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## **Report Name:** Grain and Feed Update

**Country:** China - People's Republic of

**Post:** Beijing

**Report Category:** Grain and Feed

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### **Report Highlights:**

Post forecasts China's MY2022/23 feed and residual to decrease one percent from MY2021/22. Corn production for MY2022/23 is forecast at 270 MMT, 4 MMT lower than USDA's official forecast and 2.5 MMT lower than MY2021/22 due to lower planting area and yield losses caused by excessive rains in the northeast. Post forecasts MY2022/23 corn imports at 18 MMT and estimates MY2021/22 corn imports at 23 MMT, the same as USDA's official estimate. Brazil will be eligible to ship corn to China before the end of the calendar year, earlier than previously rumored, following the signing of a phytosanitary protocol. MY2022/23 rice production is reduced 2 MMT to 147 MMT from Post's June estimate, due to the effects of drought and heat on mid and late-season crops. China's broken rice imports are forecast down due to India's export ban and a greater availability of domestic broken rice this season.

Note: This report compares Post information with USDA’s September 2022 estimates and forecasts for MY2020/21, MY2021/22, and MY2022/23. FAS China GAIN reports do not represent official USDA information.

## TOTAL DEMAND of GRAIN as FEED and RESIDUAL

### MY2022/23

China's MY2022/23 feed and residual use is forecast to decrease one percent from MY2021/22. Overall feed production is projected to recover incrementally month-on-month during the remainder of calendar year 2022 and into 2023 mainly due to changes in the swine herd. Year-on-year increases may not appear until the second half of 2023. More information on animal, poultry, and related agricultural production changes is available in the 2022 China [Livestock and Products Annual](#) and 2022 China [Poultry and Products Annual](#) reports.

**Table 1. China: Feed and Residual Demand Estimates by Marketing Year**  
(Unit: Million Metric Ton of MMT)

Grain	2020/21	2021/22	2022/23	Absolute Change
Corn	196	210	216	6
Sorghum	8.7	10.5	9	-1.5
Barley	8.7	7.5	7.5	0
Wheat	45	30	25	-5
Old Stock Rice (Milled Equivalent)	22	22	20	-2
<b>Total</b>	280.4	280	277.5	-2.5

Source: FAS China Analysis

### MY2021/22

China Feed Industry Association (CFIA) data through August 2022 indicates total industrial feed production for MY2021/22 was slightly higher than MY2020/21. Larger output in October through December 2021 was offset by a reduction during the period of January through August of 2022. More specifically, from January through August 2022, swine feed was down 8 percent, layer feed was down 6 percent, and broiler feed was down 7 percent from the same period in 2021. Although swine and poultry feed production showed continuous month-on-month positive increases from May, feed production remains considerably lower than the previous year.

**Table 2. China: Industry Feed Production for January to August 2022**

	Swine	Layers	Broilers	Aquaculture	Ruminants	Total
<b>Production in August (in MMT)</b>	10.67	2.53	7.89	3.69	1.29	26.35
<b>Month-on-Month Increase (percent)</b>	8.5	3.2	6.2	7.2	11.1	7.2
<b>Year-on-Year Increase (percent)</b>	-11.2	-9.9	-4.8	3.0	4.7	-6.7
<b>Production (in MMT) January-August</b>	80.81	20.45	56.46	18.03	9.7	187.46
<b>Year-on-Year Increase (percent)</b>	-7.9	-5.4	-6.8	15.1	3.3	-5.0

In early September 2022, the Ministry of Agricultural and Rural Affairs (MARA) statistics placed the July sow herd at 43 million head, 0.5 percent higher than the previous month. This number is considered by MARA to be within the “targeted” range, a significant reduction from the peak of 52.6 million head which MARA published at the end of June 2021.

The poultry industry reported nearly a 10 percent decrease in the poultry herd in the first eight months of 2022 compared to 2021. Industry data indicates poultry feed production through August of MY2021/22 was 4 percent lower than MY2020/21. Post believes the overall poultry sector will remain weak and expects chicken production to remain steady in 2023.

### **Corn**

Corn **production** for MY2022/23 is forecast at 270 MMT, 4 MMT lower than USDA’s official forecast and 2.5 MMT lower than MY2021/22 due to lower planting area and yield. Post estimates that planted area decreased by one percent in 2022 as grain grower subsidies for soybeans were nine times higher than that for corn - incentivizing farmers to plant more soybeans. In addition, production losses caused by excessive rains throughout June and July in Northeast China cannot be fully offset by better yields projected in the North China Plain (NCP). Post estimates a 4 MMT production loss in the Northeast with a 1.5 MMT production gain in the NCP.

Production estimates from official and industry sources vary from 267.5 MMT to 275 MMT. Official and industry estimates of reductions in planted area range from 275,000 to 1.3 million hectares - or one to three percent.

Official sources estimate an increase of 1-3 MMT of corn production over MY2021/22 levels. MARA indicates the excessive rains in the Northeast and the high temperatures and drought in some parts of the south affected production, but the crop in the NCP and Northwest are better than the previous year.

