WEEKLY NEWS ARTICLE UPDATE

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Export Sales Highlights

This summary is based on reports from exporters for the period July 8-14, 2016.

Soybeans: Net sales of 325,000 MT for 2015/2016 were down 11 percent from the previous week and 46 percent from the prior 4-week average. Increases were reported for China (194,500 MT, including 66,000 MT switched from unknown destinations), Indonesia (67,900 MT, including 46,000 MT switched from unknown destinations and decreases of 14,900 MT), Thailand (33,200 MT), the Netherlands (22,500 MT, including 22,000 MT switched from unknown destinations), Peru (16,000 MT), and Morocco (14,000 MT, switched from unknown destinations). Reductions were reported for Mexico (22,900 MT), Japan (18,400 MT), and unknown destinations (9,900 MT). For 2016/2017, net sales of 1,001,600 MT were reported primarily for unknown destinations (716,000 MT), China (178,000 MT), Mexico (56,800 MT), Japan (24,000 MT), and Taiwan (19,200 MT). Exports of 393,800 MT were down 1 percent from the previous week, but up 30 percent from the prior 4-week average. The primary destinations were Vietnam (73,100 MT), Indonesia (71,600 MT), China (71,300 MT), Mexico (63,700 MT), Japan (40,800 MT), and the Netherlands (22,500 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 150,400 MT for 2015/2016 were up 11 percent from the previous week and 22 percent from the prior 4-week average. Increases were reported for Peru (35,000 MT), Ecuador (30,000 MT), the Philippines (25,400 MT), Israel (15,000 MT), Mexico (10,100 MT), Venezuela (10,000 MT), and Guatemala (9,300 MT, including 6,900 MT switched from unknown destinations). Reductions were reported for unknown destinations (16,400 MT) and Trinidad (300 MT). For 2016/2017, net sales of 60,200 MT were reported for Peru (30,000 MT), unknown destinations (24,400 MT), Mexico (5,000 MT), and Nicaragua (800 MT). Exports of 186,800 MT were up 20 percent from the previous week and 10 percent from the prior 4-week average. The primary destinations were Colombia (30,100 MT), Ecuador (30,000 MT), the Philippines (27,000 MT), the United Arab Emirates (22,600 MT), Mexico (22,200 MT), Canada (13,900 MT), and the Dominican Republic (13,200 MT).

Optional Origin Sales: For 2015/2016, options were exercised to export 30,000 MT from the United States to Ecuador, switched from unknown destinations. The current optional origin outstanding sales balance is 36,000 MT, all unknown destinations.

Soybean Oil: Net sales of 17,100 MT for 2015/2016 were down 65 percent from the previous week and 52 percent from the prior 4-week average. Increases were reported for Guatemala (9,000 MT), China (5,000 MT, switched from unknown destinations), Colombia (4,000 MT), Mexico (3,600 MT), and Canada (300 MT), were partially offset by reductions for unknown destinations (5,000 MT). For 2016/2017, net sales of 3,000 MT were reported for Mexico. Exports of 29,200 MT were down 11 percent from the previous week, but up 54 percent from the prior 4-week average. The primary destinations were Guatemala (9,800 MT), the Dominican Republic (9,200 MT), Mexico (4,600 MT), and Jamaica (4,500 MT).

South and East Asia Predicted to Expand Agricultural Output by 20% in 10 Years

20-Jul-2016

Despite growing challenges in availability of water, land, and labor resources, the South and East Asia region, the world's largest producer of agricultural products, is expected to increase its agricultural output by nearly 20% over the next decade.

The livestock sector will contribute about 40% to this development, while the crop sector will contribute 33% and fisheries 27%, according to a joint report by the Organization for Economic Cooperation and Development (OECD) and the United Nations' Food and Agriculture Organization (FAO).

The OECD-FAO Agricultural Outlook 2016-2025, published this month, said the region's agricultural production will accelerate even as the region "faces increasing constraints with respect to area and water availability as well as shortages of labour."

It said the output increase will be largely due to improvements in efficiency and intensified production rather than to an expansion in land area.

In 2013-2015, the region produced about 40% of world cereals and meat, and almost 60% of vegetable oils, mostly palm, added the report.

"Due to its dominant position and strong yield improvements, 89% of the global production increase in rice will originate in South and East Asian countries, predominately in India, Indonesia and Bangladesh," it said.

Production of maize, the second most important crop in the South and East Asia region, will expand mostly due to China.

India, currently the world's third largest wheat producer, will lead the development of this crop in the region. All the additional output in wheat is expected to come from yield improvements, as "neither in India nor any other country of the region do farmers have sufficient incentives to expand their area planted to wheat," said the outlook.

