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Prepared By: Thanh Vo

Approved By: Megan Francic

Report Highlights:

In calendar year (CY) 2019, Post reduced estimates for feed demand to 26.8 million metric tons (MMT) and forecasts stagnant feed demand in CY2020 due to the impacts of African swine fever (ASF). Post revised estimates for wheat demand to 3.6MMT, higher than the USDA official number, in marketing year 2019/2020 (MY19/20), and forecasts demand at 3.8MMT in MY20/21, on slight increases for both milling and feed wheat (mainly for aquaculture feed). Post revised estimates for corn demand to 14.0MMT in MY19/20, lower than the USDA official number, on ASF and forecasts demand at 14.3MMT in MY20/21. Post revised estimates for paddy production to 43.8MMT in MY19/20 (27.4MMT milled equivalent), lower than the USDA official number, and forecasts production at 44.0MMT in MY20/21 (27.5MMT milled equivalent).

SITUATION AND OUTLOOK

Vietnam continues to be one of the world's top per capita consumers of pork, ranking third in Asia after China and Korea, according to the OECD.[1] The country's hog industry has developed rapidly since the 1990s to meet this demand and is the key driver of the local feed industry. After the swine price crash crisis in calendar year (CY) 2017, small and medium farms took time to rebound, while larger companies following an integrated business model (feed- farm- food, or "3F") took advantage of cost-effective supply chains and either expanded their presence or entered the market. The recovery of the sector was clearly seen in CY2018. According to the Vietnam Ministry of Agriculture and Rural Development (MARD), commercial farming of livestock and poultry was estimated at 40 percent and 48 percent, respectively.

However, African swine fever (ASF), which hit the northern provinces of Vietnam in February 2019 and spread to the southern provinces in May 2019, has significantly affected the livestock industry. Its impacts include:

- Accelerated disappearance of many small and household swine farms;
- Continued expansion of integrated "3F" businesses;
- Expansion of poultry and aquaculture production;
- Changes in Vietnamese consumption patterns, including consumers increasing shopping in modern retail chains and adjusting protein sources in their diets;
- Increasing imports of meat and poultry products to offset falling local pork production.

The abovementioned dynamics in the livestock industry led to contraction of the Vietnamese feed industry in CY2019. Post forecasts that the feed market will remain stagnant in CY2020 due to the risk of ASF recurrence.

Vietnam Feed Industry Summary

Table 1: Vietnam Feed Demand CY2019-2021 (Unit: MT)

	CY 2019	CY 2020	CY 2021
Animal Feed	20,070,119	19,937,538	20,909,158
Aquaculture Feed	6,774,600	6,893,040	7,012,135
Total	**26,844,719**	**26,830,578**	**27,921,293**

Source: Post's estimate

The Vietnam General Statistics Office (GSO) estimates that the production of beef, poultry, and aquaculture in CY2019 increased by 4.4 percent, 16.5 percent, and 6.5 percent, respectively, over the previous year, but pork production fell by 13.8 percent (live weight). Post estimates a higher drop in pork production of 20 percent in CY2019. With the increasing production of beef, poultry, and aquaculture offsetting falling pork production, Post estimates that the total feed demand in Vietnam fell by 10-11 percent to 26.8 million metric tons (MMT) in CY2019, of which 20.1MMT was for animal feed and 6.8MMT for aquaculture feed (Table 1).

[1] https://data.oecd.org/agroutput/meat-consumption.htm

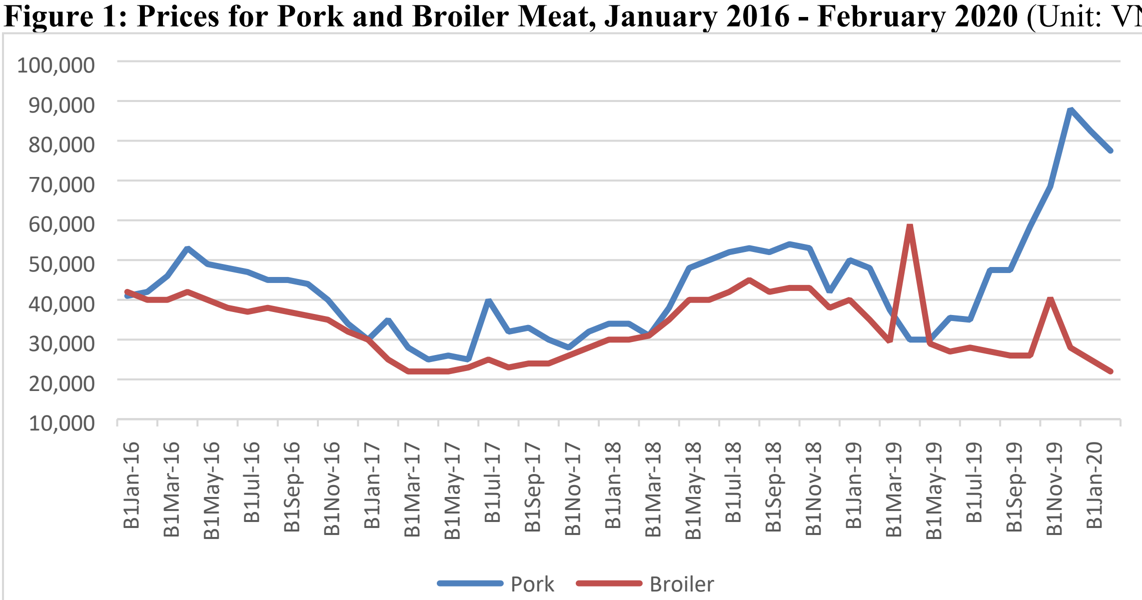
In CY2019, pork prices have fluctuated, subject to various factors (Figure 1). Right after the first ASF outbreak confirmation, panicked consumers immediately reduced pork consumption, causing the live weight prices to drop dramatically in March. In May, prices began to rebound due to concerns of short supply of pork meat and products. Beginning in August, cross-border trade with China was reportedly strong due to the large gap in prices between China and Vietnam, leading to a constant increase of local pork prices to a five-year peak before Tet (Lunar New Year) in January 2020. Reduced demand for pork after Tet and the temporary border closure with China in February 2020 due to COVID-19 have recently taken pressure off of local pork prices, which are still very high compared to the previous year. At these profitable prices, farmers are motivated to restart their businesses and commercial farms to rebuild their pig herds using good biosecurity practices in light of the possibility of ASF recurrence.

Last year, Post observed changes in the pork retail market, including the emergence of chilled pork products which were marketed as "clean and safe" by integrated 3F companies. Post observed consumers changing their shopping patterns by spending more for meat products at modern retail shops due to food safety concerns. Previously, chilled products were thought of as inferior to "warm" meat purchased at wet markets.

As 35-40 percent of Vietnam's total sow population was reportedly lost to ASF in CY2019 and ASF recurrence risk remains considerable despite ongoing repopulation efforts, Post forecasts a further decline in pork production of 5-6 percent in CY2020. Post also forecasts that the number of sows will be rebuilt gradually by the end of the year.

In reaction to the pork supply shortage, poultry production grew rapidly as existing poultry farms scaled-up and a number of pig farms switched to poultry. Industry reported that this has led to an "excess supply" of poultry meat in recent months. In February 2020, broiler prices decreased to their lowest point in the past two years, with some individual farms reporting only VND12,000/kg versus production costs of VND25,000/kg (Figure 1). Therefore, Post forecasts that poultry production will remain stagnant in CY2020.

