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## Russian Federation

**Post:** Moscow

### Grain and Feed Update

**Report Categories:**

Grain and Feed

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**Report Highlights:**

In July – November 2011 Russia exported over 15 million metric tons (MMT) of grain, including 12.8 MMT of wheat and 1.7 MMT of barley. However, in November 2011, price competition in the world grain markets increased with low-priced Argentine wheat entering key Mediterranean markets. Additionally, beginning December Russia enters a 2-3 months period where severe winter weather significantly curtails export shipments. These factors, as well as rather strong domestic demand for grain in November and December as well as the start of Siberian grain purchases to the federal Intervention Fund, will slow down Russian grain exports. FAS Moscow forecasts that Russia may exports 22.6 MMT of grain in MY 2011, including 19.0 MMT of wheat, 2.2 MMT of barley, 1.0 MMT of corn, and 0.4 MMT of other grains and legumes.

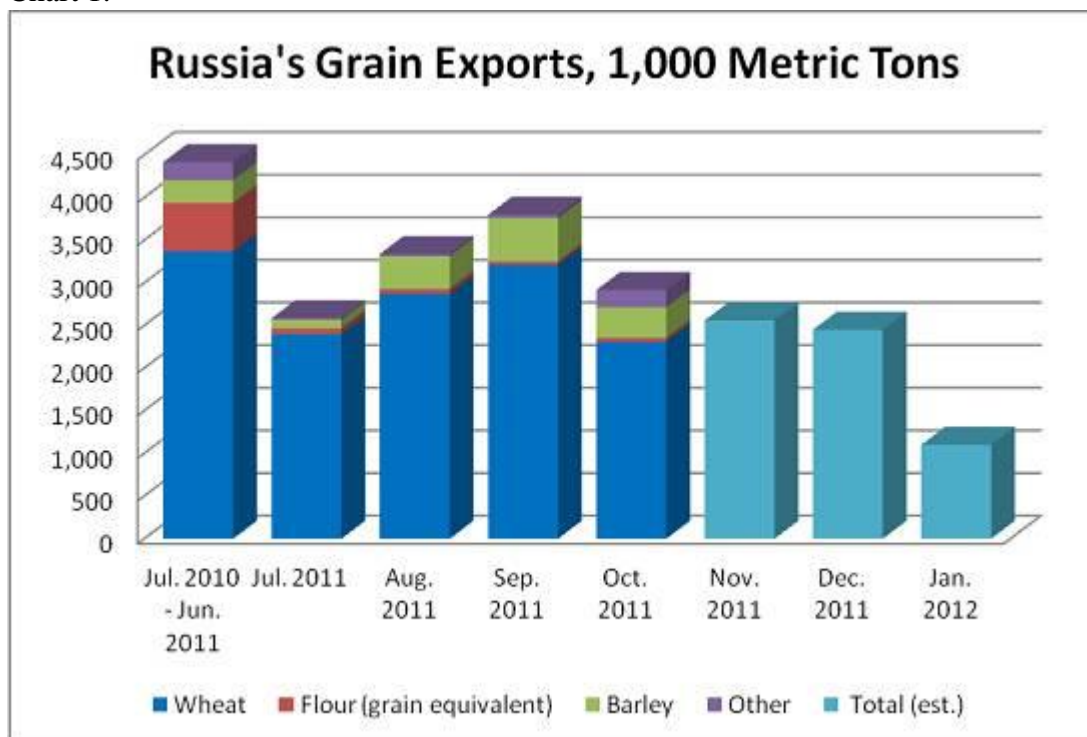
## Production:

According to the Russian Agricultural Minister, in 2011 Russia harvested 97.8 million metric tons in bunker weight, an equivalent of 92 MMT in clean weight. The precise official crop data will appear only in February 2012. FAS Moscow forecasts grain crop at 91.6 MMT, including 56.3 MMT of wheat, 16.6 MMT of barley, 6.4 MMT of corn, 3.3 MMT of rye, 5.0 MMT of oat, and 1.1 MMT of rough rice (equivalent of 0.7 MMT of milled rice), and 2.9 MMT of other grains and legumes. Winter grains were sown on more than 16 million hectares, 0.5 million hectares more than last year. So far weather conditions for winter grains have been favorable on most sown fields.

