

Grain and processed products market

Key influencing factors

- In Ukraine, a January observation of seedlings of winter crops showed that the plants have a green color with slight damage to the leaf apparatus. In most of the territory, the general condition of crops, according to the National Agrarian Academy of Sciences of Ukraine, was characterized mainly as good and satisfactory;
- According to the State Customs Service, as of February 4, 39.1 million tons of grain and leguminous crops have been exported from Ukraine since the beginning of MY 2021/22, which is 9.8 million tons more than on the same date last season. Supplies of wheat amounted to 17.2 million tons (+4.1 million tons), barley - 5.5 million tons (+1.5 million tons), rye - 156.8 thousand tons (+155.1 thousand tons), corn - 16 million tons (+4.2 million tons). In addition, 63.9 thousand tons of grain flour (including 62.8 thousand tons of wheat flour) were delivered abroad, which is 23.9 thousand tons less than the corresponding indicator of the previous season;
- Ukraine and Turkey signed an agreement on a free trade zone, the key position of which for Ukraine is the establishment of a duty-free regime for 10,337 commodity items. In particular, Turkey will open improved access for agricultural products: the duty on supply of grain will be 0%;
- According to the Ministry of Agriculture of the Russian Federation, from February 9, duties on export deliveries of Russian wheat will decrease from the previous \$93.9 to \$93.2/ton, on barley - from \$74.6 to \$73.3/ton. At the same time, the export duty on corn supplies will increase from 49.6 to \$52.7/ton. The duties will be in effect till February 15;
- The area under wheat in Russia this year will reach 29.5 million hectares, which is 0.8 million hectares more than in 2021. Areas under corn will increase by 34 thousand hectares, up to 3 million hectares, under barley will remain at the level of last year - 8.2 million hectares, under rye - will decrease by 126.8 thousand hectares, to 917.6 thousand hectares;
- The USDA agricultural attache in Turkey has reduced its forecast for wheat imports to the country in 2021/22 MY by 5 million compared to the previously released figure - to 10.8 million tons, which is also lower than the January USDA forecast (11 million tons), due to a decrease of the exchange rate of the lira, as well as the expected increase in barley imports, Reuters reports;
- The Tunisian State Agency for Food Procurement, during a tender held on February 2, purchased, as planned, 75 thousand tons of durum wheat at a price of 643-649 \$/ton C&F, 100 thousand tons of soft wheat at a price of 348.69-350.77 \$/ton C&F and 75 thousand tons of barley at a price of \$332.69-342/ton C&F. Delivery of grain to the importer should be carried out in February-April;
- The Grain Agency of Turkey (TMO) announced on February 8 an international tender for the purchase of 13 batches of 25 thousand tons, a total of 325 thousand tons of feed corn of arbitrary origin. The supply is scheduled for February 25-March 15;
- The State Food Procurement Agency of Bangladesh announced a tender on February 14 for the purchase of 50 thousand tons of milling wheat of random origin with supply within 40 days from the date of the contract.

Dynamics of international markets

According to the updated FAO forecast, world cereal production in 2021 will amount to 2.793 billion tons, which is 0.8% more than a year earlier. Wheat production in 2021 will be comparable to 2020, with coarse grain production 1.3% and rice 0.7% higher than a year earlier.

Global cereal consumption is expected to increase by 1.6% in 2021/22 compared to the previous season, which could lead to a decrease in the stock-to-use ratio to 28.7%, slightly higher than a year earlier, but still comparable to previous periods.

The FAO forecast for the volume of grain trade in 2021/22 MY amounted to a record 481 million tons, which is 0.4% higher than in the previous year. Thus, the volume of world trade in wheat could increase by 2%, and rice - by almost 4%, more than offsetting the expected decline of 1.5% in trade in coarse grains.

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%	310	317	315	320
Wheat 11.5%	308	314	313	318
Feed wheat	292	297	295	299
Barley	293	301	298	302
Corn	278	283	282	287

Export prices for the main products of wheat processing in Ukraine

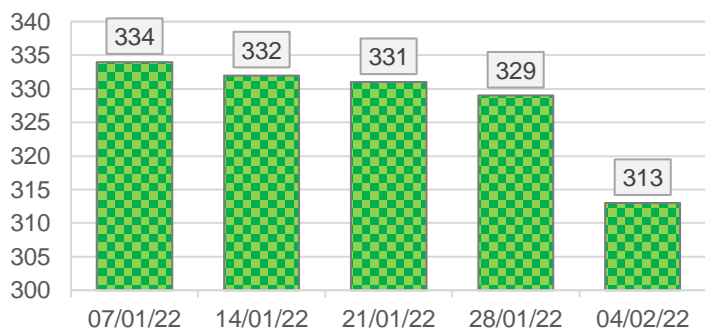
	min	max	avr	Δ, %
Flour, e. c., FCA	242	245	242	0.0%
Wheat bran, FOB	136	140	138	0.0%

