

# WEEKLY NEWS ARTICLE UPDATE



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## Export Sales Highlights

This summary is based on reports from exporters for the period December 27, 2013 – January 2, 2014.

**Soybeans:** Net sales of 155,500 MT--a marketing-year low--for 2013/2014 were down 84 percent from the previous week and 80 percent from the prior 4-week average. Increases were reported for China (387,900 MT, including 299,800 MT switched from unknown destinations and decreases of 49,200 MT), the Netherlands (65,300 MT, including 70,000 MT switched from unknown destinations and decreases of 4,700 MT), Tunisia (30,000 MT), Indonesia (22,900 MT), and Japan (15,500 MT, including 14,000 MT switched from unknown destinations and decreases of 400 MT). Decreases were reported for unknown destinations (394,800 MT), Singapore (8,900 MT), and Mexico (5,000 MT). Exports of 1,675,300 MT were up 10 percent from the previous week and 9 percent from the prior 4-week average. The primary destinations were China (1,217,800 MT), Thailand (73,400 MT), Saudi Arabia (72,600 MT), the Netherlands (65,300 MT), and Mexico (51,300 MT).

*Optional Origin Sales:* For 2013/2014, outstanding optional origin sales total 280,000 MT, all China.

**Soybean Cake and Meal:** Net sales of 62,800 MT--a marketing-year low--for 2013/2014 resulted as increases for Venezuela (35,700 MT), Syria (29,600 MT, switched from unknown destinations), Turkey (25,400 MT, including 14,000 MT switched from China and 10,400 MT switched from unknown destinations and decreases of 400 MT), Denmark (25,000 MT, switched from unknown destinations), and Morocco (15,000 MT), were partially offset by decreases for unknown destinations (89,000 MT), China (14,000 MT), and Colombia (7,300 MT). Exports of 341,900 MT were up 46 percent from the previous week and 22 percent from the prior 4-week average. The primary destinations were Denmark (49,000 MT), Egypt (41,200 MT), Venezuela (29,700 MT), Syria (29,600 MT), and Spain (28,000 MT).

**Soybean Oil:** Net sales of 33,600 MT for 2013/2014 were primarily for China (35,000 MT, switched from unknown destinations), Egypt (9,000 MT, switched from India), Peru (5,200 MT), and Nicaragua (2,500 MT). Decreases were reported for India (20,000 MT). Exports of 3,500 MT were down 90 percent from the previous week and 87 percent from the prior 4-week average. The primary destinations were Mexico (2,700 MT), Canada (500 MT), and Panama (100 MT).

*Export Adjustments:* Accumulated exports to Panama were adjusted down 41,981MT for week ending December 26, 2013. Previously reported sales and exports to Panama were inadvertently reported as pounds.

#### [POLL-U.S. Cotton Acres Set for 8% Rise as Competition Ebbs](#)

NEW ORLEANS, Jan 6 (Reuters) - U.S. cotton planting is set to expand this spring for the first time in three years, rising 8 percent as corn and soybean prices tumble and cotton rallies, according to a Reuters poll.

In a preliminary poll ahead of this week's annual Beltwide Cotton Conferences, growers were expected to plant 11.16 million acres, up from last year's four-year low of 10.34 million acres, according to the average of 12 forecasts by cooperatives, traders, and analysts.

The first rise in acreage in three years follows a 13 percent rise in prices last year as the cotton market recovered from two years of steep losses, while competition eases from other crops whose prices slumped in 2013. Corn prices plunged 40 percent and wheat tumbled 22 percent.

"Corn prices are down and there is an improving weather pattern in Texas. The question is California," where acreage could drop without much-needed rains, said Jordan Lea, chairman and co-owner of Eastern Trading in South Carolina.

The brighter weather outlook for the world's top exporter follows the arrival of much-needed rains in Texas during in the second half of 2013, though dry conditions continued to plague California and will likely reduce plantings and yields in 2014.

