

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Thailand

### Grain and Feed Update

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**Report Highlights:**

MY2018/19 rice and corn production should increase due to expanded acreage and favorable weather conditions. However, rice exports are likely to shrink considerably in 2018 due to limited sales of government food-quality rice stocks. MY2018/19 wheat imports are revised up to 3.3 million metric tons, up 4 percent from MY2017/18 in anticipation of strong demand for both milling and feed wheat.

**Post: Commodities:**  
Bangkok Corn

Rice, Milled

Wheat

**Executive Summary:**

MY2018/19 rice production is expected to increase to 21.2 million metric tons, up 4 percent from MY2017/18 due to expanded acreage and favorable weather conditions during the vegetative and reproductive growth stages. In 2018, rice exports are expected to decline to 10.5 million metric tons, a 9 percent reduction from the record 11.6 million metric tons exported in 2017 due to the limited availability of government food-quality rice stocks for sale in 2018 as the government finalized the sale of the remaining 43,725 metric tons of food quality rice stocks on June 6, 2018. The government has approved three domestic support programs to assist rice farmers during the MY2018/19 harvest season.

MY2018/19 corn production is expected to increase to 5.1 million metric tons, a 2-3 percent increase from MY2017/18 due to expanded acreage and favorable weather conditions. Although supplies of MY2018/19 corn production have begun to enter the market, farm-gate prices remain high due to the government's domestic corn absorption requirements for feed wheat imports.

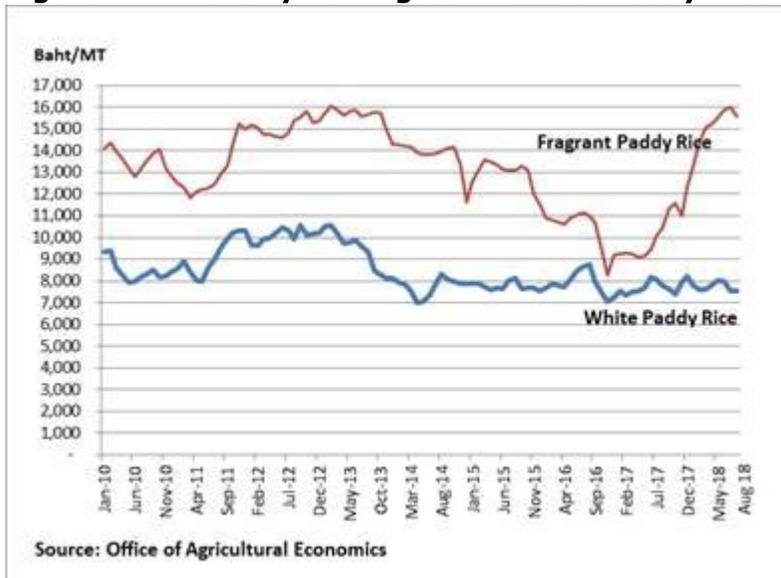
MY2018/19 wheat imports are revised up to 3.3 million metric tons, up 4 percent from MY2017/18. Milling wheat imports are expected to increase significantly to around 1 million metric tons as two new flour mills will begin operation to meet growing demand from bakeries, noodle producers, and aqua feed operations. Feed wheat imports are expected to increase to 2.1 million metric tons, up 4 percent from MY2017/18 as the government decided to reduce the domestic corn absorption requirement for feed wheat imports from a 3:1 to a 2:1 ratio during June 1 – August 15, 2018. Meanwhile, wheat flour imports are expected to decline considerably due to strong competition from locally produced flour, particularly with the two new flour mills becoming operational.

