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Report Highlights:

Driven mainly by higher demand from feed mills, higher consumption of flour-based food during the consecutive religious festivities and general election, as well as demand for alternative staples cheaper than rice and trending flour-based foods, Indonesian wheat imports in 2023/24 are estimated to break record levels at 12.6 million metric tons (MMT). Meanwhile, 2023/24 corn consumption for feed is revised down 8.5 percent to 8.6 MMT. Assuming recovering local corn production and lower corn prices, 2024/25 wheat imports are forecast to slow to 12.0 MMT while corn for feed consumption will increase to 9.0 MMT.

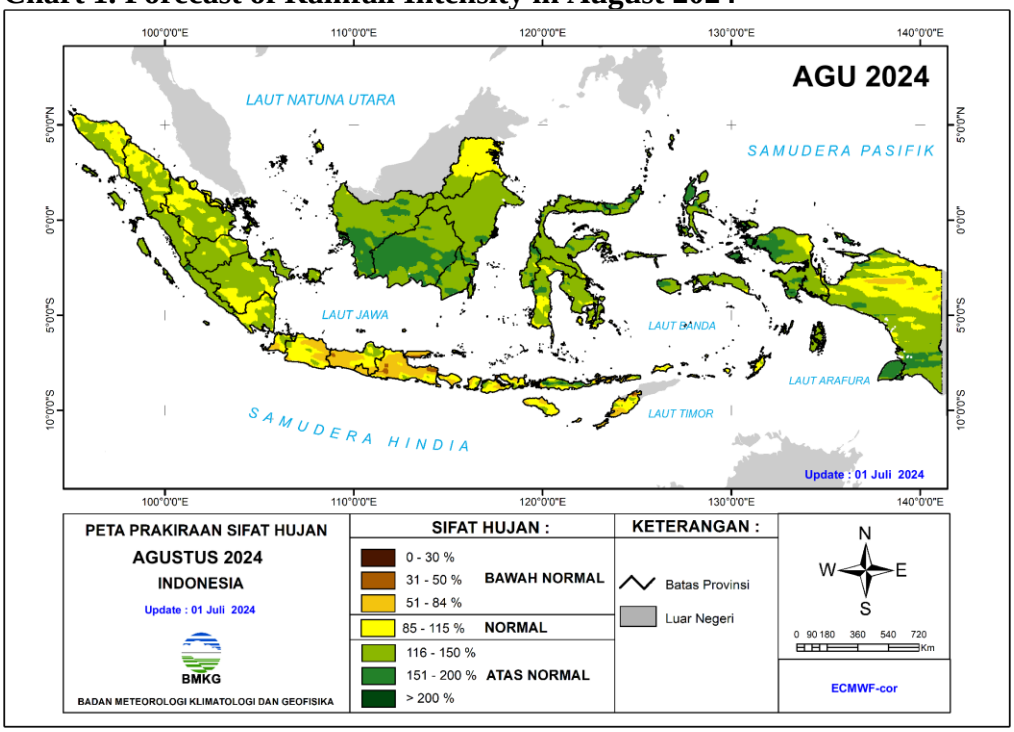
Glossary:

APHIS	: Animal and Plant Health Inspection Service
APTINDO	: Indonesian Flour Mills Association
BMKG	: Indonesian Meteorology, Climatology, and Geophysics Agency
BI	: Bank of Indonesia
BPS	: Indonesian Statistics Agency
BULOG	: Indonesian National Logistics Agency
CGM	: Corn Gluten Meal
DDGS	: Distillers Dried Grain Soluble
DOC	: Day-Old Chick
FS	: Final Stock
GOI	: Government of Indonesia
GPMT	: Feed Producers Association
GPS	: Grand Parent Stock
IDR	: Indonesian Rupiah
IQA	: Indonesian Quarantine Agency
MOA	: Ministry of Agriculture
MOI	: Ministry of Industry
MOT	: Ministry of Trade
MT	: Metric Tons
MMT	: Million Metric Tons
MPW	: Ministry of Public Works
NFA	: National Food Agency
TDM	: Trade Data Monitor

SECTION I. SITUATION AND OUTLOOK

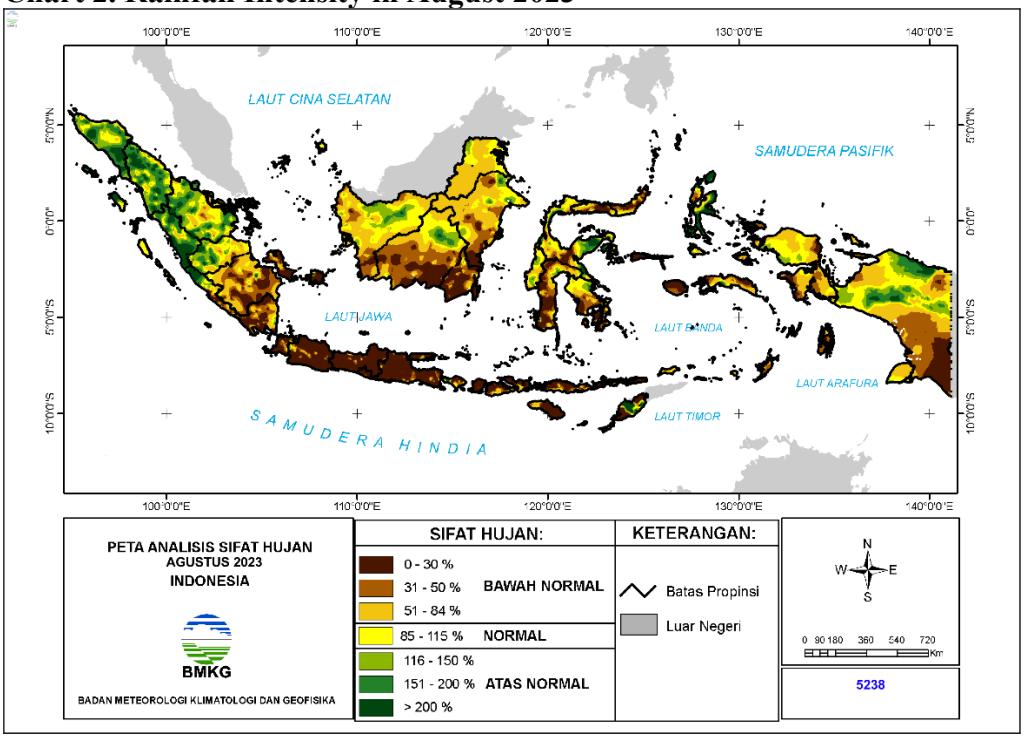
In June 2024, the Indonesian Meteorology, Climatology and Geophysics Agency (*BMKG, Badan Meteorologi, Klimatologi, dan Geofisika*) predicted that, from July to September 2024, Indonesia would experience normal to above normal rainfall. In July 2024, approximately 22.3 percent of Indonesia's area is predicted to receive below normal rainfall, 59.7 percent is predicted to receive close to normal rainfall, and 17.8 percent of area is predicted to receive above normal rainfall. In August 2024, a total of 16.73 percent of Indonesia's area is predicted to have below normal rainfall, 36.59 percent is predicted to be normal, and 46.68 percent is predicted to be above normal. Meanwhile, in September 2024, approximately 8.52 percent of Indonesia's area is predicted to experience below normal rainfall, 37.8 percent is predicted to be normal, and 53.7 percent above normal. Moreover, BMKG predicted that Indonesia will enter the La Nina phase in July-September 2024. During this period, Indonesia will often be hit by heavy rain, potential floods and tropical storms. This is because La Nina is known to have the effect of increasing rainfall in the areas it passes through, unlike El Nino which brings drought. However, this time La Nina's intensity is predicted to be weak, unlike in 2010 when it was quite strong. Assuming BMKG’s La Nina prediction materializes, the beginning of the 2024/25 first crop cycle is expected to start on time from October to November 2024. Therefore, 2024/25 rice and corn production is forecast to improve.

