

WEEKLY NEWS ARTICLE UPDATE



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Export Sales Highlights

This summary is based on reports from exporters for the period August 22-28, 2014.

Soybeans: Net sales reductions of 87,700 MT for 2013/2014 were down 40 percent from the previous week and down noticeably from the prior 4-week average. Increases reported for Mexico (900 MT), Indonesia (600 MT), Italy (100 MT), and Canada (100 MT), were more than offset by decreases for China (55,000 MT), unknown destinations (32,100 MT), Vietnam (1,200 MT), and Taiwan (900 MT). Net sales of 869,000 MT for 2014/2015 were primarily for China (338,300 MT), unknown destinations (293,100 MT), Spain (55,000 MT), Turkey (54,000 MT), Mexico (35,100 MT), and Indonesia (35,000 MT). Decreases were reported for Canada (29,600 MT). Exports of 36,400 MT--a marketing-year low--were down 82 percent from the previous week and 71 percent from the prior 4-week average. The primary destinations were Mexico (20,900 MT), Taiwan (6,000 MT), Indonesia (4,700 MT), Japan (2,900 MT), and Vietnam (1,300 MT).

Optional Origin Sales: For 2013/2014, decreases were reported in optional origin sales to China (55,500 MT). Outstanding optional origin sales total 55,000 MT, all China. For 2014/2015, new optional origin sales totaling 55,500 MT were reported for China. Outstanding optional origin sales total 1,078,000 MT, and are for China (913,000 MT), Egypt (120,000 MT), and Mexico (45,000 MT).

Soybean Cake and Meal: Net sales 32,000 MT for 2013/2014 were for Guatemala (12,300 MT, switched from unknown destinations), Mexico (11,900 MT), the Philippines (7,800 MT), Canada (6,300 MT), El Salvador (6,200 MT, including 5,800 MT switched from unknown destinations), and Belgium (1,600 MT). Decreases were reported for unknown destinations (17,700 MT) and Jamaica (500 MT). Net sales of 177,500 MT for 2014/2015 were reported primarily for unknown destinations (59,100 MT), Pakistan (40,000 MT), Turkey (25,000 MT), and Guatemala (15,600 MT). Decreases were reported for Nicaragua (5,100 MT). Exports of 88,100 MT were up 44 percent from the previous week and 7 percent from the prior 4-week average. The primary destinations were Mexico (22,600 MT), the Dominican Republic (17,600 MT), Canada (17,100 MT), Guatemala (12,300 MT), and Jamaica (7,000 MT).

Soybean Oil: Net sales reductions of 1,300 MT for 2013/2014 were up 89 percent from the previous week, but down noticeably from the prior 4-week average. Increases reported for Canada (4,600 MT), Jamaica (500 MT), Mexico (400 MT), and the Dominican Republic (200 MT), were more than offset by decreases for Switzerland (7,000 MT) and unknown destinations (100 MT). Net sales of 3,400 MT for 2014/2015 reported for the Dominican Republic (5,400 MT) and Colombia (2,000 MT), were partially offset by decreases for unknown destinations (4,000 MT). Exports of 3,600 MT were down 84 percent from the previous week and 75 percent from the prior 4-week average. The primary destinations were Mexico (3,300 MT), Trinidad (100 MT), and Canada (100 MT).

Optional Origin Sales: For 2013/2014, outstanding optional origin sales total 2,000 MT, all Nicaragua.

[ANALYSIS-Argentine Farmers See Grains Surge if Next President Opens Market](#)

02-Sep-2014 11:04

By Hugh Bronstein

BOLIVAR, Argentina, Sept 2 (Reuters) - Grains powerhouse Argentina could increase soy, corn and wheat output by as much as a fifth if the president elected next year scraps export quotas, eases taxes and reverses other policies that have slowed investment, farmers and commodity traders say.

Relations between Argentina's growers and President Cristina Fernandez are riven by disagreements over interventionist policies that farmers say have sapped profits, hurt the currency and helped fuel one of the world's highest inflation rates.

Argentina is the world's No. 3 soybean exporter and the top supplier of soymeal livestock feed, much of it shipped to Asia. It is also a major exporter of corn and wheat.

