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Report Name: Grain and Feed Update

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Post: Bangkok

Report Category: Grain and Feed

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Report Highlights:

FAS Bangkok forecasts Thailand's rice and corn production to increase in MY 2024/25 due to acreage expansion and average yield improvement, compared to MY 2023/24. Thai rice exports in 2024 are expected to decline 7 percent from 2023. MY 2024/25 wheat imports are likely to decline due to high inventories and the expected recovery of MY 2024/25 corn production.

Executive summary

FAS Bangkok (Post) forecasts Thailand's milled rice production for marketing year (MY) 2024/25 to reach 20 million metric tons (MMT) in response to recent high farm-gate prices. Thailand's rice exports in 2024 and 2025 are projected to decline relative to 2023 levels amid the volatility of the Thai baht and strong competition, particularly from India, which will likely impact the price competitiveness of Thailand's rice exports.

Post forecasts MY 2024/25 corn production to increase to 5.4 MMT, up 2 percent from MY 2023/24 in anticipation of higher off-season corn acreage and improvement in average yield due to more precipitation. Post forecasts MY 2024/25 wheat imports to slightly decline from MY 2023/24 to 3.2 MMT due to high stocks and the expected recovery in corn production.

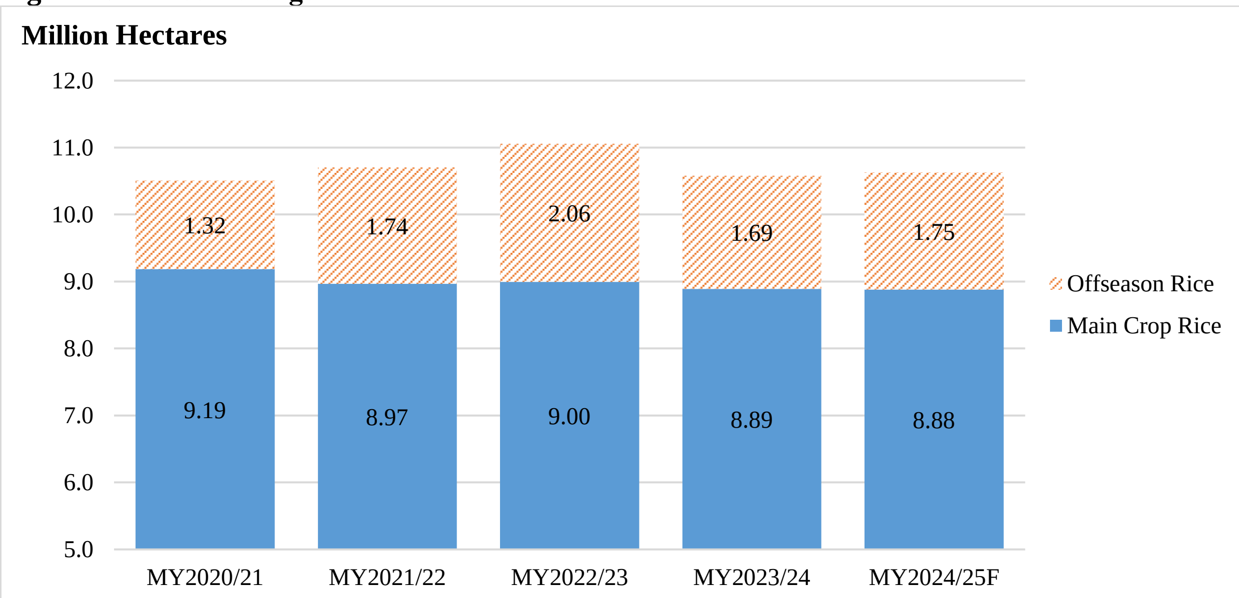
1. Rice

FAS Bangkok forecasts MY 2024/25 rice acreage (Figure 1.1) and milled rice production (Figure 1.2) to slightly increase compared to MY 2023/24 due to attractive farm-gate prices for paddy rice (Figure 1.3). In July 2024, farm-gate prices of white, fragrant, and glutinous paddy rice were 10,954 baht/MT ($313[1]/MT), 15,009 baht/MT ($429/MT), and 12,489 baht/MT ($357/MT), respectively. These prices, which were 6-15 percent above the 5-year average farm-gate prices for paddy rice in Thailand, represented an increase of 5 percent (white), 7 percent (fragrant), and 10 percent (glutinous) from July 2023.

