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Ukraine

Grain and Feed Update

Ukraine Grain and Feed

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Report Highlights:

The summer grain harvest is progressing in Ukraine despite of some delay caused by weather conditions. About 42 percent of the total barley area is harvested and just about 22 percent of wheat. Production volumes for major grains are expected to be lower compared to the previous year as the result of cut in production areas. Average crop yields are showing good results even though adverse weather in Central and Eastern Ukraine had some negative effects. Grain exports in the new marketing year are starting off well. The Government and the industry are currently negotiating the terms of trade for the new season.

Post:

Kiev

Executive Summary:

The harvest of grains was underway in Ukraine at the beginning of July 2015. By the time of this report writing, all agricultural production regions in Ukraine have engaged in harvesting winter and early spring crops. Due to heavy rains in late June – early July there has been a delay in the harvest for all crops. Harvest conditions in eastern Ukraine are somewhat difficult due to violent clashes between combined Russian separatist forces and Ukrainian forces in parts of the eastern regions of Donetsk and Luhansk. Also, harvest and planting data presented in this report does not include statistics for the territory of Crimea because this data was not available.

Production

As of July 14, 2015 of the main agricultural crops grown in Ukraine, about 5 million metric tons (MMT) of wheat was harvested, around 3.4 MMT of barley and just 4 thousand tons of rye. Corn and spring wheat are in the growth phase.

Table 1. Production of Grains in Ukraine, as of July 14, 2015 *

Crop	Area Harvested, 1000 ha	Production, 1000 MT	Yield, MT/ha	Percent Harvest Complete, %
Barley	1165	3424	2.9	41.8
Rye	2	4	2.0	1.4
Wheat	1478	4996	3.4	21.7

Source: Ministry of Agrarian Policy and Food of Ukraine

^{* -} Preliminary harvest data, does not include data for the temporarily occupied territory of Crimea and parts of Donetsk and Lugansk oblasts

Area Planted, 1,000 ha Change, 2015 to 2014 Crop Area, 2015 % 2014 % % 1,000 ha Wheat (spring and winter crop) 6,853.6 25.7 6,061.2 22.3 792.4 113.1 Barley (spring and winter crop) 2,818.7 10.6 3,040.9 11.2 -222.2 92.7 Corn 4,137.4 15.5 4,691.3 17.2 -553.9 88.2 Rye 150.5 0.6 187.1 0.7 -36.6 80.4 Oats 212.6 0.8 247.2 0.9 -34.6 86.0 Sorghum 53.1 0.2 88.9 0.3 -35.8 59.7 Buckwheat 132.2 0.5 140.2 0.5 -8.0 94.3 370.0 Other grains and legumes 1.4 344.0 1.3 26.0 107.6 Sub-total grains and legumes 14,728.1 55.1 14,800.8 54.3 -72.7 99.5 -92.1 Sugar Beets 238.9 0.9 331.0 72.2 1.2 Sunflower 4,964.9 18.6 5,256.5 19.3 -291.6 94.5 Soybeans 1,805.8 341.5 118.9 2,147.3 8.0 6.6 Rapeseed (adjusted for winterkill) 881.6 -197.2 77.6 684.4 2.6 3.2 Other crops (fodder, vegetables, etc.) 95.0 3,953.4 14.8 4,163.4 15.3 -210.0 **Total** 26,717.0 100.0 27,239.1 100.0 -522.1 98.1

Table 2. Area Planted Under Agricultural Crops in Ukraine for Harvest 2016, Reported as of July 15 *

Source: State Statistics Committee of Ukraine

Favorable weather conditions during spring and early summer months mitigated the extreme weather conditions in effect when winter crops were planted. High precipitation rates during this period replenished soil moisture levels. Late June and early July featured patchy rains that failed to deliver sufficient amounts of moisture for the Central and Eastern regions. At the same time certain parts of Kyiv, Vinnitsa, Zhytomyr and Khmelnitsky oblasts had no efficient rains at all and this could impact the growth rate of crops.

At the time of the report writing, certain parts of the Southern regions featured abundant rains that delayed crop harvests, resulted in layering of plants and triggering development of diseases and pests. All these factors might negatively impact the quality of winter crops.

