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Grain and Feed Update

August 2014 Update

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Report Highlights:
FAS/Moscow increased the previous Russia total grain crop forecast for MY 2014/15 by 2 million metric tons (MMT) to 94 MMT. This includes 52 MMT of wheat, 16 MMT of barley, 13 MMT of corn, and almost 13 MMT of other grains and pulses. The increase is due largely to good weather and increased area planted with corn. Given these crop volumes, in MY 2013/14 Russia may export up to 26 MMT of grain, including 18.5 MMT of wheat, 2.7 MMT of barley, 3.5 MMT of corn, and approximately 0.8 MMT of other grains and pulses. For the first time in 2013/14, Russian exports of corn are estimated to exceed barley exports.

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 2 million metric tons (MMT) to 94 MMT[1]. This forecast includes 52 MMT of wheat (the same as in 2013), 16 MMT of barley (0.6 MMT increase from last year), 13 MMT of corn (1.4 MMT more than last year), and almost 13 MMT of other grains and pulses. Rainy weather in June in European Russia delayed winter crop harvest, but by the latter part of July 2014, harvest caught up with last year. So far the winter grain crop looks good, and despite somewhat lower area than last year, the winter grain crop may be equal or even slightly higher than in 2013. Harvesting of spring grain will not begin until the end of August. This year more land was given to corn, and generally corn has higher yields than either wheat or barley. Therefore, assuming normal summer weather in Russia's major spring grain areas, the spring grain crop will likely be equal or higher than last year. Industry analysts estimate that the Russian grain crop in 2014 will range from 92 MMT to 99 MMT. The Russian Ministry of Agriculture forecasts the 2014 grain crop at 96.8 MMT, and recently Agricultural Minister Nikolay Fedorov reported that Russia's grain crop may reach 100 MMT[2].

Sown area

According to Ministry of Agriculture (data as of the end of spring)[3], total area sown in 2014 with grains and pulses is 46.2 million hectares, almost the same as last year. Winter wheat area is 0.3 million hectares less than in 2012, but has been almost offset by 0.25 million hectares, with an increase of spring wheat sown area (Table 1). Area sown to Russian's three major spring crops (wheat, barley and corn) increased by 0.8 million hectares. This includes an increase in spring wheat area by 248,000 hectares, or 2 percent, an increase in spring barley area by 36,000 hectares, or 0.4 percent, and a 9 percent increase in corn area from 2.44 million hectares in 2013 to 2.67 million hectares in 2014[4]. Area sown to other spring grains and pulses decreased compared to last year, but there are no separate statistical data on sowing of these crops.

Table 1. Area sown to grains and pulses, 2012, 2013, 2014 (preliminary)*, 1,000 HA					
Crops	2012 (spring data)	2013 (spring data)	2014 (reports from provinces)	2014 +/- to 2013	2014 to 2013, %
Grains and pulses, total	44,860	46,115	46,179	64	100.1
Winter grains (area sown – winter kill)	13,971	14,829	14,797	-32	99.8
including:					

[1] FAS/Moscow forecast does not include Crimea in Russian totals.
Ministry of Agriculture's total crop forecasts include Crimea.

[3] Ministry of Agriculture's data (posted on the site of the Ministry of Agriculture in July 2014) is based on the reports of provincial agricultural authorities on sown area as of the end of spring 2014.

[4] Industry analysts estimate that the final area sown to corn in 2014 as of end of June 2014 was over 2.68 million hectares.

- Wheat	11,860	12,334	12,035	-300	97.6
- Rye	1,593	1,855	1,966	111	106.0
- Barley	291	391	574	183	146.6
- Triticale	228	248	222	-26	89.6
Spring grains and pulses	30,889	31,286	31,382	96	100.3
including:					
- Wheat	12,892	12,774	13,022	248	101.9
- Barley	8,587	8,664	8,700	36	100.4
- Oats	3,419	3,451	3,375	-77	97.8
- Corn for grain	2,094	2,443	2,669	226	109.2
- Pulses	1,886	2,019	1,708	-311	84.6
- Rice	201	190	191	1	100.6
- Buckwheat	1,267	1,093	970	-123	88.8
- Millet	477	484	487	3	100.7
- Other grains and pulses	66	168	166	-2	98.7
*Source: Ministry of Agriculture of the Russian Federation, data collected from provinces.					

Siberia, Volga Valley and Central federal districts are major areas for production of spring grains. Harvest in these districts begins only in late August. In Siberia, 64 percent of spring area is sown with spring wheat, 13 percent is sown with spring barley, and the rest is other grain crops and pulses. Very little corn is sown in Siberia. In Volga Valley 40 percent of spring area is planted with spring wheat, and 35 percent – with spring barley. The share of corn area planted is less than 3 percent. Corn has always been the major spring crop in the Southern and the North Caucasus federal districts, and only recently began spreading into the Central federal district, and has now become one of the principal crops.

