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Grains and Oilseeds Market Update

Report Categories:
Oilseeds and Products
Grain and Feed

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Report Highlights:
The record summer drought and above average temperatures continued into the fall. The potential for record yields from fall crops has diminished, especially for the rapeseeds crop as winter weather to date has remained mild with below normal snowfall and soil moisture levels especially in North West Bulgaria. Absent a substantial recharge of subsoil moisture, growing conditions for spring crops will be less than optimal. Planted areas of fall wheat and barley exceed that of last year while rapeseed area is estimated 25 percent lower due to farmers aversion to risk of consecutive crop loses. Exports of barley, wheat, corn, sunflower, and rapeseed exceed initial projections for this time of year.

General Information:

Weather

The record summer drought with temperatures continued into the fall. Weather during the September - December period was warmer than normal and accompanied by lower than normal rainfall and snowfall (see satellite graphs at the end of the report). By region, the situation in North West Bulgaria causes concern while North East and South East appear to have better soil moisture reserves. To date there has been no reported winterkill loss.

Wheat planting area increased seven percent, to 1,150,000 HA, as compared to the previous year due to favorable weather conditions and good market returns. Winter barley area reached 181,000 HA or slightly higher than last year. Following the harsh winter of 2011/12 wherein winterkill claimed over 60 percent of the rapeseed crop many producers shifted away from rapeseed to mitigate risk of another lost crop. The Ministry of Agriculture estimates rapeseed planted area at 178,000 HA, as compared to 240,000 HA in 2011. Area planted to minor grains, such as rye and triticale, was reported higher by the MinAg, to 7,800 HA and 7,700 HA, respectively, as compared to 4,900 HA and 4,300 HA planted, respectively, a year ago.

Trade

MY2012/13 wheat and barley exports were progressing quickly.

As of January, 18, 2013:
Wheat exports were ahead of last year by eight percent, the volume exported to date is 80 percent of the estimated annual potential with exportable supply at 500,000 MT through the end of the marketing year.

Barley exports were stable, at only 0.9 percent more than last season. With no more exportable surplus available any further export would lead to a deficit situation in the domestic market.

Corn exports have declined by 71 percent compared to a year ago due to a poor corn crop in 2012 resulting from the summer heat and drought. Exports to date are at 30 percent of the estimated annual potential with the exportable supply at 650,000 MT through the end of MY2012/2013.

Sunflower exports were 30 percent lower year over year with the volume exported to date at 40 percent of the estimated annual potential with the exportable supply at 550,000 MT through the end of MY 2012/2013.

Rapeseeds exports to date are 62 percent lower year over year due to smaller supply resulting from the poor 2012 crop. Exports to date are at 90 percent of the estimated annual potential of 200,000 MT unless domestic crush demand declines releasing more supply for export.

Wheat

In MY 2012/13 official data shows wheat production at 4.328 million metric tons (MMT). With the quality rated as very good on more than 50 percent of milling wheat exports have been stronger than in recent years.

The 2012/13 wheat crop planting finished on time and in advance of that recorded for the 2011 planting. Planted area is estimated at 1.15 million HA or slightly above the 2011 level.

<u>MY2012/13:</u>
World Trade Atlas (WTA) data for the period July – October 2013 show imports at 7,600 MT, mainly from the Czech Republic and Romania. Exports for the same period totaled 1.455 MMT with main destinations being Spain (554,000 MT), Italy (328,000 MT), Romania (264,000 MT, most likely to be re-exported through Constantsa port), and Portugal (93,000 MT).

The National Grain and Feed Agency (NGFA) estimates MY 2012/13 beginning wheat stocks at 350,000 MT. Consumption during the first half of MY2012/13, for the period July 1, 2012 – January 18, 2013, is estimated at 1.267 MMT of which 610,000 MT consumed for food purposes/milling, 377,000 MT for feed and 280,000 MT for planting seeds use. Available stocks were reported on December 30 at 1.76 MMT then on January 18, 2013, at 1.519 MMT.

