

# WEEKLY NEWS ARTICLE UPDATE



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## Export Sales Highlights

This summary is based on reports from exporters for the period February 20 - 26, 2015.

**Soybeans:** Net sales of 499,500 MT for 2014/2015 were up 9 percent from the previous week, but down 8 percent from the prior 4-week average. Increases were reported for unknown destinations (136,700 MT), China (121,300 MT), Mexico (88,700 MT), Japan (49,200 MT, including 28,300 MT switched from unknown destinations), Egypt (33,000 MT), Indonesia (31,800 MT), and Colombia (20,400 MT, including 2,000 MT switched from unknown destinations). Net sales of 1,700 MT for 2015/2016 were for Japan. Exports of 768,200 MT were down 30 percent from the previous week and 50 percent from the prior 4-week average. The primary destinations were China (490,600 MT), Taiwan (77,200 MT), Mexico (50,200 MT), Indonesia (37,800 MT), Japan (37,100 MT), Thailand (17,100 MT), and Malaysia (16,500 MT).

*Optional Origin Sales:* For 2014/2015, optional origin sales totaling 8,000 MT were reported for China. Outstanding optional origin sales total 711,000 MT, all China.- Marc, all Canada.

**Soybean Cake and Meal:** Net sales of 130,200 MT for 2014/2015 were up noticeably from the previous week, but down 35 percent from the prior 4-week average. Increases were reported for Venezuela (65,000 MT, including 11,000 MT switched from unknown destinations), Peru 38,200 MT, including 30,000 MT switched from Panama), Tunisia (20,000 MT), Mexico (11,500 MT), Guatemala (9,300 MT, including 7,900 MT switched from unknown destinations), and Japan (6,000 MT, including 5,100 MT switched from unknown destinations). Decreases were reported for unknown destinations (22,800 MT), Panama (22,000 MT), and Trinidad (3,400 MT). Net sales of 28,400 MT for 2015/2016 were reported for Canada (27,500 MT) and Nicaragua (900 MT). Exports of 259,800 MT were up 20 percent from the previous week and 1 percent from the prior 4-week average. The primary destinations were Vietnam (52,100 MT), Peru (44,100 MT), the Dominican Republic (24,100 MT), Spain (22,000 MT), Mexico (21,100 MT), Venezuela (11,000 MT), and Canada (10,200 MT).

**Soybean Oil:** Net sales of 5,600 MT for 2014/2015 were down 61 percent from the previous week and 60 percent from the prior 4-week average. Increases were reported for Mexico (2,500 MT), Peru (1,700 MT), Canada (1,000 MT), and the Dominican Republic (100 MT). Exports of 24,000 MT were up 26 percent from the previous week and 37 percent from the prior 4-week average. The primary destinations were Morocco (15,100 MT), Mexico (4,400 MT), and Peru (4,200 MT).

### [U.S. Farmers Seeking Trade Opportunities with Cuba, Call for End to Embargo](#)

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Havana, Mar 2 (EFE).- Almost 100 U.S. agri-businessmen visiting Cuba on Monday supported an end to the embargo on the island and said they were ready to push the productive sector there, one of the economy's most acute needs given that Cuba spends \$2 billion per year to import food.

The businessmen are representatives of the U.S. Agricultural Coalition for Cuba, some 30 agricultural and food production organizations who in January joined together to promote lifting the embargo and being able to freely sell their products on the communist island.

The organization's chairperson, Devry Boughner, said at a press conference that the group was in Cuba to "send a message" that the coalition is working hard to end the embargo and that its members are encouraged that their visit will help promote results, understanding and friendship with the Cuban people.

Boughner, the director of international business relations for the multinational Cargill, said that in the coming months the group will work closely with the U.S. Congress to promote lifting the embargo, an option that has the "support of a broad majority" of lawmakers.

She said the group's members would speak with the leaders of both legislative chambers about their trip to Cuba and continue to have those discussions to try and join forces to end the embargo.

The USACC has become one of the most powerful pressure groups for normalizing relations with Cuba and the first to travel to the island to deal directly with the authorities there.

The businessmen arrived on Sunday in Cuba and held meetings in Havana on Monday with various officials, including Foreign Minister Bruno Rodriguez, Agriculture Minister Julian Gonzalez, representatives of the sugar industry and the cooperatives gathering together small agricultural producers.

