

BLACK SEA S&D

2010-2012

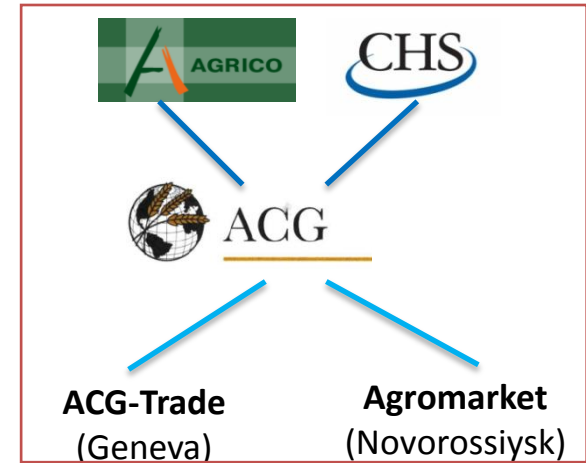




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INTRODUCTION OF ACG

- ❑ Agrico - CHS (50-50) JV
- ❑ In Russia:
 - Offices in Krasnodar, Stavropol and Rostov regions
 - Further expansion in the country



Agrico Group

- ❑ Founded in 1999
- ❑ Businesses: stockbreeding, grains & oilseeds (rent of > 100'000 ha of land), vegetables & fruits production
- ❑ > 3'000 employees

RUSSIA



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THE IMPACT OF THE RUSSIAN DROUGHT 2010



- ❑ 30 Mmt supply of **All grains** lost
- ❑ 20 Mmt of world's cheapest **Wheat** supply lost
- ❑ High market volatility prior to the export ban and steep rises in price
- ❑ Export ban put in place initially until 31-Dec-2010. Now extended until 01-Jul-2011

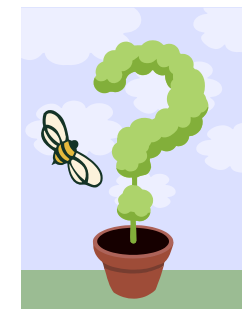
CBOT Wheat (Weekly chart)



MATIF - Nov (Weekly chart)



