WEEKLY NEWS ARTICLE UPDATE

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Export Sales Highlights

This summary is based on reports from exporters for the period November 28-December 4, 2014.

Soybeans: Net sales of 810,300 MT for 2014/2015 were down 31 percent from the previous week and 20 percent from the prior 4-week average. Increases were primarily for **Spain (257,000** MT, including 58,400 MT switched from China), China (217,200 MT, including 120,000 MT switched from unknown destinations and decreases of 87,700 MT), Japan (74,700 MT, including 56,200 MT switched from unknown destinations), the United Kingdom (63,100 MT, including 60,000 MT switched from unknown destinations), South Korea (60,300 MT, including 56,000 MT switched from unknown destinations), Egypt (60,000 MT), and Mexico (52,300 MT). Decreases were reported for unknown destinations (77,800 MT), the Netherlands (9,500 MT), and Costa Rica (1,200 MT). Exports of 2,412,200 MT were up 18 percent from the previous week, but down 3 percent from the prior 4-week average. The primary destinations were China (1,548,300 MT), Spain (127,000 MT), Taiwan (120,300 MT), Turkey (112,200 MT), Mexico (105,000 MT), Saudi Arabia (71,500 MT), Japan (63,700 MT), and the United Kingdom (63,100 MT).

Optional Origin Sales: For 2014/2015, optional origin sales totaling 1,000 MT were reported for Egypt. Options were exercised to export 31,500 MT to China from the United States. Decreases in optional origin sales totaling 34,500 MT were reported for China. Outstanding optional origin sales total 885,000 MT, and are for China (763,000 MT), Egypt (62,000 MT), and unknown destinations (60,000 MT).

Exports for Own Account: Exports for own account totaling 25,800 MT were reported to Canada. Exports for own account totaling 31,500 MT to Canada were applied to new or outstanding sales. The current exports for own account balance is 1,300 MT, all Canada.

Soybean Cake and Meal: Net sales of 88,900 MT for 2014/2015 were primarily for Spain (43,400 MT), including 40,000 MT switched from unknown destinations), Saudi Arabia (30,800 MT, including 28,000 MT switched from unknown destinations), Venezuela (30,000 MT), Mexico (24,400 MT), Colombia (22,300 MT, including 10,000 MT switched from unknown destinations and decreases of 400 MT), and Canada (9,600 MT). Decreases were reported for unknown destinations (82,500 MT), Indonesia (19,000 MT), Vietnam (1,000 MT), and Turkey (600 MT). Net sales reductions of 200 MT for 2015/2016 were reported for Canada. Exports of 307,100 MT were up 48 percent from the previous week and 24 percent from the prior 4-week average. The primary destinations were Venezuela (50,000 MT), the Philippines (47,500 MT), Mexico (45,700 MT), Spain (43,400 MT), and Saudi Arabia (30,800 MT).

Soybean Oil: Net sales of 14,700 MT for 2014/2015 were down 42 percent from the previous week and 39 percent from the prior 4-week average. Increases were reported for Mexico (5,200 MT), Peru (5,000 MT), the Dominican Republic (4,200 MT), and Canada (300 MT). Decreases were reported for Morocco (300 MT). Exports of 53,500 MT were down 4 percent from the previous week, but up noticeably from the prior 4-week average. The primary destinations were Morocco (14,700 MT), Colombia (11,400 MT), the Dominican Republic (11,000 MT), and Nicaragua (9,400 MT).

U.S. West Coast Port Backups Delay Apparel, Bobbleheads, French Fries
By Steve Gorman and Lisa Baertlein

LOS ANGELES, Dec 11 (Reuters) - Crippling cargo backups at U.S. West Coast ports dragged on into a third month amid industry reports on Thursday of prolonged shipment delays for goods ranging from yoga apparel and rice to NBA bobblehead collectibles and frozen french fries.

Cargo that normally takes two to three days to flow through the affected ports, accounting for nearly half of U.S. maritime trade and over 70 percent of imports from Asia, now faces lag times of up to two weeks, the National Retail Federation said.

