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Turkey

Grain and Feed Update

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Report Highlights:
Corn production forecast is 6 MMT in marketing year (MY) 2015. The Turkish Grain Board (TMO) was a very active player in the market in MY 2015. TMO procured nearly 4 MMT grain after a record production for wheat, barley and corn. TMO opened its stock for export certificate holders who are flour, pasta, biscuits, feed and poultry exporters under the Inward Processing Regime (IPR) in mid-September. The price of milling wheat was 161-178 USD/MT, which is competitive with the world price. The paddy rice harvest is almost finished; Posts forecasts 500,000 MT production.

Post:

Commodities:

Ankara	Wheat Corn Rice, Milled Barley

Author Defined:
PRODUCTION

Wheat

All of Turkey's wheat harvest has been completed and Post estımates MY2015 production at 19.5 MMT. Despite record yields, the overall quality of the crop was low. The quality was better in the GAP region and in the lower part of Central Anatolia.

Wheat planting will start in the first week of November in the Cukurova region. Farmers in the Cukurova region are uncertain whether to plant wheat or oilseed crops. Also nut prices are very attractive for farmers in irrigated areas.

Wheat yield in the Anatolian region was very high when compared to last year's low yield due to drought and also to the long term average yield. The MY 2015 harvest is characterized by low quality in terms of protein, but also in high yields. In the Polatli region, the dry land yield was 400 kg/da; for irrigated land it was 600 kg/da. In the Konya region the dry land yield was 350 kg/da and the irrigated land yield was 650 kg/da. Overall, the Anatolia region yield was around 450-500g kg/da.

Corn

The first crop of corn is almost completed and the second crop corn harvest has begun in some regions. Posts forecasts 6 MMT production. Yield increased in central Anatolia and GAP region despite lower than expected yields in Cukurova region. The first crop corn harvest started in the middle of August in the Cukurova region and in some parts of the region yields are less than expected. The average yield in the Ceyhan region was 1.3-1.4 MT/ha, despite being 1.5 in previous years, and for other areas was 1.2 MT/ha. Planting area increased in central Anatolia, especially new irrigated area in Konya where farmers enjoyed high yields.

The first crop of the corn harvest is almost completed (95%), but continues in Konya and high altitude regions. Despite a good start due to rainy spring, lack of rains and extreme heat in the summer months adversely affected yields. The second crop of the corn harvest has started in Cukurova and in the South East Anatolian region. The second crop corn yield is at 0.8 MT/ha in Cukurova and 0.95 MT in the south east of Turkey, which is the same as last year.

Rice

Rice planting finished by the end of May despite heavy rainfall. The MY 2015 planted area increased due to sufficient water levels in several dams compared to last year. Additionally rice prices were attractive to farmers during planting period. The paddy rice harvest is almost finished. Post forecasts rice production at 500,000 MT.

Edirne, Gonen, Manyas and Kizilirmak Delta are the main regions in term of rice production.

Edirne region produces more than 50 percent of country's paddy rice production. Harvest started in the second week of September. But rainy weather conditions caused interruption in harvest in early October. Paddy rice area increased by 20 percent due to last year's high price and increased water levels in dams which feed rice fields in Kesan and Hayrabolu regions. The yields in Ipsala reached 700 kg for Osmancik variety, which are similar level in comparison with last year. But some farmers trying other varieties in that region saw higher yields, at around 850 kg/da. In general, overall milling rates are 60 percent, which are similar to the long term average.

Paddy rice area increased 25 percent due to increased water level in dam in Manyas region. In gonen region and Manyas region, yield is similar to last year. 6500 Ha area will be harvested in Manyas region, where there is some concern regarding quality of Baldo varieties because of the Pyricularia oryzae C,is a common fungus preventing plant development. Harvest started in the second week of September in Kizilirmak Delta. Corum and Cankiri Regions produce more than 20 percent of country's paddy rice production. Although harvested area increased compared to last year, yields are lower than expected, at around 550 kg, which is under the long term average of 600 to 700 kg/da. Heavy rain in spring coupled with drought in summer negatively affected the yields especially in Boyabat where 2,500 Ha area harvested and milling rates are 40 percent. Yield is lower than expected at around 600 kg due to temperature differences in Cankiri. Osmancik 97 is the major variety in the Corum region, which produces about 5 percent of country's paddy rice production. Yield is lower than expected there, at around 600 kg, which were at 700 to 800 Kg/Da last year, due to adverse weather conditions. Deficiency in modern storage and drying units at the farm level are still structural problems in those regions.