In general, winter wheat, barley and wheat are in good condition. Steppe regions have already started harvesting these crops, while they were still ripening in Forest-Steppe and Polissya regions. Corn plantings are generally in good condition, however in some of the Western regions a certain degree of crop wilting exists and Southern regions crops have suffered some pest damage. So far production of corn is projected to be above average. However, weather conditions in late July and in August are an important factor for the end result. Excessive heat and dryness during that period of time usually results in reduced yields for these crops in Ukraine.

National currency destabilization in 2014, following its sharp devaluation in late 2014 and early 2015, has negatively impacted the financial situation of agricultural producers, forcing them to reduce expenditres on inputs including seed, fertilizer and fuel. Sharply reduced domestic prices for major grain crops in MY2014/15 also prompted producers reduce production area. This resulted in a area

^{*} Does not include data for the temporarily occupied territory of Crimea and parts of Donetsk and Lugansk oblasts

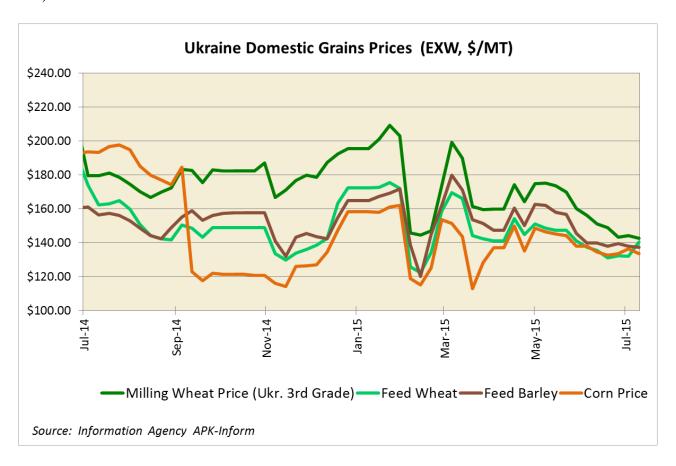
reduction for major grain crops (excluding wheat) of 10-20 percent (see Table 2 for more details).

Trade

The new crop Marketing Year (MY) 2015/16 for wheat, barley, and rye has begun in Ukraine on July 1st, 2015. During 1-15 July, 2015, exports were reported for wheat at 131,000 MT and about 166,000 MT for barley. Also, almost 390,000 MT of corn was exported from Ukraine during the same period.

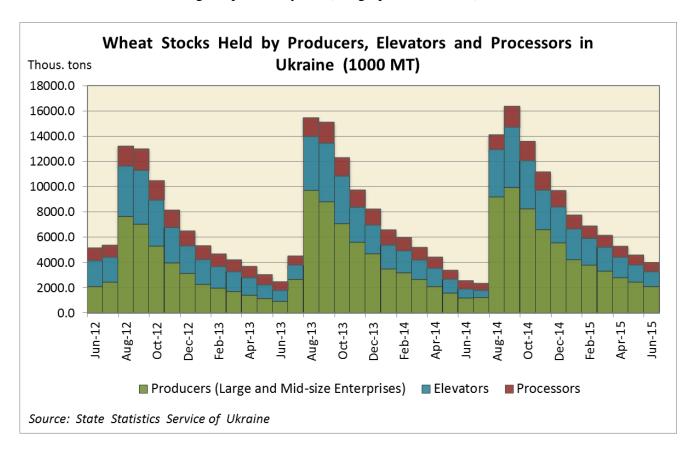
The previous season has ended with good trade results. According to the preliminary crop year-end data reported by the Ministry of Agrarian Policy and Food of Ukraine (MAPF), Ukraine exported 10.8 MMT of wheat and 4.5 MMT of barley in MY 2014/15 (July 2014 – June 2015). In addition to that, it has exported about 18.8 MMT of corn for the same period (also see statistical tables in the end of this report for more details).

