

WEEKLY NEWS ARTICLE UPDATE



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Export Sales Highlights

This summary is based on reports from exporters for the period May 20-26, 2016.

Soybeans: Net sales of 309,400 MT for 2015/2016 were down 32 percent from the previous week and 39 percent from the prior 4-week average. Increases were reported for China (123,500 MT), the Netherlands (75,200 MT, including 70,000 MT switched from unknown destinations), Malaysia (33,000 MT), Mexico (25,900 MT), Taiwan (17,500 MT), and Vietnam (12,900 MT). Reductions were reported for unknown destinations (10,000 MT). For 2016/2017, net sales of 736,700 MT were reported primarily for unknown destinations (472,000 MT), China (149,000 MT), Spain (60,000 MT), Mexico (28,700 MT), and Taiwan (20,000 MT). Exports of 212,200 MT were up 77 percent from the previous week, but down 3 percent from the prior 4-week average. The primary destinations were Mexico (79,300 MT), the Netherlands (75,200 MT), Indonesia (33,600 MT), Japan (9,600 MT), Vietnam (4,000 MT), and Taiwan (3,200 MT).

Optional Origin Sales: For 2015/2016, the current optional origin outstanding sales balance of 656,000 MT is for China (603,000 MT) and Pakistan (53,000 MT). For 2016/2017, new optional origin sales totaling 63,000 MT were reported for China. The current outstanding balance is 63,000 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 68,600 MT for 2015/2016 were down 60 percent from the previous week and 46 percent from the prior 4-week average. Increases were reported for the Philippines (48,000 MT), Colombia (25,500 MT), Mexico (19,400 MT), Peru (15,000 MT), Canada (5,000 MT), and Costa Rica (4,300 MT, including 4,700 switched from unknown destinations and decreases of 400 MT). Reductions were reported for unknown destinations (49,700 MT), the Dominican Republic (2,800 MT), El Salvador (2,100 MT), Nicaragua (1,600 MT), and the French West Indies (800 MT). For 2016/2017, net sales of 246,900 MT were reported for unknown destinations (160,700 MT), the Philippines (90,000 MT), Mexico (10,800 MT), and

Nicaragua (3,000 MT), were partially offset by reductions for Peru (15,000 MT) and Colombia (2,600 MT). Exports of 181,800 MT were down 23 percent from the previous week and 12 percent from the prior 4-week average. The primary destinations were the Philippines (121,800 MT), Mexico (26,500 MT), Canada (13,100 MT), the Dominican Republic (7,600 MT), Costa Rica (4,300 MT), and Bangladesh (1,700 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 44,700 MT for 2015/2016 were up 36 percent from the previous week and 20 percent from the prior 4-week average. Increases were reported for unknown destinations (20,000 MT), Guatemala (8,100 MT), Pakistan (7,500 MT), Senegal (4,000 MT), and Mexico (3,700 MT). For 2016/2017, net sales of 1,600 MT were reported for Mexico. Exports of 11,300 MT were down 22 percent from the previous week, but up 28 percent from the prior 4-week average. The destinations were primarily to Mexico (6,200 MT), Jamaica (3,500 MT), Haiti (800 MT), and Canada (500 MT).

[Leaked Figures Show Spike in Palm Oil Use for Biodiesel in Europe](#)

The Guardian, June 1, 2015

Leaked trade industry figures show a five-fold increase in the use of palm oil for biodiesel in Europe between 2010 and 2014, providing new evidence of links between deforestation in southeast Asia and the EU's renewable energy mandate.

The leaked figures, which the Guardian has seen, show that 45% of palm oil used in Europe in 2014 went to biodiesel, up from 8% in 2010.

Greenhouse gas emissions from biodiesel are more than three times higher than those from conventional diesel engines when indirect effects are considered, according to recent research by the European commission.

Campaigners say the leaked figures from the Fediol trade association provide further evidence that an EU target for sourcing 10% of Europe's transport to renewables by 2020 is fuelling global warming.

Jos Dings, the director of green campaign group Transport & Environment (T&E), which published the leak, said: "We now know why the industry is withholding these numbers. They show the ugly truth of Europe's biofuel policy. It drives tropical deforestation, increases transport emissions, does nothing to help European farmers and does not improve our energy security."