According to the Royal Irrigation Department's August 8, 2024, rice planting progress report, MY 2024/25 main-crop rice planting in irrigated areas totaled 13.3 million rai (2.13 million hectares), accounting for 19 percent of the total rice production area. Meanwhile, rice planting in the non-irrigated areas reportedly faced a dry-spell in May-June 2024. Presently, the Ministry of Agriculture and Cooperatives (MOAC) is monitoring rice planting areas in the Northeastern region and the Central plains, which were affected by flash floods along the river basin, following heavy rains since July 16, 2024. MOAC's preliminary analysis estimates the area of damage to be around 340,890 rai (52,044 hectares).

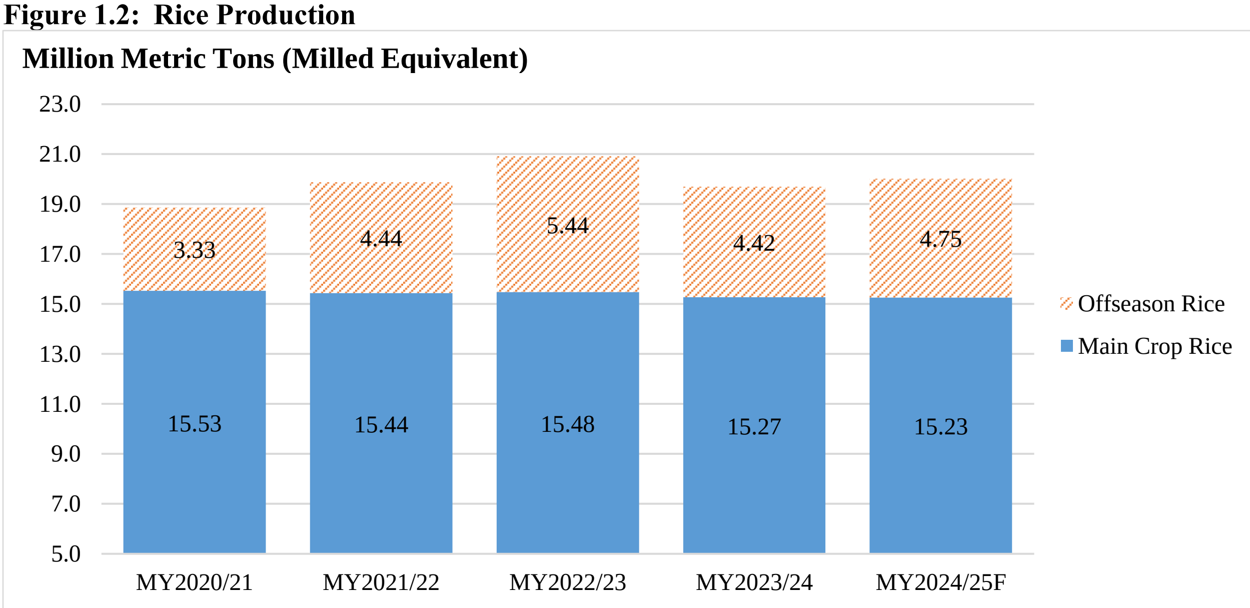
[1] The currency exchange rate used throughout the report is the Bank of Thailand average for July 2024 ($1=35.02 Thai baht).

Figure 1.1: Rice Acreage



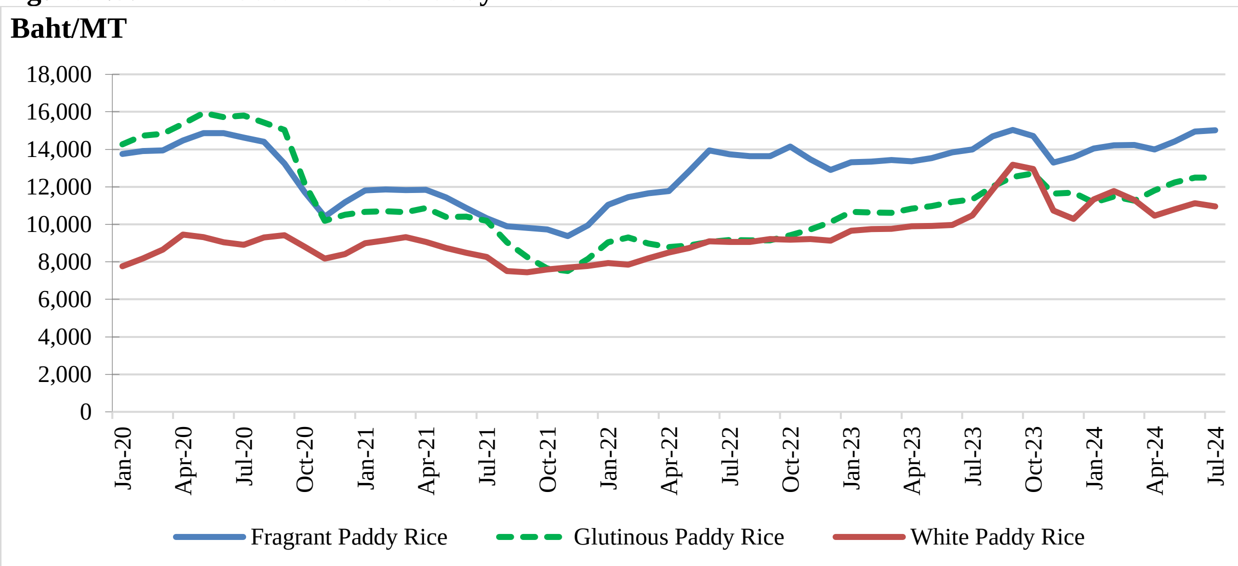
Sources: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives and FAS estimate

