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Post: Bangkok

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Prepared By: Mana-anya Iemsam-arng, Agricultural Specialist

Approved By: Kelly Stange

Report Highlights:

FAS/Bangkok (Post) revised MY2021/22 rice production down slightly to 20.8 million metric tons due to flood damage in the northeastern regions. Post expects Thai rice exports to increase to 5.8 million metric tons in 2021. Post forecasts MY2021/22 corn production to decline 4 percent from MY2020/21, as corn growers shift to more profitable crops due to high production costs for corn. Post forecasts wheat imports in MY2021/22 to decline to 3.1 million metric tons, down 6 percent from MY2020/21 due to the prolonged outbreak of COVID-19 and a slow economy recovery.

Executive summary

FAS/Bangkok (Post) revised marketing year (MY) 2021/22 rice production down from the previous forecast to 20.8 million metric tons (MMT). Higher-than-expected flood damage in main-crop rice production, totaling 647,964 rai (103,674 hectare) mainly in the northeastern region affected overall yield estimates. Post's forecast for MY2021/22 off-season rice production remains unchanged at 5.4 MMT, which is expected to recover from the previous year due to sufficient water supplies. Post's forecast for rice exports remains unchanged at 5.8 MMT in 2021, up 2 percent from the previous year. The weakening of the Thai baht against the U.S. dollar and lower Thai rice export prices will likely help increase Thai rice export competitiveness for the rest of 2021 and in the first half of 2022.

Post's forecast for MY2021/22 corn production remains unchanged at 5.3 MMT, down 4 percent from MY2020/21. Less attractive corn prices during the early planting period for main-crop corn encouraged farmers to shift from corn to other more profitable crops such as cassava and sugar cane.

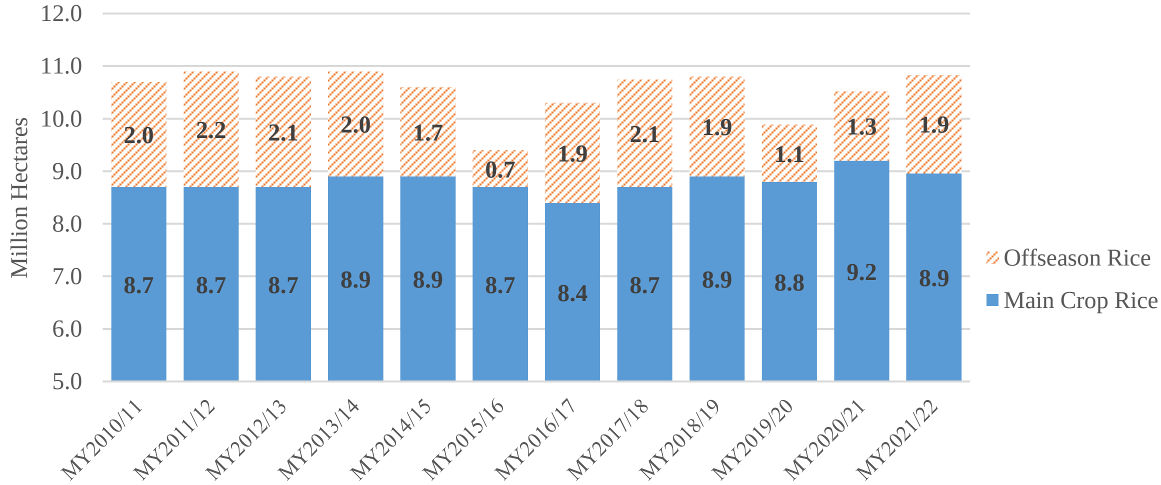
Post's forecast for MY2021/22 wheat import remains unchanged at 3.1 MMT. This is a 6 percent reduction from MY2020/21, following reduced import demand for milling and feed wheat due to slow economic recovery from the prolonged outbreak of COVID-19 and high import prices of feed wheat. Also, flour mills still hold large carryover stocks from MY2021/21. Wheat imports in the first quarter of MY2021/22 totaled 710,212 metric tons, down 11 percent from the same period last year due to reduced imports of milling and feed wheat, and wheat flour and products. Meanwhile, domestic consumption of milling and feed wheat increased marginally in the first quarter of MY2021/22 due to the noodle and bakery production sector making a slow recovery from the height of the COVID-19 outbreak.

