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Global Agricultural Information Network

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Ukraine

Grain and Feed Update

Increase for Corn and Drop for Wheat

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Report Highlights:
Spring wheat and rye plantings have not been able to compensate for decreased winter plantings in 2015. This translated into decreased estimates of production volumes for these crops. Barley production areas remained roughly on the level of the previous year and farmers made a move towards expansion of corn areas by around 8 percent.
The surge of exports for corn and wheat resulted in the depletion of their stocks on the domestic market as well as a re-evaluation of patterns of domestic consumption for these crops by the Post.

Post:
Kiev

Production

According to a report provided by the Ministry of Agricultural Policy and Food of Ukraine (MAPF), Ukrainian farmers planted: spring wheat – 170 thousand hectares (ha); barley – 1.8 million ha; and corn – 4.4 million ha as of June 14, 2016. To date there have been no reported plantings of spring rye.

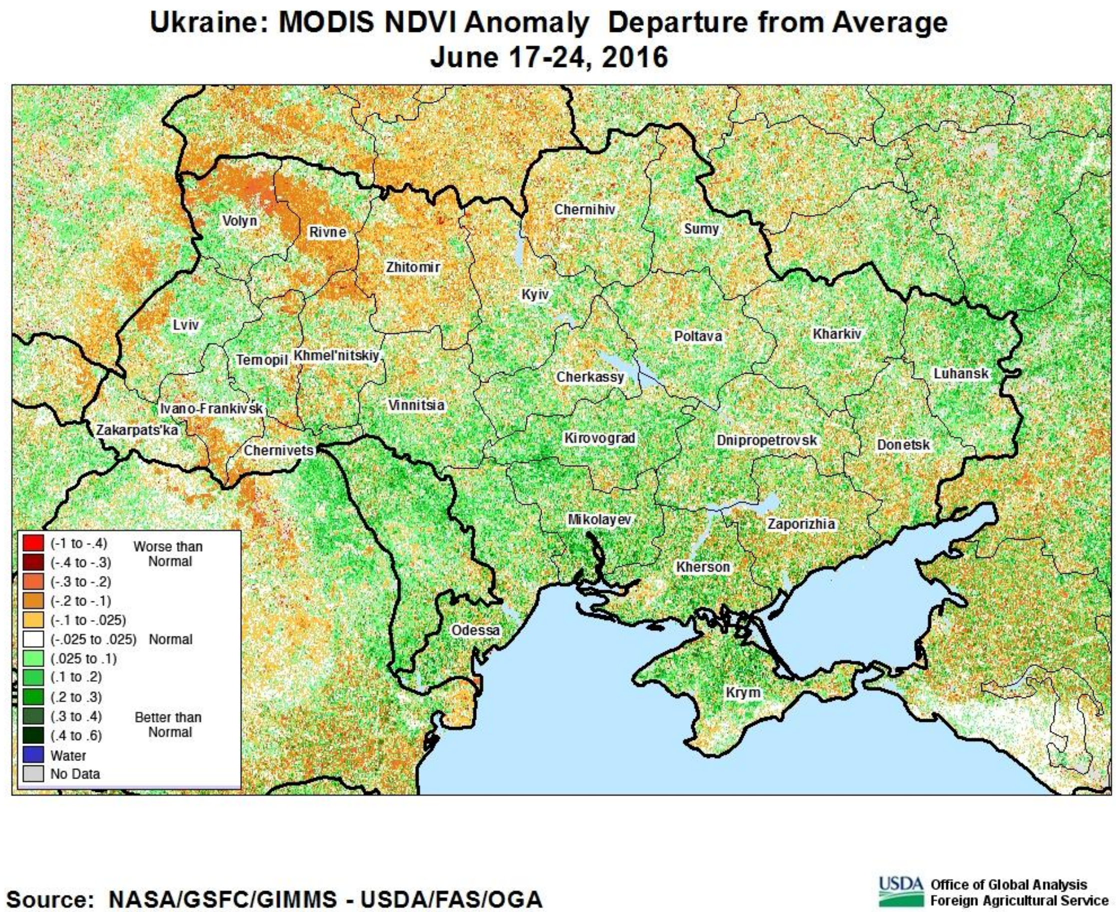
Based on these numbers, the estimated total production areas for major grain crops for marketing year (MY) 2016/17 are the following: wheat – 6.3 million ha (around 10 percent below compared to that of MY2015/16); barley – 2.9 million ha (around 1 percent below); corn – 4.4 million ha (around 8 percent above); and rye – 140 thousand ha (around 7 percent below).

