USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

Required Report - public distribution

Date: 11/4/2011

Turkey

Grain and Feed Update

Turkey Grain and Feed Update November 2011

Approved By:
Rachel Nelson
Prepared By:
Samet Serttas, Agricultural Specialist

Report Highlights:

The wheat harvest finished in mid-July and post estimates MY 2011 production at 18.8 mmt. Despite record yields but the overall quality of the crop was low. Increased demand from the animal feed sector resulted in record high prices. Turkish wheat flour exports in MY 2011 are forecasted at a record 1.95 MMT. Total corn production is forecasted at 3.6 MMT in MY 2011.

Post:
Ankara

Commodities:
Wheat
Corn
Rice, Milled

Wheat

Production

The wheat harvest finished in the middle of July 2011. The total area planted decreased but this was offset by higher yields. Although record yields were seen in MY 2011, quality in general was low. The quality was better in the South East and in the lower part of Central Anatolia. Post estimates MY 2011 production at 18.8 MMT.

Consumption

The major change in wheat consumption came from the feed sector. Due to an import ban on biotech corn and also a low level of domestic corn production, the growing poultry sector had to substitute wheat, mixed with special enzymes, for corn in feed rations. Therefore demand for wheat by the feed sector was high between June and August, however it slowed in September during the local corn harvest. High demand from the poultry sector kept wheat prices at a high level despite record production.

Trade

Wheat import demand is strong at the moment. According to traders, Turkey imported 350,000 MT in September and around 350,000 MT in October but it will slow down in November. Due to a high amount of wheat flour exports, importers received a lot of wheat import license under the inward process regime. Russia is the major supplier and contrary to the expectations of the Turkish wheat flour industry, most imports are of 11.5% protein wheat. The current C&F wheat import price from Russia is 243 USD/MT for 11.5% protein wheat. Ukraine has an abundant supply of wheat available for export but it doesn't help to Turkish importers because most of their wheat is sold to Egypt and the Middle East on large vessels. Turkish flour manufacturers normally prefer to purchase small quantities and therefore can't buy from Ukraine. Another traditionally important supplier is Kazakhstan, however because of logistic problems involving Russia and Ukraine, Kazakhstan was not able to export large quantities of wheat to Turkey this year. Wheat imports in MY 2011 are forecasted at 3.6 MMT.

TURKEY: WHEAT IMPORTS			
MONTH	**IMPORTS MY 2009 (MT)**	**IMPORTS MY 2010 (MT)**	**IMPORTS MY 2011 (MT)**
June	172,901	125,320	17,309
July	95,530	159,029	164,506
August	284,780	226,965	373,409
September	267,215	132,372	

October	409,970	231,759	
November	229,368	156,859	
December	289,393	347,507	
January	187,219	320,232	
February	130,891	148,909	
March	378,095	702,015	
April	252,511	906,918	
May	225,663	675,628	
MY TOTAL	**2,923,536**	**4,133,513**	555,224

TURKEY: MAJOR WHEAT SUPPLIERS				
Country	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 (MT)**	**MY 2011 (MT)**
Russia	2,003,918	2,184,316	587,409	515,066
Kazakhstan	219,298	432,536	486,323	11,178
Ukraine	154,432	108,802	581,657	8,977
Hungary	143.951	18,458	131,569	2,680
Moldova	55,399	40,049	47,310	0
Lithuania	106,872	88,948	108,532	8,608
U.S.	46,821	0	1,065,573	0
Others	1,022,457	50,427	1,125,140	8,715
MY Total	3,609,341	2,923,536	4,133,513	**555,224**

Pasta

Pasta production increased from 658,000 MT in 2009 to 740,000 MT in 2010 and is expected to increase to 800,000 MT in 2011. This increase is the result of new investments which raised overall capacity of many firms. Domestic pasta consumption was steady at around 440,000 MT in 2010 but pasta exports have increases significantly since 2008. One of the successes of the Turkish pasta industries resulted from decreased costs and better quality control that resulted from a trend of producing semolina at the pasta production facility. Turkey exports pasta to 137 different countries. The target markets are Japan, Iraq, Libya and African countries. Pasta companies are scattered throughout Turkey, however the major producers are in Istanbul, Ankara, Konya, Mersin and Gaziantep. The overall increase in past exports will not lead to durum wheat imports at the moment, because of the high global price for durum. Turkey could even have exported durum wheat in MY 2011, if it were not banned by the government.

