



## Newsletter February 2014



Global Executive Search  
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GLOBAL AGRI TRADING NEWS

### COMPANY NEWS

Wilmar, the world's largest palm oil company, has made a far-reaching new policy commitment – no deforestation, no exploitation, no peat-land development in any of its business. This can create a revolution globally as to how we grow food. Wilmar controls 45% of the market. Estimates suggest it buys from 80% of all palm oil growers..

### COCOA

Rising cocoa demand, leading to shortfall in supplies, is likely to lead to a price surge, a three year high, for chocolates this year.. Last week, prices were up nearly three per cent, touching a two-and-a-half year high. The commodity, the main ingredient for making chocolates, has increased some seven per cent in a month and over 30 per cent in the last 12 months. Though the crops in West Africa, the main global suppliers, are reported to be good, the deficit is seen arising mainly due to higher off-take.

### COFFEE

Colombia's coffee farmers have slowed sales of beans while the government devises new rules for a suspended subsidy program, pushing up the premium paid for coffee beans. Growers are slowing or halting sales until subsidy payments resume even though invoices for any sales they make

now would be eligible for back payment. Growers fear the government might introduce some rule change and not make retroactive payments,

Coffee prices soared 7%, on track for their best performance in five years, on concerns over dry weather in central Brazil which is provoking concerns over this year's sugar cane harvest too. The jump was fuelled by forecasts for further dry weather in major coffee-producing areas of Brazil, the top Arabica producing and exporting country. This was on top of a January month, which was the driest in some regions in at least 15 years.

### CORN

Corn prices are set to rise, amid signs of rising demand for supplies from the U.S., the world's biggest grower. U.S. exporters sold 110,000 metric tons of corn to Spain for delivery by August 31, and another for 150,000 tons, as well as sales of 127,000 tons and 119,888 tons to unknown destinations. Global corn production will total a record 966.9 million tons in 2013-2014, according to the USDA.

### DAIRY

An E Coli bacteria contamination last month caused Fonterra to announce a voluntary recall of 300ml and 500ml bottles of Anchor and Pams fresh cream. A failed pump has been found to be the

cause of the E coli contamination that forced Fonterra to recall 8700 bottles of fresh cream.

China has been promoted as the top buyer of New Zealand's milk exports after 24 years, when the spot was held by Australia. New Zealand's exports to China soared 45% to NZ\$9.96bn in 2013, overtaking shipments to Australia, which fell in value by 7.8% to NZ\$9.13bn, according to official data. The boost in trade with China reflects New Zealand's growth to become the world's largest milk exporter, at a time when many emerging countries are struggling to meet demand for dairy products spurred by increasing population and prosperity.

### RAPSEED

Australian rapeseed exports are making a strong start to 2013-14 thanks to the logistical hiccups in Canada, the top shipper of the oilseed. While Canada has prioritised canola and wheat among its crop exports – after record harvests of both - shipments have still fallen due to the inability of its rail and port systems, choked by strong oil volumes and hampered by cold weather. Canada's exports of canola, the rapeseed variant, have dropped 19% to 3.2m tonnes so far in 2013-14, starting in August, according to the International Grains Council.

## RICE

Pakistani traders have fetched rice export orders worth 4 million dollar from China recently. Shipment of these orders will start from second week of February right after Chinese New Year's holidays. China has emerged a new rice market for Pakistani traders. Pakistan's rice exports to china witnessed 500,000 metric tons during FY-13, and is expected to cross 1 million metric tons at the end of FY14.

With a sharp rise in demand from the US, Europe and the middle-eastern countries for Basmati rice and Africa and Asian countries for non-Basmati rice, India is all set to emerge as world's top rice exporters in the current fiscal. This will be second time in a row that India is likely to emerge as biggest rice exporter globally. India has exported close to 7 million tonnes (MT) of rice and expected to ship more than 10.5 MT by end of current fiscal.

## SOYABEAN

The pace of domestic soybean consumption in the US accelerated in December 2013 and the pace of export commitments continues to exceed expectations. Even with the normal seasonal slowdown in exports of soybeans, soybean meal, and soybean oil consumption seems to be on track to exceed the available supply. For the 2013-14 marketing year, the USDA projects the domestic soybean crush at 1.7

billion bushels and projects exports at 1.495 billion bushels.

## SUGAR

The deferral of an Indian government decision on incentives to encourage raw sugar production for export, reduced the likelihood that a flood of raw sugar from the world's second-largest producer will enter the world market. The deferral reduced the likelihood that Indian mills will export raw sugar at hefty discounts and seize market share from suppliers such as top producer Brazil and Thailand. Indian sugar mills, which have been struggling to pay farmers due to low returns on sales, have been lobbying for production incentives for the past month. The government is unable to take policy decisions after the announcement of a schedule for national elections, due to be held by May 3, 2014.

Sugar mills in Brazil's Center South, which make about 40 percent of global exports, processed the most of a record cane crop into ethanol, after prices for sugar took a plunge. Ethanol production consumed 54.6 percent of the sugar cane reaped this season through December, up from 50.4 percent a year earlier, *according to UNICA*. Ethanol output jumped 19 percent to 25.4 billion liters while sugar production rose 0.6 percent to 34.3 million metric tons.

## WHEAT

The dramatic growth in India's status as a wheat shipper, with its exports soaring to 6.82m tonnes in 2013-14 from 72,000 tonnes two years before, has attracted worldwide attention. The US, Canada and Pakistan have questioned India's export of wheat and rice, suggesting that subsidized grains have been shipped out providing gains to local traders. It is claimed that poor government policies were behind a rise in India's status as a wheat producer, and exporter, which has prompted official forecasts of the country achieving its first 100m-tonne harvest this year.

## LIVESTOCK

Tyson Foods, the largest U.S. meat processor expects pork supplies to drop 2 to 4 percent this fiscal year, raising wholesale prices, as a deadly pig virus spreads through the U.S. hog belt. Average prices for live sows surged 28 percent in the last year, according to USDA figures.

Industry analysts estimate up to 4 million may have died from the virus, but there are no official figures for pig fatalities from the disease. The U.S. hog herd stood at 65.9 million head as of December 2013, U.S. Department of Agriculture data showed.

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13. Sugar Production Manager, 10-12 years, Dubai, Large Corporate House	14. India Country Head, 15-20 years, Dubai, Mid size Dubai based Trading House.	15. Head-Grains, 10-15 years, Dubai, Large Corporate House