Chart 1. Forecast of Rainfall Intensity in August 2024



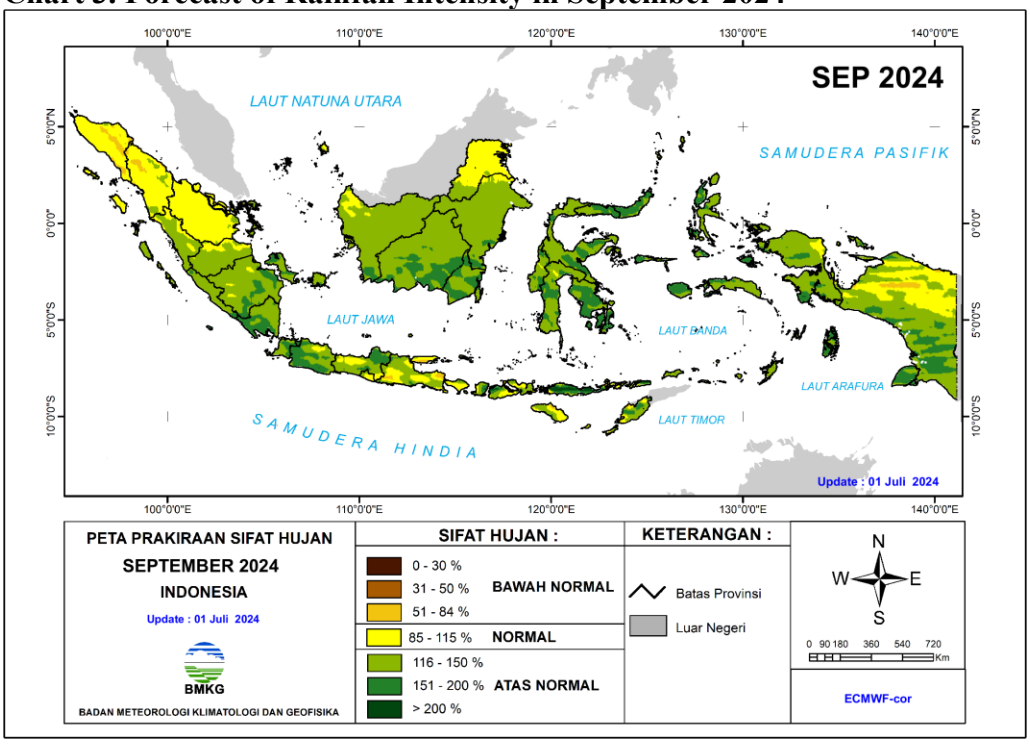
Source: Indonesian Meteorology, Climatology, and Geophysics Agency (BMKG)

Chart 2. Rainfall Intensity in August 2023



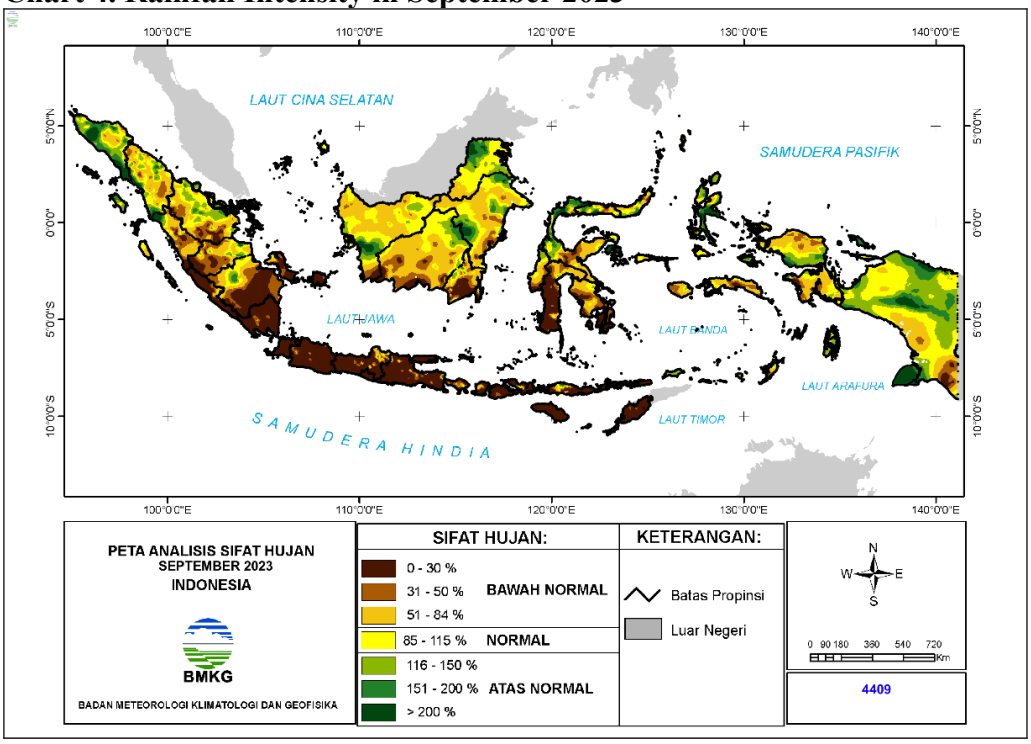
Source: Indonesian Meteorology, Climatology, and Geophysics Agency (BMKG)

Chart 3. Forecast of Rainfall Intensity in September 2024



Source: Indonesian Meteorology, Climatology, and Geophysics Agency (BMKG)

Chart 4. Rainfall Intensity in September 2023



Source: Indonesian Meteorology, Climatology, and Geophysics Agency (BMKG)

With the starting of the transition from El Nino to La Nina, the Ministry of Public Works (MPW) reported that currently, major reservoirs in Java are at normal levels of water elevation. The water volume is expected to be able to supply water for paddy fields close to the reservoirs during the second and third crop cycle of 2024.

Table 1. Water Elevation at West Java Water Reservoirs, July 12, 2024.