1. Rice

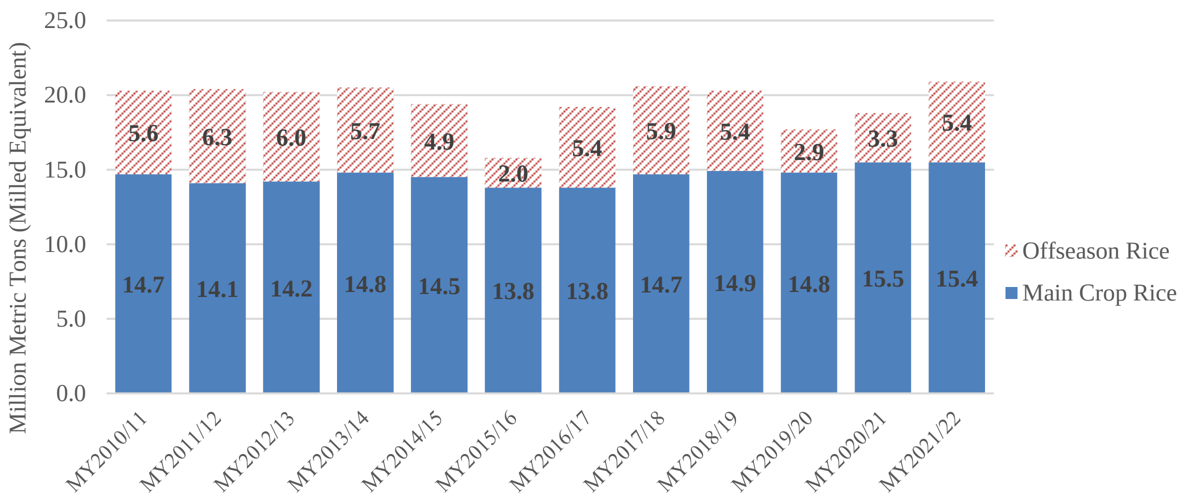
1.1 Production

Post revised down the forecast for MY2021/22 rice production slightly to 20.8 MMT due to higher-than-expected flood damage in main-crop rice production. This is still a 10 percent increase from MY2020/21, as the damage is offset by higher average yield of main-crop rice production and expected recovery in MY2021/22 off-season rice production (Figure 1.1.1). The Ministry of Agriculture and Cooperatives (MOAC) reported that flash floods caused by heavy rains from three tropical storms from September 1 – November 4, affected 4,002,715 rai (640,434 hectares) of MY2021/22 main-rice crop acreage, particularly in the central plains, the lower northern region, and the northeastern region. The Geo-Informatics and Space Technology Development Agency (GISTDA) estimated total rice damage of 647,964 rai (103,674 hectares). Damage to crops in the lowland area of the northeastern region, where floods lasted more than 15 days, occurred during the flowering and ripening growth stages of the rice crop (Figure 1.1.2). Around half of the damage was in Nakhon Ratchasima province, totaling 341,434 rai (54,949 hectares) which accounted for around 10 percent of the total rice acreage in Nakhon Ratchasima.