2011/12 Crop





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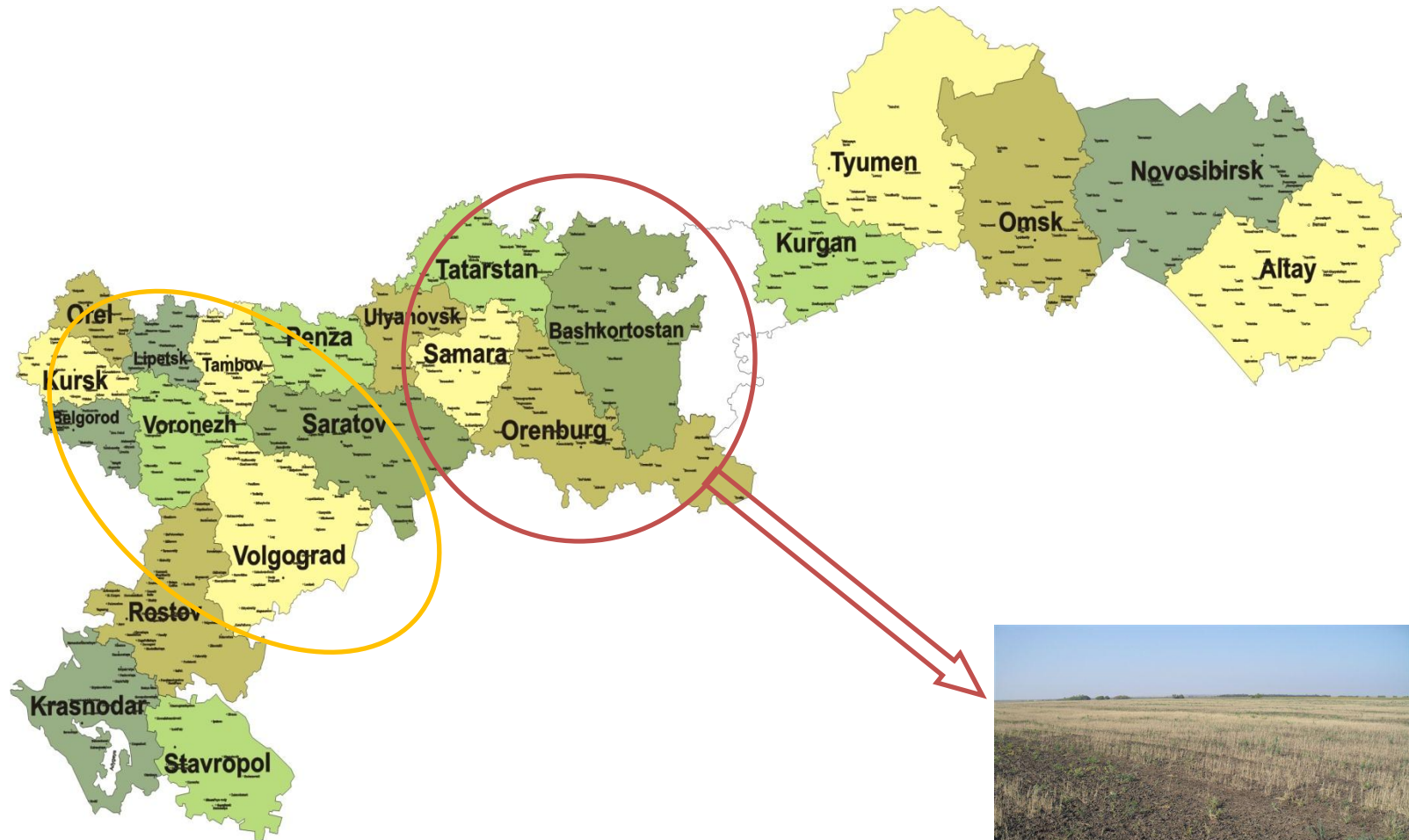
RUSSIA - 25 DROUGHT AFFECTED REGIONS





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RUSSIA - ZOOM ON AFFECTED AREAS



