



Turkish Flour Industrialists Federation Congress & Exhibition

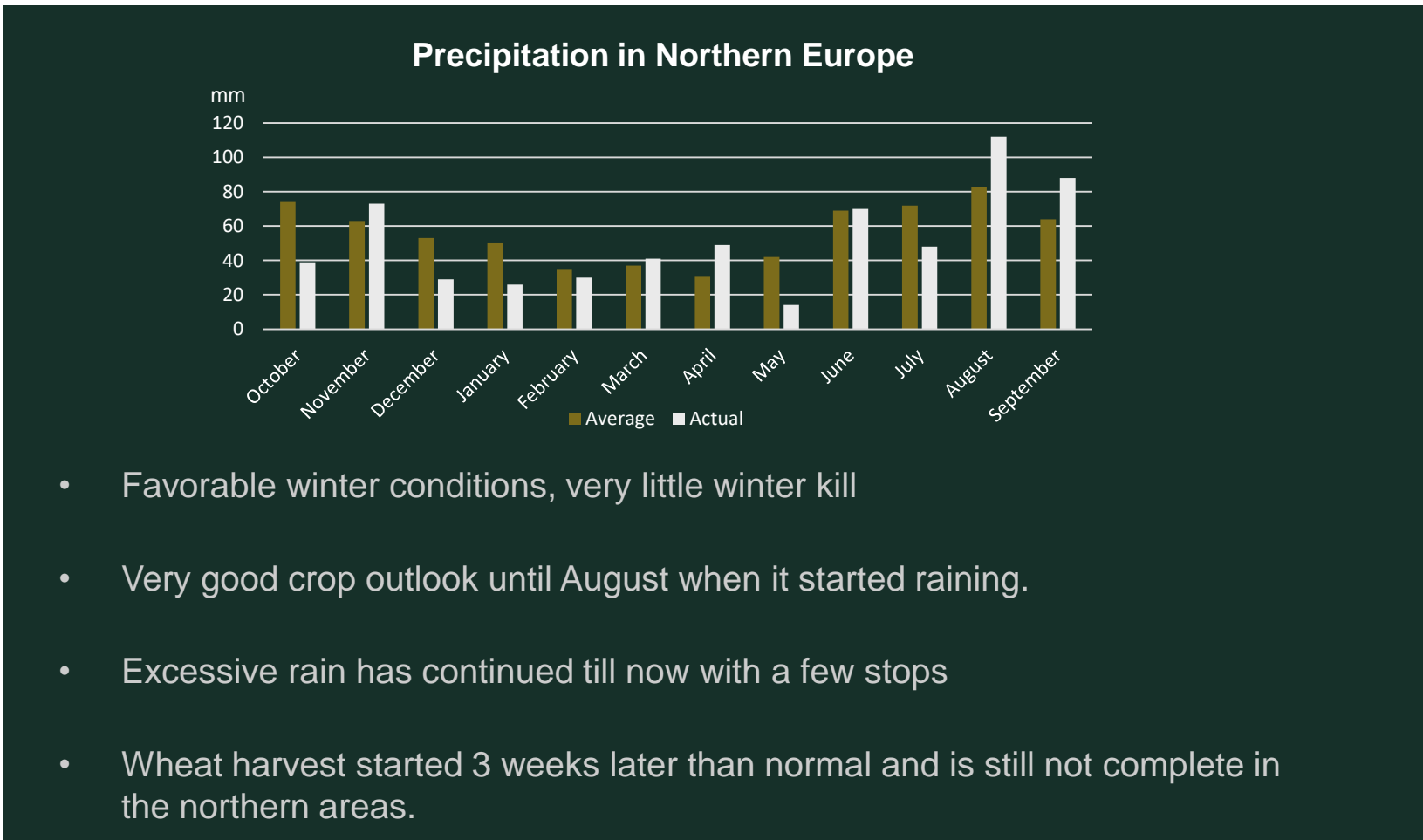
