

# IAOM Mideast and Africa Conference

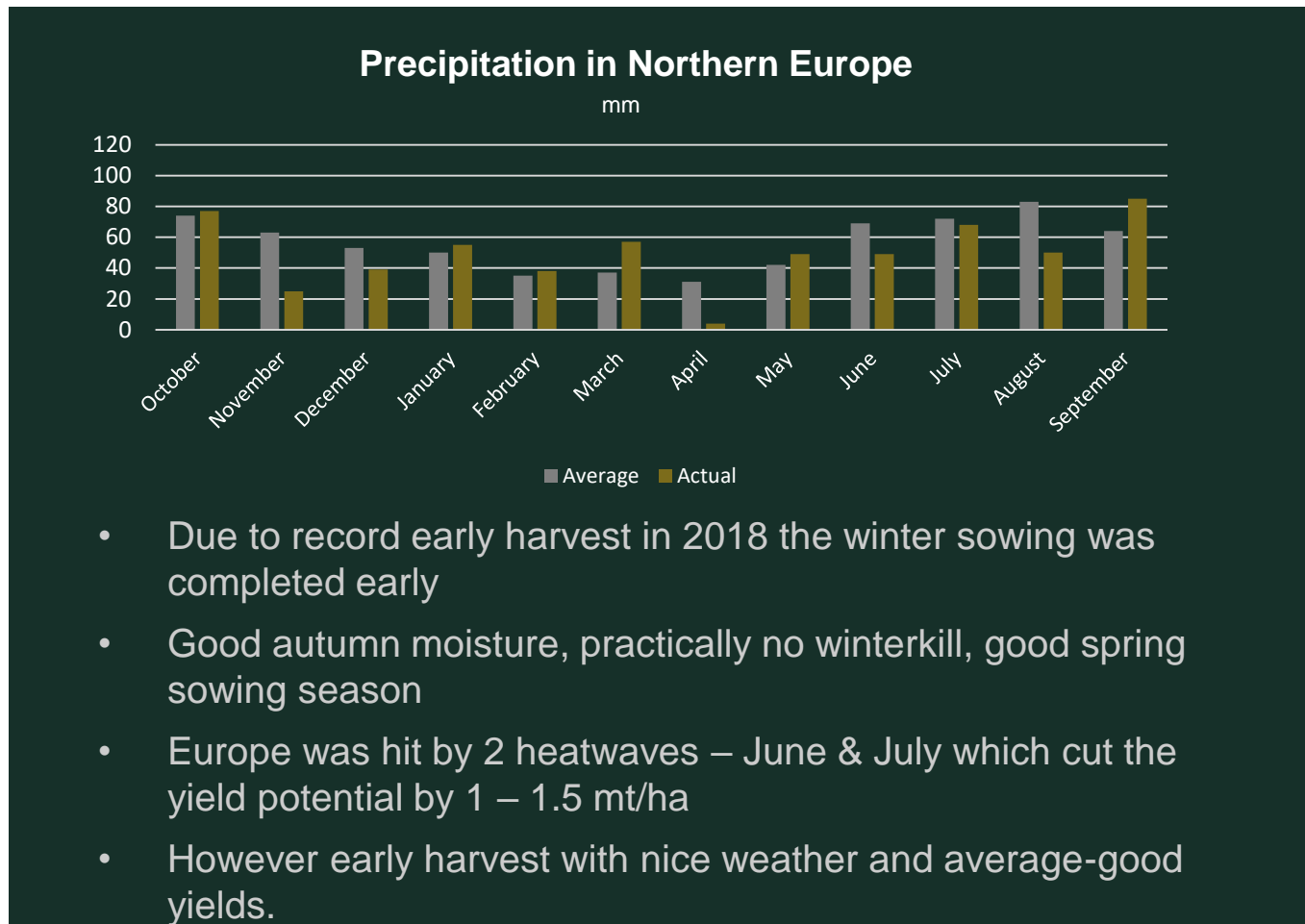