## Trade:

Industry analysts estimate Russia's grain exports in July – December 2011 at 17.5 MMT. In July – November 2011 Russia exported 15.6 MMT of grain, including 12.75MT of wheat (without flour) and 1.65 MT of barley. Analysts estimate grain exports in December at 2.45 MT, a slight decrease from 2.56 MT in November. The monthly exports was growing in July- September, but after the September's peak of 3.8 MMT, began decreasing. Analysts forecast a slow pace of exports in January and February 2012, and a possible restoration to 1-1.5 MMT per month in March – June 2012. Although the Ministry of Agriculture forecasts Russia's total exports at 25 MMT in MY 2011, most analysts decreased their forecasts to 23-24 MMT based on increasing competition in the world grain markets, especially wheat markets. FAS Moscow forecasts Russia's grain exports in MY 2011 at 22.6 MMT, including 19.0 MMT of wheat, 2.2 MMT of barley, 1.0 MMT of corn, and 0.4 MMT of other grains and legumes.

Chart 1.



## Stocks:

Russian officials estimate that the 92 MMT grain crop will be enough to meet domestic demand and to export up to 25 MMT of grain in MY 2011. Meanwhile, industry analysts forecast that by the end of the year the carry-over grain stocks may decrease slightly. FAS Moscow forecasts that by the end of MY 2011, Russia's grain carry-over stocks may decrease by approximately 1 MMT to 15 MMT, and half of these stocks may be held by the State Intervention Fund. This would include 6.5 MMT of intervention grain (almost all wheat) kept from last year, and another 1.0 -1.5 MMT of grain added to the intervention fund in course of procurement interventions that began in late November 2011.

### **Policy:**

On November 29, 2012, the Russian government began purchasing grain from Siberian and Ural farmers to the Intervention Fund. According to the new government regulations [1], farmers that sell grain in course of these interventions will be able to buy their grain out in spring if market prices exceed the procurement price. The federal budget funds that were allocated for these interventions are said to allow procurement of up to 1.5 MMT of grain to the Intervention Fund.

On March 31, 2011, the Agricultural Minister determined the minimum level of market prices when the government begins purchasing grain from farmers. For Siberia and Ural Federal districts these bottom market prices were set as following: 4,700 rubles (approximately \$151.6) per MT for the soft milling type wheat Class 3, 4,450 rubles (\$143.5) per MT for the soft milling type wheat Class 4, and at 4,100 rubles (\$132.3) per MT for the feed type wheat class 5. Since the beginning of the grain harvest prices have been below minimums in Siberia and Ural federal districts, because farmers produced a good wheat crop but had limited marketing opportunities. According to some industry analysts, the grain (mostly wheat) surplus in Siberia in MY 2011 is 5.5 million metric tons (MMT). In the fall of 2011 the government set a 0.5 railway freight coefficient for shipping Siberian grain to distances exceeding 1,000 kilometers, but transportation expenses of Siberian farmers still remained too high to compete with grain from European Russia in export markets. However, despite the attractive procurement prices, by mid December 2011 Siberian and Ural farmers sold to the Intervention Fund only 279,000 MT of grain, including 183,000 MT of wheat of milling quality Class 3, and 96,000 MT of milling wheat Class 4. The average procurement prices for Class 3 wheat were 4,597 rubles (\$148.3) per MT, and for Class 4 wheat – 4,420 rubles (\$142.6) per MT. Industry analysts explain the slow sales by delays in payments for sold grain, by bureaucratic hardships, but mostly by the market volatility and uncertain price prospects for the spring of 2012.

