

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

Required Report - public distribution

Date: 2/5/2019

GAIN Report Number: UP1901

Ukraine

Grain and Feed Update

Bumper Corn for MY2018/19

Approved By:

Robin Gray, Agricultural Attaché

Prepared By:

Denys Sobolev, Agricultural Specialist

Report Highlights:

The 2018 corn harvest is estimated at 35 million metric tons (MMT), a Ukrainian record for corn production. Because of the dramatic increase in production, the domestic price of corn plunged and stimulated increased exports for marketing year (MY) 2018/19.

This report contains revised trade estimates for corn for both MY2018/19 and MY2017/18, and revised consumption estimates for all grains for MY2018/19.

Post:
Kiev

Production

For a more comprehensive outlook of the Ukrainian grain market, please refer to FAS/Kyiv's [Annual Grain Report](#).

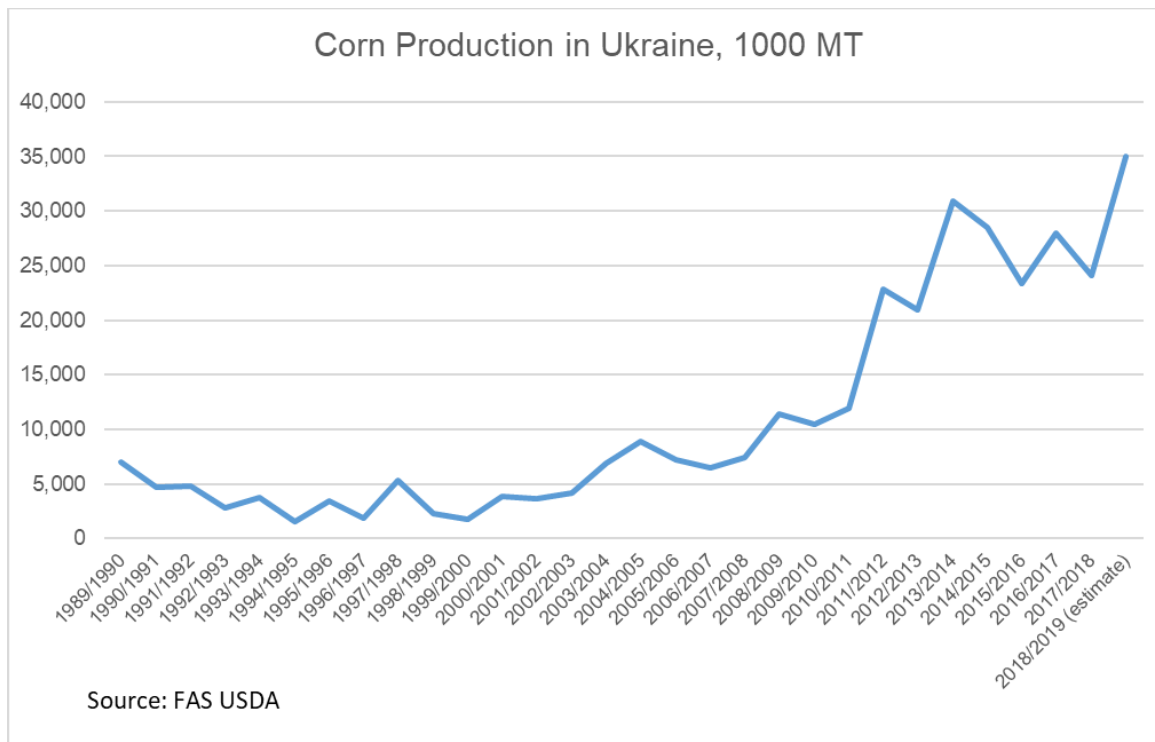
This update focuses mainly on corn production numbers, while other grain production numbers remain relatively unchanged from those stated in our [GAIN Report UP1826](#).

According to a report from the Ministry of Agricultural Policy and Food of Ukraine (MAPF), as of December 11, 2018, Ukrainian farmers harvested 34.7 MMT of corn, almost 50 percent more than the volume harvested in the previous year. This is a record for Ukrainian corn production.

According to the information available to FAS/Kyiv, the grain harvest in Crimea has been completed and the final production for wheat equaled nearly 451 thousand metric tons (MT) and the final production for corn reached nearly 4 thousand MT. FAS/Kyiv has added the Crimea production totals to the MAPF's numbers to reflect the total grain production in Ukraine.

It should be noted that MAPF's corn production volume is reported in bunker weight and Post converted to estimated commodity (final) weight by subtracting 3 percent. The converted estimates are included in the Production, Supply and Distribution (PSD) Tables (please refer to the relevant section of this report).

Post has heard from sources that approximately 5 percent of the corn area may not have been harvested due to a lack of silo availability. Reportedly, the silo shortage was induced by transportation problems with the local rail company; please refer to Trade section of our [GAIN Report UP1826](#) for more details. Based on MAPF's corn number, as well as the reported harvest shortfall, FAS/Kyiv has estimated corn production at 35 MMT, in commodity weight, for MY2018/19.



MAPF reported the winter crops planted area at: wheat – around 6.1 million hectares (ha), which is similar to the previous year; barley – 885 thousand ha, seven percent above the previous year; and rye – 120 thousand ha, 19 percent below the previous year. At the time of this report writing, MAPF noted that around 86 percent of winter crops are in good condition.

Trade

For detailed information about exports of wheat, barley, rye and wheat flour for MY2017/18, please refer to the Trade Section in [GAIN Report UP1826](#).

In accordance with information from the State Fiscal Service of Ukraine (SFSU), Ukraine exported around 18 MMT of corn for MY2017/18 (October 2017-September 2018), which is more than 15 percent lower than the previous MY. This slump in exports resulted from the decreased domestic corn production in 2017.

