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Turkey

Grain and Feed Update

Dry Weather Reduces Wheat Harvest in Turkey

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Report Highlights:
Unexpectedly dry weather conditions in Turkey between April and June in many regions led to slightly lower wheat and barley production forecasts for MY 2019/20. The wheat production forecast is 17.75 MMT, barley production forecast is 7.9 MMT and corn remains the same at 5.5 MMT. The Turkish government announced procurement prices for wheat and barley. Considerable Turkish wheat products exports continue to drive demand for imported wheat.

Production

Wheat

Total wheat production forecast has decreased to 17.75 MMT (million metric tons) for MY 2019/20 from an original forecast of 21 MMT because of unexpectedly dry weather conditions between April and June. The weather caused yield and quality losses, especially in the Southeast, Central Anatolia, and Cukurova regions. The expected increase in production in Thrace region is not sufficient to compensate for losses in other regions.

MY 2019/20 wheat planting is forecast to decrease to 7,235,000 ha, down five percent compared to MY 2018/19. Alternative crops, orchard development, greenhouse development, and increased vegetable production due to new irrigation areas are increasing their share of farm area every year in Turkey, which reduces wheat planted acreage. Winter wheat planting, which finished in October 2018, was nearly 380,000 ha below the previous year, mainly due to competition with barley in unirrigated areas, as well as other products differing by region.

Average rainfall in Turkey between October 1, 2018 and June 30, 2019 was 618.6 mm. This amount of rainfall is 19 percent more than the long-term average for that region, and 28 percent more than last year. However, the month of May this year was the second driest in the last 20 years in terms of rainfall. Central Anatolia and Southeast Turkey, especially unirrigated fields, were the hardest hit by the dry May weather. Though yields and quality vary by region and by field due to irrigation and precipitation differences, there are quality issues throughout Turkey.

The drought affected durum wheat production in southeast Anatolia as well. The durum wheat price increased dramatically and reached 1950 TL/MT in June 2019, up 70 percent compared to last year. Of the total 17.75 MMT of wheat that is expected to be produced in Turkey in MY 2019/20, 1.5 MMT is durum wheat.

Barley

The barley production forecast for MY 2019/20 is down to 7.9 MMT from an original forecast of 8.5 MMT, due to less rainfall than expected, despite increased planting area. Barley fields are generally unirrigated and yields are directly linked to rainfall. This forecast is still higher than the production figures from the last two years.

MY 2019/20 barley planting is projected to grow to 3.8 million hectares, up about 5 percent from MY 2018/19. The barley area increased particularly in unirrigated areas of the Central Anatolia region compared to last year. Good returns on barley and the high cost of chemicals (such as pesticides and fertilizers) used in production of other crops, influenced farmers' planting decisions. In the other important production area for barley, the Southeast/GAP region, the planted area remained the same.

Corn

MY 2019/20 corn planting in Turkey is complete. The planted area estimate is 520,000 hectares and production forecast is 5.5 MMT. This is slightly lower than last year, but so far, corn germination and plant development are on track for normal yields. This is assuming sufficient rain and favorable conditions, similar with the long-term yield average. Some corn that was planted late due to spring flooding benefited from late rains in June.

Rice

MY 2019/20 Turkish paddy rice area is about 100,000 hectares and production forecast is 910,000 MT. Rice planting finished in May 2019. Planting area is similar with last year. Water level in dams are sufficient. So far, paddy germination and plant development are favorable throughout Turkey.

Consumption

Turkish domestic wheat consumption forecast is18.1 MMT in MY 2019/20, similar with the MY 2018/19 year. Availability of wheat for feed is limited this year compared to last year because of the general characteristics of the crop. While the majority of wheat 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.

Barley consumption forecast for Turkey in MY 2019/20 is projected at 8.1 MMT due to higher production than last year. This is assuming that a competitive domestic price will increase the usage of barley in the feed sector.

In MY 2019/20, Turkish domestic corn consumption forecast is 8.2 MMT similar with MY 2018/19, assuming stable demand from feed sector.

In MY 2019/20 Turkish domestic rice consumption is forecast at 795,000 MT slightly higher than MY 2018/19, assuming stable demand from household and HRI sectors.

