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Report Name: Oilseeds and Products Market Update

Country: Bulgaria

Post: Sofia

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Prepared By: Mila Boshnakova-Petrova

Approved By: Kirsten Luxbacher

Report Highlights:

Bulgarian rapeseed production is forecast to rebound in MY 2021/22. As of mid-July, the rapeseed harvest was 46 percent complete with reported yields exceeding earlier estimates and production projected to reach up to 360,000 MT. MY 2020/21 exports of rapeseed and sunflower seeds are currently lagging behind the previous season due to the shorter crop and growing domestic crush demand. Both rapeseed and sunflower exports are estimated lower to about 200,000 MT and 800,000 MT, respectively.

Executive Summary:

FAS Sofia expects Bulgarian rapeseed production to rebound in marketing year (MY) 2021/22. As of mid-July, the rapeseed harvest was 46 percent complete with reported yields exceeding earlier estimates and production projected to reach up to 360,000 metric tons (MT). Rain and cooler temperatures in the spring were favorable for early sunflower crop development. However, these conditions prevented an increase in area planted. Scorching summer temperatures to date are likely to reduce the yield potential, although yields are still projected to recover from MY 2020/21. Post maintains its previous production projection at 2.0 MMT.

MY 2020/21 exports of rapeseed and sunflower seeds are currently lagging behind the previous season due to the shorter crop and growing domestic crush demand. Both rapeseed and sunflower exports are estimated lower to about 200,000 MT and 800,000 MT, respectively.

Weather Overview

The development of oilseed crops is progressing well in the north of Bulgaria, but a soil moisture deficit is affecting crops in central-southern parts of the country. Overall typical seasonal temperatures experienced in early June were interrupted by a heatwave in the last ten days of June, followed by several heatwaves in July. Maximum temperatures during these periods were up to 38-39°C (100-102 F). A rainfall deficit was recorded in western and southern Bulgaria. Soil moisture levels are at adequate levels in the north, while a deficit is negatively affecting the crops in parts of southern Bulgaria, due to the lack of substantial rainfall in July. Soil moisture reserves which were at high levels as of mid-June (see Maps 1 and 2, and Graph 3, Crop Explorer and Bulgaria data) began to quickly decline to levels comparable to a year ago by the end of July. While the weather was good for the rapeseed harvest, hot and dry conditions in July, which is the period of critical yield formation for sunflowers, may have a negative impact on the crop.

MY 2021/22 Forecast

Rapeseed: Despite late planting in the fall of 2020, attractive prices encouraged farmers to increase area planted above earlier expectations to 133,000 hectares (HA), 12 percent above MY 2020/21 (see GAIN report). Mild winter weather conditions, along with a cool and rainy spring supported favorable crop development, but delayed harvest by about two weeks. According to the Ministry of Agriculture's weekly harvest reports, 46 percent of the rapeseed harvest was complete as of July 15. Average yields to date were recorded at 2.74 MT/HA, 22 percent more than a year ago. Private yield estimates are as high as 3.0 MT/HA, with the European Commission's current projection at 2.95 MT/HA. Post expects average yields at 2.8 MT/HA, higher than previously projected, and for production to reach 360,000 MT (Table 1).

Early season farm-gate prices are significantly higher than in MY 2020/21. According to the Ministry of Agriculture, the average farm-gate price for July is at 937.50 Bleva/MT ($551/MT) compared to 697.00 Bleva/MT ($410/MT) in July 2020. This is expected to drive up rapeseed exports.

Sunflower: Due to a rainy spring, access and work in the fields were challenging and farmers could not plant the targeted sunflower area. As a result, FAS Sofia lowers its projection to838,000 HA. Spring rains were very favorable for sunflower development. However, summer heat waves with scorching temperatures are already affecting yield potential. The European Commission's current projection for the average yield is 2.46 MT/HA. Production estimates vary from 1.9 MMT to 2.1 MMT. Post forecasts production at 2.0 MMT (Table 1), with average yields of 2.4 MT/HA.

As of July 2021, farm-gate sunflower prices continued to exceed last year's levels. The Ministry of Agriculture reported prices in July at 1,023 Bleva/MT ($602/MT), 56 percent higher than a year ago. MY 2021/22 exports are forecast to rebound due to improved crop prospects.

MY 2020/21 Trade Estimates

Bulgarian oilseed trading is slower than the previous season due to lower productivity, regional Black Sea market volatility, and increasing prices. These conditions are prompting many farmers to hold on to oilseeds stocks longer (Table 3). Both rapeseed and sunflower exports are estimated lower, with a year-on-year decline of over 45 percent for rapeseed and about five to ten percent decline for sunflower seeds from the previous MY.

