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Report Name: Grain and Feed Update

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Prepared By: Ponnarong Prasertsri, Agricultural Specialist

Approved By: ERIC MULLIS

Report Highlights:

MY2019/20 rice production is revised down as the main rice crop was affected by flooding. Rice exports are revised down further due to strong competition in low-quality rice markets.

Executive Summary

MY2019/20 rice production is revised down to 20.5 million metric tons as the main rice crop was affected by flooding. However, total rice production is still higher than MY2018/19 due to an increase in off-season rice production. Rice exports are revised down to 8.6 million metric tons in 2019 due to limited supplies of low-quality rice and the strengthening of the Thai baht.

Post's forecast for MY2019/20 corn production remains unchanged at 4.4 million metric tons. This is a 22 percent reduction from MY2018/19 mainly due to the infestation of fall armyworm and a dry spell during June – July 2019.

Post's forecast for MY2019/20 wheat imports remains unchanged at 3.1 million metric tons, up 7 percent from MY2018/19's levels due mainly to the increase in feed wheat imports. Milling wheat imports are expected to increase to 1.2 million metric tons, a slower growth pace due to an economic slowdown.

1. Rice

1.1 Production

Post's forecast for MY2019/20 rice production is revised down to 20.5 million metric tons due to a reduced production of the main rice crop caused by flooding during August - September 2019. MY2019/20 main rice crop production is expected to decline to 14.8 million metric tons, down 1 percent from MY2018/19. The Geo-Informatics and Space Technology Development Agency (GISTDA) estimated the area flooded by typhoons during late August to September 2019 at approximately 2.3 million rai (0.4 million hectares), of which around 70 percent of flooded areas occurred in the northeastern region (Figure 1.1.1). The Ministry of Agriculture and Cooperatives (MOAC) reported on October 28, 2019, that around 1.8 million rai of rice acreage (0.3 million hectares) were flooded. Only half of the affected rice acreage is expected to suffer losses as flood waters receded within a week in many rice growing areas. Most of the affected areas included MY2019/20 main rice crop grown along the river basin in the northeastern region. Despite well above normal precipitation during August – September 2019, which helped the main rice crop recover from the dry spell during June – July 2019, the MY2019/20 main rice crop production losses from flood damage are likely to outweigh the yield recovery from favorable weather conditions during the rice reproductive growth stage in the northeastern region (Figure 1.1.2).

