WEEKLY NEWS ARTICLE UPDATE



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Export Sales Highlights

This summary is based on reports from exporters for the period November 14-20, 2014.

Soybeans: Net sales of 1,485,400 MT for 2014/2015 were up noticeably from the previous week and 34 percent from the prior 4-week average. Increases were primarily for China (806,200 MT, including 225,000 MT switched from unknown destinations and decreases of 161,100 MT), the Netherlands (147,200 MT, including 140,000 MT switched from unknown destinations), unknown destinations (112,000 MT), Russia (100,400 MT, including 40,000 MT switched from unknown destinations), the United Kingdom (63,100 MT, including 60,000 MT switched from China), and Egypt (44,700 MT). Net sales of 2,000 MT for 2015/2016 were reported for Japan. Exports of 2,781,100 MT were down 10 percent from the previous week, but up 11 percent from the prior 4-week average. The primary destinations were China (2,122,600 MT), the Netherlands (147,200 MT), Turkey (80,400 MT), Mexico (78,500 MT), the United Kingdom (63,100 MT), Taiwan (49,200 MT), Japan (44,500 MT), and Canada (36,900 MT).

Optional Origin Sales: For 2014/2015, options were exercised to export 60,000 MT to Egypt from the United States. Outstanding optional origin sales total 950,000 MT, and are for China (829,000 MT), Egypt (61,000 MT), and unknown destinations (60,000 MT).

Exports for Own Account: Exports for own account totaling 25,400 MT were reported to Canada. Exports for own account totaling 14,700 MT to Canada were applied to new or outstanding sales. The current exports for own account balance is 41,500 MT, all Canada.

Soybean Cake and Meal: Net sales reductions of 22,300 MT for 2014/2015 resulted as increases for Ecuador (58,100 MT, including 55,000 MT switched from unknown destinations), Thailand (50,400 MT, including 45,000 MT switched from unknown destinations), Panama (34,000 MT, including 9,000 MT switched from unknown destinations and decreases of 600 MT), Venezuela (24,500 MT, switched from unknown destinations), Cuba (22,500 MT), and Colombia (22,400 MT, including 5,000 MT switched from Panama), were more than offset by decreases for unknown destinations (185,800 MT), the Philippines (50,000 MT), Ireland (19,500 MT), Morocco (15,000 MT), and Indonesia (5,400 MT). Net sales of 174,300 MT for 2015/2016 were reported for Thailand (174,000 MT) and Mexico (300 MT). Exports of 417,300 MT were up 92 percent from the previous week and up noticeably from the prior 4-week average. The primary destinations were Thailand (108,400 MT), Ecuador (58,100 MT), the Philippines (53,200 MT), Italy (49,500 MT), and Venezuela (39,500 MT).

Soybean Oil: Net sales of 35,600 MT for 2014/2015 were up 82 percent from the previous week and up noticeably from the prior 4-week average. Increases were reported for the Dominican Republic (16,000 MT), Peru (10,000 MT), Guatemala (6,000 MT), and Mexico, (3,300 MT). Exports of 5,300 MT were reported to Mexico (4,800 MT), Canada (200 MT), and Trinidad (100 MT).

China Buys 65% Soybeans Traded on Global Market in 2013, Official
BEIJING, Nov 24, 2014 (Xinhua via COMTEX News Network) --

China bought about 65 percent of the soybeans traded on global market last year, said Chen Xiwen, vice head of the Central Rural Work Leading Team of China, at China Economic Safety Forum held in Beijing on Sunday.

Global soybean output was about 250 million metric tons (tonnes) last year, of which less than 100 million tonnes were traded on global market. China bought 63.83 million tonnes in 2013, Chen said.

China imported grains of 84 million tonnes, equivalent to combined grain output of Heilongjiang and Liaoning, two major crops-growing provinces in northeast China.

Besides importing massive soybeans for edible oil expelling, China also imported 9.22 million tonnes of edible vegetable oil, 4.5 million tonnes of cotton, 4.55 million tonnes of sugar, 1.8 million tonnes of dairy food, 550,000 tonnes of beef and mutton as well as 580,000 tonnes of pork in 2013.

"China, which produces many kinds of agricultural products more than other countries, has to import such a large volume of agricultural products, suggesting our food security faces quite many new challenges," said Chen.

China Soy Imports May Take a Hit as Product Prices Tumble, Margins Dip
By Naveen Thukral and Niu Shuping
SINGAPORE/BEIJING, Nov 26 (Reuters) - Falling soymeal prices in China are threatening to derail China's booming demand for U.S. beans as crush margins have started turning negative after holding mostly positive since early September.

