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Report Name: Grain and Feed Annual

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Post: Sofia

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Report Highlights:

FAS Sofia expects Bulgarian grain and feed production to rebound in marketing year (MY) 2021/22. As of mid-March, winter grain development is off to a promising start. Wheat and barley production is projected to reach up to 5.9 million metric tons (MMT) and 580,000 metric tons (MT), respectively, assuming favorable weather through harvest. Encouraged by higher corn prices, Bulgaria's corn area is forecast to remain stable or increase marginally. Corn yields are forecast to recover after hot and dry conditions in MY 2020/21, leading to production to increase to 3.6 MMT. MY 2020/21 exports have lagged behind previous season due to the weather-related drops in production, higher on-farm storage, and unstable export demand. Currently, wheat and corn exports are estimated at around 3.0 MMT and 1.5 MMT, respectively, a cumulative year-on-year decline of over 40 percent. Feed use is likely to grow later in the season along with the recovery of Bulgaria's swine inventory.

Weather Overview
Following dry and warm weather during fall planting, winter conditions were generally mild, with sufficient precipitation, and no notable winterkill. Most winter rain fell in January, while February was drier than average. Two cold snaps in mid-January and mid-February may have created minor setbacks. Soil moisture reserves remained above critical levels (see Maps 1 and 2 , Crop Explorer and Bulgaria data). Early March was warmer and drier than usual, followed by snow and rain in mid-March, preventing early spring planting in southern Bulgaria. Overall, winter crops are developing favorably.

MY 2021/22 Forecast
Farmers tried to increase the area planted for winter wheat and barley due to attractive prices. Despite their efforts, dry conditions during fall planting created some delays. As of the end of October, 55 percent of wheat and 52 percent of barley were planted. Although mild winter conditions supported favorable crop development, to date, the delay in fall planting could still negatively affect yields.

Wheat: The wheat area decreased by five percent to 1.12 million hectares (HA) due to the dry fall conditions. Average yields are forcast to increase from 4.7 MT/HA to 5.4 MT/HA, assuming favorable weather. Post expects yields will reach 5.3 MT/HA with total production at 5.9 MMT (Table 2).

Barley: The winter barley area also declined by five percent to 115,000 HA due to the fall drought. Current average yields (for both winter and spring barley) are forecast to increase over the previous MY and to vary from 4.4 MT/HA to 4.6 MT/HA, with production estimates from 530,000 MT to 590,000 MT. Post expects Bulgarian barley production will reach 580,000 MT (Table 2).

Corn: The corn area will likely be static or marginally higher (between 540,000 MT and 570,000 HA) due to strong prices and more favorable domestic and export demand. As of March 2021, farmgate corn prices were 40 percent higher than one year ago. The winter climate conditions led to accumulated soil moisture reserves at higher levels than in the previous MY (both surface and subsurface levels) which also encourages higher plantings. Current production prospects are favorable with estimates varying from 3.55 MMT to 3.7 MMT. Post forecasts production at 3.6 MMT (Table 2).

MY 2020/21 Final Production Data
Although the total grain area harvested was one percent higher over MY 2019/20, dry and hot weather negatively affected average yields. As a result, total grain production dropped by 25 percent (Table 1). Corn and wheat crops were 30 and 25 percent lower, respectively, than in MY 2019/20.

Wheat quality was better than in the previous year. Official data shows that 56 percent of wheat was of milling quality, with the following characteristics:

- moisture content: 11.4 percent ± 0.5 percent;
- hectoliter mass: 75.8 kg/100 dm^3 ± 3.20 kg/100 dm^3;
- wet gluten: 26.3 percent ± 4.6 percent;
- protein content: 13.1 percent dry matter ± 1.8 percent dry matter.

MY 2020/21
Trade Estimates
Bulgarian grain trading has been slower than the previous season due to lower productivity, regional Black Sea market volatility, and increasing prices, which has encouraged many farmers to hold on to

grain stocks longer (Table 2). As per Ministry of Agriculture (MinAg) weekly bulletins, March prices for milling wheat and corn increased by 23 percent and 40 percent, respectively, over March 2020.