Trade

Wheat

For MY 2019/20, Turkey's wheat import forecast is 7 MMT, due to stable demand from wheat product producers and demand from the domestic market for high quality wheat after a tougher harvest than expected. Total wheat exports from Turkey for MY 2019/20, including wheat products, are forecast at 6.8 MMT, up 100,000 MT from MY 2018/19, assuming Turkey can consistently procure affordable wheat from the Black Sea region in order to meet the strong demand from main customers for flour, pasta, bulgur and other wheat products. However, all wheat product exporters are concerned about decreasing unit prices as well decreasing profits due to high competition in the sector. More background on the sector is available in the Turkey Grain and Feed Annual Report.

Turkey imported about 6.4 MMT of wheat in MY 2018/19. The main supplier was Russia with 4.9 MMT of wheat. Ukraine (310,000 MT) and Canada (260,000 MT) were the other main sources. Turkey also imported about 562,000 MT of durum wheat in MY 2018/19. Canada and Russia were the main suppliers with about 260,000 MT and 106,000 MT, respectively.

Turkish wheat products exports have been stably increasing in recent years. In MY 2018/19, wheat exports from Turkey (including flour and wheat products) are estimated to be 6.7 MMT (wheat equivalent basis), of which about 3.34 MMT is wheat flour, about 1.25 MMT is pasta and 275,000 MT is bulgur. Turkish flour exports in MY 2018/19 managed to reach the same amount with the MY 2017/18 despite several issues. The main reason for continued high exports was increases to markets like Yemen and Angola, which compensated for losses in Iraq. See Grain and Feed Annual Report 2019 for detailed information.

The President of Turkey announced the 2019 grain intervention prices on May 2, 2019. He announced the intervention price for Anatolian Hard Red Milling Wheat (AKS) at 1350 TL/MT ($228/MT), 1450 TL/MT ($245/MT) for durum wheat, and 1100 TL/MT ($186/MT) for barley (exchange rate of US$1=5.9 TL as of May 2019). On behalf of the government, Turkish Grain Board (TMO) continues to be active in the market.

In July 2019, the Anatolian Hard Red Wheat (AKS) price is about 1360 TL/ton, barley is 1150 TL/MT and corn is 1200 TL/MT in the domestic market. Last year, the local prices were 1050 TL/MT, 870 TL/MT, and 980 TL/MT, respectively (exchange rate of US$1=5.8 TL as of June 2019).

As we mentioned in our previous updates, domestic wheat prices in Turkey were abnormally below the international price after the depreciation of the Turkish Lira (TL) against other currencies – this depreciation began in August 2018. However, by spring 2019, the domestic wheat prices again became higher than international prices. The wheat CIF import price in Marmara in June 2019 was $195/MT for 12.5 percent protein.

Barley

For MY 2019/20, Turkey's barley export forecast is 50,000 MT due to a possible limited demand from neighboring countries.

Corn

TMO was also very active in the corn market. TMO imported about 1 MMT of corn, with four tenders issued in MY 2018/19, to meet the domestic demand and stabilize the domestic corn price. Corn imports for the first nine months of MY 2018/19 (from September to May) reached about 1.9 MMT. Ukraine was the main supplier with 1.2 MMT, followed by Romania with about 400,000 MT and Russia with about 135,000 MT.

Rice

Rice imports for MY 2019/20 are expected to remain at the original forecast of 210,000 MT, assuming a stable demand from household and HRI sectors. Rice imports during the first nine months of MY 2018/19 (from September to May) were about 136,000 MT and for the full year are expected to be 170,000 MT, milled equivalent. Due to another good crop expectation, traders are maintaining low stocks to prepare for the new harvest. According to the Turkish Statistical Institute, Turkey imported about 67,000 MT milled rice (HS 100630), 60,000 MT of paddy rice (HS 100610) and 9,700 MT of brown rice (HS 100620) during the first nine months of MY 2018/19. Ukraine was the main supplier with 1.2 MMT, followed by Romania with about 400,000 MT and Russia with about 135,000 MT.