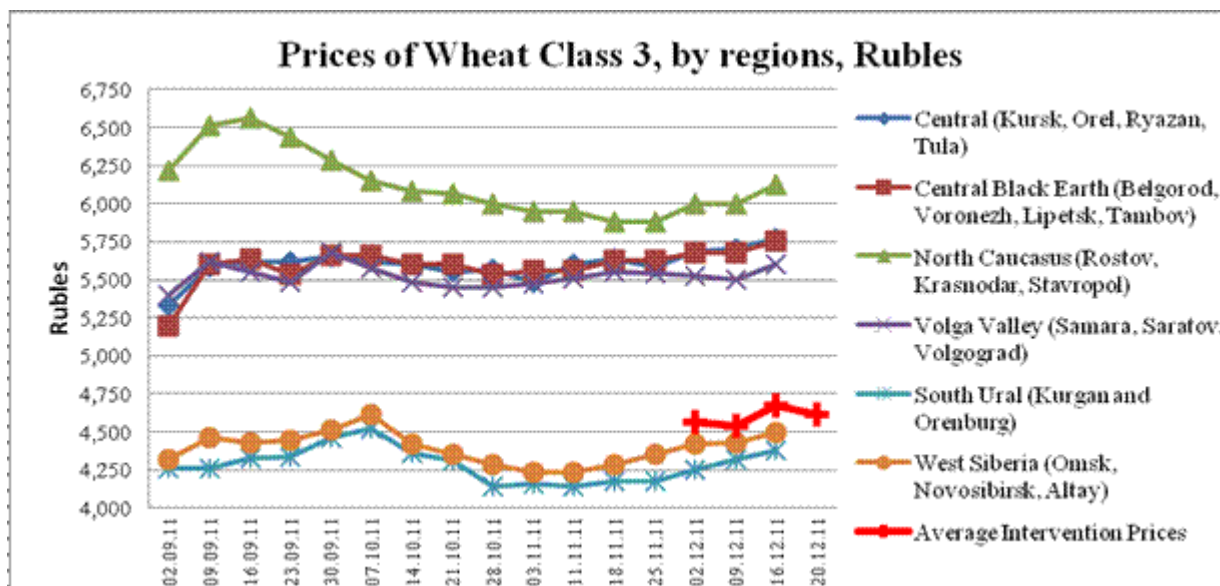
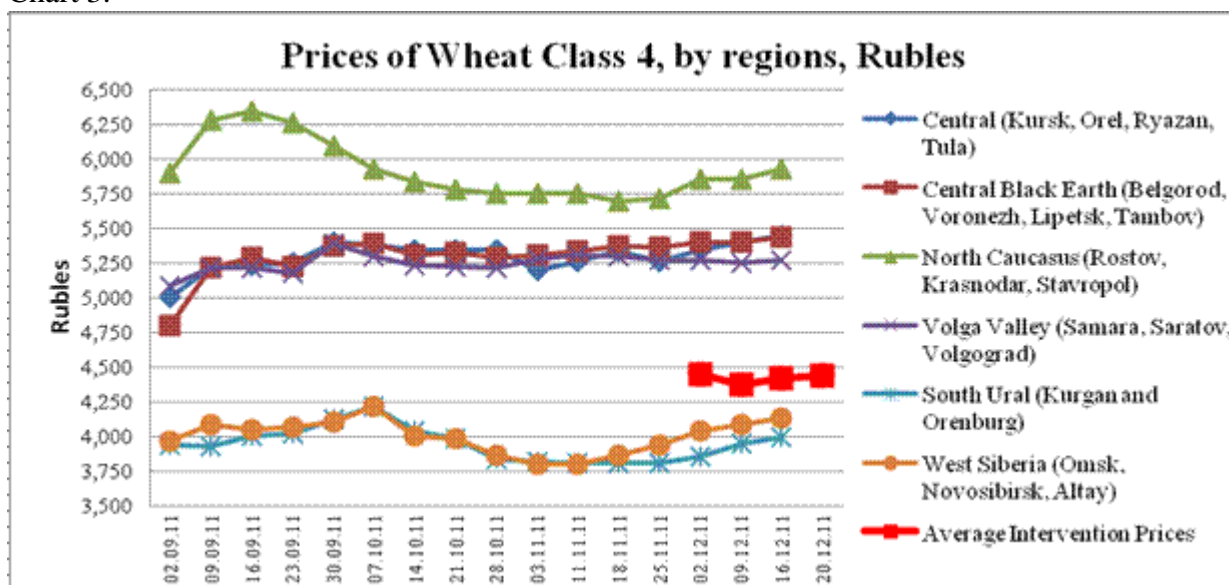


