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Turkey

Post: Ankara

Turkey Grains Update May 2011

Report Categories:
Grain and Feed

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Report Highlights:
The wheat harvest is late all over Turkey. The first crop cotton and corn planting was delayed due to heavy rainfall. A very wet season is expected to increased yields but harm quality. The corn, barley and paddy rice forecasts are unchanged compared to the previous report.

Production

The wheat harvest is late at the moment. The first wheat harvest normally starts on May 15 in the Adana and Antalya regions, however the My 2011 wheat harvest is expected to start in the first week of June in the Adana region.

The first wheat harvest started in some areas of Antalya region on May 16, 2011 and yields increased 25% compared to last year. The general harvest season will start the first week of June in Antalya.

There is at least a one month delay on corn, sunflower and cotton planting. Some farmers in Aydin (Aegean region) planted cotton and corn in the middle of April but most farmers are late for planting.

Hail damaged crops in some parts of the Adana region. Heavy rains decreased yield expectations in the Adana, Osmaniye and Mersin regions. According to farmers there will be 20%-30% yield loss in the Cukurova region.

Some farmers in the Cukurova region who planted cotton in April already lost their plantings and replanted their field with corn, but this circumstance was very limited and was not observed in Sanliurfa or the Hatay valley.

In the Cukurova region, due to heavy rainfall in April and May, wheat yields are is expected to decrease. In the Ankara, Konya, Nigde, Corum, Thrace and Aegean regions, wheat yields are expected to be high.

Due to a wet season, quality problems are expected in Adana, Hatay, Osmaniye, Corum, Yozgat and some parts of Konya.

The table below shows details of the Post forecast for wheat area and production.

Regions	**MY 2010 Avg.yield (MT/HA)**	**MY 2011 Avg.yield (MT/HA)**	**Long term Avg.yield (MT/HA)**	Harvest Time	**MY 2010**		**MY 2011**	
					Harvested Area (ha)	Production (MT)	Harvested Area (ha)	Production (MT)
Cukurova region	3.5-4.5	4	4.5-5.5	May 10-June 10	300,000	1,300,000	250,000	1,000,000
Hatay region	3	4	5-5.5	May 25-June 25	100,000	300,000	85,000	340,000
Southeast region	2	2.8	3-3.5	May 15-June 25	1,000,000	2,000,000	780,000	2,184,000
Central Anatolia	2-2.5	2	1.5-2	June 25-July 25	3,000,000	6,000,000	3,000,000	6,000,000
Polatli	2.8-3	3.3	3.5	June 15-July 20	120,000	350,000	130,000	429,000
Aegean region	2-2.5	3	3	May 25-June 25	650,000	1,500,000	550,000	1,650,000
Aydin region	4.5	4	4	May 20-June 10	8,000	50,000	6,000	24,000
Thrace	3.5	4.5	4.5-5	June 15-July 15	600,000	2,500,000	600,000	2,700,000

Other regions	1.3	1.5	1.5	June 15-July 15	2,222,222	3,000,000	2,300,000	3,450,000
Total	2.12	2.3	2.3	My 15-July15	8,000,222	17,000,000	7,701,000	17,777,000

Consumption:

TMO is expected to announce the wheat procurement price in the first week of June. Poultry producers are very concerned at the moment about a corn production decrease in light of the current corn import ban imposed by the Biosafety Law. For this reason most people believe that poultry producers will be new consumers in the wheat market when the season starts in June. The domestic corn price was 440 USD/MT in May 27, 2011. New investments in the poultry sector have also led to an increase in corn demand.

A new TMO policy on wheat procurement was announced for MY 2011 wheat purchase. TMO will procure wheat according to their chemical and physical properties. TMO bought and distributed new analysis equipment to their procurement offices all over the country. The biggest complaint of flour millers was the inconsistent quality of wheat stocks. T MO declared that in the new harvest season they will store wheat according to their quality parameters, such as protein content.

TMO decided to use the current inward process regime, usually restricted to corn, to allow import of sorghum and feed quality wheat. When traders or processors export corn, they have been eligible to import corn duty free with an inward process regime certificate. Now, traders and corn exporters are eligible to import not only corn but also sorghum and feed type wheat with these certificates.

Traders estimated that 100,000 MT is available in certificates which can be used to import wheat and sorghum under this system. Traders believe that feed type wheat will be favored, however, because the sorghum price increased dramatically in last week and is a relatively unknown product for most feed producers.

Trade

On February 25, 2011, the wheat import tariff was reduced to zero for shipments clearing customs by May 1, 2011. Traders and wheat millers quickly contracted for U.S. wheat after this announcement was made. For this reason, there were near record imports of wheat in March and April 2011. Total wheat imports are forecasted to reach 3.4 MMT in MY 2010.

