



IAOM Eurasia - Istanbul

Indrek Aigro, Copenhagen Merchants

31 August, 2023

Overview – Late Disappointment in Crop Size

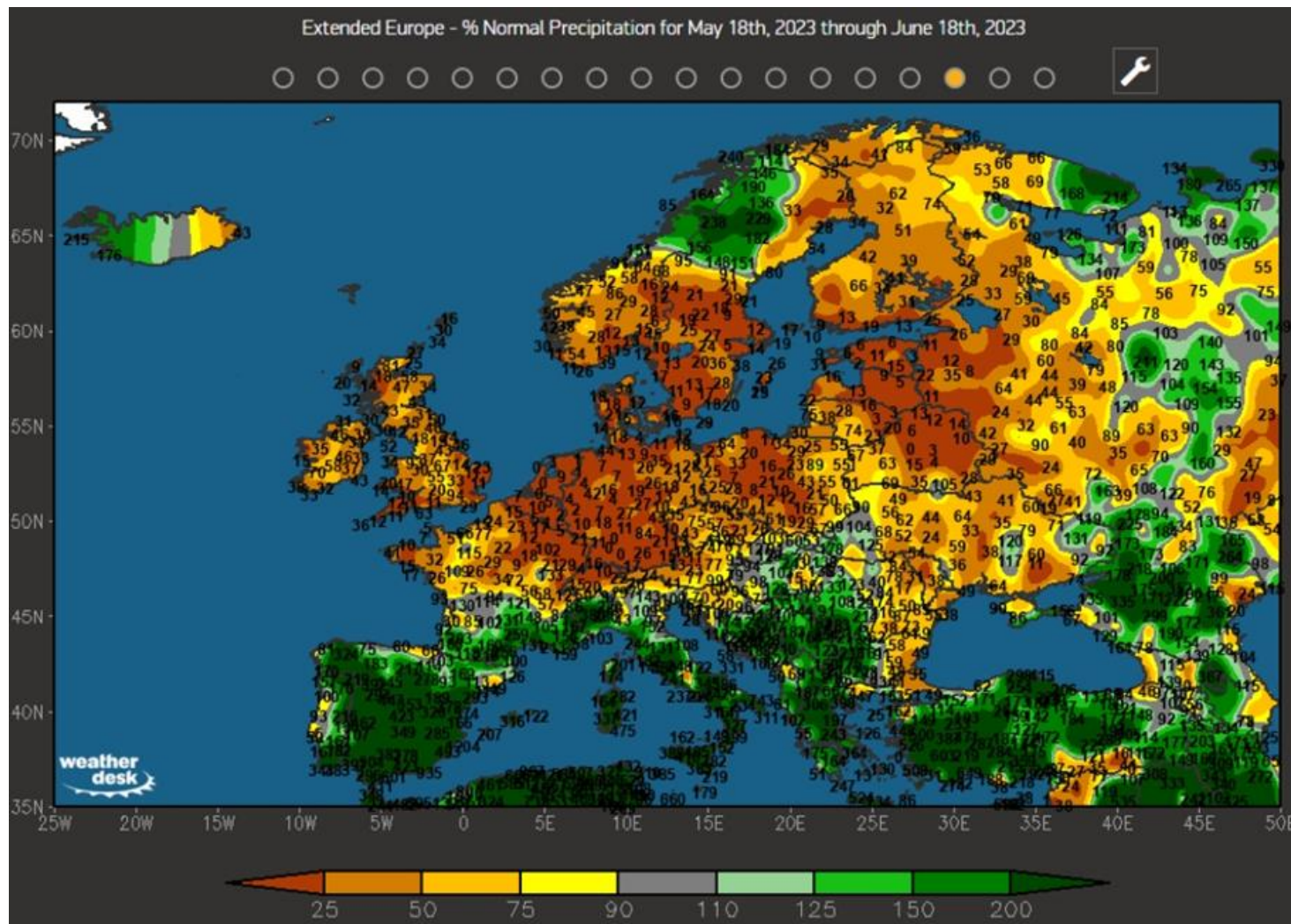
- **Growing season 2023/2024** – from too dry to too wet
- **Planted areas** – Planted Areas Stable on a High Level
- **Wheat harvest by country** – 10% Crop Loss Due to Draught
- **Quality** – Serious Quality Problems due to Rainy Harvest
- **Exports** – Exportable surplus down by >20%

2023/2024 Growing Season Overview

Germany and northern Europe experienced exceptional dryness from mid-May to mid-June.

The drought significantly reduced the yield potential.

Conditions in early spring were exceptional, and if not this period of drought, we were heading to a record crop in the region.



