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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:

Bulgaria's marketing year (MY) 2019/20 wheat harvest resulted in higher than expected wheat production. Barley and corn benefitted from favorable spring weather conditions. Exports of these commodities are above last year's levels, especially for wheat, which surpassed MY 2018/19 by almost a million metric tons (MMT), due to strong demand in markets outside of the European Union (EU). Higher grain stocks and reduced demand due to lower swine inventories because of African swine fever (ASF), will likely drive higher grain exports in MY2019/20. Fall planting conditions for winter wheat and barley in MY2020/21 have been challenging due to unusually dry and warm weather between August and mid-November. Rain during the third week of November helped, but potential yield losses are still possible.

Weather Overview

According to EU MARS data ([Bulletin Vol.27, No.10](#), October 2019), after a dry and hot summer, Bulgaria saw little precipitation during the first half of September and average temperatures were 1-3.5°C above normal. Despite some rain in the latter half of September, drought conditions continued from mid-October through mid-November. Rainfall along the Danube from September 1 to October 20 was lowest, at 15-30 mm. Rainfall in other areas varied between 35 and 70 mm (about 20-50 percent of the long-term average). Dry and warm weather returned during the first half of November, with satellite [images](#) indicating that Bulgaria was one of the driest countries in Europe (Maps 1 and 2, Graph 1), particularly in northwestern and northcentral regions. [Temperatures](#) and [evaporation stress](#) through mid-November were above average. Rain and lower temperatures arrived during the third week of November and helped grain development, although yield losses may occur due to fall drought conditions. The dry and hot weather in July and August reduced corn yields below earlier forecasts. Favorable weather during the September corn harvest assisted corn farmers.

MY2020/21 Forecast

According to the Bulgarian Ministry of Agriculture (MinAg), the area planted for wheat as of November 14 was steady (0.7 percent difference) compared to last year. Favorable global demand for barley, along with the reduced rapeseed area, increased area planted for barley and rye by 13 and 12 percent, respectively (Table 4). Due to the dry planting conditions, Post currently expects average yields for these crops.

MY2019/20 Production Estimates and Trade

Total cereals area harvested in MY 2019/20 increased by 4.2 percent and production by 7.0 percent compared to MY 2018/19 (Table 1). Final crop estimates for wheat and barley were higher than previously expected due to rainy spring weather (April-May). Corn developed well due to consistent rain through mid-July. Although many expected that corn yields would be about average, the dry and hot weather after mid-July negatively affected the final yields.

Wheat: The quality of the MY2019/20 crop is higher than last year's and the share of milling wheat is estimated at 45 percent, up from 25 percent in MY2018/19. According to MinAg's [Weekly Bulletin #35, September 4, 2019](#), the wheat area harvested was 1.13 million HA, with production at 5.8 MMT. MinAg reports production increased by 7.9 percent over last year, average yields were up by 8.6 percent (5.16 MT/HA) and area harvested increased by 0.4 percent. In June/July, MinAg's Statistical Department [surveyed](#) wheat and barley crops and forecast wheat production at 6.1 MMT to 6.6 MMT, and barley production at 518,000 MT to 579,000 MT. Private wheat estimates vary from 5.6 MMT to 6.2 MMT. Eurostat data (Table 1) shows wheat production on the higher end at 6.242 MMT from 1.18 million HA and average yields at 5.3 MT/HA. See FAS Sofia's estimates in Table 5 below.

Wheat farm-gate prices to date in MY2019/20 are below last year's (Graph 2). Stable stocks, competitive prices, and higher quality, along with favorable export demand have increased wheat exports. Through November 15, wheat exports are almost 50 percent higher over last year (Tables 2 and 3), especially to non-EU markets, where export growth is more than 22 times MY 2018/19.

Although exports to other EU markets declined by 15 percent, this trade is still larger than shipments to third-country markets. According to Trade Data Monitor (TDM), wheat exports during the first three months of MY2019/20 were 891,000 MT, mostly going to Spain, Greece, and Portugal. FAS Sofia forecasts MY2019/20 wheat exports will exceed 4.0 MMT.

