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Report Name: Grain and Feed Update

Country: Thailand

Post: Bangkok

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Report Highlights:

MY 2021/22 rice production is expected to fully recover from MY2019/20 with favorable weather and an adequate water supply. MY 2021/22 corn production is expected to remain unchanged from the previous forecast. Overall wheat demand remains unchanged due to the reemergence of COVID-19.

Executive summary

Post's forecast for MY2021/22 rice production remains unchanged at 21 million metric tons. Favorable weather conditions will help rice production rebound after suffering drought over the past two year. Rice consumption is expected to recover in 2022 as tourists return to Thailand and the Thai economy recovers. Thai rice exporters, however, face many challenges, including exchange rate fluctuations and uncompetitive Thai rice prices. MY2020/21 corn imports are revised up to 1.4 million metric tons due to higher-than-expected imports from Burma. MY2021/22 corn production is forecast to remain unchanged at 5.5 million metric tons. Attractive prices for main crop corn and an adequate water supply will boost main crop corn production, while off-season corn crop is likely to decline marginally. Increasing feed demand for broken rice and corn is pushing up the demand for imported wheat. Milling wheat is expected to decline due to the reemergence of COVID-19 in April 2021, which has reduced the demand for wheat-based food.

1. Rice

1.1 Production

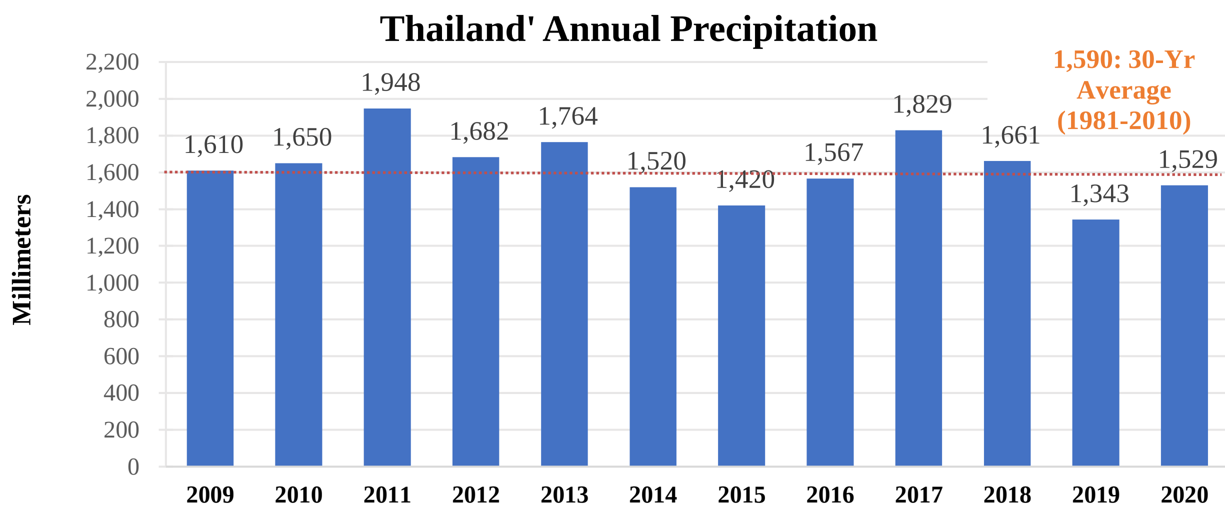
The Thai government reported that MY2020/21 off-season rice acreage totaled 8.3 million rai (1.33 million hectares) as of May 7, 2021, up 23 percent from the same period last year. Planting acreage in irrigated areas saw the largest increase (Table 1.1) with higher-than-expected water supplies during the second half of the planting season in 2020. The increased off-season rice acreage is still below the 5-year average for off-season rice acreage (MY2016/17 to MY2020/21) of 10.74 million rai (1.643 million hectares). The 2020 precipitation level rose to 1,529 millimeters from 1,343 millimeters in 2019, up 14 percent; however, the precipitation level still hasn't returned to the 2018 level of 1,661 millimeters or the 30-year average level of 1,590 millimeters. There are reports of thunderstorms hitting rice fields in some northern and central provinces in April, which could affect the quality and moisture of off-season rice. The Thai Meteorological Department (TMD) expects that precipitation in 2021 will be 5-10 percent above normal throughout the year and 10-20 percent above normal for the month of May when farmers normally begin to prepare the land for rice planting, particularly in the northern, the northeastern, and the central regions (Figure 1.1.1 and Figure 1.1.2). However, the TMD expects normal and 5 percent below normal precipitation in major rice growing areas between June and July 2021.

