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Russian Federation

Grain and Feed Update

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Report Highlights:

Based on the officially reported data on grain harvest progress, FAS/Moscow increased its forecast of Russia's total grain crop in MY 2014/15 by 2 million metric tons (MMT) to 101 MMT. The forecasted crop includes 57.5 MMT of wheat, 19 MMT of barley, 11.5 MMT of corn, and almost 13 MMT of other grains and pulses. Given these crop volumes and the volatility of ruble exchange rate Russia may export 28 MMT of grain, including 21 MMT of wheat, 4 MMT of barley, 2.5 MMT of corn, and from 0.5 to 0.8 MMT of other grains and pulses.

Post:
Moscow

Commodities:
Wheat
Barley
Corn
Rye
Oats
Rice, Milled
Millet

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.

Production

FAS/Moscow increased the previous (September 2014) Russia total grain crop forecast for MY 2014/15 by 2 million metric tons (MMT) to 101 MMT. This crop will be the second highest crop in the last 20 years. This forecast includes 57.5 MMT of wheat (1.5 MMT increase from the previous forecast), 19 MMT of barley (1.5 MMT increase from the previous FAS/Moscow forecast), 11.5 MMT of corn, and almost 13 MMT of other grains and pulses. Given that cold, rainy weather with spells of snow and frost, started earlier in the Central, Ural, Volga Valley and West Siberia federal districts, there is little chance that farmers will be able to harvest more wheat and barley after October 22, 2014. It is possible that some grain harvested by small farmers has not yet been reported, and the final bunker weight of harvested wheat and barley will be slightly higher than the current Ministry of Agriculture's data. Domestic market prices of wheat and barley are going up, which may mean that these additional volumes of yet not-reported grain are not significant. FAS/Moscow forecasts crop in clean weight; and for wheat and barley assumes that clean weight will be only 4 percent lower than the bunker weight. Cold rains, frost and snowfall in the third quarter of October will hamper the corn harvest in the Central federal district. Therefore, FAS/Moscow decreased its previous forecast by 1.5 MMT to 11.5 MMT.

According to the Ministry of Agriculture reports, (which include Crimea) as of October 22, 2014, Russian farmers harvested 106.3 MMT of grain¹ from 42.4 million hectares, or 94 percent of sown area. Harvested wheat crop was 60.9 MMT. Excluding Crimean production, Russia's harvested grain crop as of October 22, 2014 was 105.15 MMT, including 60.2 MMT of wheat.

As of October 22, 2014, the results of the harvest, by major grain crops, are provided in the table below.

Harvest as of October 22, 2014*			
	Harvested crop, 1,000 MT	Harvested Area 1,000 hectares	Share of planned harvest area, %

¹ During harvest the harvested crop is given in bunker weight, that is 4-7 percent higher than the final clean weight.

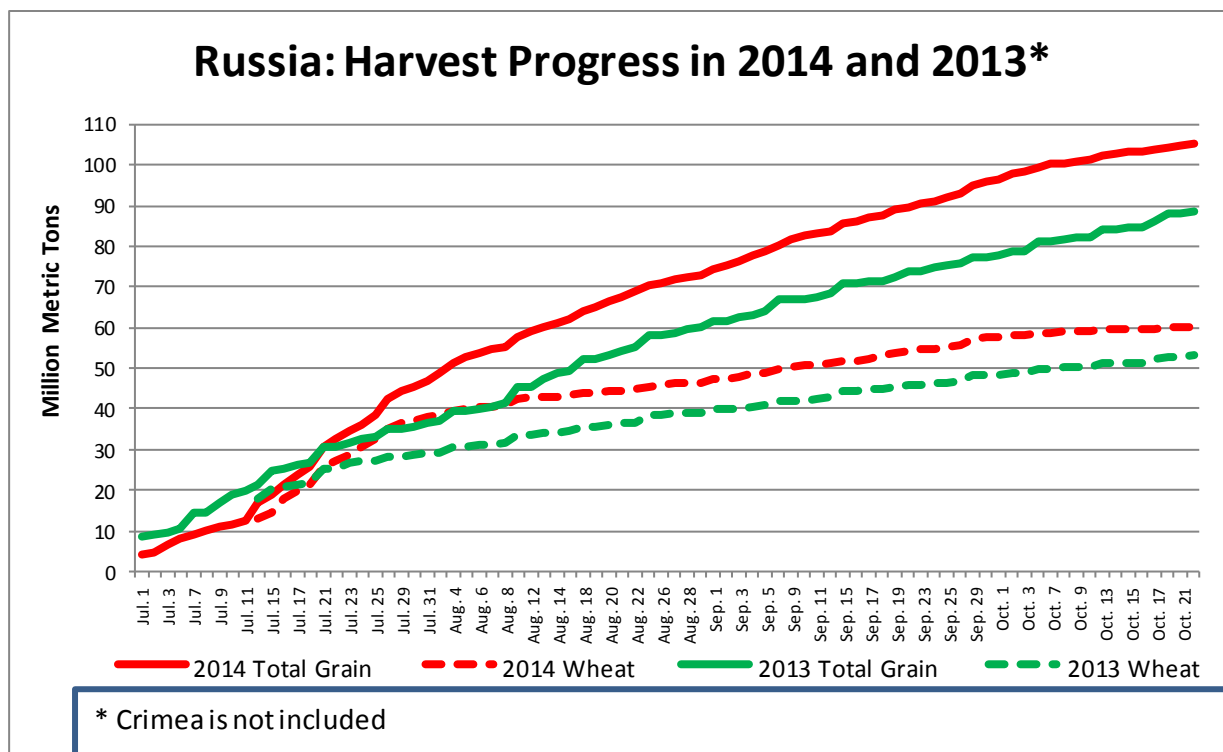
Total Grain	105,150	41,933	93.9
Wheat	60,251	22,906	93.0
Barley	20,486	8,686	97.2
Corn	8,886	1,948	73.6
* Crimea is not included			

