

Grain and processed products market

Key influencing factors

- According to the State Consumer Service, at the beginning of February, winter crops in Ukraine were in good condition. The percentage of living plants was 91-99%, dead - 1-9%;
- According to the State Customs Service, as of February 9, since the beginning of MY 2021/22, Ukraine has exported 39.9 million tons of grain and leguminous crops, which is 10.1 million tons more than on the same date last season. Supplies of wheat amounted to 17.3 million tons (+4.2 million tons), barley - 5.5 million tons (+1.6 million tons), rye - 157.5 thousand tons (+155.8 thousand tons), corn - 16.6 million tons (+4.4 million tons). In addition, 64.4 thousand tons of grain flour (including 63.3 thousand tons of wheat) were delivered abroad, which is 24.4 thousand tons less than the corresponding indicator of the previous season;
- The Maritime Administration of Ukraine has warned that from February 13 to February 19, 2022, certain areas of the Black and Azov Seas are blocked for military exercises of the Russian Navy. These areas block the recommended routes for ships to the seaports of Ukraine. Later it was reported that restrictions on the passage of ships in the Sea of Azov were lifted;
- According to the Ministry of Agriculture of the Russian Federation, duties on export deliveries of Russian wheat from February 16 will decrease from the previous 93.2 to 92.8 \$/ton, while duties on barley will increase from 73.3 to 74.1 \$/ton. At the same time, the export duty on corn supplies will remain at the level of the previous week - \$52.7/ton. The established fees will be valid until February 22, 2022 inclusive;
- For 7 months of the current season, France supplied 5.32 million tons of wheat (flour and feed) to foreign markets. According to FranceAgriMer forecasts, by the end of the season, the volume of grain shipments outside the EU countries will amount to 9 million tons;
- Analysts at Stratégie Grains raised their forecast for EU wheat production in MY 2022/23 by 0.3 million compared to the preliminary estimate to 128 million tons, mainly due to an increase in indicators for France and Poland. The area under grain crops is estimated at the level of the current season - 21.7 million hectares;
- Experts from the Buenos Aires Grain Exchange have lowered the forecast for corn production in Argentina in 2021/22 MY to 51 million tons, which is 6 million less than their preliminary estimate. The downward adjustments were made due to the persistence of severe drought in the country, which critically hampered the development of grain crops;
- The Turkish State Grain Council TMO, in a tender on February 8, pre-purchased 325,000 tons of corn in 13 batches of 25,000 tons each for delivery to 11 different ports of the country at a price of \$ 304.7-311.65 / ton C&F in the period 15 February - March 15 this year. At the previous tender in November, Turkey purchased 300,000 tons of corn;
- According to market operators, Jordan purchased 60,000 tons of barley from Cargill at a price of \$301.25/ton C&F during a tender held on February 8, with supply July 1-15.

Dynamics of international markets

Last week, the February 2021/22 USDA Major Cereals Balance Report was released, lowering forecasts for global wheat and corn production.

Thus, compared with the January report, the estimate of the global wheat harvest was reduced by American analysts by almost 2.2 million, to 776.4 million tons. At the same time, grain exports, including flour and processed products, were increased by 1.75 million to 208.45 million tons. Consequently, the estimate of the world's ending stocks of wheat was also reduced by 1.742 million to 278.2 million tons.

As for corn, in the February report, the estimate of its world production compared to January was reduced by 1.6 million to 1.205 billion tons. However, the forecast for world grain exports increased by more than 0.9 million to almost 195 million tons. Accordingly, ending balances are projected at 302.2 million tons, which is almost 850 thousand tons less than the preliminary estimate.

