

Voluntary - Public

Clearance Office: All - FAS

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Philippines

Post: Manila

Wheat PSD Update

Report Categories:

Grain and Feed

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Report Highlights:

Wheat imports in MY08/09 will significantly increase from the previous year's level driven mainly by a surge in feed wheat imports. The following year, with adequate stock levels, the renewed weakness of the Philippine Peso, as well as the return to the original tariffs for feed wheat imports, overall wheat imports are likely to decline from the previous year's level.

General Information:

| Wheat Philippines | 2007 | | | 2008 | | | 2009 | | |
|----------------------|-----------------------------|-------|----------|-----------------------------|-------|----------|-----------------------------|-------|-------|
| | 2007/2008 | | | 2008/2009 | | | 2009/2010 | | |
| | Market Year Begin: Jul 2007 | | | Market Year Begin: Jul 2008 | | | Market Year Begin: Jul 2009 | | |
| | Annual Data Displayed | | New Post | Annual Data Displayed | | New Post | Annual Data Displayed | | Jan |
| | | Data | | | Data | | | Data | |
| Area Harvested | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Beginning Stocks | 478 | 479 | 478 | 568 | 356 | 264 | 493 | 356 | 514 |
| Production | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| MY Imports | 2,271 | 1,877 | 1,786 | 3,000 | 2,450 | 3,000 | 3,000 | 2,375 | 2,650 |

| | | | | | | | | | |
|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| TY Imports | 2,271 | 1,877 | 1,786 | 3,000 | 2,450 | 3,000 | 3,000 | 2,375 | 2,650 |
| TY Imp. from U.S. | 1,527 | 0 | 1,269 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply | 2,749 | 2,356 | 2,264 | 3,568 | 2,806 | 3,264 | 3,493 | 2,731 | 3,164 |
| MY Exports | 31 | 0 | 0 | 25 | 0 | 0 | 25 | 0 | 0 |
| TY Exports | 31 | 0 | 0 | 25 | 0 | 0 | 25 | 0 | 0 |
| Feed Consumption | 50 | 50 | 50 | 900 | 400 | 600 | 900 | 300 | 500 |
| FSI Consumption | 2,100 | 1,950 | 1,950 | 2,150 | 2,050 | 2,150 | 2,200 | 2,075 | 2,300 |
| Total Consumption | 2,150 | 2,000 | 2,000 | 3,050 | 2,450 | 2,750 | 3,100 | 2,375 | 2,800 |
| Ending Stocks | 568 | 356 | 264 | 493 | 356 | 514 | 368 | 356 | 364 |
| Total Distribution | 2,749 | 2,356 | 2,264 | 3,568 | 2,806 | 3,264 | 3,493 | 2,731 | 3,164 |
| Yield | 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| TS=TD | | | 0 | | | 0 | | | 0 |

Wheat imports in MY07/08 were adjusted downwards based on wheat (including wheat flour) import data from the World Trade Atlas. Milling wheat consumption during the year was also reduced as a result of decreased supply resulting in lower overall wheat demand during the period.

Overall wheat consumption is expected to increase from the previous year's level in MY08/09 but will likely be lower than the official estimate for the year as a result of the global economic crisis. Feed wheat consumption was pared down as result of dampened feed demand (due animal diseases faced by the hog sector) and low domestic yellow corn prices during the middle part of 2008.

Prices started increasing in the later part of CY2008 due to tightness in local corn supply. This forced the Philippine government (GRP) to allow the duty-free importation of wheat (including feed wheat) for a period of six (6) months starting December 2008 (refer to GAIN 8066).

Wheat imports in MY08/09 are expected to significantly increase from the previous year's level driven mainly by a surge in feed wheat imports. It should be noted, however, that actual feed wheat consumption is expected to be considerably less than the feed wheat import level, as a portion of the imported feed wheat likely went to reinforce stock inventories.

In MY09/10, firm food wheat demand is expected as a result of the extension of the duty-free importation of milling wheat for another six months. On the other hand, the restoration of feed wheat tariffs as well as lower import duties for corn imports originating from the ASEAN region (refer to the 6/24/09 Corn PSD Update) will cause a shift back to feed corn use away from feed wheat during the year. Overall wheat consumption during the year, however, is expected to modestly increase from the previous year's level, enhanced by election-campaign spending leading to the May 2010 national elections. Despite this, wheat imports in MY09/10 will likely decline from the previous year's level due to adequate stocks entering the year, as well as the renewed strengthening of the US\$ relative to the Philippine Peso.