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Thailand

Grain and Feed Update

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Report Highlights:
TH5013 – Thai rice exports reached a record 11 million metric tons in 2014 driven by the sales of government stocks. MY2014/15 rice production is revised down slightly due to acreage reduction of the off-season rice crop.

Post:
Bangkok

Executive Summary:
Rice exports reached a record 11 million metric tons in 2014, up 63 percent from the previous year, driven by the sales of government stocks. The government expects to continue the sales of rice stocks and maintain exports in 2015. MY2014/15 rice production is revised down slightly from the previous forecast due to acreage reduction of the off-season rice crop in non-irrigated areas. The current on-farm pledging program announced in November 2014 does not appear to be attracting farmer interest as the market price for fragrant rice is well above the intervention prices.

Author Defined:
1. Rice Exports All Time High 11 Million Metric Tons in 2014
Thai rice exports were higher than expected in 2014 totaling around 11 million metric tons compared to Post's estimate of 10.5 million metric tons. According to the Thai Customs Department, Thai rice exports reached a record high totaling 10,969,360 metric tons (roughly 11 million metric tons), which is an increase of 63 percent from the previous year. The increase reflected the competitiveness of Thai rice on the world market resulting from the heavily subsidized sales of government stocks, particularly for white rice. Exports of white rice doubled (5.6 million metric tons compared to 2.8 million metric tons) as export prices fell approximately 20 percent from the previous year, spurred by the sale of government rice stocks. Parboiled rice exports increased to 3.3 million metric tons, up 90 percent as a result of the elimination of white rice paddy pledging program.

In December 2014, total rice exports reached 1.5 million metric tons (Figure 1). Approximately 1 million metric tons were white rice as exporters actively shipped rice under government-to-government contracts with China, Indonesia, and the Philippines (TH4120, Grain and Feed Update, November 2014) (Table 1).

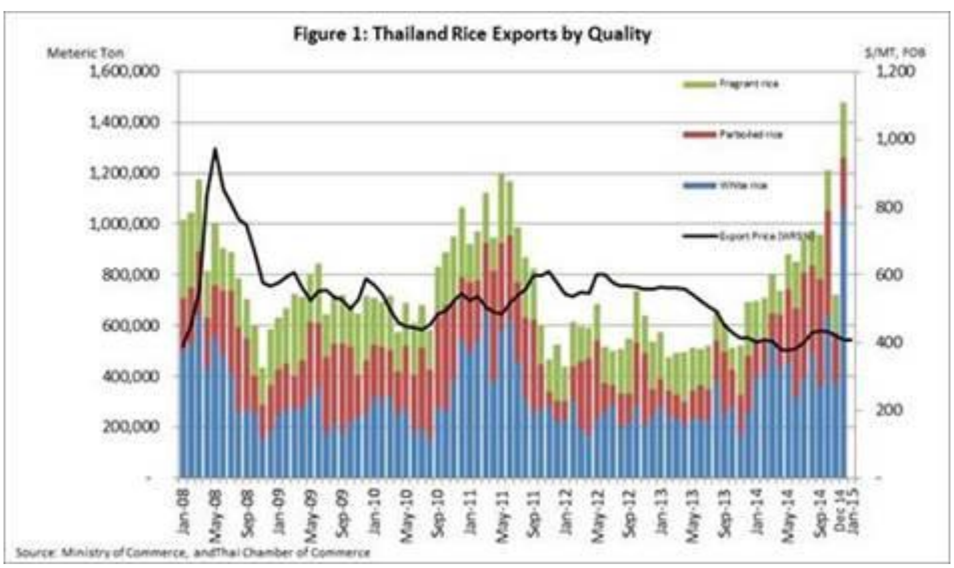


Table 1: Updated Government-to-Government Contracts in 2014 - 2015
Unit: Metric Ton

Destination	Rice Quality					Estimated Shipments	
	New-Crop White Rice			Old-Crop White rice	Total	2014	2015
	5% Grade	15% Grade	25% Grade	5% Grade			
China	1,000,000	-	-	-	**1,000,000**	300,000	700,000
(March 2014)	($410 - 450/MT, FOB)						
Indonesia	50,000	100,000	-	25,000	**175,000**	120,000	55,000
(September 2014)	($475/MT, C&F)	($455/MT, C&F)		(N.A.)			
Philippines	-	-	300,000	-	**300,000**	250,000	50,000
(September 2014)			($475/MT, CIF)				
Grand Total	**1,150,000**	**100,000**	**300,000**	**25,000**	**1,475,000**	**670,000**	**805,000**

