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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 increased the MY2023/23 rice production forecast to 19.9 MMT to reflect greater water availability than previously projected for the MY2023/24 off-season rice crop. The forecasts for MY2023/24 corn production and imports and MY2023/24 wheat imports remain unchanged.

Executive summary

FAS Bangkok (Post) revised up the rice production forecast for marketing year (MY) 2023/24 to 19.9 million metric tons (MMT) due to higher-than-expected water reservoir levels for MY2023/24 off-season rice production. Post's estimate for MY2022/2023 rice exports remains unchanged at 8.0 MMT, which is a 4 percent increase from MY2021/2022 reflecting the impact of India's ban on non-basmati rice exports and Thai rice exporters' concerns over the volatility of the Thai baht.

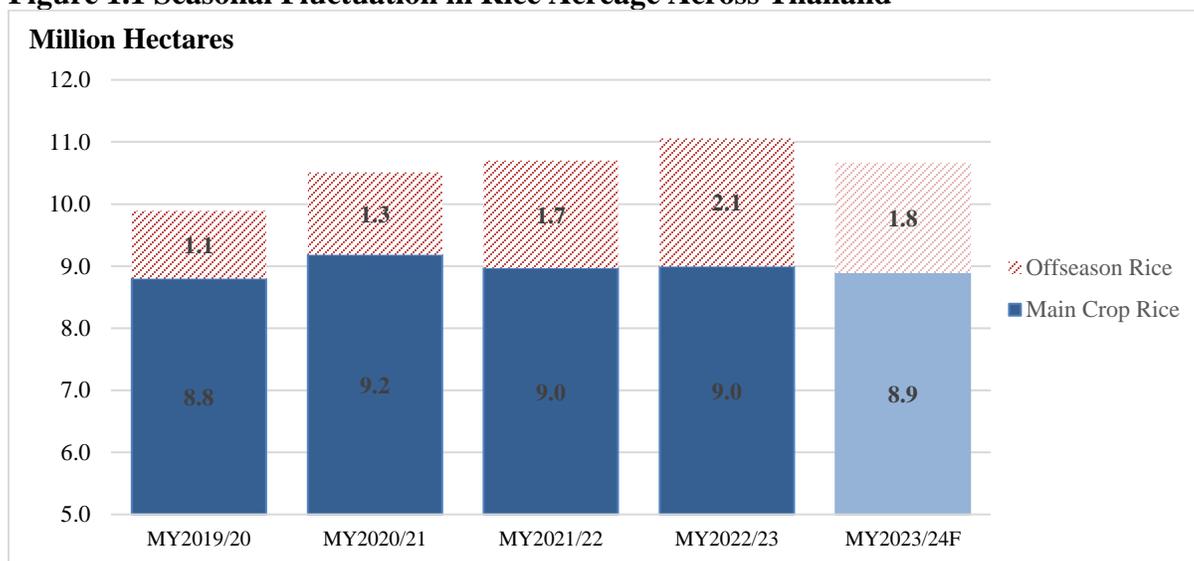
Post forecasts MY2023/24 corn production at 5.4 MMT as farmers expand planted acreage in response to high farm-gate prices. Post forecasts MY2023/24 wheat imports to remain at 2.7 MMT due to reduced milling wheat demand, which will likely balance out an upturn in feed wheat demand.

1. Rice

Post slightly increased the forecast for MY2023/24 rice production to 19.9 MMT due to higher than previously expected water reservoir levels for MY2023/24 off-season rice production. However, MY2023/24 rice production is still 5 percent lower than MY 2022/23 as some planting areas were affected by a dry-spell and flash floods (Figure 1.1). The Thai Meteorological Department (TMD) reported that cumulative precipitation between January 1 and October 29, 2023, was 25 percent lower than the same period in 2022 and 6 percent below the 30-year national average. The Ministry of Agriculture and Cooperatives (MOAC) reported that dry-spell damage between May 22 and September 18, 2023, during the rice reproductive growth stage affected rice production acreage of 67,608 rai (10,817 hectares), mainly in the central plains.