But its farmers have been stung by government policies and this year's dive in global grains prices caused by U.S. bumper crops. Their main hope is that whoever wins the October 2015 election will ease the pressure and help them capitalize on growing world food demand.

"What we need is a free market and consistent policies that allow us to plan and invest," said Pedro Vigneau, the fifth generation of his family to work a 1,400-hectare farm near the town of Bolivar in the breadbasket province of Buenos Aires.

The early election front-runners are more market-friendly than leftist Fernandez, who in July presided over Argentina's second bond default in 12 years. She has led Argentina for two terms and is constitutionally barred from seeking a third.

Mauricio Macri, mayor of Buenos Aires and one of the front-runners, has promised to abolish wheat and corn export curbs and phase out Fernandez's 35 percent tax on soybean exports.

Neither the United States nor Brazil, which jostle for rank of top soybean exporter, tax exports.

"Export taxes will be immediately eliminated on all products except for soy, which will be done gradually," Macri has said, also vowing to turn agriculture into "a true motor for economic development" by making corn, wheat and sunflower farming more profitable.

Other candidates with high approval ratings, like Buenos Aires state governor Daniel Scioli and Congressman Sergio Massa, echo Macri's investment-friendly stance but so far have shied from offering such specific farm policy plans.

"Any of the three would try to shift agriculture policy toward a more free market orientation," said Mariel Fornoni, a partner at the Management & Fit political consultancy.

Vigneau said his farm's grains and oilseed output could shoot up 20 percent to about 3,780 tonnes if the next government scraps export taxes and quotas.

It's an assessment echoed by other farmers and grains traders. Should the next president take a serious stab at policy reform, they say total grains and oilseed output would grow quickly from today's base of about 100 million tonnes per year.

"Today we would be at about 125 million tonnes if we were free of these government interventions," said Ernesto Ambrosetti, chief analyst at the Argentine Rural Society, which represents some of the country's biggest farms.

Overall grains and oilseed output has climbed over the last decade thanks to farmers' embrace of no-till planting techniques and genetically modified seeds that increase yields.

Still, two Buenos Aires-based grains traders agreed that Argentina continues under-producing by about 20 percent.

DISPUTES

Agriculture consultant Pablo Adreani is factoring a change toward "more logical policies" into his 2015/16 crop forecasts.

From the 10 million tonnes of wheat produced by Argentina in the 2013-14 season, Adreani expects output of 15 million tonnes by 2015-16. From 55 million tonnes of soy this crop year, he expects 60 million tonnes in 2015/16 and from 25 million tonnes of corn he sees a jump to 30 million.

But some of the reforms sought by farmers on the Pampas grains belt, which covers an area larger than Texas, would be difficult to implement.

The next president will likely inherit an economy in or wriggling out of recession, a widening fiscal deficit and thin foreign reserves, leaving little room to maneuver.

The 35 percent tax on soybean export revenue - which comes on top of farm income, land and road taxes - helps the government fund hefty energy and transport subsidies and generous social welfare benefits.

The government says soy farming is so profitable that growers can afford to pay a high export tax, and that without it they would plant less corn and wheat needed for domestic consumption.

It also argues that the curbs on corn and wheat exports help guarantee local supplies, keeping food prices under control.

In 2008, thousands of growers went on strike against another proposed tax hike and Fernandez had to back down. Her dealings with the sector have been icy ever since.

"We will start talking with whoever wins, so it's got to get better," Vigneau said. "Until then we are limited because we are in a permanent fight with this government."

The debt default in late July has already raised the cost of financing crops and farmers are hoarding soy because they expect the ailing peso currency to weaken further.

Official data shows farmers have sold 55.5 percent of their soybeans so far this season, down from 64.4 percent at the same point last year.

'PLAYING DEFENSE'

Vigneau says the need for predictable government policies can be seen on his feed lot where 1,400 cows gather in knee-high mud. He wants to lay concrete to help them get to their food.

"Today I read in the newspaper that the government is cutting off beef exports for 15 days because the price of steak is rising. But no one knows if this 15 days will be extended for six months," 45-year-old Vigneau said. "So I don't know if I can afford to improve my feed lot. With policy certainty, investment would grow considerably."

