WEEKLY NEWS ARTICLE UPDATE

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Export Sales Highlights

This summary is based on reports from exporters for the period July 1-7, 2016.

Soybeans: Net sales of 364,200 MT for 2015/2016 were down 43 percent from the previous week and 49 percent from the prior 4-week average. Increases were reported for China (279,600 MT, including 131,000 MT switched from unknown destinations), the Netherlands (86,100 MT, including 78,500 MT switched from unknown destinations), Malaysia (22,300 MT, including 24,000 MT switched from unknown destinations and decreases of 2,900 MT), Venezuela (12,000 MT), and Mexico (11,200 MT). Reductions were reported for unknown destinations (46,500 MT), Peru (18,800 MT), Japan (12,600 MT), and Indonesia (2,600 MT). For 2016/2017, net sales of 547,000 MT were reported primarily for China (300,000 MT), unknown destinations (169,000 MT), Japan (30,200 MT), Taiwan (21,000 MT), and Thailand (13,000 MT). Exports of 398,700 MT were up noticeably from the previous week and 69 percent from the prior 4-week average. The primary destinations were China (145,500 MT), the Netherlands (86,100 MT), Mexico (38,300 MT), Malaysia (30,800 MT), Tunisia (29,200 MT), and Peru (11,700 MT).

Optional Origin Sales: For 2015/2016, the current optional origin outstanding sales balance is 423,000 MT, all China. For 2016/2017, the current outstanding balance is 63,000 MT, all China.

Exports for Own Account: The current exports for own account outstanding balance totals 500 MT, all Canada.

Soybean Cake and Meal: Net sales of 136,100 MT for 2015/2016 were up 76 percent from the previous week and 24 percent from the prior 4-week average. Increases were reported for Mexico (46,100 MT), Venezuela (45,000 MT), Colombia (16,000 MT, including 9,000 MT switched from unknown destinations and decreases of 200 MT), United Arab Emirates (8,900 MT, including 9,000 MT switched from unknown destinations and decreases of 100 MT), Jamaica (8,200 MT), and Honduras (7,600 MT, including 6,400 MT switched from unknown destinations and decreases of 100 MT). Reductions were reported for unknown destinations (16,000 MT), Nicaragua (7,900 MT), and Peru (1,200 MT). For 2016/2017, net sales of 51,000 MT were reported primarily for Honduras (22,000 MT), Jamaica (16,000 MT), and Nicaragua (7,800 MT). Exports of 156,400 MT were down 25 percent from the previous week, but up 2 percent from the prior 4-week average. The primary destinations were the Philippines (45,900 MT), Mexico (40,100 MT), Peru (20,800 MT), Canada (13,800 MT), and Panama (7,200 MT).

Optional Origin Sales: For 2015/2016, the current optional origin outstanding sales balance is 66,000 MT, all unknown destinations.

Soybean Oil: Net sales of 48,700 MT for 2015/2016 were up noticeably from the previous week and 80 percent from the prior 4-week average. Increases were reported for China (35,000 MT), Iran (25,000 MT, switched from unknown destinations), Algeria (15,000 MT, switched from Venezuela), Mexico (8,700 MT), and Jamaica (3,000 MT). For 2016/2017, net sales of 6,000 MT were reported for Mexico (4,000 MT) and the Dominican Republic (2,000 MT). Exports of 32,800 MT were up 21 percent from the previous week and up noticeably from the prior 4-week average. The primary destinations were Iran (25,000 MT), Senegal (4,000 MT), Mexico (3,200 MT), and Canada (500 MT)

U.S. Soybean Crush Below Forecasts - NOPA
By Mark Weinraub
CHICAGO, July 15 (Reuters) - U.S. soybean processors crushed 1.8 percent more soybeans during June than they did a year earlier but the pace fell slightly below market expectations, the National Oilseed Processors Association said on Friday.

NOPA said that its members crushed 145.050 million bushels of soybeans in June, down from 152.280 million during May. In June 2015, the NOPA crush was 142.473 million bushels.

Analysts had been expecting a June crush of 145.418 million bushels. Crush forecasts ranged from 140.800 million to 149.000 million bushels, with a median of 145.828 million bushels.

NOPA said that soymeal exports fell to 594,710 tons in June from 682,500 tons in May. In June 2015, soymeal exports were 596,573 tons.

Soyoil stocks as of June 30 stood at 1.985 billion lbs. Analysts had forecast soyoil stocks of 1.990 billion lbs. Stocks were 1.574 billion lbs a year ago and 1.994 billion at the end of May.

