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Date: 4/30/2013
GAIN Report Number: BU1321

Bulgaria

Post: Sofia

Grains and Oilseeds Market Update

Report Categories:
Oilseeds and Products
Grain and Feed

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Report Highlights:

Following 2012 fall draught and above normal temperatures, the winter was mild with snowfall around average. No winterkill damage was reported. Soil moisture levels have been replenished as a result of good rainfall in late March and first half of April. This provided not only such needed moisture for the fall crops but also favorable conditions for the spring planting. The weather in the second half of April is warm and dry and farmers quickly try to plant as much as they can to catch up the two weeks delay in planting. If the planting is finished by early May, then the optimum planting time will be kept and the initial delay in planting will not affect expected yields.

Exports of grains and oilseeds have accelerated over the past month while the estimates for ending stocks have been reduced.

General Information:

Overview

Weather

Following the 2012 fall draught and above normal temperatures, the winter was mild with snowfall around average. No winterkill damage was reported. Soil moisture levels have been replenished as a result of good rainfall in late March and first half of April. This provided not only much needed moisture for the fall crops but also favorable conditions for the spring planting (see satellite graphs at the end of the report).

In the final days of March temperatures were lower than average but no adverse effects were observed on winter crops. Precipitation was near or above the long term average. The temperatures fluctuated widely within short periods going from significantly below to above average. During that period temperatures in Northern Bulgaria were 2-6 degrees C below the seasonal norm while Southern Bulgaria did not experience this anomaly. During the April 7-10 period a sudden drop in temperatures was observed. Precipitation was more than sufficient during this period. By region, North East and South East appear to have better soil moisture reserves while North West is still behind and needs to have more rainfall for a complete recharge of subsurface soil moisture levels.

While the current warm weather is favorable for planting, temperatures during this last week of April are unusually high, around 30 C, and soil moisture is quickly evaporating. Farmers are concerned that another week with such temperatures will start affecting the soil moisture reserves and more rainfall in May will be needed for normal vegetation of the spring crops. In addition, rapeseeds are at a flowering stage now and temperature stress may not be favorable for yield potential.

The development of the winter crops is progressing well and along with the crop vegetation cycle with the exception of North West where there is a slight lag behind the average development. Current temperatures, however, will help compensate for the lagging development.

Production

In mid-April, the Bulgarian Ministry of Agriculture released its final statistical data for 2012 production of major crops.

Production increased for wheat by 1.8 percent; for barley by 1.2 percent; for corn by 4.2 percent; for sunflower by 1.9 percent; but decreased for rapeseed by 0.5 percent. See Table 2 for comparison between previous and current MinAg data.

Currently, FAS Sofia estimates MY2013/14 planted areas and production as follows:

Table 1. MY 2012/13 FAS Sofia Major Grains and Oilseeds Crop Estimates

MY2013/14	Planted Areas (,000 HA)	Production (,000 MT)
Soft Wheat	1,150	4,350
Barley – total - winter	190 181	690
Rapeseeds	178	410
Sunflower	780	1,400
Corn	420	2,100
Total		8,950

Winter crops:

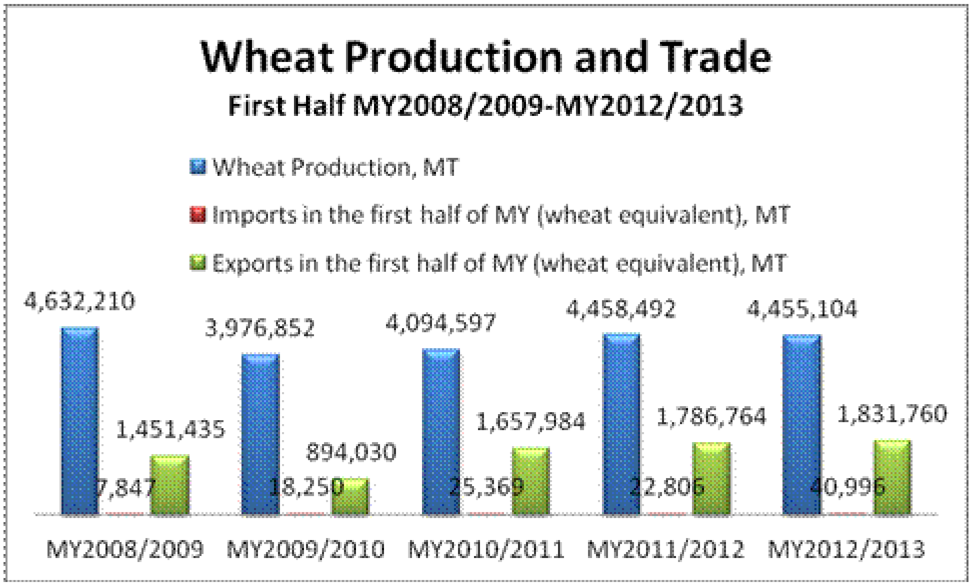
Wheat and barley are developing well and the current weather is likely to accelerate their development. Weather in May will be critical for final yields. If weather is moderate with rainfall around average, yields have the potential to be above average, and the current estimates may be increased.

Rapeseeds are estimated to have less harvested area due to some reseeding which took place in late fall/winter due to fall drought. Official or industry estimates are not currently available, however, FAS Sofia estimate is that harvested areas may be around 160,000 HA- 165,000 HA. Production is estimated based on average yields due to some concerns related to current high temperatures.

Spring crops

No official or industry data are available about corn and sunflower planted areas at this point. Farmers and planting seeds traders report lower corn areas compared to last year. In addition, the country still has significant carry-out stocks as trade is challenged due to phyto-sanitary issues resulting from the 2013 drought, although progress (trade) has been observed lately. Smaller rapeseed and corn areas should be compensated by higher sunflower areas.

Trade
Wheat



Source: World Trade Atlas

<u>MY 2012/13:</u>

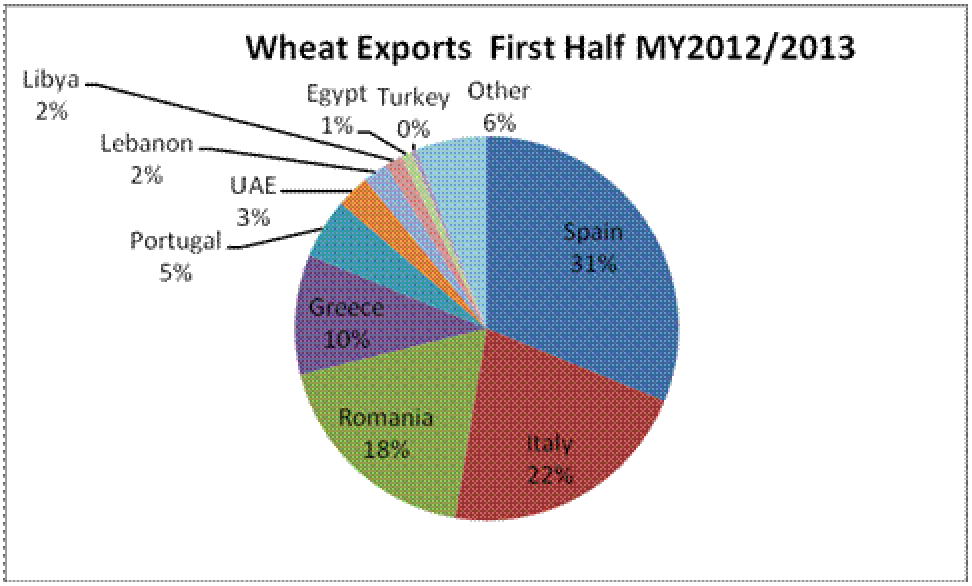
World Trade Atlas (WTA) data for the period July 2012 – January 2013 shows imports of wheat and wheat products (flour and pasta converted into wheat) at 57,000 MT, mainly from the Czech Republic and Romania. Exports for the same period totaled 1.949 MMT with main destinations being Spain, Italy, Romania, and Greece.