TRADE

Turkish Grain Board (TMO) was a very active player at the market in MY 2015. TMO had purchased more than 4 MMT of grain at the start of the MY 2015 harvest in June which has been the highest procurement since 2009. Due to high yields in wheat, barley, and corn, market prices were low, which led farmers to sell their product to TMO. Compared to last year, there was more low quality wheat produced, which usually leads TMO to support purchase of large quantities. TMO announced a wheat price (862 TL/MT for milling wheat and 976 TL/MT for durum wheat) and barley price 645 TL/Ton on July 16, 2015 and corn price (725 TL/MT) on September 3, 2015. These prices were just over the market prices. As of October, TMO had purchased 565,000 MT of Durum Wheat, 2.7 MMT of Milling Wheat, 470,000 MT of Barley and 300,000 MT of Corn. 1.3 MMT of the total wheat purchased was low quality and will be used for feed sector (as of October 15, 2015, US$ 1=TL 2.92).

Wheat import to Turkey is only feasible under the Turkish Government's inward process regime (IPR). Outside of this regime, traders must pay a 130% customs tax on wheat imports. The IPR helps flour millers be competitive in the wheat flour export market. Under the regime, exporters of wheat products, such as wheat flour and pasta, are eligible to receive special import licenses when they export wheat products. The license currently can be traded for 100 USD/MT in the market. The price of Russian 12.5% protein wheat C&F is 200 USD/MT as of October 15, 2015.

TMO announced they will sell milling wheat and durum wheat in stocks for Export Certificate holders who are flour, pasta, biscuits, feed and poultry exporters under IPR in the second part of September. The price of milling wheat was 161-178 USD/MT, which was a very competitive price compared to the world price. According to market sources, TMO sold more than 500,000 MT wheat to exporters between September 15 and October 20, 2015. Traders hesitated to import wheat after TMO's announcement of such a low selling price of domestic Turkish wheat and waited for TMO to sell out of its stocks.

Despite all the current logistical problems in Turkey, especially in Iraq and Syria border areas, the Turkish flour sector achieved to maintain the previous year's performance. Exporters lost market share in Indonesia and Philippines but compensated for it in Sudan, Angola and Yemen. Pasta exporters have tried to gain new markets in Africa with the help of new amendment to the Inward Processing Regime. This amendment allows them to import milling wheat (up to 30% of the product) to blend with durum wheat for a lower-quality and price competitive pasta which can only be sold for export to countries in Africa. Exporters are hopeful for stronger exports in MY 2015 because of the record harvest in wheat. It is expected that Turkey will import 3.8 MMT of high quality wheat, which corresponds with a similar increase in export of wheat products.

Corn imports were about 2.2 MMT in MY 2014, higher than the previous year due to strong demand from the feed sector and drought damage to the local alternatives like barley and wheat. But in MY2015 some demand for corn will be shifted to local abundant alternatives like low quality local wheat and barley.

Just before the harvest began, farmers and traders realized that there would be record production, and in August the price started to decrease from 710 TL/MT to 660 TL/MT. TMO announced the corn procurement price of 725 TL/MT on September 3, 2015 and the price stabilized. Some farmers who had to sell their corn in August to traders in Cukurova region criticized the government for the late announcement. Feed sector did not seem as eager to buy as much corn as they did last year. (As of 15 October US$ 1=TL 2.92)

Overall production of livestock and poultry meat went up during MY 2014, while egg production fluctuated due to avian influenza epidemic. An Iraqi import ban on Turkish poultry meat, poultry meat products, and eggs was lifted in August. Exports are continuing despite the difficulties in logistics due to political problems and instability in the border areas of Syria and Iraq.

According to market rumors, current political uncertainties, ongoing biotech problems that limit market access and sales, along with rising country risk, are discouraging private investors. As a result, one of the biggest foreign players in Turkey decided to shut down its commodity trading section in October. It is unclear how this will impact the market, but it is the latest sign of the difficulty and unpredictability of doing business in Turkey with the current regulatory environment.

Paddy rice price had been 1,700-2,100 TL/Ton last year which was very attractive for rice farmers during the planting period. But farmers were not happy at the beginning of harvest when the price dropped to 1650 TL/Ton for Osmancik varieties, which have 60 percent milling rate. Macroeconomic concerns and the upcoming general election have caused hesitation and traders have not appeared to be willing to purchase new harvest domestic rice.

Total imports of paddy rice in MY2014 are 250,945 MT. Main paddy rice suppliers are Russia (106,000), United States (100,000), Portugal (13,000). Compared to last year, Russian rice is playing a stronger role in the market with the help of price, logistical, and customs inspection advantage. Total imports of milled rice in MY2014 are 138,941 MT. India, Italy and Greece are the main milled rice suppliers with 61,000MT, 34,000 MT, 7,000 MT respectively. Despite quality debates, India is still considered the best supplier by Turkish importers.

Rice Trade

Turkey: MY 2014, Rice Imports (converted to milled equivalent)	
Countries	MT
Russia	74,538
United States	71,820
India	61,233
Italy	35,929
Greece	15,333
Other	58,683
Total	317,536

Although some farmers wish for government intervention on rice price, it is highly unlikely that TMO will announce a procurement price for paddy rice. TMO has 26,000 MT paddy rice and 7,000 MT rice in its stock. TMO sells Osmancik and Calrose varieties at 2.90 TL/Kg and Baldo varietiy at 4 TL/Kg at its retail sale points.

