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Report Name: Oilseeds and Products Market Update

Country: Bulgaria

Post: Sofia

Report Category: Oilseeds and Products

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Report Highlights:

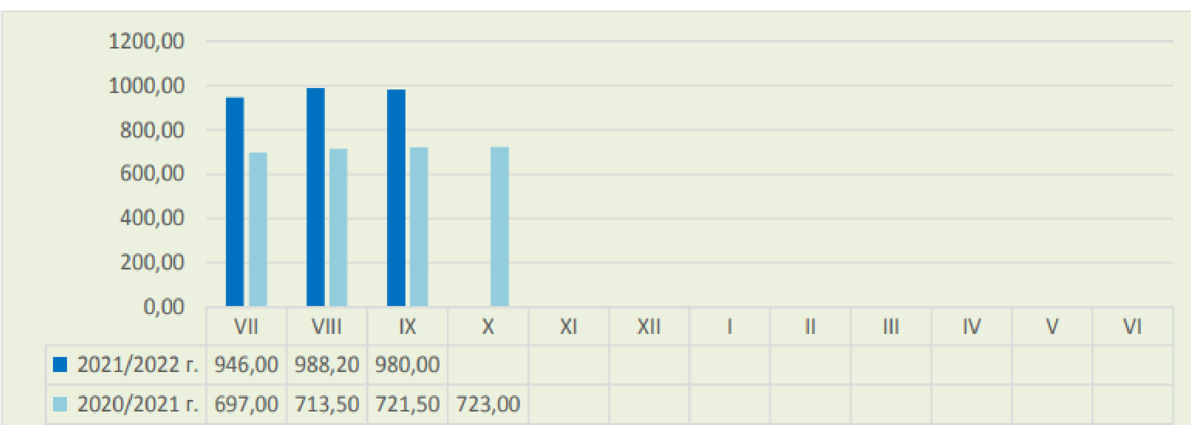
Bulgarian farmers planted higher area under rapeseed in marketing year (MY) 2022/23 due to attractive and consistently increasing prices. Due to the mild winter, current prospects for the yields are favorable but under the risk of lower inputs' application. Early FAS Sofia projection for the crop is at 350,000 metric tons (MT). Industry indicates that farmers also plan to expand area under sunflower due to favorable local and export demand, and lower production costs compared to corn. FAS Sofia currently forecasts sunflower area to grow to 860,000 hectares (HA). In MY 2021/22, both rapeseed crush and exports have grown as a result of better crop and good demand. Sunflower exports are at a record low to date at the expense of increased crush. As of early February, Bulgaria leads the EU in terms of exports of sunflower seeds, meal, and oil to third markets accounting for 43 percent, 21 percent, and 46 percent, respectively, of total EU exports of these products.

Weather Overview
Relatively mild winter weather was favorable for winter oilseed crops, and no frost damage is expected to occur. The southern part of the country had surplus rain while the northern part had temperature accumulation surplus (MARS January Bulletin Vol.30 №1). Winter crops benefited from warmer-than-usual temperatures and above-seasonal precipitation in the November-January period. These conditions allowed late-planted rapeseed that was lagging behind in development to partially catch up, and currently, the rapeseed crop is in good condition. However, the buildup of frost tolerance remains generally weak. Precipitation was above average, but mostly in the form of rain, while the snow cover is limited, therefore, late planted fields are vulnerable to cold snaps (see Maps 1-4, Crop Explorer and Bulgaria data).

MY 2021/22 Production Estimates
Rapeseed:
Post adjusts marginally upwards Bulgarian rapeseed production in MY 2021/22 to 380,000 metric tons (MT), 35 percent higher than in the previous season, as per the final harvest results. Average yields were 21 percent higher, at 2.85 MT/hectare (ha), compared to 2.35 MT/ha in the previous season (Table 1).