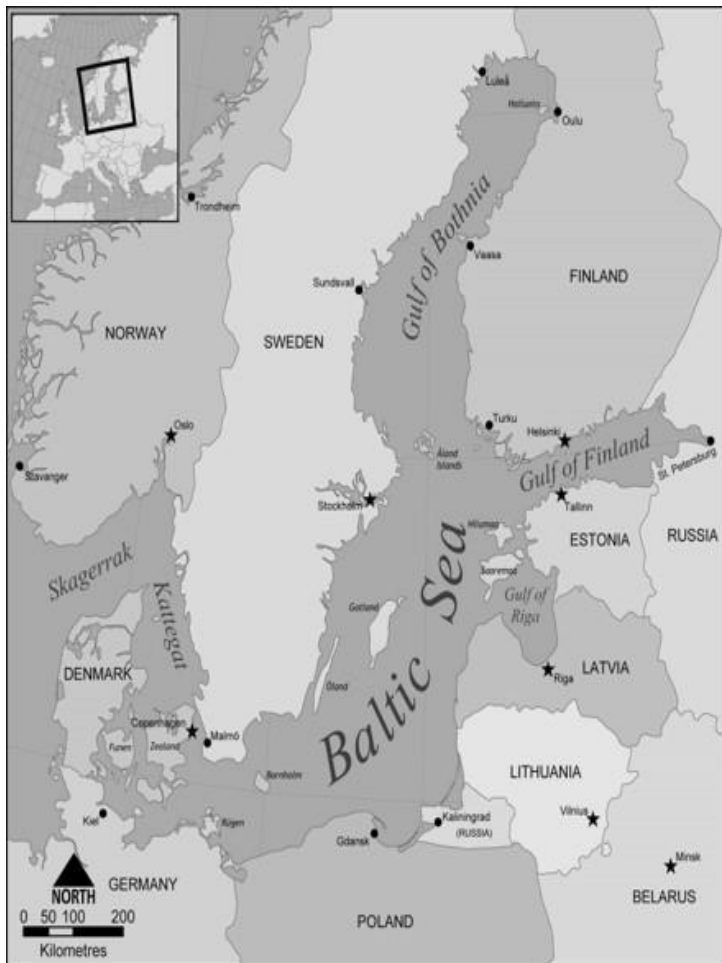
Indrek Aigro, Copenhagen Merchants

