WEEKLY NEWS ARTICLE UPDATE

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U.S. Export Sales Highlights

This summary is based on reports from exporters for the period May 13-19, 2016.

Soybeans: Net sales of 456,800 MT for 2015/2016 were down 18 percent from the previous week and 1 percent from the prior 4-week average. Increases were reported for unknown destinations (237,700 MT), China (138,000 MT), Indonesia (17,300 MT), Mexico (14,700 MT), Colombia (14,300 MT, including 7,500 MT switched from unknown destinations and decreases of 900 MT), and Malaysia (13,400 MT). For 2016/2017, net sales of 150,000 MT were reported primarily for China (60,000 MT), unknown destinations (60,000 MT), Taiwan (15,000 MT), and Mexico (10,000 MT). Exports of 120,100 MT were down 47 percent from the previous week and 53 percent from the prior 4-week average. The primary destinations were Japan (36,900 MT), Mexico (18,600 MT), Indonesia (17,500 MT), Costa Rica (15,400 MT), Taiwan (8,400 MT), and Colombia (6,600 MT).

Optional Origin Sales: For 2016/2017, new optional origin sales totaling 63,000 MT were reported for China. The current outstanding balance totals 593,000 MT is for China (540,000 MT) and Pakistan (53,000 MT).

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

Soybean Cake and Meal: Net sales of 169,500 MT for 2015/2016 were up noticeably from the previous week and 23 percent from the prior 4-week average. Increases were reported for Thailand (45,000 MT, switched from unknown destinations), the Philippines (42,600 MT), Ecuador (31,400 MT, including 30,000 MT switched from unknown destinations), Honduras (9,300 MT, including 8,000 MT switched from Nicaragua), Guatemala (8,500 MT, including 8,000 MT switched from unknown destinations), and Jamaica (8,000 MT). Reductions were reported for Nicaragua (5,000 MT), Peru (3,000 MT), and the Dominican Republic (1,400 MT). For 2016/2017, net sales of 17,600 MT were reported for Peru (15,000 MT) and Colombia (2,600 MT). Exports of 237,400 MT were down 33 percent from the previous week and 14 percent from the prior 4-week average. The primary destinations were the Philippines (88,200 MT), Mexico (58,200 MT), Bangladesh (42,500 MT), Canada (11,000 MT), Egypt (10,500 MT), Guatemala (8,500 MT), and Morocco (5,400 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 32,900 MT for 2015/2016 were down 63 percent from the previous week, but up 5 percent from the prior 4-week average. Increases were reported for the Dominican Republic (19,900 MT), Colombia (5,000 MT), Jamaica (4,500 MT), and Mexico (3,300 MT). Reductions of 100 MT were reported for Canada. For 2016/2017, net sales of 1,600 MT were reported for Canada. Exports of 14,500 MT were up 8 percent from the previous week and 60 percent from the prior 4-week average. The destinations were primarily to Venezuela (10,000 MT), Mexico (4,200 MT), and Canada (200 MT).

Japan’s Soybean Imports May Drop to 3.1m Mt This Year: Group

By Aya Takada

(Bloomberg) -- Soy imports seen falling from 3.24 MMT in 2015, according to Japan Oil & Fat Importers & Exporters Association.

Imports of palm oil, cheaper alternative to soyoil, seen rising to 570,000 MT this year from 568,601 MT last year

Rapeseed imports forecast at 2.4 MMT this yearr vs 2.44 MMT last year

NOTE: Japan is Asia’s largest soybean buyer after China, according to USDA

Bayer Says It’s Confident It Can Meet Monsanto Deal Demands

By Lydia Mulvany, Jen Skerritt and Johannes Koch

(Bloomberg) -- Bayer AG, whose $62 billion takeover bid was rejected earlier by Monsanto Co., said it’s confident it can overcome the seed company’s concerns about the regulatory and financing risks related to a deal that would create the world’s largest supplier of seeds and crop chemicals.

The German company said Tuesday it looks forward to further talks with Monsanto. Hours earlier, St. Louis-based Monsanto announced its board decided unanimously to spurn the all-cash offer for being too low. The U.S. company added that it believes in the benefits a merger would bring and that it respected Bayer’s business, leaving the door open for further discussions.

“We are pleased that Monsanto’s board shares our belief in the substantial benefits an integrated strategy could provide to growers and broader society,” Bayer Chief Executive Officer Werner Baumann said in a statement.