Wheat: According to Eurostat (per Trade Data Monitor (TDM)), exports of wheat and products during the first half of MY 2020/21 were 1.83 MMT (in wheat equivalent), mostly to Spain, Romania, Greece, Italy, Libya, and the Philippines. This marks a 50-percent decrease in wheat exports from the corresponding period in MY 2019/20 (3.61 MMT). As of March 2021, wheat exports reached over 2.0 MMT (Table 3). Annual exports for the MY are projected to be around 3.0 MMT.

Barley: According to Eurostat/TDM data, barley exports in the first half of MY 2020/21 were 222,000 MT mainly to Tunisia, Morocco, Libya, Greece, and Romania, a five-percent increase over the corresponding period in MY 2019/20 (211,000 MT). As of March 2021, barley exports reached 265,000 MT (Table 3). MY exports are projected at around 290,000 MT.

Corn: The Eurostat/TDM data for corn exports October-December 2020 shows 506,000 MT, a 34-percent decrease from the corresponding period in MY 2019/20 (766,000 MT). As of March 2021, corn exports reached 577,000 MT (Table 3). Post maintains its forecast for annual corn exports in MY 2020/21 at 1.5 MMT.

Processed Grain Products: The main processed grain product export is distillers dried grains with soluble (DGSS) (HS#23033). In the first half of MY 2020/21, DDGS exports were at 29,000 MT, with Turkey accounting for 80 percent of total exports. DDGS exports were 27 percent lower than in the corresponding period a year ago due to lower consumption for bioethanol and weaker export demand.

MY 2020/21 Domestic Consumption

Domestic demand was influenced by the pandemic. Wheat food use is reported to increase (estimated at 900,000 MT) due to higher staple product consumption, namely flour, bread, pasta, and bakery products sold in retail and prepared at home. Barley consumption for brewing declined (estimated at 55,000 MT) due to closed food service industry outlets and weaker tourism. Corn use for starches increased (estimated at 500,000 MT) due to new production capacities, a trend which is forecast to be more pronounced in MY 2021/22. Wheat and corn use for bioethanol declined due to lower demand for biofuels, as a result of general reduction in fuel consumption in transport. Conversely, feed grain use marginally increased due to slow but steady recovery of the swine inventory and the demand by the poultry industry following two challenging years of African swine fever and avian influenza outbreaks.

MY 2021/22 Domestic Consumption Forecast

Changes in domestic demand are largely dependent on the potential improvements to the economy, especially tourism and the food service. In the optimistic scenario, a positive economic outlook will drive higher consumption of all grains to pre-pandemic levels with corn growing to new highs due to newly functioning processing capacities. Provided that the animal health situation remains favorable, this will stimulate increased feed grains use, mainly of feed wheat and corn.

Stocks

The latest official data for the first eight months of MY 2020/21 (end of February), shows wheat stocks 1.6 percent higher at 1.92 MMT, compared to 1.89 MMT l last year. Despite the shorter crop, many farmers are hanging on to stocks in anticipation of higher prices, thus making exportable quantities less

liquid and less competitive. If this trend continues, the MY may end up with higher ending stocks over MY 2019/20. These stocks will contribute to a bigger supply in MY 2021/22, along with expected growth in wheat production, and may create a larger export potential in the next MY.

Barley stocks at the end of February are reported at 111,000 MT, three percent lower than a year ago. Corn stocks as of the end of February are registered at 1.9 MMT, 30 percent lower from MY 2019/20, and in line with lower crop and sluggish exports. Corn exports are projected to pick up steam later in the season and are likely to lower ending stocks in MY 2020/21.

