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 June 12-18, 2015.

Soybeans: Net sales of 118,800 MT for 2014/2015 were down 11 percent from the previous week and 37 percent from the prior 4-week average. Increases were reported for Mexico (76,600 MT), unknown destinations (28,400 MT), Japan (27,300 MT), Pakistan (17,000 MT), Turkey (15,000 MT), and Colombia (14,400 MT). Decreases were reported for China (60,500 MT), Israel (10,500 MT), and Costa Rica (1,000 MT). Net sales of 202,500 MT for 2015/2016 were reported for unknown destinations (119,300 MT), Mexico (35,900 MT), Japan (22,300 MT), Taiwan (21,500 MT), Vietnam (3,000 MT), and Indonesia (500 MT). Exports of 150,000 MT were down 58 percent from the previous week and 49 percent from the prior 4-week average. The primary destinations were Mexico (59,800 MT), Japan (29,700 MT), Taiwan (26,700 MT), Peru (13,200 MT), and Canada (4,800 MT).

Optional Origin Sales: For 2014/2015, outstanding optional origin sales total 475,000 MT, all China. For 2015/2016, outstanding optional origin sales total 385,000 MT, all China.

Exports for Own Account: Exports for own account totaling 4,300 MT to Colombia were applied to new or outstanding sales. The current exports for own account balance is 1,900 MT, all Canada.

Soybean Cake and Meal: Net sales of 106,300 MT for 2014/2015 were up 11 percent from the previous week and 6 percent from the prior 4-week average. Increases were reported for Colombia

(30,500 MT), Venezuela (28,000 MT), Canada (14,700 MT), Guatemala (11,900 MT, including 7,900 MT switched from unknown destinations), Honduras (10,000 MT, including 8,400 MT switched from unknown destinations), and Ecuador (4,800 MT, including 10,000 MT switched from unknown destinations and decreases of 5,200 MT). Decreases were reported for unknown destinations (10,800 MT), Mexico (6,500 MT), and the French West Indies (2,200 MT). Net sales of 210,500 MT for 2015/2016 were reported primarily for Mexico (112,200 MT) and Spain (90,000 MT). Exports of 185,300 MT were up 9 percent from the previous week, but down 9 percent from the prior 4-week average. The primary destinations were the Philippines (49,500 MT), Ecuador (37,800 MT), Canada (20,600 MT), Mexico (16,500 MT), Colombia (14,800 MT), and Peru (13,000 MT).

Soybean Oil: Net sales of 9,500 MT for 2014/2015 were up noticeably from the previous week, but down 15 percent from the prior 4-week average. Increases were reported for Venezuela (10,000 MT, switched from Panama), Mexico (8,900 MT), and El Salvador (1,500 MT, including 1,200 MT switched from Guatemala). Decreases were reported for Panama (10,000 MT) and Guatemala (1,200 MT). Exports of 15,400 MT were up noticeably from the previous week and 13 percent from the prior 4-week average. The primary destinations were Venezuela (10,000 MT), Mexico (4,400 MT), and Trinidad (800 MT).

Patchy Canadian Canola Points to Smaller Crop, Harvest Dilemma

By Rod Nickel

WINNIPEG, Manitoba, June 22 (Reuters) - Canola crops are rising across the Canadian Prairies like bad haircuts, reflecting multiple plantings and growth stages during a spring of frost and dry conditions.

The most uneven canola crop in roughly a decade, according to Alberta government oilseed specialist Murray Hartman, points to lower yields in the world's top canola producer and exporter. The yellow-flowering rapeseed cousin produces vegetable oil for McDonald's Corp and potato chip maker Frito-Lay.

At Jeff Wiest's farm near Enchant, Alberta, severely dry soil has left bare as much as 40 acres (16.2 hectares), six weeks after he planted seed. Next to the dead zone is canola that has started to grow, and some plants at the advanced flowering stage.

On another field, canola is trying to shake off a pummeling by hail.

"It's going to be all over the board this year," Wiest said.

The U.S. Department of Agriculture forecasts a 4.5 percent dip in 2015/16 global rapeseed/canola production to 68.5 million tonnes, including declines in Canada, China and the European Union.

Much of Saskatchewan and Alberta received less than 40 percent of usual moisture in the month to June 18, according to Agriculture and Agri-Food Canada.

Weekend showers made minor improvements in soil moisture levels but drier weather this week will add to concerns, meteorologist Don Keeney of MDA Information Systems said Monday.