T&E calculates that 3.5bn litres of palm oil are now arriving in Europe annually because of a 34% spike in imports for biodiesel since 2010. This would be enough to fill Wembley stadium with biodiesel three times over every day.

"As if Dieselgate [VW cheating at emissions tests] was not bad enough, we now have a Biodieselgate on top," Dings said.

The vast majority of the world's palm oil comes from Malaysia and Indonesia. Clearances for palm oil plantations there are thought to be responsible for many of the fires which incinerated an estimated 18.5m hectares of Indonesia's rainforest between 2001 and 2014.

In 2015, the devastation reached record levels, releasing 1.62bn metric tonnes of CO2 and nudging Indonesia above Russia, as the world's fourth largest emitter of greenhouse gases.

If the peatland forests were allowed to regrow, they would re-sequester much of the released carbon. But conversion of the land for palm oil plantations requires drainage and clearances that release massive amounts of carbon dioxide back into the atmosphere.

Fediol did not immediately respond to requests for comment but the European Biodiesel Board (EBB) said that the leaked numbers differed from their internal count.

Raffaello Garofalo, the board's secretary-general told the Guardian: "The figures we have are substantially lower than that. We would put between 10-15% [of palm oil] globally for biodiesel consumption, based on agricultural sources."

The EBB declined to share its figures for Europe based on palm oil sources, although Garofalo said that biodiesel manufactured that way "can be a little bit more problematic".

An apparent anomaly in the statistics showing a rise in the palm oil composition of Europe's biodiesel from the lesser figures of 6% to 31% over the same period illustrated that "T&E get their figures from the basket, not from science," Garofalo said.

The use of domestic rapeseed in Europe's biodiesel blends, general expansion of the biodiesel market, and larger relative volume of biodiesel explain the difference between the two figures, T&E says.

Tim Searchinger, a Princeton University scholar, argued that the leaked numbers were likely too conservative, as palm oil is widely used to displace vegetable oil for use in biodiesel production.

"The new data confirms the warnings of those who were critical of the EU's biofuels mandate," he told the Guardian. "Any pretence that the main consequence of the EU biofuels policy had not been the peat drainage and deforestation of south-east Asia is now unmasked."

A European commission spokeswoman declined to comment on the leak. She said: "The commission will present proposals to revise the post-2020 bioenergy framework later this year."

The EU currently has a cap of 7% for first generation biofuels in its 10% mandate. Most of this comes from biodiesel.

[U.S. April Soybean Crush Falls to 4.75 Million Tons - USDA](#)

CHICAGO, June 1 (Reuters) - The U.S. Department of Agriculture said on Wednesday that U.S. processors crushed 4.75 million tons of soybeans during April, down from 4.99 million during March.

Analysts had been expecting the April crush to come in at 4.704 million tons.

The USDA also reported that soymeal stocks at the end of the month stood at 365,653 tons, up from 302,672 tons in March. Crude soyoil stocks totaled 2.049 billion pounds at the end of April.

[Talks ongoing in Monsanto, Argentina Government GMO Soy Dispute](#)

By Hugh Bronstein and Maximiliano Rizzi

BUENOS AIRES, June 1 (Reuters) - Monsanto Co, eager to get royalties from growers in Argentina on genetically modified soybeans, said on Wednesday it was still trying to resolve a dispute with the government over inspections, while an agricultural ministry source said a deal may be reached in the coming days.

Monsanto and the government have been at loggerheads over the company's request that Argentine exporters inspect soybean shipments to ensure growers pay royalties. The country's government has decreed it must approve such inspections.

Monsanto, the world's largest seed company, then said it would suspend future soybean technologies in Argentina, a move that could limit output of the country's main cash crop.

"Monsanto and industry stakeholders continue to engage in positive dialogue with the government of Argentina," the company said in a statement from Buenos Aires, adding that the government should have "a predictable business environment that recognizes intellectual property protection."

A source at the Agricultural Ministry said there would likely be advances at the talks soon.

"Though there is an advanced dialogue and good will from both sides, we can't get ahead of ourselves. I think in the coming days there will be something concrete," the source said.

Argentina, the world's No. 1 exporter of soymeal livestock feed, relies heavily on Monsanto's genetic technology to produce soybeans.

During the negotiations the government has contended Monsanto has failed to submit a proposal for an inspection system. The company said it was waiting for the government to outline its inspection requirements.

