

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Russian Grain Production and Export Update

Report Categories:

Grain and Feed

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Report Highlights:

The Russian State Statistical Service (Rosstat) published data on Russia's grain crop, showing production in 2011 at 93.9 million metric tons (MMT), including 56.2 MMT of wheat, 16.9 MMT of barley, 6.7 MMT of corn, and 14.1 MMT of other grains and pulses. Grain exports from Russia surged during the first half of the marketing year, and from July through December 2011 Russia exported over 18 MMT of grain and pulses, including 14.8 MMT of wheat. Exports, however, are expected to fade during the second half of the marketing year as domestic demand for grain remains strong, and stocks of grain available for export have decreased. Russia's grain exports in MY 2011 are not expected to exceed 24 MMT.

Production:

According to the Russian State Statistical Service (Rosstat), in 2011 Russia harvested 93.9 million metric tons (MMT) of grains and pulses, 54 percent more than in drought-affected 2010. This huge increase was almost entirely yield-related, as planted area increased by only 1 percent from 2010 to 43.6 million hectares, and remained below the 10-year average of 45.1 million hectares. Wheat production increased to 56.2 MMT, up 36 percent and barley production has more than doubled to reach 16.9 MMT. However, this is only 3 percent higher than the 5-year average. The corn crop matched the 2008 record of 6.7 MMT.

Table 1.

	Planted Area, 1,000 Hectares		Production, 1,000 Metric Tons		Yields, MT per Harvested Hectare	
	2010	2011	2010	2011	2010	2011
Wheat, total	26,613	25,552	41,508	56,231	1.91	2.26
Barley, total	7,214	7,880	8,350	16,935	1.68	2.20
Rye	1,762	1,550	1,636	2,969	1.19	1.95
Triticale	165	226	246	522	1.76	2.35
Oats	2,895	3,046	3,220	5,334	1.44	1.82
Corn for grain	1,416	1,715	3,084	6,680	3.00	4.31
Rice	203	211	1,061	1,049	5.28	5.07
Millet	521	826	134	878	0.78	1.39
Buckwheat	1,080	906	339	800	0.59	0.95
Legumes	1,305	1,552	1,371	2,451	1.39	1.67
Other	20	104	11	59		
Total	43,194	43,568	60,960	93,908		

Note: Rosstat typically can slightly adjust production data for the previous year in February.

Chart 1

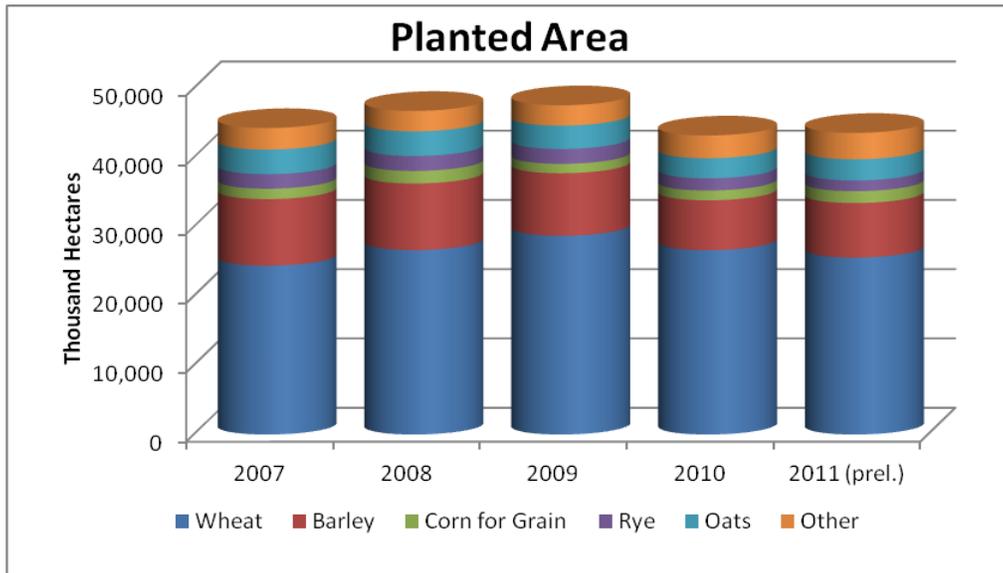
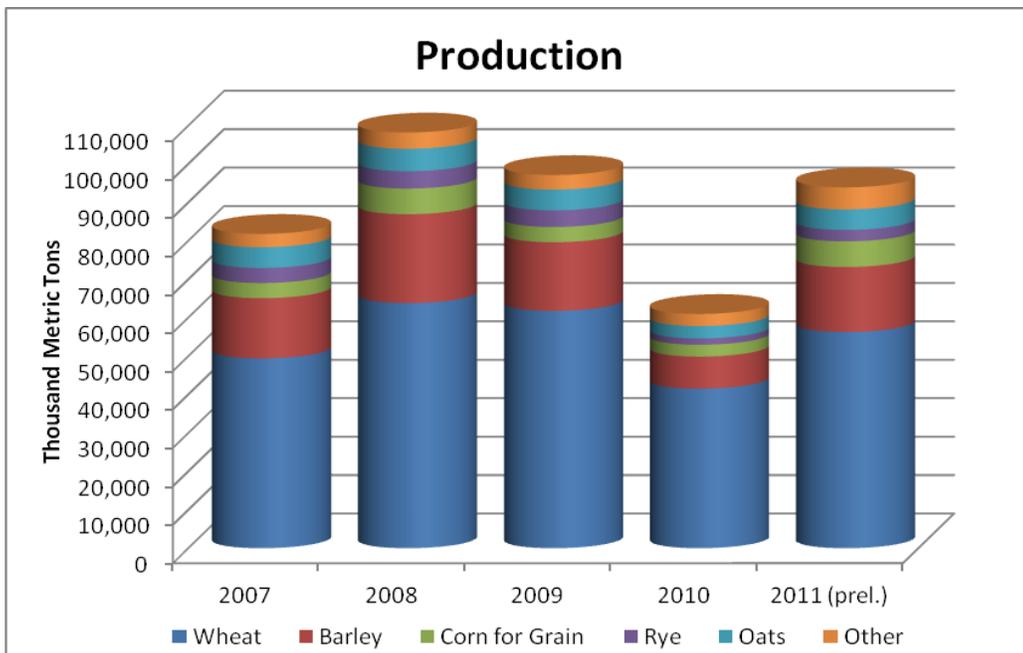


