Russia able to retain its top position in world wheat exports

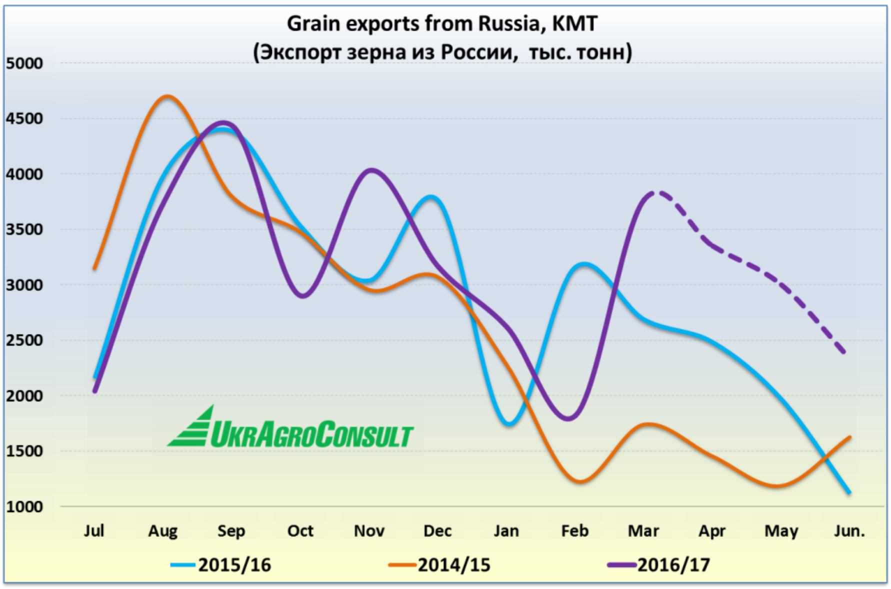
Just a couple months are left till the end of the current season, but Russia still keeps the world market intrigued about the grain export plan fulfillment.

All the market participants, including the Ag Ministry, have already repeatedly reduced their forecasts for Russian 2016/17 grain exports, including those of wheat. However, March's shipments appear to have kept up hopes for overachieving the export target, at least for exceeding last season's volume, though part of the market have already questioned this fact as well.

In the opinion of UkrAgroConsult, Russia is able to export roughly 37 MMT of grain for the whole 2016/17 season, including some 28 MMT of wheat.

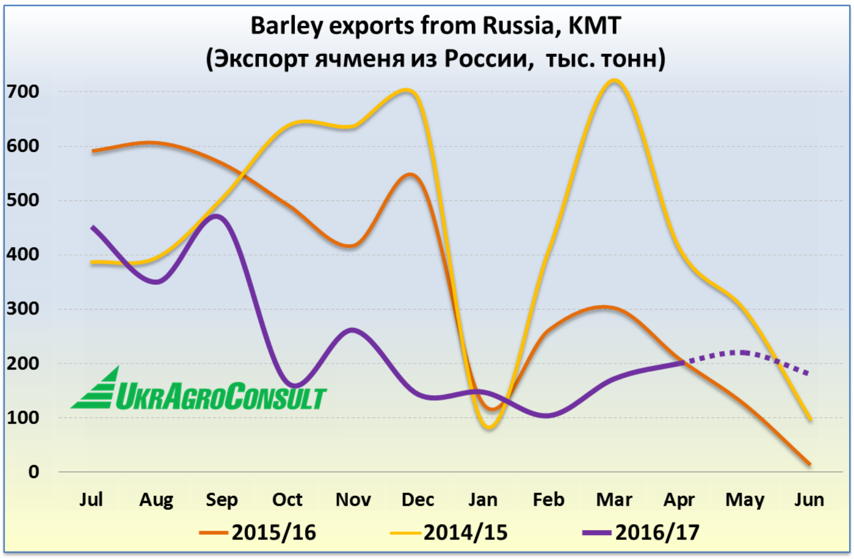
In March, Russian exporters supplied some 3.8 MMT of grain to foreign markets, including 2.9 MMT of wheat. Both figures are record high for March in the country. In addition, according to preliminary information of market participants, Russian suppliers are going to maintain the upward trend and ship abroad over 3 MMT of grains in April.

Thus, to realize our grain export forecast (37.2 MMT), Russia will have to supply 5.1-5.3 MMT to foreign markets in May-June – a record high for this period. We believe it is quite a feasible target.

