling Trade • Improving Lives

Mar 14	37.74	38.23	-0.49
May 14	38.06	38.56	-0.50
Jul 14	38.43	38.91	-0.48
Aug 14	38.55	39.04	-0.49
<b>SRW</b>			
Mar 14	563.50	569.00	-5.50
May 14	570.50	575.00	-4.50
Jul 14	577.00	580.75	-3.75
Sep 14	585.75	590.50	-4.75
<b>HRW</b>			
Mar 14	623.25	626.00	-2.75
May 14	621.00	623.50	-2.50
Jul 14	617.50	620.25	-2.75
Sep 14	628.75	632.50	-3.75
<b>MGEX (HRS)</b>			
Mar 14	617.75	620.50	-2.75
May 14	615.00	621.00	-6.00
Jul 14	622.50	628.25	-5.75
Sep 14	630.00	636.50	-6.50

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

## U.S. WEATHER/CROP PROGRESS

**U.S. Drought Monitor Weather Forecast:** Little, if any drought relief is expected from the Plains to the Pacific Coast states, with precipitation during the upcoming monitoring period mostly confined to the northeastern quarter of the nation. A stronger-than-normal ridge of high pressure will span from the Canadian Rockies into the Southwest, maintaining dry, warmer-than-normal weather across much of the west. Temperatures will regularly top the 60 degrees mark as far north as the central High Plains, and will exceed 80 degrees in the Desert Southwest.

Farther east, a modest surge of cool air into the eastern one-third of the U.S. will be followed by another round of below-normal temperatures across the Midwest and East Coast toward week's end. On Wednesday night and Thursday, a high-wind event can be expected across the northern and central Plains and the western Corn Belt, while blizzard conditions will affect the Red River Valley. The NWS six- to 10-day outlook for January 21-25 calls for near- to below-normal temperatures from the Mississippi Valley to the East Coast, while warmer-than-normal weather will continue from the Pacific Coast to the Plains. Meanwhile, near-normal precipitation from the Great Lakes region into the Northeast will contrast with drier-than-normal conditions across the remainder of the country. 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 9, 2013					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	370,500	586,800	20,007.6	24,889.5	25%
Corn	1,299,800	674,500	12,577.4	29,467.0	124%
Sorghum	230,500	75,300	857.8	2,976.3	226%
Barley	0	0	76.0	126.2	3%

Source: USDA, World Perspectives, Inc.

**Corn:** Net sales of 821,000 MT for 2013/14 were up noticeably from the previous week and 26 percent from the prior four-week average. Increases were reported for Egypt (265,500 MT), Japan (248,100 MT, including 64,900 MT switched from unknown destinations and decreases of 56,300 MT), Mexico (195,700 MT), Taiwan (63,500 MT) and South Korea (58,900 MT). Decreases were reported for China (169,800 MT) and unknown destinations (15,800 MT). Exports of 674,500 MT were up 12 percent from the previous week, but down 23 percent from the prior four-week average. The primary destinations were Japan (226,100 MT), Mexico (148,900 MT), South Korea (58,800 MT), Egypt (41,500 MT), and Colombia (34,900 MT).

Optional Origin Sales: For 2013/14, outstanding optional origin sales total 55,000 MT, all South Korea.

Export Adjustments: Accumulated exports to China were adjusted down 58,728 MT for week ending October 31, 2013. South Korea is the new destination for these shipments and is included in this week's report. Accumulated exports to China were adjusted down 62,001 MT for week ending November 21, 2013. Japan is the new destination for these shipments and was adjusted in the week ending November 21, 2013 report.

**Barley:** There were no sales or exports reported during the week.

**Sorghum:** Net sales of 230,300 MT for 2013/14 were for China (164,800 MT), unknown destinations (58,600 MT) and Japan (6,900 MT, including 6,200 MT switched from unknown destinations). Exports of 75,300 MT were to China (60,300 MT) and Japan (15,000 MT). Optional Origin Sales: For 2013/14, outstanding optional origin sales total 60,000 MT, all China.

U.S. Export Inspections: Week Ending January 9, 2013					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Corn	530,932	491,154	12,542,658	6,927,691	181%
Sorghum	67,363	17,908	1,101,514	836,074	132%
Soybeans	1,616,113	1,600,246	26,789,525	23,433,058	114%
Wheat	685,571	370,165	20,908,284	14,691,986	142%
Barley	348	1,045	79,359	121,553	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 9, 2013						
Last Week (000 bushels)	YC	% of Total	WC	% of Total	Sorghum	% of Total
Gulf	17,292	83%	0	0%	2,296	87%
PNW	139	1%	1	2%	0	0%
Lakes	0	0%	0	0%	0	0%
Atlantic	48	0%	0	0%	0	0%
Interior Export Rail	3,374	16%	48	98%	356	13%
<b>Total (1,000 bu)</b>	<b>20,853</b>	<b>100%</b>	<b>49</b>	<b>100%</b>	<b>2,652</b>	<b>100%</b>
<b>Total (Metric Tons)</b>	<b>529,687</b>		<b>1,245</b>		<b>67,363</b>	
<b>White Corn Shipments by Country (MT)</b>			1,219	to Mexico		
			26	to South Korea		
<b>Total White Corn (MT)</b>			<b>1,245</b>			
<b>Sorghum Shipments by Country (MT)</b>					50,624	to China
					8,814	to Japan
					7,925	to Mexico
<b>Total Sorghum (MT)</b>					<b>67,363</b>	

