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Report Name: Grain and Feed Update

Country: Thailand

Post: Bangkok

Report Category: Grain and Feed

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Report Highlights:

Post lowered MY2023/24 rice production estimate to 19.6 MMT due to water supply concerns. MY2023/24 corn production and imports will likely increase as planting acreage expands, swine production gradually recovers, and poultry production grows. MY2023/24 wheat imports will likely fall as flour mills still carry high wheat stocks.

Executive summary

FAS Bangkok (Post) revised rice production forecast for marketing year (MY) 2023/24 to 19.6 million metric tons (MMT) due to low precipitation. Post estimates Thailand's MY2022/2023 rice exports increased to 8.0 MMT, up 4 percent from MY2021/2022 spurred by India's ban on non-basmati rice exports. Still Thai rice exporters noted concern over the volatility of the Thai baht and high inventory levels of importing countries.

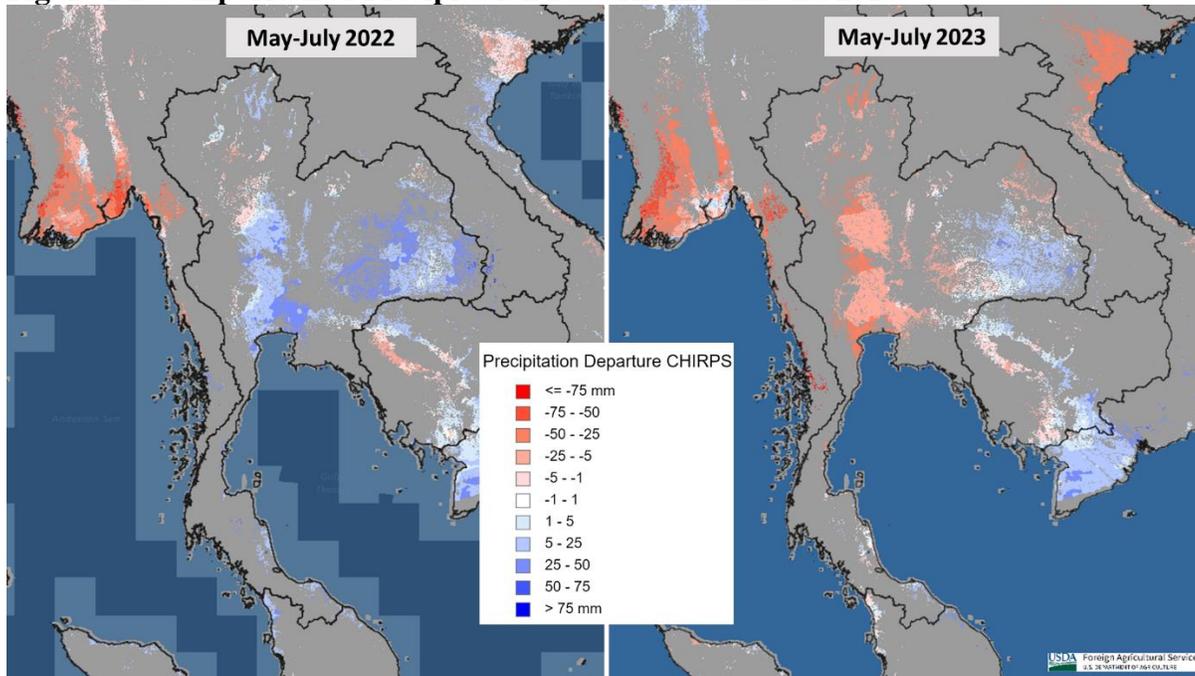
Post forecasts MY2023/24 corn production to increase to 5.4 MMT reflecting an expansion in planting acreage and high farm-gate prices. Post projects MY2023/24 corn imports to reach the 5-year average of 1.5 MMT, up 27 percent from MY2022/23 due to a partial recovery in swine production and growing poultry production.

Post forecasts MY2023/24 wheat imports to decline to 2.7 MMT as (i) flour mills still carry high wheat stocks and (ii) feed demand remains limited as swine production has not fully recovered after an ASF outbreak. The government is also likely to maintain import restrictions on feed wheat that require feed mills to purchase domestic corn at a guaranteed floor price before importing feed wheat.

