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Thailand

Grain and Feed Update

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Report Highlights:
The MY2018/19 rice and corn production forecast remains unchanged as the acreage that has shifted from off-season rice to corn cultivation is far below the government's target. MY2018/19 wheat imports are revised down due to reduced feed wheat imports.

Executive Summary:

The Thai government has encouraged farmers to shift from off-season rice cultivation to corn cultivation in MY2018/19. However, off-season corn acreage is far below the government's target as most farmers in the central plains still grow rice due to sufficient water supplies and attractive rice prices. However, many farmers in the lower northern and the northeastern regions have shifted to off-season corn, particularly in non-irrigated areas. Post's forecast for MY2018/19 rice production remains unchanged from the previous forecast at 20.7 million metric tons. This is still a one percent increase from MY2017/18 despite reduced off-season rice acreage. The MY2018/19 corn production forecast also remains unchanged at 5.3 million metric tons, up 6 percent increase from MY2017/18 due to expanded acreage driven by attractive farm-gate prices and government financial support.

MY2018/19 wheat imports are revised down to 3.1 million metric tons, a 2 percent decrease from MY2017/18 due to reduced feed wheat imports. However, milling wheat imports are expected to increase to 1 million metric tons, up 18 percent from MY2017/18 due to greater total milling capacity from two newly operational flour mills.

Commodities:

Rice, Milled
Corn
Wheat

1. Rice Update

1.1 Rice Production

According to the Ministry of Agriculture and Cooperatives' crop report, as of January 23, 2019, MY2018/19 off-season rice acreage totaled 8.95 million rai (1.4 million hectares), of which 7.1 million rai (1.1 million hectares) were located in irrigated areas (Table 1.1.1). This is a 10 percent increase from the same period last year due to attractive white rice paddy prices of around 8,000 baht per metric ton (U.S. $246/MT) during November – December 2018. Additionally, farmers in the central plains planted MY2018/19 off-season rice several weeks earlier than they did in MY2017/18 due to less flooding during the rainy season. However, additional planting of off-season rice for the rest of MY2018/19 is expected to be limited, particularly in the non-irrigated area, as a number of farmers have reportedly shifted to corn cultivation. The Royal Irrigation Department reported on January 27, 2019, that the remaining water supplies for irrigation in the northern region and the central plains for the rest of the dry season period (February – mid-May 2019) totaled approximately 9.6 billion cubic meters, down 21 percent from the same period last year due to lower precipitation in 2018 and in January 2019 (Figure 1.1.1).

