

Feed Grain Price Up on Shortage

By [The Moscow Times](#)

August 30, 2010

The  **Moscow Times**

Milling grain prices were broadly stable last week following an export ban set from Aug. 15, while prices of feed grain rose mainly because of a shortage caused by severe drought, analysts said Monday.

Wheat prices in Siberia and in the central Black Soil region were generally unchanged last week, while in the regions along the Volga they weakened slightly and in the North Caucasus the price range narrowed, SovEcon agricultural analysts said in a note.

Traders reported that demand for grain was rising in the North Caucasus, as buyers from other drought-hit regions, mainly from the central Black Soil region, were looking for all kinds of grain, even milling wheat, it said.

Prices for fourth-grade, or ordinary milling wheat rose to 4,900 rubles (\$159.60) per metric ton from 4,800 rubles EXW, or ex works, in southern Russia, the Institute for Agricultural Market Studies, or IKAR, said in a separate note.

"There are several reasons behind the rise," IKAR director Dmitry Rylko said. "The new crop wheat price in West Siberia started at 4,000 rubles per metric ton, so people in the European part of Russia decided that prices here should not be lower."

Another reason is that high sunseed prices tempted farmers to sell sunseeds and keep grain, while grain stocks held at regions close to export ports before the export ban were either shipped out or safely stored, Rylko said.

Third-grade wheat was quoted at about 5,125 rubles per ton, and feed wheat at about 4,800 rubles, practically unchanged from the previous week with little market activity.

The feed barley price in the south rose to 5,040 rubles per ton, which is highly unusual, as feed barley has never been traded higher than fourth-grade wheat, IKAR said.

Feed barley prices in many regions rose above the price of feed wheat, its main substitute in animal feed mixes, SovEcon said.

"Such a development may be related to barley purchases by malt producers, who had noticeably lowered quality demands," it said.

The government said last week that it would keep its grain intervention stocks at least until the spring, which may push prices up.

"But one should never forget that the authorities may make unexpected decisions rather fast, as was the case with the setting of the grain export ban," SovEcon said.

IKAR estimated the first new crop maize price at about 5,250 rubles per ton, while SovEcon put the price range between 5,500 and 6,000 rubles per ton EXW.

First sunseed harvest results in the regions along the Volga and in the central Black Soil regions were highly disappointing, showing bad yields, IKAR said.

First purchase prices were set at 15,000 rubles per metric ton, but big volumes were sought at up to 16,500 rubles.

SovEcon said crushers have raised prices to 15,000 to 15,500 rubles per ton from 12,000 to 12,500 rubles a week before including delivery to plants.

"We believe that with the lower than expected output, big processors will set high prices in order to make small processors unprofitable," SovEcon said.

"IKAR has lowered its forecast for this year's sunseed crop to 6 [million] to 6.2 million metric tons from a previous estimate of 6.5 million tons," Rylko said.

Soybean harvesting began in Krasnodar. The initial price level is about 12,000 to 14,000 rubles per ton. Quality is not very good, but it is normal for early ripening varieties, IKAR said.

White sugar prices declined slightly to 27,800 rubles and \$902 per metric ton from 28,500 rubles and \$936 because of an intensification of beet processing joined by refineries located in the central Black Soil region.

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