

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 June 20-26, 2014.

Soybeans: Net sales of 40,600 MT for 2013/2014 were down 87 percent from the previous week and 70 percent from the prior 4-week average. Increases were reported for Malaysia (13,500 MT, including 15,000 MT switched from unknown destinations and decreases of 1,500 MT), Indonesia (9,100 MT), unknown destinations (9,000 MT), Taiwan (4,800 MT), and Japan (3,100 MT). Decreases were reported for Mexico (1,500 MT). Net sales of 431,200 MT for 2014/2015 were primarily for unknown destinations (206,000 MT), China (168,000 MT), and Mexico (45,000 MT). Exports of 126,300 MT were up 29 percent from the previous week, but down 22 percent from the prior 4-week average. The primary destinations were Mexico (40,700 MT), Indonesia (39,000 MT), Malaysia (13,500 MT), Thailand (10,400 MT), and Taiwan (5,400 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 716,000 MT, and are for China (551,000 MT), Egypt (120,000 MT), and Mexico (45,000 MT).

Soybean Cake and Meal: Net sales of 82,800 MT for 2013/2014 were up 25 percent from the previous week and 35 percent from the prior 4-week average. Increases were reported for Mexico (32,100 MT), Canada (14,400 MT), Guatemala (13,300 MT), the Dominican Republic (8,500 MT),

Bangladesh (3,500 MT), and Japan (2,500 MT). Net sales of 116,700 MT for 2014/2015 were reported for the Philippines (80,000 MT), Guatemala (36,300 MT), and Mexico (400 MT). Exports of 73,500 MT were down 45 percent from the previous week and 51 percent from the prior 4-week average. The primary destinations were Venezuela (26,000 MT), Canada (22,000 MT), Mexico (17,500 MT), Sri Lanka (2,700 MT), and Bangladesh (2,500 MT).

Soybean Oil: Net sales of 19,400 MT for 2013/2014 were up noticeably from the previous week, but down 13 percent from the prior 4-week average. Increases were reported for the Dominican Republic (8,400 MT), Guatemala (5,700 MT), and Mexico (5,100 MT). Exports of 2,700 MT were down 83 percent from the previous week and 68 percent from the prior 4-week average. The primary destinations were Mexico (2,400 MT) and Canada (100 MT).

India Gets Lowest June Rain in Five Years as El Nino Looms

By Prabhudatta Mishra and Swansy Afonso

July 1 (Bloomberg) -- India, the world's second-biggest rice, sugar and cotton grower, recorded the lowest June rainfall since 2009 amid predictions for an El Nino that previously caused droughts and cut crop output, the state forecaster said.

The country got 92.4 millimeters (3.6 inches) of rain last month, or 43 percent less than the average between 1951 and 2000, the India Meteorological Department said yesterday on its website. The monsoon has made no progress over India's western and central regions since June 15.

With 90 percent of India getting deficient rains, sowing of crops from rice to corn, soybeans and cotton has been delayed, hampering Prime Minister Narendra Modi's efforts to rein in inflation and revive growth from near a decade low. An estimated 833 million people out of the 1.2 billion population depend on agriculture for their livelihood and the sector accounts for 14 percent of the nation's gross domestic product.

"The rainfall pattern has gotten distorted this year, and it will have some impact on agricultural productivity,"

Dharmakirti Joshi, chief economist at Crisil Ltd., S&P's local unit, said by phone from Mumbai. "If rains revive in July and August, then you can make up for it because you have a window for late sowing till July 15. It is a risk to food inflation but not an unmitigable risk."

Inflation Impact

Consumer inflation gains in India slowed to 8.28 percent in May, a three-month low, official data show. That compares with 8.34 percent in Pakistan and 2.5 percent in China. Food makes up about 50 percent of India's consumer-price inflation basket..

Monsoon rainfall will be 7 percent below average this year as the El Nino emerges, the meteorological department predicts. In 2009, the last time India experienced the event, rainfall was 22 percent below the 50-year average, reducing food-grain output and more than doubling inflation from the previous year, official data show. The seasonal showers are the main source of irrigation for the nation's 263 million farmers because about 55

percent of crop land is rain dependent.

El Nino, which can roil world agricultural markets as farmers contend with drought or too much rain, may be

established by September, according to climate models surveyed by Australia's Bureau of Meteorology. Forecasters from the U.S. and the United Nations are also warning an El Nino will occur.

