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Report Name: Grain and Feed Update

Country: Thailand

Post: Bangkok

Report Category: Grain and Feed

Prepared By: Mana-anya Iemsam-arng, Agricultural Specialist

Approved By: Kelly Stange

Report Highlights:

FAS/Bangkok (Post) revised down MY2022/23 rice production slightly to 19.9 MMT due to flood damage on main-crop rice production. MY2022/23 corn production and imports, as well as wheat imports, remain unchanged from the previous forecast.

Executive summary

Post revised down marketing year (MY) 2022/23 rice production slightly to 19.9 million metric tons (MMT) due to the damage from floods, mainly in the northeastern region. In addition, the floods will likely delay the harvest of MY2022/23 fragrant rice until the end of October or early November 2022. Thai rice exports benefited from the competitive rice prices following further weakening of the Thai baht against the U.S. dollar and growing foreign demand. Thai rice exporters still face challenges through 2022 from high freight costs.

Post's forecast of MY2022/23 corn production remain unchanged at 5.20 MMT. This is a one percent reduction from MY2021/22 due to expected lower off-season corn acreage. Farm-gate prices of corn were 13 percent higher than the same period last year and 23 percent higher than the 5-year average of 7.55 baht per kilogram (\$204 MT). Burma remains the top suppliers of feed corn for Thailand, followed by India and Cambodia.

MY2022/23 wheat imports remain unchanged from the previous forecast which is expected to increase 23 percent from MY2021/22. Wheat imports in the first two months of MY2022/23 totaled 0.37 MMT, down 10 percent from the same period last year due to reduced milling and feed wheat imports following a slow economic recovery in 2022.

1. Rice

1.1 Production

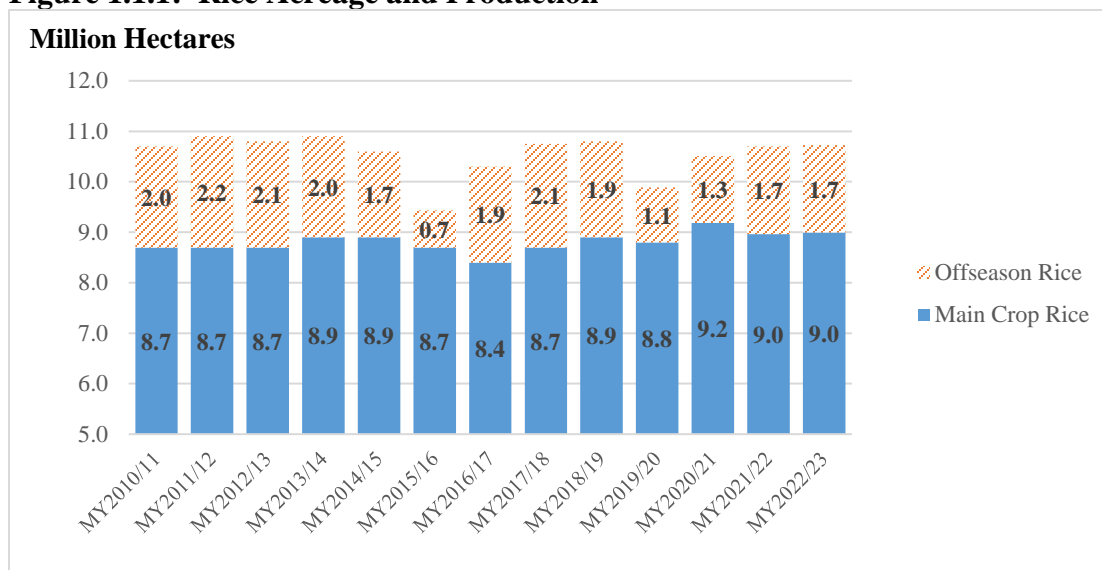
Total rice production in MY2022/23 is revised down from the previous forecast to 19.9 MMT due to flood damage on main-crop rice, mainly in the northeastern region. This rice production is still higher than MY2021/22 production levels in anticipation of favorable MY2022/23 off-season rice production (Figure 1.1.1). The Ministry of Agriculture and Cooperative (MOAC) reported that Typhoon Noru, which hit Thailand on September 29, 2022, caused widespread floods in the Chao Phraya, Chi, and Mun river basins, damaging 531,237 rai (84,998 hectares) of main-crop rice, especially in the northeastern region. The damage areas accounted for around 18 percent of total rice acreage which was affected by floods. Meanwhile, floods had marginal impact on rice production in the Chao Phraya River basin as farmers had already harvested their rice production. Thai officials are closely monitoring additional flood damage on rice production in the Chi and Mun river basin in the northeastern regions, where rice crops are undergoing the reproduction stage and transitioning to the ripening stage which is considered critical period for rice production and its quality.

