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Turkey

Grain and Feed

MY 2000 Support Prices for Grains

2000

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Report Highlights:

The Minister of Agriculture announced MY 2000 support prices for grains. Compared to MY 1999, prices of all grains were reduced in USD terms in line with Turkey's IMF stand-by commitment and year-end inflation target. Wheat prices were decreased by 14 percent. The price of most commonly produced Anatolian Hard Red Winter Wheat is now USD 166 per MT.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Ankara [TU1], TU

On June 9, the Minister of Agriculture announced TMO procurement prices for grains for the 2000 marketing season. All prices were lowered significantly in dollar terms in line with Turkey's letter of intent and stand-by commitment with the IMF which aims at reducing inflationary pressures and lowering government outlays.

Wheat support prices are based on Anatolian Hard Red Wheat since this is the type most commonly produced. It is also the closest type to U.S. HRW. Chicago Board of Trade prices are considered indicative for Anatolian Hard Red Wheat.

TMO is projecting purchases of about 4.5 million metric tons grain during the 2000 marketing season and currently has approximately 1.5 million metric tons of milling wheat and 500,000 metric tons of durum wheat in stock.

Turkish support prices for grain (TL per kg./USD per MT) for MY 1999 and 2000:

Commodity	1999 Price (TL/Kg)	1999 Price (USD/MT)	2000 Price (TL/Kg)	2000 Price (USD/MT)	% Change (USD/MT)
Anatolian Durum Wheat	92,000	222	117,300	191	-14
Other Durum Wheat	84,000	202	107,100	174	-14
Hard White Wheat	80,000	192	102,000	166	-14
Anatolian Hard Red Wheat	80,000	192	102,000	166	-14
White Barley	60,000	144	81,600	133	- 8
Rye	56,000	134	71,400	116	-13
Oats	56,000	134	76,500	124	- 8
Corn	68,000	163	91,800	149	- 9

Exchange rate for 1999 at TL 415,000/ USD1.00 and for 2000 at TL 615,000/USD1.00

In real terms, the prices which TMO will pay farmers are lower than the announced prices because of the effects of depreciation on the Turkish Lira. Turkey has a high inflation rate currently running at around 60 percent. To partially counterbalance the TL's depreciation, TMO will increase its procurement price for wheat by semi-monthly increments of TL 1.0 million (USD 1.6) from July-October.

The Minister said that TMO would pay farmers latest within thirty days after delivery. Experience would indicate that payments are often delayed beyond the intended time frame.

TMO's selling prices have not been announced but are expected to be around 10-15 percent higher than the procurement price. Both the procurement prices and selling prices will soon be published in the Official Gazette.

Traders and millers are satisfied with the announcment. On the other hand, farmers are furious. The Farmers' Union has announced that it will organize meetings to protest the low prices.