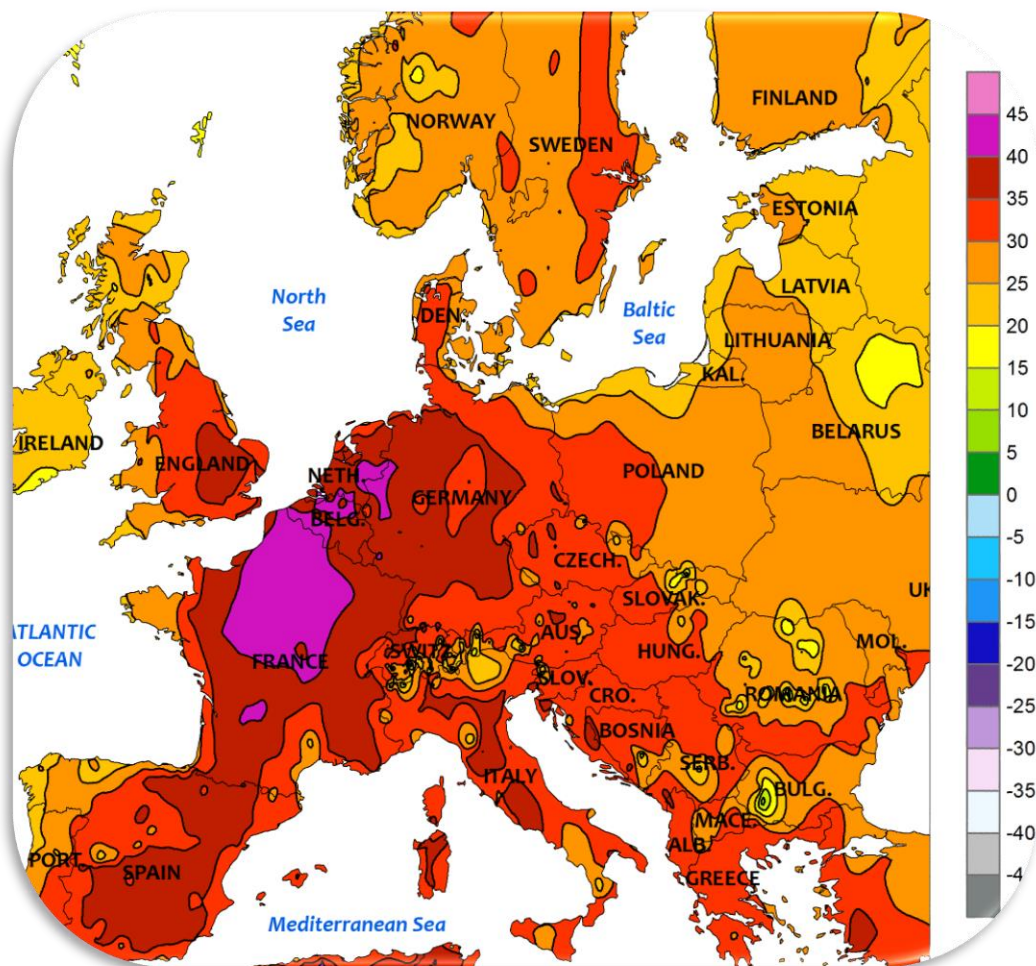
Indrek Aigro, Copenhagen Merchants

