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Turkey

Grain and Feed

Grain and Feed Update

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Report Highlights:
Cereal harvest is completed in Turkey. PS&D production for wheat was revised slightly upward while corn was revised slightly downward. At this point, Turkey is estimated to import more wheat and corn and export more wheat and barley compared to the earlier report. TMO procured a record high level of cereal in MY 1998. In order to eliminate its stocks and pay its debts to the banks, TMO had five tenders during the first half of MY 1998. It is expected that one or two more tenders may be announced to sell wheat and barley for exports around February.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Ankara [TU1], TU

Wheat, Barley and Corn Update

PSD Table						
Country:	Turkey					
Commodity:	Wheat					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		06/1996		06/1997		06/1998
Area Harvested	8450	8450	8500	8500	8600	8600
Beginning Stocks	1241	1241	2141	2189	1641	1689
Production	16000	16000	16000	16000	17500	18000
TOTAL Mkt. Yr. Imports	2200	2220	1500	1500	800	1000
Jul-Jun Imports	2200	2227	1500	1500	800	1000
Jul-Jun Import U.S.	300	310	400	400	300	200
TOTAL SUPPLY	19441	19461	19641	19689	19941	20689
TOTAL Mkt. Yr. Exports	1000	972	1500	1500	1500	2500
Jul-Jun Exports	1000	1000	1500	1500	1500	2500
Feed Dom. Consumption	900	900	900	900	900	900
TOTAL Dom. Consumption	16300	16300	16500	16500	16700	16700
Ending Stocks	2141	2189	1641	1689	1741	1489
TOTAL DISTRIBUTION	19441	19461	19641	19689	19941	20689

PSD Table						
Country:	Turkey					
Commodity:	Barley					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		06/1996		06/1997		06/1998
Area Harvested	3650	3650	3700	3700	3600	3600
Beginning Stocks	896	896	1282	1300	1132	1150
Production	7200	7200	7300	7300	7600	7600
TOTAL Mkt. Yr. Imports	11	28	0	0	0	50
Oct-Sep Imports	11	28	0	0	0	50
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	8107	8124	8582	8600	8732	8800
TOTAL Mkt. Yr. Exports	225	224	750	750	750	900
Oct-Sep Exports	225	295	750	750	750	900
Feed Dom. Consumption	5700	5700	5800	5800	5900	5900
TOTAL Dom. Consumption	6600	6600	6700	6700	6800	6800
Ending Stocks	1282	1300	1132	1150	1182	1100
TOTAL DISTRIBUTION	8107	8124	8582	8600	8732	8800

PSD Table						
Country:	Turkey					
Commodity:	Corn					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		09/1996		09/1997		09/1998
Area Harvested	550	550	600	600	650	650
Beginning Stocks	487	487	427	495	367	335
Production	2000	2000	2100	2100	2300	2200
TOTAL Mkt. Yr. Imports	700	769	700	600	700	800
Oct-Sep Imports	700	750	700	600	700	800
Oct-Sep Import U.S.	500	467	400	400	400	400
TOTAL SUPPLY	3187	3256	3227	3195	3367	3335
TOTAL Mkt. Yr. Exports	10	11	10	10	10	10
Oct-Sep Exports	10	11	10	10	10	10
Feed Dom. Consumption	1950	1950	2000	2000	2100	2100
TOTAL Dom. Consumption	2750	2750	2850	2850	3050	3050
Ending Stocks	427	495	367	335	307	275
TOTAL DISTRIBUTION	3187	3256	3227	3195	3367	3335

The wheat, barley and corn harvests are all completed. The Turkish Grain Board (TMO) bought a record high level of grains in MY 1998 (Jun 98-May 99). This was primarily because of support prices which were higher than world prices and the prompt cash payments made by TMO to farmers at the time of procurement. In MY 1998, TMO procured 5,211 TMT of wheat (out of this total about 1.0 MMT is durum wheat) and 1,920 TMT of barley. TMO's corn procurement continues and has already passed 630 TMT and expected to be about 700 TMT. All of these procurement quantities are record high levels.

The PS&D was revised for wheat and corn production after attending a seminar for flour millers and having discussions with public and private sources. The PS&D wheat production estimate is 18 MMT (out of this total, durum wheat estimate is about 2.5 MMT) and the corn production estimate is now 2.2 MMT. Heavy rains during the last spring increased the yields for wheat, the especially in Central Anatolia and Thrace, but hot and dry weather during the summer decreased the yields for corn, especially for the second crop corn in Cukurova.

The normal milling quality of wheat in Turkey breaks down as: 50 percent good quality, 25 percent medium quality, and 25 percent low quality. Medium and low quality milling wheat require blending to upgrade. The estimated wheat quality in MY 1998 is: 40 percent good quality, 30 percent medium quality, and 30 percent low quality. In addition to that, excess humidity adversely effected the quality of wheat and created the black point (embryo) problem in Thrace and especially in Southern Marmara. Sunni bug infestation has impacted white milling wheat more than red milling wheat, causing a reduction in the white milling wheat production estimate and is expected to lower the quality also. Thus in MY 1998, more wheat will require blending to reach acceptable milling standards.

