WEEKLY NEWS ARTICLE UPDATE

Prepared by John C. Baize and Associates | 7319 Brad Street | Falls Church, VA 22042
TEL: 703-698-5908 | FAX: 703-698-7109 | E-mail: jbaize@attglobal.net

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Articles in This Edition

Export Sales Highlights

This summary is based on reports from exporters for the period February 19-25, 2016.

Soybeans: Net sales of 440,100 MT for 2015/2016 were up 70 percent from the previous week and 35 percent from the prior 4-week average. Increases were reported for China (281,400 MT, including 123,000 MT switched from unknown destinations and decreases of 11,200 MT), Mexico (93,800 MT), Indonesia (85,900 MT, including 68,000 MT switched from unknown destinations and decreases of 6,800 MT), Taiwan (79,100 MT, including 60,000 MT switched from unknown destinations and decreases of 200 MT), the Netherlands (70,000 MT, switched from unknown destinations), and Germany (69,800 MT, previously reported as the Netherlands). Reductions were reported for unknown destinations (297,600 MT). For 2016/2017, net sales of 2,100 MT were reported for Japan. Exports of 1,228,100 MT were down 14 percent from the previous week and 11 percent from the prior 4-week average. The primary destinations were China (755,600 MT), Indonesia (85,000 MT), Taiwan (81,700 MT), the Netherlands (70,000 MT), Germany (69,800 MT, previously reported as the Netherlands), Mexico (57,900 MT), and Japan (52,700 MT).

Optional Origin Sales: For 2015/2016, the current outstanding balance of 180,000 MT is for China (120,000 MT) and unknown destinations (60,000 MT).

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

Export Adjustments: Accumulated exports to the Netherlands were adjusted down 69,756 MT for week ending February 18, 2016. The correct destination is Germany and is included in this week's report.

Soybean Cake and Meal: Net sales of 132,100 MT for 2015/2016 were down 23 percent from the previous week and 20 percent from the prior 4-week average. Increases were reported for the Philippines (50,900 MT), Mexico (45,200 MT), Colombia (36,900 MT, including 33,000 MT switched from Ecuador and decreases of 600 MT), Guatemala (22,200 MT, including 17,100 MT switched from unknown destinations, and 2,000 MT switched from Nicaragua), the Dominican Republic (15,000 MT, switched from unknown destinations), and Lebanon (8,200 MT, switched from Egypt). Reductions were reported for Ecuador (33,000 MT), unknown destinations (28,000 MT), Egypt (6,400 MT), and Nicaragua (2,000 MT). For 2016/2017, net sales of 200 MT were reported for Canada (500 MT). Exports of 261,500 MT were up 19 percent from the previous week and 23 percent from the prior 4-week average. The primary destinations were Mexico (54,200 MT), Colombia (47,200 MT), Egypt (38,100 MT), the Philippines (27,300 MT), and Guatemala (24,500 MT).

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

Soybean Oil: Net sales of 900 MT for 2015/2016 were down 72 percent from the previous week and 89 percent from the prior 4-week average. Increases were reported for Mexico (600 MT) and Canada (200 MT). Exports of 4,400 MT were up 12 percent from the previous week, but down 69 percent from the prior 4-week average. The destinations were primarily Mexico (3,900 MT) and Canada (300 MT).

China 2015/16 Soybean Imports Seen Up 6 Percent

By Naveen Thukral

SINGAPORE, March 2 (Reuters) - China's soybean imports are forecast to climb 6 percent in the year to September 2016 on higher demand for animal feed, while corn purchases will decline as the country takes steps to cut domestic inventories, a senior industry official said.

The country is expected to buy 83 million tonnes of soybeans in 2015/16, up from 78.35 million tonnes a year ago, Wang Lin, managing director of COFCO Futures said on Wednesday.

That compares with 80.5 million tonnes of Chinese soybean imports as estimated by the U.S. Department of Agriculture (USDA). China buys 60 percent of the soybeans traded worldwide.

"Hog margins are attractive, (and) we expect hog feed demand in China to increase slightly," Lin told an industry conference in Singapore.

Soybeans are crushed to produce oil, used mainly in cooking, and meal, a key source of protein in animal rations.

