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Philippines

Grain and Feed

Corn PSD Update

2008

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Report Highlights:

Enhanced by high corn prices, Philippine corn production will surge in MY07/08 due to better yields and an expanded planted area. Increased food and feed corn consumption will mirror the dramatic production growth during the period. The following year, production growth will likely slow although consumption is expected to continue expanding due to postharvest handling losses. Imports of white corn are predicted in MY08/09 as a result of tight supply entering the year.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Trade Report
Manila [RP1]
[RP]

PSD Table									
Country	Philippines								
Commodity	Corn						(1000 HA)	(1000 MT)	(MT/HA)
	2006	Revised		2007	Estimate		2008	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		07/2006	07/2006		07/2007	07/2007		07/2008	07/2008
Area Harvested	2605	2637	2605	2650	2650	2650	2650	2650	2700
Beginning Stocks	698	698	698	792	791	542	742	826	777
Production	6231	6230	6231	6500	6500	7250	6600	6600	7300
MY Imports	163	163	163	50	135	135	200	300	50
TY Imports	181	150	181	25	135	135	200	300	50
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	7092	7091	7092	7342	7426	7927	7542	7726	8127
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed Consumption	4700	4700	4950	4900	4900	5350	5300	5350	5550
FSI Consumption	1600	1600	1600	1700	1700	1800	1700	1700	1800
Total Consumption	6300	6300	6550	6600	6600	7150	7000	7050	7350
Ending Stocks	792	791	542	742	826	777	542	676	777
Total Distribution	7092	7091	7092	7342	7426	7927	7542	7726	8127
Yield	2.391939	2.362533	2.391939	2.45283	2.45283	2.735849	2.490566	2.490566	2.703704

Upward adjustments were made to feed corn consumption in MY06/07 to reflect the stronger-than-expected demand for animal feed during the period. With less competition from imported feedgrain as a result of rising global prices, demand for local corn surged with both food and feed corn consumption increasing significantly during the period. As reported in GAIN 8026 (CONSUMPTION, Oilmeals), all feed consuming sectors posted positive growths last year. It should be noted, however, that the consumption figures in the table does not reflect actual demand as it also includes considerable spoilage losses.

Strong feed demand raised local yellow corn prices which encouraged increased production in MY07/08. Philippine corn production in MY07/08 was raised to approximate official production estimates from the Bureau of Agricultural Statistics (BAS) for calendar year 2007 and its projections for the first semester of 2008. Official projections are based on farmers' standing crop and planting intentions. The improved production in MY07/08 is mainly due to the increased use of better-quality planting seeds, including GM corn, which considerably raised yields.

As a result of the significant increase in corn production in MY07/08, similar revisions were likewise made to corn consumption (mainly local corn) during the year. High prices of imported feed grain are likely to have insulated local corn use from foreign competition during the period.

For MY08/09, corn production is again expected to increase from the previous year's level as local farmers continue to respond to the high corn prices. The response by local farmers is expected to be enhanced by increased support from the national government. Similarly, upward revisions were also made to overall corn consumption during the year. Food corn consumption in MY08/09, however, is expected to remain flat compared to the previous year

as white corn farmers are expected to shift to yellow corn production during the year as a result of high prices. As noted earlier, the growth in feed consumption during the year is largely the result of increased spoilage losses due to inadequacy of existing postharvest, storage and distribution facilities.

The import estimate in MY08/09 was pared down due to the expected improved production during the period and represents the volume of a possible white corn importation during the year. This is due to a reported shortage in white corn supply in the Central Visayas Region (refer to GAIN 8023) experienced early 2008.