

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 11/27/2017

GAIN Report Number: TH7157

Thailand

Grain and Feed Update

November 2017

Approved By:

Paul Welcher, Agricultural Attaché

Prepared By:

Ponnarong Prasertsri, Agricultural Specialist

Report Highlights:

The forecast for MY2017/18 main crop rice production is revised down slightly due to higher than expected flooding damage to fragrant rice. Rice exports are expected to reach 11 million metric tons in 2017. In November, the government recalled the sale of 1 million metric tons of low-quality rice stocks.

Post:
Bangkok

Executive Summary:

The forecast for MY2017/18 rice production is revised down slightly due to higher than expected flooding damage to fragrant rice. However, total MY2017/18 main crop rice production remains higher than MY2016/17 rice production due to higher average yields. The forecast for rice exports remains unchanged at 11 million metric tons as Thai rice is likely to maintain its export growth path for the rest of 2017. In November, the government recalled the sale of 1 million metric tons of low-quality rice stocks.

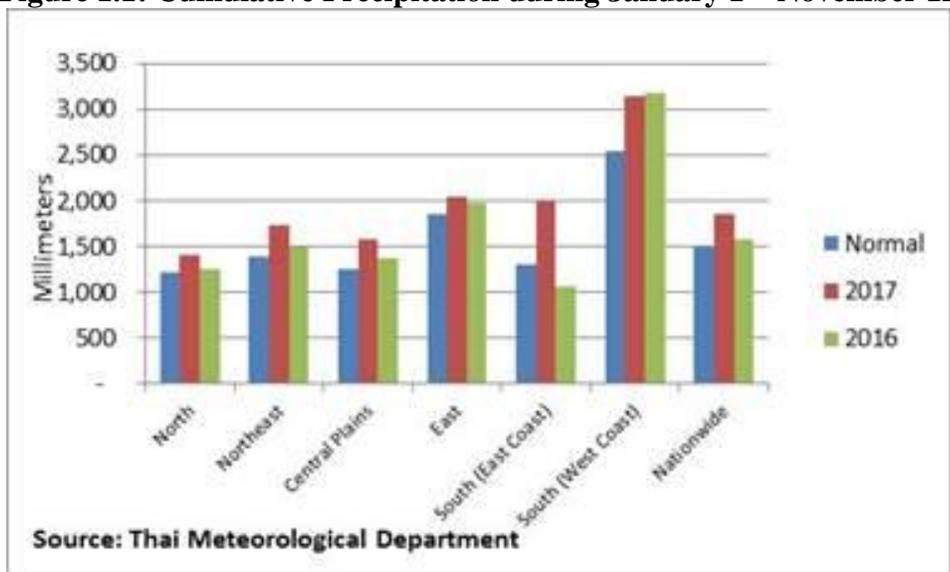
Post’s supply and demand forecast for corn and wheat remains unchanged from October 2017 (please see [GAIN Report: Grain and Feed Update, October 2017](#)). The government is no longer planning to raise import tariffs on feed wheat due to concerns about higher livestock production costs. However, the domestic corn purchase requirement will remain in place to protect domestic corn farmers from imported feed wheat.

1. Rice Update

1.1 Production

Approximately 70-80 percent of MY2017/18 main crop rice production has been harvested. Post’s forecast for MY2017/18 main crop paddy rice production is revised down slightly to 22.2 million metric tons, compared to the previous forecast of 22.3 million metric tons due to higher than expected damage from flooding in the northeastern region of Thailand, a major growing area of fragrant rice. The prolonged flooding in the northeast resulted from heavy rainfall (25 percent above the normal average) and limited reservoir storage capacity (Figure 1.1).

Figure 1.1: Cumulative Precipitation during January 1 – November 12, 2017



According to the Ministry of Agriculture and Cooperatives’ November 9, 2017 assessment, the flooding impacted 4-5 million rai (0.6 - 0.8 million hectares) of MY2017/18 main crop rice production (Table

1.1). However, trade sources expect that net losses from the flooding to be only 1-2 million rai (0.2 - 0.3 million hectares), accounting for 2-4 percent of total planted area. Farmers were able to replant most of the area affected by flooding in July and August after the water receded.

