

WEEKLY NEWS ARTICLE UPDATE



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Note: This is an abbreviated weekly update as I am traveling this week in Dubai and Vietnam

Export Sales Highlights

This summary is based on reports from exporters for the period August 8-14, 2014.

Soybeans: Net sales reductions of 89,600 MT for 2013/2014 were down noticeably from the previous week and from the prior 4-week average. Increases reported for Japan (12,800 MT, including 9,000 MT switched from unknown destinations), Indonesia (10,000 MT), Taiwan (7,000 MT), and Thailand (3,900 MT), were more than offset by decreases for China (119,000 MT) and unknown destinations (8,700 MT). Net sales of 1,420,600 MT for 2014/2015 were primarily for China (947,900 MT), Spain (120,000 MT), unknown destinations (111,100 MT), and Vietnam (60,000 MT). Exports of 93,400 MT were down 36 percent from the previous week and 20 percent from the prior 4-week average. The primary destinations were Mexico (42,400 MT), Indonesia (26,300 MT), Japan (13,300 MT), and Barbados (4,300 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 902,500 MT, and are for China (737,500 MT), Egypt (120,000 MT), and Mexico (45,000 MT).

Soybean Cake and Meal: Net sales 99,800 MT for 2013/2014 were up noticeably from the previous week and 12 percent from the prior 4-week average. Increases were reported for

unknown destinations (26,800 MT), Mexico (26,100 MT), Canada (23,200 MT), the Philippines (6,300 MT), Japan (4,700 MT, including 3,000 MT switched from unknown destinations), and El Salvador (4,500 MT). Decreases were reported for Guatemala (100 MT) and Nicaragua (100 MT). Net sales of 78,600 MT for 2014/2015 were reported primarily for Colombia (30,500 MT), El Salvador (17,700 MT), and Morocco (15,000 MT). Exports of 50,300 MT were down 63 percent from the previous week and 49 percent from the prior 4-week average. The primary destinations were Canada (19,600 MT), Mexico (14,600 MT), Japan (4,700 MT), El Salvador (3,800 MT), and Venezuela (2,000 MT).

Soybean Oil: Net sales of 15,700 MT for 2013/2014 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for Mexico (10,100 MT), Nicaragua (3,300 MT), and unknown destinations (2,000 MT). Net sales of 5,000 MT for 2014/2015 were reported for the Dominican Republic. Exports of 15,000 MT were up noticeably from the previous week, but down 23 percent from the prior 4-week average. The primary destinations were Mexico (6,400 MT), Jamaica (3,500 MT), the Dominican Republic (2,000 MT), and Nicaragua (1,300 MT).

Canada Producing Less Wheat, Canola Than Expected

By Rod Nickel

WINNIPEG, Manitoba, Aug 21 (Reuters) - Canadian farmers are on course to produce less wheat and canola than expected, according to Statistics Canada's first report on the 2014 harvest.

Statscan, using a farmer survey, pegged the all-wheat crop at 27.7 million tonnes, down 26 percent from last year's record harvest and below the average trade expectation of 28.5 million tonnes.

Canola production looked set to reach 13.9 million tonnes, a drop of 23 percent from last year and less than the average trade forecast of 14.5 million tonnes.

"I think the trade is going to view this report as fairly friendly (to price)," said Dave Reimann, market analyst for Cargill Ltd's grain marketing services division. "The canola number is going to jump out a little bit because we're looking at a tightening supply situation versus last year, and this turns the screw one more turn."

Canola prices are otherwise weighed down by expectations for a big U.S. soybean crop. Soybeans are a rival oilseed in the global vegetable oil market.

ICE Canada November canola futures were up slightly after the report.

Canada is usually the world's second- or third-largest wheat exporter and the biggest shipper of canola, a cousin of rapeseed used largely to produce vegetable oil.

U.S. Biodiesel Industry Suffers as Biofuel Rule Delays Drag On

By Ayesha Rascoe

WASHINGTON, Aug 20 (Reuters) - The long wait for final 2014 federal biofuel use targets has compounded troubles for U.S. biodiesel producers already hit by the Obama administration's preliminary plan to slash renewable fuel requirements.

Nearly nine months behind schedule, 2014 targets from the Environmental Protection Agency could arrive in September at the earliest.

In the meantime, biodiesel producers have been squeezed by falling prices, as refiners and blenders delay purchases until they see a final mandate.

Debate about the future of the Renewable Fuel Standard has mostly focused on ethanol. But the smaller biodiesel industry has arguably been hurt more by proposed production cuts, said Anne Steckel, vice president of federal affairs at the National Biodiesel Board.

"The longer we wait, the worse the biodiesel industry is impacted," Steckel said.

The RFS requires increasing amounts of renewable fuels - including ethanol, produced mostly from corn, and biodiesel, often made from soybeans - to be blended into U.S. gasoline and diesel supplies each year through 2022.

