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Grain and Feed Update

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Grain and Feed

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Report Highlights:

Corn harvest is completed in Serbia, with total area harvested estimated at 1.26 million HA and total production projected at about 6.3 million MT. In MY10/11 export of corn from Serbia reached record levels of 2 million MT. The Serbian Commodity Reserves has recently announced its intention to purchase 50,000 MT of MY11/12 corn at the price of 18 dinars/kg (\$247/MT). Wheat crop with record average yields of above 4 MT/HA is projected at 2 million MT that represents a 27 percent increase compared to previous year. Planting of the new wheat crop has been hampered by extremely dry land. For the new planting MY11/12 season, about 1 million hectares are expected to be seeded in Serbia. Total area planted of the new wheat crop is estimated to be around 500,000 HA.

General Information:

According to the Serbian Ministry of Agriculture, for MY11/12 Serbian producers planted 490,000 HA of wheat. Due to very favorable weather conditions, wheat crop has increased for 27 percent and reached level of 2 million MT and record high average yield of 4.2 MT/HA.

At the end of the first week of November, the harvest of the corn has been completed. According to the Serbian Statistical Office, corn harvested area was 1.26 million HA, average yield was 5 MT and total production is projected at Serbian average of 6.3 million MT. Harvest of the soybean crop for MY11/12 has also been completed. Soybean area harvested was 165,335 HA, with an average yield of 2.5 MT/HA and projected production of 415,782 MT. Due to very dry summer, production of soybean decreased for about 23 percent comparing to the previous year. For sunflower crop, extremely warm summer did not have negative effects and total production of sunflower for MY11/12 was estimated at 415,177 MT or about 9.7 percent higher comparing to MY10/11. Area harvested with sunflower was 174,621 HA and an average yield was 2.38 MT/HA. Sugar beet was harvested from 55,655 HA and total production with an average yield of 46.26 MT/HA was projected at 2.57 million MT or 22 percent less than in MY10/11 (due to the extreme high temperatures during the summer).

For the new planting season, about 1 million hectares are expected to be seeded in Serbia for the MY12/13 crop year. Due to very high temperatures during last summer corn harvest in Serbia started earlier than usual. Planting of the new wheat crop has been hampered by extremely dry land. It is projected that total wheat planted area for the MY12/12 crop will be about 500,000 HA. The biggest part of the planned one million hectares this fall or about 50 percent will be planted with wheat. Rye, oats and barley will be planted at about total 150,000 HA, industrial plants at 70,000 HA, and fodder and vegetables at 100,000 HA each. Some other small crops will account planting on some 80,000 HA this autumn.

The Serbia Government continues to provide crop and oilseeds production support (certified seeds, diesel fuel and mineral fertilizers) of 14,000 dinars/HA (\$191/HA) of arable land to only registered farmers that are regularly paying costs for pension and retirement fund. In addition to this measure, Serbian Government is also subsidizing 40 percent of the premium for the insurance of agriculture crops and is subsidizing costs for storing wheat for maximum 6 months in some 11 certified storages through Serbia. Serbian Government is also subsidizing banking credit's interest rates for farmers.

Wheat Update:

According to the Serbian Ministry of Agriculture, for MY11/12 Serbian producers planted 490,000 HA of wheat. Due to very favorable weather conditions the whole vegetation period, wheat crop has increased for 27 percent, reaching record high levels of average yields of 4.2 MT/HA and total production of 2 million MT. Comparing to MY10/11 this is for 27 percent bigger production of wheat. Good weather conditions resulted not just in excellent wheat yields but also in very good baking quality of wheat flour.

Due to the low wheat production in MY10/11 and low ending stocks, in March 2011, the Government of Serbia, decided to ban all wheat exports from Serbia for three months (until the new wheat harvest) in order to help to stabilize the market and keep bread prices from rising.

Due to the three months wheat export ban Serbian farmers and traders had about 300,000 MT of MY10/11 wheat in stocks and new wheat harvest of MY11/12 was excellent, trading with wheat after the harvest was very slow and price started to decline. At that moment, after the harvest, in order to support wheat trade and to prop up market price for the new wheat crop, Serbian Government decided to purchase 100,000 MT for State Commodity Reserves. Wheat was purchased through Novi Sad Commodity Exchange at price of 20 dinars/kg (\$274/MT). Total quantity of 100,000 MT of the new wheat crop was purchased until end of August 2011.

Price of wheat was stable since wheat harvest mostly due to the good export results. According to the Grain Fund of Serbia, from July to October 2011, Serbia exported 188,162 MT of the new wheat crop and some 46,410 MT of flour. Serbia is mostly exporting wheat to Bosnia and Herzegovina, Romania, Macedonia and Montenegro. It is estimated that for MY11/12 Serbia will have for export up to 500,000 MT of wheat.

Current wheat price at the Novi Sad Commodity Exchange for the new wheat crop is between 17.80 dinars/kg (\$234/MT) and 18.20 dinars/kg (\$250/MT), which is higher than wheat from neighboring countries. Current wheat price in Budapest Commodity Exchange is about 16 dinars/kg (\$210/MT).