Figure 1.2: Rice Production



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

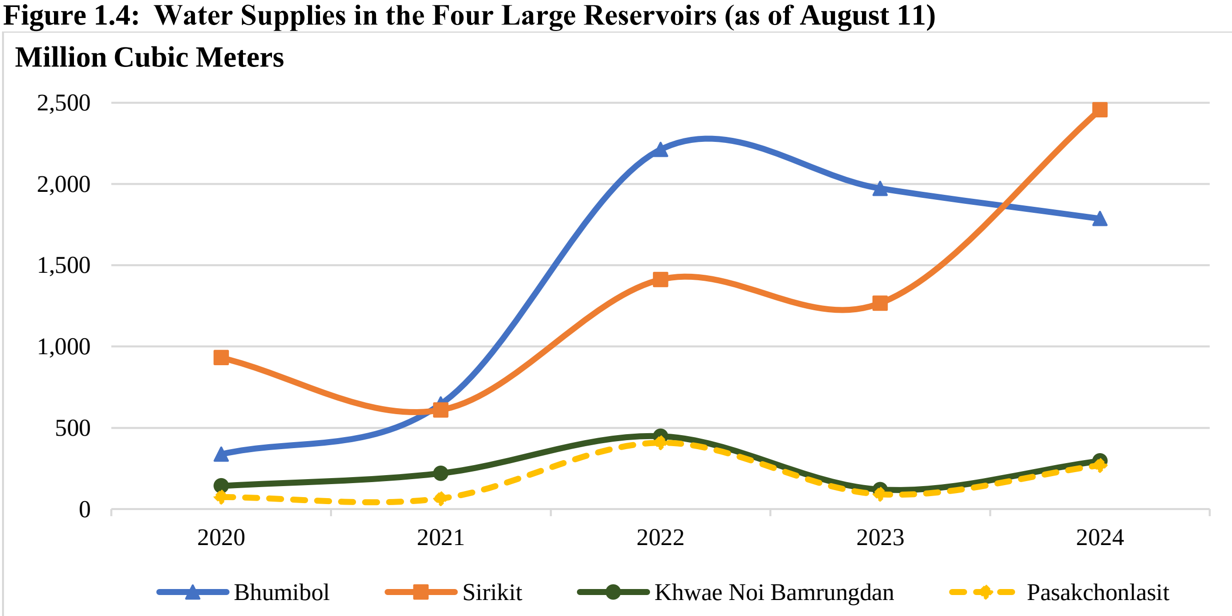
Figure 1.3: Farm-Gate Prices of Paddy Rice



Source: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives
Note: The average exchange rate in July 2024 was $1=35.02 Thai baht (Bank of Thailand)