**Table 1.1 Government’s Assessment on the Impact of Flooding on Rice Areas
(As of November 9, 2017)**

Unit: Million Rai				
Government Agency	July 5 - Aug 15	Aug 16 - Sep 30	Oct 1 - Present (Nov 9)	Total
Office of Agricultural Economics	3.41		1.94	5.35
Disaster Tracking Center, Ministry of Agriculture And Cooperatives (MOAC)	3.06	0.16	1.13	4.35

Source: Ministry of Agriculture and Cooperatives

Most of the area that could not be replanted is located along the Chi River which experienced flooding in October – November that impacted mature fragrant paddy rice in the northeastern region (Figure 1.2). Meanwhile, current flooding in the lower northern region and in the central plains has had marginal impact on MY2017/18 main-crop rice production as most farmers already harvested their rice crop prior to the flooding. Most of these farmers will begin MY2017/18 off-season rice cultivation when flood waters recede in December 2017.

Figure 1.2: Flood Areas, as of November 13, 2017

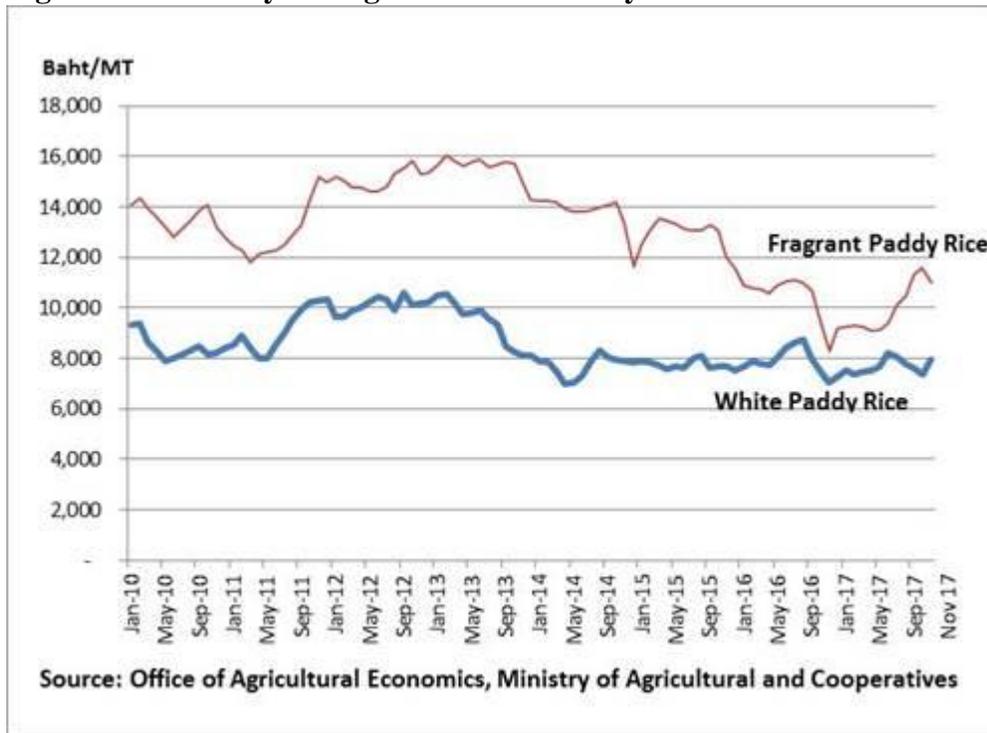


The revised forecast for MY2017/18 main crop rice production is 6 percent higher than MY2016/17 main crop rice production as yield improvements more than offset production losses from flooding, particularly in the northeastern region. Fragrant paddy rice production is revised down slightly to 6.7 million metric tons due to flooding damage which is still 2 percent above MY2016/17 fragrant paddy rice production as yields increased 20-30 percent in upland areas. Meanwhile, glutinous paddy rice production increased to 5.3 million metric tons, up 2 percent from MY2016/17 largely from increased acreage, particularly in the upper northeastern region due to attractive prices. White paddy rice production is expected to increase to 8-9 million metric tons, up 10-15 percent from MY2016/17 due to a recovery in acreage from the previous year when the government did not provide irrigation supplies for MY2016/17 main crop rice cultivation.