MY2019/20 beginning wheat stocks were reported at 400,000 MT. Mid-November stocks were reported at 2.8 MMT, down from 2.95 MMT from the same period in MY2018/19.

Barley: MY2019/20 barley production was reported officially at 549,000 MT, a 22-percent increase over MY2018/19 due to a 15-percent increase in yields (4.95 MT/HA versus 4.32 MT/HA), as well as a seven-percent increase in area harvested (Table 1). Private production estimates vary from 530,000 MT to 560,000 MT.

To date, barley farm-gate prices are below MY2018/19 (Graph 2). Barley exports in MY 2019/20 have increased by four percent over the previous MY. Export trends are similar to wheat, with a 34-percent increase to non-EU markets, and a 34-percent decline to other EU markets (Tables 2 and 3). According to TDM data, exports during the MY's first quarter were at 43,000 MT, mainly to Spain and Greece. FAS Sofia estimates barley exports in MY 2019/20 to increase over 220,000 MT.

Beginning stocks in MY2019/20 were reported by the authorities at 4,500 MT. Mid-November stocks were reported at 264,000 MT, up from 226,000 MT in mid-November last year.

Corn: FAS Sofia estimates area harvested at 490,000 HA and production at 3.4 MMT, with average yields of 6.94 MT/HA. Corn production has been the biggest unknown on the market due to wide fluctuation in production estimates. According to the latest MinAg data ([Weekly Bulletin #46, November 20](#)), as of November 14, the corn harvest was completed at 453,000 HA, and 11-percent over MY2018/19. Average yields were recorded at 6.86 MT/HA, 9.3-percent decrease from the previous season. Total production was recorded at 3.107 MMT. At the same time, Eurostat data shows the area harvested at 550,000 HA and production at 3.844 MMT (Table 1), more than 700,000 MT over MinAg's data. Private area harvested estimates vary from 460,000 HA to 500,000 HA, and production from 3.1 MMT to 3.8 MMT. Some grain traders and official institutions have decreased their production estimates several times since August, as to reflect drought-related yield losses.

Similar to wheat and barley, corn farm-gate prices were low early in the season, although export demand helped prices rebound (Graph 2). New crop exports have been active and through November 15 and were 24 percent above the same period in MY2018/19. Similar to wheat and barley, corn exports to non-EU markets quadrupled, while exports within the EU declined by 45 percent. FAS Sofia forecasts corn exports at 2.0 MMT in MY2019/20. The latest TDM data for corn exports in MY2018/19 is for 2.4 MMT, while Bulgarian MinAg data shows exports at 1.8 MMT.

Official corn stocks at the end of August were reported at about 700,000 MT. As of mid-November 2019, corn stocks were reported at 2.95 MMT, up over the 2.7 MMT reported in November 2018.

Policy

Grain traders are preparing for a new highway toll system in Bulgaria which will include most highways and major roads, while exempting rural roads. The grain trade has expressed concerns that the new tolls will add additional costs and make commodity exports less competitive. The toll system is scheduled to be introduced in the beginning of 2020.

Appendix:

Table 1. Grain Crops Production Data MY2018/19 and MY2019/20 (November 2019)

Crops	Area Harvested (000 HA)		Production (000 MT)	
	MY 2019/20	MY 2018/19	MY 2019/20	MY 2018/19
Wheat	1,180	1,212	6,242	5,893
Barley	111	104	549	449
Corn	550	444	3,844	3,523
Rice	11	11	61	61
Oats	10	11	29	25
Triticale	14	15	46	41
Rye	6	8	13	14
Sorghum	8	9	34	37
Total	1,890	1,814	10,818	10,105

Source: Eurostat data based on EU standard moisture content- updated as of November 2019