According to the MAPF report Ukrainian farmers have already harvested 150 thousand metric tons (MT) of wheat (average yield 3.7 MT per ha) and 541 MT of barley (average yield around 3.4 MT per ha) as of July 5, 2016.

The decreased areas under wheat and rye might be the indication that Ukrainian farmers were reluctant to invest into their production due to the low level of domestic prices causing low margins on these crops as well as unfavorable weather conditions in Autumn 2015. For more information, please refer to previous GAIN Report UP1609.

Based on analysis of the normalized difference vegetation index (NDVI), crop yields might be close to those of MY2014/15, despite the extremely dry autumn similar for MY2015/16. Thanks to the torrential rains starting in mid-April, soil moisture was quickly replenished allowing for optimistic yield estimates. However, the excessive moisture conditions stimulated fungus development and in some parts of the country the soil is excessively wet, preventing effective fungicide spraying. This might deteriorate grain quality due to increased levels of mycotoxins and aflatoxins. In certain cases, farmers could lose parts of their crop in case they cannot ensure timely application of fungicides in their fields.

The second part of June 2016 featured increased temperatures resulting in localized decreases of soil moisture in certain regions of Southern Ukraine. In accordance with NDVI data for June 17-24, 2016 (please refer to the picture below) these have not impacted the situation with soil moisture in general. Post retains yield numbers projected in GAIN Report UP1609, except for barley which has been increased up to 3 MT per ha. However, yield numbers might be the subject of revision as currently Ukraine is experiencing mixed weather conditions featuring decreased moisture in certain regions and showers in others.