## 1. Rice Update

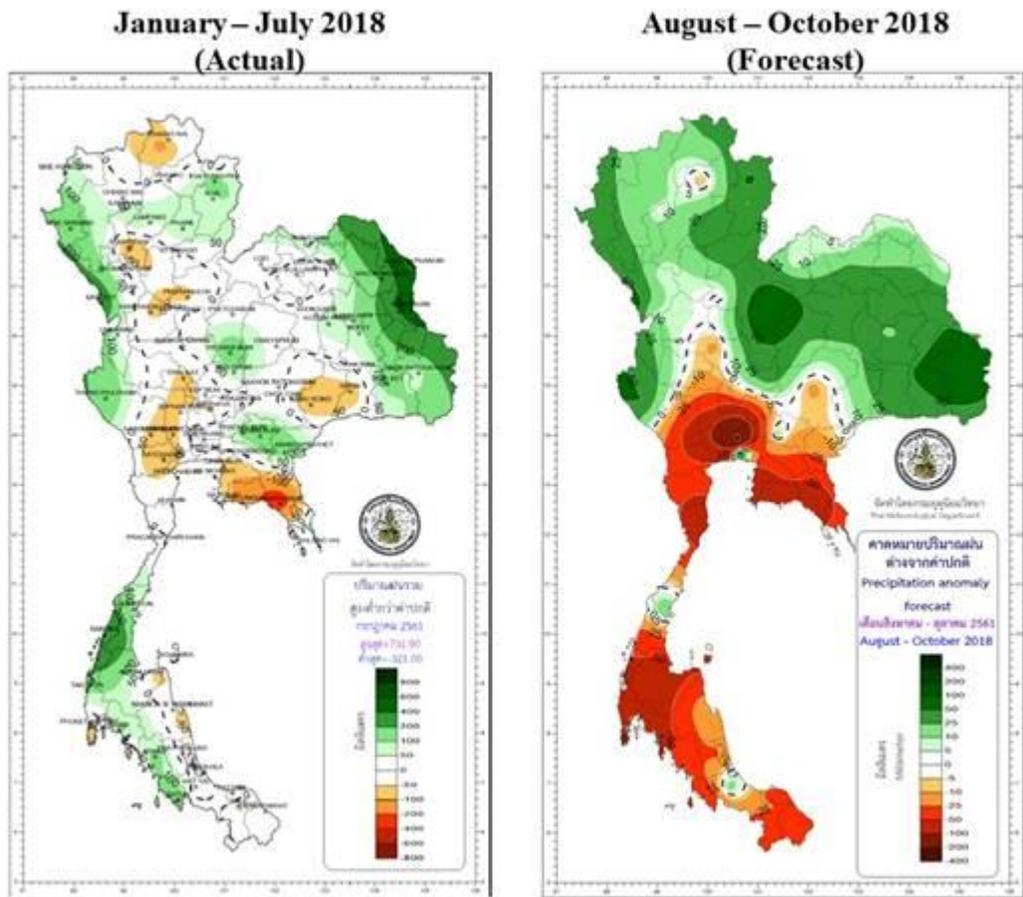
### 1.1 Rice Production

Post's forecast for MY2018/19 rice production remains unchanged from the previous May 2018 forecast of 21.2 million metric tons. This is a 4 percent increase from MY2017/18 due mainly to the expanded acreage for main crop rice production driven by attractive farm-gate prices, particularly for fragrant rice. Farm-gate prices of fragrant paddy rice have remained high at 15,000 – 16,000 baht per metric ton (U.S. \$456 – 486/MT) since March 2018, which is 50-70 percent higher than last year (Figure 1.1). Additionally, MY2018/19 main crop rice received favorable rainfall during the vegetative growth stage. The Thai Meteorological Department (TMD) reported that precipitation has been 20-24 percent above normal in the northern, the northeastern, and the central plains regions during January – July 2018 (Figure 1.2). The TMD expects that precipitation during August – October 2018 (when main crop rice will be in the reproductive growth stage) is expected to be 5 percent above normal in the major rice growing areas in the northern and northeastern Thailand. Meanwhile, precipitation in the central plains is expected to be 5 percent below normal during this time span. This should not affect rice production in this area as it mainly relies on irrigation for water. As of August 22, 2018, the Royal Irrigation Department reported that water supplies in major reservoirs totaled 8.7 billion cubic meters which is 22 percent higher than the same period last year due to favorable rainfall in the watershed areas in the northern region.

