

## Grain and processed products market

### Key influencing factors

- During the first decade of December, a moderate growing of winter crops was recorded in southern and central regions of Ukraine, in the rest of the country, active growth processes stopped. No threatening conditions for seedlings were observed;
- According to the State Customs Service, as of December 17, since the beginning of 2021/22 MY, 29.2 million tons of grain and leguminous crops were exported from Ukraine, which is 5.3 million more than on the same date last season. Wheat supplies amounted to 15.3 million tons (+3.1 million tons), barley - 5.1 million tons (+1.4 million tons), rye - 86.5 thousand tons (+84.8 thousand tons), corn - 8.4 million tons (+0.9 million tons). In addition, 57.4 thousand tons of grain flour (including 56.6 thousand tons of wheat flour) were exported abroad, which is 16.8 thousand less than the corresponding figure for the previous season;
- According to the Ministry of Agriculture of the Russian Federation, duties on export deliveries of Russian grain from December 22 will increase: on wheat - from the previous 91 to 94 \$/ton, on barley - from 78.7 to 84.8 \$/ton, on corn - from 54.4 up to 55 \$/ton. The established duties will be valid until December 28 inclusive;
- The Government Commission of the Russian Federation supported the proposal of the Ministry of Agriculture to establish a quota for grain exports from Russia from February 15 to June 30, 2022 in the amount of 11 million tons, including 8 million tons of wheat and 3 million tons of rye, barley and corn. Previously, the volume of the quota was proposed in the amount of 12 million tons;
- The government of Argentina imposed restrictions on the export of corn and wheat in 2021/22 MY in the volume of 41.6 million tons and 12.5 million tons respectively in accordance with the aim of preventing shortages and suppressing the rise in food prices in the country;
- The EU countries exported 13.7 million tons of wheat since the beginning of 2021/22 MY as of December 12, which is 1.2 million more than in the same period last season, while imports decreased by 0.6 million to 2 million tons. Exports of barley for the specified period amounted to 4.4 million tons, corn - to 2.6 million tons, and imports of these crops - to 410 thousand tons and 5.9 million tons, respectively;
- Cocal experts have published the first harvest forecast for key crops in the EU and the UK in 2022. Total production is expected to reach 304.5 million tons, up from 307.6 million tons harvested in 2021;
- The Algerian state agency for the purchase of grain at a tender on December 14 purchased 660 thousand tons of milling wheat for delivery in January-February at a price of 372-376 \$/ton C&F. The main volumes will be supplied from Argentina and the Black Sea countries, and only a minor consignment will be delivered from France;
- The Turkish Grain Agency (TMO) announced an international tender on December 21 for the purchase of 320 thousand tons of milling wheat of arbitrary origin with delivery on February 1-28, 2022.

### Dynamics of international markets

Last week's improvement in weather conditions in the United States, namely normalizing of rainfall, in key winter wheat growing areas, improved plantings in the country and lowered stock prices for US wheat. Meanwhile, in France, stock exchange quotations for wheat decreased both taking into account the overseas factor and due to the Algerian tender, where the French grain made up only a small share in the volume of purchases.

Downward trends prevailed in the wheat spot market as well. In particular, in the Black Sea region, prices fell under the influence of reduced demand, since grain from this region is the most expensive, and also given the practical cessation of purchases by Turkey due to the collapse of the local currency.

As for corn, prices for it were quite volatile. On the one hand, the main producing countries have reaped a good harvest and there is still enough supply. On the other hand, the market was supported by strong demand for corn from China.

On CBOT in Chicago, March soft red wheat futures fell from 288.59 \$/ton on the first working day last week to 284.76 \$/ton on Friday. On EURONEXT in Paris, the price of the March wheat contract fell during the week from €286.25 as of 13 December to 278.50 €/ton at auction on December 17.