Table 1.1: MY 20202/21 Off-Season Rice Crop Progress, as of May 7, 2021

Unit: Million Hectares	**Off-Season Rice Crop Progress**				**Government Target**	
	MY2018/19 (May 8,2019)	**MY2019/20 (May 7,2020)**	**MY2020/21 (May 7,2021)**	% change	**MY2019/20**	**MY2020/21**
Irrigated Areas	1.430	0.693	0.888	28.1	0.370	0.304
Non-Irrigated Areas	0.430	0.387	0.440	13.7	0.357	0.238
Total Planted Areas	**1.861**	**1.080**	**1.328**	**23.0**	**0.727**	**0.542**

Source: Ministry of Agricultural and Cooperatives

Figure 1.1.1: Current Water Supplies and Off-Season Rice Planting



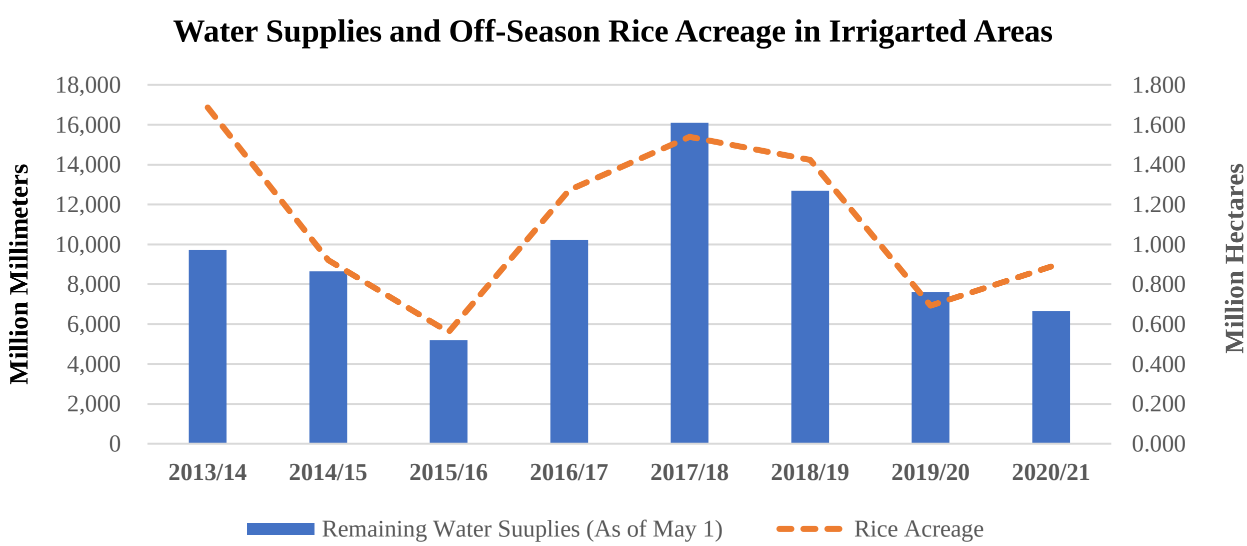
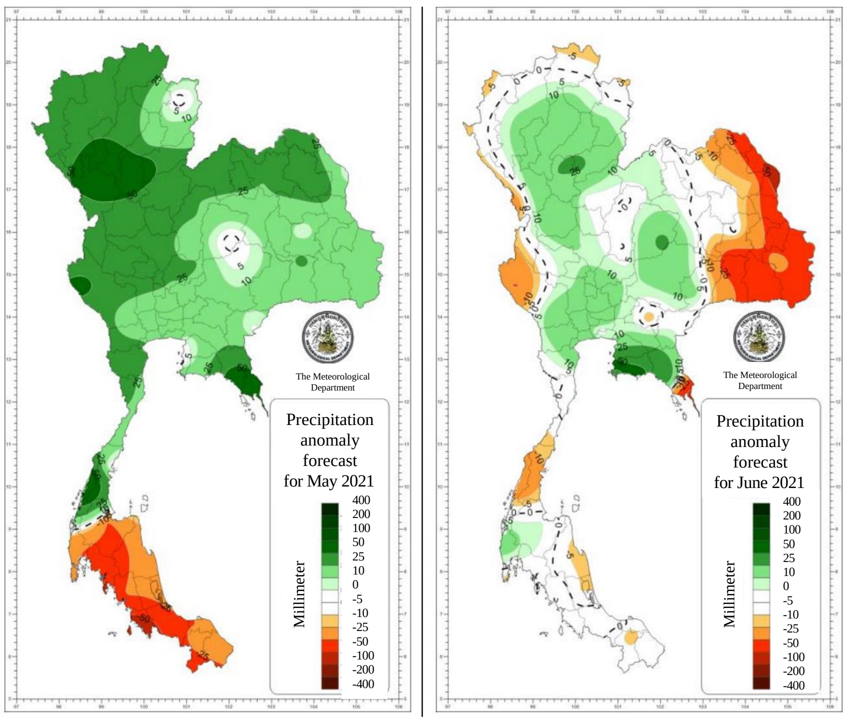


