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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:

MY2021/22 off-season rice planting was well above last year due to sufficient water supplies. Post forecasts that Thai rice exports will reach 8 million metric tons in 2022, up 31 percent from 6.1 million metric tons in 2021. Posts forecasts that MY2021/22 corn imports will decline 17 percent from MY2020/21 due to a shrinking demand for swine feed caused by the African Swine Fever outbreak. Post revised down MY2021/22 wheat imports to 2.9 million metric tons due to a prolonged COVID-19 outbreak and a slow economic recovery.

Executive summary

FAS/Bangkok (Post) forecasts marketing year (MY) 2021/22 rice production to increase to 20.8 million metric tons (MMT). MY2021/22 off-season rice production will recover as there are sufficient water supplies. Post's forecast for rice exports in 2022 remains unchanged at 8.0 MMT, up 31 percent from 6.1 MMT in 2021, as Thai rice prices are attractive, driven by the weakening of the Thai baht.

Post's forecast for MY2021/22 corn production remains unchanged at 5.3 MMT, down 4 percent from MY2020/21. Post lowered MY2021/22 corn imports by 17 percent from the previous year due to a reduced demand for swine feed, caused by the African Swine Fever (ASF) outbreak. Posts forecast swine feed demand to decline 30 percent in line with a shrinking swine production from 19-20 million heads to 12-13 million heads.

Post forecasts wheat imports for MY2021/22 12.9 percent lower from MY2020/21 to 2.9 MMT. Reduced domestic demand for milling and feed wheat due to a slow economic recovery from the prolonged outbreak of COVID-19 and high import prices of feed wheat decreased demand for wheat imports. Wheat imports in the first half of MY2021/22 totaled 1.23 MMT, down 24 percent from the same period last year with reduced imports in all categories. Domestic consumption of milling and feed wheat also declined in the first five months of MY2021/22 due to a drop in bakery production.

1. Rice

1.1 Production

The Ministry of Agriculture and Cooperatives reported that MY2021/22 off-season rice acreage totaled 5.8 million rai (0.93 million hectares) as of January 12, 2022, of which 4.7 million rai (0.74 million hectares) were in irrigated areas (Table 1.1.1). Rice farmers started planting MY2021/22 off-season rice late this year due heavy rainfall that caused flooding between October and November 2021, especially in the central plains (Figure 1.1.1). MY2021/22 off-season rice acreage was well above last year, up 53 percent from the same period last year due to increased water supplies in the northern region. The Royal Irrigation Department (RID) reported that reservoir levels in the northern region and the central plains are sufficient to provide irrigation water for MY2021/22 off-season rice plantings between November 2021 and April 2022. The RID planned to allocate 4,224 million cubic meters for MY2021/22 off-season crops, accounting for 53 percent of water supplies. Water supplies in major reservoirs in the northern region totaled 7,065 million cubic meters, up 43 percent from the same period last year and slightly above critical levels. (Critical levels are defined as insufficient reservoir level for other activities other than human consumption and ecological reserves.) Precipitation in 2021 was well above average and the previous year's precipitation (Figure 1.1.2 and 1.1.3).

Farmers completed MY2021/22 main-season rice harvest in late December 2021. Post anticipates that favorable weather conditions will make the average yield higher in MY2021/22. The cumulative precipitation was 15 percent higher than the previous year's levels, which provided sufficient water and moisture for the crops. Precipitation in the northeastern region, where the majority of main-season rice crop is rainfed, was nine percent higher than the previous year and 15 percent above normal.

Table 1.1.1: Off-Season Rice Planting Progress, as of January 2022

Unit: Million Hectares	Off-season Rice Planting Progress, as of January			Government Target	
	MY20/21 (Jan 13, 2021)	MY21/22 (Jan 12, 2022)	% Change	MY20/21	MY21/22
Irrigated Areas	0.47	0.74	57.45	0.26	1.03
Non-Irrigated Areas	0.13	0.18	38.46	0.24	0.42
Total Planted Areas	0.61	0.93	52.46	0.50	1.44

