

Russia's Grain Stocks Less Than Reported, Traders Say

By [The Moscow Times](#)

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Russia, its harvest ravaged by an extended drought, is holding far less in carry-over stocks of grain from last year than the government is reporting, analysts and traders said Thursday.

The Kremlin and top economic officials have been at pains to reassure the public, which is already feeling the inflationary effects of the drought and is worried about shortages, despite a ban on grain exports that will last at least until the end of the year.

The Agriculture Ministry this week increased its carry-over stocks estimate to 26 million metric tons, from 21.7 million in the latest of a series of conflicting data and statements, which have frustrated traders and markets. The more likely figure is 17 million to 20.5 million tons, traders and analysts said, with a majority of estimates in the 17 million to 18 million range.

"If stocks were 26 million tons at the start of the season, prices would have fallen," said a

Western trader who estimated stocks at 17 million to 18 million.

"I believe that stocks are in fact around 20.5 million tons," said the head of the ProZerno analytical unit of the WJ trading company, Vladimir Petrichenko.

The Institute of Agricultural Market Studies, or IKAR, puts carry-over stocks at 18 million tons, with wheat making up about 12.1 million tons.

"We do not see the 26-odd million tons ... and the market does not see them either," IKAR head Dmitry Rylko told a grains and oilseed conference hosted by the Russian Grain Union and IKAR.

With the harvest set to fall by more than a third from 97 million tons last year, Russia has imposed a grain export ban to ensure stable domestic supplies. It may extend the ban to sunflower seed and crude sun-oil exports.

One analyst, however, cautioned against writing off Russia as an exporter even as others predicted imports of Russia's staple grains, such as rye.

"I see our [2010-11] exportable surplus of 5, 6, maybe 7 million tons," Petrichenko said, based on his harvest forecast of 65.1 million tons and carry-over stocks of 20.5 million.

Deputy Agriculture Minister Sergei Korolyov told the conference that the harvest would be about 60 million tons, near the bottom of the official 60 million to 65 million range of forecasts.

"If prices rise after the new year, the government will be an active participant and will damp them down by selling intervention stocks," he said.

"On feed grain, it has been decided that it will be sold to regions that suffered in the drought at 2008 purchase prices. A decision on feed grains will be taken shortly."

He reiterated that the export ban is likely to remain in force until the 2011 harvest begins. Winter sowing is under way, and despite inadequate rain, he said Russia could probably avoid the worst-case scenario of 12 million hectares of sown area.

"It will be 16 million to 17 million hectares," he said.

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