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Date: 1/27/2015

GAIN Report Number: 1504

Russian Federation

Grain and Feed Update

January 2015 Update

Approved By:
Robin Gray
Prepared By:
Staff

Report Highlights:
Based on the officially reported data, FAS/Moscow increased its forecast of Russia's total grain crop in MY 2014/15 by 2 million metric tons (MMT) to 104 MMT. The forecasted crop includes 59 MMT of wheat, 20 MMT of barley, 11 MMT of corn, and almost 14 MMT of other grains and pulses. The volatility of the ruble exchange rate has stimulated exports of Russian grain, and during the period July through December 2014 Russia exported 21.3 MMT of grain, more than in any similar period of Russian history. However, exports in January – July 2015 will drop because of wheat export tariffs expected to come into force on February 1, 2015, and new administrative measures restricting exports. Thus, FAS/Moscow decreased its grain exports forecast from 30 MMT to 27.4 MMT, including 19.5 MMT of wheat, 4.4 MMT of barley, 2.4 MMT of corn and approximately 1.1 MMT of other grains and pulses.

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 2014

Based on officially reported data, FAS/Moscow increased its forecast of Russia's total grain crop in MY 2014/15 by 2 million metric tons (MMT) to 104 MMT. The forecasted crop includes 59 MMT of wheat, 20 MMT of barley, 11 MMT of corn, and almost 14 MMT of other grains and pulses. At the end of December 2014, the Federal State Statistics Service of the Russian Federation (Rosstat) published preliminary data on the grain and pulses crop in 2014, in clean weight. The total for all grains is 103.8 million metric tons, including almost 59 MMT of wheat (13 percent more than in 2013), almost 20 MMT of barley (30 percent more than in 2013), 11.1 MMT of corn (4.7 percent less than in 2013), almost 3.3 MMT of rye (2.6 percent less than in 2013), almost 5.3 MMT of oats (6.8 percent more than in 2013), approximately 1 MMT of rice in rough weight (12 percent more than in 2013), 0.66 MMT of buckwheat (20 percent less that the bumper crop last year), almost 0.5 MMT of millet (16.2 percent more than in 2013), and 3.0 MMT of other grains and pulses (almost 9 percent more than last year)[1]. The final official data on grain and pulses production in 2014, with separate winter and spring grain data, will be available late February 2015, at the earliest. Industry analysts anticipate that the final official data may be a bit higher than the preliminary figures. By the end of the 2014 harvest, Rosstat reported that the total grain and pulses crop, in bunker weight, was 109.5 million metric tons (MMT). Since the reported crop, in clean weight, is 103.8 MMT, the percentage of losses in cleaning and drying (the difference between bunker weight and clean weight) is 5.2 percent.

Table 1. Grain and pulses area, production, yields 2008-2014

	2008	2009	2010	2011	2012	2013	2014 (prelim.)*
Planted Area, 1,000 Hectares							
Wheat, total	26,633	28,698	26,613	25,552	24,684	25,064	25,001
Barley, total	9,621	9,035	7,214	7,881	8,820	9,019	9,190
Rye	2,162	2,142	1,762	1,551	1,558	1,832	1,875
Triticale		190	165	226	233	251	251
Oats (spring)	3,561	3,374	2,895	3,046	3,241	3,324	3,249
Corn for grain	1,812	1,365	1,416	1,716	2,058	2,450	2,686
Rice	164	183	203	211	201	190	197
Millet	572	522	521	826	474	490	502
Buckwheat	1,113	932	1,080	907	1,270	1,096	1,008
Legumes	1,006	1,080	1,305	1,553	1,844	1,979	1,580
Other	98	32	20	103	56	131	166
Total	46,742	47,553	43,194	43,572	44,439	45,826	45,705
Production, 1,000 Metric Tons							
Wheat, total	63,765	61,740	41,508	56,240	37,720	52,091	58,994
Barley, total	23,148	17,881	8,350	16,938	13,952	15,389	19,984
Rye (winter)	4,505	4,329	1,636	2,971	2,132	3,360	3,274

[1] These Rosstat data do not include Crimea.

