WEEKLY NEWS ARTICLE UPDATE

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U.S. Soy Export Sales Highlights

This summary is based on reports from exporters for the period May 9-15, 2014.

Soybeans: Net sales of 164,400 MT for 2013/2014 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for Mexico (65,100 MT), Indonesia (29,000 MT), Taiwan (22,900 MT), unknown destinations (19,000 MT), Venezuela (12,000 MT), and Japan (10,600 MT). Net sales of 451,200 MT for 2014/2015 were primarily for China (230,500 MT), unknown destinations (180,000 MT), and Japan (15,200 MT). Exports of 204,900 MT were down 24 percent from the previous week and 4 percent from the prior 4-week average. The primary destinations were Mexico (116,900 MT), Japan (33,300 MT), Indonesia (28,000 MT), China (9,300 MT), and Taiwan (7,700 MT).

Optional Origin Sales: For 2013/2014, outstanding optional origin sales total 110,500 MT, all China. For 2014/2015, outstanding optional origin sales total 495,000 MT, and are for China (330,000 MT), Egypt (120,000 MT), and Mexico (45,000 MT).

Soybean Cake and Meal: Net sales of 186,300 MT for 2013/2014 were up noticeably from the previous week and 53 percent from the prior 4-week average. Increases were reported for the Philippines (87,000 MT), Mexico (31,800 MT), the Dominican Republic (25,400 MT), Venezuela (25,000 MT, switched from unknown destinations), Colombia (20,000 MT), Guatemala (8,300 MT, including 9,500 MT switched from unknown destinations and decreases of 1,200 MT), and Canada (8,100 MT). Decreases were reported for unknown destinations (33,300 MT) and the French West Indies (2,300 MT). Net sales of 164,000 MT for 2014/2015 were reported for the Philippines (123,000 MT), Vietnam (36,000 MT), and Nicaragua (5,000 MT). Exports of 99,800 MT were down 49 percent from the previous week and 47 percent from the prior 4-week average. The primary destinations were Venezuela (25,000 MT), Mexico

(24,100 MT), Canada (19,500 MT), Guatemala (8,300 MT), Honduras (6,700 MT), and Morocco (3,300 MT).

Soybean Oil: Net sales of 41,300 MT for 2013/2014 were up noticeably from the previous week and from the prior 4-week average. Increases reported for China (40,000 MT) and Mexico (1,700 MT), were partially offset by decreases for Canada (400 MT). Exports of 4,100 MT were down 5 percent from the previous week and 58 percent from the prior 4-week average. The primary destinations were Mexico (2,300 MT), Canada (1,000 MT), Jamaica (500 MT), and Australia (100 MT).

Global Demand is Shifting Fear in the Soybean Market

Equities.com -- CHICAGO, IL -- May 23, 2014 -- The soybean market has been held just under $15 per bushel since 2012's US harvest. In fact, it traded all the way down to $11.50 last august before rallying through the harvest. Soybeans are up around 15% so far this year and based on a few factors, it appears that this rally could sustain itself. Currently, the market is sitting about where it is supposed to be; in a period of consolidation near the highs waiting to fall once the spring planting becomes more certain. I'm just not sure how much of a buying opportunity we're going to get come the late June - July seasonal sell-off.

Fundamentally, ending soybean stocks have been reduced once again by the World Agriculture Board. Current estimates leave 130 million bushels in the bins, which is a reduction of 5 million bushels from their April report. This leaves ending stocks at 3.8% or, a 14-day supply on the market. This is a record low stocks to usage ratio beating out 2012-2013's tightness by a hair. The scary part about this is that the continued tightness in the soybean market comes on the backs of fantastic production years. The US has produced an average of more than 3.2 billion bushels over the last five years. Going back to 1960, there are only three other individual years in which US production exceeded 3 billion bushels. Global demand continues drive prices higher as more people from more countries westernize their economies and diets.

Some of the supply tightness is expected to be covered by this year's plantings. Current estimates suggest that the US will plant 81.5 million acres this summer. This would set a new record for planted soybean acres. Working out the math at an average yield of 45 bushels per acre puts us at better than 3.6 billion bushels produced. That would set a new production record, surpassing 2009's 3.36 billion bushels. It's important to remember that these are projections. The reality of this year's harvest could be significantly different as the odds grow on this becoming an, "el nino" event.

