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Serbia

Post: Belgrade

Wheat Update

Report Categories:

Grain and Feed

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Report Highlights:

During the week of July 22nd most Serbian farmers completed this year's wheat harvest. Serbia's wheat crop planted area for MY13/14 is estimated to be 600,000 HA and overall production is believed to have reached a record high of 3 million MT, or 37 percent more than MY12/13. Average wheat yields were around 5 MT/Ha, also a record high, with good baking quality. During July, the Serbian Commodity Reserve purchased 59,500 MT of the new wheat crop at a price of 20 din/kg VAT included (USD \$235/MT). With domestic consumption of around 1.5 million MT, Serbia will have over 1 million MT of wheat available for export during MY13/14. Serbian exporters have already signed export contracts thru Sept 2013 for 400,000 MT of the new wheat crop.

General Information:

According to the Serbian Ministry of Agriculture and Trade, Serbian producers planted 600,000 HA of wheat last autumn, or 25 percent more than previous years. The 25 percent increase in wheat planted area this year happened for several reasons. First, wheat as a winter/spring crop suffered almost no damage from the extreme drought in 2012 and even experienced higher yields. Also, even with the significant size of the wheat crop in 2012, wheat prices increased during the harvest and have remained stable at about 27 dinars/kg (USD \$318/MT) during the fall and winter. Last fall most of the wheat was planted at the optimal time for seeding, while during the winter the wheat was mostly covered and protected by snow. Spring and summer conditions were also very good for wheat growing with enough moisture and sunshine. This resulted in excellent wheat yields and good baking quality in MY13/14.

According to SGS Inspection Company in Serbia, the following shows the average quality of MY13/14 wheat:

MY13/14 wheat quality parameters

Parameter	Average values of Serbian MY13/14 wheat crop
Hectoliter Weight	78.08 kg/hl
Moisture	13.79%
Proteins	12.32%
Hagberg Falling Number	278.51
Alveogram W	202.39
Wet Gluten Content	22.63%

Source: SGS Serbia

During the week of July 22nd most Serbian farmers completed the wheat harvest. The Serbian Grain Association is estimating this year's crop is of excellent quality and record quantities at about 3 million MT. Average wheat yields this year are even higher than previously expected and are reaching records at 5 MT/HA. Domestic consumption of wheat is estimated at 1.5 million MT, with the State Commodity Reserve planning to buy 200,000 MT of the new wheat crop. Serbia is expected to export over 1 million MT of wheat during MY13/14 due to the large crop. Serbian exporters have already signed export contracts thru September 2013 for 400,000 MT of the new wheat crop.

On July 19, Serbia's Commodity Reserve purchased 59,500 MT of the MY13/14 crop at a price of 20 dinars VAT included (USD \$235/MT). The transactions were done thru the Novi Sad Commodity Exchange and it was almost a "battle" amongst the farmers as the State offered 3-4 dinars above the current wheat market price. Nearly 59,500 MT sold in a day. Registered farmers and agricultural cooperatives were allowed to sell between 5-50 MT each. However, the Serbian Grain Fund doesn't think the sale will affect wheat prices very much given it represents only about 2% of this year's 3 million MT wheat crop.

Significant wheat production in Serbia along with generally lower world market prices have resulted in a 30% decline in domestic wheat prices compared to last year. Currently, Serbian millers and traders are paying between 16-17 dinars/kg (USD\$188-200/MT), which is less than the wheat production costs. Consequently, many Serbian farmers are opting to store the new crop in hopes of obtaining better prices

later in the year.

According to the Serbian Grain Association, in MY12/13, Serbia exported 499,459 MT of wheat (almost double MY11/12 exports) and 139,763 MT of flour (about the same as in MY12/13). Part of Serbia's wheat trade is shipped by truck to neighboring Bosnia and Herzegovina, Montenegro, Macedonia and Albania, while the largest quantities of wheat were shipped by barge to Port Constanza, Romania. Serbian wheat is mostly sold to foreign international companies FOB at Port on the Danube in Serbia. Serbian (higher quality) wheat is sold to Spain, Germany, Italy and France.

However, one of Serbia's larger markets, Macedonia, began blocking wheat and flour imports as early as February 2013. Macedonia's Food and Veterinary Agency started rejecting Serbian wheat and flour imports, reportedly for higher than permitted heavy metal levels. The Serbian Grain Association began claiming Macedonia also was taking longer to get sample results and clear Serbian products than product from Hungary and Croatia. On July 1, Macedonian introduced a new domestic purchase requirement as a pre-condition to import wheat and flour. For every kilo of imported wheat grain traders had to purchase 3 kilos of domestic wheat and for every kilo of imported flour they were required to purchase 4 kilos of domestic flour. Annually Serbia exports 50,000 MT of wheat (valued at USD\$13 million) and 45,000 MT of flour (valued at USD\$18 million) to Macedonia. The Serbian Ministry of Agriculture first considered introducing reciprocal measures on key Macedonian exports, such as tomatoes and wine, but in the end sought a Central European Free Trade (CEFTA) Agreement Joint Committee meeting on July 22 instead. The CEFTA Agreement dates to 2006 and was intended to enable free trade amongst its members that currently include: Albania, Bosnia and Herzegovina, Macedonia, Moldova, Montenegro, Serbia and Kosovo (UMNIK). It was agreed at the Joint Committee meeting that the Macedonian measures would be eliminated by August 31 on wheat and by September 15 for flour.

Wheat Serbia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: May 2011		Market Year Begin: May 2012		Market Year Begin: May 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	493	493	480	480	600	600
Beginning Stocks	322	322	361	364	221	214
Production	2,000	2,000	1,900	1,900	2,400	3,000
MY Imports	10	10	10	10	10	10
TY Imports	10	10	10	10	10	10
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2,332	2,332	2,271	2,274	2,631	3,224
MY Exports	471	408	650	560	800	1,100
TY Exports	471	408	650	560	800	1,100
Feed and Residual	200	260	200	200	250	400
FSI Consumption	1,300	1,300	1,200	1,300	1,300	1,500
Total Consumption	1,500	1,560	1,400	1,500	1,550	1,900
Ending Stocks	361	364	221	214	281	224
Total Distribution	2,332	2,332	2,271	2,274	2,631	3,224

1000 HA, 1000 MT, MT/HA