Turkish wheat flour exports in MY 2011 are forecasted at a record 1.95 MMT, based on a strong demand from Middle Eastern countries and also new market access opportunities in Africa. Iraq, Indonesia, Libya and the Philippines will continue as strong markets for Turkish wheat flour.

Turkey: Wheat flour exports

Month	MY 2008 (MT)	MY 2009 (MT)	MY 2010 (MT)	MY 2011 (MT)
June	102,002	176,761	164,533	179,638
July	107,338	166,938	214,371	217,312
August	130,138	140,478	149,139	211,766
September	138,073	154,753	143,360	
October	151,091	194,313	142,873	
November	86,329	126,860	121,524	
December	82,984	175,065	173,989	
January	91,302	131,663	132,162	
February	109,721	145,332	142,886	
March	141,706	138,893	125,168	
April	186,165	166,880	123,035	
May	141,185	153,496	155,922	
MY TOTAL	**1,468,034**	**1,871,432**	**1,788,962**	**1,950,000**

Corn

The first crop corn harvest started in the middle of August in the Cukurova region and yields are more than expected. The average yield in the Ceyhan region was 1.4 MT/ha and for other areas was 1.2 MT/ha. Due to very hot weather in the summer, second crop corn yields will be lower than expected. The first crop corn harvest is almost completed (90%), but continues in Konya and high altitude regions. The second crop corn harvest has started in Cukurova and in the South East Anatolian region. The second crop corn yield is at 0.8 MT/ha in Cukuroava and 0.95 MT in the south east of Turkey. Total corn production is forecasted at 3.6 MMT in MY 2011.

Due to the import ban on biotech corn, there was a shortage of corn in June and July 2011 especially in the poultry sector. When the harvest began, carryover stocks were almost zero. Not only the feed sector but also the corn sugar sector was carrying very low stocks. This lead to the high opening price of 620 TL/MT in August 2011 however this price started to decrease after the harvest began. The current corn market price is 550 TL/MT. The major reason for this price decrease is the low demand from poultry industry. Although this seems contradictory, it can be explained by the fact that when there was a corn shortage over the summer the poultry industry switched from corn to wheat in their rations and so far many refuse to switch back to corn until there is a continuous corn supply. This won't be the case until all biotech corn varieties are approved for import for feed in Turkey.

Corn imports are expected to begin in February 2012 and if this occurs Post predicts there will be 900,000 MT of corn imports in MY 2011. Russia will start to supply non-biotech corn to Turkey but only in small quantities. Ukraine, Bulgaria and Moldova were the major corn suppliers to Turkey in MY 2010.

TURKEY: CORN FOREIGN TRADE						
MONTH	IMPORT MY 2008 (MT)	IMPORT MY 2009 (MT)	IMPORT MY 2010 (MT)	EXPORT MY 2008 (MT)	EXPORT MY 2009 (MT)	EXPORT MY 2010(MT)
September	420	6,876	3,357	277	111,499	8
October	1,730	4,403	3,535	2,026	90,915	1,031
November	2,682	9,588	2,163	3,069	63,822	1,767
December	19,508	72,197	24,553	3,868	1,178	2,607
January	23,026	27,469	33,612	2,299	930	1,592
February	16,930	36,755	21,210	622	1,249	922
March	42,777	111,093	54,575	1,828	654	976
April	82,016	64,405	48,116	640	480	210
May	105,943	32,429	51,530	990	59	920
June	32,430	83,515	60,561	732	832	654
July	42,666	38,197	12,492	48,697	1,014	601
August	46,278	24,892	14,396	2,209	19	356
MY TOTAL	**416,406**	**511,819**	**330,100**	67,258	271,617	11,644

Rice

The paddy rice harvest has been completed. Yields were above average and production is forecasted at 750,000 MT. Local producers stored their products in warehouses due to a low market price. Millers and traders are seeking alternative suppliers, and some are looking to Russian. The U.S. paddy rice price is high at the moment which is preventing imports. Post forecasts rice imports as 400,000 MT in MY 2011.

