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Grain and Feed Annual

2013 Turkey Grain and Feed Annual

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Report Highlights:

Durum wheat production is forecasted at 2 million metric tons (MMT). Farmers planted less land in Central Anatolia and the durum wheat condition is at or below normal.

Wheat area decreased compared to last year and is below the long term trend. Corn area increased. Corn and sunflower continue to cut into cotton production areas.

Wheat production is forecasted at 17.5 MMT in marketing year (MY) 2013. Some regions have decreased area planted. April rainfall will be critical for production in most parts of Turkey.

The barley area increased in the Konya, Corum and Kirsehir regions. High barley prices led to wheat

farmers planting barley instead of wheat.

Corn area increased, largely from silage corn area. Post forecasts corn area will reach 550,000 hectares production and 4.5 MMT in MY 2013.

Post forecasts paddy rice production at 701,000 MT in MY 2013 with an area decrease of 5 percent due to low profitability and difficulty marketing.

There are a lot of rumors about Russian wheat stocks and the availability of wheat for MY 2013. At the moment Russian wheat is still available for Turkey. The wheat price is 319 USD/MT for 13.5 percent protein. Turkish buyers are not only targeting Russia, but the entire Black Sea region. There was recently a large sale from Moldova. Turkey still needs wheat but demand is lower than expected.

Corn trade was very strong in MY 2012 due to high demand from the feed sector. Demand for corn will again be very strong in MY 2013. Corn area increases will affect the import of corn, but Post forecasts at least 300,000 MT of corn trade in MY 2013.

Rice imports began to increase in the third quarter of calendar year (CY) 2012 and are expected to increase in April and May. Calrose rice is becoming popular again. One of the biggest rice trading company's decision to exit the rice business affected the market in 2012, but trends are becoming positive.

Commodities:

Wheat

Wheat, Durum

Barley

Corn

Rice, Milled

Production:

Durum Wheat

Durum wheat production is forecasted at 2 MMT. The area planted decreased in Central Anatolia and durum wheat conditions in Central Anatolia are at lower than normal levels. There will be some yield loss in the region due to moisture loss from the soil.

Central Anatolia

Central Anatolia production patterns began to change dramatically with the increased promotion of corn and sunflower by seed and oil companies.

Farmers allocate more land to sunflower seed for oil, corn and sugar beet production every year due to fewer marketing problems and high profits. There are some minor canola production trials in Aksaray region.

Moreover, dairy farm numbers in Central Anatolia increased dramatically in the last 2 years, including new investment and construction, which is increasing demand for forage crops such as alfalfa. The production of wheat and barley was most affected by the shift to sunflower, corn and sugar beet in MY 2012. However, durum wheat area planted was decreased 10 percent in MY 2013 compare to MY 2012.

Durum wheat development is not very good at the moment. Current durum wheat can be scored 3 out of 5.

South East Anatolia

Durum wheat area remained the same in South East Anatolia. Durum wheat development is very good at the moment.

Milling Wheat

Central Anatolia

Winter wheat planting is completed and rainfall and snow coverage was insufficient for plant development. Snow coverage was very limited - Wheat plant height was 4-5 cm on March 20, 2012. Milling wheat was very popular among farmers during MY 2013 planting.

The new Turkish Grain Board (TMO) protein-based procurement policy led farmers to use certified seed, especially in the Konya region. Wheat area decreased almost 10 percent compared to MY 2012 due to an increase in corn, sunflower and forage crops.

The increase in corn area is very surprising. The level of sunflower planting and corn planting is the biggest change from the traditional agriculture in this sector. Post does not expect this region to become a new area for the production of sunflower seed and corn. Most of the land allocated to corn planting in the region is meant for silage corn, as opposed to grain consumption.

Specifically, North West of Konya wheat is at a very good stage, but North East of Konya is at either poor or medium condition. South East of Konya is in good condition. Kula, Cihanbeyli, Haymana, Golbasi, Altinekin areas are at poor levels.

Wheat germination in the Eskisehir and Afyon regions is poor. It is early at this stage to make further comments.

Wheat development in the Nevsehir, Nigde and Aksaray regions is either good or better than good, displaying better than normal height for this time of year. It is it should be at. Drier than expected weather in March is causing concern.

