WEEKLY NEWS ARTICLE UPDATE

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April 18, 2016

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Export Sales Highlights

This summary is based on reports from exporters for the period April 1-7, 2016.

Soybeans: Net sales of 455,900 MT for 2015/2016 were up 8 percent from the previous week and 10 percent from the prior 4-week average. Increases were reported for Mexico (146,300 MT), Indonesia (74,900 MT, including 54,000 MT switched from unknown destinations and decreases of 300 MT), the Netherlands (73,800 MT, including 70,000 MT switched from unknown destinations), Bangladesh (53,500 MT), Japan (36,300 MT), and South Korea (26,000 MT, including 25,000 MT switched from unknown destinations). For 2016/2017, net sales of 10,600 MT were reported for South Korea (9,800 MT) and Japan (800 MT). Exports of 408,600 MT were up 27 percent from the previous week, but down 21 percent from the prior 4-week average. The primary destinations were Mexico (113,400 MT), Indonesia (77,400 MT), the Netherlands (73,800 MT), Bangladesh (53,500 MT), South Korea (27,300 MT), Costa Rica (17,100 MT), and Taiwan (16,100 MT).

Optional Origin Sales: For 2015/2016, the current optional origin outstanding sales balance totals 420,000 MT, all China.

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

Soybean Cake and Meal: Net sales of 196,800 MT for 2015/2016 were up noticeably from the previous week, but unchanged from the prior 4-week average. Increases were reported for Mexico

(120,300 MT), Colombia (21,500 MT), the Philippines (16,500 MT, including 1,100 MT switched from unknown destinations and decreases of 100 MT), the Dominican Republic (10,300 MT), Egypt (8,500 MT), Honduras (8,200 MT, including 6,600 MT switched from unknown destinations), Canada (7,300 MT), and Panama (1,500 MT). Reductions were reported for unknown destinations (1,100 MT) and Sri Lanka (100 MT). Exports of 203,100 MT were up 38 percent from the previous week and 9 percent from the prior 4-week average. The primary destinations were the Philippines (99,700 MT), Mexico (55,200 MT), Ecuador (20,600 MT), Canada (7,300 MT), Honduras (7,300 MT), the Dominican Republic (7,000 MT), and Japan (2,500 MT).

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

Soybean Oil: Net sales of 2,100 MT for 2015/2016 resulted as increases for South Korea (11,000 MT, switched from unknown destinations), Mexico (1,800 MT), and Canada (200 MT), were partially offset by reductions for unknown destinations (11,000 MT). Exports of 8,800 MT were down 3 percent from the previous week and 65 percent from the prior 4-week average. The destinations were primarily to Mexico (5,000 MT), Nicaragua (1,800 MT), the Dominican Republic (1,700 MT), and Canada (200 MT).

U.S. March Soybean Crush 2nd-Largest for Month on Record - NOPA

By Julie Ingwersen

CHICAGO, April 15 (Reuters) - U.S. soybean processors increased their pace of crushing by slightly more than expected in March, notching the second-busiest March on record, the National Oilseed Processors Association said on Friday.

NOPA said that its members crushed 156.690 million bushels of soybeans in March, up from 146.181 million during February. In March 2015, the NOPA crush was 162.822 million bushels.

Analysts had been expecting a March crush of 156.248 million bushels. Crush forecasts ranged from 152.9 million to 158.6 million bushels, with a median of 156.470 million bushels. (Full Story)

NOPA said that soyoil stocks as of March 31 stood at 1.859 billion lbs. Analysts had forecast soyoil stocks of 1.874 billion lbs. Stocks were 1.420 billion lbs a year ago and 1.792 billion at the end of February.

Soymeal exports rose to 779,100 tons from 686,999 in February. A year ago, monthly soymeal exports totaled 757,165 tons.

NOPA is the largest U.S. trade group for oilseed processors. It releases crush data on the 15th of each month or the next business day.

Brazil's Soybean Production Forecast to Increase

by World Grain Staff

WASHINTON, D.C., U.S. — Brazil's soybean production is forecast production at 103 million tonnes in 2016-17, an increase of three percent compared to the current season, the U.S. Department of Agriculture's (USDA) Foreign Agricultural Services said in a April1 report.

The 2016-17 planted area is forecast to increase to 33.7 million hectares. The slower pace of area growth compared to the last five years is attributed to higher production costs and economic/political challenges in Brazil. Soybeans are forecast to represent over 50% of the cultivated area in Brazil in the upcoming growing season. The crop is expected to be more profitable compared to other commodities, but returns at the farm level are forecast to be lower as a result of the higher production costs.