The congestion has been most pronounced at the twin ports of Los Angeles and Long Beach, the nation's two busiest cargo hubs, where marine officials reported 11 ships anchored on Thursday waiting for berths to open.

The number of freighters kept waiting outside the two ports has fluctuated from about eight to 18 on any given day since the slowdown began there around mid-October, said port of Los Angeles spokesman Phillip Sanfield.

Smaller backups have hit other West Coast ports, including Seattle and Tacoma in Washington state.

The slowdowns have coincided with prolonged labor talks between 20,000 dockworkers and the Pacific Maritime Association, representing terminal operators and shipping lines at 29 West Coast ports. Their latest contract expired June 30.

Management has accused the International Longshore and Warehouse Union of orchestrating some slowdowns on the docks to bolster its leverage at the bargaining table.

Union officials deny organizing protest delays but acknowledge individual dockworkers may have acted out of frustration over the pace of contract talks.

They point to other factors that port officials cite as the main reasons for gridlock. Chief among them has been a shortage of tractor-trailer chassis used for hauling cargo containers from the ports, a situation created when shippers decided to sell off their chassis to equipment-leasing companies.

Union and port officials also cite record import levels at the peak cargo season, rail service delays and the advent of super-sized container vessels delivering greater cargo volumes.

BOBBLEHEADS, YOGA WEAR AND RICE

Port slowdowns have rippled through the commercial supply chain.

Vancouver-based retailer Lululemon Athletica Inc blamed West Coast port congestion for its lower sales forecasts on Thursday. The yoga wear seller said about 1 million of its garments were stuck in port, delaying shipments to stores for up to 10 days.

Similar shipment lags were reported by Ann Inc and Ascena Retail Group Inc, parent companies of women's apparel chains Ann Taylor and the Loft, and Lane Bryant and Justice, respectively.

Even professional sports have felt the pinch. The Oakland-based Golden State Warriors earlier this month had to hand out vouchers to 10,000 basketball fans after shipments of the team's Sarunas Marciulionis bobblehead figures were delayed for weeks.

Exports have been squeezed as well. Among the hardest hit are Washington state apple growers, who posted a record harvest of 150 million cartons this year but have been thwarted in selling as much of their surplus as hoped to Asian markets.

Port delay-related apple losses since October have run in the tens of millions of dollars, according to Mark Powers, an executive of the Northwest Horticultural Council.

Fast-food giant McDonald's Corp said its Japan outlets are among that country's eateries grappling with a french-fried potato shortage blamed on port backups.

Most U.S.-processed frozen french fries bound for Japan and other Asian countries are shipped in refrigerated containers through Seattle-Tacoma, said John Toaspern, chief marketing officer for the U.S. Potato Board.

Japan is the biggest Asian market for U.S.-made frozen potato products, importing $336 million worth last year. Toaspern said port jams have at least doubled transit times for french fry shipments to Japan from two to four weeks.

Container shipments of California-grown rice bound for Japan, South Korea and Taiwan have likewise been delayed two weeks or more at the height of growers' winter shipping season.

"You start running short on warehouse space. It's a mess," said Tim Johnson, head of the California Rice Commission.

Container shipments of corn and soybeans also were being held up, forcing the Illinois-based Prairie Creek Grain Company to offer some Asian customers discounts of up to 6 percent.

A roughly $700 discount per $12,000 container of soybeans is the difference between making a profit and breaking even, said Robert Briscoe, Prairie Creek president.

November Soy Crush Seen at Record on Exports, Profit Margins

By Mark Weinraub

CHICAGO, Nov 13 (Reuters) - U.S. processors likely crushed a record amount of soybeans during November as they scrambled to keep up with surging export demand, analysts said.

High prices led to increased profitability, which provided further incentive for crushers to run their plants for as long as possible.

"These by-far record high crush margins likely spurred a record-high crush," said Anne Frick, oilseeds analyst at Jefferies Bache.

