



**April 27, 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 Manuel Sanchez or 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 May Contract					
\$/Bu	Friday April 21	Monday April 24	Tuesday April 25	Wednesday April 26	Thursday April 27
<b>Change</b>	-0.750	2.250	5.7500	-6.0000	3.0000
<b>Closing Price</b>	357.00	359.25	365.00	359.00	362.00
<b>Factors Affecting the Market</b>	Big South American crops continued to outweigh concerns of soggy Midwest fields. Canada's corn acres are forecast up 13 percent this year, adding to oversupply concerns. Macroeconomic factors were quiet ahead of Sunday's French election.	Despite good weekend weather, forecasts of rain in the coming week added to late planting concerns and lifted the market. USDA's Export Inspections were bullish at 57.2 M Bu. The dollar was down in post-French election relief and equities were sharply higher.	Total U.S. corn plantings reached 17 percent last week, nearly matching the 5-year average. Still, cold, wet weather in the Midwest is driving planting progress concerns. South American conditions remain favorable, however, limiting gains.	Technical selling prevailed as May corn retreated from the high side of its trading range. The Midwest is still cold and wet while South America has ideal weather. Ethanol production slowed this week, but this seasonal change has little implication on corn demand.	Export Sales were bullish at 39.3 M Bu. and 54.1 M Bu. of exports. The market fell below intra-day highs as weather worries were deemed insufficient to justify the price hike. More rain is expected for this weekend, however. Cash corn was lower, 35 cents below July futures.

**Outlook:** The corn market has been actively watching two diverging weather trends this week. South American weather remains nearly ideal for harvest and crop production while U.S. weather is cold and rainy. The former is (as it has been for months now) depressing prices from over-supply concerns. The latter, however, is rapidly advancing delayed-planting concerns and how a late planting will impact Upper Midwest yields.

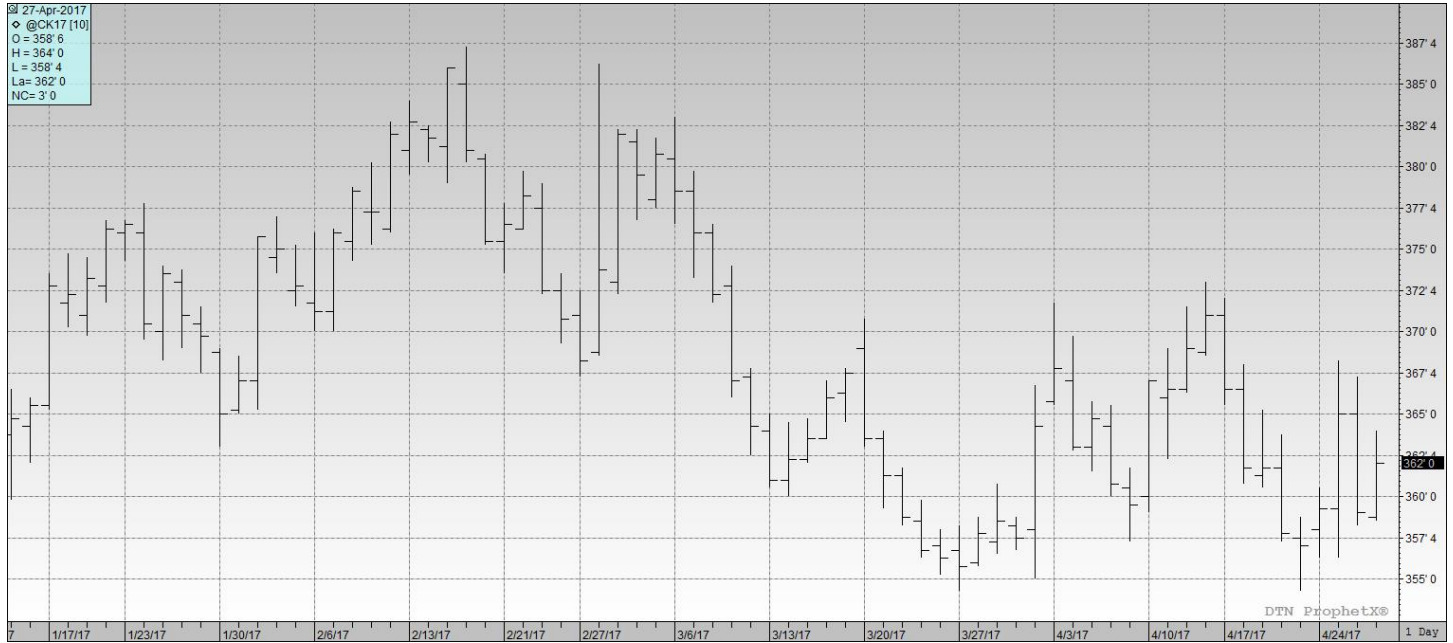
Despite cold, wet weather across the central U.S., corn planting this week reached 17 percent of the intended area, only 1 percent behind last year. Still, with weather forecasts calling for heavy rains in the Midwest, snow in parts of Wisconsin, and cool Canadian weather, traders are expecting to see the difference between this year's planting pace and the average widen over the coming week. However, U.S. farmers can make significant planting progress in a short period of time these days, thanks to an amazing array of technologies and equipment improvements. The planting may look like it will slow down soon, but this is far from implying with certainty a late-planted crop.