#### UNCERTAINTY OVER CHINESE DEMAND

U.S. plantings are still expected to be below the average of the last decade as the industry continues to reel from the wild price swings of 2011 and farmers remain wary of changes to a government stockpiling program in China.

Beijing is reportedly planning an overhaul of its controversial stockpiling program, which has driven strong import demand and kept a floor under the global market.

The overhaul could lead to a steep drop in prices if China begins to swiftly reduce its stocks.

Global traders expect the changes will likely begin this year, though no timeframe has been reported.

Producers "are concerned over planting too many acres, should China take steps to reduce stocks in such a manner that results in much lower prices," said Sharon Johnson of KCG Futures in Atlanta.

#### [Hunt for Food Sends Venezuelans to Colombia as City Stores Empty](#)

By Anatoly Kurmanaev and Andrew Willis

Jan. 8 (Bloomberg) -- Venezuelan taxi driver Jose Sotomayor drives four hours through army checkpoints every week from the city of Maracaibo to buy rice in Colombia for his family at 10 times the government-set price back home.

"You can't get anything in the shops here, I don't even bother going to them for basics anymore," Sotomayor, 39, said in a phone interview. "All of our food is taken to Colombia, it's like a locust plague."

Sotomayor hasn't seen rice for sale in the shops of Venezuela's second-largest city since July, as smugglers snap up the staple for a maximum of 7.2 bolivars (\$1.14) per kilogram, just \$0.11 at the black market exchange rate. While many Venezuelan shelves go bare, the country's rice exports to Colombia have doubled this year and now represent 11 percent of the market, according to the U.S. Foreign Agricultural Service and Colombian rice growers association Fedearroz.

The bolivar's 73 percent decline against the dollar on the black market in 2013 is fueling contraband and worsening shortages of food and consumer goods in a country with the

#### [Monsanto Says Biotech Wheat Moves Closer to Market](#)

By Carey Gillam

Jan 8 (Reuters) - Monsanto Co [MON.N](#), the world's largest seed company, said Wednesday it was making good progress on development of an herbicide-tolerant wheat, pushing what would be the world's first biotech wheat a step closer to market.

Monsanto is already a leading developer of biotech corn, soybeans and other crops and the company has long tried to bring to market a wheat genetically altered to tolerate spraying of glyphosate, the key ingredient in Monsanto's Roundup herbicide.

"The grain industry and the wheat industry ... have remained very interested and supportive of biotech advances," said Monsanto Chief Technology Officer Robb Fraley in a conference call. "A wheat farmer is also generally a corn and soybean farmer and they understand the benefits of the technology."

Fraley said while the company continues to make advances, it is still "several years away" from a biotech wheat product launch.

Biotech wheat is not commercially available despite several companies having researched it for a number of years.

Monsanto shelved an earlier version of an experimental herbicide-tolerant wheat, called "Roundup Ready," in 2004 amid widespread market concern foreign buyers would boycott U.S. wheat if it were genetically altered like corn and soybeans.

Controversy erupted again in May when the U.S. Department of Agriculture said an Oregon farmer had found the Roundup Ready genetically engineered wheat growing in his field, despite the fact the experimental grain should have been destroyed or stored away.

South Korea and Japan immediately temporarily halted purchases of U.S. wheat after the announcement, due to fears the unapproved biotech wheat might have contaminated U.S. wheat supplies.

#### HURDLES

Several farmers sued Monsanto, accusing the company of failing to protect the U.S. wheat market from contamination by its unauthorized grain. The USDA said it determined the Oregon find was an isolated situation.

Monsanto has acknowledged some continuing market hurdles, but said attitudes were changing.

Officials said Wednesday the herbicide-tolerant wheat performed well enough in field testing to move from the "proof of concept" phase to early development work.

The project is one of 29 Monsanto said made "phase advancements" across many research and development platforms.