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 February	+1.05 H	\$208.26	+1.50 H	\$225.97
March	+0.90 H	\$202.35	+1.40 H	\$222.03
April	+0.70 K	\$197.53	+1.26 K	\$219.57
May	+0.70 K	\$197.53	+1.26 K	\$219.57

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	\$231.88	+1.65 H	\$231.88
March	+1.65 H	\$231.88	+1.65 H	\$231.88
April	+1.60 K	\$232.96	+1.60 K	\$232.96



<b>Barley: Feed Barley (FOB USD/MT)</b>			
	<b>February</b>	<b>March</b>	<b>April</b>
FOB PNW	\$245	\$245	\$245

<b>Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)</b>			
	<b>February</b>	<b>March</b>	<b>April</b>
<b>New Orleans</b>	\$215	\$215	\$215
<i>Quantity 5,000 MT</i>			
<b>Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)</b>			
<b>Bulk 60% Pro.</b>	<b>February</b>	<b>March</b>	<b>April</b>
<b>New Orleans</b>	\$750	\$750	\$750
<i>*5-10,000 MT Minimum</i>			

\*All prices are market estimates.

<b>DDGS Price Table: January 17, 2014 (USD/MT)</b> (Quantity, availability, payment and delivery terms vary)			
<b>Delivery Point</b> <b>Quality Min. 35% Pro-fat combined</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>
Barge CIF New Orleans	265	264	260
FOB Vessel GULF	274	273	267
Rail delivered PNW	286	284	280
Rail delivered California	292	290	286
Mid-Bridge Laredo, TX	292	290	285
40 ft. Containers to South Korea (Busan)	345	345	340
40 ft. Containers to Taiwan ( Kaohsiung )	340	340	335
40 ft. Containers to Philippines ( Manila )	350	350	345
40 ft. Containers to Indonesia ( Jakarta )	348	348	343
40 ft. Containers to Malaysia (Port Kelang)	348	348	343
40 ft. Containers to Vietnam (HCMC)	350	360	355
40 ft. Containers to Japan (Yokohama)	355	355	350
40 ft containers to Thailand (LCMB)	348	348	343
40 ft Containers to Shanghai, China	340	340	335
KC & Elwood, IL Rail Yard (delivered Ramp)	263	259	308

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:** In relation to DDGS market prices this past week, prices have stabilized. Merchandisers report that Vietnamese buyers are making active inquires as U.S. corn prices currently appear to be plateauing into a trading range. The preceding Outlook section discussions the assumption by some market participants that corn futures contracts could drift back down, but it also notes the possibility that disappointing South

American weather in the next two weeks could trigger an additional increase in corn futures contracts – which would presumably influence DDGS prices.

**Ethanol Comments:** Week-to-week ethanol stocks were reported to be unchanged at 16.1 million barrels, which is down 21 percent below year-ago levels. Consequently, ethanol producer margins remain favorable. The differentials between corn and the co-products values for the week ending January 17, 2014 were lower in the four areas of the Corn-Belt, but all are well above year-ago levels:

- Illinois differential is \$4.31 per bushel in comparison to \$4.40 the prior week and \$1.12 a year ago.
- Iowa differential is \$2.79 per bushel in comparison to \$3.00 the prior week and \$1.11 a year ago.
- Nebraska differential is \$2.98 per bushel in comparison to \$3.06 the prior week and \$1.47 a year ago.
- South Dakota differential is \$3.21 per bushel in comparison to \$3.25 the prior week and \$1.50 a year ago.

## COUNTRY NEWS

**China:** The Ministry of Agriculture has announced that it still does not have a timetable for the commercialization of domestically developed GM crops, according to Reuters. Safety certificates for GM rice and corn were first issued in 2009, but so far the government has refused to authorize any commercial production. This inaction has engendered criticism from China’s scientific community because the delay has not only widened China’s growing food gap, but has also cost billions of yuan in research over the past decade.

