WEEKLY NEWS ARTICLE UPDATE

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Export Sales Highlights

This summary is based on reports from exporters for the period November 13-19, 2015.

Soybeans: Net sales of 1,173,600 MT for 2015/2016 were down 35 percent from the previous week and 18 percent from the prior 4-week average. Increases were reported for China (751,700 MT, including 512,000 MT switched from unknown destinations and decreases of 15,000 MT), the Netherlands (141,500 MT, including 140,000 MT switched from unknown destinations and decreases of 3,500 MT), Japan (76,200 MT, including 47,000 MT switched from unknown destinations and decreases of 300 MT), Turkey (67,800 MT), Taiwan (63,100 MT), and Spain (61,100 MT, switched from China). Reductions were reported for unknown destinations (255,100 MT) and Russia (1,700 MT). Net sales of 5,000 MT for 2016/2017 were reported for Japan. Exports of 1,912,600 MT were down 16 percent from the previous week and 20 percent from the prior 4-week average. The primary destinations were China (1,297,400 MT), the Netherlands (141,500 MT), Taiwan (73,600 MT), Spain (61,100 MT), and South Korea (57,900 MT).

Optional Origin Sales: For 2015/2016, outstanding optional origin sales total 295,000 MT and are for China (175,000 MT), Pakistan (60,000 MT), and unknown destinations (60,000 MT).

Exports for Own Account: The current outstanding balance is 54,100 MT, all Canada.

Soybean Cake and Meal: Net sales of 254,900 MT for 2015/2016 were up 14 percent from the previous week and from the prior 4-week average. Increases were reported for

Mexico (103,300 MT), unknown destinations (23,600 MT), Panama (21,200 MT), Ireland (20,000 MT), and Colombia (16,200 MT). Reductions were reported for Spain (3,900 MT) and Cuba (500 MT). Net sales reductions of 7,100 MT for 2016/2017 resulted as increases for Mexico (2,500 MT), were more than offset by reductions for Panama (7,300 MT) and Nicaragua (2,300 MT). Exports of 174,200 MT were down 16 percent from the previous week and 22 percent from the prior 4-week average. Increases were primarily to Mexico (62,600 MT), Spain (41,100 MT), the Dominican Republic (38,700 MT), Canada (11,300 MT), and Cuba (6,300 MT).

Optional Origin Sales: For 2015/2016, outstanding optional origin sales total 99,000 MT, all unknown destinations.

Soybean Oil: Net sales of 12,800 MT for 2015/2016 resulted as increases for Peru (20,700 MT), the Dominican Republic (3,100 MT), Mexico (2,700 MT), Saudi Arabia (1,500 MT, switched from unknown destinations), and Canada (100 MT). Reductions were reported for unknown destinations (15,500 MT). Exports of 5,100 MT were down 90 percent from the previous week and 80 percent from the prior 4-week average. Increases were primarily to Mexico (4,700 MT), Canada (200 MT), and Trinidad (100 MT).

INTERVIEW-Soy Grower Los Grobo Sees Argentine Grains Output Up by 50 Percent
By Maximilian Heath
BUENOS AIRES, Nov 24 (Reuters) - The head of the company that led the breakneck expansion of Argentine soy cultivation over the last two decades said on Tuesday the country's grains output could climb by 50 percent over the next three years thanks to a change of government.

Opposition leader Mauricio Macri beat ruling party candidate Daniel Scioli in Sunday's election, effectively ending an eight-year, production-sapping feud between farmers and outgoing President Cristina Fernandez, who clamped down on wheat and corn exports in a bid to curb double-digit inflation.

"Argentina over recent years has been paralyzed," Gustavo Grobocopatel, president of Los Grobo told Reuters.

"Now is the time to regain lost ground. From a quantitative point of view I see an output increase of 40 to 50 percent compared with what we are seeing today," he said, giving a three-year time frame for the expected increase to take place.

Argentina's current grains output is about 100 million tonnes per year. Macri's farm policy team sees a 30 percent increase over the four years ahead. He begins a four-year term on Dec. 10.

Macri, who won the backing of the farm lobby with a broad free-market platform, has promised to eliminate corn and wheat export taxes and ditch the quota system that controls international shipments of both crops. He also wants a more competitive exchange rate.

"Markets that are more open will increase the rate at which we invest. It will also increase foreign investment," Grobocopatel said.