Source: Ministry of Agricultural and Cooperatives

Figure 1.1.1: Precipitation Anomaly during October to December

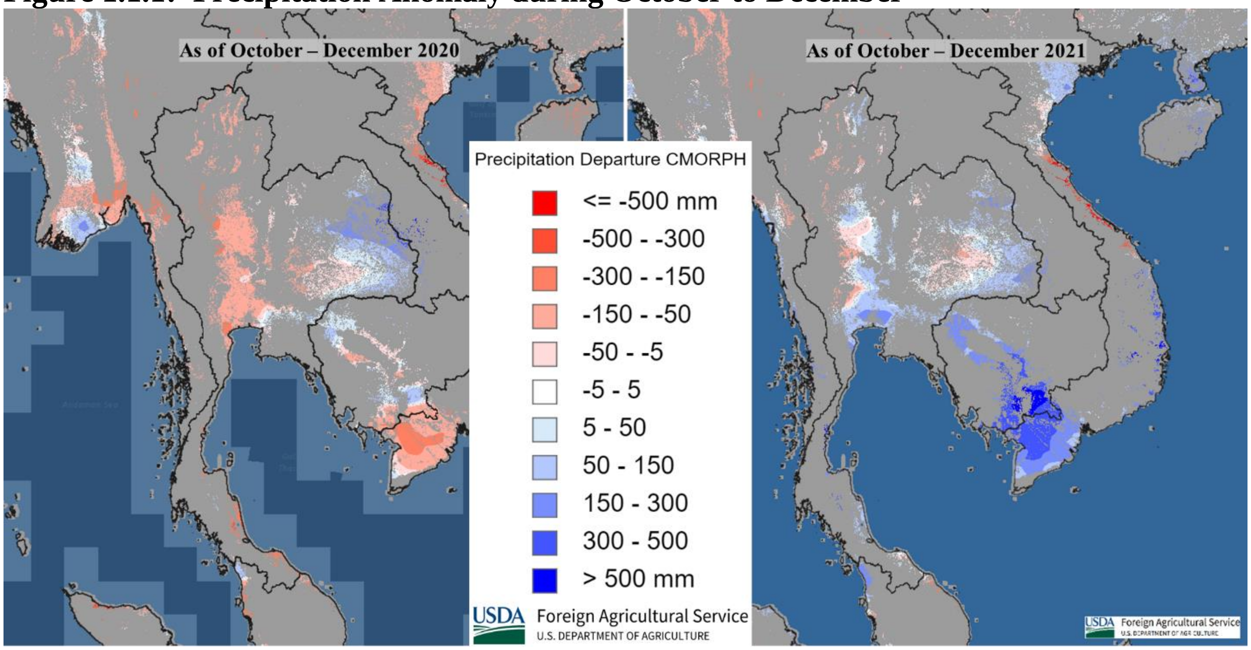
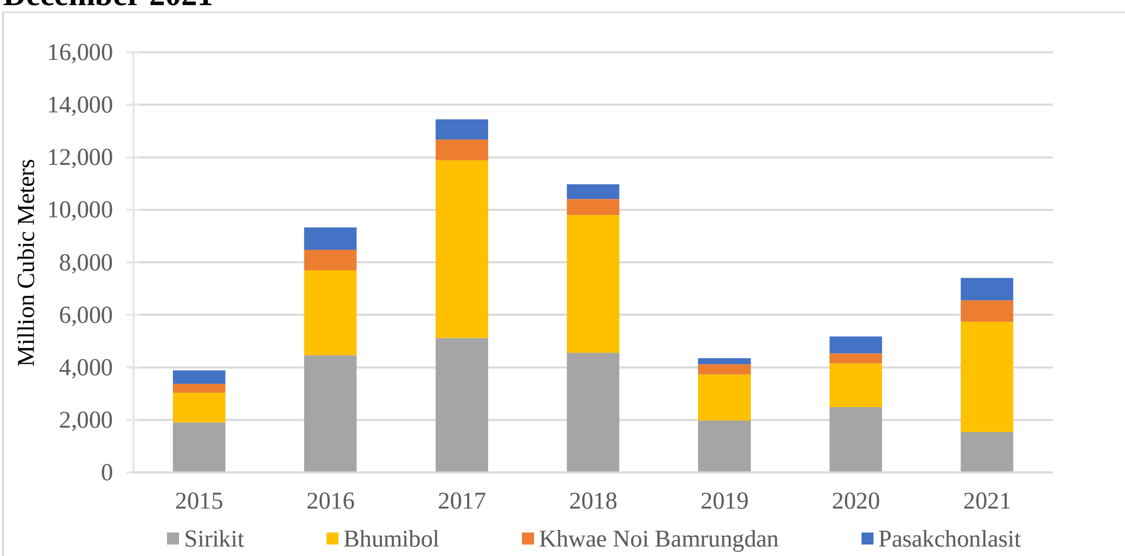
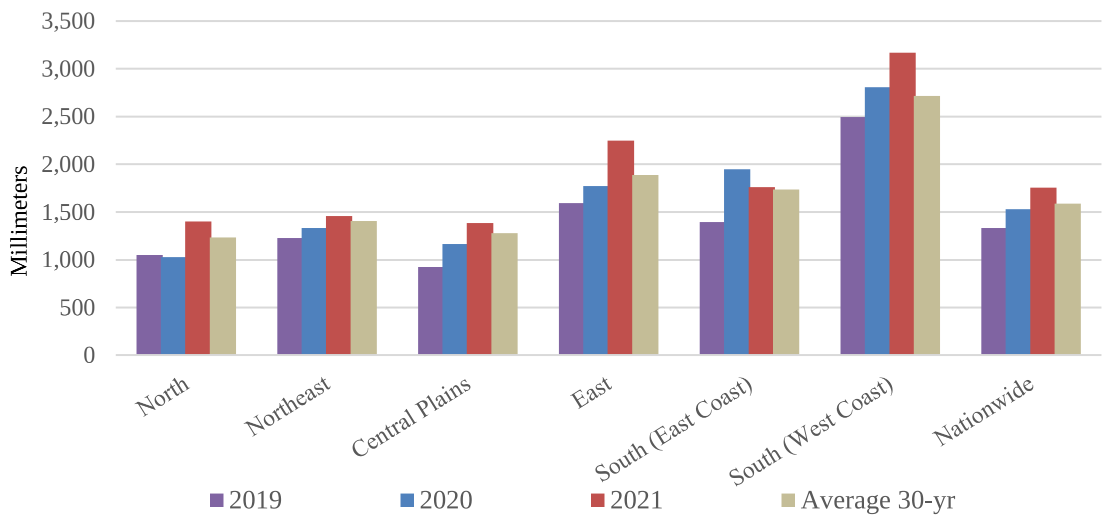