**European Union:** The EU has announced that it expects total grain production to reach 316.1 MMT in 2023, which is up from the 304.3 MMT harvested in 2013. The growing area is expected to remain steady at 57.8 million hectares (142.8 million acres), and will include an increase in soft wheat and corn acreage at the expense of durum wheat and barley. Grain consumption is projected to climb to 297.9 MMT, which is up from the 2013 level of 278.9 MMT. Corn output may total 79.3 MMT, which is up from 2013’s 64.5 MMT.

**Japan:** The Ministry of Agriculture has announced that it will import 42,740 MT of feed wheat and 29,505 MT of feed barley from a simultaneous buy and sell auction that closed on Wednesday, according to Reuters. 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 22.

**South Africa:** Yellow corn futures have hit a record high as traders actively tried to cover short positions, according to Bloomberg News. Yellow corn for March delivery rose 2.6 percent to \$267/MT, which is the highest it’s been since trading began on the South African Futures Exchange in 1996.

## 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



January 17, 2014

Developing Markets • Enabling Trade • Improving Lives

55,000 U.S. Gulf-Japan	\$56.50	Down \$0.50	Handymax at \$57.50/MT
55,000 U.S. PNW- Japan	\$28.00	Down \$0.50	Handymax at \$29.00/MT
55,000 U.S. Gulf – China PNW to China	\$55.00 \$26.00	Down \$0.50 Down \$0.50	North China
25,000 U.S. Gulf- Veracruz, México	\$20.00	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$17.50	Unchanged	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast Colombia, Argentina	\$25.00 \$37.00	Unchanged Unchanged	West Coast Colombia at \$35.00 West Coast Colombia from Argentina at \$43.00
35,000 U.S. Gulf - Guatemala	\$35.00	Up \$2.50	Acajutla/Quetzal - 8,000 out
25-30,000 U.S. Gulf – Algeria	\$43.00 \$45.00	Unchanged Unchanged	8,000 MT daily discharge 3,000 MT daily discharge
25,000 U.S. Gulf-Morocco	\$45.00	Unchanged	5,000 discharge rate
55,000 U.S. Gulf – Egypt PNW to Egypt	\$39.50 \$40.00	Up \$1.50 Up \$1.00	55,000 -60,000 MT St. Lawrence to Egypt \$39.00
60-70,000 U.S. Gulf – Europe – Rotterdam	\$24.00	Unchanged	Handymax at +\$1.50 more
Brazil, Santos – China	\$40.00 \$38.00	Down \$1.00 Down \$0.50	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$46.50	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:** The first two weeks of 2014 have not been good from a vessel owner's perspective. All four vessel indices have trended lower and firm demand support has not yet surfaced. Iron ore shipments to China have slowed, Indonesia Bauxite exports have declined and now Colombia has placed restrictions on coal exports. This has not been good for vessel demand and has created a buyers' market.

With Chinese economic growth still slowing, the next hope for market support will have to come from the South American grain and oilseed shipping season that is slowly getting underway.

January 17, 2014

Developing Markets • Enabling Trade • Improving Lives

### Baltic Panamax Dry-Bulk Indices

January 17, 2014 Route	This Week	Last Week	Difference	Percent Change
P2A: Gulf/Atlantic – Japan	23,467	23,823	-365	-1.5%
P3A: PNW/Pacific – Japan	10,258	11,463	-1,205	-10.5%

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 17, 2014

Four weeks ago	\$13.05-\$14.50
Three weeks ago:	\$ 2.50-\$12.75
Two weeks ago	\$12.50-\$12.50
One week ago:	\$12.00-\$12.50
This week	\$7.30-\$8.00

Source: O'Neil Commodity Consulting

### U.S. – Asia Market Spreads

January 17, 2014	PNW	Gulf	Bushel Spread	MT Spread	Advantage
# 2 Corn	1.60	1.00	0.60	\$23.62	PNW
Soybeans	2.00	1.45	0.55	\$20.21	PNW
Ocean Freight	\$26.00	\$55.00	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 China.



January 17, 2014

Developing Markets • Enabling Trade • Improving Lives

Source: O'Neil Commodity Consulting



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	\$52	\$54	\$53	\$44	\$42	\$40	\$45
	Brazil	\$45	\$45	\$45	\$38	\$32	\$33	-

January 17, 2014

*Developing Markets • Enabling Trade • Improving Lives*

Corn (White)	Argentina	\$52	\$54	\$53	\$44	\$42	\$40	\$45
	Brazil	\$45	\$45	\$45	\$38	\$32	\$33	-
Barley	Argentina	\$52	\$54	\$53	\$44	\$42	\$40	\$45
	Brazil	\$45	\$45	\$45	\$38	\$32	\$33	-
Sorghum	Argentina	\$52	\$54	\$53	\$44	\$42	\$40	\$45
	Brazil	\$45	\$45	\$45	\$38	\$32	\$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 15, 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](http://www.bankrate.com)