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Export Sales Highlights

This summary is based on reports from exporters for the period December 4-10, 2015.

Soybeans: Net sales of 887,800 MT for 2015/2016 were down 39 percent from the previous week and 31 percent from the prior 4-week average. Increases were reported for China (438,600 MT, including 188,000 MT switched from unknown destinations and decreases of 254,800 MT), Mexico (100,500 MT), the Netherlands (96,400 MT, including 91,000 MT switched from unknown destinations and decreases of 1,800 MT), Germany (75,000 MT), and Vietnam (72,900 MT, including 65,000 MT switched from unknown destinations). Reductions were reported for unknown destinations (177,600 MT) and Canada (21,100 MT). Net sales of 136,000 MT for 2016/2017 were reported for unknown destinations (70,000 MT) and Japan (66,000 MT). Exports of 1,554,400 MT were down 5 percent from the previous week and 19 percent from the prior 4-week average. The primary destinations were China (910,500 MT), the Netherlands (96,400 MT), Vietnam (78,400 MT), Germany (75,000 MT), and Mexico (74,000 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: New exports for own account totaling 31,000 MT were reported to Canada. The current outstanding balance is 49,800 MT, all Canada.
Export Adjustments: Accumulated exports to the Netherlands were adjusted down 74,992 MT for week ending November 19th. The correct destination is Germany and is included in this week’s report. Accumulated exports to China were adjusted down 64,500 MT for week ending November 26th. This shipment was reported twice.

**Soybean Cake and Meal:** Net sales of 108,600 MT for 2015/2016 were down 53 percent from the previous week and 45 percent from the prior 4-week average. Increases were reported for Mexico (22,100 MT), Colombia (18,000 MT), Bangladesh (15,700 MT), Nicaragua (9,600 MT, including 4,500 MT switched from El Salvador, 2,000 MT switched from Guatemala, and decreases of 100 MT), Burma (9,300 MT), Peru (8,000 MT), Cambodia (7,800 MT), and unknown destinations (7,500 MT). Reductions were reported for Malaysia (5,000 MT), El Salvador (4,500 MT), and Guatemala (2,000 MT). Exports of 131,900 MT were down 43 percent from the previous week and 41 percent from the prior 4-week average. The primary destinations were Mexico (52,600 MT), Nicaragua (25,700 MT), Canada (11,700 MT), Ecuador (10,900 MT), and Colombia (9,100 MT).

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

**Soybean Oil:** Net sales of 10,200 MT for 2015/2016 were down 26 percent from the previous week and 41 percent from the prior 4-week average. Increases were reported for the Dominican Republic (8,900 MT), Mexico (2,400 MT), Peru (1,100 MT), Canada (100 MT), and Belgium (100 MT). Reductions were reported for unknown destinations (2,500 MT) and Colombia (100 MT). Exports of 21,700 MT were down 7 percent from the previous week and 18 percent from the prior 4-week average. The destinations were primarily the Dominican Republic (10,900 MT), Colombia (5,900 MT), Mexico (4,600 MT), and Canada (100 MT).

Philippine Government to Challenge Ban on GMO Imports Ordered by Top Court
By Enrico Dela Cruz and Manolo Serapio Jr
MANILA, Dec 17 (Reuters) - The Philippine government said it will challenge a ban on GMO imports ordered by the country's top court, after the ruling rattled global markets this week over the threat of disruption to millions of tonnes of soybean meal shipments.

Last week, the Supreme Court struck down a 2002 government regulation that allowed the import of genetically modified organisms (GMO) and imposed a temporary ban until new rules were formulated.

The order will halt the Southeast Asian country's imports of soybean meal, which amount to around two million tonnes a year and mainly come from the United States. Nearly all of the imports of the animal feed are genetically modified.

The Supreme Court's decision to temporarily ban the "contained use, field testing, propagation and commercialization, and importation" of GMO came alongside a ruling to permanently halt the development of GMO eggplant following a case filed by a group led by the Philippine unit of Greenpeace Southeast Asia.
"What the Supreme Court is saying, I was informed, is to come up with new rules," Philippine Agriculture Secretary Proceso Alcala said by telephone on Thursday.