Figure 1.1.2: Water Supply in Major Reservoirs in the Northern Region and the Central Plains in December 2021



Source: Royal Irrigation Department

Figure 1.1.3: Annual Cumulative Precipitation Between January 1 - December 31, 2021



Source: Thai Meteorological Department

1.2 Trade

The Thai Customs Department reported that 2021 rice exports totaled 6.07 MMT, up 6 percent from 2020 (Table 1.2.1). Rice exports in December 2021 totaled 665,186 metric tons, down 12 percent from the previous month's exports of 755,492 metric tons, which was the highest monthly rice exports in 2021. Thailand was the third largest rice exporter in 2021, after India and Vietnam. While white and parboiled rice exports increased 19 and 1 percent in 2021, respectively, fragrant rice exports declined 4 percent due to container shortages. Fragrant rice exports rely more on container shipments than due white and parboiled rice exports. The United States, Hong Kong, China, Singapore, and Canada were the top markets for Thai fragrant rice, accounting for 72 percent of total fragrant rice exports. Competitive prices and the weakening of the Thai baht against the U.S. dollar encouraged the increase in white and glutinous rice exports in 2021. Thai white rice prices were around $20/MT cheaper than Vietnamese rice. In addition, Thai parboiled rice was also more competitive with Indian parboiled rice, with a price difference between $20-30/MT. Around 44 percent of Thai rice exports in 2021 went to Africa, mainly South Africa, Benin, Cameroon, and Angola. Asia and the Americas each accounted for 28 percent of Thai rice exports in 2021. More than 70 percent of rice exports to Africa were parboiled rice. Fragrant rice accounts for more than 95 percent of rice exports to the United States, of which 79 percent was Hom Mali rice. Thai rice exports to Iraq resumed in 2021, totaling 176,000 metric tons of white rice.