For MY2017/18, the major traditional destinations for Ukrainian corn exports were:

- the EU – slightly more than 8.3 MMT, approximately a nine-percent drop from the previous MY;
- Africa (predominantly Egypt) – around 3.4 MMT, a 39-percent decrease compared to the previous MY; and
- China – almost 2.8 MMT, an 87-percent increase compared to the previous MY. This growth could be attributed to Ukrainian exporters' better understanding of China's 2013 Phytosanitary requirements. Another factor might be shifts in agricultural trade between the United States and

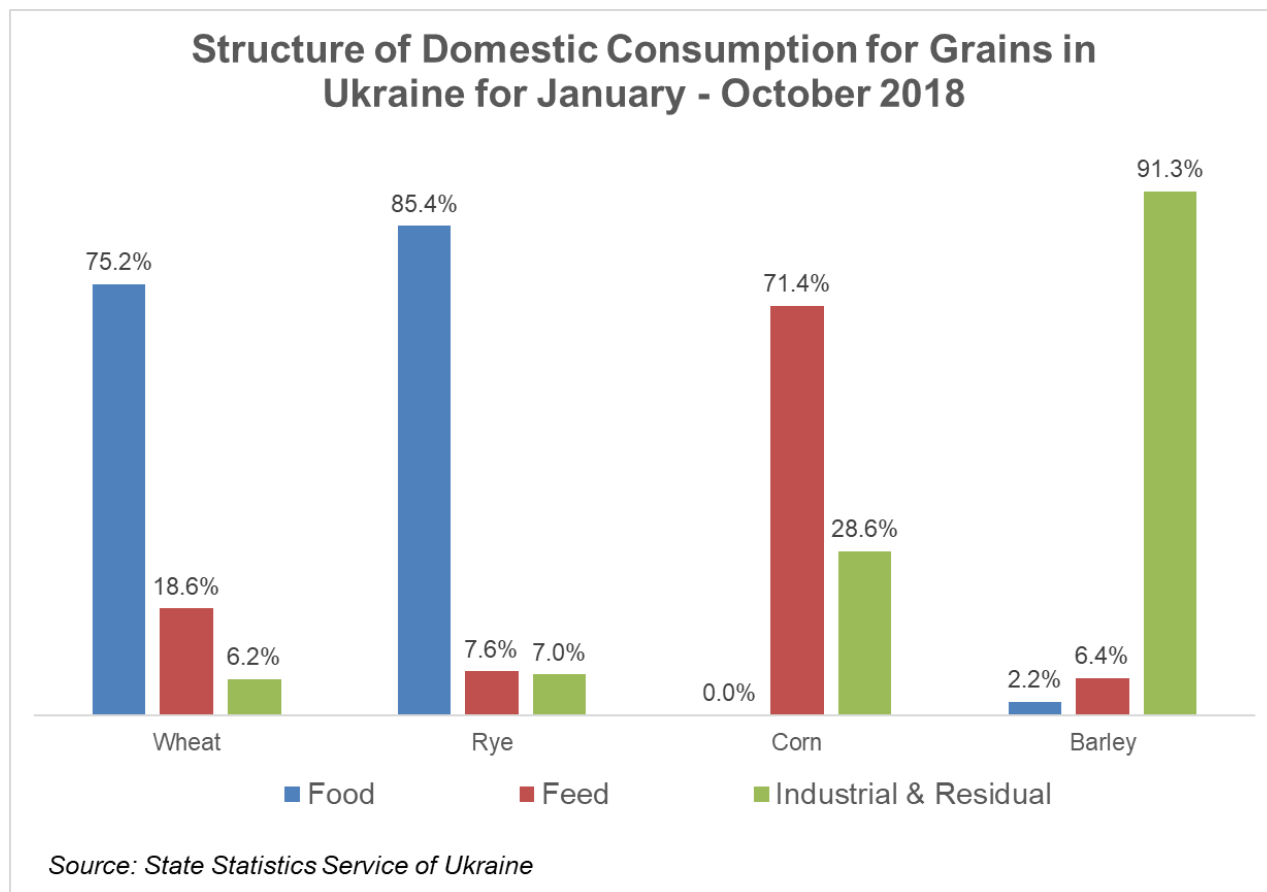
China.

An interesting development in FY2017/18 Ukrainian corn exports was the shipment of one MMT to Turkey. Turkey has not been a traditional destination for Ukrainian corn. This shipment amounted to a 3.2-fold increase, compared to the previous MY.

MY2017/18 corn imports, which predominantly consist of certified seeds, reached almost 39 thousand MT, a 31-percent increase compared to the previous MY.

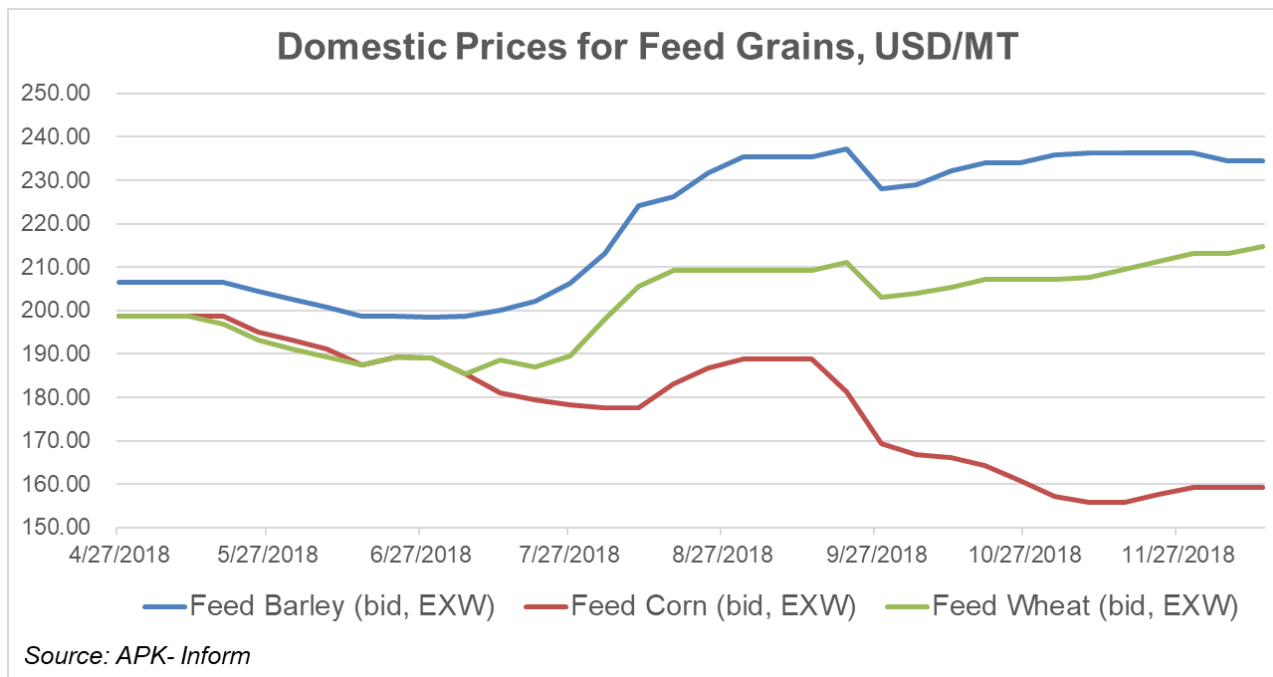
Consumption

According to SSSU's data, domestic consumption of grain crops has distinct long-term patterns (please refer to the graph: Structure of Domestic Consumption for Grains in Ukraine, below). The consumption numbers for January-October 2018 are very similar to the consumption numbers in calendar year 2017 that are mentioned in our [Annual Grain Report](#).



