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Turkey

Grain and Feed Update

Turkey Grain and Feed Update

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Report Highlights:

Total wheat production for Turkey is forecast at 17.5 MMT in MY2016/17. Barley production in Turkey is forecast at 4.75 MMT in MY2016/17, down 35 percent from the MY2015/16 estimate. Wheat products export reached a historic high in MY2015/16. Especially unirrigated fields were hit by the drought weather condition. Turkey completed the lentil harvest in June 2016. Total lentil production is forecasted 350,000 MT.

Post:
Ankara

Commodities:
Wheat
Barley
Corn
Rice, Milled

PRODUCTION

Wheat

Total wheat production is forecast at 17.5 MMT in MY2016/17. Harvest time is between mid-May and end of June in Turkey. Yields and quality are changing by regions and by fields due to irrigation and precipitation differences. Central Anatolia, Cukurova and some part of Southeast of Turkey, especially unirrigated fields, were hit by the drought weather condition. It is forecasted that yield losses will be reach 60 percent in some part of Konya in Central Anatolia where harvest will finish around the mid July, 2016. Increasing production in Thrace is not sufficient to compensate for losses of other regions.

Despite serious drought after sowing during November and December 2015, rainfall in May 2016 was significantly higher than the previous year throughout the whole country. Average rainfall in Thrace region in May 2016 was 58.6 mm. This amount of rainfall is about 50% percent more than the long term average for that region, and 131 percent more than last year. Due to excessive rain in May and June, weed problems were common in wheat fields. Although the wheat has high protein content, some energy concerns were reported in Thrace Region.

The first harvest in the Mediterranean coast started in the second week of May 2016. According to field reports, Cukurova region had yields between 15 kg/ha and 50 kg/ha (depending on irrigation) which was less than the long term average and last year.

Despite unirrigated areas such Araban, Yavuzeli, Nizip, overall the region of Gaziantep is having a good year in terms of yield and quality in Southeastern region. Farmers enjoyed the durum wheat price which was about 1,020 TL/Ton. Sunn pest problems were common problem in Batman, Diyarbakir and Suruc. Due to power grid infrastructure problems and frequent power cuts, some farmers complained that they could not irrigate their fields because they don’t have a reliable supply of power for pumps during the drought season.

Barley

Barley is the traditional product of unirrigated high plateau regions in Central Anatolia and GAP Regions. Barley production in Turkey in MY2016/17 is forecast at 4.75 MMT, down 35 percent from the MY2015/16 estimate. The decrease is primarily due to severely declining yields as barley production in Central Anatolia was very affected by the drought as was the barley crop in southeast Anatolia region. The barley price increased dramatically and reached to 730 TL/Ton in June 2016, up 16 percent compared to last year. Barley consumption in MY 2016/17 is forecast at 5.4 MMT with a 500,000 MT cut from previous prediction.

Corn

Total corn production is forecast at 5.5 MMT in MY 2016/17. Except for Central Anatolia, planting area decreased due to high returns for cotton, vegetables and oilseeds. Disappointment for farmers on second crop corn returns was another reason. This will lead to a decrease in the area planted to corn in MY 2016/17. Air temperatures and moisture in Cukurova region are higher than normal in June which will result in the harvest starting two weeks early.

After the GOT suspected that terrorist groups had used nitrate-based fertilizer to make bombs in Turkey, the GOT banned the sale of nitrate-based fertilizer on first week of June 2016 until February 2017. There are other widely available alternatives like urea and amonium sulfate, but these aren't preferred by farmers in terms of their content, and for some other alternatives, prices are very high in some regions. Some farmers are worried about yield losses because of a lack of affordable and available fertilizer.

The Southeast region's wheat harvest is nearly complete, so this region is now ready for the second crop corn planting. According to the news, some farmers in GAP region are concerned about power cuts which would impact irrigation and therefore they may decide not plant a second crop at all.

Rice

Post forecasts paddy rice production at 746,000 MT in MY 2016/17. Rice plantings are similar with last year due to favorable weather condition during spring. Rice planting started in May 2016 in Balikesir. Planting area increased about 1,200 ha in Gonen and Manyas compared to last year, which compensated for a similar decrease other parts of Turkey. Water levels in dams are better than previous predictions. Kammeo and Ronaldo seed varieties are popular this year among farmers compared to the usual go-to of Osmancik variety.

TRADE

Turkey imported about 3.7 MMT of wheat during the first eleven months of MY2015/16. Russia was the leading supplier with 2.8 MMT, followed by Lithuania (357,236 MT) and Canada (157,650 MT). Despite increasing wheat production in MY2015/16, wheat products export is the factor driving the wheat imports. Post revised the wheat import estimation at 4 MMT in MY 2015/16 due to TMO's strong sales for wheat product exporters after a record harvest.

