

# WEEKLY NEWS ARTICLE UPDATE



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## Export Sales Highlights

This summary is based on reports from exporters for the period January 15-21, 2016.

**Soybeans:** Net sales of 647,800 MT for 2015/2016 were down 34 percent from the previous week and 14 percent from the prior 4-week average. Increases were reported for China (296,800 MT, including 195,000 MT switched from unknown destinations and decreases of 112,500 MT), Germany (131,600 MT, previously reported as the Netherlands), the Netherlands (74,000 MT, including 70,000 MT switched from unknown destinations), Mexico (67,400 MT, including 47,500 MT switched from Colombia and decreases of 5,500 MT), Japan (57,100 MT, including 18,000 MT switched from unknown destinations), and Indonesia (43,100 MT, including 25,000 MT switched from unknown destinations). Reductions were reported for unknown destinations (134,300 MT) and Colombia (32,900 MT). Exports of 1,323,200 MT were down 16 percent from the previous week and 10 percent from the prior 4-week average. The primary destinations were China (764,200 MT), Germany (131,600 MT, previously reported as the Netherlands), Mexico (116,300 MT), the Netherlands (74,000 MT), Japan (58,800 MT), and Indonesia (46,900 MT).

**Optional Origin Sales:** For 2015/2016, the current outstanding balance totaling 235,000 MT is for China (175,000 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 76,479 MT for week ending January 7, 2016. Accumulated exports to the Netherlands were adjusted down 55,120 MT for week ending December 10, 2015. The correct destination for both shipments is Germany and is included in this week's report.

**Soybean Cake and Meal:** Net sales of 200,800 MT for 2015/2016 were down 28 percent from the previous week, but up 71 percent from the prior 4-week average. Increases were reported for the Philippines (53,600 MT), unknown destinations (38,500 MT), Colombia (38,200 MT), the Dominican Republic (24,500 MT), Mexico (11,600 MT), and Canada (6,500 MT). Reductions of 100 MT were reported for Papua New Guinea. Exports of 126,600 MT were down 54 percent from the previous week and 43 percent from the prior 4-week average. The primary destinations were Mexico (57,500 MT), Ecuador (16,000 MT), Canada (10,400 MT), Bangladesh (9,900 MT), and the Philippines (7,800 MT).

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

**Soybean Oil:** Net sales of 9,100 MT for 2015/2016 were down 53 percent from the previous week and 37 percent from the prior 4-week average. Increases were reported for Mexico (4,000 MT), Jamaica (3,500 MT), Trinidad (700 MT), Canada (400 MT), and the Dominican Republic (200 MT). Exports of 8,000 MT were down 80 percent from the previous week and 82 percent from the prior 4-week average. The destinations were primarily Mexico (6,900 MT), Nicaragua (500 MT), Canada (400 MT), South Korea (100 MT), and Lebanon (100 MT).

### **Brazil Early Soybean Harvest 'Better Than Expected': Crop Tour**

By Gerson Freitas Jr.

(Bloomberg) -- Soybean crop in Mato Grosso do Sul's Campo Grande, Sidrolandia, Maracaju and Itapora regions looks to be in "very good condition" with reports of better-than-expected yields from early harvests, says Heloisa Melo, analyst at Agroconsult, during crop tour.

Roberto Silva Neto, a farmer in Maracaju, says to expect avg yield to reach 3,600 kilograms per hectare (53.5 bushels per acre) this yr, vs 3,180 kilograms last season, best performance in at least a decade

Will grow winter corn on 100% of his 5,100 hectares after the soy harvest, plans to expand total planted area by 800 hectares next season

Lucio Damalia, a producer in Dourados, sees yields on his 325-hectare farm rising to a record 3,300 kilograms per hectare vs 2,610 kilograms last season

“Weather conditions helped, the pod count and filling are good, everything looks fine this year”

### **Crashing Commodities Are Saving China \$460 Billion a Year**

Bloomberg, January 24

The pain from the rout in global commodity prices is sweeping through nations from Brazil to South Africa. The biggest beneficiary? Arguably it's China, the nation often blamed for driving prices lower due to its slowing economic growth.

China's annual savings from the commodities rout amount to \$460 billion, according to calculations by Kenneth Courtis, former Asia vice chairman at Goldman Sachs Group Inc. About \$320 billion of that is from cheaper oil, with the rest from other energy, metals, coal and agricultural commodities.

Benefits are rippling through the economy, pushing down or steadying prices of everything from home heating and petrol prices to the cost of raw materials at factories. That's also boosting China's efforts to recalibrate its economic growth model away from a reliance on heavy industries and investment toward consumption and services.