It is important to highlight the volatile economic environment Brazilian farmers have been experiencing in the last two years as a result of the political crisis. Currently, the Brazilian president is fighting calls for impeachment due to perceived elections irregularities, the report said. Due to this difficult political environment, oilseed, soybean the real depreciated over 40% in 2015. The real depreciation resulted in significant gains for Brazilians farmers, as they were able to buy inputs using a stronger real in the first half of 2015 but domestic prices were protected by a weaker real at harvest in the second half of the year. Since soybeans are priced in U.S. dollars in the international market, the weaker exchange rate increased domestic soybean prices (more reals per U.S. dollars). This exchange rate situation cushioned the overall decrease in global prices, the report said.

Soybean exports for the 2016-17 marketing year are forecast at 57 million tonnes based on strong demand by China. Due to export demand and new biodiesel mandates, soybean meal and oil production is forecast to increase.

The weaker real also allowed Brazilian soybean exports to be more competitive in the world market. Soybean export receipts were up 12% in 2015 as a result of higher domestic prices. However, this economic volatility, as a result of the political crisis, will be a factor again in 2016. If the real continues to weaken due to the political uncertainty, domestic prices could increase, potentially translating into additional incentives to increase area. However, if the real gets stronger (and global soybean prices stay at current levels), Brazilian farmers could face lower domestic prices for the 2016-17 growing season.

Argentine Rains Threaten Soybean Crop as Shippers Await Supplies

By Pablo Gonzalez

(Bloomberg) --

Argentina, the world's third-largest grower of soybeans, is concerned about crop losses following two weeks of precipitation at harvest time, a grain exchange official said.

The rain puts a forecasted 59 million metric ton soybean crop at risk, Rosario Grain Exchange President Alberto Padoan said Thursday at a soybean auction in the Argentine port city. The losses "won't be significant," but threaten to cut the forecast, he said.

"We are very concerned," Guillermo Rossi, an economist at the Rosario Exchange, said in an interview after the auction. "Losses may be as much as 2.4 million metric tons."

The disruption occurs at time when 2015-2016 soybean and corn crops are expected for delivery at Rosario ports, from which about 80 percent of Argentine grains and oil-seeds are shipped. This season, crop exports will fall to 58 million tons, down from a forecast of 60 million tons made earlier this month, according to Eduardo Sierra, who has been tracking weather for Buenos Aires Grain Exchange for four decades.

In a separate forecast Thursday, the Buenos Aires Grain Exchange said Argentina's soybean estimate of 60 million tons may be cut in the next few weeks. Argentina may have more rain in coming weeks, the exchange said in its weekly crop report. The soy harvest is 15 percent complete, it said.

Soybean Auction

At the Rosario auction, Agricultores Federados Argentinos bought the first soybean lot containing 26.5 tons of seeds at a price of 6950 pesos a ton. The purchase of the lot, which was harvested in Chaco province was a premium over Wednesday's closing price of 3420 pesos.

Argentina needs to send a revised seed law to Congress this year, Agriculture Secretary Ricardo Negri said at the auction. The current law, from the 1970s, is outdated, he said.

"We need to urgently include technological changes," he said. "In the meantime, the government will intervene to normalize the soybean trade."

All systems of seed control require approval by Argentina's Agriculture Ministry, the government said Thursday in a resolution published in the official gazette. Monsanto Co., the world's largest seed company, gets about 6 percent of its revenue from Argentina, and is counting on farmers there and in Brazil to buy its new Intacta soybeans, which are genetically modified to ward off insects and tolerate the application of weedkiller.

Argentina Says Grain Checks Need Government Approval Amid Monsanto Dispute
By Maximilian Heath
BUENOS AIRES, April 14 (Reuters) - Argentina, the world's No. 3 soy exporter, said on Thursday the government must authorize any grain inspection, dealing a blow to Monsanto Co which wants exporters to check cargoes to make sure farmers had paid to produce its genetically modified soybeans.

Monsanto responded in an email that it sought to comply with all laws, but noted that Argentine farmers had benefited substantially from its Intacta technology and called for "all producers to pay ... if they decide to use it."

For a year, Monsanto has pressured shipping companies to notify it when crops grown with the technology are slated for export without documentation showing royalties had been paid. Intacta soybeans have a gene that protects plants against crop-devouring worms.

Argentina's agriculture ministry said in an official bulletin that any inspection needs its prior authorization. It did not mention the dispute between farmers and Monsanto.

Monsanto is pressing for royalties even for grains produced from second-generation seeds. Farmers argue that Argentinian law does not require this and have urged the government to stop private companies from monitoring crops.

