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Thailand

Grain and Feed Update

May 2018

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Report Highlights:
The MY2018/19 rice production forecast is revised up to 21.2 million metric tons, a 4 percent increase from MY2017/18 due to larger than expected main crop fragrant rice acreage. Rice exports in 2018 are expected to reach 10.5 million metric tons. The government plans to sell the remaining government stocks in June 2018.

Post:	**Commodities:**
Bangkok	Corn
	Rice, Milled
	Wheat

Executive Summary:

MY2018/19 main crop rice planting is occurring earlier than last year due to favorable weather conditions and plentiful water supplies. Post revised MY2018/19 rice production up to 21.2 million metric tons, a 4 percent increase from MY2017/18 due to larger than expected fragrant rice acreage driven by attractive farm-gate prices and favorable weather conditions. Rice exports in 2018 are revised up to 10.5 million metric tons because of higher than expected demand from Indonesia, China, and the Philippines driven by government purchases. The government plans to sell the remaining government rice stocks in June 2018.

Post's forecast for MY2018/19 corn and wheat remain unchanged.

1 Rice Update

1.1 MY2018/19 Rice Planting Shows Favorable

Approximately 70 percent of MY2018/19 main crop rice has been planted due to favorable weather conditions, particularly in the northeastern region which accounts for around 60 percent of total rice planted area. The Thai Meteorological Department expects precipitation to be 5-10 percent above normal during May – July 2018 in main crop rice growing areas, especially in the northern and northeastern regions (Figure 1.1). Although precipitation in the central plains is expected to be 5 percent below normal, rice in this region relies mainly on irrigation for water. This year, the Royal Irrigation Department (RID) began to supply water for main crop rice planting on April 1, 2018. This is about a month earlier than normal in order to increase reservoir capacity to better manage floodwaters more effectively during the monsoon period. The availability of water for irrigation has encouraged famers in irrigated areas in the lower northern region and the central plains to plant their main crop rice earlier than normal. According to the RID's crop progress report on May 16, 2018, MY2018/19 rice acreage in irrigated areas increased to 2.9 million rai (0.5 million hectares), up 76 percent from the same period last year (Table 1.1). Acreage expansion is also driven by attractive farm gate price for paddy rice which has increased to 7,840 baht per metric ton (U.S. $245/MT) for white paddy rice and 15,240 baht per metric ton (U.S. $476/MT) for fragrant paddy rice, up 4 percent and 68 percent respectively from the same period last year (Figure 1.2).

Figure 1.1: Precipitation Forecast for May – June 2018, Deviation in Millimeters from Average