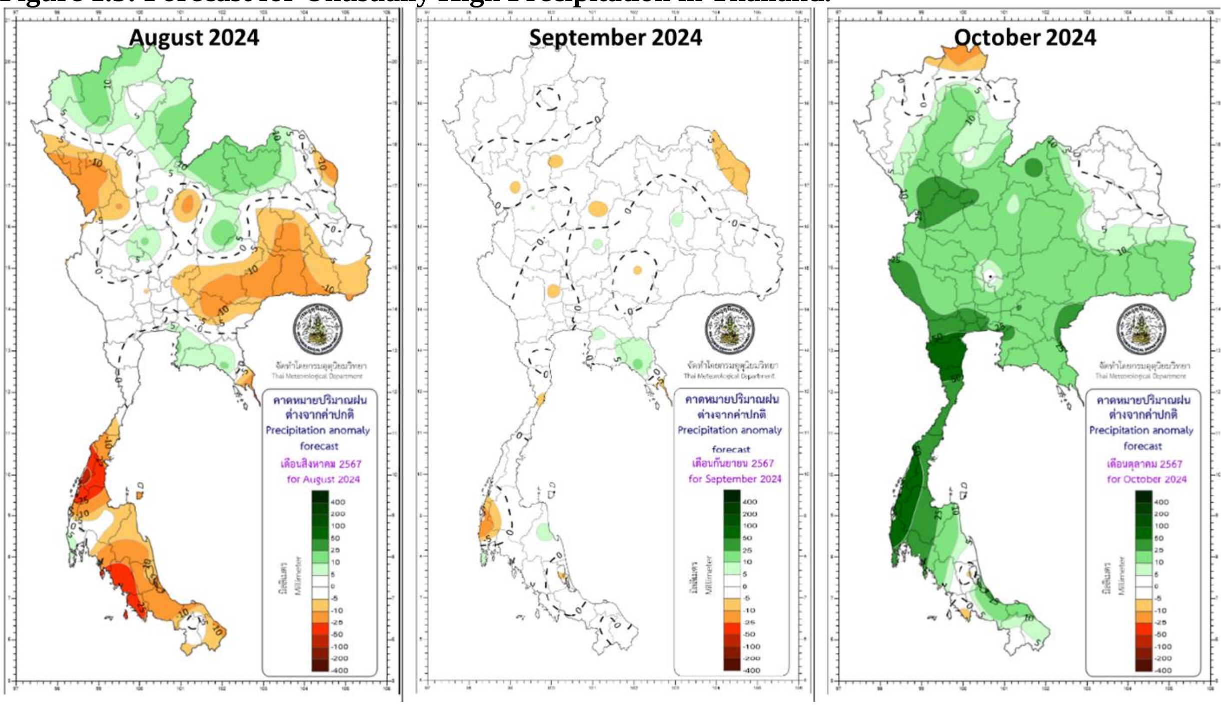
As of August 11, 2024, water supplies in the major reservoirs in the northern region and the central plains totaled 4,808 million cubic meters (Figure 1.4). This is a 39 percent increase from the same period in 2023 due to high precipitation during the rainy season in 2024. The Thai Meteorological Department (TMD) expected precipitation during August-October 2024 to be 5 percent above the 30-year average precipitation (Figure 1.5) in anticipation of heavy rainfall due to a high probability of tropical typhoons moving through Thailand. Such events would result in heavy to very heavy rain across the country and cause flash floods, as well as the overflowing of water along the river banks in many areas.

Figure 1.4: Water Supplies in the Four Large Reservoirs (as of August 11)



Source: Royal Irrigation Department, Ministry of Agriculture and Cooperatives
Note: Each line represents water amount in each dam that is available for use

Figure 1.5: Forecast for Unusually High Precipitation in Thailand.



Source: Thai Meteorological Department

Post forecasts MY 2023/24 and MY 2024/25 rice exports to respectively decline by 7 and 17 percent, compared to MY 2022/23. Despite a strong export growth of Thai rice in the first half of MY 2023/24 (Table 1.1), exporters anticipate that rice exports in the second half of MY 2023/24 will face strong competition, especially from Vietnam and Cambodia. In addition, the likelihood that India will resume its rice exports in 2024 will cause Thai rice to face more price competition with Indian rice, especially white rice, which accounts for 51 percent of Thailand's total rice exports. Thai rice exporters anticipate that Thailand’s market share of the global rice market will decline in 2024, amid promising export opportunities for fragrant rice, which is a premium grade rice with high selling prices.