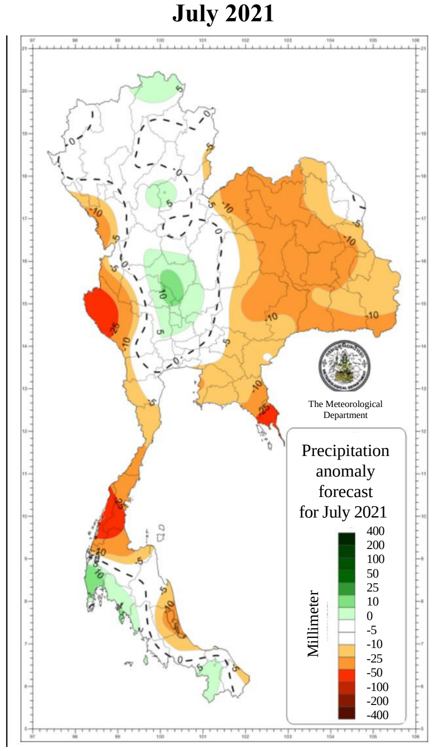
Figure 1.1.2: Precipitation Anomaly Forecast during May – July 2021

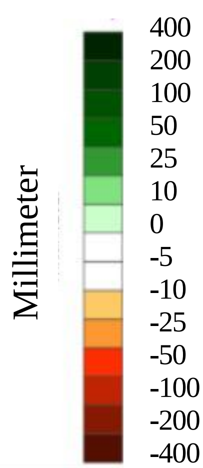
May 2021 **June 2021**



Source: Thai Meteorological Department

July 2021



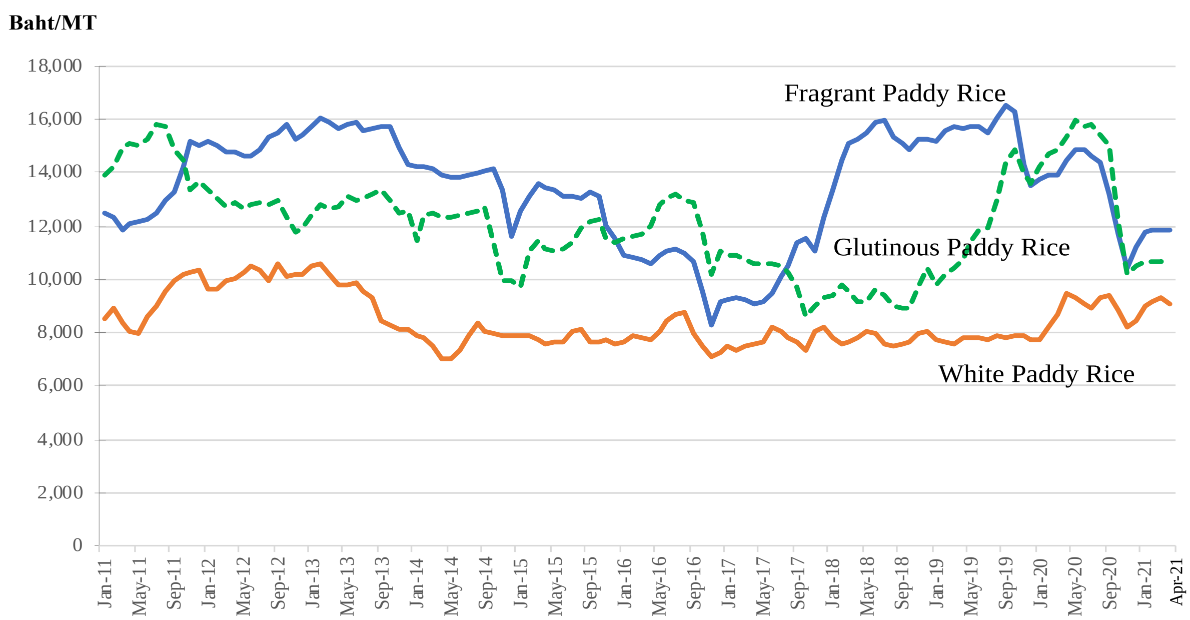


MY2021/22 rice production remains unchanged at 21 million metric tons, up 12 percent from MY2020/21 production. Farmers in the main production regions (the northern and central regions) are already starting to plant the MY2021/22 main-season rice crop with the start of the rainy season, which is expected to be wetter this year then the past few years. Around 3.1 million rai (496,518 hectare), roughly 19 percent of the total acreage, has already been planted.

Farm-gate prices between January and April 20211 have fluctuated due to the weakening of the Thai baht against the U.S. dollar and the third and worst wave of COVID-19 in Thailand. Prices of fragrant paddy rice fell between 14 and 18 percent, and glutinous paddy rice fell harder between 25 and 29 percent from the same period last year (Figure 1.1.3). A high inventory of old-crop fragrant rice caused by the slowdown in domestic and export demand due to the outbreak of COVID-19 fueled the drop in prices. Additionally, off-season rice production is expected to recover from last year due to abundant water supplies. White paddy rice prices, however, were up to 9,154 baht per metric ton (U.S. $295/MT) between January and March, up 12 percent from the same period last year. White rice prices have been under downward pressure more recently as supplies of good condition MY2020/21 off-season rice are entering the market and the slow demand for exports, dropping the price to 9,068 baht per metric ton (U.S. $292/MT) in April 2021, down 4 percent from the same period last year.