The next-biggest canola threat was May frosts, which forced farmers to re-plant in parts of Manitoba and Saskatchewan.

Patchy crops mean higher costs and head-scratching decisions.

Farmers kill weeds with chemicals before crops get too mature. Some may now need to make more than one application, Hartman said.

At harvest, farmers may be forced to sacrifice some of the late- or early-maturing crop. Harvesting when the most advanced crop is ripe would also gather green seeds from late-developing plants.

Waiting for straggling plants to ripen before harvesting risks shattering over-ripe seed pods, Hartman said.

Instead of straight-cutting fields, a process in which farmers cut and gather canola simultaneously, they will likely have to use the traditional and more fuel-consuming method of cutting and gathering in separate operations, he said.

Lee Fortin, 38, who farms near Moose Jaw, Saskatchewan, has never faced such a disparity in crop growth. On one 240-acre field, only 10 percent of his canola has poked through the soil.

"Everything's starving for moisture," he said. "It looks like a big disappointment."

EU Crop Monitor Cuts 2015 Grain Yields Forecast on Poor Weather

PARIS, June 22 (Reuters) - The European Union's crop monitoring service on Monday lowered its forecast for the soft wheat yield in this year's EU harvest, to 5.85 tonnes per hectare (t/ha) from 5.93 t/ha estimated last month, due to adverse weather conditions.

The yield is now 4.7 percent down on last year when the EU harvested a record crop but remained 3.3 percent above the five-year average.

The crop monitor also cut its estimate for this year's rapeseed yield to 3.28 t/ha from 3.42 t/ha seen from last month and for barley, including both winter and spring varieties, to 4.65 t/ha from 4.75 t/ha last month.

"In western and central Europe a large belt of cropland is currently experiencing low soil moisture conditions which are limiting crop growth, and which, if prolonged, will further negatively affect winter crop grain filling," the EU's Monitoring Agricultural Resources (MARS) Unit said in a monthly report.

Higher-than-usual temperature in the first half of June accelerated development of winter crops, mainly in Spain, Italy and southern France, which might reduce the yields over the regions affected, MARS said.

"Drought stress is starting to affect crop growth in many regions where dry weather with high temperatures have occurred," it said.

MARS noted, however, that cooler weather and precipitation were forecast in the coming days for many affected regions apart from the Iberian Peninsula.

Eastern Europe did not present major concerns apart from eastern Poland which saw a slight surplus of precipitation and eastern Hungary where high temperatures were coupled with low precipitation.

MARS left its grain maize yield forecast unchanged at 7.22 t/ha, which would be down nearly 11 percent from a record crop last season but still 2.6 percent above the 5-year mean.

For sugar beet, it lifted its yield estimate to 73.52 t/ha from 72.87 t/ha estimated last month, down 3.9 percent on 2014 but 4.5 percent above average.

China Distillers' Grain Imports Drop, More Cancellations Likely

BEIJING, June 23 (Reuters) - Chinese imports of distillers' grains (DDGS) fell nearly a quarter to 485,668 tonnes in May from a year ago, with traders saying buyers had cancelled some orders and were pushing back shipments to avoid losses.

China is the world's largest buyer of DDGS, a by-product of corn ethanol that is used as a substitute for corn and meal in animal feed.

But cheap soymeal prices have prompted feed mills to use less and squeezed profits for trading companies.

China buys almost all its DDGS from the United States, the world's top exporter.

China cancelled two bulk vessels carrying DDGS and could cancel as many as six more cargoes while also pushing back deliveries, U.S. traders said last week.

"We expect more cancellations if domestic prices do not pick up," said a trader at a major buyer in the northern Chinese province of Shandong.

Front-month soymeal futures closed at 2,484 yuan ($400.20) per tonne on Tuesday, the lowest since August 2007. Traders blamed the fall on cheap soy imports and with domestic hog stocks at the lowest in about a decade.

The Shandong trader said that the slide in prices had pushed some buyers to sell back cargoes to suppliers.

"Most of the cargoes were signed late last year when U.S. prices were high, leading to a loss of about 500 yuan ($80.56) per tonne for selling in the domestic market," said the trader.

China's May DDGS imports were down nearly 20 percent from April, according to customs data.

China's imports had hit an 8-month high in April as the trade recovered after interruptions linked to Beijing blocking a genetically-modified corn strain.

China, the world's second-largest corn consumer, imported 381,806 tonnes of corn from Ukraine in May. China imported almost no corn from the Black Sea region in the year-ago period, the data from the General Administration of Customs showed.