10 March, 2018

Overview - Another difficult year for the harvest.

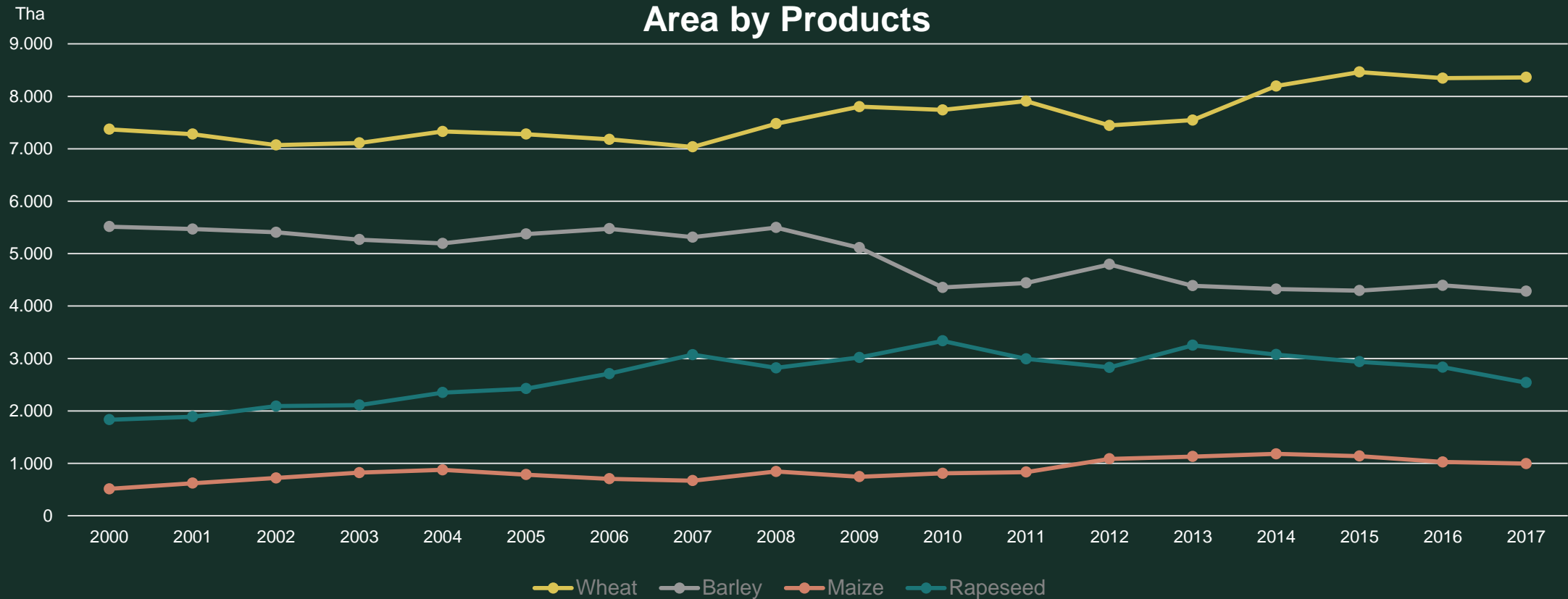
- **Growing season 2016/2017** - Good summer but excessive rainfall during harvest
- **Planted areas** - Barley decreasing, wheat increasing
- **Wheat harvest by country** - Baltic States took the leading role for the first time
- **Quality** - a mixed bag
- **Exports** - Less quality wheat and a strong demand