Appendix:

Table 1: Grain Crops Final Production Data MY2020/21 and MY2019/20, March 2021

Crops	**Area Harvested (000 HA)**		**Production (000 MT)**	
	MY 2020/21	**MY 2019/20**	**MY 2020/21**	**MY 2019/20**
Wheat	1,184	1,199	4,777	6,320
Barley	138	112	576	563
Corn	572	561	2,848	4,060
Rice	12	12	63	71
Oats	13	12	25	32
Triticale	14	15	43	44
Rye	7	6	14	12
Sorghum	4	7	12	23
Total	1,944	1,924	8,358	11,125
Source: Eurostat data based on EU standard moisture content- updated as of March 2021				

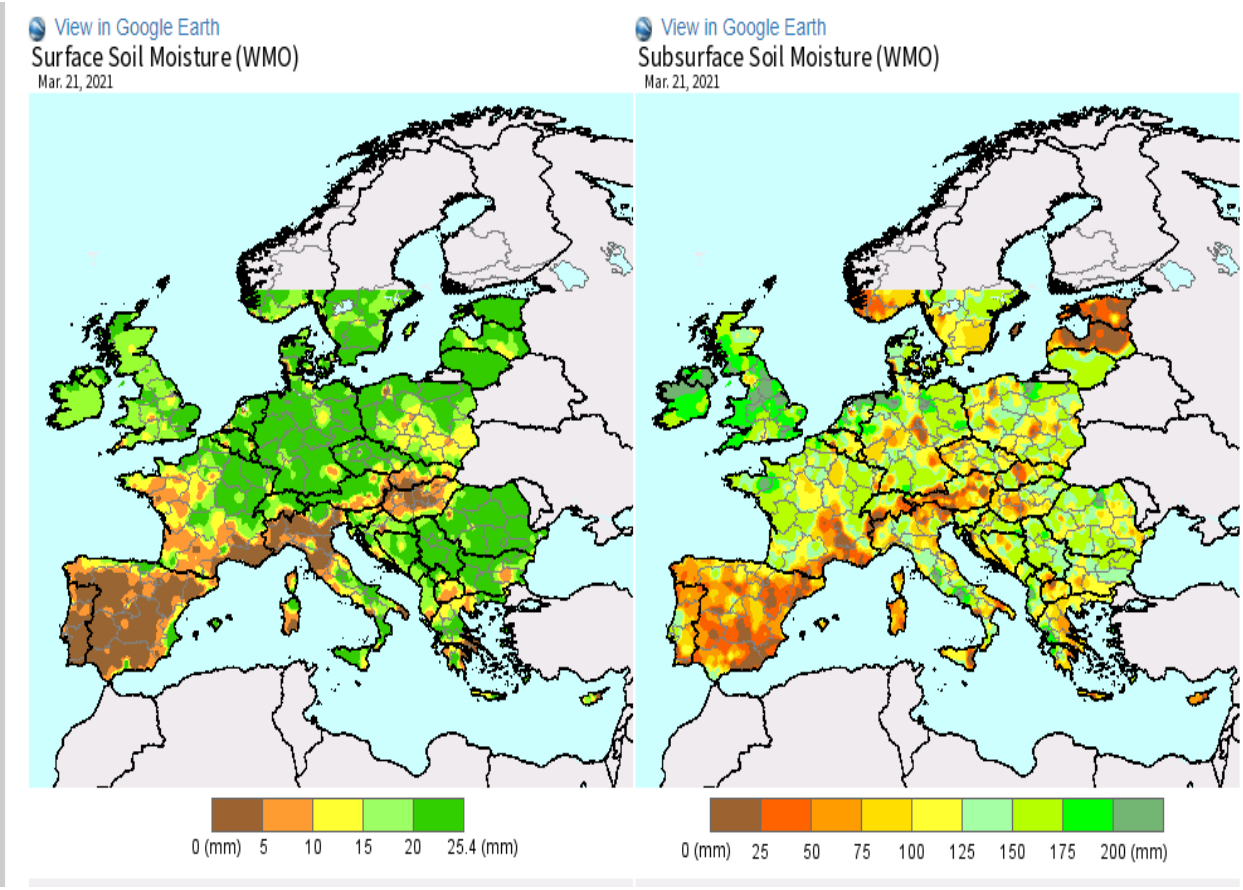
Table 2. FAS Sofia Grain Production Estimates MY 2021/22, March 2021

Crops	**Area Harvested, HA**	**Production, MT**
Wheat	1.17 million	5.9 million
Barley (winter and spring)	130,000	580,000
Corn	570,000	3.6 million