The National Oilseed Processors Association's monthly soybean crush report, scheduled for release on Monday, should show the U.S. crush for November at 165.404 million bushels, the average of eight analysts' estimates in a Reuters poll showed.

That would eclipse the previous record of 165.384 million, set in December 2013. NOPA reported a November 2013 crush of 160.145 million bushels and said processors crushed 157.960 million bushels of soybeans in October.

November is typically one of the heaviest crushing months as farmers deliver newly harvested supplies. Record soybean production in the United States provided ample stocks for the processors this year.

Analysts' crush estimates ranged from 161.000 million to 176.000 million. The median was 163.400 million.

The average analyst estimate for NOPA's November U.S. soyoil stocks figure was 1.156 billion lbs, which would be the highest since August. A month ago, soyoil stocks were 966.062 million lbs, according to NOPA data. Stocks estimates ranged from 1.050 billion lbs to 1.318 billion lbs, with a median of 1.136 billion lbs.

NOPA releases its crush data at noon Eastern time (1600 GMT) on the 15th of each month or the next business day

Oregon GMO Labeling Proponents Concede Defeat
SALEM, Ore. (AP) - Proponents of an Oregon ballot measure requiring labels on genetically modified foods conceded defeat Thursday after a judge ruled against them and an automatic recount appeared unlikely to sway the outcome.

The Yes on 92 campaign said there are no legal options remaining that could lead them to victory.

"The labeling movement will continue to grow," the campaign said in a statement. "We draw strength from the fact that we came so achingly close to winning this vote, despite being outspent by more than $12 million."

Measure 92 was defeated by just 812 votes out of 1.5 million, triggering an automatic recount. The second tally showed a net shift of 25 votes against the initiative. The results cover all 36 counties but have not yet been certified.

The proponents said they would continue working toward a labeling requirement for genetically modified organisms, or GMOs, but stopped short of promising a 2016 campaign.

The initiative would have required manufacturers, retailers and suppliers to label raw or packaged foods produced entirely or partially by genetic engineering.

"After looking at the facts about Measure 92, Oregon voters decided that it rightly deserved a no vote," Pat McCormick, a spokesman for the No on 92 Coalition, said in a statement.

Oregon is the fourth state in the West to oppose a labeling requirement for genetically modified foods, but Oregon came closer than efforts in California, Colorado and Washington.

Congress could step into the debate next year. A congressional hearing Wednesday previewed Republican efforts to push federal legislation that would override state laws mandating labels.

There's little science that says genetically engineered foods are unsafe, and agribusinesses fear mandatory labels would spook consumers. Most of the nation's corn and soybeans are genetically engineered to resist pests and herbicides.

Labeling proponents say there's too much that's unknown about GMOs, and consumers have a right to know what's in their food.

The Yes on 92 campaign filed a lawsuit earlier this week hoping to get a count of 4,600 ballots that were rejected. Oregon conducts elections entirely by mail and only counts ballots if the signature on the envelope matches the one on file with a person's voter registration.

A judge on Tuesday rejected the campaign's request for a temporary injunction preventing the certification of the recount results.

The campaign was the most expensive in Oregon history with combined spending of nearly $30 million. Proponents were backed primarily by natural food companies and advocates. The opposition campaign was funded by agricultural companies and food manufacturers.

Oilseed Glut Should Reignite Global Demand: Maguire

By Gavin Maguire

CHICAGO Dec 12 (Reuters) - Production of the world's top oilseeds will exceed demand by the largest margin ever in 2014/15, helping to push year-end stocks above 100 million tonnes for the first time.

The glut of major oilseeds, the input for protein meals and edible oils, has already driven oilseed prices to multi-year lows. It is widely expected to pressure prices of soybeans and other oilseeds for most of 2015.

This steep build in supplies has been well-chronicled. Yet traders have paid less attention to the demand side of the oilseed equation, and they could be in for a surprise in 2015 if consumption picks up faster than expected.