Fat soybean processing margins and four-year low Chicago prices sparked a rush by Chinese buyers last month to snap up U.S. cargoes for November-December shipment. But expectations of big arrivals are taking a toll on soymeal values in the country and dragging down crushing profits.

A slowdown in imports by China, which buys more than 60 percent of globally traded beans, could add to pressure on global prices that rallied to a four-month high earlier this month on the back of strong demand.

"China has definitely overdone, there's a huge volume of beans on its way," said a trading manager at a Singapore-based company which ships beans to China and owns processing plants.

"Soymeal prices in the Chinese market are falling and as a result crushing margins are turning flat and even negative in some cases."

Soymeal prices in China's Dalian region have dropped 6.7 percent since the start of last week. This has pushed crush margins into the red after being largely profitable since early September.

Chinese importers overbought at the end of last year, encouraged by higher processing margins but record shipments coupled with a slowdown in demand after an outbreak of birdflu, reduced demand and triggered defaults.

Traders said China is not yet in a similar situation, despite falling prices and the big arrivals.

Although soybean shipments are forecast to reach around 21 million tonnes in the November-January period, traders are seeing signs of a slowdown early next year as profit margins are squeezed.

China usually ships 5.5-6.0 million tonnes a month.

"If they priced soybeans at around $9.00 a bushel, the margin should be good but if they did not, giving the weakening domestic soymeal prices, we expect the margin will be negative if (Chicago) soy prices keep rising," said Li Lifeng, one analyst with an industry consulting firm.

"Meal prices early next year would be pretty weak."

U.S. FOB Gulf soybean basis values for December were offered at 127 cents over CBOT January soybeans this week, down from a high 205 cents over the November contract two months, indicating a potential slowdown in demand, said a second Singapore trader.

"U.S. basis have crashed as Chinese buying for January and February shipment is slowing down," he said.

Brazil Farmers Turn to Grain Storage Bags Amid Record Corn Stocks

By Gustavo Bonato

SAO PAULO, Nov 25 (Reuters) - Brazil's use of giant, sausage-shaped grain storage bags will increase by at least 30 percent in 2015 as corn stocks reach the highest level ever and farmers postpone soybean sales in hope of better prices.

Storage bags have been used in neighboring Argentina for decades, but bagging only recently became a valid alternative in Brazil, the world's No. 2 soybean grower after the United States.

Storage space has not kept up with soaring corn and soy output in Brazil, one of few countries able to put new farmland into productive use each year, and conventional silos are now either full or too expensive for many farmers.

"Brazil's main bottleneck in agriculture is logistics. By using the bags, farmers can save on freight costs and with half those savings, they can pay for the technology," said Hector Daniel Malinarich, head of sales for Argentine storage bag maker Ipesa in Brazil.

In 2014, single-use grain bags stored 10-12 million tonnes of grains, mostly corn, here according to Ipesa, which has 70 percent of Brazil's storage bag market. For 2015, the company projects 13-15 million tonnes will be bagged, or up to 7.5 percent of the 200-million tonne grain crop.

When harvesting of soybeans and the first of two annual corn crops starts by February, there will be more than 15 million tonnes of old corn stockpiled across Brazil, the largest amount ever after several years of record corn output.

Farmers are also holding on to oilseeds as long as possible as spot soy Sc1 trading 20 percent below year ago levels on the Chicago Board of Trade.

Forward sales of 2014/15 soybeans by the end of October reached 21 percent of the expected crop, down from 34 percent a year ago, according to local consultant AgRural.

"Farmers are expecting to simply sit on their crop," said analyst Aedson Pereira, from Informa Economics FNP consultancy.

But to do that, they need to invest in their own storage. Conventional metal silos are mostly operated by large farms and trading houses in Brazil, and smaller

farmers usually haul their crop to the buyer's elevator after harvesting, leaving the prices to be settled later.

Independent storage market analyst Carlos Cogo said farmers could get 10 percent more for soy or corn if they stored their harvest themselves and market them freely.

Iowa Posts Record Egg Production as Demand Soars

DES MOINES, Iowa (AP) - The egg is on a roll. It has never been more popular as a fast-food restaurant breakfast staple, and its appeal has broadened far beyond the day's first meal.

High demand has kept egg prices at record levels, even as production soars.

