

# WEEKLY NEWS ARTICLE UPDATE



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## Export Sales Highlights

This summary is based on reports from exporters for the period February 12-18, 2016..

**Soybeans:** Net sales of 328,300 MT for 2015/2016 were down 34 percent from the previous week and 23 percent from the prior 4-week average. Increases were reported for China (270,000 MT, including 178,000 MT switched from unknown destinations and decreases of 1,800 MT), the Netherlands (132,700 MT, including 140,000 MT switched from unknown destinations and decreases of 7,300 MT), Japan (114,400 MT, including 116,700 MT switched from unknown destinations and decreases of 10,500 MT), Germany (69,200 MT, previously reported as the Netherlands), Egypt (59,200 MT, including 57,000 MT switched from unknown destinations and decreases of 2,900 MT), Costa Rica (59,100 MT), and Russia (32,200 MT, including 30,000 MT switched from unknown destinations). Reductions were reported for unknown destinations (529,000 MT). For 2016/2017, net sales of 300 MT were reported for Japan. Exports of 1,495,500 MT were down 13 percent from the previous week, but up 10 percent from the prior 4-week average. The primary destinations were China (750,800 MT), Mexico (158,300 MT), the Netherlands (132,700 MT), Japan (130,000 MT), Germany (69,200 MT, previously reported as the Netherlands), Egypt (59,200 MT), Tunisia (33,000 MT), and Russia (32,200 MT).

*Optional Origin Sales:* For 2015/2016, options were exercised to export 55,000 MT to China from other than the United States. The current outstanding balance totaling 180,000 MT is for China (120,000 MT) and unknown destinations (60,000 MT).

*Exports for Own Account:* The current outstanding balance is 500 MT, all Canada.

*Export Adjustments:* Accumulated exports to the Netherlands were adjusted down 69,220 MT for week ending February 11, 2016. The correct destination is Germany and is included in this week's report.

**Soybean Cake and Meal:** Net sales of 171,700 MT for 2015/2016 were up 54 percent from the previous week, but unchanged from the prior 4-week average. Increases were reported for the Philippines (81,600 MT), Colombia (55,100 MT, including 10,000 MT switched from unknown destinations and decreases of 400 MT), Turkey (40,400 MT, including 40,000 MT switched from unknown destinations), Mexico (32,600 MT), and Honduras (12,800 MT). Reductions were reported for Japan (49,300 MT), **Brazil (15,000 MT)**, unknown destinations (13,400 MT), and the French West Indies (1,500 MT). For 2016/2017, net sales of 900 MT were reported for Canada (500 MT) and Mexico (400 MT). Exports of 219,900 MT were up 3 percent from the previous week and 16 percent from the prior 4-week average. The primary destinations were the Philippines (99,700 MT), Turkey (40,400 MT), Colombia (26,700 MT), Mexico (22,100 MT), and Canada (12,300 MT).

*Optional Origin Sales:* For 2015/2016, the current outstanding balance is 99,000 MT, all unknown destinations.

**Soybean Oil:** Net sales of 3,200 MT for 2015/2016 were down 75 percent from the previous week and 67 percent from the prior 4-week average. Increases were reported mainly for Mexico (2,900 MT). Exports of 3,900 MT were up 11 percent from the previous week, but down 74 percent from the prior 4-week average. The destinations were primarily Mexico (3,500 MT) and Canada (300 MT).

#### [Analyst Agroconsult Raises Brazil Soy Forecast after Field Trip](#)

SAO PAULO, Feb 25 (Reuters) - Brazilian analyst Agroconsult revised up on Thursday its estimate for the country's 2015/16 soy crop after field checks revealed damages by unfavorable weather were not as big as initially thought.

The consultancy said Brazil's 2015/16 soy crop should reach 101.6 million tonnes versus 99.2 million tonnes seen in January, on the high end of most forecasts for the crop.

It projected Brazil's 2015/16 first corn crop at 28.5 million tonnes compared to 27.9 million tonnes previously. The second corn crop was seen at 58.8 million tonnes versus 57.7 million tonnes in January.

