WEEKLY NEWS ARTICLE UPDATE

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Articles in This Edition

Export Sales Highlights

This summary is based on reports from exporters for the period July 3-9, 2015.

Soybeans: Net sales of 45,500 MT for 2014/2015 were up 10 percent from the previous week, but down 36 percent from the prior 4-week average. Increases were reported for Japan (52,200 MT, including 18,200 MT switched from unknown destinations and decreases of 300 MT), Panama (7,000 MT, including 6,900 MT switched from unknown destinations), Taiwan (6,400 MT), and China (1,800 MT). Decreases were reported for unknown destinations (18,100 MT) and Indonesia (8,200 MT). Net sales of 507,000 MT for 2015/2016 were reported for unknown destinations (403,000 MT), Japan (55,000 MT), Mexico (47,000 MT), and Taiwan (2,000 MT). Exports of 168,600 MT were down 17 percent from the previous week and 32 percent from the prior 4-week average. The primary destinations were Mexico (107,200 MT), Japan (29,700 MT), Colombia (12,200 MT), Panama (7,000 MT), Indonesia (4,500 MT), and Malaysia (3,400 MT).

Optional Origin Sales: For 2014/2015, outstanding optional origin sales total 475,000 MT, all China. For 2015/2016, outstanding optional origin sales total 385,000 MT, all China.

Exports for Own Account: The current exports for own account balance is 1,900 MT, all Canada.

Soybean Cake and Meal: Net sales of 33,000 MT for 2014/2015 were down 68 percent from the previous week and 66 percent from the prior 4-week average. Increases were reported for Libya (22,000 MT, including 20,000 MT switched from unknown destinations), Colombia (13,400 MT), Honduras (8,100 MT), Venezuela (8,000 MT, switched from unknown destinations), Canada (7,300 MT), and Panama (6,400 MT, including 7,000 MT switched from unknown destinations and decreases of 600 MT). Decreases were reported for unknown destinations (40,400 MT), Peru (5,100 MT), and the Dominican Republic (400 MT). Net sales of 39,200 MT for 2015/2016 were reported primarily for Ecuador (27,500 MT) and Guatemala (6,000 MT). Exports of 177,600 MT were down 21 percent from the previous week and 4 percent from the prior 4-week average. The primary destinations were Mexico (36,100 MT), Colombia (32,900 MT), Libya (22,000 MT), Venezuela (20,000 MT), Canada (16,500 MT), and Honduras (10,500 MT).

Soybean Oil: Net sales of 3,600 MT for 2014/2015 were up noticeably from the previous week, but down 10 percent from the prior 4-week average. Increases were reported for Jamaica (3,500 MT). Decreases were reported for Mexico (100 MT). Exports of 1,200 MT were down 66 percent from the previous week and 84 percent from the prior 4-week average. The primary destinations were Mexico (1,000 MT) and Canada (100 MT).

EU Agriculture Ministers Pummel GMO Opt-Out Plan

By Peter Teffer
Brussels, 14. Jul, 09:24

EU agriculture ministers were almost unanimous on Monday (13 July) in expressing their scepticism about a European Commission proposal to give individual member states the power to ban the use of genetically modified (GM) ingredients in human and animal food.

Minister after minister at a meeting in Brussels criticised the commission's proposal as incomplete, impractical, or unnecessary.

"The proposal has created more questions than provided solutions", said German deputy food and agriculture minister Robert Kloos, adding the proposed GM opt-out "is neither practical nor legally sound".

His British colleague, George Eustice, said he did not understand how the proposed powers could work "in practice" without violating internal market rules.

"It's not useful, it's impracticable, and it's likely to bring a large majority against it", said French diplomat Alexis Dutertre on behalf of his minister.

In what was one of the few compliments for food safety commissioner Vytenis Andriukaitis that afternoon, Austrian minister Andra Rupprechter told him: "You have done your best to defend this indefensible proposal."

Genetically modified organisms (GMOs) can only be imported into the EU if they have an EU-wide stamp of approval. The commission grants those permits based on a scientific assessment by the European Food Safety Authority (EFSA), and a vote by member states.

However, GMOs are such a divisive issue in Europe that countries rarely reach a qualified majority in favour or opposed to the authorisation of one.

EU rules state that in that case the commission takes the decision, which in practice means it also takes the public flak with GMOs a highly controversial topic in some member states.