The conciliatory tone from both sides sets the stage for an improved offer from Bayer. While Monsanto has consistently traded at less than the $122-a-share offer price since the companies started discussing a deal, the stock rallied in after-hours trading Tuesday in New York following Bayer’s latest comments, rising as high as $113.49.

Shares of Bayer rose 0.4 percent to 88.72 euros as of 9:11 a.m. in Frankfurt trading, after climbing almost 4 percent yesterday.

The company can afford to pay as much as $140 a share, and the deal would still add to “double-digit” growth in earnings in the mid-term, Jeffrey Holford, an analyst at Jefferies LLC, said in a note to clients on Tuesday.

Bayer investors have speculated the company doesn’t have much headroom to offer extra cash. The break-fee demanded by Monsanto may be much higher than normal because of the risk that industry consolidation will leave potentially fewer buyers for any assets sold off by Bayer-Monsanto to satisfy regulators, Bloomberg Intelligence analyst Jason Miner said. There’s also lingering concern over whether the deal will be passed by competition authorities as the combination of both companies could account for more than 30 percent of the global crop-inputs business.

Regulatory Hurdles

“The regulatory hurdles are higher,” Miner said by phone. “You’re involving more countries and more political hot potatoes than maybe your typical M&A.”

Monsanto is the largest seed supplier and a pioneer of genetically modified crops, which two decades on from their introduction have come to account for the majority of corn and soybeans grown in the U.S. But despite its preeminence in seeds, the company has become vulnerable to a takeover as a number of problems piled up this year. Monsanto has cut its earnings forecast, clashed with some of the world’s largest commodity-trading companies and become locked in disputes with the governments of Argentina and India.

Farmers have seen their incomes fall in the last few years amid declining commodity prices, and that's spurred them to increasingly demand products tailored to their needs, according to Miner, one factor that's spurring Bayer and Monsanto to consider a merger. Their combination could also create cost-savings, estimated by Bayer at about $1.5 billion after the first three years.

A similar logic is driving China National Chemical Corp.'s deal, agreed in February, to acquire Swiss pesticide maker Syngenta AG for about $43 billion. Meanwhile DuPont Co. and Dow Chemical Co. plan to merge in and then carve out a new crop-science unit.

Bayer can pay as much as $145 and still see higher earnings per share two years after the completion of the deal, Stephane Mardel, co-CEO at brokerage and advisory firm United First Partners, said in an interview. Still, the company may be starting to listen to investors who aren't happy with the bid, said Jonas Oxgaard, an analyst with Sanford C. Bernstein & Co. in New York.

Bayer's response to Monsanto's rejection "certainly says they're not going to raise it immediately," Oxgaard said. "They're going to engage in dialogue first."

Despite yesterday's rally in Bayer shares, the stock is still down since the company's interest in a deal was first reported May 12, with some investors concerned that the drug maker will need to raise its bid and could end up overpaying. Moody's Investors Service on Tuesday placed Bayer's A3 credit rating under review for a downgrade because of the Monsanto offer. Fitch also said it may cut its rating.

Farewell El Nino, It's La Nina's Turn to Cause Trouble Now

By Phoebe Sedgman

(Bloomberg) -- El Nino has ended.

The tropical Pacific Ocean is in a neutral state and outlooks suggest little chance of indicators returning to El Nino levels, Australia's Bureau of Meteorology said on its website on Tuesday. That means mid-May marks the end of the event that reduced Indian rainfall, parched farmland in Asia and curbed cocoa production in parts of Africa.

"Sea surface temperatures across the tropical Pacific have cooled to neutral levels over the past fortnight, supported by much cooler-than-average waters beneath the surface," the weather bureau said. "In the atmosphere, indicators such as the trade winds, cloudiness near the Date Line, and the Southern Oscillation Index have also returned to neutral levels."

Weather watchers are now waiting for La Nina, a cooling of the tropical Pacific sometimes thought of as El Nino's opposite. The U.S. Climate Prediction Center says there's a 75 percent chance it will develop by year's end, but its formation also could come earlier: sometime from July to September. Australia's weather bureau says the majority of climate models suggest La Nina is likely to form between June and August.

The 2015-16 El Nino was one of the three strongest on record, generating the hottest global temperatures in more than 130 years, according to the U.S. National Centers for Environmental Information in Asheville, North Carolina. April marked the 12th consecutive month to set a new record.