TURKEY: WHEAT IMPORTS			
MONTH	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 (MT)**
June	224,741	172,901	125,320
July	131,565	95,530	159,029
August	251,868	284,780	226,965
September	375,754	267,215	132,372
October	415,633	409,970	231,759
November	266,728	229,368	156,859
December	299,517	289,393	347,507
January	236,786	187,219	320,242
February	349,971	130,891	148,909
March	392,171	378,095	702,015
Sub-Total	**2,944,734**	**2,445,362**	**2,550,977**

April	357,526	252,511	
May	307,081	225,663	
MY TOTAL	**3,609,341**	**2,923,536**	**3,400,000***

The wheat import tariff reduction introduced new wheat exporters to the market. Due to turmoil in the Middle East in March and April, ships on their way to Egypt and Libya especially from Argentine, Brazil and Paraguay, went instead to Turkey. In March 2011, Argentina exported 87,641 MT and Paraguay exported 19,000 MT of wheat. The only available Black Sea supplier, Ukraine, also benefited from tariff reduction and exported 133,772 MT to Turkey. Medium level quality Ukrainian and Latin American wheat didn't satisfy wheat millers, and due to the extremely short time period of the tariff reduction, not everybody was capable of importing high quality U.S. wheat. Some traders imported high quality wheat from Germany (60,835 MT).

TURKEY: MAJOR WHEAT SUPPLIERS				
Country	**MY 2007 MT)**	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 (MT)***
Russia	886,393	2,003,918	2,184,316	587,344
Kazakhstan	1,032,444	219,298	432,536	394,092
Ukraine	59,828	154,432	108,802	277,457
Hungary	142,248	143.951	18,458	12,335
Moldova	446	55,399	40,049	37,575
Lithuania	48,402	106,872	88,948	55,633
U.S.	45,537	46,821	0	596,782
Others	312,474	1,022,457	50,427	589,759
MY Total	**2,527,772**	**3,609,341**	**2,923,536**	2,550,977

Iraq, Indonesia and the Philippines are still major wheat flour export markets. Flour millers in Gaziantep and Konya dominate the Iraq wheat flour export market due to the low cost of transportation and high quality wheat flour demand of Iraq. On the other hand, millers in Marmara region mostly sell to the Indonesian and Philippine market, which requires low quality wheat flour at a cheap price. One large mill in Istanbul dominates sales to the Indonesian markets. Milling capacity increases in Indonesia could be a threat to these sales. Turkey competes with Iran in the Iraq market but their targets are mostly different. Iran targets low quality wheat flour markets and Turkey targets high quality wheat flour markets. Libya could be again an alternative market for millers, as recently some wheat flour contracts from Libya were taken by Turkish millers. The high milling capacity of the sector is still a big concern albeit there are some consolidation efforts underway. The Russia and Kazakhstan wheat harvest and wheat export policies will be a critical factor affecting the market. Turkey usually exports 150,000 MT of wheat flour every month and this trend is expected to continue in MY 2011. Turkey is forecasted to export 1.8 MMT of wheat flour in MY 2010 and 1.85 MMT in MY 2011.

TURKEY: MAJOR WHEAT FLOUR MARKET				
Country	**MY 2007 (MT)**	**MY 2008 (MT)**	**MY 2009 (MT)**	**MY 2010 *(MT)**
Iraq	338,432	631,478	796,528	701,668
Indonesia	177,657	305,967	429,826	409,734
Philippines	240	69,824	126,749	66,227
Sudan	31,672	66,523	72,337	13,536
Yemen	0	670	16,491	7,725
Israel	26,148	66,523	24,370	26,527
Others	480,690	329,009	405,131	286,925
MY Total	**1,054,839**	**1,469,994**	**1,871,432**	**1,512,342**

Pasta exports reached 260,303 MT in the first 10 months of MY 2010 and are expected to reach to 300,000 MT in MY

2010. Angola, Togo, Japan, and Iraq are the main markets for Turkish pasta exporters. The pasta industry's main target markets are Africa and Japan. Three large pasta producers and exporters in the West part of Turkey increased their capacity in MY 2010 and two new pasta factories in Southeastern Turkey renovated their production lines and increased their capacities. Post forecasts 330,000 MT of Turkish pasta exports in MY 2011.

WHEAT, PSD

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	7,800	7,700
Beginning Stocks	1,546	1,550	1,815	1,733	1,615	1,783
Production	18,450	18,450	17,000	17,000	17,400	17,777
MY Imports	3,192	2,922	3,000	3,400	3,000	3,000
TY Imports	3,218	2,922	3,000	3,400	3,000	3,000
TY Imp. from U.S.	38	0	0	750	0	50
Total Supply	23,188	22,922	21,815	22,133	22,015	22,560
MY Exports	4,273	4,389	3,000	3,150	3,200	3,200
TY Exports	4,371	4,389	3,000	3,150	3,200	3,200
Feed and Residual	800	800	700	700	700	800
FSI Consumption	16,300	16,000	16,500	16,500	16,600	16,600
Total Consumption	17,100	16,800	17,200	17,200	17,300	17,400
Ending Stocks	1,815	1,733	1,615	1,783	1,515	1,960
Total Distribution	23,188	22,922	21,815	22,133	22,015	22,560
1000 HA, 1000 MT, MT/HA						