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Bulgaria

Grain and Feed

Grain and Oilseeds Market Update

2003

Approved by:
Holly Higgins
U.S. Embassy, Sofia
Prepared by:
Mila Boshnakova

Report Highlights:
MY02/03 grain and oilseeds exports to date have reached a record high volume. Due to lower planted wheat and barley area in MY03/04, it is forecast that MY03/04 exports of these two crops will decline.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Sofia [BU1], BU

Weather

The weather in December was typical for this time of the year with maximum temperatures in normal range (the lowest, -2 C to +2 C, and the highest, +4 C to +8 C). In the first half of December, snowfall was close to the norm for the month at 45-60 liters/sq.m. The lowest snowfall was in the northeast (the major grain area) at 13 to 25 liters/sq.m. Total precipitation in the period December 1-7, 2002 in Bulgaria was in the range of 25-50 mm. There was an abundant snowfall in the second half of December across the whole country. The USDA satellite data show good surface soil moisture (compared to 2001) and excellent subsurface soil moisture, much better than in 2001, for all grain and oilseed regions.

Production

The Sofia AgOffice has not revised production estimates. The AgOffice estimates continue to differ from official sources for corn and sunflower.

Table#1. Grain and Oilseeds Production Estimates in MY2001/02 and MY2002/03

Grain and Oilseeds Production Estimates in MY2001/02 and MY2002/03				
	Crop Area, HA		Production, MT	
	MY2002/2003	MY2003/2004	MY2002/2003	MY2003/2004
Wheat	1,150,000	850,000	3,450,000	2,600,000
Barley	325,000	290,000	950,000	840,000
Corn	280,000	NA	950,000	NA
Sunflower	400,000	NA	510,000	NA
Note: Ag Office estimates				

Official (MinAg) MY02/03 corn estimates are for production of 1.1MMT or 38 percent higher than in 2001, with an average yield of 4.5 MT/HA which is considered to be overestimated. For comparison, the average yield in 2000/01 was about 2.5 MT/HA. In MY02/03, corn area has slightly shifted by region. More than 80 percent of total corn was produced in north-central and northeast region in 2002 or further east to Dobrudja. (see the table below).

Corn harvest in MY2002/03 showed a higher moisture by percent, which increased expenses for drying and post-harvest handling. For example, corn produced in northeast and north-central regions had very high moisture content (rains during harvest) and price was affected. Any percent of moisture above 15 percent (standard) was discounted by 3.5 leva/MT ($1.84/MT).

Table #2. Corn production in 2002 by regions in Bulgaria

Regions in the country	Percent in total prod. MY01/02	Percent in total prod. MY02/03
Northwest	21	8
North-central	38	23
Northeast	31	59
Southwest	1	2
South-central	8	6
Southeast	3	2
Total for the country	100	100
Source: SAPI information agency		

The official (MinAg) sunflower estimates for production are the same for harvested area as AgOffice estimates (400,000 HA) but the MinAg is estimating higher production of 520,000 MT (black oil bearing sunflower only not including striped, black and white sunflower).

Total sunflower area is stable with only a 3 percent increase in MY02/03 over MY01/02. The largest planted area increase was 43 percent, registered in the northeast region where the largest producers are located. In MY02/03, this region accounted for 48 percent of total sunflower planted area. This increase was at the expense of declining sunflower area in the south-central region (by 29 percent) and in the northwest region (by 27 percent).

Fall Planting

According to official and industry sources, as of early December 26, wheat planted area reached 837,900 HA, and barley planted area reached 276,800 HA. It is expected that final wheat planted area will be around 850,000 HA and final barley planted area around 290,000 HA.

Other minor planted crops include 9,300 HA of triticale; 7,000 HA of rye and 19,100 HA of rapeseed.

Major reasons for the significant delay in fall planting was the rainy weather which slowed the corn and sunflower harvest, as well as the low farm gate prices/net return for the majority of small/medium sized wheat farmers. Only large farmers who also produce corn and sunflower, (and had much better return this year), were financially able to maintain their winter planting of wheat and barley.

