

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary Public

Date: 8/29/2014

GAIN Report Number: RS1460

Russian Federation

Post: Moscow

Grain and Feed September 2014 Update

Report Categories:

Grain and Feed

Approved By:

Robin Gray

Prepared By:

Staff

Report Highlights:

FAS/Moscow increased the previous Russia total grain crop forecast for MY 2014/15 by 5 million metric tons (MMT) to 99 MMT due to very favorable weather for harvesting wheat and barley in European Russia in July and August and reported high yields of these crops. The forecasted crop includes 56 MMT of wheat (4 MMT increase from the previous forecast), 17.5 MMT of barley (1.5 MMT increase), 13 MMT of corn and almost 13 MMT of other grains and pulses. Given these crop volumes, in MY 2014/15 Russia may export up to 28 MMT of grain (2 MMT increase from the previous FAS/Moscow forecast), including 21 MMT of wheat, 3 MMT of barley, 3.5 MMT of corn and from 0.5 to 0.8 MMT of other grains and pulses. The Russian Grain Union forecast that given continued favorable weather, grain production in MY 2014/2015 may reach 104 MMT, the second highest crop after the bumper 108 MMT crop in 2008.

General Information:

NOTE: USDA unofficial data excludes Crimean production and exports. However, as of June 2014, Russian official statistics (ROSSTAT) began incorporating Crimean production and trade data into their official estimates. Where possible, data reported by FAS Moscow is exclusive of information attributable to Crimea.

Production:

FAS/Moscow increased the previous Russia total grain crop forecast for MY 2014/15 by 5 million metric tons (MMT) to 99 MMT. This forecast includes 56 MMT of wheat (4 MMT increase from the previous forecast and from 2013 wheat crop), 17.5 MMT of barley (1.5 MMT increase from the previous FAS/Moscow forecast, and 2.1 MMT more than last year), 13 MMT of corn (1.4 MMT more than last year), and almost 13 MMT of other grains and pulses. Weather was very favorable for harvesting winter grains in July and August, and yields of wheat and barley were higher than last year. Harvesting of corn in European Russia has just started, and the crop quality is good so far. According to Ministry of Agriculture reports that include Crimea, as of August 27, 2014, Russian farmers harvested 72.9 MMT of grain and pulses¹ from 25.2 million hectares, or 54 percent of sown area. The average yield was 2.89 metric tons (MT) per hectare, while last year at the same time the average yield of harvested crop was 2.43 MT per hectare. Without Crimea, Russia's harvested grain crop as of August 27, 2014 was 71.8 MMT.

According to the Russian Ministry of Agriculture, as of August 27, 2014, the harvested grains and pulses crop were distributed among the following major grain producing federal districts:

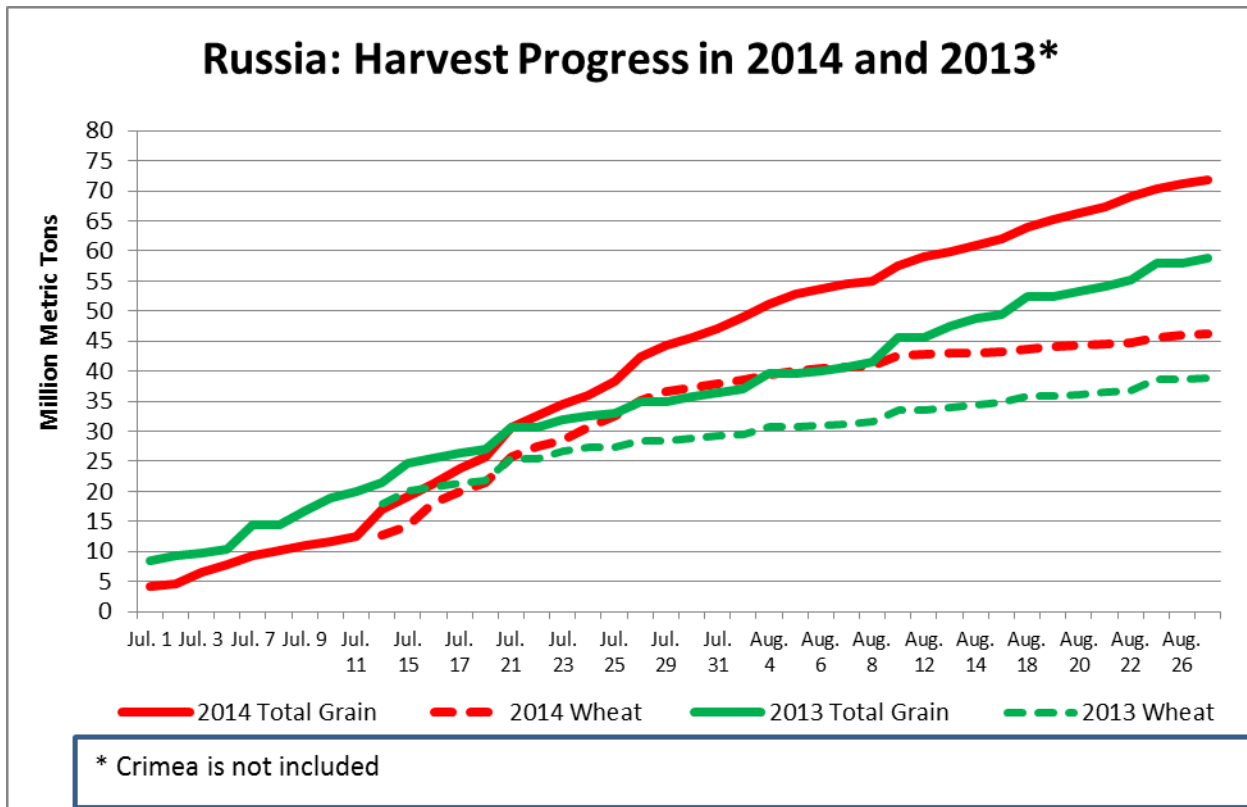
- Farmers in the Southern FD (area of winter grains and corn) harvested 22.2 MMT of grain from 6.4 million hectares (81.8 percent of grain sown area) with the average yield of 3.44 MT per hectare (2.84 MT/HA in 2013);
- Farmers in the North Caucasus FD (area of winter grains and corn) harvested 8.8 MMT from 2.4 million hectares (81.1 percent of grain sown area). Average yield was 3.64 MT/HA (in 2013 – 2.95 MT/HA);
- In the Central FD (area of primarily winter grains and corn) farmers harvested 22.1 MMT from 6.1 million hectares, or 79.2 percent of sown area. Average yield was 3.62 MT/HA, compared to 3.05 MT/HA in 2013;
- In the Volga Valley FD farmers harvested 15.4 MMT of grain from 8.1 million hectares, or 61.1 percent of grain sown area. Average yield was 1.91 MT/HA compared to 1.63 MT/HA on the same date last year.

As of August 27, 2014, the grain harvest in the Ural FD and in Siberia FD, the major areas of spring wheat production, was:

- Farmers in the Ural FD harvested 129,400 MT of grain from 84,900 hectares (2.3 percent of grain sown area). The average yield was 1.52 MT/HA, while on the same date last year the average yield was 1.76 MT/HA;
- In the Siberia FD, farmers harvested 2.1 MMT from 1.2 million hectares (12.2 percent of grain sown area) with the average yield at 1.73 MT/HA. On the same date last year the average yield was 1.99 MT/HA.

¹ Please note that during the harvest, all crop data are in bunker weight, that is 5-8 percent lower than the clean weight. The first report of crop in clean weight appears only after the harvest is completed.

Russian Ministry of Agriculture forecast grain production in 2014 is almost 100 MMT in clean weight. The Russian Grain Union forecast that given continued favorable weather, grain production in MY 2014/2015 may reach 104 MMT, the second highest crop after the bumper 108 MMT crop in 2008.



Source: Ministry of Agriculture of the Russian Federation.