The Thai cabinet rolled out the 2021 main crop rice insurance program on March 30, 2021. Premium rates (Tier 1) range between 55 and 230 baht per rai (U.S. $11- 46/Ha). The basic insurance coverage is 1,260 baht per rai (U.S. $254/Ha) in the case of natural disasters that are covered or 630 baht per rai (U.S. $127/Ha) in the case of pest and disease. The 2021 rice insurance production program will cover 46 million rai, totaled valued of 2.873 thousand million baht.

Figure 1.1.3: Farm-gate Prices of Paddy Rice



Source: Office of Agricultural Economics, Ministry of Agriculture Cooperatives

1.2 Trade

Thai rice exporters are facing a challenging year. Thai rice exports totaled 1.13 million metric tons between January and March 2021, down 23 percent from the same period last year. White and parboiled rice exports saw the largest drops, which declined 14 percent from the same period last year (Table 1.2.1). Shipping container shortages, high transportation costs, and exchange rate fluctuations have hurt Thai rice exports, especially to the United States and Canada, which were down 12 percent from the same period last year to 180,184 tons. Thai rice exports to African markets, however, have increased to 405,682 tons, up 8 percent from the same period last year.

Thai white rice 5 percent broken export prices were U.S. $7-16/MT cheaper than Vietnamese white rice 5 percent broken export prices in April 2021, which could boost the competitiveness for Thai rice exports for the rest of the year (Figure 1.2.1). In addition, lower production and saline intrusion in the Mekong Delta could bolster Thai rice exports. The Ministry of Commerce aims to increase rice exports through government-to-government (G2G) contracts with major rice importing countries such as Indonesia, China, Iraq, and Bangladesh. India, which offers much lower parboiled rice export prices than Thailand and Vietnam, could face a delay in shipments due to the current COVID-19 situation.

