Required Report - public distribution

Date: 9/23/2016

GAIN Report Number: TR6042

Turkey

Grain and Feed Update

Turkey Grain and Feed Update

Approved By:
Elizabeth Leonardi, Agricultural Attaché

Prepared By:
Kubilay Karabina, Agricultural Specialist

Report Highlights:

Following the completion of the wheat harvest, Post has revised the wheat production forecast down to 17.25 MMT in MY 2016/17. The first corn crop harvest is almost completed and the second crop corn harvest has begun in some regions. Post’s corn production forecast is 5.5 MMT. The paddy rice harvest has just begun; paddy rice production forecast is 746,000 MT. Barley production is forecasted at 4.75 MMT. Licensed Warehouse capacity is increasing due to the Government of Turkey’s (GOT) encouragement of investment in this sector.

Post:	**Commodities:**
Ankara	Wheat Rice, Milled Corn Barley

PRODUCTION

Wheat

All of Turkey's wheat harvest is completed. Wheat yield in Central Anatolia was lower than was expected in our previous report. Due to serious drought in Central Anatolia, low yield in general was very common, which lead Post to revise its forecast down. Total wheat production is forecast at 17,25 MMT in MY2016/17.

Barley

Barley production in Turkey in MY2016/17 is forecast at 4.75 MMT, down 35 % from the MY2015/16 estimate. The decrease is primarily due to severely declining yields. Barley production in Central Anatolia was very effected by the drought. Barley price in the domestic market is at about 725 TL/MT in September 2016, which is 20 percent higher compared to last year.

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 last year was another reason. This will lead to a decrease in the area planted to corn in MY 2016/17. Irrigated wheat land will be a luxury for most of Turkey but corn will gain irrigated land especially in Central Anatolia. Early planting, air temperatures and moisture in Cukurova were higher than normal during summer, which was caused harvest to start 2 weeks early.

First crop corn harvest is almost completed. Yield is just under the last year level in the Cukurova region. In the Cukurova region, yield is estimated less than5% lower than MY 2015/16. But in some areas of Cukurova, like Osmaniye, farmers are happy with high yields which are 5-10 percent more than last year. Farmers are happy with yields in Batman and Diyarbakir in Southern East Region also. Corn was planted in June in Nusaybin, Derik and Kiziltepe as a second crop in Southern East Region. Despite electricity problems which have affected irrigation, yield expectations are high.

Rice

As of the third week of September, only 15 percent of harvest is completed. Post forecasts paddy rice production at 746,000 MT in MY 2016/17. Rice planting area is similar with the last year due to favorable weather conditions during spring. 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.

Edirne region produces more than 50 percent of country's paddy rice production. Harvest started in the first week of September in Ipsala. Paddy rice area decreased due to last year's low price and low water level in the dams which forced farmers to reduce planted area. Paddy rice area decreased around 5 percent in the region. The major problem affecting yield was the prevalence of red wild weeds.

According to first harvested area, yield was very high in some regions like Ipsala - yields reached 700-750 kg/da. Kammeo, Luna and Ronaldo seed varieties are popular among farmers instead of Osmancik this year. Overall yield in the region is 700 kg/da with 60 percent milling efficiency. Some farmers started to plant Quinoa in fallow land this year.

Corum region harvest started in the second week of September in Kizilirmak region. The region produces 7-9 percent of Turkey's paddy rice production. Yield was close to the long term average at 600 to 700 kg/da. Osmancik 97 is the major variety in the region. Çankırı region produces around 15 percent of Turkey's total paddy rice production. Yield is lower than expected, at around 600 kg, due to temperature differences, but milling rates are better than last year. Major varieties there are Edirne, Osmancik and Baldo.

Paddy rice prices began at 1,400 to 1,500 TL/MT and then dropped to 1,200-1,300 TL/MT. Farmers were happy at the beginning of harvest but now they are concerned about further decreases. The locally harvested and milled Osmancik rice price is 2,700 TL/Ton at the beginning of September 2016, which is just under last year's price. TMO has not announced procurement price yet, but farmers are pushing TMO to intervene to the market in October. It is highly possible that TMO will announce a procurement price for paddy rice.

TRADE

Although wheat production increased in MY2015/16, wheat products export was the driving factor of wheat imports. Turkey imported about 4 MMT of wheat in MY2015/16. Russia was the leading supplier with 2.9 MMT, followed by Lithuania (422,726 MT) and Canada (168,046 MT) Turkey imported 500,000 MT of wheat during the first two months of MY 2016/17.

Turkey imported about 277,000 MT of durum wheat in MY2015/16, of which Mexico is the main supplier with about 117,000 MT, followed by Canada (80,000 MT) and Russia (75,000). Turkey imported 170,000 MT of durum wheat during the first two months of MY 2016/17 of which 133,000 MT were Mexican wheat due to their competitive price. African counties were main export destinations for Turkish pasta exporters.

For MY 2016/17, wheat imports into Turkey are forecast at 5 MMT due to strong demand for high quality wheat from flour and pasta exporters.

In September 2016, the Anatolian Hard Red Wheat (AKS) was about 980 TL/MT ($332 USD/MT) at the Konya Commodity Exchange. Last year, at the domestic market, the local rice price was 950 TL/MT ($311 USD/MT) in September 2015.