The Argentine Rural Society, or SRA, which represents medium- to large-scale producers, said on Thursday the inspections were unwarranted.

"These methods were not only not authorized, but furthermore, we saw them as an abuse of power for a company to be acting like the police," SRA President Luis Etchevehere said in a phone interview.

Brazil Political Crisis Hits Grains Trade; All Eyes on Currency

By Marcelo Teixeira

SAO PAULO, April 13 (Reuters) - Brazil's forward sales of commodities such as grains and sugar have nearly ground to a halt as producers, trading companies and consultants assess the impact of the possible impeachment of President Dilma Rousseff.

After a year-long boom in sugar and corn exports, commodity merchants and farmers are bracing for continued strengthening of the real if Rousseff is ousted, reducing the price advantage of Brazilian commodities and possibly curbing foreign sales.

The Brazilian currency has rallied in recent weeks, despite a deep economic crisis, amid investors' hopes the left-leaning Rousseff will be replaced by a more business-friendly administration.

"Sellers and buyers are basically just waiting to see what is going to happen," said Fabio Meneghin, senior analyst at Agroconsult, a leading Brazilian consultancy. "Except for spot deals, there is not much going on."

Meneghin said that prices for a large share of forward deals for Brazilian grain were usually set on delivery, adjusted for fluctuations on the Chicago Board of Trade (CBOT) and in the local real currency.

"Obviously nobody wants to take that kind of risk right now," he said.

Brokerage and consultancy firm INTL FCStone said in a report on Wednesday that a change of government in Brazil, with market-friendly Vice-President Michel Temer taking over, would lift the real to 3.10 to the dollar, compared to 3.54 currently.

The firm said if the impeachment is rejected and Rousseff stays on, the real could fall to 4.10 to the dollar, increasing the price advantage of Brazilian exports.

For soybeans, FCStone says total exports this year could fall from the current estimate of 54 million tonnes to 50 million tonnes if the government changes and the real appreciates, shifting some buying to the United States.

In the alternative scenario, Brazil could export as much as 56 million tonnes.

For sugar, FCStone says impeachment could reduce the sweetener's profitability in export deals, encouraging local mills to increase ethanol production to sell the fuel locally.

The brokerage also said an ousting of Rousseff would boost the current trend of corn imports, since foreign shipments would become cheaper for Brazilian pork and poultry producers that are suffering from tight local supplies of corn.

Agroconsult's Meneghin also said producers are worried the political crisis will freeze the process of setting the next crop financing package - usually announced around May or June - as the government is completely absorbed with fighting the impeachment process.

The last package for the 2015-2016 season was more restrictive, with higher interest rates.

Brazil's lower house is expected to vote on Sunday on whether she should be tried in the Senate over accusations she broke budget laws. Should two thirds of the lower house vote in favor of impeachment, the process would go to the Senate and Rousseff would be suspended while she faced trial, with Temer taking her place.

Tarcilio Rodrigues, head broker at Sao Paulo-based Bioagência, expects a currency swing to have limited impact on some commodities, such as sugar.

"At least 80 percent of the exportable surplus has been sold and hedged with sugar futures and currency contracts, essentially fixing the mills' price for sugar this year", he said.

A similar situation happened with soy and corn, with producers taking maximum advantage of the real's slump in 2015 to export record volumes.

Although potentially losing out on expected currency movement if Rousseff's impeachment is approved, many producers support the ousting.

The National Agricultural Confederation (CNA) is organizing a tractor 'invasion' of the capital Brasilia on Sunday to pressure congressman to vote for impeachment.

Famato, an entity representing producers in top grains state Mato Grosso, said they fear a continuing deterioration of the economy if Rousseff stays, it says.

Organic Feed Boom Means U.S. Cows Feast on Romanian Corn Instead

By Megan Durisin

(Bloomberg) -- America may export more grain to feed cattle, pigs and poultry than any other country, but it's losing share in its own backyard.

Because most of the corn and soybeans harvested across the Midwest come from genetically modified seed and use crop chemicals shunned by the organic industry, an increasing amount of specialty grain used to produce organic milk, eggs and meat industry is being imported from places like Romania and India.

Purchases more than doubled last year and are rising again this year, government data show.

While organic feed remains a tiny portion of the U.S. grain market, it is growing rapidly. Consumers have tripled spending on organic food over the past decade to more than $35 billion in 2014, the industry estimates. Demand for specialty grain to feed dairy cows, hogs and egg-laying hens is out-pacing domestic harvests, so importers are taking advantage of a strong dollar and cheap freight to buy more from overseas.