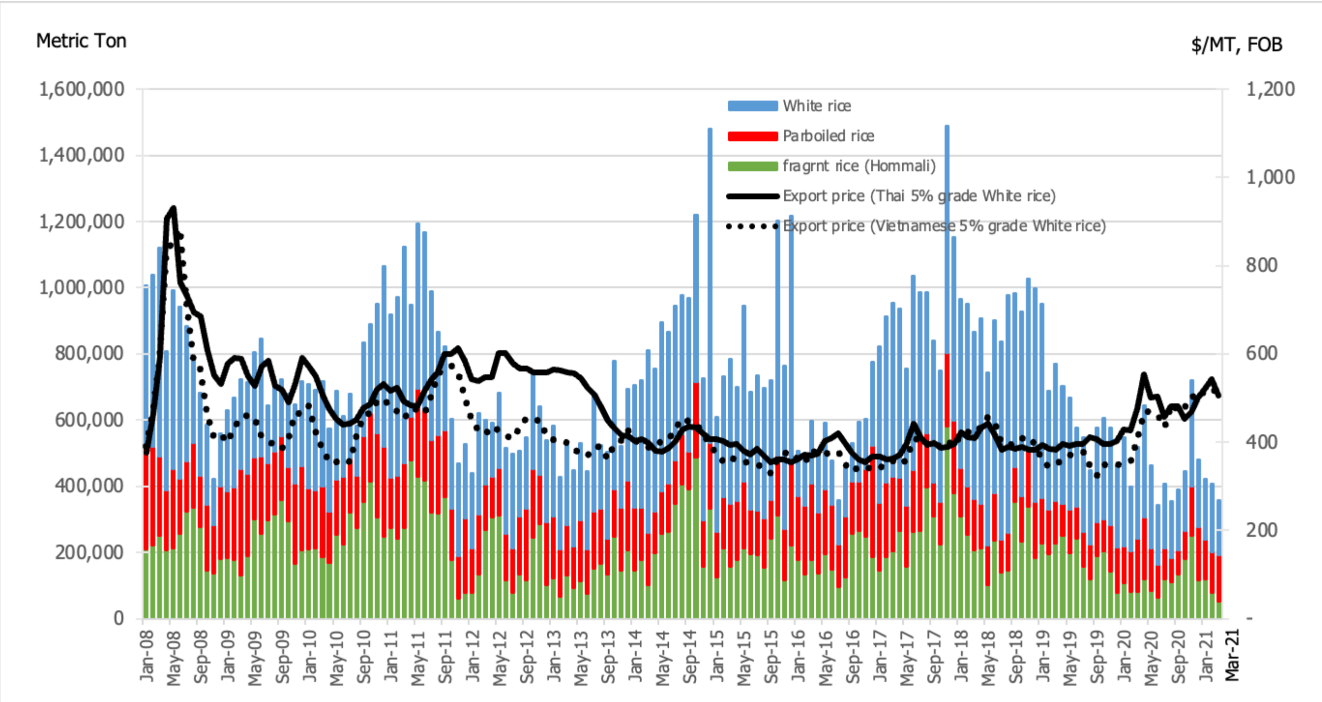
Table: 1.2.1: Thai Rice Exports by Varieties

Unit: Metric Tons

Rice Variety	2016	2017	2018	2019	2020	% change	January - March		
						2020/2019	2020	2021	% change
White Rice	4,819,941	5,082,384	5,927,940	3,213,371	1,984,137	-38.3	587,554	329,723	-43.9
Parboiled Rice	2,149,597	3,380,167	2,801,538	2,230,666	1,441,924	-35.4	271,766	257,269	-5.3
Fragrant Rice	2,497,912	2,694,356	2,116,784	1,924,204	2,022,048	5.1	562,868	486,828	-13.5
Glutinous Rice	438,943	517,425	385,878	215,420	276,568	28.4	47,476	58,129	22.4
Total	9,906,393	11,674,332	11,232,716	7,583,662	5,724,679	-24.5	1,469,664	1,131,944	-23.0

Source: Ministry of Commerce

Figure 1.2.1: Monthly Thai Rice Exports and Prices



Source: Thai Customs Department, and Thai Chamber of Commerce

2. Corn

MY2020/21 off-season corn production is expected to remain unchanged from Post's previous forecast at 5.6 million metric tons. Precipitation was higher than expected in the second half of 2020 that helped support a strong crop. In February 2021, MOAC reported that fall armyworm damaged 60,271.69 rai (9,643 hectares) of off-season corn. Corn farmers, however, applied appropriate treatments measurement to limit the outbreak ensuring that the damage was less than the outbreak in 2018. The reported affected area also included some MY2020/21 off-season corn acreage damaged by thunderstorms in April 2021. Current farm-gate prices of corn are around 8.05-8.15 baht per kilogram (U.S. $250-253/MT), which is lower than the government's guarantee prices of 8.50 baht per kilogram (U.S. $263/MT).