In addition, MOAC reported on November 13, 2023, that more than 14 provinces experienced flash floods between June 9 and August 29, 2023, of which 135,945 rai (21,751 hectares) were rice paddies. Thailand's Geo-informatics and Space Technology Development Agency (GISTDA) estimated total rice damage on 1,778,750 rai (284,600 hectares). Damage to crops in the lowland area of the northeastern region and the central plains, where floods lasted more than 15 days, occurred during the flowering and ripening growth stages of the rice crop.

Figure 1.1 Seasonal Fluctuation in Rice Acreage Across Thailand

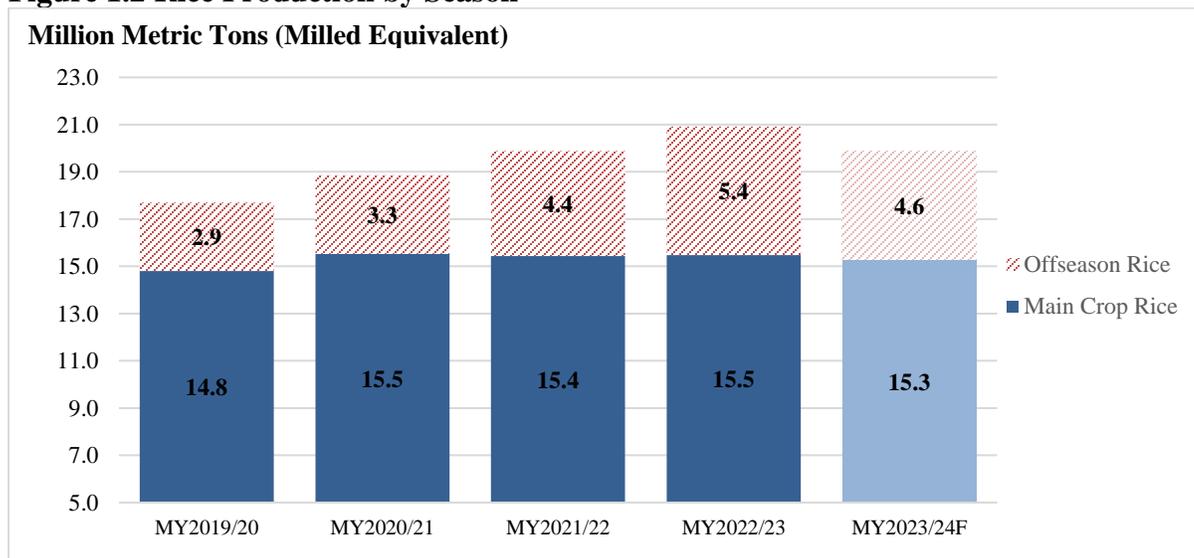


Sources: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives and Post’s projections.

Notes: - MY2023/24F indicates Post’s forecast for MY 2023/24.

-The main rice season in Northern, Northeastern and Central Plains in Thailand is May through October. The off-season, which corresponds to the dry season, is November to April.

Figure 1.2 Rice Production by Season



Sources: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives and Post’s projections.