It reports wheat imports at 12,500 MT, with exports at 1,903,698 MMT of which 1,693,137 MMT went to the EU market and 210,561 MT to third country markets. This represents a7.5 percent increase in exports year over year. Exports for the week of January 11-18 reached 38,185 MT of which 12,574 MT went to Greece and Romania.

The NGFA estimates consumption until the end of the year to slow with a total 813,000 MT for food and feed, or about 150,000 MT per month, leaving year-end stocks at 706,000 MT.

Based on their estimates the country has the potential to export up to 500,000 MT more thus reach total wheat exports of 2.4 MMT which would equal or exceed the previous season volume.

Barley

Ministry of Agriculture reported final official data shows barley production at 654,000 MT of which 18,000 MT being spring barley, and the rest winter barley. In 2012 barley planting was reported at 181,000 HA.

<u>MY 2012/13:</u>
WTA data for the period July – October 2013 show imports at only 500 MT and exports at 280,000 MT with main export destinations Saudi Arabia (176,000 MT), Romania (23,000 MT, most likely to be re-exported through Constantsa port), and Jordan (23,000 MT).

The NGFA estimates MY2012/13 beginning stocks as 45,000 MT and with consumption during the July 1, 2012 – January 18, 2013 period at 237,000 MT for food, feed, and planting seeds use. It estimates

40,000 MT for seeds and 197,000 MT for feed and food or about 30,000 MT per month. Available stocks were reported on December 30 at 182,000 MT then on January 18, 2013, at 162,000 MT.

Imports for the period July 1, 2012 - January 18, 2013 were reported at 1000 MT, and exports at 300,688 MMT of which 91,097 MT for the EU market and 209,591 MT for third countries. This represents a small growth of 0.9 percent in exports as compared to the previous year. Exports for the week of January 11-18 totaled 79 MT, all to Greece.

The NGFA estimates consumption through the end of the marketing year to be 157,000 MT or flat, and equal to the current stocks (30,000 MT per month) which would leave 5,000 MT remaining as ending stocks. Thus, it would be unlikely that barley exports would increase further, or a deficit market situation would develop.

Corn

The Ministry of Agriculture reported official corn production for 2012 at 1.648 MMT.

<u>MY2011/12:</u> WTA marketing year data show corn imports at 88,830 MT, imported mostly from Hungary (47,000 MT), Romania (16,000 MT) and Germany (10,000 MT). FAS had estimated MY2011/12 imports at 90,000 MT. WTA export data show 1.221 MMT, with main buyers Spain (263,000 MT), Portugal (180,000 MT), Romania (123,000 MT), Egypt (106,000 MT), Syria (108,000 MT), Greece (93,000 MT) and others.

<u>MY2012/2013</u>:
The Ministry of Agriculture estimates MY2012/13 (which starts on September 1) beginning stocks at 85,000 MT (National Grain and Feed Agency Bulletin December 2012).

Consumption for the period September 1, 2012 – January 18 2013, is reported at 344,000 MT or about 75,000 MT per month for food and feed. As of December 31, 2012, corn stocks are reported at 1.277 MMT and as of January 18, 2013, at 1.205 MMT.

The NFGA estimates corn usage through the end of the marketing at 556,000 MT or about 80,000 MT per month. Ending stocks are forecast at 649,000 MT.

These figures demonstrate a rationing of demand and reduced feed consumption at the expense of feed wheat due to the price difference. Another reason for reportedly lower feed use is the higher level of aflatoxins found in small corn lots and fed by local farmers at their dairies. Although the issue seemed to be exaggerated by media, it had a negative impact on trade and feed use. On the other hand, if consumption stays depressed, the country will have potential to export up to 600,000 MT in addition to the export volume recorded to date.

The NGFA reported MY 2012/13 corn imports as of January 18, 2013, at 20,000 MT and exports at 203,793 MT of which 188,400 MT stayed in the EU market and 15,393 MT went to non-EU third countries. Exports for the week of January 11-18, 2013 totaled 14,805 MT of which 377 MT went to Macedonia and the rest to Greece, Malta, Cyprus, and Romania.