"In the meantime, there will be a motion for reconsideration to be filed once we have received a copy of the decision."

Such a request would mean there should be no ban while the new rules are being drafted, he added.

Front-month soymeal on the Chicago Board of Trade extended a recent rout to hit their lowest in more than five years at $267.20 per short ton on Thursday, with traders blaming the latest falls on the Philippine court ruling.

Markets have been sensitive to GMO issues in big Asian consumers. In November 2013, China began rejecting U.S. corn shipments saying they were tainted with a GMO Syngenta corn variety approved in the United States, but not in China. Beijing has since eased the restrictions.

'FOOD CRISIS'
The court ruling has also sparked alarm in the Philippine food industry.

"We may plunge into a food crisis if this is implemented," said Ric Pinca, former vice president of the Philippine Association of Feed Millers Inc.

"You would not have pork, chicken, and fish available in the market."

Banning GMO soymeal imports would mean that Philippine buyers need to buy non-GMO supply which would be easily $80-$100 a tonne more expensive, said a Manila-based importer.

"Are we affluent enough as a country to afford that? And there is not a lot of non-GMO cargo available," he said, adding that most soymeal available from the U.S. and Argentina, another major source for Manila, is genetically modified.

The Philippines gets nearly all of its soymeal needs from abroad, averaging 2-2.2 million tonnes a year, importers say.

"It would directly affect my business because I have contracts in place that were bought and sold even before this came out," the Manila-based importer said.

Argentine Peso Devaluation Seen Spurring Soybean Export Increase
By Hugh Bronstein
BUENOS AIRES, Dec 17 (Reuters) - The currency devaluation set to kick off in Argentina on Thursday is expected to pump millions of tonnes of pent up soybean supply into the international market at a time when the world is already seeing record stockpiles.

Starting on Thursday Argentines will have full access to U.S. dollars. The exchange rate will be allowed to float after years of strict central bank control, prompting what is expected to be a 30 percent devaluation of the peso.
This would make exporting more profitable for farmers, who get paid for their grains in dollars.

Mauricio Macri was inaugurated last week promising to revitalize the Pampas farm belt with free market policies. His grains production push is happening as global stocks of corn, soybeans and wheat are already projected by the U.S. Department of Agriculture to be the highest ever this season.

"Growers were sitting on close to 13 million tonnes of soybeans, waiting for this devaluation," said Ernesto Ambrosetti, chief economist at the SRA, Argentine Rural Society, which represents the country's biggest farms.

"We expect those 13 million tonnes to be sold between now and the next harvest in April and May," Ambrosetti said.

Macri also eliminated corn and wheat export taxes and says he will ditch corn and wheat export curbs. Previous President Cristina Fernandez said the export curbs ensured ample domestic food supplies. Farmers complained the policy killed profits.

The new wheat and corn policies are expected to induce wider planting next year, increasing crop rotation after years of over planting soybeans.

This season's corn is nearly all planted. Wheat goes into the ground in May-July. Argentina has exported about 4.5 million tonnes of 2015/16 wheat. That figure is expected by local analysts to zoom to 7.4 million tonnes next season.

Argentina, the world's No. 3 soybean exporter and top supplier of soymeal livestock feed, is also out to reclaim its place as a top supplier of beef under Macri. He has eliminated the 15 percent tax that had been put on beef exports.

Fernandez had feuded with the country's growers since protests over her tax policies paralyzed the agriculture sector and rocked her government in 2008.

The government estimates the country's grains production will grow to 130 million tonnes per year during Macri's first term, ending in 2019, up from the current 100 million tonnes.

**Argentina Lifts Currency Controls with Grain Exporters' Backing**

By Pablo Gonzalez and Megan Durisin

(Bloomberg) -- Argentina, the world's third largest grower of soybeans, lifted four years of currency controls Wednesday after grains exporters agreed to deliver $6 billion in hoarded crops to the country over the next three weeks.

