

# WEEKLY NEWS ARTICLE UPDATE



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## Export Sales Highlights

This summary is based on reports from exporters for the period December 23-29, 2016.

**Soybeans:** Net sales of 87,500 MT for 2016/2017--a marketing-year low--were down 91 percent from the previous week and 94 percent from the prior 4-week average. Increases were reported for China (641,500 MT, including 626,000 MT switched from unknown destinations and decreases of 23,600 MT), Indonesia (80,000 MT, including 50,000 MT switched from unknown destinations and decreases of 100 MT), Vietnam (75,300 MT, including 65,000 MT switched from unknown destinations), Spain (66,000 MT, including 63,000 MT switched from unknown destinations), and Bangladesh (57,400 MT, including 55,000 MT switched from unknown destinations). Reductions were for unknown destinations (898,300 MT). For 2017/2018, net sales of 200 MT were reported for Japan. Exports of 1,590,100 MT were down 16 percent from the previous week and 14 percent from the prior 4-week average. The primary destinations were China (1,194,900 MT), Indonesia (81,200 MT), Vietnam (71,900 MT), Spain (66,000 MT), and Bangladesh (57,400 MT).

*Optional Origin Sales:* The current optional origin outstanding balance of 120,000 MT is for China.

*Exports for Own Account:* The current exports for own account outstanding balance of 24,200 MT is for Canada.

**Soybean Cake and Meal:** Net sales of 83,300 MT for 2016/2017--a marketing-year low--were down 67 percent from the previous week and 59 percent from the prior 4-week average. Increases were reported for Mexico (22,100 MT, including decreases of 4,100 MT), Canada (15,800 MT, including decreases of 200 MT), Peru (14,700 MT), Colombia (7,500 MT), and Guatemala (7,100 MT, including 600 MT switched from El Salvador). Exports of 123,200 MT were down 38 percent

from the previous week and 44 percent from the prior 4-week average. The primary destinations were Mexico (39,000 MT), the Philippines (33,400 MT), Guatemala (16,700 MT), Canada (13,600 MT), and the Dominican Republic (6,200 MT).

**Soybean Oil:** Net sales of 30,900 MT for 2016/2017 were up 64 percent from the previous week and 41 percent from the prior 4-week average. Increases were reported for Mexico (14,600 MT), the Dominican Republic (7,100 MT), South Korea (6,500 MT), Venezuela (2,000 MT), and Canada (600 MT). Exports of 7,800 MT were down 86 percent from the previous week and 74 percent from the prior 4-week average. The primary destinations were Mexico (4,500 MT), Libya (3,000 MT), and Canada (200 MT).

#### [POLL-Brazil's Soybean Crop Seen at 103.5 MMT as Harvest Begins](#)

SAO PAULO, Jan 6 (Reuters) - As Brazil's 2016/17 soybean harvest begins, analysts expect a record crop of 103.5 million tonnes thanks largely to good weather conditions, a Reuters poll showed on Friday.

The estimate, based on the average of 18 predictions by consultants and official bodies, was slightly higher than a forecast of 103.1 million tonnes from a Reuters poll in early December.

Brazil is the world's largest exporter of soybeans, so an abundant harvest would keep international prices [Sc1](#) under pressure while replenishing domestic inventories.

A record harvest this year would represent a strong recovery after a drought triggered by the El Nino weather phenomenon slashed yields in 2015/16, when output dipped to 95.4 million tonnes.

Now, with Brazil experiencing the milder La Nina, weather-related problems are scarce and fields are generally in good shape. An early harvest has already begun in scattered areas in top producing states, like Mato Grosso.

"Crop conditions, in general, are good," said independent analyst Flavio França Junior, who predicted a 104.7-million-tonne harvest. "There are only pockets of problems, so I don't see any major reason to lower my forecast."

On Thursday, INTL FCStone raised its outlook by almost 700,000 tonnes due to expectations of higher yields in a couple of states. It left its projection of planted area unchanged.

Government agency CONAB will publish an updated version of its 2016-2017 crop forecast on Tuesday.

