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Grain and Feed June 2013 Update

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Grain and Feed
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Report Highlights:
FAS/Moscow forecasts a large increase in Russia's grain production in 2013, with the total grain crop forecast raised to 91 MMT, compared to 71 MMT in 2012. Conditions for winter grains in the Southern, North Caucasian and Central Federal Districts of Russia are currently very favorable. Also corn planted area is at a record level and spring sowing is progressing smoothly in European Russia (although spring wheat sowing is delayed in Siberia and the Urals). With significantly larger production, Russia's grain exports in 2013/14 are now forecast at 24 MMT, compared to 16 MMT in 2012/13.

Production:
FAS/Moscow forecasts a large increase in Russia's grain production in 2013, with the total grain crop forecast raised to 91 MMT compared to 71 MMT in 2012. The forecast for wheat is at 53 MMT compared to 38 MMT in 2012, barley production is forecast at 17 MMT compared to 14 MMT in 2012, and corn production is forecast at a record 9 MMT, compared to 8.2 MMT in 2012. The forecast of production of other grains is 12 MMT up slightly from 2012. The total grain production forecast is up 5 MMT from FAS/Moscow's previous forecast (early in April) due to a number of factors including:

- The current good condition of winter grains in the Southern, North Caucasian and Central Federal Districts of Russia
- The current positive soil moisture conditions for spring grains in most of the Volga Valley, Urals and Siberia
- The very rapid planting progress for corn in European Russia. Corn sown area may reach a record 2.3 million hectares, 0.3 million hectares more than in 2012

Despite these positive factors, there are areas of concern which may constrain any further increases in production. These include:

- Spring wheat planting is significantly delayed in the Urals and Siberia because of wet and cold conditions, and this may impact both area and yield
- Corn area expansion has taken place in some provinces not typically sown with corn, and as a result although area is up, average yield could be lower than in past years as a result.

Winter grains
According to the Ministry of Agriculture, as of the end of May 2013, the average condition of winter crops including grains, is better than the long-term norm. Winter kill was registered on 1 million hectares, or 6.3 percent of all winter crops area. There are no separate data on winter kill of grains, but industry analysts estimate that the percent of winter kill is the same as for all crops. The Ministry also reported that the speed of spring top-dressing of winter grain crops with fertilizer has been faster than last year. As of May 22, 2013 farmers applied fertilizer to 12.2 million hectares, or 76.8 percent of the total winter grain area (15.9 million hectares), which is 1.2 million hectares more than in 2012. Due to favorable weather, in the South of European Russia, winter grain development is faster than last year. Industry analysts report that in Krasnodar kray farmers may begin harvesting winter wheat in the middle of June, two weeks earlier than normal. Some farmers even have mentioned that they may sow soybeans or some other late spring crops on winter wheat harvested area. It is expected that the larger wheat crop in the Southern and North Caucasus federal districts will stimulate speedy exports from these traditionally export-oriented provinces.

Spring grain sowing progress:
Soil moisture for spring grain sowing on average is better than last year over almost all of Russia's spring grain territories, including The Urals and Siberia, which suffered from severe drought last year. As of May 27, 2013, farmers in the Southern and North Caucasus federal districts and in most parts of the Central Federal Districts have finished spring grain sowing. Farmers in the Volga Valley Federal District have sown spring crops on almost 90 percent of the planned area. However, wet and cold weather in Urals and Siberia has significantly slowed down spring grain sowing in these districts and this may impact production.

The progress of spring sowing by crops for the whole of Russia is given below. According to the Ministry of Agriculture, as of May 27, 2013, spring grains and pulses were sown on 23.1 million hectares, or 76.3 percent of the planned spring grain area, including:

- Spring wheat was sown on 8.5 million hectares (3.2 million hectares less than on the same date last year), or 65.7 percent of the planned 12.9 million hectares. The speed of spring grain sowing is significantly lagging behind last year and this may impact total area and yield
- Spring barley was sown on 7.0 million hectares (411,200 hectares less than on the same date 2012), or 87.1 percent of the planned area
- Corn for grain was sown on 2.3 million hectares (474,600 hectares more than on the same date in 2012), and it has already surpassed the area planned by the Ministry of Agriculture

Chart 1.

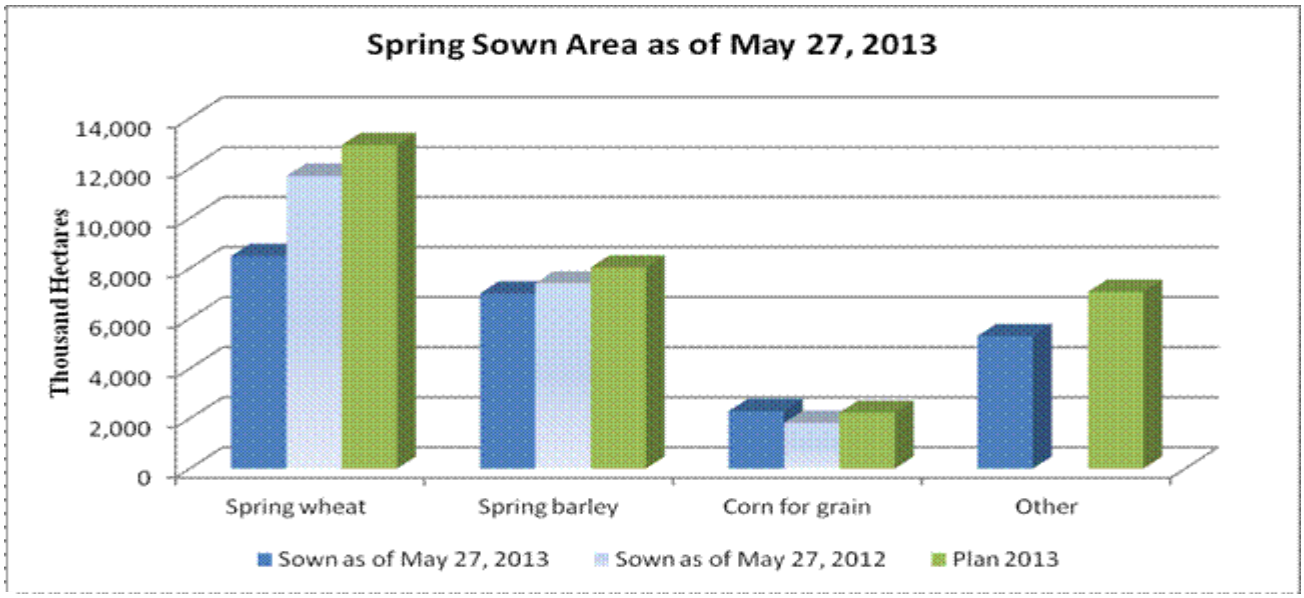


Chart 2.

