

# ProAgro Group Analytics

(11.10.21 - 15.10.21)

## Grain and processed products market

### Key influential factors

- As of October 13, 2021, 52.1 million tons of grain were harvested in Ukraine from 11.6 million hectares with an average yield of 44.8 q/ha. In particular, 32.3 million tons of wheat, 9.6 million tons of barley and 576 thousand tons of peas were threshed. The harvesting of buckwheat continues: 94.8 thousand tons are threshed, the average yield is 13.1 q/ha, 167 thousand tons of millet are harvested with an average yield of 23.3 q/ha. Also, 6.9 million tons of corn were threshed with a current yield of 57.5 q/ha;
- According to the State Customs Service, as of October 13, 15.945 million tons of grain and leguminous crops were exported from Ukraine from the beginning of 2021/22 MY, which is 27 million tons more than on the same date last season. Wheat supplies amounted to 10.202 million tons (+940 thousand tons), barley - 3.973 tons (+912 thousand tons), rye - 51.5 thousand tons (+49.8 thousand tons), corn - 1.537 million tons (+679 thousand tons). In addition, 38.8 thousand tons of grain flour (including 38.4 thousand tons of wheat) were exported abroad, which is 17.1 thousand tons less than the corresponding figure for the previous season;
- According to operational data as of October 11, 4.7 million hectares were sown with winter grains in Ukraine, which is 60% of the forecast. The main part of the sown area was reserved for wheat - 4.2 million hectares (63% of the forecast), 389 thousand hectares (38%) were sown with winter barley, 120 thousand hectares (75%) were sown with winter rye;
- The duty on the export of wheat from Russia from October 20 to 26 will rise to \$61.3 per ton against \$58.7 per ton a week earlier, the Ministry of Agriculture of the Russian Federation reported. The duty on the export of barley will decrease from \$49.4 to \$45.9 per ton, the duty on corn will increase from \$47.2 to \$48.4 per ton;
- According to the forecast of the UK Ministry of Agriculture, the country's farmers will harvest 14.02 million tons of wheat this year, which is 45.2% more than last year, Reuters reports. Growth in production is expected amid backdrop of expanding acreage and predicted favorable weather conditions in the country during the sowing season;
- According to the Australian Bureau of Statistics (ABS), in August the country exported 2.18 million tons of wheat, which is 13% more than in the previous month (1.93 million tons), as well as 659.2 thousand tons of barley, which is 16% more (571.8 thousand tons were shipped in July). It is expected that the demand for barley will continue to strengthen on the eve of the new crop entering the market, which will contribute to a further increase in grain exports from the country;
- The Turkish agency TMO purchased 310 thousand tons of feed barley at a tender for delivery in October at an average price of \$315.4/ton C&F, which is \$10.6/ton more than the purchase price at the previous tender on September 21;
- The Egyptian State Food Procurement Agency (GASC) rejected all bids from bidders for the purchase of wheat, announced for October 12, due to high prices. Delivery was scheduled for November 23-December 3, 2021;
- The Turkish agency TMO bought 325 thousand tons of corn at a tender on October 14 at the price of \$306.9-311.6/ton C&F for delivery November 15 - December 6;
- The Turkish Grain Agency (TMO) announced an international tender on October 21 for the purchase of 300 thousand tons of milling wheat of unspecified origin with delivery on December 10-31.

### Dynamics of international markets

Last week, the USDA released its October report, which was bullish for wheat and bearish for corn. Thus, USDA analysts lowered the forecast for world wheat production in 2021/22 MY to 775.8 million tons compared to 780.2 million tons according to the preliminary forecast, which is slightly higher than the result of 2020/21 MY (774.7 million tons). At the same time, experts increased the forecast for world wheat exports in 2021/22 MY to 201.8 million tons. Along with this forecast for world corn production in 2021/22 MY was again increased by 450 thousand tons - up to 1198.22 million tons. At the same time, the forecast for world corn consumption was reduced by 160 thousand tons - to 1186.46 million tons.

In literal accordance with the new forecasts, last week the price dynamics for grain on world exchanges unfolded. At the same time, on the spot, some regional trading floors were out of step.