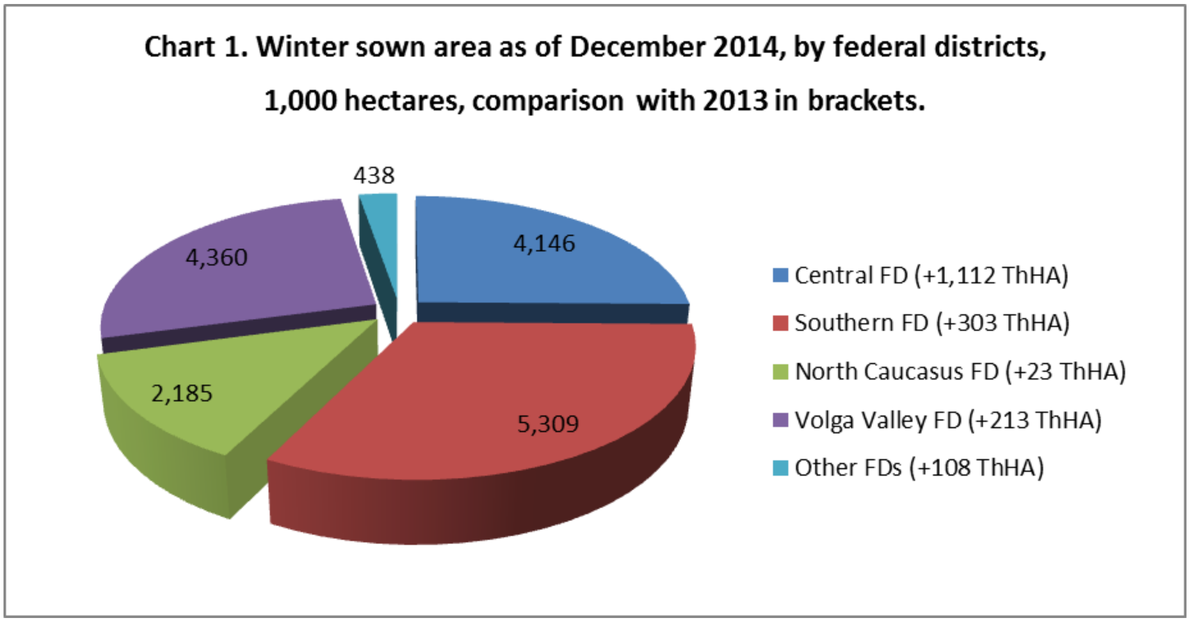
Triticale		508	246	523	464	582	654
Oats (spring)	5,835	5,401	3,220	5,332	4,027	4,932	5,265
Corn for grain	6,682	3,963	3,084	6,962	8,213	11,635	11,091
Rice	738	913	1,061	1,056	1,052	935	1,047
Millet	711	265	134	878	334	419	487
Sorghum	76	13	9	60	43	171	207
Buckwheat	924	564	339	800	797	834	662
Legumes	1,794	1,529	1,371	2,453	2,174	2,037	2,171
Other	1	5	2	0	0	0	0
Total	108,179	97,111	60,960	94,213	70,908	92,385	103,836
Yields (tons per harvested hectare)							
Wheat, total	2.45	2.32	1.91	2.26	1.77	2.23	2.50
Barley, total	2.46	2.31	1.68	2.20	1.82	1.92	2.27
Rye (total)	2.11	2.07	1.19	1.95	1.50	1.89	1.76
Triticale		2.72	1.76	2.35	2.08	2.41	2.64
Oats (spring)	1.71	1.79	1.44	1.82	1.41	1.64	1.71
Corn for grain	3.87	3.53	3.00	4.34	4.24	5.01	4.34
Rice	4.62	5.14	5.28	5.09	5.49	4.95	5.36
Millet	1.38	1.00	0.78	1.39	0.99	1.18	1.23
Buckwheat	0.92	0.90	0.59	0.95	0.77	0.92	0.93
Legumes	1.84	1.65	1.39	1.67	1.29	1.21	1.46
*Data for Crimea are not included							

Source: Russian State Statistical Service (Rosstat): www.gks.ru

Winter grain area

According to the Ministry of Agriculture by mid-December 2014, the area sown to winter grains for the 2015 crop (including the area for green chop) was 16.44 million hectares. This compares to 14.68 million at the same time in 2013. The majority of this area is planted with winter wheat. The Ministry of Agriculture data does not delineate the area by winter crop.

The data above does not include Crimea, where, according to the Russian Ministry of Agriculture, the area sown in 2014 for the 2015 winter grain crop was 0.41 million hectares compared to 0.42 million hectares in 2013.



Source: Rosstat

Chart 2. Russia: Major Winter Crop Sown Area


Source: FAS/Moscow based on Ministry of Agriculture's data.

Fourteen Russian provinces account for 75 percent of the winter grain sown area (see map):
Over 2.0 million hectares (**Dark Red**)

- Rostov oblast – 2.22 million hectares

From 1.0 to 2.0 million hectares (**Red**)

- Stavropol kray – 1.70 million hectare

- Krasnodar kray – 1.57 million hectares
- Volgograd oblast – 1.28 million hectares
- Saratov oblast – 1.05 million hectares

From 0.4 to 1.0 million hectares (**Pink**)

