USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date: 4/23/2018
GAIN Report Number: RS1813

Russian Federation

Grain and Feed Annual

Grain and Feed: Export Potential Remains Strong

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Report Highlights:
Assuming average weather conditions during the growing season, FAS/Moscow forecasts Russia's 2018/19 grain and pulses production at 123.68 million metric tons (MMT), 10.3 MMT less than the record crop in 2017/18 but still higher than any other crops since 1978. Post estimates the wheat crop in MY 2018/19 at 74 million MT, 11 MMT lower than in MY 2017/18 both due to smaller harvested area, 2.6 MHA, and closer to average yield given normal weather conditions. Barley acreage is set to increase but weaker yield translates into smaller production. Corn production is expected to increase significantly to 16.4 MMT due to increased production area and strong yield compared with unfavorable MY 2017/18 due mainly to wet and cold weather. Total grain exports for MY 2018/19 are forecast at 48.55 MMT, including 36 MMT of wheat. Our forecast for grain exports is slightly lower than the MY 2017/18 estimate based on high wheat ending stocks in MY 2017/18, improved corn supply and stable grain consumption in the Russian Federation.

Commodities:

Wheat
Barley
Corn
Rye
Oats
Rice, Milled
Millet

General Information:

NOTE: USDA unofficial data excludes Crimean production and exports. However, as of June 2014, Russian official statistics, including the Federal Statistical Service (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.

Executive Summary:

FAS/Moscow forecasts total Russian grain production in MY 2018/19 to decrease to 123.7 MMT compared to 134 MMT in MY 2017/18. The decline is attributed to smaller wheat production, 11 MMT below the 2017 level due to decreased sowing area and closer-to-average yield after the 16 percent spike in 2017. Our wheat production forecast also reflects current estimates for winter kill and slower spring planting campaign than in 2017. Growing wheat stocks and commensurate downward pressure on prices in MY 2017/18 have motivated farmers to decrease wheat acreage in favor of other crops where export demand is strong, including barley and corn.

Corn harvested area is expected to increase by 20 percent buoyed by a 10 percent increase in planting area, assuming normal weather conditions for production and harvesting compared with 2017, when 10 percent of the production area was lost due to wet and cold conditions. As a result, corn production in MY 2018/19 is forecast to increase to 16.4 MMT.

Barley production is expected to decrease by 883 TMT to 19.3 MMT despite increased sowing area. Barley yield is forecast weaker in MY 2018/19 based on the five-year average after a 23 percent spike in 2017 due to very good weather conditions.

FAS/Moscow increased the forecast of Russia's total grain exports in MY 2017/2018 from 47.24 MMT to 48.55 MMT, matching the official USDA number and based on the current pace of export shipments.

Russia's total grain exports in MY 2018/19 are expected to remain unchanged from 48.5 MMT estimate in MY 2017/18 based on historically high carry-in wheat stocks, stable domestic consumption and improved corn supply. Wheat exports in MY 2018/19 are forecast at 36 MMT, barley 4.5 MMT, corn 6.8 MMT and others 1.25 MMT.

All grains

Production

Table 1. FAS/Moscow's (Post) Forecast for MY 2018/19, TMT, 1,000 Hectares.

	Wheat	Barley	Corn	Rye	Oats	Millet	Rice	Other	Total
Area Harvested	26050	8650	3320	1200	3000	290	200	3400	46110
Beginning Stocks	13822	797	367	265	173	0	91	0	15515
Production	74000	19300	16400	2300	5300	380	1060	4940	123680
MY Imports	500	50	50	5	50	0	260	0	915
TY Imports	500	50	50	5	50	0	260	0	915
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	**88322**	**20147**	**16817**	**2570**	**5523**	**380**	**1040**	**4940**	**139739**
MY Exports	36000	4500	6800	50	10	0	190	1000	48550
TY Exports	36000	4500	6800	50	10	0	180	1000	48540
Feed and Residual	21000	10500	8500	300	3800	150	0	1000	45250
FSI Consumption	23000	4700	1050	2100	1600	230	750	2940	36370
Total Consumption	44000	15200	9550	2400	5400	380	750	3940	81620
Ending Stocks	8322	447	467	120	113	0	100	0	9569
Total Distribution	**88322**	**20147**	**16817**	**2570**	**5523**	**380**	**1038**	**4940**	**139739**
Yield	*2,84*	*2,23*	*4,94*	*1,92*	*1,77*	*1,31*	*5,30*	*1,45*	*21,76*

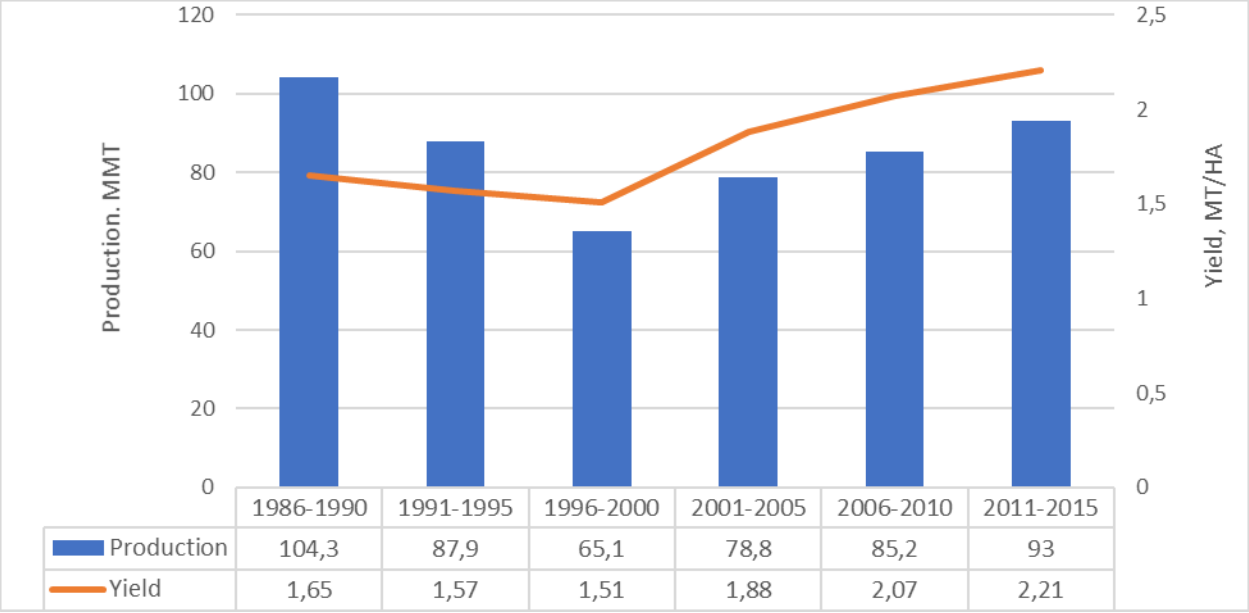
Notes:
- The above table is composed of PSD forecasts for each crop, despite differing marketing years. The marketing year for wheat, barley, rye, oats and millet is July-June, the marketing year for corn is October-September, and the marketing year for rice is January-December.
- Grain total includes milled rice. In Russian statistical data the total grain production includes rice in rough equivalent.
- Other grain includes triticale, buckwheat, sorghum, some other niche grains and pulses.