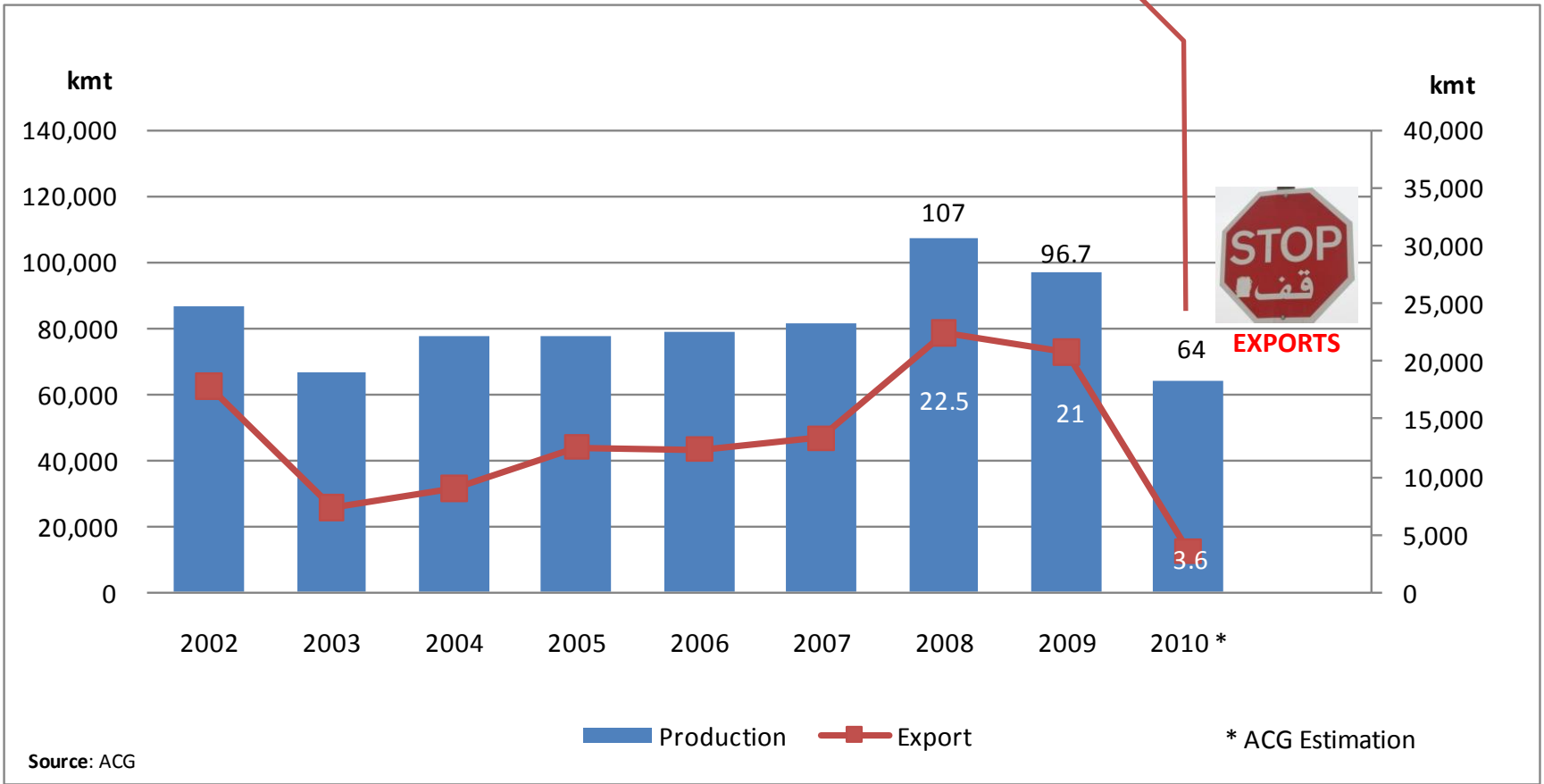
Map Source: SGS



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PRODUCTION & EXPORT IN RUSSIA - TOTAL GRAINS

12 Mmt less than estimated
Domestic consumption





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RUSSIA - ALL GRAINS S&D

All grains	2006/7	2007/8	2008/9	2009/10	2010/11*
Carry in	10080	8300	6850	19050	19850
Planted area	43357	44265	46742	47700	47000
Harvested area	41598	41313	45500	46000	37000
Harvested, %	96%	93%	97%	96%	79%
Yield	1.89	1.98	2.37	2.10	1.73
Production	78600	81800	107900	96800	64000
Import	1600	1100	600	600	1800
Total supply	90300	91200	115350	116450	85650
Consumption:	69600	71000	75600	75100	76050
food/processing	18200	18000	25000	24700	24700
seeds	11500	11800	12100	12200	12100
losses	3400	3200	2500	2000	2750
Non-feed consumption	33100	33000	39600	38900	39550
feed	36500	38000	36000	36200	36500
Export	12400	13350	22700	21500	3666
Total demand	82000	84350	98300	96600	79716
Carry out	8300	6850	17050	19850	5934
of which Government	1450	200	8250	11500	?
Percentage of carry out	10%	8%	17%	21%	7%

Reevaluation based on new information

Factors:

- Weather
- Poor quality seeds
- Low inputs

Production in clean weight incl. hidden volumes

Export of **flour** to be reopened from 2nd of Jan 2011.