According to the Royal Irrigation Department (RID), water supplies in major dams and reservoirs reached 80 percent of their capacities. Water supplies in major reservoirs in the northern region and the Central plains more than double from the previous year's levels, which will benefit MY2022/23 off-season rice planting. However, water supplies were still lower than the record levels in 2011 (Figure 1.1.2).

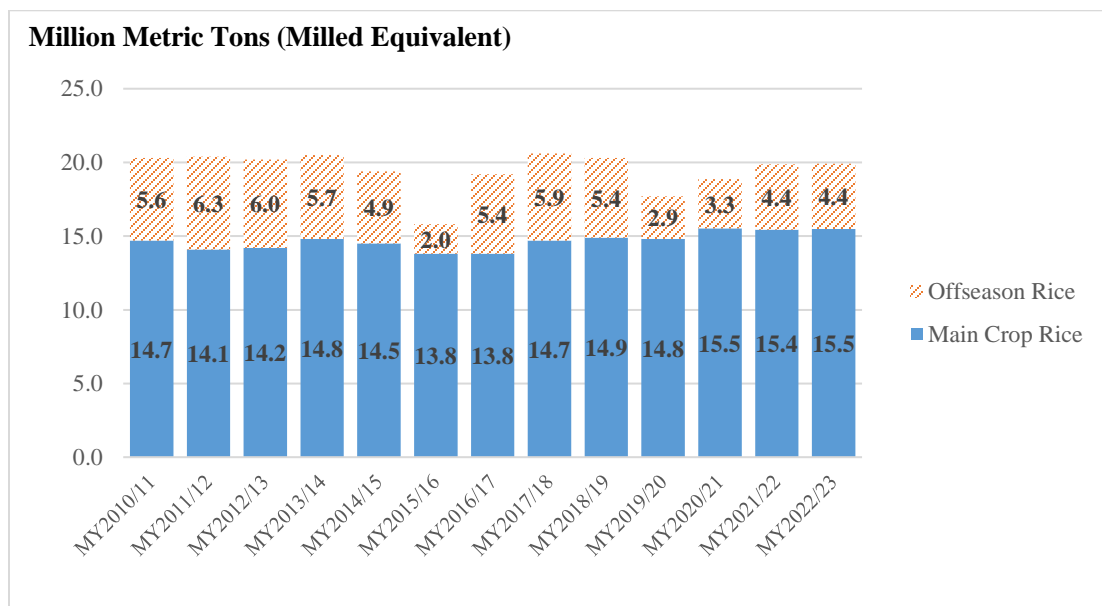
The Thai Metrological Department (TMD) expected precipitation to be 10 percent above normal in the rest of the monsoon season for most parts of the country except in the northern and northeastern regions

where average precipitation is likely to be near normal between October and December 2022 (Figure 1.1.3). This will be favorable weather conditions during the harvesting period of main-crop rice.