FAS/Moscow forecasts total grain production in Russia 123.7 MMT in MY 2018/19, 10 MMT less than the historical record 134 MMT in MY 2017/18 though it might become the third highest grain crop in the Russian Federation. The steadily improving supply of inputs, financing availability and state support[1] translated into improved production technology and stronger yields over the past 15 years.

[1] For more information see FAS/Moscow report RS 1736 Agricultural State Program 2013-2020 Amended in 2017

Record high grain production in 2017 was also a reflection of very favorable growing conditions both for winter and spring crops.

Chart 1. Average production and yield for all grains (including corn) and leguminous in 1986-2015 in the Russian Federation



	1986-1990	1991-1995	1996-2000	2001-2005	2006-2010	2011-2015
Production	104,3	87,9	65,1	78,8	85,2	93
Yield	1,65	1,57	1,51	1,88	2,07	2,21

Source: Rosstat

FAS/Moscow forecasts total area for grain production to decrease by 890,000 HA due to declining wheat and buckwheat acreage as a reflection of oversupply on the market. Production area for other crops will increase driven by good export demand in MY 2017/18 however that will not compensate for grain acreage decline since producers dedicate more arable lands to profitable oilseeds[2].

According to the Ministry of Agriculture, area sown to winter grains for the 2018 crop was 17.1 million hectares, 260,000 HA less than in 2017. For comparison, in 2017 winter sowing area increased 1.8 million HA compared with 2016. The share of winter area sown for each crop in MY 2018/19 is not yet known.

[2] For more information see FAS/Moscow report RS1810 Russian oilseeds and products annual 2018

Chart 2. Largest regions for winter crop sowing area for wheat, barley and rye in 2017, ‘000 HA

Dark pink, over 1 million HA	**Medium pink, over 300,000 HA**	**Light pink, over 100,000 HA**
Rostov oblast – 2,479, Stavropol krai – 1,909, Krasnodar krai – 1,541, Volgograd oblast – 1,412, Saratov oblast – 1,175.	Voronezh oblast – 715.9, Orenburg oblast – 550.2, Kursk oblast – 482.2, Tambov oblast – 480.9, Republic of Tatarstan – 475.4, Orel oblast – 421.4, Samara oblast – 407.7, Belgorod oblast – 374.1, Lipetsk oblast – 345.0, Republic of Bashkortostan – 309.0, Penza oblast – 307.7.	Ryazan oblast – 277.1, Tula oblast – 263.8, Ulyanovsk oblast – 261.8, Nizhegorodskaya oblast – 196.2, Republic of Kalmykia – 191.1, Altaiski krai – 186.6, Bryansk oblast – 169.4, Republic of Mordovia – 167.3, Chechen Republic – 113.0.

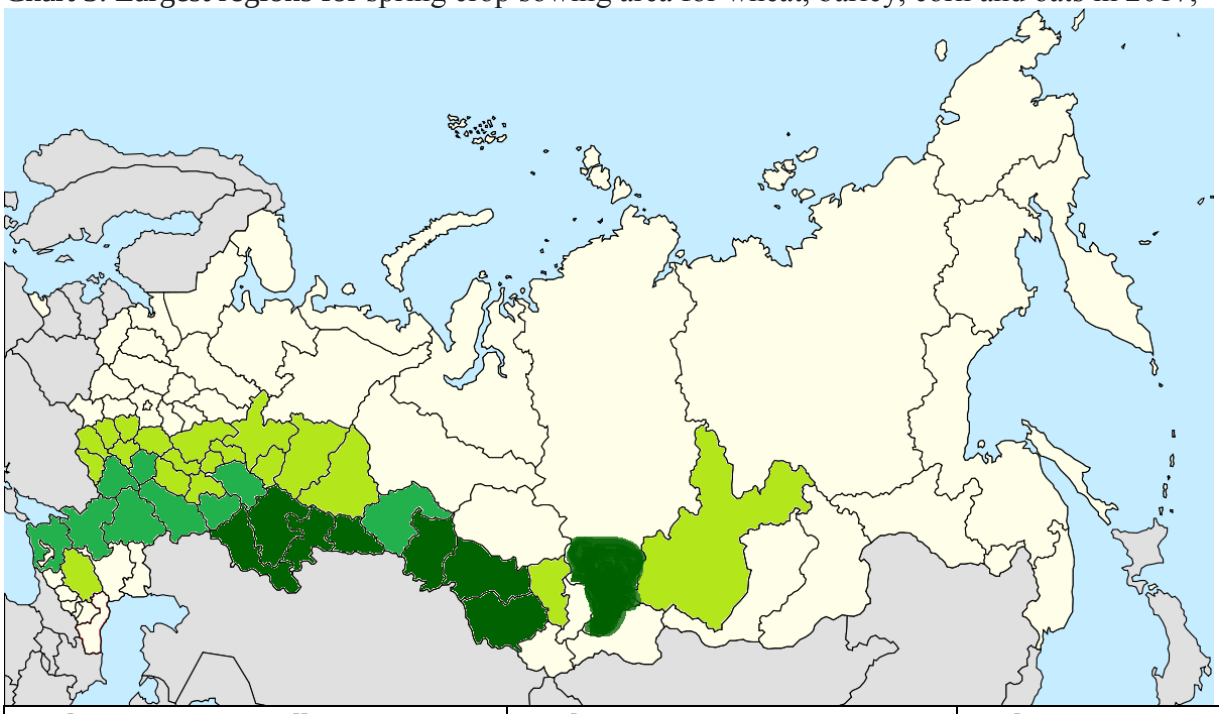
Source: Rosstat

According to the Meteorological Center of Russia (Hydrometeocenter) as of the beginning of April 2018, winter kill was estimated at 3-5 percent. According to the Hydrometeocenter, the winter crop condition is classified as good to average in most winter grain producing regions of the Russian Federation. The survival area for the 2017 winter grain crop (on average for all grain crops) was 96 percent of sown area.

