

# 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](mailto:jbaize@attglobal.net)

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## Export Sales Highlights

This summary is based on reports from exporters for the period April 8-14, 2016.

**Soybeans:** Net sales of 407,700 MT for 2015/2016 were up 7 percent from the previous week and 15 percent from the prior 4-week average. Increases were reported for China (180,900 MT), Germany (73,800 MT, switched from the Netherlands), Mexico (68,800 MT), Indonesia (61,000 MT), Japan (54,600 MT), and the Philippines (10,500 MT). Reductions were reported for unknown destinations (75,800 MT) and India (200 MT). For 2016/2017, net sales of 339,700 MT were reported for China (132,000 MT), Mexico (84,000 MT), unknown destinations (66,000 MT), Bangladesh (55,000 MT), Japan (2,300 MT), and Canada (400 MT). Exports of 339,900 MT were up 2 percent from the previous week, but down 16 percent from the prior 4-week average. The primary destinations were Indonesia (88,600 MT), Germany (73,800 MT), Mexico (58,200 MT), Japan (47,300 MT), Morocco (14,300 MT), Colombia (13,700 MT), and Thailand (12,900 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.

Export Adjustments: Accumulated exports to the Netherlands were adjusted down 73,828 MT for week ending April 7th. The correct destination is Germany and is included in this week's report.

**Soybean Cake and Meal:** Net sales of 131,600 MT for 2015/2016 were down 33 percent from the previous week and 42 percent from the prior 4-week average. Increases were reported for Colombia (55,300 MT, including 15,000 MT switched from unknown destinations), Bangladesh

(32,900 MT), Mexico (27,200 MT), Panama (13,000 MT), Costa Rica (9,500 MT, including 5,200 MT switched from unknown destinations), Canada (8,300 MT), Jamaica (8,000 MT), and Guatemala (7,200 MT, including 6,600 MT switched from unknown destinations). Reductions were reported for unknown destinations (29,000 MT), the Dominican Republic (8,800 MT), and Morocco (5,000 MT). For 2016/2017, net sales of 6,200 MT were reported for Costa Rica (4,900 MT), the Philippines (1,200 MT), and Canada (100 MT). Exports of 217,900 MT were up 7 percent from the previous week and 24 percent from the prior 4-week average. The primary destinations were Colombia (56,200 MT), Thailand (30,800 MT), the Dominican Republic (30,700 MT), Cuba (24,200 MT), Mexico (19,200 MT), Canada (16,000 MT), and Guatemala (7,200 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 10,700 MT for 2015/2016 were up noticeably from the previous week and 15 percent from the prior 4-week average. Increases were reported for Mexico (5,300 MT), the Dominican Republic (1,700 MT), Haiti (1,300 MT), South Korea (1,000 MT), Trinidad (800 MT), and Canada (500 MT). Exports of 17,800 MT were up noticeably from the previous week and 20 percent from the prior 4-week average. The destinations were primarily to South Korea (11,800 MT), Mexico (5,400 MT), and Canada (500 MT).

### [Floods Hit Argentine Soy, Exports May Be Cut, Good Weather Ahead](#)

By Hugh Bronstein

BUENOS AIRES, April 20 (Reuters) - Much of Argentina's soy crop has been swamped by 20 days of merciless rain, threatening a loss of supply from the world's top exporter of soymeal livestock feed and its No. 3 supplier of beans, meteorologists said on Wednesday.

A weak harvest from such a major supplier would put upward pressure on world food prices and be bad news for new President Mauricio Macri, who needs soybean export tax revenue to help straighten out the fiscal mess left by his predecessor.

Farmers have parked their harvesting combines across much of the Pampas grains belt, waiting for soils to dry out enough to support their 30-tonne weight. The sun came out for the first time in days on Wednesday. Lighter rains are expected next week with sustained dry weather forecast to start next month.

"At this point in the season, we usually have 40 percent of the soy crop harvested. As of today, only 10 percent has been brought in. The delay in harvesting is the worst in 10 years," said German Heinzenknecht, meteorologist with consultancy Applied Climatology.

"Soy growers in about half of the main farm belt will not be able to harvest until the first week of May," he said.

### LOSSES HARD TO ESTIMATE

Most forecasts put Argentina's 2015/16 soy crop at about 60 million tonnes. But the government says 3.3 million tonnes of beans are already lost and the Buenos Aires Grains Exchange is expected to reduce its harvest forecast on Thursday.

Hardest hit areas include northern Buenos Aires, southern Cordoba, central Santa Fe and most of Entre Rios province. Drier regions are reporting strong yields, which could help offset production losses.