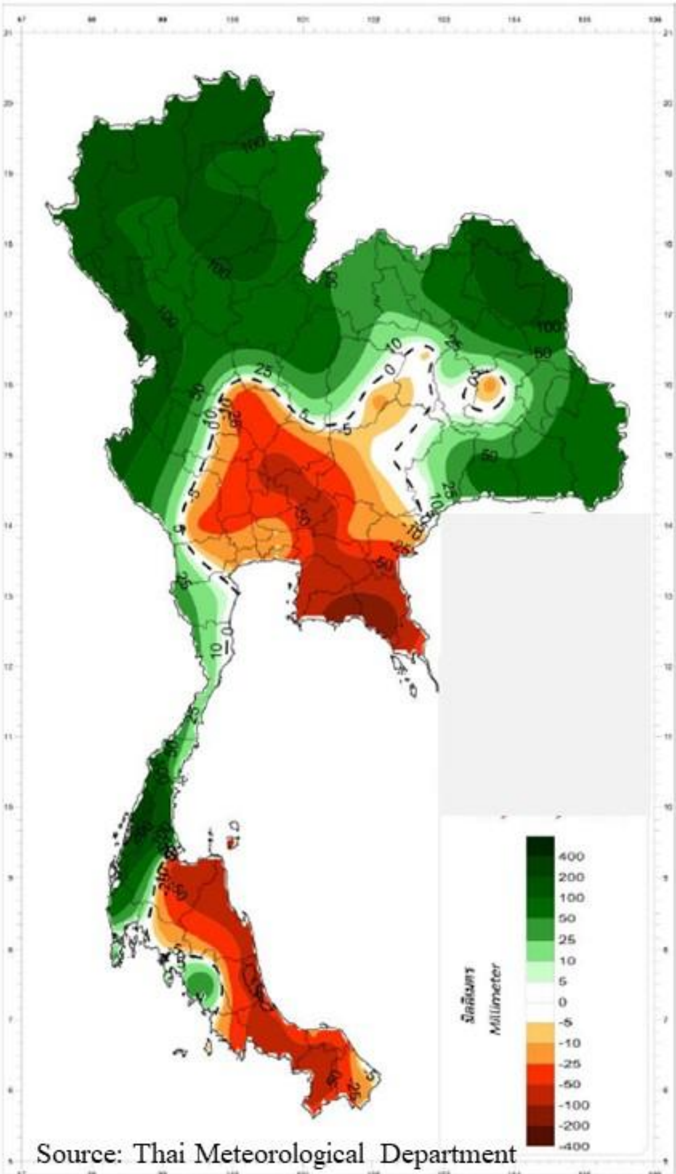


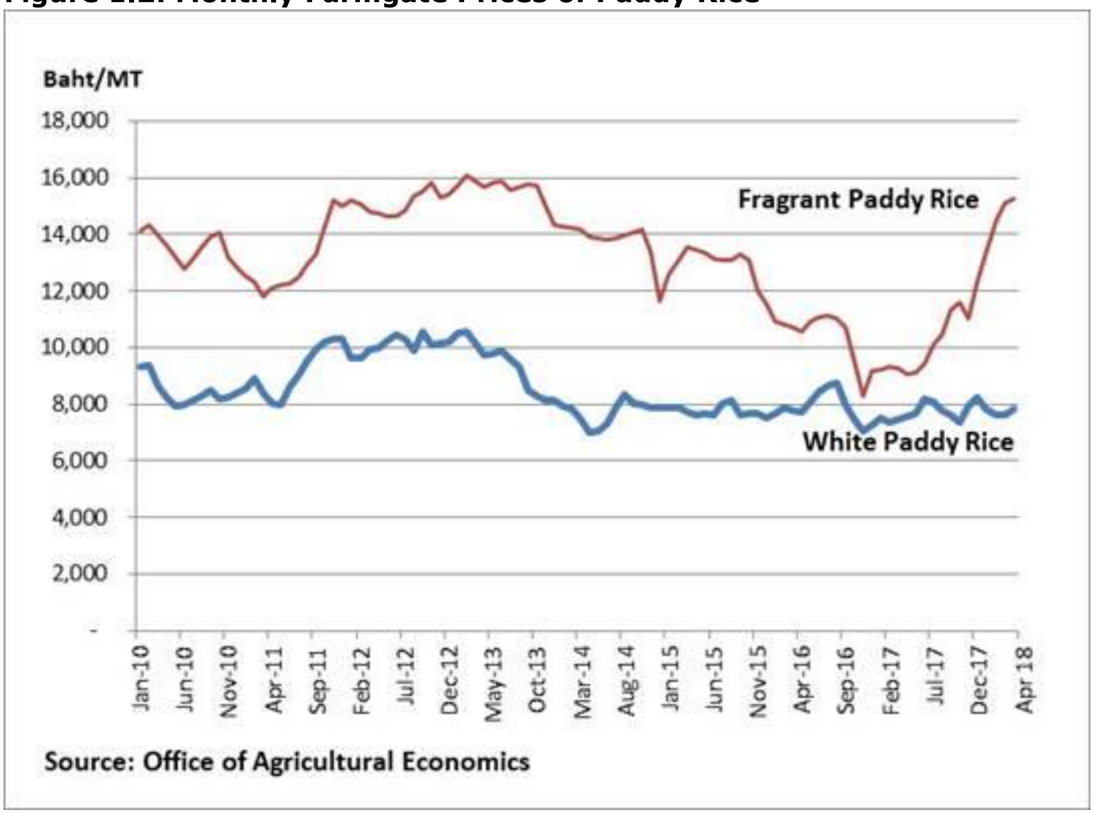
Table 1.1: Main Crop Rice Acreage in Irrigated Area by Region, as of May 16, 2018