Today's Export Sales report from USDA showed another week of bullish sales and exports. Net sales for the week reached 39.3 million bushels, well above the 12.6 million needed to maintain pace with USDA's forecast. Similarly, shipments of 54.1 million bushels were above the 42.8 million needed this week. U.S. and Brazilian corn seem to be in a continual battle over which origin is cheapest for June/July shipment. The latest quotes show FOB NOLA prices with a slim advantage over FOB Paranagua prices, which is critical to maintaining the current export pace. Whether U.S. prices can remain competitive against Brazilian-origin product when the South American winter corn crop comes to market remains to be seen, however.

From a technical perspective, May corn is still in a minor downtrend from the February 28 daily high, though significant support has been uncovered near \$3.54. Commercial traders are slowly migrating to the long side of the market and funds are actively covering shorts given the U.S. weather concerns. The sizable short position

held by managed money traders is important only in that it may contribute to the velocity of an upward price move should these positions be unwound. As with nearly all major market moves, commercials will lead the way, followed closely by funds and speculative traders. The average U.S. corn basis is wider than normal right now, which suggests commercial-driven price increases are not imminent. Choppy trading is expected going forward.

## CBOT MAY CORN FUTURES



Source: Prophet X

**Current Market Values:**

<b>Futures Price Performance: Week Ending April 27, 2017</b>			
<b>Commodity</b>	<b>27-Apr</b>	<b>21-Apr</b>	<b>Net Change</b>
<b>Corn</b>			
May 17	362.00	357.00	5.00
Jul 17	369.25	363.75	5.50
Sep 17	376.25	371.00	5.25
Dec 17	386.75	382.00	4.75
<b>Soybeans</b>			
May 17	945.75	951.00	-5.25
Jul 17	957.25	960.75	-3.50
Aug 17	959.25	962.00	-2.75
Sep 17	955.75	960.25	-4.50
<b>Soymeal</b>			
May 17	310.50	309.60	0.90
Jul 17	314.80	313.60	1.20
Aug 17	315.80	314.70	1.10
Sep 17	316.00	315.40	0.60
<b>Soyoil</b>			
May 17	31.70	31.94	-0.24
Jul 17	31.96	32.16	-0.20
Aug 17	32.06	32.26	-0.20
Sep 17	32.17	32.35	-0.18
<b>SRW</b>			
May 17	413.50	405.00	8.50
Jul 17	431.25	421.00	10.25
Sep 17	444.50	435.50	9.00
Dec 17	467.50	459.25	8.25
<b>HRW</b>			
May 17	420.75	404.50	16.25
Jul 17	433.75	417.25	16.50
Sep 17	449.50	433.75	15.75
Dec 17	474.00	460.50	13.50
<b>MGEX (HRS)</b>			
May 17	540.00	526.50	13.50
Jul 17	553.25	535.50	17.75
Sep 17	559.25	542.25	17.00
Dec 17	565.25	551.25	14.00