Figure 1.1.1: Rice Acreage and Production

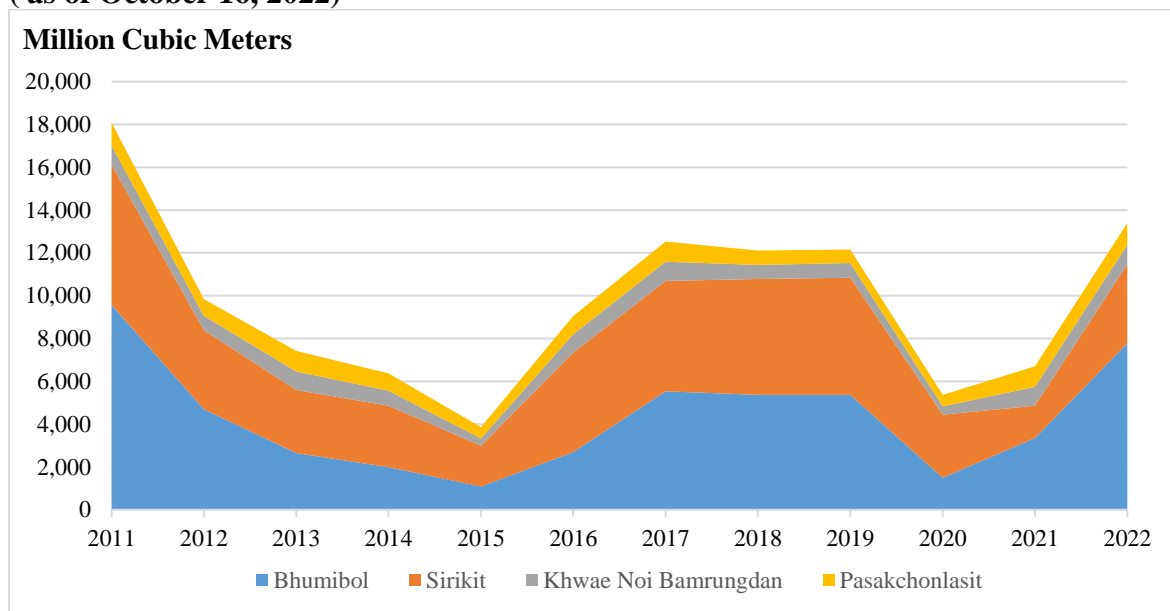


Source: FAS Bangkok



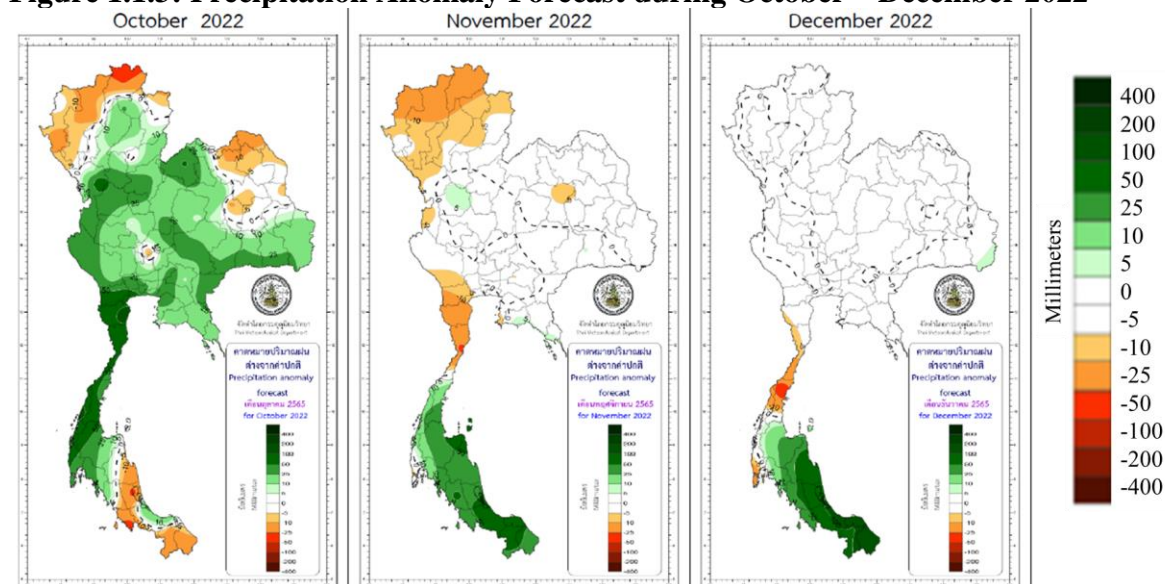
Source: FAS Bangkok

Figure 1.1.2: Water Supply in Major Reservoirs in the Northern Region and the Central Plains (as of October 16, 2022)



