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## **Report Name:** Grain and Feed Update

**Country:** Thailand

**Post:** Bangkok

**Report Category:** Grain and Feed

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### **Report Highlights:**

Posts forecasts that marketing year (MY) 2022/23 rice production will increase for the third consecutive year due to available water supply and abundant precipitation. High prices of chemical fertilizers and other inputs will likely impact corn production and yield as farmers apply less chemical fertilizer this season. Import demand for corn and wheat is slightly up in anticipation of an economic recovery due to expected growth in the hotel and restaurant sector.

## **Executive summary**

FAS Bangkok (Post) forecasts MY2022/23 rice production to remain unchanged at 20 million metric tons (MMT). Main-season rice production will benefit from rainfall that is 5 percent above normal for the rest of the monsoon season. Post revised down forecasted rice exports in 2022 to 7.5 MMT, up 23 percent from 6.1 MMT in 2021, in line with the Thai official export target. Prices of Thai rice exports are attractive and competitive, driven by the weakening of the Thai baht. Post revised corn production in MY2022/23 down to 5.2 MMT in anticipation of reduced off-season corn acreage. Post revised corn imports for MY2022/23 up to 1.6 MMT, up 5 percent from MY2021/22 in line with growing livestock production. Posts forecasts MY2022/23 wheat imports higher to 2.9 MMT, up 23 percent from MY2021/22 following an expected economic recovery driven by expected growth in hotel and restaurant sectors.

### **1. Rice**

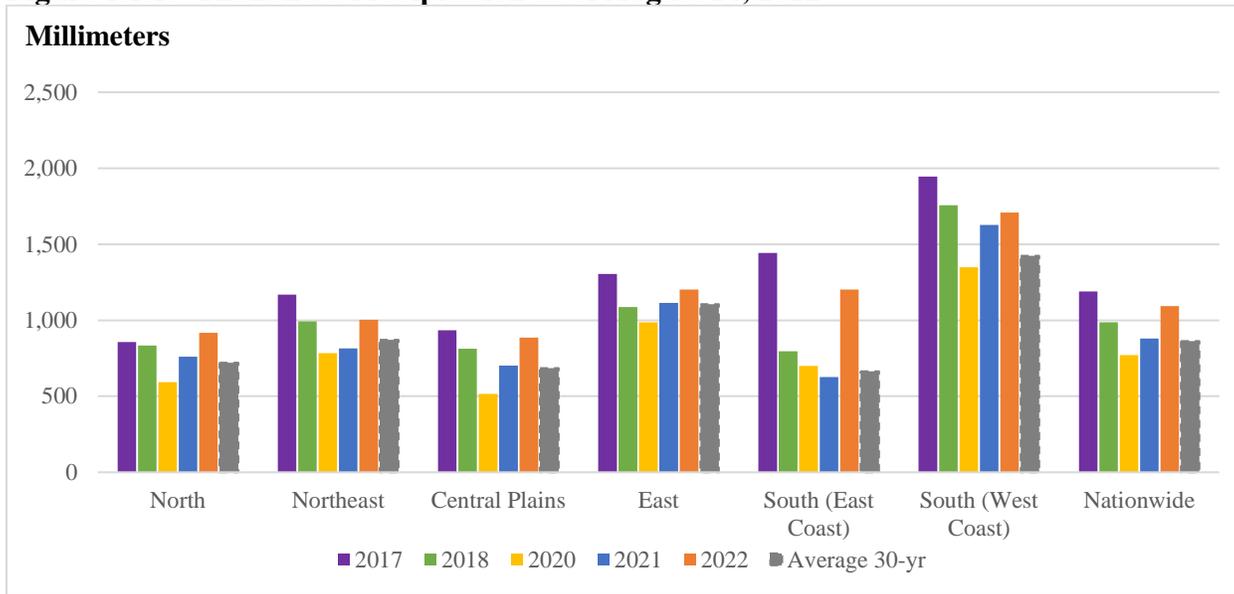
#### **1.1 Production**

Post's forecast for total rice production in MY2022/23 remains at 20 MMT. Abundant water supplies and favorable weather condition will push MY2022/23 rice production slightly higher than MY2021/22. The Metrological Department of Thailand (TMD), Ministry of Agriculture and Cooperatives (MOAC) estimated that the 2022 precipitation level will likely be 5 percent above normal during the rest of the monsoon season with a high chance of severe thunderstorms to depression storms between August and September 2022 (Figure 1.1.1). Water supplies in major reservoirs in the northern region and the central plains significantly increased between January and August 2022 from the same period last year. However, water supplies remain much lower than they were in 2018 (Figure 1.1.2).