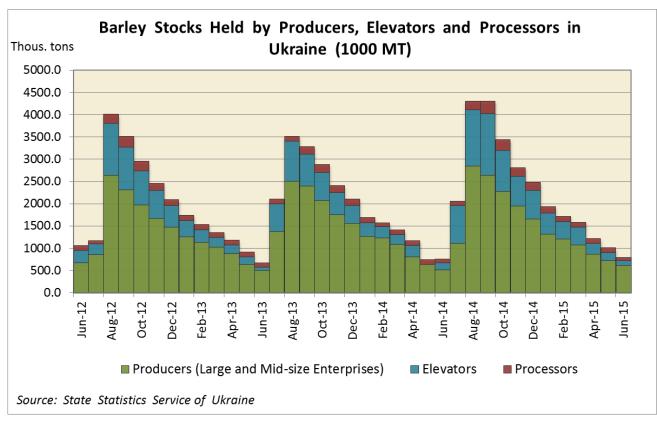
Domestic wheat, corn and barley prices in June 2015 remained relatively unchanged and followed the usual downward tendency as harvest approached and commenced while coming through significant price fluctuations induced by foreign currency exchange rate surges in late-2014/early-2015 (see graph below).

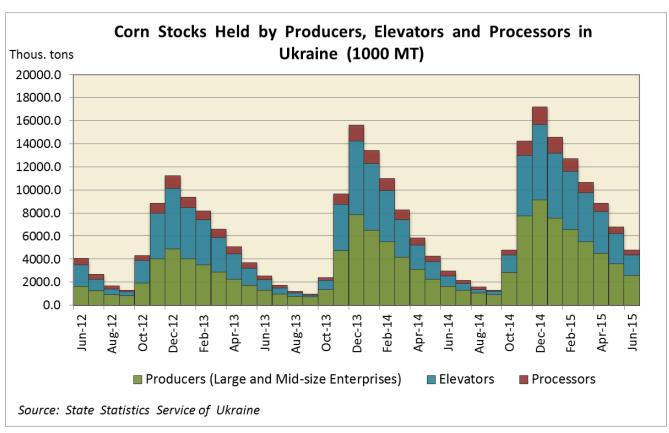


Stocks

Crop stocks for wheat and corn at the end of MY 2014/15 were respectively 57 and 62 percent higher compared to the previous MY driven by the general trend for decreasing domestic prices for these crops as well as larger volumes of production in 2014. At the same time barley stocks followed the same trend that has been observed during the previous years (see graphs that follow).







Policy

The leadership of MAPF is committed to sign a new Memorandum of Understanding for MY 2014/15 with the industry at the time of this report writing. It is anticipated that the new season trade terms would be similar to the agreements reached in the preceding year, however the actual exportable amounts have not been fixed yet.

Projections of strong grain production and larger ending stocks support calls to dispense with trade restrictions in MY 2015/16. However, domestic bakers may press for ensuring ample availability of milling wheat in the domestic market.

The Government of Ukraine (GoU) is continuing in its efforts to develop of the State Food Safety and Consumer Protection Service by combining the Veterinary and Phytosanitary Services with some elements of the liquidated State Agricultural Inspection corps. The organizational, procedural and staff challenges inherent in this process have potential to inject uncertainty into performance of the overall state control system until this process is concluded.

The State Grain and Food Corporation (a government-run agricultural commodity procurement and trading enterprise) has been making some forward purchases of grains from producers. The enterprise is expected to continue corn trade with China and announced its plans to ship 1.5-5 MMT of corn from Ukraine to China in MY 2015/16. It has also revealed plans to buy 2.5 MMT of corn in total from the domestic market before the end of 2015.

GoU has already announced plans to expand the capacity of existing sea ports and is currently working with foreign investors to increase transshipment capacity of the Ilyichivsk and Yuzhny ports.

