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Thailand

Grain and Feed Update

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Report Highlights:
TH – 6011: MY2015/16 rice production is further revised down due to lower-than-expected off-season rice planting caused by limited irrigation availability. Feed wheat imports will be closely monitored by Ministry of Commerce.

Post:
Bangkok

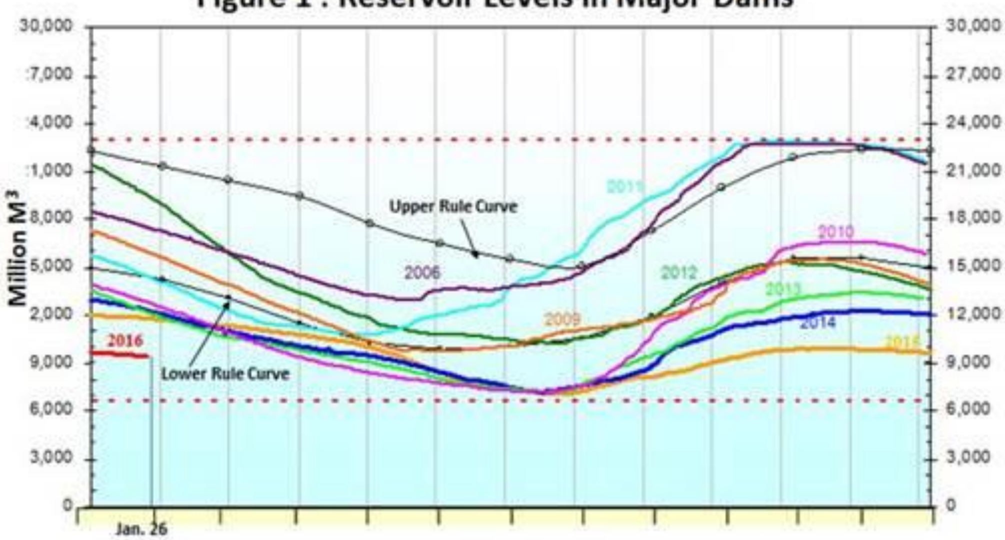
Executive Summary:
MY2015/16 rice production is revised down to 15.9 million metric tons which is a decline of 18 percent from last year. This is due to an acreage reduction in off-season rice which is adversely affected by limited irrigation availability. Rice exports totaled 9.8 million metric tons in 2015, down 11 percent from the previous year due mainly to a reduction in parboiled rice exports.
Imports of feed wheat will likely slow down in 2016 because the Ministry of Commerce has begun monitoring imports and the impact on domestic corn and cassava demand.

Author Defined:

1. Water supplies at risk

Royal Irrigation Department (RID) reports that water supplies for all uses during the dry season (November 2015 – April 2016) in the lower northern region and central plain declined to 3.5 billion cubic meters (as of January 26, 2016 – Figure 1), down from 4.2 billion cubic meters at the beginning of dry season on November 1, 2015. The current water supplies are lower-than-expected as farmers still planted off-season rice in irrigated areas despite the government "ban". Average water discharged from major dams in the north has been approximately 20 percent above the RID's baseline of 14-15 million cubic meters per day since January 1, 2016. Presently, industrial and household sectors in the cities are being officially encouraged to reduce water utilization by 20 percent to ensure that water supplies will be enough until the rainy season begins. However, if the depth of reservoirs is more shallow due to sediment accumulation, sources estimated that water supplies available could be only 50 percent of the current estimate and be exhausted by the end of March 2016.

Figure 1 : Reservoir Levels in Major Dams



Source: Royal Irrigation Department, Ministry of Agriculture and Cooperatives

Despite the off-season rice planting "ban", MY2015/16 off-season rice planting reportedly totaled 4.6 million rai (0.7 million hectares) in irrigated areas (Table 1). This is higher than the previous estimate in September 2015 (GAIN Report: TH5118 – Grain and Feed Update). The planting mainly occurred in the central plains. Farmers planted off-season rice crop earlier than usual while the surface water was still high in multipurpose canals. However, the Ministry of Agriculture and Cooperatives' Disaster Center reported that around 1.1 million rai (0.2 million hectares) of off-season rice crop have been abandoned due to the Government's water restriction measures. Meanwhile, the off-season rice planting in non-irrigated areas declined significantly to 1.2 million rai (0.2 million hectares). There is not expected to be any additional rice production in the off-season for MY2015/16.