MY2022/23 main-crop rice planting progress is 2 percent ahead of last year as farmers began planting white rice in irrigated areas in April 2022, which was earlier than last year. As of August 10, 2022, the planting acreage totaled 14.6 million rai (2.3 million hectare), covering areas of the northern region and the central plains, which accounts for roughly 57 percent of total rice acreage in irrigated areas. The MOAC reported that severe thunderstorms in early August 2022 affected 101,589 rai (16,254 hectare) of rice acreage. The flooded provinces covered the main-season rice acreages in the upper-northern and northeastern regions.

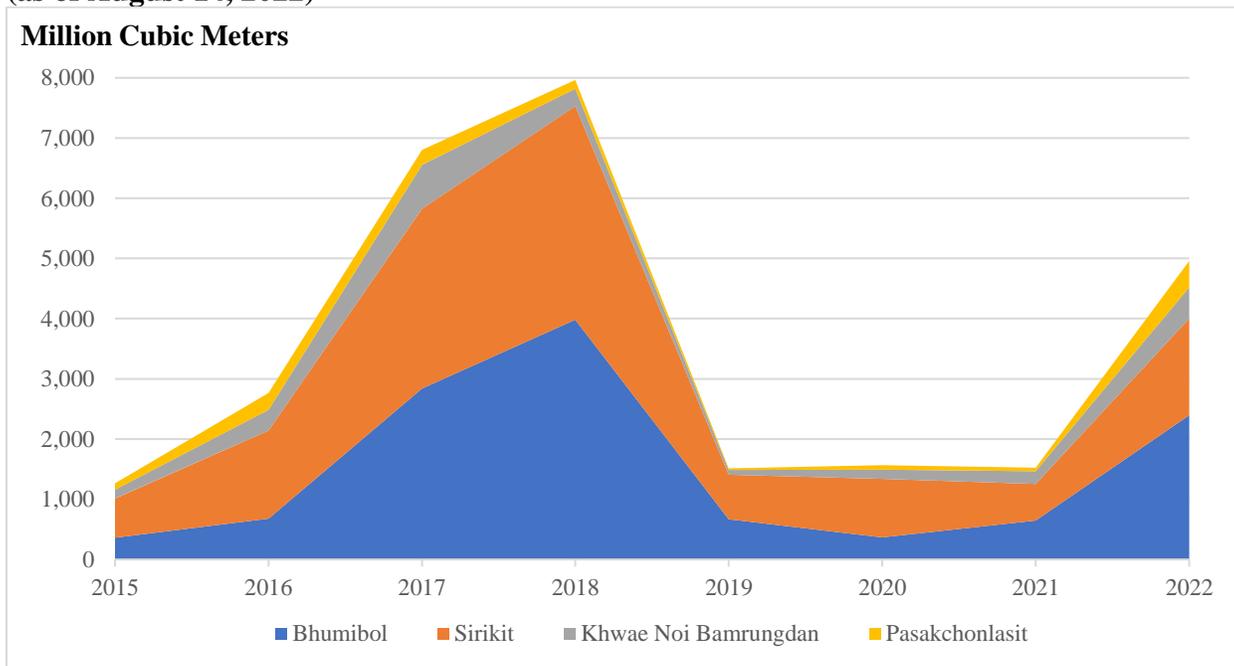
Post is revising its forecast for MY2021/22 rice production up to 19.8 MMT, up 5 percent from MY2020/21 due to an expansion in off-season rice acreage from favorable weather conditions and abundant water supplies. Post also expects MY2021/22 off-season rice production to recover to 4.4 MMT, up 33 percent from MY2020/21 due to acreage expansion of white rice in irrigated areas.

