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Annual 2016

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Report Highlights:

Assuming average weather conditions during the growing season, FAS/Moscow forecasts Russia's 2016 grain and pulses production at 101 million metric tons (MMT), a 2 percent decrease from the crop in 2015 but still higher than the previous five-year average of 93 MMT. Overall the MY 2016/17 forecast, by crop, is: wheat - 58 MMT (3 MMT lower than last year but still higher than the 5-years average of 53 MMT); barley - 18 MMT (1 MMT more than in 2015); corn - 12.5 MMT (0.7 MMT less than in 2015); rye - 2.5 MMT; oats - 4.8 MMT; milled rice - 0.73 MMT (1.12 MMT in rough weight); and approximately 4 MMT of other grains and pulses. Grain exports for MY 2016/17 are forecast at 30 MMT, just 1.6 MMT less than the 2015/16 estimated exports of 31.6 MMT's.

General Information

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.

Executive Summary:

Assuming average weather conditions during the growing season, FAS/Moscow forecasts Russia's 2016 grain and pulses production at 101 million metric tons (MMT), a 2 percent decrease from the crop in 2015 but still higher than the previous five-year average of 93 MMT. Overall the MY 2016/17 forecast, by crop, is: wheat - 58 MMT (3 MMT lower than last year but still higher than the 5-years average of 53 MMT); barley - 18 MMT (1 MMT more than in 2015); corn - 12.5 MMT (0.7 MMT less than in 2015); rye - 2.5 MMT; oats - 4.8 MMT; milled rice - 0.73 MMT (1.12 MMT in rough weight); and approximately 4 MMT of other grains and pulses. Grain exports for MY 2016/17 are forecast at 30 MMT, just 1.6 MMT less than the 2015/16 estimated exports of 31.6 MMT's.

The 2016 grain production forecast is very preliminary, as most spring grains and pulses (which, over the last five years, on average accounted for 60 percent of the total grain) will not be planted for a number of weeks. Official data on area sown to winter crops (by crops) still has not been made available for winter grain crops. Russian Ministry of Agriculture, based on reports from regional authorities, estimated total area sown to winter grains at 16.4 million hectares[1], exceeding the total winter crops area reported by the Ministry of Agriculture in late December 2015[2], by 0.5 million hectares. This recent sown area estimate also exceeds the area sown in 2015 to winter grains 0.9 million hectares. As of early March 2016, Russia's overall winter grain crop condition is slightly better than a year ago, although winter grains may be affected by weather in April and May. FAS/Moscow projects that the winter grain crop (winter wheat, winter barley, winter rye, and winter triticale) will be slightly higher than last year due both to increased area and marginally higher yields. However, yield improvements will be very dependent on weather. Spring grain production will depend on the sown area by crops, which will be reported later in summer 2016, and on weather. The Ministry of Agriculture forecasts that area sown to spring wheat and barley will be lower than in 2015, while corn area will increase.

FAS/Moscow forecasts a slight decrease in grain production in 2016, compared with 2015, based on the following main factors:

- Due to the ruble depreciation and high inflation, the cost of spring work and the cost of inputs increased compared to last year. Although spring 2015 saw high input costs, FAS/Moscow projects that input costs will increase again this year. This will continue to impact the ability of farmers to purchase and use certain technologies, such as fertilizer, agricultural chemicals, hybrid planting seeds, and spare parts for machinery. As a result, yields are likely to decrease;
- Commercial financing of spring work and sowing deteriorated because of financial constraints in Russia's commercial banking sector. The Central Bank of Russia's key interest rate decreased

[1] http://www.mcx.ru/documents/document/v7_show/34609..htm
[2] For more information see FAS/Moscow GAIN report Grain and Feed Update_1-27-2016.pdf

from 17 percent in spring 2015 to 11 percent in the fall 2015, and the interest rates offered by commercial banks also decreased. However, commercial interest rates still exceed 15 percent[3]. Moreover, private banks consider financing of agricultural producers as high risk, and many have stopped financing agriculture on commercial terms;

- Due to federal budget constraints, anticipated support for agricultural producers, including interest rate support and decoupled support, is limited. Although the Government of Russia (GOR) declared agriculture as an industry that will not be affected by federal budget cuts in 2016, there is still no information on the actual amount of federal money allocated for spring field works;
- Grain prices were high in MY 2015/16 and allowed grain producers to accumulate money for continuation of business, but these prices were supported by the devalued ruble which stimulated grain exports. Slight stabilization of the ruble that has occurred in spring 2016 may push domestic grain prices down and limit farmers incentives to invest in crop production.

Factors supporting the relatively large 2015 grain production forecast (above the five-year average) are the following:

- Area sown to winter crops is reported slightly larger than last year, although there are still no official data on crops;
- As of mid-March, the condition of winter crops in most of the winter grain producing provinces was slightly better than on the same date last year. According to the Ministry of Agriculture[4], and as of mid-March 2016, 14.2 million hectares (86.1 percent of the total) of winter grain area was in good and adequate condition, and 2.3 million hectares (13.9 percent) of winter grain area was in bad condition. However, that was an early forecast, and the Ministry of Agriculture expects that winter losses will be about 10-11 percent of total sown area, close to the multi-year average. At the same time, industry analysts reported that the condition of winter crops may be classified as good to average in most winter grain producing provinces of the Russian Federation, and on average, the winter grain crop looks better than during the same period in 2015. According to farmers' polled in late March:
    - in the Southern federal district (FD), 55 percent of the winter grain crop (sown area) is in good condition, 40 percent of the crop is in adequate (average) condition, and only 5 percent of the winter crop is in bad condition;
    - in the Central FD, approximately 60 percent of the winter grain crop is in good condition, and 40 percent of the crop is in adequate condition; however
    - in some provinces of the "Black Earth" territories of the Central FD, such as Voronezh, Belgorod and Tambov oblasts, the situation is worse, and less than 40 percent of the winter grain crop is in good condition, while 50 percent of the crop is in adequate condition, and 10 percent is in bad condition and may require re-sowing with spring crops, including oilseeds[5].
- In the last 3 years, Russian farmers increased the area sown to corn and corn prices so far remain attractive to farmers. Assuming average weather condition, the area sown to corn in 2016 will also increase. Yields of corn are almost two times higher (on average) than yields of Russian staple grains such as wheat and barley;

[3] Information on the real interest rate of the commercial banks for agricultural producers is not available, although industry analysts report that without government interest rate support it is above 16-17 percent.
[4] Conference in Voronezh, March 17, 2016: (http://ria.ru/economy/20160317/1391814773.html
[5] Source: http://www.apk-inform.com/ru/exclusive/topic/1065732

- Ruble devaluation in 2015 supported exports of Russian grain and oilseeds and domestic prices, allowing farmers to accumulate some funds for financing of spring works. However, farmers do not expect to increase spring grain planting, except corn.

FAS/Moscow forecasts Russia's total MY 2016/17 grain consumption at 72.1 MMT, 1.5 percent or 1 MMT more than the estimated total grain consumption in MY 2015/16. The increase is due to increased feed and food/seeds/industrial consumption by 0.4 MMT to 36.4 MMT and by 0.6 MMT to 35.7 MMT respectively. An increase in feed consumption is forecast due to an increase in consumption of cheaper grains and pulses, and the increase in food consumption is due to slightly stronger demand for cereals.

MY 2016/17 grain exports are forecast at 30.2 MMT, or 1.4 MMT less than the estimated 31.6 MMT of exports in 2015/16. The decrease in exports is forecasted due to strong competition in foreign markets and possible stabilization of ruble exchange rate that, coupled with the present export duty on wheat, may slow wheat exports. The export forecast includes 22 MMT of wheat (1.0 MMT less than in 2015/16), 4.0 MMT of barley (0.2 MMT more than the estimated exports in 2015/16), 3.5 MMT of corn (0.3 MMT less than in MY 2015/16), 190,000 MT of rice (the same as in MY 2015/16), and approximately 1.52 MMT of other grains and pulses (an increase by 0.73 MMT from current year).

Carry-over grain stocks are expected to decrease to 9.9 MMT from the estimated 10.4 MMT at the end of MY 2015/16.

Table 1. FAS/Moscow Post's forecast for MY 2016/17, Metric Tons, 1,000 Hectares

	Wheat	Barley	Corn	Rye	Oats	Millet	Rice	Other	Total Grain
Area Harvested	25,000	8,000	2,700	1,400	3,000	400	200	2,597	43,297
Beginning Stocks	8,029	1,016	568	128	196	0	49	450	10,436
Production	58,000	18,000	12,500	2,500	4,800	500	722	3,900	101,311
MY Imports	500	100	50	5	0	0	190	0	845
TY Imports	500	100	50	5	0	0	190	0	845
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	66,529	19,116	13,118	2,633	4,996	500	961	4,350	112,203
MY Exports	22,000	4,000	3,500	100	20	0	190	400	30,210
TY Exports	22,000	4,000	3,500	100	20	0	190	400	30,210
Feed Consumption	14,000	9,000	8,200	250	3,100	250		1,600	36,400
FSI Consumption	23,000	4,900	1,000	2,100	1,600	250	730	2,100	35,680
Total Consumption	37,000	13,900	9,200	2,350	4,700	500	730	3,700	72,080

Ending Stocks	7,529	1,216	418	183	276	0	41	250	9,913
Total Distribution	66,529	19,116	13,118	2,633	4,996	500	961	4,350	112,203
Yield	2.32	2.25	4.63	1.79	1.60	1.25	5.56	1.50	2.34

Notes:
- The above table is composed of PSD forecasts for each crop, despite differing marketing years. The marketing year for wheat, barley, rye, oats and millet is July-June, the marketing year for corn is October-September, and the marketing year for rice is January-December;
- Grain total includes milled rice. In Russian statistical data the total grain production includes rice in rough equivalent;
- Other grain includes triticale, buckwheat, sorghum, some other niche grains and pulses.

Commodities:

Wheat

Barley

Corn

Rye

Oats

Rice, Milled

Millet

Production:

2016 Forecast

The Russian grain crop still depends primarily on weather conditions. In 2016, as well as in 2015, the poor economic situation in Russia will affect farmers' financing of spring works, but weather still will be a major factor for production. Given average weather conditions, Russia's grain crop in 2016 is forecast at 101 million metric tons (MMT), a 2 percent decrease from the 2015 crop, which was the third highest crop recorded in Russia in the last 26 years. This forecast is still higher than the previous five-year average of 93 MMT. Overall, the MY 2016/17 forecast by crop is: wheat - 58 MMT (3 MMT lower than last year but still higher than the 5-year average of 53 MMT); barley - 18 MMT (0.9 MMT more than in 2015); corn - 12.5 MMT (0.7 MMT less than in 2015); rye - 2.5 MMT; oats - 4.8 MMT; milled rice - 0.73 MMT (1.12 MMT in rough weight); and approximately 4 MMT of other grains and pulses. Post's forecast is based on yield trends, planting and estimated harvested area, and an assumption of average weather conditions for the remainder of the growing season. Forecasts are very preliminary. For the third year in a row arrival of spring in the Central and Southern European Russia began early, and spring planting progressed faster than even in 2015. But most Russian provinces will begin spring sowing only in April and May, and weather fluctuations can be very pronounced from year to year and even from province to province.

The Ministry of Agriculture forecasts that in 2016 the total area for grains and pulses will be 47.48, 1.1 percent more than in 2015. The increase will be due to higher than last year area of winter grains, while

spring grain and pulses area will be 1.5 percent less than in 2015 (31.05 million hectares compared with 31.53 million hectares in 2015).

Table 2. Ministry of Agriculture forecast of sown area for grain crops in 2016, 1,000 HA

Crops	Area sown for crop 2014 (spring data)	Area sown for crop 2015 (spring data)	Area sown for crop 2016 (forecast)	2016 to 2015, %
Grains and pulses sown area total	46,640	46,974	47,484	101.1
Including spring sown area total	31,726	31,525	31,054	98.5
Spring sown area by crops:				
- Spring wheat	13,176	13,544	13,202	97.5
- Spring barley	8,855	8,387	8,107	96.7
- Oats	3,404	3,167	3,032	95.7
- Corn for grain	2,735	2,792	2,992	107.1
- Rice	196	201	204	101.8
- Buckwheat	1,015	963	1001	104.0
- Millet	518	602	554	92.0
- Pulses (legumes)	1,628	1,617	1,705	105.5
- Other	200	250	257	102.8

Source: Ministry of Agriculture's forecast of spring grain area.
NOTE: This table includes Crimea in data for 2015 and in the forecast data for 2016.

Winter grain area

As for winter grain crops, there are still no official data on the area sown to winter crops (by crop). The latest estimate of the Russian Ministry of Agriculture, based on reports from reginal authorities, is that the total area sown to winter grains is 16.4 million hectares[6]. This estimate exceeds the total winter crop area reported by the Ministry of Agriculture in late December 2015[7] by 0.5 million hectares, and exceeds the area sown in 2015 to winter grains by 0.9 million hectares.

As of mid-March, the condition of winter crops in most of the winter grain producing provinces was slightly better than on the same date last year. However, in the Russian Federation there is no official, universal standard for assessing the condition of winter crops. According to the Ministry of Agriculture[8], which estimates based primarily on the reports of provincial authorities, as of mid-March 2016, 14.2 million hectares (86.1 percent of the total) of the winter grain area is in good to adequate condition, and almost 2.3 million hectares (13.9 percent) of the winter grain area is in bad condition. However, this was an early forecast, and the Ministry of Agriculture expects some fields to recover, decreasing winter losses approximately 10-11, closer to the multi-year averages. At the same time industry analysts reported that the condition of winter crops may be classified as good to average in most winter grain producing provinces of the Russian Federation, and on average, the winter grain crop looks better than during the same period in 2015. According to farmers' polled in late March:

[6] These estimates include Crimea: http://www.mcx.ru/documents/document/v7_show/34609..htm
[7] For more information see FAS/Moscow GAIN report Grain and Feed Update_1-27-2016.pdf
[8] Conference in Voronezh, March 17, 2016: (http://ria.ru/economy/20160317/1391814773.html

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- in some provinces of the "Black Earth" territories of the Central FD, such as Voronezh, Belgorod and Tambov oblasts, the situation is worse, and less than 40 percent of the winter grain crop is in good condition, while 50 percent of the crop is in adequate condition, and 10 percent is in bad condition and may require re-sowing with spring crops, including oilseeds[9].