In calendar year 2015, China's soybean imports rose 14.4 percent to a record 81.7 million tonnes, according to customs data, as hog breeders expanded their herds.

Also expected to encourage Chinese imports, the benchmark Chicago Board of Trade most-active soybean contract dropped to its lowest since early January this week on prospects of near record supplies from South America.

For corn, Lin said China's imports are likely to be subdued as it takes steps to cut domestic stockpiles.

"There will be import quotas for corn but purchases will be reduced as government encourages the use of domestic corn," he said.

Corn Cv1 dropped to its lowest since mid-January on Tuesday, falling for a fifth straight session.

China will unveil its state corn price policy as early as next month to make domestic prices low enough to keep imports outside the country.

The country has accumulated large corn stockpiles following successive bumper harvests, and at the same time, imports increased last year as local prices were much higher than the international market.

The USDA has estimated that China's corn imports will drop to 2.5 million tonnes in 2015/16 from about 5.5 million tonnes the previous year.

China's end-stocks for corn were estimated by the USDA at more than 100 million tonnes at the end of 2014/15, almost half of the global total of 206 million tonnes.

United States and Europe Disagree on GM Crops

The Irish News | Gary McDonald, Business Editor, in Washington DC

02 March, 2016 01:00

COMING soon to a plate near you – a large dollop of genetically modified organisms.

Well, not if the EU can help it.

America, where GMOs have been in the human supply chain for more than two decades, want their currently banned crops to be imported into Europe.

They insist Europeans are not aligned to the science which proves there is absolutely no risk to consuming genetically-modified food.

But that single emotive issue could potentially bring down the €4 trillion (£3.1 trillion) Transatlantic Trade and Investment Partnership (TTIP).

Europe, though, is standing firm on this hugely controversial chapter of the free trade deal, and that in turn may scupper the stated ambition of both camps to have a sign-off on TTIP by the end of this year.

Yesterday, parties to the trade deal said they are "not remotely interested in forcing anybody to eat anything", but argued that decisions about what is safe should be made by scientists not politicians.

They believe US crops should be allowed into the EU based on favourable findings on GMO usage from the powerful European Food Safety Authority.

Critics, however, claim allowing genetically-modified crops and chemically washed beef into European markets will undermine food safety, environmental standards and job security.

Some 19 EU countries have already opted out of growing GMOs within any part of their territories (including Ireland and the UK apart from England).

Belgium is applying the opt-out rule for only part of its territory while Germany wants to pursue more GMO research.

US policy chiefs, who are hosting a series of meetings with European journalists in Washington this week, insist there is too much mis-information on the GMO issue.

All 28 EU nations already require GMO labelling on products using substances already authorised to be grown within the Union, and the Americans say as long as the labels are fact-based, this will reflect an accurate assessment of any perceived risk.

Scientists have argued that the problem with GMOs isn't necessary the technology, but the fact that they haven't lived up to their hype, and that genetically modified crops have not fully delivered on promises to drastically reduce world hungry or significantly cut down on the need for pesticides.

Meanwhile the EU media grouping, including the Irish News, were formally updated on TTIP progress at the US State Department by President Obama's right-hand man Ambassador Michael Froman.

The US trade representative – who has a meeting tomorrow with European Commission Vice-President Jyrki Katainen in Washington – said he was "pleased" at the work completed in Brussels last week and the continuing momentum.

"While we already have a very deep and broad economic arrangement with the EU, our view is that we can always do better.

“With TTIP, we want to see two highly industrialised and highly regulated economies come together to set new global standards, make it more efficient to trade back and forth, enhance our collective competitiveness and bring more benefit to consumers.”

He added: “Our view remains that we can get over the line this year with an accelerated progress, and President Obama is giving the negotiations his full support in these crucial final stages.”

It emerged that the president is likely to attend the Hannover Messe research and technology fair in April, when he is expected to engage with politicians not just in Germany, but from other EU regions including the UK and Ireland.

Informa Raises Brazil Corn, Soy Production Forecasts - Trade

CHICAGO, March 2 (Reuters) - Informa Economics, the private analytics firm, on Wednesday raised its estimates of 2015/16 corn and soybean production in Brazil, trade sources said.

In a monthly report, the firm projected Brazil's 2015/16 soybean harvest at 101.3 million tonnes, up from 100.5 million previously.