#### 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%	325	332	329	334
Wheat 11.5%	324	330	327	332
Feed wheat	307	310	308	312
Barley	288	292	290	295
Corn	268	274	270	275

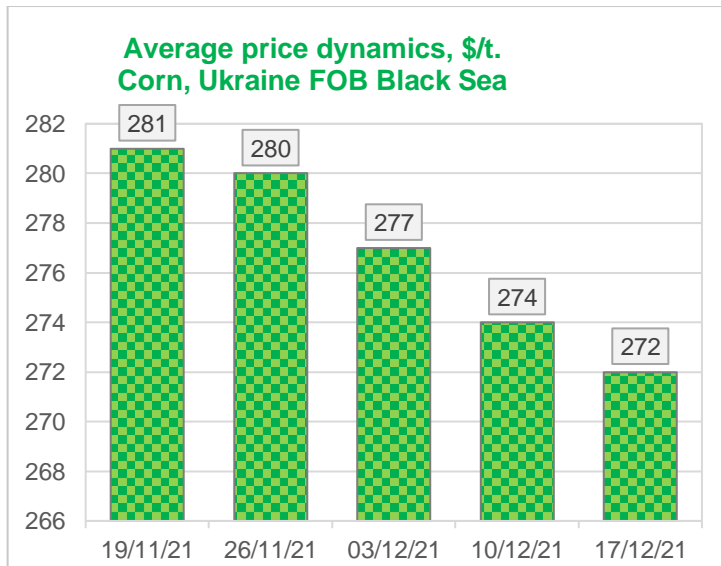
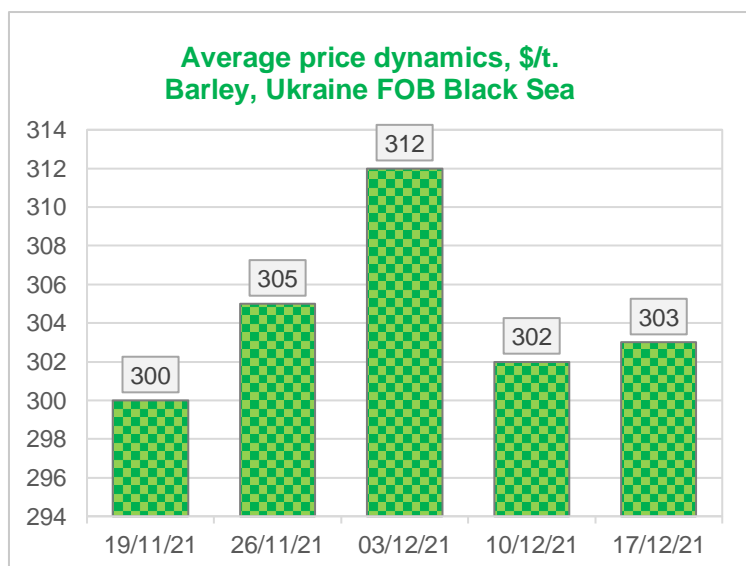
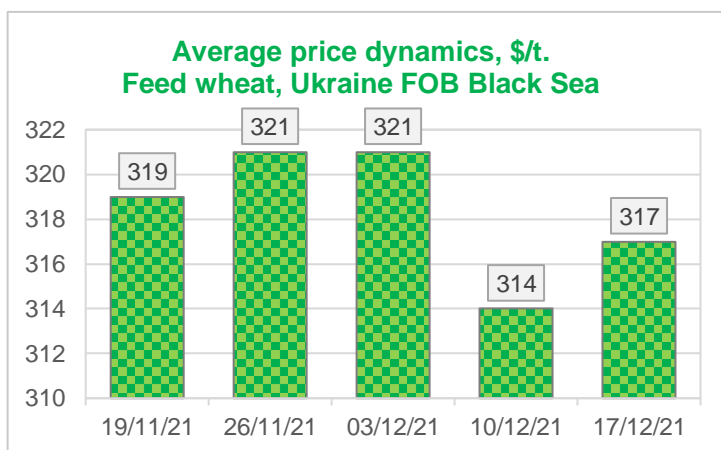
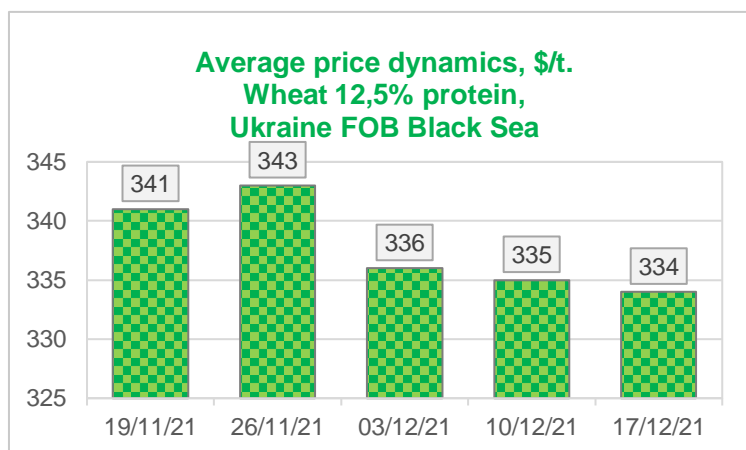
#### Export prices for the main products of wheat processing in Ukraine

