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Thailand

Grain and Feed Update

Off-season Rice Crop Update

Approved By:
Gary Meyer, Agricultural Counselor
Prepared By:
Ponnarong Prasertsri, Agricultural Specialist

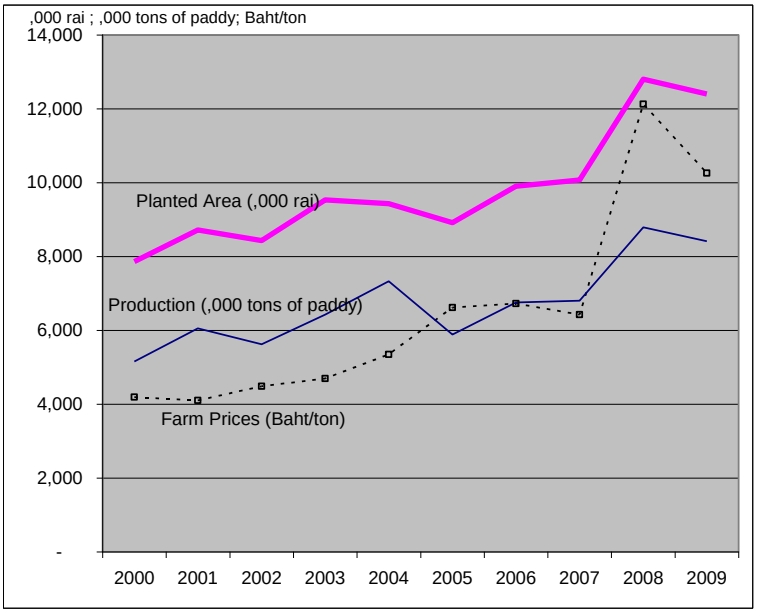
Report Highlights:
TH0025 The cultivation of off-season rice crop is well underway despite official warnings of low water levels in the major reservoirs. Average yield and production of MY2009/10 off-season crop will likely remain unchanged from the previous year, as cultivation area remains unchanged. Current development of El Nino phenomenon will likely affect the new MY2010/11 crop cultivation, as it tends to disrupt rain patterns.

Post:
Bangkok

MY2009/10 Off-season crop cultivation progress amid the official warning on drought

The cultivation of off-season rice crop is well underway despite official warnings of lower water levels in the major reservoirs. Planted areas are expected to remain similar as in the previous year due to current attractive farm prices. Prices tend to outweigh meteorological factors, regardless of government warnings on potential water shortages. This is supported by the tight correlation between prices and acreage expansion. By contrast, acreage expansion is not as tightly related to reservoirs water levels. Taking into account these factors and the latest crop survey, indications are that off-season crop cultivation will likely be much higher than the government target of 9.5 million rai (1.5 million hectares). This would be a repeat of last year's situation in which 12.4 million rai (2.0 million hectares) were cultivated, as compared to the target of 11.6 million rai (1.9 million hectares).

Chart: Off-season Rice Crop's Cultivation, Production, and Price



Average yield of MY2009/10 off-season crop will likely remain the same as the previous year's level of 4.24 tons/hectare. Farmers continue to invest in fertilizers and procuring under-ground water due to attractive farm gate prices. In addition, water stocks in major reservoirs remain at average levels due to the above-normal average rainfall in 2009 (Table 1). The new irrigation dam project (Khwae Noi Dam) in 2010 will provide 400 million cubic meters of water (out of total capacity of 861 million cubic meters) for off-season crops in the lower north, particularly in Pitsanulok province. This has allowed off-season growing area to expand by double to 10,000 – 20,000 rai (1,600 – 3,200 hectares). Farmers are also willing to take on additional risk as the government guarantees prices under the Price Insurance program which for white rice paddy remained unchanged from the previous program (TH9161: "Price Insurance Starts to Replace Mortgage Scheme", Oct. 29, 2009). The development of El Nino phenomenon is expected to cause higher temperatures until June 2010 and will likely affect the new main-crop cultivation, (MY2010/11 main crop) which begins in May, by disrupting normal raining

patterns. Over the past two decades, the worst El Nino-triggered drought was in 1997 - 1998 causing a reduction in the following year's crop production by 4.0 percent.

