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 July 18-24, 2014.
Soybeans: Net sales of 187,400 MT for 2013/2014 were down 17 percent from the previous week, but up noticeably from the prior 4-week average. Increases were reported for China (241,000 MT), Taiwan (34,600 MT), Indonesia (25,700 MT), Colombia (9,900 MT), and Mexico (3,400 MT). Decreases were reported for unknown destinations (134,000 MT). Net sales of 1,268,700 MT for 2014/2015 were primarily for China (770,000 MT), Mexico (128,500 MT), unknown destinations (100,700 MT), and Costa Rica (73,600 MT). Exports of 105,400 MT were down 35 percent from the previous week and 11 percent from the prior 4-week average. The primary destinations were Mexico (80,600 MT), Indonesia (9,200 MT), Vietnam (6,200 MT), and Thailand (3,100 MT).

Optional Origin Sales: For 2013/2014, outstanding optional origin sales total 110,500 MT, all China. For 2014/2015, new optional origin sales totaling 66,000 MT were reported for China. Outstanding optional origin sales total 898,000 MT, and are for China (733,000 MT), Egypt (120,000 MT), and Mexico (45,000 MT).

Soybean Cake and Meal: Net sales of 43,700 MT for 2013/2014 were down 54 percent from the previous week and 44 percent from the prior 4-week average. Increases were reported for Mexico (17,700 MT), Canada (10,500 MT), the Philippines (4,500 MT), Vietnam (3,800 MT), Nicaragua (3,800 MT, including 2,900 MT switched from Guatemala and decreases of 500 MT), and Bangladesh (3,500 MT). Decreases were reported for Thailand (3,000 MT), unknown destinations (1,100 MT), and Guatemala (500 MT). Net sales of 707,400 MT for 2014/2015 were reported primarily for unknown destinations (263,100 MT), Vietnam (180,000 MT), and Mexico (134,900 MT). Exports of 80,800 MT were down 18 percent from the previous week and 25 percent from the prior 4-week average. The

primary destinations were Mexico (35,900 MT), Canada (22,200 MT), Morocco (5,500 MT), Jamaica (4,000 MT), and Nicaragua (3,400 MT).

Soybean Oil: Net sales of 12,800 MT for 2013/2014 were up noticeably from the previous week and 17 percent from the prior 4-week average. Increases were reported for the Dominican Republic (6,200 MT), Mexico (5,500 MT), and Nicaragua (900 MT). Decreases were reported for Morocco (300 MT). Net sales of 20,000 MT for 2014/2015 were reported for unknown destinations. Exports of 17,200 MT were down 59 percent from the previous week, but up 5 percent from the prior 4-week average. The primary destinations were Morocco (14,700 MT), Mexico (1,500 MT), and Nicaragua (900 MT).

Drought Hits China Food Production

BEIJING, July 28 (Reuters) - Severe drought and scorching heat has damaged over a million hectares of farmland in China's Henan and Inner Mongolia provinces, with no immediate relief in sight, state news agency Xinhua reported.

Henan in central China is experiencing its worst drought in 40 years with precipitation at less than half of normal levels, the agency said. Some 900,000 hectares of crops have been damaged, it said.

Henan is a big producer of food crops, including soybeans, barley and rice. In some regions of the province, governments have shut off water supply to businesses such as commercial swimming pools and bath houses, while water intensive industries have been asked to restrict usage, Xinhua said.

In Inner Mongolia, a drought ongoing since April has affected 150,000 hectares of farmland and 16.4 million hectares of pastures, while robbing 300,000 people of drinking water, said Xinhua.

The Inner Mongolia drought was estimated to have cost 229 million yuan ($37 million) so far.

Oil Trains Crowd Out Grain Shipments to Pacific Northwest Ports

Seattle Times -- SEATTLE. WA -- July 27, 2014 -- A surge in oil trains hauling North Dakota's energy bonanza is interfering with grain shipments to Pacific Northwest ports, prompting fears of a chronic crisis in which railcars carrying fossil fuels crowd out other products and disrupt exports.

Washington wheat farmers have been luckier than their Upper Midwest cousins because most can ship their wheat by barge down the Columbia River.

But those farther from the river, who typically rely on railroads, are increasingly paying truckers to move their wheat to a barge port. Farmers and others worry that costs and delays will get worse as more trains carrying oil -- and perhaps coal -- clog the region's rail lines.