Informa estimated Brazilian all-corn production at 82.5 million tonnes, up from 81.6 million last month.

For Argentina, Informa raised its forecast of 2015/16 corn production to 27 million tonnes, from 26.0 million previously.

However, the firm lowered its forecast of Argentine soybean production to 59.0 million tonnes, from 60.0 million last month.

FCStone Raises Estimates for Brazil's Soy, Corn Crops

March 2 (Reuters) -

- INTL FCStone raises estimate for Brazil's 2015/16 soy crop to 98.6 million tonnes from 98 million tonnes
- INTL FCStone raises estimate for Brazil's 2015/16 1st corn crop to 28.19 million tonnes from 27.59 million tonnes
- INTL FCStone raises projection for Brazil's 2015/16 2nd corn crop to 56.04 million tonnes from 53.46 million tonnes

The Shipping Industry Isn't Doing as Well as It Looks From Space

By Alex Longley

(Bloomberg) -- For an industry that is losing money on almost every transaction, the world’s commodity shippers are remarkably busy grabbing any cargo they can get their hands on.

From space, where satellites track ship movements, it all appears like the market is booming, data compiled by Bloomberg show. At giant iron-ore loading terminals in Brazil and Australia, millions of tons are loaded each month on vessels that come and go like clockwork. Along the coastlines of China, Singapore and even Greece, the picture is the same: little waiting about.

But all that movement is a consequence of weakness, not strength. Commodity prices and demand are so lousy, freight rates for the biggest ships don't even cover a third of the cost of their crews. While owners would normally idle ships when things slow down, hoping to spark a rebound in rates, the outlook this time around is so dire that many figure it's better to have some business. Otherwise, they risk losing market share and earning nothing.

"It's a bizarre scenario," said Simon Francis, the founder of G-Ports Ltd., a Penryn, England based company that's been monitoring shipping congestion for a decade. "There don't seem to be that many waiting around for cargo" even though the industry is "on its knees," he said.

For the first time since the early 1990s, combined trade in coal and iron ore is poised for two straight years of contraction, predicts Clarkson Research, part of the world's biggest shipbroker. Almost every type of commodity carrier will fail to make a profit this year, and they'll earn almost nothing in 2017, according to analysts' forecasts and industry breakeven figures compiled by Bloomberg.

The current crisis stems from a shipbuilding boom that doubled the fleet's capacity in the seven years through December, which included a bull market in commodity prices as global demand surged. Owners increased new-vessel orders when rates rose to a record from 2007 to 2009, wagering that China's near double-digit economic growth at that time would persist. It was a bad bet. Instead, the world's second-largest economy is expanding at the weakest pace in 25 years.

Delayed La Nina Seen Buoying U.S., Asia Crops -MDA Weather
By Naveen Thukral
SINGAPORE, March 3 (Reuters) - A delay in the onset of the La Nina weather pattern this year is likely to buoy crops across key growing regions in the United States, Australia and India, a leading weather forecaster said on Thursday.

Another year of bumper production of crops such as corn, wheat and soybeans would boost global inventories that have risen near record levels following successive large harvests.

"Some models were showing La Nina developing by July but they have delayed that by a month or two now," said Kyle Tapley, senior agricultural meteorologist at U.S.-based MDA Weather Services.

La Nina, Spanish for "the girl", prompts a cooling of Pacific Ocean temperatures that brings hot and dry weather to key U.S. growing areas, while much of Asia experiences wetter conditions. It tends to occur unpredictably every two to seven years.

Tapley said El Nino, which brought drought to parts of Asia last year and impacted India's monsoon, has been weakening since November at a slower pace than previous examples of that weather pattern.

"If you compare with other strong El Nino events that we have had, 1998 and 1983, this event is weakening slower than those events. That is why La Nina has been pushed back."

Weather experts had earlier indicated the return of La Nina, for the first time since 2012, after the end of El Nino in the second quarter.

Global wheat and corn production has been rising since 2013/14, while soybean output has climbed to record highs in the last three years, thanks to near-perfect weather conditions in many producing regions.

That has kept pressure on grain prices, with wheat declining to its lowest since June 2010 this week. Soybeans dropped to their weakest since early January and corn hit a seven-week low.