A comparison between MY2011/12 and MY2012/13 shows that total exports year-over-year in the first half (July-December 2012) increased by 2.5 percent and, in addition, increased to non-EU destinations. For example, United Arab Emirates, Lebanon, Libya, Egypt were among main markets for Bulgarian wheat in the current year to date while a year earlier those markets generated zero sales. Exports to Italy, Romania, and Portugal have increased while those to Spain and Greece declined. Note the pie graphs below.

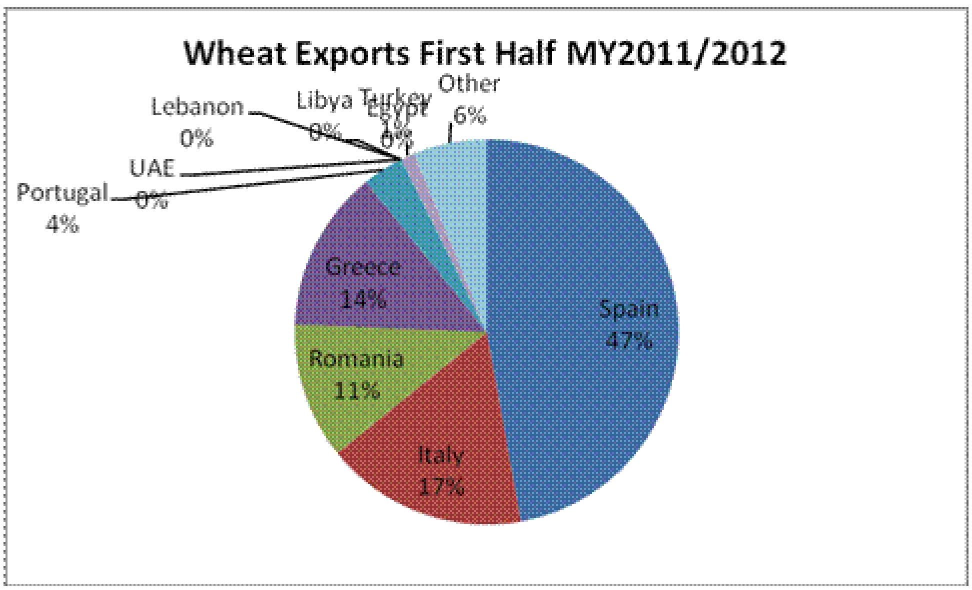
<u>Stocks and Trade:</u>

The National Grain and Feed Agency (NGFA) estimates MY 2012/13 beginning wheat stocks at 350,000 MT. Consumption for the period July 1, 2012 – March 31, 2013, is estimated at 1.607 MMT. Available stocks reported as of March 31 are 975,200 MT.

NGFA reports wheat (soft wheat only, excluding durum and flour/pasta) imports at 22,500 MT, with exports at 2,195,181 MT of which 1,781,569 MT went to the EU market (as of March 31). The NGFA estimates consumption through the end of the year to slow with a total 474,000 MT for food and feed, or about 150,000 MT per month, leaving year-end stocks at 500,000 MT. Based on NGFA estimates, the country has the potential to export up to 300,000 MT more thus reaching total wheat exports of 2.4 MMT which would equal or exceed the previous season volume.