The current forecasts for 2014 becoming an el nino event continue to climb. The National Oceanic and Atmospheric Administration (NOAA) have increased their prediction certainty to 65%. However, I've read private reports that are expecting an el nino occurrence with an 80% degree of certainty. A couple of el nino issues need to be sorted out. First, its impact on this year's crops is usually limited to harvest

time - not planting season. Secondly, it could bring more rainfall and cooler temperatures to the Southeast and into Texas, where it's desperately needed. Finally, California's San Joaquin valley where it's also desperately needed as they're expecting leave nearly half a million acres fallow this summer. El nino is hoped for, rather than feared in many areas this year.

That being said, it's also important to note that the current el nino predictions are being modeled after the 1996 and 2001 el nino events. The soybean futures' trading pattern in these two years could not look more different. The 1997 event led to exceptionally high prices for old stock beans, which rallied nearly 30% by early May. Meanwhile, new crop, November beans for 1997 remained relatively stable in price before rallying as usual into the harvest period. The 2001 scenario saw the market decline by more than 15% through the spring before rallying the rest of the year, eventually climbing more than 30% from their spring lows.

The interesting thing about this year's setup is the way the commercial traders are treating the market. Typically, we start seeing commercial traders sell into the pre-planting rally as they try to capture quality pre planting hedge prices. This year, we're seeing an onslaught of commercial buying. This seems to be happening more regularly and may be their new trading pattern, which you can see on this chart. We've seen strong commercial buying in 9 out of the last 12 weeks with net purchases of more than 100,000 bushels. We saw this type of action in 2011 and while it was a choppy ride, the market held and made new highs in early September before falling post harvest. We also saw this early last year and it led to another $1 per bushel rally into mid-summer. It appears that we're seeing a shift from supply side forward hedging of crops by producers to predominantly demand based hedging by end users attempting lock in pre-planting prices rather than waiting and hoping for a post-harvest sell off.

The issues facing this year's soybean crop are not only varied in their nature but also add a huge wildcard to their potential impact. We can be fairly certain of the global demand numbers. I don't think people will be any less hungry this year. The US supply is expecting to set a record but, it has to just to offset the declining current stocks. The el nino while growing in the certainty of its development has still provided few clues as to its strength. A benign effect could leave the world with huge harvests, as the summer is cooler and wetter than usual. However, some are comparing it to 1997 when el nino effects claimed more than 2,000 lives and caused more than $30 billion worth of global damage. Given all of the variables in play, it appears particularly important that the net commercial position is betting on higher prices by harvest.

Global GMO Free Coalition Brings Together 4.5 Million People to Fight Biotech Industry Propaganda

The Global GMO Free Coalition has launched on Tuesday, bringing together GMO Free groups across 6 continents with a partner membership of over 4.5 Million people.

The Global GMO Free Coalition, with over 60 partner organizations, is the first globally coordinated

network to take on the genetically modified (GM) food and crop industry head on in both the media and in public and government advocacy areas. The aim of the coalition is to cut through Biotech industry propaganda and to provide independent information that leads to responsible actions from food regulatory bodies in countries worldwide.

Henry Rowlands, the Global GMO Free Coalition Coordinator, stated Tuesday; “The problem with GMOs and their associated pesticides is that they were never independently tested before being released into the environment. This has led to both consumers and independent scientists being seriously concerned about the possible harm they are doing to both the environment and human health.”

The Global GMO Free Coalition will provide journalists and governments worldwide with a serious and well-respected source of independent information. Journalists will be welcomed to contact the Coalition 24 hours a day for unique quotes and reactions from the top Global experts in the field of GMOs and their associated pesticides.

The Coalition will also coordinate expert speakers to attend public and private events wherever they are held around the Globe. These speakers will present serious sustainable alternatives to GMOs and will deconstruct Biotech industry propaganda.

The Global GMO Free Coalition partners are from countries around the world, including the U.S., UK, Russia, Iran, Chile, Taiwan, the Netherlands, Mexico, Brazil, Australia, South Africa, New Caledonia, Ghana, Georgia and Ireland.