Planted area in HA in MY2003/04 by regions (as of end of November 2002) follows:

Table#3. Wheat and barley planted are in MY03/04 by regions in Bulgaria

Regions in Bulgaria	Wheat, HA	Barley, HA
Northwest	65,400	14,300
North-central	166,000	57,300
Northeast	288,000	73,000
Southwest	22,000	2,500
South-central	117,000	39,200
Southeast	103,000	66,000
Total for the country	761,400	252,300
Source: SAPI information agency		

MY02/03 and MY03/04 Wheat and Barley Supply and Demand

Updated MY02/03 supply and demand balances for wheat and barley are based on final production data and trade data (according to unofficial trade sources) as of December 2002. Post previously revised S&D balances were done in August 2002 (ref: BU2013).

The MY03/04 S&D tables below for wheat and barley are based on the latest official data and assume average yields of 3.0 MT/HA for wheat and 2.9 MT/HA for barley (as the average for the last 5 years). These S&D tables show that although the local market will not face any shortages, it is likely that the export capacity of the country will suffer. Other factors which may affect MY03/04 exports are grain quality and the exchange rate of local currency to the U.S. dollar. For example, wheat exports are forecast down to 500,000 MT given some reduction in domestic use for feed and human consumption, and low ending stocks of 50,000 MT. The situation with barley points to a possible reduction of exports to 350,000 MT, if no changes occur in local use and ending stocks.

Table #4. Update MY02/03 Supply and Demand for Wheat and Barley in Bulgaria

Update MY02/03 Supply and Demand for Wheat and Barley in Bulgaria			
Wheat		**Barley**	
Area, planted, HA	1,150,000	Area, planted, HA	325,000
Area, harvested	1,150,000	Area, harvested	325,000
Beg Stocks	100,000	Beg stocks	50,000
Production	3,450,000	Production	950,000
MY Imports	10,000	MY Imports	0
From the U.S.	0	from the U.S.	0
Total Supply	3,550,000	Total Supply	1,000,000
MY Exports	850,000	MY Exports	500,000
Seeds use	280,000	Seeds	70,000
Food use	1,300,000	Food use	150,000
Feed use	900,000	Feed use	270,000
Total Consumption	3,380,000	Total Consumption	990,000
End. Stocks	220,000	End Stocks	10,000
Total Distribution	3,550,000	Total Distribution	1,000,000

Table#5. Forecast MY03/04 wheat and barley supply and demand balances

Forecast Wheat Supply and Demand for MY2003/04		Forecast Barley Supply and Demand for MY2003/04	
Area, planted, HA	850,000	Area, planted, HA	290,000
Area, harvested, HA	850,000	Area, harvested, HA	290,000
Beg Stocks	220,000	Beg Stocks	10,000
Production	2,600,000	Production	840,000
MY Imports	10,000	MY Imports	0
From the U.S.	0	From the U.S.	0
Total Supply	2,830,000	Total Supply	850,000
MY Exports	500,000	MY Exports	350,000
Seeds use	280,000	Seeds use	70,000
Food use	1,200,000	Food use	150,000
Feed use	800,000	Feed use	270,000
Total Consumption	2,660,000	Total Consumption	850,000
End. Stocks	50,000	End. Stocks	10,000
Total Distribution	2,830,000	Total Distribution	2,830,000

Trade

Exports

According to the MinAg, between January and November 2002, Bulgaria exported 1.1 MMT of wheat, the largest volume for the last 10 years. The MinAg also reported exports of 600,000 MT of wheat; 552,000 MT of barley; and 200,000 MT of sunflower in MY02/03.

Wheat: According to non official sources, wheat exports in MY02/03 as of end-December were 769,570 MT. Trade sources indicate 660,000 MT as already exported and about 110,000 MT are being loaded currently and likely to be exported by the end of January. Major destinations are Spain, Italy, Belgium, Egypt and Algeria.

Barley: MY02/03 exports as of end-December had reached 501,000 MT(trade sources data). It is expected that no more significant shipments of barley will be exported after December 2002. Major destinations are Algeria, Saudi Arabia and Romania.

