

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

October 31, 2016

Articles in This Edition

- [Export Sales Highlights](#)
- [COLUMN-Is Demand for U.S. Soybeans as Healthy as It Seems? -Braun](#)
- [Bunge Invests in Argentine Grain Port](#)
- [More Farmers Walking Away From Pricey Cash Rents](#)
- [Don't be Tricked into Thinking Organic, Non-GMO Treats are Better](#)
- [Farmers Have Tech. Weeds Have Evolution.](#)
- [Biodiesel Producers Push for Tax Extension](#)

Export Sales Highlights

This summary is based on reports from exporters for the period October 14-20, 2016.

Soybeans: Net sales of 2,045,400 MT for 2016/2017 were up 2 percent from the previous week and 12 percent from the prior 4-week average. Increases were reported for China (1,825,700 MT, including 875,000 MT switched from unknown destinations and decreases of 75,400 MT), Mexico (94,500 MT), Italy (85,100 MT, including 20,000 MT switched from Canada and decreases of 900 MT), Iran (80,300 MT, including 75,000 MT switched from unknown destinations), and the Netherlands (75,800 MT, including 70,000 MT switched from unknown destinations). Reductions were reported for unknown destinations (438,000 MT), Spain (60,000 MT), Canada (16,200 MT), Cuba (800 MT), and Bangladesh (500 MT). Exports of 2,808,600 MT--a marketing-year high--were up 5 percent from the previous week and 99 percent from the prior 4-week average. The primary destinations were China (2,276,400 MT), Iran (80,300 MT), the Netherlands (75,800 MT), Vietnam (68,500 MT), and Mexico (66,300 MT).

Optional Origin Sales: For 2016/2017, optional origin sales for China totaling 60,000 MT were exercised to export from the United States. The current outstanding balance totals 235,000 MT, all China.

Exports for Own Account: New exports for own account totaling 83,500 MT were reported to Canada. Exports to Canada totaling 68,800 MT were applied to new or outstanding sales. The current exports for own account outstanding balance totals 41,200 MT, all Canada.

Soybean Cake and Meal: Net sales of 146,200 metric tons were reported for 2016/2017. Increases were for the Philippines (47,800 MT), unknown destinations (35,000 MT), Guatemala (14,100 MT, including 8,700 MT switched from unknown destinations), Canada (12,100 MT, including decreases of 500 MT), the Dominican Republic (10,100 MT), Nicaragua (5,900 MT), and Japan (4,000 MT). Reductions were for Costa Rica (100 MT). For 2017/2018, net sales of 400 MT were reported for Canada. Exports of 192,100 MT were reported to Mexico (50,800 MT), the Philippines (49,100 MT), Colombia (13,900 MT), Japan (13,100 MT), Honduras (12,400 MT), Canada (12,300 MT), and Panama (11,300 MT).

Soybean Oil: Net sales of 24,500 metric tons were reported for 2016/2017. Increases were reported for Morocco (15,000 MT), Jamaica (3,500 MT), Mexico (3,300 MT), and Colombia (1,700 MT). Exports of 23,100 MT were reported to Venezuela (10,000 MT), Colombia (5,000 MT), Mexico (3,500 MT), and Jamaica (3,500 MT).

Export Adjustments: Accumulated exports to Canada were adjusted down 8,952 MT for week ending January 7, 2016. This shipment was reported in error.

[COLUMN-Is Demand for U.S. Soybeans as Healthy as It Seems? -Braun](#)

By Karen Braun

CHICAGO, Oct 27 (Reuters) - United States soybean exports appear to have been moving along at a record-fast clip, but the dramatic numbers may be hiding potential speed bumps lurking ahead.

As the largest soybean crop in U.S. history continues to roll off the combines, support for Chicago soybean futures has been heavily rooted in the aggressive export campaign planned for the 2016-17 marketing year. Burgeoning global demand has prevented the market from turning fully bearish against the oilseed in the face of record world supply.

The U.S. Department of Agriculture projects that the United States, which contributes 40 percent of global soybean trade, will export an all-time high 55.1 million tonnes (2.025 billion bushels) of soybeans this year, an increase of 4.6 percent on the record 2015-16 season, which concluded on Aug. 31.

Some 60 percent of the United States' exported volume will land in China, the world's largest soybean buyer. October through December is typically the heaviest period for U.S. soybean shipments before the supply from competitor South America comes online early next year.

But with so much focus on China, the remainder of U.S. soybean customers are often overlooked in the demand conversation, and this 40 percent minority by itself may imply a slightly different story than what appears on the surface.

Further, the South American soybean competition could be heating up a bit earlier than expected.

