WEEKLY NEWS ARTICLE UPDATE

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Articles in This Edition

Export Sales Highlights

This summary is based on reports from exporters for the period September 5-11, 2014.

Soybeans: Net sales of 1,466,100 MT for 2014/2015 were reported primarily for China (546,300 MT, including 63,000 MT switched from unknown destinations), unknown destinations (469,100 MT), Egypt (73,000 MT), Germany (67,400 MT, including 70,000 MT switched from unknown destinations and decreases of 2,600 MT), and Canada (50,700 MT). Decreases were reported for Costa Rica (1,300 MT). Net sales of 2,400 MT for 2015/2016 were reported for Japan. Exports of 204,200 MT were primarily to Germany (67,400 MT), China (59,200 MT), Malaysia (25,200 MT), Mexico (15,500 MT), and Costa Rica (12,000 MT).

Optional Origin Sales: For 2014/2015, new optional origin sales totaling 421,000 MT were reported for China (360,000 MT) and Egypt (61,000 MT). Exports for own account to China (55,500 MT) were applied to new or outstanding sales. Outstanding optional origin sales total 1,498,500 MT, and are for China (1,272,500 MT), Egypt (181,000 MT), and Mexico (45,000 MT).

Soybean Cake and Meal: Net sales of 16,200 MT for 2013/2014 were for Venezuela (26,000 MT), Guatemala (9,100 MT, including 9,600 MT switched from unknown

destinations and decreases of 400 MT), Trinidad (3,100 MT), Canada (2,000 MT), unknown destinations (800 MT), and Bangladesh (700 MT). Decreases were reported for Mexico (25,900 MT) and Honduras (700 MT). Net sales of 183,500 MT for 2014/2015 were reported primarily for Mexico (121,800 MT), the Dominican Republic (24,000 MT), unknown destinations (10,100 MT), and Turkey (8,500 MT). Decreases were reported for Ecuador (4,000 MT) and Trinidad (3,000 MT). Exports of 67,000 MT were down 25 percent from the previous week and 7 percent from the prior 4-week average. The primary destinations were Mexico (26,900 MT), Canada (19,500 MT), Costa Rica (5,300 MT), Venezuela (4,000 MT), and Saudi Arabia (3,900 MT).

Soybean Oil: Net sales of 10,700 MT for 2013/2014 were up 84 percent from the previous week and up noticeably from the prior 4-week average. Increases were reported for Mexico (5,500 MT), Nicaragua (4,100 MT), El Salvador (800 MT), and Trinidad (200 MT). Net sales of 17,800 MT for 2014/2015 were reported for unknown destinations (10,000 MT), Mexico (5,500 MT), Colombia (2,000 MT, and the Dominican Republic (300 MT). Exports of 1,500 MT were down 76 percent from the previous week and 88 percent from the prior 4-week average. The primary destinations were Mexico (1,000 MT, Trinidad (200 MT), and Canada (200 MT).

China Buys 1.236 MMT US Soybeans, Mexico Buys 375,936 MT US Corn-USDA

WASHINGTON, Sept 19 (Reuters) - Private exporters reported the sale of 1.236 million tonnes of U.S. soybeans to China for delivery in the 2014/15 marketing year, which started on Sept. 1, the U.S. Department of Agriculture said on Friday.

In addition, exporters reported the sale of 375,936 tonnes of corn for delivery to Mexico during 2014/15, USDA said.

By law, exporters must report promptly the sale of 100,000 tonnes or more of a commodity, or 20,000 tonnes of soyoil, to the same destination in one day. Sales of smaller amounts are reported on a weekly basis.

China's Bad Loans Threaten to Bust World Economy: William Pesek

By William Pesek

Sep. 15 (Bloomberg View) -- The risk of what Nobel laureate Paul Krugman calls "Japanification" -- a semi-permanent economic funk -- has haunted China for at least a couple years now. Last week a Bank of America Merrill Lynch report again asked, "Will China Repeat Japan’s Experience?"

Let's dispense with the suspense: Yes, China very likely will. And the outcome will have far more serious global implications than Krugman's main worry, which focuses on the chances of stagnation in Europe.

China's "severely under-capitalized financial system," "imbalanced growth" and chronic "overcapacity" all remind Merrill Lynch analysts Naoki Kamiyama and David Cui of Japan in 1992, when its bubble troubles first began to paralyze the economy. China is even more reliant on exports than Japan was in the 1990s, and its all-important property market now "may be tipping over."

