

WEEKLY NEWS ARTICLE UPDATE



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Export Sales Highlights

This summary is based on reports from exporters for the period December 26-January 1, 2015.

Soybeans: Net sales of 910,600 MT for 2014/2015 were up 49 percent from the previous week and 39 percent from the prior 4-week average. Increases were primarily for China (550,100 MT, including 120,000 MT switched from unknown destinations and decreases of 138,500 MT), the Netherlands (134,400 MT, including 70,000 MT switched from unknown destinations and 60,000 MT switched from China and decreases of 1,700 MT), Mexico (82,000 MT), Egypt (67,700 MT), Germany (67,000 MT), and Morocco (15,000 MT). Decreases were reported for unknown destinations (39,300 MT) and Taiwan (1,000 MT). Exports of 1,690,300 MT were up 59 percent from the previous week, but down 12 percent from the prior 4-week average. The primary destinations were China (1,001,600 MT), the Netherlands (134,400 MT), Mexico (110,300 MT), Taiwan (100,200 MT), Egypt (67,700 MT), and Germany (67,000 MT).

Optional Origin Sales: For 2014/2015, optional origin sales totaling 5,600 MT were reported for Egypt. Options were exercised to export 67,700 MT to Egypt from the United States. Outstanding optional origin sales total 823,000 MT, all China.

Exports for Own Account: Exports for own account totaling 24,400 MT were reported to Canada. Exports for own account totaling 67,700 MT to Canada were applied to new or outstanding sales. The current exports for own account balance is 1,900 MT, all Canada.

Export Adjustments: Accumulated exports to the Netherlands were adjusted down 66,983 MT for week ending December 11th. The correct destination is Germany and is included in this week's report.

Soybean Cake and Meal: Net sales of 37,300 MT for 2014/2015 were down 76 percent from the previous week and 75 percent from the prior 4-week average. Increases were reported for Spain (40,000 MT, switched from unknown destinations), Mexico (19,500 MT), Honduras (15,700 MT, including 7,400 MT switched from unknown destinations and decreases of 400 MT), Canada (10,900 MT), Colombia (5,900 MT), and Nicaragua (4,400 MT). Decreases were reported for unknown destinations (67,900 MT) and Trinidad (300 MT). Net sales reductions of 100 MT for 2015/2016 were for Canada. Exports of 216,200 MT were up 16 percent from the previous week, but down 17 percent from the prior 4-week average. The primary destinations were Thailand (61,200 MT), Spain (40,000 MT), the Philippines (33,600 MT), Mexico (33,300 MT), Canada (13,200 MT), and Israel (8,300 MT).

Soybean Oil: Net sales of 30,200 MT for 2014/2015 were up 22 percent from the previous week and 47 percent from the prior 4-week average. Increases were reported for South Korea (11,000 MT), the Dominican Republic (9,500 MT), Peru (8,900 MT), and Mexico (600 MT). Exports of 13,700 MT were down 53 percent from the previous week and 52 percent from the prior 4-week average. The primary destinations were South Korea (11,000 MT), Mexico (2,200 MT), New Guinea (300 MT), and Canada (100 MT).

Government Grain Stockpile Crushing China's Domestic Market

The grain inventory the Chinese government stockpiled to bolster prices and protect the livelihood of farmers is now stalling tall and idle without a modern food processing industry to consume it, reports the Chinese-language China Business News.

Mu Yiankuei, owner of a major food processing firm, said that despite the good intentions, the government's practice has given rise to some grave side effects, including the disruption of the normal circulation of grains on the market and hindrance of the healthy development of the food processing industry.

Many grain processing enterprises have been forced to close down because of a lack of grain supply, one example being rice factories in northeastern China. Nearly 80% of them have folded their operations.

The grain purchase has entailed a heavy financial burden on the government, which has been spending several hundreds of billions of yuan in buying up grains a year. These are on top of the costs for infrastructure, custody of the stockpiled grains and interest on funds for the purchases.

The stockpiled grains are typically kept in warehouses for one to three years before their release into the market, greatly affecting their quality. In addition, the government purchase has jacked up domestic grain prices, inducing imports or even the smuggling of low-cost grains from neighboring nations into China. In the same vein, it has distorted the domestic market. In one instance, farmers looking to make an extra buck off of higher prices in northeastern China, prices set off by official grain purchases, began selling their maize en masse from northern China. According to rough statistics, over 5 million tons of maize flowed from Hebei to Liaoning province in 2014.

Mu Yiankuei urged the government to intensify its support for the development of a modern grain processing industry, thereby laying a firm foundation for grain safety and management.

[Falling Currency Could Benefit Brazilian Farmers](#)

Sao Paulo, Jan 6 (EFE).- The depreciation of the Brazilian currency will make up for the drop in grain prices, ultimately benefiting Brazil, one of the world's largest producers, a University of Sao Paulo, or USP, study found.

Export prices at the port of Paranagua for a 60-kilo (132-pound) bag of soybeans should remain between \$23.60 and \$24.80, among the lowest since 2010, Lucilio Alves, one of the study's authors, said.

