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GAIN Report

Global Agricultural Information Network

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Date: 6/4/2019

GAIN Report Number: TH9067

Thailand

Grain and Feed Update

May 2019

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Report Highlights:

MY2019/20 corn production is revised down due to fall armyworm infestation. MY2019/20 rice cultivation has progressed slowly due to below normal precipitation. Rice exports are revised down in 2019 due to lower than expected MY2018/19 off-season rice production and strong competition from Vietnamese rice.

Executive Summary:

MY2019/20 corn production forecast is revised down to 5.2 million metric tons, a 5 percent reduction from MY2018/19, due to the outbreak of fall armyworm. Presently, the fall armyworm infestation has not yet spread to other field crops but the government is closely monitoring the situation to prevent possible outbreaks from affecting the rice and sugarcane crops.

MY2018/19 corn production is revised up to a record 5.4 million metric tons, up 9 percent from MY2017/18 due to expanded acreage of off-season corn at the expense of rice acreage driven by attractive prices and government financial support. Despite this increase, MY2018/19 off-season corn acreage was only half of the government's target as some farmers in target areas continued to grow rice due to sufficient water supplies. MY2018/19 rice production is revised down to 20.6 million metric tons due to lower than expected off-season rice production. 2019 rice exports are also revised down to 9.8 million metric tons due to strong competition from Vietnam and limited supplies of government rice stocks.

Post's forecast of MY2018/19 and MY2019/20 wheat imports remain unchanged at 3.1 – 3.2 million metric tons, of which around 60 percent are feed wheat.

Commodities:

Corn

Rice, Milled

Wheat

1. Rice

1.1 Production

MY2019/20 rice production is forecast to increase by 1-2 percent to around 20.8 million metric tons due to expanded acreage and average yield improvement (Figure 1.1.1). Planted area is expected to increase by approximately 1 percent, largely due to greater main crop rice acreage. The acreage expansion is driven by attractive farm-gate prices for fragrant rice. In the first five month of 2019, average farm-gate prices of fragrant rice further increased to 15,200 – 15,700 baht per metric tons (U.S. \$483 – 498/MT), up 3-10 percent from the same period in 2018 (Figure 1.1.2). Presently, farmers are preparing the land for main crop rice planting which will take place in June – July 2019 during the rainy season. The Thai Meteorological Department (TMD) expects precipitation will be 10-20 percent below normal for the month of May when farmers normally begin to prepare the land for rice planting, particularly in the northern and the northeastern regions (Figure 1.1.3 and Figure 1.1.4). However, the TMD expects normal precipitation in major rice growing areas during June - July 2019.

