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Voluntary Public

Date: 11/26/2010

GAIN Report Number: RB1013

Serbia

Post: Belgrade

Grain and Feed Update

Report Categories:

Grain and Feed

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Report Highlights:

Corn production for MY2010/11 is estimated to be about 6.8 million MT, about 7 percent higher than the previous year. With this good crop, Serbia will have available for exports almost 1.5 million MT. Corn domestic consumption is expected to be lower than usual due to the livestock downtrend. Total area planted of the new wheat crop MY11/12 is estimated at 550,000 HA, about 12.5 percent higher than the previous year. Due to high wheat price farmers decided to sow wheat more than last year. The Serbian government continues to provide wheat and corn production support of 14,000 din/Ha (USD180/HA) of arable land to registered farmers.

General Information:

Progress of Crop Harvest and New Planting

By the second week of November, the harvest of corn has been completed with total production of 6.8 million MT. The harvest of soybean crop in MY10/11 was excellent with an 11 percent increase comparing to previous year. Harvest of soybean crop has been completed with area harvested of 171,000 HA and an average yield of 2.73 MT/HA. Sunflower harvest, estimated at 171,000 HA, is completed with an average yield of 2.26 MT/HA, at the last year level. Sugar beet is about 85 percent completed, estimated harvested area is 66,000 HA, an average yield 48 MT/HA and total production 3.1 million MT.

For the new planting season, about 1 million hectares are expected to be seeded in Serbia for the 2011/2012 crop year. Wheat planting intention is projected to be around 550,000 HA or about 55 percentages of total hectares and winter barley planting is projected at 70,000 Ha. About 40,000 HA is projected to be planted by industrial crops, about 90,000 HA are expected to be planted to forage, 90,000 ha to vegetable crops and about 80,000 HA to some other crops (rye, oats, rapeseeds etc). For the purchase of seed, mineral fertilizers and diesel, it has been estimated that 10 billion dinars (128 million USD) is needed to finance 2010 autumn sowing of the above mentioned structure of agriculture production.

Due to favorable weather conditions, seeding of the new crops is progressing well. Wheat planting so far has been completed at about 500.000 HA. It is projected that total wheat planted area for the 2011/11 crop will be about 550,000 HA, about 70,000 HA more than the previous year. Despite the fact that this sowing season is one of the most expensive, farmers decided to plant more wheat than previous year, since the wheat prices were doubled comparing to last year.

Wheat Update

Final official estimates of the MY2010/11 wheat crop put total wheat area harvested at about 488,000 HA, total wheat production estimated at about 1.65 million MT and estimated an average wheat yield at 3.4 MT/HA, having in mind that the MY 2010/11 wheat area planted was the lowest area planted for wheat in Serbia for the last ten years. High ending stocks from MY09/10 of 500,000 MT and MY10/11 production of 1.65 million MT, will secure enough wheat for domestic consumption and some for exports. Low production of wheat in MY10/11 was a result of large wheat stocks of low quality from MY09/10, inability to export wheat due to low quality (except as a cattle feed) and extremely low prices during MY09/10. The highest prices of the MY2010/11 wheat has been between 8 to 11.50 din/kg (USD 103-147/MT), while current wheat price at the Novi Sad Commodity Exchange during the week of November 15th was reported to be between 21 dinars/kg (USD 269/MT) and 22.50 dinars/kg (USD 282/MT). At the present time, bakers are paying for flower-Type 500, between 27 and 32 din/kg (USD 346-410/MT) while a 500 g loaf of bread in retail stores costs between 40 and 50 dinars (USD 0.5 – 0.64). Agriculture commodity price forecast indicates that the wheat prices will be stabilized for a while.

Due to very low price during MY2009/10 in July 2010 Serbian Government decided to purchase 70,000 MT of wheat from individual farmers for price of 12 dinars/kg (USD 154 MT) through Novi Sad Commodity Exchange. At that time, price of wheat in Serbia was only 10 dinars/kg (USD128/MT). In mid-July price of wheat started to increase, since price of corn at that moment was high (17 dinars/kg or USD218/MT) and farmers increased usage of wheat instead of corn for the cattle feed. Smaller crop and more demand for domestic use and exports pushed the wheat price up. Due to the price increase most of the farmers gave up on selling their wheat crop to the State Commodity Reserves for price of 12 dinars/kg (USD 154/MT) and kept their wheat in storages waiting for price increase. Serbian Commodity Reserves purchased only about 13,000 MT for the price of 12 dinars/kg.

