

WEEKLY NEWS ARTICLE UPDATE



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May 16, 2016

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Export Sales Highlights

This summary is based on reports from exporters for the period April 29-May 5, 2016.

Soybeans: Net sales of 212,400 MT for 2015/2016 were down 74 percent from the previous week and 54 percent from the prior 4-week average. Increases were reported for Indonesia (94,300 MT, including 68,000 MT switched from unknown destinations and decreases of 7,200 MT), China (62,400 MT), Malaysia (33,800 MT, including 24,000 MT switched from unknown destinations), Japan (6,500 MT), Canada (6,400 MT), and Mexico (6,300 MT). Reductions were reported for unknown destinations (9,000 MT). For 2016/2017, net sales of 6,900 MT were reported for Canada (5,400 MT), Taiwan (1,000 MT), and Indonesia (500 MT). Exports of 217,100 MT were down 29 percent from the previous week and 31 percent from the prior 4-week average. The primary destinations were Indonesia (87,500 MT), Mexico (53,300 MT), Japan (29,600 MT), Malaysia (25,400 MT), Vietnam (7,100 MT), and Taiwan (5,800 MT).

Optional Origin Sales: For 2015/2016, the current optional origin outstanding sales balance totals 480,000 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 115,300 MT for 2015/2016 were down 25 percent from the previous week and 33 percent from the prior 4-week average. Increases were reported for the Philippines (102,000 MT), Panama (8,200 MT, switched from unknown destinations), Colombia (6,300 MT), Guatemala (5,200 MT, switched from unknown destinations), El Salvador (3,700 MT, including 2,500 MT switched from Panama and 1,200 MT switched from Guatemala), and Canada (3,600 MT). Reductions were reported for unknown destinations (18,200 MT), and Trinidad (800

MT). For 2016/2017, net sales of 27,800 MT were reported for unknown destinations (25,000 MT) and Canada (2,800 MT). Exports of 203,400 MT were unchanged from the previous week, but down 7 percent from the prior 4-week average. The primary destinations were Mexico (40,900 MT), Ecuador (33,000 MT), Venezuela (20,000 MT), Colombia (16,300 MT), Canada (15,300 MT), Peru (12,400 MT), and El Salvador (11,700 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 16,700 MT for 2015/2016 were up 67 percent from the previous week and up noticeably from the prior 4-week average. Increases were reported for Colombia (7,000 MT), the Dominican Republic (4,800 MT), Guatemala (2,000 MT), Mexico (1,500 MT), and Panama (1,000 MT). Exports of 3,400 MT were down 19 percent from the previous week and 70 percent from the prior 4-week average. The destinations were primarily to Mexico (3,200 MT) and Canada (200 MT).

Bayer Said to Explore Bid for Monsanto

By Aaron Kirchfeld, Ruth David and Dinesh Nair

(Bloomberg) -- Bayer AG is exploring a potential bid for U.S. competitor Monsanto Co. in a deal that would create the world's largest supplier of seeds and farm chemicals, according to people familiar with the matter.

The German firm has held preliminary discussions internally and with advisers about buying Monsanto, which has a market value of almost \$40 billion, said the people, who asked not to be named because the deliberations are private.

Bayer, which is valued at about 84 billion euros (\$96 billion), has discussed how to finance a deal including potential asset sales, the people said. No final decision has been made and the Leverkusen-based company could decide against a bid or pursue other transactions with Monsanto, including joint ventures or asset sales, the people said.

Representatives for Bayer and Monsanto declined to comment.

Putting the world's largest seed maker together with the German company that invented aspirin would bring together brands such as Roundup, Monsanto's blockbuster herbicide, and Sivanto, a new Bayer insecticide lethal to aphids and whiteflies but not to bees, as well as seeds for crops ranging from corn to sugar cane.

It would also help Bayer and Monsanto bolster their positions amid a wave of consolidation in the industry. Rivals Dow Chemical Co. and DuPont Co. announced last year plans to combine operations in a \$130 billion transaction, while China National Chemical Corp. agreed in February to acquire Syngenta AG of Switzerland for \$43 billion.

St. Louis-based Monsanto has explored possible deals with Bayer as well as German competitor BASF SE, people familiar with the matter said in March. Bayer and Monsanto have discussed a number of options from a full combination to the German firm selling all or part of its crop sciences business, as well as joint ventures, the people said at the time. When Bayer raised the idea of a full takeover of Monsanto in March, the U.S. firm said it was not interested in selling, and it sees itself as more of an acquirer, two of the people said this week.

If Bayer goes ahead with a bid, it would raise pressure on BASF to consider an offer, the people said.