Figure 1.1.1: Thailand's Rice Acreage and Production

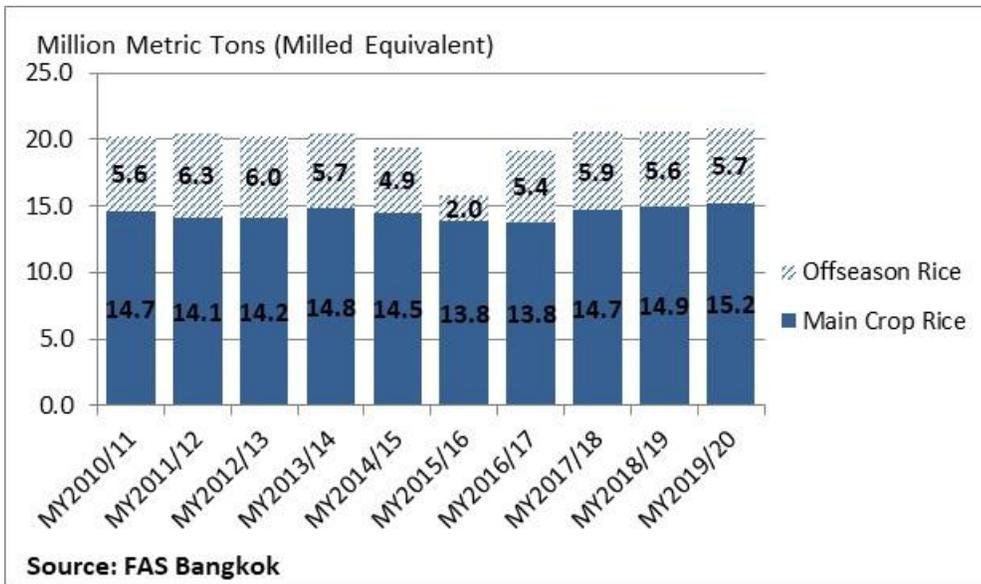
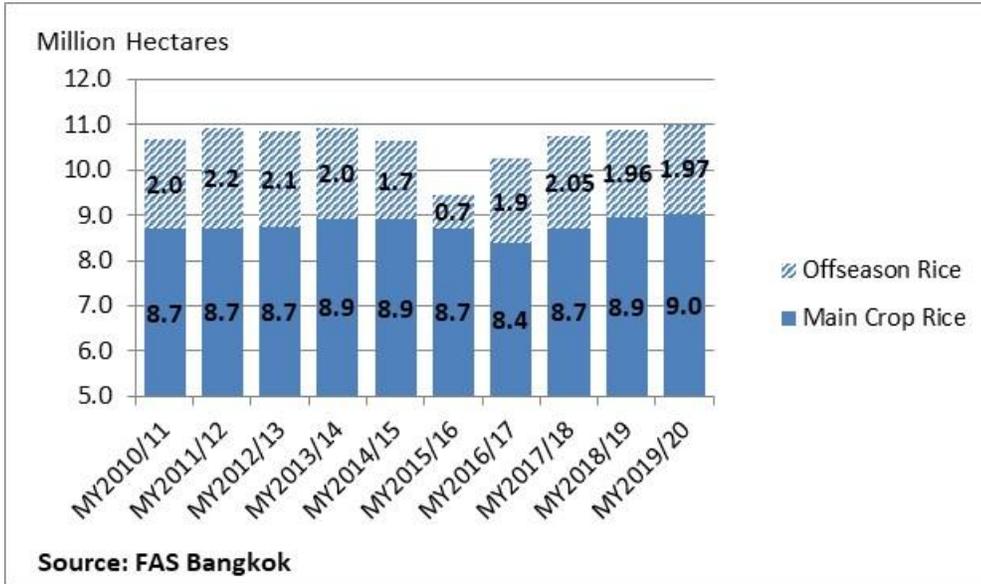