**Figure 1.1: Monthly Farm-gate Prices of Paddy Rice**

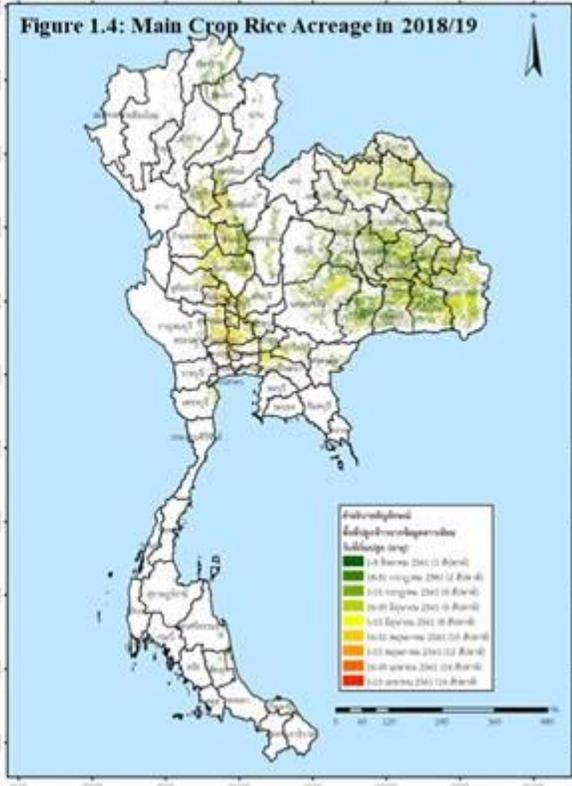


**Figure 1.2 Precipitation Deviation in Millimeters from Average**



Source: Thai Meteorological Department

The July and August 2018 flooding is expected to have marginal impact on rice production as the flood waters receded within one week. According to the Geo-Informatics and Space Technology Development Agency (GISTDA) report on August 6, 2018, flood affected area totaled 0.9 million rai (0.1 million hectares), of which 0.5 million rai (73,508 hectares) were located in rice growing areas (Figure 1.3). Most of the flood affected rice is in the reproductive growth stage, which is resistant to flash floods (Figure 1.4).