Rapeseed prices have been galloping in the current MY, in line with the international and European trends. As of early February, industry reports indicated rapeseed prices FOB Black Sea at about 1,320 Bleva/MT ($767/MT). According to the Ministry of Agriculture (MinAg), the average farm-gate price in September was at 980 Bleva/MT ($612/MT) compared to 721 Bleva/MT ($450/MT) in September 2020. Although prices were attractive, many farmers preferred to keep stocks in anticipation of higher prices later in the season, and as a hedge against increasing prices of inputs (energy and fertilizers).

Graph 1. Rapeseed Monthly Market Prices, Bulgaria, MY 2021/22 vs MY 2020/21 in Leva/MT



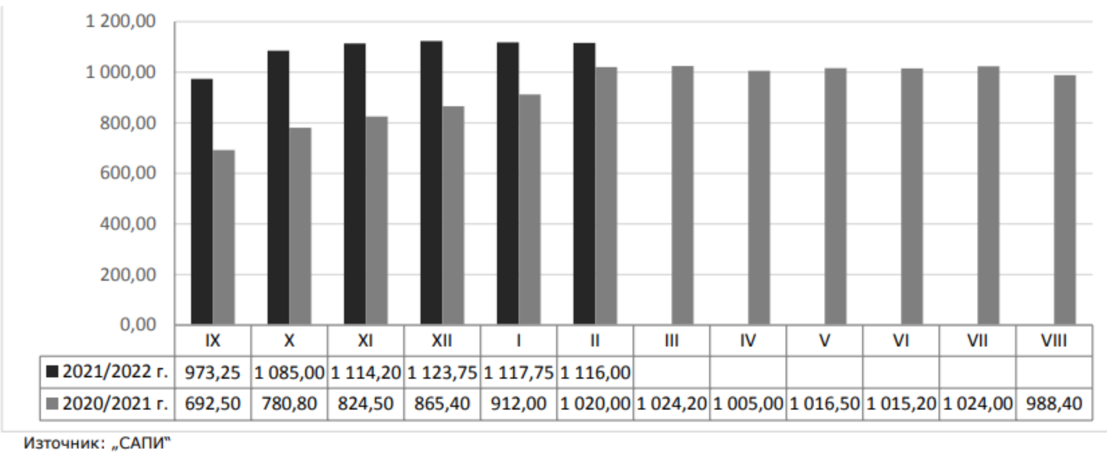
Източник: „САПИ"

*The chart shows prices for the marketing year, which begins in July, with MY 2021/22 in dark blue and MY 2020/21 in light blue. The source is the local agency SAPI (System for Agri-market Information).

MY 2022/23 Forecast: As of early December 2021, the rapeseed planting was reported by the MinAg to be at 135-143,000 HA, 10 to 15 percent more than in the same period in 2020. Post estimates area planted at 140,000 HA (Table 2). About half of that area was planted in October, after the usual planting time which may create risks for potential yields. Post’s early projection for production is at 350,000 MT, with an average yield of 2.5 MT/ha. Currently, the rapeseed fields are in a good shape with no reported winterkill, however, late planting and questionable level of inputs’ application due to high prices do not favor record yields.

Sunflower: Post maintains its previous production estimate at 2.0 MMT (Tables 1 and 2), with average yields of 2.4 MT/ha. Farm-gate sunflower prices have skyrocketed and continued to exceed last year’s levels. The MinAg reported average prices in February at 1,116 Bleva/MT ($648/MT), nine percent higher than a year ago (1,020 Bleva/MT ($593/MT)), although there has been a slight decline in market prices since the peak in December.

Graph 1. Sunflower Monthly Market Prices, Bulgaria, MY 2021/22 vs MY 2020/21 in Leva/MT



*The chart shows prices for the marketing year, which begins in September, with MY 2021/22 in dark black and MY 2020/21 in grey. The source is the local agency SAPI (System for Agri-market Information).

MY 2022/23 Forecast
Farmers report plans for expansion of sunflower planted area in the spring of 2022, at the expense of corn, due to higher fertilizer prices. Another motivation is attractive prices and favorable domestic and export demand. Currently Post forecasts 2-3 percent higher area planted (Table 2), however, the area expansion may grow more. Production is projected to be stable at the same level as in the current season, with slightly lower average yields.