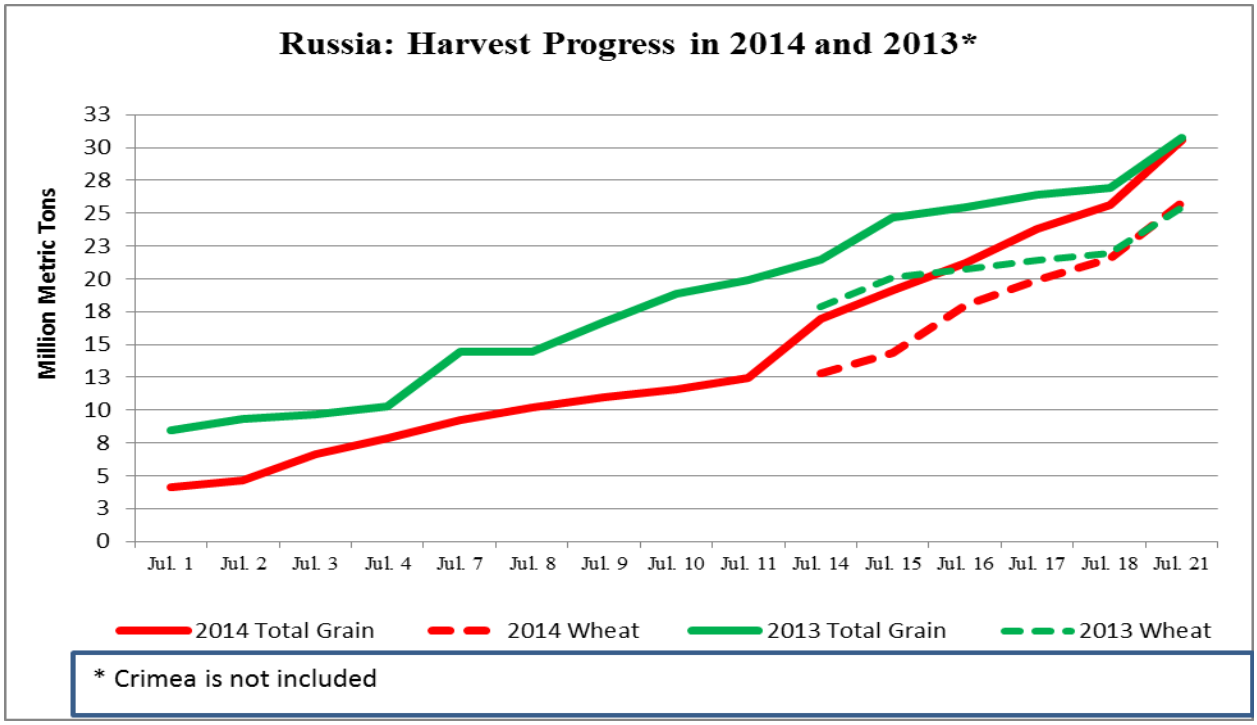
Table 2. Spring grains and pulses area by federal district, as of June 23, 2014, 1,000 HA

	Spring wheat	Spring barley	Corn for grain	Rice	Other grains and pulses	TOTAL spring grains and pulses
Russia Total	13,030	8,795	2,685	190	6,637	31,337
Central FD	463	2,466	884		983	4,796
North-West FD	55	118	14		70	256
South FD	86	869	999	155	608	2,717
North Caucasus FD	3	90	446	13	188	741
Volga Valley FD	3,615	3,133	269		2,012	9,029
Ural FD	2,453	731	7		437	3,628
Siberia FD	6,240	1,294	2		2,195	9,732
Far East FD	116	41	56	22	87	323

Source: Rosstat

Harvest progress

Due to a cold and rainy June in European Russia, harvest there began later than last year. The Ministry of Agriculture posted the first information on the 2014 harvest on June 23, 2014. The first separate data on the wheat harvest appeared only on July 14, 2014. However, by the latter part of July the crop harvested caught up with the crop harvested in 2013.As of July 21, 2014, Russian farmers harvested 31.6 MMT of grain, of which 1.1 MMT were harvested in the Crimea federal district, where harvesting began earlier than last year. Excluding the Crimea crop, Russia's grain harvest as of July 21, 2014, was 30.6 MMT, compared to 30.7 MMT on the same date in 2013[5].



