

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:

FAS Sofia increases its estimate for wheat and barley crops to 7.2 million metric tons (MMT) and 700,000 MT, respectively, due to favorable spring weather leading to record yields. Hot and dry summer weather in July and August, however, negatively impacted the corn yields although it was good for the winter grains harvest. As of the first week of October, 73 percent of corn was harvested with production to date at 2.5 MMT. Grain exports have been higher than usual due to excellent regional demand. MY 2022/23 fall planting is lagging behind last year due to unusually rainy and cold weather at the end of September/early October preventing field work. Farmers are highly concerned about the fast-growing prices of inputs such as fuel, fertilizers, chemicals, planting seeds, etc., which is likely to increase production costs, create risks for insufficient inputs' use and yields, and endanger farmers' financial stability.

Weather Overview

Bulgaria experienced an unusually dry period at the beginning of August (the most critical period for corn development) when less than 30 mm of rainfall was recorded in the major agricultural areas, less than half of the expected rainfall totals. Additionally, the first half of August featured high temperatures; regionally, peak temperatures recorded were above 40 °C. Temperatures returned to seasonal levels after mid-August. The hot and dry conditions deepened the soil moisture deficit for summer crops. The harvesting campaign for winter crops was fully completed in early August. The first half of September was also warm and dry, followed by a rainy and colder period between mid-September and mid-October. This prevented timely corn harvest and some farmers were forced to start drying corn which is more expensive than usual due to recent high energy prices. Rainfall also did not allow for timely winter grains planting in MY 2022/23. The western part of the country had a higher number of rainy days in the last month and better replenished soil moisture levels compared to the eastern regions (see Maps 1, 2, and 3, [Crop Explorer](#) and [Bulgaria data](#)).

MY 2022/23 Forecast

Due to rainy fall weather, as of October 7, the Bulgarian Ministry of Agriculture (MinAg) reported a delay in wheat planting and over 30 percent lower planted area compared to a year ago. For barley, the lag behind is at 49 percent. It is estimated that farmers are highly motivated to plant the usual wheat (1.2 million hectares (MHA) and barley (130,000 HA) areas due to favorable crop prices, however, most winter grains are at risk to be planted after the optimum planting window. Due to rising fertilizers' cost, reportedly, farmers intend to maximize the winter grains area and to not expand or limit corn planting the next spring.

MY 2021/22 Production Estimates and Trade

Wheat: Due to a favorable spring with moderate temperatures and abundant rainfall, this year Bulgaria experienced historically high wheat production thanks to excellent yields. The latest official data (MinAg weekly bulletin dated September 9) confirmed the wheat area harvested at 1.2 MHA, final yields at 5.94 MT/HA, and production at 7.16 MMT (Table 1).

Export demand for wheat has been excellent and stimulated an increase in ex-farm prices. As of early October, the authorities reported wheat exports at 2.35 MMT, of which 1.5 MMT was exported to third countries (Table 2). This is more than double the 956,000 MT exported a year ago in MY 2020/21 (as of early October 2020). According to the EC [Customs](#) data, as of October 12, 2021, Bulgaria exported 1.45 MMT of wheat to non-EU markets, ranking as the second largest EU wheat exporter after Romania. Provided that the export demand remains favorable throughout the MY, wheat exports may exceed the previous record and reach or exceed 5.1 MMT (MY 2019/20).

As of October 2021, the average wheat ex-farm price was reported at 440 Bleva (\$258/MT) compared to 348 Bleva/ MT (\$205/MT) in October 2020, or 26 percent higher.

Barley: The barley area harvested was confirmed by the MinAg at 130,000 HA. Average yields were reported at 5.35 MT/HA, and production at 699,000 MT (Table 1). Export demand also has been good and 225,000 MT were reported as exported as of early October, of which 160,000 MT to third markets (Table 2). Similar to wheat, exports of barley are double compared to the corresponding period in the previous MY (112,000 MT exports as of early October in MY 2020/21). These MY barley exports are estimated by Post to reach about 400,000 MT.

As of October 2021, the average barley ex-farm price was reported at 357 Bleva (\$210/MT) compared to 286 Bleva/MT (\$168/MT) in October 2020, or 25 percent higher. Since barley is currently the least expensive feed grain, the domestic demand by feed mills has intensified.