Figure 1.1.2: Farm-gate Prices of Rice Paddy

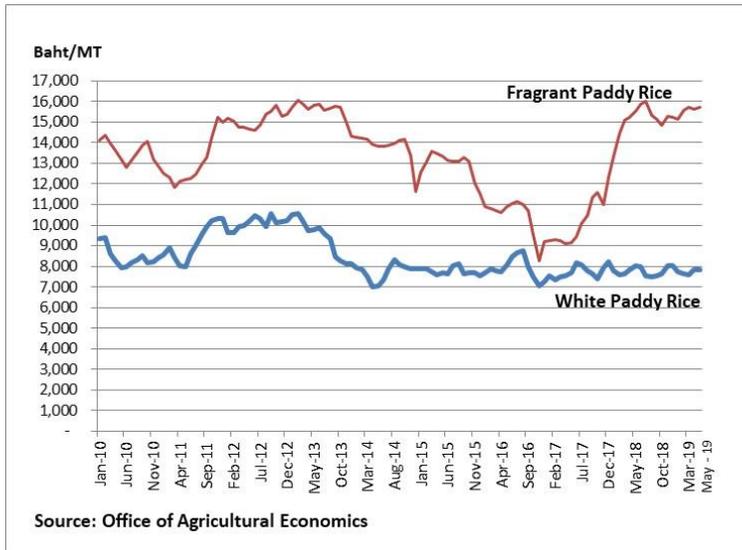


Figure 1.1.3: Precipitation