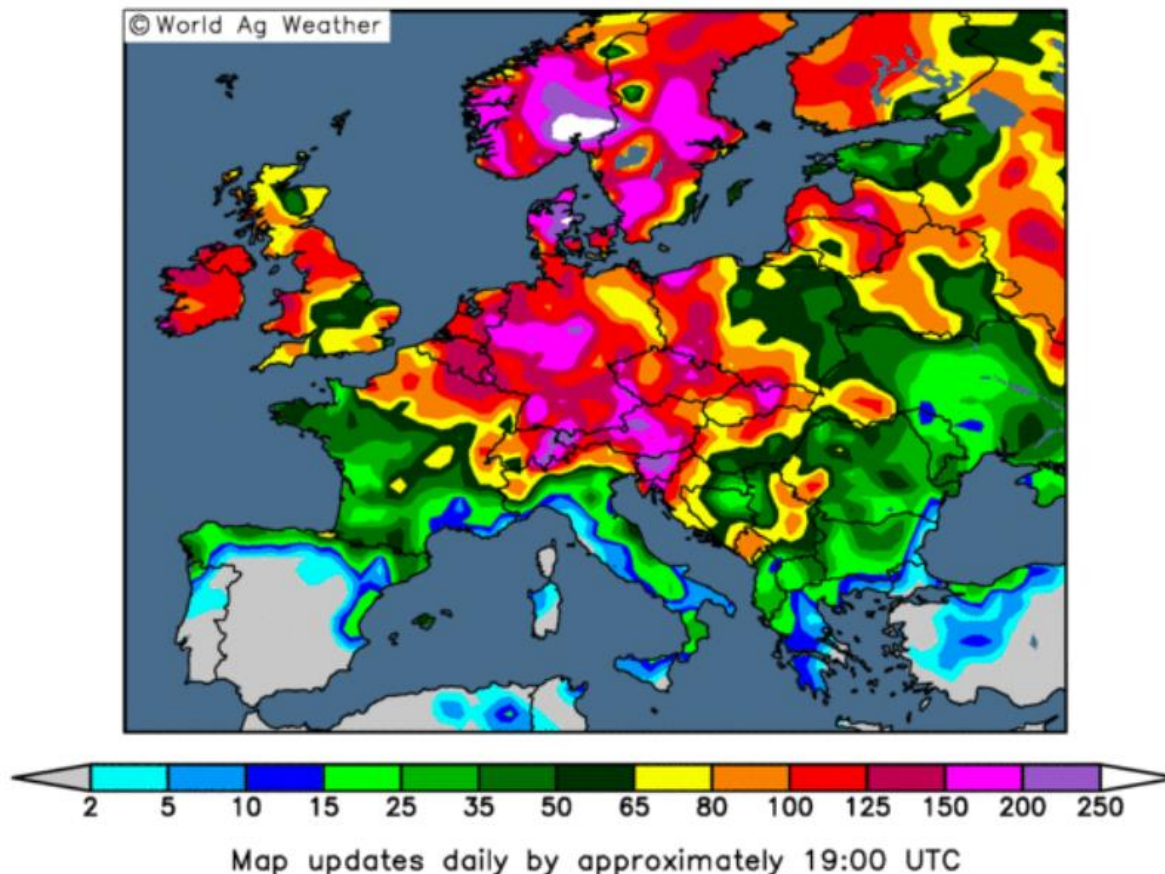
2023/2024 Growing Season Overview

The end of the growing season was far from ideal

In August, excessive rains hindered harvest operations, especially in Germany.

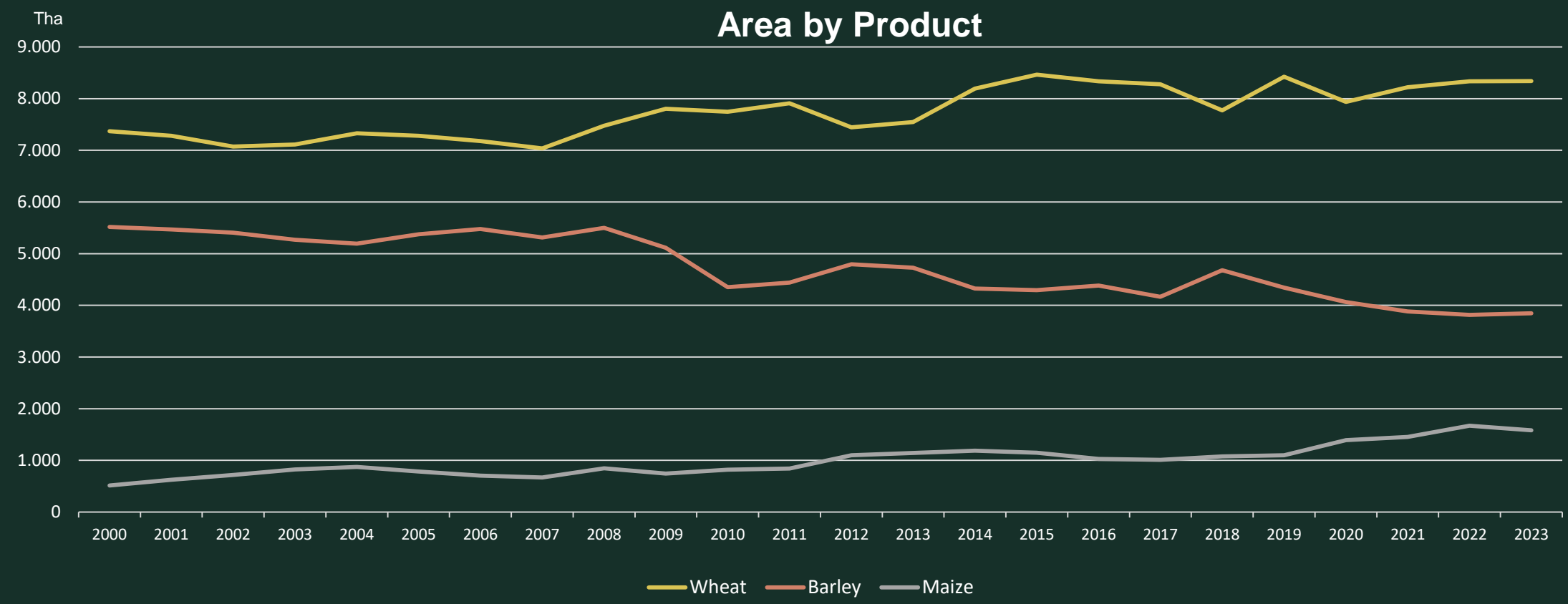
Rains during this phase of the season rarely pass without causing harm to crop quality.