Another possible presidential candidate is Julian Dominguez, who served as Fernandez's farm minister from 2009 to 2011 and now leads the ruling coalition in the lower house of Congress.

Dominguez has distanced himself from Fernandez's policies, saying he would "revise" the export quota system.

The variable quotas make it tough for growers to know how much corn and wheat to plant. So they shy away from those two and plant more soybeans, a trend that can damage soils if crop rotation is stepped up.

"What we plant this year will be harvested under the current government. So we are still playing defense," said David Hughes, who manages thousands of hectares in Buenos Aires province.

"What we plant next year will be harvested under a new government that is sure to be more open to us," said Hughes. "We'll tell them that to be competitive we need the basics, starting with open access to the market. We can do the rest."

[FCStone Raises U.S. 2014 Corn, Soybean Crop Forecasts](#)

CHICAGO, Sept 2 (Reuters) - Commodity brokerage INTL FCStone [INTL.O](#) on Tuesday said it raised its forecast of U.S. 2014 corn production to 14.595 billion bushels, from 14.455 billion in its previous monthly report.

The firm raised its corn yield estimate to 174.1 bushels per acre, from 172.4 last month.

INTL FCStone raised its forecast of U.S. 2014 soybean production to 4.0 billion bushels, from its August forecast of 3.865 billion bushels. The firm forecast the average soybean yield at 47.6 bushels per acre, up from its August estimate of 46.0 bushels per acre.

The estimates are based on a survey of the company's customers, among other factors. FCStone said it relied on the U.S. Department of Agriculture's current estimates of harvested acres.

The figures compare with the USDA's current U.S. corn production forecast of 14.032 billion bushels, with an average yield of 167.4 bushels per acre. USDA has forecast soybean production at 3.816 billion bushels, with an average yield of 45.4 bushels per acre.

[Allendale Farm Survey Forecasts U.S. Corn, Soy Yields Above USDA's View](#)

CHICAGO, Sept 3 (Reuters) - Research advisory firm Allendale Inc said on Wednesday it forecast the 2014 U.S. corn crop at 14.409 billion bushels and soybeans at 3.884 billion, both above the government's latest estimates, based on a survey of farmers in 27 states.

The projections reflect an average yield forecast of 171.9 bushels per acre for corn and 46.4 bushels for soybeans.

Timely rains and cool temperatures this summer were seen boosting yield potential for both corn and soybeans. But crops in the northern states lagged in maturity due to planting delays and were at risk if hit by an early frost.

Allendale's estimates compare with the U.S. Department of Agriculture's forecast for a 14.032 billion-bushel corn crop, with an average yield of 167.4 bpa, and soybean production at 3.816 billion bushels with a yield of 45.4 bpa.

The survey was conducted Aug. 18-29.

German Top Supermarkets Demand Return to GMO-Free Fed Poultry

It was announced last Thursday that the German supermarkets, with a broad consensus, recently demanded from the German Poultry Association (ZDG) to stop using GMO feed for both egg and poultry meat production, starting from January 1st 2015. That is the date when the retailers want to receive GMO-free fed products again, meaning poultry suppliers will have to rush to get their feed supply chains free from GMO feed onceIn February this year, the ZDG unilaterally declared that it was stopping using GM-free animal feed, following similar moves by other associations in England and Denmark. The reasons provided for the step after over a decade of GMO-free feeding were an alleged shortage of GMO-free soya, the risk of contamination, and the associated legal uncertainty.

However, following close consultation with Brazilian authorities, the German supermarkets have realized that the reasons given by ZDG do not stand up: There is clearly enough Brazilian GMO-free feed in the system to supply Europe's needs.

Global GMO Free Coalition Coordinator, Henry Rowlands, stated: "The wool has been pulled over the eyes of retailers across Europe by the GMO industry over the past year. We welcome the news that they have started to fight back in the interest of their customers, who do not want to buy GM-fed eggs and meat."