The price of Ukrainian grain in the Black Sea ports on FOB terms

Product	Price FOB Black Sea, USD/t (demand)		Price FOB Black Sea, USD/t (supply)	
	min	max	min	max
Wheat 12.5%	308	313	310	315
Wheat 11.5%	302	308	308	312
Feed wheat	292	295	290	296
Barley	293	298	295	299
Corn	278	285	282	286

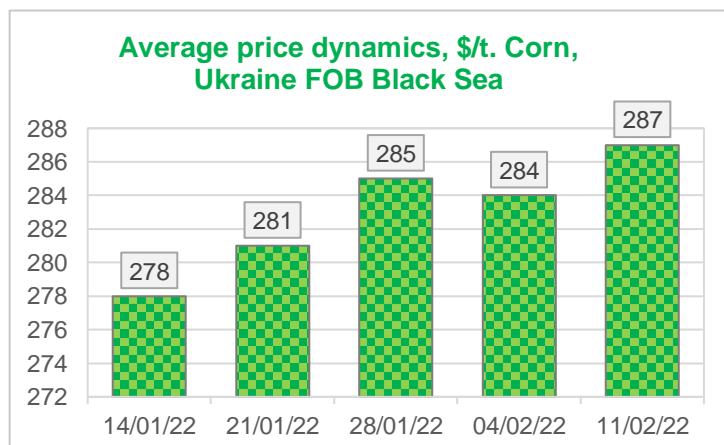
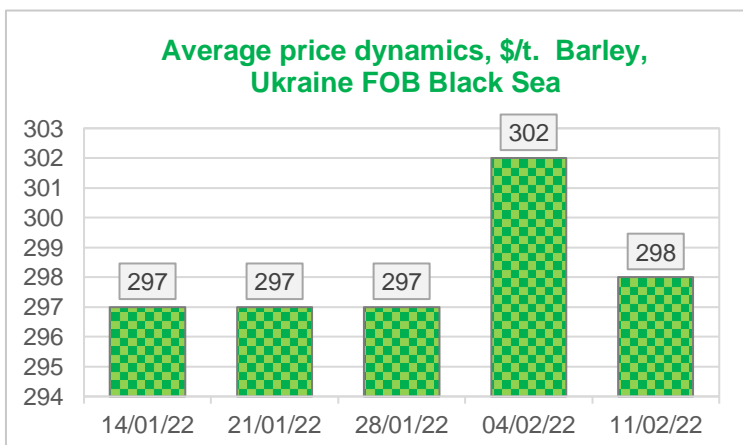
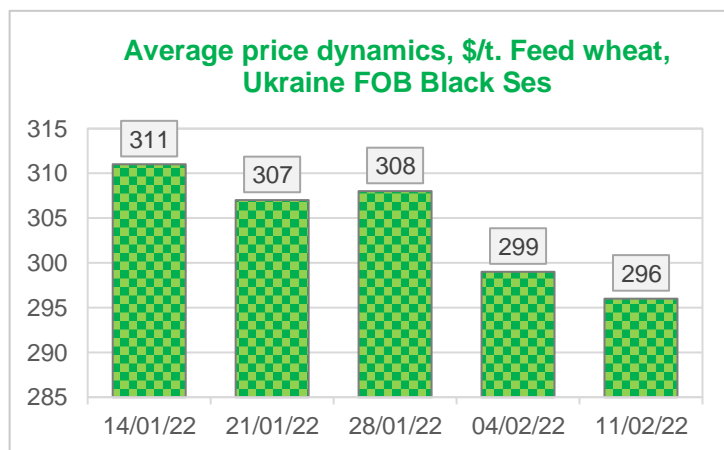
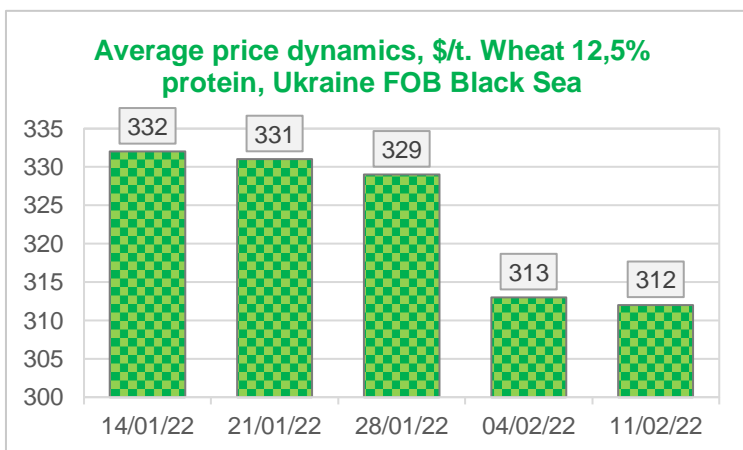
Export prices for the main products of wheat processing in Ukraine