**Figure 1.1.1: Thailand's Precipitation as of August 14, 2022**



Source: Thai Meteorological Department, Ministry of Digital Economy and Society

**Figure 1.1.2: Water Supply in Major Reservoirs in the Northern Region and the Central Plains (as of August 14, 2022)**

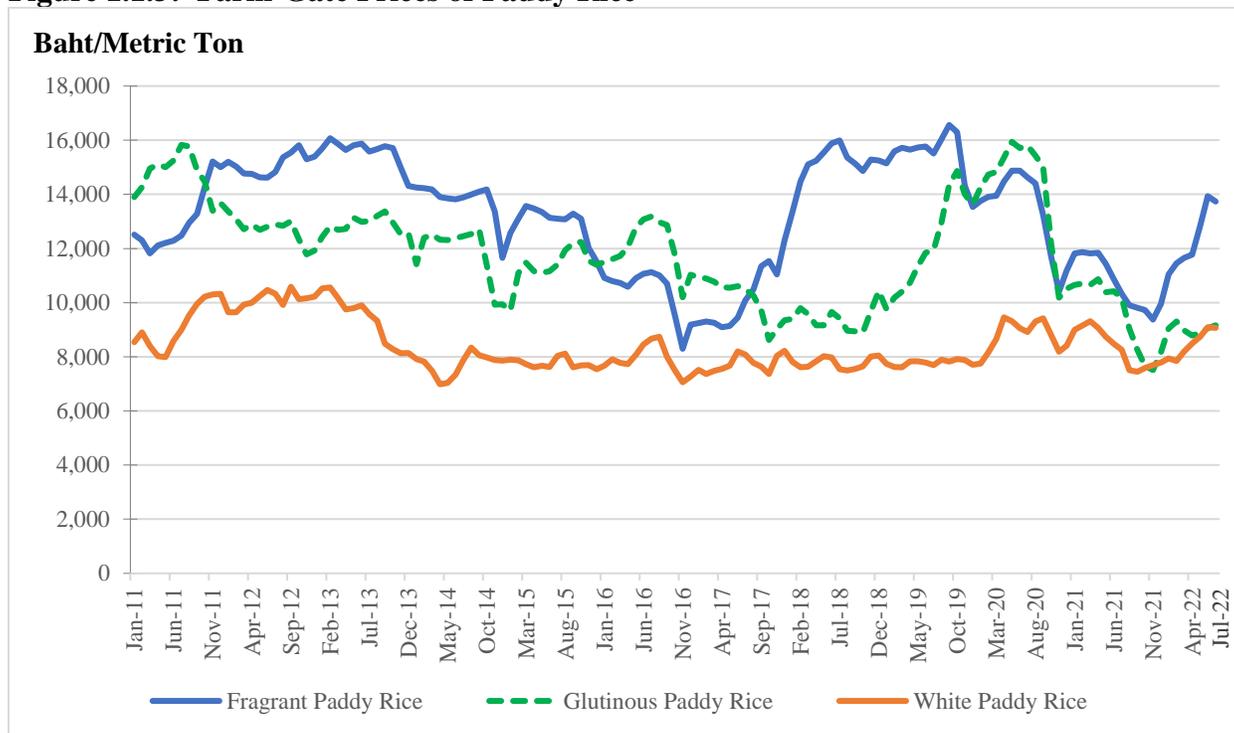


Source: Royal Irrigation Department, Ministry of Agriculture and Cooperatives

Farm-gate prices of paddy rice between January and July 2022 were higher than the same period last year. Fragrant paddy rice price rose the most, up 33 percent, while parboiled paddy rice fell 10 percent (Figure 1.1.3). The Bank for Agriculture and Agricultural Cooperatives (BACC) estimated that domestic fragrant prices are likely to increase 2 percent in August due to an increasing demand from tourism and a gradual recovery of economic activities after the COVID-19 outbreak. Post expects white and

parboiled paddy rice prices to decline 1-3 percent as farmers have harvested most of the off-season rice. In addition, glutinous paddy rice prices will also likely drop 1-4 percent from price competition with Vietnamese glutinous rice.

**Figure 1.1.3: Farm-Gate Prices of Paddy Rice**



Source: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives

## 1.2 Trade

Post revised down Thai rice exports to 7.5 MMT in 2022. Larger exportable supplies and a recovering global economy helped Thai exports recover from 2020 and 2021, increasing by 21 percent from 2021. The depreciation of the Thai baht against the U.S. dollar made Thai rice export prices more competitive. In July 2022, the Thai baht hit a 16-year low against the U.S. dollar at 36.17 baht/\$1.00. In addition, many countries began to secure staple foods and supplies since Russia’s invasion of Ukraine, which boosted global demands for rice. However, the container shortage and high fuel prices will likely leave freight costs high throughout 2022.