Most worrying is the shaky banking sector. What concerns Kamiyama and Cui is the lack of bold action in Beijing at a time when the scale of Chinese bad debt may be higher than Japan's ever was; they believe non-performing loan

ratios are "significantly into double-digit" territory. In the first half of this year, the analysts estimate, commercial banks had to book larger non-performing loan liabilities than for all of 2013. Mind you, this comes even as the government claims financial imbalances are being addressed. As recently as July, total social financing, a proxy for debt, was still growing by almost 16 percent year-over-year, a rate well above China's nominal GDP growth. In other words, China has spent much of this year adding to its debt and credit bubbles -- not curbing them.

If this were 1992, China could simply force state-owned banks and enterprises to rein in excesses and ride out the resulting modest hit to gross domestic product. But China passed the point of no return after the crash of Lehman

Brothers in 2008, when it unleashed a $652 billion stimulus package, followed by untold smaller ones since. The moves put China, in the words of New York hedge-fund manager James Chanos, on a "treadmill to hell." If Beijing were to attempt a broad credit shakeout now, virtually every sector of the economy would suffer. The risks of social unrest would soar.

China may soon face the dilemma Japan did in 1997, when 100-year-old Yamaichi Securities Co. collapsed and threatened to turn the Asian Financial Crisis into a global meltdown. Rather than come clean about the true magnitude of its bad-loan problem, Japan raced to prop up its banking system with bailouts and interest-rate cuts. Leaders in Tokyo feared the country would lose face if counterparts in Washington, London and Brussels knew how close Japan Inc. was to insolvency. But the Japanese response -- which included untold numbers of state-funded cash injections and the propping up of weak banks by healthier ones -- shoved the country into the infamous "lost decades" from which Prime Minister Shinzo Abe is now pledging to extricate the nation.

The popular tonic is that China has $4 trillion of currency reserves to toss at its bad-loan problem. Yet any move to turn China's U.S. Treasuries, European debt and Japanese bonds into cash could precipitate a global rout. A Chinese crash would hammer commodities markets, industries from manufacturing to high tech, and the sovereign and corporate credit ratings of export-reliant economies from Australia to Japan to Brazil. It would be an untimely blow to the U.S. and an increasingly fragile Europe.

Yet Chinese banks continue to open new credit spigots. Last month, new local-currency loans grew to $114 billion (compared with $63 billion in July), while M2 money supply grew 12.8 percent from a year earlier. And with China

now recording the weakest industrial-output figures since the global crisis, economists like Liu Li-Gang of Australia & New Zealand Banking Group are betting on fresh rounds of stimulus to ensure China hits this year's 7.5 percent growth target.

China should instead allow deleveraging to begin immediately. While the government has allowed some small debt defaults, including Shanghai Chaori Solar Energy Science & Technology in March, it has yet to permit a big one

that would chasten lenders. It's going to have to stomach some bigger defaults that may include a local government or two. Leaders need to direct the central bank to drain credit and clamp down on the shadow-banking monster that's grown exponentially since 2008.

Alas, China shows no signs of engineering such a purge. As Japan proves even today, healthy growth depends on a functioning and stable banking system. The longer China waits to create one, the more it courts the kind of lost decade the world economy can scarcely afford.

Report Sees Free Fall for Argentine President with Record Negative Image

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Text of report in English by Uruguay-based Mercosur-focused MercoPress website on 15 September

Free fall for Cristina Fernandez with record negative image and support The negative image of Argentine president Cristina Fernandez climbed this month to 43.8 per cent, the highest since last May, according to the latest release of the Management & Fit public opinion polls, published in the Buenos Aires media.

The Argentine leader in October 2011 was re-elected with 54 per cent of ballots; now only 26.5 per cent support her

However there is even an worse collapse: Vice-president Boudou, involved in corruption cases: he has a negative image of 66.7 per cent and only 6-1 per cent support

On the other hand the positive image of the Argentine leader dropped to 26.5 per cent, two points below a month ago and miles from the 59.1 per cent back in February 2012 a few months after taking office following her re-election.

The poll also indicates a strong disapproval of the government's performance since six out of ten Argentines consulted are not satisfied with the way the country is being managed, while only three out of ten support it.

Likewise the member of the Argentine government with the worst performance and acceptance level, according to the opinion poll is Vice-president Amado Boudou who has been formally accused in court of at least two alleged cases of corruption; he has a negative image of 66.7 per cent and only 6.1 per cent support.

With fourteen months before presidential elections in Argentina, almost 40 per cent of the interviews said they had no confidence at all in the future performance of the Cristina Fernandez administration, while another 22.4 per cent expressed conditioned confidence.

In October 2011, Cristina Fernandez was re-elected with 54 per cent of ballots, and almost forty points ahead of her runner-up. A record and only comparable to the results of some of the elections won by Juan Domingo Peron, considered the most outstanding political figure of Argentina in the second half of the XXth century.