1. Rice

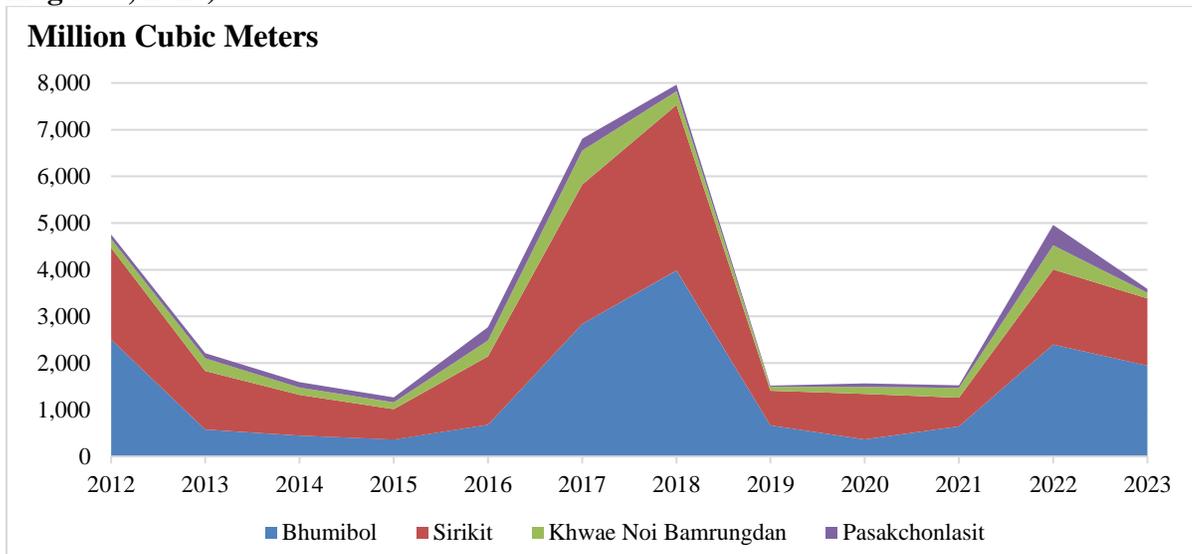
Post lowered the MY2023/24 rice production estimate to 19.6 MMT or by 6 percent from MY 2022/23 due to expected low water availability, particularly during off-season (November-April) rice production. The Thai Meteorological Department (TMD) reported that cumulative precipitation between January 1-August 6, 2023, was 35 percent lower than during the same period in 2022 (Figure 1.1) and 16 percent below the 30-year national average. The Royal Irrigation Department (RID) announced that the water supply for irrigation in the northern region and the central plains between January 1 – August 14 was 28 percent lower than in the same period in 2022 (Figure 1.2). Moreover, the rainy season, which typically begins in mid-May, started at the end of May in 2023. The RID forecasted that water supplies at the beginning of MY2023/24 off-season planting would be 36 percent lower than on November 1, 2022.

Figure 1.1 Comparison of Precipitation Patterns in 2022 and 2023.



Source: USDA – Foreign Agricultural Service, Global Agricultural & Disaster Assessment System (GADAS)
 Note: Precipitation patterns are only shown for main rice-producing areas.

Figure 1.2 Water Levels in Major Reservoirs in the Northern Region and the Central Plains (as of August 6, 2023)



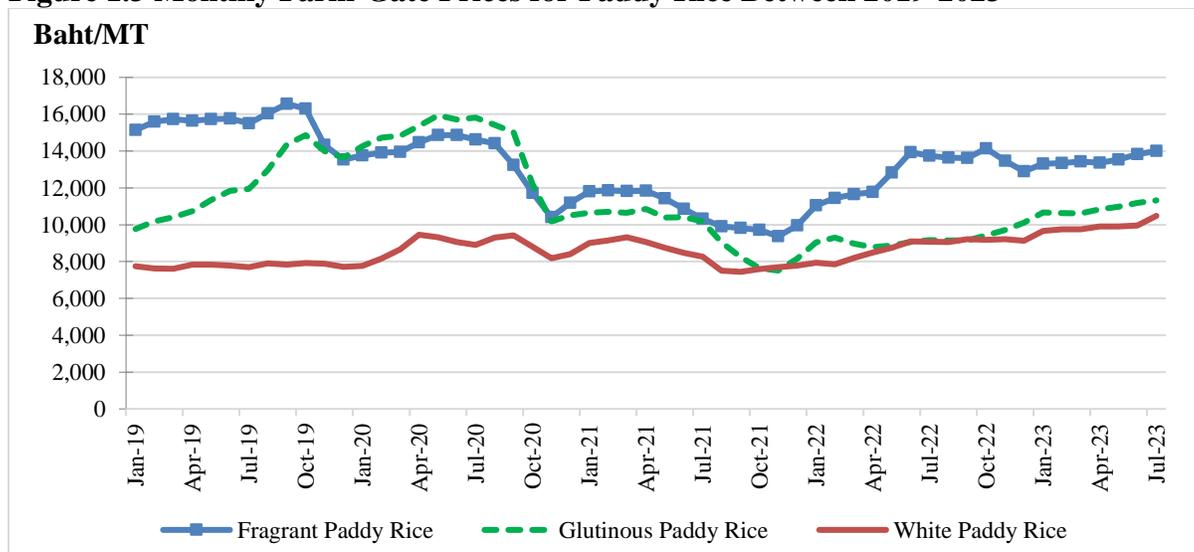
Source: Royal Irrigation Department, Ministry of Agriculture and Cooperatives
 Note: Irrigated rice planting areas are primarily located in the northern region and central plains.