30-day Precipitation Analysis
Observed precipitation (mm) through 27 Aug 2023



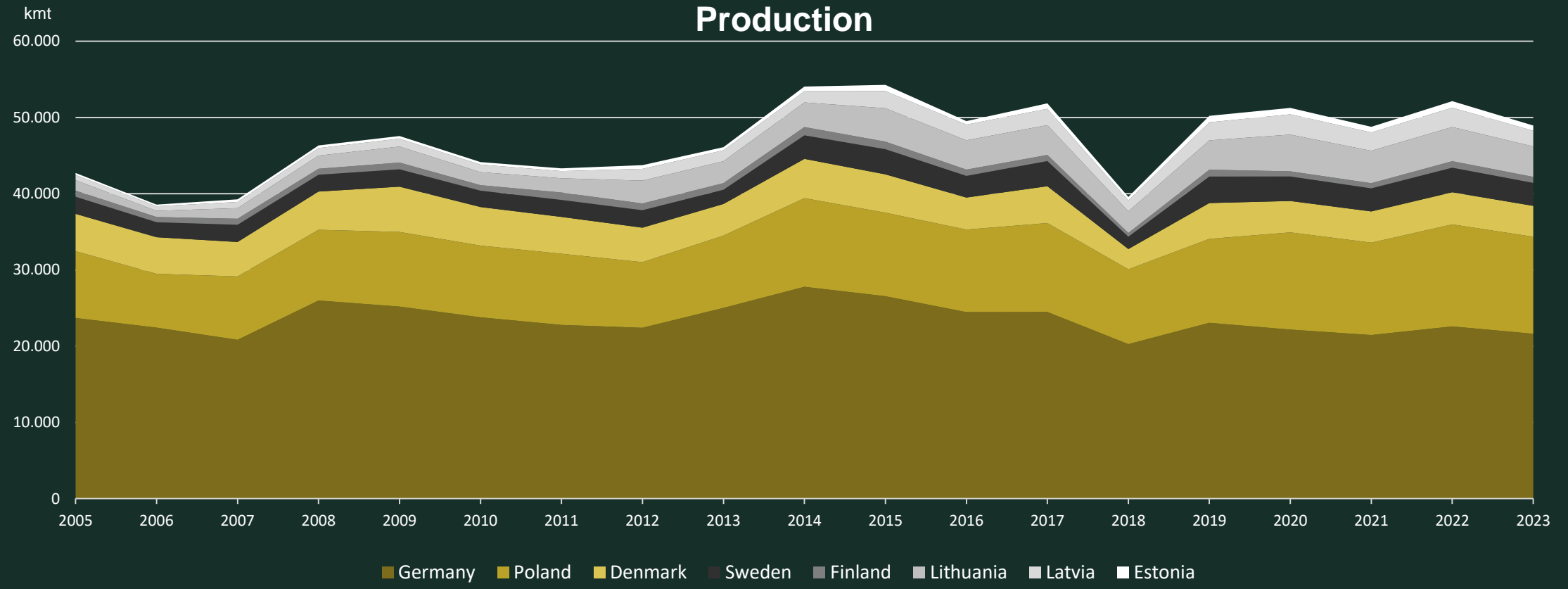
Sowing Areas of Main Products

Baltic Sea Countries



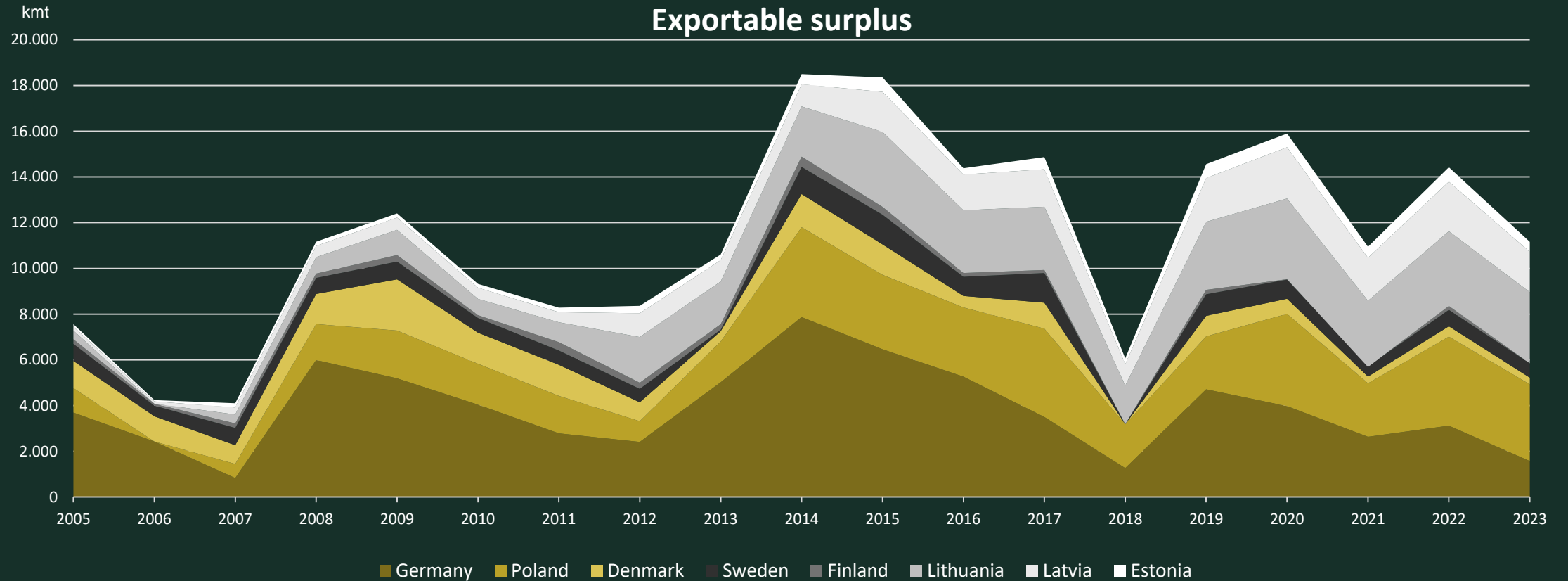
Wheat Harvest

Baltic Sea Countries



Wheat Exportable Surplus

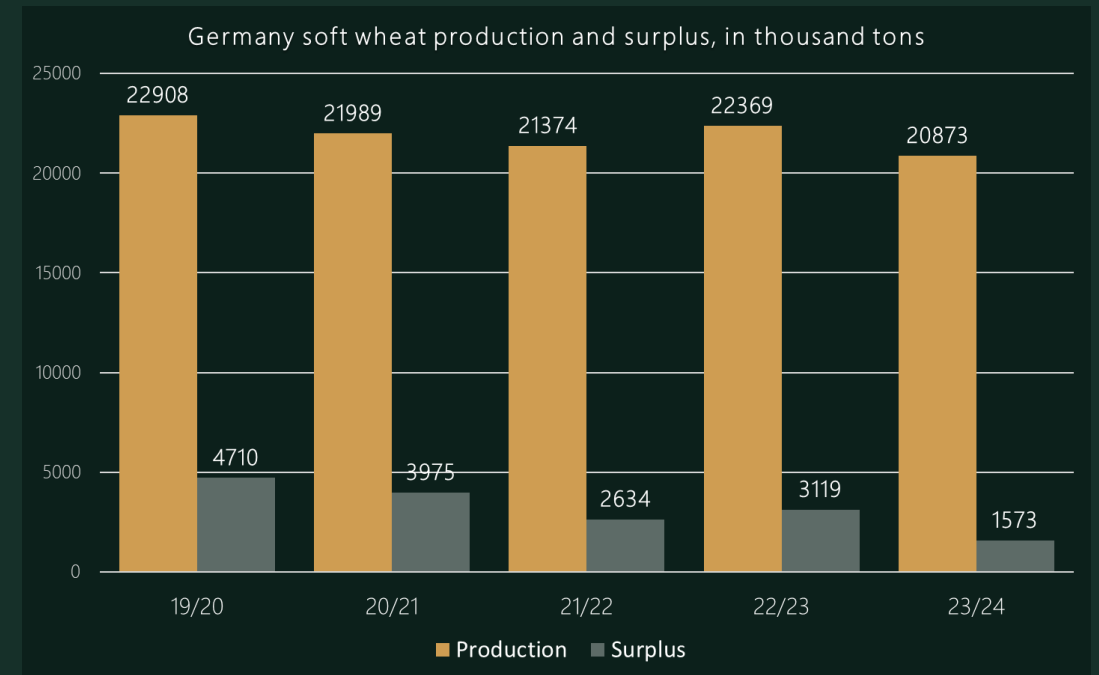
Baltic Sea Countries



Wheat Harvest

Germany

- German soft wheat crop in **2023** was **20.8 Mmt tn** vs **22.4 mio tn** in **2022**.
- Winter wheat protein content will fall to 11.7% on average from 11.9% last year.
- Main export destinations: Morocco, Iran, Saudi Arabia
- Talks about over 25% of the crop being feed quality