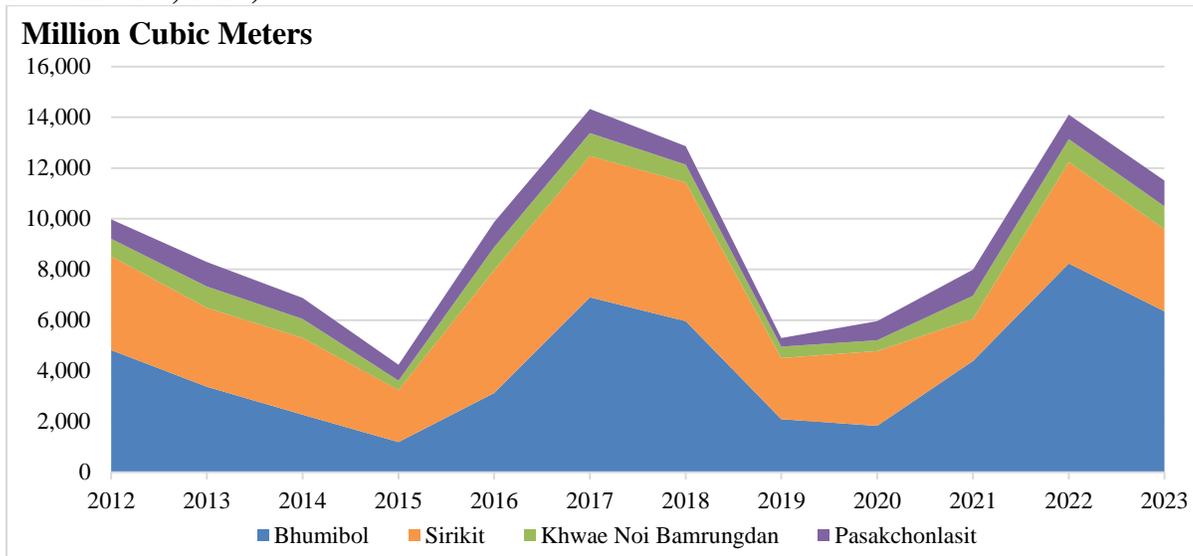
Note: The main rice season for Northern Thailand (the top rice-producing part of the country) is May through October. The off-season, which corresponds to the dry season, is November to April.

MY2023/24 main-crop rice harvest was underway in October-November 2023, accounting for around 65 percent of the total rice production. Post anticipates the average yield to be one percent lower than the previous year mainly due to the impacts of a dry spell between May 22 to September 18, 2023 and damage on rice production from flash floods.

Post forecasts MY2023/24 off-season rice production to grow to 4.6 MMT due to a higher-than-expected water reservoir levels for MY2023/24 off-season rice production and attractive farm-gate

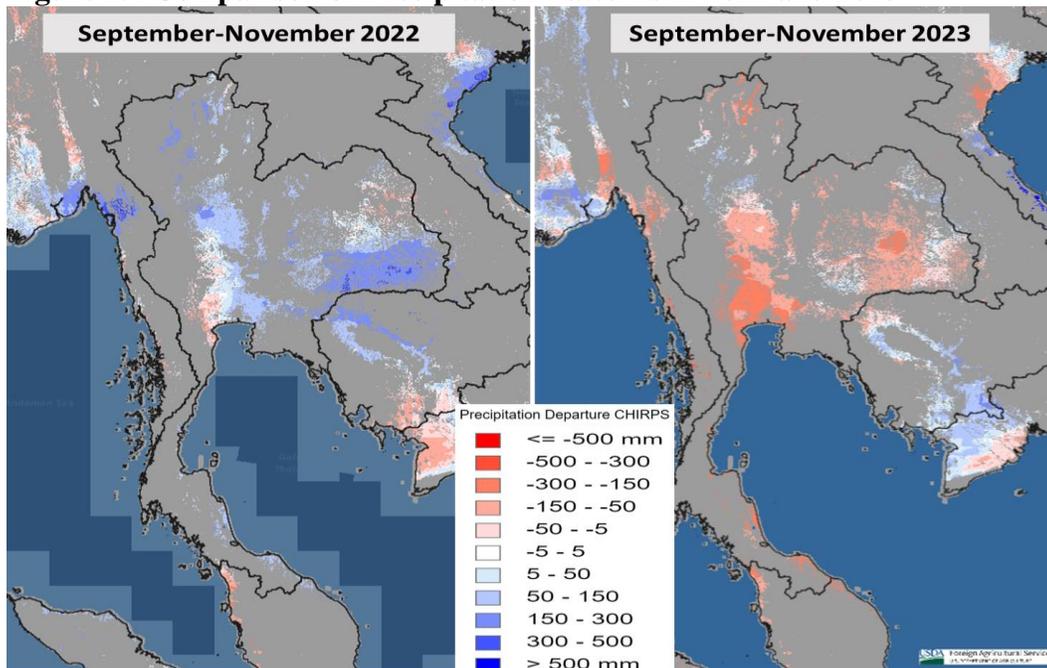
prices. The Royal Irrigation Department (RID) reported that water supplies in the Northern Region and the Central Plains at the beginning of MY2023/24 off-season planting (November-April) reached 11,510 million cubic meters, 18 percent less than on November 7, 2022 (Figure 1.3). Still, these reservoir levels were 26 percent higher than the 5-year national average. The available water supply will likely encourage farmers to grow MY2023/24 off-season rice.