Following the reduction of U.S. tariffs on Turkish steel on May 17th, 2019, Turkey removed the tariff increases imposed in August 2018, halving the additional tariffs imposed in 2018 with a Presidential Decision published on Official Gazette, Decision Number 1130 on May 21st, 2019. In scope of the original decree, there is an extra 25 percent tariff on U.S. origin rice (HS 1006) – though this was 50 percent before the amendment on May 2019. The remaining level of retaliatory tariff on U.S.-origin rice is affecting imports. For detailed information, please see the FAS report: Turkey Reduces the Additional Levies on U.S. Products.

Additional Background

For information on agriculture policy and additional background on production, consumption, and trade of grain products, please see the Turkey Grain and Feed Annual Report.

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	7700	7235
Beginning Stocks	1289	1289	4138	2938	5038	3538
Production	21000	19500	19000	19000	21000	17750
MY Imports	6043	6043	6400	6400	5500	7000
TY Imports	5916	5916	6400	6400	5500	7000
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	28332	26832	29538	28338	31538	28288
MY Exports	6194	6194	6400	6700	6500	6800
TY Exports	6218	6218	6400	6700	6500	6800
Feed and Residual	1300	1000	1300	1300	1400	1200
FSI Consumption	16700	16700	16800	16800	16900	16900
Total Consumption	18000	17700	18100	18100	18300	18100
Ending Stocks	4138	2938	5038	3538	6738	3388
Total Distribution	28332	26832	29538	28338	31538	28288
Yield	2.6923	2.5	2.4951	2.4951	2.7273	2.4534
(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	870	543
Production	6400	6400	7400	7000	8500	7900
MY Imports	753	753	279	279	100	100
TY Imports	598	598	300	300	100	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	7491	7491	8470	8070	9470	8543
MY Exports	0	0	100	27	200	50
TY Exports	11	11	100	27	200	50
Feed and Residual	5800	5800	6600	6600	7200	7200
FSI Consumption	900	900	900	900	900	900
Total Consumption	6700	6700	7500	7500	8100	8100
Ending Stocks	791	791	870	543	1170	393
Total Distribution	7491	7491	8470	8070	9470	8543
Yield	1.8824	1.8824	2.0556	1.9444	2.2368	2.0789
(1000 HA) ,(1000 MT) ,(MT/HA)						

Corn	2017/2018	2018/2019	2019/2020

Market Begin Year	Sep 2017		Sep 2018		Sep 2019	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	530	530	530	530	520	520
Beginning Stocks	804	804	765	765	615	515
Production	5300	5300	5700	5700	5500	5500
MY Imports	2719	2719	2400	2300	2700	2500
TY Imports	2715	2715	2400	2300	2700	2500
TY Imp. from U.S.	3	0	0	0	0	0
Total Supply	8823	8823	8865	8765	8815	8515
MY Exports	88	88	50	50	50	50
TY Exports	82	82	50	50	50	50
Feed and Residual	6900	6900	7100	7100	7200	7100
FSI Consumption	1070	1070	1100	1100	1100	1100
Total Consumption	7970	7970	8200	8200	8300	8200
Ending Stocks	765	765	615	515	465	265
Total Distribution	8823	8823	8865	8765	8815	8515
Yield	10	10	10.7547	10.7547	10.5769	10.5769
(1000 HA) ,(1000 MT) ,(MT/HA)						

Rice, Milled	2017/2018		2018/2019		2019/2020	
Market Begin Year	Sep 2017		Sep 2018		Sep 2019	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	99	99	100	100	100	100
Beginning Stocks	71	71	93	93	68	58
Milled Production	520	520	610	610	600	610
Rough Production	776	776	910	910	896	910
Milling Rate (.9999)	6700	6700	6700	6700	6700	6700
MY Imports	340	340	180	170	210	210
TY Imports	260	260	180	170	210	210
TY Imp. from U.S.	1	0	0	0	0	0
Total Supply	931	931	883	873	878	878
MY Exports	48	48	25	25	25	25
TY Exports	45	45	25	25	25	25
Consumption and Residual	790	790	790	790	795	795
Ending Stocks	93	93	68	58	58	58
Total Distribution	931	931	883	873	878	878
Yield (Rough)	7.8384	7.8384	9.1	9.1	8.96	9.1
(1000 HA) ,(1000 MT) ,(MT/HA)						