Unit: Rai

	Main Crop Acreage					
	2014/15	2015/16	2016/17	2017/18	2018/19	% change
North	22,088	198,499	2,188	401,881	818,724	103.7
Northeast	66,181	108,758	-	56,469	307,397	444.4
Central Plains	182,181	281,156	19,832	588,829	994,296	68.9
East	280,623	8,144	-	349,599	356,814	2.1
West	282,904	119,346	11,543	231,989	385,403	66.1
South	-	-	-	-	-	-
Total	**833,977**	**715,903**	**33,563**	**1,628,767**	**2,862,634**	**75.8**

Source: Royal Irrigation Department

Figure 1.2: Monthly Farmgate Prices of Paddy Rice



Post’s forecast for MY2018/19 rice production is revised up to 21.2 million metric tons. This is a 4 percent increase from MY2017/18 due to larger than expected fragrant rice acreage in the northeastern region due to attractive farm-gate prices, favorable weather, and plentiful water supplies. Some sugarcane growers in the northeast have reportedly shifted to fragrant rice, particularly those who would have had to replant sugarcane this year as sugarcane prices have trended downward in recent months.

1.2 Higher than Expected Rice Exports in 2018

According to the Thai Rice Exporter Association, Thai rice exports totaled 3.7 million metric tons during January – April 2018 (Table 1.2 and Figure 1.3). This is a 2 percent increase from the same period last year due to increases in white and parboiled rice exports. White rice exports increased 5 percent due to strong export demand for broken white rice, particularly from China. Parboiled rice exports increased 22 percent from the previous year due to the recovery of MY2017/18 off-season rice production from severe drought of previous years. Meanwhile, exports of fragrant rice declined 22 percent from the same period last year due to tight domestic supplies and high prices.