Anomaly Forecast during May – July 2019

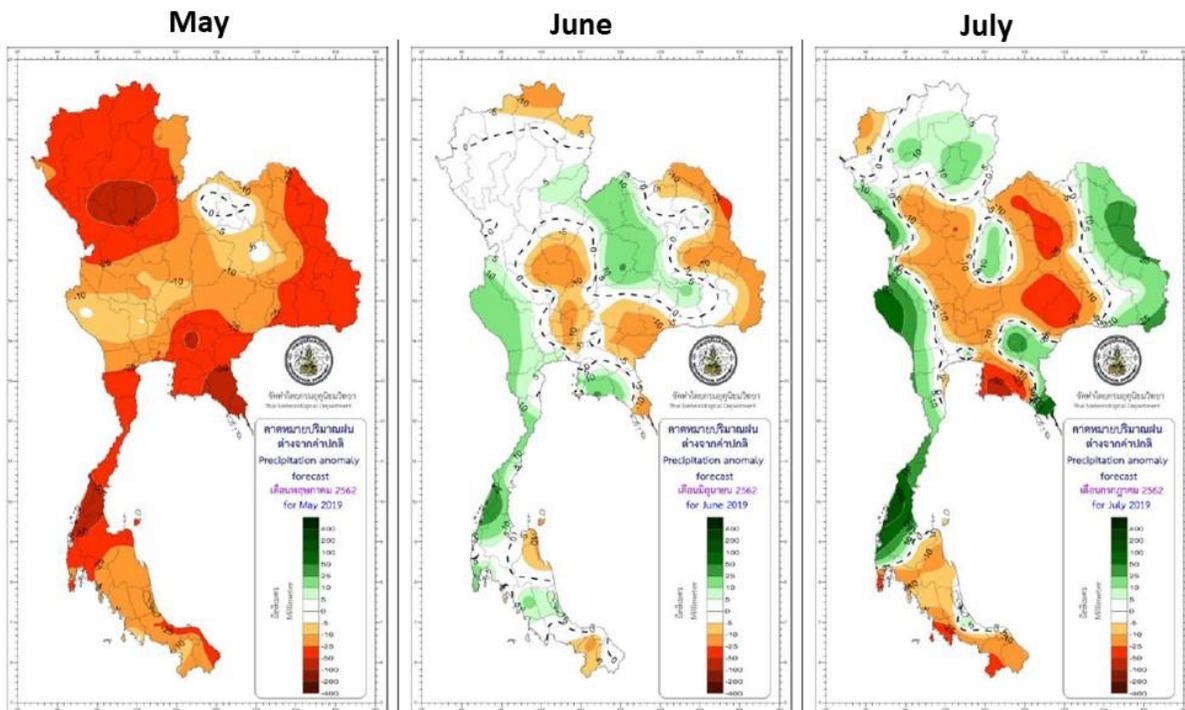
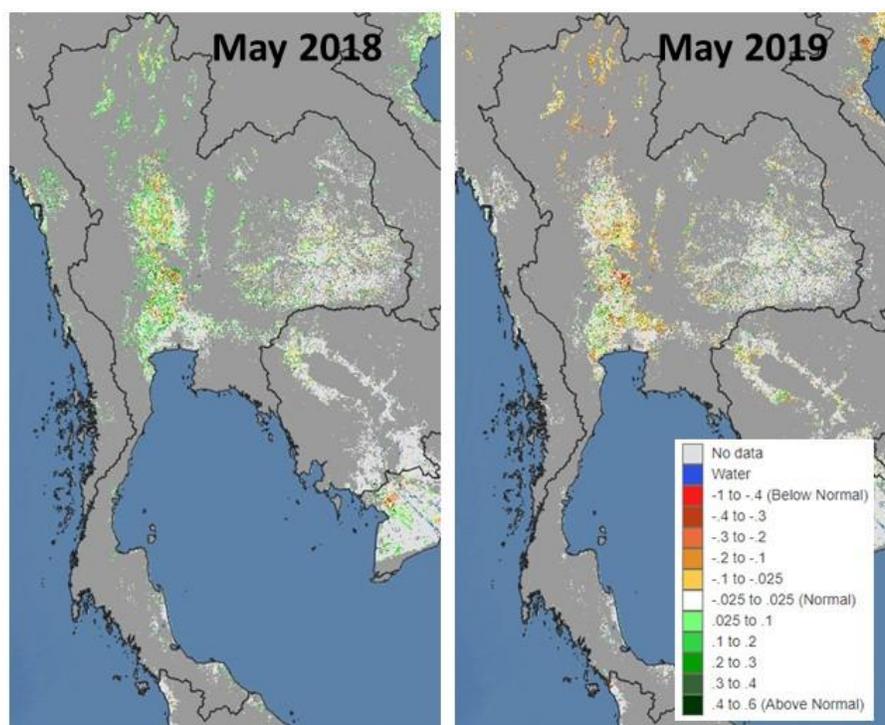