Figure 1.1.1: Thailand's Annual Rice Acreage and Production

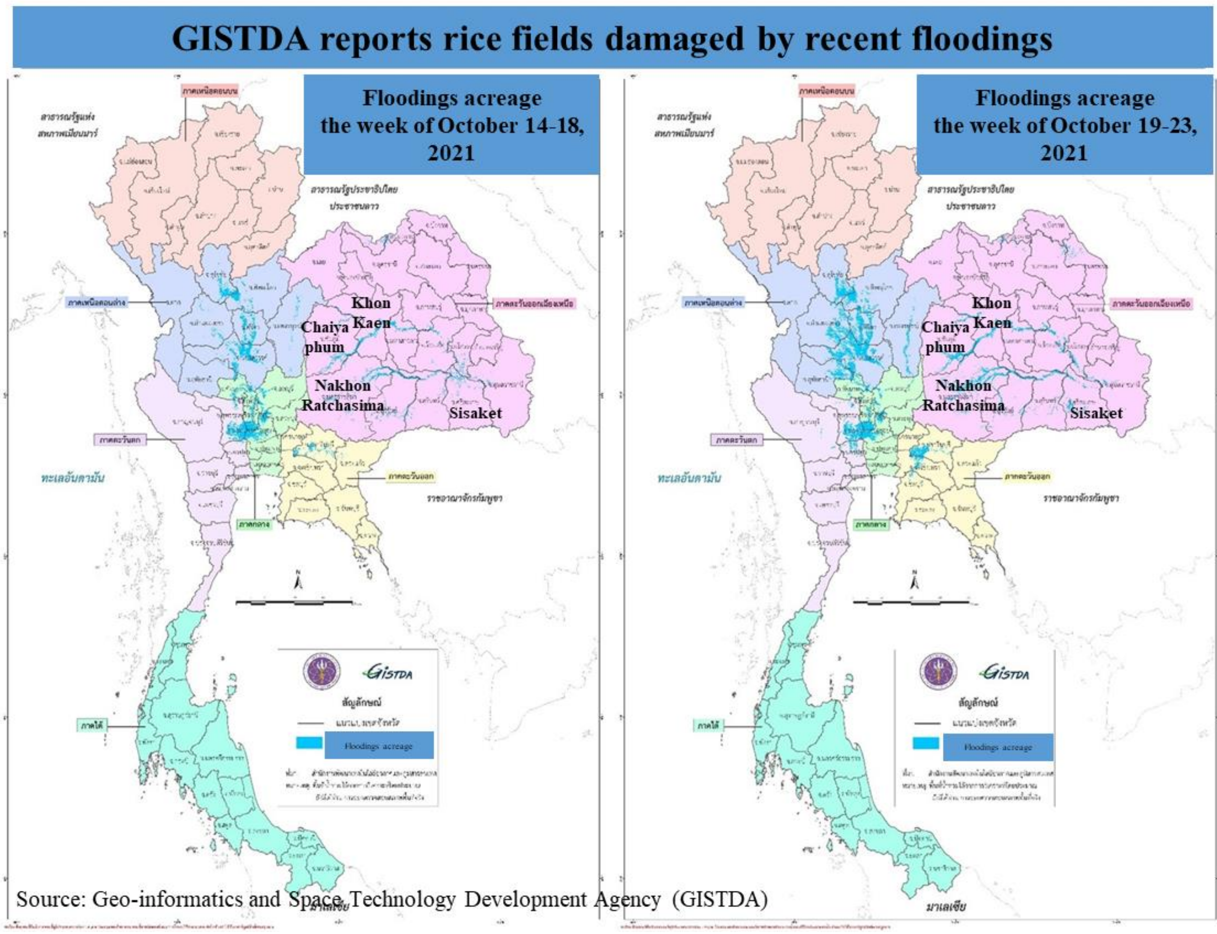


Source: FAS Bangkok



Source: FAS Bangkok

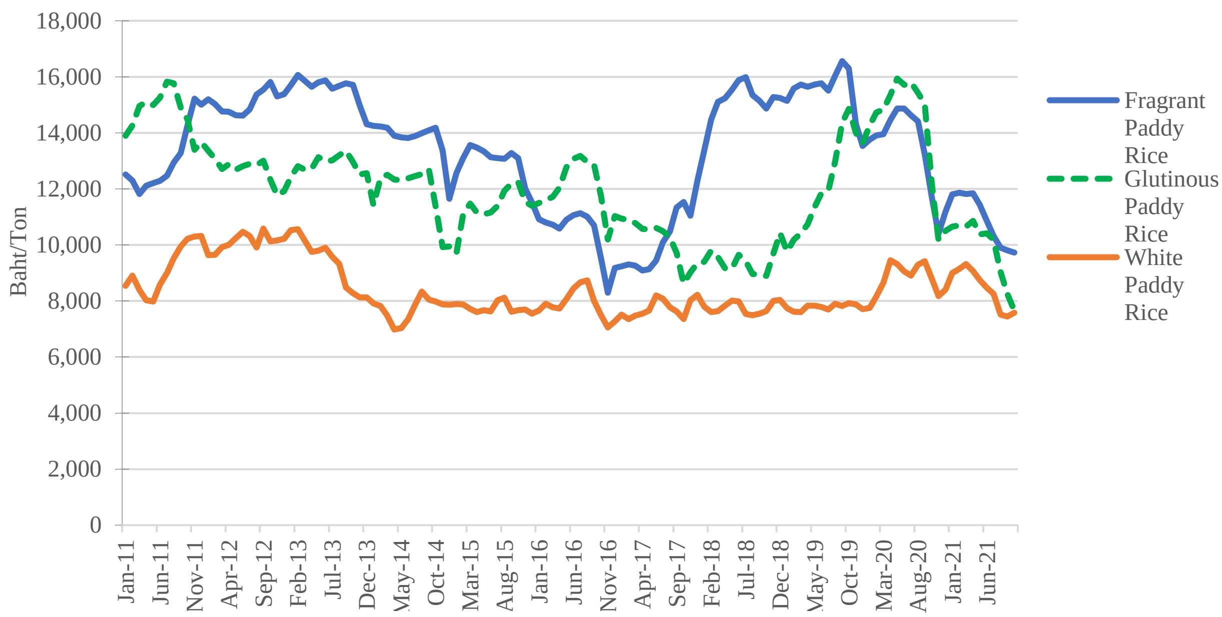
Figure 1.1.2: Rice Fields Damaged by Recent Flooding



