

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Bulgaria

Post: Sofia

Grain Market Update

Report Categories:

Grain and Feed

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Report Highlights:

The winter wheat and barley harvests began earlier than usual in 2018. As of June 21, about 47 percent of barley and four percent of wheat areas were harvested. Following a mild winter, most production regions experienced unfavorable spring weather, including dry weather during early spring, as well as hail storms. Frequent rains and cooler temperatures in June delayed the harvest and are leading to quality and yields problems, as well as higher risk of diseases and pests. Wheat and barley yields are forecast to decline from last season's record levels by about 10 percent. Following a year of record wheat exports, MY2017/18 ending stocks are expected to decline. Reduced production is also likely to limit export potential in MY2018/19. Corn planting was delayed due to rainy weather in April. Planted area is estimated to increase slightly. Rainy June weather is supporting the corn crop and assuming the weather cooperates for the rest of the season, production may be comparable or slightly above last year.

General Information:

Weather Overview

In April and May, temperatures in Bulgaria were consistently warmer than average. Warm conditions led to accelerated crop development and earlier harvest of winter crops. It caused early spring dryness in regions where rainfall was below normal, mainly in northeast. In other regions, including the northwest, rainfall was sufficient and supported crop development. Frequent rain in early April delayed corn planting. Wet weather in June, especially in the northwestern and central regions, delayed wheat and barley harvest, although these rains benefited corn development.

MY2018/19

Wheat: According to the Bulgarian Ministry of Agriculture (MinAg), wheat area planted increased by four percent. Farmers were incentivized to plant more wheat acres due to good prices and export opportunities (Table 1). Winter losses were negligible due to a mild winter (below one percent). Challenging weather in April, May, and June will likely decrease average yields below last season. Yields estimates vary, from 4.4 metric tons (MT) per hectare (HA) (Bulgarian Agricultural Economy Institute); to 4.75 MT/HA (MARS bulletins/JRC-EU, June edition); to 5.3 MT/HA (Bulgarian Agroportal 2018 Crop Survey); and to 5.4-5.5 MT/HA (MinAg). Average yields were 5.5 MT/HA last season (Table 2).

MinAg early harvest data shows yields at 4.97 MT/HA. Upon the official launch of the harvest campaign, the Agriculture Minister reported that 88 percent of the wheat crop is in very good to excellent condition and that the total production will be similar to MY2017/18 at over six million tons. Private estimates vary from 5.0 million metric tons (MMT) to 5.75 MMT. The Bulgarian agency Agroportal conducted a crop survey which estimated production at 5.93 MMT, although it later adjusted that number down to 5.6 MMT. A local grain association expects 20 percent reduction in yields and production.

Post currently estimates average yields to be 5.0 MT/HA and total production at 5.7 MMT, a decline from 6.3 MMT in MY2017/18 (Table 2). Depending on the harvest progress and June/July weather, further revisions in this estimate are likely.

Barley: Barley area continued to shrink and the latest MinAg data shows a decline of five percent compared to MY2017/18 to 120,000 HA (including 5,000 HA of spring barley) (Table 1). Lower farm prices and moderate export opportunities despite stronger domestic feed market are the major reasons behind this trend.

Similar to wheat, barely yields are below last year's record levels (Table 2). MinAg early harvest data shows yields at 4.6 MT/HA. Private estimates vary from 4.0 MT/HA (Bulgarian Agricultural Economy Institute); to 4.38 MT/HA (MARS bulletins/JRC-EU, June edition); to 4.54 MT/HA (Bulgarian Agroportal 2018 Crop Survey); and to 4.63 MT/HA (MinAg). Production estimates range from 493,000 MT to 600,000 MT. Post forecasts average yields at 4.4 MT/HA and production at 530,000 MT. Further revisions are likely, pending harvest progress.

Corn: The latest MinAg data shows area planted for corn was on par with last year's levels, however,

local industry estimates an increase of about five percent to 420,000 HA (Table 1). The late planting will likely reduce yield potential, especially in the northeast region of Bulgaria where the moisture deficit was more pronounced. Rainy June weather, however, was very favorable for the corn crop, especially for the regions with timely planting.

The Bulgarian corn crop is developing inconsistently. Estimates vary from 4.9 MT/HA (Bulgarian Agricultural Economy Institute) to 5.9 MT/HA (MARS bulletins/JRC-EU, June edition) and 6.3 MT/HA (trade sources). Yields averaged 6.56 MT/HA in MY2017/18. Production estimates range from 2.1 MMT to 2.7 MT. Assuming favorable weather, Post forecasts average yields of 6.2 MT/HA and production at 2.6 MMT.

FAS Sofia Grain Production Estimates June 2018

FAS Sofia Grain Production Estimates June 2018		
Crops	Harvested Area, HA	Production, MT
Wheat	1,142,988	5,700,000
Barley	120,051	530,000
Corn	420,000	2,600,000
Note: Area estimates are based on MinAg weekly bulletins and industry data		

MY2017/18

Final official crop data was published in May 2018 and is shown in Table 2. Production is slightly above previous FAS Sofia estimates. The latest trade data (June) as reported by the MinAg and by the World Trade Atlas is shown in Table 3.

Wheat: In MY2017/18 the country enjoyed an excellent crop and very good quality. This, along with competitive prices allowed Bulgaria to export record high volume of wheat. Two weeks before the end of the marketing year, exports reached over 4.5 MMT or seven percent above the previous season. Domestic consumption was stable and ending stocks are likely to decline to their normal level or below (estimated at 200-250,000 MT). Stocks as of May 31 were reported by the MinAg at 360,000 MT. This is seven percent lower than a year ago and 55 percent less than two years ago. Reduced stocks along with expected decline in production are anticipated to limit export potential in MY2018/19 to about 4.0 MMT.