MY 2021/22 Trade and Crush Estimates
Rapeseed: According to Trade Data Monitor (TDM), imports of rapeseed in the first quarter of MY 2021/22 were at 47,481 MT and have stayed stable at this level to date (Table 3). The main suppliers were Romania (22,000 MT) and Moldova (11,000 MT). These imports were 260 percent higher than the corresponding imports in the first quarter of MY 2020/21 despite a better domestic crop, due to increasing local demand for crush, traders’ efforts to accumulate stocks at post-harvest prices in a situation of rapeseed deficit in the EU, and favorable export demand.

Exports of rapeseed in MY 2021/22 as of early February were at 230,000 MT (Table 3). Most of this volume (158,000 MT) was exported in the first quarter of the MY (TDM data), however, unlike in past years, there were good volumes exported in December/January. These exports are 28 percent higher than exports in the corresponding period a year ago, due to more abundant local supplies and excellent export demand to other EU countries. The main destinations were the Netherlands, Belgium, and France.

Attractive prices of processed rapeseed products as well as new investments in crushing facilities stimulated higher crush. According to the MinAg data as of early February, crush use to date in the current MY was reported at 85,000 MT, or a growth of 21 percent compared to the same time period in the previous MY (70,000 MT). This is confirmed by export data of processed products. For example, exports of rapeseed oil in July-September 2021 were at 4,240 MT compared to only 373 MT a year ago. Exports of rapeseed meal followed the same pattern at 17,931 MT during this period, almost 320 percent higher than in the corresponding period in the previous MY. Main export markets for rapeseed oil were Poland and Austria, and for rapeseed meal were Spain, Turkey, and Greece.

Sunflower: Imports of sunflower in the current MY throughout February were reported at 280,000 MT (Table 3), or 30 percent lower than in the same period in MY 2020/21 (400,000 MT). Higher local crop, lower and more expensive export supply in the Black Sea (Russia and Ukraine), limited Bulgarian imports. While in MY 2020/21, the main suppliers of sunflower seeds to Bulgaria were Russia and Ukraine, in the current MY, it was Romania, followed by Moldova. Lower imports will likely limit the country's export potential due to active domestic crush demand.

The TDM data for sunflower exports October 2021 – February 2022 shows record low exports of about 72,000 MT (Table 3). This is 30 percent lower than in the corresponding period in the previous MY despite much better local production. The main export markets were Germany, China, Austria, and Poland. Despite the decline in exports, Bulgaria currently leads in the EU for exports to third markets. The EU Customs data shows Bulgarian exports of sunflower to non-EU countries as of February 8, at 75,927 MT, 43 percent of total EU exports.

Like rapeseed, favorable prices of processed sunflower products, especially sunflower oil, as well as new investments in crushing facilities have driven a higher crush. Domestic use (for crush and de-hulling) to date in the current MY (February) was reported at 890,000 MT, or a growth of 10 percent compared to the same time period in the previous MY (810,000 MT) (MinAg data). The increase is crush is recorded at 10 percent and the growth in processing of sunflower for food (de-hulling) is at 8 percent.

Higher crush has resulted in improved exports of processed products. Thus, sunflower meal exports in October 2021 (the latest available TDM data) were 42 percent more than in October 2020. According to the EU Customs data, Bulgaria leads EU sunflower oil and meal exports to third markets as of February 8. Bulgaria exported to non – EU countries 72,567 MT of sunflower oil, 21 percent of total EU oil exports, as well 180,535 MT of sunflower meal, 46 percent of total EU meal exports.

MY 2020/21 Processed Oilseeds Products Trade:
Rapeseed Meal and Oil: Please, see Agricultural Attaché report.

Sunflower Meal and Oil: Bulgaria became a net exporter of processed sunflower products and exported fewer sunflower seeds due to steady and expanding crush. TDM data for sunflower meal exports in MY 2020/21 show 587,000 MT, one percent more than in MY 2019/20 (534,000 MT). The export price of sunflower meal in MY 2020/21 grew to $288/MT compared to $220/MT in the previous MY, which made exports not as competitive versus alternative protein meals and the exported quantities stagnated. The main markets were China (265,000 MT), Turkey (88,000 MT), and Greece (56,000 MT).