Among the 96 delegation members visiting Cuba are two former U.S. agriculture secretaries: John Block, who served from 1981-1986 during the Ronald Reagan administration, and Michael Espy, who served from 1993-1994 under Bill Clinton.

Block said that the coalition's aim is to exceed \$1 billion in food exports to Cuba, a quantity that was achieved in 2008 when sales of U.S. agricultural products to the island jumped after the passage of Hurricanes Ike and Gustave.

By 2014, U.S. food exports to Cuba had fallen to \$300 million. "It's a long road ahead," the former secretary said.

Block went on to say that the group does not just want to sell corn and soybeans to Cuba but rather wants to help Cuban farmers develop the agricultural sector there.

They already did it in Africa and Eastern Europe, in Ukraine and Moldova, he said, and now they want to do it in Cuba, too.

Espy said that last year frozen chicken comprised 40 percent of U.S. food sales to the island, and soybeans comprised 30 percent, noting that corn and wheat sales have fallen off markedly in recent years.

The coalition also said it intends to resume sales of rice to the island, which have been nonexistent since 2008, whereas before 1959 - before the Cuban Revolution brought Fidel Castro to power - Havana was the main worldwide buyer for U.S. rice.

### [India's 2014/15 Vegoil Imports Seen at Record High -Industry Sources](#)

By Anuradha Raghu

KUALA LUMPUR, March 3 (Reuters) - India's edible oil imports are expected to jump to a record high this year, as a drop in domestic oilseed output prompts buyers to ramp up purchases to meet growing demand at home, industry officials said.

Higher shipments by the world's top edible oil importer, which is also the leading palm oil buyer, will give legs to a recovery in benchmark palm prices that have risen over 4 percent this year after an almost 15 percent drop in 2014.

"India's soybean and rapeseed crops are lower and demand is rising every year due to increasing population," Sandeep Bajoria, chief executive of Mumbai-based Sunvin Group told Reuters at an industry conference in Kuala Lumpur.

He expects India to import 12.8-13.0 million tonnes of edible oils in the year to October, a record high, versus 11.6 million tonnes a year ago. Palm will account for 9 million tonnes of the total, up 1 million tonnes, he said.

Nearly 60 percent of India's annual edible oil demand of 18-19 million tonnes is met by imports, consisting mainly of palm oil sourced from Indonesia and Malaysia.

"Indian per capita consumption is rising very fast, thanks to higher economic growth," said B.V. Mehta, executive director of the Solvent Extractors' Association of India.

"In particular the middle class, their income is rising. They spend maximum on food, and edible oil is one of it," said Mehta, who sees India's edible oil imports this year at 12.5 million tonnes and pegged palm arrivals at 8.65 million tonnes.

Soft oil imports, including soyoil, are estimated at 4 million tonnes, up from 3.6 million tonnes, the officials said.

Lower stockpiles of edible oil in India will encourage buyers to boost purchases in the months ahead, Bajoria said.

"India doesn't have high stocks of palm at the moment," he said. "Overall port and pipeline edible oil stocks are at around 1.7 million tonnes. At one point at end-December they were at 2.1 million tonnes."

A move by top palm producers Indonesia and Malaysia to keep crude palm export taxes at zero could encourage India to import more, although bulging global supplies of rival soybean oil may erode some demand. Brazil and Argentina are on track for an all-time high soybean production, adding to last year's record U.S. output.

Currently, crude palm oil is quoted at \$685 a tonne, including cost and freight, in India for March shipment while soybean oil is priced at \$815 a tonne. But soybean oil for April, May and June delivery is at \$760 a tonne.

"Looking forward, there's pressure on soy prices because of the big South American crop," Bajoria said.

#### [India February Soymeal Exports at 4-Month Low, High Prices Deter Buyers](#)

NEW DELHI, March 5 (Reuters) - India's soymeal exports dropped to a four-month low in February, data from a trade body showed on Thursday, as higher prices prompted buyers to opt for cheaper South American supplies.

Lower sales by Asia's top soymeal exporter could underpin Chicago futures, which have lost almost 6 percent this year, while the weak demand could put a lid on domestic soybean prices. The oilseed is crushed to produce the animal feed.

The South Asian country shipped out 64,514 tonnes of soymeal in February, data from the Solvent Extractors' Association of India (SEA) showed, lowest since October and down 65 percent from a year ago as buyers turned to supplies from Brazil and Argentina that were \$40-\$45 a tonne cheaper.

Higher local soybean prices amid dismal production kept the average Indian soymeal export price at \$458 a tonne last month, according to the data from the Mumbai-based trade body.