Figure 1.1.1: Flooded Areas in 2019

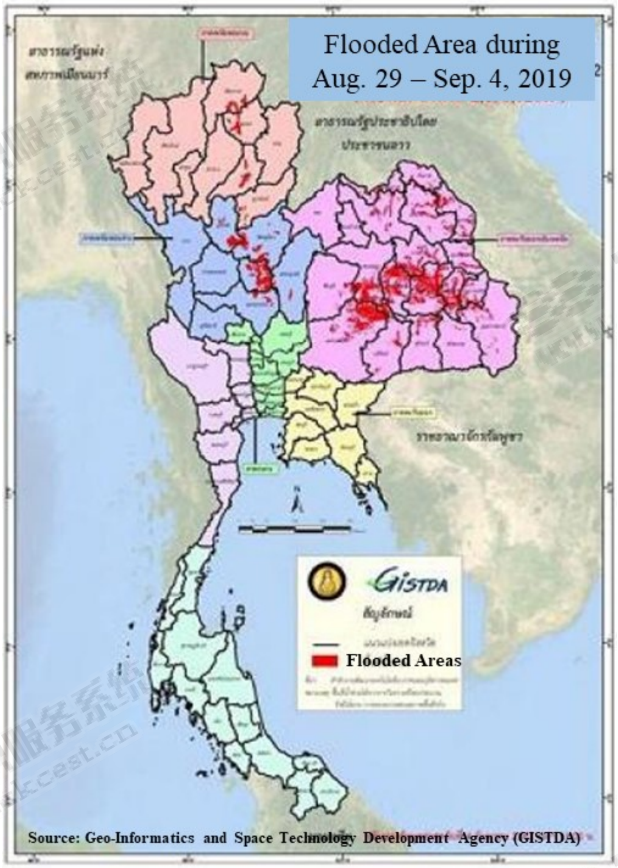
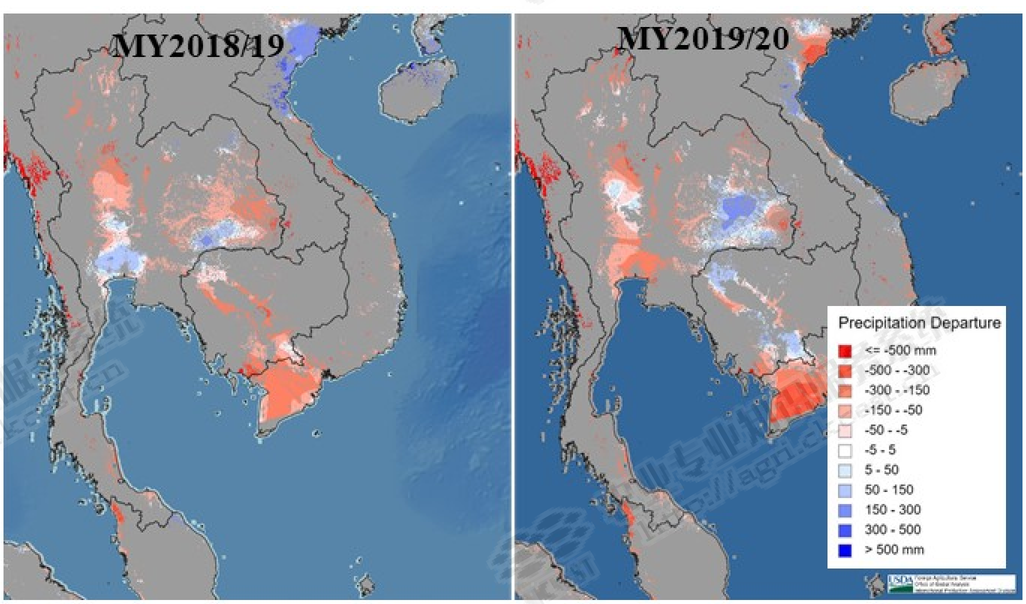


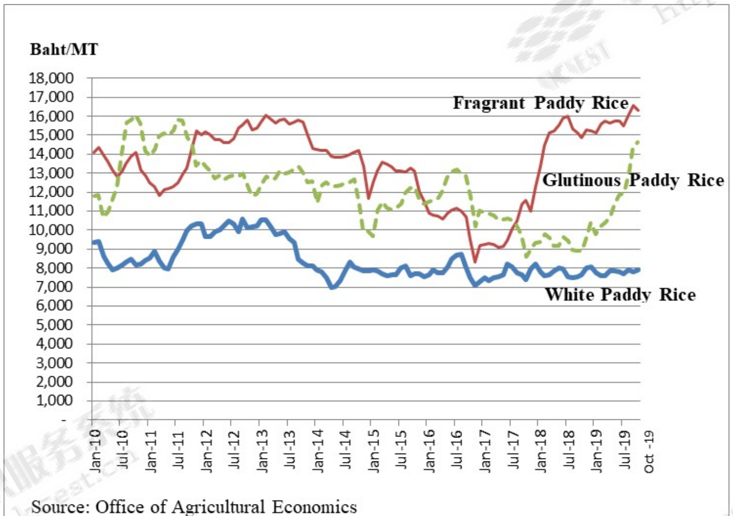
Figure 1.1.2: Precipitation Anomaly in Rice Planting Area during July - September



Source: Global Agricultural and Disaster Assessment System, USDA

Post's forecast for MY2019/20 off-season rice production remains unchanged at 5.7 million metric tons, which is a 4 percent increase from MY2018/19. Despite the government's warning about current low water supplies in major reservoirs, farmers are likely to continue to grow off-season rice due to attractive farm-gate prices. Farm-gate prices of white paddy rice are around 7,900 baht per metric ton (U.S. $259/MT) in October 2019, which is 4 percent higher than the same period last year (Figure 1.1.3). In total, MY2019/20 rice production is expected to remain higher than MY2018/19's levels.