Table 1. Rainfall in 2008 and 2009 (January - October)

Unit: millimeter

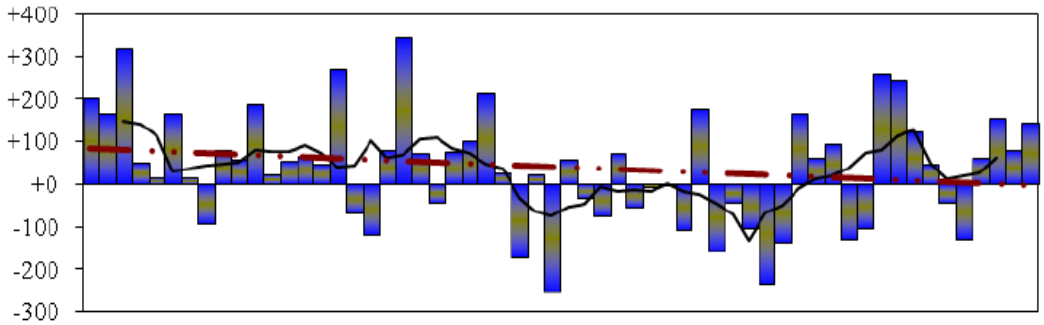
Region	Normal Average Rainfall	2008		2009	
		Rainfall	% Change from Normal Average	Rainfall	% Change from Normal Average
North	1,173	1,321	12	1,187	1
Northeast	1,356	1,614	19	1,437	6
Central	1,198	1,438	20	1,460	22
East	1,816	1,901	5	1,964	8
South (East Cost)	1,099	1,120	1	1,091	-1
South (West Coast)	2,466	2,477	0	2,606	5
Average Total	**1,421**	**1,563**	**10**	**1,504**	**6**

Note: 1. Severe Drought: Rainfall is below normal average by more than 25%,
2. Drought: Rainfall is below normal average by 15-25%, and
3. Normal: Rainfall is below normal average by less than 15%.

Source: Rayal Irrigation Department, Ministry of Agriculture and Cooperative

Chart: Deviation of annual rainfall during 1951 - 2008 from normal average rainfall (1971 - 2000)

Unit: millimeter



Source: The Thai Meteorological Department

The spread of brown plant hoppers in MY2009/10 main crop, particularly in the lower north, was controlled by the government's intensive pesticide program. The updated damage of main crop is lower than expected at 670,000 rai (0.1 million hectare) in which average yield is estimated to decline by 40-50 percent. The brown plant hoppers will likely have marginal effects in off-season crops.

In conclusion, MY 2009/10 rice production has been revised downward slightly to 20.4 million tons from 20.5 million tons, due to the damage of brown plant hoppers in main crop. However, this production level remains higher than the previous year's by 3.0 percent due to good main-crop production (TH9184: "Lock-Up Report", December 12, 2009). Meanwhile, MY2007/08 and MY2008/09 off-season crops have been revised upward due to the official data release from the Office of Agricultural Economics. MY 2009/10 ending stocks will likely be 5-6 million tons same as in the

previous year as the government stock release plan is expected to be conservative.

Table 2: Thailand's Rice Production, Supply and Demand

Rice, Milled Thailand	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Jan
			Data			Data			Data
Area Harvested	10,600	10,600	10,830	10,800	10,800	10,800	10,900	10,900	10,900
Beginning Stocks	2,510	2,510	2,510	2,207	2,207	2,707	4,037	4,007	4,787
Milled Production	19,300	19,300	19,800	19,600	19,600	19,850	20,500	20,500	20,400
Rough Production	29,242	29,242	30,000	29,697	29,697	30,076	31,061	31,061	30,909
Milling Rate (.9999)	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600
MY Imports	8	8	8	300	300	300	300	300	300
TY Imports	8	8	8	300	300	300	300	300	300
TY Imp. from U.S.	2	0	0	0	0	0	0	0	0
Total Supply	21,818	21,818	22,318	22,107	22,107	22,857	24,837	24,807	25,487
MY Exports	10,011	10,011	10,011	8,570	8,600	8,570	10,000	10,000	10,000
TY Exports	10,011	10,011	10,011	8,570	8,600	8,570	10,000	10,000	10,000
Consumption and Residual	9,600	9,600	9,600	9,500	9,500	9,500	9,630	9,600	9,600
Ending Stocks	2,207	2,207	2,707	4,037	4,007	4,787	5,207	5,207	5,887
Total Distribution	21,818	21,818	22,318	22,107	22,107	22,857	24,837	24,807	25,487

End of report.