

# WEEKLY NEWS ARTICLE UPDATE



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## U.S. Soy Export Sales Highlights

This summary is based on reports from exporters for the period June 13-19, 2014.

**Soybeans:** Net sales of 317,200 MT for 2013/2014 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for unknown destinations (197,600 MT), Mexico (56,100 MT), Thailand (38,000 MT), Taiwan (10,000 MT), and Vietnam (8,000 MT). Net sales of 457,700 MT for 2014/2015 were for China (247,000 MT), unknown destinations (170,000 MT), Mexico (19,300 MT), Costa Rica (13,300 MT), and Taiwan (5,000 MT). Exports of 98,200 MT were down 49 percent from the previous week and 42 percent from the prior 4-week average. The primary destinations were Mexico (52,900 MT), Japan (22,000 MT), Indonesia (11,100 MT), Taiwan (5,700 MT), and Canada (4,100 MT).

*Optional Origin Sales:* For 2013/2014, outstanding optional origin sales total 110,500 MT, all China. For 2014/2015, outstanding optional origin sales total 716,000 MT, and are for China (551,000 MT), Egypt (120,000 MT), and Mexico (45,000 MT).

**Soybean Cake and Meal:** Net sales of 66,300 MT for 2013/2014 were up 21 percent from the previous week and 1 percent from the prior 4-week average. Increases were reported for Japan (16,100 MT, including 12,200 MT switched from unknown destinations), Venezuela (15,000 MT), Saudi Arabia (12,000 MT), Canada (11,900 MT), Guatemala (11,000 MT, including 9,600 MT switched from unknown destinations), and Panama (8,600 MT, switched from unknown destinations). Decreases were reported for unknown destinations (29,700 MT). Net sales of 187,100 MT for 2014/2015 were primarily for the Philippines (123,000 MT) and Vietnam (40,000 MT). Exports of 133,400 MT were down 11 percent from the previous week and 8 percent from the prior 4-week average. The primary destinations were Mexico (26,400 MT), Venezuela (25,000 MT), Canada (21,200 MT), Japan (14,700 MT), and Guatemala (12,000 MT).

**Soybean Oil:** Net sales of 1,900 MT for 2013/2014 were down 82 percent from the previous week and 93 percent from the prior 4-week average. Increases were reported for Mexico (1,100 MT), Nicaragua (500 MT), Canada (200 MT), and Trinidad (100 MT). Exports of 15,700 MT were up noticeably from the previous week and from the prior 4-week average. The primary destinations were Guatemala (12,000 MT), Mexico (2,700 MT), Nicaragua (500 MT), and Canada (300 MT).

### **Record Amount of Illegal Pesticides Seized in Brazil's Paraná State**

June 11, 2014

Brazilian authorities cracked down on illegal pesticides earlier this month, seizing 380 pounds of counterfeit product in the state of Paraná — the largest-ever amount found in the region.

In total, 12 teams from the Ministry of Agriculture, Livestock and Supply (MAPA) together with other governmental agencies and police were mobilized on farms of western regions and southwest of Paraná. The operation resulted in the inspection of 252 farms in 30 counties and assessment of 24 farmers for use or deposit of

illegal pesticides. Altogether fines totaling \$225 million were applied. In addition to the seizures of products, three arrests were made, according to the Ministry of Agriculture.

During the operation, 380 pounds of illegal pesticides were seized, comprising a total volume of 172 full and 45 empty containers. The amount of illegal pesticides found on farms was larger than in any previous operation in Paraná. "The number is alarming, since almost 10% of inspected properties possessed illegal products," according to a MAPA statement.

According to the Federal Superintendent of Agriculture in Paraná, Gil Bueno de Magalhães, illegal pesticides, which are unregistered, smuggled and fake, are untraceable and do not meet the requirements of the agencies responsible.

"These products are not following the guidelines and requirements of MAPA, IBAMA, ANVISA and state agencies agricultural defense. Therefore, these represent losses to the farmer as the products' low efficiency can cause damage to the environment, the health of the applicator and the consumer, " he explained.

