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Report Name: Grain and Feed Update

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Report Highlights:

MY2020/21 main-crop rice harvest was delayed, but rice production is still expected to increase by approximately 5 percent. Rice exports are revised down further due to current port congestion. Wheat imports declined 8 percent in the first four months of MY2020/21 due to a continued economic recession.

Executive Summary

MY2020/21 main-crop rice harvest in the northeastern region was delayed due to unusual rainfall during the ripening growth stage. Farm-gate prices of paddy rice are under downward pressure, particularly for glutinous and fragrant rice, due to favorable weather conditions during the reproductive growth stage. However, Thai rice exports in 2020 are revised down to 5.4 million metric tons, down 29 percent from 2019, due to current congestion caused by insufficient container vessels for shipments between November and December 2020.

MY2020/21 corn production forecast remains unchanged at 5.6 million metric tons. Acreage expansion and more favorable weather conditions led to the 24 percent increase from MY2019/20. Average farm-gate prices of corn between January and November 2020 declined 2 percent from the same period last year but is still well above the 5-year average price as the government restricted the imports of alternative feed grains and ingredients.

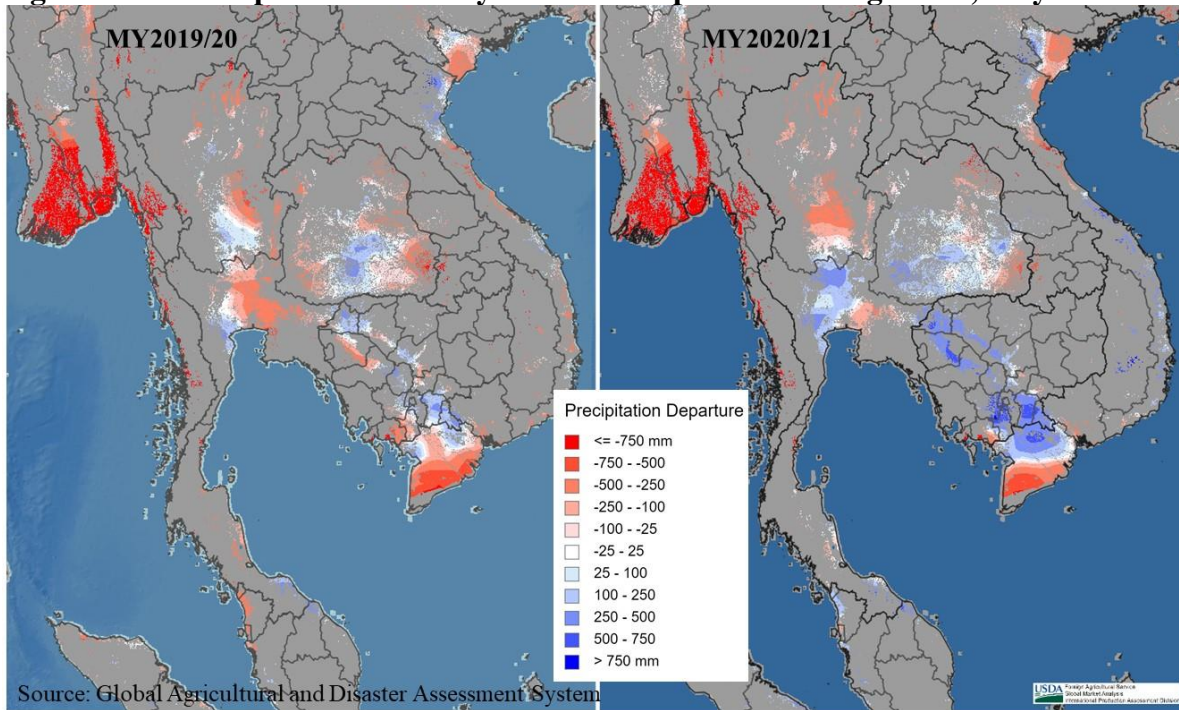
Wheat imports totaled 1.1 million metric tons in the first four months of MY2020/21, down 8 percent from the same period last year due to reduced imports of milling and feed wheat and wheat flour as the economy continues to slowly recover from the impacts of COVID-19. Post's forecast for MY2020/21 wheat imports remain unchanged at 3 million metric tons, down 14 percent from MY2019/20, due to reduced demand for milling wheat and feed wheat. Although the COVID-19 outbreak is under control, the Thai economy is still facing a negative growth rate of 6 percent in 2020 and faces a slow economic recovery in 2021 due to a reduced number of foreign tourists that has adversely affected the service sector, hotels, and restaurants.

1. Rice

1.1 Production

MY2020/21 main-crop rice harvest progressed slower than normal due to unusual rainfall during the ripening growth stage that delayed the harvesting by a couple weeks, particularly in the lower northeastern region, which is a major growing area for fragrant rice. However, main-crop rice production is expected to increase by 5 percent from last year due to more favorable weather conditions during the reproductive growth stage and less damage from floods in non-irrigated rice planting areas, which account for 75 percent of total main-crop rice acreage (Figure 1.1.1). Despite below normal precipitation for the second consecutive year, cumulative precipitation in 2020 in major rice growing areas in the central plains and the northeastern region are 22 percent and 9 percent higher than the same period last year, according to the Thai Meteorological Department (Figure 1.2.1).

