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Report Name: Oilseeds and Products Market Update

Country: Bulgaria

Post: Sofia

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Report Highlights:

Bulgarian oilseed prospects for MY 2020/21 remain unclear. The rapeseed crop may hit an all-time low, although Bulgarian sunflower production is expected to surpass last year. In marketing year (MY) 2019/20, Bulgaria's total oilseed harvest was six percent below MY 2018/19, following a drop in the area harvested and lower average yields. Reduced stocks and higher demand from Bulgarian sunflower crushers reduced overall oilseed exports, while increasing exports of processed oilseed products, notably sunflower meal and oil. The increased crush also drove record sunflower seed imports and as of April 2020, Bulgaria became the European Union's (EU) largest importer, accounting for 41 percent of total EU sunflower seed imports. Bulgaria was also the EU's leading sunflower oil exporter, with 36 percent of total EU sunflower oil exports. Despite being the EU's second largest exporter of sunflower meal, Bulgaria accounted for 44 percent of total EU sunflower meat exports.

Weather Overview

Following drought conditions throughout fall 2019, the 2019/20 winter 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. Unusually cold and snowy conditions during the second half of March helped replenish soil moisture levels. However, northeastern Bulgaria, which accounts for over one-third of its oilseed production, remains one of the driest areas in Europe (Map 1), as indicated by the satellite images. Temperatures and evaporation through the middle of April were about average. To date, April has been warm and dry, and planting conditions have been favorable.

MY2020/21 Forecast

According to the Bulgarian Ministry of Agriculture (MinAg), the rapeseed area planted as of April 15 was 118,000 hectares (HA), down by 25 percent from last year (Table 4). The major reason behind the reduced rapeseed area, despite relatively favorable market prices, was the dry planting conditions in fall 2019 (Graph1). The ban on inputs containing neonicotinoids also contributed to fewer Bulgarian rapeseed acres.

Farmers and traders report another 10 percent of the rapeseed area was replanted and converted into spring crops. As a result, Bulgaria's rapeseed crop this MY may hit an all-time low. A private crop assessment from late March (Image 1) shows relatively a well-developed rapeseed crop. However, due to the dry planting conditions, Post expects rapeseed yields will not exceed beyond average levels. Total Bulgarian rapeseed production is likely to reach a record-low (Table 5).

The lower rapeseed area may result in expanded sunflower acres this spring, as farm-gate prices and demand from sunflower crushers remains strong. According to seed suppliers, demand among farmers for sunflower seeds for planting, especially for high-oleic varieties, are higher as farmers eye Bulgaria's growing domestic crush. Due to wet weather, sunflower planting ran late this season compared to the last year. As of April 15, 128,000 HA of sunflower were planted, 75 percent behind last year (Table 4). Despite these delays, Post expects sunflower planting will be caught up by late April and that both area and production in MY2020/21 will increase (Table 5).

To date, oilseed producers have not taken any severe hits due to the COVID-19 crisis. Spring sunflower and soybean planting is on track for April. Seed suppliers reported initial supply chain disruptions for imported seeds from Western Europe and United States in mid-March, although April seed deliveries have been back on schedule. Some scheduled marketing campaigns and farmer training activities have been canceled. Some farmers also experienced initial difficulties getting into the fields because of social distancing requirements, but that situation has improved.

MY2019/20 Production Estimates and Trade

The total oilseed area harvested in MY 2019/20 decreased by two percent, and production by six percent from MY 2018/19 (Table 1). Final crop estimates for sunflower were lower than previously expected due to dry and hot weather in July and August 2019.

Rapeseed:

Rapeseed exports during July-December 2019 started strong due to intra-EU demand and favorable market prices (Graph 1), despite the 15-percent decline in the crop. According to Eurostat/Trade Data Monitor (TDM), exports during the first half of the MY reached 366,000 metric tons (MT), a 13-percent increase over exports the year before. In the second half of the MY, to date, exports leveled off as of April 10. MinAg reported exports at 368,000 MT, nine percent below last year (Table 2). Bulgaria's rapeseed export markets consist entirely of other EU Member States, mainly the Netherlands (144,000 MT), Belgium (144,000 MT) and Romania (21,000 MT). Mid-April stocks were reported at 20,000 MT, up from 18,600 MT during the same period in MY 2018/19. Bulgaria's rapeseed crush is forecast downward due to lower domestic stocks and strong global demand. MinAg reported as of mid-April, the local crush was 13-percent below the same period in 2019. Accordingly, rapeseed meal exports in the first half of the MY were reported at 30,000 MT (Eurostat/TDM) down from 53,000 MT from the same time last year. The main markets were Ireland (20,000 MT) and Italy (6,000 MT).