Magalhães also said that production with good agricultural techniques and the use of suitable materials and

quality are prerequisites for achieving safe food for domestic and international markets. “Thus, the fight against illegal pesticides contributes to food security through the production and acquisition of healthy foods, with environmental and technological quality,” he said.

The Federal Tax Service of the Agriculture Inspection of Agricultural Inputs (Sefia) of the SFA in Paraná, Marcelo Bressan, explained that, apart from fines, processes and police reports filed against farmers will be forwarded to the prosecutor. The punishment could be one to four years

### **Scientists Say Water Shortages Threaten China’s Agriculture**

By Christina Larson

June 26 (Bloomberg Businessweek) -- China has a fifth of the globe’s population but only 7 percent of its available freshwater reserves. Moreover, its water resources are not evenly distributed. The lands north of the Yangtze River—including swaths of the Gobi desert and the grasslands of Inner Mongolia—are the driest, but more than half of China’s people live in the north.

Water is not well managed in China. Nearly two-thirds of water withdrawals in China are for agriculture. Due to the use of uncovered irrigation channels (leading to evaporation) and other outdated techniques, a significant portion of that water never reaches the field.

A new paper by scientists in China, Japan, and the U.S. published in the Proceedings of the National Academy of Sciences sounds the alarm: “China faces ... major challenges to sustainable agriculture,” the authors write. Failure to conserve water resources could threaten China’s food security, a longtime priority for the country’s leaders.

When it comes to fresh water, geography did not bless China.

“Agriculture is located mainly in the dry north, where irrigation largely relies on groundwater reserves,” the authors write.

Meanwhile, due to unsustainable withdrawals, China’s aquifers are fast being depleted.

The paper analyzes water usage for four key crops (rice, wheat, soybeans, and corn) and livestock (poultry, pigs, and cows) in China. Taken together, those make up more than 90 percent of China's domestic food supply.

### **Soybean Switch Shades DuPont's Earnings After Corn Price Slumps**

By Elena Popina

June 27 (Bloomberg) -- Plunging corn prices and adverse weather helped prompt DuPont Co., the maker of Pioneer genetically modified corn, to trim its full-year earnings forecast as some farmers switched to soybeans.

Second-quarter operating profit will be "moderately" less than a year earlier, the Wilmington, Delaware-based company said yesterday in a statement. Operating earnings in 2014 are predicted to be \$4.00 to \$4.10 a share, less than its previous projection of \$4.20 to \$4.45 and trailing the average of analysts' estimates compiled by Bloomberg.

DuPont slid 2.1 percent to \$66.30 as of 7:58 p.m. yesterday in New York after the close of regular trading.

Some farmers have switched to soybeans this year after the price of corn slumped from a record in 2013, leading

DuPont to take more writedowns on seed inventories than it expected.

Monsanto Co., the world's largest seed producer, also said this week that its corn profit was lower in its most recent fiscal quarter.

DuPont said better-than-expected North American soybean sales volumes won't offset the drop in corn. Its agriculture unit, the company's biggest division by revenue, will see earnings decline "in the low teens" in percentage terms, Executive Vice President Jim Borel said in a conference call.

While the company said most of its other segments remain on target, its performance chemicals business will be affected in the current quarter by lower prices for refrigerants.

### **Spinoff Plan**

DuPont, led by Chairman and Chief Executive Officer Ellen Kullman, said in October that it plans to spin off the performance chemicals unit, the world's largest producer of titanium dioxide, citing the segment's volatile earnings.

The move came two months after activist investor Nelson Peltz's Trian Fund Management LP took a stake in DuPont. The company also announced in January a \$5 billion stock buyback plan.

DuPont said it will record a 20-cent-a-share restructuring charge after tax for the second quarter. The charge is due to a plan to cut costs following the spinoff, which is expected in mid-2015. The plan should achieve at least \$1 billion in savings by the end of 2019, the company said.

### [Why Are We Importing Our Own Fish?](#)

New York Times, 26-Jun-2014

IN 1982 a Chinese aquaculture scientist named Fusui Zhang journeyed to Martha's Vineyard in search of scallops. The New England bay scallop had recently been domesticated, and Dr. Zhang thought the Vineyard-grown shellfish might do well in China. After a visit to Lagoon Pond in Tisbury, he boxed up 120 scallops and spirited them away to his lab in Qingdao. During the journey 94 died. But 26 thrived. Thanks to them, today China now grows millions of dollars of New England bay scallops, a significant portion of which are exported back to the United States.