Table 1.1.1: Off-season Rice Planting Area

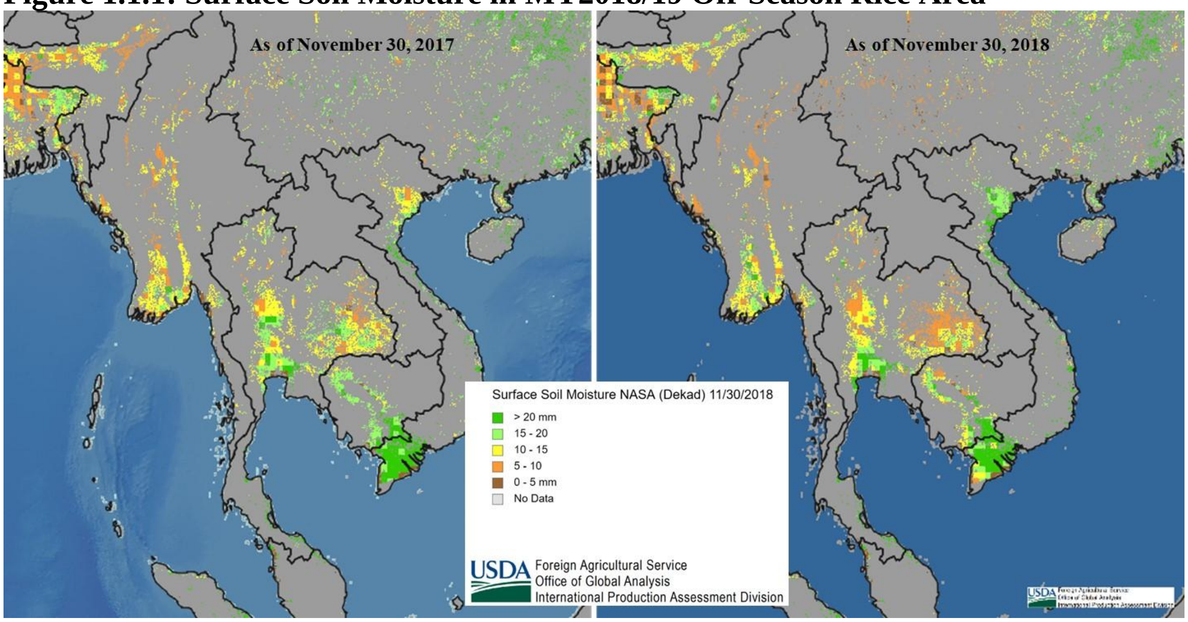
Unit: Million Hectares

	MY2016/17	MY2017/18	MY2018/19			
			Forecast (January 2019)		Planting Progress[1/] (As of January 23, 2019)	
				% change		% change
Irrigated Areas	1.210	1.562	1.600	2.5	1.138	2.3
Non-Irrigated Areas	0.690	0.492	0.450	-8.6	0.294	60.0
Total Planted Areas	**1.900**	**2.054**	**2.050**	-0.2	**1.432**	10.5

Note: [1/] Planting progress reported by the Ministry of Agriculture and Cooperatives

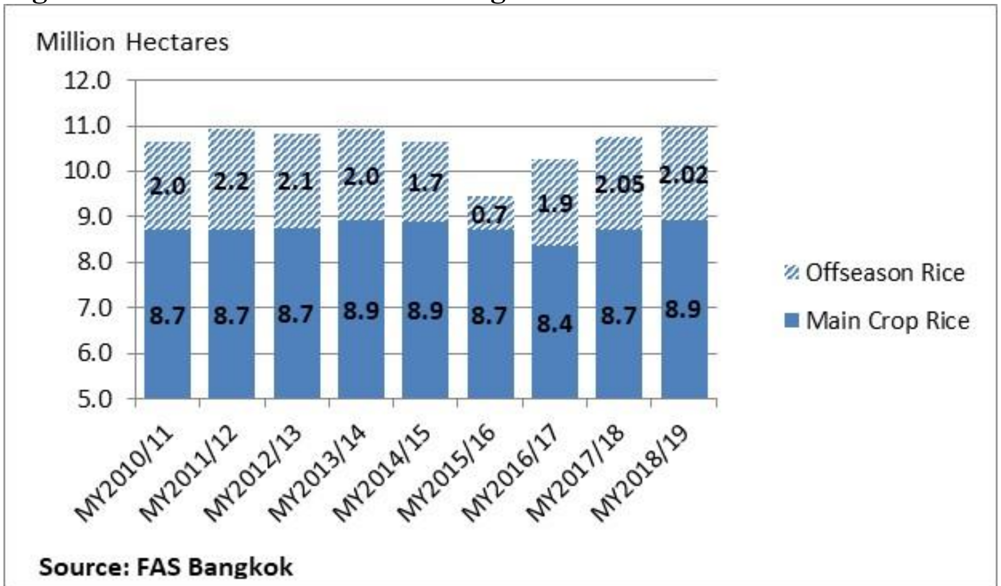
Source: FAS Forecast

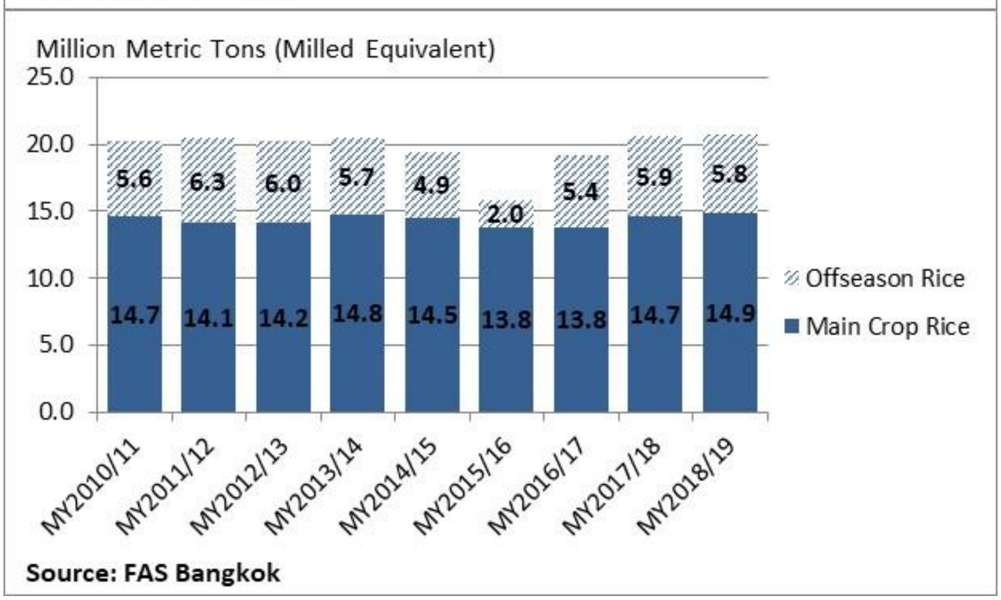
Figure 1.1.1: Surface Soil Moisture in MY2018/19 Off-Season Rice Area