“This is a global issue that deserves a global approach. The GMO industry is attempting to take over the world’s food supply with untested, harmful products and we will not let this happen. We invite more organizations from around the world to join us,” Rowlands concluded.

Indian Farmers Could Plant Record Soybean Area as Prices Rally

By Rajendra Jadhav

MUMBAI, May 22 (Reuters) - Farmers in India are likely to boost the amount of land devoted to growing soybeans by up to 4 percent in the crop year that begins in July, as they look to profit from a rally in prices for the oilseed, an industry body said.

That would help the world's top importer of edible oils to cap overseas purchases and could boost oilmeal exports to Asian countries.

"Farmers are quite interested in soybeans due to the higher prices. We can see at least a 2-4 percent rise in area," said Rajesh Agrawal, chief co-ordinator at the Soybean Processors Association of India.

Local prices have risen 28 percent since the start of 2013/14 marketing year on Oct. 1 due to climbing demand from the poultry industry for soybean product soymeal.

Soybeans are the main summer-sown oilseed crop in the south Asian country, with farmers last year cultivating a record 12.22 million hectares.

But despite that record area, output fell 4.4 percent from the year before to 10.2 million tonnes as heavy rainfall damaged crops in some areas, according to estimates from the Central Organization for Oil Industry and Trade.

"This year (planted) area will rise mainly in Maharashtra and the southern states. Madhya Pradesh is quite saturated," said Agrawal, adding that in some areas there could be a shortage of quality seeds after rains affected the standard of last year's harvest.

The central state of Madhya Pradesh is the country's top soybean producer, followed by Maharashtra state in the west.

The possible emergence of the El Nino weather phenomenon could affect sowing patterns, however. India is likely to receive below-average rainfall in 2014 if El Nino hits the four-month-long rain season, the government's weather office said last month.

"A drop in rainfall due to El Nino could influence sowing patterns," said Vijay Data, president of Solvent Extractors' Association.

"We are advising farmers to sow early, so even if there is a drop in rainfall, its impact would be minimal on sowing (volumes)."

Soybean is mainly a rain-fed crop in India and most farmers begin sowing in June after the arrival of the monsoon. Supplies of the new-season crop start arriving in markets from October.

India's edible oil imports in the year to Oct. 31, 2014 have been slated to rise 4 percent from a year earlier to 10.8 million tonnes.

The country mainly buys palm oil from Indonesia and Malaysia, with a small quantity of soyoil from Argentina and Brazil.

India's soymeal exports were estimated to drop 30 percent to 3 million tonnes in the year to Sept. 30.

India is Asia's top soymeal exporter. Its product preferred to Latin American supplies because it does not use genetically modified beans and due to lower transportation costs.

"Last year, India could have harvested record (soybean) crop, but erratic weather spoiled prospects. This year, farmers are enthusiastic, but let's see how the weather pans out," Isha Trivedi, an analyst at Phillip Commodities India Pvt Ltd.

Consumer Demand for Protein Leads Soyfoods Sales to $4.5 Billion

WASHINGTON, May 22, 2014 /PRNewswire-USNewswire/ -- Initial 2013 soyfoods sales figures have been calculated and we're seeing America's fascination with protein translate into strong growth in

categories such as food and energy bars, cold cereals and snacks with soy protein. New product innovations with protein ingredients fill consumer demand for complete, plant-based protein that is sustainable as well as low in saturated fat and cholesterol free.

The U.S. retail soyfoods industry totaled $4.5 billion in 2013, up from $1 billion just 17 years ago, according to sales data and forecast models conducted by Katahdin Ventures. Dramatic growth followed the FDA approval in
1999 of a health claim linking soy with heart disease reduction, when consumers began to seek out soyfoods for both health and philosophical reasons. Strong demand for soyfoods coincides with survey results that find more than 75 percent of consumers perceive soy products as healthy, according to the United Soybean Board 2013 Consumer Attitudes About Nutrition report (pdf).

"We're seeing certain segments of the soyfoods market really excel as consumers seek out quick and easy ways to get more protein - especially complete protein from a plant source - as well as calcium, potassium, and fiber," said Soyfoods Association of North America Executive Director Nancy Chapman, RD. "Demand for traditional soyfoods remains steady, but consumers are seeking ideas for nutritious meals and fun new ways to use them more often. Our Pinterest boards present hundreds of recipes for the spectrum of soyfoods."