Ag Slump

Monsanto is grappling with a global slump in agricultural commodities after its offer to buy Syngenta for about \$46.2 billion was spurned last year. Sales in the quarter ending in February declined 13 percent from a year earlier to \$4.53 billion. Corn and soybean prices fell in the last three calendar years, cutting net farm income in the U.S. and hurting demand for everything from tractors to weedkiller.

A deal with Bayer would help the company reduce its reliance on the agriculture industry, while Monsanto would strengthen Bayer's seed business, one of the company's priorities. Bayer said last month that it planned to introduce new genetically modified soybean seeds in Brazil to challenging Monsanto's dominance.

For Bayer, the talks come as the company is transitioning to new leadership. Strategy head Werner Baumann took over from CEO Marijn Dekkers this month. Dekkers reshaped Bayer, increasing its focus on life sciences by buying Merck & Co.'s over-the-counter medicines business and divesting a stake in its plastics unit.

Bayer's market value has almost doubled since Dekkers took the helm at the end of 2010 as the 152-year-old company sold more prescription drugs for eyes and hearts and added consumer brands like Claritin.

Brazilian Senate Votes to Oust Rousseff, Ushering in New Government

By Arnaldo Galvao, Mario Sergio Lima and Randall Woods

(Bloomberg) --

Brazil's Senate voted to suspend President Dilma Rousseff from office, ushering in a new government after months of political turmoil in the recession-wracked country.

Legislators agreed on Thursday after a marathon session that lasted 21 hours to try the president on allegations she illegally doctored fiscal accounts to mask the size of the budget deficit. The vote was 55 to 22. She will now face an impeachment trial in the Senate.

"From the moment she receives the notification, the process of impeachment for the crime of responsibility takes effect," Senate President Renan Calheiros said after voting ended. She is expected to be notified at 10 a.m. and give a press conference around that time.

Trading in Europe signaled Brazilian equities were set to extend this week's gains. The Lyxor ETF Brazil, an exchange-traded fund, rose 1.1 percent in Paris. While Brazil's Ibovespa slipped 0.6 percent on Wednesday, the gauge is up 2 percent this week.

Rousseff, a one-time guerrilla fighter, now must step down and stand trial in the Senate, a process that could wrap up by September, according to the head of Brazil's largest party, the PMDB. She will maintain some presidential privileges such as an official residence, a salary, a security detail and personal staff. Vice President Michel Temer, 75, will take over as interim president. Many expect the switch to be permanent.

Unlike the mass protests earlier in the year for and against impeachment, the turnout of demonstrations in the run-up to the Senate vote was small, with only isolated clashes with police reported. The vote itself was also more serene than the raucous tally in the lower house last month.

Build Support

Temer's aides said he will work fast to build support by putting in place an economic team that can revive confidence amid above-target inflation, double-digit unemployment and a near-record budget deficit. He will announce new cabinet members at 4 p.m. local time. His strategy will be to generate a sense of optimism that has long been absent in the country, said Harold Trinkunas, director of the Latin America Initiative at the Brookings Institution in Washington.

"Temer can't make a mistake now," said Senator Aécio Neves, leader of the opposition Brazilian Social Democracy Party and runner-up to Rousseff in the 2014 presidential race.

Investors are split over whether Temer, a career politician and constitutional lawyer, can unify Brazil and revive growth. While they welcome his plan to downsize government and to make more room for the private sector, some also fear political turmoil could persist and even intensify as critics challenge his legitimacy and try to block his proposals.

Leading members of Temer's Brazilian Democratic Movement Party are under investigation in the country's sweeping corruption probe known as Carwash. Sixty-two percent of respondents in an Ibope poll last month said new elections rather than impeachment would have been the best solution to the political crisis. Backers of Rousseff's Workers' Party, which has strong ties to unions and protest movements, have already pledged to stage demonstrations and work stoppages to push for his ouster.

"Temer is going to face enormous polarization and a very angry and incredibly mobilized opposition," said Matthew Taylor, associate professor at American University's School of International Service and former instructor at the University of Sao Paulo. "The Workers' Party will make the current opposition look like a bunch of teddy bears."

Thursday's vote capped nearly six months of political uncertainty since then-lower house speaker Eduardo Cunha accepted the impeachment request. Rousseff's chances of surviving declined rapidly in recent months as the Carwash probe encroached on her inner circle and the recession eroded many of the gains that Brazilians enjoyed during the 13 years of rule by her leftist political party.

"It's difficult to see a situation where Rousseff would be able to come back," said Trinkunas at Brookings.

[Workers Set to Push Ahead with Strike at Major Argentina Grains Port](#)

BUENOS AIRES, May 12 (Reuters) - Workers at the Rosario grains export hub in Argentina will go ahead with plans to start a strike on Friday to demand higher salaries, a union leader said late on Thursday.