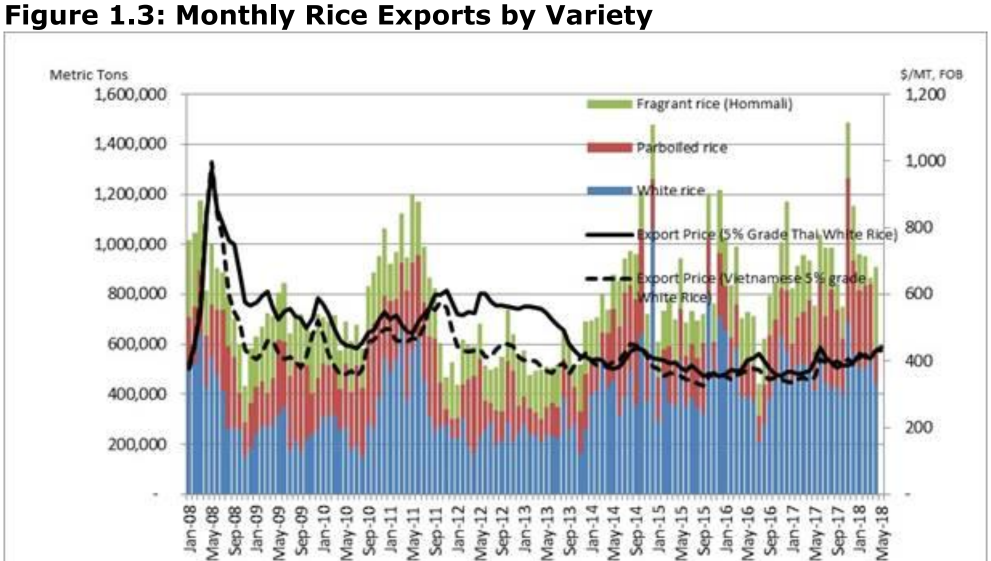
Table 1.2: Thai Rice Exports by Variety

Unit: Metric Tons

Rice Variety	2014	2015	2016	2017	January - April		
					2017	2018	% change
White Rice	**5,183,646**	**4,994,387**	**4,819,941**	**5,070,062**	**1,745,872**	**1,831,484**	**4.9**
Head Rice	4,776,859	4,787,696	4,576,990	4,661,787	1,674,296	1,655,954	-1.1
Broken Rice	406,787	206,691	242,951	408,275	71,576	175,530	145.2
Parboiled Rice	**3,261,521**	**2,316,900**	**2,149,597**	**3,370,384**	**801,651**	**979,230**	22.2
Fragrant Rice	**2,030,844**	**2,111,658**	**2,497,912**	**2,671,033**	**927,290**	**723,397**	**-22.0**
Hom Mali Rice	**1,869,673**	**1,987,232**	**2,366,185**	**2,299,258**	**814,929**	**583,155**	-28.4
- Hom Mali (head rice)	1,359,074	1,405,761	1,561,539	1,629,812	518,800	443,300	-14.6
- Hom Mali (broken rice)	510,599	581,471	804,646	669,446	296,129	139,855	-52.8
Thai Fragrant Rice	**161,171**	**124,426**	**131,727**	**371,775**	**112,361**	**140,242**	24.8
- Thai fragrant rice (head rice)	161,071	124,401	131,694	213,285	77,254	62,563	-19.0
- Thai fragrant rice (broken rice)	100	25	33	158,490	35,107	77,679	121.3
Glutinous Rice	**493,359**	**372,835**	**438,943**	**516,822**	**155,407**	**150,910**	**-2.9**
Head Rice	139,396	124,191	164,839	213,625	65,069	89,992	38.3
Broken Rice	353,963	248,644	274,104	303,197	90,338	60,918	-32.6
Total	**10,969,370**	**9,795,780**	**9,906,393**	**11,628,301**	**3,630,220**	**3,685,021**	**1.5**

Source: Thai Rice Exporter Association

Figure 1.3: Monthly Rice Exports by Variety



Source: Ministry of Commerce, and Thai Chamber of Commerce

Post's forecast for rice exports in 2018 is revised up to 10.5 million metric tons due to higher than expected demand from Indonesia, China, and the Philippines from January - May 2018. Exports have been driven by government purchases which include 120,000 metric tons of 5% grade white rice by Indonesia, 100,000 metric tons of 5% grade white rice by China, and 330,000 metric tons of 25% grade white rice by the Philippines. However, Post's forecast is still a 9 percent reduction from the record 11.6 million metric tons exported in 2017 as the government has limited supplies of food-quality government rice stocks to sell in 2018.