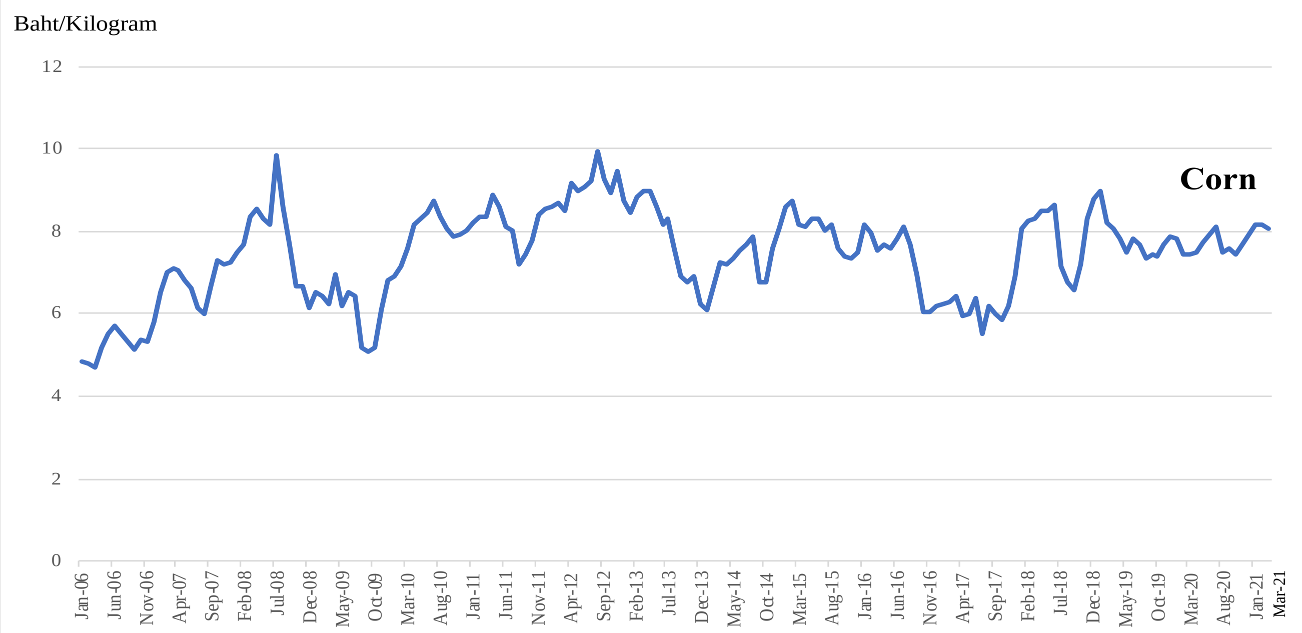
Corn growers in main corn planting regions, (i.e., Nakorn Ratchasima, Phetchabun, and Tak) have started planting the MY2021/22 main corn crop. Main season corn planting areas are expected to increase due to attractive off-season corn prices. Farm-gate corn prices were 8.06-8.15 baht per metric tons between January and March 2021, up 7 to 9 percent from the same period last year. Although domestic corn prices are attractive right now, higher input costs (such as nitrogen fertilizers and treatment for fall armyworm) could reduce the attractiveness of planting corn to some farmers.

The Thai cabinet approved the 2021 main crop corn insurance program on May 11, 2021, which follows the rice scheme for 2021. The premium rates (Tier 1) range between 150 and 550 baht per rai (U.S.

$30-111/Ha). The basic insurance coverage is 1,500 baht per rai (U.S. $302/Ha) in the case of natural disasters that covered or 750 baht per rai (U.S. $151/Ha) in the case of pest and disease. The 2021 corn insurance production program will cover 2.92 million rai, total value of 311 million baht. The program will run until May 31, 2021, for the main corn production and January 31, 2022, for off-season corn production.

