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Grain and Feed

Grain and Oilseeds Update

2004

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Report Highlights:

As of end-September, MY04/05 grain exports reached 520,000 MT of wheat and 230,000 MT of barley. Major export destinations are the traditional markets (Tunisia, Algeria, Syria), however, most recently Bulgaria started exports to very new markets such as Bangladesh, Indonesia and Korea. The EU-export quotas for wheat and barley were filled in end-August, and total exports as of today to the EU market have reached 335,000 MT (wheat and barley). Favorable sunflower market helped to start early exports. In September, Bulgaria exported 80,000 MT from the 2004 sunflower crop to its traditional export market in Turkey.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Sofia [BU1]
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Weather

The weather in September was rather cool and humid. Average monthly temperatures were close to the norm. In the plains, the average temperatures were about 18-20 degrees Celsius, and at mountains, average temperatures were 9-14 degrees Celsius. The monthly rainfall was also around the norm, for plains, 30-50 liters/sq.m., and at mountains, 50-80 liters/sq.m.

The weather was changeable, and frequent rains and cool weather, especially in the second part of the month, were not favorable for the corn maturation. For this reason, many farmers and experts fear that the corn harvest might be prolonged and good yields may not be reached.

The weather in the first half of the month was more favorable and helped sunflower to reach full maturity. Sunflower harvest started around September 5-10 and has been almost completed as of beginning of October.

Production of grains and oilseeds

There is no change in AgSofia estimates (see the table below).

Wheat: The official wheat estimate continues to stay at 3.8 MMT. According to the official quality tests, about 65 percent of wheat is characterized as feed wheat and 30-35 percent as milling quality wheat. The MinAg reports better quality wheat harvested in South Bulgaria where the share of milling wheat is about 52 percent.

Wheat quality is reported to be very suitable for exports. The best quality wheat was already exported, mainly to the EU countries within the export quota of 275,000 MT. Exports to the EU as of October 1 were 278,000 MT, mainly to Spain. The MinAg estimates exportable wheat surplus at 1.0 MMT.

Sunflower: As of end-September, the MinAg reported an almost completed sunflower harvest. Official data shows harvested area at 482,000 HA and production to date of 910,000 MT with an average yield of 1.89 MT/HA. The official MinAg estimate for sunflower production is at 1.0 MMT. The AgSofia has not yet revised its sunflower production estimate due to lack of support data from the grain/oilseed industry.

Corn: Due to relatively cool and humid weather, corn harvest was prolonged and is currently advancing very slowly. Corn has not yet reached full maturity. As of end-September, the MinAg reported only 28,000 HA of harvested corn with an average yield of 4.96 MT/HA. The MinAg supports an official production estimate of 1.5 MMT.

Fall planting: Relatively favorable weather and good returns from this year crop, allowed farmers to start preparations for the fall planting in time. As of early October, about 500,000 HA were cultivated. Although it is still very early to make estimates for the barley and wheat planted areas, it is expected that total planted area will be equal or higher compared to the previous year.

In 2004, the MinAg supported grain producers with 29 million leva (\$18 million) for the fall planting of which 9.0 million leva in a form of a soft credit and the rest as a subsidy. Each grain producer is entitled to a subsidy of 70 leva and a loan of 40 leva per hectare which, according to the MinAg, may cover up to 70 percent of farmers' costs.

Table 1. Grain and Oilseeds Production Estimates in MY2003/04 and MY2004/05

Grain and Oilseeds Production Estimates in MY2003/04 and MY2004/05				
	Planted Crop Area, HA		Production, MT	
	MY2003/2004	MY2004/2005	MY2003/2004	MY2004/2005
Wheat	900,000 750,000 harvested	940,000	1,700,000	3,400,000
Barley	285,000 270,000 harvested	280,000	450,000	950,000
Corn	400,000	350,000	1,000,000	1,400,000
Sunflower	610,000	490,000	720,000	700,000
Note: Ag Office estimates				

Trade

Wheat: Local grain trade has stabilized in September with abundant supply and reasonable demand, both for the local market and for exports. Attractive sunflower prices and lack of sufficient storage led to higher willingness to sell wheat at lower market prices in accordance with regional and world trends. This trend resulted in larger wheat sales for exports as well.

