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Report Name: Grain and Feed Update

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Post: Bangkok

Report Category: Grain and Feed

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Report Highlights:

MY2020/21 off-season rice planting area was well above last year, but production is unlikely to recover due to limited water supplies. Thai rice exports declined to a record low in 2020 and will likely be well below normal levels in 2021. Wheat imports declined 7 percent in the first half of MY2020/21. Milling wheat fell 11 percent due to the prolonged outbreak of COVID-19.

Executive Summary

MY2020/21 off-season rice planting area was well above last year, but production is unlikely to recover as water supplies are still limited. Post's forecast for MY2020/21 rice production remains unchanged at 18.6 million metric tons, up only around 5 percent from MY2019/20. Thai rice exports declined to a record low 5.7 million metric tons in 2020 but are expected to increase to 7 million metric tons in 2021, which is still far below average rice exports over the past five years.

Post's forecast for MY2020/21 corn production remains unchanged at 5.6 million metric tons, a 24 percent increase from MY2019/20 due to acreage expansion and favorable weather conditions. Farm-gate prices of corn in January 2021 were around 8,100 baht per metric ton (U.S. $272/MT), up 4 percent from the same period last year and well above the average farm-gate prices over the past five years. The higher prices were mainly driven by anticipated reduced supplies of duty-free corn imports from Myanmar.

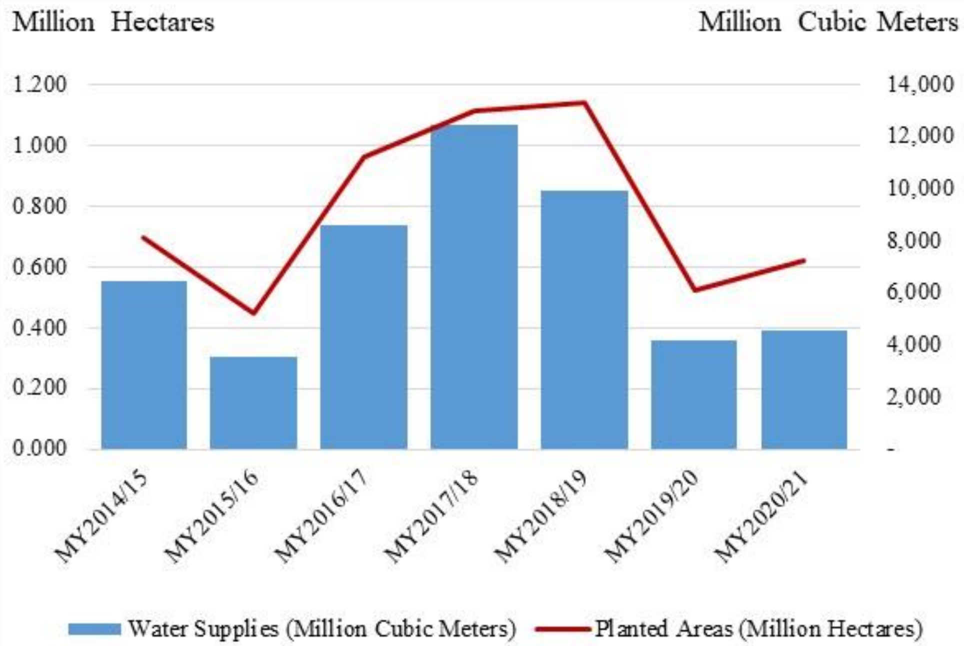
In the first half of MY2020/21, wheat imports totaled 1.6 million metric tons, down 7 percent from the same period last year due to reduced imports of milling and feed wheat, and wheat flour. Post's forecast for MY2020/21 wheat imports remain unchanged at 3 million metric tons, down 14 percent from MY2019/20. Milling wheat imports are expected to decline to 1.2 million metric tons, down 9 percent from MY2019/20 as domestic consumption of wheat-based food is unlikely to recover in MY2020/21. The reemergence of COVID-19 in Thailand and abroad between December 2020 and January 2021 is forecast to slow down the economic recovery that was expected in 2021.