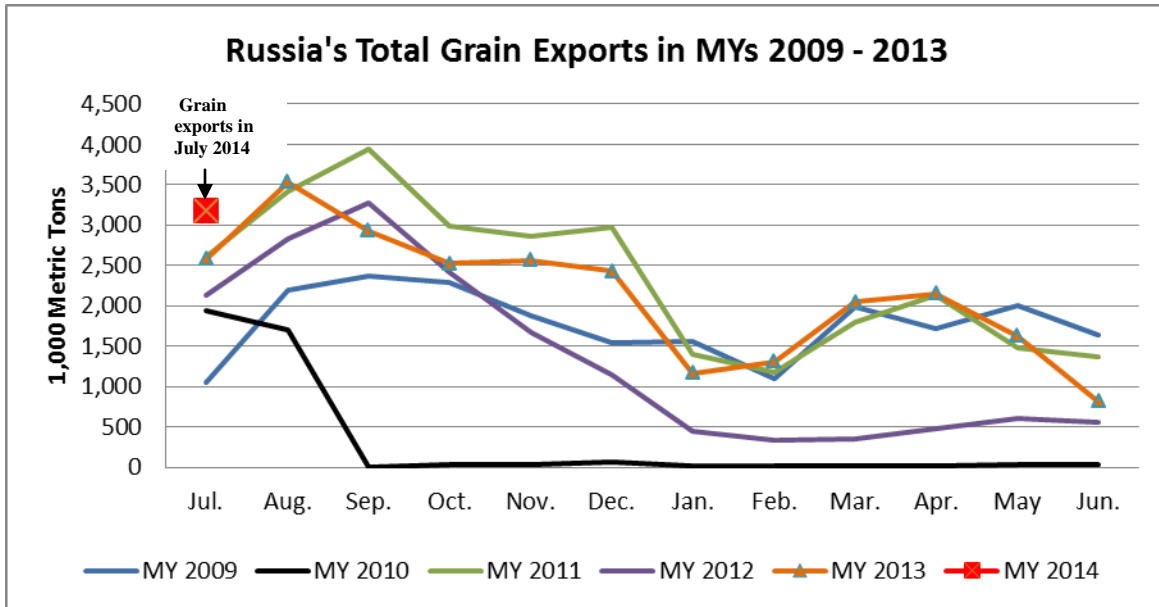
Trade:

Given the high grain crop, in MY 2014/15, Russia may export up to 28 MMT of grain (2 MMT increase from the previous FAS/Moscow forecast), including 21 MMT of wheat, 3 MMT of barley, 3.5 MMT of corn and from 0.5 to 0.8 MMT of other grains and pulses. In MY 2013/14 (July – June) Russia’s total exports of grains and pulses reached 25.8 MMT, and included 18.5 MMT of wheat (including flour in grain equivalent), 2.7 MMT of barley, 4.1 MMT of corn, and 0.5 MMT of other grains and pulses.

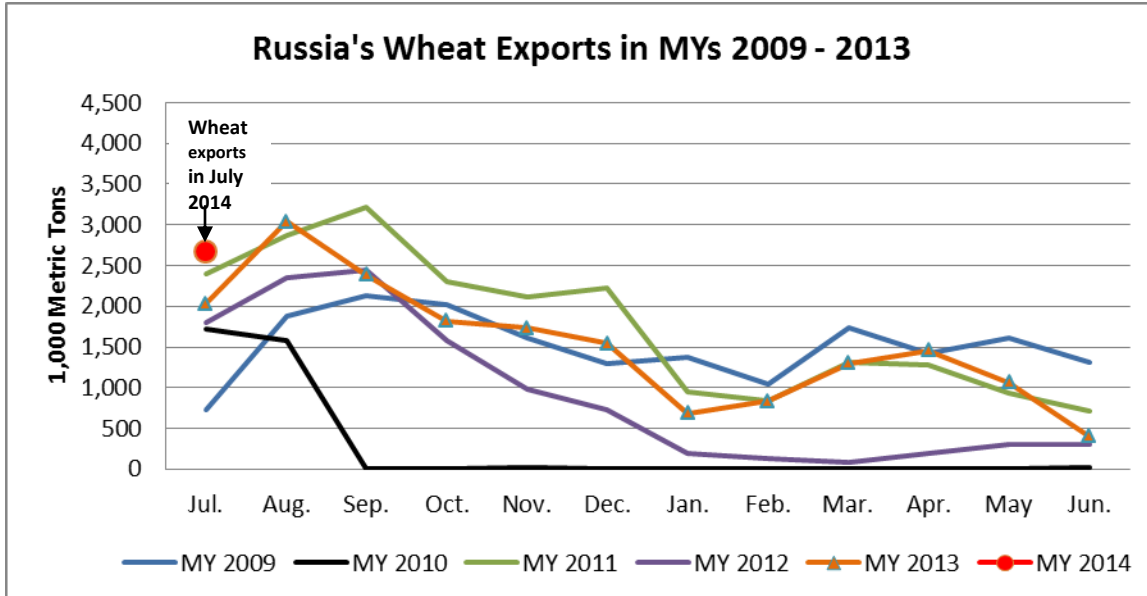
In July 2014, Russia exported 3.16 MMT of grain and pulses, including 2.67 MMT of wheat, 386,600 MT of barley, 46,000 MT of corn, 37,000 MT of peas, and 25,000 MT of other grains and pulses. This was the highest July export recorded. The total grain and wheat exports exceeded the previous July 2011 export level by 561,000 MT and 270,000 MT respectively. In July 2011, the Russian government had just lifted the export ban and Russian traders exported in one month most of the accumulated stocks. According to industry analysts, in the first three weeks of August 2014, Russia exported 2.8 MMT of grain, and the August export is estimated as another record month of exports of grains. Decreased domestic market prices, expectations of bumper grain crop, and the soft ruble vs. the U.S. dollar are the main reasons for high exports in July and August 2014. Moreover, the prospects are still unclear for the Black Sea grain market, including exports from Ukraine. This situation further stimulated traders to