Post estimates a 2.5 to 5 MMT reduction in corn production in the Northeast. On a crop tour, FAS China observed all signs were indicative of a decent crop Liaoning province, despite soaked fields in the Tieling area. In Jilin, more area was flooded, and observations were that there was some shorter than normal corn attributed either to late planting, too much precipitation, or both. According to the Jilin Agricultural Bureau, precipitation in the province this year is nearly double the average, up by 95 percent.

A leading agricultural industry consulting firm affiliated with state-owned enterprises (SOEs) projected a 6 to 8 MMT corn production loss in Liaoning and Jilin based on their early August crop tour. The firm also believes corn production in Heilongjiang will increase.

**Image 1. China: Standing Water in Jilin Province Corn Field in Late July 2022**



#### *Shandong Crop*

During a crop tour in Shandong province in the NCP in early September, FAS China observed most of the crop has the potential for high yield and good quality. Harvest had begun in a few fields, but most of the harvest appeared on track to begin in early October.

One producer shared that he contracted 3.3 hectares of land from the village at a cost of U.S. \$1,957 per hectare (RMB 900 per mu) where he plants two crops a year with wheat followed by corn. He indicated the weather this year has been perfect for production and believes yields will reach above 6.8 tons per hectare. His corn crop covers land rent and all other input costs (i.e., land, chemical, seeds, water); the wheat crop is grown as pure profit earning U.S. \$44 per hectare (RMB 200 per mu) including subsidies from the government. He was overall positive and satisfied with his input costs and income, a large contrast to what other producers indicate.

According to a September 13 report from the National Agro-Tech Extension and Service Center (NATESC) there have been more serious occurrences of fall armyworm (FAW) this year in the south. Greater still, in Southwest China, there have been more serious FAW occurrences. As of September 1, FAW was found in 846 counties of the 27 provinces, totaling 35.3 million mu (2.4 million hectares) of land, accounting for 6 percent of total corn area. FAW was spotted in two more provinces this September from the previous one, Beijing and Liaoning. It was spotted 17 days earlier than last year and with the area affected increasing by 18.3 million mu (1.2 million hectares). The northern frontier line that FAW reached was Inner Mongolia, the third largest corn producing province. In the past three years, MARA has declared they successfully limited FAW damage to under 5 percent of total production.

**Image 2. China: Shandong Province Corn Early September 2022**



**Image 3 and 4. China: Shandong Province Corn Early September 2022**



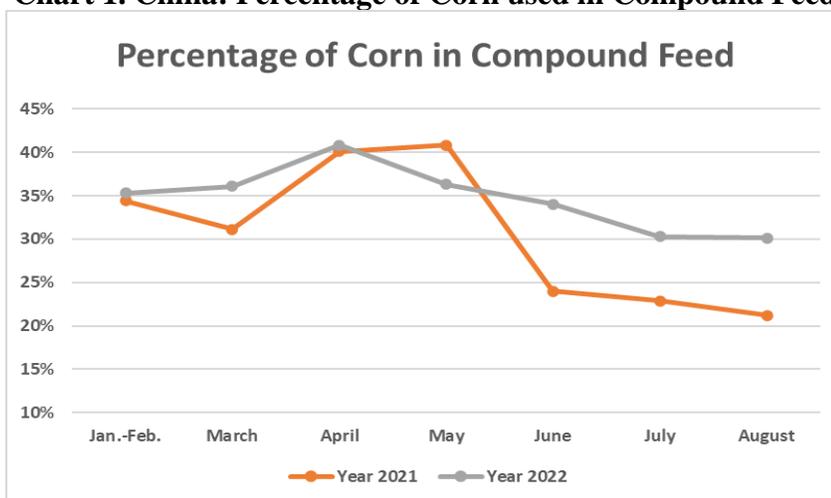
Typhoon Muifa hit Shandong between September 15 and 16, bringing heavy rain and wind, causing corn lodging and soaked fields. It hit Liaoning and Jilin afterwards and triggered extreme rainfall but there is no damage summary, yet. The typhoon will delay harvest and transportation/sales of new crop corn but should not have a significant effect on total corn production.

Post's MY2022/23 **feed corn and residual use** forecast is 2 MMT more than USDA's September estimate, as feed mills mix more corn in rations. Demand from the livestock sector is set to increase

owing to better profit and lower wheat use in feed. September average Chinese corn farm prices increased by U.S. \$36 (RMB 250) to U.S. \$396 (RMB 2,730) per metric ton (MT) from last October, the 15-month low point. NCP wheat prices are U.S. \$44 (RMB 300) per MT higher than corn, pushing feed mills to switch back to corn, as corn is still the ideal feed component. Feed mills report mixing 35 percent corn compound feed in the first eight months of 2022, 4 percent higher than 2021, but still dramatically lower than 50-55 percent in 2017-2019. With rising international grain prices and the arrival of new crop on the market, local corn use in feed is expected to grow.