1. Rice

1.1 Production

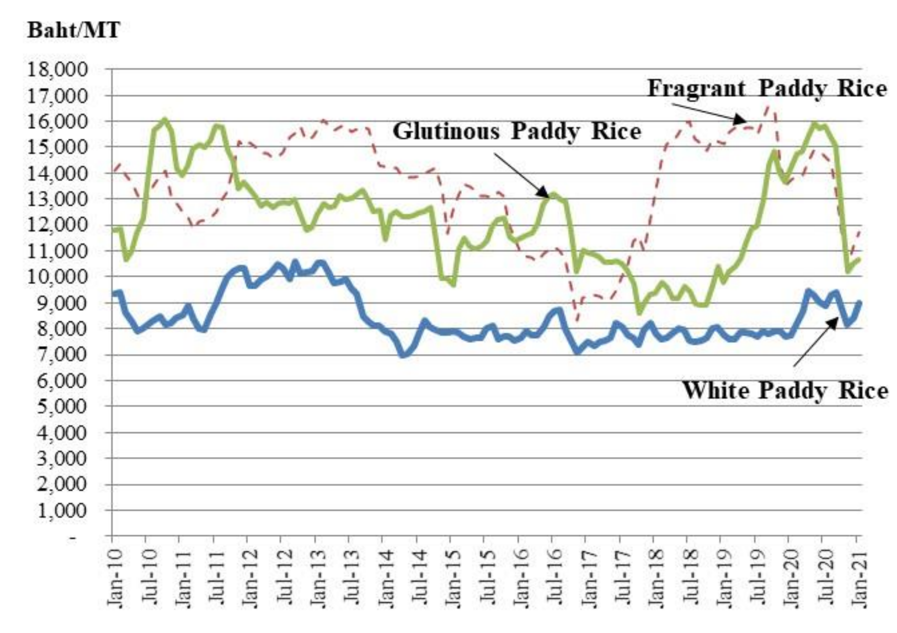
MY2020/21 off-season rice planting was well above last year. The Royal Irrigation Department (RID) reported that MY2020/21 off-season rice planting during the period of November 2020 – January 2021 in irrigated areas, which account for approximately 70 percent of total off-season rice acreage, totaled 3.9 million rai (0.6 million hectares), up 18 percent from the same period last year due to attractive farm-gate prices (Figure 1.1.1 and 1.1.2). In January 2021, farm-gate prices of white paddy rice were still 16 percent higher than the same period last year. However, MY2020/21 off-season rice is unlikely to recover to normal production levels like in MY2018/19 due to limited water supplies as reservoirs are still critically low in January 2021 despite a 9 percent increase from the same period last year. The government is discouraging famers from growing the second off-season rice crop between March and May 2021, particularly in the lower northern region and the central plains, after they harvest their first off-season rice crop in February 2021. MY2020/21 off-season rice production is expected to increase by 5 percent to 3 million metric tons, which is far below the average production of 5-6 million metric tons (Figure 1.1.3). Post's forecast for total rice production in MY2020/21 remains unchanged at 18.6 million metric tons, up 5 percent from MY2019/20.

Figure 1.1.1: Current Water Supplies and Off-Season Rice Planting, as of January 2021



