

WEEKLY NEWS ARTICLE UPDATE



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Export Sales Highlights

This summary is based on reports from exporters for the period July 24-30, 2015.

Soybeans: Net sales reductions of 447,300 MT--a marketing-year low--for 2014/2015 were down noticeably from the previous week and from the prior 4-week average. Increases were reported for Japan (59,800 MT, including 43,300 MT switched from unknown destinations and decreases of 5,000 MT), Nigeria (15,000 MT), Colombia (8,100 MT, including 6,000 MT switched from Panama and decreases of 300 MT), and Taiwan (7,100 MT). Decreases were reported for China (500,000 MT, including 300,000 MT switched to 2015/2016), unknown destinations (43,300 MT), and Panama (6,000 MT). Net sales of 1,024,200 MT for 2015/2016 were reported primarily for unknown destinations (489,500 MT), China (426,000 MT), Taiwan (79,300 MT), and Mexico (20,700 MT). Exports of 210,700 MT were up 64 percent from the previous week and 3 percent from the prior 4-week average. The primary destinations were Japan (80,400 MT), Mexico (65,100 MT), Colombia (23,300 MT), Costa Rica (13,300 MT), and Indonesia (12,300 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 41,600 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 (11,400 MT), Panama (9,400 MT, including 8,400 MT switched from unknown destinations), Canada (5,800 MT), the Philippines (4,500 MT), Japan (4,400 MT, including 3,000 MT switched from unknown destinations), and Sri Lanka (1,700 MT). Decreases were reported for unknown destinations (2,400 MT) and New Guinea (100 MT). Net sales of 18,300 MT for

2015/2016 were reported primarily for the Dominican Republic (6,000 MT), Trinidad (3,000 MT), and unknown destinations (2,800 MT). Exports of 106,800 MT were down 45 percent from the previous week and 42 percent from the prior 4-week average. The primary destinations were Mexico (29,100 MT), Colombia (15,200 MT), Guatemala (13,400 MT), Canada (11,400 MT), the Dominican Republic (8,700 MT), and Panama (8,400 MT).

Soybean Oil: Net sales of 4,200 MT for 2014/2015 were down 94 percent from the previous week and 83 percent from the prior 4-week average. Increases were reported for Mexico (2,600 MT), El Salvador (1,200 MT), and Canada (200 MT). Net sales of 6,000 MT for 2015/2016 were reported for Mexico. Exports of 2,600 MT were down 55 percent from the previous week and 61 percent from the prior 4-week average. The primary destinations were Mexico (2,300 MT) and Canada (200 MT).

[India's Oilmeal Exports Down 86% in July](#)

India's oilmeal export stood at 132,102 tonnes in July 2014. During April-July period of this financial year, export of oilmeals declined by 35 per cent to 492,086 tonnes compared to 757,907 tonnes in the corresponding period last year.

"Soybean crushing is very much reduced due to continuous disparity and high price of domestic market affecting overall domestic availability of both oils and meals. The export of soybean meal is at a historical low during the current year and reduced month by month and reported 18,017 tonnes in April, 14,046 tonnes in May, 2,098 tonnes in June and just 928 tonnes in July 2015. Capacity utilisation is at the lowest and many plants are closing down due to disparity in crushing and export," said SEA.

South Korea is a major importer of Indian oilmeals. During April-July 2015, South Korea imported 305,963 tonnes of oilmeals. Thailand imported 13,558 tonnes, while Vietnam imported 95,972 tonnes and Taiwan imported 19,671 tonnes. Iran imported 9,050 tonnes of oilmeals during April-July 2015, drop by 92 per cent as compared to 112,275 tonnes last year.

Exports of rapeseed meal fell 90 per cent from a year ago to 8,645 tonnes, while soymeal shipments dropped 86 per cent to a record low of 928 tonnes, SEA said in a statement.

Exports of oilmeals in the first four months of the current fiscal year that started on April 1 dropped 35 percent to 492,086 tonnes, it said.