Exports of sunflower oil show 563,000 MT, a 12 percent increase over MY 2019/20 (502,000 MT). Export demand was favorable despite record high prices. The average export price was 56 percent more than in the previous season ($1,281/MT versus $822/MT). The main export markets were Italy (104,000 MT), Spain (82,000 MT), South Africa (63,100 MT), Greece (62,800 MT), and Turkey (44,600 MT).

Soybean Products: Bulgaria is a net importer of soybean products due to very limited crush. In MY 2020/21 imports of soybean oil increased significantly to 46,000 MT, compared to 27,000 MT in the previous MY, due to higher demand for biodiesel and other industrial needs. Serbia (24,000 MT) and Turkey (11,000 MT) were the main sources for imports. Imports of soybean meal reached a new record of 140,000 MT, slightly above the previous season. Romania exported 99,000 MT to Bulgaria, accounting for 70 percent of total imports. Greece was second with 33,000 MT. Despite the challenging market situation for the local poultry and pork industries with increasing feed costs and flat prices of poultry and pork meat, these industries demonstrated some resilience and stable demand.

Stocks MY 2021/22

Higher production of oilseed crops and possible logistical challenges due to complex Black Sea vessel traffic beginning in February will likely impact exports and lead to higher than usual ending stocks. As of early February, rapeseed stocks are reported by the MinAg at 116,000 MT compared to 51,000 MT a year ago (MinAg data), or more than twice as high. Sunflower stocks were reported at 1.5 MMT, 15 percent above the level seen a year ago (1.3 MMT). It is believed that the domestic crush may benefit from this situation and exports of processed products will be stimulated.

Appendix:

Table 1. Oilseed Crops Final Production Data MY2021/22 and MY2010/21, February 2022

Crops	**Area Harvested (000 HA)**		**Production (000 MT)**	
	MY2021/22	**MY2020/21**	**MY2021/22**	**MY2020/21**
Rapeseed	133.4	119.2	379.7	279.3
Sunflower	838.0	821.9	2,012.4	1,733.5
Soybeans	2.0	4.5	3.4	6.2
Total	973.4	945.6	2,395.5	2019.0
Source: Eurostat data based on EU standard moisture content- updated as of February 2022				

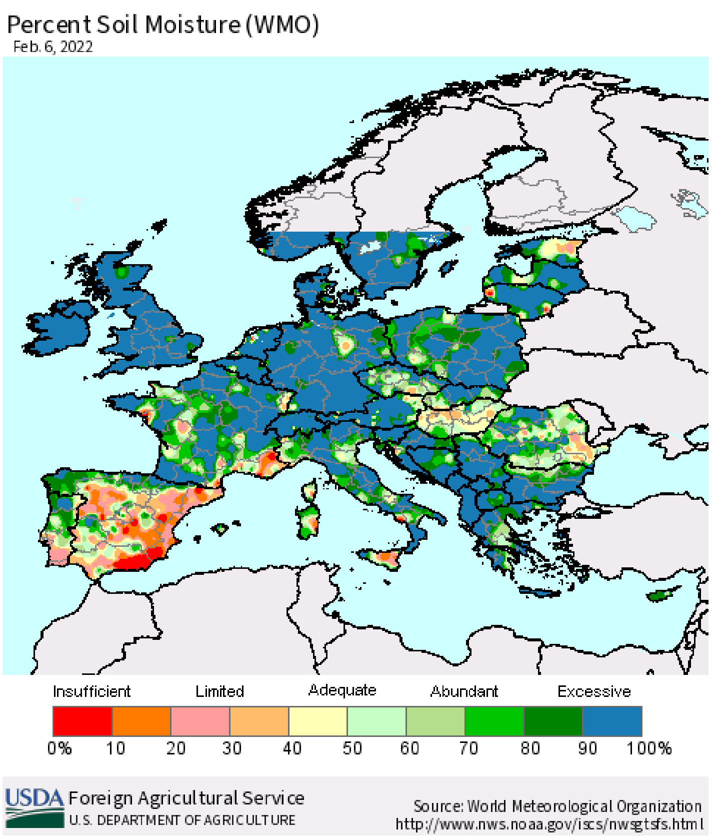
Table 2. FAS Sofia Oilseed Production Forecast MY 2022/23, February 2022

