

# Black Sea Agriculture. Price Wars. Episode II

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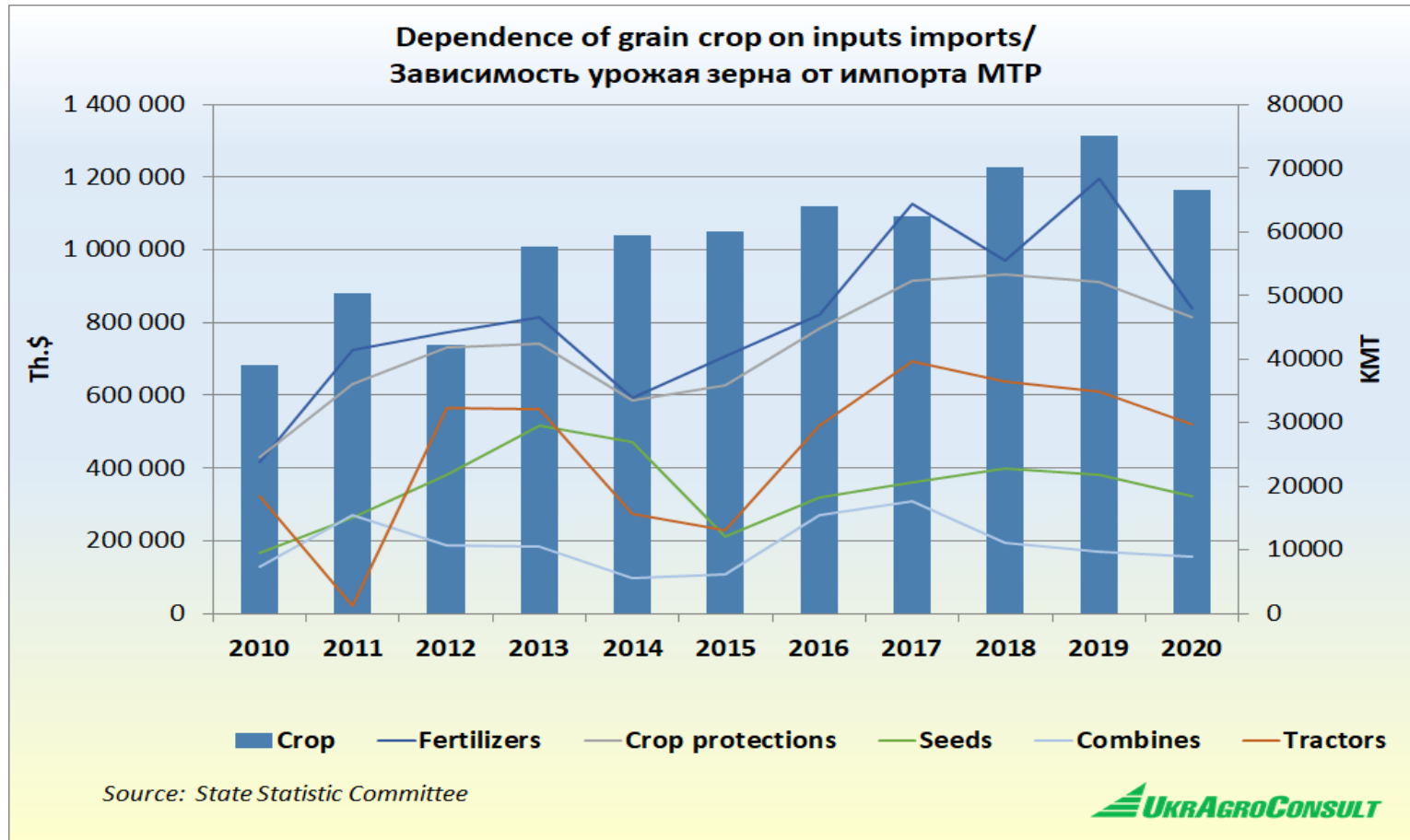