Source: Based on the data provided by the Russian Ministry of Agriculture

According to the Russian Ministry of Agriculture, the harvested grains and pulses crop, by major federal districts (FD), as of October 22, 2014, is as follows:

- Farmers in the Southern FD (area of winter grains and corn) harvested almost 27.3 MMT of grain from 7.6 million hectares, or 97.5 percent of all area planned for harvest². The average yield was 3.57 MT per hectare, compared to 3.01 MT/HA in 2013;
- Farmers in the North Caucasus FD (area of winter grains and corn) harvested 10.2 MMT from 2.8 million hectares, or 94.0 percent of area planned for harvest. The average yield was 3.68 MT/HA, compared to 3.11 MT/HA in 2013;
- In the Central FD (area of primarily winter grains and corn) farmers harvested 26.1 MMT from 7.2 million hectares, or 95.2 percent of area planned for harvest. The average yield was 3.64 MT/HA, compared to 3.03 MT/HA in 2013;
- In the Volga Valley FD (primarily spring grains) farmers harvested 22.1 MMT of grain from 12.2 million hectares, or 98.4 percent of area planned for harvest. The average yield was 1.81 MT/HA, compared to 1.60 MT/HA on the same date last year;
- Farmers in the Ural FD (spring grains) harvested almost 4.3 MMT of grain from 2.49 million hectares, or 72.6 percent of area planned for harvest. The average yield was 1.72 MT/HA compared to 1.47 MT/HA in 2013;
- Farmers in the Siberia FD harvested 13.7 MMT of grain from 9.1 million hectares, or 92.2 percent of area planned for harvest. The average yield was 1.50 MT/HA, compared with 1.73 MT/HA in 2013.

² Area planned for harvest is sown area minus losses and area transferred for grazing



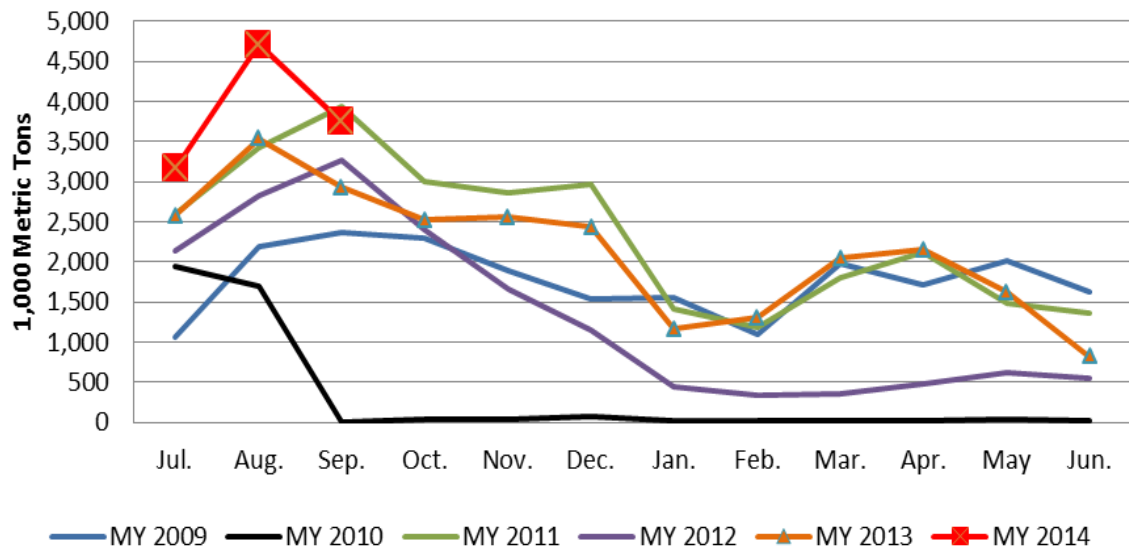
Source: Based on data provided by the Russian Ministry of Agriculture

Trade

FAS/Moscow forecast of grain exports from Russia in MY 2014/15 remains the same as in the previous report: 28 MMT. However, FAS/Moscow increased its forecast of barley exports by 1 MMT from 3 to 4 MMT, and decreased the forecast of corn exports by 1 MMT from 3.5 MMT to 2.5 MMT. Changes in forecasts are based on forecast production data which is higher than in the last report for barley production forecast and lower for corn production forecast. Russia may also export from 0.5 to 0.8 MMT of other grains and pulses.