It should be noted that animal producers in Ukraine are using a mix of different grains (predominantly wheat, barley and corn) to ensure sufficient nutrient value. The ratio of individual grains varies over the season in line with availability of specific grains in specific periods. The particular ratio of grains is also highly dependent on the price ratios between these grains.

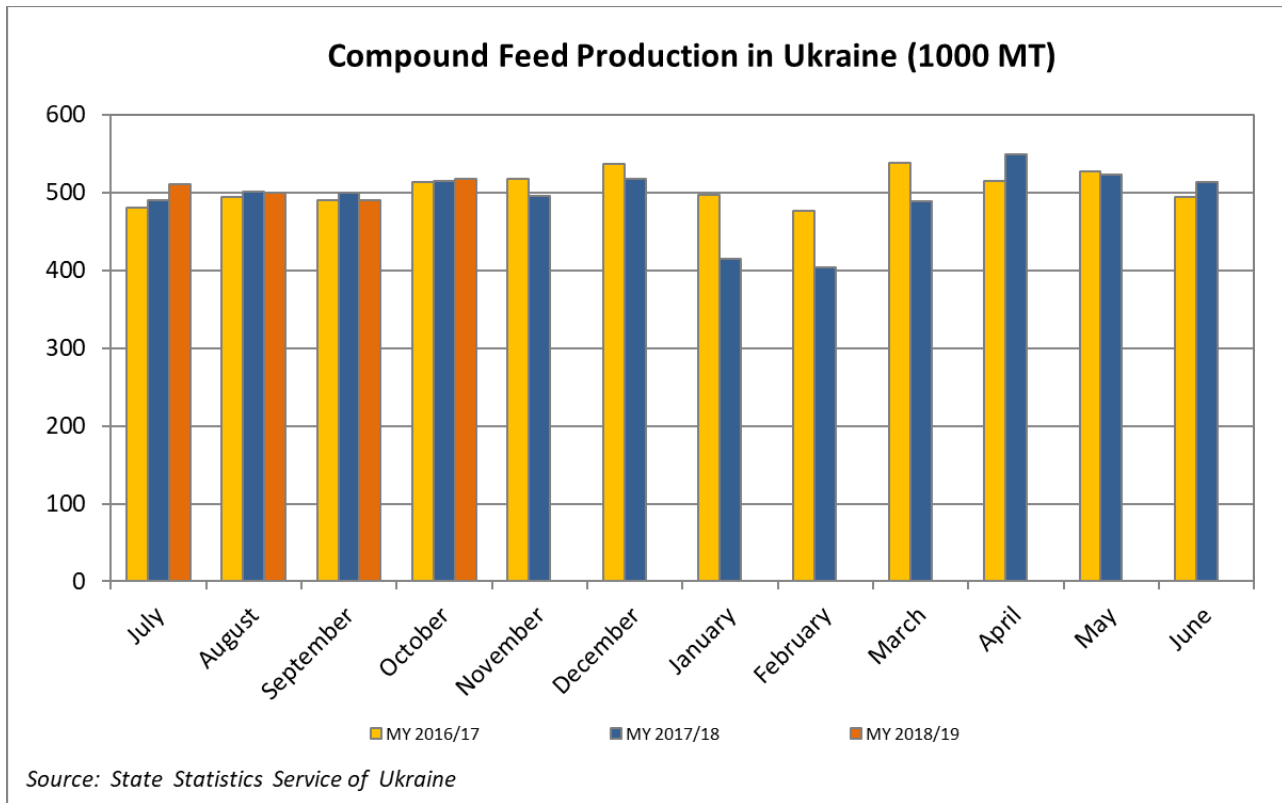
Based on the abovementioned, Post predicts that corn will retain its popularity as a feed crop through MY2018/19 due to the decreased prices for corn (please refer to graph Domestic Prices for Feed Grains, below and Production Section, above). Based on this conclusion, Post has increased the share of corn in Estimated Feed Consumption (please refer to the table below) in its PSD calculations.