"We stopped harvesting 20 days ago because of bad weather; not floods, just too much moisture. We started harvesting again yesterday and will continue today. Yields are looking good," said Santiago del Solar, who manages thousands of hectares in the town of Trenque-Lauquen, western Buenos Aires province.

But the damage is extreme in the worst-hit areas, said Anthony Deane, head of Weather Wise Argentina consultancy. "The water comes up to your knees and it's running water. There's actually a current going toward the Parana River," he said.

"As of May we will get much less rain. Between now and then no one knows how much soy is going to be lost because the flood damage is so different from one area to another," Deane added.

### [Ontario Farmers Lose Bid to Overturn Ban on Pesticide Linked to Bee Decline](#)

*The Globe and Mail, 20-Apr-2016*

A group representing Ontario's 28,000 grain farmers has lost its bid to overturn the province's ban on a controversial type of pesticide linked to the decline in bees and other pollinators.

A three-judge panel at Ontario Court of Appeal on Wednesday sided with the Ontario Ministry of the Environment and Climate Change and backed a decision made by a lower court judge that rejected an attempt by the Grain Farmers of Ontario (GFO) to delay or change the first agricultural ban on the use of neonicotinoid insecticides on soybeans and corn for grain.

"The regulation is not ambiguous and GFO has not identified a genuine dispute about the farmers' rights and obligations," Justice Bradley Miller wrote. "To grant the remedy that GFO seeks would be tantamount to amending a regulation through interpretation, a remedy well outside the court's discretionary power to order declaratory relief."

Mark Brock, chairman of the Grain Farmers of Ontario and a farmer in the southwestern part of the province, said he was "extremely disappointed" by the ruling he said would mean "hardship" for growers. "It's the undue stress on our members," he said on a media call on Wednesday afternoon. "Am I complying? Am I not complying?"

He said tests on his own farm have shown a difference in yield, with and without neonics.

He declined to say how much the group has spent on its fight against the law, but said he was "comfortable" with the amount. The group has hired an auditor to determine the impact of the regulations on the production of soybean and corn, much of which is grown for animal feed and biofuel.

The Ontario law requires farmers to plant half their corn and soybean acreage this season without neonics. In 2017, use of the seed treatment is banned unless growers can show their fields are infested with crop-eating worms and insects.

The farmers said the insecticides are required to protect yields, and the government's regulation was unworkable. They also argued in court the law infringed their property rights.

However, Justice Miller ruled the restrictions were constitutionally valid. "The limitation of a right does not, standing alone, create a justiciable issue," he wrote in a ruling released on Wednesday.

Beekeepers and scientists say neonics are responsible for declining numbers of pollinators, and worsen the effects of winter and pathogens present in honeybee hives.

### [Surging U.S. Grain Futures Confuse Traders, Delight Farmers](#)

By Tom Polansek

CHICAGO, April 20 (Reuters) - A burst of frenetic buying sent U.S. corn and soybean futures sharply higher on Wednesday after months of sluggishness, rewarding farmers with prices they thought were unattainable just weeks ago due to massive crop inventories.

But traders said the soybean rally could be short-lived. They cited a sharp jump in the premium of near-term contracts over those for later delivery.

Searching for reasons behind the surge, traders pointed to a host of factors, including an influx of money from commodity funds and exporters looking for alternatives to South American supplies that may not be available.

The buying represents a "fund-money freight train," said Angie Setzer, vice president of grain for Citizens LLC.

"A lot of the fundamentalists, who I still think will be right in the long run, have gotten chewed up in the short run," said David Durra, an independent grain trader and analyst with AgSpread Analytics.

The July soybean contract reached the highest level for a most-active contract since last summer, in record volume at the Chicago Board of Trade and topped \$10 a bushel, a price target farmers have been lusting after for months.

July corn touched the highest level for a most-active contract since August, topping a sought-after target of \$4 a bushel.

Traders estimated commodity funds were net buyers of 17,000 to 45,000 contracts of corn and 18,000 to 30,000 contracts of soybeans, by far exceeding their activity on typical days.

The markets had been range bound for months with the world awash in crops and U.S. export demand weak due to competition from shippers in South America, who gain an advantage from the dollar's strength.

But unfavorable rains on Argentina's crops and political uncertainty in Brazil stemming from President Dilma Rousseff's potential impeachment have fueled expectations that some export business will shift to the United States, traders said.

"Word's out on the street that South America may be caught short," said Tom Grisafi, broker for Advance Trading. "Right now they might have commitments sold that they can't meet, and that's creating a massive panic in the market."

