

Grain and processed products market

Key influencing factors

- During the second decade of January, winter crops in Ukraine were in a state of winter dormancy. At the beginning of the decade, in the vast majority of the country's territory, the depth of snow cover did not exceed 1-5 cm or was absent altogether. At the end of the decade, in most areas of Sumy, Poltava, in some places of the Chernihiv region, the formation of an ice crust with a thickness of 2 to 14 mm was noted;
- According to the State Customs Service, as of January 26, 36.9 million tons of grain and leguminous crops have been exported from Ukraine since the beginning of MY 2021/22, which is 8.5 million more than on the same date last season. Deliveries of wheat amounted to 16.7 million tons (+3.8 million), barley - 5.4 million tons (+1.5 million), rye - 152 thousand tons (+150.3 thousand), corn - 14.4 million tons (+3.3 million). In addition, 62.6 thousand tons of grain flour (including 61.5 thousand tons of wheat flour) were delivered abroad, which is 20.5 thousand tons less than the corresponding indicator of the previous season;
- The European Union has set a quota for the import of Ukrainian wheat for February in the amount of 77.8 thousand tons within the annual duty-free quota of 1 million tons. The import of 1.2 thousand tons of Ukrainian barley out of a total volume of 350 thousand tons was also agreed. At the same time, in January, the EU allowed duty-free import from Ukraine of 69.6 thousand tons of wheat and 19.6 thousand tons of barley;
- According to the January MARS report, in most regions of Europe, winter crops were in good condition, which was due to higher than usual atmospheric temperatures, as well as a sufficient amount of seasonal precipitation that has fallen here since the beginning of winter;
- According to the Ministry of Agriculture of the Russian Federation, from February 2, export duties on Russian wheat will decrease from the previous \$95.8 to \$93.9/ton, on corn supplies - from \$50.6 to \$49.6/ton. At the same time, the export duty on barley supplies will increase from \$74.4 to \$74.6/ton. The established amounts of customs duties will be valid until February 8;
- According to IHS Market forecasts, the US wheat planting area in 2022 will be 48.157 million acres, including growth under winter wheat from 33.648 million acres to 34.397 million acres compared to the previous season, under ravine - from 11.42 million acres, under durum wheat up to 1.75 million acres;
- The State Grain Agency of Algeria OAIC at the tender on January 26 purchased from 60 to 80 thousand tons of food wheat from the Black Sea region at a price of about \$ 375 / ton C&F with delivery from February 16 to March 31.
- On January 28, the Egyptian government agency GASC held an international tender for the purchase of milling wheat of random origin with supply from March 5 to 26, 2022. At the time of preparing the review, the results of the tender are not yet known. The previous tender for the purchase of wheat was held by GASC on December 29th.

Dynamics of international markets

Last week, there was a change in the price trend on the world wheat market - after a significant increase in prices in the previous period (amid the growing threat of Russian aggression and a possible attack on Ukraine), this time they were declining. The main driver of pricing was the improvement in weather conditions, in particular rainfall forecasts in the main winter wheat growing regions and an increase in the area under its crops in the United States.

Meanwhile, the upward trend continued to dominate the corn market. The long-awaited and heavy rainfall that took place in Argentina and southern Brazil improved the condition of grain crops, but this led to only a slight local decrease in prices. However, meteorologists do not forecast rains in South America for the next two weeks, which exacerbates the anxiety of traders. Thus, both spot prices and exchange quotations of corn with the nearest delivery times showed a steady growth.

On CBOT in Chicago March soft red wheat futures fell from 294.10 \$/ton last week on Monday, January 24, to 288.88 \$/ton as of the end of the week. On EURONEXT in Paris, the price of the March contract for milling wheat also fell from 281 €/ton at auction on 24 January to 278.75 €/ton on Friday, January 28.