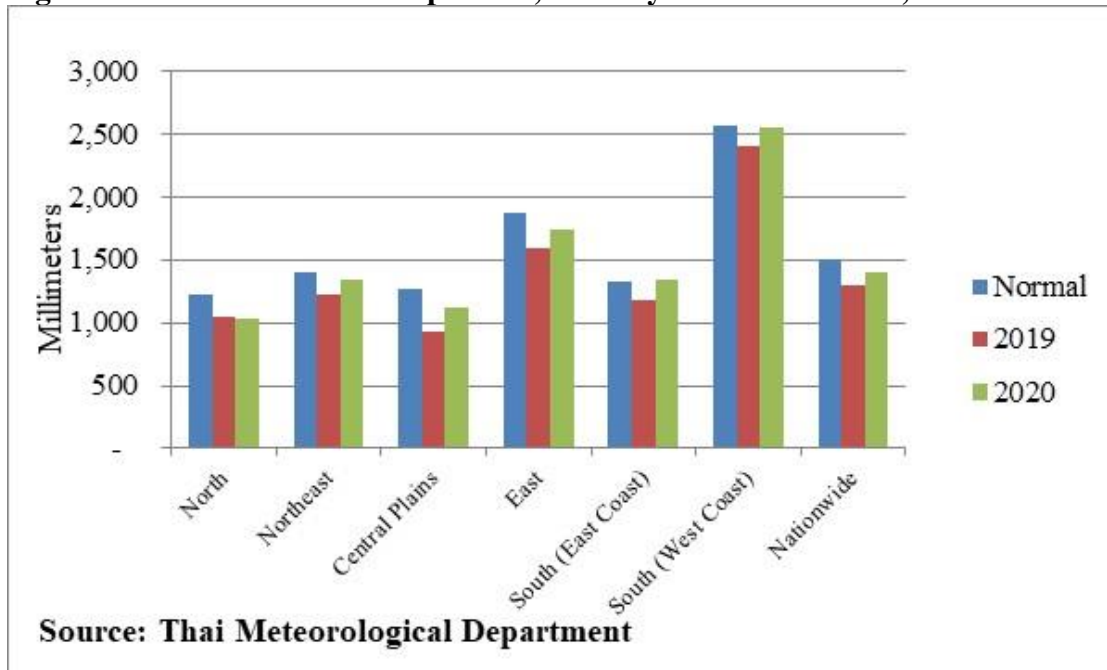
Figure 1.1.1: Precipitation Anomaly in Main-Crop Rice Planting Areas, May – October



Source: Global Agricultural and Disaster Assessment System

USDA Foreign Agricultural Service
Global Market Analysis
International Production Assessment Division

Figure 1.1.2: Cumulative Precipitation, January 1 – November 15, 2020



Good crop conditions in non-irrigated areas are expected to offset reduced main-crop rice acreage in irrigated area, which declined 8 percent from last years. The Royal Irrigation Department (RID) was unable to supply sufficient water for main-crop rice planting due to critically low reservoirs, particularly in the northern region and the central plains, which account for around half of total main-crop rice planting in irrigated areas. According to the RID, current reservoir levels in November 2020 in the

northern region, which will supply irrigation for MY2020/21 off-season rice planting during November 2020 – April 2021, are 17 percent higher than the same period last year (Figure 1.1.3). However, these reservoir levels are still critically low. The RID will likely limit irrigation for MY2020/21 off-season rice planting. MY2020/21 off-season rice production is unlikely to recover to normal production levels like in MY2018/19. Post’s forecast for MY2020/21 rice production remains unchanged at 18.6 million metric tons, which is expected to increase only 5 percent from the MY2019/20 (Figure 1.1.4).

Figure 1.1.3: Water Supplies in Major Reservoirs in the Northern Region in November