Turkey: Rice foreign trade						
MONTH	MPORTS MY 2008 (MT)	MPORTS MY 2009 (MT)	IMPORTS MY 2010 (MT)	EXPORTS MY 2008 (MT)	EXPORTS MY 2009 (MT)	EXPORTS MY 2010(MT)
September	31,486	7,224	14,283	392	182	6,173
October	7,742	10,825	26,654	715	541	6,884
November	4,427	10,611	49,408	1,795	124	1,727
December	4,507	36,434	51,152	2,590	134	11,516
January	3,040	43,556	50,493	4,886	140	10,265
February	2,453	51,028	51,377	4,789	77	13,333
March	9,468	71,977	37,829	899	114	4,724
April	13,427	49,498	35,587	3,568	58	4,724
May	39,202	35,504	32,211	2,556	2,487	5,908
June	30,567	59,701	25,106	637	5,639	8,447
July	39,001	48,355	17,981	744	8,291	6,942
August	24,457	33,989	32,707	302	8,539	14,148
MY TOTAL	**209,777**	**458,702**	**424,788**	**23,873**	**26,326**	**94,791**

PSD TABLES

Wheat Turkey	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jun 2009		Market Year Begin: Jun 2010		Market Year Begin: Jun 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7,800	7,800	8,000	8,000	7,700	7,700
Beginning Stocks	1,546	1,550	1,815	1,733	2,265	2,486
Production	18,450	18,450	17,000	17,000	18,500	18,800
MY Imports	3,192	2,922	3,666	4,133	3,500	3,500
TY Imports	3,218	2,922	3,517	4,133	3,500	3,500
TY Imp. from U.S.	38	0	870	1,065	0	0
Total Supply	23,188	22,922	22,481	22,866	24,265	24,786
MY Exports	4,273	4,389	3,016	3,080	3,500	4,000
TY Exports	4,371	4,389	2,946	3,080	3,500	4,000
Feed and Residual	800	800	700	800	1,400	1,400
FSI Consumption	16,300	16,000	16,500	16,500	16,700	16,700
Total Consumption	17,100	16,800	17,200	17,300	18,100	18,100
Ending Stocks	1,815	1,733	2,265	2,486	2,665	2,686
Total Distribution	23,188	22,922	22,481	22,866	24,265	24,786
1000 HA, 1000 MT, MT/HA						

Corn Turkey	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Sep 2009		Market Year Begin: Sep 2010		Market Year Begin: Sep 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	500	500	490	490	450	450
Beginning Stocks	782	785	768	725	543	244
Production	4,000	4,000	3,600	3,600	3,600	3,600
MY Imports	558	512	500	330	500	900
TY Imports	527	500	500	330	500	900
TY Imp. from U.S.	0	7	0	0	0	400

Total Supply	5,340	5,297	4,868	4,655	4,643	4,744
MY Exports	272	272	25	11	10	20
TY Exports	161	161	25	11	10	20
Feed and Residual	3,400	3,400	3,400	3,500	3,400	3,500
FSI Consumption	900	900	900	900	900	900
Total Consumption	4,300	4,300	4,300	4,400	4,300	4,400
Ending Stocks	768	725	543	244	333	324
Total Distribution	5,340	5,297	4,868	4,655	4,643	4,744
1000 HA, 1000 MT, MT/HA						

Rice, Milled Turkey	**2009/2010**		**2010/2011**		**2011/2012**	
	Market Year Begin: Sep 2009		**Market Year Begin: Sep 2010**		**Market Year Begin: Sep 2011**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	100	100	105	105	100	105
Beginning Stocks	225	206	316	338	306	368
Milled Production	400	400	450	450	430	450
Rough Production	667	667	750	750	717	750
Milling Rate (.9999)	6,000	6,000	6,000	6,000	6,000	6,000
MY Imports	367	458	300	424	300	400
TY Imports	412	458	300	424	300	400
TY Imp. from U.S.	314	165	0	200	0	160
Total Supply	992	1,064	1,066	1,212	1,036	1,218
MY Exports	26	26	80	94	85	95
TY Exports	52	40	80	94	85	95
Consumption and Residual	650	700	680	750	700	750
Ending Stocks	316	338	306	368	251	373
Total Distribution	992	1,064	1,066	1,212	1,036	1,218
1000 HA, 1000 MT, MT/HA						