MY2017/18 off-season paddy rice production is expected to increase to 8.6 million metric tons, mostly from anticipated acreage expansion for white paddy rice. This is a 5-6 percent increase from MY2016/17 as farmgate prices for white paddy rice remain attractive. Presently, farmgate price for white paddy rice is at 7,952 baht per metric ton (U.S. \$241/MT), 13 percent higher than prices at this time last year (Figure 1.3). Additionally, while farmers are being encouraged to shift to alternative crops, the government is not expected to restrict irrigation supplies for rice production as water supplies

are currently 44 percent above the same period last year.

Figure 1.3: Monthly Farmgate Prices of Paddy Rice

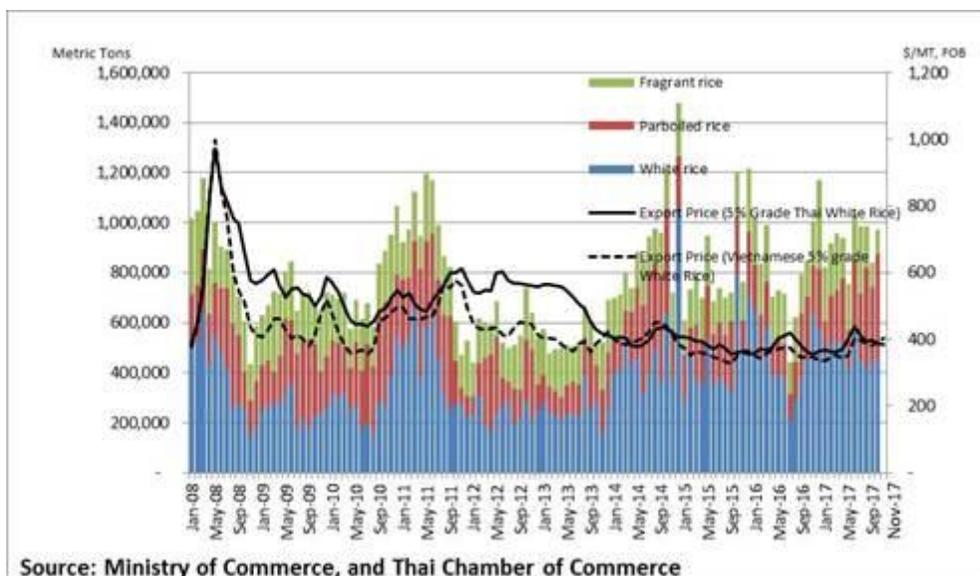


1.2 Exports

Thai rice exports during January – October 2017 increased to approximately 9.2 million metric tons, up 20 percent from the same period last year due mainly to the increase in parboiled rice exports to Africa and the Middle East. Exports of parboiled rice totaled 2.6 million metric tons during this time period. This is a 52 percent increase from the same period last year due to the recovery of MY2016/17 off-season white rice production. White rice exports also increased largely due to the sale of government stocks. Since January 2017, the government has sold 3.2 million metric tons of food quality rice stocks, emptying government stocks of food quality rice. Export prices of old-crop white rice from government stocks are 2-4 percent cheaper than new-crop white rice.

Post’s forecast for MY2016/17 rice exports remain unchanged at 11 million metric tons. This is an 11 percent increase from MY2015/16 as Thai rice is expected to maintain its export growth path for the rest of 2017 as export prices for white and parboiled rice are quite competitive in foreign markets. Presently, Thai white rice prices are 5 percent lower than Vietnamese rice (Figure 1.4), while Thai parboiled rice prices are the same as Indian parboiled rice.

