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Report Name: Oilseeds and Products Market Update

Country: Bulgaria

Post: Sofia

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Report Highlights:

FAS Sofia adjusts upwards Bulgarian rapeseed production in marketing (MY) 2021/22 to 376,000 metric tons (MT), 35 percent higher than in the previous season, as per the final harvest results. As of October, the rapeseed planting MY 2022/23 was 10 percent more than a year ago at 104,000 hectares (HA). Although the sowing was late, record high rapeseed prices stimulated farmers to expand the area planted. Rain and cooler temperatures in the spring were favorable for early sunflower crop development, however, hot and dry summer weather reduced the yield potential. As of the end of October, 97 percent of sunflower was harvested with production to date at 1.94 MMT. Post maintains its previous production projection at 2.0 MMT.

Weather Overview
Bulgaria experienced an unusually dry period at the beginning of August when less than 30 mm of rainfall was recorded in the major agricultural areas, less than half of the expected rainfall totals. Additionally, the first half of August featured high temperatures; regionally, peak temperatures recorded were above 40 °C. Temperatures returned to seasonal levels after mid-August. The hot and dry conditions deepened the soil moisture deficit for the sunflower crop. The first half of September was also warm and dry, followed by a rainy and colder period between mid-September and mid-October. This prevented timely sunflower harvest. Due to dry conditions in the first half of September, rapeseed sowings occurred mostly during the second half of the month and in October. As of the end of October, sowing was close to being finalized under favorable agrometeorological conditions (see Maps 1 and 2, Crop Explorer and Bulgaria data).

MY 2021/22 Estimates
Rapeseed:
FAS Sofia increases Bulgarian rapeseed production in marketing (MY) 2021/22 to 376,000 MT, 35 percent higher than in the previous season, as per the final harvest results. This is line with the current Eurostat estimate (379,000 MT at a standard humidity). Average yields were 22 percent higher, at 2.82 MT/HA, compared to 2.32 MT/HA in the previous season (Table 1).

According to the Ministry of Agriculture (MinAg), the average farm-gate price in September was at 980.00 Bleva/MT ($612/MT) compared to 721.00 Bleva/MT ($450/MT) in September 2020. This is expected to boost farm sales for both exports and domestic crush.

MY 2022/23 Forecast: As of the end of October, the rapeseed planting was 10 percent more than a year ago at 104,000 HA. About half of that area was planted in October, after the usual planting time. It is expected that record high rapeseed prices will stimulate farmers to expand the area planted to about 120,000 HA, however, late planting may create risks for potential yields.

Sunflower: Spring rains were very favorable for sunflower development. However, summer heat waves with scorching temperatures negatively affected the yields. As of the end of October, 97 percent of sunflower was harvested with production to date at 1.94 MMT, 18 percent higher than in the previous MY. Post maintains its previous production projection at 2.0 MMT (Table 1), 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 prices in October at 1,077 Bleva/MT ($673/MT), 38 percent higher than a year ago (780 Bleva/MT ($487/MT). Farmers already report plans for expansion of sunflower planted area in the spring of 2022, most likely at the expense of corn.

MY 2020/21 Trade and Crush Estimates

Rapeseed: According to Eurostat (per Trade Data Monitor (TDM)), imports of rapeseed were at 78,000 MT, or more than four times higher than in MY 2020/21, due to the shorter crop and to meet the crush demand. The main origins were Ukraine (26,000 MT), Australia (21,000 MT), and Serbia (20,000 MT). Exports of rapeseed in MY 2021/22 were at 193,000 MT. Top destinations included 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) (Table 2).

Attractive prices of processed rapeseed products as well as new investments in crushing facilities stimulated higher crush. According to the MinAg data, MY 2020/21 crush exceeded earlier estimates and was reported at 141,000 MT, or a growth of 74 percent compared to the previous MY (81,300 MT).

Sunflower: The Eurostat/TDM data for sunflower exports October 2020 – June 2021 shows 653,000 MT, only four percent lower than the corresponding period in MY 2019/20 (678,000 MT) (Table 2). The main export markets were Turkey (134,000 MT), followed by the Netherlands (92,000 MT) and Germany (76,000 MT). Post lowers its forecast for annual sunflower exports in MY 2020/21 to 750,000 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 – June 2021 show 664,000 MT, about a five percent increase from the corresponding period in MY 2019/20 (635,000 MT). These imports were sourced mainly from Romania (222,000 MT), Russia (190,000 MT), and Ukraine (170,000 MT).

