

11N) Wheat Slips as Rain May Ease Drought Worries in Ukraine, Russia

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Wheat Slips as Rain May Ease Drought Worries in Ukraine, Russia

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By Rudy Ruitenberg and Luzi Ann Javier

May 21 (Bloomberg) -- Wheat futures fell for the first time in six sessions in Chicago after climbing to the highest price in more than eight months in earlier trading, as rain in Ukraine and Russia may relieve drought concerns.

July-delivery wheat fell as much as 1.8 percent to \$6.8275 a bushel on the Chicago Board of Trade and was at \$6.8725 at

12:40 p.m. Paris time. The contract earlier rose as high as \$7.22 a bushel, the highest level for the most active contract since Sept. 13.

Wheat futures jumped 16 percent last week, the most since the five days ended June 15, 2007, as dry weather threatened to damage crops in the U.S. and Russia, two of the world's three biggest shippers this year. Russia and Ukraine will get showers today and tomorrow, AccuWeather forecast.

"In the past days, numerous regions in Ukraine benefited from scattered showers," Paris-based farm adviser Agritel wrote in a market report today. "These rains should continue in the coming days and even reach the regions of southwest Russia, where the production potential so worries the operators."

Milling wheat for November delivery traded in the French capital fell 1 percent to 213 euros (\$272) a metric ton, following a 9.7 percent gain last week.

Russia's total grain harvest may drop 2.7 percent to 91 million metric tons from last month's forecast of 93.5 million tons because of drought in southern regions, according to the Moscow-based Institute for Agricultural Market Studies.

The next wheat harvest in Russia, the world's third-largest shipper in 2011-2012, may total 54 million tons because of the drought and total grain output may drop even further if a lack of rain persists in the south, the institute, known as Ikar, said. That compares with the U.S. Department of Agriculture's forecast of 56 million tons on May 10.

Corn for July delivery was 0.3 percent higher at \$6.375 a bushel, after rising 9.4 percent last week, the biggest weekly gain for the most-active contract since the five days ended May 20, 2011.

Soybeans for July delivery climbed as much as 1.3 percent to \$14.23 a bushel, after ending little changed last week.

Futures last traded at \$14.14.

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