According to the media, the Management & Fit opinion poll was done between September 2 and 9, with 2.400 interviews nationwide.

Cargill Sues Syngenta Over Corn Seed Trait Shipped to China

By Erik Larson

Sept. 12 (Bloomberg) -- Cargill Inc., the grain exporter that's the largest closely held company in the U.S., sued seed maker Syngenta AG over claims it illegally marketed its Agrisure Viptera corn seed before gaining Chinese import approval.

Cargill's grain export facilities in Louisiana loaded the ships that were destined for and rejected by China and its corn has contaminated other shipments, leading to $90 million in damages, according to a complaint filed today in state court in St. John the Baptist Parish, Louisiana.

"Syngenta has not practiced responsible stewardship," Mark Stonacek, president for Cargill's supply chain operations for North America, said in a statement. "Syngenta also put the ability of U.S. agriculture to serve global markets at risk."

China rejected U.S. corn imports since last year over the presence of an unapproved trait in Syngenta's seeds known as MIR 162, "virtually halting U.S. corn trade with China," Cargill said. U.S. exporters and farmers have lost as much as $2.9 billion because of the uncertain trade environment, Cargill said in its complaint.

Cargill, based in Minneapolis, was forced to cancel contracts with Chinese companies and to redirect shipments to other markets, including Taiwan, Japan and Egypt, the company said in the complaint.

The trait was approved by the U.S. in 2010, Basel, Switzerland-based Syngenta said in a statement responding to the lawsuit.

“Syngenta believes that the lawsuit is without merit and strongly upholds the right of growers to have access to approved new technologies that can increase both their productivity and their profitability,” the company said.

The case is Cargill Inc. v. Syngenta Seeds Inc., 67061, 40th Judicial District Court for Parish of St. John the Baptist, Louisiana.

US Soy Exports to China Could Drop by Quarter with Crush-Margins at 2-Year Low

By Naveen Thukral and Niu Shuping

SINGAPORE/BEIJING, Sept 16 (Reuters) - Chinese imports of U.S. soybeans could plunge by as much as a quarter in the crop year that began this month after processing margins in the country fell to their lowest in two years, industry sources said.

The potential drop in shipments to the world's biggest buyer of the commodity comes as the United States is gearing up to harvest a record soybean crop, piling more pressure on benchmark prices that this week hit their lowest in four years.

Any hopes that demand for the products churned out by China's soybean processors would pick up in the next few months have been dashed by tepid growth in the world's No.2 economy.

That has left processors to keep struggling with the so-called negative margins they have been hit with since February, meaning they cannot cover the costs of producing edible oil or animal-feed ingredient soymeal.

"The first half of the (calendar) year was the worst on record for the industry," said a Singapore-based senior official at an international trading company, which owns soybean processing facilities in China.

"With the way things are, we don't expect prices and demand to recover anytime soon," said the executive, who declined to be identified as he was not authorised to speak with media.

Record soy imports in the 2013/14 crop year coupled with slowing demand from the livestock sector have resulted in a glut of soybeans in China, dragging processing margins into negative territory.

China's crackdown on commodity financing trade has compounded the woes of an industry saddled with huge losses, prompting some importers to default on cargoes.

Those challenges did not filter through to January-July total soy import volumes, which climbed about a fifth from the year before to 41.68 million tonnes, as a raft of cargoes booked in advance arrived in China.

But they are expected to hit soybean shipments from October-December, historically the period when imports pick up.

And as the United States is set to start marketing its soybean crop at that time, it will initially be hurt far more than other exporters such as Brazil and Argentine which are yet to plant the crops they will market in 2014/15. China buys around 60 percent of soybeans traded in the world.

"This year, imports from the U.S. could fall by one fourth because of large soy stocks and poor margins," said an analyst with official think tank, the China National Grain and Oils Information Center. China imported around 27 million tonnes of U.S. soybeans in 2013/14.

He added that Chinese imports from the United States had been particularly high in 2013/14 as processors shied away from South American purchases due to industrial action at ports in Brazil.

A second trade source in China said purchases of U.S. beans could drop to 23 million tonnes in 2014/15 as the industry faces mounting losses.

Chinese processors are losing almost 400 yuan ($65) by crushing 1 tonne of imported soybeans in Shandong, the hub of China's soybean industry, according to data from private consulting firm Shanghai JC Intelligence.

Soyoil in Shandong is trading near its lowest since 2006 as rising global edible oil supplies pressure prices.

Soymeal climbed to a one-month high in early August, but has since been on a downward trend, last week dropping to its weakest since March.