Figure 1.3 Water Levels in Major Reservoirs in the Northern Region and the Central Plains (as of November 7, 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.

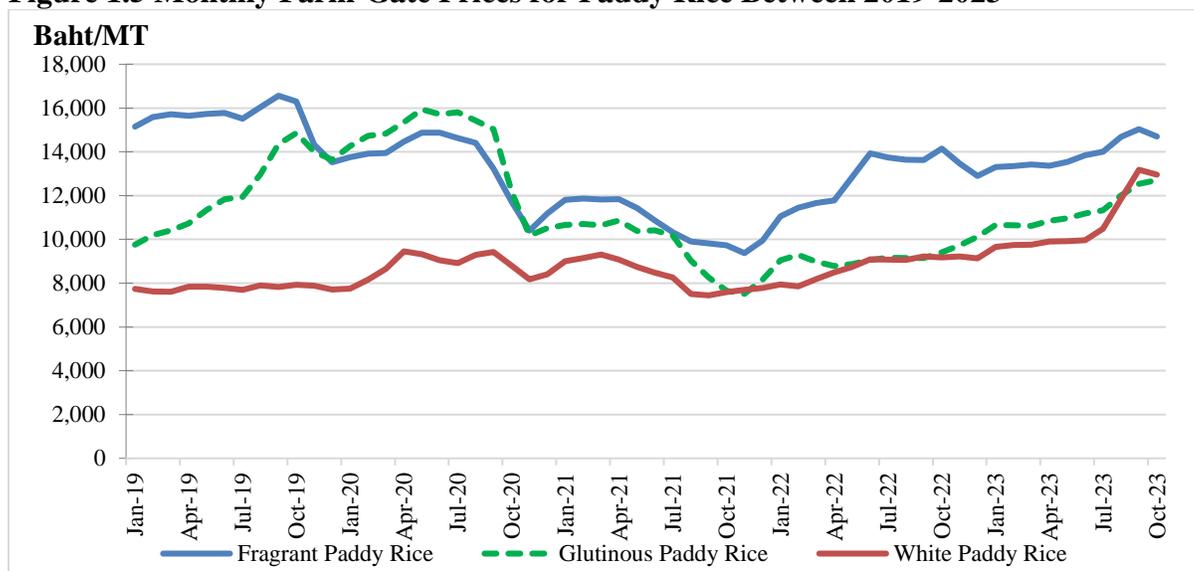
Figure 1.4 Comparison of Precipitation Patterns in 2022 and 2023



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

The farm-gate price for white rice in October 2023 was 12,958 baht/MT (\$356/MT), up 21 percent from the 5-year average of 8,907 baht/MT (\$245/MT). Fragrant rice prices reached 14,706 baht/MT (\$405/MT) or 3 percent above the 5-year average of 13,485 baht/MT (\$371/MT). While glutinous rice prices were 12,958 baht/MT (\$350/MT), down 1 percent from the 5-year average of 11,418 baht/MT (\$314/MT) (Figure 1.5).

