

WEEKLY NEWS ARTICLE UPDATE



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Export Sales Highlights

This summary is based on reports from exporters for the period October 24-30, 2014.

Soybeans: Net sales of 1,609,900 MT for 2014/2015 were up 28 percent from the previous week and 22 percent from the prior 4-week average. Increases were primarily for China (1,604,200 MT, including 557,000 MT switched from unknown destinations, 55,000 MT switched from Spain, and decreases of 80,600 MT), Mexico (231,300 MT), the Netherlands (101,900 MT, including 60,000 MT switched from Egypt and 40,500 MT switched from unknown destinations, and decreases of 400 MT), Portugal (73,000 MT, including 66,000 MT switched from unknown destinations), and Vietnam (67,800 MT, including 60,000 MT switched from unknown destinations). Decreases were reported for unknown destinations (651,800 MT), Spain (47,000 MT), and Egypt (11,300 MT). Net Sales of 3,200 MT for 2015/2016 were reported for Japan. Exports of 2,915,600 MT--a marketing-year high--were up 64 percent from the previous week and 89 percent from the prior 4-week average. The primary destinations were China (2,292,900 MT), Vietnam (75,600 MT), Portugal (73,000 MT), Mexico (72,200 MT), Spain (68,000 MT), Egypt (66,000 MT), and South Korea (60,000 MT).

Optional Origin Sales: For 2014/2015, outstanding optional origin sales total 1,055,000 MT, and are for China (829,000 MT), Egypt (121,000 MT), unknown destinations (60,000 MT), and Mexico (45,000 MT). Options exercised to export the commodity from other than the United States were for China (55,500 MT) and Egypt (20,700 MT).

Soybean Cake and Meal: Net sales reductions of 123,700 MT for 2014/2015 resulted as increases for Thailand (104,700 MT, including 45,000 MT switched from unknown destinations and decreases of 300 MT), Colombia (26,500 MT, including 15,000 MT switched from Panama and decreases of 7,300 MT), Poland (25,000 MT, switched from unknown destinations), Latvia (17,500 MT, including 15,000 MT switched from unknown destinations), and Costa Rica (15,500 MT), were more than offset by decreases for unknown destinations (306,800 MT), Panama (15,300 MT), and Mexico (10,100 MT). Net sales of 800 MT for 2015/2016 were reported for Mexico. Exports of 307,600 MT were reported to Vietnam (51,200 MT), Italy (43,500 MT), Venezuela (32,000 MT), Poland (25,000 MT), and Ireland (22,900 MT).

Soybean Oil: Net sales of 13,900 MT for 2014/2015 reported for Jamaica (3,500 MT), Nicaragua (3,200 MT), Peru (2,500 MT), the Dominican Republic (2,200 MT), Panama (1,500 MT), and Mexico (1,400 MT), were partially offset by decreases for unknown destinations (2,000 MT). Exports of 9,100 MT were reported to Mexico (3,300 MT), Panama (2,000 MT), Nicaragua (1,800 MT), and Guatemala (1,000 MT).

[FCStone Trims U.S. 2014 Corn, Soybean Crop Forecasts](#)

CHICAGO, Nov 3 (Reuters) - Commodity brokerage INTL FCStone INTL.O on Monday said it lowered its forecast for U.S. 2014 corn production to 14.783 billion bushels from 14.958 billion in its previous monthly report.

The firm trimmed its corn yield estimate to 178.0 bushels per acre, from 178.4 bushels per acre last month.

INTL FCStone also pared its forecast of U.S. 2014 soybean production to 4.033 billion bushels, from its October forecast of 4.066 billion. The firm forecast the average soybean yield at 48.4 bushels per acre, unchanged from its October figure.

The estimates are based on a survey of the brokerage's customers, among other factors. FCStone said it had relied on the U.S. Department of Agriculture's current estimates of harvested acres.