2016/2017 Growing Season Overview



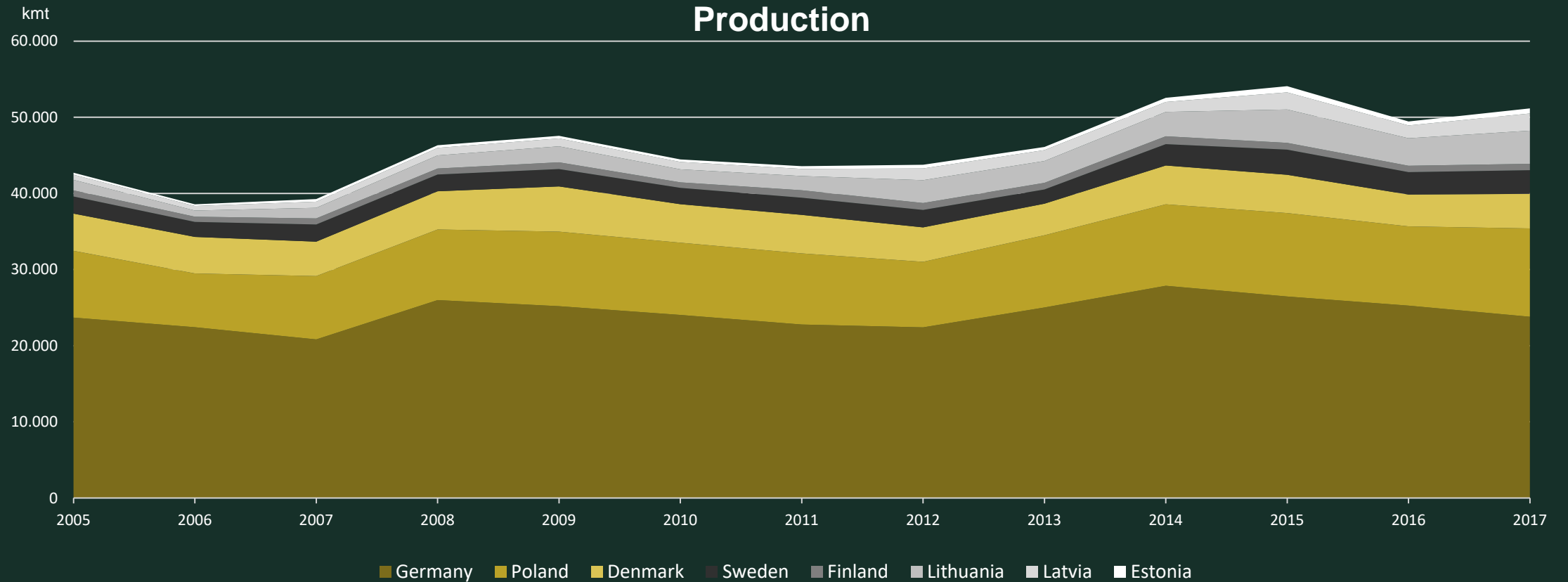
Sowing Areas of Main Products

Baltic Sea Countries



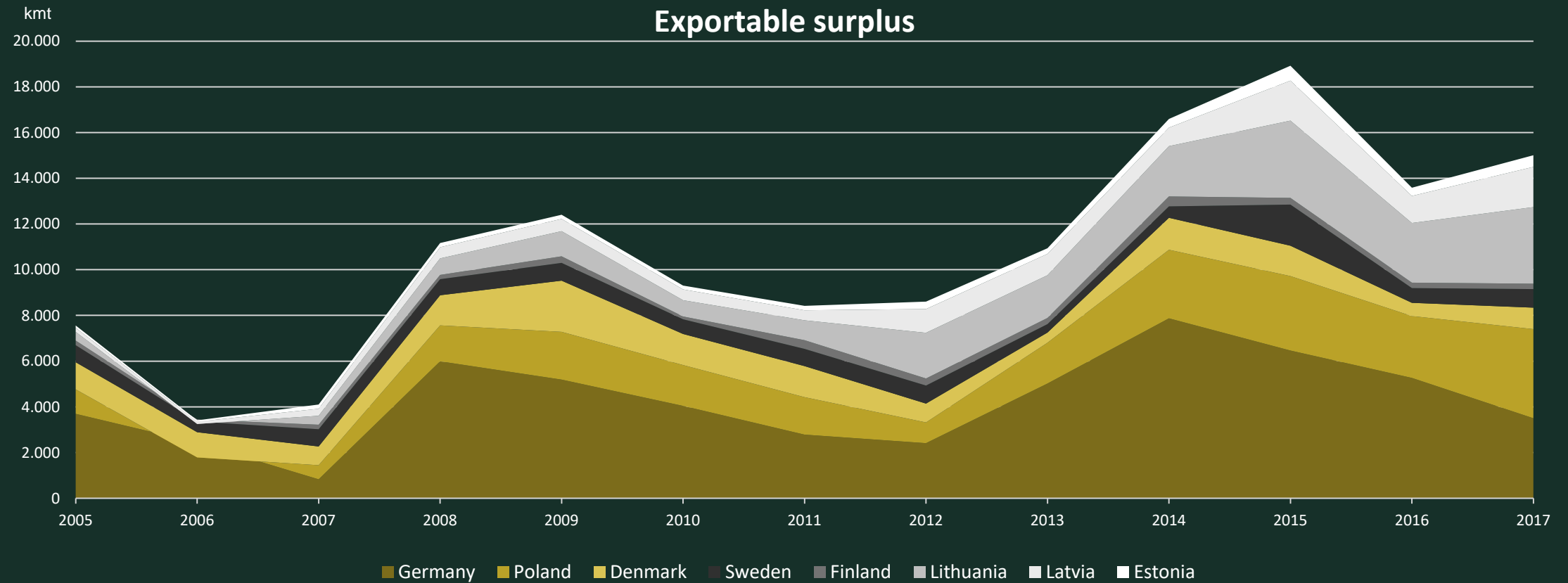
Wheat Harvest

Baltic Sea Countries



Wheat Exportable Surplus

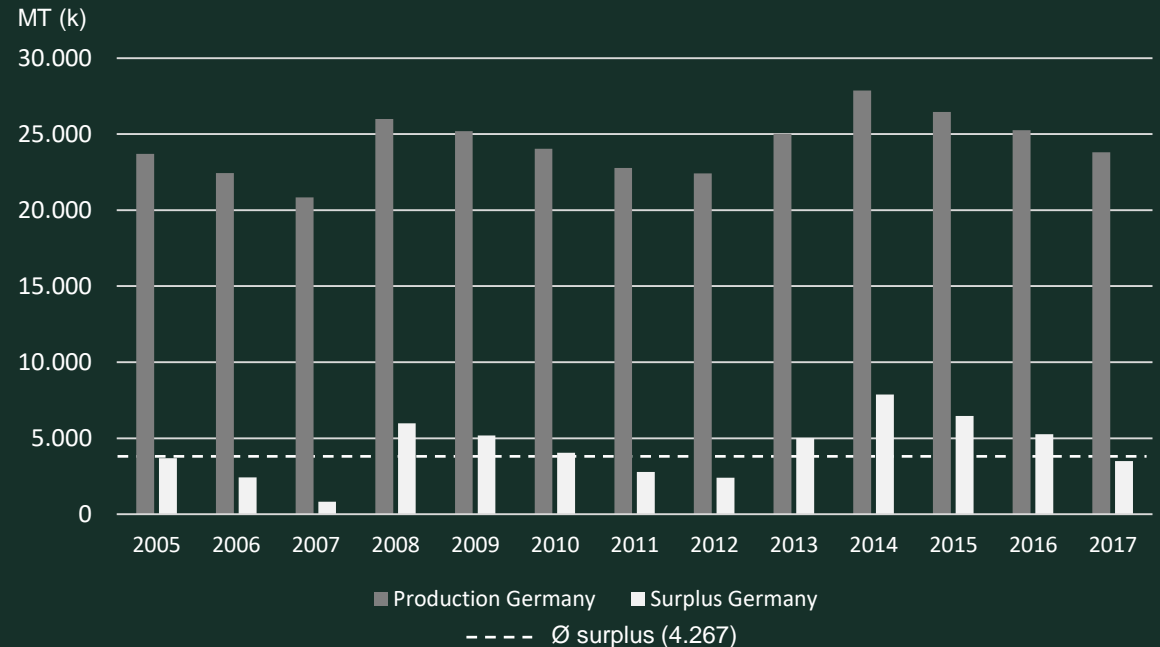
Baltic Sea Countries



Wheat Harvest

Germany

- German wheat crop in **2017** was **23.8 Mmt tn** vs **25.2 mio tn** in **2016**.
- German harvest was hit strongly by rains affecting hagberg and test weight
- As a result Germany has withdrawn this season as **a main exporter of quality milling wheat** in the Baltic Sea
- Split on export quality:
2.2 Mmt – 12.5% (Saudi Arabia, Southern Africa)
0.8 Mmt – 13.5%+ (Spain, Turkey, UK, etc)