Corn: Despite rainy planting weather in April/May, farmers were able to catch up the delay and increase area planted to over 570,000 HA, although a high percentage was planted late. Early corn development was very good with an optimistic yield outlook, however, scorching temperatures and drought in July and August had a negative impact on the final yields. Farmers have also reported pest problems due to the EU's neonicotinoid ban. As of October 7, the MinAg reported corn harvested at 73 percent with average yields at 5.88 MT/HA and production at 2.46 MMT. The EC [forecast](#) is for yields at 6.17 MT/HA. Post is revising its estimate down from 3.6 MMT to 3.45 MMT (Table 1).

Although the corn harvest is still progressing, exports have begun with about 240,000 MT exported as of early October, of which 130,000 MT is for the EU market (Table 2). According to private [sources](#), corn exports as of the middle of October 2021 reached about 600,000 MT compared to 480,000 MT for the corresponding period in 2020.

As of October 2021, the average corn ex-farm price was reported at 440 Bleva (\$258/MT or almost equal to that of wheat) compared to 315 Bleva/MT (\$185/MT) in October 2020, or 40 percent higher. Corn enjoyed the highest price growth for the MY and this motivates farmers to keep stocks for a longer time. The trend may be also supported by producers' intentions to limit corn planting in MY 2022/23.

MY 2020/21 Final Trade Data

Wheat: According to Eurostat (per Trade Data Monitor (TDM)), exports of wheat and products in MY 2020/21 were at 3.65 MMT (in wheat equivalent), mostly to Spain (740,000 MT), Greece (550,000 MT), Romania (470,000 MT), Libya (340,000 MT), Tunisia, Pakistan, and Italy. This marks a 30-percent decrease in wheat exports from the record high in MY 2019/20 (5.1 MMT) due to the lower crop.

Barley: According to Eurostat/TDM data, barley exports MY 2020/21 were 315,000 MT, mainly to Libya (69,000 MT), Morocco (58,000 MT), Tunisia (50,000 MT) and Greece, a two-percent decrease from MY 2019/20 (322,000 MT).

Corn: The Eurostat/TDM data for corn imports October 2020-June 2021 shows 64,500 MT, more than triple the corresponding period in MY 2019/20 (18,000 MT) due to the shorter local crop. Accordingly, corn exports for the same period reached 1.38 MT, compared to 2.32 MMT a year ago or a reduction of 40 percent. The MinAg data for corn trade by August 27 show MY 202/21 corn exports at 1.53 MMT of which 1.1 MMT for the EU market and 453,000 MT exported for third countries. Corn imports are recorded at 65,000 MT. Post maintains its forecast for annual corn exports in MY 2020/21 at 1.5 MMT.

Processed Grain Products: The main processed grain product export is distillers dried grains with solubles (DDGS) (HS#23033). In MY 2020/21 throughout June 2021, DDGS exports were at 43,200 MT, with Turkey and Greece as major export markets. DDGS exports were 24 percent lower than in the corresponding period a year ago (56,900 MT) due to lower consumption for bioethanol and alcohol.

Stocks

The official data for MY 2020/21 show wheat ending stocks as of June 30, 2021 at 349,000 MT or 20 percent higher than at the end of MY 2019/20, mainly due to record high exports in the previous season. Increasing wheat prices motivated farmers to keep stocks for longer, which also stimulated the accumulation of more stocks. Barley ending stocks as of June 30 (MY 2020/21) were reported at only 5,500 MT compared to 10,000 MT a year ago, which is a traditional stocks level. Corn stocks as of the end of August 2021 (considered to be the beginning stocks for MY 2021/22) are registered at 249,000 MT, 38 percent lower from MY 2019/20, in line with the decline in the corn production last year.

Appendix:

Table 1. FAS Sofia Grain Production Estimates MY 2021/22, October 2021

| Crops | Area Harvested, HA | Production, MT |
|--------|--------------------|----------------|
| Wheat | 1.2 million | 7.16 million |
| Barley | 130,000 | 700,000 |
| Corn | 574,000 | 3.45 million |

Table 2: MY 2021/22 Trade in Major Grain Crops, as of October 8, 2021

| Types of Grains | Imports, MT | Exports, MT |
|-----------------|-------------|---|
| Wheat | 115 MT | 2,354,626 MT (including 1,488,123 MT to non-EU markets); |
| Barley | 0 MT | 224,330 MT (including 157,701 MT to non-EU markets); |
| Corn* | 0 MT | 233,162 MT (including 104,894 MT to non-EU countries) |

Source: MinAg Weekly Grain Market Bulletins 2021.