THE 'OTHER GUYS'

Through Oct. 13, U.S. soybean sales for the new marketing year stood an impressive 28 percent ahead of last year's pace and almost identical to that of 2014, which was the United States' best start to an export year by first-quarter exports.

Official U.S. export data for September, the first month of the marketing year, will not be available until Nov. 4, but weekly inspection data suggests that soybean shipments in the first seven full weeks of the season are a hefty 9 percent greater than last year.

But in breaking down both the sales and inspections numbers by buyer and destination, the "non-China" buyers have failed to post numbers as big as might be expected.

In the first seven full weeks of the marketing year, inspections data implies that soybean shipments to China are up 32 percent on 2015, which had begun at a record pace.

But cargoes to all other destinations are down 28 percent on the year, equal to about 1 million tonnes or 37 million bushels (<http://reut.rs/2dLSFiD>).

The sales data also tells a similar story. The volume of U.S. soybean sales originating outside of China currently sits 18 percent behind 2014 and only 14 percent ahead of 2015, half of what the full data would imply (<http://reut.rs/2dLX7Oa>).

This means that U.S. soybean demand has been disproportionately reliant on China's appetite for soybeans, and this somewhat exposes the domestic market to a possible letdown if China's business slows or migrates south of the equator.

This also could mean that the "other guys" are well-supplied at the moment and may be waiting for a potentially better deal out of South America. The fact that 2017-18 sales thus far are some of the slowest in several years may also support the theory of a well-stocked world.

BRAZIL ALREADY HORNING IN

If the United States has already lost some of its usual soybean business, it certainly cannot afford to lose China's business, but that is exactly what may have started to unfold last week.

International traders told Reuters this week that Brazil, the world's leading soybean supplier, signed deals last week with China for four soybean cargoes to be shipped in the next two months, with at least 10 more being negotiated.

The exact volumes were not disclosed though the confirmed purchases were said to represent a small fraction of the 7 million tonnes per month that China buys.

Given the alleged small amounts, this does not seem to pose a problem - yet. But this could be foreshadowing potential struggles that the United States' export campaign may face down the road, especially as South American beans hit the market.

Brazil has recently been offering soybeans at a price that is very competitive to the U.S. product, and the Brazilian oilseed is generally known to have higher oil and protein content than its U.S. counterpart. All of these factors could lead China to squeeze Brazil dry of soybeans during the off-season rather than purchase from the fully stocked shelves of the United States.

The bottom line is that the sustenance of U.S. soybean demand throughout the marketing year may ride more heavily than ever on the size of the South American crop, which will be harvested beginning early next year.

And U.S. exporters need to entice buyers other than China back into the mix because if South America's crop goes boom, the U.S. export campaign could go bust.

Bunge Invests in Argentine Grain Port

by Holly Demaree

world-grain.com |

PUERTO GENERAL SAN MARTIN, ARGENTINA — Bunge and Aceitera General Deheza S.A. (AGD) announced they will jointly invest \$100 million in Puerto General San Martin's T6 industrial complex and port terminal. Puerto General San Martin is an inland port in Argentina that sits on the Paraná River.

Currently, the terminal is capable of unloading 600 railway cars and more than 1,200 trucks per day. It is used to load seafaring ships with dry bulk and vegetable oils, and, according to AGD, it handled 13 million tonnes of exports last year. The terminal is jointly operated and managed by both Bunge and AGD.

The investment includes a three-year plan that aims to increase the operational capacity of the complex.

"We have been working hand-in-hand in pursuit of National Development," said Enrique Humanes, chief executive officer of Bunge's Southern Cone. "We believe that the key to achieving a sustainable and harmonious community development regionally and nationwide lies in providing solutions between all the actors who are a part, towards the achievement of objectives and joint benefits."

AGD was founded in 1948 and is a privately-owned oilseed crushing company in Argentina. The agribusiness crushes more than 20,000 tonnes of oilseed daily, has the capacity for 3.3 million tonnes of bulk storage and employs of 2,500 people.

Bunge Argentina is a subsidiary of Bunge Ltd., a global agribusiness company, which includes fertilizers, food and energy, among other businesses, with global operations and strategically distributed assets, addressing the whole agricultural-food industry chain spectrum.

The investment of T6 terminal with AGD is the latest in a series of transactions for Bunge, which has been partnering with companies across the world as it seeks to grow its business.

Bunge Agribusiness Singapore Pte Ltd., a wholly owned subsidiary of Bunge Ltd., and Oleo-Fats, Inc. (OFI), a wholly owned subsidiary of D&L Industries, in September entered into distribution agreements for the food service, retail and food processing industries in the Asia-Pacific region.