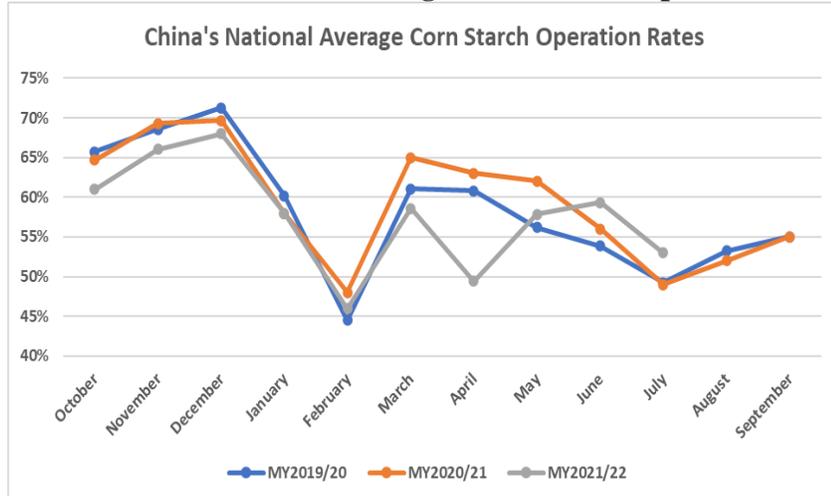
Post forecasts MY2022/23 **corn demand for industrial use** to fall. Corn starch plants operated at an average 58 percent of capacity in MY2021/22, down 2 percent from the previous year. Food and industrial ethanol plants operated at an average of 45 percent of capacity in the first seven months, up 6 percent year-on-year. Plants have struggled in 2022 to be profitable with rising corn prices.

**Chart 1. China: Percentage of Corn used in Compound Feed**



Source: Post Industry Sources

**Chart 2. China: National Average Corn Starch Operation Rates**



Source: Industry source

Note: Operations are halted each year during the February Lunar New Year holiday

Post forecasts MY2022/23 corn **imports** at 18 MMT and estimates MY2021/22 corn imports at 23 MMT, the same as USDA's official estimate.

China currently holds contracts for 3.4 MMT of U.S. corn for delivery in MY2022/23, 70 percent less than the same time last year. China may turn to Brazil for a substantial amount of its imports in MY2022/23 with current U.S. corn prices and the new corn phytosanitary agreement between China and Brazil, solving the problems of some intrinsic differences between the allowable GE events into China and those that are present in Brazilian corn. In addition, the war in Ukraine continues to disrupt trade from China's other leading supplier.

Brazil reportedly will be able to export corn to China before the end of the year, earlier than the previously planned timeline of mid-2023, as the People's Republic of China (PRC) government has agreed to temporarily waive a key clause in the phytosanitary protocol re-signed in May 2022. Brazilian traders reportedly have submitted documents to their government for export accreditation. Brazilian authorities will examine, certify, and register exporters' storages at ports and send a list of qualified exporters to China. Chinese importers have also already applied for import permits. New crop Brazilian corn is quoted at no more than U.S. \$406 (RMB 2,800) per metric ton after tariff for year-end delivery. Brazilian traders project over 1 MMT of corn exports to China in calendar year 2022. Industry data shows that September arrival U.S. corn is quoted at around U.S. \$435 (RMB3,000) per metric ton after tariff at Guangdong ports, roughly U.S. \$15 (RMB 100) per MT higher than domestic corn.

Corn Market Year Begins	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
China						
Area Harvested (1000 HA)	41264	41264	43324	43324	43000	43000
Beginning Stocks (1000 MT)	200526	200526	205704	212704	210236	216230
Production (1000 MT)	260670	260670	272552	272552	274000	270000
MY Imports (1000 MT)	29512	29512	23000	23000	18000	18000
TY Imports (1000 MT)	29512	29512	23000	23000	18000	18000
TY Imp. from U.S. (1000 MT)	20863	20863	0	0	0	0
Total Supply (1000 MT)	490708	490708	501256	508256	502236	504230
MY Exports (1000 MT)	4	4	20	20	20	20
TY Exports (1000 MT)	4	4	20	20	20	20
Feed and Residual (1000 MT)	203000	196000	209000	210000	214000	216000
FSI Consumption (1000 MT)	82000	82000	82000	82000	81000	81000
Total Consumption (1000 MT)	285000	278000	291000	292000	295000	297000
Ending Stocks (1000 MT)	205704	212704	210236	216230	207216	207210
Total Distribution (1000 MT)	490708	490708	501256	508250	502236	504230
Yield (MT/HA)	6.3171	6.3171	6.291	6.291	6.3721	6.2791

(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

## Sorghum

Disadvantageous relative prices are expected to reduce MY2022/23 **sorghum imports** from MY2021/22 levels. However, Post still anticipates Chinese sorghum demand in MY2022/23 to be greater than the official USDA forecast.

In early September, South American corn and Australian sorghum were the most competitive grains at several Chinese ports at U.S. \$399 (RMB 2,750) per MT, followed by brown rice, wheat, and then local corn. U.S. sorghum quotes have risen by more than 20 percent over the past six months to U.S. \$507 (RMB 3,500). As of early-September 2022, China held only 68,000 tons of U.S. sorghum contracts for MY2022/23, 95 percent less than the same time last year. Although Argentine and Australian sorghum prices are more competitive, their export potential to China is limited.