The company is progressing on work to make crops more drought-hardy, and more pest- and disease resistant. It is also working on a new combination of biotech crops and herbicide chemistry to control weeds that have become resistant to its Roundup herbicide.

The company has a new insect-protected, Roundup Ready sugarcane in the works, and is advancing research on improved tomatoes, lettuce and peppers.

It is also pushing ahead on what it calls "biologicals" - a platform using microbes in ways that can make plants more resistant to disease and insects, and improve yields. The company also sees microbes as helping improve the health of bees, which are crucial to pollination of many crops.

#### [Brazil Promises to Ease Soy Truck Chaos at Santos Port](#)

SAO PAULO, Jan 8 (Reuters) - Authorities in Brazil's Sao Paulo state on Wednesday said better enforcement would ease the chaotic truck lines seen outside Santos port last year when another record soybean harvest arrives in the coming months.

The port, the largest in Latin America, started assigning private terminals specific unloading schedules in April, when trucks hauling soy stood in lines as long as 50 kilometers (31 miles). The highway traffic delayed ship loading and upset locals and beach visitors.

But the scheduling had little impact because the port authority had no way to track and punish trucks that disobeyed, said Osvaldo Freitas, superintendent of logistics at the port.

The problem should be resolved this year because all the terminals have been required to send their loading schedules to the port's computers, allowing for better organization, he said. The port will also have access to software that identifies truck license plates.

"This year is going to be different because we are totally prepared to impose fines," Freitas said at a press conference.

Brazil relies on trucks rather than rail to move bulk grains, and a larger soy crop without significant improvements to Brazil's overstressed transport grid has spurred warnings of long wait times in 2014.

International firms like Cargill, Bunge, Louis Dreyfus and Noble operate grain and sugar terminals at Santos.

Analysts at International FCStone estimated Brazil would export 46 million tonnes of soy from a record 90-million-tonne crop that just started harvesting.

The head of Sao Paulo's logistics and transportation department, Saulo de Castro Abreu Filho, said it would be impossible to completely stop unscheduled trucks from arriving at the port.

"We could still have problems, but at least we will know immediately who is causing the problem," he told journalists.

### [India Ups Refined Palm Oil Import Tax to Shield Local Producers](#)

By Nigam Prusty and Ratnajyoti Dutta

NEW DELHI, Jan 9 (Reuters) - India increased import duties on refined edible oils, including palm oil, to 10 percent from 7.5 percent to protect local oilseed growers and refiners against cheaper supplies from major exporters.

The decision could shift demand in India, the world's leading importer of vegetable oils, to crude palm oil (CPO), benefiting Malaysian exporters as the country charges a lower duty on overseas CPO sales than rival producer Indonesia.

The duty on imports of crude edible oil was left unchanged at 2.5 percent, Food Minister K.V. Thomas said.

"The duty difference between crude and refined edible oils has been raised," Thomas told Reuters after a cabinet meeting.

India mainly buys palm oil from the world's top two exporters of the tropical oil, Indonesia and Malaysia, and a small quantity of soyoil from Brazil and Argentina.

India's refined palm oil imports surged 40.5 percent to 2.2 million tonnes in the year to October 2013 as Indonesia structured taxes to favour exports of refined products over crude to support its refining industry.

The Indian government had long resisted local refiners' demands to raise duty on refined palm oil imports because of fears that such a move would stoke inflation.

These fears have diminished following last year's good monsoon season which has limited food price increases.

The lobby group representing Indian refiners said the measure was modest and would not affect inflation.

"This is an inflation neutral meagre support to the domestic refining industry as the duty gap with crude variant should have been more," said B.V. Mehta, executive director of Mumbai-based trade body the Solvent Extractors' Association.

Fadhil Hasan, executive director of Indonesian Palm Oil Association, said the measure would hinder the country's exports to India.

"It will be more difficult for Indonesian refined palm oil producers to enter the Indian market," he said.

