

# AGRI TRADE HIGHLIGHTS

A GLOBAL OVERVIEW OF MARKETS, COMMODITIES AND REGIONS

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## EDITORIAL

Dear Reader,

At SGS, customer care is central to our service delivery concept, and an important part of our relationship with clients.

Following initial contact, our professional and friendly team coordinates the inspection and testing of your activities, making sure that our operational teams deliver at the right time and place, and to the required standard. Always ready to achieve a 'best in class' service, we oversee projects and are then able to propose new services and solutions to meet your needs; looking after you every step of the way.

Service excellence and the quality of our customer care reinforce our dynamic and leading position in agricultural inspection.

As the dust settles on the 2016 harvest season, in this issue we catch up with news from the markets in Brazil and Argentina, introduce our recent investment in AgFlow, review RSPO accreditation in Indonesia and introduce our new grains lab in Canada.



**ENRIQUE CALDERON**  
Customer Care Manager

## MARKET UPDATE: ARGENTINA & BRAZIL

Agriculture across South America is going from strength to strength. Market growth in recent years has been bolstered in the 2015/16 season by healthy harvests and steady yields. Harvesting for the summer crops is almost complete, and planting is well underway for next season as farmers enjoy an extended period of dry weather that is allowing fieldwork to continue apace.



### ARGENTINA

Latest grain estimates for the 2016/17 season from the Argentine Ministry show a mixed collection of gains and reductions, but overall paint a positive picture for the country's growers and traders. Production estimates for wheat are currently showing a rise on last year's figures, while barley production is predicted to drop.

With agricultural experts operating across the country to support Argentina's grains industry, we report on our recent findings in this busy and important market.

### WHEAT

The ideal window for planting wheat is coming to an end. Planting is complete in the centre and southwest of Buenos Aires, and south of La Pampa, but fieldwork is pending in southeast Buenos Aires, especially in the coastal area. Wheat is 99.5% sown, extending to 4.25 million hectares (MH). Of these crops, 44% present very good conditions. The final planted area is estimated to 4.3 MH, which if achieved will be a 19.4% rise year-on-year (YoY).

### SOYBEAN

Good weather conditions have enabled the completion of harvest at a national level. Final production stands at 56 million tons, and nationally, average yields achieved 3.04 tons per hectare, bolstered by excellent productivity in the west of the national agricultural area. Some plots in waterlogged low-lying areas of southeast Buenos Aires remain unharvested, however, they do not affect our final production estimate.

### CORN

The corn harvest continues apace across the country, with most progress in north-central Córdoba, NEA, NOA and the north and south belts. The harvest of early crops is almost complete, while many late and second crops are still unharvested. Corn is 85.1% harvested (24.3 MT) and the average yield stands at 8.2 tons per hectare. Our final production estimate for the current season is 28 MT.

**SGS**

**BARLEY**

In recent weeks, clear skies have fostered fieldwork, which is now in its final stage. Barley is 93.5% planted and all pending plots, in southeast and southwest Buenos Aires, as well as south of La Pampa, will be incorporated by month end. Planting is on schedule to reach 950,000 hectares (H), down 20.8% from last season. YoY planting is running later than last year. At this point last year planting had already finished.

**SUNFLOWER**

Planting is just getting going with fieldwork underway in NEA and north-central Santa Fe, and the centre of the national agricultural area will begin planting shortly. Weekly progress stands at 6.4% thanks to adequate/ideal moisture conditions in the north. Sunflower is 14.7% planted, and the final planted area is projected at 1.6 MH.

**PEANUTS**

For the 2015/16 campaign, the weighted average yield of peanut, dry and clean in shell, has been estimated in 3.2 tons/ha. This places production of peanut in shell at about 928,600 tons, around 22% less than the previous year. Peanut grain production has been estimated in 670,600 tons from a harvestable area of 289,370 hectares, having lost 47,000 hectares to weather events.

**BRAZIL**

Difficult weather conditions have made 2015/16 a tricky season, but even so, there

are plenty of opportunities in the Brazilian agriculture market.

The El Nino weather effect has negatively impacted two of the country's main crops this year, soybean and corn. As a result, grain production for Brazil's 2015/16 harvest reached 186.4 million tonnes, a reduction of 10% compared to 2014/15. The planted area reached 58.3 MH, representing a 0.7% increase compared to the previous harvest.<sup>1</sup>

**SOYBEAN**

For soybean, planting in several states was delayed by unusually dry weather conditions. The delay and subsequent dry conditions have impacted the average yield, which was lower than the previous year. Even with a gain in the area planted, production for 2015/16 is only estimated at 95.4 million tonnes, almost 1% lower than the 2014/15 harvest.

**CORN**

After a good year in 2014/15, corn production in 2015/16 endured a reduction in both the planted area and the yield for the summer crop. For the winter crop (safrinha), even though the planted area increased by some 10.2%, drought stresses resulted in a heavy reduction in yields. This drop has been verified, and total production was reduced by an exceptional 22%. Total production for this year (first and second corn crops) is expected to reach 66.9 MT in the current harvest. Compared to 81 MT last year, this represents an overall reduction of 17%.

