



U.S. GRAINS
COUNCIL



**2016/2017
CORN EXPORT CARGO
QUALITY REPORT**



U.S. GRAINS
COUNCIL



Developing a report of this scope and breadth in a timely manner requires participation by a number of individuals and organizations. The U.S. Grains Council (Council) is grateful to Dr. Sharon Bard and Mr. Chris Schroeder of Centrec Consulting Group, LLC (Centrec) for their oversight and coordination in developing this report. They were supported by internal staff along with a team of experts that helped in data gathering, analysis, and report writing. External team members include Drs. Lowell Hill, Marvin Paulsen, and Tom Whitaker. The Illinois Crop Improvement Association's Identity Preserved Grain Laboratory (IPG Lab) conducted analyses of the chemical composition, physical factors, and the vomitoxin or deoxynivalenol (DON) content of the collected corn samples.

In particular, we acknowledge the irreplaceable services of the Federal Grain Inspection Service (FGIS) of the U.S. Department of Agriculture (USDA). FGIS provided samples from export cargoes along with their grading and aflatoxin test results. The FGIS Office of International Affairs coordinated the sampling process. FGIS field staff, the Washington State Department of Agriculture, and FGIS-designated domestic official service providers collected and submitted the samples that constitute the foundation of this report. We are grateful for the time they devoted during their busy season.



1**Greetings from the Council****2****Export Cargo Quality Highlights****4****Introduction****6****Quality Test Results**

A. Grade Factors.....	6
B. Moisture.....	14
C. Chemical Composition.....	18
D. Physical Factors	26
E. Mycotoxins.....	44

50**U.S. Corn Export System**

A. U.S. Corn Export Flow	50
B. Import of the Corn Market Channel on Quality	51
C. U.S. Government Inspection and Grading.....	52

56**Survey and Statistical Analysis Methods**

A. Overview	56
B. Survey Design and Sampling	57
C. Statistical Analysis	59

60**Testing Analysis Methods**

A. Corn Grading Factors.....	60
B. Moisture.....	61
C. Chemical Composition.....	62
D. Physical Factors	62
E. Mycotoxin Testing.....	65

66**U.S. Corn Grades and Conversions****BC****USGC Contact Information**

As the world's largest single supplier of corn, the United States is proud of its ability to provide export customers with commodity corn in a timely and consistent manner year after year. Our ability to meet the needs of U.S. corn buyers is demonstrated in the rapid pace of U.S. corn exports early in the 2016/2017 marketing year, which have been higher than at the same time in the previous five marketing years.

The United States also recognizes the importance of the quality of U.S. corn to food and feed end users of corn. To that end, the U.S. Grains Council (Council) is pleased to present the findings of its annual corn export quality survey in this *2016/2017 Corn Export Cargo Quality Report*. The *Export Cargo Report* is an objective survey of the quality of U.S. yellow commodity corn destined for export, based on samples taken at the point of loading for international shipment.

This is the second of two reports released by the Council detailing the quality of the 2016/2017 corn crop, following the *2016/2017 Corn Harvest Quality Report* released by the Council late last year. Together, these reports are intended to provide reliable information on U.S. corn quality from the farm to the customer based on a transparent and consistent methodology. These reports provide an early look at the grade factors established by the U.S. Department of Agriculture, moisture content, and additional quality characteristics not reported elsewhere.

The *2016/2017 Corn Harvest Quality Report* and the *2016/2017 Corn Export Cargo Quality Report* are the sixth editions of an ongoing series produced by the Council each year. The value of these reports to all stakeholders is increasing over time as the information becomes more familiar and as year-to-year patterns appear in the U.S. corn crop.

The Council is committed to continuous export expansion based on the principles of mutual economic benefit and increased food security through trade. Our global staff serves as a trusted partner and bridge between international corn buyers and the world's largest and most sophisticated agricultural production and export system.

As part of this role, we are pleased to offer this report as a service to our partners, and we hope you find it useful.

Sincerely,



Phillip "Chip" Councell, Jr.
Chairman, U.S. Grains Council
March 2017



The average aggregate quality of the corn assembled for export early in the 2016/2017 marketing year was better than or equal to U.S. No. 2 on all grade factors, and average moisture content was below that in 2015/2016. Chemical composition attributes indicated higher protein, lower starch, and higher oil concentrations than 2015/2016. The early 2016/2017 corn exports had lower stress cracks,

higher true density, but lower whole kernels and horneous endosperm than in 2015/2016. In addition, all of the samples' aflatoxin and DON (deoxynivalenol or vomitoxin) test results were below the U.S. Food and Drug Administration (FDA) action and advisory levels, respectively. Notable U.S. Aggregate quality attributes of the 2016/2017 export samples include:

Grade Factors and Moisture

- Higher average test weight of 57.4 lb/bu (73.8 kg/hl) than 2015/2016, indicating overall good quality, with over 96% of the samples above the limit for U.S. No. 1 grade.
- Lower average BCFM (2.9%) than 2015/2016 and slightly lower than the maximum limit for U.S. No. 2 grade (3.0%). BCFM predictably increased as the crop moved from harvest through the market channel to export, from 0.7% to 2.9%.
- Higher average total damage at export (2.7%) and harvest (2.6%) than 2015/2016, but under the 3.0% limit for U.S. No. 1 grade.
- Average heat damage (0.0%) was the same as 2015/2016 and 5YA.
- Slightly lower average moisture (14.3%) than 2015/2016 and 5YA (14.4%).

Chemical Composition

- Higher average protein concentration (8.6% dry basis) than 2015/2016, and same as 5YA and the 2016 harvest average.
- Lower average starch concentration (72.4% dry basis) than 2015/2016 and 5YA (73.8%), but similar to the 2016 harvest average (72.5%).
- Higher average oil concentration (4.0% dry basis) than 2015/2016 and 5YA (3.8%), and same as the 2016 harvest average.



¹5YA represents the simple average of the quality factor's average or standard deviation from the 2011/2012, 2012/2013, 2013/2014, 2014/2015, and 2015/2016 Export Cargo Reports.



Physical Factors

- Lower average stress cracks (5%) than 2015/2016 and 5YA (11%). The majority of the export samples (94.4%) had less than 15% stress cracks, which should result in low rates of breakage during handling.
- Lower average stress crack index (11.6) than 5YA (29.6), indicating lower levels of double and multiple stress cracks.
- Higher average 100-kernel weight (35.26 g) than 2015/2016, but average kernel volume (0.27 cm³) same as 2015/2016 and 5YA (0.27 cm³).
- Higher average true density (1.285 g/cm³) than 2015/2016, but similar to 5YA (1.289 g/cm³).
- Lower average percent of whole kernels (88.2%) than 2015/2016, but close to 5YA (88.8%).
- Lower average horneous endosperm (79%) than 2015/2016 and 5YA (83%), indicating softer corn in 2016/2017 than in previous years. This implies there should be sufficient quantities of corn with desirable hardness for wet milling and livestock feed.

Mycotoxins

- All of the export samples tested below the FDA action level of 20 ppb for aflatoxins. A lower proportion of the export samples had no detectable levels of aflatoxins than 2015/2016 and 2014/2015.
- 100% of the corn export samples tested below the 5 ppm FDA advisory level for DON (same as in 2015/2016 and 2014/2015). There were more samples showing levels of DON above the FGIS “Lower Conformance Level” of 0.5 ppm in 2016/2017 than in 2015/2016 and 2014/2015. However, the maximum export sample test result observed in 2016/2017 was 1.3 ppm.



Corn quality information is important to foreign buyers and other industry stakeholders as they make decisions about purchase contracts and processing needs for corn for feed, food, or industrial use. The *U.S. Grains Council 2016/2017 Corn Export Cargo Quality Report* provides accurate, unbiased information about the quality of U.S. yellow commodity corn as it is assembled for export early in the marketing year. This report provides test results for corn samples collected during the U.S. government-licensed sampling and inspection processes for U.S. corn waterborne and rail export shipments.

This *Export Cargo Report* is based on 430 yellow commodity corn samples collected from corn export shipments as they underwent the federal inspection and grading processes performed by the U.S. Department of Agriculture (USDA) Federal Grain Inspection Service (FGIS) or licensed inspectors at interior offices. The sample test results are reported at the U.S. aggregate level (U.S. Aggregate) and by export points associated with three general groupings, which are labeled Export Catchment Areas (ECAs). These three ECAs are identified by the three major pathways to export markets:

1. The Gulf ECA consists of areas that typically export corn through U.S. Gulf ports;
2. The Pacific Northwest ECA includes areas that usually export corn through Pacific Northwest and California ports; and
3. The Southern Rail ECA comprises areas that generally export corn to Mexico by rail from inland subterminals.

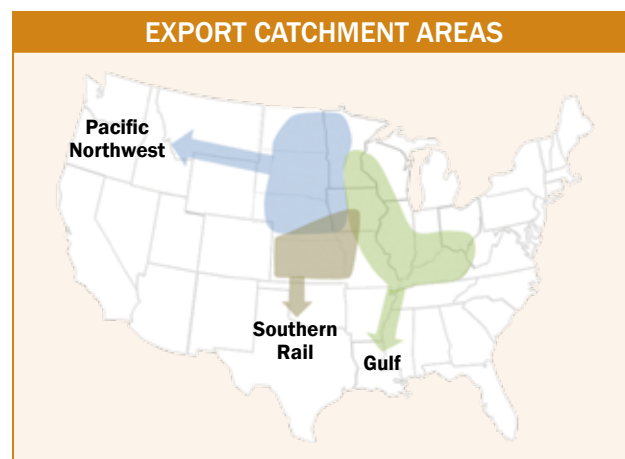
The sample test results are also summarized by “contract grade” categories (“U.S. No. 2 or better” and “U.S. No. 3 or better”) to illustrate the practical quality differences between these two contract specifications.

This report provides detailed information on each of the quality factors tested, including average, standard deviation, and distribution, for the U.S. Aggregate and for each of the three ECAs. The “Quality Test Results” section summarizes the following quality factors:

- Grade Factors: test weight, broken corn and foreign material (BCFM), total damage, and heat damage
- Moisture
- Chemical Composition: protein, starch, and oil concentrations
- Physical Factors: stress cracks, stress crack index, 100-kernel weight, kernel volume, kernel true density, whole kernels, and horneous (hard) endosperm
- Mycotoxins: aflatoxins and DON

Details about the testing analysis methods used for this report are provided in the “Testing Analysis Methods” section.

Within this *2016/2017 Export Cargo Report* is a simple average of the quality factors’ averages and standard deviations from the previous five *Export Cargo Reports* (2011/2012, 2012/2013, 2013/2014, 2014/2015, and 2015/2016). These simple averages are calculated for the U.S. Aggregate and each of the three ECAs, and are referred to as “5YA” in the report.



For the *2016/2017 Export Cargo Report*, FGIS and interior offices collected samples during December 2016 through mid-March 2017 to generate statistically valid results for the U.S. Aggregate and by ECA. The objective was to obtain enough samples to estimate quality factor averages of the corn exports with a relative margin of error (Relative ME) not more than $\pm 10\%$, a reasonable target for biological data such as these factors. Details of the statistical sampling and analysis methods are presented in the “Survey and Statistical Analysis Methods” section.

This *2016/2017 Export Cargo Report* is the sixth in a series of annual surveys of the quality of U.S. corn exports early in the marketing year. In addition to the Council reporting the quality of corn exports early in the current marketing year, the cumulative *Export Cargo Report* surveys will provide increasing value to stakeholders. The six years of data enable export buyers and other stakeholders to begin making year-to-year comparisons and assessing patterns in corn quality based on growing, drying, handling, storage, and transport conditions.

The *Export Cargo Report* does not predict the actual quality of any cargo or lot of corn after loading or at

destination, and it is important for all players in the value chain to understand their own contract needs and obligations. Many of the quality attributes, in addition to grade, can be specified in the buyer-seller contract. In addition, this report does not explain the reasons for changes in quality factors from the *Harvest Report* to the *Export Cargo Report*. Many factors, including weather, genetics, commingling, and grain drying and handling, affect quality changes in complex ways. Sample test results can vary significantly depending on the origination of the corn, the ways in which a corn lot was loaded onto a conveyance, and the method of sampling used.

A companion report, the *U.S. Grains Council 2016/2017 Corn Harvest Quality Report*, was released in December 2016 and reported on the quality of the corn as it entered the U.S. marketing system. The *2016/2017 Harvest Report* and the *2016/2017 Export Cargo Report* should be studied together so that changes in corn quality occurring between harvest and export can be understood. A review of how corn quality evolves from the field to the ocean vessel or railcar is provided in the “U.S. Corn Export System” section.



A. GRADE FACTORS

The U.S. Department of Agriculture (USDA) Federal Grain Inspection Service (FGIS) has established numerical grades, definitions, and standards for measurement of many quality attributes. The attributes which determine the numerical grades for corn

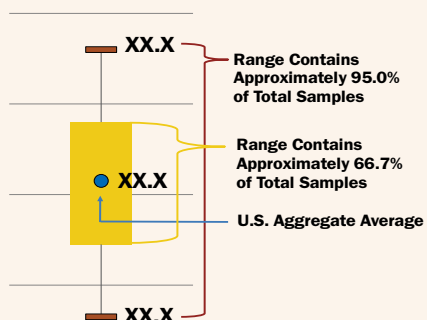
are test weight, broken corn and foreign material (BCFM), total damage, and heat damage. The table for “U.S. Corn Grades and Grade Requirements” is provided on page 66 of this report.

SUMMARY: GRADE FACTORS AND MOISTURE

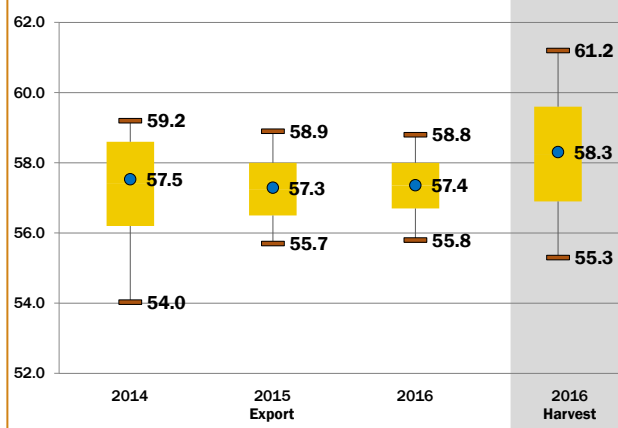
- Average U.S. Aggregate test weight (57.4 lb/bu or 73.8 kg/hl) was slightly higher than 2015/2016, slightly lower than 5YA (57.6 lb/bu or 74.1 kg/hl), and well above the limit for U.S. No. 1 grade corn (56 lb/bu).
- Average U.S. Aggregate BCFM (2.9%) was slightly below 2015/2016 but was same as 5YA. Approximately 63.3% of the export samples contained levels at or below the maximum allowed for U.S. No. 2 grade (3%) and 91.9% at or below the limit for U.S. No. 3 grade (4.0%).
- Average U.S. Aggregate total damage (2.7%) was higher than 2015/2016 (1.9%) and 5YA (1.9%), but below the limit for U.S. No. 1 grade (3.0%).
- The Pacific Northwest ECA at export had the lowest average total damage among the three ECAs for each of last three years and for 5YA.
- Average U.S. Aggregate heat damage was 0.0% for 2016/2017, the last two years, and 5YA.
- Test weight, total damage, and heat damage averages for contracts loaded as U.S. No. 2 o/b and contracts loaded as U.S. No. 3 o/b were better than U.S. No. 1 grade limits.
- BCFM averages were at or below the limits of the U.S. No. 2 o/b and U.S. No. 3 o/b contract limits.
- Average U.S. Aggregate moisture content (14.3%) was nearly the same as 2015/2016 and 5YA (14.4%). Only 24.2% of the samples had moisture content above 14.5%, which was less than 2015/2016 and 2014/2015.
- The Pacific Northwest ECA average moisture (14.2%) was lower than the Gulf (14.3%) and Southern Rail (14.5%) ECAs. The Pacific Northwest ECA had the lowest average moisture content among ECAs for each of last three years and for 5YA.



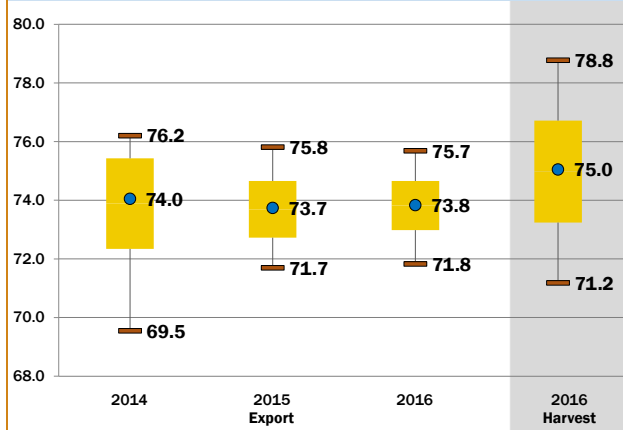
HOW TO READ THE CHARTS



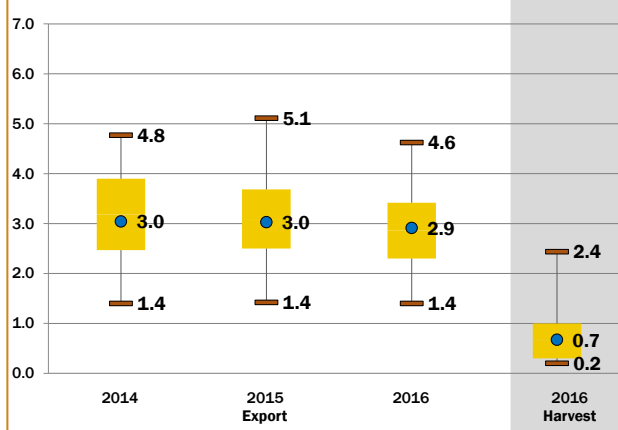
TEST WEIGHT (lb/bu)



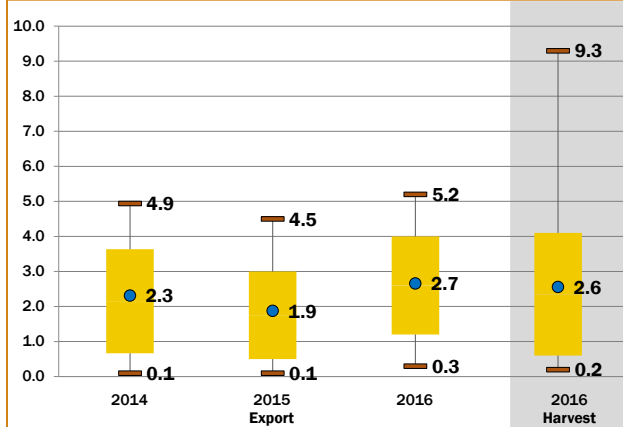
TEST WEIGHT (kg/hl)



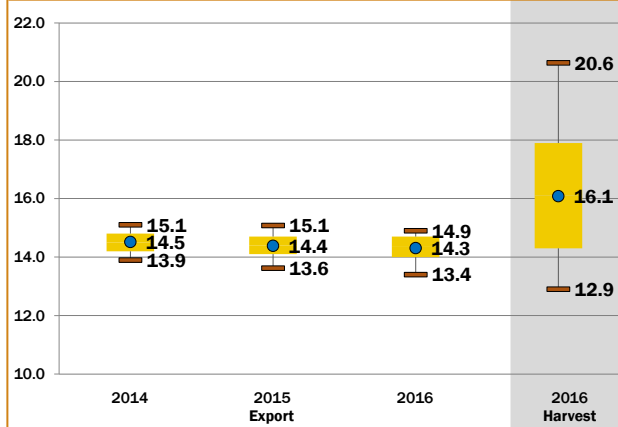
BCFM (%)



TOTAL DAMAGE (%)



MOISTURE (%)



Test Weight

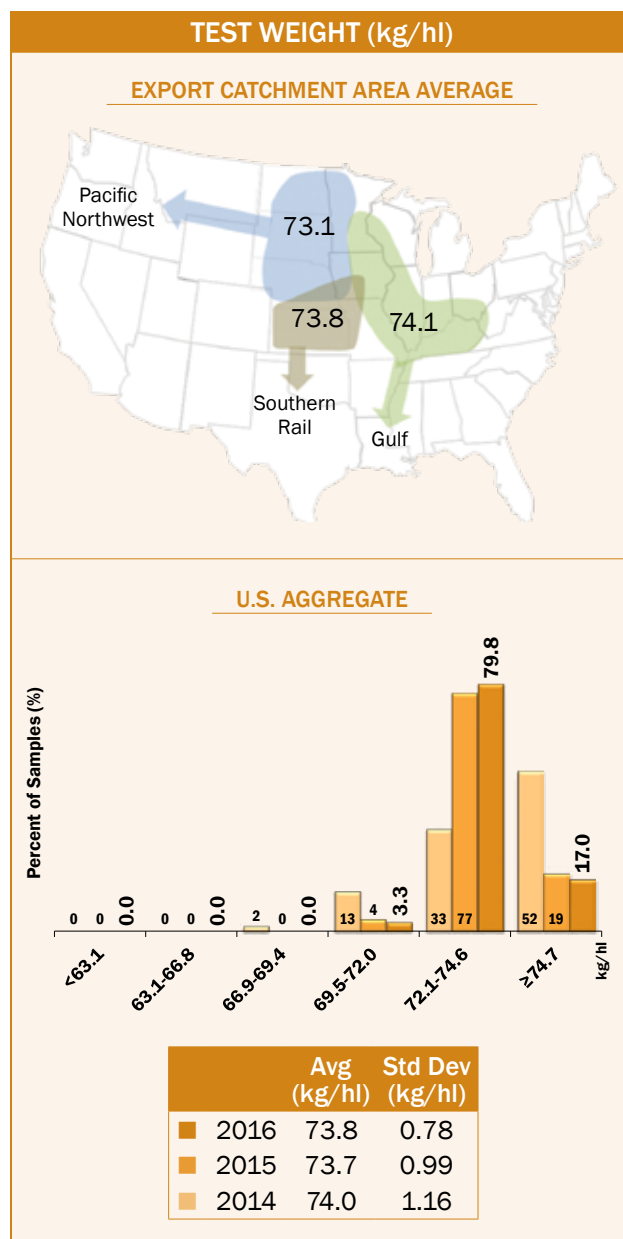
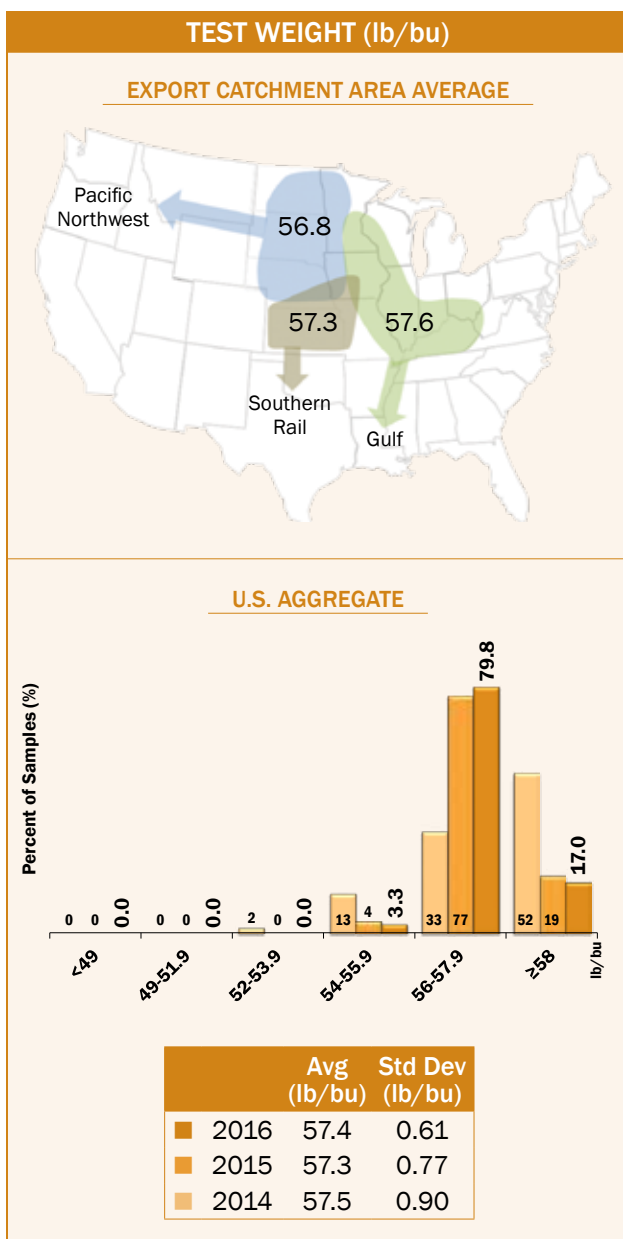
Test weight (weight per volume) is a measure of bulk density and is often used as a general indicator of overall quality and as a gauge of endosperm hardness for alkaline cookers and dry millers. High test weight corn takes up less storage space than the same weight of corn with a lower test weight. Test weight is initially impacted by genetic differences in the structure of the kernel. However, it is also affected by moisture content, method of drying, physical

damage to the kernel (broken kernels and scuffed surfaces), foreign material in the sample, kernel size, stress during the growing season, kernel maturity, kernel hardness, and microbiological damage. Test weight often correlates positively with true density. High test weight at the export point generally indicates high quality, a high percent of horneous (or hard) endosperm, and sound, clean corn.

