WEEKLY NEWS ARTICLE UPDATE

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October 17, 2016

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Export Sales Highlights
This summary is based on reports from exporters for the period September 30-October 6, 2016.

Soybeans: Net sales of 1,417,100 MT for 2016/2017 were reported for China (795,800 MT, including 570,500 MT switched from unknown destinations and decreases of 24,000 MT), unknown destinations (319,000 MT), Japan (77,200 MT, including 17,700 MT switched from unknown destinations and decreases of 200 MT), South Korea (60,400 MT, including 60,000 MT switched from unknown destinations and decreases of 500 MT), and Costa Rica (55,500 MT). For 2017/2018, net sales of 700 MT reported for Japan. Exports of 1,558,900 MT were reported to China (1,226,700 MT), Mexico (89,300 MT), South Korea (62,400 MT), Bangladesh (58,300 MT), and Japan (39,300 MT).

Soybean Cake and Meal: Net sales of 119,700 MT for the 2016/2017 marketing year (which began October 1) were primarily for Mexico (44,200 MT), unknown destinations (26,300 MT), the Philippines (25,900 MT), and Jamaica (13,400 MT). Reductions were reported for the Dominican Republic (15,900 MT) and South Korea (500 MT). Exports for October 1-6 of 77,700 MT were reported for Mexico (29,700 MT), the Dominican Republic (16,000 MT), and Peru (11,000 MT). Net sales of 1,100 MT for September 30 resulted as increases for Japan (2,800 MT, including 3,000 MT switched from unknown destinations and decreases of 300 MT), Mexico (400 MT), and Panama (200 MT), were partially offset by decreases for unknown destinations (3,000 MT). A total of 510,400 MT in sales were outstanding on September 30 (the end of the 2015/2016 marketing year) and carried over to the 2016/2017 marketing year. Exports of 31,900 MT were reported for September 30. The primary destinations were Panama (9,900 MT), Mexico (9,500 MT), Bangladesh (3,800 MT), and Japan (2,900 MT). Accumulated exports for the 2015/2016 marketing year were 10,243,400 MT, down 9 percent from the 11,265,700 MT reported in 2014/2015.

Soybean Oil: Net sales of 16,800 MT for the 2016/2017 marketing year (which began October 1) resulted as increases for Venezuela (10,000 MT) and Colombia (5,500 MT), were partially offset by decreases for Mexico (100 MT). Exports for October 1-6 of 13,700 MT were reported for Venezuela (10,000 MT), Mexico (3,000 MT), and Canada (700 MT). Net sales of 100 MT for September 30 were reported for Canada (100 MT). A total of 138,600 MT in sales were outstanding on September 30 (the end of the 2015/2016 marketing year) and carried over to the 2016/2017 marketing year. Accumulated exports for the 2015/2016 marketing year were 1,061,300 MT, up 25 percent from the 848,600 MT reported in 2014/2015.

China Buyers Sign Deals for 5.1 MMT U.S. Soybeans

By Karl Plume

Oct 14 (Reuters) - A delegation of soybean importers from China signed agreements to buy 5.1 million tonnes of U.S. soybeans valued at $2.1 billion at a ceremony in Des Moines, Iowa, on Friday, the U.S. Soybean Export Council said during a Facebook Live presentation.

The purchase agreements were signed by seven of the top 10 Chinese soybean buyers, including state-owned COFCO and Sinograin and privately-held Sunshine group. Sellers included large grain traders such as Archer Daniels Midland, Bunge and Cargill.

Shipment details for the deals were not disclosed.

Some of Friday's purchase agreements between U.S. exporters and buyers from China, the world's top soybean importer, are expected to be "frame contracts," with terms to be finalized at a later date.

Still, some of the deals may be reported to the U.S. Department of Agriculture's daily sales reporting system, which requires exporters to disclose deals totaling more than 100,000 tonnes in a single day. Past signings have triggered large daily sales announcement in the following days.