So, on SBOT for December futures for soft red wheat the price of which was 268.82 \$/ton last Monday, October 11, rose to 269.70 \$/ton on the last working day of the week. On EURONEXT in Paris, the price of the December wheat contract rose more significantly during the week - from 268.50 €/ton on Monday to 276 €/ton on Friday.

#### Price for Ukrainian grain in Black Sea ports on FOB terms

Product	FOB Price Black Sea, USD/t (demand)		FOB Price Black Sea, USD/t (offer)	
	min	max	min	max
Wheat 12.5% pr.	308	313	312	314
Wheat 11.5% pr.	304	309	308	310
Feed wheat	290	295	293	296
Barley	264	270	267	272
Corn	266	274	272	277

#### Export prices for the main products of wheat processing in Ukraine

Cereal	min	max	avr	Δ,%
Flour EC, FCA	242	245	242	0.0%
Wheat bran, FOB	136	140	138	0.0%

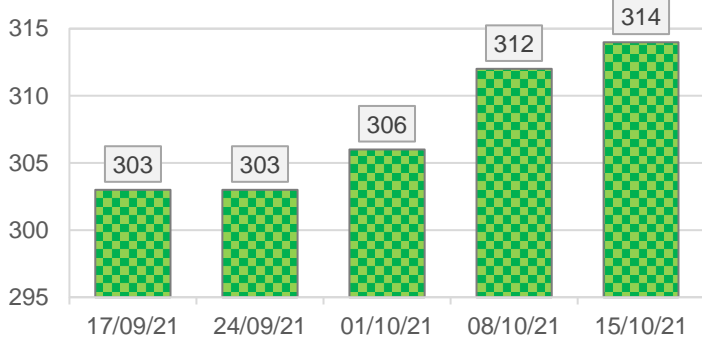
On the other hand, the December corn futures at SBOT fell again last week, this time from 209.83 \$/ton on Monday to 206.92 \$/ton on the last working day of the week. On EURONEXT the price of corn contracts with the supply in November, which on 11 October was 251.50 €/ton, on Friday, 15 October, fell to 245.75 €/ton.

Prices for Ukrainian flour and wheat bran				
Product	USD/t (demand)		USD/t (offer)	
	min	max	min	max
Flour EC, FCA	240	243	242	245
Wheat bran, FOB	135	138	136	140

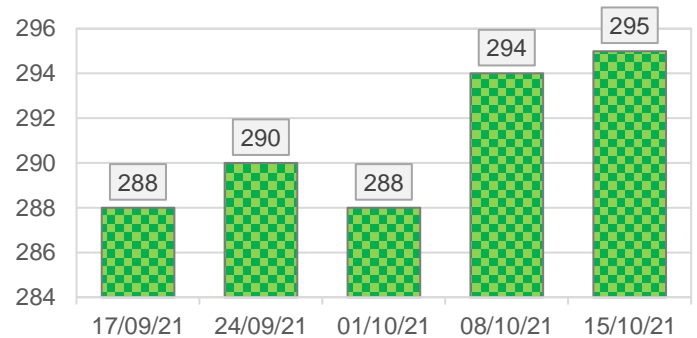
### Grain contract prices in the main ports of exporting countries, delivery period July 2021/December 2022

Cereal	min	max	avr	Δ,%
<b>Price FOB USD/t</b>				
Wheat 12.5% protein, Ukraine Black Sea	312	316	314	0.8%
Wheat 11.5% protein, Ukraine Black Sea	307	310	309	1.0%
Feed wheat, Ukraine Black Sea	293	298	296	0.7%
Wheat HRW 11% protein, USA NOLA	332	336	334	0.1%
Wheat SRW, USA NOLA	319	322	321	1.6%
Wheat Superior, France Rouen	323	325	324	0.9%
Wheat 12.5% protein, Romania Constanța	312	315	314	0.0%
Wheat 12.5% protein, Russia Black Sea	314	317	316	0.0%
Barley, Ukraine Black Sea	273	276	275	3.8%
Barley, France Rouen	293	297	295	1.7%
Corn, Ukraine Black Sea	273	276	275	-0.4%
Corn, USA NOLA	260	266	263	1.9%
Corn, France Rouen	291	293	292	1.2%
Corn, Romania Constanța	272	276	274	0.0%
Corn, Russia Black Sea	267	270	269	-1.3%