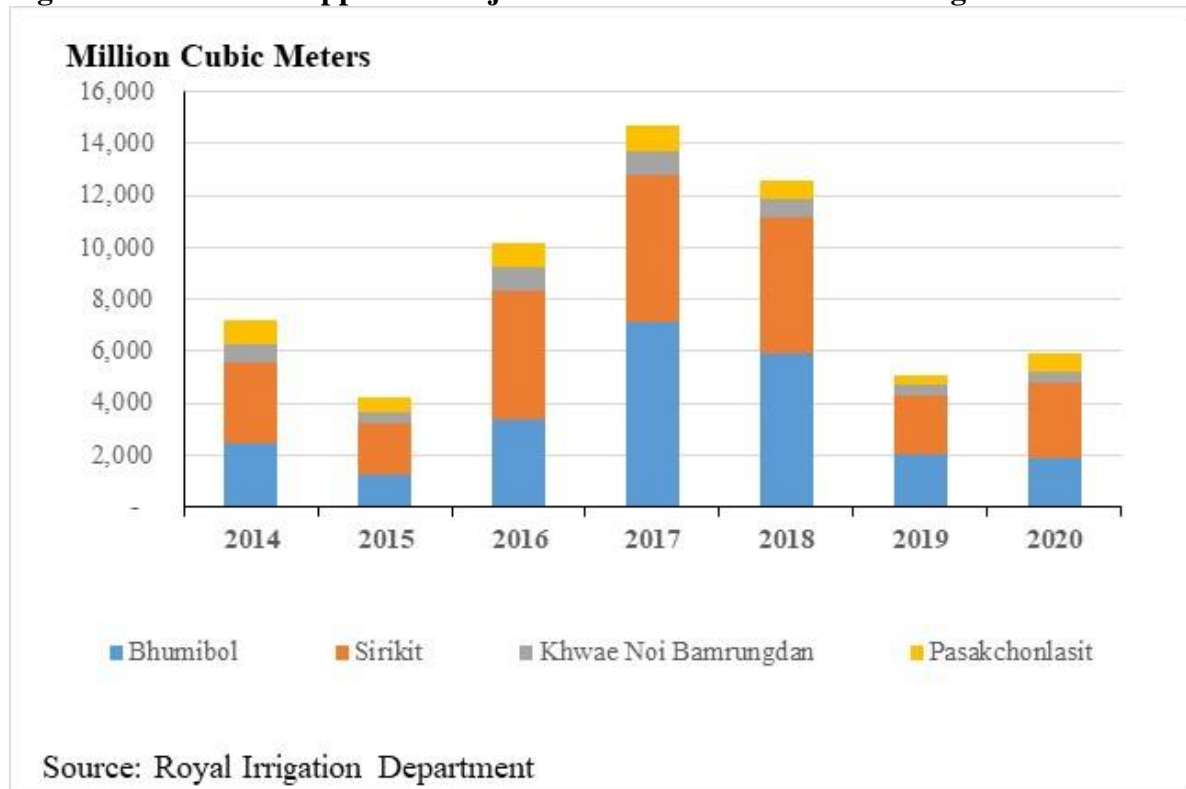
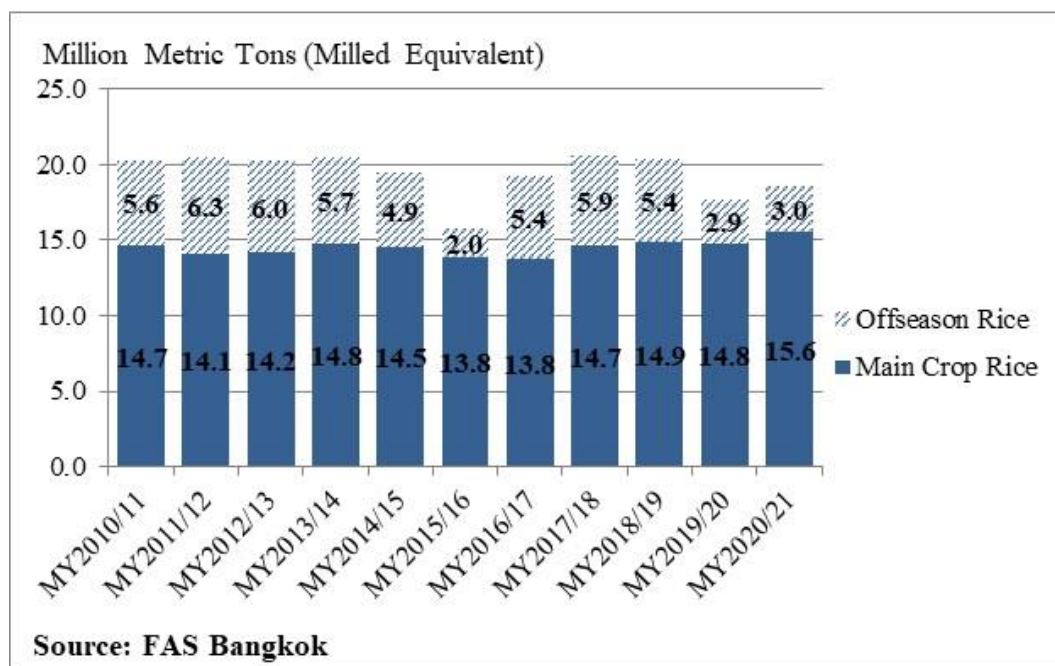
