BSH Black Sea Highlight

OCTOBER 2018

INTRODUCTION

The final results of the winter crops' harvest are now available which allows us to define the S&D balance sheets for the Black Sea countries. The export potential (and pace) in Russia is the main factor to monitor. Indeed, the volatility remains high on the market and the Russian government contribute to it by strenghtening phytosanitarian controls and even mentioning a potential implementation of export taxes (if needed). This will be highlighted in this report.

Spring crops harvest is already well advanced and results are better than anticipated in Ukraine, especially for corn.

The last part of the report will highlight the remaining volumes available for exports from Romania and Bulgaria noting that these countries have already exported much more wheat to the European Union than usual.

Remaining volumes available for exports in the whole Black Sea area are already tight…

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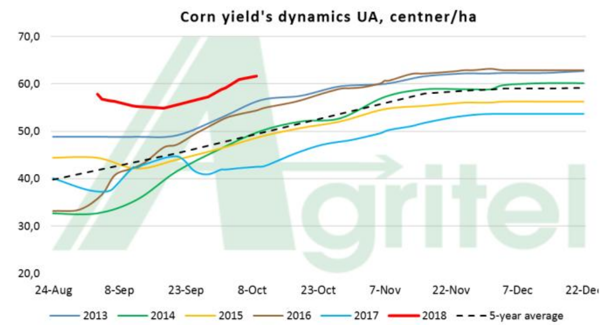
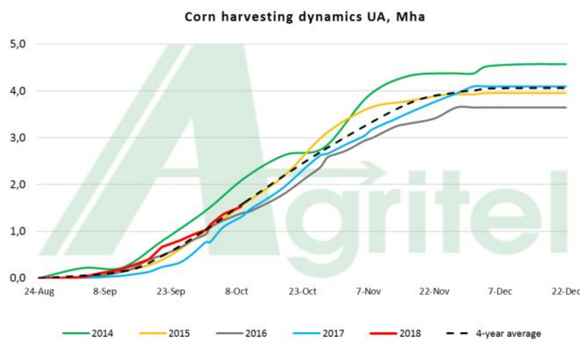
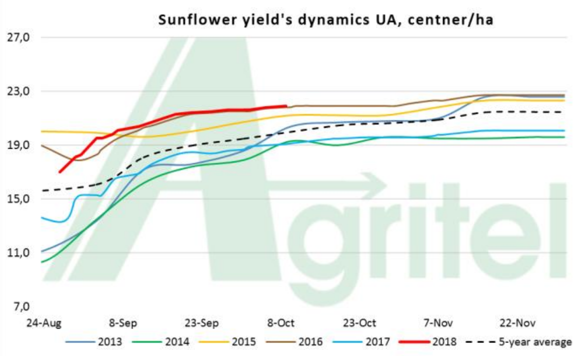
HARVEST PROGRESS IN UKRAINE

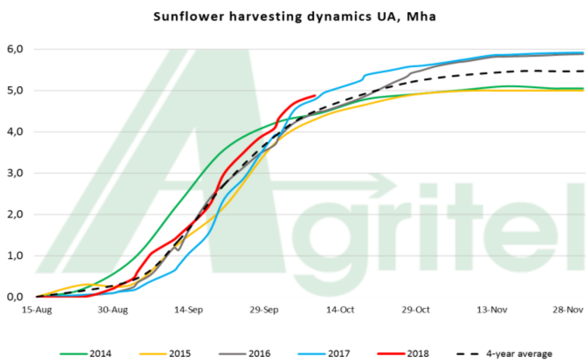
VERY BIG YIELDS FOR SPRING CROPS

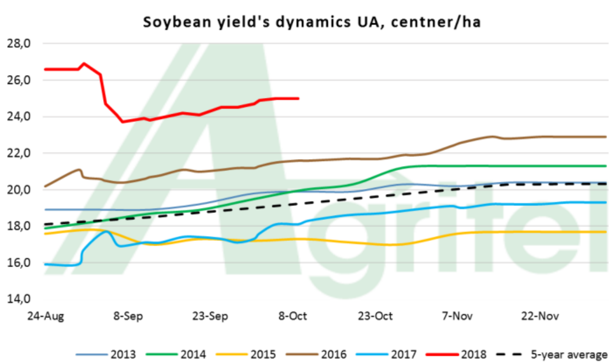
UA

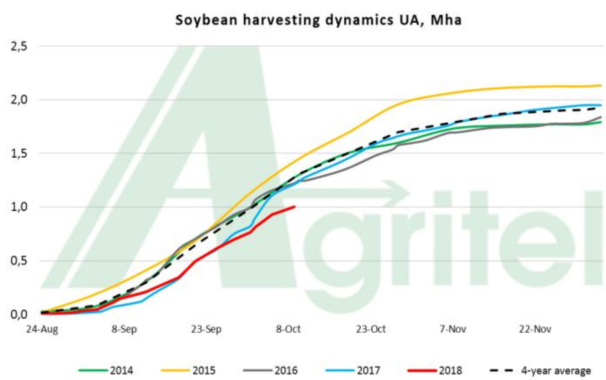












As of October 10th, Ukrainian farmers harvested:

➔ 39 % of corn with a yield at 6.28 vs 4.21 t/ha last year

➔ 85 % of sunflowerseed with a yield at 2.21 t/ha vs 1.91 last year

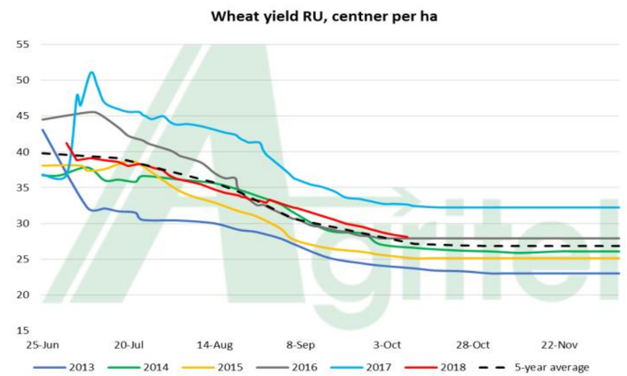
➔ 66 % of soybeans with a yield at 2.52 t/ha vs 1.82 last year

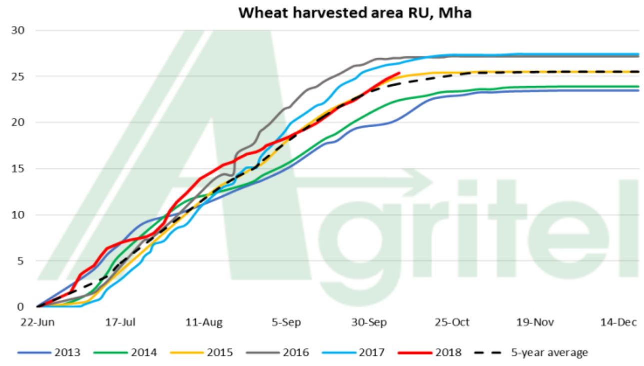
Thanks to dry weather conditions, the spring crops harvest is well advanced. For corn, it is going to be a record crop in Ukraine. We estimate it above 32 Mt.

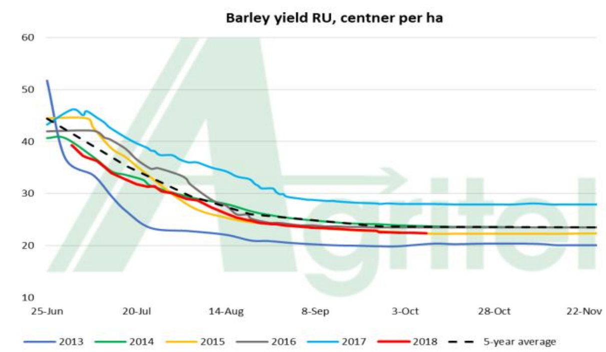
HARVEST PROGRESS IN RUSSIA

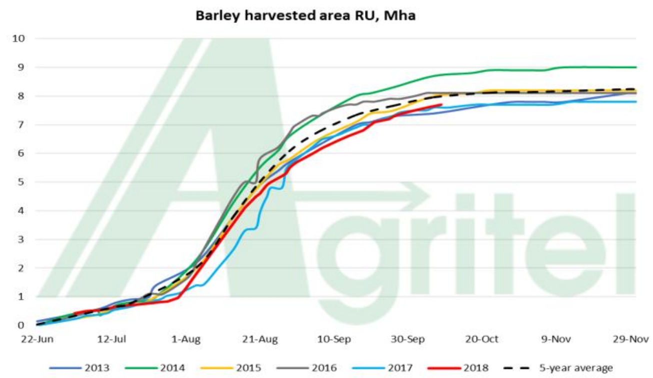
BY REGION AS OF OCTOBER 9TH

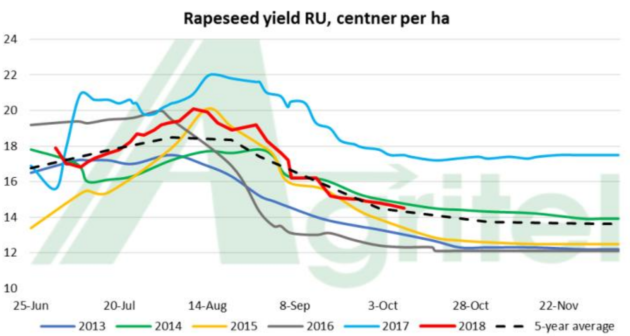
RU

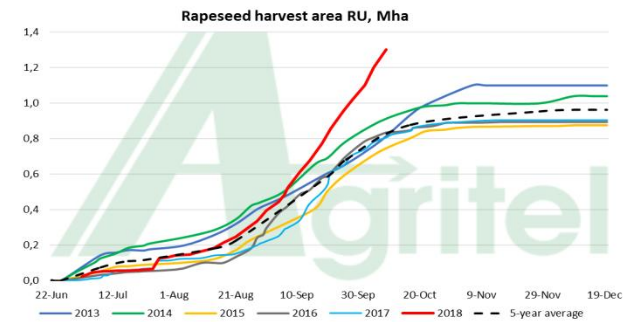












- As of October 9th, Russia harvested:

→ 95.8 % of wheat with a yield at 2.81 vs 3.26 t/ha last year

→ 96.7 % of barley with a yield at 2.24 t/ha vs 2.80 last year

→ 73.8 % of rapeseed with a yield at 1.47 t/ha vs 1.75 last year

- The harvest is almost finished in Russia. There are only crops left in Siberia, where weather should be colder and more humid during next days.