	min	max	avr	Δ, %
Flour, e. c., FCA	242	245	242	0.0%
Wheat bran, FOB	136	140	138	0.0%

As for corn, its January contracts on Euronext lost 3 euros last week, to 245.5 €/ton, while the March ones lost €3.75 and were traded at 240.5 €/ton last Friday. On CBOT March corn futures, on the contrary, rose in price: if on Monday, December 13, its price was 230.30 \$/ton, then on Friday - already 233.53 \$/ton.

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

Grain contract prices in the main ports of exporting countries, delivery period January / March 2022				
	min	max	avr	Δ, %
FOB price, USD/t				
Wheat 12.5% protein Ukraine Black Sea	330	338	334	-0.4%
Wheat 11.5% protein Ukraine Black Sea	328	336	332	-0.7%
Feed wheat, Ukraine Black Sea	313	320	317	0.8%
Wheat HRW 11% Protein USA NOLA	358	364	361	0.8%
Wheat SRW, USA NOLA	332	336	334	-0.6%
Wheat Superior, France Rouen	323	326	325	-0.9%
Wheat 12.5% protein, Romania Constanța	334	341	338	-0.4%
Wheat 12.5% protein, Russia Black Sea	333	343	338	-1.2%
Barley, Ukraine Black Sea	301	304	303	0.3%
Barley, France Rouen	291	294	293	-2.7%
Corn, Ukraine Black Sea	270	274	272	-0.7%
Corn, USA NOLA	269	273	271	1.9%
Corn, France Rouen	285	288	287	-1.5%
Corn, Romania Constanța	273	277	275	0.2%
Corn, Russia Black Sea	272	276	274	-0.2%



## Market dynamics of the main grain crops

Last week on the domestic wheat market the drop in prices accelerated, which was observed since the beginning of this month. Prices for corn fell once again. Barley also did not escape the downtrend this time.

According to the monitoring data of ProAgro Group, the average prices of both food and feed wheat at primary elevators and ports in mid-December decreased by an average of 250 UAH/ton, and this is the largest weekly price drop in the current season. The reduction in price was caused by a decrease in importers' demand both due to the holidays and due to high prices, which at the end of November in the Black Sea region reached a maximum and were registered higher than for American and even European (in particular, French) grain.

Note that the main regional importer of wheat - Turkey has practically stopped purchases due to the record devaluation of its national currency, which has fallen in price against the dollar by half last week alone. However, the supply prices of Ukrainian wheat on the FOB/Black Sea ports basis remain quite high, and for feed wheat over the last week they even increased by an average of 3 \$/ton. Amid the decrease in price of UAH, manufacturers have sharply reduced their supply, however, exporters do not yet need large volumes of purchases.

Domestic corn prices also fell last week: on EXW and CPT port bases, it lost an average of 100 UAH per ton. The reduction in price was due to a large corn supply from producers. On FOB/deep-sea ports, Ukrainian corn fell by an average of 2 \$/ton over the past week.

Barley, although it kept its price at elevators, also fell in price in ports last week by an average of 100 UAH/ton.