Sunflower:

Post expects the local sunflower crush to increase this season due to favorable markets and new crushing-capacity improvements. Demand by crushers has been strong and farm-gate prices have also increased (Graph 1). Sunflower seeds imports in the first quarter of the MY (October-December 2019) increased to 359,000 MT (Eurostat/TDM), almost triple last year's 122,000 MT due to low beginning stocks, a smaller crop, competitive import prices, and strong demand by crushers. (Note: MinAg's import data differs from Eurostat, see Table 2). Bulgarian importers mostly sourced sunflower seeds from Romania (183,000 MT), Russia (94,000 MT), Moldova (60,000 MT), and Ukraine (18,000 MT). According to EU Customs data, as of April 14, Bulgaria imported 349,000 MT from non-EU suppliers, making it the EU's leading sunflower seed importer, with 41 percent of total EU imports (Table 3).

Sunflower seed exports in October-December 2019 were at 208,000 MT, four percent lower from the previous year due to more favorable domestic demand. Major export markets included the Netherlands (64,000 MT), Germany (25,000 MT), and the United Kingdom (18,000 MT). As of April 2020, exports continued to decrease and were 24 percent below MY 2018/19, with a 22-percent decrease to EU markets, and a 56-percent decrease to non-EU markets (Table 2). As of April 14, EU Customs reported Bulgarian exports to non-EU countries at 119,000 MT, 38 percent of total EU sunflower seed exports. Bulgaria is the EU's second-largest sunflower seed exporter after Romania (Table 3). Stocks as of mid-April were officially reported at 975,000 MT, a 23-percent increase from 790,000 MT from mid-April in MY 2018/19.

During the first quarter of MY 2019/20, sunflower oil exports increased by seven percent over the same period the previous year (Eurostat/TDM). Primary export markets were South Africa (25,000 MT), Germany (23,000 MT) and Italy (14,000). As of April 14, EU Customs reported Bulgarian exports of sunflower oil to non-EU countries at 141,000 MT, making Bulgaria the EU's largest sunflower oil exporter, with 36 percent of total EU sunflower oil exports (Table 3).

Exports of sunflower meal during the same period reached 154,000 MT, a 32-increase over the same period in the previous MY. As of April 14, EU Customs reported Bulgarian exports to non-EU countries at 166,000 MT, 44 percent of total EU sunflower meat exports, making Bulgaria the EU's second-largest sunflower meal exporter after Romania (171,000 MT) (Table 3).

Sunflower meal exports were driven by lower domestic demand, as feed millers were hit hard by 44 African swine fever (ASF) outbreaks between July 2019 and February 2020. 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. However, the feed industry is reporting a recent uptick in demand by the poultry and livestock industries. Commercial swine operations also began to repopulate in March, which is likely to contribute to rising feed ingredient demand.

Soybeans and Products:
Bulgaria is a negligible producer and user of soybeans. However, demand for soybean meal is growing relative to poultry and swine sector growth. In calendar year 2019, soybean meal imports increased to 143,000 MT, 7.9 percent over 2018. Although the ASF outbreak in summer 2019 reduced the total swine herd, imports of soybean meal were supported by improved demand from the poultry industry. In the first quarter of MY2019/20 (October-December 2019), imports (38,000 MT) increased by 17 percent over the same period in the previous MY. A recent uptick in feed demand is likely to sustain moderate import growth for soybean meal during the current MY.