# Disclaimer

**Past performance is no guarantee of future results.**

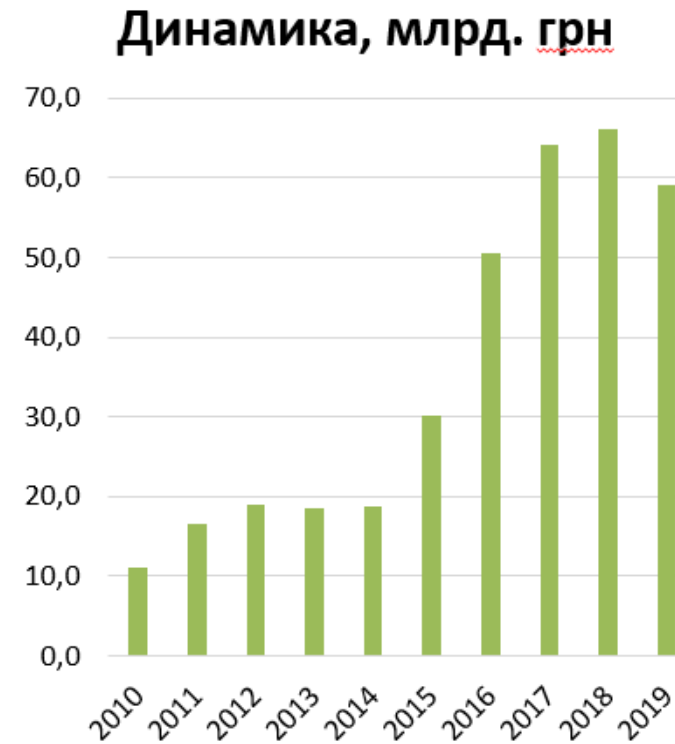
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# Agri Sector of Ukraine: Transition to Capital Incentive Model, 2010-2021



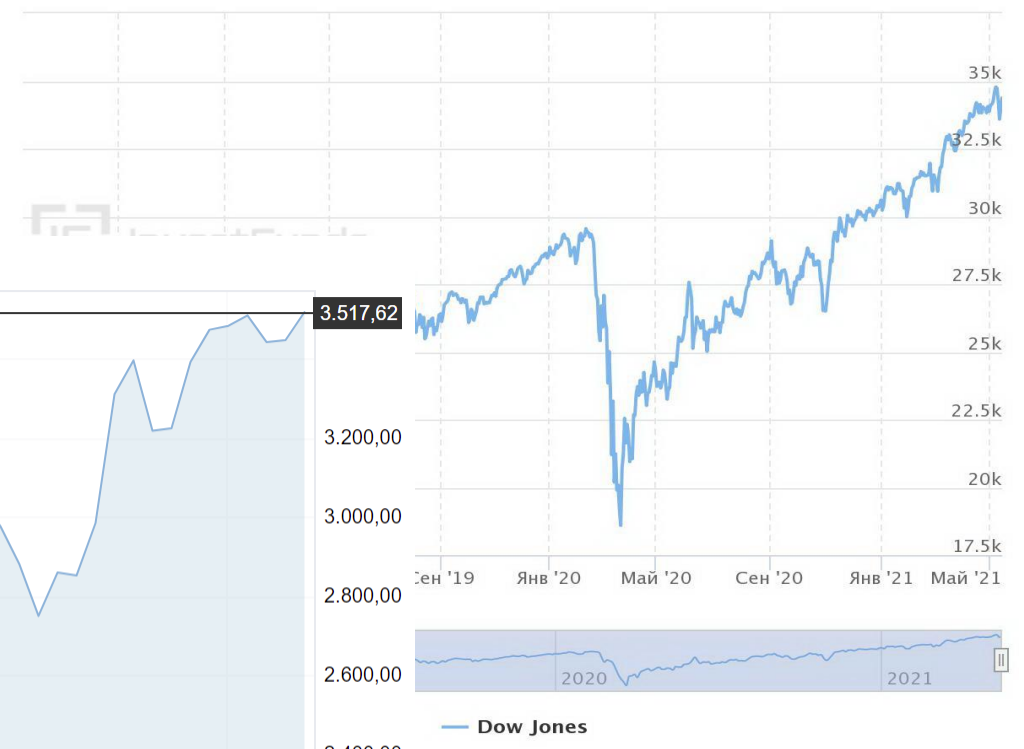
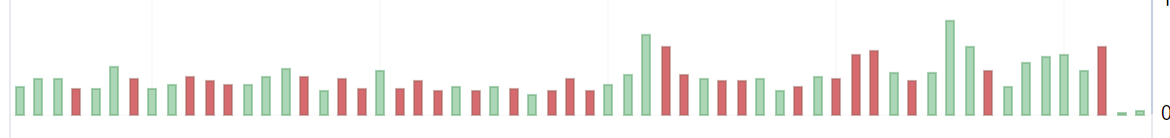
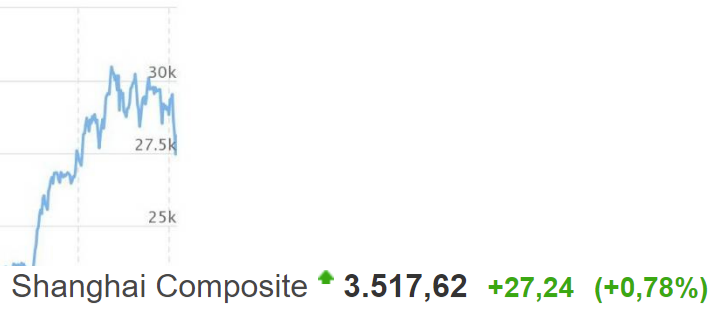
# Ukraine. Investments Total and their Structure