Table 1: Off-Season Rice Areas
Unit: million hectares

Area	MY2014/15	MY2015/16		
		June 2015 Estimate	Sep. 2015 Estimate	Jan. 2016 (Estimate)
Irrigated Areas	1.25	1.03	0.55	0.74
Non-Irrigated Areas	0.69	0.56	0.56	0.19
Total Planted Areas	**1.94**	**1.59**	**1.11**	**0.93**
Damaged area [1/]	0.20	0.08	0.17	0.17
Harvested area	**1.74**	**1.51**	**0.94**	**0.76**

Note: [1/] Abandoned area reported by the Ministry of Agriculture and Cooperatives' Disaster Center
Source: FAS Estimate (January 2016) and the Royal Irrigation Department

The critically low reservoirs reflected low precipitation for the second consecutive year in 2015. The Thai Meteorological Department reported that cumulative rainfall in the northern region where major reservoirs are located was 15 percent below normal levels in 2015 (Table 2).

Table 2: Cumulative Rainfall in Thailand during January 1 - December, 2015
Unit: Millimeter

	North	Northeast	Central Plain	East	South		Nationwide
					East Coast	West Coast	
Normal Average (30 yrs avg: 1981-2010)	1,231	1,405	1,275	1,888	1,737	2,719	1,588
(30 yrs avg: 1981-2010) during January 1 - December 31, 2015	1,233	1,406	1,277	1,890	1,741	2,718	1,588
2010	1,031	1,434	1,462	1,789	1,960	2,663	1,651
2011	1,688	1,692	1,517	2,094	2,318	2,964	1,948
2012	1,282	1,254	1,415	2,050	1,826	3,354	1,681
2013	1,307	1,499	1,369	2,293	1,901	3,171	1,759
2014	**1,115**	**1,374**	**1,056**	**1,744**	**1,631**	**2,886**	**1,503**
2015	**1,051**	**1,208**	**1,203**	**1,685**	**1,457**	**2,726**	**1,417**
Difference from Normal Average	**-182**	**-198**	**-74**	**-205**	**-283**	**8**	**-171**
% Change	-14.8	-14.1	-5.8	-10.8	-16.3	0.3	-10.8
Difference from 2014	**-65**	**-166**	**148**	**-59**	**-174**	**-160**	**-87**
% change	-5.8	-12.1	14.0	-3.4	-10.7	-5.5	-5.8

Source: Royal Irrigation Department

2. MY2015/16 Off-season rice down further due to ongoing drought

MY2015/16 planted off-season rice areas are revised down to 5.8 million rai (0.9 million hectares – Table A2). This is a 52-percent reduction of off-season rice areas from last year due to limited irrigation availability. As a result, total rice planting will likely decline to around 63 million rai (10 million hectares). This is approximately 11 percent lower than last year. Off-season rice production is expected to decline to 2 million metric tons (milled equivalent), a decline of 57 percent from MY2014/15. This will result in a reduction of total MY2015/16 rice production to 15.9 million metric tons, down 18 percent from last year.

3. Lower-than-expected demand for broken rice in feed ration

MY2014/15 rice consumption declined to 10.6 million metric tons, down 3 percent from MY2013/14 due to lower-than-expected-demand for broken rice in swine feed. Swine farmers reportedly shifted to imported feed wheat which was 20-30 percent cheaper than broken rice. Domestic prices of broken rice increased to 10-11 baht per kilogram ($290-300/MT) in the second half of 2015 compared to 9-10 baht per kilogram in the first half of the year. This is due to tight domestic supplies because the shipments of 5-15% broken rice under the Government-to-Government contracts with China, Indonesia, and the Philippines continued in the second half of 2015. Supplies of broken rice will likely remain tight, particularly in the first half of 2016 due to drought-reduced off-season rice production. As a result, Post's estimate of MY2015/16 rice consumption is revised down to 11.5 million metric tons.