El Nino typically parches parts of Asia and Australia. It boosted palm oil prices to a two-year high in March, while declining coffee production in Indonesia and Vietnam helped spur the longest rally in two decades for arabica coffee futures.

La Nina can also roil agricultural markets as it changes weather, with the pattern typically contributing to more hurricanes in the Atlantic and heavy rain in Indonesia and India. The previous La Nina began in 2010 and endured into 2012.

Argentina Seen Losing 4 to 8 MMT of Soy Due to Floods

By Hugh Bronstein

BUENOS AIRES, May 25 (Reuters) - Flooding in Argentina has cut into the country's expected soybean output by 4 million to 8 million tonnes, even as higher-than-expected yields in dryer areas offset some of the losses, local farm analysts said on Wednesday.

Chicago Board of Trade soymeal futures have surged 51 percent since early April, hitting their highest since November 2014 as concerns about the Argentine floods mounted.

Crop estimates now range from 52 million to 56.5 million tonnes. With harvesting slowed by record rains in northern parts of the soy belt, the Buenos Aires Grains Exchange has cut its harvest forecast to 56 million tonnes from 60 million. Either way output would be less than last season's 60.8 million tonnes.

Higher yields in Buenos Aires and La Pampa provinces, which have avoided flooding, may prompt the exchange to hold its 56 million-tonne harvest estimate steady when it publishes its weekly report on Thursday.

But analyst Pablo Adreani, of the Buenos Aires-based AgriPAC consultancy, said flood losses far outweigh gains expected in better-yielding areas.

"We've lost 8 million tonnes of production in the floods," Adreani said. "Yields in Buenos Aires are good, but not good enough for the climatic disaster we had in Entre Rios, Cordoba and Santa Fe provinces."

Those areas were lashed by record storms in the first three weeks of April. Adreani said 70 percent of the 2015/16 crop has been collected, versus 90 percent at this point last season.

U.S. soybean meal futures climbed to 18-month highs on Friday as short-covering and concerns about tightening exports from Argentina helped to fuel gains.

The country is the world's top shipper of the livestock feed and the No. 3 supplier of raw soybeans.

"The situation is pretty complicated because there's too much water on the ground in southern Cordoba, Santa Fe and especially Entre Rios provinces. There are huge delays in harvesting," said Leandro Pierbattisti, an analyst with the country's grains warehousing industry chamber.

"The 56 million tonne estimated from the grains exchange is realistic, and it could even be worse depending on weather conditions over the next weeks," he added.

The Rosario grains exchange this month lowered its forecast for the 2015-16 soy harvest to 55 million tonnes from a prior projection of 59 million tonnes. The government said some 1.2 million hectares will not be harvested due to the rains, leading to losses of almost 6 million tonnes of production.

The U.S. Department of Agriculture has cut its Argentine production forecast by 2.5 million tonnes to 56.5 million.

Brazil Farm Workers Movement Promises New Wave of Land Occupations
By Chris Arsenault
RIO DE JANEIRO, May 25 (Thomson Reuters Foundation) - One of Latin America's largest activist groups has promised a new wave of farm occupations in Brazil following President Dilma Rousseff's suspension to stand trial in the Senate, an official with the Landless Workers Movement (MST) said.

The movement, a long-time ally of Rousseff's Workers Party which says it has two million members across Brazil, will target "idle" farm land owned by members of the interim government and its backers, MST spokeswoman Marina do Santos said on Tuesday.

"We will intensify our occupations of unused land," Santos told the Thomson Reuters Foundation in an interview.

"There are many (government) ministers who own unused lands that should be distributed to the people. We have five million families in Brazil who don't have access to land."

Interim President Michel Temer replaced Rousseff earlier this month after she was suspended to face a Senate trial over irregularities in her government's budget.

Santos would not say which members of Temer's administration would be targeted or exactly when the new round of occupations would begin.

The MST said Rousseff's impeachment amounted to a "coup" by conservative politicians in South America's largest country.

The new government says it wants to kick-start economic growth in the recession-hit country while maintaining many of the social programmes initiated by Rousseff's Workers' Party.

Across Brazil, Santos said 160,000 families are currently involved in MST-backed land occupations on idle or under-used territory which they want distributed to small farmers.

The MST organizes landless people to occupy unused farms with the hope of gaining formal ownership and the ability to produce food.

With one of the highest rates of inequality in the world, one percent of Brazil's population owns 45 percent of all the country's land, according to a U.S. government report.