Source: Geo-Informatics and Space Technology Development Agency

### 1.2 Rice Trade

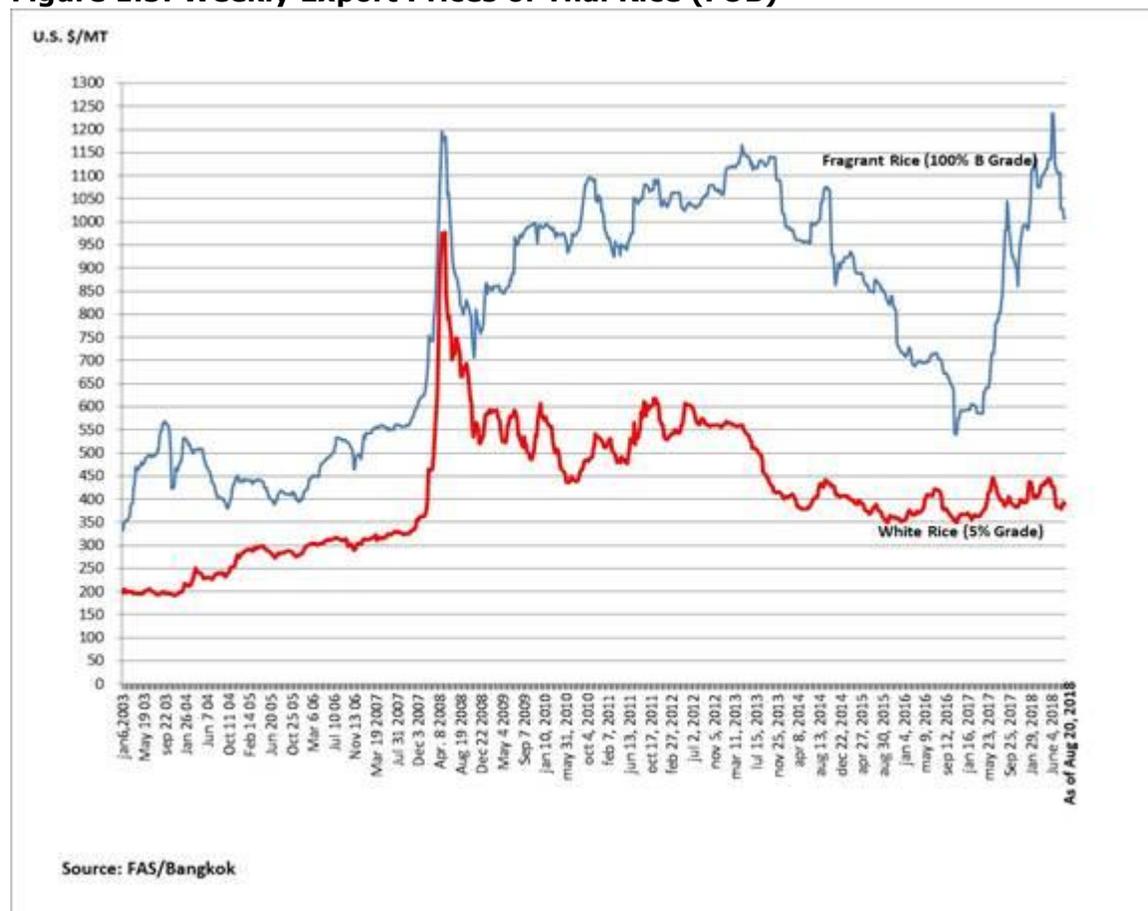
According to the Ministry of Commerce, Thai rice exports during January – July 2018 totaled 6.2 million metric tons (Table 1.1). This is a 4 percent reduction from the same period last year due mainly to reduced fragrant rice exports which more than offset increases in white and parboiled rice exports. Exports of fragrant rice totaled 1 million metric tons, down 35 percent from the same period last year due to tight domestic supplies after the sale of the remaining government food-quality fragrant rice stocks in 2017. Upward pressure from limited domestic supplies has caused fragrant rice export prices to reach historic highs. Average export prices of fragrant rice increased to U.S. \$1,100/MT (FOB) during January - July 2018, up 70 percent from the same period last year (Figure 1.5). Meanwhile, white and parboiled rice exports during January – July 2018 increased 12 and 2 percent respectively from the same period last year. However, this is a slower growth increase than was observed in the latter half of 2017 where white and parboiled rice exports were up 22 and 16 percent as supplies of government white rice are more limited in 2018 than in 2017. Average export prices of white rice during January – July 2018 increased to approximately U.S. \$415/MT, up 7 percent from the same period last year.