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

On CBOT March corn futures rose in price: if last Monday its price was \$250.7/ton, then on Friday it rose to \$256.29/ton. Similar March corn contracts on EURONEXT has risen in price during the last week from 252.50 €/ton on Monday to 255 €/ton on the last working day of the week.

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

Contract prices for grain in the main ports of exporting countries, deliveries March-May 2022					
	Forward June	min	max	avr	Δ, %
FOB price, USD/t					
Wheat 12.5% protein Ukraine Black Sea	293	309	315	312	-0.2%
Wheat 11.5% protein Ukraine Black Sea	286	303	307	305	-1.6%
Feed wheat, Ukraine Black Sea	278	294	298	296	-1.0%
Wheat HRW 11% protein USA NOLA	368	374	378	376	3.3%
Wheat SRW, US NOLA	326	344	348	346	3.6%
Wheat Superior, France Rouen		310	314	312	1.6%
Wheat 12.5% protein, Romania Constanța	300	317	321	319	-1.5%
Wheat 12.5% protein, Russia Black Sea	295	311	315	313	-0.6%
Barley, Ukraine Black Sea		295	300	298	-1.3%
Barley, France Rouen		303	305	304	3.6%
Corn, Ukraine Black Sea		285	288	287	1.1%
Corn, US NOLA	289	302	306	304	5.2%
Corn, France Rouen		299	301	300	0.7%
Corn, Romania Constanta		288	291	290	0.0%
Corn, Russia Black Sea		287	290	289	0.2%



Dynamics of the market of the main grain crops

Despite the rise in wheat prices in spot sales in the US and European markets, Black Sea grain prices continued to decline last week on the back of reduced demand, expectations of problems with logistics by sea routes in the region and a general increase in security tensions.

According to ProAgro Group monitoring data, prices for wheat of all classes on the basis of primary elevators during the week decreased by an average of 300 UAH/ton, and in ports - by about 200 UAH/ton. At the same time, the price of export contracts for wheat with a protein content of 12.5% for delivery in February-March to FOB/Black Sea ports decreased by an average of only 1 \$/ton over the past week, while feed lost about 3 \$/ton.

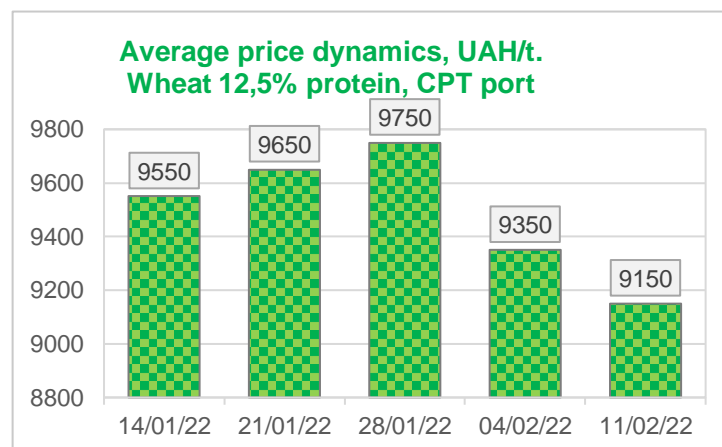
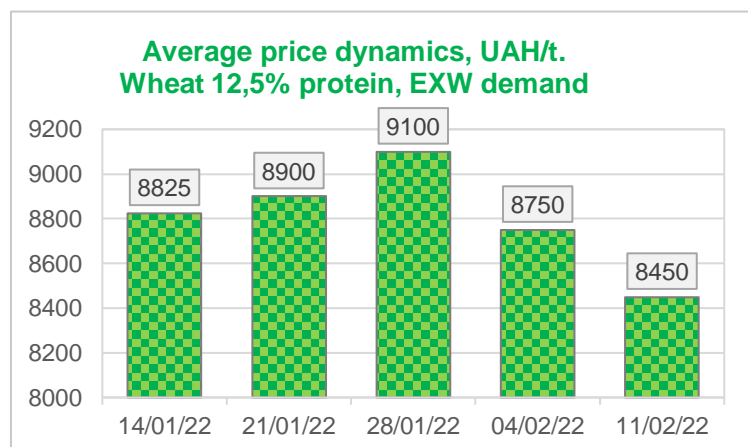
Traders and exporters are lowering hryvnia wheat purchase prices on the domestic market due to uncertainty about future export volumes and the rapid collapse in external demand prices, which have already fallen by \$10-15/ton and even more since the beginning of February. In the February report, USDA reduced the forecast for the export of Ukrainian wheat in the 2021/22 season (including flour and processed products) by 200 thousand tons to 24 million tons.