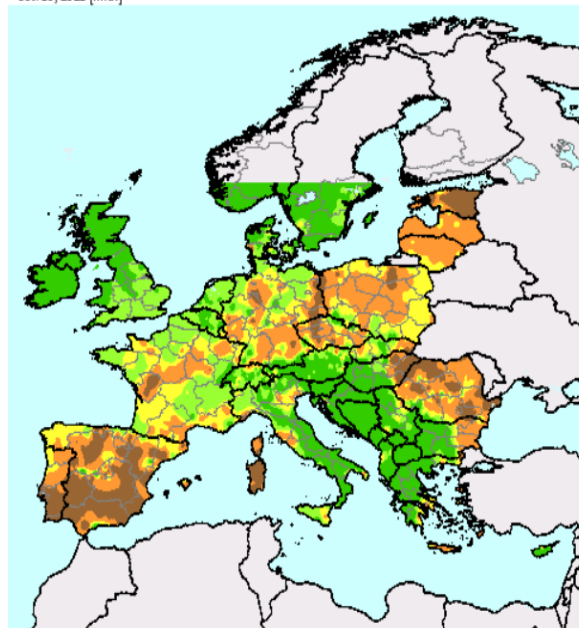
*Note: The Bulgarian MinAg uses September 1-August 31 as a MY for corn. Trade data refers to 2021 corn crop traded since September 1, 2021

Map 1: USDA Crop explorer, Europe (including Bulgaria), Surface and Subsurface Soil Moisture as of October 10, 2021

[View in Google Earth](#)

Surface Soil Moisture (WMO)

Oct. 10, 2021 [final]

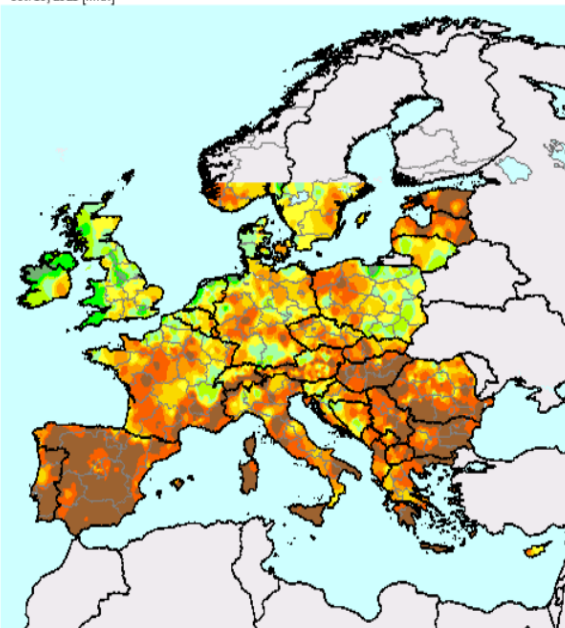


0 (mm) 5 10 15 20 25.4 (mm)

[View in Google Earth](#)

Subsurface Soil Moisture (WMO)

Oct. 10, 2021 [final]



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

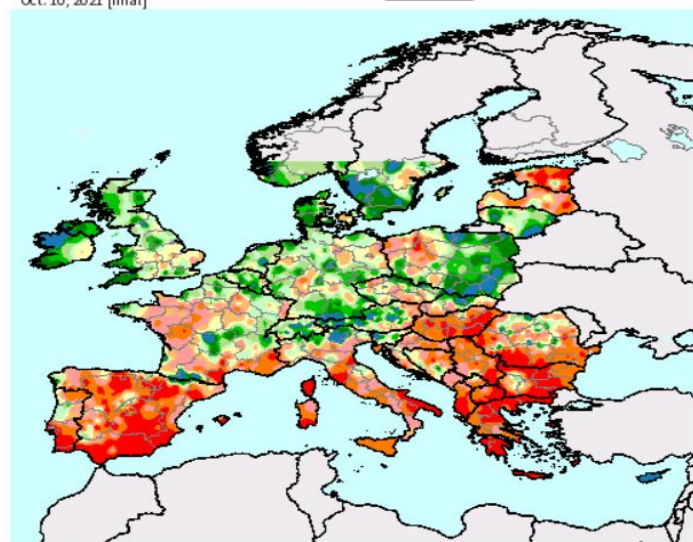
Map 2: USDA Crop Explorer, Europe, Percent Soil Moisture, October 10, 2021