Quality loss in grain stocks (esp. gov-t), which is ongoing

Increase in **poultry** and **pig** production + difficult to buy soymeal

Base Stock Level for Russia

Units: kmt



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RUSSIA - WHEAT S&D

Wheat	2006/7	2007/8	2008/9	2009/10	2010/11*
Carry in	5899	4396	4564	10347	14000
Planted area:	24316	24443	26633	28697	26686
winter	8974	10597	12692	13834	12709
spring	15342	13846	13941	14863	13977
Harvested area:	23900	24000	25900	27200	21900
winter	8852	10463	12483	13007	10074
spring	15048	13537	13417	14193	11826
Harvested, %	98%	98%	97%	95%	82%
Yield:	1.88	2.06	2.46	2.27	1.92
winter	2.79	2.74	3.42	2.99	2.14
spring	1.34	1.53	1.57	1.61	1.56
Production	44927	49368	63765	61740	42000
winter	24706	28620	42694	38952	21521
spring	20221	20748	21071	22788	18500
Import	850	350	118	91	1000
Total supply	51676	54114	68447	72178	57000
Consumption:	36950	37850	40400	41000	48200
food/processing	16100	15800	16100	16000	16800
seeds	6100	5900	6800	6900	7000
losses	1150	1150	2100	1500	2000
Non-feed consumption	23350	22850	25000	24400	25800
feed	13600	15000	15400	16600	22400
Export	10330	11700	17700	18200	3350
Total demand	47280	49550	58100	59200	51550
Carry out	4396	4564	10347	12978	5450
of which Government	1400	150	6200	7750	3500
Percentage of carry out	9%	9%	18%	22%	11%

Reevaluation based on new information

Usual split of last years in harvested area of winter / spring wheat – 48% / 52%. We use **46% / 54%**. *Assumption*: winter wheat was more affected by weather events this year.

Production in clean weight incl. hidden volumes

Majority FW from other CIS countries and some MW from Kazakhstan

Increased flour exports from the East

+ 5.8 Mmt to LY. *Reasons*: replacement due to losses in Barley and Corn. Soymeal outpriced.

Our min estimation of Wheat Stocks for Russia: 5 - 5.5 Mmt

Units: kmt



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RUSSIA - WHEAT S&D 2011/12 FORECAST (MID)

Wheat	2008/9	2009/10	2010/11*	2011/12**
Carry in	4564	10347	14000	5450
Planted area:	26633	28697	26686	25000
winter	12692	13834	12709	10000
spring	13941	14863	13977	15000
Harvested area:	25900	27200	21900	23750
winter	12483	13007	10074	9500
spring	13417	14193	11826	14250
Harvested, %	97%	95%	82%	95%
Yield:	2.46	2.27	1.92	2.04
winter	3.42	2.99	2.14	2.70
spring	1.57	1.61	1.56	1.60
Production	63765	61740	42000	48450
winter	42694	38952	21521	25650
spring	21071	22788	18500	22800
Import	118	91	1000	200
Total supply	68447	72178	57000	54100
Consumption:	40400	41000	48200	45000
food/processing	16100	16000	16800	17000
seeds	6800	6900	7000	7500
losses	2100	1500	2000	1500
Non-feed consumption	25000	24400	25800	26000
feed	15400	16600	22400	19000
Export	17700	18200	3350	3500
Total demand	58100	59200	51550	48500
Carry out	10347	12978	5450	5600
of which Government	6200	7750	3500	?
Percentage of carry out	18%	22%	11%	12%

We **already** lost about 3 Mha in Central regions

Higher than LY, as replacement for lost winter ha.

Reasons: lower quality of seeds, winter plantings later than optimal times.

Incorporating farm financial losses and not affording crop protection / ferts inputs

48.5 Mmt

Reduced vs LY, but **still higher** than in 08/09 and 09/10 due to increase in poultry and pig production

Believe at this level the government may **not** reopen exports until but build stocks

Again, at it's **Min** level

Units: kmt



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RUSSIA - WHEAT S&D 2011/12 FORECAST (**WORST**)

Wheat	2011/12 **
	MID
Carry in	5450
Planted area:	25000
winter	10000
spring	15000
Harvested area:	23750
winter	9500
spring	14250
Harvested, %	95%
Yield:	2.04
winter	2.70
spring	1.60
Production	48450
winter	25650
spring	22800
Import	200
Total supply	54100
Consumption:	45000
food/processing	17000
seeds	7500
losses	1500
Non-feed consumption	26000
feed	19000
Export	3500
Total demand	48500
Carry out	5600
of which Government	?
Percentage of carry out	12%

2011/12 **
WORST
5450
22000
10000
12000
18920
8600
10320
86%
1.82
2.15
1.55
34486
18490
15996
10000
49936
44500
16000
7000
1500
24500
20000
0
44500
5436
?
12%