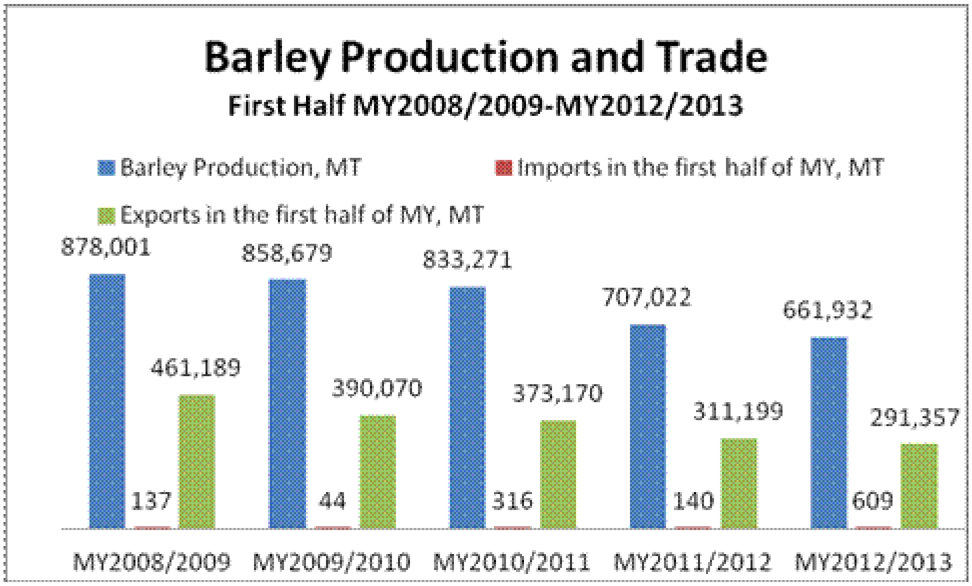


Source: World Trade Atlas



Source: World Trade Atlas

Barley



Source: World Trade Atlas

MY 2012/13:

WTA data for the period July 2012 – January 2013 show imports at only 600 MT and exports at 296,000 MT with main export destinations Saudi Arabia, Romania and Jordan.

Stocks and Trade:

The NGFA estimates MY2012/13 beginning stocks at 45,000 MT and total consumption during the July 1, 2012 – March 31, 2013 period at 289,000 MT.   Available stocks were reported on March 31 at 114,000 MT.

Imports for the period July 1, 2012 – March 31, 2013 were reported at 991 MT, and exports at 305,116 MT of which 95,097 MT went to the EU market.

The NGFA estimates consumption through the end of the marketing year at 105,000 MT or flat, and equal to the current stocks (30,000 MT per month) which would leave 8,000 MT - 9,000 MT remaining in ending stocks, or as potentially available to be exported.

Corn

MY 2012/13:

The Ministry of Agriculture estimates MY2012/13 (which started on September 1) beginning stocks at 85,000 MT (National Grain and Feed Agency Bulletin March 2013).

Stocks and Trade: Consumption for the period September 1, 2012 – March 31, 2013, is reported at

514,000 MT or about 73,000 MT per month for food and feed. As of March 31, 2013, corn stocks were reported at 967,000 MT. The NGFA reported MY 2012/13 corn imports as of March 31, 2013, at 29,000 MT and exports at 350,705 MT of which 305,136 MT went to EU markets.

The NFGA estimates corn usage through the end of the marketing at 385,200 MT or about 77,000 MT per month. Ending stocks are forecast at 581,000 MT. Thus, the country can potentially export up to 500,000 MT corn more in addition to the export volume recorded to date, or total 850,000 MT. Most traders estimate the export potential in the 700,000 MT range depending on imports (which may reach 100,000 MT this year).

Sunflower

MY 2012/13:

The Ministry of Agriculture estimates MY2012/13 beginning stocks at 80,000 MT (NGFA Bulletin March 2013).

Stocks and Trade: Domestic consumption for the period September 1, 2012 – March 31, 2013 is reported at 306,000 MT or 44,000 MT per month. Stocks as of March 31, 2013 were reported at 680,000 MT. The NGFA estimates consumption through the end of the marketing year at 235,000 MT or roughly 47,000 MT per month. Ending stocks are forecast at 445,000 MT.

Imports to date are reported at 8,970 MT. As of March 31, 2013, the NFGA reports exports of 2012 crop seed at 490,300 MT, of which 407,782 MT went to EU markets. Bulgaria holds the potential to export up to 400,000 MT in addition to the quantity exported to date, for a total of up to 900,000 MT. That total would represent a level slightly below last year.