"Every year, demand gets further away from supply here in the United States," said Lynn Clarkson, president of Clarkson Grain Co., a supplier of organic and non-GMO corn and soybeans in Cerro Gordo, Illinois. "If you have market demand, it'll be satisfied by somebody. I'd much rather see it being satisfied by domestic farmers."

Imports of organic corn more than tripled last year to 303,645 metric tons, mostly from Romania and Turkey, U.S. Department of Agriculture data show. Purchases in January and February were five times what they were a year earlier. Organic-soybean imports -- mainly from India and Ukraine -- rose 45 percent to 317,284 tons, and in the first two months of 2016 were double their year-earlier levels, USDA data show. The total value of imported specialty corn and soybeans last year was $353.5 million.

Organic-milk sales have tripled since 2007, now accounting for 5 percent of the U.S. milk market. That's created "chronic shortages of feed grains" at organic dairies, the USDA said in a February presentation. In the week ended March 19, 420,624 organic chickens were slaughtered, an increase of 22 percent from a year earlier, government data show. Over that same period, weekly egg output jumped 36 percent. Some of the specialty grains are also used in snack foods like organic tortilla chips.

COLUMN-Bean Rally Should Not Topple U.S. Corn Acres -Braun
(Karen Braun is a Reuters market analyst. Views expressed are her own)
By Karen Braun

CHICAGO, April 14 (Reuters) - Despite the recent rally in Chicago soybean futures, U.S. farmers may not be switching from corn to soybeans as much as the corn bulls may have hoped.

The U.S. Department of Agriculture shocked analysts on March 31 when it reported 3.6 million more corn acres than the market had expected in its annual Prospective Plantings report. (Full Story) The report gives the agency's first official estimates of spring crop area in the United States, the world's No. 1 and No. 2 supplier of corn and soybeans, respectively.

The bearish news sent new crop corn futures to a contract low, while soybean futures generally continued on their upward trend that began in early March, assisted by reported soybean acreage slightly below market expectations.

The ratio of November soybean futures to December corn futures, which generally represents economic incentives to plant either crop, has climbed steeply since March 31 and now hovers near 2.5, well into the territory that would be considered favorable for soybeans (http://reut.rs/1VqlxAJ).

From an economic standpoint, corn had generally been the more profitable crop for farmers in the corn- and soybean-heavy Midwest prior to Prospective Plantings, although the difference was relatively slim. But due to the price shifts in the two weeks since, soybeans now appear to have the edge over corn in terms of profit.

In the weather arena, soybeans likely had the early advantage. At the time of Prospective Plantings' release, the high corn acreage from USDA seemed extra implausible because of the weather outlook. Southern corn regions were getting too wet, and cold, snowy weather reigned over the Midwest, making field work nearly impossible.

Since corn is planted first, significantly delayed corn planting often means that many acres intended for corn get rolled over to soybeans, and a couple of weeks ago this seemed to be the likely course.

But the weather forecast has now flipped, complicating the argument against corn acres. Warm and dry weather will overtake much of the central United States at the perfect time for corn planting to begin. Wet weather may continue to bring headaches to the far south, but the affected states account for a nearly negligible amount of national corn production.

Mid-April is when the key Midwestern states start to ramp up corn planting, and there is good reason to believe that many farmers will plant those intended corn acres. National corn acreage could rise well above the 90 million acres the market expected at the end of March, closer to USDA's projection.

WHAT'S A FARMER TO DO?

The shift in new-crop corn and soybean futures since Prospective Plantings has led to wide market speculation that many farmers will reconsider their initial planting intentions and favor soybeans. At this point, it is not too late to change the plan, but the decision window is quickly closing.

The crop insurance "go date," or the first calendar day in which farmers can plant a specific crop and be eligible for full insurance coverage, is moving northward for corn. That date falls this week

in major producers like Iowa and Minnesota, and it has already occurred for states farther south and east.

This means that a large amount of farmers can and will start planting within the week given good conditions, so acreage decisions have likely been locked in already. However, for areas farther north where it is favorable to push corn planting to the end of April, farmers still have time to change their minds with minimal stress.

“There are probably more swing acres in play this year than any other year,” said Chip Flory, editorial director for farm advisory service ProFarmer. Although this argument is brought up year after year, it does ring true, as changes in field management now allow the farmer to be more flexible and increasingly make "game time decisions" when it comes to planting.

One of the most important flexibilities has to do with the application of nitrogen to the field, which is essential for corn yield to reach full potential. Post-emergence application is becoming more common, which allows the farmer to plant first and apply nitrogen afterward as opposed to the traditional practice of laying down nitrogen first. The inherent problem with the latter is that once the nitrogen goes down, soybeans cannot be planted.

