



GLOBAL AGRI TRADING NEWS

COMPANY NEWS

Mitsubishi Corp, the Japanese Chemicals to Logistics Conglomerate, with a stock-market value of \$35bn, paid \$64.0m for an 80% stake in **Olam Grains Australia**, in which Singapore-based Olam will retain a 20% stake. The deal represents the second sell down in seven months in Australia by Olam, which is amid a campaign to improve its balance sheet and consolidate assets. Last November, Olam sold nearly 12,000 hectares of almond orchards in Australia for Aus\$200m (\$186m). For Mitsubishi Corp, this deal offers a strong foundation on which to build a profitable and sustainable grains business in Australia, said reports

Archer Daniels Midland (ADM) has agreed to buy Swiss-German natural ingredient company **"Wild Flavors"** for **2.3 billion euros (\$3 billion)** to enter the flavorings and the health-conscious food sectors. **ADM**, one of the world's largest grain traders and a major food processor, would establish a new business unit called **Wild Flavors and Specialty Ingredients** and expected to complete the deal by the end of the year. **Wild Flavors** — ADM's first venture into the flavours market, specializes in natural ingredients. ADM is targeting 100 million Euros of cost savings by the third year of the acquisition.

AGRICULTURAL COMMODITIES

COCOA

Cocoa prices have soared this year due to expectations of a continuing deficit in global cocoa supply. Cocoa futures prices have hit a near three year-high last week on the ICE Futures U.S. exchanges. The possibility that a return of the El Nino weather system could affect cocoa production this year is also driving prices higher. The London-based International Cocoa Organization expects supplies to fall short of demand in the 2014-15 season beginning October 1. While demand for chocolate in Asia is growing, it remains very low compared to demand in developed economies. Indians, for example, known for their sweet tooth, consume just around 76 grams of chocolate a year, according to estimates.

Vietnam, has stepped up its Cocoa production in recent years, though agriculture remains dominated by the production of coffee and rice. **Cargill** which has been investing in Cocoa production in Vietnam since 2004 is helping coffee farmers there earn two incomes by growing a second crop, especially as cocoa is better for soil than coffee. **Cargill is partnering with the Dutch government and Mars Inc. in Vietnam.**

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Ghana's Cocoa farmers reaped about **850,000 metric tons** in the main-crop harvest that ended in June, in line with the forecast, according to sources. The light crop, which starts in the first week of July, is projected to yield an additional 50,000 tons. Ghana is the world's second-largest producer, after Ivory Coast.

COFFEE

Coffee farmers in Vietnam, the top grower of the Robusta variety used by Nestle SA, are holding the smallest inventory of unsold beans since 2012 after a record crop, underlining prospects for a global shortage. Reserves at the end of last month were 15 percent of the harvest, compared with 18 percent in June 2013, according to estimates. Production may drop 4 percent to 1.65 million metric tons in the year starting October from a record 1.72 million tons a year earlier. Shrinking stockpiles and a smaller crop in Vietnam may spike futures in London which have climbed 22 percent this year on speculation that demand will outstrip supply. The shortfall is estimated at 1.6 million bags, or 96,000 tons. Rabo Bank International has increased its Robusta price forecasts this month, due to lower inventories and a looming El Nino that could parch parts of Asia.

Coffee prices diverged with Robusta-quality coffee climbing higher due to dry weather in Vietnam, while the price of Arabica beans fell owing to a large crop in top producer Brazil. Brazil production has been high so far this season as the drought has created some very good harvest conditions.

CORN

Ukraine's grain exports could fall by up to 22% in the newly started season, due to the threat of cold conditions to corn, apart from the fallout from the country's political crisis. According to estimates, Ukraine has exported 26m-27m tonnes of grain in the 2014-15 season, representing a fall of 6.3m-7.3m tonnes year on year. Ukraine's corn harvest will fall to 24.5m-25.5m tonnes this year, from levels in 2014 which hit a record 30.9m tonnes, according to the International Grains Council and the US Department of Agriculture.

Corn futures fell to the lowest in almost four years as improving crop conditions raised expectations for a record harvest in the U.S., the world's biggest grower. U.S. production will rise 2.8% to 14.314 billion bushels, the most ever, according to reports.

LIVESTOCK

Indonesia's beef prices are among the highest in the world and it relies heavily on Australian cattle imports. The country needs to strengthen its domestic cattle industry by raising the ability and capacity of local farmers to increase the amount of livestock in Indonesia. As per reports, Indonesia produces enough cattle to feed its population. Until last year Indonesia was aiming to produce 90% of its beef locally by 2014, and had slashed its import quota from a 2009 high of about 750,000 to just one-third of that last year. Jakarta has increased its 2014 quota again, reportedly to at least 650,000, thanks to rocketing prices and

beef shortages. Indonesia's cattle herd would diminish to zero by 2019 without massive increases in herd productivity, if the country relied more heavily on the domestic beef industry

OLIVE OIL

Drought in Spain is creating concerns of poor prospects for one of its main exports, Olive oil, for which output may tumble at least 40%. Prices of **Extra Virgin Olive Oil** rose 10% last month. The increases reflect concerns that hot and dry conditions are to prompt a repeat of 2012, when olive oil production halved, only to rebound strongly in 2013-14, which ends in September- in part because the previous crop's poor performance allowed for improved flowering and fruit setting.

