WEEKLY NEWS ARTICLE UPDATE

Prepared by John C. Baize and Associates | 7319 Brad Street | Falls Church, VA 22042
TEL: 703-698-5908 | FAX: 703-698-7109 | E-mail: jbaize@attglobal.net

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Export Sales Highlights

This summary is based on reports from exporters for the period November 11-17, 2016.
Soybeans: Net sales of 1,898,600 MT for 2016/2017 were up 35 percent from the previous week and 11 percent from the prior 4-week average. Increases were reported for China (2,179,600 MT, including 867,000 MT switched from unknown destinations and decreases of 46,900 MT), Thailand (152,400 MT, including 131,000 MT switched from unknown destinations), Indonesia (90,800 MT, including 68,000 MT switched from unknown destinations and decreases of 400 MT), Germany (77,000 MT, including 70,000 MT switched from unknown destinations), and Spain (71,100 MT, including 65,000 MT switched from unknown destinations). Reductions were reported for unknown destinations (926,000 MT), Israel (17,400 MT), and Colombia (7,400 MT). Exports of 2,808,200 MT were down 7 percent from the previous week and 2 percent from the prior 4-week average. The primary destinations were China (2,062,600 MT), Thailand (155,400 MT), Indonesia (98,800 MT), Mexico (83,600 MT), and Germany (77,000 MT).

Optional Origin Sales: For 2016/2017, options were exercised to export 55,000 MT to China from the United States. The current optional origin sales outstanding balance of 180,000 MT is for China.

Exports for Own Account: New exports for own account totaling 30,100 MT were reported to Canada. Decreases totaling 65,700 MT were reported for Canada. The current outstanding balance of 7,400 MT is for Canada.

Export Adjustments: Accumulated exports of soybeans to Israel were adjusted down 12,694 MT for week ending November 10th. The correct destination for this shipment is Argentina and is included in this week's report.

Soybean Cake and Meal: Net sales of 224,500 MT for 2016/2017 were down 49 percent from the previous week and 13 percent from the prior 4-week average. Increases were reported for Saudi Arabia (60,000 MT), Vietnam (48,900 MT, including 45,000 MT switched from unknown destinations), Mexico (35,200 MT), Venezuela (30,000 MT), and Cuba (25,000 MT). Reductions were for unknown destinations (61,800 MT). For 2017/2018, net sales reductions of 300 MT were reported for Canada. Exports of 237,200 MT were up 46 percent from the previous week and 27 percent from the prior 4-week average. The primary destinations were Mexico (66,700 MT), the Philippines (49,500 MT), Vietnam (48,900 MT), Colombia (13,100 MT), and Canada (11,300 MT).

Soybean Oil: Net sales of 26,100 MT for 2016/2017 were up 82 percent from the previous week and 37 percent from the prior 4-week average. Increases were reported for the Dominican Republic (11,500 MT, including decreases of 7,000 MT), Jamaica (4,000 MT), Libya (3,000 MT), Mexico (2,300 MT, including decreases of 1,300 MT), and Nicaragua (1,900 MT). Exports of 62,900 MT were up noticeably from the previous week and from the prior 4-week average. The primary destinations were China (40,000 MT), the Dominican Republic (10,300 MT), Colombia (6,900 MT), Mexico (4,700 MT), and Canada (1,000 MT).

U.S. Ups 2017 Biofuels Requirements in Victory for Big Corn

NEW YORK, Nov 23 (Reuters) - The U.S. government on Wednesday announced finalized targets for biofuel use for next year, requiring that energy companies blend 19.28 billion gallons of renewables into the nation's fuel supply.

The Environmental Protection Agency (EPA) in a statement set the target for conventional biofuel, or ethanol, at 15 billion gallons and the advanced biofuel target at 4.28 billion gallons for 2017.

The agency set the mandate for biomass-based diesel at 2.1 billion gallons for 2018. [Up from 2 billion gallons in 2017]

That compares with the total 18.8 billion gallons the Environmental Protection Agency proposed in May and would be up 6 percent from this year's 18.11 billion gallons.

The EPA is required to set targets by the Renewable Fuel Standard, with annual mandates for how much ethanol and biodiesel need to be blended with gasoline and diesel. The program, signed into law by President George W. Bush, was designed to curb greenhouse gas emissions, promote energy independence and boost rural economies.