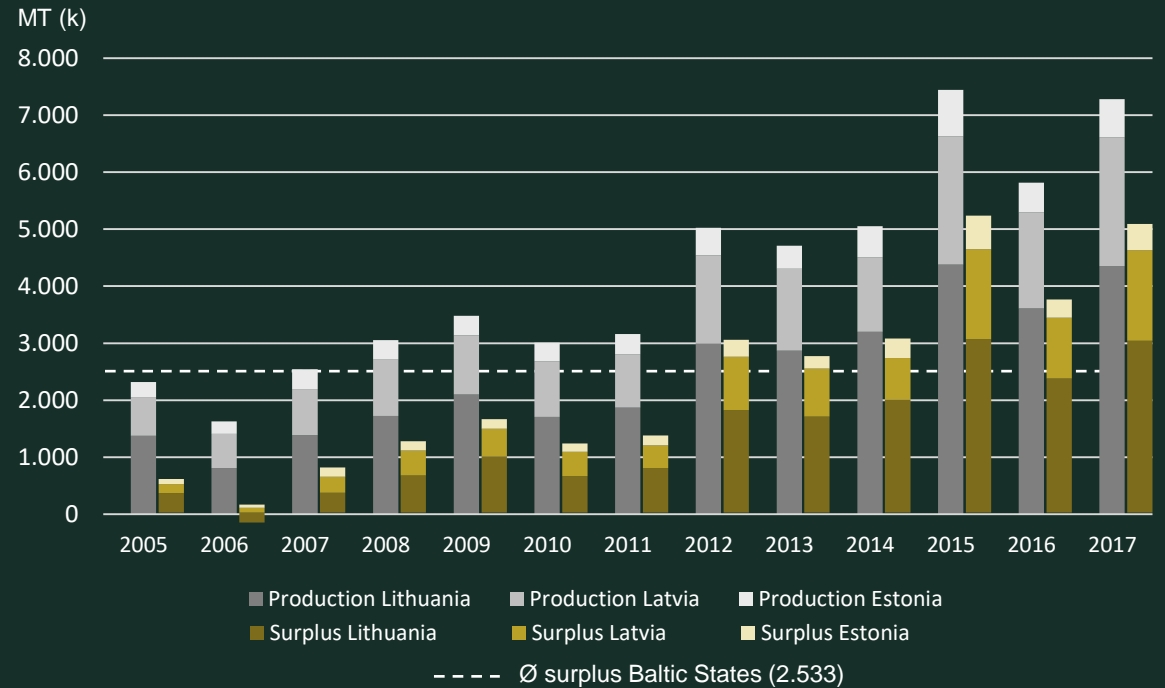


ca **3.5 mio mt.**
Exportable surplus
of wheat

Wheat Harvest

Baltic States

- The Baltic record harvest **outlook got a strong hit by rains** which started in August and are continuing till today
- We estimate the **crop size to be 7.2 Mmt vs 6 Mmt** one year ago
Exportable **surplus is up to 5.6 Mmt** from **4.3 Mmt** last season
- Split on export quality:
0.8 Mmt – feed wheat (EU destinations)
0.5 Mmt – 11% (Algeria)
2.5 Mmt – 12.5% (Saudi Arabia, Southern Africa)
1.8 Mmt – 13.5%+ (Spain, Turkey, UK, etc)
- Harvest in the northern parts still to be completed
- Winter sowings are only 70% of last year.

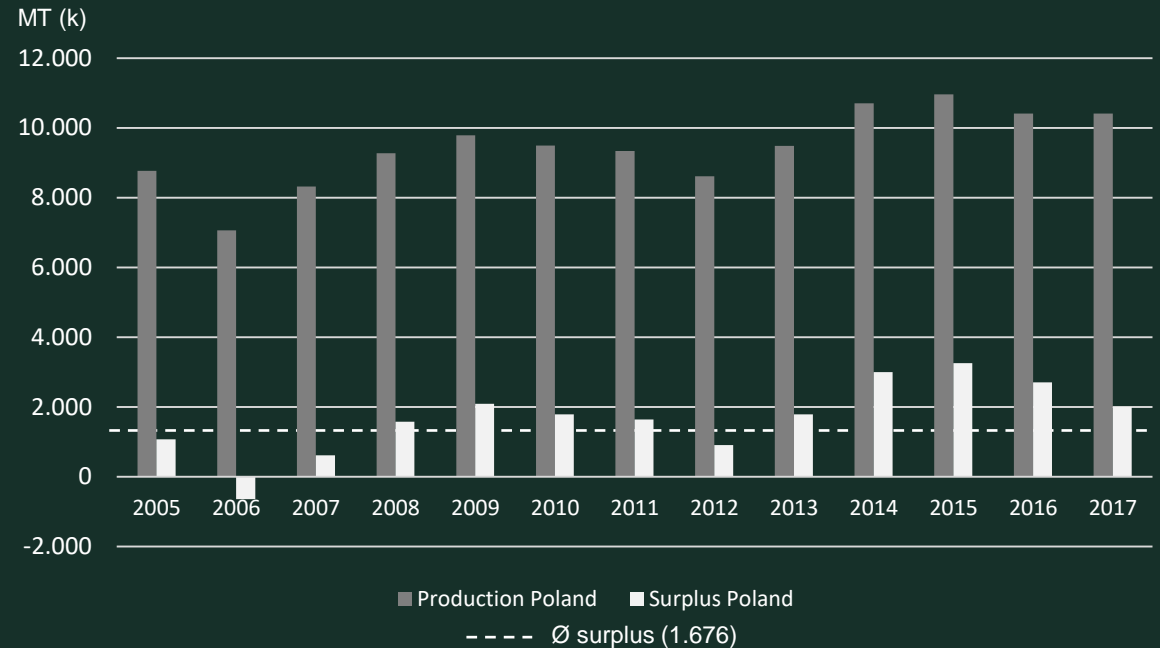


About **25%** of the harvest is feed quality. **5%** of the wheat harvest is still not completed