No.	Reservoir	Reservoir Volume (Million m^3)	Elevation and Volume				Condition
			Target		Observed		
			Elevation (m)	Volume (Million m^3)	Elevation (m)	Volume (Million m^3)	
1	Jatiluhur	1325.40	95.10	447.62	104.32	n/a	Normal
2	Cirata	668.12	210.61	201.23	216.48	n/a	Normal
3	Saguling	530.75	633.08	159.48	639.9	n/a	Normal

Source: Indonesian Min. of Public Works, (July 12, 2024), processed by FAS/Jakarta.

SUMMARY

Wheat

Referring to the most updated import realization numbers, wheat imports for 2023/24 are estimated to increase by 33.4 percent to the record high historical level of a total of 12.6 million metric tons (MMT) from 9.446 MMT imported in 2022/23. The receding of the spike in wheat demand that had been caused by the recent general elections and weakened exchange rates are forecast to decrease wheat imports in 2024/25 to 12.0 MMT. The significant increase of wheat imports is a reflection of higher 2023/24 and 2024/25 wheat consumption for both food and feed which are forecast to increase to 11.3 MMT and 11.7 MMT respectively.

Corn

The lack of rainfall from the stronger than anticipated El Nino in 2023 continues to lower harvested corn area during the first cycle of 2023/24 leading to an overall decrease of 2023/24 estimated harvested corn area to 3.6 million hectares compared to the previous 2023/24 estimate of 3.7 million hectares. In line with the lower harvested area, 2023/24 corn production is also estimated to decrease by 1.6 percent to 12.2 MMT compared to 12.4 MMT produced in 2022/23. In anticipation of skyrocketing corn prices, the Government of Indonesia (GOI) authorized the national logistics agency (*BULOG, Badan Urusan Logistik*) to import corn for small holder poultry farmers. BULOG's imports pushed up 2023/24 corn imports which are estimated to reach 1.5 MMT, 66 percent higher than 901,000 metric tons (MT) imported in 2022/23. Production shortages, high prices of local corn combined with competitive landed prices for imported wheat reduced the use of corn and incentivized not only higher wheat inclusion in feed formulation but also other plant-based feed ingredients.

Rice

The Production, Supply, and Distribution (PSD) table remains unchanged for milled rice as the 2023/24 harvested area and production figures in the previous PSD already aligned with the Indonesian Statistics Agency (*BPS, Badan Pusat Statistik*) report issued recently.

WHEAT

Production

Indonesia does not produce wheat domestically and is fully reliant on wheat imports to fulfill demand for wheat flour-based food and as an ingredient for poultry, aquaculture, and livestock feed.

Trade

Referring to the recent report from the Indonesian Flour Mills Association (*APTINDO, Asosiasi Produsen Tepung Terigu Indonesia*), as of July 2024, the Indonesian flour mill industry consists of 31 mills, one more than the 30 flour mills recorded last year. The expansion increases total installed capacity of the flour mill industry from 14.4 MMT to 14.8 MMT. The new flour mill is located on Java island, bringing the total number of flour mills on the island to 24. A total of 5 mills are located in Sumatera, and another 2 are in Sulawesi. In line with growing demand from population growth, new flour-based food trends, and food diversification, prospects for the industry remain bright. Four new flour mills are expected to come online throughout 2024-2025.

The GOI continues to allow only flour mills to import wheat while restricting imports by traders and feed mills. The GOI will only allow imports of wheat for feed use when deemed necessary and only through assignments to state-owned enterprises managing government food reserves. The Indonesian National Food Agency (*NFA/BAPANAS, Badan Pangan Nasional*) determines the volume and which state-owned companies are authorized to import government food reserves. To enforce these restrictions, the GOI levies different import duties on wheat imports based on the HS Code:

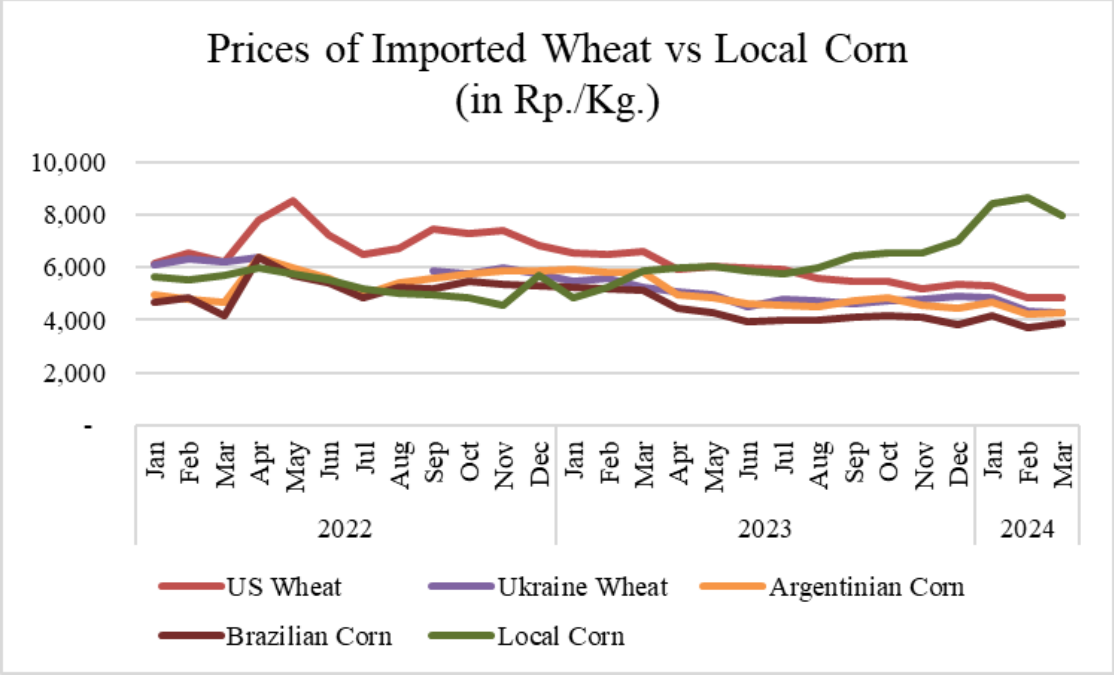
Table 2. Wheat Grains Import Duty

HS Code	Description	Import Duty (In Percent)
1001 1900	Durum wheat, other than seed	0
1001 9912	Wheat grain without husk, fit for human consumption	0
1001 9919	Wheat, other than durum wheat and seed, other than wheat grain without husk, fit for human consumption	0
1001 9999	Other meslin, not fit for human consumption	5

Source: Indonesia Custom and Excise, Indonesian Flour Mills Association (APTINDO).

Despite the restrictions on imports of wheat for feed, the estimated shortfall of local corn production, which triggered high local corn prices, created higher demand for lower quality wheat earmarked for feed production. The spread between landed prices of imported wheat and local corn is considerable. In efforts to dampen corn prices, and considering corn is subject to the Commodity Balance policy, NFA reportedly authorized a state-owned company to import a total 500,000 MT to 1 MMT of wheat for small holder poultry farmers in 2024. Upon seeing the potential increased demand for wheat for feed, a large flour mill is also expanding its installed capacity.