That could prompt the U.S. Department of Agriculture to reduce its estimate for total Chinese soybean imports in
2014/15.

China is forecast to import 74 million tonnes of soybeans in the year to September 2015 up from an estimated 69 million tonnes this year, according to the agency. ($1 = 6.15 yuan)

China Signs Agreements to Buy 4.8 MMT of U.S. Soybeans

CHICAGO, Sept 16 (Reuters) - A Chinese trade delegation signed agreements with U.S. exporters to purchase 4.8 million tonnes of soybeans valued at $2.3 billion following a weeklong industry tour, the U.S. Soybean Export Council said on Tuesday.

The 21 purchase agreements were signed late Monday during a global trade conference sponsored by the council in Milwaukee, Wisconsin.

These routine buying missions occur yearly, reflecting China's huge demand for oilseeds and grains globally, traders said.

China, the world's largest soybean buyer, purchased 28 million tonnes of U.S. soybeans during the 2013/14 crop season, or 60 percent of all U.S. sales. With or without the agreements, China is expected to buy some 30 million tonnes of U.S. soybeans during the 2014/15 marketing year, which runs Sept. 1, 2014, to Aug. 31, 2015.

Purchase agreements, or letters of intent, are not binding sales contracts but are traditionally honored by trading partners, traders say.

Some exporters declare the agreements to the U.S. Department of Agriculture, and they are then reported as sales per the government's daily reporting rules.

The signing of agreements a year ago led to USDA reporting its largest one-day export sale during the 2013/14 marketing season when the agency reported soybean sales of 2.112 million tonnes on Sept. 18, 2013.

This week's delegation tour coincided with USDA on Thursday reporting large one-day soybean sales of 810,000 tonnes, including 240,000 tonnes of U.S. soybeans to China.

Another 210,000 tonnes of U.S. soybeans went to unknown destinations and 360,000 tonnes of optional-origin soybeans to China.

China Rejections Leave $100 Mln of U.S. Grain in Limbo, JCI Says

By Bloomberg News

Sept. 17 (Bloomberg) -- Over 500,000 mt of dried distillers grain in containers imported from U.S. sitting in Chinese ports after quarantine rejections, Li Qiang, chairman of Shanghai JC Intelligence, says by phone today.

- Shipments, avg $200/mt, rejected after testing positive for MIR 162, transgenic corn trait China doesn't allow
- Value of grain declining as much of it stored for months, while owners refuse to ship it out of China to avoid

  further costs: Li
- Ports include Shanghai, Qingdao, Guangzhou: Li
- Port authorities eager to clear spaces clogged by containers: Li

Argentina's Congress Approves Supply Law; Business Frets

By Hugh Bronstein

BUENOS AIRES, Sept 18 (Reuters) - A bill that would allow Argentina's government to intervene further in the nation's troubled economy narrowly passed its final legislative hurdle early on Thursday when the House of Deputies voted 130-105 to approve the so-called supply law.

The measure, frowned upon by big business and the country's key grain sector, allows the government to determine private industry production levels and confiscate merchandise from companies judged to have increased prices unjustifiably.

President Cristina Fernandez, who has increased the state's role in Latin America's No. 3 economy during her nearly seven years in power, is expected to sign the measure into law.

House member Diana Conti of the ruling "Frente para la Victoria" coalition said during the marathon debate that the new rules would "help us ensure that the executive branch has the instruments needed to protect consumers."

Advocates say the measure, which had already passed the Senate, is also designed to stem job losses in times of crisis.

Leaders from the agricultural, banking, industrial and retail sectors vow to sue to get the law thrown out on grounds that it violates private property and trade rights.

Markets, already rattled by Argentina's July debt default, will watch closely to see how the new rules are enforced in a country where private economists expect inflation of more than 30 percent this year as the peso weakens and the economy shrinks.

The farm sector worries that the measure will allow the state to grab corn and wheat crops if it decides domestic food prices are too high. Economy Minister Axel Kicillof said those fears were unfounded.

"The state does not want to intrude on the economy, but it does have to regulate the economy," Kicillof told local radio while the bill was being debated Wednesday afternoon.

"The government does not have the ability or the desire to control all the comings and goings of the economy, all the prices, or go confiscate grains from the silos," he added. "That's all fantasy."

But Martin Fraguio, executive director of Argentina's Maizar corn industry chamber, told Reuters the measure threatened farmers' rights over their own crops.

"This puts the entire corn chain - planting, harvesting, buying and selling - at risk," Fraguio said.

Argentina is the world's No. 4 corn exporter and No. 3 supplier of soybeans.