In August, Cargill and Bunge announced their intention to enter into an agreement under which Bunge will acquire from Cargill two oilseed processing plants and businesses in the Netherlands and France.

In July, Bunge announced a joint venture expansion with Amaggi in São Paulo, Brazil, to operate on the route known as the Northern Corridor via the Tapajos waterway. Also in Brazil, Bunge acquired Moinho Pacifico, a Brazilian wheat flour miller, in August 2015.

In June, Bunge announced a joint venture with Wilmar, a crush operation in Vietnam, to further expand into Asia.

[More Farmers Walking Away From Pricey Cash Rents](#)

AgWeb - The Home Page of Agriculture | October 25, 2016 01:52 PM

Farming this fertile Indiana ground is both Jason Wykoff's passion and his livelihood. But after 22 years, he was forced to make one of the most difficult decisions of his career.

"We'd been previously farming on shares," Wykoff says. "And when this lease was up, the owner wanted to go to a cash rent. We felt it was just in an area where we couldn't survive long-term."

Those 12,000 acres were a vital part of Wykoff's business for the past eight years. He added tile, irrigation and other improvements to make it a better farm, so walking away was a decision he didn't take lightly. Even so, nearly a year later, it's one he doesn't regret.

"If we were still farming that farm in the current situation, I would have a lot of anxiety," he says.

Wykoff isn't alone. A recent Farm Journal Twitter poll showed 57 percent of farmers are willing to walk away on any ground that can't be renegotiated. Even more telling is ProFarmer's annual LandOwner survey, showing farmers say if prices don't come down, they may walk away, too.

"According to our survey, we find that 44% of our members and subscribers are willing to walk away from a cash lease if that lease is not lowered going into 2017," says Mike Walsten, Editor of ProFarmer LandOwner Newsletter.

Walsten says the number of farmers who are absolutely willing to walk away if there's not a cut in cash rents has jumped to 14%. Based on these numbers, he says the cash rent conversations will be even tougher than last year.

"That was when we saw cash rents going down by 5% to 7%, sometimes 10% in some areas," he says, adding another 5% to 8% reduction in 2017 cash rents seems reasonable in most cases.

Land values could also see a decline, but maybe not as steep as years past, Walsten says.

"We find people recognizing the reality of things, and that is land values are going lower," he says. "But here, too, we're seeing more people now looking for a reduction of less than 10% in 2017 than the prior year, and fewer people looking for a reduction greater than 10%."

"We would say the peak was probably in late 2013, early 2014 for farmland," says Howard Halderman of Halderman Real Estate Services. "We're probably somewhere 20% to 25% off of that number today."

Halderman says 2016 was an interesting year, as farmer sentiments have been on a roller coaster ride the entire time.

"I would argue that the worst time to sell a farm this year was March, April of 2016," he says. "That was when we saw the most negative attitudes."

Walsten notes that when opportunity knocks on acquiring new acres, some farmers still answer.

"We see that 30% of our audience is willing to step into the land market if the right deal comes along," he says.

Halderman says earlier in October, they had a sale in Rush County, Indiana go for \$11,000 an acre. A farmer made the winning bid.

"We tend to see on most of our auctions still today, 75% of the buyers are what we term 'farmer buyers,'" he says. "So, they are production owner-operators that are actually out there doing the farming."

A handful of impressive sales, combined with LandOwner's results that show more farmers willing to buy, indicate stability in the market – but prices are still searching for a floor.

"I think if we continue to see \$3.25 corn going into next year, with not a lot of hope for some higher numbers than that, I think here in the Eastern Corn Belt you could still see some land values under pressure," Halderman says.

There's also a change in the way land is sold. Halderman says because fewer farmers and investors came to the table to buy last year, they're advising more private sales versus auctions. However, a flood of lender-forced sales isn't hitting their business yet.

"We've seen a few, but I wouldn't call it a large trend yet," he says. "Usually, the ag lending season really starts to ramp up between now, harvest and next spring's planting. I would anticipate probably that first quarter of 2017, if there are some concerns with ag lenders, they're going to be talking to their customers and saying, 'Maybe we need to correct something on the balance sheet, and you need to sell something.'"

Whether to buy, sell or walk away from pricey cash rent, these are all difficult decisions farmers will face over the next year.

"Rent decisions can be very emotional," Wykoff says. "Once we try to take the emotion out of it, they actually then became very easy."

[Don't be Tricked into Thinking Organic, Non-GMO Treats are Better](#)

Chicago Tribune, 28-Oct-2016

Did you know that eating organic jelly beans is a way of life?

Me neither. But apparently it's a thing.