Source: Royal Irrigation Department, Ministry of Agriculture and Cooperatives

Figure 1.1.3: Precipitation Anomaly Forecast during October – December 2022

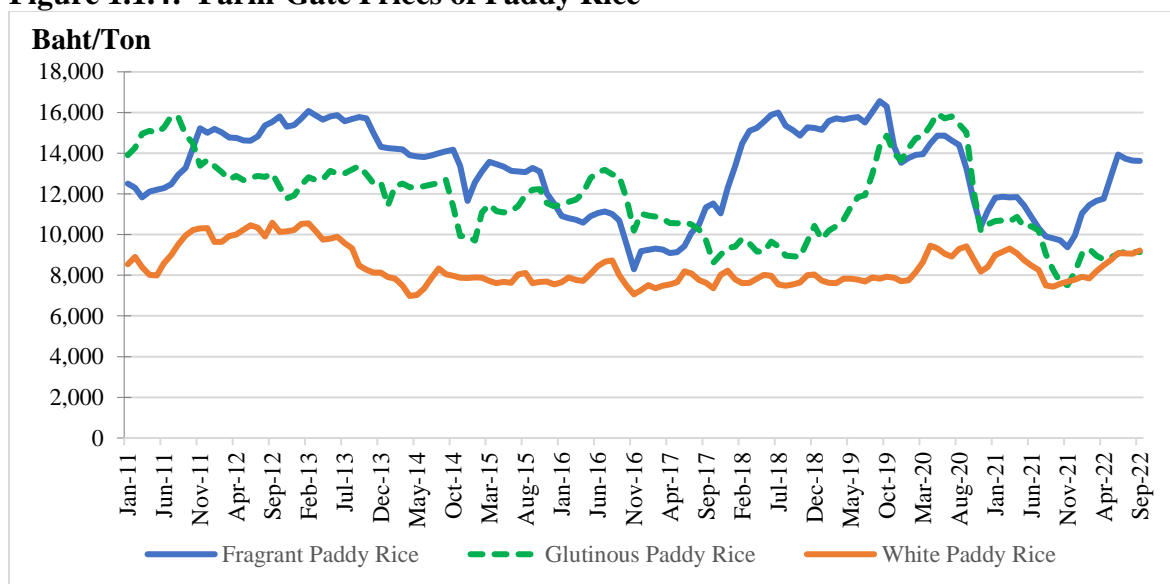


Source: Thai Meteorological Department, Ministry of Digital Economy and Society

Farm-gate prices of fragrant and white paddy rice between January and September 2022 were higher than the same period last year. Fragrant paddy rice prices rose the most, up 17 percent due to growing demand from the foreign buyers. Meanwhile, glutinous paddy rice prices fell the most, down 2 percent from the same period last year (Figure 1.1.4). The downward pressure on glutinous paddy rice prices reflected the sales of old-crop rice stock from the government rice paddy pledging program which consisted of main-crop rice in MY2012/13, and off-season rice in MY2012/13 and MY2013/14, totaling 218,000 metric tons. On September 17, 2022, The Public Warehouse Organization reported on

September 17, 2022, that these old-crop rice stocks were sold for industrial and general uses, which were approximately 50 cheaper than current market prices.

Figure 1.1.4: Farm-Gate Prices of Paddy Rice



Source: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives

1.2 Trade

Post's forecast for Thai rice exports in 2022 remains unchanged at 7.5 MMT. This is a 23 percent increase from 2021 due to larger exportable supplies and strong demand driven by global economic recovery from the pandemic. Thai rice exports still maintained its competitiveness following current attractive export prices which were driven by the weakening of the Thai baht to 36.87 baht/\$1.00 in September 2022 from 33.07 baht/\$1.00 in January 2022. Export prices of Thai white rice in September 2022 were \$8-13/MT higher than Vietnamese rice which was typical price differences.

However, Thai exporters still face challenges through 2022 from high freight costs. Although world crude oil prices leveled off over the past months, freight costs remain high. Exporters had to plan and negotiate with importers about the shipping routes. Current high freight costs reportedly hindered Thai rice export growth in 2022.

According to the Thai Customs Department, rice exports in the first eight months of 2022 totaled 4.77 MMT, up 47 percent from the same period last year, following the surge in white rice and fragrant rice exports (Table 1.2.1). The weakening of the Thai baht made Thai rice export prices more competitive, especially during the third quarter of 2022 when the Thai baht weakened to 36-37 baht/ \$1.00. In addition, Thai rice exporters were able to deliver some of pending shipments in August 2022, leading to the surge in Thai rice exports to 0.69 MMT, up 19 percent from 0.58 MMT in July 2022. Exporters reportedly continued to secure white and parboiled rice for contracted shipments to Middle Eastern countries and African countries. The President of Thai Rice Exporter Association is optimistic that Thai rice exports will likely reach the export target of 7.5 MMT in 2022 with expected average monthly rice exports of 0.7 MMT for the rest of 2022, driven by the recent India's export ban on broken rice in

September 2022, and the 20 percent export duty imposed on all non-basmati rice (excluding parboiled rice).