Claire Robinson of Earth Open Source, a Global GMO Free Coalition partner organisation, said, "Retailers must ensure that their GMO-free feed requirements are communicated all the way along the supply chain to the Brazilian soymeal exporters."

Vandana Shiva of Navdanya (India), added: "This is an important step towards food democracy, the right to choose what you eat, and the right to know how it was produced."

"By taking a stand against the biotech and poultry industries, German supermarkets have proven that it's possible to respond to consumer demand for poultry that is fed non-GMO feed and in doing so, force significant changes to the supply chain despite pressure from Monsanto and industry trade associations," said Ronnie Cummins, international director of the Organic Consumers Association and its Mexico affiliate, Via Organica.

Sayer Ji of Greenmedinfo.com, commented: "The use of glyphosate-contaminated GMO feed in poultry adds significant toxicological risks to the food chain both through bioaccumulation of agrochemicals and the shift in microbial communities within poultry towards higher pathogenicity. This promising decision by Germany's leading supermarkets should be applauded and used as an example of where the rest of the world should head for both a safer and more sustainable business model."

ZDG has reacted to the pressure from the supermarkets and consumers by proposing to the retailers to set up a working group to discuss options, but the truth is they do not look as if they have many. The argument of insufficient availability of non-GMO soya has been formally retracted by the ZDG.

The German retailers also indicated that they will demand a completely GMO-free feed supply chain in all animal feed sectors, including dairy, pork and beef as a next step that is to follow relatively soon.

In 2013 12 supermarkets from across Europe signed the Brussels Soy Declaration, stating that they want EU consumers and farmers to have a choice to eat and use non-GMO soy. This development came soon after the announcement by some UK supermarkets that they would abandon requirements that their poultry suppliers use non-GMO feed.

[Brazil's 2014/15 Soy Crop Seen at Record 98 MMT - Lanworth](#)

SAO PAULO, Sept 3 (Reuters) - Brazil's 2014/2015 soy crop is seen at a record 98 million tonnes compared with the harvest completed earlier this year of 85.7 million tonnes, analysts at Lanworth said in the forecasters latest report on the country's grain crop.

Brazil's total 2014/15 corn crop is seen at 79 million tonnes versus 78.6 million tonnes this season.

[Argentine Tax Agency Seeks GPS Location of Grain Stocks: Clarin](#)

By Daniel Cancel

Sept. 3 (Bloomberg) -- Argentina's AFIP requiring farmers to provide new requirement this yr to locate where they are storing soybeans, corn, Clarin reported. There are still about 27m tons of

soybeans from record harvest being held by farmers in silo bags, or half of total. Farmers worried that GPS data will be used to force them to sell grains as government needs dollars from exports

Colorado's 'Blue Book': GMO Labeling Will Raise Grocery Prices

By Dan Flynn | September 5, 2014

This year's "Blue Book," the state-produced voter's guide written by Colorado's Legislative Research Council, will tell general election voters that requiring labeling of genetically engineered ingredients will raise food prices and cost consumers.

It is a major setback for Proposition 105, which only last month was approved for the ballot after a last-minute paid signature-gathering drive by the Right to Know Colorado GMO Committee. About 130 signature gatherers, who together got checks totaling about \$50,000, were able to qualify the initiative for the November ballot when about three out of four signatures submitted to the Colorado Secretary of State were found to be valid.

Such paid signature-gathering campaigns are common for initiatives. However, when turning in signatures, the GMO Right to Know Colorado campaign tried to depict the campaign as primarily a voluntary effort. Pages of payments to signature gatherers, however, were only recently reported to the Colorado Secretary of State.

The fact that labeling mandates would cost consumers money is not new. Sara Froelich, spokeswoman for the opposition Coalition Against the Misleading Labeling Initiative, said that food prices "will absolutely rise" to the tune of hundreds of dollars for the average family.

However, to have Colorado's "Blue Book" making the same point is a huge plus for the opposition because the voter guide is viewed as the only factual source for wading through the state's complicated ballot measures. And the inclusion of the cost of GMO labeling is seen as so significant that the decision to include it quickly went viral on Twitter and political blogs in the state.