Figure 1.1.4: Normalized Difference Vegetation Index Anomaly in MY2019/20 Main Crop Rice in May 2019



Source: Global Agricultural and Disaster Assessment System, USDA

MY2018/19 rice production is revised down to 20.6 million metric tons, a slight decline from MY2017/18, due to lower than expected off-season rice production. MY2018/19 off-season rice production is expected to decline to 5.7 million metric tons, down 5 percent from MY2017/18 due to reduced acreage, particularly in non-irrigated areas which declined 13 percent from MY2017/18 (Table 1.1.1). Many farmers in non-irrigated areas shifted to off-season corn cultivation due to limited water supplies for rice cultivation. Additionally, corn prices were also attractive at around 8,100 baht per metric ton (U.S. \$257/MT), as compared to average farm-gate prices of white rice at 7,730 baht per metric tons (U.S. \$245/MT) during January – May 2019.

Table 1.1.1: Off-season Rice Planting Area

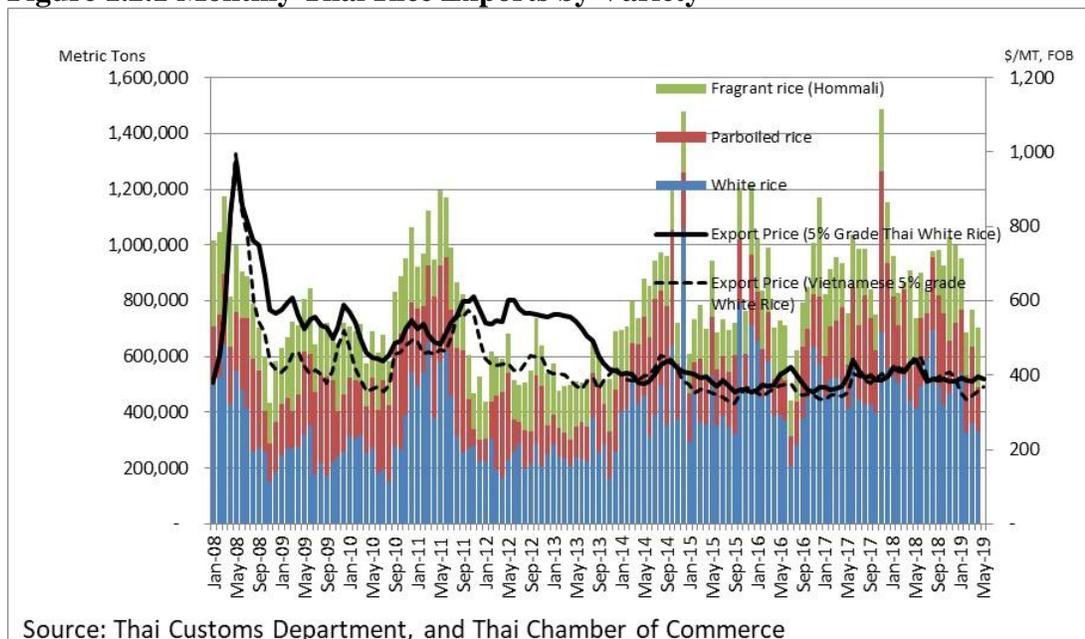
Unit: Million Hectares				
	MY2016/17	MY2017/18	MY2018/19	% Change
Irrigated Area	1.210	1.562	1.550	-0.7
Non-Irrigated Area	0.690	0.492	0.430	-12.6
Total Planted Area	1.900	2.054	1.980	-3.6