Cukurova and Mediterranean Region

The wheat area decreased compared to last year and the long term trend. The corn area increased. The cotton area is still under pressure from corn and sunflower. The production pattern now seems settled in Cukurova region. The upper valley seems to be designated towards wheat and sunflower. The sunflower area increased in the region, but the lower valley is mostly allocated to corn, and this year extensively for soybean. The soybean area increased but the area increase was limited by the availability of seed. Government policy against the import of seeds for soybean and other oilseed varieties put a stop to the increasing oilseed area in the Cukurova region.

Wheat development is worse than last year, but better than the long term average at the moment. Yield is expected to be better than average in the Cukurova region.

There are some observed problems in Mersin, Burdur and the highlands of Antalya, but they will have a minor impact on general production of the region.

Thrace region

Wheat is in very good conditions in the Thrace region, except for some places in Tekirdag. The major problem of the region was sowing late.

South East Anatolia

The wheat area increased in response to high prices of wheat and straw. The corn area gained some land from cotton, but not from wheat or barley. Wheat development in the region is very good. The condition of wheat is better than in most parts of Turkey.

East Anatolia

Seed companies and oil crushers are very active in the region. Sunflower is increased in Mus, Elazig and Erzincan. It is a new crop to the region. Farmers enjoyed high yields in MY 2012, cash payments and easy marketing opportunities.

Aegean region

The region has continued the trend of moving from wheat to corn, especially in Manisa, Izmir and Aydin where the corn area increased and the wheat area decreased.

Wheat development is in very good condition. The development of wheat in the region is either good or better than good.

Post forecasts wheat production at 17.5 MMT in MY 2013. Some parts of the region experienced minor decreases in area. April rainfall is very critical for most parts of Turkey.

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 2011		MY 2012		MY 2013	
					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	250,000	1,175,000	260,000	1,250,000	255,000	1,250,000
Hatay region	3	4.7	5-5.5	May 25- June 25	85,000	399,500	85,000	250,000	90,000	270,000
Southeast region	2	2.9	3-3.5	May 15- June 25	800,000	2,320,000	900,000	2,250,000	950,000	2,450,000
Central Anatolia	2	2.38	1.5-2	June 25-July 25	3,000,000	7,140,000	2,990,000	4,500,000	2,900,000	6,100,000
Polatli	2.8-3	3.4	3.3	June 15-July 20	130,000	442,000	130,000	300,000	130,000	400,000
Aegean region	2-2.5	3	3	May 25- June 25	550,000	1,650,000	550,000	1,500,000	500,000	1,600,000
Aydin region	4.5	4	4	May 20- June 10	6,000	24,000	6,000	45,000	6,000	40,000
Thrace	3.5	4.1	4.1	June 15-July 15	600,000	2,460,000	600,000	2,450,000	600,000	2,450,000
Other regions	1.3	1.4	1.5	June 15-July 15	2,300,000	3,220,000	2,300,000	3,200,000	2,300,000	3,000,000
Total	2.12	2.3	2.3	My 15- July15	7,721,000	18,830,500	7,821,000	15,745,000	7,731,000	17,560,000

Government subsidies for wheat have not changed in 2013. There are minor changes in diesel and fertilizer support, but it will not affect farmers' decisions since this support is valid for all grain production.

Table: Government support to wheat farmers

Turkey: Government support to wheat producers					
Year	Certified seed (TL/ha)	Soil analysis (TL/ha)	Premium payment (TL/MT)	Diesel (TL/ha)	Fertilizer (TL/ha)
2005	50	-	-	24	16
2006	50	10	30	-	-
2007	50	10	35	28.8	21.3
2008	45	10	40	28.8	21.3
2009	50	22.5	45	29.3	38.3
2010	50	25	50	32.5	42.5
2011	60	25	50	37.5	47.5
2012	60	25	50	40	50
2013	75	25	50	43	55

Barley

The barley area increased in the Konya, Corum and Kirsehir regions. A high barley price led wheat farmers to plant barley instead of wheat. The barley area also increased in the GAP region, another important area for barley. Post forecasts the barley area at 3.31million ha and production at 7.1MMT in MY 2013.