As go scallops, so goes the nation. According to the National Marine Fisheries Service, even though the United States controls more ocean than any other country, 86 percent of the seafood we consume is imported.

But it's much fishier than that: While a majority of the seafood Americans eat is foreign, a third of what Americans catch is sold to foreigners.

The seafood industry, it turns out, is a great example of the swaps, delete-and-replace maneuvers and other mechanisms that define so much of the outsourced American economy; you can find similar, seemingly inefficient phenomena in everything from textiles to technology. The difference with seafood, though, is that we're talking about the destruction and outsourcing of the very ecological infrastructure that underpins the health of our coasts. Let's walk through these illogical arrangements, course by course.

#### Appetizers: Half Shells for Cocktails

Our most blatant seafood swap has been the abandonment of local American oysters for imported Asian shrimp. Once upon a time, most American Atlantic estuaries (including the estuary we now call the New York Bight) had vast reefs of wild oysters. Many of these we destroyed by the 1800s through overharvesting. But because oysters are so easy to cultivate (they live off wild microalgae that they filter from the water), a primitive form of oyster aquaculture arose up and down our Atlantic coast.

Until the 1920s the United States produced two billion pounds of oysters a year. The power of the oyster industry, however, was no match for the urban sewage and industrial dumps of various chemical stews that pummeled the coast at midcentury. Atlantic oyster culture fell to just 1 percent of its historical capacity by 1970.

Just as the half-shell appetizer was fading into obscurity, the shrimp cocktail rose to replace it, thanks to a Japanese scientist named Motosaku Fujinaga and the kuruma prawn. Kurumas were favored in a preparation known as "dancing shrimp," a dish that involved the consumption of a wiggling wild shrimp dipped in sake. Dr. Fujinaga figured out how to domesticate this pricey animal. His graduate students then fanned out across Asia and tamed other varieties of shrimp.

Today shrimp, mostly farmed in Asia, is the most consumed seafood in the United States: Americans eat nearly as much of it as the next two most popular seafoods (canned tuna and salmon) combined. Notably, the amount of shrimp we now eat is equivalent to our per capita oyster consumption a century ago.

And the Asian aquaculture juggernaut didn't stop with shrimp. In fact, shrimp was a doorway into another seafood swap, which leads to the next course.

#### Fish Sticks: Atlantic for Pacific

Most seafood eaters know the sad story of the Atlantic cod. The ill effects of the postwar buildup of industrialized American fishing are epitomized by that fish's overexploitation: Gorton's fish sticks and McDonald's Filets-o-Fish all once rode on the backs of billions of cod. The codfish populations of North America plummeted and have yet to return.

Just as the North Atlantic was falling as a fish-stick producer, the Pacific rose. Beginning in the 1990s two new white fish started coming to us from Asia: tilapia, which grows incredibly fast, and the Vietnamese Pangasius catfish, which grows even faster (and can breathe air if its ponds grow too crowded). These two are now America's fourth- and sixth-most-consumed seafoods, respectively, according to the National Fisheries Institute.

Alongside them, a fishery arose for an indigenous wild American Pacific fish called the Alaskan, or walleye, pollock. In just a few decades, pollock harvests went from negligible to billions of pounds a year. Pollock is now the fish in McDonald's Filet-o-Fish and the crab in the "fake crab" that Larry David discussed mid-coitus on "Curb Your Enthusiasm." In fact, there is so much pollock that we can't seem to use it all: Every year more than 600 million pounds is frozen into giant blocks and sent to the churning fish processing plants of Asia, Germany and the Netherlands.

Sending all this wild fish abroad and then importing farmed fish to replace it is enough to make you want to take a stiff drink and go to bed. But when you wake up and reach for your bagel, surprise! The fish swap will get you again.