Chart 3.



<sup>[1]</sup> The Order of the Russian Government #1990-p of November 14, 2011, gave farmers that sell 2011 grain to the Intervention Fund the right to repurchase this grain in January – May 2012

<http://government.ru/docs/17093/>

**Production, Supply and Demand Data Statistics :**

PSD, Wheat, 1,000 Hectares, 1,000 Metric Tons

Wheat Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	28,698	28,700	26,614	21,710	25,679	26,000
Beginning Stocks	10,743	10,479	14,521	14,257	13,535	13,315
Production	61,770	61,770	41,508	41,508	56,000	56,300
MY Imports	164	164	89	100	200	100
TY Imports	164	164	89	100	200	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	72,677	72,413	56,118	55,865	69,735	69,715
MY Exports	18,556	18,556	3,983	3,950	19,000	19,000
TY Exports	18,556	18,556	3,983	3,950	19,000	19,000
Feed and Residual	16,800	16,800	16,000	16,000	16,000	16,000
FSI Consumption	22,800	22,800	22,600	22,600	22,600	22,600
Total Consumption	39,600	39,600	38,600	38,600	38,600	38,600
Ending Stocks	14,521	14,257	13,535	13,315	12,135	12,115
Total Distribution	72,677	72,413	56,118	55,865	69,735	69,715

1000 HA, 1000 MT, MT/HA

PSD, Barley, 1,000 Hectares, 1,000 Metric Tons

Barley Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	9,094	7,750	7,214	4,960	7,960	8,000
Beginning Stocks	3,813	3,637	2,395	2,389	1,386	1,344
Production	17,881	17,881	8,350	8,350	16,500	16,600
MY Imports	8	8	408	372	200	100
TY Imports	13	8	400	379	200	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	21,702	21,526	11,153	11,111	18,086	18,044
MY Exports	2,657	2,657	267	267	2,200	2,200
TY Exports	2,086	2,086	969	969	2,000	2,000
Feed and Residual	12,150	11,980	5,500	5,500	9,800	9,800
FSI Consumption	4,500	4,500	4,000	4,000	4,500	4,500
Total Consumption	16,650	16,480	9,500	9,500	14,300	14,300
Ending Stocks	2,395	2,389	1,386	1,344	1,586	1,544
Total Distribution	21,702	21,526	11,153	11,111	18,086	18,044

1000 HA, 1000 MT, MT/HA

PSD, Corn, 1,000 Hectares, 1,000 Metric Tons

Corn Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,365	1,100	1,416	1,020	1,743	1,600
Beginning Stocks	254	287	122	160	97	95
Production	3,963	3,950	3,075	3,075	6,300	6,400
MY Imports	32	50	150	111	50	50
TY Imports	32	50	150	111	50	50
TY Imp. from U.S.	0	0	0	0	0	40
Total Supply	4,249	4,287	3,347	3,346	6,447	6,545
MY Exports	427	427	50	51	600	1,000
TY Exports	427	427	50	51	600	1,000