Source: Geo-informatics and Space Technology Development Agency (GISTDA)

MY2021/22 main-crop rice harvest was well underway in November 2021, accounting for around 65 percent of total main-crop rice production. Average yield is expected to be well above the previous year's levels due to favorable weather conditions during the reproductive growth stage. Yield increases are anticipated to be especially high in non-irrigated areas, which accounted for approximately 75 percent of total main-rice crop acreage. Farm-gate prices of paddy rice were under downward pressure as the majority of new-crop rice supplies entered the market. Prices of fragrant and glutinous paddy rice fell significantly in October 2021 and continued to decline in November 2021 as rice millers reportedly held large inventories of old-crop rice, caused by shrinking domestic and export demand following the prolonged outbreak of COVID-19. In November 2021, white rice prices fell to 6,323 baht per metric ton ($193/MT), down more than 29 percent from the same period last year (Figure 1.1.3). Fragrant paddy rice prices declined to 9761 baht per metric ton ($296/MT), down 17 percent from the same period last year.

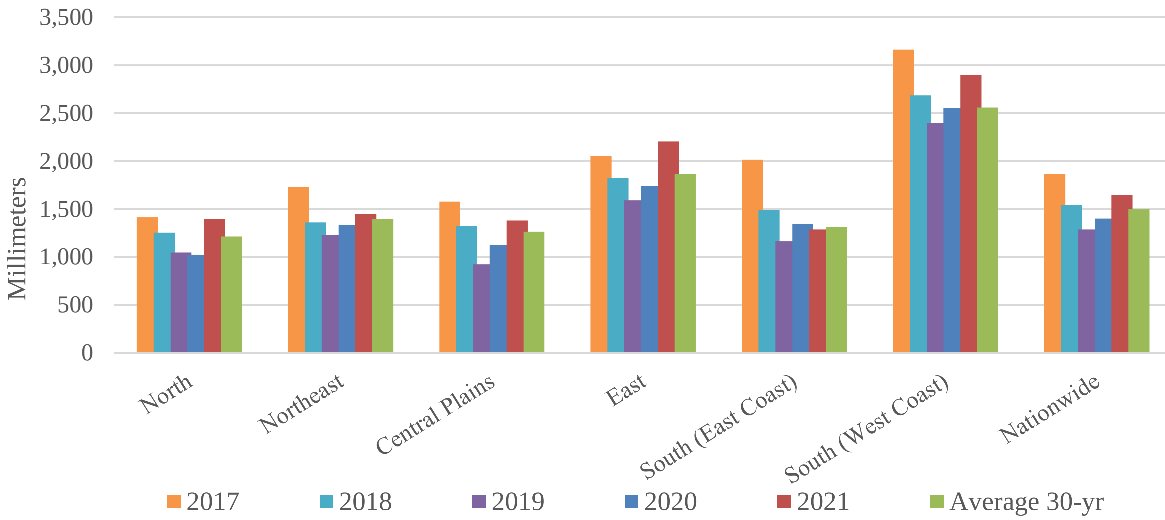
Figure 1.1.3: Monthly Farm-Gate Prices of Paddy Rice by Varieties