The commission has argued that it would be more democratic if individual member states could ban the use of a GMO, even if it has been approved on EU level.

"The idea here is to pass the buck to member states", said Dutertre.

Ministers also raised questions about how the proposals would be implemented. While the plan would give countries the power to ban the use of GMOs, they would not be able to stop their import because of EU single market rules.

“How are we supposed to enforce this? When will I know that a GMO is being transported through my country? This is a purely practical question, which shows that [the proposal] is unworkable”, said Dutch minister Sharon Dijksma.

“I would like to see more arguments from the commission on how they see the practical possibilities to prove that a restriction is in line with EU law and trade commitments”, noted Lithuanian minister Virginija Baltraitiene.

“We need to have clarification of the term 'use'. It needs to have the same meaning through out the EU”, added her Greek colleague deputy minister Evangelos Apostolou.

Many ministers asked why the commission did not provide an impact assessment of the proposal.

But Andriukaitis said that it was “neither possible nor relevant” to assess the proposal's impact, because it depends “on many factors that cannot be anticipated, such as how many member states will use the provisions”.

The European Parliament has also strongly criticised the proposal, making it highly unlikely that the plan will make it into law.

Nevertheless, after receiving his verbal pounding, Andriukaitis tried once more to persuade member states that the proposal “better fits with your genuine needs” than the status quo.

“Should you choose not to support this approach, the commission would have no choice but to continue to authorise GMOs found safe by EFSA, to fulfil its legal obligation … I appeal to ministers once again to engage on constructive discussion on this legislative proposal”, he added.

Brazil House Speaker Weighs Possibility of President Rousseff Impeachment
(Updates with quotes from party official, context)
By Maria Carolina Marcello
BRASILIA, July 16 (Reuters) - The speaker of Brazil's lower house of Congress said on Thursday he is weighing legal arguments to impeach President Dilma Rousseff, which would be the first ouster of a sitting president in the country in nearly 23 years.

Eduardo Cunha, a leader of the PMDB party that is in charge of deciding whether to move ahead with impeachment, said such proceedings would be a step backwards for democracy, but added he expects a legal analysis on the matter within 30 days.

"I requested another legal analysis and I'm waiting to read that myself and come to a conclusion," Cunha told journalists.

Cunha had dismissed previous requests for impeachment out of hand, but calls are mounting from opposition lawmakers to unseat Rousseff for alleged campaign finance irregularities tied to a bribery scandal at state-run oil firm Petrobras.

Cunha has himself been named in a Supreme Court investigation of corruption at Petrobras, formally known as Petroleo Brasileiro SA

Although his party is part of the governing coalition, Cunha has dealt Rousseff a series of embarrassing defeats in Congress and his opposition has grown more strident as the chances of formal charges has risen.

At a breakfast with journalists in the capital, Cunha even entertained the idea that his large, centrist PMDB party could exit the governing coalition before the next election in 2018, saying such a move was "not impossible."

In April, Cunha had rejected outright the possibility of impeachment proceedings against President Rousseff, who narrowly won re-election in October but has seen her popularity plunge due to the corruption scandal and an economic slowdown.

Federal prosecutors allege that a cartel of suppliers at Petrobras have overcharged the company billions of dollars for major contracts in return for kickbacks to executives and politicians, including some in Rousseff's Workers' Party

Federal police arrested the treasurer of the Workers' Party in April on charges that he solicited political donations stemming from bribes in the Petrobras scheme.

News magazine Veja reported last month that the executive accused of leading the alleged engineering cartel had confessed to making contributions to Rousseff's 2014 campaign with money from overpriced contracts. Rousseff and her party have denied any wrongdoing.

On Tuesday, police carried out their first search and seizure operations aimed at sitting lawmakers in the Petrobras probe, seizing luxury cars from the home of Senator Fernando Collor de Mello, a former president who was impeached in 1992 amid a corruption scandal.

U.S. House Committee Approves Anti-GMO Labeling Law

BY CAREY GILLAM

U.S. food companies and other opponents of genetically modified food labeling notched a key victory on Tuesday as the House Agriculture Committee approved a measure banning mandatory labeling as well as local efforts to regulate genetically engineered crops.

The move demonstrates fresh momentum for those seeking to block mandated labeling of foods made with GMO crops, food industry advocates said.