**Table 1.1: Thai Rice Exports by Variety**

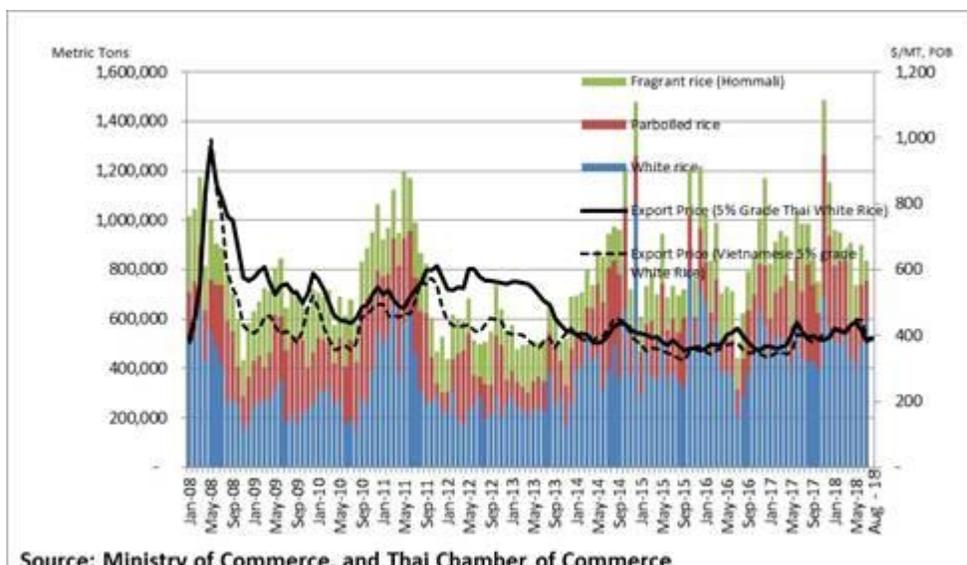
Unit Metric Tons								
Rice Variety	2014	2015	2016	2017	% share	January - July		
						2017	2018	% change
White Rice	5,183,646	4,994,387	4,819,941	5,070,062	43.6	3,051,709	3,402,465	11.5
Parboiled Rice	3,261,521	2,316,900	2,149,597	3,370,384	29.0	1,484,160	1,513,219	2.0
Fragrant Rice	2,030,844	2,111,658	2,497,912	2,671,033	23.0	1,592,918	1,042,930	-34.5
Glutinous Rice	493,359	372,835	438,943	516,822	4.4	280,913	203,938	-27.4
<b>Total</b>	<b>10,969,370</b>	<b>9,795,780</b>	<b>9,906,393</b>	<b>11,628,301</b>	<b>100.0</b>	<b>6,409,700</b>	<b>6,162,552</b>	<b>-3.9</b>

Source: Thai Rice Exporter Association

**Figure 1.5: Weekly Export Prices of Thai Rice (FOB)**



**Figure 1.6: Monthly Rice Exports by Variety**

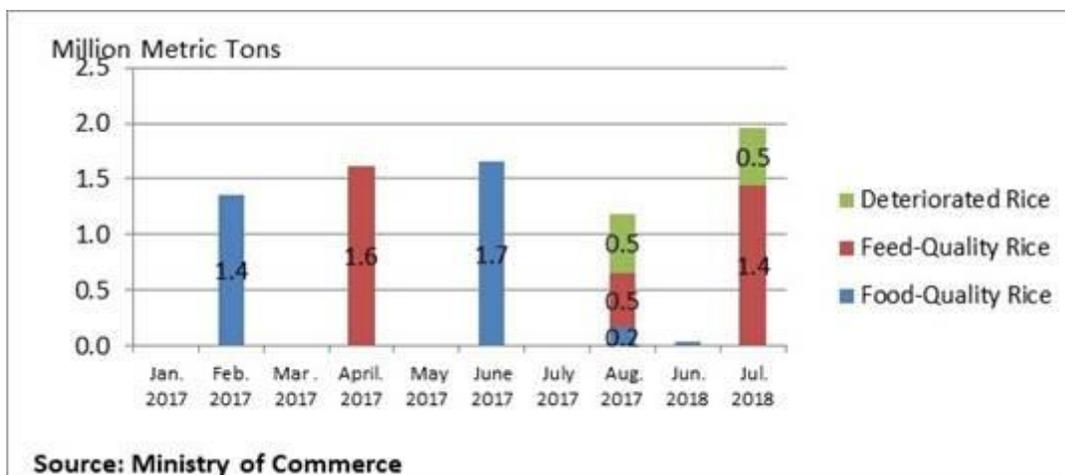


Post's forecast for rice exports in 2018 remains unchanged at 10.5 million metric tons. This is a 9 percent reduction from 11.6 million metric tons exported in 2017 due to limited supplies of government food-quality rice stocks for sale in 2018.