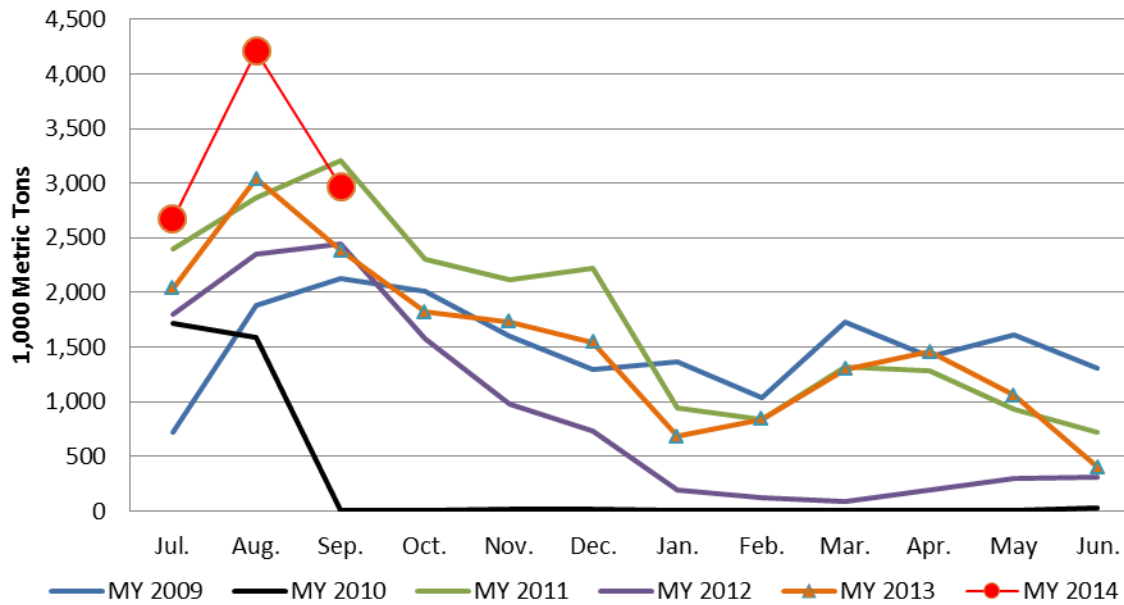
In the first 3 months of MY 2014/15 (July – September 2014) Russia exported over 11.62 MMT of grain, including 9.85 MMT of wheat, 1.28 MMT of barley and 0.31 MMT of corn. Low domestic market prices in July and August 2014, expectations of bumper grain crop, and the depreciation of the ruble against the U.S. dollar, were the main reasons for high exports in July – September 2014. Export forecasts are based on the current price situation in the world markets and the current exchange rate of ruble to the U.S. Dollar. This may change significantly in the coming months given the high volatility of this exchange rate in MY 2014/15, the stimuli to export, and the price competitiveness of Russian grain, especially wheat.