Although many areas are nearly ready for harvest, there are regions where planting took place later and weather can still be decisive for productivity, such as the Matopiba region, formed by Maranhão, Tocantins, Piauí and Bahia states.

In Matopiba, rains were below average in December and in the first days of January.

"Weather forecasts indicate that rains will normalize only in February. We will have to keep one eye on that region," França Junior said.

A Reuters poll of 18 consultants and official bodies also showed Brazil's corn crop should reach 88.1 million tonnes, up nearly 33 percent from last season, which was plagued by below-average rains.

Unlike the soy poll, estimates for corn vary widely, from 81.3 million tonnes to 99 million tonnes. The differences were due to divergent views over the winter corn crop, which will be sowed after the soybean crop is harvested.

### **NOAA Plans to Open Federal Waters in Pacific to Fish Farming**

HONOLULU (AP) — As traditional commercial fishing is threatening fish populations worldwide, U.S. officials are working on a plan to expand fish farming into federal waters around the Pacific Ocean.

The government sees the move toward aquaculture as a promising solution to overfishing and feeding a hungry planet. But some environmentalists say the industrial-scale farms could do more harm than good to overall fish stocks and ocean health.

The National Oceanic and Atmospheric Administration is creating a plan to manage commercial fish farms in federal waters, the area of ocean from three to 200 miles offshore, around Hawaii and other Pacific islands.

The program is similar to one recently implemented by NOAA in the Gulf of Mexico. The farms in the Gulf and the Pacific would be the only aquaculture operations in U.S. federal waters, though there are smaller operations in state waters close to shore.

Fish farming has been practiced for centuries in Hawaii and around the world. But modern aquaculture, some environmentalists say, carries pollution risks and the potential for non-native farmed fish to escape and enter the natural ecosystem.

Most shellfish consumed in America comes from farms, and their methods are widely considered sustainable. However, some farms that grow carnivorous fish such as salmon have raised concerns about sustainability because they use wild-caught fish to feed the captive species.

There are three ways to farm fish: fully contained land-based systems that pump water in and out with little, if any, environmental impact; near-shore operations incorporating natural and man-made elements; and off-shore farms.

Former NOAA chief scientist and founder of ocean advocacy group Mission Blue Sylvia Earle said there are more environmentally sustainable and economically viable options than open-ocean aquaculture, which uses huge floating net-pens or submerged cages. "We have to make a choice with aquaculture," she said. "Is our goal to feed a large number of people? Or is our goal to create or to serve a luxury market?"

Last year, NOAA and the Scripps Institution of Oceanography put an economic value of \$17 billion a year on the ocean off the west coasts of North and South America. That includes \$4.3 billion from commercial and sport fishing and \$12.9 billion for the capture of carbon.

Earle said the ocean is worth more, and no dollar figure can be attached to keeping the ocean, and in turn humans, healthy. "We now have recognition of other values of the ocean beyond what we can extract either for food or for products," she said.

New technologies are being developed for open-ocean aquaculture, and many U.S. companies are sending their crews overseas to farm, according to NOAA officials.

"The U.S.'s view is we'd rather have these U.S. companies pursuing these opportunities in a sustainable, environmentally sound way in the U.S.," said Michael Tosatto, NOAA's National Marine Fisheries Service regional administrator.

The NOAA plan would create a regulatory and permitting scheme for the industry. "It's reasonably common knowledge that the environmental laws are less where aquaculture occurs the most, (that) being China and other Southeast Asia countries," Tosatto said.

Many foreign operations have U.S. companies supplying the breed stock, then the fish are grown and sold back to the U.S. as imported seafood. U.S.-farmed fish in 2014 was valued at \$1.3 billion, Tosatto said, and constitutes 19 percent of the nation's seafood production.

That amounts to only 1 percent of the global farmed product.

NOAA has been trying to establish an aquaculture industry in federal waters for many years. But attempts to get legislation to implement open-sea aquaculture have failed.