Table 1: Final Oilseed Crops Production Data MY2019/20 and MY2018/19 (April 2020)

Crops	**Area Harvested (HA)**		**Production (MT)**	
	MY 2019/20	**MY 2018/19**	**MY 2019/20**	**MY 2018/19**
Soybeans	4,730	2,320	6,280	3,000
Rapeseed	150,000	182,620	400,000	472,590
Sunflower	800,000	788,660	1,870,330	1,943,980
Total	954,730	973,600	2,276,610	2,419,570
Source: Eurostat data based on EU standard moisture content, 9.0 percent for rapeseed and sunflower, updated April 2020. MinAg national estimates (based on 8.1 percent for rapeseed and 7.9 percent for sunflower) are shown here.				

Table 2. April 10, Rapeseed and Sunflower Exports, MY2019/20 vs MY2018/19, MT

	April 10, MY2019/20	**April 12, MY2018/19**	**Difference, in Percentage**
Total Rapeseed Exports	368,010	404,115	-9.0%
--To EU markets	368,010	403,650	-8.9%
--To non-EU markets	0	465	
Total Sunflower Imports	246,331	123,557	+99.3%
Total Sunflower Exports	281,500	367,648	-23.5%
--To EU markets	256,800	329,259	-22.0%
--To third countries	24,700	38,389	-56.0%
Source: MinAg Weekly Bulletins			

Table 3: MY2019/20 Trade in Major Oilseed Crops and Products with Non-EU Countries from July 1, 2019 to April 14, 2020

Types of Oilseeds and Products	Imports, MT	Exports, MT
Soybeans	128 MT	2 MT
Soybean meal	8,924 MT	5 MT
Soybean oil	14,945 MT	0
Rapeseed	15,983 MT	1 MT
Rapeseed meal	0	2,021 MT
Rapeseed oil	170 MT	32 MT
Sunflower seeds	348,643 MT	118,599 MT
Sunflower meal	0	166,433 MT
Sunflower oil	10,026 MT	140,563 MT
Source: EU Customs data here.		

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

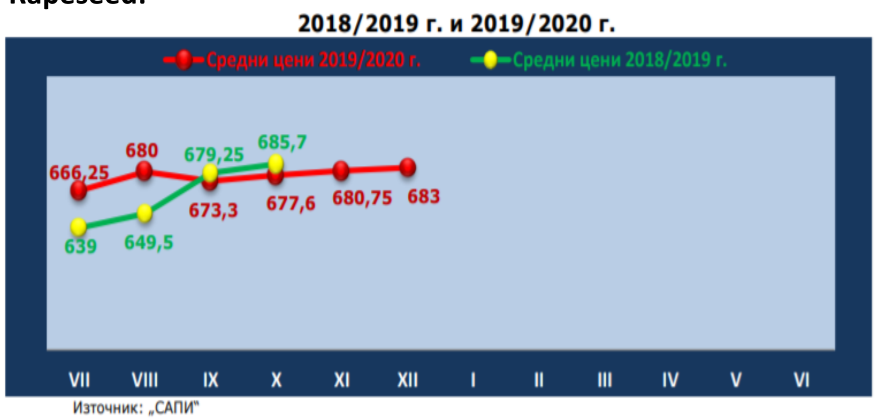
Area Planted Oilseed Crops, MY2019/20 and MY2020/21, HA			
	April 11, 2019	**April 9, 2020**	**Difference, in Percentage**
Soybeans	NA	NA	NA
Rapeseed	156,139	117,670	-24.6%
Sunflower	515,384	128,154	-75.1%
Source: MinAg Bulletin #15, April 15, 2020			