RICE

The All-India Rice Exporters Association, attributes India's success in rice exports to three factors – top quality basmati rice; world's highest acreage of rice cultivation with 7 million hectares; and competitive pricing on non-basmati rice. **India is the world's biggest rice exporter and is expected to export 11 million tons of rice in 2014, an improvement from 9.3 million tons of rice exports in 2013.** The Food and Agriculture Organization estimates **that India will remain the top exporter as Vietnam occupies the number two slot** (7.8 million tons of rice exported) and **Thailand at number three**) with about 7.7 million tons). Thailand's loss is India's gain, especially after the political turmoil in Thai made it lose the coveted slot to India two years ago giving a fillip to Indian rice trade. Currently, Russia, Saudi Arabia, Indonesia and Nigeria are the biggest importers of Indian rice.

Thailand paddy rice production is estimated to reach around 38.8 million

tons in crop year 2014-15 slightly more than the estimated 38.79 million tons in 2013-14. This is despite a 1% decline in planted area this year, according reports. Estimates, say that the 2014 main-season crop will account for about 28.58 million tons of paddy rice, while the 2014 off-season crop will account for about 10.23 million tons of paddy rice this year. The yield from the 2014 main crop is expected to increase to around 2.76 tons per hectare, up about 3% from around 2.69 tons per hectare in 2013. However, the yield from the 2014 second crop is expected to decline to around 4 tons per hectare, down about 4% from about 4.18 tons per hectare last year. Thailand's total rice planted area is estimated to decline by about 1% to 12.88 million hectares in 2014 from 12.97 million hectares in 2013.

SUGAR

Brazil's Cane crop faces a terrible weather "catch 22" situation, being likely to suffer whether conditions remain dry or if it rains. This holds out the possibility of further downgrades to the harvest. The real problem for cane growers in Brazil's key Centre South region is the continuing drought that is going on since February. Rain would improve prospects for the cane yield in the Centre South, responsible for some 90% of Brazilian output, but would lower sucrose levels in the crop. This would curtail potential for the levels of sugar and ethanol that can be made from it.

WHEAT

Saudi Arabia's GSFMO (Grain Authority) has bought 780,000 tonnes of soft and hard wheat, for shipment between September and the end of November this year. This represents an unusually large order even for GSFMO, which two weeks ago estimated it would import 2.7m

tonnes of wheat this year, up 100,000 tonnes on 2013. Saudi Arabia's import needs are rising due to a policy of phasing out support for domestic production, which uses large amounts of valuable ground water reserves. The current order is priced at \$289.89 a tonne and \$291.25 a tonne for two soft wheat cargoes, on a cost and freight basis. The 11 hard red winter wheat cargos were purchased for \$288.48-309.90 a tonne on a cost and freight basis. GSFMO offered no details about the countries from which the grain was being sourced, although acceptable origins were specified as Australia, the European Union and North and South America.

The USDA's Brasilia bureau, has forecasted Brazilian wheat imports in 2013-14 – on an October-to-September basis – at 7.4m tons, 100,000 tons higher than the official USDA forecast. For 2014-15, imports were pegged at 7.0m tons, 500,000 tons above the USDA's official estimate. Volumes are being spurred by the country's growing wheat consumption, which is rising by 2-3% a year, as consumers in an emerging middle class are eating more pasta and other wheat-based products.

DAIRY

Dairy Crest has struck a deal with New Zealand dairy giant **Fonterra** to tap into the £7bn Chinese baby formula market. The five-year deal will see Fonterra sell Dairy Crest's whey – the key ingredient in baby

formula and a by-product of cheese making – to fast growing markets, including China.

Dairy Crest also announced a joint venture with Fayrefield Foods to make galacto-oligosaccharide (GOS), an ingredient that occurs in breast milk and helps to protect babies from bacteria. The company announced an investment of £20m to make GOS. Fonterra will receive a commission to sell all the demineralised whey to brands overseas and will also provide technical and engineering support. It will also sell GOS and supply the lactose needed to mix with it. Dairy Crest expects the whey to contribute around £5m to earnings in 2015/16. It will start making both products that year.

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- Head of Sugar Sales- Arabian Market, 12-15 years, Dubai
- Head of Sugar Sales- Non Arabian Market, 12-15 years, Dubai
- Operations/Executive Manager, 4 to 6 years, Dubai
- Management Trainee, Edible Oil, 0 to 1 years, Mumbai
- Senior Manager Execution, 10 years, Agri Commodity MNC, Gurgaon
- Hexene Plant Head, Edible Oil Plant, 10 years, Indonesia

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