

**Voluntary Report** – Voluntary - Public Distribution

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## **Report Name:** Grain and Feed Market Update

**Country:** Bulgaria

**Post:** Sofia

**Report Category:** Grain and Feed

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### **Report Highlights:**

In marketing year (MY) 2019/20, Bulgaria's total grain harvest was 8.5 percent above MY 2018/19, including almost 4.0 million metric tons (MMT) of corn, a production record. Higher domestic stocks, favorable export demand, and lower domestic consumption, supported the increase in exports. As of early April 2020, wheat exports increased by 29 percent over April 2019, barley exports increased by 44 percent, and corn exports similarly were up by 60 percent, due to substantial demand outside of the European Union (EU) following the global COVID-19 outbreak. Despite dry conditions during fall 2019 and for most of winter 2019/20, snowfall during the second half of March provided much needed precipitation in many parts of the country, although eastern Bulgaria remains dry. Spring planting is on track, despite some input supply chain disruptions in March due to the COVID-19 outbreak. Assuming favorable weather conditions, Post expects MY 2020/21 grain production will be comparable to MY 2019/20.

## Weather Overview

After drought conditions in fall 2019, winter 2019/20 weather was mild and warm, with below normal levels of precipitation. According to EU Monitoring Agricultural Resources (MARS) data ([Bulletin Vol.28, No 3](#)), between December 2019 and March 2020, Bulgaria saw a positive thermal anomaly of 1.0°C and 4.5°C. Soil moisture levels in Eastern Bulgaria were consistently below average. Biomass accumulation was close to or above normal, primarily due to mild winter temperatures, which facilitated crop development. Unusually cold and snowy weather during the latter half of March helped replenish depleted soil moisture levels. However, the northeastern part of the country, which accounts for over one-third of total grain production, remains as one of the driest regions in Europe (Maps 1 and 2), as indicated by the satellite [images](#). [Temperatures](#) and [evaporation stress](#) through early April were about average. Early April weather has been warm and dry, and generally favorable for spring planting.

## MY 2020/21 Forecast

Private [crop assessments](#) from late March showed well-developed winter grains (Graph 2). According to the Bulgarian Ministry of Agriculture (MinAg), year-on-year area planted for wheat held steady (0.2 percent difference). Most planting was later than usual due to fall dryness. A reduction in the rapeseed area parlayed into a 13-percent increase in area planted for barley (Table 4).

To date, grain producers have not taken any severe hits due to the COVID-19 crisis. Spring corn and other spring grain planting was on track as of early April. Seed suppliers reported supply chain delays for imported seeds from Western Europe and United States in mid-March, although seed deliveries were back on schedule as of early April. Some scheduled marketing campaigns and training activities for farmers were canceled due to the novel coronavirus outbreak. Fieldwork was challenging in late March due to social distancing requirements, but that situation improved as of early April.

Demand among farmers for corn seed has been strong and suggests that last year's record-high for corn area planted will persist through MY 2020/21 (Table 5). Post continues to forecast average yields for wheat, barley, and corn, below MY 2019/20 levels.

## MY 2019/20 Production Estimates and Trade

The total area harvested for cereal grains in MY 2019/20 increased by 5.2 percent, and cereal production by 8.5 percent over MY 2018/19 (Table 1). Final crop estimates for wheat and barley are higher than previously expected due to rainy spring weather (April-May). Corn production achieved a historic record of almost 4.0 MMT, mainly due to sharp growth (26 percent) in area planted. Although many expected that corn yields would be above average due to the rainy spring, the dry and hot weather after mid-July resulted in a 10-percent yield decline from the previous season.

**Wheat:** Wheat quality in MY 2019/20 is higher than in the MY 2018/19 crop and the share of milling wheat is estimated at about 45 percent, up from 25 percent in MY 2018/19. Eurostat data (Table 1) shows final wheat production on the higher side of earlier estimates at 6.256 MMT, five percent above production in MY2018/19, due to 7.5 percent higher average yields.