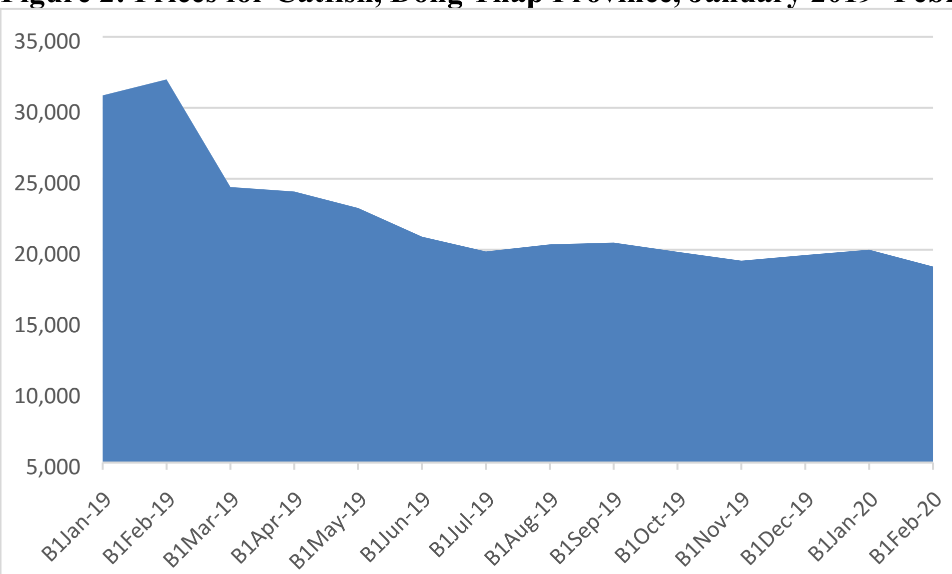
Figure 1: Prices for Pork and Broiler Meat, January 2016 - February 2020 (Unit: VND/kg)



Source: US Grain Council Representative Office in Vietnam

Although aquaculture also saw expansion in CY2019, overall seafood exports were down by 3 percent in value to $8.54 billion compared to the previous year, according to Vietnam Customs. CY2019 exports of catfish and shrimp were approximately $2.0 billion and $3.4 billion, respectively, down 10 percent and 4 percent from the previous year. COVID-19 has added additional downward pressure on catfish prices, which had already been affected by declining demand from major markets last year. According to statistics of the Vietnam Association of Seafood Exporters and Producers (VASEP), catfish farm-gate prices in February 2020 fluctuated around $0.82/kg, 42 percent lower than the previous year (Figure 2). The low prices may discourage catfish production expansion in CY2020. As a result, Post forecasts that aquaculture production will grow slightly, at 2 percent, in CY 2020.

Figure 2: Prices for Catfish, Dong Thap Province, January 2019- February 2020 (Unit: VND/kg)



Source: VASEP

In total, Post forecasts that feed demand in Vietnam will remain stagnant in CY2020 at 26.8MMT, of which animal feed is 19.9MMT versus 6.9MMT for aquaculture feed.

The Vietnam feed industry continues to heavily rely on imported ingredients – approximately 65-70 percent of feed ingredients are imported (Table 2). While the local rice bran and broken rice supply is abundant as Vietnam’s rice production remains stable, corn production has seen a slight downtrend and cassava feed stock has faced competition from increasing demand for exports, local industrial production, and the biofuel industry. Based on Vietnam Customs statistics, Vietnam exported 2.5MMT of cassava and cassava products in CY2019, a 4 percent increase from the previous year, with the Chinese market accounting for 89 percent of the total export value. Therefore, the feed industry will continue to rely more on imported ingredients to substitute for the declining supply of corn and cassava.

Table 2: Vietnam Feed Ingredients Demand CY2019-2021 (Unit: MT)

Year	**CY 2019**	**CY 2020**	**CY 2021**
Imports (*)	**18,426,740**	**18,419,812**	**19,288,759**
Soybean Meal	5,873,486	5,890,757	6,093,951
Corn	7,835,827	7,516,930	8,032,320
DDGS	1,003,506	996,877	1,045,458
Feed wheat	1,300,000	1,600,000	1,600,000
Other meal/bran	1,291,097	1,297,373	1,351,903
Others (MBM, FM, etc.)	1,122,824	1,117,874	1,165,127
Local Supply	**8,417,979**	**8,410,767**	**8,632,534**
Corn	3,000,000	3,000,000	3,000,000
Rice bran, broken rice	4,803,300	4,799,570	4,994,708
Cassava	614,679	611,197	637,826
Total	**26,844,719**	**26,830,578**	**27,921,293**

(*) Including local crush from imported beans
Source: Post's estimate

WHEAT

STATISTICAL TABLES

Vietnam's Production, Supply, and Distribution for Wheat

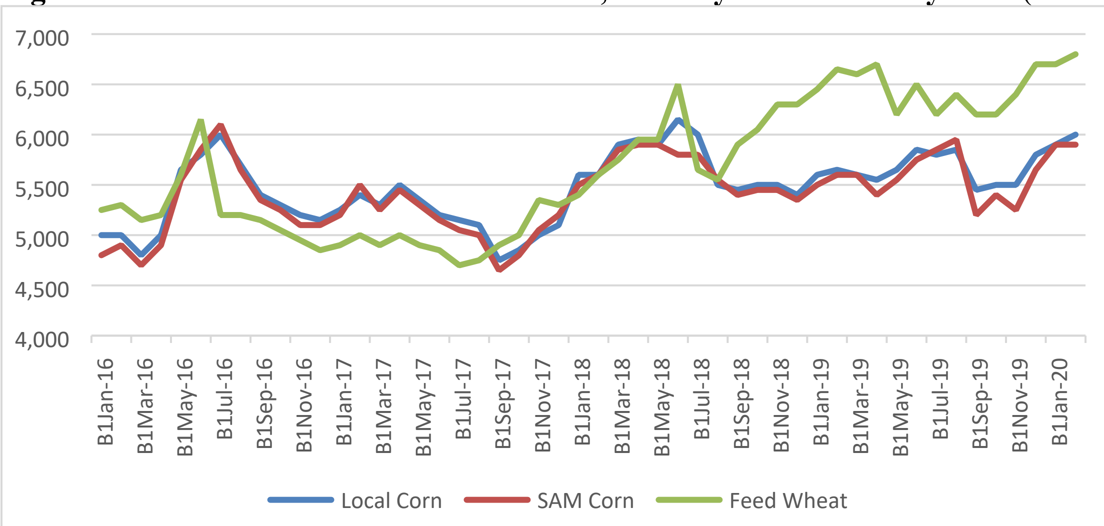
Wheat	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jul 2018		Jul 2019		Jul 2020	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	929	929	500	879	0	699
Production	0	0	0	0	0	0
MY Imports	3149	3500	3500	3650	0	3800
TY Imports	3149	3500	3500	3650	0	3800
TY Imp. from U.S.	312	311	0	200	0	200
Total Supply	4078	4429	4000	4529	0	4499
MY Exports	278	250	250	230	0	250
TY Exports	278	250	250	230	0	250
Feed and Residual	1300	1300	1100	1500	0	1600
FSI Consumption	2000	2000	2100	2100	0	2150
Total Consumption	3300	3300	3200	3600	0	3750
Ending Stocks	500	879	550	699	0	499
Total Distribution	4078	4429	4000	4529	0	4499

(1000 MT)

CONSUMPTION

In marketing year 2018/2019 (MY18/19), Post estimates that the total consumption of wheat was 3.3MMT, lower than the previous year, on reduced consumption of feed wheat. As noted above, Post estimates that feed demand in CY2019 was 10-11 percent lower than the previous year due to ASF, which led to lower demand for feed ingredients. In addition, the widening price gap between feed wheat and corn and the *cirsium arvense* quarantine issue made feed wheat less competitive than corn (Figure 3).

Figure 3: Prices of Corn versus Feed Wheat, January 2017-February 2020 (VND/kg)

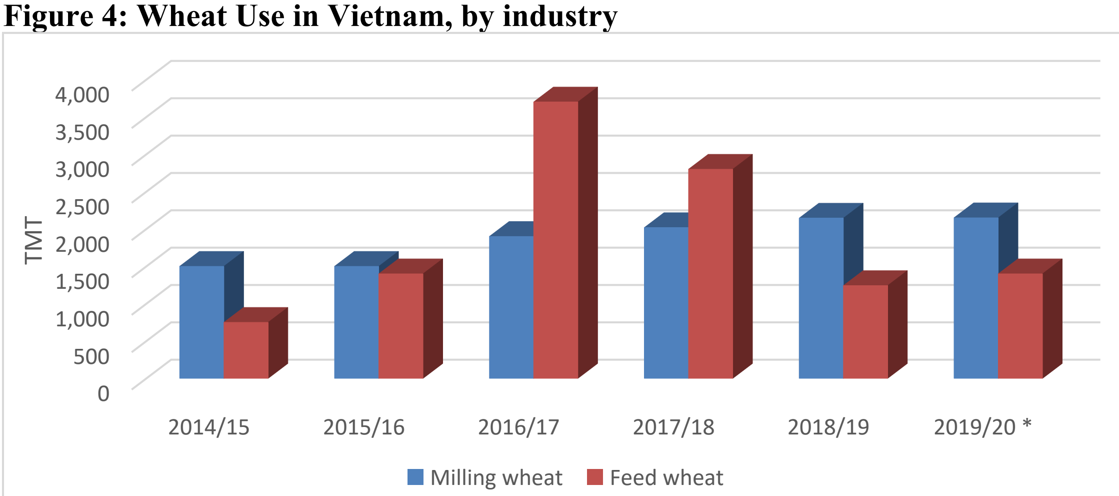


Source: US Grain Council Representative Office in Vietnam

In CY2020, Post estimates that feed wheat demand will increase on expanding aquaculture production.