Since the fall of Brazil's military dictatorship and the initiation of a new constitution in 1988, the MST says it has helped secure land rights for 450,000 rural families through occupations.

However, critics of the group say its tactics amount to a form of organized theft and an attack on property rights.

Large plantations producing soy, ethanol and other commercial crops play a key role in driving economic growth and exports for Brazil.

The interim government and economic analysts say expanding the agricultural sector and exports will aid Brazil's economic recovery, creating jobs for the rural poor.

Argentine soy harvest going well due to dry weather -Grain Exchange
BUENOS AIRES, May 26 (Reuters) - Argentina's 2015/2016 soybean harvest is going well, the Buenos Aires Grain Exchange said on Thursday, after drier weather in recent weeks following severe rains last month which paralyzed the process and sent prices climbing on fears of a shortage.

Argentina is the world's top exporter of soy oil and soymeal and the third largest supplier of raw beans.

According to the exchange, storms that flooded half the agricultural region prompted the loss of 1.65 million hectares dedicated to soybeans.

However, the group kept output forecasts for the bean on hold at 56 million tonnes this season following a recent cut, thanks in large part to record yields in provinces like Buenos Aires and La Pampa.

Prior to Thursday, farmers had harvested 72.1 percent of 20.1 million hectares dedicated to soy. That marks an 11 percent increase over last week and a delay of 18.2 percent compared with the 2014/2015 cycle.

Last week, analysts said Latin America's third largest economy could export up to 25 percent fewer beans this year than last.

Meanwhile, the exchange said that the 2015/2016 corn harvest plodded forward in the past week, as farmers prioritized the soy crop and humid conditions continued to weigh.

Argentina, the world's fourth largest corn exporter, should harvest 25 million tonnes this season, the exchange forecast.

Farmers have harvested 29.1 percent of the area dedicated to corn, marking just 0.8 percent progress over last week.

Planting of wheat for the 2016/2017 season has reached 3.9 percent of the 4.5 million hectares that the exchange expects to be dedicated to the grain this year.

India's Soybean Area Seen Falling as Farmers Switch to Pulses

By Rajendra Jadhav

MUMBAI, May 24 (Reuters) - Indian farmers are set to reduce the area given over to soybeans by up to 10 percent this year in response to falling prices, pushing up likely imports of edible oils such as palm oil and soyoil.

Soybean is the main summer-sown oilseed crop for the world's biggest importer of edible oil, but prices have dropped 10 percent in the past two years, while the prices of pulses such as red gram have nearly tripled over the same period.

Lower soybean output will force the country to increase imports of edible oils, supporting their prices. It could also limit India's soymeal exports, given prices for its GMO-free produce are already above international prices.

The further price rise due to lower supply could even make imports of soymeal viable for local consumers.

"In the last two-three years soybeans have given lower returns than competing crops like pulses," said K N Rahiman, chief research officer at Ruchi Soya, the country's biggest edible oil refiner.

"This year, since pulses prices are ruling near record high levels, farmers will be inclined to shift towards pulses. We could see 5 to 10 percent reduction in soybean area."

Farmers planted 11.63 million hectares with soybean in 2015/16. A 10 percent reduction would cut acreage to around 10.5 million hectares in the 2016/17 marketing year starting July.

Most Indian farmers begin cultivating soybean and pulses, which are rain-fed crops, in June after the arrival of the monsoon rains, and they are sown mainly in the states of Madhya Pradesh in central India, Maharashtra in the west, Rajasthan in the north-west, and Andhra Pradesh and Karnataka in the south.

Dinesh Garg, a farmer from Morena in Madhya Pradesh, plants soybean during summer, but this year he has decided instead to cultivate red gram, better known locally as tuar.

"Soybean is not remunerative due to lower prices. This year I am more interested in growing tuar," said Garg, who cultivated soybean on 5 hectares of land last year.

Soybean production plunged 20 percent in 2015/16 to its lowest in more than a decade after drought and pests hit output.

India exports soymeal mainly to Asian buyers, but the drop in production has forced it to import soymeal and soybean in small quantities for the first time in many years.

Since the country imports most of its edible oil, limited soybean supply means imports will go up in 2016/17, said Faiyaz Hudani, associate vice-president, research, at Kotak Commodity Services Ltd.

"Even though oilseed production is stagnant, edible oil consumption has been rising steadily due to growth in population and rising prosperity," Hudani said.

India imports mainly palm oil from Indonesia and Malaysia, while it brings in soyoil from Argentina and Brazil.