White rice prices in July 2023 (latest available, Figure 1.3) were 10,483 baht/MT (\$304¹/MT), up 22 percent from the 5-year average of 8,599 baht/MT (\$250/MT). Fragrant rice prices reached 13,995 baht/MT (\$406/MT), up 14 percent from the 5-year average of 12,284 baht/MT (\$356/MT). Glutinous

¹ \$1=34.48 baht (Bank of Thailand)

rice prices were 11,331 baht/MT (\$329/MT), up 7 percent from the 5-year average of 10,556 baht/MT (\$306/MT).

Figure 1.3 Monthly Farm-Gate Prices for Paddy Rice Between 2019-2023



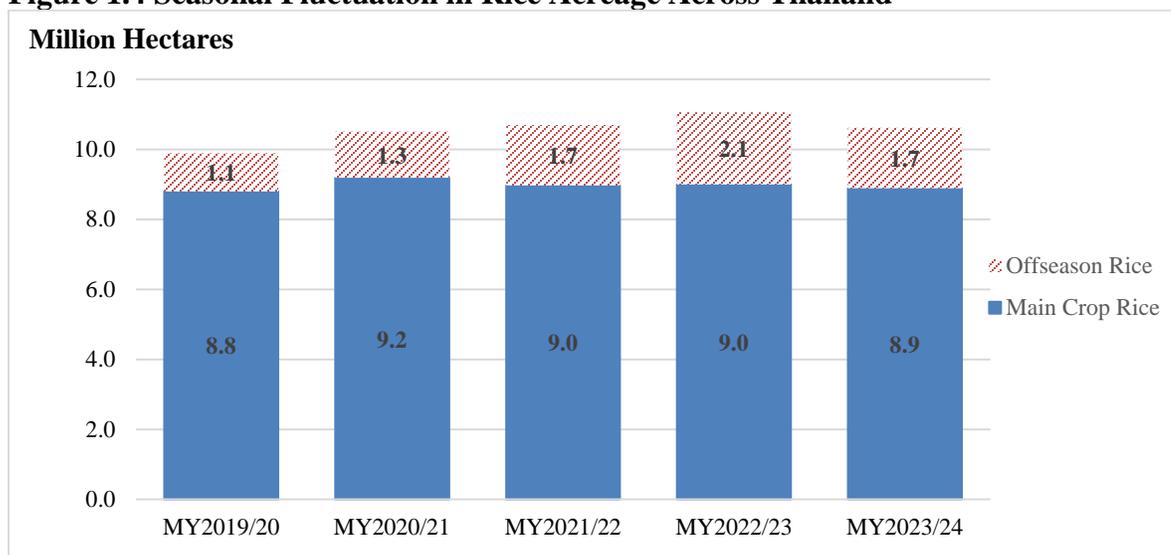
Source: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives

Note: The average exchange rate in the first half of 2023 was \$1=34.48 (Bank of Thailand)

On August 9, 2023, the RID reported that MY2023/24 farmers planted 14.05 million rai (2.24 hectares or 4 percent less than at this time in 2022), which represents 83 percent of the total irrigated area. Rice planting areas in the non-irrigated areas reportedly faced dry spells between June and July 2023. Meanwhile, planting areas in the Northeastern region were affected by flash floods. The initial August 8, 2023 report of the Ministry of Agriculture and Cooperatives (MOAC) estimated that about 22,759 rai (3,641 hectares) along the Mekong River basin has been damaged.

Post revised up the total milled MY2022/23 rice production to 20.9 MMT (Figure 1.5) or up 5 percent from MY2021/22 as off-season rice acreage grew and the average MY2022/23 precipitation was 24 percent above the 30-year national average.