**Table 3. China: Imported Coarse Grain and Substitute Prices in Major Ports**

<b>Grain</b>	<b>RMB Price</b>	<b>U.S. Dollar Price</b>
Local Corn	2,850-2,960	\$413-429
Imported U.S. Corn	3,000-3,050	\$434-442
Imported Argentine and Brazilian Corn (quote for 2022 end delivery)	2,680-2,750	\$388-399
Imported U.S. Sorghum	3,500	\$507
Imported Argentine and Australian Sorghum	2,700-2,750	\$391-399
Imported Argentine, French and Australian Barley	3,250-3,600	\$471-522
Local Wheat	3,200	\$464
Imported U.S. Wheat	3,300-3,600	\$478-522
Imported Australian Wheat	2,850	\$413
Local Brown Rice	2,800	\$406
Imported Pakistan Broken Rice	3,000	\$435
Imported U.S. DDGs (without AD/CVD)	2,660	\$386
Unit: RMB per metric ton, exchange Rate as of September 15, 2022 U.S. \$1= RMB 6.9		

Sorghum **consumption** in MY2022/23 is expected to decline from MY2021/22 levels on lower feed and brewer demand. Feed mills have exhibited increased flexibility in grain substitution in their feed formulas over the last several years, making procurement a price-driven action. In addition, the China Liquor Industry Association reported liquor production by scaled producers in the first seven months decreased by 0.5 percent year-over-year. The National Bureau of Statistics (NBS) reported 0.5 percent year-over-year lower beer production in the first seven months of 2022 due to continued weak Covid-19 related consumption and rising raw material prices.

### **Barley**

Post has no changes to report from the USDA official data for MY2020/21, MY2021/22, or MY2022/23 at this time.

Sorghum Market Year Begins China	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	635	635	630	630	630	630
Beginning Stocks (1000 MT)	34	34	269	269	239	239
Production (1000 MT)	2970	2970	3000	3000	3000	3000
MY Imports (1000 MT)	8669	8669	10500	10500	8000	9000
TY Imports (1000 MT)	8669	8669	10500	10500	8000	9000
TY Imp. from U.S. (1000 MT)	6511	6511	0	0	0	0
Total Supply (1000 MT)	11673	11673	13769	13769	11239	12239
MY Exports (1000 MT)	4	4	30	30	30	30
TY Exports (1000 MT)	4	4	30	30	30	30
Feed and Residual (1000 MT)	8700	8700	10500	10500	8000	9000
FSI Consumption (1000 MT)	2700	2700	3000	3000	3000	3000
Total Consumption (1000 MT)	11400	11400	13500	13500	11000	12000
Ending Stocks (1000 MT)	269	269	239	239	209	209
Total Distribution (1000 MT)	11673	11673	13769	13769	11239	12239
Yield (MT/HA)	4.6772	4.6772	4.7619	4.7619	4.7619	4.7619

(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 Sorghum begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

Barley Market Year Begins China	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	509	509	510	510	510	510
Beginning Stocks (1000 MT)	289	289	1374	1374	274	274
Production (1000 MT)	2036	2036	2000	2000	2000	2000
MY Imports (1000 MT)	12049	12049	8500	8500	9500	9500
TY Imports (1000 MT)	12049	12049	8500	8500	9500	9500
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	14374	14374	11874	11874	11774	11774
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	8700	8700	7500	7500	7500	7500
FSI Consumption (1000 MT)	4300	4300	4100	4100	4100	4100
Total Consumption (1000 MT)	13000	13000	11600	11600	11600	11600
Ending Stocks (1000 MT)	1374	1374	274	274	174	174
Total Distribution (1000 MT)	14374	14374	11874	11874	11774	11774
Yield (MT/HA)	4	4	3.9216	3.9216	3.9216	3.9216

(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 Barley begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