Concerns over the COVID-19 outbreak in Thailand and South Asian countries has decreased the demand for food and services in the short term. The Tourism Authority of Thailand expects that the tourism sector will take 5 years to fully recovery. Nevertheless, corn imports totaled 1.1 million metric tons in the first nine months of MY2020/21, up 5 percent from the same period last year. MY2020/21 corn imports are revised up to 1.4 million metric tons due to higher-than-expected imports from Burma. Trade sources reported that Burmese corn supplies are larger than normal due to the temporary closure of border trade between Burma and China. However, total corn imports in MY2020/21 are still 7 percent lower than the previous year due to a bumper crop in Thailand. Thai animal production has been increasing since 2017, with the growth rate of poultry and pork production between 4.0-6.3 percent and 0.4-1.5 percent, respectively. Around 85 percent of MY2020/21 imported corn came from Burma, followed by Cambodia with 12 percent. Imports of corn from ASEAN countries are duty free with unlimited quota from February 1 – August 31.

Figure 2.1: Farm-gate Prices of Corn



Source: Office of Agricultural Economics, Ministry of Agriculture Cooperatives

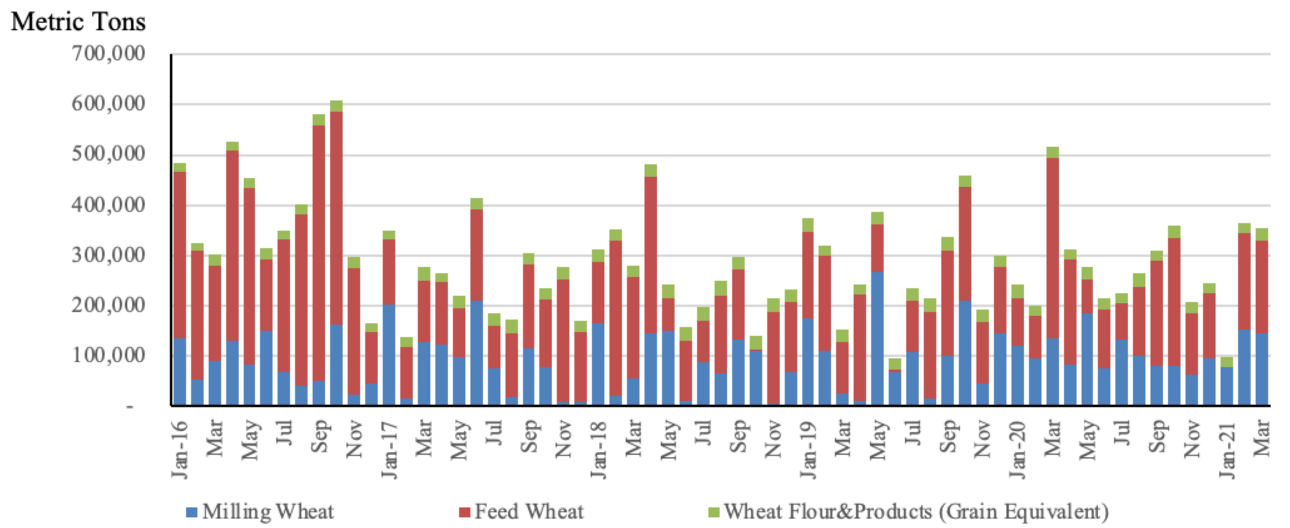
3. Wheat

Wheat imports totaled 2.4 million metric tons in the first nine months of MY2020/21, down 10 percent from the same period in MY2019/20. Wheat grain imports were 2.2 million metric tons, which declined

10 percent from the same period last year (Figure 3.1). Milling wheat imports totaled 0.93 million metric tons, down 4 percent from last year, and feed wheat imports totaled 1.3 million metric tons, down 14 percent from the same period last year. Wheat grain imports in MY2020/21 from Australia increased to 0.34 million metric tons, up 53 percent from the same period in MY2019/20. Australian feed wheat imports saw the largest growths totaling 0.11 million metric tons, up 730 percent from the same period in MY 2019/20. Imports of U.S. wheat, mostly milling wheat, declined to 0.48 million metric tons, down 21 percent from the same period last year.

MY2020/21 wheat imports remain unchanged, down to 3 million metric tons from the previous year. The decline is in both milling wheat and feed wheat due to uncertainty about the government's ban on agricultural pesticides and the diminishing wheat-based food demand. The tourism and restaurant sectors will likely be the hardest hit sectors from the reemergence of COVID-19 in Thailand in early April 2021.