"We're concerned by the cost and availability of freight," said Pearson Burke, marketing manager of AgVentures NW, a joint venture between two grain cooperatives in Odessa, Lincoln County.

At the Port of Seattle, Dale Frazier, owner of Seattle Bulk Rail Station, a company that loads grain from trains into containers, says that in February, March and April his "business suffered tremendously" due to many late trains.

The U.S. Department of Agriculture (USDA) says that last winter, some ships departed before the grain they were waiting for could be loaded. Train trips from the Midwest's grain belt to the Pacific Northwest took 22 days, nearly twice as long as usual.

Things are getting better, as BNSF, the railroad that dominates the region, scrambles to buy hundreds of new locomotives and hire and train thousands of new employees. The railroad giant says the backlog of grain cars will be greatly reduced by mid-September.

But a big new harvest is coming, and critics say that the trouble seen in the past few months is only the beginning.

Eric de Place, an analyst with the Sightline Institute, a Seattle policy nonprofit that closely follows the oil-shipments issue, says potential problems will only increase with an expected surge of oil and coal shipments, if planned export terminals for those fossil fuels are built on the Washington coast.

"We're already seeing a system under strain, and we have very, very small amounts relative to what's planned," de Place said.

For Washington refineries, whose oil supplies from Alaska are dwindling, the new sources of crude, such as North Dakota's Bakken shale, are a boon. Washington state's ports and railways are a key outlet for that oil.

But the grain-shipment disruptions are a reminder that there are costs associated with this bounty. Moreover, they come in the midst of heightened anxiety about the danger of moving oil through a densely populated region.

About two loaded oil trains a day pass through Seattle's central core, near the sports stadiums and waterfront. The flow could more than double by the end of the decade.

A catastrophic oil-train blast in Quebec and a big explosion in North Dakota last year have stoked fear about potential dangers. Regulators have said that crude extracted from the Bakken can be more volatile than other types of oil.

On Wednesday, the Seattle City Council asked the federal government to immediately suspend oil shipments that utilize a type of car regulators deem unsafe. On Thursday, a slow-moving 102-car oil

train derailed beneath the Magnolia Bridge, although no leaks occurred.

In June, Gov. Jay Inslee directed the state Department of Ecology to speed up a study of the risks of increased rail shipments of North Dakota crude.

BNSF, which is part of billionaire Warren Buffett's Berkshire Hathaway conglomerate, is the biggest handler of shipments from the North Dakota oil boom.

It invested a record $4billion last year in capital improvements to handle growth. It has hired 4,000 people so far this year and spent heavily in training emergency responders, says spokesman Gus Melonas.

But all that investment also means there's plenty of work along the tracks, which hampers the smooth flow of trains.

Chris Herman, the state Department of Transportation (WSDOT) official in charge of freight-rail policy, says the grain delays have "the potential of being a longer-term trend."

Fuming farmers

In the Northern Plains, the trouble began last winter, when many grain shippers saw freight rates skyrocket and rail cars arrive weeks late.

"The sheer gravity, magnitude and scope of rail-service disruptions now being experienced are unprecedented, and have rippled through all sectors of grain-based agriculture," said Cargill executive Kevin Thompson on behalf of the National Grain and Feed Association in testimony to the Surface Transportation Board (STB), the U.S. agency that oversees rail freight.

The agency in June ordered BNSF and the Canadian Pacific Railway, which has also been affected by delays, to file weekly updates on the backlog until it's cleared.

In a report filed with the STB, the USDA reported grain piling up next to elevators, record prices for freight, and grain shippers paying oceangoing ships between $30,000 and $50,000 per day to wait for delayed grain.

BNSF blamed the mess on a combination of bad weather, maintenance and expansion work, as well as heavier shipping traffic in everything from cars to agricultural products. The company says only 4 percent of its traffic is oil and that most traffic growth came from consumer products.

In a presentation to the STB, BNSF pointed out that the traffic was manageable until October, when

crude and agricultural traffic suddenly surged at harvest time.

STB chairman Dan Elliott said in a speech to railway executives in the spring that the rapid and unexpected deterioration of service was due in part to traffic patterns that "changed in ways that certain railroads acknowledge they failed to anticipate adequately." Those traffic patterns included the rapid rise in North Dakota's production of oil, which moves on the same lines as crops, Elliott said.