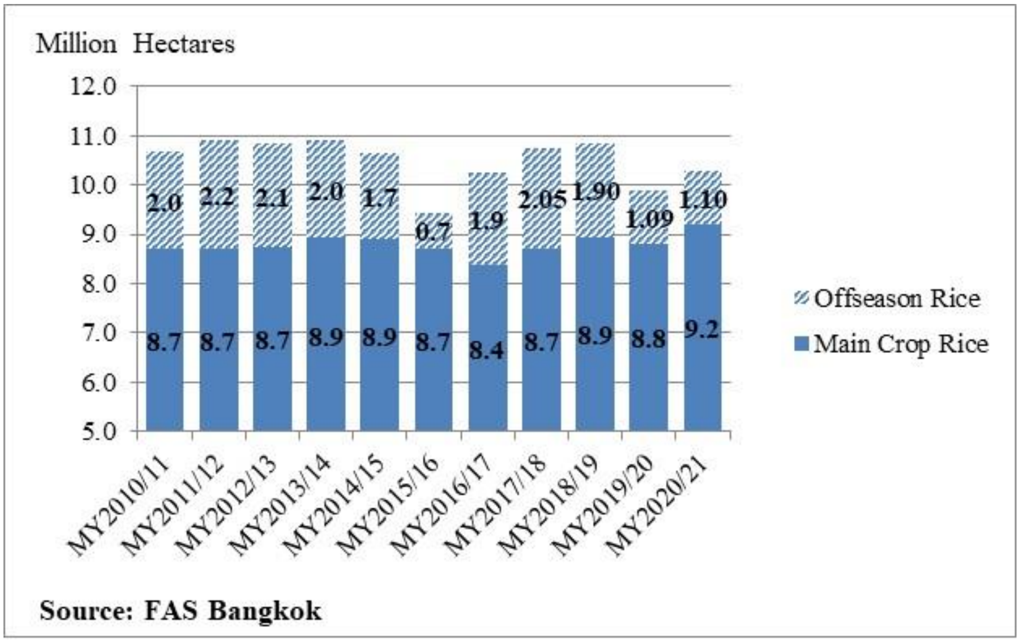
Source: Royal Irrigation Department and Office of Agricultural Economics

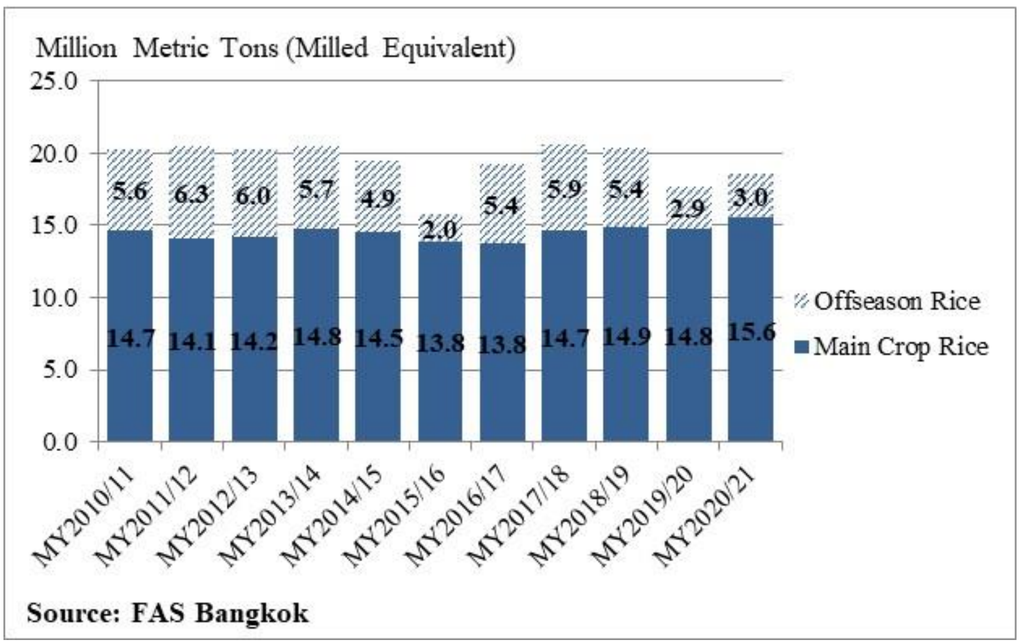
Figure 1.1.2: Monthly Farm-Gate Prices of Paddy Rice