The May and July soybean contracts each surged more than 20 cents, suggesting strong demand for immediate supplies. The November contract, which reflects the autumn U.S. harvest, rose only 3-3/4 cents, indicating less concern for stockpiles later this year.

The July-November soybean spread shot up 21-3/4 cents, for its biggest daily spike in 10 months.

For farmers, the rallies have provided an unexpected opportunity to sell grain they've kept in storage for months.

"We're just happy to take it," Iowa farmer Caleb Hamer said about the rally.

### **Soros Says China's Debt-Fueled Growth Echoes U.S. in 2007-08**

By Bonnie Cao, Ye Xie and Saijel Kishan

(Bloomberg) -- Billionaire investor George Soros said China's debt-fueled economy resembles the U.S. in 2007-08, before credit markets seized up and spurred a global recession.

China's March credit-growth figures should be viewed as a warning sign, Soros said at an Asia Society event in New York on Wednesday. The broadest measure of new credit in the world's second-biggest economy was 2.34 trillion yuan (\$362 billion) last month, far exceeding the median forecast of 1.4 trillion yuan in a Bloomberg survey and signaling the government is prioritizing growth over reining in debt.

What's happening in China "eerily resembles what happened during the financial crisis in the U.S. in 2007-08, which was similarly fueled by credit growth," Soros said. "Most of money that banks are supplying is needed to keep bad debts and loss-making enterprises alive."

Soros, who built a \$24 billion fortune through savvy wagers on markets, has recently been involved in a war of words with the Chinese government. He said at the World Economic Forum in Davos that he's been betting against Asian currencies because a hard landing in China is "practically unavoidable." China's state-run Xinhua news agency rebutted his assertion in an editorial, saying that he has made the same prediction several times in the past.

### **Argentina Soy Crop Estimates Slashed Due to Rain-Swamped Farms**

BUENOS AIRES, April 21 (Reuters) - The Argentine government and one of its main grains exchanges slashed their soy harvest forecasts on Thursday, citing fierce storms that have swamped many parts of the Pampas farm belt this month.

The Buenos Aires Grains Exchange dropped its 2015-16 soybean crop estimate to 56 million tonnes from its previous 60-million-tonne forecast. Minutes later the agriculture ministry marked its estimate down to 57.6 million tonnes from 60.9 million.

Areas hardest hit include northern Buenos Aires, southern Cordoba, central Santa Fe and most of Entre Rios province. Drier regions are reporting strong yields, but not enough to compensate for the flood damage.

Harvesting this season is nearly 30 percent slower than it was in the 2014-15 crop year, the exchange said in its weekly crop report. Farmers have parked their harvesting combines across much of the Pampas, waiting for soils to dry out enough to support their 30-tonne weight.

"During the last seven days soy harvesting was at a standstill in the central agricultural region. This inactivity was due to the abundant rains that fell over the last week," the exchange said. "Only small harvesting advances were seen in northern and southern parts of the farm belt."

Meteorologists expect the rains to decrease in intensity for the rest of this month, with fair weather forecast for May.

### [Goldman Says Commodities Rally Not Backed by Fundamentals](#)

By A. Ananthalakshmi

SINGAPORE, April 22 (Reuters) - The recent rally in commodity prices is not supported by fundamentals in the physical markets, Goldman Sachs said, adding that oil could see downside risks in the near term.

"While this recent rally has the potential to run further to the upside ... we believe that it is not yet driven by a sustainable shift in fundamentals," Goldman Sachs analysts said in a note on Friday.

"Given the near-term and temporary nature of the current re-balancing and the lack of longer-term sustainable deficits in any of the markets, it is premature to embrace these 'green shoots' and shift to an 'overweight' recommendation in commodities."

Copper, iron ore and silver, all used widely in manufacturing, have rallied in recent days on hopes of better demand from top consumer China. Gold and other precious metals have also been buoyed by a softer dollar and a dovish Federal Reserve.

Soybean and corn futures reached their highest levels since July on concerns about adverse weather in South America. Oil prices were on course for solid weekly gains on Friday despite ongoing oversupply.

The bellwether Thomson Reuters/Core Commodity CRB Index that tracks 19 major commodities hit its highest level since December on Thursday.

Goldman Sachs, however, has been underweight commodities since May last year and reiterated its bearish view on Friday.

Oil fundamentals will not see a sustainable shift until the third quarter, creating near-term downside risks for prices, Goldman said. But it changed its view on energy to 'neutral' from 'underweight,' citing the reduced likelihood of an extreme downside.

"We believe the current decline in U.S. oil production is still insufficient to offset low-cost supply growth such as Iran, particularly should disruptions in Iraq, Nigeria and Venezuela reverse," Goldman said.