Consumers are not only becoming more conscious of what they are eating, they are also becoming more adventurous with their palate, trying new ingredients, better-for-you products, plant-based foods, and international cuisine, which should help the soyfoods market steadily grow in future years.

Here are top-level findings from the 2013 sales data analysis:

- Sales were led by the food bar category ($1.6 billion), which experienced rapid growth (17 percent CAGR since 2011) as did the overall snack bar category. Increased sales of bars with soy protein reflect the current national fascination with protein and meal replacements. Cereals (mostly cold cereals) with soy protein found breakout success in 2013 with a climb of 20.5 percent CAGR between 2011 and 2013 to $201 million, and snacks containing soy experienced similar growth (24 percent CAGR since 2011) to $85 million on the back of the same trend.
- Edamame continued its strong growth trend, up 9 percent to $84 million in 2013, as consumers chose this young soybean as a fun appetizer or snack and added it to salads, stir-fries and hummus.

- Condiments climbed 6 percent over 2012 to $292 million. The largest segment, soy sauce, is pacing the group with 6.8 percent growth. Miso has also found its way onto mainstream grocery shelves and restaurant menus in dressings, marinades, glazes and soups.

- Tofu sales continued a mature growth path, up about 1 percent to $274 million, including foodservice sales.

- Meat alternatives and other vegetarian entrees and meals, which are the second largest category of total soy sales, decreased slightly by 1 percent to $776 million after several years of slow growth.

- As a slew of new non-dairy white beverages came onto the market and advertising dollars shifted to the entrants, sales of soymilk beverages ($638 million) fell, down 8.5 percent from 2012.

- New nut, grain and seed milks grab the interest of consumers, but offer far less nutritional value - soymilk has
- about 7 grams per serving of the only plant-based complete protein that also helps lower cholesterol; almond, coconut and rice milk all average 1 gram of protein. Beverages including soy (excluding soymilk) are a bright spot in this picture, increasing by 12.5 percent CAGR in the two years since 2011 to a 2013 total of $210.5 million.

- Among dairy alternatives, soy spreads ($40.8 million) and soy creamer ($32.8 million) edged up slightly. Soy yogurt ($29.6 million) had a uniquely challenging year with the industry leader temporarily shutting down production, but the brand returned to shelves in 2014 with strong sales.

U.S. Processors Desperately Seeking Soybeans as Supplies Dwindle

By Mark Weinraub

CHICAGO, May 22 (Reuters) - U.S. soybean processors who ran through their supply of soybeans during the winter to meet surging Chinese demand for soymeal are scrambling to find supplies to fill domestic commitments as prices to continue to rise.

Tight supplies have left crushers at risk of being unable to fill previously booked orders even though incremental demand is waning.

"In the eastern and central Corn Belt, processors are not covered in beans to the level they need to be, given their end-user orders," said Mike Zuzolo, president of Global Commodity Analytics & Consulting. "The end-users are covered to July for most of their meal needs, but the processor is not covered for much more than 30 days."

Processors will likely face thinning profit margins as they struggle to meet the demand from the end users who locked in prices months ago.

Farmers, already reluctant to let go of what they have left in their storage bins, have been busy with planting and soybean movement has slowed to a trickle.

"Everyone is concerned that they are not going to be able to buy beans," a soymeal dealer in Minnesota said.

On the cash market, the soybean basis has risen by between 15 and 20 cents during the past few weeks at processors across Indiana, Iowa and Illinois, resulting in prices close to $16 a bushel in some places.

Tight stocks are likely to keep prices elevated even though the U.S. Department of Agriculture cut its estimate of domestic soymeal use for the 2013/14 crop year by 1 million tons since its forecast in May 2013, including a 200,000 ton cut to 29.2 million tons in its most recent supply and demand report.

The USDA has pegged 2013/14 U.S. ending stocks of soybeans at a scant 130 million bushels, which would be the smallest in 10 years.

Soybean futures rallied to fresh contract highs on Thursday, with the benchmark July contract surging to $15.36-3/4 a bushel after U.S. export data showed that demand from overseas buyers remained robust.

U.S. exporters have shipped a record 27.5 million tonnes of soybeans to China so far this marketing year.