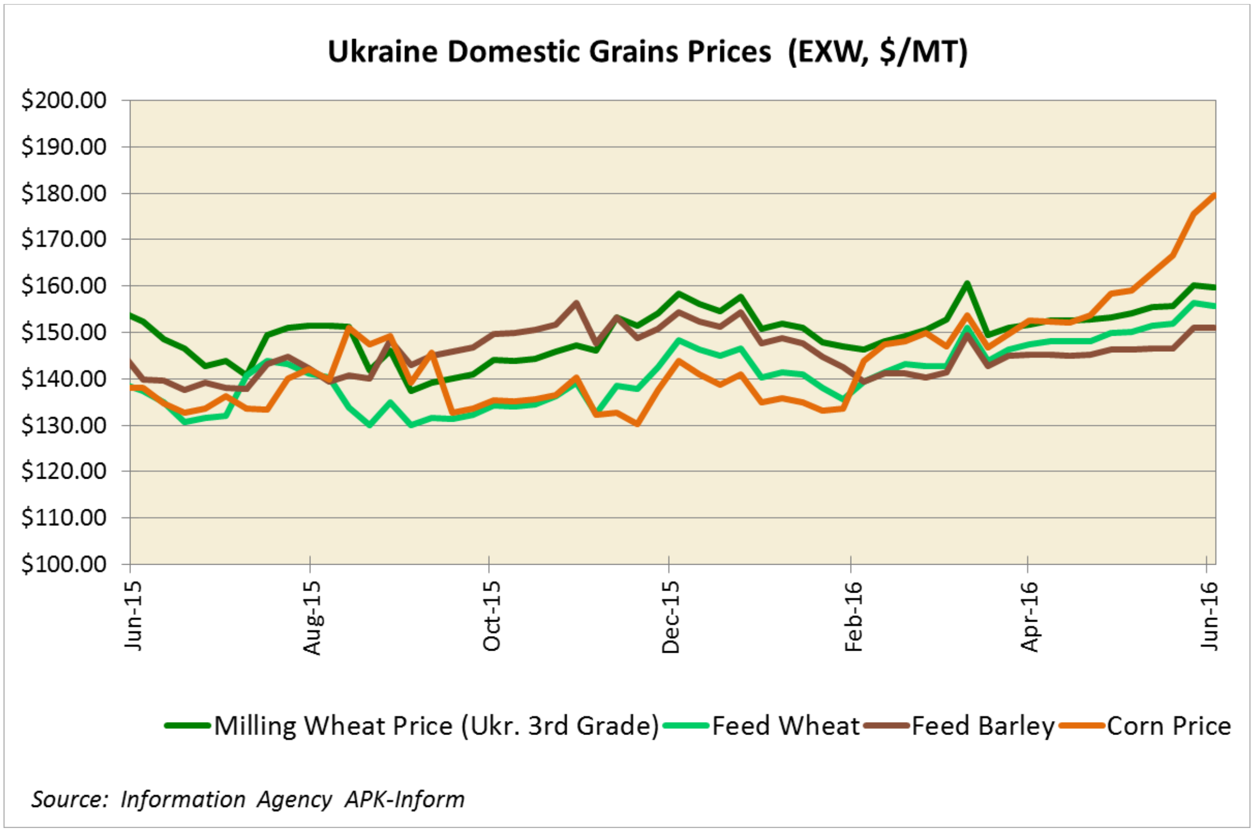
Trade

According to the MAPF report, since July 2015 Ukraine exported: 17.3 million metric tons (MMT) of wheat; 17.4 MMT of corn, 4.4 MMT of barley as of July 2, 2016. Wheat and barley export numbers have been used as preliminary export figures for MY2015/16.

The estimated wheat flour exports exceed 330 thousand MT for MY2015/16 and have been added to export volumes for wheat in wheat grain equivalent calculated by multiplying the product weight by 1.368.

Domestic wheat consumption is dropping due to decreasing population as well as loss of governmental control over the Crimean Peninsula and parts of the territories in Eastern Ukraine. According to industry insiders flour mills in Ukraine are running at approximately 30 percent of their capacity and millers are trying to balance shrinking domestic consumption with exports.

The major trend during May-June 2016 is the surge of exports of both corn and wheat. These are driven by the need to free up storage capacity for MY2016/17 grain. Additional factor stimulating wheat and corn exports was increase of domestic prices for these commodities induced by international markets.



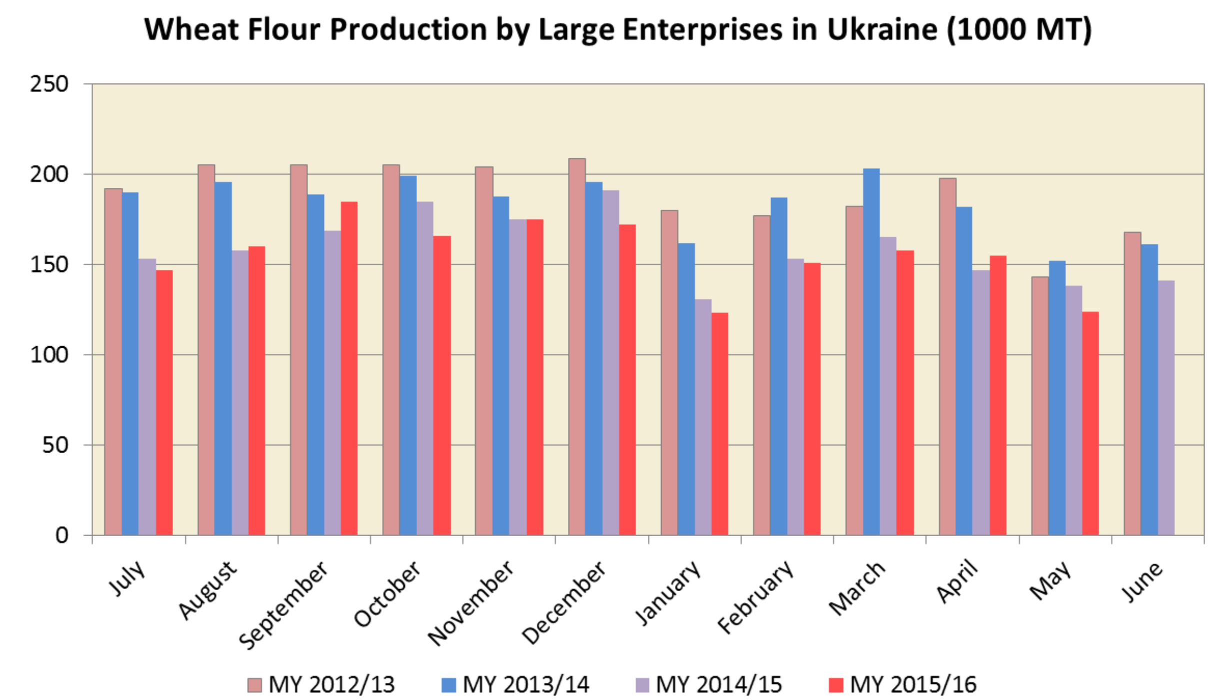
The ceiling for wheat exports of 16.6 MMT suggested in the Memorandum of Understanding (MoU) on grain exports for marketing year 2015/16, possibly played a role as a "soft" factor limiting actual export volumes. For more details about exportable volumes established by the MoU, please refer to GAIN Report UP1545.