Post's forecast for MY2018/19 rice production remains unchanged from the previous forecast of 20.7 million metric tons. This is a one percent increase from MY2017/18 as main crop rice production more than offset reduced off-season rice production due to ample water supplies and attractive prices particularly for fragrant rice. MY2018/19 off-season rice acreage is expected to decline to 12.6 million rai (2 million hectares). This is a one percent reduction from last year due to limited water supplies in the northeastern and the lower northern regions (Figure 1.1.2). Many rice farmers in these regions have shifted to corn cultivation driven by attractive corn prices and government financial support.

Figure 1.1.2: Thailand's Rice Acreage and Production





1.2 Rice Trade

According to the Thai Customs Department, rice exports in 2018 totaled 11.1 million metric tons, down 5 percent from 2017 due to reduced fragrant and parboiled rice exports (Table 1.2.1). Exports of fragrant and parboiled rice respectively declined to 2.7 and 2.1 million metric tons, down approximately 20 percent from the previous year due to tight exportable supplies after the sale of all the remaining government food quality fragrant and white rice stocks in 2017. Meanwhile, white rice exports totaled 5.9 million metric tons; up 16 percent from the previous year as Thai rice prices were more competitive than Vietnamese rice due to the sale of the remaining low-quality government rice stocks in the third quarter of 2018.