HARVEST PROGRESS IN RUSSIA

BY REGION AS OF OCTOBER 9TH

RU

Wheat: 95.8 % harvested

Region	Area forecasted	Area				Production			Yield		
		2018	% harvested	2017	2018 - 2017	2018	2017	2018 - 2017	2018	2017	2018 - 2017
Russia	**26538,7**	**25425,9**	**95,8**	**26363,0**	**-937,1**	**71438,9**	**85885,1**	**-14446,1**	**28,1**	**32,6**	**-14%**
Central region	4256,8	4224,6	99,2	4204,9	19,6	16360,1	19149,1	-2789,0	38,7	45,5	**-15%**
North West	101,2	93,8	92,7	114,8	-21,0	277,0	432,0	-155,0	29,5	37,6	**-22%**
South fed	5948,0	5910,2	99,4	5832,3	77,9	22796,6	26151,9	-3355,3	38,6	44,8	**-14%**
North Caucasian	2076,3	2064,3	99,4	1967,3	97,0	7836,8	8545,2	-708,3	38,0	43,4	**-13%**
Volga	6310,6	6277,4	99,5	6625,6	-348,3	12155,1	18218,0	-6062,8	19,4	27,5	**-30%**
Oural	2182,2	2041,2	93,54	2210,4	-169,2	3291,9	4263,9	-971,9	16,1	19,3	**-16%**
Siberia	5520,9	4677,8	84,7	5271,7	-593,8	8437,6	8826,8	-389,2	18,0	16,7	**8%**
Far East	142,7	136,6	95,7	135,9	0,8	283,8	298,3	-14,5	20,8	22,0	**-5%**

Barley: 96.7 % harvested

Region	Area forecasted	Area				Production			Yield		
		2018	% harvested	2017	2018 - 2017	2018	2017	2018 - 2017	2018	2017	2018 - 2017
Russia	**7954,2**	**7689,1**	**96,7**	**7556,4**	**132,7**	**17256,4**	**21180,5**	**-3924,1**	**22,4**	**28,0**	**-20%**
Central region	1846,9	1825,2	98,8	1723,8	101,4	5988,3	6465,9	-477,6	32,8	37,5	-13%
North West	122,4	112,7	92,1	74,1	38,6	262,5	172,8	89,7	23,3	23,3	0%
South fed	992,4	965,4	97,3	1075,6	-110,2	2140,5	3391,2	-1250,7	22,2	31,5	-30%
North Caucasian	276,9	265,2	95,8	288,0	-22,8	755,0	1074,1	-319,1	28,5	37,3	-24%
Volga	2802,1	2774,0	99,0	2687,6	86,4	4766,1	6613,5	-1847,3	17,2	24,6	-30%
Oural	736,8	717,0	97,3	674,0	43,1	1218,6	1447,1	-228,5	17,0	21,5	-21%
Siberia	1136,5	990,3	87,1	992,9	-2,6	2054,2	1937,7	116,6	20,7	19,5	6%
Far East	40,2	39,2	97,6	40,5	-1,3	71,1	78,3	-7,2	18,1	19,3	-6%

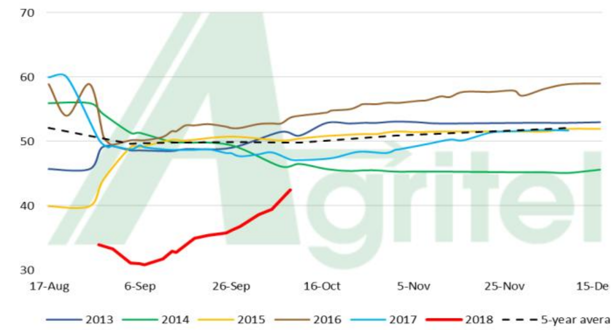
The harvest is well advanced in Oural and Siberia. That's why we increase our harvested area estimation for wheat. However, yields are decreasing in Siberia and so is the quality.

HARVEST PROGRESS IN RUSSIA

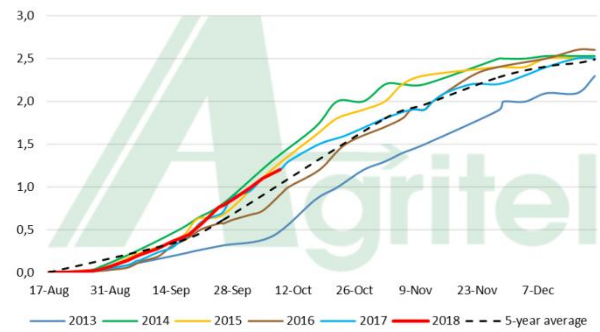
BY REGION AS OF OCTOBER 9TH

RU

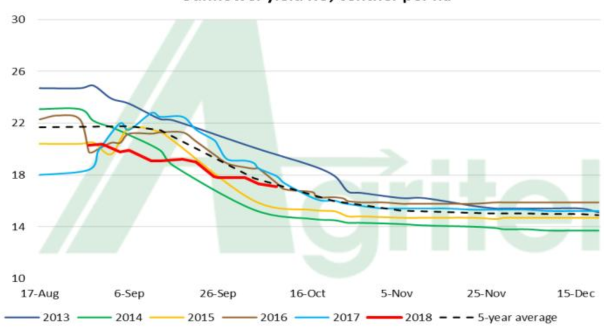
Corn yield RU, centner per ha



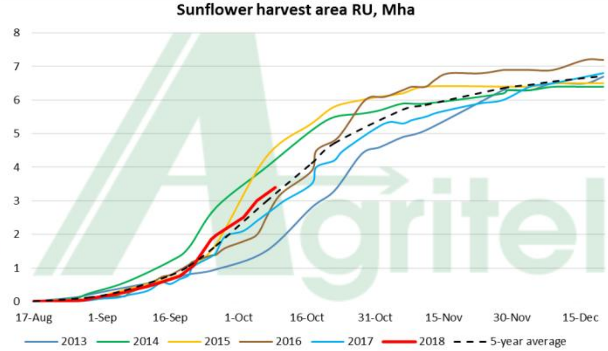
Corn harvest area RU, Mha



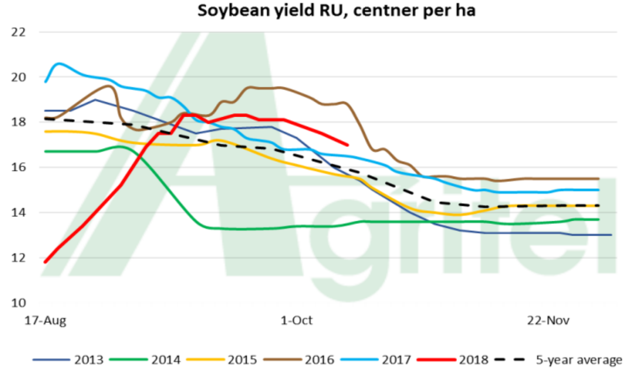
Sunflower yield RU, centner per ha



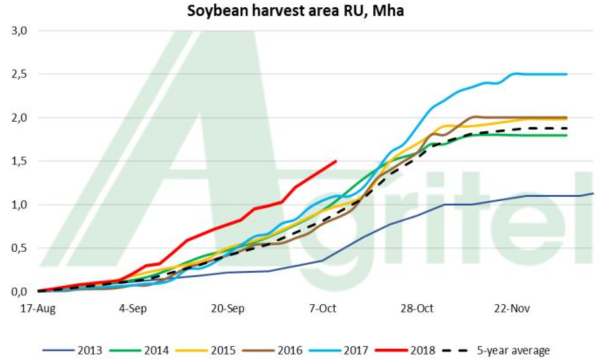
Sunflower harvest area RU, Mha



Soybean yield RU, centner per ha



Soybean harvest area RU, Mha



- As of October 9th, Russia harvested:

→ 50.9 % of corn with a yield at 4.25 vs 4.72 t/ha last year

→ 42.1 % of sunflower with a yield at 1.71 t/ha vs 1.79 last year

→ 43.3 % of soybeans with a yield at 1.77 t/ha vs 1.68 last year

- The spring crop harvest is going on and results are improving for corn yields in the Central region. However, as visible on the graph, the corn crop 2018 is very disappointing in Russia.

HARVEST PROGRESS IN RUSSIA

BY REGION AS OF OCTOBER 9TH

RU

Corn: 50.9 % harvested

Region	Area forecasted	Area				Production			Yield		
		2018	% harvested	2017	2018 - 2017	2018	2017	2018 - 2017	2018	2017	2018 - 2017
Russia	**2415,0**	**1228,6**	**50,9**	**1212,0**	**16,6**	**5216,0**	**5720,2**	**-504,2**	**42,5**	**47,2**	**-10%**
Central	678,0	243,0	35,8	147,4	95,6	1773,2	874,7	898,5	73,0	59,3	**23%**
South	844,1	645,6	76,5	822,3	-176,7	1890,8	3727,8	-1837,0	29,3	45,3	**-35%**
North Caucasian	537,4	270,4	50,3	204,2	66,2	1192,0	945,7	246,3	44,1	46,3	**-5%**
Volga	270,3	57,1	21,1	32,7	24,4	243,0	152,6	90,3	42,6	46,7	**-9%**

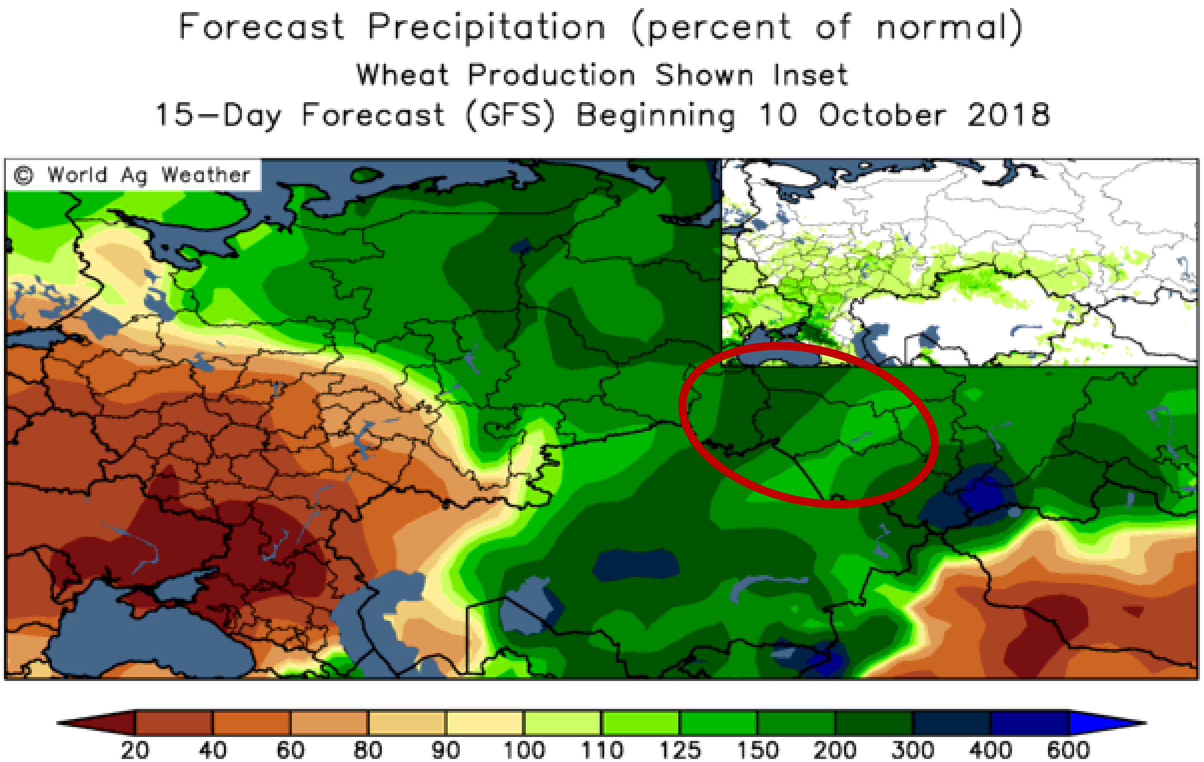
Sunflowerseed: 42.1 % harvested

Region	Area forecasted	Area				Production			Yield		
		2018	% harvested	2017	2018 - 2017	2018	2017	2018 - 2017	2018	2017	2018 - 2017
Russia	**7960,6**	**3354,4**	**42,1**	**2766,8**	**587,5**	**5740,9**	**4944,6**	**796,3**	**17,1**	**17,9**	**-4%**
Central	1395,7	796,2	57,0	724,3	71,9	1875,1	1456,6	418,5	23,6	20,1	**17%**
South	1872,8	1248,8	66,7	1103,3	145,5	2189,3	2269,8	-80,5	17,5	20,6	**-15%**
North Caucasian	380,6	339,6	89,2	319,5	20,1	548,0	616,0	-68,0	16,1	19,3	**-16%**
Volga	3473,1	921,9	26,5	572,2	349,7	1077,4	545,9	531,6	11,7	9,5	**23%**
Oural	106,4	4,3	4,0	6,7	-2,4	3,7	6,7	-3,0	8,6	10,0	**-14%**
Siberia	732,1	43,5	5,9	40,9	2,7	47,4	49,7	-2,3	10,9	12,1	**-10%**

The yields of the spring crops in 2018 are much better in Central and Volga region, where rains were recorded during summer. This partly compensates losses in Southern regions which are still dry.