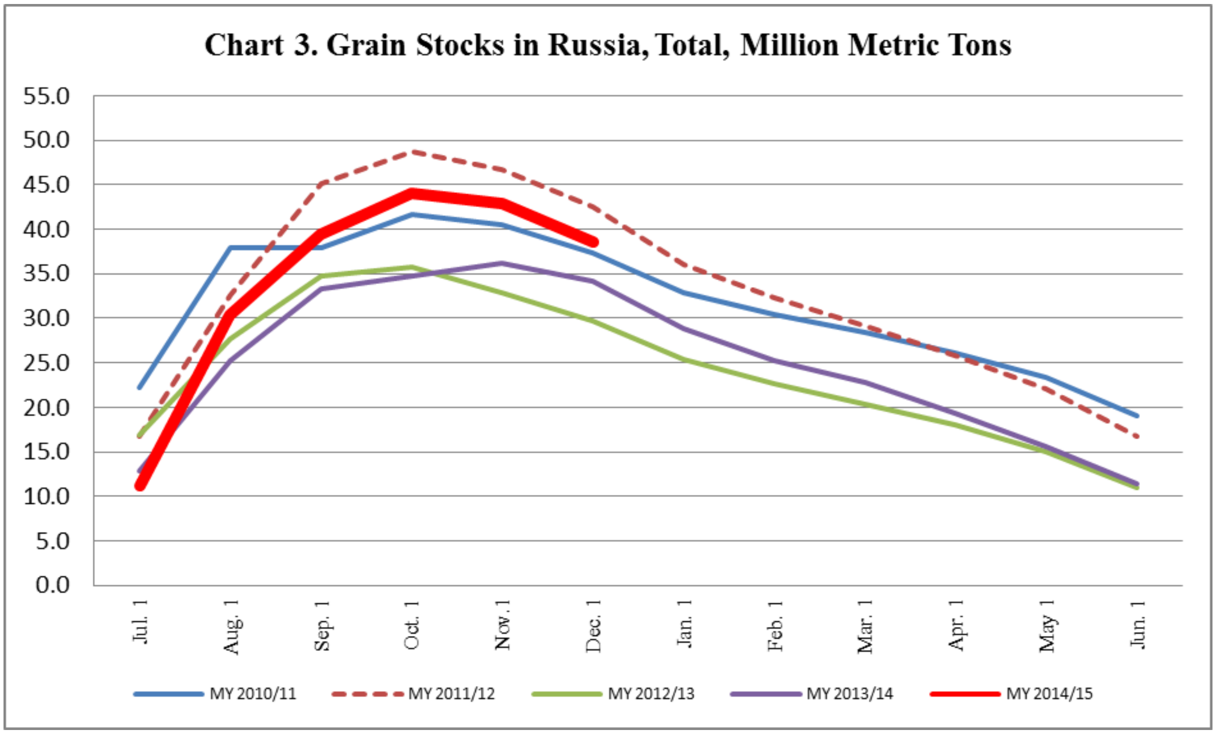
- Voronezh oblast – 0.77 million hectare
- Tatarstan Republic – 0.59 million hectares
- Kursk oblast – 0.55 million hectares
- Tambov oblast – 0.50 million hectares
- Bashkortostan Republic – 0.48 million hectares
- Orel oblast – 0.46 million hectares
- Orenburg oblast – 0.43 million hectares
- Samara oblast – 0.43 million hectares
- Lipetsk oblast – 0.43 million hectares

It is still too early to estimate the condition of the winter grain crop, or to forecast the 2015 winter crop. However, industry analysts note that in November 2014, plant vegetation was delayed in the Central and Volga Valley federal district due to low soil moisture, as well as low temperatures and frost without sufficient, protective snow cover. This has resulted in weakening of the plants, and the survival of winter grain may be lower than last year. This year, more fields are likely to be re-sown with spring crops than last year.

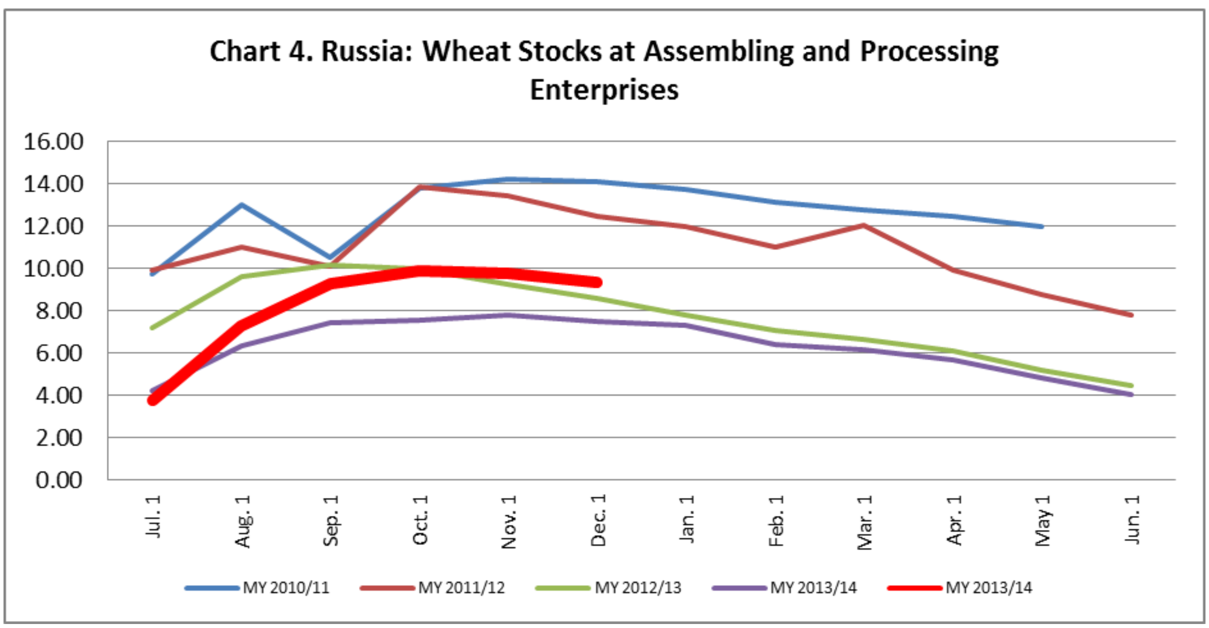
Stocks

Despite the record-breaking grain exports in the first five months of MY 2014/2015 (July to November), as of December 1, 2014, Russia's grain stocks were the second highest in the last five years (Chart 3). Even stocks in the South of European Russia, the major exporting region, remained high as of December 1, 2015. However, wheat at the elevators and processing enterprises is far below the levels seen last year (Chart 4) due to the following:

- Wheat exports are higher than last year; and
- Volatility of wheat prices still make exports attractive, and farmers decreased sales of wheat to domestic processors in MY 2014/15, vs. sales to exporters.