Chart 2

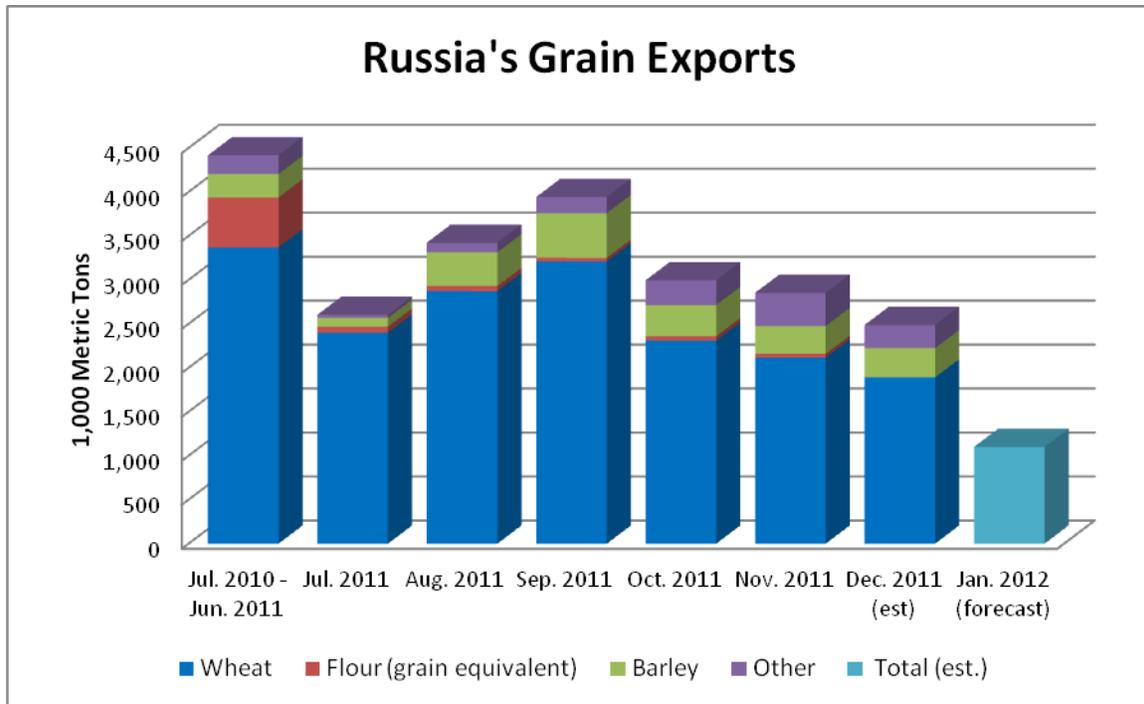


Trade:

According to Russian Deputy Prime Minister Viktor Zubkov, as a result of the large grain harvest in MY 2011 Russian grain exports are expected to reach 24 MMT. By mid-January 2012, Russia had already shipped over 18.6 MMT of grain. In July – December 2011, Russia exported 14.8 MMT of wheat, 2.0 MMT of barley, 0.75 MT of corn, and over 0.5 MMT of other grains and pulses. Three Russian southern regions (Rostov oblast, Krasnodar and Stavropol krays) accounted for 85 percent of all grain exports in July – December. Despite this very fast pace, there will be a dramatic slowdown in exports during the second half of the marketing year, January-June. Industry analysts report that the

export potential of the three major southern provinces has largely finished, and exports from these provinces will be almost non-existent for the rest of the year. In addition, shipping grain for export from the Ural and Siberian parts of the country still remains unprofitable despite the low price of wheat in these provinces. Also, even if sufficient grain was available, due to harsh weather and freezing Russian ports must work far below capacity during the winter. Domestic demand for grain also remains strong due to continued development of poultry and pig industries and stabilization of the dairy industry in Russia, and this demand supports domestic prices of grain.

Chart 3



Policy:

On January 12, 2012, the Ministry of Agriculture decided to suspend grain procurement interventions (purchasing wheat from Ural and Siberian farmers to the State Intervention Fund), which started on November 29, 2011. The latest session of these interventions was on December 27, 2011. From November 29 through December 27 farmers sold to the Intervention Fund 235,000 MT of wheat Class 3 and 97,000 MT of wheat Class 4 for 1.5 billion rubles (\$49 million) total. At the last intervention the average procurement price of Class 3 wheat was 4,700 rubles (\$152) per MT, and the average procurement price of Class 4 wheat was 4,435 rubles (\$143) per MT. These prices were higher than the market prices of wheat in these regions. Thus, in the Southern Ural the market price of Class 3 wheat was about 4,500 rubles (\$145) per MT and the price of Class 4 wheat was 4,100 rubles (\$132) per MT. The market prices of Class 3 and Class 4 wheat in West Siberia were 4,580 rubles (\$148) per MT and 4,150 (\$134) per MT. Despite the relatively low quantities of intervention purchases, interventions helped to maintain market prices of wheat in Ural and in Siberia, although these prices are still lower than in the European Russia (Central, North Caucasus, and Volga Valley federal districts).

Chart 4.

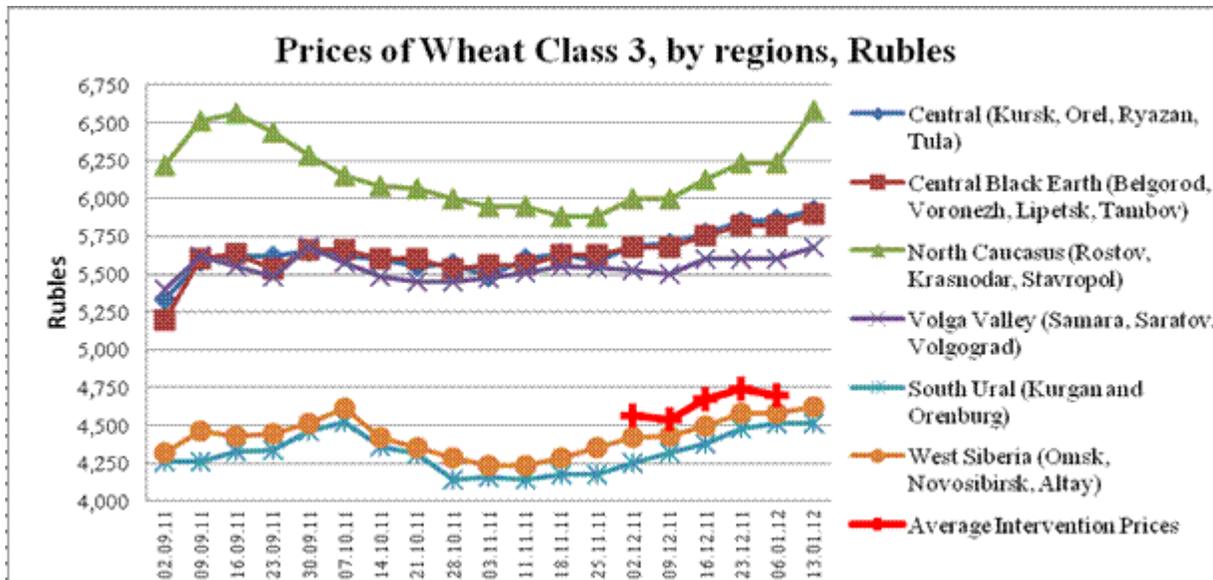


Chart 5.