Rapeseeds

MY 2012/13:

WTA data for the period July 2012 - January 2013 show rapeseed imports at 4,070 MT from Macedonia, France and Germany; and exports at 188,531 MT to Romania, Belgium, France, Portugal, the Netherlands and Turkey.

Stocks and Trade: The Ministry of Agriculture estimates MY2012/13 beginning stocks at 25,000 MT (NGFA Bulletin March 2013). Imports through March 31, 2013 were reported at 3,000 MT. Exports were reported at 197,680 MT, of which 166,415 MT went to EU markets. Stocks, as of March 31, 2013, were at 101,361 MT. Total export potential is estimated at little over 200,000 MT as a result of much lower supply and expected higher crush than in the previous season.

Table 2. MY 2012/13 Final Bulgarian Production Data

MY 2012/13	Planted Area (HA)	Harvested Area (HA)	Average Yields (MT/HA)	Production (MT)
Wheat, total	1,189,672	1,185,006	3.76	4,455,104
-Soft wheat	1,170,618	1,166,349	3.78	4,404,947
-Durum wheat	19,054	18,657	2.688	50,157
Barley, total	194,923	191,431	3.46	661,932
-Winter barley	190,554	187,190	3.47	649,602
-Spring barley	4,369	4,241	2.91	12,330
Corn	471,353	466,788	3.68	1,717,785
Rye	12,904	12,617	1.74	21,970
Triticale	11,201	10,807	2.45	26,514
Oats	17,848	16,640	1.85	30,822
Millet	3,753	3,549	1.82	6,466
Sorghum	6,197	5,328	2.02	10,765
Rice	9,944	9,872	5.56	54,896
Sunflower	786,009	780,755	1.77	1,387,780
Rapeseeds	143,550	134,516	2.01	271,041
Soybeans	337	248	0.79	196

Source: Bulgarian Ministry of Agriculture, Statistical Bulletin #242 March 2013

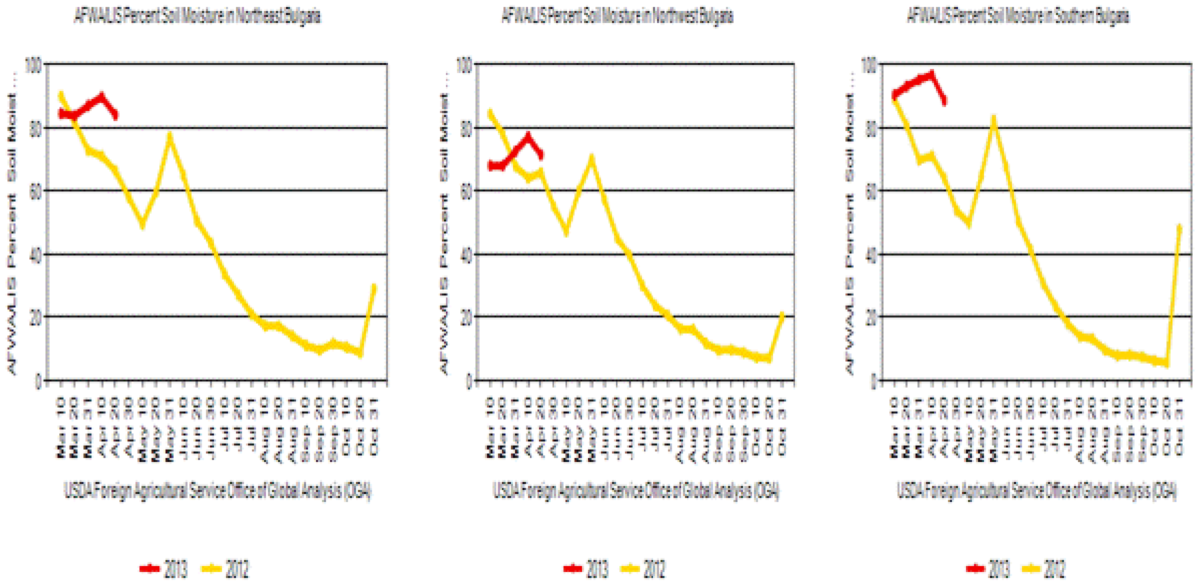
Table 3. MY2012/13 Production, Stocks and Exports for Major Grains and Oilseeds as of March 31, 2013