According to the latest trade data, wheat exports as of end-September have reached about 520,000 MT; and barely exports reached 230,000 MT.

After the EU export quotas were filled (end-July for barley and end-August for wheat), the MinAg reported total 278,000 MT exported to the EU as of mid-September with the main destination Spain.

Grain exports in September were destined for the usual export markets such as Tunisia, Algeria, Syria, Morocco etc. New destinations were Bangladesh, Indonesia, and Korea, markets which are new for Bulgaria in the last 15 years.

The Bulgarian State Reserve procured 115,000 MT of wheat to refill the state stocks. Due to this successful deal, the Reserve is planning to purchase additional 55,000 MT. The Reserve was paying 177-200 leva/MT for good quality milling wheat (\$110-\$125/MT) delivered to the Reserve's warehouses. Total 25 companies (traders) applied to participate in the procurement tender, and 15 were approved. Each company had to deliver minimum 5,000 MT of wheat.

Sunflower: Sunflower trade and exports started earlier this year and exports of 2004 crop began in September. According to trade sources, the major export destination is the traditional market - Turkey. Sunflower exports (September) to Turkey reached 80,433 MT.

Corn: Due to late harvest, corn trade and exports are minor. Only two small shipments were exported in September, 1,300 MT to Albania and 3,002 MT to Turkey. More active exports are expected to start in late October/November.

Soybean meal: Annual imports of soybean meal reached about 70,000 MT as of end-September. All imports were from Brazil with the exception of a small lot (6,500 MT) originating from India. These imports were little lower than in 2003 due to reduced number of pigs and lower demand. Record high soybean meal prices were also contributing to lower consumption in 2004.

Bulgarian Wheat and Barley Exports by Destinations in MT, MY04/05, July 1-September 30			
Barley		Wheat	
Italy	23,223	Spain	214,289
Greece	51,145	Turkey	3,339
Syria	47,354	Romania	49,482
Libya	6,607	Greece	17,783
Cyprus	6,726	Tunisia	58,439
Jordan	4,624	Israel	3,021
Morocco	5,978	Italy	11,109
Tunisia	26,636	Portugal	8,271
Romania	55,017	Cyprus	3,300
Albania	2,981	Albania	3,764
		Syria	3,200
		Algeria	21,998
		Bangladesh	48,646
		Indonesia	39,671
		Korea	29,000
Total	230,291	Total	515,312
Source: Industry data			

Prices (as of end-September)

Wheat: Milling wheat prices stabilized in the range 150-160 leva/MT (\$94-\$100). The FOB Black Sea prices can reach occasionally 175 leva/MT (\$109/MT). Feed wheat prices are in the range of 130-155 leva/MT (\$81-\$97).

This year, the price of bran remain high. Currently, this product is traded at 115 leva/MT (\$72/MT). For the first time, bran was exported to Egypt (4,671 MT); Turkey (1,810 MT), and Greece (1,065 MT) (as of end-September).

Barley: Barley prices stabilized at lower levels, 118 leva/MT for feed barley (\$73-\$74); and 155 leva/MT for malting barley (\$97/MT).

Corn: There is a very limited supply of corn from the old 2003 crop at 240-250 leva/MT (\$150-\$156/MT) and no new lots from 2004 harvest are offered yet. There are a few attempts to offer new 2004 corn at 14 percent moisture for 175-180 leva/MT (\$109-112) but no actual deals are closed.

Sunflower: Sunflower is actively traded at 330-360 leva/MT (\$206-\$225). In some areas, the price reached 370 leva/MT (\$231/MT). The crushing operations and exporters usually request quality at 4-8 percent purity or foreign matters and 9-11 percent moisture content.

The first sunflower meal from 2004 crop appeared on the market in late September and was traded at 206 leva/MT (\$128/MT).

In accordance with the above trends, the prices of wheat flour, bread and bakery products registered a reduction. Wheat flour (most popular type "500") was traded at 360 leva/MT (\$225/MT). A reduction in the prices of compound feed was registered too.