5 November, 2019

# Overview – Almost a Record Crop

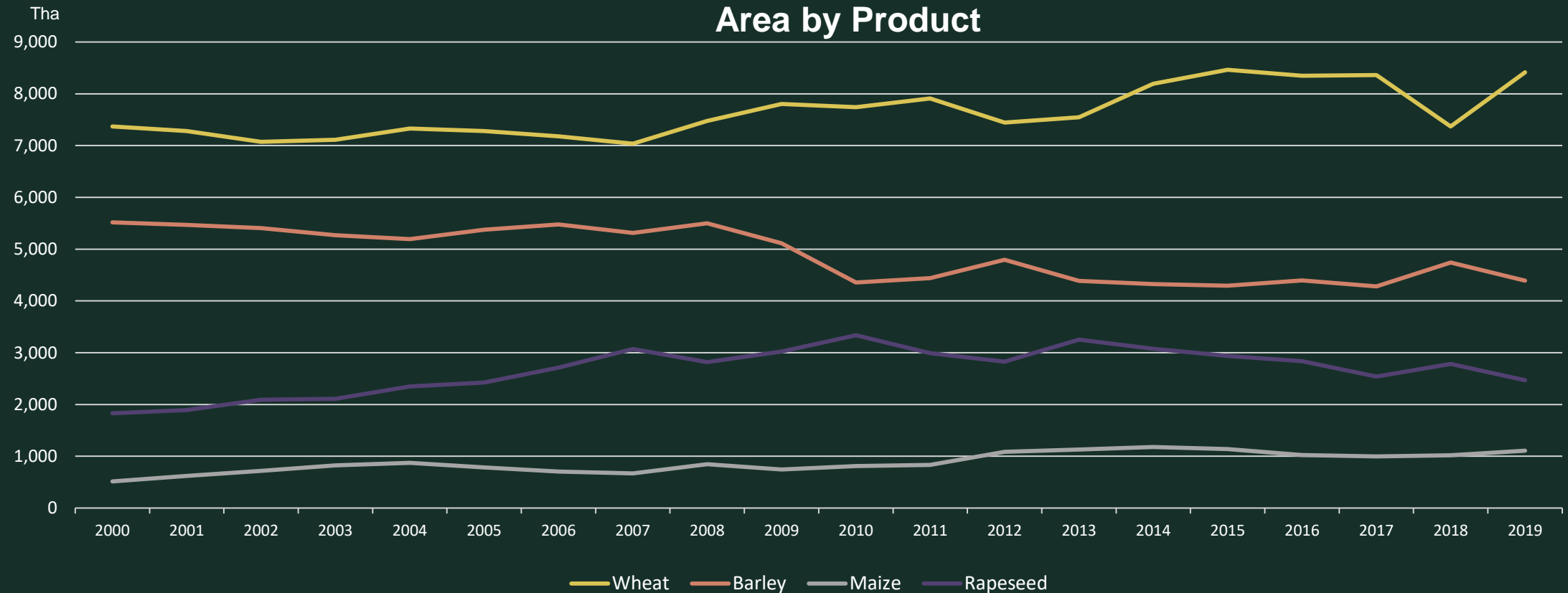
- **Growing season 2018/2019** – Promising start got hindered by the heat wave(s)
- **Planted areas** – Record winter areas due to early '18 harvest and favourable sowing season
- **Wheat harvest by country** – Baltic Sea countries are back in the game
- **Black Sea vs Baltic Sea** – Baltic Sea at record export pace
- **Exports** – Exportable surplus up by 85%