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%	326	330	328	331
Wheat 11.5%	318	322	320	323
Feed wheat	306	309	307	311
Barley	293	298	295	300
Corn	274	278	278	282

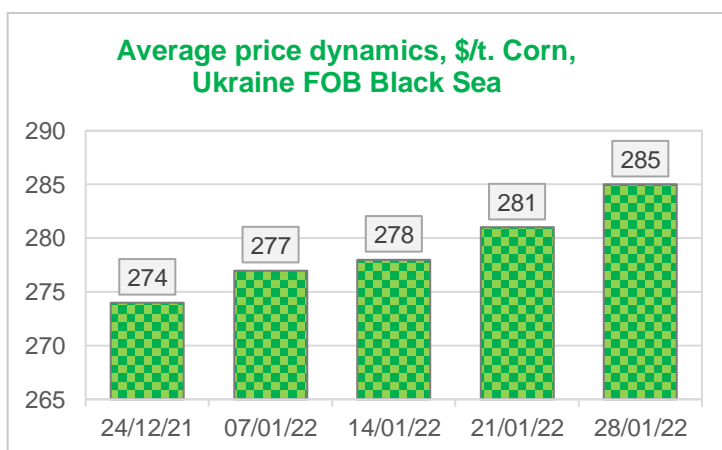
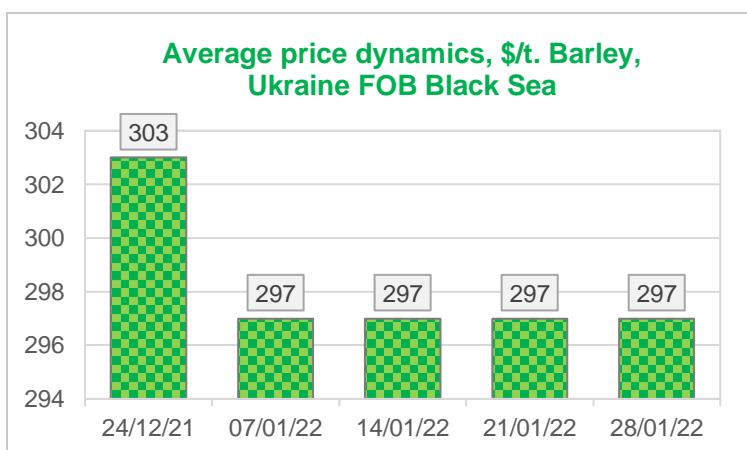
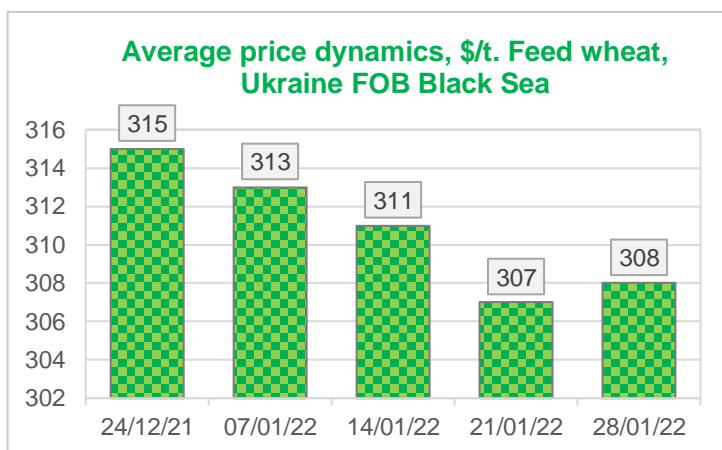
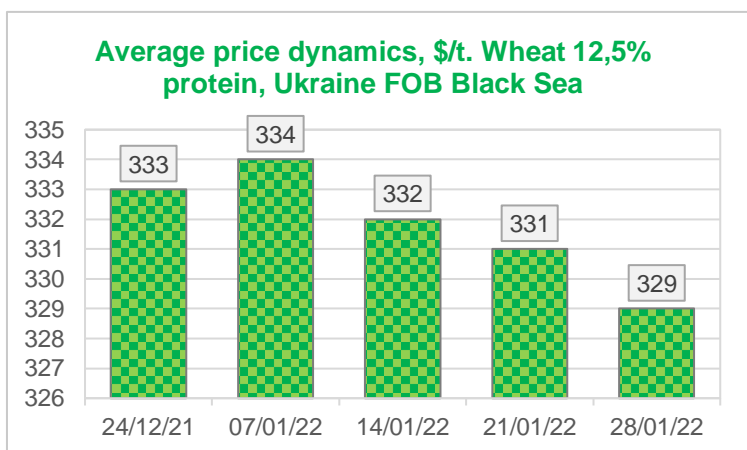
Export prices for the main products of wheat processing in Ukraine

