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Report Highlights:

Turkey's wheat imports during the first six months of marketing year (MY) 2019/20 (from June to November 2019) were almost double last year's imports during the same period. Turkey's wheat imports will reach a record level due to continued robust exports of wheat products and domestic production shortages. For MY 2019/20, total barley and corn imports into Turkey are forecast at 700,000 MT and 2.6 MMT, respectively. A high priority of the government due to continued food inflation, Turkey is closely monitoring prices of staple foods like bread and red meat and their relevant input commodities like wheat, flour, and animal feed.

Production

Wheat

Post revised Turkey's wheat production forecast to 17.5 million metric tons (MMT) in MY 2019/20, down about eight percent compared to the previous marketing year, due to lower than expected yields in the Central Anatolia, Cukurova, and Southeast regions. As mentioned in previous reports, unexpected dry weather conditions, especially in the month of May, which was the driest month in parts of Turkey in the last 20 years, affected yields and crop quality. Although rain in June was beneficial for the crops in the Thrace region, the production there was not enough to compensate for losses in other regions.

Decisions to grow alternative crops, farmers' financial concerns and the increased costs of inputs, government price interventions in the wheat/bread market, orchard development, greenhouse development, and increased vegetable production due to new irrigation areas account for the reduced wheat planting acreage in recent years. Area losses are mainly concentrated in milling wheat, whereas areas for durum wheat are increasing.

Currently farmers in Turkey are again dealing with a dry autumn. Following low precipitation during the planting season in October and November, precipitation continues to be a concern for the wheat crop. Average rainfall in Turkey from October 2019 through December 2019 was 37 percent lower than the same period in 2018. Further, Central Anatolia experienced less snowfall in January 2020, increasing the need for additional rain during the winter months.

Barley

Post revised the production forecast down to 7.6 MT of barley in marketing year 2019/20. The decrease is primarily due to less rainfall than expected, despite increased planting area. This new forecast is still higher than the production figures from the last two years.

Corn

Corn production is forecast at 6 MMT in MY2019/20, an increase of 300,000 MT compared to last marketing year. The increase is due to better corn yields, especially for the first crop in the area between the Aegean Region and Central Anatolia. The second corn crop harvest was completed in almost all regions by the end of the December. Second corn crop yields were close to expectations. In the southeast of Turkey, where most of the second crop corn was harvested (1 MMT of corn), yields were around 900-1,100 MT/ha.

Rice

MY 2019/20 total rice area and production are estimated at 100,000 hectares and 910,000 metric tons. Paddy rice was planted in April, and the harvest was completed in October. The rice harvest started two weeks late all over the country. According to producers, new seed varieties have contributed to better yields.

Consumption

Wheat

The Turkish domestic wheat consumption forecast is 18.3 MMT in MY 2019/20, up 200,000 MT compared to MY 2018/19 year. A decrease in feed wheat consumption is compensated for by an increase in the consumption of wheat for food purpose. The majority of wheat in Turkey is utilized for human consumption as flour and pasta (some of which is exported), with the rest of the wheat used as feed. Seed and industrial consumption remain the same. Availability of wheat for feed is limited this year compared to last year.

Barley

The barley consumption forecast for Turkey in MY 2019/20 is projected at 8.4 MMT due to higher production than last year in parallel with a better harvest. This projection assumes that a competitive domestic price will increase the usage of barley in the feed sector, as the Turkish Grain Board (TMO) has imported large quantities of barley in Autumn 2019 in order to decrease high domestic prices.

Corn

In MY 2019/20, Turkish domestic corn consumption forecast is 8.5 MMT, similar with last year. According to the market sources, demand is increasing from the feed sector due to competitive prices beginning the second quarter of the marketing year.

Rice

In MY 2019/20, Turkish domestic rice consumption is forecast at 800,000 MT, slightly higher than MY 2018/19, assuming stable demand from consumer households and the hotel and restaurant sectors.

Trade

Wheat

Turkey is importing record amounts of wheat to compensate for continuing high levels of wheat product exports and domestic shortages after a smaller than expected harvest. The wheat import forecast is accordingly increased to 8.5 MMT in MY2019/20, based on expectations that wheat product exports will remain at their current levels and domestic consumption will continue to increase.

After an amendment to the Inward Processing Regime (IPR) in Summer 2019, companies that import wheat in order to process and re-export wheat products can now also sell products made with imported wheat in the domestic market. Also contributing to increased wheat exports was a government policy from September 2018-June 2019 which blocked exports of flour made from domestically-grown wheat. Companies can now import wheat in advance on the condition that they export an equivalent amount of wheat products within six months.