Although the attractive prices of processed sunflower products were motivating higher crush, lower crop and insufficient imports did not allow for a growth in processing. According to the MinAg data, MY 2020/21 crush was recorded at 1.46 MMT compared to 1.51 MMT the year before. Use of sunflower seeds for de-hulling was also 10 percent lower, at 500,000 MT in MY 2020/21 compared to 555,000 MT in the previous MY.

MY 2020/21 Processed Oilseeds Products Trade:
<u>Rapeseed Meal and Oil</u>: MY 2020/21, rapeseed meal exports were stable at 30,000 MT, almost on par with the previous MY exports (31,000 MT). The main destinations were Romania (7,300 MT), Ireland (7,000 MT), and Spain (6,400 MT). Despite higher crush and production, exports stagnated at the expense of improved domestic consumption. A lower local crop resulted in a little higher imports, 7,100 MT compared to the previous MY (6,000 MT). Rapeseed oil trade followed a similar trend driven by favorable local demand for rapeseed oil for biodiesel. Exports were a record low at 2,400 MT compared to 10,000 MT in MY 2019/20, while imports increased to 5,600 MT compared to 600 MT year-on-year (Eurostat/TDM).

<u>Sunflower Meal and Oil</u>: Bulgaria became a net exporter of processed sunflower products and exported fewer sunflower seeds due to steady and expanding crush. Eurostat/TDM data for sunflower meal exports October 2020 – June 2021 show 434,000 MT, almost on par with the same period in MY 2019/20 (436,000 MT). The export price of sunflower meal in the third quarter of the MY (April-June) grew sharply to $355/MT compared to $254/MT in the previous quarter, which made exports less competitive versus alternative protein meals and the exported quantities declined. The main markets for

the first three quarters of the MY were China (173,000 MT), Turkey (75,000 MT), and Greece (44,000 MT).

Exports of sunflower oil for October 2020- June 2021 show 416,000 MT, a nine percent increase over the same period in MY 2019/20 (382,000 MT). Export demand was favorable despite record high prices in the third quarter of the MY. The average export price in April-June 2021 was 85 percent more than a year ago ($1,525/MT versus $824/MT). The main export markets were Italy (82,000 MT), Spain (70,000 MT), Greece (43,000 MT), and France (42,000 MT).

Stocks

MY 2020/21 rapeseed ending stocks as of June 30, 2021 were at a normal level of 6,800 MT compared to record low 2,600 MT in the previous MY (MinAg data). Sunflower stocks at the end of August were reported at 192,000 MT, 42 percent above the level seen a year ago (135,000 MT).

Appendix:

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

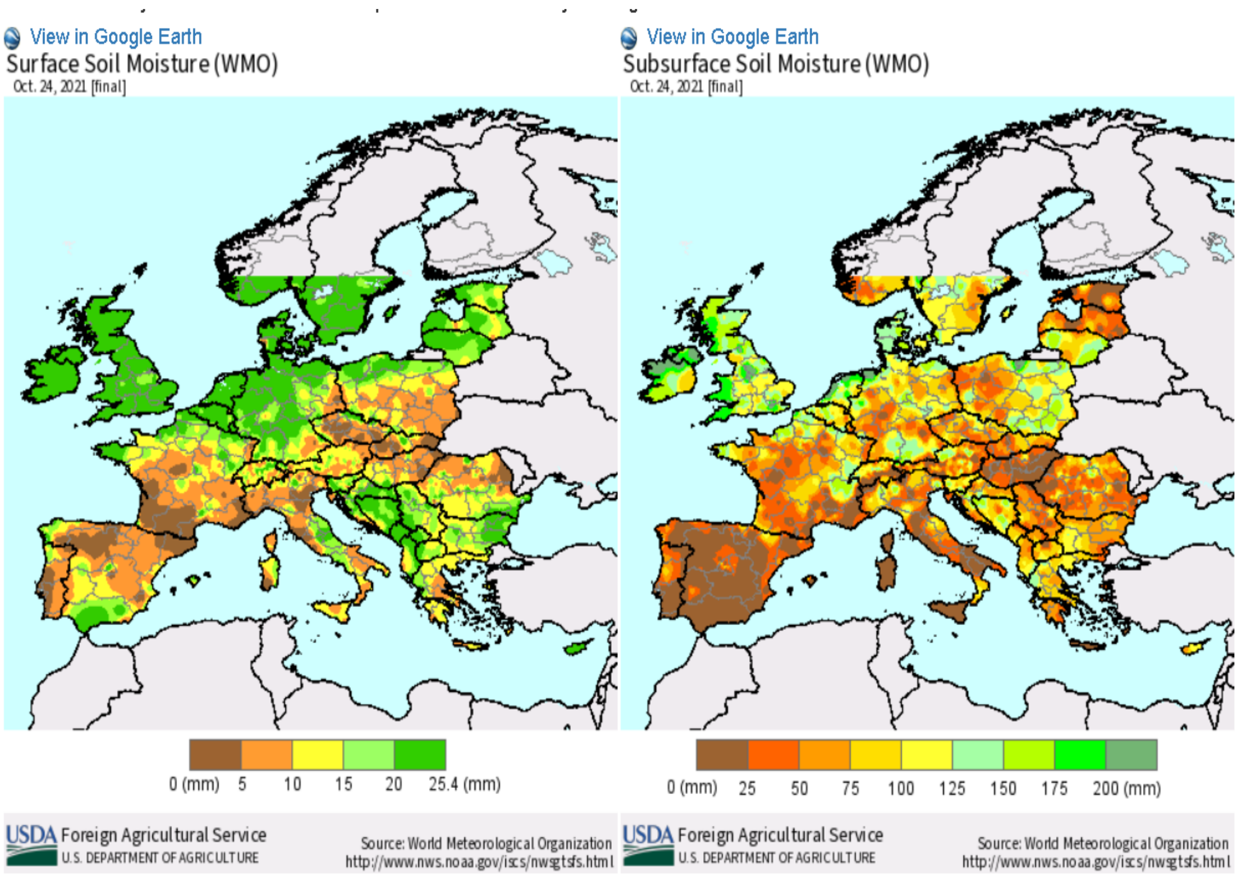
Crops	**Area Harvested (HA)**	**Production (MT)**
Soybeans	2,000	3,000
Rapeseed	133,000	376,000
Sunflower	838,000	2,015,000