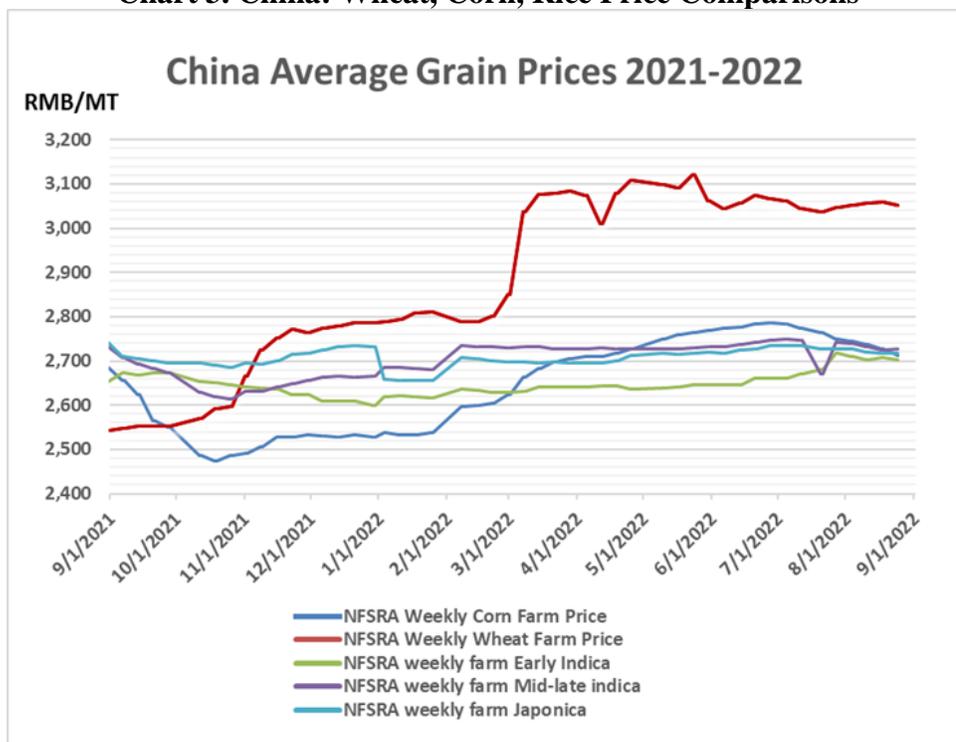
## Wheat

MY2022/23 wheat **production** is forecast at 138 MMT, up less than one percent from MY2021/22 output on moderately better yields despite initial concerns that heavy rains delayed winter wheat planting in 2021. According to NBS, the winter wheat output, which accounts for more than 95 percent of China's wheat production rose one percent to 135.8 MMT. MARA attributed the better-than-expected output to a marginally larger planting area, yield, and less rust occurrence, resulting in the best quality wheat in recent years.

Officials have repeatedly mentioned the importance of grain security since the Covid-19 pandemic began in early 2020. Its prominence was heightened after the start of the war in Ukraine in late February. Local wheat prices rose to their highest levels on record in June 2022 despite stable demand. To support wheat production, the national government announced U.S. \$725 million (RMB 5 billion) in subsidies for wheat planting and another U.S. \$1.5 billion (RMB 10 billion) in subsidies to alleviate rising costs.

Post’s MY2022/23 and MY2021/22 wheat consumption for feed and fodder are both 5 MMT lower than USDA's September estimates. Post’s estimate for MY2021/22 wheat consumption for feed and fodder is 15 MMT lower than Post’s estimate for MY2020/21. Domestic wheat prices rose by 10 percent in the first six months of 2022, particularly after Russia’s invasion of Ukraine. The wheat-corn price gap changed direction and continued to widen during the year and is roughly U.S. \$43 (RMB 300) per MT at present compared to roughly U.S. -\$38 (RMB -260) per MT the previous year. Most feed mills have lowered their wheat ratio in feed rations to 10 percent since the fourth quarter of 2021. With better wheat quality and record high prices, feed mills will be less active in procuring wheat in MY2022/23 than previous years.

**Chart 3. China: Wheat, Corn, Rice Price Comparisons**



Source: National Food and Strategic Reserve Administration

MY2022/23 wheat **imports** are forecast at 9.5 MMT, 500,000 tons higher than Post’s June estimate. China reportedly aggressively purchased Australian and French wheat when prices dropped. China has booked over 1 MMT of Australia wheat for shipments from September through March, a significant portion of which is said to be feed wheat. China also purchased at least two shipments of French wheat with protein content of 11 percent and schedules for those shipments ranges from September to

November 2022. This is likely feed wheat as China's food grade wheat imports generally have either much higher or lower protein content for specific use in high-end baking and processed products.

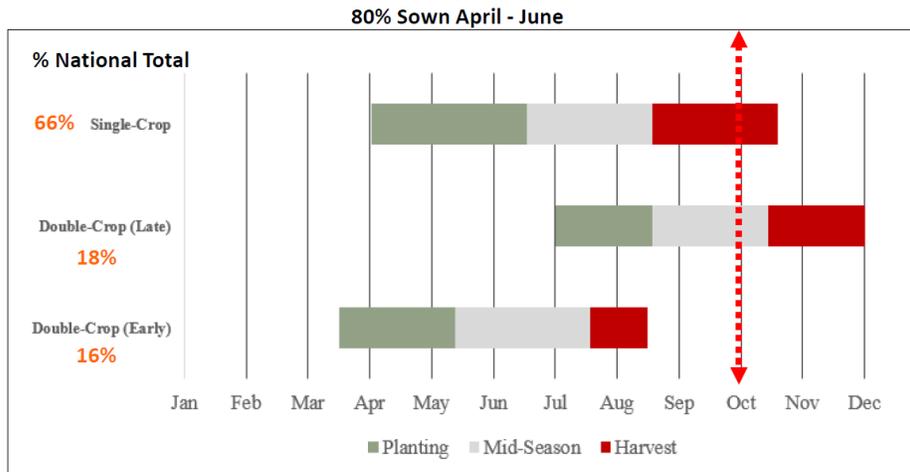
Domestic wheat prices remain significantly above the government's Minimum Support Price (MSP) of U.S. \$321 (RMB 2,300) per MT. The MSP was not triggered last year and is not expected to be triggered this year either. The PRC suspended MSP wheat auctions in April, one month earlier than last year, reflecting weakened effectiveness of using the tool to regulate prices. Cheaper priced imported wheat is currently the best option to replenish MSP reserves. However, Post does not expect imports to exceed China's wheat tariff rate quota (TRQ) level of 9.636 MMT for calendar year 2022 as both global prices and domestic demand do not support imports above the TRQ level.