Climate models indicate the weather event is likely to develop by spring, which starts in September, and there's a 70 percent chance of the pattern this year, the Australian bureau said on its website today.

Tackling Shortages

The monsoon covered Uttarakhand, Himachal Pradesh, Jammu and Kashmir, parts of Haryana, Punjab and some more areas of Uttar Pradesh today, India's weather bureau said today. Conditions are favorable for advance of the monsoon into more parts of Madhya Pradesh, remaining parts of Uttar Pradesh, Haryana, Punjab and New Delhi during the next 48 hours, it said.

The government should take steps to tackle any shortage of food items caused by inadequate rains and import lentils and edible oils, Crisil's Joshi said.

"It now behooves all policy makers, at the center and the state, to start planning for the worst," Saugata Bhattacharya, a Mumbai-based economist at Axis Bank Ltd., said in an interview to Bloomberg TV India yesterday. "The budget should now start to be leveraged for providing relief in the worst-hit districts, both by way of subsidies and movement of stocks."

Selling Rice

Modi's government has pledged to tackle price gains by offloading 5 million tons of rice, about a quarter of its state stockpiles, at subsidized rates and cracking down on food hoarders. It will also help states to import pulses and cooking oils if needed and set minimum export prices for potatoes, according to Finance Minister Arun Jaitley.

Farmers planted rice in 2.2 million hectares as of June 27, down from 3.6 million hectares a year earlier, according to the Agriculture Ministry. Sowing of oilseeds has dropped 47 percent to 479,000 hectares, while the area under cotton has slumped 48 percent to 2.9 million hectares, ministry data showed.

"We will watch the progress until the first week of July before deciding the next course of action," Agriculture

Commissioner J.S. Sandhu, said by phone from New Delhi.

Changes in Soybean Planted Area by State From 2013 to 2014

Thousand Acres

State	2013	2014	Change	% Change
Alabama	435	510	75	17.20%

Arkansas	3,260	3,400	140	4.30%
Delaware	165	185	20	12.10%
Florida	32	40	8	25.00%
Georgia	230	280	50	21.70%
Illinois	9,450	10,100	650	6.90%
Indiana	5,200	5,500	300	5.80%
Iowa	9,300	10,100	800	8.60%
Kansas	3,600	4,250	650	18.10%
Kentucky	1,650	1,700	50	3.00%
Louisiana	1,120	1,460	340	30.40%
Maryland	480	500	20	4.20%
Michigan	1,900	2,300	400	21.10%
Minnesota	6,700	7,500	800	11.90%
Mississippi	2,010	2,250	240	11.90%
Missouri	5,600	5,700	100	1.80%
Nebraska	4,800	5,400	600	12.50%
New Jersey	89	95	6	6.70%
New York	280	400	120	42.90%
North Carolina	1,460	1,700	240	16.40%
North Dakota	4,650	6,000	1,350	29.00%
Ohio	4,450	4,950	500	11.20%
Oklahoma	345	325	-20	-5.80%
Pennsylvania	540	610	70	13.00%

South Carolina	320	450	130	40.60%
South Dakota	4,600	4,950	350	7.60%
Tennessee	1,560	1,620	60	3.80%
Texas	105	140	35	33.30%
Virginia	600	600	0	0.00%
West Virginia	22	24	2	9.10%
Wisconsin	1,580	1,800	220	13.90%
USA Total	76,533	84,239	7,706	10.10%

Source: USDA/NASS

EU Closer to Record Rapeseed Crop as French Harvest Starts

By Gus Trompiz and Valerie Parent

PARIS, July 2 (Reuters) - The European Union is moving closer to a record rapeseed crop after favourable weather continued in the final weeks of the growing season and initial harvesting in major producer France confirmed good yields.

Rapeseed, like other field crops in the EU, has enjoyed favourable growing conditions that allowed successful sowing, a safe passage through winter and healthy growth in spring. ([Full Story](#))

Some forecasters predicted a month ago a record rapeseed harvest and analysts have since raised their outlook as conditions have remained mostly clement.

French-based ODA said it raised its EU forecast this week to 22.5 million tonnes from 21.8 million last month, further surpassing a previous EU high of 21.6 million in 2009, while EU grain lobby Cocal on June 20 projected the crop at 22.8 million tonnes, up from its March forecast of 21.1 million.