Source: Office of Agricultural Economics

Figure 1.1.3: Thailand's Annual Rice Acreage and Production





1.2 Trade

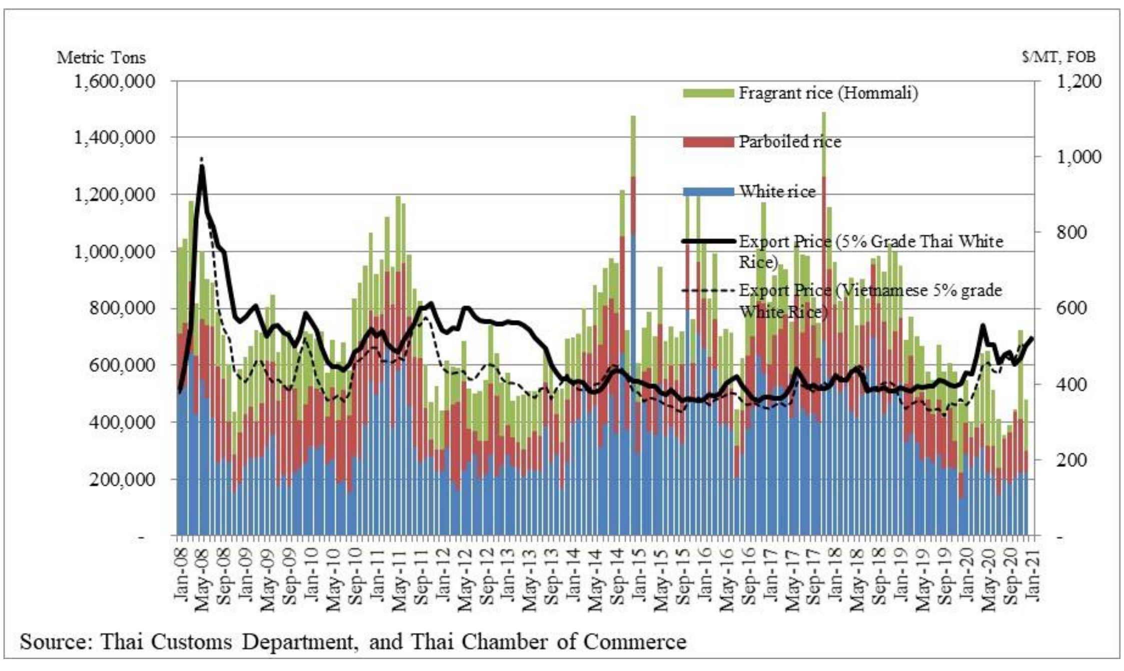
In 2020, Thai rice exports declined to a record low of 5.7 million metric tons, down 25 percent from 2019 (Table 1.2.1). White and parboiled rice exports saw the largest drops, which respectively fell 38 and 35 percent, as MY2019/20 off-season rice production was adversely affected by drought. Average export prices of white rice (5% grade) in 2020 increased by around 20 percent from 2019 due to tight supplies of white paddy rice (Figure 1.2.1). Thai white rice export prices were around U.S. $40/MT more expensive than Vietnamese rice. Thai parboiled rice export prices were also U.S. $100-130/MT more expensive than Indian rice prices.

Table 1.2.1: Thai Rice Exports by Variety

Rice Variety	2015	2016	2017	2018	2019	2020	% change 2020/2019
White Rice	4,994,387	4,819,941	5,082,384	5,927,940	3,213,371	1,984,137	-38.3
Parboiled Rice	2,316,900	2,149,597	3,380,167	2,801,538	2,230,666	1,441,924	-35.4
Fragrant Rice	2,111,658	2,497,912	2,694,356	2,116,784	1,924,204	2,022,048	5.1
Glutinous Rice	372,835	438,943	517,425	385,878	215,420	276,568	28.4
Total	**9,795,780**	**9,906,393**	**11,674,332**	**11,232,716**	**7,583,662**	**5,724,679**	**-24.5**

Source: Ministry of Commerce

Figure 1.2.1: Monthly Thai Rice Exports and Prices



Post's forecast for Thai rice exports in 2021 is revised down to 7 million metric tons due to a slower global economic recovery caused by the prolonged impact of the COVID-19 outbreak. Post's forecast is a 23 percent increase from 2020 but still far below the five-year average of 9 million metric tons. Domestic supplies of white paddy rice are likely to remain tight in 2021 due to limited MY2020/21 off-season rice acreage following critically low reservoirs. Thai and Vietnamese white rice export prices have converged but are still over a U.S. $100/MT more expensive than Indian rice. In addition, a lack of available containers for rice exports has caused not only a delay in shipping but also in new purchase orders as container freight costs have more than double. It is estimated that container shipments account for around 60 percent of total Thai rice shipments. The remainders are bulk shipments. However, exporters expect the shipping disruption due to a shortage of containers should ease in the second half of 2021.