The U.S. Department of Agriculture has penciled in a rise of roughly 3.8 percent in demand for the top oilseeds in 2014/15, slower than the expected 6.3 percent climb in production. But oilseed demand grew by 5.7 percent last year, and averaged more than 5 percent annually between 2009 and 2012, so there is risk that usage could steal the limelight from supply in 2015.

SUPPLY SURGE

Global production of the most widely traded oilseeds, soybeans, palm kernel, rapeseed (canola) and sunflower seed, has climbed by nearly 50 percent over the past decade thanks to large increases in planted area and yields of major crops such as soybeans.

Global production of those oilseeds grew at an average annual rate of nearly 5.5 percent from 2008 to 2014, despite back-to-back production problems in 2010/11 and 2011/12.

Over the same period, world exports increased at an average annual rate of 6.8 percent as global markets developed.

Oilseed stocks increased by an annual average rate of 5.8 percent during the 2008-14 era, with several double-digit swings in both directions. Robust demand depleted inventories following poor growing seasons, while bumper crops speedily replenished them after good growing seasons.

Following robust production performances in consecutive years lately, oilseed stocks have climbed by their fastest clip ever, swelling by more than 22 percent last year. They are projected to climb a further 31 percent in 2014/15 as mammoth U.S. and South American soybean crops get gathered.

The projected 2014/15 total for soybeans, rapeseed, sunflowerseed and palm kernel is just over 100 million tonnes, nearly 40 million tonnes larger than the 2011/12 total. The projection represents more than 88 days of use of those oilseeds.

SLOW AND STEADY DEMAND MOMENTUM

As abundant as those inventories may appear, the resulting downward pressure on prices is whetting the appetite of end users, who tend to be slower to respond to production swings than others in the market. Still, there has been only one single instance of year-over-year demand contraction in 25 years.

What's more, demand rates have tended to pick up at a faster rate than average in the immediate wake of production surges, as supply-led price pressure helps to improve end-user margins.

Total oilseed demand grew 5.7 percent last year, its fastest since 2009/10. For 2014/15, USDA expects consumption to grow at around 3.8 percent, which would be below the five-year average of 4.4 percent and close to 2 points below last year's rate.

Benchmark oilseed prices such as soybean futures are trading at or near their lowest levels in four years and around 20-30 percent below where they were for most of 2013. It stands to reason that oilseed demand has the potential to grow at least as quickly as last year, if not at an even quicker rate.

And if the 2014/15 growth rate emerges at 5 percent rather than 3.8 percent, that would equate to an additional 5 million tonnes of oilseed usage. A growth rate of 7 percent would mean close to 13 million tonnes of additional oilseed consumption.

With projected inventories seen at around 100 million tonnes, an extra 5 million tonnes of use may not seem significant. But any reversal in stocks momentum could boost market sentiment, which in turn could prompt more aggressive buying interest by consumers. This scenario could lift prices over the course of the year.

So while current focus in the oilseeds arena remains on the historic scale of global supplies, demand growth could well emerge as the main driver of market action in 2015 as consumers react en masse to the prevailing low prices.

Brazil Soy Crop Poised for Record 95.8 MMT Harvest -Government

By Reese Ewing
SAO PAULO, Dec 10 (Reuters) - Brazil's 2014/15 soybean crop due to start harvest in January is estimated at a record 95.8 million tonnes, up sharply from 90.5 million tonnes forecast in November by the Agriculture Ministry's crop supply agency Conab.

In its December estimate of the new grains crop released on Wednesday, Conab said Brazil would likely export a record 49.6 million tonnes of the soybean crop, up from the 45.6 million tonnes that it estimates will be shipped of the last crop.

The crop is expected to be a massive 9.7 million tonnes, 11 percent bigger than the record 86.1 million tonnes harvested earlier in 2014.

"Soybeans is the crop that leads the highlights of the study, with growth in production even in the face of prospects for oversupply of grains in the international market," Conab said in its crop report.

The jump in expected output is in part due to an expected 6 percent gain in yields this year to 3.03 tonnes per hectare, after drought in early 2014 drove productivity down to 2.85 tonnes last crop.