Even though wheat production was good in MY 1998, the quality, however, was lower than normal. Turkey imported around 650 TMT of wheat during the first half (Jun-Nov) of the current marketing year, according to industry sources. Some of these imports were made because the price was very low, but most others were made to upgrade the local wheat for milling. Turkey imported about 200-250 TMT of wheat from Russia during the first half of MY 1998, according to the traders. There is not a clear cut determination, however, whether this wheat originated in Russia or was shipped from Russia but originated in other countries, such as Kazakhstan. Regardless of this uncertainty, private traders, however, claim that most of the wheat imported from Russia (estimated about 150-200 TMT) was good quality milling wheat. Some of this wheat had even better quality which may be consider as comparable to DNS, with at least 13 percent protein. Some traders indicate, however, that some (about 50 TMT) low quality wheat was bought from Russia by the biscuit industry several months ago. According to the same sources, this may be considered as feed wheat and was very similar to the wheat sold to Israel. Turkish feed millers do not import feed wheat because barley and corn are readily available and they are cheaper. Turkish wheat flour exports slowed down significantly in recent months, primarily due to competition from Russian flour exports at very low prices (as low as USD 120 per MT) to Georgia and Azerbaijan. Otherwise, Turkish wheat imports could have been larger than the current estimate.

The quality of the MY 1998 crop corn is good, especially in Cukurova. The humidity of the corn crop in Cukurova is low (21 percent) which enables drying the crop for storage (14 percent) to proceed faster and easier. The poultry sector is very important for corn consumption in Turkey. During the last few months, egg prices have been steadily low, reducing profitability which, in turn, may create a reason to decrease the quantity of corn consumption if similar conditions continue.

The TMO had to borrow money from international sources in order to pay farmers. With such large stocks procured, these loans became a burden for them. TMO announced in September a three month deferred payment system to sell grains in the domestic market. According to the deferred payment system, both flour and feed millers were eligible to buy grains from TMO and pay in three increments during the following three months. This system did not work well at the beginning because the announced monthly interest rates were very high, such as 5 percent for the first two months and 7 percent for the third month. TMO was able to sell some grains in the domestic market when interest rates of the deferred payments for old crops (MY 1997 and MY 1996 crop) were reduced in the beginning of November to 0 percent for the first month and 3 percent for the second and third months. The deferred payment system continues and the same interest rates are still applied for old crops. TMO announced the interest rates as 5 percent for each month for the MY 1998 crop.

TMO announced five tenders during the first half of the marketing year to sell large quantities of wheat and barley for exports. Through these tenders, TMO sold a total of 1,581.3 TMT of wheat (red and white milling and durum) and 810 TMT of feed barley. TMO is expected to have one or two new tenders, probably in February, to sell more wheat and barley. PS&D wheat (including wheat equivalent of wheat flour) exports are estimated at this point to be about 2.5 MMT and barley exports are estimated to be around 900 TMT, based on the information available so far. Official trade data since December 1997 is not yet available.

The import duty on wheat has not been changed recently and stays at 55 percent for milling wheat and 50 percent for durum. The import duties, however, were raised for barley, from 50 percent to 85 percent, and for corn, from 35 percent to 60 percent, on November 7. These rates had also been increased for barley, from 30 percent to 50 percent, and for corn, from 20 percent to 35 percent, last September. The GOT increased import duties to compete in the domestic market with imported corn and barley so that TMO's large stocks can be eliminated. As Turkey is a net corn importer currently, the corn import duty is expected to be reduced after TMO significantly reduces or totally eliminates its stocks, according to industry sources. The expected date for the duty reduction is April or afterwards, depending upon how fast TMO's stocks can be eliminated due to the price comparisons for domestic and imported corn in the market. PS&D corn import estimates were raised by the same quantity to compensate for the estimated reduction in the second crop corn production in Cukurova. TMO has started to sell some corn after the duty was increased, but it is anticipated that significant quantities of corn will be sold later starting by the end of December.

Imported wheat prices are around USD 250 per metric ton for Australian soft wheat and USD 255 per metric ton for prime hard wheat. Russian wheat is sold at around USD 195-210 per metric ton depending upon the quality, Hungarian and Romanian wheat are sold around USD 190-195 per metric ton, and Canadian wheat sold around USD 192 per metric tons. US #2 yellow corn is sold around USD 191-195 per metric ton and Romanian and Hungarian corn are sold around USD 188-190 per metric ton. Domestic corn is sold in the market around TL 58,000 per kilogram (current exchange rate USD 1.0 is equal to around TL 315,000).

The planting areas for wheat and corn are estimated to be larger. The two primary reasons for this increase are: 1) cotton was not profitable in MY 1998, thus a shift from cotton to wheat and corn is expected, especially in Cukurova and 2) the corn harvest in Cukurova was completed early this year, so more fields are expected to be planted for wheat. Some increases in areas planted for durum in Southeastern Anatolia and for bezostaja (a hard red milling wheat variety) in Thrace are expected. A small decrease is expected in areas planted for barley in Central Anatolia. It is still early, however, to confirm these planting intentions.

After having warmer and dryer than normal weather in September and October, Turkey had rather nice precipitation throughout the country in second half of November and so far in December. Total precipitation is normal or even better in most areas. Cereal planting is completed and crops have healthy growing conditions.

Cereal crop prospects look good at this point, however, the single most important factor for cereal yields is the amount of rain during the spring months.