2. Corn

Post's forecast for MY2020/21 corn production remains unchanged at 5.6 million metric tons, a 24 percent increase from MY2019/20 due to acreage expansion and favorable weather conditions. So far, average farm-gate prices of corn in January 2021 were at around 8,100 baht per metric ton (U.S. $272/MT), up 4 percent from the same period last year and well above the average farm-gate prices over the past five years. The higher prices were driven by anticipated reduced supplies of duty-free corn imports from neighboring countries under the ASEAN free trade agreement, particularly from Myanmar, due to strong demand from China. The government also continues to restrict the imports of alternative feed grain and ingredients through domestic absorption requirements for feed wheat imports, as well as a high import tariff (9%) for distiller dried grains with solubles (DDGS) imports. Farmers are still receiving compensation under the MY2020/21 price guarantee program for the MY2020/21 corn production (June 1, 2020 – May 31, 2021) as current market prices are lower than guaranteed prices, which were set at 8.5 baht per kilogram rai (U.S. $283/MT) with a maximum of 30 rai (4.8 hectares) per household.

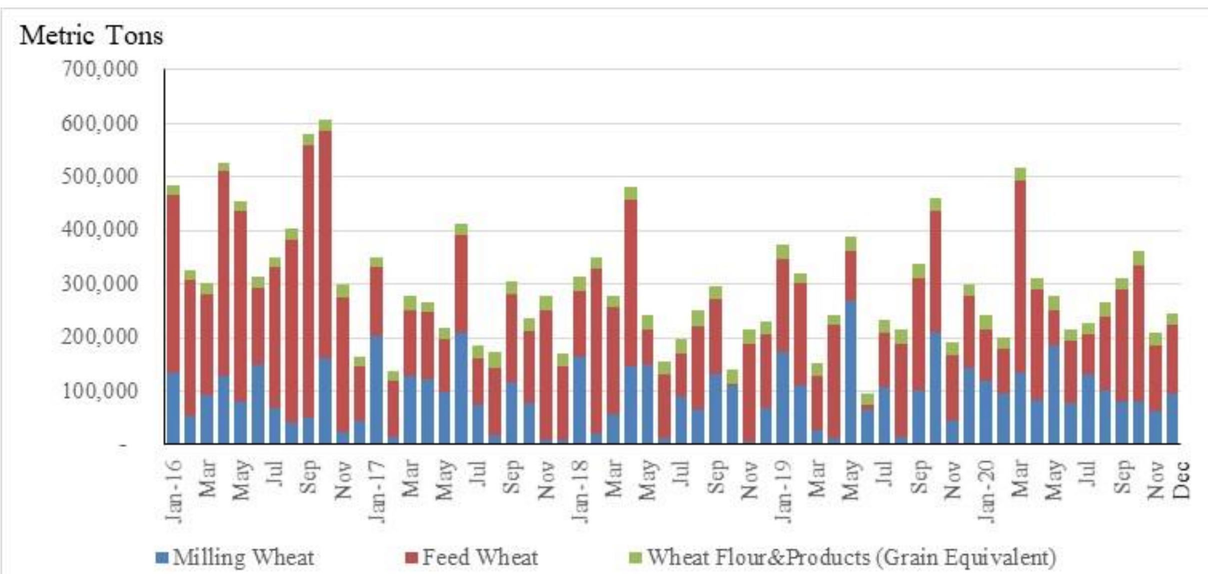
Figure 2.1: Monthly Farm-gate Prices of Corn

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

3. Wheat

In the first half of MY2020/21, wheat imports totaled 1.6 million metric tons, down 7 percent from the same period last year due to reduced imports of milling and feed wheat and wheat flour (Figure 3.1). Milling wheat imports totaled 0.6 million metric tons, down 11 percent from the same period last year due to a shrinking domestic economy caused by the COVID-19 outbreak. Feed wheat imports totaled 0.9 million metric tons, down 5 percent from the same period last year. Imports of wheat flour totaled 0.1 million metric tons (grain equivalent), down 4 percent from the same period last year. Imports of U.S. wheat, mostly milling wheat, declined 24 percent to 0.3 million metric tons, which accounted for around 60 percent of total milling wheat imports. Imports of Australian wheat also declined 44 percent to 73,362 metric tons of which 72,559 metric tons were milling wheat, down 41 percent, and 803 metric tons were feed wheat, down 92 percent, from the same period last year.