The Thai Customs Department reported that rice exports totaled 3.5 MMT in the first half of 2022, up 57 percent from the same period last year (Table 1.2.1). Iraq became the primary market for Thai rice exports, totaling 660 thousand metric tons (TMT), followed by the United States and South Africa. Exports of white rice rose the most to 1.6 MMT, up significantly from the same period last year. Demand for Thai white rice grew the most in the Middle East, mainly Iraq and United Arab Emirates. Fragrant rice exports increased to 1.1 MMT, up 41 percent from the same period last year due to strong demand from the United States, Canada, and the EU countries. In June 2022, Thai rice exports totaled 760 TMT, valued at 13.1 billion baht (\$377 million). The volume and value of rice exports in June 2022

were 69 and 57 percent higher, respectively, than June 2021. The president of the Thai Rice Export Association expects that Thai rice exports will average 600-700 TMT per month for the rest of 2022.

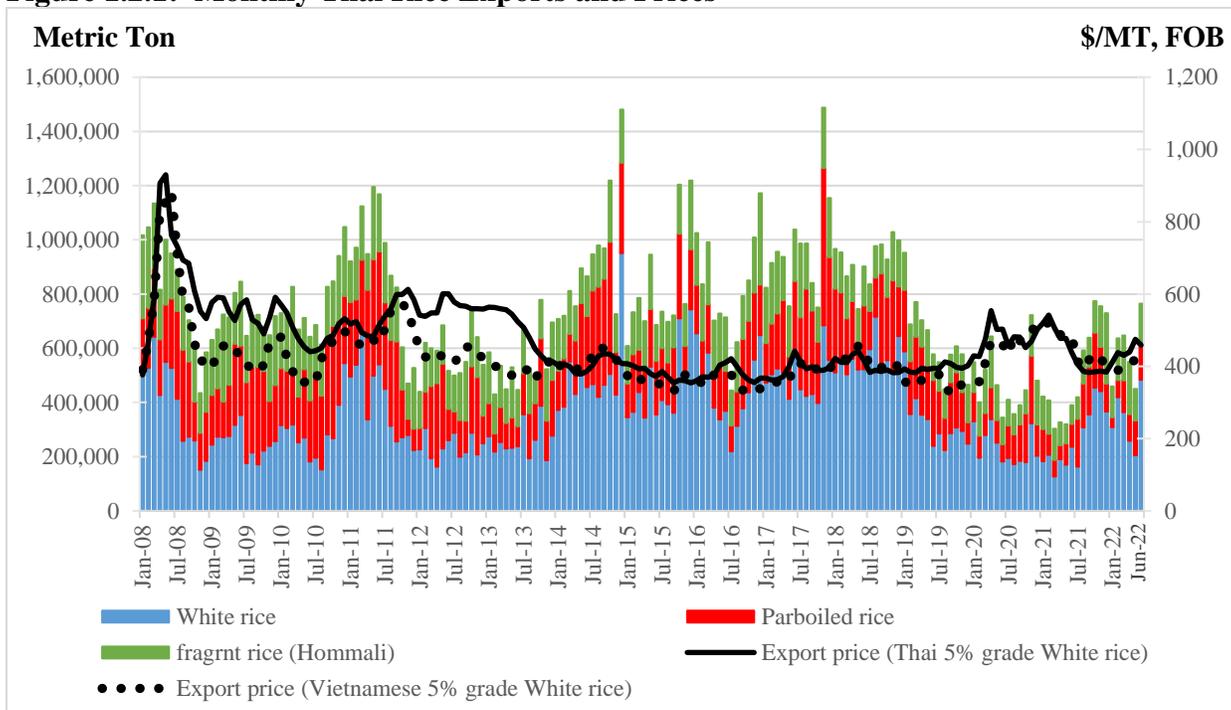
**Table: 1.2.1: Thai Rice Exports by Varieties**

Unit: Million Metric Tons

Rice Variety	2018	2019	2020	2021	% Change 20 VS 21	January - June		% Change 21 VS 22
						2021	2022	
White Rice	5.92	3.21	2.01	2.38	18.9	0.82	1.65	101.2
Parboiled Rice	2.80	2.23	1.42	1.46	0.9	0.49	0.59	20.4
Fragrant Rice	2.12	1.93	2.02	1.97	-2.4	0.80	1.13	41.2
Glutinous Rice	0.39	0.21	0.28	0.31	12.4	0.13	0.14	7.7
<b>Total</b>	<b>11.23</b>	<b>7.58</b>	<b>5.73</b>	<b>6.12</b>	<b>6.1</b>	<b>2.24</b>	<b>3.51</b>	<b>56.7</b>

