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Turkey

Grain and Feed Update

Grain and Feed Update

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Report Highlights:
Wheat production is forecast at 19.5 million metric tons (MMT) in marketing year (MY) 2015 because of high yields, especially in Central Anatolia. There are record production forecasts for barley and corn. Barley production is forecast at 7.4 MMT and corn at 5.8 MMT. However, there are quality problems everywhere. Strong local production will reduce import demand for all grains. The Turkish Grain Board (TMO) announced 2015 grain procurement prices on June 6, 2015, with intervention prices for Anatolian Hard Red Milling (AKS) Wheat at 862 TL/MT ($325/MT), 976 TL/MT ($368/MT) for durum wheat, and 645 TL/MT ($177/MT) for barley.

Post:
Ankara

PRODUCTION

Wheat

Wheat production in Turkey is forecast to reach a record 19.5 MMT in 2015. While yields are high, the quality of the crop is said to be low. Due to heavy rainfall, the wheat harvest started 10 days late throughout the country.

Rainfall in 2015 was considerably higher than in 2014 across most of the country. Cumulative rainfall in Turkey from October 2014 through June 2015 was 600.1 mm. During the same period the previous year, cumulative rainfall was only 407.2 mm. Heavy rainfall damaged wheat roots in the Thrace and Aegean regions and in some parts of central Anatolia this year.

Table 1: Rainfall levels

Turkey: Recent Cumulative Rainfall Levels			
Region	**Oct 2014- June 2015 (mm)**	**Oct 2013-June 2014 (mm)**	**Normal (mm)**
Thrace	673.8	575.9	583.8
Aegean	732.4	520.9	560.2
Mediterranean	765.3	453	632.1
Central Anatolia	465.5	307.5	372.8
Black Sea	635.9	452.2	573.3
East Anatolia	489.8	331.5	524.0
South East Anatolia	578.8	356.8	543.3

Source: Turkish State Meteorological Service

The first harvest in the Cukurova region and the Mediterranean coast started in the last week of May 2015, which was one week later than normal because of hail damage. The first harvests in this region were in the coastal strip of Tuzla and Seyhan Valleys. Due to increased corn and vegetable area, the wheat area decreased about 4,000 HA in both valleys. Average wheat yields were incredibly high at 7 MT/ha. In a normal season the average yield is 5 MT/ha. Damage from sunni bug was limited because farmers tried to prevent further damage with chemical treatments.

In the intensive farming area of the Çukurova region, there are non-irrigated fields and common crops are wheat, cotton and sunflowers. The average wheat yield here was 5 MT/ha in MY 2015, compared to 2.5 MT/ha in the long term average.

Ceyhan, Imamoglu, and Kozan valleys were the next areas to start the harvest. The Ceyhan valley is mostly irrigated and grows mainly cotton and wheat first with second crop corn. Corn and wheat area increased while cotton area decreased. The average wheat yield in this area was about 5 MT/ha, and quality was normal. The Imamoglu and Kozan valleys have non-irrigated fields and common products are wheat, cotton and increasingly, sunflowers. Some areas were affected by hail damage such as the Kadirli region but it was only a minor problem. Sunni bug damage and yellow rust were not problems in the region.

Central Anatolia Region

Central Anatolia, including Konya, Kirsehir, Polatli, had record high wheat yields. Rainfall in 2015

was considerable higher than in 2014. Total rainfall in Konya from October 2014 through June 2015 was 503 mm. It was only 203 mm during the same period of previous year. Wheat production in non-irrigated fields in Konya increased 40 percent compared to MY2014.
Due to heavy rainfall, the wheat harvest started two weeks late in July 2015. Although domestic prices were 5-10 percent lower than last year, farmers enjoyed high yields. Farmers tried to sell their wheat in Konya Commodity Exchange where they had record transactions in the first week of July. However, quality problems were observed in some regions due to rain during harvest. Late rains in Polatli, Kirikkale, and Kirsehir are reported to have lowered protein values.