Sunflower: MY02/03 exports as of end-December had reached 150,000 MT (trade sources). Exports in September totaled 5,343 MT and could be added to MY02/03 exports since this sunflower was from the early hybrids of 2002 crop. Major export destinations are Spain and Portugal.

A recent MinAg report forecasts MY02/03 sunflower exports at 130,000 MT but exports to date already exceed this forecast. Due to a better MY02/03 sunflower supply, the MinAg expects lower imports of vegetable oil at 28,000 MT compared to 68,600 MT in MY01/02 when the country had a short sunflower crop.

Corn: MY02/03 corn exports as of end-December were 104,797 MT (trade sources) of which 61,800 MT were being loaded to be exported in January. The fact that a considerable quantities are in process of loading is due to mainly logistical and not market reasons. Major destinations are Romania (from where corn is re-exported to North Africa) and Spain.

According to a recent MinAg report, corn exports in MY02/03 may reach 65,000 MT (41,000 MT in MY01/02) and corn imports are forecast at 90,000 MT for industrial purposes. MY01/02 corn imports were 121,000 MT total. However, corn exports to date are already exceeding the above MinAg forecast.

Soybean meal: The latest trade information shows soybean meal imports for the period between January 1 and end-December at 77,000 MT. These are record high imports for the last 5 years and are related to better development of the poultry industry. Major exporters are Brazil and Argentina.

Table#6. MY02/03 Wheat, barley and sunflower exports by destinations

MY02/03 Wheat Exports in MT by destinations as of end-December 2002		MY02/03 Barley Exports in MT by destinations as of end-December 2002		MY02/03 Sunflower Exports in MT by destinations as of end-December 2002	
Italy	134,000	Syria	15,600	Holland	12,600
Tunisia	29,600	Algeria	86,200	Portugal	26,900
Greece	19,200	Saudi Arabia	134,600	Spain	72,500
Turkey	7,200	UAE	17,700	Romania	24,000
Spain	286,000	Lybia	6,600	France	11,852
Lebanon	10,600	Romania	138,600	Germany	655
Algeria	80,000	Morocco	9,900	Syria	1,079
Albania	2,000	Tunisia	57,900		
Romania	34,700	Spain	33,700		
Yemen	22,000				
Egypt	75,000				
Belgium	50,600				
Morocco	7,700				
Syria	5,700				
Other	5,500				
Total	769,800	Total	500,800	Total	149,600
Note: This table is based on unofficial trade sources information					

Table#7. MY02/03 Corn exports by destinations

MY02/03 Corn Exports in MT by destinations as of end-December 2002	
Romania	21,535
Cyprus	3,874
Syria	7,765
Morocco	15,623
Algeria	10,000
Spain	46,000
Total	104,797

Domestic Market and Policy

State Intervention

According to official State Reserve information, as of December 2002 (the deadline for the state intervention), the Reserve has contracted for purchase of 195,218 MT of wheat via the three commodity exchanges in the country. Roughly 92,000 MT were physically delivered to State Reserve warehouses. It is expected that out of remaining quantities (103,000 MT), 40,000 MT will be approved for their quality characteristics; delivered and actually purchased. Thus, total wheat purchased by the state will be 130,000 MT in MY02/03. Wheat was purchased from regions of Varna, Shoumen, Plovdiv, Turnovo, Vratza, Pleven, Bourgas and Sofia. The major reason that state intervention purchases did not meet the target level of 200,000 MT was poor quality. Also, state action to trigger the intervention was late.

Producer Prices
(during the week of December 16-20)

In December, the exchange rate of the U.S. dollar depreciated vis-a-vis the local currency (leva) due to the change in the cross rate with the Euro from 2.05 Bleva to 1.89-1.9 Bleva for one U.S. dollar. For this reason, prices in local currency has changed slightly but they increased more significantly in U.S. dollars.

Wheat: (during the week of December 16-20) Milling wheat prices are about 155 leva/MT - 160 leva/MT ($81.5-$84/MT); feed quality wheat is traded at 128-130 leva/MT ($67 - 68/MT). No changes compared to November.

