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Oilseeds Market Update

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Oilseeds and Products

Approved By:

Russ Nicely

Prepared By:

Mila Boshnakova

Report Highlights:

Bulgarian farmers increased rapeseed planted area by 5% and soybean area was reported to decline by 42%. Although official reports indicate no change in the sunflower area, industry sources and FAs/Sofia estimates see a slight increase at the expense of lower corn acreage.

Sunflower planting has been done at a much faster rate than in the previous season and in the optimum timeframe and as of end-May planted area was reported at 10% higher than in 2015. The spring weather conditions to date have been very good with abundant rainfall and mild temperatures which provided an optimistic start for sunflower and soybeans, and increases the yield potential for rapeseed. FAS/Sofia projects higher than previously expected average yields for rapeseed, sunflower and soybeans. Total oilseeds production is forecast to reach about 2.4 MMT or 8% more than in the last season.

MY2015/16 oilseeds exports have accelerated in April and May. As of mid-June 2016, the country has exported 319,000 MT of rapeseeds and 492,000 MT of sunflower seeds. Exports of sunflower meal and

oil have declined due to lower crush.

General Information:

MY2016/17

The weather conditions in March, April and May were very favorable for crop development with abundant rainfall and average temperatures. Winter rapeseed crop is in very good condition, well-advanced with high biomass accumulation. Farmers began the harvest around June 20.

The spring planting started about a week later due to rains at the end of March but quickly accelerated in
April and slowed down in early May again due to frequent rainfall. Most spring planting works were done in the optimum timeframe. The temperatures were favorable, cooler at the end of March, above average in April and slightly below average in early May. Precipitation exceeded the average by 40 to 70
mm between 1 April and 15 May (MARS Bulletin Vol. 24 No.5). In the first half of May there were also hail storms in some locations which caused crop losses.

The soil conditions are adequate with good surface and sub-surface moisture reserves. The cumulated
precipitation reached 100 mm almost everywhere in Bulgaria, exceeding the average by 50 to 100% (MARS Bulletin Vol. 24 No.5). These conditions were excellent for emergence, sprouting and development of the spring crops and ensured a promising start for corn and other minor spring grains.
Very high temperatures in mid-late June began to affect the soil moisture reserves but may be still sufficient to provide good conditions for sunflower yield formation in July. Provided that the weather
cooperates in the remainder of the season, the country will likely have higher average yields for both winter and spring oilseed crops.

Data from the MinAg weekly updates and from industry reports showed the trend for higher planted area
under rapeseed by 5.0%, flat planted area under oil-bearing sunflower and 32% lower area under confectionary sunflower (Table 1). Soybean planting was reported sharply down by 41.8 % as of early
June. The weekly MinAg data is not statistically proven and is often found to be below actual planted/
harvested area and production. While this data confirms traders' reports about rapeseeds and soybeans
area, industry sources have indicated higher planted area under oil bearing sunflower at the expense of
declining corn area.

Based on the above developments, FAS/Sofia revises upward its yield and production estimates for the
three major oilseed crops for MY2016/17. FAS/Sofia currently projects higher rapeseed and

sunflower
area, yield and production; lower soybean area but with the expected growth in average yields and production, total oilseeds production is currently forecast to reach about 2.4 MMT or 8% more than in
the last season (Table 2).

Table 1. Planted Oilseed Crops, MY2016/17

Planted Grain Crops, MY2016/17, HA			
	June 11, 2015	**June 9, 2016**	**Difference, %**
Rapeseed	161,322	169,345	+5.0%
Sunflower	761,238	759,828	- 0.2%
Oil-bearing Sunflower Seeds	750,410	752,517	+0.3%
Confectionary Sunflower Seeds	10,828	7,311	-32.5%
Soybeans	24,921	14,510	-41.8%
Source: MinAg Bulletin 24/2016, June 15, 2015			

Table 2. Oilseed Crops Estimates for MY2014/15-MY2016/17 (as of June 2016)