Still, over the last year, El Nino has parched fields in the Philippines and Indonesia, brought unseasonable rains to areas of South America and caused flash floods in Somalia that destroyed thousands of homes.

The delay in the arrival of La Nina will mean normal weather across the U.S. Midwest between April and August - the key growing season for corn and soybeans.

"If we don't have a quicker transition to La Nina, we have less likelihood of very hot and dry summer across the United States," Tapley said on the sidelines of a grains industry seminar in Singapore.

"Our forecasts show just above normal temperatures across eastern and central U.S., but not extreme heat by any means. On the precipitation side, we are seeing close to normal in most of the corn and soybean areas across the U.S. Midwest."

Normal rainfall between April and August will favour wheat planting in Australia, he said. There could be more rainfall from August, the crucial yield-determining period for the Australian wheat crop.
"We will likely see a stronger (Indian) monsoon this year, but it depends on how quickly we move to La Nina. It might be the later part of the monsoon which might be stronger."

Brazil Congress Approves Biodiesel Blend Increase to 10 Percent

SAO PAULO, March 3 (Reuters) - Brazil's Congress passed a bill on Thursday that will raise the country's biodiesel blend from its current 7 percent to 10 percent over the next three years.

If eventually signed into law by President Dilma Rousseff, Brazil's soybean industry stands to benefit. Big crushers such as ADM, Bunge, Louis Dreyfus and others account for roughly 75 percent of the vegetable oils and animal fats used in Brazil's biodiesel production program.

Brazil has been blending 7 percent biodiesel in its commercial diesel since 2014. The blend will rise to 8 percent one year after the law comes into force and will rise an additional percentage point in each of the following two years.

"It's one more reason for us to crush a little more soybeans," said Daniel Amaral, economic director at Abiove, Brazil vegetable oils industry association.

He said that for every percentage point of biodiesel blended into commercial fuel, it increases the crushing of soybeans by 2.5 million tonnes.

Brazil is in the midst of harvesting a record 100 million tonne soybean crop, of which Abiove expects crushing to reach 40.7 million tonnes in 2016. Biodiesel production in 2015 reached 3.9 billion liters, up 15 percent from 2014.

The text of the new law also paves the way for the blend to rise to as high as 15 percent biodiesel if eventual tests on motors show no problems with the higher blends. The duration of the tests are defined in the law as 36 months, Abiove said.

U.S. refiner biofuels costs top $1 bln, nearing 2013 record

By Chris Prentice

NEW YORK, March 4 (Reuters) - U.S. oil refiners paid more than $1 billion to comply with rules to produce more ethanol-infused gasoline last year, the most in two years, according to filings that will likely intensify the debate over who should foot the bill for the nation's biofuels program.

Eleven companies, including Valero Energy Corp and Marathon Petroleum Corp, shelled out $1.27 billion last year for credits, known as Renewable Identification Numbers or RINs, as they raced to stock up on paper credits to meet ethanol quotas set by the government after years of delays, according to securities filings reviewed by Reuters.

Uncertainty over the Environmental Protection Agency's plans for its biofuels policy through 2016 also boosted prices of the renewable fuel credits, which were on average 14 percent higher last year than in 2014.

The total cost was up by just over one-quarter from 2014 and near 2013's historic high of $1.35 billion. Refiners blamed rampant speculation for a spike in prices and called for regulators to cut ethanol requirements and overhaul the more than decade-old program.

With oil prices languishing close to 12-1/2-year lows and RINs prices last year up more than 10 percent, biofuel compliance costs accounted for a greater chunk of refiner overhead.

This year, the high cost of complying with the biofuels policy may have even greater resonance for refiners as their profits from gasoline evaporate, because warm winter weather has curbed demand while adding to record glut of the fuel.

Refiners typically tack those costs onto the price paid at the pump, but the data will stir the fierce debate over who should foot the annual billion-dollar-plus bill.

Delta Air Lines Inc's, Monroe Energy LLC and Valero are suing the EPA over the issue. Merchant refiners such as Monroe, which do not have the facilities to blend their own fuel, say the burden should be shouldered by fuel blenders, which benefit from the higher RINS costs.