<b>Feed and Residual</b>	3,200	3,200	2,800	2,800	4,500	4,400
<b>FSI Consumption</b>	500	500	400	400	700	700
<b>Total Consumption</b>	3,700	3,700	3,200	3,200	5,200	5,100
<b>Ending Stocks</b>	122	160	97	95	647	445
<b>Total Distribution</b>	4,249	4,287	3,347	3,346	6,447	6,545
1000 HA, 1000 MT, MT/HA						

#### PSD, Rye, 1,000 Hectares, 1,000 Metric Tons

Rye Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Harvested</b>	2,147	2,150	1,757	1,380	1,623	1,800
<b>Beginning Stocks</b>	312	297	308	360	150	310
<b>Production</b>	4,333	4,300	1,642	1,650	3,000	3,300
<b>MY Imports</b>	0	0	100	150	0	0
<b>TY Imports</b>	0	0	100	150	0	0
<b>TY Imp. from U.S.</b>	0	0	0	0	0	0
<b>Total Supply</b>	4,645	4,597	2,050	2,160	3,150	3,610
<b>MY Exports</b>	12	12	0	0	10	60
<b>TY Exports</b>	11	11	10	0	10	60
<b>Feed and Residual</b>	825	825	100	100	100	250
<b>FSI Consumption</b>	3,500	3,400	1,800	1,750	2,700	2,980
<b>Total Consumption</b>	4,325	4,225	1,900	1,850	2,800	3,230
<b>Ending Stocks</b>	308	360	150	310	340	320
<b>Total Distribution</b>	4,645	4,597	2,050	2,160	3,150	3,610
1000 HA, 1000 MT, MT/HA						

#### PSD, Oat, 1,000 Hectares, 1,000 Metric Tons

Oats Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Harvested</b>	3,374	3,000	2,895	2,250	3,233	3,300
<b>Beginning Stocks</b>	499	581	397	428	160	198
<b>Production</b>	5,401	5,400	3,218	3,220	5,000	5,000
<b>MY Imports</b>	0	0	0	0	0	0
<b>TY Imports</b>	0	0	0	0	0	0
<b>TY Imp. from U.S.</b>	0	0	0	0	0	0
<b>Total Supply</b>	5,900	5,981	3,615	3,648	5,160	5,198
<b>MY Exports</b>	3	3	5	0	5	0
<b>TY Exports</b>	4	4	1	0	5	0
<b>Feed and Residual</b>	4,000	4,050	2,050	2,050	3,400	3,400
<b>FSI Consumption</b>	1,500	1,500	1,400	1,400	1,500	1,500
<b>Total Consumption</b>	5,500	5,550	3,450	3,450	4,900	4,900
<b>Ending Stocks</b>	397	428	160	198	255	298
<b>Total Distribution</b>	5,900	5,981	3,615	3,648	5,160	5,198
1000 HA, 1000 MT, MT/HA						

#### PSD, Millet, 1,000 Hectares, 1,000 Metric Tons

Millet Russia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Harvested</b>	522	250	521	170	842	250
<b>Beginning Stocks</b>	0	0	0	0	0	0

<b>Production</b>	265	265	131	130	700	600
<b>MY Imports</b>	0	0	0	0	0	0
<b>TY Imports</b>	0	0	0	0	0	0
<b>TY Imp. from U.S.</b>	0	0	0	0	0	0
<b>Total Supply</b>	265	265	131	130	700	600
<b>MY Exports</b>	0	0	0	0	0	10
<b>TY Exports</b>	0	0	0	0	0	10
<b>Feed and Residual</b>	90	90	5	5	400	400
<b>FSI Consumption</b>	175	175	126	125	300	190
<b>Total Consumption</b>	265	265	131	130	700	590
<b>Ending Stocks</b>	0	0	0	0	0	0
<b>Total Distribution</b>	265	265	131	130	700	600
1000 HA, 1000 MT, MT/HA						

## PSD, Rice, Milled, 1,000 Hectares, 1,000 Metric Tons

[illegible]