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Report Highlights:

Owing to improved weather conditions, Turkey's grain production in marketing year (MY) 2023/24 is forecast to reach a record 36.0 million metric tons (MMT). Grain silos are reportedly at or near capacity because of this year's record production and last year's large carryover stocks. With an apparent grain surplus, the government has temporarily authorized exports of domestic durum wheat and corn. Amid bearish market conditions, private sector buyers are reluctant to buy local grain, fearing that prices could fall lower. In what is considered the largest ever purchasing campaign of domestic grain, the Turkish Grain Board (TMO) has purchased more than 11.0 MMT of wheat and barley so far in MY 2023/24. This figure is expected to climb even higher when TMO starts purchasing corn. Amid Turkey's economic woes, TMO has ended its past practice of selling grain to end users below cost.

Wheat

Production

The MY 2023/24 forecast for wheat area harvested remains unchanged at 7.2 million hectares (ha). Because of lower-than-expected yields resulting from drought conditions last fall and early winter, the MY 2023/24 wheat production forecast is adjusted slightly lower to 19.25 million metric tons (MMT), though still the second highest amount on record. While weather conditions improved with spring rains, it was not enough to offset the effects of the earlier dry weather. This year's wheat harvest wrapped up in August.

Approximately 4.0 MMT of total wheat production in MY 2023/24 is expected to be durum wheat. This amount is about 1.0 MMT higher than the previous year as farmers planted more durum wheat in response to higher prices.

Consumption

With wheat production forecasted lower and an expected slackening in feed demand, wheat consumption is expected to slightly contract from the USDA official figure to 21.0 MMT. About 90 percent of wheat is consumed as food and seed and the remaining 10 percent is used as animal feed.

Trade

Wheat Imports

The MY 2023/24 wheat import forecast is revised lower to 9.0 MMT to account for the abundant supplies of domestic wheat and the large stocks of imported wheat. Given current market conditions, the state-run Turkish Grain Board (TMO), which is Turkey's leading wheat importer, is not expected to buy more foreign wheat for the rest of the current marketing year.

Imports from June-August reached nearly 2.8 MMT, up more than 50 percent from the same time a year ago. The leading sources for imported wheat during this period were Russia (2.1 MMT) and Ukraine (555,000 MT). Since the start of the domestic harvest, the wheat coming into Turkey is primarily for processing and re-exporting as flour and pasta.

Wheat Exports

The wheat export forecast for MY 2023/24 remains unchanged at a record of 8.5 MMT. This record forecast is partly based on the expectation that stronger-than-expected exports of flour and pasta during the first quarter of the marketing year (Jun-Aug) will continue. The forecast also accounts for Turkey's surprise decision to allow durum wheat exports.

With grain storage capacity running tight from a near record-breaking MY 2023/24 wheat harvest and large carry overstocks, the government decided in late July to temporarily authorize exports of durum wheat. The domestic price for durum wheat is about \$330/MT whereas the FOB export price is around \$400/MT. Market sources predict that Turkey might export around 1.0 MMT of durum wheat this marketing year, with a large share of those exports going to either Canada or Italy.

Turkey's wheat flour exports from June-August totaled about 1.0 MMT, up about 350,000 MT compared to the same time last year. Leading destinations were Iraq (338,000 MT), Sudan (127,000 MT), Yemen (74,000) and Somalia (74,000 MT).

Turkey's pasta exports during this same three-month period reached 348,000 MT, up about 3 percent from the same time last year. The main destinations for Turkish pasta were Venezuela (63,000 MT), Somalia (63,000 MT), and Benin (26,000 MT).

Stocks

The MY 2023/24 forecast for wheat ending stocks is cut by nearly 1.0 MMT to 2.83 MMT as businesses are expected to draw down their large inventories and return them to more normal levels.

Barley

Production

The MY 2023/24 forecast for barley production is adjusted lower to 8.0 MMT, which is down 200,000 MT from the USDA official number. The reason for this downward revision was due to yield losses resulting from drought conditions in the Marmara region along the western coastal areas of Turkey. Notwithstanding this revision, barley production this year is 600,000 MT higher than a year ago due to better growing conditions, especially in Central Anatolia and Southeastern Turkey. The barley harvest concluded in July.

Consumption

The MY 2023/24 barley consumption forecast remains unchanged from the official USDA estimate at 8.5 MMT. Consumption is down compared to last year in part because of a slowdown in livestock feed demand.

Trade

Barley Imports

The MY 2023/24 barley import forecast is revised lower to 400,000 MT, down 100,000 MT from the USDA official number. The revision assumes weaker-than-expected import demand because of large carryover stocks of barley. Imports during the first three (Jun-Aug) months of the current marketing year were just 65,000 MT, down about 63 percent from the same time a year ago.