Results

- Average U.S. Aggregate test weight (57.4 lb/bu or 73.8 kg/hl) was slightly higher than in 2015/2016 (57.3 lb/bu), slightly lower than 5YA (57.6 lb/bu), and well above the limit for U.S. No. 1 grade (56.0 lb/bu).
- The 2016/2017 export samples had less variation, as indicated by the lower standard deviation (0.61 lb/bu), than 2015/2016 (0.77 lb/bu) and 5YA (0.79 lb/bu). The range in values was also less in 2016/2017 (4.5 lb/bu) than in 2015/2016 (6.4 lb/bu) and 2014/2015 (7.2 lb/bu).
- Test weight for 96.8% of the samples was at or above the minimum for U.S. No. 1 grade (56 lb/bu), and 100% of the samples were at or above the limit for U.S. No. 2 grade (54 lb/bu).
- Average U.S. Aggregate test weight at export (57.4 lb/bu or 73.8 kg/hl) was lower than at 2016 harvest (58.3 lb/bu or 75.0 kg/hl). Average test weight at export has been consistently lower than at harvest, as indicated by export 5YA (57.6 lb/bu or 74.1 kg/hl) and harvest 5YA (58.1 lb/bu or 74.8 kg/hl).
- The 2016/2017 export samples' variability (standard deviation of 0.61 lb/bu) was about half that of the 2016 harvest samples (1.22 lb/bu). As corn is commingled moving through the market channel, test weight becomes more uniform, with a lower standard deviation and a smaller range between maximum and minimum values than at harvest. At export, 5YA standard deviation was 0.79 lb/bu, compared to harvest 5YA standard deviation of 1.33 lb/bu.
- Average test weight was higher for the Gulf ECA (57.6 lb/bu) than for the Pacific Northwest (56.8 lb/bu) and the Southern Rail (57.3 lb/bu) ECAs.
- Average test weight of corn for contracts loaded as U.S. No. 2 o/b (57.4 lb/bu) was slightly higher than contracts loaded as U.S. No. 3 o/b (57.3 lb/bu). Averages for both contracts were above the limit for U.S. No. 1 grade.

U.S. Grade Minimum Test Weight
No. 1: 56.0 lbs
No. 2: 54.0 lbs
No. 3: 52.0 lbs



Broken Corn and Foreign Material (BCFM)

Broken corn and foreign material (BCFM) is an indicator of the amount of clean, sound corn available for feeding and processing. As corn moves from farm deliveries through the market channel, each impact on the grain during handling and transporting increases the amount of broken corn. As a result, the average BCFM in most shipments of corn will be higher at the export point than in deliveries from the farm to the local elevator.

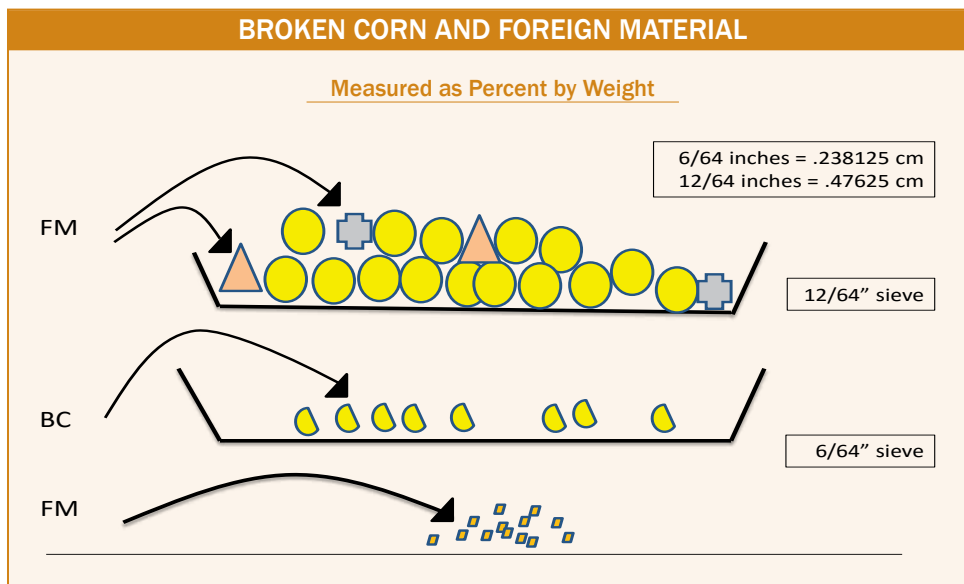
Broken corn (BC) is defined as corn and any other material (such as weed seeds) small enough to pass through a 12/64th inch round-hole sieve, but too large to pass through a 6/64th inch round-hole sieve.

Foreign material (FM) is defined as any non-corn material too large to pass through a 12/64th inch round-hole sieve, as well as all fine material small enough to pass through a 6/64th inch round-hole sieve. Thus, FM consists of Coarse Foreign Material

(CFM) retained on the 16/64th inch sieve and fine material passing through the 6/64th inch sieve. CFM is primarily non-grain material, and fine material is largely composed of corn dust and weed seeds. Loading, transport, and discharge cannot alter CFM, but impacts during loading and discharge will increase BC and fines.

The illustration below depicts the measurement of broken corn and foreign material for the U.S. corn grades.

U.S. Grade BCFM Maximum Limits
No. 1: 2.0%
No. 2: 3.0%
No. 3: 4.0%

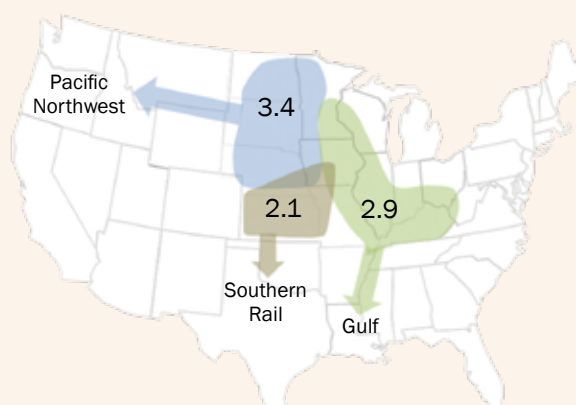


Results

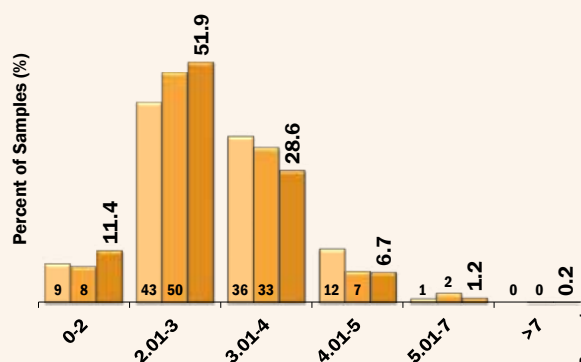
- Average U.S. Aggregate BCFM in export samples (2.9%) was slightly lower than 2015/2016 (3.0%), but the same as 5YA (2.9%). Average BCFM was below U.S. No. 2 grade (3.0%).
- The variability of the 2016/2017 export samples (with a standard deviation of 0.68%) was lower than 2015/2016 (0.71%) and very close to 5YA (0.67%). The range in values (6.0%) was less than in 2015/2016 (10.5%), but greater than 2014/2015 (4.4%).
- BCFM in the 2016/2017 export samples was distributed with 63.3% of the samples at or below the limit for U.S. No. 2 grade (3%), and 91.9% at or below the limit for U.S. No. 3 grade (4%).
- Average U.S. Aggregate BCFM at export (2.9%) was 2.2 percentage points higher than at harvest (0.7%). This increase is slightly higher than the 5YA increase of 2.1 percentage points (harvest 5YA was 0.8% compared to export 5YA of 2.9%). This increase is likely a result of drying and increased breakage that occurs with additional impacts caused by conveying, dropping, and handling.
- Average Southern Rail ECA BCFM (2.1%) was lower than either the Gulf (2.9%) or Pacific Northwest (3.4%) ECAs. Average BCFM for the Southern Rail ECA has also been lowest among the ECAs for the previous two years and 5YA.
- Average BCFM for contracts loaded as U.S. No. 2 o/b was 2.8%, compared to the average BCFM of 3.2% for contracts loaded as U.S. No. 3 o/b. Corn arriving at the export point is normally commingled from many origins to not exceed the limits for the contracted grade.

BROKEN CORN AND FOREIGN MATERIAL (%)

EXPORT CATCHMENT AREA AVERAGE



U.S. AGGREGATE



	Avg (%)	Std Dev (%)
2016	2.9	0.68
2015	3.0	0.71
2014	3.0	0.65

Total Damage

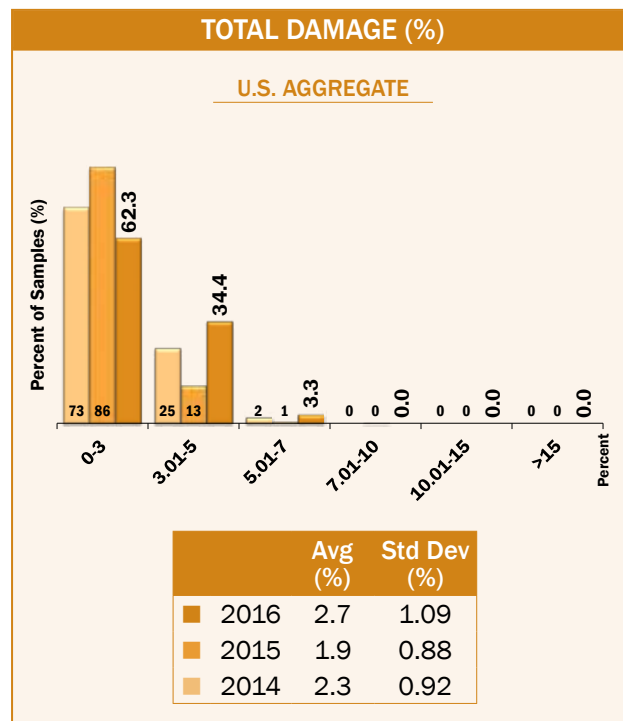
Total damage is the percentage of kernels and pieces of kernels that are visually damaged in some way, including damage from heat, frost, insects, sprouting, disease, weather, ground, germ, and mold. Most of these types of damage result in some sort of discoloration or change in kernel texture. Damage does not include broken pieces of grain that are otherwise normal in appearance. Mold damage and the associated potential for mycotoxins is the damage factor of

greatest concern. Mold damage is usually associated with higher moisture content and high temperature conditions during growing or storage.

Corn with low levels of total damage is more likely to arrive at destination in good condition than corn with high levels of total damage. High levels of total damage have the potential to increase moisture content and microbiological activity during transport.

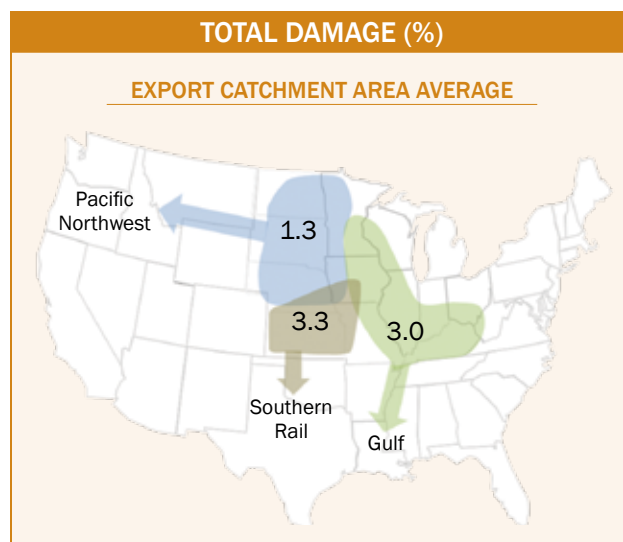
Results

- Average U.S. Aggregate total damage (2.7%) was higher than 2015/2016 (1.9%) and 5YA (1.9%), but still below the limit (3.0%) for U.S. No. 1 grade.
- Variability in the 2016/2017 samples, as indicated by the standard deviation (1.09%), was greater than 2015/2016 (0.88%) and 5YA (1.01%). However, the 2016/2017 sample range (0.1 to 6.8%) was similar to the 2015/2016 range (0.0 to 7.2%).
- Of the export samples, 62.3% had 3.0% or less damaged kernels, meeting the requirement for U.S. No. 1 grade. In addition, 96.7% were at or below the limit for U.S. No. 2 grade (5.0%).
- The average level of total damage in the market channel at export (2.7%) was slightly higher than that at harvest (2.6%). Over the years, total damage at export usually has been higher than at harvest by anywhere from 0.1 to 1.2 percentage points (export 5YA of 1.9% compared to harvest 5YA of 1.2% for a difference of 0.7 percentage points for 5YA). Total damage can increase during storage, especially if there are spout lines and pockets of high moisture in the storage bins or in the transport containers. However, even with this modest increase, the U.S. Aggregate average was still below the limit for U.S. No. 1 grade (3.0%).



- The Pacific Northwest ECA had lower average total damage (1.3%) than the Gulf (3.0%) and the Southern Rail (3.3%) ECAs. The Pacific Northwest ECA also had the lowest average total damage among the ECAs for 2015/2016, 2014/2015, and 5YA.
- Average total damage for contracts being loaded as U.S. No. 2 o/b (2.7%) and as U.S. No. 3 o/b (2.9%) were below the limit for U.S. No. 1 grade (3.0%).

U.S. Grade Total Damage Maximum Limits
No. 1: 3.0%
No. 2: 5.0%
No. 3: 7.0%



Heat Damage

Heat damage is a subset of total damage in corn grades and has separate allowances in the U.S. grade standards. Heat damage can be caused by microbiological activity in warm, moist grain or by

high heat applied during drying. Low levels of heat damage may indicate the corn has been dried and stored at moisture contents and temperatures that prevent damage in the market channel.

Results

- Average U.S. Aggregate heat damage was 0.0%, the same as 2015/2016, 2014/2015, and 5YA. These averages have also been well below the limit for U.S. No. 1 grade in previous years, indicating good management of drying and storage of the corn throughout the market channel.
- Only one sample in the entire 2016/2017 export cargo sample set (total of 430 samples) showed any heat damage (0.1%).

U.S. Grade Heat Damage Maximum Limits
No. 1: 0.1%
No. 2: 0.2%
No. 3: 0.5%

B. MOISTURE

Moisture content is reported on all official grade certificates, but does not determine which numerical grade will be assigned to the sample. Moisture content is usually specified in the contract by the buyer, independent of the grade. Moisture content is important because it affects the amount of dry matter being sold and purchased. In addition, the average moisture content and variability in a shipment of corn affects its quality upon arrival at the destination. In order to maintain good quality, recommendations for clean corn are as follows: 14% maximum moisture content under aerated storage in U.S. corn-belt conditions for storage no more than six to twelve months, and 13% or less moisture content for storage of more than one year.¹

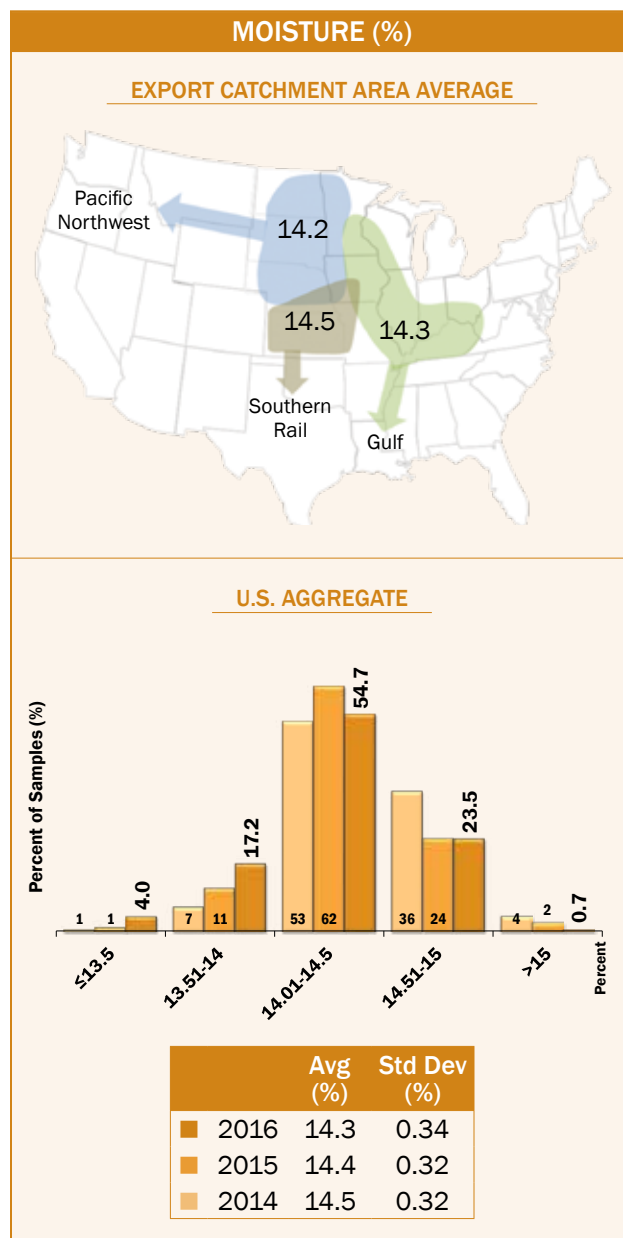
Corn is typically transported in railcars or in closed, nearly airtight holds during ocean voyages. Few bulk carriers or railcars have the ability to aerate the grain mass during transit. This lack of aeration can create an ideal environment for pockets of high moisture to initiate microbiological activity. In addition, temperature variations in the grain mass can cause moisture migration, resulting in warm, moist air condensing on colder surfaces of grain, near sidewalls, or on the underside of hatch covers, which can lead to the development of spoilage or hot spots. Hot spots are small pockets of grain where the moisture content and temperature become abnormally higher than the average for the cargo. Thus, uniformity of moisture content among sublots and average moisture values of 14% or below are important for minimizing the risk of hot spots developing during transit.



¹MWPS-13. 1988. Grain drying, handling and storage handbook. Midwest Plan Service No. 13. Iowa State University, Ames, IA 50011.

Results

- Average U.S. Aggregate moisture content (14.3%) was nearly the same as 2015/2016 (14.4%), 2014/2015 (14.5%), and 5YA (14.4%).
- Moisture content variability among samples for 2016/2017 (standard deviation of 0.34%) was essentially the same as the previous two years (both 0.32%) and 5YA (0.34%).
- Sample moisture content ranged from 12.9% to 15.1% or 2.2 percentage points, compared to 2015/2016 (range of 2.7 percentage points) and 2014/2015 (range of 2.6 percentage points).
- Only 24.2% of the samples had moisture content above 14.5%, compared to 26% in 2015/2016 and 40% in 2014/2015.
- Average moisture content decreased between harvest (16.1%) and export (14.3%) and uniformity among samples increased, as indicated by the lower standard deviation at export (0.34%) compared to harvest (1.47%). Uniformity in moisture content increases between harvest and export as the corn from various sources is commingled and conditioned to bring it to the desired moisture content.
- The Pacific Northwest ECA average moisture content (14.2%) was lower than the Gulf (14.3%) and Southern Rail (14.5%) ECAs, and maintained the lowest average moisture content among the three ECAs for 2015/2016, 2014/2015, and 5YA.
- Average moisture was slightly lower for contracts loaded as U.S. No. 2 o/b (14.3%) than for contracts loaded as U.S. No. 3 o/b (14.5%). The moisture range for U.S. No 2 o/b (12.9 to 15.0%) was wider than the range for U.S. No 3 o/b (13.3 to 15.1%). However, the moisture standard deviations for U.S. No. 2 o/b (0.33%) and U.S. No. 3 o/b (0.32%) were similar.