Spring grain sowing progress

As of April 13, 2016, Russian farmers planted spring grain crops on 1.85 million hectares, compared to 1.16 million hectares planted on the same date in 2015. Planting progress in all federal districts, that have already started spring grain planting, is faster than last year. The status of spring grain planting, by federal district, follows:

Table 3. Planting of spring grains in the Russian Federation as of April 13, 2016[10]

	Forecast for 2016	Sown as of April 12, 2016, Th. HA	Percent of forecast, %	Sown as of April 12, 2015, Th. HA	2016 +/- to 2015
Russian Federation	30,967.8	2108.8	6.8	1,356.6	+752.2
Including:					
Central FD	4,525.8	889.7	19.7	502.5	+387.2
North-Western FD	261.6	28.7	11.0	7.6	+21.1
Southern FD	2,872.6	821.3	28.6	617.9	+203.4
North-Caucasian FD	866.3	293.0	33.8	224.4	+68.6
Volga Valley FD	9,073.8	15.0	0.2		+15.0
Far Eastern FD	355.1	61.1	17.2	4.2	+56.9

Source: Ministry of Agriculture: http://www.mcx.ru/documents/document/v7_show/34610..htm

There are no data on the planting progress by crops, except for corn. As of April 13, 2016 corn was sown on 328,800 hectares, which was 11.0 percent of the planned corn area of 3.0 million hectares. On the same date last year, farmers planted only 68,500 hectares with corn.

Wheat

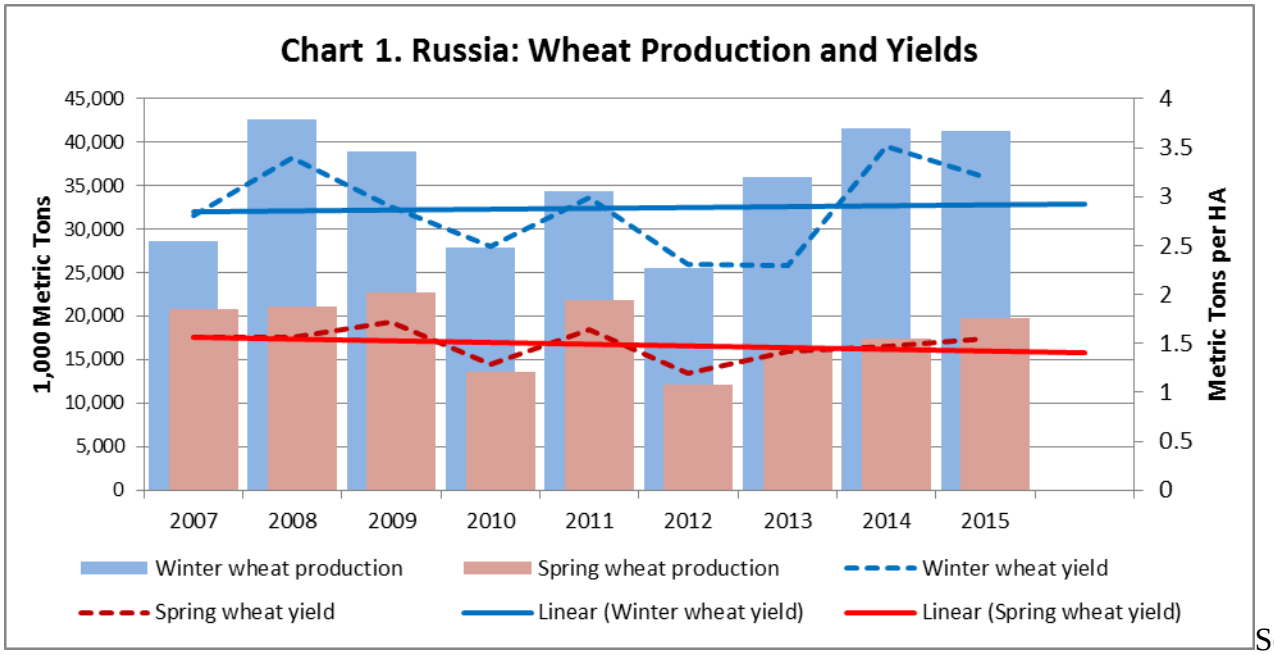
Post forecasts wheat production in 2016 at 58 MMT, 3 MMT less than in 2015. The decrease is based on an expected decrease in spring wheat area, which will result in a decrease in the wheat harvested area from estimated 2.56 million hectares in MY 2015/16 to 25 million hectares. High carry-over stocks of wheat in Russia and in the world, the Russian wheat export duty, and uncertainty over the ruble exchange rate, may push wheat prices down in MY 2016/17 and may decrease farmers' incentives to

[9] Source: http://www.apk-inform.com/ru/exclusive/topic/1065732

[10] Table 3 does not include Crimea, and that is why the Ministry of Agriculture's data on planned area for spring sowing in Table 2 and Russia's total area planned for spring sowing in Table 2 differ.

plant spring wheat. However, Post still forecasts this wheat crop higher than the five-year average. Tight financing will continue to affect wheat producers, but the impact of this tight financing will not be significant because most wheat producers accumulated funds in MY 2015/17, and use domestic seeds, including so called "saved" seeds. Due to the large wheat crop in the last two years, farmers have adequate quantities of these "saved" seeds.

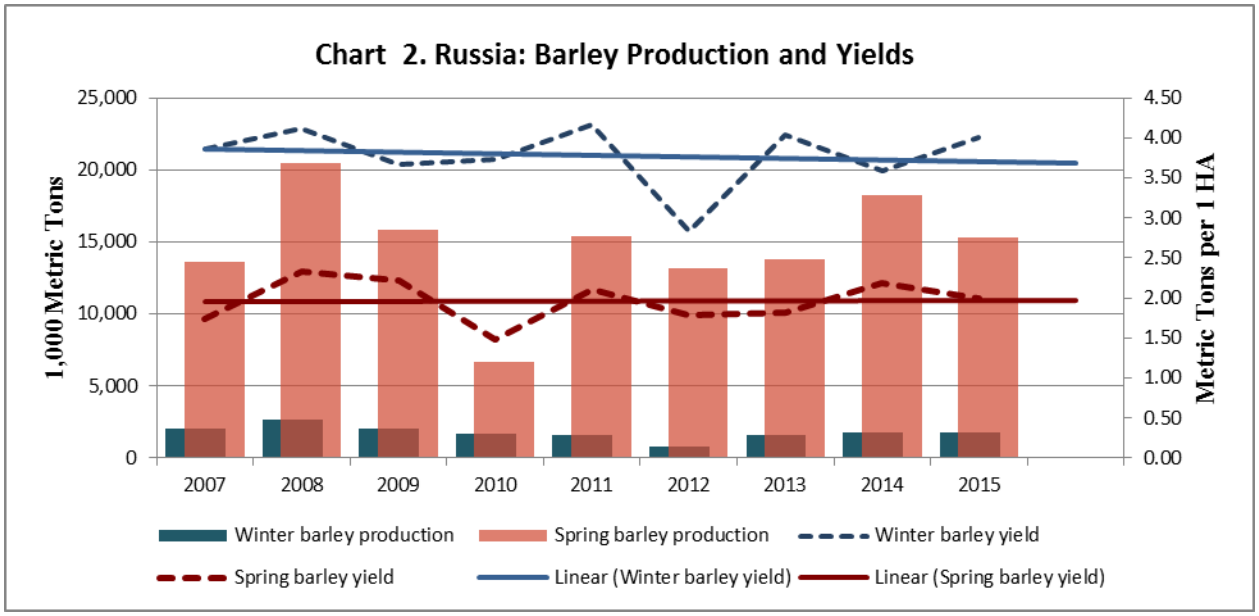
According to the trend line, winter wheat yields in the last 9 years have increased insignificantly, from approximately 2.8 MT/HA to slightly higher than 2.9 MT/HA. Moreover, the trend line forecasts that in 2016 the average winter wheat yield will still be below 3.0 MT/HA. Spring wheat yields have been decreasing over the last 9 years, and in 2016 will not be higher than 1.4 MT/ha.



Source : FAS/Moscow on the basis of the Russian State Statistical (Rosstat) data

Barley

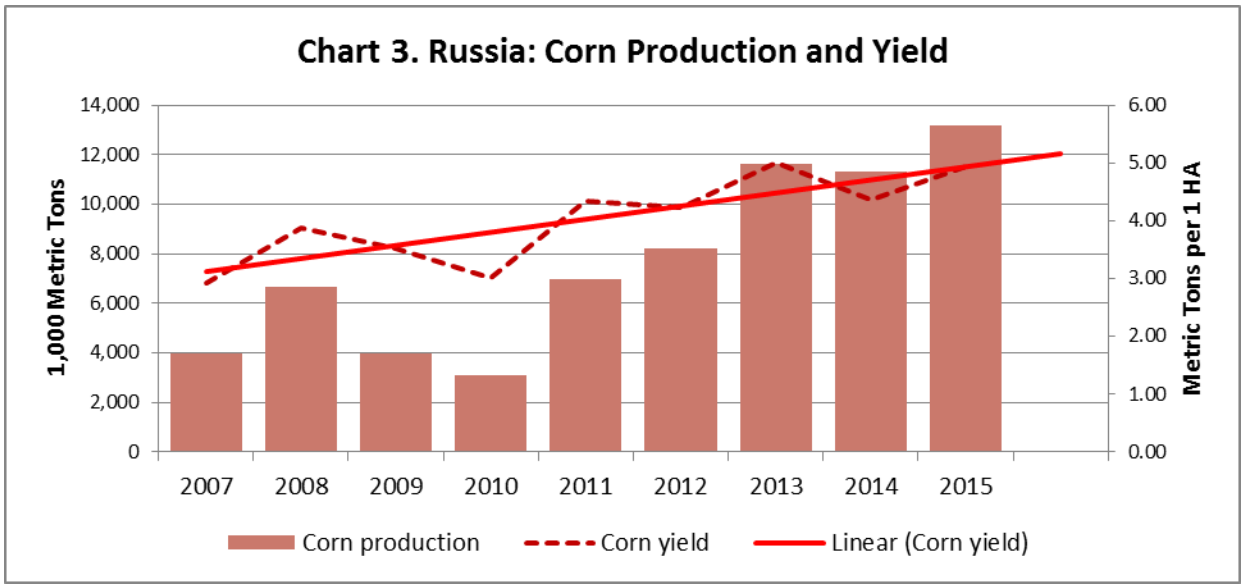
Post forecasts barley harvested area at 8 million hectares, the same as in MY 2015/16. However, the barley crop is forecast to increase from 17.1 MMT in MY 2015/16 to 18.0 MMT in MY 2016/17. The forecast is based on the much better status of the winter barley crop this season, compared with the crop status at the same time last year. Winter barley comprises only a small share of the barley crop in Russia. However, the average (2007-2015) yields of winter barley are almost 2 times (93 percent) higher than average yields of spring barley. Over the last 9 years, yields of winter barley decreased. The trend line forecast this yield in 2016 at slightly over 3.6 MT/HA. Yields of spring barley are stagnant at approximately 2.0 MT/HA.



Source: FAS/Moscow on the basis of Rosstat

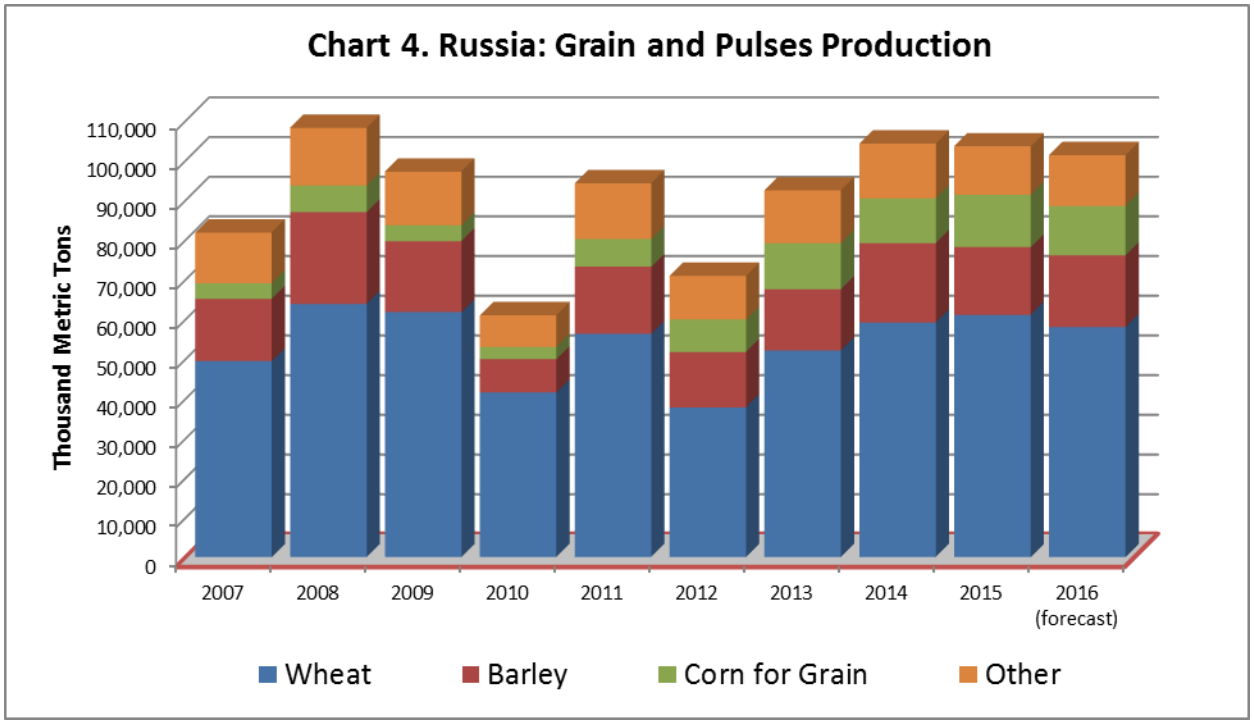
Corn

Post forecasts corn production in MY 2016/17 at 12.5 MMT, a 5 percent decrease from the record crop in 2015. Corn planting progress so far exceeds the speed of corn planting last year, but the total corn harvested area is forecast at the same level as last year - 2.7 million hectares. Farmers in some provinces of the Central FD and Volga Valley, where corn does not produce high yields, may reduce sown area. Corn yields have increased by almost 70 percent since 2007 to nearly 5 MT/HA (4.93 MT/HA in 2015). These corn yields improvements are primarily due to improved agronomics and the use of hybrid seed, including imported seeds. The trend line forecasts that in 2016 corn yields may be as high as 5.1 MT/HA. However, given the general economic situation, farmers' financial constraints and the lack of money for chemicals and high quality seeds, FAS/Moscow forecasts that even with favorable weather, average corn yields may decrease to 4.6 MT/HA in MY 2016/17. However, this yield rate would still be slightly higher that the average yield over the last 5 years. Therefore, corn production is not likely to reach the record level of 2015.