Soy farming has spread rapidly across Argentina's Pampas agricultural belt over the last 20 years, thanks largely to the country's embrace of genetically modified seeds. The technology makes soy plants resistant to glyphosate herbicide, which kills most weeds that grow in Argentina.

Argentine growers do not yet have the company's new "Xtend" technology, aimed at increasing soy yields and controlling glyphosate-resistant broad leaf weeds.

Farmers have urged the government to make a deal with the company though they object to private exporters playing an enforcement role.

Monsanto has pressured shipping companies to notify it when crops grown with its technology are slated for export without documentation that farmers have paid royalties.

Argentina, the world's third biggest exporter of raw soybeans, is expected by the Buenos Aires Grains Exchange to harvest a 56-million-tonne crop this year. The estimate was cut from a previous forecast of 60 million tonnes due to floods that hit key farm areas in April.

COLUMN-What's the Deal with Soybean Meal? -Braun

(Karen Braun is a Reuters market analyst. Views expressed are her own.)

By Karen Braun

CHICAGO, June 2 (Reuters) - Anyone who placed big bets on soybean meal a couple of months ago might now be feeling like a lottery winner, but the gain-filled trading sessions of late may be numbered.

July soybean meal futures have risen nearly 50 percent between early April and the contract high last Thursday, although price gains have since eased for the first time since the start of the rally.

Soybean meal futures, traded on the Chicago Board of Trade, generally follow the trend of soybean futures. But the recent gains in meal have far outperformed the simultaneous bean rally, as meal futures have been acting like a runaway train. (<http://reut.rs/1WxGeLv>)

Soybean meal has surely gained the attention of market-watchers in recent weeks, but who exactly uses the meal and where is it produced? And is the futures boom about to go bust?

Soybean meal is one of two by-products that result from the crushing of soybeans. When a bushel of soybeans weighing 60 pounds is crushed, it produces 11 pounds of soybean oil and 44 pounds of soybean meal containing 48 percent protein.

Because of the high protein content, almost all of the world's soybean meal is used for animal feed. Further, soybean meal accounts for about 69 percent of protein sources used in animal feed.

MEAL FACTSHEET

Last month, the U.S. Department of Agriculture projected that both world soybean meal production and consumption would hit record highs in the 2016/17 marketing year.

But demand is expected to grow at a slightly faster rate than supply in the new crop year, which would reduce the stocks-to-use ratio to less than 5 percent for the first time in six years. (<http://reut.rs/1WxG2f2>)

China's leading pork industry puts the country at the top of the list in terms of global soybean meal consumption with a 29 percent share. Another third of world soybean demand comes from combining the European Union, the United States and Brazil, as all three countries are heavy livestock producers and thus have a strong appetite for protein-rich animal feed. (<http://reut.rs/1RP9qWc>)

China is also the top soybean crusher, with another 29 percent world share. The world's three major soybean producers, Brazil, the United States and Argentina, crush a good portion of the oilseed they grow, together accounting for around 50 percent of world crush.

These three major soybean producers also distribute most of the world's soybean meal supply. Between 2014 and 2017, Argentina will account for nearly 47 percent of annual soybean shipments. Brazil and the United States will add 23 percent and 17 percent, respectively. (<http://reut.rs/1WxGIBf>)

China essentially imports zero meal, as it is cheaper to acquire raw soybeans and crush them domestically. The European Union is the top destination for exported soybean meal and southeast Asian countries combine for a close second.

REVERSAL IN SIGHT?

Chicago soybean meal will be worth watching in coming days and weeks because the futures rally could soon lose steam.

The support for the soybean complex is still generally there. Among the reasons are continued talk of problems in Argentina and a newly-issued hot and dry mid-June U.S. weather forecast from the Climate Prediction Center.

One indicator that should have meal bulls wary is the relative strength index, or RSI, which measures how overbought or oversold a certain commodity may be. When the RSI exceeds 70, the commodity is thought to be overbought or overvalued, and vice versa when the RSI dips below 30.

Weekly RSI closed at 83 last week, the highest such value for front-month soybean meal in recent memory. Weekly values have exceeded 70 since the end of April. (<http://reut.rs/1RP8G3p>)

Although these values suggest a pullback in futures prices should have been expected almost a month ago, that is simply not what has happened. This has led to a degree of confusion and even anxiety in the market, but it has also allowed for a steady build-up of long positions by funds.