He said his company has reduced by half the amount of land under its management to 50,000 hectares, due to Fernandez's policies.

Argentina, home to the vast Pampas grains belt, is the world's fourth biggest corn exporter, its No. 3 soybean exporter and No. 1 supplier of soymeal livestock feed.

"The world needs more and more food, so there's a big opportunity to enter the international markets. In this context and with these fundamentals, Los Grobo will be an important player," Grobocopatel said.

Argentine Farmers Set to Unleash $8 Billion of Stored Crops

By Pablo Gonzalez

(Bloomberg) -- Argentine farmers will swiftly boost exports, increasing global supplies of wheat, corn and soybeans, as Sunday's election of Mauricio Macri as president heralds the end of punitive export taxes and government regulations, according to growers and analysts.

The country's farmers are ready to ship an estimated $8 billion in stored crops as soon as export taxes are lifted or reduced as Macri promised, according to five farmers, analysts and exporters interviewed after the election. Macri has also vowed to lift currency controls as soon as he takes office Dec. 10, a move that investors see leading to a devaluation of as much as 35 percent for the peso, which would further help farmers trying to sell abroad.

"I can't wait to start sending to the port what I have stored," Dante Garcia, a farmer in the town of Carlos Tejedor, 428 kilometers (265 miles) west of Buenos Aires, said by telephone before the election result. "Freedom has arrived to end so many years of government interference in the market, which devastated us."

Farmers have stored about $8 billion of soybeans, according to Leonardo Sarquis, one of Macri's agriculture advisers. They are hoarding as many as 22 million metric tons of the commodity, about one-third of last season's record crop, according to Miguel Bein, the main economic adviser to presidential candidate Daniel Scioli, who conceded to Macri Sunday following a runoff vote between the two. Soybean futures on the Chicago Board of Trade slumped to $8.455 a bushel on Monday, the lowest since March 2009.

Argentine farmers have been holding back some of their crops in protest at the taxes and also the laborious process of obtaining export permits. The country has shipped $17.6 billion of grains and oilseeds abroad so far this year, the lowest for the period since 2009, according to exporters' consortium data.

Silo Storage

"Farmers have been saving crops in silo bags since 2014, when the last devaluation happened, as a way of protecting their capital," said Gustavo Lopez, a crop analyst at Agritrend SA. "With a peso always threatened by over 20 percent inflation, grains and soybeans have become a currency for them and are only sold when they need capital."

Argentina devalued its currency by 17 percent in a two-day period in January 2014 in a bid to make farmers sell their crops. Argentine farmers store grains to hedge against inflation as they are paid in pesos at a dollar value by exporters such as Bunge Ltd. and Cargill Inc. A further depreciation means farmers would get even more pesos for crops valued in U.S. dollars.

Export sales will bolster Argentina's central bank reserves, which tumbled to a nine-year low of about $26 billion before the election runoff.

Unregulated Crops

The wheat tax was implemented in 2006 by then-President Nestor Kirchner. His successor and wife, Cristina Fernandez de Kirchner, increased the government's grip on farmers by raising levies to 23 percent and 25 percent on wheat and corn, respectively. The soybean tax was set even higher at 35 percent. Restrictions on export permits followed.

"We hope the new administration eliminates the hurdles imposed to free trade," Alberto Rodriguez, president of CIARA-CEC, an exporters group, said in an e-mailed statement.

Since 2007, many farmers switched to unregulated crops such as barley to avoid the taxes. The 2015-16 wheat crop currently being harvested may be the smallest in three years, down 16 percent from a year earlier at 9.5 million metric tons, according to Argentina's biggest grain bourse.

This season, farmers have planted 3.7 million hectares (9.1 million acres) of wheat, 31 percent less than the average in the years preceding the taxes, according to the INAI

Institute. Lost wheat acreage will be recovered rapidly, according to Esteban Copati, chief analyst at the Buenos Aires Grain Exchange.

"I can see farmers harvesting a crop close to Argentina's record of 16 million metric tons if Macri keeps his promises," he said in a telephone interview.

Indonesia, Malaysia Form OPEC-Like Palm Oil Council

By Associated Press

KUALA LUMPUR, Malaysia — Indonesia and Malaysia, the world's top two palm oil producers, signed an agreement Saturday to set up a council for palm oil producing countries in a bid to ensure price stability by managing production and stock in the global market.

