

Grain and processed products market

Key influencing factors

- As of October 21, 56.3 million tons of grain were harvested in Ukraine from 12.2 million hectares, or 76% of the forecast, with an average yield of 46.2 c/ha. Buckwheat harvesting is nearing completion - 106.7 thousand tons were threshed from 78.5 thousand hectares (94%), the average yield is 13.6 c/ha, millet harvest reached 179 thousand tons from 76.3 thousand hectares (98%) with an average yield of 23.4 c/ha. Also, from 1.7 million hectares (32%), about 11.2 million tons of corn were harvested with the current average yield of 63.4 c/ha;
- According to the State Customs Service, as of October 22, 17.466 million tons of grain and leguminous crops were exported from Ukraine from the beginning of 2021/22 MY, which is 2.7 million tons more than on the same date last season. Wheat supplies amounted to 11.320 million tons (+1 276 thousand tons), barley - 4.152 million tons (+853 thousand tons), rye - 53.9 thousand tons (+52.2 thousand tons), corn - 1.753 million tons (+350 thousand tons). In addition, 40.2 thousand tons of grain flour (including 39.8 thousand tons of wheat) were exported abroad, which is 18.8 thousand tons less than the corresponding figure for the previous season;
- According to operational data, as of October 18, 5.7 million hectares were sown with winter crops in Ukraine, which is 72% of the forecast. The main part of the sown area was wheat - 5 million hectares (75%), winter barley was sown on 511 thousand hectares (50%) and winter rye on 139 thousand hectares (86%);
- According to the State Statistics Service, as of September 1, reserves of grain and leguminous crops in Ukraine amounted to 19.9 million tons, which is 4.5 million tons or 29% more than a year earlier. Producers and elevatorists had 14.5 million tons of wheat (+47%), 2.5 million tons of barley (+ 25%), 1.9 million tons of corn (-30%), 324.1 thousand tons of rye (+ 40%);
- The Ministry of Agrarian Policy and participants of the grain market signed an annex to the Memorandum of Understanding for 2021/22 MY, which determined the maximum level of wheat exports during the current season at the level of 25.3 million tons;
- According to the Ministry of Agriculture of the Russian Federation, the duty on the export of Russian wheat from October 27 will increase from the previous 61.3 to 67 \$/ton, on the corn export - from 48.4 to 49.7 \$/ton, and on the export of barley will decrease from 45.9 to 42.6 \$/ton. The specified fees will be valid until November 2;
- Egypt in 2021/22 MY may import 12.4 million tons of wheat, which is 2.14% more than in the previous season (12.14 million tons), the USDA predicts. This forecast is lower than the USDA's October estimate of Egypt's wheat imports in the current season, which was 12.5 million tons;
- The Turkish state agency TMO on October 21, purchased at a tender 300 thousand tons of wheat (12 consignments of 25 thousand tons) for delivery on December 10-31 at an average price of 351.87 \$/ton C&F, which is 20 \$/ton more than the purchase price of the previous tender. The results of the auction are not final, purchases may be partially or completely canceled;
- The Tunisian State Food Procurement Agency ODC announced on October 22 tenders for the purchase of 50 thousand tons of soft wheat for delivery from November 15 to December 15, as well as 50 thousand tons of barley for delivery from November 25 to December 20;
- Pakistani State Food Procurement Agency TSR announced a tender for the purchase of 90 thousand tons of wheat of arbitrary origin for delivery in January 2022. The tender will be closed on October 25;

Dynamics of international markets

In their October forecast, IGC experts retained their forecast for world wheat production in 2021/22 MY without significant changes - at the level of 780.8 million tons against 780.6 million tons at the September estimate, which is still significantly higher than the result of 2020/21 MY (773.6 million tons). At the same time, IGC raised the forecast for the world corn harvest in 2021/22 MY from the announced a month earlier 1.209 billion tons to 1.210 billion tons due to the corresponding adjustments for the United States.

At the same time, Strategie Grains experts increased the forecast of corn production in the EU in 2021/22 MY by 2.6 million tons compared to September estimates to 67.5 million tons (64.6 million tons in 2020/21 MY) thanks to better than expected yields in France, Germany, Poland, Romania and Bulgaria.