The figures compare with the USDA's current U.S. corn production forecast of 14.475 billion bushels, with an average yield of 174.2 bushels per acre. USDA has forecast soybean production at 3.927 billion bushels, with an average yield of 47.1 bushels per acre.

[Linn Group Trims U.S. Corn Production Forecast to 14.842 Billion Bushels](#)

CHICAGO, Nov 3 (Reuters) - The Linn Group, a Chicago brokerage, said it trimmed its estimates for 2014 U.S. corn and soybean production, citing reduced government harvested acreage figures.

The firm lowered its forecast for U.S. corn production to 14.842 billion bushels from the 14.881 billion it estimated in October. It raised its yield estimate to 178.6 bushels per acre (bpa) from 176.9 last month but it incorporated the U.S. Department of Agriculture's corn acreage estimate, which the government trimmed on Oct. 10 to 83.1 million acres.

For soybeans, the firm pared its production estimate to **4.064** billion bushels from 4.091 billion in October. It raised its yield forecast to 48.7 bpa from 48.6 last month and, as with corn, used a lower harvested acreage figure from USDA of 83.4 million acres.

The Linn Group said its estimates were based on field observations, analysis of weather conditions and customer reports from a 25-state region stretching across the Corn Belt to the mid-South and Southern Plains.

"Great finishing weather and a delay in any major frost has allowed this corn crop to finish well," the firm said in a statement. "Ideal growing conditions over central areas of the Corn Belt have allowed widespread record yields that have shocked many farmers."

The USDA currently estimates the corn crop at a record-large 14.475 billion bushels, with an average yield of 174.2 bpa. The government has forecast soybean production at a record 3.927 billion bushels, with an average yield of 47.1 bpa.

[Informa Raises U.S. 2014 Corn Crop Estimate, Lowers Soybean Forecast](#)

CHICAGO, Nov 4 (Reuters) - Informa Economics lowered its yield estimate for the U.S. 2014 corn crop but used a larger estimate of harvested acres, resulting in a larger production figure, the private analytics firm said in a note to clients on Tuesday.

The firm lowered its estimates of U.S. soybean yield and production.

In monthly crop reports issued Tuesday, Informa projected U.S. 2014 corn production at 14.493 billion bushels with a yield of 174.4 bushels per acre (bpa). The figures compare with Informa's Oct. 3 figures for a 14.395 billion-bushel crop with a yield of 176.4 bpa.

Informa pared its soybean yield estimate to 47.9 bpa, from 48.5 last month, and lowered its production figure to 3.991 billion bushels, from 4.017 billion previously.

The firm adopted the U.S. Department of Agriculture's latest estimates of harvested area including 83.097 million acres for corn and 83.403 million for soybeans.

Informa's figures compare to USDA's current forecasts for a corn crop of 14.475 billion bushels with a yield of 174.2 bpa, and a soybean crop of 3.927 billion bushels with a yield of 47.1 bpa.

USDA is scheduled to release updated crop estimates on Nov. 10.

On the global front, Informa raised its estimates of 2014/15 wheat and corn production in the European Union, but noted the quality of the wheat harvest was hurt by rains at harvest. The firm put EU 2014-15 wheat production at 154.7 million tonnes, up 724,000 from last month, and 2014/15 corn production at 72.5 million tonnes, up 1.5 million from last month.

The firm raised its forecasts of 2014-15 soybean production in Brazil and Argentina, to 93 million and 56 million tonnes respectively, each up 500,000 from last month. Informa cited expectations of increased soybean planting in each country compared to a year ago.

Informa pegged Brazil's 2014-15 all-corn production at 69.7 million, down 900,000 from last month due to an expected decrease in plantings from a year ago.

The firm lowered its estimate of Australia's 2014/15 wheat crop to 22 million tonnes, down 1.9 million from last month, citing stressful dry October weather.

China's November Soy Imports to Rise as Buyers Race for Cheap US Supplies

BEIJING, Nov 5 (Reuters) - China's monthly soybean imports are expected to jump around 38 percent in November as buyers in the country, spurred by improving

crush margins, race to secure cheap supplies from a massive U.S. harvest, industry analysts said on Wednesday.