Domestic processors last week also reduced demand prices for all major crops by 50-100 UAH/ton. At the same time, the supply prices of wheat processed products - flour and bran - are still at the same levels.

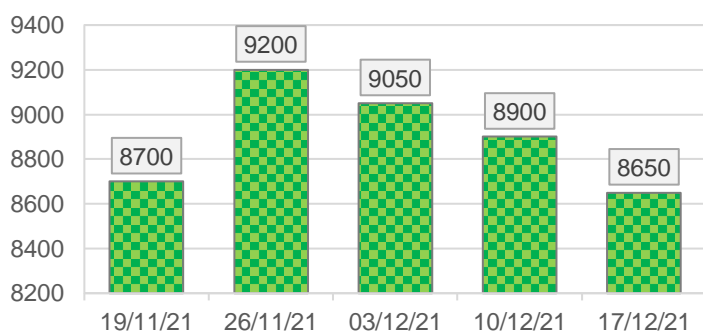
### Purchase prices for key crops

	min	max	avr	Δ, %
EXW price demand, UAH/ton				
Wheat 12.5%	7950	9100	8650	-2.8%
Wheat 11.5%	7900	9050	8600	-2.8%
Feed wheat	7200	8500	7800	-3.1%
Corn	6650	7550	6850	-1.4%
Barley	6900	7950	7700	0.0%
CPT enterprise price, UAH/ton				
Wheat 12.5%	8400	9000	8700	-0.6%
Wheat 11.5%	8300	8950	8650	-0.6%
Feed wheat	7650	8200	7850	-1.3%
Corn	6700	7200	6800	-0.7%
Barley	7000	7550	7200	-0.7%
CPT port price, UAH/ton				
Wheat 12.5%	9300	9900	9350	-3.6%
Wheat 11.5%	9250	9850	9300	-3.6%
Feed wheat	8900	9300	8650	-3.9%
Corn	7650	8000	7750	-1.9%
Barley	8100	8300	8200	-1.2%

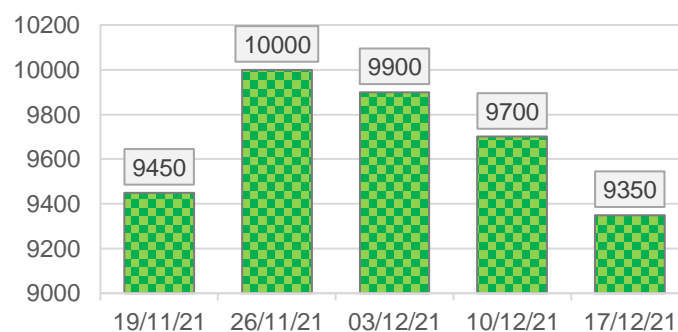
### Prices for Key wheat processing products

	min	max	avr	Δ, %
EXW price demand, UAH/ton				
Flour, extra class	11500	12200	12150	0.0%
Flour, first class	11300	11850	11800	0.0%
Wheat bran	4500	4900	4600	0.0%
EXW supply price, UAH/ton				
Flour, extra class	11600	12400	12200	0.0%
Flour, first class	11400	12000	11900	0.0%
Wheat bran	4450	5100	4650	0.0%

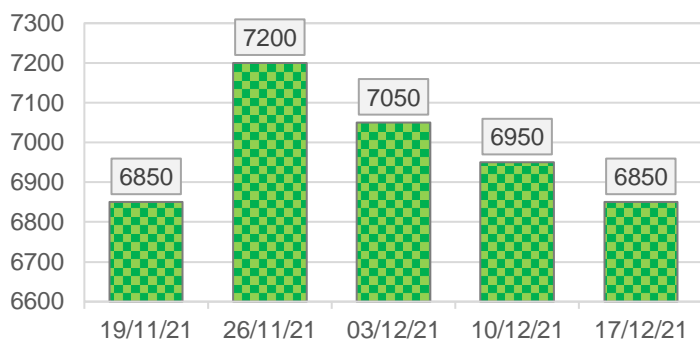
Average price dynamics, UAH/t.  
Wheat 12,5% protein, EXW demand