Source: FAS Forecast

1.2 Trade

According to the Thai Customs Department, Thai rice exports totaled 3.1 million metric tons during January - April 2019, down 16 percent from the same period last year due to reduced exports of white and parboiled rice (Figure 1.2.1). White rice exports declined approximately 20 percent from the same period last year as Thai rice prices were U.S. \$40-50/MT more expensive than Vietnamese rice, compared to U.S. \$5-10/MT cheaper in the same period last year (Figure 1.2.1). The uncompetitive price for Thai white rice reflects limited supplies of government rice stocks after the government sold off almost all of their rice stocks in 2018. Exports of parboiled rice during January – April 2019 also declined by approximately 7 percent due to competition from Indian parboiled rice.

Figure 1.2.1 Monthly Thai Rice Exports by Variety



MY2018/19 rice exports are revised down to 9.8 million metric tons. This is a 12 percent reduction from MY2017/18 as Thai rice is less competitive, particularly for white rice in African markets, which accounts for around 40-50 percent of total rice exports.

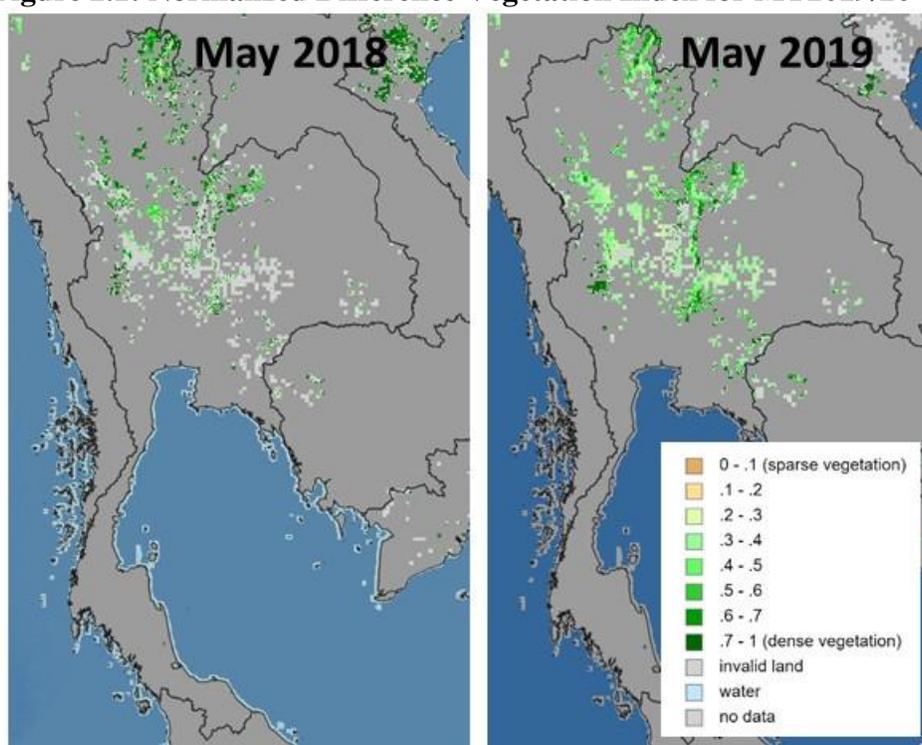
1.3 Stocks

The government sold all of their remaining rice stocks totaling 42,225 metric tons through tenders on May 10 and 14, 2019. These stocks consisted of 13,635 metric tons of food quality rice, 15,330 metric tons of feed quality rice, and 13,260 metric tons of non-food/non-feed quality rice. The government reported that these were the last government rice stock sales in 2019 as the government had sold all of their remaining stocks. The government rice stocks sold through the May 2019 tenders were old crop rice stocks acquired during MY2011/12 – MY2013/14, which had been previously auctioned off in prior government tenders, but had remained unsold due to concerns over quality.

2. Corn

MY2019/20 corn production is forecast to decline to 5.2 million metric tons despite expanded acreage (Figure 2.1). This is a 5 percent reduction from MY2018/19 due to the outbreak of fall armyworm in major corn growing areas. The government reported that fall armyworm was first detected in December 2018 when farmers were growing MY2018/19 off-season corn. Around 60,000 rai (9,600 hectares) of MY2018/19 off-season corn cultivation were affected by the outbreaks of fall armyworm, particularly in the western part of Thailand. The affected area accounted for around 5 percent of total MY2018/19 off-season corn. The insect is currently spreading across corn growing areas in the northern and northeastern regions. Due to fall armyworm infestation, some farmers were forced to replant their MY2019/20 main crop corn which was initially planted about a month ago. The government is closely monitoring the presence of fall armyworm and providing corn farmers with guidance on insecticide to protect production.

Figure 2.1: Normalized Difference Vegetation Index for MY2019/20 Corn



Source: Global Agricultural and Disaster Assessment System, USDA

Post's forecast of MY2018/19 corn production is revised up to 5.4 million metric tons. This is a 9 percent increase from MY2017/18 due to higher than expected off-season corn production. The government reported that MY2018/19 off-season corn acreage totaled around 1 million rai (0.16 million hectares), which doubled MY2017/18 off-season corn acreage. The expanded off-season corn acreage was driven by attractive farm-gate prices and government financial support for farmers who decided to replace off-season rice cultivation with corn. Farm-gate prices of corn during the beginning of MY2018/19 off-season corn cultivation were 8,000 – 9,000 baht per metric ton (U.S. \$254-286/MT), 30-40 percent higher than the same period in MY2017/18 (Figure 2.2). Despite this increase, MY2018/19 off-season corn acreage was only half of the government's target of 2 million rai (0.3 million hectares) as some farmers in target areas continued to grow rice, particularly in irrigated areas where there were sufficient water supplies.