Source: Rosstat

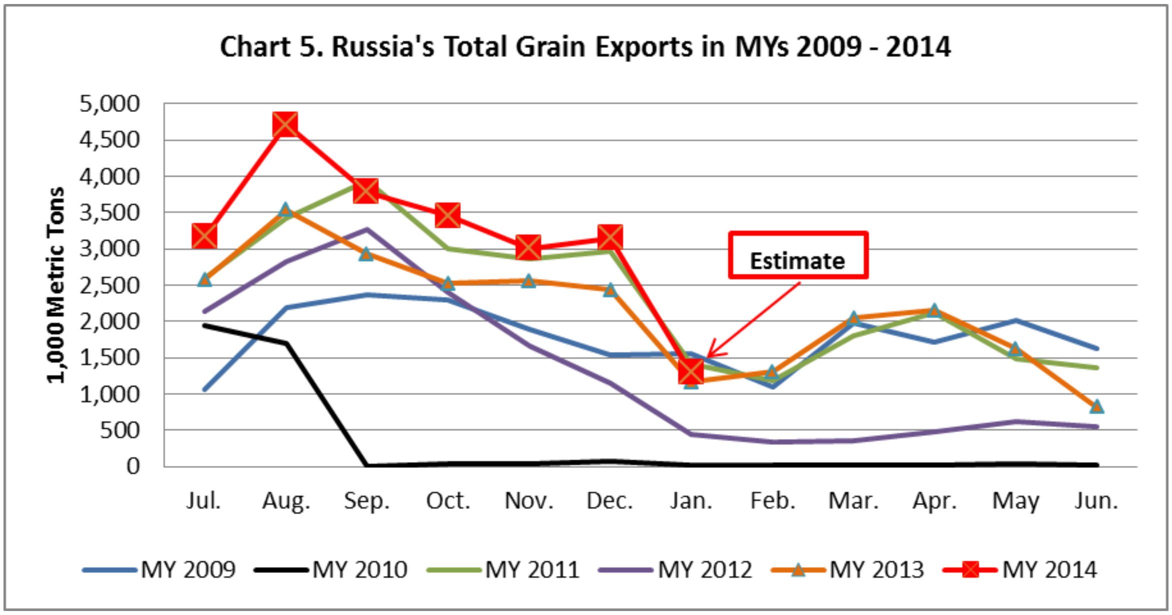


Source: Rosstat

Trade

FAS/Moscow decreased its grain export forecast for MY 2014/15 from 30 MMT to 27.4 MMT. This includes 19.5 MMT of wheat (2.5 MMT decrease from the previous update), 4.4 MMT of barley (0.1 MMT increase due to the large barley crop), 2.4 MMT of corn (0.1 MMT decrease from previous forecast) and approximately 1.1 MMT of other grains and pulses. Post decreased estimated wheat exports because of the wheat export tariff expected to come into force on February 1, 2015, and the administrative measures restricting exports. Post decreased the corn export estimate based on the lower than expected corn crop.

In the first six months of marketing year 2014/15 (July to December 2014), Russia exported 21.3 MMT of grain. These exports are more than in any similar period in Russian history. This figure includes approximately 16.5 MMT of wheat, also a Russian historical record. Industry analysts estimate that exports in January will be 1.3 MMT. This would make Russia's total grain exports 22.6 MMT for the period July 2014 through January 2015. (Chart 5)



Source: State Customs Service of the Russian Federation

Beginning September 2014, Russia's grain exports were driven almost exclusively by the depreciation of the Russian ruble. The depreciation continued, becoming even more volatile in January 2015. Thus, the stimulus for exports remains strong[2] (Chart 6). However, despite the attractive price for exports, trade is expected to decrease due to the following:

- Beginning February 1, 2015, Russian Customs will charge an export tariff on wheat (for more information see Policy section of the report);
- The Russian Federal Service on Veterinary and Phytosanitary Surveillance (VPSS) strengthened phytosanitary control of export facilities and elevators, and has delayed issuing phytosanitary export certificates[3];
- The Russian Railway monopoly (RZhD) delayed the supply of railcars starting in December 2014 and slowed down the servicing of grain exporters.

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[2] Some industry analysts estimate that if the devaluation in the second half of January 2015 follows the same pattern as the first part of January, exporters will be motivated to export wheat despite the export tariff, which will begin on February 1, 2015. http://agronews.ru/news/detail/138617/.

[3] According to the Deputy Head of VPSS, due to increased phytosanitary control of grain for exports, exports from small elevators of the Don river basin (Rostov oblast) decreased to 40,500 MT (including 25,000 of wheat) in the first decade of January 2015 compared to 189,100 MT (including 95,100 MT of wheat) in the first decade of January 2014. http://www.fsvps.ru/fsvps/news/12182.html

Industry analysts report that in December 2014, Russian traders already halted domestic purchases of wheat for export in expectation of tariffs on wheat, current administrative measures and general economic uncertainty in Russia. Since there are no tariffs on exports of other grains, such as barley, corn and pulses, exporters may increase exports of these crops. However, the possible further devaluation of the ruble, or decrease of the Euro rate to the U.S. Dollar[4] may mitigate the effect of export tariffs. In this situation the administrative measures may have a stronger impact on exports than the wheat export tariff. These uncertainties make it very difficult to accurately forecast Russian exports for the rest of the marketing year 2014/2015.