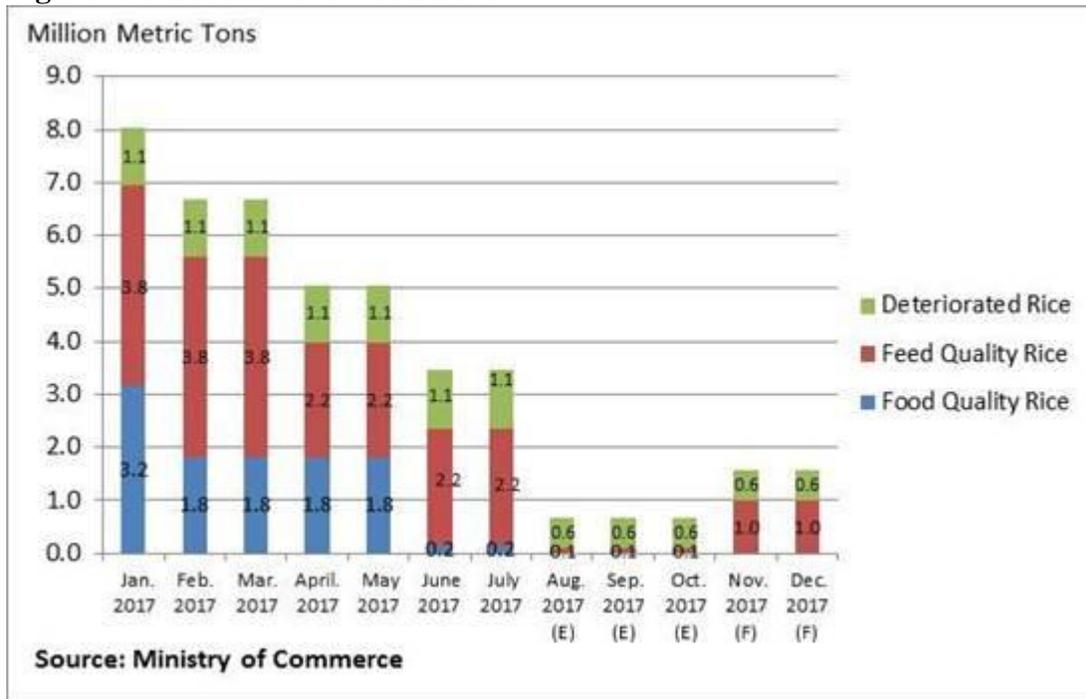
Figure 1.4: Monthly Thai Rice Exports by Variety



1.3 Stocks

In November 2017, the government announced the recall of around 1 million metric tons from the prior sale of 2.1 million metric tons of low quality rice stocks (please see [GAIN Report: Grain and Feed Update, August](#) and [September 2017](#)). The sale of these stocks had been delayed by a court case disputing the sales results. Even though the court ruled in August 2017 that the sale of the auctioned stocks could proceed, the delay and other administrative issues caused many of the original buyers to lose interest in purchasing these stocks. As a result, total government rice stocks are revised up to around 1.6 million metric tons, which consist of 1 million metric tons of non-food quality rice and 0.6 million metric tons of deteriorated rice (Figure 1.5). Additionally, the government announced that it will not issue any further tenders for the rest of 2017 in order to avoid any downward pressure on domestic prices during the peak harvest. However, remaining government stocks are expected to be sold off in MY2017/18.

