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Report Name: Grain and Feed Update

Country: Thailand

Post: Bangkok

Report Category: Grain and Feed

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Report Highlights:

Post forecasts MY2021/22 rice production to increase to 21 million metric tons despite flooding. Posts expects Thai rice exports to increase to 5.8 million metric tons in 2021. Posts forecasts MY2021/22 corn production to decline 4 percent from MY2020/21, as corn growers shift to more profitable crops due to high production costs for corn. Posts also forecasts wheat import demand in MY2021/22 to decline to 3.1 million metric tons, down 6 percent from MY2020/21 due to the prolonged outbreak of COVID-19.

Executive summary

FAS/Bangkok (Post) forecasts marketing year (MY) 2021/22 rice production remains unchanged at 21 million metric tons (MMT). Favorable weather conditions during the reproductive growth stage helped rice production recover after suffering drought over the past two years. The dry spell between June and mid-July 2021, and flash floods caused by tropical storms in September and October 2021, will result in marginal damage on main-crop rice production. The weakening of the Thai baht against the U.S. dollar in the third quarter of 2021 helped make Thai rice more competitive in the global market. However, Thai rice exporters still face container shortages. Regardless, Post's forecast for rice exports remains unchanged at 5.8 MMT in 2021, up around 2 percent from the previous year.

Post's forecast for MY 2021/22 corn production remains unchanged at 5.3 MMT, down 4 percent from the MY 2020/21. Decrease in main-crop corn acreage and strong demand from domestic livestock production drove up domestic prices of corn. Less attractive prices during the early planting period for main-crop corn encouraged farmers to shift from corn to other more profitable crops such as cassava and sugar cane. Representatives from the National Farmers Council and the Thai Rice Association proposed that feed mills consider utilizing more paddy rice for feed to help absorb the current surplus in paddy rice.

Post's forecast for MY 2021/22 wheat import remains unchanged at 3.1 MMT. This is a 6 percent reduction from MY 2020/21, following reduced imports of milling and feed wheat due to the prolonged outbreak of COVID-19 and high import prices of feed wheat, which increased 39 percent from the 2020 average feed wheat price.

1. Rice

1.1 Production

Post's forecast for MY 2021/22 rice production remains unchanged at 21 MMT. This is an 11 percent increase from MY 2020/21 due to increased main-rice production and an expected recovery in off-season rice production (Figure 1.1.1). Marketing year 2020/21 main-rice crop in non-irrigated areas, which accounts for approximately 75 percent of total main-rice crop acreage, is currently in the ripening growth stage. Farmers will harvest non-irrigated main-rice crop in late October through early November 2021 and expect average yield to be well above last year due to more favorable weather conditions during the reproductive growth stage (Figure 1.1.2 and 1.1.3). Posts expects MY 2020/21 main-rice production to increase to 15.6 MMT, up one percent as higher average yields will likely more than offset the minimal flood damage that happened in September and October 2021. The Ministry of Agriculture and Cooperatives (MOAC) reported that flash floods caused by heavy rains from three tropical storms, including CONSON (September 11-13), Dian Mu (September 24-26), and Kompasu (October 14-15), affected 3,619,968 rai (579,195 hectares) of MY 2021/22 main-rice crop acreage, particularly in the central plains, the lower northern region, and the northeastern region. However, MOAC expected marginal damage from flash floods, totaling 50,439 rai (8,071 hectares), mostly along the river basin. In addition, the dry spell between June and mid-July 2021 reportedly caused marginal damage to main-crop rice planted between April and May 2021.