Consumption

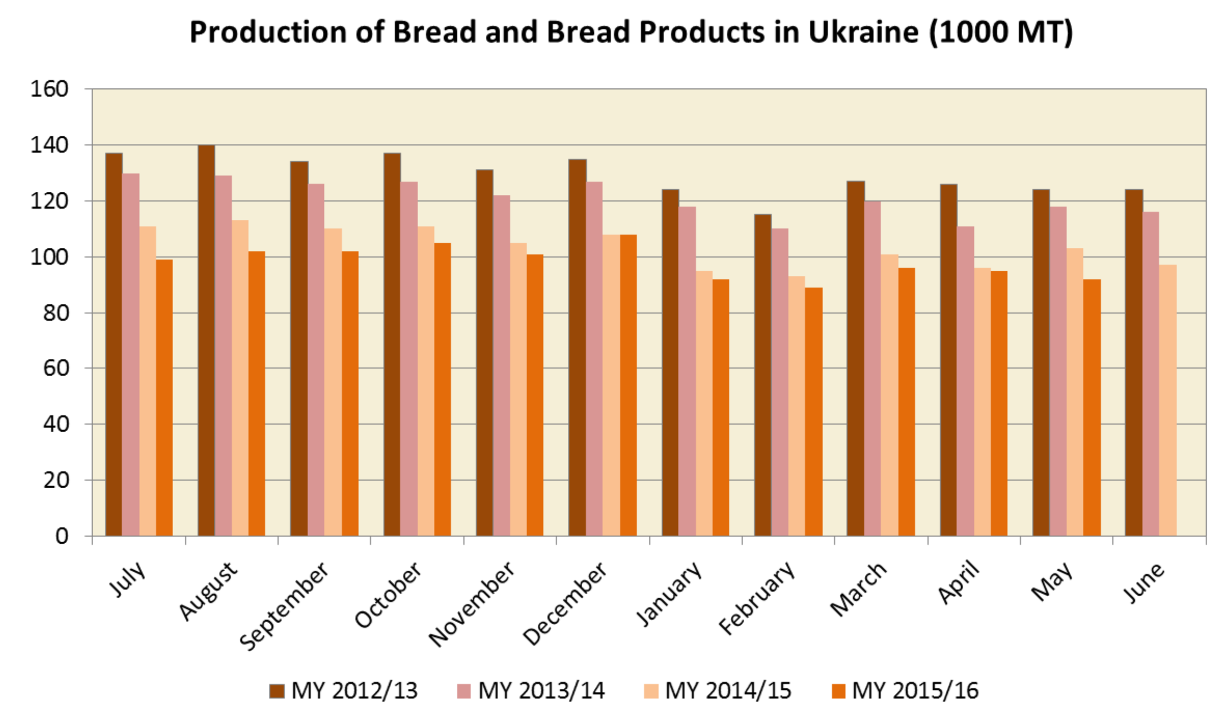
The surge of exports for both wheat and corn for MY2015/16 (please refer to Trade Section for more details) have led to revision of domestic consumption levels by Post. Corn feed consumption has been decreased, which is in line with 3-4 percent decrease of animal numbers for January-May 2016 compared to the same period of 2015 in accordance with data from the State Statistics Service of Ukraine.