Despite the increase in the price of Ukrainian corn in the export direction - plus 3 \$ / ton over the past week, domestic prices also sank under the influence of the wheat market: grain prices in ports fell by an average of 50 UAH / ton. At the same time, purchase prices for corn at domestic elevators mostly remained at the same level due to stable high demand. Also last week, barley fell by 50 UAH/ton in ports, but remained at the same price in primary elevators. The price of the nearest contracts on FOB/Ukraine decreased by an average of \$3/ton over the week.

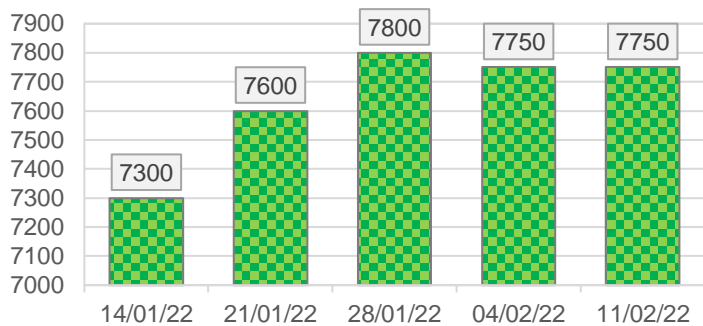
Last week, after a preliminary reduction in prices, which was recorded at the beginning of the month, the cost of supply of wheat flour producers increased by 100 UAH/ton and bran rose in price by 150 UAH/ton. This happened despite the reduction by processors of purchase prices for both food and feed wheat by an average of 200 UAH/ton.

Purchase prices for key crops				
	min	max	avr	Δ, %
Price EXW demand, UAH/ton				
Wheat 12.5%	8150	8850	8450	-3.4%
Wheat 11.5%	8100	8800	8400	-3.4%
Feed wheat	7500	8200	7800	-3.7%
Corn	7600	8300	7750	0.0%
Barley	7500	8200	7800	0.0%
Price CPT-enterprise, UAH/ton				
Wheat 12.5%	8250	9000	8550	-2.3%
Wheat 11.5%	8200	8950	8500	-2.3%
Feed wheat	7700	8450	8000	-2.4%
Corn	7550	7850	7700	0.0%
Barley	7400	7800	7650	0.0%
CPT-port price, UAH/ton				
Wheat 12.5%	9100	9300	9150	-2.1%
Wheat 11.5%	9100	9250	9100	-2.2%
Feed wheat	8300	8800	8500	-2.3%
Corn	8300	8650	8550	-0.6%
Barley	8400	8700	8600	-0.6%

