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Thailand

Grain and Feed Update

August 2015

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Report Highlights:
TH5102 – Recent tight domestic corn supplies have resulted in higher import demand for feed wheat. As a result, imports of wheat are revised up to 3.5 million metric tons in MY2014/15 and 2.7 million metric tons in MY2015/16. Of the total, feed wheat totaled 1.9 million metric tons in MY2014/15 and is expected to be around 1.5 million metric tons in MY2015/16.

Post:
Bangkok

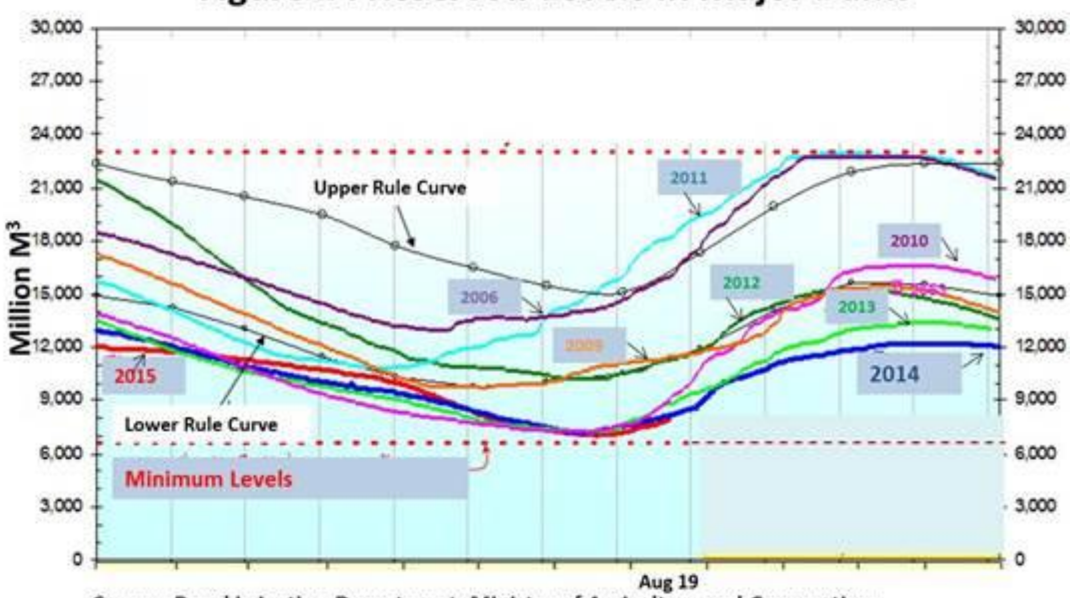
Executive Summary:
Post forecast of MY2015/16 rice production remained unchanged at 18 million metric tons which is a decline of 7 percent from the previous year. This is due to on-going critically low reservoirs which will affect the off-season rice in irrigated areas.
MY2015/16 corn production is revised down to 4.7 million metric tons in anticipation of a reduction in average yield due to unfavorable weather conditions. Also, the seasonal harvest of corn is likely to be delayed due to the replanting of corn in the drought-affected areas. Tight domestic supplies of corn resulted in higher import demand for feed wheat which was 10-15 percent cheaper than domestic corn. Feed millers reportedly shifted to imported feed wheat for poultry and swine feed ration.
MY2014/15 and MY2015/16 wheat imports are revised up to 3.5 and 2.7 million metric tons respectively. This is due to higher-than-expected demand for feed wheat caused by tight supplies of domestic corn.

Author Defined:

1. Reservoir remains low

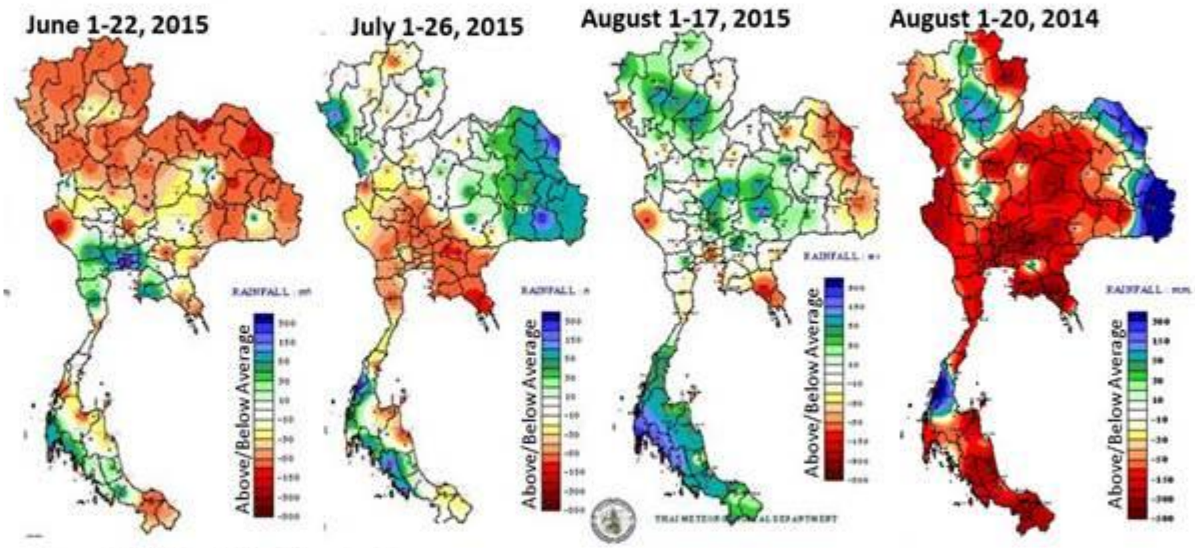
In August 2015, reservoir levels in major dams (Figure 1) that supply irrigation for main-crop rice in the northern and central plain regions are still lower than the previous year due to lack of rain (Figure 2). The Thai Meteorological Department (TMD) reported that cumulative rainfall was about 15 percent below normal (as of August 19, Table 1)). The TMD expects slightly below normal precipitation in August until the end of rainy season in October. This is likely to result in lower reservoirs for next dry-season crop in 2016. Since July 16, the Government has discharged minimal water at 18 million cubic meters per day. This compares to regular discharge of around 60 million cubic meters per day. This stringent measure is to save the water for household consumption in 2016.

Figure 1 : Reservoir Levels in Major Dams



Source: Royal Irrigation Department, Ministry of Agriculture and Cooperatives

Figure 2: Precipitation Compared to Normal



Source: Thai Meteorological Department

Table 1: Cumulative Rainfall in Thailand during January 1 - August 16, 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
Normal Average (30 yrs avg: 1981-2010) during January 1 - August 16, 2015	736	889	697	1,124	674	1,452	879
2010	610	827	690	1,127	548	1,430	851
2011	1,119	987	988	1,182	1,270	1,545	1,149
2012	788	802	677	1,070	879	1,875	938
2013	749	902	670	13,180	737	1,957	966
2014	**660**	**858**	**532**	**887**	**487**	**1,443**	**771**
2015	**675**	**704**	**594**	**823**	**534**	**1,582**	**745**
Difference from Normal Average	**-61**	**-185**	**-103**	**-302**	**-140**	**131**	**-134**
% Change	-8.3	-20.8	-14.8	-26.8	-20.8	9.0	-15.2
Difference from 2014	**15**	**-154**	**62**	**-65**	**47**	**140**	**-26**
% change	2.3	-17.9	11.7	-7.3	9.6	9.7	-3.3

Source: Royal Irrigation Department

2. Rice

MY2015/16 main-crop rice planting is complete in major growing areas, particularly in the northeastern region which accounts for around 60 percent of total main-crop rice area. It is a major growing area for fragrant and glutinous rice. The harvest will begin in November. On August 19, according to the Ministry of Agriculture's Disaster Center report, around 1 million rai (0.16 million hectares) of main-crop rice had been affected by drought, particularly in the lower

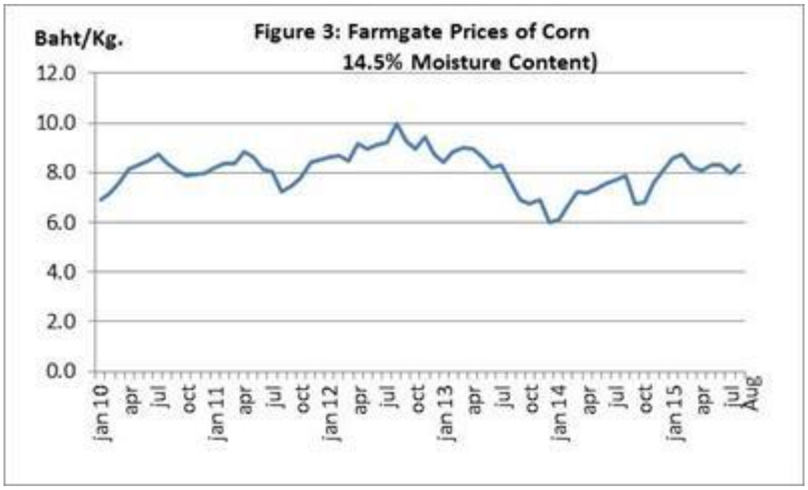
northern region and central plains.
Post's forecast for MY2015/16 rice production remains unchanged from the previous forecast of 18 million metric tons. This will be a 7-percent reduction from MY2014/15 due to the impact of drought on yield and anticipated acreage reduction in main-crop and off-season crop in irrigated areas.