[India to Buy Oilseeds from Farmers in Bid to Slash Imports](#)

NEW DELHI India is to buy oilseeds and pulses directly from farmers for the first time this year, in addition to its existing purchases of wheat and rice, to boost production and close a supply gap that has driven its annual import bill up to \$12 billion.

India is the world's biggest consumer of edible oils and Prime Minister Narendra Modi wants to make it self-sufficient in five years. He has identified price support and guaranteed purchases as the best ways to achieve that goal, senior government sources told Reuters.

He faces a huge challenge: India's consumption of vegetable oils has trebled over the last 20 years while production has increased by less than a third. As a result, imports have risen twelve times to 14.4 million tonnes.

"In our country we have big shortages of pulses and oilseeds," Modi said in a monthly radio address last Sunday, thanking farmers for growing more of the crops this year. "The poor want pulses, and some oil to cook vegetables."

The state-run Food Corporation of India (FCI) has amassed huge stocks of rice and wheat - often double the level it says is needed to ensure security of supply - by ratcheting up its minimum support prices (MSPs).

Critics say its buying encourages overproduction and the policy has led to disputes in the World Trade Organization, with some member states accusing India of subsidising grain output and subverting international trade norms.

Output of oilseeds and pulses has, however, lagged demand by some distance, forcing India to turn to Indonesia and Malaysia to buy \$10 billion of oils per year, and to Austria, Canada and Myanmar for \$2 billion of pulses. Edible oil is India's third-biggest import item after crude oil and gold. [ID:nL3N0T326L]

"Rice and wheat are two of our success stories, which illustrate that reasonably higher MSPs and a guarantee to buy produce will encourage farmers to raise production," said one of the sources. "That's what we've now decided to do for pulses and oilseeds."

The FCI will start buying in October, the sources said, with bigger purchases in March when farmers start harvesting winter-sown crops.

FOLLOWING THE MONEY

India introduced a price support mechanism for wheat in the late 1960s after crops failed. Support for rice soon followed and India has since become the world's top rice exporter and a steady shipper of wheat.

The government announces MSPs for 25 crops, but its prices for rice and wheat have increased more than for other crops in the past decade. In addition, the FCI only buys rice and wheat.

Mostly marginal and risk-averse Indian farmers - 260 million of them tilling plots smaller than 2 hectares (5 acres)- take their cue from the MSPs.

The pricing policy is seeing a shift now. For the current season, Modi raised rice prices moderately but gave a hefty lift to pulses. [ID:nL3N0Z33TG]

An over-reliance on protein-poor grain and shortages of richer foods such as pulses have been blamed for the deaths of 1.3 million malnourished children a year in India, data from the Food and Agriculture Organization and World Health Organization show.

"Our idea was to first ensure supplies of staples such as rice and wheat because countries like India and China can't afford to import basic foodstuffs," Food Minister Ram Vilas Paswan told Reuters.

"The world has surplus pulses and oilseeds for us but the world doesn't have rice and wheat for countries with more than a billion people. Having gained self-sufficiency in rice and wheat, we'll also pay attention to malnutrition."

India spends \$20 billion a year to supply cheap rice and wheat to the poor, but 15 percent of its 1.25 billion people still go hungry because up to half the subsidised food gets stolen and sold on the black market, according to research groups.

There is a risk that thefts will rise if the FCI starts to buy oilseeds and pulses that need to be processed further to be sold, said Tajinder Narang, a farm policy expert.

"I've my doubts about the success of the plan as FCI doesn't have the expertise to handle pulses and oilseeds," Narang said. "And before entering new areas, the government should first crack down on theft."

[Egypt's FIHC Tenders to Buy Soyoil and Sunflower Oil - Trade](#)

HAMBURG, Aug 4 (Reuters) - Egypt's state-backed Food Industries Holding Company (FIHC) has issued an international tender to purchase up to 40,000 tonnes of crude soyoil and 10,000 tonnes of crude sunflower oil, European traders said on Tuesday.