Planted area reduced to **22 Mha**

Reduced harvested area: **86%**, but not as bad as in 2010/11

Lower yields

34.5 Mmt

Import of **10 Mmt**

Units: kmt



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RUSSIA - WHEAT S&D 2011/12 FORECAST (**BEST**)

Wheat	2011/12 **
	MID
Carry in	5450
Planted area:	25000
winter	10000
spring	15000
Harvested area:	23750
winter	9500
spring	14250
Harvested, %	95%
Yield:	2.04
winter	2.70
spring	1.60
Production	48450
winter	25650
spring	22800
Import	200
Total supply	54100
Consumption:	45000
food/processing	17000
seeds	7500
losses	1500
Non-feed consumption	26000
feed	19000
Export	3500
Total demand	48500
Carry out	5600
of which Government	?
Percentage of carry out	12%

2011/12 **
BEST
5450
27000
10000
17000
26460
9800
16660
98%
2.22
3.1
1.7
58702
30380
28322
100
64252
43000
17000
7500
1500
26000
17000
14000
57000
7252
?
13%

Planted area increased up to **27 Mha** (less than in 09/10).

Harvested area as in the good 08/09 and 09/10 years

Reasonable yields

58.7 Mmt

Export potential of **14 Mmt**

Units: kmt



KEY FACTORS & CONCLUSIONS

❑ KEY FACTORS :

- Ongoing winter crop conditions
- Spring planting figures (will farmers plant more wheat or plant feed grains?)
- Domestic consumption trend, primarily for feed usage
- Jan-Feb report published by Russian Statistics office

❑ CONCLUSIONS

- The Russian swing factor is relatively **narrow**, because limited potential in increase of yields and acreage
- If growing conditions are good and we have a higher spring planting, Russia could **possibly** export in 2011/12
- 48-50 Mmt – neutral figure but most likely will not allow exports
- 35-45 Mmt – imports will be needed
- 55-60 Mmt – export surplus will be available

UKRAINE



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UKRAINE- WHEAT S&D

Wheat	2006/7	2007/8	2008/9	2009/10	2010/11*
Carry in	1997	1916	3175	2496	2079
Planted area:	5633	6511	7115	6730	7065
winter	5113	6056	6660	6400	6750
spring	520	455	455	330	315
Harvested area:	5,211	5,971	7000	6610	6300
winter	4701	5571	6600	6300	6010
spring	510	400	400	310	290
Harvested, %	93%	92%	98%	98%	89%
Yield:	2.65	2.29	3.50	3.15	2.86
winter	2.70	2.33	3.53	3.17	2.88
spring	2.20	1.76	3.00	2.74	2.43
Production	13809	13700	24500	20830	18000
winter	12687	12996	23300	19980	17295
spring	1,122	704	1,200	850	705
Import	10	2	3	3	3
Total supply	15816	15618	27678	23329	20082
Consumption:	10600	11550	12550	12050	11800
food	5,600	5,750	6,150	6000	5900
seeds	1,200	1,300	1,200	1150	1100
losses/other	600	700	1,100	900	900
Non-feed consumption	7400	7750	8450	8050	7900
feed	3,200	3,800	4,100	4000	3900
Export	3300	893	12632	9200	6000
Total demand	13900	12443	25182	21250	17800
Carry out	1916	3175	2496	2079	2282
Percentage of carry out	13.8%	25.5%	9.9%	9.8%	12.8%

Stocks volume is typical for Ukraine

Unlike in Russia, nearly all of UKR Wheat is Winter Wheat due to milder climate

Greater rate of winter-kills caused by **ice-crust** in two key regions – Poltava and Kharkiv

Crop reduction due to **lower Yields** (poor inputs application) and reduced harvested area (winter-kills)

High prices can affect bread and bread products consumption

Export situation is unclear. Over 2mmt exported, but the **quota system** introduced by the government interferes with normal export activity

Units: kmt



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UKRAINE - WHEAT S&D 2011/12 FORECAST