WEATHER FORECAST

WET IN SIBERIA, VERY DRY IN SOUTH AND UKRAINE



Wet weather is forecasted for Siberia for the next 15 days with cold temperatures. We now estimate that the harvested area will reach 90 % for wheat (85 % on October 9th). The corn and sunflower harvest will be fast as the dry weather will allow farmers to go to the fields.

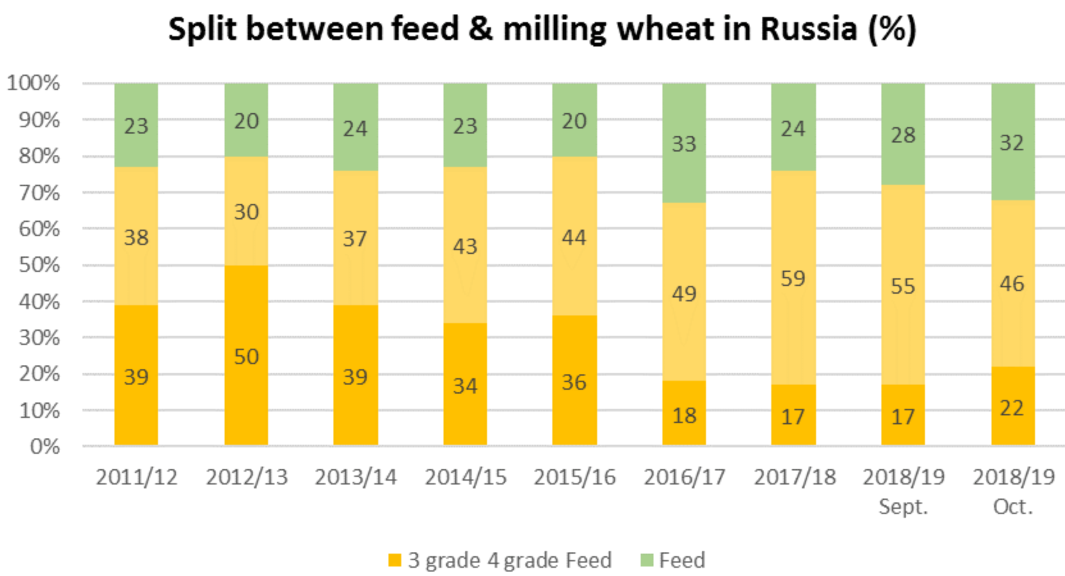
Moreover, there is less needs to dry corn this year, which is a good element for farmers' profitability.

QUALITY

More feed wheat in Russia

WHEAT QUALITY IN RUSSIA

MORE FEED WHEAT THAN LAST YEAR



		Protein, dry, %	Gluten wet (ISO), %	Test weight, kg/hl	Falling number, sec
RU	1	14,5	32	75	200
	2	13,5	28	75	200
	3	12	23	73	150
	4	10	18	71	80
	5				

Russian wheat quality is still worsening, with 32 % of feed wheat compared to 24 % last year. However, the third class is more represented with 22 % compared to 17 % in 2017/18.

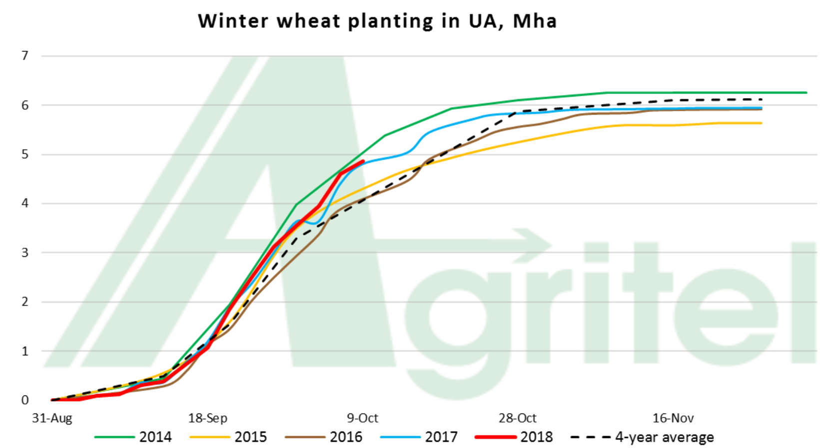
Indeed, wet weather in Central, Volga, Oural and Siberia during summer affected the wheat quality in the country.

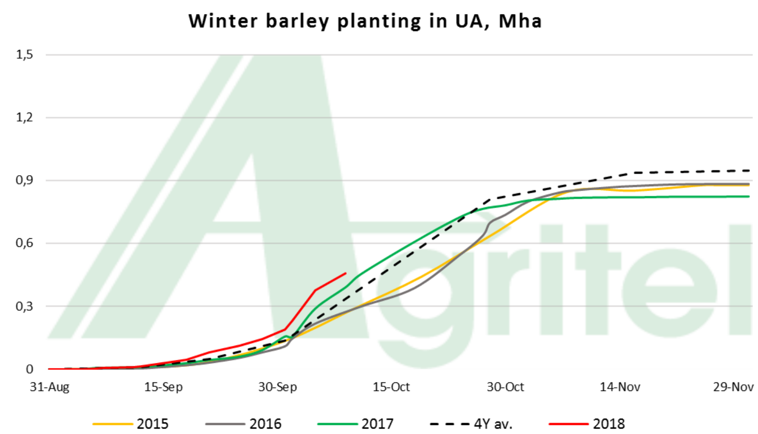
Sowing activity

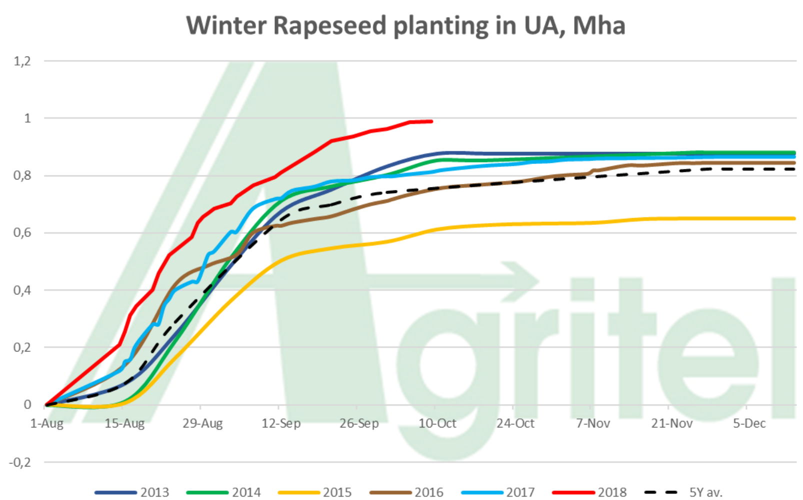
Strong pace due to favorable weather

SOWING ACTIVITY

DRY CONDITIONS ARE FAVORABLE BUT...





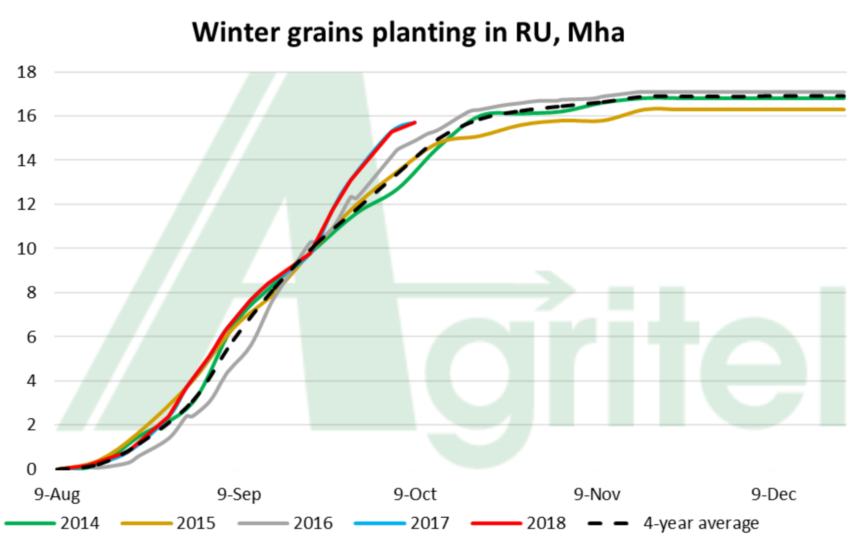


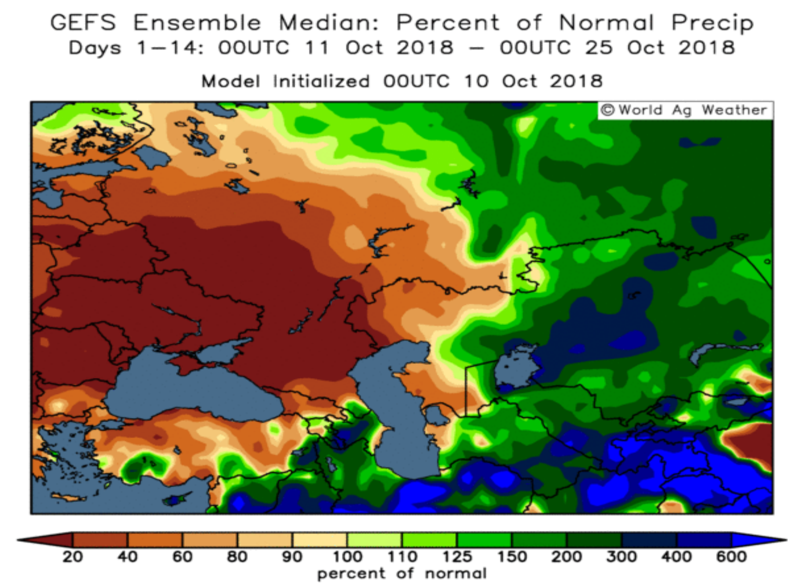
- Rapeseed plantings in Ukraine which have been favored by dry weather conditions are now finished. Acreage has reached a new high at 0.99 Mha against 0.88 Mha awaited. Furthermore, there is no major concerns regarding germination and emergences of crops since hydric reserves have been replenished and moisture seems sufficient.
- The situation is similar for wheat and barley since farmers also benefited from dry conditions during field works. As of the 9th of October, winter barley plantings are displayed at 0,45 Mha against 0,39 Mha last year while wheat plantings are displayed at 4,86 Mha against 4,80 during last campaign at the same period.

SOWING ACTIVITY

RAPID ADVANCEMENT, BUT DRYNESS TO MONITOR

RU





Winter grain plantings in Russia have progressed rapidly in the past month favored by dry conditions. In this regard on the 9th of October, 15.7 Mha have been sown against 14.9 Mha last year.

Nevertheless, climatic conditions and hydric reserves need to be monitored closely in coming weeks since very few rains are awaited until the beginning of November.

Without rain, germination of crops could be affected and crops will not be in a good development stage to face the winter period, often cold from November.

