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Serbia

Grain and Feed

Wheat and Corn Update

2006

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Report Highlights:

Area planted to wheat in fall 2005 is estimated at 540,000 HA, or about the same level of the previous year. Planting of the wheat crop was delayed by almost a month due to a late harvest of corn. The government announced that it will not provide price support for the new wheat crop but will give support through wheat storage and low interest commercial loans. Total corn production in MY 2005/06 was estimated at 7.3 million MT, a million MT higher than last year's production and the highest in the past decade. In CY 2005, total corn exports was estimated at 674,000 MT, and was one of the leading agriculture export commodities in Serbia.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Belgrade [YU1]
[SR]

Wheat

Area planted to wheat in fall 2005 is estimated at 540,000 HA, or about the same level as the previous year. Planting of the wheat crop was delayed by almost a month due to a late harvest of corn because of a long growing season and wet field conditions at harvest time. The wheat-planting season was also marked by high prices and shortages of chemical fertilizers. Market parity of wheat/fertilizers was about 2.5 kg of wheat to one kilo of fertilizer. With high fertilizer prices and lack of bank credits, Serbian farmers were forced to reduce fertilizers applications to 40-50 kg per hectare, a very low level compared to an average about 150 kg in many European countries. Total wheat production for MY 2006 is projected to be around 2.25 million MT, assuming an average yield of 4.2 MT/HA.

The Serbian Ministry of Agriculture has announced that for the new wheat crop there will be no government price support, unlike last year crop when the Ministry paid 5,000 dinars (70 USD/MT) per hectare of price support. The Ministry, however, will continue to provide support for wheat storage of 750 dinars (11 USD/MT) per ton and provide 12,000 dinars (167 USD/MT) per hectare of low interest commercial loans to qualified farmers. It must be noted that these government support measures are available only to registered farmers who account for about 22 percent of total Serbian farmers. The majority of the 570,000 farmers in Serbia are still unregistered and thus not eligible to receive the benefits of these government support measures.

Wheat for human consumption in Serbia is estimated around 1.26 million MT annually with per capita consumption of 180 kilos, much higher than consumption in most European countries. The average annual wheat exports from Serbia is about 150,000 MT, or about 8-10 percent of its total milling wheat production. Serbia also exports about 7,000 MT of seed wheat annually. In CY 2005, Serbia exported a total of 205,000 MT of wheat mostly to neighboring countries, Bosnia and Herzegovina, Macedonia, Croatia, Albania and Italy.

Average wheat price at the Novi Sad Commodity Exchange during the first half of January was 9,700 din/MT (about 139 USD/MT), compared to 120 USD/MT in the Budapest Commodity Exchange in neighboring Hungary.

Corn

The Serbian Ministry of Agriculture estimates total corn production in MY 2005/06 to be about 7.3 million MT, one million MT higher than last year's production and the highest production level in Serbia in the past decade. Area planted to corn last spring was estimated at 1.22 million HA; with average yield about 6 MT/hectare. In some parts of the Vojvodina region corn reached a record yield of 15 MT/hectare. This year weather conditions were very good for corn growth, with sufficient and evenly distributed precipitations throughout the season. During the summer, however, the number of sunny days and was fewer than normal and corn needed longer growing season to mature. This was one of the reasons for the delayed harvest of the crop by almost a month.

Moisture contents in this year corn varied significantly depending on the varieties (early vs. late variety) and were estimated between 17 and 30 percent. Most farmers store their corn on farms, where corn is naturally dried in open storing bins. About 10 percent of the corn crop is artificially dried. Most farmers use part of their corn production for on farm consumption for livestock feeding. Farmers sell their surplus corn to trading companies by March, when the new corn is relatively dry, with moisture between 14 and 17 percent.

Serbia traditionally is a net exporter of feed corn. With total domestic corn consumption in MY 2005/06 projected at around 5 million MT, Serbia would have about 2 million MT of corn available for export. However, due to limitation in Serbia's export infrastructure, it is unlikely that Serbia will be able to export more than 1.2 million MT this year. In CY 2005, total corn exports was estimated 674,000 MT, valued at 84 million USD and was one of the leading agriculture commodities in Serbia in that year. The Romanian port of Constanza is Serbia's outlet port for corn exports. In 2005, Serbian corn export destinations included Bosnia and Herzegovina, Spain, EU, Romania, Hungary and Macedonia.

The average local price of mechanically dried corn at the Novi Sad Commodity Exchange in early January was about 7,500 dinar/MT (107 USD/MT), which is very competitive with corn prices in other countries in the region (e.g. corn price in Hungary was reported at 120 USD/MT in the same period). This is one of the reasons for the increased demand for Serbian corn this year, and why Serbian river-ports are crowded with vessels waiting for loading corn for exports.

PSD Table						
Country	Serbia and Montenegro					
Commodity	Wheat				(1000 HA)	(1000 MT)
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]
Market Year Begin		07/2004		07/2005		07/2006
Area Harvested	636	636	540	540	0	540
Beginning Stocks	158	151	601	400	351	205
Production	2758	2758	1700	2010	0	2250
TOTAL Mkt. Yr. Imports	25	20	25	0	0	0
Jul-Jun Imports	25	20	25	0	0	0
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	2941	2929	2326	2410	351	2455
TOTAL Mkt. Yr. Exports	140	140	75	205	0	100
Jul-Jun Exports	140	140	75	205	0	100
Feed Dom. Consumption	350	350	300	200	0	350
TOTAL Dom. Consumption	2200	2389	1900	2000	0	2100
Ending Stocks	601	400	351	205	0	255
TOTAL DISTRIBUTION	2941	2929	2326	2410	0	2455

PSD Table						
Country	Serbia and Montenegro					
Commodity	Corn				(1000 HA)(1000 MT)	
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]
Market Year Begin		10/2004		10/2005		10/2006
Area Harvested	1202	1200	1250	1220	0	1200
Beginning Stocks	332	334	1006	711	1206	911
Production	6274	6274	6300	7300	0	6700
TOTAL Mkt. Yr. Imports	0	16	0	0	0	0
Oct-Sep Imports	0	16	0	0	0	0
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	6606	6624	7306	8011	1206	7611
TOTAL Mkt. Yr. Exports	300	713	500	1200	0	800
Oct-Sep Exports	300	713	500	1200	0	800
Feed Dom. Consumption	4800	4900	5100	5500	0	5600
TOTAL Dom. Consumption	5300	5200	5600	5900	0	5950
Ending Stocks	1006	711	1206	911	0	861
TOTAL DISTRIBUTION	6606	6624	7306	8011	0	7611