

Voluntary Report – Voluntary - Public Distribution

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Report Name: Serbian Grain Update

Country: Serbia

Post: Belgrade

Report Category: Grain and Feed

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Report Highlights:

Very high temperatures starting in May and low precipitation did not have a negative effect on wheat and barley production in Serbia, while corn yield will be reduced by at least 20 percent. In the second week of July most Serbian farmers had completed this year's wheat harvest. The wheat planting area for MY2021/22 is estimated at 600,000 Ha. Overall, production is estimated to be a record high of 3.4 MMT, which represents a 26 percent increase compared to MY2020/21. With domestic consumption of nearly 1.8 MMT, Serbia is estimated to have 1.7 MMT of wheat available for export in MY2021/22. Due to the summer drought corn production is projected to be around 6 MMT, 2 MMT lower than last year. However, overall production will meet domestic demand and allow for exports of 1.6 MMT of corn.

General Information:

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Wheat:

According to the Serbian Ministry of Agriculture, Forestry, and Water Management, 600,000 HA of wheat were planted last autumn. This is about the same as in MY2020/21 when wheat was planted on 570,000 HA. The total wheat crop will be 26 percent higher than last year at 3.4 MMT. The average yield for MY2021/22 is estimated to be a record high of 5.7 MT/HA and has exhibited great diversity in different parts of Serbia, ranging between 3.5 MT/HA in Central Serbia and 10 MT/HA in parts of Vojvodina.

Winter temperatures were not extremely low and there was not enough snow coverage to protect the wheat. Despite these winter conditions, the wheat crop did not suffer damage. Spring conditions were good for wheat maturity with enough moisture. Prior to harvest the region was hit by extreme drought conditions that did not negatively affect the wheat yield. The percentage of protein in the wheat this year is lower than average and exhibits poor baking quality for the MY2021/22. Serbian wheat protein content usually ranges from 12 to 15 percent. As a result of low protein content in the wheat crop, some of it will be sold as cattle feed.

According to the Serbian Grain Fund, wheat production is estimated at a record 3.4 million MT in MY2021/22 and will be sufficient to meet domestic needs of 1.8 MMT and approximately 1.7 MMT will be exported. This is 70 percent higher than last year. In 2020/21, Serbian wheat exports reached almost 1 MMT (wheat and flour when converted into wheat). During MY2020/21, wheat prices were constantly high, making Serbian wheat less competitive in the global market compared to prior years.

Wheat prices started at 17-18 din/kg (\$170 - \$180/MT) at harvest, reaching nearly 24-25 din/kg (\$240 - \$250/MT) in January 2021. This made Serbian wheat one of the most expensive in the region and uncompetitive for export. In February and March 2021, wheat prices decreased to 20-22 din/kg (\$200 - \$220/MT); at the same time, wheat exports increased. Serbia exported 40 percent of MY2020/21 wheat March - June 2021. The primary destination for wheat was the Port of Constanza, Romania by river barges (over 400,000 MT), while significant quantities of wheat were exported to Italy and neighboring countries (Croatia, Albania, Kosovo, Bosnia and Herzegovina, North Macedonia) by rail or trucks. In MY2020/21, Serbia exported approximately 780,000 MT of wheat and 120,000 MT of wheat flour.

Table 1: Wheat Exports MY2020/21 July 2020 - June 2021

Month	Wheat MY20/21 in MT	Flour MY20/21 in MT
July	47,317	6,931
August	103,123	10,257
September	38,109	10,117
October	35,943	14,077
November	34,271	9,977
December	48,184	10,616
January	62,342	6,594
February	59,232	9,127
March	125,925	9,527
April	123,978	8,898
May	61,381	9,675

June	36,381	9,369
TOTAL:	778,211	115,165

Source: Serbian Grain Fund

On July 26, the Serbian Government announced a purchase of 34,400 MT of wheat MY2021/22 for the Republic Directorate for Commodity Reserves from individual farmers, commercial farmers, cooperatives, and certified state storage. The state offered 23.50 din/kg (\$235/MT) for wheat located in certified state storage, and payment would be completed 15 days after wheat delivery.