[View in Google Earth](#)

Percent Soil Moisture (WMO)

Oct. 10, 2021 [final]

(17.34, 71.71)



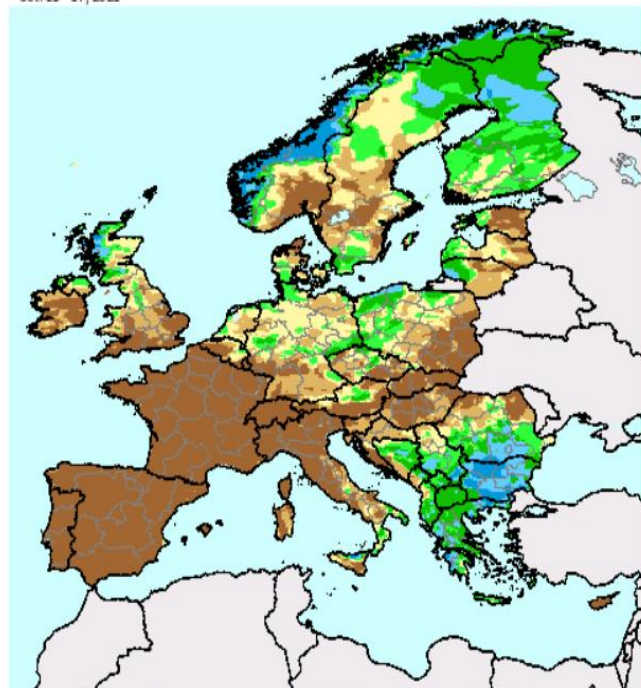
Insufficient Limited Adequate Abundant Excessive
0% 10 20 30 40 50 60 70 80 90 100%

Map 3. USDA Crop Explorer, Europe, Number of Rain Days, October 11-17 and September 18-October 17, 2021

[View in Google Earth](#)

Number of Rain Days (USAF 557th WW)

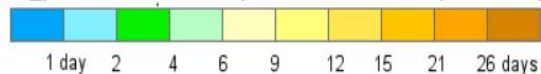
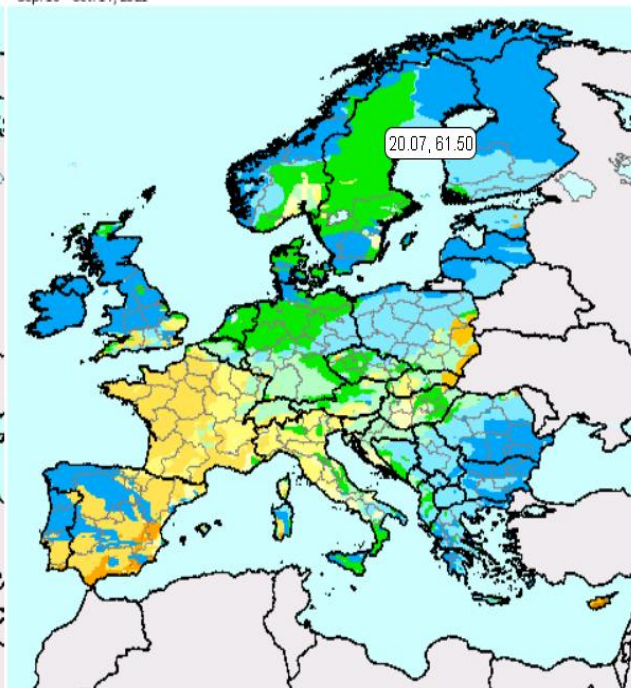
Oct. 11 - 17, 2021



[View in Google Earth](#)

Number of Days Since a Rain Day in past 30 days (USAF 557th WW)

Sep. 18 - Oct. 17, 2021



Attachments:

No Attachments.