Crops	**Area Planted (000 HA)**	**Production (000 MT)**
Rapeseed	140.0	350.0
Sunflower	860.0	2,000.0
Soybeans	2.0	3.0

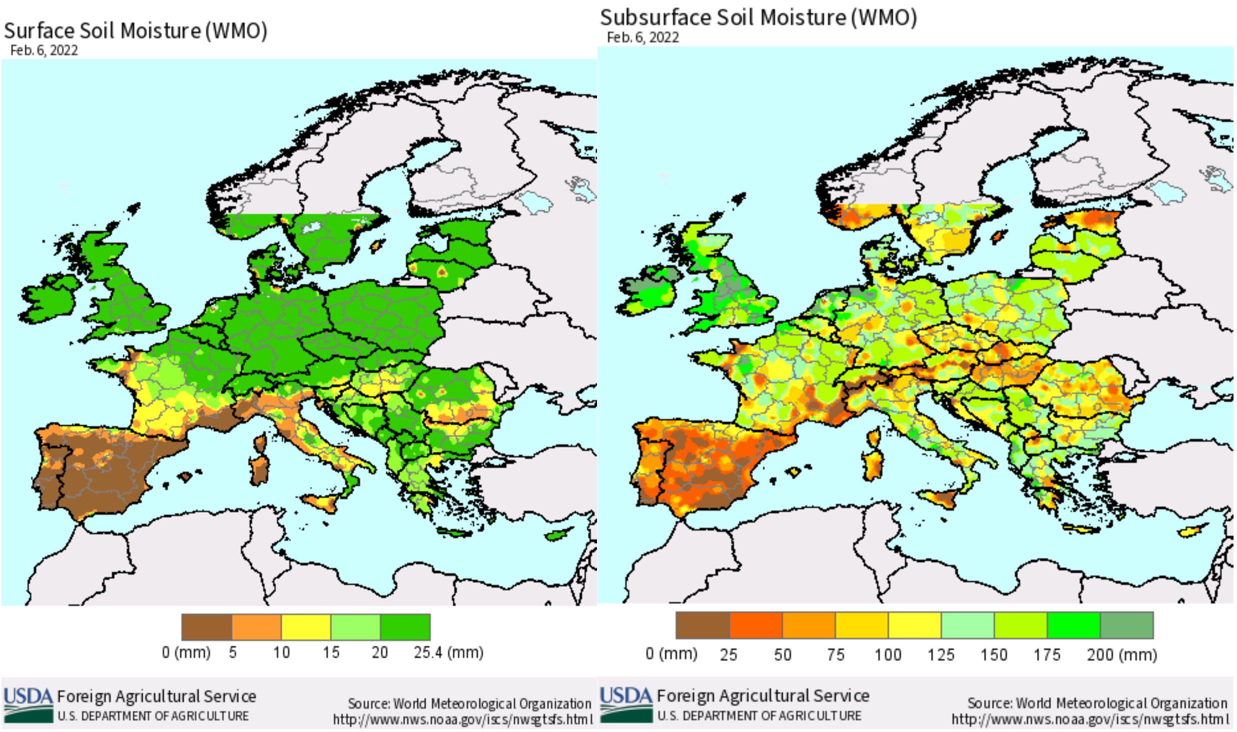
Table 3: MY 2021/22 Trade in Major Oilseed Crops, as of February 4, 2022

Types of Oilseeds	Imports, MT	Exports, MT
Rapeseed	48,836 MT (TDM data shows imports of 47,481 MT in July-September 2021) EU Customs data shows Bulgarian imports of rapeseed from non-EU as of February 8 at 26,800 MT	230,396 MT (of which 202,692 MT to the EU and 27,704 MT to non-EU markets)
Sunflower	279,986 MT EU Customs data shows Bulgarian imports of sunflower from non-EU as of February 8 at 88,883 MT	71,863 MT (of which 35,843 MT to the EU and 36,020 MT to non-EU markets) EU Customs data shows Bulgarian exports of sunflower to non-EU as of February 8 at 75,927 MT
Source: MinAg weekly bulletins; Note: The Bulgarian MinAg uses September 1-August 31 as a MY for sunflower.		