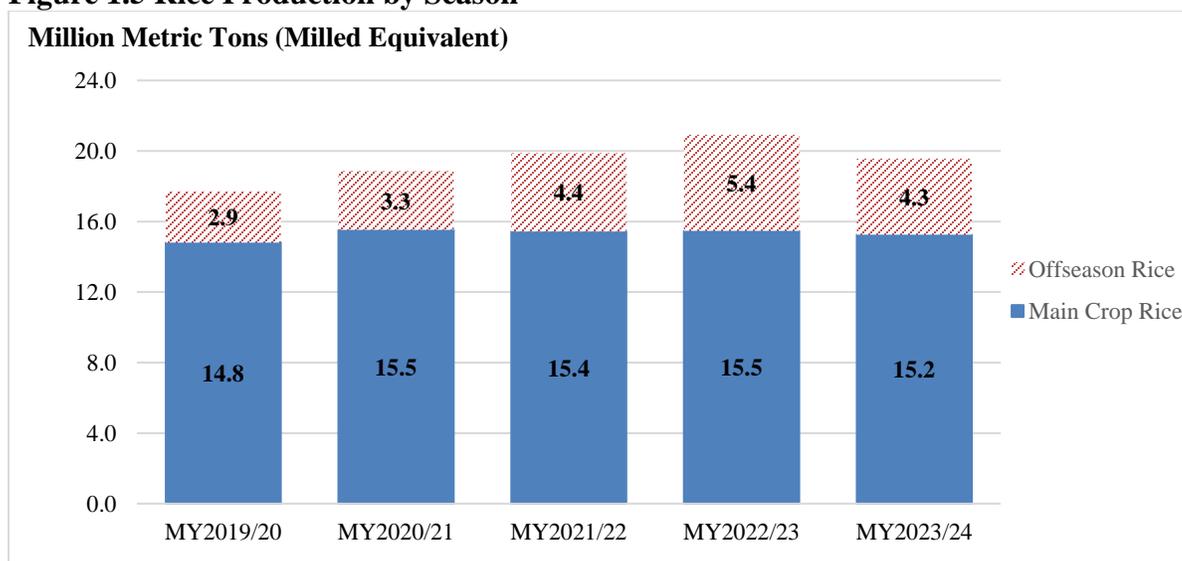
Figure 1.4 Seasonal Fluctuation in Rice Acreage Across Thailand



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

Note: The main rice season for Northern, Northeastern and Central Plains, Thailand (top rice-producing part of the country) is May through October. The off-season, which corresponds to the dry season, is November to April.

Figure 1.5 Rice Production by Season



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

Note: The main rice season for Northern Thailand (top rice-producing part of the country) is May through October. The off-season, which corresponds to the dry season, is November to April.

Post’s estimate for Thailand’s MY2022/23 rice exports remains 8.0 MMT, up 4 percent from MY2021/22 due to high demand from importing countries and higher off-season (primarily white rice) production. Since September 2022, India has placed export restrictions on white and brown rice exports (see [IN2022-0081: Grain and Feed Update - October 2022](#)). These measures have led to greater global demand for Thai rice and surging prices (by about \$120/MT since India’s further July 20, 2023 export ban on non-basmati rice).

In the first half of 2023, Thai white rice became even more competitive as prices trended closer (\$449-528/MT) to those of major competitors like Vietnam (\$438-501/MT) than in recent years. An increase in MY2022/23 off-season white and parboiled rice (Table 1.1) will likely further boost Thailand's 2023 rice exports. Still, exporters remain concerned about exchange rate volatility and a slower than expected economic recovery for trading partners.

Thailand's January-June 2023 rice exports totaled 4.04 MMT (15.2 percent above same period in 2022) or 75.53 billion baht (\$2.21 billion or 22.5 percent over the same period in 2022) (Table 1.1). White rice exports expanded the most to 2.2 MMT, up 36 percent from the same period in 2022. Iraq was the top market for Thai rice, importing more than 635 thousand metric tons (TMT) of white rice and accounting for 16 percent of Thailand's total rice exports.

Middle East, the Association of Southeast Asian Nations (ASEAN) countries, and Africa will likely remain the top destinations for Thailand's rice in 2023 and 2024.

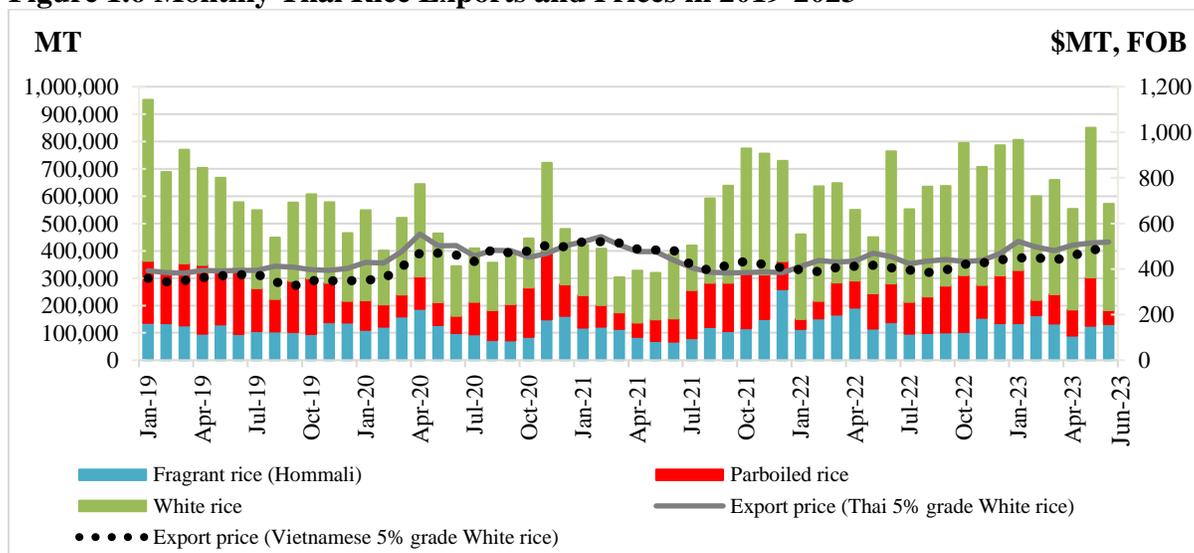
Table 1.1 Thai Rice Exports by Varieties