"A bearish sentiment exists for soymeal exports as global soybean supply outlook is positive," said Rajesh Agrawal, a trader based at central city Indore, a soybean hub.

Indian soymeal exports are set to hit a 26-year low by the year-end in March as easing sanctions against Iran, a key buyer of the animal feed from India, allows Tehran to opt for cheaper South American supplies.

The slump in soymeal sales, the main constituent in India's oilmeal export basket, dragged down total oilmeal exports by 41 percent to 181,996 tonnes last month.

India exported 4.3 million tonnes of oilmeal in 2013/14, including 2.8 million tonnes of soymeal, SEA data shows.

### [Weaker Currencies Sap Asian Appetite for Grains, Oilseeds](#)

By Naveen Thukral

SINGAPORE, March 5 (Reuters) - Steep declines in many Asian currencies against the U.S. dollar mean that food importers in the region are unable to reap the benefits of benchmark grain and oilseed prices that have plunged to multi-year lows in recent months on U.S. exchanges.

Weaker local currencies are slowing demand for wheat, corn and soybeans as price-sensitive Asian buyers make only hand-to-mouth purchases, taking fewer cargoes even as global production hits record highs.

Japan, the world's top corn importer, has seen the yen drop around 14 percent against the greenback since September, while the rupiah in Indonesia, Asia's biggest wheat buyer, has lost about 11 percent.

"Overall there is a feeling of bearishness (on market prices), but when importers look at prices in their domestic currencies, it is not the same as they are still paying more," said a grains trader who declined to be identified.

"The buyer is not covering longer-term and this is really bearish for prices as exporters will end up with large unsold stockpiles."

Key producers Brazil and Argentina are forecast to churn out a record soybean crop, adding to all-time high U.S. production last year.

World corn output is estimated at a historic high of 991.3 million tonnes in the year 2014/15, the U.S. Department of Agriculture has said.

Chicago wheat futures have gained just 2 percent in dollar terms since lows marked in October, while in rupiah value the market is up 10 percent.

Corn has risen 30 percent in yen terms during that period, although the market is up 19 percent in dollar value. Despite these gains, corn prices are less than half their 2013 high of \$8 a bushel.

TRADE FLOWS

U.S. dollar strength is also causing a shift in trade flows across Asia.

"Dollar strength has allowed other origins to be more competitive than the United States," said Brett Cooper, senior manager of markets at FCStone Australia.

Bangladesh has made its biggest wheat purchases from France since 2000/01, while traders said rare shipments to the region from Poland and Bulgaria have made their way to Southeast Asia.

"Even Thailand and the Philippines which are dedicated importers of U.S. wheat have reduced purchases and are looking at other origins," said a second trader.

Japan, which imports 15 percent of corn traded worldwide, is expected to buy more South American and Black Sea products this year.

"The U.S. share is gradually decreasing in the Japanese market because the higher dollar is eroding its competitiveness," said Nobuyuki Chino, who runs trading firm Continental Rice Corporation in Tokyo.

"In 2014, 80 percent of corn came from the United States, but in 2015 I expect the U.S. share to drop to 70 percent."

## **Argentine Soybean Output May Be Cut on Worst Rain in 50 Years**

By Pablo Gonzalez

(Bloomberg, March 5, 2015) -- Argentina's soybean crop output forecast could be lowered as the worst rain in half a century may trim yields and impede harvesting, three crop analysts said.

Crop estimates for the Pampas, Argentina's main soybean region, should be trimmed after an excessive amount of rain in Santa Fe and Cordoba provinces in the last month, Rosario Securities Exchange Cristian Russo said today in a phone interview. In the past 32 days, the provinces received the same amount of rain that fell in half a year in 2014.

Argentina's soybean output is forecasted to reach a record 58 million metric tons by Rosario Exchange and Argentina's Agricultural Ministry. The two provinces account for an estimated 30 million tons of the country's total soybean crop.

Argentina is the world's largest exporter of soybean oil and third largest of soybeans.

"I have never seen this in my life; forecasting has become impossible and we won't provide a firm forecast until next week," Russo said. "We will still have a record crop, maybe 57 million, but it isn't going to be the big party everybody expected a month ago before the rain started as the floods are damaging areas and the crop will be hit with fungus related diseases."