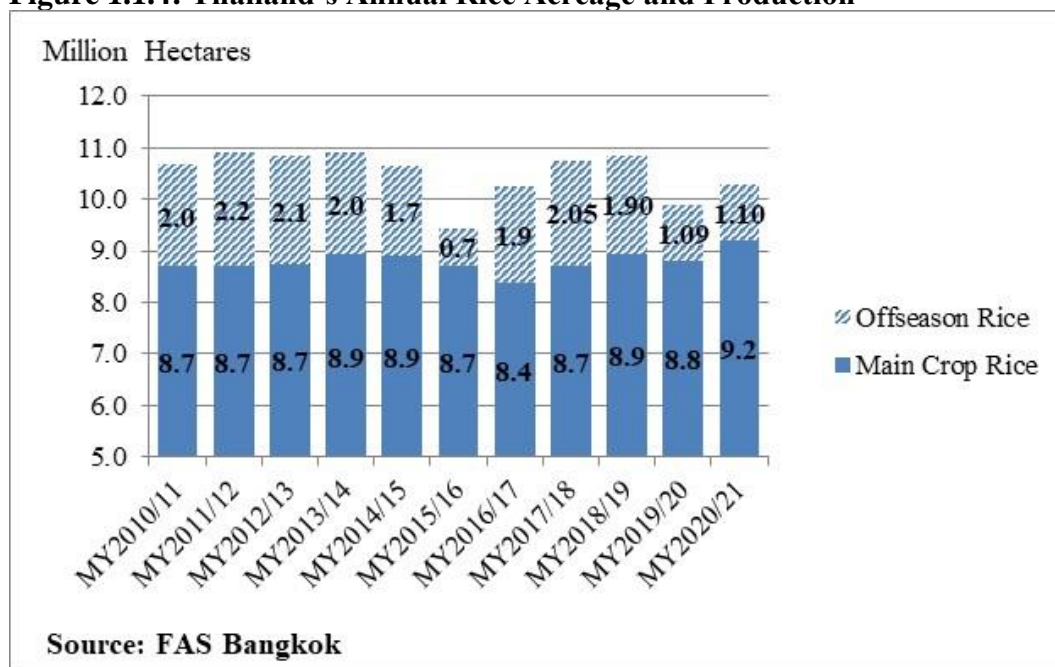
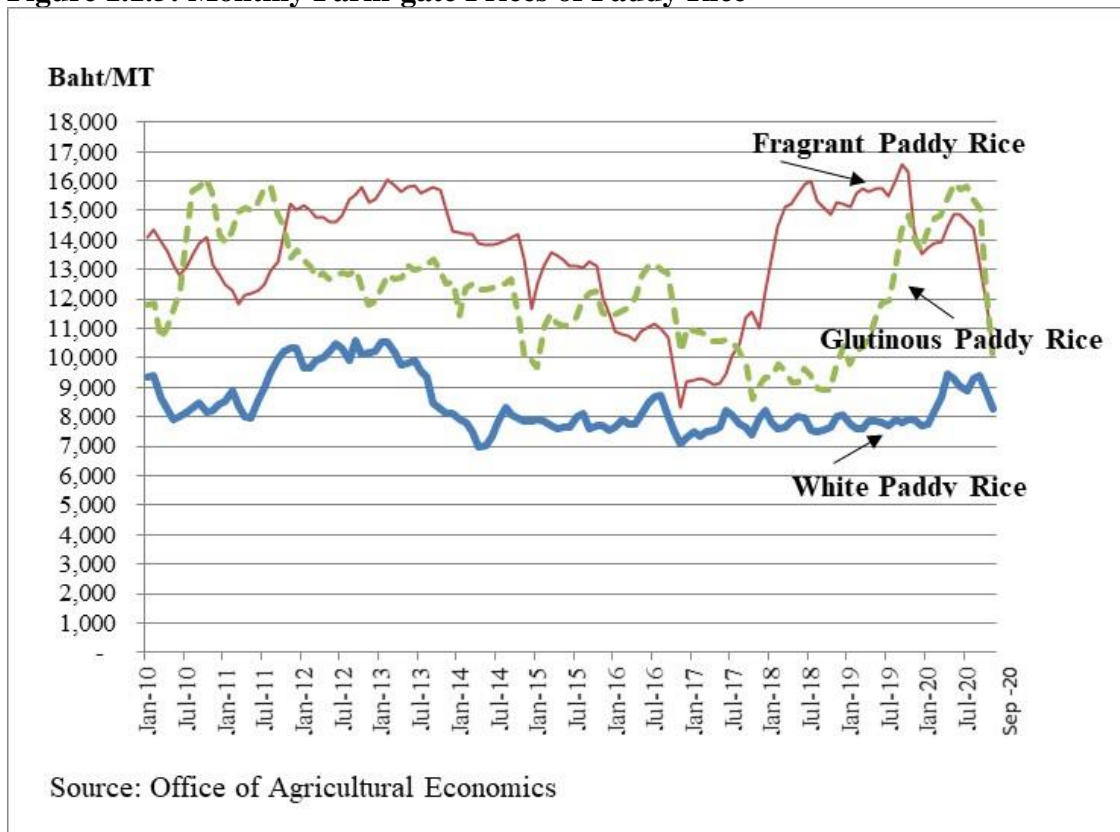