In March 2018, the Ministry of Agriculture estimated the percentage of winter crops in poor condition (pitted and not sprouted) at 7.8 percent or 1.3 million HA.

The Ministry of Agriculture forecasts area sown for 2018 spring grain and pulses at 31.0 million HA compared with 31.2 million in 2017. Reportedly, farmers will increase area sown to spring barley, legumes and millet.

Chart 3. Largest regions for spring crop sowing area for wheat, barley, corn and oats in 2017, '000 HA



Dark green, over 1 million HA	**Medium green, over 300,000 HA**	**Light green, over 100,000 HA**
Altaiski krai – 1,909, Omsk oblast – 1,985, Orenburg oblast – 1,918, Novosibirsk oblast – 1,433, Chelyabinsk oblast – 1,329, Republic of Bashkortostan – 1,261, Kurgan oblast – 1,043, Krasnoyarski krai (south only) – 1,010.	Republic of Tatarstan - 916.3, Krasnodarski krai – 735.7, Saratov oblast – 727.4, Voronezh oblast – 678.2, Tyumen oblast – 645.5, Rostov oblast – 635.2, Samara oblast – 548.8, Volgograd oblast – 535,9 Tambov oblast – 521.9.	Kemerovo oblast – 480.8, Kursk oblast – 461.6, Irkutsk oblast – 421.5, Lipetsk oblast – 390.0, Belgorod oblast – 333.0, Penza oblast – 332.4, Nizhegorodskaya oblast – 320.5, Sverdlovskaya oblast – 320.3, Stavropol krai – 303.2, Ulyanovsk oblast – 291.8, Republic of Udmurtia – 285.2, Orel oblast – 282.3, Republic of Mordovia – 250.6, Ryazan oblast – 243.5, Tula oblast – 241.2, Permski krai – 222.8, Kirov oblast – 215.7.

Source: Rosstat

Planting of the 2018 spring grains started in February in Krasnodar in the south of Russia and as of April 10, 2018, Russian farmers planted spring grain crops on only 543,000 HA, compared to 2.2 million HA

planted by the same date in 2017. The pace of spring planting lagged behind last year in all federal districts including in the Central Federal District (FD) where only 9,300 HA was sown compared to 1 million HA in 2017 due to cold weather and late snow melting.

Inputs and Financing

Planting seeds:

Russia is self-sufficient in wheat seeds. Domestic seed selection centers develop and produce a wide variety of seeds adapted for different regions. Farmers in the south of Russia sow 'intensive' wheat seed varieties, apply a larger volume of fertilizers and plant protection products and tend to achieve stronger yield. Producers in Siberia and Volga mostly use low-cost 'extensive' technology with a minimum use of agrochemicals and sow respective varieties of wheat seeds[3] though yield is lower from this technology.

The Ministry of Agriculture estimates that 50 to 55 percent of planting seeds for corn are imported. In the last seven years corn yields increased nearly 30 percent due to the use of better planting seeds and the use of modern agri-technologies. However, Russia does not permit the planting of GE crops.

Fertilizer:

According to the Ministry of Agriculture, fertilizer application (all crops including grains and oilseeds) increased by 33 percent from 2013 to 2017 in Russia and the current level of fertilizer application is estimated at 51 kg per HA, half than average world level. At the same time about 40 percent of arable lands used for agricultural production do not use fertilizer according to the Ministry. The Ministry of Agriculture claims that agricultural producers increased fertilizer purchases in January-March 2018 by 20 percent compared to 2017 y-o-y.

The average prices for fertilizers in March 2018 (including VAT, packaging and transportation, and distributors' expenses) are 2 percent lower than in 2017. Total volume of agricultural fertilizers applied in 2017 was 3.15 MMT according to the Ministry of Agriculture, 11 percent more than in 2016.

Agrochemicals

There is no data on the use of agrochemicals by crop. Russia's aggregate data on the use of agrochemicals applies primarily to production of such high yielding crops as sugar beets, sunflowerseed, soybeans, and corn. The total use of agrochemicals in agriculture in 2016 was 121.6 TMT, including 73.4 TMT of imported chemicals and 48.2 TMT of domestic chemicals.

Financing:

Financing availability should improve for agricultural producers in 2018 due in large part to government support for the agricultural sector envisaged in the amount of 242 billion rubles (US$ 4.2 billion)[4], on par with 2017. That amount includes 52.2 billion rubles for subsidizing the interest rate on investment loans, 49.7 billion rubles for soft credit, 39 billion rubles for regional subsidies, 2 billion rubles to support replacement of agricultural machinery, and others. In February 2018, the Government of the Russian Federation decided to allocate an additional 7 billion rubles (US$ 122 million) to agricultural development, including 5 billion rubles (US$87 million) for investment subsidies.

[3] Agroinvestor: Kingdom of feed wheat

[4] Current exchange rate of the Russian ruble for reference in this report FAS/Moscow assumes at 57.5 per $1.

The total amount of subsidies for seasonal soft credit increased from 9.9 billion rubles (US$ 171 million) in 2017[5] to 13.1 billion rubles (US$ 226 million) in 2018. Due to state support, banks will be able to provide credits to farmers at a five percent interest rate.

The Central Bank of the Russian Federation reduced its key interest rate from 10 percent in February 2017 to 7.25 percent in March 2018. The consumer price index is down to a historically low 3.7 percent in 2017 that should be reflected in decreasing key finance rate and cheaper bank credits.