"It's shown up in low consumer-price inflation and more stuff that households have been able to buy," said Louis Kuijs, the head of Asia economics at Oxford Economics Ltd. in Hong Kong and a former World Bank economist in Beijing. "Manufacturing companies would have had even worse profit developments if it had not been for those low commodity prices."

China saved \$188 billion in import costs last year on a basket of 10 commodities ranging from oil to soybeans and natural gas, the Ministry of Commerce said in a statement this month. "That significantly cut the costs of domestic companies and improved efficiency," the ministry's spokesman said.

By helping damp inflation, the commodities price slump also has given China's policy makers more room to ease monetary policy to support economic growth, which slowed to a 25-year low in 2015. A lower import bill also helped the nation's trade surplus surge to \$594.5 billion last year, helping mitigate capital outflows that have pressured the yuan.

China is capitalizing on the lower prices, importing a record amount of crude last year as oil's lowest annual average price in more than a decade spurred stockpiling and boosted demand from independent refiners. The country had record imports of iron ore, soybeans and copper concentrate last year.

"China is the great winner from the crash of commodity prices," said Courtis, now chairman of Starfort Holdings. "A significant portion of that windfall gain is being transferred to the domestic population."

### [Argentine Corn Crop Suffers Losses Due to Drought -Expert](#)

BUENOS AIRES, Jan 26 (Reuters) - Drought has caused irrecoverable corn crop losses in some areas of Argentina despite the El Niño weather phenomenon which usually triggers heavy rains in South America, an analyst at the country's main grains exchange said.

Argentina is the fourth largest exporter worldwide of the grain and farmers raced to plant more in recent weeks after the new, business-friendly government eliminated export taxes and quotas for corn.

However, a lack of rain and high temperatures in the north east of the province of Buenos Aires, the main agriculture district of the country, is threatening the corn harvest.

"This zone is burning up," said Sofia Corina, an analyst at the Rosario exchange. "I've received reports of lost plots of corn and corn that has lost 50 percent of its yield."

"This is completely unheard-of for a year of El Niño," she added.

El Niño is a warming of ocean surface temperatures in the eastern and central Pacific that occurs every few years, triggering heavy rains and floods in South America and scorching weather in Asia and as far away as east Africa.

Two weeks ago, the Rosario exchange estimated the corn harvest for 2015/16 would be 23.8 million tonnes, up from 20.2 million tonnes in the previous season, due to a larger planting area and higher yields.

Corina said the area hit by drought represented 8 percent of the main agricultural area of the country, which is also a top global exporter of soy and wheat.

The expert said the lack of water also impacted soy but given the oilseed was not in its key period of growth, there was still time to avoid losses of the crop.

"If it rains, it can still be saved and manage to maintain its yields," she said.

Argentina's National Meteorological Office does not expect rain for that region in its weather forecast that predicts up to Friday. The temperature there is expected to reach up to 33 degrees Celsius (91.4 degrees Fahrenheit).

### [One Salmon Costs More than a Barrel of Oil](#)

26-Jan-2016

One salmon costs more than a barrel of oil in Norway, Western Europe's biggest oil producer.

The phenomenon was noticed by the Norwegian seafood industry site iLaks.no .

"Boom times" for the Norwegian aquaculture industry means 4.5kg of gutted and packed salmon trades at NOK 65 per kilo, iLaks reported.

### [Russia May Become Big Supplier of Soybeans to China - Expert](#)

BEIJING, January 28. /TASS/. Russia has the necessary conditions to become a large exporter of soybeans, the head of China's Central Rural Work Leading Group, Chen Xiwen, told reporters on Thursday.

"Now China imports soybeans in large amounts. Some 80 percent of the soybeans consumed in China are supplied from abroad, and the key exporters to China are the United States, Brazil and Argentina," the Chinese official said at a press conference organized by the State Council.

"We also import soybeans from Russia but in small amounts. I believe Russia may become a big manufacturer of soybeans," he said.

"You have large territories, especially in the Far East. Quite many Chinese farmers already grow soybeans in Russia. Russia and China have a big potential of developing cooperation in this area," he said.

### [China to cut domestic corn prices to spur demand, cut imports](#)

BEIJING, Jan 28 (Reuters) - China, the world's second-largest corn consumer, will cut domestic prices to spur demand from downstream industry and reduce cheaper imports, a senior government official said on Thursday.

China has instituted a crop stockpiling policy to protect its rural population from fluctuating prices and prop up incomes. But corn reserves are now at record highs.

Demand for cheaper overseas supplies has spiked because the stockpiling elevated domestic prices, with imports of corn and corn substitutes hitting a record high last year.