Figure 2.2: Farm-gate Prices of Corn

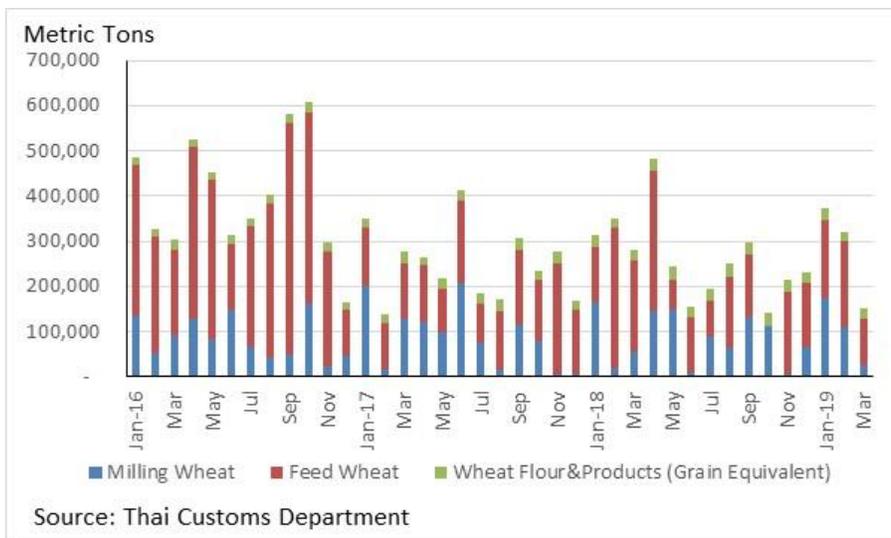


3. Wheat

The MY2019/20 wheat import forecast remains unchanged at 3.2 million metric tons. This is a 2-3 percent increase from MY2018/19 due to growing demand for milling wheat and feed wheat. Milling wheat imports are expected to increase by 2 percent from around one million metric tons in MY2018/19 in anticipation of growing demand from bakeries and noodle producers. Imports of feed wheat are expected to increase to around 1.9 million metric tons, up 3 percent from MY2018/19 in anticipation of limited domestic corn production due to the presence of fall armyworm.

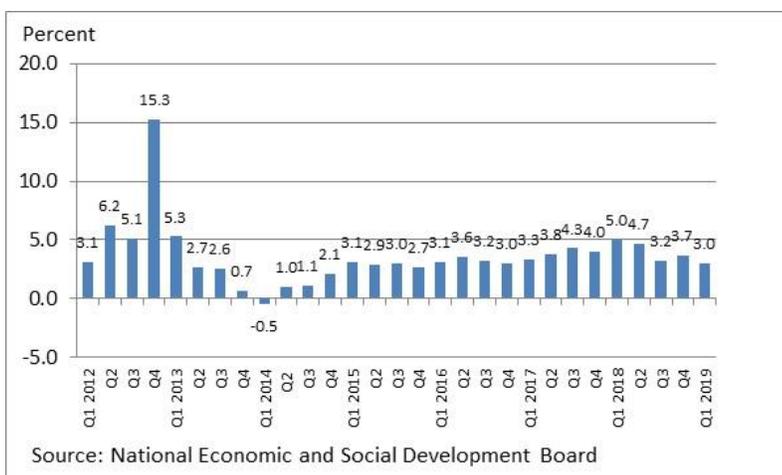
In the first nine months of MY2018/19, wheat imports totaled 2.2 million metric tons (Figure 3.1). This is a 5 percent reduction from the same period in MY2017/18 due to reduced feed wheat imports. Imports of feed wheat totaled 1.2 million metric tons, down 24 percent from the same period last year due to reduced shrimp production which declined by 3 percent in 2018 due to disease outbreaks. Additionally, import prices of feed wheat in the first nine months of MY2018/19 increased by 15-20 percent from the same period in MY2017/18 due to limited supplies of feed wheat from the Black Sea region which normally accounts for 50-60 percent of total feed wheat imports. Meanwhile, milling wheat imports totaled 0.8 million metric tons, up 44 percent from the same period in MY2017/18 as two new flour mills became operational with a combined production capacity of 0.3 million metric tons. Imports of U.S. wheat, mostly milling wheat, totaled 483,182 metric tons, up 25 percent from the same period in MY2017/18. Imports of wheat flour and related wheat products in the first nine months of MY2018/19 totaled 0.2 million metric tons (grain equivalent), up 6 percent from MY2017/18.