# 2017/2018 Growing Season Overview



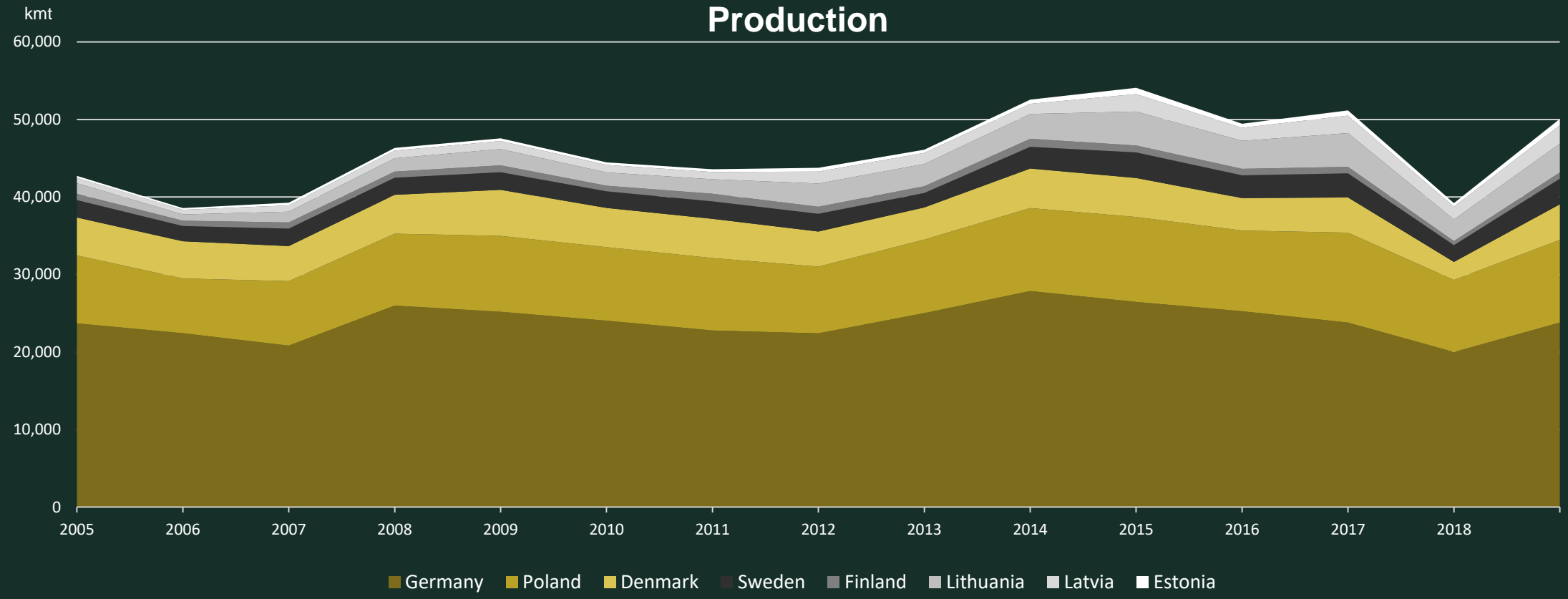
# Sowing Areas of Main Products

## Baltic Sea Countries



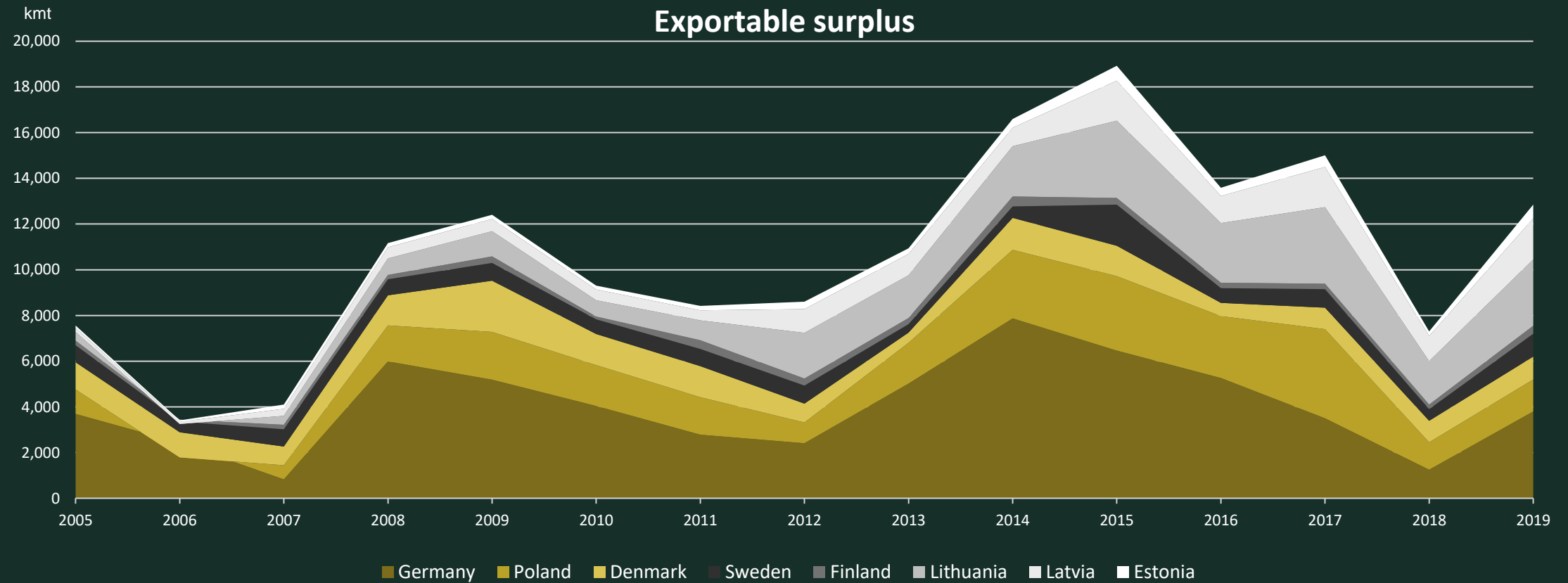
# Wheat Harvest

## Baltic Sea Countries



# Wheat Exportable Surplus

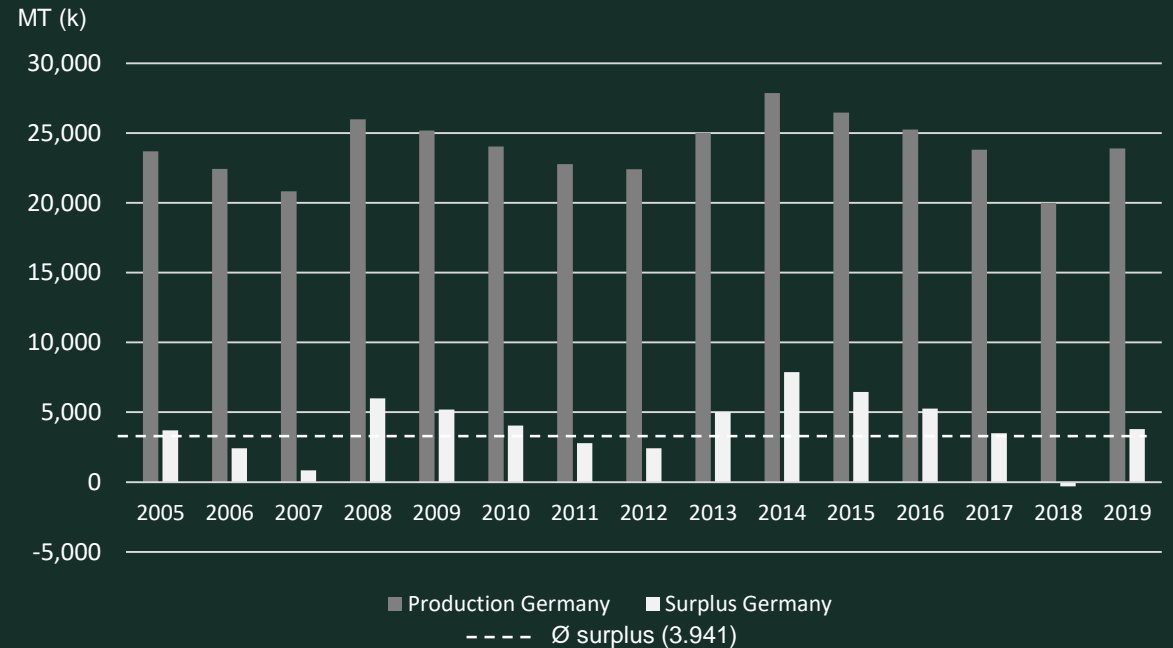
## Baltic Sea Countries



# Wheat Harvest

## Germany

- German wheat crop in 2019 was **23.9 Mmt** vs **20.00 Mmt** a year ago raising exportable surplus to **3.9 Mmt**
- **Record crop** potential was hindered by the heat waves in June & July resulting in a **good average crop**
- **1 Mmt** till date has been traded (600 Kmt shipped) leaving **2.9 Mmt uncommitted**
- Split on export quality:  
 0.4 mmt – 11.5% (North Africa)  
 2.5 Mmt – 12.5% (Saudi Arabia, Southern Africa, Sudan)  
 1.0 Mmt – 13.5%+ (Spain, Turkey, UK, etc)