Reuters has seen a copy of a letter written by the country's labor ministry asking workers at the port, the largest in one of the world's top grains producers, to call off the strike.

However, Edgardo Quiroga of the local San Lorenzo branch of the CGT union said the group had not heard from the government and would begin striking for an indefinite period from Friday.

"We still haven't received anything. The strike will start at midnight and tomorrow we will hold an assembly meeting," Quiroga said, adding that the situation could change after discussions during the union meeting.

Rosario handles about 80 percent of Argentina's grains exports. San Lorenzo covers the northern districts of the Rosario hub where multinational companies like Bunge Ltd, Cargill] and Louis Dreyfus Commodities BV have crushing plants and ports.

The CGT counts quality control inspectors and dock workers among its members in Rosario.

According to Quiroga, the union is seeking a 45-percent increase in the minimum regional wage, to 20,015 Argentine pesos (\$1,410.40) per month.

Wage negotiations are tough in Argentina because of soaring inflation.

Argentina's government is targeting an inflation rate no higher than 25 percent this year. Private economists expect consumer prices will rise 35 percent this year.

Argentina is the world's top exporter of soymeal livestock feed and the third-biggest exporter of raw soybeans, the fourth biggest provider of corn and a leading wheat supplier.

[Monsanto Cuts Forecast for Roundup Ready 2 Xtend Soy Acres in US](#)

CHICAGO, May 10 (Reuters) - U.S. seeds and agrochemicals company Monsanto Co [MON.N](#) on Tuesday cut its forecast for 2016 U.S. plantings of its newly launched Roundup Ready 2 Xtend soybeans as the European Union has not yet approved the genetically modified variety.

The company expects less than 2 million U.S. acres to be planted with the soybeans, down from earlier forecasts for 3 million acres, the company said in a release.

[China to Release Soy Reserves without Replacement](#)

Commercial sources confirm that China has decided to start selling soybeans out of their soybean reserve next week by auctioning off 100,000 each week from now until the end of 2016. If the China sold 100,000 each week, the total soybeans that are expected to be available to the market would be 3.8 MMTs – which is the target of the Chinese Gov't to be sold.

The soybeans are NOT be rotated or replaced as been the case in prior years as China looks to curtail is soybean reserve holdings. The beans are said to be 3 years old or longer and will not meet food grade specs. Thus, the reserve soybean auction sales will directly replace imported soybeans.

China will still hold an estimated 3.5-4.5 MMTs of soybean reserves at the end of 2016. Such stocks are expected to be maintained until there is more certainty on growth in future Chinese soybean production. The news could cause China to be a slower buyer of world soybeans until there is clarity on auction price levels and demand.

CBOT soybean futures are lower on the auction sales rumors this AM.

Britain Is Sending Biggest Ever Wheat Shipment to the U.S.

Whitney McFerron WMcFerron

May 9, 2016

About 61,000 metric tons of the grain at the U.K.'s Port of Bristol are destined to reach Wilmington, North Carolina on May 22, data from the North Carolina State Ports Authority show. Britain normally sells feed wheat to European nations and has never before shipped a cargo that large to America, according to customs records dating to 1992.

It's unusual for the U.S. to buy large quantities of wheat because it's one of the biggest exporters. British sales accelerated in recent months as two years of bumper harvests pushed prices near a six-year low, while a weaker pound boosted the appeal of its supplies. The U.K. primarily exports feed-grade wheat, and the grain has become a competitive alternative for livestock producers after corn prices rallied, said Jack Watts, an analyst at the Agriculture & Horticulture Development Board.

"U.K. feed wheat should be fairly competitive on the global scene," Watts said by phone Monday from Kenilworth, England. "This is largely being driven by the strength of the corn price relative to the wheat price."

Feed-wheat futures lost 6.1 percent this year in London and fell below 100 pounds (\$144) a ton in March, the lowest since 2010. Big harvests mean the U.K.'s wheat surplus this year will be 38 percent larger than in 2015, according to government estimates. French corn prices are up 11 percent this year in Paris as dryness in Brazil threatened to reduce supplies in the world's second-biggest exporter.

Because the U.S. is among the world's top wheat exporters, it doesn't usually import large supplies, particularly from Europe. Canada, which shares a 5,500-mile border and free-trade status, is the biggest foreign supplier. North Carolina is one of the biggest U.S. producers of turkey and pork, so it needs large amounts of feed grain.

The U.S. is expected to import 3.27 million tons of wheat in the season that ends May 31, a four-year low, according to the U.S. Department of Agriculture.

The U.K. shipped 26,000 tons of wheat to the U.S. in the entire 2014-15 season, and almost nothing in the two years before that, according to customs data available on the AHDB's website. So far this year, the biggest importers of U.K. wheat have been Spain, the Netherlands, Portugal and Ireland.