Wheat farm-gate prices, to date, in MY 2019/20 are below last year (Graph 1). Stable stocks, competitive prices, and higher quality, along with favorable export demand have increased wheat exports. Since mid-February, growing global demand and rising Black Sea grain prices, driven by COVID-related stockpiling in Asia and the Middle East, as well as new export restrictions by regional competitors (Russia, Ukraine), have spurred export sales. As of April 3, MinAg [reported](#) wheat exports at 3.9 MMT, a 29-percent increase over wheat exports from the same period in 2019 (Tables 2 and 3). Export growth to non-EU markets increased almost five-fold over the previous marketing year. According to Eurostat (Trade Data Monitor (TDM)), wheat exports during the first six months of MY 2019/20 were 3.61 MMT, mostly going to Spain, Greece, Portugal, Romania, South Korea and Indonesia. This surpasses wheat exports in the first half of MY 2018/19 by 29 percent. FAS Sofia forecasts that MY 2019/20 wheat exports will exceed 4.5 MMT.

Grain traders also report a recent uptick in demand from Italy and Spain, partly due to lower COVID-related French exports. Traders are concerned about logistics, as long-haul trucking to and from Western Europe has become more expensive and less predictable. To date, no substantial COVID-related issues have affected operations in Bulgaria's main Black Sea ports in Varna and Bourgas. Domestic demand for wheat flour has increased due to a surge in consumer demand for staple foods, including bread and other bakery products. Flour millers report new exports sales to Central and Western Europe.

Feed millers were hit hard by African swine fever between July 2019 and February 2020 when the country registered 44 outbreaks among domestic pig herds. At the end of 2019, MinAg reported a 25-percent reduction in the national swine herd, with a 27-percent decline in the number of breeding sows. Wheat in feed rations was partially replaced by corn due to quality and price advantages. However, the feed industry also reports strong recent demand by the poultry and livestock industries as those sectors seek to respond to consumer demand for poultry, meat, and dairy products. Many commercial hog operations also began to repopulate in March, which further contributed to feed demand. Wheat use for ethanol and distilled spirits declined from last season in favor of corn, which was more abundant and preferred.

Strong exports and domestic demand are expected to support grain farm-gate and wholesale prices, depending on the length of coronavirus situation, and to lead to lower ending stocks. As of early April, wheat stocks were reported at 1.47 MMT, down from 1.62 MMT in the same period of MY 2018/19. Bulgarian wheat stocks are currently sufficient to meet local demand until the new crop is harvested.

**Barley:** MY 2019/20 final barley production was officially reported at 565,000 MT, a 26-percent increase over MY 2018/19 due to a 16-percent increase in yields (5.0 metric tons (MT)/HA versus 4.3 MT/HA), as well as a nine-percent increase in area harvested (Table 1).

To date, barley farm-gate prices are below MY 2018/19 (Graph 1). Barley exports in MY 2019/20 have increased by a considerable 44 percent over the previous MY. Export trends are similar to wheat, with a 71-percent increase to non-EU markets (Tables 2 and 3). According to Eurostat/TDM data, exports

during the first half of the MY were at 211,000 MT, mainly to Saudi Arabia, Spain and Greece, 45 percent above the first half of MY2018/19. FAS Sofia estimates barley exports in MY 2019/20 to reach 270,000 MT. Early April 2020 stocks were reported at 63,000 MT, up from 36,000 MT in the corresponding period of 2019.

**Corn:** Final corn estimates (Eurostat) show record-high area harvested at 560,000 HA and production at 3.97 MMT, 13 percent above MY 2018/19. Corn development was excellent until mid-July due to abundant rainfall in May and June, however, hot and dry weather after mid-July negatively affected yields, which declined by 10 percent from MY 2018/19 to 7.1 MT/HA (Table 1). Dry conditions during the fall harvest supported full maturation and a timely harvest, which helped deliver high-quality corn. Similar to wheat and barley, corn farm-gate prices were low early in the season, however, strong global demand has boosted prices (Graph 1). Exports through early April were 60 percent higher than in MY 2018/19. Corn exports to non-EU markets quadrupled, while exports within the EU declined by 13 percent. The latest Eurostat/TDM data for corn exports in the first quarter of MY 2019/20 is for 766,000 MT, a 44-percent increase over the corresponding period of MY 2018/19. FAS Sofia forecasts corn exports at 2.2 MMT in MY2019/20.

Domestic corn consumption was stable, with a slight decline for feed use and higher industrial use among ethanol and spirits distillers. Official corn stocks as of early April were reported at about 2.2 MMT, roughly on par with last year.