The abovementioned decrease consumption of corn for feed purposes has been partially compensated through increased domestic consumption of wheat for feed purposes for MY2015/16.

At the same time, decreasing volumes of production of both flour and bread (please refer to Wheat Flour and Bread Products production graphs below for more details) have been used as the rationale for decreased volumes of wheat consumption for milling purposes both for MY2015/16 as well as MY2016/17.



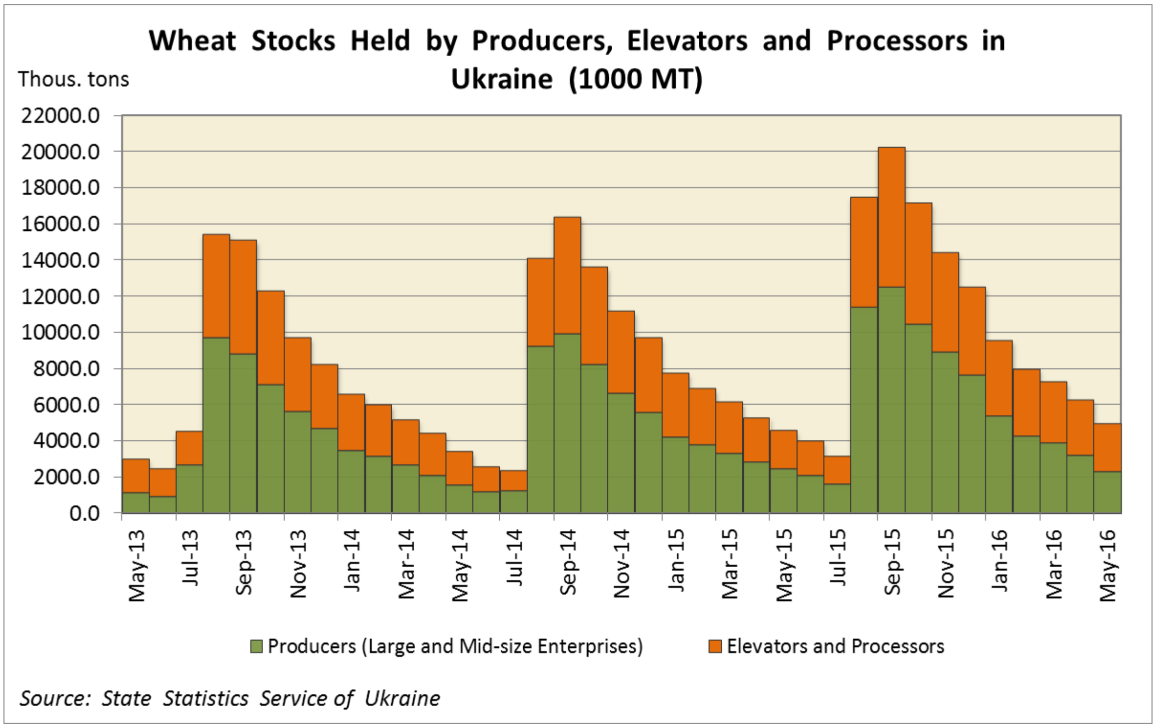
Source: State Statistics Service of Ukraine