The increase to 15 billion gallons for the conventional biofuels target marked a victory for the U.S. ethanol industry, after years of battling regulators to increase the mandates to levels laid out by Congress in 2007. President Barack Obama's administration pulled back on the targets in recent years due to what it saw as marketplace challenges.

Even Mega-Farms Are Mostly Family Owned

By Maggie Koerth-Baker

Farms are getting bigger and the smallest farms aren't real farms — that's what I told you last week in a story about how the official definition of "farm" in the national Agricultural Census obscures the consolidation that the farming industry has experienced over the last 30 years. But there's another important part to this story: Consolidation isn't the same thing as the loss of family farms. Ninety-seven percent of US farms are family-owned, according the most recent Agricultural Census. Because family businesses are frequently incorporated for tax purposes, it can be a little complex to determine what is and isn't a "family farm." The Agricultural Census considers a farm family-owned if it is either unincorporated or, if incorporated, has fewer than 10 shareholders. Other sources use slightly different definitions, but they come up with similar numbers.

Even big farms are usually family owned. Of farms with gross annual sales of $1,000,000 or more, 94 percent are family farms. Of farms with 10,000 acres or more, 86 percent are family businesses. Nor is this a situation there a tiny fraction of non-family farms own most of the land or produce an outsized portion of our food. For both stats, non-family farms represent less than 10 percent of the total. What's more, the balance of power between corporate and family farms hasn't changed much during the decades when farms got more and more massive.

Even mega-farms, in other words, aren't being run by faceless corporate elites. Instead, it's more like Old MacDonald got himself a bigger, GPS-enabled tractor and now farms land that used to belong to three of his neighbors.

The caveat: Corporate farms are important in specific farming niches. Corporations have more of a presence in cattle feeedlots, fruit and nut farms, and the chicken industry, according to James MacDonald, chief of the Structure, Technology and Productivity branch of the U.S. Department of Agriculture's Economic Research Service. Even in those sectors, though, family farms typically account for a large majority of production.

Siberian Snow Theory Points to an Early and Cold Winter in U.S.

Brian K Sullivan

November 23, 2016

For those cursing the unseasonable November chill, there's an ominous sign up north. It suggests this winter will be long and cold, according to one eminent scientist.

He's the father of the "Siberian Snow Theory." In a nutshell, he argues that the more snow covering the ground in northern Eurasia, the colder we can expect it down below. Sadly, Siberia is looking pretty white already.

Judah Cohen, a renowned MIT climatologist, has been working on this theory for 17 years, despite skepticism from some U.S. government weather experts. Cohen, who figures his theory has been right 75 percent of the time, spies all the makings of an early, cold winter.

"This year, we have had this very textbook situation," Cohen said.

The first blast of Siberian-spurred cold could come in December this year, instead of the usual January, according to Cohen, director of seasonal forecasting at Atmospheric and Environmental

Research,a unit of Verisk Analytics, which works with governments and financial-services and insurance companies.

While it isn't certain where the frigid air will land -- North America, Asia or Europe -- Cohen is predicting cold will envelop more of the U.S. than government forecasters expect. Cold, rain and snow could extend from the upper Great Plains to Florida.

Growing Eurasian snow cover, in million square kilometers, could mean a cold U.S. winter

Holiday travelers will hope he is wrong, as will retailers who rely on last-minute shoppers who could be deterred by snow and slush. But those who make money from natural gas, whose price dropped because of warm weather, may be in for a treat.

"If he is right that would be terrific," said Teri Viswanath, managing director for natural gas at Pira Energy Group in New York. "I hope he's right."

Conflicting Forecasts

Viswanath isn't betting on it because of conflicting weather models. For example, the Tuesday forecast for Dec. 2 to Dec. 6 called for much of Canada and the eastern U.S. to be warmer than normal, according to MDA Weather Services in Gaithersburg, Maryland.

Since he was a graduate student, Cohen, who grew up in Brooklyn, has explored the connection between snow in Siberia and weather throughout the temperate regions of the northern hemisphere.

Cohen charts a kind of chain reaction. Climate change melts ice in the Arctic Ocean, resulting in more moisture in the atmosphere. That leads to more snow covering Siberia, which reflects sunlight -- and warmth -- from the terrain.