Rapeseed: According to Eurostat (per Trade Data Monitor (TDM)), exports of rapeseed during the first nine months of MY 2020/21 were 193,000 MT. Top destinations include the European Union member states of the Netherlands (88,300 MT), Belgium (83,300 MT), and Romania (16,300 MT). This marked a 47 percent decrease in rapeseed exports from the corresponding period in MY 2019/20 (366,000 MT). As of the end of June 2021, rapeseed exports stagnated at the same level as in March (Table 3). Post adjusts its forecast for annual rapeseed exports in MY 2020/21 to around 200,000 MT.

Due to the shorter crop, Bulgaria imported more rapeseed than usual to meet its crush demand. In the first nine months of MY 2020/21, imports were at 53,000 MT, sourced mainly from Serbia (19,200 MT) and Ukraine (26,400 MT).

Sunflower: The Eurostat/TDM data for sunflower exports October 2020 – March 2021 shows 408,000 MT, a nine percent increase from the corresponding period in MY 2019/20 (375,000 MT). Per EU Customs, as of July 5, Bulgaria exported 267,000 MT to non-EU markets, primarily Turkey. Post adjusts its forecast for annual sunflower exports in MY 2020/21 to around 800,000 MT (black oil-bearing sunflower seeds and de-hulled seeds for confectionary and snack purposes).

Due to the reduction in production, Bulgaria imported higher quantities of sunflower seeds to meet its crush demand. The Eurostat/TDM data for sunflower imports for the period October 2020 – March 2021 shows 625,000 MT, a one percent increase from the corresponding period in MY 2019/20 (618,000 MT). These imports were sourced mainly from Romania (202,000 MT), Russia (190,000 MT), and Ukraine (168,000 MT). According to EU Customs data as of July 5, Bulgaria imported 402,000 MT sunflower seeds from non-EU sources, which represented 46 percent of total EU imports of sunflower seeds.

Processed Oilseeds Products:

Rapeseed Meal and Oil: In the first nine months of MY 2020/21, rapeseed meal exports were at 15,100 MT, with Romania and Italy as the main destinations. These exports were 50 percent lower compared to the same period in MY 2019/20 (30,600 MT). A lower local crop resulted in higher imports, 5,700 MT for the same period versus 3,800 MT a year ago. Rapeseed oil trade followed a similar trend. Exports were a record low at 2,100 MT compared to 10,000 MT in MY 2019/20 while imports increased to 5,400 MT compared to 600 MT year-on-year (Eurostat/TDM).

Sunflower Meal and Oil: The expansion of sunflower crushing capacity in recent years to almost 3.0 MMT has increased the domestic crush. Bulgaria is now a net exporter of processed sunflower products and exports less sunflower seeds. Eurostat/TDM data for sunflower meal exports October 2020 – March 2021 shows 321,000 MT, a seven percent increase over the same period in MY 2019/20 (300,000 MT). The increase in crush and a 16 percent growth in meal export prices ($255/MT versus $220/MT) elevated sunflower meal exports during in the second quarter of the MY, mainly to China, Turkey, and the Netherlands. EU Customs data shows exports to non-EU markets as of July 5 at 293,000 MT.

Exports of sunflower oil for the first half of the MY shows 256,000 MT, a four percent decline over the same period in MY 2019/20 (266,000 MT). The was mainly due to record high prices in the second quarter of the MY. The average export price in January-March 2021 was 53 percent more than a year ago ($1,251/MT versus $817/MT). The main export markets were Spain, Italy, Greece, France, and South Africa. As of July 5, exports to non-EU countries reached 186,000 MT (EU Customs).

Stocks

The latest official data for MY 2020/21 rapeseed ending stocks is 6,660 MT, more than double the previous MY. Higher imports complemented crushers' stocks. Sunflower stocks at the end of June are reported at 543,000 MT, nine percent lower than a year ago (596,000 MT).

Appendix:

Table 1. FAS Sofia Oilseeds Production Estimates MY 2021/22, July 2021

Crops	Area Harvested (HA)	Production (MT)
Soybeans	2,000	3,000
Rapeseed	133,000	360,000
Sunflower	838,000	2,015,000