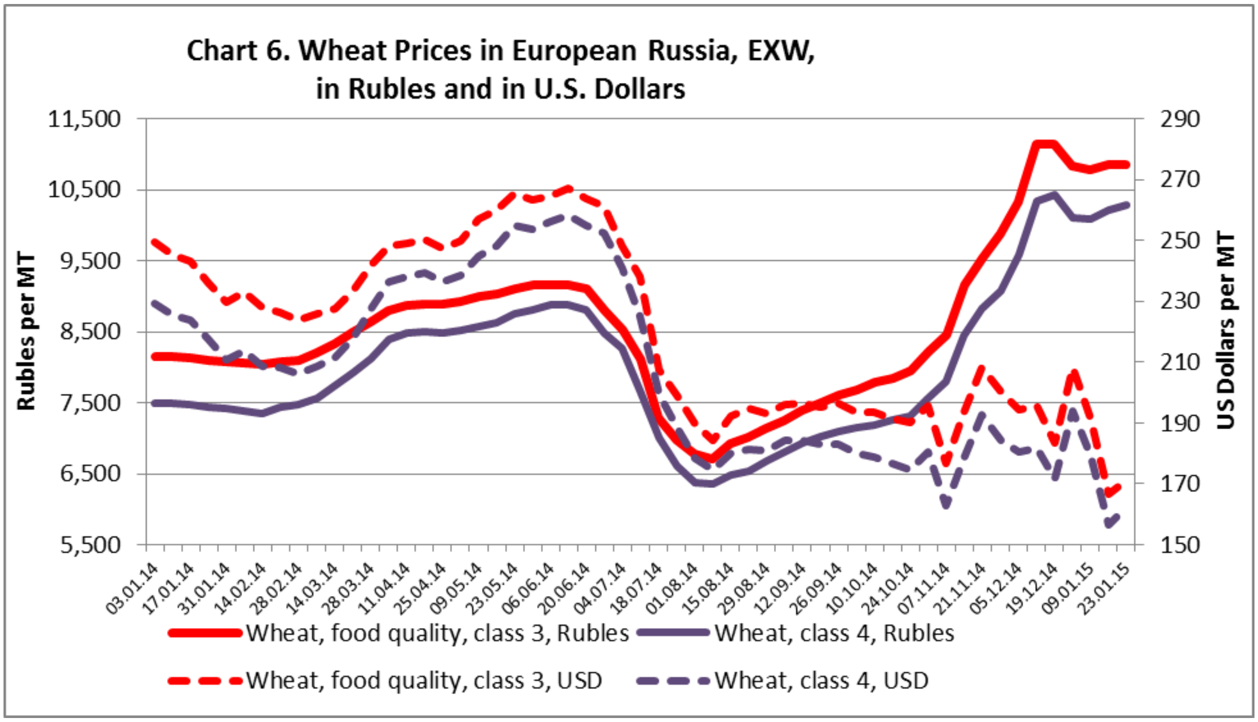


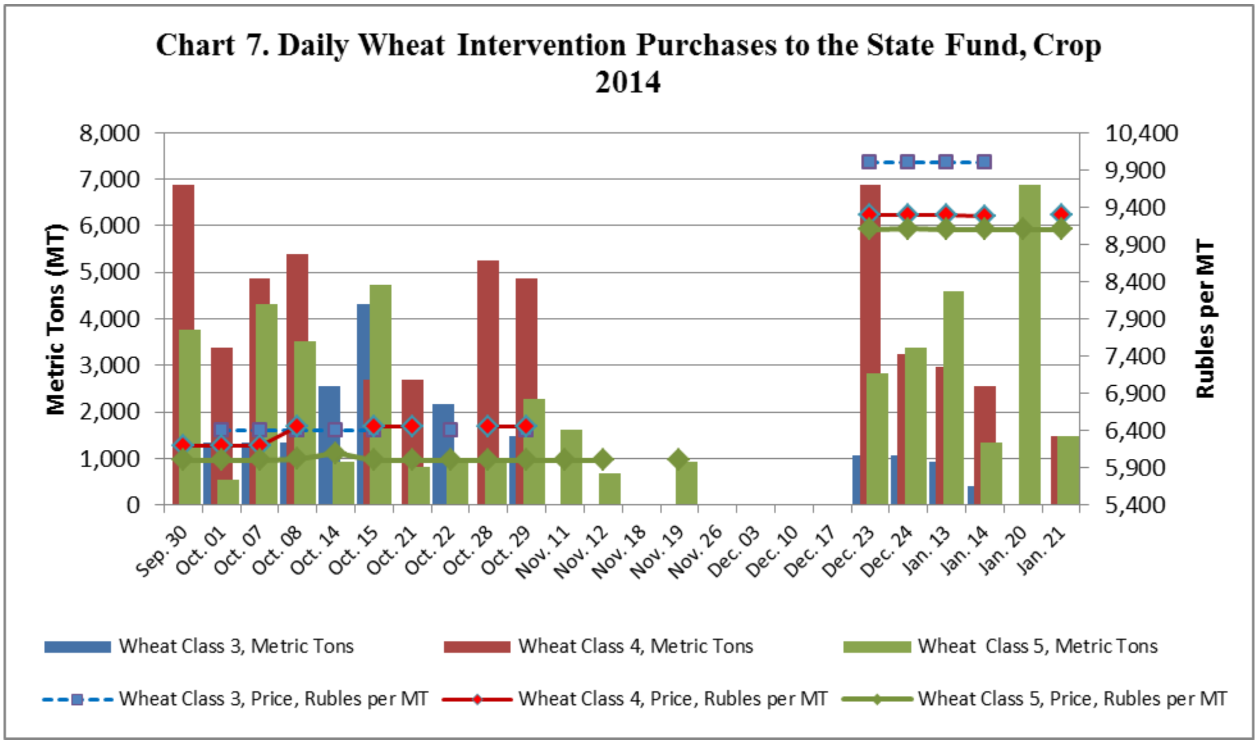
Chart 6. Wheat Prices in European Russia, EXW, in Rubles and in U.S. Dollars