On CBOT in Chicago December futures for soft red wheat, the price of which was 270.51 \$/ton last Monday, on the last working day of the week rose to 277.78 \$/ton. On EURONEXT in Paris, the price of the December wheat contract rose from 274 €/ton on Monday to 280 €/ton on Friday.

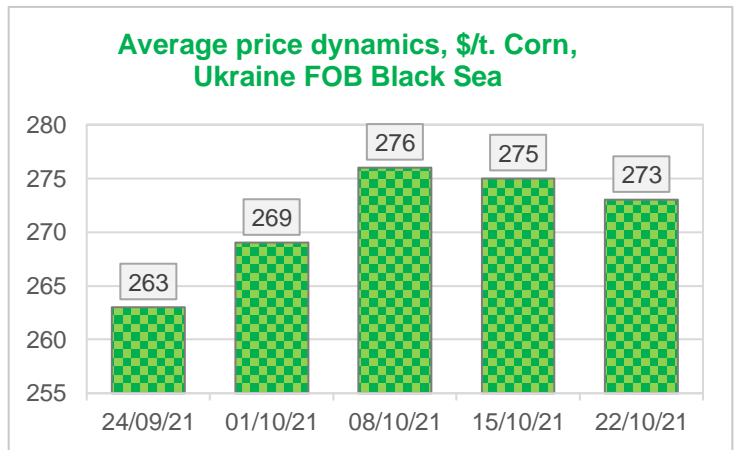
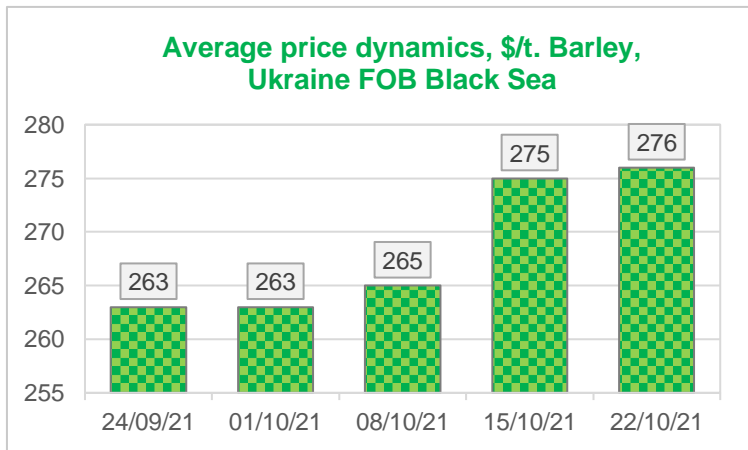
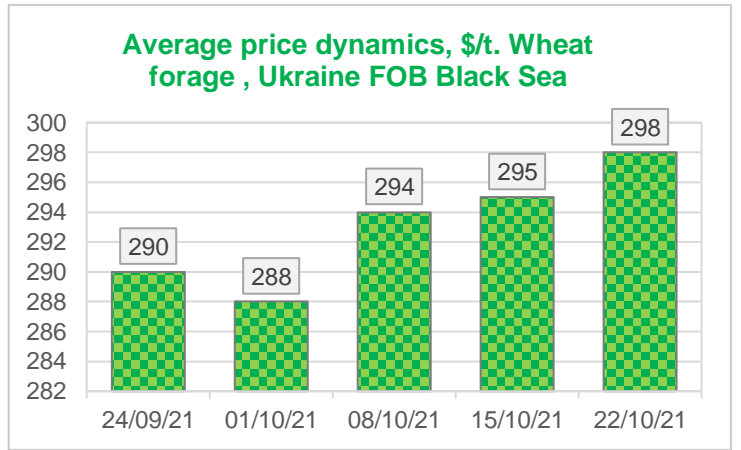
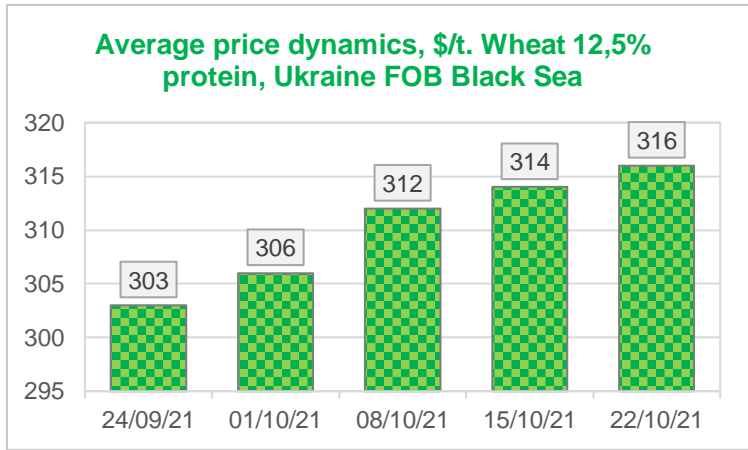
Price for Ukrainian grain in Black Sea ports on FOB terms				
Product	FOB Price Black Sea, USD/t (demand)		FOB Price Black Sea, USD/t (supply)	
	min	max	min	max
Wheat 12.5%	308	316	312	317
Wheat 11.5%	304	309	308	310
Wheat forage	292	298	295	299
Barley	269	275	272	276
Corn	270	275	272	278