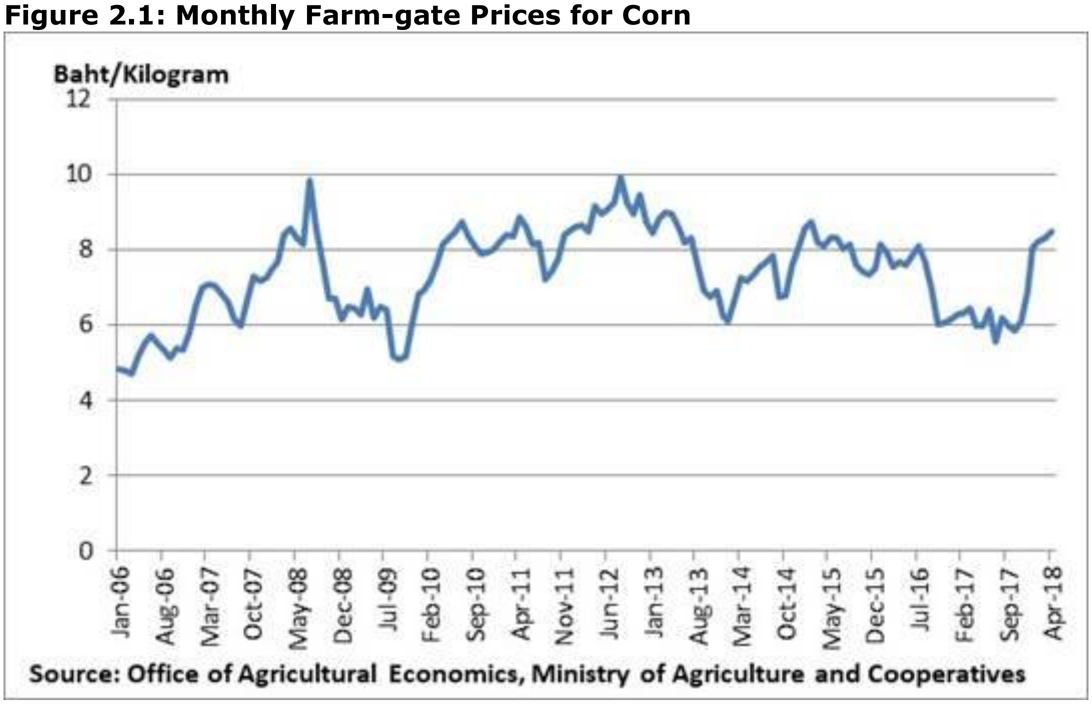
1.3 Stocks

The government sold their remaining 43,725 metric tons of food-quality rice stocks on May 18, 2018. The sale consisted of 24,521 metric tons of 5% grade white rice, 13,280 metric tons of fragrant rice, 2,958 metric tons of glutinous rice, and 2,966 metric tons of broken white rice, mostly from the MY2013/14 pledging program. Additionally, the government will issue two additional tenders to sell the remaining 1.5 million metric tons of feed-quality rice on June 14, 2018, and the 0.5 million metric tons of deteriorated rice on June 15, 2018. If the government sells these remaining stocks in June 2018, then ending stocks for MY2017/18 and MY2018/19 will solely be private stocks. Normally, the private sector maintains stocks for approximately 2 months of use.

2. Corn

Post's forecast for MY2018/19 corn production remains unchanged at 5.1 million metric tons. This is a 2 percent increase from MY2017/18 due to acreage expansion driven by attractive prices. In April 2018, the farm-gate price for corn increased to 8.5 baht per kilogram (U.S. $266/MT), up 42 percent from the same period last year (Figure 2.1). Despite attractive corn prices, the acreage expansion is limited due to the domestic ban on planting corn in forested areas.

Figure 2.1: Monthly Farm-gate Prices for Corn

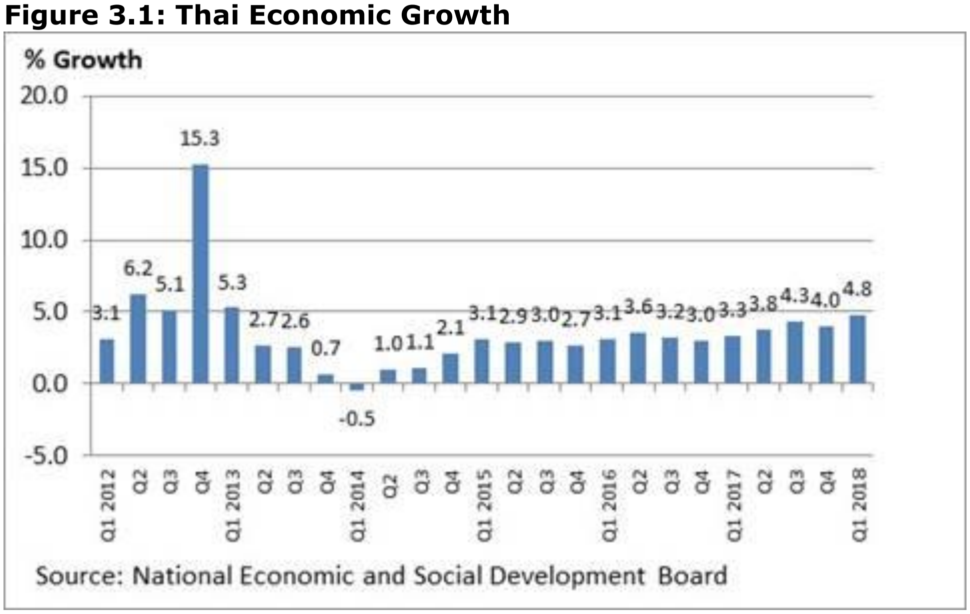


3. Wheat Update

In the first nine months of MY2017/18 wheat imports totaled 2.3 million metric tons, down 28 percent from MY2016/17 due mainly to reduced feed wheat imports. During this time period, feed wheat imports totaled 1.4 million metric tons, down 38 percent from last year due to the import restrictions on feed wheat. Milling wheat imports during the first nine months of MY2017/18 totaled 0.7 million metric tons, down 10 percent from the same period last year as flour mills began the marketing year with large inventories of milling wheat. Meanwhile, wheat flour imports totaled 214,350 metric tons, up 16 percent from the same period last year driven by aqua feed demand.