The European Commission, the EU's executive, is more cautious, estimating last week the crop at 21.2 million tonnes, although this would still be up from 20.9 million last year.

Rapeseed is the most produced oilseed crop in the EU and used to make edible oil, biodiesel fuel and animal feed.

In France, typically the EU's No. 2 rapeseed producer after Germany, harvesting is under way and early results from key western and northeastern belts suggested decent yields.

"The favourable conditions during the year and at the end of the growth cycle suggest good to very good yield potential for crops," Mathieu Godet, manager for western France at oilseed institute Cetiom, said.

"The rapeseed pods have filled well. Thousand-grain weights could be varied, given that rain was sometimes lacking, but overall the outlook is promising," he said.

GERMAN, UK CROPS LOOKING GOOD

Initial feedback from Poitou-Charentes in western France showed encouraging yields of about 3.5 tonnes a hectare in soils considered as of average quality, he added.

In the east, early results in Alsace and around Dijon were also favourable with yields of 3.5-4 tonnes a hectare, Cetiom said on its website.

France's farm ministry last month forecast a rapeseed crop of 5.2 million tonnes, a 19 percent rise from the weather-hit 2013 harvest and including a national yield of 3.43 tonnes a hectare, up from 3.04 tonnes last year. ([Full Story](#))

Among private forecasters, ODA this week raised its French forecast by 150,000 tonnes to 5.35 million tonnes.

Heavy rain in France at the weekend had delayed field work but harvesting was expected to pick up again later this week.

The prospect for a record-high EU production also reflected good crop conditions in the EU's other leading rapeseed-producing countries, Germany, Britain and Poland, analysts said.

Germany looks likely to hold its traditional position as top EU rapeseed grower, although harvesting was yet to start.

"Overall I am optimistic about the crop but much will still depend on warm dry weather in the rest of July which will be critical for yields," one oilseeds analyst said.

"The plants are generally looking good throughout Germany but there is leeway for yields both upwards if we have a hot, dry July and downwards if the weather is cool and wet."

Germany will harvest 5.90 million tonnes of winter rapeseed in 2014, up 2.2 percent on the year, Germany's farm cooperatives association forecast on June 11.

"I think we will see a start to rapeseed harvesting around July 10 in the early areas with mainstream harvesting starting in the following couple of weeks," the analyst said.

In Britain, production was set to rebound from a four-year low of 2.1 million tonnes in 2013.

"Growing conditions have been very good," said Jack Watts, senior analyst with the Home-Grown Cereals Authority. "We're looking at harvest beginning in mid- to late July, depending on what the weather does over the next few weeks, a more normal harvest timing after last year's late harvest."

In 2013 the UK's rapeseed harvest was around 50 percent completed by Aug. 20, well behind the usual timing of end of July for that level of progress.

[Battered Soybean Prices Face Even More Pressure: Maguire](#)

By Gavin Maguire

CHICAGO July 2 (Reuters) - News of larger-than-anticipated old crop inventories alongside record-large new crop plantings slammed the U.S. soybean market this week, pushing both old and new crop prices to their lowest levels in more than three months.

Still more long liquidation and short selling pressure should emerge over the near to medium term, given the friendly weather outlook for the emerging new crop even as large speculators continue to sit on more than 100,000 contracts (500 million bushels) of long futures and options positions.

Some dip buying should emerge once selling pressure eases. But until a material change emerges in the outlook for new crop supplies, the path of least resistance for prices may be lower.

If savvy end users slow their buying as large speculators bail out, November prices could gather enough downside momentum to slip under their 2014 lows in the \$10.88 a bushel region.

BIG CROPS GET BIGGER?

At 84.8 million acres, this year's U.S. soybean crop has the largest area footprint ever, and thanks to broadly friendly weather conditions crops ratings so far this season have come in at their best levels in years. This combination is setting expectations for a record-large harvest in the fall.

But if growing conditions stay benign through early August, when the soy crop undergoes its most critical developmental process, crop estimates should inflate further into uncharted territory.

This should discourage aggressive end-user buying, and could weigh heavily on prices as long as weather conditions remain largely non-threatening to a majority of the crop.

BIAS SWITCH

The combination of a record-large South American soybean harvest and projections for a rise in U.S. plantings has fueled a soybean market positional swing by the large speculative trading community from net long to the tune of nearly 180,000 contracts in early March to net short roughly 600 contracts lately.