Export prices for the main products of wheat processing in Ukraine				
	min	max	avr	Δ,%
Flour, e. c., FCA	242	245	242	0.0%
Wheat bran, FOB	136	140	138	0.0%

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

Similarly, the December corn futures on CBOT rose in price this time from 209.68 \$/ton on Monday to 211.80 \$/ton on the last working day of the week. On EURONEXT the price of corn contracts with the exercise in November, which on 18 October was 245.25 €/t, on Friday, 22 October, rose to 249 €/t.

Grain contract prices in the main ports of exporting countries, delivery period November 2021/January 2022			
	min	max	avr
FOB price, USD/t			
Wheat 12.5% protein, Ukraine Black Sea	314	318	316
Wheat 11.5% protein, Ukraine Black Sea	311	314	313
Wheat forage, Ukraine Black Sea	295	300	298
Wheat HRW 11% Protein USA NOLA	351	353	352
Wheat SRW, USA NOLA	328	332	330
Wheat Superior, France Rouen	326	328	327
Wheat 12.5% protein, Romania Constanta	317	320	319
Wheat 12.5% protein, Russia Black Sea	318	321	320
Barley, Ukraine Black Sea	274	277	276
Barley, France Rouen	296	300	298
Corn, Ukraine Black Sea	271	274	273
Corn, USA NOLA	264	268	266
Corn, France Rouen	296	298	297
Corn, Romania Constanta	272	275	274
Corn, Russia Black Sea	270	273	272



Market dynamics of the main grain crops

Last week amid intensified corn harvest, domestic grain prices fell slightly, increasing supply from wheat and barley producers. At the same time, the markets of the last two crops showed somewhat multidirectional price trends.

Thus, according to the monitoring data of ProAgro Group, wheat prices continued to confidently strengthen only on the basis of processors, where food grain added in price by an average of 100 UAH/ton. At the same time, at the elevators of traders and exporters, the rise in prices for milling wheat slowed down to 25 UAH/ton, while feed wheat remained at the same price. In ports, prices for all classes decreased by 100 UAH/ton. The reason for this was a decrease in demand from importers, although export prices for wheat on FOB/Black Sea ports basis increased by an average of 2-3 \$/ton on average during the week.

The establishment of dry weather allowed farmers to speed up the corn harvest. At the domestic elevators and at the purchase points of the processors, prices for it remained relatively stable, while at the ports they fell for the first time since the beginning of the harvesting campaign, so far only by 25 UAH/ton. The decline in the price of corn in the export direction, which last week amounted to about 2 \$/ton, is likely to determine the decline in domestic prices further, at least in the nearest period.