#### [Germany's Most Popular Beers Contain Glyphosate](#)

By James Tennent

[International Business Times UK](#) |

A pesticide that may cause cancer has been found in 14 of the most popular beers in Germany by the Environmental Institute, Munich. The pesticide, glyphosate, is produced by Monsanto and was classified in 2015 as probably carcinogenic to humans by the World Health Organisation (WHO).

The institute tested 14 of the best selling beers in Germany and found that all of them contained traces of glyphosate. The legal limit for traces of the pesticide in drinking water is 0.1 microgrammes per litre but the lowest level found by the institute was 0.46 microgrammes in the Bavarian Augustiner beers.

The highest level found was 29.74 microgrammes per litre in the Hasseröder brewery in Saxony-Anhalt.

Translated by thelocal.de, the Association of German Brewers released a statement saying that they had not seen the original study but that all of the levels cited were well below what is considered dangerous to health: "For an adult to consume unhealthy amounts of glyphosate, he would have to drink around 1,000 litres of beer a day. According to current scientific understanding, a glyphosate level of 30 micrograms per litre doesn't pose any health risk."

Glyphosate is the active ingredient in Monsanto's Roundup product, widely used in industrial agriculture. The WHO's International Agency for Research on Cancer (IARC) has said that there are limited findings the chemical causes non-Hodgkin's lymphoma in humans and convincing evidence it causes cancer in lab animals.

Monsanto challenges the WHO's position and says that earlier studies by the US Environmental Protection Agency found that pesticide to be safe. In a statement at the time, Philip Miller, Monsanto's vice-president of global regulatory affairs said: "We don't know how IARC could reach a conclusion that is such a dramatic departure from the conclusion reached by all regulatory agencies around the globe."

### **[Dilemma for U.S. Farmers: Which Crop Will Lose the Least Money?](#)**

[Jeff Wilson](#)

February 24, 2016

For farmers who grow some of the biggest U.S. crops, choosing what to plant this year has become a bet on which one will lose less money.

A three-year plunge in prices has sent farm income to the lowest in more than a decade and left parts of the Midwest agricultural economy in recession. While growers probably would lose \$70 on every acre of corn or soybeans they sow -- the most since 1999 -- those crops offer the best chance at profit if yields are better than average, according to AgResource Co. So, even with record global surpluses, U.S. farmers are preparing to plant more corn and soybeans in 2016 and devote less land to wheat, a Bloomberg survey showed.

“Nothing looks very good,” Terry Vinduska, 65, said by telephone from his 3,500-acre (1,416-hectare) farm in central Kansas, the biggest wheat-growing state. Vinduska, who runs the farm with his son-in-law and younger man’s father, plans to expand corn planting by 10 percent and soybeans by 5 percent on land he normally uses for wheat.

While prices for all three crops are down more than 50 percent from peaks in 2012, improvements in seed technology to fight drought, bugs and disease have allowed farmers to collect at least 23 percent more corn and soybeans per acre since 2000, while wheat yields rose just 3.8 percent. Increased output of wheat from places like Russia and Ukraine is sending U.S. exports to a 44-year low, further eroding the appeal for American growers who already are mired in the longest income slump since the 1980s.

To maximize revenue, farmers probably will expand corn planting by 1.9 percent to 89.689 million acres, the first increase since sowing a record 97.291 million in 2012, according to a Bloomberg survey of 32 trading firms and analysts. Soybean sowing may rise 0.8 percent to an all-time high of 83.345 million acres, the survey showed. Most will be planted in April and May and harvested in September and October.

#### USDA Forecast

The U.S. Department of Agriculture will release its first planting and production forecasts for 2016 on Thursday and Friday, during its annual outlook forum. On March 31, the USDA will release the results of a national survey of more than 84,000 growers that begins next week.

“Maximizing yield is the new game in town, and that means corn and soybeans offer more upside than wheat,” said Dan Basse, the president of Chicago-based AgResource, an industry adviser. “It’s much like OPEC producers where they have to produce more to generate income when prices are low. U.S. farmers are not going to leave land fallow.”

About 70 percent of U.S. wheat is the winter variety planted in September and harvested in June. The rest is spring wheat sown in April and May. Last month, farmers told the USDA they planted 36.6 million acres of winter wheat, down 7.2 percent from a year earlier and the second-fewest since 1913. In Nebraska, winter seedings were the lowest on record, and fell in the top producing states of Kansas and Texas.