## Капитальные инвестиции в аграрный сектор Украины



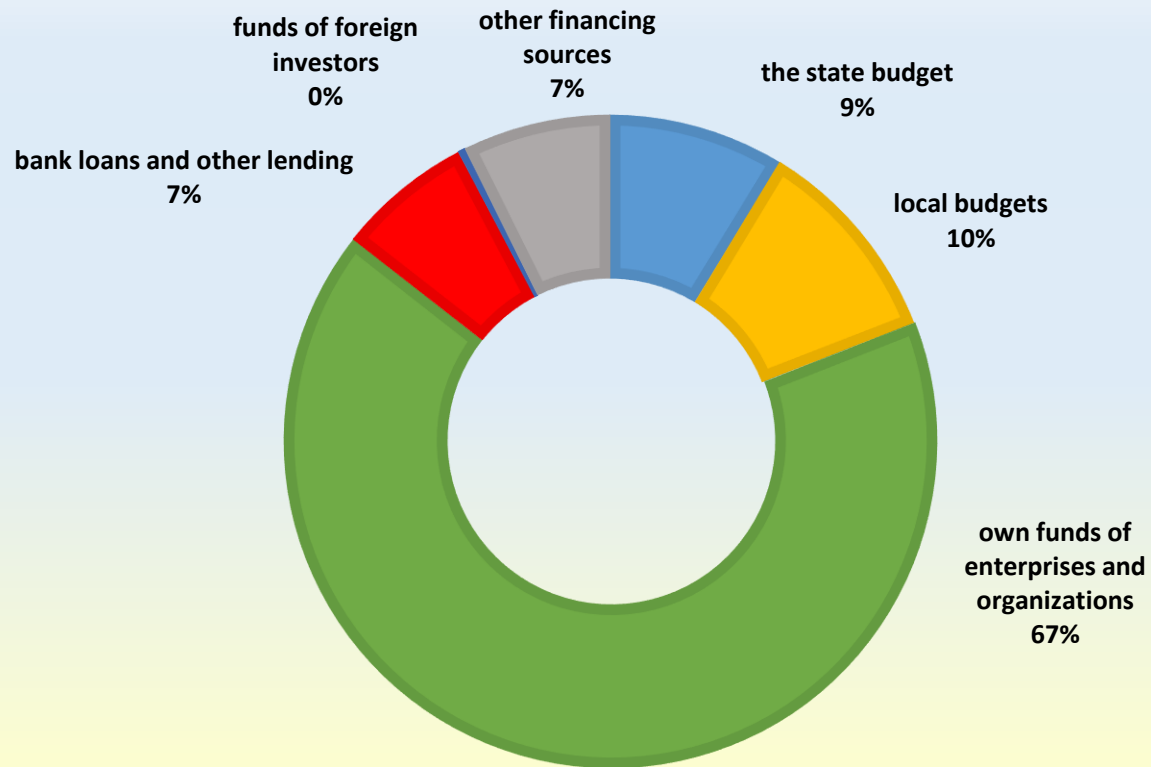
Иностранные инвестиции, тыс.грн	2018	2019	2020	
	27,2	25,84	26,96	
<b>Усього</b>	1 795 467	4 663 948	1 729 174	Total
<b>Сільське господарство, лісове господарство та рибне господарство</b>	4 071	к/с	к/с	<b>Agriculture, forestry and fishing</b>
<b>Добувна промисловість і розроблення кар'єрів</b>	–	к/с	к/с	<b>Mining and quarrying</b>
<b>Переробна промисловість</b>	549 792	2 145 665	700 152	<b>Manufacturing</b>
<b>Будівництво</b>	12 972	140 109	к/с	<b>Construction</b>
<b>Оптова та роздрібна торгівля; ремонт автотранспортних засобів і мотоциклів</b>	78 328	к/с	–	<b>Wholesale and retail trade; repair of motor vehicles and motorcycles</b>