Figure 1.1.3: Farm-gate Prices of Rice Paddy



Source: Office of Agricultural Economics

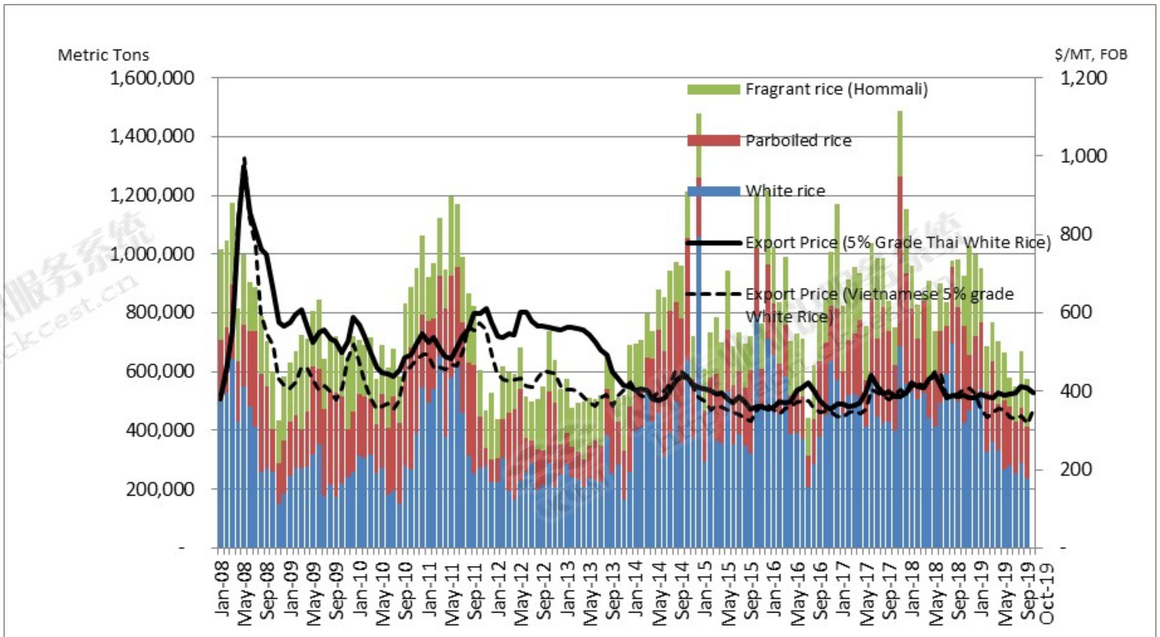
1.2 Trade

MY2019/20 rice exports are revised down to 8.6 million metric tons. This is a 22 percent reduction from MY2018/19 due to lower than expected rice exports during the first nine months of 2019. According to the Thai Customs Department, Thai rice exports during January – September 2019 totaled 5.9 million metric tons, down 28 percent from the same period last year, primarily due to reduced white rice exports (Table 1.2.1). White rice exports declined by 43 percent to 2.5 million metric tons as Thai white rice was less competitive, particularly for low quality rice in African markets which account for approximately half of the total rice exports. Export prices of Thai white rice in September 2019 were U.S. $90-95/MT higher than Vietnamese rice, compared to U.S. $75-80/MT in August 2019, partly due to limited supplies of low-quality rice and the strengthening of the Thai baht (Figure 1.2.1). The Thai baht further appreciated from 30.60 baht/U.S. 1.00 in August 2019 to a 7-year record 30.40 baht/U.S. $1.00 in September 2019. Also, exports of parboiled rice during January – September 2019 declined by 12 percent from the same period last year due to price competition from Indian rice, which is U.S. $35-40/MT cheaper.