Ukraine remained the largest supplier of corn in May.

China's total corn imports in the month rose 410 percent on year to 403,881 tonnes, data showed. Domestic buyers booked more than 2 million tonnes under a loan-for-grains deal signed between China and Ukraine.

German Farming Group KTG Sows More Soybeans in Europe, Sees Growing Demand

By Michael Hogan

HAMBURG, June 19 (Reuters) - German farming company KTG Agrar AG has expanded its soybean sowings in Europe for the 2015 harvest, with large demand being experienced for crops free of genetically-modified organisms (GMOs), the company's chief executive said.

KTG, one of Europe's few listed farm operators, has sown about 11,000 hectares of GMO-free soybeans in Romania, Germany and Lithuania, up from 7,000 hectares harvested last year, Siegfried Hofreiter told Reuters.

"Large retail chains in Germany are compelling their meat suppliers to guarantee they are using GMO-free material in their own supply chain and I think this will be a long-term trend," he said. "I see a massive potential for GMO-free soybeans."

The EU imports about 13 million tonnes of soybeans annually and only produces about 1.8 million, with farmers preferring to grow the oilseeds rapeseed and sunflower seed.

With both North and South American soybean imports largely GMOs, the EU imports large volumes of GMO-free beans from India which could be replaced by local supplies, Hofreiter said.

KTG started its first trial soybean plantings with 50 hectares in 2010. Hofreiter noted they need a lot of sun but said good commercial yields could still be achieved in Europe.

KTG cultivates grains, rapeseed, sugar beet and other crops on about 45,000 hectares. It also has large renewable energy and food processing activities.

Germany has had little rain in recent weeks, leading the country's farm cooperatives to cut their grain harvest forecast this week.

"Germany has suffered from dryness but temperatures were also low," Hofreiter said. "This means I do not expect major crop damage."

In May KTG posted full-year sales revenue up 42 percent to 234.1 million euros and pretax earnings (EBIT) up 55 percent to 37.1 million.

Hofreiter re-affirmed the company expects continued strong growth in 2015. "I think that we will certainly break the 250 million euro sales level," he said, adding sales of 300 million euros could be reached.

"I expect we could significantly break the EBIT level of 40 million euros this year," he said.

U.S. Corn, Soy Plantings to Top USDA's March Forecasts - Allendale
CHICAGO, June 24 (Reuters) - U.S. farmers planted more corn and soybeans than the U.S. Department of Agriculture projected in March, according to a survey of growers conducted by Illinois-based research and brokerage firm Allendale Inc.

Allendale's survey, based on producers in 26 U.S. states, said farmers planted 91.742 million acres (37.13 million hectares) of corn this spring, up from USDA's March 31 forecast of 89.199 million.

The survey put soybean plantings at 85.105 million acres, above USDA's March forecast for a record-high 84.635 million acres. Allendale conducted its survey from June 8-19.

The firm estimated U.S. all-wheat plantings at 55.523 million acres, including 40.623 million for winter wheat, 13.108 million for spring wheat and 1.792 million acres of durum wheat.

The USDA is scheduled to release updated U.S. planted acreage figures on June 30, based on a survey of more than 70,000 farmers.

Indian Poultry Industry Wants to Import 1 MMT Soya Meal to Compete with US Imports
19-Jun-2015

PUNE: To deal with the impending competition of cheaper imports of chicken legs from the United Sates, Indian industry has demanded permission to import at least one million metric tons soya meal. This will help the poultry industry to get cheaper raw material and reduce its cost of production, which is thrice the cost of production of US chicken legs.

As India has lost its case in the World Trade Organization to oppose import of US chicken legs, the domestic industry expects to see the impact of the decision in 12 to 18 months.

"The cost of processed chicken in India is $3/kg while the cost if the imported chicken leg from the US will be $1/kg, " said Amit Saraogi, chairman, CLMFA of India, the organization representing the feed industry.

Cost of Indian soya meal is higher than the global soya meal because our productivity is much lower than the productivity of countries like the US, which have GM soya.

Indian poultry industry, which is growing at 7 per cent to 8 per cent per annum, is worth Rs 80, 000 crore, 65 per cent of which is poultry while 35 per cent is accounted for by eggs.

Chicken breast is considered as the premium product in the US and chicken legs are just a by-product. But chicken legs is the main product for Indian market.