Production of soybeans in South and East Asia will increase by about 30% from its small base, largely occurring in China, India, and Indonesia. In addition to being the leading importer, China is also one of the largest producers of other oilseeds, mainly rapeseed and groundnuts, but output is not projected to expand significantly. Besides producing protein meal and vegetable oils from oilseeds, South and East Asian countries also lead world production of palm oil.

As a result of the recent slowdown in Chinese cotton production, India has become the world's largest producer. Through further area expansion and the application of new technologies India is expected to produce about 30% of the world cotton output by 2025.

Even though palm oil will be less used as a feedstock in European biodiesel, production is expected to expand faster than oilseed-based oils mostly to meet domestic mandates.

Domestic demand for meat, dairy, and fish will continue to grow and meeting consumers' needs will remain a challenge for the livestock sector in the region. Meat production will expand by 1.8 million tonnes annually by 2025, a 17% increase over the base period, said the paper.

Pork and poultry will account for the bulk of the expansion. China continues to be the region's most important livestock producer, especially pork.

South and East Asian countries are also projected to continue dominating overall aquaculture production, with China, India, Indonesia, and Vietnam to account for the majority of growth over the next decade.

For the dairy sector, rapid urbanization and income growth-induced demand in South and East Asia will underpin its development. Milk yield is set to increase by 20% to 2025.

Due to a 47% expansion, India will become the world's largest milk producer by 2020.

Production of fluid milk in the region strongly outpaces the dairy processing sector since an increasing share of the milk is produced for fresh consumption.

China's Soybean Imports Seen Dropping for First Time in 15 Years

China's soybean imports may fall for the first time in 15 years next season as the government sells from stockpiles and domestic production climbs, according to Oil World.

Inbound shipments by the biggest importer may drop as much as 4 percent to 80 million metric tons in the 12 months starting August, the Hamburg-based researcher said in a report. The government will reportedly sell about 4.3 million tons from stockpiles accumulated in the past few years, Oil World said.

Chinese inventories are still "very high" and crushers and importers have preferred using stockpiled beans in recent weeks, the researcher said. Prices have jumped this year, with U.S. futures climbing 22 percent and soybean meal, a byproduct used in animal feed, rallying 38 percent. Chinese farmers will probably boost output by more than a quarter next season, the researcher said.

"Plantings recovered noticeably by 15-20 percent, according to estimates of Chinese traders and crushers," Oil World said. "Forward buying for arrival in October to December 2016 has been subdued. This is likely to be reflected in year-on-year reductions in combined U.S. and South American soybean exports to China in coming weeks."

State Sales

The government offered to sell about 300,000 tons of soybeans from stockpiles on July 15 and most of that may be used to crush into oil and meal products, Oil World said. The country's imports will drop "sizeably" from a year earlier in July, August and probably also September, it said.

Soybean futures have climbed partly as floods in Argentina cut output and U.S. exporters will have to offset some of those supply losses throughout the rest of this year, the researcher said. Next month will be the most sensitive growing period for U.S. crops and forecasts are indicating potential plant stress from hot and dry conditions toward the end of July, it said.

"It remains to be seen to what extent Chinese importers and crushers will allow stocks of imported soybeans to decline and at what time they will start to increase purchases in view of the existing supply uncertainties in South America and U.S.," Oil World said.

China Sells 332,039 MT of Soybeans at State Reserves Auction - Trade Center

July 22 (Reuters) - China's National Grain Trade Center says:

- China sells 332,039 tonnes of soybeans at auction of state reserves on Friday
- Soybeans sold at average price of 3,262 yuan ($489.11) per tonne ($13.31/bushel)
- 57.3 pct of soybeans made available at auction was sold on Friday

EU Approves Monsanto, Bayer Genetically Modified Soybeans

BRUSSELS, July 22 (Reuters) - The European Commission on Friday approved imports of two types of Monsanto's genetically modified soybeans and one sold by Germany's Bayer CropScience for use as a food or animal feed.

The Commission gave a green light to the products after EU member states failed to reach an agreement on whether to licence them.

U.S. seed company Monsanto's genetically modified products and weed-killer are politically sensitive in Europe, where consumer and green groups have campaigned against them over potential health and environmental risks.

The Commission's approval will allow these GMO soybeans to be used in food or animal feed, but not for growing crops.

"Any products produced from these GMOs will be subject to the EU's strict labelling and traceability rules," the EU executive said in a statement.

The EU already imports tens of million tonnes of GMO crops and products every year for use in animal feed.

The authorisations for Monsanto's soybean MON 87708 x MON 89788 and soybean MON 87705 x MON 89788 as well as soybean FG 72 of Bayer's Crop Science division will be valid for 10 years.