Corn

Cotton premiums and soybean premiums are not increased very much in 2013. The cotton premium increased from 460 TL/MT to 500 TL/MT and the soybean premium remained the same. Although the soybean premium remained unchanged, the soybean area increased in the Cukurova region. However, depleted soybean seed supplies limited soybean planting and farmers planted corn instead.

Higher corn prices attracted farmers this year. Some traders who expected 700 TL/MT corn failed at corn business. Otherwise, farmers and traders generally enjoyed high corn prices at the market.

In a normal season, first crop planting in the Cukurova region begins at the end of February and ends in April. This year the first season corn planting began on March 10. First crop corn planting increased in the Cukurova, Marmara and Aegean regions. The Marmara and especially Aegean region mostly focused on silage corn. Konya, a relatively new corn producer, increased its corn area dramatically compared to MY 2012.

In MY 2013, farmers demand for corn seed was very high again, but this time seed companies were ready to supply. The only big problem farmers had was the limited availability of silage corn seed. Some farmers used grain corn seed to produce silage corn.

Post forecasts the corn area will reach 550,000 ha production and 4.4 MMT in MY 2013.

A major increase in the corn planting area was observed in several areas. In Cukurova it was due to farmers' heavy investment losses on cotton planting in MY 2013. In the Aegean region it was due to a dramatic increase in the number of livestock farms. In the Marmara region it was due to increased demand from the broiler industry.

Second season corn planting will be decreased in Cukurova, not only in MY 2013 but also in the following years. Disease problems, such as the European Corn Borer, and low yields are causing farmers to grow alternative crops. Second corn will be concentrated in the GAP region in MY 2013 and in the future as well. Dry weather conditions and the availability of irrigation should help GAP farmers to get 10-12 MT/ha yields in the region.

Due to heavy support for sunflower seed, high demand from sunflower oil companies and contracting directly with farmers, the sunflower area is increasing in the Cukurova, and surprisingly, in the Konya and East Anatolia regions as well. Sugar beet production is not as profitable as it was in the past for the Konya region, so some farmers will switch from sugar beet to either sunflower or corn production. Post will follow this trend closely.

Paddy Rice

Paddy rice is mainly grown in the Thrace region with modern agricultural techniques and equipment. The major rice growing provinces are Edirne, Balıkesir, Çanakkale, Bursa, Samsun, Çorum, Sinop, and Kastamonu. There are around 60 underutilized paddy rice milling factories. As in other milling industries, there is excess capacity in paddy rice milling in Turkey. Turkey would like to use this excess capacity for export purposes.

The most productive region is Thrace, which contains 10-15 percent of Turkey's total rice plantation area. Ipsala alone produces 20,000 ha of paddy rice. The average yield in Thrace is 8 MT/ha.

Rice planting will start in the middle of May 2013 and finish by the end of the same month. MY 2013 plantation area decreased 1 percent due to reduced profitability and difficulty marketing. Rice yields depend on rainfall at the end of August and early September. The harvest normally begins in September and ends in October.

For MY 2013, Post forecasts paddy rice production at 770,000 MT.

Lentil

Post estimates MY 2013 lentil production at 460,000 MT

The pulse planting area normally changes depending on the availability of seeds, prices and the premiums of the previous year's harvest, weather conditions, fertilizer prices, plant diseases, and the presence of weeds like broomrape (*Orobanche* spp) in the field. The Ministry of Agriculture introduced a 90 TL/MT pulse premium in 2008 and increased it to 100 TL/MT in 2009, 2010, 2011, 2012 and 2013. This high premium for pulses led to the increased lentil area in MY 2013.

The GAP region, which is in South East Anatolia, traditionally grows pulses. The GAP development project, including new dams and irrigation canals, has also led to increased lentil yields and area planted.

Consumption:

TMO was very active in MY 2012 - not on the purchase side but on the sales side. TMO released 828,000 MT of barley, 2.5 MMT of wheat and 42,000 MT of corn but sold only 358,000 MT of barley, 610,000 MT of wheat.

