

WEEKLY NEWS ARTICLE UPDATE



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October 10, 2016

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Export Sales Highlights

This summary is based on reports from exporters for the period September 23-29, 2016.

Soybeans: Net sales of 2,179,600 MT for 2016/2017 were reported for China (1,487,000 MT, including 244,600 MT switched from unknown destinations and decreases of 14,500 MT), unknown destinations (318,400 MT), Indonesia (94,400 MT, including 66,000 MT switched from unknown destinations and decreases of 5,100 MT), Japan (72,700 MT, including 27,100 MT switched from unknown destinations and decreases of 600 MT), and Saudi Arabia (65,000 MT). Reductions were reported for Morocco (20,000 MT), Thailand (7,500 MT), South Korea (500 MT), and Peru (500 MT). Exports of 1,026,900 MT were reported to China (779,600 MT), Indonesia (78,300 MT), Japan (57,500 MT), Mexico (41,000 MT), and Costa Rica (15,700 MT).

Optional Origin Sales: For 2016/2017, the current outstanding balance totals 240,000 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 19,700 MT for 2015/2016 were down 9 percent from the previous week and 48 percent from the prior 4-week average. Increases were reported for El Salvador (9,000 MT, including 6,500 MT switched from unknown destinations and 300 MT switched from Nicaragua), Canada (7,700 MT), the Dominican Republic (6,500 MT), Colombia (6,000 MT, including 5,000 MT switched from unknown destinations), and Ghana (5,000 MT). Reductions were reported for unknown destinations (19,400 MT), Algeria (3,000 MT), and the Philippines (2,300 MT). For 2016/2017, net sales of 230,700 MT reported primarily for Mexico (80,100 MT), Canada (38,000 MT), unknown destinations (37,400 MT), and the Philippines (26,500 MT), were partially offset by reductions for Ghana (5,000 MT). Exports of 177,800 MT were up 1 percent from the previous week and 4 percent from the prior 4-week average. The primary destinations were the Philippines (90,700 MT), Mexico (22,900 MT), Colombia (15,200 MT), Canada (11,700 MT), and El Salvador (11,600 MT).

Soybean Oil: Net sales of 7,800 MT for 2015/2016 were up noticeably from the previous week and 82 percent from the prior 4-week average. Increases were reported for the Dominican Republic (7,500 MT) and Canada (400 MT). Reductions were reported for Mexico (200 MT). For 2016/2017, net sales reductions of 3,700 MT resulted as increases for Guatemala (3,000 MT), Mexico (2,300 MT), and the Dominican Republic (900 MT), were more than offset by reductions for unknown destinations (10,000 MT). Exports of 20,700 MT were down 54 percent from the previous week and 14 percent from the prior 4-week average. The primary destinations were the Dominican Republic (17,300 MT), Mexico (2,900 MT), and Canada (400 MT).

[Zeeland Farm Services Invests \\$130M in New Expansion in Central Michigan](#)

Written by [John Wiegand](#)

ZEELAND — Zeeland Farm Services Inc. plans to invest \$130 million into a new soybean processing facility in Ithaca, 45 miles north of Lansing.

The new facility, which will do business under ZFS Ithaca LLC, will be located on a 435-acre site along M-127 and will include soybean processing for livestock and soybean oil, grain receiving, storage, feed loading and other capabilities.

“This new plant represents a long-term investment in Michigan agriculture,” said Cliff Meeuwssen, president of Zeeland Farm Services during a press conference this morning. “It’s a facility that will serve the community for 40 to 50 years and beyond. We’re not just building it for today, we’re building it for farm use for many years going forward.”

The expansion will increase Zeeland Farm Services soybean processing capability to 50 million bushels annually when the new facility is operating at full production. ZFS currently processes approximately 10 million bushels of soybeans at its Zeeland location.

The company plans to add approximately 75 jobs to its 425-person workforce as a result of the expansion.

Zeeland Farm Services originally purchased the site in 2014. It had been slated to be an ethanol processing plant before the project was abandoned by Liberty Renewable Fuels in 2008, according to reports.

Despite reports from farmers concerned about falling commodity prices, Zeeland Farm Services maintains that the investment will service Michigan farmers and food processors into the future.

“I wouldn’t say that the current state of commodity prices in the different sectors of agriculture was really a factor that could sway us either way,” said Brian Terborg, CFO of Zeeland Farm Services. “We are really looking at this as a long-term perspective and we believe in the future of Michigan agribusiness in general, and in particular, growing soybeans and feeding soybean meal to livestock — we think (that) has a very bright future.”

The new processing facility could actually help bolster prices for soybeans in the state, said Jim Byrum, president of the Michigan Agri-Business Association.

“This is a game-changer for soybean prices all across the state,” Byrum said. “The basis spread between the Chicago Board and what’s paid at Country Elevators will shrink dramatically with this plant in place. That means that farmers will get more per bushel of soybeans — that’s a huge win.”