Figure 1.1.1: Thailand’s Annual Rice Acreage and Production

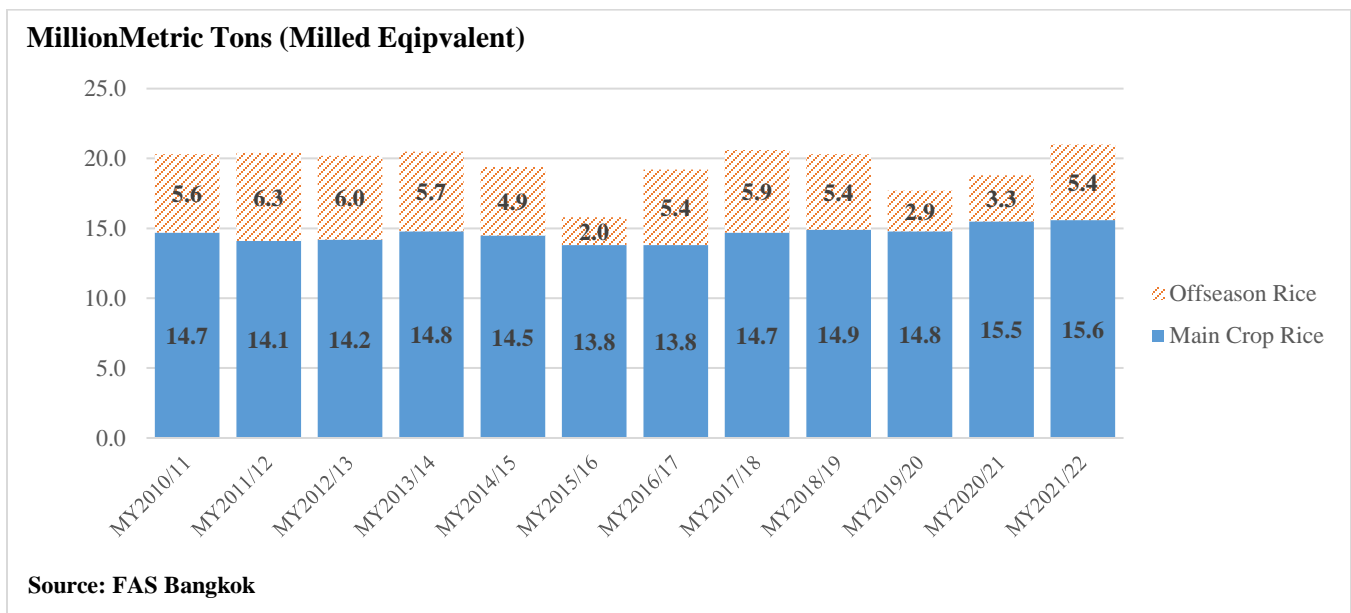
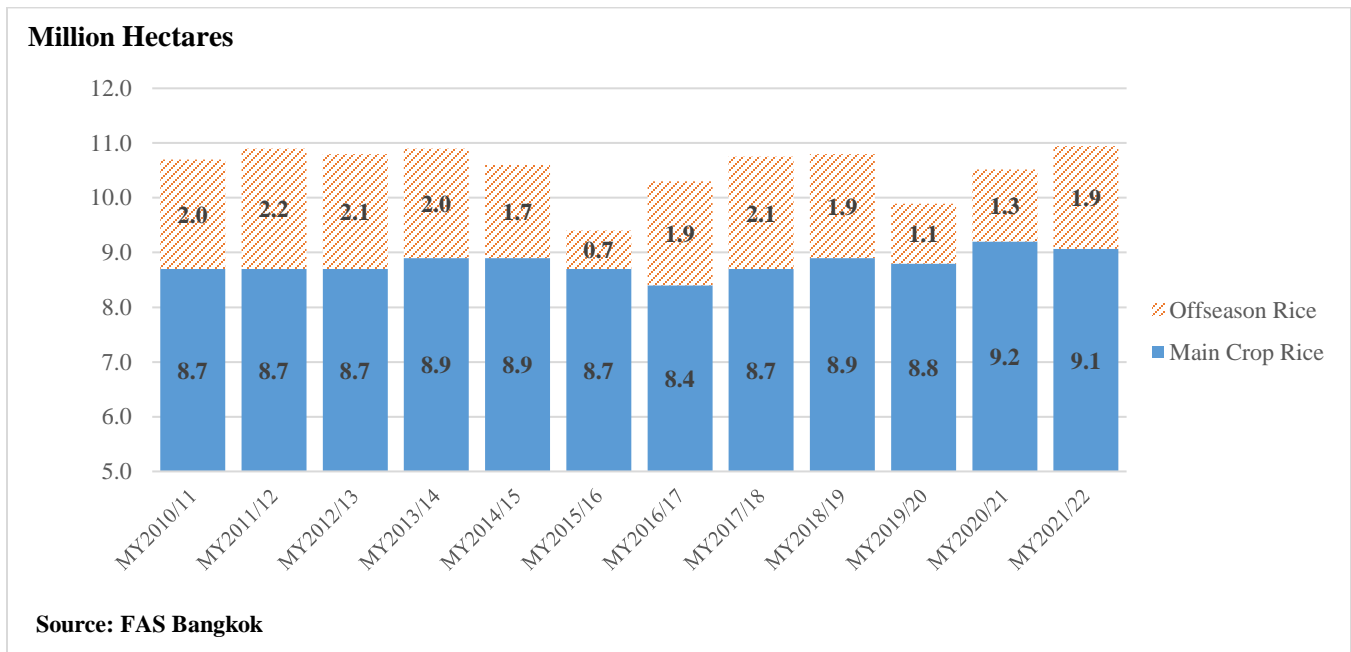