In a video posted recently on the Jelly Belly website, Linda Rowland Brasher, the company's president and CEO, excitedly discusses its new organic jelly beans: "Organic isn't just a trend

anymore, it's a lifestyle, and we want to participate in that lifestyle." The beans are made with natural flavors and colors, free of genetically modified ingredients.

Of course, the organic candy-eating lifestyle comes at a cost. A 2-ounce bag of organic beans costs \$3 while the old-fashioned version -- good enough for President Ronald Reagan, who famously kept the candy in his office -- costs only \$2.50 for 3 1/2 ounces. Smug superiority carries a premium.

You might see more candy labeled "organic" or "non-GMO" in your little sweetie's Halloween bag this year. As food-makers scramble to put a health halo on sugar the poison du jour -- some are replacing regular sugar with organic and non-GMO versions. But is this a trick by some food companies to make you feel better about eating their treats?

Let's rip the mask off this marketing gimmick: There's no material difference between GMO sugar, organic sugar or regular cane sugar. The end result is exactly the same. The label only refers to how the sugar is grown, not whether it's better, healthier or safer for you to eat.

More than half the sugar produced in the U.S. is derived from the sugar beet, a vegetable grown from a genetically modified seed. The reason why sugar beet farmers use these seeds is because the crops are better for their farms; the U.S. Beet Sugar Association identified more than two dozen environmental benefits to genetically modified sugar beets such as needing fewer chemicals and less water to grow. "Using GM sugar beet seed means that we use less hand labor and tractor passes to remove the weeds," said Suzanne Rutherford, a California sugar beet farmer. "We actually use less herbicide now. Genetically modified seed has put us on a path to sustainability."

By the time the sugar beet is fully processed, there is no genetic material left, and it's indistinguishable from sugar grown organically or from regular sugar cane.

Jelly Belly isn't the only candy-maker to go organic or remove GMO ingredients (other sweeteners include high fructose corn syrup, likely produced from genetically engineered corn). Last year, Hershey's became the first major candy company to announce some iconic brands like its signature Hershey's Milk Chocolate bar and Kisses would be GMO-free: "We understand that non-genetically modified ingredients are important to some of our consumers, therefore we are working with suppliers and manufacturing teams to increase our use of non-GM alternatives." At the time, the company was also under pressure by anti-GMO activists to remove any GMOs from its products.

It's not just candy companies that are replacing GMO sugar and sweeteners. PepsiCo announced in August a new organic version of Gatorade. Dannon recently raised the ire of several American agricultural groups when it announced it would not only remove GMO ingredients but replace GMO feed (grown here) with non-GMO feed (mostly imported) for cows that produce the milk used in its yogurt products.

Dannon's CEO said in a statement that "our ambition is to produce healthy food that is affordable, creates economic and social value and nurtures natural ecosystems through sustainable agriculture" (maybe this is designed to make you feel better about your child eating cotton-candy-flavored squeezable yogurt).

But American farmers fought back. In a letter to Dannon earlier this month, representatives from the American Farm Bureau, National Corn Growers Association and others accused the company of "fear-based marketing" that amounted to "an attack on the livelihood and integrity of our farmers."

The bottom line is companies that replace GMO ingredients with organic or non-GMO ingredients hurt U.S. farmers and cause a big uptick in imports from places like Mexico and other parts of Latin America. Last May, the Department of Agriculture announced it will import an additional 200,000 tons of cane sugar to meet manufacturers' demands for non-GMO sugar, in part because of a "lack of consumer information about genetic technology."

This Halloween, don't be scared or tricked into thinking organic or non-GMO candy is any better for you or your children. And get the good stuff out of their bag before they catch you.

Julie Kelly is a National Review Online contributor and food policy writer from Orland Park.

Farmers Have Tech. Weeds Have Evolution.

Faye Flam

[Bloomberg View](#) |

Some 12,000 years ago, with the invention of farming, humans started a war against weeds -- and the weeds are still a step ahead. As farmers advanced from using hard labor to protect their crops to using chemicals and genetic engineering, the weeds survived thanks to the oldest weapon known to living things: evolution. Now, while scientists work on new technology to ward off the weedy menace, some worry they're speeding up the development of heartier, more herbicide-resistant foes.

Weeds may seem benign compared to crop-eating insects, but they pose a major threat to agriculture. They compete for scarce resources with crops, sucking water and nutrients out of the soil they share. Ton for ton, farmers use more weed killers than any other kind of pesticide. Without weed control, some crop yields would be cut in half.