Russia's Total Grain Exports in MYs 2009 - 2013

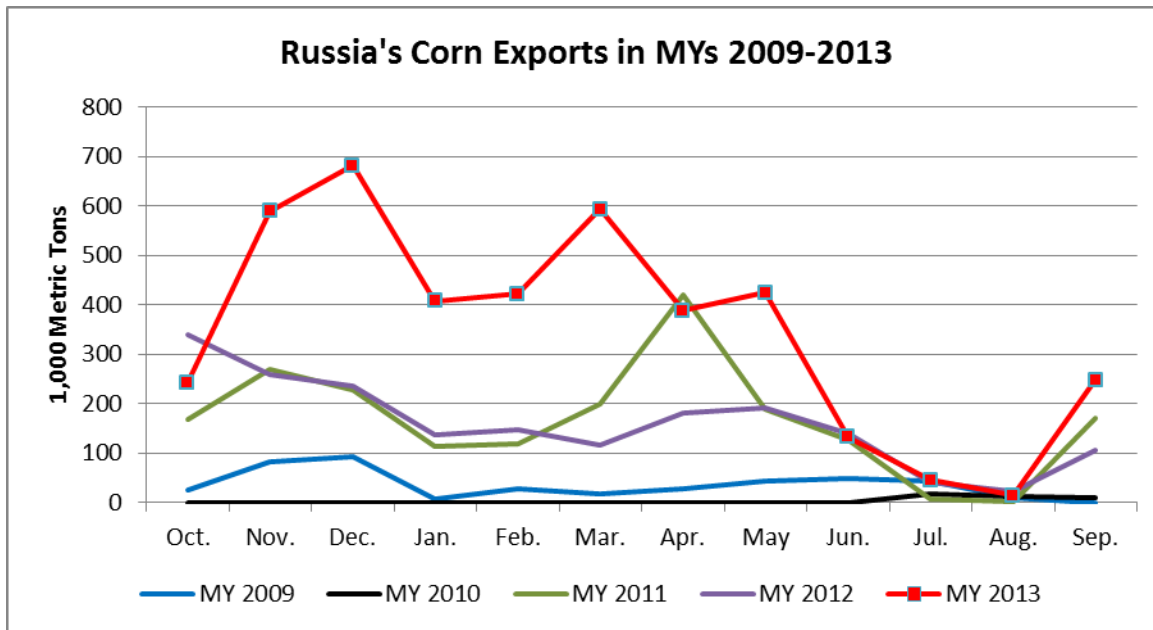


Source: Russian State Customs Service

Russia's Wheat Exports in MYs 2009 - 2013



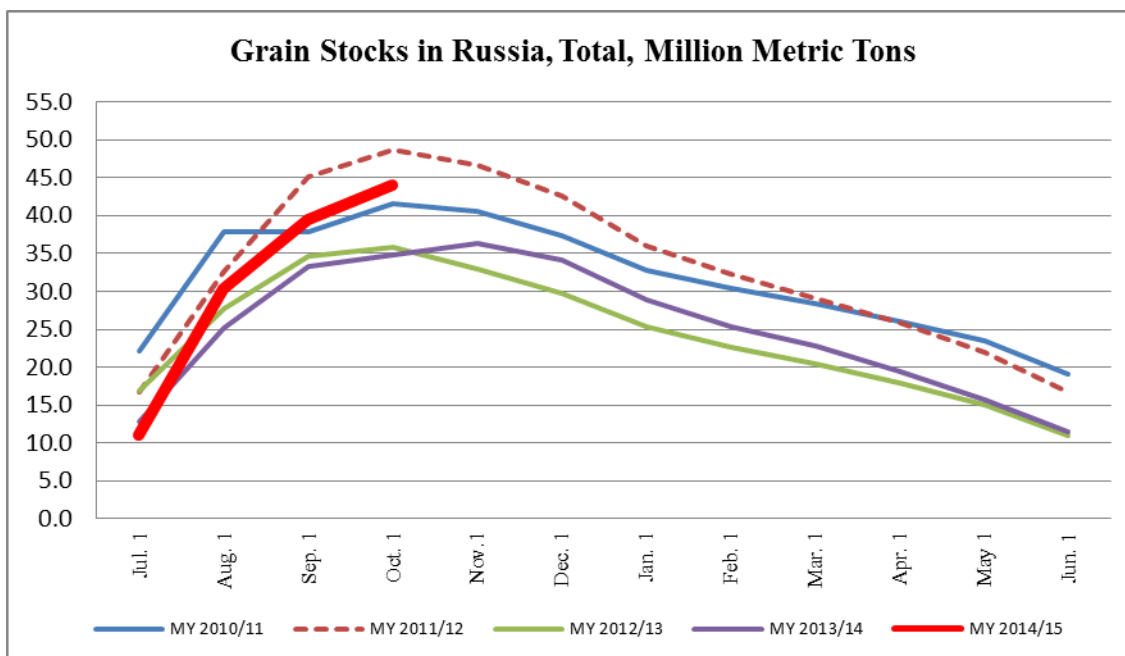
Russian State Customs Service



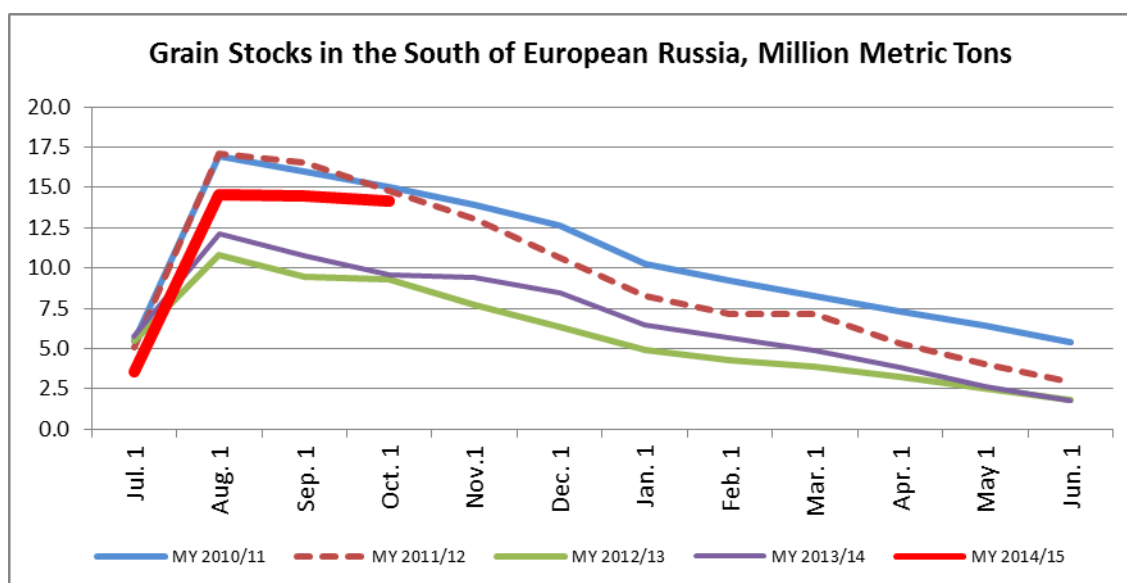
Source: Russian State Customs Service

Stocks

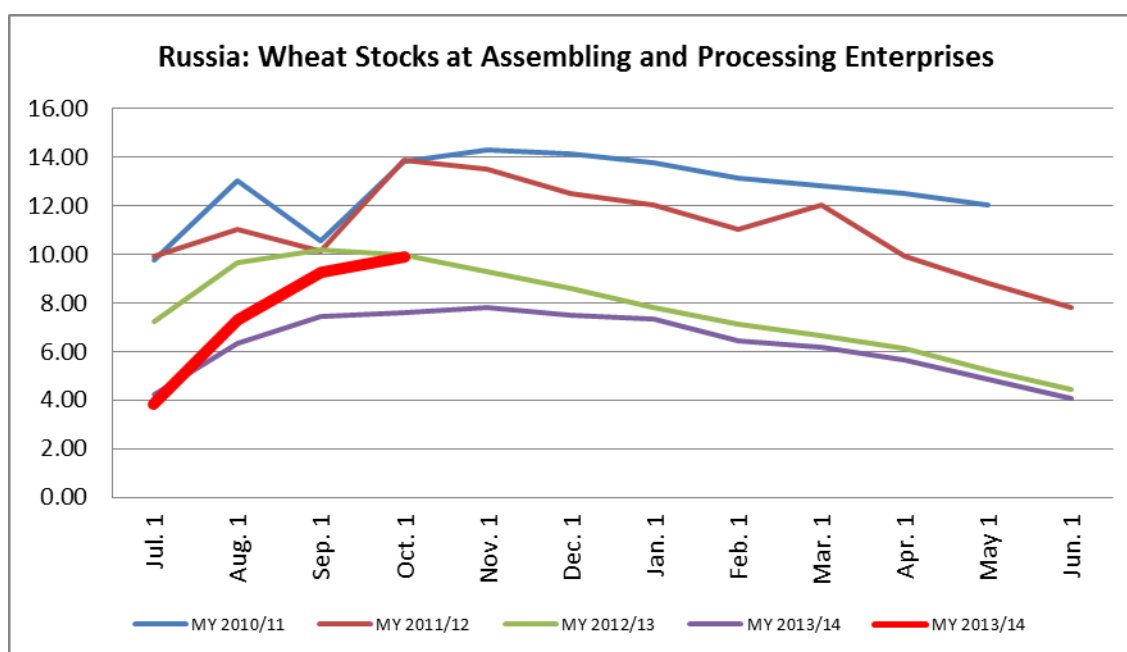
Due to good grain crop this year, grain stocks in Russia continued to grow, and were the second highest in the last 5 years. In spite of unprecedentedly high exports, grain stocks in the Southern European Russia, Russia's major grain exporting district, were close to high stock levels on the same date in 2010 and 2011. The stock levels in 2010 and 2011 were at record high levels because then export ban of August 2010 kept stocks in this exporting region at the highest levels. Wheat stocks at assembling and processing enterprises has also improved, although these stocks were still lower than levels in 2010 and 2011.



Source: Russian State Statistical Service (Rosstat)