NOPA is the largest U.S. trade group for oilseed processors. It releases crush data on the 15th of each month or the next business day.

GRAINS-Weather View Pushes Soybeans Higher, Export Hopes Boost Corn

CHICAGO, July 13 (Reuters) - U.S. soybean, corn and wheat futures rallied on Wednesday as bargain buyers stepped into the beaten-down grains market amid hints of fresh bullish news for all three commodities.

Concerns about hot and dry weather cutting into U.S. soybean production fuelled buying in oilseed while expectations of strong exports of U.S. corn helped pull it higher.

"Soybeans are the main drivers of the grain market as traders continue to put in a premium with the expectation that the weather will turn hot and dry in late July and early August as soybeans begin to set pods," CHS Hedging said in a note to clients.

A weak dollar helped spark interest in wheat futures, which hit their lowest in 10 years earlier this month.

At 10:37 a.m. CDT (1537 GMT), Chicago Board of Trade November soybean futures were up 26-1/2 cents at $11.13-1/2 a bushel.

Weather forecasts called for rising temperatures and decreasing rainfall in the U.S. Midwest during early August, a critical time for soybean development.

Soybean futures have gained 5.5 percent during the last two days, which would be their biggest two-day jump since early June.

"We are seeing a continuation of Tuesday's weather market today, with worry among investors that hot weather currently forecast could damage U.S. soybean crops," said Frank Rijkers, agrifood economist at ABN AMRO Bank. "A decent U.S. soybean harvest is needed by the world market to meet rising global demand for U.S. soybeans, especially from China, after soybean crop damage in Argentina earlier this year."

CBOT December corn futures were up 12-1/2 cents at $3.72-3/4 a bushel. The most-active contract hit its highest since June 30.

U.S. corn supplies will tighten more than expected in the coming months due to rising exports, the USDA said in its monthly supply and demand report on Tuesday.

CBOT September soft red winter wheat was up 5 cents at $4.43-1/2 a bushel.

Wheat's gains lagged corn and soybeans due to plentiful global supplies and expectations that a big U.S. harvest will add to the glut. The USDA raised its 2016/17 U.S. harvest estimate to a bigger-than-expected 2.261 billion bushels from 2.077 billion, due to a good winter wheat crop. Russia is widely expected to harvest a record wheat crop this year, and favorable weather has been improving prospects in Ukraine.

China June Soy Imports at 7.56 million Tonnes, Below Estimates - Customs

By Dominique Patton

BEIJING, July 13 (Reuters) - China's soybean imports fell 1.3 percent from a month ago to 7.56 million tonnes in June, and were down 6.6 percent on the same month a year ago, as stricter checks at ports slowed unloading of cargoes, customs data showed on Wednesday.

Lower purchases by China, which buys 60 percent of the soybeans traded worldwide, could drag further on global oilseed prices which plunged 7 percent last week. It was the biggest weekly fall in two years as near-perfect weather boosted prospects of a bumper crop at key supplier the United States.

China's soy imports have been strong so far this year as consumers built up stocks amid expectations of tight global supplies and firm local demand as the country rebuilds its hog herd after two years of decline. Beans are crushed into meal, a key animal feed ingredient, and cooking oil.

Overall, imports in the first six months are still up almost 10 percent on last year at 38.56 million tonnes. But China has stepped up inspections of soybean cargoes since the end of last year, said Monica Tu, an analyst with Shanghai JC Intelligence Co. Ltd.

China has expressed concerns that imported genetically modified (GMO) crops may enter its food chain.

"The market was expecting between 7.8 and 8 million tonnes. Some of the cargoes will be delayed to July," she said.

Imports in July are expected to remain high before declining during the third quarter, she added, pointing to higher prices that have crimped margins for crushers.

"Currently crushers' profit isn't really that good," she said, with losses of around 100 yuan ($14.96) per tonne of American soybeans based on current prices.

Official think-tank China National Grain & Oils Information Center (CNGOIC) expects China's July imports to rise to 8.5 million tonnes, before declining in August and dropping sharply to just 2.5 million tonnes in September.

CNGOIC has also cut its import forecast to 79 million tonnes for the year to September, versus a previous estimate of 83 million tonnes.

"As recent crushing margin on imported soybeans is quite bad, September imports will be in shortfall," it said.

Customs data also showed China imported 310,000 tonnes of edible vegetable oils in June, up 10.7 percent on the prior month but down 55 percent on last year's same month. China imports mainly palm oil, soyoil and rapeseed oil.