The country will let the peso float starting Thursday, prompting a devaluation of the tightly controlled official exchange rate, Finance Minister Alfonso Prat-Gay told reporters at a press conference in Buenos Aires on Wednesday.
"We have reached an agreement with grain exporters that starting tomorrow will bring in $400 million a day over three weeks," Prat-Gay said. "Through many other channels we expect to have a total inflow of between $15 billion to $25 billion in the next four weeks."

Argentine farmers have been storing crops, partly in protest of the taxes and the difficult process of obtaining export permits. Farmers have $11.4 billion of soy, corn and wheat for sale, Ricardo Echegaray, former head of Argentina’s tax agency, said Dec. 1. They have about $6 billion worth of soybeans available for exports, $3.4 billion worth of corn and $2 billion worth of wheat, he said.

Argentina’s new President Mauricio Macri on Monday announced the elimination of export taxes on crops, including corn and wheat, carrying through on a campaign pledge. The soybean tariff was cut by 5 percentage points.

The policy change will unleash crops hoarded by farmers and lead to a large increase in shipments, according to grain and oilseed exporter group Ciara-Cec. Argentine farmers sold $437 million for exports in the last month, the group had said. The official peso traded at 9.8 pesos per dollar on Wednesday, while the blue-chip swap market was 14.02 pesos per dollar, Prat-Gay said.

“The lifting of the FX control policy was the last measure needed to motivate crop sales for export,” Andres Alcaraz, a Ciara-Cec spokesman, said in a telephone interview from Buenos Aires. Combined with the reductions to export taxes and eliminated export permits, the move “confirms the battery of measures that will provoke huge sales.”

Grain prices fell on Wednesday on the Chicago Board of Trade before the announcement.

Corn futures for March delivery dropped 2 percent to close at $3.6975 a bushel in Chicago. Prices touched $3.6925, the lowest for a most-active contract since Dec. 3. Soybean futures for delivery in the same month fell 0.5 percent to $8.6325 a bushel, while wheat futures tumbled 2.2 percent to $4.8350, the biggest drop in a month.

The slide in grain prices comes amid a commodity slump, with the Bloomberg index of raw materials falling for a fifth session to the lowest since 1999. In the U.S., the Federal Reserve raised interest rates on Wednesday, in the first increase in seven years.
Peso Movement

The country, which is the leading world exporter of soybean derivatives, has shipped $17.9 billion of grains and oilseeds abroad this year to date, the lowest for the period since 2009, according to data compiled by exporters.

“They cut the tariffs, but I think most of the producers were waiting on the peso move before they made any sales,” Alan Brugler, president of Brugler Marketing and Management in Omaha, Nebraska, said in a telephone interview. “There’s still the question of how low they’re going to go.”

In the current marketing year, Argentina is forecast to be the world’s fourth-largest corn exporter and third-largest soybean exporter, according to a Dec. 9 report from the U.S. Department of Agriculture. The agency increased its estimate for Argentina’s wheat exports by 20 percent to 6 million metric tons, citing expectations that the “new government will reduce export restrictions.”

A 48-hour strike initiated Wednesday by cargo train drivers is interrupting produce shipments, disrupting shipments of grains to the port where 80 percent are shipped from, Jaime Valencia, manager of Nuevo Central Argentino cargo railroad, said by telephone from Rosario.

"The union threatens to hold a 72-hour stoppage next week if demands for improved benefits aren't met," he said. "We transport 50,000 metric tons of grains/oilseeds per day that won't arrive if the strike continues."

Brazil No.4 Soy State Cuts Forecast 6 Percent Due to Poor Rains
SAO PAULO, Dec 18 (Reuters) - The farm federation of Brazil’s No. 4 soybean producing state Goias (Faeg) said on Friday it cut its forecast 5.7 percent for the 2015/16 harvest to 9.8 million tonnes due to irregular rains in several regions of the center-west state.

With the outlook for continued dry weather in the coming weeks, Faeg said it could not rule out further cuts to its forecast.

Brazil’s Center-west grain belt, which produces more than half of the country’s massive output off soybeans and corn, is seeing irregular showers, rather than generalized or widespread rains.