Barley: Bulgaria exported half of its barley crop while domestic demand for feed continued to be favorable. Ending stocks are expected record low. Stocks as of May 31 were reported by the MinAg at 13,000 MT, a 72-percent decrease from last year and comparable to the levels two years ago. Similar to wheat, reduced stocks and production are anticipated to limit export potential in MY2018/19 to about 250,000 MT.

Corn: Export sales have exceeded earlier estimates and reached 1.4 MMT by June with expectations for 1.5 MT for the marketing year. Domestic consumption for food, industrial processing and for feed has also grown which is forecast to result in lower but still comfortable ending stocks. Stocks as of May 31 were reported by the MinAg at 900,000 MT.

Agricultural Policy

In 2018 Bulgaria was not granted a derogation for use of some neonicotinoids. Two plant protection products were rejected approval by the Bulgarian Food Safety Agency. The products were destined to be used for sunflower and corn.

Farmers received domestic subsidies on time, however, at lower rates per hectare compared to last year. For example, €15 million were paid as protein crops subsidies to 17,000 farmers under Single Area Payment Scheme (SAPS) at a rate of 157 leva /€81/HA. The rate is 26 percent lower than that paid in 2017 (216 leva/€110/HA). Green direct payments were made at a rate of 124 leva/HA/€64/HA, slightly below the rate in 2017. Total 441 million leva/€226 million were paid to 57,000 farmers who apply green farming practices. The rate of standard SAPS was set at 196 leva/€100/HA. The rate of redistribution payment (for the first 30 HA) was set at 140 leva/€72/HA. This rate is also lower than in 2017 when it was at €75/HA.

Grain farms continue to consolidate and get larger. The number of applicants for direct subsidies (mainly grain farms) this year was lower by 1,300 while arable area subject of support increased by one percent. Total 68,500 farmers applied for 3.89 million HA arable land compared to 3.85 million HA in 2017.

Appendix:

Table 1. Planted Winter and Spring Grain Crops MY2018/19

Planted Grain Crops, MY2018/19 and MY2017/18, HA			
	June 1, 2018	June 1, 2017	Difference, %
Wheat	1,142,987	1,100,536	+3.9%
Barley	115,601	129,768	-10.9%
Spring barley	2,749	4,450	-38.2%
Corn	412,034	419,825	-1.9%
Rice	9,450	9,485	-0.4%
Oats	8,029	10,477	-23.4%
Triticale	17,654	15,362	+14.9%
Rye	6,868	6,264	+9.6%
Sorghum	1,962	2,236	-12.3%

Source: Ministry of Agriculture Weekly Bulletin#22, June 6, 2018

Table 2. Final Grain Crops Data MY2017/18 and MY2016/17

Crop Years MY2016/17	Harvested Area (000 HA)		Production (000 MT)	
	MY2017/18	MY2016/17	MY2017/18	MY2016/17
Wheat	1,136	1,179	6,134 (6,273)*	5,662 (5,745)*
Barley	126	160	586 (630)*	690 (729)*
Corn	398	407	2,563 (2,610)*	2,226 (2,278)*
Rice	10	12	59	63
Oats	13	15	32 (33)*	31 (32)*
Triticale	19	16	59 (61)*	49 (51)*
Rye	16	7	17 (32)*	16

Sorghum	4	3	12	8
Note*: Figures in brackets are Eurostat data. They are calculated based on standard humidity content (14 percent for wheat, barley and corn) while national authorities report on lower humidity of 11.9 percent for wheat, 10.9 percent for barley and 12.4 percent for corn (2017 crop). MinAg data for 2016 crop is reported on 11.9 percent humidity for wheat, 11.6 percent for barley and 12.7 percent for corn.				

Source: Bulgarian Ministry of Agriculture Statistical Bulletin June 2018 and June 2017 and Eurostat

Table 3. MY2017/18 Trade in Major Grain Crops as of June 15, 2018

Types of Grains	Imports, MT	Exports, MT
Wheat (per MinAg weekly data)	67,526 (EU)	4,509,256 (including 752,242 MT to third countries); Note: EU Customs Surveillance report shows 688,000 MT exported to third countries as of June 19, 2018
Wheat (per World Trade Atlas data, in WCT/wheat converted) (July'2017-March'2018)	67,944 (EU)	4,173,032 (including 540,000 MT to non-EU markets such as Egypt, Morocco, Tunisia, Libya and Sudan)
Barley (per MinAg weekly data)	5,314 (EU)	311,828 (including 52,396 MT exported to third countries); Note: EU Customs Surveillance report shows 70,251 MT exported to third countries as of June 19, 2018
Barley (per World Trade Atlas) (July'2017-March'2018)	5,312 (EU)	321,652 (including 50,909 to third countries such as Turkey, Lebanon, Libya and Macedonia)
Corn (per MinAg weekly data)	35,070 (EU)	1,359,163 (including 275,893 MT to third countries); Note: EU Customs Surveillance report shows 233,475 MT exported to third countries as of June 19, 2018
Corn (per World Trade Atlas) (October'2017-March'2018)	16,073 (EU)	825,902 (including 53,888 MT to third countries such as Syria, Turkey and Macedonia)
Note: EU Customs data shows slightly different imported and exported quantities for third countries, please, see details here .		

Source: World Trade Atlas, EU Customs data (TAXUD) and Bulgarian Ministry of Agriculture weekly bulletins.