Though **wheat stocks** are not publicly available, the industry consensus is that overall volumes in the national reserve for food use are stable.

Wheat Market Year Begins China	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)	23380	23380	23568	23568	23600	23600
Beginning Stocks (1000 MT)	150015	150015	144120	139120	141759	141759
Production (1000 MT)	134250	134250	136946	136946	138000	138000
MY Imports (1000 MT)	10618	10618	9568	9568	9500	9500
TY Imports (1000 MT)	10618	10618	9568	9568	9500	9500
TY Imp. from U.S. (1000 MT)	3367	3367	0	0	0	0
Total Supply (1000 MT)	294883	294883	290634	285634	289259	289259
MY Exports (1000 MT)	763	763	875	875	900	900
TY Exports (1000 MT)	763	763	875	875	900	900
Feed and Residual (1000 MT)	40000	45000	35000	30000	30000	25000
FSI Consumption (1000 MT)	110000	110000	113000	113000	114000	114000
Total Consumption (1000 MT)	150000	155000	148000	143000	144000	139000
Ending Stocks (1000 MT)	144120	139120	141759	141759	144359	149359
Total Distribution (1000 MT)	294883	294883	290634	285634	289259	289259
Yield (MT/HA)	5.7421	5.7421	5.8107	5.8107	5.8475	5.8475
(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						

## Rice

### China Rice Percent of National Total and Cropping Calendar GMA IPAD | September 2022



In 2022/23 Single-Crop and Double-Late Crop Rice Potentially Affected by the Soil Moisture Conditions in July-August-September  
 ➤ USDA's forecast/estimates do not distinguish between single, early- and late-double harvests

Milled rice **production** in MY2022/23 is reduced by 2 MMT to 147 MMT from Post's June estimate, because of drought on mid and late-season crops. The first rice crop was harvested by mid-July before drought hit the southern provinces which account for 65 percent of China's rice and nearly all the multi-crop rice. NBS announced in late August 2022 that early rice production, which accounts for 13 percent of total rice production was 19.7 MMT, up slightly from 2021 due to higher planting area. However, throughout July and August, China's National Climate Center reported the longest stretch of high temperatures and widest area of serious drought in 61 years. The drought hit areas with mid-to-late rice, which was in the flowering and heading stage, a key stage for production and the most sensitive to temperature and precipitation. Although official news downplayed the damage and reported the impact was only in mountainous areas and that irrigation, fertilizer and other technical methods were available to cope. Sources indicate, however, that local water resources for irrigation were almost completely exhausted in late August. According to industry contacts, rice fields in central China's remote hilly area, which have no access to water resources, saw massive crop failures. Based on an industry crop tour in late August, mid-to-late rice yields and quality are expected to drop by 10 percent.

# China Total Rice Production Distribution by Province

GMA IPAD | September 2022

## China: Total Rice Production

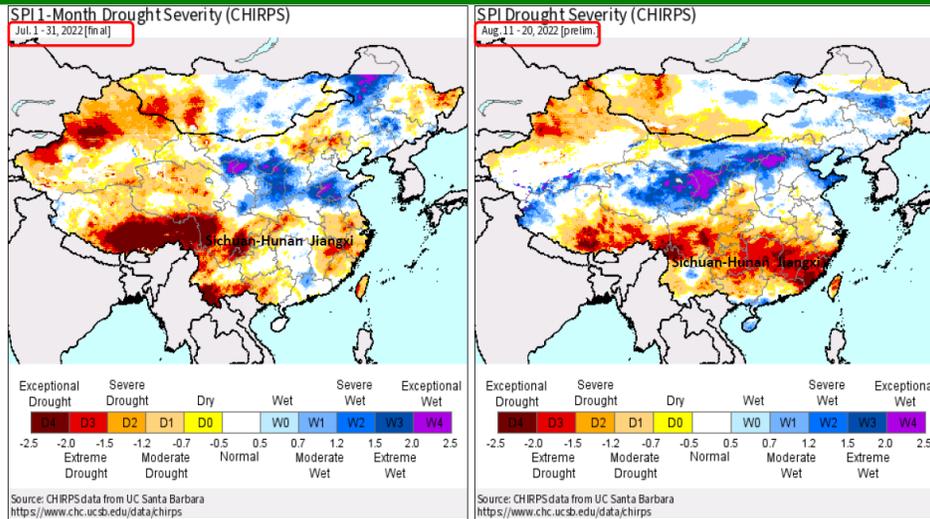


USDA Foreign Agricultural Service  
U.S. DEPARTMENT OF AGRICULTURE

Source: National Bureau of Statistics of China (data excluding Taiwan)  
Average Total Rice Production 2015-2019