Thrace Region

The first harvests in the Thrace region started in July 2015. The weather conditions and regional floods had adverse effects on wheat yields in Thrace. Planting started late in 15,000 ha in Kirklareli due to heavy rainfalls, which was another reason for low yields. Yields in the region decreased to 3-5 MT/ha, compared to 6-7 MT/ha in MY2014. In Edirne heavy rains caused damage, which is expected to result in losses of at least 25 percent and the yield was only 4 MT/ha. In Silivri and Tekirdag yields were about 7 MT/ha but the high amount of rainfall just before harvest deteriorated the gluten and protein content of the wheat, which was only 8-11 protein. The quality of the crop also deteriorated in the Aegean region due to unexpected rain in June.

Southeast Region

Roughly 90 percent of the harvest was completed in Southeast region by mid-July. High yields and low quality were general traits of the 2015 wheat harvest. Some farmers in Harran switched from cotton back to milling wheat as first crop and corn for second crop in 15,000 hectares. Also in 450 ha fields among Bismil, Batman and Diyarbakir, farmers preferred corn to cotton. Durum wheat production is forecasted 2 MMT in Turkey in MY2015. Average yield for durum wheat in the Southeast region was 4.5 MT/ha and in Central Anatolia it was 4 MT/ha

BARLEY

Barley production is forecast at 7.4 MMT. The barley harvest has almost finished. Barley areas in Turkey are not irrigated, so rains have the main impact on production. Not only wheat yields but also barley yields were record high in Central Anatolia. Most of farmers enjoyed a 3 to 3.5 MT/ha barley yields in the region. Farmers in Kirsehir and Yozgat preferred barley over wheat in non-irrigated fields because of last year's attractive prices. A few farmers also grew barley in fallowed fields in Polatli which increased area. Yellow rust problem was reported in some fields in this region and heavy rains caused damage.

Barley production in Southeast Turkey increased 20-25 percent compared to MY2014. Barley quality is better in Harran Plateau (Southeast Anatolia). The Gaziantep region saw high yields compared to other parts of Southeast Turkey where average yield was around 4 MT/ha. In Barak valley yields were 3.5 to 5 MT/ha compared to normal yields of only 2 MT/ha.

CORN

Total corn production is forecast at 5.8 MMT in MY2015. First and second crop corn planting has already finished in Turkey. The first harvest will start on August 15. Corn is very popular among farmers who are attracted by high yields, government support programs, and TMO's intervention price.

First crop planting in Çukurova Region was one month late due to heavy rainfall. In a normal season, first crop corn planting begins in the end of February. Second crop corn planting ended in July 2015 except some fields in the Southeast Region where farmers were waiting for first crop due to heavy rainfall. An extra 5,000 hectares were planted to corn in Karatas and Uregir as a first crop. The Konya region and Samsun in the Black Sea region entered as new area for corn production in irrigated lands. The Southeast region is mostly suitable for second crop corn planting. Cotton and sunflowerseed area are projected to decline MY2015 due to disappointing returns in MY2014. Air temperatures are lower than normal in June and July which is a stress point for corn producers in terms of quality.

RICE

Rice planting started in the first week of May 2015 in Kesan, Thrace region. Rice planting finished by the end of the May in Turkey. The MY 2015 area increased due to sufficient rainfall and increased water levels in several dams. Milled rice production is forecast at 500,000 MT in MY 2015. Edirne Municipality, one of the major rice producing provinces, announced a ban on unauthorized rice planting due to its battle against mosquitos. Harvest will start at the end of September.

TRADE

The Turkish Grain Board (TMO) announced 2015 grain procurement prices on June 6, 2015. TMO has started to buy grains at 285 different points in Anatolia. TMO announced the intervention price for Anatolian Hard Red Milling (AKS) Wheat at 862 TL/MT ($325/MT), 976 TL/MT ($368/MT) for durum wheat, and 645 TL/MT ($177/MT) for barley. Farmers can get up to 7 percent more according to quality (bugs ratio and protein). Also MinFAL pays premium at 50 TL/MT and gives supports for fertilizer, gasoline, certified seed and soil analysis. Premium and supports reach 127 TL per ton. So a farmer can gain 989 TL per ton for milling wheat. TMO also announced the domestic sale price of AKS wheat in October 2015 at 960 TL/MT. TMO did not announce the procurement price for MY 2014, but the procurement price for AKS Wheat was at 720 TL/MT in 2013. The prices were announced for wheat with 12 percent protein.
TMO has bought about 1 MMT wheat since the intervention price announcement.

