

USDA Foreign Agricultural Service

GAIN Report

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Grain and Feed Update

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Report Highlights:

For wheat, Post revises its marketing year (MY) 2019/2020 import forecast down from the USDA official number of 4.3 million metric tons (MMT) to 3.5 MMT on the reduced use of feed wheat.

For rice, Post adjusts MY19/20 total production up from the USDA official number of 44.8 MMT to 45.3 MMT, mainly on expected higher Autumn harvested area.

1. WHEAT

STATISTICAL TABLES

Vietnam's Production, Supply, and Demand for Wheat

Wheat	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	1022	1022	886	886	686	786
Production	0	0	0	0	0	0
MY Imports	4655	4655	3700	3500	4300	3500
TY Imports	4655	4655	3700	3500	4300	3500
TY Imp. from U.S.	181	181	0	211	0	200
Total Supply	5677	5677	4586	4386	4986	4286
MY Exports	291	291	300	300	300	300
TY Exports	291	291	300	300	300	300
Feed and Residual	2500	2500	1600	1300	1800	1200
FSI Consumption	2000	2000	2000	2000	2200	2100
Total Consumption	4500	4500	3600	3300	4000	3300
Ending Stocks	886	886	686	786	686	686
Total Distribution	5677	5677	4586	4386	4986	4286
Yield	0	0	0	0	0	0
TS=TD	0	0	0	0	0	0

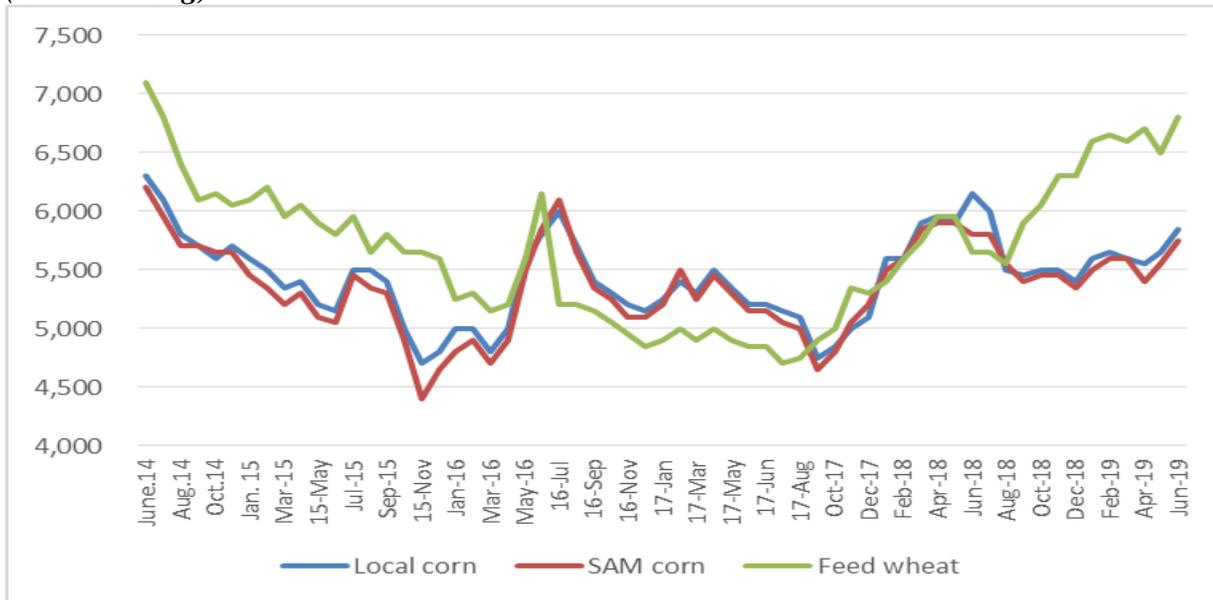
CONSUMPTION

For both MY18/19 and MY19/20, Post estimates stagnant wheat consumption on both the uncompetitive price of feed wheat and the flat use of milling wheat. The latter is due to Vietnam's Plant Protection Department's (PPD) ongoing quarantine pest inspections.

Feed wheat use varies depending on its price differential with imported corn. Feed wheat prices were running lower or at nearly the same level as compared to corn prices from the second half of 2016 to August 2018 (see Figure 1). However, wheat prices have been diverting higher since then, thereby resulting in reduced feed wheat consumption.

Increasing prices have also coincided with an outbreak of African Swine Fever (ASF) that began in early 2019 ([please see Post's ASF report](#)). Producers have cut wheat inclusions in feed in order to reduce costs. Therefore, Post estimates that feed wheat use in MY18/19 will fall from the USDA official 1.6 MMT to 1.3 MMT. Post expects this trend to extend into MY19/20, where feed wheat use is scaled down from 1.8 MMT to 1.2 MMT.

Figure 1: Prices of Corn versus Feed Wheat from June 2014 to February 2018
(Unit: VND/kg)



Source: US Grain Council Representative Office in Vietnam

TRADE / COMPETITION

Imports

For MY19/20, Post revises its wheat import volume down to 3.5 MMT, a decrease of about 0.8 MMT compared to USDA official number, mainly on reduced feed wheat imports. This forecast is on par with Post's MY18/19 import estimate.