Source: FAS/Moscow on the basis of Rosstat

FAS/Moscow does not forecast any technological improvements in production of any grain crops because of increased cost of inputs, especially seeds, fertilizer and chemicals. Additionally, farmers' financial constraints will have a negative impact on production. Russia does not permit the planting of GE crops.



Source: Rosstat and FAS/Moscow forecast for MY 2016/17

Financing spring works

Due to high grain prices in MY 2015/16, it is possible that crop producers' returns increased, although this data is not yet available. By the end of 2015, many producers were able to purchase and store an adequate supply of inputs for the 2016 spring works.

In early February 2016, the Ministry of Agriculture reported that total loans provided by the two major state-owned financial institutions that finance agriculture (Rosselkhozbank and Sberbank) to farmers for spring sowing and other spring works, were 33 percent more than in early February 2015, and reached 9.2 billion rubles (approximately $131 million[11]). This includes Rosselkhozbank's loans of 8.36 billion rubles ($119 million), or 45 percent more than on the same data last year, and Sberbank's loans of 0.66 billion rubles ($9.4 million), which is 37.2 percent less than last year. According to industry analysts, this money is not enough to improve the financing situation for crop producers.

Financing of crop production from the federal budget in 2016 will be very limited. The Federal budget for 2016, adopted in mid-December 2015, allocated 8.1 billion rubles ($115.7 million) for interest rate subsidies for short term loans to crop producers and processors and 23.2 billion rubles ($331.4 million) for the decoupled support of crop producers in 2016[12]. However, in early 2016, the federal government cut the 2016 federal budget. While agriculture was to be exempt from these cuts, to date little information on federal financing of crop producers has been made available. In late February 2016, the GOR approved the transfer of 7.3 billion rubles ($104 million) to provinces for interest rate subsidies for short-term loans to crop producers and processors, including producers of vegetable, fruits, and processors of these products. However, there is no information on the actual implementation of these transfers. Moreover, farmers complain that under the current interest rate subsidy program, farmers must first pay the whole interest rate and later get reimbursed the difference. The Ministry of Agriculture is lobbying for a change in this scheme so that farmers immediately pay only the subsidized interest rate, and the banks are reimbursed. But so far, the Ministry's effort to change the scheme has been unsuccessful. There is still no information on the actual transfers from the federal budget to provinces for the decoupled support, but industry analysts report that even if all money for the decoupled (per hectare) support of crop producers are delivered to farmers, the average sum will be around 300 rubles ($4.3) per hectare.

Thus, the poor economic conditions of the Russian Federation in the beginning of 2016, the tight federal and regional budgets, the high indebtedness of agricultural producers, the depreciation of the Russian ruble, the increase in the price of inputs, and the high interest rates, have all combined to create a very unfavorable situation for borrowing money on commercial terms in MY 2016/17, as was the case in MY 2015/16.

Inputs supply

Fertilizer

According to the local agricultural administrations, the need for mineral fertilizer for late winter and spring 2016 seasonal field works is estimated at 2,602,900 MT (active ingredient), including 1,782,300 MT (active ingredient) for spring field works[13].

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[11] Ruble exchange rate continues to be very volatile, in one month may change from 64 to 80 rubles per $1. For the comparisons in this report the exchange rate is assumed at 70 rubles per $1.

[12] Source: information on the federal budget 2016 is from http://www.consultant.ru/document/cons_doc_LAW_190535/6dcd5a2a6c878c1127a9b24171db477a816eb74d/

[13] Ministry of Agriculture: http://www.mcx.ru/documents/document/show/15381.htm

By April 11, 2016, the accumulated stocks of mineral fertilizer (including carry-over stocks from CY 2015) were 1.5 MMT (active ingredient), that was 251,200 MT more than on the same date last year. From January 1, 2016 through April 10, 2016 farmers purchased 1.2 MMT of fertilizer (active ingredient), which is 20 percent more than in the same period last year. As of April 4, 2016, the average price for the most popular mineral fertilizers (incl. VAT, transportation, packaging and distribution expenses) was the following:

- ammonia nitrate – 15,727 rubles/MT ($224.7), that is 1 percent more than in April 2015;
- carbamide – 20,190 rubles/MT ($288.4), 5 percent increase from last year;
- potassium chloride – 15,786 rubles/MT ($225.5), 27 percent increase from last year;
- azophoska (nitrogen-phosphorus-potassium fertilizer) – 24,490 rubles/MT ($349.9), 17 percent increase from last year; and
- ammophos (ammonium-phosphate fertilizer) – 31,777 rubles/MT ($454.0), 23 percent increase from last year[14].

On February 15, 2015, agrarians and fertilizer producers signed the Agreement on cooperation between the Russian association of fertilizer producers (RAPU) and the Union of employers in agricultural sphere "All-Russian agro-industrial association of employers "Agro-industrial Union of Russia) (Rosagropromsoyuz). This agreement (the similar agreement was signed in 2012) was signed in the presence of two Deputy Ministers: Yevgeny Gromyko, the first Deputy Minister of Agriculture of the Russian Federation and Sergey Tsyba, Deputy Minister of Industry and Trade of the Russian Federation. The document recommends RAPU to voluntary declare the minimum level of prices for major types of fertilizers for the next month, not later than the 20th of the current month, and notify of the basis of out-loading such fertilizer. The plants price may be lower, but shall not exceed the declared price. Also, depending on the macroeconomic situation, the producers may use different mechanisms aimed at prevention of price increase (i.e. on the basis of FCA-plant, without VAT, without package, in rubles per 1 MT of physical weight). The agreement comes to force on the date of signing and will be in effect for one year[15].

Planting seeds

According to the Ministry of Agriculture, prior to the beginning of spring sowing, as of February 3, 2016, Russia has 5,829,000 MT of planting seeds of spring grains and pulses, slightly less than the estimated need in planting seeds of 5,904,700 MT. Conditioned seeds comprised 79.3 percent of checked seeds, that is 1.5 percent more than on the same data last year. Russia imported 2,000 MT of corn planting seeds.

Machines and equipment

As of February 12, 2016, farmers had 428,000 tractors (minus 7.9 percent from last year), 196,600 seeders (minus 9.4 percent from last year), and 166,000 tillers (cultivators) (minus 6.0 percent from February last year).

Fuel and lubricants

The Ministry of Agriculture estimated farmers' "need" for fuel and lubricants for field work in spring 2016 at 4,742,000 MT of diesel fuel and 874,200 MT of gasoline, compared to 4,842,600 MT and

[14] Source: http://www.mcx.ru/news/news/show/49837.355.htm
[15] http://www.mcx.ru/news/news/show/47955.355.htm.

884,200 MT in 2015, respectively. As of February 10, 2016, farmers purchased 126,300 MT of diesel fuel and 24,700 MT of gasoline, 106.4 percent and 95.1 percent of the purchases last year on the same date. Farmers had stocks of 339,200 MT of diesel fuel and 48,900 MT of gasoline (17 percent more than last year for both). The average wholesale price of diesel fuel was 35,745 rubles per MT, and price of gasoline Ai-92 – 37,173 rubles per 1 MT.

From late December 2015 to mid-February 2016, the price of diesel fuel decreased by 3.6 percent and the price of gasoline decreased by 0.1 percent. However, on a year-to-year basis (February 2016 to February 2015), the price of diesel fuel increased by 3.6 percent and the price of gasoline by 6.0 percent.

Summary of 2007-2015 Production Changes

In March 2016, the Russian State Statistical Service (Rosstat) updated Russia's 2015 production data by almost 0.49 MMT (from 103,036 thousand MT to 103,522 thousand MT) primarily due to revised corn production numbers from 12.69 MMT to 13.17 MMT. Final Rosstat numbers also separate winter and spring grains. FAS/Moscow reported on the preliminary data in the Grain and Feed Update_1-27-2016.pdf.[16]

Table 4. Grain and pulses area, production, yields 2007-2015

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Planted Area, 1,000 Hectares									
Wheat, total	24,382	26,633	28,698	26,614	25,552	24,684	25,064	25,002	26,557
- winter	10,597	12,692	13,835	12,699	11,805	11,842	12,334	11,888	13,080
- spring	13,785	13,941	14,863	13,915	13,747	12,843	12,729	13,115	13,477
Barley, total	9,618	9,621	9,135	7,214	7,881	8,820	9,019	9,192	8,687
- winter	537	651	582	461	383	291	392	461	393
- spring	9,081	8,970	8,553	6,753	7,498	8,529	8,628	8,731	8,294
Rye	2,097	2,162	2,142	1,757	1,547	1,558	1,832	1,875	1,290
Triticale			190	165	226	233	251	251	250
Oats	3,548	3,561	3,374	2,895	3,046	3,241	3,324	3,248	3,039
Corn for grain	1,509	1,812	1,365	1,416	1,716	2,058	2,450	2,684	2,770
Rice	162	164	183	203	211	201	190	197	202
Millet	506	572	522	521	826	474	470	502	591
Buckwheat	1,301	1,113	932	1,080	907	1,270	1,096	1,008	957
Sorghum							152	167	222
Legumes	1,094	1,006	1,010	1,305	1,553	1,844	1,979	1,580	1,567
Other	48	98	2	24	107	55	0	1	0
Total	44,265	46,742	47,553	43,194	43,572	44,439	45,826	45,705	46,131
Production, 1,000 Metric Tons									
Wheat, total	49,390	63,765	61,740	41,508	56,240	37,720	52,091	59,081	61,044
- winter	28,600	42,694	38,952	27,905	34,429	25,527	35,925	41,639	41,321
- spring	20,790	21,071	22,788	13,603	21,811	12,192	16,166	17,441	19,722
Barley, total	15,663	23,148	17,881	8,350	16,938	13,952	15,389	20,026	17,083
- winter	2,031	2,660	2,057	1,667	1,572	790	1,571	1,782	1,758
- spring	13,632	20,488	15,824	6,683	15,366	13,161	13,817	18,244	15,326

[16] All Rosstat data are corrected to exclude Crimea in accordance with the USDA policy.

Rye	3,905	4,505	4,329	1,636	2,967	2,132	3,360	3,279	2,084
Triticale			508	246	523	464	582	654	563
Oats (spring)	5,407	5,835	5,401	3,220	5,332	4,027	4,932	5,267	4,527
Corn for grain	3,953	6,682	3,963	3,084	6,962	8,213	11,635	11,325	13,168
Rice	709	738	913	1,061	1,056	1,052	935	1,049	1,110
Millet	421	711	265	134	878	334	419	489	565
Buckwheat	1,005	924	564	339	800	797	834	662	861
Sorghum								207	191
Legumes	1,301	1,794	1,529	1,371	2,453	2,174	2,037	2,175	2,325
Other	42	77	18	11	64	45	172	0	0
Total	81,796	108,179	97,111	60,960	94,213	70,908	92,385	104,212	103,522
Yields (tons per harvested hectare									
Wheat, total	2.1	2.45	2.32	1.91	2.26	1.77	2.23	2.50	2.39
- winter	2.81	3.39	2.9	2.49	2.99	2.31	2.29	3.51	3.20
- spring	1.56	1.56	1.72	1.29	1.64	1.19	1.42	1.47	1.55
Barley, total	1.87	2.46	2.31	1.68	2.2	1.82	1.92	2.27	2.13
- winter	3.86	4.12	3.67	3.74	4.16	2.84	4.03	3.59	4.00
- spring	1.74	2.33	2.21	1.48	2.1	1.79	1.81	2.18	2.00
Rye	1.92	2.11	2.07	1.19	1.95	1.5	1.89	1.77	1.67
Triticale			2.72	1.76	2.35	2.08	2.41	2.64	2.31
Oats (spring)	1.63	1.71	1.79	1.44	1.82	1.41	1.64	1.71	1.60
Corn for grain	2.93	3.87	3.53	3	4.34	4.24	5.01	4.36	4.93
Rice	4.51	4.62	5.14	5.28	5.09	5.49	4.95	5.36	5.58
Millet	1.12	1.38	1	0.78	1.39	0.99	1.18	1.23	1.29
Buckwheat	0.84	0.92	0.9	0.59	0.95	0.77	0.92	0.93	0.95
Sorghum								1.47	1.24
Legumes	1.41	1.84	1.65	1.39	1.67	1.29	1.21	1.46	1.59
Total	1.98	2.38	2.27	1.83	2.24	1.83	2.2	2.41	2.37

Source: Rosstat

Location of winter and spring wheat production in 2015

In 2015 Russian produced 41.3 MMT of winter wheat and 19.7 MMT of spring wheat. Eighty percent of winter wheat was produced in 10 provinces, and 77 percent of spring wheat was produced in 12 provinces.