Total exports through January 18 represent a decline in exports of 71 percent less than a year ago due to a poor corn crop in 2012 resulting from a summer of high heat and drought. Most traders estimate the export potential in the 600,000 MT – 700,000 MT range depending on imports (which may reach 100,000 MT this year).

Sunflower

The Ministry of Agriculture reported official sunflower production for 2012 at 1.362 MMT.

MY2011/12: WTA marketing year data show sunflower seed imports at 18,400 MT, mainly from Romania and Ukraine; and exports at 986,365 MT, of which main buyers were the Netherlands (235,000 MT), Portugal (167,000 MT), Turkey (151,000 MT), France (86,000 MT) and others.

MY2012/13:
The Ministry of Agriculture estimates MY2012/13 beginning stocks at 80,000 MT (NGFA Bulletin December 2012). Domestic consumption for the period September 1, 2012 – January 18, 2013 is reported at 206,000 MT or 45,000 MT per month. Stocks as of December 31, 2012, were reported at 948,000 MT and as of January 18, 2013, at 882,000 MT, or 72,000 MT above the same period in 2011.

The NGFA estimates consumption through the end of the marketing year at 334,000 MT or roughly 45,000 MT per month. Ending stocks are forecast at 548,000 MT.

Imports to date are reported at 3,000 MT. As of January 18, 2013, the NFGA reports exports of 2012 crop seed at 356,804 MT, of which 293,917 MT went to EU markets and 62,887 MT to non-EU third countries. This represents a 30 percent decline in exports versus the same time period a year ago. Exports for the week of January 11-18 were 33,862 MT, of which 590 MT went to Turkey, Switzerland, Norway and Serbia and the rest, 33, 272 MT went to Spain, the Netherlands, France, Portugal, Austria, Germany and UK.

Bulgaria holds the potential to export up to 550,000 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. The lower total would be attributed to lower supply and likely higher local crush as a result of recent investments.

Rapeseed

The Ministry of Agriculture reported official production for 2012 at 272,000 MT.

MY2012/2013:
WTA data for the period July-October 2012 show rapeseed imports at 4,000 MT from Macedonia and exports at 151,000 MT to Romania (50,000 MT, most likely trans-shipments), Belgium (24,000 MT), France (25,000 MT), Portugal (20,000 MT) and the Netherlands (17,000 MT).

The Ministry of Agriculture estimates MY2012/13 beginning stocks at 25,000 MT (NGFA Bulletin December 2012).

Imports through January 18, 2013 were reported at 3,000 MT. Exports were reported at 178,441 MT, of which 166,398 MT went for the EU market and 12,043 MT went for non-EU third countries. Exports for the week of January 11-18 totaled 3,268 MT, all to Romania. MY 2012/13 exports to date are 62 percent below last year's level due to lower supply resulting from a poor crop.

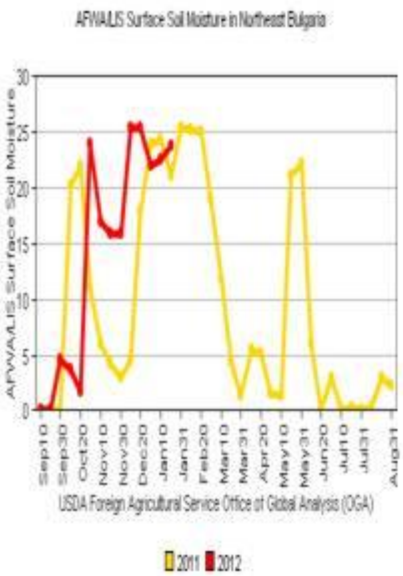
Stocks, as of December 31, 2012, were at 125,000 MT and as of January 18, 2013, at 122,000 MT.