The TMO sales prices are:

- 100,000 MT of barley at 630 TL/MT
- 47,949 ton of wheat for biscuits sold at 316-326 USD/MT - only to biscuit manufacturers who have inward processing regime certificates.
- 300,393 MT of domestically produced wheat at 725, 743, and 748 TL/MT
- 499,303 MT of domestically produced wheat sold at 339-349 USD/MT - only to wheat millers who have inward processing regime certificates.

Wheat

The main discussion of the wheat flour industry in 2012 was white bread versus whole grain bread.

Prime Minister Erdogan fueled the discussion by stating he would remove white bread from the Prime Ministry Cafeteria menu. There were a lot of rumors and concern mentioned by the public that the Ministry will ban white bread production. There are campaigns to increase whole grain bread but it will take a long time to change the public's taste. The other important aspect of concentrating on whole grain flour is Turkish flour exports. More than 90 percent of Turkish exports are white flour. Should Turkish producers have to redesign their production line to whole grain wheat flour, doing so will make it difficult to produce sufficient supplies to maintain current wheat flour exports.

An interesting aspect of this discussion is that many mills invested in state of art milling machineries which remove the bran, and now they are concerned that they will have to invest again in whole grain flour mill machines.

Turks consume 350-400 grams of bread every day. Turkey produces 101 million 250-gram loaves of bread every day. The Istanbul Municipality bread factory (IHA) produces 1.7 million loaves every day. IHA has three bread production factories in Istanbul. In terms of daily production they are the biggest bread producer in Europe. The IHA price of bread (0.50 TL/300 grams) is lower than the market price (0.85 TL/300 grams). IHA sells 70% of their production at their small retail shops and 30% at private markets.

The Ankara Municipality bread factory is the second largest Municipal bread factory with a production of 1 million 300-gram loaves daily. The Bursa municipality bread factory produces 400,000 loaves daily. According to estimates, municipalities produce around 10 million loaves every day in Turkey. They have a 10% market share. The price of municipality bread is usually 40% cheaper than bread produced in the private sector. The marketing strategy of municipality bread companies is to franchise into very small bakery shops which are privately owned.

There are around 5,000 small unregistered bakeries in Istanbul, creating concerns about food safety. The Government defines its role in the bread market as leading to higher quality, more hygienic, and more varied types of bread by the private sector. In reality, the municipal bread companies distort the bread market and provide subsidized bread to consumers. IHA sells 35 different bread varieties but private small bakeries only usually produce 3-4 different varieties. The most common variety is white bread. The government is trying to encourage bread producers to use bran, rye, and oats to produce multi-grain bread to improve public health.

Moreover, poultry producer and feed millers were very active buyers in the wheat market in the Cukurova and the South East Anatolian regions due to a ban on corn imports after implementation of the Biosafety Law. It is projected that poultry producers will be active again in the Cukurova wheat market which will lead to high wheat prices in the first couple of weeks of harvest.

Corn

There are two main users of corn in Turkey - the feed industry and the corn starch industry. The corn starch industry is controlled by the government through quota allocations. There are six starch companies; three of them are in Adana, two of them are in the Marmara region, and one of them recently opened in the South East of Turkey which does not have quota at the moment. The total production capacity of the corn starch industry is 1.3 MMT. The sector uses 900,000 MT of domestic corn and produces 525,000 MT of sugar, either in the form of high fructose corn syrup or glucose syrup.

The Energy Market Regulatory Authority (EPDK) published a regulation that mandates bio-ethanol and bio-diesel use in the official gazette dated September 27, 2011. According to the regulation, gasoline should contain 2 percent (volume) of bio-ethanol, which is produced from domestically produced agricultural commodities, by January 01, 2013, and 3 percent by January 01, 2014. Moreover, diesel should contain 1 percent biodiesel by January 01, 2014, 2 percent by January 01, 2015 and 3 percent by January 01, 2016.

According to the EPDK 2010 sector report, Turkey consumes 13.9 MMT of diesel and 2.1 MMT of gasoline every year. In order to blend bio-ethanol with gasoline, Turkey should produce 80,000 m³ of bio-ethanol from either 1 MMT of domestically produced sugar beets or 250,000 MT of corn.