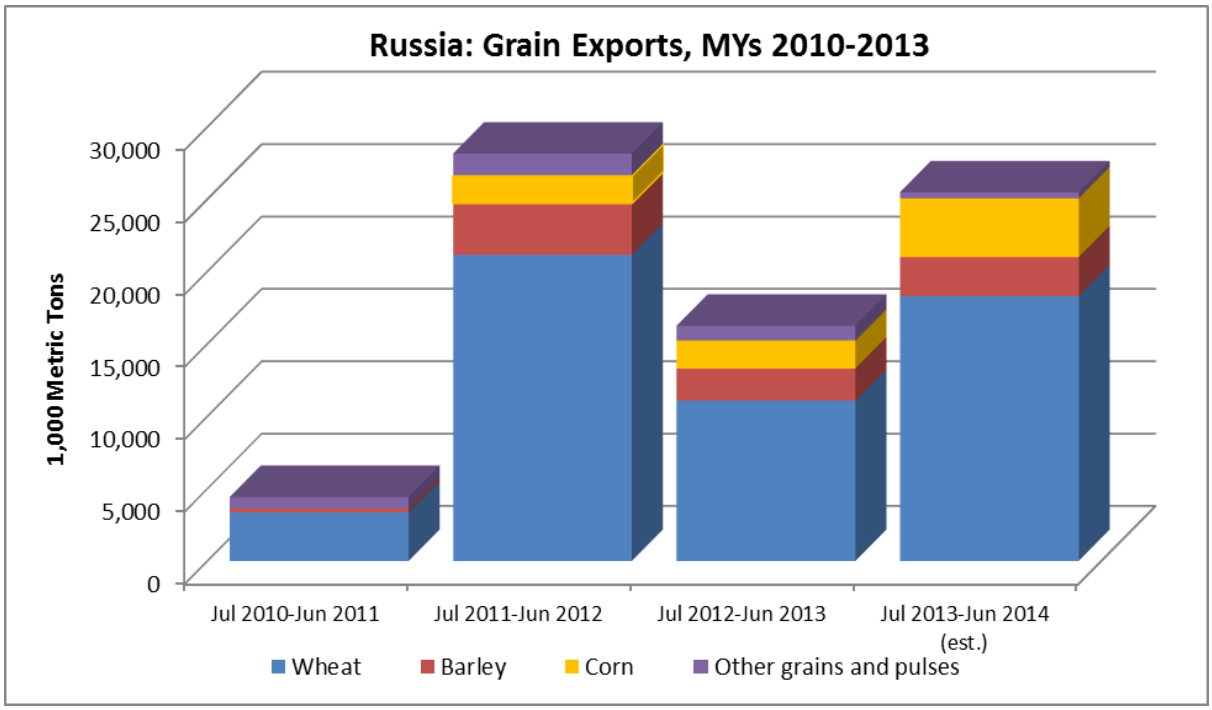
Source: Ministry of Agriculture

Trade

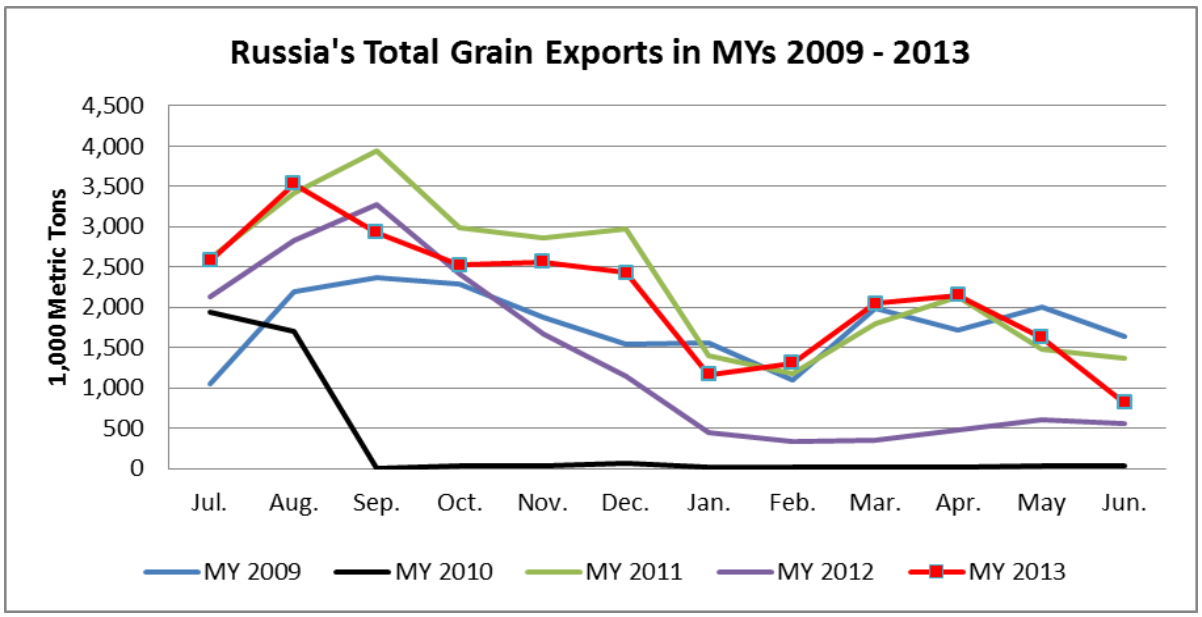
FAS/Moscow forecasts Russia's grain exports in MY 2014/15 at 25 MMT, 2 percent lower than in MY 2013/14. Exports in MY 2014/15 will include 18 MMT of wheat, 2.7 MMT of barley, 3.5 MMT of corn, and 0.8 MMT of other grains and pulses. Some decrease in exports is due to decreased world prices of wheat, Russia's major exported grain. In addition, strong domestic demand for feedstuffs, coupled with tight stocks, has led to higher, and thus more attractive, domestic prices. Although, these prices began falling when harvest started in June 2014. Instability of the Ruble to Dollar exchange rate may significantly correct exports, as happened in spring 2014, when the low ruble stimulated grain exports despite high domestic prices. One factor that could impact this forecast, however, is that if the Russian ruble further weakens over the course of 2014, it could yield increased market opportunities for domestically produced poultry at the expense of imports.)