Source: Ministry of Commerce

**Figure 1.2.1: Monthly Thai Rice Exports and Prices**



Source: Thai Customs Department, Ministry of Finance and Thai Chamber of Commerce

### 1.3 Consumption

Post revised rice consumption in MY2022/23 up to 13.5 MMT. Increased economic activities from a growing number of foreign tourists will increase rice consumption by 4 percent from MY2021/22. In addition, the easing of COVID-19 restrictions encouraged restaurants and hotels to reopen their in-restaurant services. The government also encouraged feed mills to blend in broken rice and residuals

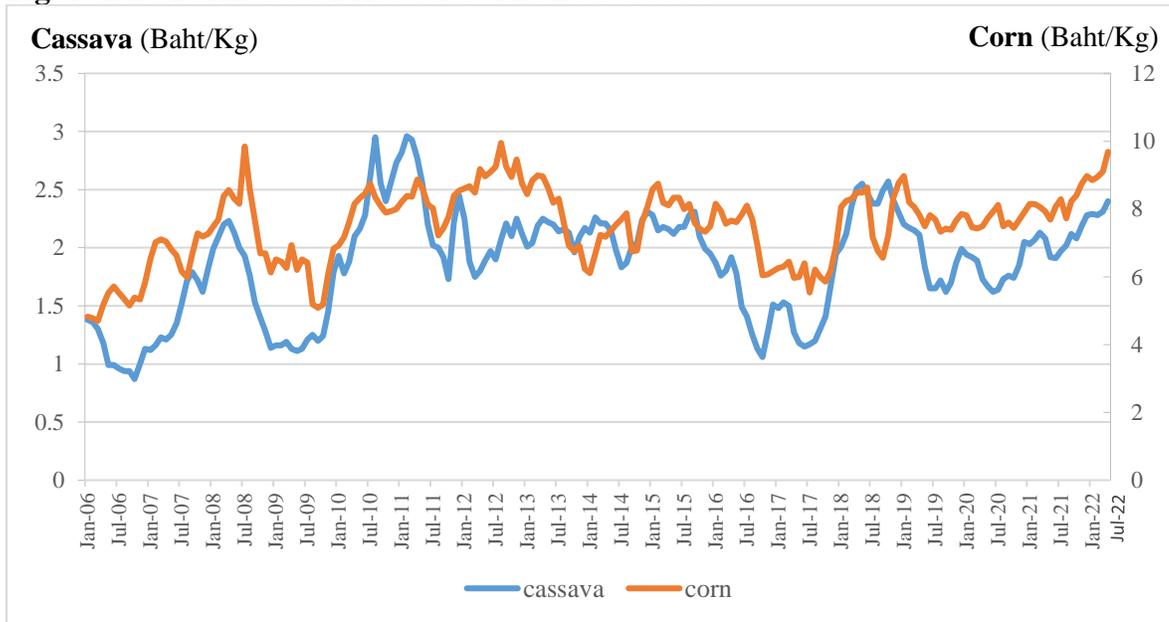
with feed corn and other imported feed ingredient to relieve high feed costs and tight import supplies. The average prices of broken rice in the first half of 2022 were relatively high at 12.4 baht/kilogram (\$344/MT), up 13 percent from the same period last year. Rice bran prices were also high at 11.42 baht/kilogram (\$316/MT), up 12 percent from the previous year. Higher demand for broken rice and rice used in feed increased domestic prices.

## 2. Corn

Post revised its previous forecast for MY2022/23 corn production down to 5.2 MMT in anticipation of reduced off-season corn acreage. Expected abundant water supplies and favorable weather conditions could persuade farmers to switch to crops with lower maintenance costs and higher returns, such as off-season rice and cassava. In addition, farmers are likely to apply less chemical fertilizer due to current high prices, which could lower crop yield in MY2022/23 from the previous year. In June 2022, average chemical fertilizer prices were 26,348 baht/MT (\$728/MT), which was 66 percent higher than the 5-year average price of 15,848 baht/MT (\$438/MT). The Ministry of Commerce helped alleviate soaring prices of imported fertilizers by negotiating direct purchases of fertilizers from Saudi Arabia. Farmers reportedly had less concern about damage from Fall Armyworm this season due to the very wet and moist planting conditions that are not suitable for those insects.