SUMMARY: GRADE FACTORS AND MOISTURE

2016/2017 Export Cargo						2015/2016 Export Cargo			2014/2015 Export Cargo			5 Year Avg. (2011-2015)	
	No. of Samples	Avg.	Std. Dev.	Min.	Max.	No. of Samples	Avg.	Std. Dev.	No. of Samples	Avg.	Std. Dev.	Avg.	Std. Dev.
U.S. Aggregate						U.S. Aggregate			U.S. Aggregate			U.S. Aggregate	
Test Weight (lb/bu)	430	57.4	0.61	54.8	59.3	408	57.3	0.77	411	57.5*	0.90	57.6	0.79
Test Weight (kg/hl)	430	73.8	0.78	70.5	76.3	408	73.7	0.99	411	74.0*	1.16	74.1	1.01
BCFM (%)	430	2.9	0.68	1.2	7.2	408	3.0*	0.71	411	3.0*	0.65	2.9	0.67
Total Damage (%)	430	2.7	1.09	0.1	6.8	408	1.9*	0.88	411	2.3*	0.92	1.9	1.01
Heat Damage (%)	430	0.0	0.00	0.0	0.1	408	0.0*	0.01	411	0.0	0.01	0.0	0.01
Moisture (%)	430	14.3	0.34	12.9	15.1	408	14.4*	0.32	411	14.5*	0.32	14.4	0.34
Gulf						Gulf			Gulf			Gulf	
Test Weight (lb/bu)	278	57.6	0.59	54.8	59.3	272	57.5	0.79	292	58.0*	0.81	58.0	0.71
Test Weight (kg/hl)	278	74.1	0.76	70.5	76.3	272	74.0	1.02	292	74.7*	1.04	74.6	0.91
BCFM (%)	278	2.9	0.58	1.4	5.0	272	2.9	0.51	292	3.1*	0.68	3.0	0.67
Total Damage (%)	278	3.0	1.05	0.7	6.8	272	2.4*	1.01	292	2.8*	1.04	2.3	1.17
Heat Damage (%)	278	0.0	0.00	0.0	0.0	272	0.0*	0.01	292	0.0	0.01	0.0	0.02
Moisture (%)	278	14.3	0.39	12.9	15.1	272	14.4*	0.27	292	14.5*	0.33	14.4	0.33
Pacific Northwest						Pacific Northwest			Pacific Northwest			Pacific Northwest	
Test Weight (lb/bu)	91	56.8	0.71	55.3	58.9	92	56.8	0.68	84	55.4*	1.28	56.2	1.00
Test Weight (kg/hl)	91	73.1	0.92	71.2	75.8	92	73.1	0.87	84	71.3*	1.65	72.3	1.28
BCFM (%)	91	3.4	1.06	2.1	7.2	92	3.8*	1.25	84	3.6	0.65	3.2	0.76
Total Damage (%) ¹	91	1.3	1.21	0.1	5.2	92	0.4*	0.36	84	0.4*	0.34	0.6	0.64
Heat Damage (%)	91	0.0	0.01	0.0	0.1	92	0.0	0.00	84	0.0	0.00	0.0	0.01
Moisture (%)	91	14.2	0.24	13.6	14.9	92	14.2	0.30	84	14.4*	0.22	14.2	0.30
Southern Rail						Southern Rail			Southern Rail			Southern Rail	
Test Weight (lb/bu)	61	57.3	0.52	56.1	58.5	44	57.2	0.84	35	58.0*	0.79	58.0	0.87
Test Weight (kg/hl)	61	73.8	0.67	72.2	75.3	44	73.6	1.08	35	74.7*	1.02	74.6	1.12
BCFM (%)	61	2.1	0.60	1.2	3.4	44	2.3	0.76	35	1.8*	0.47	2.3	0.48
Total Damage (%)	61	3.3	1.10	0.5	5.9	44	2.0*	1.08	35	2.7*	1.15	1.8	0.77
Heat Damage (%)	61	0.0	0.00	0.0	0.0	44	0.0	0.00	35	0.0	0.00	0.0	0.01
Moisture (%)	61	14.5	0.25	13.8	15.0	44	14.4	0.59	35	14.8*	0.40	14.5	0.41

*Indicates averages in 2015/2016 were significantly different from 2016/2017, and 2014/2015 averages were significantly different from 2016/2017, based on a 2-tailed t-test at the 95% level of significance.

¹The relative margin of error (Relative ME) for predicting the 2016/2017 export cargo population average exceeded $\pm 10\%$.



SUMMARY: GRADE FACTORS AND MOISTURE

Export Cargo Samples for Contract Loaded as U.S. No. 2 o/b						Export Cargo Samples for Contract Loaded as U.S. No. 3 o/b					2016 Harvest				
	No. of Samples	Avg.	Std. Dev.	Min.	Max.	No. of Samples	Avg.	Std. Dev.	Min.	Max.	No. of Samples	Avg.	Std. Dev.	Min.	Max.
U.S. Aggregate						U.S. Aggregate					U.S. Aggregate				
Test Weight (lb/bu)	317	57.4	0.59	55.7	59.3	108	57.3	0.64	54.8	58.8	624	58.3**	1.22	51.5	61.9
Test Weight (kg/hl)	317	73.8	0.76	71.7	76.3	108	73.7	0.82	70.5	75.7	624	75.0**	1.57	66.3	79.7
BCFM (%)	317	2.8	0.49	1.2	4.7	108	3.2	0.92	1.4	7.2	624	0.7**	0.45	0.0	4.0
Total Damage (%)	317	2.7	1.14	0.2	6.3	108	2.9	1.06	0.1	6.8	624	2.6	1.61	0.0	23.1
Heat Damage (%)	317	0.0	0.00	0.0	0.0	108	0.0	0.00	0.0	0.1	624	0.0**	0.00	0.0	0.0
Moisture (%)	317	14.3	0.33	12.9	15.0	108	14.5	0.32	13.3	15.1	624	16.1**	1.47	11.2	23.7
Gulf						Gulf					Gulf				
Test Weight (lb/bu)	224	57.6	0.58	55.7	59.3	53	57.4	0.65	54.8	58.8	612	58.4**	1.24	51.5	61.9
Test Weight (kg/hl)	224	74.1	0.74	71.7	76.3	53	73.9	0.84	70.5	75.7	612	75.1**	1.59	66.3	79.7
BCFM (%)	224	2.9	0.47	1.4	4.7	53	3.1	0.87	1.5	5.0	612	0.7**	0.45	0.0	4.0
Total Damage (%)	224	2.9	1.05	0.7	6.3	53	3.1	1.08	1.0	6.8	612	3.2**	1.88	0.0	23.1
Heat Damage (%)	224	0.0	0.00	0.0	0.0	53	0.0	0.00	0.0	0.0	612	0.0	0.00	0.0	0.0
Moisture (%)	224	14.2	0.38	12.9	14.9	53	14.5	0.36	13.3	15.1	612	16.2**	1.48	11.2	23.7
Pacific Northwest						Pacific Northwest					Pacific Northwest				
Test Weight (lb/bu)	42	56.7	0.70	55.8	58.9	49	56.9	0.73	55.3	58.2	301	58.0**	1.19	52.2	61.9
Test Weight (kg/hl)	42	73.0	0.90	71.8	75.8	49	73.2	0.93	71.2	74.9	301	74.6**	1.53	67.2	79.7
BCFM (%)	42	2.9	0.53	2.1	4.2	49	3.9	1.16	2.3	7.2	301	0.7**	0.45	0.1	3.1
Total Damage (%)	42	1.6	1.48	0.2	5.2	49	1.1	0.86	0.1	4.4	301	1.0**	0.75	0.0	14.0
Heat Damage (%)	42	0.0	0.00	0.0	0.0	49	0.0	0.01	0.0	0.1	301	0.0	0.00	0.0	0.0
Moisture (%)	42	14.1	0.23	13.7	14.9	49	14.2	0.25	13.6	14.6	301	15.9**	1.50	11.2	20.7
Southern Rail						Southern Rail					Southern Rail				
Test Weight (lb/bu)	51	57.3	0.52	56.1	58.5	6	57.3	0.44	56.7	58.0	395	58.5**	1.22	54.5	61.9
Test Weight (kg/hl)	51	73.8	0.67	72.2	75.3	6	73.8	0.57	73.0	74.7	395	75.4**	1.57	70.2	79.7
BCFM (%)	51	2.1	0.54	1.2	3.3	6	2.7	0.79	1.4	3.4	395	0.7**	0.43	0.1	3.1
Total Damage (%)	51	3.2	1.03	0.5	5.0	6	4.4	1.29	2.9	5.9	395	2.5**	1.78	0.0	23.1
Heat Damage (%)	51	0.0	0.00	0.0	0.0	6	0.0	0.00	0.0	0.0	395	0.0	0.00	0.0	0.0
Moisture (%)	51	14.5	0.26	13.8	15.0	6	14.6	0.21	14.2	14.7	395	15.7**	1.35	11.2	23.7

**Indicates that the 2016 harvest averages were significantly different from the 2016/2017 export cargo averages, based on a 2-tailed t-test at the 95% level of confidence.

C. CHEMICAL COMPOSITION

The chemical composition of corn consists primarily of protein, starch, and oil. Although they are not grade factors, these attributes are of significant interest to end users. They provide information related to nutritional value for livestock and poultry feeding,

for wet milling uses, and for other processing uses of corn. Unlike many physical attributes, chemical composition values are not expected to change significantly during storage or transit.

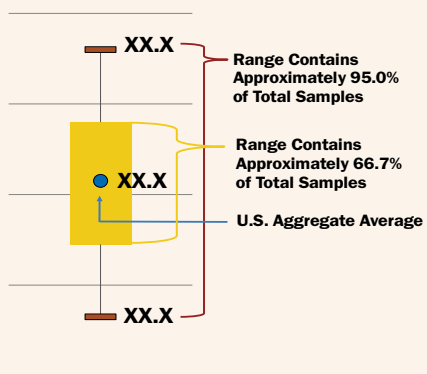
SUMMARY: CHEMICAL COMPOSITION

- Average U.S. Aggregate protein concentration at export (8.6%) was higher than 2015/2016 and the same as 5YA and the 2016 harvest average.
- Average U.S. Aggregate starch concentration (72.4%) was lower than 2015/2016 and 5YA (73.8%), but similar to the 2016 harvest average (72.5%).
- Average U.S. Aggregate oil concentration (4.0%) was higher than 2015/2016 and 5YA (3.8%), but the same as the 2016 harvest average.
- The standard deviations for protein, starch, and oil concentrations were lower and ranges were narrower for the export samples than for the harvest samples.
- Average protein concentrations were slightly higher for contracts loaded as U.S. No. 2 o/b (8.6%) than for contracts loaded as U.S. No. 3 o/b (8.5%); however, average starch and oil concentrations were the same for each contract grade.

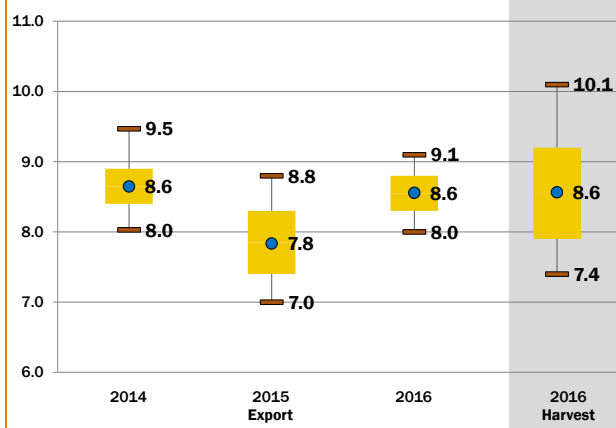




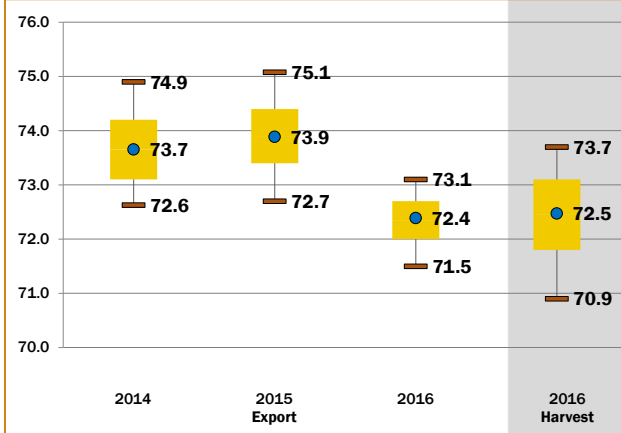
HOW TO READ THE CHARTS



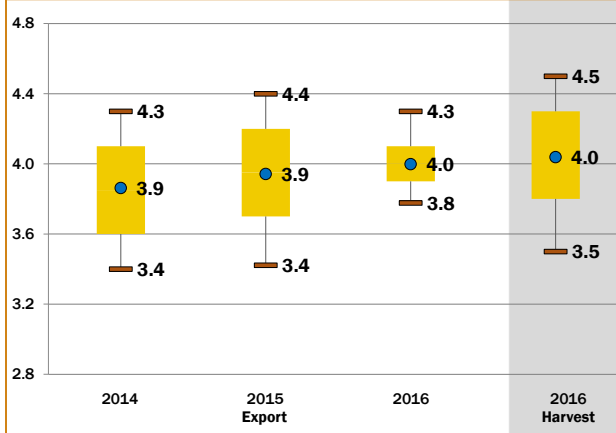
PROTEIN (Dry Basis %)



STARCH (Dry Basis %)



OIL (Dry Basis %)



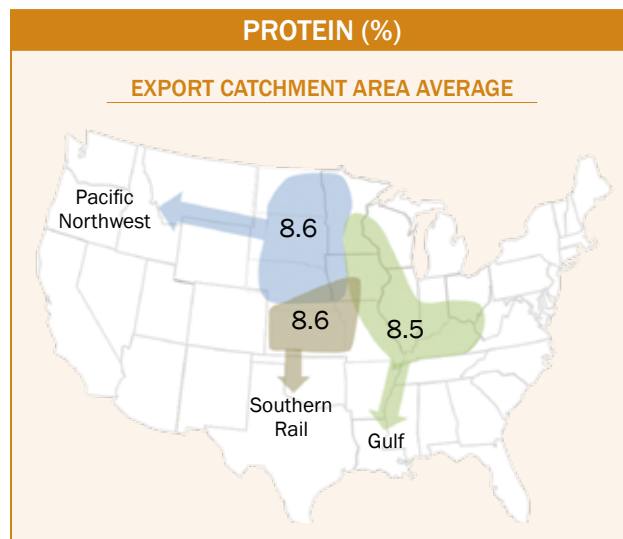
Protein

Protein is very important for poultry and livestock feeding by supplying essential sulfur-containing amino acids and helping to improve feed conversion

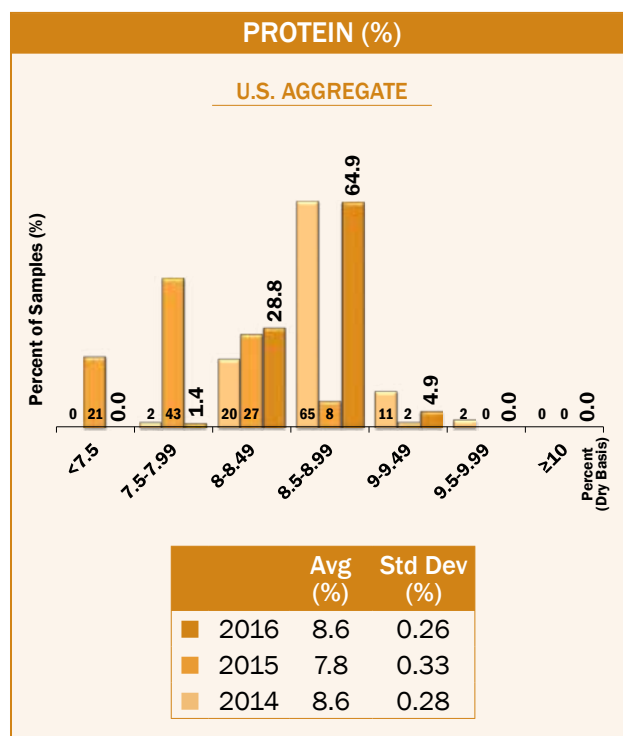
efficiency. Protein concentration is usually inversely related to starch concentration. Results are reported on a dry basis.

Results

- Average U.S. Aggregate protein concentration (8.6%) was higher than 2015/2016 (7.8%), but the same as 2014/2015 and 5YA (both 8.6%). The average U.S. Aggregate protein concentration at export was the same as the average U.S. Aggregate protein concentration at 2016 harvest (8.6%).
- The 2016/2017 export samples (standard deviation of 0.26%) were more uniform than the 2016 harvest samples (standard deviation of 0.50%). In addition, the range of protein concentration at export (7.6 to 9.4%) was narrower than at harvest (6.8 to 11.7%). The uniformity is due, in part, to grains becoming more homogeneous as they are aggregated from numerous harvest-level sources.



- The 2016/2017 export samples were distributed with 30.2% of protein concentrations below 8.5%, compared to 91% of the 2015/2016 samples and 22% of the 2014/2015 samples.
- The Gulf ECA (8.5%) had a lower average protein concentration than the Pacific Northwest and the Southern Rail ECAs (both 8.6%).
- Average protein concentrations were slightly higher for contracts loaded as U.S. No. 2 o/b (8.6%) than for contracts loaded as U.S. No. 3 o/b (8.5%).



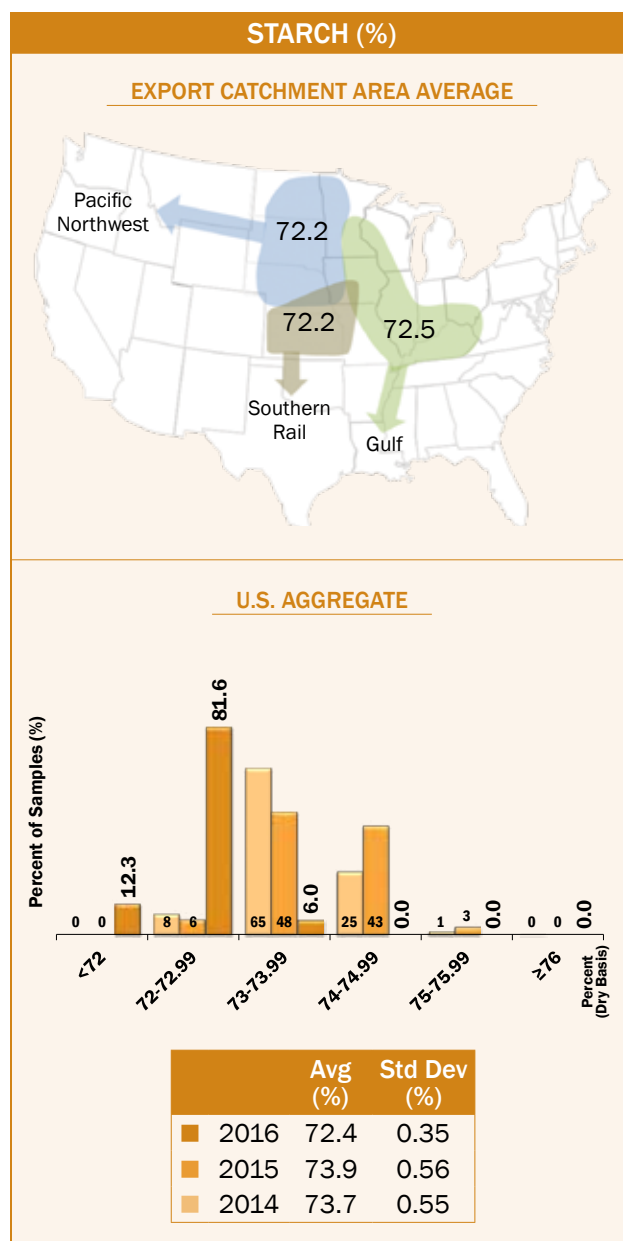
Starch

Starch is an important factor for corn used by wet millers and dry-grind ethanol manufacturers. High starch concentration is often indicative of good kernel maturation and/or filling conditions and often

results in high kernel densities. Starch concentration is usually inversely related to protein concentration. Results are reported on a dry basis.

Results

- Average U.S. Aggregate starch concentration (72.4%) was lower than 2015/2016 (73.9%) and 5YA (73.8%). The lower average starch and higher average protein concentrations reflect the typical inverse relationship between starch and protein concentrations.
- Average starch concentration at export (72.4%) was about the same as at harvest (72.5%).
- The standard deviation for starch concentration of the 2016/2017 export samples (0.35%) was lower than the standard deviation of the 2016 harvest samples (0.59%).
- Starch concentrations were distributed with 6.0% at or above 73.0%, compared to 94% in 2015/2016 and 91% in 2014/2015. This indicates fewer 2016/2017 samples had 73.0% or higher starch concentration compared to the previous two years.
- The Gulf ECA had the highest average starch concentration (72.5%), in comparison to the Pacific Northwest and Southern Rail ECAs (both 72.2%). Average starch concentrations have also been highest for the Gulf ECA in 2015/2016, 2014/2015, and for 5YA.
- Average starch concentration for contracts loaded as U.S. No. 2 o/b (72.4%) was the same as that for contracts loaded as U.S. No. 3 o/b.