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

**U.S. WEATHER/CROP PROGRESS**

<b>U.S. Crop Planting Progress</b>				
<b>Commodity</b>	<b>April 23, 2017</b>	<b>Last Week</b>	<b>Last Year</b>	<b>2012-16 Avg.</b>
Corn	17%	6%	28%	18%
Sorghum	24%	21%	19%	23%
Barley	27%	13%	43%	40%

Source: USDA

**U.S. Drought Monitor Weather Forecast:** The focus for heavy rainfall will shift to the nation's mid-section over the next 5 days. An area of low pressure and its attendant cold front will produce moderate to heavy showers and thunderstorms as it moves from the Mississippi Valley toward southern Canada and the Atlantic Seaboard, though rain from this system will largely bypass the East Coast States. In its wake, another storm system will develop over the south-central U.S. during the weekend and lift slowly northeastward, producing heavy rain from the central Gulf Coast into the central Great Lakes Region; moderate to heavy wet snow is likely in the colder air on the northwest side of the storm over central and southern portions of the Rockies and High Plains. Combined, these two storms are expected to produce a large swath of 1- to 3-inch precipitation totals from the central Plains to the Great Lakes and Mississippi Valley, with excessive rainfall (4-12 inches) possible from the northern Delta into the central Corn Belt. The NWS 6- to 10-day outlook for May 2-6 calls for above-normal precipitation across much of the nation east of the Mississippi as well as central and northern portions of the Rockies and High Plains. Conversely, drier-than-normal conditions are expected from Texas into the upper Midwest and from the Great Basin into the Northwest. Colder-than-normal conditions from the western slopes of the Appalachians to the High Plains will contrast with warmer-than-normal readings along the Atlantic Coast as well as California and the Southwest.

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 April 20, 2017					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000MT)	YTD Bookings (000MT)	% Change YTD Bookings
Wheat	218,200	612,700	22,832.9	27,714.7	39%
Corn	1,042,500	1,374,300	35,986.9	51,044.1	38%
Sorghum	63,900	27,300	3,309.4	4,149.9	-38%
Barley	0	300	17.4	25.4	-7%

Source: USDA/FAS

**Corn:** Net sales of 987,900 MT for 2016/2017 were up 31 percent from the previous week and 18 percent from the prior 4-week average. Increases were reported for South Korea (291,900 MT), Japan (204,000 MT, including 68,900 MT switched from unknown destinations and decreases of 20,800 MT), Saudi Arabia (133,800 MT, including 125,000 MT switched from unknown destinations), Mexico (104,500 MT, including decreases of 2,900 MT), and Peru (77,200 MT, including 45,000 MT switched from unknown destinations). Reductions were reported for El Salvador (6,800 MT) and Morocco (100 MT). For 2017/2018, net sales of 11,100 MT were reported primarily for Japan (10,300 MT). Exports of 1,374,300 MT were down 2 percent from the previous week, but unchanged from the prior 4-week average. The primary destinations were Japan (364,800 MT), Mexico (275,400 MT), Peru (149,700 MT), Saudi Arabia (133,800 MT), and Taiwan (129,500 MT).

*Optional Origin Sales:* For 2016/2017, options were exercised to export 68,000 MT to South Korea from the United States. The current optional origin outstanding balance for 2016/2017 of 226,000 MT is for unknown destinations (163,000 MT) and South Korea (63,000 MT). The current outstanding balance for 2017/2018 of 58,000 MT is for unknown destinations.

**Barley:** No net sales were reported for the week. Exports of 300 MT were reported to Taiwan.

**Sorghum:** Net sales of 63,100 MT for 2016/2017 were up 35 percent from the previous week, but down 6 percent from the prior 4-week average. Increases were reported for unknown destinations (53,000 MT), Mexico (7,200 MT), China (2,700 MT), and Japan (300 MT). Reductions were reported for Canada (100 MT). Exports

of 27,300 MT were down 80 percent from the previous week and 79 percent from the prior 4-week average. The destinations were Japan (17,300 MT), Mexico (9,800 MT), and Taiwan (200 MT).