# Bond Exchanges: Record High Indexes Prices on top of historic market volatility

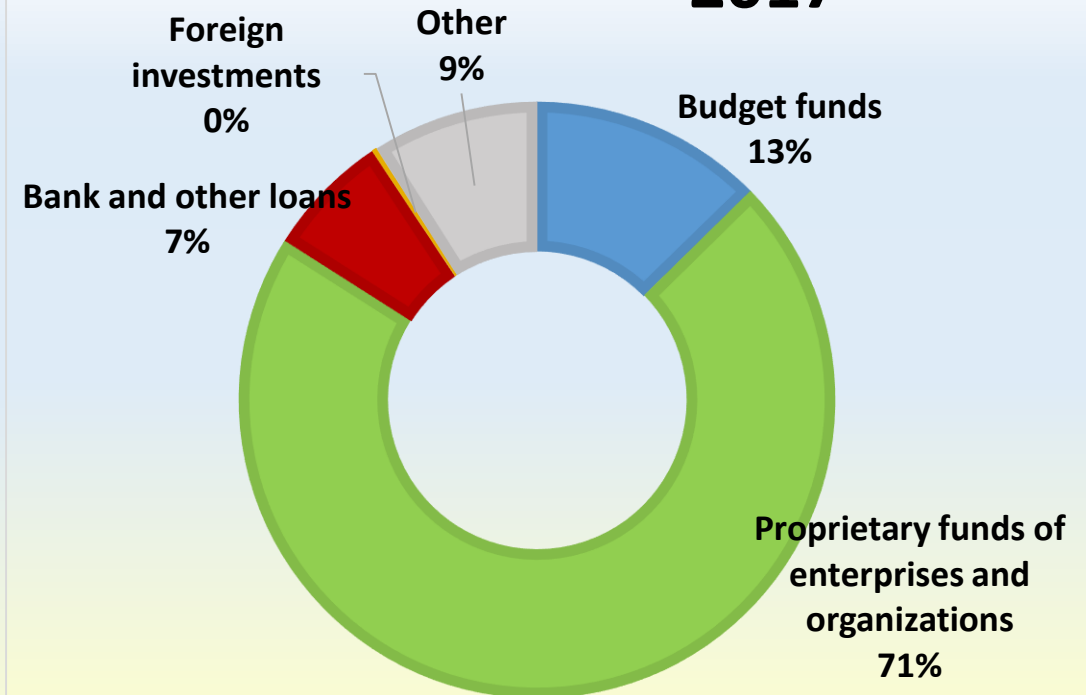


## Ukraine: Key Sources of Financing of Farmers

**2020**

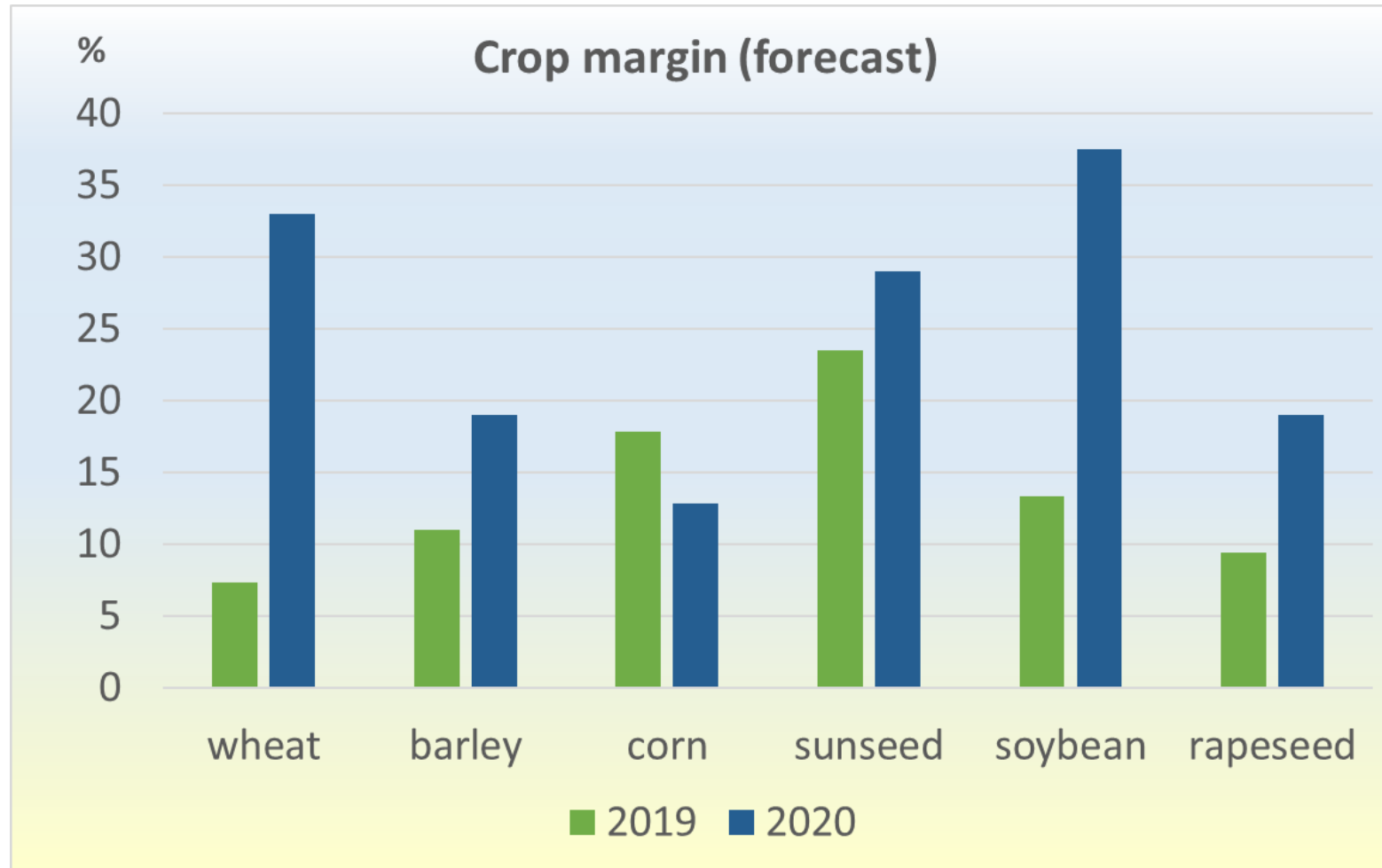


**2017**



Source: Derzhstat of Ukraine

# Ukraine. Margin by Crop (2020 - forecast)



Source: Derzhstat of Ukraine

# Planted Areas by Crop, 2021,

Forecast based on the Crops Margins

Crop	Margin in 2020, %	Seeded area, Y-o-Y change
Wheat	33%	↑
Barley	20%	↑
Corn	13%	↓
Sunflower	29%	↑
Soybean	38%	↑
Rapeseed	19%	↓

# Wheat Price Formation for 2021/22

Global Factors	Ukraine. Domestic Factors
Growing World Production	Growing Winter Wheat Area
Increasing and/or Stable demand, Corn is too much expensive	Winter Crops are in Good Conditions, Higher Moisture Content
Yields are under pressure of weather risks (Ru, Ca, Au)	Lower Domestic Demand