The tender deadline is Aug. 12, they said.

The FIHC will accept offers for both imported soyoil with prices in dollars or Egyptian-produced soyoil in Egyptian pounds, they said.

Some 20,000 tonnes of soyoil was sought for arrival between Oct. 1 and 20 and 20,000 tonnes between Nov. 1 and 20, they said.

The sunflower oil was all sought for arrival between Oct. 1 and 20, they said.

The soyoil and sunflower oils can both be sourced from any origins, they said.

The FIHC was seeking a new payment system with the supplier offering 90 days of credit, a trader said.

In its last reported tender on June 16, the FIHC purchased 45,000 tonnes of soyoil and 25,000 tonnes of sunflower oil.

[Informa Raises US Soy Crop Estimate, Leaves Corn Unchanged](#)

CHICAGO, Aug 5 (Reuters) - Informa Economics slightly raised its forecast of the U.S. 2015 soybean harvest and left its corn production estimate unchanged from last month, the private analytics firm said in a note to clients on Wednesday.

Informa projected U.S. soybean production at 3.789 billion bushels, up from its July 8 figure of 3.77 billion. The firm estimated the average soybean yield at 45.4 bushels per acre (bpa).

For corn, Informa left its U.S. production estimate at 13.412 billion bushels, based on a yield of 165.4 bpa.

The figures compare with the U.S. Department of Agriculture's current estimates for a corn crop totaling 13.530 billion bushels with a yield of 166.8 bpa. The USDA projects soybean production at 3.885 billion bushels with a yield of 46.0 bpa.

The government is scheduled to release updated crop estimates on Aug. 12.

Informa projected U.S. 2015 all-wheat production at 2.159 billion bushels. By class, the firm estimated winter wheat production at 1.457 billion bushels, spring wheat other than durum at 626 million bushels, and durum wheat at 77 million bushels.

[China's Shandong Importers Suspend Soybean Trade Amid GMO Crackdown - Think Tank](#)

BEIJING, Aug 7 (Reuters) - Soybean importers in northern China's Shandong province have suspended their trading activities amid a crackdown on the illegal sale of cheap genetically-modified (GMO) varieties to food companies, an official think tank said.

Quarantine authorities investigated soy sales last month at ports in Shandong, which serves as **China's largest distribution centre for imported soy**, said the China National Grain and Oils Information Centre (CNGOIC) in a report on Friday.

"Sales and distribution activities at Shandong ports have been suspended since last week, which prevents any imported soy from flowing into the food sector, benefiting demand for domestic soy," the centre said.

China bans the use of GMO soybeans in the food industry, for products including soy sauce and tofu, but allows imports for crushing, where beans are processed into soymeal for animal feed and soyoil for cooking.

The self-imposed suspension of trading activities by the importers will not affect the ability of the region's crushers to import soybeans.

China is the world's top soy buyer and imports more than 60 percent of global-traded volumes. Almost all of its imports are genetically-modified varieties from Brazil, the United States and Argentina.

But a big price gap between imports and domestic non-GMO soybeans have triggered the illegal use of GMO soy by food companies to help cut costs, said the think tank.

The food industry illegally used about 2 million-3 million tonnes of imported soy last year, it estimated.

China's soy imports in 2014/15 (October-September) are likely to hit a record of more than 74 million tonnes, up from 70.36 million tonnes in the previous year, according to an earlier CNGOIC forecast.

The crackdown has supported domestic soy prices, with the most-traded futures contract up more than 2 percent this week and closing at 4,325 yuan (\$696) per tonne on Friday.

For imported soy, average prices stood at \$432 per tonne for June imports.
(\$1 = 6.2 yuan)

[Cargill Posts Heavy Losses Despite Strong Ag Sector](#)

US agricultural giant, Cargill has reported a net loss of \$51 million in the fiscal 2015 fourth quarter ended May 31, 2015, compared with earnings of \$376 million in the same period a year ago.