	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 also rose. On Monday, January 24, its price was \$244.48/ton, and on Friday it rose to \$250.38/ton. Similar March corn contracts on EURONEXT has risen in price during the last week from 252.25 €/ton on Monday to 257.25 €/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 February-April 2022					
	Forward June	min	max	avr	Δ, %
FOB price, USD/t					
Wheat 12.5% protein Ukraine Black Sea	315	327	330	329	-0.6%
Wheat 11.5% protein Ukraine Black Sea	310	320	324	322	0.3%
Feed wheat, Ukraine Black Sea	291	306	310	308	0.3%
Wheat HRW 11% protein USA NOLA	372	375	379	377	-1.6%
Wheat SRW, US NOLA	335	344	348	346	1.2%
Wheat Superior, France Rouen		316	318	317	0.0%
Wheat 12.5% protein, Romania Constanța	315	330	334	332	-0.3%
Wheat 12.5% protein, Russia Black Sea	315	327	331	329	-1.2%
Barley, Ukraine Black Sea		295	298	297	0.0%
Barley, France Rouen		297	300	299	-0.2%
Corn, Ukraine Black Sea		283	286	285	1.4%
Corn, US NOLA	272	293	297	295	3.9%
Corn, France Rouen		294	296	295	0.0%
Corn, Romania Constanta		284	287	286	1.4%
Corn, Russia Black Sea		285	292	289	2.5%



Dynamics of the market of the main grain crops

Last week, the market of basic grain crops in Ukraine continued to strengthen, which was facilitated by both its internal situation, in particular, the advantage of demand over supply, and the continued rapid depreciation of the national currency. Safe risks, the withdrawal of foreign capital, as well as the strengthening of the US dollar against all major world currencies, led to the fact that the hryvnia lost more than 60 kopecks in the week since January 21 - last Friday, the NBU set its rate at UAH 28.99 / USD.

Such a significant subsidence of the exchange rate, as well as the need of exporters for stable purchase volumes, led to the fact that, according to monitoring data from ProAgro Group, prices for food wheat on the basis of primary elevators during the week increased by 175-200 UAH per ton, for feed - by 100 UAH/ton. In ports, the rise in price amounted to 100 UAH/ton and 50 UAH/ton, respectively.

At the same time, the export price for wheat with a protein content of 12.5% at FOB/Black Sea ports fell by 2 \$/ton over the past week, and for feed increased by 2 \$/ton. According to exporters, about 90% of food grains have already been exported, given that feed wheat will dominate in export deliveries in the future.

Prices for corn rose significantly last week: at domestic elevators, prices for it increased by an average of 200 UAH/ton, in ports - by 150 UAH/ton, FOB supply added 4 \$/ton, where its price reached a three-month high.