This chill sends energy toward the Polar vortex, the vast weather system that traps cold air in the Arctic. As a result, the vortex breaks down, sending cold air south, as if a refrigerator door had opened.

1998 Fail

Stephen Baxter, a meteorologist and seasonal forecaster at the U.S. Climate Prediction Center in College Park, Maryland, isn't convinced. In a conference call last week to discuss federal forecasts, he called the correlation between Siberian weather and the U.S. "weak."

On the commercial forecasting side, Matt Rogers, president of Commodity Weather Group LLC, brings up the inconvenient fact of 1998. Blame El Nino, the periodic warming of the Pacific Ocean that often wreaks havoc with global weather.

That year, after that disruption, snow piled up in Siberia -- but the U.S. winter was warm. Last year -- the warmest winter on record in the contiguous 48 states, Cohen's theory missed again because of El Nino.

"So I think his Siberian-based prediction could work out, but a 1998 fail is still a huge risk," Rogers said.

China Tells Trump That Ties With U.S. Are 'Too Big to Fail"

By Bloomberg News

(Bloomberg) -- The China-U.S. relationship is "too big to fail" and President-elect Donald Trump shares an obligation to make sure ties between the world's two largest economies improve and never worsen, the Communist Party's People's Daily newspaper said.

The party's flagship newspaper said in an editorial Tuesday that the importance of China's relationship with the U.S. was self-evident and any breakdown in ties could result in global "disaster." The piece reiterated President Xi Jinping's message in a post-election telephone call with Trump last week that cooperation was the only correct choice for managing ties.

"It's not hard to predict that a cooperative China-U.S. relationship will bring huge benefits across the globe," the paper said. "However, if the two nations became entangled in friction, and even in confrontations, it will be a disaster to the two countries and the world."

The editorial represented China's latest effort to shore up ties with its largest trading partner in the wake of the surprise election win by Trump, who frequently accused the country during his campaign of victimizing the U.S. The billionaire real estate developer has promised to label China a currency manipulator, bring trade complaints against the nation, and impose tariffs if it doesn't halt what he sees as unfair trading practices.

The editorial stressed common interests and noted the similarity between Trump's promise to "make America great again" and Xi's own "Chinese dream" slogan, which calls for a "great renaissance of the Chinese nation." The paper said that agreements with the Obama administration had increased investment and "laid the foundation for future China-U.S. relations," without mentioning the climate change deal Trump has vowed to tear up.

The paper characterized the first exchange between Xi and Trump as productive. "The two leaders had a good chat, a positive atmosphere and reached important consensus," the paper said, adding that the conversation provided ties with a "key theme and direction."

Xi said ahead of a meeting with outgoing President Barack Obama in Lima, Peru, over the weekend that China and the U.S. were at a "juncture point." Obama had said he expected to discuss areas of disagreement at the pair's ninth encounter, including on human rights and the "creation of a more level playing field for our businesses to compete."

EU Considering Halving Crop-based Biofuels by 2030

BRUSSELS, Nov 22 (Reuters) - The European Commission is considering halving the maximum amount of crop-based biofuels used in transport after 2020 over concerns they increase rather than reduce carbon emissions, according to a draft seen by Reuters.

While they reduce reliance on fossil fuels, crop-based biofuels are made from agricultural products such as sugar or rapeseed oil that could otherwise be used for human consumption or animal feed, leading to criticism that they cause indirect changes in land use.

According to the European Commission's proposal, the maximum contribution from liquid biofuels to the EU renewable energy target should fall to 3.8 percent in 2030 from 7 percent in 2021.

"A progressive reduction of food-based biofuels and their replacement by more advanced biofuels will realize the potential for decarbonising the transport sector," the Commission said in the draft proposal, part of a set of rules aimed at ensuring goals are met for cutting emissions by 2030.

European farmers have argued that reducing crop-based biofuels will have unwanted effects, saying they help farmers to rotate crops and reduce imports of livestock feed.

Others said the Commission's proposal did not go far enough.

"Biodiesel from virgin vegetable oil leads to around 80 percent higher emissions than the fossil diesel it replaces," Brussels-based Transport and Environment said.

"Biodiesel should be phased out well before 2030 given its devastating impacts on the world's climate and tropical forests."

In 2012, the EU dedicated 3 percent of its total cropland to the production of feedstock for biofuels consumed within the 28-member bloc.

