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Serbia

Grain and Feed

Update on wheat and corn

2008

Approved by:

Huynh Van Hoa
U.S. Embassy, Belgrade

Prepared by:

Dragana Dimitrijevic

Report Highlights:

Corn production for MY 2008/09 is estimated to be about 5.9 million MT, almost 45 percent higher than the previous year when the drought seriously affected corn yield. With this good crop, Serbia will have available for exports over 1.2 million MT. Corn domestic consumption is expected to be lower than usual due to the livestock downtrend.

For the new planting MY 2008/09 season, about 1.1 million hectares are expected to be seeded in Serbia. Total area planted of the new wheat crop is estimated at 580,000 ha, 19 percent higher than in the previous year. Due to low corn prices and inability to collect payments for sunflower crops from refineries, farmers decided to sow wheat more.

The Serbian government continues to provide wheat and corn production support of 120 Euro per ha of arable land to registered farmers.

Includes PSD Changes: No
Includes Trade Matrix: No
Quarterly Report
Belgrade [YU1]
[RB]

Progress of Crop Harvest and New Planting

By the second week of November, the harvest of corn has been completed with total production of 5.9 mil MT. The harvest of soybean crop has been completed with area harvested of 144,000 ha and an average yield of 2.41 MT/ha. Sunflower harvest, estimated at 180,000 HA, is completed with an average yield of 2.5 MT/HA. Sugar beet is about 85 percent completed, with an area of 42,000 HA and an average yield of 38.4 MT/HA. Oil rape planted at 18,000 ha has total production of 52,000 MT and average production of 2.88 MT/ha.

For the new planting season, about 1.1 million hectares are expected to be seeded in Serbia in the 2008/09 crop year. Wheat planting intention is projected to be around 600-650,000 HA, while barley planting is projected at 83,000 ha and rye and oat at around 117,000 ha. About 80,000 ha are expected to be planted to forage, 80,000 ha to vegetable crops and about 28,000 ha to rapeseeds. Therefore, for the purchase of seed, mineral fertilizers and diesel, it has been estimated that 10 milliards dinars (1.45 mil USD) is needed to finance 2008 autumn sowing of the aforementioned 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 570,000 HA. It is projected that total wheat planted area for the 2009 crop will be about 600,000 HA, about 50,000 HA less than originally planned but about 20 percent higher than the previous year. Despite the fact that this sowing season is one of the most expensive, 50-80 percent more expensive than the last year, farmers decided to plant wheat instead of corn since the corn price drastically dropped down. According to a recent report by the Ministry of Agriculture in early November, seeding of barley is 95 percent completed rapeseed 70 percent and forage 88 percent.

The Government Commodity Reserves, upon adoption of the parity for exchange, offered 22,500 MT of mineral fertilizers to exchange for MY2008/09 wheat and corn. For one kilogram of PAN, 1.25 kg of wheat or 2.25 kg of corn is needed. The value of urea in this exchange is equal to 2.3 kg of wheat or 4.1 kg of mercantile corn. NPP is the most expensive; 2.5 kg of wheat and 4.4 kg of corn is needed for one kg of urea. Furthermore, the Government Commodity Exchange has only 2,700 MT wheat seed available for exchange where the ratio between mercantile and seed wheat is 2:1.

Wheat Update

Final official estimates of the 2008/09 wheat crop put total wheat area harvested at about 487,000 HA, total wheat production estimated at about 2.1 million MT, with an average wheat yield estimated at 4.3 MT/HA. Having in mind that the MY 2008/09 wheat area planted was the lowest area planted to wheat in Serbia since 1919, increased production has been achieved mostly due to good weather conditions.

The most of the MY2008/09 wheat has been purchased at the price of 14.80 to 15.00 din/kg and current average wheat price at the Novi Sad Commodity Exchange during the week of November 14th was reported to be between 13.00 din/kg (USD 189 MT) MT and 13.40 din/kg MT (USD 195 MT). At the present time, bakers are paying for flower-Type 500, between 19.30 and 25 din/kg (USD 280–363) while a 500 g loaf of bread in retail stores costs between 35 and 40 dinars (USD 0.5 – 0.58). Agriculture commodity price forecast indicates that the wheat prices will be stabilized for a while.

Serbian MY 2007/08 wheat exports was 459,000 MT and would be much higher if the ban on wheat export was not in place from August 2007 to June 2008.

Total area planted of the new wheat crop is estimated at 580,000 ha, 19 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. 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, especially Phosphor and Potassium. Unfortunately many farmers did not introduce basic NPP 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 and corn production support (fuel and fertilizer subsidies) of 120 Euro per ha of arable land to registered farmers.

