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Turkey

Grain and Feed Update

Grain and Feed July 2012 Update

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Report Highlights:
Wheat and Barley production forecast is being revised downward. Corn and paddy rice production forecast has not changed. There is a shortage of wheat straw, wheat bran, feed wheat, barley and all forage crops.

Post:
Ankara

Commodities:
Wheat

Barley

Corn

Rice, Milled

Executive Summary:

Wheat and Barley production forecast is being revised downward. Corn and Paddy rice production forecast has not changed. There is shortage of wheat straw, wheat bran, feed wheat, barley and all forage crops. There are concerns about Russian wheat exports to Turkey. Turkish importers believe that Russia will implement an export tax in September and an export ban in November. Seed company representatives forecasted corn production at 5.5 MMT in May, 2012, but due to unfavorable weather conditions high yield seed will not be able to produce the yields seen in MY 2011. Turkey completed Lentil harvest at the end of June, 2012. Total lentil production is forecasted at 400,000 MT. In some regions yields reached 2 MT/ha.

Author Defined:

Wheat

Post revised wheat production forecast to 15.7 MMT. Central Anatolia was hit hard by long frozen days in the winter and dry weather conditions in the spring. Yield losses reached 70% in some regions where harvest was late - around the end of July, 2012. The overall yield loss in Central Anatolia was 40% in MY 2012. Quality was higher than long term and short term averages. Although the wheat has high protein content, there were some energy problems reported. Sunn pest damage was very limited. The only quality related problem was the high level of adventitious wild plants in the wheat harvest. Due to excessive rain in May, weed problems were common in wheat fields. According to field reports, Polatli region had 250 kg/da, Haymana region had 150 kg/da and Konya region had 180 kg/da yield in MY 2012. In Konya irrigated wheat had 400 kg/da, whereas it was 700 kg/da last year and 600 kg/da over the long term average.

Gaziantep had a good year in terms of yield and quality. In Sanliurfa region there was a 10 % yield loss and Sunn pest problems were more common than the previous year. Production was reduced in both milling and durum wheat. Central Anatolian Durum wheat was affected heavily by dry weather conditions in the spring. Durum wheat production is forecasted at 1.7 MMT in MY 2012. There is very little feed wheat available in wheat market where wheat millers were the major player. The wheat price started at 580 TL/MT and reached to 720 TL/MT. The average price was around 680 TL/MT for milling quality wheat.

TMO had 1.5 MMT of wheat stocks at the beginning of MY 2012 and procured 1.3 MMT in MY 2012. It is expected that TMO will procure 1.5 MMT of wheat in total in MY 2012. The inward process regime will be the most utilized tool for wheat imports. But due to wheat production problems Turkey will import 1.5 MMT of wheat from sources outside of the inward process regime; most likely by TMO. TMO announced the purchase price on June 18, 2012 but hasn’t announced sales prices so far.

TMO MY 2012 PURCHASE PRICE		
Type of wheat	*Quality of wheat*	*Price TL/MT*
Durum wheat	Pasta production	705
	Low quality	575
Milling wheat	Anatolian red and white hard wheat	665
	Other red and white wheat	635
	Feed wheat	555

There are concerns about Russian wheat exports to Turkey. Turkish importers believe that Russia will implement an export tax in September and an export ban in November. Russia is already storing exportable wheat in silos at the port and the price of this wheat is currently lower than Russian domestic wheat prices. There is strong demand from Turkish buyers but they are hesitant to buy due to price volatility.

The pace of wheat flour exports began to decline due to high prices and allegedly due to some direct wheat imports from Iraq wheat millers. Wheat flour exports have slowed to Indonesia and the African market, including exports to Libya. Although there are some wheat flour exports under U.N programs, Turkish millers are not enthusiastic about this avenue. The price of wheat is unpredictable and they do not have enough low quality wheat supplies to blend with their high quality harvested wheat. Turkey currently has demand for durum wheat imports which is largely being met by suppliers in Kazakhstan and Greece.

The price of Russian 13% protein wheat C&F is 308 USD/MT as of July 30, 2012. According to traders, Russia only has 6 MMT of exportable surplus in MY 2012. There will be demand of 11.5% wheat during January-February 2013. Energy problems in Turkish wheat could open opportunities for exports of high energy wheat from Germany, Lithuania and the United States. The value of inward processing certificates reached 70 USD/MT in May, 2012, but settled down to 45 USD/MT in July, 2012.

Traders, farmers and processors are agreed that there is at least a 3 MMT yield loss compared to MY 2011. Traders were very active in the wheat market and are now awaiting news of the TMO sales prices. TMO changed their policy in MY 2012 and they didn’t announce wheat sales prices when they announced TMO procurement prices. This will encourage traders to procure wheat from farmers directly. Traders believe that TMO sales prices will be around 730 TL/MT, and that they will profit from wheat sales procured from farmers at 650 TL/MT. The major profit margin at the wheat mill is wheat bran sales. The wheat bran price is 500 TL/MT on July 30, 2012, whereas the wheat flour price is 42 TL/50 kg bag.