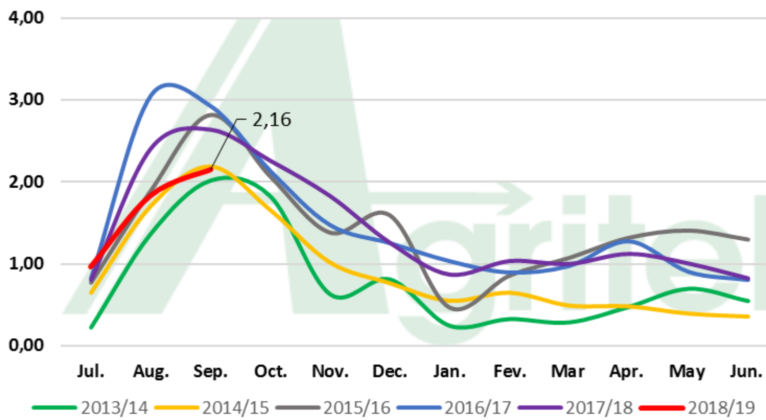
EXPORT ACTIVITY

Still strong pace from Russia

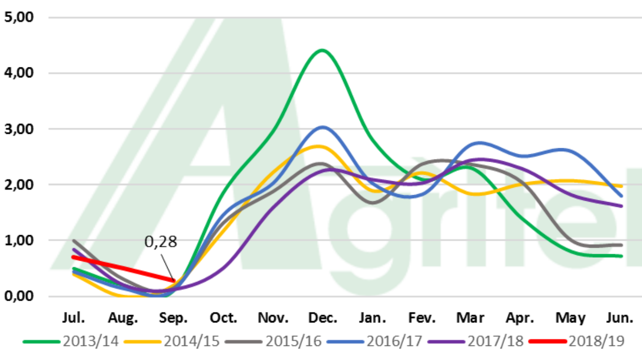
EXPORT ACTIVITY IN UKRAINE

LESS VOLUMES AVAILABLE FROM UKRAINE

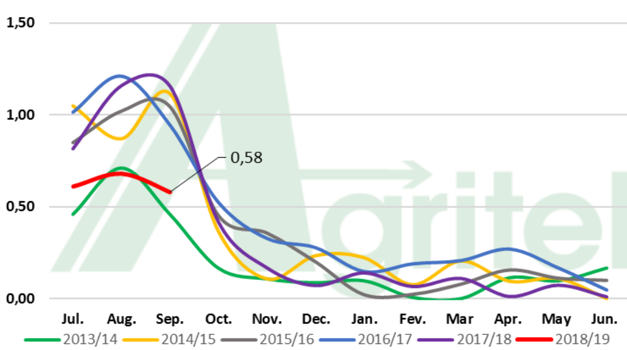
Monthly export pace of Ukrainian wheat, Mt



Monthly export pace of Ukrainian corn, Mt



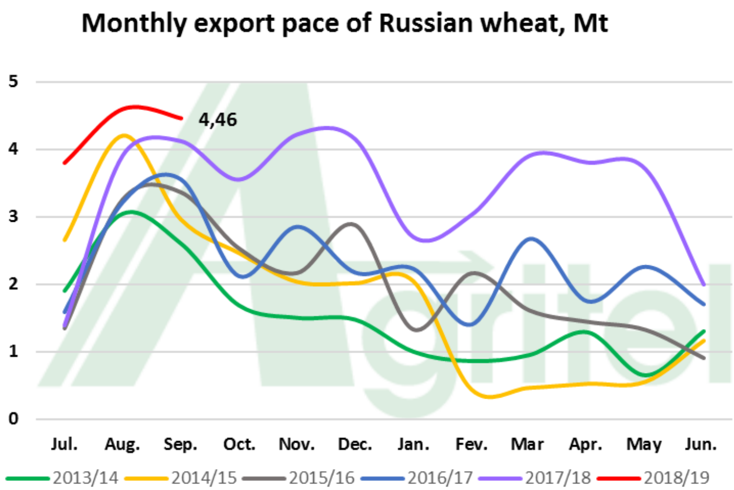
Monthly export pace of Ukrainian barley, Mt

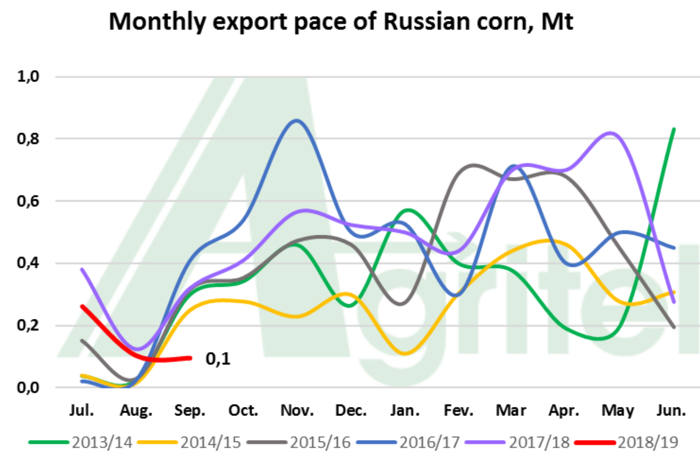


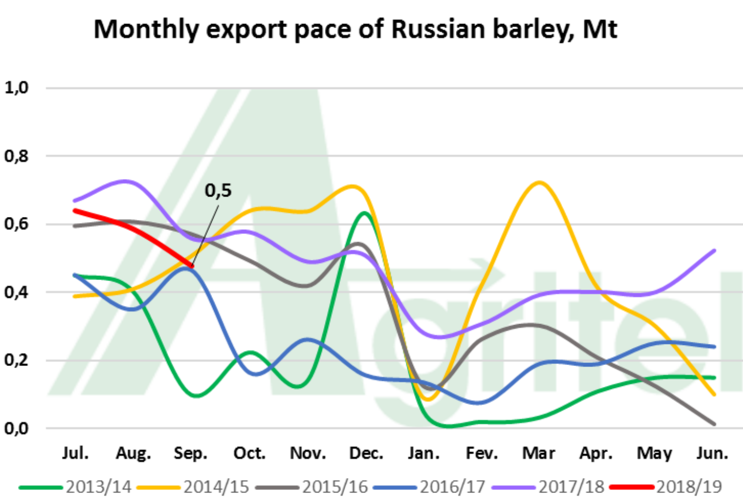
- Demand for Ukrainian feed wheat remains strong and especially from **South-East Asian importers.**
- Regarding Barley, activity is weak since prices are evolving around 220 $/t CPT port and so 10 $/t higher than last month. Furthermore production is displayed lower at 7,3 Mt against 8,7 Mt last year. In this regard the export target is now displayed at 3.8 Mt against 4.2 for the previous campaign.
- For corn, loadings and exports remain low for now in a context where the harvest is not finished yet. Good weather conditions in coming weeks should allow farmers to rapidly finish field works. In this context, the export activity should rapidly pick up in coming weeks since demand is still strong and notably from the EU.

EXPORT ACTIVITY IN RUSSIA
VERY STRONG PACE FOR WHEAT

RU





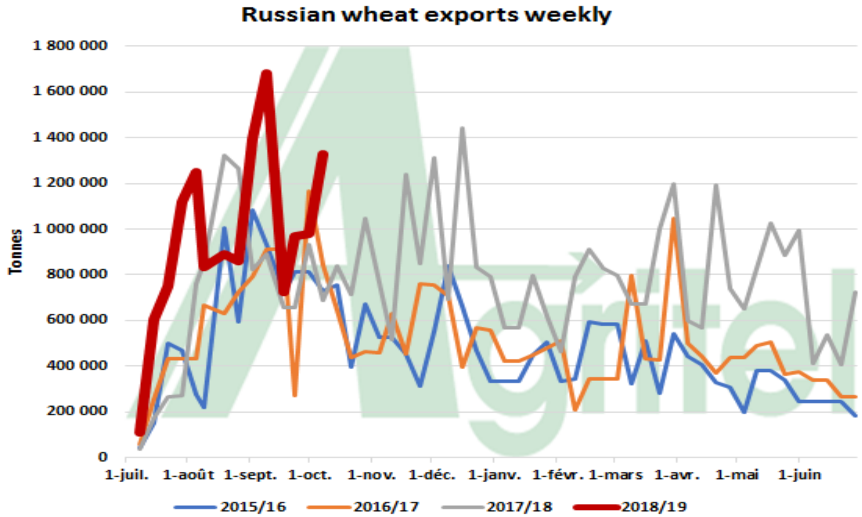


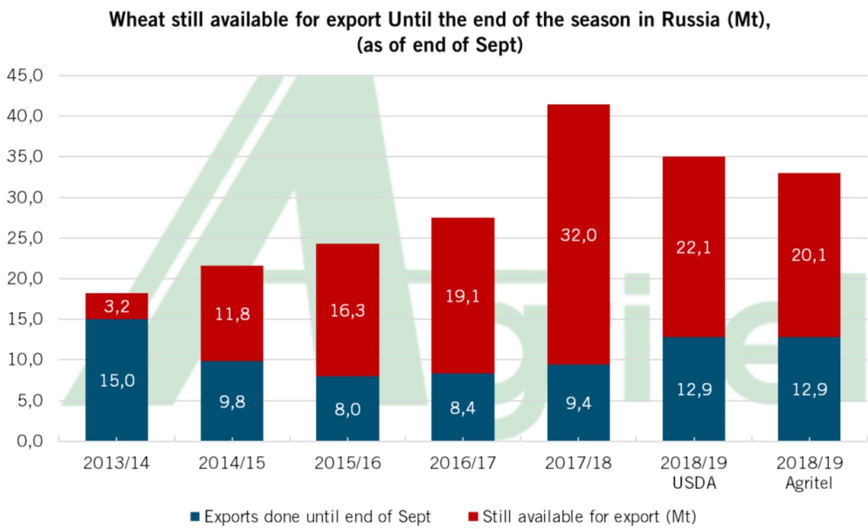
- Russian wheat export are still displayed on record level as this origin remains competitive against other exports for now. However, the fast reduction of exporting availabilities is leading to a gradual rise of prices (see focus on next slide).
- Corn exports are displayed at 100 kt and so way below previous years. Indeed yields in Southern districts are **disappointing leading to a lack of availabilities**. Furthermore operators should have prioritized wheat exports above other products partly explaining this slow pace.
- Regarding barley, the Russian production volumes are expected at 17 Mt and so way below last year (20.6 Mt). In this regard, monthly exports are decreasing displayed at 0.5 Mt for September.

FOCUS ON RUSSIAN WHEAT EXPORTS

STRONGER CONTROLS AND HIGHER PRICES

RU





Cumulated Russian wheat exports reached 12.9 Mt vs 9.4 Mt last year until end of September. Moreover, first week of October was again confirming a lot of exports from Russia.

However, the export target is fixed by Agritel and a lot of market operators at 33 Mt which means there is only 20.1 Mt left for the whole campaign.

Market operators are highlighting the **stronger phytosanitary controls** in Russian ports (following previous announce from the Rosselkhoznadzor) **which could already limit exports**.

Thus, the **export pace could be limited by stronger controls in Russian ports and hinterland storage facilities and also by higher prices.** Indeed, if Russian wheat prices are displayed at 231 $/t FOB Novo on spot market, they are already reaching more than 240 $/t in December-January delivery, which is less competitive than US or French origins.