The consumption of milling wheat remains stable, with 3-5 percent growth on average, estimated at 2.1MMT in MY19/20 and forecasted at 2.2MMT in MY20/21 (Figure 4).

Figure 4: Wheat Use in Vietnam, by industry



*Source: Vietnam Customs, Trade, * Post's estimate*

TRADE/COMPETITION

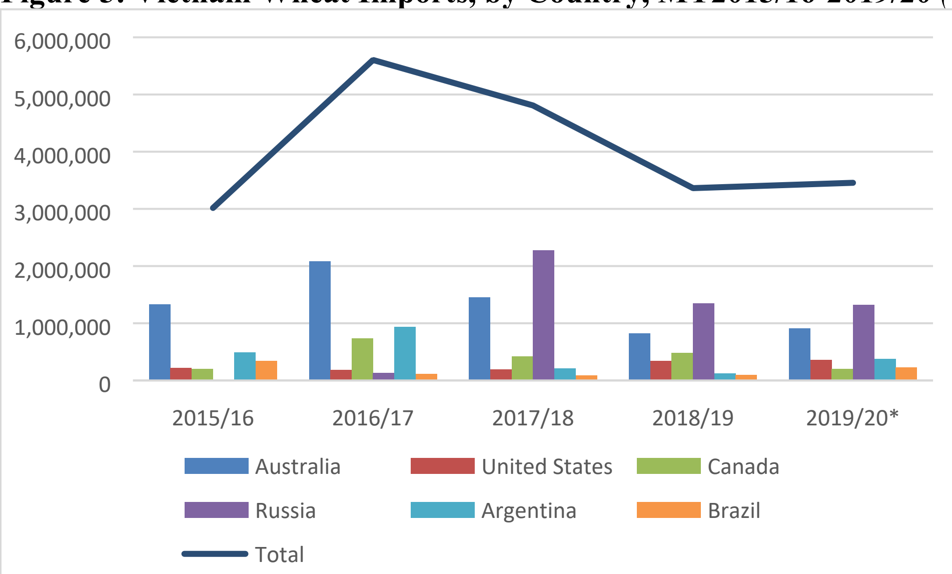
Imports

Vietnam does not produce wheat. Wheat and wheat flour products from the United States are imposed the most favored nation (MFN) import tariffs of 5 and 10 percent, respectively. However, other major exporters are benefiting from tariff-free entry into the Vietnamese market, including Australia under the ASEAN- Australia- New Zealand Free Trade Agreement (AANZFTA), Russia under the Eurasia

Economic Union (VN-EAEU) FTA, and, most recently, Canada under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Australia has been a traditional exporter of milling wheat that has accounted for approximately 38-40 percent of the market share (Figure 5). However, imports of Australian wheat into Vietnam have been decreasing since MY17/18, due to unfavorable weather conditions that lowered production and pushed up prices. The average CFR price of Australian wheat in CY2019 was approximately $286/MT, according to Vietnam Customs. Declining imports from Australia have been offset by other importing markets. Russian wheat imports increased significantly in MY17/18, but fell by 43 percent in MY18/19 due to tightened phytosanitary inspections by the Vietnamese government. In CY2019, 43 percent of wheat imports from Russia were for feed use, with the remaining for milling, with average CFR prices at $224/MT, according to Vietnam Customs statistics. Approximately 88 percent of wheat imported from Canada was for milling, at $280/MT (CFR) on average, also according to Vietnam Customs statistics.

Figure 5: Vietnam Wheat Imports, by Country, MY2015/16-2019/20 *(Unit: MT)*



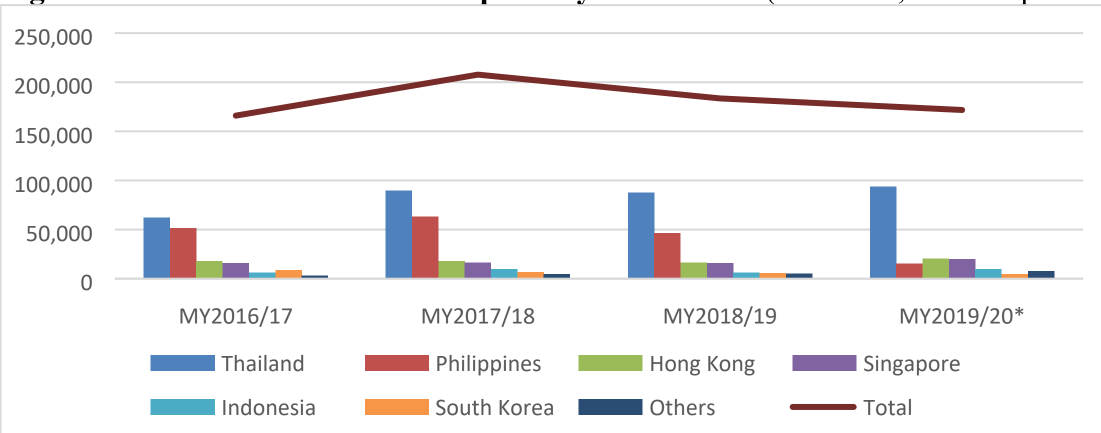
*Source: Trade Data Monitoring, Trade, Vietnam Customs * Post's estimate*

In MY18/19, Post's estimate for Vietnam's wheat imports is higher than the USDA official number based on Vietnam Customs' statistics and collected trade data. Post estimates that wheat imports will increase to 3.7MMT in MY19/20 and forecasts that they will continue to increase to 3.8MMT in MY20/21, on rebounding demand for feed.

Exports

Vietnam's exports of wheat flour declined in MY18/19 on reduced wheat imports and competition from other countries (Figure 6). Post estimates that MY19/20 exports will continue their downtrend for the same reasons. ASEAN is the major market for Vietnam's wheat flour products, as Vietnam enjoys tariff-free access.

Figure 6: Vietnam Wheat Flour Exports by Destination (Unit: MT, wheat equivalent)



Source: Trade Data Monitoring
**Post's estimate*

POLICY

The Vietnam Ministry of Finance (MOF) has proposed new import tariff lines on U.S. wheat, potentially reducing the tariff from 5 percent to 3 percent, which is pending approval from the Vietnamese government.

CORN

STATISTICAL TABLES

Vietnam's Production, Supply, and Distribution for Corn

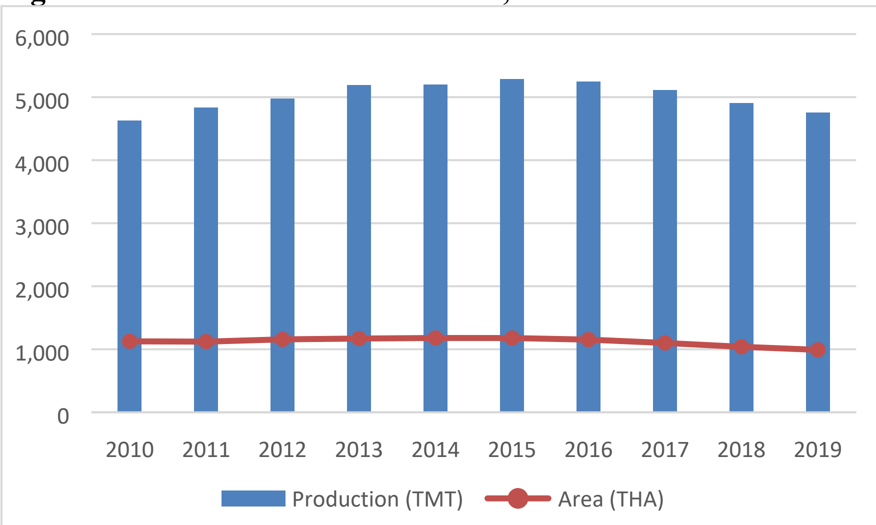
Corn	**2018/2019**		**2019/2020**		**2020/2021**	
Market Begin Year	**May 2018**		**May 2019**		**May 2020**	
Vietnam	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	1039	980	950	940	0	950
Beginning Stocks	881	881	1087	1131	0	1241
Production	4906	4650	4500	4460	0	4500
MY Imports	10200	10500	11500	10200	0	10500
TY Imports	11000	11200	11500	10200	0	10500
TY Imp. from U.S.	70	70	0	150	0	100
Total Supply	15987	16031	17087	15791	0	16241
MY Exports	500	500	500	500	0	500
TY Exports	500	500	500	500	0	500
Feed and Residual	13000	13000	14000	12600	0	12800
FSI Consumption	1400	1400	1400	1450	0	1500
Total Consumption	14400	14400	15400	14050	0	14300
Ending Stocks	1087	1131	1187	1241	0	1441
Total Distribution	15987	16031	17087	15791	0	16241
Yield	4.7218	4.7449	4.7368	4.7447	0	4.7368