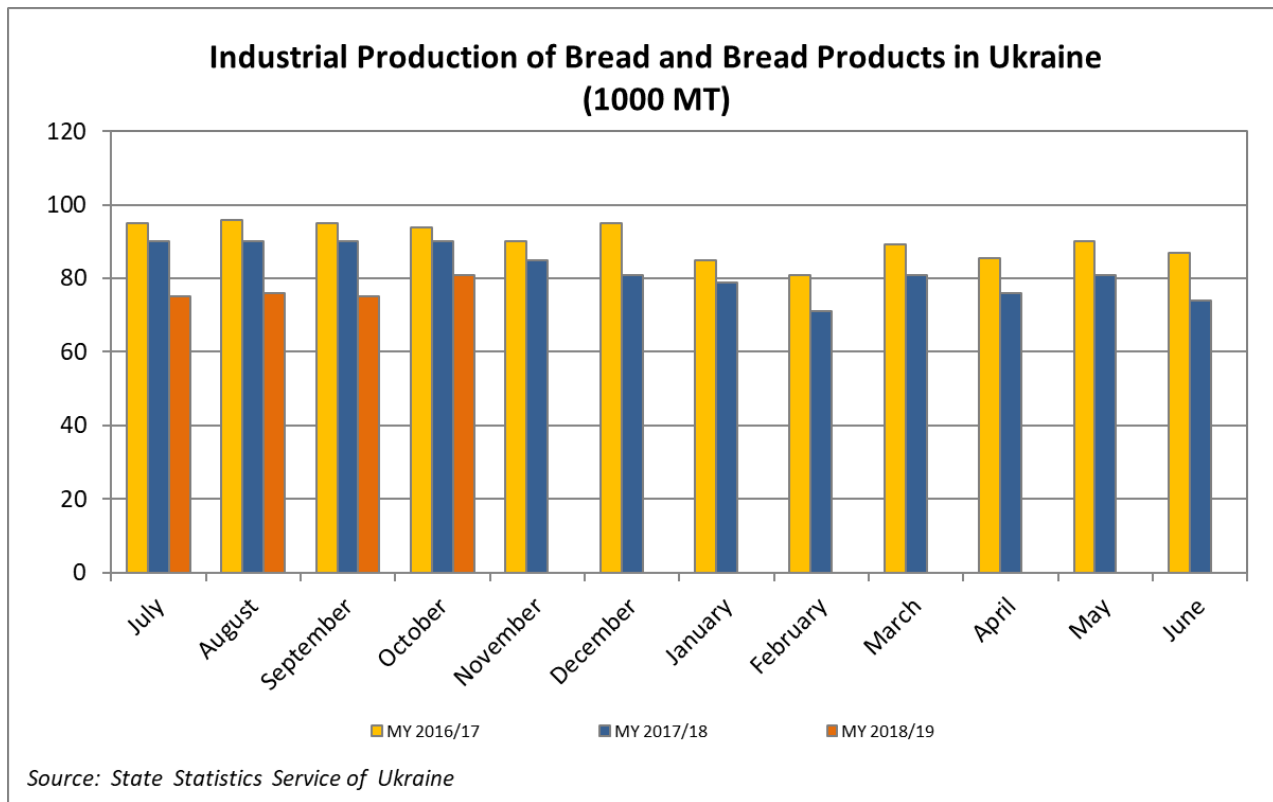
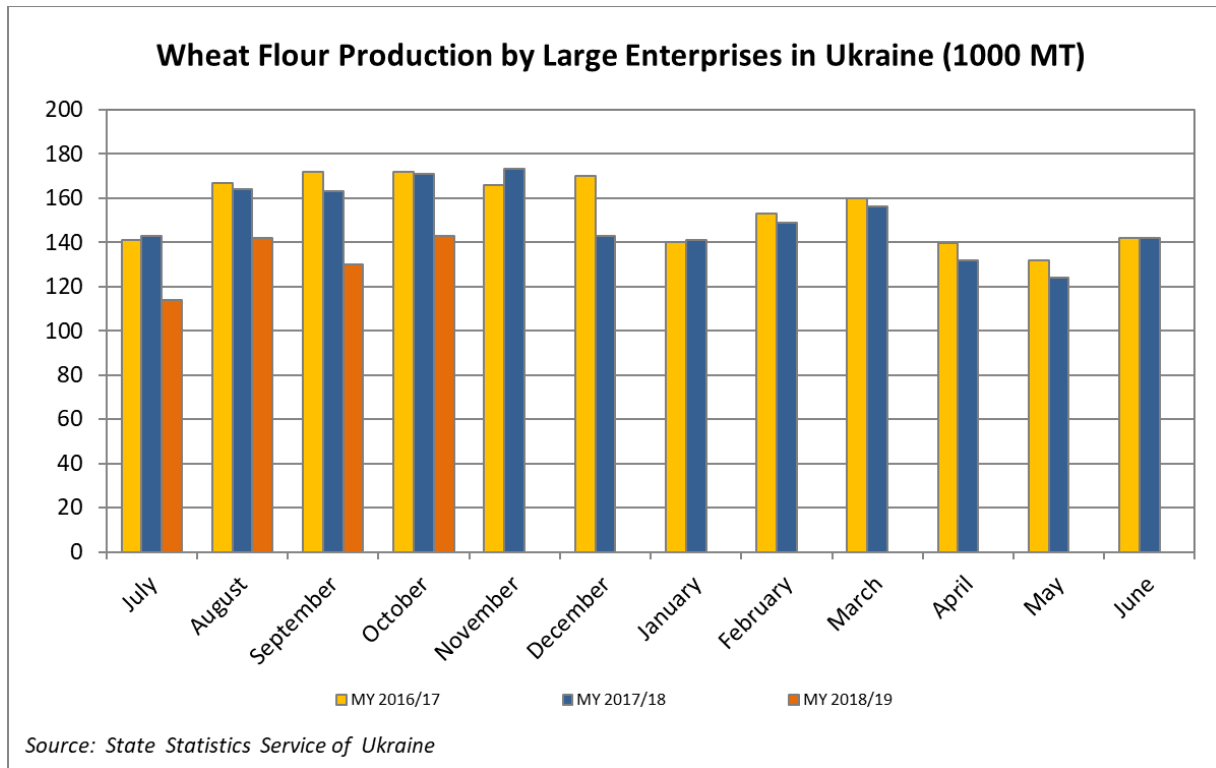
Post has kept MY2018/19 Estimated Feed Consumption at levels similar to the MY2017/18 level, based on SSSU’s information indicating that as of December 1, 2018 cattle and pig numbers decreased by around three percent, while poultry numbers grew by four percent, compared to the same period in 2017. Post expects this flat trend to stretch into 2019. This is also confirmed by the relatively stable volumes of compound feed production (please refer to graph below).

Estimated Feed Consumption			
	MY2016/2017	MY2017/2018	MY2018/2019
Barley	3,450	3600	3000
Corn	5,500	5000	5700
Rye	2	2	2
Wheat	3,900	3400	3400
Sorghum	109	75	50
Total	12,961	12,077	12,152