"If corn prices were set rationally on basis of supply and demand, China wouldn't need to import at all," said Chen Xiwen, deputy director with the Communist Party's Central Rural Working Leading Group, the country's top rural policy maker.

"Domestic corn prices are not competitive and the price needs to be set by the market to reduce imports of corn and corn substitutes," he told a Thursday press briefing.

He said the import price of 1,600 yuan (\$243.24) per tonne was accepted by downstream corn processors and should be considered a "rational" level for domestic corn.

The import price is 20 percent lower than the state support price for the current marketing year ending September, and is lower than the 1,800 yuan price proposed earlier by China's top planning agency.

January 2017 corn futures on the Dalian Exchange fell 1.95 percent on Thursday to 1,540 yuan per tonne.

However, some traders oppose the cuts, saying they would erode farmers' incomes and cause losses for the government, which paid more than 2,000 yuan per tonne for the reserves.

"A big price cut will not help consumption. The industry is still not willing to build inventories as they know that the government has massive stocks," said Feng Jilong, a senior corn trader with a state-owned firm.

Chen said Beijing is currently looking how to subsidise farmers without artificially raising prices, and is also studying whether to abandon the price support system and let the market decide.

China is running out of space for the corn stockpiles, and some of the ageing crop is deteriorating, but destocking would take time because a rapid sell-off would have too big an impact on the market, said Han Jun, Chen's deputy.

The government plans to reduce the domestic corn acreage next year and encourage farmers to grow other crops, such as soybeans, of which the country is the world's top buyer.

### [China Vows Tougher Regulation of Genetically Modified Crops](#)

BEIJING, Jan 28 (Reuters) - China aims to crack down further on the cultivation of illegal genetically modified crops, a senior agricultural official said on Thursday, following instances of the planting of unapproved strains of corn and soybeans.

The agriculture ministry began a nationwide investigation last year amid media reports that farmers in the northeastern province of Heilongjiang were planting unapproved GMO varieties of soybeans.

As much as 93 percent of samples from cornfields in Liaoning, another northeastern province, tested positive for GMO contamination, a survey by environmental group Greenpeace shows.

"We need to strengthen day-to-day regulation and strictly supervise the implementation of the law," said Han Jun, the deputy director of the office of the Chinese Communist Party's rural policy unit.

"From the source we must prevent genetically modified seeds that have not been approved from illegally entering the market," Han told a news briefing.

People worried about the risks of genetically-modified (GMO) products must get the right to choose whether to use them, he added.

China permits imports of GMO soybeans but only for use in animal feed.

Han said China's policy on GMO remained consistent, with the country still committed to the research, development and commercialisation of the technology.

China will continue to "prudently promote GMO technology on the basis of guaranteeing safety," authorities said in a document published on Wednesday that sets out the country's rural policy priorities for the year.

### **Russia May Ban Import of Soybeans from US - Phytosanitary Watchdog**

MOSCOW, January 26. /TASS/. Russia may ban imports of not only corn but also soybeans from the United States, the Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoznadzor) reported on Tuesday.

According to the report, a phytosanitary inspection in 2015 revealed 7 cases of contamination of beans imported from the US with objects considered quarantine in Russia while in January 2016 there were 4 such cases.

After the situation is discussed with representatives of the US "the issue of introducing contemporary restrictions on imports of corn and soybeans from America to Russia will be considered," the report said.

According to the customs statistics, the US is not a major exporter of soybeans to the Russian Federation. In 10 months of 2015, 1.7 mln tonnes of soybeans were imported to Russia, with around 1 mln tonnes from Paraguay, 0.4 mln tonnes from Brazil and 0.3 mln tonnes from the United States.

As was reported on Monday, Moscow may introduce a ban on supplies of corn from the United States over systematic Diplodia stalk rot infection. The Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoznadzor) has sent a request to the US side asking it "to exclude supplies to Russia's territory of the infected American corn." The potential damage from the supplies of quarantined goods to Russia reaches some 10 or 15 billion rubles (\$128 million-\$192 million), the analysis of phytosanitary risks shows, according to the watchdog. Now the infected corn is only used in Russia for the production of popcorn, it said

### **French Farmers Blocked Roads, Burned Tires to Protest Low Prices**

By Rudy Ruitenbergh

(Bloomberg) -- French farmers protested low prices they say are putting them out of business by blocking roads in Brittany and preventing access to the port city of La Rochelle with tractors and burning tires.

More than 100 farmers, many of them livestock breeders, on Monday closed highway RN165 near the city of Lorient in the west, said Thierry Coue, head of the regional chapter of farm union FNSEA. In La Rochelle on the Atlantic coast, about 100 livestock farmers and grain producers blocked entry to the city from the east, said local FNSEA chairman Francois Avard.