Higher purchases by the world's top soybean importer should support benchmark oilseed prices that fell last month to the lowest since early 2010 as U.S. farmers advance a record harvest. Prices have already plunged 23 percent this year.

China's soy imports are expected to rise to 5.81 million tonnes in November and to 6.8 million tonnes in December, higher than 4.2 million tonnes estimated for October, said the China National Grain and Oils Information Centre (CNGOIC).

Low October imports, versus arrivals of 5.03 million tonnes in September, triggered supply tightness in parts of the country and boosted prices of soymeal, the protein-rich feed ingredient and main product from crushing soybeans.

"Crush margins since October have improved a lot. U.S. soy prices are cheap and recovery of meal and soyoil prices should give crushers better margins," said Li Lifeng, one analyst with an industry portal.

Chinese buyers have ordered 30 cargoes, or nearly 1.8 million tonnes of U.S. soybeans last week for shipment in the first quarter of next year, said one CNGOIC analyst.

The order is higher than an average of 1.25 million tonnes of imports per week in September.

Margins stand at about 200 yuan (\$32.7) for processing a tonne of soy into soymeal and soyoil, versus losses of about 500 yuan per tonne in the first half of the year, the analysts said.

Earlier this year, Chinese importers defaulted on at least 500,000 tonnes of U.S. and Brazilian soybean cargoes worth around \$300 million, the biggest in a decade, as weak demand for animal feed after outbreaks of bird flu coupled with a big import hurt crushers' profits at the time.

Weekly U.S. Soybean Export Inspections Surge to All-Time High

By Karl Plume

Nov 3 (Reuters) - U.S. soybean export inspections hit an all-time high last week as China and other global buyers raced to secure supplies from the massive U.S.

harvest after a seasonal slowdown in South American shipments, analysts said after the release of weekly government data on Monday.

"Major southeast Asian buyers are jumping ahead and securing beans and beefing up their inventories to cover themselves until Brazil and Argentina come online," said Terry Reilly, senior commodities analyst with Futures International.

"It's all about the U.S. right now. We do have the capacity if the demand is there," he said.

The U.S. Department of Agriculture said 2.77 million tonnes of soybeans were inspected for export in the week ended Oct. 30, 23 percent above the same week a year ago. The week's total was the largest on record for the oilseed, analysts said, and well above trade projections for 1.85 million to 2.1 million tonnes.

Officials with USDA's Grain Inspection, Packers and Stockyards Administration, which compiles the weekly data, could not immediately confirm the record. Federal Grain Inspection Services data showed that it was the biggest single-week soy inspections volume since at least 1996 when soybean exports were about half as large as current exports.

China, which imports about two-thirds of all soybeans traded globally every year, was the week's top shipper with 2.14 million tonnes, or 77 percent of the total, as profitable crush margins at its processing plants elevated demand for imports.

USDA data showed that China is shipping beans out of nearly all bulk grain port regions including the U.S. Gulf, Pacific Northwest, and East Coast, as well as the St. Lawrence Seaway, a location more typical of wheat exports.

The heavy soybean volume came at the expense of lower-than-expected corn inspections of 425,856 tonnes, below trade estimates of 725,000 to 900,000 tonnes and the lowest weekly total since September 2013. Soybeans and corn are exported from the same export terminals.

Wheat export inspections of 208,706 tonnes were also below trade forecasts.

[Soymeal Speculators, Commercials Set for Messy Standoff: Maguire](#)

By Gavin Maguire

CHICAGO Nov 4 (Reuters) - Commercial soy processors may have been hit hardest by the recent surge in soymeal prices, but non-commercials or large speculators may suffer the most if there is a sudden and protracted setback, judging by the latest assessment of trader positioning.

According to the Commitments of Traders report released by the Commodity Futures Trading Commission, commercial traders had been sitting on record short exposure to the soymeal market in recent weeks as they anticipated a swell in soybean supplies from the ongoing record-large U.S. harvest would generate a steep rise in fresh meal production.