Figure 1.5 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 October 2023 was \$1=36.35 Thai baht (Bank of Thailand)

Post’s estimate for Thailand’s MY2022/23 rice exports remains at 8.0 MMT, up 4 percent from MY2021/22 due to a strong demand from importing countries and larger off-season supplies, primarily of white rice. Since September 2022, India has placed export restrictions on white and brown rice exports. These measures have boosted global demand for Thai rice and spurred a surge in prices for Thai rice.

Thailand’s January-September 2023 rice exports totaled 6.1 MMT, a 12 percent increase over the same period in 2022 (Table 1.1). Thai rice exports ranked third after India and Vietnam which respectively exported 14.87 and 6.26 MMT in the first nine months of 2023. The reduced export prices of Thai rice following the depreciation of Thai baht against the U.S. dollar have made Thai rice more attractive in the world market. Export prices for Thai white rice ranged from \$4/MT to \$46/MT below Vietnamese prices, especially between June and September 2023 (Figure 1.6). White rice exports expanded the most, accounting for 53 percent of the totaled Thai rice exports, up 14 percent from the same period in 2022. Indonesia, Iraq, Malaysia, Japan, and Mozambique were the top markets for Thai white rice in 2022. Parboiled rice exports also expanded 12 percent from the previous year. However, Thai rice exporters have continued to express concerns about the exchange rate volatility and a slower than expected economic recovery of trading partners.

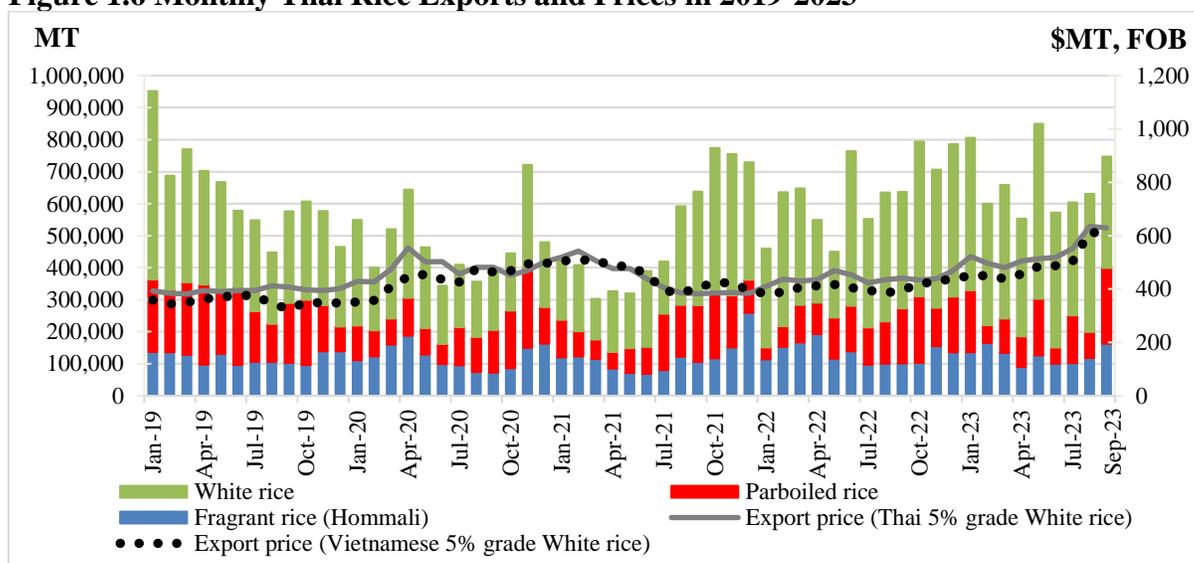
Table 1.1 Thai Rice Exports by Varieties

Unit: Metric Tons (MT)