Barley Exports

MY 2023/24 barley exports are projected at 200,000 MT, down 100,000 MT from the USDA official number. The revision assumes that the slowdown in exports during the first quarter of the marketing year will continue in the coming months.

Stocks

The MY 2023/24 forecast for barley ending stocks is revised lower to 432,000 MT, based on the expectation that businesses will draw down inventories to bring them in line with historical levels.

For MY 2022/23, the barley ending stock estimate is adjusted higher to 732,000 MT because of lower-than-expected feed demand.

Corn

Production

The MY 2023/24 (Sep-Aug) forecasts for corn area harvested and production both remain unchanged at 650,000 ha and 8.2 MMT, respectively. Area harvested is up significantly from last year as some farmers switched from cotton to growing corn in hopes of capturing higher profits. This switch was especially pronounced in the southeastern part of the country, where half of the country's cotton is grown.

The first-crop corn harvest, which accounts for most of total production, has finished in the Cukurova and Southeastern regions but continues in Central Anatolia. The second-crop corn harvest will start in the southeastern part of the country in November.

Consumption

Similar to barley, the corn consumption forecast for MY 2023/24 is revised slightly lower from the USDA official figure to 9.3 MMT because of a continued slowdown in demand for animal feed.

The MY 2022/23 corn consumption estimate is revised down to 9.0 MMT, down 400,000 MT from the USDA number because of depressed demand for animal feed. Meantime, the starch industry's demand for corn remains stable.

Trade

Corn Imports

The corn import forecast for MY 2023/24 remains unchanged at 1.8 MMT, based on the assumption that increased domestic corn production will temper import demand.

Corn imports in MY 2022/23 were about 2.9 MMT. Russia (1.76 MMT) and Ukraine (673,000 MT) were the leading suppliers. More than 300,000 MT was transshipments.

Corn Exports

MY 2023/24 corn exports are projected at 800,000 MT, up 300,000 MT from the USDA official number. This upward revision is based on the expectation that the government will continue allowing exports of domestic corn. In August, at the beginning of the corn harvest, the government authorized corn exports since there was an oversupply of corn already in the market. According to preliminary trade data for August, corn exports reached 400,000 MT.

In MY 2022/23, corn exports totaled 867,000 MT. The main export destinations were Iraq (372,000 MT), Italy (83,000 MT), and Egypt (77,000 MT).

Stocks

MY 2023/24 ending stocks for corn are revised slightly higher to 380,000 MT due to lower-than-expected animal feed demand.

Rice

Production

The MY 2022/23 (Sep-Aug) forecast for rice production and area harvested remains unchanged at 545,000 MT (milled) and 94,000 ha, respectively. Production is down slightly year-over-year because of drought in the Thrace region.

Consumption

Rice consumption in MY 2023/24 is revised lower to 830,000 MT, but up year-to-year based on stable household and restaurant demand.

The retail price for local rice currently ranges between 35-50 TL (\$1.27-1.81) per kilogram (kg). By comparison, the retail price for imported rice from China and Vietnam is considerably cheaper, ranging between 15-25 TL/kg (\$0.70-0.91/kg). The reason for the price difference is because local rice is said to be higher quality. With affordable substitutes such as bulgur and pasta available, consumers are particularly price sensitive when it comes to rice consumption.

Rice consumption in MY 2022/23 is forecast lower at 810,000 MT, which is 40,000 MT lower than the USDA figure. This downward revision assumes that this difference went into carryover stocks.

Trade

Rice Imports

The MY 2023/24 rice import forecast is cut in half from the USDA number to 275,000 MT. This adjustment assumes last year's carryover stocks will be drawn down for domestic use and transshipments.

Rice imports in MY 2022/23 reached a near-record levels of 777,000 MT (milled equivalent) in part because traders purchased larger-than-usual volumes in hopes of selling some of the rice at higher profit margins after the zero-tariff ended. China (227,000 MT) and Thailand (162,000 MT) India (146,000 MT) were the leading suppliers. More than 300,000 MT was for transshipments.

In order to combat inflation, the government zeroed out tariffs on imports of rice (and other grains) from December last year through the end of August. Starting September 1, the tariffs on paddy (34 percent) and milled rice (45 percent) returned to their former MFN levels.

Rice Exports

For MY 2023/24, rice exports are forecast to remain unchanged at 250,000 MT (milled equivalent), assuming continued transshipment demand. Most rice exports are transshipments to neighboring countries.