Wheat Harvest

Poland

- Polish harvest conditions were mixed – precipitation problems in the west and better harvesting conditions in the east.
- Split on export quality:
General split : 70% milling and 30% feed wheat
1.0 Mmt – 12.5% (Saudi Arabia, Southern Africa)
0.5 Mmt – 13.5%+ (Spain, Turkey, UK, etc)



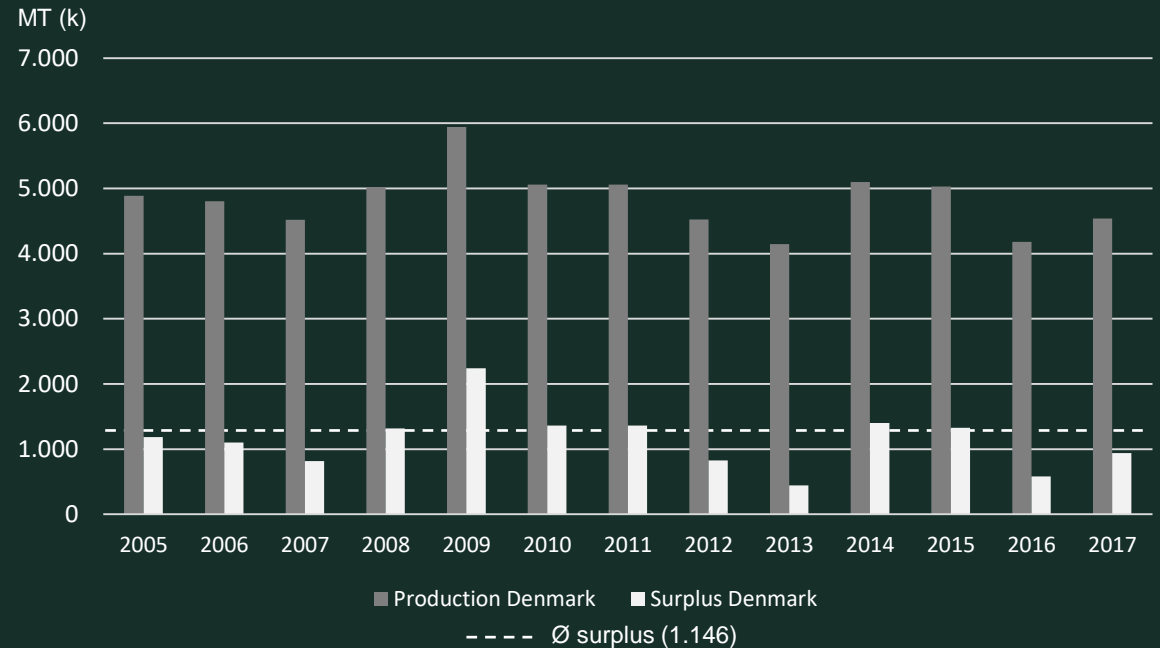
11.6 Mmt
Despite difficult
harvest Poland
harvested record
wheat crop