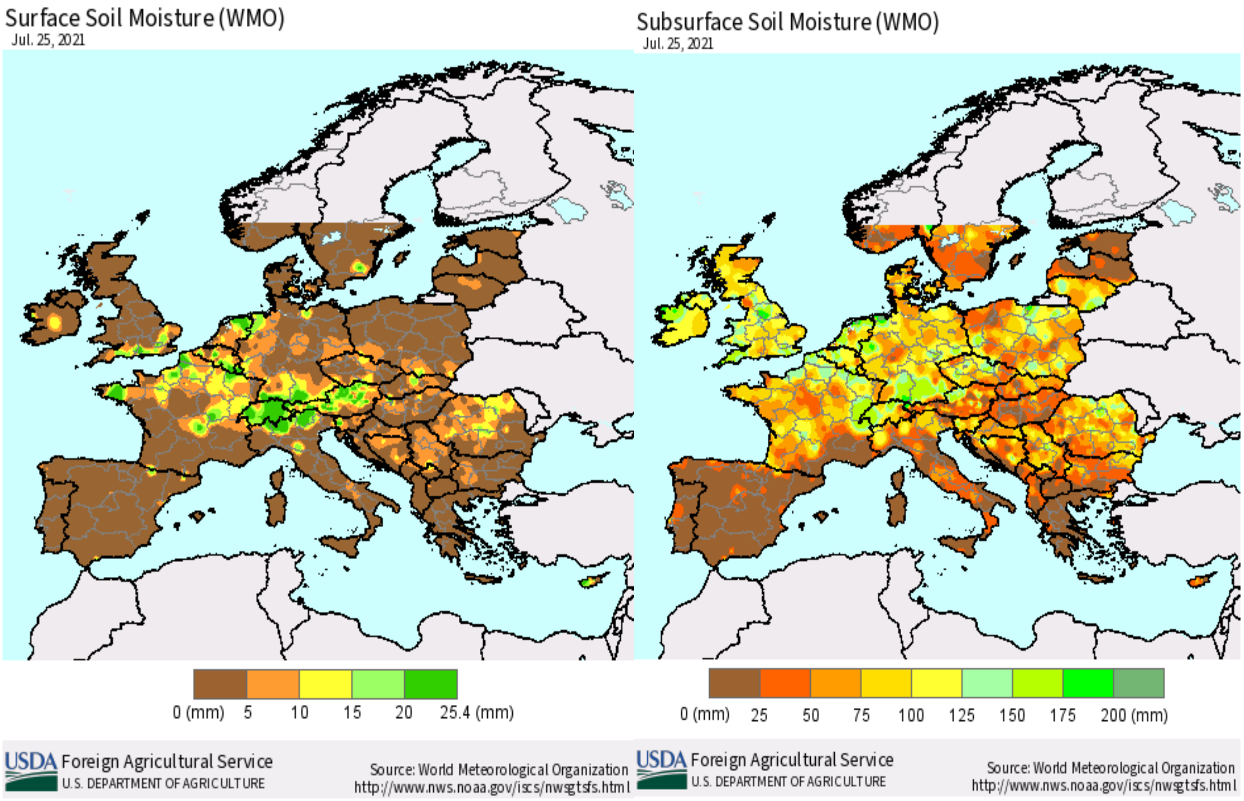
Table 2: Oilseed Crops Final Production Data MY 2020/21 and MY 2019/20, July 2021

Crops	Area Harvested (HA)		Production (MT)	
	MY 2020/21	MY 2019/20	MY 2020/21	MY 2019/20
Soybeans	4,500	3,860	6,060	7,570
Rapeseed	119,000	151,170	280,440	432,490
Sunflower seeds	823,000	815,560	1,740,160	1,937,210
Total	946,500	970,590	2,026,660	2,377,270
Source: Eurostat data based on EU standard moisture content- updated as of July 2021				

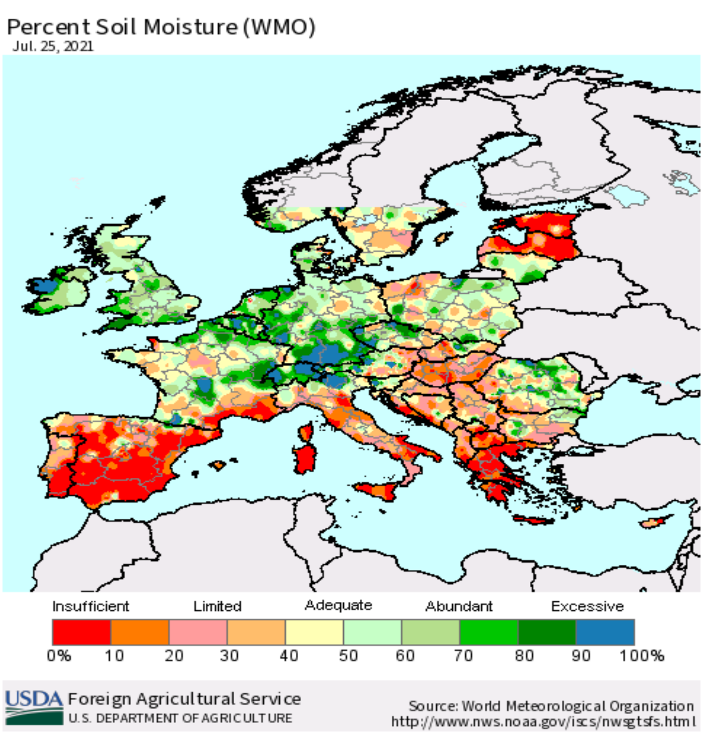
Table 3: MY 2020/21 Trade in Major Grain Crops, as of June 30, 2021