Source: Thai Customs Department, and Thai Chamber of Commerce

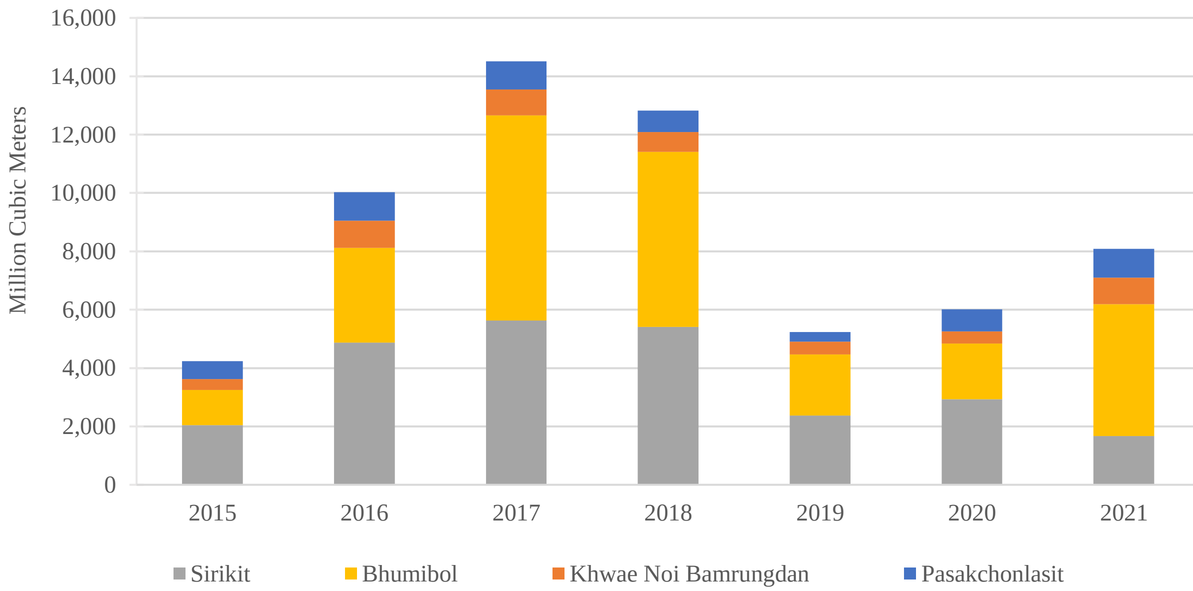
MY2021/22 off-season rice production is expected to increase to 5.4 MMT, up 62 percent from MY2020/21 due to sufficient water supplies. The Royal Irrigation Department (RID) reported that the reservoir levels in the northern region and the central plains, which will supply irrigation for MY2021/22 off-season rice planting between November 2021 and April 2022, can meet producers' needs. The reservoirs hold 8,125 million cubic meters of water, up 35 percent from the same period last year and well above the critical levels. Cumulative precipitation between January 1 and November 14, 2021 was 18 percent higher than the same period last year, and 10 percent above the normal precipitation (Figure 1.1.4 and 1.1.5).

Figure 1.1.4: Cumulative Precipitation between January 1 - November 14, 2021



Source: Thai Meteorological Department

Figure 1.1.5: Water Supply in Major Reservoirs in the Northern Region and the Central Plains in November



Source: Royal Irrigation Department

1.2 Trade

Thai rice exports between January and September 2021 totaled 3.8 MMT, down 7 percent from the same period last year (Table 1.2.1). In September 2021, Thai rice exports increased 8 percent from the previous month to 638,397 MT due to a surge in white and parboiled rice exports. Thai rice export prices are around $50/MT cheaper than Vietnamese rice, especially for 5 percent grade white rice due to tight supplies of white rice in Vietnam. The price difference between Thai parboiled rice and Indian and Pakistani parboiled rice converged well below the typical price difference at $36/MT and $10/MT, respectively. The downward pressure on domestic rice prices and the weakening of the Thai baht helped boost Thai rice export competitiveness. Thai rice exporters reportedly received more inquiries from foreign buyers, particularly from the United States and European countries as the economies recovered from the COVID-19 pandemic. However, container shortages that led to high freight costs remain a global concern for exporters. The top three Thai rice export markets included African countries, accounting for 42 percent of the total rice exports, followed by Asian countries and north America. Thai white rice exports to Iraq resumed in 2021, totaling 137,013 tons between January and September 2021, after Iraq suspended the purchase over the past seven years due to concerns about quality standards.

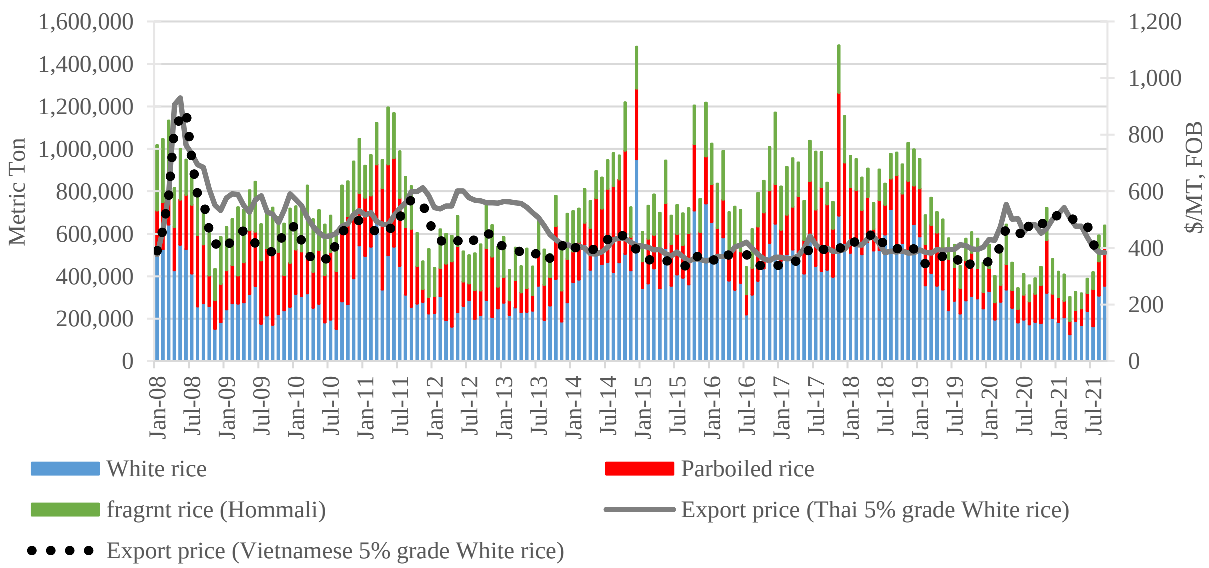
Table: 1.2.1: Thai Rice Exports by Varieties