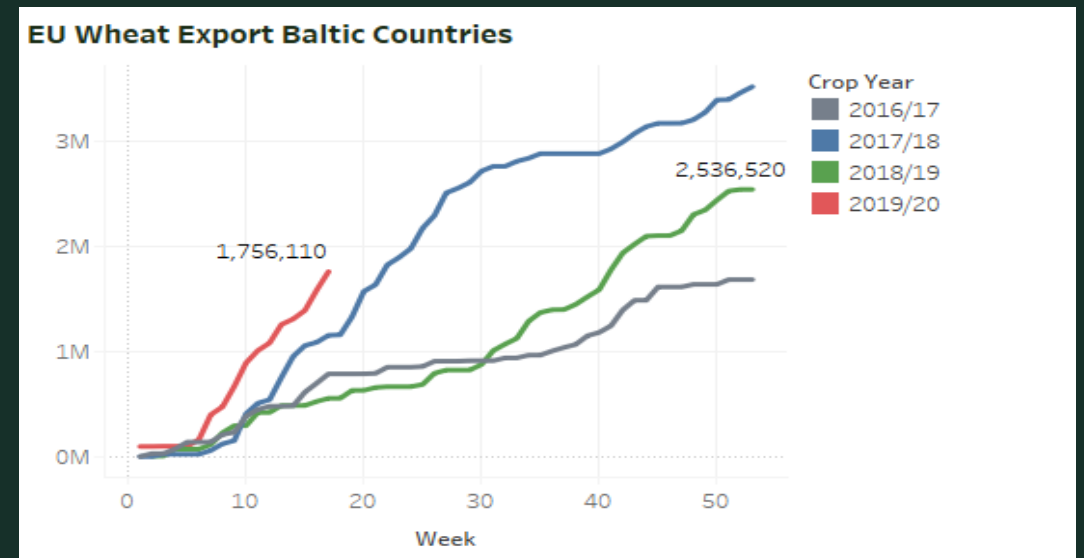
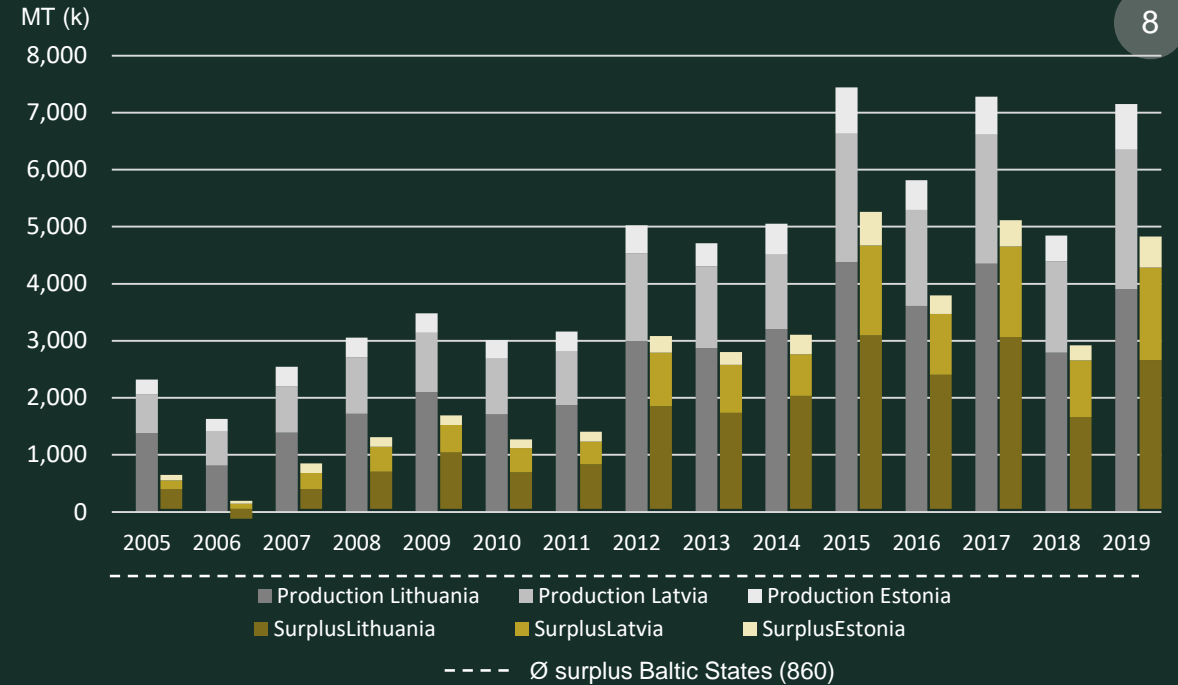


# Exportable Surplus of **3.9** Mmt

# Wheat Harvest

## Baltic States

- The Baltics harvested the **3<sup>rd</sup> best crop** on record – **7.1 Mmt** giving an exportable surplus of **4.8 Mmt**
- Split on export quality:  
2.4 Mmt – 12.5% (Saudi Arabia, Southern Africa, Sudan)  
2.4 Mmt – 13.5%+ (Spain, Turkey, China, etc)
- The Baltic States have seen a **strong demand** for wheat due to **escalating prices in the Black Sea** and have answered to that demand
- As of September '19 **China is open** for Lithuanian milling wheat exports creating additional demand for Lithuanian hi-pro wheat
- Till date the Baltics have shipped 2.4 Mmt of the surplus leaving 2.4 mmt behind (500 Kmt uncommitted)