Fighting continuing food inflation is a high priority of the Turkish authorities. As a government-affiliated body, TMO has been very active recently in buying and importing all grain commodities. As indicated in the Grain and Feed Update in February 2019, TMO received an authorization through presidential decree on January 16, 2019, to import 2.6 MMT of wheat, barley, corn, pulses, and rice with zero duty, in order to stabilize domestic prices during the year. That authorization was valid until December 31, 2019. TMO also received an additional authorization to import 500,000 MT of wheat on December 15, 2019. Two weeks later, TMO announced a tender to import 550,000 MT of milling wheat and 100,000 MT of durum wheat for delivery between January 25 - February 25, 2020. TMO continues to import increasing amounts of bulk commodities for the domestic market.

According to the Turkish Statistic Institute (TUIK), Turkey's wheat imports during the first six months of MY 2019/20 (from June to November 2019) were almost double last year's imports during the same period, reaching 5.5 MMT, of which about 740,000 MT is durum wheat. Russia continues to be the leading exporter to Turkey with 4 MMT during this time period, followed by Ukraine with 750,000 MT, and Canada with 304,000 MT. Large quantities of grain will likely continue to flow into Turkey until the new harvest.

Besides milling wheat, Turkey continues to import durum wheat in order to produce pasta. Durum wheat imports during the first six months of MY 2019/20 were about 740,000 MMT. The main durum wheat supplier was Canada (304,000 MMT), followed by Mexico (124,000 MT), and Russia (78,000 MT).

For MY 2019/20, total wheat exports from Turkey, including wheat products, are forecast at 6.8 MMT, similar to MY 2018/19, based on expectations that wheat product exports will remain robust.

Turkey's wheat flour exports during the first six months of MY 2019/20 (from June to November 2019) were just below last year's exports of the same period, reaching 1.6 MMT. Iraq continues to be the leading importer of Turkish flour with 750,000 MT during this time period, followed by Yemen with 200,000 MT, and Syria with 155,000 MT.

After flour, pasta production is an important industry in Turkey's wheat product sector. Pasta exporters have been expanding their markets in Africa and increased their sales to Venezuela with a private trade agreement. Turkey's pasta exports were up eight percent during the first six months (from June to November 2019) of MY 2019/20, reaching 634,000 MT. Venezuela is the leading importer with about 92,000 MT, followed by Somalia with 87,000 MT, and Benin with 59,000 MT and during the first half of this marketing year.

According to official figures, Turkish bulgur wheat exports during the first six months of MY 2019/20 (from June to November 2019) were just below last year's exports of the same period, reaching 141,000 MT. Turkey is forecast to export 250,000 MT of bulgur wheat in MY 2019/20.

Barley

For MY 2019/20, total barley imports into Turkey are forecast at 700,000 MT, driven entirely by TMO's zero duty imports granted by government decree. According to market sources, the main impetus behind TMO purchases of feed barley is to pressure domestic prices to fall. TMO has opened three barley tenders since the harvest. Cost, Insurance, and Freight (CIF) cost of the imported barley is about $200/MT.

Despite a record barley production, the harvest is not large enough to offset the low feed wheat supply this year. High wheat bran prices also affected millers' ratio decisions. This caused a price increase of feed barley in the domestic market. The price of feed barley was about 1,100 TL/MT ($186/MT) in May 2019 and increased to 1,400 TL/MT ($245/MT) in October 2019. After TMO's imports and subsequent sales to the domestic market (feed millers, breeders), the price decreased to about 1,225 TL/MT ($211/MT) in December 2019.

Corn

For MY 2019/20, total corn imports to Turkey are forecast at 2.6 MMT, assuming stable demand from the feed sector. According to the Turkish Statistic Institute (TUIK), Turkey's corn imports during the first three months of MY 2019/20 (from September to November 2019) were 510,000 MT, compared to 690,000 MT in the same period of MY 2018/19. Ukraine continues to be the leading exporter to Turkey with 194,000 MT during this time period, followed by Romania with 136,000 MT, and Russia with 135,000 MT.

Rice

Rice imports are forecast at 210,000 MT for MY 2019/20, milled equivalent. Turkey has imported about 20,000 MT of rice during the first three months of MY 2019/20, compared to only 7,000 MT during the same period last marketing year.

TMO announced a tender to import 40,000 MT of paddy rice duty free for a Feb-March 2020 shipment date with the authorization mentioned above.

Rice exports are forecast at 25,000 MT for MY 2019/20, milled equivalent. Turkey has exported about 6,700 MT of rice during the first three months of MY 2019/20. The United Kingdom was the main destination with about 3,000 MT, followed by Sudan with 1,000 MT.

Stocks

In recent years, Turkey preferred to hold fewer wheat stocks before the harvest due to high interest rates and capital costs. However, it is now expected that both the government and private sector will keep more stocks with new, more favorable, market conditions compared to last year.

Policy

A high priority of the government due to continued food inflation, Turkey is closely monitoring prices of staple foods like bread and red meat and their relevant input commodities like wheat, flour, and animal feed. . After an additional currency depreciation in the month of August and due to ongoing domestic food price inflation problems, Turkey continues to implement measures to control commodity and food prices, including limiting exports and providing cheap bulk commodities to the animal feed and flour sectors for domestic use via the Turkish Grain Board.