Ш		50.2		0.8	4.0	3.4	10.7			7.4		1.7	77.4	68.1	Other
291 67	124 44	53 7		0.0	0.0				27.5	26.2		0.0	43.2	18.4	Mauritania
8		36.2		36.2	0.0				0.0	0.0				0.0	Malta
305.88		502.8		0.0	0.0					260.1	72.2			164.4	Pakistan
108.37		11.0		0.0	0.0					0.0				10.2	Nigeria
68.02	61.68	311.8		46.3	46.7			2.2		79.8			505.4	458.3	South Africa
8	8	18.7		0.0	0.0					0.0				0.0	Saudi Arabia
31.38		99.7		0.0	0.0					36.1				317.9	Syria
860.32		120.6		38.7	0.0					7.8				14.0	Mozambique
227.03	1	69.1		0.0	0.0					22.2				30.4	Uganda
0.00		0.0		0.0	0.0					0.0				99.9	Vietnam
131.96		45.6	0.0	3.3	11.2					13.7				34.6	United Kingdom
40.47	40.47	49.7		0.0	0.0					29.1				122.9	Ethiopia
00		22.3		0.0	0.0					0.0				0.0	Algeria
0.00	0.00	0.0		0.0	0.0					0.0				27.5	Bahrain
0.00		0.0	0.0	0.0	0.0			0.0		0.0	0.0		31.2	31.2	Congo Dem. Rep.
119.99		66.0		0.0	0.0					66.0				55.0	Iran
0.00		0.0		0.0	0.0					0.0				22.7	Malawi
14736.69	147	20.5		0.0	0.0					5.1				0.1	Lithuania
12.16	12.16	52.5		0.0	0.0					0.0		52.5	431.8	431.8	Jordan
0.00	0.00	0.0	0.0	0.0	0.0					0.0		0.0	267.0	267.0	Japan
8		72.0		12.1	8.8					26.0		0.0	0.0	0.0	Greece
275.27	275.27	97.4		0.0	51.5					0.0		0.0	35.4	35.4	United Arab Emirates
351.09		38.1	0.0	12.2	0.0			0.0		0.2		0.0	10.9	10.9	Georgia
124.40	123.04	14.8		0.2	0.0					1.0		2.8		11.9	Germany
38.85	20.21	20.1	0.1	0.0	0.0					0.0		20.0		51.8	Sudan
		11.5		0.3	0.0			0.3		2.0	8.4	0.0	3.3	3.3	Belarus
		217.4		6.0	0.9					89.8		1.0		376.2	Indonesia
7448 67		737 4		20.5	00					256.3		11 0		99	Spain
		63.8		0.9	2.1					25.8		0.9		22.9	Netherlands
		64.0		4.6	9.6					24.2		2.6		28.5	Malaysia
		430.4	8.4	1.5	62.5			112.4		1.5	107.6	1.3		235.8	Philippines
۵	2531.34	368.1		84.6	87.6					37.0		31.4		5.4	Italy
161.19		151.7		0.0	0.0		10.0	0.0	64.7	28.9		0.0	120.5	94.1	Yemen
186.15		235.4		16.6	7.9					39.4	35.8	13.9		126.5	Turkey
97.02		2,249.9		31.3	183.5					376.5		349.9		2,318.9	Egypt
		521.5		0.0	0.0					89.2	ᅵ	0.0		169.3	Korea South
124.18	111.70	188.9		16.1	0.0					59.7		0.0		152.2	Djibouti
		228.2		29.2	18.0	30.2		22.0		12.1	45.6	10.8	172.5	133.0	Lebanon
65.97		239.8		11.7	0.0					5.2		7.5		363.5	Libya
53.45		226.4	28.8	0.0	0.0	0.0	11.0	55.6	0.0	52.9		0.0	522.8	423.6	Kenya
		610.7	29.2	50.2	54.7					127.4	0.0	0.0		345.0	Bangladesh
		79.6	37.0	0.0	42.6					0.0		0.0		33.0	Mexico
		399.7	41.0	3.3	26.2				40.1	49.2		44.4	406.5	353.2	Israel
126.59	126.59	488.9	52.8	0.0	0.0		0.0		124.8	192.1		0.0	386.2	386.2	Thailand
197.84		462.4	60.0	27.7	32.4		32.8			74.6		0.0	242.9	233.7	Morocco
146.43	111.35	378.9	60.8	40.0	0.0					57.6		27.1	340.3	258.8	Tunisia
121.18	107.62	10,127.2	483.9	494.6	650.2	551.5		1,017.4	1,655.4	2,181.7	1,703.6	622.8	9,410.2	8,356.9	World
to Jul 2013 -Apr 2014	MY 2013/14	Apr 2015											2013/14	Apr 2014	
% Change Jul 2014 - Apr 2015	% Share Jul 2014 -	Subtotal Jul 2014 -	Apr-15	Mar-15	Feb-15	Jan-15	Dec-14	Nov-14	Oct-14	Sep-14	Aug-14	Jul-14	MY	Subtotal Jul 2013 -	Destination
				e 1001)	(HS Cod	Wheat Export Statistics by Month and Destination, Ukraine, 1000 MT (HS Code 1001)	n, Ukrain	estinatio	th and D	s by Mon	Statistic	at Export	Whe		