Table 1.2.1: Thai Rice Exports by Rice Variety

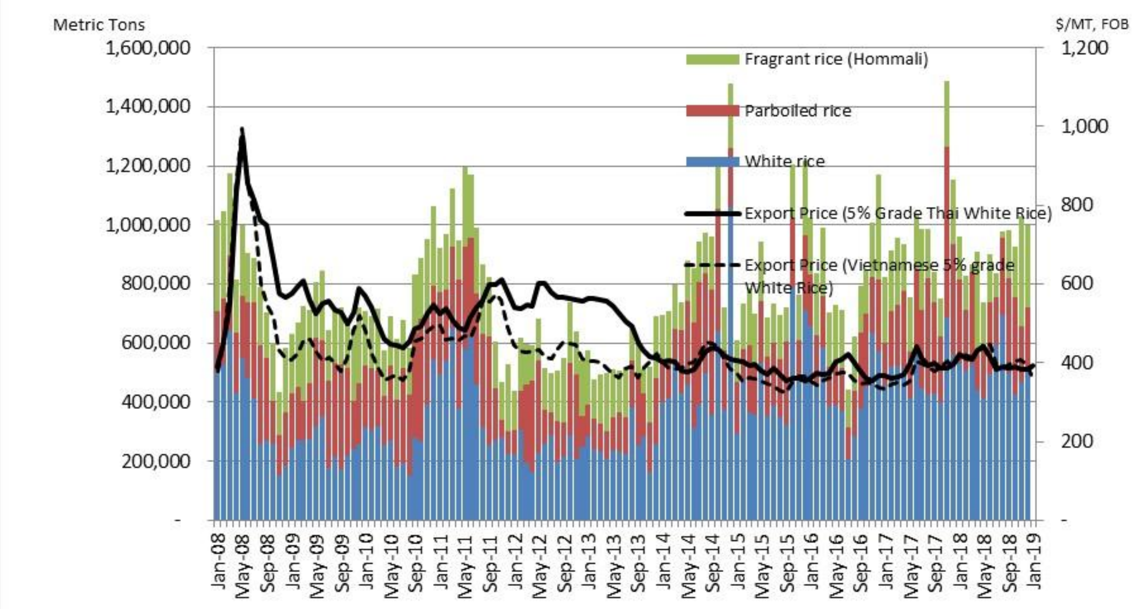
Unit: Metric Tons

Rice Variety	2014	2015	2016	2017	2018	% change
White Rice	**5,183,646**	**4,994,387**	**4,819,941**	**5,082,384**	**5,892,438**	**15.9**
Head Rice	4,776,859	4,787,696	4,576,990	4,680,396	5,493,422	17.4
Broken Rice	406,787	206,691	242,951	401,988	399,016	-0.7
Parboiled Rice	**3,261,521**	**2,316,900**	**2,149,597**	**3,380,167**	**2,708,477**	**-19.9**
Fragrant Rice	**2,030,844**	**2,111,658**	**2,497,912**	**2,694,356**	**2,102,078**	**-22.0**
Hom Mali Rice	**1,869,673**	**1,987,232**	**2,366,185**	**2,308,789**	**1,657,416**	**-28.2**
- Head Rice	1,359,074	1,405,761	1,561,539	1,635,702	1,274,943	-22.1
- Broken Rice	510,599	581,471	804,646	673,087	382,473	-43.2
Thai Fragrant Rice	**161,171**	**124,426**	**131,727**	**385,567**	**444,662**	**15.3**
- Head Rice	161,071	124,401	131,694	216,030	256,233	18.6
- Broken Rice	100	25	33	169,537	188,429	11.1
Glutinous Rice	**493,359**	**372,835**	**438,943**	**517,425**	**385,749**	**-25.4**
Head Rice	139,396	124,191	164,839	213,718	180,159	-15.7
Broken Rice	353,963	248,644	274,104	303,707	205,590	-32.3
Total	**10,969,370**	**9,795,780**	**9,906,393**	**11,674,332**	**11,088,742**	**-5.0**

Source: Thai Rice Exporter Association

In 2019, Thai rice exports are expected to decline to around 10 million metric tons. This is a 10 percent reduction from 2018 due mainly to reduced white rice exports, as supplies will be more limited due to the lack of government stocks for sale. Thai rice exports will likely also face strong competition from Vietnamese and Indian rice. The price difference between Thai and Vietnamese white rice began to expand in January 2019 (Figure 1.2.1). Presently, Thai white rice prices are U.S. $45-50/MT higher than Vietnamese rice, compared to the average U.S. $10/MT cheaper in 2018.

Figure 1.2.1: Monthly Thai Rice Exports by Variety



Source: Ministry of Commerce, and Thai Chamber of Commerce

2. Corn Update

Post's forecast for MY2018/19 corn production remains unchanged at 5.3 million metric tons. This is a 6 percent increase from MY2017/18 due to expanded acreage driven by attractive farm-gate prices and government financial support for farmers who decide to replace off-season rice cultivation with corn. In December 2018, farm-gate prices of corn increased to 8,780 baht per metric ton, up 27 percent from the same period last year (Figure 2.1). Additionally, on December 13, 2018, the cabinet added an additional three provinces in the northeastern region to be eligible for government financial support for shifting from off-season rice cultivation to corn cultivation. With this addition, 37 provinces are eligible to participate in the program. As of December 31, 2018, the Ministry of Agriculture and Cooperatives' Department of Agricultural Extension reported that the acreage from farmers participating in this program totaled approximately 0.8 million rai (130,125 hectares), of which approximately 80 percent were off-season corn planted in non-irrigated area. This is a significant increase from the previous year's program as water supplies are more limited this year for off-season rice planting. However, off-season corn acreage is still far below the government target of 2 million rai (0.3 million hectares).

Figure 2.1: Monthly Farm-gate Prices of Corn

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

3. Wheat Update

Post's forecast for MY2018/19 wheat imports is revised down to 3.1 million metric tons. This is a 2 percent reduction from MY2017/18 due to reduced feed wheat imports. Feed wheat imports are expected to decline to 1.9 million metric tons, down 6 percent from MY2017/18 due to high import prices caused by tight feed wheat supplies of major producers. Additionally, aqua feed demand is expected to grow more slowly than in the previous years. Milling wheat imports are expected to increase to 1 million metric tons, up 18 percent from MY2017/18 due to greater total milling capacity from two newly operational flour mills. Imports of wheat flour are expected to decline significantly to 0.2 million metric tons due to greater competition from locally produced flour.

