

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Turkey

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Turkey Grain Update August 2010

Report Categories:

Grain and Feed

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Report Highlights:

The wheat harvest has finished in Turkey and the wheat production forecast has been revised to 17 MMT, down from 18.5 MMT. Due to the Russian wheat ban, the local durum wheat price increased to 395 USD/MT. The milling wheat price increased to 454 USD/MT. Turkish wheat product exports are expected to decrease to 3.6 MMT from 4 MMT and wheat imports are expected to decrease to 3.3 MMT. TMO allocated a duty free quota for 330,000 MT of imported wheat to private sector, which is only open to EU countries.

Executive Summary:

Due to the Russian wheat ban, the local durum wheat price increased to 395 USD/MT on August 18, 2010 from 330 USD in June 2010 and 350 USD/MT in July 2010 and the milling wheat price increased to 454 USD/MT on August 18, 2010 from 340 USD in June 2010 and 399 USD/MT in July.

High local and imported wheat prices will lead to a decrease in wheat product exports and a decrease in wheat imports as well. Traders expect that Russia will lift the wheat ban in October or November 2010.

Traders asked TMO to use 330,000 MT of the EU zero tariff wheat import quota to satisfy wheat millers' demands for high quality wheat.

TMO announced in August 26, 2010 that this quota is allocated to private sector in MY 2010. Private companies can import 230,000 MT of milling wheat and 100,000 MT of durum wheat only from EU countries at zero tariffs in MY 2010.

There is currently a high level of demand for U.S. DNS (13% protein) wheat. The price jumped to CIF 340 USD/MT on August 10, 2010 but then settled at CIF 320 USD/MT. A new GSM-102 credit will help increase U.S. wheat exports Turkey in MY 2010.

TMO announced the MY 2010 corn procurement price at 490 TL/MT (324 USD/MT) in August 24, 2010. Government premium of corn is 40 TL/MT in MY 2010. Corn harvest started in August 10, 2010 in Mediterranean region in Turkey. TMO started to procure corn in August 11, 2010. TMO procured 6,234 MT of corn since August 11, 2010. TMO also announced its corn sale price at 580 TL/MT starting from January 01, 2010.

General Information:

Trade

The wheat import price started to increase in July 2010 and peaked in August. Germany and United States are the only two major wheat suppliers to Turkey at the moment. There is a \$10-15 price difference between German and Russian wheat price, in favor of German wheat.

Table 1: Wheat import price (C&F)

Turkey: Imported wheat price (USD/MT), (C&F)				
Dates offered	Country of origin	Protein content (%)		
		11.5 (USD/MT)	12.5 (USD/MT)	13.5 (USD/MT)
06.07.2010	Russia	196	203	213
06.14.2010	Russia	188	197	205
06.21.2010	Russia	182	190	200
06.28.2010	Russia	172	177	185

07.05.2010	Russia	NA	NA	195
14.05.2010	Russia	NA	NA	NA
08.02.2010	Russia	235	245	255
08.09.2010	Optional	280	290	300
08.16.2010	Optional	285	295	305

International and national importers are not able to give a price for Russian and Ukrainian wheat due to the Russian wheat export ban. Importers give the price for U.S. 13.5% protein wheat (14.7 % dry base protein) as 330-335 USD/MT on August 13, 2010 and 320 USD/MT on August 18, 2010.

Turkey contracted for 180,000 MT of U.S wheat since July 2010 and an additional 50,000 MT contract will reportedly be signed very soon. Wheat demand is very strong at the moment. The first U.S. shipment of wheat has been loaded and is ready for departure. Traders believe that Russia will lift its ban in October or November, 2010.

Turkish wheat flour producers cancelled 40,000 MT of wheat flour export contracts to Indonesia by using force majeure rights. Due to high wheat prices and a lack of supply, Turkish wheat flour producers are complaining of mounting debts.