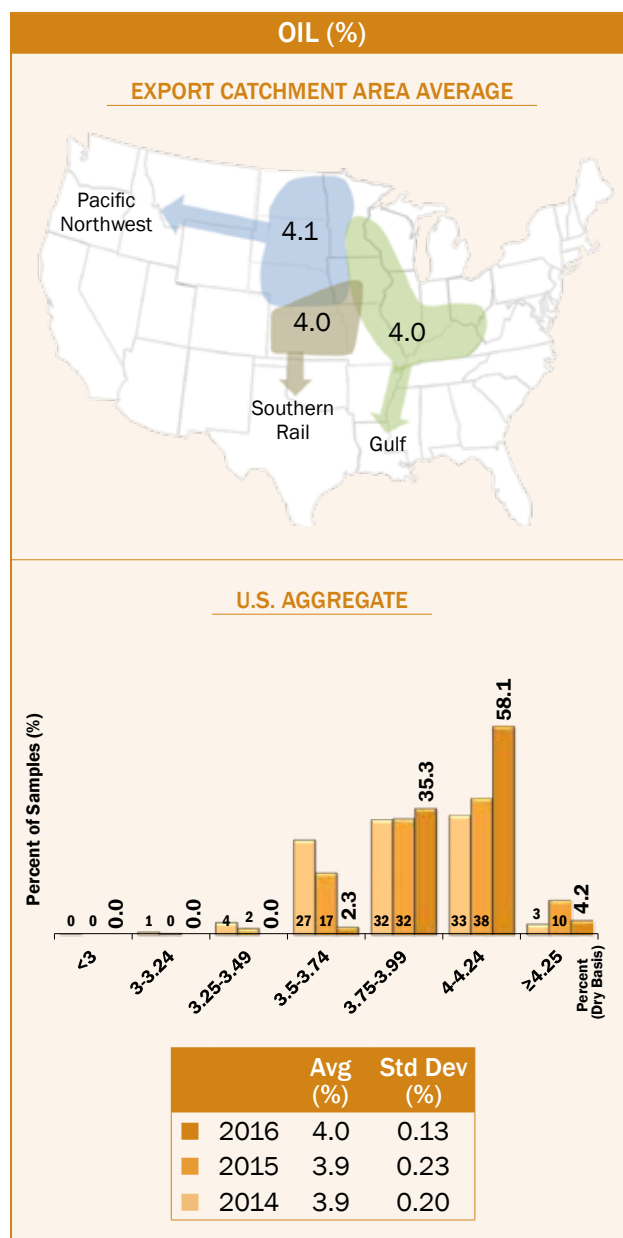
Oil

Oil is an essential component of poultry and live-stock rations. It serves as an energy source, enables fat-soluble vitamins to be utilized, and provides

certain essential fatty acids. Oil is also an important co-product of corn wet and dry milling. Results are reported on a dry basis.

Results

- Average U.S. Aggregate oil concentration (4.0%) was higher than 2015/2016 (3.9%) and 5YA (3.8%).
- The average oil concentration for the 2016/2017 export samples was the same as the 2016 harvest samples (both 4.0%), while the standard deviation at export (0.13%) was lower than at harvest (0.23%).
- The 2016/2017 samples showed a higher percentage of samples above 3.75% oil than in the previous two years. Approximately 98% of the 2016/2017 samples contained at least 3.75% oil, in contrast to 80% in 2015/2016 and 68% in 2014/2015.
- Average oil concentration for the Pacific Northwest ECA (4.1%) was slightly higher than for the Gulf and Southern Rail ECAs (both 4.0%).
- Average U.S. Aggregate and Gulf ECA oil concentrations for contracts loaded as U.S. No. 2 o/b (4.0%) were the same as contracts loaded as U.S. No. 3 o/b.



SUMMARY: CHEMICAL COMPOSITION

2016/2017 Export Cargo						2015/2016 Export Cargo			2014/2015 Export Cargo			5 Year Avg. (2011-2015)	
	No. of Samples	Avg.	Std. Dev.	Min.	Max.	No. of Samplee	Avg.	Std. Dev.	No. of Samples	Avg.	Std. Dev.	Avg.	Std. Dev.
U.S. Aggregate						U.S. Aggregate			U.S. Aggregate			U.S. Aggregate	
Protein (Dry Basis %)	430	8.6	0.26	7.6	9.4	408	7.8*	0.33	411	8.6*	0.28	8.6	0.31
Starch (Dry Basis %)	430	72.4	0.35	71.0	73.6	408	73.9*	0.56	411	73.7*	0.55	73.8	0.53
Oil (Dry Basis %)	430	4.0	0.13	3.7	4.5	408	3.9*	0.23	411	3.9*	0.20	3.8	0.21
Gulf						Gulf			Gulf			Gulf	
Protein (Dry Basis %)	278	8.5	0.24	7.6	9.1	272	7.7*	0.35	292	8.6*	0.22	8.5	0.27
Starch (Dry Basis %)	278	72.5	0.31	71.6	73.6	272	74.0*	0.54	292	73.7*	0.56	73.9	0.54
Oil (Dry Basis %)	278	4.0	0.12	3.7	4.3	272	4.0	0.22	292	3.9*	0.20	3.8	0.22
Pacific Northwest						Pacific Northwest			Pacific Northwest			Pacific Northwest	
Protein (Dry Basis %)	91	8.6	0.27	8.0	9.4	92	8.4*	0.30	84	8.9*	0.46	8.9	0.43
Starch (Dry Basis %)	91	72.2	0.42	71.0	73.1	92	73.6*	0.57	84	73.5*	0.55	73.6	0.56
Oil (Dry Basis %)	91	4.1	0.14	3.8	4.5	92	3.8*	0.25	84	3.6*	0.24	3.6	0.23
Southern Rail						Southern Rail			Southern Rail			Southern Rail	
Protein (Dry Basis %)	61	8.6	0.31	7.7	9.2	44	7.7*	0.27	35	8.6	0.28	8.6	0.34
Starch (Dry Basis %)	61	72.2	0.43	71.4	73.6	44	73.9*	0.62	35	73.5*	0.51	73.7	0.46
Oil (Dry Basis %)	61	4.0	0.12	3.7	4.2	44	4.0	0.26	35	4.0*	0.17	3.9	0.19

*Indicates averages in 2015/2016 were significantly different from 2016/2017, and 2014/2015 averages were significantly different from 2016/2017, based on a 2-tailed t-test at the 95% level of significance.



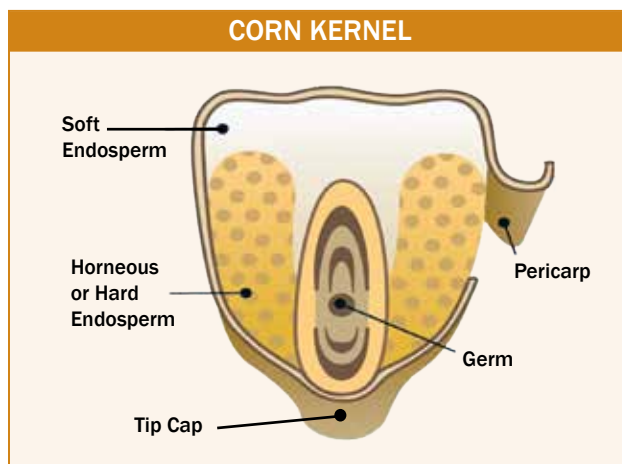
SUMMARY: CHEMICAL COMPOSITION

Export Cargo Samples for Contract Loaded as U.S. No. 2 o/b						Export Cargo Samples for Contract Loaded as U.S. No. 3 o/b					2016 Harvest				
	No. of Samples	Avg.	Std. Dev.	Min.	Max.	No. of Samples	Avg.	Std. Dev.	Min.	Max.	No. of Samples	Avg.	Std. Dev.	Min.	Max.
U.S. Aggregate						U.S. Aggregate					U.S. Aggregate				
Protein (Dry Basis %)	317	8.6	0.25	7.7	9.3	108	8.5*	0.25	7.6	9.4	624	8.6	0.50	6.8	11.7
Starch (Dry Basis %)	317	72.4	0.35	71.3	73.6	108	72.4	0.36	71.0	73.6	624	72.5**	0.59	69.2	74.3
Oil (Dry Basis %)	317	4.0	0.12	3.7	4.3	108	4.0*	0.12	3.7	4.5	624	4.0**	0.23	3.2	4.9
Gulf						Gulf					Gulf				
Protein (Dry Basis %)	224	8.6	0.22	7.9	9.1	53	8.4*	0.27	7.6	8.9	612	8.5**	0.48	6.8	11.7
Starch (Dry Basis %)	224	72.5	0.30	71.6	73.4	53	72.6	0.36	71.9	73.6	612	72.6**	0.59	69.2	74.3
Oil (Dry Basis %)	224	4.0	0.12	3.7	4.3	53	4.0*	0.13	3.7	4.3	612	4.0**	0.24	3.2	4.9
Pacific Northwest						Pacific Northwest					Pacific Northwest				
Protein (Dry Basis %)	42	8.6	0.30	8.0	9.3	49	8.6	0.25	8.0	9.4	301	8.8**	0.55	7.3	11.7
Starch (Dry Basis %)	42	72.2	0.44	71.3	73.1	49	72.1	0.39	71.0	72.8	301	72.2	0.60	69.2	74.3
Oil (Dry Basis %)	42	4.1	0.14	3.8	4.3	49	4.2*	0.13	3.9	4.5	301	4.1	0.22	3.2	4.9
Southern Rail						Southern Rail					Southern Rail				
Protein (Dry Basis %)	51	8.6	0.33	7.7	9.2	6	8.7	0.16	8.5	8.9	395	8.7	0.51	6.8	11.7
Starch (Dry Basis %)	51	72.2	0.46	71.4	73.6	6	72.2	0.27	71.9	72.6	395	72.4**	0.59	69.2	74.3
Oil (Dry Basis %)	51	4.0	0.13	3.7	4.2	6	3.9	0.08	3.8	4.0	395	4.1**	0.23	3.2	4.9

**Indicates that the 2016 harvest averages were significantly different from the 2016/2017 export cargo averages, based on a 2-tailed t-test at the 95% level of confidence.

D. PHYSICAL FACTORS

Physical factors are other quality attributes that are neither grade factors nor chemical composition. Physical factors include stress cracks, kernel weight, kernel volume, true density, percent whole kernels, and percent horneous (hard) endosperm. Tests for these physical factors provide additional information about the processing characteristics of corn for various uses, as well as corn's storability and potential for breakage in handling. These quality attributes are influenced by the physical composition of the corn kernel, which is in turn affected by genetics, as well as growing and handling conditions. Corn kernels are made up of four parts: the germ or embryo, the tip cap, the pericarp or outer covering, and the endosperm. The endosperm represents about 82% of the kernel and consists of soft (also referred to as floury or opaque) endosperm and of horneous (also called hard or vitreous) endosperm, as shown above. The



Source: Adapted from Corn Refiners Association, 2011

endosperm contains primarily starch and protein, the germ contains oil and some proteins, and the pericarp and tip cap are mostly fiber.

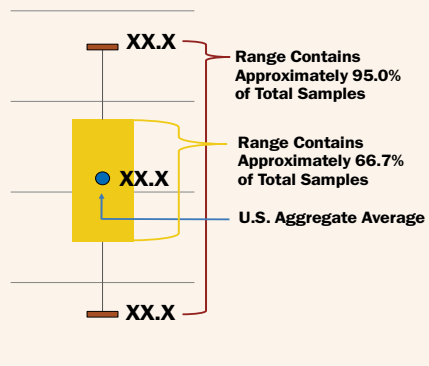




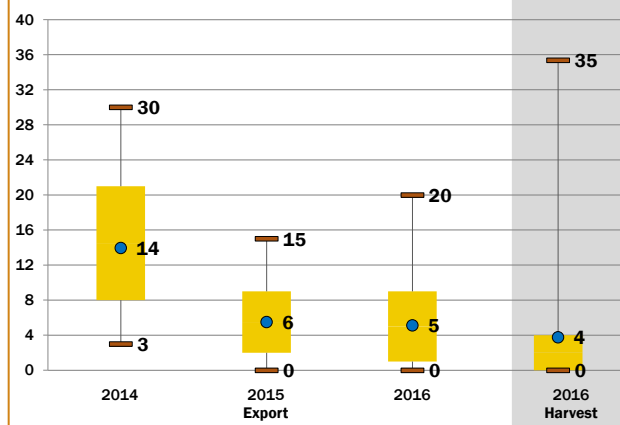
SUMMARY: PHYSICAL FACTORS

- Average U.S. Aggregate stress cracks (5%) was lower than 2015/2016 and 5YA. The low stress cracks percent in 2016/2017 was likely a result of good field drying conditions.
- The majority of the export samples (94.4%) had less than 15% stress cracks, and should have low rates of breakage during handling.
- Average U.S. Aggregate stress crack index (SCI) (11.6) was similar to 2015/2016 but lower than 5YA.
- The 2016/2017 and the 2015/2016 export samples had nearly the same percentage of samples with SCI of 20 or higher. The 2014/2015 samples had a much greater number of double and multiple stress cracks than 2015/2016 and 2016/2017.
- Average U.S. Aggregate 100-kernel (100-k) weight (35.26g) was higher than 2015/2016 and similar to 5YA.
- Average 100-k weight for the Gulf ECA (35.65 g) was higher than the Pacific Northwest (34.67 g) and the Southern Rail (34.35 g) ECAs.
- Average U.S. Aggregate kernel volume (0.27 cm³) was the same as 2015/2016 and 5YA. Average kernel volume at export was lower than for 2016 harvest, whereas the export and harvest 5YA kernel volumes were the same.
- Average kernel volume was smaller for the Pacific Northwest and Southern Rail ECAs (both 0.27 cm³) than for the Gulf ECA (0.28 cm³) in 2016/2017. The Pacific Northwest ECA had the lowest average kernel volume for 2015/2016, 2014/2015, and 5YA, indicating smaller kernel sizes for the Pacific Northwest ECA than for the Gulf and Southern Rail ECAs.
- Average U.S. Aggregate true density (1.285 g/cm³) was higher than 2015/2016 and similar to 5YA.
- For the 2016/2017 export samples, 80.7% had kernel true densities equal to or above 1.275 g/cm³, indicating a larger percentage of kernels with high true densities than in 2015/2016, but similar to 2014/2015.
- The average percent of whole kernels at export (88.2%) was slightly lower than 2015/2016 and 5YA.
- Average U.S. Aggregate horneous endosperm (79%) was lower than 2015/2016 and 5YA.
- Only 25.3% of the 2016/2017 export samples had 80% or more horneous endosperm. This percentage is less than 2015/2016 and 2014/2015.

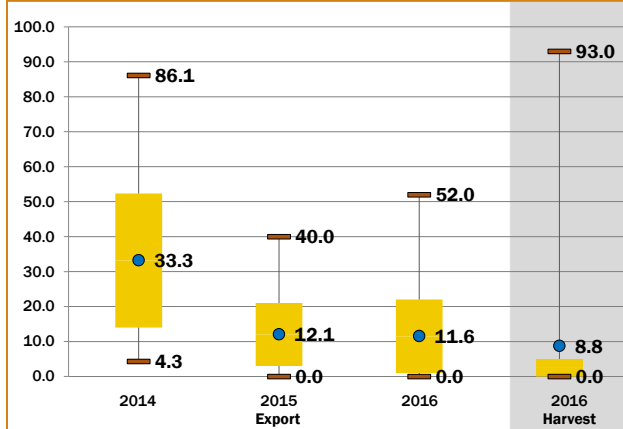
HOW TO READ THE CHARTS



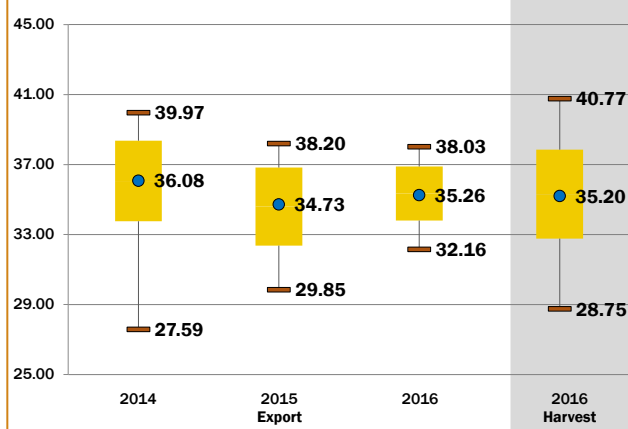
STRESS CRACKS (%)

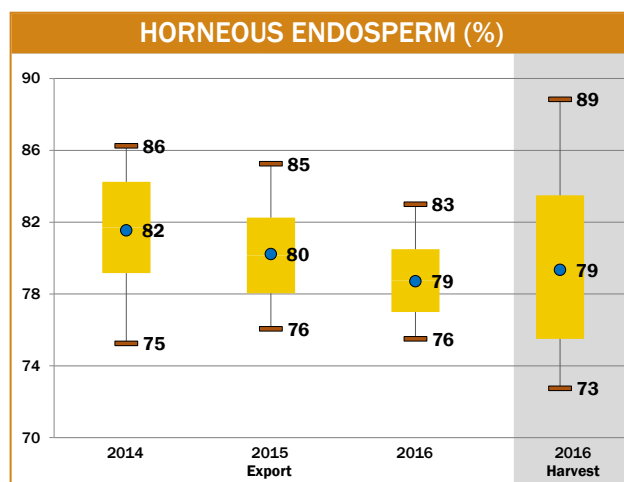
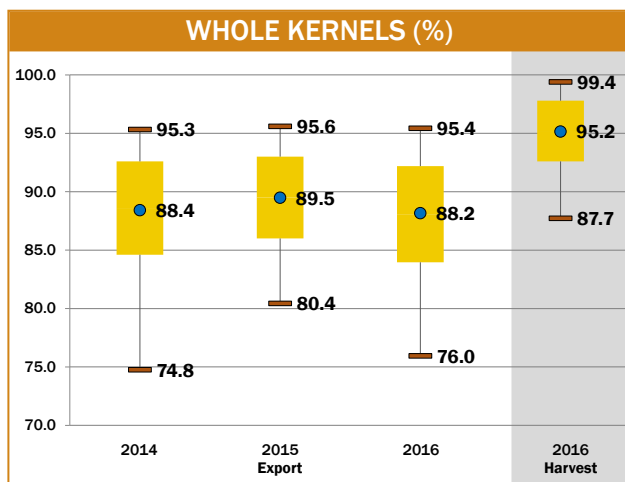
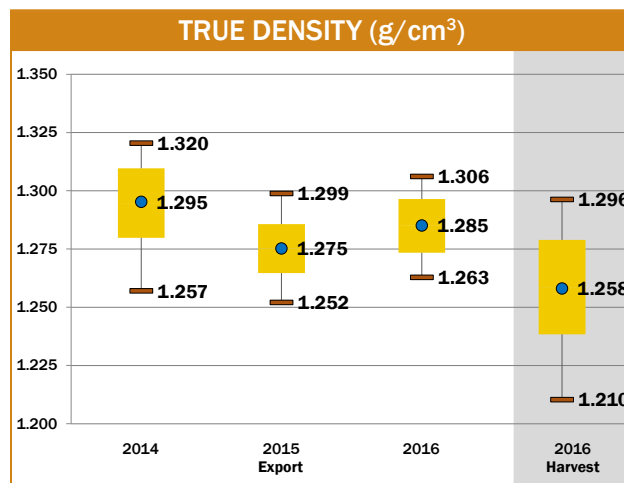
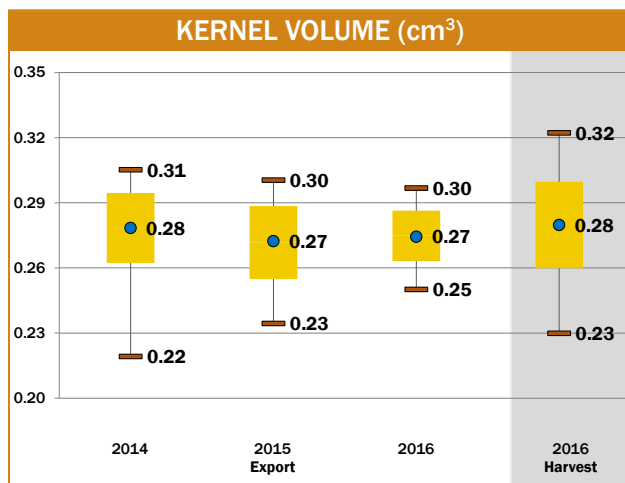


STRESS CRACK INDEX



100-KERNEL WEIGHT (g)





Stress Cracks and Stress Crack Index (SCI)

Stress cracks are internal fissures in the horneous (hard) endosperm of a corn kernel. The pericarp (or outer covering) of a stress-cracked kernel is typically not damaged, so the kernel may appear unaffected at first glance even if stress cracks are present.

The cause of stress cracks is pressure buildup due to moisture and temperature differences within the kernel's horneous endosperm. This can be likened to the internal cracks that appear when an ice cube is dropped into a lukewarm beverage. The internal stresses do not build up as much in the soft, floury endosperm as in the horneous endosperm; therefore, corn with a higher percentage of horneous endosperm is more susceptible to stress cracking than softer grain. A kernel may vary in severity of stress cracking and can have one, two, or multiple stress cracks. The impact of high levels of stress cracks on various uses include:

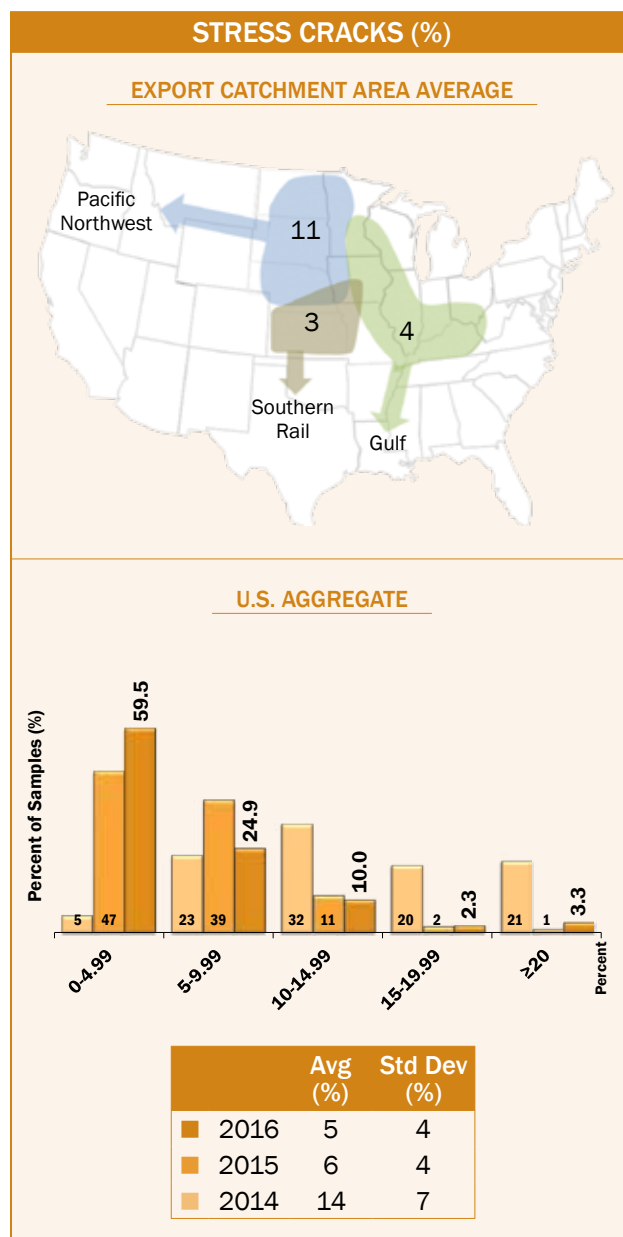
- General: Increased susceptibility to breakage during handling. This may lead to processors needing to remove more broken corn during cleaning operations and a possible reduction in grade and/or value.
- Wet Milling: Lower starch yields due to increased difficulty in separating the starch and protein. Stress cracks may also alter steeping requirements.
- Dry Milling: Lower yield of large flaking grits (the prime product of many dry milling operations).
- Alkaline Cooking: Non-uniform water absorption leading to overcooking or undercooking, which affects the process balance.