Table 2: MY 2020/21 Trade in Major Oilseed Crops

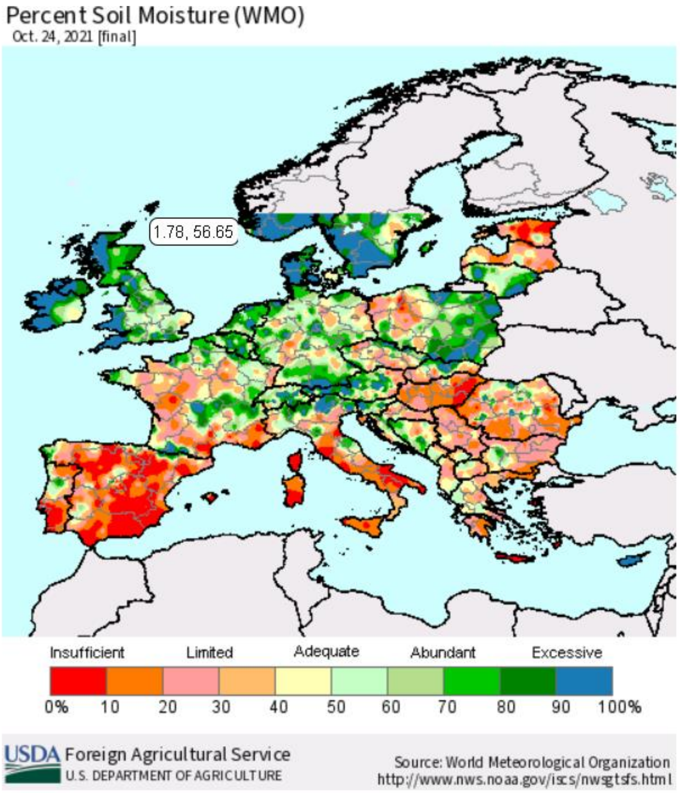
Types of Oilseeds	**Imports, MT**	**Exports, MT**
Rapeseed	78,041	192,448
Sunflower (as of June 30, 2021)	663,924	653,048

Source: Eurostat/ TDM for rapeseed;
Note: The MinAg weekly bulletins data for rapeseed show imports for MY 2020/21 at 67,000 MT and exports at 198,000 MT for the period July 1, 2020 – June 30, 2021.
Note: The Bulgarian MinAg uses September 1-August 31 as a MY for sunflower. The MinAg data for sunflower seeds MY 2020/21 (September 1, 2020 – August 28, 2021) show imports for at 638,000 MT and exports at 335,000 MT.

Map 1: USDA Crop Explorer, Surface and Subsurface Soil Moisture, October 24, 2021



Map 2: Europe, Percent of Soil Moisture, October 24, 2021



Attachments:

No Attachments.