“This... legislation will ensure that Americans have accurate, consistent information about their food rather than a 50 state patchwork of labeling laws that will only prove costly and confusing for consumers, farmers and food manufacturers," said Pamela Bailey, CEO of the Grocery Manufacturers Association (GMA), said in a statement.

The group called on the full House of Representatives to pass the measure, which the panel approved in a voice vote, before the August recess.

Groups lobbying for mandatory GMO labeling said they are increasing their efforts to make sure that H.R. 1599, dubbed the Safe and Accurate Food Labeling Act, never becomes law.

"The real fight will be in the Senate," said Scott Faber, executive director of Just Label It, an advocacy group pushing for mandated labeling. "This is from over."

They say the bill is objectionable not only because it would overturn state GMO labeling laws, but because it also prevents state and local governments from regulating GMO crops, and would keep the U.S. Food and Drug Administration from creating a mandatory GMO labeling standard.

"Those states like mine, Maine, which has already passed a law that requires GMO labeling... we would be prohibited from doing it," U.S. Rep Chellie Pingree, a GMO labeling supporter, said in a conference call with reporters.

The debate over GMO labeling has heated up in recent years and several food-related companies have removed GMO ingredients from their products.

Labeling supporters say consumers have a right to know if GMOs are in their food. They cite a lack of scientific consensus on safety and concerns about the herbicide glyphosate, which is widely used on genetically modified crops. Residues of the pesticide have been detected in foods, and a World Health Organization research unit earlier this year said it was classifying glyphosate as "probably" cancer-causing for humans.

Opponents say mandatory labeling would raise food prices, confuse consumers without cause as GMOs are well regulated and are no less safe or nutritious than foods made with non-GMO ingredients.

Advice for Traders: Don’t Read Argentina Headlines until October

By Charlie Devereux

(Bloomberg) -- Markets are learning to look beyond the noise in Argentina’s presidential campaign.

Three months before elections, the opposition’s Mauricio Macri has gone from promising to lift exchange controls on day one to saying this would be an act of “magic,” and he’s also now saying he’ll leave nationalized companies under state management. Daniel Scioli, the ruling Victory Front alliance’s candidate, has flipped between saying he’d make gradual changes in the current economic model and saying he supports it.

“The market corked campaign bottles too early on the belief that Macri was running away with it, then became overly bearish on the belief that Scioli would represent no change at all,” said Patrick Esteruelas, a senior sovereign analyst at Emso Partners, which manages $2 billion of debt.

Argentina’s benchmark dollar-denominated local-law bonds due 2024 have swung from 108 cents on the dollar when Macri was in the lead to 94 cents after Scioli tapped one of President Cristina Fernandez de Kirchner’s closest aides for his running mate. The notes traded at 98 cents on Monday.

Argentines vote on Oct. 25 in the first election since 2003 that won’t include the president or her late husband, Nestor Kirchner. A run-off will be held Nov. 22 if no candidate gets 45 percent of the vote or more than 40 percent with at least a 10-percentage-point advantage.

Investors had anticipated the winner would change economic policies to attract investment, make the peso more competitive and narrow the budget deficit.

‘Truly Reflect’

Now that presumption is in doubt since front-runner Scioli’s running-mate announcement and his praise of Economy Minister Axel Kicillof, who helped lead Argentina into default by refusing to meet creditor demands.

Scioli’s track record and what he’s told investors in private show his plans aren’t too different from Macri’s, according to Diego Ferro, co-chief investment officer at Greylock Capital Management in New York. While the pace of change may differ, both candidates’ promises are essentially the same, he said.

“I don’t know whether when they talk to investors they tell the truth, but definitely when they talk to their voters, they say things that don’t truly reflect what they plan to do,” Ferro added.

Scioli had 36.9 percent support in a June poll carried out by Management & Fit, compared with 31.6 percent for Macri, an increase of 4 percentage point from May. The nationwide survey of 2,400 people had a margin of error of 2 percentage points. Macri was leading in polls during the first quarter.

Overly Optimistic

Expectations that a new government will be able or willing to implement swift and substantial change are overly optimistic, Mauro Roca, an economist at Goldman Sachs Group Inc., said in a report published July 13. The market is underestimating the complexity of reaching a settlement with holdout creditors, which prevents Argentina from borrowing in global capital markets, he wrote.

With reserves rising 24 percent to $33.8 billion since November, “the next administration will still have some maneuvering room to continue postponing the resolution, if it chooses to do so,” Roca wrote. “For the time being, political –- rather than economic –- considerations may continue to prevail.”