Exporters reportedly completed the shipments to Indonesia and the Philippines in January 2015. Meanwhile, the government is still negotiating the prices for the pending shipment of around 700,000 metric tons under the government-to-government contract with China. Traders expect the shipment to be completed in 2015. In addition, the government would like to finalize an additional 2 million metric tons under another government-to-government contract with China. While this has been widely reported, it has yet to be finalized between the two countries.

Post's forecast of Thai rice exports in 2015 is unchanged from the previous estimate of 11 million metric tons. The government eased the terms and conditions for new tenders to accelerate the sales of rice stocks due to the concerns over warehouse costs which averaged around 2.6 billion baht ($79 million) per month.

2. On-Farm Pledging Program off the Target

The current government's on-farm pledging program, which is known as the "Farmer Loans to Delay the Sales of Rice Paddy" (TH4120, Grain and Feed Update – November 2014), does not appear to be attracting farmer interest as the market prices for fragrant rice paddy is well above the intervention prices. As of January 25, 2015 the program which is operated by the Bank Agriculture and Agricultural Cooperatives (BAAC) has only received around 80,000 metric tons of fragrant rice paddy. Currently, the BAAC expects the program to receive between 200,000 – 300,000 metric tons of fragrant rice paddy prior to the end of the program which is scheduled for February 28, 2015. This is down considerably from the 2 million metric tons the government expected to receive when the program was announced in November 2014. Also, the amount of glutinous rice paddy is negligible and primarily used for household consumption.

3. Anticipated Lower MY2014/15 Rice Production

The forecast of total MY2014/15 rice production has been reduced by 400,000 metric tons from the previous estimate due to an acreage reduction of the off-season rice crop. Farmers in non-irrigated areas, which account for 20 to 30 percent of total off-season rice production, reportedly planted less acreage due to the lack of water resources. Post revised down planted areas of off-season rice crop from the previous estimate to around 12 million rai (1.9 million hectares), which is a decline of around 8 percent from the previous year. Off-season rice production is likely to decline to 7.8 million metric tons, down 9 percent from the previous year.

Post's estimate of MY2014/15 main-crop rice production, which has already been harvested, remains unchanged from the previous estimate, which indicated a 1.5 - 1.6 percent decline in average yields. In December 2014, the Ministry of Agriculture and Agricultural Cooperatives' Office of Agricultural

Economics revised down its average yield estimates showing a reduction of 1.5 percent from the previous year, which is in line with Post's earlier forecast.

Cumulative rainfall in 2014 is around 15 percent lower than the previous year and 5 percent below normal (Table 2 and Figure 2). Precipitations are at record lows in major rice growing areas, particularly in the northern (1,115 millimeters – Figure 3) and central plain regions (1,056 millimeters – Figure 4).

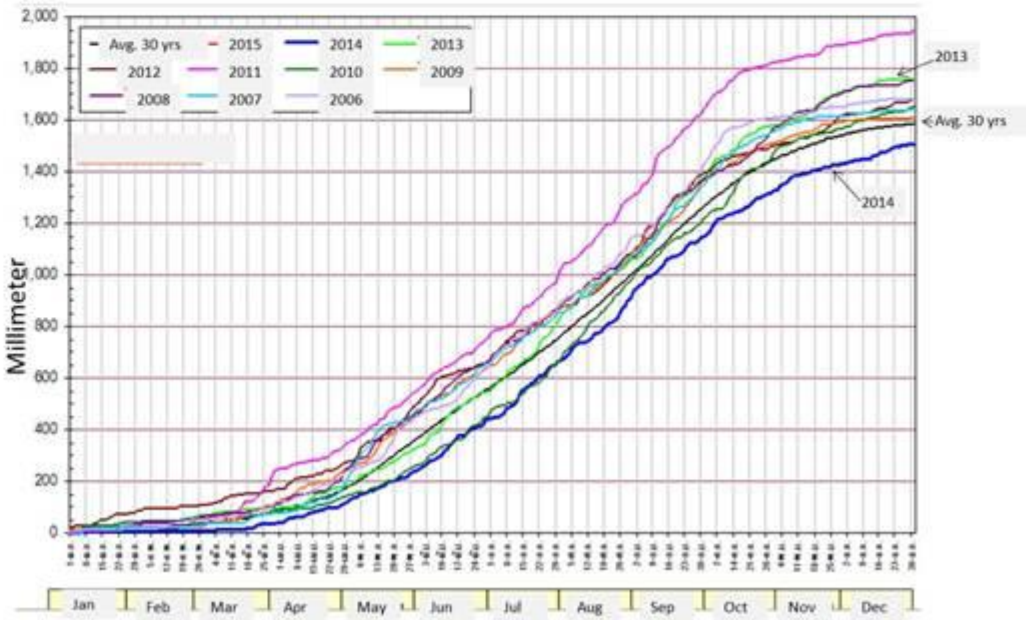
Table 2: Cumulative Rainfall in Thailand