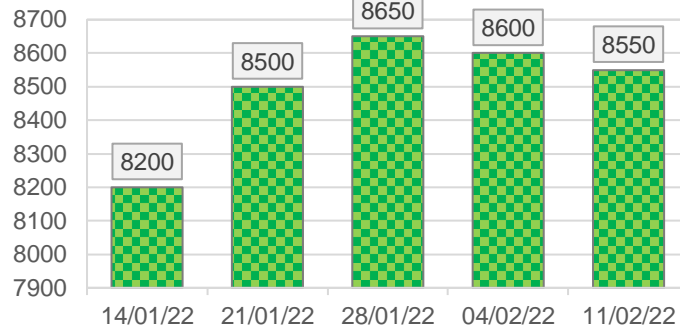
Prices for key wheat processing products				
	min	max	avr	Δ, %
Price EXW demand, UAH/ton				
Flour, extra class	11950	12650	12550	0.8%
Flour, first class	11650	12350	12250	0.8%
Wheat bran	4100	4450	4350	3.6%
Price EXW supply, UAH/ton				
Flour, extra class	12100	12700	12600	0.8%
Flour, first class	11800	12400	12300	0.8%
Wheat bran	4250	4600	4400	3.5%



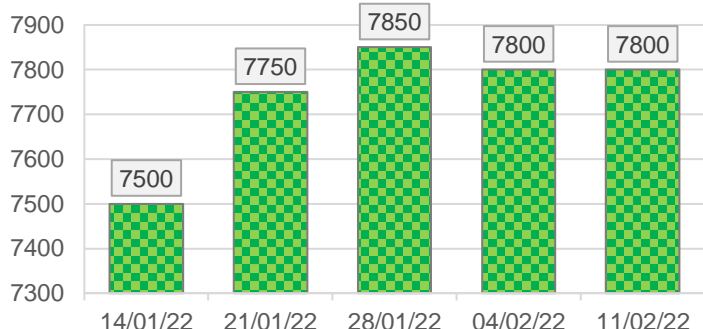
**Average price dynamics, UAH/t.
Corn, EXW demand**



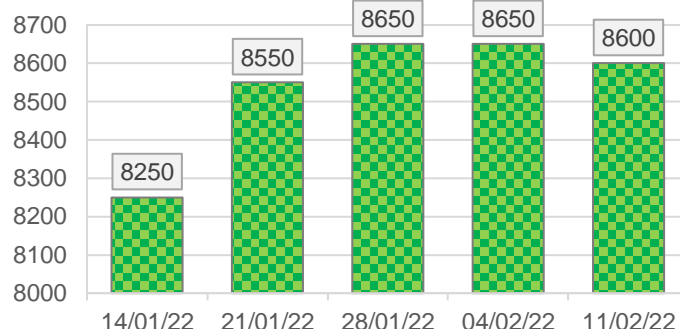
**Average price dynamics, UAH/t.
Corn, CPT port**



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



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



Dynamics of the market of niche crops

In the domestic market of niche grain crops, prices remained generally stable last week.

The only fluctuation recorded by ProAgro Group's monitoring occurred in the pea market, which last week went up by 50 UAH/ton in ports, but remained at the previous price at internal elevators and processors' purchasing points.

Purchase prices for niche crops				
	min	max	avr	Δ, %
Price EXW demand, UAH/ton				
Rye	5900	6500	6100	0.0%
Peas	10000	10700	10500	0.0%
oats	6300	6700	6400	0.0%
Millet	7800	8300	7900	0.0%
Sorghum	6600	7100	6650	0.0%
Price CPT-enterprise, UAH/ton				
Rye	6200	6800	6350	0.0%
Peas	9800	11200	10700	0.0%
oats	6500	6900	6700	0.0%
Millet	8600	8800	8600	0.0%
Sorghum	n/a	n/a	n/a	n/a
CPT-port price, UAH/ton				
Rye	6900	7500	7100	0.0%
Peas	10500	11500	11000	0.5%
oats	6500	6900	6750	0.0%
Millet	8100	9500	8600	0.0%
Sorghum	7500	8000	7800	0.0%