Furthermore, the Ministry of Agriculture provided 50,000 MT of subsidized mineral fertilizers (NPP 15:15:15 and 8:16:24) for this autumn sowing season at the price of 29,000 din per MT (USD 421). Current market price of the fertilizer is about 40,000 din (USD 581). Almost half of 800,000 MT fertilizers used in Serbia per year is imported from Russia, Croatia, Rumania, Ukraine, and Hungary. Given the price ratio between mineral fertilizers and basic agriculture products is unfavorable for agriculture production, it is expected that this year farmers will utilize only one third of its required amount.

PSD Table- Wheat:

PSD Table									
Country	Serbia								
Commodity	Wheat								
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008
Area Harvested	543	543	543	556	556	556	460	463	487
Beginning Stocks	441	441	441	256	256	256	225	210	225
Production	1876	1876	1876	1994	1994	1994	1650	1650	2100
MY Imports	15	15	15	100	100	100	10	10	20
TY Imports	15	15	15	100	100	100	10	10	20
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	2332	2332	2332	2350	2350	2350	1885	1870	2345
MY Exports	326	326	326	375	550	375	0	0	459
TY Exports	326	326	326	375	550	375	0	0	459
Feed Consumption	150	150	150	150	140	150	150	150	150
FSI Consumption	1600	1600	1600	1600	1450	1600	1600	1490	1500
Total Consumption	1750	1750	1750	1750	1590	1750	1750	1640	1650
Ending Stocks	256	256	256	225	210	225	135	230	236
Total Distribution	2332	2332	2332	2350	2350	2350	1885	1870	2345
Yield	3.45488	3.45488	3.45488	3.586331	3.586331	3.586331	3.586957	3.563715	4.312115

Corn Update

Despite several weeks delay in harvesting the crop, total Serbian corn production in MY08/09 was higher than initially estimated. According to official data from the Serbian Ministry of Agriculture and Serbian Chamber of Commerce, area planted to corn is reported to be about 1.3 million ha and total corn production is estimated to be 5.90 million MT, 1,86 mil. MT higher than the previous year. Despite drought that hit this region during the summer time, average yield was about 4,54 MT/HA, 35 percent higher than the previous year. However, private sector analysts put the estimate of total corn production at 6.5 million MT.

Due to unusual high temperatures during the harvest in October, some farmers left their corn crop in the fields longer in order to lower moisture content and thus reduce drying costs. In late October, corn farmers were still selling corn from last year crop. By the end of October and beginning of November, farmers started to sell corn from this year crop to local traders and exporters. Current corn prices at the Novi Sad Commodity Exchange are stable and range between 7.4 and 7.50 din/kg (\$108 and 109/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 MY07/08 are estimated at about 4.35 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. However there is no bioethanol production in Vojvodina. Due to low corn price on the foreign and domestic market, one of the solutions for high corn stock would be having biodiesel production facility supplied by corn produced at 300,000 ha.

With relatively good crop in this year, Serbia will strengthen its position as a major corn exporting country in the region. According to official customs data and Serbian Ministry of Agriculture, due to the ban on corn exports that was initially imposed on August 4, 2007 until June 15, 2008, Serbia exported only 290,000 MT of yellow corn in MY2007/08. Serbian total export of MY 08/09 corn is projected to exceed 1.2 mil. MT.

In order to stabilize the corn domestic market, the Government of Serbia adopted decision which obliges the Republic Directorate for Commodity Reserves to purchase 96,000 MT of MY 2008/09 mercantile corn for the price of 9 din per kg (USD 130.6 /MT). Republic Directorate for Commodity Reserves will be buying corn from registered agriculture householders between Nov. 24th and Dec 2nd through authorized Warehouses and Novi Sad Commodity Exchange. The price of 9 din /kg (included VAT) is 11 percent higher than the current corn price at the Novi Sad Commodity Exchange.

PSD Table - Corn:

PSD Table									
Country	Serbia								
Commodity	Corn								
	2006	Revised		2007	Estimate		(1000 HA)	(1000 MT)	(MT/HA)
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		10/2006	10/2006		10/2007	10/2007		10/2008	10/2008
Area Harvested	1170	0	1170	1200	0	1207	0	0	1300
Beginning Stocks	744	0	744	855	0	855	405	0	320
Production	6415	0	6415	4300	0	4054	0	0	5900
MY Imports	0	0	0	0	0	1	0	0	1
TY Imports	0	0	0	0	0	1	0	0	1
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	7159	0	7159	5155	0	4910	405	0	6221
MY Exports	854	0	854	200	0	290	0	0	1200
TY Exports	854	0	854	200	0	290	0	0	1200
Feed Consumption	5200	0	5200	4300	0	4100	0	0	4100
FSI Consumption	250	0	250	250	0	200	0	0	250
Total Consumption	5450	0	5450	4550	0	4300	0	0	4350
Ending Stocks	855	0	855	405	0	320	0	0	671
Total Distribution	7159	0	7159	5155	0	4910	0	0	6221
Yield	5.482906	0	5.482906	3.583333	0	3.358741	0	0	4.538462