Figure 1.1.2: Cumulative Precipitation between January 1 - October 10, 2021

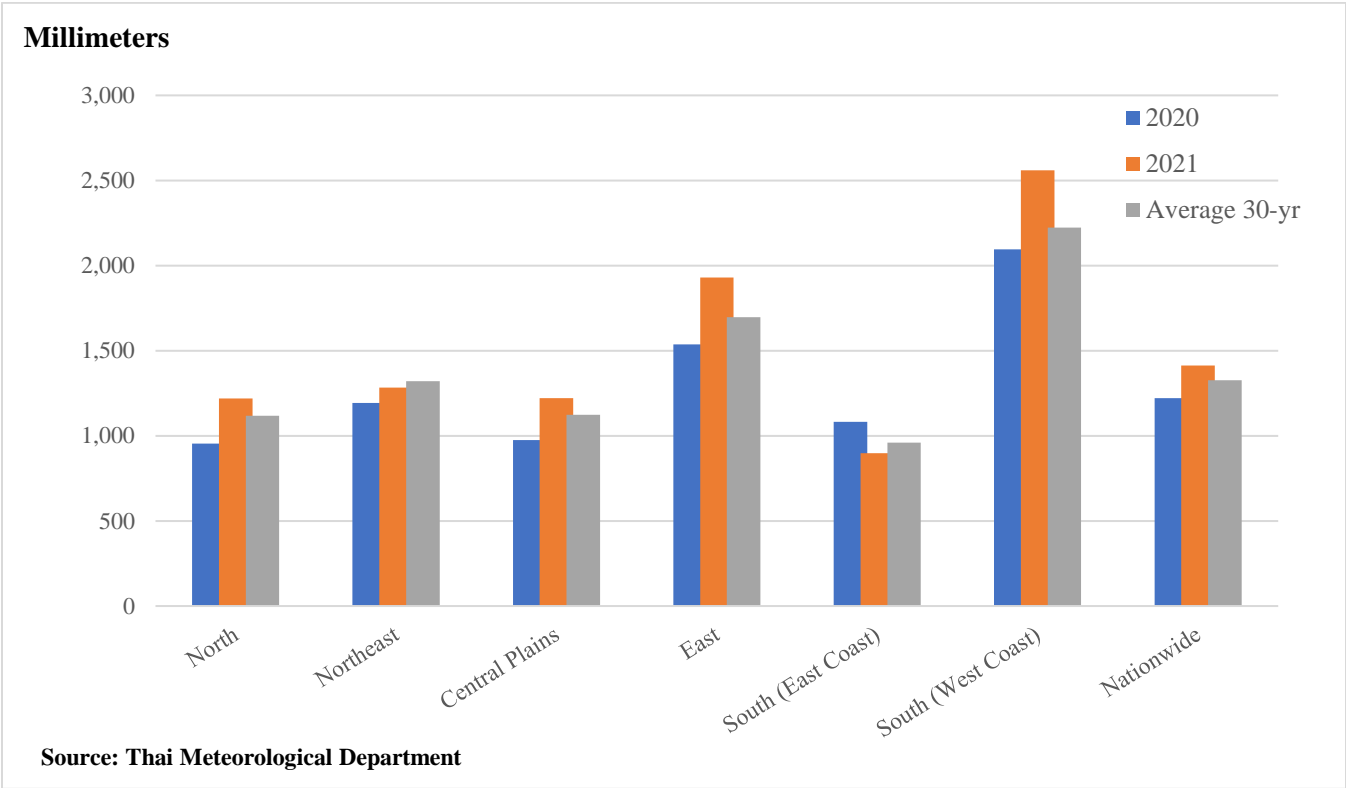
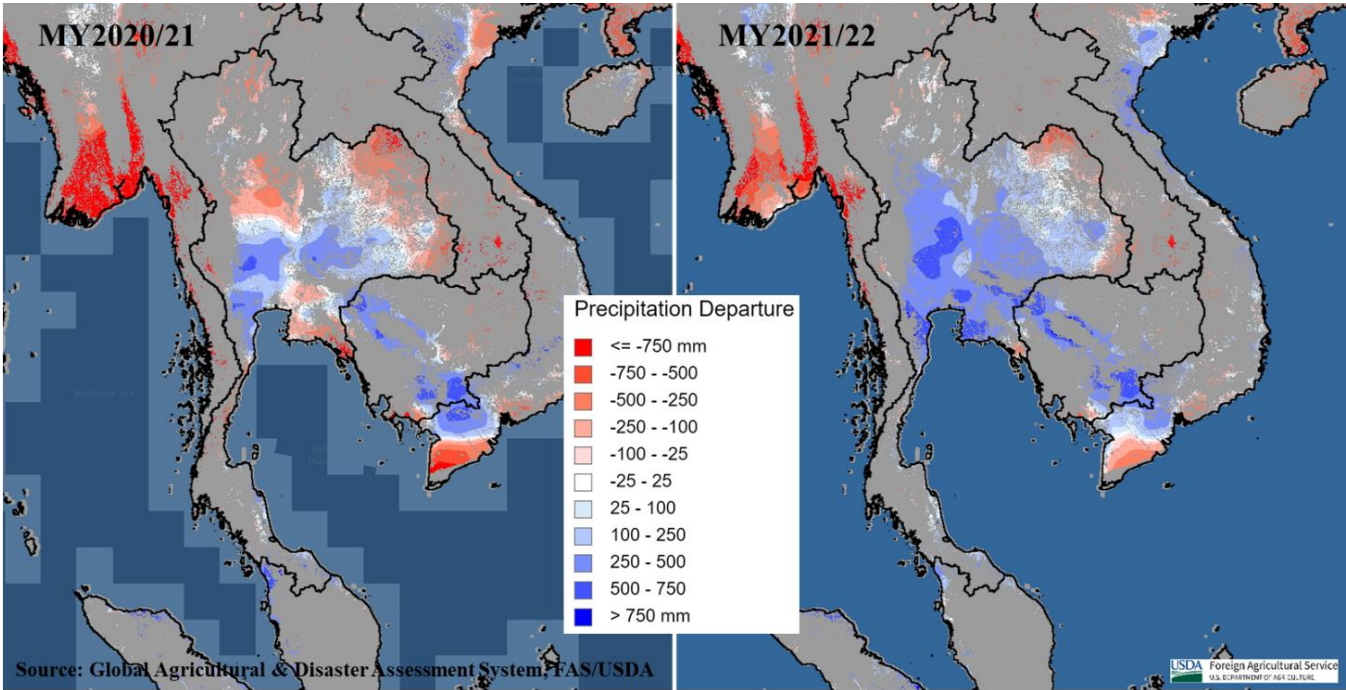
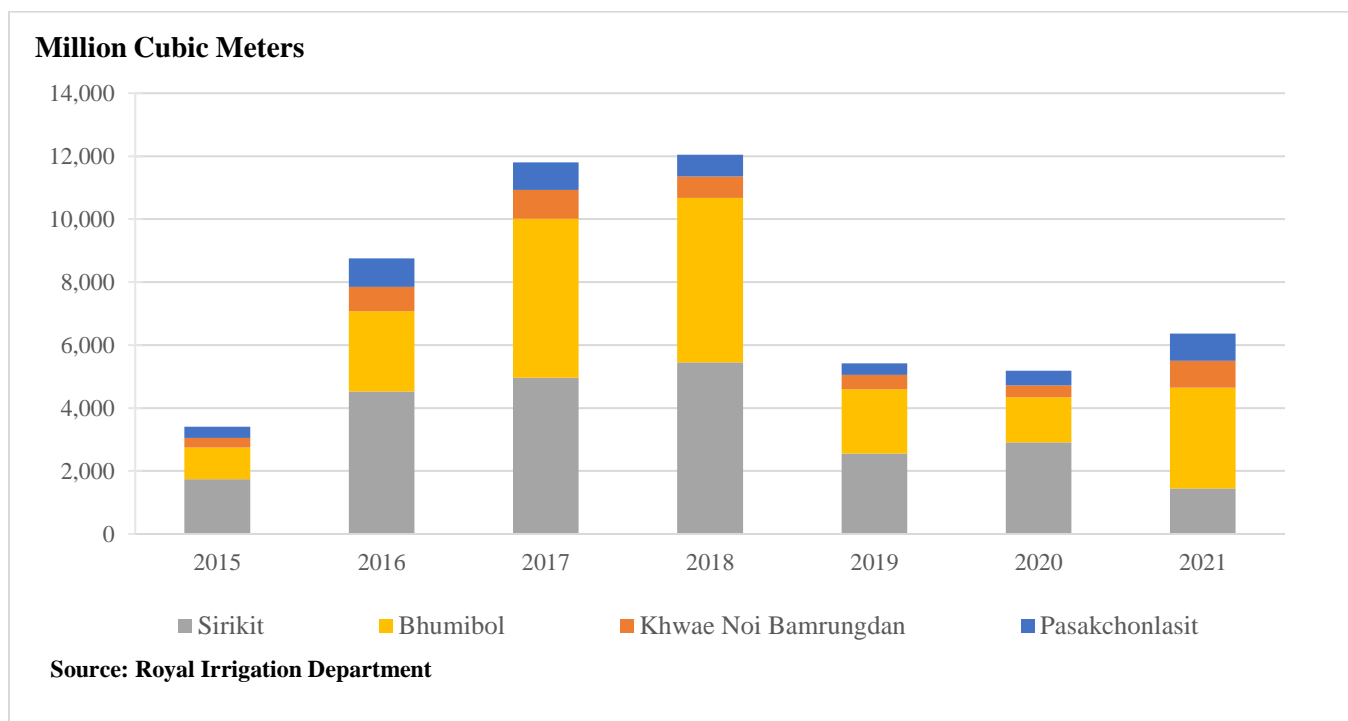