export as fast, and as much grain, as possible.

The Russian Ministry of Agriculture increased its grain exports forecast for MY 2014/15 from 25 MMT to 27-30 MMT. The Russian Grain Union also increased grain exports forecast to 30 MMT².



Source: Russian State Customs Service



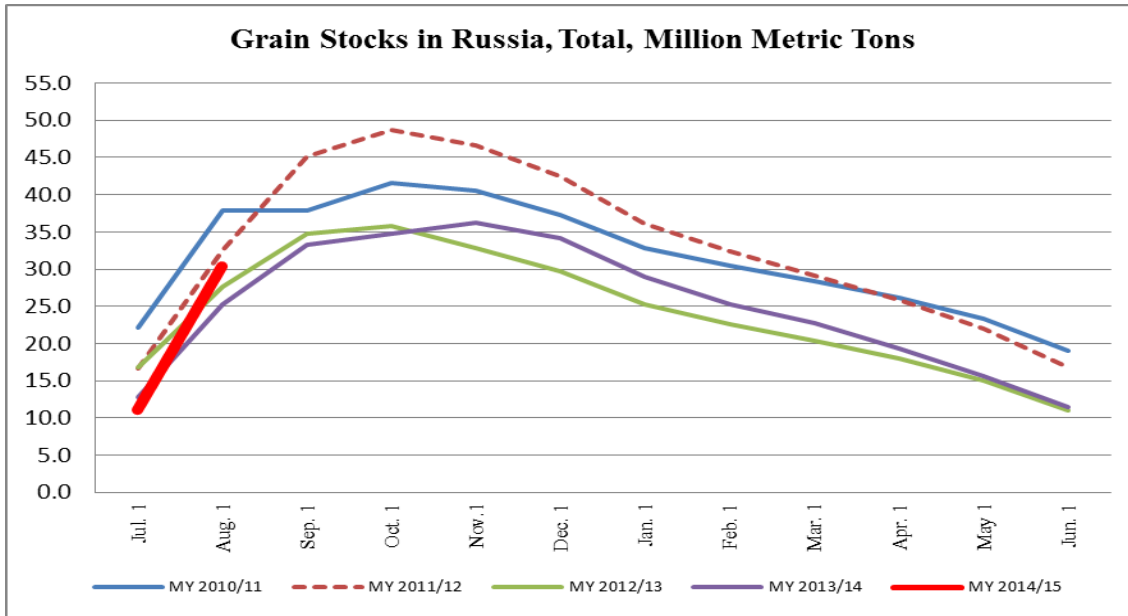
Source: Russian State Customs Service

Stocks:

Due to the fast grain harvest and the good harvested crop in European Russia, Russia's grain stocks on

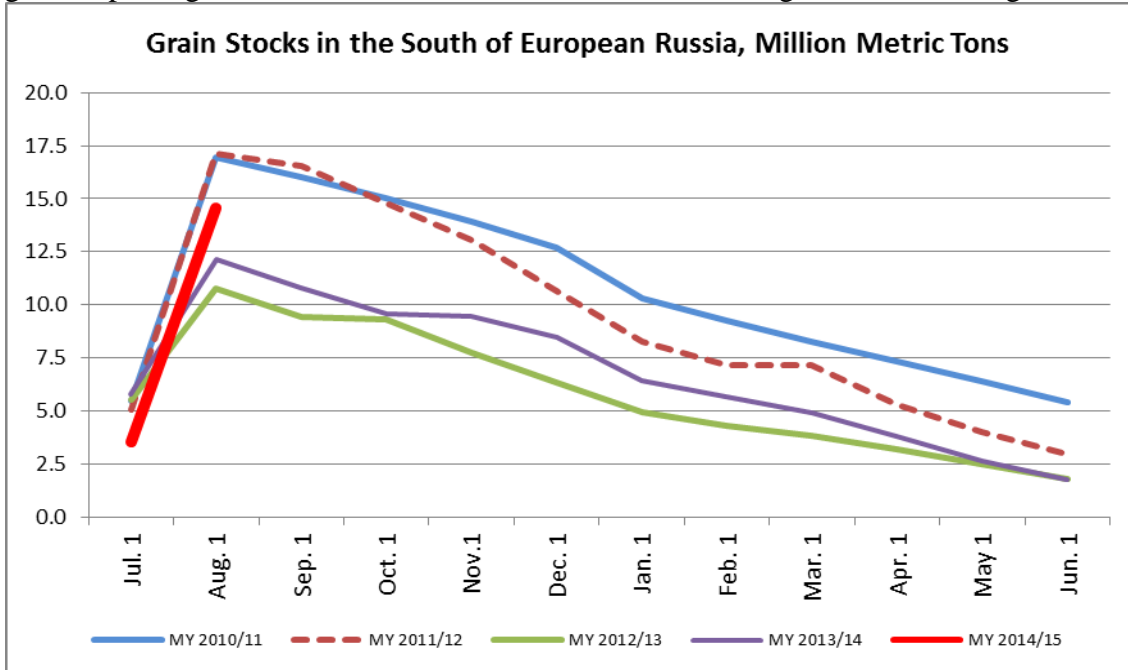
² Source: <http://itar-tass.com/ekonomika/1403019>

farm, assembling points, elevators and processing enterprises almost tripled from July 1, 2014 to August 1, 2014, and reached 30.35 MMT. These stocks were 20 percent higher than last year, but still below the stocks on the same date in August 2010 and in August 2011.



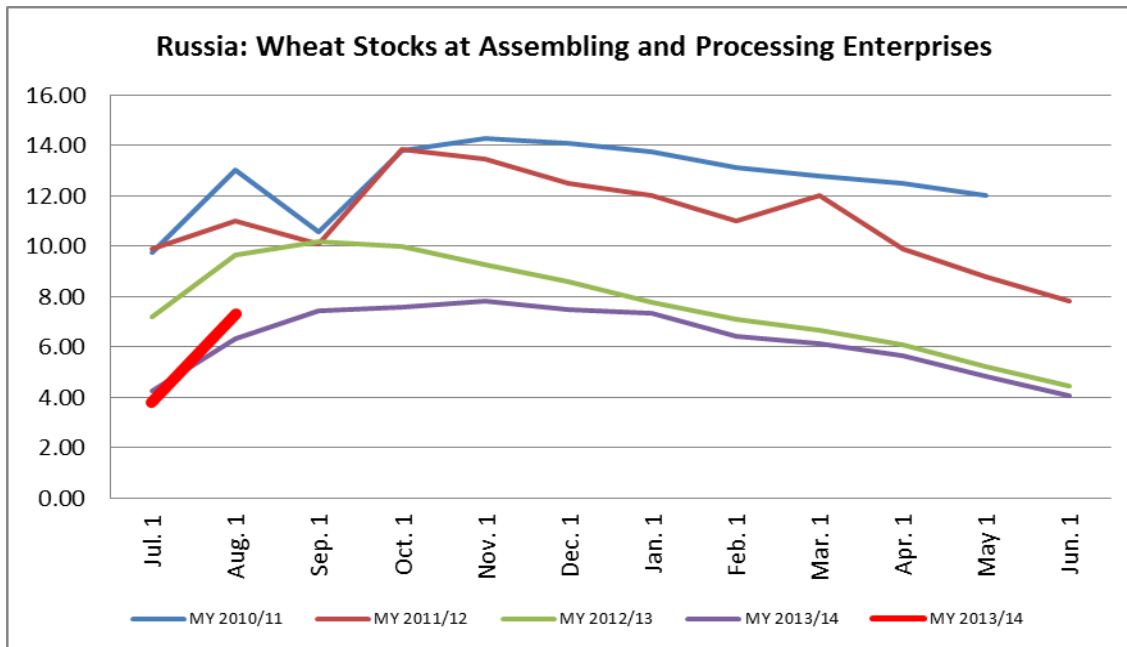
Source: Russian State Statistical Service (Rosstat)