Trade

Post forecasts Russia's total grain exports in MY 2018/19 at 48.55 MMT, unchanged from the estimated grain and pulses exports in MY 2017/18. Without pulses, exports of the seven reported grains are forecast at 47.55 MMT. (For more information see the respective grain's section of this report.)

FAS/Moscow estimates Russia's total grain exports in 2017/18 at 48.55 MMT, including exports of seven reported grains at 47.75 MMT. According to the Ministry of Agriculture, Russia's total grain exports from July 1, 2017 through April 11, 2018 were 40.5 MMT including 31.8 MMT of wheat, 4.6 MMT of barley and 4.2 MMT of corn. The Ministry's total grain export forecast for MY 2017 is 52 MMT on par with the Russian Grain Union estimate.

Russia's total exports of grains and pulses were 30.78 MMT from July 2017 through January 2018 compared to 23.21 MMT to the same time in 2017 y-o-y. According to custom's statistics almost 10 MMT were exported from port of Novorossiysk out of the total 17.7 MMT exports through deep water Black sea ports (also include ports Tuapse, Taman and Kavkaz). Shipments from shallow Azov seaports (include ports of Eisk, Taganrog, Azov, Rostov-on-Don) accounted for almost 7 MMT during the same time. Also, grain was exported through Astrakhan port on the Caspian Sea, Kaliningrad on the Baltic Sea and by rail.

Russia increased rye exports to 33.2 TMT from July 2017 through January 2018 compared to 3.2 TMT during the same time in MY 2016/17. The main buyers were Latvia 23 TMT, Germany 6.5 TMT and Israel 3 TMT.

Russia increased exports of buckwheat to 30.1 TMT during September 2017 - January 2018 compared with 5.1 TMT during five months ending January 2017. Lithuania accounts for a third of all shipments, Ukraine 23 percent and Japan 12 percent. Also 1 TMT of buckwheat were shipped to China in January 2018[6].

Exports of peas and chickpeas from July 2017 through January 2018 were 755.7 TMT and 124.6 TMT respectively compared with 427.6 TMT and 209.0 TMT in the last year y-o-y.

Consumption

FAS/Moscow forecasts Russia's total MY 2018/19 grain consumption at 81.62 MMT compared with 81.57 MMT estimate in MY 2017/18.

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[5] Russian Ruble exchange rate in 2017 was quite volatile, but for reference, in this report FAS/Moscow assumes the exchange rate at 58 Rubles per $1.

[6] Agroinvestor: exports of buckwheat increased six times

Post assumes feed consumption will increase reflecting growth in the animal husbandry industry[7] but "residual" will decline from its highs during two consecutive bumper crops in 2016 and 2017. All in all, Feed and Residuals will increase by 415 TMT in MY 2018/19.

According to Rosstat, total production of compound feeds increased from 25.8 MMT in 2016 to 27.6 MMT in 2017, 6.9 percent growth (7.1 percent growth was in 2015). During the same time, production of compound feeds for pigs increased by 8.7 percent, for chicken by 7.7 percent and for cattle by 5.0 percent. According to the Ministry of Agriculture, Russia's grain consumption for animal feeding increased by 2 percent from 44.4 MMT in 2016 to 45.3 MMT in 2017[8]. Increasing competition in the chicken and animal stock sectors forced producers to increase conversion by improving feeding rations through increased use of proteins[9] and less grain in feed formulas. Russia's poultry and animal stock production in large vertically integrated holdings is growing and displacing inefficient back yard animal farming where the share of grain in feeding formulas was traditionally high.

The decrease in the FSI consumption by 360 TMT in MY 2018/19 assumes that food consumption of grain products and cereals will decline due to changing dietary habits in Russia.

Post increased industrial consumption of corn starting from MY 2016/17 to more closely reflect growing production of starch syrup in Russia (for more information please see the corn section of this report). Also corn consumption for feed will increase in MY 2018/19 as poultry producers switch from wheat to corn for feed.

Stocks

Due to the record crop in MY 2017/18, total grain stocks as of March 1, 2018 were 38.32 MMT, an 18.5 percent increase from 2017 y-o-y. Stocks in the south of Russia, the major exporting region, were also the highest in the last seven years despite record high export shipments via the Black Sea ports.

Despite the high level of beginning stocks in MY 2018/19, estimated at 15.52 MMT, FAS/Moscow forecasts carry-over grain stocks at the end of MY 2018/19 will decline to 9.57 MMT based on the lower crop forecast and export volumes almost equal to MY 2017/18.

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[7] For more information see FAS/Moscow report RS1757 Russia 2017 Livestock and Products Annual

[8] Source: Department of Animal Farming and Breeding of the Ministry of Agriculture, Presentation at 'Russian Feed Industry' Conference, April 2018

[9] For more information see FAS/Moscow report RS1810 Russian oilseeds and products annual 2018

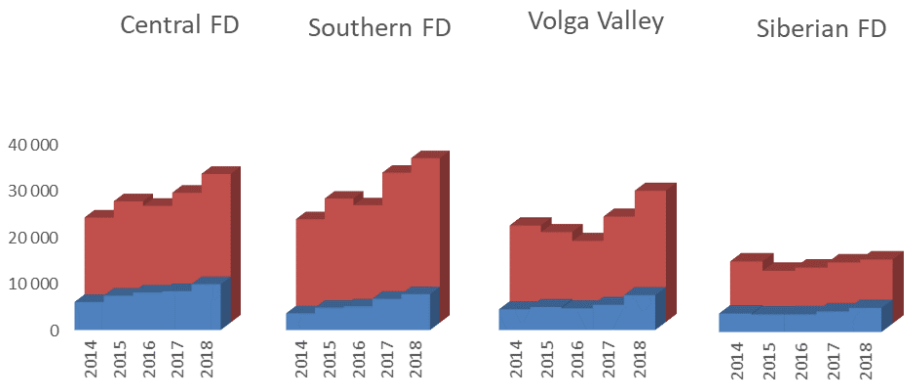
Table 2. Total Russian grain stocks in largest producing regions as of March 1, 2018, TMT

Region	Stock on March 1, 2018	Stocks, including		Change to March 1, 2017, percent
		Agricultural enterprises	Processing and procuring establishments	
Total Russia	**38,318**	**20,688**	**17,629**	**+18.5**
Central FD	9,836	6,006	3,830	+18.0
Southern FD	7,813	3,077	4,735	+16,1
Caucasus FD	2,858	1,256	1,602	-7.5
Volga Valley	8,119	4,980	3,138	+38.4
Siberia	5,926	3,135	2,791	+12,9

Source: Rosstat

According to the Russian Grain Union, the aggregate capacity of grain storage in Russia is about 120 MMT, including elevator capacity of 43 MMT, barn capacity of 64 MMT, with the so called 'on-the-floor storage' and about 13 MMT capacity at grain processing enterprises. About half of all storage capacity (all types of storage) is located at farms. Most of the large elevators are concrete and have capacity to store over 100 TMT and were built in 1960[s] in proximity to main consumption centers[10].