Chart 5. Location of winter and spring wheat production in 2015

Note: Please note that in Krasmoyarsk Kray (1) spring wheat is produced only in the southern regions.

Winter Wheat Production by Province	Spring Wheat Production by Province
Pink 2.5% - 5% Red 5% - 10%* Dark Red >10%	Light Green 2.5% - 5% Green 5% - 10% Dark Green >10%
Highest Winter Wheat Production by Province	**Highest Spring Wheat Production by Province**
1. Krasnodar kray – 20.5% 2. Rostov oblast – 17.8% 3. Stavropol kray – 16.9% 4. Volgograd oblast – 4.3% 5. Voronezh oblast – 4.2% 6. Kursk oblast – 3.9% 7. Belgorod oblast – 3.3% 8. Orel oblast – 3.2% 9. Tambov oblast – 2.9% 10. Saratov oblast – 2.5%	1. Omsk oblast – 12.5% 2. Altay kray – 11.7% 3. Krasnoyarsk kray – 7.7% 4. Novosibirsk oblast – 7.3% 5. Kurgan oblast – 6.2% 6. Chelyabinsk oblast – 5.8% 7. Orenburg oblast – 5.6% 8. Bashkortostan Republic – 5.5% 9. Tatarstan Republic – 5.1% 10. Tumen oblast – 3.7% 11. Kemerovo oblast – 2.5%
Note: Location of winter and spring wheat production in 2015 is very much the same as in 2012-2014. However, in 2015 Stavropol kray increased production of winter wheat and moved from the Red category last year to the Dark Red category, while provinces that usually produce from 5 percent to 10 percent of Russian's total winter grain crop suffered from severe drought in the fall 2014, and in 2015 these provinces produced less than 5 percent of Russia's total winter wheat crop. These provinces are in Volga Valley and some are in the Central FD.	

Durum Wheat

There are no official data on the production of durum wheat in Russia. Moreover, the Russian commercial classification distinguishes only "milling" wheat (Classes 3 and 4) and "feed" wheat (Class 5), and does not classify "durum" as a separate type of wheat. However, industry analysts

report that farmers in some provinces in Ural and Volga Valley federal districts and in Altay kray increased production of durum wheat on the demand of concrete buyers, mostly pasta producers. Industry analysts estimate the area sown to durum wheat at approximately 0.4 MMT, which is only 10 percent of the area sown to durum wheat in Russia before the 1990's, and estimate production of durum wheat between 0.4 MMT to 0.6 MMT. Farmers' interest in durum wheat increased in MYs 2014/15 and 2015/16 driven by an increase in prices, which may be 40-50 percent higher than the price of milling wheat. According to industry analysts, in 2015/16 farmers were selling durum wheat to processors with premiums of up to 4,000 rubles above the average price of milling wheat Class 3 of 10,000 rubles per 1 MT. Moreover, durum is attractive because it can be produced in the dry areas of Ural, Volga Valley and Altay kray, characterized by short, but very hot summers. Leaders in the production of durum wheat are Orenburg, Chelyabinsk, Saratov, Samara oblasts, and Altay and Stavropol krays. Production of durum wheat is not stable, and dependence on weather is very high. The major consumers of durum wheat are large companies that produce pasta in Russia, such as "Makfa", CI Group, "Limak" and smaller pasta and groats producers[17].

Location of winter and spring barley production in 2015

In 2015 Russia produced 1.76 MMT of winter barley and almost 15.33 MMT of spring barley. Eighty-three percent of winter barley was produced in two Russian provinces: Krasnodar and Stavropol krays. Spring barley was produced in many Russian provinces, and 14 provinces accounted for 61 percent of Russia's total spring barley crop.

Chart 6. Location of winter and spring barley production in 2015

[17] Agroinvestor, 15.01.16, http://www.ikar.ru/press/2304.html

Winter Barley Production by Province	Spring Barley Production by Province
Dark Red >35%	Light Green 2.5% - 5% Green 5% - 10%
Highest Winter Barley Production by Province	**Highest Spring Wheat Production by Province**
1. Krasnodar kray – 45.1% 2. Stavropol kray – 37.9 %	1. Tambov oblast – 6.4% 2. Voronezh oblast – 6.2% 3. Tatarstan Republic – 5.9% 4. Rostov oblast – 5.8%* 5. Kursk oblast – 5.1% 6. Lipetsk oblast – 4.9% 7. Bashkortostan Republic – 4.8% 8. Belgorod oblast – 3.9% 9. Omsk oblast – 3.7% 10. Orel oblast – 3.6% 11. Ryazan oblast – 3.1% 12. Chelyabinsk oblast – 2.7% 13. Orenburg oblast – 2.5% 14. Volgograd oblast – 2.5%
Note: Rostov oblast also produced 7.3% (127,000 MT) of Russia's total winter barley, but its spring barley production (888,000 MT) was bigger than winter barley.	

Location of corn production in 2015

In 2015 Russia produced 13.17 MMT of corn, and the leader in corn production was Krasnodar kray, where 25 percent of corn crop was produced. The other ten corn producing provinces accounted for 56 percent of Russia's corn production. Thus, 81 percent of Russian corn was produced in 11 provinces of the European Russia.

Chart 7. Location of corn production in 2015

Pink	2.5% - 5%
Red	5% - 10%*
Dark Red	>10%

Highest Corn Production by Province

1. Krasnodar kray – 25.3%
2. Voronezh oblast – 8.7%
3. Belgorod oblast – 7.6%
4. Kursk oblast – 6.5%
5. Stavropol kray – 6.3%
6. Kabardino-Balkariya – 5.8%
7. Tambov oblast – 5.4%
8. Rostov oblast – 4.9%
9. Lipetsk oblast – 4.6%
10. North Osetiya (Alania) – 3.5%
11. Orel oblast – 3.2%

Consumption:

FAS/Moscow forecasts Russia's total grain consumption at 72.1 MMT, or 1.1 MMT more than the estimated total grain consumption in MY 2015/16. The increase in domestic grain consumption is due to an increase in both feed consumption, from an estimated 35.94 MMT in MY 2015/16 to 36.4 MMT in MY 2016/17, and an increase in the consumption of food/seeds/industrial spheres, from an estimated 35.1 MMT in MY 2015/16 to 35.7 MMT in MY 2016/17. Wheat consumption is forecast to account for 51 percent of total grain consumption, including 38.5 percent of feed consumption and almost 64.5 percent of food/seed/industrial consumption. The share of wheat in feeds and food consumption did not change significantly from MY 2015/16.

<u>Feed</u>

Feed consumption is forecast to increase by 1.3 percent to 36.4 MMT primarily due to an expected increase the grain component in compound feeds, because protein/vitamin mixtures are more expensive. Also, with the abundance of grain, less efficient poultry and livestock producers may increase grain consumption for feed.

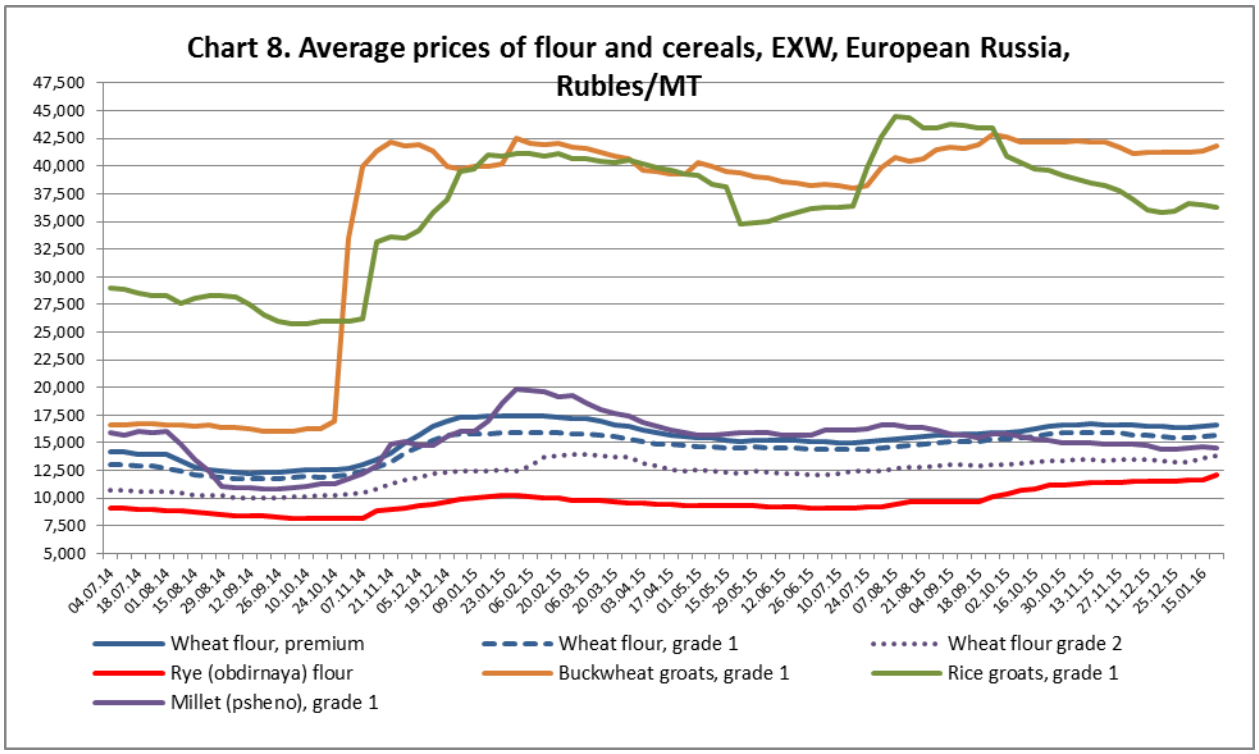
Food

Domestic consumption of grain and pulse products has been influenced by the Russian economic situation in 2014 and 2015. The economic crisis started with a sharp ruble depreciation in November and December 2014, followed by high ruble volatility, accelerated inflation, and increased interest rates. Total consumer expenditures fell by 9.9 percent in 2015 as GDP dropped 3.7 percent and real disposable income fell 4 percent. According to the Central Bank of Russia, inflation in 2016 will decrease to 6-7 percent. Other sources forecast inflation at 7-8 percent in 2016. The deficit target of the GDP in 2016 is 3 percent, although industry analysts consider that Russia will not be able to keep to this government target, and the deficit will be over 3 percent of the GDP.

FAS/Moscow forecasts that total grain consumption will increase by 1.7 percent to 35.7 MMT: wheat and corn food consumption will remain the same as last year (23.0 MMT and 1.0 MMT respectively), while consumption of barley, rye, rice, oats and pulses will increase slightly. The basis for this increase is stagnating incomes of the Russian population and the generally tight economic situation. Such conditions stimulate an increase in the consumption of staple cereals, such as oat, millet and barley, buckwheat, rice, and peas. Demand for these cereals and pulses increased along with increasing prices. Thus, the price of dry beans in CY 2015 increased by 80.7 percent (from 106 rubles per 1 kg to 193 rubles per 1 kg), the price of peas and rice increased by almost 50 percent (from 63 rubles/kg to 98 rubles/kg and 98 rubles/kg to 145 rubles/kg, respectively). The price for wheat flour increased 25 percent, from 35 rubles/kg to 44 rubles/kg. The price for pasta increased by 18 percent, from 84 rubles/kg to 99 rubles/kg, and the price for buckwheat increased by 13 percent, from 148 rubles/kg to 166 rubles/kg. At the same time, the price for white bread increased by 10 percent from 55 rubles/kg to 60 rubles/kg. These price increases followed closely on the heels of significant price increases for buckwheat and rice in 2014. Despite the growth in consumer prices for cereals (Chart 8), industry analysts estimate that consumption of these products also increased.

A variety of different factors determine the price growth of different cereals, including rumors of decreased production (that happened with buckwheat price in 2014/15), ruble devaluation, and export demand[18]. However, these price increases did not affect consumption of these staple food products, and according to industry analysts, their share in food consumption even increased, while the share of vegetables, fruits, meat, fish and dairy products decreased.