## Appendix:

**Table 1. Grain Crops Production Data MY2018/19 and MY2019/20 (April 2020)**

Crops	Area Harvested (000 HA)		Production (000 MT)	
	MY 2019/20	MY 2018/19	MY 2019/20	MY 2018/19
Wheat	1,186	1,212	6,256	5,955
Barley	113	104	565	449
Corn	560	445	3,968	3,523
Rice	11	11	63	61
Oats	12	11	31	25
Triticale	15	15	44	41
Rye	6	8	12	14
Sorghum	7	9	22	37
Total	1,910	1,815	10,961	10,105
Source: Eurostat data based on EU standard moisture content- updated as of April 2020. Bulgarian MinAg national estimates are shown <a href="#">here</a> .				

**Table 2. MY2019/20 Trade in Major Grain Crops as of April 3, 2020**

Types of Grains	Imports, MT	Exports, MT
Wheat	14,600 MT  Note: EU Customs shows 4,677 MT from non-EU countries	3,914,060 MT (including 1.9 MMT to non-EU markets); EU Customs shows 1.9 MMT of soft wheat and 23,679 MT of durum wheat, totaling 1.93 MMT exported to non-EU markets
Barley	14,265 MT	248,070 MT (including 172,500 MT to non-EU markets); EU Customs shows 180,323 MT to non-EU markets
Corn	18,815 MT  Note: EU Customs shows 1,082 MT from non-EU countries	1.56 MMT (including 881,900 MT to third countries); EU Customs shows 802,089 MT to non-EU markets
Note: EU Customs data shows different non-EU import and export quantities, see details <a href="#">here</a> . Sources: EU Customs Bulletin of April 6, and MinAg Weekly Bulletin of April 3.		

**Table 3. April 3, Wheat, Barley, and Corn Exports/MT, MY2019/20 vs MY2018/19**

	April 3, MY2019/20	April 5, MY2018/19	Difference, in Percentage
Total Wheat Exports	3,914,060	3,025,193	+29%
--To EU markets	1,993,003	2,623,072	-25%
--To non-EU markets	1,921,057	402,121	+478%
Total Barley Exports	248,070	172,668	+44%
--To EU markets	75,570	71,500	+6%
--To third countries	172,500	101,168	+71%
Total Corn Exports	1,561,843	978,408	+60%
--To EU markets	679,943	779,717	-13%
--To non-EU markets	881,900	198,691	+444%
Source: MinAg Weekly Bulletins			

**Table 4. Area Planted for MY2020/21 and MY2019/20 Grains as of early April, 2019 and 2020**

<b>Area Planted Grain Crops, MY2018/19 and MY2019/20, HA</b>			
	<b>April 4, 2019</b>	<b>April 2, 2020</b>	<b>Difference, in Percentage</b>
Winter Grains			
-Wheat	1,120,657	1,122,800	+0.2%
-Winter Barley	110,510	124,734	+12.9%
-Triticale	13,669	12,774	-6.5%
-Rye	5,868	5,840	-0.5%
Spring Grains			
-Corn	101,996	13,825	-86.4%
-Spring Barley	2,211	901	-59.2%

*Source: MinAg Bulletin #14, April 8, 2020*

**Table 5. Post MY2020/21 Estimates for Major Grains as of April 2020**

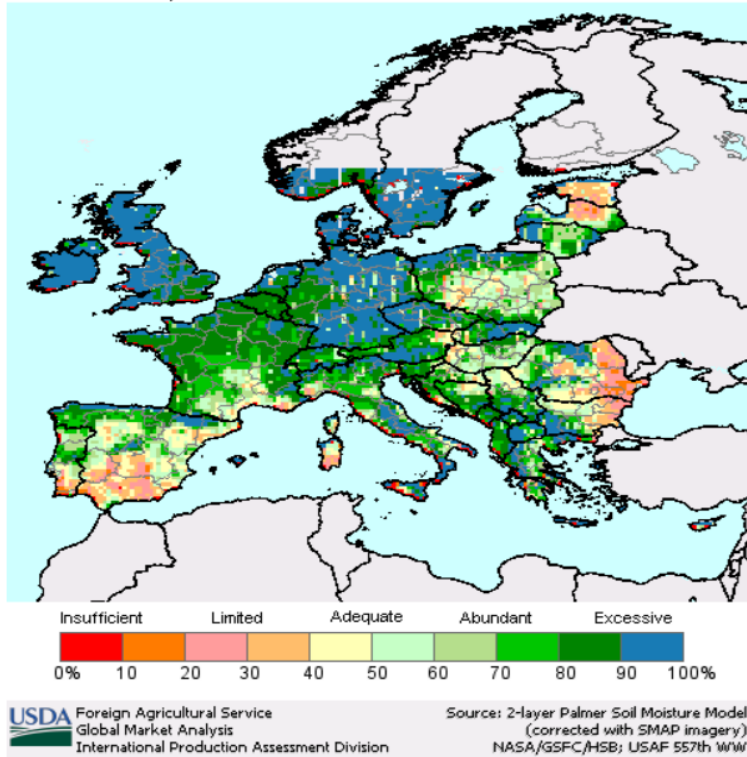
<b>FAS Sofia Grain Production Estimates MY2020/21</b>		
<b>Crops</b>	<b>Area Harvested, HA</b>	<b>Production, MT</b>
Wheat	1,190	6,000,000
Barley	130	600
Corn	550	3,750