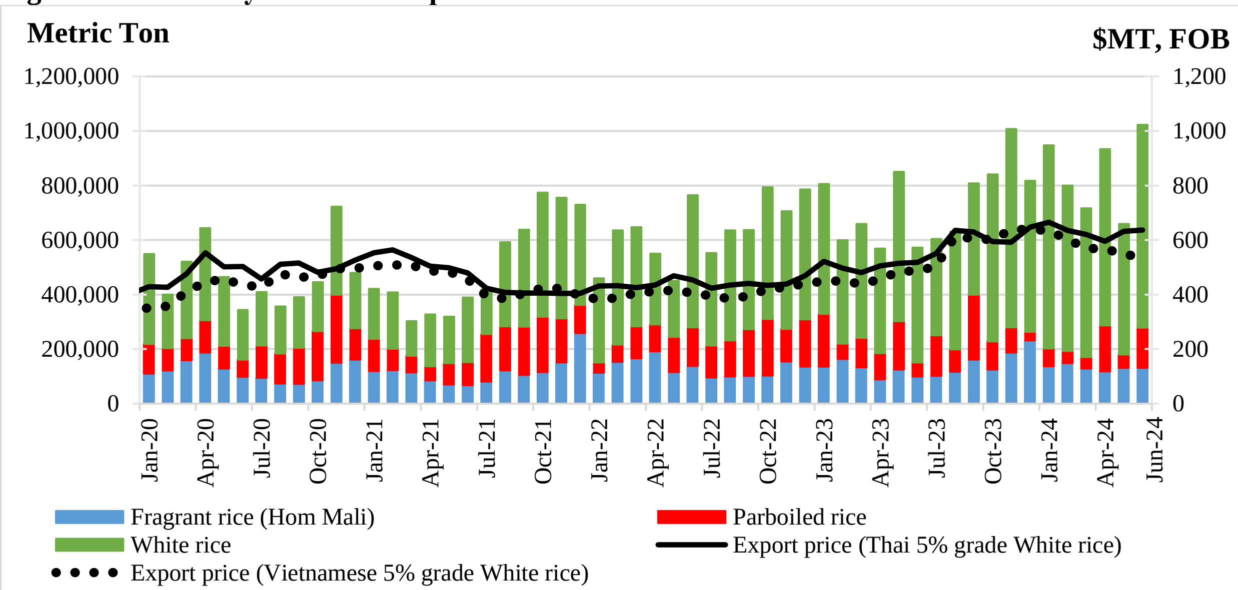
Rice exports in June 2024 (latest available official data as of August 22, 2024) totaled 1.02 MMT worth 23,196 million baht ($662 million), a 55 percent increase in volume and a 44 percent hike in value from May 2024. White rice exports reached 651,908 MT, up 60 percent from the previous month. The main markets for Thai white rice were Iraq, Indonesia, Mexico, Cameroon, Brazil, Ivory Coast, Mozambique, Ghana, and Japan. Parboiled rice exports in June 2024 totaled 146,551 MT, which increased significantly from the previous month, mainly to African countries. Meanwhile, fragrant rice exports in June 2024 totaled 99,000 MT, a 10 percent drop from the previous month. The main markets for fragrant rice were the United States, Hong Kong, Canada, Singapore, France, and Australia.

Table: 1.1: Thai Rice Exports by Varieties
Unit: Metric Tons

Rice Variety	2020	2021	2022	2023	% Change 22 vs 23	January - June		% Change 23 vs 24
						2023	2024	
White Rice	2,015,246	2,498,142	3,785,902	5,569,859	29.7	2,544,314	3,679,805	44.6
Parboiled Rice	1,419,345	1,502,968	1,511,058	1,376,229	(10.1)	680,917	518,779	(23.8)
Fragrant Rice	2,022,879	1,984,470	2,048,151	1,677,164	7.7	680,917	795,253	16.8
Glutinous Rice	276,568	311,101	350,226	139,975	(24.8)	79,857	86,430	8.2
Total	5,734,038	6,296,681	7,695,325	8,763,227	13.7	3,986,005	5,080,267	27.5

