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Wheat Could Rise 33% As Export Resumes

By The Moscow Times

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Domestic wheat prices may rise 33 percent after exports resume next month, according to Pavel Skurikhin, chairman of Siberian Agrarian Holding, which controls 400,000 hectares of land.

Domestic wheat prices are expected to rise to 6,000 rubles ($216) a ton from 4,500 rubles a ton now, Skurikhin said last week.

Russian prices are about 30 percent lower than Chicago Board of Trade futures, the global benchmark. The export ban is scheduled to end July 1.

"We can rely on higher prices to reduce debt leverage and pay off loans that we took for this year's sowing," Skurikhin said.

Siberian Agrarian planted about 170,000 hectares for the 2011 harvest. About 60 percent of the area is for wheat, and the rest is rye, sunflowers, rapeseed, soybeans, barley and oats, he said. Production is estimated at 340,000 tons of grains, up from 322,000 tons before the 2010 drought. The company owns part of the 400,000 hectares and farms the rest under rental agreements for other investors.

Siberian Agrarian has plantings in the Novosibirsk, Altai, Tula, Ulyanovsk and Rostov regions of Russia.

Siberian Agrarian is discussing the sale of one or several grain production units to Russia's state grain trader United Grain to reduce debt, Skurikhin said.

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