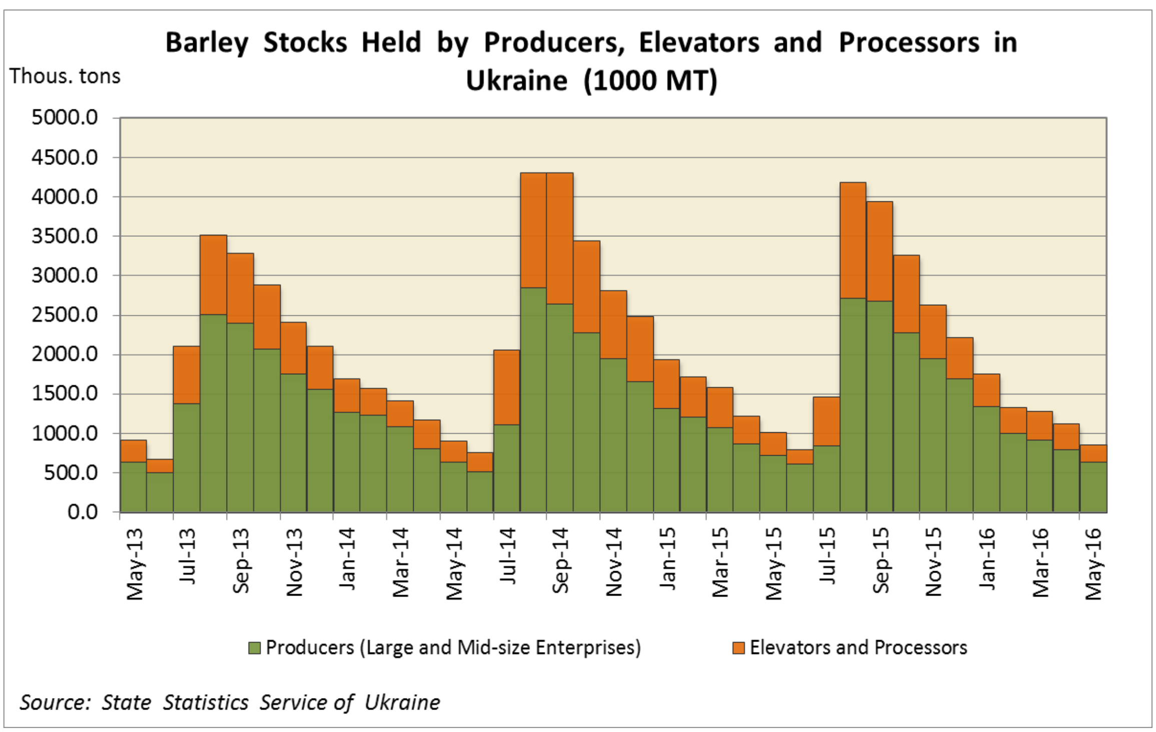


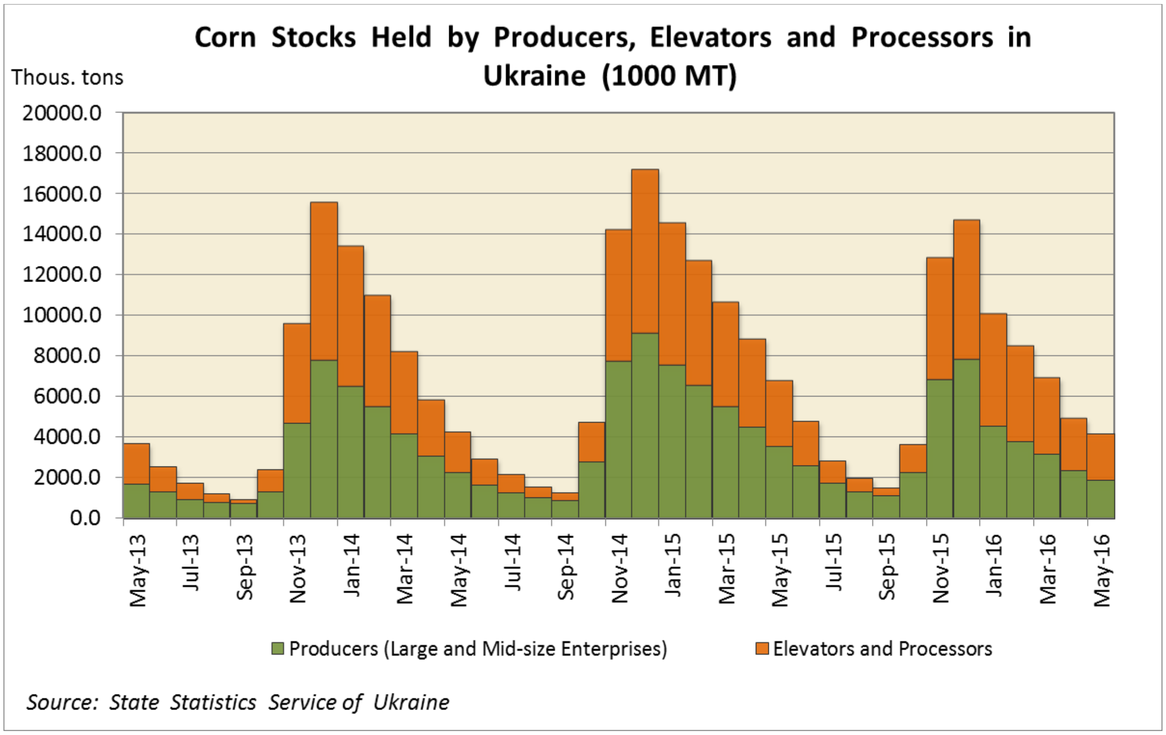
Source: State Service Service of Ukraine

