

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

Ukraine has exported 5.96 million metric tons of wheat, 1.95 million metric tons of barley, and 7.32 million metric tons of corn since the beginning of the new marketing year. The state-run Agrarian Fund recently sold 225,300 metric tons of milling wheat at an auction at the Agrarian Exchange. This wheat may be exported from Ukraine in the coming months according to a statement by the Ministry of Agrarian Policy and Food. Winter crops are in a fairly good condition with deep snow cover protecting the plants in the regions of low temperatures.

General Information:

According to MinAg, since the start of the new marketing year until January 21, 2013, Ukraine has exported 5.96 MMT of wheat, 1.95 MMT of barley, and 7.32 MMT of corn. Another few hundred thousand tons of wheat are expected to be exported in the coming months as the Ministry indicated it would allow the export of milling wheat that was recently sold from the state reserves.

On January 22, 2013, the state run Agrarian Fund auctioned 300,000 MT wheat (Ukrainian wheat Grade 2 and 3 – milling wheat) at the Agrarian Exchange and as a result sold 225,300 MT at about \$260 per MT (price converted at a rate of \$ 1 = 8 UAH), which was close to the average domestic market price of wheat at the time of sale. Prior to this event, the Minister of Agriculture publicly announced the intention of the state to sell 300,000 MT of wheat and granted the right to the buyers to export it from Ukraine. The wheat sold by the Agrarian Fund is located in smaller lots through the country and the buyers would need to transport it to sea port facilities for consolidation if they decide to export.

Wheat exports from Ukraine have slowed down significantly since December 2012 when the quantity of exportable wheat (five million metric tons) determined in the MOU between the Government and the industry left the country. Wheat exports have been happening since but at a slower pace and may decline completely in next few months due to the lack of wheat offers and availability of less risky corn for sale.

Wheat exports in Ukraine for the Marketing Year (MY) 2012/13 are anticipated at about 6.3 MMT, while corn exports in the current season may reach 13 MMT due to the good harvest and a lower availability of other export grains in the country.

The CME's Black Sea Wheat contract price for the near future delivery in October and November 2012 stayed on average around \$305-325 per MT and in December dropped by about \$20-30 per MT when exports of wheat from Ukraine slowed down. The price has rebounded slightly to about \$290 per MT on the news of the 300,000 MT wheat would be sold by the state with the right to export.

Domestic corn prices in Ukraine are on the rise as usual this time of the year and are additionally supported by interest from the exporting community somewhat limited availability of good quality corn and reluctance of the producers to sell this time of the year, as well the world market price trends stimulated this trend in Ukraine. Average corn prices for FOB contracts in the Black Sea ports in Ukraine remained at about \$300 per MT through November and December, dropping down to about \$290 per MT in mid January and was back to just above \$300 per MT in the most recent week.

Finalized production data for grains in Ukraine and area harvested was reported by the State Statistics Committee of Ukraine and is shown in Table 1 below. Average corn yields of 4.8 MT per

hectare (ha) were below last year's average 6.4 MT/ha. However, average corn production, as well the yields over the last five years, were well above those of the previous decade.

Table 1. Production of Grains in Ukraine, as of January, 2013 *

Crop	Area Harvested, 1000 ha	Production, 1000 MT	Yield, MT/ha
Barley	3292.7	6935.3	2.1
Corn	4369.6	20922.3	4.8
Rye	297.6	675.7	2.3
Wheat	5629.9	15761.3	2.8

Source: State Statistics Committee of Ukraine

** - Preliminary harvest data*

Winter crop conditions have been reported in better-than-expected condition. According to the latest Ukrainian Hydrometcenter assessments, about 60 percent of the plantings were in 'fair' condition and another 30 percent were rated 'good.' The weather forecasts for the near future show continuation of cold weather on the majority of the territory of Ukraine. The existing snow cover is expected to protect the crop for the time being. Only in Crimea there is no snow cover on the fields, but the observed temperatures were well above freezing point which allowed some plantings that may have been otherwise lost to germinate and continue developing after the official start of the winter season in December.