Mr Saraogi said that the current difference between domestic soya meal and imported soya meal is about $250.

The domestic industry is also deliberating with the government about stricter implementation of food safety standards for both domestic as well as imported poultry products.

Exclusive: Corn Refiners Declare War on Sugar, Conservative Groups Jump Onboard

By Tom Hamburger and James Hohmann

Washington Post, June 24, 2015

For decades, it's been an unspoken rule among Washington's agricultural lobbyists: advocates for one crop do not attack other crops, so that everyone's benefits can be protected.

But a leading member of the traditionally united community plans to do just that: the Corn Refiners Association is about to invest heavily in an effort to unwind the lucrative breaks afforded to sugar, which are among the most generous in U.S. agriculture.

The Corn Refiners, representing companies that produce high-fructose corn syrup, just hired 10 outside lobbyists for an aggressive, unorthodox attack on the federal sugar program just a year after a new farm bill was signed into law. Their first target is the agriculture appropriations bill, now moving through a House committee.

While other crop subsidies have withered, Washington's taste for sugar has been constant. The sugar program, which has existed in various forms since the 1930s, uses an elaborate system of import quotas, price floors and taxpayer-backed loans to prop up domestic growers, which number fewer than 4,500.

Sugar's protected status is largely explained by the sophistication and clout of a small but wealthy interest group that includes beet farmers in the Upper Midwest, cane growers in the South and the politically connected Fanjul family of Florida, who control a substantial part of the world sugar market. That mix of factors has led to an eclectic coalition on sugar's side, from Sen. Marco Rubio (R-Fla.) to Sen. Al Franken (D-Minn.).

"While every other farm support program has received multiple rounds of reforms, big sugar has not been touched," said John Bode, CEO of the Corn Refiners group.

The American Sugar Alliance, through Communications Director Phillip Hayes, declined to comment on this story. The group has long argued that sugar price supports are needed to protect American jobs from foreign competition.

The anti-sugar effort includes a team of left and right interests, lobbyists and organizations—from environmentalists and consumer groups to trade associations for bakers and confectioners.

Many of them applauded the move, with some on the right suggesting the attack on sugar could become a litmus test for conservative candidates going forward, much as the Export-Import Bank has been in the first half of this year.

"Defeating the sugar lobby is the next campaign after Ex-Im," Grover Norquist of Americans for Tax Reform said late Tuesday night. "Both are cronyism in its undiluted, inexcusable majesty. Both have survived because they perfected the skills to control Congress for their own profit. If they go down, no political subsidy will be safe. The implication of these wins is bigger than the ban on earmarks."

The conservative Club for Growth also praised the expanding campaign.

"If there is more muscle going into anti-sugar subsidy efforts, we welcome it," said Andrew Roth, vice president of governmental affairs for the group, which has been leading the ongoing Export-Import campaign and has long opposed the sugar subsidy.

Roth said that going after the sugar subsidy "is high on the list" of topics the Club will emphasize after the Ex-Im campaign concludes, noting that the group always asks candidates where they stand on the breaks for sugar during the endorsement process.

That could spell political trouble for Rubio and Jeb Bush, presidential candidates from Florida with a history of supporting the sugar industry, which is centered in their state. On Tuesday night, asked if he still backs special breaks, a Rubio spokesman pointed to a 2012 press release defending his position that called the sugar industry "an important job creator in Florida" and complained that "the global sugar trade is not a level playing field." A Bush spokeswoman did not immediately comment.

The refiners represent some of the world's biggest and most influential agriculture conglomerates—including Archer Daniels Midland and Cargill—that produce sweeteners, ethanol, corn oil, feed and other corn bi-products. The Corn Growers Association declined to comment.

Bode, a former assistant secretary of agriculture during the Ronald Reagan and George H.W. Bush presidencies, was outspoken in an unusual way for a Washington agribusiness insider.

"This is pure crony capitalism," he said. "Sugar is a mere footnote in American agriculture production, but they make more political contributions than the rest of agriculture combined. That's why they have defeated all attempts at reform since 1980."

"When the rest of U.S. agriculture is driving exports, why protect sugar from foreign competition? The program is an anachronism," he added.

Scott Faber of the Environmental Working Group, which opposes the subsidy, said the new coalition "is our best chance yet to finally reform our insane sugar policies."

Advocates for reform in the House also cheered the arrival of the corn refiners to the fray.