Figure 1.1.3: Precipitation Anomaly in Main-Crop Rice Planting Areas, April – September



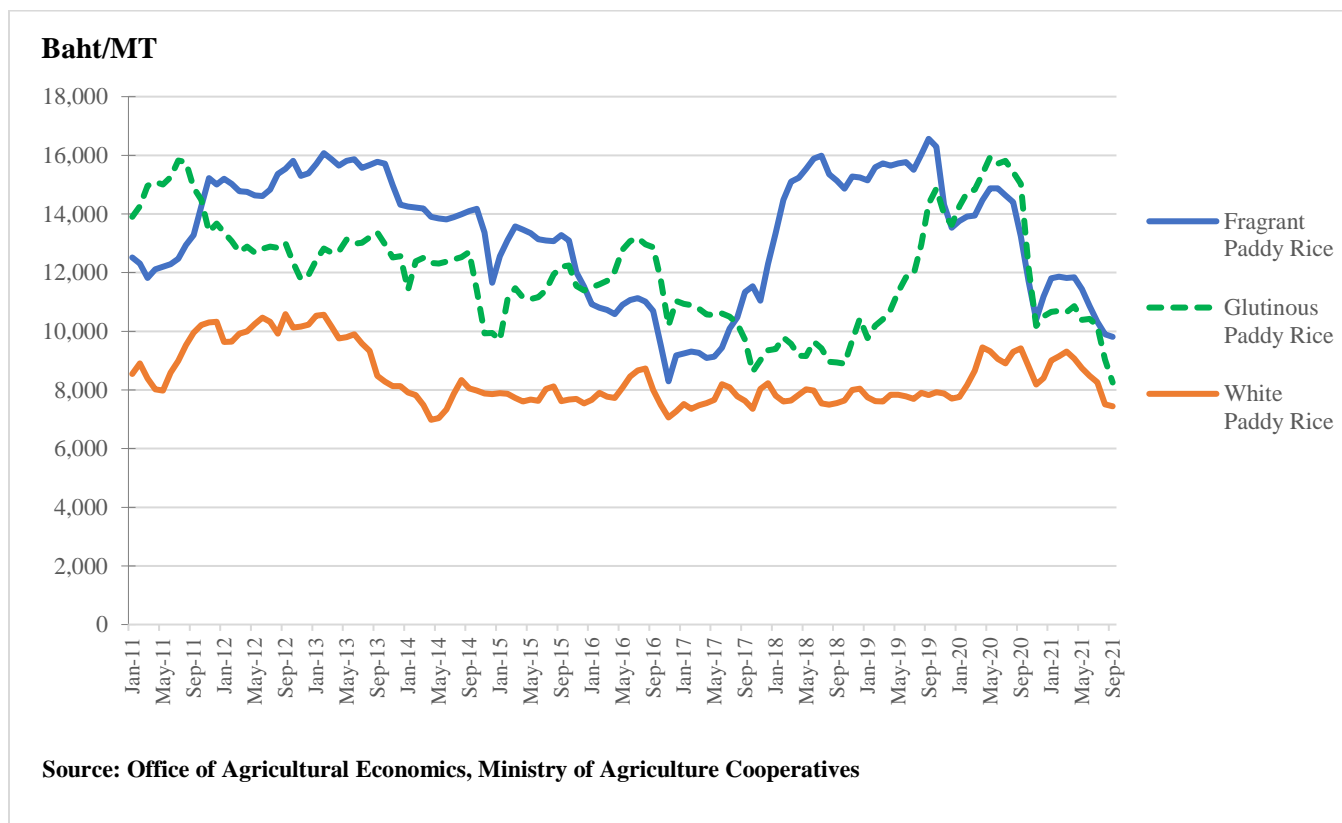
Tropical storms increased water supplies in major reservoirs in the northern region to 6,779 million cubic meters, which accounts for 37 percent of their total capacity, up 26 percent compared to 5,398 million cubic meters from the same period last year (Figure 1.1.4). Off-season rice planting requires roughly 12,000 million cubic meters. Marketing year 2021/22 off-season rice production is expected to increase to 5.4 MMT, up 62 percent from MY 2020/21. Flooding in already harvested fields in the central plains, a major off-season rice growing area, will help reduce the need for water for off-season rice production. Farmers expect to begin MY 2021/22 off-season rice planting after the water recedes to a certain level in November 2021.