The current wheat price on the Novi Sad Commodity Exchange for the new wheat crop is 20 - 21 din/kg (\$200-\$210/MT), approximately 17 percent higher than during last year's harvest. Moreover, Serbian farmers expect this price to increase in the following months due to increased worldwide demand. Traders and millers started buying a new wheat crop in June, but farmers are still hesitating to sell their new wheat crop and are mostly keeping it in storage and waiting for the fall as they expect wheat prices to increase. At present, bakers are paying between 26 and 29 din/kg (\$260 and \$290/MT) for flour type 500.

PSD for Wheat:

Wheat Market Year Begins	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
Serbia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	570	570	570	570	600	600
Beginning Stocks (1000 MT)	586	586	687	598	500	310
Production (1000 MT)	2600	2600	2700	2700	2900	3400
MY Imports (1000 MT)	14	2	13	7	10	8
TY Imports (1000 MT)	14	2	13	7	10	8
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	3200	3188	3400	3305	3410	3718
MY Exports (1000 MT)	588	590	900	995	900	1700
TY Exports (1000 MT)	588	590	900	995	900	1700
Feed and Residual (1000 MT)	500	600	550	600	550	450
FSI Consumption (1000 MT)	1425	1400	1450	1400	1450	1300
Total Consumption (1000 MT)	1925	2000	2000	2000	2000	1750
Ending Stocks (1000 MT)	687	598	500	310	510	268
Total Distribution (1000 MT)	3200	3188	3400	3305	3410	3718
Yield (MT/HA)	4.5614	4.5614	4.7368	4.7368	4.8333	5.6667

(1000 HA), (1000 MT), (MT/HA)
MY = Marketing Year (begins with the month listed at the top of each column).
TY = Trade Year (for wheat, it begins in July for all countries. TY 2021/2022 = July 2021 - June 2022).

Barley:

The total area planted with barley in MY2021/22 is expected to be 105,000 HA, or about 4.5 percent lower than in the previous year. In MY2021/22, barley was planted last fall on 90,000 HA as winter barley and an additional 25,000 HA as spring barley. The barley harvest in Serbia started on June 20, two weeks earlier than usual mostly due to very warm weather and due to the crop being sufficiently dry. Total barley production in MY2021/22 is estimated to be a record high of approximately 545,000 MT, almost 10 percent higher than last year mostly due to very favorable weather conditions. The estimated average barley yield is expected to reach a record high of 5.2 MT/HA and to feature excellent quality.

Barley exports in MY2020/21 also reached high levels of around 100,000 MT. It is estimated that barley exports in MY2021/22 may be even higher and reach 110,000 MT. The current barley price on the Novi Sad Commodity Exchange is between 19 - 20 din/kg (\$190-\$200/MT), 30 percent higher than during last year's harvest. Moreover, Serbian farmers also expect this number to go up in the following months due to increased worldwide demand.

PSD for barley:

Barley Market Year Begins	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Serbia						
Area Harvested (1000 HA)	94	94	110	110	120	105
Beginning Stocks (1000 MT)	41	41	35	38	34	10
Production (1000 MT)	414	414	500	500	520	545
MY Imports (1000 MT)	2	4	4	2	2	2
TY Imports (1000 MT)	4	4	4	2	2	2
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	457	459	539	540	556	557
MY Exports (1000 MT)	52	51	75	100	80	110
TY Exports (1000 MT)	77	51	75	100	80	110
Feed and Residual (1000 MT)	200	200	250	250	250	250
FSI Consumption (1000 MT)	170	170	180	180	180	180
Total Consumption (1000 MT)	370	370	430	430	430	430
Ending Stocks (1000 MT)	35	38	34	10	46	17

Total Distribution (1000 MT)	457	459	539	540	556	557
Yield (MT/HA)	4.4043	4.4043	4.5455	4.5455	4.3333	5.1905

(1000 HA), (1000 MT), (MT/HA)

MY = Marketing Year (begins with the month listed at the top of each column).

TY = Trade Year (for barley, it begins in October for all countries. TY 2021/2022 = October 2021 - September 2022).