Rice Variety	2019	2020	2021	2022	% Change 21 vs 22	January - September		% Change 22 vs 23
						2022	2023	
White Rice	3,209,715	2,015,246	2,498,142	3,785,902	51.5	2629,990	3,273,647	24.5
Parboiled Rice	2,229,545	1,419,345	1,502,968	1,511,058	0.5	1,008,577	1,150,158	14.0
Fragrant Rice	1,925,746	2,022,879	1,984,470	2,048,151	3.2	1,550,701	1,472,947	-5.0
Glutinous Rice	215,421	276,568	311,101	350,226	12.6	219,777	185,384	-15.6
Total	7,580,427	5,734,038	6,296,681	7,695,325	22.2	5,409,045	6,082,136	12.4

Source: Ministry of Commerce

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



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

The government discontinued the Paddy Rice Prices Guarantee program which was implemented over the past several years to stabilize domestic rice prices. On November 7, 2023, the Cabinet approved the following domestic support programs: (1) 55 billion baht (\$1.5 billion) for the Soft Loan Program for Farmer Institutions to purchase paddy rice with the combined target of 3 MMT of paddy rice; and (2) the Interest Rate Compensation Program for rice millers to hold paddy rice stocks for 5 months with the combined target of 1 MMT of paddy rice. In addition, farmers participating in both support programs will receive a storage cost subsidy of 1,500 baht per metric ton (\$41/MT).

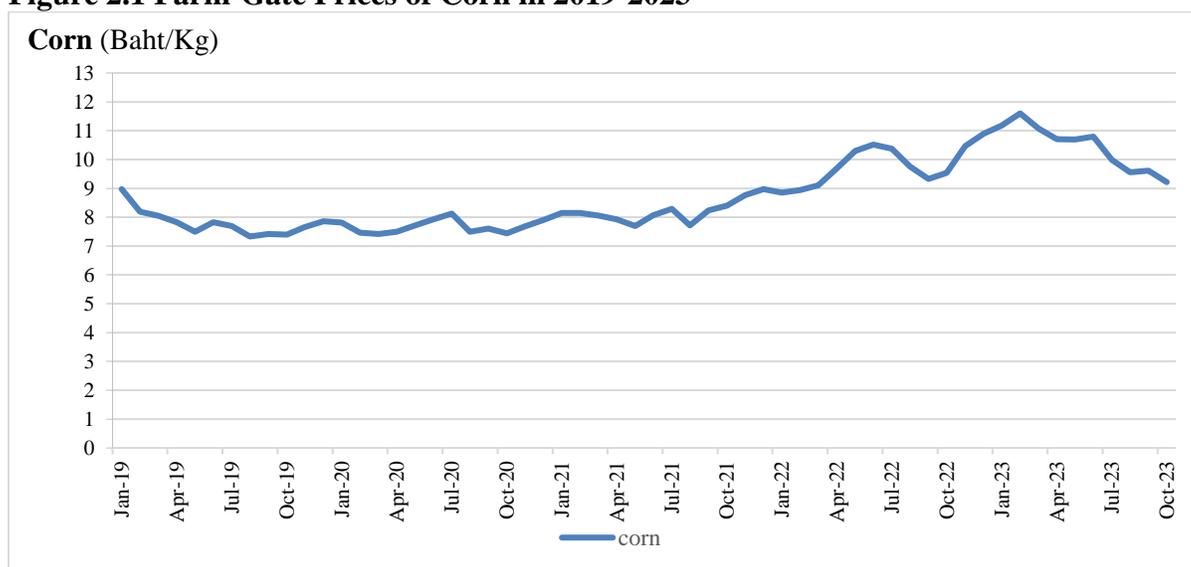
2. Corn

Post’s forecast for MY2023/24 corn production remains unchanged at 5.4 MMT, a one percent increase from MY2022/23 due to expanding off-season corn acreage, following attractive farm-gate prices. Average farm-gate prices of corn between January and October 2023 were around 10.4 baht per kilogram (\$286/MT), up 8 percent from the same period last year and well above the five-year average farm-gate prices. The main-crop corn harvest was completed in late October 2023 with lower average

yield than the previous year due to dry-spell conditions during the reproductive and flowering growth stages. Based on farm-gate prices, corn traders expect an expansion in off-season corn acreage despite high production costs, at 15 percent above the 5-year average corn production costs.