Figure 1.1.4: Thailand's Annual Rice Acreage and Production



Farm-gate prices of paddy rice are still under downward pressure as supplies of MY2020/21 main-crop rice are entering the market. In November 2020, prices of fragrant and glutinous paddy rice fell to 10,100 – 10,300 baht per metric ton (U.S. \$336-343/MT), down 28 percent from the same period last year. Good crop conditions and a high inventory of old-crop fragrant rice caused by the slowdown in domestic and export demand following the COVID-19 outbreak triggered the significant drop in price. Prices of white paddy rice gradually dropped to 8,275 baht per metric ton (U.S. \$276/MT). However, white paddy prices are still 5 percent higher than the same period last year due to shrinking white rice supplies in irrigated areas.

Figure 1.1.5: Monthly Farm-gate Prices of Paddy Rice

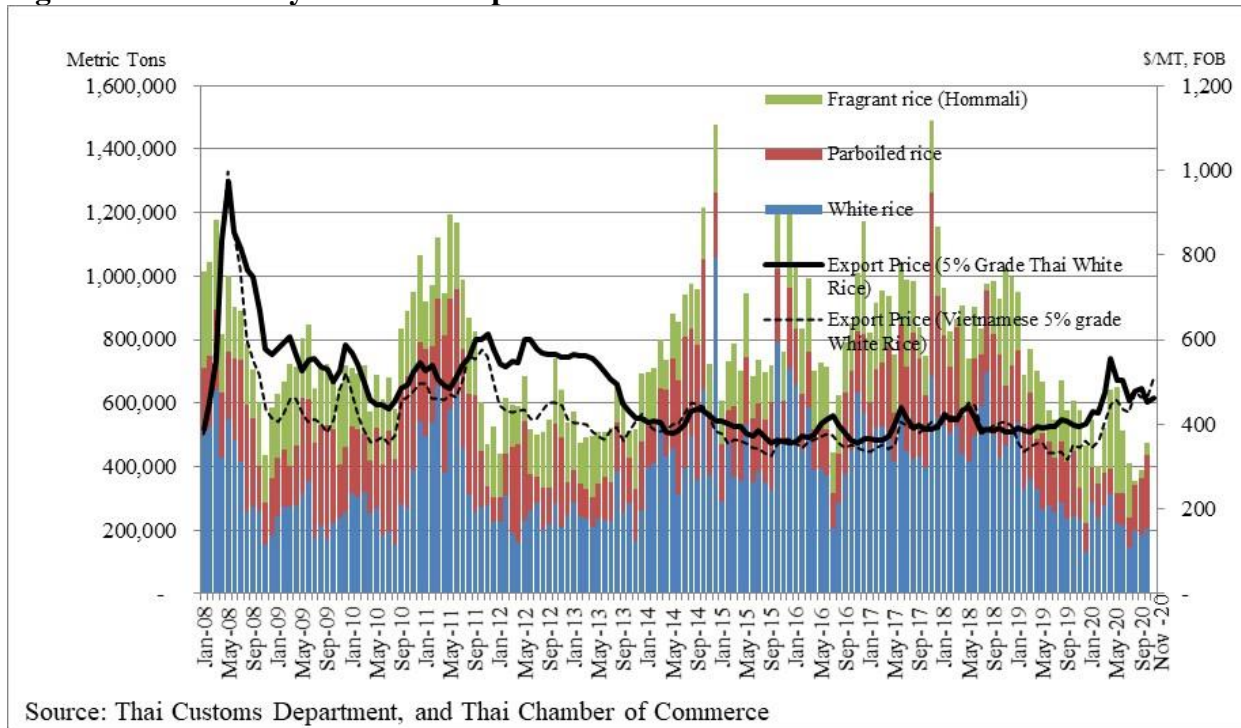


1.2 Trade

In October 2020, Thai rice exports increased 14 percent from the previous month to 445,144 metric tons due to a surge in white rice exports, which increased approximately 50 percent from the previous month. Thai rice prices were cheaper than Vietnamese rice by U.S. \$15-20/MT due to tight supplies of white rice in Vietnam. Additionally, parboiled rice exports increased 70 percent from the previous month as African countries shifted to Thai parboiled rice due to concerns about shipment delays of Indian parboiled rice during the COVID-19 outbreak. However, Thai rice exports between January and October 2020 still declined 31 percent from the same period last year, totaling 4.5 million metric tons due to reduced white and parboiled rice exports as Thai rice was less competitive in the global market. Between January and September 2020, Thai rice was on average U.S. \$40-50/MT higher than Vietnamese white rice and U.S. \$135/MT higher than Indian parboiled rice due to tight domestic supplies of white rice.

Thai rice exports did receive a boost in November 2020 when Thai white rice export prices became more competitive. Thai white rice export prices were U.S. \$40-45/MT cheaper than Vietnamese rice in November 2020, which could have helped strengthen Thai rice export totals in the remainder of 2020. However, current port congestion caused by an insufficient number of available containers will likely cause a delay in the delivery of contracted shipments. Around one third of the contracted shipments are reportedly delayed until January 2021. Post's forecast for Thai rice exports in 2020 are revised down to 5.4 million metric tons, down 29 percent from 2019.