In the first half of MY2018/19, wheat imports totaled 1.3 million metric tons, down 1 percent from the same period last year due to reduced feed wheat imports. Imports of feed wheat totaled around 0.7 million metric tons, down 22 percent from the same period last year, because of limited supplies of Ukraine feed wheat which normally accounts for approximately half of total feed wheat imports. Meanwhile, imports of Russian feed wheat more than tripled in the first half of MY2018/19, accounting for one third of total feed wheat imports compared to approximately 10 percent in the previous year. Meanwhile, imports of milling wheat totaled around 0.5 million metric tons, up 55 percent from the same period last year, as two new flour mills have become operational. Combined these two new mills have a capacity of 0.3 million metric tons per year. Imports of U.S. wheat, mostly milling wheat, totaled 0.3 million metric tons, up 79 percent from the same period last year, due to tight supplies of Australian wheat. Imports of Australian wheat declined 47 percent to 110,423 metric tons, which consisted of 103,369 metric tons of milling wheat (down 19 percent), and 7,054 metric tons of feed wheat (down 91 percent).

Appendix Tables

Table A1: Thailand's Rice Production, Supply and Demand

Rice, Milled	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jan 2017		Jan 2018		Jan 2019	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	10247	10247	10684	10756	10960	10960
Beginning Stocks	8403	8403	4238	4175	3158	2377
Milled Production	19200	19200	20370	20577	20700	20715
Rough Production	29091	29091	30864	31177	31364	31386
Milling Rate (.9999)	6600	6600	6600	6600	6600	6600
MY Imports	250	200	250	200	250	200
TY Imports	250	200	250	200	250	200
TY Imp. from U.S.	4	0	0	0	0	0
Total Supply	27853	27803	24858	24952	24108	23292
MY Exports	11615	11628	10700	11075	10300	10000
TY Exports	11615	11628	10700	11075	10300	10000
Consumption and Residual	12000	12000	11000	11500	10500	11000
Ending Stocks	4238	4175	3158	2377	3308	2292
Total Distribution	27853	27803	24858	24952	24108	23292
Yield (Rough)	2.839	2.839	2.8888	2.8986	2.8617	2.8637
(1000 HA) ,(1000 MT) ,(MT/HA)						

Table A2: Thailand's Rice Production by Crop

	2016/17			2017/18			2018/19		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (Million Hectares)									
Cultivation	8.745	1.900	10.645	9.000	2.054	11.054	9.230	2.050	11.280
Harvest	8.373	1.874	10.247	8.711	2.045	10.756	8.940	2.020	10.960
Production (Million Tons)									
Rough	20.909	8.182	29.091	22.227	8.951	31.178	22.606	8.780	31.386
Rice	13.800	5.400	19.200	14.670	5.908	20.577	14.920	5.795	20.715
Yield (Ton/Hectare)	2.497	4.366	2.839	2.552	4.377	2.898	2.529	4.347	2.864

Note: 1. Main crop rice is mostly cultivated during May - August and harvested during November - December.

2. Off-season rice is mostly cultivated during November - January and harvested during March - May.

Table A3: Thailand's Corn Production, Supply and Demand

Corn	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1168	1168	1124	1124	1150	1200
Beginning Stocks	172	172	143	167	144	190
Production	5200	5200	5000	5000	5130	5300
MY Imports	600	600	700	700	700	700
TY Imports	600	600	700	700	700	700
TY Imp. from U.S.	11	0	0	0	0	0
Total Supply	5972	5972	5843	5867	5974	6190
MY Exports	729	705	199	177	200	250
TY Exports	692	668	200	177	200	250
Feed and Residual	5000	5000	5400	5400	5500	5650
FSI Consumption	100	100	100	100	100	100
Total Consumption	5100	5100	5500	5500	5600	5750
Ending Stocks	143	167	144	190	174	190
Total Distribution	5972	5972	5843	5867	5974	6190
Yield	4.4521	4.4521	4.4484	4.4484	4.4609	4.4167
(1000 HA) ,(1000 MT) ,(MT/HA)						

Table A4: Thailand's Wheat Production, Supply and Demand

Wheat	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	1066	1066	813	868	654	779
Production	0	0	0	0	0	0
MY Imports	3689	4064	3098	3168	3000	3100
TY Imports	3689	4064	3098	3168	3000	3100
TY Imp. from U.S.	696	707	658	578	0	600
Total Supply	4755	5130	3911	4036	3654	3879
MY Exports	242	242	257	257	250	260
TY Exports	242	242	227	257	250	260
Feed and Residual	2500	2800	1800	1700	1700	1600
FSI Consumption	1200	1220	1200	1300	1200	1350
Total Consumption	3700	4020	3000	3000	2900	2950
Ending Stocks	813	868	654	779	504	669
Total Distribution	4755	5130	3911	4036	3654	3879
Yield	0	0	0	0	0	0
(1000 HA) ,(1000 MT) ,(MT/HA)						

End of Report.