### 1.3 Rice Stocks

Between January – July 2018, the government sold approximately 2 million metric tons of rice stocks. These sales consisted of (a) 43,725 metric tons of food-quality rice, (b) 1.4 million metric tons of feed-quality rice, and (c) 0.5 million metric tons of deteriorated rice (Figure 1.7). Most of these sales are white rice stocks from the MY2011/12 – MY2012/13 pledging programs. The average accepted bid for food-grade rice is 18,000 baht per metric ton (U.S. \$563/MT) for fragrant rice and 11,400 baht per metric ton (U.S. \$356/MT) for 5% grade white rice. Meanwhile, the average accepted bid is 5,500 baht per metric ton (U.S. \$169/MT) for feed-quality rice and 3,450 baht per metric ton (U.S. \$106/MT) for deteriorated rice. Sales of non-food quality rice stocks have helped ease domestic white rice prices in the second quarter of 2018. For comparison, the government sold 6 million metric tons of rice stocks in 2017 (half of which were food-quality rice stocks). Presently, the government still holds approximately 0.3 million metric tons of rice stocks which consist of 245,077 metric tons of feed-quality rice and 22,341 metric tons of deteriorated rice. The government plans to issue a tender for these rice stocks on August 29-30, 2018. If the government sells these remaining stocks in September 2018, then ending stocks for MY2017/18 and MY2018/19 will consist entirely of solely private stocks. Private stocks are forecast to total 2.7 million metric tons in MY2017/18 and 3.2 million metric tons in MY2018/19.

**Figure 1.7: Sales of Government Rice Stocks in 2017 - 2018**



### 1.4 Rice Policy

On July 17, 2018, the cabinet approved 90 billion baht of domestic support programs (U.S. \$2.8 billion) to stabilize domestic prices for MY2018/19 main crop rice which will be harvested around November 2018. The approved domestic support programs consist of (a) the Paddy Rice Pledging program, (b) the Direct Payment program, and (c) Interest Rate Compensation program. The government set loan rates for the MY2018/19 rice paddy pledging program 4-9 percent higher than MY2017/18 for most rice varieties, except for glutinous rice which is 6 percent lower than last year (Table 1.2). However, loan rates for fragrant paddy rice are 12-24 percent lower than current market prices. The loan rate for white paddy rice is virtually the same as market prices. Meanwhile, the loan rate for glutinous paddy rice is 15 percent above market prices. Additionally, farmers participating in the pledging program still receive the storage cost subsidy of 1,500 baht per metric ton (U.S. \$46/MT). The pledging program target is set at 2 million metric tons of paddy rice. The direct payment program is for rice harvest and post-harvest expenses of 1,500 baht per rai (U.S. \$288 per hectare) for a maximum of 12 rai (1.9 hectares) per household. The interest rate compensation program is for paddy rice traders and millers to hold paddy rice stocks for 2-6 months, and for farmer institutions to purchase paddy rice with a combined target of 7 million metric tons of paddy rice during October – December 2018. Taking into account the paddy rice target under the interest rate subsidy program, the total target for paddy rice under all of the domestic support programs will be 9 million metric tons, accounting for around 40 percent of total main crop rice production.

**Table 1.2: On-Farm Pledging Program for MY2018/19 Paddy Rice**

Rice Paddy Varieties	Target (Metric Ton)	Loan Rate (Baht/Metric Ton)		Market Price (Baht/Metric Ton)
		MY2017/18	MY2018/19	
Hom Mali Fragrant Rice	2	10,800	11,800	15,595
Glutinous Rice		10,800	10,200	8,905
White Rice		7,200	7,500	7,520
Pathumthani Fragrant Rice		8,500	8,900	10,100