Unit: Millimeter

	North	Northeast	Central Plain	East	South		Nationwide
					East Coast	West Coast	
Normal Average (30 yrs avg: 1981-2010)	1,233	1,406	1,277	1,890	1,741	2,718	1,588
2006	1,505	1,386	1,382	2,131	1,617	2,701	1,683
2007	1,252	1,479	1,278	1,852	1,817	2,939	1,639
2008	1,376	1,678	1,481	1,940	1,999	2,648	1,753
2009	1,191	1,448	1,474	1,999	1,581	2,822	1,610
2010	1,304	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**
Difference from Normal Average	**-118**	**-32**	**-221**	**-146**	**-109**	**168**	**-85**
% Change	-9.5	-2.3	-17.3	-7.7	-6.3	6.2	-5.3
Difference from 2013	**-191**	**-125**	**-313**	**-550**	**-270**	**-286**	**-255**
% change	-14.6	-8.3	-22.9	-24.0	-14.2	-9.0	-14.5

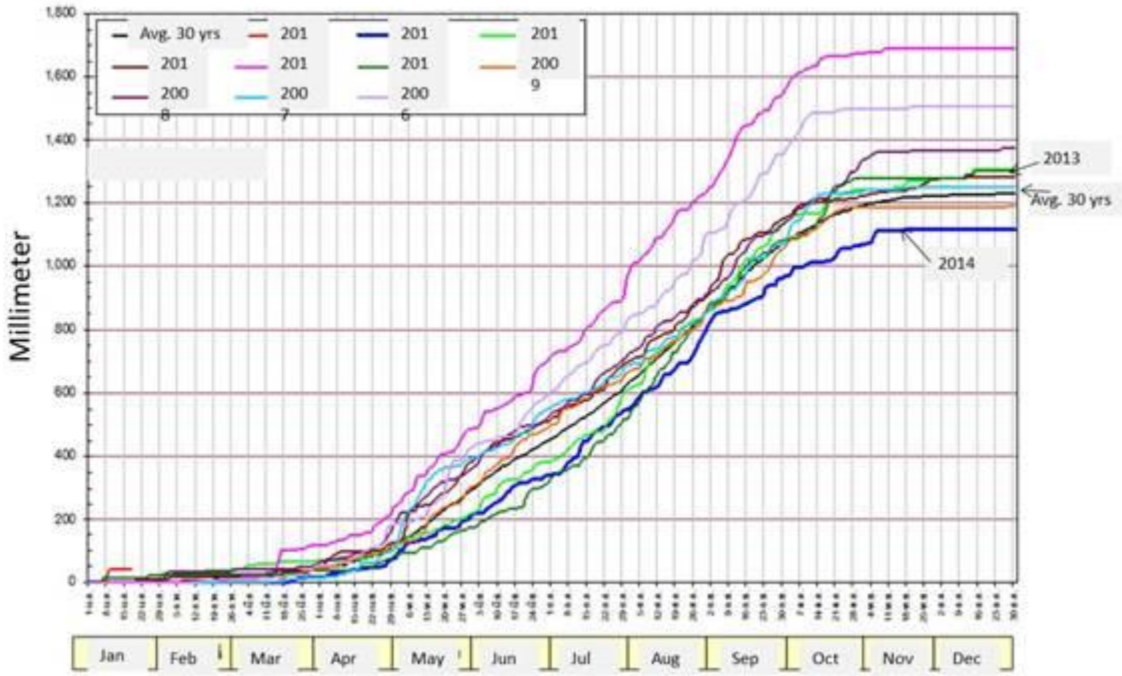
Source: Royal Irrigation Department

Figure 2: Cumulative Rainfall in Thailand



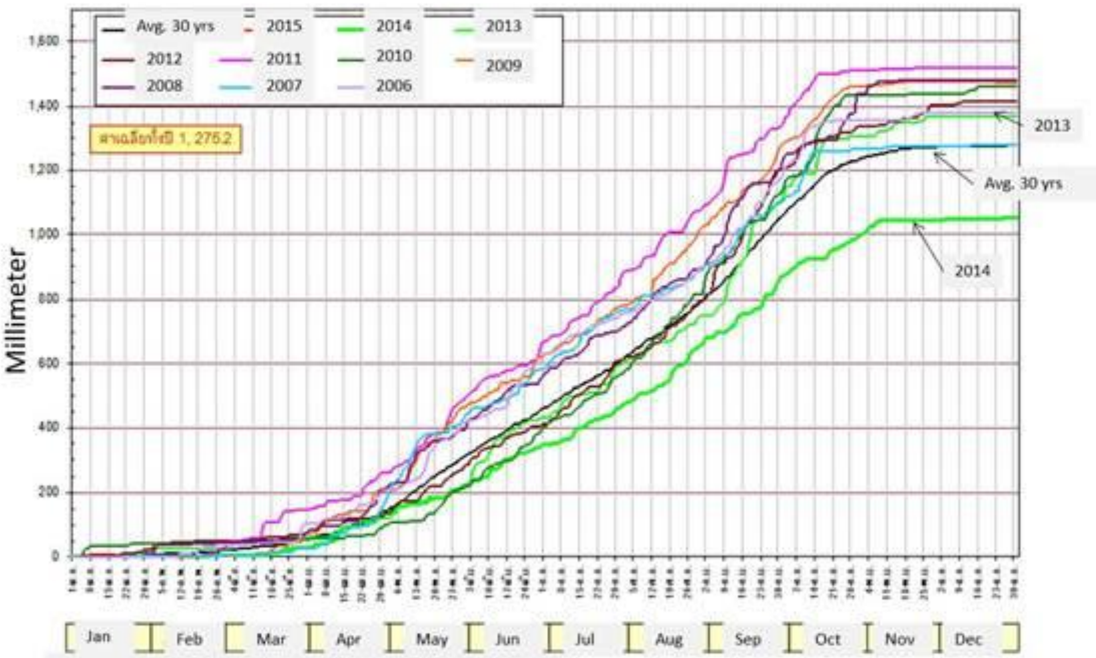
Source: Royal Irrigation Department

Figure 3: Cumulative Rainfall in the North



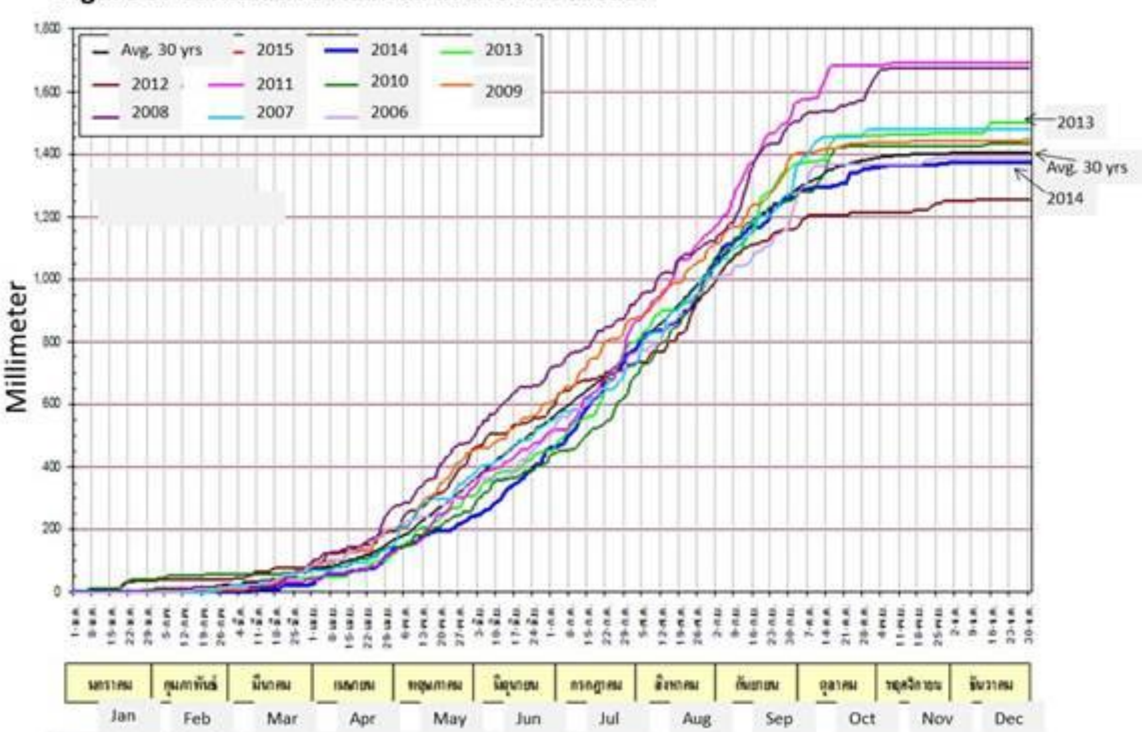
Source: Royal Irrigation Department

Figure 4: Cumulative Rainfall in the Central Plain



Source: Royal Irrigation Department