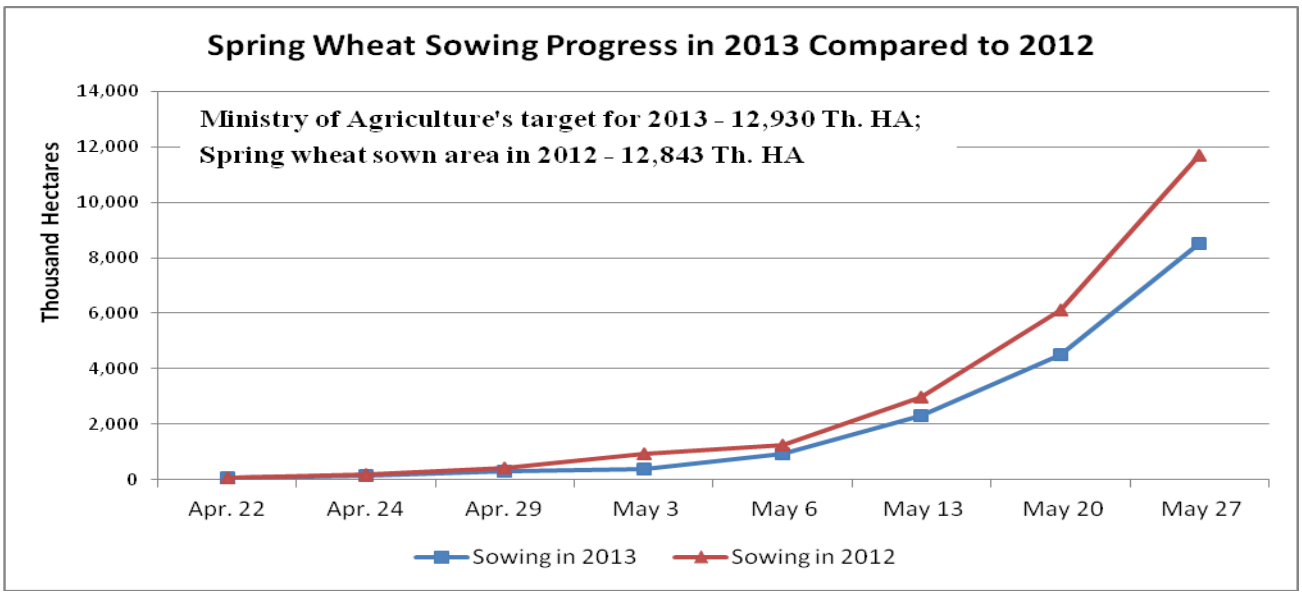


Chart 3.

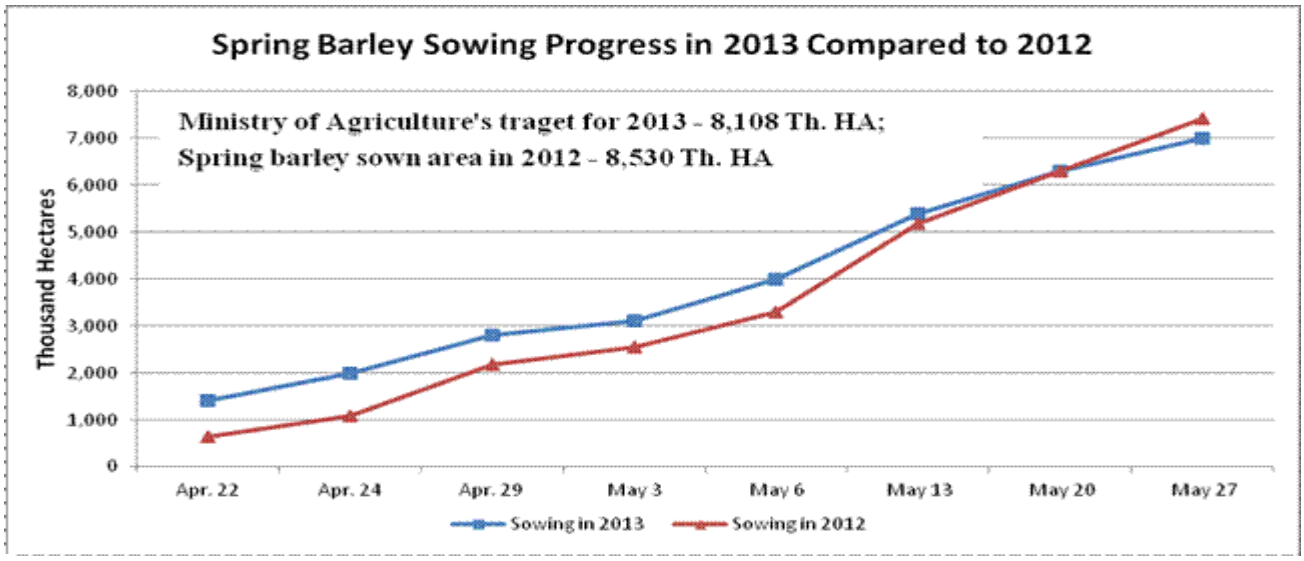
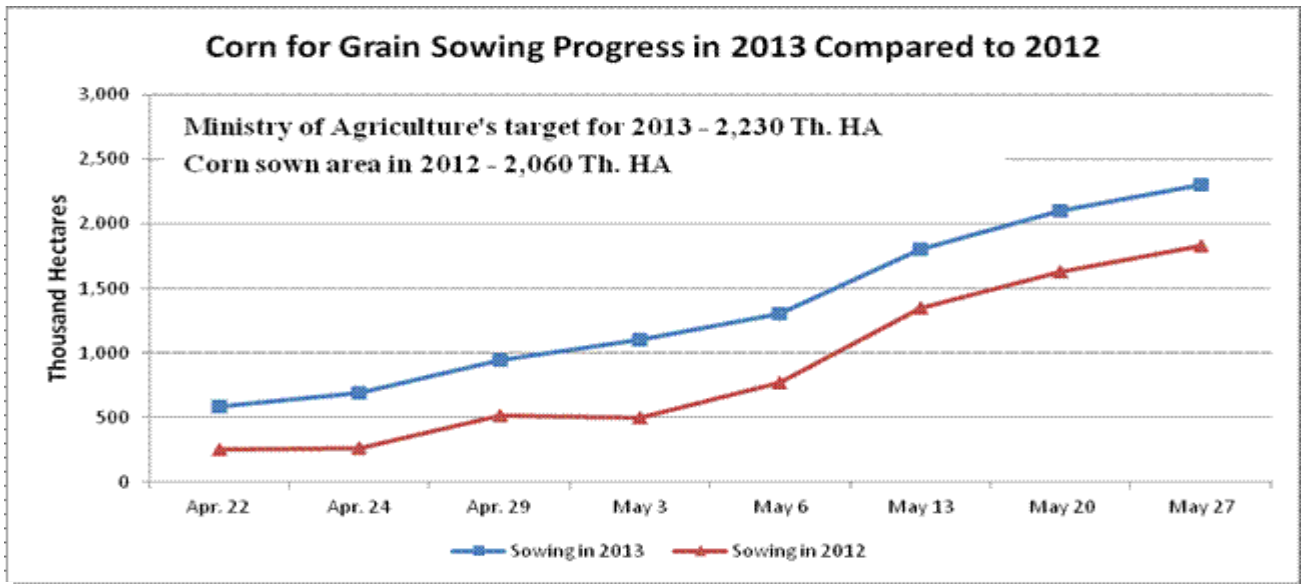


