Favourable prospects for 2019 winter wheat

Winter wheat crops, to be harvested in July/August 2019, are reported to be in fair to good conditions over more than 90 per cent of the planted area, reflecting favourable weather conditions. Since early December 2018, in the main winter wheat producing Southern and North Caucasian districts, adequate snow levels and warmer-than-average temperatures mitigated the risk of frost damage and secured good moisture reserves for crops when they exit dormancy in early spring (March-April). In early March, winter grains resumed growth in Krasnodar Province and in other parts of the North Caucasian District, where remote sensing data showed slightly drier and warmer-than-average conditions. By contrast, in the Southern District, where snow was still present, winter wheat was still dormant.

The area planted between August and October with 2019 winter cereals, mostly wheat, is estimated at about 17.6 million hectares, 5 per cent above the previous year’s above-average level. Given the expansion in winter plantings and assuming average area planted with spring wheat, if weather conditions will be favourable, the 2019 total wheat production can be tentatively forecast at between 78 and 80 million tonnes, above both the previous year and the five-year average.

Planting of spring crops, for harvest in August-September 2019, is expected to start in April.

Above-average cereal production in 2018

The 2018 aggregate cereal production is estimated at 109 million tonnes, slightly above the five-year average level. Despite some areas in southern and central regions were affected by drier and warmer-than-average weather conditions, wheat output is officially set at an above average of 72.1 million tonnes on account of increased plantings. By contrast, barley and maize output are estimated at below the average levels as yields were reduced by unfavourable weather conditions.
Cereal exports in 2018/19 forecast at very high level

In the 2018/19 marketing year (July/June), aggregate cereal exports are forecast at about 44 million tonnes, about 20 percent above the five-year average and the second highest volume after the previous year’s record. Wheat shipments, accounting for 80 percent of total cereal exports, are forecast at about 36 million tonnes, 25 percent above the average. Barley shipments are foreseen at an above-average level of 5 million tonnes, while maize exports are forecast at 2.8 million tonnes, less than half the volume exported in the previous year and well below the five-year average level on account of reduced harvest in 2018.

In February, export prices of wheat at highest levels since January 2015

Since November 2018, export prices of milling wheat increased steeply and, in February 2019, they reached the highest levels since January 2015, due to shrinking supplies, following 2018 reduced output and large exports in the season. Between January and February, the increase was moderate, as the upward pressure from tighter availabilities was partially offset by a slowdown in foreign demand, strong competition in international markets and favourable prospects for the 2019 domestic production.

Shrinking national supplies put upward pressure also on domestic wholesale prices of milling quality wheat, which increased during the last months and, in February 2019, they reached levels more than 20 percent above those a year earlier.

Retail prices of potatoes, another important food staple, rose seasonally in the past months and, in February 2019, were slightly higher than a year earlier.

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Russian Federation

Wholesale price of milling wheat

Russian Ruble per tonne

Source: FAO/GIEWS Food Price Monitoring and Analysis Tool.