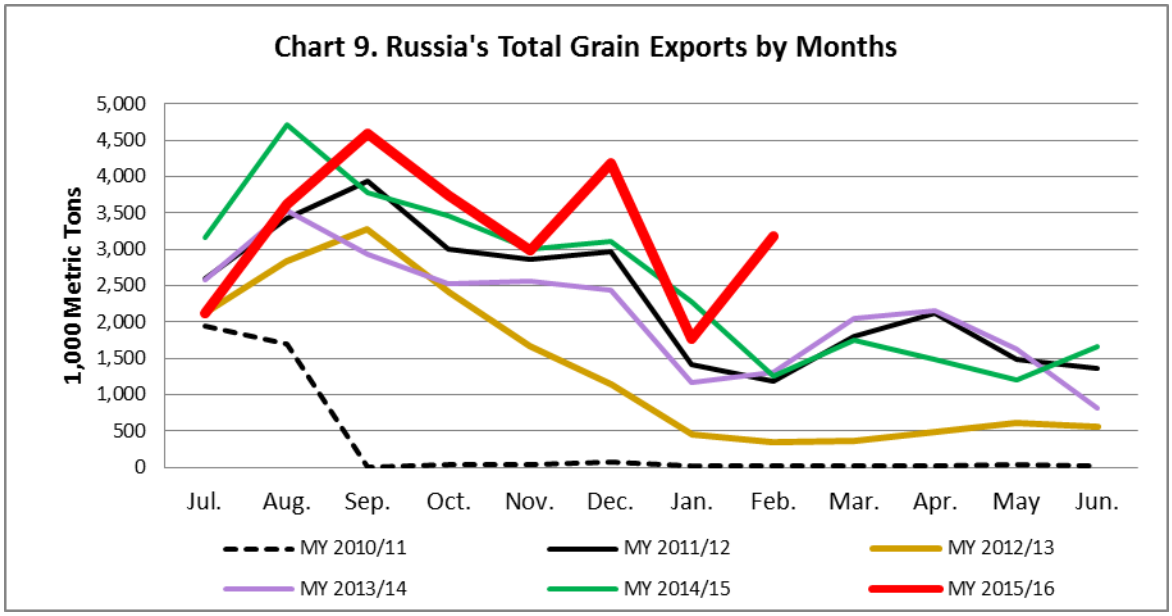
[18] http://www.ikar.ru/press/2307.html



Source: ProZerno

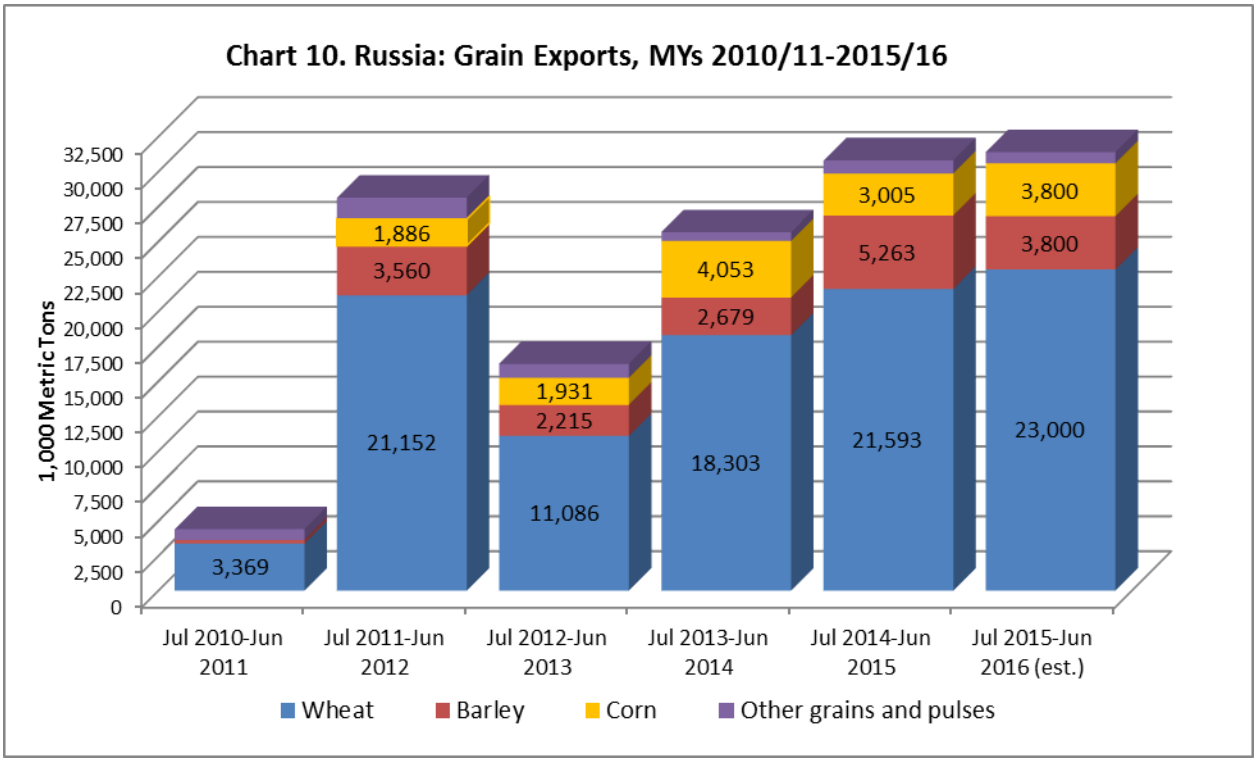
Trade:
Post forecasts Russia's total grain exports in MY 2016/17 at 30.2 MMT, 1.36 MMT lower than the estimated grain and pulses exports in MY 2015/16. The forecasted decrease in exports from the historic high exports in MY 2015/16 is based on the assumption that the MY 2016/17 grain crop will be lower than in MY 2015/16, and that competition in the foreign grain markets will increase. This competition will be fanned by high world grain production and stocks forecasts for MY 2016/17, possible stabilization of the Russian ruble exchange rate, and the expected preservation of the wheat export duty. The volatility of the Russian ruble exchange rate will continue to be the determining factor in the speed and volumes of Russia's grain exports. Post estimates Russia's grain exports in MY 2015/16 at 31.6 MMT, including 23 MMT of wheat and wheat flour (in grain equivalent), 3.8 MMT of barley, 3.8 MMT of corn, 0.19 MMT of rice (milled), and 0.77 MMT of other grains and pulses. From July 2015 through February 2016, Russia exported 19.2 MMT of wheat (including 232,000 MT of wheat flour in grain equivalent), 3.6 MMT of barley, over 2.7 MT of corn, and almost 0.7 MMT of other grains and pulses. The total monthly exports of grain and wheat, barley and corn in MYs 2010/11 through February of marketing year 2015/16 are provided in Charts 9, 11, 14, and 16. The Russian Minister of Agriculture estimates Russia's grain exports in MY 2015/16 at 33 MMT[19].

[19] Interfax, April 13, 2016 (Tkachev in Krasnogorsk)



Source: Russian State Customs Service.
Note: In MY 2015/16, the monthly fluctuation in exports reflected the changes in the wheat export duty and the changes in the rubles/U.S. dollar exchange rate. Thus, an atypical increase in exports in February 2016 was primarily caused by a new wave of ruble depreciation (Chart 13).

Post estimates barley and corn exports in MY 2015/16 lower than USDA's official estimates: 3.8 MMT vs 4.0 MMT of USDA estimate for barley, and 3.8 MMT vs 4.1 MMT of USDA estimate for corn. For barley FAS/Moscow considers that since the 2015 barley crop was relatively low and possible stabilization of the ruble exchange rate, barley exports from March to June 2016 will not be high. As for corn exports, FAS/Moscow considers that in the next remaining months of the corn marketing year (March to September 2016) domestic demand for corn for feeding will be rather high, and assuming stabilization of the ruble exchange rate, monthly corn exports will be lower than in previous months.



Source: Russian Customs

Russia's port capacity

According to industry sources, the nominal capacity of Russian ports for grain exports is estimated at 40 MMT, larger than annual grain exports. Table 5 shows the capacity of Russia's ports for grain exports. Sea ports nearly year around, while the shallow ports of Azov-Black Sea basin are usually closed in the winter months of January and February. Thus, traders still export the bulk of grain in the first four months of the grain marketing (July – October). However, in MY 2016/17 there were large volumes of exports that continued through December 2015, and in February 2016, distributing grain shipments more smoothly across all months.

Table 5. Capacity of Russian ports for handling grain in 2015

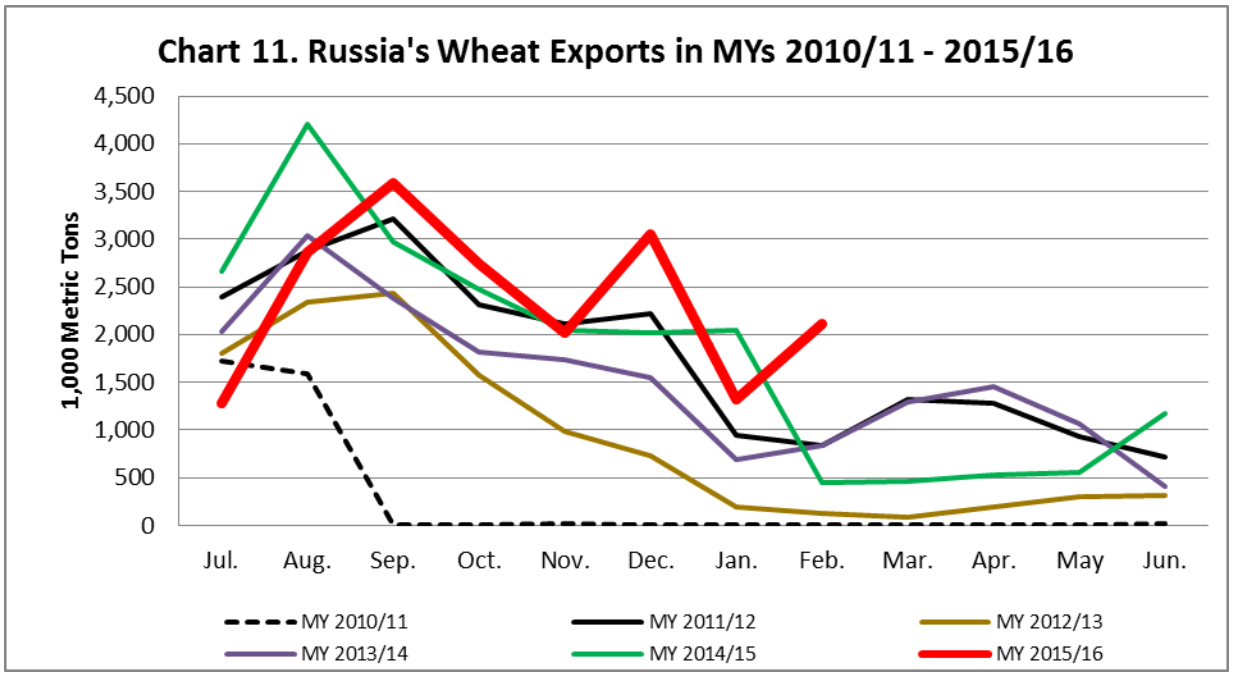
	Peak (maximum) capacity in the last 6 years	Nominal capacity
TOTAL	32,619	37,600
Black Sea ports		
- Novorossiysk	11,807	13,500
- Tuapse	1,966	2,000
- Taman	3,033	3,500
Volga-Don and Azov Sea Basin		
- Rostov-on-Don	3,815	4,200
- Azov	4,186	4,500
- Eysk	1,944	2,100
- Kavkaz (harbor transshipment complex)	258	0
- Taganrog	787	800
- Temryuk (harbor transshipment complex)	230	0
- Other Volga-Don ports	2,100	2,300

Caspian Sea ports		
- Astrakhan	1,000	1,000
- Olya	300	300
- Makhachkala	194	200
Russian ports of Baltic Sea		
- Shipovka	804	2,000
- Port elevator	106	200
Far East (Vladivostock)	89	1,000

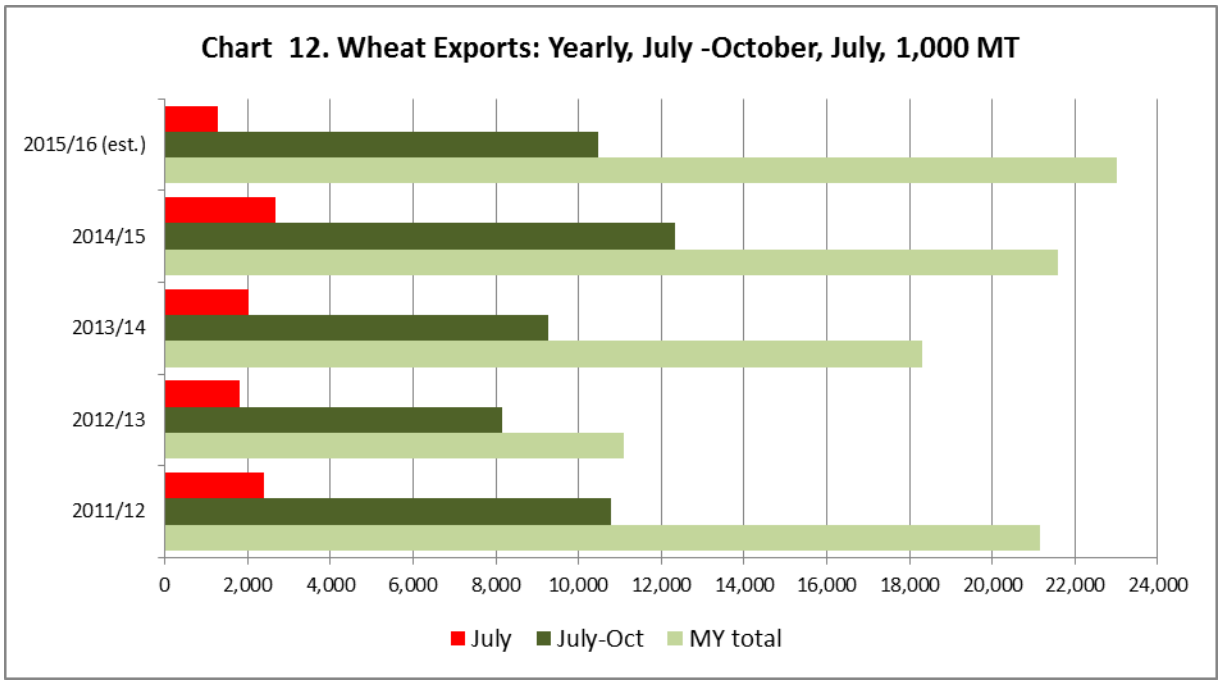
Source: Rusagrotranse (presentation at SovEcon seminar March 24, 2016)