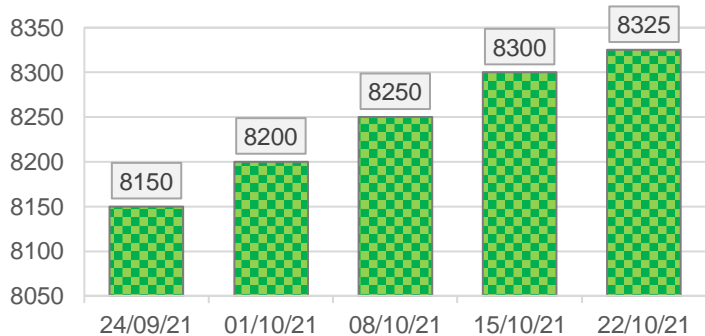
The surprise of the week was a significant increase in prices for barley, which at elevators and ports amounted to an average of 100 UAH/ton, and on the basis of CPT enterprise – 200 UAH/ton. This rise in price was facilitated both by the increase in the supply prices of barley at FOB/Black Sea ports and the approach of the next Turkish tender for its purchase, as well as by the reduction in reserves, due to which the supply of consignments in the domestic market is becoming less and less.

On the market of processed products, millers last week once again increased the selling prices for wheat flour - by an average of 250-300 UAH/ton due to the rise in prices for grain raw materials. At the same time, the price of bran fell by 300 UAH/ton during the week due to the growth of feed grain supply on the market.

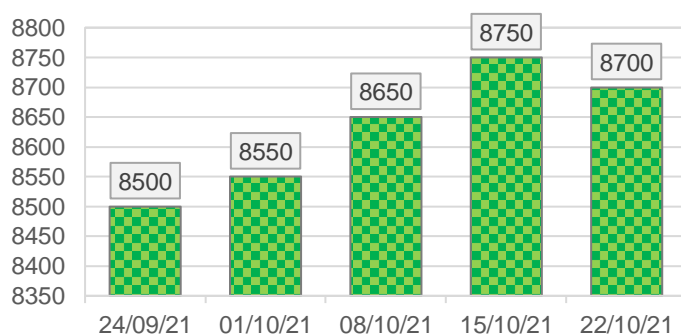
Purchase prices for key crops				
	min	max	avr	Δ,%
EXW demand price, UAH/ton				
Wheat 12.5%	8000	8600	8325	0.3%
Wheat 11.5%	7950	8550	8250	0.3%
Wheat forage	7350	7950	7750	0.0%
Corn	6900	7550	7200	0.0%
Barley	6450	7300	6925	1.5%
CPT enterprise price, UAH/ton				
Wheat 12.5%	8150	8600	8400	1.2%
Wheat 11.5%	8100	8550	8350	1.2%
Wheat forage	7550	7950	7750	0.0%
Corn	7200	7700	7350	-0.7%
Barley	6900	7500	7200	2.9%
CPT port price, UAH/ton				
Wheat 12.5%	8300	8900	8700	-0.6%
Wheat 11.5%	8250	8850	8650	-0.6%
Wheat forage	7900	8400	8100	-0.6%
Corn	7500	8000	7775	-0.3%
Barley	7200	7700	7550	1.3%

Prices for key wheat processing products				
	min	max	avr	Δ,%
EXW demand price, UAH/ton				
Flour, extra class	10800	11,600	11350	2.7%
Flour, first class	10600	11200	11000	1.9%
Wheat bran	4700	5500	5000	-5.7%
EXW supply price, UAH/ton				
Flour, extra class	11000	11900	11400	2.7%
Flour, first class	10700	11,600	11100	2.3%
Wheat bran	4900	5600	5100	-5.6%

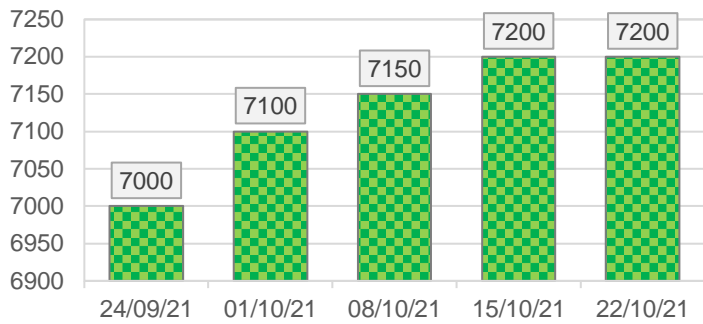
Average price dynamics, UAH/t. Wheat 12,5% protein, EXW demand