Cordoba province issued an alert for Asian rust for the first time since 2007 on Tuesday after excessive rain increased risks for the soybean crop, according to Cesar Alonso, a crop analyst at the Cordoba Grains Exchange. There haven't been any fungus disease cases yet detected in Cordoba, he said.

#### Impeding Access

"Union district in Cordoba has received 392 millimeters (15.4 inches) of rain year to date [\[since January 1\]](#) ," Alonso said in a phone interview from Cordoba. "That's a 65 percent increase compared with the 7-year average."

According to Alonso, losses can occur after yield cuts because of fungus or delays in harvesting as the rain is taking place at the beginning of harvesting and floods will impede harvesting machine access to the fields. Cordoba was expected to produce 15 million tons of soybeans.

Cordoba Exchange will release on Friday a report detailing the amount of rainfall received in each of Argentina's crop- producing area, he said. Crop output forecasts won't be released until next week because farmers can't provide data to the exchange as they are unable to access their farms while routes are submerged.



Argentina's most productive province, Buenos Aires, has received a normal amount of rain so far this year. The Buenos Aires Grains Exchange won't cut its soybean forecast in its weekly report to be released Thursday at 3 p.m., said Esteban Copati, Buenos Aires Grains Exchange soybean analyst.

"It's too soon to say how much will be lost," he said. We won't know for sure until farmers can access the fields to check it out."

The Buenos Aires Grains Exchange forecasted 57 million tons of soybeans for the 2014-15 season.

#### [Cuba Looks North to US Farmers for Help with Food Crisis](#)

GUIRA DE MELENA, Cuba (AP) - The rust-red fields stretched for miles in the Cuban sun, garlic shoots and beetroot leaves waving gently in the spring breeze.

Pink piglets nosed for scraps under the admiring gaze of former President Ronald Reagan's first secretary of agriculture and about a dozen other U.S. farmers and trade officials who may represent Cuba's best hope for ending the half-century-old trade embargo it blames for most of its economic troubles.

On Wednesday, their delegation of about 90 representatives of U.S. agriculture will wrap up three days of meetings with Cuban officials and farmers as part of a lobbying campaign for the elimination of the embargo.

"It's a matter of time," former Agriculture Secretary John Block, who is an Illinois hog farmer and Washington lawyer, said as he toured the 247-member cooperative farm outside Havana. "It'll be lifted and we'll have normal relations. We should have done it a long time ago."

President Barack Obama's loosening of the embargo unleashed a flurry of moves from U.S. companies trying to stake out positions in an untapped market. Significant trade growth appears likely to come fastest in agriculture, the sector of the Cuban economy that has the deepest ties to the United States and has been undergoing market-oriented reforms longer than any other on the island.

A bipartisan group of senators who introduced a bill last month to drop the embargo says farm and business backing is essential.

Cuba spends roughly \$2 billion a year to import about 80 percent of its food and a long-standing humanitarian exception to the trade embargo allows U.S. farmers to fill some of that demand. After years of declining sales, mostly Republican states sold nearly \$300 million of food to the island last year, primarily frozen chicken and soybean products. American trade officials and farmers are dreaming of dominating a food import market that could grow to \$3 billion in coming years if Cuba's economy improves.

"We've been here and we want to stay here," said Stephanie Robinson, marketing and development director for the Virginia Department of Agriculture.

Obama's changes appear to allow exports of U.S. farm equipment to hundreds of thousands of Cuban farmers who belong to member-run businesses like the May First Credit and Service Cooperative farm outside Havana.

Imports and advice from the U.S. could help Cuba ramp up production levels that have been slumping for years. The island once exported sugar, tobacco and citrus to the United States and imported lots of U.S. rice and other goods. After more than 50 years of central planning and embargo, the island's agricultural production has drastically fallen and the resulting high price of food is the primary source of dissatisfaction for many Cubans.

A year after assuming power from his brother Fidel in 2006, President Raul Castro launched a series of reforms to loosen near-total state control of agriculture, giving long-term loans of fallow land to private farmers and allowing them to sell surplus crops on the private market.

Agriculture today is in a state of halfway transformation. Cooperatives like May First sell roughly 30 percent of their crops at urban farm stands at market prices. They must sell the rest to the state for 30 percent to 50 percent below the market price.

Payments from the government are often late and the Ministry of Agriculture controls the sale of supplies like seeds and machinery, which are often in short supply or show up too late. Productivity is low. A cow living at May First produces about one-eighth the milk that a cow in the U.S. turns out a day.