Turkey imported about 240,000 MT of durum wheat during the same period in MY2015/16. Mexico was the main supplier with about 103,000 MT, followed by Canada (70,000 MT) and Russia (60,000 MT).

TURKEY: WHEAT FOREIGN TRADE				
MONTH	IMPORT	IMPORT	EXPORT	EXPORT
	MY 2014/15	MY 2015/16	MY 2014/15	MY 2015/16
June	193,002	302,496	1,305	262
July	212,071	185,961	2,252	613
August	690,763	231,635	8,804	18,635
September	669,410	335,788	14,458	7003
October	583,893	419,601	26,573	12,718
November	823,789	456,126	10,316	12,657
December	590,547	399,138	4,758	600
January	579,666	210,993	14,251	3
February	392,652	380,783	1,561	700
March	505,264	407,724	755	300
April	243,797	411,928	13	0
May	297,695		385	
MY TOTAL	**5,782,549**	**3,742,173**	**85,431**	**53,491**

For MY 2016/17, wheat imports into Turkey are forecast at 4.75 MMT due to strong demand for high quality wheat from flour and pasta exporters. African counties were main export destinations for Turkish pasta exporters.

In June 2016, the Anatolian Hard Red Wheat (AKS) was about 890 TL/MT (301 USD/MT) at the domestic market. Last year, at the domestic market, the local AKS price was 800 TL/MT (298 USD/MT) in June 2015.

Wheat products export reached a historic high in MY2015/16. Turkey exported about 3,260,000 MT of wheat flour and 700,000 MT of pasta in MY2015/16. Iraq is the main customer with about 1.3 MMT, followed by Sudan (550,000 MT) and Syria (280,000 MT). Although Turkey exports flour to more than 110 different destinations, 64 percent of total exports went to these three countries. Along with Turkey's neighboring countries, Sudan is continuing to be a driving force of Turkish exports. Turkey also exported 700,000 MT of pasta in MY2015/16. According to market sources, pasta producers have already signed contracts for importing 300,000 MT of durum wheat for MY2016/17. Turkey is continuing to invest in milling and pasta facilities with new technologies.

The wheat bran price is 550 TL/MT on June 20, 2016, up 44% from a year before.

Turkey: Quantity of wheat flour exports (MT)					
MONTH	2013/14	2014/15	2015/16	MY 2015/16 % Changes	
June	125,196	153,575	207,531	35	
July	188,693	158,564	223,666	41	
August	163,862	207,893	267,742	29	
September	234,976	194,012	222,689	15	
October	226,624	189,591	368,449	94	
November	245,486	197,963	287,158	45	
December	238,197	170,794	243,203	42	
January	195,610	147,508	248,009	68	
February	169,875	150,421	349,812	133	
March	176,637	205,254	289,246	41	
April	215,195	218,048	250,086	15	
May	177,509	254,914	302,542	19	
Total	**2,357,860**	**2,248,537**	**3,260,133**	**45**	

So far in MY 2015/16, corn imports have been very slow and are now forecast at 700,000, down 200,000 tons from the official USDA estimate due to record harvest and TMO's active role. For detailed information, please see GAIN report "Amendment to Turkey's Import Policies will Impact 2016 Corn Trade" dated 5/3/2016. In addition, Turkey is continuing to be a hub between the Black Sea region and Middle East. It is estimated that more than 500,000 MT of corn are being transshipped coming from Russia and Romania.

Rice trade is weak due to poor demand in the retail and food service sector and transshipment compare to last years. When looking into the statistics, there are some differences between importer and exporter data regarding Turkish rice trade. The main reason is that Turkish importers store the rice in bonded warehouses during 2-3 months until they find buyers for the rice. This is in order to avoid advance payment of the 45 percent tariff and VAT.

Contrary to previous years, Libya, Jordan and Syria are no longer main destinations for Turkish rice exporters. In terms of re-export, Indian-origin long grain rice is popular in Iraq market. Despite Turkish consumer's taste preference, Turkey has imported low quality rice in recent years because of costs. Some rice companies have been blending long grain Indian rice, which seems like medium-grain rice, with Osmancik varieties (which have different cooking and flavor characteristics) to have better prices, but this creates some consistency and quality problems. After devaluation of the Turkish lira compared to the dollar, U.S. rice prices have not been attractive for Turkish importers. But traders are optimistic on new contracts with the help of decreasing U.S. rice prices in recent weeks.