While the flexible nitrogen practice supports the theory that many farmers might still switch to soybeans, the recent uptick in local nitrogen prices in key Midwestern states implies that many farmers have likely committed to corn already, supporting the higher corn acreage.

Further, some farmers do not have much of a choice when it comes to acreage as yield potential is maximized only with certain crop rotations, for example, planting the same field with corn the year after planting soybeans. The high corn acreage in Prospective Plantings may have reflected this.

"We can’t ignore rotations and the benefit of rotating crops. There are a high percentage of farmers that are already locked in to their rotations, and this year, rotations tend to favor corn," Flory said.

WEATHER: FRIEND OR FOE?

Weather has seemingly sided with soybeans over the past few weeks, as the perpetual resurgence of winter has kept Midwestern farmers out of their fields and wondering if the chance to plant corn would pass them by. But now the forecast suggests that Mother Nature may have switched teams.

Temperatures are expected to soar well above normal for the next two weeks across the Midwestern corn belt. High temperatures will exceed 70 degrees F, which can quickly raise low soil temperatures to suitable levels for planting.

Rain will be scarce across the majority of corn-producing areas for at least the next few days. Next week, some of the far western corn areas, such as the Dakotas and Nebraska, will get some rain but the core areas should remain favorably dry.

At this time of year, weather is typically the biggest factor in corn and soybean acreage swings, but long warm and dry stretches in mid and late April highly facilitate rapid corn planting. Last year provides an excellent example.

Early spring 2015 was plagued by wet weather, prompting many to assume that planting could be severely delayed. However, due to a two-week stretch of warm, dry weather, national corn planting progress jumped from 19 percent complete on April 26 to 55 percent on May 3, and to 75 percent by May 10.

This year's corn planting progress could move just as quickly if the warm and dry pattern is realized and extends into May. Flory thinks this would certainly support higher corn area. "I don't see how we can lose many corn acres if we are 55 to 65 percent planted by May 1," he said.

But ultimately, farmers tend to favor the practice they are most comfortable with, regardless of prices or the summer weather outlook. For farmers who tend to obtain better results from planting corn, that is what they will likely stick with, as long as the weather over the next month is cooperative. And at this point, it seems to be just that.

USDA Boosts Wheat, Corn Supply View; Trims Soy Stocks Outlook

By Mark Weinraub

WASHINGTON, April 12 (Reuters) - The U.S. Agriculture Department on Tuesday raised its outlook for domestic wheat supplies to the highest since 1987 due to weakening demand in the feed sector.

U.S. soybean supplies will be smaller than expected due to bigger imports by China, the world's top buyer of the oilseed, the government said in its monthly supply and demand report.

The report also raised the government's corn ending stocks forecast as usage cuts from the feed, residual, food, seed and industrial sectors outstripped increased demand from ethanol producers.

Corn, soybean and wheat futures retreated from levels they were trading at before the report was released but remained in positive territory.

"The corn and wheat are hanging in there, probably on a lack of shock in the numbers," said Jack Scoville, analyst at The Price Futures Group.

USDA said that wheat ending stocks at the end of the 2015/16 marketing year would be 976 million bushels, up 10 million bushels from its March outlook. Analysts had been expecting wheat ending stocks of 977 million bushels, based on the average of estimates given in a Reuters poll.

Soybean ending stocks were cut 3.3 percent to 445 million bushels, compared to the average analyst estimate of 454 million bushels. USDA pegged corn ending stocks at 1.862 billion bushels, up 25 million bushels from its March outlook. Analysts, on average, had forecast corn ending stocks of 1.845 billion bushels.

""It is a report with no new bullish news and it is a market that is mature here at the top," said Don Roose, president of U.S. Commodities.

On the global front, world ending stocks of wheat were raised to a bigger-than-expected 239.26 million tonnes. Increases to harvest estimates in the European Union and Argentina raised global wheat production to a record 733.14 million tonnes, USDA said.

USDA also raised its outlook for global corn and soybean ending stocks to 208.91 million tonnes and 79.02 million tonnes, respectively. The average of analysts' forecasts was 207.35 million tonnes for corn and 78.96 million tonnes for soybeans.

USDA raised its outlook for Argentine corn production by 1 million tonnes to 28 million tonnes due to beneficial rain during February and March. It also boosted its Argentine soy harvest view to 59 million tonnes from 58.50 million tonnes.

Brazil soybean and corn production was left unchanged from the USDA's March outlook.