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Turkey

Grain and Feed

TMO Procurement Prices for Grains

2003

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Report Highlights:

The Turkish Grain Board (TMO) announced 2003 grain procurement prices. The new procurement prices, compared to last year's procurement prices, are higher by at least by the rate of inflation for the last twelve months. Due to the appreciation of Turkish Lira, increases are even higher in USD Terms. Nonetheless, farmers are unhappy with the new procurement prices because prices in the market are higher than the announced prices. TMO is expected to procure similar levels of grains as it did last year, although it has hopes to procure more.

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

The Government of Turkey produced a decree to assign the Turkish Grain Board (TMO) to procure grains in MY 2003/2004 at prices to be established by TMO. TMO announced grain procurement and selling prices after this assignment.

The new procurement prices are provided in the following two tables. Table 1 compares 2003 base prices with the last year's base prices both in TL and USD. Table 2, on the other hand, compares 2003 base prices with the final procurement prices in 2002. Procurement prices were increased three times after 2002 base prices were announced.

Industry sources expect that, similar to last year, millers and traders will procure most of their needs directly from the open market. While TMO hopes to procure larger quantities to play a stronger role in the market, it is not expected at these prices. Farmers often prefer to sell to the private sector to avoid potential problems with delayed TMO payments. At the current prices, TMO is expected to procure about the same quantity as it did last year. Last year TMO procured approximately 1.5 MMT of grain.

Table 1 shows that from 2002 to 2003, base prices for various grains increased from 35.9 percent to 46.5 percent in TL terms and from 50.5 percent to 64.4 percent in USD Term. Table 2 shows slightly lower increases in percentages compared to Table 1 due to later increases of the procurement prices. Price increases in Table 2 vary from 27.1 percent to 37.8 percent in TL terms and from 50.5 percent to 61.9 percent in USD terms. Due to the strong TL policy of the GOT, the Turkish Lira has appreciated by about 20 percent in recent months and the value of \$1 USD declined from TL 1,700,000 to around TL 1,425,000. This has resulted in larger percentage changes in USD terms than in TL terms. Percentage changes in Table 2 are similar to the rate of inflation during the last twelve months. The new procurement prices were announced lower than current market prices, and thus, farmers are unhappy. TMO also announced its payment terms. One-half of the payment will be made at the time of procurement and remaining half will be paid in 30 days.

TMO also announced selling prices for the balance of the calendar year. The sales prices, which will be increased by about 11 percent before the end of the year, are currently about 20 percent higher than the newly announced procurement prices.

Table 1. Comparisons of 2003 Base Procurement Prices with 2002 Base Prices Both in TL and USD

Commodity	Base Price 2003 (TL)	Base Price 2002 (TL)	Change (%)	Base Price 2003 (\$)	Base Price 2002 (\$)	Change (%)
Anatolian Durum Wheat	367,000	259,900	41.2	257	162	58.6
Other Durum Wheat	345,000	241,500	42.9	242	151	60.3
Low Quality Durum	306,000	211,600	44.6	215	132	62.9
Anatolian Hard White Wheat	325,000	230,000	41.3	228	144	58.3
Anatolian Hard Red Wheat	325,000	230,000	41.3	228	144	58.3
Semi Hard White Wheat	310,000	211,600	46.5	217	132	64.4
Semi Hard Red Wheat	310,000	211,600	46.5	217	132	64.4
Other Wheat (White or Red)	275,000	188,600	45.8	192	118	62.7
Feed Wheat	250,000	174,800	43.0	175	109	60.6
White Barley	215,000	149,500	43.8	151	93	62.4
Black or Blue Barley	200,000	138,000	44.9	140	86	62.8
Rye	225,000	167,900	34.0	158	105	50.5
Oaths	250,000	184,000	35.9	175	115	52.2
Low Quality Barley, Rye or Oaths	180,000	126,500	42.3	126	79	59.5
Corn	310,000	218,500	41.9	217	137	58.4

Table 2. Comparisons of 2003 Base Procurement Prices with 2002 Final Prices Both in TL and USD

Commodity	Base Price 2003 (TL)	Last Price 2002 (TL)	Change (%)	Base Price 2003 (\$)	Last Price 2002 (\$)	Change (%)
Anatolian Durum Wheat	367,000	282,000	30.1	257	168	53.0
Other Durum Wheat	345,000	263,000	31.2	242	157	54.1
Low Quality Durum	306,000	n. a.	n. a.	215	n. a.	n. a.
Anatolian Hard White Wheat	325,000	253,000	28.5	228	151	51.0
Anatolian Hard Red Wheat	325,000	253,000	28.5	228	151	51.0
Semi Hard White Wheat	310,000	234,000	32.5	217	139	56.1
Semi Hard Red Wheat	310,000	234,000	32.5	217	139	56.1
Other Wheat (White or Red)	275,000	n. a.	n. a.	192	n. a.	n. a.
Feed Wheat	250,000	n. a.	n. a.	175	n. a.	n. a.
White Barley	215,000	165,000	30.3	151	98	54.1
Black or Blue Barley	200,000	147,000	36.1	140	88	59.1
Rye	225,000	177,000	27.1	158	105	50.5
Oaths	250,000	185,000	35.1	175	110	52.2
Low Quality Barley, Rye or Oaths	180,000	n. a.	n. a.	126	n. a.	n. a.
Corn	310,000	225,000	37.8	217	134	61.9