Black Sea countries: Grain production & exports
Key trends & outlook

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SovEcon Profile

• SovEcon is the oldest and the only independent Russian company specializing in agriculture research and consulting. Since 1991, SovEcon been reporting on Russia’s agriculture, providing consulting services, analysis and production forecasts on Russia’s grains, oilseeds and related markets.

• SovEcon has a reputation for accuracy of the information and forecasts and freedom from bias. SovEcon clients include the majority of the principal Russian trading and production companies in agriculture, international companies and organizations as well as Russian government.
Services & Products:

- Newsletters & periodicals on Russian and international agriculture commodities markets;
- Multiclient studies, consulting & research projects;
- SovEcon Price Indexes (since 2002), SovEcon VegIndex (2013), SovEcon Farmland Values Survey (2012)

- **Black Sea Grain Market Report (jointly with Informa Economics):**
  - Weekly Russia, Ukraine & Kazakhstan Grain Market Report
  - Regular updates on crop development & prospects
  - Monthly detailed exports data
  - Special "ad hoc" reports & webinars during important seasons
  - Informa Economic's Daily Global and US Grain Market Commentaries
Russia, Ukraine, Kazakhstan (RUKZ) grain production & export trends
Russia, Ukraine, Kazakhstan: fast growth of grain production: +80% in 1995-2014

Source: Rosstat, Ukrstat, Kazstat, USDA
RUKZ: Wheat production +80% in 1995-2014

Source: Rosstat, Ukrstat, Kazstat, USDA
RUKZ: Corn production increased 8 times in 1995-2014

Source: Rosstat, Ukrstat, Kazstat, USDA
RUKZ grain exports grew 7.5 times

Source: Federal Customs Service, USDA
RUKZ wheat exports increased 6 times, mln t

Source: Federal Customs Service, USDA
RUKZ corn exports from 0 to 21 mln t

Source: Federal Customs Service, USDA
RUKZ share in world grain exports

Source: Federal Customs Service, USDA
Russia
Russia: Grain production +70%

Source: Rosstat
Russia: Grain harvested area, mln ha

Source: Rosstat
Russia: Grain yields, t/ha

Source: Rosstat
2014/15 export estimates: wheat 20.6 mmt (USDA 20.0), corn 3.0 mmt (2.5), total grain 29

Source: Federal Customs Service, SovEcon
UPDATE 2-Russia says grain export ban not on the agenda

Fri Sep 5, 2014 12:00pm GMT

* Ministry denies sending grain export ban proposal to PM

* Copy of letter seen by Russia's Grain Union, Reuters

* Deputy PM says issue not on the agenda (Recasts with government comment, adds details, quotes, context)

By Polina Devitt and Darya Korsunskaya

MOSCOW, Sept 5 (Reuters) - Russia, one of the world's largest wheat exporters, said on Friday it was not considering grain export curbs as an option to balance domestic demand during the 2014/15 marketing season.

Arkady Zlochevsky, head of Russia's Grain Union, said earlier that Russia's Agriculture Ministry made such a proposal in a letter addressed to Prime Minister Dmitry Medvedev. Reuters also obtained a copy of the letter, dated Aug. 26.

"The issue is not on the agenda," Deputy Prime Minister Arkady Dvorkovich was quoted as saying by Itar-Tass news agency on Friday.

Dvorkovich's spokeswoman Aliya Samigullina told Reuters the government was not considering grain export restrictions as it would only use market methods of regulation.

Samigullina said the letter from Agriculture Minister Nikolai Fyodorov to Medvedev included a list of options related to monitoring the grain market situation, not proposals.

Russia shocked grain markets with a one-year export ban in 2010 when drought ravaged that year's harvest. The move was a catalyst for a rise in grain prices and political instability in the import-dependent Middle East and North Africa.
Bunge exec sees no sign Russia will limit wheat exports

Wed Dec 10, 2014 4:42pm EST

Dec 10 (Reuters) - Bunge Ltd, one of the world's largest agricultural trading houses, sees no signs that Russia will limit wheat exports as some traders have feared, the company's managing director of global agribusiness said on Wednesday.