Informa Lowers Forecasts for U.S. 2016 Soy and Corn Plantings
CHICAGO, Dec 17 (Reuters) - Private analytics firm Informa Economics lowered its projections of U.S. 2016 corn and soybean plantings, trade sources said on Thursday.

Informa, based in Memphis, Tennessee, lowered its forecast of 2016 U.S. corn plantings to 88.926 million acres, from 90.1 million last month.
The firm cut its forecast of U.S. 2016 soybean plantings to 84.537 million acres, from 85.3 million previously. However, if realized, the figure would still represent an all-time high.

U.S. farmers planted 88.4 million acres of corn and 83.2 million acres of soybeans in 2015, according to the U.S. Department of Agriculture.

**Brazil’s New Soybean Crop Exports Seen 55 MMT - Abiove**
Dec 14 (Reuters) - Brazil’s 2015/16 soybean crop exports seen 55 million tonnes versus 53.8 mln tonnes estimated in October, according to grain crushing industry Abiove.

- Abiove said the new 2015/16 crop that will start harvest in January will produce a record 99.4 million tonnes, up from an October output estimate of 98.6 million tonnes
- Abiove said Brazil’s old crop yielded 96.2 million tonnes of soybeans of which 54 million tonnes is expected to be exported by the end of December

**Argentine Grain Farmers Slowly Start Selling After Devaluation**
By Hugh Bronstein
BUENOS AIRES, Dec 18 (Reuters) - Argentine farmers are slowly starting to sell their soy and corn stockpiles now that newly elected President Mauricio Macri has devalued the currency and needs export dollars to help rev up central bank reserves left thin by the previous government.

Macri on Thursday lifted currency controls that had been in place since 2011, letting the peso devalue by 26.55 percent against the U.S. dollar in a bid to boost exports and jump-start the economy.

Growers on the vast Pampas farm belt will now get more pesos for every dollar that export companies turn over to the central bank. Farmers hoarded crops while waiting for the devaluation.

"I’m selling the rest of soybeans that I have in stock. The price is right and I have to pay many inputs and costs," said Santiago del Solar, who farms thousands of hectares in the bread-basket province of Buenos Aires.

Those not in need of fast cash may wait longer to see where the exchange rate settles before selling. Indeed transactions nationwide had increased by just a trickle as of Friday.

"It's still too early to see a massive response," said independent grains analyst Pablo Adreani.

Guillermo Rossi, an analyst with the Rosario grains exchange, said that while confidence among farmers has increased, the initial reaction to the devaluation was cautious.

"We expect selling to pick up substantially over the coming weeks, once there is less uncertainty about the exchange rate," Rossi said. He forecasts 8 to 10 million tonnes of soybeans will hit the market over the coming three months.

The government has a deal with exporters to liquidate $400 million of produce per day over the weeks ahead, to help bolster central bank reserves depleted by years of free-spending populism under previous President Cristina Fernandez.
There are six to 10 million tonnes of corn piled up on the Pampas, ready to be liquidated, said Martin Fraguio, head of corn industry chamber Maizar.

"We have a historically high carryover stock of corn that accumulated not due to hoarding, but because exports quotas were smaller than what they could have been," Fraguio said.

Fernandez curbed wheat and corn exports through a quota system that Macri, elected last month and inaugurated last week, vows to get rid of. He has already eliminated the taxes that Fernandez slapped on international wheat and corn shipments.

"Thanks to the devaluation all costs that are not linked to internationally traded goods will decrease, increasing profit margins of all crops," Fraguio said.

Farm groups says about 13 million tonnes of soybeans are also stockpiled, and expected to be liquidated before the next harvest in April and May.

The increased supply is expected at a time when global stocks of corn, soybeans and wheat are already projected by the U.S. Department of Agriculture to be the highest ever this season. Argentina is the world's No. 3 soybean exporter, No. 4 corn supplier and No. 1 source of soymeal livestock feed.

The country is also out to reclaim its place as a top supplier of beef under Macri, who has eliminated the 15 percent tax that had been put on beef exports.