Chart 4. Grain stocks as of March 1, 2018 compared with total production in main grain producing Federal Districts (FD), TMT



Source: Rosstat

As vertically integrated agro-industrial holdings develop in poultry, animal stock, oilseed crushing, grain processing and trade they are building modern storage bins for procuring and storage of their grain.

[10] TASS: Grain coffers (in Russian)

According to industry analysts, the capacity of such storage increased in 2015 and 2016 in Kursk, Belgorod, Lipetsk, Orel, Pskov, and Amur Oblasts, although data is not available. Over the past ten years, grain producers also invested in expansion and modernization of on-farm storage, especially in export-oriented regions in the South of Russia.

Marketing

Domestic grain prices dropped in August 2017 in expectation of the bumper crop in MY 2017/18, and they were slowly increasing through March 2018 driven by a stronger world market. However, the price gap for the 4th grade milling wheat between Central FD and Siberia is about US$ 20 per MT due to costly rail transportation to Russia's export points.

According to industry analysts, by March 2018 domestic prices for barley and corn were higher than the price of the most exportable grade of milling wheat (4th class) reflecting excessive wheat stocks in Russia and strong export demand for barley and corn.

Production, Supply and Distribution Forecast by Major Crops

Wheat

Table 3. Production, supply and distribution of wheat, Thousand Metric Tons (TMT), 1,000 HA

	2016/2017		2017/2018		2018/2019	
Market begin year	July 2016		July 2017		July 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	27004	27004	27343	27358	0	26050
Beginning Stocks	5607	5607	10830	10830	13822	13822
Production	72529	72529	84992	84992	0	74000
MY Imports	503	503	500	500	0	500
TY Imports	503	503	500	500	0	500
MY Imp. From U.S.	0	0	0	0	0	0
Total Supply	**78639**	**78639**	**96322**	**96322**	**13822**	**88322**
MY Exports	27809	27809	37500	37500	0	36000
TY Exports	27809	27809	37500	37500	0	36000
Feed and Residual	17000	17000	21500	21500	0	21000
FSI Consumption	23000	23000	23500	23500	0	23000
Total Consumption	40000	40000	45000	45000	0	44000
Ending	10830	10830	13822	13822	0	8322

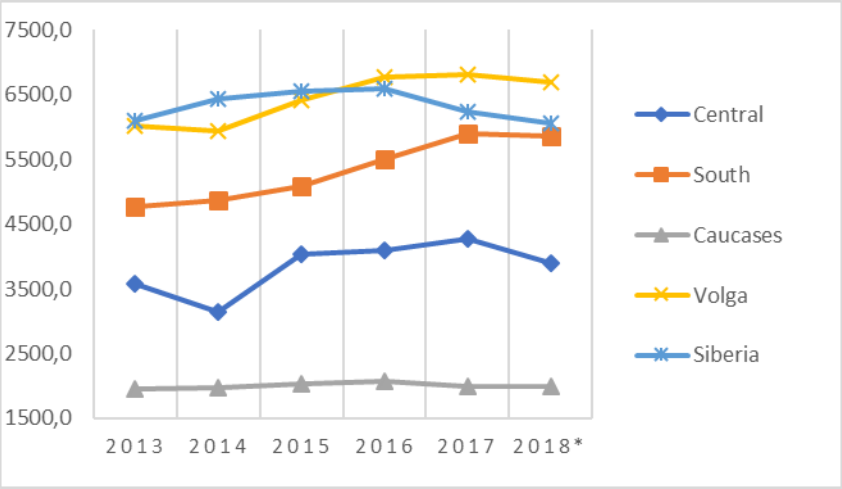
Stocks						
Total Distribution	**78639**	**78639**	**96322**	**96322**	**0**	**88322**
Yield	*2.6859*	*2.6859*	*3.1084*	*3.1067*		*2.8407*

Production

FAS/Moscow estimates total area sown for wheat in MY 2018/19 will decrease to 26 million HA, 1.3 million HA less than in MY 2017/18 as the two preceding bumper crops have put downward pressure on prices and spurred farmers to seek alternative crops. Similarly, total winter crop acreage decreased by 260,000 HA reflecting declined wheat acreage according to Sovecon. Post estimates that spring area will decrease by five percent and winterkill will not exceed five percent.

Following last year's trend, producers in Siberia will further decrease wheat production area demotivated by the continuous growth of grain stocks and attracted by more profitable rapeseed production[11]. The Volga valley will also decrease wheat production area due to similar conditions, for example total grain stocks increased by 38.4 percent as of March 1, 2018 compared with 2017 y-o-y. Declining wheat production in Siberia and Volga will help bolster Russia's average yield in MY 2018/19 since the share of regions with stronger yields will increase. At the same time, export-oriented wheat producers in the South of Russia will not decrease their wheat acreage.

Chart 5. Total area sown for wheat in largest wheat producing Federal Districts, 1000 HA



Source: FAS/Moscow projection for 2018 based on Rosstat data for 2013-2017

As Russian farmers increase their use of crop protection inputs wheat yield has been increasing and is expected to stay on trend in MY 2018/19. According to the Russian Grain Union, the share of quality certified seeds used on Russian farms has doubled (from 14 to 33 percent) during the last few years and fertilizer application has growth was by 6 percent. Post forecasts that average yield will be 10 percent higher than the five-year average though it will not achieve last year's peak assuming normal weather conditions in MY 2018/19.