Unit: Metric Tons (MT)

Rice Variety	2019	2020	2021	2022	% Change 21 vs 22	January - June		% Change 22 vs 23
						2022	2023	
White Rice	3,209,715	2,015,246	2,498,142	3,785,902	51.5	1,650,949	2,242,509	35.8
Parboiled Rice	2,229,545	1,419,345	1,502,968	1,511,058	0.5	587,371	680,968	15.9
Fragrant Rice	1,925,746	2,022,879	1,984,470	2,048,151	3.2	1,129,735	972,562	-13.9
Glutinous Rice	215,421	276,568	311,101	350,226	12.6	138,969	143,453	3.2
Total	7,580,427	5,734,038	6,296,681	7,695,325	22.2	3,507,024	4,039,483	15.2

Source: Ministry of Commerce

Figure 1.6 Monthly Thai Rice Exports and Prices in 2019-2023



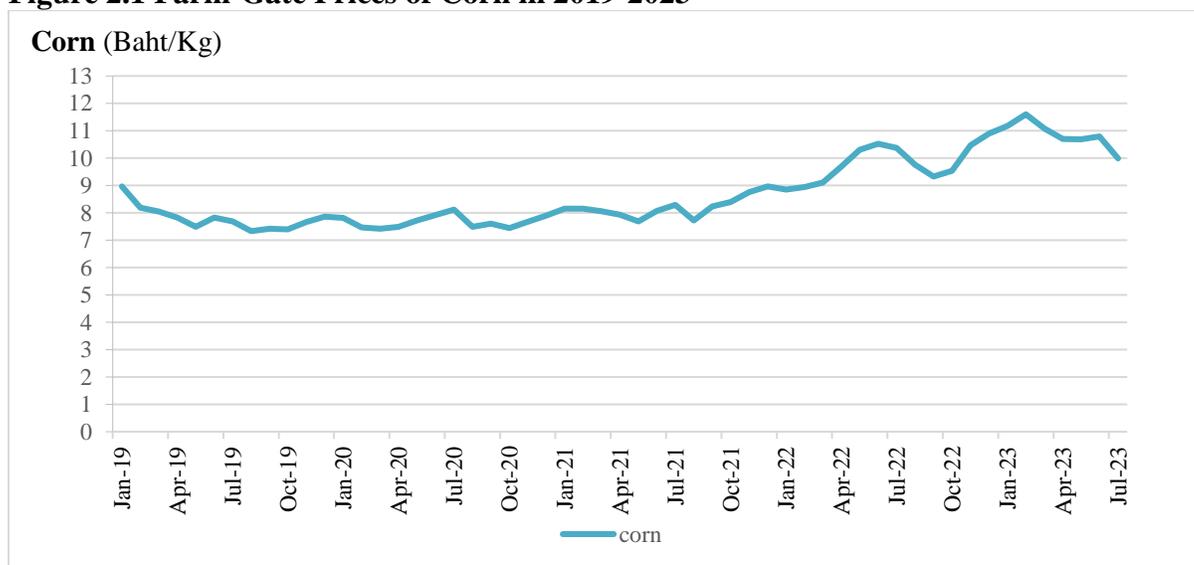
Source: Thai Customs Department, Ministry of Finance and Thai Chamber of Commerce

2. Corn

Post's forecast for MY2023/24 corn production remains 5.4 MMT. A recovery in main-season crop acreage due to rising farm-gate prices will marginally increase MY2023/24 corn production compared to MY 2022/23. In January-July 2023, the average corn farm-gate price was 10,930 baht/MT (\$317/MT) (Figure 2.1), an 8 percent increase over the same period in 2022, and an 11 percent jump from the 5-year average of 8,986 baht/MT (\$261/MT) due to uncertainty in the global corn trade and supplies. However, farmers are still looking for higher return crops as they face high input costs, including chemical fertilizers, which account for 16-20 percent of total production costs, as well as growing concern over water availability. The average fertilizer price in the first half of 2023 was 24,711 baht per MT (\$717/MT), up 6 percent from 23,288 baht per MT (\$675/MT) in the same period in 2022.

