

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Malaysia

Grain and Feed Annual

2019

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Report Highlights:

Post expects MY 2019/20 corn imports to reach 4.15 million metric tons (MT), up four percent from the previous year, due to steadily growing demand for poultry feed. MY 2019/20 wheat imports are expected to increase only slightly from the previous year due to mostly flat consumption rates. Imports of rice in MY 2019/20 are forecast at 1.12 million MT, up roughly 70,000 MT from the previous year, based on the consumption needs of a growing population.

Corn

Production

Post forecasts MY 2019/20 corn production, almost all of which is sweet corn for human consumption, will remain unchanged from the previous year at a minimal 58,000 metric tons (MT). Commercial production of corn for feed in Malaysia is negligible.

Consumption

In line with expectations for continued growth in demand for poultry feed, MY 2019/20 corn consumption for feed is forecast to increase to 3.85 million MT compared to 3.8 million MT in 2018/19. Industry analysts report that improving living standards and a steadily growing population (estimated at 3 percent annually) are driving feed demand. Meanwhile, Post expects consumption for food, seed, and industrial use in MY 2019/20 to remain unchanged at 300,000 MT.

Trade

Post expects MY 2019/20 corn imports to increase to 4.15 million MT, compared to the 4 million MT estimated to have been imported in MY 2018/19. The increased MY2019/20 forecast is driven by Malaysia's steadily growing demand for poultry feed. Malaysia imports most of its corn from South America with roughly 80 percent coming from Brazil and Argentina in MY 2017/18. However, with increasingly competitive U.S. "Gulf" prices in the first quarter of 2019, industry contacts expect stronger interest among local feed millers and importers for U.S. corn in the coming months.

Provided there are no major changes from the current global supply and demand situation, Post forecasts Malaysian imports of distillers dried grains with solubles (DDGS) from the United States will increase to 92,000 MT in MY 2019/20, compared to the estimated 80,000 MT imported in MY 2018/19. Post expects Malaysian imports of corn gluten meal (CGM) from the United States to increase to 110,000 MT in MY 2019/20, compared to the estimated 97,000 MT imported in MY 2018/19. The expected 15 percent increase in import demand for DDGS and CGM in MY 2019/20 is based on growing demand for poultry feed.

Corn	2017/2018	2018/2019	2019/2020
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Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Malaysia						
Area Harvested	10	10	10	10	0	10
Beginning Stocks	501	501	274	274	0	202
Production	58	58	58	58	0	58
MY Imports	3,645	3,645	4,000	4,000	0	4,150
TY Imports	3,645	3,645	4,000	4,000	0	4,150
TY Imp. from U.S.	73	73	0	80	0	90
Total Supply	4,204	4,204	4,332	4,332	0	4,410
MY Exports	30	30	30	30	0	30
TY Exports	30	30	30	30	0	30
Feed and Residual	3,600	3,600	3,700	3,800	0	3,850
FSI Consumption	300	300	300	300	0	300
Total Consumption	3,900	3,900	4,000	4,100	0	4,150
Ending Stocks	274	274	302	202	0	230
Total Distribution	4,204	4,204	4,332	4,332	0	4,410

(1000 HA) ,(1000 MT)

Wheat

Production

There is no commercial production of wheat in Malaysia.

Consumption

Post expects consumption of wheat in MY 2019/20 to increase only slightly compared to the previous year at 1.65 million MT. Industry contacts report increased consumption due to economic growth and the emerging popularity of high quality bread and pastries is mostly offset by decreasing demand for noodles (fresh and instant) and lower quality breads.

The Malaysian government controls the price of general all-purpose flour at RM 1.35 (roughly US\$0.34) per kilogram. For high quality specialty flours, the price is market based.

Trade

Post forecasts total MY 2019/20 wheat imports at 1.78 million MT, a slight increase from the 1.75 million MT estimated to have been imported in MY 2018/19. The minimal uptick in imports is based on the expectation that consumption will remain relatively flat for the year. Australia remains the biggest exporter of wheat to Malaysia, holding roughly half of the market share, followed by Canada and the United States.

Imports of U.S. wheat in in MY 2019/20 are forecast at 210,000 MT, a slight increase from the previous year. Industry contacts report that while overall wheat demand is stagnant, demand for high quality wheat for bread and pastries remains strong.