#### Lox: Wild for Farmed

There was a time when "nova lox" was exactly that: wild Atlantic salmon (laks in Norwegian) caught off Nova Scotia or elsewhere in the North Atlantic. But most wild Atlantic salmon populations have been fished to commercial extinction, and today a majority of our lox comes from selectively bred farmed salmon, with Chile our largest supplier.

This is curious, given that salmon are not native to the Southern Hemisphere. But after Norwegian aquaculture companies took them there in the '80s, they became so numerous as to be considered an invasive species.

The prevalence of imported farmed salmon on our bagels is doubly curious because the United States possesses all the wild salmon it could possibly need. Five species of Pacific salmon return to Alaskan rivers every year, generating several hundred million pounds of fish flesh every year. Where does it all go?

Again, abroad. Increasingly to Asia. Alaska, by far our biggest fish-producing state, exports around three-quarters of its salmon.

To make things triply strange, a portion of that salmon, after heading across the Pacific, returns to us: Because foreign labor is so cheap, many Alaskan salmon are caught in American waters, frozen, defrosted in Asia, filleted and boned, refrozen and sent back to us. Pollock also make this Asian round trip, as do squid — and who knows what else?

When you dig into the fish-trade data, things get murkier. In its 2012 summary of the international fish trade, the National Oceanic and Atmospheric Administration noted, somewhat bizarrely, that its definition of exports "may include merchandise of both domestic and foreign origin."

So, for example, when fish sticks are cut from blocks of imported "white fish" in an American facility and exported to a foreign country, they are classified as American domestic production. Meanwhile some of our imports, as with an unknowable portion of our salmon, are taken from American waters, reprocessed elsewhere and brought back home. Do these percentages cancel themselves out? We don't know.

And that's my point. Globalization, that unseen force that supposedly eliminates inefficiencies through the magic of trade, has radically disconnected us from our seafood supply.

Of course, there is a place for the farming of shrimp, just as there is a place for the farming of oysters. There is a need for efficient aquacultured species like tilapia and Pangasius, just as there is a need to curb the overfishing of Atlantic cod. There is even a place for farmed Atlantic salmon, particularly if it can be raised so it doesn't affect wild salmon.

But when trade so completely severs us from our coastal ecosystems, what motivation have we to preserve them? I'd argue that with so much farmed salmon coming into the country, we turn a blind eye to projects like the proposed Pebble Mine in Alaska, which would process 10 billion tons of ore from a site next to the spawning grounds of the largest wild sockeye salmon run on earth.

I'd maintain that farmed shrimp inure us to the fact that the principal rearing ground of Gulf shrimp, the Mississippi River Delta, is slipping into the sea at a rate of a football field an hour. I'd venture that if we didn't import so much farmed seafood we might develop a viable, sustainable aquaculture sector of our own. Currently the United States languishes in 15th place in aquaculture, behind microscopic economies like Egypt and Myanmar. And I'd suggest that all this fish swapping contributes to an often fraudulent seafood marketplace, where nearly half of the oceanic products sold may be mislabeled.

We can have no more intimate relationship with our environment than to eat from it. During the last century that intimacy has been lost, and with it our pathway to one of the most healthful American foods. It is our obligation to reclaim this intimacy. This requires us not just to eat local seafood; it requires the establishment of a working relationship with our marine environment. It means, in short, making seafood not only central to personal health, but critical to the larger health of the nation.

Paul Greenberg is the author of the forthcoming book "American Catch: The Fight for Our Local Seafood," from which this essay was adapted. Data analysis was provided by Carolyn Hall, a historical marine ecologist.

### **China's Animal Feed Output Seen Rebounding on Meat Demand**

By Bloomberg News

June 25 (Bloomberg) -- Animal-feed output in China is poised to recover from the first contraction in two decades as demand for meat increases and fish farms expand output, the agriculture ministry said.

"The outlook of the industry is getting better," said Wang Xiaohong, a feed director at the ministry's husbandry division, according to the transcript of a speech he gave at an industry meeting yesterday.

Production dropped last year and has shrunk 3 percent in the first half of 2014 after a bird flu outbreak and low pork prices curbed farming, Wang said in the remarks posted in the China Feed Online website.

Rising livestock-feed output in China, the biggest buyer of soybeans, will boost the country's demand of the oilseed, the main protein ingredient. Futures in Chicago slid 4.8 percent this year amid forecasts global output rising to a record.