Figure 5: Cumulative Rainfall in the Northeast



Source: Royal Irrigation Department

Appendix Tables

Table 1 A: Thailand's Rice Production, Supply and Demand

Rice, Milled Thailand	2012/2013			2013/2014			2014/2015			
	Market Year Begin: Jan 2013			Market Year Begin: Jan 2014			Market Year Begin: Jan 2015			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Harvested	10,837	10,837	10,837	10,920	10,920	10,920	10,900	10,900	10,748	(1000 HA)
Beginning Stocks	9,330	9,330	9,330	12,808	12,808	12,808	12,393	12,193	11,724	(1000 MT)
Milled Production	20,200	20,200	20,200	20,460	20,460	20,460	20,500	20,130	19,701	(1000 MT)
Rough Production	30,606	30,606	30,606	31,000	31,000	31,000	31,061	30,500	29,850	(1000 MT)
Milling Rate (.9999)	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	(1000 MT)
MY Imports	600	600	600	300	300	300	300	300	300	(1000 MT)
TY Imports	600	600	600	300	300	300	300	300	300	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	30,130	30,130	30,130	33,568	33,568	33,568	33,193	32,623	31,725	(1000 MT)
MY Exports	6,722	6,722	6,722	10,300	10,500	10,969	11,300	11,000	11,000	(1000 MT)