Chart 5. Prices of Imported Wheat Compared to Local Corn



Source: National Food Agency (NFA) and Hammersmith Reports, processed by FAS Jakarta.

Therefore, reflecting the abovementioned factors and referring to import realization data to date, Indonesian wheat imports in 2023/24 are estimated to break record historical levels at 12.6 MMT, up from the previous estimate of 12.3 MMT. It accounts for an increase of 33.4 percent in imports from 9.446 MMT in 2022/23. Due to expected receding demand from a weakened rupiah against the U.S. dollar, imports of wheat in 2024/25 are forecast to dip back down slightly to 12.0 MMT.

During the period of July 2023 to May 2024, Indonesia imported a total of 11.9 MMT of wheat, an increase of 37.4 percent compared to the same period of 2022/23 with 8.7 MMT. Australia continues to enjoy the benefit of having closer proximity to Indonesia and dominating the market with 32.3 percent market share, followed by Canada with 18.8 percent market share. Price competitiveness is the main reason for Russia and Argentina's respective 13.4 percent and 11.0 percent market shares. In addition to more expensive prices and longer lead times, market access problems faced by U.S. wheat reduced U.S. wheat market share in Indonesia to 3.8 percent.

Domestically produced wheat flour continues to dominate the local market with a 99.9 percent market share. Nonetheless, demand for imported wheat flour increased during the period of July 2023 to June 2024 by 44.7 percent to 74,972 MT of wheat equivalent compared to 51,801 MT of wheat equivalent during the same period in 2022/23. Indonesia sources most of its imported wheat flour from Turkey with a total of 91.1 percent market share, followed by Vietnam with 6.2 percent market share.

Consumption

There continues to be weakened demand for Indonesian manufactured goods in export markets, which is subsequently causing massive layoffs in the labor-intensive manufacturing sectors such as the footwear and textile industries. This situation is contributing to depressed Indonesian consumer purchasing power indicated by declining inflation rates in 2022/23. Lowering demand after religious holidays is also compounding deflation. Consumers are forced to find alternative staple foods with cheaper prices.

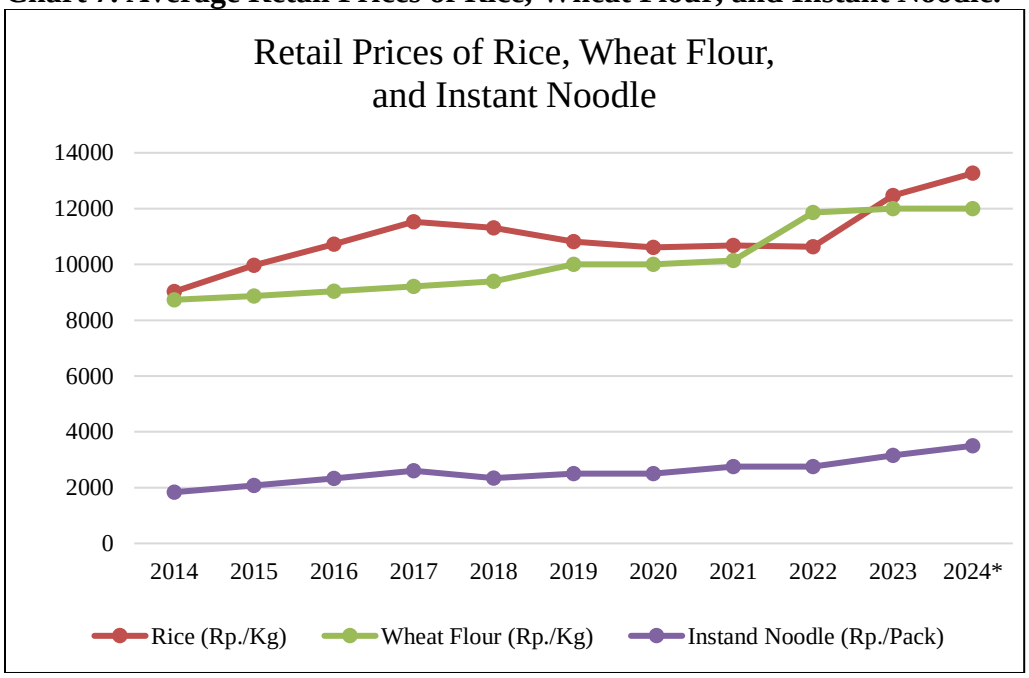
Chart 6. Indonesian Inflation Rate

Source: Bank Indonesia

Small and medium enterprises consumed about two-thirds of Indonesian wheat flour production. The sector, which is characterized as traditionally managed, community-oriented, family-owned businesses, includes small-scale wet noodle makers, street food vendors, low-end bread and bakery businesses, and traditional Indonesian cake makers. SMEs producing traditional cakes, pastries, fritters, low-end baked goods, and wet noodles struggled to survive following the weakened purchasing power and high prices of raw materials for production. However, the other third of the flour-using industry, large and modern establishments, including several publicly-listed companies with advanced production facilities and professional management, are growing as demand increases. These producers include instant noodle manufacturers, high-end bakeries, and cookie and biscuit manufacturers. (See: ID2024-0010).

The Indonesian flour mills association (*APTINDO, Asosiasi Produsen Tepung Terigu Indonesia*) reported that the high prices of rice in the domestic market have increased the consumption of instant noodles, especially by lower income families. Moreover, the growing Indonesian middle-income class, which accounts for approximately 20 percent of the Indonesian population, is dominated by Generation Z who likes to try new products and experiences. More upper-end restaurants, noodle stalls serving creative plating, and bakeries offering new and globally trending flour-based food products are opening. The Indonesia Food and Beverage Producers Association estimated that the food and beverage sector will grow by 7 percent in 2023/24.

Chart 7. Average Retail Prices of Rice, Wheat Flour, and Instant Noodle.



*Note: *) as of June 2024.*
Source: Food Station Tjipinang, Ministry of Trade, Ministry of Industry.

Based on the abovementioned factors, Post revises its 2023/24 total food consumption estimates to 9.2 MMT, up slightly from the previous 2023/24 estimate of 9.1 MMT of wheat equivalent. This is an 8.2 percent year-on-year increase from 8.5 MMT of wheat equivalent in 2022/23. Due to consumer preferences to consume more wheat flour-based food, 2024/25 forecast food consumption is revised up to 9.5 MMT from the previous forecast of 9.3 MMT. The new forecast reflects an increase of 3 percent from the 2023/24 food consumption estimates of 9.2 MMT.