Production, Supply and Demand Data Statistics:

Wheat	**2013/2014**		**2014/2015**		**2015/2016**	
Market Begin Year	**Jun 2013**		**Jun 2014**		**Jun 2015**	
Turkey	**USDA Official**	**New post**	**USDA Official**	**New post**	**USDA Official**	**New post**
Area Harvested	7,700	7,700	7,710	7,710	7,860	7,860
Beginning Stocks	2,295	2,295	2,889	2,889	2,524	2,524
Production	18,750	18,750	15,250	15,250	19,500	19,500
MY Imports	4,035	4,035	5.947	5.947	3,800	3,800

TY Imports	4,154	4,154	5,960	5,960	3,800	3,800
TY Imp. from U.S.	15	15	0	0	0	0
Total Supply	25,080	25,080	24,086	24,086	25,824	25,824
MY Exports	4,441	4,441	4,062	4,062	4,000	4,000
TY Exports	4,294	4,294	4,136	4,136	4,000	4,000
Feed and Residual	950	950	700	700	1,200	1,200
FSI Consumption	16,800	16,800	16,800	16,800	16,800	16,800
Total Consumption	17,750	17,750	17,500	17,500	18,000	18,000
Ending Stocks	2,889	2,889	2,524	2,524	3,824	3,824
Total Distribution	25,080	25,080	25,086	25,086	25,824	25,824
1000 HA, 1000 MT, MT/HA						

Barley	**2013/2014**		**2014/2015**		**2015/2016**	
Market Begin Year	**Jun 2013**		**Jun 2014**		**Jun 2015**	
Turkey	**USDA Official**	**New post**	**USDA Official**	**New post**	**USDA Official**	**New post**
Area Harvested	3,330	3,330	3,400	3,400	3,400	3,400
Beginning Stocks	469	469	899	899	332	332
Production	7,300	7,300	4,000	4,000	7,400	7,400
MY Imports	86	86	792	792	50	50
TY Imports	596	596	300	300	50	50
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	7,855	7,855	5691	5691	7,782	7,782
MY Exports	6	6	9	9	25	25
TY Exports	9	9	10	10	25	25
Feed and Residual	6,000	6,000	4,500	4,500	6,000	6,000
FSI Consumption	950	950	850	850	900	900
Total Consumption	6,950	6,950	5,350	5,350	6,900	6,900
Ending Stocks	899	899	332	332	857	857
Total Distribution	7,855	7,855	5,691	5,691	7,782	7,782

1000 HA, 1000 MT, MT/HA						
Corn	**2013/2014**		**2014/2015**		**2015/2016**	
Market Begin Year	**Sep 2013**		**Sep 2014**		**Sep 2015**	
Turkey	**USDA Official**	**New post**	**USDA Official**	**New post**	**USDA Official**	**New post**
Area Harvested	580	580	550	550	620	620
Beginning Stocks	291	291	642	642	542	542
Production	5,100	5,100	4,800	4,800	6000	6000
MY Imports	1,304	1,304	2200	2200	900	900
TY Imports	1,381	1,381	2200	2200	900	900
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	6,695	6,695	7642	7642	7442	7442
MY Exports	253	253	50	50	200	200
TY Exports	252	252	50	50	200	200
Feed and Residual	4,800	4,800	6000	6000	5500	5500
FSI Consumption	1,000	1,000	1,050	1,050	1050	1050
Total Consumption	5,800	5,800	7050	7050	6550	6550
Ending Stocks	642	642	542	542	692	692
Total Distribution	6,695	6,695	7642	7642	7442	7442
1000 HA, 1000 MT, MT/HA						

Rice, Milled	**2013/2014**		**2014/2015**		**2015/2016**	
Market Begin Year	**Sep 2013**		**Sep 2014**		**Sep 2015**	
Turkey	**USDA Official**	**New post**	**USDA Official**	**New post**	**USDA Official**	**New post**
Area Harvested	98	98	95	95	98	98
Beginning Stocks	194	194	245	245	220	220
Milled Production	500	500	460	460	500	500
Rough Production	746	746	687	687	746	746
Milling Rate (.9999)	6,700	6,700	6,700	6,700	6,700	6,700
MY Imports	341	341	320	320	350	350

TY Imports	400	400	300	300	350	350
TY Imp. from U.S.	225	225	0	75	0	25
Total Supply	1,035	1,035	1,025	1,025	1,070	1,070
MY Exports	20	20	25	25	30	30
TY Exports	20	20	20	20	30	30
Consumption and Residual	770	770	780	780	780	780
Ending Stocks	245	245	220	220	260	260
Total Distribution	1,035	1,035	1,025	1,025	1,070	1,070
1000 HA, 1000 MT, MT/HA						