(1000 HA), (1000 MT), (MT/HA)

PRODUCTION

Corn is one of several locally produced crops supplied to the feed industry (Table 2). However, local corn production has not grown on par with local demand and has generally been declining steadily since 2015 (Figure 7). This is in spite of the Vietnamese government rolling out incentive policies to encourage farmers to switch from rice to corn since 2016.

Figure 7: Corn Production and Area, CY2010-2019



Source: Vietnam GSO

Table 3: Vietnam's Area, Yield, and Production for Corn

Marketing Year	2018/2019		2019/2020		2020/21	
	Revised		Estimate		Forecast	
	Old	New	Old	New	Old	New
Harvested Area (THA)	950	980	950	940	950	950
Yield (MT/HA)	4.74	4.74	4.74	4.74	4.74	4.74
Production (TMT)	4,500	4,650	4,500	4,460	4,500	4,500

Source: GSO, MARD, Post's estimate

Based on Vietnam GSO's report, corn harvested area and production in Vietnam declined by 5 percent in CY2018 and 3-4 percent in CY2019. Therefore, Post revised estimates for corn harvested area and production to 980THA and 4,650TMT in MY18/19, and 940THA and 4,460TMT in MY19/20, which is still lower than the USDA official numbers (Table 3). The downward production trend, especially for feed corn, was attributed to stiff competition from imported corn and fall army worm outbreaks in CY2019 (see VM2019-0017). Post forecasts MY20/21 harvested area and production at 950THA and 4,500TMT.

CONSUMPTION

In Vietnam, 85 percent of corn is used for feed and industrial production. In the feed industry, corn is a main ingredient in hog, poultry, and livestock feeds. In addition, corn is an alternative to feed wheat if its supply is short or its price becomes uncompetitive. As noted above, feed wheat is currently less competitive than corn, encouraging feed millers to move away from it for price reasons (Figure 3).

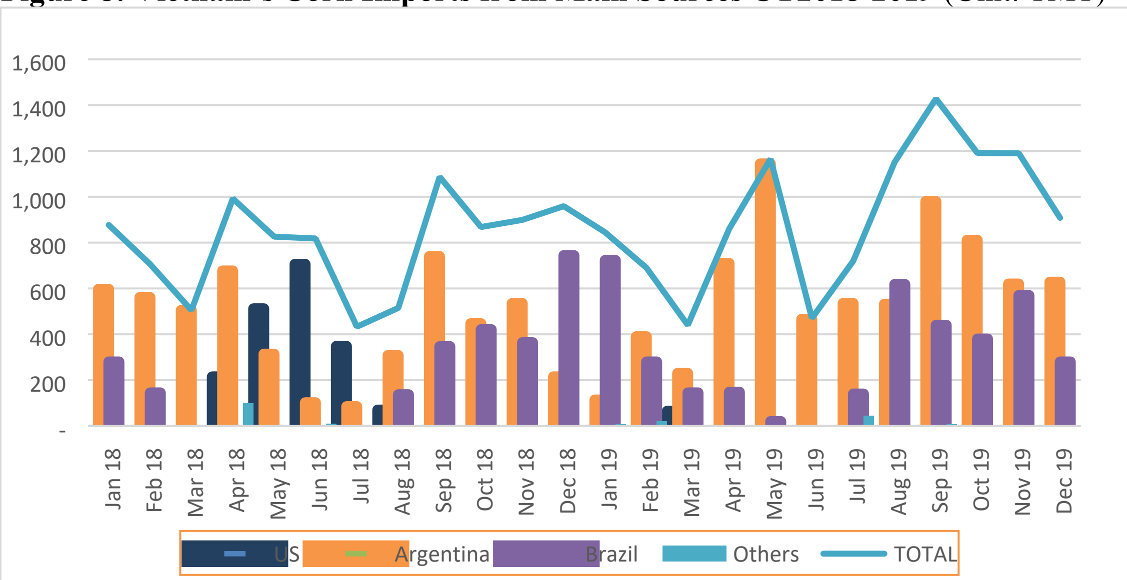
Post estimates MY19/20 feed and residual at 12.6MMT, lower than the USDA official number, due to lower forecasts for feed demand in CY2019 and CY2020. Post forecasts that MY20/21 feed and residual will rebound slightly to 12.8MMT.

In MY19/20, Post observed fresh demand for ethanol feedstock. A local ethanol producer recently started switching from local cassava to imported corn on pricing and tightening local cassava supply. The demand for ethanol feedstock is expected to increase in MY20/21, as the Government of Vietnam is adopting legislation to support increased ethanol use.

TRADE/COMPETITION

The local feed industry heavily relies on imported corn due to competitive pricing and year-round availability. Vietnam has been importing corn primarily from South America, with limited quantities from the United States and Eastern Europe (Figure 8).

Figure 8: Vietnam's Corn Imports from Main Sources CY2018-2019 (Unit: TMT)



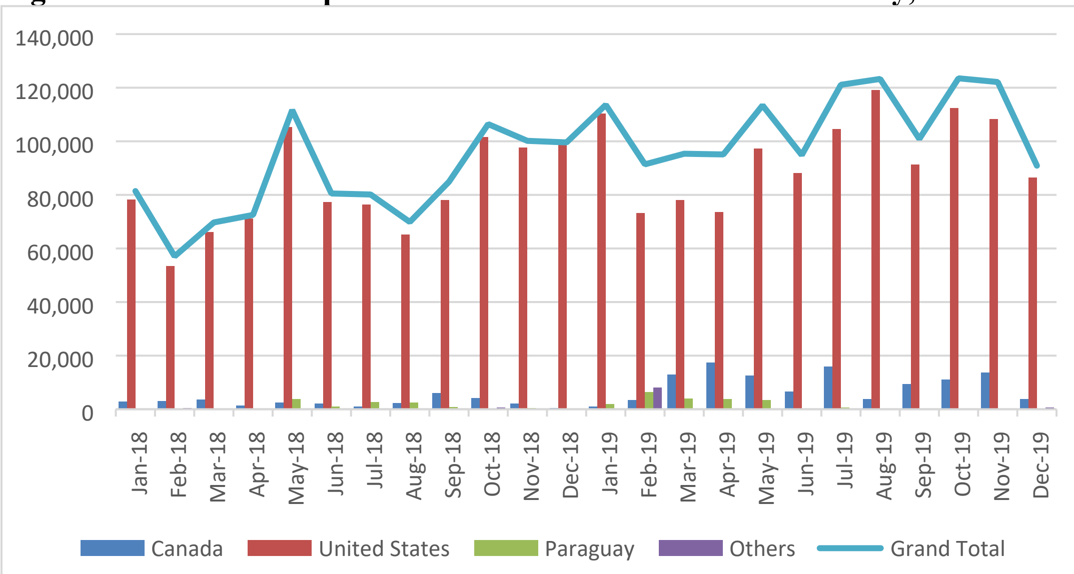
Source: Trade Data Monitoring, Vietnam Customs, Trade

Post upholds its export estimates at 500TMT in MY19/20 and onwards, which includes cross border trade and regional exports.