Crop	Production (MT)	Beginning Stocks (MT)	Exports (MT)	Stocks (MT)
Soft Wheat	4,404,947 (previous estimate 4,328,349)	350,000	2,195,181 (1,781,569 MT to EU markets)	975,197
Barley	661,932 (previous estimate 654,207)	45,000	305,116 (95,501 MT to EU markets)	113,729
Corn	1,717,785 (previous estimate 1,647,755)	85,000	350,705 (305,136 MT to EU markets)	967,025
Sunflower	1,387,780 (previous estimate 1,362,026)	80,000	490,265 (407, 782 MT to EU markets)	680,344
Rapeseeds	271,041	25,000	197,680	101,361

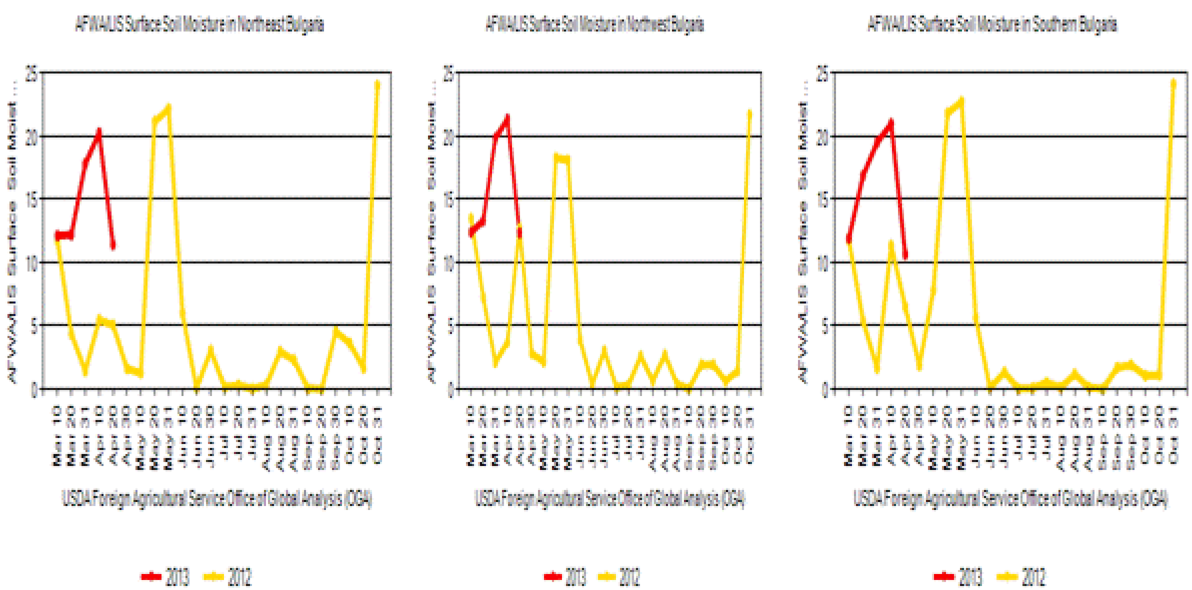
	(previous estimate 272,454)		(166,415 MT to EU markets)	

Source: Bulgarian Ministry of Agriculture, National Grain and Feed Agency Bulletin March 2013

Percent of Soil Moisture in Major Production Regions as of April 20, 2013



Surface Soil Moisture in Major Production Regions as of April 20, 2013



Subsurface Moisture in Major Production Regions as of April 20, 2013