Import demand for Burmese and Lao corn remained strong in the first three months of MY2023/24, as corn imports to Thailand from these countries have duty-free access with an unlimited quota between February 1 and August 31. However, Thai importers expect tighter supplies of Burmese corn as border trade between Burma and China resumed and grew significantly between January and September 2023 compared to the same period last year. Also, importers are concerned about price volatility in Burmese corn due to the Burmese government’s stringent foreign exchange regulation and internal conflict.

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



Source: Office of Agricultural Economics, MOAC

On November 7, 2023, the Cabinet approved the following domestic support programs to help stabilize corn prices: (1) 26.67 million baht (\$733,000) for Interest Rate Compensation Program at 4 percent annually for corn traders to keep stocks of feed corn in MY2023/24. The stock target is 0.2 MMT with a purchasing period between November 2023 to January 2024 for a stock keeping period between November 2023 to May 2024; and (2) the Soft Loan Program for Farmer Institutions to purchase corn with the combined target of 0.1 MMT to cover the production period between October 1, 2023, and June 30, 2024.

3. Wheat

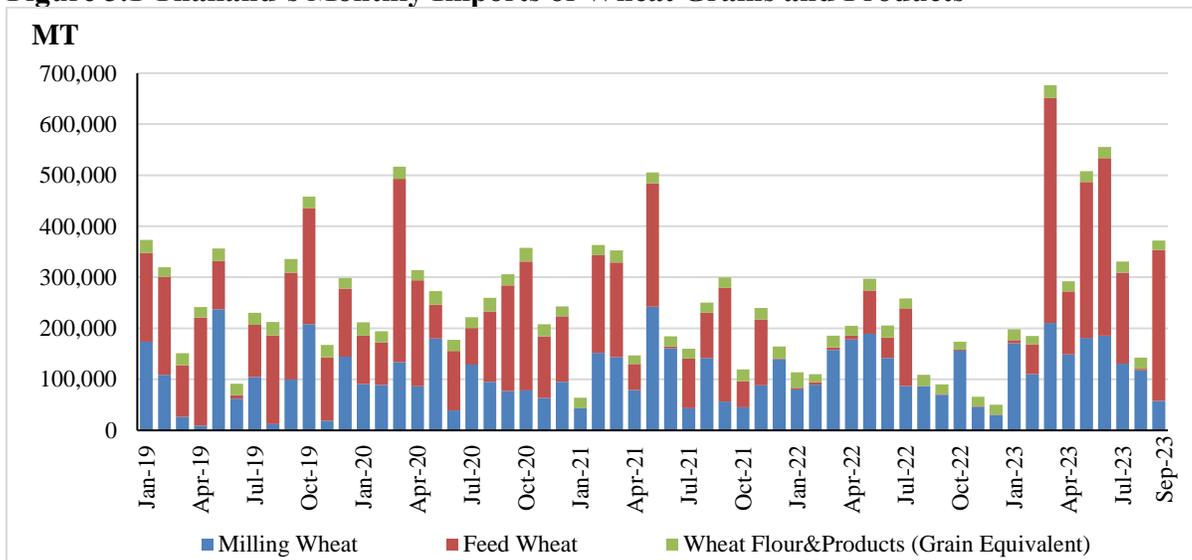
Post’s forecast for MY2023/24 wheat imports remains unchanged at 2.7 MMT. This is a 15 percent reduction from MY2022/23 due to reduced import demand for milling wheat, which will likely outweigh an upturn in feed wheat import demand. Due to lower-than-expected wheat-based food consumption, flour mills reportedly carry large inventories of wheat grain imported in MY2022/23. In addition, a slow growth in production and sales of instant noodles and bakery products in the first nine months of 2023 is expected to continue into the rest of 2023, due to a slow recovery in the number of foreign tourists. The total contracted commitment of U.S. wheat export sales to Thailand between July 1

and October 26, 2023, was 0.231 MMT, down 13 percent from the same period in MY2022/23. The U.S. milling wheat accounted for around 43 percent of total milling wheat imports, followed by Australian milling wheat, which accounted for 40 percent of the total milling wheat imports.