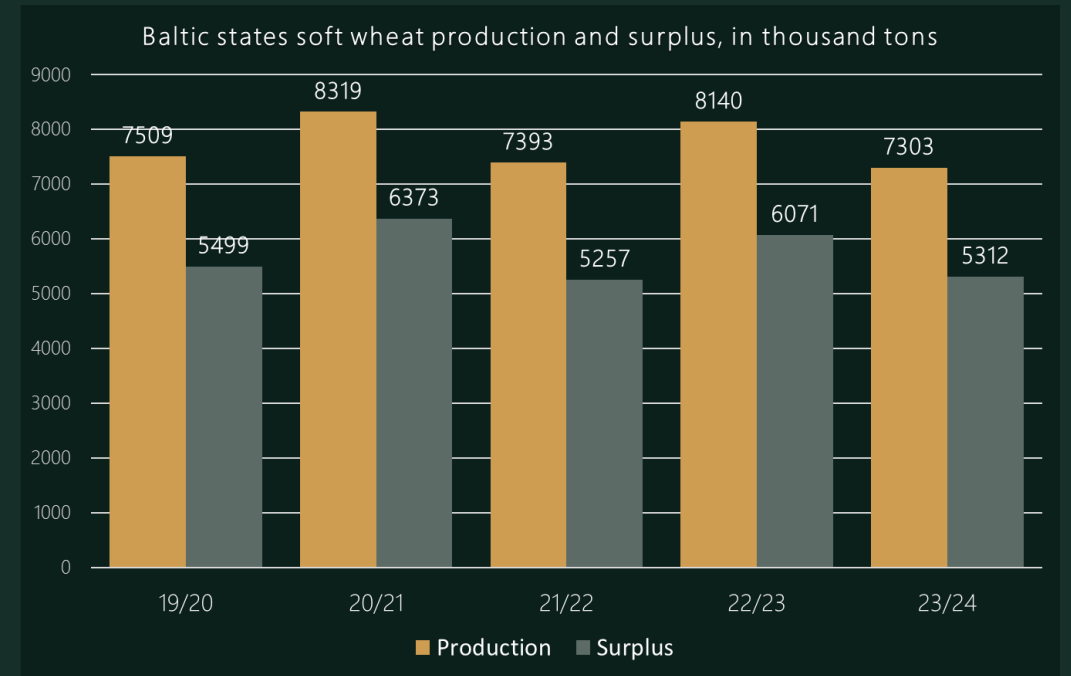


Average protein at
11.7%, below last
year's levels

Wheat Harvest

Baltic States

- A very promising start of the crop was ruined by hot and dry weather in May/June
- Though not as bad as feared, the production will be below last year's levels.
- Share of 11.5 pro wheat will be higher than last year
- Main destinations: Nigeria, SAR, South-East Africa, Spain
- Farmers are significantly behind last year on their sales curve.



----- Ø surplus Baltic States (860)

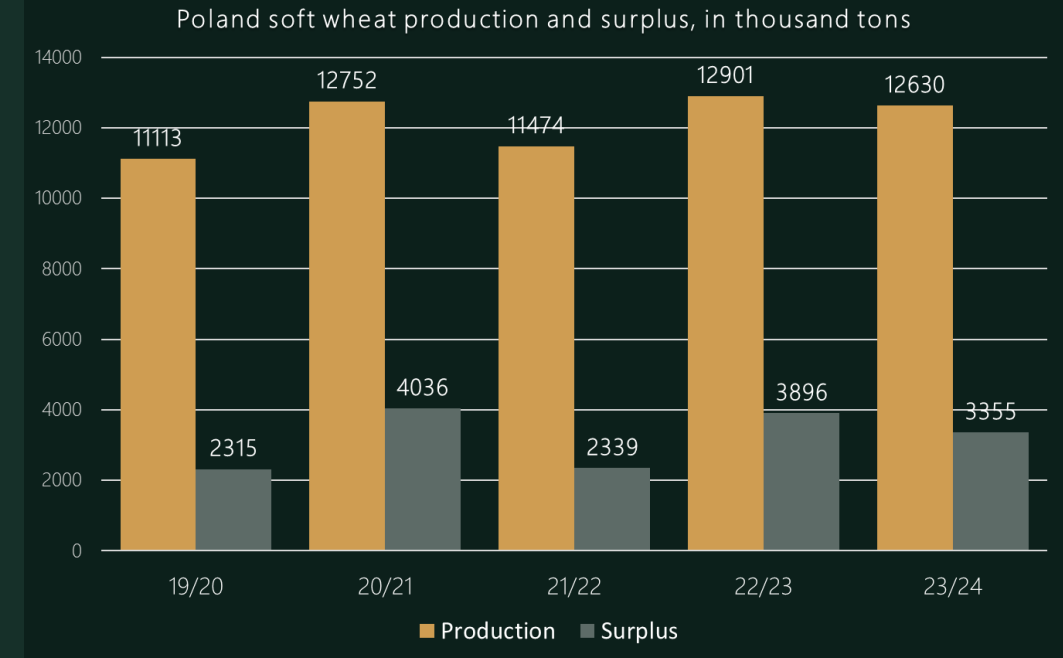
Baltics produced 1mmt
more **feed wheat**