**Map 1. USDA Crop Explorer, Europe, Percent Soil Moisture March 29, 2020**

[View in Google Earth](#)

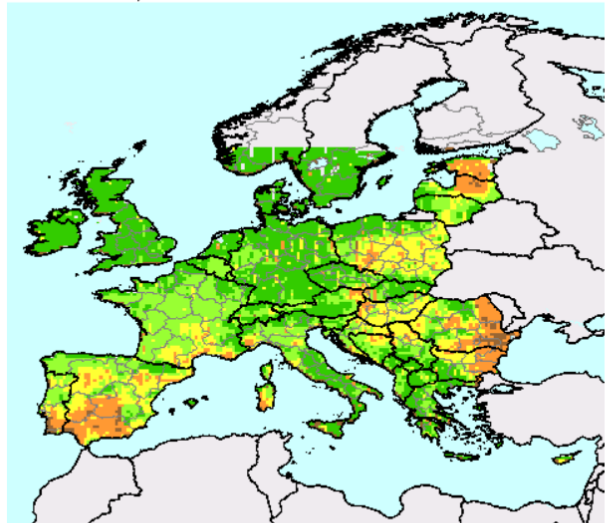
Percent Soil Moisture (SMAP)

Mar. 27 - Mar. 29, 2020



**Map 2. USDA Crop Explorer, Europe, Surface and Subsurface Soil Moisture March 29, 2020**

Surface Soil Moisture (SMAP)  
Mar. 27 - Mar. 29, 2020

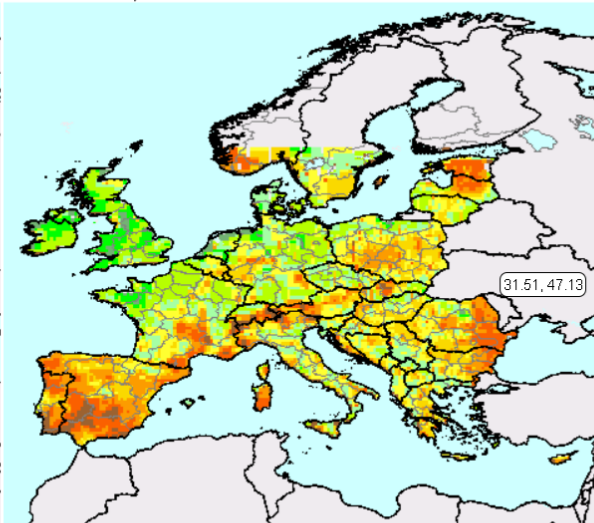


0 (mm) 5 10 15 20 25.4 (mm)

USDA Foreign Agricultural Service  
Global Market Analysis  
International Production Assessment Division

Source: 2-layer Palmer Soil Moisture Model  
(corrected with SMAP imagery)  
NASA/GSFC/HSB; USAF 557th WW

Subsurface Soil Moisture (SMAP)  
Mar. 27 - Mar. 29, 2020



0 (mm) 25 50 75 100 125 150 175 200 (mm)

USDA Foreign Agricultural Service  
Global Market Analysis  
International Production Assessment Division

Source: 2-layer Palmer Soil Moisture Model  
(corrected with SMAP imagery)  
NASA/GSFC/HSB; USAF 557th WW

Graph 1. Monthly Average Farm-gate Prices for Wheat, Barley and Corn, MY2019/20 (red) and MY2018/19 (green), in Bulgarian Leva (1.95 leva=€1.00) Source: Bulgarian MinAg

Wheat:



Barley:

Источник: „САПИ“



Corn:



Источник: „САПИ“

Photos: [Crop assessment](#) photos, Agroportal



**Attachments:**

No Attachments.