Officials said the Jakarta-based council will be a body similar to that of OPEC for oil producers.

Indonesian Resources Minister Rizal Ramli said the council will be a "game changer" for an industry under pressure from falling prices and unsustainable farming practices.

The two countries account for 85 percent of the world's palm oil production, and the plunge in prices have hurt their economies.

Rizal said the council will address impediments to trade to boost competitiveness in the world market, and promote green and sustainable farming. It will also aim to improve the livelihoods of more than 4 million oil palm smallholders in Indonesia and some 500,000 in Malaysia, he said.

"It will be a game changer for the palm oil industry in many ways," Rizal said after a signing ceremony to establish the council.

Malaysian Plantation, Industries and Commodities Minister Amar Douglas Unggah Embas said the council will not fix the price of palm oil, but will seek to ensure a sustainable price by organizing and harmonizing stock management.

He said membership will be extended to other producers such as Brazil, Colombia, Thailand, Ghana, Liberia, Nigeria, Papua New Guinea, the Philippines and Uganda.

Rizal said the council will develop a framework for sustainable palm oil. By pushing for high standards of sustainable farming, he said it will help to prevent the burning of forests to clear land for agriculture in Indonesia that has caused a thick dusty haze across the region every year.

“We know we still have to work hard to minimize the impact” of haze, he said.

The two countries will each contribute $5 million to the council’s operations and operational details are still being ironed out, officials said.

Palm oil is commonly used in food, fuel and other products.

China October DDGS Imports Down 29% vs September; Corn Imports Small

BEIJING, Nov 23 (Reuters) - China imported 660,193 tonnes of distillers' dried grains (DDGS) in October, up 460 percent from a year ago, but fell 29 percent from September as weak domestic demand and large stocks have slowed down imports, according to official customs data published on Monday.

China is the world's top buyer of the protein-rich feed ingredient, a by-product of corn ethanol, as a substitute for corn and soymeal. China imports almost all of its DDGS shipments from the United States, the world's top exporter.

"November imports may fall further. Imports are not giving a good profit at home," said Shi Wei, an analyst with China JC Intelligence Co. Ltd.

Despite some unspecific orders struck last week, Chinese companies are not ordering cargoes for shipment beyond February on worries about Beijing's anti-dumping probe into imports of the feed ingredient, said Shi.

Another industry source said Beijing would go ahead with an anti-dumping probe, which may be announced soon. China's commerce ministry spokesman declined to comment last week when asked by Reuters on the possible probe.

October imports brought the country's total imports in the first ten months of the year to 5.9 million tonnes, up 14.3 percent on year, data from the General Administration of Customs showed.

Lower-than-expected demand coupled with record level of imports from June to September have increased stocks at ports.

Stocks at major ports stayed high at 1.32 million tonnes by the end of last week, close to the record 1.36 million tonnes reached at end-October, according to data compiled by industry portal www.cofeed.com.

China's corn imports in October fell 62 percent on year to only 42,883 tonnes. Buyers have used up their import quotas for the year. Imports in the first 10 months rose 164 percent on year to 4.57 million tonnes, customs data showed.

China also imported 998,367 tonnes of barley in October, up 356 percent on year, but down from a record September import of nearly 1.3 million tonnes.

Sorghum imports in October fell nearly 40 percent from September to 681,868 tonnes, according to customs data published by Shanghai JC Intelligence Co. Ltd.

U.S. farm Income Seen Down 38 Percent in 2015 at 13-Year Low -USDA

CHICAGO, Nov 24 (Reuters) - U.S. farm incomes are expected to drop for a second straight year in 2015 to $55.9 billion, down 38 percent from last year due to lower crop and livestock prices, the U.S. Department of Agriculture said on Tuesday.

The updated forecast from the agency's Economic Research Service was down from an August estimate for $58.3 billion and 55 percent below a record $123.3 billion in 2013 when near-record-high crop prices boosted farming profits.

The drop, if realized, would bring farm incomes to their lowest point since 2002 and put pressure on sellers of agricultural inputs, equipment and land.

Corn futures Cc1 on the Chicago Board of Trade have fallen by more than half from record highs in 2012 following bumper crops in the United States and South America. Soybean futures Sc1 hit a 6-1/2 year low on Monday amid ample global supplies.