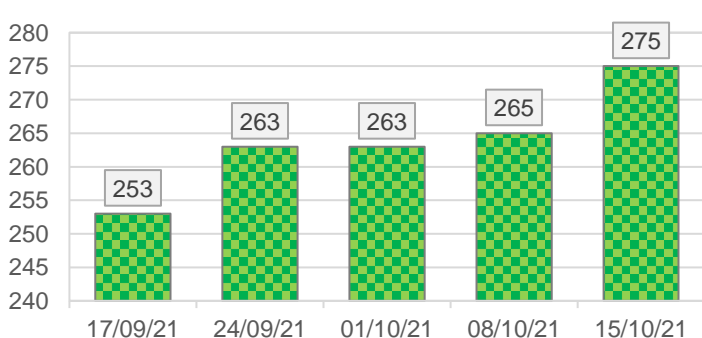
**Average price dynamics, \$/t. Wheat 12,5% protein, Ukraine FOB Black Sea**



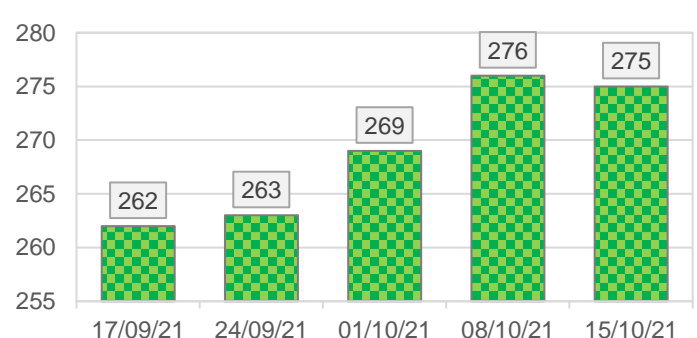
**Average price dynamics, \$/t. Feed wheat, Ukraine FOB Black Sea**



**Average price dynamics, \$/t. Barley, Ukraine FOB Black Sea**



**Average price Dynamics, \$/t. Corn, Ukraine FOB Black Sea**



## Market dynamics of the main grain crops

The past working week in Ukraine was short - only three working days, however, despite this, the price dynamics in the domestic grain market manifested itself in full, continuing the previously begun tendencies towards the rise in prices for the entire range of major crops.

Thus, according to the monitoring data of “ProAgro Group”, the prices of traders and exporters for food wheat increased again by 25-50 UAH/ton on the basis of grain elevators and up to 100 UAH/ton in ports. The exception was feed wheat, which on the EXW basis again remained at the same price, further deepening its lag from food wheat. Although the basis for CPT-port, feed grain has risen in price by an average of 125 UAH/t.

As for export, wheat FOB/Black Sea ports continued to rise in price during the week, but at a slower pace than at the beginning of the month: during the week it added only 1-2 \$/ton, depending on the protein content. Such a moderate rise in price indicates that wheat - both Black Sea wheat in general and Ukrainian wheat in particular - have approached the price cap. Even the Egyptian GASC, which usually agrees with the price hike, canceled its tender last week due to excessively high prices.

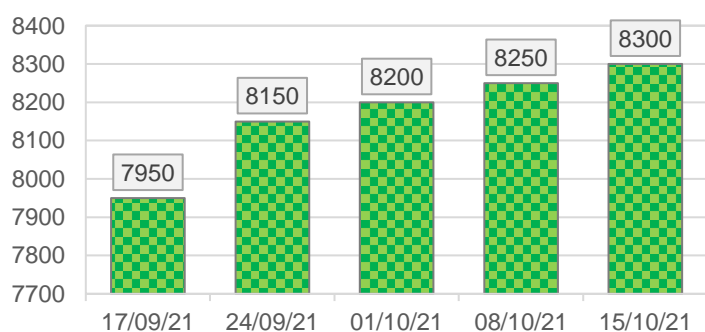
Corn continued to rise in price last week. On the basis of primary elevators, it once again added 50 UAH/ton, but in ports its price increased by 150 UAH/ton. At the same time, the FOB corn supply even fell a little. This may also indicate that prices are approaching the upper bound, however, the domestic grain market continues to support extremely weak progress in the harvest campaign and a lack of supply from producers.