Source: FAS-Kyiv Estimates

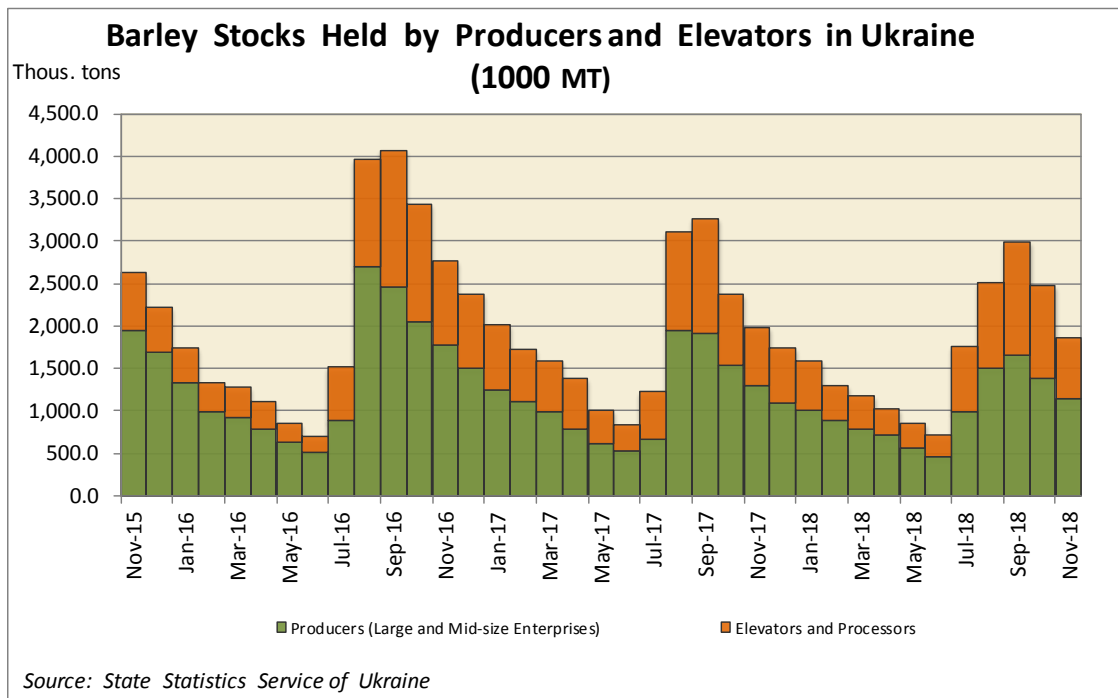
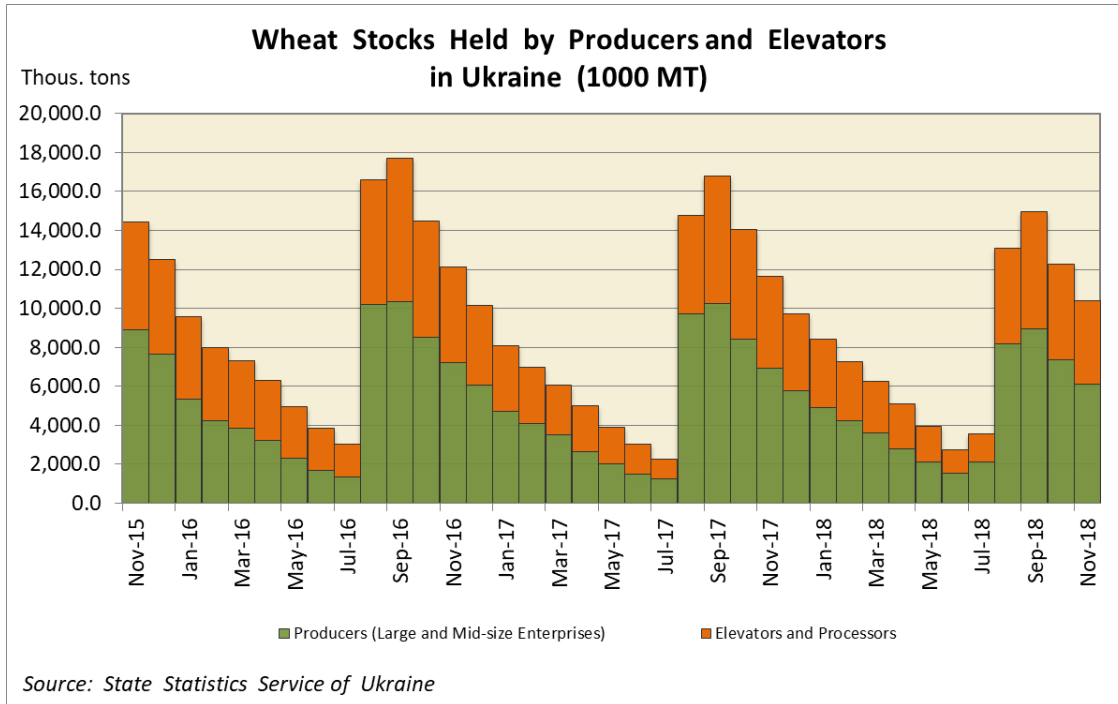