U.S. Export Inspections: Week Ending April 20, 2017					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	72	0	32,530	31,219	104%
Corn	1,453,506	1,330,069	37,340,934	23,016,076	162%
Sorghum	36,265	151,175	4,093,477	6,601,528	62%
Soybeans	634,877	445,698	48,911,090	42,726,705	114%
Wheat	612,536	685,314	23,791,641	18,048,010	132%

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 April 20, 2017						
Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	171	0%
Gulf	788,438	56%	33,986	91%	5,000	14%
PNW	472,339	33%	367	1%	17,522	48%
Interior Export Rail	155,458	11%	2,918	8%	13,572	37%
<b>Total (Metric Tons)</b>	<b>1,416,235</b>	<b>100%</b>	<b>37,271</b>	<b>100%</b>	<b>36,265</b>	<b>100%</b>
White Corn Shipments by Country (MT)			3,032	to Japan		
			33,848	to Mexico		
			367	to Korea		
			24	to Ireland		
<b>Total White Corn (MT)</b>			<b>37,271</b>			
Sorghum Shipments by Country (MT)					171	to the Philippines
					5,000	to South Africa
					2,131	to China
					17,302	to Japan
					11,661	to Mexico
<b>Total Sorghum (MT)</b>					<b>36,265</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 April	+0.43 K	\$159.44	-	-
May	+0.43 K	\$159.44	+0.80 K	\$174.01
June	+0.41 N	\$161.51	+0.69 N	\$172.53
July	+0.41 N	\$161.51	+0.70 N	\$172.92

<b>#2 White Corn (U.S. \$/MT FOB Vessel)</b>		
<b>Max. 15.0% Moisture</b>	<b>May</b>	<b>June</b>
<b>Gulf</b>	\$190	\$190

<b>Sorghum (USD/MT FOB Vessel)</b>				
<b>#2 YGS FOB Vessel Max 14.0% Moisture</b>	<b>NOLA</b>		<b>TEXAS</b>	
	<b>Basis</b>	<b>Flat Price</b>	<b>Basis</b>	<b>Flat Price</b>
<b>May</b>	-	-	+0.80 K	\$174.01
<b>LH July</b>	-	-	+0.50 Z	\$171.94

<b>Barley: Feed Barley (FOB USD/MT)</b>		
	<b>May</b>	<b>June</b>
<b>FOB PNW</b>	\$205	\$205

<b>Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT)</b>			
	<b>May</b>	<b>June</b>	<b>July</b>
<b>New Orleans</b>	\$116	\$115	\$115
<i>Quantity 5,000 MT</i>			
<b>Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT)</b>			
<b>Bulk 60% Pro.</b>	<b>May</b>	<b>June</b>	<b>July</b>
<b>New Orleans</b>	\$605	\$604	\$604
<i>*5-10,000 MT Minimum</i>			
<b>Corn Gluten Meal (CGM) (Offers, Rail and Truck Delivered U.S. \$/ST)</b>			
	<b>April-May</b>	<b>June</b>	
<b>Rail Delvd. Savannah</b>	\$530	-	
<b>Rail Delvd. Chicago</b>	\$515	\$515	
<b>Truck Delvd. Chicago</b>	\$530	\$530	

*\*All prices are market estimates.*

<b>DDGS Price Table: April 27, 2017 (USD/MT)</b>			
<b>(Quantity, availability, payment and delivery terms vary)</b>			
<b>Delivery Point</b>	<b>May</b>	<b>June</b>	<b>July</b>
<b>Quality Min. 35% Pro-fat combined</b>			
Barge CIF New Orleans	137	137	138
FOB Vessel GULF	147	146	147
Rail delivered PNW	169	169	170
Rail delivered California	171	171	172
Mid-Bridge Laredo, TX	161	162	162
FOB Lethbridge, Alberta	138	138	138
40 ft. Containers to South Korea (Busan)	173	173	174
40 ft. Containers to Taiwan (Kaohsiung)	172	172	173
40 ft. Containers to Philippines (Manila)	180	180	182
40 ft. Containers to Indonesia (Jakarta)	178	178	179
40 ft. Containers to Malaysia (Port Kelang)	177	178	179
40 ft. Containers to Vietnam (HCMC)	175	175	177
40 ft. Containers to Japan (Yokohama)	177	178	179
40 ft. containers to Thailand (LCMB)	174	175	176
40 ft. Containers to China (Shanghai)	176	176	180
KC & Elwood, IL Rail Yard (delivered Ramp)	130	131	133

*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)**

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**DDGS Comments:** DDGS prices have trended sideways this week with little bullish or bearish news to influence them. The occurrence of plant closures for spring maintenance was supposed to have tightened supplies and supported prices, but that has yet to happen. Traders are reporting weak demand and steady pricing in Chicago and weaker prices in California. Prices for DDGS delivered via rail to the PNW had only enough room to advance \$2/MT this week as PNW corn prices were steady.

