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Grain and Feed

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2004

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Report Highlights:
Spring sowing is developing faster than last year and the forecast for the winter crop is better than it was last month. However, total production is still forecast at 73 million metric tons due to the possibility of bad weather in the Urals and Siberia. Changes to this year's trade estimates are minor based on recent data. Government support for this year's crop will be limited.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Moscow [RS1]
[RS]

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Overview of 2004

According to Minister of Agriculture Alexsey Gordeyev, the 2004 crop will range from 73 to 76 million metric tons (mmt) in clean weight. As of May 19, 2004, the area sown to spring grains (excluding corn for grain) was 15.5 million hectares, 3.3 million hectares more than on the same date last year and over 45 percent of the target set by MinAg. Corn for grain is sown on 650,000 hectares (70 percent of the target), 240,000 hectares more than last year. Overall, the total spring area, including corn, reached nearly 16.2 million hectares, 3.5 million hectares more than last year. Spring sowing is progressing faster in the European part of the country due to good weather and better farming practices, while sowing is lagging behind in many regions of the Urals and Siberia due to a shortage of inputs. The winter crop is forecast to be larger than last year due to higher yields, but spring grains may suffer from dry weather. Therefore, Post did not change its original estimate of 73 mmt.

Shortage of good quality seeds in some regions, expensive fertilizer and chemicals, poor equipment, and especially the rapidly increasing price of fuel will limit the development of the entire grain industry this year.

Trade estimates have changed slightly for MY 2003 for wheat, barley and corn based on current monthly Customs Service data.

Wheat

From July 2003 through March 2004, Russia exported 3.7 mmt of wheat and 162,300 metric tons of flour. In March, exports were very low, but will likely increase in May and June as traders get rid of any excess stocks before the new harvest. The estimate of 3.95 mmt remains unchanged.

The main markets for Russian wheat in MY 2003 were the following countries: Ukraine (1.15 mmt), Romania (550,000 metric tons), Georgia (377,000 metric tons), Egypt (220,000 metric tons), Israel (162,000 metric tons), Greece (152,000 metric tons), Moldova (130,000 metric tons), Italy (129,000 metric tons), and Albania (127,000 metric tons).

Imports increased in March to 181,000 metric tons, bringing the total to 657,000 metric tons, mostly from Kazakhstan (604,000 metric tons). This marketing year, Russia imported 12,000 metric tons of wheat flour (equivalent of less than 17,000 metric tons of wheat) from the United States. Official imports of wheat in April and May are not likely to be significant, given that domestic prices have fallen and are lower than current world prices. However, the MY 2003 estimate was not decreased, because it is very likely more grain was imported through the transparent border with Kazakhstan than was declared.

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

PSD Table						
Country	Russian Federation					
Commodity	Wheat				(1000 HA)(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2002		07/2003		07/2004
Area Harvested	25700	25700	22150	21500	24000	24000
Beginning Stocks	6479	6479	6133	6133	2233	2203
Production	50550	50550	34100	34100	40000	40000
TOTAL Mkt. Yr. Imports	1045	1045	1000	1000	1000	1000
Jul-Jun Imports	1045	1045	1000	1000	1000	1000
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	58074	58074	41233	41233	43233	43203
TOTAL Mkt. Yr. Exports	12621	12621	3500	3950	3500	3500
Jul-Jun Exports	12621	12621	3500	3950	3500	3500
Feed Dom. Consumption	16000	16000	12500	11405	13000	12600
TOTAL Dom. Consumption	39320	39320	35500	35080	36500	36500
Ending Stocks	6133	6133	2233	2203	3233	3203
TOTAL DISTRIBUTION	58074	58074	41233	41233	43233	43203

Barley

The export estimate for MY 2003 is raised to 3 mmt, given that from July 2003 to March 2004, Russia exported 2.94 mmt. Major destinations included: Saudi Arabia (1.1 mmt), Israel, (317,400 metric tons), Libya (191,200 metric tons), and Cyprus (175,000 metric tons).

Imports increased in March to 46,600 metric tons, the biggest month since the beginning of the year, bringing the total to 219,000 metric tons. However, significant imports in April, May and June, are not expected and, therefore the MY 2003 estimate remains unchanged.

Table 2. PSD, Barley, 1,000 Metric Tons, 1,000 Hectares

PSD Table						
Country	Russian Federation					
Commodity	Barley				(1000 HA)(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2002		07/2003		07/2004
Area Harvested	10250	10250	10100	10500	10200	10500
Beginning Stocks	4387	4387	4706	4706	1606	1606
Production	18700	18700	18000	17950	17000	17000

TOTAL Mkt. Yr. Imports	251	251	300	300	300	300
Oct-Sep Imports	275	275	300	300	300	300
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	23338	23338	23006	22956	18906	18906
TOTAL Mkt. Yr. Exports	3132	3132	2800	3000	1800	1800
Oct-Sep Exports	3066	3066	2800	3200	1800	1800
Feed Dom. Consumption	10700	10700	13700	13600	11300	11300
TOTAL Dom. Consumption	15500	15500	18600	18350	16300	16300
Ending Stocks	4706	4706	1606	1606	806	806
TOTAL DISTRIBUTION	23338	23338	23006	22956	18906	18906

Corn

The import forecast is raised slightly for MY 2003, as well as, the forecast for increased its estimate of imports from the United States. Registration of GMO lines for use in feed and increasing demand for corn as a feed ingredient on the part of the most efficient poultry and livestock producers will stimulate imports in spring and summer 2004. From October 2003 to March 2004, Russia imported 202,000 metric tons, the majority from Ukraine. Shipments of U.S. corn began in March (11,000 metric tons) and are expected to continue for several months.

Table 3. PSD, Corn, 1,000 Metric Tons, 1,000 Hectares

PSD Table						
Country	**Russian Federation**					
Commodity	**Corn**				(1000 HA)(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2002		10/2003		10/2004
Area Harvested	550	544	700	700	800	800
Beginning Stocks	76	76	113	113	113	113
Production	1550	1550	2100	2115	2000	2000
TOTAL Mkt. Yr. Imports	99	99	400	420	500	500
Oct-Sep Imports	99	99	400	420	500	500
Oct-Sep Import U.S.	0	0	0	60	0	0
TOTAL SUPPLY	1725	1725	2613	2648	2613	2613
TOTAL Mkt. Yr. Exports	12	12	0	0	0	0
Oct-Sep Exports	12	12	0	0	0	0
Feed Dom. Consumption	1200	1200	2100	2150	2100	2100
TOTAL Dom. Consumption	1600	1600	2500	2535	2500	2500
Ending Stocks	113	113	113	113	113	113
TOTAL DISTRIBUTION	1725	1725	2613	2648	2613	2613

Policy

Temporary ad valorem export duties on wheat, meslin, and rye were not extended after May 1, 2004. Interventions were extended to May 26, 2004, but the remaining grain in the state reserve is too small to influence the market significantly. Further state policy will be limited to traditional seasonal spring sowing support, discussions surrounding draft agricultural legislation, and next year's intervention procedures. Some measures to support spring sowing such as soft term loans have been announced, but most of the burden of support will rest at the regional level. The ability of local authorities to allocate money for in-kind and other types of loans to farmers for spring sowing is very limited.