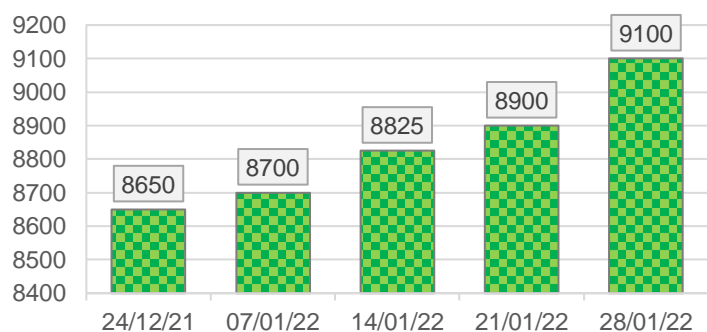
On average, by 50 UAH/ton last week rose price for wheat on the basis of processors. At the same time, the price of corn at the CPT-enterprise increased twice as much - by 100 UAH/ton, while barley remained at the same price.

Also, last week, the supply prices of wheat flour of extra and first class increased by an average of 100 UAH / ton, while wheat bran increased in price by 50 UAH / ton.

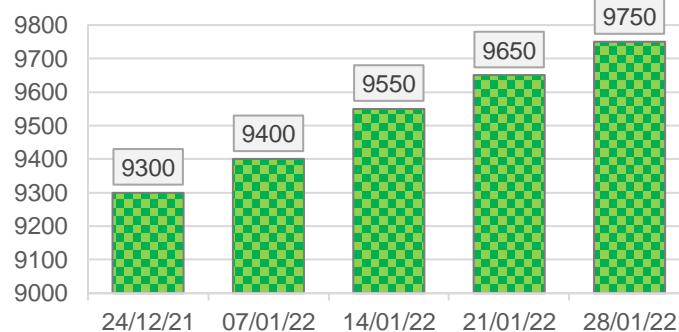
Purchase prices for key crops				
	min	max	avr	Δ, %
Price EXW demand, UAH/ton				
Wheat 12.5%	8800	9450	9100	2.2%
Wheat 11.5%	8750	9400	9050	2.0%
Feed wheat	8150	8800	8450	1.2%
Corn	7600	8400	7800	2.6%
Barley	7600	8200	7850	1.3%
Price CPT-enterprise, UAH/ton				
Wheat 12.5%	8700	9450	8950	0.6%
Wheat 11.5%	8650	9400	8900	0.6%
Feed wheat	8100	8850	8400	0.6%
Corn	7550	7850	7700	1.3%
Barley	7400	7800	7650	0.0%
CPT-port price, UAH/ton				
Wheat 12.5%	9500	9900	9750	1.0%
Wheat 11.5%	9450	9850	9725	1.0%
Feed wheat	8900	9300	9150	0.5%
Corn	8450	8750	8650	1.8%
Barley	8400	8800	8650	1.2%

Prices for key wheat processing products				
	min	max	avr	Δ, %
Price EXW demand, UAH/ton				
Flour, extra class	11850	12550	12450	0.8%
Flour, first class	11550	12250	12150	0.8%
Wheat bran	3900	4300	4200	1.2%
Price EXW supply, UAH/ton				
Flour, extra class	12000	12600	12500	0.8%
Flour, first class	11700	12300	12200	0.8%
Wheat bran	4100	4500	4250	1.2%

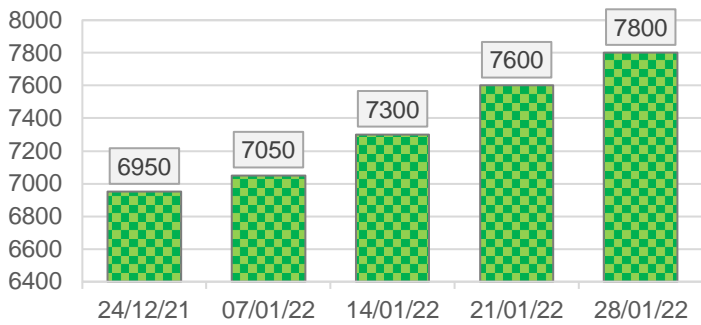
Average price dynamics, UAH/t. Wheat 12,5% protein, EXW demand