Imports of DDGS

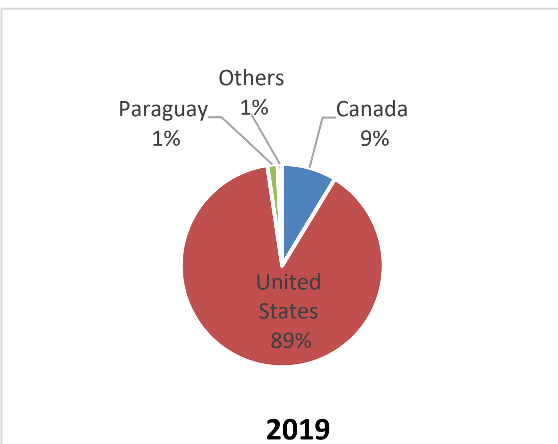
The United States continues to be the major supplier of DDGS to the Vietnamese feed industry (Figures 9 and 10). In MY18/19, Post estimates the import of DDGS at approximately 1.3MMT. In MY19/20, Post estimates imports down to 1.2MMT and forecasts MY20/21 imports back up at 1.3MMT.

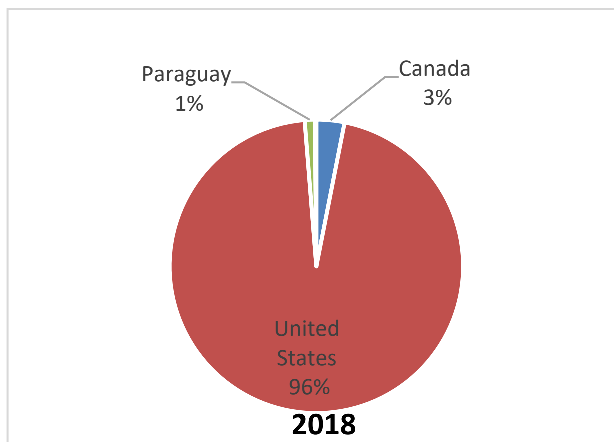
Figure 9: Vietnam's Imports of DDGS from Main Source Country, CY2018-2019 (Unit: MT)



Source: Vietnam Customs, Trade, Post's calculation

Figure 10: Percentage of Vietnam's DDGS imports by Country, CY2018-2019





RICE

STATISTICAL TABLES

Vietnam's Production, Supply, and Distribution for Rice

Rice, Milled	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jan 2019		Jan 2020		Jan 2021	
Vietnam	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	7615	7540	7665	7510	0	7560
Beginning Stocks	1034	1034	1001	908	0	677
Milled Production	27767	27344	28300	27369	0	27488
Rough Production	44427	43750	45280	43790	0	43981
Milling Rate (.9999)	6250	6250	6250	6250	0	6250
MY Imports	400	500	400	500	0	500
TY Imports	400	500	400	500	0	500
TY Imp. from U.S.	11	0	0	0	0	0
Total Supply	29201	28878	29701	28777	0	28665
MY Exports	6850	6570	7000	6700	0	6600
TY Exports	6850	6570	7000	6700	0	6600
Consumption and Residual	21350	21400	21500	21400	0	21400
Ending Stocks	1001	908	1201	677	0	665
Total Distribution	29201	28878	29701	28777	0	28665
Yield (Rough)	5.8341	5.8024	5.9074	5.8309	0	5.8176

(1000 HA), (1000 MT), (MT/HA)

PRODUCTION

Table 4: Vietnam's Area, Yield, and Production for Rice, Post Estimates

Marketing Year	2018/2019 Revised		2019/2020 Estimate		2020/2021 Forecast	
Harvested Area (THA)	**Old**	**New**	**Old**	**New**	**Old**	**New**
Winter[1]	1,650	1,625	1,650	1,630		1,650
Spring[2]	3,115	3,115	3,070	3,080		3,080
Autumn[3]	2,800	2,800	2,850	2,800		2,830
TOTAL	**7,565**	**7,540**	**7,570**	**7,510**		**7,560**
Yield (MT/HA)						
Winter	4.95	5.00	4.97	4.99		4.99
Spring	6.60	6.57	6.60	6.66		6.64
Autumn	5.43	5.42	5.44	5.41		5.41
AVERAGE	**5.81**	**5.80**	**5.81**	**5.83**		**5.82**
Production (TMT)						
Winter	8,168	8,130	8,200	8,130		8,230
Spring	20,559	20,450	20,270	20,500		20,450
Autumn	15,200	15,170	15,500	15,160		15,300
TOTAL	**43,927**	**43,750**	**43,970**	**43,790**		**43,980**
Milled (MT)	**27,454**	**27,344**	**27,481**	**27,369**		**27,488**

[1] Lua Mua (10th Month), [2] Winter-Spring, [3] Summer-Autumn
Source: MARD, Post estimates

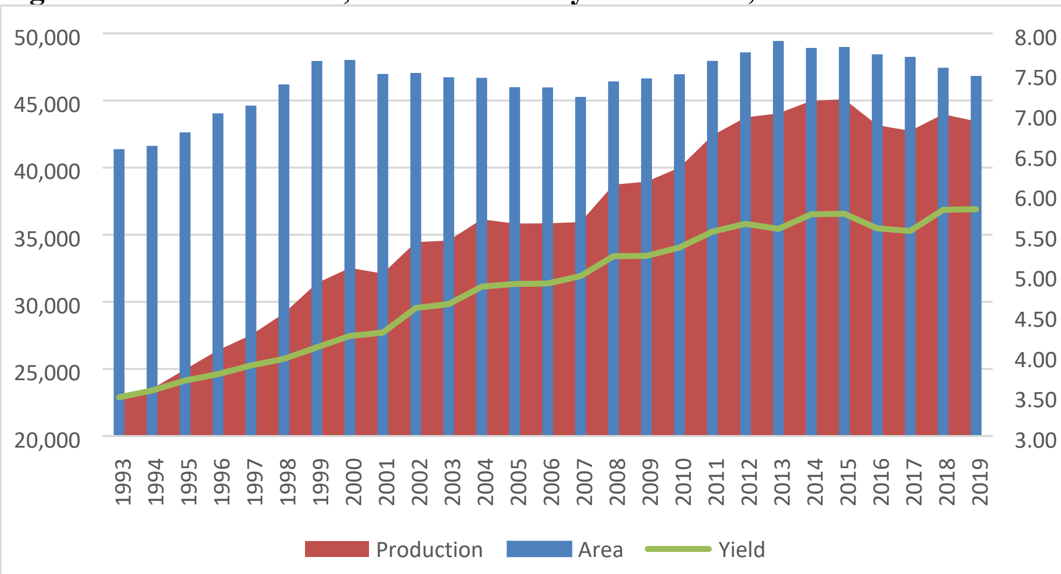
For MY18/19, Post revised total paddy production down by 677 thousand metric tons (TMT) from the USDA official number, from 44.43MMT to 43.75MMT (27.77MMT to 27.34MMT milled equivalent), due to a smaller harvested area. According to MARD and GSO, the total paddy output and cultivated area were down in MY18/19, compared to the previous year, because:

- The weather during the Spring crop was not favorable for paddy development, leading to lower yield and output;
- Uncertainty related to weather conditions and water supply prior to the Autumn crop led to lower prices and smaller cultivated area;
- The Winter crop cultivated area also fell as farmers switched to higher income crops.

For MY19/20, Post revised total paddy production down by 1.49MMT from the USDA official number, from 45.28MMT to 43.79MMT (28.30MMT to 27.37MMT milled equivalent) on concerns of drought and salinity intrusion. However, Post's revised estimates for MY19/20 production are slightly higher than the previous year on higher yield of the Spring crop (Table 4).

For MY20/21, Post forecasts a slight increase of harvested area and production, at 7.56 MHA and 43.98MMT.