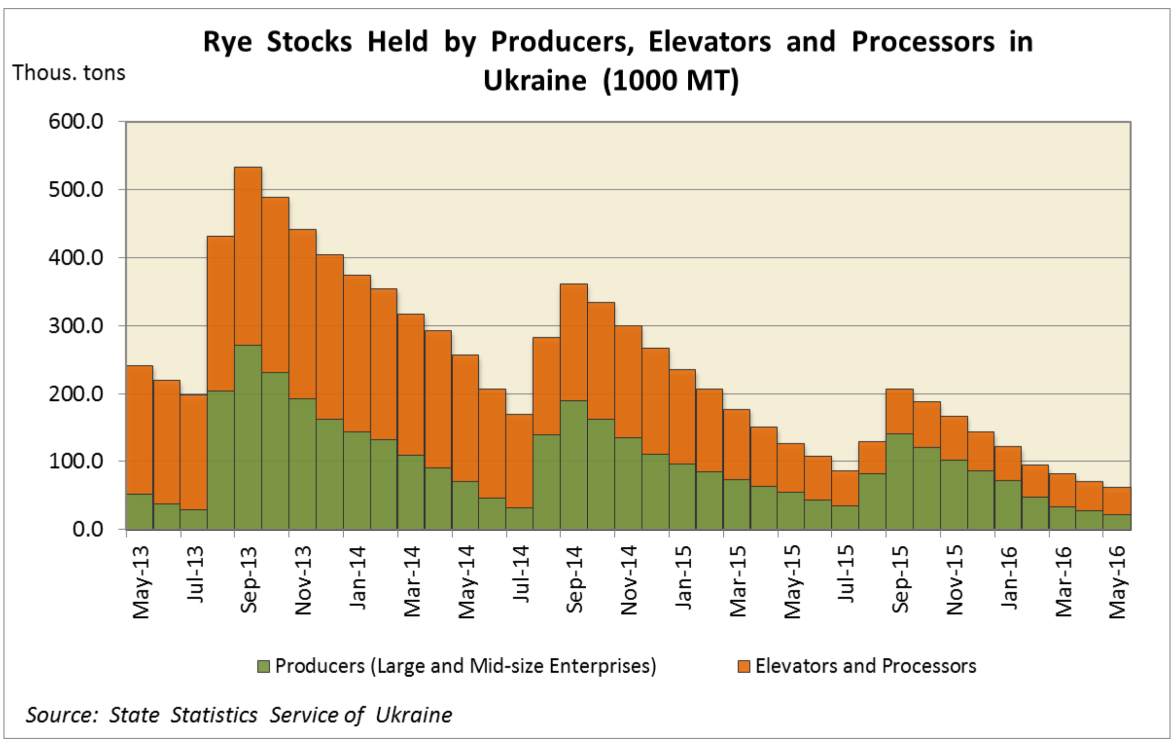
Stocks

Active exports of corn and wheat during May-June 2016 resulted in decrease of ending stocks for these crops, while barley and rye were following the usual trend.