Corn:

This spring, corn was planted on 1 million HA about two weeks later in mid-April due to cold and rainy weather. Corn production is expected to reach 7 MMT (based on an average yield of 5.4 MT/HA). However, a lack of precipitation in June, July, and August along with very high temperatures of over 104 degrees Fahrenheit for an extended period has stressed corn plants. The dry period coincided with the critical corn pollination period, increasing the risk for poor kernel development. The Serbian Grain Fund estimates that the MY2021/22 corn crop will be reduced by 27 percent compared to the previous year and up to 20 percent compared to the a five year average. It is estimated that in MY2021/22, corn production will reach a maximum of 6 MMT, a decrease of 2 MMT compared to MY2020/21 when corn production reached a record high of 8.1 MMT. According to the Serbian Grain Fund, despite decreased corn production, Serbia will have sufficient corn for domestic use (about 4.7 MMT). Additionally, with over 500,000 MT of corn in stocks, Serbia will be able to export approximately 1.6 MMT of corn in MY2021/22 (October 2021 - September 2022).

Corn prices on the Novi Sad Commodity Exchange have been high despite the record-high corn crop of MY2020/21; this can be mostly attributed to very high worldwide demand for corn, particularly from the Black Sea region. The current price for corn on the Novi Sad Commodity Exchange is 24 - 25 dinars/kg (\$240 - \$250/MT), decreasing over the following weeks. Most of the corn exports, more than 2 MMT in M2020/21 were to the Port of Constanza, Romania. The balance was exported to EU countries (Italy, Austria, Croatia, and Greece) and neighboring countries (Bosnia and Herzegovina, Albania, North Macedonia, Kosovo, Montenegro).

Table 2: Corn Exports in MY2020/21 October 2020-September 2021

Month	MY2020/21 in MT
October	458,695
November	492,793
December	380,559
January	243,216
February	286,578
March	361,636
April	254,641
May	164,441
June	170,832
July	N/A
August	N/A

September	N/A
TOTAL:	2,813,391

Source: Serbian Grain Fund

PSD for Corn:

Corn Market Year Begins	2019/2020		2020/2021		2021/2022	
	Oct 2019		Oct 2020		Oct 2021	
Serbia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	970	970	1000	1000	970	1020
Beginning Stocks (1000 MT)	712	712	892	615	802	520
Production (1000 MT)	7700	7500	8000	8100	7300	6000
MY Imports (1000 MT)	3	3	10	5	5	10
TY Imports (1000 MT)	3	3	10	5	5	10
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	8415	8215	8902	8720	8107	6530
MY Exports (1000 MT)	3123	3100	3500	3500	3100	1600
TY Exports (1000 MT)	3123	3100	3500	3500	3100	1600
Feed and Residual (1000 MT)	4100	4200	4300	4400	4300	4300
FSI Consumption (1000 MT)	300	300	300	300	200	300
Total Consumption (1000 MT)	4400	4500	4600	4700	4500	4600
Ending Stocks (1000 MT)	892	615	802	520	507	330
Total Distribution (1000 MT)	8415	8215	8902	8720	8107	6530
Yield (MT/HA)	7.9381	7.732	8	8.1	7.5258	5.8824

(1000 HA), (1000 MT), (MT/HA)

MY = Marketing Year (begins with the month listed at the top of each column).

TY = Trade Year (for corn, it begins in October for all countries. TY 2021/2022 = October 2021 - September 2022).

Grain Policy:

The Serbian government continues to provide grain and oilseed producers with subsidies for seeds and fertilizers at 4,000 dinars (\$40/HA) per hectare of arable land. These subsidies go to registered farmers who pay into the pension and retirement fund. This is 1,200 dinars (\$21) per hectare less compared to the previous year since the government decided not to subsidize the price of fuel to farmers this year.

Since April 2021, Serbian farmers can also access World Bank funds through the Competitive Agriculture Project. This project is being implemented by the World Bank in cooperation with the Serbian Ministry of Agriculture, Forestry, and Water Management. The project's duration is 2020 - 2024 funded at \$50 million. The World Bank will make funds available annually. A project is eligible for a 50 percent World Bank grant, 40 percent favorable bank loan, and 10 percent from the beneficiary. One of the basic programs will focus on improving competitiveness and strengthening links within the market chain in the field of primary agricultural production and income diversification in rural areas. Grants will be provided for the construction of farms; procurement and installation of farm equipment and greenhouses; and procurement of agriculture machinery and equipment, irrigation equipment, etc. The minimum value of eligible projects has been set as \$23,500 (dinar equivalent), while the maximum value is \$58,500.

Attachments:

No Attachments.