But rallies need fuel in order to stay alive, and there is plenty of uncertainty about whether soybean news in general will prove bearish or bullish in coming weeks.

Argentina's soybean harvest will soon wrap, and the market's focus should eventually turn away from South America and toward the United States, where a potentially volatile summer weather pattern could keep pumping the juice into the soybean complex for at least a little while longer.

[Southern States See Early Soybean Rust Outbreaks](#) [DTN Progressive Farmer](#)

DECATUR, Ill. (DTN) -- The spotlight is on soybean rust this season as the disease has been detected early in southern states. Further outbreaks are weather dependent, but plant pathologists see potential for the disease to grab a broader foothold.

So far soybean rust (SBR) has been active in 13 counties in Florida, 12 parishes in Louisiana, four counties in Mississippi, two counties in Alabama and two counties in Georgia. "That's a relatively large number of early reports of soybean rust this year," Scott Isard, Pennsylvania State University aerobiologist, told DTN.

"The National Weather Service June forecast calls for wetter than normal conditions in the lower Mississippi River valley," he added. "We are likely to see SBR continue to spread in Louisiana, Mississippi and perhaps to Arkansas if the wet conditions continue through June."

It takes a weather system such as a tropical cyclone to blow those spores to Midwest soybean acres. That makes definite predictions difficult, said Isard. "All we really know is that soybean rust overwintered in a number of locations in the South and thus, there is the potential that soybean rust could be a problem this year," he said.

Mississippi State University plant pathologist Tom Allen told DTN that so far the positive confirmations of the disease have been found on kudzu in his state. Kudzu is one of the main overwintering hosts for SBR. He said they are telling growers to be watchful, but at this time there's no rust in the U.S. on soybean planted in 2016. "That's good news at this point and will all depend on what the weather decides to do," Allen said. "If it gets hot and dry, we have little to worry about."

Soybean rust likes prolonged periods of leaf wetness (6 to 12 hours) and temperatures of 46 to 82 degrees. Rust pustules appear on the leaf surface 9 to 10 days after infection, and spores are usually evident soon after. The short life cycle of the disease means soybean rust epidemics can build quickly. Each lesion can produce vast numbers of spores and spore production may continue for weeks. Spores are easily spread by the wind. Soybean plants are susceptible to soybean rust at any stage of development, but

lesions and major increases in the disease don't typically occur until after flowering, according to university reports.

Symptoms of soybean rust begin on the lower leaves of the plant as small lesions that may range from light green to yellow to brown flecks on the upper leaf surface. As the disease develops, the lesions become more distinct and lesions may merge, killing larger areas of leaf tissue.

Plant pathologists told DTN they aren't willing to say this will be the year soybean rust breaks loose. However, what they do know is early detection followed by prompt application of fungicides in a manner that ensures good coverage of the plant canopy is necessary for successful management of soybean rust.

Growers can track the advancement of soybean rust, learn more about symptoms, treatments and sign up for disease alerts here: <http://bit.ly/...>

The University of Kentucky has developed a free risk management tool to help assess potential yield losses and to determine if fungicides are economic based on disease severity, product cost and yield potential. Find it here: <http://bit.ly/...>

Brazil June Soybean Shipments to Fall 20 Percent after Record Exports

By Gustavo Bonato

SAO PAULO, May 31 (Reuters) - The lineup of ships loading soybeans at Brazilian ports in June should fall 20 percent, after record exports in the past few months, data from a shipping agency showed, but firm premiums indicate that demand is still strong.

Soybean loadings are forecast at 5.11 million tonnes in June, including ships with unconfirmed departure dates, down from 6.43 million tonnes a year ago, according to Williams agency data compiled by Reuters.

The fall in the lineup is due to the clearing of a rush of ships earlier in the year with the help of better operating conditions at ports, experts said.

Brazil's soybean industry group Abiove projects this year's harvest at a record 98.6 million tonnes and exports in 2016 at a record 55.3 million tonnes.

Customs data showed last week that between January and May's third week Brazil has already shipped 28.4 million tonnes, or 51 percent of the total projected.

"We have exported a lot in March and April. That is already enough to point to a slowdown in the near future," said a market analyst at an international trading company in Brazil.