Figure 1.5: Government Rice Stocks

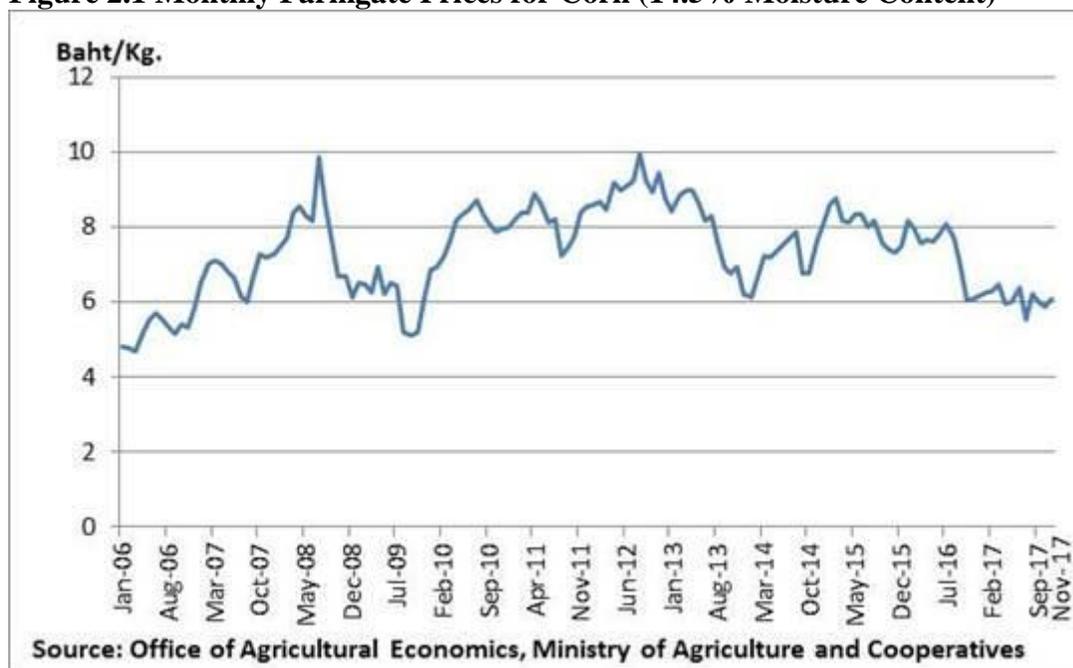


Post’s forecast for rice stocks remains unchanged at 4.8 million metric tons for MY2016/17. Even though the recall of the sale of government stocks will increase government stocks held in MY2016/17, the increase in government stocks will be offset by reduced private stocks. Most of the recalled sales were going to be held by the private sector until next year so as to not compete with new crop supplies entering the market. The government is expected to sell all of their remaining rice stocks of 1.6 million metric tons in MY2017/18. Total rice stocks will likely decline to 3-4 million metric tons in MY2017/18 which would cover about two months of use.

2. Corn and Wheat Update

On October 31, 2017, the government approved a 45 billion baht (U.S. \$1.4 billion) soft loan program for farmer institutions (agricultural cooperatives) to stockpile domestic corn in order to stabilize domestic corn prices during the peak harvest. Under this program, the government will provide a 3 percent interest subsidy to participating farmers. However, only a few farmer institutions are expected to participate in this program due to it being implemented late in the harvest season. Additionally, the government is still maintaining the domestic corn purchase requirements to limit the use of imported feed wheat since January 2017. In November 2017, the farmgate price for corn is around 6 baht/kg (U.S. \$182/MT), a slight increase from the same period last year (Figure 1.5). Meanwhile, the government is no longer considering raising the tariff on feed wheat due to concerns about the tariff negatively impacting poultry and livestock production costs.

Figure 2.1 Monthly Farmgate Prices for Corn (14.5% Moisture Content)



Appendix Tables:

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

Rice, Milled	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jan 2016		Jan 2017		Jan 2018	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	9444	9444	10247	10247	10700	10684
Beginning Stocks	11270	11270	8403	8387	4853	4787
Milled Production	15800	15800	19200	19200	20400	20370
Rough Production	23939	23939	29091	29091	30909	30864
Milling Rate (.9999)	6600	6600	6600	6600	6600	6600
MY Imports	300	300	250	200	250	200
TY Imports	300	300	250	200	250	200
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	27370	27370	27853	27787	25503	25357
MY Exports	9867	9883	11000	11000	10200	10000
TY Exports	9867	9883	11000	11000	10200	10000
Consumption and Residual	9100	9100	12000	12000	11500	11500
Ending Stocks	8403	8387	4853	4787	3803	3857
Total Distribution	27370	27370	27853	27787	25503	25357
Yield (Rough)	2.5348	2.5348	2.839	2.839	2.8887	2.8888

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

Table 2: Thailand's Rice Area, Production and Yield

	2015/16			2016/17			2017/18		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area									
(Million Hectares)									
Cultivation	9.096	1.055	10.151	8.745	1.900	10.645	9.000	2.000	11.000
Harvest	8.709	0.735	9.444	8.373	1.874	10.247	8.711	1.973	10.684
Production									
(Million Tons)									
Rough	20.973	2.966	23.939	20.909	8.182	29.091	22.227	8.637	30.864
Rice	13.842	1.958	15.800	13.800	5.400	19.200	14.670	5.700	20.370
Yield									
(Ton/Hectare)	2.408	4.035	2.535	2.497	4.366	2.839	2.552	4.377	2.888

Source: FAS Estimate

End of report.