"The industry is regaining its footing after a disastrous first half," said Tommy Xiao, an analyst at Shanghai JC Intelligence Co., an agricultural researcher.

Hog prices in eastern Shandong province, the biggest meat producer in the country, have gained about 29 percent since April 30, while broiler poultry climbed 5 percent, Shanghai JC's data show.

Aquaculture feed demand may expand by more than 30 percent in June from May as rising temperatures help fish and shrimp farming, according to Xiao. Poultry feed and hog fodder will gain 15 percent and 10 percent respectively, he said.

Soybean crushing increased 2.1 percent to 1.6 million metric tons in the week ended June 20 from a week earlier, according to an e-mailed report from UniRich Investment Management Ltd., a Beijing-based researcher.

Soybeans for November delivery in Chicago rose 0.6 percent to \$12.3125 a bushel at 1:40 p.m. in Beijing. Soybean meal in Dalian gained 0.4 percent to 3,712 yuan (\$595) a metric ton.

China's soybean imports may climb 4.3 percent to 72 million tons in the year starting Oct. 1 from the current year, the U.S. Agriculture Department forecast this month.

[U.S. Traders Must Brace for Disrupting Rapeseed Imports: Maguire](#)  
25-Jun-2014

(The author is a Reuters market analyst. The opinions expressed are his own. To get his real-time views on the markets, please enter the Global Ags Forum.)  
By Gavin Maguire



CHICAGO June 25 (Reuters) - The U.S. Census Bureau will publish statistics on May crop imports early next month and most traders will be on the lookout for confirmation there was a record inflow of soybeans during that period.

Anecdotal evidence for May suggests that more than 350,000 metric tonnes of Brazilian soybeans were attracted to the United States by historically tight inventories and robust crushing margins.

But Brazilian soybeans are not the only oilseed imports that traders should be watching out for, as record amounts of Canadian rapeseed (canola) have already made their way into the United States. The flow is expected to continue gravitating toward northern U.S. crushers as long as U.S. processor margins remain firm and Canadian growers have excess supplies following a record crop last year.

The flow of rapeseed is expected to generate record processor output of canola meal and oil, which are likely to steal market share from soy over the coming months.

Traders searching for insight into the U.S. soybean market should look beyond Brazilian imports because other oil crops such as rapeseed look set to disrupt the oilseed market over the remainder of the 2013/14 crop year.

#### OVER-EXTENDED EXPORTS

The chief reason for the oilseed imports is that U.S.-based traders oversold the 2013/14 soybean crop to overseas buyers, leaving domestic consumers such as processors with tight inventories in the final months of the crop year.

And this comes after American growers produced one of the largest U.S. soy crops on record last year, which led to early expectations of a crop surplus going into the 2014/15 season.

Instead, domestic soybean crushers have been faced with an unprecedented shortage of soybeans for most of 2014 so far, and forced to ship in supplies from other countries in order to sustain processing operations.

The main conundrum for Midwest-based soy crushers is that, even after soybeans from Brazil or elsewhere arrive at a U.S. port, they have a long journey across the country or up river before processing can take place.

The problem is less acute for plants located in the upper Midwest or Northern Plains because rail or truck shipments from Canada are more readily available.

Furthermore, their proximity to widespread canola production means most Northern crushing plants have multi-seed processing capabilities that allow them to switch from soybeans to other crops whenever supplies or economics dictate.

This has certainly been the case with soybeans this year, so it is widely believed many Northern U.S. crushing facilities have capitalized on rapeseed imports. They have ramped up canola processing while cutting back on soy crushing to the maximum degree possible.

If that is the case, it raises the possibility that demand for soybeans in that region runs a greater risk of falling than in other parts of the country over the coming months.

#### BIG CROPS FIND A HOME

While robust crushing margins provided the demand for U.S. oilseed imports this year, abundant crops in Canada, Brazil and elsewhere provided the supply.

Last year's Canadian rapeseed crop was a record 18 million metric tonnes and helped push global rapeseed output above 70 million tonnes for the first time. Brazil's 2013/14 soybean crop was the largest ever at 87.5 million tonnes, pushing the global total to just shy of 300 million tonnes.