Source: Rosstat

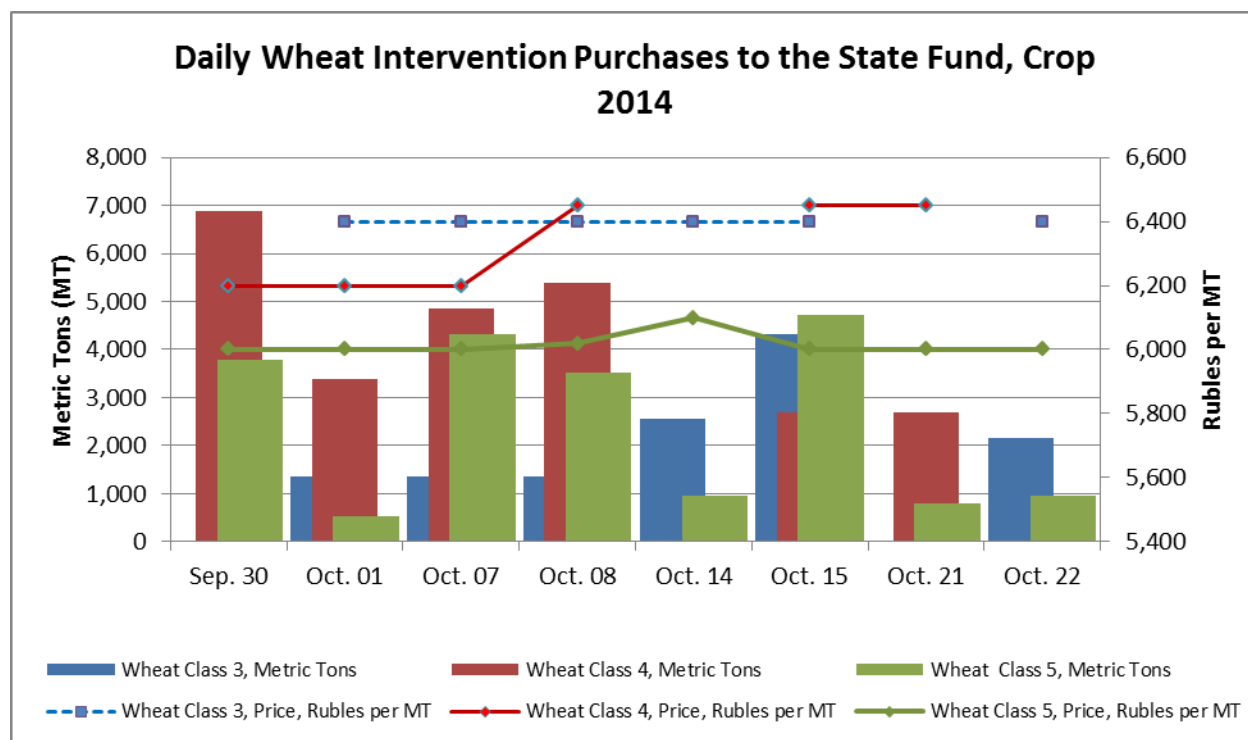


Source: Rosstat

Policy

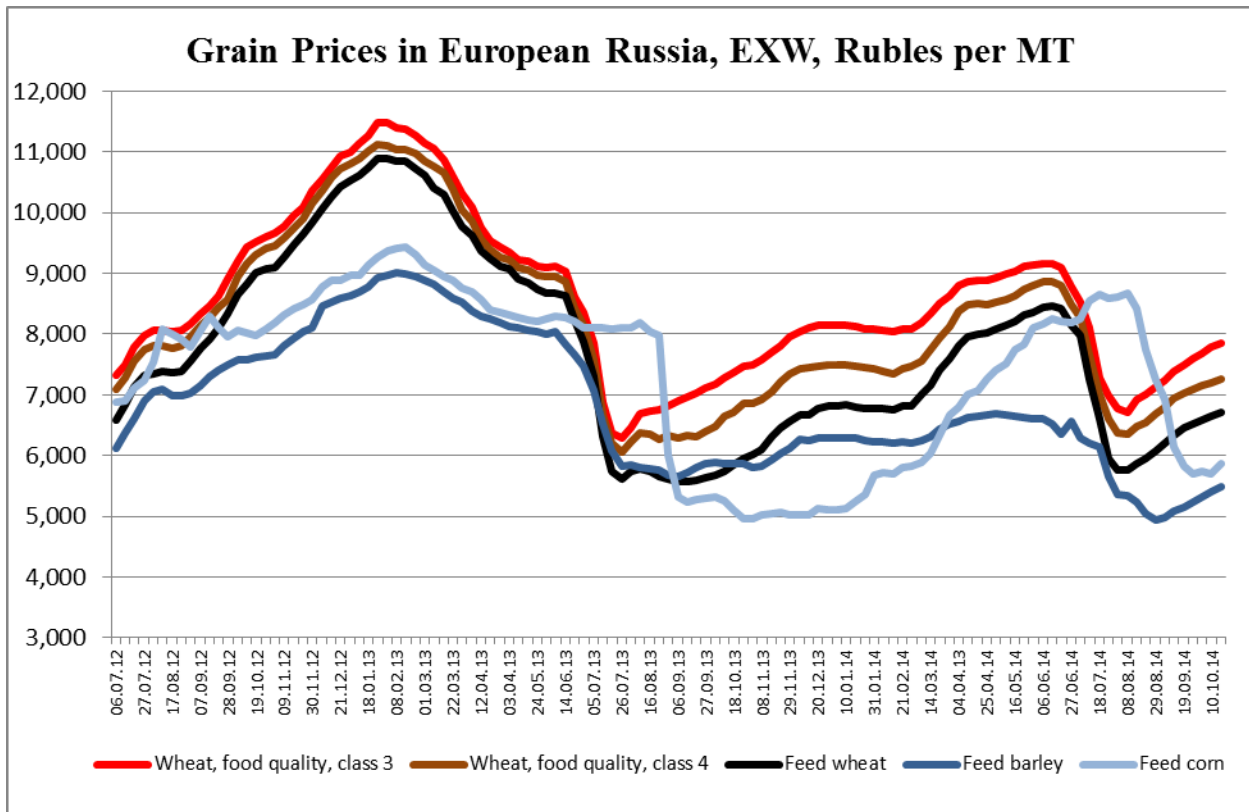
The Ministry of Agriculture began purchasing grain from the 2014 crop for the Intervention Fund on September 30, 2014. Initial purchases were made from Siberian and Ural farmers. Sessions are held twice a week. Over the course of eight trade sessions, the Intervention Fund purchased 177,235 MT of grain for 971.37 million rubles (approximately \$24 million). This includes 13,095 metric tons of milling wheat Class 3, 25,920 MT of milling wheat Class 4, 19,575 MT of Class 5 feed quality wheat, 25,785 MT of food quality rye, and 92,860 MT of barley. The average purchase price for milling wheat Class 3 and for feed quality wheat Class 5 remained the same as were set by the Order of the Minister of