"The biggest risk to the upside in the near term is the Fed choosing to remain dovish despite the improvement in Chinese activity, which could easily push oil above \$50."

Iron ore, which has gained nearly 30 percent this month, will fall to \$35 per tonne by the end of 2016, Goldman said. Iron ore for immediate delivery to China's Tianjin port jumped 6.8 percent to \$68.70 a tonne on Thursday.

"The current rally is unsustainable in the absence of a material increase in Chinese steel consumption that can absorb incremental supply from mine expansions in Australia, Brazil and other regions," it said.

Goldman maintained its underweight view on base metals, saying base metals have not seen the lows yet in this cycle, and reiterated its recommendation to short gold, which has risen 17 percent so far this year.

#### [Monsanto CEO Frustrated Over 'Polarized' GMO Debate](#)

by Cristina Alesci @cristinaalesci

[CNNMoney](#) | 2016-04-18

***Monsanto's CEO is troubled by the public debate on genetically modified food. In the past, the heated rhetoric has threatened the company's reputation, but now it could hurt the bottom line.***

"The thing that drives [me] a little bit nuts, and is the frustrating piece in this, is it's such a polarized debate and I don't think it should be," Hugh Grant said in an interview with CNNMoney at the company's St Louis headquarters.

Until recently, the company focused almost exclusively on its relationship with the direct buyers of its products. For the last three years, however, Monsanto has been trying to reach a broader audience, and influence public perception about the controversial technology that allows Monsanto's scientists to tinker with the DNA of top selling corn and soybean seeds.

Grant says Monsanto wants to do a better job of communicating with end consumers who want to know more about the source of their food and how it's produced.

"That's not easy for us," he said. "We're so far removed, but I think that's a piece of how we solve the conundrum of our reputation."

As one of the largest producers of genetically modified (GM) seeds in the country, Monsanto has been vilified by activists who describe GM products as ' Frankenfood.'

In addition to raising questions about the risks of eating GM food, the mainstream elements of the anti-GM camp say the real threat lies in the way products made with GM organisms (GMOs) are treated. The Environmental Working Group claims farmers use higher doses of pesticides on GM seeds than on non-GM fields, and that those chemicals end up in the environment, including the water supply.

The scrutiny of GMOs has intensified. In March, the EPA Office of Inspector General said it "launched an examination into whether the EPA has the appropriate controls to, in part, monitor and manage any human health or environmental risks from approved pesticides for use" on certain GM crops.

The Environmental Working Group points to the government inquiry as evidence that the public should be skeptical.

But some well known brands are adding to the anti-GM sentiment.

Chipotle, for example, made a splashy announcement last year, saying it would become the first national restaurant chain to go GMO-free. Whole Foods also joined in, proclaiming itself the first national grocery chain "committed to providing GMO transparency." The retailer also said it's working to stock more non-GMO items.

Whether or not these companies intend to raise concerns about GMO products, their decisions to ban or reduce GMOs adds to negative public perception of the technology, says Sheldon Krimsky, a professor at Tufts University who wrote a book titled "The GMO Deception" in 2014.

But Monsanto asks the public to consider the track record.

"These products have now been in the marketplace for 20 years, and there's not been a single food or feed safety issue ever associated with the technology," said Robert Fraley who helped invent GMO technology and is Monsanto's chief technology officer.

In response to criticism, Monsanto says it's working to solve the biggest problems in agriculture. For example, company scientists reengineered the chemical makeup of a corn seed so that the crop needs less water to grow. CEO Grant goes one step further, claiming the world can't produce enough food without GMOs.

"There's an inexorable rise in population and global warming, and water consumption, and those three things are all happening at once," said Grant. "I think the GMOs, they're not a silver bullet, they're not a panacea, but they're an important part of this."

But that hasn't stopped efforts to label GMO foods. Vermont's governor signed a law in 2014 that requires manufacturers to label food that contains GMO ingredients. That law goes into effect in July and as a result, many manufacturers, including Mars, Kellogg's and General Mills, have decided to label their GMO ingredients nationwide.

Monsanto has lobbied instead to standardize labels across the country.



But critics, including Connecticut Senator Richard Blumenthal, say Monsanto and others are being disingenuous in their quest for a federal system. That's because the proposed national program could be voluntary, unlike Vermont's mandatory state laws that force companies to make the disclosure.

But Monsanto keeps fighting state labels, saying they "confuse" consumers and might make their grocery bills rise.

State labels may add "\$400 or \$500 to the grocery basket [per year] when you start looking at the complexity and the expense of filling cans of soup state by state," said Grant.