Food prices, particularly for meat, are stunningly high for a country where the average salary is about \$20 a month. U.S. and Cuban farmers comparing prices during Tuesday's stop at the cooperative found that pork and chicken are two to three times pricier in Cuba than in the U.S.

Retired hotel chef Eudelia Gonzalez bought four beets and a pork bone stripped of its meat at the farm stand run by the May First coop in Havana's Kohly neighborhood on Tuesday afternoon. The stew ingredients cost a dollar, or about a tenth of her monthly pension. Still, she said, "at least there are things to eat."

"Sometimes there are no onions, but now there are a lot of them around," she said. "You can also find potatoes for sale."

Potatoes are state-controlled goods and almost never in stock, with touts selling them outside farmers markets as if they were drugs, beckoning customers with a hissed whisper of "Potatoes!"

Detente has Cuban farmers dreaming of exporting pricey goods like seafood, tobacco and honey to the U.S. and raising productivity with modern seeds, fertilizer and equipment bought on credit. That's all currently impossible under the embargo.

"If the two countries succeed in drawing closer, it could be really good for both sides," said Jose Miguel Gonzalez Garcia, president of the May First cooperative. "There's a lot of optimism that things are really going to change."

[Brazil's Top Soybean State Troubled by Stagnant Yields](#)

By Gustavo Bonato

QUERÊNCIA, Brazil, March 6 (Reuters) - Farmers in Brazil's top soybean growing state, Mato Grosso, have not seen their yields improve for more than a decade even as older agricultural states farther south squeeze larger crops from smaller parcels of land.

Mato Grosso, responsible for a third of Brazil's soy output, is harvesting another record crop this year thanks to expansion in planted area. But its lagging productivity could start limiting potential output in Brazil, the world's No. 2 soy grower after the United States, when new fields are no longer available.

"Ten years ago we were told we would be harvesting an average 70 bags per hectare," said farmer Vilson Rockembach in Querência, a town in Northeast Mato Grosso where farmers are achieving yields of 55 bags per hectare this season.

Government data shows the state's yields rose merely 3 percent over 14 years. In the far southern state of Rio Grande do Sul, productivity jumped 46 percent in that time and in another southern state, Parana, average yields rose 15 percent.

Specialists point to multiple reasons, and farmers question new genetically modified seed varieties that are supposed to control pests as well as boost productivity.

"The conventional seeds I have planted for the past 12 years are getting the best yields this year," said farmer Neuri Wink who has planted in Querência for two decades.

Mato Grosso's soy farmers are now coaxing two annual crops from the state's tropical soil: one of soybeans and another of corn or occasionally cotton. "Second crop" corn produced in the state increased 12-fold in the past 15 years.

Farmers therefore seek to harvest soybeans as quickly as possible in order to plant their second crops, with potential consequences for soy yields, said Alexandre Cattelan of state-run farm research institute Embrapa.

"Because they want very short-cycle seeds, much of the time they aren't using varieties with the best productivity," he said.

Some 40 years ago, farmers in southern Brazil started migrating north to Mato Grosso, lured by seemingly endless land and more frequent rainfall. Area planted with soybeans in the state has tripled since the 2000/2001 season.

This year the rain pattern reversed, however, with parts of the south receiving above-average rainfall, accentuating the variance in productivity.

Soil quality in parts of Mato Grosso is also considered inferior to the south, especially on the newest farms, many of which were recently used to graze cattle.

"New farms in the first year, when soil correction has not had the proper impact, drag down average yields," said Nery Ribas, technical director of Mato Grosso farm association Aprosoja.

Stagnant yields are not merely hurting the pride of Mato Grosso's farmers, they could soon hurt their wallets in a season where the cost of importing seeds and fertilizers is skyrocketing while international soy prices fall.

"In a cycle of low prices likely in the coming two years, yields are essential for overcoming tight margins," said Marcos Rubin, partner and analyst at Brazilian consultancy Agroconsult.

#### [U.S. Biodiesel Output Falls to 1.27 Billion Gallons in 2014](#)

NEW YORK, March 6 (Reuters) - U.S. biodiesel production reached 123 million gallons in December, and total 2014 production of the biofuel was 1.269 billion gallons, both down from 2013, the Energy Information Association said on Friday.

Biodiesel production in December was down from 135.1 million gallons a year earlier, but up from 108 million gallons in November, the EIA said.

The country's biodiesel output was 1.359 billion gallons in 2013, according to the EIA. The EIA on Friday released data for the months of August through December.