Soy oil prices should drop from \$794 per ton in January to \$747 per ton by April, but the fall of the real against the U.S. dollar will compensate for the drop, the study said.

The USP study projected that the United States, Argentina and Brazil would have record grain harvests in the 2014-2015 season.

The "2014 Summary and 2015 Prospects" report, released by the National Agriculture Federation, forecasts a 2.7 percent increase in the gross value - measured in reais - of Brazil's farm production in 2015.

The National Agriculture Association, for its part, published a report projecting a record harvest of 200 million tons this year.

Overall, the estimates call for a rise in coffee prices and demand for beef now that Brazil has started exporting to Russia, China and Saudi Arabia, among other new markets, helping to offset the fall in world grain prices. EFE

U.S. Agriculture Groups Form Cuban Coalition

1/9/2015 - by World Grain Staff

WASHINGTON, D.C., U.S. — More than 25 U.S. food and agriculture companies and associations have formed a coalition that seeks to end the U.S. embargo on Cuba and advance trade relations between the nations.

The U.S. Agriculture Coalition for Cuba (USACC) was publicly launched on Jan. 8 in Washington, D.C., U.S. This comes on the heels of President Barack Obama announcing on Dec. 17 that the U.S. would begin discussions to renew diplomatic relations with Cuba.

The coalition will be led by Devry Boughner Vorwerk, director of international business relations at Cargill Inc. Paul Johnson, president of Chicago Foods International LLC, will serve as vice-chair of the coalition.

The USACC said it wants to advance trade relations between the U.S. and Cuba by reestablishing Cuba as a market for U.S. food and agriculture exports. The USACC said it believes that normalizing trade relations between the U.S. and Cuba will provide the U.S. farm and business community with new market access opportunities, drive enhanced growth in both countries and allow U.S. farmers, ranchers and food companies to efficiently address Cuban citizen's food security needs.

Under current sanctions, U.S. food and agriculture companies can legally export to Cuba, but financing and trade restrictions limit their ability to serve the market competitively, the USACC said. Ultimately, the group said it seeks to end the embargo and allow for open trade and investment.

USACC members include: American Farm Bureau Federation, American Meat Institute, American Soybean Association, Corn Refiners Association, Illinois Cuba Working Group, Illinois Soybean Growers, International Dairy Foods Association, National Association of State Departments of Agriculture, National Association of Wheat Growers, National Barley Growers Association, National Chicken Council, National Council of Farmer Cooperatives, National Farmers Union, National Grain & Feed Association, National Oilseed Processors Association, National Turkey Federation, North American Export Grain Association, Soyfoods Association of North America, U.S. Wheat Associates, United Soybean Export Council, U.S. Canola Association, U.S. Dry Bean Council, U.S. Soybean Export Council, USA Rice Federation, Chicago Foods International, Cargill and CoBank.

More information on the group is available at www.usagcoalition.com.

The American Soybean Association (ASA) said the demand for soy products is growing exponentially in Cuba, which means a significant new market for American soy growers.

"Like any new and developing market, Cuba represents a great opportunity for soybean farmers in the U.S.," said ASA President Wade Cowan. "We are proud to be part of the USACC because expanding our relationships with markets like Cuba generates concrete value for American farmers by increasing demand not only for soybeans, but also for the livestock and meat products that make up our largest customer base. While we've been able to sell beans in Cuba for years now, we're a long way from being completely open for business in that country. As part of the USACC, we'll work with our fellow organizations at all points in the supply chain to ensure that the relationship between the U.S. and Cuba is one that benefits both our countries."

[Brazil Has No Land Barons, New Agriculture Minister Says](#)

Brasilia, Jan 5 (EFE).- Brazil is not a nation of land barons, new Agriculture Minister Katia Abreu says in an interview published Monday by Folha de Sao Paulo newspaper, despite figures showing that 1 percent of farmers hold nearly half the arable land.

"The large estates no longer exist," the former senator said as she argued for scaling back an agrarian reform program that peasant organizations already regard as inadequate.

Instead of a "massive" program, the government should concentrate on providing high-quality land to peasants who have a "vocation" for work, Abreu said.

The 52-year-old rancher became agriculture minister on Jan. 1, hours after President Dilma Rousseff began her second term.

Rousseff, who leads the center-left Workers Party, has faced criticism from traditional allies over her appointment of Abreu, a member of a conservative party within the governing coalition.

While the MST Landless Workers views Abreu as an enemy because of her hostility to agrarian reform, environmentalists dubbed her the "Chainsaw Queen" for her efforts in Congress to weaken legislation protecting the Amazon rainforest.

The new minister told Folha de Sao Paulo that she hopes for dialogue with peasant organizations, though she will continue to denounce the MST for its tactic of occupying farms or government offices to press for land reform.

Abreu also reiterated her support for a controversial bill that would give Congress authority over the boundaries of indigenous reservations.