Figure 1.2.1: Monthly Thai Rice Exports and Prices



1.3 Policy

On November 3, 2020, the cabinet approved a budget of 51.6 billion baht (U.S. \$1.7 billion) for the government to implement the price guarantee program and other supporting programs for MY2020/2021 main-crop rice production. Under the price guarantee program, eligible farmers will directly receive compensation only when market prices are lower than the guarantee prices between November 1, 2020 and May 31, 2021. The guaranteed prices for MY2020/21 main-crop rice remain unchanged from the previous year's levels. Also, the eligible tonnage granted to rice farmers remains unchanged, which is based on the average yield of paddy rice production and individual household's actual acreage (not more than 40 rai (6.4 hectares) per household). The guaranteed prices are presently 10-30 percent higher than the current market prices for all varieties of paddy rice. Farmers will receive an average compensation of 1,000 – 3,000 baht per metric ton (U.S. \$33-100/MT) with the maximum compensation ranging between 27,000 and 41,000 baht per household depending on rice varieties, ranging from Pathumthani fragrant paddy rice (26,674 baht (U.S. \$886)), glutinous paddy rice (33,350 baht (U.S. \$1,108)), white paddy rice (36,671 baht (U.S. \$1,218)), Provincial fragrant paddy rice (34,199 baht (U.S. \$1136)), and Hom Mali fragrant paddy rice (40,756 baht (U.S. \$1,354)), respectively.

Table 1.3.1: Paddy Rice Guarantee Prices for MY2020/21 Main-Crop Rice

Paddy Rice Varieties	Guarantee Price (Baht/Metric Ton)	Eligible Tonnage (Metric Ton)	Current Market Price (Baht/Metric Ton)
White Paddy Rice	10,000	30	8,545
Fragrant Paddy Rice (Hom Mali)	15,000	14	10,841
Pathumthani Fragrant Paddy Rice	11,000	25	9,900
Provincial Fragrant Paddy Rice	14,000	16	N.A.
Glutinous Paddy Rice	12,000	16	10,824

Source: Ministry of Commerce and Office of Agricultural Economics

The government will continue to provide a subsidy for MY2020/21 main-crop rice production costs in addition to the price guarantee program. Farmers will receive a direct payment of 500 baht per rai (U.S. \$101/hectare) for a maximum of 20 rai (3.2 hectares). This is a 50 percent reduction from the 1,000 baht per rai farmers received last year as the government expects farmers will receive more compensation from the price guarantee program in MY2020/21. The supporting programs to help stabilize domestic prices also include a pledging program (November 1, 2020 – February 29, 2021), a soft loan program for farmer institutions to purchase paddy rice (October 1, 2020 – September 30, 2021), and interest compensation program for rice millers to hold paddy rice stocks for 2-6 months (November 1, 2020 – March 31, 2021) with the combined target of 7 million metric tons of paddy rice (Please see [TH2020-0119: Grain and Feed Update, August 2020](#)).

Farmers received a total compensation of 19 billion baht (U.S. \$633 million) for 1.1 million rice farmer households in MY2019/20, which accounted for around 93 percent of the total budget outlay for the paddy rice price guarantee program. Additionally, the supporting programs helped stabilize domestic prices by holding paddy rice stocks of 5.1 million metric tons during the peak harvesting period.

2. Corn

Post's forecast for MY2020/21 corn production remains unchanged at 5.6 million metric tons, a 24 percent increase from MY2019/20. Thai corn farmers increased corn acreage, and the MY2020/21 corn production season experienced more favorable weather conditions and less damage from flooding than MY2019/20. So far, average farm-gate prices of corn between January and November 2020 were steady at around 7,650 baht per metric ton (U.S. \$246/MT), which declined 2 percent from the same period last year. The lower price can be attributed to an increase in locally produced corn and a surge in duty-free corn imports from neighboring countries under the ASEAN free trade agreement, particularly from Myanmar. However, these corn price levels are well above the average farm-gate prices over the past five years. The government restrictions on the imports of alternative feed grain and ingredients through domestic absorption requirements for feed wheat imports, as well as a high import tariff (9%) for distiller dried grains with solubles (DDGS) imports, have pushed up corn prices. Farmers will still receive compensation under the MY2020/21 price guarantee program for the MY2020/21 corn production (June 1, 2020 – May 31, 2021) as current market prices are lower than guaranteed prices, which were set at 8.5 baht per rai per household (U.S. \$283). The government also has additional measures like paddy rice that will help stabilize domestic corn prices (Please see [TH2020-0119: Grain and Feed Update, August 2020](#)).

