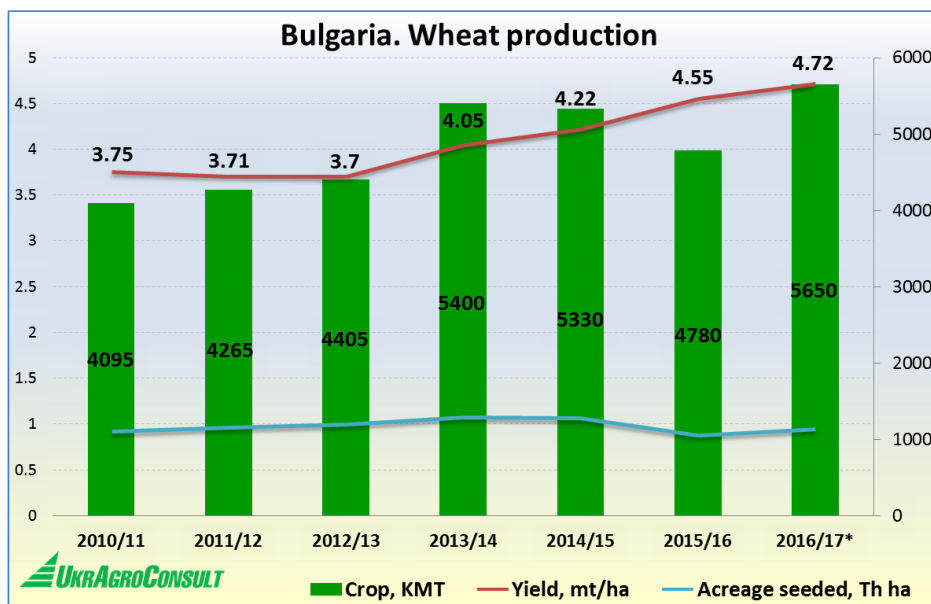


Bulgaria expanding markets for its wheat

The year of 2016 was successful for Bulgarian wheat. The nation got the highest yield and reached a record total wheat crop of 5.65 MMT, or up 16% from 2015 and up almost 5% from the previous high hit in 2013.



Export shipments in 2016/17 are also expected to be record high. UkrAgroConsult forecasts Bulgaria's 2016/17 wheat exports at some 4 MMT. According to our estimates, Bulgaria has realized 83% of its wheat export potential to date.

Wheat	Пшеница	2016/17*	
		February	December
Opening stocks	Начальные запасы	323	323
Acreage seeded, Th ha	Посевная пл., тыс. га	1130	1130
Yield, mt/ha	Урожайность, т/га	4.72	4.72
Crop	Урожай	5650	5650
Imports	Импорт	50 ↑	40
SUPPLY	Предложение	6023 ↑	6013
Food Industry	Потреб. на пищевые цели	1070 ↓	1100
Feed Usage	На фуражные	560	560
Seeds	На семена	270	270
Exports	Экспорт	4000 ↑	3700
DEMAND	Спрос	5900 ↑	5630
Ending stocks	Конечные запасы	123 ↓	423

Bulgaria exported 3.325 MMT of wheat in the seven months of the current season (July 2016 – January 2017) that is already more than shipped abroad for the entire last season (3.25 MMT went to foreign markets in MY 2015/16). Traditionally, the European Union is still the main buyer of Bulgarian wheat, but noteworthy is growth of purchases by non-EU countries. 35.6% of Bulgaria's 2016/17 wheat exports went beyond the borders of the European Union – this is up 4% from 2015/16.

The 2016 increase in both total crop and quality of wheat made possible a sharp boost in its exports to new markets. In particular, milling wheat exports to Vietnam jumped to 360 KMT (130 KMT was supplied to this market in the previous season), even in view of toughened quality requirements to milling wheat. In addition, Bulgaria continues to actively export wheat to South Korea (over 120 KMT has been supplied this season).

Bulgaria also managed to step up wheat supplies to other important markets. So, Bulgarian wheat exports to Israel and Ethiopia have already exceeded the respective 2015/16 totals by 78% (72 KMT in July-November 2016) and 48% (up to 38 KMT). Morocco and Philippines have already received over 60 KMT and 50 KMT, respectively. No wheat was shipped to these destinations from Bulgaria in MY 2015/16. The country supplied 40 KMT and 33 KMT to Morocco and Philippines, respectively, in 2014/15.

This season, Bulgaria also began shipping its wheat to Western Africa – Mauritania has already received over 25 KMT.

However, perhaps one of this season's most important events for Bulgarian wheat, similarly as for Ukrainian and Russian ones, was the opening of India's market. According to statistics, Bulgaria exported roughly 50 KMT of wheat to India for the five months of 2016/17, mostly in November. Additionally, market participants say another some 200 KMT of Bulgarian wheat was contracted from December till January after India had reduced its wheat import duty to zero. No official information on shipping these volumes is available yet, but Bulgarian traders confirm this.

Bulgarian wheat appeared acceptable in terms of both quality and price. Besides, like in case of other Black Sea countries, particularly Ukraine and Russia, India's demand supported wheat prices in Bulgaria. In July, following getting good wheat yield and harvest, export price for Bulgarian milling wheat dropped to a low of \$162/MT FOB for 11.5%-protein product. The emergence of additional demand from India pushed prices up by 13.6% to the current level of \$184/MT FOB for February-March delivery.



It is also worth noting that, according to official figures, Ukraine exported roughly 1.8 MMT of wheat to India in H1 2016/17, while Russia supplied 51 KMT to this country. Market participants say that another over 700 KMT of Ukrainian wheat and 56 KMT of Russian wheat were prepared for shipping to this market in January-February 2017.

With regard to Bulgaria, we expect further growth of wheat deliveries to the markets of India, Vietnam, Israel and others, as most of the remaining export availabilities (roughly 700 KMT) are represented by milling wheat.

Marina Sych
 Grain market analyst
 UkrAgroConsult