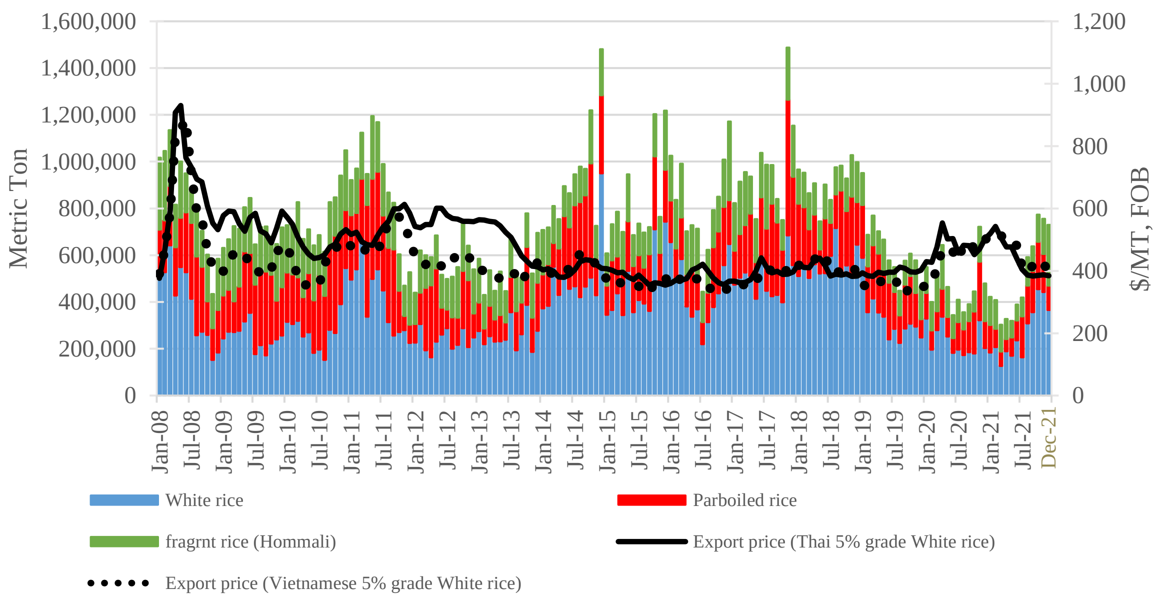
Table: 1.2.1: Thai Rice Exports by Varieties
Unit: Metric Tons

Rice Variety	2017	2018	2019	2020	2021	% Change
White Rice	5,060,904	5,923,320	3,209,715	1,982,740	2,357,630	18.9
Parboiled Rice	3,373,013	2,802,893	2,229,545	1,442,492	1,454,961	0.9
Fragrant Rice	2,678,380	2,120,073	1,925,746	2,022,860	1,952,292	-3.5
Glutinous Rice	516,644	385,878	215,421	276,568	310,877	12.4
Total	11,628,941	11,232,164	7,580,427	5,724,660	6,075,760	6.1

Source: Ministry of Commerce

Post forecasts that Thai rice exports in 2022 will increase to 8 million metric tons, a 31 percent increase from 2021. There will be a strong demand for white and parboiled rice as traders speculate that Thai rice export prices will remain more attractive than Vietnamese and Indian rice. However, exporters expect strong price competition in fragrant rice as Cambodian rice exports to the European Union are now duty-free.

Figure 1.2.1: Monthly Thai Rice Exports and Prices



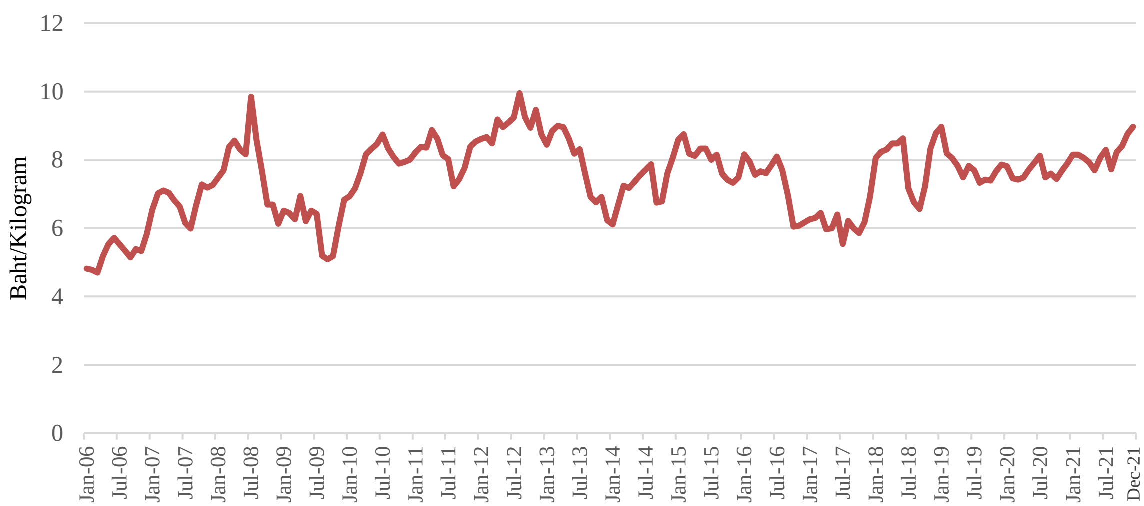
Source: Thai Customs Department, and Thai Chamber of Commerce