Export projections for both crops were pushed up in the wake of such large harvests, but harsh weather coupled with heavy rail congestion on key lines across Canada and the northern United States slowed the flow of rapeseed early in 2014.

That left the door open to South American soybeans to take a majority share of U.S.-bound oilseed shipments during the opening months of year, which they did during April and May.

But a somewhat behind-the-scenes pick-up in rapeseed shipments from Canada also took place during that period, resulting in the largest ever January-to-April tally of rapeseed imports on record.

U.S. soybean imports also set a record during the period, but the tonnage of rapeseed imports was actually larger and the crop should be given due consideration by anyone hoping to understand the U.S. oilseed market going forward.

#### [More Energy Execs Believe U.S. Can Achieve Energy Independence Within 15 Years](#)

HOUSTON, June 24, 2014 /PRNewswire/ -- More and more energy executives believe the United States can attain energy independence within the next 15 years, eliminating the U.S. dependency for foreign energy sources, according to the results of the 12th annual Energy Industry Outlook Survey conducted by the KPMG Global Energy Institute.

KPMG's annual energy survey, which polled more than 100 senior executives in the U.S. representing global energy companies, found that nearly three-quarters (73 percent) of energy executives believe the U.S. can attain energy independence by 2030, or sooner - up 10 percentage points from KPMG's 2013 survey. Of those 73 percent, 17 percent believe the U.S. could fully meet current energy demand with only U.S.-based sources by 2020.

Other than the continued development of conventional and unconventional domestic energy reserves, the KPMG survey found that 37 percent of executives cite the development of energy transportation infrastructure such as pipelines and transmission lines as the most important action they believe the U.S. should take to attain energy independence. Twenty-three percent cite greater use of renewable energy sources and 20 percent point to greater use of alternative fuels for transportation, including natural gas, electricity and biodiesel.

"Technology continues to offer the promise of a greener, safer, cheaper and more reliable energy future. Exciting new breakthroughs are leading to a whole new generation of domestic oil and gas production, particularly from deepwater, oil sands, and shale assets," said John Kunasek, national sector leader for energy and natural resources for KPMG LLP. "These developments are contributing to a significant transformation of the energy industry, adding to the increased optimism among energy executives on the potential for U.S. energy independence and the overall future of the energy industry."

#### Focus on Growth

The 2014 Energy Outlook Survey found that more than half of energy executives indicate they will focus on driving accelerated growth in the next 3 to 5 years. In order to drive accelerated growth, 54 percent of executives cite

dedicated leadership focused on executing hyper-growth plans, 48 percent cite strategic planning processes (including multi-year plans), and 46 percent indicate significant funds allocated to mergers and acquisitions.

Further, the survey found that nearly one-third (30 percent) of executives plan to increase spending the most over the next year on business model transformation, followed by employee compensation and training (29 percent), expanding facilities (25 percent) and geographic expansion within the U.S. (25 percent).

"There are tremendous opportunities for growth, but the uncertainty around how to drive growth in this environment remains a major concern for executives," said Regina Mayor, advisory industry leader for energy and natural resources for KPMG LLP. "Companies that are more agile and responsive in updating their business models will be better positioned to translate current marketplace pressures into competitive advantages."

The survey also found the number of executives expecting to be involved in a merger or acquisition as a buyer in the next year almost doubled from 2013 sentiment. Sixty-five percent of executives feel very likely (31 percent) or somewhat likely (24 percent) to acquire stakes in one or more companies over the next three years. This is compared to the 2013 results in which 11 percent felt very likely to be a buyer and 22 percent felt somewhat likely. When asked what will be the primary drivers of acquisition activity in 2014, energy executives most frequently cite consolidation of core businesses and competition (28 percent), customer growth (24 percent), and geographic growth (23 percent).

"Today's environment is driving the need to improve performance and consolidate core businesses through increased mergers and acquisitions, streamlined operations and emerging technologies," Kunasek said. "Our clients indicate that access to technology and portfolio optimization will be instrumental in driving M&A activity in the coming year."