In its draft, the Commission does not distinguish between bioethanol made mostly from sugar beet and cereals and biodiesel made from oilseed crops, mainly rapeseed, but says member states can make such a distinction themselves when implementing the rules.

U.S. Farmland Values to Slump More

By DANIEL LOOKER

11/21/2016

The value of agricultural land, especially in the Midwest, is likely to continue falling in 2017, two experts told lenders attending the National Agricultural Bankers Conference in Indianapolis this week.

“2017 is going to look a lot like 2016,” said Jason Henderson, director of Purdue University’s Extension and former head of the Omaha branch of the Kansas City Federal Reserve Bank. Henderson looks for continued decline in land values of 5% to 10% next year, he said.

Rex Schrader, president of Schrader Real Estate and Auction Company in Columbia City, Indiana didn’t disagree, although he said some land sales this fall have brought more than expected. He agreed that land prices have been declining for the past two years, falling 10% to 15% in Indiana.

“I tend to think the land grant institutions here and in the Midwest are reflecting pretty closely with what we’re seeing,” Schrader said at the conference sponsored by the American Bankers Association.

While economists are comparing the current financial situation in agriculture to some aspects of the 1980s or 1970s, Schrader sees an important difference. During the 1970s, land prices were rising while farm income was falling, he said. Unlike the inflation-driven land bubble of that earlier era, the run-up in prices earlier in the current decade was tied to strong farm income.

“I think there was sound fundamentals for why land values got so high a couple years ago, he said. “I’m not smart enough to know how it all ends.”

Schrader said that a 20,000-acre farm his company sold in Nebraska brought more than expected.

“I can tell you, this fall has been strong,” he said.

Part of that strength may be driven by better-than-expected yields in some areas, both Henderson and Schrader said. And investors are showing more interest in land again.

There are exceptions to the overall downward trend in Midwest farmland values, too. Henderson said land near cities with development potential is one of those exceptions to declining prices. Housing values are nearing the level they were at before the Great Recession.

Poor quality land with hunting and recreation potential may also be recovering in prices as the economy strengthens, they said. But Schrader said that high quality farmland tends to hold its value best.

Froman 'disappointed' as China resists reforms in biotech approval process
agri-pulse.com |

WASHINGTON, Nov. 23, 2016 - An annual U.S.-China trade conference ended today with little headway in getting China to reform the way it approves new agricultural biotechnology traits, U.S. Trade Representative Michael Froman said.

“In the area of agricultural biotechnology… we were disappointed with our inability to make more progress.” Froman told reporters at the conclusion of the Joint Commission on Commerce and Trade (JCCT) meeting.

China's acceptance of new varieties of genetically modified corn, soybeans and other commodities is vitally important to the U.S. agriculture sector that depends on exports to the Asian giant, Froman said.

The U.S. has been pressing China for years to ditch its asynchronous approach to approving new genetically modified traits, but has had little success. China is the only major importing country that still refuses to begin its biotech approval process until after the U.S. or another country first completes the approval process. The U.S., Japan, and many other nations have all agreed to conduct approvals at the same time.

Furthermore, China has become less reliable and more secretive about its approval process. The country's National Biosafety Committee used to meet three times a year to announce new approvals, but it is common now for the agency to meet just once or not at all in a given year.

Froman and Agriculture Secretary Tom Vilsack had expressed hopes that there would be progress, leading up to this year's JCCT.

In a statement Tuesday, Froman stressed that the U.S. "has long sought that China have a transparent, timely and science-based regulatory system for the review and approval of products derived from agricultural biotechnology. We have had many discussions on these topics, but we still have unnecessary trade disruptions, because of the asynchronous approval process. This not only hurts U.S. farmers, but it hurts China's livestock industry and China's own innovation industry."

Matthew O'Mara, managing director for the Biotechnology Innovation Organization (BIO), said the U.S. and China have been meeting more regularly on their differences over the approval process, but the situation has not improved.

"Changes in regulations over there have left it very unclear as to how to actually work through the process and what timelines are for approval," O'Mara said on Tuesday at an event held by the U.S. Chamber of Commerce.

There will be plenty of lawmakers on Capitol Hill who will also be disappointed in the lack of progress to get China to reform its biotech approval process. Some 37 senators sent President Barack Obama a letter earlier this month, asking him to make the issue a priority at the JCCT meeting.

