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Report Name: Grain and Feed Update

Country: Philippines

Post: Manila

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Report Highlights:

Post increases the MY 21/22 estimate for milled rice production to 12.5 million MT on positive first-quarter production data while holding imports unchanged. Meanwhile, poor results in corn production lead Post to slash the production outlook to 7.5 million MT and expand imports to a would-be record 1.2 million MT in order to satisfy current demand. Finally, Post lowers wheat imports to 6.3 million MT as both demand for hog feed remains soft and higher-priced consumer wheat products begin to hit the shelves.

Rice

Table 1 Rice, Milled Market Year Begins Philippines	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	4637	4637	4762	4762	4750	4770
Beginning Stocks (1000 MT)	3520	3520	3597	3597	3763	3563
Milled Production (1000 MT)	11927	11927	12416	12416	12300	12500
Rough Production (1000 MT)	18932	18932	19708	19708	19524	19841
Milling Rate (.9999) (1000 MT)	6300	6300	6300	6300	6300	6300
MY Imports (1000 MT)	2450	2450	2200	2000	2500	2500
TY Imports (1000 MT)	2450	2450	2600	2000	2400	2400
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	17897	17897	18213	18013	18563	18563
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Consumption and Residual (1000 MT)	14300	14300	14450	14450	14850	14850
Ending Stocks (1000 MT)	3597	3597	3763	3563	3713	3713
Total Distribution (1000 MT)	17897	17897	18213	18013	18563	18563
Yield (Rough) (MT/HA)	4.0828	4.0828	4.1400	4.1386	4.1103	4.1595

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2021/2022 = January 2022 - December 2022

Production

FAS/Manila increases the estimate for MY 21/22 milled rice production to 12.5 million, supported by both expanded area and improved yields beyond earlier expectations. The Philippines reported first quarter production and area planted were both up seven percent year-over-year. Industry contacts continue to note the role of the Philippine Department of Agriculture’s support programs for rice, which have positively influenced producer decisions, specifically as it relates to subsidies for hybrid seeds and fertilizers – prices for which have risen sharply.

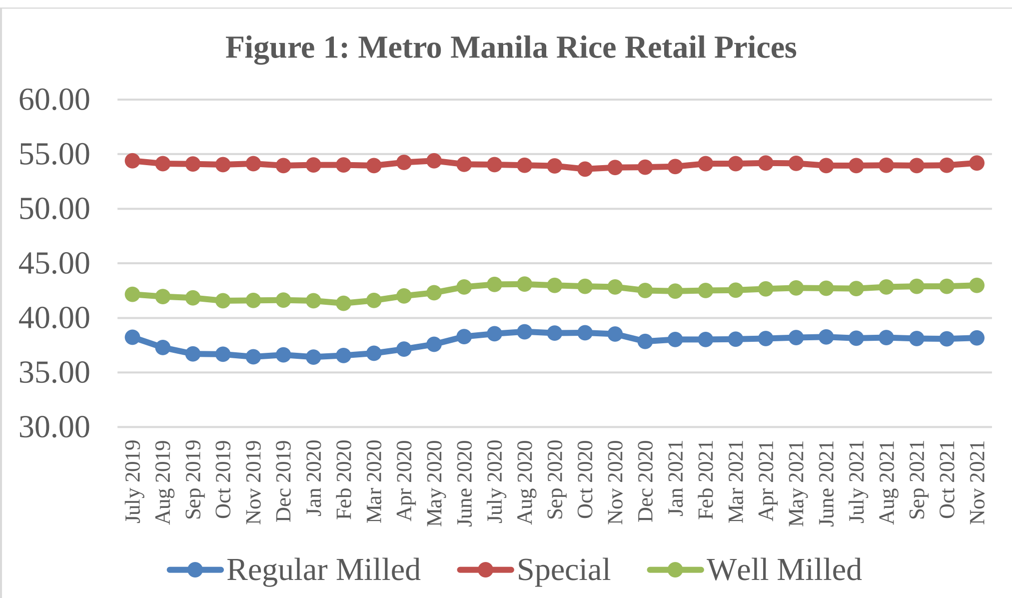
Table 2: Philippine Rough Rice Regional Production (MT)