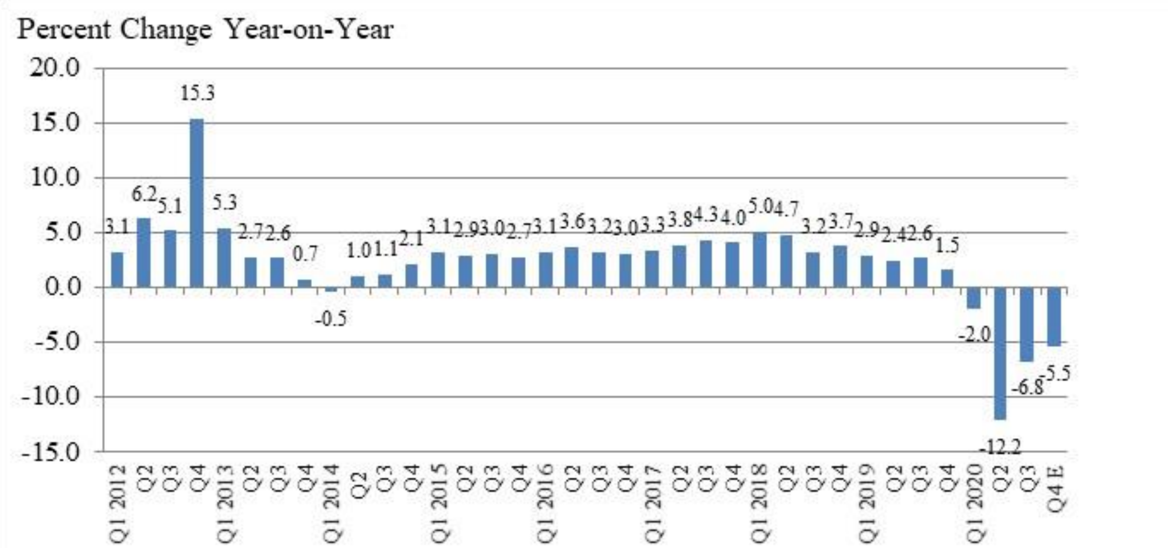
Figure 3.1: Thailand's Monthly Wheat Imports



Source: Thai Customs Department

Post's forecast for MY2020/21 wheat imports remain unchanged at 3 million metric tons, down 14 percent from MY2019/20. Milling wheat imports are expected to decline to 1.2 million metric tons, down 9 percent from MY2019/20 as domestic consumption of wheat-based food is unlikely to recover in MY2020/21. The reemergence of COVID-19 in Thailand between December 2020 and January 2021 is forecast to slow down the economic recovery that was expected in 2021. The economic growth in 2021 is revised down from previous forecast of 3.6 percent to 3.2 percent due mainly to a prolonged outbreak of COVID-19 abroad and a second wave in Thailand. The number of tourists in 2021 is revised down to 5.5 million tourists, which is an even further reduction from the reduced number of tourists in 2020. The number of foreign tourists went from 39.9 million in 2019 to 6.7 million in 2020. The new outbreak prompted the Thai government to provide additional financial assistance to help cushion the impact of new restrictions to control the spread of COVID-19. The Thai government is hopeful that it can bring the second wave under control through stringent provincial control measures and a vaccination program.