Figure 1.1.4: Water Supply in the Northern Region and the Central Plains as of October 10, 2021



Farm-gate prices of paddy rice trended downward between January and September 2021. Prices of fragrant and glutinous paddy rice fell significantly in September 2021. Glutinous paddy rice price fell the most to 10,185 baht per metric ton (\$302/MT), down more than 33 percent from the same period last year (Figure 1.1.5). Fragrant paddy rice prices declined to 9,813 baht per metric ton (\$291/MT), down 22 percent from the same period last year. The recovery in fragrant and glutinous rice production in MY 2020/21, as well as current large inventories of old-crop rice caused by a slowdown in domestic and foreign demand, put downward pressure on rice prices.

Figure 1.1.5: Monthly Farm-Gate Prices of Paddy Rice by Varieties



1.2 Trade

Post’s forecast for Thai rice exports in 2021 remains unchanged at 5.8 MMT. This is a 2 percent increase from 2020. Thai rice exporters are optimistic for the rest of 2021 and into 2022 due to current inquiries from foreign buyers following reduced rice exports during the first half of 2021. Thai rice exports between January and August 2021 totaled 3.2 MMT, down 14 percent from the same period last year (Table 1.2.1). White and fragrant rice exports saw the largest drops, declining 15 and 25 percent, respectively, from the same period last year. However, Thai rice exports between June and August 2021 increased 26 percent from the same period last year. Thai rice export prices have become more attractive than Vietnamese rice, driven by the weakening of the Thai baht.

The gradual weakening of the Thai baht against the U.S. dollar from 29.84 baht/\$1.00 in January 2021 to 32.86 baht/\$1.00 in September 2021 made Thai rice more affordable to foreign buyers. Average Thai white rice export prices between January and August 2021 were \$11/MT cheaper than Vietnamese white rice, while export prices of Indian parboiled rice were \$80-85/MT cheaper than Thai rice. Export prices of 5 percent grade Thai white rice in August 2021 declined to \$387/MT, down 26 percent from \$520/MT in January 2021. This is a 19 percent reduction from Thai rice prices in August 2020 (\$478/MT). Export prices of Thai fragrant Hom Mali between January and August 2021 also declined 28 percent from the same period last year. However, Thai rice exporters still face challenges in shipping container shortages and higher transportation costs, especially shipments destined to the United States and

Europe. The top 5 destinations for Thai rice were South Africa, the United States, China, Japan, and Cameroon, accounting for 45 percent of all rice exports.

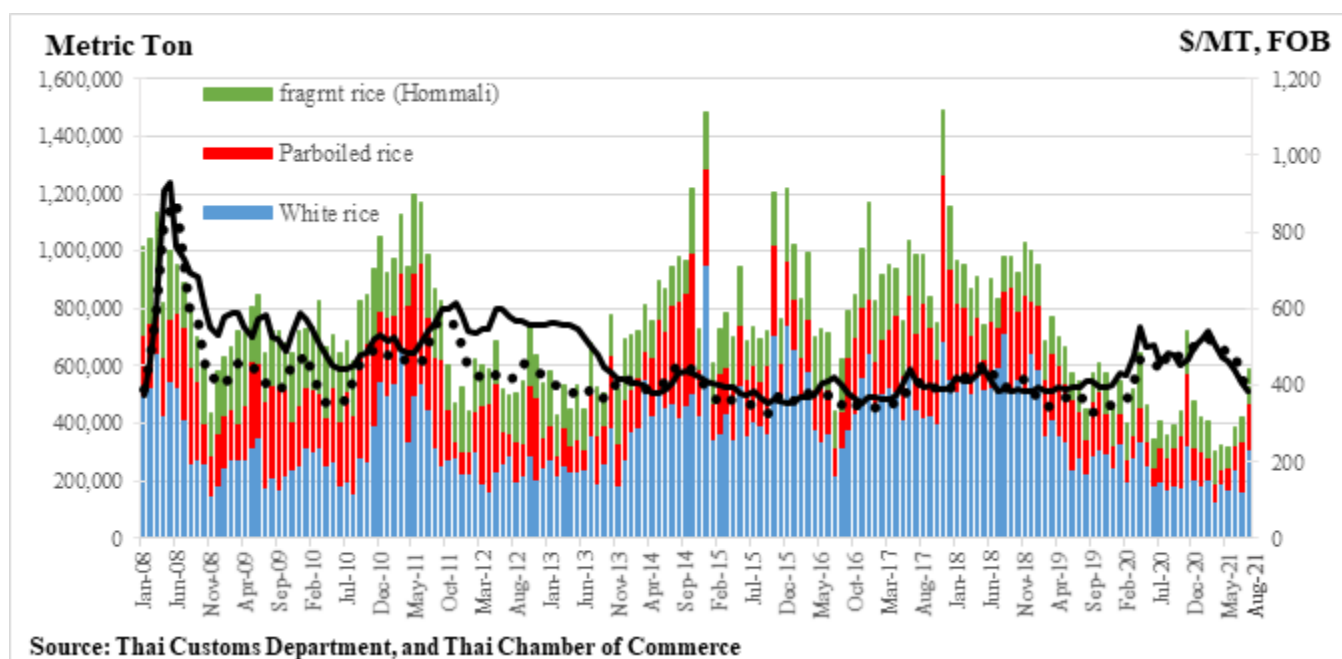
Table: 1.2.1: Thai Rice Exports by Varieties