Region	MY 19/20	MY 20/21	MY 20/21Q1	MY 21/22Q1	%ΔQ1
Philippines	**18,932,127**	**19,708,039**	**3,516,346**	**3,752,734**	**7%**
CAR	374,371	380,840	95,155	67,440	-29%
Ilocos Region	1,857,298	1,917,121	189,016	177,163	-6%
Cagayan Valley	2,685,653	2,827,675	336,782	390,904	16%
Central Luzon	3,638,014	3,609,803	352,102	400,980	14%
CALABARZON	388,841	397,828	40,418	39,394	-3%
MIMAROPA	1,241,761	1,200,276	119,240	132,817	11%
Bicol Region	1,254,189	1,320,280	224,297	225,142	0%
Western Visayas	2,159,470	2,360,348	744,727	813,345	9%
Central Visayas	208,916	299,129	16,008	21,731	36%
Eastern Visayas	917,605	836,925	110,541	165,482	50%
Zamboanga Peninsula	651,093	679,141	199,926	198,646	-1%
Northern Mindanao	764,642	797,798	243,949	242,013	-1%
Davao Region	452,841	469,775	127,281	134,802	6%
SOCCSKSARGEN	1,212,094	1,270,350	407,446	460,703	13%
Caraga	439,153	498,954	61,394	28,590	-53%
ARMM	686,185	841,797	248,065	253,585	2%

Source: Philippine Statistics Authority

Consumption

Post holds consumption unchanged and representative of Post's earlier market assumptions. Retail prices for rice remain steady.



Source: Philippine Statistics Authority

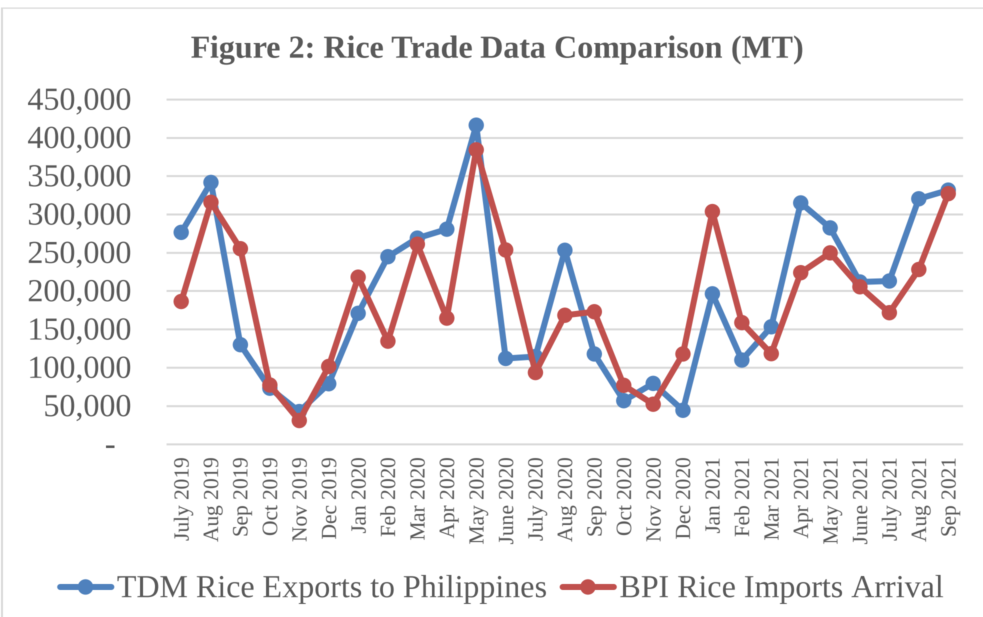
Trade

For MY 21/22, Post maintains the rice import estimate at 2.5 million MT. Imported rice continues to be attractive at local prices with reported exports to the Philippines increasing 78 percent (865,411 MT vs. 486,104 MT) during the first quarter of MY 21/22 vs. MY 20/21. Meanwhile, the Philippines' Bureau of Plant Industry (BPI) reported rice import arrivals during the same time period of 727,268 MT and 434,900 MT, respectively. Vietnam remains the dominant rice exporter to the Philippines.