Keeping in mind that Turkey has a surplus of sugar beet production and the biggest bio-ethanol premises belongs to a sugar beet cooperative in the Konya region (56% of market share), Post forecasts that most bio-ethanol will be produced from sugar beets. The second largest bio-ethanol facility, however, is located in Adana and belongs to a corn starch company. The third and the fourth largest are located in the Marmara region, where farmers mostly grow corn for the broiler industry or for silage purpose. In 2013, 100,000 MT of corn will be allocated to bio-ethanol production and will be gradually increased every year. This will also increase consumption of DDGS produced locally. Bio-ethanol factories are expected to produce 30,000 MT of DDGS and to sell this to local feed mills. The ethanol blending mandate began in January 2013 and continues without any problems.

Rice

Turkish consumers prefer the Calrose, Baldo and Osmancik varieties. Annual rice consumption is approximately 8.1 kg/person. In Turkish cuisine rice is very important for making pilaf. Most people prefer the Baldo and Osmancik (domestic variety) over Calrose.

According to several studies on rice consumption, Turkish families prefer to buy rice once a month. There are 1, 2.5 and 5 kg packages available in the markets. Consumers are very sensitive on price (50%), quality (35%) and variety (30%).

There are 150 paddy rice factories in Turkey. In the last three years exports were the major target of paddy rice industry. Previously the primary paddy rice factories were located in regions where paddy rice is produced, such as Thrace and South Marmara. However, Mersin is the major attraction for new investments on paddy rice factories due to its proximity to export destinations and the port. There are 10 paddy rice factories in Mersin. New paddy rice factories in Mersin have very large capacities, at around 100,000 MT. The total paddy rice factory capacity is 3.2 MMT/year and capacity use is very low (at 38% in 2011).

Another problem for the sector is blending. Rice companies tend to blend Calrose with Osmancik to improve prices. However, this practice creates some consistency and quality problems. A new strategy is to sell rice for pilaf rather than marketing it as Calrose or Baldo.

Industry is lobbying the government to decrease the VAT from 8 percent to 1 percent, as the government did for bulgur and other bakery and sugar industries. The government, however, does not tend to consider rice as a staple food for Turkish consumers. The government views wheat and wheat products as staple foods and rice as a luxury product.

Feed sector

The feed industry is growing very fast. There are a lot of new investments in Turkey for both dairy and recently in cattle feed lots. Turkey continues extensive development of the broiler and egg industries. Major increases in this sector were observed in broiler feed and ruminant feed production. This increase was also reflected in the demand for barley. The demand from aqua culture for feed production is also very important.

Growth in the feed industry will continue to increase steadily in the coming years. New investments in the dairy industry will introduce modern cattle fattening farming practices. Moreover Turkey has not yet realized the export potential of its poultry industry - there are still big opportunities such as Saudi Arabia and the EU. Turkey's egg industry is also growing tremendously. Currently these companies export primarily to Iraq and are planning to export liquid egg to the EU in the near future. Turkey's growth in these industries will increase demand in all protein sources, mainly corn and soybean. Turkey will fill its corn and soybean production deficit with imports, mainly from the U.S. and Latin America.

Turkey: Feed production (MT)			
Types of feed	2010	2011	2012
Broiler feed	3,593,576	4,031,302	4,224,111
Layer feed	820,899	953,819	1,058,733
Other poultry feed	547,578	596,270	670,851
Total poultry feed	4,962,054	5,581,390	5,953,696
Feeder cattle feed	2,310,524	2,837,345	3,064,487
Milking cow feed	3,537,312	3,898,019	4,393,071
Total ruminant feed	5,847,836	6,735,364	7,457,558
Fish feed	184,810	239,273	300,022
Other feed	52,614	62,425	156,050
Total feed production	11,501,123	13,162,340	14,488,539

Due to harsh weather conditions this winter in Central Anatolia, wheat plant height was very low.

Wheat straw and hay are important crops feeding ruminants in Turkey. Although it has very limited nutritional value, wheat straw is very popular among farmers. The price of wheat straw is almost equal to the price of wheat in some regions. The government has attempted several times to import wheat straw or hay from neighboring countries by reducing tariffs and changing quarantine regulations. Nevertheless, the amount of wheat straw and hay imports are very limited due to

unavailability and cost of transportation. Recently government authorized the Turkish Agriculture Credit Cooperative to import wheat straw and hay and distribute it to farmers. The first shipment arrived in Turkey but farmers are unhappy with the limited quantities.