Post revised its MY2022/23 corn production to 5.35 MMT, slightly up from MY2021/22, mainly due to favorable weather conditions and higher farm-gate prices. MOAC reported limited damage from fall armyworm and Downy mildew diseases for both main and off-season corn production as farmers effectively applied pest management skills learned during the severe fall armyworm outbreak in 2018.

Figure 2.1 Farm-Gate Prices of Corn in 2019-2023



Source: Office of Agricultural Economics, MOAC

Post forecasts MY2023/24 corn imports at 1.5 MMT, the 5-year average, as swine production recovers and poultry production grows in the second half of 2023. Swine production is expected to recover to 80 percent of production capacity prior to the African Swine Fever (ASF) outbreak in 2022. Also, the government is likely to maintain import restrictions on feed wheat, which require feed mills to purchase domestic corn at a guaranteed floor price before importing feed wheat. The import restrictions on feed wheat will keep domestic corn prices high and drive import demand for corn from neighboring countries, particularly from Burma, Laos, and Cambodia. Corn imports from these countries enjoy duty-free access with unlimited quota between February 1 and August 31. However, Thai importers expect Burmese corn supplies to be tighter as border trade between Burma and China resumed. Also, importers are concerned about price volatility in Burmese corn due to the Burmese government's tight exchange rate regulation.

MY2022/23 corn imports totaled 1.18 MMT, down 22 percent from MY2021/22 due to high import prices and tight global supplies. Burma supplied more than 85 percent of corn imports, followed by Laos at 8 percent. Imported corn prices between January 1 – August 14, 2023, were 12,750 baht/MT (\$370/MT), 3 percent higher than the same period last year. The Swine Raisers Association of Thailand estimated the number of hogs and swine feed demand dropped 20 and 12 percent, respectively, in 2022 compared to 2021 following the ASF outbreak. The decline in swine feed demand exceeded a gradual growth in demand for poultry feed. Demand for poultry meat had increased domestically and globally as an affordable protein meat substitute for pork. Moreover, illegal imports of pork meat (estimated at 6.9 billion baht (\$200 million) in 2022 by Thai Customs Department) further complicated recovery of local swine farms.

Imports of distiller's dried grains with solubles (DDGS) between July and Jun 2023 fell to 196 MT or by 25 percent relative to the previous year and 58 percent below the 5-year average of 469 TMT. Uncertainty about fumigation requirements in the new import protocol and high import prices contributed to declining imports. The United States accounted for 92 percent of all DDGS imports to Thailand in 2021. In addition, imports of barley rose to 439 TMT, up significantly from the same period last year. Australia was the primary barley supplier to Thailand, to which it has duty-free access under the Thailand-Australia Free Trade Agreement.

3. Wheat

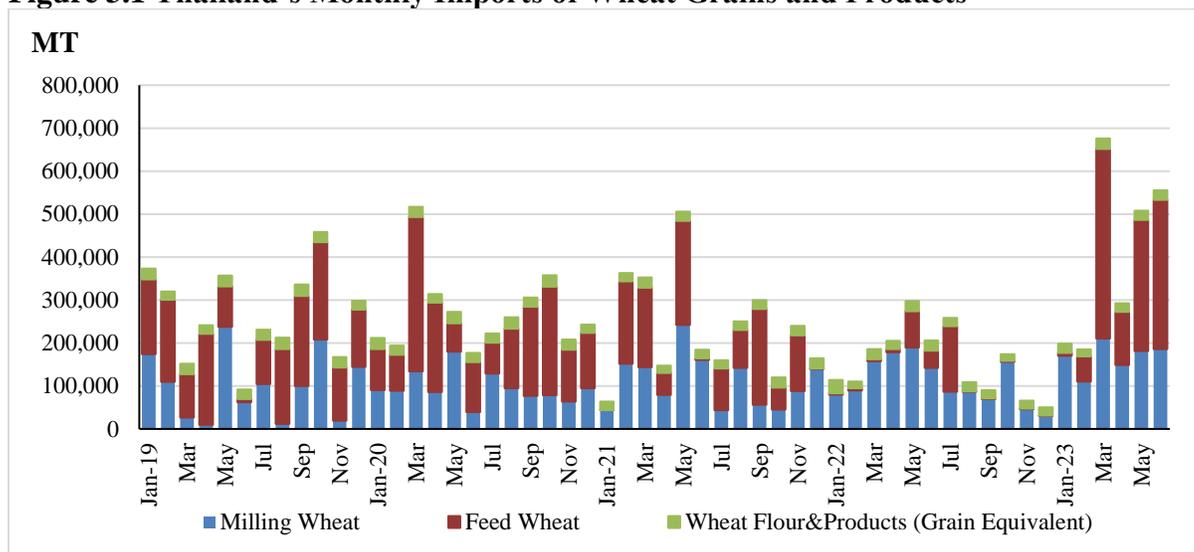
Post's forecast for MY2023/24 wheat imports remains 2.7 MMT or a 15 percent reduction from MY2022/23. Flour mills still carry high inventories of wheat grain imported in MY2022/23 due to lower-than-expected wheat-based food consumption following a slow recovery in the number of foreign tourists. In addition, a slow growth in production and sales of instant noodles and bakery products in the first six months of 2023 is expected to continue into the second half of 2023. The domestic food consumption growth in the first quarter of 2023 slowed down to 3.1 percent, compared to 3.9 percent in the fourth quarter of 2022. In addition, feed mills are likely to substitute corn for feed wheat in anticipation of larger corn supplies in MY2023/24.