4. Rice exports down 11 percent in 2015

According to the Thai Custom Department, rice export totaled 9.8 million metric tons in 2015, down 11 percent from 2014 due mainly to a reduction in parboiled rice exports. Parboiled rice exports totaled around 2.2 million metric tons, down 30 percent from last year. This reflected a sluggish demand from Nigeria which is the largest importer of Thai parboiled rice. Exports of parboiled rice to Nigeria declined to 0.6 million metric tons, down 50 percent from last year. Meanwhile, white rice exports totaled around 5.6 million metric tons, down 3 percent from last year due to competition from Vietnam. Export prices of Vietnamese rice were 7 percent cheaper than Thai rice. Most of white rice exports are old-crop rice from the Government stocks. In 2015, the Government sold its rice stocks of around 4 million metric tons, mainly for exports to African countries. Export prices of old-crop white rice from the government stocks were approximately 10 percent lower than market prices.

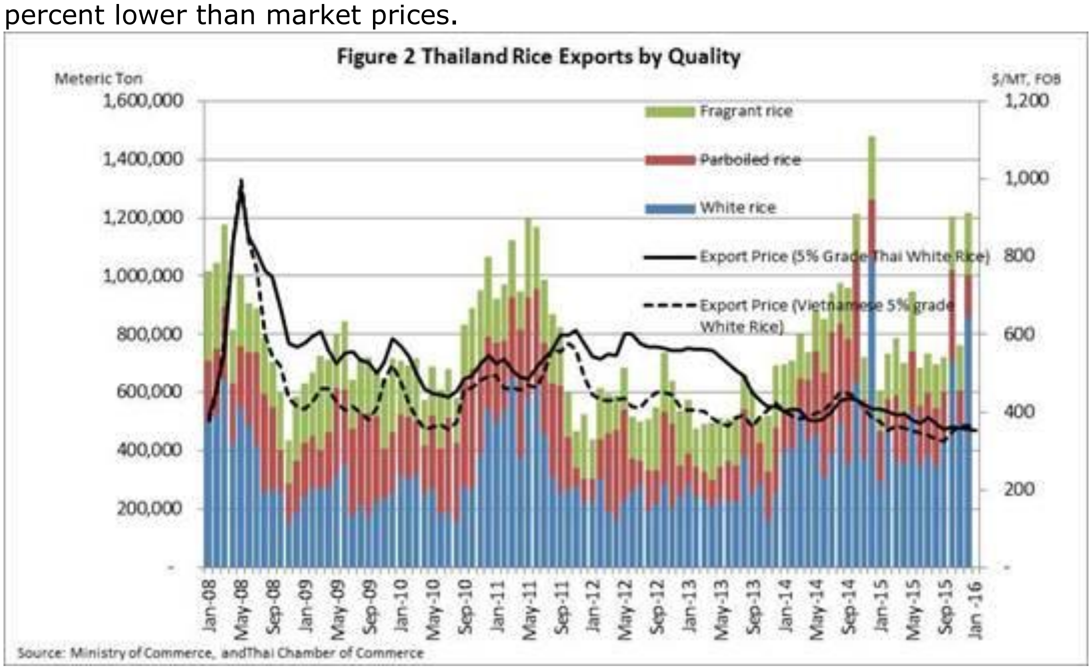


Figure 2 Thailand Rice Exports by Quality

Source: Ministry of Commerce, andThai Chamber of Commerce

5. Wheat listed in controlled commodities

On January 19, 2016 the Cabinet approved a proposal from the Ministry of Commerce to list wheat grain as "controlled" commodity due to the surge in feed wheat imports. These increased significantly to around 3 million metric tons in 2015. This increase reflects higher-than-expected demand for feed wheat to substitute for broken rice in swine feed. Feed wheat prices in 2015 were 20-30 percent lower than domestic prices of broken rice.

