

Voluntary - Public

Clearance Office: All - FAS

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Israel

Post: Tel Aviv

Updated Wheat Production

Report Categories:

Grain and Feed

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Report Highlights:

In marketing year 2009/10, wheat production in Israel is estimated to be 80,000 tons, 60 percent higher than in the previous year. However, it is below the multi-annual average Israel wheat crop (110,000-120,000 ton). The below average production is due to continued drought conditions in the Negev region, which is the largest wheat growing area in the country. Despite the global and local economic recession, in the first four months of CY2009, milling wheat and feed wheat imports increased by 18 percent and 338 percent, respectively compared to the same time period one year ago.

General Information:

Production:

Local Production

The most recent Israeli estimates place the 2009/10 harvest at about 80,000 metric tons, below the multi-annual average

Israel wheat crop (110,000-120,000 ton).

The below average production is due to the continued drought conditions in the southern part of the country. In the current MY, about 55-60 percent of the milling wheat was produced in the southern part of the country and the remainder was produced in the northern part of Israel.

As a result of the drought conditions in MY 2009/10, it is the second consecutive year that the Ministry of Finance declares a drought year in the southern part of the country (Negev region). It was agreed that local wheat growers who suffered from the drought would receive compensation from the Israeli Government. The compensation figures are estimated at about \$7-8 million and will be paid to the growers by the end of CY 2009.

The quality of the current wheat crop is estimated to be good and should reach protein levels of 12 percent and gluten index should be around 70-80.

Trade:

Trade

Despite the global and local economic recession and the expected decrease in local production of broilers (-10%), turkeys (-30%), milk (-7%) and fish (-5%) compared to 2008, in the first four months of CY 2009, milling wheat and feed wheat imports increased by 18 percent and 338 percent, respectively compared to the same time period one year ago (milling wheat: from 290 tmt to 343 tmt ; feed wheat: from 65 tmt to 285 tmt).

Milling wheat imports: the increased milling wheat imports are due to increase in milling wheat supplies from the Black Sea Region combined with the fact that domestic milling wheat production in MY 2009/10 is below national average levels, therefore in order to rebuild stocks and meet consumption, milling wheat imports have increased.

In the first four months of CY 2009, the U.S. market share for milling wheat decreased by 26 percent compared to the same time period one year ago (from 46 percent market share to 34 percent market share). The decrease in the U.S. market share is mainly due to increased competition from the BSB (mainly Ukraine and Russia).

Feed wheat imports: Due to increased supplies from feed-quality producers (mainly Ukraine and Russia) feed wheat imports have increased significantly. The Israeli feed milling industry shifts easily from corn, barley and sorghum to feed wheat, depending on price relationships. As a result of the shifting to feed wheat, in the first 4 months of CY 2009, corn and sorghum imports decreased by 31 and 68 percent, respectively.

Marketing:

Consumption

Despite the global and local economic slowdown and the expected decrease in local production of livestock and milk in CY 2009, local wheat consumption is forecast to increase slightly to 1.7-1.75 million tons in CY 2009 (compared to about 1.65 million tons in CY 2008). Human consumption is steady at about 900,000 tons annually, so any variation in total annual consumption is a result of changes in wheat for feed use. As I have mentioned, due to increased supplies of feed wheat from Eastern Europe and the BSB in 2009, the local feed milling industry shifts to feed wheat.