U.S. Commodities Markets

Russia Exiting the Grain Corridor: Implications For U.S. Agricultural Exports

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- On Sunday, Oct. 30, 2022, Russia expressed their intent to leave the Black Sea Grain Initiative, which allowed Ukraine grain exports to move through a "safe corridor" in the Black Sea and into the Bosporus Straits without incurring any military/naval harassment, port attacks and mines on shipping lanes.
- On Tuesday, Nov. 1, 2022, the United Nations (UN) called a halt to grain ships moving through Ukraine's crop-export corridor after Russia warned that ships weren't safe using the route.
- On Wednesday, Nov. 3, 2022, Russia said the country would rejoin the safe corridors agreement.
- The initial deal expires on Nov. 19, 2022, and Russia's capricious participation threatens to reduce Ukraine's corn, wheat, and edible oils maritime exports. The lack of Ukraine's export participation can destabilize regional prices and help reignite inflationary pressures in North Africa and the Middle East.
- If Russia curtails or amends future participation, we expect to see a positive reaction in the U.S. and EU-listed corn and wheat futures markets. Because U.S. corn and wheat are the supplies of last resort, barring an extensive supply shock we see limited export participation.
- Beyond the administrative driven agricultural volatility in Ukraine, we examine the state of U.S. corn and wheat exports, and why the current export sales pace remains a bearish input on prices.

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