Agritel

2018/19 S&D outlook for the Black Sea

Agritel vs USDA expectations

FOCUS ON GRAINS

Wheat	USDA "17/18"	USDA "18/19"	Agritel 17/18 actual	Agritel 18/19 prev.	Agritel 18/19 actual (July-June)
Beginning stock (Mt)	1,77	1,24	1,61	1,42	1,42
Harvested acreage (Mha)	6,64	6,90	6,35	6,61	6,61
Yield (T/ha)	4,06	3,70	4,20	3,73	3,73
Production outlook (Mt)	26,98	25,50	**26,67**	**24,61**	**24,61**
Dom Consumption (Mt)	9,80	9,20	9,80	9,55	9,55
Exports (Mt)	17,78	16,50	**17,10**	**15,30**	**15,30**
Imports (Mt)	0,06	0,03	0,04	0,04	0,04
ending stocks (Mt)	1,24	1,06	1,42	1,23	1,23

Barley	USDA "17/18"	USDA "18/19"	Agritel 17/18 actual	Agritel 18/19 prev.	Agritel 18/19 actual (July-June)
Beginning stock (Mt)	1,24	1,14	0,90	0,95	0,95
Harvested acreage (Mha)	2,65	2,50	2,55	2,49	2,49
Yield (T/ha)	3,28	3,04	3,40	2,95	2,95
Production outlook (Mt)	8,70	7,60	**8,67**	**7,34**	**7,34**
Dom Consumption (Mt)	4,50	3,50	4,20	3,90	3,50
Exports (Mt)	4,30	4,30	**4,42**	**3,50**	**3,80**
Imports (Mt)	0,01	0,01	0,00	0,00	0,00
ending stocks (Mt)	1,14	0,95	0,95	0,89	0,99

Corn	USDA "17/18"	USDA "18/19"	Agritel 17/18 actual	Agritel 18/19 prev.	Agritel 18/19 actual (July-June)
Beginning stock (Mt)	1,55	1,41	1,51	2,13	2,13
Harvested acreage (Mha)	4,43	4,50	4,40	4,52	4,52
Yield (T/ha)	5,44	6,89	5,46	6,69	7,10
Production outlook (Mt)	24,12	31,00	**24,02**	**30,27**	**32,12**
Dom Consumption (Mt)	5,80	6,20	5,70	6,00	7,00
Exports (Mt)	18,50	25,00	**17,73**	**24,60**	**25,50**
Imports (Mt)	0,05	0,03	0,03	0,03	0,03
ending stocks (Mt)	1,41	1,23	2,13	1,83	1,78

Wheat	USDA "17/18"	USDA "18/19"	Agritel 17/18 actual	Agritel 18/19 prev.	Agritel 18/19 actual (July-June)
Beginning stock (Mt)	10,83	10,87	10,70	11,74	11,74
Harvested acreage (Mha)	27,34	26,00	27,70	25,40	25,80
Yield (T/ha)	3,11	2,73	3,07	2,75	2,71
Production outlook (Mt)	84,99	71,00	**85,04**	**69,85**	**69,92**
Dom Consumption (Mt)	44,00	40,50	43,50	43,00	43,00
Exports (Mt)	41,42	35,00	**41,00**	**33,00**	**33,00**
Imports (Mt)	0,47	0,50	0,50	0,50	0,50
ending stocks (Mt)	10,87	6,87	11,74	6,09	6,16

Barley	USDA "17/18"	USDA "18/19"	Agritel 17/18 actual	Agritel 18/19 prev.	Agritel 18/19 actual (July-June)
Beginning stock (Mt)	0,85	0,75	1,44	1,10	1,10
Harvested acreage (Mha)	7,85	8,00	8,00	7,95	7,85
Yield (T/ha)	2,57	2,19	2,58	2,25	2,17
Production outlook (Mt)	20,18	17,50	**20,64**	**17,89**	**17,04**
Dom Consumption (Mt)	14,50	12,60	15,20	13,50	13,00
Exports (Mt)	5,87	5,30	**5,82**	**4,50**	**4,20**
Imports (Mt)	0,08	0,10	0,05	0,05	0,05
ending stocks (Mt)	0,75	0,45	1,10	1,04	0,99

Corn	USDA "17/18"	USDA "18/19"	Agritel 17/18 actual	Agritel 18/19 prev.	Agritel 18/19 actual (July-June)
Beginning stock (Mt)	0,78	0,36	0,71	0,24	0,24
Harvested acreage (Mha)	2,70	2,45	2,90	2,49	2,49
Yield (T/ha)	4,90	4,90	4,75	4,05	4,41
Production outlook (Mt)	13,23	12,00	**13,78**	**10,10**	**11,00**
Dom Consumption (Mt)	8,40	8,10	8,50	8,00	8,00
Exports (Mt)	5,30	4,00	**5,78**	**2,00**	**3,00**
Imports (Mt)	0,05	0,05	0,03	0,03	0,03
ending stocks (Mt)	0,36	0,31	0,24	0,37	0,27

Wheat	USDA "17/18"	USDA "18/19"	Agritel 17/18 actual	Agritel 18/19 prev.	Agritel 18/19 actual (July-June)
Beginning stock (Mt)	3,36	2,83	3,36	2,25	2,76
Harvested acreage (Mha)	11,91	11,20	11,80	11,60	11,40
Yield (T/ha)	1,24	1,34	1,25	1,34	1,28
Production outlook (Mt)	14,80	15,00	**14,75**	**15,58**	**14,58**
Dom Consumption (Mt)	6,90	7,00	6,90	6,90	6,90
Exports (Mt)	8,50	8,50	**8,50**	**8,80**	**7,80**
Imports (Mt)	0,06	0,06	0,05	0,05	0,05
ending stocks (Mt)	2,83	2,39	2,76	2,18	2,69

Barley	USDA "17/18"	USDA "18/19"	Agritel 17/18 actual	Agritel 18/19 prev.	Agritel 18/19 actual (July-June)
Beginning stock (Mt)	0,53	0,31	0,25	0,25	0,25
Harvested acreage (Mha)	2,07	2,50	1,94	2,10	2,20
Yield (T/ha)	1,60	1,68	1,60	1,65	1,60
Production outlook (Mt)	3,31	4,20	**3,10**	**3,47**	**3,52**
Dom Consumption (Mt)	2,15	2,20	2,10	2,10	2,10
Exports (Mt)	1,40	2,00	**1,00**	**1,30**	**1,30**
Imports (Mt)	0,03	0,01	0,00	0,00	0,00
ending stocks (Mt)	0,31	0,32	0,25	0,32	0,37

Main changes are:

- ➔ Higher corn production and export estimates for Ukraine
- ➔ Less barley production in Russia
- ➔ Higher corn prod in Russia thanks to better yields
- ➔ Lower harvest in Kazakhstan because of lower yields compared to previous month.

FOCUS ON OILSEEDS

	Sunflowerseed					Rapeseed					Soybeans				
	USDA		Agritel		July-June	USDA		Agritel		July-June	USDA		Agritel		July-June
	"17/18"	"18/19"	17/18 actual	18/19 prev.	18/19 actual	"17/18"	"18/19"	17/18 actual	18/19 prev.	18/19 actual	"17/18"	"18/19"	17/18 actual	18/19 prev.	18/19 actual
Beginning stock (Mt)	0,42	0,22	0,35	0,15	0,15	0,04	0,00	0,02	0,03	0,03	0,15	0,03	0,11	0,11	0,11
Harvested acreage (Mha)	6,40	6,50	6,30	6,50	6,50	0,79	1,00	0,79	1,03	1,03	1,98	1,85	1,90	1,70	1,70
Yield (T/ha)	2,14	2,31	2,00	2,36	2,36	2,80	2,60	2,79	2,58	2,58	1,97	2,27	2,00	2,30	2,60
Production outlook (Mt)	13,70	15,00	**12,60**	**15,33**	**15,33**	2,22	2,60	**2,21**	**2,65**	**2,65**	3,89	4,20	**3,80**	**3,91**	**4,42**
Dom Consumption (Mt)	13,89	14,70	12,72	15,25	15,25	0,15	0,15	0,20	0,20	0,20	1,25	1,23	1,30	1,75	2,30
Exports (Mt)	0,05	0,10	**0,10**	**0,10**	**0,10**	2,12	2,45	**2,00**	**2,48**	**2,48**	2,77	2,95	**2,50**	**2,09**	**2,09**
Imports (Mt)	0,03	0,02	0,02	0,02	0,02	0,01	0,01	0,01	0,01	0,01	0,01	0,01	0,00	0,00	0,00
ending stocks (Mt)	0,22	0,44	0,15	0,14	0,14	0,00	0,01	0,03	0,01	0,01	0,03	0,05	0,11	0,18	0,14

	Sunflowerseed					Rapeseed					Soybeans				
	USDA		Agritel		July-June	USDA		Agritel		July-June	USDA		Agritel		July-June
	"17/18"	"18/19"	17/18 actual	18/19 prev.	18/19 actual	"17/18"	"18/19"	17/18 actual	18/19 prev.	18/19 actual	"17/18"	"18/19"	17/18 actual	18/19 prev.	18/19 actual
Beginning stock (Mt)	0,34	0,20	0,31	0,23	0,23	0,13	0,11	0,07	0,20	0,20	0,18	0,09	0,15	0,15	0,15
Harvested acreage (Mha)	7,15	7,50	7,60	7,80	7,60	0,95	1,40	0,95	1,30	1,40	2,57	2,85	2,50	2,70	2,70
Yield (T/ha)	1,45	1,47	1,38	1,38	1,46	1,58	1,29	1,55	1,30	1,30	1,41	1,37	1,35	1,30	1,30
Production outlook (Mt)	10,36	11,00	**10,49**	**10,76**	**11,10**	1,50	1,80	**1,47**	**1,69**	**1,82**	3,62	3,90	**3,38**	**3,51**	**3,51**
Dom Consumption (Mt)	10,46	10,86	10,50	10,70	10,95	1,23	1,48	1,10	1,30	1,45	5,20	5,65	4,90	5,15	5,15
Exports (Mt)	0,10	0,10	**0,10**	**0,10**	**0,10**	0,32	0,35	**0,27**	**0,31**	**0,31**	0,86	0,65	**0,48**	**0,50**	**0,50**
Imports (Mt)	0,05	0,05	0,04	0,04	0,04	0,03	0,02	0,03	0,03	0,03	2,35	2,45	2,00	2,20	2,20
ending stocks (Mt)	0,20	0,29	0,23	0,23	0,32	0,11	0,11	0,20	0,31	0,29	0,09	0,14	0,15	0,21	0,21

Main changes for oilseeds are better yields for sunflower in Russia and for soybean in Ukraine which is leading to increase of production estimates. Rapeseed production in Russia is also increasing but has less impact on world market as Russia does not export much rapeseed.