"When the Chinese government fails to remain transparent, science-based, and timely in its regulatory process, it impacts not only our farmers' and ranchers' abilities to access critical markets in China, but also their abilities to utilize the best and most innovative agricultural technologies in our fields at home in the U.S," the senators said in the letter.

Many seed companies will not release their products in the U.S. before getting Chinese approval out of fear that some of the commodities could inadvertently wind up in China.

China Struggles to Steady Yuan's Decline

By Lingling Wei in Beijing and Saumya Vaishampayan in Hong Kong
WSJ | 2016-11-24

China is facing an uphill battle to maintain an orderly depreciation of the yuan as investors pile up bearish bets against the currency outside the mainland.

The gap between the yuan's value against the dollar in the domestic market and in what is known as the offshore market in Hong Kong, has been widening in recent days. On Wednesday, this so-called spread reached 0.0333, its widest since the beginning of October (apart from the day after the U.S. election), although it narrowed a touch on Thursday.

While the Chinese authorities strictly limit the way the yuan trades at home, it can be bought and sold more freely in Hong Kong. But its value against the dollar is usually about the same in both markets.

The widening gap now is complicating the central bank's strategy of letting some air out of the currency at a pace Beijing dictates. The two yuan markets at home and in Hong Kong often feed off each other. Moreover, a weaker yuan offshore could encourage more Chinese businesses and individuals—the mainstay of the mainland market—to seek to convert their currency into dollars, potentially adding downward pressure on the domestically traded yuan.

China has tolerated a weaker yuan since early October, right after its entry into the International Monetary Fund's elite group of reserve currencies, acknowledging that a cheaper currency is the price of using easy money to prop up the economy.

The pace of depreciation has quickened since Donald Trump's surprise U.S. presidential-election win sent the greenback soaring and emerging-market currencies tumbling. The yuan is down 6.2% against the dollar this year in onshore markets, reaching 6.9152 against the dollar on Thursday, with more than a third of the drop in the past two weeks.

The People's Bank of China is unwilling to let the currency slide too far, too fast, for fear that might lead to destabilizing capital flows out of the country.

Investors in offshore markets have, though, been pounding the yuan weaker, in the apparent belief that the central bank may struggle to control the pace of its decline.

"The PBOC may intervene" to shore up the yuan, said Prashant Singh, a senior portfolio manager at Neuberger Berman in Singapore. But he said he expects the Chinese currency to fall further because of the gloomy outlook for global trade and the diverging economic trajectories in the U.S. and China.

"Central-bank-led interventions are typically temporary in nature," Mr. Singh added. "The fundamental factors still point to weakness."

Already, in the past week, some state-owned banks—which often act as proxy for the People's Bank of China—have sold dollars to support the yuan after it dropped to its lowest level against the dollar in eight years onshore, traders say.

The central bank has also been setting the yuan's daily official rate against the dollar, known as the "fix," somewhat stronger than implied by the greenback's strength against other global currencies in recent days, according to analysts, indicating its desire to avoid too sharp of a decline. The yuan hasn't fallen as much against the dollar as have other currencies such as the yen, the euro and the Korean won recently.

The PBOC didn't respond to requests for comment.

Earlier this year, when the gap between the yuan's value at home and in Hong Kong also widened, the Chinese central bank directed state-owned banks to buy large quantities of yuan in the Hong Kong market, sending overnight borrowing costs to elevated levels that effectively prohibited investors from wagering against the currency.

This time around, however, short-term overnight borrowing costs in Hong Kong have remained around levels that analysts consider normal, suggesting little intervention offshore.

One factor that might have limited China's ability to intervene more aggressively, analysts say, is its shrinking foreign-exchange reserves. The stockpile, still the world's largest of its kind, fell to $3.12 trillion last month, its lowest since 2011. That compares to a record $4 trillion in June 2014.

Some analysts within China, including prominent economist Yu Yongding, are now urging the central bank to adopt a more flexible exchange-rate regime to help the yuan find its true market level.

The costs of intervention, they say, have become too high and could encourage capital flight. They have called on Beijing to take the step before Mr. Trump takes office in January: The New York businessman has pledged to label China a currency manipulator and to slap higher tariffs on Chinese goods.

"We have capital controls as the last line of defense," Mr. Yu wrote in an article published in state media this week. "We don't need to worry too much about the short-term depreciation of the yuan."