Table 3: Rice Exports to the Philippines (MT)

Month	MY 20/21	MY 21/22 Q1
Vietnam	1,653,502	723,403
Myanmar	159,878	53,775
Thailand	71,337	55,494
India	11,084	9,110
China	9,764	10,434
Others	31,048	13,195
Total	**1,936,613**	**865,411**

Source: Trade Data Monitor, LLC; Post research



Source: Department of Agriculture-Bureau of Plant Industry and Trade Data Monitor, LLC

Industry contacts confirm BPI's Sanitary and Phytosanitary Import Clearance (SPSIC) issuances were uninterrupted during the most recent harvest season but note issuances are now taking up to one month to process.

Table 4: BPI SPSIC Issuances for Rice

Month	2021 SPSIC Issued	2021 Volume Applied	2020 SPSIC Issued	2020 Volume Applied
January	79	99,710	801	666,482
February	187	262,337	1,076	805,775
March	419	542,646	679	552,090
April	731	725,304	680	654,234
May	353	307,835	513	436,631
June	784	707,742	177	146,038
July	779	663,237	299	216,798
August	759	535,594	365	259,180
September	917	642,152	14	14,463
October	476	389,459	-	-
November	400	303,330	-	-
December	43	42,662	931	1,043,907
Total	**5,927**	**5,222,009**	**5,535**	**4,795,598**

Source: Department of Agriculture-Bureau of Plant Industry

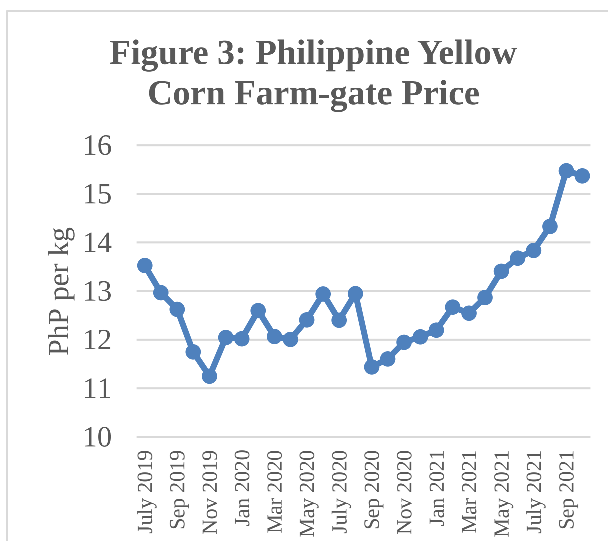
Corn

Table 5 Corn Market Year Begins	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
Philippines	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2508	2508	2573	2573	2500	2450
Beginning Stocks (1000 MT)	335	335	354	354	429	432
Production (1000 MT)	8030	8030	8352	8352	7800	7500
MY Imports (1000 MT)	389	389	623	626	500	1200
TY Imports (1000 MT)	666	666	500	416	500	1200
TY Imp. from U.S. (1000 MT)	96	96	7	7	0	0
Total Supply (1000 MT)	8754	8754	9329	9332	8729	9132
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	6400	6400	6800	6800	6400	6700
FSI Consumption (1000 MT)	2000	2000	2100	2100	2000	2100
Total Consumption (1000 MT)	8400	8400	8900	8900	8400	8800
Ending Stocks (1000 MT)	354	354	429	432	329	332
Total Distribution (1000 MT)	8754	8754	9329	9332	8729	9132
Yield (MT/HA)	3.20	3.20	3.25	3.25	3.12	3.06

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Corn begins in October for all countries. TY 2021/2022 = October 2021 - September 2022

Production

Post lowers MY 21/22 corn area and production to 2.45 million HA and 7.5 million MT following a troubled start to the year. Total corn production decreased 18.6 percent in the first quarter year-over-year (2.3 million MT vs. 2.8 million MT), with yellow corn accounting for the vast majority of the collapse and coinciding with farm-gate prices accelerating along their already steady upward trajectory to reach the highest recorded levels since at least 2010. While yields declined to 2.83 MT/HA, below both last year's first quarter (3.07 MT/HA) and the historical first-quarter average (2.92 MT/HA), harvested area



Source: Philippine Statistics Authority

was down 12 percent and coincided with reports of farmers shifting to high-value alternatives. A number of Post contacts painted a similarly bleak outlook for the second quarter, though record high prices should signal to farmers an opportunity to expand area during the dry season.