Chart 4.



The Ministry of Agriculture's daily data on the sowing progress is on the site: http://mcx.ru/documents/document/v7_show/23865..htm

Consumption:

A larger grain crop in 2013, and record corn crop, is expected to stimulate consumption of grain in feeding. Although up from last year, feeding levels of grain are expected to remain lower than in previous years as livestock production continues to shift to larger more integrated farms which have greater efficiency in feeding grain. Increased grain production in MY 2013/14 is forecast to boost domestic feed (including residual) consumption by 5 MMT from 29 MMT to 34 MMT. Domestic food and industrial grain consumption is expected to remain stable, as has been the case for the past several years (at 34-34 MMT).

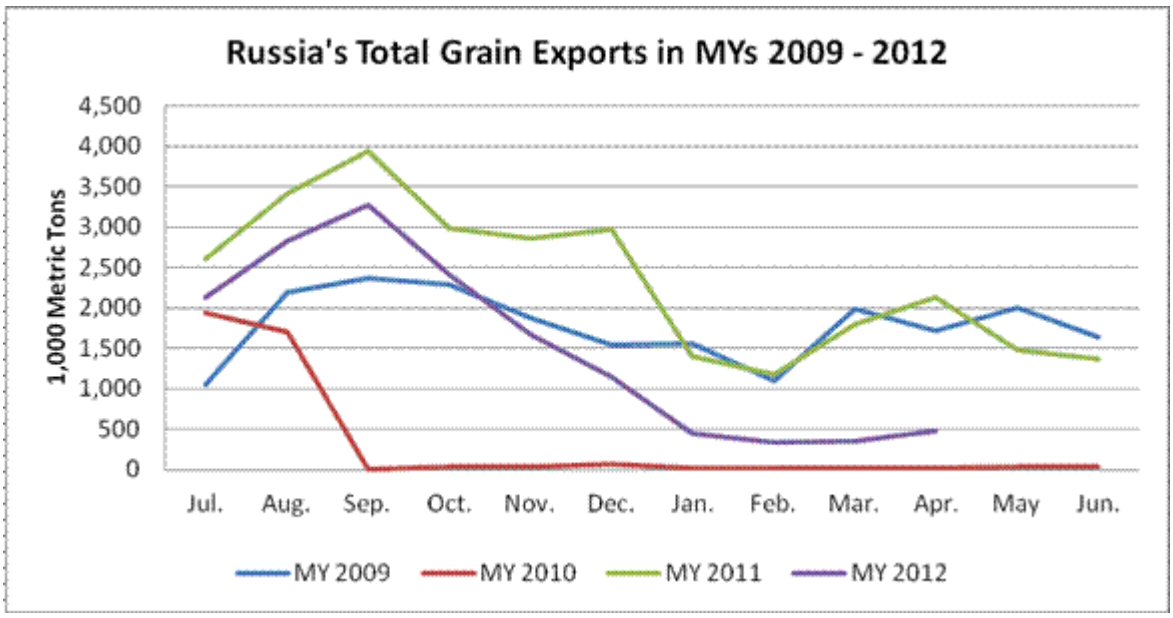
Trade:

FAS/Moscow forecasts Russia's grain exports for MY 2013/14 at approximately 24 MMT, including 17 MMT of wheat and wheat flour (compared to 10.9 MMT last year), 3.5 MMT of barley (compared to 2.2 MMT last year), 2.5 MMT of corn (2.0 MMT last year), and about 1 MMT of other grains and pulses (slightly above last year). The winter wheat crop in Southern European Russia, the major grain exporting region, looks to be in very good condition and harvest may begin earlier than usual. This is expected to result in very strong early-season exports of wheat and barley. Although spring wheat plantings in the Urals and Siberia are significantly delayed and may impact wheat production, this is unlikely to have a significant impact on exports. These areas are typically not major suppliers of exported grain, and with preferential railroad tariffs from these regions discontinued (as a result of WTO accession), it makes it even more unlikely that large amounts of grain from Siberia or the Urals will be exported.

Russia's grain exports dropped in January – March, 2013 and wheat exports are expected to remain low until the new crop hits the market. Beginning July 2012 through April 2013 Russia exported almost 15.1 MMT of grains and grain products in grain equivalent, such as wheat flour and malt, and pulses. The composition of these exports was the following: 10.48 MMT of wheat, 0.11 MMT of wheat flour in grain equivalent, 2.07 MMT of barley, including small amounts of malt in barley equivalent, 1.6 MMT of corn, 0.24 MMT of rice and 0.45 MMT of pulses and 0.13 MMT of rye. After the slowdown of exports in January – March, in April grain exports increased slightly. In March 2013 grain and pulses exports were 357,000 MT (including 90,000 of wheat, 82,000 MT of barley, 116 MT of corn, and 69,000 MT of other grains and pulses), and in April – 484,000 MT (including 195,000 MT of wheat, 15,000 MT of wheat flour in grain equivalent, 49,000 MT of barley, 182,000 MT of corn, and 57,000 MT of other grains and pulses. May exports may be close to that in April. Industry analysts report that in the first half of May, Russia exported 211,000 MT of grain and pulses, including 109,000 MT of wheat, 64,000 MT of corn, 37,000 MT of barley, and 1,000 MT of other grains.