**COTTON**

Cotton production will be lower than last season. This crop has been affected by a decrease in the planted areas of the North/Northeast. At the same time, productivity has been adversely affected by a lack of water and high temperatures in region.

**PEANUTS**

Year on year, peanuts are expected to show continued growth, both in planted area and yields. Growth in planted areas is mainly focused in São Paulo state, while the average yield is expected to increase, nationally.

**RICE**

Rice crops have been hit by the impact of reduced planting and excessive rains. The grain's main producers reduced their planting areas for 2015/16 so a reduced harvest was expected. However, excess rains caused schedules to be reorganised and planting to be completed out of the recommended period (low-light window). This resulted in decreased productivity in the south, especially in Rio Grande do Sul.

**PABLO THOMAS**

Business Manager, Argentina

**ALEXANDRE FONTOURA**

Business Manager, Brazil

<sup>1</sup>Source: CONAB September Report

**SGS INVESTS IN MARKET INTELLIGENCE EXPERTISE**

SGS is pleased to announce the acquisition of a 15 percent stake in AgFlow SA, headquartered in Geneva, Switzerland.



SGS's market research studies will enrich the AgFlow market intelligence platform, while AgFlow will broaden its technological expertise in data analytics to transform raw data into actionable information for the agricultural supply chain.

AgFlow operates an innovative trade intelligence platform aggregating OTC market data on global grains, oilseeds/proteins and edible oils from market

participants worldwide. SGS's investment in this market intelligence expertise will complement its existing market research studies and services.

SGS has developed a wide portfolio of market research and information services throughout the agricultural value chain over the last 10 years. These range from the pre-farm gate to the primary processing stage and cover production trends, crop conditions, quality maps at time of harvest, global trade flows, monitoring of undesirable substances or contaminants, ad-hoc market surveys, and more.

"SGS's market research services will complement AgFlow's data platform and unique market analytics," said Gennadiy Shulga, SGS's Vice President for Business Development. "This acquisition is an important part of SGS's focus on embracing digital technologies that will enhance our services to the trade."

For more information: [www.agflow.com](http://www.agflow.com)

**GENNADIY SHULGA**

Vice President Business Development

## NEW GRAINS ANALYTICAL TESTING LABORATORY OPENS **IN CANADA**

SGS's dedicated grains laboratory and panification facility in Canada, a joint venture with Grain Farmers of Ontario, was officially opened on July 11.

Based in Guelph, Ontario, this new facility is the first collaboration between a producer organization and private company to develop a laboratory to provide a full analytical testing scope for cereal crops in Canada.

Equipped to conduct panification (bread making) in controlled conditions, enabling the identification of the best quality wheat for this purpose, the laboratory's capabilities will support grain farmers, processors and millers worldwide by providing quality data to aid in their marketing.

### CEREAL TESTING EQUIPMENT

The lab will be able to determine the levels of moisture, protein and ash in wheat and flour, and to perform a number of dough rheology tests:



- Farinograph
- Alveograph
- Extensograph
- Amylograph

The lab has a Chopin SDMatic to determine the amount of damaged starch present in a flour sample after the milling process, and a Perten Falling Number machine to measure the alpha-amylase enzyme activity in grain and flour samples. It can also perform

Solvent Retention Capacity tests to determine water absorption in a flour sample.

All of these tests can be performed on submitted flour samples, as well as those obtained after milling wheat on our Buhler Laboratory Mill.

**PAOLO SANTANGELO**  
Commercial Manager

## SGS INDONESIA ACCREDITED FOR RSPO CERTIFICATION

SGS Indonesia's accreditation to conduct RSPO certification worldwide has been confirmed by ASI – the assurance partner for global sustainability standard systems.



Following successful completion of the accreditation process including desktop review, office and on-site assessments, Accreditation Services International (ASI) has confirmed SGS Indonesia's Round Table on Sustainable Palm Oil (RSPO) accreditation for both Supply

Chain Certification Systems (SCCS) and Principles & Criteria (P&C) certification, worldwide.

As the world's largest palm oil producer and consumer, Indonesia's plantation's stretch across 6 million hectares and 33 million tonnes of palm oil was exported in 2015.

### PALM OIL SERVICES

With an extensive network of experts and facilities SGS conducts RSPO audits to verify production processes comply with the RSPO Principles & Criteria for Sustainable Palm Oil Production, as well

as supply chain audits. The latter help to prevent overselling and the mixing palm oil with conventional oil palm products.

In addition to ISO 17025 accreditation, SGS also holds approval from the Federation of Oils, Seeds and Fats Associations (FOSFA) for laboratory and inspection work. With laboratories in Banjarmasin, Jakarta and Medan, SGS auditors, scientists and agronomists can meet all palm oil, audit, testing and certification needs.

**ARYO GUSTOMO**  
RSPO Accreditation Manager

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WHEN YOU NEED TO BE SURE