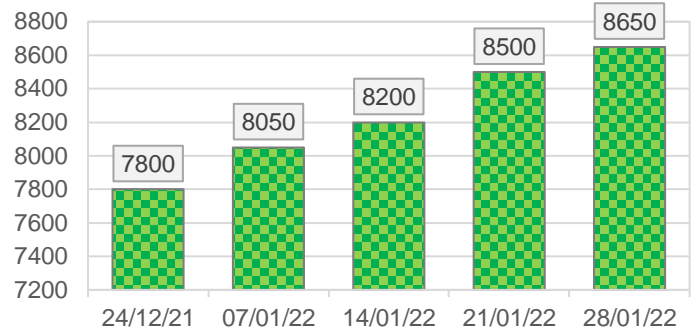
Average price dynamics, UAH/t. Wheat 12,5% protein, CPT port



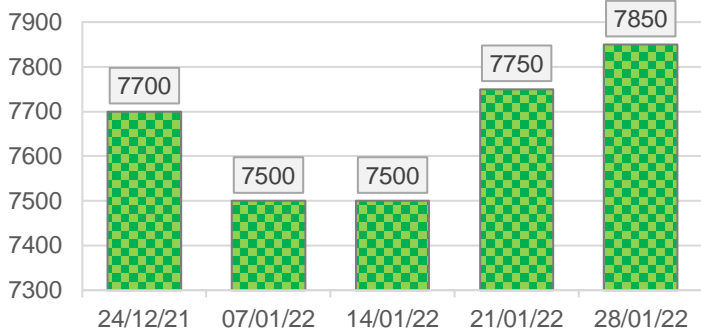
**Average price dynamics, UAH/t
Corn, EXW demand**



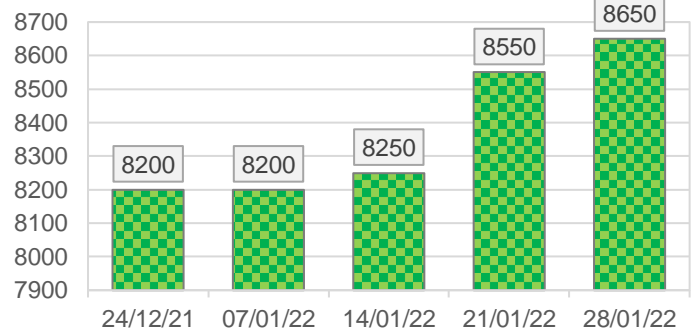
**Average price dynamics, UAH/t.
Corn, CPT port**



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



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



Dynamics of the market of niche crops

After the previous two weeks of rapid growth in prices for niche grains, their domestic market largely stabilized at the end of the month.

According to the ProAgro Group monitoring data, only oats increased in price on the basis of internal elevators - the price for it increased by an average of 100 UAH/ton amid a shortage of grain supply from producers.

Oats, along with millet, also rose in price last. Prices for these two grains on the basis of the CPT-enterprise added an average of 100 UAH / ton and 300 UAH / ton, respectively, which will accordingly affect processed products.

Exporters' demand for niche grain in ports last week was voiced in the previous price ranges, which can be considered a sign of market stabilization and predict no significant fluctuations in the near future.

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	1.6%
Millet	7800	8300	7900	0.0%
Sorghum	6600	7100	6800	0.0%
Price CPT-enterprise, UAH/ton				
Rye	6200	6800	6350	0.0%
Peas	9800	11200	10700	0.0%
Oats	6500	6900	6700	1.5%
Millet	7800	8800	8400	3.7%
Sorghum	n/a	n/a	n/a	n/a
CPT-port price, UAH/ton				
Rye	6900	7500	7100	0.0%
Peas	10500	11300	10950	0.0%
Oats	6500	6900	6750	0.0%
Millet	8100	9500	8600	0.0%
Sorghum	7500	8000	7800	0.0%

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