Brazil has added capacity to export grains in recent years, mainly in the north of the country, where Amazon Basin facilities have taken pressure off congested ports in the South. Paranaguá, Brazil's second most important soybean port, has recently installed new and faster ship-loaders.

"Brazil ports have managed to recover from congestion seen in late 2015," said Steve Cachia, senior analyst at CerealPar brokerage.

Below-average rains in Santos and Paranaguá ports in April also helped to keep the holds of the ships open and loading for longer periods.

PREMIUMS

Export premiums for soybean cargoes at local ports for June delivery have climbed in past weeks, propelled by slight harvest losses in Brazil and Argentina's flood-related crop woes.

"Premiums at ports are behaving unusually (for the post-harvest period), but this is due to reduced harvest estimates in Brazil. Losses in Argentina also help," said the head of market intelligence for a multinational trading house in Sao Paulo.

Soybean premiums for June delivery in Paranagua port are at 72 cents per bushel, 31 percent above 12 months ago.

Brazil was expected to harvest more than 100 million tonnes this year, but irregular rains limited yield potential. At the same time, Argentina's farmers suffered flooding, which may have slashed its soybean output by up to 8 million tonnes.

"With demand still strong, firm premiums are justifiable," Cachia said.

[U.S. Farmers Rush to Sell Soybeans Early as Prices Rally](#)

By Mark Weinraub

CHICAGO, May 31 (Reuters) - U.S. farmers have sold nearly double the usual amount of new-crop soybeans this spring, taking advantage of a 14 percent rally in the futures market to lock in profits on a crop that most have not even finished planting yet.

The sales could depress soybean basis bids - the difference between the futures market and the cash price - at grain terminals around the U.S. Midwest during harvest. Soybean bids for delivery during the autumn have already begun to sink as futures have rallied during the past two months.

Angie Setzer, vice president of grain for Citizens LLC, which operates grain elevators in Michigan, estimated that her clients have already booked sales accounting for about 30 percent to 50 percent of new-crop soybean production.

In a typical year, farmers' soybean sales average about 15 percent to 25 percent of expected production by the end of May.

"Most of them are taking advantage of it (the rally)," said Setzer. "It is definitely one of those things where anytime you are given an opportunity at profit you want to take it."

Farmers were reluctant sellers of soybeans a year ago despite a rally that pushed prices to six-month highs early in the summer amid soggy field conditions that raised concerns about how big the harvest would be.

After missing that rally, growers fought a bearish market as record yields pushed prices sharply lower while they sought to move harvest supplies, booking sales at levels far below the summer peak.

Grain dealers already have begun to cut their bids for soybeans that will be delivered to elevators and processors this autumn as they have inked contracts with farmers. In Decatur, Illinois, November soy bids have fallen by 32 cents - dropping from a premium of 17 cents above the futures market to 15 cents below - since early April.

HEDGES IN PLACE

Grain merchants have already hedged new-crop purchases in the futures market to guard against price swings.

Commodity Futures Trading Commission data released on Friday showed that commercial traders, a category that includes grain elevators, shipping terminals and processors, boosted their net short position in Chicago Board of Trade soybean futures to 274,614 contracts, which represents 1.37 billion bushels.

That compares with a net short of 151,230 soybean contracts at the end of March. A year ago, commercial traders held a net long position of 42,284 soybean contracts. From 2006 to 2015, the average holdings for commercial traders at the end of May was a net short of 155,364 contracts.

Farmers remain cautious, however, about selling corn, despite an 11.7 percent gain in the futures market that represents the biggest growing season rally since 1973.

A spell of heavy rain and cold temperatures followed planting in parts of the U.S. Midwest, raising early concerns about harvest shortfalls which could prompt price spikes and preventing farmers from pulling the trigger on sales of the yellow grain.

Setzer said that farmers in her area have sold about 5 percent to 15 percent of expected new-crop corn production, which is in line with past years.

Roger Hadley, a farmer in Woodburn, Indiana, said he has already committed to sell just 15 percent of his expected corn production, compared with 50 percent of expected soybean production.

Forecasts for a La Niña weather event that could dry out the U.S. Midwest during critical growth periods for corn curtailed his sales activity this spring even as cash prices neared \$4 per bushel.

"If we end up hot and dry, we are really going to be hurting," said Hadley "That is a real, real threat out there. If we end up with half a crop of corn and you start pricing it at \$3.85 a bushel, you are still losing money."