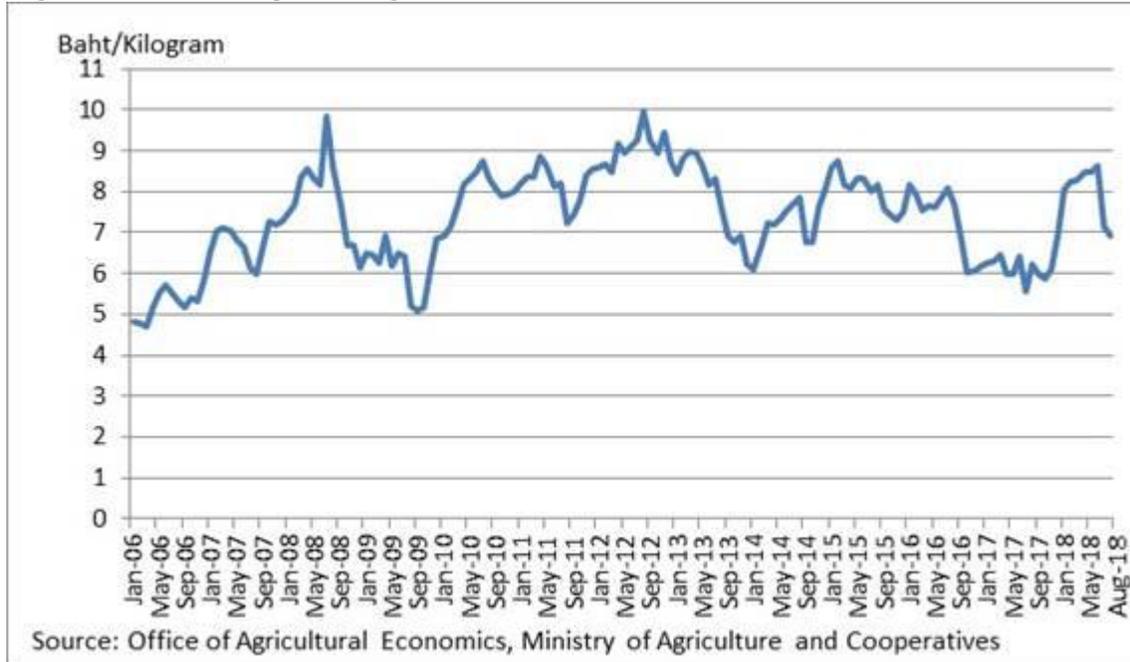
Source: Ministry of Commerce

### 2. Corn

The MY2018/19 corn harvest has progressed favorably in line with Post's forecast for an increase in corn production to 5.1 million metric tons, up 2-3 percent increase from MY2017/18 due to expanded acreage and favorable weather conditions. Although supplies of MY2018/19 main crop

corn began to enter the market in July 2018, farm-gate prices for corn remained high at 6.9 baht per kilogram (U.S. \$213/MT) in August 2018, up 12 percent from the same period last year (Figure 2.1) as the government has maintained the domestic corn absorption requirements for feed wheat imports in 2018.

**Figure 2:1 Monthly Farm-gate Prices of Corn**



MY2017/18 corn exports totaled 177,384 metric tons. This is a 75 percent reduction from MY2016/17 due to uncompetitive prices. Current domestic corn prices are 50-60 percent above world market prices due to the government’s domestic corn absorption requirements for feed wheat imports.

The government did not implement a corn pledging program in MY2018/19 as the government still has the domestic corn absorption requirements in place for feed mills that want to import feed wheat. The minimum purchase price remains at 8 baht per kilogram (U.S. \$245/MT, ex-factory prices). The domestic corn absorption ratio is still at 3 metric tons of corn for a tons of feed wheat imports (3:1), except for the feed wheat imports between June 15 – August 15, 2018 when the government reduced the absorption ratio to 2:1 ratio.