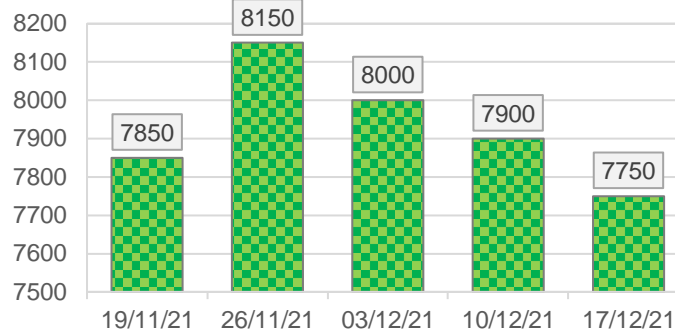
Average price dynamics, UAH/t.  
Wheat 12,5% protein, CPT port



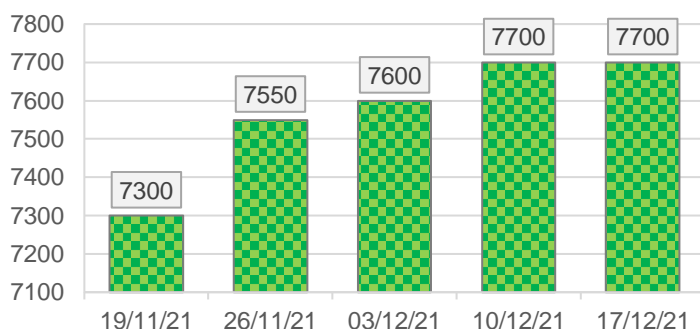
**Average price dynamics, UAH/t.  
Corn, EXW demand**



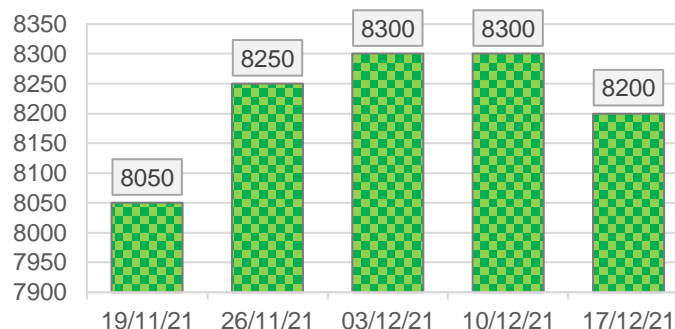
**Average price dynamics, UAH/t.  
Corn, CPT port**



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



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



## Niche grain market dynamics

The domestic market for niche grains last week, in contrast to the market for major grains, remained practically stable amid both limited supply and demand.

According to the monitoring data of ProAgro Group, the only changes were made only in the prices for peas in ports - they decreased by an average of 150 UAH/ton during the week. This is primarily due to a decrease in the current demand of importers for pulses on the eve of the New Year holidays.

In general, in July-November 2021/22 MY, Ukraine exported more than 270 thousand tons of peas, which is already close to the maximum volume that can be exported from the country this season. However, with high prices for demand in the export direction, in the second half of the season, foreign trade in Ukrainian peas may still intensify.

### Purchase prices for niche crops

	min	max	avr	Δ,%
EXW price demand, UAH/ton				
Rye	5700	6200	5800	0.0%
Peas	9600	10000	9900	0.0%
Oats	5900	6300	6100	0.0%
Millet	6900	7500	7200	0.0%
Sorghum	6600	7100	6800	0.0%
CPT enterprise price, UAH/ton				
Rye	5800	6200	5950	0.0%
Peas	9500	10000	9900	0.0%
Oats	6000	6400	6150	0.0%
Millet	6800	7500	7300	0.0%
Sorghum	n / i	n / i	n / i	n / i
CPT port price, UAH/ton				
Rye	6500	7100	6700	0.0%
Peas	9900	10500	10100	-1.5%
Oats	6100	6450	6300	0.0%
Millet	7200	8000	7800	0.0%
Sorghum	7200	7600	7400	0.0%

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