Table 2. MY2019/20 Trade in Major Grain Crops as of November 15, 2019

Types of Grains	Imports, MT	Exports, MT
Wheat	7,300 MT Note: EU Customs shows 68 MT from non-EU countries	2,703,910 MT (including 1.2 MMT to non-EU countries); EU Customs shows 1.04 MMT of soft wheat and 16,628 MT of durum wheat or total 1.05 MMT exported to non-EU countries

Barley	12,665 MT	163,540 MT (including 117,260 MT to non-EU countries); EU Customs shows 126,211 MT to non-EU countries
Corn	1,532 MT Note: EU Customs shows 460 MT from non-EU countries	557,292 MT (including 359,417 MT to third countries); EU Customs shows 264,176 MT to non-EU countries
Note: EU Customs data shows different non-EU import and export quantities, see details here .		
Sources: EU Customs Bulletin of November 18, and MinAg Weekly Bulletin of November 15.		

Table 3. November 15 Wheat, Barley, and Corn Exports/MT, MY2019/20 vs MY2018/19

	November 15, MY2019/20	November 15, MY2018/19	Difference, in Percentage
Total Wheat Exports	2,703,910	1,809,887	+49%
--To EU markets	1,495,260	1,756,722	-15%
--To non-EU markets	1,208,650	53,165	+2260%
Total Barley Exports	163,540	157,470	+4%
--To EU markets	46,280	70,050	-34%
--To third countries	117,260	87,420	+34%
Total Corn Exports	557,292	449,076	+24%
--To EU markets	197,875	356,301	-45%
--To non-EU markets	359,417	92,775	+387%
Source: MinAg Weekly Bulletins			

Table 4. Area Planted for MY2020/21 and MY2019/20 Grains as of November 15

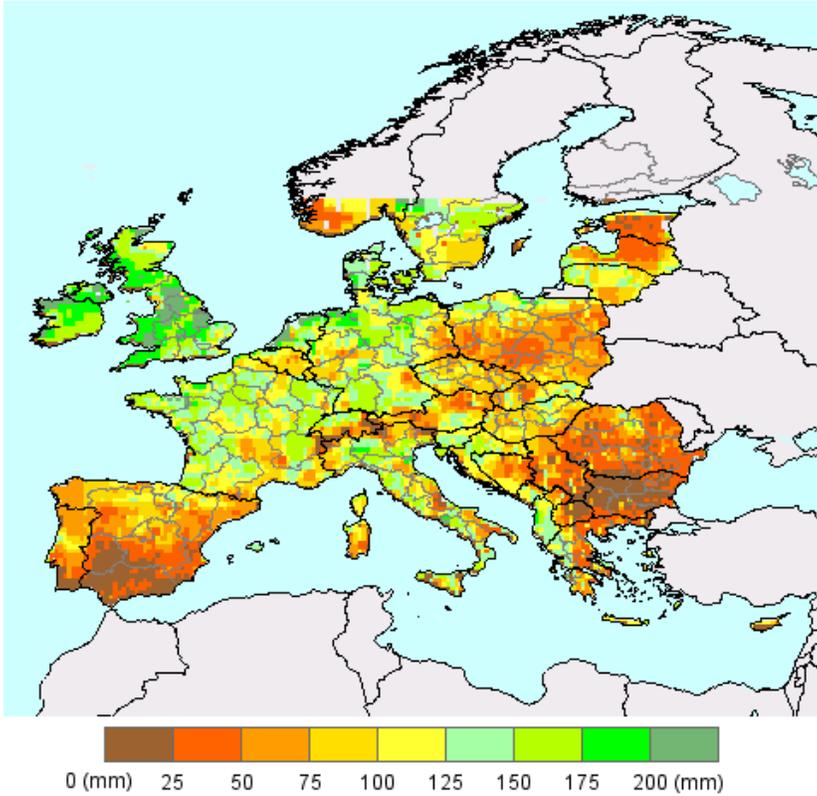
Area Planted Grain Crops, MY2018/19 and MY2019/20, HA			
	November 15, 2018	November 15, 2019	Difference, in Percentage
Wheat	1,051,940	1,059,274	+0.7%
Winter Barley	100,064	113,005	+12.9%
Triticale	10,086	10,002	-0.8%
Rye	4,556	5,083	+11.6%