COLUMN-Are U.S. Crop Conditions as Good as Ratings Suggest? - Braun
By Karen Braun
CHICAGO, July 12 (Reuters) - If anything is ruining the presumed narrative of troubled U.S. corn and soybean crops, it is the crop condition scores.

On Monday, the U.S. Department of Agriculture's (USDA) statistics agency upped the ratings on the world's largest corn and soybean crops by one percentage point apiece in its weekly crop progress report.

The new figures place 76 percent of U.S. corn and 71 percent of soybeans in good to excellent condition.

Soybeans conditions are among the top four best of the past 30 years and corn conditions are the best since 1999. Both crops are doing better at this point than each respective record-yielding year, 2014 for corn and 2015 for soybeans.

Such promising condition scores have caused some traders and analysts to push their final yield estimates up over USDA's trendline yields of 168 and 46.7 bushels per acre on corn and soybeans, respectively.

But recent weather has not been entirely favorable, and simply following these ratings could lead to trouble since actual conditions may not be as good as meet the eye.

NOT-SO-STELLAR WEATHER

The problem with crop conditions is that they mask the fact that the weather this season thus far has certainly been different than the previous two.

June is an important month for the development of corn and soybeans as it sets up both crops for their pollination periods later on in the summer.

Collectively across the U.S. growing region, this year was one of the drier and warmer Junes in recent memory. This is in stark contrast to the past two years, particularly with rainfall. (http://reut.rs/29Bl8pR)

Between now and the end of August, nighttime is critical for corn because the warmer the overnight low temperatures become, the greater the potential for kernel density to shrink. Although there so far have been a few cool July days, the second half of the month looks to be downright hot and much warmer than the previous two banner crops. (http://reut.rs/29BnepV)

But not all problems may be visible right now. Going back to when the corn crop was planted in April and May, soils were generally wet. Some states had near record wet soil moisture at this time, including parts of Iowa and Nebraska, which are two leading corn producers. (http://reut.rs/29BoitY)

The problem with soils being wet at planting and then warm during development in June is that the corn's roots may not have gotten as thick or gone as deep as they normally should. What this could mean is that while the plants look good now, they may struggle to draw in sufficient moisture and nutrients later on when the corn is undergoing grain fill.

This is less of a problem with soybeans since they are not as fussy as corn is with the weather. Since soybeans will not start setting and filling pods until August, it is a bit difficult to assess soybean

weather in the same way as corn right now, but a hot July could diminish moisture which is soybeans' number one desire.

The latest drought monitor suggests that moisture at this same point in the year is not as sufficient as it was last year at the same time. If this trend continues or gets worse, soybeans could have some issues down the road. (http://tmsnrt.rs/29tQNhb)

IMAGERY A MIXED BAG

Vegetation density implied by satellite imagery should be one of the best ways to corroborate the high crop condition scores, but the imagery has identified some obvious problem areas.

The eastern corn belt, particularly Ohio and Michigan, are struggling the most. Vegetation is much less green than it should be at this time of year, but these two states together only account for 7 percent and 10 percent of the corn and soybean crop, respectively. (http://reut.rs/29BiDEe)

The vegetation in bigger producers Illinois and Indiana is not as lush as 2015 although it is very close to normal, which props up crop conditions as a whole across the eastern belt. Similarly, the western belt is supported by heavy hitters Iowa and Minnesota, where vegetation density is equal to or better than last year. (http://reut.rs/29BiGjl)

But the Plains states, including Nebraska and South Dakota, have been battling some weather issues lately and vegetation density falls short of average as a result. The weather only looks to become more challenging for these states as next week will bring in temperatures that could break the century mark for several days in a row.

The VIIRS Vegetation Health Index is an imagery product offered by the U.S. National Atmospheric and Oceanic Administration and it compares vegetation health by the week. Taking a look at a map of conditions from the first week in July, the prime corn and soybean growing states appear to be in worse health now as compared to one year ago. (http://reut.rs/29tLSwr)

Both views of satellite imagery together with this summer's weather trends indicate that U.S. corn and soybean condition ratings might be artificially high at the moment, and that precautions should be taken when using them, particularly after the heat moves in next week.

Imports Hitting U.S. Biodiesel

Chicago Tribune, July 10, 2016

Makers of renewable fuels derived from the vast soybean fields across the U.S. Midwest can't seem to catch a break. At a time when crops are cheap and domestic demand for biodiesel has never been better, the industry is shrinking.