"Today we have not seen any intervention and we have no signs that anything is about to happen," Brian Thomsen, who leads Bunge's agribusiness operations, said in a webcast of a company.
UPDATE 2-Russia might yet break promise to avoid grain export curbs - analysts

Tue Dec 16, 2014 9:18am EST

* Russia’s AgMin to raise prices for restocking programme
* Analysts say new state price is too low for large buying
* SovEcon does not expect grain export curbs till mid-Feb (Writes through, adds market reaction, context)
GRAINS-Wheat hits 6-month high on Russia worries; soy, corn firm

Thu Dec 18, 2014 3:50am IST

* Wheat soars 4 percent on fears of Russian export slowdown
  * Corn higher on strong U.S. ethanol output
  * Soy firm, led by meal; South American crop prospects cap gains

(Adds details, closing prices)

By Julie Ingwersen

CHICAGO, Dec 17 (Reuters) - Chicago Board of Trade wheat futures surged 4 percent on Wednesday, rising for a fifth straight session on worries that Russia, a key global supplier, might restrict exports to cool domestic prices, traders said.

Strong U.S. ethanol production bolstered corn, while soybeans firmed on technical buying.

CBOT March wheat settled up 25-1/4 cents at $6.48-1/2 per bushel, after reaching $6.50-1/4, the highest spot price on...
Russia Plans Grain-Export Duties to Combat Rising Bread Costs

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by Anatoly Medetsky and Olga Tanas

(Bloomberg) -- Russia, the world’s fourth-largest wheat exporter, plans to introduce export duties on cereals as it tries to rein in domestic prices that leapt amid the rout in the country’s currency.
Ukraine
Ukraine: Grain production +90%

Source: Ukrstat, USDA
Ukraine: Grain harvested area +20%, mln ha

Source: Ukrstat, USDA
Ukraine: Grain yields, t/ha

Source: Ukrstat, USDA
Ukraine: Grain exports, mln t

2014/15 export estimates: wheat 10.5 mmt (USDA 11.0), corn 18.0 mmt (18.0), total grain 33

Source: USDA, SovEcon
Kazakhstan
Kazakhstan: Grain production, mln t

Source: Kazstat, USDA
Kazakhstan: Grain harvested area, mln ha

Source: Kazstat, USDA
Kazakhstan: Grain yield, t/ha

Source: Kazstat, USDA
Kazakhstan: Grain export, mln t

Source: Federal Customs Service, SovEcon
US wheat losing some markets while RUKZ are entering them

<table>
<thead>
<tr>
<th>Wheat exports by key destinations, 1,000 mt</th>
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<tbody>
<tr>
<td></td>
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<tr>
<td>RUKZ 2013/14</td>
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<tr>
<td>Egypt</td>
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<td>Morocco</td>
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<td>Nigeria</td>
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<td>Pakistan</td>
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</tbody>
</table>

Source: Federal Customs Services, International Trade Center
Competition on corn market between US, Ukraine & Russia is just warming up

<table>
<thead>
<tr>
<th>Country</th>
<th>RUK 2013/14</th>
<th>USA 2013/14</th>
<th>USA 2006/07</th>
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<tr>
<td>Syria</td>
<td>307</td>
<td>0</td>
<td>1256</td>
</tr>
</tbody>
</table>

Source: Federal Customs Services, International Trade Center
2015 prospects
Due to dry weather in Fall 2014 Russia has sown a lot of winter grains...

5 years average winter wheat share in winter grains acreage is 84%

Source: Russia Ministry of Agriculture
....but they entered winter in significantly worse condition than average (NDVI: 11/01/2014 - 11/16/2014)
Southern Russia topsoil weekly temperatures (°C)

- Krasnodar
- Stavropol
- Rostov
- Volgograd

Source: Vega
Ukraine: Winter grains acreage

5 years average winter wheat share in winter grains acreage is 81%
Ukraine: winter grains condition was significantly below average (NDVI: 11/01/2014 - 11/16/2014)
2015 early estimates

• Russia grain production sharply down. Total grain crop 85-92 mmt (104), wheat 47 – 53 mmt (59)

• 2015/16 grain exports 16-20 mmt (29), wheat 13-17 mmt (21)

• Ukraine grain production significantly down (-10 mmt or more from 64 mmt), sharp decrease of corn crop

• Kazakhstan generally unch. 15-18 mmt (17)

• **Bottom line:** less wheat exports from the region (30 mmt or below compared to 38 mmt in 14/15), significantly less corn exports (10-13 mmt vs 21 mmt in 14/15)
Ruble & Hryvna devaluation

Source: Barchart
Longer term prospects

- **Challenges**
  - FX rates and cost of ag inputs (2016 crop)
  - State regulation
  - (Geo)Political stability
  - State support

- **Opportunities**
  - Land availability (RU: $120-320/acre of good farm land); 30 mln ha were taken out of cultivation since 1980’s;
  - Increasing competitiveness, part of costs in $ terms are significantly down
  - Developed export infrastructure, esp. in Ukraine
  - Presence in many large & growing markets

**Bottom line:** 2 challenging years ahead!

**Return to longer term growth trend in 2017?**
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