Yet harvest delays coupled with limited rail space for meal shipments caught meal suppliers in a bind, and forced a scramble for spot supplies that drove meal prices more than 20 percent higher during the month of October.

But commercial traders were not the only buyers. Non-commercials also joined the fray, and boosted their own long exposure to the market from around 103,000 contracts at the start of the month to a record 118,274 contracts as of the last reporting date in October. This allowed fast-money traders to participate in the steep meal market rally, and put them in a good position to profit from any additional meal price surges in the weeks ahead.

But this record-large long position also leaves speculators vulnerable to any sudden reversals in meal market momentum, which remains the scenario most favored by the commercial contingent, judging by the continuing climb in commercial short-sided futures exposure.

Should the commercial community be proved wrong in their expectations for an imminent rise in meal production and an improvement in the flow of supplies, then another round of spot market panic will likely ensue that should reward long-biased speculators handsomely.

But if the commercials are right, and supply disruptions are reduced materially in the weeks ahead, then those speculative traders who bought into the market during the recent upturn will be forced to dump their positions into a slumping market and may suffer steep losses in the process.

PLACING CONTRASTING BETS

Commercial and non-commercial traders usually hold mirror-image positions in the soybean futures & options market, with commercials typically holding short derivatives as hedges against long exposure in the physical arena, and speculators preferring to be long futures.

And lately the net positions of both continents have moved in opposing lockstep, with non-commercial net length growing just as commercial short exposure increased.

But while the commercial net short position has expanded to its largest level since mid-June of 2014, the net-long position of speculators has swelled to its largest level in more than two years, revealing that the speculative position has hit a more significant historic benchmark than that of their commercial counterparts.

Speculative long positions also outpaced the build in commercial shorts last month, with commercial shorts growing by 13 percent compared to the 15 percent expansion in speculative length.

This aggressive positioning by non-commercials could pay dividends if the recent spell of rail congestion across the Midwest continues to stifle meal movement to end-user markets and causes further pain for commercials who are on the hook to provide supplies to buyers.

But if logistics-savvy commercial traders are proved right in their expectations for a much smoother flow of meal to the end market going forward, then the speculative community could well encounter some pain of its own as prices retreat from their recent highs to well below the level where speculators bought.

Brazil's Big Soy Exporters Await Payment Offer from Monsanto

By Caroline Stauffer

SAO PAULO, Nov 4 (Reuters) - The largest soy exporters in Brazil are waiting for a final payment offer from Monsanto Co in exchange for collecting seed royalties from farmers, the chairman of crushing association Abiove said on Tuesday.

Reuters reported last month that a basic framework had been worked out in a dispute involving the world's most powerful agro-business companies, and that at least one exporter had agreed to collect royalties for a fee.

Monsanto said in a statement on Oct. 23 that 500 companies had agreed to help police royalty payments in Brazil, an arrangement that highlights the increasingly complex relationship between grain merchants and biotech companies.

Abiove represents multinational companies such as Cargill Inc C, Archer Daniels Midland Co, Bunge Ltd and Louis Dreyfus Corp in Brazil, the world's largest soybean exporter.

The ball is now in Monsanto's court to make good on the base agreement and negotiate individual payments with Abiove members, which account for some 85 percent of the soybeans bought in Brazil, Abiove Chairman Manoel Pereira told Reuters.

"What is missing is the most important part - the payment," said Pereira, who is also director of grains at Minas Gerais-based trading firm Algar Agro.

He said none of Abiove's members had received a payment offer and the association was trying to organize another meeting with Monsanto.

"We hope they don't wait until harvest or it will be a problem," he added.

Without compensation, Abiove members could refuse to buy soybeans grown from Monsanto's pest-resistant Intacta RR2 pro soybeans, which should make up as much as a quarter of Brazil's 2014/15 crop, expected to be more than 90 million tonnes.