Types of Grains	Imports, MT	Exports, MT
Rapeseed	66,570	198,131 (including 43 MT to non-EU markets)
Sunflower*	608,535	193,169 (including 117,187 MT to non-EU markets)
Source: MinAg Weekly Bulletins 2021. *****Note: The Bulgarian MinAg uses September 1-August 31 as a MY for sunflower. Trade data refers to 2020 sunflower crop traded since September 1, 2020. The MinAg reports trade in oil-bearing sunflower.		

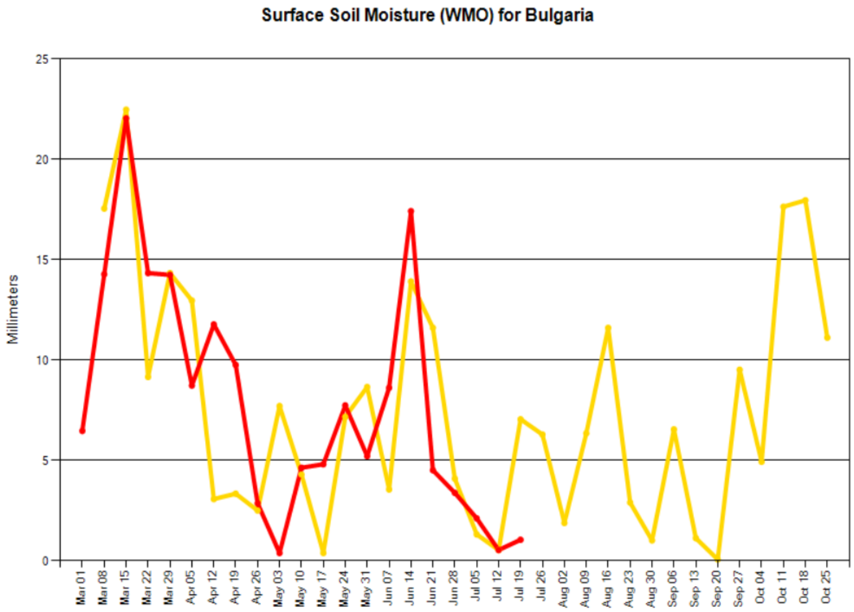
Map 1: USDA Crop Explorer, Surface and Subsurface Soil Moisture, July 25, 2021

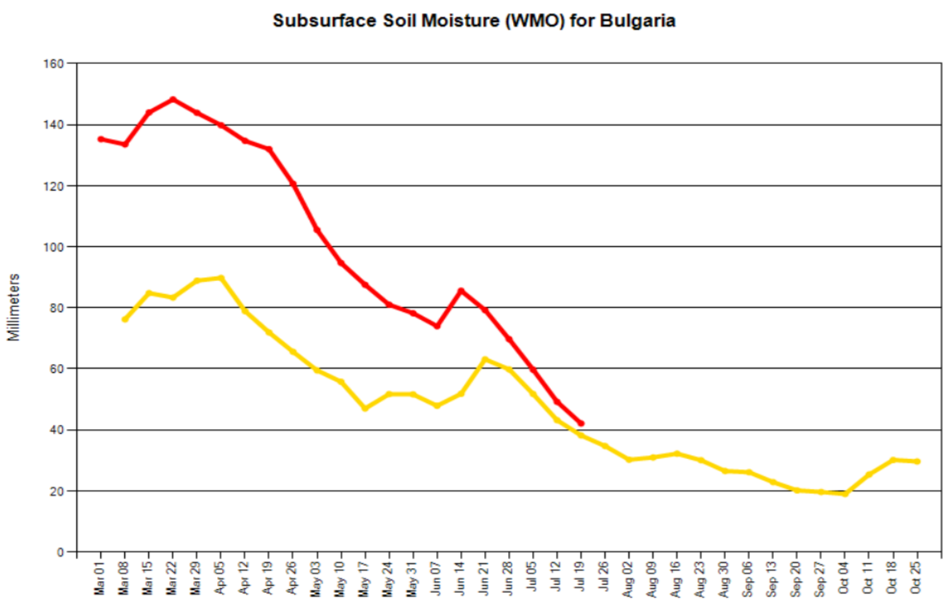


Map 2: Europe, Percent of Soil Moisture, July 25, 2021



Graph 3. Surface and Subsurface Soil Moisture in Bulgaria, July 20





Attachments:

No Attachments.