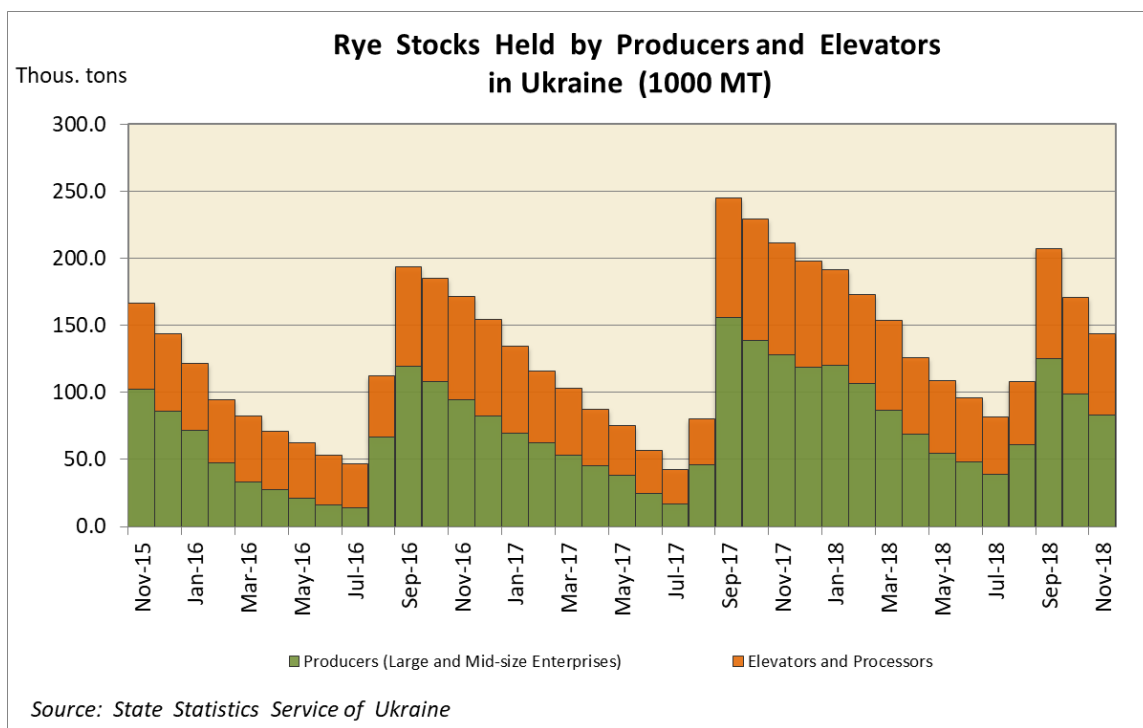
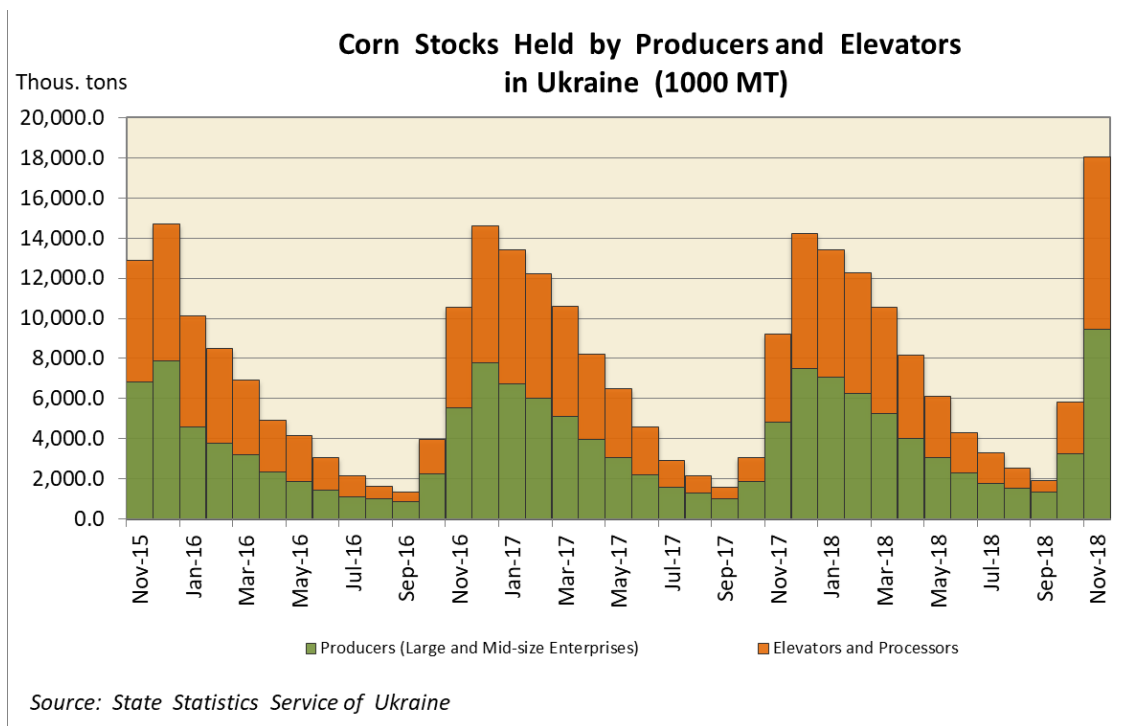
Post has decreased its estimated wheat FSI for MY2018/19, based on declining volumes of flour production, as well as declining volumes of industrial (large-scale) bread production. Please refer to the relevant graphs below for more details.



Stocks

Ending stocks for all grains at the end of MY2017/18 were higher than usual, most likely due to the existing issues with in-land logistics. Please refer to the Trade section of our [GAIN Report UP1826](#) for more details.





Policy

In August 2018, the MAPF and representatives of local non-governmental organizations signed an “Addendum to the Memorandum of Understanding on Grain Exports for Marketing Year 2018/19,” specifying targeted exportable volumes for wheat. For more information, please refer to our [GAIN Report UP1820](#).

Production, Supply and Distribution Data Statistics

Estimated wheat flour, pasta and bakery exports/imports have been added to trade volumes for wheat, in wheat grain equivalent, calculated by multiplying the product weight by 1.368.

Post’s grain production numbers include estimated production numbers for the Crimean Peninsula.

Barley:

Post’s import estimate for barley is 40 percent lower than USDA’s official data for MY2018/19, based on relatively stable planting area. Moreover, there have not been significant changes in consumption patterns that would require additional volumes of malting barley.

Post’s Feed and Residual estimates for barley are 50 percent higher than USDA’s official data for MY2018/19; and over 16 percent higher for MY2017/18 based on estimated total feed consumption mentioned in the Consumption section.

Post’s FSI estimate for barley is seven percent lower than USDA’s official data for MY2017/18, based on a stable, but downward, domestic food consumption trend for barley.

Post’s export estimate for barley is over 31 percent lower than USDA’s official data for MY2018/19, based on the increased Feed and Residual estimate mentioned above.

Corn:

Post’s import estimate for corn is around 12 percent higher than USDA’s official data for MY2018/19, based on the assumption of decreased corn areas for 2019 because of the low domestic prices for this year’s crop (please refer to Consumption section for more details). Post’s import estimates for corn are 13 percent lower than USDA’s official data for MY2017/18; and three percent higher for MY2016/17, based on available trade numbers.

Post’s export estimate for corn is two percent lower than USDA’s official data for MY2017/18, based on available trade numbers.

Post’s Feed and Residual estimates are over three percent higher compared to USDA’s official number for MY2018/19; 11 percent higher for MY2017/18; and around eight percent higher for MY2016/17, based on a rebalance of total Feed and Residual usage, as well as Post’s accounting for MY2017/18 exported volumes discussed in the Trade Section.

Post's FSI estimate for corn is around seven percent lower than USDA's official data for MY2018/19, based on the relatively stable consumption of corn for food and industrial processing purposes.

Rye:

Post's production estimate for rye is five percent lower than USDA's official data for MY2018/19, based on currently available harvest numbers (please refer to Production section of [GAIN Report UP1826](#)).

Post's export estimate for rye is 57 percent lower than USDA's official data for MY2018/19, based on available production numbers and stable forecasted domestic consumption patterns for rye.

Post's Feed and Residual estimate for rye is 80 percent lower than USDA's official data for each of these periods: MY2016/17, MY2017/18 and MY2018/19, based on the structure of domestic consumption of rye, as discussed in the Consumption section of this report.

Post's FSI estimates for rye are 14 percent higher for MY2018/19; around 13 percent lower for MY2017/18; and around eight percent higher for MY2016/17 than USDA's official data, based on stable consumption patterns.

Wheat:

Post's Import estimate for wheat is around 2.4-fold higher than USDA's official data for MY2018/19, under the assumption of continued Ukrainian economic recovery that would stimulate demand for high-quality flour and pasta. Post's Import estimates are five percent lower than USDA's official data for MY2017/18 and around ten percent lower for 2016/17, based on available trade data.