[5] 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.

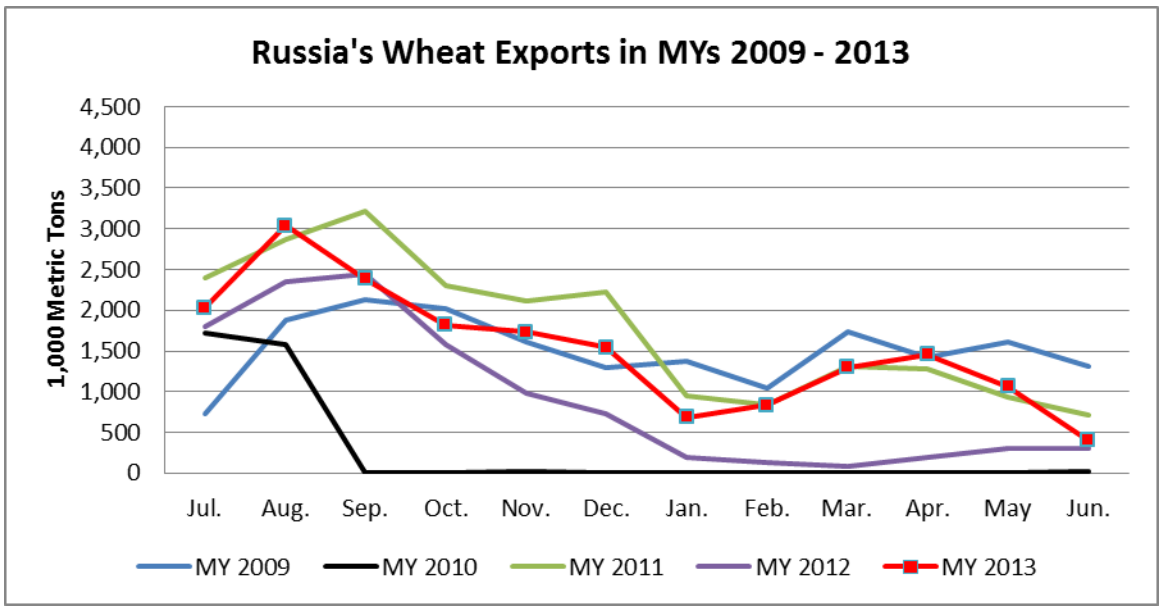
During the period July 2013 through June 2014, Russia exported 25.5 MMT of grain (including pulses and flour in grain equivalent), the second highest level of grain exports in Russian history after MY 2011/2012. The record exports of MY 2011/2012 followed a 2011 export ban. Thus, traders ended up exporting crop from 2010 and 2011 after the ban was lifted.