Unit: Metric Tons

Rice Variety	2016	2017	2018	2019	2020	% Change 19-20	January - August		
							2020	2021	% Change
White Rice	4,819,941	5,082,384	5,927,940	3,213,371	1,984,107	-38.3	1,361,603	1,152,915	-15.3
Parboiled Rice	2,149,597	3,380,167	2,801,538	2,230,666	1,451,285	-34.9	774,022	809,769	4.6
Fragrant Rice	2,497,912	2,694,356	2,116,784	1,924,204	2,022,065	5.1	1,406,414	1,055,464	-25.0
Glutinous Rice	438,943	517,425	385,878	215,420	276,567	28.4	154,714	160,742	3.9
Total	9,906,393	11,674,332	11,232,716	7,583,662	5,734,024	-24.4	3,679,754	3,178,887	-13.6

Source: Ministry of Commerce

Figure 1.2.1: Monthly Thai Rice Exports and Prices



1.3 Stocks

Post forecasts rice ending stocks in 2021 to be 5.5 MMT, which is well above the typical carry-over stocks of 3-4 months' supply. Almost all the rice stocks are private stocks. Rice millers are reportedly holding large inventories of fragrant rice due to shrinking domestic and export sales caused by the prolonged outbreaks of COVID-19 domestically and globally.

1.4 Policy

The Thai Cabinet approved the MY 2021/22 paddy rice price guarantee program and other market supporting programs with a budget of 18 billion baht (\$592 million) on October 25, 2021, which has the same criteria as the MY 2020/21 programs. The Bank for Agriculture and Agricultural Cooperatives

(BAAC) announced a debt moratorium package and no interest for 12 months to help farmers affected by floods. Additionally, the BAAC will provide emergency loans with the maximum limit of 50,000 baht per person (\$1,645) with a repayment period of three years and the first six months interest-free. MOAC has proposed to provide additional assistance to rice farmers affected by floods with a payment of 1,340 baht per rai (\$252 per hectare) with a maximum of 30 rai (4.8 hectares) per household. The Cabinet, however, has not approved this additional assistance yet.

2. Corn

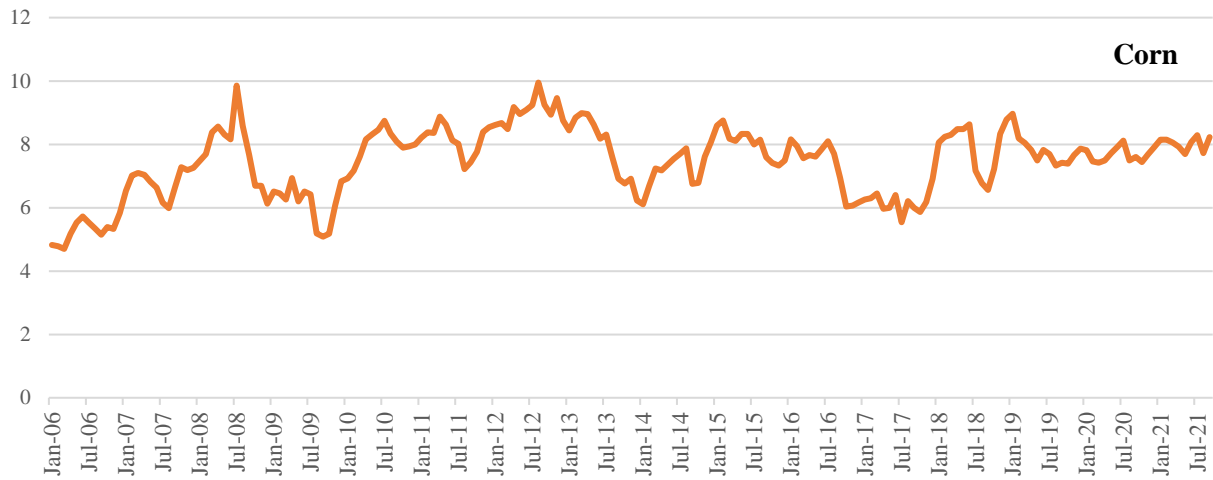
Post's forecast for MY 2021/22 corn production remains unchanged at 5.3 MMT, which is a 4 percent decrease from MY 2020/21. Average farm-gate prices of corn between January and September 2021 were around 8.03 baht/kilogram (\$264/MT), up 5 percent from the same period last year (Figure 2.1). A decrease in main-crop corn acreage and strong demand from domestic livestock production drove up domestic prices of corn. Corn prices were up 8 percent in September 2021 when compared to September 2020. Anticipated weaker returns compared to other field crops during planting season encouraged farmers to plant less corn and switch to other crops, such as cassava. Imported prices of feed wheat and alternative ingredients also surged in Thailand as prices increased globally. Corn imports totaled 1.92 MMT in MY 2020/21, up 18 percent from the same period last year (Figure 2.2).

Around 98 percent of MY 2020/21 imported corn came from Burma. Imports of corn from ASEAN countries are duty free with unlimited quota between February 1 and August 31. In addition, border trade between China and Burma remains closed due to the Chinese government's stringent controls of COVID-19.