Wheat is also largely consumed in Indonesia as a feed ingredient. Approximately 90 percent of Indonesian feed production is for poultry. The poultry association reported that imports of Grand Parent Stock (GPS) in 2023 is estimated to increase to 686,000 heads compared to 659,100 heads imported in 2022. Imports of GPS will have an impact on the production of Day-Old Chicks (DOC) Final Stock (FS) on the second year of imports. Therefore, the increased imports of GPS in 2023 will increase the poultry population in 2025. However, expected increases in feed production in 2023/24 and 2024/25 are hindered by the weaking exchange rate as approximately 30-35 percent of the feed ingredients in feed formulation is imported. Shortages and seasonal

supplies of local corn production and subsequent high corn prices have forced feed mills to reduce the proportion of corn in their feed formulation in favor of wheat as the energy source. Therefore, Post estimates that 2023/24 wheat consumption for feed at 2.1 MMT of wheat equivalent, an increase of 90.9 percent compared to 1.1 MMT of wheat equivalent for 2022/23. Wheat consumption for feed in 2024/25 is forecast to further increase to 2.2 MMT, in line with forecast increases of DOC supplies.

Stocks

Despite higher estimated imports, due to higher consumption for both food and feed, 2023/24 ending stocks are revised down 2.4 percent to 2.015 MMT from the previous 2023/24 estimate of 2.065 MMT. Due to forecasts of slower growth for wheat for food and feed consumption in 2024/25, forecast ending stocks are revised up marginally to 2.055 MMT of wheat equivalent.

Policy

Despite the Indonesian Quarantine Agency's (IQA) decision to grant the U.S. Animal and Plant Health Inspection Service (APHIS) request to have a grace period to comply with the new requirements following the circulation of the October 11, 2023 letter from IQA on new wheat import procedures (see ID2023-0029), the main issues remain unresolved. Therefore, prospects for exports of U.S. wheat to Indonesia in 2024/25 are unclear.

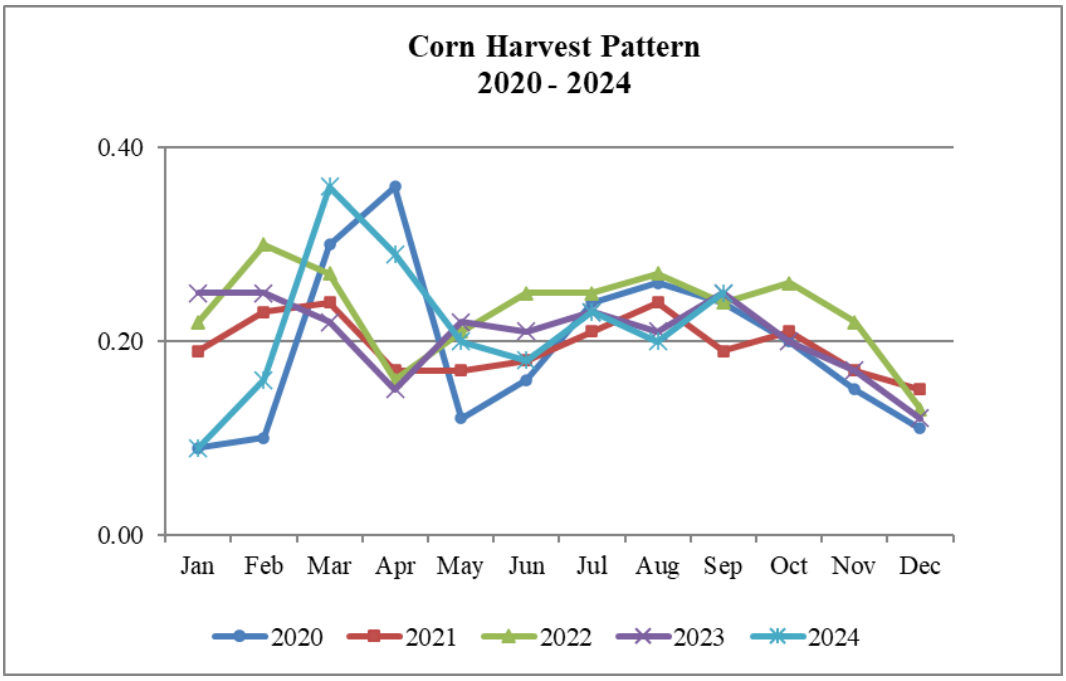
CORN

Production

Corn is a secondary crop after paddy for Indonesian farmers. Indonesia's main corn producing areas are Java, which accounts for 40 percent of national corn production, followed by Sulawesi (24 percent), Sumatera (24 percent), and Nusa Tenggara (10 percent). Indonesia normally experiences dry season from April to October and rainy season from October to April. Depending on the relative distance to water reservoirs, rivers, and other sources of water, some areas may have two or three planting periods per year. Areas closer to sources of water will have an opportunity to have three plantings annually. Across much of Indonesia, the first corn season normally takes place from October to February (49 percent); the second from March to June (37 percent); and the third from July to September (14 percent).

On July 2024, BPS estimated from the actual harvest of the first crop cycle, and the forecast from the standing crop of the second and third crop cycles, that Indonesian harvested area and production of corn in 2023/24 will decline compared to 2022/23. Referring to the report, Post estimates that 2023/24 corn harvested area and production will reach 3.6 million hectares and 12.2 MMT respectively, revised down 2.7 percent and 3.9 percent respectively from the previous estimates. The decline is due to El Nino-induced late planting and harvesting of the first corn crop cycle for 2023/24. The first main harvest which normally takes place in January – February was delayed to March – April 2024.

Chart 8. Corn Harvest Pattern



Source: BPS, July 22, 2024.

The seed industry reported that the projected demand for seed in 2024 from the commercial market is around 45,121 MMT to cover demand for 3 million hectares. In addition, to further motivate farmers to grow corn, the Ministry of Agriculture (MOA) provides farmers with subsidized corn seed for an estimated total area of 2 million hectares. The total allocation of subsidized seed continues to decline every year. However, experience has shown that seeds provided under the subsidized seed program are of lower yield compared to seeds from the commercial market. Total seed sales in 2023/24 are forecast to reach 63,000 – 65,000 MT compared to sales of 60,000 – 62,000 MT in 2022/2023. It is estimated farmers will cultivate hybrid corn seed in approximately 80 percent of total area in 2023/24, an increase from 72-75 percent of total area in 2022/23.

Despite declining corn prices during the ongoing second harvest, corn prices remain relatively high, which will incentivize farmers to continue to prefer growing corn over other secondary crops. Therefore, combined with predicted better rainfall at the end of 2024, corn production for 2024/25 is forecast to rebound to 12.5 MMT.

Consumption

Currently, Indonesia's feed mill sector consists of 110 feed mills under 44 companies located in 10 provinces, with 81 of those mills located on Java Island. In 2023, total installed capacity of poultry feed reached approximately 27.597 MMT, remaining on par with installed capacity in 2022 of 27.561 MMT. Installed capacity of aquaculture feed in 2023 is also at the same level as it was in 2022 at 2.527 MMT. Feed mills are running at 70-75 percent of total installed capacity.

The poultry industry consumes approximately 90 percent of domestic animal feed supplies with aquaculture accounting for 6 percent and cattle and swine the remaining 4 percent. See ID2023-0029.