MY2022/23 wheat imports totaled 3.16 MMT, up 35 percent from MY2021/22 due to increased demand for milling wheat and feed wheat imports. Milling wheat imports totaled 1.31 MMT, up 7 percent from MY2021/22. MY2022/23 wheat flour and product imports totaled 239,311 MT, down 10 percent from MY2021/22.

MY2022/23 feed wheat imports totaled 1.44 MT (Figure 3.1), up 96 percent from MY2021/22 despite high import prices due to tight global supplies and Russia's invasion of Ukraine. Feed wheat import prices were more competitive compared to other feed ingredients as in the first six months of 2023 feed wheat import prices were 11,560 baht/MT, down 9 percent from the same period last year. In addition, feed mills reportedly shifted to feed wheat and other feed ingredients for poultry and swine feed rations in response to high import corn prices and tighter global supplies. The Office of Industrial Economics (OIE) reported that animal feed production in the first half of 2023 increased 6 percent from the same period in 2022. Also, total sales of animal feed increased 5 percent from the same period last year.

MY2022/23 imports of Australian wheat soared to 1.64 MMT, of which 0.529 MMT was milling wheat and 1.11 MMT was feed wheat. Import demand for U.S. wheat bounced to the 5-year average annual imports of 560 TMT in MY2022/23, up 7 percent from MY2021/22, mainly due to an increase in milling wheat imports. Flour mills reportedly increased their MY2022/23 production in anticipation of greater domestic (e.g., return of foreign tourists) and export demand.

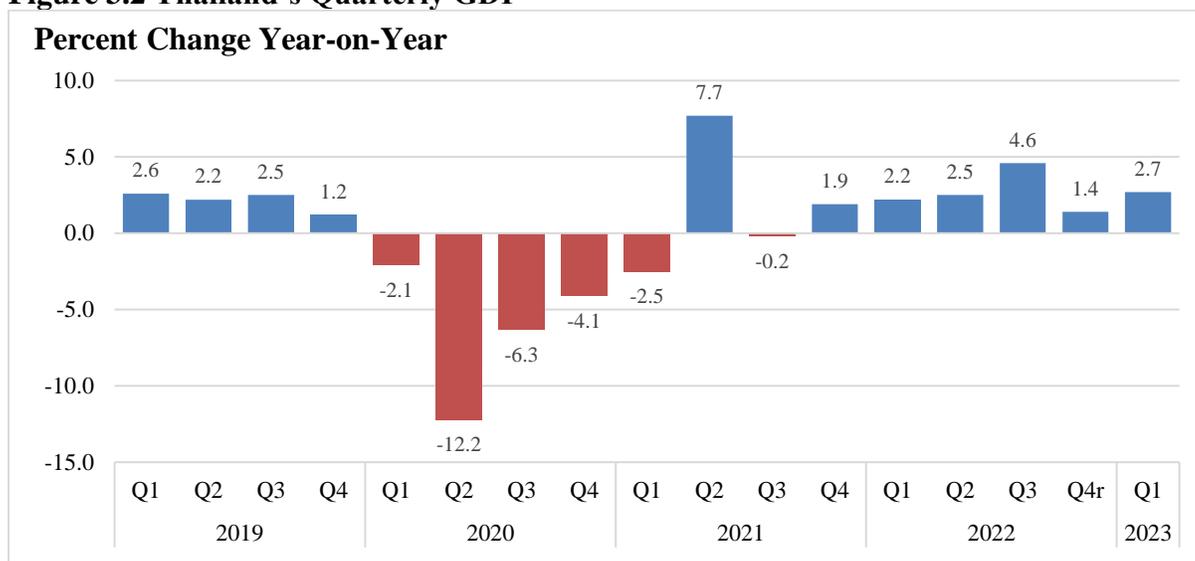
Figure 3.1 Thailand’s Monthly Imports of Wheat Grains and Products



Source: Thai Customs Department, Ministry of Finance

The Bank of Thailand (BOT) reported that Thailand’s economy grew by 2.7 percent in the first quarter of 2023 (Figure 3.2) due to the post-pandemic recovery in the tourism industry and overall agricultural production. The BOT forecasted a 3.2 percent economic growth for Thailand in 2023. The Tourism Authority of Thailand projects the number of foreign tourists to reach 30 million in 2023. In the first six months of 2023, 12.9 million foreign tourists entered Thailand, while in 2022 the annual total was 11.1 million.