For the full fiscal year, Cargill earned \$1.58 billion, a 13% decrease from \$1.82 billion in the prior year.

Strong animal nutrition sector

The animal nutrition and protein sector of the company posted increased profits for the full fiscal year, with strong performances in global animal nutrition, Central American poultry, and US pork, turkey and egg further processing.

"While several Cargill businesses generated very strong earnings in fiscal 2015, we lagged results from the prior year and did not meet our own expectations," said David MacLennan, Cargill's president and chief executive officer. "The economic environment remains sluggish in many emerging markets where we have invested significantly over the past several years. Even so, we aim for growth and profitability through these cycles. We are moving forward with good progress on changes begun last year to optimize the business portfolio, reduce costs and increase operational effectiveness."

Lower feed input costs

"The animal nutrition segment executed extremely well, drawing on its global reach, diverse products and services, and lower feed input costs. Softer results in some animal protein businesses held fourth-quarter earnings below the year-ago level. The biggest factor was the North American market, where high cattle costs decreased beef's competitiveness relative to other meats. In the fiscal 2016 first quarter, Cargill agreed to sell its US-based pork business to JBS USA Pork for \$1.45 billion, pending regulatory review and approval."

In addressing the fourth quarter, MacLennan noted that all four of the company's business segments were profitable. The loss in the three-month period resulted from charges taken at the corporate level, including an asset impairment related to the company's enterprise resource planning (ERP) system and an additional charge related to Venezuela's currency.

"History of rising to challenges"

MacLennan noted Cargill has experienced tremendous growth and success during its 150 years. "Our company has a history of rising to challenges. We are focused on improving profitability and restoring growth, while fulfilling our commitment to helping customers thrive and feeding the world sustainably."

Use of Soyoil in Tire Production

One of the trends in the tire industry is the growing use of environmentally friendly raw materials. Goodyear has been experimenting with soybean oil in the manufacture of tires. Studies conducted by the company have found that by using soybean oil in tires their tread life increased by 10%. This can help the company save up to 26 million liters of petroleum based oils each year. The use of soybean oil offers numerous other benefits as well. Rubber compounds made with soybean oil blend more easily with the silica that is used in tire manufacturing, thus making the manufacturing process simpler. The use of soybean oil has also been found to improve tire efficiency and reduce energy consumption and greenhouse emissions.

Brazil: More Soy in 2015-16

08/04

By Alastair Stewart, DTN South America Correspondent

SAO PAULO, Brazil (DTN) -- Brazil will plant more soybean acres in 2015-16, analysts here say.

With the recent devaluation of the Brazilian real turning projected margins positive, farmers will switch acres from corn.

Celeres, a local farm consultancy, was the latest to forecast rising area, on Monday predicting a 2.3% increase to 79.5 million acres. Two weeks ago, Safras e Mercado, another local forecaster, predicted area would grow 3.8%.

A depressed price outlook and rising costs had led many to forecast in the first half of 2015 that area would decline -- for the first time in nine years -- or stay steady. But an 11% devaluation of the Brazilian real against the dollar since mid-June, which took the overall devaluation since the start of the year to 21%, means farmers can expect to make a small profit from soybeans in 2015-16 and forecasters are now nearly unanimous in the opinion that area will grow.

Mato Grosso farmers can expect to make R\$122 per hectare (\$14.31 per acre) in 2015-16, down from R\$535 per hectare (\$62.78 per acre) last year but still much better than expected, according to the Mato Grosso Agricultural Economy Institute.

With summer corn showing worse margins in the south and southeast, farmers will simply plant soybeans.

As a result, output will rise and could reach 100 million metric tons, if yields are good -- estimates range from 97 mmt to 100 mmt.

Limited access to credit was seen capping area growth as the Brazilian economy plumbs the depths of recession. But credit appears not to be as sparse as first feared; farmers are well capitalized. The government is making an effort to maintain official credit levels and barter and swap deals have become more common. Farmer crop input purchases have been strong over the last couple of weeks.