High-temperature drying is the most common cause of stress cracks. Growing conditions will affect crop maturity, timeliness of harvest, and the need for artificial drying, which will influence the degree of stress cracking found from region to region. Then, as corn moves through the market channel, some stress-cracked kernels break, which increases the proportion of broken corn. Concurrently, impacts of kernels on other kernels or on metal surfaces during handling may cause new cracks in kernels. As a result, the percentage of kernels with stress cracks may not remain constant throughout the market channel.

Stress crack measurements include “stress cracks” (the percent of kernels with at least one crack) and stress crack index (SCI), which is the weighted average of single, double, and multiple stress cracks. “Stress cracks” measures only the number of kernels with stress cracks, whereas SCI shows the severity of cracking. For example, if half the kernels have only single stress cracks, “stress cracks” is 50% and the SCI is 50 (50×1). However, if half the kernels have multiple stress cracks (more than two cracks), indicating a higher potential for handling issues, “stress cracks” remain at 50% but the SCI becomes 250 (50×5). Lower values for “stress cracks” and the SCI are always more desirable. In years with high levels of stress cracks, the SCI provides valuable information because high SCI values (perhaps 300 to 500) indicate the sample had a very high percentage of multiple stress cracks. Multiple stress cracks are generally more detrimental to quality changes than single stress cracks.

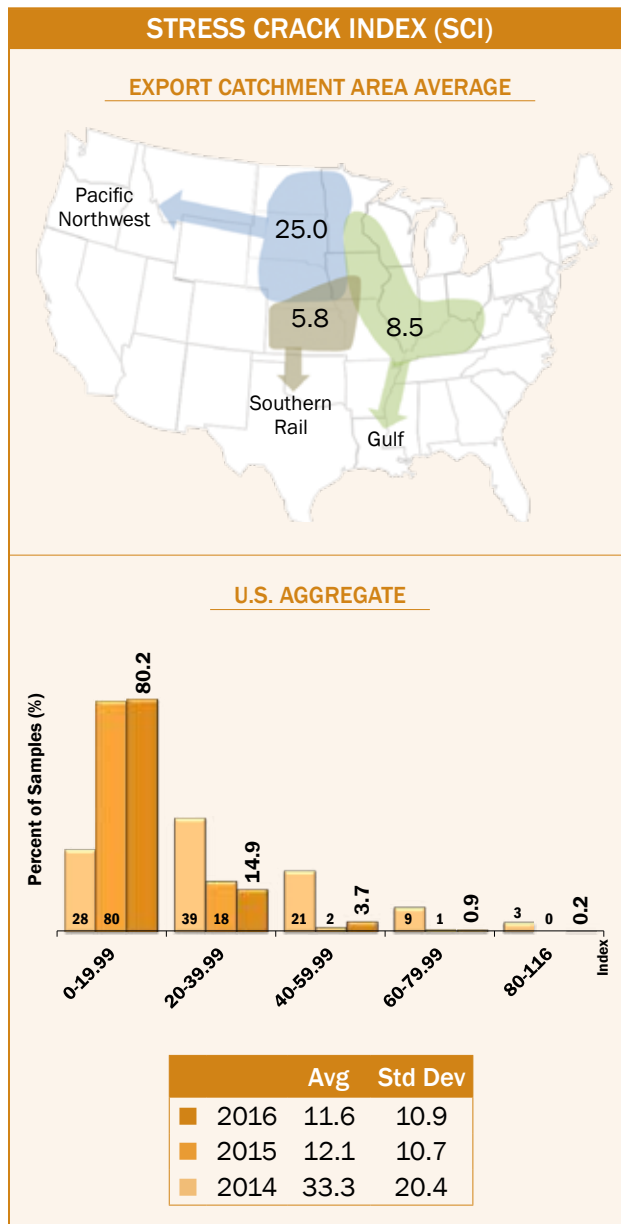
Results: Stress cracks

- Average U.S. Aggregate stress cracks (5%) were lower than 2015/2016 (6%) and 5YA (11%).
- Average U.S. Aggregate stress cracks (5%) were higher than the 2016 harvest samples (4%). Average U.S. Aggregate stress cracks have increased from 1 to 6 percentage points between harvest and export for each of the last three years and for 5YA.
- Stress cracks in the export samples (with a range of 0 to 27% and a standard deviation of 4%) were more uniform than in the 2016 harvest samples (with a range of 0 to 84% and a standard deviation of 6%).
- Of the 2016/2017 export samples, 94.4% had less than 15% stress cracks, compared to 97% in 2015/2016 and 60% in 2014/2015. Samples with less than 15% stress cracks should have relatively low rates of breakage during handling.
- Stress cracks averages were 4%, 11%, and 3% for the Gulf, Pacific Northwest, and Southern Rail ECAs, respectively. The stress cracks standard deviation ranged from 3 to 6% across all ECAs.
- Average stress cracks for contracts loaded as U.S. No. 2 o/b was 6%, while average stress cracks for contracts loaded as U.S. No. 3 o/b was 5%.



Results: Stress Crack Index (SCI)

- Average U.S. Aggregate stress crack index (SCI) (11.6) was similar to 2015/2016 (12.1) but lower than 5YA (29.6).
- SCI in the export samples (with a range of 90 and a standard deviation of 10.9) had similar uniformity to 2015/2016 (with a range of 64 and a standard deviation of 10.7), but was more uniform than 2014/2015 (with a range of 116 and a standard deviation of 20.4).
- Average U.S. Aggregate SCI at export was higher than the average U.S. Aggregate SCI found at harvest (8.8).
- Average SCI was lowest for the Southern Rail ECA (5.8) and the highest for the Pacific Northwest ECA (25.0). Average SCI for the Gulf ECA was 8.5.
- SCI standard deviations across ECAs were 9.3, 16.2, and 10.3 for the Gulf, Pacific Northwest, and Southern Rail ECAs, respectively.
- In 2016/2017, 19.7% of the samples had SCI of 20 or higher, compared to 21% in 2015/2016 and 72% in 2014/2015. This indicates fewer samples had double or multiple stress cracks in 2016/2017 and 2015/2016 than in 2014/2015.
- SCI for contracts loaded as U.S. No. 2 o/b (13.0) was slightly higher than contracts loaded as U.S. No. 3 o/b (12.1).



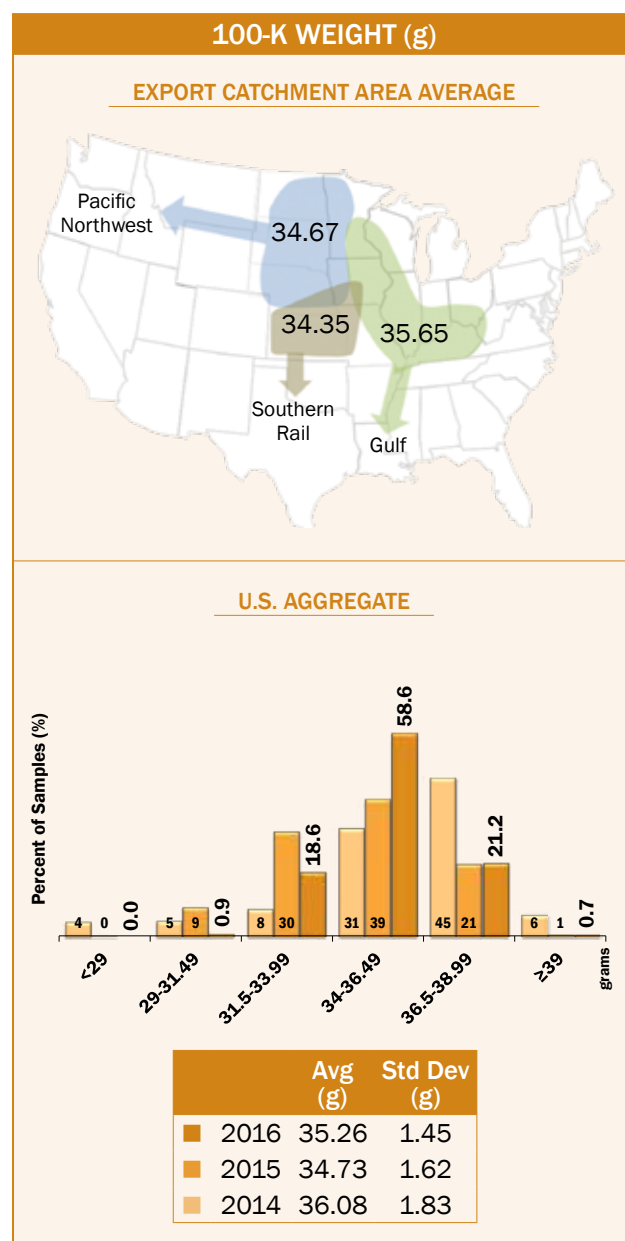
100-Kernel Weight

100-kernel (100-k) weight (reported in grams) indicates larger kernel size as 100-k weights increase. Kernel size affects drying rates. As kernel size increases, the volume-to-surface area ratio becomes higher, and as this ratio gets higher, drying becomes

slower. In addition, large uniform-sized kernels often enable higher flaking grit yields in dry milling. Kernel weights tend to be higher for specialty varieties of corn that have high amounts of horny (hard) endosperm.

Results

- Average U.S. Aggregate 100-k weight (35.26 g) was higher than 2015/2016 (34.73 g) but close to 5YA (35.35 g).
- The 100-k weight values for the 2016/2017 samples ranged from 30.74 to 40.15 g.
- Average 100-k weight for export and harvest (35.20 g) were similar. However, in years 2011/2012 through 2015/2016, average 100-k weights ranged from 0.39 to 2.05 g higher at export than at harvest. Since 100-k weight is based on 100 fully intact kernels, breakage or reduction in whole kernels occurring in transit may have self-selected out small kernels with low 100-k weights that might have been more prone to breakage.
- The export samples had a lower standard deviation (1.45 g) than the 2016 harvest samples (2.43 g). The 100-k weight standard deviation was also lower at export than at harvest for 2015/2016, 2014/2015, and 5YA, indicating greater uniformity at export than at harvest.
- The average 100-k weight for the Gulf ECA (35.65 g) was higher than the Pacific Northwest (34.67 g) and the Southern Rail (34.35 g) ECAs.
- In 2016/2017, 78.1% of the samples had 100-k weight of less than 36.5 g, compared to 78% in 2015/2016 and 48% in 2014/2015.
- 100-k weight for contracts loaded as U.S. No. 2 o/b (35.21 g) was slightly lower than for contracts loaded as U.S. No. 3 o/b (35.47 g).



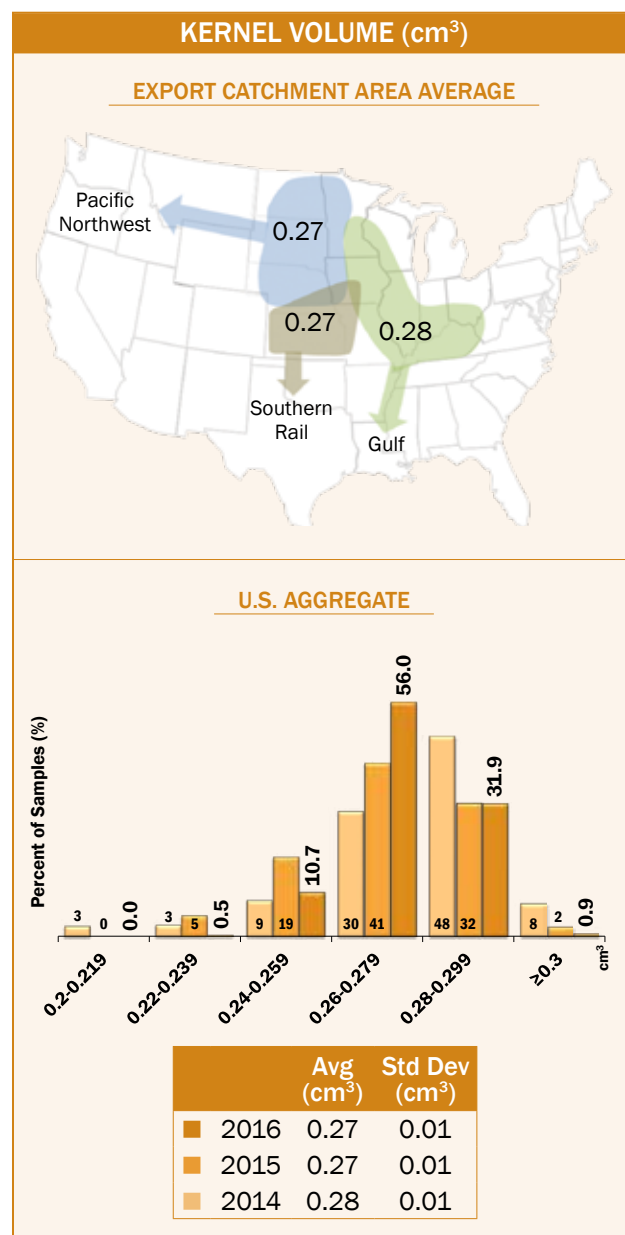
Kernel Volume

Kernel volume in cubic centimeters (cm³) is often indicative of growing conditions. Small or round kernels are more difficult to degerm. Additionally, small

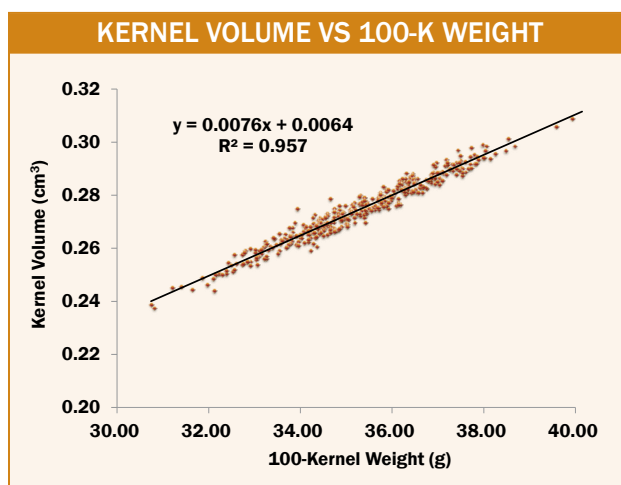
kernels may lead to increased cleanout losses for processors and higher yields of fiber.

Results

- Average U.S. Aggregate kernel volume (0.27 cm³) was the same as 2015/2016 and 5YA.
- Kernel volume range (0.24 to 0.31 cm³) was similar to the 2015/2016 range (0.23 to 0.31 cm³).
- The kernel volume standard deviation (0.01 cm³) was the same as 2015/2016 and 5YA.
- Average U.S. Aggregate kernel volume at export was lower than at harvest (0.28 cm³) in 2016/2017, but the same as the export and harvest 5YAs (both 0.27 cm³).
- Average kernel volume was smaller for the Pacific Northwest and Southern Rail ECAs (both 0.27 cm³) than for the Gulf ECA (0.28 cm³) in 2016/2017. The Pacific Northwest ECA had the lowest average kernel volume for 2015/2016, 2014/2015, and 5YA.
- Of the 2016/2017 export samples, 88.8% had kernel volumes equal to or greater than 0.26 cm³, compared to 75% in 2015/2016 and 86% in 2014/2015, which indicates a similar percentage of large kernels over the past two years.



- There is a positive relationship for the 2016/2017 export corn between kernel volume and 100-kernel weight, as shown in the adjacent figure (the correlation coefficient is 0.98). This indicates that the higher the weight of 100 kernels of corn, the greater the kernel volume.
- Average kernel volume for contracts loaded as U.S. No. 2 o/b (0.27 cm³) was slightly lower than contracts loaded as U.S. No. 3 o/b (0.28 cm³).



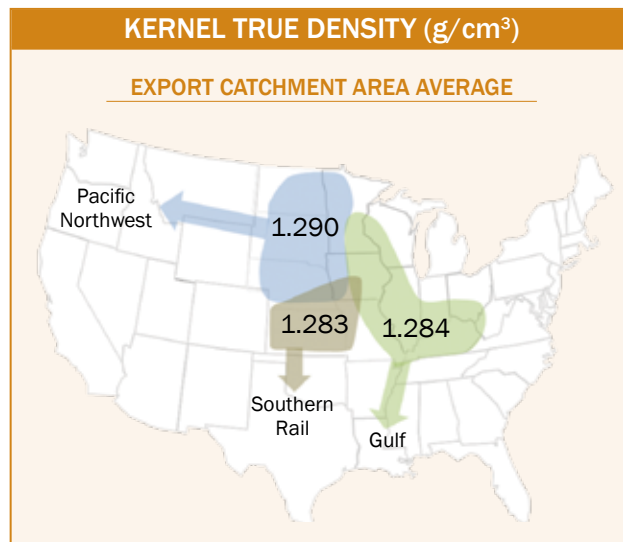
Kernel True Density

Kernel true density is calculated as the weight of a 100-kernel sample divided by the volume, or displacement, of those 100 kernels and is reported as grams per cubic centimeter (g/cm^3). True density is a relative indicator of kernel hardness, which is useful for alkaline processors and dry millers. True density may be affected by the genetics of the corn hybrid and the growing environment. Corn with higher density is typically less susceptible to breakage in

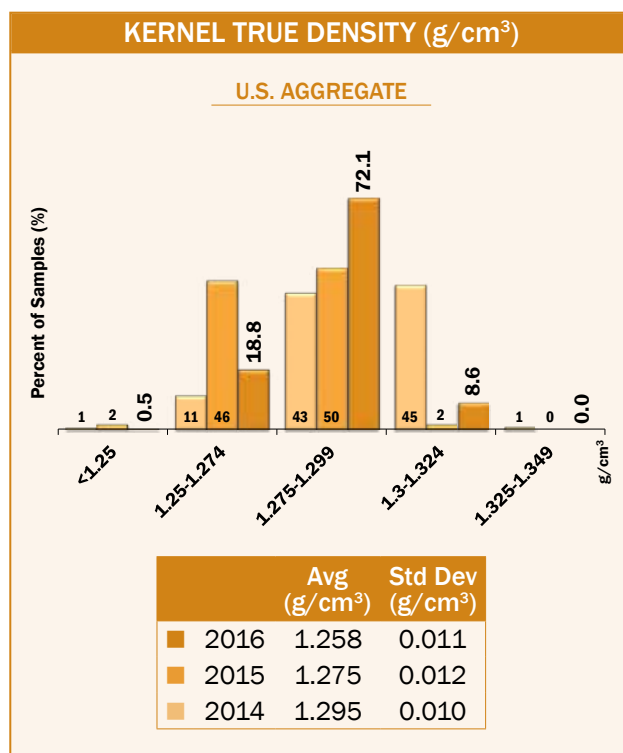
handling than lower density corn, but is also more at risk for the development of stress cracks if high-temperature drying is employed. True densities above $1.30 \text{ g}/\text{cm}^3$ indicate very hard corn, which is typically desirable for dry milling and alkaline processing. True densities near the $1.275 \text{ g}/\text{cm}^3$ level and below tend to be softer, but process well for wet milling and feed use.

Results

- Average U.S. Aggregate kernel true density ($1.285 \text{ g}/\text{cm}^3$) was higher than 2015/2016 ($1.275 \text{ g}/\text{cm}^3$) and similar to 5YA ($1.289 \text{ g}/\text{cm}^3$).
- Average kernel true density for the 2016/2017 export samples was higher than for the 2016 harvest samples ($1.258 \text{ g}/\text{cm}^3$), and the export 5YA true density ($1.289 \text{ g}/\text{cm}^3$) was higher than the harvest 5YA true density ($1.263 \text{ g}/\text{cm}^3$). Average true densities have been 0.021 to 0.036 g/cm^3 higher at export than at harvest over the past six years.
- The 2016/2017 export samples had a range of 1.235 to $1.320 \text{ g}/\text{cm}^3$ (with a standard deviation of $0.011 \text{ g}/\text{cm}^3$), while the 2016 harvest samples had a wider range (1.162 to $1.320 \text{ g}/\text{cm}^3$) and a larger standard deviation ($0.018 \text{ g}/\text{cm}^3$).



- For the 2016/2017 export samples, 80.7% had kernel true densities equal to or above 1.275 g/cm³, compared with only 52% in 2015/2016 and 88% in 2014/2015. This indicates a higher percentage of kernels with high true densities in 2016/2017 than in the previous year, but with true densities similar to 2014/2015.
- Average kernel true densities were similar for the Gulf (1.284 g/cm³), Pacific Northwest (1.290 g/cm³), and Southern Rail (1.283 g/cm³) ECAs.
- Average kernel true density for contracts loaded as U.S. No. 2 o/b (1.286 g/cm³) was slightly higher than for contracts loaded as U.S. No. 3 o/b (1.283 g/cm³). Bulk density or test weight was also slightly higher for contracts loaded as U.S. No. 2 o/b (57.4 lb/bu) than contracts loaded as U.S. No. 3 o/b (57.3 lb/bu).



Whole Kernels

Though the name suggests some inverse relationship between whole kernels, and broken corn and foreign material (BCFM), the whole kernels test conveys different information than the broken corn portion of the BCFM test. Broken corn is defined solely by the size of the material. Whole kernels, as the name implies, is the percent of fully intact kernels in the sample with no pericarp damage or kernel pieces chipped away.