Imports from places such as Argentina, Singapore and South Korea ballooned to a record 538 million gallons last year from just 7 million in 2009, while the United States has idled half of its 3 billion gallons of production capacity, industry data show.

Foreign suppliers are accelerating shipments this year and next, capitalizing on new incentives and an expanded federal mandate for usage, as well as tougher emission rules in California.

Most vehicles in the U.S. run on gasoline mixed with ethanol derived from Midwest corn fields, but about 23 percent of the fuel supply is oil-based diesel used in tractor-trailers, buses and farm equipment. It's typically mixed with a cleaner-burning additive made from soybeans, palm oil or grease from deep-fat fryers. The problem for the homegrown industry is that biodiesel from overseas is either cheaper or in some cases burns more cleanly.

"We're being squeezed out by these foreign imports," said Wayne Presby, a managing principal at White Mountain Biodiesel, which runs a plant in North Haverhill, N.H., capable of producing 3 million gallons a year from waste cooking oil. It's operating at 71 percent of capacity. "It's really sort of a strange situation," he said. "The whole point of the Renewable Fuel Standard was to improve national security by not relying on foreign fuel sources."

Under that law, U.S. refiners have been required to use escalating amounts of additives intended to help ease dependence on foreign oil and to reduce greenhouse gas emissions. Unlike in gasoline, where American supplies of ethanol dominate, biodiesel supplies are increasingly coming from overseas.

Imports last year accounted for 31 percent of the 1.73 billion gallons of mandated biodiesel use, government data show. The Energy Information Administration says shipments into the U.S. will expand by about 41 percent in 2016, as the mandate increases to 1.9 billion gallons. Next year, imports will jump 15 percent further to an all-time high of 721 million gallons.

On top of the expanded federal targets for biofuels are even tougher regulations in California, which is encouraging increased demand of additives for gasoline and diesel in a state that is home to about 1 million trucks and 26 million cars.

The Low Carbon Fuel Standard seeks to reduce emissions from transportation fuel in California by 10 percent by 2020, compared with 2009 levels. But under the law's measure of carbon intensity -- a calculation of the environmental impact of a fuel from how it is produced to when it is burned in engines -- domestic producers are losing out.

Biodiesel derived from Midwest soybeans burns dirtier than fuel shipped from South Korea or Singapore, where refiners use palm oil as a feedstock, according to California Air Resource Board data. Asian suppliers also employ a process that removes more oxygen, yielding a cleaner version of the fuel known as renewable diesel.

California has the highest prices, so it is the most attractive market. Government data show every drop of the 25.3 million gallons of renewable diesel the U.S. imported in January and February arrived on the West Coast. In that region, biodiesel derived from soybean oil costs $3.71 a gallon, according to data compiled by Bloomberg. At ports in the Gulf of Mexico, the benchmark for the rest of the country, the fuel fetches $3.07, with supplies from Argentina as much as 30 cents cheaper than that, according to Heather Zhang, a biofuels analyst at Prima Markets.

Argentina, the biggest foreign supplier at 34 percent of imports, has a cost advantage, Zhang said. The country is the world's third-largest soybean grower, and it has a major industry devoted to making soybean oil and biodiesel at mills near major export terminals. It also has low export taxes, she said.

To the frustration of Midwest producers, the imported renewable diesel from Asia is eligible for the same $1 tax credit that domestic supplies get.

"It puts the domestic producer at a disadvantage," said Joe Gershen, president of Encore BioRenewables, an industry consultant to Santa Monica, Calif.

The incentives for domestic producers have encouraged foreign suppliers. In 2014, imports plunged 35 percent from a record a year earlier when the $1 tax credit temporarily lapsed and there was uncertainty about the fuel-use targets, the EIA said.

Shipments rebounded to an all-time high in 2015 after the tax benefit was reinstated and a new target set.

While some U.S. suppliers are losing out, the rules aim to encourage refiners to innovate and come up with better ways to reduce emissions, said John Courtis, one of the architects of the California standard.

Still, U.S. producers are concerned that the government is squandering a domestic resource by growing more dependent on foreign supplies of alternative fuels, said Ben Evans, a spokesman for the National Biodiesel Board, based in Jefferson City, Mo.

Liberals and the Science of GMOs
July 6, 2016
Washington Monthly |
If conservatives are wrong to be skeptics of climate science, why won't liberals accept the science around the safety of GMOs**?**

Most of us learn in grade school that religious authorities in the 17th century condemned Galileo as a heretic for arguing, based on astronomical observations, that the earth revolves around the sun. One of the morals of the story is that those who oppose science end up looking foolish in history books. But that lesson has somehow failed to take hold in our modern politics. On scientific issue after scientific issue, it is not objective reality but people's passions and biases that tend to color the debate.