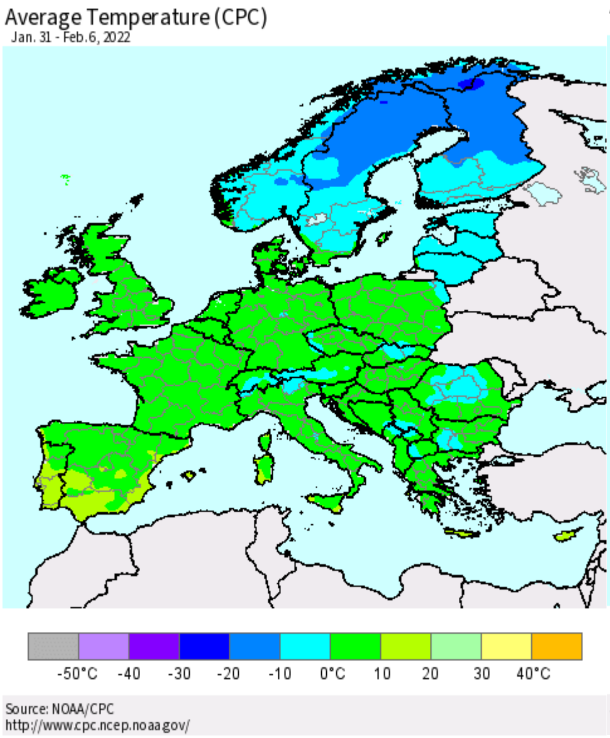
Map 1: USDA Crop Explorer, Europe, Percent Soil Moisture, February 6, 2022

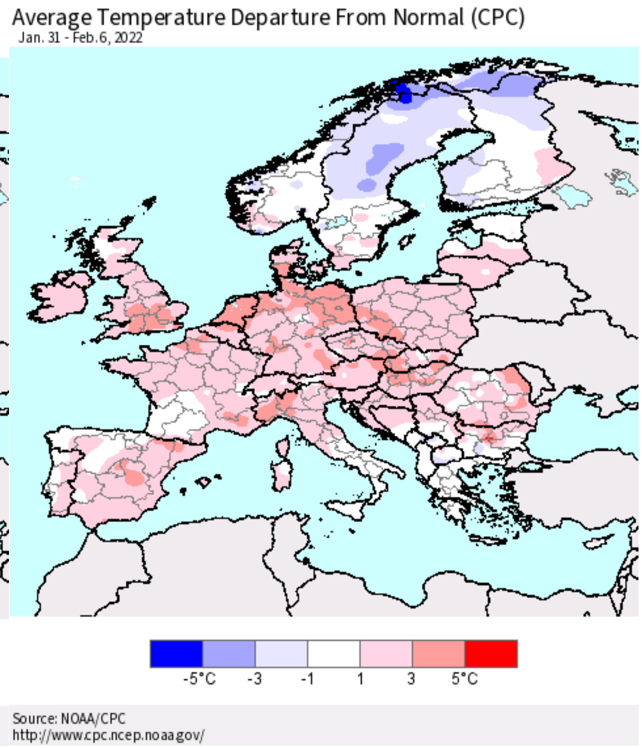


Map 2: USDA Crop Explorer, Europe (including Bulgaria), Surface and Subsurface Soil Moisture as of February 6, 2022