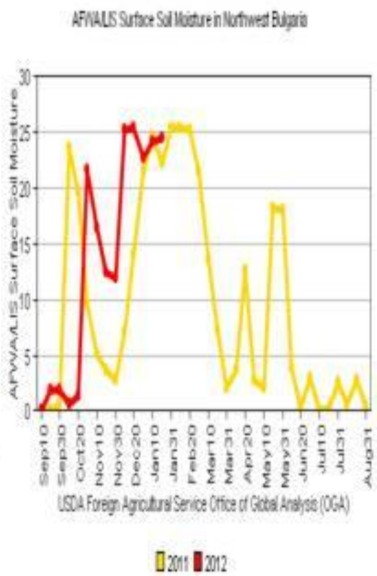
Total export potential is estimated at 200,000 MT as a result of much lower supply and expected higher crush than in the previous season.

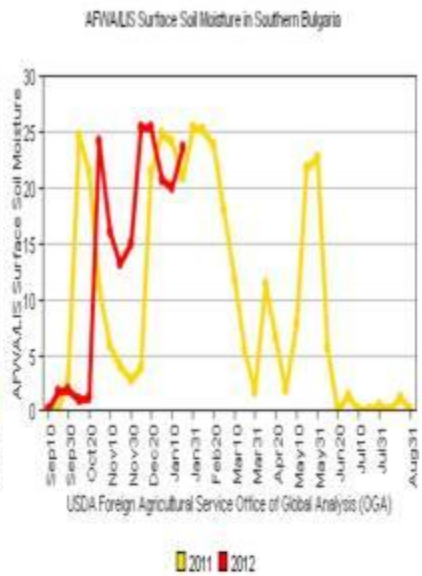
MY2012/2013 Production, Stocks and Exports as of January 18, 2013 for Major Grains and Oilseeds, MT				
Crop	Production (MT)	Beginning Stocks	Exports as of January 18, 2013	Stocks as of January 18, 2013
Wheat	4,328,349	350,000	1,903,698	1,519,000
Barley	654,207	45,000	300,688	162,000
Corn	1,647,755	85,000	203,793	1,205,000
Sunflower	1,362,026	80,000	356,804	882,000
Rapeseeds	272,454	25,000	178,441	122,000
Source: Bulgarian Ministry of Agriculture, National Grain and Feed Agency Bulletin January 2013				

MY 2012/2013 Exports of Grains and Sunflower as of January 18, 2013, In MT, per month							
	VII/ 2012	VIII/ 2012	IX/ 2012	X/ 2012	XI/ 2012	XII/ 2012	I/ 2013
Wheat							
EU	503,452	500,116	179,117	230,376	131,234		
Non EU	602	498	62	5,535	77,920	64,205	61,739
Barley							
EU	42,919	9,479	8,476	9,666	7,430		
Non EU	148,401	49,938	10,500				
Corn							
EU			19,319	20,899	28,082		
Non EU			4,447	916	1,219	1,356	7,456
Sunflower							
EU			120,133	59,785	81.365		
Non EU		993	15,985	23,420	1,487	18,834	2,146

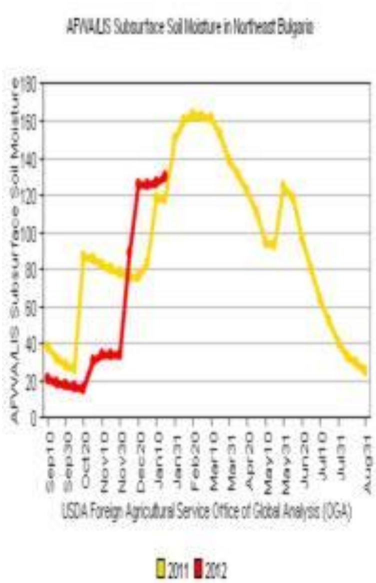
Surface Soil Moisture in Major Production Regions as of January 20, 2013