In addition to constraints on wheat straw and hay, barley was also in limited supply. There were big decreases in barley production and government agencies did not update their first forecast numbers, which were very high. The reluctance of government agencies to reflect the real figures in their official report and policy resulted in very high barley and feed costs for ruminant and poultry producers. In October 2012 the price of corn silage was 220 TL/MT; dry alfalfa was 630 TL/MT hay was 540 TL/MT; and compound feed for milking cows was 880 TL/MT.

Trade: Wheat

There are a lot of rumors about Russian wheat stocks and the availability of wheat for MY 2013. At the moment Russian wheat is still available to Turkey. The price of wheat is 319 USD/MT for 13.5 percent protein. Not just Russia, but whole Black Sea is being targeted by Turkish buyers. There was recently one big sale from Moldova. Turkey still needs wheat, but the demand is lower than expected.

Turkey's inward processing regime certificate was priced at 60 USD/MT in March 2013, but is expected to reach 90 USD/MT in MY 2013.

Some farmers recently released their final stocks at the market in March and this reduced the price of wheat. In MY 2013, low quality wheat will be available domestically and high quality wheat will be imported again. Post believes that SRW will not have a chance again at Turkish market.

Traders told us that Russian new crop sales reached 250,000 MT in March 2013.

Not only the barley sector, but also wheat millers and especially biscuit factories, had a hard time finding low quality and inexpensive wheat from the domestic market. TMO opened 50,000 MT of biscuit wheat at 649 TL/MT on September 24, 2012. September-November wheat and barley prices increased at the commodity exchange after the Black Sea harvest gave bad signals for exports. TMO opened 330,000 MT of milling quality wheat at 670-690 TL/MT on October 09, 2012.

Traders can follow the Turkish wheat price using the websites provided below. The Polatli and Konya Commodity exchanges are the ones where high and medium-quality wheat is traded. The Adana Commodity Exchange is not usually very active in wheat trading due to millers' and traders' heavy involvement at the farm level in Cukurova. The reason they are so active here is that it is the first wheat harvested in Turkey and farmers can easily find buyers in their villages.

http://www.polatliborsa.org.tr/tr/index_framed.htm

<http://www.ktb.org.tr/?cat=46>

<http://www.esktb.org.tr/>

<http://www.polatliborsa.org.tr/tr/TRHububatBulteni.htm>

<http://www.etb.org.tr/archives.php?category=1&gun=04&ay=04&yil=2012&gun2=04&ay2=04&yil2=2012>

http://www.adanatb.org.tr/index.php?option=com_content&view=category&id=39&Itemid=103

Wheat flour trade will be strong in 2013, mostly to the Iraq, Syria and Africa markets. Marketing to the Far East markets depends on the availability and pricing of Russian wheat. The wheat price is low at the moment and some traders are buying wheat now for use next season.

Wheat flour exports have slowed down. The Iraq market is still steady, but the Far East market such as Indonesia is very slow at the moment, which reduces the demand for low quality wheat exports.

Moreover the recent TMO involvement in the market almost put a stop to import demand. Wheat millers who held inward processing certificates, of which most are in Konya, Gaziantep and Diyarbakir, will use TMO stocks.

Turkish millers have high expectations for the Syrian market in the future. There are still some Syrian traders at the market but most trade is carried out in cash and in small quantities. Turkish millers are finding little demand in the Libya and Africa markets.

Indonesia's anti-dumping measures significantly reduced Turkish wheat sales to Indonesia. Regardless of the anti-dumping measures, most millers believe that Turkey wouldn't be able to sell wheat flour due to competition from India and Australia.

Turkish millers' main target at moment is to retain market share in Iraq and expand in Africa - mainly Libya, Sudan, Niger and Angola.