Unit: Metric Tons

Rice Variety	2016	2017	2018	2019	2020	% Change 19-20	January - September		
							2020	2021	% Change
White Rice	4,819,941	5,082,384	5,927,940	3,213,371	1,984,107	-38.3	1.47	1.38	-6.1
Parboiled Rice	2,149,597	3,380,167	2,801,538	2,230,666	1,451,285	-34.9	0.91	0.99	8.9
Fragrant Rice	2,497,912	2,694,356	2,116,784	1,924,204	2,022,065	5.1	1.52	1.21	-20.4
Glutinous Rice	438,943	517,425	385,878	215,420	276,567	28.4	0.17	0.20	17.6
Total	9,906,393	11,674,332	11,232,716	7,583,662	5,734,024	-24.4	4.09	3.82	-6.6

Source: Ministry of Commerce

Figure 1.2.1: Monthly Thai Rice Exports and Prices



Source: Thai Customs Department, and Thai Chamber of Commerce

1.3 Stocks

Private rice mills are holding large old-crop rice inventories due to shrinking domestic and export demand since 2020, caused by the COVID-19 pandemic. Moreover, Thai rice export prices were less competitive than other exporting countries as the Thai baht further strengthened to around 31.29 baht/$1.00in the first half of 2021. In addition, Thai rice exporters continued to face the container shortage and high freight costs which caused the delay in the contracted shipments.

1.4 Policy

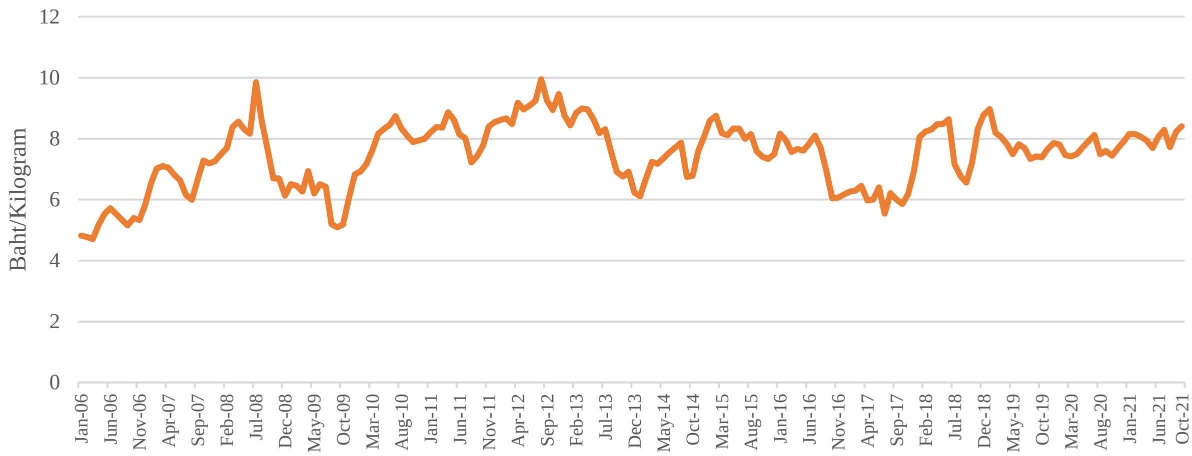
The Bank of Agriculture and Cooperatives (BACC) began providing farmers with compensation under the MY2021/22 paddy rice price guarantee scheme. The latest payment, which was approved on November 19, 2021, provides Hom Mali fragrant rice farmers with the highest compensation as market prices were 4,128.52 baht/ton ($127/ton) lower than guaranteed prices. They will receive a maximum compensation of 66,056 baht ($2,027) per household. Meanwhile, Pathum Thani fragrant, white, and glutinous rice farmers will respectively receive the maximum compensation of 23,269.33 baht ($714), 35,950 baht ($1,103), and 65,543 baht ($2,012) per household.