On CBOT March corn futures fell in price: on the last day of January, its price was \$246.45/ton, and on Friday it fell to \$244.24/ton. Similar March corn contracts on EURONEXT increased in price during the last week from 249.25 €/ton on Monday to 251.75 €/ton on the last working day of the week.

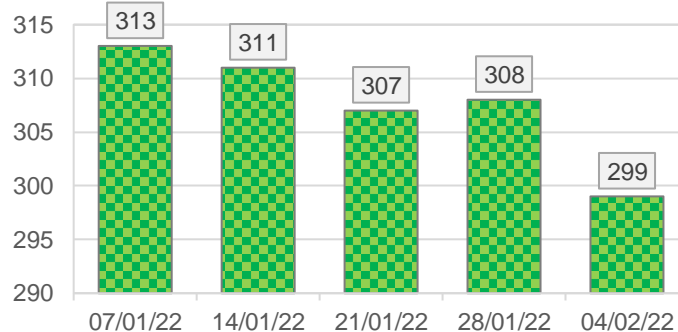
Prices for Ukrainian flour and wheat bran				
Product	USD/t (demand)		USD/t (supply)	
	min	max	min	max
Flour, e. c., FCA	240	243	242	245
Wheat bran, FOB	135	138	136	140

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	308	310	315	313	-4.9%
Wheat 11.5% protein Ukraine Black Sea	298	308	312	310	-3.7%
Feed wheat, Ukraine Black Sea	288	297	301	299	-2.9%
Wheat HRW 11% protein USA NOLA	359	362	366	364	-3.4%
Wheat SRW, US NOLA	313	332	336	334	-3.5%
Wheat Superior, France Rouen		306	308	307	-3.2%
Wheat 12.5% protein, Romania Constanța	310	322	326	324	-2.4%
Wheat 12.5% protein, Russia Black Sea	308	313	317	315	-4.3%
Barley, Ukraine Black Sea		300	303	302	1.7%
Barley, France Rouen		292	295	294	-1.7%
Corn, Ukraine Black Sea		282	285	284	-0.4%
Corn, US NOLA	272	287	291	289	-2.0%
Corn, France Rouen		297	299	298	1.0%
Corn, Romania Constanta		288	291	290	1.4%
Corn, Russia Black Sea		286	290	288	-0.2%

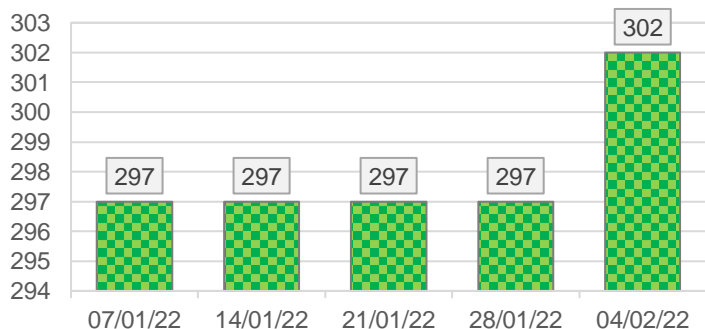
Average price dynamics, \$/t. Wheat 12,5% protein, Ukraine FOB Black Sea



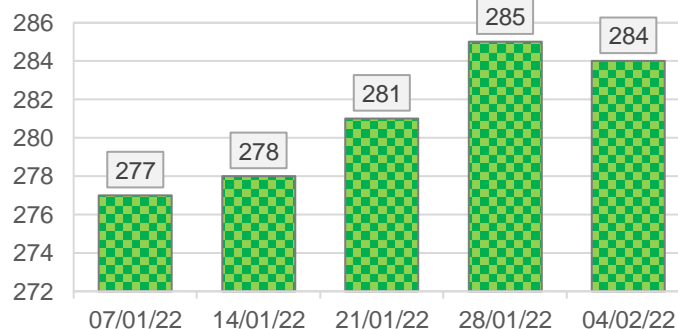
Average price dynamics, \$/t. Feed wheat, Ukraine FOB Black Sea



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



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



Dynamics of the main grain crops market

Last week, domestic wheat prices fell sharply due to weakening export demand. The subsidence in the corn market was more restrained, and barley practically held its positions.