BLACK SEA AREA

UKRAINE – RUSSIA - KAZAKHSTAN

	Wheat				
	USDA		Agritel July-June		
	"17/18"	"18/19"	17/18 actual	18/19 prev.	18/19 actual
Production outlook (Mt)	126,78	111,50	126,46	110,04	109,11
Exports (Mt)	67,69	60,00	66,60	57,10	56,10

	Barley				
	USDA		Agritel July-June		
	"17/18"	"18/19"	17/18 actual	18/19 prev.	18/19 actual
Production outlook (Mt)	32,18	29,30	32,41	28,69	27,90
Exports (Mt)	11,57	11,60	11,24	9,30	9,30

	Corn				
	USDA		Agritel July-June		
	"17/18"	"18/19"	17/18 actual	18/19 prev.	18/19 actual
Production outlook (Mt)	37,34	43,00	37,80	40,37	43,12
Exports (Mt)	23,80	29,00	23,51	26,60	28,50

	Sunflowerseed				
	USDA		Agritel July-June		
	"17/18"	"18/19"	17/18 actual	18/19 prev.	18/19 actual
Production outlook (Mt)	24,06	26,00	23,09	26,09	26,42
Exports (Mt)	0,14	0,20	0,20	0,20	0,20

	Rapeseed				
	USDA		Agritel July-June		
	"17/18"	"18/19"	17/18 actual	18/19 prev.	18/19 actual
Production outlook (Mt)	3,71	4,40	3,68	4,34	4,47
Exports (Mt)	2,44	2,80	2,27	2,79	2,79

	Soybeans				
	USDA		Agritel July-June		
	"17/18"	"18/19"	17/18 actual	18/19 prev.	18/19 actual
Production outlook (Mt)	7,51	8,10	7,18	7,42	7,93
Exports (Mt)	3,63	3,60	2,98	2,59	2,59

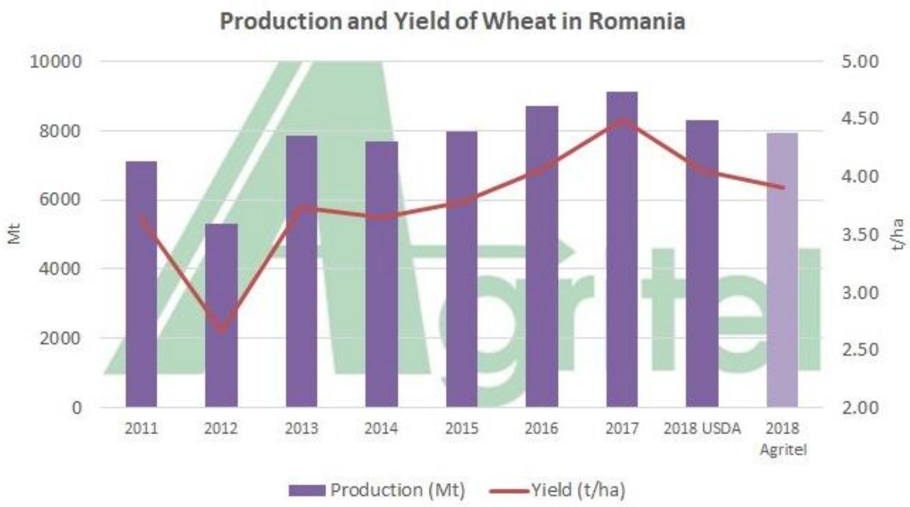
Compared to 2017/18 marketing year, wheat production in Black Sea area is below this year by – 17.3 Mt with -10.5 Mt exports estimates. Even if the situation is more heavy on corn, wheat prices should remain supported during the second part of the campaign in Black Sea considering the drop of production also in Europe.

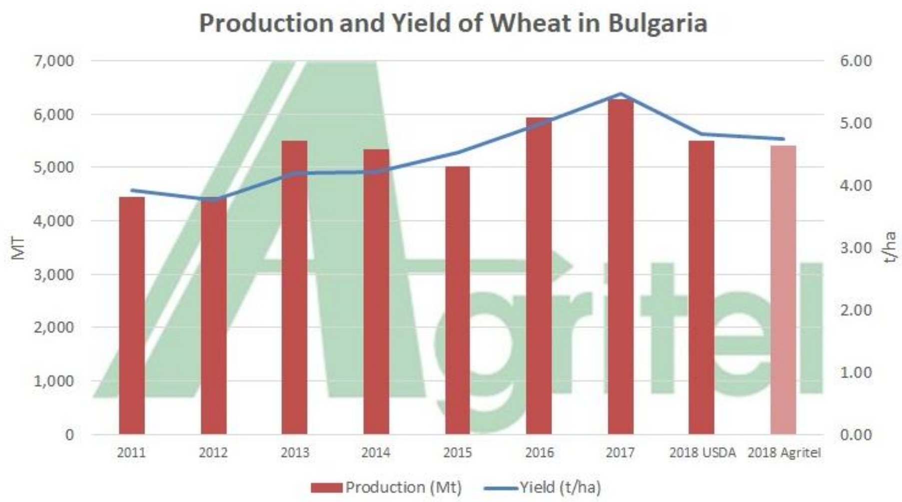
For sunflower, the market is very heavy and the situation is limiting the upside potential of prices.

How much wheat in Romania and Bulgaria remain to be exported?

Focus on exports in EU and Third countries

LOWER SUPPLY OF WHEAT IN 2018/19
BECAUSE OF DRYNESS IN SPRING



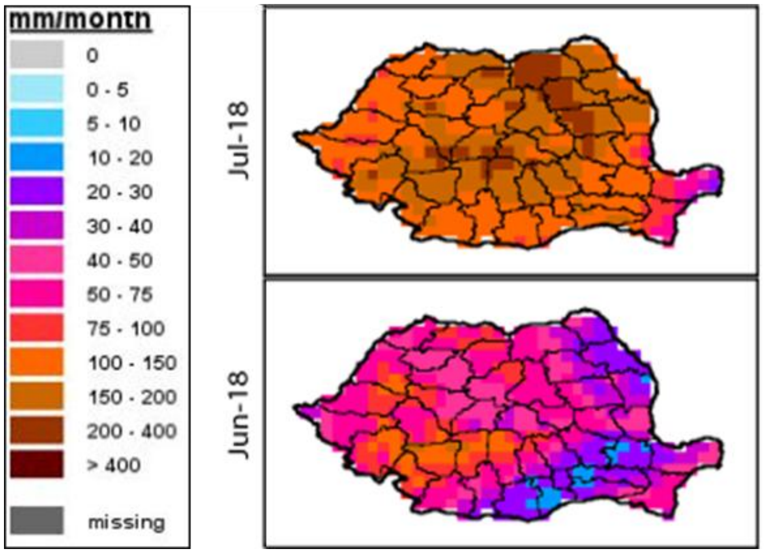


➔ In 2018/19 Agritel estimates wheat production in Romania at 7.94 Mt compared with 9.1 Mt last year and to 5-years average at 8.26 Mt. Fall of production happened due to dryness during spring and very wet conditions during harvest.

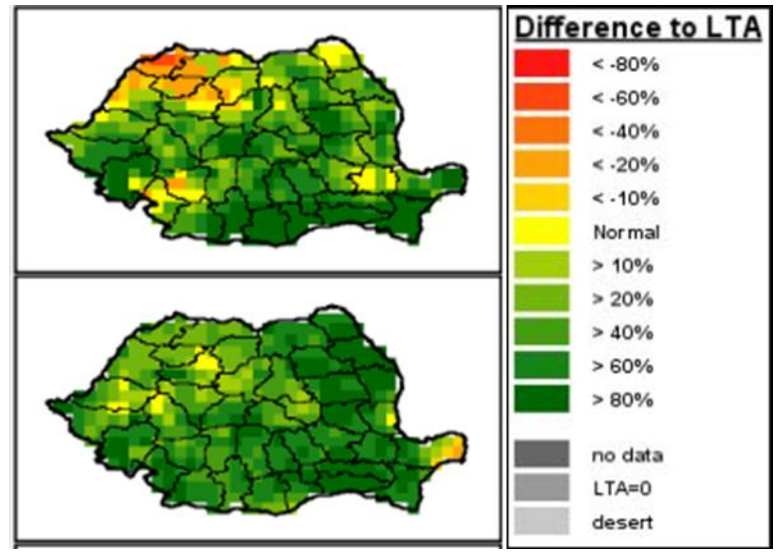
➔ The same picture is observed in Bulgaria, where decrease of H2018 wheat yield to 4.82 t/ha (5.47 t/ha in 2017) caused fall of production to 5.4 Mt or -0.87 Mt against previous year.

LOWER SUPPLY OF WHEAT IN 2018/19
AND QUALITY ISSUE

Estimated Precipitation in Romania, mm



Estimated Precipitation Anomaly in Romania, mm

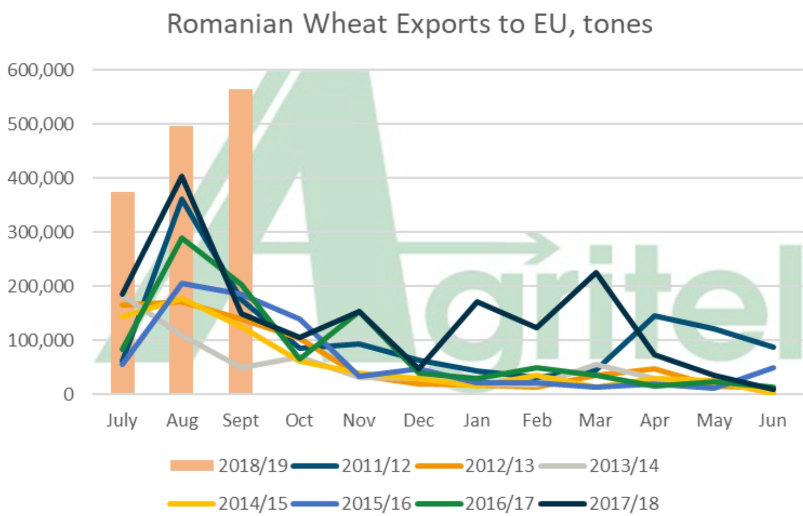


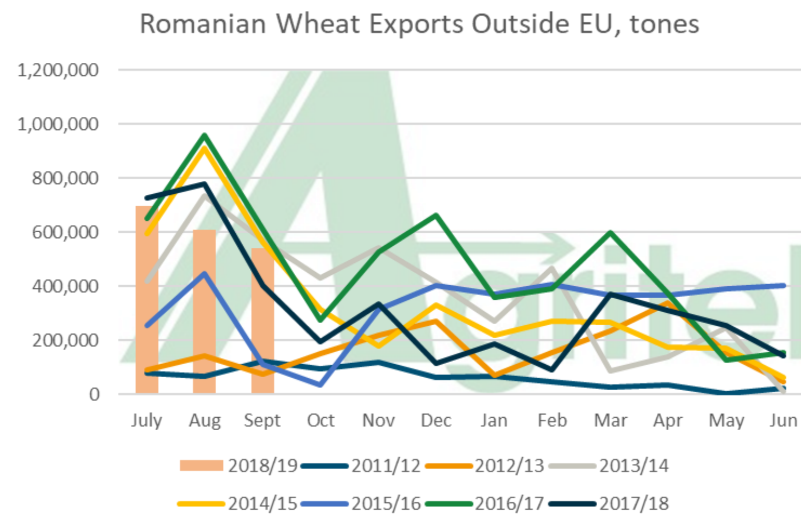
Source: FAO

Hot weather conditions during spring in Black Sea were changed by abundant rains during harvesting period in Romania and Bulgaria. The amount of rains exceeded at least +50% of normal level in most regions of wheat production in Romania. Like in Ukraine, Serbia and Bulgaria, precipitations during the harvest caused decrease of milling wheat share in the total output.

Wheat quality is worse mainly due to increase of sprouted seeds quantity, which influenced fall of the Hagberg Number index and specific weight.