More pricing strength is being reported on the international front where Gulf FOB prices are \$3-4/MT higher this week. Merchandisers are reporting inquiries from several international destinations but little follow-through trading so far. Buyers seem content to shop around for now. Currency fluctuations and foreign exchange rates have been active in recent weeks which is further slowing international demand. Prices for 40-foot containers to Southeast Asia were steady this week, averaging \$175/MT.

FOB DDGS prices are equal to 92 percent of Gulf FOB corn, up 2 percent from the prior week as FOB corn prices slipped this week. FOB Gulf soybean meal increased \$10/MT this week which kept the DDGS/soybean meal price ratio at 42 percent. On a per-protein unit basis, FOB Gulf DDGS increased their cost advantage over soybean meal, with prices now \$1.52 lower than soybean meal. Similarly, FOB ethanol plant DDGS maintained a \$2.27 per-protein unit cost advantage over FOB plant soybean meal.

In the long run, DDGS consumption has plenty of room to grow, driven by both economic and environmental factors. Recent research has highlighted the *environmental* benefits of feeding DDGS to livestock. Including DDGS in dairy cow rations was found to reduce methane production and reduce phosphorus excretion in swine and poultry manure. Both findings hint at significant environmental benefits, those of lowering greenhouse gas emissions and reducing phosphorous runoff from manure-fertilized fields. Accordingly, ethanol's most prominent co-product has a place in livestock rations to help achieve production and environmental goals.

## **COUNTRY NEWS**

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**Brazil:** Low gasoline prices are discouraging the use of ethanol and so the government is considering a new program called RenovaBio that would issue Certificates of Emissions Reductions (CERs). Fuel distributors would have to acquire a specified amount of CERs indicating ethanol usage, and they would be tradable on the market. (Reuters)

**Canada:** Cold temperatures and snow still in the fields of western provinces are preventing farmers from harvesting crops left in the field last fall, including barley. This kind of weather has not been seen in 30 years, and farmers that ordinarily plant in May could be forced to wait until June. This will likely impact yields. (Reuters)

**China:** Sinograin reported that there were no bidders for 8,890 tons of corn offered on April 21. China may start state corn sales in large volumes in May, where lower bidding prices are expected. (Bloomberg)

**Mexico:** The Mexican Association of Sustainable Transportation has submitted a plan to the government that would raise the current ethanol blend requirement from 5.8 percent to 10 percent. The plan would utilize more crops like sorghum and hope to foster economic development. (Reuters)

**Ukraine:** Grain exports in March were up 52 percent with maize shipments jumping to 3.1 MMT, the largest volume thus far in the 2016/17 marketing year. (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	\$39.75	Down \$0.75	Handymax at \$40.50/MT
55,000 U.S. PNW-Japan	\$21.00	Down \$1.00	Handymax at \$22.00/MT
55,000 U.S. Gulf-China PNW to China	\$38.75 \$20.00	Down \$0.75 Down \$1.00	North China
25,000 U.S. Gulf-Veracruz, México	\$15.50	Down \$0.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, México	\$13.50	Down \$0.50	Deep draft and 8,000 MT per day discharge rate.
25/35,000 U.S. Gulf-East Coast Colombia, from Argentina	\$18.50 \$28.50	Down \$0.50 Down \$0.50	West Coast Colombia at \$25.00
40-45,000 U.S. Gulf-Guatemala	\$23.50	Down \$0.50	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf-Algeria	\$26.00 \$29.00	Down \$0.50 Down \$0.50	8,000 MT daily discharge 3,000 MT daily discharge
25-30,000 U.S. Gulf-Morocco	\$25.00	Down \$0.50	5,000 discharge rate
55,000 U.S. Gulf-Egypt PNW to Egypt	\$24.00 \$25.50	Down \$0.50 Down \$0.50	55,000 -60,000 MT St. Lawrence to Egypt \$23.00
60-70,000 U.S. Gulf-Europe- Rotterdam	\$15.00	Down \$0.50	Handymax at +\$1.50 more
Brazil, Santos-China Itacoatiara Port upriver Amazonia-China	\$31.25 \$30.75 \$34.00	Down \$0.25 Down \$0.75 Down \$0.75	54-58,000 Supramax- Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Upriver with Top-Off	\$40.00	Down \$0.75	—