The MOA forecasts that the population of broilers in 2020–2024 will grow 8.49 percent per year. However, the MOA reported that in 2023, broiler and layer populations were recorded at 3.1 billion heads and 315 million heads, compared to 3.2 billion heads and 378 million heads in 2022. The decline is due to overpopulation that required culling to maintain profitable prices at the farmers' level. The MOA instructed the carrying out of culling at least four times in 2023. The last culling was conducted when the MOA instructed the culling of DOC Parent Stock (DOC PS) of 2.5 million females aged 50-54 in the weeks of 24 August-7 October 2023. The culling program is estimated to reduce the DOC Final Stock (DOC FS) cumulatively by 70.8 million heads in September-November 2023.

Based on imports of Grand Parent Stocks, the poultry industry association forecasts that the poultry population will increase by 6 percent in 2024. To meet this demand in 2023/24, feed mills estimated earlier this year they would produce a total of 22.4 MMT of poultry feed, while aquaculture feed production was estimated at 1.7 MMT. However, as the exchange rate is weakening while corn prices remain high, feed mills now estimate that 2023/24 poultry feed production will be on par with 2022/23 production at 21.3 MMT. In line with estimated imports of GPS reaching a total 686,000 heads in 2023, feed mills are forecast to increase poultry feed production by 4 percent to 23.3 MMT in 2024/25 and aquafeed production by 11 percent to 1.7 MMT. An improving economy is expected to increase poultry meat consumption to 12.58 per capita per year in 2023 compared to 11.63 kg per capita per year in 2022.

The shortages in local corn production that led to skyrocketing prices in 2022/23 have forced feed mills to reduce corn usage in feed formulation to 38 – 40 percent. Assuming improved corn production, feed mills estimate that corn usage in feed formulation could increase to 48 percent in 2023/24. However, competitive landed prices of imported wheat provided options for feed millers to include more wheat in feed formulation leading to higher stocks of corn in silos. MOA reported that by June 2024, corn stocks at feed mills' silos were 17.40 percent higher compared to June 2023.

Table 3. Average Composition of Feed Formulation (percent) in 2023.

Animal Species	Corn	Soybean Meal	Rice Bran	Wheat Pollard	Animal By Products	CGM	Palm Kernel Meal	Palm Oil	DDGS
Broiler	35-45	23-25	15	0	5	10	2	5	0
Layer	50	20	10	0	5	3	3	2	4
Poultry Breeder	50-55	20-22	13	5	0	1-2	0	2-3	1
Swine	40-42	15	18	15	5-6	0	8	1-2	0
Aquaculture	0	30-40	13-14	20	5-6	3	2	2	7
Dairy Cattle	0	0	23-25	15	0	0	10	0	5

Source: Feed Producers Association (GPMT), processed by U.S. Grains Council

Corn milling capacity is continuing to grow. Installed capacity of the corn milling industry is estimated to increase to 4,500 MT per day in 2022/23, compared to 4,000 MT per day in

2021/22. The industry consists of four major players and remains the main importer of corn due to food safety requirements for corn in the wet milling process. In addition, two ethanol plants continue to use corn in 2024. Using corn as the raw material, total installed capacity for both plants is approximately 300,000 MT. Both the wet milling and ethanol industry require corn with an aflatoxin content of less than 20 parts per billion (ppb) to produce food ingredients fit for human consumption which local corn cannot provide. Wet millers also prefer imported dent corn over locally produced flint corn due to its higher starch content. The wet milling industry produces corn starch, high fructose corn syrup, and glucose syrup. As corn prices in the international market are softening, excluding corn imports by BULOG, corn import realization by industry during the period of October 2023 to May 2024 have shown an increase of 106 percent compared to the same period of 2022/23. Prospects for wet mill expansion remains bright as Indonesia still imports 55 percent of total demand for starch, providing ample opportunity for the local corn milling industry to grow.

Therefore, 2023/24 corn consumption for feed is expected to decline to 8.6 MMT and is forecast to rebound to 9.0 MMT in 2024/25. Corn consumption for food in 2023/24 and 2024/25 is forecast to increase to 4.5 MMT and 4.8 MMT respectively, due to wet mill and ethanol plant expansion as well as increasing demand for corn starch.

Trade

To ensure that no corn for feed enters the country unless otherwise authorized, the GOI differentiates the HS Codes for corn for feed and corn for human consumption.

Table 4. Corn Import Duty

HS Code	Description	Import Duty (In Percent)
1005 9091	Corn, other, fit for human consumption	5
1005 9099	Corn, other, other	5

Source: Indonesia National Single Window.

Only BULOG is authorized to import corn for feed, but only to distribute directly to smallholder poultry farmers. The private sector can import corn as raw material for industrial purposes. During the inter-ministerial meeting on the Commodity Balance[1] for corn in February 2024, the GOI authorized BULOG to import a total of 750,000 MT of corn for feed, while the private sector may import up to 1,217,026 MT of corn for human consumption. Indonesia's wet milling industry and the two new ethanol plants continue to import corn to meet food safety requirements and to gain higher starch content that cannot be fulfilled by local corn production. As of May 2024, BULOG has reportedly imported a total of 400,000 MT of corn, while the private sector has imported a total of approximately 1.0 MMT. Therefore, Post revises 2023/24 corn import estimates up 25 percent to 1.5 MMT compared to the previous estimate of 1.2 MMT.

[1] For more information about Indonesia's Commodity Balance policy, see FAS Jakarta's Food and Agricultural Import Regulations and Standards Country Report.

Assuming lower imports by BULOG as local corn production is forecast to increase in 2024/25, corn imports for 2024/25 are forecast to decline by 13 percent to 1.3 MMT compared to 2023/24.

During the period of October 2023 to May 2024, corn imports originated from Argentina (52.7 percent), Brazil (46.3 percent), and the Pakistan (1.0 percent). According to industry contacts, U.S. corn continues to remain uncompetitive compared to corn from South America due to high prices, more broken kernels, more brittleness, and more foreign material which provide lower yields and more cost inefficiency compared to using corn from South America. Industry contacts also claim they have experienced discrepancies between the stated specifications on the inspection results and the actual condition of U.S. corn upon arrival.

In addition to using more wheat, feed mills also increased imports of distiller′s dried grains with soluble (DDGS), corn gluten meal (CGM), and canola meal to meet the demand for energy sources in feed formulation.

Table 5. Imports and Import Duty of Other Plant-Based Feed Ingredients

HS Code	Description	Import Duty (In Percent)	Imports (In MT)			
			2022	2023	Jan – May 23	Jan – May 24
230310	CGM	5	216,000	234,412	114,347	101,634
230330	DDGS	5	776,126	799,170	260,468	449,894
230649	Canola Meal	5	80,156	98,532	59,272	15,507

Source: Indonesia National Single Window, Trade Data Monitor.