Only **6%** of
the surplus is
shipped

Wheat Harvest

Poland

- Damage to crops was a bit milder than in the Baltics
- Big logistical pressure on Polish ports with the competition from Ukraine
- Due to low farmer selling it is hard to evaluate the ratio of feed wheat but it could be up to 20% of the crop
- Exportable surplus is slightly down from last year, but it is still a top 5 year for Poland.



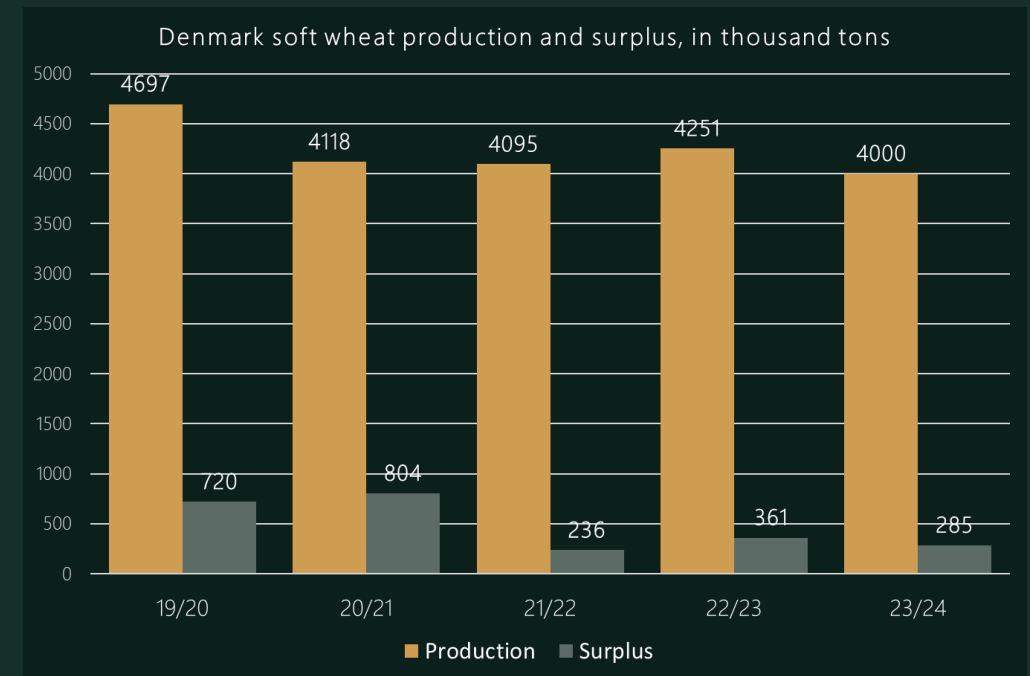
Polish wheat
harvest totalled
12.6 Mmt

3.3 Mmt
exportable
surplus in Poland

Wheat Harvest

Denmark

- Danish wheat crop was **4.0 Mmt** vs **4.25 Mmt** last year – still one of the lowest crops in 15 years
- Danish protein levels are up 1% exceeding 10.5% but still not enough for the North African destinations
- Main destinations: Ireland, Spain for feed consumption

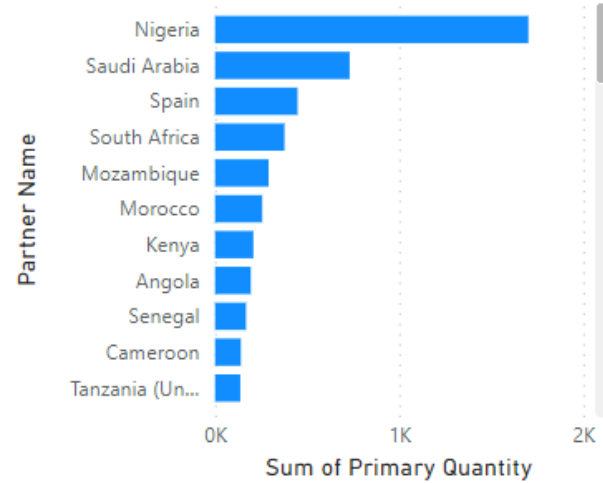


----- Ø surplus (948)