Bayer is seeking to take over Monsanto, although the U.S. company turned down a $64 billion offer earlier this week.

The United States is the biggest producer of GMO crops and has long been at the forefront of technology aimed at protecting crops against insects and preventing them from developing resistance to herbicides.

Change in Law to Start Avalanche of Investment in Brazil Land

By Gustavo Bonato and Lisandra Paraguassu

SAO PAULO, July 21 (Reuters) - The imminent lifting of Brazil's limits on foreign land ownership is expected to unleash investments, principally by large funds in search of long-term returns, and reignite a slice of the stagnant real estate market.

The government of President Luiz Inacio Lula da Silva shocked investors in 2010 when he put the breaks on foreigners' purchase of large pieces of agricultural land. It cited concerns over plans by Chinese investors to buy state-sized tracts of land the government said would threaten national sovereignty.

With the impeachment of Lula's hand-picked successor, suspended President Dilma Rousseff, Brazil is under interim President Michel Temer, who hopes that new foreign investment into farm land will breathe life into a moribund economy.

"We know, there have been consultations with our company, that many investors are waiting with their fingers on the trigger," said Jose Vicente Ferraz, director of analysts Informa Economics FNP. "A few months after the rules change, these investments should start to gel."

A high-level source in the government said on Thursday it plans to ease farm land ownership restrictions in a package of measures in the coming months. Some criteria will be included in the measures to mitigate undue speculation in farm land, the source said.

Since 2010, foreign investors have had to form partnerships with Brazilian companies and accept minority stakes if they wanted to invest in land.

"Some funds, investors and families don't want to be tied up in partnership with a Brazilian firm. So, they are waiting for a loosening of legislation," Ferraz said.

He said new investors from all over the world want to buy undeveloped acreage and turn it into productive farm land to sell, which promises superior gains compared with simple appreciation in the value of a piece of land.

Brazil leads the world in sugar, coffee, orange juice, beef and poultry exports. It is also a major player in soybeans and corn. It will need to expand planted area if it wants to keep up with demand for food from the world's growing population.

Facing the uncertainties that come with negative interest rates in important economies trapped in slow growth, asset and wealth management funds are eager to find safer bets, Chief Executive of land management firm BrasilAgro Julio Piza said.

"You have pension funds for example that are worried about guaranteeing future value and are seeking long-term investments like land," he said.

Segments that will benefit from the re-opening of foreign investment into land are timber and pulp and paper. They require large volumes of capital for long-term investments, which dried up here after 2010.

"It's an industry of great scale. You need a free and open market. We have multinational firms with repressed demand and national companies with distorted market valuations," said Elizabeth Carvalhaes, executive president of the Brazilian Timber Industry Association.

The depreciation of Brazil's real against the dollar over the past year and the tight credit environment will also grease the wheels of land sales for foreign investors, analysts said.

The region most likely to be the focus of investment in the future is the so-called Matopiba, which stands for the fast growing grain belt in the northeastern states of Maranhao, Tocantins, Piaui and Bahia.

Fabio Silveira, associate director at MacroSector consultants, said new railroad projects such as the Norte-Sul extension and the new grains terminal Sao Luis, Maranhao would help foment investment in the region.

"This region is the most important for investment in Brazil today and a good part of this investment could be from abroad," he said.

People Want GMO Food Labeled — Which is Pretty Much All They Know About GMOs

By Chelsea Harvey

Washington Post |

After years of fierce debate involving scientists, food manufacturers, farmers and environmental groups, Congress has passed a bill that would make it mandatory to inform consumers about the GMOs — or genetically modified organisms — in their food. The bill would require food companies to disclose whether their products contain genetically modified ingredients, whether in the form of

a label or a scannable QR code on the packaging. Reports suggest that President Obama is expected to sign it.

The bill has been quick to stir the continued controversy about the safety of genetically engineered crops and a consumer's right to avoid them. But if the politics surrounding GMOs are complicated, the attitudes of everyday Americans toward them may be even more so. The new bill comes right on the heels of a recent survey, conducted by researchers from the University of Pennsylvania's Annenberg Public Policy Center and the University of Wisconsin at Madison's Department of Life Sciences Communication, suggesting that most Americans support mandatory labeling laws — but they also don't know much about the science behind GMOs to begin with.

The idea of mandatory GMO labeling has been pushed by organic farmers and certain environmental groups in the United States for years. Many of these organizations have argued that the safety of GMOs is uncertain, and that genetically modified foods could pose a risk to the environment and to the health of consumers.

