



COMPANY NEWS

Archer Daniels Midland Co. and Bunge Ltd., two of the world's largest grain traders, are facing a **new obstacle in their quest to expand corn exports to China**. US farmers are continuing to plant corn, since they are more interested in its high yield for the domestic market than for exports. China and other countries have been slower than the U.S. to approve new types of crops amid concerns about food safety and threats to biodiversity from genetically modified organisms, or GMOs. China's curbs on some modified corn threaten to block millions of tons of imports thereby cutting into the profits of international trading houses.

McDonald's, one of Cargill's largest global customers, has honoured Cargill with seven "Best of Sustainable Supply" awards, including two category winners for community impact and economics. McDonald's bestows the awards to recognize outstanding supplier leadership in helping provide a safe, sustainable and assured supply of food products for its customers, and to encourage the sharing of best practices in sustainability.

Wilmar International Ltd, one of the world's biggest raw sugar producers and refiners, plans to sever marketing ties with Queensland Sugar Ltd (QSL). Wilmar does not intend to renew in June 2014 a long-standing agreement with QSL to sell its Australia-grown sugar, QSL said in

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a statement. If terminated, the deal would expire in mid-2017. QSL exports three million tonnes of sugar each year. The move by Wilmar, is the latest sign of the company's plans to expand its footprint in the global sugar trade. In February it signed a deal to buy a major stake in India's Shree Renuka Sugars, one of the world's largest producers. The news has raised concerns in Australia over QSL's future.

COCOA

Nigerian cocoa farmers are enjoying a price boom this year as cocoa prices in the world's fourth-largest producer have reached the highest level in three years. Cocoa prices in Nigeria, peaked at NGN500,000 (USD2,941) a tonne at the end of February 2014 following rising prices on the international market and the strong demand for cocoa in the local market.

Ghana Cocoa Board (COCOBOD) has come under fire for taking poor investment decisions that have denied the country the much needed foreign exchange. COCOBOD has traditionally sold 60 per cent of the country's cocoa exports in the futures market in forward contracts and 40 per cent on the spot price. However, last year, COCOBOD sold Ghana's entire cocoa exports in forward contract pegged at US\$2,500 per tonne, an assertion denied by COCOBOD. Meanwhile, price of cocoa has reached more than a two year high of \$2,844 per tonne

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according to the Intercontinental Exchange (ICE)..

COFFEE

Brazil growers produce one in every three cups of coffee drunk in the world. Estimates for the country's output this year range from as high as 56.5 million bags to as low as 46 million. The gap is almost the size of the expected production in Colombia, the second-biggest supplier of arabica beans. Futures of the arabica variety, brewed by specialty companies including Starbucks Corp., advanced in New York to a two-year high in March and robusta in London jumped 22 percent this year as drought threatened crops in Brazil, the largest producer and exporter.

Coffee shipments from India, Asia's third-largest grower, are poised to fall this year as a rally in global prices deters buyers from Italy to Russia. Also, unseasonal rains have cut output for the first time in six years. Exports may decline as much as 10 percent from 312,756 tonnes in 2013. Reduced supplies from India, where robusta accounts for 70 per cent of output, may help a surge in prices of the beans used by Nestle SA in instant drinks.

COTTON

China announced plans to cut the selling price for reserve bales, renewing worries over import demand in the world's top consumer. Beijing plans to cut the sales price for cotton in its strategic reserves, bringing it more in line with world

prices to reduce the country's ballooning inventories. China's stocks have swelled to nearly 60 percent of world stocks projected to hit a record 97 million bales by the end of July.

DAIRY

Arla, Scandinavia's biggest dairy producer, estimates that one fifth of its annual turn-over will come from sales in growth markets by 2017. The co-operative has also got its sights set on China. Arla's long-life milk is already for sale in China, where many consumers are known to pay more for western milk due to fears about potential food contamination of home-made products. One litre of organic long-life Arla milk costs \$4.70 on the Chinese market.

Fonterra has launched a 'China-New Zealand Dairy Exchange Centre' to support the sustainable development of the dairy industry in both countries. China is New Zealand's second largest trading partner and dairy products account for over a third of all its exports to China, according to reports. The centre will run training programmes in policy development in dairy sectors of China and New Zealand, and also facilitate academic exchanges, industry promotion, dairy technology research and personnel training.

New Zealand dairy giant Fonterra has been fined NZ\$300,000 (€188,000) over how it handled last year's botulism scare.. Fonterra was in court over four charges relating to a fear that whey concentrate, used in infant formula, had been contaminated. The fears were unfounded, but not before manufacturers had recalled vast quantities of infant formula from countries such as China and Saudi Arabia. The judge presiding over the case has said though the offence was neither deliberate or reckless, it was due to carelessness and a failure to

follow procedures, which has shaken and damaged New Zealand's reputation for high-quality dairy products.