The MY 2022/23 rice export estimate remains the same at 230,000 MT and reflects the latest trade data. Of this amount, more than 200,000 MT was transshipments. The main destinations were Syria (67,000 MT), Ukraine (35,000 MT) and Iraq (13,000 MT).

Stocks

The MY 2023/24 ending stock forecast for rice is cut by more than 100,000 MT to 155,000 MT. This reduction assumes that the private sector will seek to drawdown inventories to a more normal level.

The MY 2022/23 rice ending stock estimate is adjusted higher by more than 115,000 MT to 415,000 MT. This increase is linked to larger-than-expected import volumes as traders built up inventories to take advantage of the zero duty on imports.

Grain Policy

There have been some major developments in the grain sector over the last year. There's an unexpected oversupply of grain on the market due to better-than-expected harvest and record imports. Grain silos are at or near capacity. To help alleviate the situation, the government has authorized exports of domestic corn and durum. Amid Turkey's economic woes, TMO has surprisingly ended its practice of subsidizing grain sales. And starting next year, the government seeks to impose greater control over agricultural production in the country.

The MY 2023/24 grain harvest was far better than originally predicted earlier in the year when there were serious concerns about drought. At the time, Turkey had suffered its driest six-month (Oct-Mar) in more than 60 years. However, wet spring weather and favorable growing conditions helped to largely offset the negative effects of the earlier dry weather. In fact, MY 2023/24 grain production is forecast to reach a record 36.0 MMT. (For reference purposes, in March of this year, FAS-Turkey was predicting that grain production would drop to 31.5 MMT based on the expectation that drought conditions would continue through the growing season.)

Late last year, fearing that drought conditions would persist throughout the growing season, the Turkish Grain Board (TMO) ramped up grain purchases. At the same time, to curb food inflation and stabilize local market conditions, the government temporarily zeroed out tariffs on wheat, barley, and rice for part of the year. Because of these conditions, Turkey imported a record of nearly 18.0 MMT of grain in MY 2022/23.

With record grain production and imports, many of the country's grain silos are overflowing with grain and storage space is very tight. According to one market source, the space situation has become so dire that some companies have resorted to storing the grain in underground bunkers lined with plastic. The quality of the grain stored underground will likely deteriorate due to pests and moisture. To ease some of the pressure, the government authorized exports of domestic durum wheat and corn.

At the end of May, in accordance with a directive from the Ministry of Finance, TMO ended its practice of selling discounted grain amid pressures to cut government spending. TMO officials announced this major policy change at an international grain conference in Istanbul in August. In the past, TMO often purchased grain – both imported and domestic – at a fair market value and then later sold it at a lower price to end users in the feed and milling industries to help stabilize domestic market conditions and reduce inflation. In MY 2022/23, based on publicly available information, TMO likely sold 6.0 MMT of milling wheat at 30 percent below cost.

In October, TMO announced its MY 2023/24 grain sales prices, all of which were higher than the original purchase price. See table 1. According to the new directive, TMO cannot sell the grain below the purchase price.

At the moment, the private sector is reluctant to purchase domestic grain from the farmers because of the bearish market sentiment. There's an expectation in certain corners that grain prices could fall due to last year's large carryover stocks, weak demand for animal feed, and rising interest rates. With the private sector largely on the sidelines, TMO will probably be the biggest buyer of domestic grain. TMO bought more than 11.0 MMT of wheat and barley in MY 2023/24 so far and this figure is expected to increase with corn.

Commodity	Purchase Price 1/	Sales Price 2/
Anatolian Hard Red Milling Wheat (AKS)	8,250 TL/MT	9,250 TL/MT (\$330/MT)
Durum Wheat	9,000 TL/MT	10,010 TL/MT (\$370/MT)
Barley	7,000 TL/MT	7,725 TL/MT (\$280/MT)
Corn	6,000 TL/MT	6,650 TL/MT ((\$240/MT)

1/ Wheat, durum wheat, and barley purchase prices were announced in June. Corn purchase price was announced in August.

2/Sales prices were announced in October. Exchange rate of US\$1=27.7 TL as of October 10, 2023.

In September, the government published a [regulation](#) to increase the Ministry of Agriculture & Forestry's (MinAF) control in planning agricultural production. Implementation is expected to begin in MY 2024/25, but exact details of how this will be handled are still unclear.