Those on the other side of the fence, including food companies and farming organizations, have pointed out that most scientists agree there is no concrete evidence to suggest that GMOs pose a risk. In fact, the National Academy of Sciences recently released a report summarizing years of research on genetically engineered crops.

The report concluded that there was "no substantiated evidence of a difference in risks to human health between currently commercialized genetically engineered (GE) crops and conventionally bred crops, nor did it find conclusive cause-and-effect evidence of environmental problems from the GE crops." However, it also pointed out that this doesn't necessarily mean all future GE plants will be safe and recommended that all newly introduced crops undergo safety testing.

But the new survey suggests that most Americans don't have a solid understanding of the science behind GMOs at all. Conducted as part of the Annenberg Science Knowledge survey project, the survey included more than 1,000 participants throughout the country. Surveys were conducted by telephone and included six questions on GMO labeling and the safety of genetically modified crops.

Altogether, 88 percent of participants said they thought products containing GMOs should be labeled, and 91 percent said they thought people had a right to know if they were buying or eating products containing GMOs. This is in keeping with multiple surveys conducted by other organizations that have indicated wide support for GMO labeling.

However, in the new survey, 58 percent of respondents also said they had only a fair or poor understanding of GMOs, compared with 40 percent of respondents who thought they had a good or excellent understanding.

Additionally, 48 percent of respondents either disagreed or strongly disagreed with the idea that scientists have not found any risks to human health from eating genetically modified foods, as opposed to just 22 percent who agreed or strongly agreed (and 29 percent who neither agreed nor disagreed or just didn't know). These results not only suggest a large proportion of Americans hold factually incorrect beliefs about GMOs but were also somewhat at odds with responses to the next question, in which 39 percent of respondents agreed or strongly agreed that GMOs are safe to eat, while only 27 percent disagreed or strongly disagreed.

The differences between these two responses, in particular, may help reveal some complexities in the way the American public feels about GMOs, said Dominique Brossard, chair of the Department of Life Sciences Communication at the University of Wisconsin at Madison, who was involved in the survey's design and analysis. (Brossard was also a committee member involved with the recent National Academy of Sciences report on genetically engineered crops.) These results suggest that some people think scientists disagree about the safety of GMOs — but are still willing to eat them, anyway.

It's still incorrect to assume that there's no scientific consensus on the issue, when the National Academy of Sciences report suggests otherwise (and scientists had broadly agreed on the safety of GMOs for years before that report's release). And this is a problem, according to Brossard.

"I am actually concerned about the fact that only 1 in 5 people know that scientists have not found evidence of adverse side effects [of genetically engineered crops]," she said, adding that these results may speak to the overall confusion Americans feel about the topic — an issue that has probably been exacerbated by the widespread and highly publicized debate among various organizations in the country.

"There are a lot of groups that have been very vocal one way or the other, and I think we have confused the American public on this issue," she said.

But she added that fears about the safety of GMOs are not necessarily the only driving force behind support for mandatory labeling. Some consumers may be more suspicious about what they perceive as "corporate agendas" and support labeling in the interest of transparency — or they may simply feel that consumers have a right to know what's in their food, regardless of the consensus on its safety.

In any case, the new labeling bill is hardly expected to dispel the controversy surrounding GMOs. Reports already suggest that groups on both sides of the fence have expressed dissatisfaction with its terms — some say that it flies in the face of accepted scientific views, while others say it isn't strict enough.

But in the midst of all the debate and confusion, there may now be an opportunity for better discussion on the science behind genetic engineering.

"Media coverage has focused a lot on that question of consensus and health risk," Brossard said. "It will be interesting to see how this develops as the labeling issue develops and comes into play."

Egypt Rejects Soybean Shipments over White Mold

CAIRO, July 18 (Reuters) - Egypt has rejected four soybean shipments totaling more than 90,000 tonnes for containing white mold, the head of the agriculture quarantine authority told Reuters on Monday, the latest cargoes to be turned away from the country's ports.

The shipments, two of which originate from Ukraine and two from Argentina, arrived in May and June.

"White mold causes economic loss because it may damage the country's crops," said head of agriculture quarantine Ibrahim Imbaby, adding that the extent of damage it can cause in Egypt remains unclear without further studies.

The white mold rejections follow a flurry of soybean shipments turned away earlier this year for ambrosia.

Egypt crushes soybeans for use in vegetable oils and feed. Such a large-scale rejection could lead to shortages in the Egyptian market, Imbaby said.

A U.S. Department of Agriculture report last month found that Egypt faced $860 million in extra costs and lost export opportunities this year because of "unorthodox agricultural measures," including a zero-tolerance policy on ergot fungus in wheat.