by Mary Bowen

MAB alum shares about wheat trading in Brazil

Walter von Muhlen Filho was working in a rice mill trading rice when the Brazilian government deregulated wheat imports in the early 1990s. He thought wheat trading might be interesting, so he shifted to trading imported wheat to millers in south and central Brazil.

“In fact trading wheat was much more dynamic than rice. Wheat trading is information coming to reality,” he said. “There are so many issues to be aware of including the weather, logistics, futures markets, exchange and interest rates, and government regulations because they all can affect trading.”

Wheat in Brazil is grown during the dry, winter season (planted in April/May) when land and farm equipment are not being used for soybeans or corn. In some areas, it competes with a second corn crop or canola depending on the expected prices on crops.

Production is concentrated in the southern part of the country with two states Parana and Rio Grande do Sul, producing 90% of the country’s crop. Average production is just over 5 million metric tons, which is about half of Brazil’s demand. The balance needed to support demand is imported mainly from Argentina, Paraguay and Uruguay and some from the U.S. and Canada. The wheat imported from Argentina, Uruguay and Paraguay has no taxes, because they are members of the MERCOSUR Economic Block, while wheat from other origins has to pay import taxes. Still in many cases, imported wheat from MERCOSUR countries has been less expensive than domestic wheat due to Brazil’s strong currency, internal taxes, and the cost of logistics to move wheat to the northern part of the country.

“There are two primary reasons why Brazil is a large importer of wheat in the world market. First, domestic wheat supplies are inadequate to meet the needs of the vast internal Brazilian wheat market. Second, Brazilian millers find it is necessary to import higher-quality foreign wheat supplies to blend with domestic Brazilian wheat to produce flour for baking, pasta and cookies,” he said.

“K-State is a magnet for grain people worldwide, so I knew the high quality of programs provided. The MAB program offered the opportunity to learn tools to better analyze trading information, as well as exchange ideas and learn from classmates and faculty working throughout the industry,” Walter said. “After being out of school for several years, beginning the program was a bit like being in another planetary system, but the faculty, staff and classmates motivate you to succeed. After I finished, I had increased knowledge of the industry, but also increased my networking and information channels.”

Another benefit of the MAB program was the opportunity to use his experience in the grain market and skills learned in the MAB program to create a model to gain a better understanding of how different variables affect Brazilian wheat imports. The variables he examined in his 2006 thesis, “Estimating a Brazilian Demand Function for Wheat Imports,” included both the imported and domestic prices of wheat in Brazil, gross domestic product, exchange rates, and government intervention policies.

For those interested in entering the trading field, he has these words of advice:

“Grain trading is nothing else than...”

Walter continued on pg 4
in the NEWS...

Joel Karlin ('01) gave the 2013 California Dairy Outlook presentation at the Progressive Dairyman/World Ag Expo Dairy Seminar February 13 in Tulare, Calif.

Mike Retallick ('02) received the New Teacher Award at the Food and Agricultural Sciences Excellence in College and University Awards Program for his work as an associate professor of agricultural economics at Iowa State University.

Carlos Piana ('01) has taken a new position as the Purchasing and Exports Manager for INTERCIA, a paper, plastic, cardboard and electronics recycling company in Ecuador.

Michael Kempke ('13) and his wife Christy, welcomed Brady Christopher on January 4. Brady was 8 lbs, 9.5 oz and 20 inches. He joins brother Colby and sister Ava.

Kurt Anderson ('14) has accepted a new position for John Deere within their Parts Distribution Center. He will be managing the Sales Support Groups in Rock Valley, IA and Charlotte, NC supporting “All Makes” parts sales. In this new role, Kurt will be moving from Bettendorf, IA to Sioux Center, IA.

Kevin Nielsen ('11) has been promoted to Petroleum Division Manager at Ag Valley Cooperative.

Chris Simms ('09) and his wife were featured on America’s Heartland.

Sandra (Alton) Reid ('06) and her husband Sandy, announced the birth of their second son, Corbin John Daniel Reid on December 15. He was 8 lbs, 2 oz and 21 inches long.

Cody Ruby ('11) and his wife welcomed twins Alexander and Benjamin Ruby on December 10.

Steve Stephens ('00) and Dr. Bryan Schurle collaborated on a paper titled “Impact of Rainfall, Sales Method, and Time on Land Prices” that was accepted for the 2013 Journal of the American Society of Farm Managers and Rural Appraisers and will be published soon.

Emilie (Gein) Jensen ('14) has accepted a new position as Capacity and Supply Analyst with Cargill in Gainesville, GA.

Melissa (Frick) Brossard ('06) and her husband Matt, announced the birth of their daughter, Harley Rae on November 29. Melissa also received a promotion to Regional Process Improvement Engineer for the Mid-Central Region for Bimbo Bakeries USA.

Audra Geiger ('11) and her husband Dustin welcomed twins Mason George and Natalie Grace on January 26.

Tanner Ehmke ('11) was selected to participate in the Sorghum Checkoff’s inaugural Leadership Sorghum class consisting of 15 sorghum farmers from eight states for the purpose of educating class members about sorghum and developing the next generation of leaders for the sorghum industry.

Marilyn Vass ('04) has moved to Thermopolis, Wyo., and is now a Financial Counselor at Hot Spring County Hospital.

Brett Goodman ('15) and his wife Melissa welcomed their daughter Summer Kate Goodman on February 26. She was 7 lbs. 12 oz.

Walter continued from pg 2

information coming to reality, so you must create reliable channels of communications between you and your customers.

“Even with the modern technology (internet, skype, etc) I am a service provider and must see customers in person. Those who are not seen are not remembered.

Students complete thesis projects

To read current or previous thesis projects, go to http://krex.k-state.edu/dspace/ and search by author, title or keywords (no log-in required). To read a thesis written before 2008 or view thesis defense, log onto K-State On-Line, www.online.ksu.edu, with your eID and password. Go to the MAB Community Page, go to Files & Content and click on Theses.

Marvin Goertz ('12), Feasibility of Building a Greenfield Contract Manufacturing Plant

Kevin Nielsen ('11), Creating Value with Equity Management at Ag Valley Cooperative

Nate Schroeder ('09), Response to Population in Corn Hybrids with Specific Characteristics

Philippe Steffan ('10), An Optimization Model: Minimizing Flour Millers’ Costs of Production by Blending Wheat and Additives

Chris Wagner ('13), Comparative Grain Storage Analysis

Mark your calendars now for the MAB Professional Development Event in Minneapolis!

The MAB program is pleased to partner with Cargill for our 5th Professional Development and Alumni Reunion Event. The event will be August 8 & 9, 2013 in Minneapolis, MN at Cargill’s headquarters.

The event will include sessions on timely industry topics and tours of areas agribusinesses, as well as the opportunity to network with classmates and industry partners. Be watching for more information about session topics and registration.