Russia: Wheat Export tax in Force but Floating	Milling Wheat is Cheaper compared to Corn in Ukraine

# Wheat Production Numbers: USDA vs. UkrAgroConsult

USDA	Harvested area, MI. ha		Crop, MMT		Export, MMT	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
<b>Russia</b>	<b>28,7</b>	<b>29,0</b>	<b>85,4</b>	<b>85,0</b>	<b>39,5</b>	<b>40,0</b>
<b>EU</b>	23,1	23,9	125,9	134,0	30,0	33,0
<b>USA</b>	14,9	15,1	49,7	50,9	26,5	25,0
<b>Canada</b>	10,0	9,2	35,2	32,0	27,5	23,5
<b>Ukraine</b>	<b>6,8</b>	<b>7,2</b>	<b>25,4</b>	<b>29,0</b>	<b>17,0</b>	<b>20,0</b>
<b>Australia</b>	13,0	13,2	33,0	27,0	19,5	21,0
<b>Argentina</b>	6,4	6,5	17,6	20,5	9,5	13,0
<b>Total TOP-7</b>	<b>103</b>	<b>104</b>	<b>372</b>	<b>378</b>	<b>170</b>	<b>176</b>
UAC	Harvested area, MI. ha		Crop, MMT		Export, MMT	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
<b>Russia</b>	28,7	28,4	85,0	78,5	38,0	37,7
<b>Ukraine</b>	6,6	6,8	24,9	27,5	16,5	20,0