Source: Ministry of Commerce

Figure 1.6: Monthly Thai Rice Exports and Prices

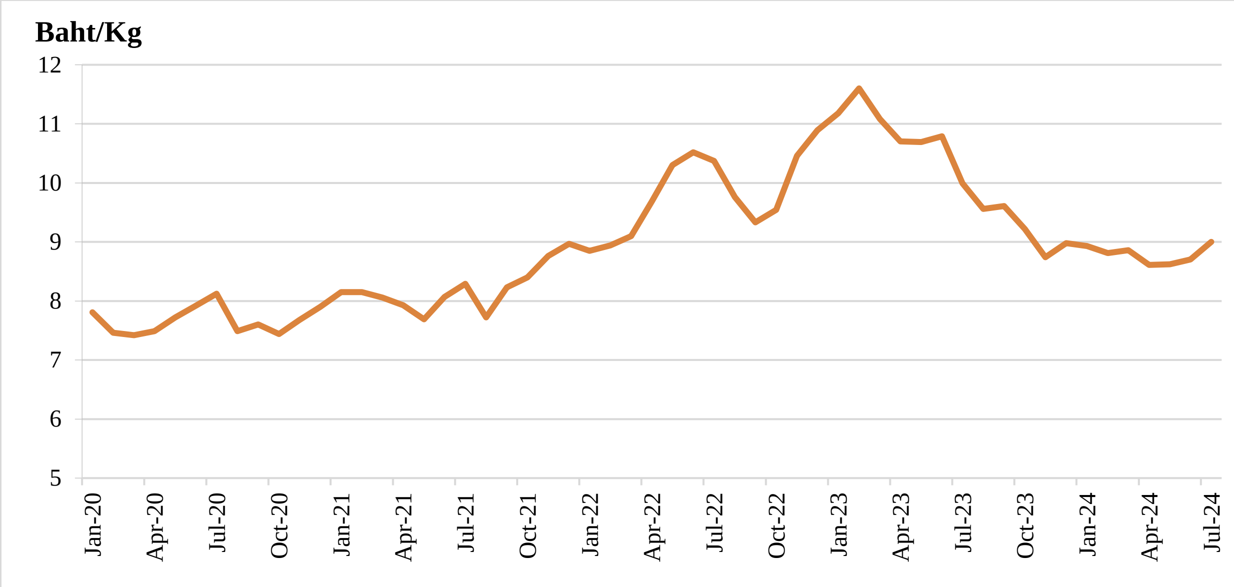


Source: Thai Customs Department, Ministry of Finance and Thai Chamber of Commerce

2. Corn

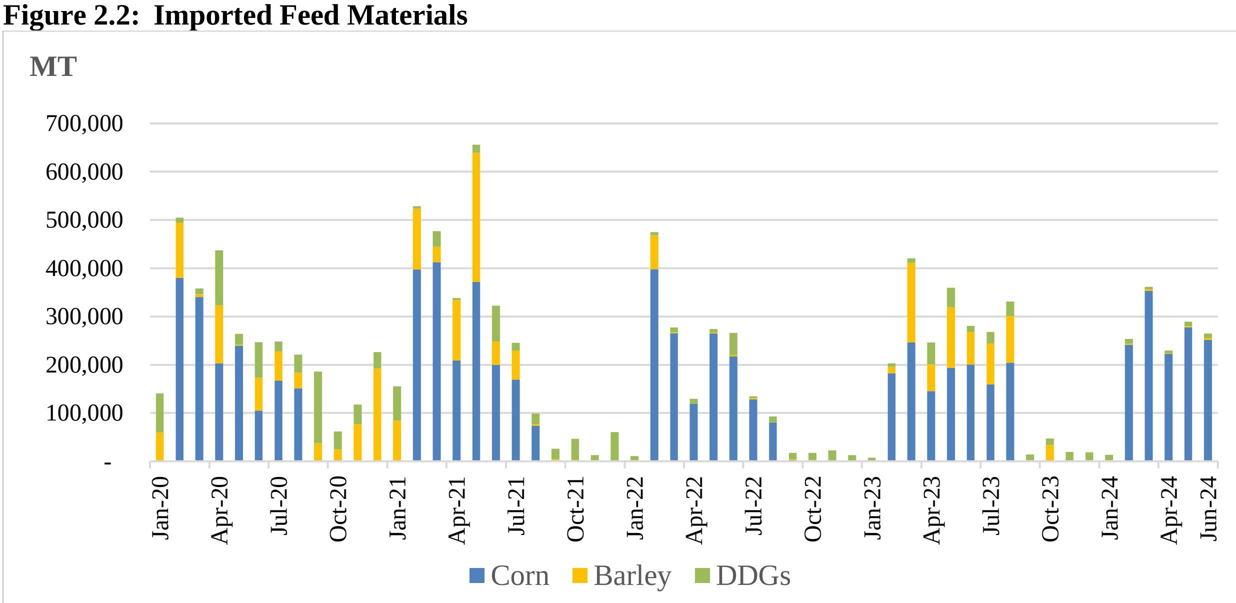
Post's forecast for MY 2024/25 corn production remains unchanged at 5.4 MMT or a 2 percent increase from MY 2023/24 due to acreage expansion and average yield improvement. MY 2024/25 corn production experienced more favorable weather conditions and less damage from drought than in MY 2023/24. So far, average farm-gate prices of corn between January and July 2024 were around 8,800 baht per metric ton ($251/MT), a 19 percent drop from the same period last year. The downward pressure in farm-gate prices of corn (Figure 2.1) was attributed to an increase in local corn production and a surge in duty-free corn imports (Figure 2.2) from neighboring countries, particularly from Burma, under the ASEAN free trade agreement.

Figure 2.1: Farm-Gate Prices of Corn



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

Figure 2.2: Imported Feed Materials



Source: Thai Customs Department, Ministry of Finance

MY 2023/24 corn imports grew 43 percent from MY 2022/23. A recovery in swine production and growing poultry production drove feed corn demand in the second half of 2023. Swine production in 2024 is expected to reach 80 percent of production capacity prior to the African Swine Fever (ASF) outbreak in 2022. Most corn imports were from Burma, Laos, and Cambodia, which enjoy duty-free access with unlimited quota between February 1 and August 31. However, Thai importers were concerned about tighter supplies of Burmese corn as

(1) trade between Burma and China has resumed and (2) Burma's regime's variable exchange rate regulations contribute to price fluctuations on traded commodities.