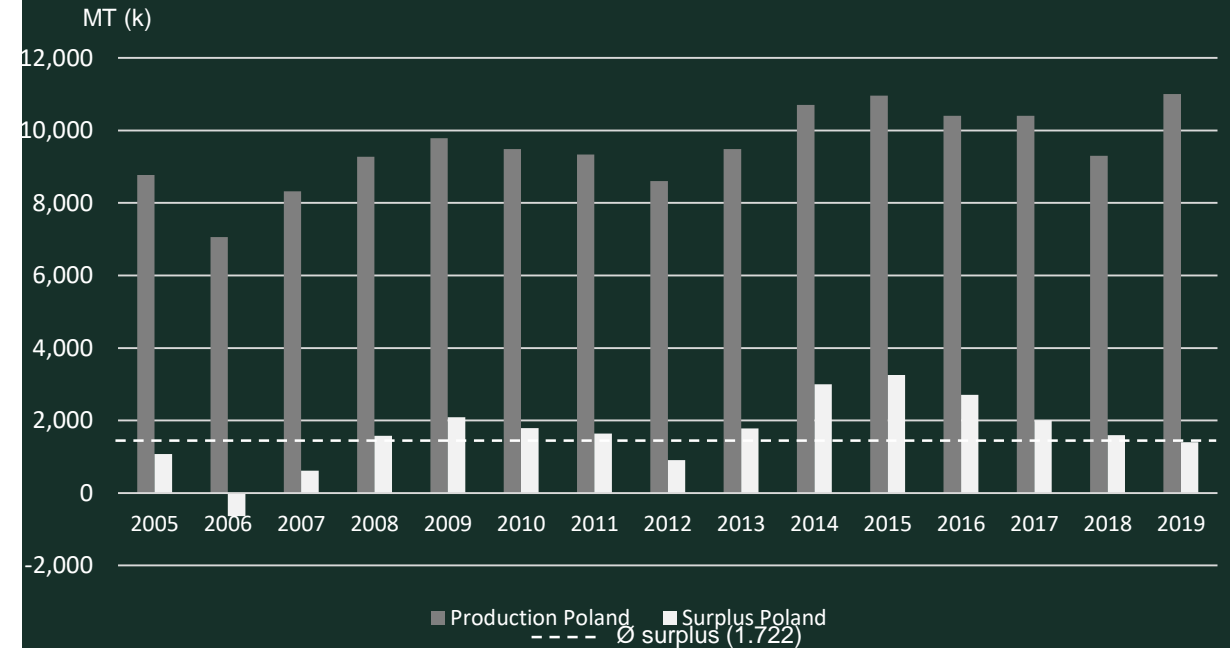
# Wheat Harvest

## Poland

- Polish wheat harvest ended just below 11 Mmt leaving 1.5 Mmt for exports
- Very little has traded and over 1 Mmt is still uncommitted
- Split on export quality:

1.0 Mmt – 12.5% (Saudi Arabia, Southern Africa)

0.5 Mmt – 13.5%+ (Spain, Turkey, UK, etc)



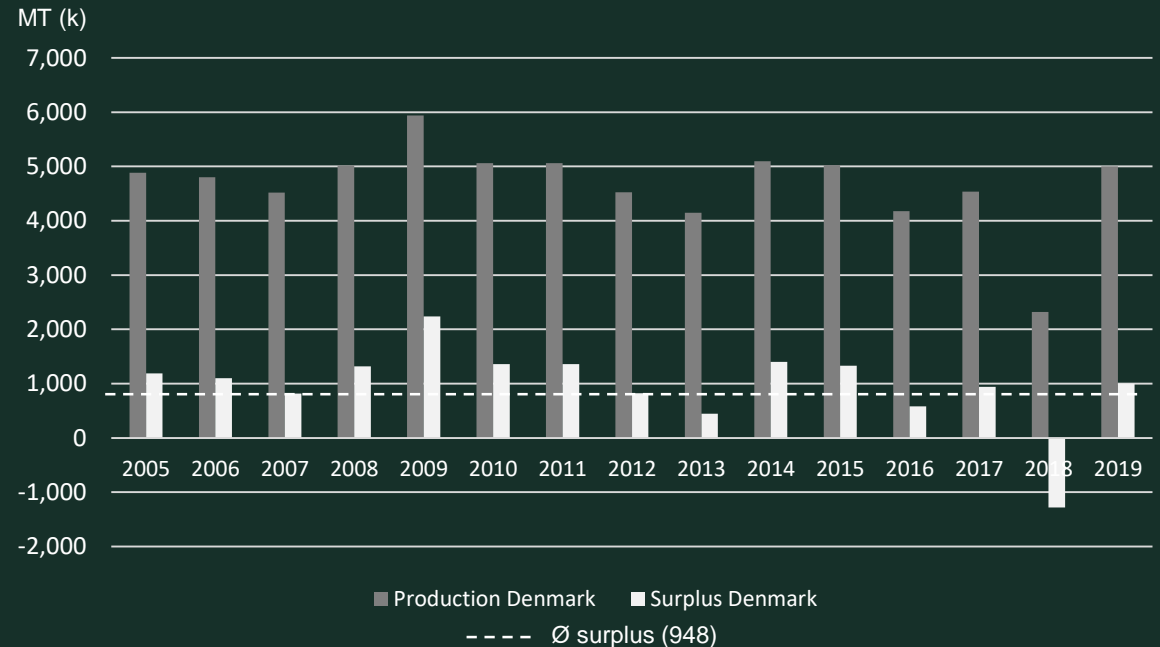
Polish wheat  
harvest totalled  
**11 Mmt**

**1.5 Mmt**  
exportable  
surplus in Poland

# Wheat Harvest

## Denmark

- Danish wheat crop was **5.1 Mmt** vs **2.3 Mmt** last year placing exportable surplus at **1.1 Mmt**
- Danish wheat with with 10% protein has good potential for biscuit and feed production