[11] For more information see FAS/Moscow report RS1810 Russian oilseeds and products annual 2018

Post estimates total wheat crop in MY 2018/19 at 74 million MT, 11 MMT lower than in MY 2017/18 both due to smaller harvested area and closer to average yield given normal weather conditions.

Trade

Post estimates that Russia will export 36 MMT of wheat in MY 2018/19, down 1.5 MMT from MY 2017/18, based on historically high beginning stocks and higher than average wheat production (average wheat production in 2010-2016 was 54.6 MMT varying from 37.7 MMT in 2012 to 73.3 MMT in 2016). State subsidies for grain transportation may contribute about 10 percent to the total wheat export volume in MY 2018/19 (for more information please see the Policy section of this report).

Wheat exports from July 2017 through January 2018 were 23.4 MMT. Ten countries accounted for 65 percent of Russia's wheat exports: Egypt - 4.73 MMT, Turkey – 3.05 MMT, Bangladesh - 1.55 MMT, Indonesia – 1.05 MMT, Sudan – 0.94 MMT, Vietnam – 0.95 MMT, Nigeria – 0.90, Azerbaijan - 0.84 MMT, Yemen - 0.74 MMT and Lebanon – 0.66 MMT.

Exports of wheat flour from July 2017 through January 2018 were 120.85 TMT compared to 102.26 TMT in 2017 y-o-y equal to 165.3 TMT and 139.9 TMT in wheat equivalent, respectively.

Consumption

FAS/Moscow forecasts total wheat consumption in Russia to decline in MY 2018/19 by 1 MMT. Food Seed and Industrial consumption will decline due to decreasing flour production. Russia's flour production in 2017 was 4.4 percent lower than in 2016 according to Rosstat. Feeds and residuals will decline by 0.5 MMT due to smaller waste.

Stocks

FAS/Moscow forecasts ending stocks in MY 2018/19 at 8.3 MMT, a 5.5 MMT decrease from 13.82 MMT forecast in the end of MY 2017/18 due to smaller wheat crop.

Rosstat doesn't report Russia's total wheat stocks rather only procuring and processing enterprises. On March 1, 2018 wheat stocks were reported at 13.6 MMT, a 25 percent increase from 10.9 MMT in 2017 y-o-y. Total Russian grain stocks on March 1, 2018 were 38.3 MMT, including 20.1 MMT in agricultural enterprises and 17.6 MMT in procuring and processing enterprises. So far, Russia's total wheat stocks on March 1, 2018 could be closer to 20-25 MMT both at processing establishments and agricultural enterprises.

Barley

Table 4. Production, supply and distribution of barley, Thousand Metric Tons (TMT), 1,000 HA

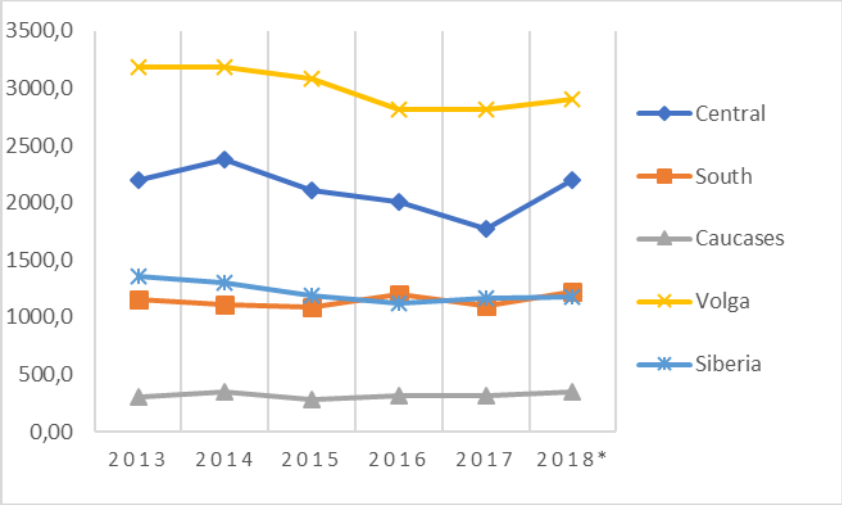
	2016/2017		2017/2018		2018/2019	
Market begin year	July 2016		July 2017		July 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7955	7955	7852	7852	0	8650
Beginning	741	741	853	864	786	797

Stocks						
Production	17547	17560	20183	20183	0	19300
MY Imports	214	212	50	50	0	50
TY Imports	226	200	50	50	0	50
MY Imp. From U.S.	0	0	0	0	0	0
Total Supply	**18502**	**18513**	**21086**	**21097**	**786**	**20147**
MY Exports	2949	2949	5200	5200	0	4500
TY Exports	3629	3550	5200	5200	0	4500
Feed and Residual	10000	10000	10400	10400	0	10500
FSI Consumption	4700	4700	4700	4700	0	4700
Total Consumption	14700	14700	15100	15100	0	15200
Ending Stocks	853	864	786	797	0	447
Total Distribution	**18502**	**18513**	**21086**	**21097**	**0**	**20147**
Yield	*2.2058*	*2.2074*	*2.5704*	*2.5704*		*2.2312*

Production:
FAS/Moscow estimates harvested area for barley in MY 2018/19 to increase to 8.65 million HA, 798,000 HA more than in MY 2017/18 due to increased spring planting. Winter barley area remains unchanged and makes up about 10 percent of the total barley crop. Producers prefer barley production to wheat in MY 2018/19 driven by good export demand for barley and low ending stocks.

Post forecasts that given normal weather conditions barley yield will be at the five-year average of 2.23 MT/HA, i.e. 17 percent lower than in MY 2017/18.

Chart 6. Total area sown for barley in main producing Federal Districts, 1000 HA



Source: FAS/Moscow projection for 2018 based on Rosstat data for 2013-2017

Post estimates the total barley crop in MY 2018/19 at 19.3 million MT, 880 TMT less than in MY 2017/18 based on increased area but closer to average yield given normal weather conditions in MY 2018/19.

Trade

Post forecasts that Russia will export 4.5 MMT of barley in MY 2018/19, 700 TMT less than the MY 2017/18 estimate due to smaller production.

Barley exports from July 2017 through January 2018 were 3.7 MMT. Five countries accounted for almost 85 percent of Russia's barley exports: Saudi Arabia – 1.45 MMT, Iran – 1.04 MMT, Turkey – 0.28 MMT, Jordan – 0.25 MMT and Kuwait – 0.13 MMT.