"A lot of it has to do with quick service restaurants offering breakfast now and many of them include egg whites and some whole eggs in their breakfasts," said Maro Ibarburu, associate scientist and business analyst at the Egg Industry Center at Iowa State University. The center researches egg production, processing and product development.

McDonald's, long the fast-food breakfast leader, added the Egg White Delight to its menu last year as part of the trend toward high-protein, lower-cholesterol egg whites. Adopting similar strategies have been Dunkin' Donuts, with its egg-white flatbread sandwiches, and Jack in the Box, with its egg-white & turkey breakfast sandwich. Convenience store chain 7-Eleven also began offering a low-calorie egg-white breakfast sandwich in January.

Eggs have gotten an additional boost from chefs increasingly using them in menu items not normally associated with eggs. The industry website restaurant.com predicted in January that 2014 would be the year of the egg when it surveyed menus across the U.S. and found egg-topped burgers and pizza. Chefs also worked them into salads and stir-fry dishes.

"At the end of 2013 we started seeing it on the burger - the fried egg or the juicy egg over cheeseburgers," said Tania German, director of marketing for the website. "As this year went on we noticed it on pizza and more Mediterranean dishes."

Cold weather drives more egg demand as more families choose a hot breakfast, said Rick Brown, senior vice president at Urner Barry, which provides analysis and information for the protein commodity markets. Egg purchases peak just before the holidays as baking and home cooking boost demand even further, Brown said.

U.S. Department of Agriculture figures showed in a Nov. 17 report that use has grown to 261 eggs per capita, up 4 percent from 250 in 2011. The figure is expected to grow to nearly 266 eggs per capita next year.

The demand spike comes as producers are beginning to prepare for the implementation of a new California law that requires chickens to have more space in which to move. Producers selling eggs in the shell to California must comply with the law which for many means reducing flocks so each chicken has more room. Increasing demand and potentially smaller flocks are helping drive record prices, Brown said.

Egg prices have broken records each day for the past 10 days, Brown said. The Midwest price reached $2.18 a dozen on Monday, a new high.

The USDA reported Friday that Iowa, the nation's leading egg supplier, produced a record 1.41 billion eggs in October, a 4 percent increase from a year ago. Iowa also had more laying hens on hand than ever before at 59.2 million, a 3 percent increase. Ohio was second in egg production with 731 million eggs in October.

Iowa excels at egg production because corn and soybean meal, the primary ingredients in chicken feed, costs less in the state that also is the leading corn producer and the second leading soybean grower behind Illinois. Feed is 65 to 70 percent of the total cost of egg production, Ibarburu said.

Exports also were increasing with shipments of eggs and egg products up 19.2 percent in September from the year before. Canada was the largest importer followed by Mexico.

Argentine Soy Planting Zooms Ahead by 14.4 Points-Exchange

BUENOS AIRES, Nov 27 (Reuters) - Argentine soybean planting raced ahead by 14.4 percentage points over the last seven days helped by good weather, covering 44.8 percent of expected sowing area, the Buenos Aires Grains Exchange said in its weekly crop report on Thursday.

The South American grains powerhouse is the world's No. 3 soybean exporter and its top supplier of soymeal livestock feed.

"The regions where planting activities were concentrated included southeastern Entre Rios and the northern and southern portions of the central farm belt," which is concentrated in Buenos Aires province, the exchange said.

"In these areas early soybean planting is in its final stages," it added. "At the same time, central northern and southern parts of Cordoba province, northern La Pampa and western, central and southeastern Buenos Aires also saw swift planting progress."

Corn sowing progressed by 1.2 percentage points during the week to cover 41.4 percent of planned area, the exchange said.

Argentina's 2014/15 wheat crop has already been planted, and has started to be harvested in some areas. The exchange expects 11.5 million tonnes of 2014/15 wheat to be harvested.

The exchange forecasts 20.6 million hectares of soy and 3.0 million hectares of commercial use corn will be sown. The exchange has not yet issued corn or soy harvest estimates for the 2014/15 crop year.

The U.S. Department of Agriculture expects Argentina to harvest 12 million tonnes of wheat this crop year versus 10.5 million in 2013/14. The USDA forecasts an Argentine soy crop of 55 million tonnes versus 54 million in 2013/14 and 23 million tonnes of corn this season versus 25 million in 2013/14.

Rosario grains exchange says it expects Argentine farmers to plant 20.7 million hectares with soy in the 2014/15 season. Rosario sees the 2014/15 commercial-use corn harvest at 21.5 million tonnes and wheat at 12.0 million.