Post's export estimate for wheat is around nine percent lower than USDA's official data for MY2018/19, based on production numbers and forecasted consumption patterns.

Post's Feed and Residual estimate for wheat is around 42 percent higher than USDA's official data for MY2018/19, based on forecasted dynamics of animal numbers (please refer to Consumption section for more details). Post's Feed and Residual estimates are three percent higher than USDA's official data for MY2017/18; and eight percent higher for MY2016/17, based on a rebalance of total Feed and Residual usage after accounting for exported volumes.

Barley	2016/2017	2017/2018	2018/2019
--------	-----------	-----------	-----------

Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Ukraine						
Area Harvested	3045	3054	2652	2687	2500	2563
Beginning Stocks	1609	1609	1237	1350	1137	861
Production	9874	9938	8695	8695	7600	7612
MY Imports	8	8	5	5	10	6
TY Imports	11	11	5	6	10	6
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	11491	11555	9937	10050	8747	8479
MY Exports	5354	5355	4300	4289	4500	3100
TY Exports	5337	5337	4300	3188	4500	3100
Feed and Residual	3500	3450	3100	3600	2000	3000
FSI Consumption	1400	1400	1400	1300	1300	1300
Total Consumption	4900	4850	4500	4900	3300	4300
Ending Stocks	1237	1350	1137	861	947	1079
Total Distribution	11491	11555	9937	10050	8747	8479
Yield	3.2427	3.2541	3.2787	3.236	3.04	2.97
(1000 HA) ,(1000 MT) ,(MT/HA)						

Corn Market Begin Year	2016/2017		2017/2018		2018/2019	
	Oct 2016		Oct 2017		Oct 2018	
Ukraine	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	4239	4252	4433	4432	4500	4580
Beginning Stocks	1385	1385	1549	1256	1409	1073
Production	27969	28075	24115	24114	35000	35000
MY Imports	29	30	45	39	25	28
TY Imports	29	30	45	39	25	28
TY Imp. from U.S.	1	1	1	1	0	1
Total Supply	29383	29490	25709	25409	36434	36101
MY Exports	21334	21334	18500	18036	28000	27800
TY Exports	21334	21334	18500	18036	28000	27800
Feed and Residual	5100	5500	4500	5000	5500	5700
FSI	1400	1400	1300	1300	1400	1300

Consumption						
Total Consumption	6500	6900	5800	6300	6900	7000
Ending Stocks	1549	1256	1409	1073	1534	1301
Total Distribution	29383	29490	25709	25409	36434	36101
Yield	6.598	6.6028	5.4399	5.4409	7.7778	7.6419
(1000 HA) ,(1000 MT) ,(MT/HA)						

Rye	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
Ukraine	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	145	144	172	172	145	148
Beginning Stocks	75	75	77	54	69	114
Production	394	392	510	510	400	380
MY Imports	0	1	0	0	0	3
TY Imports	0	0	0	0	0	3
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	469	468	587	564	469	497
MY Exports	12	12	38	38	70	30
TY Exports	14	14	38	84	30	30
Feed and Residual	10	2	10	2	10	2
FSI Consumption	370	400	470	410	350	400
Total Consumption	380	402	480	412	360	402
Ending Stocks	77	54	69	114	39	65
Total Distribution	469	468	587	564	469	497
Yield	2.7172	2.7222	2.9651	2.9651	2.7586	2.5676
(1000 HA) ,(1000 MT) ,(MT/HA)						

Wheat	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
Ukraine	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Area Harvested	6462	6463	6642	6659	6900	6778
Beginning Stocks	3348	3348	1773	1532	1237	893
Production	26791	26854	26981	26981	25000	24815
MY Imports	41	37	58	55	25	60
TY Imports	41	37	58	55	25	60
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	30180	30239	28812	28568	26262	25768
MY Exports	18107	18107	17775	17775	16500	15000
TY Exports	18107	18107	17775	17775	16500	15000
Feed and Residual	3600	3900	3300	3400	2400	3400
FSI Consumption	6700	6700	6500	6500	6300	6200
Total Consumption	10300	10600	9800	9900	8700	9600
Ending Stocks	1773	1532	1237	893	1062	1168
Total Distribution	30180	30239	28812	28568	26262	25768
Yield	4.1459	4.155	4.0622	4.0518	3.6232	3.6611
(1000 HA) ,(1000 MT) ,(MT/HA)						

Author Defined:

Corn Exports from Ukraine by Destination, MY, 1000 MT (HS Code 1005)