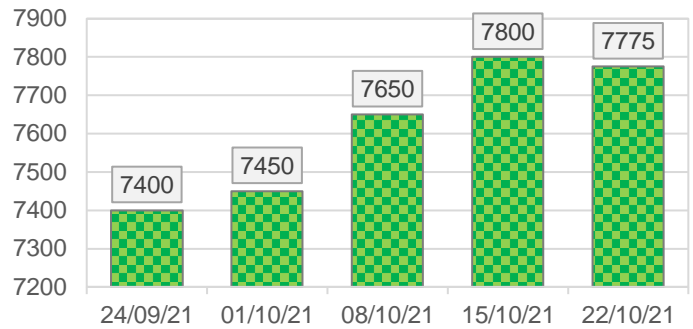
Average price dynamics, UAH/t. Wheat 12,5% protein, CPT port



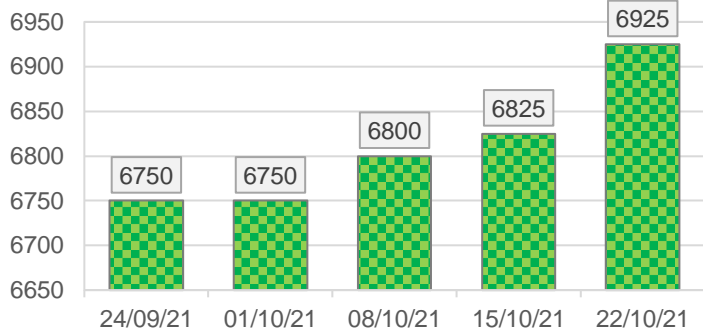
**Average price dynamics, UAH/t.
Corn, EXW demand**



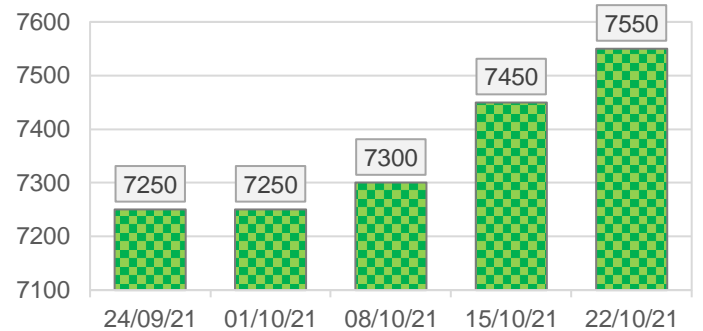
**Average price dynamics, UAH/t.
Corn, CPT port**



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



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



Niche grain market dynamics

The past week market of niche grain crops was again marked by a fall in prices for peas and sorghum and a rise in prices for millet.

Thus, according to the monitoring data of ProAgro Group, due to the current reduction in the demand of importers for peas, the prices of domestic demand of traders and exporters at primary elevators and in ports decreased by an average of 200 UAH/ton. Although the supply from producers is not enough, given that domestic consumers, on the contrary, increased the demand prices for peas by the same 200 UAH/ton.

Demand prices for sorghum fell by an average of 100 UAH/ton taking into account the cheapening of corn, as well as due to the increase in supply, as its harvesting continues.

At the same time, at the end of the millet harvesting campaign, it rose in price by 200-500 UAH/ton due to increased demand from traders and exporters.

Purchase prices for niche crops

	min	max	avr	Δ,%
EXW demand price, UAH/ton				
Rye	5000	5450	5100	0.0%
Peas	8600	9200	9000	-2.2%
Oats	4900	5500	5350	0.0%
Millet	6800	7300	7100	2.9%
Sorghum	6400	7000	6750	-1.5%
CPT enterprise price, UAH/ton				
Rye	5400	5700	5600	0.0%
Peas	9000	9800	9400	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	9000	9800	9600	-2.0%
Oats	5900	6350	5950	0.0%
Millet	7000	7800	7600	7.0%
Sorghum	6800	7200	7000	-1.4%