An impasse could limit the soybeans Brazil has available for export in January, when harvesting starts.

The trading firms are wary of serving as a biotechnology police in Brazil, a role they have not had to play in the United States because biotech patents are protected by laws that do not allow farmers to reuse seeds year after year.

Some merchants had been collecting royalties on Monsanto's first-generation RoundupReady soy seeds in Brazil for a decade. That arrangement was a source of frustration as it required merchants to accept legal liability for their shipments, without any compensation from Monsanto.

Pereira said Abiove had worked out a framework that eliminated legal concerns over Monsanto halting shipments on cargoes containing soy for which it had not received royalty payments.

He declined to say what Abiove's members considered a fair value for this service, adding that was up to individual companies.

A Monsanto spokeswoman said negotiations continued and the company was confident a solution would be found.

Brazil is Monsanto's second-biggest market after the United States, making up a tenth of its \$15 billion in net sales last year. The company has blamed a downturn in royalty payments on its Roundup Ready products for a drop in net sales of soybean seeds last year.

[Despite Losses, GMO Label Backers Aren't Quitting](#)

PORTLAND, Oregon (AP) - In the end, not even Oregon, known for its backyard chicken owners and vegans, could pass a ballot measure that would have required labeling of genetically modified foods.

The measure went down to a narrow defeat this week in Oregon, the fourth state in the West that has failed to pass a GMO labeling measure. A similar proposal also flopped Tuesday in Colorado, which joined Washington state and California as other states that have said no.

It would seem that if a label mandate could pass anywhere, it would have passed in a left-leaning state like Oregon, whose biggest city, Portland, is a hub for hipsters, funky boutiques and farm-to-table dining - all famously skewered on the TV show "Portlandia."

Opponents of GMOs say they are not ready to give up. They say they're making headway against biotechnology companies like Monsanto Co. and are ready to continue the fight in legislatures, on ballots, and at the federal level.

"This is a social movement that's gaining power, as people become more aware of how their food is produced," said George Kimbrell, a senior attorney at the Center

for Food Safety. "So there's great success there regardless of the outcome of the measure."

There's little science that says genetically engineered foods are unsafe, and agribusinesses fear mandatory labels would spook consumers. Most U.S. corn and soybeans are genetically engineered to resist pests and herbicides, but labeling proponents say there's too much that's unknown about GMOs.

The Oregon initiative would have required manufacturers, retailers and suppliers to label raw or packaged foods produced entirely or partially by genetic engineering, but voters narrowly rejected it by about 1 percentage point.

In the past two years, voters in California and Washington rejected labeling requirements by about a 2-point margin.

Opponents raised about \$20 million to defeat the Oregon initiative, while the campaign to pass Measure 92 had about \$7.5 million in donations.

Labeling proponents were even more dramatically outspent in Colorado, where they raised \$896,000 - compared with about \$16.7 million by the opposing food and biotech companies. Coloradans saw no television advertising from proponents, but there were frequent TV spots featuring farmers who called the measure misleading.

There were similar disparities in California and Washington, where the 2013 ballot measure contest was the costliest in state history.

Oregon's results underscored an urban-rural divide. Voters supported labeling in liberal cities like Portland. Much of rural Oregon overwhelmingly opposed it.

Since then, the political fight has escalated, especially in the northeastern New England region. The Vermont Legislature approved a labeling bill that's set to take

effect in 2016. Maine and Connecticut also passed labeling laws, although they don't take effect unless other states follow suit.

According to the National Conference of State Legislatures, some 30 other states have also considered GMO labeling legislation this year, though none of the bills has passed.

Labeling proponents say they're already gearing up to get legislation passed in more states and put initiatives on more ballots - though they declined to say where. Ultimately, they're pushing for federal labeling rules, though there's no indication of any impending nationwide solution.

While labeling advocates say they're just getting started, opponents aren't about to step aside.

Bailey and Monsanto, among others, say they are seeking a federal law that would take precedence over any state laws and let companies voluntarily label their engineered foods.