Figure 11: Vietnam Area, Yield and Paddy Production, 1993-2019



Source: Vietnam GSO

Mekong River Delta

Table 5: Rice Production in the Mekong Delta MY2018/19-2020/21

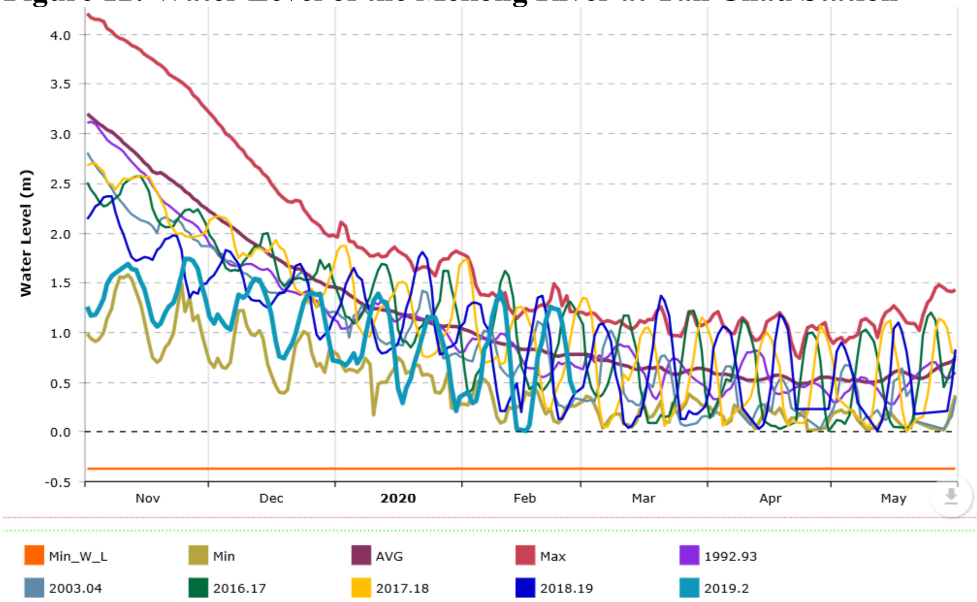
Crop	2018/2019 (Revised)			2019/2020 (Estimate)			2020/2021 (Forecast)		
	Area	**Yield**	**Prod.**	**Area**	**Yield**	**Prod.**	**Area**	**Yield**	**Prod.**
Winter	**170**	**4.65**	**790**	**175**	**4.51**	**790**	**180**	**4.60**	**828**
Spring	**1,605**	**6.83**	**10,963**	**1,580**	**6.96**	**10,990**	**1,580**	**6.90**	**10,900**
Autumn *(in which)*	**2,360**	**5.78**	**13,630**	**2,360**	**5.78**	**13,630**	**2,380**	**5.78**	**13,750**
Main Autumn	*1,570*	*5.92*	*9,300*	*1,570*	*5.92*	*9,300*	*1,580*	*5.92*	*9,360*
Late Autumn	*790*	*5.48*	*4,330*	*790*	*5.48*	*4,330*	*800*	*5.49*	*4,390*
Total	**4,135**	**6.14**	**25,383**	**4,115**	**6.17**	**25,410**	**4,140**	**6.15**	**25,478**

Unit: Area (thousand hectares), Yield (metric ton/hectare), Production (thousand metric ton/hectare)
Source: MARD, Post estimate

For the Spring crop, MARD advised farmers in the Mekong Delta to reduce their rice cultivation area by 15-50THA and start seedling one or two weeks earlier compared to the previous years in locations facing high threats of salinity intrusion. Thanks to the adjustment in the planting calendar, industry confirmed that major rice plantation areas were able to avoid the impacts of drought and salinity intrusion, resulting in good yields. Coastal provinces, including Tien Giang, Ben Tre, Tra Vinh, Soc Trang, Kien Giang, and Ca Mau, reported that nearly 30,000 hectares were affected by drought, which was much lower than the reported damage and loss in MY15/16. Therefore, Post estimates that the MY19/20 Spring crop production in the Mekong Delta is slightly up on higher yield (Table 5).

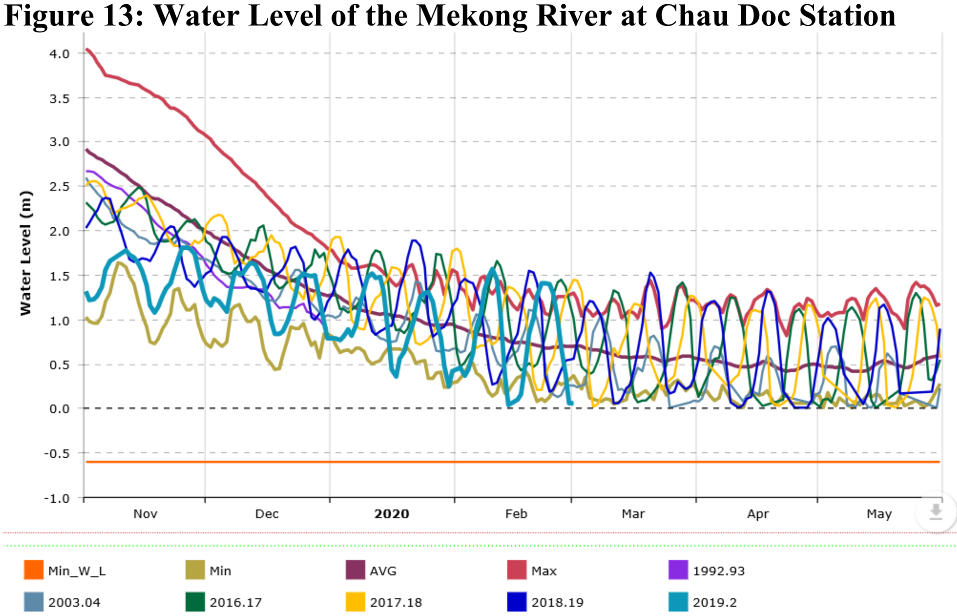
Meteorological forecasts show that the water level in the Mekong River this year is lower than average (Figures 12 and 13), triggering concerns of reduced fresh water from upstream to prevent salinity intrusion and less sediment to supplement soil nutrition. Precipitation was also forecasted lower than average from January to June, but could improve starting from July. Industry is currently concerned about the possibility of a water shortage for the coming Autumn crop. However, with improving export potential, rising prices, and a reasonable planting calendar, Post does not estimate that the Autumn crop area and production will decline, but that they will remain at 2,360THA and 13.63MMT in MY19/20 (Table 5).

Figure 12: Water Level of the Mekong River at Tan Chau Station



Source: Mekong River Commission

Figure 13: Water Level of the Mekong River at Chau Doc Station



Source: Mekong River Commission

Post estimates that the Winter crop, which is not a major crop in the Mekong Delta, will remain stable at 175THA and 790TMT in MY19/20.

CONSUMPTION
Rice is the staple food in Vietnam, but per capita consumption in the cities is declining as people have more choices. Industry also reported that unofficial exports of rice to China, which are characterized as "residual," had fallen significantly in MY18/19. Post estimates that the trend will continue into MY19/20, and that consumption and residual will not increase in either MY19/20 or MY20/21.

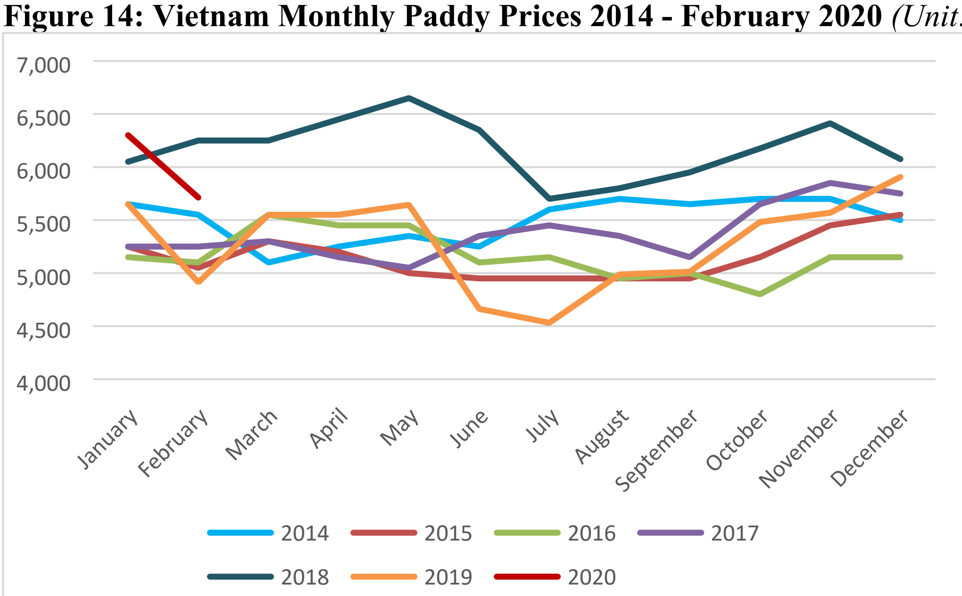
Due to COVID-19, in the past few weeks, Post has observed rapidly increasing demand for rice from Vietnamese consumers, driven by household stockpiling.