Source: ProZerno

Policy

In December 2014, the Russian government increased prices for purchases of wheat to the State Intervention Fund. FAS/Moscow reported on this in GAIN report [State Purchase Intervention Prices for Wheat Increased_12-24-2014.pdf.](State Purchase Intervention Prices for Wheat Increased_12-24-2014.pdf) However, given the current situation with the ruble volatility and the uncertainty of exports, sales of wheat to the Intervention Fund are still small (Chart 7). For all interventions that began on September 30, 2014, the government purchased to the intervention fund only 323,032 MT of grain, including 18,909 MT of wheat Class 3 (3,510 MT were purchased to the Intervention Fund after procurement prices increased), 53,190 MT of wheat Class 4 (17,145 MT purchased at new prices), 46,572 MT of wheat Class 5 (20,517 MT purchased at new prices), 91,530 MT of food quality rye, and 113,650 MT of fodder barley.

[4] Export tariff on wheat is fixed in Euro



Source: FAS/Moscow based on data from www.namex.org

On December 25, 2014, the Russian Government approved Resolution #1495. According to this Resolution, starting February 1, 2015, the government will implement an export tariff for wheat in the amount of 15 percent of the customs value plus 7.5 Euros, but no less than 35 Euros, for 1 MT. FAS/Moscow reported on this Resolution in GAIN report
Russian Government Introduces Export Tariffs for Wheat_12-29-2014.pdf

In December 2014, some Russian authorities, such as VPSS, Ministry of Transportation and the Russian Railways, started using administrative measures for curbing exports. Although there are no directives by these agencies to field offices, exporters complained of the following:

- The lag-time for issuance of VPSS's export phytosanitary and quality certificates increased from the typical 1-2 days to 6 days (although this 6 day period still is not in violation of VPSS's regulations);
- VPSS strengthened phytosanitary control at all points of grain movement to ports, and more findings of violations that may lead to closure of these points;
- Transportation authorities (through port authorities that are subject to the Ministry of Transportation) imposed restrictions on departure of already loaded ships and conducted more checks of paperwork;
- Railway authorities slowed servicing of grain exporters with railway cars;
- Road transportation authorities began stopping "over-loaded" trucks that approached ports or export points.

Most of these administrative measures[5] are not in violation of Russian legislation, but increase traders/exporters risk and logistical expenses, including penalties for demurrage.