Take the oddly contradictory issues of climate change and genetically modified organisms (GMOs). There is near-universal consensus among the world's scientists that man-made pollutants are trapping heat in the atmosphere and wreaking havoc on the environment. Yet when pollsters ask voters whether they believe temperatures are climbing because of human activities, most Democrats say yes and most Republicans say no.

Democrats may wag their fingers contemptuously at this, but the pot would be calling the kettle black, because many of them are just as stubbornly skeptical on the issue of genetically improved foods, even though the scientific consensus about their virtues is no less universal. That consensus was further cemented last month by an all-star committee of the National Academies of Sciences, Engineering, and Medicine, which issued a 400-page report concluding that genetically modified (GM) crops are safe to eat and do not harm the environment. Either way, such denials of scientific consensus read like newly discovered scenes from a 17th century play. Why is this still happening?

We face a host of economic and social challenges for which faster scientific and technological progress would be the surest and best solution. Blocking the way are "techno-populists," some of whom reject any role for government while others demonize corporations.

The journal *Nature of Climate Change* recently published a meta-analysis of literature on climate change beliefs, and it confirmed that political affiliations, worldviews and values are the most significant predictors of a person's beliefs on the issue. The analysis covered nearly 200 polls conducted in 57 countries and found that, among other things, those who support more liberal parties and lean toward communitarianism over individualism are more likely to believe in climate change. So if you're an ideological conservative who believes fiercely in self-reliance and free enterprise, then you might also tend to deny climate change because the solutions to it, especially those pushed by environmental groups, involve more government regulation and less personal freedom. But if you favor group action toward shared goals — and are more inclined to trust in government — then you probably believe climate change is real.

Researchers have long been aware that similar dynamics are at work when it comes to GM foods. For example, writing a decade ago in the journal *Risk Analysis*, a pair of social scientists from Rutgers University noted that few Americans knew anything about the science involved. "Barely aware that the technology even exists, the public is forced to substitute trust for knowledge," they observed. So they wondered, who does the public trust? They probed attitudes toward key players in the GMO debate, and they found that the general public lacked trust in many of the organizations with the greatest responsibility for ensuring the safety of GM food, including the federal government, industry and grocers. "Without trust in these organizations," the researchers concluded, "people may misperceive the risks and uncertainties and be swayed by exaggerated claims of those opposing the technology."

It was a prescient analysis. Since then, a growing phalanx of left-wing consumer and environmental advocacy groups has marched into the breach sounding dire alarms about GM foods. "The genetic engineering of plants and animals is looming as one of the greatest and most intractable environmental challenges of the 21st century," warns a breathless Center for Food Safety, which advocates for organic farming. A panicky Greenpeace concurs, invoking the specter of "genetic pollution." Meanwhile, a chorus of progressive media outlets, consumer brands and NGOs approvingly echo the sentiment. Coursing through all of this is a deep yearning for an idealized way of living — green, local, guilt-free — and a reflexive contempt for multinational corporations that sully the dream by operating at an industrial scale. So while the right's skepticism toward climate change may trace to the well-documented erosion of trust in science among churchgoing conservatives plus a general animosity toward government, the organized left's antipathy for GMOs is the product of its own, equally out-of-touch brand of liberal provincialism, marked in some cases by an overriding animosity toward big business.

This pattern of selective belief in science is illuminating, but also disheartening, because it persists at a time when we face a host of economic and social challenges for which faster scientific and technological progress would be the surest and best solution. We need government policies that will spur clean-energy breakthroughs to address climate change, and we need more corporate research and development to advance GM crops that will help feed the world and lift farmers in developing economies. Yet, at every turn, these and other innovations face staunch opposition from a loose amalgamation of techno-populist skeptics, some of whom reject any role for government while others demonize corporations.

It is time to either convert these skeptics or push them out of the way with a concerted policy agenda that embraces the roles of both government and business in supporting scientific and technological innovation. More than 100 Nobel laureates last week blasted Greenpeace in a sharply worded letter urging the group to drop its opposition to GMOs and get onboard with the findings of authoritative scientific bodies and regulatory agencies. Hear, hear! It and other partisans need to stop acting like citizens of the 17th century. If we don't put aside political passions and open up our minds to objective reality, then history will surely judge us to be fools.

Randolph Court is chief operating officer of the Information Technology and Innovation Foundation, a leading science and technology policy think tank.