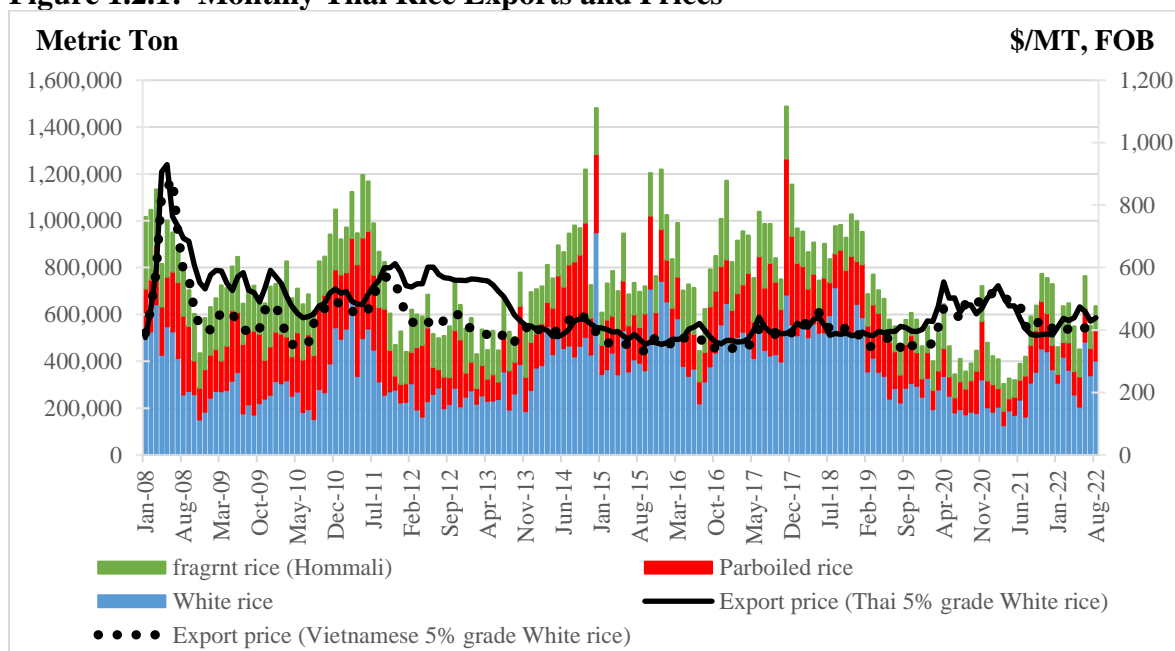
Table: 1.2.1: Thai Rice Exports by Varieties

Unit: Metric Tons

Rice Variety	2018	2019	2020	2021	% Change 20 vs 21	January - August		% Change 21 vs 22
						2021	2022	
White Rice	5,923,320	3,209,715	2,015,246	2,498,142	24.0	1,195,818	2,350,143	96.5
Parboiled Rice	2,802,893	2,229,545	1,419,345	1,502,968	5.9	816,434	825,011	1.1
Fragrant Rice	2,120,073	1,925,746	2,022,879	1,984,470	-1.9	1,077,512	1,405,891	30.5
Glutinous Rice	385,878	215,421	276,568	311,101	12.5	160,965	191,270	18.8
Total	11,232,164	7,580,427	5,734,038	6,296,681	9.8	3,250,729	4,772,315	46.8

Source: Ministry of Commerce

Figure 1.2.1: Monthly Thai Rice Exports and Prices



Source: Thai Customs Department, Ministry of Finance and Thai Chamber of Commerce