# Corn Price Formation for 2021/22

Global Factors	Ukraine. Domestic Factors
USDA forecast record global Corn production in 2021 (+61 M t y/y)	Contraction of Corn area in favor of Wheat, Barley and Sunseed
Lower Corn Harvest in Brazil	High Drought Risks
US – Growing Production, Friendly Weather, anyway Aug Rains will be very important	Lower Margins
High Demand from China	Lower Corn consumption in animal feed production in favor of cheaper wheat
EU. Higher Production expectations, Feed Wheat might replace Corn in animal feed	

# Barley Price Formation for 2021/22

Global Factors	Ukraine. Domestic Factors
Lower Global Barley Production (-2,4 M t )	Larger Planted Area
Low Carry over, incl. in Canada	Stable High Profitability of Spring Barley
China High demand (USDA: 10 M t = +0,8M t per season)	Demand from meat sector: Hog Inventories + 5% y/y
EU and Black Sea: area expansion	Crop Conditions are Good, Weather is friendly
High Risks of Barley Production and Export in AU	

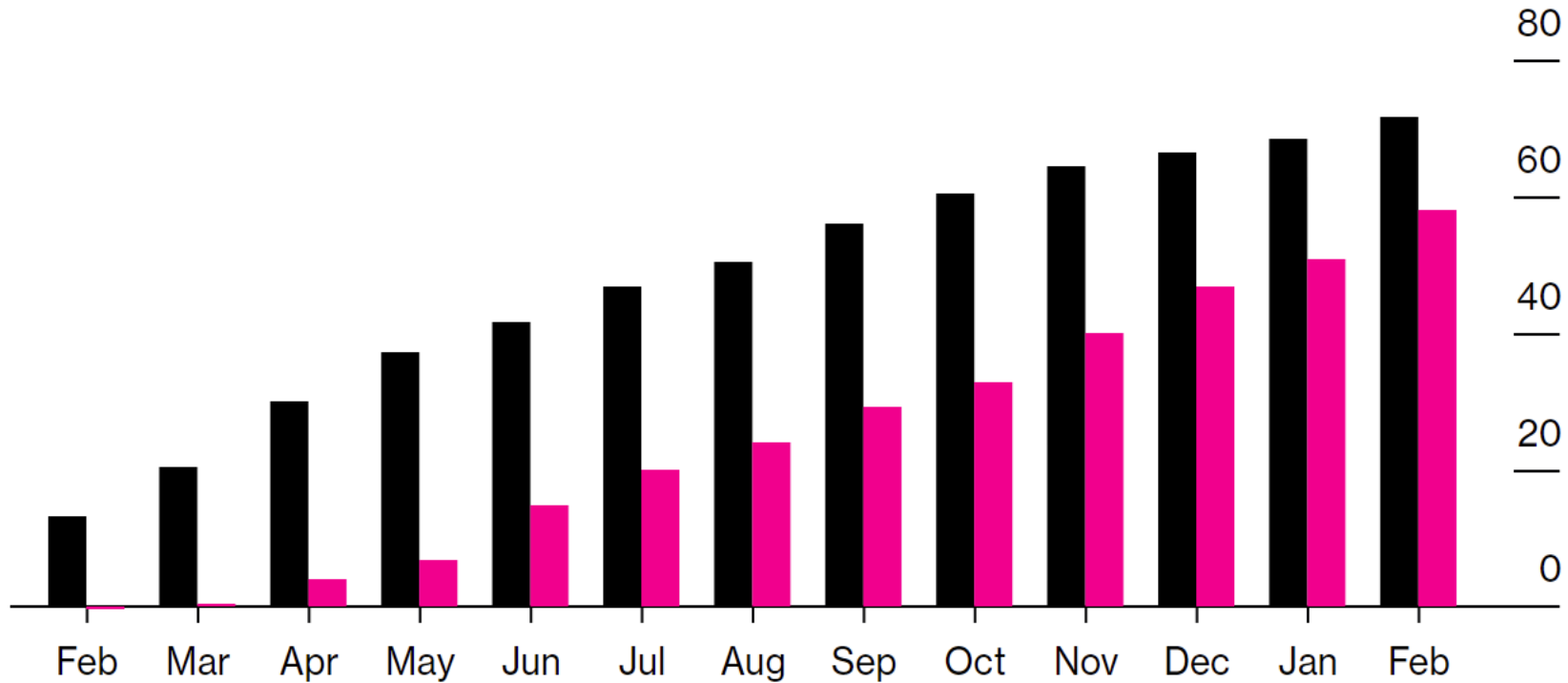
## UkrAgroConsult: Ukraine Grain and Oil Crops 2021 Production, Forecast