Table 1.2.1: Thai Rice Exports by Variety

Unit Metric Tons								
Rice Variety	2015	2016	2017	2018	% change	January - September		
						2018	2019	% Change
White Rice	4,994,387	4,819,941	5,082,384	5,892,438	15.9	4,435,622	2,526,273	-43.0
Parboiled Rice	2,316,900	2,149,597	3,380,167	2,708,477	-19.9	2,038,562	1,804,183	-11.5
Fragrant Rice	2,111,658	2,497,912	2,694,356	2,102,078	-22.0	1,479,720	1,428,674	-3.4
Glutinous Rice	372,835	438,943	517,425	385,749	-25.4	299,677	172,206	-42.5
Total	9,795,780	9,906,393	11,674,332	11,088,742	-5.0	8,253,581	5,931,336	-28.1
Source: Thai Rice Exporter Association								

Figure 1.2.1: Monthly Thai Rice Exports by Variety



Source: Thai Customs Department, and Thai Chamber of Commerce

1.3 Policy

On October 15, 2019, the government began to provide compensation to farmers under the MY2019/20 Price Guarantee Program. Since guarantee prices exceed market prices, the payment for white rice will be 2,470 baht per metric ton (U.S. $82/MT) with a maximum tonnage of 30 metric tons per farmer household and 783 baht per metric ton (U.S. $26/MT) for Pahtumthani fragrant rice with a maximum tonnage of 25 metric tons (Table 1.3.1).

Table 1.3.1: Paddy Rice Guarantee Prices for MY2019/20 Main Rice Crop

Paddy Rice Varieties	Guarantee Price	Eligible Tonnage
	(Baht/Metric Ton)	(Metric Ton)
White Paddy Rice	10,000	30
Fragrant Paddy Rice (Hom Mali)	15,000	14
Pathumthani Fragrant Paddy Rice	11,000	25
Provincial Fragrant Paddy Rice	14,000	16
Glutinous Paddy Rice	12,000	16
Source: Ministry of Commerce		

2. Corn Update

Post's forecast for MY2019/20 corn production remains unchanged at 4.4 million metric tons. This is a 22 percent reduction from MY2018/19 due to the infestation of fall armyworm and a dry spell during June – July 2019. As of October 28, 2019, the MOAC's report on the fall armyworm outbreak in MY2019/20 corn acreage is still limited to around 1.3 – 1.4 million rai (0.2 million hectares) over the past two months. These infested areas account for approximately 20 percent of MY2019/20 main corn crop acreage. Also, according to the MOAC's flood damage assessment, flooding that occurred during August – September 2019 had a marginal impact on corn production.

The government announced that corn will be included in MY2019/20 Price Guarantee Program. However, the government has not yet finalized the details of the program for corn. It is likely that corn farmers will not be eligible for this program in MY2019/20 as the main corn crop has already been harvested. Additionally, the government still maintains a domestic absorption program to protect domestic corn farmers from cheaper feed wheat imports through the feed wheat import restrictions that have been in place since January 2017. Under these import restrictions, importers are required to purchase domestic corn prior to the import of feed wheat at a 3 to 1 absorption ratio. The government also sets the minimum purchase price of domestic corn at 8 baht per kilogram (U.S. $256/MT) for feed mills.

3. Wheat Update

Post's forecast for MY2019/20 wheat imports remains unchanged at 3.1 million metric tons, up 7 percent from MY2018/19's levels due mainly to the increase in feed wheat imports. Feed wheat imports are expected to increase to 1.7 million metric tons, up 11 percent from MY2018/19 due to growing demand in the poultry industry. Feed mills are expected to heavily rely on imported feed wheat due to limited supplies of locally produced corn and imported corn from neighboring countries, which were affected by the fall armyworm outbreaks. Also, milling wheat imports are expected to increase to 1.2 million metric tons, up only 2 percent, compared to the 33 percent increase in MY2018/19 due to a slow growth in demand from bakeries and noodle producers caused by an economic slowdown in 2019.

In the first quarter of MY2019/20, wheat imports totaled 0.8 million metric tons, up 3 percent from the same period in MY2018/19, due to increased feed wheat imports. Feed wheat imports increased to 0.5 million metric tons, up 30 percent from the same period in the previous year. Meanwhile, imports of milling wheat declined to 0.2 million metric tons, down 23 percent from the same period last year. Wheat flour and product imports totaled 76,845 metric tons, down 4 percent from the same period last year.