A similar event in Indianapolis in August led to nearly 4 million tonnes in purchases valued at $1.8 billion, according to the trade group. Last year's Des Moines signing ceremony, when deals for 13.18 million tonnes of soybeans valued at $5.3 billion were announced, led to USDA confirmation of 1.26 million tonnes in sales over the next two days.

The USDA expects China to import 86 million tonnes of soybeans in the 2016/17 season, including 30 million tonnes from the United States, the world's largest producer and second largest exporter of the oilseed.

Chinese, U.S. Enterprises Sign Agricultural Transaction Contracts

CHICAGO, Oct. 15 (Xinhua) -- More than a dozen Chinese and the U.S. enterprises on Friday signed agricultural transaction contracts worth 2.1 billion U.S. dollars, under which Chinese enterprises will import 5.1 million tons of farm products from the U.S. companies.

Nearly 100 officials and enterprise representatives from China and the United States attended the signing ceremony held in Des Moines, Iowa.

As Iowa is a leading soybean-producing state in the United States and China is the world's biggest buyer of the product, it makes a lot of sense for American and Chinese companies to work together, Iowa Governor Terry Branstad told Xinhua.

"Right now we have a surplus of soybeans and corn, and so we need to be able to market that product," said Branstad. "China is a very big country, with a large population and is in need of soybeans. We think it is a win-win situation. It's good for Iowa farmers and it is good for Chinese consumers."

"We want to continue to increase the trade opportunities between Iowa and China," Branstad added.

Liu Jun, deputy Chinese consul-general in Chicago, said the U.S. Midwest is a major farming area of soybeans, corn, and meat. "Iowa has unique advantages in Sino-U.S. agricultural cooperation."

Chinese official statistics show that China accounts for 60 percent of the world's soybean transactions. China consumed 95 million tons of soybeans in the 2015-2016 seasonal year, and is expected to consume 98 million tons in the following seasonal year, of which the demand for import will be 83 million tons, up 1.2 percent from the 2015-2016 seasonal year.

NOPA September Soybean Crush Seen at 127.694 Million Bushels
By Mark Weinraub

CHICAGO, Oct 14 (Reuters) - Crush levels at U.S. soybean processors likely eased during September as plant operators waited for the peak of harvest in key production states such as Iowa, Illinois and Indiana, analysts said.

The National Oilseed Processors Association (NOPA), the largest U.S. trade group for the industry, is expected to report that its members crushed 127.694 million bushels of soybeans in September, based on the average of estimates given by six analysts.

If realized, that would be the busiest September for processors in nine years. The NOPA crush totaled 137.564 million bushels in September 2007.

Crush forecasts ranged from 123.000 million to 131.450 million bushels, with a median of 128.450 million bushels.

A month ago, NOPA processors crushed 131.822 million bushels of soybeans. In September 2015, the crush was 126.704 million bushels.

The NOPA report is scheduled for release on Monday at 11 a.m. CDT (1600 GMT).

Analysts also forecast that members' soyoil stocks as of Sept. 30 would be 1.500 billion lbs, down from 1.620 billion lbs at the end of August. The median was 1.504 billion lbs, with estimates ranging from 1.400 billion lbs to 1.590 billion lbs.

NOPA reported soyoil stocks of 1.355 billion lbs at the end of September 2015.

NOPA releases crush data on the 15th of each month or the next business day.

Commission Admits Policing Biofuels According to Public Opinion - EURACT

15-Oct-2016

The European Commission's proposal for a gradual phase-out of conventional biofuels was based on public opinion, an EU official admitted.

Last July, the EU executive published a European Strategy for Low-Emission Mobility proposing that food-based biofuels be gradually phased out and replaced with "more advanced biofuels" [See background].

The proposal triggered strong reactions in the ethanol industry, which blamed the Commission for being "prejudiced".