Starbucks Corp is fighting with higher costs for milk and coffee but will not resort to increasing prices of its products. According to reports, the company is desperately trying to identify new suppliers. US dairy prices are at record highs and could move up a bit more in March before easing as a result of increased production. The rise is primarily due to increased demand from Asia and other markets, particularly China.

RICE

In Thailand, the state-owned Bank for Agriculture and Agricultural Cooperatives (BAAC) is urging the government to introduce a direct subsidy to encourage farmers to stop growing rice for the current second crop. Many developed economies such as the US and Europe offer direct subsidies that encourage farmers to grow alternative crops. Such a move would be aimed at preventing new supply that would add pressure on the already-falling market price. Thailand has an enormous rice stockpile .

In Uganda, with the introduction of more than 16 species of rice to farmers by the State, the cereal is fast replacing some staple foods in parts of the country and becoming a preferred cash crop in some circles. The land under upland rice shot up from 1500 hectares ten years ago to 220,000 hectares by 2011 and consequently, the volume of rice harvested shot up from 80,000 to 220,000 metric tons last year, according to reports. Local production has saved the state more than \$30m that it would have spent importing rice.

In an attempt to promote rice exports, Vietnam will reduce its price in the world market and increase exports to China, according to the Ministry of Industry and Trade. Vietnam lost many contracts in the past, when it sold rice at \$405-420 per tonne, reports say. To prevent this from happening again, from early this month, Vietnamese rice exporters have cut their price to \$380 per tonne. This was the lowest it has reached after a record high at the end of 2013.

SOYABEAN

Soybean production in South America may be larger than estimated last month, as prospects improved for crops in both Brazil and Argentina, the continent's top two growers. The soybean harvest in South America's top five producing countries will be 151.45 million metric tons in the 2013-14 season, higher than an estimate of 150.6 million tons made in February and 5.5 percent larger than the prior year's crop, according to research reports. Forecasts for Brazil and Argentina were each raised by 500,000 tons, to 84.5 million and 53.5 million tons, respectively.

China's soybean imports will average nearly 1.4m tonnes a week next season, boosted by growing demand from the livestock industry, at a time when domestic production of the oilseed will fall to a 22-year low. The US Department of Agriculture's Beijing bureau, in its first forecast for Chinese oilseeds in 2014-15, pegged soybean imports at a record 72.0m tonnes, up 4.0m tonnes year on year, on its estimates. China is responsible for more than 60% of world imports.

US soybean planted acreage is expected to have a record year in 2014, according to data from the USDA. Farmers intend to plant an estimated 81.5 million acres of soybeans in 2014, up 6% from 2013. If realized, soybeans will surpass the

previous record of 77.5 million acres planted in 2009.

SUGAR

Thailand, the world's second-biggest sugar exporter, may produce less this year than forecast as dry weather shrinks yields, according to Thai Sugar Millers Corp. Output may total 11 million metric tons in the year started Nov. 25, less than the 12 million tons estimated. The cane harvest will be 105 million tons, less than the 110 million forecast.

Sugar output in India, the world's largest producer after Brazil, is set to climb for the first time in three years as a subsidy for raw exports and abundant dam water spur farmers to increase planting. Production may gain 5 percent to 25 million metric tons in the harvesting season starting Oct. 1, as per reports. Prospects for higher Indian output may halt a rally in raw-sugar futures in New York and extend a global glut into a fifth year. A bigger Indian harvest will boost exports of subsidized raw sweetener, bridging any potential decline in supplies from Brazil due to dry weather.

Sugar shipments from Pakistan, are set to decline 17 percent this year after record sales a year earlier drained inventories, according to reports. Exports may drop to 1 million metric tons in the year from October from 1.2 million tons in 2012-2013. Traders shipped 500,000 tons by the end of February 2014. Expectation of dry weather from Brazil to Thailand and Australia, the biggest exporters, may reduce a global glut. Prices may not extend gains because of surpluses in countries including India, Brazil and Pakistan.

WHEAT

Russian wheat prices have added 9 percent in dollar terms since the start of the year mainly due to concerns over grain supplies from the Black Sea, triggered by Russia's decision to annex Ukrainian region Crimea. Russia, expected to be the world's fifth largest wheat exporter this year, shipped out 20.8 million tonnes of grains between July 1, 2013 and April 2, 2014, up 47 percent versus a year ago. In the Black Sea region, rainfall patterns are favorable for the development of the Russian wheat crop, but is expected to provide only modest relief to the dry conditions in the Ukraine.

Wheat rallied from the biggest weekly decline since January on speculation that rains forecast from Ukraine to the U.S., the world's largest exporter, may not be enough to aid parched crops. Wheat for May delivery advanced as much as 0.7 percent to \$6.745 a bushel on the Chicago Board of Trade.

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