Information of the situation in the grain market as at June 12, 2019

WORLD:

FORECAST FOR 2018/19

According to the International Grains Council data, as a result of the reduction in the area and declining productivity, the world crop was the lowest in four years. World production in 2018/19 amounted to 733 million tons (-4% from last year).

The forecast of consumption in 2018/19 is 741 million tons, which is slightly less than last year’s figure, because the reduction in feed use is more than offset by an increase in food.

World reserves are expected to decrease for the first time in six years, having fallen from last year by 8 million tons to 263 million tons at the end of 2018/19. The decrease is caused mainly due to the decline in major exporters, especially in Australia, the EU and Russia, where in comparison with the previous year much lower yields were harvested.

The world trade forecast for 2018/19 (July / June) has been reduced from the last month by 1 million tons to a three-year minimum of 171.3 million tons (176.3 million tons).

FORECAST FOR 2019/20

Taking into account the sufficient amount of precipitation in most producers of the northern hemisphere, global production, according to a prospective estimate, will increase from last year by 4%.

Due to the expected increase of use in both the food and feed sectors, the total consumption is projected to increase from the previous year by 2% to 753 million tons.

World reserves can reach a new historical maximum, which is estimated at the maximum level in history for all of 276 million tons (+13 million tons from the previous year), given the increase in major exporters, China and India.

The decline in shipments to Far East Asia is expected to be more than offset by their growth in other areas, and world trade is projected to expand from the previous year by 1% to 174 million tons.

Export offerings should expand in all major exporters, with the exception of Kazakhstan, and competition for exports is likely to be high. It is expected that Russia will once again become the largest exporter - deliveries of this country, as in the previous year, will amount to 35 million tons.

Export prices of cereal (doll. USA / ton).

Country	Product	Class/quality	Basis	Price ($/ton)
				07.06.19
Wheat				
Kazakhstan	wheat	3 class	FOB port of Aktau	-
Kazakhstan	wheat	3 class	DAP Sary-Agash st.	207
Russia	wheat	protein 12,5%	FOB port of Novorossiysk	209
Ukraine	wheat	protein 12,5%	FOB Black sea port	176
France	wheat	food.	FOB Rouen port	215
USA	wheat	food.HRW	FOB Gulf of Mexico	222
Barley				
Kazakhstan	barley	coarse grain	FOB port of Aktau	210
France	barley	coarse grain	FOB Rouen port	191
Ukraine	barley	coarse grain	FOB Black sea port	172

RUSSIA:

As of June 5, according to the Ministry of Agriculture of the Russian Federation, spring sowing was carried out on an area of 48.8 million hectares (46 million hectares a year earlier). Including, the sowing of grain crops was carried out at 96% of the plan or at 28.2 mln ha (26.8 mln ha). Of which, spring wheat sown was 11.8 million ha or 97% of the plan (10.9 million hectares in 2018), spring barley - 7.8 million hectares or 100% of the plan (7.1 million hectares), corn - 2 , 6 mln ha or 101% (2.6 mln ha in 2018).

According to official data of the Ministry of Agriculture (FCS), grain exports in May amounted to 1440TMT of all cereals (excluding pulses), incl. total 969TMT wheat, 244TMT barley and 205TMT corn. From the beginning of the season, 42.5 MMT of grain was exported (excluding pulses and exports to the CU countries, compared to 51.3 MMT last season). Including Wheat 34.1 MMT (38.7 MMT a year earlier). From the beginning of the season, barley exports amounted to 4.5 MMT (5.5 MMT a year earlier), and corn - 2.5 MMT (5.3 MMT last season).

According to Rosstat, grain stocks as of May 1, 2019. were 25% less than on the same date a year earlier. At the same time, the stocks of wheat in the whole country are 33% lower than the figures of the previous season, corn - 17% lower.

On the domestic market of Russia, as atJune 9, according to the data of the ICAR news agency, the situation was as follows. There is a trend towards increasing demand for wheat and barley from exporters in the south of Russia, and for wheat in the Center. The question is only about the new crop, which was could be bought at a higher price than a week earlier. The market uncertainty was the reason of revitalization, problems with the harvest in the US and negative weather conditions in the Black Sea region are pushing world prices up and encouraging exporters to take action.

KAZAKHSTAN:

In Kazakhstan, there is very little free grain left to sell in the domestic and export markets. Traders have difficulties during search for grain in the market ,in order to refill batches of grain crops for their earlier commitments. Periodically, Russian wheat appears on the market, which dilutes the situation a little. High prices of grain in the current season, is explained according to the assumptions, by the fact that the price was focused primarily on China. In addition, Russia and China signed an agreement on very large quantities, which will be transported trough Mongolia, by the Russian railway.

The price for a ton of 23 gluten wheat, by the end of the first decade of June remained at the level of 68 thousand tenge including VAT. In case of large quantity, the farmers ask for the ton of ordinary 71 thousand tenge including VAT. The market price for 25-26 gluten, on average, is 71 thousand tenge per ton including VAT. 27-28 gluten - 72-73 thousand tenge per ton including VAT. The price of 30 gluten, depending on the protein indicators was established in the range of 74 thousand tenge per ton including VAT. Growth for the week amounted to 1000 tenge. Some traders predict a rise in purchase prices for high gluten up to 80 thousand tenge, including VAT. The average price of the "Quartet" (21 gluten) is 66 thousand tenge per ton including VAT, the price (virtual) of the fifth class is 60 thousand tenge per ton including VAT. Price for barley continues remaining in the threshold of 58-62 thousand tenge per ton.

According to the data of APK-Inform Agency as at June 07, 2019, the offer prices for wheat of the 3rd class on the terms of delivery DAP, Saryagash st. is $ 204. USA / ton, for coarse barley FOB port Aktau - $ 205. USA/ton.