Listening to society Speaking at a conference last Wednesday (12 October) in the European Parliament, Marie Donnelly, Director of Renewables, Research, and Energy Efficiency in the Commission's DG Energy, explained the reasons behind the decision to phase out the first generation biofuels.

Donnelly noted that policy makers and politicians should take account of the view of society.

"We cannot just be led by economic models and scientific theories [...] we have to be very sensitive to the reality of citizens' concerns, sometimes even if these concerns are emotive rather than factual based or scientific," she stressed, adding that the first concern regarding conventional biofuels is a purely emotive reaction to "food versus fuel".

"There are many people in Europe who feel that if we take food and put in our tanks and cars, we are taking food from people who are starving elsewhere in the world," she emphasised.

She underlined that the EU executive had done studies that showed the impact of its policy options.

"But don't confuse me with facts, I believe what I believe, but we have not succeeded in changing that position in the minds of many people in Europe. This is the reality." Indirect land use The Commission official also spoke about the much-discussed Globium study , which was commissioned by the executive to draw a line under the controversy surrounding the so-called Indirect Land Use Change of biofuels or ILUC.

The executive was criticised for the delayed publication of this report, which found that ethanol had a low ILUC.

EurActiv.com asked Donnelly why the report was made public only after the end of the consultation process.

"First of all, we do many studies in the Commission and we make them available when we have reviewed them and we are sure that we at least can make them public", she replied, adding that in this case, the Commission made it clear that it was not its own study.

"We did pay it but we were not bound by its result."

Referring to ILUC, she stressed that it was not a science as it cannot be measured and that if two different scientists measure it, they would come up with different results.

"When it comes to assessing direct emissions, it's the scientific criteria of sustainability, we can feel them, we can touch them, and measure them", she noted, underlining that it is not the case for ILUC.

"You cannot realistically establish a policy that depends on an unstable calculation like that and we cannot base our regulation on that, as problems will arise."

"We want to have stable scientific sustainability criteria: we would like to have very clear political and policy choices with regard to the normative challenges of greenhouse savings, whatever the figures are, and when it comes to emissions coming from other parts of the world we want everybody to follow COP21 to adopt and implement and report," she said. Emotive reactions Asked by EurActiv why the Commission did not differentiate ethanol from other biofuels like biodiesel, considering that it has a lower climate impact, she said: "Because both of them are coming from food".

"I'm sorry but it's as simple as that […] the first emotive reaction was that you take food off the table of a poor starving child in Africa and you put it into the tank to burn it. That's why it's almost impossible to differentiate biodiesel from bioethanol because they are both coming from food products."

U.S. Biodiesel Executives Plead Guilty to Over $60 Million Fraud Scheme
NEW YORK, Oct 12 (Reuters) - Two men pleaded guilty in a U.S. court on Wednesday to conspiracy, fraud and making false statements related to the U.S. government's controversial policy designed to boost use of renewable fuels, according to court documents.

The case comes in the last four weeks of a contentious U.S. presidential election campaign as the petroleum industry presses for reform or repeal of a program that has drawn criticism from Big Oil and environmentalists alike. The U.S. government is due to finalize next year's biofuel mandates by end-November.

Fred Witmer, 46, and Gary Jury, 58, co-owners of Indiana biodiesel plant Triton Energy LLC, pleaded guilty in an Indiana court on Wednesday to defrauding the U.S. government's renewable fuel support program and a tax credit program, the U.S. Department of Justice said on Wednesday.

Witmer and Jury together owe more than $64 million for wire fraud and conspiracy in a scheme to fraudulently produce biofuels credits used to comply with the U.S. Renewable Fuel Standard (RFS) from 2012 to 2015, according to court documents filed in Indiana last month.

The charges filed by the U.S. Justice Department said Witmer knowingly sold processed corn oil for uses that do not qualify under the program, then still collected biofuels credits on the fuel. He and Jury also conspired to obtain a tax credit they were not entitled to, the filings said.