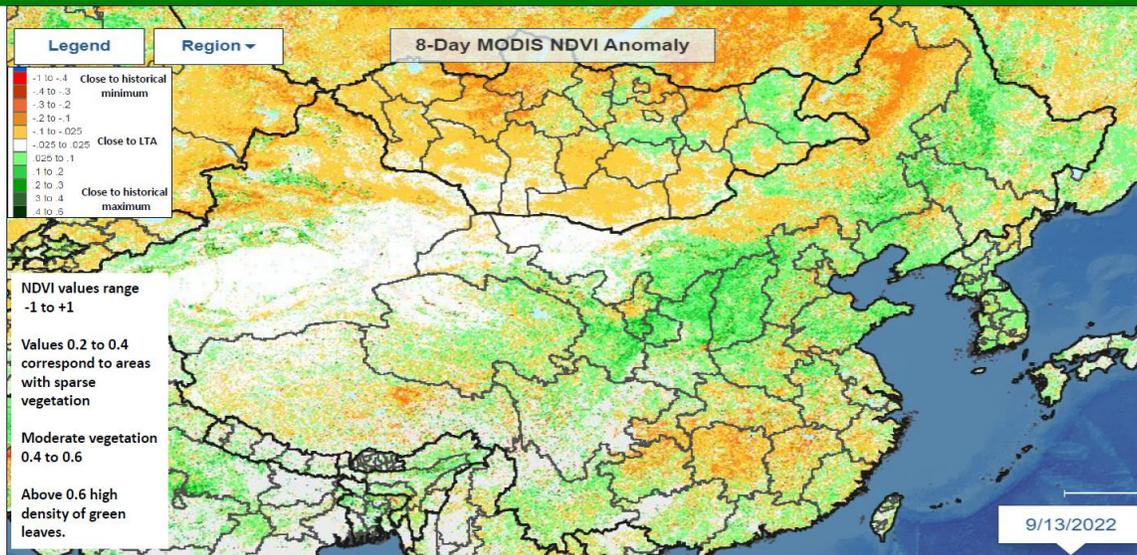
The drought situation continues to develop in Jiangxi and Hunan, China's top two double-cropping rice provinces. On September 19, the National Meteorological Center issued a drought warning for the 33rd straight day, with Jiangxi province suffering 'severe' drought for 69 days this year. Jiangxi's Nanchang and Hunan's Changsha recorded zero rainfall in September. The center predicts that central and east China will see less than 10 mm rainfall over the next 10 days.

China: Standardized Precipitation Index, SPI, Soil Moisture Conditions, July - August  
GMA IPAD September 2022



The Standardized Precipitation Index (SPI) indicates drier than normal soil conditions in the southern provinces; Favorable soil moisture conditions across the most major agricultural regions in the central and northern provinces; July and August

Mid-September 2022 NDVI Anomaly of Crop Growth and Vegetation Conditions  
GMA IPAD | September 27, 2022



In mid-September, late season crop stages, NDVI image (a proxy of crop and vegetation condition status) continued to show conditions below historical average in the southern provinces; but average-to-above historical average in the central and northern provinces

MY2022/23 rice **consumption** for feed and fodder are estimated to be 2 MMT lower than MY2021/22 due to India's broken rice export ban and reduced demand for old stock feed quality rice at auction. Since March 10, the state reserve sold a total of 23.4 MMT of feed-grade old stock paddy rice through the end of August. The portion of offered rice sold dropped dramatically from close to 100 percent in June to almost zero in August, indicating reduced buyer interest. However, the current spot price for old stock brown rice still has a price advantage over other corn substitutes in Guangdong and Shandong.

Some feed mills in these provinces report replacing as much as 20 percent of corn use with brown rice in swine feed formulas.

China’s domestic rice prices remained stable with no response to drought or international price fluctuations. When the drought began, some traders stocked up paddy rice on speculation but have failed to make a profit - which has cooled off speculative purchases. Post contacts say domestic rice prices around the Jan-Feb Spring Festival will be an indicator of 2022 rice production and quality.

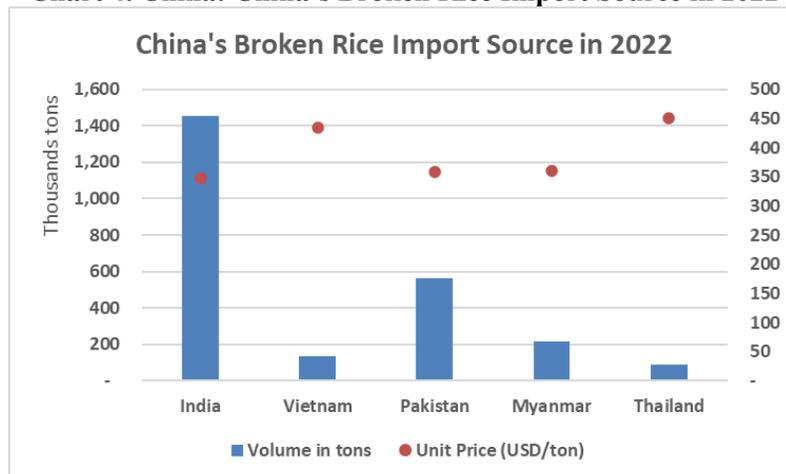
**Table 4: China: Old Stock Rice Auctions in 2021-2022**