1.3 Policy

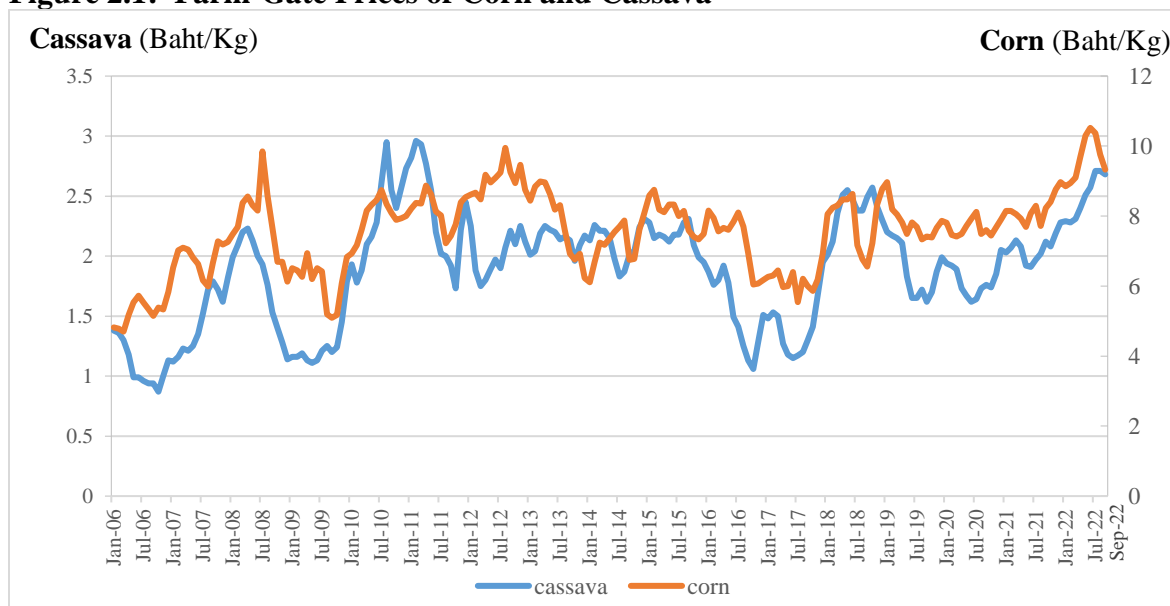
The National Rice Policy and Management Committee has approved the rice price guarantee program in MY2022/23 and is awaiting final approval from the Thai cabinet. The proposed budget totaled 150 billion baht (\$4.1 billion), including the MY2022/23 price guarantee program (86.7 billion baht (\$2.3 billion)), the direct payment to subsidize rice production costs (55.4 billion baht (\$1.5 billion)), and measures to help stabilize rice prices (8.0 billion baht (\$217 million)).

2. Corn

Post's forecast of MY2022/23 corn production remain unchanged at 5.20 MMT. This is a two percent reduction from MY2021/22 in anticipation of reduced off-season corn acreage. Available water supplies and favorable weather condition could encourage farmers to switch to crop with lower maintenance costs and higher returns, such as off-season rice and cassava. Furthermore, lack of the government incentive and price support program for off-season corn planting will likely discourage rice farmers to shift to corn planting.

Farm-gate prices of corn in September 2022 were at 9.33 baht per kilogram (\$253 MT), up 13 percent from the same period last year and well above the 5-year average of 7.55 baht per kilogram (\$204 MT). Cassava prices were also 29 percent higher than the same period last year and 40 percent higher than the 5-year average of 1.92 baht per kilogram (\$51 MT) (Figure 2.1).

Figure 2.1: Farm-Gate Prices of Corn and Cassava



Source: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives

Corn imports in the first two months of MY2022/23 totaled 208,714 MT, down 14 percent from the same period of MY2021/22. Burma was still the largest suppliers of feed corn for Thailand, accounting for 60 percent of total corn imports, followed by India (25 percent) and Cambodia (14 percent). Imports of corn from ASEAN countries are duty free with unlimited quota between February 1 and August 31.

Imports of other feed ingredients in the first two months of MY2022/23 also declined significantly, especially for barley which fell to 2,768 MT, down 96 percent from the same period in MY2021/22. Most of barley imports were from Australia, which was duty free under the Thai-Australian Free Trade Agreement. Imports of distiller's dried grains with solubles (DDGs) which was mainly from the United States also decreased significantly in the first two months of MY2022/23 to 15,870 MT, down 58 percent from the same period of MY2021/22.

