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GLOBAL AGRI TRADING NEWS

COMPANY NEWS



Nestlé will be investing **£5.25m** to manufacture a popular new product – **Peanut Butter Cups**. The production will take place at Halifax site, UK. The company will be manufacturing **5,500 tonnes of Peanut Butter cups each year** for export to the US market. The Halifax site is the home of Quality Street and employs up to 1000 people at times of peak production. This investment will create 45 additional jobs. Nestlé is one of the UK food industry's largest exporters, exporting almost £350m worth of products to over 70 countries every year.



Delmonte has received **sustainably grown certification** from a worldwide

certification body **SCS Global Services (SCS)** for all of its banana plantations in Costa Rica and Guatemala as well as its pineapple farms in Costa Rica. This will help Del Monte to improve and verify its **sustainable farming practices** in Central America through third-party assessment. The company has proved that they are strict about growing bananas and pineapples in ways that reduce environmental impact and also serious about the health and safety of its workers and their communities. It will also assure customers that the products they are buying are grown in a responsible manner.



Mondelez International has acquired **Enjoy Life Foods**, a producer of allergen-free snacks in the US. The acquisition has been done for an

undisclosed amount. This will help Mondelez to grow in snacks business. The company will operate Enjoy Life Foods as a separate, **wholly owned subsidiary** while providing back-office support and access to its global resources. Enjoy Life's products are free from the eight most common allergens such as wheat, dairy, peanuts, tree nuts, egg, soy, fish and shellfish which together account for over 90% of all food allergies. The Enjoy life brand will enlarge Mondelez portfolio into a faster growing market by providing an exceptional platform to make delicious offerings available to consumers who are looking for healthy-lifestyle options both in the United States and other countries. This growth is being driven by increasing rate of food allergies and food intolerances as well as consumers adopting healthy-lifestyle option.

AGRICULTURAL COMMODITIES

COFFEE

Coffee farmers in **Vietnam**, the world's top supplier of Robusta, will be restricting sales to secure higher prices from a smaller harvest. According to the sources, farmers sold **29 percent** of the crop by January, compared to 36 percent a year earlier and **a five-year average of 40 percent**; Output in the 12 months started Oct. 1 will drop 7 percent to 1.6 million metric tons from a record the previous year. Smaller crops in Vietnam, Brazil and Indonesia may push up London futures by 20 percent to \$2,300 a ton in the second quarter. Brazil is the top grower of Arabica and ranks second for Robusta followed by Indonesia. Exports from Vietnam in January were the least for the month in three years. Farmers are very persistent in holding back sales because they expect prices to rise. The country is set to grow more **than 6 percent** this year for the first time since 2011 as investment and lending expand and inflation is slow.

COTTON

United States cotton farmers will be cutting the land to the smallest due to the fall in prices in January 2015. U.S. is the largest exporter of cotton. According to the **Bloomberg News**, Plantings will drop to 9.73 million acres in the season beginning August 1, from 11.04 million a year earlier, as farmers switch to other crops. U.S. growers will join farmers in India and China in cutting acreage, reducing the next global harvest by more than 6 percent to 24.6 million tons, the lowest in six years. The deficit won't significantly reduce world stockpiles, but it will squeeze down the supplies of high-quality U.S. cotton.

MAIZE

Farmers in Namibia are scared due to poor maize harvest. The country's crop is threatened by the dry and hot weather conditions. Persistent dryness may have "tragic" consequences for the farming industry and may result to high food prices in the next year. Last year, **70 330 tonnes of maize** were harvested in Namibia. Government support is necessary to ensure that farmers, who have poor to no harvests this season, can continue in the next planting season. Namibia's population of about 2.2 million consumes about 150 000 tonnes of maize annually, two-thirds of which must be imported, mainly from neighbouring **South Africa and Zambia**. Last year, good rains caused yellow maize production to reach 68 200 tonnes. About 55 000 tonnes of white maize were harvested.

Brazil's safrinha corn is to fall for the first time in **seven years**. Brazilian growers will sow 8.98m hectares with safrinha corn, a decline of 230,000 hectares on the 2014 figure. The decline in safrinha sowings will also result in the first drop in Brazil's second-crop corn production in seven years.

PALM OIL

Malaysian palm oil end-stocks reduced to their lowest in six months because of the outcome of flooding in the Borneo region. According to the sources, inventories fell **12.2% in January to 1.77 million tonnes, which is the lowest since July**. The drop in stocks could add fuel to a rally in benchmark prices, which recorded their biggest weekly climb in six years, after the world's No. 1 producer Indonesia approved a near-threefold rise in biodiesel subsidies that is expected to boost palm consumption.

The shipments of Malaysian palm oil fell 16% in the first 10 days of February, compared with the same period last month, due to poor demand from India and China. Market participants said the increase in Indonesia's biodiesel subsidies had helped palm oil attain a more supportive outlook as it may translate to more stocks being blended into biofuel.