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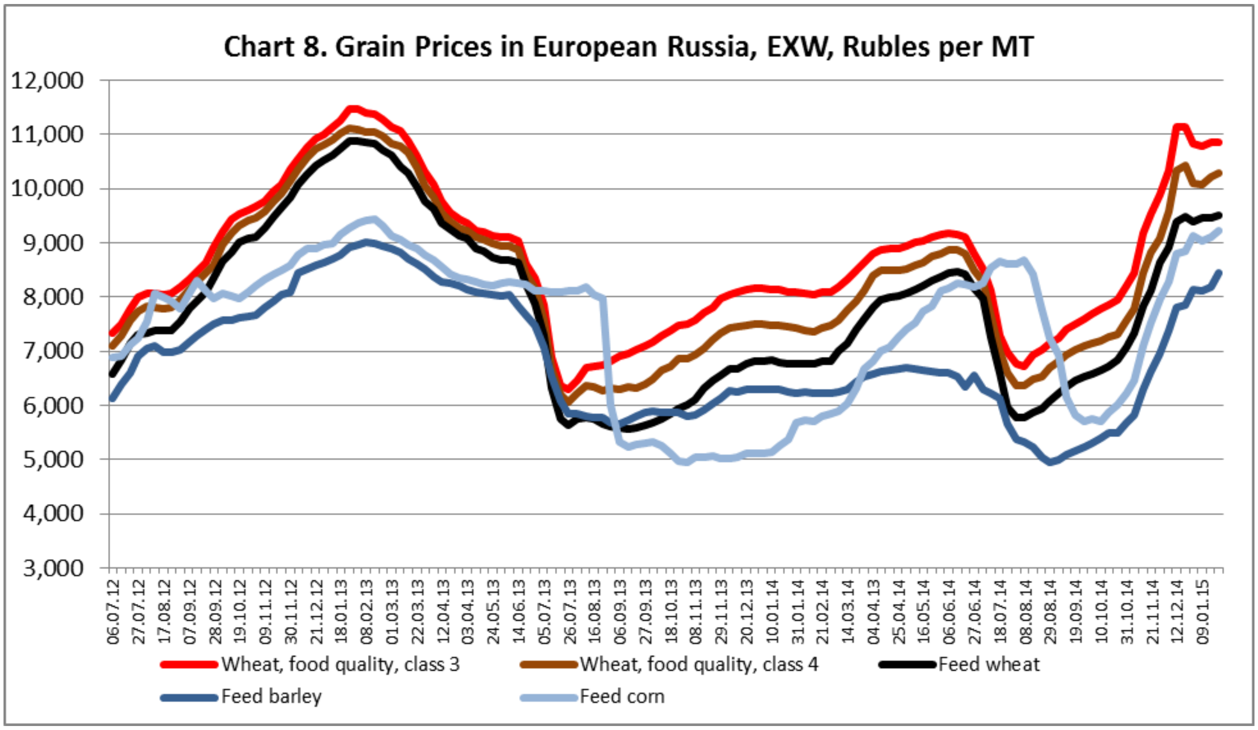
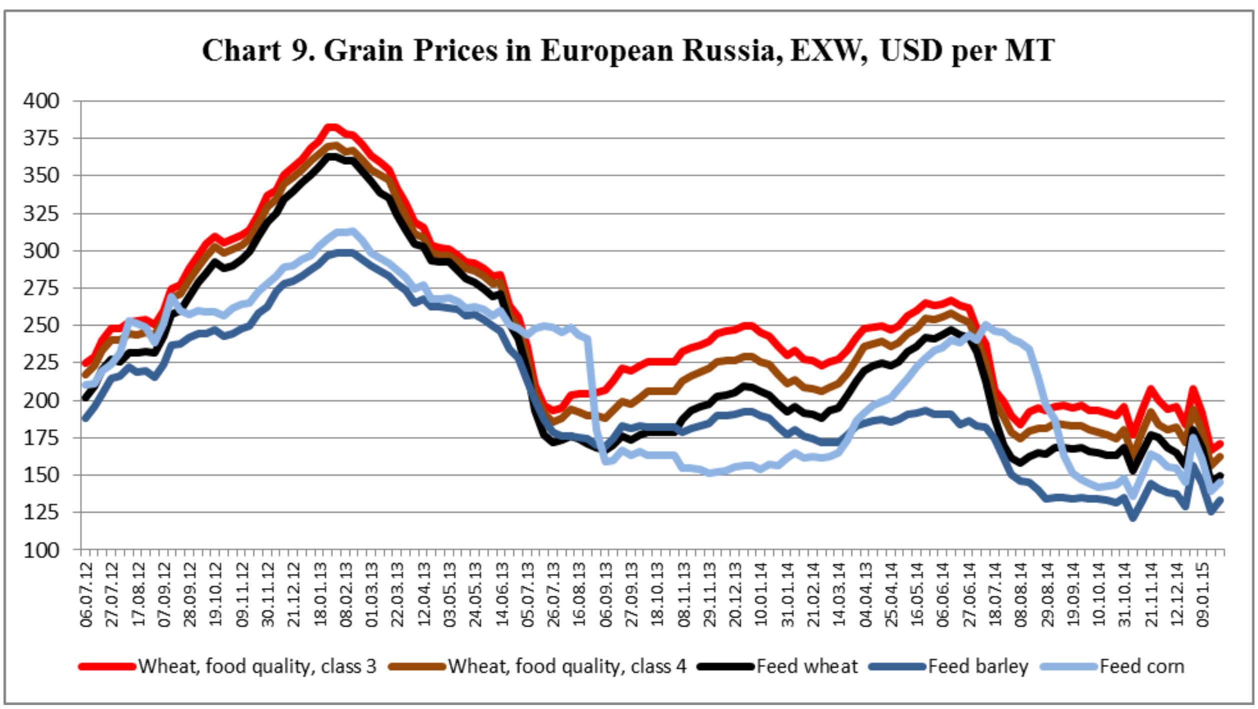
[5] Some information on these actions is in http://itar-tass.com/ekonomika/1679001 ; http://agronews.ru/news/detail/138633/

Marketing

Ruble volatility remained the major driving force of domestic grain prices in December 2014, and in the first half of January 2015.



Source: ProZerno



Source: ProZerno

Production, Supply and Demand Data

PSD for Wheat

Wheat	2012/2013		2013/2014		2014/2015	
Market Begin Year	Jul 2012		Jul 2013		May 2014	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	21,296	21,296	23,399	23,399	23,750	23,600
Beginning Stocks	10,899	10,899	4,952	4,952	5,209	5,209
Production	37,720	37,720	52,091	52,091	59,000	58,995
MY Imports	1,172	1,172	800	800	200	200
TY Imports	1,172	1,172	800	800	200	200
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	49,791	49,791	57,843	57,843	64,409	64,404
MY Exports	11,289	11,289	18,534	18,534	20,000	19,500
TY Exports	11,289	11,289	18,534	18,534	20,000	19,500
Feed and Residual	11,900	11,900	12,500	12,500	13,000	13,000
FSI Consumption	21,650	21,650	21,600	21,600	22,000	22,500
Total Consumption	33,550	33,550	34,100	34,100	35,000	35,500
Ending Stocks	4,952	4,952	5,209	5,209	9,409	9,404
Total Distribution	49,791	49,791	57,843	57,843	64,409	64,404
1000 HA, 1000 MT, MT/HA						