The preliminary 2014 rule, announced in November, held the biodiesel target at the 2013 level of 1.28 billion gallons.

Producers had asked for a target of 1.7 billion gallons after producing nearly 1.8 billion gallons in 2013, and warned in a letter to President Barack Obama that a lower target would imperil billions of dollars in investments and thousands of jobs.

Renewable Energy Group, one of the few publicly traded biodiesel producers, reported a 13 percent drop in second-quarter revenues as lower prices offset an 11 percent increase in volume. Its shares have languished.

The company said the average price per gallon of biodiesel sold in the second quarter was \$3.67, 21.4 percent lower than the same period in 2013.

A recent NBB survey found that nearly 80 percent of producers had cut back output this year and more than half had idled production or shut down a plant for a time. Many have cut their workforces as well.

"It's more difficult for smaller producers who don't have as much capital to take the risk of producing, not knowing what the consequences are," said Pete Moss, president of Frazier, Barnes and Associates, a biofuel consulting firm in Memphis.

Although the industry is confident it could meet a higher target, the EPA's delay means producers would have to quickly ramp up production late in 2014.

Cramming production into the final weeks of the year disrupts the market, Moss said.

The market is in "disarray," Moss said. "We are fully capable of producing higher numbers, but we really can't without some guidance."

Without the export market enjoyed by corn ethanol producers, or built-in demand from refiners that use ethanol as a cheap source of octane, some biodiesel makers have already been forced out of business.

More could shut if persisting delays leave the industry guessing at the future direction of U.S. policy, said Jeff Haas, chief executive of Seattle operations for General Biodiesel, which produces fuel from recycled cooking oil.

"We've been sailing across an ocean without a compass," Haas said.

The Problem with G.M.O. Labels

BY MICHAEL SPECTER, THE NEW YORKER

A few weeks ago, I stood behind a woman at a farmers' market in the Hudson Valley. There was a wide selection of apples, a bit unusual so early in the year, and the woman asked the farmer if any were "G.M.O. apples." He looked surprised and said no. She was not assuaged.

"How do you know?" she said sharply. "How can you be sure?"

"He knows because genetically modified apples don't exist," I said. "There are none in the orchards and none in the stores." She turned to me, squinted, and said, "Then don't you think they should have a label saying so? That way we could at least eat them without worrying."

Americans are spending a lot of time worrying about what is in their food. This is understandable, given that so much of it is laden with sugar, highly processed flour, and saturated fat. In polls, an overwhelming majority of respondents say they want foods with genetically engineered ingredients to be labelled, and most people add that they would use those labels to avoid eating such foods. Dozens of bills have been put before the legislatures of more than half the states. Vermont and Connecticut have already enacted labelling laws, and many more are likely to follow.

Who, after all, wants to stand in the way of transparency? As John Mackey, of Whole Foods, the temple of organic consumption in America, has said, “People have a right to know what is in their food.” He is right, of course. Yet there is another, equally compelling truth to consider: the overwhelming scientific consensus, based on hundreds of independent studies, demonstrates that foods containing currently available G.M.O.s pose no greater health risk or environmental concern than any other foods.

Americans demand labels, at least in part, because they are afraid. And they are afraid because of the kinds of assertions made by people like Vandana Shiva, an Indian activist whom I profiled this week in the magazine. Shiva and her allies talk constantly about dangers of G.M.O.s that are not supported by facts.

G.M.O. labels may be a political necessity, but they make no scientific sense. Most of the legislation that has been proposed would require a label that says something like “produced with genetic engineering.” Almost none of the labels would identify any specific G.M.O. ingredient in any particular food. In fact, the laws now proposed are so vague that many of the foods in a grocery store would have to carry a label. They would tell you how your food is put together, but not what it contains. How could that help anyone make a sound decision about his health?

All breeding—whether mixing varieties of apples or crossing types of orchids—modifies genomes. There is no other reason to do it. And all the food we eat has been modified in some way—either by nature or by humans. Conventional techniques, often simply a random mixing of genomes, are not necessarily safer than engineering. Nor is mutagenesis, a process in which mutations and variations are induced by radiation or chemicals.

Let’s concede that politics is going to trump science on this issue, and that labelling is inevitable. (And it is not necessarily wrong for concerns about openness to take priority over science.) But we need a uniform standard, regulated by the Food and Drug Administration, not dozens of them set by different state laws. So far, a federal standard has seemed unlikely—largely because officials at the F.D.A. have no desire to put labels on products unless there is a clear scientific reason to do so, as there is with tobacco. Warning labels on cigarette packs save lives. What can we expect to get out of such labels on engineered foods?

Activists speak loudly about consumer choice, but many of them want, ultimately, to ban the products of agricultural biotechnology. In the United States, that would be foolhardy and pointless—but not much more than that. What happens in this country, though, will affect the work of scientists everywhere. This kind of crop will be necessary to help feed the ten billion people that will inhabit this planet by the end of the century.