Figure 3.1: Thailand's Quarterly GDP



Source: National Economic and Social Development Board

Appendix Tables

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

Rice, Milled	2018/2019		2019/2020		2020/2021	
Market Year Begins	Jan 2019		Jan 2020		Jan 2021	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	10830	10830	9890	9890	10300	10285
Beginning Stocks (1000 MT)	3009	3009	4237	4469	4642	5485
Milled Production (1000 MT)	20340	20340	17655	17655	18600	18570
Rough Production (1000 MT)	30818	30818	26750	26750	28182	28136
Milling Rate (.9999) (1000 MT)	6600	6600	6600	6600	6600	6600
MY Imports (1000 MT)	250	200	250	250	200	200
TY Imports (1000 MT)	250	200	250	250	200	200
TY Imp. from U.S. (1000 MT)	4	4	0	0	0	0
Total Supply (1000 MT)	23599	23549	22142	22374	23442	24255
MY Exports (1000 MT)	7562	7580	5500	5689	7000	7000
TY Exports (1000 MT)	7562	7580	5500	5689	7000	7000
Consumption and Residual (1000 MT)	11800	11500	12000	11200	12000	11800
Ending Stocks (1000 MT)	4237	4469	4642	5485	4442	5455
Total Distribution (1000 MT)	23599	23549	22142	22374	23442	24255
Yield (Rough) (MT/HA)	2.8456	2.8456	2.7048	2.7048	2.7361	2.7356

(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 2020/2021 = January 2021 - December 2021

Table 2: Thailand's Rice Production by Crop

	2018/2019			2019/2020			2020/2021		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (Million Hectares)									
Cultivation	9.230	1.900	11.130	9.280	1.090	10.370	9.370	1.110	10.480
Harvest	8.940	1.890	10.830	8.805	1.085	9.890	9.185	1.100	10.285
Production (Million Tons)									
Rough	22.608	8.210	30.818	22.410	4.340	26.750	23.591	4.545	28.136
Rice	14.920	5.420	20.340	14.790	2.865	17.655	15.570	3.000	18.570
Yield (Ton/Hectare)	2.529	4.344	2.846	2.545	4.000	2.705	2.568	4.132	2.736

Table 3: Thailand's Corn Production, Supply and Demand

Corn	2018/2019		2019/2020		2020/2021	
Market Year Begins	**Jul 2018**		**Jul 2019**		**Jul 2020**	
Thailand	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	1295	1296	1216	1216	1250	1254
Beginning Stocks (1000 MT)	144	144	773	798	675	680
Production (1000 MT)	5600	5625	4500	4480	5500	5610
MY Imports (1000 MT)	1200	1200	1630	1630	1200	800
TY Imports (1000 MT)	1200	1200	1602	1630	1200	800
TY Imp. from U.S. (1000 MT)	7	0	20	0	0	0
Total Supply (1000 MT)	6944	6969	6903	6908	7375	7090
MY Exports (1000 MT)	171	171	28	28	30	30
TY Exports (1000 MT)	111	171	27	28	30	30
Feed and Residual (1000 MT)	5900	5900	6100	6100	6600	6350
FSI Consumption (1000 MT)	100	100	100	100	100	100
Total Consumption (1000 MT)	6000	6000	6200	6200	6700	6450
Ending Stocks (1000 MT)	773	798	675	680	645	610
Total Distribution (1000 MT)	6944	6969	6903	6908	7375	7090
Yield (MT/HA)	4.3243	4.3403	3.7007	3.6842	4.4	4.4737

(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 2020/2021 = October 2020 - September 2021

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

Wheat	2018/2019		2019/2020		2020/2021	
Market Year Begins	Jul 2018		Jul 2019		Jul 2020	
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)	671	671	545	545	990	990
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	2899	2899	3497	3497	3100	3000
TY Imports (1000 MT)	2899	2899	3497	3497	3100	3000
TY Imp. from U.S. (1000 MT)	680	680	805	805	0	0
Total Supply (1000 MT)	3570	3570	4042	4042	4090	3990
MY Exports (1000 MT)	275	275	292	292	275	290
TY Exports (1000 MT)	275	275	292	292	275	290
Feed and Residual (1000 MT)	1400	1400	1450	1450	1500	1480
FSI Consumption (1000 MT)	1350	1350	1310	1310	1300	1280
Total Consumption (1000 MT)	2750	2750	2760	2760	2800	2760
Ending Stocks (1000 MT)	545	545	990	990	1015	940
Total Distribution (1000 MT)	3570	3570	4042	4042	4090	3990
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 2020/2021 = July 2020 - June 2021

End of report.

Attachments:

No Attachments