Wheat	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	410	410	256	256	0	166
Production	0	0	0	0	0	0
MY Imports	1,612	1,612	1,700	1,750	0	1,780
TY Imports	1,612	1,612	1,700	1,750	0	1,780
TY Imp. from U.S.	204	204	0	207	0	210
Total Supply	2,022	2,022	1,956	2,006	0	1,946
MY Exports	176	176	150	200	0	200
TY Exports	176	176	150	200	0	200
Feed and Residual	40	40	40	40	0	40
FSI Consumption	1,550	1,550	1,600	1,600	0	1,610
Total Consumption	1,590	1,590	1,640	1,640	0	1,650
Ending Stocks	256	256	166	166	0	96
Total Distribution	2,022	2,022	1,956	2,006	0	1,946

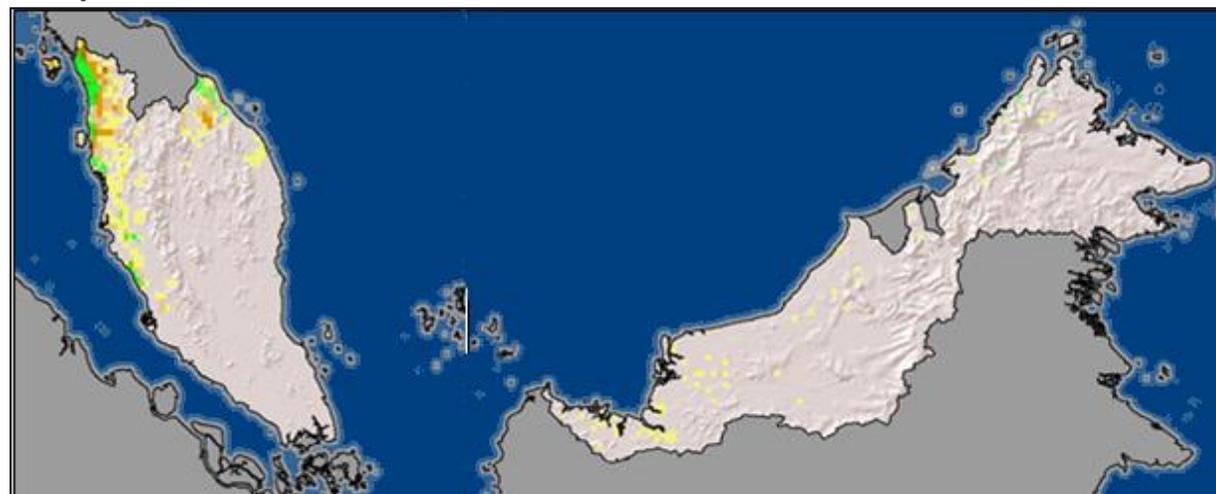
(1000 HA) ,(1000 MT)

Rice

Production

Provided there are no unexpected weather anomalies, Post forecasts MY 2019/20 rice production at 1.825 million MT, unchanged from Post's estimate for the previous year. Due to scarcity of land and strong competition from palm oil, industry contacts anticipate growth in planted area will remain flat for the year.

Malaysian Rice Production



Source:
USDA
Global

Agricultural & Disaster Assessment System

- Total planted area between 3,001-4,800 hectares
- Total planted area between 1,701-3,000 hectares
- Total planted area between 401-1,700 hectares

To encourage rice production, the Government of Malaysia (GOM) provides a range of subsidies and incentives to producers. For example, currently the GOM provides a minimum guaranteed price of RM 1,200/MT (roughly \$300 USD). The GOM also provides a total of 340 kg of fertilizer per hectare of land and subsidizes plowing costs on a seasonal basis. Details of all the GOM rice subsidies and incentives can be found at the following link: [Evaluation of Agricultural Subsidies and the Welfare of Rice Farmers](#).

Consumption

In line with GOM projected population increase of three percent, MY 2019/20 rice consumption is forecast at 2.9 million MT, up roughly 100,000 MT from the previous year. Although western food such as pizza, pasta and bread are gaining popularity, industry analysts report rice remains a staple food among Malaysians. The locally produced ST-15 long grain variety is the cheapest variety sold and most popular in the country. Imported rice such as jasmine fragrant rice from Thailand is a favorite among upper income earners and those in urban areas.

Trade

Post forecasts MY 2019/20 imports at 1.12 million MT, up roughly 70,000 MT from the previous year. As there is no expected increase in production, the import increase is based on consumption demands of the growing population. Currently Thailand and Vietnam supply more than 80 percent of rice imported into Malaysia. Other major suppliers of rice to Malaysia are Cambodia, Pakistan and India.

Trade Policy

The GOM imposes a 40 percent import tax on rice for human consumption. Imported rice for use in animal feed is taxed at 15 percent. Rice importers are required to apply for import licenses from the Ministry of Agriculture. Details and procedures for the import license application can be found at <http://www.mytradelink.gov.my/padi>.

Rice, Milled	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	695	695	695	700	0	700
Beginning Stocks	429	429	249	249	0	274
Milled Production	1,820	1,820	1,820	1,825	0	1,825
Rough Production	2,800	2,800	2,800	2,808	0	2,786
Milling Rate (.9999)	6,500	6,500	6,500	6,500	0	6,550
MY Imports	800	800	1,000	1,050	0	1,120
TY Imports	800	800	1,000	1,050	0	1,120
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	3,049	3,049	3,069	3,124	0	3,219
MY Exports	50	50	50	50	0	50
TY Exports	50	50	50	50	0	50
Consumption and Residual	2,750	2,750	2,750	2,800	0	2,900
Ending Stocks	249	249	269	274	0	269
Total Distribution	3,049	3,049	3,069	3,124	0	3,219
(1000 HA) ,(1000 MT)						