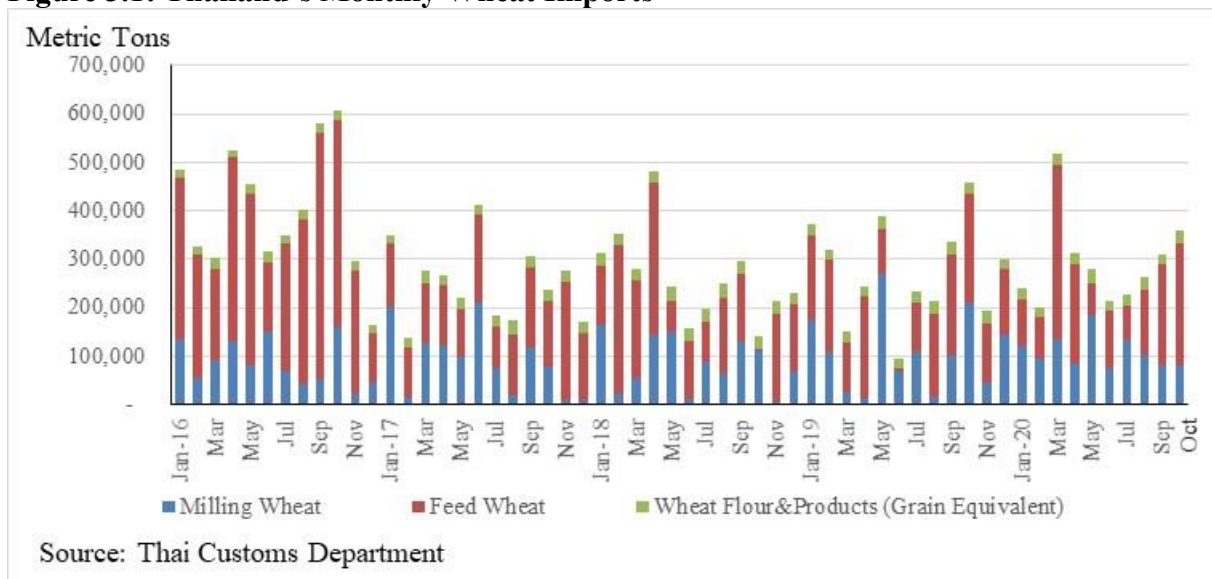
Figure 2.1: Monthly Farm-gate Prices of Corn



3. Wheat

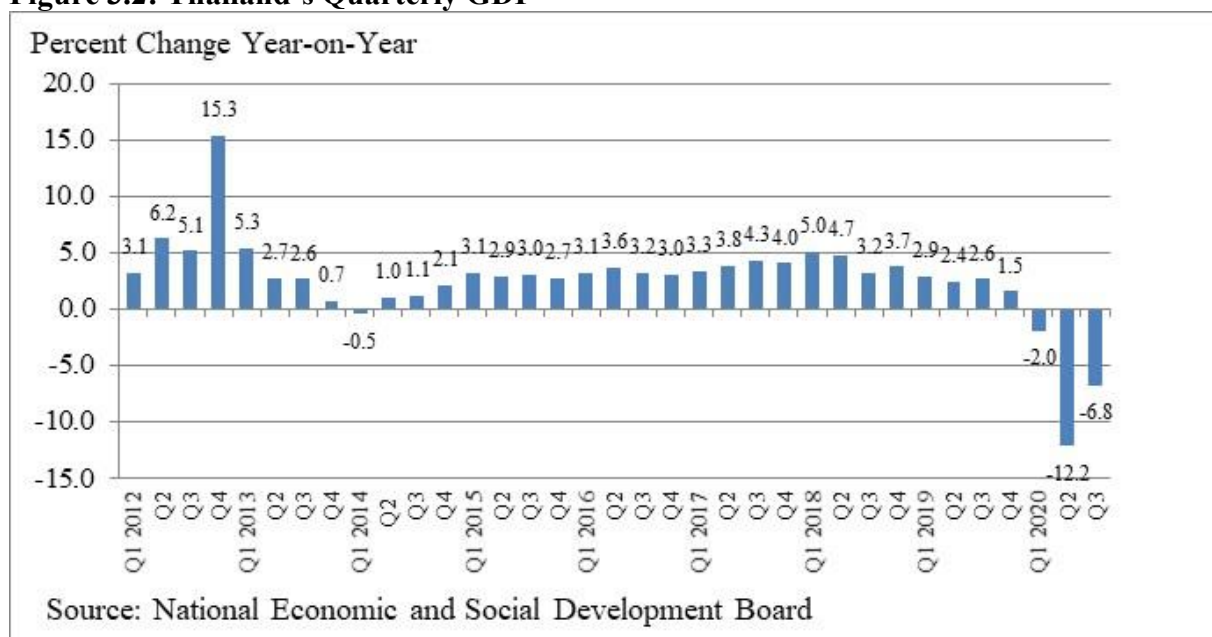
Wheat imports totaled 1.1 million metric tons in the first four months of MY2020/21, down 7 percent from the same period last year due to reduced imports of milling and feed wheat, and wheat flour. Milling wheat imports totaled 0.4 million metric tons, down 8 percent from the same period last year due mainly to a shrinking domestic economy caused by the COVID-19 outbreak. Imports of feed wheat totaled 0.7 million metric tons, down 6 percent from the same period last year due to increased corn supplies from domestic production and imports, as well as the slowdown in poultry and livestock feed demand caused by the COVID-19 outbreak.