According to the Serbian Grain Fund, in MY 2009/10 wheat exports were only 267,436 MT while flour exports were 140,263 MT due to the low wheat quality. From 1 July, 2010 until end of October 2010 Serbia already exported in total 266,854 MT of wheat and 52,057 MT of flour. Serbia is exporting wheat to Bosnia and Herzegovina, Macedonia, Montenegro, Albania and EU market. As a result of declining wheat production in Russia and Ukraine, export opportunities increased for Serbia, thus the export figure is projected to be much higher than the previous year. Expectation is that high world prices will trigger up to 500,000 MT wheat exports this year from Serbia.

Total area planted of the new wheat crop is estimated at 550,000 ha, 12.5 percent higher than in the previous year. Planting conditions for the new wheat crop have been favorable with a good number of sunny and warm days during October and November. However, planting of the new wheat crop has been hampered by several factors including delayed corn harvest, and the lack of production inputs. Although the optimal time for seeding the wheat crop in Serbia is between the first week of October and the first week of November, planting of wheat this year continued in November thanks to the exceptionally good weather conditions. However, 75 percent of wheat has been sowed in Vojvodina at the optimum time. Already sowed wheat is in the phase which indicates good crop potential. Experts from the Institute of Field and Vegetable Crops Novi Sad are advising farmers to use fertilizers where needed. Unfortunately many farmers did not introduce basic fertilizers due to its market high value. In addition, it is estimated that only 50 percent of the targeted wheat area will be seeded by certified seeds, while the remaining area will be planted with seeds from the last year crop. Most of small wheat farmers (with limited financial resources) use non-selected seed varieties. The Serbian government continues to provide wheat production support (fuel and fertilizer subsidies) of 14,000 dinars/HA (180 USD per HA) of arable land to only registered farmers that are regularly paying costs for pension and retirement fund.

Wheat Serbia	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	570	570	490	488		550	(1000 HA)
Beginning Stocks	615	615	518	555		252	(1000 MT)
Production	2,130	2,130	1,700	1,650		2,100	(1000 MT)
MY Imports	8	10	25	7		10	(1000 MT)
TY Imports	8	10	25	7		10	(1000 MT)

TY Imp. from U.S.	0	0	0	0		0	(1000 MT)
Total Supply	2,753	2,755	2,243	2,212		2,362	(1000 MT)
MY Exports	485	500	200	410		500	(1000 MT)
TY Exports	485	500	200	410		500	(1000 MT)
Feed and Residual	250	200	200	150		160	(1000 MT)
FSI Consumption	1,500	1,500	1,550	1,400		1,400	(1000 MT)
Total Consumption	1,750	1,700	1,750	1,550		1,560	(1000 MT)
Ending Stocks	518	555	293	252		302	(1000 MT)
Total Distribution	2,753	2,755	2,243	2,212		2,362	(1000 MT)
Yield	4.	3.7368	3.	3.3811		3.8182	(MT/HA)
TS=TD		0		0		0	
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Corn Update

Despite several weeks delay in harvesting the crop, total Serbian corn production in MY2010/11 was higher than initially estimated. According to official data from the Serbian Ministry of Agriculture area planted to corn is reported to be about 1.23 million HA and total corn production is estimated to be 6.8 million MT, that account 400,000 MT or 7 percent higher than the previous year. Despite rainy season in the corn vegetation period, average yield was about 5, 55 MT/HA, with higher percentage of humidity than average. Due to unusual high temperatures during the harvest in October and November, some farmers left their corn crop in the fields longer in order to lower moisture content and thus reduce drying costs. The Serbian government continues to provide corn production support (fuel and fertilizer subsidies) of 14,000 dinars/HA (180 USD per HA) of arable land to only registered farmers that are regularly paying costs of pension and retirement fund.

In early September, corn farmers stopped selling corn from last year crop, since the stocks were low and exports of corn slowed down until the end of September. By the end of September and beginning of October, farmers started to sell corn from this year crop to local traders and exporters and exports of corn started again. Current corn prices at the Novi Sad Commodity Exchange are stable and range between 16 and 16.50 dinars/kg (USD205 and 212/MT).