The Turkish government has used several tactics in recent months in order to combat food inflation. These include: the elimination of tariffs, allocation of quotas to a governmental procurement organization, price ceilings, price supports, adjustments to quality standards, and discounts for goods produced by governmental organizations, such as herbicides or fertilizer.

Agricultural subsidies for 2019 were announced by the government on October 24, 2019. Producers will be able to benefit from the 2019 subsidies during the year 2020.The government will continue to support agricultural production according to the concept of “agricultural basins.” According to an announcement in 2019, Turkey will be divided into 941 “basins” based on climate and soil conditions. The government will subsidize 21 strategic crops, with a specific set of crops for each basin. Subsidies will be available for crops only if they are on the subsidy list for that basin.

Production, Supply, and Distribution

Wheat	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jun 2017		Jun 2018		Jun 2019	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7800	7800	7615	7615	7200	7200
Beginning Stocks	1289	1289	4138	2938	5054	3504
Production	21000	19500	19000	19000	19000	17500
MY Imports	6043	6043	6366	6366	7800	8500
TY Imports	5916	5916	6494	6491	7800	8500
Total Supply	28332	26832	29504	28304	31854	29504
MY Exports	6194	6194	6350	6700	6800	6800
TY Exports	6218	6218	6215	6700	6800	6800
Feed and Residual	1300	1000	1300	1300	1300	1200
FSI Consumption	16700	16700	16800	16800	17100	17100
Total Consumption	18000	17700	18100	18100	18400	18300
Ending Stocks	4138	2938	5054	3504	6654	4404
Total Distribution	28332	26832	29504	28304	31854	29504
Yield	2.6923	2.5	2.4951	2.4951	2.6389	2.4306
(1000 HA) ,(1000 MT) ,(MT/HA)						

Barley	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jun 2017		Jun 2018		Jun 2019	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3400	3400	3600	3600	3800	3800
Beginning Stocks	338	338	791	791	543	543
Production	6400	6400	7000	7000	7900	7600
MY Imports	753	753	279	279	700	700
TY Imports	598	598	322	350	700	700
Total Supply	7491	7491	8070	8070	9143	8843
MY Exports	0	0	27	27	50	50
TY Exports	11	11	16	30	50	50
Feed and Residual	5800	5800	6600	6600	7600	7500
FSI Consumption	900	900	900	900	900	900
Total Consumption	6700	6700	7500	7500	8500	8400
Ending Stocks	791	791	543	543	593	393
Total Distribution	7491	7491	8070	8070	9143	8843
Yield	1.8824	1.8824	1.9444	1.9444	2.0789	2
(1000 HA) ,(1000 MT) ,(MT/HA)						

Corn Market Begin Year Turkey	2017/2018 Sep 2017 USDA Official	 New Post	2018/2019 Sep 2018 USDA Official	 New Post	2019/2020 Sep 2019 USDA Official	 New Post
Area Harvested	530	530	530	530	520	520
Beginning Stocks	804	804	765	765	902	902
Production	5300	5300	5700	5700	6000	6000
MY Imports	2719	2719	2876	2876	2600	2600
TY Imports	2715	2715	2932	2900	2600	2600
Total Supply	8823	8823	9341	9341	9502	9502
MY Exports	88	88	39	39	50	50
TY Exports	82	82	31	50	50	50
Feed and Residual	6900	6900	7300	7300	7300	7300
FSI Consumption	1070	1070	1100	1100	1200	1200
Total Consumption	7970	7970	8400	8400	8500	8500
Ending Stocks	765	765	902	902	952	952
Total Distribution	8823	8823	9341	9341	9502	9502
Yield	10	10	10.7547	10.7547	11.5385	11.5385
(1000 HA) ,(1000 MT) ,(MT/HA)						

Rice, Milled Market Begin Year Turkey	2017/2018 Sep 2017 USDA Official	 New Post	2018/2019 Sep 2018 USDA Official	 New Post	2019/2020 Sep 2019 USDA Official	 New Post
Area Harvested	99	99	100	100	100	100
Beginning Stocks	71	71	93	93	88	58
Milled Production	520	520	610	610	610	610
Rough Production	776	776	910	910	910	910
Milling Rate (.9999)	6700	6700	6700	6700	6700	6700
MY Imports	340	340	200	170	210	210
TY Imports	260	260	200	170	210	210
Total Supply	931	931	903	873	908	878
MY Exports	48	48	25	25	25	25
TY Exports	45	45	25	25	25	25
Consumption and Residual	790	790	790	790	800	800
Ending Stocks	93	93	88	58	83	53
Total Distribution	931	931	903	873	908	878
Yield (Rough)	7.8384	7.8384	9.1	9.1	9.1	9.1
(1000 HA) ,(1000 MT) ,(MT/HA)						

Attachments:

No Attachments