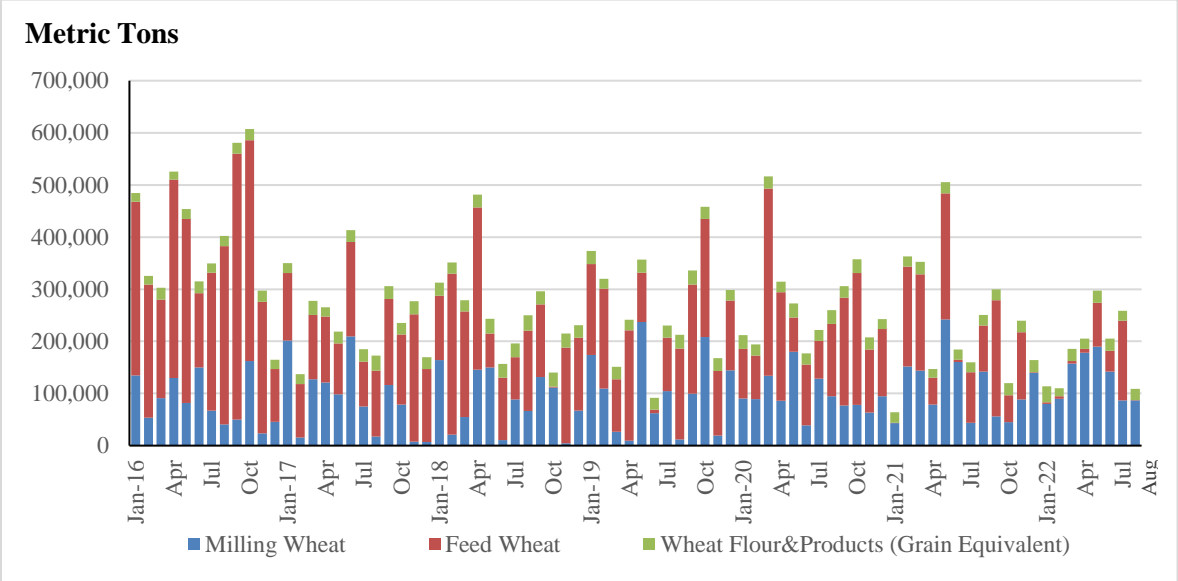
3. Wheat

Post's forecast for MY2022/23 wheat imports remains unchanged at 2.9 MMT. This is a 23 percent increase from MY2021/22 due to anticipated increase in domestic production and growing consumption. The Bank of Thailand's Monetary Policy Committee anticipates the Thai economy will grow by 3.3 percent in 2022 and 3.8 percent in 2023, driven by increasing tourism. The easing of stringent measures on COVID-19 restrictions bolstered the tourism industry and increasing food consumption. The estimated number of tourists between January and August 2022 totaled 4.4 million, up significantly from 73,608 from the same period last year. Most foreign tourist arrivals are from the ASEAN countries - Malaysia, India, and Singapore - which generated revenues of 176 billion baht (\$4.9 billion). The Tourism Authority of Thailand (TAT) forecasts the number of foreign tourists reach 10 million in 2022 and 20 million in 2023.

Wheat imports in the first two months of MY2022/23 totaled 0.37 MMT, down 10 percent from the same period last year (Figure 3.1) due to reduced milling and feed wheat imports. Milling wheat imports totaled 0.14 MMT, down 23 percent from the same period last year. The drop in milling wheat imports in the first two months of MY2022/23 reflected a slow recovery in domestic economy as it was until July 2022 that the government began to remove stringent COVID-19 restrictions for foreign tourists entering Thailand. Feed wheat imports totaled 0.15 MMT, down 17 percent from the same period of MY2021/22 as feed mills shifted to locally produced corn. Also, feed demand in poultry slowed down due to tight supplies of day-old chicks. Imports of wheat flour and products totaled 0.04 MMT, up 5 percent from the same period of MY2021/22, but well below the 5-year average imports of wheat flour and products.

The Office of Industrial Economics (OIE) reported that instant noodle production in the first two months of MY2022/23 increased 7 percent from the same period last year in line with domestic and export demands which respectively increased 5 percent and 9 percent. Bakery production also rose 4 percent from the same period last year. Instant noodle and bakery production respectively accounts for around 35 and 25 percent of total milling wheat consumption. Meanwhile, livestock feed production and sales decreased in the first two months of MY2022/23, down respectively 5 and 8 percent from the same period last year due to higher costs of domestic feed ingredients and high fuel prices which accounted for more than 15-20 percent of the production. Prices of imported feed ingredients (wheat, barley and DDGs) in the first two months of MY2022/23 remained at high levels, up 25-29 percent above the 5-year average levels. In addition, the Ministry of Commerce (MOC) kept its strict measures to monitor feed millers to report their costs, production, and stocks to the Department of Internal Trade.

