

Agriculture and Pulses Trade in the Black Sea Region

Russia / Ukraine Conflict

- **Ukraine**

- **Massive human & economic toll**
- **Unification of US / Europe and NATO**

- **Russia**

- **At risk of becoming a failed state**
- **Uncontrolled borders, a fleeing population (600k best & brightest are gone)**
- **Private militia - Wagner**

Invasion of Ukraine

The end game

- **Ukraine wants its territory returned & understands frozen conflicts never end.**
- **Russia cannot win & is playing for a draw**
- **A draw avoids admission of defeat for home crowd and the inevitable payment of reparations**
- **Any negotiated peace will be complicated and take time.**

Effect on Pulses Flow

- **Sanctions - actual and self**
 - **Market access – feed buyers**
 - **Payment issues**
- **Freight rates & Insurance**
 - **Absolute costs**
 - **Restrictions**
 - **Coaster Azov / Mersin \$90 was \$35**

Macros - Volatility & Dislocation

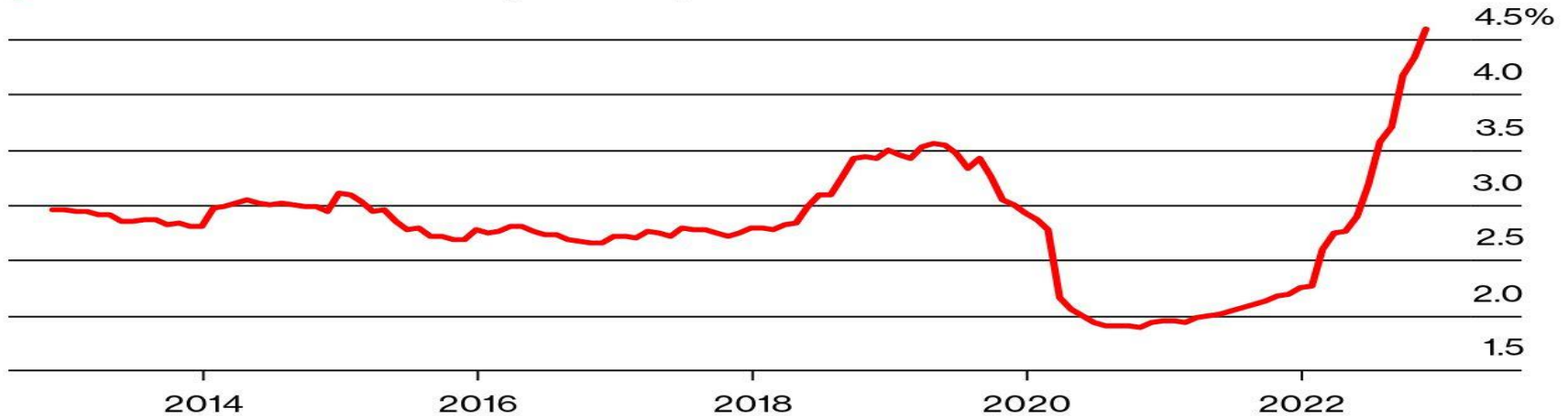
- **Govt policy will cause disruptions and shocks**
 - **Economic - interest rates**
 - **Trade flows – tariffs and intervention (Arg Ag\$ / sanctions / China)**
 - **Energy - sanctions (price cap) bullish outlook.**
- **Ukraine war – production / trade flows / worse**
- **Global recession risk – China & many others**

Global Economy -Interest rates

... Is About to Get Expensive

Now interest costs will soar amid the steepest rate hikes in a generation

Central bank interest rates: global composite*



Source: Bloomberg

*A measure of the world's benchmark central bank interest rates weighted by size of economies

Russia Yellow Peas Exports

Destinations	2020/21	2021/22	2022/23 end Dec
Turkey	171	404	230
Italy	159	108	65
Latvia	60	122	38
Pakistan	166	108	9
Spain	103	58	17
Bangladesh	62	280	0
India	0	0	0
Others	120	294	122
Total	841	1'375	481

- Price / freight / self sanctions
- Lack of funds at destination
- China potential - quarantine

Russia Yellow Peas B/S

	2020/21	2021/22	2022/23
Yield (t/ha)	2.09	2.21	2.04
Area (ha)	1'314	1'433	1'616
Production	2'740	3'168	3'300
Carry-in Stocks	380	529	631
Imports	10	9	10
Total supply	3'130	3'706	3'941
Domestic Use	1'760	1'700	1'825
Exports	841	1'375	800
Ending stocks	529	631	1'316

- Crop range 3 – 3.7
- Export rate way behind

Ukraine Yellow Peas B/S

Ukraine Peas	2020/21	2021/22	2022/23
Yield, t/ha	2.04	2.43	2.29
Area (ha)	235	239	118
Production	479	582	270
Carry-in Stocks	156	54	128
Imports	2	1	1
Total supply	636	637	399
Domestic Use	253	193	207
Exports	329	316	140
Ending stocks	54	128	52

- Some non-Russian demand - WFP
- Logistics priorities
- Spring 2023 plantings?

Thank you

Good Luck