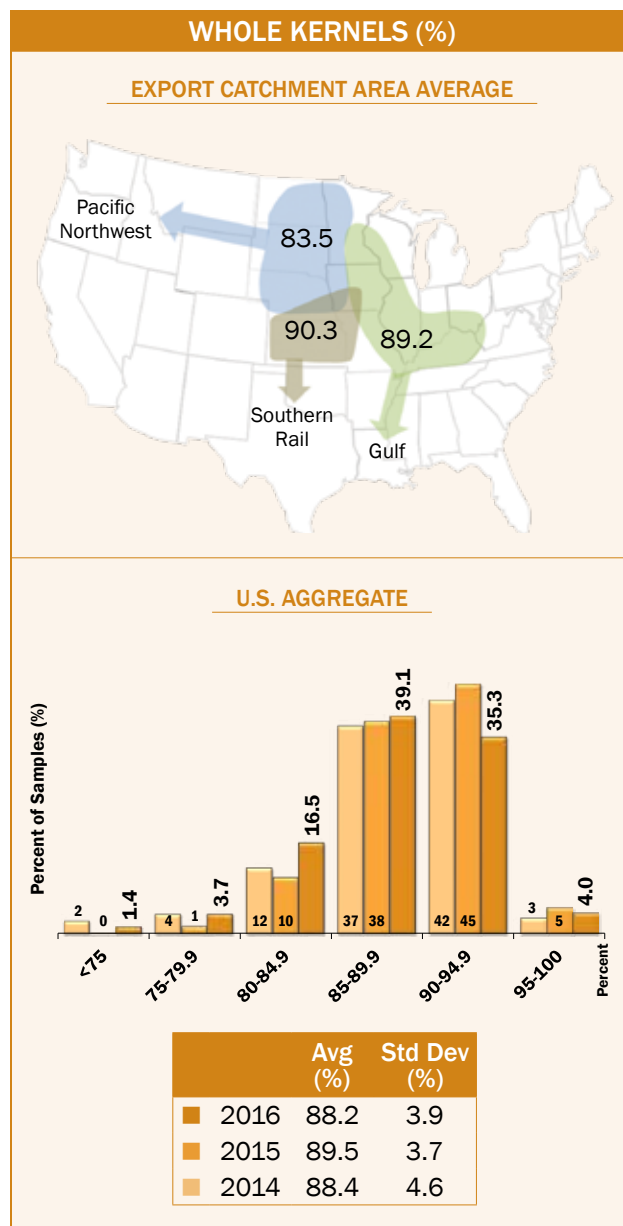
The exterior integrity of the corn kernel is very important for two key reasons. First, it affects water absorption for alkaline cooking and steeping operations. Kernel nicks or pericarp cracks allow water to enter the kernel faster than fully intact or whole kernels. Too much water uptake during cooking can result in loss of solubles, non-uniform cooking, expensive shutdown time, and/or products that do not meet specifications.

Second, intact whole kernels are less susceptible to mold invasion during storage and to breakage during handling. While hard endosperm lends itself to preservation of more whole kernels than soft corn does, the primary factor in delivering whole kernels is harvesting and handling. This begins with proper combine adjustment, followed by minimizing the severity of kernel impacts due to conveyors and the number of handlings required from the farm field to the end user. Each subsequent handling will generate additional breakage. Some companies pay contracted premiums for corn delivered above a specified level of whole kernels.



Results

- Average U.S. Aggregate whole kernels (88.2%) was lower than 2015/2016 (89.5%) but close to the same as 5YA (88.8%).
- The average percentage of whole kernels at export was lower than at harvest (95.2%). Whole kernels for the export 5YA (88.8%) was also lower than for harvest 5YA (93.8%). The reduction in whole kernels from harvest to export is likely caused by the additional handling in transport to export loading locations.
- The 2016/2017 export samples had a range of 68.6 to 97.4% whole kernels (with a standard deviation of 3.9%), while the 2016 harvest samples had a narrower range (80.6 to 100.0%) and a lower standard deviation (2.7%).
- The decrease in average and increase in variability of whole kernels from harvest to export also occurred in 2015/2016, 2014/2015, and for 5YA.
- The Southern Rail ECA (90.3%) had the highest average whole kernels compared to the Gulf (89.2%) and Pacific Northwest (83.5%) ECAs. In 2016/2017, the Pacific Northwest ECA also had the lowest percentage of whole kernels; however, the 5YA for the three ECAs were within 0.3 percentage points of each other.
- The percentage of 2016/2017 export samples with whole kernels greater than or equal to 90% was 39.3%, compared to 50% in 2015/2016 and 45% in 2014/2015.
- Average whole kernels for contracts loaded as U.S. No. 2 o/b was 88.1%, compared to 88.5% found for contracts loaded as U.S. No. 3 o/b.



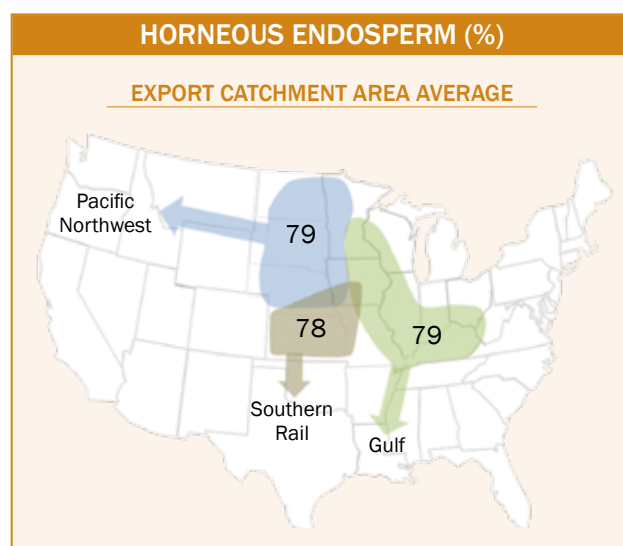
Horneous (Hard) Endosperm

The horneous (hard) endosperm test measures the percent of horneous or hard endosperm out of the total endosperm in a kernel, with a potential value from 70 to 100%. The greater the amount of horneous endosperm relative to soft endosperm, the harder the corn kernel is said to be. The degree of hardness is important to the type of intended processing. Hard corn is needed to produce high yields of large-flaking grits in dry milling. Medium-high to medium hardness is desired for alkaline cooking. Moderate to soft hardness is used for wet milling and livestock feeding.

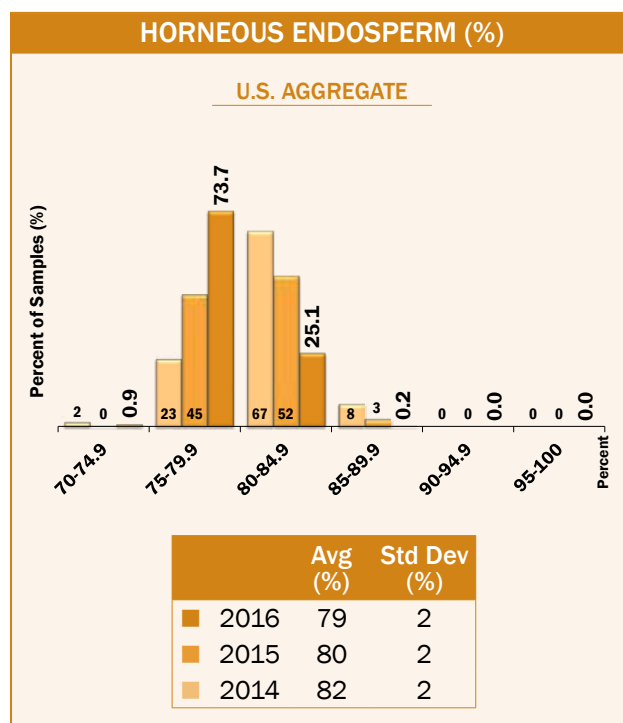
Hardness has been correlated with breakage susceptibility, feed utilization/efficiency, and starch digestibility. As a test of overall hardness, there is no good or bad value for horneous endosperm; there is only a preference by different end users for particular ranges. Many dry millers and alkaline cookers would like greater than 90% horneous endosperm, while wet millers and feeders would typically prefer values between 70 and 85%. However, there are certainly exceptions in user preference.

Results

- Average U.S. Aggregate horneous endosperm (79%) was lower than 2015/2016 (80%) and 5YA (83%).
- Average horneous endosperm for 2016/2017, 2015/2016, 2014/2015, and export 5YA were within $\pm 1\%$ of the average horneous endosperm for 2016, 2015, 2014, and 5YA at harvest, respectively.
- The 2016/2017 export samples for horneous endosperm had a smaller range (72 to 88%) and standard deviation (2%) than the 2016 harvest samples. This same pattern of increased uniformity for export samples compared to harvest samples occurred in 2015/2016, 2014/2015, and 5YA also.



- Average horneous endosperm was within 1, 0, 3, and 1 percentage points of each other among all ECAs for 2016/2017, 2015/2016, 2014/2015, and 5YA, respectively.
- Only 25.3% of the 2016/2017 export samples had at least 80% horneous endosperm, in contrast to 55% in 2015/2016 and 75% in 2014/2015, indicating a lower percentage of the 2016/2017 samples contained a higher percentage of horneous endosperm than in the two previous years.
- Average horneous endosperm for contracts loaded as U.S. No. 2 o/b and as U.S. No. 3 o/b were both 79%.



SUMMARY: PHYSICAL FACTORS

2016/2017 Export Cargo						2015/2016 Export Cargo			2014/2015 Export Cargo			5 Year Avg. (2011-2015)	
	No. of Samples	Avg.	Std. Dev.	Min.	Max.	No. of Samples	Avg.	Std. Dev.	No. of Samples	Avg.	Std. Dev.	Avg.	Std. Dev.
U.S. Aggregate						U.S. Aggregate			U.S. Aggregate			U.S. Aggregate	
Stress Cracks (%)	430	5	4	0	27	408	6	4	411	14*	7	11	6
Stress Crack Index	430	11.6	10.9	0	90	408	12.1	10.7	411	33.3*	20.4	29.6	19.8
100-Kernel Weight (g)	430	35.26	1.45	30.74	40.15	408	34.73*	1.62	411	36.08*	1.83	35.35	1.76
Kernel Volume (cm ³)	430	0.27	0.01	0.24	0.31	408	0.27*	0.01	411	0.28*	0.01	0.27	0.01
True Density (g/cm ³)	430	1.285	0.011	1.235	1.320	408	1.275*	0.012	411	1.295*	0.010	1.289	0.011
Whole Kernels (%)	430	88.2	3.9	68.6	97.4	408	89.5*	3.7	411	88.4	4.6	88.8	3.9
Horneous Endosperm (%)	430	79	2	72	88	408	80*	2	411	82*	2	83	2
Gulf						Gulf			Gulf			Gulf	
Stress Cracks (%)	278	4	3	0	26	272	5*	4	292	15*	7	12	6
Stress Crack Index ¹	278	8.5	9.3	0	90	272	11.3*	9.7	292	37.7*	21.6	33.3	22.0
100-Kernel Weight (g)	278	35.65	1.39	32.10	39.93	272	35.24*	1.66	292	37.05*	1.57	36.21	1.64
Kernel Volume (cm ³)	278	0.28	0.01	0.24	0.31	272	0.28	0.01	292	0.28*	0.01	0.28	0.01
True Density (g/cm ³)	278	1.284	0.012	1.258	1.317	272	1.276*	0.012	292	1.303*	0.010	1.294	0.010
Whole Kernels (%)	278	89.2	3.5	76.0	97.4	272	90.2*	3.4	292	88.0*	5.4	88.7	4.0
Horneous Endosperm (%)	278	79	2	72	84	272	80*	2	292	82*	2	83	2
Pacific Northwest						Pacific Northwest			Pacific Northwest			Pacific Northwest	
Stress Cracks (%) ¹	91	11	6	0	27	92	7*	4	84	12	6	10	5
Stress Crack Index ¹	91	25.0	16.2	0	69	92	14.7*	10.9	84	24.4	16.2	23.3	15.1
100-Kernel Weight (g)	91	34.67	1.34	30.74	37.99	92	32.02*	1.51	84	31.95*	3.03	31.65	2.15
Kernel Volume (cm ³)	91	0.27	0.01	0.24	0.29	92	0.25*	0.01	84	0.25*	0.02	0.25	0.02
True Density (g/cm ³)	91	1.290	0.013	1.235	1.320	92	1.275*	0.010	84	1.273*	0.013	1.272	0.013
Whole Kernels (%)	91	83.5	5.5	68.6	93.8	92	87.1*	4.1	84	88.0*	3.3	88.9	3.5
Horneous Endosperm (%)	91	79	2	76	88	92	80*	2	84	79	3	82	2
Southern Rail						Southern Rail			Southern Rail			Southern Rail	
Stress Cracks (%) ¹	61	3	4	0	20	44	5*	6	35	12*	7	9	5
Stress Crack Index ¹	61	5.8	10.3	0	52	44	12.0*	14.9	35	23.0*	20.2	19.8	15.0
100-Kernel Weight (g)	61	34.35	1.89	31.42	40.15	44	36.39*	1.60	35	37.20*	1.39	36.67	1.81
Kernel Volume (cm ³)	61	0.27	0.01	0.25	0.31	44	0.29*	0.01	35	0.29*	0.01	0.28	0.01
True Density (g/cm ³)	61	1.283	0.009	1.257	1.302	44	1.273*	0.014	35	1.289*	0.009	1.288	0.010
Whole Kernels (%)	61	90.3	3.3	82.0	96.6	44	89.9	3.8	35	91.2	2.8	89.0	3.8
Horneous Endosperm (%)	61	78	2	73	83	44	80*	2	35	82*	2	82	2

*Indicates averages in 2015/2016 were significantly different from 2016/2017, and 2014/2015 averages were significantly different from 2016/2017, based on a 2-tailed t-test at the 95% level of significance.

¹The Relative ME for predicting the export cargo population average exceeded $\pm 10\%$.



SUMMARY: PHYSICAL FACTORS

Export Cargo Samples for Contract Loaded as U.S. No. 2 o/b						Export Cargo Samples for Contract Loaded as U.S. No. 3 o/b						2016 Harvest					
	No. of Samples	Avg.	Std. Dev.	Min.	Max.		No. of Samples	Avg.	Std. Dev.	Min.	Max.		No. of Samples	Avg.	Std. Dev.	Min.	Max.
U.S. Aggregate						U.S. Aggregate						U.S. Aggregate					
Stress Cracks (%)	317	6	4	0	27	108	5	5	0	26		624	4**	6	0	84	
Stress Crack Index	317	13.0	9.9	0	69	108	12.1	13.4	0	90		624	8.8**	16.6	0	268	
100-Kernel Weight (g)	317	35.21	1.47	30.74	40.15	108	35.47	1.37	30.81	37.99		624	35.2	2.43	18.91	44.17	
Kernel Volume (cm ³)	317	0.27	0.01	0.24	0.31	108	0.28*	0.01	0.24	0.30		624	0.28**	0.02	0.16	0.34	
True Density (g/cm ³)	317	1.286	0.011	1.244	1.320	108	1.283	0.012	1.235	1.318		624	1.258**	0.018	1.162	1.320	
Whole Kernels (%)	317	88.1	3.8	73.4	97.4	108	88.5	4.0	68.6	97.0		624	95.2**	2.7	80.6	100.0	
Horneous Endosperm (%)	317	79	2	72	88	108	79	2	76	84		624	79**	4	71	93	
Gulf						Gulf						Gulf					
Stress Cracks (%)	224	4	3	0	19	53	5*	4	0	26		612	4	6	0	84	
Stress Crack Index ¹	224	7.8	7.7	0	45	53	11.5	14.1	0	90		612	8.9	17.6	0	268	
100-Kernel Weight (g)	224	35.59	1.42	32.10	39.93	53	35.91	1.27	32.13	37.98		612	35.54	2.49	18.91	44.17	
Kernel Volume (cm ³)	224	0.28	0.01	0.25	0.31	53	0.28*	0.01	0.24	0.30		612	0.28**	0.02	0.16	0.34	
True Density (g/cm ³)	224	1.285	0.011	1.258	1.313	53	1.281*	0.012	1.261	1.317		612	1.259**	0.018	1.162	1.320	
Whole Kernels (%)	224	89.2	3.4	76.0	97.4	53	89.4	3.8	80.2	97.0		612	95.0**	2.7	80.6	100.0	
Horneous Endosperm (%)	224	79	2	72	84	53	79	2	76	84		612	79**	4	71	93	
Pacific Northwest						Pacific Northwest						Pacific Northwest					
Stress Cracks (%) ¹	42	14	6	2	27	49	8*	4	0	22		301	5**	7	0	84	
Stress Crack Index ¹	42	33.7	16.5	4	69	49	17.5*	11.8	0	52		301	10.3**	17.5	0	268	
100-Kernel Weight (g)	42	34.68	1.36	30.74	36.96	49	34.67	1.33	30.81	37.99		301	33.96**	2.21	23.98	44.17	
Kernel Volume (cm ³)	42	0.27	0.01	0.24	0.28	49	0.27	0.01	0.24	0.29		301	0.27	0.02	0.19	0.34	
True Density (g/cm ³)	42	1.290	0.013	1.244	1.320	49	1.29	0.012	1.235	1.318		301	1.253**	0.016	1.162	1.317	
Whole Kernels (%)	42	83.2	5.1	73.4	93.8	49	83.6	5.8	68.6	93.4		301	95.7**	2.7	84.4	100.0	
Horneous Endosperm (%)	42	79	2	76	88	49	79	2	76	84		301	79	3	71	91	
Southern Rail						Southern Rail						Southern Rail					
Stress Cracks (%) ¹	51	3	4	0	20	6	3	5	0	14		395	3	4	0	62	
Stress Crack Index ¹	51	6.1	10.4	0	52	6	6.7	12.5	0	32		395	5.8	11.0	0	205	
100-Kernel Weight (g)	51	34.29	1.90	31.42	40.15	6	34.63	1.92	32.30	37.28		395	35.67**	2.50	25.93	44.17	
Kernel Volume (cm ³)	51	0.27	0.02	0.25	0.31	6	0.27	0.01	0.25	0.29		395	0.28**	0.02	0.21	0.34	
True Density (g/cm ³)	51	1.282	0.009	1.257	1.302	6	1.283	0.007	1.276	1.291		395	1.261**	0.018	1.183	1.317	
Whole Kernels (%)	51	90.1	3.4	82.0	96.6	6	91.6	2.4	89.0	95.0		395	95.1**	2.6	84.4	100.0	
Horneous Endosperm (%)	51	79	2	73	83	6	79	1	77	80		395	80**	4	71	91	

**Indicates that the 2016 harvest averages were significantly different from the 2016/2017 export cargo averages, based on a 2-tailed t-test at the 95% level of confidence.

E. MYCOTOXINS

Mycotoxins are toxic compounds produced by fungi that occur naturally in grains. When consumed at elevated levels, mycotoxins may cause sickness in humans and animals. While several mycotoxins have been found in corn grain, aflatoxins and DON (deoxynivalenol or vomitoxin) are considered to be two of the important mycotoxins.

The U.S. grain merchandising industry implements strict safeguards for handling and marketing grain with elevated levels of mycotoxins. All stakeholders in the corn value chain – seed companies, corn growers, grain marketers, and grain handlers, as well

as U.S. corn export customers – are interested in understanding how mycotoxin contamination is influenced by growing conditions and the subsequent storage, drying, handling, and transport of the grain as it moves through the U.S. corn export system.

As in the previous *Export Cargo Reports*, the 2016/2017 export samples were tested for aflatoxins and DON for this year's report. The accumulation of six years of the *Export Cargo Reports* is allowing for the evaluation of year-to-year patterns of mycotoxin presence in corn at export points.

Assessing the Presence of Aflatoxins and DON

To assess the effect of these conditions on aflatoxin and DON development, this report summarizes the results from official U.S. Department of Agriculture (USDA) Federal Grain Inspection Service (FGIS) aflatoxin tests and from independent DON tests for all the export samples collected as part of this survey. All (100%) of the samples (430) collected for this report were tested for aflatoxin and DON development. Details on the testing methodology employed in this study for the mycotoxins are in the "Testing Analysis Methods" section.

A threshold established by USDA FGIS as the "Lower Conformance Level" (LCL) was used to determine whether or not a detectable level of the mycotoxin appeared in the sample. The LCLs for the FGIS-approved analytical kits used for this 2016/2017 report were 5 parts per billion (ppb) for aflatoxins and 0.5 parts per million (ppm) for DON. The FGIS LCL was the same as the lower Limit of Detection (LOD) of 5 ppb and higher than the lower LOD of 0.3 ppm specified for the aflatoxin and DON kits, respectively, used for testing the export samples collected for this survey. Details on the testing methodology employed in this study for the mycotoxins are in the "Testing Analysis Methods" section.



Results: Aflatoxins

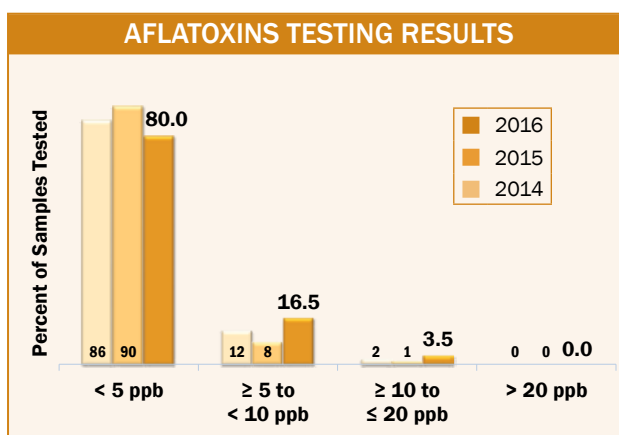
A total of 430 export samples were tested for aflatoxins for the 2016/2017 *Export Cargo Report*. Results of the 2016/2017 survey testing are as follows:

- Of the 430 samples, 344 samples, or 80.0%, had no detectable levels of aflatoxins (below FGIS LCL of 5 ppb). This 80.0% is less than 2015/2016 (90%) and 2014/2015 (86%).
- Aflatoxin levels greater than or equal to 5 ppb, but less than 10 ppb, were found in 71 samples, or 16.5% of the 430 samples tested in 2016/2017. This percentage (16.5%) is greater than 2015/2016 (8%) and 2014/2015 (12%).
- Only 15 samples, or 3.5% of the 430 samples tested, in 2016/2017 had aflatoxin levels greater than or equal to 10 ppb, but below or equal to the FDA action level of 20 ppb. This 3.5% is greater than 2015/2016 (1%) and 2014/2015 (2%).

- 100% of the samples tested in 2016/2017 were below or equal to the FDA action level of 20 ppb, which is the same as that reported in the 2015/2016 and 2014/2015 *Export Cargo Reports*.

Similar to 2014/2015 and 2015/2016, 100% of the 2016/2017 export survey test results were below the U.S. Food and Drug Administration (FDA) action level of 20 ppb. However, there were greater incidences in 2016/2017 of sample test results greater than 5 ppb, but less than 10 ppb, than in 2015/2016 and 2014/2015. These results suggest more export lots surveyed in 2016/2017 (16.5%) were found with low levels (greater than 5 ppb, but less than 10 ppb) of aflatoxin contamination than in both 2014/2015 (12%) and 2015/2016 (8%).

