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Russian Federation

Grain and Feed

Grain Voluntary Updates, November Lockup

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Prepared by:
Asif Chaudhry

Drafted by:
Eric Trachtenberg and Yelena Vassilieva

Highlights:
Prospects for the Russian grain harvest are again lowered this month. Production estimates for wheat, barley and corn were reduced to 28.5 million tons, 11.0 million tons and 1.5 million tons, respectively, because of harvest losses resulting from rains and early snowfall in Siberia.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
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Wheat

According to official Russian grain statistics, total wheat production is now estimated at 28.5 million tons, down 1.5 million tons from last month. This is the result of early snowfalls and wet weather on West Siberian wheat fields which lowered production forecast for spring wheat to 13.0 million tons. This reduction was also a result of increasing economic problems facing farmers at harvest caused by the on going financial crisis. The August-September crises slowed harvest progress and fields left unharvested prior to the early inclement weather. Thus, despite high expectations throughout the growing season, the West Siberian wheat crop will be lower than the previous year.

To make up for the short harvest, Russia is anticipated to import a minimum 5 million tons of wheat. Some of these imports may be shipped from Kazakhstan, which, in spite of a decreased crop, still is aiming to ship to Russia a significant portion of its 1998 wheat exports. In addition, approximately 1 million tons could potentially be imported from Ukraine. These imports will depend on the availability of financing or specific barter deals that may be worked out between these two countries. Other imports will depend on availability of consessional financing.

Domestic food grade wheat prices in September were 800-900 rubles per ton (not significantly different from the previous year), but as a result of devaluation of the ruble, wheat prices fell dramatically in dollar terms from $130-140 per ton to $50-60 per ton. Domestic prices have remained stable in ruble terms largely because of price controls and the reality that the local population simply does not have the buying power to support higher prices. Industry sources now report prices as low as 750 rubles per ton, or about $47.

Feed wheat consumption is decreased this month to 14.5 million tons. Food consumption of wheat (bread, pasta, flour and other wheat products) will increase to compensate for absence and/or high costs of alternative food products. Seed use, industrial use and losses are expected to remain stable and total wheat consumption is estimated at 39.6 million tons.

PSD Table for Wheat, in 1,000 Metric Tons

PSD Table						
Country:	Russian Federation					
Commodity:	Wheat					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		06/1996		06/1997		06/1998
Area Harvested	25852	25852	25700	25700	24000	24000
Beginning Stocks	3150	3150	2580	2580	8600	8600
Production	34900	34900	44200	44200	30000	28500
TOTAL Mkt. Yr. Imports	2250	2250	2800	2800	3500	5000
Jul-Jun Imports	2250	2250	2800	2800	3500	5000
Jul-Jun Import U.S.	106	106	200	200	200	200
TOTAL SUPPLY	40300	40300	49580	49580	42100	42100
TOTAL Mkt. Yr. Exports	720	720	980	980	500	500
Jul-Jun Exports	720	720	980	980	500	500
Feed Dom. Consumption	14000	14000	16000	16000	15000	14500
TOTAL Dom. Consumption	37000	37000	40000	40000	39600	39600
Ending Stocks	2580	2580	8600	8600	2000	2000
TOTAL DISTRIBUTION	40300	40300	49580	49580	42100	42100

Barley

Post further decreases the barley production estimate to 11.3 million tons based on lower than expected yields. Another indication of a barley shortfall has been the recent 10-15 percent increase in domestic prices for feed barley, reported in the Russian media. Importers will likely face difficulties obtaining financing for commercial imports, and barley imports may not reach last year's level. However, reduced production will likely cut barley exports to 300,000 tons. Feed consumption of barley is expected to drop to less then 11.2 million tons. Given slight reductions in industrial use, losses and seed, total consumption of barley may decrease to just over 15.0 million tons.

PSD for Barley, in 1,000 Metric Tons

PSD Table						
Country:	Russian Federation					
Commodity:	Barley					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		10/1996		10/1997		10/1998
Area Harvested	11800	11800	12500	12500	10000	10000
Beginning Stocks	2130	2130	1580	1580	4250	4250
Production	15930	15930	20780	20780	12500	11300
TOTAL Mkt. Yr. Imports	560	560	290	290	350	300
Oct-Sep Imports	560	560	290	290	350	300
Oct-Sep Import U.S.	5	5	0	0	0	0
TOTAL SUPPLY	18620	18620	22650	22650	17100	15850
TOTAL Mkt. Yr. Exports	340	340	1300	1300	500	300
Oct-Sep Exports	340	340	1300	1300	500	300
Feed Dom. Consumption	12500	12500	13100	13100	12000	11150
TOTAL Dom. Consumption	16700	16700	17100	17100	16000	15050
Ending Stocks	1580	1580	4250	4250	600	500
TOTAL DISTRIBUTION	18620	18620	22650	22650	17100	15850

Corn

The corn production estimate was decreased to 1.4 million tons because of wet weather during harvest. However, imports could exceed current projections if the government carries out plans to bring in corn to support poultry production, which is a high priority of the new Russian Government. The ability to import will depend on the availability of trade financing. Without imports, feed consumption of corn will fall from the previous year because of reduced livestock numbers as slaughter rates increase to meet local meat plants' demand no longer satisfied by imports.

PSD for Corn, in 1,000 Metric Tons.

PSD Table						
Country:	Russian Federation					
Commodity:	Corn					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		10/1996		10/1997		10/1998
Area Harvested	700	700	900	900	800	800
Beginning Stocks	330	330	200	200	800	800
Production	1080	1080	2670	2670	1800	1400
TOTAL Mkt. Yr. Imports	192	192	190	190	50	50
Oct-Sep Imports	192	192	190	190	50	50
Oct-Sep Import U.S.	50	50	50	50	0	0
TOTAL SUPPLY	1602	1602	3060	3060	2650	2250
TOTAL Mkt. Yr. Exports	2	2	10	10	20	10
Oct-Sep Exports	2	2	10	10	20	10
Feed Dom. Consumption	800	800	1600	1600	1400	1440
TOTAL Dom. Consumption	1400	1400	2250	2250	2100	2040
Ending Stocks	200	200	800	800	530	200
TOTAL DISTRIBUTION	1602	1602	3060	3060	2650	2250