Turkey: Wheat production and yield										
Regions	MY 2010 Avg. yield (MT/HA)	MY 2011 Avg. yield (MT/HA)	Long term Avg. yield (MT/HA)	Harvest Time	MY 2010		MY 2011		MY 2012	
					Harvested Area (ha)	Production (MT)	Harvested Area (ha)	Production (MT)	Harvested Area (ha)	Production (MT)
Cukurova region	3.5-4.5	4.7	4.5-5.5	May 10-June 10	300,000	1,300,000	250,000	1,175,000	260,000	1,250,000
Hatay region	3	4.7	5-5.5	May 25-June 25	100,000	300,000	85,000	399,500	85,000	250,000
Southeast region	2	2.9	3-3.5	May 15-June 25	1,000,000	2,000,000	800,000	2,320,000	900,000	2,250,000
Central Anatolia	2	2.38	1.5-2	June 25-July 25	3,000,000	6,000,000	3,000,000	7,140,000	2,990,000	4,500,000
Polatli	2.8-3	3.4	3.3	June 15-July 20	120,000	350,000	130,000	442,000	130,000	300,000
Aegean region	2-2.5	3	3	May 25-June 25	650,000	1,500,000	550,000	1,650,000	550,000	1,500,000
Aydin region	4.5	4	4	May 20-June 10	8,000	50,000	6,000	24,000	6,000	45,000
Thrace	3.5	4.1	4.1	June 15-July 15	600,000	2,500,000	600,000	2,460,000	600,000	2,450,000
Other regions	1.3	1.4	1.5	June 15-July 15	2,222,222	3,000,000	2,300,000	3,220,000	2,300,000	3,200,000
Total	2.12	2.3	2.3	My 15-July15	8,000,222	17,000,000	7,721,000	18,830,500	7,821,000	15,745,000

Durum wheat price

TURKEY: Anatolian durum wheat price at commodity exchange (USD/MT)												
MY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
2006	216	220	235	238	240	258	259	261	272	277	283	291
2007	336	349	341	377	441	488	503	516	554	545	564	616
2008	632	66	612	58	46	382	40	36	35	341	33	32

		0		0	6		7	7	5		9	4
2009	328	288	301	299	290	293	275	281	348	312	311	305
2010	330	370	356	355	370	376	400	391	398	450	453	406
2011	387	375	352	347	330	363	336	375	375	359	338	367
2012	370											

Milling wheat price

TURKEY: Milling wheat price at commodity exchange (USD/MT)												
MY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
2006	253	245	257	272	275	286	293	304	324	331	330	309
2007	338	360	350	387	415	427	433	446	478	492	490	485
2008	466	479	480	450	375	343	352	335	324	315	314	321
2009	330	339	326	317	341	323	330	369	364	352	349	334
2010	340	339	378	368	383	400	460	400	390	445	460	418
2011	418	369	346	342	342	340	341	364	364	360	341	364
2012	365											

Wheat imports

TURKEY: MAJOR WHEAT SUPPLIERS				
Country	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 (MT)**	**MY 2011 (MT)**
Russia	2,003,918	2,184,316	587,409	2,401,532
Kazakhstan	219,298	432,536	486,313	467,409
Ukraine	154,432	108,802	581,657	94,702
Hungary	143.951	18,458	131,569	2,680
Moldova	55,399	40,049	53,366	3,146
Lithuania	106,872	88,948	108,532	50,302
U.S.	46,821	0	1,065,573	105,158
Others	1,022,457	50,427	1,119,094	53,781
MY Total	3,609,341	2,923,536	4,133,513	3,178,710

Source: GTA

Wheat flour exports

TURKEY: MAJOR WHEAT FLOUR EXPORT MARKETS				
Country	MY 2008 (MT)	MY 2009 (MT)	MY 2010 (MT)	MY 2011 (MT)
Iraq	631,748	793,119	800,330	914,901
Indonesia	305,967	429,826	450,584	346,353
Philippines	69,824	126,749	74,172	136,752
Thailand	26,750	31,819	31,797	51,597
Angola	28,975	22,192	698	35,588
Israel	72,565	24,370	37,653	32,411
Libya	59,250	49,367	33,488	205,286
Sudan	66,523	72,337	14,073	17,467
Yemen	1,428	16,491	7,845	1,334
Others	206,964	301,728	331,662	416,269
MY Total	**1,469,994**	**1,867,998**	**1,782,302**	**2,157,958**

Barley

The barley yield is worse than the wheat yield in MY 2012. Even though barley area increased in Central Anatolia, dry weather conditions in spring, and long duration of cold temperature in winter reduced barley production to 5.5 MMT. The barley price increased dramatically and reached to 600 TL/MT in July 2012, causing TMO to intervene in barley prices on July 29, 2012, opening 100,000 MT of barley stocks at 589 TL/MT.