During the period of January to May 2024, feed mills imported most of their CGM from China (60.4 percent) and the United States (39.6 percent), and most of their DDGS from the United States (88.0 percent) and from Brazil (10.4 percent). During the period of January to May 2024, Indonesia also imported most of its canola meal from India (99.3 percent). Considering the forecast increase of feed production and insufficient supply of corn from local production, imports of DDGS, CGM, and canola meal for 2024/25 are forecast to continue to grow.

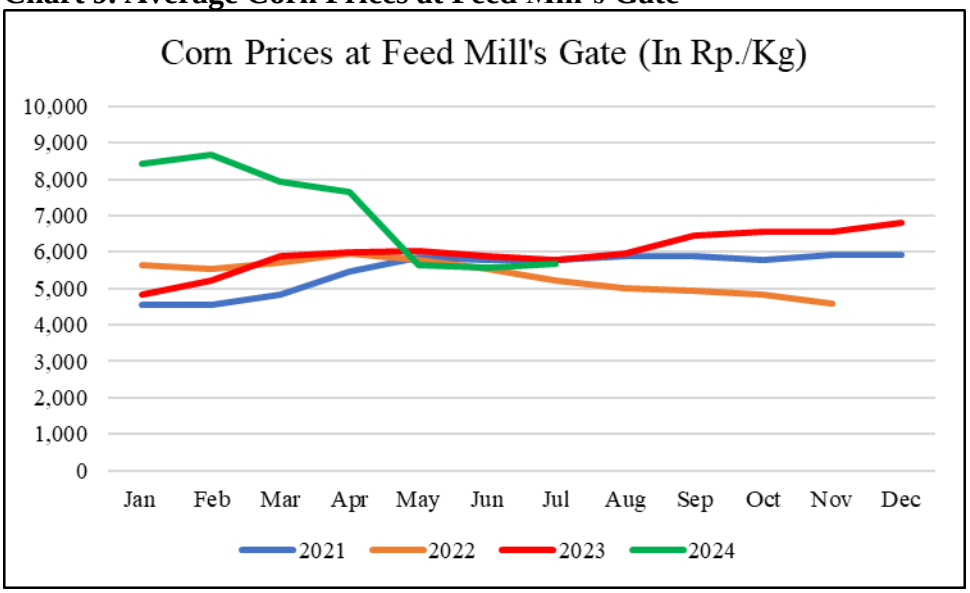
Stocks

In line with expected increases in production and imports, 2023/24 corn ending stocks estimates are revised up 45 percent to 1.919 MMT, and forecast 2024/25 corn ending stocks are revised up 58 percent to 1.917 MMT.

Prices

Currently, small and sporadic harvest is ongoing. Corn prices at the farmer’s level are declining as the main harvest progresses. Average corn prices at the farmer’s level at the end of July 2024 is recorded at IDR 4,000/kg ($247/MT) compared to the average prices of IDR 4,830/kg ($298/MT) in March 2024. Average corn prices at the feed mill’s level at the end of July 2024 are recorded at IDR 5,720/kg ($353/MT) compared to IDR 8,040/kg ($496/MT) in March 2024. Despite declining, corn prices at the feed mills’ gate are still above the government reference price of IDR 5,000/kg ($309/MT).

Chart 9. Average Corn Prices at Feed Mill's Gate



Source: Ministry of Agriculture and National Food Agency, July 22, 2024

RICE, MILLED

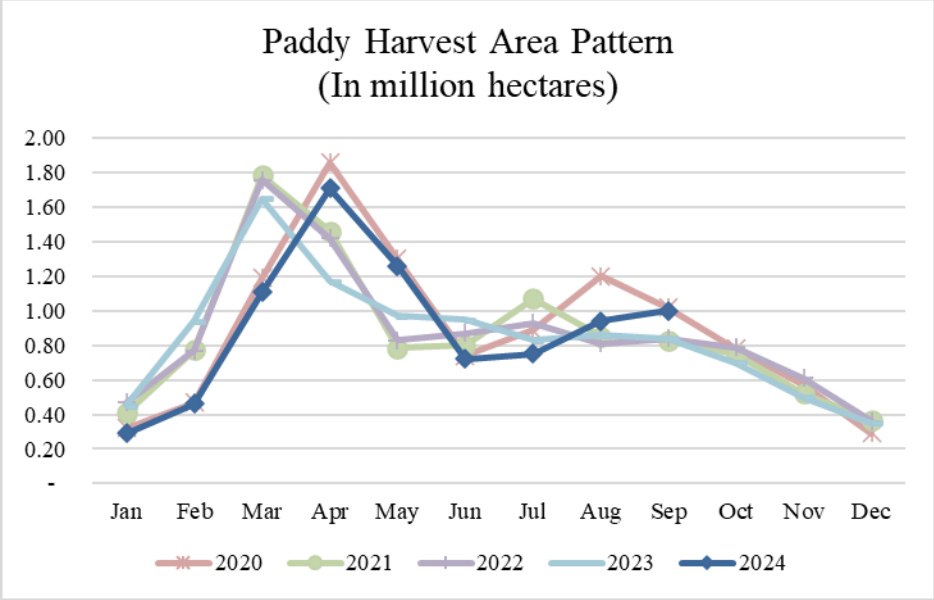
Production

The tropical climate of Indonesia is favorable for growing multiple crops in the same plot of land within the same year. Cropping systems are diverse, including different ecosystems (upland, lowland), and sources of water (rain-fed and irrigated). Approximately 85 percent of rice production comes from irrigated paddy fields. Typically, irrigated farms are planted with paddy during the first and second crop cycles (October – February and March – June), followed by paddy or secondary crops such as corn, mung bean, soybean, peanut, or sweet potato during the third crop cycle (July – October). Rice production from the first crop cycle makes up 50-55 percent of total national rice production, while the second and third crop cycle make up 30-35 percent and 15-20 percent respectively.

A stronger-than-anticipated El Nino reduced paddy harvested area and production in 2023/24. In early July 2024, BPS reported that based on the realization of harvested area from January to September 2024, rice harvest area and paddy production in 2023/24 will decline by 4.85 percent and 6.8 percent respectively. Post makes no changes to the PSD table for rice as the figures in the previous report's PSD already reflected the projected declines in harvested area and production for 2023/24 as well as the forecast increase in both for 2024/25.

Recent Post observations showed that the majority of paddy fields on Java Island (which account for 55.6 percent of national paddy production) are currently in the vegetative stage. Only small and sporadic harvests are taking place in fields both inside and outside of Java. Due to varying rainfall arrival times, farmers could not start to plant paddy all at the same time. Assuming the La Nina prediction materializes, farmers are likely to start the first crop cycle of 2024/25 on time (i.e. October – November 2024.)

Chart 10. Paddy Harvest Pattern



Source: BPS, July 22, 2024.