Besides, last week saw an average of 25 UAH/ton hike for barley at elevators, although in ports the demand increased by 150 UAH/ton. A significant volume - almost 4 million tons - of grain has already been exported from the country, so its supply in the domestic market is also limited. At the same time, amid the recent Turkish tender, the export price for Ukrainian barley during the week increased by an average of 10 \$/ton FOB/Black Sea ports.

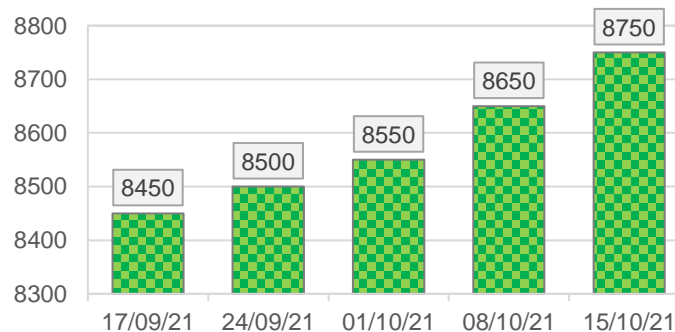
Purchase prices for key grain crops				
Cereal	min	max	avr	Δ,%
EXW price demand, UAH/ton				
Wheat 12.5%	7950	8500	8300	0.6%
Wheat 11.5%	7900	8450	8225	0.3%
Feed wheat	7550	7950	7750	0.0%
Corn	6800	7600	7200	0.7%
Barley	6450	7200	6825	0.4%
CPT-enterprise price, UAH/ton				
Wheat 12.5%	8050	8450	8300	1.2%
Wheat 11.5%	8000	8400	8250	1.2%
Feed wheat	7550	7950	7750	0.6%
Corn	7200	7750	7400	1.4%
Barley	6800	7300	7000	1.4%
CPT port price, UAH/ton				
Wheat 12.5%	8400	8900	8750	1.2%
Wheat 11.5%	8300	8850	8700	1.2%
Feed wheat	8050	8400	8150	1.6%
Corn	7500	8000	7800	2.0%
Barley	7100	7700	7450	2.1%

Prices for key wheat processing products				
Cereal	min	max	avr	Δ,%
EXW price demand, UAH/ton				
Flour, extra class	10600	11200	11050	0.0%
Flour, first class	10300	10900	10800	0.0%
Wheat bran	5100	5700	5300	1.9%
EXW offer price, UAH/ton				
Flour, extra class	10700	11,600	11100	0.0%
Flour, first class	10400	11300	10850	0.0%
Wheat bran	5200	5900	5400	-1.8%

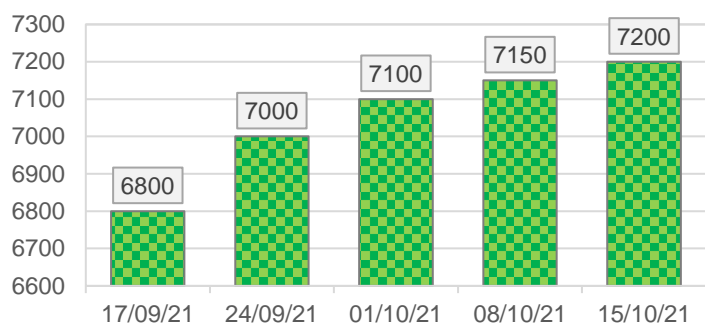
**Average price dynamics, UAH/t. Wheat 12,5% protein, EXW demand**