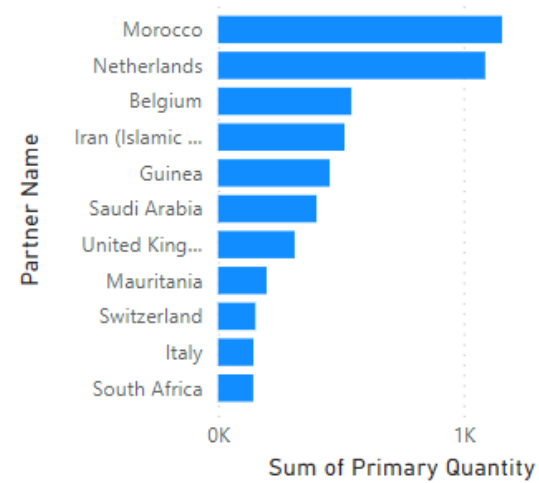
Record protein levels but not enough for main milling wheat markets

2022/2023 Export Markets

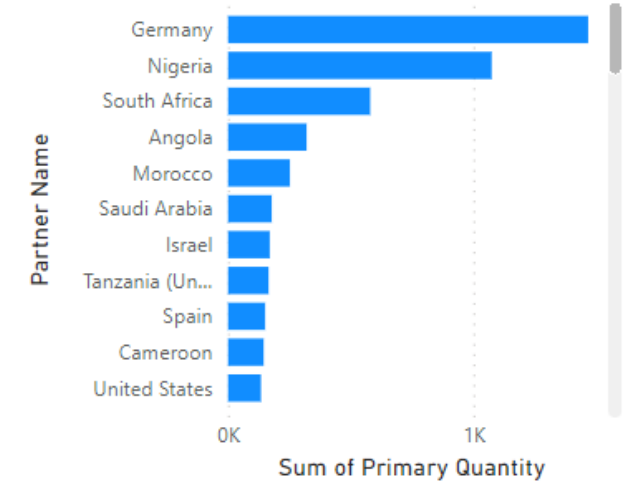
Baltic states export in 2022/23



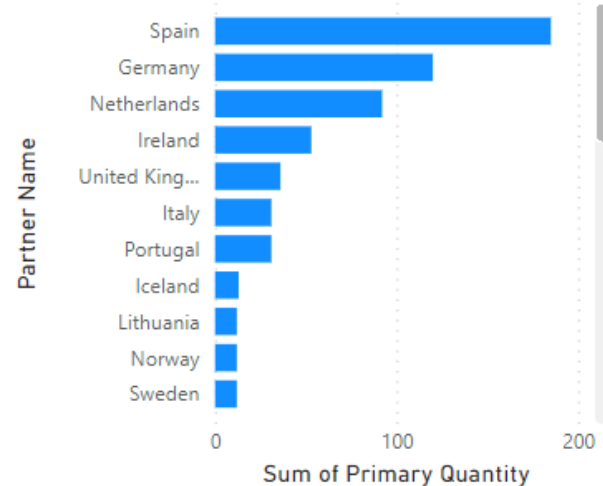
Germany export in 2022/23



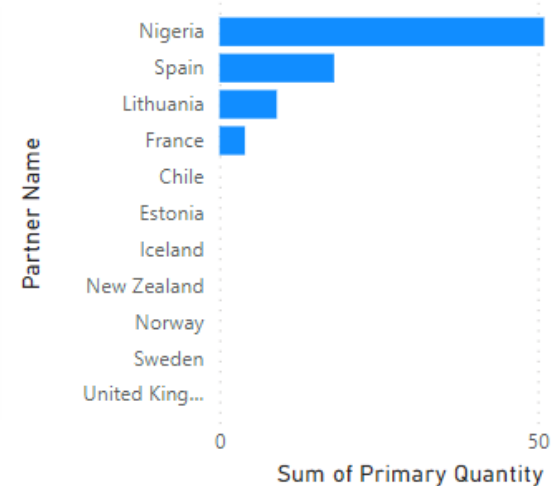
Poland export in 2022/23



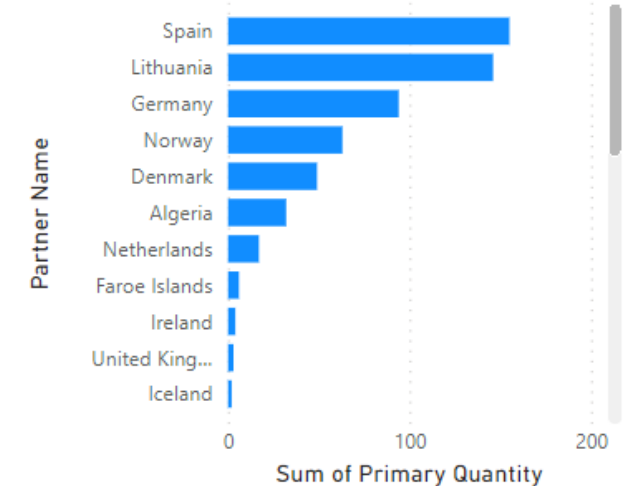
Denmark export in 2022/23



Finland export in 2022/23

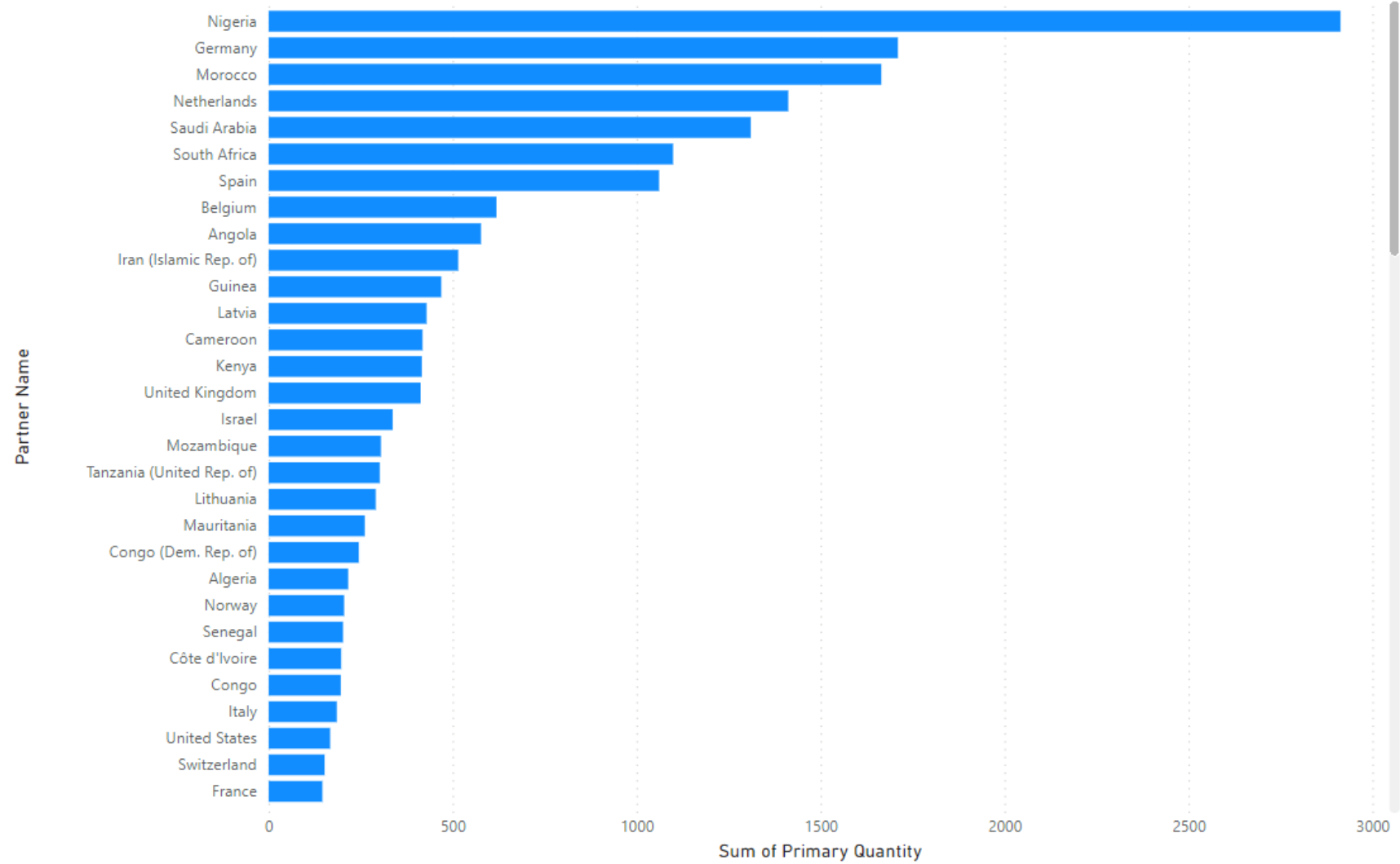


Sweden export in 2022/23



2022/2023 Export Markets

Combined export in 2022/23



Exchange rates – headache for EU traders

Compared to where we started 22/23 season, purchasing power of our main destinations has declined significantly.

Nigerian Naira is down by more than 46% against dollar.

Meanwhile EUR is up against USD, making things even worse.





A Tectonic Shift

- Baltic wheat has taken the market from the US in Nigeria, second most important destination being SAR
- German and Polish wheats works well as a replacement for French wheat in Algeria
- As Polish wheat struggles to find love in Sub-Saharan Africa and complicated phyto issues it is selling mainly to Saudi Arabia with a significant discount to Latvian/Lithuanian origins
- German wheat the only one in the Baltic Sea able to go to Iran, trading with a strong premium
- Black Sea 12.5% is competing strongly in Saudi and gaining market share – is Algeria next?

Conclusion

- Another year of sudden and unexpected weather issues reducing a high-potential crop by 10%, exports down by 20%
- Big challenges with falling numbers giving much more feed quality – especially in Germany
- Very slow sales curve, significantly behind last year, triggered by the passive farmer
- If Russia is committed to regulating export prices, sales to Saudi Arabia might eventually shift to Baltic markets again.
- The lower overall quality will keep premiums for high-protein wheat elevated.
- Farmers struggling on current grain prices – how will this affect their sowing pattern for crop 24?



Teşekkürler!
Thanks!