1.5 Mmt
exportable
surplus in Poland

Wheat Harvest

Denmark

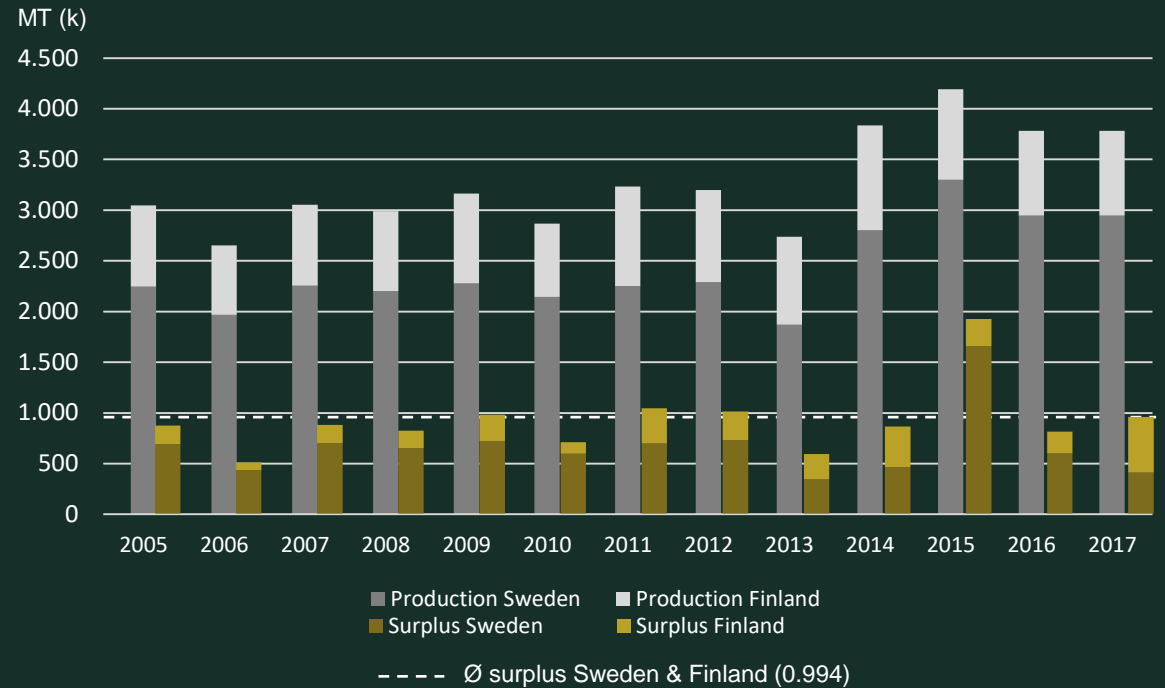
- Danish wheat crop was **4.6 Mmt** vs **4.2 Mmt** last year.
- Split on export quality:
0.3 Mmt – Biscuit wheat (10.5% protein)
0.7 Mmt – Feed wheat (Spain, Ireland, ARAG)
- Due to complicated weather conditions **up to 100K** ha or **winter wheat will be planted less** than last year.



1 mio mt
Exportable surplus

Wheat Harvest Sweden & Finland

- Swedish/Finnish harvest totalled **4 Mmt** vs **3.75 Mmt** last year.
- Split on export quality:
0,4 Mmt – Feed Wheat (EU)
0.6 Mmt – 11% (Algeria)
- **Wheat harvest still to be completed** in central – northern areas



Due to bad weather winter sowings are **25%** down from last year

Exportable surplus **1 Mmt** vs **0.7 Mmt** last year.

Russian Wheat Through the Baltic Sea



- Baltic ports calculate best for Central Russian grain exports (harvest 20 Mmt, surplus 8 Mmt)
- Strong pressure for Baltic throughput capacity
- Wheat quality in Central Russia better than in the South (bug damage, test weight, protein)
- Main destinations EU, Africa, South America
- Challenges on railway, elevation capacity
- Total Russian flow size this season to be ca 3Mmt through the Baltics

Outlook 18/19

- Winter sowing was not completed due to very late harvest and wet conditions Sept – Nov
- Winter grain conditions currently good despite very cold temperatures
- Expect ca 10% increase in barley area and 10% in spring wheat area
- Baltic Sea countries are expecting normal to good harvest size with higher supply of barley and 14% protein wheat.
- Also expected higher risk on harvest weather due to upcoming later harvest.

Conclusion

- Due to cool summer, **harvest** in Northern Europe **started 3-4 weeks later** than normal
- **Quality is very mixed** with high variations on hagberg, test weights and protein.
- All in all Northern Europe **harvested 2nd largest crop** on record
- **Due to bumper crop** in Russia there will be **record amount of shipment** through the Baltic Sea ports.
- Seems that **due to less milling quality**, Baltic Sea origin will **not** be competing this season **to main Black Sea destinations**.
- Farmers slow on deliveries, more than half of the business remains to be done.



Thanks!