As of Thursday, some 5,564 orders for BNSF grain cars were late by an average of 22 days. That's equal to more than a fifth of the company's active grain fleet.The number of late orders was down 12 percent from the previous week.

In a letter to customers on July 10, BNSF executive John Miller wrote that the company expects to reduce the past-due list to less than 2,000 by mid-September. But the problem won't be entirely solved.

"If the new harvest is as strong as it appears to be, we will never reach zero past dues," the executive wrote.

The disruption, however, doesn't mean grain exports have decreased. Exports from the Pacific Northwest were up 10 percent from the 2012-13 harvest, said Brett Blankenship, an official with the National Association of Wheat Growers and a Washington state farmer.

Farmers dodge bullet, to a degree

More than 60 percent of the wheat produced in Washington is shipped via the Columbia and Snake rivers. Railroad delays were less severe than in North Dakota and Montana, and as of July 17 only five trains were reported past due, down from 318 in late June.

Nevertheless, the impact is felt on rail freight rates, which encourage shippers to send more grain down the river. WSDOT's Herman says that one of the largest wheat shipping facilities in Ritzville, Adams County, in a rich agricultural area between the Tri-Cities and Spokane, saw its rail shipping drop by more than half. It used to transport almost exclusively by rail, he said.

Some farmers feel their product is being crowded out of the railway system by pricier commodities such as oil and coal. Glenn Squires, CEO of the Washington Association of Wheat Growers, says that "when push come to shove, the low-value commodity drops off first." BNSF says that's not so.

John Stuhlmiller, CEO of the Washington Farm Bureau, says that in the long term, more coal and oil also means a more active railway with more improvements that could also benefit farmers.

WSDOT's Herman said delays also interfere with exporters' operations as wheat arrives later than expected.

Louis Dreyfus, the Dutch company that operates the Terminal 86 grain facility at the Port of Seattle, declined to comment, as did Cargill, one of the partners in the TEMCO grain-export facility in Tacoma.

But Cargill executive Thompson told the STB that export elevators "have idled or significantly reduced operating capacity" because they can't find predictable sources of grains and oilseeds.

Gary Hoffman, president of Tacoma Transload, which puts grain into containers at the Port of Tacoma, said the disruptions caused big problems for shippers with late deliveries, making them miss narrow windows for loading their cargo on ships that are in high demand. Then they have to pay extra to store the grain until a new opportunity to ship comes up.

For Hoffman's business, it means longer operating hours, more flexible schedules and a 10 percent hike in costs, he said, adding that he doesn't expect a quick resolution. On Friday, Hoffman said his crews were just loading a shipment that was due in June.

Long-term problem?

Terry Whiteside, a transportation consultant who represents grain-grower associations throughout the U.S., says the clogged rail lines are "going to extend for a number of years" as BNSF juggles the work needed to expand the system with that of meeting increased demand.

For Washington, that balancing act could become even harder if the state becomes a major gateway for coal exports and oil shipments in the next few years.

In a report prepared in March, WSDOT estimated that the flow of cargo on Washington rail lines will more than double its 2010 level by 2035. But that forecast, which says the private railroads will likely cope with the demand, doesn't factor in the growing oil and coal traffic.

Whiteside's calculations for the Western Organization of Resource Councils put the potential daily number of loaded coal trains rolling through Washington toward the end of this decade at 18, up from about two. The number of loaded oil trains could increase to about 11, from between two and three a day.

Even if BNSF spends enough to improve its own private rail network, publicly owned infrastructure that interfaces with rail in densely populated areas will require major investments as well, said

Sightline's de Place. He foresees steep increases in the number of trains crossing South Seattle near Sodo and delaying surface traffic, for instance.

"To me that's a pretty sizable economic hit," de Place said. "We have to figure out how to manage the flow so we don't screw our economy."

Debate on GMO labeling Moves to Kansas House Race

WICHITA, Kan. (AP) - The debate over the labeling of foods containing genetically modified ingredients has reached a congressional primary contest in south-central Kansas, and outside money is flowing into the heated race over the issue.