The overall price trends for milling wheat in MY02/03 were in line with the difficult market situation. Post-harvest prices started at low levels of 132 leva/MT which was 25 percent lower than in MY01/02. In August, the price was even lower at 130 Leva/MT. High demand, high quality wheat (second class) was actively traded at 120-140 leva/MT. During August, wheat was traded at 110 leva/MT in southeast Bulgaria (the lowest levels). In September, the wheat price went up to 136 leva/MT. This increase began in the middle of September when the State Reserve announced its plans to purchase 200,000 MT at 160 leva/MT. At that time, the larger export lots stimulated a further increase in prices. In October, there was a stable price increase stimulated by large wheat exports. The FOB prices at the Bourgas Black Sea port reached 160 leva/MT. At the Varna Black Sea port, the FOB price was 140 leva/MT. Domestic prices were in the range of 140-160 leva/MT but traders had very stringent quality requirements. The average October wheat price was 147 leva/MT. In November/December, prices of wheat continued to rise. The FOB prices at Varna port reached 145 leva/MT. The average November wheat price was 151 leva/MT which was 15 percent higher than the post-harvest price and 15 percent lower compared to November 2001. Traditionally, wheat price in south Bulgaria is 10 leva/MT higher than the price in north Bulgaria. Expectations are for prices of milling quality wheat to reach 180-190 leva/MT($95-$100/MT) by April-May 2003.

Feed wheat in August and September traded at average of 115 leva/MT as the price went below 100 leva/MT in some areas in north Bulgaria. Germinated wheat was traded at 60-90 leva/MT. The average October price was 121 leva/MT and for November, it was at 125 leva/MT.

Wheat flour (wholesale prices, during the week of December 16-20): The average prices remained flat as follows: basic quality type "500" price averaged 327 leva/MT ($172/MT); the type "700" price was 295 leva/MT ($155/MT).

Barley: (during the week of December 16-20) Malting quality barley is not traded due to lack of commercial size lots. Feed quality barley is offered at 130-135 leva/MT($68-71/MT), no registered sales occurred.

The MY02/03 barley market is developing well and prices are considered acceptable by both producers and traders. The post-harvest prices started from 110-130 leva/MT. The average July price was 120 leva/MT which was 25 percent lower than in July 2001. Prices stayed stable at this level during August and until mid-September. Since mid-September, prices started to increase. The average November price was 128 leva/MT and in December, the price range was 120-140 leva/MT. The FOB Bourgas prices in July/August were 126-135 leva/MT and FOB Varna prices in August/September were 130-135 leva/MT.

Corn: (during the week of December 16-20) Average prices were at 166-180 leva ($87-$95/MT). Domestic prices inside the country went lower to 140-150 Bleva/MT ($74-79/MT) while corn for export reached 180 leva/MT ($95/MT) at Black Sea ports given standard moisture content.

Post-harvest corn prices started at 177 leva/MT and lowered to 169 leva/MT in November 2002. Prices were lower due to high moisture content. The expectations are for corn prices to hit 180-190 leva/MT in the beginning of 2003.

Sunflower: (during the week of December 16-20) Sunflower was not traded due to declining stocks. Prices stabilized at high levels, about 401 leva/MT ($211/MT), and 420 leva/MT ($221/MT) for small irregular lots.

The post-harvest prices (September 2002) started from 320-390 leva/MT and quickly increased to 420 leva/MT. Currently, the range of prices is between 380-450 leva/MT. Large crushing facilities managed to purchase the necessary stocks at 340-360 leva/MT. These prices affected the price of vegetable oil as it declined from1,812 leva/MT (bulk oil) in September ($953/MT) to 1,536 leva/MT($808/MT) in November (by 18 percent). The decline in prices for bottled sunflower oil was 5 percent for the same period. In December, prices of bulk and bottled oil slightly increased to 1,623 leva/MT for the bulk oil ($854/MT) and 1.7 leva/liter ($0.89) for bottled oil.