The importance of what is printed in a state voter's guide was illustrated as recently as last November when the "No" campaign on Initiative 522 in Washington state was seen as having "won" the pro-and-con debate format included in that publication.

Voters in all-mail-ballot states such as Washington, Oregon and Colorado have become accustomed to putting their voter guides and ballots aside in one place until they are ready to "read and vote."

GMO labeling initiatives so far have failed in both California and Washington. In those states, the initiatives started out with huge leads but support eventually collapsed under the weight of heavy opposition spending and largely unfavorable editorials in local newspapers.

The Right to Know Colorado GMO campaign has raised \$192,442 since its inception last year and has just under \$40,000 on hand. The opposition Coalition Against Misleading Labeling Initiative has raised a little less than \$200,000, and, for the period ending Aug. 27, had a negative fund balance of \$28,282.

It has signed up Winner & Mandabach and Fairbank, Maslin, Maullin, Metz & Associates, two experienced California ballot initiative firms that usually end up on the winning side. Half of the coalition's contributions have come from the Grocery Manufacturing Association.

Oregon voters will also vote on a GMO labeling ballot measure in November. In all four states, the organic industry provided significant funding to qualify the ballot measures.

The U.S. Food and Drug Administration, the American Medical Association, the World Health Organization, Health Canada, the U.S. Department of Agriculture, the U.N. Food and Agricultural Organization and the National Academies of Science all find genetically modified food ingredients safe, with no negative health effects associated with their use.

[Caution Reigns as Brazil Soy Farmers Prepare Another Record Crop](#)

By Gustavo Bonato

SAO PAULO, Sept 5 (Reuters) - Brazilian soy farmers are about to start sowing what could be a third consecutive record crop, but caution is their motto as near-term weather forecasts are less than ideal and low grain prices combined with rising costs are squeezing margins.

Soybean planting in Brazil's leading agricultural states is only allowed after Sept. 15, following a period of three months in which the land must be left fallow to avoid the spread of disease in the tropical soil.

Many farmers, aiming for a quick harvest that would allow them to plant a second crop of corn under the best conditions, hope to begin sowing seed in the first days of the season.

But in the center-west grain belt the weather is not likely to accommodate that goal. Steady rain is not forecast until mid-October, in line with the region's historical climate patterns but later than many farmers had hoped.

"It's going to be risky to plant in the dry earth this year, hoping for the rain to come," said meteorologist Marco Antonio dos Santos of local meteorology firm Somar. "We don't see regular rain immediately after September 15."

Nery Ribas, technical director at Mato Grosso state's Aprosoja farmer's association, agreed.

"The risk of planting before regular rain is too high. Only a few will take the chance," he said. "We cannot afford to waste the initial investment by having to replant fields."

Waiting another month to plant soybeans would not affect the size of the soy crop, but it would delay the planting of a second crop of corn or cotton, reducing farmer's potential profits.

Indeed, many private consultancies published their estimates for Brazil's 2014/15 soybean crop this week and not a single one pegged production below 90 million tonnes, which would beat the past season's record of 85.65 million.

Another reason farmers are not likely to force early planting is the rising cost of soybean seeds, fertilizers and pesticides: up 15 percent from a year ago according to the Mato Grosso state farm institute Imea. The price of seeds alone has climbed 40 percent since mid-2013.

Meanwhile, benchmark soybean prices have fallen 33 percent on the Chicago Board of Trade (CBOT) in the past 12 months.

"Costs are fixed. The problem now is the prices for the soybeans. Our message to farmers is caution, caution, caution," Ribas said.

Emerson Nunes, an agronomist in charge of monitoring grain crops at Cocamar, one of the largest co-operatives in No. 2 soy state Parana, said farmers are worried about the profit outlook. The United States, which is Brazil's biggest competitor in the soybean market, is getting ready to harvest a record crop, pushing down international prices.

"Some may use seeds saved from last season or avoid buying agro chemicals in advance," Nunes said.

The weather forecast for the season's first weeks is not the one farmers wished for, but the outlook for the entire period indicates a record crop.

The El Nino weather phenomenon could hit Brazil with mild intensity in the coming months, boosting much desired rainfall during the growing period, forecasters said.