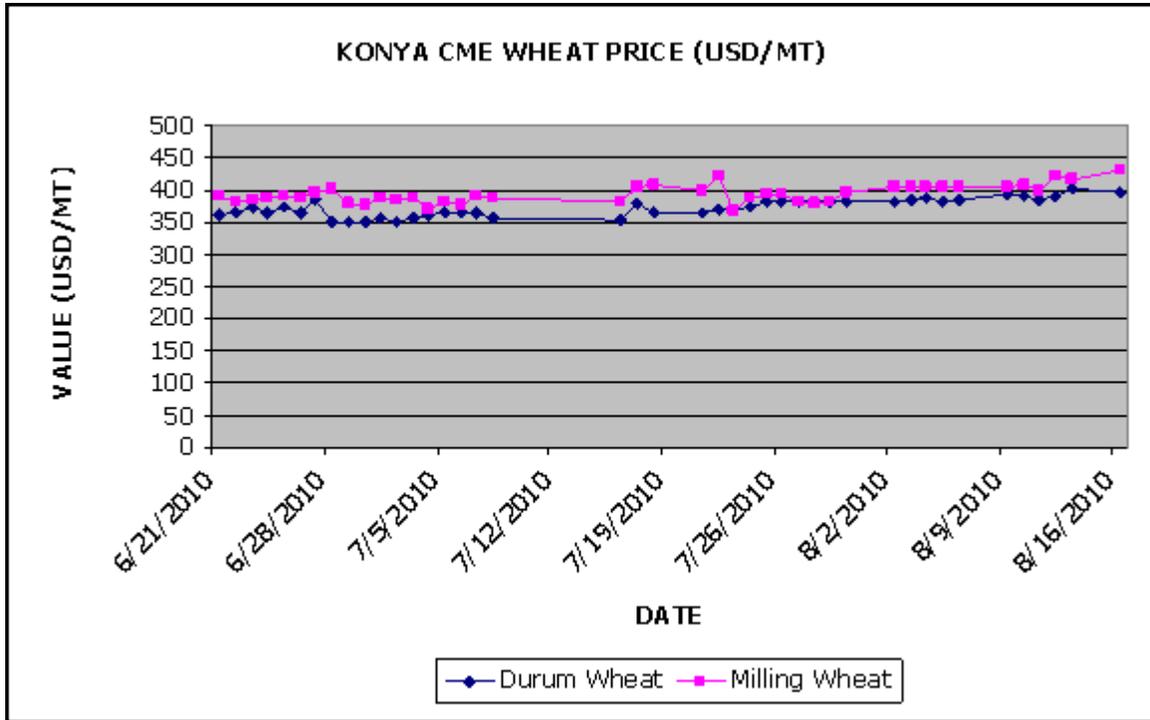
Not only the import price but also the domestic wheat price increased in August. The domestic durum wheat price is 396 USD/MT and the milling wheat price is 427 USD/MT on August 18, 2010.

The Turkish Grain Board started to procure wheat on May 17, 2010. TMO procured 338,046 MT of durum wheat and 632,819 MT of milling wheat. On August 18, 2010, TMO has 2,266,300 MT of wheat stocks including MY 2010 wheat procurements. Wheat flour exporters are relying on TMO stocks at the moment. TMO will sell wheat at world price level to wheat exporters under an inward processing regime starting from September 15, 2010. TMO wheat stocks are mainly medium- and low-quality (protein of 12% or below).

Due to the mutual agreement with EU, Undersecretary of Foreign Trade gives 330,000 MT of wheat import quota at zero tariffs to TMO every year. Because of Russian wheat export ban TMO announced in August 26, 2010 that this quota is allocated to private sector in MY 2010. Private companies from now on can import 230,000 MT milling wheat and 100,000 MT of durum wheat only from EU countries at zero tariffs.

Lower price flour markets will be affected by wheat price fluctuation. Turkish wheat export to Indonesia, Philippines and African countries are expected to decrease. However high-quality wheat flour markets such as Iraq are not expected to be affected by the wheat price fluctuation. The wheat flour price reached 460-470 USD/MT in the Iraq market.

Figure 1: Domestic wheat price (USD/MT)



PSD Table for Wheat

Turkey Wheat										
	2008	Revised		2009	Estimate		2010	Revised		UOM
	USD A Official	Post Estimate	Post Estimate New	USD A Official	Post Estimate	Post Estimate New	USD A Official	Post Estimate	Post Estimate New	
MY Begin		06/2008	06/2008		06/2009	06/2009		06/2010	06/2010	MM/YY YY
Area Harvested	7,700	7,700	7,700	7,800	7,800	7,800	8,000	8,000	8,000	1000 HA
Beginning Stocks	420	420	420	1,550	1,550	1,550	1,726	1,733	1,733	1000 MT
Production	16,800	16,800	16,800	18,450	18,450	18,450	17,000	17,000	17,000	1000 MT
MY Imports	3,468	3,468	3,468	3,500	2,922	2,922	3,500	3,500	3,300	1000 MT
TY Imports	3,577	3,577	3,577	3,500	2,922	2,922	3,500	3,500	3,300	1000 MT
TY Imp from US	20	20	20	0	0	0	0	0	250,000	1000 MT
Total Supply	20,688	20,688	20,688	23,500	22,922	22,922	22,226	22,233	22,033	1000 MT
MY Exports	2,238	2,238	2,238	4,374	4,389	4,389	4,000	4,000	3,600	1000 MT
TY Exports	2,342	2,342	2,342	4,374	4,389	4,389	4,000	4,000	3,600	1000 MT

Feed Consumption	700	700	700	800	800	800	700	700	700	1000 MT
FSI Consumption	16,200	16,200	16,200	16,600	16,000	16,000	16,500	16,500	16,500	1000 MT
Total Consumption	16,900	16,900	16,900	17,400	16,800	16,800	17,200	17,200	17,200	1000 MT
Ending Stocks	1,550	1,550	1,550	1,726	1,733	1,733	1,026	1,033	1,233	1000 MT
Total Distribution	20,688	20,688	20,688	23,500	22,922	22,922	22,226	22,233	22,033	1000 MT
Yield	2.	2.	2.1818	2.	2.	2.3654	2.	2.	2.125	MT/HA