TMO has around 1.5 MMT of wheat, 0.5 MMT of Barley and 0.8 MMT of corn stocks as of June 2016. TMO has not announced a procurement price as of 21 June 2016 yet but it is expected that TMO will procure 1.5 MMT of wheat in MY 2016/17.

Lentils

This year's Lentil harvest will be completed at the end of June. Total lentil production is forecasted at 350,000 MT, up ten percent from MY2015/16 estimate due to a increase of ten percent in planting area. Traditionally red lentil grows in unirrigated areas in GAP region. With the help of new government support for lentil production announced in 2015, planting area increased in Diyarbakir, Bismil and Batman. General character of the harvest is high yield and poor quality. Heavy rains in the spring negatively affected the quality of the lentil crop in some fields in the region. Yields vary between 0.8 MT/ha and 2 MT/ha.

Wheat	2014/2015	2015/2016	2016/2017
Market Begin	Jun 2014	May 2015	Jun 2016

Year						
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7710	7710	7860	7860	7815	7815
Beginning Stocks	3112	3112	2750	2524	3050	2524
Production	15250	15250	19500	19500	17500	17500
MY Imports	5947	5947	4300	4000	4500	4750
TY Imports	5960	5960	4300	4000	4500	4750
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	24309	24309	26550	26024	25050	24774
MY Exports	4059	4062	5500	5500	5000	5500
TY Exports	4134	4136	5500	5500	5000	5500
Feed and Residual	700	700	1200	1200	1000	1000
FSI Consumption	16800	16800	16800	16800	16800	16800
Total Consumption	17500	17500	18000	18000	17800	17800
Ending Stocks	2750	2524	3050	2524	2250	1474
Total Distribution	24309	24086	26550	26024	25050	24774
(1000 HA) ,(1000 MT)						

Corn	2014/2015		2015/2016		2016/2017	
Market Begin Year	Sep 2014		Sep 2015		Sep 2016	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	550	550	620	620	570	570
Beginning Stocks	644	644	712	712	762	862
Production	4800	4800	6200	6200	5500	5500
MY Imports	2364	2364	900	700	1500	1500
TY Imports	2377	2377	900	700	1500	1500
TY Imp. from U.S.	13	13	0	0	0	0
Total Supply	7808	7808	7812	7612	7762	7862
MY Exports	46	46	200	100	100	100
TY Exports	66	66	200	100	100	100
Feed and Residual	6000	6000	5800	5600	6000	6000
FSI Consumption	1050	1050	1050	1050	1100	1100
Total	7050	7050	6850	6650	7100	7100

Consumption						
Ending Stocks	712	712	762	862	562	662
Total Distribution	7808	7808	7812	7612	7762	7862
(1000 HA) ,(1000 MT)						

Barley	**2014/2015**		**2015/2016**		**2016/2017**	
Market Begin Year	**Jun 2014**		**May 2015**		**Jun 2016**	
Turkey	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	3400	3400	3400	3400	3400	3400
Beginning Stocks	899	899	332	332	907	856
Production	4000	4000	7400	7400	5400	4750
MY Imports	792	792	100	25	300	300
TY Imports	332	332	50	25	400	400
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	5691	5691	7832	7757	6607	5906
MY Exports	9	9	25	1	25	10
TY Exports	10	10	25	1	25	10
Feed and Residual	4500	4500	6000	6000	5000	4500
FSI Consumption	850	850	900	900	900	900
Total Consumption	5350	5350	6900	6900	5900	5400
Ending Stocks	332	332	907	856	682	496
Total Distribution	5691	5691	7832	7757	6607	5906
(1000 HA) ,(1000 MT)						

Rice, Milled	**2014/2015**		**2015/2016**		**2016/2017**	
Market Begin Year	**Sep 2014**		**Sep 2015**		**Sep 2016**	
Turkey	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	95	95	98	98	96	98
Beginning Stocks	245	245	217	217	122	122
Milled Production	460	460	500	500	490	500

Rough Production	687	687	746	746	731	746
Milling Rate (.9999)	6700	6700	6700	6700	6700	6700
MY Imports	317	317	200	200	275	275
TY Imports	256	270	200	200	275	275
TY Imp. from U.S.	133	133	0	0	0	0
Total Supply	1022	1022	917	917	887	897
MY Exports	25	25	25	25	25	25
TY Exports	28	28	25	28	25	25
Consumption and Residual	780	780	770	770	750	750
Ending Stocks	217	217	122	122	112	122
Total Distribution	1022	1022	917	917	887	897
(1000 HA) ,(1000 MT)						