Production, Supply and Distribution

Wheat Market Year Begins Turkey	2021/2022		2022/2023		2023/2024	
	Jun 2021		Jun 2022		Jun 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	7050	7050	6800	6800	7200	7200
Beginning Stocks (1000 MT)	3730	3730	2237	2237	4084	4084
Production (1000 MT)	16000	16000	17250	17250	19500	19250
MY Imports (1000 MT)	9421	9421	12072	12072	10000	9000
TY Imports (1000 MT)	9555	9555	12500	12500	10000	9000
TY Imp. from U.S. (1000 MT)	0	0	53	0	0	0
Total Supply (1000 MT)	29151	29151	31559	31559	33584	32334
MY Exports (1000 MT)	6714	6714	6875	6875	8500	8500
TY Exports (1000 MT)	6646	6646	6953	6954	8500	8500
Feed and Residual (1000 MT)	1400	1400	1500	1500	2100	1800
FSI Consumption (1000 MT)	18800	18800	19100	19100	19200	19200
Total Consumption (1000 MT)	20200	20200	20600	20600	21300	21000
Ending Stocks (1000 MT)	2237	2237	4084	4084	3784	2834
Total Distribution (1000 MT)	29151	29151	31559	31559	33584	32334
Yield (MT/HA)	2.2695	2.2695	2.5368	2.5368	2.7083	2.6736

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2023/2024 = July 2023 - June 2024

Barley Market Year Begins Turkey	2021/2022		2022/2023		2023/2024	
	Jun 2021		Jun 2022		Jun 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	3700	3700	3800	3800	3700	3700
Beginning Stocks (1000 MT)	522	522	316	316	557	732
Production (1000 MT)	4500	4500	7400	7400	8200	8000
MY Imports (1000 MT)	2867	2867	2141	2141	500	400
TY Imports (1000 MT)	2036	2100	2100	2100	500	400
Total Supply (1000 MT)	7889	7889	9857	9857	9257	9132
MY Exports (1000 MT)	173	173	225	225	250	200
TY Exports (1000 MT)	215	135	200	200	250	200
Feed and Residual (1000 MT)	6500	6500	8175	8000	7600	7600
FSI Consumption (1000 MT)	900	900	900	900	900	900
Total Consumption (1000 MT)	7400	7400	9075	8900	8500	8500
Ending Stocks (1000 MT)	316	316	557	732	507	432
Total Distribution (1000 MT)	7889	7889	9857	9857	9257	9132
Yield (MT/HA)	1.2162	1.2162	1.9474	1.9474	2.2162	2.1621

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Barley begins in October for all countries. TY 2023/2024 = October 2023 - September 2024

Corn Market Year Begins Turkey	2021/2022		2022/2023		2023/2024	
	Sep 2021		Sep 2022		Sep 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	540	540	530	530	650	650
Beginning Stocks (1000 MT)	827	827	647	647	447	480
Production (1000 MT)	6500	6500	6800	6800	8200	8200
MY Imports (1000 MT)	3512	3512	2900	2900	1800	1800
TY Imports (1000 MT)	3782	3784	2900	2900	1800	1800
Total Supply (1000 MT)	10839	10839	10347	10347	10447	10480
MY Exports (1000 MT)	492	492	500	867	500	800
TY Exports (1000 MT)	514	514	500	867	500	800
Feed and Residual (1000 MT)	8500	8500	8300	7900	8400	8100
FSI Consumption (1000 MT)	1200	1200	1100	1100	1200	1200
Total Consumption (1000 MT)	9700	9700	9400	9000	9600	9300
Ending Stocks (1000 MT)	647	647	447	480	347	380
Total Distribution (1000 MT)	10839	10839	10347	10347	10447	10480
Yield (MT/HA)	12.037	12.037	12.8302	12.8302	12.6154	12.6154

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Corn begins in October for all countries. TY 2023/2024 = October 2023 - September 2024

Rice, Milled Market Year Begins Turkey	2021/2022		2022/2023		2023/2024	
	Sep 2021		Sep 2022		Sep 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	97	97	99	99	94	94
Beginning Stocks (1000 MT)	282	282	78	78	298	415
Milled Production (1000 MT)	541	541	600	600	545	545
Rough Production (1000 MT)	807	807	896	896	813	813
Milling Rate (.9999) (1000 MT)	6700	6700	6700	6700	6700	6700
MY Imports (1000 MT)	302	302	700	777	550	275
TY Imports (1000 MT)	478	478	650	650	550	275
Total Supply (1000 MT)	1125	1125	1378	1455	1393	1235
MY Exports (1000 MT)	257	257	230	230	250	250
TY Exports (1000 MT)	227	227	240	230	250	250
Consumption and Residual (1000 MT)	790	790	850	810	875	830
Ending Stocks (1000 MT)	78	78	298	415	268	155
Total Distribution (1000 MT)	1125	1125	1378	1455	1393	1235
Yield (Rough) (MT/HA)	8.3196	8.3196	9.0505	9.0505	8.6489	8.6489

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2023/2024 = January 2024 - December 2024

Attachments:

No Attachments