TY Exports	6,722	6,722	6,722	10,300	10,500	10,969	11,300	11,000	11,000	(1000 MT)
Consumption and Residual	10,600	10,600	10,600	10,875	10,875	10,875	10,900	10,900	10,900	(1000 MT)
Ending Stocks	12,808	12,808	12,808	12,393	12,193	11,724	10,993	10,723	9,825	(1000 MT)
Total Distribution	30,130	30,130	30,130	33,568	33,568	33,568	33,193	32,623	31,725	(1000 MT)
Yield (Rough)	3.	3.	2.8242	3.	3.	2.8388	3.	3.	2.7773	(MT / HA)

Table 1B: Thailand's Paddy Area, Production, and Yield

	2012/13			2013/14			2014/15 (November 2014)			2014/15 (January 2015)		
	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	2.160	11.448	9.288	2.100	11.388	9.288	2.100	11.388	9.288	1.940	11.228
Harvest	8.737	2.100	10.837	8.920	2.000	10.920	8.900	2.000	10.900	8.900	1.848	10.748
Production (million ton)												
Rough	21.471	9.135	30.606	22.400	8.600	31.000	22.000	8.500	30.500	22.000	7.850	29.850
Rice	14.171	6.029	20.200	14.784	5.676	20.460	14.520	5.610	20.130	14.520	5.181	19.701
Yield (ton/hectare)	2.457	4.350	2.824	2.511	4.300	2.839	2.472	4.250	2.798	2.472	4.249	2.777

Source: *FAS Estimate*

End of Report