Agriculture in March 2014: 6,400 Rubles per MT and 6,000 rubles per MT, respectively. The average purchase price of milling wheat Class 4 was higher than the price specified in the March Order of the Minister of Agriculture by almost 200 rubles and increased from 6,200 rubles in the beginning of Intervention Fund purchases to 6,450 rubles. Since the beginning of Intervention Fund purchases through October 22, 2014, the Intervention Fund prices were lower than the actual market prices in Ural and Siberia, so farmers were decreasing sales of their grain to the Intervention Fund.

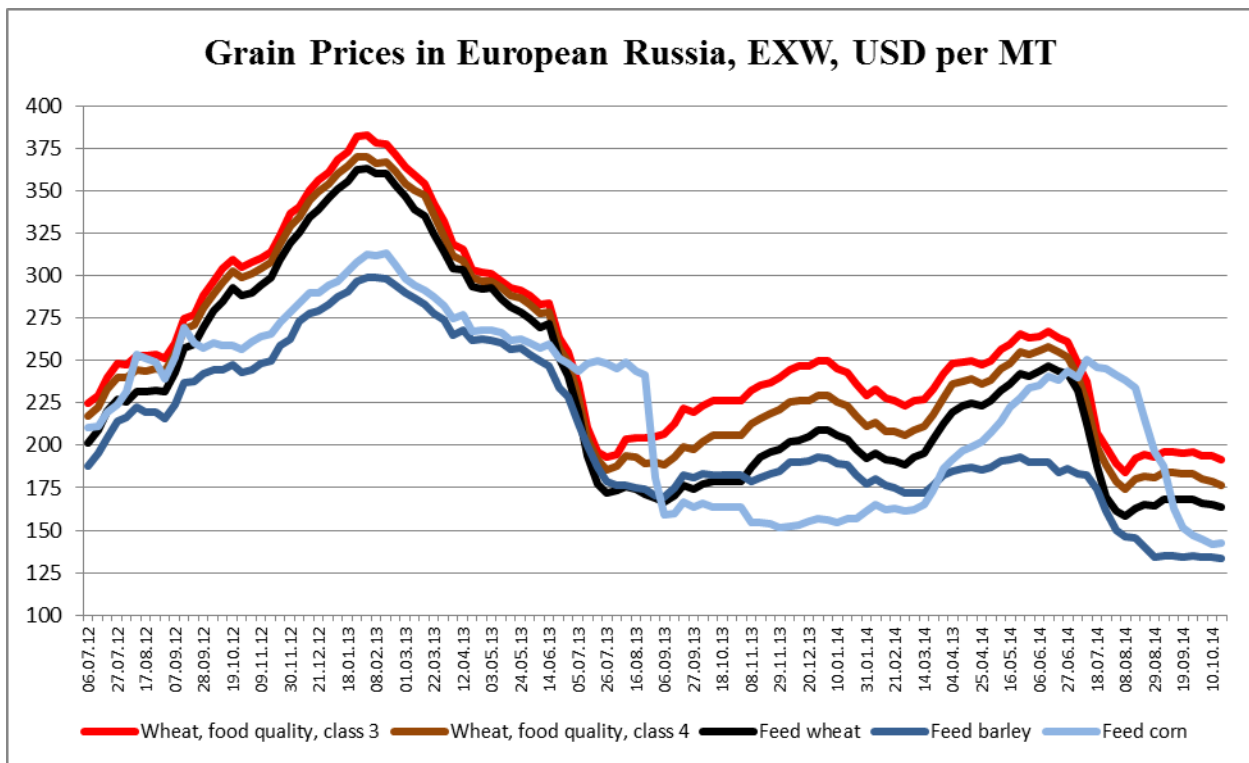


Marketing

In European Russia, the major exporting region, wheat prices in rubles continue to increase, driven by high export demand and concerns about the wheat crop in Siberia. There exists a continued incentive to export due to the depreciation of the ruble and stagnant U.S. dollar grain prices.