2. Corn

Post's forecast for MY2021/22 corn production remains unchanged at 5.3 MMT, down 4 percent from MY2020/21, as farmers shifted to more profitable crops like cassava and sugar cane. Average farm-gate prices of corn between January and October 2021 were still high at around 8,220 baht/ton ($247/MT), up 5 percent from the same period last year (Figure 2.1). The high domestic corn prices were also driven by a surge in imported prices of alternative feed ingredients. Corn farmers will not receive the first installment of compensation under the MY2021/22 corn price guarantee scheme (June 1, 2021- May 31, 2022) as current market prices are higher than guaranteed prices, which were set at 8.5 baht per kilogram ($268/MT).

Import demand for duty-free corn remains strong in MY2021/22, especially corn from Burma. Chinese government authorities still have stringent measures to control COVID-19 pandemic along the border with Burma, particularly along the borders near Yunnan province in China and Shan state in Burma.

Figure 2.1: Farm-Gate Prices of Corn



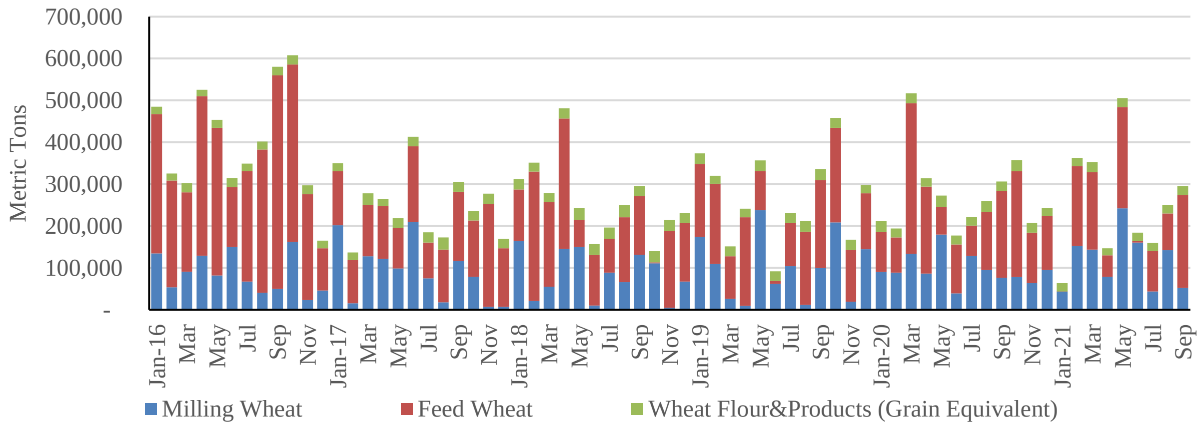
Source: Office of Agricultural Economics, Ministry of Agriculture

3. Wheat

Post's forecast for MY2021/22 wheat imports remains unchanged at 3.1 MMT, down 6 percent from MY2020/21 (Figure 3.1). Wheat imports in the first quarter of MY2021/22, totaled 710,212 MT, down 11 percent from the same period last year due to reduced imports of milling and feed wheat, and wheat flour. Milling wheat imports totaled 237,602 MT, down 23 percent from the same period last year as flour mills still held large inventories of milling wheat that they built up in MY2020/21, following the uncertainty about the government's ban on agricultural pesticide paraquat and chlorpyrifos residues on imported food products which was enacted on June 1, 2021. Imports of feed wheat totaled 407,991 MT, down 2 percent from the same period last year due to high imported prices of feed wheat.

Milling wheat consumption in the first quarter of MY2021/22 slowly recovered as the increase in instant noodle production was offset by reduced bakery production. The Office of Industrial Economics reported that instant noodle production in the first quarter of MY2021/22 increased around 15 percent from the same period last year in line with growing household consumption and export demand. Meanwhile, bakery production declined 8 percent as hotel and restaurant sector was still affected by reduced foreign tourists and the government's stringent measures to control the COVID-19 pandemic. Instant noodle and bakery production respectively accounts for around 35 and 25 percent of total milling wheat consumption. Meanwhile, livestock feed production increased slightly in the first quarter of MY2021/22 in line with slow recovery in poultry and swine production due to the labor shortage during the COVID-19 outbreak and slow economic recovery. Feed mills reportedly used more locally produced corn and soybean meals and duty-free imported corn in their poultry and swine feed rations due to high imported prices of feed wheat. The Office of National Economic and Social Development Council (NESDC) reported that hotel and restaurant sector declined 25 percent in the first quarter of MY2021/22. The NESDC expected slow economic recovery at 1.2 percent in 2021 and 4.0 percent in 2022, as foreign tourists are expected to increase slightly to 257,000 tourists in 2021 and 5 million in 2022, compared to around 40 million prior to the pandemic.