AFLATOXINS					
	Percent of Total Samples				Total
	< 5 ppb	≥ 5 to < 10 ppb	≥ 10 to ≤ 20 ppb	> 20 ppb	
U.S. Aggregate	80.0%	16.5%	3.5%	0.0%	100.0%
By ECA					
Gulf	71.6%	23.7%	4.7%	0.0%	100.0%
Pacific Northwest	94.5%	3.3%	2.2%	0.0%	100.0%
Southern Rail	96.7%	3.3%	0.0%	0.0%	100.0%



Results: DON (Deoxynivalenol or Vomitoxin)

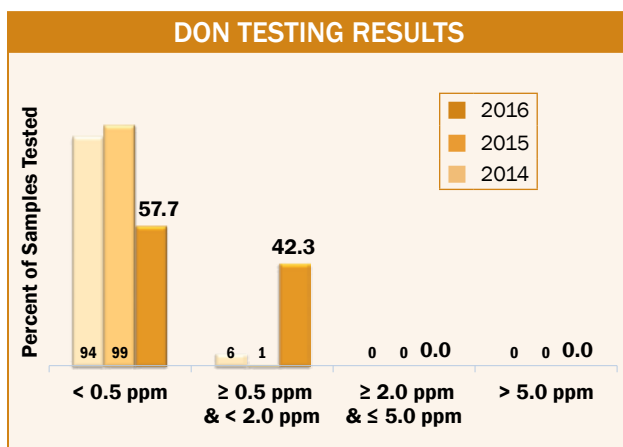
A total of 430 export samples were tested for DON for the 2016/2017 Export Cargo Report. Results of the testing are shown below:

- DON levels of less than 0.5 ppm (the FGIS LCL for DON) were found in 248 samples, or 57.7% of the 430 samples tested. This 57.7% is less than both 2015/2016 (99%) and 2014/2015 (94%).
- 182 samples, or 42.3% of the 430 samples tested, had DON levels greater than or equal to 0.5 ppm, but less than 2.0 ppm. This 42.3% is greater than 2015/2016 (1%) and 2014/2015 (6%).
- No (0) samples, or 0.0% of the 430 samples tested, had DON levels greater than or equal to 2.0 ppm, but less than or equal to the FDA advisory level of 5 ppm. The maximum sample test result observed was 1.3 ppm. This 0.0% is the same as 2015/2016 (0%) and 2014/2015 (0%).

- None (0) of the 430 2016/2017 export samples tested above the FDA advisory level of 5 ppm, which is the same as that reported in the 2015/2016 and 2014/2015 Export Reports.

Comparison of the 2016/2017 DON export survey results with the 2015/2016 and 2014/2015 DON export survey results indicate more DON incidents in the 2016/2017 export samples than in the samples from the two previous years. The 182 positive incidences (42.3% of the 430 samples surveyed were greater than or equal to 0.5 ppm) were considered to have low levels of contamination with a maximum sample test result of 1.3 ppm. All export survey samples were below or equal to the FDA advisory level of 5 ppm for all three marketing seasons.

DON					
	Percent of Total Samples				Total
	< 0.5 ppm	≥ 0.5 & < 2.0 ppm	≥ 2.0 & ≤ 5.0 ppm	> 5.0 ppm	
U.S. Aggregate	57.7%	42.3%	0.0%	0.0%	100.0%
By ECA					
Gulf	39.6%	60.4%	0.0%	0.0%	100.0%
Pacific Northwest	96.7%	3.3%	0.0%	0.0%	100.0%
Southern Rail	82.0%	18.0%	0.0%	0.0%	100.0%



Background: General

The levels at which the fungi produce mycotoxins are influenced by the fungus type and the environmental conditions under which the corn is produced and stored. Because of these differences, mycotoxin production varies across the U.S. corn-producing areas and across years. In some years, the growing conditions across the corn-producing regions might not produce elevated levels of any mycotoxins. In other years, the environmental conditions in a particular area might be conducive to production of a particular mycotoxin to levels that impact the corn's use for human and livestock consumption. Humans and livestock are sensitive to mycotoxins at varying levels. As a result, the FDA has issued action levels for aflatoxins and advisory levels for DON by intended use.

Action levels specify precise limits of contamination above which the agency is prepared to take regulatory action. Action levels are a signal to the industry that FDA believes it has scientific data to support regulatory and/or court action if a toxin or contaminant

is present at levels exceeding the action level, if the agency chooses to do so. If imports or domestic feed supplements are analyzed in accordance with valid methods and found to exceed applicable action levels, they are considered adulterated and may be seized and removed from interstate commerce by FDA.

Advisory levels provide guidance to the industry concerning levels of a substance present in food or feed that are believed by the agency to provide an adequate margin of safety to protect human and animal health. While FDA reserves the right to take regulatory enforcement action, enforcement is not the fundamental purpose of an advisory level.

A source of additional information is the National Grain and Feed Association (NGFA) guidance document titled "FDA Mycotoxin Regulatory Guidance" found at <http://www.ngfa.org/wp-content/uploads/NGFAComplianceGuide-FDARegulatoryGuidanceforMycotoxins8-2011.pdf>.

Background: Aflatoxins

The most important type of mycotoxin associated with corn grain is aflatoxins. There are several types of aflatoxins produced by different species of *Aspergillus*, with the most prominent species being *Aspergillus (A.) flavus*. Growth of the fungus and aflatoxin contamination of grain can occur in the field prior to harvest or in storage. However, contamination prior to harvest is considered to cause most of the problems associated with aflatoxin. *A. flavus* grows well in

hot, dry environmental conditions or where drought occurs over an extended period of time. It can be a serious problem in the southern United States, where hot and dry conditions are more common. The fungus usually attacks only a few kernels on the ear and often penetrates kernels through wounds produced by insects. Under drought conditions, it also grows down silks into individual kernels.

There are four types of aflatoxin naturally found in foods – aflatoxins B1, B2, G1, and G2. These four aflatoxins are commonly referred to as “aflatoxins” or “total aflatoxins.” Aflatoxin B1 is the most commonly found aflatoxin in food and feed and is also the most toxic. Research has shown that B1 is a potent, naturally-occurring carcinogen in animals, with a strong link to human cancer incidence. Additionally, dairy cattle will metabolize aflatoxin to a different form of aflatoxin called aflatoxin M1, which may accumulate in milk.

Aflatoxins express toxicity in humans and animals primarily by attacking the liver. The toxicity can occur from short-term consumption of very high doses of aflatoxin-contaminated grain or long-term ingestion of low levels of aflatoxins, possibly resulting in death in poultry, the most sensitive of the animal species. Livestock may experience reduced feed efficiency or reproduction, and both human and animal immune systems may be suppressed as a result of ingesting aflatoxins.

The FDA has established action levels for aflatoxin M1 in milk intended for human consumption and aflatoxins in human food, grain, and livestock feed products (see table below).

The FDA has established additional policies and legal provisions concerning the blending of corn with levels of aflatoxins exceeding these threshold levels. In general, the FDA currently does not permit the blending of corn containing aflatoxins with uncontaminated corn to reduce the aflatoxin content of the resulting mixture to levels acceptable for use as human food or animal feed.

Corn exported from the United States must be tested for aflatoxins according to federal law. Unless the contract exempts this requirement, testing must be conducted by FGIS. Corn above the FDA action level of 20 ppb cannot be exported unless other strict conditions are met. This results in relatively low levels of aflatoxins in exported grain.

Aflatoxins Action Level	Criteria
0.5 ppb (Aflatoxin M1)	Milk intended for human consumption
20 ppb	For corn and other grains intended for immature animals (including immature poultry) and for dairy animals, or when the animal's destination is not known
20 ppb	For animal feeds, other than corn or cottonseed meal
100 ppb	For corn and other grains intended for breeding beef cattle, breeding swine, or mature poultry
200 ppb	For corn and other grains intended for finishing swine of 100 pounds or greater
300 ppb	For corn and other grains intended for finishing (i.e., feedlot) beef cattle and for cottonseed meal intended for beef cattle, swine, or poultry

Source: FDA and USDA GIPSA, <http://www.gipsa.usda.gov/Publications/fgis/broch/b-aflatox.pdf>

Background: DON (Deoxynivalenol) or Vomitoxin

DON is another mycotoxin of concern to some importers of corn grain. It is produced by a certain species of *Fusarium*, the most important of which is *Fusarium graminearum* (*Gibberella zeae*) which also causes Gibberella ear rot (or red ear rot). *Gibberella zeae* can develop when cool or moderate and wet weather occurs at flowering. The fungus grows down the silks into the ear, and in addition to producing DON, it produces conspicuous red discoloration of kernels on the ear. The fungus can also continue to grow and rot ears when corn is left standing in the field. Mycotoxin contamination of corn caused by *Gibberella zeae* is often associated with excessive postponement of harvest and/or storage of high-moisture corn.

DON is mostly a concern with monogastric animals where it may cause irritation of the mouth and throat. As a result, animals may eventually refuse to eat the DON-contaminated corn and may have low weight gain, diarrhea, lethargy, and intestinal hemorrhaging. It may cause suppression of the immune system resulting in susceptibility to a number of infectious diseases.

The FDA has issued advisory levels for DON. For products containing corn, the advisory levels are:

- 5 ppm in grains and grain co-products for swine, not to exceed 20% of their diet;
- 10 ppm in grains and grain co-products for chickens and cattle, not to exceed 50% of their diet; and
- 5 ppm in grains and grain co-products for all other animals, not to exceed 40% of their diet.

FGIS is not required to test for DON on corn bound for export markets, but it will perform either a qualitative or quantitative test for DON at the buyer's request.



This *U.S. Grains Council 2016/2017 Corn Export Cargo Quality Report* provides advance information about corn quality by evaluating and reporting quality attributes when the corn is ready to be loaded onto the ocean-going vessel or railcar for export. Corn quality includes a range of attributes that can be categorized as:

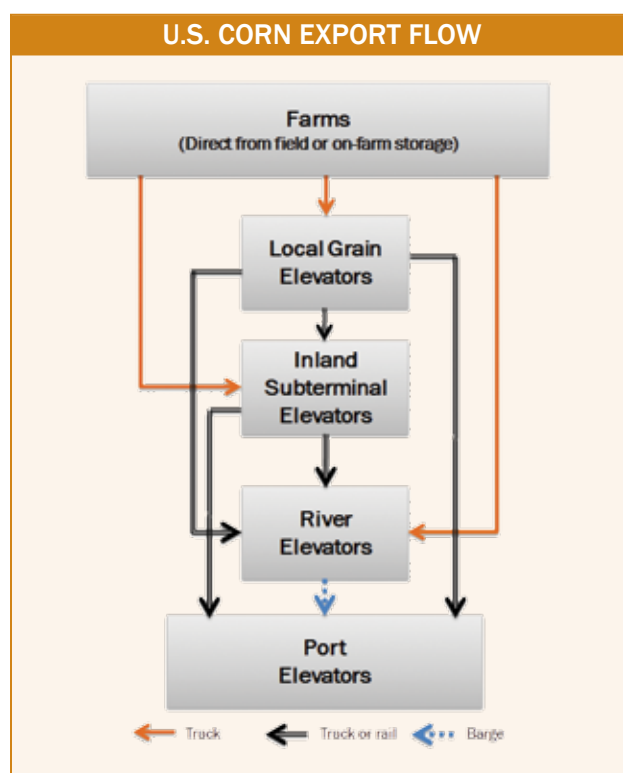
- Intrinsic quality characteristics – Protein, oil, and starch concentrations, and kernel hardness and density are all intrinsic quality characteristics; that is, they are contained within and are of critical importance to the end user. Since they are nonvisual, they can only be determined by analytical tests.
- Physical quality characteristics – These attributes are associated with the outward visible appearance of the kernel or measurement of the kernel characteristics. Characteristics include kernel size, shape, and color; moisture content; test weight; total damaged and heat-damaged kernels; broken kernels; and stress cracks. Some of these characteristics are measured when corn receives an official U.S. Department of Agriculture (USDA) grade.
- Sanitary quality characteristics – These characteristics indicate the cleanliness of the grain. Attributes include presence of foreign material, odor, dust, rodent excreta, insects, residues, fungal infection, and non-millable materials.

The intrinsic quality characteristics are impacted significantly by genetics and growing season conditions and typically do not change at the aggregate level as corn moves through the marketing system. If the measured values of the intrinsic characteristics differ between harvest and export at the aggregate level, the differences can be due, in part, to normal random variation in sampling. On the other hand, the physical and sanitary characteristics can change as corn moves through the market channel. The parties involved in corn marketing and distribution use operating practices (such as cleaning, drying, and conditioning) at each step in the channel to increase uniformity, prevent or minimize the loss of physical and sanitary quality, and to meet contract specifications.

The *Harvest Report* assesses the quality of the recently harvested corn crop as it enters the marketing system. The *Export Cargo Report* provides information on the impact of subsequent practices, including cleaning, drying, handling, blending, storing, and transporting of the crop up to the point where it is being loaded for export. To provide the backdrop for this assessment, the following sections describe the market channel from farm to export, the practices applied to corn as it moves through the market channel, and the implications of these practices on corn quality. Lastly, the inspection and grading services provided by USDA Federal Grain Inspection Service (FGIS) or an official service provider are reviewed.

A. U.S. CORN EXPORT FLOW

As corn is harvested, farmers transport grain to on-farm storage, end users, or commercial grain facilities. While some producers feed their corn to their own livestock, the majority of the corn moves to other end users (feed mills or processors) or commercial grain-handling facilities, such as local grain elevators, inland subterminals, river elevators, and port elevators. Local grain elevators typically receive most of their grain directly from farmers. Inland subterminals or river elevators collect grain in quantities suitable for loading on unit trains and barges for further transport. These elevators receive more than half of their corn from other elevators and are often located where the transport of bulk grain can be easily accommodated by unit trains or barges. Local grain, inland subterminals, and river elevators provide functions such as drying, cleaning, blending, storing, and merchandising grain. River elevators and the larger inland subterminals supply most of the corn destined for export markets. The figure to the right conveys the flow of U.S. corn destined for export markets.



B. IMPACT OF THE CORN MARKET CHANNEL ON QUALITY

While the U.S. corn industry strives to prevent or minimize the loss of physical and sanitary quality as corn moves from the farm to export, there are points in the system where quality changes inevitably occur

due to the biological nature of the grain. The following sections provide some insight on why corn quality may change as corn moves from the field to the vessel or railcar.

Drying and Conditioning

Farmers often harvest corn at moisture contents ranging from about 18 to 30%. This range of moisture contents exceeds safe storage levels, which are usually about 13 to 14%. Thus, wet corn at harvest must be dried to a lower moisture content to become safe for storage and transport. Conditioning is the use of aeration fans to control temperatures and moisture content, both of which are important to monitor for storage stability. Drying and conditioning

may occur either on a farm or at a commercial facility. When corn is dried, it can be dried by systems using natural air, low-temperature, or high-temperature drying methods. High-temperature drying methods will often create more stress cracks in the corn and ultimately lead to more breakage during handling than natural air or low-temperature drying methods. However, high-temperature drying is often needed to facilitate timely harvesting of grain.

Storage and Handling

In the United States, corn storage structures can be broadly categorized as upright metal bins, concrete silos, flat storage inside buildings, or flat storage in on-ground piles. Upright bins and concrete silos with fully perforated floors or in-floor ducts are the most easily managed storage types, as they allow aeration with uniform airflow throughout the grain. Flat storage can be used for short-term storage. This occurs most often when corn production is higher than normal and surplus storage is needed. However, it is more difficult to install adequate aeration ducts in flat types of storage, and they often do not provide uniform aeration. In addition, on-ground piles are sometimes not covered and may be subjected to weather elements that can result in mold damage.

Handling equipment can involve vertical conveying by bucket elevators and/or horizontal conveying, usually by belt or en masse conveyors. Regardless of how the corn is handled, some corn breakage will occur. The rate of breakage will vary by types of equipment used, severity of the grain impacts, grain temperature, moisture content, and by corn quality factors such as stress cracks or hardness of endosperm. As breakage levels increase, more fines (broken pieces of corn) are created, which leads to less uniformity in aeration and ultimately to higher risk for fungal invasion and insect infestation.

Cleaning

Cleaning corn involves scalping or removing large non-corn material and sieving to remove small, shriveled kernels, broken pieces of kernels, and fine material. This process reduces the amount of broken kernels and foreign material (BCFM) found in the corn. The potential for breakage and initial percent-

ages of broken kernels, along with the desired grade factor, dictate the amount of cleaning needed to meet contract specifications. Cleaning can occur at any stage of the market channel where cleaning equipment is available.

Transporting Corn

The U.S. grain transportation system is arguably one of the most efficient in the world. It begins with farmers transporting their grain from the field to on-farm storage or commercial grain facilities using either large wagons or trucks. Corn is then transported by truck, rail, or barge to its next destination. Once at export facilities, corn is loaded onto vessels or railcars. As a result of this complex yet flexible transportation system, corn may be loaded and unloaded several times, increasing its susceptibility to broken kernels and breakage.





Corn quality changes during shipment in much the same manner as it changes during storage. Causes of these changes include moisture variability (non-uniformity) and moisture migration due to temperature differences, high humidity and air temperature, fungal invasion, and insect infestation. However, there are some factors affecting grain transportation that make quality control during transport more difficult than in fixed storage facilities. First, there are few modes of transport

equipped with aeration, and as a result, corrective actions for heating and moisture migration cannot take place during transport. Another factor is the accumulation of fine material (spout lines) beneath the loading spout when loading railcars, barges, and vessels. This results in whole kernels tending to roll to the outer sides, while fine material segregates in the center. A similar segregation occurs during the unloading process at each step along the way to the final destination.

Implications on Quality

The intrinsic quality attributes, such as protein concentration, cannot be altered within a corn kernel. However, as corn moves through the U.S. corn market channel, corn from multiple sources is mixed together. As a result, the average for a given intrinsic quality characteristic is affected by the quality levels of the corn from multiple sources. The above-described mar-

keting and transportation activities inevitably alter various physical and sanitary quality characteristics. The quality characteristics that can be directly affected include test weight, damaged kernels, broken kernels, stress crack levels, moisture content and variability, foreign material, and mycotoxin levels.

C. U.S. GOVERNMENT INSPECTION AND GRADING

Purpose

Global corn supply chains need verifiable, predictable, and consistent oversight measures that fit the diverse needs of all end users. Oversight measures, implemented through standardized inspection procedures and grading standards, are established to provide:

- Information for buyers about the quality of grain at the time of loading for transport to the buyer; and
- Food and feed safety protection for the end users.

The United States is recognized globally as having a combination of official grades and standards that are typically used for exporting grains and referenced in export contracts. U.S. corn sold by grade and shipped for foreign commerce must be officially inspected and

weighed by the USDA Federal Grain Inspection Service (FGIS) or an official service provider delegated or designated by FGIS to do so (with a few exceptions). In addition, all corn exports must be tested for aflatoxins, unless the contract specifically waives this requirement. Qualified state and private inspection agencies are permitted to be designated by FGIS as official agents to inspect and weigh corn at specified interior locations. In addition, certain state inspection agencies can be delegated by FGIS to inspect and weigh grain officially at certain export facilities. Supervision of these agencies' operations and methodologies is performed by FGIS field office personnel.

Inspection and Sampling

The loading export elevator provides FGIS or the delegated state inspection agency a load order specifying the quality of the corn to be loaded as designated in the export contract. The load order specifies the U.S. grade, moisture content, and all other requirements which have been agreed upon in the contract between the foreign buyer and the U.S. supplier, plus any special requirements requested by the buyer such as minimum protein concentration, maximum moisture content, or other special requirements. The official inspection personnel determine and certify that the corn loaded in the vessel or railcar actually meets the requirements of the load order. Independent laboratories can be used to test for quality factors not mandated to be performed by FGIS, or for which FGIS does not have the local ability to test.

Shipments or “lots” of corn are divided into “sublots.” Representative samples for grading are obtained from these sublots using a diverter sampling device approved by FGIS. This device takes

a primary portion approximately every 200 to 500 bushels (about 5.1 to 12.7 metric tons) from the moving grain stream just after the final elevation before loading into the vessel, shipping bin, or railcar. The primary portions are usually further reduced by a secondary sampler and incremental portions are combined by subplot and inspected by licensed inspectors. The results are entered into a log, and typically a statistical loading plan is applied to ensure not only that the average result for each factor meets the contract specifications, but also to ensure the lot is reasonably uniform in quality. Any subplot that does not meet uniformity criteria on any factor must be returned to the elevator or certified separately. The average of all subplot results for each factor is reported on the final official certificate. The FGIS sampling method provides a truly representative sample, while other commonly used methods may yield non-representative samples of a lot due to the uneven distribution of corn in a truck, railcar, or in the hold of a vessel.



Grading

Yellow corn is divided into five U.S. numerical grades and U.S. Sample Grade. Each grade has limits for test weight, broken corn and foreign material (BCFM), total damaged kernels, and heat-damaged kernels as a subset of total damage. The limits for each grade are summarized in the table shown in the “U.S. Corn Grades and Conversions” section found on page 66 of this report. In addition, FGIS provides certification of moisture content and aflatoxin results. Export contracts for corn can also specify other conditions or attributes related to the cargo, if requested, such as stress cracks, protein or oil concentrations, and other mycotoxin results. In some cases, independent labs are used to conduct tests not required by FGIS.

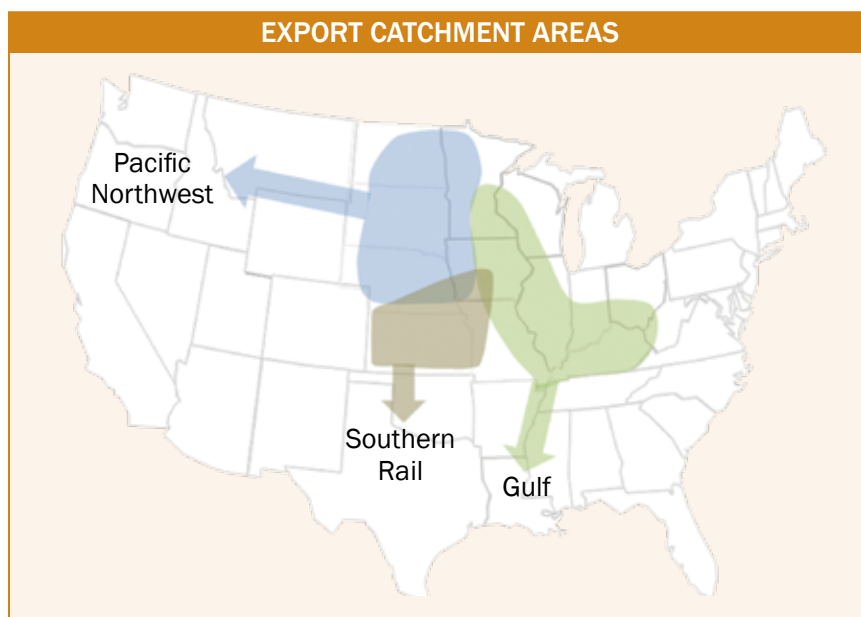
Since the limits on all official grade factors (such as test weight and total damage) cannot always be met simultaneously, some grade factors may be better than the limit for a specified grade, but they cannot be worse. For that reason, most contracts are written as “U.S. No. 2 or better” or “U.S. No. 3 or better.” This permits some grade factor results to be at or near the limit for that grade, while other factor results are “better than” that grade.