In other findings, 70 percent of executives expect the U.S. economy will significantly or moderately improve in the next year - a 29 percent increase from last year. Fifty-five percent of executives expect U.S. headcount to increase by one to 10 percent, a 17 percent increase over 2013.

#### Pricing Outlook

Energy executives appear confident that oil and gas pricing will remain relatively stable for 2014. One quarter of respondents are bullish that the average price (per MMBtu) of natural gas will fall in the range between \$3.00 - 3.75, while another 47 percent say \$3.76 - 4.50. Additionally, 44 percent of survey respondents expect the average price (dollar per barrel) of Brent Crude oil for 2014 to fall in the \$106-111 range, with another 38 percent expecting \$100-105 range, and 6 percent expecting \$99 or lower.

"Natural gas production in the U.S., and its reputation as a low-cost alternative to other energy sources, is shifting the future of the energy industry," Mayor said. "Additionally, shale is quickly shifting from 'the next big thing' to an essential part of the global energy sector, and while the U.S. is still ahead in terms of commercializing this valuable asset, a series of discoveries and technological advances is opening up the playing field to new markets around the globe."

## Barriers to Growth

Despite an overall optimistic outlook, survey respondents most frequently cite energy prices (40 percent), regulatory environment (31 percent), impact of new regulations/legislation (32 percent) and cyber-threats (23 percent) as the greatest issues posing a threat to business models.

Additionally, when asked about the most significant growth barriers facing companies over the next year, execs most often cited energy prices (38 percent), increased taxation (34 percent) and regulatory and legislative pressures (29 percent).

"Energy companies are operating in a dynamic and exciting environment, but regulation uncertainties and vulnerability around evolving cyber threats raise genuine concerns for industry executives," said Kunasek. "What is exciting to see, however, is despite these concerns, energy executives are positioned for future growth of both their own organizations and the energy industry as a whole."

## Canada Farmers Plant Less Wheat Than Expected, More Canola

By Rod Nickel

June 27 (Reuters) - Canadian farmers planted less wheat than expected and slightly more canola this year, according to a Statistics Canada report on Friday, but the estimates don't reflect late-seeding problems in soggy parts of the Prairies.

Statscan's estimates are likely too high because the agency's farmer survey ended June 10, when some farmers were still struggling to plant fields, said Brian Wittal, analyst at Pro Com Marketing. The estimates don't fully reflect areas of Manitoba and Saskatchewan that were too wet to plant, he said.

"I don't think the reality is that the guys were able to get everything (seeded) that they were planning on, that's for sure," Wittal said.

Statscan pegged the all-wheat area at 24.1 million acres, down 2.7 percent from its April planting-intentions estimate and lower than the average trade expectation of 24.5 million acres.

Year over year, all-wheat plantings dipped 7.4 percent.

Canola plantings were estimated at 20.2 million acres, up 2.2 percent from Statscan's previous estimate, and slightly exceeding the average trade guess of 19.9 million acres. They were 1.5 percent higher than last year's plantings.

Statscan estimated summer fallow acres - land that was not planted either intentionally or because of bad weather - at 3.45 million acres, down 11 percent from last year.

It's likely that an additional 1.5 million to 2 million acres were left unseeded, said Jonathon Driedger, market analyst at FarmLink Marketing Solutions, speaking on a conference call organized by Minneapolis Grain Exchange.

The ICE Canada November canola futures contract showed little initial reaction to the report before rising later in the session. Minneapolis September spring wheat futures rose slightly.

The report isn't likely to sway cash or futures prices much because the numbers aren't surprising and the trade knows they don't account for late seeding problems, Driedger said.

The grain industry's focus now is on weather during the coming weeks. Some areas, including southwestern Alberta, have too much moisture, causing stress to young plants, Wittal said.

Canada is usually the world's second- or third-largest wheat exporter and the biggest shipper of canola, a cousin of rapeseed used largely to produce vegetable oil.

Statscan estimated drops in plantings of barley (-14 percent), corn (-15.5 percent), durum (-3.3 percent) and oats (-3.8 percent). Plantings of soybeans, a popular crop in eastern provinces that is expanding westward, jumped 23.5 percent to a record 5.6 million acres.