ROMANIAN WHEAT EXPORT 2018/19
EXPLOSION OF EXPORTS TO EU

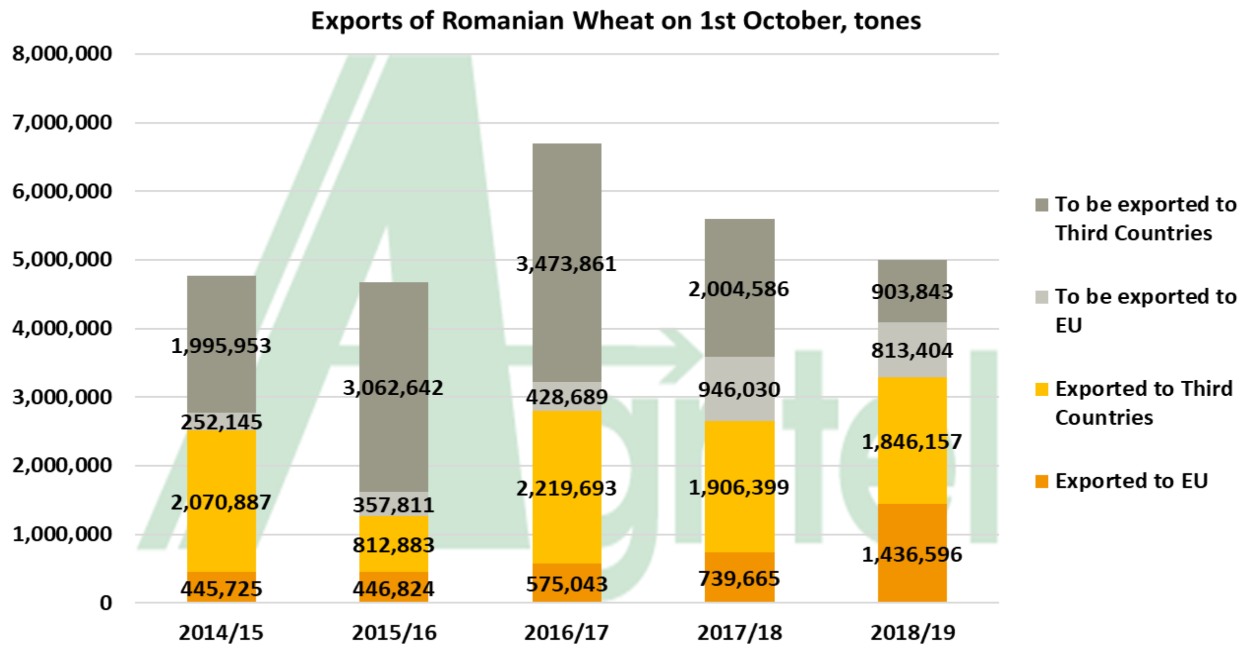




The decrease of total wheat production in Europe in 2018 for nearly -15.5 Mt compared with 2017 caused an increase of demand for wheat inside the EU-28, especially from Northern countries which suffered the most from the dryness. It results in strong export pace from Romania to EU at 1.44 Mt of wheat which is two times more than last year at the same date.

Export toward third countries during this period totaled 1.84 Mt which is almost at the same level as in 2017, but nearly 0.37 Mt lower than in 2016.

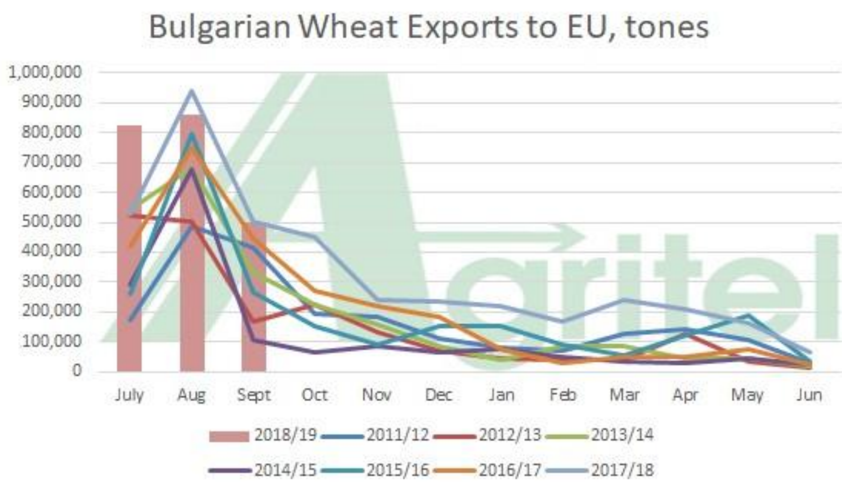
ROMANIAN WHEAT EXPORT 2018/19
NOT SO MUCH LEFT TO EXPORT...

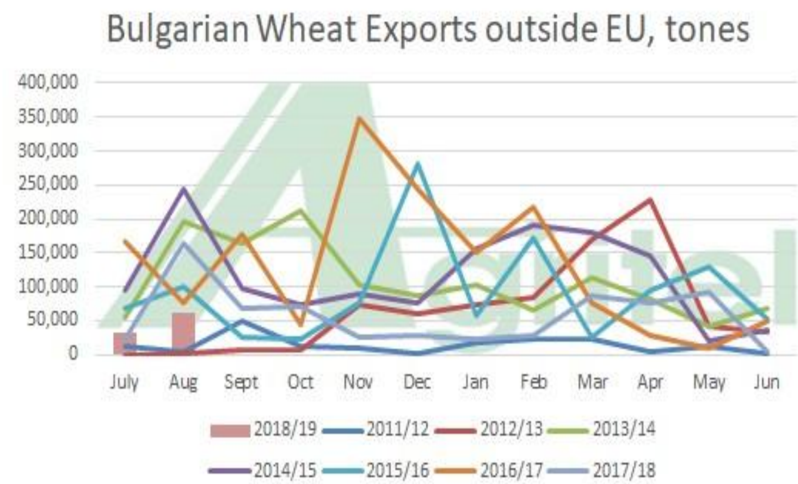


During July-September 2018, Romania has already exported nearly 3.3 Mt of wheat towards all destinations. Considering available volume for export close to 5 Mt for 2018/19, **66% has been already sold comparing to 47% in 2017 and 42% in 2016 for this date.**

The amount exported from Romania to EU totaled 15% of the whole volume in 2016 and 30% in 2017. Considering an increase of demand in EU we estimate this share for 2018 at 45% or 2.25 Mt. Thus, nearly 0.81 Mt has left to be exported to EU importers till the end of the season, just 0.13 Mt less than for the 1st of October 2017. At the same time, the share of the volume to be exported outside UE from Romania will be much lower than previous years with only 0.9 Mt remaining.

BULGARIAN WHEAT EXPORT 2018/19
ALSO MORE EU ORIENTED





Export of wheat from Bulgaria towards EU countries is also exceeding the paces of previous seasons. Nearly 2.2 Mt has been exported in July-September, +0.22 Mt more than in 2017 and +0.57 MT more than in 2016. However, exports of wheat outside EU are much lower than usual due to lower volumes available and also due to lower quality.

CONCLUSION
TENSION SUPPORTIVE FOR PRICES

Spring crops harvest is underway with very good results in Ukraine, especially for corn where the production should end **above 32 Mt opening the door to a record export target at 25.5 Mt.** These volumes should mainly be exported to the European Union as usual.

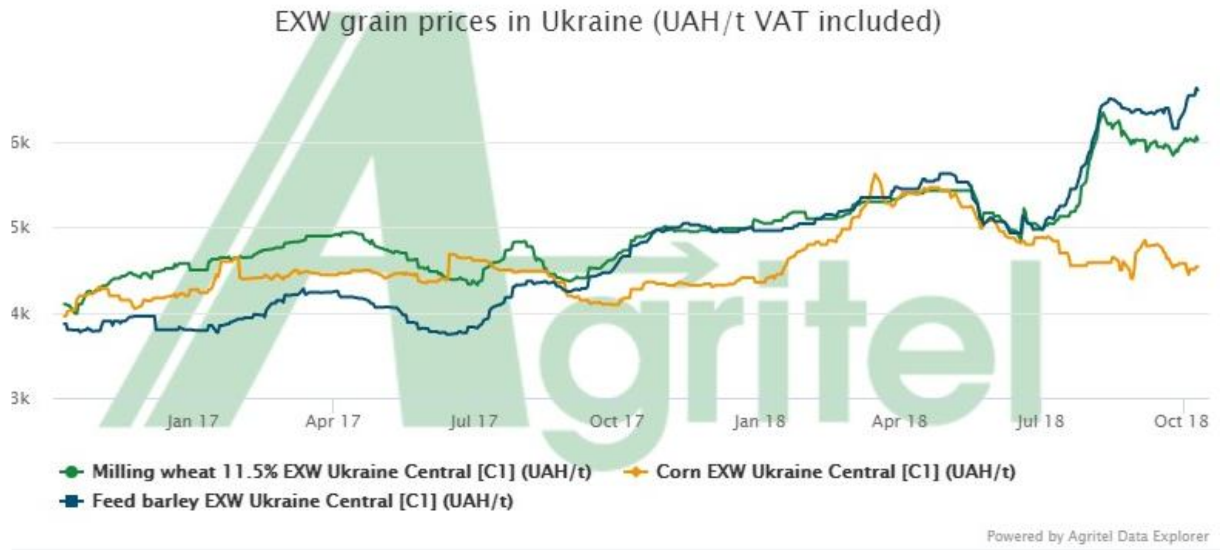
The harvest of winter crops is well advanced in Siberia and Ural which is leading Russia to a wheat crop production close to 70 Mt with an export potential still estimated at 33 Mt. However, considering the high rhythm of export (12.9 Mt of wheat exports until end of September), **the dynamic should slow down during coming months.** If the government did not put any taxes to limit exports from Russia, the job has already been partly done by an **increase of prices for deliveries in early 2019**. Indeed, Russian wheat price are still competitive on spot market at 231 $/t FOB Novo, but is not competitive anymore in December delivery compared to French or US origins. Moreover, **operators are reporting stronger phytosanitary controls in Russian ports (and hinterland silos)**, which should also limit the activity.

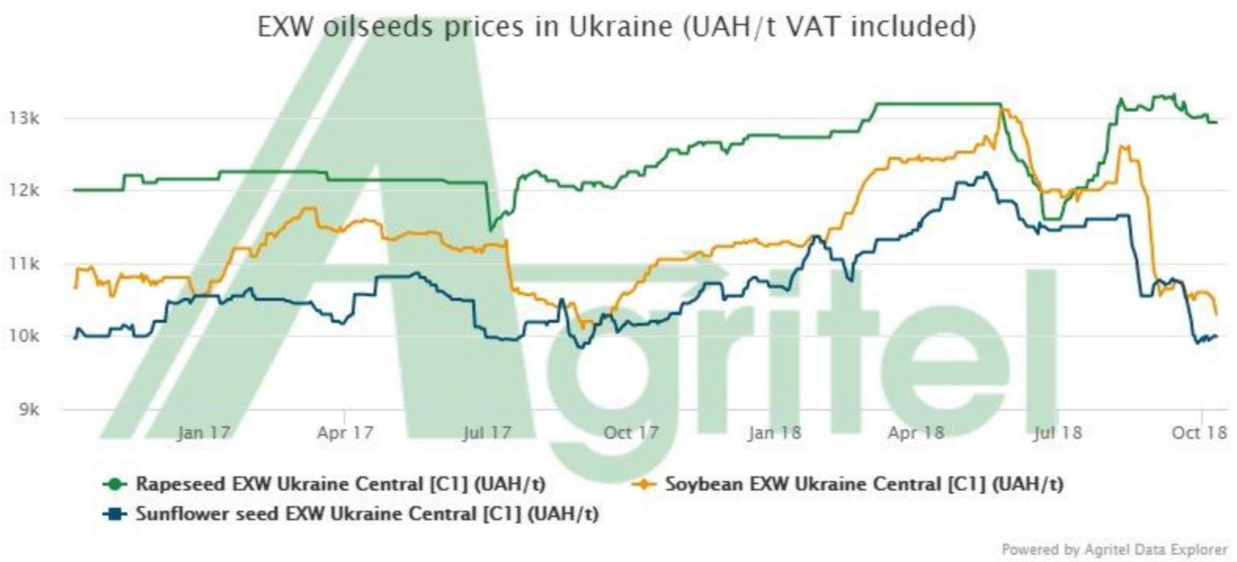
Thus, **prices should remain underpinned by tighter availabilities in the coming months in the Black Sea**. Indeed, the whole area (including Romania and Bulgaria) has much less wheat available to export until the end of the campaign compared to last year.