	2019	2020	2021
Wheat	28,3	24,9	27,5
Barley	8,9	7,6	8,2
Corn	35,9	30,3	37,0
<b>Total Grains</b>	<b>73,1</b>	<b>62,8</b>	<b>72,7</b>
Rapeseed	3,4	2,7	2,4
Soy beans	4,5	2,9	3,4
Sunflower	16,2	14,0	16,2
<b>Total Oil Crops</b>	<b>24,1</b>	<b>19,6</b>	<b>22,0</b>

# Brazil. Record Forward Sales and Hiking Spot Prices

Farmers forward sales in Mato Grosso state reached all-time-high

■ 2020-21 season ■ 5-year-average



Source: Imea

## Forward and Spot Prices, 2020 Harvest, CPT \$ per mt

	Feb 2020 Forward with July\Sep2020 Delivery	July\Sept 2020 Spot Price	Jan-Feb 2021 Spot Price
<b>Wheat</b>	<b>178</b>	<b>183</b>	<b>255</b>
<b>Barley</b>	<b>158</b>	<b>160</b>	<b>240</b>
<b>Corn</b>	<b>155</b>	<b>170</b>	<b>275</b>
<b>Rapeseed</b>	<b>385</b>	<b>410</b>	<b>485</b>
<b>Soy beans</b>	<b>380</b>	<b>360</b>	<b>515</b>
<b>Sunflower</b>	<b>370</b>	<b>360</b>	<b>680</b>

## Forward and Spot Prices, **2021 Harvest**, CPT \$ per mt

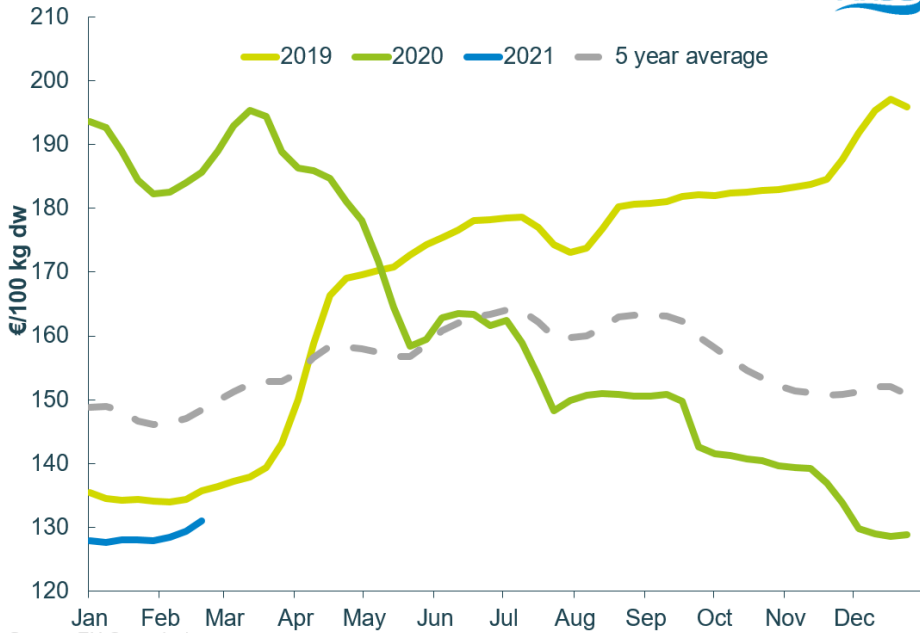
	May 2021 Forward with July/Oct 2021 Delivery	Февральские форварды с поставкой в июле-сент 2021	Февральские форварды с поставкой в июле-сент 2020
<b>Wheat</b>	<b>250</b>	<b>225</b>	<b>178</b>
<b>Barley</b>	<b>245</b>	<b>229</b>	<b>158</b>
<b>Corn</b>	<b>260</b>	<b>200</b>	<b>155</b>
<b>Rapeseed</b>	<b>525</b>	<b>490</b>	<b>385</b>
<b>Soy beans</b>	<b>565</b>	<b>490</b>	<b>380</b>
<b>Sunflower</b>	<b>635</b>	<b>510</b>	<b>370</b>