A. OVERVIEW

The key points for the survey design and sampling and statistical analysis for this *2016/2017 Export Cargo Report* are as follows:

- Following the methodology developed for the previous five *Export Cargo Reports*, samples were proportionately stratified according to Export Catchment Areas (ECAs) – the Gulf, Pacific Northwest, and Southern Rail.
- To achieve no more than a $\pm 10\%$ relative margin of error (Relative ME) for the U.S. Aggregate level and to ensure proportionate sampling from each ECA, the targeted number of total samples was 430 samples, to be collected from the ECAs as follows: 278 from the Gulf, 91 from the Pacific Northwest, and 61 from the Southern Rail.
- Weighted averages and standard deviations following standard statistical techniques for proportionate stratified sampling were calculated for the U.S. Aggregate and the three ECAs.
- Southern Rail ECA samples were provided by any of several official agencies designated by the U.S. Department of Agriculture (USDA) Federal Grain Inspection Service (FGIS) that inspect and grade rail shipments of corn destined for export to Mexico. Gulf and Pacific Northwest samples were collected by FGIS field offices at ports in the respective ECAs.
- To evaluate the statistical validity of the number of samples surveyed, the Relative ME was calculated for each of the quality attributes at the U.S. Aggregate and the three ECA levels. The Relative ME for each of the quality factor results was not more than $\pm 10\%$ at the U.S. Aggregate level. The Relative ME exceeded $\pm 10\%$ for SCI in the Gulf ECA; total damage, stress cracks, and SCI in the Pacific Northwest ECA; and stress cracks and SCI in the Southern Rail ECA (see table on page 59).
- Two-tailed t-tests at the 95% confidence level were calculated to measure statistical differences between the 2016/2017 and 2015/2016 and the 2016/2017 and 2014/2015 quality factor averages.





B. SURVEY DESIGN AND SAMPLING

Survey Design

For the 2016/2017 *Export Cargo Report*, the target population was yellow commodity corn from the 12 key U.S. corn-producing states representing an estimated 93.1% of the 2016/2017 U.S. corn exports. A **proportionate stratified sampling** technique was used to ensure a sound statistical sampling of U.S. yellow corn exports. Two key characteristics define the sampling technique for this report: the **stratification** of the population to be sampled and the **sampling proportion** per subpopulation or stratum.

Stratification involves dividing the survey population of interest into subpopulations called strata. For the *Export Cargo Reports*, the key corn-exporting areas in the United States are divided into three geographical groupings, which we refer to as Export Catchment Areas (ECAs). These three ECAs are identified by the three major pathways to export markets:

1. The Gulf ECA consists of areas that typically export corn through U.S. Gulf ports;
2. The Pacific Northwest ECA includes areas that usually export corn through Pacific Northwest and California ports; and
3. The Southern Rail ECA comprises areas that generally export corn by rail to Mexico.

Using data from the U.S. Department of Agriculture (USDA), each ECA's proportion of the total expected annual yellow corn exports for the 2016/2017 corn marketing year was calculated. This average share of exports was used to determine the **sampling proportion** (the percent of total samples per ECA) and,

ultimately, the number of yellow corn samples to be collected from each ECA. The specified sampling proportions for the three ECAs are shown below.

Percent of Samples per ECA			
Gulf	Pacific Northwest	Southern Rail	Total
64.5%	21.2%	14.3%	100.0%

The **number of samples** collected within each ECA was established so the Council could estimate the true averages of the various quality factors with a certain level of precision. The level of precision chosen for the *Export Cargo Report* was a Relative ME of not more than $\pm 10\%$. A Relative ME of $\pm 10\%$ is a reasonable target for biological data such as these corn quality factors.

To determine the number of samples for the targeted Relative ME, ideally the population variance (i.e., variability of the quality factor in the corn exports) for each of the quality factors should be used. The more variation among the levels or values of a quality factor, the more samples needed to estimate the true mean with a given confidence limit. In addition, the variances of the quality factors typically differ from one another. As a result, different sample sizes for each of the quality factors would be needed for the same level of precision.

Since the population variances for the 15 quality factors evaluated for this year's corn exports were not known, the variance estimates from last year's *Export Cargo Report* were used as estimates of the population variance.

The variances and ultimately the estimated number of samples needed for the Relative ME of $\pm 10\%$ for 12 quality factors were calculated using the 2015/2016 results of 408 samples. Heat damage, 100-k weight, and kernel volume were not examined. Based on these data, a total sample size of 430 would allow the Council to estimate the true averages of the quality characteristics with the desired

level of precision for the U.S. Aggregate. Applying the sampling proportions previously defined to the total of 430 samples resulted in the following number of targeted samples from each ECA (shown in table).

Number of Samples per ECA			
Gulf	Pacific Northwest	Southern Rail	Total
278	91	61	430

Sampling

The sampling was administered by FGIS and participating official service providers as part of their inspection services. The FGIS field offices indicated that 2016 corn was reaching export points in October 2016. Therefore, FGIS sent instruction letters to the Gulf and Pacific Northwest field offices and to the domestic inspections office, and the sampling period began December 1, 2016, for the three ECAs. The FGIS field offices in the respective ECAs responsible for overseeing the sample collection within their region were as follows: Gulf – New Orleans, Louisiana; Pacific Northwest – Olympia, Washington (Washington State Department of Agriculture); and Southern Rail – FGIS Domestic Inspection Operations Office in Kansas City, Missouri.

While the sampling process is continuous throughout loading, a shipment or “lot” of corn is divided into “sublots” for the purpose of determining uniformity of quality. Sublot size is based on the hourly loading rate of the elevator and the capacity of the vessel being loaded. Sublot sizes range from 30,000 to 120,000 bushels. All sublot samples are inspected to ensure the entire shipment is uniform in quality.

Representative sublot samples from the ports in the Gulf and Pacific Northwest ECAs were collected as ships were loaded, and only lots for which quantitative aflatoxin testing was being performed were to be sampled. Samples for grading are obtained by a diverter sampling device approved by FGIS. The diverter sampler “cuts” (or diverts) a representative portion at periodic intervals from a moving stream of corn. A cut occurs every few seconds, or about every 200 to 500 bushels (about 5.1 to 12.7 metric tons), as the

grain is being assembled for export. The frequency is regulated by an electronic timer controlled by official inspection personnel, who periodically determine that the mechanical sampler is functioning properly.

The same sampling frequency for the Pacific Northwest and Gulf ECAs as last year’s export cargo survey was used for this year’s survey. Therefore, sublots ending in 0, 3, 5, and 7 from each lot during the survey period were sampled.

For the Southern Rail samples, a representative sample was taken at domestic interior elevators using a diverter sampler to ensure uniform sampling. A cut is taken about every 200 bushels (about 5.1 metric tons). A composite sample was made from unit trains of yellow corn inspected for export to Mexico and for which quantitative aflatoxin testing was being performed.

For each sample, a minimum of 2,700 grams was collected by the FGIS field staff, the Southern Rail ECA official service providers, and the Washington State Department of Agriculture. The samples were congregated at the field offices and mailed to Illinois Crop Improvement Association’s Identity Preserved Grain Laboratory (IPG Lab). Refer to the “Testing Analysis Methods” section for the description of the testing methods employed for the study.

The sampling period ended when the targeted number of samples per ECA was reached - February 16, 2017, for the Pacific Northwest ECA; February 23, 2017, for the Gulf ECA; and March 16, 2017, for the Southern Rail ECA.



C. STATISTICAL ANALYSIS

The sample test results for the grade factors, moisture content, chemical composition, and physical factors were summarized for the U.S. Aggregate and also by the three ECAs (Gulf, Pacific Northwest, and Southern Rail) and two “contract grade” categories. Contract grades are described in the “U.S. Corn Export System” section on page 50. The two contract grade categories in the *Export Cargo Report* are:

- “U.S. No. 2” or “U.S. No. 2 or better” contracts specify that the corn must at least meet U.S. No. 2 factor limits or be better than U.S. No. 2 factor limits. This category is designated as U.S. No. 2 o/b.
- “U.S. No. 3” or “U.S. No. 3 or better” contracts specify that the corn must at least meet U.S. No. 3 factor limits or be better than U.S. No. 3 factor limits. This category is designated as U.S. No. 3 o/b.

Within this 2016/2017 *Export Cargo Report* is a simple average of the quality factors’ averages and standard deviations of the previous five *Export Cargo Reports* (2011/2012, 2012/2013, 2013/2014, 2014/2015, and 2015/2016). These simple averages are calculated for the U.S. Aggregate and each of the three ECAs and are referred to as “5YA” in the text and summary tables of the report.

The Relative ME was calculated for each of the quality factors tested for this study at the U.S. Aggregate level and for each of the ECAs. The Relative ME was not more than $\pm 10\%$ for all the quality attributes at the U.S. Aggregate level. The Relative ME exceeded $\pm 10\%$ for three quality factors (see table below) in the three ECAs.

	Relative Margin of Error (ME)		
	Total Damage	Stress Cracks	SCI
Gulf ECA			13%
Pacific Northwest ECA	19%	12%	13%
Southern Rail ECA		34%	45%

While the level of precision for these quality factors in the three ECAs is less than desired, the levels of Relative ME do not invalidate the estimates. The averages for the quality factors are the best possible unbiased estimates of the true population means. However, they are estimated with greater uncertainty than the quality factors with a Relative ME of less than $\pm 10\%$. Footnotes in the summary tables for “Grade Factors and Moisture” and “Physical Factors” indicate the attributes for which the Relative ME exceeds $\pm 10\%$. This allows the reader to keep in mind the greater degree of uncertainty of the sample average representing the true population mean.

References in the “Quality Test Results” section to statistical differences were validated by 2-tailed t-tests at the 95% confidence level. The t-tests were calculated:

- Between factors in the 2016/2017 Harvest Report and 2016/2017 Export Cargo Report; and
- Between factors in the 2016/2017 Export Cargo Report and 2015/2016 Export Cargo Report, and the 2016/2017 Export Cargo Report and 2014/2015 Export Cargo Report.

The U.S. Department of Agriculture (USDA) Federal Grain Inspection Service (FGIS) or FGIS-designated official service providers provided official grading and aflatoxin results from their normal inspection and testing procedures for each subplot corn sample collected. The *2016/2017 Corn Export Cargo Quality Report* samples (approximately 6 pounds or 2,700 grams) were sent directly from the FGIS field offices and official service providers to the Illinois Crop Improvement Association's Identity Preserved Grain Laboratory (IPG Lab) in Champaign, Illinois, for chemical composition, physical factors, and DON (deoxynivalenol or vomitoxin) testing. Next, the samples were split into two subsamples using a Boerner divider, while keeping the attributes of the grain sample evenly distributed between the two subsamples. One subsample was analyzed for DON. The other subsample was analyzed for chemical composition and other physical factors following either

industry norms or well-established procedures. IPG Lab has received accreditation under the ISO/IEC 17025:2005 International Standard for many of the tests. The full scope of accreditation is available at <http://www.ilcrop.com/labservices>.



A. CORN GRADING FACTORS

Test Weight

Test weight is a measure of the volume of grain that is required to fill a Winchester bushel (2,150.42 cubic inches) to capacity. Test weight is part of the FGIS Official U.S. Standards for Grain grading criteria.

The test involves filling a test cup of known volume through a funnel held at a specific height above

the test cup to the point where grain begins to pour over the sides of the test cup. A strike-off stick is used to level the grain in the test cup, and the grain remaining in the cup is weighed. The weight is then converted to and reported in the traditional U.S. unit, pounds per bushel (lb/bu).

Broken Corn and Foreign Material (BCFM)

Broken corn and foreign material (BCFM) is part of the FGIS Official U.S. Standards for Grain grading criteria.

The BCFM test determines the amount of all matter that passes through a 12/64th-inch round-hole sieve and all matter other than corn that remains on the top of the sieve. BCFM measurement can be separated into broken corn and foreign material. Broken corn is defined as all material passing through a 12/64th-inch round-hole sieve and retained on a

6/64th-inch round-hole sieve. Foreign material is defined as all material passing through the 6/64th-inch round-hole sieve and the coarse non-corn material retained on top of the 12/64th-inch round-hole sieve. While FGIS can report broken corn and foreign material separately if requested, BCFM is the default measurement and thus is provided for the *Export Cargo Report*. BCFM is reported as a percentage of the initial sample by weight.

Total Damage/Heat Damage

Total damage is part of the FGIS Official U.S. Standards for Grain grading criteria.

A representative working sample of 250 grams of BCFM-free corn is visually examined by a trained and licensed inspector for content of damaged kernels. Types of damage include blue-eye mold, cob rot, dryer-damaged kernels (different from heat-damaged kernels), germ-damaged kernels, heat-damaged kernels, insect-bored kernels, mold-damaged kernels, mold-like substance, silk-cut kernels, surface mold (blight), surface mold, mold (pink *Epicoccum*), and

sprout-damaged kernels. Total damage is reported as the weight percentage of the working sample that is total damaged grain.

Heat damage is a subset of total damage and consists of kernels and pieces of corn kernels that are materially discolored and damaged by heat. Heat-damaged kernels are determined by a trained and licensed inspector visually inspecting a 250-gram sample of BCFM-free corn. Heat damage, if found, is reported separately from total damage.

B. MOISTURE

Moisture content is determined using an approved moisture meter at the time of inspection and is reported on the certificate. Electronic moisture meters sense an electrical property of grains called

the dielectric constant that varies with moisture. The dielectric constant rises as moisture content increases. Moisture is reported as a percent of total wet weight.



C. CHEMICAL COMPOSITION

NIR Proximate Analysis

The chemical composition (protein, oil, and starch concentrations) of corn is measured using near-infrared (NIR) transmittance spectroscopy. The technology uses unique interactions of specific wavelengths of light with each sample. It is calibrated to traditional chemistry methods, to predict the concentrations of oil, protein, and starch in the sample. This procedure is nondestructive to the corn.

Chemical composition tests for protein, oil, and starch concentrations in fall 2016 and continuing in spring 2017 were conducted using a 550- to 600-gram sample in a whole-kernel Foss Infratec 1241 NIR transmittance instrument. The instrument was calibrated to chemical tests, and the standard error of predictions for protein, oil, and starch concentrations were about 0.27%, 0.25%, and 0.66%, respectively. Comparisons of the Foss Infratec 1229 used in previous reports to the new Foss Infratec 1241 on 21 laboratory check samples showed the instruments averaged within 0.25%, 0.26%, and 0.25%

of each other for protein, oil, and starch concentrations, respectively. Results are reported on a dry basis percentage (percent of non-water material).



D. PHYSICAL FACTORS

100-Kernel Weight, Kernel Volume, and Kernel True Density

The 100-kernel weight is determined from the average weight of two 100-kernel replicates using an analytical balance that measures to the nearest 0.1 mg. The averaged 100-kernel weight is reported in grams.

The kernel volume for each 100-kernel replicate is calculated using a helium pycnometer and is expressed in cubic centimeters (cm³) per kernel. Kernel volumes usually range from 0.18 to 0.30 cm³ per kernel for small and large kernels, respectively.

True density of each 100-kernel sample is calculated by dividing the mass (or weight) of the 100 externally sound kernels by the volume (displacement) of the same 100 kernels. The two replicate results are averaged. True density is reported in grams per cubic centimeter (g/cm³). True densities typically range from 1.16 to 1.35 g/cm³ at “as is” moisture contents of about 12 to 15%.

Stress Crack Analysis

Stress cracks are evaluated by using a backlit viewing board to accentuate the cracks. A sample of 100 intact kernels with no external damage is examined kernel by kernel. The light passes through the horneous or hard endosperm so that the severity of the stress crack damage in each kernel can be evaluated. Kernels are sorted into four categories: (1) no cracks; (2) one crack; (3) two cracks; and (4) more than two cracks. Stress cracks, expressed as a percent, are all kernels containing one, two, or more than two cracks divided by 100 kernels. Lower levels of stress cracks are always better, since higher levels of stress cracks lead to more breakage in handling. If stress cracks are present, singles are better than doubles or multiples. Some corn end users will specify by contract the acceptable level of cracks based on the intended use.

Stress crack index (SCI) is a weighted average of the stress cracks. This measurement indicates the severity of stress cracking. SCI is calculated as

$$SCI = [SSC \times 1] + [DSC \times 3] + [MSC \times 5]$$

Where

- SSC is the percentage of kernels with only one crack;
- DSC is the percentage of kernels with exactly two cracks; and
- MSC is the percentage of kernels with more than two cracks.

The SCI can range from 0 to 500, with a high number indicating numerous multiple stress cracks in a sample, which is undesirable for most uses.



Whole Kernels

In the whole kernels test, 50 grams of cleaned (BCFM-free) corn are inspected kernel by kernel. Cracked, broken, or chipped grain, along with any kernels showing significant pericarp damage, are removed. The whole kernels are then weighed, and the

result is reported as a percentage of the original 50-gram sample. Some companies perform the same test, but report the “cracked & broken” percentage. A whole kernels score of 97% equates to a cracked & broken rating of 3%.

Horneous (Hard) Endosperm

The horneous (or hard) endosperm test is performed by visually rating 20 externally sound kernels, placed germ facing up, on a backlit viewing board. Each kernel is rated for the estimated portion of the kernel’s total endosperm that is horneous endosperm. Soft endosperm is opaque and will block light, while horneous endosperm is translucent. The rating is made

from standard guidelines based on the degree to which the soft endosperm at the crown of the kernel extends down toward the germ. The average of horneous endosperm ratings for the 20 externally sound kernels is reported. Ratings of horneous endosperm are made on a scale of 70 to 100%, though most individual kernels fall in the 70 to 95% range.



E. MYCOTOXIN TESTING

Official aflatoxin results are provided by FGIS for this 2016/2017 *Export Cargo Report*. For the aflatoxin testing, a sample of at least 10 pounds of shelled corn is used according to FGIS official procedures. The 10-pound sample is ground using a FGIS-approved grinder. Following the grinding stage, two 500-gram ground portions are removed from the 10-pound comminuted sample using a riffle divider. From one of the 500-gram ground portions, a 50-gram test portion is randomly selected for testing. After adding the proper extraction solvent to the 50-gram test portion, aflatoxins are quantified. The following FGIS-approved quantitative test kits may have been used: Charm Sciences, Inc. ROSA® FAST, WET-S3, or WET-S5 Aflatoxin Quantitative Tests; EnviroLogix, Inc. QuickTox™ Kit for QuickScan Aflatoxin FREE (AQ 209 BG or AQ 309 BG) or QuickScan Aflatoxin Flex; Neogen Corporation Reveal Q+ MAX for Aflatoxin, Reveal Q+ for Aflatoxin, Reveal Q+ for Aflatoxin Green (AccuScan Gold), or Veratox® Aflatoxin Quantitative Test (8030 or 8035); R-Biopharm, Inc. RIDASCREEN® FAST Aflatoxin SC; Romer Labs, Inc. FluoroQuant Afla, FluoroQuant Afla IAC, or AgraStrip Total Aflatoxin Quantitative Test WATEX; or VICAM AflaTest™, Afla-V, or Afla-V AQUA.

For the DON testing, the FGIS-approved Envirologix QuickTox™/QuickScan method is used. A 1,350-gram sample of shelled corn (obtained by dividing the original sample) is ground to a particle size which would pass through a number 20 wire mesh sieve and divided down to a 50-gram test portion using a Romer Model 2A sampling mill. The 50-gram test portion is then processed as the FGIS *DON (Vomitoxin) Handbook* requires. DON is extracted with distilled water (5:1), and the extract is tested using the Envirologix AQ 254 BG test kits. The DON is quantified by the QuickScan system.

The EnviroLogix quantitative test kits report specific concentration levels of the mycotoxin if the concentration level exceeds a specific level called a “Limit of Detection” (LOD). The LOD is defined as the lowest concentration level that can be measured with an analytical method that is statistically different from measuring an analytical blank (absence of a mycotoxin). The LOD will vary among different types of mycotoxins, test kits, and commodity combinations. The LOD for the EnviroLogix AQ 254 BG is 0.3 parts per million (ppm) for DON.

A letter of performance has been issued by FGIS for the quantification of DON using the Envirologix AQ 254 BG kit.



U.S. CORN GRADES AND GRADE REQUIREMENTS

Grade	Minimum Test Weight per Bushel (Pounds)	Maximum Limits of		
		Damaged Kernels		Broken Corn and Foreign Material (Percent)
		Heat Damaged (Percent)	Total (Percent)	
U.S. No. 1	56.0	0.1	3.0	2.0
U.S. No. 2	54.0	0.2	5.0	3.0
U.S. No. 3	52.0	0.5	7.0	4.0
U.S. No. 4	49.0	1.0	10.0	5.0
U.S. No. 5	46.0	3.0	15.0	7.0

U.S. Sample Grade is corn that: (a) Does not meet the requirements for the grades U.S. Nos. 1, 2, 3, 4, or 5; or (b) Contains stones with an aggregate weight in excess of 0.1 percent of the sample weight, 2 or more pieces of glass, 3 or more crotalaria seeds (*Crotalaria spp.*), 2 or more castor beans (*Ricinus communis L.*), 4 or more particles of an unknown foreign substance(s) or a commonly recognized harmful or toxic substance(s), 8 or more cockleburrs (*Xanthium spp.*), or similar seeds singly or in combination, or animal filth in excess of 0.20 percent in 1,000 grams; or (c) Has a musty, sour, or commercially objectionable foreign odor; or (d) Is heating or otherwise of distinctly low quality.

Source: Code of Federal Regulations, Title 7, Part 810, Subpart D, United States Standards for Corn





U.S. AND METRIC CONVERSIONS

Corn Equivalents	Metric Equivalents
1 bushel = 56 pounds (25.40 kilograms)	1 pound = 0.4536 kg
39.368 bushels = 1 metric ton	1 hundredweight = 100 pounds or 45.36 kg
15.93 bushels/acre = 1 metric ton/hectare	1 metric ton = 2204.6 lbs
1 bushel/acre = 62.77 kilograms/hectare	1 metric ton = 1000 kg
1 bushel/acre = 0.6277 quintals/hectare	1 metric ton = 10 quintals
56 lbs/bushel = 72.08 kg/hectoliter	1 quintal = 100 kg
	1 hectare = 2.47 acres





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