Compound feed: (during the week of December 16-20) Prices remained flat in Bleva compared to the two previous weeks as follows:

Piglets: 390 - 430 leva/MT ($205 - $226); min. 330 leva/MT ($173/MT), max. 520 leva ($273/MT);
Feeder pigs: 380-400 leva/MT ($200 - $210/MT); min. 300 leva/MT ($158/MT), max.450 leva/MT ($237/MT);
Poultry, broilers: 500 - 550 leva/MT ($263-290/MT); min.420 leva/MT ($221/MT), max. 580 leva ($305/MT);
Poultry, hens: 440-460 leva/MT ($231-$242/MT), min. 350 leva/MT ($184/MT), max.530 leva/MT ($279/MT);
Ruminants: 330-370 leva/MT ($173-$194/MT), min.280 leva/MT ($147/MT), max.450 leva/MT ($237/MT);

Bran: wholesale prices are on average 130-150 leva/MT ($68-$79/MT);

Oil Meals: (during the week of December 16-20)

Sunflower meal: wholesale price are on average 240-340 leva/MT ($126-$178/MT);
Soybean meal: wholesale prices are on average $240-$255/MT and sometimes a maximum of $275/MT. Locally produced soybeans were traded at 420-440 Leva/MT ($221-$231/MT)

Attachments

Table#8. MY02/03 Wheat exports by months and destinations

Wheat Exports in MT, MY02/03 by months and destinations					
July		August		September	
Italy	46,149	Italy	38,605	Italy	38,896
Greece	3,758	Greece	4,261	Greece	6,394
Tunisia	9,005	Spain	7,303	Spain	50,491
Turkey	3,005	Lebanon	10,647	Turkey	4,153
		Algeria	6,232	Algeria	46,720
		Syria	5,713	Egypt	4,152
		Albania	2,062	Tunisia	6,596
		Yemen	22,000	Other	5,500
Total	61,917	Total	96,823	Total	162,902
October		November		December	
Italy	10,341	Spain	91,430	Spain	37,140
Spain	16,500	Algeria	7,545	Spain*	83,000
Algeria	13,228	Egypt	29,305	Algeria*	6,000
Egypt	33,105	Romania	3,867	Egypt*	8,500
Tunisia	14,008	Morocco	7,700	Greece*	2,500
Belgium	50,619	Greece	2,281	Romania*	11,000
Romania	19,859				
Total	157,660	Total	142,128	Total	148,140
Note:*means that the shipment is in the process of loading					

Table# 8. MY02/03 Barley exports by months and destinations

Barley Exports in MT, MY02/03 by months and destinations					
July		August		September	
Romania	78,515	Romania	21,952	Romania	28,327
Syria	7,534	Saudi Arabia	85,118	Morocco	9,905
Algeria	10,712	UAE	17,727	Lybia	6,600
		Algeria	47,969	Algeria	27,466
		Syria	5,628	Syria	2,465
Total	96,761	Total	178,394	Total	74,763
October		November		December	
Romania	5,805	Romania	3,993		
Tunisia	30,424	Tunisia	27,496		
Saudi Arabia	49,505				
Spain	33,665				
Total	119,399	Total	31,489	NA	

Table#9. MY02/03 Sunflower exports by months and destinations

Sunflower Exports in MT, MY02/03 by months and destinations					
October		November		December	
Romania	13,774	Romania	5,454	Romania*	4,803
Portugal	13,200	Portugal	13,685	France	11,852
Holland	12,599	Spain	59,933		
Spain	12,600	Syria	1,079		
Germany	655				
Total	52,828	Total	80,151	Total	16,655
Note:*Means that the shipment is in the process of loading					

Table#10. MY02/03 Corn exports by months and destinations

Corn Exports in MT, MY02/03 by months and destinations					
October		November		December	
Romania	1,989	Romania	13,746	Romania*	5,800
Syria	6,005	Syria	1,760	Spain*	46,000
Cyprus	2,548	Cyprus	1,326	Algeria*	10,000
		Morocco	15,623		
Total	10,542	Total	32,455	Total	61,800