Stocks in the South of European Russia (Southern and North Caucasus federal districts), Russia’s major grain exporting districts, were also below stock levels on August 2010 and August 2011.



Source: Rosstat

Wheat stocks at assembling and processing enterprises were the second lowest in the last 5 years.



Source: Rosstat

Policy:

The beginning of purchasing grain (mostly milling wheat Class 3 and Class 4) onto the Grain Intervention fund is scheduled for the second half of September. On August 25, 2014, preparations for the interventions began (selection of insurance organization, auctions for selection of elevators for storing intervention grain, upgrading the rules of intervention). So far 196 organizations (elevators) have been selected for storing up to 6.7 million metric tons of intervention grain³. The level of market prices when the interventions commence was determined in March 2014. Thus, the Government will begin buying grain of 2014 crop from farmers when/if market prices of milling wheat Class 3 falls to 6,750 rubles per MT, wheat Class 4 falls to 6,450 rubles per MT, and the market price of feed wheat Class 5 to 6,100 rubles per MT in the Central, North-Western, Volga Valley, North Caucasus and Southern federal districts. For the Urals, Siberia and the Far East the intervention purchases will begin when market prices fall below 6,400 rubles per MT, 6,200 rubles per MT and 6,000 rubles per MT, respectively. For more information on intervention prices see FAS/Moscow GAIN report [Grain and Feed June Update_5-23-2014.pdf](#). As of mid-August 2014, the market price of what Class 4 in the European Russia already decreased to 6,475 rubles per MT, and the market price of wheat Class 5 dropped to 5,860 rubles per MT. The prices have begun stabilizing by the end of August on information about high exports and expectations of interventions. (See Section Marketing of the report.) Meanwhile, market prices of wheat in Ural and Siberia where grain harvest has begun not long ago, are still higher than the intervention targets prices: from 7,025 to 7,417 rubles per MT for milling wheat Class 3, and from 6,750 rubles to 7,150 rubles per MT for milling wheat Class 4⁴.