Turkey: Major wheat flour markets			
Country	MY 2010 (MT)	MY 2011	MY 2012
Iraq	800,330	911,912	621,537
Indonesia	450,584	346,028	107,842
Philippines	74,172	136,752	115,234
Thailand	31,797	51,597	28,325
Angola	698	35,588	33,791
Israel	37,653	32,411	12,544
Libya	33,488	204,630	18,503
Sudan	14,073	17,565	32,887

Yemen	7,845	1,334	1,511
Others	331,662	415,763	309,874
MY Total	1,782,302	2,153,580	1,282,048

TURKEY: MAJOR WHEAT SUPPLIERS				
Country	MY 2009 (MT)	MY 2010 (MT)	MY 2011 (MT)	MY 2012 (MT)*
Russia	2,184,316	587,409	2,401,532	1,888,410
Kazakhstan	432,536	486,313	467,409	456,046
Ukraine	108,802	581,657	94,702	129,077
Hungary	18,458	131,569	2,680	8
Moldova	40,049	53,366	3,146	15,255
Lithuania	88,948	108,532	50,302	0
U.S.	0	1,065,573	105,158	1,353
Others	50,427	1,119,094	53,781	239,810
MY Total	2,923,536	4,133,513	3,178,710	2,729,959

**June 12-Jan 13*

Barley

When the barley harvest was completed it was obvious that there was a shortage. TMO did not buy barley off the market but intervened by selling barley from their stocks.

TMO typically intervenes with sales in September, but there was a dramatic price increase in the feed market which led TMO to sell 102,000 MT of barley at 589 TL/MT on July 30, 2012. The first sale was insufficient for the feed sector. TMO opened 95,000 MT of barley stocks at 594 TL/MT on September 13, 2012. Feeder cattle producers and also dairy cattle producers complained heavily about the price increases for barley, wheat straw and hay. TMO opened 120,000 MT of barley, mostly to feeder cattle producers, at 599 TL/MT with a 90 day payment installment option. Finally on December 18, 2012, TMO opened 100,000 MT of barley stocks to cattle producers, broiler producers, and feed millers at 620 TL/MT. TMO barley sales did not reduce the price increase in the market and prices remained at a reasonably high price.

Corn

Corn trade was very strong in MY 2012 due to high demand from the feed sector. Corn demand will be very strong again in MY 2013. The corn area increase will reduce demand for corn imports, but post forecasts at least 300,000 MT of corn trade in MY 2013.

Rice

Turkey began to import more rice in the third quarter of CY 2012 and is expected to increase in April and May as well. Calrose rice is becoming popular again. The decision of one of the biggest rice

trading companies to exit the rice business left other importers uncertain about importing in 2012, but business sentiment is looking positive for MY2013. Traders told Post that there is a lot of interest from the cash and carry market to be the importer company.

Most restaurants and caterers of inconsistent quality problems with the Osmancik variety and would like to switch to the Calrose variety.

Jupiter varieties have lost their popularity in the market, but recent South varieties are gaining market share through better quality advantages and pricing.

Stocks:

TMO has around 4.5-5 MMT of elevator capacity and is investing in modernizing its elevators. TMO is also renting modern elevators from the private sector. At the moment TMO has 500,000 MT of port elevators, 3.5 MMT of inland elevators and 130,000 MT of long-term rented elevators.

There are a lot of investments in the construction of modern elevators in every part of Turkey. This will help Turkey's long term storage capability.

Policy:

TMO Policy

Procurement policy

TMO began procuring wheat on May 31, 2012, by undertaking contracts and announced prices on June 18, 2012, at 665 TL/MT for Anatolian Red Milling Wheat; 705 TL/MT for durum wheat. TMO has not announced barley procurement price, since barley was not available on the market.

The corn procurement price was announced on August 28, 2012, at 595 TL/MT, and the paddy rice procurement price was announced on September 14, 2012, at 1,165 TL/MT.

TMO was very active in the market in MY 2012 and intervened in the market almost 50 times. TMO tried to stabilize the price of wheat. Traders and farmers expect TMO to be active in MY 2013 as well.

The prices of TMO wheat purchases are estimated at 690 TL/MT for Anatolian red milling wheat and 710 TL/MT for durum wheat in MY 2013.