Consumption

FAS/Moscow expects barley feed consumption will increase by 100 TMT in MY 2018/19.

Stocks

FAS/Moscow forecasts ending stocks in MY 2018/19 at 531 TMT compared to 781 TMT at the end of MY 2017/18.

Rosstat doesn't report Russia's total barley stocks but only procuring and processing enterprises. On March 1, 2018 barley stocks were reported 1.70 MMT, an 11 percent increase from 1.54 MMT in 2017 y-o-y.

Corn

Table 5. Production, supply and distribution of corn, Thousand Metric Tons (TMT), 1,000 HA

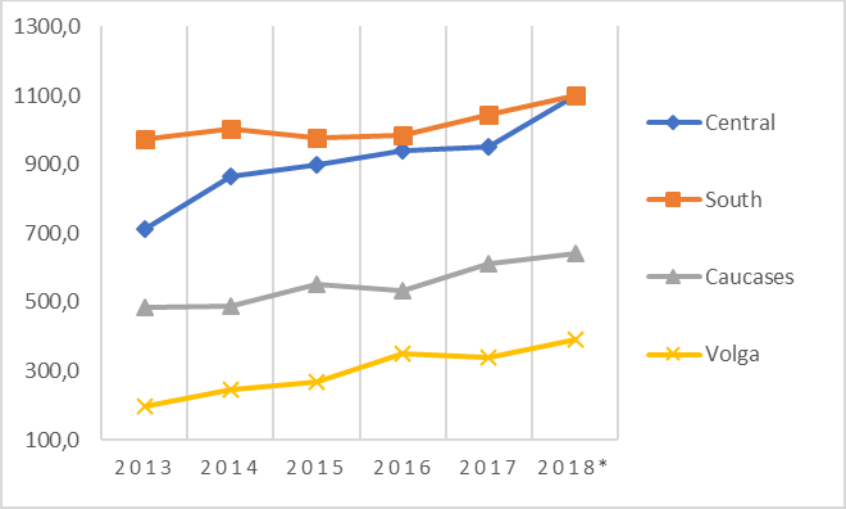
	2016/2017		2017/2018		2018/2019	
Market begin year	October 2016		October 2017		October 2018	
	USDA	New	USDA	New	USDA	New

	Official	Post	Official	Post	Official	Post
Area Harvested	2777	2777	2700	2700	0	3320
Beginning Stocks	569	569	738	688	517	367
Production	15305	15305	13229	13229	0	16400
MY Imports	53	53	50	50	0	50
TY Imports	53	53	50	50	0	50
MY Imp. From U.S.	0	0	0	0	0	0
Total Supply	**15927**	**15927**	**14017**	**13967**	**517**	**16817**
MY Exports	5589	5589	4800	4800	0	6800
TY Exports	5589	5589	4800	4800	0	6800
Feed and Residual	8700	8700	7800	7800	0	8500
FSI Consumption	900	950	900	1000	0	1050
Total Consumption	9600	9650	8700	8800	0	9550
Ending Stocks	738	688	517	367	0	467
Total Distribution	**15927**	**15927**	**14017**	**13967**	**0**	**16817**
Yield	*5.5113*	*5.5113*	*4.8996*	*4.8996*		*4.9398*

Production

FAS/Moscow's forecast for 2018 corn production is 16.4 MMT, 3.2 MMT more than MY 2017/18 when 10 percent of production area was lost due to cold fall weather and wet conditions during summer resulted in weak yield. The forecast assumes that corn production area will increase to 3.32 million HA, 10 percent more than in MY 2017/18. The increase in corn production area is driven by export demand and declining corn stocks. The corn sowing campaign is lagging behind in the Southern FD and Northern Caucasus where farmers have sown only 92,000 HA and 1,200 HA compared to 157,900 HA and 75,300 HA in 2017 respectively y-o-y. Also, the slow pace of spring works in the Central FD may translate to late sowing and risk of a relatively short vegetation period in MY 2018/19.

Chart 7. Total area sown for corn in main producing Federal Districts, 1000 HA



Source: FAS/Moscow projection for 2018 based on Rosstat data for 2013-2017

Post forecasts that the 2018 corn yields will be approximately at the five-year average of 4.94 MT/HA, and the corn production will achieve 16.4 MMT given normal weather conditions. The largest historical Russia's corn crop was 15.3 MMT in 2016.

Trade

Post forecasts that Russia will export 6.8 MMT of corn in MY 2018/19, 2 MMT more than the MY 2017/18 estimate due to improved supply.

The corn marketing year begins in October, and from October 2017 through January 2018, Russia's corn exports were 1.79 MMT compared to 2.4 MMT in MY 2016/17 y-o-y. Five countries accounted for 62 percent of corn exports from Russia, including Turkey 695 TMT, Iran 374 TMT, Republic of Korea 358 TMT, Lebanon 146 TMT and Latvia 51 TMT.

Consumption

FAS/Moscow forecasts corn consumption for feed to increase in MY 2018/19 to 8.5 MMT, 700 TMT more than in MY 2017/18 due to improved supply and increased use in poultry sector. Total corn consumption is forecast at 9.55 MMT in MY2018/19.

Post increased industrial consumption of corn in MY 2016/17, MY 2017/18 and 2018/19 to more closely reflect growing production of starch syrup in 2016 and 2017 by 6 percent and 9 percent respectively.

Stocks

FAS/Moscow forecasts ending corn stocks in MY 2018/19 at 467 TMT compared to 367 TMT in the end of MY 2017/18.

Rosstat doesn't report Russia's total corn stocks but only procuring and processing enterprises. On March 1, 2018 corn stocks were reported 1.29 MMT, a 10.6 percent decrease to 1.44 MMT in 2017 y-o-y.