# •FOOD INFLATION

«Потребителям придется привыкнуть платить больше за еду»- Bloomberg

# Prices of key food commodities are at multi-year heights

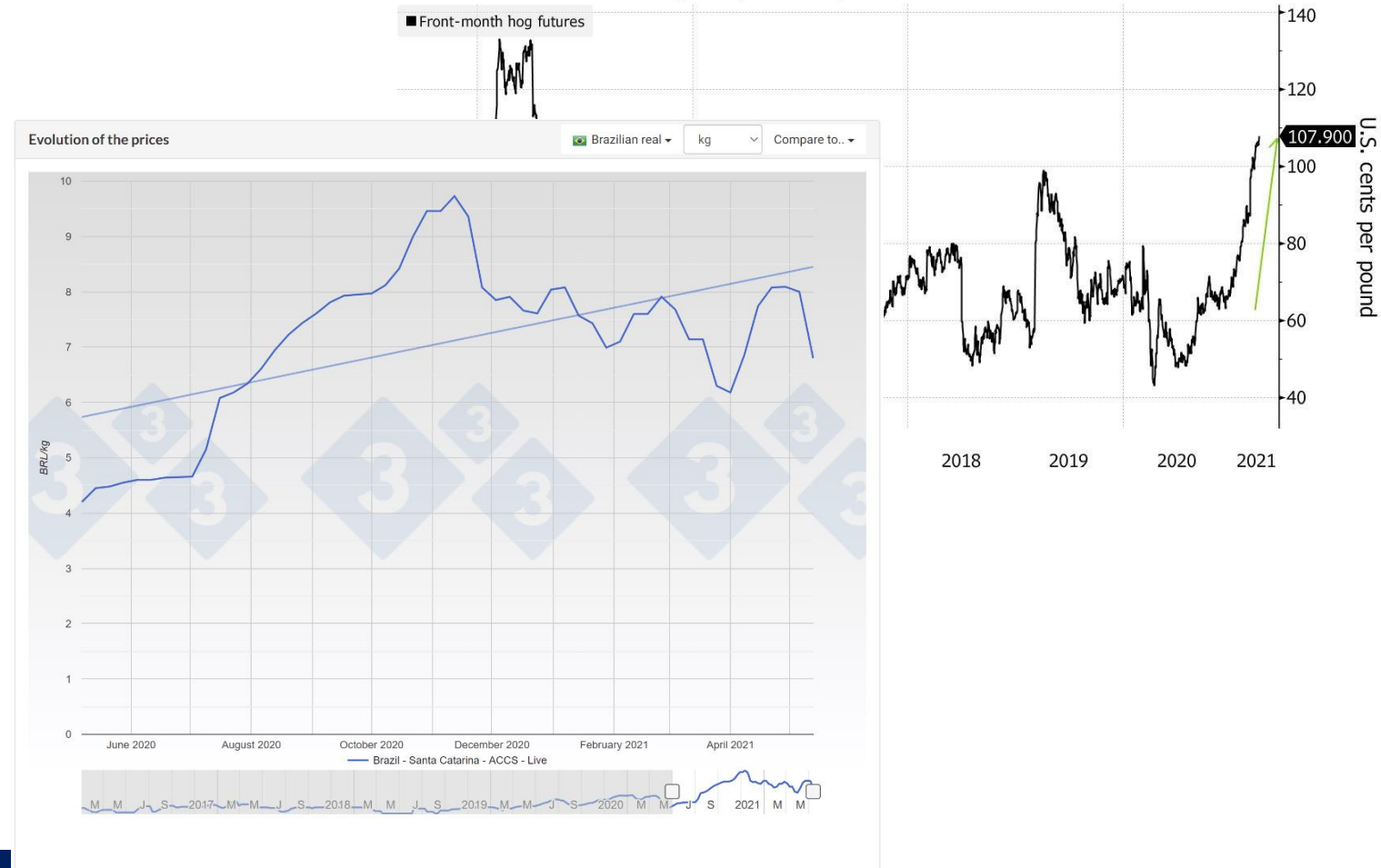
EU Average Pig Reference Price



Source: EU Commission

Hog High  
Futures climb toward 7-year peak on pork demand

■ Front-month hog futures



# Reality of agri analysts:

## How to think of tomorrow?

**You are overwhelmed**  
**with great flow of descriptions, particulars, digits etc. about**  
agricultural markets

### Market operators have:

- too many sources
- too little analysis
- time deficit

**THANKS FOR YOUR  
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