Source: Russian State Customs Service

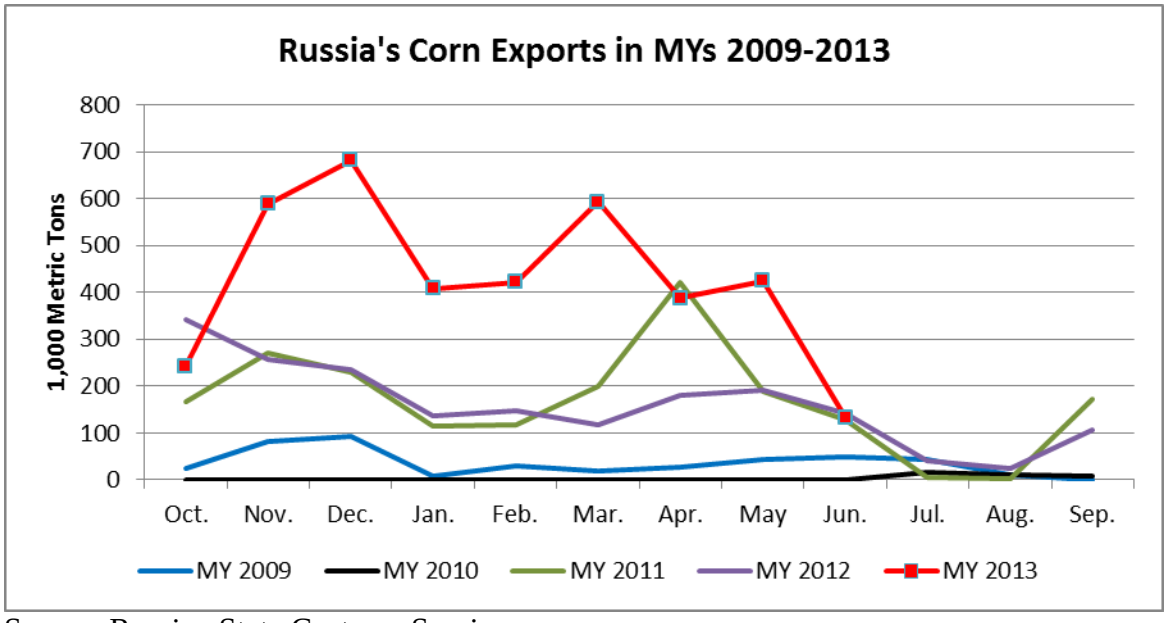


Source: Russian State Customs Service



Source: Russian State Customs Service

For the first year in Russia's history corn has become the second major exported grain, moving barley to third place. Russia's corn exports in July 2013 through June 2014 exceeded 4.2 MMT. The corn marketing year begins in October. Corn exports for the period October, 2013 through June, 2014 were 4.0 MMT. Usually very little corn is exported in July and August. Therefore, Post has estimated that corn exports in MY 2013/14 at 4.1 MMT.