Wheat

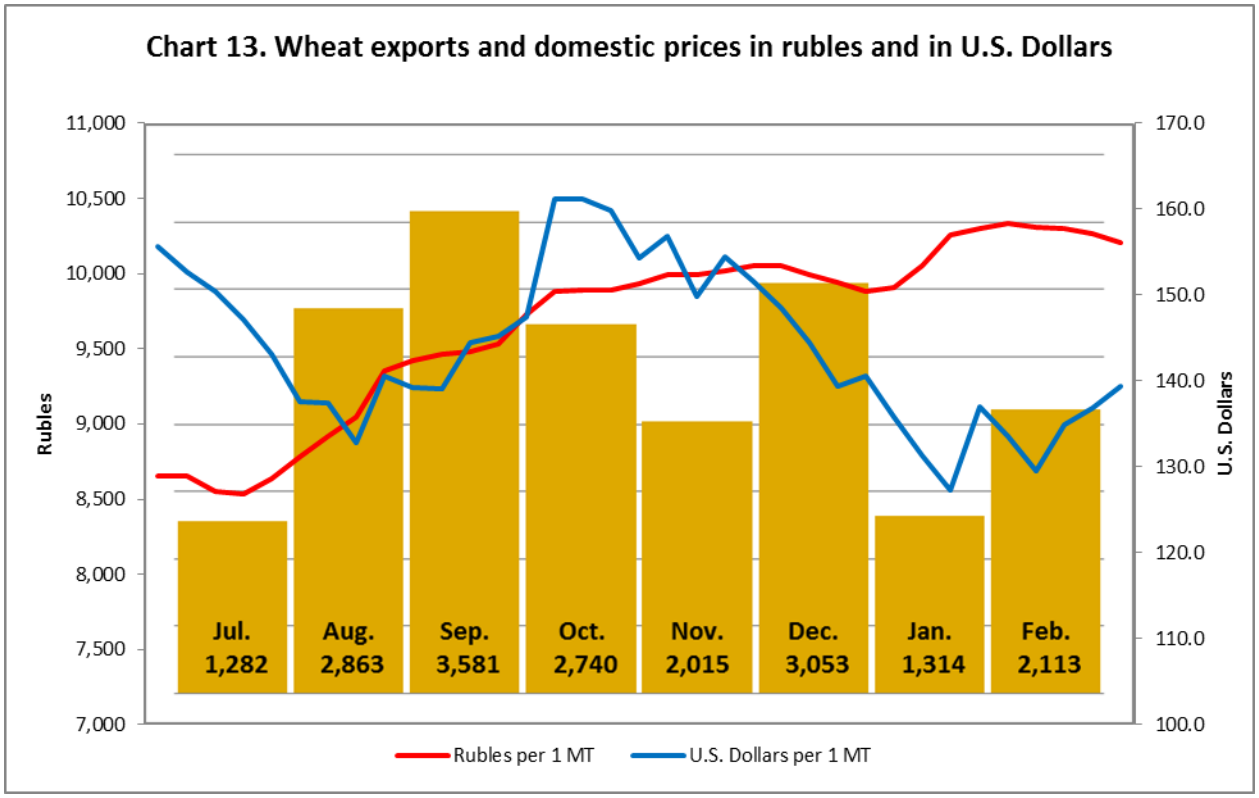
Post forecasts wheat exports (including flour in grain equivalent) in MY 2016/17 at 22.0 MMT, a 4 percent decrease from estimated wheat exports in MY 2015/16. The forecast is based on the assumption that the wheat crop in 2016 will be lower than in 2015, ruble volatility in MY 2016/17 will not be as volatile as in MY 2015/16, the exchange rate will be more stable, and competition in the world wheat markets will remain strong. In MY 2015/16, the monthly levels of wheat exports are very dependent on the exchange rates: stabilization of the ruble in the fall of 2016 slowed exports in October-November 2015, while the wave of ruble depreciation from January to February 2016 caused an atypical spike in wheat exports in February 2016 (Charts 11 and 13).



Source: Russian Customs

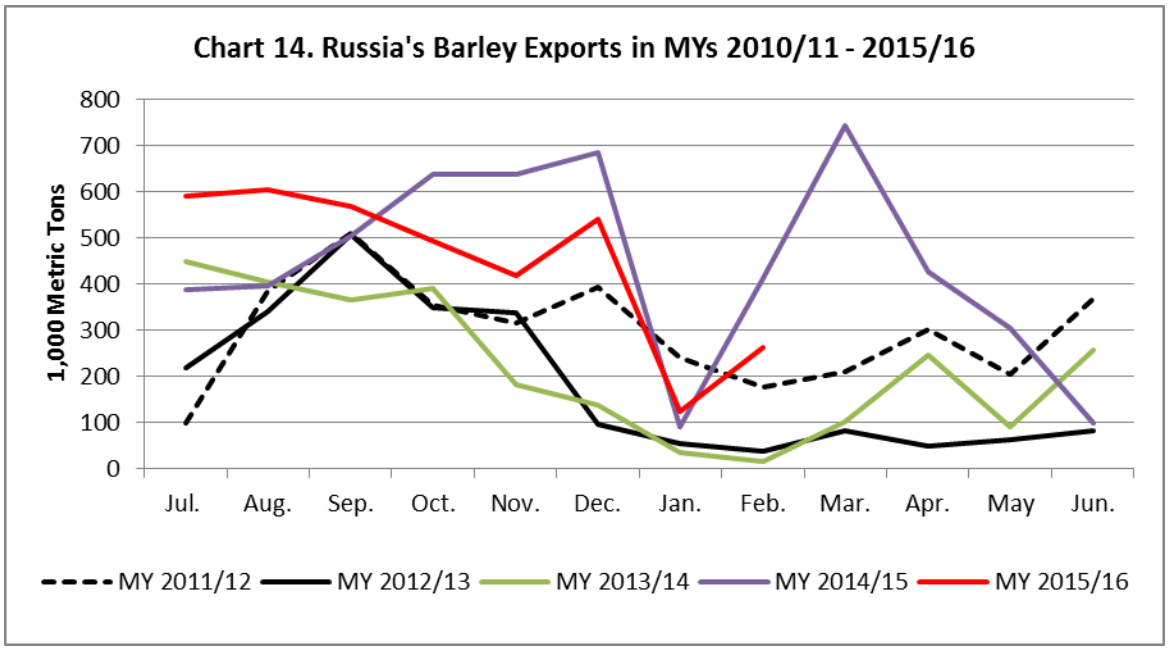


Source: Russian Customs

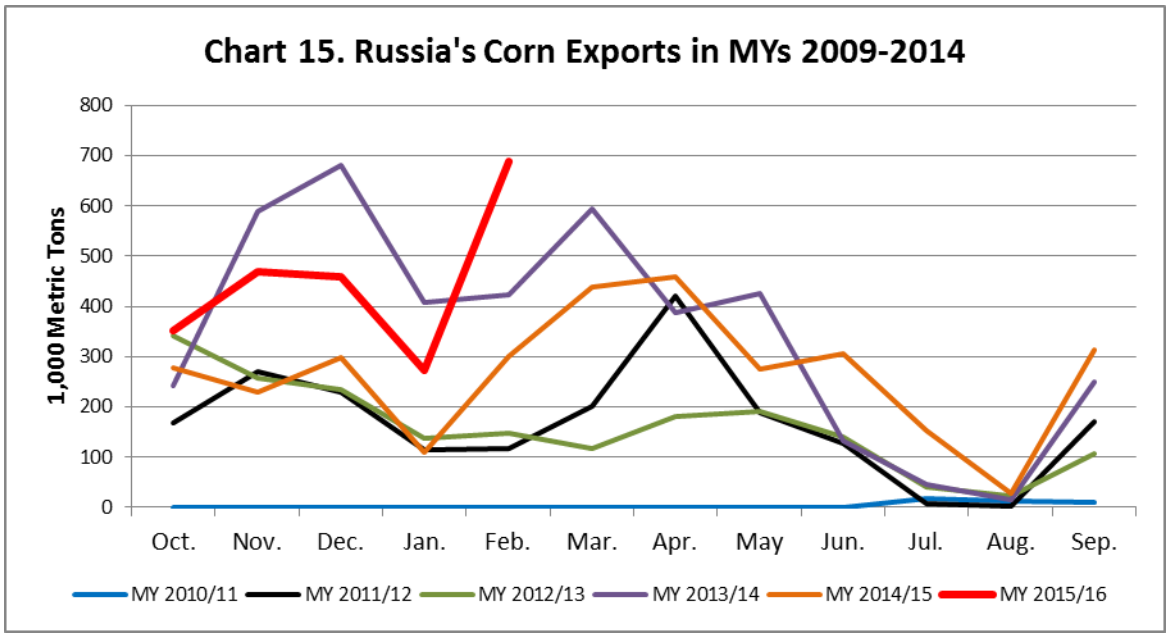


Despite the high volume of grain exports, the dollar-value of Russian grain exports dropped. During the period July 2015 through January 2016, the volume of Russian exports of all cereals (HS customs code 10) decreased by 3 percent, to 22.66 MMT compared with 23.36 MMT in the same period in MY 2014/15. However, in value terms, the same exports dropped by 26 percent (from $5.27 billion to $3.90

billion) although the structure of exported grain was almost the same. Moreover, while the increase in exports in December was supported by the devaluation of the Russian ruble versus the U.S. dollar, the world market price of grain also decreased. Therefore, the value of exported grain decreased. The soft Russian ruble supported not only the flow of exports, but also the domestic prices in rubles for grain, especially wheat (Chart 24).



Source: Russian Customs

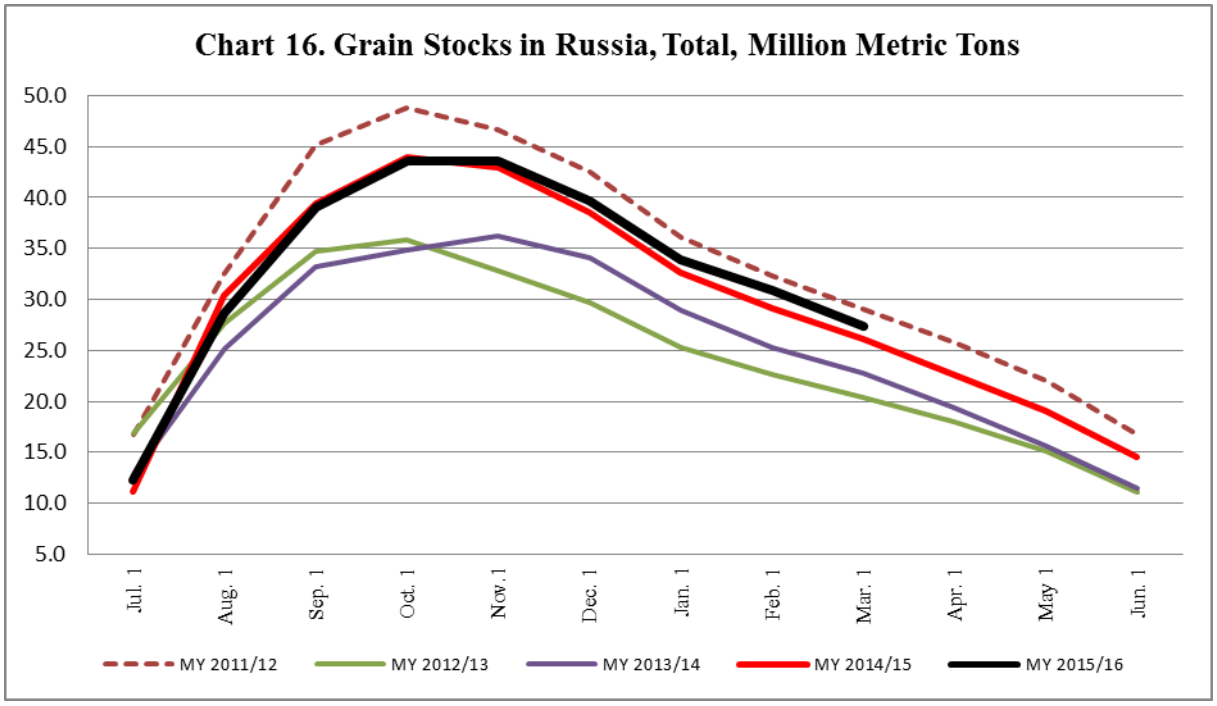


Source: Russian Customs

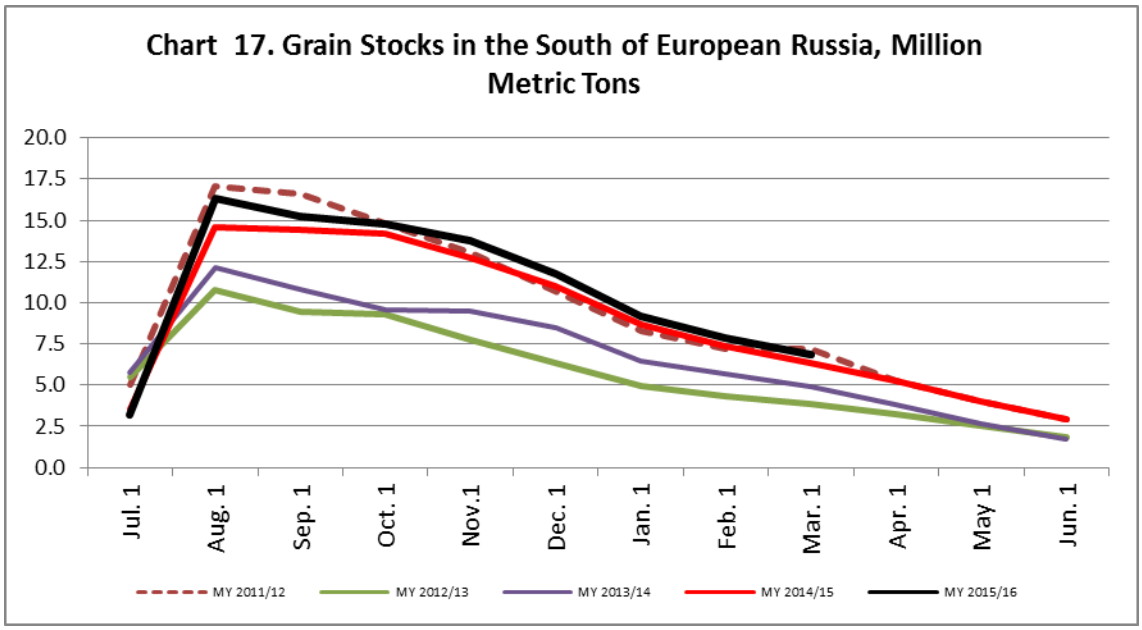
Stocks:

Despite the speedy grain exports in the first seven months of MY 2015/2016 (July 2015– February

2016)[20], as of March 1, 2016, Russia's grain stocks were the second highest in the last 5 years (Chart 16). Stocks in southern European Russia, the major exporting region, were also the second highest in the last 5 years (Chart 17). Wheat stocks at assembling and processing enterprises were also the second highest in the observed 5 year period (Chart 18).