Brazil Planting Pace Improved but Behind Five-Year Average

by World Grain Staff

world-grain.com |

WASHINGTON, D.C., U.S. — Brazil maintained its 2015-16 production forecast of soybeans to 98.5 million tonnes due to a larger planted area compared to last year and yields based on trend, the U.S. Department of Agriculture (USDA) Foreign Agricultural Service (FAS) reported on Nov. 17. Brazil forecasts area planted at 33 million hectares. The planting season, which started on Sept. 15 in most states, continues to face delays due to weather problems and lower than expected precipitation. As of Nov.13, various sources estimate planting progress in Brazil at over 60%, just below last year, but much lower than the five-year average of 70%.

Weather concerns are keeping farmers uneasy. Despite good rains in late October and early November, the states of Goais and Bahia are way behind their five-year average. In Bahia and other states in the north and northeast, concerns remain high about dryness. Planting in Bahia was 8% complete Nov. 13, well behind from the five-year average of 27% at this stage. Other states like Mato Grosso, Paraná, and Mato Grosso do Sul, have caught up the pace compared to last year, but still behind the five-year average.

In general, the concern in Brazil is the forecast by meteorologists that El Niño will have a major impact in precipitation this year, especially in the north and northeast. If this is the case, it can have an impact on the expected yields in eastern Goias as well as the region known as MATOPIBA (Maranhao, Tocantins, Piaui, and western Bahia).

Brazil kept its export forecast at 55 million tonnes for 2015-16 market year. The forecast was increased last month due to the fast pace of forward contracts of the crop currently being planted in Brazil. The fast commercialization of the new crop is directly linked to the sharp devaluation of the Brazilian real, which is making Brazilian soybeans more competitive.

China will remain the main destination for Brazilian soybeans. It is expected that demand for soybeans in China will remain strong despite the economic slowdown. Chinese soybeans imports are supported by a growing domestic demand and a large domestic crushing capacity. The current lower global soybean prices and the weaker Brazilian Real are making Brazil more competitive and are encouraging Chinese importers to buy more. Since market year 2012-13, over 70% of Brazilian soybean exports are destined to the Chinese market.

El Niño Rains Triggers More Soy Fungus in Brazil

By Gustavo Bonato
SAO PAULO, Nov 27 (Reuters) - The number of Asian soybean rust fungus cases in Brazil has nearly doubled from the previous year due to heavy rainfall in the south triggered by El Niño, according to industry data.

From June until Thursday, there have been 73 incidents of the fungus that attacks plants in humid conditions, mostly in the southern states of Rio Grande do Sul and Parana, according to the public-private anti-fungus consortium that monitors the sector.

A year earlier, there were 43 cases of fungus at this time.

"El Niño causes a higher average rainfall in the south, favoring rust (fungus)," said Claudia Godoy, a plant pathologist at agricultural research body Embrapa Soy, referring to the climate phenomenon that tends to bring rain to southern Brazil and drought to the northeast.

Rust detected early in the season that officially started in September is not a particularly large risk for production as the fungus can be controlled, but it should alert farmers, Godoy said. Brazil is forecast to produce a record 2015/16 soy crop that could surpass 100 million tonnes.

El Niño, the first to influence Brazil's grain harvest since the 2009/10 crop year, will likely strengthen before the end of the year and become one of the strongest on record, the U.N. weather agency said this month.

"There is a very high tendency for rust all season," said agrometeorologist Marco Antonio dos Santos, of Somar Meteorologists. He said rains could continue into the harvest period, which runs from January to April.

According to Godoy, El Niño caused warmer than usual temperatures in southern Brazil, meaning some of the previous crops soy lingered in fields in July and August - a period when fields should be cleared to prevent crop pests.

Soybeans are Brazil's main cash crop and the South American country is the world's top exporter of the oilseed. In recent year’s fungus, once a huge threat to Brazil's emergence as an agricultural powerhouse, has ceased to affect output as farmers learned to use fungicides effectively.

In a year with high costs of inputted goods like pesticides and fertilizers due to a strong dollar, crop margins are expected to be tight and farmers may be tempted to apply less or opt for cheaper fungicides, said Mario Lucio Melo, technical coordinator of the Coopavel cooperative in western Parana state.

"This can't happen - farmers must use the best products available," he said.