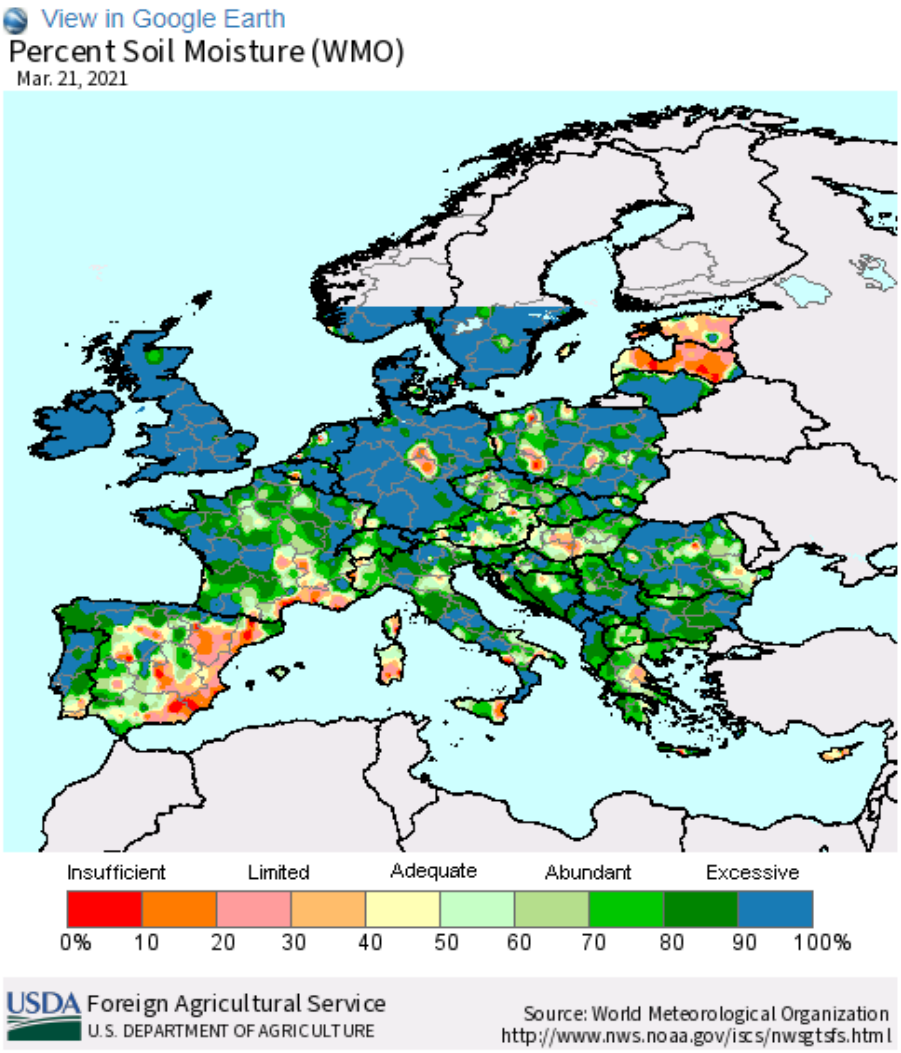
Table 3: MY 2020/21 Trade in Major Grain Crops, as of March 12, 2020

Types of Grains	**Imports, MT**	**Exports, MT**
Wheat	10,186 MT	2,068,108 MT (including 961,040 MT to non-EU markets);
Barley	89 MT	265,525 MT (including 237,850 MT to non-EU markets);
Corn*	18,918 MT	577,043 MT (including 254,110 MT to non-EU countries)
Source: MinAg Weekly Grain Market Bulletins 2021. *****Note: The Bulgarian MinAg uses September 1-August 31 as a MY for corn. Trade data refers to 2020 corn crop traded since September 1, 2020		

Map 1: USDA Crop Explorer, Surface and Subsurface Soil Moisture, March 21, 2021



Map 2: Europe, Percent of Soil Moisture, March 21, 2021



Attachments:

No Attachments.