Gasoline retailer Murphy USA Inc realized a $117.5 million boost to its bottom line in 2015 from selling the credits, up more than 26 percent from the prior year, but the chain said in a filing that the gains may not be sustainable if refiners have their way.

Brought into law more than a decade ago to boost the use of cleaner fuels, reduce U.S. dependence on oil and help rural economies, the U.S. Renewable Fuel Standard (RFS) program requires refiners either to blend biofuels or buy RINs, which are created with each gallon of renewable fuel, to meet the policy standards.

Valero declined to comment for this story and Delta Air Lines did not respond to request for comment.

HIGH COSTS HERE TO STAY?

Valero, which had the highest costs out of the 11 companies, accounted for one-third of last year's total. The true tally is likely higher as some obligated parties such as Tesoro Corp did not disclose the costs.

"Those costs are basically a wash" for refiners, said Scott Irwin, an agricultural economist with the University of Illinois. "Extra costs start at the production of biofuel and finally end up at the pump."

Whoever ends up paying, the tally this year could go even higher as increasingly ambitious targets may keep prices of renewable fuel credits elevated, said Thomas Hogan, executive vice president at consultancy Turner, Mason & Company in Dallas.

Credits for 2016 are trading around 73 cents each, up from an average of about 60 cents last year.

"High RIN prices could be the norm for this year," Hogan said.

CVR Energy, owned by activist investor Carl Icahn, said in its quarterly filing it expects its RIN costs to total $140 million to $190 million this year, up from about $123.9 million in 2015.

"The fact that the price of RINs has risen far beyond the transaction cost of blending biofuels is evidence that the program is broken," said Chet Thompson, president of the American Fuel and Petrochemical Manufacturers Association.

"The RFS must be repealed," he said.

Brazil on Course for Worst Recession in Century

By Sebastian Smith

Yahoo News | 2016-03-03

Rio de Janeiro (AFP) - Brazil's economy shrank by 3.8 percent in 2015, the government said Thursday, with the biggest contraction in 25 years set to push the Latin American giant into its worst recession for more than a century.

The latest gloomy news from Brazil was no surprise, but the severity underlined the depth of problems facing President Dilma Rousseff's government as it battles both declining economic output and 10.67 percent inflation.

The state statistics office said 2015 registered the worst single annual fall in GDP since 1990, a year when the economy dipped 4.3 percent.

With the International Monetary Fund predicting a further 3.5 percent shrinkage this year, Brazil appears to be well into a recession that would be worse than any on government record going back to 1901.

The GDP results shove Brazil into the bottom bracket for performance in Latin America, where it is easily the biggest economy. Only Venezuela, with what the IMF estimates was a 10 percent plummet in GDP, is worse off.

Leading Brazil's slide was the industrial sector, which was down 6.2 percent in 2015. In the last quarter of 2015 the all-important mining sector was down 6.6 percent, reflecting the worldwide slump in commodity prices and demand for Brazil's iron ore and other raw materials.

Services were down 2.7 percent for the year.

- Fall from grace -

Brazil's ugly GDP picture is only part of a wider economic and political mess amounting to a stunning fall from grace.

The country of 204 million people was only recently being touted as the emerging markets giant that had finally found its feet -- with the Olympic Games due to take place in Rio this August symbolizing that new status.

GDP grew steadily through the 2000's, except for a dip after the last 2008 global financial meltdown, hitting 7.5 percent growth in 2010, 3.9 percent in 2011, 1.9 percent in 2012 and 3.0 percent in 2013.

The leftist government's generous spending programs were credited with lifting millions out of severe poverty, while Chinese demand for the country's mineral and agricultural riches paid the bills.

The party has now come to a brutal end and Rousseff -- beset by an impeachment attempt and a huge, volatile corruption scandal that has sucked in many top political and business figures -- appears to have few options.

On Wednesday, the Central Bank maintained its benchmark interest rate at 14.25 percent, but that has not stopped inflation hitting double digits, while unemployment is now at 7.6 percent and rising.

- How much lower? -

The slump has made Brazil increasingly toxic on the investor landscape. Last week, Moody's became the third big credit rating agency to downgrade Brazil to junk status, warning of slow recovery and political uncertainty.

A Markit Brazil Services survey of the private sector released Thursday found a record contraction in economic activity in February, as "companies continued to link the adverse operating environment to the ongoing economic, financial and political crises."