[Brazil 2016/17 Soy Crop Seen Growing to 101.9-104 MMT - Conab](#)

SAO PAULO, Oct 6 (Reuters) - Brazil is likely to produce between 101.9 million and 104 million tonnes of soybeans in the 2016/2017 season, recovering from a drought-hit previous crop of 95.4 million tonnes, the Conab official agency said on Thursday in its first estimate of the new harvest.

Conab forecast that Brazil's 2016/17 corn crop will reach between 82.3 million and 83.8 million tonnes, compared to only 66.7 million tonnes last year.

COLUMN-4th Quarter Gives Shot in Arm to U.S. 2015-16 Corn, Soy Exports -Braun

(Karen Braun is a Reuters market analyst. Views expressed are her own. Repeats for wider distribution.)
By Karen Braun

CHICAGO, Oct 6 (Reuters) - The recently concluded 2015-16 U.S. export campaign could have been somewhat disappointing for soybeans and relatively disastrous for corn. But activity in the fourth quarter propped up the at-times shaky marketing year.

The U.S. Census Bureau on Wednesday released official trade figures for August, the final month in the 2015-16 marketing year for corn and soybeans.

The data revealed that although exports for both crops outperformed initial expectations set last year, they fell short of the U.S. Department of Agriculture's September target for full-year exports - soybeans by 4 million bushels and corn by 20 million bushels.

This past marketing year, the largest-ever volume of soybeans departed the United States, some 1.936 billion bushels or 52.7 million tonnes. Corn outperformed last year but ended up with the 19th-largest volume of the past 50 years at 1.895 billion bushels or 48.1 million tonnes.

Both corn and soybeans owe such large totals to considerable success in the fourth quarter, which were both the best fourth quarters on record for either crop. Earlier in the season, disappointing export numbers - especially for corn - had many in the industry concerned that exports could fall well below expectations.

Q4 EXTRAVAGANZA

Although China is the primary buyer of U.S. soybeans, its purchasing activity at the tail end of the U.S. marketing year is typically low because supply is abundant in Brazil while farmers are still awaiting the harvest stateside.

But this year, both a disappointing Brazilian harvest and discounted U.S. prices steered some Chinese business away from the South American country and into the United States. Between June and August, China imported 4 percent fewer Brazilian soybeans than last year, but imports from the United States increased seven-fold during this period.

This August, the final month of the 2015-16 marketing year, China was the No. 1 destination for U.S. soybeans, a stark contrast to a year earlier when it came in twentieth on the list of buyers. The Chinese activity catapulted U.S. soybean exports to 152 million bushels this past August, which is precisely double the volume of the previous record for the month set in 2012.

If China had maintained the same fourth-quarter import pace of the previous three years, annual soybean shipments would have tallied 49.7 million tonnes, behind the 50.1 million tonnes of 2015.

Corn was also rescued by sharp activity in the fourth quarter stimulated by relatively low prices. The alarmingly sluggish start to the marketing year turned around late in the game with Japan making its biggest Q4 haul from the United States since 2007 and Mexico its largest ever. Together, the two countries accounted for 43 percent of U.S. soybean shipments in August, and South Korea rounded out third place with 10 percent.

Monsanto Lifts Argentine Corn Area Hopes, as it Unveils Surprise Profit

Monsanto raised its forecast for the surge in Argentine corn sowings in 2016-17 as it reported a surprise quarterly profit and forecast rising earnings ahead - backed by hopes for sales in South America.

The US-based group, which has agreed a \$66bn takeover by Germany's Bayer, flagged the "potential for a greater than 25%" growth in corn sowings in Argentina, the-third ranked producer of the grain.

The forecast represents on an upgrade from a forecast in June, when Brett Begemann, the group's chief operating officer, said that "with an expected lift in commodity prices and reduction in export taxes, we believe that corn acres in the country could increase greater than 20%".

Argentina's government last year ditched export taxes on corn, as well as wheat, allowing more value from shipments to flow back to growers, and increasing the grains' appeal to farmers.

The lure of planting cereals has only increased since Argentina's government earlier this week scrapped plans to cutting its export tax on soybeans, the main rival to corn in sowings plans, by 5 points to 25%.

Indeed, Michael Cordonnier, the respected analyst, on Wednesday flagged the potential for corn sowings to increase by an extra 200,000 hectares, above 3.5m hectares, at the expense of soybeans.

Separately on Wednesday, the Buenos Aires grains exchange forecast a 20% rise to a record 36m tonnes in Argentina's commercial corn output in 2016-17, thanks to higher sowings.

'Continued momentum'

With Monsanto unveiling plans for price rises "across South America", the group said it was placed for "continued momentum" in the region in its 2107 financial year, which started last month.

And the group stuck, in soybeans, by its expectation for South American sowings of 45m-55m hectares with its Intacta genetically modified seed brand, despite the swing by Argentine growers away from the oilseed.

Gross profits in the core seed division will grow in the mid-single digits in the newly-started financial year, driven by the popularity of the Intacta and Roundup Ready 2 soybean seed brands, and market share gains in corn, Monsanto said.

The group forecast underlying earnings per share for the 2017 year coming in at \$4.50-4.90 a share, a little below the \$4.91 a share that Wall Street has forecast, although the company has a history of opening with a conservative forecast.