Turkey imported a record 5.8 MMT of wheat after a poor harvest in MY 2014, and roughly 800,000 MT of that was durum wheat. A good harvest forecast prevented further increases in wheat imports. Russia was the leading supplier with 4 MMT, followed distantly by Mexico (301,000 MT), Ukraine (247,000 MT), Lithuania (237,000 MT), India (174,000 MT) and other countries.

Major wheat flour market (MT)				
	2012	2013	2014	2015
Iraq	911,914	910,674	1,039,084	1,018,228
Syria	746	73,104	275,229	226,236
Sudan	17,565	57,616	51,723	220,879
Angola	35,586	61,215	105,059	109,332
Philippines	136,750	159,599	169,072	108,703
Others	1,051,020	602,748	717,695	567,332
MY Total	2,153,581	1,864,956	2,357,862	2,250,710

Turkish wheat flour exports to Iraq and Syria, the main markets for Turkish flour, decreased in 2015 due to political and security problems in the region. Exporters lost market share in the Far East, but tried to compensate with new markets in Africa such as Sudan. Pasta and biscuits exporters are hopeful for stronger exports in MY 2015 because of the record harvest in wheat.

They have a chance to blend low quality local wheat with imported high quality wheat. TMO has 1.5 MMT of low and medium quality wheat stocks from MY 2014 and will sell these stocks to domestic processors at low prices. It is expected that Turkey will import 3.5 MMT of high quality wheat.

Barley imports were about 850,000 MT in MY 2014, higher than the previous year due to drought damage to the local crop. Importers suffered from lack of import certificates, so barley import remained under 1 MMT. Some demand for barley shifted to low quality local wheat and to corn.

The domestic corn price was 900 TL/ton after the harvest in MY2015, which is 10 percent lower than before the harvest. Corn imports for the first nine months of MY2014 reached 1.7 MMT. Russia was the main supplier with 900,000 MT, followed by Romania with 275,000 MT. Corn imports are forecast at 1.2 MMT in MY2015 due to the high local production forecast.
Turkish poultry meat and egg exports had a strong start in 2015, but have fallen since May due to import bans by the main destinations due to avian influenza outbreaks in some regions of Turkey. Biotechnology related feed items import issues is still barrier for the feed sector. On May 11, Besd-Bir, the Poultry Meat Producers Association, applied for approval of 9 biotech soy events along with 14 corn, 10 cotton and 4 canola varieties under an accelerated simplified application regime. Five traits (3 corn and 2 soy) were approved on July 16, 2015. See recent GAIN reports on biotechnology for more information.

Commodity prices are 5-10 percent lower compared to before the harvest but still far away from international prices. The barley price is 600 TL/MT ($159/MT), milling wheat price is 820 TL/MT ($310/MT), and durum wheat price is 905 TL/MT ($341/MT). During Ramadan, consumers complained about high red meat prices. Also, strong domestic wheat flour demand during Ramadan increased flour prices to 65TL/bag from 60 TL/bag (50 kg).

Rice imports during the first nine months of MY2014 were about 274,000 MT. Russia was the leading supplier with 70,369 MT, followed by the United States with 65,766 MT, and India with 47,292 MT (milled equivalent basis). Some vessels were rejected because of nematode problems.