2. Corn

Post's forecast for MY2021/22 corn production remains unchanged at 5.3 MMT, down 4 percent from MY2020/21. Farmers shifted to more profitable crops like cassava and sugar cane. In addition, the production cost of corn remains high due to a surge in fertilizer costs. Wholesale price of Urea fertilizer (46-0-0) in November 2021 was 23,133 baht/MT ($701/MT), up 130 percent from the same period last year. Average farm-gate prices of corn between January and December 2021 were still high at 8,202 baht/ton ($246/MT), up 7 percent from the same period last year (Figure 2.1). Furthermore, average farm-gate prices of corn in December 2021 were around 8,970 baht per metric ton ($272/MT), up 14 percent from the same period last year and well above the average farm-gate prices over the past five years. Higher costs of imports of alternative feed ingredients resulted in more demand for corn, raising domestic corn prices. The Thai Customs Department expects a reduction in duty-free corn imports from neighboring countries under the ASEAN free trade agreement due to stronger demand from China for the Lunar New Year in early February 2022. Imports of alternative feed ingredients such as barley and DDGS declined 70 and 60 percent, respectively, from the same period last year. Traders expect that local feed mills are likely to utilize locally produced feed grains, such as broken rice as domestic prices of broken rice in December 2021 dropped by 6 percent from the same period in 2020.

Although corn farmers are eligible for compensation under the MY2021/22 corn price guarantee scheme, farmers will not receive the compensation as current farm-gate prices were higher than the guaranteed prices. The Department of Livestock Development (DLD) official confirmed a case of ASF in Nakhon Pathom province on January 11, 2022. Thai officials and traders expect that the ASF outbreak will reduce swine production from 19-20 million heads in 2021 to 12-13 million heads in 2022, dropping 35 to 40 percent. Post forecasts that MY2021/22 corn import will shrink by 17 percent from the previous year due to a 30 percent drop in swine feed demand.

Figure 2.1: Farm-Gate Prices of Corn



Source: Office of Agricultural Economics, Ministry of Agriculture Cooperatives

3. Wheat

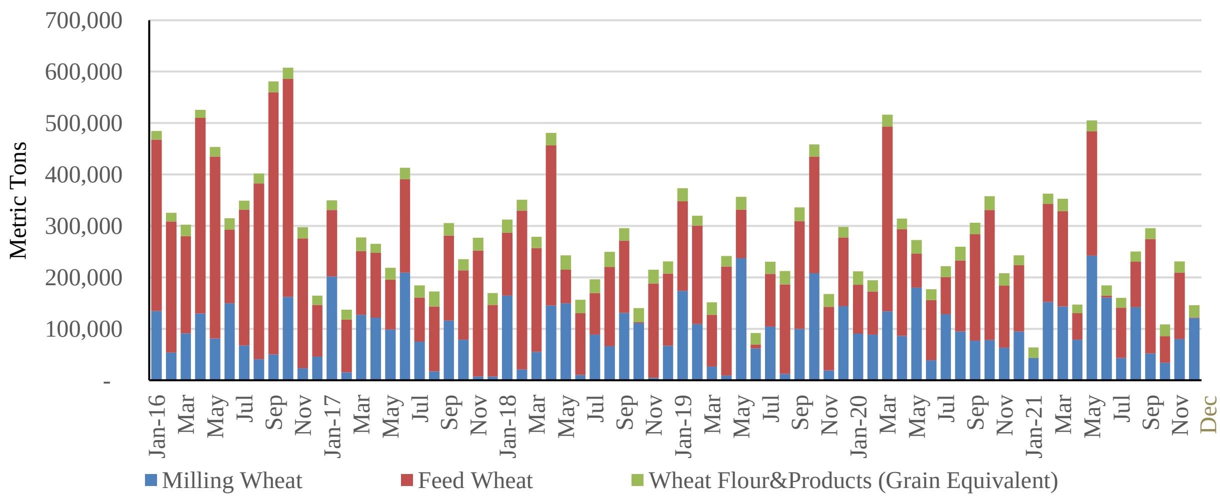
Post's revised down MY2021/22 wheat imports to 2.9 MMT, down 12 percent from MY2020/21. Wheat imports in the first half of MY2021/22 totaled 1.23 MMT, down 24 percent from the same period last year (Figure 3.1). Droughts in major wheat producing countries led to tighter feed wheat supplies and a significant increase in global wheat prices. Milling wheat imports totaled 472,888 MT, down 12 percent from the same period last year. Flour mills still held inventories of milling wheat that they built up in MY2020/21, following the uncertainty about the government's ban on residues of agricultural pesticides paraquat and chlorpyrifos on imported food products. Imports of U.S. wheat in the first half of

MY2021/22, mostly milling wheat, declined 36 percent to 0.21 MMT, which accounted for 44 percent of total milling wheat imports. Imports of Australian wheat doubled to 0.25 MMT, of which 0.19 MMT were milling wheat and 0.06 MMT were feed wheat.