PSD for Barley

Barley	2012/2013		2013/2014		2014/2015	
Market Begin Year	Jul 2012		Jul 2013		Jul 2014	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	7,631	7,760	8,024	8,024	8,200	8,800
Beginning Stocks	848	848	726	726	973	973
Production	13,952	13,952	15,389	15,389	19,500	19,985
MY Imports	262	262	139	139	100	100
TY Imports	278	278	125	125	100	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	15,062	15,062	16,254	16,254	20,573	21,058
MY Exports	2,236	2,236	2,681	2,681	4,300	4,400
TY Exports	2,366	2,366	2,762	2,700	4,300	4,400
Feed and Residual	7,700	7,700	8,200	8,200	9,500	9,500
FSI Consumption	4,400	4,400	4,400	4,400	4,800	4,900
Total Consumption	12,100	12,100	12,600	12,600	14,300	14,400
Ending Stocks	726	726	973	973	1,973	2,258
Total Distribution	15,062	15,062	16,254	16,254	20,573	21,058
1000 HA, 1000 MT, MT/HA						

PSD for Corn

Corn	2012/2013		2013/2014		2014/2015	
Market Begin Year	Oct 2012		Oct 2013		Oct 2014	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	1,937	1,937	2,322	2,322	2,600	2,555
Beginning Stocks	350	350	297	297	290	382
Production	8,213	8,213	11,635	11,635	12,000	11,100
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	12,340	11,532
MY Exports	1,917	1,917	4,192	4,100	3,000	2,400

TY Exports	1,917	1,917	4,192	4,100	3,000	2,400
Feed and Residual	5,600	5,600	6,600	6,600	8,000	7,800
FSI Consumption	800	800	900	900	1,000	1,000
Total Consumption	6,400	6,400	7,500	7,500	9,000	8,800
Ending Stocks	297	297	290	382	340	332
Total Distribution	8,614	8,614	11,982	11,982	12,340	11,532
1000 HA, 1000 MT, MT/HA						

PSD for Rye

Rye	2012/2013		2013/2014		2014/2015	
Market Begin Year	Jul 2012		Jul 2013		Jul 2014	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	1,421	1,450	1,777	1,777	2,000	1,860
Beginning Stocks	129	129	153	153	365	365
Production	2,132	2,132	3,360	3,360	4,000	3,275
MY Imports	25	25	25	25	25	25
TY Imports	25	25	25	25	25	25
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2,286	2,286	3,538	3,538	4,390	3,665
MY Exports	133	133	73	73	100	100
TY Exports	78	78	83	73	100	100
Feed and Residual	100	100	400	400	800	600
FSI Consumption	1,900	1,900	2,700	2,700	3,000	2,700
Total Consumption	2,000	2,000	3,100	3,100	3,800	3,300
Ending Stocks	153	153	365	365	490	265
Total Distribution	2,286	2,286	3,538	3,538	4,390	3,665
1000 HA, 1000 MT, MT/HA						

PSD for Oats

Oats	2012/2013		2013/2014		2014/2015	
Market Begin Year	Jul 2012		Jul 2013		Jul 2014	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	2,856	2,850	3,007	3,007	3,000	3,080
Beginning Stocks	485	485	203	202	229	234
Production	4,027	4,027	4,932	4,932	5,000	5,265
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	4,512	4,512	5,135	5,134	5,229	5,499
MY Exports	9	10	6	0	10	0
TY Exports	4	10	10	0	10	0
Feed and Residual	2,900	2,900	3,400	3,400	3,500	3,600
FSI Consumption	1,400	1,400	1,500	1,500	1,500	1,600
Total Consumption	4,300	4,300	4,900	4,900	5,000	5,200
Ending Stocks	203	202	229	234	219	299
Total Distribution	4,512	4,512	5,135	5,134	5,229	5,499
1000 HA, 1000 MT, MT/HA						

PSD for Rice, Milled

Rice, Milled	2012/2013		2013/2014		2014/2015	
Market Begin Year	Jan 2012		Jan 2013		Jan 2014	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	192	192	188	188	193	195
Beginning Stocks	27	28	91	91	89	89
Milled Production	684	683	608	608	675	680
Rough Production	1,052	1,051	935	935	1,038	1,046
Milling Rate (.9999)	6,500	6,500	6,500	6,500	6,500	6,500
MY Imports	240	240	250	250	250	250
TY Imports	240	240	250	250	250	250
TY Imp. from U.S.	7	7	0	0	0	0
Total Supply	951	951	949	949	1,014	1,019
MY Exports	140	140	140	140	140	160
TY Exports	140	140	140	140	140	160
Consumption and Residual	720	720	720	720	750	750
Ending Stocks	91	91	89	89	124	109
Total Distribution	951	951	949	949	1,014	1,019
1000 HA, 1000 MT, MT/HA						

PSD for Millet

Millet	2012/2013		2013/2014		2014/2015	
Market Begin Year	Jul 2012		Jul 2013		Jul 2014	
Russia	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	337	335	355	355	400	395
Beginning Stocks	0	0	0	0	0	0
Production	334	334	419	419	500	485
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	334	334	419	419	500	485
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	100	100	200	200	300	235
FSI Consumption	234	234	219	219	200	250
Total Consumption	334	334	419	419	500	485
Ending Stocks	0	0	0	0	0	0
Total Distribution	334	334	419	419	500	485
1000 HA, 1000 MT, MT/HA						