STOCKS
There is no official number for Vietnam's rice stocks. Post estimates rice carry-over stocks down to 677TMT in MY19/20 on higher exports and forecasts MY20/21 stocks at 665TMT.

TRADE

Domestic Prices
Paddy prices in CY2019 dropped to their lowest level in the past six years during the peak harvest of the main Autumn crop due to lower demand from exporting markets. However, by January 2020, prices had gradually rebounded to their highest January in recent years prior to the harvest season of the MY19/20 Spring crop on steady demand from export markets such as the Philippines, Malaysia, and China (Figure 14). In addition, industry reported that the harvest of the MY19/20 Spring crop in some areas in the Mekong River Delta was delayed from ten to fifteen days as cool weather slowed down paddy ripeness, resulting in rising paddy prices. Lastly, the on-going drought and salinity intrusion and fears of COVID-19 supported paddy prices in the short term.

Figure 14: Vietnam Monthly Paddy Prices 2014 - February 2020 *(Unit: VND/kg)*



Source: Trade, VFA

Exports
Post revised MY18/19 exports to 6.6MMT, lower than the USDA official number, based on Vietnam Customs' report and Post's calculation. Industry sources reported that lower production of glutinous

rice in Thailand resulted in increasing prices and demand for glutinous rice from Vietnam in markets such as Cambodia and Laos. Vietnamese glutinous rice prices increased to their peak of $620-680/MT from September-November 2019, but this was a temporary increase.

Since China is no longer a major market, with imports far below MY18/19 levels, industry believes that COVID-19 will not affect the export of Vietnamese rice to China. Nevertheless, some contacts forecast that if the epidemic cannot be controlled in the long term, there may be higher demand for imports from this market.

The first two months of MY19/20 saw strong demand from the Philippines and Malaysia that supported export prices, and industry forecasts that these two markets will continue to be stable for the remainder of the MY. However, as part of its updated phytosanitary policy, the Philippines intends to send a delegation to Vietnam to audit Vietnamese rice exporters and may create a list of establishments that are qualified to export, thereby possibly restricting the number of exporters eligible to ship to the Philippines. Demand in Africa will possibly grow with an increasing preference for Vietnamese jasmine rice amid competitive prices.

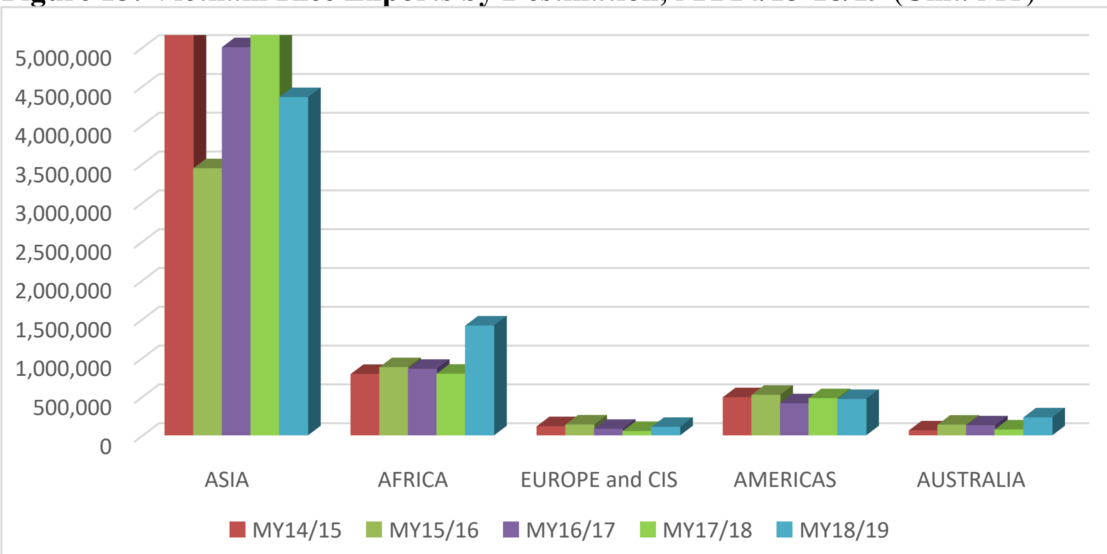
Therefore, for MY19/20, industry had expected that exports would increase for the following reasons:

- Thailand's production is forecasted lower on drought, making their prices less competitive.
- Cambodia's production is forecasted lower on drought, making their prices less competitive.
- Indian rice prices have been less competitive than Vietnamese.
- The on-going locust swarm in East Africa might affect food security with the potential for higher imports.
- Fears of COVID-19 may urge some countries to increase rice stocks and imports.

However, on March 23, the Vietnamese Prime Minister (PM) stated that a ban on rice exports would take effect on March 24 until the end of May 2020. Later on March 24, the Ministry of Industry and Trade (MOIT), citing industry's comments, proposed that the PM reverse the ban. MOIT officially requested that the PM allow the export of 400,000 MT of rice in April and also suggested a 400,000 MT quota for May that would be reassessed in the last week of April. As of publication, the PM has asked MOIT to submit another report on the situation by April 5, and exports remain banned.

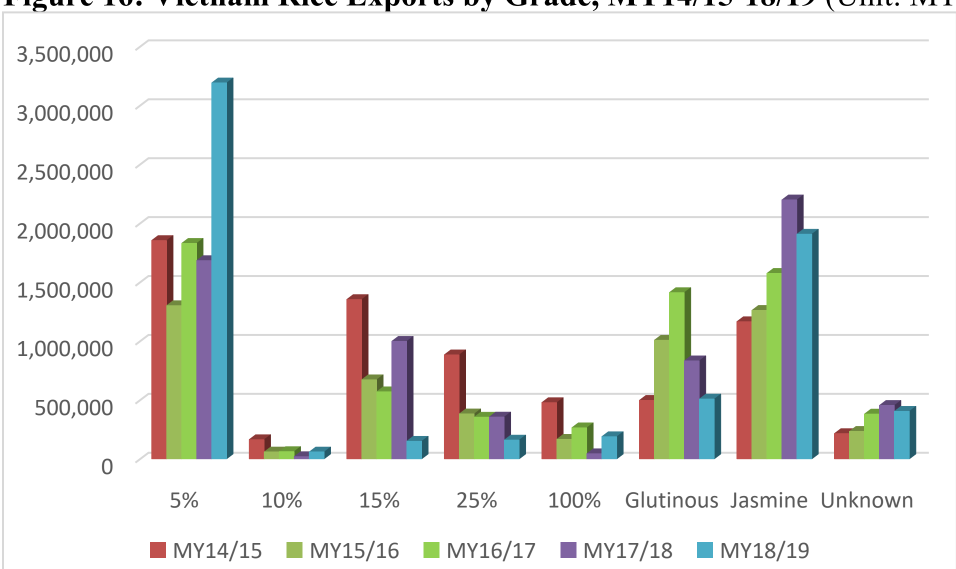
In light of these dynamics, Post estimates MY19/20 exports higher than the previous year, at 6.7MMT, but lower than the USDA official number of 7.0MMT.