Table 6: Philippine Yellow Corn Regional Production (MT)

Region	MY 19/20	MY 20/21	MY 20/21Q1	MY 21/22Q1	%ΔQ1
Philippines	**5,983,435**	**6,160,095**	**1,900,056**	**1,398,763**	**-26**
CAR	230,526	203,557	49,713	31,993	-36
Ilocos Region	515,527	522,941	4,695	4,779	2
Cagayan Valley	1,863,117	1,903,587	717,206	341,270	-52
Central Luzon	244,930	273,866	10,039	20,929	108
CALABARZON	45,020	52,820	17,684	13,394	-24
MIMAROPA	94,637	104,042	18,761	17,231	-8
Bicol Region	209,334	219,236	63,041	59,267	-6
Western Visayas	223,241	239,399	94,600	117,960	25
Central Visayas	1,798	2,836	1,460	4,994	242
Eastern Visayas	6,723	6,317	1,780	1,709	-4
Zamboanga Peninsula	29,626	26,865	10,724	11,956	11
Northern Mindanao	840,961	845,679	275,973	267,111	-3
Davao Region	65,431	67,472	22,278	20,423	-8
SOCCSKSARGEN	918,062	942,960	360,567	297,652	-17
Caraga	82,524	78,550	26,423	31,962	21
ARMM	611,976	669,966	225,113	156,133	-31

Table 7: Philippine White Corn Regional Production (MT)

Region	MY 19/20	MY 20/21	MY 20/21Q1	MY 21/22Q1	%ΔQ1
Philippines	**2,046,602**	**2,192,185**	**917,318**	**893,371**	**-3**
CAR	16,210	18,257	15,546	15,478	0
Ilocos Region	45,886	47,702	4,508	4,140	-8
Cagayan Valley	28,010	26,103	7,886	3,271	-59
Central Luzon	40,328	40,335	8,383	5,253	-37
CALABARZON	26,277	23,407	10,335	9,449	-9
MIMAROPA	14,975	14,434	5,337	4,700	-12
Bicol Region	66,615	71,131	26,127	26,606	2
Western Visayas	86,084	92,547	43,752	39,908	-9
Central Visayas	100,254	125,938	76,491	58,137	-24
Eastern Visayas	66,508	62,047	18,136	17,019	-6
Zamboanga Peninsula	152,142	148,493	75,701	81,836	8
Northern Mindanao	487,142	507,955	240,201	243,286	1
Davao Region	187,206	205,513	56,935	51,630	-9
SOCCSKSARGEN	208,325	214,352	76,214	83,315	9
Caraga	57,606	54,876	20,088	19,539	-3
ARMM	463,034	539,095	231,679	229,804	-1

Source: Philippine Statistics Authority

Consumption

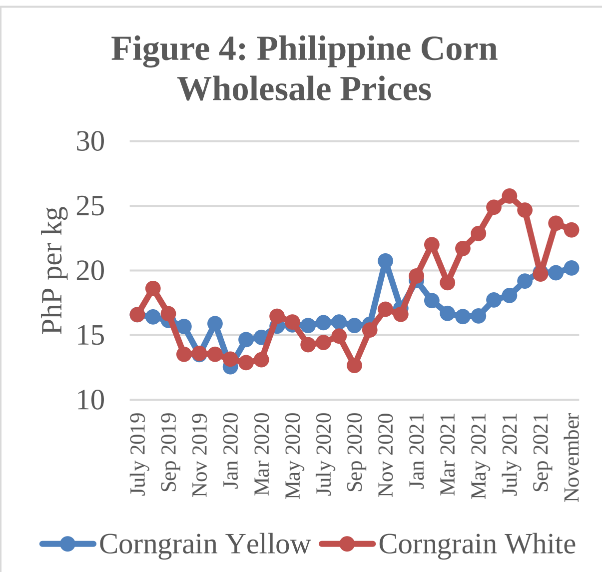
While rising feed costs increasingly constrain feed mills and poultry producers, in particular, and while the swine sector continues its battle with African Swine Fever, assuming historical inclusion rates vis-à-vis feed wheat in broiler, layer, and hog rations, demand for feed corn should drop only two percent year-over-year, resulting in Post's MY 21/22 estimate of 6.7 million MT, as compared to the current estimate of 6.4 million MT.