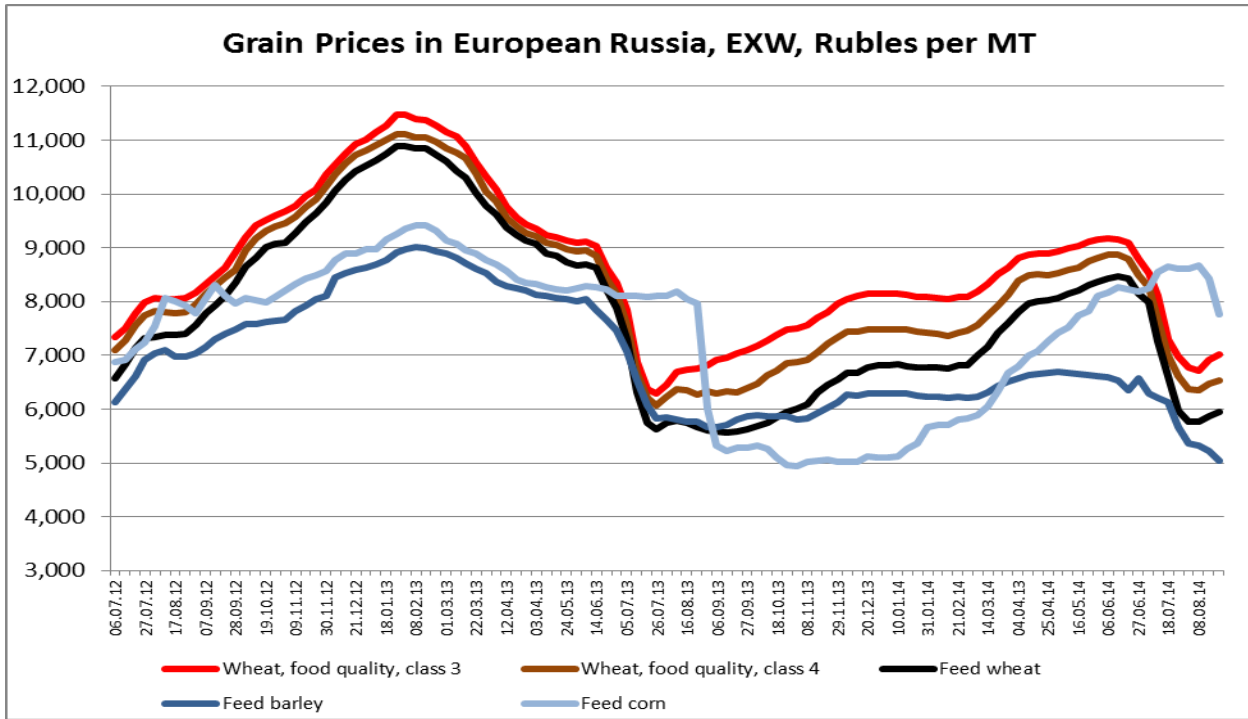
Marketing:

Prices of major grains in the European Russia were decreasing from beginning of June until the end of August, and only at the very end of August did the price of milling wheat stabilize. Harvest of feed corn

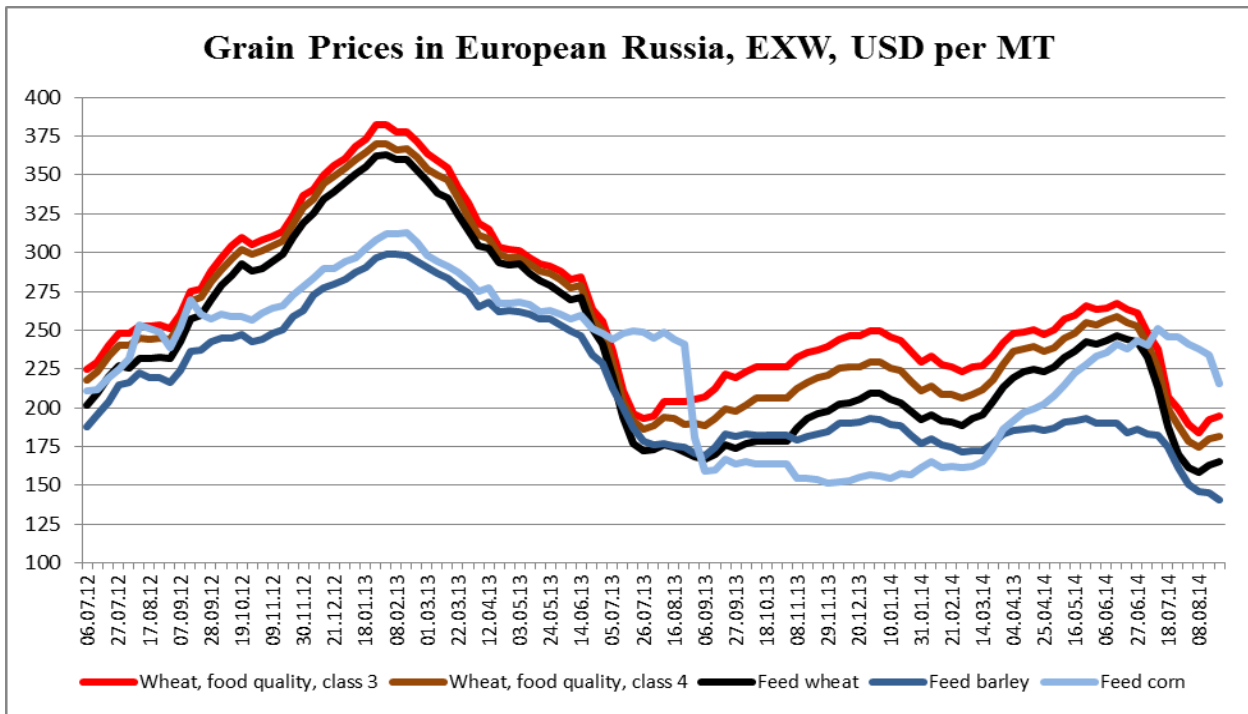
³ Source: <http://www.agronews.ru/news/detail/135852/>.