In the first three months of MY2023/24 wheat imports totaled 0.845 MMT, up 85 percent from MY2022/23 due to an increase in both milling wheat and feed wheat imports (Figure 3.1). Feed wheat imports in the first three months of MY2023/24 totaled 0.476 MMT, up significantly from MY2022/23, as feed wheat import prices were more competitive compared to other feed grains. The average price of imported feed wheat in the first three months of MY2023/24 was 11,560 baht/MT (\$318/MT), down 9 percent from the same period last year. In addition, feed mills reportedly shifted to feed wheat for poultry and swine feed rations in response to high corn prices, following a tight global corn supply. The Office of Industrial Economics (OIE) reported that animal feed production and domestic consumption in the first nine months of 2023 increased respectively 6 and 7 percent from the same period in 2022.

Milling wheat imports in the first three months of MY2023/24 totaled 0.300 MMT, up 46 percent from the same period last year, as the milling wheat prices have fallen since the beginning of 2023 (Figure 3.1). The average milling wheat import price in the first three months of MY2023/24 was \$374/MT, down 19 percent from the same period last year.

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	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	11072	11072	10600	10652
Beginning Stocks (1000 MT)	3980	3980	3526	3412	3285	3471
Milled Production (1000 MT)	19878	19878	20909	20909	19500	19865
Rough Production (1000 MT)	30118	30118	31680	31680	29545	30098
Milling Rate (.9999) (1000 MT)	6600	6600	6600	6600	6600	6600
MY Imports (1000 MT)	50	50	50	50	50	100
TY Imports (1000 MT)	50	50	50	50	50	100
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	23908	23908	24485	24371	22835	23436
MY Exports (1000 MT)	7682	7696	8500	8000	8000	8000
TY Exports (1000 MT)	7682	7696	8500	8000	8000	8000
Consumption and Residual (1000 MT)	12700	12800	12700	12900	12500	12900
Ending Stocks (1000 MT)	3526	3412	3285	3471	2335	2536
Total Distribution (1000 MT)	23908	23908	24485	24371	22835	23436
Yield (Rough) (MT/HA)	2.8142	2.8142	2.8613	2.8613	2.7873	2.8256

(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	1.765	11.165
Harvest	8.966	1.736	10.702	8.995	2.077	11.072	8.890	1.762	10.652
Production (Million Tons)									
Rough	23.389	6.730	30.118	23.448	8.233	31.681	23.142	6.957	30.099
Rice	15.437	4.442	19.878	15.476	5.434	20.909	15.274	4.592	19.865
Yield (Ton/Hectare)	2.609	3.877	2.814	2.607	3.964	2.861	2.603	3.948	2.826

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

Corn Market Year Begins	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Thailand						
Area Harvested (1000 HA)	1200	1200	1180	1180	1250	1250
Beginning Stocks (1000 MT)	740	740	336	843	391	632
Production (1000 MT)	5300	5300	5200	5350	5400	5400
MY Imports (1000 MT)	1512	1519	1360	1179	1800	1500
TY Imports (1000 MT)	1480	1500	1360	1179	1800	1500
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	7552	7559	6896	7372	7591	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	6350	6600	6900	6800
FSI Consumption (1000 MT)	100	100	100	100	100	100
Total Consumption (1000 MT)	7100	6600	6450	6700	7000	6900
Ending Stocks (1000 MT)	336	843	391	632	491	532
Total Distribution (1000 MT)	7552	7559	6896	7372	7591	7532
Yield (MT/HA)	4.4167	4.4167	4.4068	4.5339	4.32	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 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)	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	562	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