Appendix Tables

Table 1: Thailand's Rice Production, Supply and Demand

Rice, Milled	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	10756	10756	10904	10830	10900	10775
Beginning Stocks	4238	4238	3009	2940	3809	4080
Milled Production	20577	20577	20550	20340	20500	20470
Rough Production	31177	31177	31136	30818	31061	31015
Milling Rate (.9999)	6600	6600	6600	6600	6600	6600
MY Imports	250	200	250	200	250	200
TY Imports	250	200	250	200	250	200
TY Imp. from U.S.	4	0	0	0	0	0
Total Supply	25065	25015	23809	23480	24559	24750
MY Exports	11056	11075	9000	8600	9500	9700
TY Exports	11056	11075	9000	8600	9500	9700
Consumption and Residual	11000	11000	11000	10800	11000	11000
Ending Stocks	3009	2940	3809	4080	4059	4050
Total Distribution	25065	25015	23809	23480	24559	24750
Yield (Rough)	2.8986	2.8986	2.8555	2.8456	2.8496	2.8784
(1000 HA) ,(1000 MT) ,(MT/HA)						

Table 2: Thailand's Rice Production by Crop

	2017/18			2018/19			2019/20		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (Million Hectares)									
Cultivation	9.000	2.054	11.054	9.230	1.900	11.130	9.280	1.985	11.265
Harvest	8.711	2.045	10.756	8.940	1.890	10.830	8.805	1.970	10.775
Production (Million Tons)									
Rough	22.227	8.950	31.177	22.608	8.210	30.818	22.455	8.560	31.015
Rice	14.670	5.907	20.577	14.920	5.420	20.340	14.820	5.650	20.470
Yield (Ton/Hectare)	2.552	4.377	2.898	2.529	4.344	2.846	2.550	4.345	2.878

Note: 1. Main crop rice is mostly cultivated during May - August and harvested during November - December.

2. Off-season rice is mostly cultivated during November - January and harvested during March - May.

Table 3: Thailand's Corn Production, Supply and Demand

Corn	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1124	1124	1230	1296	1190	1180
Beginning Stocks	143	143	144	166	293	1045
Production	5000	5000	5420	5625	5200	4365
MY Imports	700	700	700	1200	800	700
TY Imports	700	700	700	1200	800	500
TY Imp. from U.S.	4	0	0	0	0	0
Total Supply	5843	5843	6264	6991	6293	6110
MY Exports	199	177	171	146	100	50
TY Exports	223	202	150	146	100	50
Feed and Residual	5400	5400	5700	5700	5900	5700
FSI Consumption	100	100	100	100	100	100
Total Consumption	5500	5500	5800	5800	6000	5800
Ending Stocks	144	166	293	1045	193	260
Total Distribution	5843	5843	6264	6991	6293	6110
Yield	4.4484	4.4484	4.4065	4.3403	4.3697	3.6992

(1000 HA) ,(1000 MT) ,(MT/HA)						

Table 4: Thailand's Wheat Production, Supply and Demand

Wheat	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	805	805	671	716	495	590
Production	0	0	0	0	0	0
MY Imports	3173	3168	2899	2899	3100	3100
TY Imports	3173	3168	2899	2899	3100	3100
TY Imp. from U.S.	666	578	719	680	0	700
Total Supply	3978	3973	3570	3615	3595	3690
MY Exports	257	257	275	275	250	280
TY Exports	257	257	275	275	250	280
Feed and Residual	1850	1700	1600	1400	1600	1500
FSI Consumption	1200	1300	1200	1350	1225	1390
Total Consumption	3050	3000	2800	2750	2825	2890
Ending Stocks	671	716	495	590	520	520
Total Distribution	3978	3973	3570	3615	3595	3690
Yield	0	0	0	0	0	0
(1000 HA) ,(1000 MT) ,(MT/HA)						

End of Report.

Attachments:

No Attachments