Source: MinAg Bulletin #46, November 20

Table 5. Post MY2019/20 Estimates for Major Grains as of November 2019

FAS Sofia Grain Production Estimates MY2019/20		
Crops	Area Harvested, HA	Production, MT
Wheat	1,130	5,950
Barley	111	550
Corn	490	3,400

Map 1: USDA Crop Explorer, Subsurface Soil Moisture November 13-15, 2019
Subsurface Soil Moisture (SMAP)
Nov. 13 - Nov. 15, 2019



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

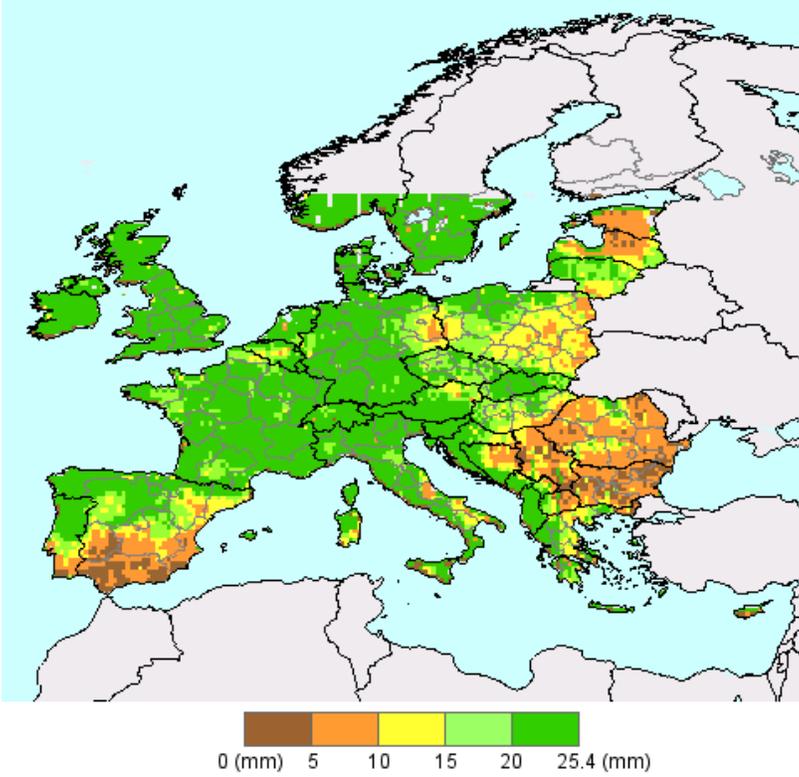
USDA Foreign Agricultural Service
Global Market Analysis
International Production Assessment Division

Source: 2-layer Palmer Soil Moisture Model
(corrected with SMAP imagery)
NASA/GSFC/HSB; USAF 557th WW

Map 2. USDA Crop Explorer, Surface Soil Moisture November 13-15, 2019

Surface Soil Moisture (SMAP)