3. Corn

MY2015/16 corn production is revised down to 4.7 million metric tons (Table 2) due mainly to a reduction in average yield due to drought. This will be about 2-percent reduction from MY2013/14. According to the Disaster Center's report on August 19, around 1.7 million rai of field crop (0.27 million hectares), mostly corn, were affected by drought. Farmers who were adversely affected by drought in major growing areas have reportedly replanted since June 2015. Sources indicate that the replanting will delay the seasonal harvest by 1 to 2 months from normal harvest between July and August.

Table 2						
Corn	**2013/2014**		**2014/2015**		**2015/2016**	
Market Begin Year	**Jul 2013**		**Jul 2014**		**May 2016**	
Thailand	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	1120	1120	1100	1100	1100	1090
Beginning Stocks	643	643	144	119	244	114
Production	4900	4900	4850	4800	4900	4700
MY Imports	600	600	600	600	600	600
TY Imports	600	600	600	600	600	600
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	6143	6143	5594	5519	5744	5414
MY Exports	1099	1099	250	305	100	60
TY Exports	1109	1109	250	305	100	60
Feed and Residual	4800	4825	5000	5000	5300	5150
FSI Consumption	100	100	100	100	100	100
Total Consumption	4900	4925	5100	5100	5400	5250
Ending Stocks	144	119	244	114	244	104
Total Distribution	6143	6143	5594	5519	5744	5414
(1000 HA) ,(1000 MT)						

In the first half of 2015, average farm-gate price of corn increased to 8.6 baht/kg ($239/MT), up 35 percent from the same period last year (Figure 3). This reflected the shortages of domestic supplies of corn due to unusual weather conditions. Feed millers shifted to imported feed wheat for poultry and swine feed ration. Prices of imported feed wheat are reportedly 10-15 percent cheaper than domestic corn.



4. Wheat

MY2014/15 and MY2015/16 wheat imports are revised up due to higher-than-expected feed wheat demand. This reflected the shortages of domestic corn supplies due to unusual weather condition and growing demand for poultry feed. MY2014/15 wheat import nearly doubled to 3.5 million metric tons (Table 3). Of the total, 1.9 million metric tons were feed wheat and the remainder is milling wheat (1.4 million metric tons) and wheat flour and products (0.2 million metric tons). Most of feed wheat imports were from Ukraine and European countries.

Table 3						
Wheat	**2013/2014**		**2014/2015**		**2015/2016**	
Market Begin Year	**Jul 2013**		**Jul 2014**		**Jul 2016**	
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	1042	1021
Production	0	0	0	0	0	0
MY Imports	1693	1855	3400	3487	2600	2700
TY Imports	1693	1855	3400	3487	2600	2700
TY Imp. from U.S.	501	611	646	666	0	500
Total Supply	2495	2657	3961	4190	3642	3721
MY Exports	214	214	219	219	215	220
TY Exports	214	214	219	219	215	220
Feed and Residual	650	670	1600	1850	1300	1500
FSI Consumption	1070	1070	1100	1100	1135	1160
Total Consumption	1720	1740	2700	2950	2435	2660
Ending Stocks	561	703	1042	1021	992	841
Total Distribution	2495	2657	3961	4190	3642	3721
(1000 HA) ,(1000 MT)						

Meanwhile, the milling wheat imports of 1.4 million metric tons, which increased around 35 percent from MY2013/14, reflected growing demand for high protein wheat. Imports of U.S. wheat increased to around 0.7 million metric tons, of which around 50,000 metric tons were feed wheat. Four mills are reportedly building stocks due to attractive prices of imported milling wheat which are 15 percent below the previous year. Presently, their stocks are almost double normal amounts as demand for wheat in bakery industries slows down in line with the economy. The Government has revised down the economic growth in 2015 to 2.7 – 3.2 percent, compared to the previous forecast of 3 – 4 percent.

MY 2015/16 wheat imports are expected to decline to 2.7 million metric tons in anticipation of a reduction in feed wheat import demand. Imports of feed wheat will likely decline to 1.5 million metric tons, down around 20 percent from MY2014/15 in anticipation of a reduction of the substitution of feed wheat for domestic, particularly in the second half of MY2015/16. Meanwhile, milling wheat imports are likely to decline to 1 million metric tons due to high carry-over stocks from MY2014/15.