

May 26, 2016

Dow Jones Resources Coverage

EXCLUSIVE ANALYSIS AND NEWS BEATS

In This Issue:

- Exclusive news: **Grain traders** were planning to reject **Monsanto's** new GMO soybeans, **Glencore** and **Vitol** were nearing a deal to buy term crude from **Iran**, **Bayer** was making an unsolicited bid for **Monsanto**, **Associated British Foods** was considering a sale of its **China sugar** business; and more
- Unique analysis on **shale drillers** streamlining so they could keep drilling at a profit and sweeping changes in the **global sugar market**
- Comprehensive coverage at **natural-gas** and **crude-oil** conferences

Exclusive News

Grain Traders to Reject Monsanto Soybeans

U.S. grain companies plan to reject Monsanto's new genetically modified soybeans over concerns that they could disrupt international trade without a key regulatory approval from the European Union, we reported on May 2.

- Trade groups representing Cargill, Archer Daniels Midland, Bunge and other grain companies blasted the biotech seed company's decision to sell the seeds before first securing an approval required to ship the crops to the EU, according to a letter we reviewed.
- The grain companies' stance is a potential blow to a product that Monsanto has touted as a blockbuster for U.S. farm fields.

Major Trading Houses to Buy Iranian Crude

We were first to report on May 12 that Glencore PLC and Vitol Group, the world's two largest independent oil traders, were close to signing a long-term deal to purchase Iranian crude, according to a top Iranian official.

- The potential deal would mark the return of two of Iran's biggest oil-trading partners before Western sanctions over the country's nuclear program were tightened in 2012.
- Iran has sought to ramp up production since those sanctions ended in January. But many Western buyers have been reluctant to purchase its oil because their banks are concerned about falling foul of remaining U.S. sanctions.

Bayer Seeks to Take Over Monsanto

We reported exclusively on May 18 that Germany's Bayer had made a takeover approach to Monsanto that would fuse two of the world's largest suppliers of crop seeds and pesticides.

- Monsanto acknowledged the approach within an hour of our article. Rumors had been swirling about Bayer's interest in Monsanto in the previous week; our scoop brought the fact to light. It remains unclear whether Monsanto is receptive to the offer.
- It was unclear at the time of the article what price Bayer was willing to pay for Monsanto's shares. Bayer subsequently made public it was offering \$122 a share, a 37% premium over the American company's closing share price on May 9. This valued Monsanto at \$62 billion.
- A successful deal would ratchet up consolidation in the agricultural sector after rivals Dow Chemical, DuPont and Syngenta struck their own deals over the previous six months.

Associated British Foods to Sell China Sugar Operations

Our reporters in Asia were first to report that British food and retail group Associated British Foods was considering a sale of its China sugar business that could fetch \$1 billion.

- Although sugar consumption in China is slowing, the sale could attract interest among Chinese buyers who are looking to invest more in agricultural commodities.
- Sugar consumption in China is slowing amid weak overall economic growth, and production costs have climbed higher with wage increases.

More Exclusive News

Find Dow Jones exclusive commodity or energy coverage like the scoops featured above and below by searching on **P/CMDM** or **P/ENDM**.

- May 25—**Chevron** and its partners were ready to spend up to \$37 billion to increase output at the **Tengiz** oil field in **Kazakhstan**, a field considered to be among the world's most expensive.
- May 18—**American Energy Partners**, the Oklahoma City oil and gas company founded by the late shale pioneer **Aubrey McClendon**, was planning to shut itself down this summer.
- May 17—**Saudi Aramco** was extending the deadline for bids on a \$2 billion **clean-fuels project** at its **Ras Tanura** refinery.

Unique Analysis

Shale Drillers Streamline to Stay Afloat

Cash-strapped shale-gas operators are dialing back or abandoning North Dakota. But the survivors—many of whom are bigger and more diversified players—are finding ways to make the Bakken Shale pay even at low oil prices by trimming budgets, improving field logistics and focusing on their best assets, we reported on May 18.

- As the number of failed operators mounts, the surviving companies are laying the groundwork for what they forecast will be an era of slower but steadier growth in the state at the epicenter of the U.S.'s energy boom.

Sugar Industry Girds for Shakeup

Sweeping changes to the trade barriers governing the sugar industry are redrawing the map for one of the commodity world's most-protected markets. The industry is gradually liberalizing in a series of moves that could push the price of sugar lower. That has refiners and exporters scrambling to work out what newly opened markets will mean for them, we reported on May 18.

- In the biggest change, the European Union will remove production quotas and minimum payments for sugar-

beet farmers beginning in October 2017. Farmers are expected to push much of the additional supply to export markets, which would turn the EU into a bigger competitor abroad.

Comprehensive Coverage

Reporting from Natural Gas, Crude Oil Conferences

Our specialist reporters provided intensive coverage of the Flame Natural Gas & LNG Conference in Amsterdam and the Platts Global Crude Oil Summit in London,

- From the Flame event we produced 38 Market Talks and drilled into a broader LNG story.
- From the crude-oil summit we produced an additional 38 Market Talks as well as other broader energy-related items, such as an IEA report that shed light on one of the hot topics in the oil market—Iran and its re-emergence.

About This Newsletter

This weekly newsletter covers Central Banks, Deals, Resources and Technology topics on a rotating basis. Next week: Technology.

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