Figure 3.1: Imports of Wheat Grain and Products



MY2018/19 wheat imports are expected to decline to 3.1 million metric tons, down 2 percent from MY2017/18 due to reduced feed wheat imports. Feed wheat imports are expected to decline to 1.8 million metric tons, down 11 percent from MY2017/18 due to reduced domestic shrimp production and high import prices caused by tight feed wheat supplies of major producers. Meanwhile, milling wheat imports are expected to increase to 1 million metric tons, up 18 percent from MY2017/18, due to greater total milling capacity from two newly operational flour mills. Imports of wheat flour are expected to increase to 0.3 million metric tons (million equivalent), up 2-3 percent from MY2017/18. This is a slower import growth pace due to competition from locally produced flour. The Bank of Thailand revised Thai economic growth down to 3.8 percent in 2019 compared to the previous forecast of 3.9 percent due to economic growth of just 3 percent for the first quarter of 2019 (Figure 3.2).

Figure 3.2: Thai Economic Growth



Appendix Tables

Table 1: Thailand's Production, Supply and Demand

Rice, Milled Market Begin Year Thailand	2017/2018		2018/2019		2019/2020	
	Jan 2018		Jan 2019		Jan 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	10756	10756	10960	10904	11072	11010
Beginning Stocks	4238	4238	3009	2940	3174	3190
Milled Production	20577	20577	20715	20550	21100	20850
Rough Production	31177	31177	31386	31136	31970	31591
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	23974	23690	24524	24240
MY Exports	11056	11075	10000	9800	10000	10000
TY Exports	11056	11075	10000	9800	10000	10000
Consumption and Residual	11000	11000	10800	10700	10900	10800
Ending Stocks	3009	2940	3174	3190	3624	3440
Total Distribution	25065	25015	23974	23690	24524	24240
Yield (Rough)	2.8986	2.8986	2.8637	2.8555	2.8875	2.8693

(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	1.980	11.210	9.280	1.985	11.265
Harvest	8.711	2.045	10.756	8.940	1.964	10.904	9.040	1.970	11.010
Production (Million Tons)									
Rough	22.227	8.950	31.177	22.606	8.530	31.136	23.030	8.561	31.591
Rice	14.670	5.907	20.577	14.920	5.630	20.550	15.200	5.650	20.850
Yield (Ton/Hectare)	2.552	4.377	2.898	2.529	4.343	2.855	2.548	4.346	2.869

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.

Source: FAS Estimate

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

Corn Market Begin Year Thailand	2017/2018		2018/2019		2019/2020	
	Jul 2017		Jul 2018		Jul 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1124	1124	1200	1230	1220	1185
Beginning Stocks	143	143	144	166	244	336
Production	5000	5000	5300	5420	5400	5200
MY Imports	700	700	700	700	700	800
TY Imports	700	700	700	700	700	800
TY Imp. from U.S.	4	0	0	0	0	0
Total Supply	5843	5843	6144	6286	6344	6336
MY Exports	199	177	200	250	200	270
TY Exports	223	177	200	250	200	270
Feed and Residual	5400	5400	5600	5600	5800	5750
FSI Consumption	100	100	100	100	100	100
Total Consumption	5500	5500	5700	5700	5900	5850
Ending Stocks	144	166	244	336	244	216
Total Distribution	5843	5843	6144	6286	6344	6336
Yield	4.4484	4.4484	4.4167	4.4065	4.4262	4.3882

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

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

Wheat Market Begin Year Thailand	2017/2018		2018/2019		2019/2020	
	Jul 2017		Jul 2018		Jul 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	813	813	654	724	504	614
Production	0	0	0	0	0	0
MY Imports	3098	3168	3000	3100	3100	3180
TY Imports	3098	3168	3000	3100	3100	3180
TY Imp. from U.S.	658	578	0	600	0	630
Total Supply	3911	3981	3654	3824	3604	3794
MY Exports	257	257	250	260	250	265
TY Exports	257	257	250	260	250	265
Feed and Residual	1800	1700	1700	1600	1600	1650
FSI Consumption	1200	1300	1200	1350	1225	1390
Total Consumption	3000	3000	2900	2950	2825	3040
Ending Stocks	654	724	504	614	529	489
Total Distribution	3911	3981	3654	3824	3604	3794
Yield	0	0	0	0	0	0

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

End of report.