		Barle	Barley Export Statistics by Month and Destination, Ukraine, 1000 MT (HS Code 1003)	Statistics	by Mont	h and De	stination	, Ukraine	, 1000 MT	(HS Code	1003)			% Share
Destination	Subtotal Jul 2013 - Apr 2014	MY 2013/14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	Subtotal Jul 2014 - Apr 2015	% Share Jul 2014 - Apr 2015 to MY 2013/14
World	2,288.6	2,475.2	1,048.9	870.2	1,114.0	366.1	109.4	235.2	224.4	78.1	206.8	96.6	4,349.9	175.74
Saudi Arabia	1,529.3	1,631.3	694.5	605.4	728.6	307.1	66.3	73.8	58.3	63.5	127.5	56.0	2,781.0	170.48
Libya	211.2	241.9	41.7	13.7	38.4	6.0	0.0	31.0	41.2	0.0	8.6	29.3	210.0	
Italy	0.0	0.0	0.0	7.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.8	12.2	
Portugal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.7	3.7	
United Arab Emirates	27.9	28.4	0.0	0.0	0.0	0.0	0.8	0.5	0.5	0.9	0.1	2.7	5.6	
Pakistan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Palestine	0.0		0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	
Philippines	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	
Poland	0.0		0.0	0.0	0.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0	1.5	
Slovakia	0.0		0.3	0.2	0.0	0.5	0.0	0.0	0.0	0.3	0.3	0.0	1.5	3802.50
Switzerland	8.5		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Syria	29.0	29.0	0.0	0.0	4.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.8	16.53
Taiwan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.7	0.0	0.0	1.1	
Tunisia	79.8	107.3	0.0	0.0	0.0	0.0	27.5	0.0	0.0	0.0	0.0	0.0	27.5	25.57
Turkey	0.0	0.0	99.9	45.0	174.5	25.0	0.0		39.7	10.3	0.0	0.0	394.4	
United Kingdom	0.0		0.0	0.0	0.0	0.0	0.0		2.1	1.5	0.0	0.0	3.7	
Romania	0.0		0.0	0.0	0.0	0.3	0.0		0.0	0.0	0.0	0.0	0.3	
Russia	0.0		0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.00
Japan	49.5	49.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Jordan	99.0	1	52.5	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	52.5	51.68
Kazakhstan	0.0		0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.00
Korea South	1.2		0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.00
Kuwait	104.5	104.5	36.3	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	36.3	34.74
Lebanon	2.9		5.7	1.4	1.9	5.0	0.0		0.0	0.0	0.0	0.0	13.9	200.78
Lithuania	0.0	1.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.00
Moldova	0.1	0.1	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	35.37
Netherlands	0.3		0.3	0.0	0.5	1.7	0.0		0.2	0.4	0.3	0.0	3.5	1191.72
Algeria	25.1		26.3	15.4	28.5	0.0	0.0		0.0	0.0	0.0	0.0	70.2	280.04
Armenia	0.0		0.0	0.0	0.0	0.0	0.0		0.0	0.4	0.4	0.0	0.8	
Austria	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.1	
Bahrain	0.0		0.0	0.1	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.1	
Belarus	0.0	0.6	0.2	1.3	0.0	0.0	0.0		0.0	0.0	0.0	0.0	1.5	274.33
China	4.1	4.8	60.5	56.0	0.0	0.0	0.1	57.8	7.0	0.0	69.5	0.0	250.9	5230.33
Cyprus	15.5	15.5	0.0	21.3	3.3	10.4	0.0	0.0	0.0	0.0	0.0	0.0	35.1	226.10
Denmark	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00
Egypt	0.0	0.0	3.0	10.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.5	
Georgia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	583.33
Germany	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	70.45
Iran	0.0	0.0	0.0	65.1	126.7	0.0	0.0	59.3	55.7	0.0	0.0	0.0	306.7	
	100 5	1175	277	27 5	n n	8 4	147	129	194	0	00	00	1174	90 95

Corn Export Statistics by Month and Destination, Ukraine, 1000 MT (HS Code 1005)