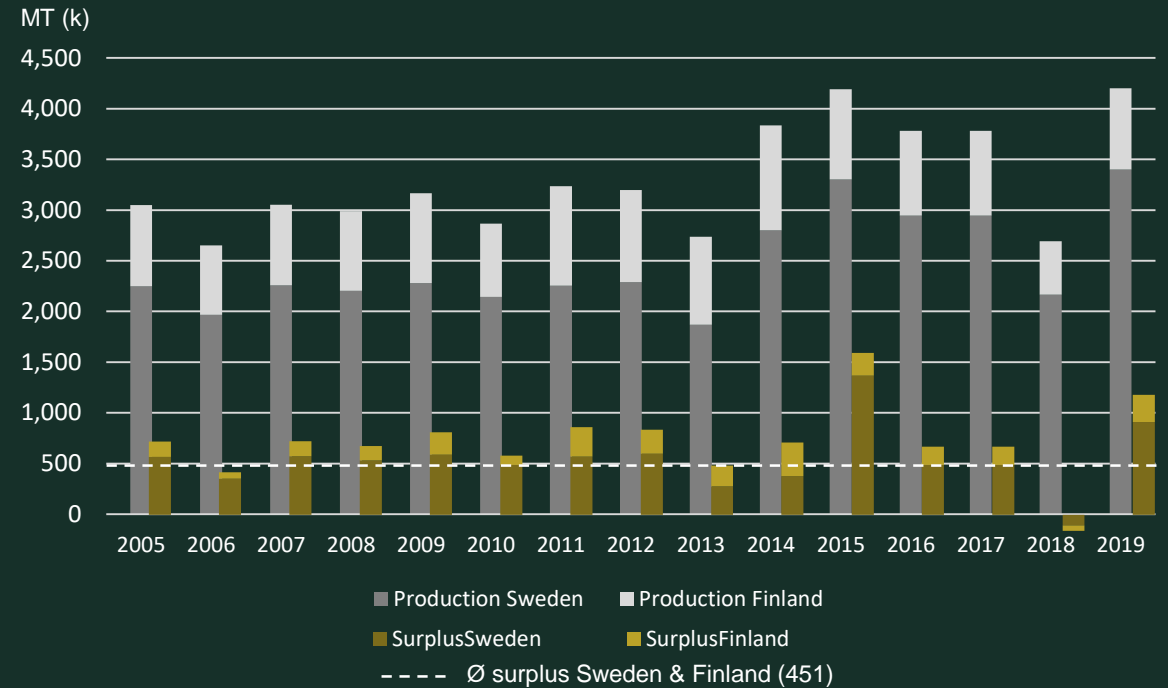


**1.1 Mmt** wheat  
will be exported from  
Denmark this season

# Wheat Harvest

## Sweden & Finland

- Sweden & Finland harvested a record crop of 4.4 Mmt vs 2.7 Mmt last season
- Exportable surplus is 2<sup>nd</sup> highest on record – 1.2 Mmt vs 0.2 Mmt deficit last season
- Split on export quality:  
0.9 Mmt – 11.5% (North Africa)  
0.3 Mmt – 12.5% (Saudi Arabia, Southern Africa)



A record crop of **4.4 Mmt** was harvested this season

# The Black Sea and the Baltic Sea Competition



- No carry-over, slow harvest in Russia, farmer not selling, strong demand and Kazakh draught have all contributed to Black Sea milling wheat prices making new seasonal records almost every day
- This has opened an early door for the Baltic Sea milling wheat to traditional Black Sea destinations
- Due to this the Baltic Sea has been selling at record pace with 4 Mmt already shipped and another 3 Mmt committed for upcoming shipments
- Saudi Arabia opening to Russian wheat has improved the correlation for 12.5% significantly

# Conclusion

- The Baltic Sea countries are back on the export map this season with 13 Mmt quality milling wheat for sale (6 Mmt still available)
- Baltic Sea has seen a record export pace this season due to competitive prices against Black Sea
- With the uncertainties in structuring in Russia and a new political situation in Argentina it is likely that we will see Baltic Sea continue to play role in the market
- China protocol is a game changer for Lithuanian hi-pro wheat offering serious competition to Turkey & Spain in the future
- Saudi opening to the Russian wheat creates a full replacement market between the Black sea and the Baltic Sea 12.5%
- Winter seedings are in near-perfect condition with timely sowings and plenty of moisture in Oct (150% of monthly average)



شكر  
**Thanks!**