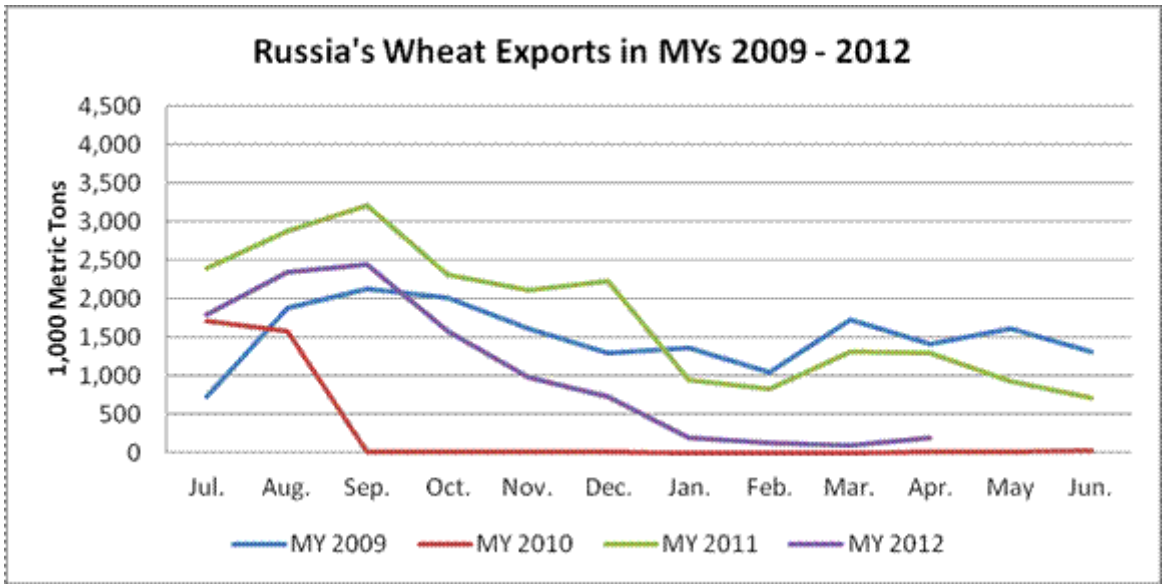
FAS/Moscow forecasts grain imports in MY 2013/14 at 1.1 MMT, down from 1.6 MMT in 2012/13. This is primarily due to expected lower wheat imports from Kazakhstan. Official customs data on imports of wheat from July 1, 2012 through the end of April 2013 is 7,300 MT and imports of wheat flour are 19,500 MT in grain equivalent. However, these imports do not include imports from Kazakhstan, a member of the Customs Union with Russia and Belarus. The Ministry of Agriculture reported that beginning July 2012 through mid-May 2013, Russia imported 639,000 MT of wheat from Kazakhstan by train. Some additional imports are possible by trucks, but the data on these truck shipments are not available. Imports of barley in July 2012 through April 2013 were 225,100 MT.

Chart 5.



Source: State Customs Data

Chart 6.

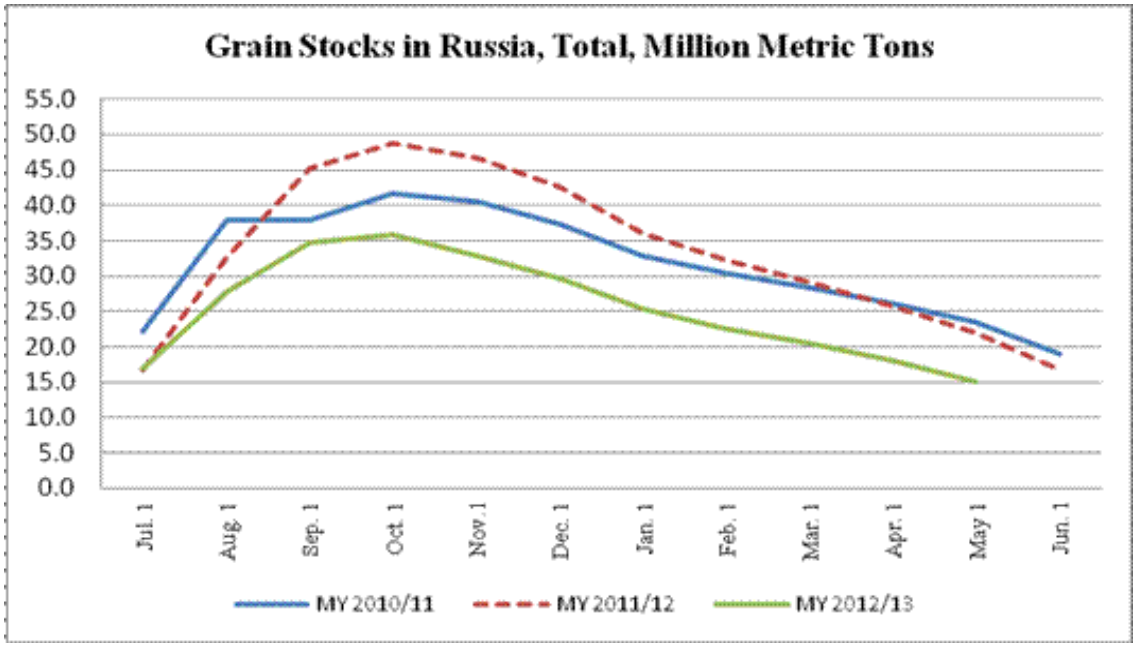


Source: State Customs Data

Stocks:

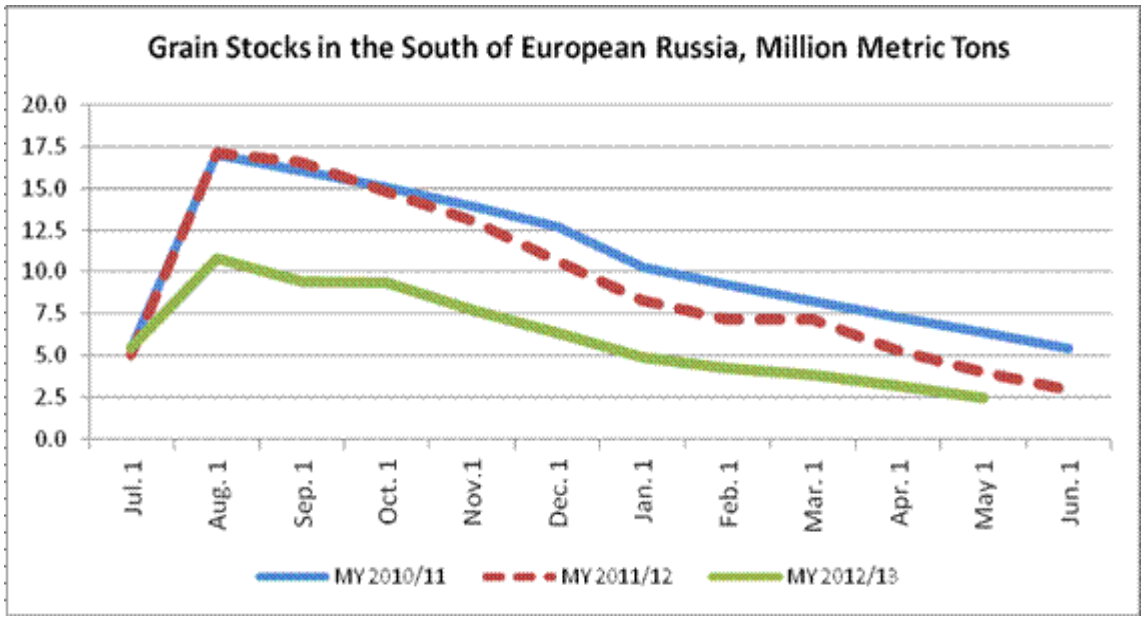
According to Rosstat (Russian Federal Statistical Service), Russia's total grain stocks as of May 1st , 2013 were 15.05 MMT, the lowest in the last 3 years, and included 7.28 MMT of grain at farms and 7.66 MMT of grain in procurement and processing enterprises. Wheat comprised 67 percent of grain stored at procurement and processing enterprises and these wheat stocks were also the lowest in the last 3 years (5.21 MMT compared to 8.79 on May 1st 2012 and 12.0 MMT on May 1st 2011). Grain stocks in the key exporting region of Russia (Southern and N. Caucasian federal districts) fell to 2.5 MMT in May 2013, compared to 4.0 MMT last year and 6.4 MMT in May 2011.

Chart 7.



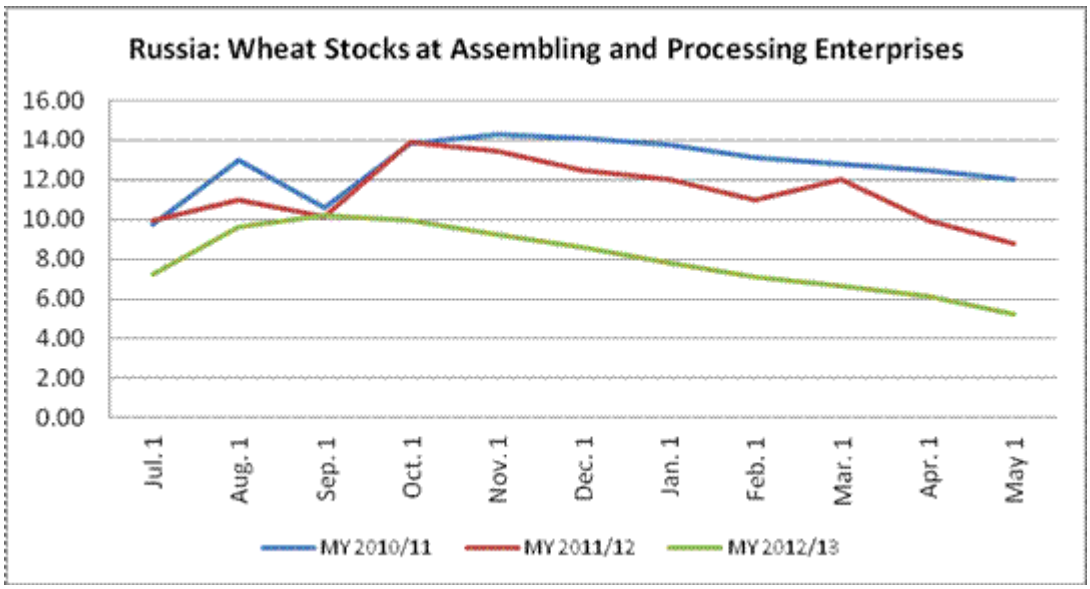
Source: Rosstat

Chart 8.



Source: Rosstat

Chart 9.