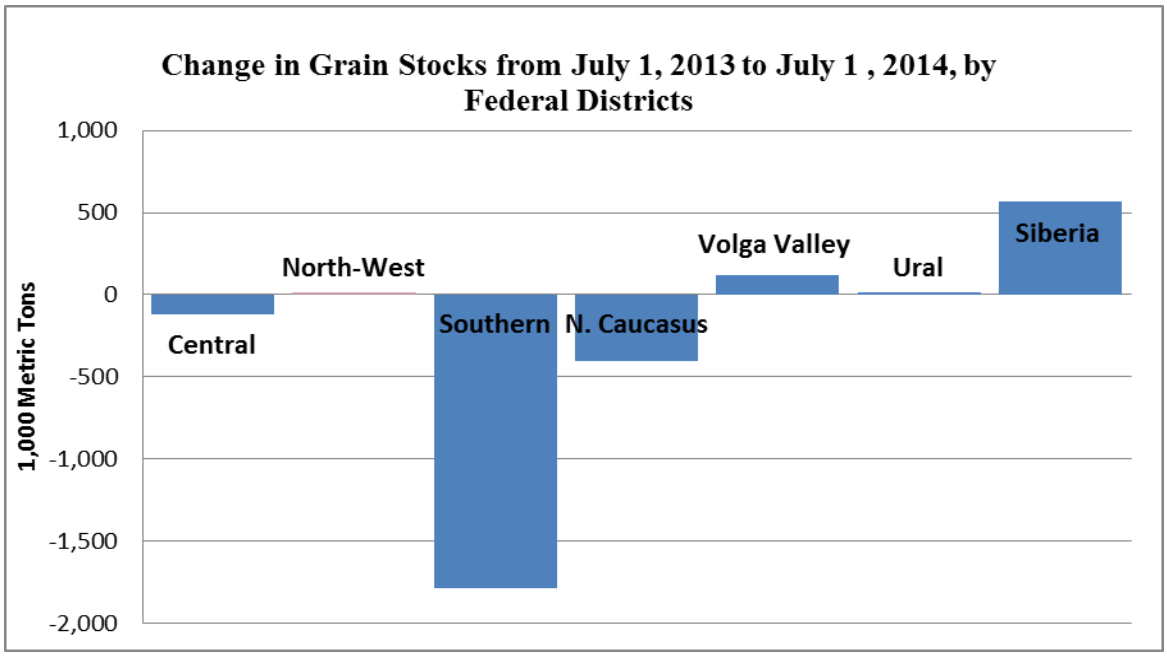


Source: Russian State Customs Service

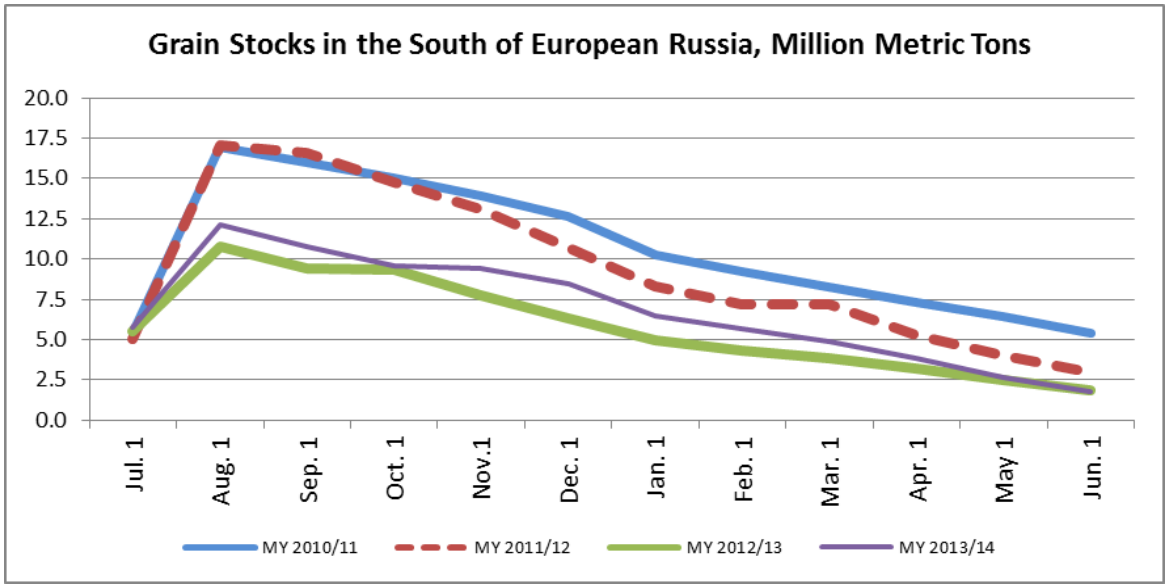
Stocks

According to the Russian State Statistical Service (Rosstat), as of July 1, 2014, at the beginning of

marketing year 2014/15, Russia's grain stocks were at 11.1 MMT, 13 percent lower than on the same date last year, and the lowest carry-in stocks since marketing year 2010/11[6]. Grain stocks in the Southern European Russia (Southern and North Caucasus federal districts), Russia's major exporting area, were only 3.6 MMT, 38 percent less than on July 1, 2013, and also the lowest since beginning of MY 2010/11. The drastic decrease in grain stocks in the Southern and North Caucasus federal districts in the end of MY 2014/15 were due to relatively low carry-in stocks and intensive exports in MY 2013/14.



Source: Rosstat



Source: Rosstat

[6] Carry-in grain stocks in Crimea are not included

Policy

Financing of crop producers in 2014 is still lagging behind last year. As of July 18, 2014, farmers were able to borrow only 113 billion rubles (approximately $3.2 billion) in short-term loans, 12 percent less than last year. Assistance from the Russian federal government allows farmers to borrow from state-owned banks that use the mechanism of state interest rate subsidies. As of July 2014, Rosselkhozbank had loaned farmers 86.3 billion rubles ($2.5 billion), 8 percent less than last year, and Sberbank lent 26.8 billion rubles ($0.8 billion), 21 percent less than on the same date last year. The banks are concerned by farm debt and the growth of delinquent loans.

In MY 2013/2014, the mechanism of "buy-back" purchases of grain from the Intervention Fund started working. The market prices of grain in spring and in June 2014 were higher than in the fall 2013, and Russian farmers bought back 230,000 metric tons (MT) of 536,000 MT of 2013 crop that they sold in the fall 2013 to the Intervention Fund. The average buy-back purchase price of grain was 6,600 – 7,200 Rubles per 1 metric ton[7]. Meanwhile the market price of grain during that period varied from 8,500 to 9,000 rubles per metric ton. Farmers were able to commercially market the "buy-back" grain from Intervention Fund stocks. The volumes of these buy-back purchases are still too small to seriously influence the grain market, but they show that this mechanism began working, for mainly the benefit of small-size farmers. Generally, larger-size farmers have not utilized the Intervention Fund.