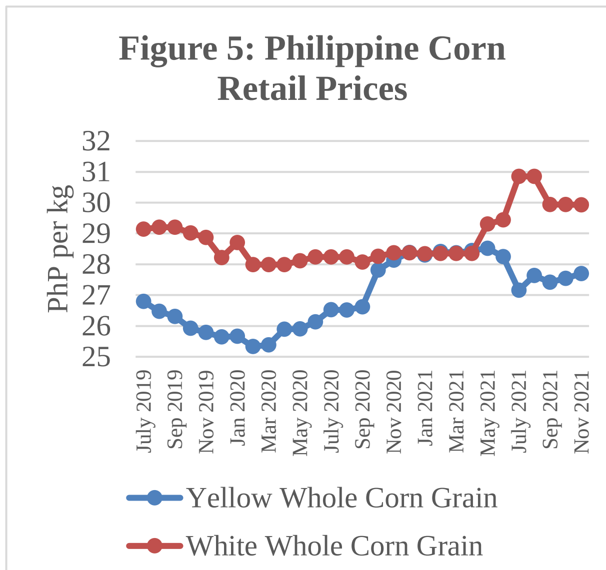
Table 8: Philippine Chicken, Pork, and Egg Production, July-June MY (1000 MT)

	MY 19/20	MY 20/21	MY 21/22	Change
Chicken	1,379	1,317	1,345	2.1%
Pork (CWE)	1,355	1,059	1,012	-4.4%
Eggs	596	629	625	-0.6%

Source: Post estimates

Post contacts in the food manufacturing sector are reporting strong demand for corn in the current marketing year, supporting Post's FSI estimate returning to 2.1 million MT.





Source: Philippine Statistics Authority

Trade

Post raises USDA's MY 21/22 corn import estimate to 1.2 million MT to balance supply and demand. However, considering the current market access arrangements in place to source imported corn, if the Philippines is unable to secure an otherwise unprecedented volume from within ASEAN, feed mills are expected to continue falling back by attempting to further replace corn in their rations with feed wheat.

Corn imports in MY20/21 are updated to reflect end-of-year exporter data.

Wheat

Table 9 Wheat Market Year Begins Philippines	2019/2020 Jul 2019 USDA Official	 New Post	2020/2021 Jul 2020 USDA Official	 New Post	2021/2022 Jul 2021 USDA Official	 New Post
Area Harvested (1000 HA)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	2300	2300	2290	2290	1838	1838
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	7065	7065	6113	6113	6500	6300
TY Imports (1000 MT)	7065	7065	6113	6113	6500	6300
TY Imp. from U.S. (1000 MT)	3236	3236	3127	3127	0	0
Total Supply (1000 MT)	9365	9365	8403	8403	8338	8138
MY Exports (1000 MT)	75	75	65	65	70	70
TY Exports (1000 MT)	75	75	65	65	70	70
Feed and Residual (1000 MT)	3100	3100	2500	2500	2500	2400
FSI Consumption (1000 MT)	3900	3900	4000	4000	4100	4000
Total Consumption (1000 MT)	7000	7000	6500	6500	6600	6400
Ending Stocks (1000 MT)	2290	2290	1838	1838	1668	1668
Total Distribution (1000 MT)	9365	9365	8403	8403	8338	8138
Yield (MT/HA)	0	0	0	0	0	0

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Wheat begins in July for all countries. TY 2021/2022 = July 2021 - June 2022

Consumption

Post lowers MY 21/22 FSI consumption to 4.0 million MT in response to higher prices, which are now being passed along the value chain to the consumer. According to industry contacts, local flour mill prices have recently topped PhP1,000 (US$20) per 25 kg bag from PhP720 (US$14) per 25 kg bag just four months earlier.

Post also lowers the estimate for feed wheat demand to better reflect expected pork production over the same time period. See corn discussion above.

Trade

Post lowers MY 21/22 wheat imports to 6.3 million MT to cover reduced demand.

Attachments:

No Attachments