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



Source: Thai Customs Department, Ministry of Finance

Appendix Tables

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

Rice, Milled Market Year Begins Thailand	2020/2021		2021/2022		2022/2023	
	Jan 2021		Jan 2022		Jan 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	10509	10509	10702	10702	10850	10725
Beginning Stocks (1000 MT)	3979	3979	4280	4271	3958	3774
Milled Production (1000 MT)	18863	18863	19878	19878	20100	19914
Rough Production (1000 MT)	28580	28580	30118	30118	30455	30173
Milling Rate (.9999) (1000 MT)	6600	6600	6600	6600	6600	6600
MY Imports (1000 MT)	200	125	200	125	200	150
TY Imports (1000 MT)	200	125	200	125	200	150
TY Imp. from U.S. (1000 MT)	1	0	0	0	0	0
Total Supply (1000 MT)	23042	22967	24358	24274	24258	23838
MY Exports (1000 MT)	6062	6076	7600	7500	8200	8000
TY Exports (1000 MT)	6062	6076	7600	7500	8200	8000
Consumption and Residual (1000 MT)	12700	12620	12800	13000	12900	13500
Ending Stocks (1000 MT)	4280	4271	3958	3774	3158	2338
Total Distribution (1000 MT)	23042	22967	24358	24274	24258	23838
Yield (Rough) (MT/HA)	2.7196	2.7196	2.8142	2.8142	2.8069	2.8133
(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 2022/2023 = January 2023 - December 2023						

Table 2: Thailand's Rice Production by Crop

	2020/2021			2021/2022			2022/2023		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (Million Hectares)									
Cultivation	9.370	1.354	10.724	9.370	1.754	11.124	9.370	1.750	11.120
Harvest	9.185	1.324	10.509	8.966	1.736	10.702	8.995	1.730	10.725
Production (Million Tons)									
Rough	23.530	5.050	28.580	23.389	6.730	30.118	23.443	6.730	30.173
Rice	15.530	3.333	18.863	15.437	4.442	19.878	15.472	4.442	19.914
Yield (Ton/Hectare)	2.562	3.814	2.720	2.609	3.877	2.814	2.606	3.890	2.813

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

Corn Market Year Begins Thailand	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1255	1254	1200	1200	1180	1200
Beginning Stocks (1000 MT)	675	675	740	1190	343	1293
Production (1000 MT)	5500	5500	5300	5300	5200	5200
MY Imports (1000 MT)	1921	1921	1519	1519	1600	1600
TY Imports (1000 MT)	1846	1846	1500	1500	1700	1600
TY Imp. from U.S. (1000 MT)	7	0	0	0	0	0
Total Supply (1000 MT)	8096	8096	7559	8009	7143	8093
MY Exports (1000 MT)	56	56	116	116	70	100
TY Exports (1000 MT)	57	57	115	115	60	100
Feed and Residual (1000 MT)	7200	6750	7000	6500	6600	6600
FSI Consumption (1000 MT)	100	100	100	100	100	100
Total Consumption (1000 MT)	7300	6850	7100	6600	6700	6700
Ending Stocks (1000 MT)	740	1190	343	1293	373	1293
Total Distribution (1000 MT)	8096	8096	7559	8009	7143	8093
Yield (MT/HA)	4.3825	4.386	4.4167	4.4167	4.4068	4.3333

(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 2022/2023 = October 2022 - September 2023

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

Wheat Market Year Begins Thailand	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	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)	754	754	789	789	366	256
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	3306	3306	2351	2351	2700	2900
TY Imports (1000 MT)	3306	3306	2351	2351	2700	2900
TY Imp. from U.S. (1000 MT)	759	759	526	526	0	600
Total Supply (1000 MT)	4060	4060	3140	3140	3066	3156
MY Exports (1000 MT)	311	311	324	324	300	300
TY Exports (1000 MT)	311	311	324	324	300	300
Feed and Residual (1000 MT)	1650	1600	1200	1200	1200	1200
FSI Consumption (1000 MT)	1310	1360	1250	1360	1300	1400
Total Consumption (1000 MT)	2960	2960	2450	2560	2500	2600
Ending Stocks (1000 MT)	789	789	366	256	266	256
Total Distribution (1000 MT)	4060	4060	3140	3140	3066	3156
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 2022/2023 = July 2022 - June 2023						

Attachments:

No Attachments