RICE

Italy's National Antitrust Agency has urged the **Ente Nazionale Risi (ENR)**, the National Agency for Rice to formulate common paddy pricing rules as the current paddy pricing system does not provide balanced pricing acceptable to both farmers and millers. The agency noted that the current paddy pricing system is controlled by selected miller's commissions and the set prices are favorable to them but it is damaging the interests of rice growers. It was also found that paddy rice prices varies across different regions which gives an essential need to have a common national price thereby reducing the influence of millers on the pricing system.

The Myanmar Rice Miller Company (MRMC), a part of the **Myanmar Rice Millers Association (MRMA)** has entered into an agreement with **China CAMC Engineering Company Limited (CAMCE)** to construct modern and advanced rice mills in the country. According to the agreement, both the sides have agreed to build two **200-ton rice mills in Myanmar by 2017**. Myanmar is planning to produce rice in line with the Chinese specifications and export the same to China. The Myanmar Rice Federation (MRF) has understood to have entered into a deal with China to export around 100000 tonnes of rice at the market price after

the completing the construction of the mills.

The government of India, has estimated India's rice production for 2014-15 (Oct 14 – Sep 15) at around **103.04 million tons**, down about 3% from an estimated 106.65 million tons in 2013-14. The decline is attributed to late arrival of monsoon in June 2014, delaying the main Kharif crop planting process in many key rice growing areas.

SOYABEANS

Indonesia, the Southeast Asia's biggest importer of Soybean has forecasted to remain unchanged in terms of importing Soybeans. This has been done in order to boost domestic output. According to the sources Indonesia is expected to import about 2 million tonnes in 2015. In the past, efforts to improve domestic output of foods have been hampered by a lack of coordination by government ministries, red tape, land issues and scandals over import quotas. Indonesia's agriculture ministry has forecast domestic soybean production at 1.27 million tonnes this year, up from 920,000 tonnes in 2014. Industry estimates repeatedly differ deeply from government forecasts. According to them, domestic soybean production will be around **600,000-700,000 tonnes this year, from 500,000 tonnes in 2014**.

Sufficient global supplies have cut **Chicago soybean futures** by about 13 percent over the past year, and the low prices are unlikely to encourage Indonesian farmers to grow more soybeans. Soybeans are mainly used by makers of soybean-based staple foods tofu and tempe in Indonesia, with imports usually accounting for around 70 percent of the country's annual needs. Most shipments come from suppliers in the United States or South American countries depending on price.

SUGAR

The **regional price of sugar** could increase as the year progresses if the cost of the commodity continues to rise in the international market. Raw sugar futures have increased by about **10 per cent this year**, despite the prices of most commodities declining. Recently, sugar futures ended at around 15.92 cents a pound on the Intercontinental Exchange and clearing houses for financial and commodity markets, up from a five-year low of 13.50 cents.

Brazil is experiencing problems mainly because of the **harsh weather and this will impact negatively on global sugar output**. Continued dryness in Brazil's key Centre South cane-growing region, responsible for some 90% of domestic sugar output, could provoke a more bullish scenario. As per the Trade House, January ended with 43% less rainfall than normal and the forecast for February also looks drier. This may result in serious implications for the 2015-16 crops.

WHEAT

India is going to observe an abundant wheat harvest this year. But due to fall in **global wheat prices**, the country is likely to take a hit on export. The recent fall in the Euro against the dollar has made the French wheat cheaper thereby exerting pressure on the global prices. Wheat prices, which hovered around \$6.6 a bushel in Chicago during mid- December, are now down to \$4.98 per bushel. The French wheat is selling around \$210-215 per ton, while the US origin is around \$232. Even the Australian wheat, currently at around \$270 per ton, is cheaper than the Indian wheat quoted at \$275. The strengthening of the rupee against the dollar in recent months has made the Indian wheat unfeasible in the international market.

DAIRY

World dairy prices are increasing due to persisting drought conditions in New Zealand, the biggest exporter of milk. Global Dairy Trade, online auctioneer for dairy products, said dairy prices climbed 10.1 percent. The price hike was mainly driven cheddar with an increase of 16.8 percent followed by whole milk powder with 13.7 percent. However, milk demand is expected to be strong in the second half of 2015 as China's economy begins to pick up. Meanwhile, drought conditions in most of South Island and dry weather in parts of the North had increased the urgency for irrigation and water storage schemes.

In most emerging markets the consumption of dairy products is growing. Chinese mothers are feeding their infants more milk-based formula, **Russians** have grown addicted to decadent foreign cheeses. This looks like the perfect time for one of the world's biggest dairy-farming regions to throw off its shackles. Next month the European Union is due to abolish its national quotas on milk production, allowing those big dairy producers being held back by their limits—including Germany, the Netherlands, Poland, Denmark and Ireland—to expand output and seek new export markets.

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