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Date: 9/28/2000

GAIN Report #HU0015

Hungary

Grain and Feed

Grains Harvest Update

2000

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Report Highlights: Drought affected crops are producing inconsistent yields. The wheat crop was least affected by the drought. The corn harvest averaged 30% less than last year. Very little corn will be available for export and most of what is available will go to neighboring Bosnia and Croatia. The barley estimate remains unchanged.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1], HU

Production

In the fourth week of corn harvest, divergent crop estimates are being given by the Hungarian government and by commercial traders. Harvested area is about 1.2 million hectares but with yields from the drought damaged corn varying widely. The Hungarian Ministry of Agriculture is estimating a 4.5 MT/ha average yield, making the crop total 5.5 MMT. Conversely, estimates from a grain industry association indicate an overall crop figure below 5 MMT. It is difficult to forecast the total harvested grain corn crop because a considerable part of the sown area was chopped down for forage (due to heat damage and because of a shortage of hay). Post's new crop estimate is 5 MMT (4-4.2 MMT domestic utilization for feeding and 0.4 MMT for food processing and planting). The available surplus for exports may be a few hundred thousand tons.

The hybrid seed corn harvest stands at 49,000 MT and is considered good in spite of the drought. While seed corn is 85 percent irrigated, the majority of feed corn is rain fed.

Sources within the government of Hungary are setting somewhat better total crop and crop quality estimates for the wheat harvest. Because of this, post estimates for the total crop figure are increased to 3.6 MMT from the June estimate of 3.3 MMT.

Barley production estimates are unchanged. There is a shortage of both feed and malt barley in the region. Consequently, commodity exchange prices of barley are above both wheat and corn.

Market Situation

Domestic corn prices are high. Budapest Commodity Exchange (BCE) futures for corn for November are $103/MT (HUF 30,910). Prices for December ($106-$107 or HUF 32,040/MT) exceed December wheat prices ($106 or HUF 31,850/MT). Spot market prices for 'uniform' wheat are $10/MT (HUF 3,000/MT) above corn, which is considered a normal spread. Higher quality milling wheat is about $15/MT (HUF 5,000/MT) above corn and feed wheat is trading at or near corn prices. Actual market prices for commercially traded corn are $90 - 93/MT (HUF 27-28,000/MT), far above the $65/MT a year ago (HUF 16,000/MT at the September 1999 rate). Stocks of old crop corn are very low and the old and new crop spot prices are near parity. (Note: USD 1 = HUF 300)

Feedmills and animal producers are complaining about high prices and a possible feed shortage. They also blame exports for creating the shortage and are urging the government to limit exports by administrative measures (licensing; down payment for license, or suspension of import tariffs on corn). Recent foreign trade data are not available, but major corn exports, even to the needy neighboring countries, are hampered by the high domestic prices and producer unwillingness to sell at lower, previously contracted, prices.

Trade sources have indicated small export lots to Bosnia and Croatia were shipped in September, 2000.

Policy

Ministry of Agriculture and Regional Development (MOA) is insisting on its optimistic crop forecast. Producers and traders, however, do not agree and corn prices remain high. The Ministry of Agriculture recently published the 'guaranteed ' prices for 2001 of wheat ($73/mt or HUF 22,000/MT) and feed corn ($63/MT or HUF 19,000/MT). The guaranteed price system , which is calculated as 75 percent of the average producer's costs, has failed in the past to stabilize the grain market and farm organizations would like to see the Ministry do more. State grain reserves, less than 500,000 MT, have no real market stabilizing effect because of their low volumes and slow reaction time. The government is providing some subsidies and interest reimbursements for animal producers to purchase grain for winter feeding.

Corn PS&D

PSD Table						
Country	Hungary					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Harvested	1100	1100	1200	1200	1200	1120
Beginning Stocks	1000	356	250	236	500	210
Production	6000	6000	7000	7000	5000	5000
TOTAL Mkt. Yr. Imports	0	10	0	10	50	5
Oct-Sep Imports	0	10	0	10	50	5
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	7000	6366	7250	7246	5550	5215
TOTAL Mkt. Yr. Exports	1829	1050	1700	1600	200	400
Oct-Sep Exports	1829	1050	1700	1600	200	400
Feed Dom. Consumption	4350	4400	4400	4500	4300	4100
TOTAL Dom. Consumption	4921	5080	5050	5436	5000	4600
Ending Stocks	250	236	500	210	350	215
TOTAL DISTRIBUTION	7000	6366	7250	7246	5550	5215

Wheat PS&D

PSD Table						
Country	Hungary					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Harvested	1100	1100	735	734	1000	1040
Beginning Stocks	1100	567	900	777	400	243
Production	5000	5000	2636	2636	3800	3600
TOTAL Mkt. Yr. Imports	373	10	100	200	100	0
Jul-Jun Imports	373	10	100	200	100	0
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	6473	5577	3636	3613	4300	3843
TOTAL Mkt. Yr. Exports	2447	1500	800	400	1500	600
Jul-Jun Exports	2447	1500	800	400	1500	600
Feed Dom. Consumption	1500	1000	900	500	900	600
TOTAL Dom. Consumption	3126	3300	2436	2970	2400	2843
Ending Stocks	900	777	400	243	400	400
TOTAL DISTRIBUTION	6473	5577	3636	3613	4300	3843