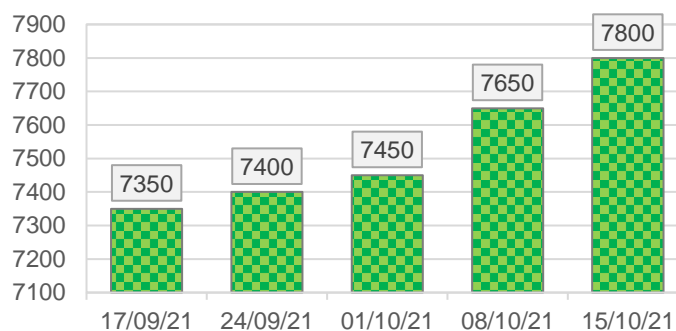
**Average price dynamics, UAH/t. Wheat 12,5% protein, CPT-port**



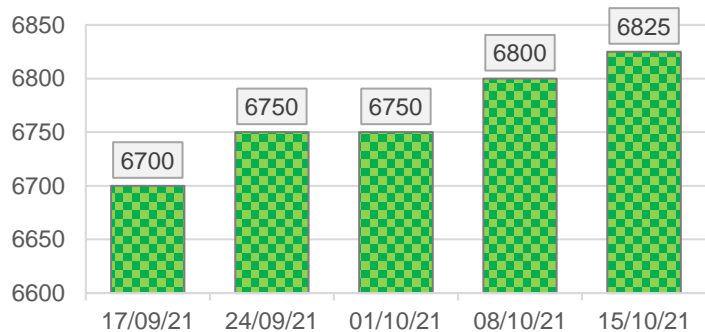
**Average price dynamics, UAH/t.  
Corn, EXW demand**



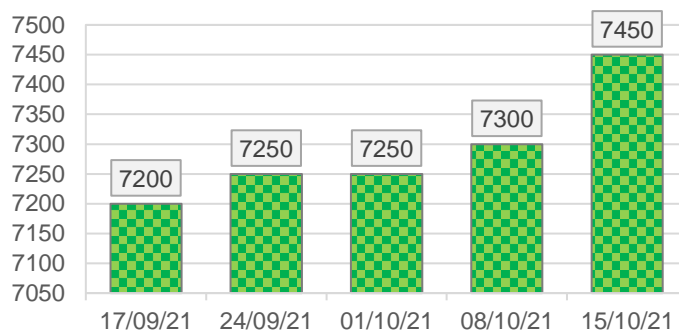
**Average price dynamics, UAH/t.  
Corn, CPT-port**



**Average price dynamics, UAH/t.  
Barley, EXW demand**



**Average price dynamics, UAH/t.  
Barley, CPT-port**



## Niche grain market dynamics

The past week on the niche grain crops market was again distinguished by overwhelming price stability - neither traders with exporters, nor domestic consumers revised the demand prices for the most demanded commodity items.

The only exception, as was often the case before, was peas, the average prices for which, according to monitoring by "ProAgro Group", increased by an average of 200 UAH/t over the week on all trading bases, which is associated with the current increase in export prices amid increase in the demand of importers, on the one hand, and the lack of supply of commodity consignments of legumes from producers.

At the same time, prices for millet and sorghum are holding their previous levels due to the ongoing harvesting campaign of these crops. At the same time, the demand for oats is still quite moderate, and the supply of rye on the market is sufficient to keep the purchase prices for these crops in the existing ranges.

### Purchase prices for niche grain crops

Cereal	min	max	avr	Δ, %
EXW price demand, UAH/ton				
rye	5000	5450	5100	0.0%
peas	8800	9400	9200	2.2%
oats	4900	5500	5350	0.0%
millet	6500	7200	6900	0.0%
sorghum	6400	7000	6850	0.0%
CPT-enterprise price, UAH/ton				
rye	5400	5700	5600	0.0%
peas	8800	9500	9200	2.2%
oats	5850	6400	6000	0.0%
millet	6800	7500	7300	0.0%
sorghum	n / a	n / a	n / a	n / a
CPT port price, UAH/ton				
rye	5500	5850	5800	0.0%
peas	9200	9950	9800	2.1%
oats	5900	6350	5950	0.0%
millet	6900	7400	7100	0.0%
sorghum	6900	7200	7100	0.0%

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