Post's forecast for MY2017/18 wheat imports remain unchanged at 3 million metric tons, down 26 percent from MY2016/17 due to reduced feed wheat imports. Feed wheat imports are expected to decline to 1.55 million metric tons, down 42 percent from MY2016/17 as the government maintains their import restrictions on feed wheat. Meanwhile, milling wheat imports are expected to accelerate in the last quarter of MY2017/18 reaching 1.2 million metric tons in MY2017/18. This is a 3 percent increase from MY2016/17 due to growing demand from bakeries and noodle producers in line with the sustained economic growth. The recent official economic report by the National Economic Social Development Board revised up the Thai economic growth forecast to 4.2 – 4.7 percent compared to 3.6 – 4.6 percent in the previous forecast due to higher than expected economic growth in the first quarter of 2018 of 4.8 percent (Figure 3.1). Additionally, wheat flour imports are expected to increase to 0.25 million metric tons, up 7 percent from the same period last year.

Figure 3.1: Thai Economic Growth



The Thai Feed Mill Association is requesting the government to reduce the domestic corn absorption requirement for a ton of feed wheat imports from a 3:1 to a 2:1 ratio. However, the government is expected to maintain the 3:1 domestic corn absorption requirements for feed wheat imports during the peak corn harvest in order to stabilize domestic corn prices above 8 baht per kilogram ($250/MT) and reduce the domestic absorption requirement to 2:1 ratio during the off-season period.

Post's forecast for MY2018/19 remain unchanged at 3.1 million metric tons. This is a 3-4 percent increase from MY2017/18 in anticipation of growing demand for milling wheat and feed wheat. Milling wheat imports are expected to increase to 1.25 million metric tons, up 4 percent from

MY2017/18 in line with growing demand from bakeries and noodle producers. Feed wheat imports are likely to increase to 1.6 million metric tons, up 3 percent from MY2017/18 as feed wheat will likely remain cheaper than domestic corn. Wheat flour imports are expected to increase only slightly due to strong competition from locally produced flour as two new flour mills will begin operating in MY2018/19 with a combined production capacity of 0.3 million metric tons per year. Approximately 20 percent of this new capacity will be used for aqua feed production.

Appendix Tables

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

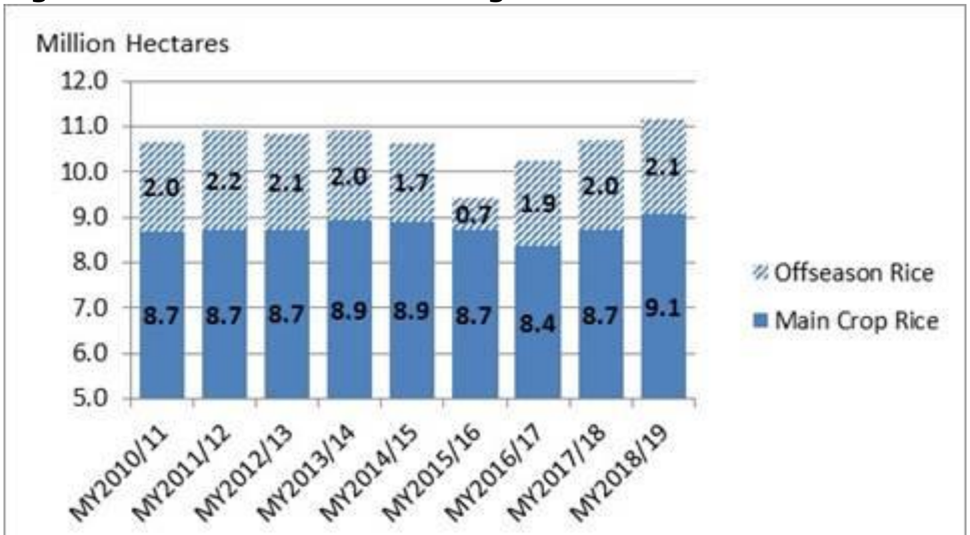
Rice, Milled	**2016/2017**		**2017/2018**		**2018/2019**	
Market Begin Year	**Jan 2017**		**Jan 2018**		**Jan 2019**	
Thailand	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	10247	10247	10684	10684	11045	11140
Beginning Stocks	8403	8403	4238	4175	3188	2745
Milled Production	19200	19200	20370	20370	21000	21240
Rough Production	29091	29091	30864	30864	31818	32182
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	24745	24438	24185
MY Exports	11615	11628	10500	10500	11000	10000
TY Exports	11615	11628	10500	10500	11000	10000
Consumption and Residual	12000	12000	11170	11500	10000	11000
Ending Stocks	4238	4175	3188	2745	3438	3185
Total Distribution	27853	27803	24858	24745	24438	24185
Yield (Rough)	2.839	2.839	2.8888	5.7775	2.8808	2.8889
(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	2.000	11.000	9.230	2.100	11.330
Harvest	8.373	1.874	10.247	8.711	1.973	10.684	9.070	2.070	11.140
Production (Million Tons)									
Rough	20.909	8.182	29.091	22.227	8.637	30.864	23.182	9.000	32.182
Rice	13.800	5.400	19.200	14.670	5.700	20.370	15.300	5.940	21.240
Yield (Ton/Hectare)	2.497	4.366	2.839	2.552	4.377	2.888	2.556	4.348	2.889