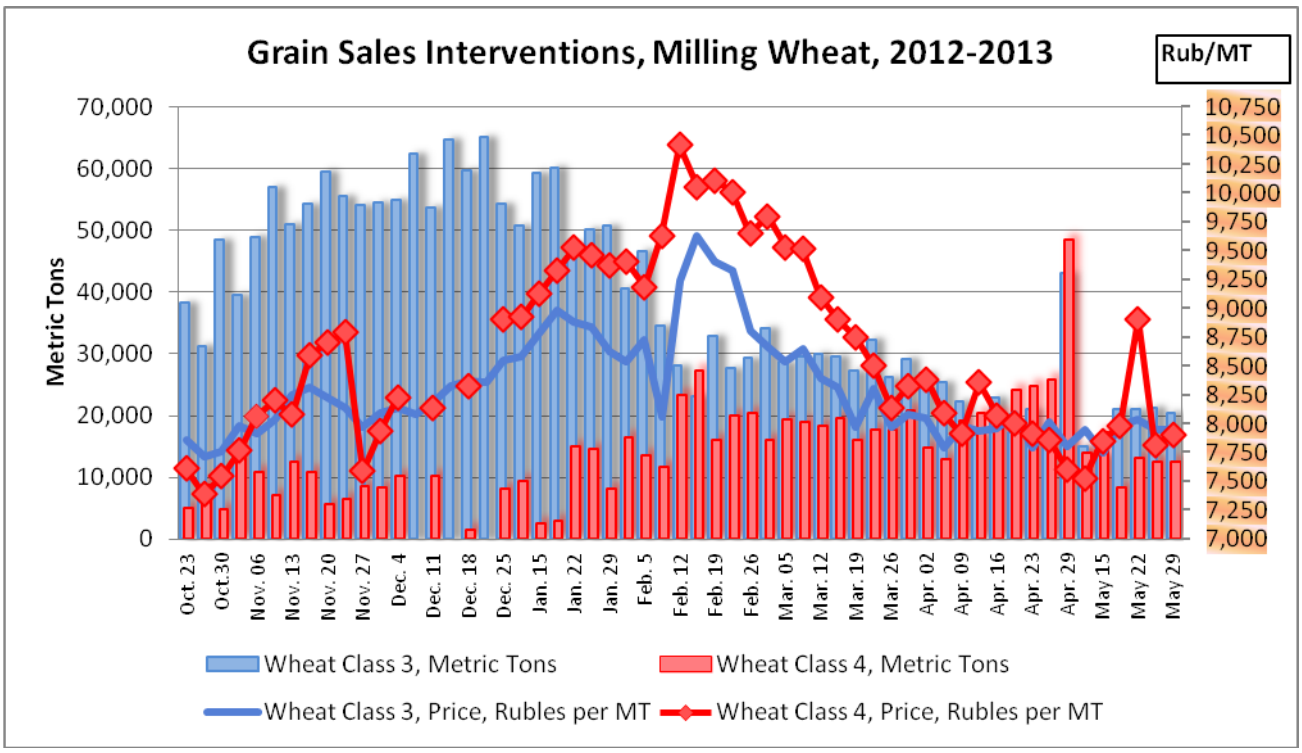
Source: Rosstat

Policy:
Industry analysts report that the Russian Government's decision on intervention purchases for 2013/14 is a significant unknown for the market and could significantly impact prices and exportable supply. The Government of Russia has already announced intervention purchases prices, but no announcements have been made on volumes, or when or if purchases may begin.

The Government continues sales of intervention grain, but in May decreased volumes of sales per session. The average prices were steadily decreasing from February through mid-May, but slightly increased in the recent two weeks. From the beginning of intervention sales in October 2012, the Government sold to flour and feed millers 3.36 MMT of grain, including 2.18 MMT of milling quality wheat Class 3, almost 783,000 MT of milling quality wheat Class 4; 140,000 MT of feed-quality wheat Class 5; 89,000 MT of food quality rye; and 170,000 MT of feed quality barley. The total sum of earnings from these sales amounted to 27.8 billion rubles ($883 million).

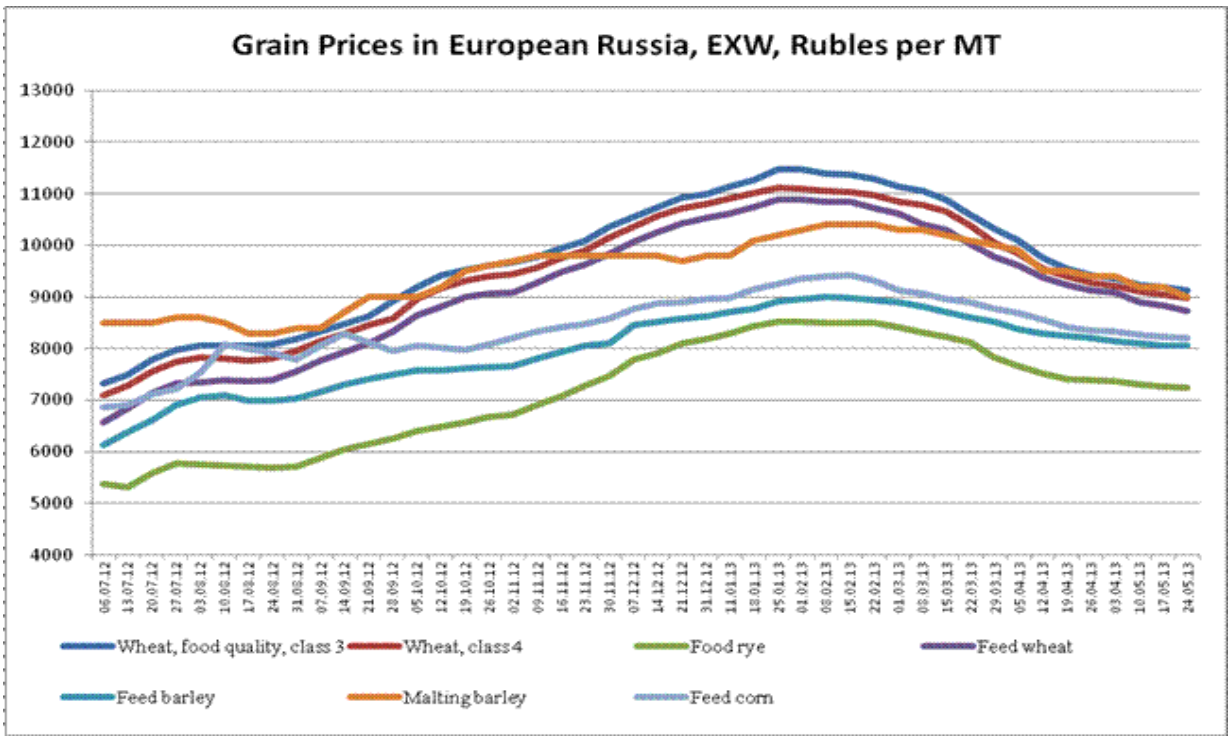
The Russian government promised to increase federal outlays for crop producers at the time of spring sowing, and officials report that by the end of April 2013 crop producers received almost two times more money from the federal budget than in the same period a year ago. However, this increase is not due to larger budget funds for the year 2013, but a shifting of funds from the second half of 2013 to the first half. So far, the Government has not adopted the promised 42 billion rubles in additional funding to the Agricultural Budget of 2013.

Chart 10.