Adding to the challenge is the fact that herbicides are plant-killers, so it's hard to spray them without damaging the crops they're meant to protect. That's why so many farmers adopted a system designed by the agricultural giant Monsanto, spraying the weed-killer Roundup on plants that have been genetically engineered to withstand the chemical assault. Monsanto scientists kicked off the GMO food revolution this way in 1996, into soy plants that rendered them resistant to Roundup.

Genetically modified crops proved popular with farmers: They now make up most 63 percent of U.S. corn and 92 percent of soybean crops. Meanwhile, glyphosate, the active ingredient in roundup, has become the most widely used agricultural chemical in the world. The problem is that weeds can evolve fast. More than 300 weed species that have evolved resistance to at least one

herbicide, including some that grow happily amid Roundup-sprayed crops. As early as 2010, the National Research Council warned of the risks posed by Roundup-resistant weeds.

But technology evolves, too, and so the farmers' side is about to adopt new tactics. In September, Monsanto purchased rights to alter commercial seeds using a newer, more powerful kind of genetic modification -- a form of so-called gene editing called CRISPR. While "traditional" GM technology relies on transferring genes from one organism to another, CRISPR allows scientists to directly rewrite the DNA. The old technology is like being able to edit a text by pasting in words from other texts, without much control over where they land. CRISPR is like direct, precision editing.

Tom Adams, Monsanto's vice president for biotechnology, said the company could employ gene editing to endow plants with resistance to drought, viruses, fungi or insects. But there's no known way to engineer a corn plant that can kill weeds directly, since the weeds aren't infecting or feeding on the crops. So herbicides are still part of the package.

And although the new technology offers efficiency and flexibility, it doesn't prevent weeds from evolving resistance. Plant biologist David Mortensen of Penn State University calls Monsanto's combined genetic modification and herbicide system a treadmill. Chemicals work well for a year or so, but then nature fights back with resistant weeds, and the farmers respond with more chemicals.

Natural selection is based on competition between individuals of the same species, and those individual weeds that spring up with somewhat better resistance to Roundup will quickly dominate. So while the chemicals don't create resistant weeds, they enable the spread of those that already exist in the population. Iowa State University biologist Michael Owen says the media contribute to the confusion by calling resistant species "superweeds" -- a catchy if unscientific nickname on a par with " Frankenfoods."

Increasing use of herbicides is not only expensive for farmers, it raises concern among some scientists because the chemicals can get suffused through the environment. Scientists have detected traces in drinking water and rainwater. And short-term tests on laboratory animals or human cells can't rule out harm over the long term, said Mortensen. The more herbicide is in the environment, the greater the chance of an adverse effect on human health or wildlife. "Given the uncertainties about exposure data and impact on human health," he said, "we should be taking a critical look at technologies that enable increased reliance on pesticides." That includes CRISPR.

For scientists such as Owen and Mortensen, the way to win the war on weeds is to diversify tactics. For them, that means combining limited herbicide use with a variety of techniques, including tillage, crop rotation and planting of certain cover crops that can block weeds. The other techniques make it much more unlikely that resistant weeds will spread out of control. It's a way of thinking a step ahead of evolution

[Biodiesel Producers Push for Tax Extension](#)

agri-pulse.com |

WASHINGTON, Oct. 27, 2016 - As lawmakers focus on their post-election agenda, the nation's biodiesel industry wants them to know that extension of the biodiesel tax incentive should definitely be on their year-end "to do" list.

“We strongly urge you to extend the biodiesel tax credit and take this opportunity to make a simple, common-sense reform by focusing the credit on U.S. production,” said Donnell Rehagen, Interim NBB CEO in a letter to House and Senate tax committee leaders today.

“Legislation pending before Congress - S. 3188 and H.R. 5240 - would accomplish these objectives by extending the incentive through 2019 and changing it from a blender's credit to a domestic producer's credit. The legislation has strong support from American biodiesel producers and strong bipartisan support in both the House and Senate - reflected last year when a similar proposal passed the Senate Finance Committee,” he wrote. If the current tax incentive expires on Dec. 31, NBB warned that many biodiesel producers would likely cut jobs and production. “Congress can avoid this with a long-term extension giving producers the policy stability they need to plan for the future,” NBB noted.

Additionally, reforming the incentive would save the Treasury some \$90 million as imports are reduced and domestic production rises, according to the Joint Committee on Taxation. Under the current “blender's” structure of the incentive, foreign biodiesel imported to the U.S. and blended with petroleum diesel in the U.S. is eligible for the tax incentive. Increasingly, foreign biodiesel producers are taking advantage of the U.S. incentive by shipping their product here. In 2015 alone, some 670 million gallons of biodiesel and renewable diesel was imported to the U.S., making up nearly a third of the U.S. market, NBB said.