"Powerful lobbying interests made sure that, in the last farm bill, the federal sugar program was the only commodity program that was not reformed," said Rep. Joe Pitts, a Pennsylvania Republican who has helped lead the attack on the sugar program since 2011.

In 2013, Pitts' amendment to change the program failed on a 221 to 206 vote. It would have cut the program's domestic supply restrictions, lowered price supports and rolled back what he termed "unnecessary provisions added in 2008 that unfairly benefit wealthy sugar farmers at the expense of consumers."

"Sugar subsidies impose exorbitant costs on taxpayers, consumers and workers in sugar-using jobs alike," Pitts said. "Despite the claims of the sugar program's Washington lobbyists, taxpayers found out shortly after the farm bill passed that the program costs them nearly $300 million that year."

Refiners and sugar producers have clashed repeatedly over the relative health benefits of pure sugar vis-à-vis high fructose corn syrup. For the most part, this battle has taken place in obscure medical journals and before health advisory panels. In the process, high fructose corn syrup has lost market share to sugar.

Agriculture insiders said that trying to eliminate their support system is the most logical way for the corn growers to fight back. “It’s like a punch to the gut,” said a D.C. lobbyist who works on these issues but is not involved in this fight.

Corn’s new lobbyists, all with the Alpine Group, submitted their registration forms after hours on Tuesday night. Those involved include Barry Brown, who has served as chief of staff or legislative director for three former Texas Republicans, including Rep. Kay Granger. The firm also named Mike Hogan, former deputy chief of staff to ex-Sen. Ben Nelson (D-Neb.); Bob Brooks, former chief of staff to ex-Rep. Jim McCrery (R-La.); Jason Schendle, former counsel to ex-Sen. Mary Landrieu (D-La.); and Lauren Bazel, tax advisor to John Kerry when he served in the Senate, as a Democratic member from Massachusetts.

The mix of lobbyists reflects the extent to which the divide on the issue tends to be more geographic than partisan.

Sen. Jeanne Shaheen (D-N.H.), a longtime advocate for changing the sugar support program, predicted that the corn refiners’ participation will provide “extra wind at our back.” She said there is a “growing recognition that taxpayers shouldn’t be footing the bill for excessive support that the sugar industry clearly doesn’t need.”

Dan Holler, communications director for Heritage Action, the conservative think tank’s lobbying arm, said their odds of winning go up when they isolate sugar from the broader farm bill fight. Pointing to the 2013 Pitts amendment, he said that going after sugar is “a whole lot further along” than the push to kill the Export-Import bank at this point in 2012.

“Using the protectionism that exists around sugar to highlight the dreadful nature of America’s farm policy is very important to us,” he said. “This is the farm lobby—this is all they do – they spend five years preparing for the farm bill and they’ll spend five years preparing for the next one. Conservative activists bounce from one thing to the other.”

Not every conservative group celebrated the corn growers jumping into the fray. James Davis from the Freedom Partners Chamber of Commerce said that his group opposes special breaks for sugar *and* corn growers.

“We’re not real interested in climbing in bed with the corn lobby to accuse the sugar industry of being prostitutes,” he said. “We oppose all forms of corporate welfare.”

Tom Hamburger covers the intersection of money and politics for The Washington Post.

Output of Most Commodities in India at Half or Two-Third of World Average

25-Jun-2015

PUNE: With a good progress of rains across the country, as policy makers are busy tracking the area being planted under different crops and the crops competing with each other for area, the agribased industry is worried about getting more yield from the same area.

With yields of most commodities barring wheat and rice, at half to two-thirds of the world average yields, processors and exporters think focus on improving yields is the only way to increase production. "Demand for soybean is more than its supply as the productivity levels have been stagnant. We cannot compete with the top soymeal exporting countries as our yields are just about one-third of the world average yields, " said Devish Jain, chairman, Soybean Processors' Association of India (SOPA).

According to the data of the Department of Economics and Statistics, the average annual growth rate of yield of soyabean in 2013-14 with respect to the base year of 2007-08 is negative 1.4%. The annual growth rate of overall oilseeds has been 1.3% while it was 2.2% for foodgrains during the same period.

The corn-based industry too has been struggling to get adequate supplies of good quality corn. There is growing demand for corn as the starch industry has been consolidated, there is increasing demand for feed and also for exports. "Our average corn yield less than half of the world average yield, " said Rajeev Yadav, vice president, (grains and oilseeds), Noble Natural Resources India. World's leading soybean producers have adopted the genetically modified (GM) varieties, which are not allowed in food chain in India.