Corn Stocks Held by Producers, Elevators and Processors in Ukraine (1000 MT)
Thous. tons
20000.0
18000.0
16000.0
14000.0
12000.0
10000.0
8000.0
6000.0
4000.0
2000.0
0.0
May-13
Jul-13
Sep-13
Nov-13
Jan-14
Mar-14
May-14
Jul-14
Sep-14
Nov-14
Jan-15
Mar-15
May-15
Jul-15
Sep-15
Nov-15
Jan-16
Mar-16
May-16
Producers (Large and Mid-size Enterprises)
Elevators and Processors
Source: State Statistics Service of Ukraine


Rye Stocks Held by Producers, Elevators and Processors in Ukraine (1000 MT)
Thous. tons
600.0
500.0
400.0
300.0
200.0
100.0
0.0
May-13
Jul-13
Sep-13
Nov-13
Jan-14
Mar-14
May-14
Jul-14
Sep-14
Nov-14
Jan-15
Mar-15
May-15
Jul-15
Sep-15
Nov-15
Jan-16
Mar-16
May-16
Producers (Large and Mid-size Enterprises)
Elevators and Processors
Source: State Statistics Service of Ukraine

Production, Supply and Demand Data Statistics

Wheat	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Ukraine	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	6300	6283	7115	7110	6400	6353
Beginning Stocks	3670	3670	5178	5174	4202	2726
Production	24750	24745	27274	27332	24000	24458
MY Imports	27	28	50	25	50	20
TY Imports	27	28	50	25	50	20
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	28447	28443	32502	32531	28252	27204
MY Exports	11269	11269	15800	17805	11500	13000
TY Exports	11269	11269	15800	17805	11500	13000
Feed and Residual	4000	4000	4500	4500	4500	4000
FSI Consumption	8000	8000	8000	7500	8000	7500
Total Consumption	12000	12000	12500	12000	12500	11500
Ending Stocks	5178	5174	4202	2726	4252	2704
Total Distribution	28447	28443	32502	32531	28252	27204
(1000 HA) ,(1000 MT)						

Corn	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct 2014		Oct 2015		Oct 2016	
Ukraine	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	4625	4630	4085	4084	4200	4423
Beginning Stocks	2402	2402	1819	1876	802	936
Production	28450	28504	23333	23330	26000	26980
MY Imports	28	30	50	30	50	30
TY Imports	28	30	50	30	50	30
TY Imp. from U.S.	0	1	0	1	0	0
Total Supply	30880	30936	25202	25236	26852	27946
MY Exports	19661	19660	16000	16100	17000	17800
TY Exports	19661	19660	16000	16100	17000	17800
Feed and Residual	8000	8000	7000	6800	7300	7000
FSI Consumption	1400	1400	1400	1400	1400	1400
Total Consumption	9400	9400	8400	8200	8700	8400
Ending Stocks	1819	1876	802	936	1152	1746
Total Distribution	30880	30936	25202	25236	26852	27946
(1000 HA) ,(1000 MT)						

Barley	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Ukraine	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3200	3200	3000	2997	3000	2959
Beginning Stocks	971	971	1265	1282	1021	967
Production	9450	9465	8751	8788	8650	8878
MY Imports	0	1	5	6	5	2
TY Imports	0	1	5	6	5	2
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	10421	10437	10021	10076	9676	9847
MY Exports	4456	4455	4300	4409	4000	4200
TY Exports	4332	3330	3800	4700	4000	4500
Feed and Residual	3200	3200	3200	3200	3200	3200
FSI Consumption	1500	1500	1500	1500	1500	1500
Total Consumption	4700	4700	4700	4700	4700	4700
Ending Stocks	1265	1282	1021	967	976	947
Total Distribution	10421	10437	10021	10076	9676	9847
(1000 HA) ,(1000 MT)						

Rye	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Ukraine	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	185	185	152	151	140	140
Beginning Stocks	128	128	106	109	80	75
Production	475	478	394	391	350	350
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	603	606	500	500	430	425
MY Exports	22	22	20	30	10	20
TY Exports	13	12	20	45	10	30
Feed and Residual	50	45	50	45	50	40
FSI Consumption	425	430	350	350	300	310
Total Consumption	475	475	400	395	350	350
Ending Stocks	106	109	80	75	70	55
Total Distribution	603	606	500	500	430	425
(1000 HA) ,(1000 MT)						