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Report Highlights:

The Russian grain crop forecast to decrease to 72.9 million metric tons (mmt), largely due to unfavorable weather which reduced spring wheat yields. Wheat production is forecast at 41.0 mmt. Domestic wheat prices are growing steadily, but export incentives remain strong. Wheat exports are forecast at 7.5 mmt, while domestic consumption is forecast to fall 2.4 mmt to 35.8 mmt, including 12.5 mmt of domestic feed consumption.

Includes PSD Changes: Yes
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Executive Summary

The Russian grain crop is forecast to drop to 72.9 million metric tons (mmt) primarily due to lower yields for spring wheat resulting from unfavorable weather. Wheat production is forecast at 41.0 mmt. Domestic wheat prices are growing steadily, but export incentives remain very high. Wheat exports are forecast at 7.5 mmt, leaving only 35.8 mmt for total domestic wheat consumption (including 12.5 mmt for domestic feed consumption), a decrease of 2.4 mmt from last year.

Harvest Progress

According to the Russian Ministry of Agriculture (MinAg), 25.1 million hectares were harvested by September 4 (57 percent of the total expected grain harvest area), yielding 55.9 million metric tons (mmt), which is 7.2 mmt less than by the same date last year.

In the Southern Federal District, 87 percent of grain crop area was harvested, yielding 23.3 mmt, which is 1.3 mmt lower than on the same date last year. The average grain yield is 2.85 metric tons per hectare. Only corn and rice remain to be harvested in the Southern Federal District.

In the Central Federal District, 4.7 million hectares were harvested (70 percent of expected grain harvest area), yielding 11.3 mmt, 3.4 mmt less than on the same date last year. The average yield is 2.38 metric tons per hectare. Rainfall has both delayed harvest and decreased yields. The final rain damage has not yet been estimated.

In the Volga Valley Federal District, 9.6 million hectares were harvested (70 percent of expected grain area), yielding 17.6 mmt. The average yield is 1.82 metric tons per hectare, higher than last year for the same period. However, the moisture content of harvested grain is higher than normal due to rainy weather, and the final "clean" weight of grain may be lower.

In the Ural Federal District, grain has been harvested from 0.6 million hectares, (18 percent of total expected harvested area), yielding 1.15 mmt of grain, or 0.4 mmt less than last year on the same date.

In the Siberian Federal District, 2.0 mmt of grain were harvested (1.8 mmt less than on the same date last year) from 1.6 million hectares (16 percent of expected harvested area).

Wheat

Rainy weather primarily affected the spring wheat harvest in the Volga Valley and Central Federal Districts, and is forecast to reduce Russia's total wheat production to 41.0 mmt. Domestic wheat prices continue to grow. By the beginning of September, class 3 wheat price in the European Russia (the main exporting region) reached 3,680 Rubles per metric ton (approximately \$137.60), class 4 wheat price increased to 3,395 rubles (\$126.94) per metric ton, and class 5 (feed) wheat price reached 3,100 Rubles (\$115.91) per metric ton. However, high wheat domestic prices are not expected to dampen exports due to rapidly increasing international wheat prices. Export incentives remain strong, and wheat exports are forecast at 7.5 mmt. Total domestic wheat consumption is forecast 2.4 mmt lower than last year at 35.8 mmt, including 12.5 mmt of domestic feed consumption.

Barley

Barley production is forecast at 17.5 mmt. Barley imports are forecast at 200,000 metric tons, and exports at 2.1 mmt. Domestic barley feed consumption is forecast at 11.4 mmt.

Corn

The corn production forecast is lowered to 3.4 mmt due to decreased yields in the main corn growing area in the Southern Federal District, and the import forecast is raised to 300,000 metric tons.