Source: ProZerno



Source: ProZerno

Production, Supply and Demand Data

Wheat Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: May 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	21,296	21,296	23,399	23,399	23,750	23,750
Beginning Stocks	10,899	10,899	4,952	4,952	5,309	5,209
Production	37,720	37,720	52,091	52,091	59,000	57,500
MY Imports	1,172	1,172	800	800	500	700
TY Imports	1,172	1,172	800	800	500	700
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	49,791	49,791	57,843	57,843	64,809	63,409
MY Exports	11,289	11,289	18,534	18,534	22,500	21,000
TY Exports	11,289	11,289	18,534	18,534	22,500	21,000
Feed and Residual	11,900	11,900	12,500	12,500	13,000	13,000
FSI Consumption	21,650	21,650	21,500	21,600	21,800	22,000
Total Consumption	33,550	33,550	34,000	34,100	34,800	35,000
Ending Stocks	4,952	4,952	5,309	5,209	7,509	7,409
Total Distribution	49,791	49,791	57,843	57,843	64,809	63,409

1000 HA, 1000 MT, MT/HA

Barley Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7,631	7,760	8,024	8,024	8,200	8,200
Beginning Stocks	848	848	726	726	973	973
Production	13,952	13,952	15,389	15,389	19,500	19,000
MY Imports	262	262	139	139	100	100
TY Imports	278	278	125	125	100	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	15,062	15,062	16,254	16,254	20,573	20,073
MY Exports	2,236	2,236	2,681	2,681	4,300	4,000
TY Exports	2,366	2,366	2,700	2,700	4,300	4,000
Feed and Residual	7,700	7,700	8,200	8,200	9,500	9,500
FSI Consumption	4,400	4,400	4,400	4,400	4,800	4,500
Total Consumption	12,100	12,100	12,600	12,600	14,300	14,000
Ending Stocks	726	726	973	973	1,973	2,073
Total Distribution	15,062	15,062	16,254	16,254	20,573	20,073

1000 HA, 1000 MT, MT/HA

Corn Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,937	1,937	2,322	2,322	2,600	2,600
Beginning Stocks	350	350	297	297	382	382
Production	8,213	8,213	11,635	11,635	12,000	11,500
MY Imports	51	51	50	50	50	50
TY Imports	51	51	50	50	50	50
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	8,614	8,614	11,982	11,982	12,432	11,932
MY Exports	1,917	1,917	4,100	4,100	3,000	2,500
TY Exports	1,917	1,917	4,100	4,100	3,000	2,500
Feed and Residual	5,600	5,600	6,600	6,600	8,000	8,000
FSI Consumption	800	800	900	900	1,000	1,000
Total Consumption	6,400	6,400	7,500	7,500	9,000	9,000

Ending Stocks	297	297	382	382	432	432
Total Distribution	8,614	8,614	11,982	11,982	12,432	11,932
1000 HA, 1000 MT, MT/HA						

Rye Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,421	1,450	1,777	1,777	2,000	2,000
Beginning Stocks	129	129	153	153	365	365
Production	2,132	2,132	3,360	3,360	3,500	3,500
MY Imports	25	25	25	25	25	25
TY Imports	25	25	25	25	25	25
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2,286	2,286	3,538	3,538	3,890	3,890
MY Exports	133	133	73	73	100	100
TY Exports	78	78	80	73	100	100
Feed and Residual	100	100	400	400	800	800
FSI Consumption	1,900	1,900	2,700	2,700	2,700	2,700
Total Consumption	2,000	2,000	3,100	3,100	3,500	3,500
Ending Stocks	153	153	365	365	290	290
Total Distribution	2,286	2,286	3,538	3,538	3,890	3,890
1000 HA, 1000 MT, MT/HA						

Oats Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,856	2,850	3,007	3,007	3,000	3,100
Beginning Stocks	485	485	203	202	229	234
Production	4,027	4,027	4,932	4,932	5,000	5,000
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	4,512	4,512	5,135	5,134	5,229	5,234
MY Exports	9	10	6	0	10	0
TY Exports	4	10	10	0	10	0
Feed and Residual	2,900	2,900	3,400	3,400	3,500	3,500
FSI Consumption	1,400	1,400	1,500	1,500	1,500	1,500
Total Consumption	4,300	4,300	4,900	4,900	5,000	5,000
Ending Stocks	203	202	229	234	219	234
Total Distribution	4,512	4,512	5,135	5,134	5,229	5,234
1000 HA, 1000 MT, MT/HA						

Rice, Milled Russia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	192	192	188	188	193	193
Beginning Stocks	27	28	91	91	89	89
Milled Production	684	683	608	608	675	675
Rough Production	1,052	1,051	935	935	1,038	1,038
Milling Rate (.9999)	6,500	6,500	6,500	6,500	6,500	6,500
MY Imports	240	240	250	250	250	250
TY Imports	240	240	250	250	250	250
TY Imp. from U.S.	7	7	0	0	0	0
Total Supply	951	951	949	949	1,014	1,014

MY Exports	140	140	140	140	140	140
TY Exports	140	140	140	140	140	140
Consumption and Residual	720	720	720	720	750	750
Ending Stocks	91	91	89	89	124	124
Total Distribution	951	951	949	949	1,014	1,014
1000 HA, 1000 MT, MT/HA						

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