#### Losing Money

At current prices and average yields, wheat would generate a loss of about \$25 an acre, Basse estimates. The loss would be bigger for corn and soybeans, which are more expensive to plant, but if yields are anywhere near the records of the past few years, farmers would stand a good chance of breaking even or making money, he said.

In Metropolis, Illinois, Rollo Burnett cut his winter-wheat crop in half to 500 acres, and said he will increase soybean planting by 24 percent to 2,600 acres this year. He'll keep corn at 2,400 acres, partly to stick with his crop-rotation plan. Burnett, 69, said he still considered adding more corn after fertilizer costs fell to the lowest since 2010 and seed prices declined about 10 percent, but the grain is more expensive to grow and harvest, so he elected to reduce his financial risk by adding more soybeans.

Farmers have been hurt by crop and livestock prices that have tumbled along with most commodities, after a decade of rising demand and prices led to a surge in output and surpluses. Net farm income in the U.S. will slump to \$54.8 billion this year, down from a record \$123.3 billion in 2013, government data show. Government subsidies will ease the burden for growers, who will get a 31 percent increase in direct payments to \$13.9 billion in 2016. Still, 37 percent of rural Midwest bankers in a Creighton University survey this month said their local economy was in recession.

CF Industries Holdings Inc., the largest U.S. producer of nitrogen fertilizer, said Feb. 17 that spring demand will be "larger than average" as corn planting expands. Ammonia prices on average fell 18 percent in the fourth quarter, while urea ammonium nitrate dropped 13 percent. These are the two biggest corn fertilizers. It takes about 1.2 pounds of nitrogen to produce a bushel of corn.

For Vinduska, who had grown mostly wheat in Marion, Kansas, about 170 miles southwest of Kansas City, the decision to sow more corn and soybeans was influenced by a 15 percent drop in fertilizer costs and similar discounts for seed. Other growers in the area are doing the same, he said.

"A few growers dramatically cut wheat acres, and most are reducing wheat to plant more corn and soybeans," said Vinduska, who also has been a seed-corn dealer for DuPont & Co.'s Pioneer unit for 30 years.

### [Argentine March Rains Could Flood Already Soggy Soy, Corn Fields](#)

By Hugh Bronstein

BUENOS AIRES, Feb 25 (Reuters) - With Argentine ground water levels high ahead of soy and corn harvesting season, which starts next month, farmers worry that El Niño-related rains may trigger floods that could swamp parts of the already soggy Pampas grains belt.

Six provinces were declared flood emergency areas by the government last week, making special credit lines and tax breaks available to affected growers. The floods washed out roads, but had little effect on the market because 2014/15 crops had long been harvested and trucked.

"The water table is already very high, and that is a potential problem. Flooding could be triggered in March by not very much rain," said Santiago del Solar, who farms thousands of hectares in the bread basket province of Buenos Aires.

"The weather is unpredictable, but now we know that El Niño is there. So it's a worry," del Solar said.

This year's El Niño weather pattern, which causes global climate extremes, has worsened floods in some parts of South America, including Argentina. In other areas, such as Colombia, it has brought drought.

Leonardo De Benedictis, meteorologist for Argentina's Rural Channel TV station, said soy and corn farmers in the southern Cordoba and Santa Fe provinces will get 20 to 30 percent more rain in March than the normal average of 150 to 200 millimeters.

"There have already been important excesses of rain in both these areas. Some fields are totally under water. The rest of the farm belt is not in such bad shape," he said.

The government's flood emergency covered the provinces of Cordoba, Santa Fe, Entre Rios, Chaco, La Rioja and Corrientes. Buenos Aires was not included in the emergency, but excessive rains have fallen in parts of that province as well.

"There are some flooded areas but soy and corn conditions generally seem pretty good so far. We should wait and see what happens during the following weeks," said Esteban Copati, an analyst with the Buenos Aires Grains Exchange.

There had been talk in the international markets of floods inhibiting transport of Argentine sugar to port. While some trucks may have been delayed, the country's sugar output is too small to have an impact on world prices.