Counsel for Witmer declined to comment while Jury's lawyer did not respond to a request for comment. Witmer will serve 57 months in prison and Jury will serve 30 months as part of their plea agreements, the Justice Department said in a statement.

The RFS policy was designed to boost use of renewable fuels including gasoline and diesel in the country's petroleum fuel supply, in a bid to cut down on greenhouse gas emissions and promote energy independence.

Biofuels producers create renewable fuels credits known as Renewable Identification Numbers (RINs) with each gallon of biofuel they produce. Gasoline importers and oil refiners need these credits to meet the country's biofuels mandates. They can either blend fuels to get the credits or buy them in an opaque market.

Witmer owes $56 million for some 41.1 million fraudulent RINs sold until at least March 2015. He also could face a prison sentence of just under five years, the court filings show.

Witmer and Jury jointly owe an $8 million penalty to the U.S. Treasury Department as part of the plea agreement.

This is the latest in a recent string of cases and settlements handled by the Justice Department. It may bolster the case of critics who have said the RIN market is susceptible to fraud.

Oil refiners have renewed calls for reform of the program in recent months as prices of the credits have soared. Biodiesel credits are now trading at more than $1 apiece, making the mandates costly for some to meet.

Credits already have cost refiners billions of dollars and 2016 looks set to be the most expensive year on record.

Philadelphia Energy Solutions Inc said last month that it plans to slash benefits and reduce staff, citing the high cost of buying RINs as one of the principal reasons it needed to make the cuts.

Biofuels advocates say instances of crime are rare and that the program has helped boost use of renewable fuels and created jobs in rural America.

Ineffective regulation may prove to be an "Achilles' heel" for the RIN market even though fraud has not been rampant, said Scott Irwin, an economist with the University of Illinois.

"These cases are important because they go to the heart of the integrity of the RINs market," he said.

U.S. Corn Exports Race Out of the Gate, but May Limp to Finish

By Karl Plume

CHICAGO, Oct 14 (Reuters) - U.S. corn export sales this season are off to the strongest start in nearly a decade as low prices and limited export competition have expanded U.S. market share after years of ceding sales to suppliers like Brazil and Ukraine.

A broader-than-normal slate of buyers have turned to the United States for corn as rival exporters have run low on supplies, according to government data.

Holding new markets captured from rivals will be key to whittling down the highest U.S. corn stocks in nearly 30 years following a record-large harvest, traders and analysts said.

"We were pretty much the only game in town for a while but we're already seeing Black Sea corn undercutting us by $6 or $7 a tonne in Asia," said a U.S. corn exporter.

Export sales for shipments in the season beginning Sept. 1 rose to 21.48 million tonnes last week, up about 85 percent from last year and 46 percent above the previous five-year average, U.S. Department of Agriculture data showed.

This year, a total of 23 countries have already booked at least 100,000 tonnes for shipment this season, more than double last year, the USDA data showed.

A summer production shortfall in Brazil and prices near decade lows created a "perfect storm" that fueled demand for U.S. supplies ahead of autumn harvest, said Terry Reilly, analyst with Futures International.

This week, USDA raised its full-season U.S. exports forecast to a nine-year high of 56.5 million tonnes, in a monthly report "based on strong early season sales and shipments."

But that may be difficult to reach as corn will compete with massive global supplies of often cheaper feed wheat, and with newly-harvested South American corn in early 2017.

Brazil's harvest is expected to jump 25 percent from 2016. Argentine growers, emboldened by President Mauricio Macri's farm policy reforms that reduced export taxes, are forecast to grow their largest crop ever. Corn exports from the two countries are projected to rise more than 40 percent from the prior season.

"We're going to be very active through January or February but after that I think it will slow down quite a bit," Roy Huckabay, analyst with The Linn Group, said of U.S. exports.

"You're probably looking at the highest (USDA) export number you're going to see all year and it will probably come down in later reports."