The 5 percent expansion in planted area for soybeans is also behind the surge in the expected harvest numbers this season, Conab data showed. Area will grow by 1.5 million hectares to 31.7 million hectares.

Although almost complete now, planting of Brazil's new soybean crop was behind schedule in recent months due to the late arrival of spring rains, especially in grain-rich center-west states such as Mato Grosso.

The delays suffered during planting will mean that early harvest and exports of the soy crop will likely be weeks later than in years with normal rains. In years when rains are more regular, early harvest often starts in late December to early January in Mato Grosso state.

Brazil's total corn crop this season is expected to reach 78.7 million tonnes, up slightly from the 78.1 million tonnes forecast in November but down from the 79.9 million tonnes harvested last season.

Expectations for the current wheat crop, which is in the later stages of harvest, were reduced to 5.95 million tonnes, compared with 7 million tonnes projected in November. Rains in southern Brazil during maturation and harvest of the wheat crop have hurt the quality of the grain.

Lawmakers to Review Genetically Modified Labeling
WASHINGTON (AP) - The food industry is likely to find a more receptive Congress come January in its fight against mandatory labeling of genetically modified foods.

Setting the stage for debate after Republicans take control, a House subcommittee on Wednesday was to review legislation that would make such food labels voluntary, overriding any state laws that require them. The bill, introduced by Rep. Mike Pompeo, R-Kan., is supported by the food industry, which has said labels would mislead consumers into thinking that engineered ingredients are unsafe.

The Food and Drug Administration typically has shied away from the subject, leaving the issue of labeling the genetically modified organisms - foods grown from seeds engineered in labs - to the states. But Congress has weighed in as the food industry has faced a potential patchwork of state laws requiring the labeling.

Vermont became the first state to require the labels this year, passing a law in May that will take effect mid-2016 if it survives legal challenges. Maine and Connecticut passed laws before Vermont, but those measures don't take effect unless neighboring states follow suit. Ballot initiatives that would have required labeling were narrowly defeated in California and Washington in the past two years, and an Oregon initiative on the ballot this year is in the midst of a recount.

Currently, the FDA says labeling of genetically modified foods isn't needed because the nutritional content is the same as non-GMO varieties. (The "O" stands for "organism.") The agency has a safety review process for GMO crops but it isn't required.

Genetically modified seeds are engineered to have certain traits, like resistance to herbicides or certain plant diseases. While there is little scientific evidence showing they are unsafe, some food advocates have pushed to label them, saying there is too much unknown about the effects of the technology.

The majority of the country's corn and soybean crop is now genetically modified, with much of that going to animal feed. Modified corn and soybeans are also made into popular processed food ingredients like corn oil, corn starch, high-fructose corn syrup and soybean oil.

In testimony released by the committee in advance of the hearing, Scott Faber, head of the national Just Label It campaign, says consumers want to know what they are buying and how the food was produced. He said advocates are not seeking a warning label, but a "modest disclosure" on the back of all food packages that contain GMO ingredients.

"Because our food choices dramatically shape our lives, unprecedented consumer interest in food is a trend that should be welcomed, not frustrated," Faber said in the prepared remarks.

The food industry has faced pressure from retailers as consumer awareness of GMOs has increased and the conversation about modified ingredients has grown louder. The retailer Whole Foods announced last year that it planned to label GMO products in all its U.S. and Canadian stores within five years. And some companies have decided to remove the ingredients altogether, so no labels will be necessary.

Still, mandatory labels would disrupt the supply chain, Thomas W. Dempsey Jr., president and CEO of the Snack Food Association, said in his prepared testimony for the hearing. GMO products would have to be separated out from farm to store, creating new burdens on manufacturers, he said.

He said food companies would have three options to comply with a state labeling law like Vermont's: order new packaging, reformulate products or halt sales to the state.

"Each option is difficult, costly, time-intensive and, at worst, could eliminate jobs and consumer choice in the marketplace," Dempsey said in his prepared remarks.