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:** Chartering activity slowed this week and motivated Baltic Index traders to either take some profits or reduce their positions in the third quarter 2017 markets. Consequently, things floated lower for the week. I believe the markets also must be mindful of the fact that, if everyone starts to get too excited about a market turnaround too soon, we will just fall back into the same self-defeating strategy of increasing the new vessel order book. We have already seen some signs of that starting. Market economics still have to encourage additional scrapping and zero new vessel building. Of course, this creates a serious dilemma for global shipbuilding yards and national employment.

Baltic-Panamax Dry-Bulk Indices				
April 27, 2017	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	16,023	19,159	-3,136	-16.4%
P3A: PNW/Pacific– Japan	9,883	11,534	-1,651	-14.3%
S1C: U.S. Gulf-China-S. Japan	20,894	21,217	-323	-1.5%

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:

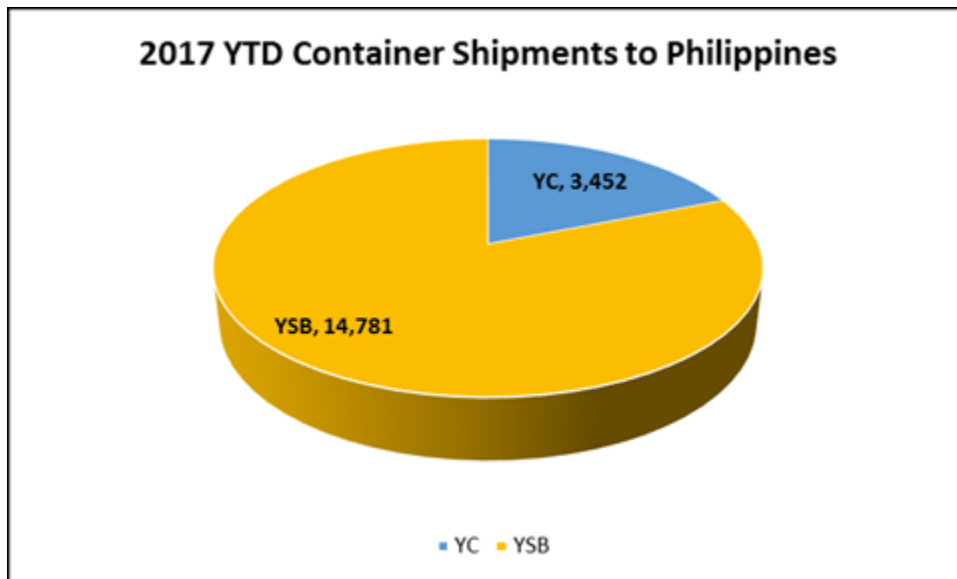
Week Ending April 27, 2017	
Four weeks ago:	\$6.60-\$7.00
Three weeks ago:	\$6.35-\$6.70
Two weeks ago:	\$5.65-\$6.45
One week ago:	\$6.15-\$6.60
This week	\$5.95-\$6.40

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
April 27, 2017	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	0.70	0.36	0.34	\$13.39	PNW
Soybeans	0.75	0.37	0.38	\$14.96	PNW
Ocean Freight	\$20.00	\$38.75	0.48-0.51	(\$18.75)	May