However, this shift in non-commercial positioning has largely been fueled by a steep rise in short selling activity rather than long liquidation.

Indeed, the latest assessment by the Commodity Futures Trading Commission (CFTC) of large speculator long positions in soybean futures and options is more than 140,000 contracts, which represents a substantial amount of potential selling volume should those traders opt to cut their losses ahead of any further potential price breaks.

Such selling pressure, if it coincides with continued strong crop ratings from across the Midwest, could trigger a fresh downward leg to new crop prices, potentially to below the \$10.00 level.

Options market traders seem to be bracing for such a development, with put open interest at the \$10 November strike up more than 10,000 contracts or 44 percent since just before the USDA crop and acreage release.

The price of those options has roughly trebled since pre-report levels, and appears to be well supported above the 9 cents a bushels level after having traded for most of June below the 6 cents mark.

Additional purchasing of such bearishly positioned options would likely indicate that traders see substantial downside risk for November futures, even after a slump of more than \$1 per bushel seen already since the USDA release.

South Korea's KFA Buys About 60,000 MT Soymeal in Tender

HAMBURG, July 3 (Reuters) - The Korea Feed Association (KFA) has purchased about 60,000 tonnes of soymeal in a tender which closed on Friday which can be sourced optionally from the United States, South America or China, European traders said on Thursday.

The price was \$496.90 a tonne c&f if sourced from South America or China or alternatively the price would be \$506.90 a tonne c&f if the soymeal is sourced from the United States, traders said.

Seller was said to be Cargill. The tender had sought arrival around Dec. 25.

Shrimp's New Path to the Plate

03-Jul-2014 New York Times

STOUGHTON, Mass. — In a warehouse south of Boston, miles away from the city's bustling harbor, James Tran, a semiconductor designer, is incubating an unlikely product: shrimp.

Mr. Tran, who started Sky8 Shrimp Farm two years ago, is one of a growing number of small, high-tech shrimp farmers in America racing to meet the country's seemingly insatiable appetite for scampi, without ravaging the environment, using harmful chemicals or depending on overseas suppliers accused of labor rights violations.

"To go on getting shrimp the way we have is wishful thinking," said Mr. Tran, cupping several twitching, ready-to-ship scampi in his hand. His extended family in Vietnam engages in traditional coastal shrimp farming, the kind often linked to environmental, food safety and labor troubles. But at Sky8, shrimp mature in fiberglass tanks fitted with advanced recirculation, filtration and temperature control systems.

"I think our industry is going to kick off pretty fast," he said. Americans love shrimp, which overtook canned tuna as the most-consumed seafood per capita in the United States in 2002. Americans consumed an average of 3.8 pounds of shrimp in 2012, twice the amount three decades ago, according to the National Oceanic and Atmospheric Administration. But the nation's taste for scampi comes with heavy social and environmental costs. Most of the shrimp the United States imports comes from farms in Latin America and in Southeast Asia, where environmental and human rights experts have long identified labor rights abuses, hazardous working conditions, damage to ecosystems and the use of hormones and antibiotics. Since last year, a bacterial disease has hit shrimp farms across Asia and Mexico, crippling shrimp production. Recent news reports have alleged the use of slave labor on boats that supply fish meal for shrimp farms in Thailand.

Shrimp fishing, too, has run into grave problems. Stocks are under pressure across the globe. China, once a major shrimp exporter, now imports shrimp to meet growing demand. American regulators called off this year's Gulf of Maine shrimping season after research suggested that overfishing and warming waters had driven shrimp stocks to new lows. Those mounting concerns are spurring a new generation of shrimp farmers, like Mr. Tran, who are developing ways to reduce their environmental footprint. Though official statistics are not yet available, the number of small indoor shrimp farms in the United States has grown from just two to at least 22 over the last five years, with dozens more in the pipeline, according to RDM Aquaculture, which provides equipment and know-how to other shrimp upstarts. Some farms are started by entrepreneurs like Mr. Tran. Others are started by farmers looking to diversify from commoditized crops and livestock.

"The situation is very much in flux," said Pete Bridson, aquaculture research manager at the Monterey Bay Aquarium's influential Seafood Watch program, which gives shrimp from these tank-based farms its highest rating for seafood that is farmed or fished sustainably. "We're seeing newer farms come along that engage in closed, intensive shrimp farming, and there's certainly a market for that," he said.