Since this kind of statement is often purposely taken out of context, let me be clear: genetically engineered products are not magic. They will not by themselves feed the poor or heal the sick. But the world needs crops that demand less from the environment and provide more nutrition, using less water, on the same amount of land. Without relying on progress and the advance of science, as we have for centuries, it's simply not going to happen.

Michael Specter has been a staff writer at *The New Yorker* since 1998, and has written frequently about AIDS, T.B., and malaria in the developing world, as well as about agricultural biotechnology, avian influenza, the world's diminishing freshwater resources, and synthetic biology.

Soy Area of Brazil's No. 1 Coop to Grow 8 Percent; Corn to Shrink

SAO PAULO, Aug 21 (Reuters) - Members of Brazil's largest co-operative, Coamo, plan to expand planted area for soybeans in the coming season by 8.4 percent to 2.3 million hectares, the president of the co-op said.

Jose Aroldo Gallassini, president of Coamo, which operates in Brazil's southern farming states, told Reuters late on Wednesday that at the same time its members planned to expand the soy area, they would reduce corn planting by 9 percent to 151,000 hectares.

Brazilian grain farmers in the coming months will begin planting the 2014/15 crop as the United States harvests what are expected to be bumper corn and soy crops.

Pro Farmer 2014 Corn, Soybean Crop Estimates

By: Pro Farmer Editors
August 22, 2014

Pro Farmer pegs 2014 U.S. corn crop at 14.093 billion bu.; Average yield of 169.3 bu. per acre

+/- 1% = 14.233 billion bu. to 13.952 billion bu.; 171.0 bu. to 167.6 bu. per acre

Pro Farmer pegs 2014 U.S. soybean crop at 3.812 billion bu.; Average yield of 45.35 bu. per acre

Soybeans +/- 2% = 3.888 billion bu. to 3.736 billion bu.; 46.3 bu. to 44.4 bu. per acre

Note: These estimates are based on assumptions for normal weather through September, which would include a "slow cook" on the corn crop, allowing it to gain the weight needed to reach our estimates. Based on FSA certified acreage data and our observations on Crop Tour, we have decided to leave harvested soybean acres unchanged at 84.058 million and take 600,000 acres off of harvested corn acres — 500,000 acres off North Dakota and 100,000 off Minnesota — bringing it to 83.239 million acres.

Corn

Ohio: 187 bu. per acre. The only thing bad we have to say about the crop is that it's immature. But if the Ohio crop is nipped by an early frost, the whole Corn Belt is likely in trouble as the state is sheltered by the Great Lakes. The crop is consistently good.

Indiana: 193 bu. per acre. If Illinois' crop wasn't so outstanding, we could make a case Indiana has the best crop we've ever seen. It should have no trouble getting to the finish.

Illinois: 198 bu. per acre. We saw what can happen when conditions are ideal throughout the growing season in this state. The crop is massive and should have no trouble holding onto yield potential into harvest.

Iowa: 183 bu. per acre. Lush fields with strong yield prospects in the west contrast with too-dry fields in the east. Excessive rain early in the season created some holes and emergence issues in some areas. Nevertheless, the Iowa corn crop is expected to be solid.

Minnesota: 160 bu. per acre. Nitrogen deficiency is a problem and there is evidence of heavy early-season rains in the state. Thirty days without rain also took the top end off the crop.

Nebraska: 171.5 bu. per acre. A May frost hurt the irrigated corn in Nebraska, leading to too many plant skips. But dryland corn planted later in the year missed out on the event and helped pull up the bottom end of yields, similar to last year.

South Dakota: 140 bu. per acre. The state has an average corn crop. The unknown is whether corn in the east-central and northeastern areas can pull the average yield up.

Soybeans

Ohio: 50 bu. per acre. We measured the highest pod counts in the Corn Belt here, though maturity lagged slightly. The crop is healthy, especially now that some rainfall has been added to the mix.

Indiana: 52 bu. per acre. There were minor health issues with the crop, including isolated instances of SDS. But maturity is right on pace and pod counts are strong.

Illinois: 54 bu. per acre. The bean crop looked just as impressive as the corn crop. Beans were uniform and tall, though there was some variability when it came to pod counts. We expect a record-large yield for the state. There was some minor SDS in the crop, but this is certainly not a deal breaker.

Iowa: 49.5 bu. per acre. There is variability in pod counts across the state, with the eastern half holding down the yield potential. Western Iowa beans look really good and could push the state back to 50 bu. per acre.

Minnesota: 41.5 bu. per acre. It's an average Minnesota bean crop. With rain during Crop Tour and more expected in late August, the risk is that Minnesota bean yields could improve by mid-September.

Nebraska: 51 bu. per acre. This state knows how to grow beans and maturity was not as big of a concern this year. Water hemp was a major problem in the state, however, which could draw down yields.

South Dakota: 40 bu. per acre. It would be nice to get to Oct. 10 without a frost to allow the healthy bean crop to realize its full potential. Right now, it's an average crop.