⁴ Source: ProZerno.

has just begun, and price trend differs from wheat because of still unclear market situation.



Source: ProZerno



Source: ProZerno

Production, Supply and Demand Data Statistics :

PSD for Wheat

Wheat Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: May 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	21,296	21,296	23,399	23,359	23,750	24,000
Beginning Stocks	10,899	10,899	4,952	4,952	5,543	5,543
Production	37,720	37,720	52,091	52,091	59,000	56,000
MY Imports	1,172	1,172	1,000	1,200	700	700
TY Imports	1,172	1,172	1,000	1,200	700	700
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	49,791	49,791	58,043	58,243	65,243	62,243
MY Exports	11,289	11,289	18,500	18,500	22,500	21,000
TY Exports	11,289	11,289	18,500	18,500	22,500	21,000
Feed and Residual	11,900	11,900	12,500	12,600	13,000	13,000
FSI Consumption	21,650	21,650	21,500	21,600	21,500	21,500
Total Consumption	33,550	33,550	34,000	34,200	34,500	34,500
Ending Stocks	4,952	4,952	5,543	5,543	8,243	6,743
Total Distribution	49,791	49,791	58,043	58,243	65,243	62,243

1000 HA, 1000 MT, MT/HA

PSD for Barley

Barley Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7,631	7,760	8,024	8,015	8,200	7,800
Beginning Stocks	848	848	726	726	1,115	1,125
Production	13,952	13,952	15,389	15,389	18,500	17,500
MY Imports	262	262	300	300	200	200
TY Imports	278	278	300	300	200	200
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	15,062	15,062	16,415	16,415	19,815	18,825
MY Exports	2,236	2,236	2,700	2,690	3,800	3,000
TY Exports	2,366	2,366	2,700	2,690	3,800	3,000
Feed and Residual	7,700	7,700	8,200	8,200	9,000	9,000
FSI Consumption	4,400	4,400	4,400	4,400	4,800	4,800
Total Consumption	12,100	12,100	12,600	12,600	13,800	13,800
Ending Stocks	726	726	1,115	1,125	2,215	2,025
Total Distribution	15,062	15,062	16,415	16,415	19,815	18,825

1000 HA, 1000 MT, MT/HA

PSD for Corn

Corn Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,937	1,937	2,322	2,322	2,600	2,600
Beginning Stocks	350	350	297	297	382	382
Production	8,213	8,213	11,635	11,635	13,000	13,000
MY Imports	51	51	50	50	50	50
TY Imports	51	51	50	50	50	50
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	8,614	8,614	11,982	11,982	13,432	13,432
MY Exports	1,917	1,917	4,000	4,100	3,500	3,500
TY Exports	1,917	1,917	4,000	4,100	3,500	3,500
Feed and Residual	5,600	5,600	6,700	6,600	8,000	8,000

FSI Consumption	800	800	900	900	1,000	1,000
Total Consumption	6,400	6,400	7,600	7,500	9,000	9,000
Ending Stocks	297	297	382	382	932	932
Total Distribution	8,614	8,614	11,982	11,982	13,432	13,432

1000 HA, 1000 MT, MT/HA