Imports of distiller's dried grains with solubles (DDGS) between July 2023 and June 2024 declined 17 percent to 164,000 MT, compared to the average five-year import level of 356,000 MT (Figure 2.2). 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 addition, imports of barley, significantly dropped from the same period last year to 236,000 MT and are 50 percent below the five-year average import volume of 499,000 MT. 99 percent of barley imports came from Australia, which benefits from a duty-free treatment under the Thailand-Australia Free Trade Agreement.

3. Wheat

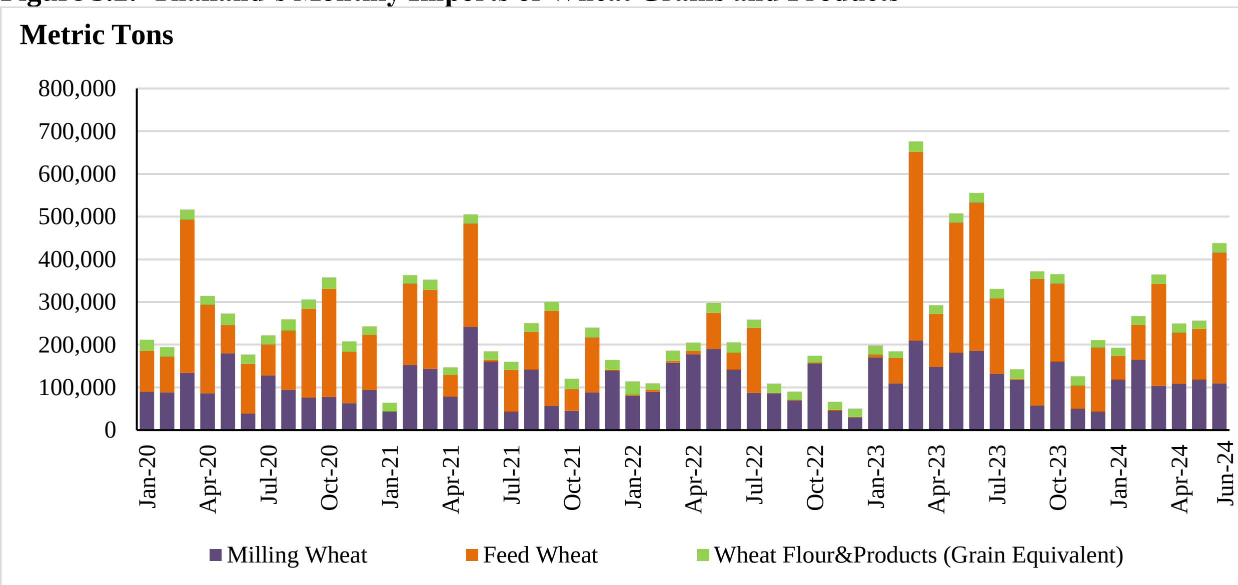
Post's forecast for MY 2024/25 wheat imports remains unchanged and represents a 4 percent decline from MY 2023/24. Flour mills still carry high inventories of wheat grain imported in MY 2022/23 and MY 2023/24 in response to the expectation of a post-COVID-19 spike in demand for wheat-based foods. However, tourism numbers have still not bounced back since the pandemic outbreak. On the other hand, a positive pace of production and domestic consumption of instant noodle and bakery products in the first half of 2024 is likely to continue in the second half of 2024.

MY 2023/24 wheat imports were 5 percent above MY 2022/23 due mainly to increased demand for feed wheat. Feed wheat imports totaled 1.8 MMT, up 24 percent from MY 2022/23. The Office of Industrial Economics (OIE) reported that the total feed production increased one percent in the first six months of 2024 compared to the same period in 2023, and domestic demand also increased one percent from the same period last year. Imports of wheat flour and products totaled 246,923 MT, up 3 percent from MY 2022/23.

The government has continued to restrict feed wheat imports in 2023 and 2024. Importers are required to purchase three tons of domestic corn for every ton of imported feed wheat. The government also set the minimum purchase prices for locally produced corn at 8.5 baht per kilogram ($258/MT). Eligible feed wheat importers must be feed mill owners. Additionally, feed mill owners are prohibited from reselling imported feed wheat.

