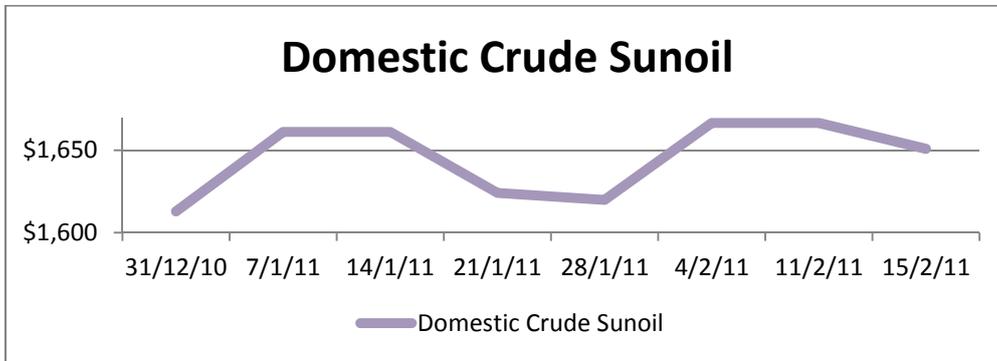


AgriPro Turkish Market Update - 16th February 2011

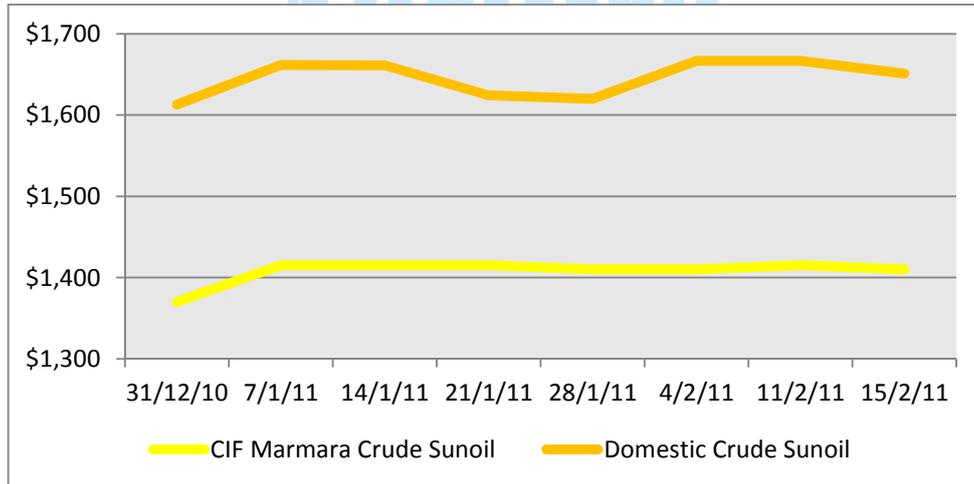
Market Developments

As the industry awaited the import licence quotas to be distributed by Undersecretariat of Foreign Trade (DTM), domestic market lacked depth in the 4 weeks before the new year and the first 4 weeks of 2011.

Domestic prices soared from \$1,610 to \$1,650 in the six weeks of the new year, largely under the influence of world markets but also due to shortage of raw materials domestically. The following chart shows the price development of domestic crude sunoil in the last six weeks.



The following chart shows the development of domestic crude sunoil versus crude sunoil on CIF Turkish ports basis for the same period.



The dip on the domestic crude price line comes from the late reflection of US\$/TL exchange rate rise to the internal market. The peaks from end January to mid February is the effect of crude oil shortage in the domestic market where all refiners lived a "hand to mouth" period due to finishing of local seed crushings and the wait for import seeds tariff quota distribution.

Government & Production

This morning, Undersecretariat of Foreign Trade (DTM) began distributing 650,000 tonnes of import duty free sunseed quotas to the industry. The early news is that quotas were granted for some 1 million metric

tons of domestic sunseeds, purchased and crushed, to 57 different companies. This suggests an, import quota to domestic seeds ratio of c. 65%, which is far below our earlier expectation of over 80%.

Considering the former government run (now independent) sunflower cooperative Trakya Birlik, did not apply for 50,000 tonnes of uncrushed seeds; and a minimum of 50,000 tonnes of seeds still in storage of farmers/traders; total Turkish sunflower crop for 2010/11 season must be a minimum of 1.1 million tonnes. This is of course assuming, every single tonne of sunseeds purchased domestically have been crushed before end of the year and licence was applied for, which seems very unlikely.