For the 2019 harvest, crop conditions will have to be monitored as winter plantings are already well advanced in Ukraine and Russia but the dry weather could be a problem for germination (also in Romania).

Domestic prices

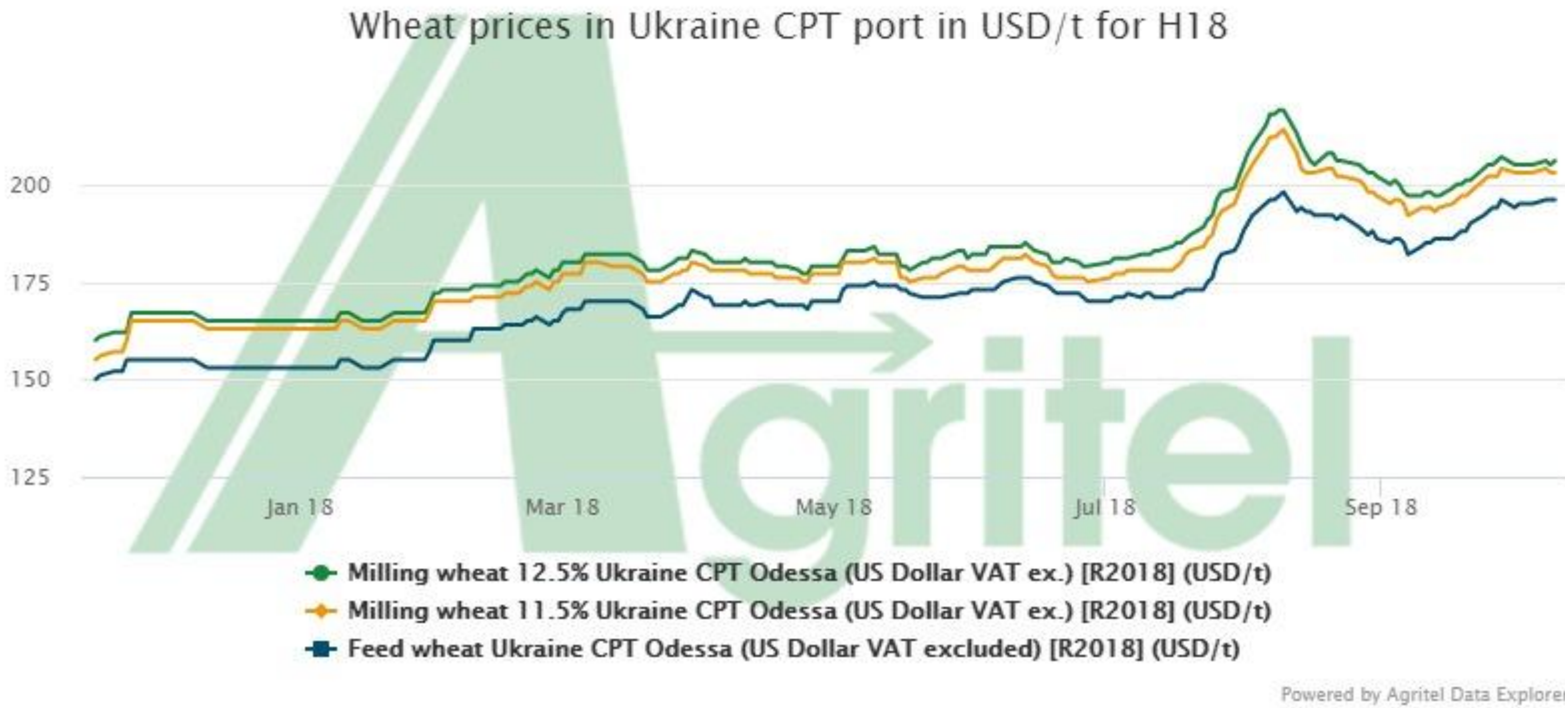
UKRAINE, EXW PRICES, CENTRAL REGION (UAH/T), (VAT INCLUDED)



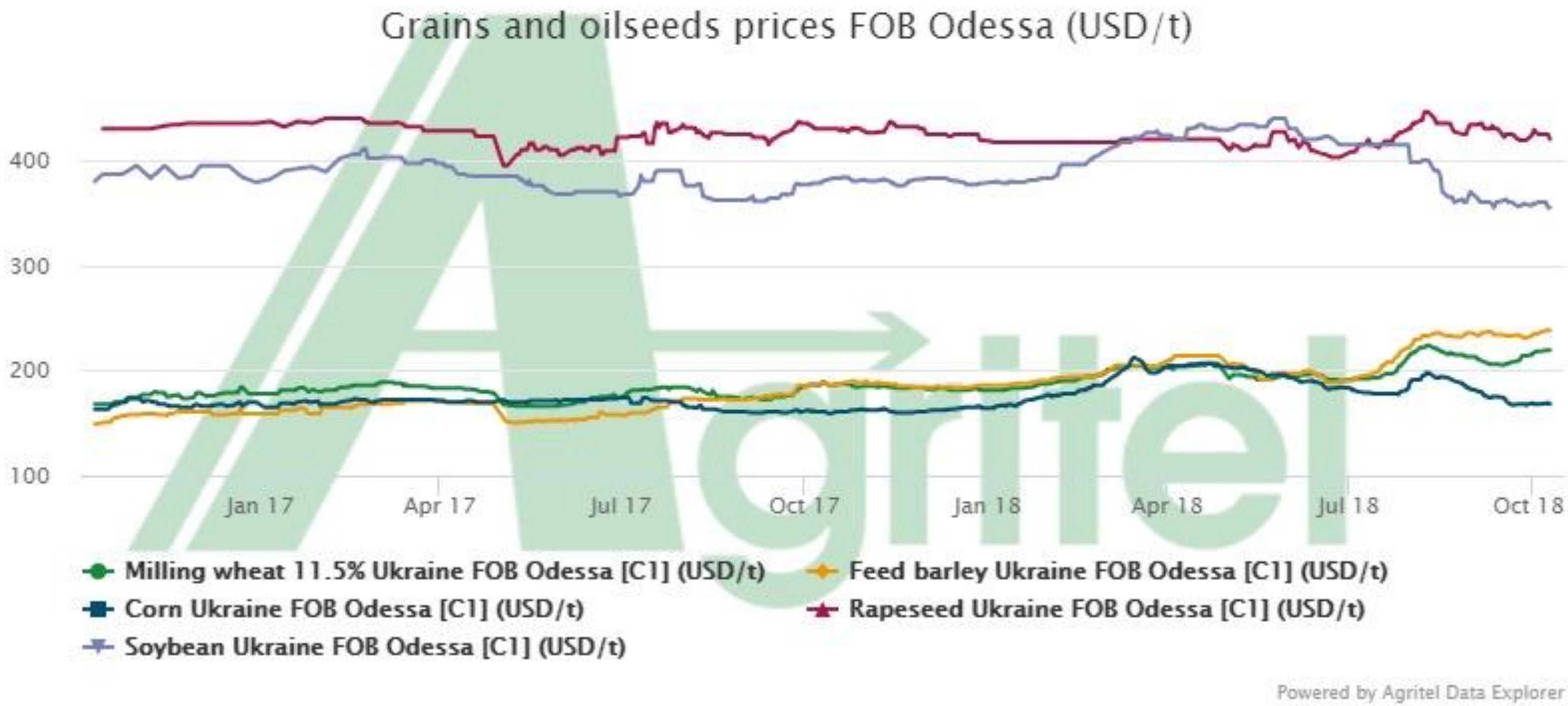


UKRAINE, CPT-ODESSA PRICES (VAT EXCLUDED)

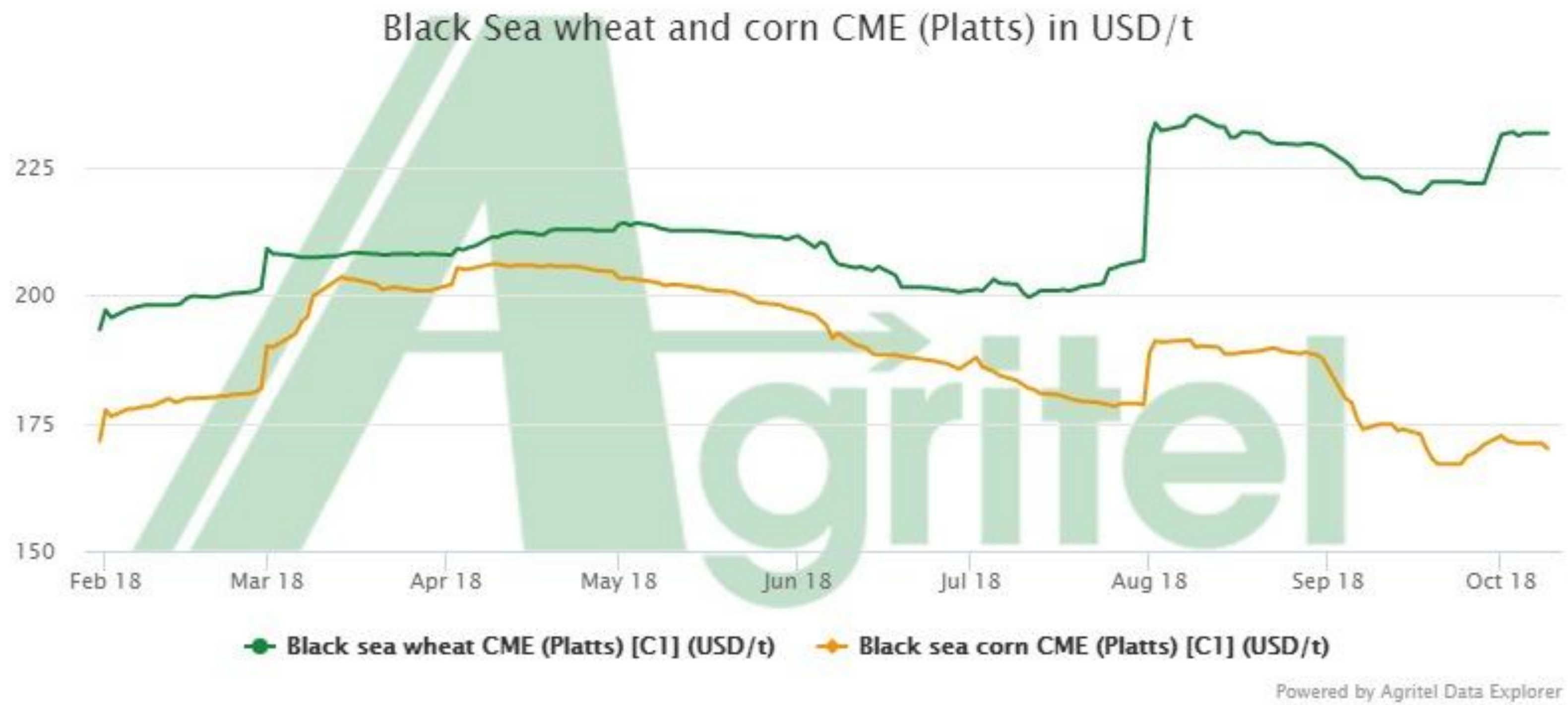
WHEAT QUALITY PREMIUM
HARVEST 2018



UKRAINE, FOB ODESSA PRICES (USD/T)



BLACK SEA CME FUTURES
WHEAT AND CORN



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