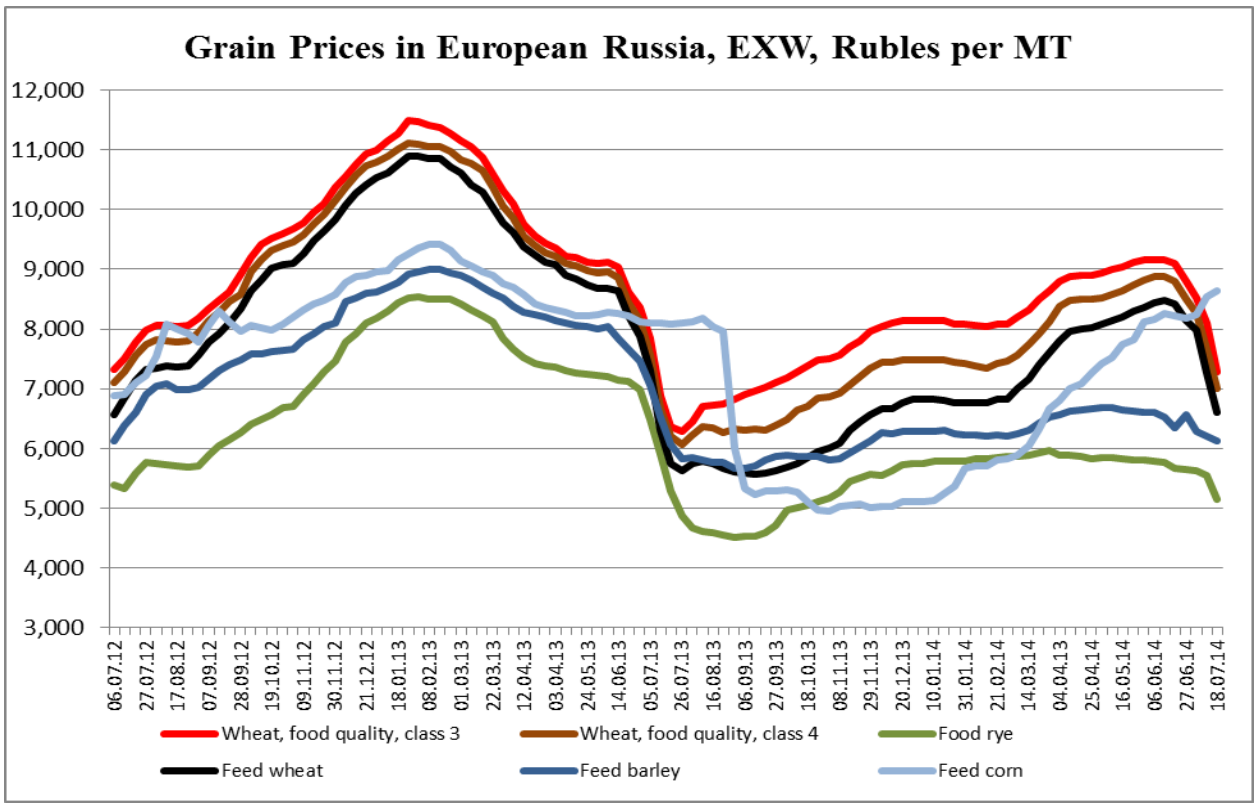
In March 2014, the Ministry of Agriculture announced the price point at which the Intervention Fund would begin purchases of the 2014 crop[8]. However, industry analysts do not expect such interventions to begin before October 2014.

Marketing

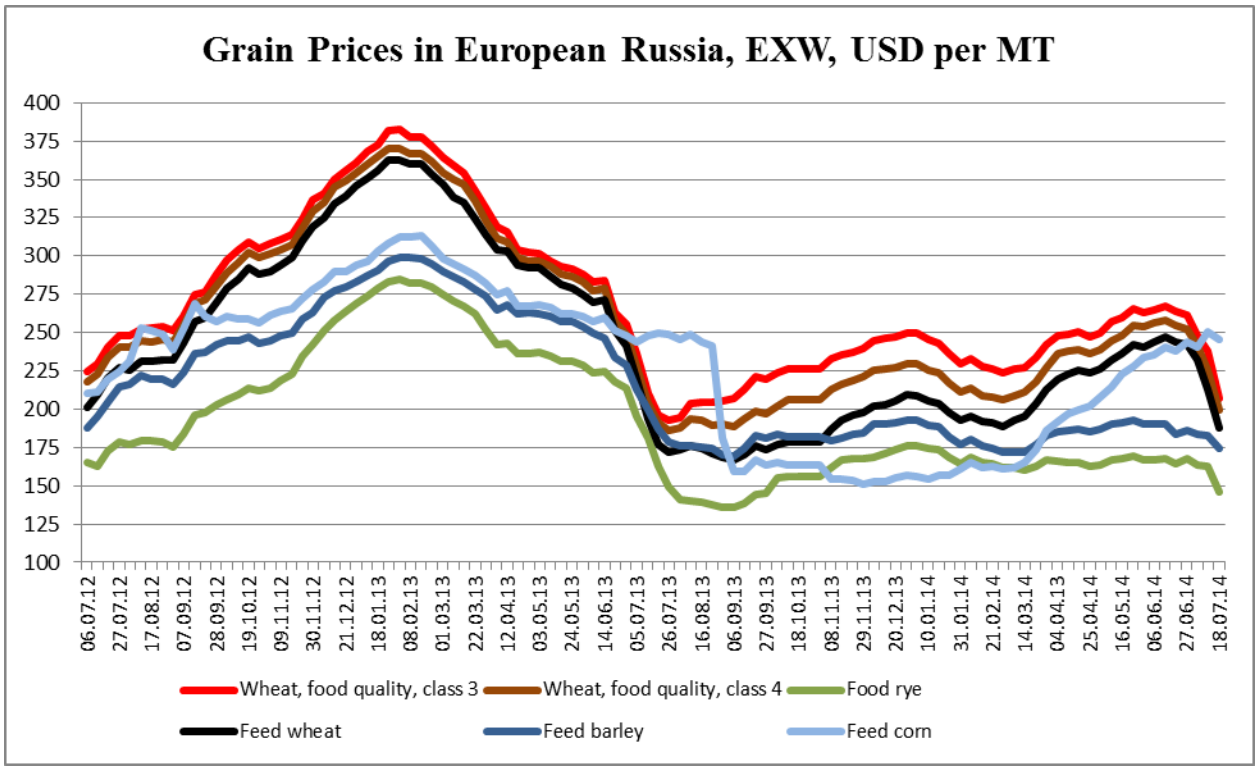
Grain prices started falling in the beginning of MY 2014/2015, driven by a good harvest forecast in Russia, and decreasing wheat prices in international markets.