Incumbent U.S. Rep. Mike Pompeo, a Republican who represents Kansas, introduced federal legislation in April that would prohibit states from requiring mandatory labeling of bio-engineered foods. His legislation enjoys support among farm groups because the majority of the nation's corn and soybean crops are genetically engineered to resist insects and herbicides and the industry contends foods containing them are safe.

But challenger Todd Tiahrt, a former congressman, has made Pompeo's bill a campaign issue in the bruising primary challenge for the 4th District. Tiahrt gave up the House seat in 2010 for an unsuccessful GOP primary run for the U.S. Senate against Jerry Moran. Tiahrt wants his old job back and is arguing that Pompeo has sold out to big agricultural interests such as Monsanto rather than being responsive to consumers who want to know what is in the food their family eats.

Now, a flood of outside money from political action committees fixated on the topic is entering the fracas during the final days leading up to the Aug. 5 GOP primary.

A GOP primary race between "two very conservative men in the middle of the country" wasn't even on the radar of the Washington, D.C.-based advocacy group Food Policy Action until 10 days ago, when the group started noticing Tiahrt's comments in campaign debates and the press, said Claire Benjamin, the director of Food Policy Action.

The group said Tuesday it will spend $40,000 for digital advertising supporting Tiahrt's candidacy on social media outlets, including Facebook. The Kansas primary is the only primary contest into which it is putting its money, she said.

"This is really the first time we are seeing, in any state, food be potentially a deciding factor in an election," Benjamin said. "And that is really an important thing to note for us because we believe these are values issues and people want to vote on these issues."

Also just getting involved is Every Voice Action, a Washington, D.C.-based political action committee. It has begun airing television ads this week in Kansas supporting Tiahrt and has placed orders totaling more than $98,500 in television advertising.

Meanwhile, the American Chemical Council reported in a regulatory filing on Monday that it was spending $165,200 for advertising supporting Pompeo. Its website says the advertising is meant to compliment Pompeo for his support of policies that the group says grow the economy and support jobs.

Jim Richardson, Pompeo's campaign manager, said the congressman offered the labeling bill to help Kansas farmers and Kansas consumers.

"It ensures that Vermont and California can't dictate what type of crops Kansas farmers grow, and it keeps food prices low at the grocery store," Richardson said in an email.

But Tiahrt said Tuesday that his message is resonating with voters on the campaign trail in Kansas.

"Moms want to know what is in their kids' foods. People want to know," Tiahrt said. "They are upset that someone wants to withhold information from them. They don't think that is the role of the federal government."

Pompeo's bill also contains "massive regulations" on the natural foods industry that prohibit them from even implying natural foods are safer than bioengineered foods, Tiarht said.

Kansas farm groups contend they do not oppose labeling for genetically engineered foods but say they want any laws to be consistent across the country instead of a patchwork of state regulations.

"Political campaigns bring out different things, but candidates need to focus on what is good for Kansas," said Tom Tunnell, executive director of the Kansas Feed and Grain Association.

No mainstream science has shown bioengineered foods to be unsafe. But opponents say not enough testing has been done.

Oilseed Area in India Seen Lowest in 12 Years on Rain Delay

By Prabhudatta Mishra

July 31 (Bloomberg) -- Oilseed planting in India is poised to slump as much as 24 percent to the lowest since 2002 after a weak start to the monsoon spurred farmers to switch to cotton, potentially boosting imports by the biggest buyer of palm oil.

The area sown to crops such as soybeans, peanuts and sunflowers will probably drop to 15 million hectares to 16

million hectares (39.5 million acres) in the monsoon season that began June 1 from 19.8 million hectares a year earlier, Agriculture Commissioner J.S. Sandhu said in an interview in New Delhi. The lower number would be the least since 14.4 million hectares in 2002, Agriculture Ministry data show.

Sowing of everything from rice to corn and oilseeds was delayed this year after India posted the lowest June rainfall since 2009. A smaller oilseed crop would probably spur higher imports of cooking oils by the world's second-most populous nation which buys more than half of its requirements abroad.

"The dependence on imports will only increase," said Vandana Bharti, an assistant vice president in SMC Comtrade Ltd., a futures broker based in New Delhi. "Oilseed output will be less than last year as the crop area is set to fall."