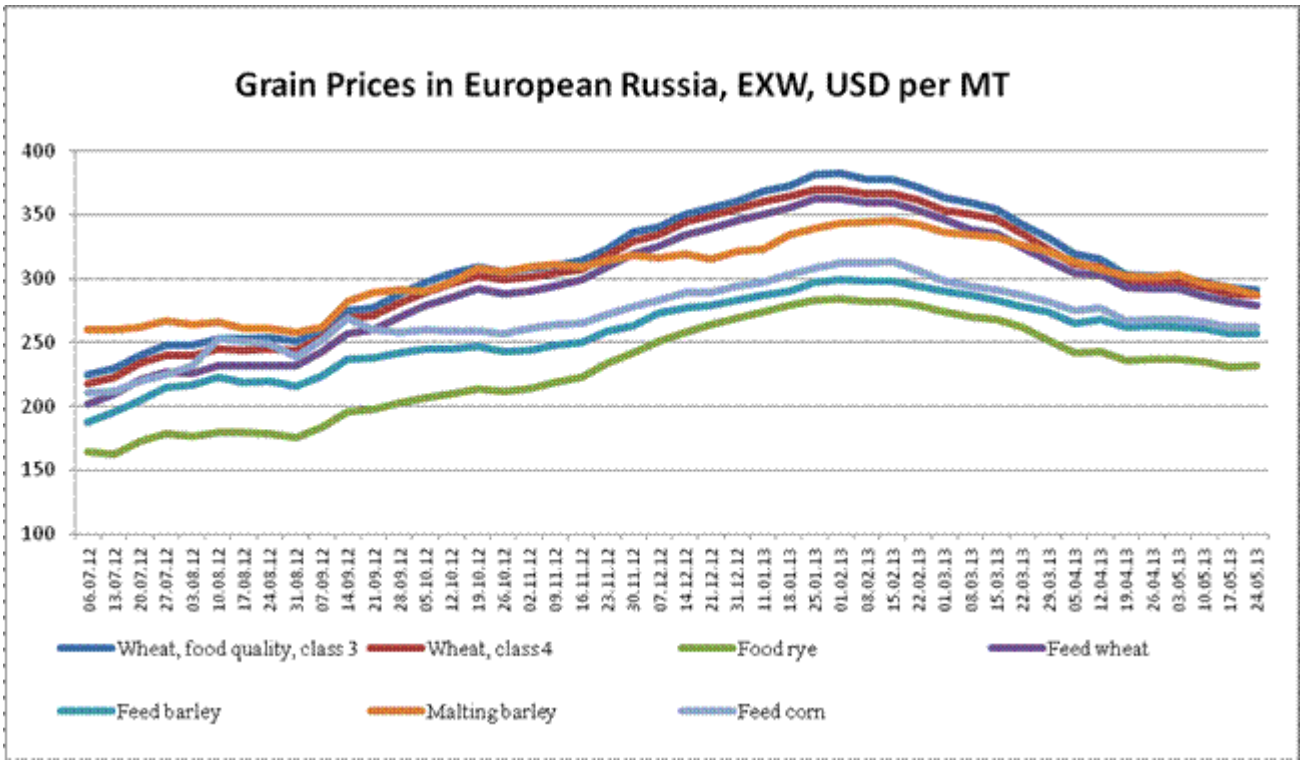
Marketing:
Grain prices reached the peak in February 2013, but then began decreasing, although still remain significantly higher than in the beginning of marketing year 2012/13.

Chart 11.



Source: ProZerno

Chart 12.



Source: ProZerno

Regional prices of milling-quality wheat have begun decreasing in February, and by mid May reached the level equal to the end of September 2012. After the peak in March 2013, intervention prices also decreased.

Chart 13

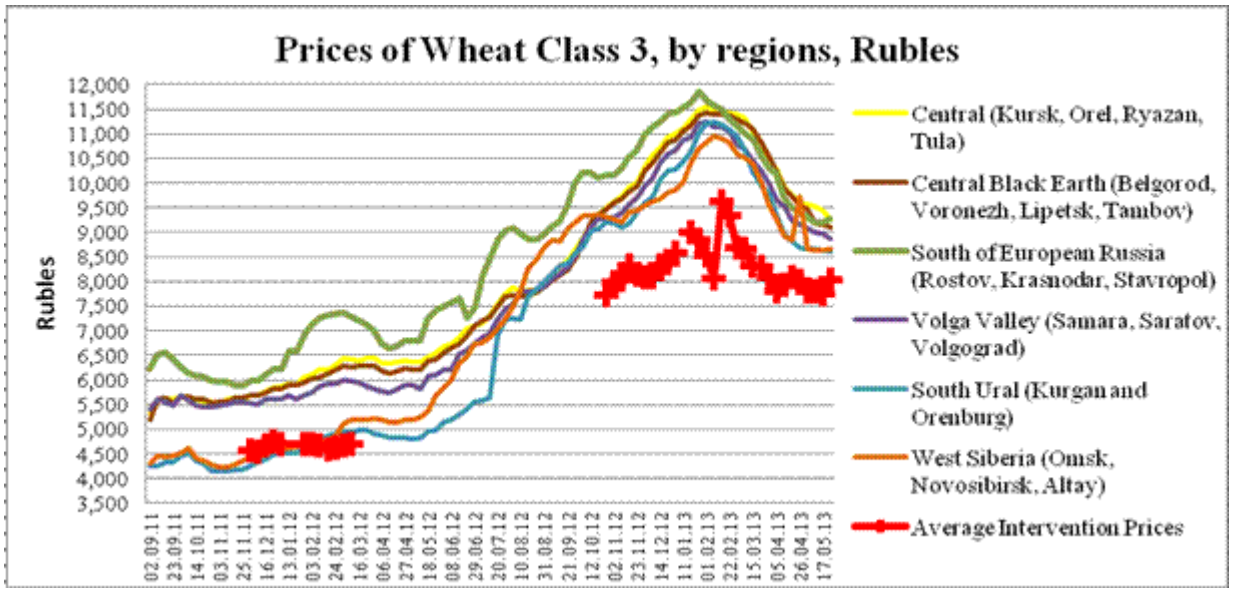
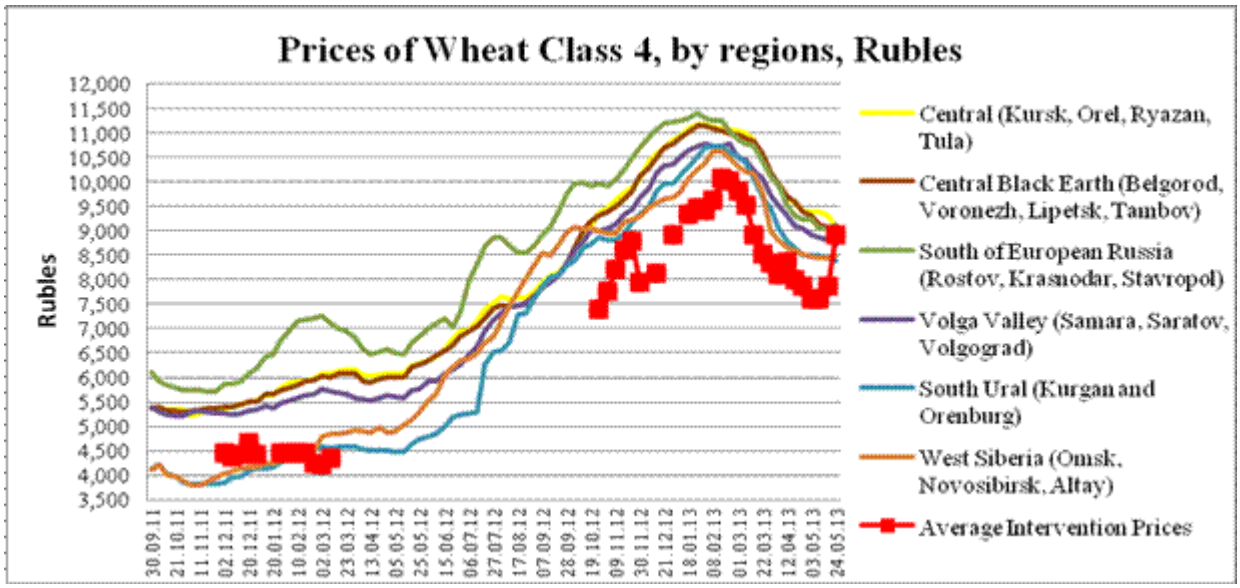