Table 5: Post MY2020/21 Estimates for Major Oilseeds as of April 2020

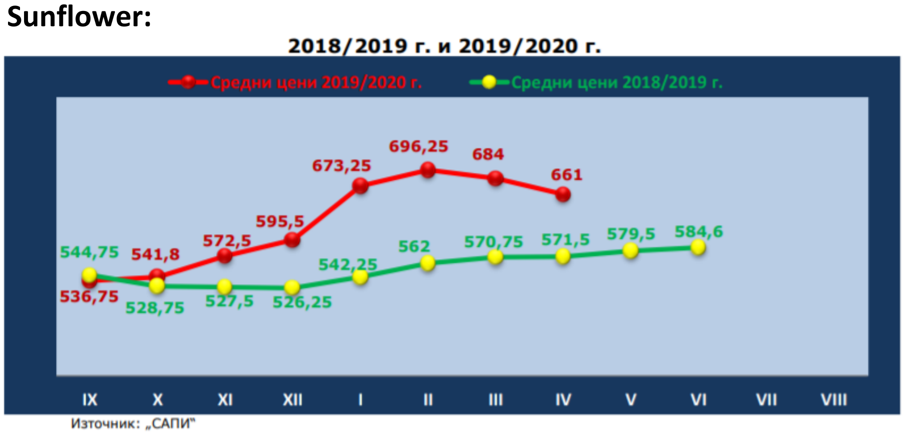
Crops	Area Harvested, HA	Production, MT
Soybeans	5,000	6,000
Rapeseed	110,000	300,000
Sunflower	820,000	2,050,000

Graph 1. Average farm-gate prices for rapeseed and sunflower in Bulgaria, by months, MY2019/20 (in red) and MY2018/19 (in green), in Bulgarian leva (1.95 Bleva=1.0€)
Source: Bulgarian MinAg

Rapeseed:



Sunflower:



Map 1. Percent of Soil Moisture, Europe, April 8-10, 2020

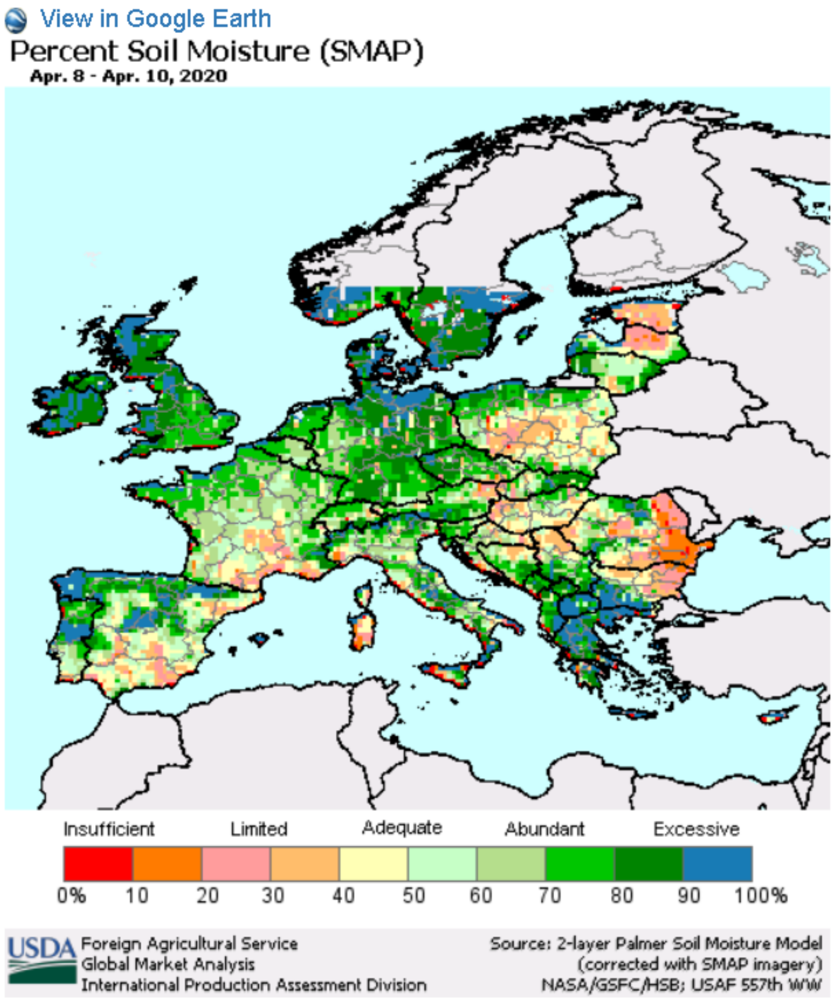


Image 1. Crop Assessment Images, Rapeseed fields, Agroportal, end of March 2020

Attachments:

No Attachments.