The tariff on wheat imports has been zero since September 2007. Meanwhile, the applied tariff on wheat flour is 5 percent or 0.5 baht/kg ($16/MT), except for imports under the ASEAN Free Trade Agreement (Brunei, Indonesia, Malaysia, Philippines, and Singapore) and the ASEAN-Australia-New Zealand Free Trade Agreement, where wheat flour has been duty free since January 2010 as long as 40 percent of the content originates from the exporting country. Wheat flour imports from Vietnam have been duty free since the end of 2015 under the ASEAN Economic Community.

Figure 3.2: 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	2022/2023		2023/2024		2024/2025	
Market Year Begins	Jan 2023		Jan 2024		Jan 2025	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	11072	11072	10650	10580	10700	10630
Beginning Stocks (1000 MT)	4126	4126	3749	3522	2749	2218
Milled Production (1000 MT)	20909	20909	20000	19696	20100	20018
Rough Production (1000 MT)	31680	31680	30303	29842	30455	30330
Milling Rate (.9999) (1000 MT)	6600	6600	6600	6600	6600	6600
MY Imports (1000 MT)	50	50	100	100	100	100
TY Imports (1000 MT)	50	50	100	100	100	100
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	25085	25085	23849	23318	22949	22336
MY Exports (1000 MT)	8736	8763	8500	8200	7500	7500
TY Exports (1000 MT)	8736	8763	8500	8200	7500	7500
Consumption and Residual (1000 MT)	12600	12800	12600	12900	12600	12900
Ending Stocks (1000 MT)	3749	3522	2749	2218	2849	1936
Total Distribution (1000 MT)	25085	25085	23849	23318	22949	22336
Yield (Rough) (MT/HA)	2.8613	2.8613	2.8454	2.8206	2.8463	2.8532
(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 2024/2025 = January 2025 - December 2025						

Table 2: Thailand's Rice Production by Crop

	2022/2023			2023/2024			2024/2025		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (Million Hectares)									
Cultivation	9.370	2.127	11.497	9.400	1.765	11.165	9.337	1.870	11.207
Harvest	8.995	2.077	11.072	8.890	1.690	10.580	8.880	1.750	10.630
Production (Million Tons)									
Rough	23.448	8.233	31.681	23.142	6.700	29.842	23.130	7.200	30.330
Rice	15.476	5.434	20.909	15.274	4.422	19.696	15.266	4.752	20.018
Yield (Ton/Hectare)	2.607	3.964	2.861	2.603	3.964	2.821	2.605	4.114	2.853

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

Corn	2022/2023		2023/2024		2024/2025	
Market Year Begins	Jul 2022		Jul 2023		Jul 2024	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1180	1180	1220	1220	1230	1230
Beginning Stocks (1000 MT)	336	336	391	440	457	606
Production (1000 MT)	5200	5350	5300	5300	5400	5400
MY Imports (1000 MT)	1194	1194	1716	1716	1500	1500
TY Imports (1000 MT)	1346	1346	1700	1700	1500	1500
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	6730	6880	7407	7456	7357	7506
MY Exports (1000 MT)	39	40	50	50	50	50
TY Exports (1000 MT)	38	40	50	50	50	50
Feed and Residual (1000 MT)	6200	6300	6800	6700	6800	6700
FSI Consumption (1000 MT)	100	100	100	100	100	100
Total Consumption (1000 MT)	6300	6400	6900	6800	6900	6800
Ending Stocks (1000 MT)	391	440	457	606	407	656
Total Distribution (1000 MT)	6730	6880	7407	7456	7357	7506
Yield (MT/HA)	4.4068	4.5339	4.3443	4.3443	4.3902	4.3902

(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 2024/2025 = October 2024 - September 2025

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

Wheat Market Year Begins Thailand	2022/2023 Jul 2022		2023/2024 Jul 2023		2024/2025 Jul 2024	
	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)	366	366	546	746	612	862
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	3163	3163	3316	3316	3300	3200
TY Imports (1000 MT)	3163	3163	3316	3316	3300	3200
TY Imp. from U.S. (1000 MT)	585	585	0	0	0	0
Total Supply (1000 MT)	3529	3529	3862	4062	3912	4062
MY Exports (1000 MT)	333	333	300	300	300	300
TY Exports (1000 MT)	333	333	300	300	300	300
Feed and Residual (1000 MT)	1350	1200	1600	1600	1600	1600
FSI Consumption (1000 MT)	1300	1250	1350	1300	1400	1300
Total Consumption (1000 MT)	2650	2450	2950	2900	3000	2900
Ending Stocks (1000 MT)	546	746	612	862	612	862
Total Distribution (1000 MT)	3529	3529	3862	4062	3912	4062
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 2024/2025 = July 2024 - June 2025

Attachments:

No Attachments