Chart 14



Production, Supply and Demand Data Statistics :

PSD Wheat

Wheat Russia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	24,814	24,885	21,296	21,296	25,000	24,000
Beginning Stocks	13,736	13,271	10,899	10,434	5,419	5,454
Production	56,240	56,240	37,720	37,720	56,000	53,000
MY Imports	550	550	1,000	1,000	500	500
TY Imports	550	550	1,000	1,000	500	500
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	70,526	70,061	49,619	49,154	61,919	58,954
MY Exports	21,627	21,627	10,700	10,900	18,000	17,000
TY Exports	21,627	21,627	10,700	10,900	18,000	17,000
Feed and Residual	15,500	15,500	11,500	11,300	15,500	13,500
FSI Consumption	22,500	22,500	22,000	21,500	22,000	22,000
Total Consumption	38,000	38,000	33,500	32,800	37,500	35,500
Ending Stocks	10,899	10,434	5,419	5,454	6,419	6,454
Total Distribution	70,526	70,061	49,619	49,154	61,919	58,954
1000 HA, 1000 MT, MT/HA						

PSD for Barley

Barley Russia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7,695	7,695	7,631	7,760	8,200	8,000
Beginning Stocks	1,386	1,380	848	842	650	694
Production	16,938	16,938	13,952	13,952	17,500	17,000
MY Imports	368	368	250	300	250	250
TY Imports	372	372	250	400	250	250
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	18,692	18,686	15,050	15,094	18,400	17,944
MY Exports	3,544	3,544	2,300	2,200	3,800	3,500
TY Exports	3,668	3,668	2,300	2,300	3,800	3,500
Feed and Residual	9,800	9,800	7,700	7,800	8,500	9,000
FSI Consumption	4,500	4,500	4,400	4,400	4,800	4,400
Total Consumption	14,300	14,300	12,100	12,200	13,300	13,400
Ending Stocks	848	842	650	694	1,300	1,044
Total Distribution	18,692	18,686	15,050	15,094	18,400	17,944
1000 HA, 1000 MT, MT/HA						

PSD for Corn

Corn Russia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,604	1,550	1,937	1,937	2,150	2,200
Beginning Stocks	72	94	450	297	213	290
Production	6,962	6,680	8,213	8,213	9,500	9,000
MY Imports	43	50	50	80	50	50
TY Imports	43	50	50	80	50	50
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	7,077	6,824	8,713	8,590	9,763	9,340
MY Exports	2,027	2,027	2,300	2,000	2,500	2,500
TY Exports	2,027	2,027	2,300	2,000	2,500	2,500

Feed and Residual	3,900	3,800	5,400	5,500	6,000	5,600
FSI Consumption	700	700	800	800	800	900
Total Consumption	4,600	4,500	6,200	6,300	6,800	6,500
Ending Stocks	450	297	213	290	463	340
Total Distribution	7,077	6,824	8,713	8,590	9,763	9,340
1000 HA, 1000 MT, MT/HA						

PSD for Rye

Rye Russia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,522	1,520	1,421	1,450	1,800	1,500
Beginning Stocks	250	282	129	163	111	105
Production	2,967	2,967	2,132	2,132	3,500	3,000
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	3,217	3,249	2,261	2,295	3,611	3,105
MY Exports	238	236	150	140	100	100
TY Exports	284	284	125	140	100	100
Feed and Residual	200	200	100	100	300	200
FSI Consumption	2,650	2,650	1,900	1,950	2,900	2,500
Total Consumption	2,850	2,850	2,000	2,050	3,200	2,700
Ending Stocks	129	163	111	105	311	305
Total Distribution	3,217	3,249	2,261	2,295	3,611	3,105
1000 HA, 1000 MT, MT/HA						

PSD for Oats

Oats Russia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,930	2,930	2,856	2,850	3,000	2,800
Beginning Stocks	167	194	485	514	202	236
Production	5,332	5,334	4,027	4,027	5,000	4,500
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	5	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	5,499	5,528	4,512	4,541	5,202	4,736
MY Exports	14	14	10	5	10	0
TY Exports	18	15	10	5	10	0
Feed and Residual	3,500	3,500	2,900	2,900	3,500	3,000
FSI Consumption	1,500	1,500	1,400	1,400	1,500	1,500
Total Consumption	5,000	5,000	4,300	4,300	5,000	4,500
Ending Stocks	485	514	202	236	192	236
Total Distribution	5,499	5,528	4,512	4,541	5,202	4,736
1000 HA, 1000 MT, MT/HA						

210PSD for Rice, Milled

Rice, Milled Russia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: May 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	207	207	192	185	200	195
Beginning Stocks	89	89	28	25	22	19

Milled Production	686	686	684	684	700	690
Rough Production	1,055	1,055	1,052	1,052	1,077	1,062
Milling Rate (.9999)	6,500	6,500	6,500	6,500	6,500	6,500
MY Imports	194	194	200	200	220	230
TY Imports	194	194	200	200	220	230
TY Imp. from U.S.	4	0	0	20	0	20
Total Supply	969	969	912	909	942	939
MY Exports	281	274	210	210	230	220
TY Exports	281	274	210	210	230	220
Consumption and Residual	660	670	680	680	690	700
Ending Stocks	28	25	22	19	22	19
Total Distribution	969	969	912	909	942	939
1000 HA, 1000 MT, MT/HA						

PSD for Millet

Millet Russia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	632	630	337	335	500	400
Beginning Stocks	0	0	0	0	0	0
Production	878	878	334	334	600	500
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	878	878	334	334	600	500
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	600	578	100	100	300	200
FSI Consumption	278	300	234	234	300	300
Total Consumption	878	878	334	334	600	500
Ending Stocks	0	0	0	0	0	0
Total Distribution	878	878	334	334	600	500
1000 HA, 1000 MT, MT/HA						