Origin	MY 2015/16 (Oct. 15-Sept. 16)		MY 2016/17 (Oct. 16-Sept. 17)		MY 2017/18 (Oct. 17-Sept. 18)		% Change MY 2017/18 to 2016/17
	Quantity	% Share	Quantity	% Share	Quantity	% Share	
World	16,595.3	100.00	21,333.6	100.00	18,035.6	100.00	- 15.46
EU-28	8,487.3	51.14	9,235.5	43.29	8,342.7	46.26	- 9.67
Middle East	1,653.0	9.96	3,835.8	17.98	3,418.5	18.95	- 10.88
Africa	3,461.4	20.86	5,579.9	26.16	3,379.3	18.74	- 39.44
East & Southeast Asia	2,727.7	16.44	2,491.3	11.68	2,783.2	15.43	11.71
South Asia	237.3	1.43	168.6	0.79	105.9	0.59	- 37.16
Eurasian Economic Union	23.3	0.14	20.2	0.09	4.5	0.02	- 77.85
China	2,376.1	14.32	1,488.1	6.98	2,780.3	15.42	86.84
Netherlands	1,357.8	8.18	2,619.3	12.28	2,462.1	13.65	- 6.00
Egypt	2,180.8	13.14	3,363.0	15.76	2,416.3	13.40	- 28.15
Italy	1,578.7	9.51	1,634.6	7.66	1,725.4	9.57	5.55
Spain	2,738.3	16.50	2,485.3	11.65	1,619.0	8.98	- 34.85
Iran	673.4	4.06	2,196.0	10.29	1,245.8	6.91	- 43.27
Turkey	23.3	0.14	321.3	1.51	1,039.9	5.77	223.66
Israel	600.7	3.62	976.3	4.58	1,007.9	5.59	3.23
Portugal	852.5	5.14	843.5	3.95	717.4	3.98	- 14.96
Tunisia	700.5	4.22	888.0	4.16	563.5	3.12	- 36.54
Belgium	479.5	2.89	550.5	2.58	558.4	3.10	1.44
Libya	315.0	1.90	547.2	2.57	353.1	1.96	- 35.48
Ireland	361.6	2.18	262.6	1.23	332.4	1.84	26.55
Germany	448.5	2.70	91.2	0.43	287.2	1.59	214.78
United Kingdom	141.3	0.85	275.9	1.29	254.2	1.41	- 7.85
Lebanon	258.0	1.55	227.4	1.07	123.2	0.68	- 45.82
Poland	273.4	1.65	152.1	0.71	76.5	0.42	- 49.73
Denmark	2.3	0.01	0.0	0.00	69.5	0.39	0.00
Cyprus	67.1	0.40	105.4	0.49	63.4	0.35	- 39.84
Bangladesh	0.0	0.00	105.5	0.49	56.7	0.31	- 46.28
Lithuania	92.6	0.56	83.9	0.39	52.2	0.29	- 37.83
Greece	28.7	0.17	103.0	0.48	50.1	0.28	- 51.35
Sri Lanka	8.7	0.05	7.0	0.03	49.1	0.27	602.70
Hungary	0.3	0.00	2.1	0.01	33.9	0.19	1519.65
Algeria	109.6	0.66	156.5	0.73	30.2	0.17	- 80.70
Finland	0.0	0.00	0.3	0.00	22.9	0.13	8750.96
Morocco	16.9	0.10	15.0	0.07	12.1	0.07	- 19.25
Belarus	23.2	0.14	20.1	0.09	4.3	0.02	- 78.41
Switzerland	39.5	0.24	3.9	0.02	3.4	0.02	- 11.46
Korea South	92.9	0.56	662.8	3.11	1.2	0.01	- 99.82
Austria	12.0	0.07	6.6	0.03	1.1	0.01	- 83.00
Oman	13.2	0.08	22.2	0.10	0.0	0.00	- 99.81
Angola	2.0	0.01	17.0	0.08	0.0	0.00	- 100.00
India	228.0	1.37	56.1	0.26	0.0	0.00	- 100.00
Hong Kong	257.5	1.55	0.0	0.00	0.0	0.00	0.00
Kenya	0.0	0.00	111.5	0.52	0.0	0.00	- 100.00
Japan	0.0	0.00	216.7	1.02	0.0	0.00	- 100.00
Jordan	0.1	0.00	58.7	0.28	0.0	0.00	- 100.00
South Africa	71.5	0.43	373.6	1.75	0.0	0.00	- 100.00
Syria	82.9	0.50	0.0	0.00	0.0	0.00	0.00
Nigeria	0.0	0.00	95.4	0.45	0.0	0.00	- 100.00
Vietnam	1.1	0.01	122.9	0.58	0.0	0.00	- 100.00
United Arab Emirates	0.2	0.00	33.5	0.16	0.0	0.00	- 100.00
Zimbabwe	33.5	0.20	0.0	0.00	0.0	0.00	0.00
Other	51.5	0.0	31.5	0.0	22.8	0.0	-27.7

Source: State Fiscal Service of Ukraine

Corn Imports to Ukraine by Country of Origin, MY, 1000 MT (HS Code 1005)

Origin	MY 2015/16 (Oct. 15-Sept. 16)		MY 2016/17 (Oct. 16-Sept. 17)		MY 2017/18 (Oct. 17-Sept. 18)		% Change MY 2017/18 to 2016/17
	Quantity	% Share	Quantity	% Share	Quantity	% Share	
World	29.5	100.00	29.7	100.00	38.9	100.00	31.25
EU-28	25.1	85.09	25.2	85.11	34.5	88.52	36.51
Middle East	0.7	2.35	0.5	1.65	0.8	2.14	69.61
Eurasian Economic Union	0.0	0.07	0.0	0.00	0.0	0.12	0.00
Africa	0.0	0.09	0.0	0.00	0.0	0.07	0.00
South Asia	0.0	0.00	0.0	0.00	0.0	0.00	- 18.09
Romania	9.1	30.91	10.3	34.57	10.7	27.50	4.41
Hungary	8.5	28.95	7.3	24.71	9.0	23.03	22.37
France	6.3	21.32	5.2	17.45	7.9	20.36	53.16
Switzerland	0.1	0.36	1.3	4.47	4.8	12.38	263.48
Serbia	2.8	9.54	2.5	8.30	2.2	5.66	- 10.62
United States	0.6	2.07	1.1	3.73	1.2	3.14	10.30
Turkey	0.7	2.35	0.5	1.65	0.8	2.14	69.61
Austria	0.3	1.02	0.5	1.71	0.8	1.93	47.71
Germany	0.3	0.95	0.1	0.30	0.7	1.85	718.06
Slovakia	0.2	0.59	0.3	0.87	0.2	0.62	- 6.59
Croatia	0.1	0.44	0.1	0.35	0.1	0.31	16.94
Spain	0.1	0.26	0.1	0.48	0.1	0.24	- 35.01
Lithuania	0.0	0.00	0.0	0.00	0.1	0.17	0.00
Chile	0.2	0.71	0.3	1.07	0.1	0.14	- 83.25
Belarus	0.0	0.07	0.0	0.00	0.0	0.12	0.00
Argentina	0.0	0.00	0.0	0.01	0.0	0.10	1194.27
Bulgaria	0.0	0.00	0.0	0.15	0.0	0.10	- 10.83
South Africa	0.0	0.09	0.0	0.00	0.0	0.06	0.00
Moldova	0.0	0.03	0.0	0.00	0.0	0.05	0.00
New Zealand	0.0	0.05	0.0	0.11	0.0	0.05	- 38.11
Poland	0.0	0.00	0.0	0.06	0.0	0.04	- 14.69
Canada	0.0	0.00	0.0	0.00	0.0	0.01	∞
Senegal	0.0	0.00	0.0	0.00	0.0	0.01	0.00
Mexico	0.0	0.02	0.0	0.01	0.0	0.01	- 46.78
India	0.0	0.00	0.0	0.00	0.0	0.00	- 18.09
Greece	0.0	0.01	0.0	0.00	0.0	0.00	0.00
Italy	0.0	0.00	0.0	0.00	0.0	0.00	0.00
Puerto Rico (U.S.)	0.0	0.00	0.0	0.00	0.0	0.00	0.00
Brazil	0.0	0.00	0.0	0.00	0.0	0.00	- 100.00
Czech Republic	0.1	0.28	0.0	0.00	0.0	0.00	0.00

Source: State Fiscal Service of Ukraine