											- 1	Source: State Fiscal Service of Ukraine
	64.42	45.2	2.6	4.7	4.0		1		4.8	70.1	62.4	Other
	0.00	0.0	0.0	0.0	0.0	0.0	0.0		0.0	79.4	79.4	Morocco
	0.46	0.3	0.0	0.0	0.0			0.0	0.3	71.5	71.5	Malaysia
	14.94	6.6	0.0	0.0	0.0				0.0	43.9	23.3	Cyprus
	0.00	0.0	0.0	0.0	0.0	0.0	0.0		0.0	104.7	104.7	Cuba
125.43	96.31	12.6	0.0	0.2	0.0			3.0	3.1	13.1	10.0	Georgia
	7.85	47.5	0.0	47.5		0.0			0.0	604.6	394.9	Belgium
112.45	112.45	181.1	0.0	27.2		63.9		33.0	26.9	161.1	161.1	Algeria
	23.94	149.2	0.0	69.6	27.7	0.0	16.2	23.3	12.3	623.1	551.4	United Kingdom
	65.29	255.3	0.0	10.5			119.3		30.7	391.0	287.7	Libya
1.43	1.41	2.1	0.0	0.0	0.6	0.9	0.5	0.0	0.1	149.9	148.1	Poland
	34.12	20.8	0.0	0.0	0.0				0.0	60.9	60.9	Taiwan
70.74	65.06		0.0	26.1	18.6	14.4	59.2	20.1	33.8	264.7	243.4	Syria
8	0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.0	0.0	Switzerland
8	8	0.7	0.0	0.3	0.0				0.0	0.0	0.0	Turkmenistan
	83.16	33.1	0.0	5.6					0.0	39.8	0.0	Turkey
0.00	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	80.0	80.0	South Africa
	2.30	2.0	0.0	0.0					0.0	88.9	84.8	France
	22.74		0.6	1.0					0.1	26.8	24.7	Latvia
	29.34		2.0	5.9	L		25.8		10.1	287.9	250.5	Lithuania
	48.96		3.5	4.5	7.3				8.3	103.4	66.2	Belarus
57.92	47.26	231.7	8.5	102.5	32.4	48.8	35.4	4.2	0.0	490.4	400.1	Germany
51.02	46.13	804.5	16.1	130.8	332.2	118.5	128.9	10.4	67.5	1,744.0	1,576.9	Netherlands
222.39	222.39	347.5	28.0	65.3	33.3		104.0		27.1	156.2	156.2	Lebanon
8	0	30.3	30.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Saudi Arabia
133.54	133.54	557.2	42.6	44.9	132.6	33.0	58.1	183.8	62.3	417.2	417.2	Tunisia
	39.34		44.4	130.5	87.5	131.9	67.1	53.9	83.8	1,522.8	1,324.1	Italy
78.23	60.52	219.7	54.9	1.8	0.0	81.7	81.2		0.0	362.9	280.8	Ireland
l.,	111.34	748.6	64.1	135.8	65.5	164.3	52.8	195.6	70.6	672.4	617.8	Israel
	21.36	261.3	77.5	0.0	0.0	0.0	34.3		0.0	1,223.5	1,223.5	Japan
67.97	41.49	622.5	122.0	28.3	65.5	220.9	4.9	181.0	0.0	1,500.3	915.9	Iran
	81.25	1,438.4	134.1	167.0	158.6	159.3		281.3	123.1	1,770.3	1,770.3	Korea South
44.17	44.17	369.6	137.7	93.8	112.1	25.7	0.3		0.0	836.9	836.9	Portugal
		2,012.6	340.7	328.7	254.1		562.2		239.8	2,996.9	2,771.5	Spain
101.49	97.19	2,457.1	392.3	249.2	647.8	167.4	366.3	376.0	258.2	2,528.1	2,420.9	Egypt
_	456.92	2,371.0	511.4	155.0	152.3	349.8	495.9	495.4	211.3	518.9	351.7	China
79.59	70.69	14,141.7	2,013.4	1,836.6	2,215.2	1,894.8	2,683.6	2,223.1	1,275.0	20,005.4	17,768.7	World
% Change Oct 2014 - Apr 2015 to Oct 2013 -Apr 2014	% Change % Share Oct 2014 - Oct 2014 - Apr 2015 Apr 2015 to Oct MY 2013/14 2013 -Apr 2014	Subtotal Oct 2014 - Apr 2015	Apr-15	Mar-15	Feb-15	Jan-15	Dec-14	Nov-14	Oct-14	MY 2013/14	Subtotal Oct 2013 - Apr 2014	Destination
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