

## HOW UKRAINIAN WHEAT IS SWITCHING FROM THE EU TO MENA

- **Ukraine's wheat export destinations are changing faster than many expected**
- **Low Ukrainian wheat exports are creating significant carryover stocks**
- **Trade strategy has to be adjusted to the large Southern Hemisphere supply and weak demand from Southeast Asia in Dec-Feb**
- **The market seems to move towards a model with a smaller number of buyers than previously optimistically predicted**

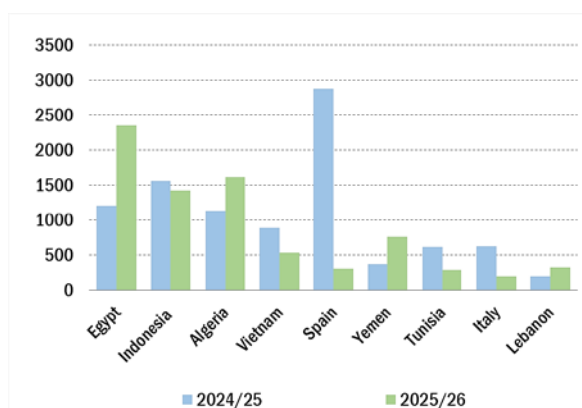
In June 2025, the EU introduced a duty-free quota for Ukrainian wheat at 1.3 M mt per calendar year. For June-Dec 2025, Ukraine could ship 758 K mt into the EU, but about 233 K mt of that volume remained unused. The EU market already harvested domestic second-largest wheat crop in its history. So, the quota existed, but the demand was weak.

During 2022-2024, with no restrictions, Ukrainian wheat exports to the EU were between 3 M mt and 6 M mt a season. That destination is now squeezing greatly. The EU quotas are forcing Ukrainian wheat out of the nearest and premium market back into the most competitive region in the world - the MENA market:

- russia remains dominant among those countries.
- Exports from other Black Sea suppliers have been aggressive.
- Argentina appeared to be very active in 2025/26 in Algeria and Morocco.

That shift mirrors geography, margin, freight, quality issues and the risk of high wheat carry-over in the coming 2026/27 season.

### Ukraine. Wheat export destinations, K mt



Source: UkrAgroConsult calculations based on vessel line up data

UkrAgroConsult supposes this is not a short time redirection of Ukraine trade flows but is a shift under pressure of political drivers.

EU quotas returned exactly when the Southern Hemisphere offered large wheat volumes to market. This combination sharply reduced Ukraine's potential to compete in both Europe and Asia. So, the loss of Spain as a major importer, after its big purchases in 2024/25, was not fully replaced by other buyers. The market is moving towards a model with a smaller number of buyers than previously optimistically predicted.

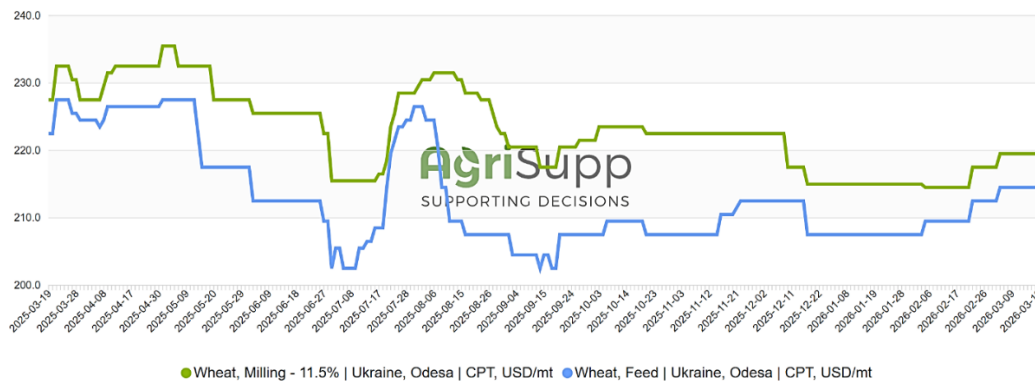
In Dec-Feb, Ukrainian wheat exports fell to only 500-600 K mt per month, one of the weakest rates for these months. In March 1-17, only 350 K mt of wheat were exported, mainly to Algeria and Egypt.

The next export constraint is that by mid-March the 2026 wheat import quota is almost fully exhausted, with only about 136 K mt remaining, according to EU data. That means Ukraine carryover stocks for the next 2026/27 season may reach at least 5 M mt.

Another setback is that according to UkrAgroConsult estimates, the 2025/26 exports was dominated by feed wheat. It means, that milling wheat is increasingly remaining in stocks in Ukraine. In the current season, competition between Ukrainian and russian milling wheat greatly intensified in the key MEBA destinations.

Price direction remains mixed. On one side, large stocks are clearly bearish. On the other side, geopolitical tension, especially around Iran, is lifting freight rates and providing indirect support to commodity markets. Weather risks in the US add another layer of uncertainty. This is why the market is careful, but with hope for growing prices.

### Ukraine. Wheat prices, CPT Odesa, USD/mt



Source: AgriSupp data base, UkrAgroConsult

Outlook for April-June 2026. Between 2023 and 2025, friendly freights encouraged exporters to ship grain almost to any market, even distant ones. Now, expensive logistics is making nearby destinations more attractive for the last three months (April-June) of the season. In such an environment, Black Sea wheat - both Ukrainian and russian - may increase their competitiveness in MENA compared to Southern Hemisphere wheat, especially on nearby freight-dependent routes.

This is partly a situational change, because freight spikes can always ease. But it also has a cyclical element. When freight is cheap, exporters compete globally. When freight is expensive, regional origin regains value. MENA becomes the natural battlefield again.

There is also another story for 2026/27. Higher gas prices will make nitrogen fertilizers more expensive. That may reduce grain yields globally if farmers cut application rates. If that scenario develops, deficit countries may need more imports later. The wheat stocks of Ukraine could become more demanded in 2026/27 than in the current oversupplied season.

However, waiting for a major rally in 2025 crop wheat is risky while stocks remain so large. Those sellers win, who is able to develop better sales strategy.

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