Table: TMO procurements

YEAR	WHEAT	BARLEY	RYE	OAT	CORN	PADDY RICE
2006	1,456,693	724,738	6,311	2,194	-	87,384
2007	121,968	2,755	46	-	-	33,440
2008	62,933	155	-	-	832,378	501
2009	3,771,313	1,293,487	48,387	4,127	183,467	-
2010	980,233	916,546	15,661	394	83,491	-
2011	823,988	167,214	1,766	-	47,632	12,849
2012*	1,634,449	-	-	-	94,536	41,304

Source: TMO

Production, Supply and Demand Data Statistics:

Wheat Turkey	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jun 2011		Market Year Begin: Jun 2012		Market Year Begin: Jun 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7,700	7,700	7,800	7,800		7,731,000
Beginning Stocks	2,184	2,095	3,059	2,995		1,395
Production	18,800	18,800	15,500	15,500		17,560
MY Imports	3,847	3,800	3,800	3,700		3,200
TY Imports	4,414	3,800	3,500	3,500		3,000
TY Imp. from U.S.	0	95	0	150		0
Total Supply	24,831	24,695	22,359	22,195		22,155
MY Exports	3,672	3,600	3,300	3,300		3,200
TY Exports	3,680	3,700	3,300	3,300		3,200
Feed and Residual	1,400	1,400	700	700		800

FSI Consumption	16,700	16,700	16,800	16,800		16,800
Total Consumption	18,100	18,100	17,500	17,500		17,600
Ending Stocks	3,059	2,995	1,559	1,395		1,355
Total Distribution	24,831	24,695	22,359	22,195		22,155
1000 HA, 1000 MT, MT/HA						

Barley Turkey	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jun 2011		Market Year Begin: Jun 2012		Market Year Begin: Jun 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,200	3,200	3,300	3,300		3,310
Beginning Stocks	724	190	910	450		150
Production	7,000	7,000	5,500	5,500		7,100
MY Imports	39	60	250	250		50
TY Imports	46	60	250	250		50
TY Imp. from U.S.	0	0	0	0		0
Total Supply	7,763	7,250	6,660	6,200		7,300
MY Exports	103	150	50	50		50
TY Exports	103	150	50	50		50
Feed and Residual	5,800	5,700	5,200	5,100		5,800
FSI Consumption	950	950	900	900		900
Total Consumption	6,750	6,650	6,100	6,000		6,700
Ending Stocks	910	450	510	150		550
Total Distribution	7,763	7,250	6,660	6,200		7,300
1000 HA, 1000 MT, MT/HA						

Corn Turkey	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Sep 2011		Market Year Begin: Sep 2012		Market Year Begin: Sep 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	450	450	525	525		550
Beginning Stocks	367	356	245	334		309
Production	3,600	3,600	4,400	4,400		4,500
MY Imports	699	699	500	650		300
TY Imports	729	729	500	690		350
TY Imp. from U.S.	0	0	0	0		0
Total Supply	4,666	4,655	5,145	5,384		5,109
MY Exports	21	21	25	25		25
TY Exports	19	19	25	25		25
Feed and Residual	3,500	3,400	4,000	4,100		3,900
FSI Consumption	900	900	900	950		950
Total Consumption	4,400	4,300	4,900	5,050		4,850

Ending Stocks	245	334	220	309		234
Total Distribution	4,666	4,655	5,145	5,384		5,109
1000 HA, 1000 MT, MT/HA						

Rice, Milled Turkey	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Sep 2011		Market Year Begin: Sep 2012		Market Year Begin: Sep 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	105	105	103	103		98
Beginning Stocks	312	292	290	270		223
Milled Production	502	502	483	483		470
Rough Production	749	749	721	721		701
Milling Rate (.9999)	6,700	6,700	6,700	6,700		6,700
MY Imports	315	315	300	300		350
TY Imports	240	240	300	300		350
TY Imp. from U.S.	0	0	0	120		120
Total Supply	1,129	1,109	1,073	1,053		1,043
MY Exports	89	89	80	80		80
TY Exports	75	75	80	80		80
Consumption and Residual	750	750	750	750		750
Ending Stocks	290	270	243	223		213
Total Distribution	1,129	1,109	1,073	1,053		1,043
1000 HA, 1000 MT, MT/HA						