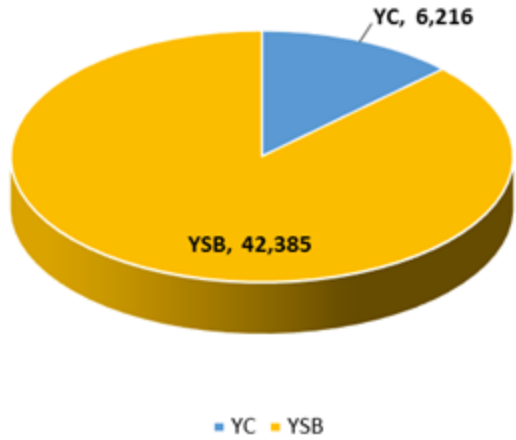
Source: O'Neil Commodity Consulting

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



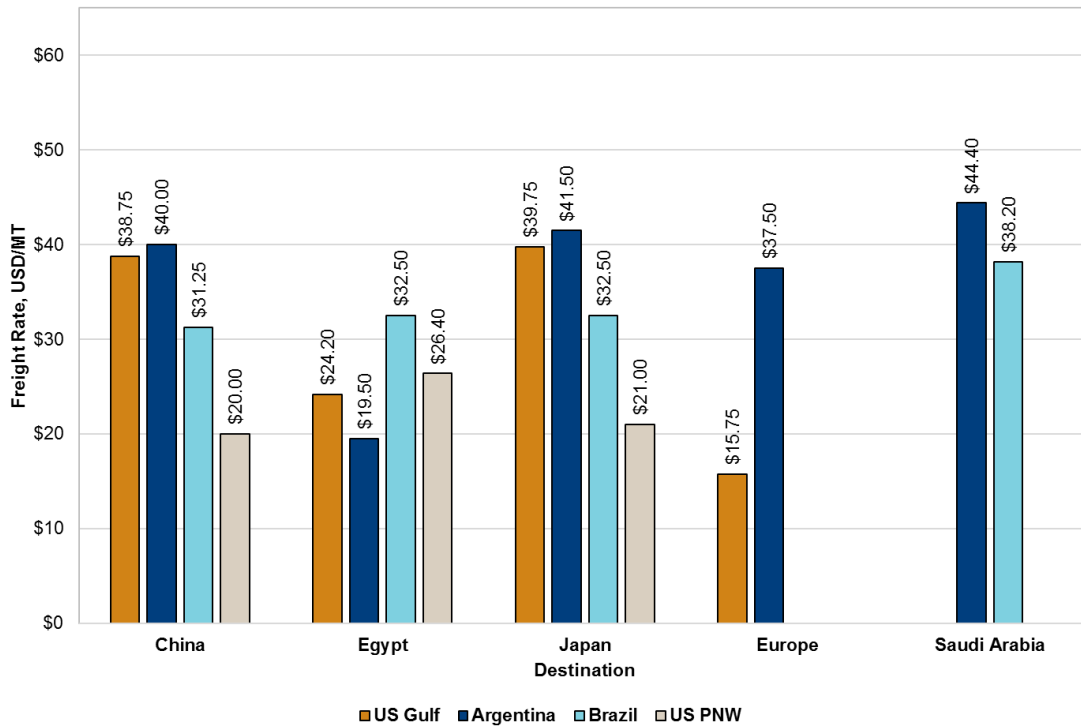
Source: O'Neil Commodity Consulting

### 2016 Container Shipments to Philippines

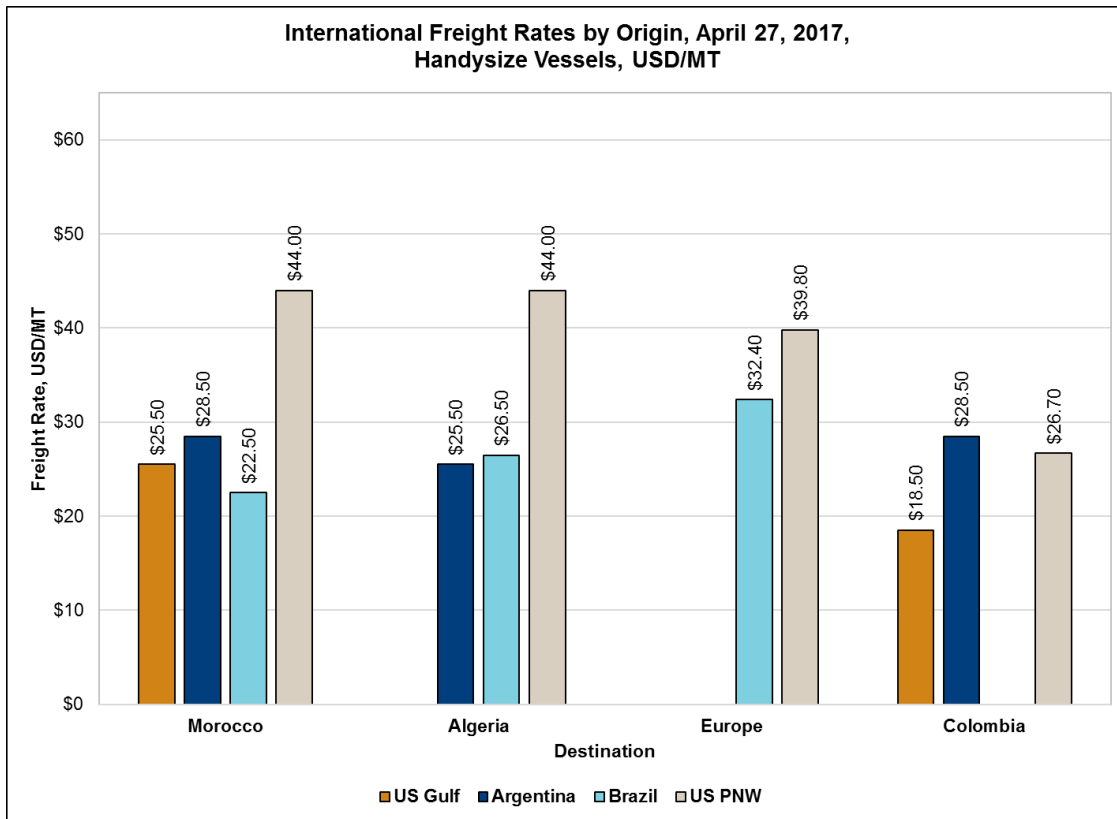


Source: O'Neil Commodity Consulting

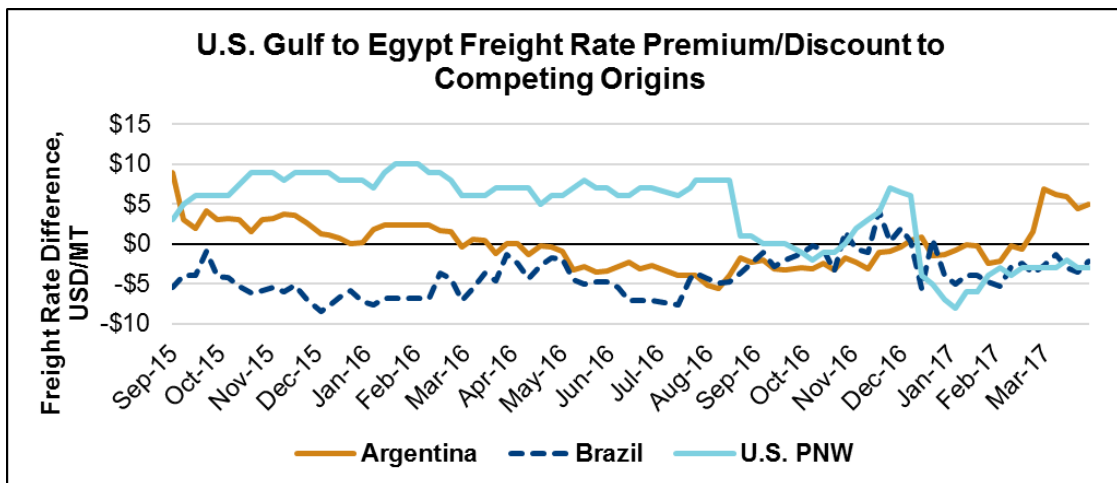
### International Freight Rates by Origin, April 27, 2017, Supramax/Panamax Vessels, USD/MT



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 (%): April 27, 2017			
	Current Week	Last Week	Last Month
<b>U.S. Prime</b>	4.00	4.00	4.00
<b>LIBOR (6 month)</b>	1.42	1.40	1.42
<b>LIBOR (1 year)</b>	1.77	1.76	1.80

Source: [www.bankrate.com](http://www.bankrate.com)