Ahead of forecasts

The profits forecast compares with earnings of \$4.48 a share reported for the year to the end of August 2016, a little above market expectations, boosted by an unexpectedly strong finish to the period.

The group reported a 71% slide to \$191m in its headline loss for the June-to-August quarter, on sales up 8.8% at \$2.56bn.

Excluding one-off factors, Monsanto achieved earnings of \$0.07 a share, compared with a market forecast of a \$0.03-a-share loss.

Gross profit in the seeds division jumped 44% to \$869m, led by near-doubling in corn and soybean results.

Monsanto shares stood 1.2% higher at \$102.87 in late deals in New York, remaining well below Bayer's \$128-a-share offer price, a discount which reflects doubts that the takeover, which is seen as likely to attract close regulatory scrutiny, will ultimately succeed.

[India's Soybean Output to Rise 57% to 10.88 MMT - Industry Body](#)

MUMBAI, Oct 7 (Reuters) - India's soybean production is likely to rise 57.2 percent in 2016 from a year ago to 10.88 million tonnes as yields have risen in all key-producing states due to ample rainfall, an industry body said in a statement on Friday.

Higher soybean production will help the world's biggest edible oil importer in keeping a lid on overseas edible oil purchases and raising soymeal exports.

Soybean yields this year are estimated at 992 kg per hectare **[14.75 bushels/acre]**, up from last year's 626 kg, Soybean Processors Association of India said.

[Argentina Wins WTO Appeal Ruling Against EU Biodiesel Duties](#)

GENEVA, Oct 6 (Reuters) - The World Trade Organization upheld Argentina's complaint against European Union duties on biodiesel in an appeal ruling issued on Thursday.

Argentina, a major exporter of biodiesel, had called the EU measures protectionist and said they cost the country almost \$1.6 billion in lost sales annually.

The EU argued that Argentina was "dumping" or selling biodiesel at below the cost of production and harming EU producers, but lost an initial WTO ruling in March.

The decision came after an EU court delivered a series of rulings on Sept. 16 to annul anti-dumping duties imposed on exporters of biodiesel from Indonesia and Argentina.

"We expect that after this resounding ruling from the WTO and the forceful ruling from the European Union court a few weeks ago, we can finally open up this market," said Luis Zubizarreta, president of the Argentine chamber of biofuels, known as Carbio.

[INTL FCStone Raises U.S. 2016 Soy Yield Estimate, Trims Corn Yield](#)

CHICAGO, Oct 3 (Reuters) - Commodity brokerage INTL FCStone said on Monday it raised its estimate of the average U.S. 2016 soybean yield to a record 52.5 bushels per acre (bpa), from 50.1 in its previous monthly report.

The firm raised its soybean production estimate to 4.357 billion bushels from 4.163 billion last month.

INTL FCStone trimmed its forecast of the U.S. 2016 corn yield to 175.2 bpa, from its September figure of 175.6. The firm forecast U.S. corn production at 15.163 billion bushels, down from 15.195 billion last month.

[Argentina Delays Soy Export Tax Cut to 2018 Amid Budget Shortfall](#)

BUENOS AIRES, Oct 3 (Reuters) - Argentina will not reduce soy export taxes this year or in 2017 as previously announced and will instead reduce the tax by 0.5 percentage points per month from January 2018 to December 2019, President Mauricio Macri said on Monday.

Shortly after taking office in December, Macri eliminated corn and wheat export taxes as part of his plan to revitalize the country's massive farm sector. He cut the export tax on soy, the country's main cash crop, from 35 percent to 30 percent, and the government had planned further cuts beginning this year.

In September, cabinet chief Marcos Pena told Reuters the government was considering postponing the reduction planned for the end of this year, as recession in Latin America's third largest economy ate into fiscal revenue and the government anticipated difficulties meeting planned budget cuts.

Macri's center-right government has pledged to rein in public spending after the previous government's generous social programs contributed to a ballooning deficit. Last month, the government announced a 2017 budget with a fiscal deficit worth 4.2 percent of GDP, higher than the 3.3 percent previously planned.

Coninagro, one of Argentina's largest agricultural trade groups, said that while it generally opposes export taxes, "it is necessary to accept the government's proposal" to postpone the tax cuts in light of the country's difficult economic situation.

The new soy tax plan will include a 5 percentage point rebate to producers in the country's northern provinces - which does not include the country's main soy belt - to account for their higher transportation costs, Macri said earlier on Monday.

The government decided to reduce the tax gradually month-by month rather to prevent "speculation" amid concern farmers would hold off on planting and harvesting until the tax was reduced, Agriculture Minister Ricardo Buryaile said on Monday.

"Surely there would have been a significant holding-back of the crop" if the government announced a larger annual tax cut, Buryaile said.

Argentina is the world's third-largest producer and exporter of soybeans after the United States and Brazil, according to the U.S. Department of Agriculture. It is expected to produce 57 million tonnes of soybeans and export 10.7 million tonnes in the 2016/17 crop year, which began this month.

The country is also the world's top exporter of soybeans.