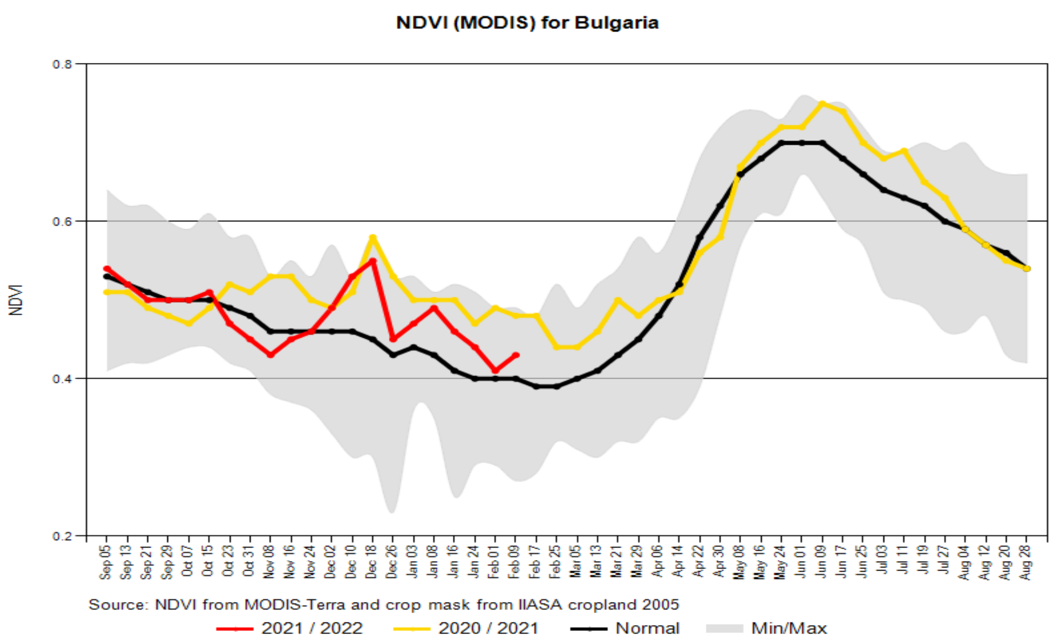


Map 3: USDA Crop Explorer, Europe (including Bulgaria), Average Temperature and Average Temperature Departure from Normal as of February 6, 2022