For MY 2016/17, total wheat product exports are forecast at 5.6 MMT to remain such a high level assuming to continue a strong demand from major consumers. Turkey exported about 490,000 MMT of wheat flour during the first two months of MY 2016/17, up 13 % from a year before.

Turkey has imported a total of 560,000 MT of corn during the eleven months of MY2015/16. Corn imports have been very slow due to record harvest, TMO's active role and slowdown in poultry export. In addition, Turkey is continuing to be a hub between Black Sea region and Middle East andit is estimated that more than 500,000 MT of corn are being transshipped coming from Russia and Romania.

Post has revised the corn consumption estimation to 6.55 MMT in MY 2015/16, which is 300,000 MT down from the previous estimation, due to decreasing demand from feed sector. Feed sector demand for corn was possibly affected from the availability other corn co-products like DDGS and corn gluten meal as well as decreasing demand for feed, partially due to reductions in poultry exports.

Turkey imported 181,000 MT of rough rice during the first eleven months of MY 2015/16, of which 67,000 MT were US rough rice due to decreasing price in USA. Other suppliers are Russia and Bulgaria with 59,500 MT and 13,271 respectively. Turkey imported 67,421 MT of rice during the same period. Main suppliers are Italy (21,198 MT), India (20,262 MT) and Greece (13,933 MT)

The Turkish Grain Board (TMO) announced 2016 wheat procurement prices on June 28, 2016. TMO announced the intervention price for Anatolian Hard Red Milling (AKS) Wheat at 910 TL/MT ($313/MT), and 1,000 TL/MT ($344/MT) for durum wheat. Farmers can get up to 7 percent more according to quality (bugs ratio and protein). Price premiums and supports reach 121 TL per ton for MY2016/17 (around $40/MT). Contrary to last year, TMO did not announce a procurement price for barley for MY2016/17.

The Turkish Grain Board (TMO) announced 2016 corn procurement price on August 26, 2016 which is 740 TL/MT ($245/MT) - it was 725 TL/MT last year. TMO has bought about 2.6 MMT of wheat and 910,000 MT of corn since the intervention price announcement. Corn price was about 710-720 TL/MT just before TMO announcement in domestic market.

Licensed Warehouse Storage

Licensed Warehouse (LW) capacity is increasing due to the Government of Turkey (GOT) encouraging the private sector to invest in new warehouses. With the help of new LW, the GOT aims to reduce TMO's major role in the grain market and integrate specialized Commodity Exchanges with financial markets. The GOT is working on a well-functioning Licensed Warehousing, Warehouse Receipts System (WHR) transactions for delivery on agricultural products and futures markets in Turkey with the help of the commodity exchanges. As a first step, wheat Future Contracts with physical delivery through Electronic Warehouse Receipts was launched upon signing of a cooperation agreement between Borsa İstanbul and Konya Commodity Exchange in February 2016.

There were only seven LW and total capacity of LW for grain, pulses and oilseed was 415,000 MT in 2015. In 2016, seven new LW were constructed with a total new storage capacity of 300,000 MT by

September. It is forecasted that the licensed warehouse capacity in Turkey will reach 5 MMT in a few years.

Production Supply and Distribution Tables

Wheat	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	7710	7710	7860	7860	7815	7815
Beginning Stocks	3112	3112	2750	2750	3098	2716

Production	15250	15250	19500	19500	17500	17250
MY Imports	5947	5947	4382	4000	5000	5000
TY Imports	5960	5960	4347	4000	5000	5000
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	24309	24309	26632	26250	25598	24966
MY Exports	4059	4059	5534	5534	5600	5600
TY Exports	4134	4134	5609	5609	5600	5600
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	2750	3098	2716	2198	1566
Total Distribution	24309	24309	26632	26250	25598	24966
(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	961	872
Production	4000	4000	7400	7400	4750	4750
MY Imports	792	792	129	41	300	200
TY Imports	332	332	80	41	400	200
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	5691	5691	7861	7773	6011	5822
MY Exports	9	9	0	1	25	10
TY Exports	4	10	0	1	25	10
Feed and Residual	4500	4500	6000	6000	4600	4600
FSI Consumption	850	850	900	900	900	900
Total Consumption	5350	5350	6900	6900	5500	5500
Ending Stocks	332	332	961	872	486	312
Total Distribution	5691	5691	7861	7773	6011	5822
(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	962
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	7962
MY Exports	46	46	200	100	100	100
TY Exports	66	66	200	100	100	100
Feed and Residual	6000	6000	5800	5500	6000	6000
FSI Consumption	1050	1050	1050	1050	1100	1050
Total Consumption	7050	7050	6850	6550	7100	7050
Ending Stocks	712	712	762	962	562	812
Total Distribution	7808	7808	7812	7612	7762	7962
(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	98	98
Beginning Stocks	245	245	217	217	127	122
Milled Production	460	460	500	500	500	500
Rough Production	687	687	746	746	746	746
Milling Rate (.9999)	6700	6700	6700	6700	6700	6700
MY Imports	317	317	250	200	300	300
TY Imports	256	270	275	200	300	300
TY Imp. from U.S.	133	133	0	0	0	0
Total Supply	1022	1022	967	917	927	922
MY Exports	25	25	50	25	25	30
TY Exports	28	28	50	28	25	30
Consumption and Residual	780	780	790	770	780	770
Ending Stocks	217	217	127	122	122	122
Total Distribution	1022	1022	967	917	927	922
(1000 HA) ,(1000 MT)						