Wheat	2008/9	2009/10	2010/11*
Carry in	3175	2496	2079
Planted area:	7115	6730	7065
winter	6660	6400	6750
spring	455	330	315
Harvested area:	7000	6610	6300
winter	6600	6300	6010
spring	400	310	290
Harvested, %	98%	98%	89%
Yield:	3.50	3.15	2.86
winter	3.53	3.17	2.88
spring	3.00	2.74	2.43
Production	24500	20830	18000
winter	23300	19980	17295
spring	1,200	850	705
Import	3	3	3
Total supply	27678	23329	20082
Consumption:	12550	12050	11800
food	6,150	6000	5900
seeds	1,200	1150	1100
losses/other	1,100	900	900
Non-feed consumption	8450	8050	7900
feed	4,100	4000	3900
Export	12632	9200	6000
Total demand	25182	21250	17800
Carry out	2496	2079	2282
Percentage of carry out	9.9%	9.8%	12.8%

2011/12*
2282
7100
6800
300
6800
6200
290
96%
2.99
3.15
2.76
20300
19500
800
3
22585
11700
5700
1100
900
7700
4000
8500
20200
2385
11.8%

Average Carry in for Ukraine

Lower food consumption than in the past years. *Reasons:* Decrease in population, lower income and higher prices

Units: kmt

KAZAKHSTAN



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KAZAKHSTAN – WHEAT S&D

Wheat	2006/7	2007/8	2008/9	2009/10	2010/11*
Carry in	2956	1206	2479	2468	4684
Planted area:	12400	12895	13476	14754	14200
Harvested area:	12100	12683	12906	14200	12000
Harvested, %	98%	98%	96%	96%	85%
Yield:	1.11	1.30	0.99	1.13	0.71
Production	13461	16467	12738	16100	8500
Import	0	1	1	1	1
Total supply	16417	17674	15218	18569	13185
Consumption:	8887	9394	9309	9786	9171
food	2000	2100	1800	1900	1900
seeds	1800	2000	2100	2000	2000
losses	500	600	290	300	300
milling for export	2087	2194	2819	3286	2571
Non-feed consumption	6387	6894	7009	7486	6771
feed	2500	2500	2300	2300	2400
Export (grain)	6323	5801	3441	4100	3000
<i>Flour Export</i>	1461	1536	1973	2300	1800
Total demand	15210	15195	12750	13886	12171
Carry out	1206	2479	2468	4684	1013
<i>Percentage of carry out</i>	<i>7.9%</i>	<i>16.3%</i>	<i>19.4%</i>	<i>33.7%</i>	<i>8.3%</i>

Higher carry-in due to good crop and logistical constraints in LY

Effect of the **drought**

Official figures are much higher but the trade in general doesn't agree with these figures

Until end of Oct we estimate that over 1 Mmt has been exported

Units: kmt



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KAZAKHSTAN- WHEAT S&D 2011/12 FORECAST

Wheat	2008/9	2009/10	2010/11*	2011/12*
Carry in	2479	2468	4684	1013
Planted area:	13476	14754	14200	14300
Harvested area:	12906	14200	12000	13800
Harvested, %	96%	96%	85%	97%
Yield:	0.99	1.13	0.71	1.09
Production	12738	16100	8500	15000
Import	1	1	1	1
Total supply	15218	18569	13185	16014
Consumption:	9309	9786	9171	9800
food	1800	1900	1900	1900
seeds	2100	2000	2000	2000
losses	290	300	300	400
milling for export	2819	3286	2571	3000
Non-feed consumption	7009	7486	6771	7300
feed	2300	2300	2400	2500
Export (grain)	3441	4100	3000	4800
<i>Flour Export</i>	1973	2300	1800	2100
Total demand	12750	13886	12171	14600
Carry out	2468	4684	1013	1414
<i>Percentage of carry out</i>	<i>19.4%</i>	<i>33.7%</i>	<i>8.3%</i>	<i>9.7%</i>

Lower carry in due to high internal prices coming from flour milling demand

Expect Kazakhstan to export more grain and flour in 2011/12 (potential for Russian and 3rd countries export)

We're not building any stocks again

Units: kmt



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THANK YOU AND ARE THERE ...



CONTACT

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