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



Source: Thai Customs Department

Appendix Tables

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

Rice, Milled Market Year Begins Thailand	2019/2020 Jan 2020 USDA Official	 New Post	2020/2021 Jan 2021 USDA Official	 New Post	2021/2022 Jan 2022 USDA Official	 New Post
Area Harvested (1000 HA)	9890	9890	10509	10509	10500	10842
Beginning Stocks (1000 MT)	4080	4080	3979	4890	4742	5458
Milled Production (1000 MT)	17655	17655	18863	18863	19500	20828
Rough Production (1000 MT)	26750	26750	28580	28580	29545	31558
Milling Rate (.9999) (1000 MT)	6600	6600	6600	6600	6600	6600
MY Imports (1000 MT)	250	250	200	125	200	125
TY Imports (1000 MT)	250	250	200	125	200	125
TY Imp. from U.S. (1000 MT)	2	0	0	0	0	0
Total Supply (1000 MT)	21985	21985	23042	23878	24442	26411
MY Exports (1000 MT)	5706	5725	5600	5800	6500	8000
TY Exports (1000 MT)	5706	5725	5600	5800	6500	8000
Consumption and Residual (1000 MT)	12300	11370	12700	12620	13000	12970
Ending Stocks (1000 MT)	3979	4890	4742	5458	4942	5441
Total Distribution (1000 MT)	21985	21985	23042	23878	24442	26411
Yield (Rough) (MT/HA)	2.7048	2.7048	2.7196	2.7196	2.8138	2.9107

(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

Table 2: Thailand's Rice Production by Crop

	2019/20			2020/2021			2021/2022		
	Main Crop	**Second Crop**	**Total**	**Main Crop**	**Second Crop**	**Total**	**Main Crop**	**Second Crop**	**Total**
Area (Million Hectares)									
Cultivation	9.280	1.090	10.370	9.370	1.354	10.724	9.370	1.900	11.270
Harvest	8.805	1.085	9.890	9.185	1.324	10.509	8.966	1.875	10.842
Production (Million Tons)									
Rough	22.410	4.340	26.750	23.530	5.050	28.580	23.389	8.170	31.558
Rice	14.790	2.865	17.655	15.530	3.333	18.863	15.437	5.392	20.828
Yield (Ton/Hectare)	2.545	4.000	2.705	2.562	3.814	2.720	2.608	4.357	2.911

Table 3: Thailand’s Corn Production, Supply and Distribution

Corn	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jul 2019		Jul 2020		Jul 2021	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1215	1216	1255	1254	1200	1200
Beginning Stocks (1000 MT)	773	773	675	655	840	1170
Production (1000 MT)	4500	4480	5600	5500	5300	5300
MY Imports (1000 MT)	1630	1630	1921	1921	1800	1600
TY Imports (1000 MT)	1602	1602	1846	1846	1800	1600
TY Imp. from U.S. (1000 MT)	20	2	7	0	0	0
Total Supply (1000 MT)	6903	6883	8196	8076	7940	8070
MY Exports (1000 MT)	28	28	56	56	20	60
TY Exports (1000 MT)	27	27	57	57	20	60
Feed and Residual (1000 MT)	6100	6100	7200	6750	7300	6900
FSI Consumption (1000 MT)	100	100	100	100	100	100
Total Consumption (1000 MT)	6200	6200	7300	6850	7400	7000
Ending Stocks (1000 MT)	675	655	840	1170	520	1010
Total Distribution (1000 MT)	6903	6883	8196	8076	7940	8070
Yield (MT/HA)	3.7037	3.6842	4.4622	4.386	4.4167	4.4167

(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

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

Wheat Market Year Begins Thailand	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)	595	595	754	594	789	629
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	3501	3501	3306	3306	3100	3100
TY Imports (1000 MT)	3501	3501	3306	3306	3100	3100
TY Imp. from U.S. (1000 MT)	785	785	759	759	0	710
Total Supply (1000 MT)	4096	4096	4060	3900	3889	3729
MY Exports (1000 MT)	292	292	311	311	290	290
TY Exports (1000 MT)	292	292	311	311	290	290
Feed and Residual (1000 MT)	1750	1900	1650	1600	1650	1630
FSI Consumption (1000 MT)	1300	1310	1310	1360	1320	1380
Total Consumption (1000 MT)	3050	3210	2960	2960	2970	3010
Ending Stocks (1000 MT)	754	594	789	629	629	429
Total Distribution (1000 MT)	4096	4096	4060	3900	3889	3729
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

Attachments:

No Attachments