Barley price (USD/MT)												
YEAR	JUNE	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
2007	287	310	302	342	381	407	410	397	400	369	375	428
2008	417	427	434	396	327	302	310	301	288	270	268	270
2009	217	220	225	234	245	230	225	236	236	231	236	229
2010	232	266	256	276	286	288	333	316	334	323	332	311
2011	297	285	289	300	296	295	293	275	292	295	330	310
2012	290	330										

Corn

Post did not change the corn forecast. Seed company representatives forecasted corn production at 5.5 MMT in May, 2012, but due to unfavorable weather conditions, high yield seed will not be able to produce the yields seen in MY 2011.

The corn harvest will begin at the end of August. Corn production is forecasted at 4.2 MMT. Farmers are very sensitive about price and they don't have financial flexibility to store corn. The corn price is 580 TL/MT in the Adana region at the moment and is expected to increase to at least 650 TL/MT in September, 2012. Turkey has a shortage of every kind of feed material including wheat, barley, hay and forage crops. Corn is the only feed material available at the moment. There will be high competition among buyers as soon as harvest begins in the Cukurova region.

Turkey invested heavily in the dairy sector in the last three years. The high price of imported soybean and corn derivative products will lead dairy, beef and poultry sectors to compete for domestic corn.
The price of milk is 800 TL/MT. The price of grass is 650 TL/MT and hay is 520 TL/MT on July 30, 2012.

Rice

Late planting and cool weather conditions in May and June, and hot weather conditions in July have been favorable for paddy rice development. Post did not change paddy rice production, which remains at 770,000 MT. The yield will be lower than in MY 2011. Better estimates will be available after August 15, 2012.

Lentil

The area for lentil production has been decreasing for a couple of years. The main reason for this decrease is the switch from lentil to cotton and corn due to the availability of irrigation from the GAP project. The main areas of lentil production are Sanliurfa, Gaziantep, Mardin and Diyarbakir.

Lentil harvest completed at the end of June, 2012. Total lentil production is forecasted at 400,000 MT. In some regions yields reached 2 MT/ha, but generally the yield was around 1.4 MT/ha. The lowest yield was recorded at 0.8 MT/ha in the western part of Diyarbakir where there was heavy rainfall in the spring.

Wheat Turkey	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jun 2010		Market Year Begin: Jun 2011		Market Year Begin: Jun 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	8,000	8,000	7,700	7,700	7,800	7,800
Beginning Stocks	1,822	1,733	2,184	2,095	3,084	2,995
Production	17,000	17,000	18,800	18,800	16,500	15,745
MY Imports	3,677	3,677	3,800	3,800	3,500	4,000
TY Imports	3,517	3,517	3,800	3,800	3,500	4,000
TY Imp. from U.S.	870	870	0	95	0	150
Total Supply	22,499	22,410	24,784	24,695	23,084	22,740
MY Exports	3,015	3,015	3,600	3,600	3,700	3,700
TY Exports	2,945	2,946	3,700	3,700	3,700	3,700

Feed and Residual	800	800	1,400	1,400	700	700
FSI Consumption	16,500	16,500	16,700	16,700	16,900	16,800
Total Consumption	17,300	17,300	18,100	18,100	17,600	17,500
Ending Stocks	2,184	2,095	3,084	2,995	1,784	1,540
Total Distribution	22,499	22,410	24,784	24,695	23,084	22,740
1000 HA, 1000 MT, MT/HA						

Barley Turkey	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jun 2010		Market Year Begin: Jun 2011		Market Year Begin: Jun 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,350	3,350	3,200	3,200	3,300	3,300
Beginning Stocks	790	83	697	190	957	450
Production	5,900	5,900	7,000	7,000	5,800	5,500
MY Imports	57	57	60	60	50	150
TY Imports	39	39	60	60	50	150
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	6,747	6,040	7,757	7,250	6,807	6,100
MY Exports	50	50	150	150	150	0
TY Exports	50	50	150	150	150	0
Feed and Residual	5,100	4,900	5,700	5,700	5,200	5,100
FSI Consumption	900	900	950	950	900	900
Total Consumption	6,000	5,800	6,650	6,650	6,100	6,000
Ending Stocks	697	190	957	450	557	100
Total Distribution	6,747	6,040	7,757	7,250	6,807	6,100
1000 HA, 1000 MT, MT/HA						