Production, Supply and Demand Data Statistics:

Wheat	**2013/2014**	**2014/2015**	**2015/2016**

Market Begin Year	Jun 2013		Jun 2014		Jun 2015	
Turkey	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	7,700	7,700	7,710	7,710	7,860	7,860
Beginning Stocks	2,295	2,295	2,889	2,889	2,639	2,439
Production	18,750	18,750	15,250	15,250	18,500	19,500
MY Imports	4,035	4,035	6,000	5,800	3,500	3,500
TY Imports	4,154	4,154	5,800	5,800	3,500	3,500
TY Imp. from U.S.	15	15	0	0	0	0
Total Supply	25,080	25,080	24,139	23,939	24,639	25,439
MY Exports	4,441	4,441	4,000	4,000	3,800	3,800
TY Exports	4,294	4,294	4,000	4,000	3,800	3,800
Feed and Residual	950	950	700	700	950	1,200
FSI Consumption	16,800	16,800	16,800	16,800	16,800	16,800
Total Consumption	17,750	17,750	17,500	17,500	17,750	18,000
Ending Stocks	2,889	2,889	2,639	2,439	3,089	3,639
Total Distribution	25,080	25,080	24,139	23,939	24,639	25,439
1000 HA, 1000 MT, MT/HA						

Barley	2013/2014	2014/2015	2015/2016

Market Begin Year	Jun 2013		Jun 2014		Jun 2015	
Turkey	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	3,330	3,330	3,400	3,400	3,400	3,400
Beginning Stocks	469	469	899	899	389	389
Production	7,300	7,300	4,000	4,000	7,000	7,400
MY Imports	86	86	850	850	50	50
TY Imports	596	596	300	300	50	50
TY Imp. from U.S.	0	0	0	0		0
Total Supply	7,855	7,855	5,749	5,749	7,439	7,839
MY Exports	6	6	5	5	25	25
TY Exports	9	9	5	5	25	25
Feed and Residual	6,000	6,000	4,500	4,500	5,800	6,000
FSI Consumption	950	950	850	850	850	950
Total Consumption	6,950	6,950	5,350	5,350	6,650	6,850
Ending Stocks	899	899	389	389	764	964
Total Distribution	7,855	7,855	5,749	5,749	7,439	7,839
1000 HA, 1000 MT, MT/HA						

Corn	2013/2014		2014/2015		2015/2016	
Market Begin Year	Sep 2013		Sep 2014		Sep 2015	
Turkey	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	580	580	550	550	600	600
Beginning Stocks	291	291	642	642	342	342
Production	5,100	5,100	4,800	4,800	5,800	5,800
MY Imports	1,304	1,304	2,000	2,000	1,200	1,200
TY Imports	1,381	1,381	2,000	2,000	1200	1,200
TY Imp. from U.S.	0	0	0	0		0
Total Supply	6,695	6,695	7,442	7,442	7,342	7,342
MY Exports	253	253	50	50	100	100
TY Exports	252	252	50	50	100	100
Feed and Residual	4,800	4,800	6,000	6,000	5,500	5,500
FSI Consumption	1,000	1,000	1,050	1,050	1,050	1,050
Total Consumption	5,800	5,800	7,050	7,050	6,550	6,550
Ending Stocks	642	642	342	342	692	592
Total Distribution	6,695	6,695	7,442	7,442	7,342	7,342
1000 HA, 1000 MT, MT/HA						

Rice, Milled	2013/2014		2014/2015		2015/2016	
Market Begin Year	Sep 2013		Sep 2014		Sep 2015	
Turkey	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	98	98	95	95	98	98
Beginning Stocks	194	194	245	245	215	215
Milled Production	500	500	460	460	500	500
Rough Production	746	746	687	687	746	746
Milling Rate (.9999)	6,700	6,700	6,700	6,700	6,700	6,700
MY Imports	341	341	320	320	350	350
TY Imports	400	400	300	300	350	350
TY Imp. from U.S.	225	225	0	0	0	25
Total Supply	1,035	1,035	1,025	1,025	1,065	1,065
MY Exports	20	20	30	30	30	30
TY Exports	20	20	30	30	30	30
Consumption and Residual	770	770	780	780	780	780
Ending Stocks	245	245	215	215	255	235
Total Distribution	1,035	1,035	1,025	1,025	1,065	1,065
1000 HA, 1000 MT, MT/HA						