Representatives from the National Farmers Council and the Thai Rice Association proposed that Thai feed mills consider utilizing paddy rice for feed to help absorb the current surplus of paddy rice. Domestic broken rice prices in August 2021 were 15 percent lower than prices in January 2021. The Thai Cabinet approved the MY 2021/22 corn price guarantee program and other market supporting programs with a budget of 45 million baht (\$1.5 million) on October 25, 2021, with a guaranteed price at 8.5 baht/kilogram (\$280/MT) with a maximum of 30 rai (4.8 hectares) per household.

Figure 2.1: Farm-Gate Prices of Corn

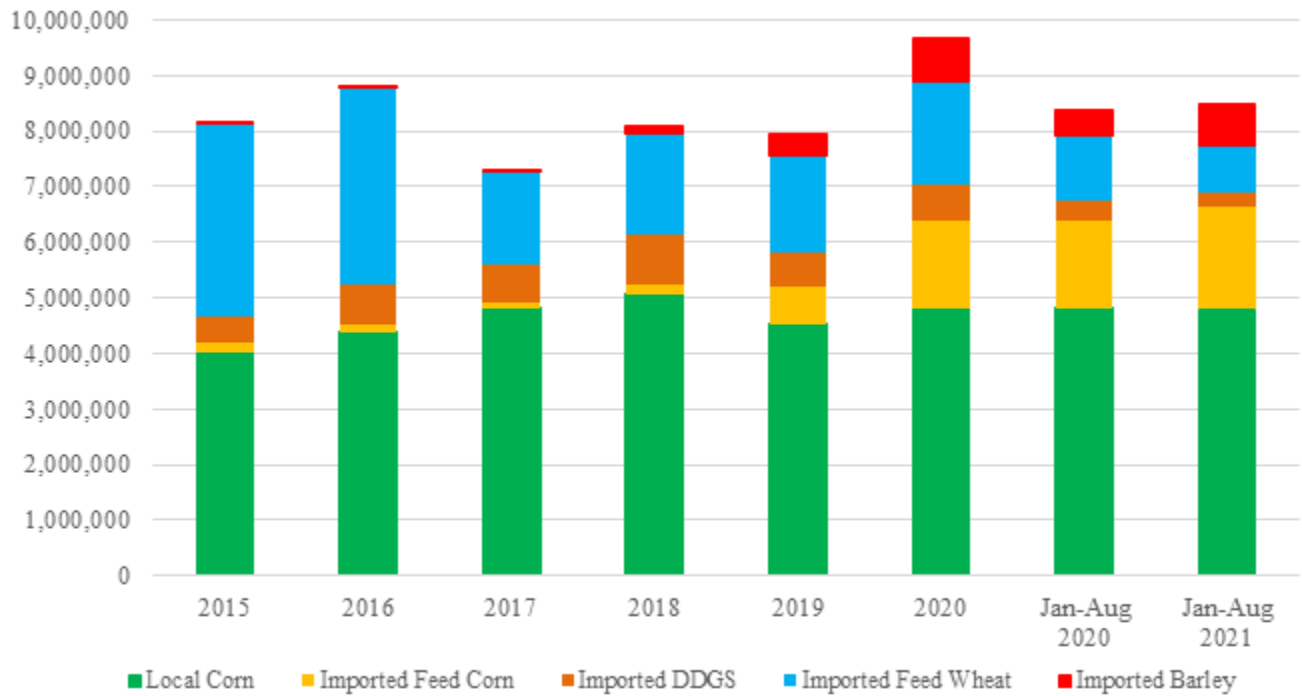
Baht/Kilogram



Source: Office of Agricultural Economics, Ministry of Agriculture Cooperatives

Figure 2.2: Thailand's Imported Feed Grains

Metric Ton

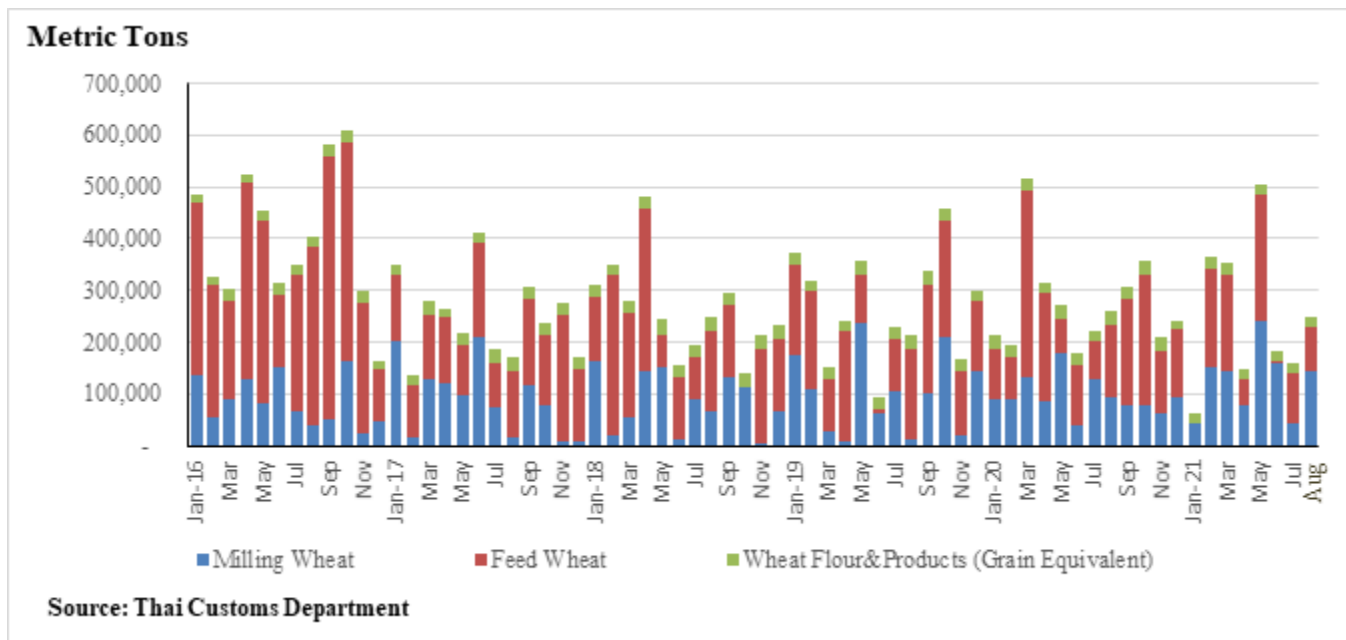


Source: Thai Customs Department

3. Wheat

Post’s forecast of MY 2021/22 wheat imports remains at 3.1 MMT, down 6 percent from MY 2020/21. In the first two months of MY 2021/22, wheat imports totaled 410,465 MT, down 16 percent from the same period last year. Feed wheat imports totaled 185,481 MT, a 12 percent reduction from the same period last year. Milling wheat imports also declined 17 percent from the same period last year. In September 2021, imported feed wheat prices were at 10.29 baht/kilogram (\$313/MT), up 39 percent from the average price in 2020. The upward trend of global wheat prices and increased shipping costs due to shipping container shortages reduced demand for wheat in Thailand. In addition, flour mills had built up large inventories since MY 2019/20. The domestic demand for bakery items is also reportedly lower than expected due to the slow economic recovery. The Bank of Thailand revised down the economic growth in 2021 to 0.7 percent from the previous forecast of 1.8 percent. The government’s latest forecast for the economic growth in 2022 remains unchanged at 3.9 percent.

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



Appendix Tables

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

Rice, Milled Market Year Begins Thailand	2019/2020		2020/2021		2021/2022	
	Jan 2020		Jan 2021		Jan 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	9890	9890	10509	10509	10500	10945
Beginning Stocks (1000 MT)	4080	4080	3979	4890	4742	5458
Milled Production (1000 MT)	17655	17655	18863	18863	19500	21007
Rough Production (1000 MT)	26750	26750	28580	28580	29545	31829
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	21985	23042	23878	24442	26590