Auction Period	Amount Sold	Notes
March 31-October 14, 2021	15 MMT	-Floor price increased from RMB1,300 to 1,500 per ton -Rice mixed with wheat to be used in feed -2 MMT rice offered each week
March 17 to April 7, 2022	4.5 MMT	-500,000—1 MMT rice offered each week
May 19-September 2022 (projected)	24 MMT (projected)	-Floor price increased from RMB1,500 to RMB1,600—1,700 per ton -2 MMT rice was offered every other week

Source: Post Industry Sources

Rice **imports** forecast for MY2022/23 is decreased to 5.5 MMT, 500,000 tons lower than Post’s June estimate. Since 2020, nearly half of China’s rice imports have been broken rice, predominantly from India and Burma for feed as well as for liquor and snack production. From January to July 2022, China imported 2.6 MMT of Indian rice, 2.5 MMT of which was broken rice. On September 9, India banned exports of broken rice and imposed a 20 percent duty on exports of various grades of rice. Reportedly, over 1 MMT of rice is sitting in Indian ports as buyers refused to pay the new tariff. Prices from other major exporters, i.e., Thailand and Vietnam, rose U.S. \$20 per ton within four days of the export ban announcement. Post sources and analysts opine China will likely turn to Pakistan to fill the gap left by India. In addition, the lower milling rate this year because of a poorer quality rice crop will produce more local broken rice than usual, which will decrease demand for imported broken rice.

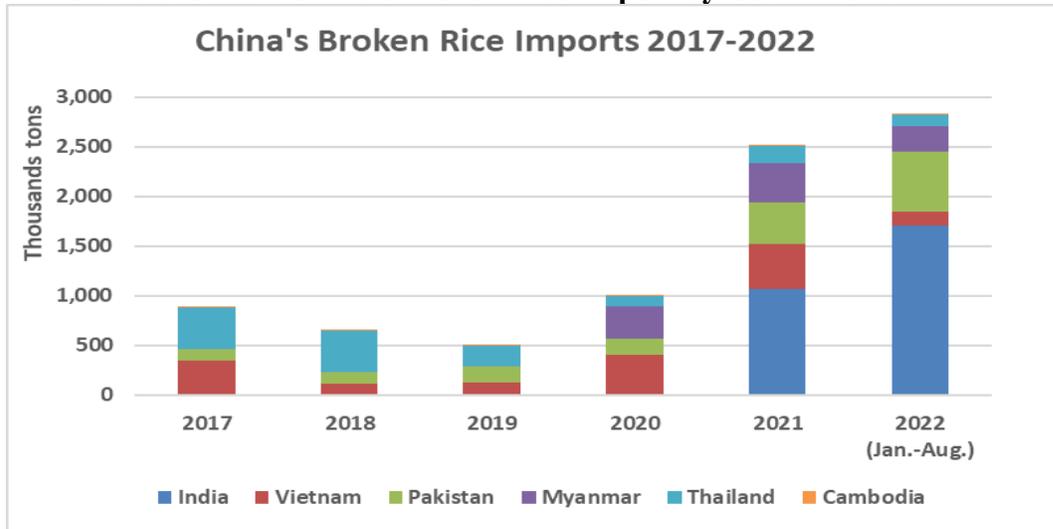
**Chart 4. China: China’s Broken Rice Import Source in 2022**



Source: China Customs

At time of writing, India extended the effective date of the ban on broken rice exports from September 15 to September 30. Chinese industry members believe India’s rice export ban will either be short-lived or will not be implemented.

**Chart 5. China: China’s Broken Rice Import by Countries 2017-2022**



Source: China Customs

Though **rice stock** levels are not publicly available, the industry consensus maintains overall rice volumes in the national reserve for food use are stable.

Rice, Milled Market Year Begins	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
China						
Area Harvested (1000 HA)	30076	30076	29921	29921	30000	30000
Beginning Stocks (1000 MT)	116500	116500	116500	116500	113000	113000
Milled Production (1000 MT)	148300	148300	148990	148990	147000	147000
Rough Production (1000 MT)	211857	211857	212843	212843	210000	210000
Milling Rate (.9999) (1000 MT)	7000	7000	7000	7000	7000	7000
MY Imports (1000 MT)	4215	4215	5950	5950	5500	5500
TY Imports (1000 MT)	4921	4921	5700	5700	5500	5500
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	269015	269015	271440	271440	265500	265500
MY Exports (1000 MT)	2222	2222	2100	2100	2200	2200
TY Exports (1000 MT)	2407	2407	2250	2250	2200	2200
Consumption and Residual (1000 MT)	150293	150293	156340	156340	156100	155000
Ending Stocks (1000 MT)	116500	116500	113000	113000	107200	108300
Total Distribution (1000 MT)	269015	269015	271440	271440	265500	265500
Yield (Rough) (MT/HA)	7.0441	7.0441	7.1135	7.1135	7	7

(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

**Attachments:**

No Attachments