The Ministry of Commerce's Department of Internal Trade will closely monitor the imports of wheat grain, particularly for feed, to ensure that the imports will not affect domestic corn and cassava demand. The details of the expected Government action have not been finalized. Sources expect any measure will result in a slowdown of feed wheat imports in 2016. Given that importers will have to declare final uses, bread wheat imports are not likely to be affected.

Post's forecast of MY2015/16 wheat imports are revised up to 3.5 million metric ton due to higher-than-expected demand for feed wheat. Feed wheat imports increased significantly to around 1.6 million metric tons in the first half of MY2015/16, compared to around 0.4 million metric tons in same period of MY2014/15. However, feed wheat imports will likely decelerate in the latter half of MY2015/16 due to pending Government's import controls. As a result, MY2015/16 imports of feed wheat will likely increase to 2.3 million metric tons, compared to around 1.9 million metric tons in MY2014/15 and 0.6 million metric tons in MY2013/14. (Please see GAIN Report, TH5102 – Grain and Feed Update, August 2015).

Appendix Table

Table A1: Thailand's Rice Production Supply and Demand

Rice, Milled	**2013/2014**		**2014/2015**		**2015/2016**	
Market Begin Year	**Jan 2014**		**Jan 2015**		**Jan 2016**	
Thailand	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	10920	10920	10270	10643	9650	9468
Beginning Stocks	12808	12808	11724	11724	10074	11032
Milled Production	20460	20460	18750	19404	16400	15900
Rough Production	31000	31000	28409	29400	24848	24091
Milling Rate (.9999)	6600	6600	6600	6600	6600	6600
MY Imports	300	300	300	300	300	300
TY Imports	300	300	300	300	300	300
TY Imp. from U.S.	2	0	0	0	0	0
Total Supply	33568	33568	30774	31428	26774	27232
MY Exports	10969	10969	9200	9796	10300	8000
TY Exports	10969	10969	9200	9796	10300	8000
Consumption and Residual	10875	10875	11500	10600	11500	11500
Ending Stocks	11724	11724	10074	11032	4974	7732
Total Distribution	33568	33568	30774	31428	26774	27232
(1000 HA) ,(1000 MT)						

Table A2: Thailand's Rice Paddy Area, Production and Yield

	2013/14			2014/15			2015/16 (November 2015 Forecast)			2015/16 (January 2016 Forecast)		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (million hectare)												
Cultivation	9.288	2.100	11.388	9.288	1.940	11.228	9.096	1.108	10.204	9.096	0.929	10.
Harvest	8.920	2.000	10.920	8.900	1.743	10.643	8.709	0.941	9.650	8.709	0.759	9.
Production (million ton)												
Rough	22.400	8.600	31.000	22.000	7.400	29.400	20.973	3.875	24.848	20.973	3.118	24.
Rice	14.784	5.676	20.460	14.520	4.884	19.404	13.842	2.558	16.400	13.842	2.058	15.
Yield (ton/hectare)	2.511	4.300	2.839	2.472	4.245	2.762	2.408	4.120	2.575	2.408	4.108	2.

Source: FAS Estimate

Table A3: Thailand's Wheat Production, Supply and Demand

Wheat	**2013/2014**		**2014/2015**		**2015/2016**	
Market Begin Year	**Jul 2013**		**Jul 2014**		**Jul 2015**	
Thailand	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	0	0	0	0	0	0
Beginning Stocks	802	802	561	703	1131	1021
Production	0	0	0	0	0	0
MY Imports	1693	1855	3489	3487	3500	3500
TY Imports	1693	1855	3489	3487	3500	3500
TY Imp. from U.S.	501	611	646	666	0	500
Total Supply	2495	2657	4050	4190	4631	4521
MY Exports	214	214	219	219	215	220
TY Exports	214	214	219	219	215	220
Feed and Residual	650	670	1600	1850	2100	2300
FSI Consumption	1070	1070	1100	1100	1135	1160
Total Consumption	1720	1740	2700	2950	3235	3460
Ending Stocks	561	703	1131	1021	1181	841
Total Distribution	2495	2657	4050	4190	4631	4521
(1000 HA) ,(1000 MT)						