Figure 3.1: Thailand's Monthly Imports of Wheat Grains and Products



Source: Thai Customs Department

Appendix Tables

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

Rice, Milled	**2019/2020**		**2020/2021**		**2021/2022**	
Market Year Begins	**Jan 2020**		**Jan 2021**		**Jan 2022**	
Thailand	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	9890	9890	10395	10395	10500	11095
Beginning Stocks (1000 MT)	4080	4080	3979	5047	4409	5682
Milled Production (1000 MT)	17655	17812	18830	18830	19500	21015
Rough Production (1000 MT)	26750	26988	28530	28530	29545	31841
Milling Rate (.9999) (1000 MT)	6600	6600	6600	6600	6600	6600
MY Imports (1000 MT)	250	250	200	125	200	125
TY Imports (1000 MT)	250	250	200	125	200	125
TY Imp. from U.S. (1000 MT)	2	0	0	0	0	0
Total Supply (1000 MT)	21985	22142	23009	24002	24109	26822
MY Exports (1000 MT)	5706	5725	6000	6700	6500	8700
TY Exports (1000 MT)	5706	5725	6000	6700	6500	8700
Consumption and Residual (1000 MT)	12300	11370	12600	11620	12900	11970
Ending Stocks (1000 MT)	3979	5047	4409	5682	4709	6152
Total Distribution (1000 MT)	21985	22142	23009	24002	24109	26822
Yield (Rough) (MT/HA)	2.7048	2.7288	2.7446	2.7446	2.8138	2.8699

(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 2021/2022 = January 2022 - December 2022

Table 2: Thailand's Rice Production by Crop

	2019/20			2020/2021			2021/2022		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (Million Hectares)									
Cultivation	9.280	1.090	10.370	9.370	1.222	10.592	9.410	1.900	11.310
Harvest	8.805	1.085	9.890	9.185	1.210	10.395	9.220	1.875	11.095
Production (Million Tons)									
Rough	22.410	4.340	26.750	23.530	5.000	28.530	23.659	8.182	31.841
Rice	14.790	2.865	17.655	15.530	3.300	18.830	15.615	5.400	21.015
Yield (Ton/Hectare)	2.545	4.000	2.705	2.562	4.132	2.745	2.566	4.364	2.870

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

Corn	2019/2020		2020/2021		2021/2022	
Market Year Begins	**Jul 2019**		**Jul 2020**		**Jul 2021**	
Thailand	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	1216	1216	1255	1254	1200	1216
Beginning Stocks (1000 MT)	773	773	675	655	745	795
Production (1000 MT)	4500	4480	5600	5610	5400	5500
MY Imports (1000 MT)	1630	1630	1500	1400	1200	1000
TY Imports (1000 MT)	1602	1602	1500	1500	1200	1000
TY Imp. from U.S. (1000 MT)	20	2	0	0	0	0
Total Supply (1000 MT)	6903	6883	7775	7665	7345	7295
MY Exports (1000 MT)	28	28	30	20	20	20
TY Exports (1000 MT)	27	27	30	20	20	20
Feed and Residual (1000 MT)	6100	6100	6900	6750	6750	6500
FSI Consumption (1000 MT)	100	100	100	100	100	100
Total Consumption (1000 MT)	6200	6200	7000	6850	6850	6600
Ending Stocks (1000 MT)	675	655	745	795	475	675
Total Distribution (1000 MT)	6903	6883	7775	7665	7345	7295
Yield (MT/HA)	3.7007	3.6842	4.4622	4.4737	4.5	4.523

(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 2021/2022 = October 2021 - September 2022

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

Wheat	**2019/2020**		**2020/2021**		**2021/2022**	
Market Year Begins	**Jul 2019**		**Jul 2020**		**Jul 2021**	
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)	545	545	990	990	875	890
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	3497	3497	3050	3000	3200	3100
TY Imports (1000 MT)	3497	3497	3050	3000	3200	3100
TY Imp. from U.S. (1000 MT)	805	805	0	600	0	620
Total Supply (1000 MT)	4042	4042	4040	3990	4075	3990
MY Exports (1000 MT)	292	292	310	290	290	290
TY Exports (1000 MT)	292	292	310	290	290	290
Feed and Residual (1000 MT)	1450	1450	1525	1480	1650	1540
FSI Consumption (1000 MT)	1310	1310	1330	1330	1350	1360
Total Consumption (1000 MT)	2760	2760	2855	2810	3000	2900
Ending Stocks (1000 MT)	990	990	875	890	785	800
Total Distribution (1000 MT)	4042	4042	4040	3990	4075	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 2021/2022 = July 2021 - June 2022

End of report.

Attachments:

No Attachments