"And so (NOAA) moved into the fishery management process ... as a means to move forward with ocean aquaculture under the radar of the public," said Marianne Cufone, executive director of the Recirculating Farms Coalition. NOAA received input from thousands of people during a public comment period last year on its plans.

Cufone's New Orleans-based organization has been developing land-based aquaculture systems that are fully contained. Cufone says these types of farms are more sustainable than ocean aquaculture, and Earle agrees.

"Controlled systems are the most promising," Earle said. "I personally am wary of the open ocean approach to aquaculture."

Meanwhile, NOAA says researchers off Hawaii's Big Island are studying ways to make open ocean farming safe and efficient. They are studying different techniques and species to better understand problems the industry could face.

Native Hawaiians have long practiced sustainable aquaculture. They build walls around shoreline areas, allowing fresh water from the mountains and salt water from the ocean to flow in and out. Fish enter through slotted gates, and can't get back out. The ponds are monitored to make sure they are healthy, mimicking nature.

"Our ancestors, they could ... sustainably feed themselves no problem," said Luka Mossman, a Native Hawaiian who grew up working on a traditional fish pond and is now helping study and restore such ponds with the nonprofit environmental group Conservation International.

"You constantly watch how the natural system works, and you adapt to that. You don't try and adapt the natural system to work for you," he said.

### [Trump Adviser Rastetter Wants Mega-Mergers, Like DuPont Dow, Blocked](#)

Des Moines Register | 2017-01-06

Bruce Rastetter, an Iowa entrepreneur and ag adviser to Donald Trump, wants the president-elect to block pending mega-mergers like the \$130 billion marriage between DuPont, parent of Iowa-based Pioneer, and Dow Chemical Co.

Rastetter, CEO of Iowa-based Summit Agricultural Group, said he's concerned a raft of mergers will "limit competition, stifle innovative research and stunt job growth," eventually leading to increased costs for farmers.

Giant mergers expected to close this year — Bayer AG and Monsanto, China National Chemical Corp. and Syngenta AG, as well as Dow Chemical and DuPont — are especially concerning, Rastetter said, since they propose combining seed and chemical companies.

"It's clear that the motivation behind the mergers is to increase prices and production costs for producers," said Rastetter, a leading Republican donor in Iowa and president of the state's Board of Regents, which governs public universities. "Simply put — this would be bad for every farmer on the planet."

The federal government needs to reform a burdensome regulatory process that's driving several of the giant mergers, he said.

Merging corporations have argued that combining enables them to more quickly develop better seeds and chemical products that could boost farm yields while reducing expensive input costs.

Dan Turner, a spokesman for DuPont, said the merger with Dow is "pro-competitive, good for customers and consumers, and will help deliver greater choice and innovation for farmers."

Rastetter has recently been floated as a possible candidate for U.S. ag secretary, meeting with transition team officials shortly before Christmas at Trump Tower in New York.

Rastetter said he had "discussions about ag policy and my interest in ... wanting to impact those issues I feel strongly about." But he said he didn't talk with Trump representatives directly about the ag secretary job.

Rastetter said he's "certainly fully employed," but "wants to be in the position of being an adviser."

Rastetter said he wasn't lobbying to lead the U.S. Department of Agriculture, a \$150 billion agency with about 95,000 employees, but he hopes the next secretary comes from the Midwest and is a renewable fuels proponent.

Advocates are worried about Trump's nomination of Scott Pruitt, Oklahoma's attorney general, to head the Environmental Protection Agency, and former Texas Gov. Rick Perry to lead the Energy Department. Both represent large oil and gas-producing states.

The petroleum industry strongly opposes the Renewable Fuel Standard, a federal mandate that requires ethanol and biodiesel to be blended into the nation's fuel supply.

Iowa is the leading producer of ethanol, made from corn as well as crop residue, and biodiesel, made from soybean oil, animal fat and other products.

Rastetter is among those worried about Pruitt and Perry's nominations, he said. "The good news is that President-elect Trump supports biofuels — ethanol, biodiesel — and all energy."

Renewable fuels are "the critical component to maintaining a sustainable ag economy in the U.S.," Rastetter said. "I think it's important the next ag secretary support biofuels."