High temperatures and extremely dry land also affected some delays in planting of the wheat crop. Wheat planting so far has been almost completed on the total targeted area. It is projected that total wheat planted area for the MY12/12 crop will be about 500,000 HA, same as for the last two years. It is estimated that only about 50 percent of the targeted wheat area in Serbia will be seeded by certified seeds, while the remaining area will be planted with seeds from the last year crop. Most of the small wheat farmers (with limited financial resources) use non-selected seed varieties. About 80 percent of the total seed used in Serbia are local seed varieties, while about 20 percent are wheat seed varieties from other countries.

Wheat Serbia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: May 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	488	488	493	493		500
Beginning Stocks	718	718	322	303		223
Production	1,650	1,650	2,100	2,000		1,900
MY Imports	7	15	10	20		10
TY Imports	7	15	10	20		10
TY Imp. from U.S.	0	0	0	0		0
Total Supply	2,375	2,383	2,432	2,323		2,133
MY Exports	553	530	300	500		350
TY Exports	553	530	300	500		350
Feed and Residual	100	150	300	200		200
FSI Consumption	1,400	1,400	1,450	1,400		1,400
Total Consumption	1,500	1,550	1,750	1,600		1,600
Ending Stocks	322	303	382	223		183
Total Distribution	2,375	2,383	2,432	2,323		2,133

1000 HA, 1000 MT, MT/HA

Corn Update:

At the end of the first week of November, the harvest of the corn has been completed in Serbia, with total area harvested estimated at 1.26 million HA and total production projected at about 6.3 million MT. Drought that hit this region during summer time, reduced corn production in Serbia for about 15 percent lower than previously estimated. An average yield of corn for MY11/12 was about 5 MT/HA. Harvest of corn this year started earlier, due to record high temperatures during last summer that resulted in corn ready earlier than usual. Due to unusual high temperatures during harvest in September and October, some farmers left their corn crop in the fields longer in order to lower moisture content and thus reduce drying costs.

Stock-farming in Serbia, due to low number of livestock, will need lower amount of corn in comparison to the previous years. Domestic consumption requirements in MY11/12 are estimated at 4.2 million MT. Most of the total corn production will be used for animal feed, while rest will be used for human consumption and increased starch production in Serbia.

In MY10/11 export of corn from Serbia reached record levels of 2 million MT, almost 40 percent higher than in MY09/10. Reason for such a good results in corn exports in Serbia are Russian and Ukrainian ban on export of corn imposed during 2010. Due to the problems on Danube river with low water, during September 2011 Serbia exported only 30,000 MT of corn, while in October 2011, this situation with transport of corn improved and Serbia managed to export 153,933 MT of corn. Some exports of corn are going by trucks to neighboring countries Montenegro, Croatia, Bosnia and Herzegovina and Albania, while majority (about 70 percent) is being exported to Cyprus, Italy, Spain and other EU countries by Danube River to Port Constanza to the Black Sea.

On November 17, Serbian Commodity Reserves announced that it will buy up to 50,000 MT of MY11/12 corn at the price of 18 dinars/kg (\$247/MT). The government decided to purchase this amount of corn in order to increase state corn reserves and to support corn farmers. Corn will be bought from registered farms and agricultural cooperatives. The minimum amount that will be bought from a registered family farm is 10 MT, and the maximum 100 MT, while the maximum amount of 150 tons can be bought from agricultural cooperatives.

Current corn prices at Novi Sad Commodity Exchange are between 15.60 (\$205/MT) and 16.50 (\$226/MT). Price of corn in July hit record high of 24 dinars/kg (\$328/MT), but since then price of corn started to decline reaching the lowest level in November 2011 \$205/MT). Since corn export was blocked for about two months and the new corn crop arrived at the same time, supply of corn in Serbia was extremely high and price has dropped. From August 30, 2011, Danube River was very low and river vessels and barges were not able to sail with corn shipments. Exports of corn through Danube started end of October, but again for the past 2-3 weeks level of Danube river is low and new problems are starting for shipping companies and corn exporters.

Corn Serbia	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,200	0	1,230	1,230	1,260	1,260
Beginning Stocks	664	664	1,023	1,024	1,023	1,024
Production	6,400	6,400	6,800	6,800	6,300	6,300
MY Imports	2	0	0	0	0	0
TY Imports	2	0	0	0	0	0

TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	7,066	7,064	7,823	7,824	7,323	7,324
MY Exports	1,343	1,340	2,000	2,000	2,000	2,000
TY Exports	1,343	1,340	2,000	2,000	2,000	2,000
Feed and Residual	4,400	4,400	4,400	4,400	4,400	4,200
FSI Consumption	300	300	400	400	400	400
Total Consumption	4,700	4,700	4,800	4,800	4,800	4,600
Ending Stocks	1,023	1,024	1,023	1,024	523	724
Total Distribution	7,066	7,064	7,823	7,824	7,323	7,324
1000 HA, 1000 MT, MT/HA						