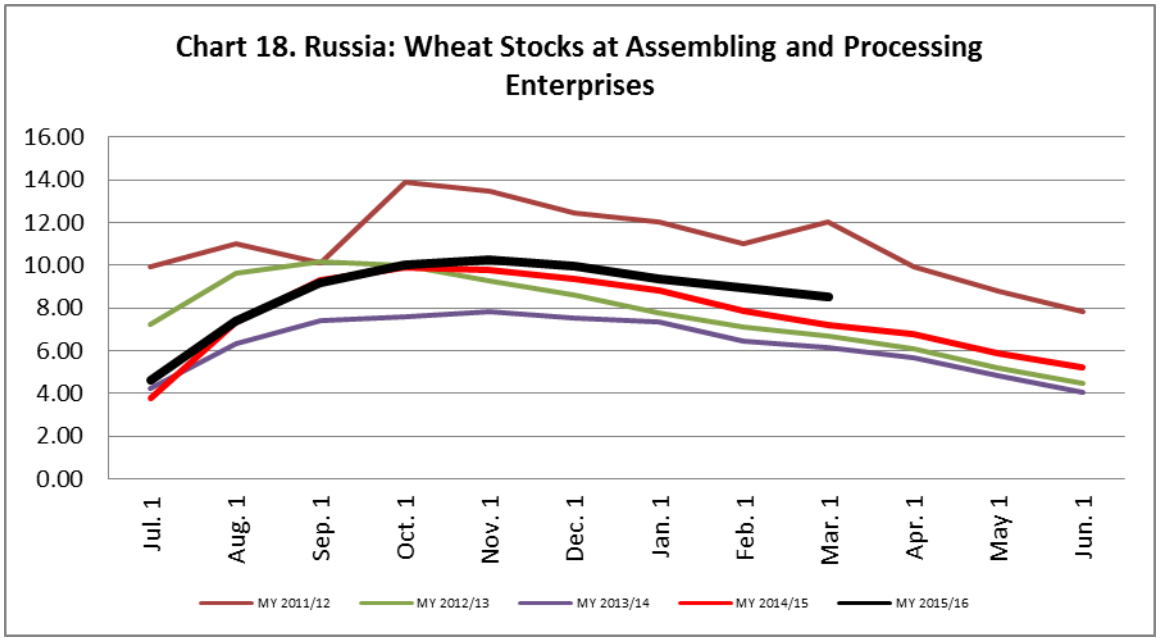


Source: Rosstat



Source: Rosstat

[20] See section "Trade" of the current report.



Source: Rosstat

Policy:

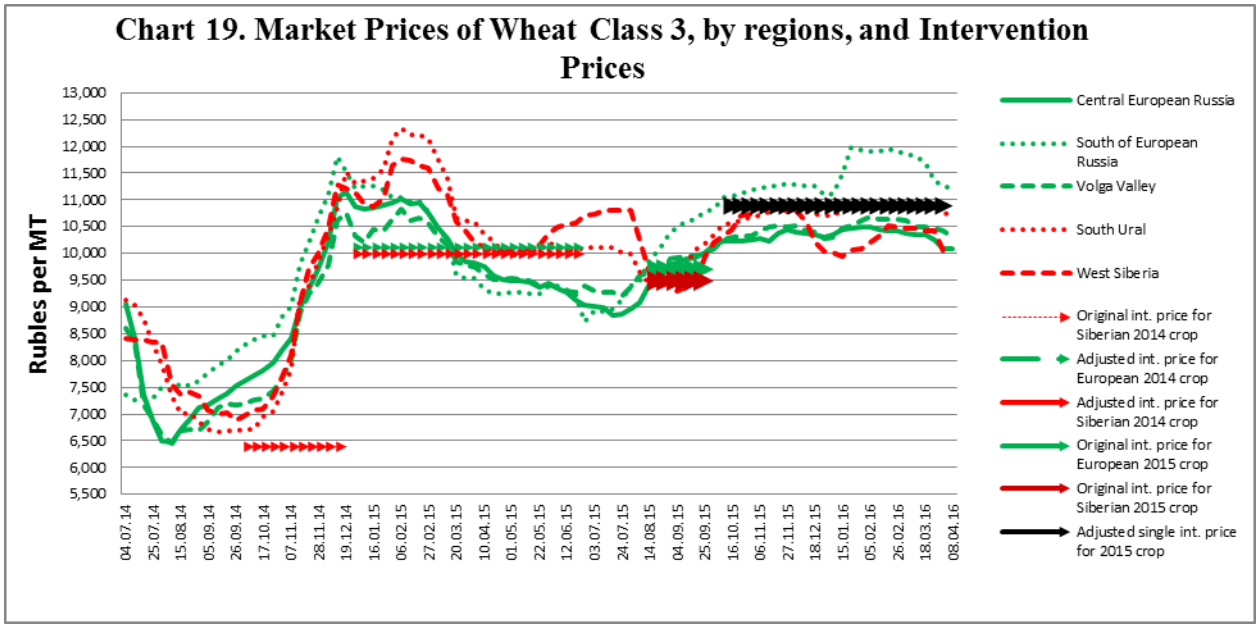
The export duty on Russian wheat is 50 percent of customs value, minus 6,500 rubles, but not less than 10 rubles per 1 MT (for more information see GAIN reports Wheat Export Duty Amended_10-2-2015.pdf and Grain and Feed Update_1-27-2016.pdf). In January and February 2016, Russian officials discussed the future of the export duty on wheat, and in early January 2016, the Deputy Minister of Agriculture conjectured that the export duty on wheat may be changed. However, so far changes have not been made, and there is no information on the direction of possible future changes. Industry analysts consider that the export duty in the present condition reflects the balance of interests between the livestock and poultry producers, who are interested in lower domestic prices of wheat for feeding purposes, and by grain producers and exporters. Along with the stabilization of the ruble in March-April 2016, domestic grain prices began decreasing (Chart 22), but prices in U.S. dollars were lower (Chart 23). As of end of the first week of April 2016, the price of milling wheat (CPT Russian Black Sea ports) was approximately 12,000 rubles per MT, which still allowed exports at minimum export duty.

After the Government increased prices for purchases of grain to the State Intervention Fund (for more information see GAIN report (Intervention Prices for 2015 Crop Increased_10-19-2015.pdf), farmers increased sales of grain to the Intervention Fund. However, in spring 2016 sales of grain to the intervention fund slowed down, and the Ministry of Agriculture announced that cessation of purchases of grain to the intervention fund on April 6, 2016 (Chart 21). From the beginning of interventions in August 2015, the Government purchased 1.7 MMT of grain for 17.69 billion rubles ($252.7 million), including 879,120 MT of wheat Class 3, 682,849 MT of wheat Class 4, 100,440 MT of feed wheat Class 5, 17,685 MT of food quality rye, and 20,520 MT of fodder barley.

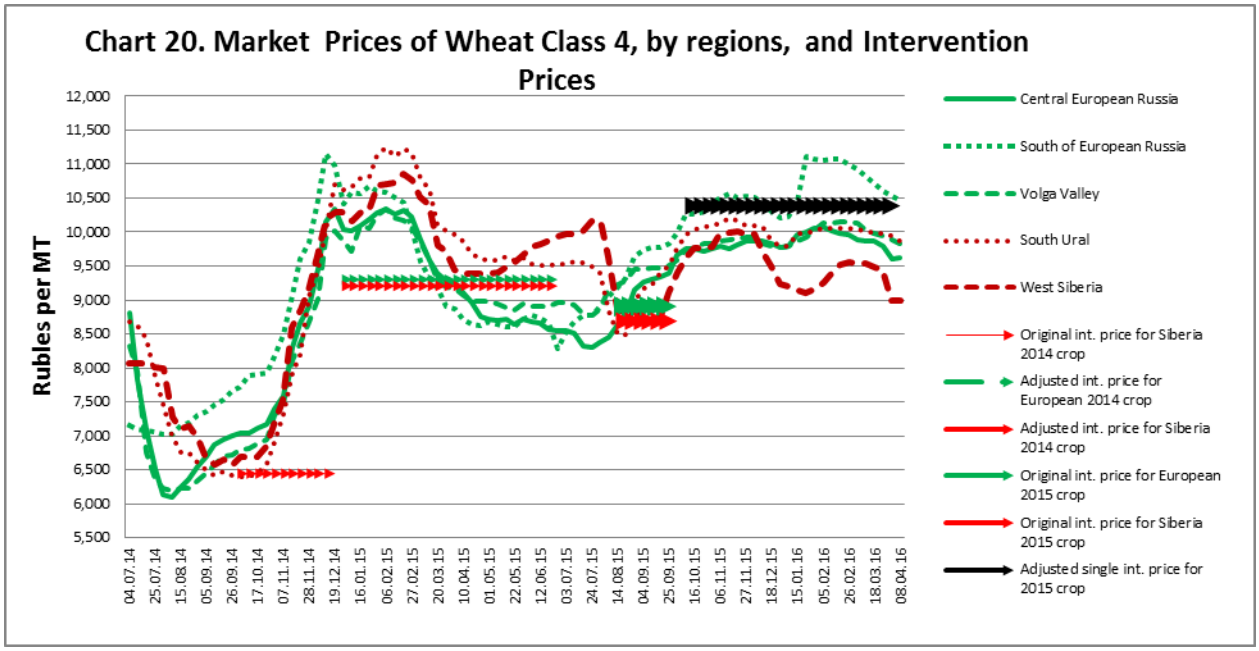
In the last 3 months, intervention purchases were made exclusively in Siberia, where farmers were not able to sell their grain abroad because of the high cost of logistics and because of competition with grain from Kazakhstan. Farmers in Siberia kept wheat prices high; higher than intervention prices, but sales

to the intervention fund were the only option for many farmers. Industry analysts consider that intervention purchases of grain in Siberia and Ural stopped because the facilities for storing intervention grain in these territories were full.

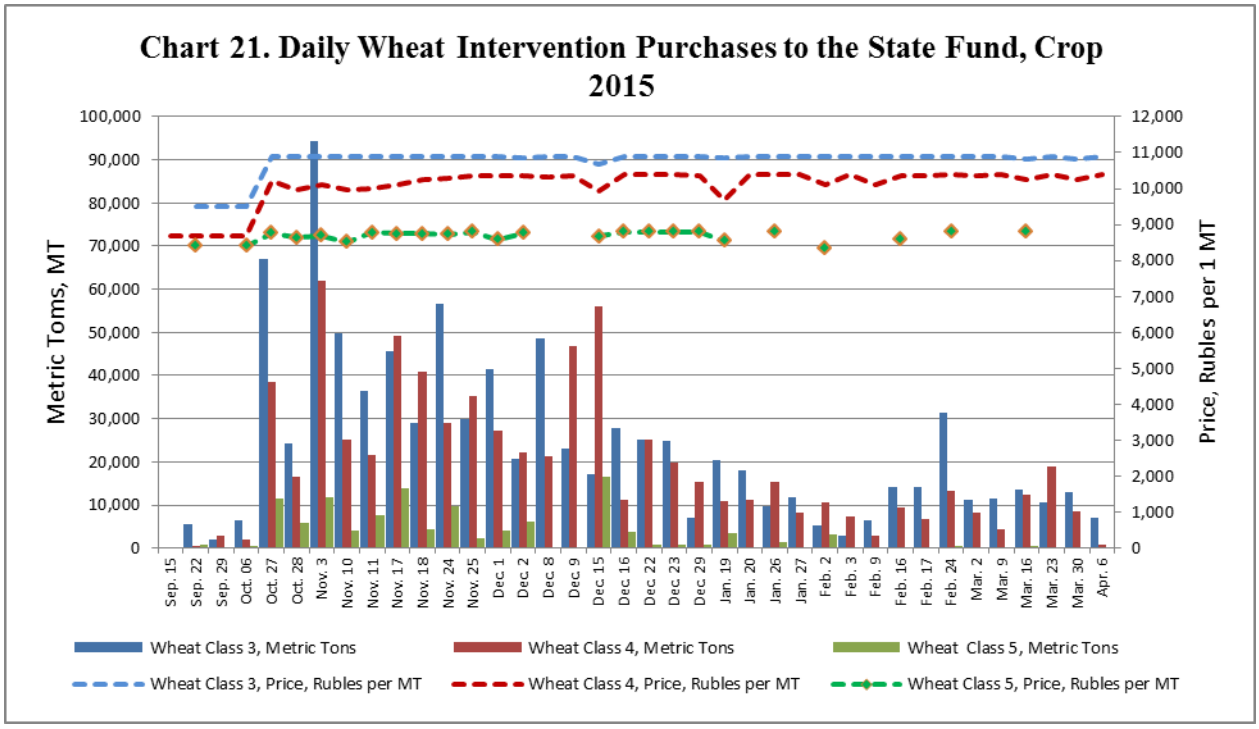
The Russian government increased the grain export targets to 35 MMT, and even 40 MMT in the next decade. The development of foreign markets for Russian grain was set as a priority by the Ministry of Agriculture, and involves negotiations on the phytosanitary issues with Asian and some African countries.