Farm-gate prices of corn were 10.37 baht/kilogram (\$287/MT) in July 2022, which is 25 percent higher than the same period last year. Moreover, average farm-gate prices of corn between January and July 2022 were around 9.7 baht/kilogram (\$285/MT), up 27 percent from the 5-year average price. Cassava prices were also 38 percent higher than the same period last year due to strong export demand. (Figure 2.1).

**Figure 2.1: Farm-Gate Prices of Corn and Cassava**



Source: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives

Corn imports totaled 1.5 MMT in MY2021/22, down 21 percent from MY2020/21 due to shrinking feed demand and tight global suppliers. The Office of Industrial Economics (OIE) reported a negative growth of domestic feed production and consumption at 1.2 and 2.5 percent, respectively, in MY2021/22 compared to the same period last year. This negative growth was due to a shortfall in feed demand for swine from the African Swine Fever (ASF) outbreak, which outweighed a slight increase in demand for feed for poultry.

Around 99 percent of MY2021/22 imported corn came from Burma as ASEAN countries benefit from duty free with unlimited quota between February 1 and August 31 under the ASEAN Free Trade Agreement. The Ministry of Commerce relaxed feed ingredient import requirements between May 10 and July 31, 2022. The government increased the corn import quota to 600 TMT without the 20 percent import duty from the original import quota of 54 TMT. The target of total feed ingredients imports was set at 1.2 MMT, which included feed corn, feed wheat, and barley. On July 1, 2022, the Department of Livestock Department (DLD) reported that imports of feed corn and alternative feed ingredients (feed wheat and barley) totaled 810 TMT of which 590 TMT were feed corn and 220 TMT were feed wheat.

Imports of barley and dried distillers grains with solubles (DDGs) decreased significantly in the first half of 2022, down 88 percent and 56 percent, respectively, from the same period last year. Australia was a main barley supplier for Thailand, totaling 80 TMT in the first half of 2022. US DDGs exports to Thailand totaled 94 TMT in the first half of 2022, down 52 percent from the same period last year.

Post revised corn imports for MY2022/23 up to 1.6 MMT. A gradual recovery in livestock production, mainly poultry production, attributed to the 5 percent increase from MY2021/22. A gradual recovery in domestic consumption and growing export demand drove the increase in poultry production, which accounts for roughly 43 percent total feed demand.

### **3. Wheat**

Post forecasts MY2022/23 wheat imports higher to 2.9 MMT, up 23 percent from MY2021/22 due to growing livestock production, especially for poultry production. Traders are expecting strong demand for poultry and poultry-based products in the second half of 2022. In July 2022, Chinese authorities allowed Thai poultry factories that have complied and operated in accordance with Chinese regulations aimed at preventing contamination of COVID-19 in livestock products. As a result, there are currently 20 factories processing frozen poultry meat and poultry-based products in Thailand with licenses to export to China. Furthermore, the feed industry is requesting that the Ministry of Commerce extend the temporary removal of feed wheat import restrictions, which ended on July 31, 2022, to relieve feed mills from tight domestic feed supplies and high global import prices.

