

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Russian Federation

Grain and Feed Annual

Grain and Feed: Global Wheat Exporter to Remain Competitive Due to Another Sizable Wheat Crop

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Report Highlights:

Assuming normal weather during the growing season, FAS/Moscow forecasts Russia's wheat production in marketing year (MY) 2019/20 at 79.0 MMT, which is almost 7.0 MMT higher than last year due to an increase in winter wheat planted area and lower expected rates of winterkill. Exports are forecast at 37.5 MMT, which is up from the previous year. Russia is expected to be the top global wheat exporter for the third consecutive year.

Commodities

Wheat

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.

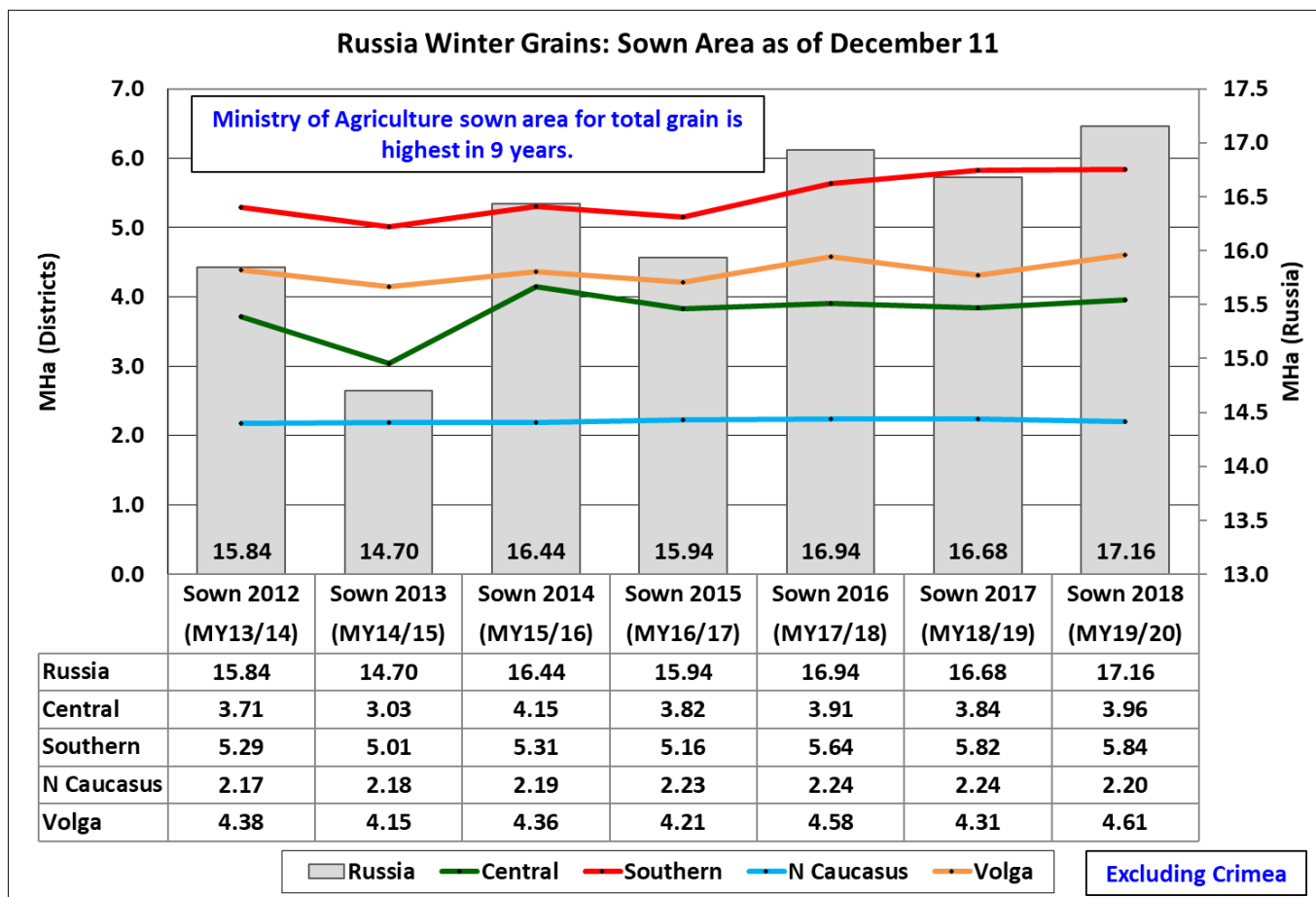
Executive Summary

Russian wheat production in marketing year (MY) 2019/20 is forecast up from last year on increased area and yield. Wheat stocks are forecast to grow from last year as production is expected to be higher. Russian wheat exports are forecast at its second highest on record, if realized. Consumption is forecast up slightly on higher feed and residual use, although human consumption is forecast down on decreasing population.