Investors shouldn’t always take comments from the candidates at face value, said Emso’s Esteruelas. Macri has already said enough to indicate he will make changes. Scioli, who is catering to his party’s base support, probably won’t show his true colors until elected, Esteruelas said.

“For as long as we are in the electoral campaign, the motto is: ‘Don’t read their lips,’” he said.

China May Tip World Into Recession, Morgan Stanley’s Sharma Says

By Ye Xie and Gavin Serkin

(Bloomberg) -- Forget about all the shoes, toys and other exports. China may soon have another thing to offer the world: a recession.

That is the prediction from Ruchir Sharma, head of emerging markets at Morgan Stanley Investment Management, who says a continuation of China’s slowdown in the next years may drag global economic growth below 2 percent, a threshold he views as equivalent to a world recession. It would be the first global slump over the past 50 years without the U.S. contracting.

"The next global recession will be made by China," Sharma, who manages more than $25 billion, said in an interview at Bloomberg's headquarters in New York. "Over the next couple of years, China is likely to be the biggest source of vulnerability for the global economy."

While China's growth is slowing, the country's influence has increased as it became the world's second-largest economy. China accounted for 38 percent of the global growth last year, up from 23 percent in 2010, according to Morgan Stanley. It's the world's largest importer of copper, aluminum and cotton, and the biggest trading partner for countries from Brazil to South Africa.

The International Monetary Fund last week cut its forecast for global growth this year to 3.3 percent, down from an estimate of 3.5 percent in April, citing weakness in the U.S. While the Washington-based lender left its projection on China unchanged at 6.8 percent, the slowest since 1990, it said "greater difficulties" in the country's transition to a new growth model poses a risk to the global recovery.

Fund Performance

China's economy will continue slowing as the country struggles to reduce its debt, Sharma said. An additional 2 percentage-point slowdown would be enough to tip the world into a recession, he said.

The global expansion, measured by market exchange rates, has slipped below 2 percent during five different periods over the past 50 years, most recently in 2008-09. All the previous world recessions have coincided with contractions in the U.S. economy

Sharma's $1 billion U.S.-traded Emerging Markets Portfolio has returned 2.71 percent annually over the past five years, outpacing gains in MSCI Inc.'s developing-nation benchmark, according to data compiled by Bloomberg.

Sharma said he's shunning Chinese stocks and those in countries that rely on China for growth, including Brazil, Russia and South Korea. He favors companies in Eastern Europe and smaller Asian countries, such as the Philippines, Vietnam and Pakistan.

U.S. – Colombia FTA Working for U.S. Soybean Sector

The U.S. Soybean industry was a strong supporter of the U.S. – Colonia Free Trade Agreement (FTA) when it was being considered by Congress in 2011. The industry believed implementation of the FTA which occurred on May 15, 2012 would open the door to increased U.S. soybean exports to the Andean country.

U.S. Exports of Soybeans, Soymeal and Soyoil to Colombia

2009/10 – 2013/14 Marketing Years and In 2014/15 through July 9, 2015

MT

Commodity	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Soybeans	222,769	116,180	80,793	176,937	138,818	424,900

Soymeal	63,837	163,110	63,947	327,440	315,604	704,100
Soyoil	1,865	77,423	13,911	35,884	60,242	58,600
Total Above	288,471	356,713	158,651	540,261	514,664	1,187,600

Source: U.S. Census Bureau, USDA/FAS

Now that the FTA with Colombia has been in effect for over 3 years it is apparent it has been a major success for the U.S. soybean industry. Thus far in the current marketing year the U.S. combined U.S. exports of soybeans, soymeal, and soyoil to Colombia totaled 1,187,600 MT as of July 9. That is 233 percent greater than the volume of those commodities exported to China in the 2010/11 marketing year

The greatest increase in U.S. soy exports to Colombia since the FTA was implemented has been with soymeal. Thus far in 2014/15 the U.S. has exported 704,100 MT of soymeal to Colombia. That is 331 percent greater than in the 2010/11 marketing year that preceded the FTA's implementation. This has been very positive for U.S. soybean processors considering the decline in U.S. soymeal consumption that occurred as a result of competition from DDGS from the ethanol sector. The processors also have seen their soyoil exports to Colombia increase under the FTA.