Source: ProZerno



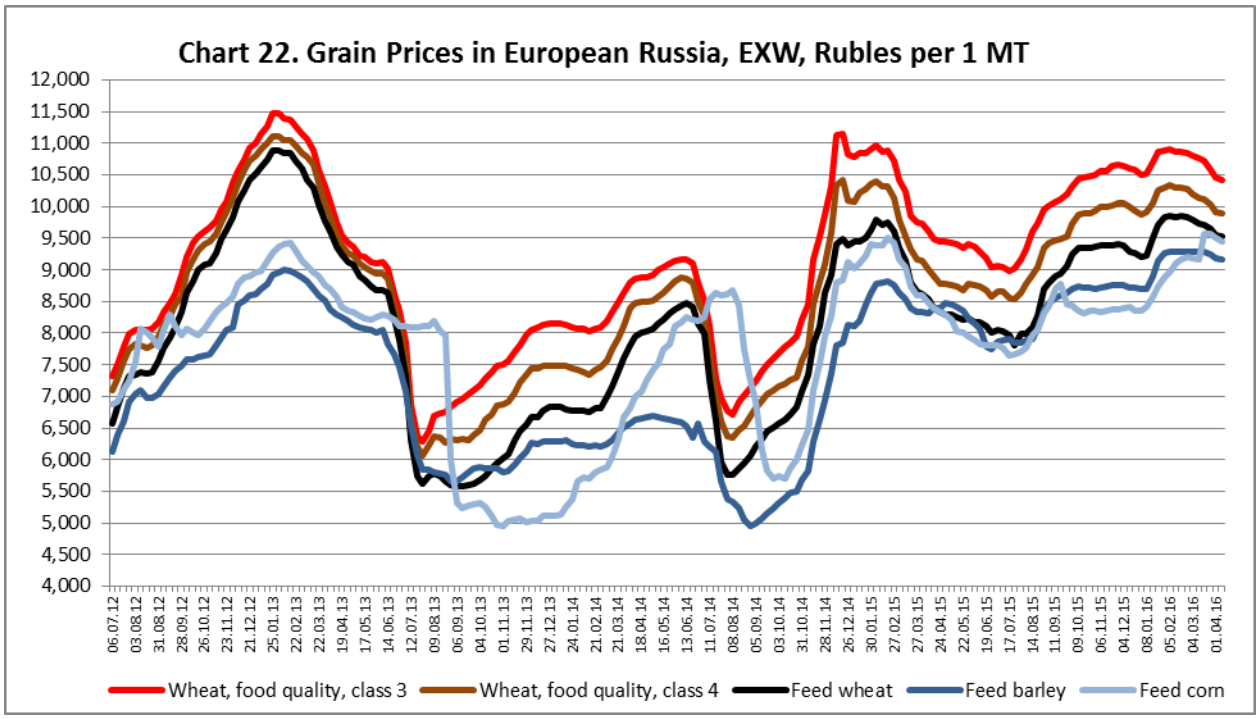
Source: ProZerno



Source: FAS/Moscow based on the www.namex.org data/

Marketing:

The volatility of the Russian ruble and changes in the intervention prices for wheat were the major driving factors of grain prices in MY 2015/16. Grain prices changes in MYs 2012/13 - 2015/16 are provided in the charts below.



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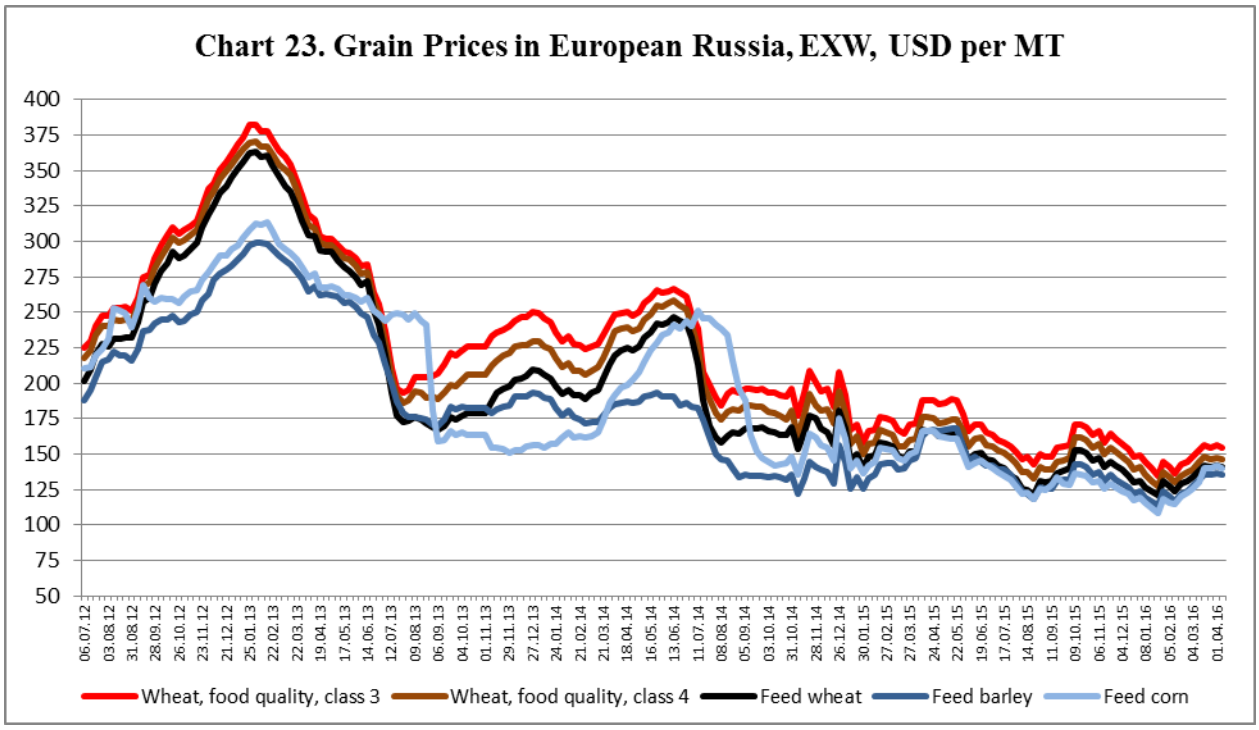

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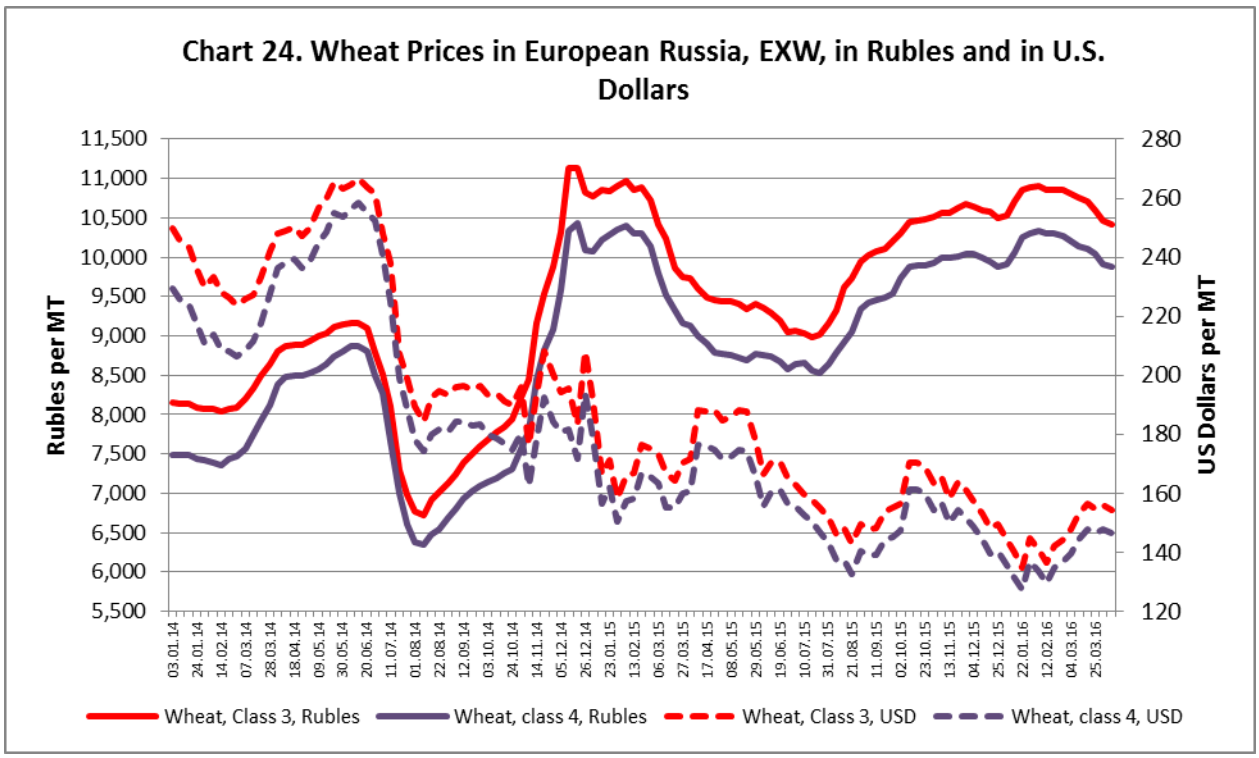

Source: ProZerno

Production, Supply and Demand Data Statistics:

PSD for Wheat

Wheat	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	23636	23636	25577	25577	0	25000
Beginning Stocks	5177	5177	6285	6285	0	8029
Production	59080	59080	61044	61044	0	58000
MY Imports	328	328	700	700	0	500
TY Imports	328	328	700	700	0	500
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	64585	64585	68029	68029	0	66529
MY Exports	22800	22800	23000	23000	0	22000
TY Exports	22800	22800	23000	23000	0	22000
Feed and Residual	13000	13000	14000	14000	0	14000
FSI Consumption	22500	22500	23000	23000	0	23000
Total Consumption	35500	35500	37000	37000	0	37000
Ending Stocks	6285	6285	8029	8029	0	7529
Total Distribution	64585	64585	68029	68029	0	66529
(1000 HA) ,(1000 MT)						

PSD for Barley:

Barley	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	8803	8803	8042	8042	0	8000
Beginning Stocks	904	904	1533	1533	0	1016
Production	20026	20026	17083	17083	0	18000
MY Imports	39	39	100	100	0	100
TY Imports	16	16	100	100	0	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	20969	20969	18716	18716	0	19116
MY Exports	5336	5336	4000	3800	0	4000
TY Exports	5807	5807	3300	3100	0	4000
Feed and Residual	9200	9200	9100	9100	0	9000
FSI Consumption	4900	4900	4800	4800	0	4900
Total Consumption	14100	14100	13900	13900	0	13900
Ending Stocks	1533	1533	816	1016	0	1216
Total Distribution	20969	20969	18716	18716	0	19116
(1000 HA) ,(1000 MT)						

PSD for Corn:

Corn	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2596	2596	2671	2671	0	2700
Beginning Stocks	292	292	350	350	0	568
Production	11325	11325	13168	13168	0	12500
MY Imports	46	46	50	50	0	50
TY Imports	46	46	50	50	0	50
TY Imp. from U.S.	1	1	0	0	0	0
Total Supply	11663	11663	13568	13568	0	13118
MY Exports	3213	3213	4100	3800	0	3500

TY Exports	3213	3213	4100	3800	0	3500
Feed and Residual	7200	7200	8000	8300	0	8200
FSI Consumption	900	900	900	900	0	1000
Total Consumption	8100	8100	8900	9200	0	9200
Ending Stocks	350	350	568	568	0	418
Total Distribution	11663	11663	13568	13568	0	13118
(1000 HA) ,(1000 MT)						

PSD for Rye

Rye	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1853	1853	1249	1249	0	1400
Beginning Stocks	344	344	264	264	0	128
Production	3279	3279	2084	2084	0	2500
MY Imports	5	5	5	5	0	5
TY Imports	5	5	5	5	0	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	3628	3628	2353	2353	0	2633
MY Exports	114	114	50	50	0	100
TY Exports	121	121	50	50	0	100
Feed and Residual	550	550	225	225	0	250
FSI Consumption	2700	2700	1950	1950	0	2100
Total Consumption	3250	3250	2175	2175	0	2350
Ending Stocks	264	264	128	128	0	183
Total Distribution	3628	3628	2353	2353	0	2633
(1000 HA) ,(1000 MT)						

PSD for Oats

Oats	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3077	3077	2829	2829	0	3000
Beginning Stocks	230	230	289	289	0	196
Production	5267	5267	4527	4527	0	4800
MY Imports	1	1	0	0	0	0
TY Imports	1	1	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	5498	5498	4816	4816	0	4996
MY Exports	9	9	20	20	0	20
TY Exports	14	14	20	20	0	20
Feed and Residual	3700	3700	3000	3000	0	3100
FSI Consumption	1500	1500	1600	1600	0	1600
Total Consumption	5200	5200	4600	4600	0	4700
Ending Stocks	289	289	196	196	0	276
Total Distribution	5498	5498	4816	4816	0	4996
(1000 HA) ,(1000 MT)						

PSD for Rice, Milled

Rice, Milled	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	196	196	199	199	0	200

Beginning Stocks	84	84	48	48	0	49
Milled Production	682	682	722	721	0	722
Rough Production	1049	1049	1111	1109	0	1111
Milling Rate (.9999)	6500	6500	6500	6500	0	6500
MY Imports	165	165	190	190	0	190
TY Imports	165	165	190	190	0	190
TY Imp. from U.S.	1	1	0	0	0	0
Total Supply	931	931	960	959	0	961
MY Exports	163	163	190	190	0	190
TY Exports	163	163	190	190	0	190
Consumption and Residual	720	720	720	720	0	730
Ending Stocks	48	48	50	49	0	41
Total Distribution	931	931	960	959	0	961
(1000 HA) ,(1000 MT)						

PSD for Millet

Millet	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	397	397	440	440	0	400
Beginning Stocks	0	0	0	0	0	0
Production	489	489	565	565	0	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	489	489	565	565	0	500
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	225	225	320	315	0	250
FSI Consumption	264	264	245	250	0	250
Total Consumption	489	489	565	565	0	500
Ending Stocks	0	0	0	0	0	0
Total Distribution	489	489	565	565	0	500
(1000 HA) ,(1000 MT)						