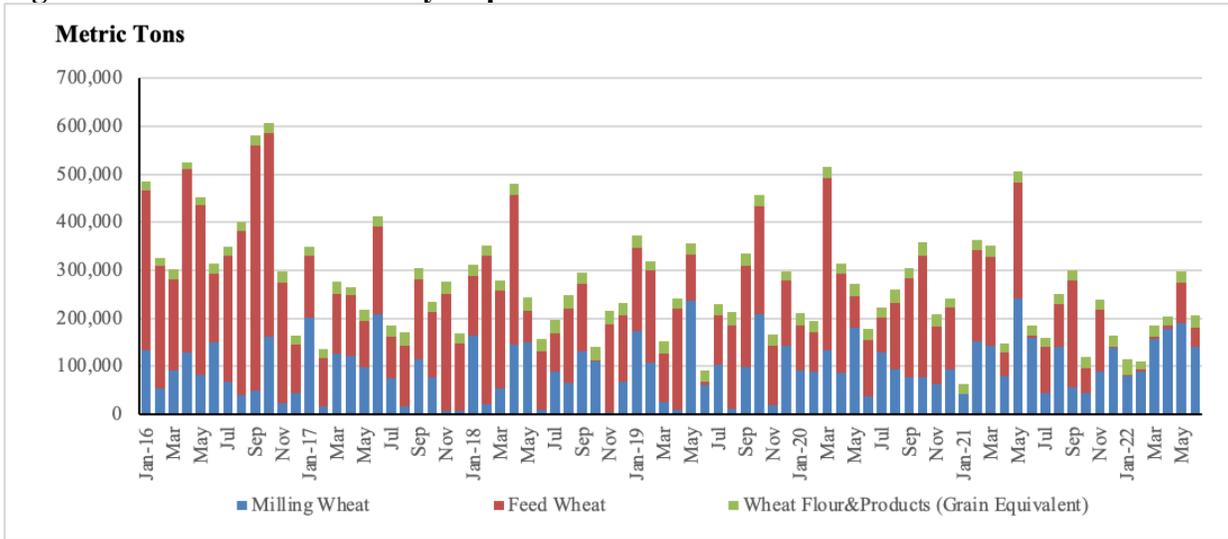
Wheat imports in MY2021/22 totaled 2.3 MMT, down 29 percent from MY2020/21 due to a reduction in milling wheat and feed wheat demand (Figure 3.1). Milling wheat imports totaled 1.35 MMT, down 7 percent from the same period last year, while feed wheat imports totaled 730 TMT, down 54 percent. Imports of Indian wheat significantly rose to 140 TMT of which 120 TMT were feed wheat imports. Romanian feed wheat also showed an increase in imports totaling 130 TMT, up 76 percent from the same period last year. In the meantime, Australian wheat imports declined to 760 TMT, down 81 percent from the same period last year. Australian feed wheat was the top source for Thai feed wheat imports, while main sources of milling wheat in MY2021/22 were the United States and Australia with

43 and 41 percent market share, respectively. Feed mills reportedly used more locally produced corn and soybean meal and duty-free imported corn in their poultry and swine feed rations due to high import prices of feed wheat. Wheat flour imports totaled 270 TMT, up 2 percent from the same period last year in line with a gradual recovery in domestic demand.

The Office of Industrial Economics (OIE) reported that instant noodle production in MY2021/22 increased 4 percent from the same period last year. Domestic and export demand for instant noodle production increased 4 percent and 2 percent, respectively. Despite the increase in production costs of instant noodles, the government froze the retail price of instant noodles at 6 baht per package (\$0.17). Five manufacturers of instant noodles requested that the Department of Internal trade, Ministry of Commerce raise the retail price to 8 baht per package (\$0.23) due to higher production costs and inflation. The industry claims that it will be the first price increase in more than 14 years. Bakery production shrunk to 3 percent due to a slow recovery in domestic and export demand. Instant noodle and bakery production account for around 35 and 25 percent, respectively, of total milling wheat consumption. Livestock feed production, mainly the poultry sector, shows a promising recovery in the first half of 2022, despite higher domestic feed ingredients and fuel prices, which account more than 30-40 percent of the cost of production.

The Office of National Economic and Social Development Council (NESDC) reported an expansion of second quarter economic growth of 2.5 percent, up from 2.2 percent in the first quarter and the overall economic outlook in 2022 of 3.0 percent. The positive economic growth and outlook was due to the removal of COVID-19 restrictions domestically and internationally that led to a surge in economic activities, following the return of foreign tourists. In the first half of 2022, the numbers of foreign tourists totaled 2.2 million, which helped generate revenue of more than 4.3 million baht (\$120 thousand). The Thai government expects foreign tourists to increase to 10 million in 2022 and 20 million in 2023. The government reported the inflation rate at 7.61 percent in July 2022, which was lower than 7.66 percent in June. The inflation rate remains the highest rate in 14 years due to a spike in global energy prices. The government expected the inflation to be as high as 6.2 percent in 2022 and level off to 2.5 percent in 2023.