Figure 3.1: Thailand’s Monthly Wheat Imports



Post’s forecast for MY2020/21 wheat imports remains unchanged at 3 million metric tons, down 14 percent from MY2019/20. Milling wheat imports are expected to decline to 1.2 million metric tons, down 9 percent from MY2019/20 as domestic consumption of wheat-based food, particularly for bakery products, is unlikely to recover in MY2020/21. Although the pandemic is presently under control, the Thai economy is expected to face a negative growth rate of 6 percent for 2020, based on the latest forecast by the Office of National Economic and Social Development Council in November 2020. The Thai economic growth is expected to fall by 3 percent in the last quarter of 2020 as hotel and restaurant sectors are still struggling from the reduced number of foreign tourists caused by the COVID-19 outbreak. The number of tourists in 2020 is expected to decline to 6.7 million, compared to 39.8 million in 2019. Additionally, the government expects a slow economic recovery in 2021 at 3-4 percent. The expected number of foreign tourists for 2021 is 9 million.

Figure 3.2: Thailand’s Quarterly GDP



Appendix Tables

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

Rice, Milled	2018/2019		2019/2020		2020/2021	
Market Year Begins	Jan 2019		Jan 2020		Jan 2021	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	10830	10830	9890	9890	10300	10285
Beginning Stocks (1000 MT)	3009	3009	4237	4469	4642	5774
Milled Production (1000 MT)	20340	20340	17655	17655	18600	18570
Rough Production (1000 MT)	30818	30818	26750	26750	28182	28136
Milling Rate (.9999) (1000 MT)	6600	6600	6600	6600	6600	6600
MY Imports (1000 MT)	250	200	250	250	200	200
TY Imports (1000 MT)	250	200	250	250	200	200
TY Imp. from U.S. (1000 MT)	4	4	0	0	0	0
Total Supply (1000 MT)	23599	23549	22142	22374	23442	24544
MY Exports (1000 MT)	7562	7580	5500	5400	7000	8400
TY Exports (1000 MT)	7562	7580	5500	5400	7000	8400
Consumption and Residual (1000 MT)	11800	11500	12000	11200	12000	11800
Ending Stocks (1000 MT)	4237	4469	4642	5774	4442	4344
Total Distribution (1000 MT)	23599	23549	22142	22374	23442	24544
Yield (Rough) (MT/HA)	2.8456	2.8456	2.7048	2.7048	2.7361	2.7356

(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 2020/2021 = January 2021 - December 2021

Table 2: Thailand's Rice Production by Crop

	2018/19			2019/20			2020/2021		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (Million Hectares)									
Cultivation	9.230	1.900	11.130	9.280	1.090	10.370	9.370	1.110	10.480
Harvest	8.940	1.890	10.830	8.805	1.085	9.890	9.185	1.100	10.285
Production (Million Tons)									
Rough	22.608	8.210	30.818	22.410	4.340	26.750	23.591	4.545	28.136
Rice	14.920	5.420	20.340	14.790	2.865	17.655	15.570	3.000	18.570
Yield (Ton/Hectare)	2.529	4.344	2.846	2.545	4.000	2.705	2.568	4.132	2.736

Note: 1. Main crop rice is mostly cultivated during May - August and harvested during November - December.

2. Off-season rice is mostly cultivated during November - January and harvested during March - May.

Source: FAS Estimate

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

Corn	2018/2019		2019/2020		2020/2021	
	Jul 2018		Jul 2019		Jul 2020	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1295	1296	1216	1216	1250	1254
Beginning Stocks (1000 MT)	144	144	773	798	675	680
Production (1000 MT)	5600	5625	4500	4480	5500	5610
MY Imports (1000 MT)	1200	1200	1630	1630	1200	800
TY Imports (1000 MT)	1200	1200	1602	1630	1200	800
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	6944	6969	6903	6908	7375	7090
MY Exports (1000 MT)	171	171	28	28	30	30
TY Exports (1000 MT)	111	171	25	28	30	30
Feed and Residual (1000 MT)	5900	5900	6100	6100	6600	6350
FSI Consumption (1000 MT)	100	100	100	100	100	100
Total Consumption (1000 MT)	6000	6000	6200	6200	6700	6450
Ending Stocks (1000 MT)	773	798	675	680	645	610
Total Distribution (1000 MT)	6944	6969	6903	6908	7375	7090
Yield (MT/HA)	4.3243	4.3403	3.7007	3.6842	4.4	4.4737

(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 2020/2021 = October 2020 - September 2021

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

Wheat	2018/2019		2019/2020		2020/2021	
	Jul 2018		Jul 2019		Jul 2020	
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)	671	671	545	545	990	990
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	2899	2899	3497	3497	3100	3000
TY Imports (1000 MT)	2899	2899	3497	3497	3100	3000
TY Imp. from U.S. (1000 MT)	680	680	805	805	0	0
Total Supply (1000 MT)	3570	3570	4042	4042	4090	3990
MY Exports (1000 MT)	275	275	292	292	275	290
TY Exports (1000 MT)	275	275	292	292	275	290
Feed and Residual (1000 MT)	1400	1400	1450	1450	1500	1480
FSI Consumption (1000 MT)	1350	1350	1310	1310	1300	1280
Total Consumption (1000 MT)	2750	2750	2760	2760	2800	2760
Ending Stocks (1000 MT)	545	545	990	990	1015	940
Total Distribution (1000 MT)	3570	3570	4042	4042	4090	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 2020/2021 = July 2020 - June 2021

End of report.

Attachments:

No Attachments