India is the world's largest cooking oil consumer after China. The country imports palm oil from Indonesia and Malaysia and soybean oil from the U.S., Brazil and Argentina. Purchases may jump more than 50 percent to 16 million metric tons a year by 2021, Govindlal G. Patel, managing director of G.G. Patel & Nikhil Research Co., estimates. India should take advantage of a slump in prices to build a strategic reserve, Bharti said.

Bear Market

Palm oil entered a bear market this month and tumbled 15 percent this year to 2,257 ringgit ($706) a ton today, while soybean oil reached a four-year low on July 25 amid forecasts for record global cooking oil supplies. Soybean futures in Mumbai climbed as much as 1 percent to 3,670 rupees, the first increase in four days, while refined soy oil rose 0.4 percent.

Vegetable oil imports by India were little changed at 7.08 million tons in the eight months through June, according to the Solvent Extractors' Association. Purchases are set to jump 12 percent to a record 12 million tons in the year to October and increase further in 2014-2015, Dinesh Shahra, managing director of Ruchi Soya Industries Ltd., estimated this month.

Soybean sowing was delayed because the main growing regions in central India didn't receive rains until mid-July, Sandhu said on July 28. The area sown to oilseeds such as peanuts and castor may match last year, he said. Soybeans are the biggest crop, followed by mustardseed grown in the winter.

Soybean plantings were 7.8 million hectares as of July 25, down from 11 million hectares by the same date a year earlier, while peanut seeding fell 30 percent to 2.3 million hectares, Agriculture Ministry data show. Total planting of monsoon crops dropped 27 percent to 53.3 million hectares, the ministry said.

Pod Formation

Monsoon crops are sown from June and harvested from October. The country had less than 40 percent of average rains in the first six weeks of the monsoon season that runs through September. The shortage shrank to 23 percent by yesterday.

"Fifteen days back, people were in doubt whether sowing would reach half of last year," said B.V. Mehta, executive director of the Solvent Extractors' Association. "We're much better now. We have to see how the rains behave in September, which is when pod formation happens for peanuts and soybeans."

The oilseed harvest increased 4.8 percent to 32.4 million tons in 2013-2014, with monsoon-grown crops accounting for 68 percent, according to government data.

ADM Gets Final Approval for Northern Brazil Grains Terminal Use

SAO PAULO, July 31 (Reuters) - The Brazilian arm of U.S. commodities trader Archer Daniels Midland Co received final government approval to ship soybeans and corn from its new terminal at the mouth of the Amazon, Brazil's official gazette said.

The terminal outside Belem in Para state will have an initial annual capacity of 1.5 million tonnes of grain and will expand to 6 million tonnes per year by 2016, taking pressure off Brazil's crowded southern shipping routes.

"The first trucks are already unloading soy," ADM said in a statement on Thursday.

Of the initial volume, 80 percent will move on waterways, mostly from Porto Velho, Rondonia, in Brazil's interior. The rest will be trucked in until a railway is finished.

The company said the new route will shave 34 percent off its freight costs from shipping out of Brazil's main port of Santos, thousands of kilometers south.

ADM received approval for terminal use from waterway regulator Antaq last month in what it said was the first contract awarded under Brazil's new port law, which was passed in 2013 in an attempt to draw more private investment.

Rivals Bunge and Cargill also plan to increase exports through northern Brazil, and dozens of companies are expected to follow as Brazil prepares to plant what could be yet another record soybean crop.

Doane Sees U.S. 2014 Corn Crop at 14.4 Billion Bushels, Yield 172.3 Bushels/Acre

CHICAGO, Aug 1 (Reuters) - Doane Advisory Services on Friday forecast U.S. 2014 corn production at a record-high 14.443 billion bushels with an average yield of 172.3 bushels per acre, following its annual crop tour.

"This is clearly the best corn crop we have seen in our rather long history of crop tours," the firm said in a note to clients. Doane has conducted its Midwest tour for 31 years.

The St. Louis-based firm's estimates are above the U.S. Department of Agriculture's current forecast for corn production at 13.860 billion bushels with a yield of 165.3 bushels per acre.

Doane projected the U.S. 2014 soybean crop at a 3.860 billion bushels, with an average yield of 45.9 bushels per acre.

The soybean figures compare with USDA's forecast for a 3.800 billion-bushel crop, which would be the largest in U.S. history, with a yield of 45.2 bushels per acre.