Figure 15: Vietnam Rice Exports by Destination, MY14/15-18/19 (Unit: MT)



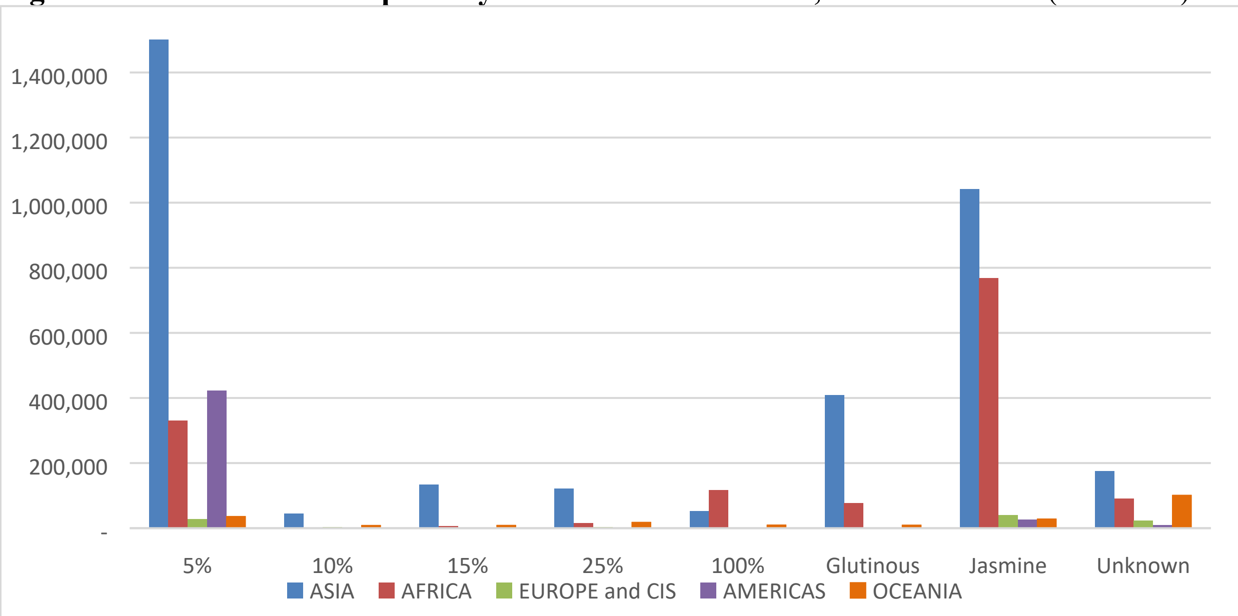
Source: Vietnam Customs, Post's calculation

Figure 16: Vietnam Rice Exports by Grade, MY14/15-18/19 (Unit: MT)



Source: Vietnam Customs, Post's calculation

Figure 17: Vietnam Rice Exports by Grade and Destination, MY14/15-18/19 (Unit: MT)



Source: Vietnam Customs, Post's calculation

Table 6: Vietnam's Rice Exports, by Grade and Destination, January-December 2019

	5%	10%	15%	25%	100%	Glutinous	Jasmine	Unknown	Total
ASIA	**2,372,201**	**45,174**	**133,384**	**121,175**	**52,869**	**408,771**	**1,042,174**	**176,075**	**4,351,821**
Indonesia	11,695	27,450	27,794	200	1,550	21,841	8,499	1,100	**100,129**
Philippines	1,565,535	9,300	48,088	95,955	2,201	88,558	407,194	15,509	**2,232,339**
Malaysia	400,056	5,686	32,017	1,985	635	45,690	62,598	9,431	**558,099**
Singapore	32,716	242	644	919	2,817	9,156	52,011	9,226	**107,731**
East Timor	-	-	23,792	-	-	-	1,842	-	**25,634**
Iraq	77	-	-	-	-	60,000	210,000	23	**270,100**
Iran	24	-	-	-	-	-	-	77	**101**
Syria	74,165	-	-	-	-	-	-	700	**74,865**
Yemen	-	-	-	-	-	-	-	-	**-**
South/North Korea	32	-	-	-	-	70	309	39,854	**40,265**
Japan	78	-	-	0	300	-	30	21	**430**
Cambodia	-	-	-	-	-	320	-	78	**398**
Hongkong	10,326	-	484	604	373	9,220	85,171	4,588	**110,767**
UAE	17,239	250	258	-	-	1,387	29,735	8,457	**57,326**
Taiwan	2,323	1,943	202	641	420	7,283	4,327	12,022	**29,161**
Bahrain	113	-	-	-	-	339	1,776	71	**2,298**
Bangladesh	4,320	-	-	-	-	268	1,012	1,463	**7,063**
Saudi Arabia	4,743	-	-	-	-	1,915	15,202	5,297	**27,157**
China	209,544	208	100	-	38,709	151,561	137,009	15,529	**552,659**
Brunei	8,100	-	-	-	-	200	1,250	69	**9,619**
Others	31,114	95	6	20,870	5,864	10,962	24,209	52,560	**145,680**
AFRICA	**331,272**	**853**	**6,360**	**16,429**	**117,353**	**77,009**	**768,435**	**90,976**	**1,408,687**
Tanzania	13,320	-	-	-	-	330	4,880	-	**18,530**
Senegal	-	-	-	6,000	46,526	-	15,037	-	**67,563**
Angola	17,006	-	100	-	3	2	198	-	**17,309**
Rwanda	-	-	-	-	-	-	-	-	**-**
Ghana	61,995	-	-	50	9,472	25,151	286,944	19,083	**402,695**
Uganda	-	-	-	-	-	-	-	-	**-**
Cote d'Ivoire	62,758	-	3,851	8,541	54,735	41,799	341,752	4,540	**517,976**
Reunion	652	200	-	-	-	190	7,752	437	**9,231**
West Africa	-	-	-	-	-	311	-	-	**311**
Mozambique	11,060	-	901	182	-	3,142	35,992	581	**51,858**
Kenya	1,000	-	-	-	-	-	54	27	**1,081**
Congo	105	-	-	-	100	-	1,380	-	**1,585**
Libya	188	-	-	-	-	-	-	2,336	**2,524**
Algeria	15,791	-	-	-	-	-	52	254	**16,097**
Benin	899	-	-	-	-	70	3,266	-	**4,235**
Burkina Faso	-	-	-	-	-	-	-	-	**-**
Cameroon	27,578	-	-	1,250	5,276	166	10,065	9,027	**53,362**

Gambia	-	-	-	76	-	-	286	27	**389**
Guinea	51	-	-	180	-	-	1,862	50	**2,143**
Guinea Bissau	-	-	-	-	500	-	-	-	**500**
Madagascar	1,820	133	1,508	-	-	4	39	3	**3,507**
Mali	-	-	-	-	-	-	-	-	**-**
Mauritania	208	-	-	-	728	-	-	-	**936**
Nigeria	130	-	-	-	-	52	677	405	**1,264**
Sierra Leone	-	-	-	-	-	-	5,517	-	**5,517**
Somali	-	-	-	-	-	-	-	-	**-**
South Africa	3,454	-	-	-	13	3,108	3,749	2,562	**12,886**
Togo	487	-	-	-	-	1,251	6,496	-	**8,234**
Zambia	-	-	-	-	-	-	-	-	**-**
Others	112,769	520	-	150	-	1,434	42,437	51,645	**208,955**
EUROPE and CIS	**28,107**	**4,160**	**973**	**2,636**	**363**	**2,515**	**40,065**	**23,861**	**102,679**
Russia	10,955	2,226	923	279	124	200	506	8,356	**23,569**
Ukraine	929	22	-	-	-	100	202	956	**2,209**
Poland	20	-	-	-	-	25	3,936	2,346	**6,326**
Others	16,203	1,912	50	2,357	239	2,190	35,421	12,203	**70,575**
AMERICAS	**422,894**	**57**	**33**	**657**	**341**	**1,587**	**26,332**	**9,952**	**461,853**
Cuba	347,125	-	-	-	0	0	-	-	**347,125**
Brazil	275	-	-	-	-	47	240	190	**752**
Haiti	-	-	-	-	-	-	39	-	**39**
Mexico	110	-	-	-	-	-	-	-	**110**
Chile	1,200	-	-	-	-	58	99	346	**1,703**
Puerto Rico	-	-	-	-	-	-	-	-	**-**
Others	74,184	57	33	657	340	1,482	25,954	9,416	**112,124**
OCEANIA	**36,774**	**9,281**	**9,505**	**18,800**	**10,330**	**10,199**	**29,040**	**101,921**	**225,851**
Australia	5,932	1,115	60	191	120	676	9,103	5,434	**22,631**
New Caledonia	36	-	-	-	-	22	43	2,140	**2,241**
New Zealand	702	-	-	-	93	6,712	1,269	3,113	**11,888**
Others	30,105	8,166	9,445	18,609	10,117	2,789	18,626	91,234	**189,091**
UNKNOWN	557	-	540	1,242	8,550	9,079	2,380	2,129	**24,476**
TOTAL	**3,191,805**	**59,525**	**150,795**	**160,939**	**189,806**	**509,159**	**1,908,425**	**404,914**	**6,575,368**

** Others indicates that no clear destination is declared. It may/may not include the countries in the list of the same region.*
Source: Vietnam Customs, Trade, Post's calculation

Attachments:

No Attachments