According to monitoring data by ProAgro Group, prices for wheat of all classes on the basis of primary elevators during the week decreased by an average of 350 UAH/ton, while in ports the decline was even more rapid and amounted to 400-450 UAH/ton. This happened amid a sharp drop in the export price of grain to a three-month low: wheat with a protein content of 12.5% with deliveries in February-March to FOB/Black Sea ports fell in price by an average of \$16/ton to \$310-315/ton last week, and feed has lost about \$10/ton in price.

At the same time, wheat prices fell throughout the Black Sea region, which was caused by several factors: a decrease in demand from importers, who mostly bought the necessary volumes of grain for the near future, a decrease in fears of a Russian attack on Ukraine, as well as a good condition of winter crops in the region.

Last week, corn also fell in price at domestic elevators and in port by an average of 50 UAH/ton, while the nearest FOB contracts lost about 1 \$/ton. The price reduction could have been more tangible, but prices are being supported by the growing global trend in soybeans.

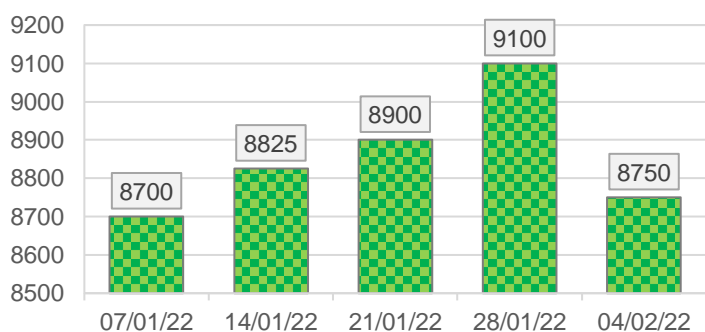
Last week, barley on EXW fell in price by an average of 50 UAH/ton, but in the ports it retained the preliminary price, while in the export direction contracts rose by an average of 5 \$/ton. However, due to a reduction in domestic supply, trade is rapidly curtailing.

On average, food and feed wheat fell by 200 UAH/ton last week on the basis of processors. At the same time, prices for corn and barley remained at the same level. Producers' bid prices for wheat processing products – premium and first grade flour and bran – were also stable.

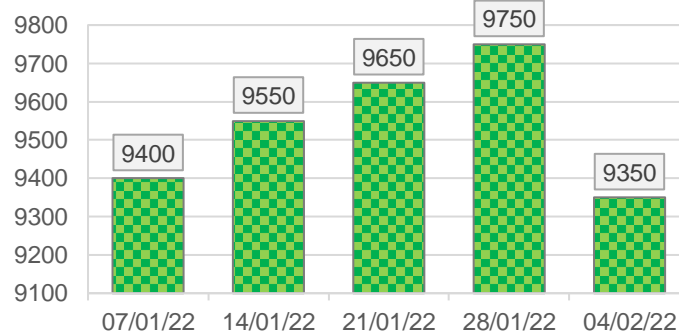
Purchase prices for key crops				
	min	max	avr	Δ, %
Price EXW demand, UAH/ton				
Wheat 12.5%	8250	9100	8750	-3.8%
Wheat 11.5%	8200	9050	8700	-3.9%
Feed wheat	7500	8450	8100	-4.1%
Corn	7500	8400	7750	-0.6%
Barley	7500	8150	7800	-0.6%
Price CPT-enterprise, UAH/ton				
Wheat 12.5%	8500	9250	8750	-2.2%
Wheat 11.5%	8450	9200	8700	-2.2%
Feed wheat	7900	8650	8200	-2.4%
Corn	7550	7850	7700	0.0%
Barley	7400	7800	7650	0.0%
CPT-port price, UAH/ton				
Wheat 12.5%	9200	9600	9350	-4.1%
Wheat 11.5%	9150	9550	9300	-4.4%
Feed wheat	8400	8900	8700	-4.9%
Corn	8400	8750	8600	-0.6%
Barley	8400	8750	8650	0.0%

Prices for key wheat processing products				
	min	max	avr	Δ, %
Price EXW demand, UAH/ton				
Flour, extra class	11850	12550	12450	0.0%
Flour, first class	11550	12250	12150	0.0%
Wheat bran	3900	4300	4200	0.0%
Price EXW supply, UAH/ton				
Flour, extra class	12000	12600	12500	0.0%
Flour, first class	11700	12300	12200	0.0%
Wheat bran	4100	4500	4250	0.0%