Figure 3.2 Thailand's Quarterly GDP



Source: Office of the National Economic and Social Development Council

Appendix Tables

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

Rice, Milled Market Year Begins Thailand	2021/2022		2022/2023		2023/2024	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	10702	10702	10850	11072	10600	10614
Beginning Stocks (1000 MT)	3980	3980	3426	3372	2376	3431
Milled Production (1000 MT)	19878	19878	20200	20909	19700	19562
Rough Production (1000 MT)	30118	30118	30606	31680	29848	29639
Milling Rate (.9999) (1000 MT)	6600	6600	6600	6600	6600	6600
MY Imports (1000 MT)	50	10	50	50	50	150
TY Imports (1000 MT)	50	10	50	50	50	150
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	23908	23868	23676	24331	22126	23143
MY Exports (1000 MT)	7682	7696	8500	8000	7500	8000
TY Exports (1000 MT)	7682	7696	8500	8000	7500	8000
Consumption and Residual (1000 MT)	12800	12800	12800	12900	12500	13000
Ending Stocks (1000 MT)	3426	3372	2376	3431	2126	2143
Total Distribution (1000 MT)	23908	23868	23676	24331	22126	23143
Yield (Rough) (MT/HA)	2.8142	2.8142	2.8208	2.8613	2.8158	2.7924

(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 2023/2024 = January 2024 - December 2024

Table 2. Thailand's Rice Production by Crop

	2021/2022			2022/2023			2023/2024		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (Million Hectares)									
Cultivation	9.370	1.754	11.124	9.370	2.127	11.497	9.400	1.755	11.155
Harvest	8.966	1.736	10.702	8.995	2.077	11.072	8.890	1.724	10.614
Production (Million Tons)									
Rough	23.389	6.730	30.118	23.448	8.233	31.681	23.100	6.540	29.640
Rice	15.437	4.442	19.878	15.476	5.434	20.909	15.246	4.316	19.562
Yield (Ton/Hectare)	2.609	3.877	2.814	2.607	3.964	2.861	2.598	3.794	2.793

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

Corn Market Year Begins Thailand	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1200	1200	1180	1180	1250	1250
Beginning Stocks (1000 MT)	740	740	336	843	381	632
Production (1000 MT)	5300	5300	5200	5350	5500	5400
MY Imports (1000 MT)	1512	1519	1300	1179	1800	1500
TY Imports (1000 MT)	1480	1500	1300	1179	1800	1500
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	7552	7559	6836	7372	7681	7532
MY Exports (1000 MT)	116	116	55	40	100	100
TY Exports (1000 MT)	116	116	55	40	100	100
Feed and Residual (1000 MT)	7000	6500	6300	6600	6900	6800
FSI Consumption (1000 MT)	100	100	100	100	100	100
Total Consumption (1000 MT)	7100	6600	6400	6700	7000	6900
Ending Stocks (1000 MT)	336	843	381	632	581	532
Total Distribution (1000 MT)	7552	7559	6836	7372	7681	7532
Yield (MT/HA)	4.4167	4.4167	4.4068	4.5339	4.4	4.32

(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 2023/2024 = October 2023 - September 2024

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

Wheat Market Year Begins	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
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)	789	789	366	456	596	886
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	2351	2351	3163	3163	2300	2700
TY Imports (1000 MT)	2351	2351	3163	3163	2300	2700
TY Imp. from U.S. (1000 MT)	527	526	585	560	0	500
Total Supply (1000 MT)	3140	3140	3529	3619	2896	3586
MY Exports (1000 MT)	324	324	333	333	300	200
TY Exports (1000 MT)	324	324	333	333	300	200
Feed and Residual (1000 MT)	1200	1100	1300	1100	1000	1200
FSI Consumption (1000 MT)	1250	1260	1300	1300	1100	1300
Total Consumption (1000 MT)	2450	2360	2600	2400	2100	2500
Ending Stocks (1000 MT)	366	456	596	886	496	886
Total Distribution (1000 MT)	3140	3140	3529	3619	2896	3586
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 2023/2024 = July 2023 - June 2024						

Attachments:

No Attachments