[7] This price includes the price that farmers received for grain in the fall when they were selling grain to the Intervention Fund (in average 6,100 rubles per MT), plus cost of storing grain, cost of insurance, and taxes (for more information see FAS/Moscow GAIN report Russian Farmers Allowed to Buy Their Grain Out From Intervention Fund_12-13-2013.pdf).

[8] For more information see FAS/Moscow GAIN report Grain and Feed June Update_5-23-2014.pdf



Source: ProZerno



Source: ProZerno

Production, Supply and Demand Data Statistics:

PSD, 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	5,743	5,743
Production	37,720	37,720	52,091	52,091	53,000	52,000
MY Imports	1,172	1,172	1,200	1,200	1,200	1,000
TY Imports	1,172	1,172	1,200	1,200	1,200	1,000
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	49,791	49,791	58,243	58,243	59,943	58,743
MY Exports	11,289	11,289	18,500	18,300	19,500	18,000
TY Exports	11,289	11,289	18,500	18,300	19,500	18,000
Feed and Residual	11,900	11,900	12,500	12,600	12,000	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	33,500	34,500
Ending Stocks	4,952	4,952	5,743	5,743	6,943	6,243
Total Distribution	49,791	49,791	58,243	58,243	59,943	58,743
1000 HA, 1000 MT, MT/HA						

PSD, 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	915	1,105
Production	13,952	13,952	15,389	15,389	16,500	16,000
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	17,615	17,305
MY Exports	2,236	2,236	2,700	2,710	3,500	2,700
TY Exports	2,366	2,366	2,700	2,710	3,500	2,700
Feed and Residual	7,700	7,700	8,400	8,200	8,600	8,600
FSI Consumption	4,400	4,400	4,400	4,400	4,600	4,600
Total Consumption	12,100	12,100	12,800	12,600	13,200	13,200
Ending Stocks	726	726	915	1,105	915	1,405
Total Distribution	15,062	15,062	16,415	16,415	17,615	17,305
1000 HA, 1000 MT, MT/HA						

PSD, 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						

PSD, Rye

Rye 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	1,421	1,450	1,777	1,778	2,000	2,000
Beginning Stocks	129	129	153	153	363	363
Production	2,132	2,132	3,360	3,360	3,500	3,500
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	3,888	3,888
MY Exports	133	133	75	75	100	100
TY Exports	78	78	75	75	100	100
Feed and Residual	100	100	400	400	800	800
FSI Consumption	1,900	1,900	2,700	2,700	2,700	2,700
Total Consumption	2,000	2,000	3,100	3,100	3,500	3,500
Ending Stocks	153	153	363	363	288	288
Total Distribution	2,286	2,286	3,538	3,538	3,888	3,888
1000 HA, 1000 MT, MT/HA						

PSD, Oats

Oats 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	2,856	2,850	3,007	3,007	3,000	3,100
Beginning Stocks	485	485	203	202	225	234
Production	4,027	4,027	4,932	4,932	5,000	5,000
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	5,225	5,234
MY Exports	9	10	10	0	10	0
TY Exports	4	10	10	0	10	0
Feed and Residual	2,900	2,900	3,400	3,400	3,500	3,500
FSI Consumption	1,400	1,400	1,500	1,500	1,500	1,500
Total Consumption	4,300	4,300	4,900	4,900	5,000	5,000
Ending Stocks	203	202	225	234	215	234
Total Distribution	4,512	4,512	5,135	5,134	5,225	5,234
1000 HA, 1000 MT, MT/HA						

PSD, Rice, Milled

Rice, Milled Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	192	185	188	185	195	190
Beginning Stocks	27	28	91	22	89	60
Milled Production	684	684	608	608	650	645
Rough Production	1,052	1,052	935	935	1,000	992
Milling Rate (.9999)	6,500	6,500	6,500	6,500	6,500	6,500
MY Imports	240	200	250	250	250	250
TY Imports	240	200	250	250	250	250
TY Imp. from U.S.	7	20	0	20	0	20
Total Supply	951	912	949	880	989	955
MY Exports	140	210	140	120	140	150
TY Exports	140	210	140	120	140	150
Consumption and Residual	720	680	720	700	750	750
Ending Stocks	91	22	89	60	99	55
Total Distribution	951	912	949	880	989	955
1000 HA, 1000 MT, MT/HA						

PSD, Millet

Millet 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	337	335	355	355	400	350
Beginning Stocks	0	0	0	0	0	0
Production	334	334	419	419	500	400
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	400
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	100	100	200	200	300	180
FSI Consumption	234	234	219	219	200	220
Total Consumption	334	334	419	419	500	400
Ending Stocks	0	0	0	0	0	0
Total Distribution	334	334	419	419	500	400
1000 HA, 1000 MT, MT/HA						