Insolvencies for French livestock farms last year rose to the highest since at least 1998, led by beef cattle and dairy producers, according to data analysis firm Altares. French raw-milk prices dropped 17 percent in the past two years, while beef prices that farmers say don't cover costs fell 3.5 percent in the period, European Union data show. The declines came as rising milk output in Europe and New Zealand coincided with a slowdown in Chinese dairy demand, while growth in beef production has outpaced usage.

"Incomes are catastrophic, particularly in red meat and milk," Coue said. "Today it's no longer a crisis, this is social distress. People are at the end of their wits."

While blockades in June prompted industry negotiations and an agreement by slaughterers to pay more for beef, prices for the meat have dropped since August. Livestock farmers in Brittany are going out of business, and protests will continue in the next few days, Coue said.

The blockade around La Rochelle, the nation's second-biggest grain port, wasn't scheduled to extend beyond Monday, Avrard said. Grain loading hadn't been affected, according to silo operator Sica Atlantique.

### [Argentina Scrambles to Fight Biggest Plague of Locusts in 60 Years](#)

By JONATHAN GILBERTJAN

[nytimes.com](#) | Jan. 25, 2016

BUENOS AIRES — Farmers and fumigators in Argentina are running out of time as they scramble to control the country's worst plague of locusts in more than half a century, officials warned on Monday.

The provincial authorities and Senasa, the government's agricultural inspection agency, have intensified their efforts to exterminate swarms of the insects in the dry forests of northern Argentina. But their attempts might not be enough to prevent the locusts from developing into a flying throng in the coming days — when they will then threaten to devour crops like sunflowers and cotton, and grasslands for cattle grazing.

"It's the worst explosion in the last 60 years," Diego Quiroga, the agriculture agency's chief of vegetative protection, said in a telephone interview. "It's impossible to eradicate; the plague has already established itself. We're just acting to make sure it's the smallest it can be and does the least damage possible."

Small pockets of locusts, which first appeared last June, at the start of winter in the Southern Hemisphere, have spread across an area of northern Argentina about the size of Delaware. The mild and rainy winter here created comfortable breeding conditions for the locusts; their surge outpaced the ability of the authorities to control the spread of the insects.



Farmers last year reported locust clouds that were more than four miles long and nearly two miles high, said Juan Pablo Karnatz, a representative for the Province of Santiago del Estero at the Rural Confederations of Argentina, which represents more than 100,000 farmers here.

In the past five years, Senasa, the agricultural agency, has seen an increase in the numbers of insects that can destroy crops — like fruit flies that threaten citrus groves — as a result of warmer, wetter winters.

Mr. Quiroga pointed to a warning last November by the Food and Agriculture Organization, a United Nations agency, which said climate change would contribute to locust plagues in Africa. “There is clearly an impact in our country, too,” he said. “We are definitely being affected.”

Many farmers here blame the coming plague on the previous government of former President Cristina Fernández de Kirchner, saying officials failed to take last year’s warnings seriously enough. There is no study yet that shows climate change has led to the increase in locust populations, said Paola Carrizo, a professor of agronomy at the University of Buenos Aires, explaining that a more likely cause was insufficient pest control by Senasa.

The specter of locusts haunts Argentina’s farmers, who for almost 200 years have resorted to rustic methods like bonfires to drive away menacing swarms. A government program to combat locusts, set up in 1891 under President Carlos Pellegrini, is believed to be one of Argentina’s oldest agricultural policies.

After years relatively free from locusts, farmers are again bracing themselves for the worst. Senasa has set up a hotline to report sightings of the insects. And in meetings this month to coordinate a response to the plague, officials in Argentina have been emphasizing the havoc locusts can wreak by digging out sepia-toned photographs of past plagues.

Fumigators equipped with backpack sprayers intensified their efforts last week. They have extinguished pockets of young locusts, which cannot yet fly, only hop, in 66 locations in northern provinces of Argentina. The dry forests there are largely impenetrable, however, so it is unclear how many other pockets have gone undiscovered.

In 10 days, the locusts are expected to grow to about two inches and mature into voracious flying swarms in search of food. Once that happens, combating the plague would be a more complex operation, Mr. Quiroga said, requiring fumigating aircraft to poison the swarms.

“We don’t know exactly where we’re at,” said Mr. Karnatz, the farmers’ representative, who has been involved in coordinating a response to the plague. “We may have contained some pockets, but it’s not a definitive victory.”

He warned, “If they fly, it could be disastrous.”