The new wave in American shrimp farming is part of a push by both government and industry officials to raise the stature of aquaculture and reverse a disdainful public perception to farmed seafood, in part because of past controversies over cultivated ocean products.

Over all, American farmers made up 0.8 percent of global aquaculture production in 2011, according to the United Nations Food and Agriculture Organization. Fisheries officials estimate that doubling American aquaculture production could create 50,000 jobs and more than \$1 billion in revenue for farmers.

At Sky8 Shrimp, run by four workers, it takes about three months to grow batches of 40,000 shrimp larvae, which feed on fish meal, algae and seaweed, to a size favored by retailers and restaurants. (Sky8 Shrimp is developing a feed that is free of fish meal.) The farm uses tanks of Atlantic Ocean water, filtered and reused from harvest to harvest. There are no antibiotics, no hormones and no pesticides, according to tests carried out at Sky8 last year by the Food and Drug Administration, which regulates shrimp. There is little risk that shrimp might escape and harm wild stocks.

That attention to detail comes with a cost. Mr. Tran ships as much as 1,300 pounds of fresh shrimp a month to local high-end buyers at \$15 a pound, as much as twice the price imported frozen shrimp can sell for. Still, he says Sky8 is struggling to meet demand from local high-end retailers and restaurants. "We desperately need to expand capacity," he said.

"They're real pioneers. Hats off to them," said Michael Rubino, who heads N.O.A.A.'s aquaculture program. "We're at a tipping point in the public perception of aquaculture as part of the problem to part of the solution," he said. Long a delicacy, shrimp first became more widely popular in the United States in the 1970s, when the Red Lobster chain introduced popcorn shrimp at its restaurants nationwide. The rise of shrimp farming in Asia had greatly expanded global shrimp production, driving down prices and helping to bring shrimp to a mass audience. Though America's attempts to kick-start commercial shrimp farming also dates from the early 1970s, the industry struggled to compete with the cheap shrimp imports. Moreover, early shrimp farms were in open-air ponds or near the coast, and sometimes released effluent into sensitive ocean habitats. Hobbled by cutthroat competition from cheap imports, and disease worries, production at these early shrimp farms has declined since the early 2000s.

But now the tide could be turning. The average price of shrimp imported into the United States during the first quarter of the year was 45 percent higher than last year, according to data carried by the trade journal Undercurrent News. Darden Restaurants, which in May agreed to sell Red Lobster for \$2.1 billion, has said rising shrimp costs could add \$30 million to the chain's expenses in 2014 compared with last year.

Experts also say consumers are increasingly demanding more sustainability and food transparency — though American shrimp farmers could still struggle to convince the average shopper that seeking out homegrown shrimp at higher prices is worth the deal.

"With food, everything revolves around two things: Will this make my life easier and my food cheaper?" said, Harry Balzer, chief food industry analyst at the NPD Group, a consumer research company. "But we do want to be healthy. There's never been a time we didn't want to be healthy."

Among the windmills of Indiana, 600 miles from the ocean, Karlanea Brown and her husband, Darryl, have been farming shrimp since 2009 to supplement their income from corn and soybeans. Now, Ms. Brown has become a shrimp-farming evangelist of sorts, running classes on shrimp farming, financing and marketing in a big barn.

So far, their company, RDM Aquaculture , has helped get 14 shrimp farms off the ground, started by people from diverse walks of life: farmers, bankers, a phone technician, a former funeral home director. At least six more shrimp farms are coming online in the next year, Ms. Brown said.

"The U.S. shouldn't be importing shrimp when we can make our own," Ms. Brown said. "We ship our shrimp out so fresh, their legs are still kicking when they go out the door."

Chad Axley of Elgin, Minn., opened his shrimp farm last year to supplement income from his struggling cattle business. "I thought it made sense to do something no one else was doing," Mr. Axley said.

Starting their Northern Tide Farm took detailed research into unfamiliar tasks, like regulating oxygen levels in the water, Mr. Axley said. Now, from eight tanks, the farm sells up to 400 pounds of shrimp a month, which Mr. Axley scoops up with a giant net. He is now building his ninth tank and has figured out most of the tricks.

One problem, though: So have the shrimp.

"They've learned to run to the other side and hide," Mr. Axley said. "I'm now having to set traps."

'To go on getting shrimp the way we have is wishful thinking.'