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 MY10/11 are estimated at about 4 million MT. Most of the total corn consumption will be used for animal feed, while the rest will be used for human consumption, and starch production.

With relatively good crop in this year, Serbia will strengthen its position as a major corn exporting country in the region. For the last two years Serbia entered top ten world corn exporters.

According to official customs data, exports of yellow corn in MY08/09 Serbia were 1.46 million MT and in MY09/10 corn exports from Serbia were 1.34 million MT. According to Serbian Grain Fund exports of corn in MY2010/11 Serbian continued to be good, in October 2010 Serbia exported 182,624 MT. Total export of MY 10/11 corn is projected to be up to 1.5 million MT. Most of the exports are going by trucks to neighboring countries Montenegro, Croatia, Bosnia and Herzegovina and Albania, while export to Cyprus, Italy, Spain and other EU countries is going through Danube river to Port Constanza to the Black Sea.

Corn Serbia	2008/2009		2009/2010		2010/2011		
	Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	1,277	1,277	1,200	1,210	1,300	1,230	(1000 HA)
Beginning Stocks	684	684	1,264	658	1,664	1,020	(1000 MT)
Production	6,130	6,130	6,400	6,400	6,800	6,800	(1000 MT)
MY Imports	17	4	0	2	0	2	(1000 MT)
TY Imports	17	4	0	2	0	2	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
Total Supply	6,831	6,818	7,664	7,060	8,464	7,822	(1000 MT)
MY Exports	1,467	1,460	1,500	1,340	2,500	1,500	(1000 MT)
TY Exports	1,467	1,460	1,500	1,340	2,500	1,500	(1000 MT)
Feed and Residual	3,900	4,500	4,200	4,400	4,500	4,600	(1000 MT)
FSI Consumption	200	200	300	300	300	250	(1000 MT)
Total Consumption	4,100	4,700	4,500	4,700	4,800	4,850	(1000 MT)
Ending Stocks	1,264	658	1,664	1,020	1,164	1,472	(1000 MT)
Total Distribution	6,831	6,818	7,664	7,060	8,464	7,822	(1000 MT)
Yield	5.	4.8003	5.	5.2893	5.	5.5285	(MT/HA)
TS=TD		0		0		0	
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Barley Update

Barley is secondary grain crop in Serbia. Area planted with barley has been steadily declining and ranged between 92,500 HA and 130,000 HA for the last seven years. In MY2010/11 barley was planted on 95,377 HA, where of 70,000 HA of winter barley and 25,377 HA of spring barley. Total production of barley in MY2009/10 was estimated at 302,527 MT, 12 percent lower than previous year, with average yield of only 3.17 MT/HA. Low yields were result of

damages by high spring temperatures and three weeks of rain just before the harvest. Planting of MY2011/12 winter barley crop is completed in mid-November. Estimated area planted with winter barley this fall is 70,000 HA a, with additional barley that will be planted in spring 2011 on around 40,000 HA and will make a total planted area of barley for MY11/12 about 110,000. Feed barley prices are usually 10 percent lower than the wheat prices. Current feed barley price at Novi Sad Commodity Exchange is 18-19.5 dinars/kg (USD 231-250/MT).

Barley Serbia	2009/2010		2010/2011		2011/2012		
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	95	95	93	95		100	(1000 HA)
Beginning Stocks	20	20	13	20		9	(1000 MT)
Production	303	345	325	303		360	(1000 MT)
MY Imports	5	15	15	2		15	(1000 MT)
TY Imports	5	15	15	2		15	(1000 MT)
TY Imp. from U.S.	0	0	0	0		0	(1000 MT)
Total Supply	328	380	353	325		384	(1000 MT)
MY Exports	15	20	15	16		20	(1000 MT)
TY Exports	15	20	15	16		20	(1000 MT)
Feed and Residual	200	220	200	200		240	(1000 MT)
FSI Consumption	100	120	125	100		120	(1000 MT)
Total Consumption	300	340	325	300		360	(1000 MT)
Ending Stocks	13	20	13	9		4	(1000 MT)
Total Distribution	328	380	353	325		384	(1000 MT)
Yield	3.	3.6316	3.	3.1895		3.6	(MT/HA)
TS=TD		0		0		0	
Comments							
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