Instant noodle and bakery products account for around 35 and 25 percent, respectively, of total milling wheat consumption. The Office of Industrial Economics reported that bakery production in the first five months of MY2021/22 dropped around 3 percent from the same period last year as the prolonged COVID-19 outbreak continued hurting the hotel and restaurant sector. Instant noodle production in the first five months of MY2021/22 increased 14 percent due to strong demand in both domestic and export markets. Feed mills reportedly shifted to locally produced corn and broken rice and duty-free imported corn in their poultry and swine feed rations due to high prices of imported feed wheat.

The Ministry of Tourism and Sports remains optimistic that the number of foreign tourists will increase to 10 million in 2022, which will generate a total income of 1.3-1.8 trillion baht ($39 billion). Roughly 427,000 foreign tourists visited Thailand in 2021, mostly from Europe and East Asia, following the government's measure to reopen the country for fully vaccinated international travelers.

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 Distribution

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	10509	10509	10400	10842
Beginning Stocks (1000 MT)	4080	4080	3979	4890	4442	5182
Milled Production (1000 MT)	17655	17655	18863	18863	19300	20828
Rough Production (1000 MT)	26750	26750	28580	28580	29242	31558
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	23942	26135
MY Exports (1000 MT)	5706	5725	5900	6076	6500	8000
TY Exports (1000 MT)	5706	5725	5900	6076	6500	8000
Consumption and Residual (1000 MT)	12300	11370	12700	12620	13000	12970
Ending Stocks (1000 MT)	3979	4890	4442	5182	4442	5165
Total Distribution (1000 MT)	21985	21985	23042	23878	23942	26135
Yield (Rough) (MT/HA)	2.7048	2.7048	2.7196	2.7196	2.8117	2.9107

(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	8.966	1.875	10.842
Production (Million Tons)									
Rough	22.410	4.340	26.750	23.530	5.050	28.580	23.389	8.170	31.558
Rice	14.790	2.865	17.655	15.530	3.333	18.863	15.437	5.392	20.828
Yield (Ton/Hectare)	2.545	4.000	2.705	2.562	3.814	2.720	2.608	4.357	2.911

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

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)	1215	1216	1255	1254	1200	1200
Beginning Stocks (1000 MT)	773	773	675	655	840	1170
Production (1000 MT)	4500	4480	5600	5500	5300	5300
MY Imports (1000 MT)	1630	1630	1921	1921	1800	1500
TY Imports (1000 MT)	1602	1602	1846	1846	1800	1500
TY Imp. from U.S. (1000 MT)	20	2	7	0	0	0
Total Supply (1000 MT)	6903	6883	8196	8076	7940	7970
MY Exports (1000 MT)	28	28	56	56	60	60
TY Exports (1000 MT)	27	27	57	57	50	60
Feed and Residual (1000 MT)	6100	6100	7200	6750	7300	6210
FSI Consumption (1000 MT)	100	100	100	100	100	100
Total Consumption (1000 MT)	6200	6200	7300	6850	7400	6310
Ending Stocks (1000 MT)	675	655	840	1170	480	1600
Total Distribution (1000 MT)	6903	6883	8196	8076	7940	7970
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	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)	595	595	754	594	789	629
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	3501	3501	3306	3306	3100	2900
TY Imports (1000 MT)	3501	3501	3306	3306	3100	2900
TY Imp. from U.S. (1000 MT)	785	785	759	759	0	710
Total Supply (1000 MT)	4096	4096	4060	3900	3889	3529
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	1700	1548
FSI Consumption (1000 MT)	1300	1310	1310	1360	1320	1311
Total Consumption (1000 MT)	3050	3210	2960	2960	3020	2859
Ending Stocks (1000 MT)	754	594	789	629	579	380
Total Distribution (1000 MT)	4096	4096	4060	3900	3889	3529
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						

Attachments:

No Attachments