Photo 1 & 2: Stages of rice crops during the second crop cycle of 2023/24 in West Java in early July 2024

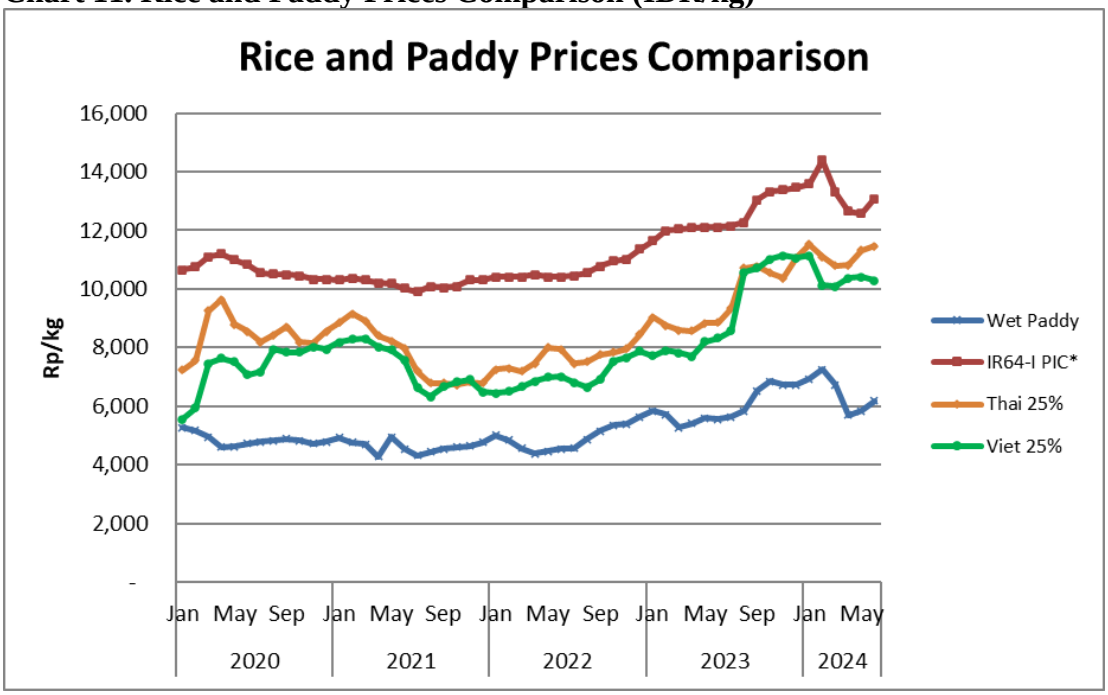
Trade

BULOG has reportedly already imported 2.5 MMT out of its total 3.6 MMT rice import authorization for 2024. Of total rice imports during the period of January – May 2024, Thailand supplied 40.5 percent, followed by Vietnam (27.6 percent), Pakistan (17.2 percent), and Myanmar (11.0 percent). The rice PSD table remains unchanged from the previous report as it is likely that BULOG will realize the full balance of the import authorization to stave off the possibility of high prices during the lean season at the end of 2023/24.

Price

Amid the scattered harvest, BPS reported that prices for wet paddy at the farmers' level in June 2024 declined by 15.1 percent to IDR 6,986/kg ($431/MT) from IDR 8,231/kg ($508/MT) in March 2024. Dry paddy prices at the mill's level in June 2024 decline by 8.2 percent to IDR 6,318/kg ($390/MT) from IDR 6,878/kg ($425/MT) in March 2024. Prices for medium-quality rice at the retail level in July 2024 are recorded at around IDR 13,540/kg ($836/MT), a decline of 5.1 percent from IDR 14,270/kg ($881/MT) in March 2024. Premium-quality rice prices at the retail level in July 2024 are around IDR 15,520/kg ($958/MT) a decrease of 5.4 percent from IDR 16,410/kg ($1,013/MT) in March 2024.

Chart 11. Rice and Paddy Prices Comparison (IDR/kg)



Source: BPS, FAO, Cipinang rice wholesale market, processed by FAS.

SECTION II. PSD TABLES

Table 6. PSD: WHEAT

Wheat	2022/2023		2023/2024		2024/2025	
Market Year Begins	Jul 2022		Jul 2023		Jul 2024	
Indonesia	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)	1700	1700	1215	1215	2065	2115
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	9446	9446	12300	12600	11500	12000
TY Imports (1000 MT)	9446	9446	12300	12500	11500	12000
TY Imp. from U.S. (1000 MT)	346	346	0	0	0	0
Total Supply (1000 MT)	11146	11146	13515	13815	13565	14115
MY Exports (1000 MT)	331	331	350	400	370	360
TY Exports (1000 MT)	331	331	350	400	370	360
Feed and Residual (1000 MT)	1100	1100	2000	2100	1900	2200
FSI Consumption (1000 MT)	8500	8500	9100	9200	9300	9500
Total Consumption (1000 MT)	9600	9600	11100	11300	11200	11700
Ending Stocks (1000 MT)	1215	1215	2065	2115	1995	2055
Total Distribution (1000 MT)	11146	11146	13515	13815	13565	14115
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

Note: Figures in the "New Post" columns are not USDA Official figures.

Table 7. PSD: CORN

Corn	2022/2023		2023/2024		2024/2025	
Market Year Begins	Oct 2022		Oct 2023		Oct 2024	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	3500	3500	3700	3600	3800	3800
Beginning Stocks (1000 MT)	1367	1367	1021	1321	1319	1919
Production (1000 MT)	12400	12400	12700	12200	13200	12500
MY Imports (1000 MT)	901	901	1200	1500	1100	1300
TY Imports (1000 MT)	901	901	1200	1500	1100	1300
TY Imp. from U.S. (1000 MT)	1	1	0	1	0	0
Total Supply (1000 MT)	14668	14668	14921	15021	15619	15719
MY Exports (1000 MT)	247	247	2	2	2	2
TY Exports (1000 MT)	247	247	2	2	2	2
Feed and Residual (1000 MT)	9200	8800	9400	8600	9800	9000
FSI Consumption (1000 MT)	4200	4300	4200	4500	4600	4800
Total Consumption (1000 MT)	13400	13100	13600	13100	14400	13800
Ending Stocks (1000 MT)	1021	1321	1319	1919	1217	1917
Total Distribution (1000 MT)	14668	14668	14921	15021	15619	15719
Yield (MT/HA)	3,5429	3,5429	3,4324	3,3889	3,4737	3,2895

(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

Note: Figures in the "New Post" columns are not USDA Official figures.

Table 8. Exchange Rate

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2021	14,084	14,229	14,459	14,453	14,292	14,452	14,548	14,306	14,321	14,171	14,320	14,278
2022	14,392	14,369	14,306	14,480	14,592	14,848	14,990	14,853	15,232	15,596	15,668	15,619
2023	14,992	15,240	15,418	14,661	15,003	15,000	15,026	15,237	15,487	15,897	15,587	15,439
2024	15,803	15,630	15,624	16,276	16,251	16,394	16,199					

Source: Bank of Indonesia

Note: Exchange rate is IDR 16,199/USD 1, as of July 19, 2024

Attachments:

No Attachments