Representatives of Brazil's indigenous peoples don't want those decisions left up to Congress, where landowners and agri-business enjoy enormous clout due to the presence of blocs of sympathetic lawmakers such as the one Abreu led when she was in the Senate.

Farmers Ready to Juggle Acreage Mix in 2015

Record crops and low prices have farmers embracing change in 2015, with acreage shifts continuing to move fields from corn to soybeans, according to the latest Farm Futures survey.

"Potential for big surprises in the Jan. 12 USDA reports could put even more ground into play," says Bryce Knorr, Farm Futures senior market analyst.

The magazine's final survey of 2014 shows smaller corn and soybean crops due mostly to lower than previously reported acreage. Farmers harvested 14.197 billion bushels of corn in 2014, a record, but down 210 million from USDA's last estimate. Farmers reported harvesting more than 1 million acres less than the government currently estimates. Yields should be down a little as well, falling to 173 bushels per acre (bpa), 0.4 bpa less than USDA's last projection.

The survey showed a similar trend in soybeans. While total production was a record 3.844 billion bushels, that was 114 million less than USDA's estimate. Farm Futures put soybean harvested acreage down 1.3 million, with the yield at 46.8 bpa, compared to USDA's 47.5 bpa.

"Coupled with strong demand, especially for soybeans, the reduction in production should convince USDA to lower its estimate of 2014 crop ending stocks," says Knorr, who conducted the research. "That could trigger rallies as farmers finalize planting choices for this spring."

Farm Futures first survey of 2015 planting intentions conducted late last summer showed growers ready for a massive move into soybeans, which appeared more profitable than corn at the time. That advantage receded during the post-harvest rally, but farmers said they still want to boost their bean seedings this spring at the expense of corn.

"Our latest survey found growers ready to put in even more soybeans," says Knorr. That's 88.3 million acres in all, almost 5% more than USDA currently forecasts for 2014 and nearly 2% more than the August Farm Futures survey found. Some of the additional ground would come from corn, where plantings could fall to 88.5 million, down 2.2% from Farm Futures August estimate and 2.6% less than USDA's current estimate for 2014.

USDA reports its first estimate of winter wheat seedings Jan.12, with significant changes likely for that crop too. Farm Futures puts total winter wheat seedings at 42.6 million, down 2.3% from August but up .6% from 2014.

"Farmers in the eastern Midwest seeded less soft red winter wheat due to the late fall harvest," says Knorr. While USDA won't report planting intentions for spring crops until March 31, Farm Futures' survey found farmers ready to increase seedings of both spring wheat and durum. That would boost total wheat acreage to 57.6 million, up 1.4% from 2014.

"Growers have even more flexibility this spring with planting choices because less fertilizer was applied last fall than normal," Knorr says. "Farmers told us they put down 5% less nitrogen than normal, and applications of phosphates and potash were 6% to 7% lower."

Farm Futures surveyed more than 1,650 farmers by email Dec. 17 - Jan. 3. Results were reported at the opening of the 9th annual Farm Futures Business Summit in St. Louis.

[Argentina Denounces Farmer Soy Hoarding, Says Hurts State Income](#)

By Hugh Bronstein

BUENOS AIRES, Jan 8 (Reuters) - Argentine growers hoarding soybeans to protect themselves from inflation are hurting both state and farm income in the world's No. 3 exporter of the oilseed, a top government official said on Thursday.

The South American country pioneered the use of plastic horizontal silos to stockpile grains. Growers are hanging onto soybeans, which are priced in U.S. dollars, as a hedge against annual inflation estimated by the government at 24 percent but seen as much higher by private economists.

"Farm groups have opportunistically begun speculating against the government by advising growers to hoard grains at the same time that prices are going down," Cabinet Chief Jorge Capitanich told a news conference. "This generates a loss of income for both the country and for growers."

The white bags that run for tens of meters and have come to dot the Pampas grains belt are sometimes ripped open by vandals. Asked about the vandalism by a reporter, Capitanich said it was a problem for local police, not the national government.

"Farmers are free to do what they want, but they are also responsible for every one of their actions," he said.

International shipments of soybeans, Argentina's main cash crop, are taxed at 35 percent, and currency controls force Argentine exporters to convert dollar income into local pesos.

So the farm sector is a key source of central bank foreign reserves used by President Cristina Fernandez to finance Latin America's ailing No. 3 economy. Repeated sovereign bond defaults and heavy-handed trade controls have pushed gross domestic product into negative territory while inflation rages.

Fernandez has been at loggerheads with the farm sector since her government was shaken by massive protests against her tax policies in 2008. The feud deepened recently when the country's main state-controlled bank cut off credit to growers found to be stockpiling soy and corn.

CBOT soybean futures have firmed to around \$10 a bushel since hitting a 4-1/2 year low in October. They remain down 25 percent from the end of June, pressured by a record-large U.S. crop and prospects for big South American harvests.

The Rosario grains exchange in Argentina forecasts the country's 2014/15 soy harvest at a record 55 million tonnes.