Soymeal futures also hit new contract highs, rallying through the $500 a ton level even as hog producers, major buyers for soymeal, have cut back their orders because herds have been reduced by the highly contagious Porcine Epidemic Diarrhea virus. In less than a year, PEDv has wiped out more than 10 percent of the pig population in the United States and helped send retail pork prices to record highs.

China Crush Margin Rebound May Trigger Rebound in Soy Imports: Maguire

By Gavin Maguire

CHICAGO, May 23 (Reuters) - After having spent weeks languishing in negative territory earlier this year, Chinese soybean crush margins have rebounded to their best levels in six months, setting the stage for a potential pick-up in competition for South American exports.

The early-year drop in domestic crush margins triggered a high-profile wave of China soy crusher defaults, and an unexpected dip in the country's soy imports for the month of March. As this unfolded just as the Brazilian export season got under way, a wave of panic set in among South American exporters that was only alleviated once traders stepped in to redirect the canceled shipments to the United States, where crush margins have remained firm amid tight soy stocks.

But even as additional Brazilian soybeans continue to flow northward at an unprecedented rate, the recovery in China margins could stiffen the competition for supplies out of South America going forward, especially if domestic soymeal values continue to climb in all major consumption centers.

DEFYING GRAVITY & EXPECTATIONS

The soft tone of China's crusher margins at the start of 2014 – which by early March, slumped to their most negative levels in a year – coincided with the very beginning of the South American soybean export season, and sparked a sharp souring in market sentiment among Brazilian exporters who were struggling to find a home for the freshly harvested crop.

The chief driver of this margin erosion was a fairly steep slump in domestic soymeal values to their lowest levels since 2012, even in major feed centers, such as Shandong province in eastern China where a majority of its hog production facilities are located.

Adding further bearish fuel to this soy softness were much-publicized spats between China's soybean processors and their creditors, which created a sense of urgency among exporters who had not booked sales for their supplies or needed to switch origin from China to other locations.

The United States proved to be a ready market for many of these rejected supplies, where brisk soybean meal demand coupled with historically tight soybean stocks helped prop up crusher margins.

And the U.S. soy market remains one of the strongest in the world as expansion-minded livestock producers attempt to build and fatten herds.

This willingness of American importers to take up the excess soybean supplies emerging from South America helped to underpin global soy values relatively well during the downturn in Chinese soy crusher margins, thereby helping to defy expectations for a broad downturn in soybean values heading into the U.S. planting season.

Indeed, on a seasonal basis, July soybean futures recently climbed to their highest price ever for late May and look primed to soon reach for the $15.50/bushel level which has only been exceeded by July futures on a handful of occasions.

The soy market's resilient tone has started to have a knock-on effect in many other regions, with soybean prices firming across several producing and consuming locations – including China where meal prices have rallied steadily since their early March lows on the back of a strong run higher in domestic hog values.

This firmness is, in turn, likely to quicken the pace of soy consumption across China as well as boost sentiment among traders there who are charged with not only catering to current consumption needs, but also managing inventories for future requirements.

OVERLOOKING RISING STOCKS

Another key factor that undermined soybean market sentiment in China and elsewhere in early 2014 was the widespread and steady climb in China's soybean inventories stored at import facilities. Stocks at the top importing port of Dalian have nearly doubled since the start of the year, while at Fuzhou – a key port on the feedlot-heavy East Coast – they are up more than 120 percent and recently hit their highest levels since 2011.

Even so, China's consumption requirements are unrelenting, with annual domestic soymeal consumption having climbed at an average of more than 3.5 million metric tons per year for the past five years and soybean demand by close to 5 million tons per year.

At that rate of growth, relatively high-looking stocks totals of a few hundred thousand tons are quickly depleted, and so can be a misleading benchmark of availability for the country as a whole.

Further, inventory managers will be mindful of any broad upturn in end-user margins in the hog and processing industries, and may look to pick up their purchasing rate in order to cater to nearby usage requirements as well as accommodate expected future demand.

Any such alteration in purchasing rates at a national level has the potential to quickly elevate import requirements, especially if port inventories start to get drawn down as they flow toward processors and other end users in response to improved profitability levels.

And this could quickly lead to North American importers facing stiffer competition for exportable supplies from South America.