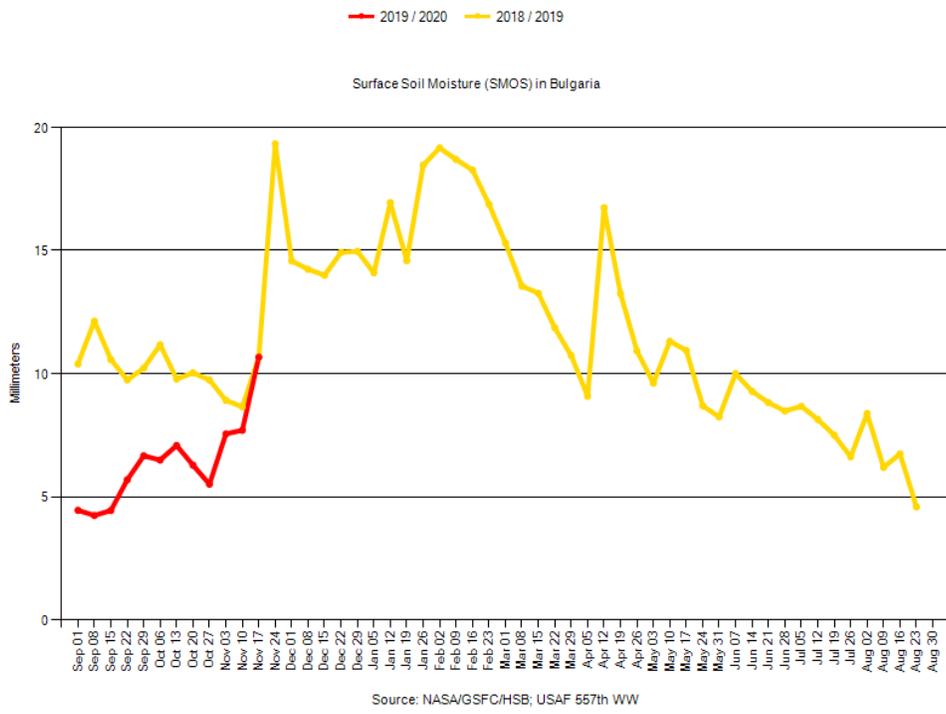
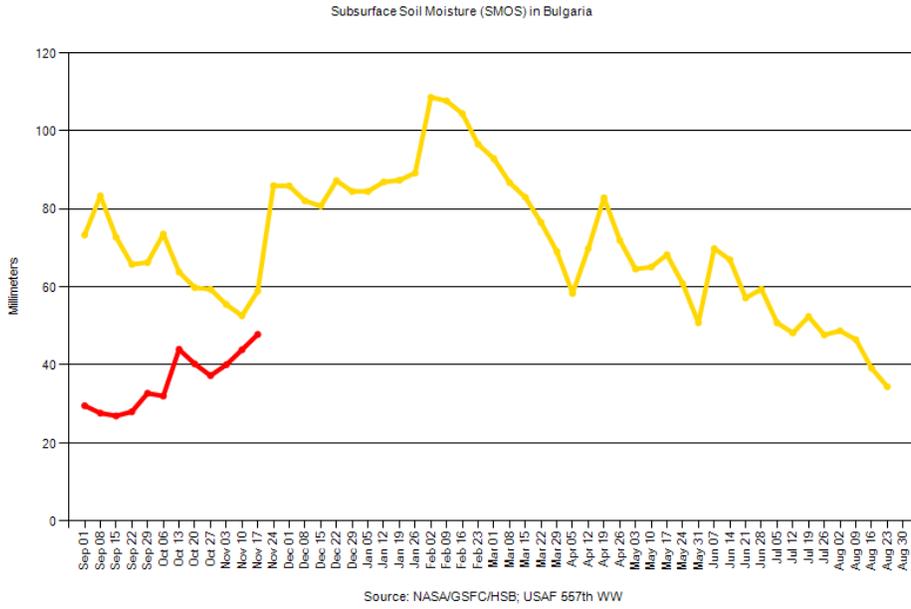
Nov. 13 - Nov. 15, 2019



USDA Foreign Agricultural Service
Global Market Analysis
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Source: 2-layer Palmer Soil Moisture Model
(corrected with SMAP imagery)
NASA/GSFC/HSB; USAF 557th WW

Graph 1. Surface and Subsurface Soil Moisture, Bulgaria, November 2018 and 2019



Graph 2. Average farm-gate prices for wheat, barley and corn in Bulgaria, by months, MY2019/20 (in red) and MY2018/19 (in green), in Bulgarian leva (1.95 Bleva=1.0€) Source: Bulgarian MinAg

Wheat:



Barley:



Corn:



Attachments:

No Attachments.