In MY18/19, Russia became Vietnam's leading supplier of wheat, as imports from Australia fell significantly. Russia exported an estimated 1.7 MMT of wheat into Vietnam in MY18/19, gaining a 50 percent market share.

U.S. wheat is considered high quality and is used by Vietnamese mills for blending as a cost-effective way to improve the value of their flour products. Recently, U.S. wheat imports have been steadily rising, reflecting the increased demand for premium quality products. However, PPD's ongoing quarantine pest inspections have discouraged shipments of U.S. wheat since the end of calendar year 2018. The local wheat milling industry has faced difficulties in sourcing high quality wheat, especially soft white wheat. Feed industry sources have also noted that the inspections are reducing the use of quality ingredients in feed.

2. RICE

STATISTICAL TABLES

Vietnam's Production, Supply, and Demand for Rice

Rice, Milled	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2018		Jan 2018		Jan 2020	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7645	7645	7550	7665	7500	7665
Beginning Stocks	967	967	1034	1034	1145	1357
Milled Production	27657	27657	27711	27923	28000	28319
Rough Production	44251	44251	44338	44677	44800	45310
Milling Rate (.9999)	6250	6250	6250	6250	6250	6250
MY Imports	500	500	400	400	400	400
TY Imports	500	500	400	400	400	400
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	29124	29124	29145	29357	29545	30076
MY Exports	6590	6590	6500	6500	6500	6500
TY Exports	6590	6590	6500	6500	6500	6500
Consumption and Residual	21500	21500	21500	21500	22000	22000
Ending Stocks	1034	1034	1145	1357	1045	1,576
Total Distribution	29124	29124	29145	29357	29545	30076
Yield (Rough)	5.7882	5.7882	5.8726	5.8287	5.9733	5.9113

PRODUCTION

Table 1: Vietnam's Area, Yield, and Production for Rough Rice (as of June 2019)

Marketing Year	2017/2018 Revised		2018/2019 Estimate		2019/2020 Forecast	
	Old	New	Old	New	Old	New
Harvested Area (THA)						
Winter ¹	1,700	1,700	1,650	1,650	1,650	1,650
Spring ²	3,100	3,100	3,100	3,115	3,100	3,115
Autumn ³	2,845	2,845	2,800	2,900	2,800	2,900
TOTAL	7,645	7,645	7,550	7,665	7,550	7,665
Yield (MT/HA)						
Winter	4.90	4.90	4.95	4.95	4.97	4.97
Spring	6.62	6.62	6.70	6.60	6.75	6.70
Autumn	5.41	5.41	5.50	5.50	5.70	5.60
AVERAGE	5.79	5.79	5.87	5.83	5.97	5.91
Production (TMT)						
Winter	8,330	8,330	8,168	8,168	8,200	8,200
Spring	20,522	20,522	20,770	20,559	20,925	20,870
Autumn	15,400	15,400	15,400	15,950	15,960	16,240
TOTAL	44,252	44,252	44,338	44,677	45,085	45,310

¹ Lua Mua (10th Month), ² Winter-Spring, ³ Summer-Autumn

Source: *MARD, Post estimates*

For MY18/19, Post revises total paddy production up slightly, from 44.3 MMT to 44.7 MMT, due to increased planted and harvested area for both the spring crop and main autumn crop. However, lower than expected yields have minimized the overall production increase, assuming production of the late autumn crop, which is harvested by October, remains unchanged.

For MY19/20, Post adjusts the total production forecast up from 44.8 MMT to 45.3 MMT, mainly due to expected higher Autumn harvested area.

Mekong River Delta

The MY18/19 spring crop has been harvested and the main autumn crop harvest is currently underway. In its May 2019 report, Vietnam's Ministry of Agriculture and Rural Development (MARD), reported that the planted area in the MRD for both crops reached the maximum 1.6 million hectares.

Table 2: Rice Production in the Mekong Delta by Marketing Year (000 ha; mt/ha; 000 mt)

	2017/2018 (Revised)			2018/2019 (Estimate)			2019/2020 (forecast)		
	Area	Yield	Prod.	Area	Yield	Prod.	Area	Yield	Prod.
Winter	180	4.60	828	180	4.60	828	180	4.60	828
Spring	1,574	6.92	10,892	1,605	6.83	10,963	1,600	6.95	11,120
Autumn (in which)	2,390	5.77	13,785	2,400	5.80	13,920	2,400	5.90	14,080
<i>Main Autumn</i>	<i>1,600</i>	<i>5.90</i>	<i>9,440</i>	<i>1,600</i>	<i>5.90</i>	<i>9,440</i>	<i>1,600</i>	<i>5.95</i>	<i>9,520</i>
<i>Late Autumn</i>	<i>790</i>	<i>5.50</i>	<i>4,345</i>	<i>800</i>	<i>5.60</i>	<i>4,480</i>	<i>800</i>	<i>5.70</i>	<i>4,560</i>
Total	4,144	6.15	25,505	4,185	6.14	25,711	4,180	6.25	26,028

Source: MARD, Post estimate