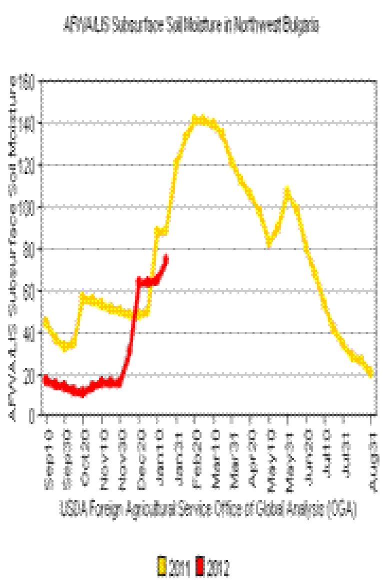


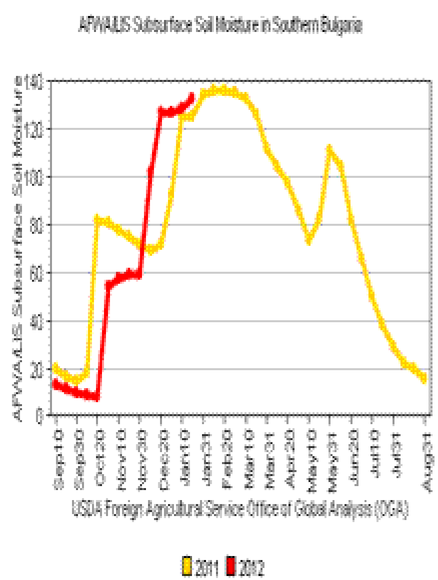




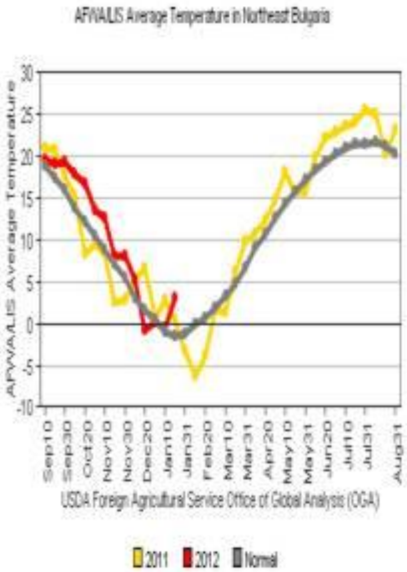
Subsurface Moisture in Major Production Regions as of January 20, 2013

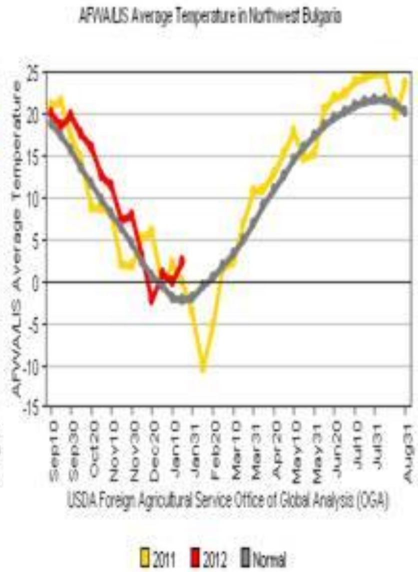


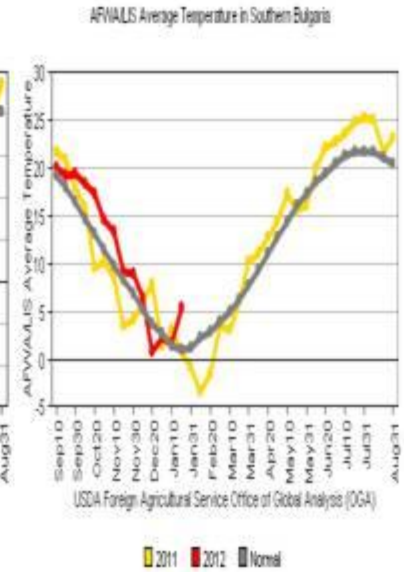




Average Temperatures in Major Production Regions as of January 20, 2013







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