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.

Figure A1: Thailand's Rice Acreage



Source: FAS Bangkok

Figure A2: Thailand's Rice Production

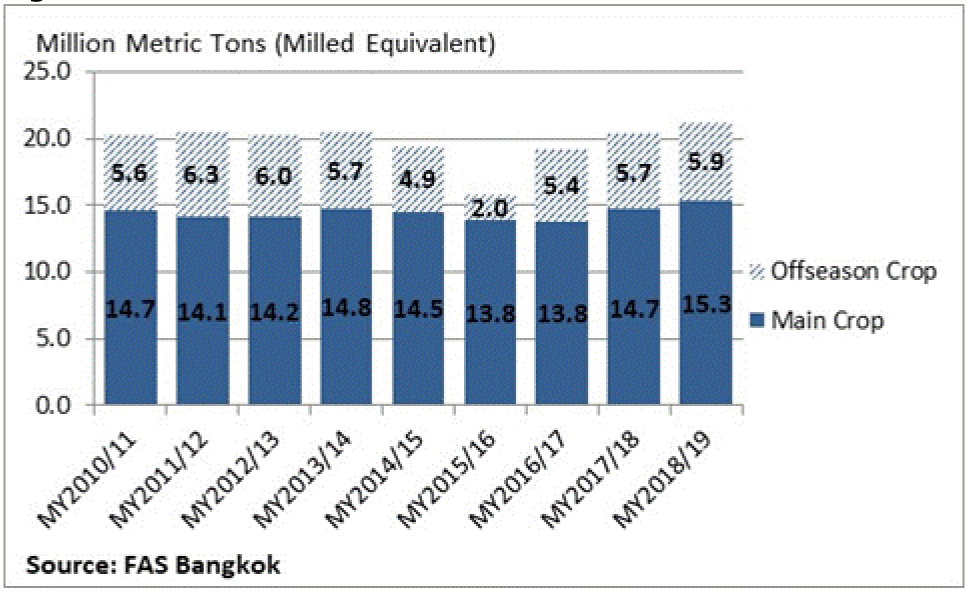


Table A3: Thailand's Corn Production, Supply and Demand

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	1152
Beginning Stocks	172	172	143	143	143	143
Production	5200	5200	5000	5000	5130	5130
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	5843	5973	5973
MY Exports	729	729	300	300	200	150
TY Exports	692	692	300	300	200	150
Feed and Residual	5000	5000	5300	5300	5500	5500
FSI Consumption	100	100	100	100	100	100
Total Consumption	5100	5100	5400	5400	5600	5600
Ending Stocks	143	143	143	143	173	223
Total Distribution	5972	5972	5843	5843	5973	5973
Yield	4.4521	4.4521	4.4484	4.4484	4.4609	4.4531
(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	773	828
Production	0	0	0	0	0	0
MY Imports	3689	4064	3000	3000	3100	3100
TY Imports	3689	4064	3000	3000	3100	3100
TY Imp. from U.S.	696	707	0	700	0	720
Total Supply	4755	5130	3813	3868	3873	3928
MY Exports	242	242	240	240	240	240
TY Exports	242	242	240	240	240	240
Feed and Residual	2500	2800	1500	1500	1550	1550
FSI Consumption	1200	1220	1300	1300	1350	1350
Total Consumption	3700	4020	2800	2800	2900	2900
Ending Stocks	813	868	773	828	733	788
Total Distribution	4755	5130	3813	3868	3873	3928
Yield	0	0	0	0	0	0
(1000 HA) ,(1000 MT) ,(MT/HA)						

End of report.