The Argentine Sugar Center, an industry chamber, says the country produces about 2 million tonnes per year, only about 10 percent of which is exported.

### [Philippines Expects to Finalise GMO Rules in Next Few Days, Misses Wednesday Target](#)

By Manolo Serapio Jr and Enrico Dela Cruz

MANILA, Feb 24 (Reuters) - The Philippines expects to finalise a new set of rules on genetically modified organisms over the next few days, after a top court demanded an overhaul of previous regulations in the nation that has been seen as a trailblazer for GMO in Asia.

The government had hoped the new rules would be signed by five ministers on Wednesday, but Merle Palacpac, chief of the plant quarantine service at the Bureau of Plant Industry (BPI), told Reuters there had only been one signature so far as other officials were travelling.

"We hope they will all be able to sign over the next few days," said Palacpac. Thursday is a public holiday in the Philippines.

The Supreme Court in December halted the issuance of fresh permits for planting or importing genetically modified crops until the new rules were in place, putting in limbo nearly 1 million corn farmers and buyers of GM soybean meal, the Philippines' top GMO import. ([Full Story](#))

Proponents of GM technology warn that delays could spark a food crisis in the Southeast Asian country, while critics have sought more time to ensure there is enough regulatory scrutiny to meet concerns over public health and the environment.

The new rules would take effect 15 days after being published, Palacpac said, adding that a permit to plant a variety of GM corn domestically will expire on March 3.

The Philippines was the first in the region to allow planting and commercialisation of GM corn, which it did in 2002, and has permitted GM crop imports for more than a decade.

"We can't really rush (the ministers) because they have to examine it and they have to consult," said Dr. Jaime Montoya, a government health scientist who heads an inter-agency panel that drafted the new guidelines.

### **Can India Find Non GMO Maize From Global Market-Challenge Still Exists**

Agriwatch

India, Feb. 23 -- The attempt to *import* GMO free maize by India is not an easy task. An explosion in the use of GM crops worldwide hints that purity grade has become harder to attain and, with a growing risk of the supply chain being contaminated, underlines the vulnerabilities faced by countries trying to stay GM free. Even a shipment containing a handful of genetically altered seeds could cross pollinate with local varieties and mean that in India and's case farmers end up illegally growing GM crops.

An agricultural commodities analyst at Geneva-based commodities information platform AgFlow-James Dunsterville says India can buy non-GMO corn, especially out of the Black sea region, but he doubts anybody can offer shipments with zero presence of GMOs. Daewoo International won the tender to ship 250,000 tonnes of non-GM corn to India from Ukraine, but two international traders in Singapore and an *exporter* in Kiev said Ukraine could at best guarantee 99.1 per cent non-GM corn. The biggest risk of accepting anything less than 99, or 100, per cent is that the *imported* GM corn may eventually get mixed with conventional seeds that farmers sow in India. It would be terrible for Indian farmers

### **Tightening Credit Heralds More Pain in U.S. Farming Downturn**

By P.J. Huffstutter and Justin Madden

CHICAGO, Feb 22 (Reuters) - Steve Irish used to farm 450 acres of rich crop fields in east-central Illinois, but that 15-year chapter of his life ended with a recent conversation with his banker.

The banker was blunt. Irish was deep in debt from the farm equipment he bought, and needed to pay back the money he owed. So now Irish's tractor, combine and other machinery needed to run a grain farm is up for sale in an online auction.

"We had no choice," said Irish, who also lost the lease on most of his rented 450 acres. Without land and equipment, he said, he could not farm.

As the U.S. farming sector enters the third year of a downturn caused by a global glut of grains and slumping commodity prices, bankers across the Midwest are starting to tighten lending conditions and even cutting some clients off.

Many corn and soybean farmers already are trying to adjust by selling off grain stockpiles, begging landlords to reduce rents and pleading with bankers to restructure debt and give them more time to pay it back.

But bankers are worried about the potential of loan defaults as incomes fall, prompting farmers to take on more debt. U.S. farm debt, adjusted for inflation, is now at the highest levels since the the nation's agricultural crisis in the 1980s, when scores of rural banks failed.