Policy

The Ministry of Agriculture of the Russian Federation announced grain intervention prices for 2018[12]. Announced prices are lower than current market prices by US$ 20-28 per MT on average. The price for 3rd class milling wheat was established at RBL 8,600 (US$ 155) per MT, the most exportable 4th class milling wheat price is set at RBL 7,600 (US$ 132) per MT, feed grade 5th class milling wheat at RBL 6400 (US$ 111), barley at RBL 6,500 (US$ 113) per MT and corn at RBL 7,100 (US$ 123) per MT. All prices are CIP local elevator, VAT inclusive. Though the intervention prices were announced there is no set timeframe as to when and if the government will use the mechanism. The Ministry didn't purchase grain from producers for the intervention fund in MY 2017/18 despite the fact that the market price was below the established purchase price.

Minister of Agriculture Alexander Tkachov considers grain interventions to be a harmful instrument of price stabilization. According to the Minister, the country's intervention fund totals around 4 MMT of grain now that requires 10 billion rubles ($176.6 m) for storage annually. Industry analysts comment that the cost of carrying this stock is very high though the market effect is rather limited. The Minister added that subsidizing domestic railroad transportation of grain to specified shipping ports and regional cross-border shipping points is currently more efficient for price stabilization[13].

In December 2017, the Government of the Russian Federation approved a decision on subsidizing railway costs to transport grain from the inner grain producing regions such as Central, Siberia, the Urals and Volga Valley toward specific destinations most of which are export points[14]. According to the Ministry of Agriculture, the subsidies should spur shipment of an additional 3 MMT of wheat, barley and corn from these federal districts to export terminals thus supporting grain prices in the most price depressed grain producing regions. According to the Government decision the subsidy is paid to the state-owned Russian railways (the RZD) as a compensation for discounted rail tariff.

According to the Ministry of Agriculture, the total amount of rail tariff subsidies issued on March 26, 2018 was 1.22 billion rubles (US$21 million) for transportation of 1.28 MMT of grain. The Ministry reports that 39 percent of the total subsidy amount was used to the date.

The Ministry proposes to improve the mechanism for subsidizing railway transportation of grain from Siberia and the Urals, introducing compensation for the transportation directly to grain owners. According to the Ministry this measure should act permanently as an alternative to expensive and inefficient grain interventions.

Production, Supply and Distribution Statistics

Table 6. Production, supply and distribution of rye, Thousand Metric Tons (TMT), 1,000 HA

	2016/2017	2017/2018	2018/2019
Market begin year	July 2016	July 2017	July 2018

[12] Prozerno: The Ministry of Agriculture agreed new season grain intervention prices (in Russian)
[13] Agroinvestor: Grain interventions lost their relevance (in Russian)
[14] For more information see FAS/Moscow report RS1801 Decree on Grain Transportation Subsidies

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1251	1251	1172	1172	0	1200
Beginning Stocks	155	155	286	286	185	265
Production	2538	2538	2544	2544		2300
MY Imports	3	3	5	5	0	5
TY Imports	4	4	5	5	0	5
MY Imp. From U.S.	0	0	0	0	0	0
Total Supply	**2696**	**2696**	**2835**	**2835**	**185**	**2570**
MY Exports	10	10	50	70	0	50
TY Exports	29	29	50	50	0	50
Feed and Residual	300	300	500	400	0	300
FSI Consumption	2100	2100	2100	2100	0	2100
Total Consumption	2400	2400	2600	2500	0	2400
Ending Stocks	286	286	185	265	0	120
Total Distribution	**2696**	**2696**	**2835**	**2835**	**0**	**2570**
Yield	*2.0288*	*2.0288*	*2.1706*	*2.1706*		*1.9167*

Table 7. Production, supply and distribution of oats, Thousand Metric Tons (TMT), 1,000 HA

	2016/2017		2017/2018		2018/2019	
Market begin year	July 2016		July 2017		July 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2746	2746	2775	2775	0	3000
Beginning Stocks	199	199	147	147	183	173
Production	4750	4750	5441	5441	0	5300
MY Imports	11	11	5	5	0	50
TY Imports	11	11	5	5	0	50
MY Imp. From U.S.	0	0	0	0	0	0
Total Supply	**4960**	**4960**	**5593**	**5593**	**183**	**5523**
MY Exports	13	13	10	20	0	10
TY Exports	14	14	10	10	0	10

Feed and Residual	3200	3200	3800	3800	0	3800
FSI Consumption	1600	1600	1600	1600	0	1600
Total Consumption	4800	4800	5400	5400	0	5400
Ending Stocks	147	147	183	173	0	113
Total Distribution	**4960**	**4960**	**5593**	**5593**	**0**	**5523**
Yield	1.7298	1.7298	1.9607	1.9607		1.7667

Table 8. Production, supply and distribution of millet, Thousand Metric Tons (TMT), 1,000 HA

	2016/2017		2017/2018		2018/2019	
Market begin year	July 2016		July 2017		July 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	406	406	235	235	0	290
Beginning Stocks	0	0	0	0	0	0
Production	625	625	315	315	0	380
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
MY Imp. From U.S.	0	0	0	0	0	0
Total Supply	**625**	**625**	**315**	**315**	**0**	**380**
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	375	375	65	135	0	150
FSI Consumption	250	250	250	180	0	230
Total Consumption	625	625	315	315	0	380
Ending Stocks	0	0	0	0	0	0
Total Distribution	**625**	**625**	**315**	**315**	**0**	**380**
Yield	*1.5394*	*1.5394*	*1.3404*	*1.3404*		*1.3103*

Table 9. Production, supply and distribution of rice, Thousand Metric Tons (TMT), 1,000 HA

	2016/2017		2017/2018		2018/2019	
Market begin year	January 2016		January 2017		January 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	204	204	185	185	0	200
Beginning Stocks	96	96	99	99	0	91
Milled production	703	703	642	642	0	689
Rough production	1082	1082	988	988	0	1060
Milling rate	6500	6500	6500	6500	0	6500
MY Imports	230	230	260	260	0	260
TY Imports	230	230	260	260	0	260
TY Imp. From U.S.	0	0	0	0	0	0
Total Supply	**1029**	**1029**	**1001**	**1001**	**0**	**1040**
MY Exports	180	180	160	160	0	190
TY Exports	180	180	160	160	0	180
Consumption and Residual	750	750	750	750	0	750
Ending Stocks	99	99	91	91	0	100
Total Distribution	**1029**	**1029**	**1001**	**1001**	**0**	**1040**
Yield	*5.3039*	*5.3039*	*5.3405*	*5.3405*		*5.3000*