

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 8/11/2014

GAIN Report Number:

Uzbekistan - Republic of

Post: Tashkent

Grain and Feed Update

Report Categories:

Grain and Feed

Approved By:

Kimberly Sawatzki, Agricultural Counselor

Prepared By:

Nizam Yuldashbaev, Agricultural Specialist

Report Highlights:

Due to drought and irrigation water deficit problems in the south, Post forecasts MY2014/15 wheat production at 7.15 MMT. Local grain procurement prices are listed below.

Production:

Uzbekistan's MY 2014/15 wheat harvest was completed at the end of July. The estimated planted area reached 1.42 million ha, of which approximately 1.15 million ha were irrigated. In MY2014/15, four regions in the south, where they have mostly non-arable land areas under wheat, have experienced drought conditions. During the whole month of April there were no rains in those regions which negatively affected yields. This year GOU reported about 8.05 MMT of total grain production, out of which 93-94% is considered to be wheat. As of today there is no official final production data by regions available yet. Based on irrigation water deficit problems in the south, Post preliminarily forecasts MY2014/15 wheat production at 7.15 MMT.

Various independent experts estimate that only about 50-55 percent of locally produced wheat is suitable for food use. The remainder is used for feed and other purposes. Many private bakers still prefer using imported Kazakh wheat flour.

Production, Supply and Demand Data Statistics:**Table 1. Wheat PSD**

Wheat Uzbekistan	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,400	1,400	1,400	1,400	1,400	1,420
Beginning Stocks	1,383	1,383	1,596	1,358	1,896	1,508
Production	6,700	6,750	6,800	6,780	6,800	7,150
MY Imports	1,863	1,750	2,200	1,950	2,200	2,100
TY Imports	1,863	1,750	2,200	1,950	2,200	2,100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	9,946	9,883	10,596	10,088	10,896	10,758
MY Exports	350	450	300	500	300	400
TY Exports	350	450	300	500	300	400
Feed and Residual	1,700	1,700	1,900	1,680	2,000	1,950
FSI Consumption	6,300	6,375	6,500	6,400	6,700	6,700
Total Consumption	8,000	8,075	8,400	8,080	8,700	8,650
Ending Stocks	1,596	1,358	1,896	1,508	1,896	1,708
Total Distribution	9,946	9,883	10,596	10,088	10,896	10,758

Local procurement prices for soft/hard wheat, barley, rye and oats

The following procurement prices were established for Uzbek soft and hard wheat (and rye, barley, oats) in MY2014/15 by the Cabinet of Minister's decree of May 26, 2014:

Soft wheat

Grade 1 - Sums 571,000 per 1 ton
Grade 2 - Sums 485,570 per 1 ton
Grade 3 - Sums 418,000 per 1 ton
Grade 4 - Sums 373,960 per 1 ton

Hard wheat

Grade 1 - Sums 685,840 per 1 ton
Grade 2 - Sums 604,880 per 1 ton
Grade 3 - Sums 550,300 per 1 ton
Grade 4 - Sums 418,000

Hard and soft wheat of 5th grade - Sums 345,760 per 1 ton

Rye, triticale

Grades 1-3 - Sums 397,100 per 1 ton
Grade 4 - Sums 334,400 per 1 ton

Oats,

Grade 1 - Sums 584,790 per 1 ton
Grade 2 - Sums 520,880 per 1 ton
Grade 3 - Sums 409,480 per 1 ton
Grade 4 - Sums 327,910 per 1 ton

Barley

Malting barley - Sums 520,880 per 1 ton
Grade 1 - Sums 409,480 per 1 ton
Grade 2 - Sums 327,910 per 1 ton

Official exchange rate: Uzbek sums 2373 = USD1.00

Consumption:

Food wheat consumption is forecast at 6.6 MMT for MY 2014/15. There are no official data on feed grain consumption in Uzbekistan, and Post roughly estimates it between 1.9 to 2.0 MMT. Because of inflation and rising world prices, local wheat flour prices increased 8-9 percent over the last year.

The current average price for local wheat flour of higher grades is Uzbek Sums (UZS) 1600-1700/kg (USD0.71/kg). Imported Kazakh wheat flour has increased about 10-12 percent and now retails an average UZS 2600-2650/kg (USD1.12/kg) depending on grade, compared to UZS2150-2200/kg a year ago. This has increased the demand for local wheat flour. Consequently, bread prices have risen as well by 7-8 percent.

According to industry sources, Uzbekistan wheat flour production in 2013 decreased 8.0 percent, to 1.45 million tons, 95 percent of which is low-grade flour used for baking the so-called 'social' bread for low income population. At the same time Uzbekistan remains a large wheat flour importer, having increased flour imports from 1.0 million tons to almost 1.5 million tons over the past six years.

As of the beginning of October 2013, the price of a standard loaf of bread weighing 600 grams, baked from the first grade flour (called a "grey loaf", very popular among low-income consumers) increased to UZS600. This UZS0.50 increase for that popular "grey loaf" bread was not substantial, and it is still most affordable bread for low-income families. But, unfortunately, the baking quality of this bread is not often very good. Therefore, more and more local population prefer local bread (Non) baked in traditional local "tandur". The prices for this type of bread baked and sold by private bakeries have also increased 10 to 12 percent.

The State Joint-Stock Company "Uzdonmakhsulot" remains as the main player in domestic milling and bakery industries. It serves as the main Government wheat procurement Agency. At the same time it has 44 big enterprises, among them are procurement enterprises, milling and feed-milling plants, and largest bakeries.

Trade:

There are no official statistics available on wheat trade. According to trade sources, Uzbekistan's MY2013/14 wheat imports are estimated at 1.95 MMT. MY2014/15 wheat imports are preliminarily forecast to increase to 2.1 MMT mainly due to increased consumption demand in high quality wheat flour. Around 70-75 percent of this volume is imported from Kazakhstan. Therefore, Kazakhstan firmly remains the main supplier of high quality wheat and wheat flour to Uzbekistan. According to Kazakh trade sources, in 2013 Kazakhstan exported 0.98 MMT of wheat flour to Uzbekistan. In January-March of 2014 Uzbekistan imported a total of 443,000 tons of wheat flour from Kazakhstan for USD112 million, which is 4.9 % more than during the same period of last year. MY2014/15 total wheat flour imports are forecast at 1.3 MMT.

Over the past few years, Uzbekistan has put much effort into developing and increasing wheat flour production for the domestic market, mainly using imported Kazakh wheat. Uzbekistan MY2013/14

wheat exports are estimated at 500,000 tons of lower grade wheat. The export destinations are reportedly Iran, Afghanistan and a few Commonwealth of Independent States countries. Uzbekistan's MY2014/15 wheat exports are preliminarily forecast at 400,000 tons.

Stocks:

There are no official data available on stock numbers. Post numbers are rough estimates which reflect a constant demand and growth of flour milling in the domestic market.