We herewith give below the estimates by different entities for Turkish sunflowerseed crop size for 2010/11 season:

<u>Entity</u>	<u>metric tonnes</u>
Oil World	1,000,000
USDA/FAS	880,000
Trakya Birlik	950,000
AgriPro	900,000

Industry

The month of January and first half of February saw very poor consumer spending throughout the country. Edible oils however have seen demand from consumers, chain stores and distributors alike, throughout this period. The industry managed to reflect the rising world/domestic vegetable oil prices to shelves at a better rate than previous months.

The demand on the crude side however lacked depth with large refiners waiting for quotas to be issued for bigger crushers for them to complete import formalities and deliver contracts. In any case domestic crude oil consumption kept pace with its rate of 50-70,000 tons per month.

Corn oil demand has picked up as Turkish corn germs ran out, domestic demand increased with GMO issue now forgotten by consumers and with very few import positions available due to long periods of “no demand” from Turkey. Domestic prices shot up over \$1,900/mt (CIF TR equivalent, \$1,455/mt). Meantime, with soaring US origin corn oil prices and no supplies from EU, buyers are now considering China origin corn oil with a current spread of less than \$60/mt. And of course Chinese supplies can offer tailor made quantities in flexitank containers.

On the GMO issue, soybean import problems have been largely solved by Turkish Feed Industrialists Association’s application to Biosecurity Committee for 3 main GM soybean types. The application was granted with condition to use all soy products as animal feed. We now hear from the market that Turkish Food & Drinks Associations’ Federation following the same path to apply for permission to import the same GM soy types for usage in foods.

There has been some increased activity in the export of refined packaged edible oils recently, largely to Iraq and Syria. We think monthly Turkish refined/packageoil exports has reached some 20-30,000 tonnes within the last two months.

International Market Developments

Turkey has purchased around 250,000 tonnes of sunseeds in October-February period with most of it now stored in bonded warehouses around the country. Most of this quantity had been of Ukranian origin as Bulgarian farmers were reluctant to show decent cargo size quantities to traders.

From tomorrow onwards, there will be hurried importing activity with licences now distributed. Turkish buyers should slowly come out to buy import sunseeds, probably requesting mainly April-May shipments. We know that Turkey will buy a further 400,000 tons this season, if not more depending on domestic demand.

With prices at \$1,369 C+F for crude sunoil at the Egyptian tender today, Black Sea sun complex came under considerable pressure from Argentine sunoil and the general fall in oils & oilseeds prices. The recent price spikes did not find echo in the sun complex with low demand worldwide and almost no demand from Turkey. Whether the sun complex will benefit from Turkey's return to the trade remains to be seen.

Price Quotations (US\$/TL 1.59)

Price quotations as of Wednesday, 16th February 2010 are as follows:

Domestic Prices:

- Sunflower seeds - FOT Thrace - 1,150 TL (41% oil basis)
- Crude Sunoil - ex-works Thrace - 2,625 TL
- Crude Rape Oil - ex-works Aegean/Çukurova - \$ 1,625
- Crude Soyoil - ex-works Aegean/Çukurova - \$ 1,550
- Crude Corn Oil - 3,035 TL
- Semi-refined Cotton Oil - 2,550 TL
- Crude Hazelnut Oil - 2,550 TL
- 28 protein Sunflowermeal - ex-works - Thrace/Aegean/Çukurova - 400 TL/425 TL/450 TL
- Rapemeal - ex-works Thrace/Aegean/Çukurova - \$ 350
- Soymeal 47% - ex-works Aegean/Çukurova - \$ 560
- Cottonmeal ex-works Çukurova - 530 TL

Import Prices:

- Sunflowerseeds - CIF Marmara - \$ 685
- Rapeseeds - CIF Marmara - \$ 690
- US Soybeans - CIF TR - \$ 575
- S. America Soybeans - CIF TR - \$ 570
- Crude Sunoil - CIF Marmara/Mersin - \$ 1,400/\$ 1,410
- Crude degummed Soyoil - CIF TR - \$ 1,315
- US/S.America origin Crude Corn Oil - CIF TR - \$ 1,625
- RBD Palm Oil - CIF TR \$ 1,370
- RBD Palm Olein - CIF TR \$ 1,375
- RBD Palm Stearin- CIF TR \$ 1,345

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