"The Brazilian economic downturn took a real turn for the worse in February, as the financial and political difficulties in the country drove down output and led to reduced order intakes," said Rob Dobson, author of the report.

"The domestic market is especially weak" and "the labor market also appears to be in dire straits."

Brazilian economists warn that 2016 could turn out to be worse than the IMF's prediction, with the economy shrinking even more than in 2015.

"Brazil has never had such a high level of uncertainty and this is freezing everything up. There is no consumption or investment or credit with this historic level of uncertainty," Daniel Cunha, an analyst at XP Investimentos in Sao Paulo, said.

With Economy Stuck In the Mud, Farmers Sink Deeper Into Debt
Grant Gerlock

NPR.org | March 3, 2016

At the Lee Valley consignment sale near Tekamah, Neb., dozens of used tractors, planters and other equipment were on the auction block for farmers trying to save a few extra dollars. It was a muddy day, with trucks and four-wheelers leaving deep black ruts — fitting conditions for an industry wallowing in bad news.

Amanda Johnson is hoping to buy some used fence posts. She and her husband, Matt, raise cattle and crops near Scribner, Neb. Making money looks tough for them this year. "It really depends on markets," Johnson says. "I'd say even if you can break even, that's doing pretty good."

The U.S. Department of Agriculture expects farm income to fall for the third year in a row. At the same time, farmers are borrowing billions from banks to get by. To make ends meet, some farmers are giving up leases on farmland they can't afford and selling equipment they don't need.

The change in farm fortune follows a drop in prices for corn and soybeans, the top Midwest crops. Supply and demand are both working against the commodity markets. Farmers have raised an oversupply of grain, while at the same time, the slow global economy has brought down demand.

Colten Josoff, 23, is supplementing his income with a full-time, off-farm job.

"I would love to farm full time, but you still got to pay your bills," Josoff says. "If you got to go get a job at McDonald's to pay 'em, that's just what you've got to do."

Only 44 percent of farmers called agriculture their primary occupation in the most recent census by the USDA. Small producers, especially, rely on outside income. But economists expect farmers of larger operations to look for extra work in order to stay in the black.

And with less income coming from the land, Kansas City Federal Reserve economist Nathan Kauffman says farmers are borrowing more to keep their farms afloat.

"We're continuing to see pretty strong demand for farm loans," Kauffman says. "That's primarily reflecting strong demand for short-term cash flow."

Farmers are burning through the cash they stashed away during the good times, Kauffman says. Now, they're forced to borrow to pay for essentials like seed and fertilizer.

As a result, farm debt is projected to pass $372 billion this year. Adjusting for inflation, that's the most farm debt since the late 1970s, when the rural economy began to melt down. But Kauffman says today's numbers are not a sign of history repeating.

One big difference is interest rates, which remain near historic lows, rather than at the historic highs of the 1970s. That makes it less expensive for farmers to take on debt.

Also, land prices have not collapsed. The latest reports from Federal Reserve offices in the Midwest show most land values declined by a few percentage points during the final months of 2015, but some ranchland is actually gaining value.

"The fact that farmland values are holding up pretty well — and farmland as an asset is by far the biggest portion of the balance sheet — means debt-to-asset ratios aren't rising too much," Kauffman says. "Those values have stayed strong."

The debt-to-asset ratio is a kind of barometer for farm finances. If a farmer's land is still valuable, parts of it can be sold to pay off debts, and the default risk is low. Right now, the debt-to-asset ratio in farm country is about 13.2 percent — up a few percentage points from recent years, but low compared with 22 percent during the '80s.

So while some farms might fail, that doesn't necessarily make it a farm crisis.

That's partially thanks to taxpayers. Government farm payments are expected to be about 30 percent more this year than last year.

It may be enough to keep some farms from going under, but Nebraska auctioneer and farmer Scott Olson isn't counting on farm payment programs to earn a living. With planting season coming up, he says there will be a fine line between making money and losing it.

"But, you know, you can't just quit for a year. You've still got taxes to pay, and a family to feed," Olson says. "You've got to work and try to make it work."

Like other farmers across the region, he'll plant his corn and beans and hope for the best. If you're not optimistic, he says, you're not a farmer.