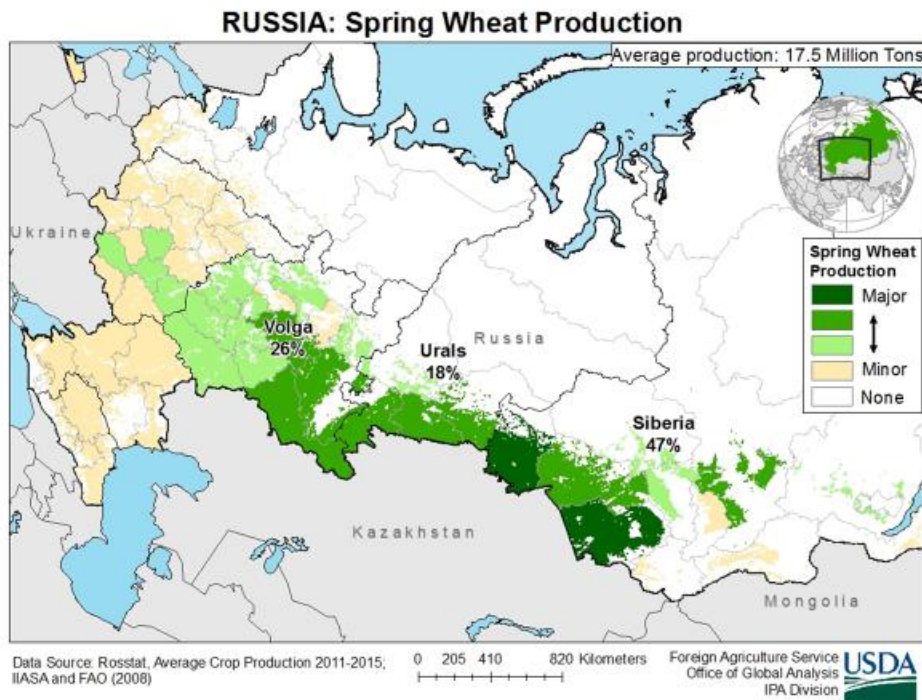
Wheat

Production

According to data from the Russian Ministry of Agriculture, the area planted to winter grains in 2019/20 totaled 17.16 million hectares (MHA) compared to 16.68 MHA for 2018/19. The current area is the highest planted area since 2009 (the 2010/11 marketing year) and is up year-to-year by 3 percent. The largest increase in area by district is in the Volga district, which is up 0.30 MHA or 7 percent year-to-year (see figure).



Winter wheat accounts for about 85 percent of total winter-planted grains. Fall establishment conditions were favorable and there was very little expected winterkill. As the crop emerges from dormancy, conditions at this early stage look generally favorable. Spring wheat is mostly grown in the Volga, Urals and Siberia (see map) and planting began in April and continues through June.



Trade

Exports for 2019/20 are forecast at 37.5 million metric tons (MMT) on abundant supplies and competitive prices. Russia has expanded its global market presence with rising exports to Africa, Southeast Asia, and some countries in the Western Hemisphere. Russia has become a major competitor to all other wheat exporting countries.

One of the key challenges is with respect to infrastructure. There is an acute need to advance the throughput of grain elevators and yet with the current pace of investment, this would take several years. Until then, moving grain internally remains a challenge, especially for various types of rail cars and trains. Recently, 54-car rail trains were increased to 71-car trains, but many elevators were not ready for these larger trains. The last two seasons, the Russian government provided subsidies for the transport by rail of grain from internal regions, such as Siberia, to southern ports such as Krasnodar. Ports and handling capacity have increased in recent years in line with rising supplies and exports.

Some wheat exports have reportedly been delayed in route to the port due to increased monitoring of phytosanitary certificates and delays in the issuance of certificates. The process to receive a phytosanitary certificate for grain exports in some cases has been prolonged to a week rather than a day. Some see this as a mechanism to control the flow of grain exports.

Another key development in Russian grain exports is the establishment of the Union of Grain Exporters, announced in April 2019. Supported in its mission by the Ministry of Agriculture, the aim of the Union is to promote Russian grain and legumes in international markets. Members of this group are Glencore Agro IGC LLC, United Grain Company, Yug LLC, and RIF Trading House LLC. These members are estimated to account for over 30 percent of Russian grain exports.

Post lowers its estimate for 2018/19 exports to 34.5 MMT. The first four months of the marketing year each had record monthly exports. However, as supplies have tightened towards the end of the marketing year, rising prices have made Russian wheat less competitive. Monthly exports have slowed since the start of the calendar year.



Consumption

Domestic consumption is projected lower in 2019/20 as the population declines and consumption patterns change. Feed and residual use is forecast up slightly from last year based on the larger expected crop as well as growth in the livestock sector.

For 2018/19, Post increases its consumption forecast mainly due to increased feeding use. Food, seed, and industrial use (FSI) is forecast up from the official USDA forecast, but still down from the previous year as population continues to decline.

Stocks

Post forecasts MY 2019/20 stocks at 9.0 MMT, which is up from last year's stocks based on a larger crop.

Ending stocks for 2018/19 are raised from the previous estimate, but still down 31 percent from the 2017/18 season. Ending stocks in 2017/18 were unusually large based on the record crop. Production in 2018/19 was 16 percent lower than the previous year, but still one of the largest on record.

PSD

Wheat	2017/2018	2018/2019	2019/2020
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Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	27370	27370	26344	26344	0	26800
Beginning Stocks	10830	10830	12043	11230	0	7750
Production	85167	85167	71685	71685	0	79000
MY Imports	465	467	500	400	0	400
TY Imports	465	467	500	400	0	400
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	96462	96464	84228	83423	0	87150
MY Exports	41419	41426	37000	34500	0	37500
TY Exports	41419	41426	37000	34500	0	37500
Feed and Residual	20000	20700	18000	18500	0	19650
FSI Consumption	23000	23000	22500	22673	0	21000
Total Consumption	43000	43700	40500	41173	0	40650
Ending Stocks	12043	11338	6728	7750	0	9000
Total Distribution	96462	96464	84228	83423	0	87150
Yield	3.1117	3.1314	2.7211	2.7376	0	2.9478