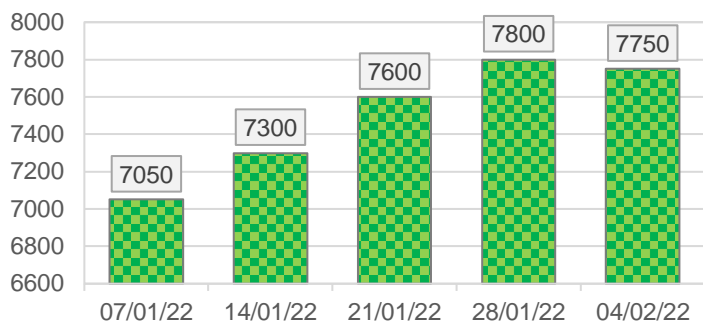
Average price dynamics, UAH/t. Wheat 12,5% protein, EXW demand



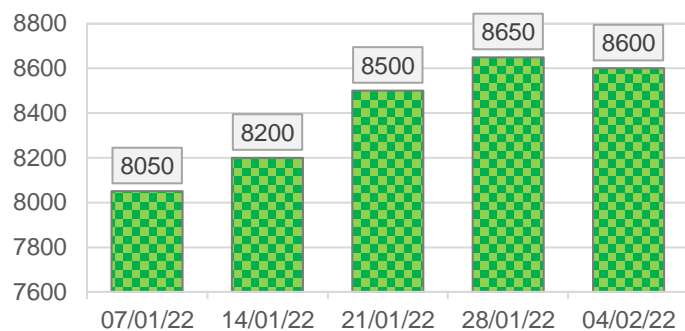
Average price dynamics, UAH/t. Wheat 12,5% protein, CPT port



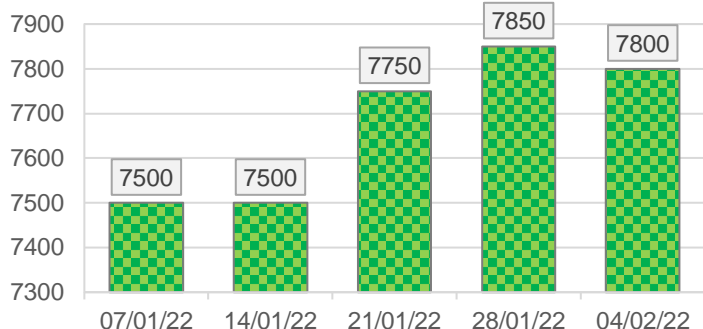
**Average price dynamics, UAH/t
Corn EXW demand**



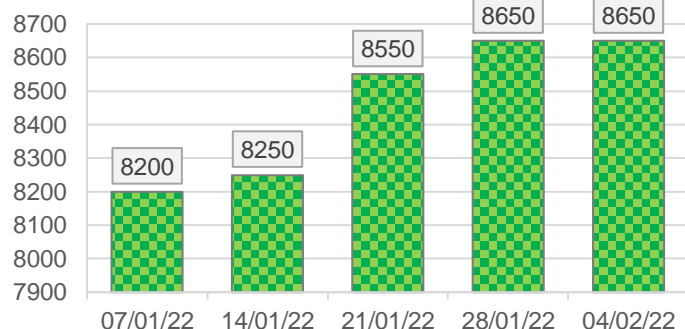
**Average price dynamics, UAH/t. Corn,
CPT port**



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



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



Dynamics of the market of niche crops

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

First of all, it should be noted that in the second half of January, despite a sharp change in trends in the market of major crops, the prices of supply and demand for niche grain on the CPT-port basis are in equilibrium.

Meanwhile, according to monitoring data from ProAgro Group, on the basis of domestic elevators, the price of sorghum increased by an average of 150 UAH/ton last week, which is due both to the recent cheapening of corn and low demand for it from exporters.

On the basis of processors, once again, on average, millet has risen in price by 200 UAH/ton, the prices for which are still catching up with the demand prices for grain traders and exporters.

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	-2.2%
Price CPT-enterprise, UAH/ton				
Rye	6200	6800	6350	0.0%
Peas	9800	11200	10700	0.0%
Oats	6500	6900	6700	0.0%
Millet	8000	9000	8600	2.4%
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%