Rastetter wants Iowa and U.S. farm groups to talk with the Trump administration about their concerns about the mergers.

"I hear anxiety, but I don't see people stepping up and saying this is a problem," he said Thursday.

"Mergers like this have the potential to put into motion irreversible damage to agriculture," Rastetter said.

### **Flooding Could Wipe Out 1 Million Hectares of Argentine Soy**

[agrimoney.com](http://agrimoney.com) |

Weather prospects for soybeans have been swinging between rain and drought in Argentina so far this growing season, with analyst Dr Michael Cordonnier now warning that as much as 1m hectares could be lost to flooding.

Since late December, rains have soaked much of the Argentine heartland, with over a foot of rains reported in the Christmas and New Year period across Cordoba, southern Santa Fe, northern Buenos Aires, and Entre Rios.

"It is hard to get accurate information concerning the extent of the flooding due to the holidays, but I did see one report that mentioned 450,000 hectares had been declared a state of emergency," said Dr Cordonnier.

Dry-out needed

"There has been localized flooding which will require replanting of the soybeans if it dries out in time."

Dr Cordonnier said that the area, which is very flat, would require an "extended period of time for the water to drain or soak into the soil".

"The concern is if the area will dry up enough in order to allow planting before the time runs out."

"The soybean planting window in central Argentina closes about January 10."

"If a farmer is desperate, they could stretch the planting another 10-14 days, but not beyond that."

'Catastrophic effect' in flooded areas

Dr Cordonnier warned of a "strong possibility" that farmers will not be able to complete sowings in time, including the sowings of second-crop beans and the replanting of washed out first-crop fields.

"In a worst case scenario where the flooded areas do not dry up in time to replant the soybeans, maybe as much as 1m hectares of soybeans in Argentina may not get planted including first planting and replanting."

"That would equate to about 5% of the soybean acreage and about 3m tonnes of soybean production."

But Dr Cordonnier noted while in areas with flooding, the effect would be "catastrophic" the rains would actually be beneficial in areas that avoided flooding.

"Therefore, I think the soybean yields in Argentina will be fine, but the acreage may end up being less than anticipated."

***This website shows some of the flooding in Argentina's Cordoba province.***

<http://www.lanacion.com.ar/1973039-video-el-agua-sin-control-en-el-sudeste-de-cordoba>

### **Brazil's Top Soybean Producer Says Yields May Increase by 10%**

By Tatiana Freitas

(Bloomberg) -- Soybean yields at Grupo Bom Futuro, Brazil's top producer, may surpass 60 bags/ha (~53.5 bushels/acre) in 2016-17 season, Eral Maggi Scheffer, owner of the farming group, says in telephone interview.

That compares with 54.4 bags/ha reported by the group in prior season

"Weather conditions have been excellent and crop development has been very good:" Scheffer

First harvest reported a yield of 59 bags/ha, according to Nahzir Okde Junior, a manager at Grupo Bom Futuro

First-harvest yields usually are below average as early varieties are gathered to allow sufficient time to plant a second crop in the same fields

Harvest done in 2% of group's total soy area, which totaled 263,700 hectares (651,603 acres), unchanged from previous season, Junior says

Outlook "very positive" for cotton, corn crops during the winter in Mato Grosso state, where Bom Futuro's farms are located

Bom Futuro's winter corn area seen rising 10% Y/Y to 110,000 ha; cotton area est. at 100,000 ha, unchanged from past season.

### **China Weekly Soy Crushing Reached Highest Ever Last Week: CNGOIC**

By Bloomberg News

(Bloomberg) -- Chinese soy plants crushed record 1.95m tons last week, driven by large imports and high crushing margin, China National Grain and Oils Information Center says in report on Tuesday.

Weekly soy crushing remained at more than 1.8m tons for 7 weeks in a row

Current crushing margin 300-400 yuan/ton, down by ~100 yuan/ton from earlier peak

Soymeal inventories are seen increasing after feed mills built enough stockpiles ahead of holidays later this month