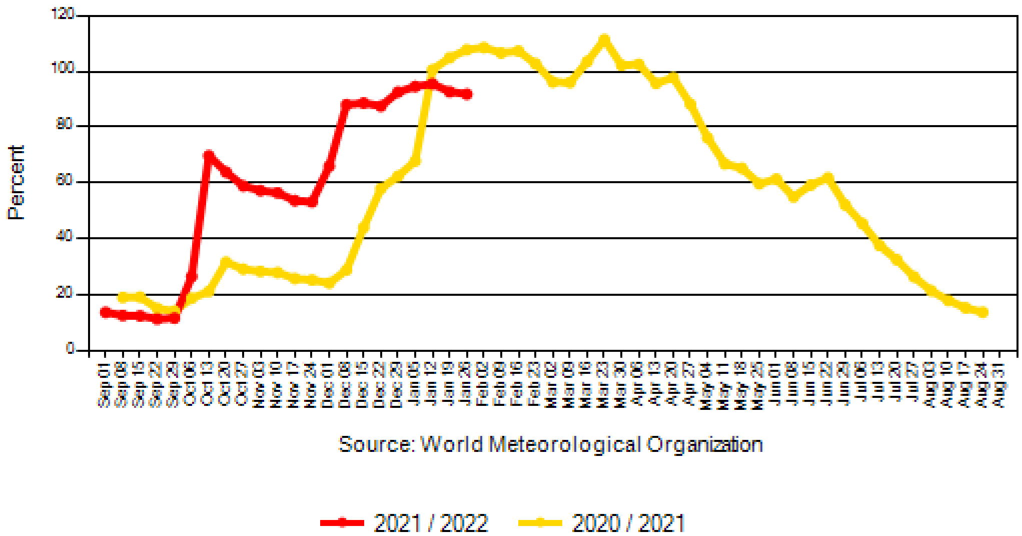




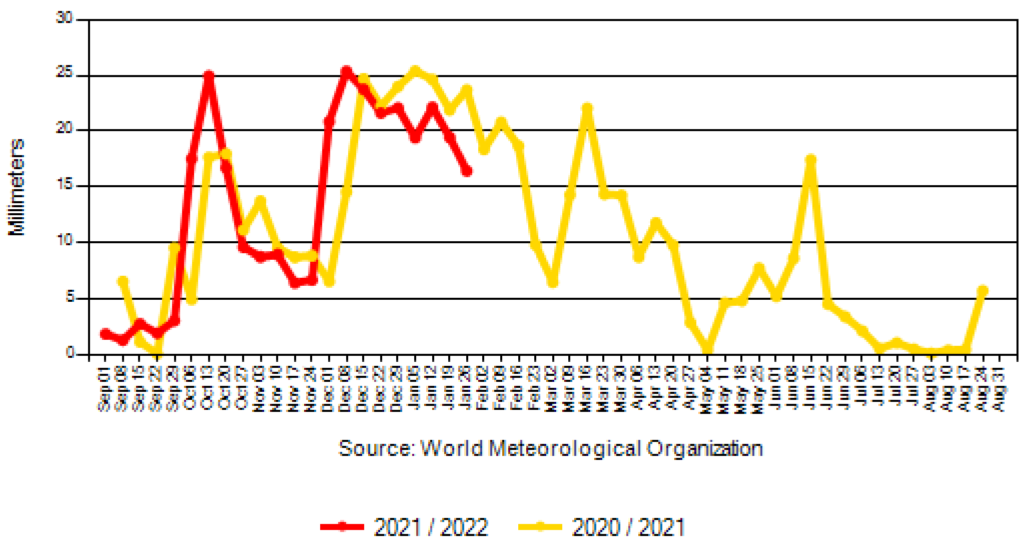
Map 4. **USDA Crop Explorer, Bulgaria, Vegetation Index (NDVI), Percent of Soil Moisture, Surface and Subsurface Soil Moisture, as of February 6, 2022**

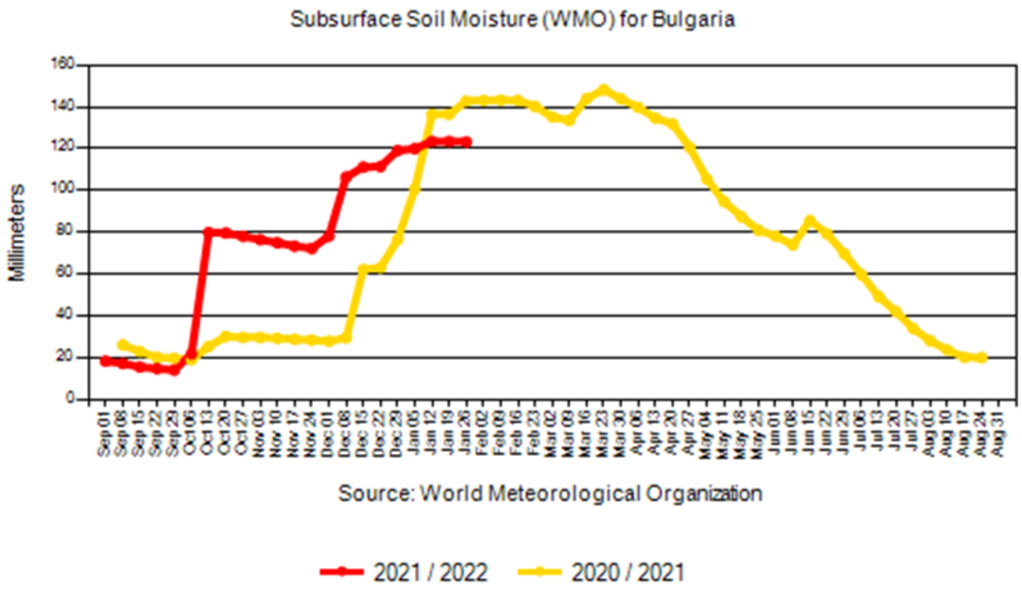


Percent Soil Moisture (WMO) for Bulgaria



Surface Soil Moisture (WMO) for Bulgaria





Attachments: No Attachments.