MY Exports (1000 MT)	5706	5725	5600	5800	6500	8000
TY Exports (1000 MT)	5706	5725	5600	5800	6500	8000
Consumption and Residual (1000 MT)	12300	11370	12700	12620	13000	12970
Ending Stocks (1000 MT)	3979	4890	4742	5458	4942	5620
Total Distribution (1000 MT)	21985	21985	23042	23878	24442	26590
Yield (Rough) (MT/HA)	2.7048	2.7048	2.7196	2.7196	2.8138	2.9081

(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	1.354	10.724	9.370	1.900	11.270
Harvest	8.805	1.085	9.890	9.185	1.324	10.509	9.070	1.875	10.945
Production (Million Tons)									
Rough	22.410	4.340	26.750	23.530	5.050	28.580	23.659	8.170	31.829
Rice	14.790	2.865	17.655	15.530	3.333	18.863	15.615	5.392	21.007
Yield (Ton/Hectare)	2.545	4.000	2.705	2.562	3.814	2.720	2.608	4.357	2.908

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

Corn Market Year Begins Thailand	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1215	1216	1255	1254	1200	1200
Beginning Stocks (1000 MT)	773	773	675	655	841	1170
Production (1000 MT)	4500	4480	5600	5500	5300	5300
MY Imports (1000 MT)	1630	1630	1921	1921	1600	1600
TY Imports (1000 MT)	1602	1602	1900	1900	1600	1600
TY Imp. from U.S. (1000 MT)	20	2	0	0	0	0
Total Supply (1000 MT)	6903	6883	8196	8076	7741	8070
MY Exports (1000 MT)	28	28	55	56	20	60
TY Exports (1000 MT)	27	27	55	56	20	60
Feed and Residual (1000 MT)	6100	6100	7200	6750	7100	6900
FSI Consumption (1000 MT)	100	100	100	100	100	100
Total Consumption (1000 MT)	6200	6200	7300	6850	7200	7000
Ending Stocks (1000 MT)	675	655	841	1170	521	1010
Total Distribution (1000 MT)	6903	6883	8196	8076	7741	8070
Yield (MT/HA)	3.7037	3.6842	4.4622	4.386	4.4167	4.4167

(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 Distribution

Wheat Market Year Begins Thailand	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	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)	595	595	744	594	759	629
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	3501	3501	3306	3306	3300	3100
TY Imports (1000 MT)	3501	3501	3306	3306	3300	3100
TY Imp. from U.S. (1000 MT)	785	785	759	759	0	0
Total Supply (1000 MT)	4096	4096	4050	3900	4059	3729
MY Exports (1000 MT)	292	292	311	311	290	290
TY Exports (1000 MT)	292	292	311	311	290	290
Feed and Residual (1000 MT)	1750	1900	1650	1600	1750	1650
FSI Consumption (1000 MT)	1310	1310	1330	1360	1350	1360
Total Consumption (1000 MT)	3060	3210	2980	2960	3100	3010
Ending Stocks (1000 MT)	744	594	759	629	669	429
Total Distribution (1000 MT)	4096	4096	4050	3900	4059	3729
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

F

Attachments:

No Attachments