**Figure 3.1: Thailand's Monthly Imports of Wheat Grains and Products**



Source: Thai Customs Department, Ministry of Finance

## Appendix Tables

**Table 1: Thailand's Rice Production, Supply and Distribution**

Rice, Milled Market Year Begins Thailand	2020/2021		2021/2022		2022/2023	
	Jan 2021		Jan 2022		Jan 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	10509	10509	10587	10702	10700	10832
Beginning Stocks (1000 MT)	3979	3979	4280	4271	3930	3774
Milled Production (1000 MT)	18863	18863	19650	19878	19800	20100
Rough Production (1000 MT)	28580	28580	29773	30118	30000	30455
Milling Rate (.9999) (1000 MT)	6600	6600	6600	6600	6600	6600
MY Imports (1000 MT)	200	125	200	125	200	150
TY Imports (1000 MT)	200	125	200	125	200	150
TY Imp. from U.S. (1000 MT)	1	0	0	0	0	0
Total Supply (1000 MT)	23042	22967	24130	24274	23930	24024
MY Exports (1000 MT)	6062	6076	7200	7500	7500	8000
TY Exports (1000 MT)	6062	6076	7200	7500	7500	8000
Consumption and Residual (1000 MT)	12700	12620	13000	13000	13100	13500
Ending Stocks (1000 MT)	4280	4271	3930	3774	3330	2524
Total Distribution (1000 MT)	23042	22967	24130	24274	23930	24024
Yield (Rough) (MT/HA)	2.7196	2.7196	2.8122	2.8142	2.8037	2.8116

(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 2022/2023 = January 2023 - December 2023

**Table 2: Thailand's Rice Production by Crop**

	2020/2021			2021/2022			2022/2023		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
<b>Area (Million Hectares)</b>									
Cultivation	9.370	1.354	10.724	9.370	1.754	11.010	9.370	1.750	11.120
Harvest	9.185	1.324	10.509	8.966	1.736	10.702	9.102	1.730	10.832
<b>Production (Million Tons)</b>									
Rough	23.530	5.050	28.580	23.389	6.730	30.118	23.682	6.773	30.455
Rice	15.530	3.333	18.863	15.437	4.441	19.878	15.630	4.470	20.100
Yield (Ton/Hectare)	2.562	3.814	2.720	2.608	3.876	2.814	2.602	3.915	2.812

**Table 3: Thailand's Corn Production, Supply and Distribution**

Corn Market Year Begins  Thailand	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1255	1254	1200	1200	1220	1200
Beginning Stocks (1000 MT)	675	675	840	1190	443	1319
Production (1000 MT)	5600	5500	5300	5300	5400	5200
MY Imports (1000 MT)	1921	1921	1519	1519	1700	1600
TY Imports (1000 MT)	1846	1846	1600	1600	1700	1600
TY Imp. from U.S. (1000 MT)	7	0	0	0	0	0
Total Supply (1000 MT)	8196	8096	7659	8009	7543	8119
MY Exports (1000 MT)	56	56	116	90	70	100
TY Exports (1000 MT)	57	57	115	80	60	100
Feed and Residual (1000 MT)	7200	6750	7000	6500	6800	6600
FSI Consumption (1000 MT)	100	100	100	100	100	100
Total Consumption (1000 MT)	7300	6850	7100	6600	6900	6700
Ending Stocks (1000 MT)	840	1190	443	1319	573	1319
Total Distribution (1000 MT)	8196	8096	7659	8009	7543	8119
Yield (MT/HA)	4.4622	4.386	4.4167	4.4167	4.4262	4.3333

(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 2022/2023 = October 2022 - September 2023

**Table 4: Thailand's Wheat Production, Supply and Distribution**

Wheat Market Year Begins	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	754	754	789	789	366	256
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	3306	3306	2351	2351	2700	2900
TY Imports (1000 MT)	3306	3306	2351	2351	2700	2900
TY Imp. from U.S. (1000 MT)	759	759	0	523	0	600
Total Supply (1000 MT)	4060	4060	3140	3140	3066	3156
MY Exports (1000 MT)	311	311	324	324	300	300
TY Exports (1000 MT)	311	311	324	324	300	300
Feed and Residual (1000 MT)	1650	1600	1200	1200	1200	1200
FSI Consumption (1000 MT)	1310	1360	1250	1360	1300	1400
Total Consumption (1000 MT)	2960	2960	2450	2560	2500	2600
Ending Stocks (1000 MT)	789	789	366	256	266	256
Total Distribution (1000 MT)	4060	4060	3140	3140	3066	3156
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 2022/2023 = July 2022 - June 2023

**Attachments:**

No Attachments