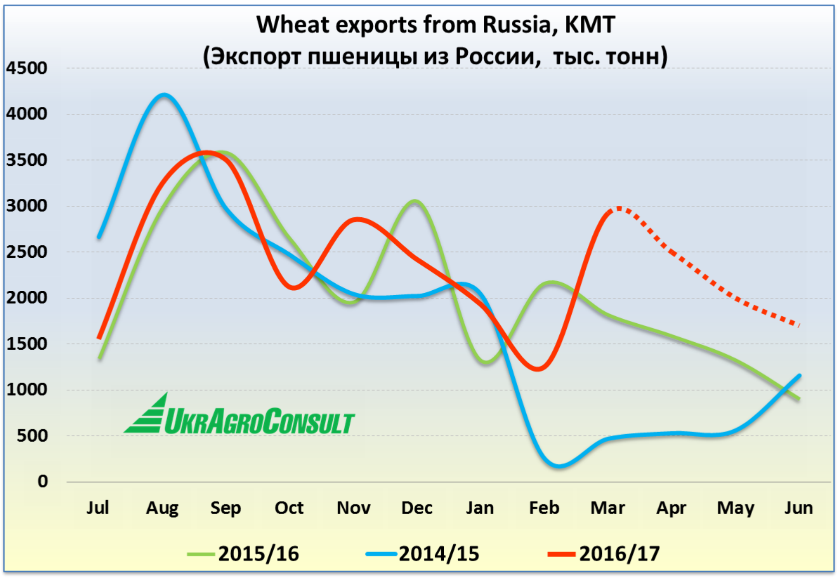


Let's analyze the key components of the remaining export potential. Generally speaking, no problems are envisaged with regard to corn. Russia will easily export 5 MMT of corn, or even more. Taking into account shipments in the first half of April, Russian exporters have already supplied more than 4.1 MMT of corn abroad.

The barley situation is more difficult – specifically, the trend remains vague. Although Russian barley exports somewhat revived in March-April, their total for the whole season will hardly exceed the expected 3 MMT.



With regard to the main export crop, i.e. wheat, its exports totaled 21.8 MMT by April. Taking into account cargoes prepared for export this month, April's wheat deliveries from Russia may approximate 2.5 MMT. Thus, to realize our wheat export forecast of 28 MMT, Russian exporters will have to ship abroad another some 3.5-3.7 MMT of this commodity in May-June.



Having analyzed the Russian wheat export structure and assessed the remaining potential needs of key buyers of Russian wheat, we concluded that some room for deliveries is still available.

Yes, Turkey, which has lately imported over 3 MMT of Russian wheat a year, is most likely closed to Russian exports till the end of the current season. Due to the tensions between Russia and Turkey, Russian wheat exports to this market will most probably be down 500-600 KMT from last season.

However, Russia still has underutilized wheat export destinations, including primarily Egypt, as well as Morocco, Bangladesh, Nigeria, Yemen, Israel, Georgia and other key importers.

Key importers of Russian wheat (KMT)

Country	Forecast imports in 2016/17	Estimated 2016/17 wheat imports by April's end	Estimated import needs in May-June 2016/17	Estimated import needs in May-June 2016/17 (%)
Egypt	11 500	9 900	**1 600**	13.9
Indonesia	9 000	7 150	**1 850**	20.6
Bangladesh	5 800	4 850	**950**	16.4
Morocco	5 500	4 000	**1 500**	27.3
Nigeria	4 500	3 550	**950**	21.1
Yemen	3 350	2 250	**1 100**	32.8
Sudan	2 300	1 350	**950**	41.3
Israel	1 700	1 350	**350**	20.6
South Africa	1 700	1 100	**600**	35.3
UAE	1 650	1 000	**650**	39.4
Kenya	1 625	1 000	**625**	38.5
Lebanon	1 400	1 200	**200**	14.3
Libya	1 400	1 050	**350**	25.0
Azerbaijan	1 300	1 100	**200**	15.4
Georgia	700	450	**250**	35.7
TOTAL	**53 425**	**41 300**	**12 125**	**22.7**

In addition, despite a drop both in export and domestic wheat prices in Russia, growers are already forced to part with their commodity to finance the working capital already for the new crop.

However, noteworthy is that most of the wheat intended for export from the country's key exporting regions (the Southern, North Caucasian, Volga and Central federal districts) has already been taken abroad. Major stocks are still left in distant regions such as Siberia, the Ural and the Far East. This may turn out to be a certain risk factor jeopardizing the full realization of the wheat export potential.

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