	Harvested Area, (000 HA)			**Production (000 MT)**		
Marketing Years	**2014/15**	**2015/16**	**2016/17***	**2014/15**	**2015/16**	**2016/17***
Rapeseed	190	170	175	528	422	460
Oil-Bearing Sunflower seeds	844	810	820	2,011	1,708	1,850
Confectionary Sunflower Seeds	NA	11	10	NA	17	20
Soybeans	0.30	34	25	0,736	40	35
Total	1,034	1,025	1,030	2,540	2,187	2,365
Note: MY2014/15 is final official data, MY2015/16 is based on MinAg tentative official data published in Statistical Bulletin #305, MY2016/17 are FAS/Sofia estimates						

MY2016/17

Soybeans

Farmers planted less soybean area compared to MY2015/16 and the current FAS/Sofia estimate is for
25,000 HA, a 26% decline over MY2015/16 due to disappointing yields and market prices in MY2015/16. Private industry estimates for area vary from 25,000 HA to 35,000 HA. Yield estimates

are currently in the range of 1.3 MT/HA - 1.5 MT/HA compared to 1.18 MT/HA in the previous season
due to more favorable weather. FAS/Sofia yield estimate is at 1.4 MT/HA. Total production is currently
estimated by FAS/Sofia at 35,000 MT while some industry estimates are approaching 53,000 MT.

Rapeseeds

Rapeseed area has increased marginally by estimated 3% to 175,000 HA. The MinAg weekly bulletins
reported 5% growth in planted area. Yield estimates are currently in the range of 2.43 MT/HA to 2.91 MT/HA compared to 2.48 MT/HA last year. FAS/Sofia current estimate is at 2.62 MT/HA. Production estimates are in the range of 430,000 MT-500,000 MT. FAS/Sofia expectations are for 460,000 MT.

Sunflower Seeds

Projections about sunflower planting are for a growth in the planted area compared to MY2015/16 up to
840 HA, similar to the levels achieved two seasons ago. Farmers are likely to favor growth in sunflower
area at the expense of corn due to promising returns and stable prices as well as favorable domestic and
export demand. The timely planting along with favorable weather promises a very good start for the new
crop. FAS/Sofia currently estimates growth in oil-bearing sunflower planted area conservatively at 1.2%
to 820,000 HA. Yield estimates are currently in the range of 2.2 MT/HA to 2.4 MT/HA. FAS/Sofia estimate is at 2.26 MT/HA compared to the average yield last season of 2.1 MT/HA. Production expectations are in the range of 1.8 MMT to 1.9 MMT, and FAS/Sofia projects 1.85 MMT.

MY2015/16

Soybeans

Trade: Imports of soybean in MY2015/16 (October 2015 – March 2016) were reported at 16,600 MT
(source: WTA), almost all imported from Romania. Exports are at 3,600 MT, mainly to Turkey (Table 3).

Industry reports indicate continued exports of beans to Turkey and imports from Serbia and Romania.
Trade in soybean meal was reported at 63,000 MT and exports at 6,700 MT, again with the major

partner Romania. Imports of soybean meal for the first half of the year were 7% higher than in the corresponding period in MY2014/15 due to favorable local demand by the poultry and pork industries.

Table 3. Soybean, Soybean Meal and Soybean Oil Trade, MY2015/16 To Date (March 2016)

MY2015/16 Soybeans, Soybean Meal and Soybean Oil Trade October 2015-March 2016, WTA	
Soybean Imports (HS#1201)	16,630 MT Including: 14,588 MT – Romania 1,875 MT - Croatia
Soybean Exports (HS#1201)	3,673 MT Including: 2,729 MT- Turkey 943 MT - Greece
Soybean Meal Imports (HS#2304)	63,055 MT Including: 61,028 MT Romania
Soybean Meal Exports (HS#2304)	6,678 MT Including: 3,778 MT - Romania 969 MT - Serbia
Soybean Oil Imports, (HS#150710, 150790)	11,724 MT Including: 6,443 MT – Romania 4,409 MT - Serbia
Soybean Oil Exports (HS#150710, 150790)	1,671 MT Greece, Italy, Romania
Source: World Trade Atlas/WTA	

Rapeseed

Trade: WTA data (July 2015- March 2016) and local MinAg monthly bulletins data are shown in Table
4. WTA data is for exports of 294,000 MT while official MinAg and industry estimates are at 319,000 MT exported by June 20. Current estimates for MY2015/16 exports are at 320,000 MT to 360,000 MT. FAS/Sofia estimate is for 330,000 MT.