A Kuala Lumpur-based trader said the hike would shift demand to CPO, forcing Malaysian refiners to seek new markets.

"Any displacement of import of processed palm oil means we have to find other export outlets," said Mohammad Jaaffar Ahmad, chief executive of Palm Oil Refiners Association of Malaysia.

"Assuming the international price of CPO is the same, it is still cheaper to buy CPO from Malaysia."

#### [Cargill 2nd-Quarter Earnings Rise 36 Percent, Boosted by Big U.S. harvest](#)

CHICAGO, Jan 9 (Reuters) - U.S. agribusiness giant Cargill Inc. on Thursday reported a 36 percent rise in quarterly profit, supported by a bigger U.S. crop harvest in 2013 that led to lower grain prices and improved meat margins.

Minneapolis-based Cargill, a top global commodities trader, reported net earnings of \$556 million for the second quarter ended Nov. 30, up from \$409 million a year ago.

Revenues totaled \$32.9 billion, down 7 percent from a year ago.

"Earnings improved in three of our four segments," said Cargill's new CEO David MacLennan, who took over to lead the multinational after Greg Page stepped down on Dec. 1.

Cargill, the top exporter of U.S. grain and oilseeds, benefited from replenished grain supplies following a bumper U.S. corn and soybean harvest after the 2012 drought, thus boosting export prospects and grain processing volumes as well as improved profits in its meat business.

"The impact on supply and demand caused prices for agricultural commodities to come down from last year's highs, providing relief to Cargill's animal nutrition and protein segment," the company said in a statement. "Larger export volumes and increased operating efficiencies also contributed to stronger results, especially in beef processing."

Cargill's meat business was under stress in 2013 from high feed costs that contributed to a 60-year low in the U.S. cattle supply, which cut beef volumes as well as profit margins.

U.S. exports of corn rose 43 percent in the quarter. Bigger stocks of corn - the No. 1 grain exported by the U.S., the world's top grain exporter - triggered a 40 percent decline in prices, which renewed interest by overseas buyers.

Cargill, one of the world's largest privately held corporations, had revenue of \$136.7 billion for fiscal 2013, which would have placed it No. 10 on the Fortune 500 list of publicly held companies.

#### [China 2013 Soy Imports Rise 8.6 Percent to Record -Customs](#)

BEIJING, Jan 10 (Reuters) - China, the world's top soy buyer, imported a record volume of the oilseed in 2013 as the crushing industry continued to expand capacity to meet brisk domestic demand for protein-rich meat.

China imported 63.38 million tonnes of soy in 2013, a rise of 8.6 percent from the year before, preliminary data from the General Administration of Customs showed on Friday.

December imports jumped 26 percent on the year to 7.4 million tonnes, the highest ever monthly volume, as improved crushing margins spurred demand.

Chinese crushers import the oilseed to make soymeal, a feed ingredient, as well as cooking oil. Improved living standards and urbanisation have increased consumption of meat and dairy products.

China's imports in 2013 account for about 63 percent of global-traded volume.

"There is lots of expansion ongoing, which keeps imports growing, although the growth has slowed down," said Li Lifeng, a senior analyst with industry portal.

China's crushing capacity hit 140 million tonnes by the end of last year, a rise of 17 percent from 2012, estimated Li.

About 20 new crushers are being built or planned, most of which will come onstream during 2014-15, according to the China National Grain and Oils Information Centre. That would add about 65,000 tonnes of daily crushing capacity, the centre said.

Analysts expect the country's soy imports to keep growing this year. Shanghai-based JC Intelligence Co Ltd estimated the country's imports in the year through September to rise 11 percent on year to 66.5 million tonnes.

The strong soy imports cannot fully meet China's growing demand for vegetable oils.

The customs data also showed China imported 8.1 million tonnes of vegetable oils in 2013, down 4.2 percent from last year. Imports in December were 810,000 tonnes, up 5.2 percent from November. China imports mainly palm oil and rapeseed oil.