Tightening credit sends a clear message: the hard times are here to stay, and sacrifices are in order to avoid a future of forced land sales, farm equipment repossession and bankruptcies. (Graphic: <http://tmsnrt.rs/1PXN70N>)

In that vein, banker Jim Knuth had some brusque advice for those attending a major farmland investment event in West Des Moines, Iowa, last month.

Those vacation homes? Spare tractors? Sell them. Landowners will not lower the rents? If you can't make a profit off the ground, stop farming it.

"You need to accept this new normal," Knuth, senior vice president of Farm Credit Services of America, the largest production agriculture lender in the upper Midwest, told more than 300 farmers and landowners. "Cash is king."

#### CREDIT SQUEEZE

How many farmers have had their credit lines cut off in recent months is not known. At least for now, say bankers, they do not expect a repeat of the 1980s, when Willie Nelson and Neil Young held a benefit concert to help thousands of bankrupt farmers.

Current interest rates are far lower, as are debt-to-equity ratios. Farm assets, too, are valued at about one-third higher, according to federal data.

But bankers now are saying no to clients they may have backed during the recent boom times, according to farmers, economists and interviews with nearly three dozen lenders.

Some are requiring customers to put more cash down for land or equipment purchases; others have suggested farmers update their resumes.

Customers with grain in their bins are being steered toward government-backed loans where the taxpayer would shoulder some of the risk. The number of these marketing assistance loans from the U.S. Department of Agriculture - short-term credit backed by crops - rose to over 47,500 with \$5.7 billion dispersed in 2015, up over 50 percent from when the downturn began in 2013, according to USDA data.

"It's cheap money at a favorable interest rate," said Bob Allen, a vice president at Iowa-based Home State Bank, who recommended such loans.

#### BILLS DUE



The squeeze comes as most farmland rent payments – which can run into millions of dollars – are due March 1. Seasonal payment deadlines also loom for seeds, chemicals and equipment.

The crunch could also deepen the pain felt by input suppliers, grain buyers and equipment manufacturers. On Friday, Deere & Co further cut its sales and profit outlook and said it now expected farming and construction equipment sales to fall 10 percent for the year ending in October.

Other signs of financial stress are also mounting.

Farm sector debt soared past \$364 billion last year and is forecast at over \$372 billion in 2016, according to the U.S. Department of Agriculture (USDA) - levels not seen since 1984. The USDA also predicts net farm incomes will fall for a third year in a row to \$54.8 billion, down 56 percent from 2013's peak.

Demand for loans has been rising for 11 consecutive quarters but repayment rates are falling. A survey by the Federal Reserve Bank of Chicago showed repayment rates at the end of 2015 at their lowest since early 1999.

The volume of the farm loan portfolio with "major" or "severe" repayment problems was 5 percent in the fourth quarter of 2015, up from 2.9 percent a year earlier.

Funds available for non-real estate agricultural loans shrank for two consecutive quarters in the second half of 2015, according to data from the Federal Reserve Banks of Kansas City and Chicago.

And the value of U.S. cropland - often used as collateral - is starting to slide. Land prices dropped as much as 10 percent in parts of Iowa, the top U.S. corn producer, in the fourth quarter from a year earlier, the Chicago Fed says.

"There's only so much patience out there," said Eric Hardmeyer, president of the Bank of North Dakota. "It's not the banker's fault and it's not the suppliers' fault that commodity prices are what they are. They all need to get paid."

#### [Abiove Trims Forecast of Brazil Soy Crop to 98.5 MMT](#)

SAO PAULO, Feb 22 (Reuters) - Brazil's soybean crop is expected to produce 98.5 million tonnes in 2015/2016, down from the 99.4 million forecast in December but still up from last year's harvest of 96.2 million tonnes, the local grain industry association Abiove said on Monday.

Brazil is expected to export 54.5 million tonnes of soybeans from the current crop, which is also down from the 55 million tonnes forecast previously but still up from last season's exports of 54.32 million tonnes, Abiove said without further details explaining the causes for its forecast revisions.

Brazil's soy belt has been struggling with irregular weather this season that has been influenced by a strong El Nino, which is likely behind excess rains in the southern grains states of Rio Grande do Sul and Parana, while delaying rains in the main center-west grain states such as Mato Grosso and Goias.