Stocks: Lower crush this year is likely to result in higher ending stocks in MY2015/16. The MinAg tentative data as of June 20 shows available stocks in the country at 72,000 MT.

Table 4. Rapeseed Trade, MY2015/16 to date (June 2016)

Rapeseed HS#1205	WTA (July 2015 - March 2016)	MY2015/16 MinAg as of June 20
Imports	7,772 MT	4,869 MT
Exports	294,312 MT Including: 110,882 MT - France 60,787 MT - Belgium 82,713 MT - Turkey	319,042 MT (220,654 to the EU countries and 98,388 MT to non-EU countries)
Source: WTA and MinAg Weekly Bulletins		

Table 5. Rapeseed Meal and Oil Trade MY2015/16 To Date (March 2016)

MY2015/16 Rapeseed Meal and Rapeseed Oil Trade (July 2015-March 2016), WTA	
Rapeseed Meal Imports (HS#230641, 230649)	4,744 MT (Romania, Ukraine)
Rapeseed Meal Exports (HS#230641, 230649)	15,169 MT Including: 4,490 MT - Italy 4,102 MT - Spain 3,280 MT - Greece
Rapeseed Oil Imports, HS#151411, 151491, 151499	5,778 MT Including: 4,504 MT - Ukraine
Rapeseed Oil Exports HS#151411, 151491, 151499	16,600 MT Including: 10,794 MT – Italy 3,044 MT – Austria
Source: WTA	

Sunflower

Trade: Exports to date have been sluggish due to aggressive local purchases (Table 6). Exports are currently forecast at about 900,000 MT compared to above 1.0 MT in MY2014/15. Overall, Bulgaria is increasingly shifting from exporting to more domestic processing, and from exports of oil-bearing sunflower seeds to more diversified exports of value-added processed products. WTA data for October 2015 - March 2016 is for exports of about 393,000 MT. The MinAg and industry estimates are at 492,000 MT exported by June 20 (Table 5). On the other hand, the crush is estimated to be depressed due to not very attractive margins. Exports of processed products (meal and oil) in the first half of the marketing year showed a decline of 36% for both products compared to a year ago.

Stocks: The MinAg tentative data as of June 20 shows available stocks at 1.08 MMT either to be exported (in addition to already exported 492,000 MT) and/or for ending stocks. If crush and/or exports do not accelerate in June - August, the country may have extra ending stocks.

Table 6. Sunflower Seeds Trade, MY2014/15 and MY2015/16 To Date (June 2016)

Sunflower HS#1206	**MY2015/16 WTA** **(October 2015- March 2016)**	**MY2015/16 as of June 20** **MinAg**
Imports	63,312 MT Of which: 5,950 MT of planting seeds (HS#12060010) 8,778 MT shelled or in grey and white shell (HS#12060091) 48,584 MT oil bearing (HS#12060099)	93,560 MT
Exports	393,090 MT Of which 151,246 MT shelled or in grey and white shell (HS#12060091) 241,740 MT oil bearing (HS#12060099)	492,444 MT exports Of which 196,018 MT shelled or in grey and white shell HS#12060091) 296,426 MT oil-bearing (HS#12060099) To the EU: 146,955 MT shelled or in grey and white shell 214,428 MT oil-bearing To third countries: 49,063 MT shelled or in grey and white shell 81,998 MT oil-bearing
Source: WTA and MinAg Weekly Bulletins		

Table 7. Sunflower Meal and Oil Trade, MY2015/16 To Date (March 2016)

Sunflower Meal and Oil Trade MY2015/16 **October 2015- March 2016**	
Sunflower Meal Imports (HS#230630)	2,922 MT
Sunflower Meal Exports	102,661 MT

(HS#230630)	(Greece, Italy, Spain and Turkey)
Sunflower Flour Exports (HS#120890)	18,011 MT – Turkey
Sunflower Oil Imports, (HS#1512)	7,502 MT (EU, mainly Romania and Hungary)
Sunflower Oil Exports (HS#1512)	126,752 MT (EU - Greece, Spain, Romania), Macedonia, Morocco, South Africa
Source: WTA	

End of Report