### 3. Wheat

MY2017/18 wheat imports totaled 3.2 million metric tons, down 22 percent from MY2016/17 due to reduced milling and feed wheat imports. Milling wheat imports totaled 0.9 million metric tons, down 25 percent from MY2016/17 as flour mills began the marketing year with large inventories of milling wheat. Additionally, the average import price for milling wheat increase 8-15 percent from MY2016/17. Imports of feed wheat totaled 2 million metric tons, down 24 percent from MY2016/17 due to the import restrictions on feed wheat. Meanwhile, wheat flours and products imports total around 0.3 million metric tons, up 18 percent from MY2016/17 driven by aqua feed demand.

Post’s forecast for MY2018/19 wheat imports is revised up to 3.3 million metric tons. This is a 4

percent increase from MY2017/18 due to growing demand for milling and feed wheat. Milling wheat imports are expected to increase to around 1 million metric tons, up 18 percent from MY2017/18 as two new flour mills with a combined capacity of 0.3 million metric tons per year are expected to begin operation which will help meet the growing demand from bakeries, noodle producers, and aquatic feed operations. Feed wheat imports are expected to increase to 2.1 million metric tons, up 4 percent from MY2017/18 as feed wheat will likely remain cheaper than domestic corn. Additionally, the government decided to reduce the domestic corn absorption requirement for a ton of feed wheat imports from a 3:1 to a 2:1 ratio between June 15 – August 15, 2018, when domestic corn supplies were tight. Meanwhile, wheat flour imports are expected to decline significantly due to strong competition from locally produced flour, particularly with the new flour mills becoming operational.

## Appendix Tables

**Table A1: Thailand's Rice Production, Supply and Demand**

<b>Rice, Milled</b>	<b>2016/2017</b>		<b>2017/2018</b>		<b>2018/2019</b>	
<b>Market Begin Year</b>	<b>Jan 2017</b>		<b>Jan 2018</b>		<b>Jan 2019</b>	
<b>Thailand</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested</b>	10247	10247	10684	10684	11140	11140
<b>Beginning Stocks</b>	8403	8403	4238	4175	3188	2745
<b>Milled Production</b>	19200	19200	20370	20370	21200	21240
<b>Rough Production</b>	29091	29091	30864	30864	32121	32182
<b>Milling Rate (.9999)</b>	6600	6600	6600	6600	6600	6600
<b>MY Imports</b>	250	200	250	200	250	200
<b>TY Imports</b>	250	200	250	200	250	200
<b>TY Imp. from U.S.</b>	4	0	0	0	0	0
<b>Total Supply</b>	27853	27803	24858	24745	24638	24185
<b>MY Exports</b>	11615	11628	10500	10500	11000	10000
<b>TY Exports</b>	11615	11628	10500	10500	11000	10000
<b>Consumption and Residual</b>	12000	12000	11170	11500	10200	11000
<b>Ending Stocks</b>	4238	4175	3188	2745	3438	3185
<b>Total Distribution</b>	27853	27803	24858	24745	24638	24185
<b>Yield (Rough)</b>	2.839	2.839	2.8888	2.8888	2.8834	2.8889

(1000 HA) ,(1000 MT) ,(MT/HA)

**Table A2: Thailand's Rice Production by Crop**

	2016/17			2017/18			2018/19		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
<b>Area</b> (Million Hectares)									
Cultivation	8.745	1.900	10.645	9.000	2.000	11.000	9.230	2.100	11.330
Harvest	8.373	1.874	10.247	8.711	1.973	10.684	9.070	2.070	11.140
<b>Production</b> (Million Tons)									
Rough	20.909	8.182	29.091	22.227	8.637	30.864	23.182	9.000	32.182
Rice	13.800	5.400	19.200	14.670	5.700	20.370	15.300	5.940	21.240
<b>Yield</b> (Ton/Hectare)	2.497	4.366	2.839	2.552	4.377	2.888	2.556	4.348	2.889

*Note: 1. Main crop rice is mostly cultivated during May - August and harvested during November - December.  
2. Off-season rice is mostly cultivated during November - January and harvested during March - May.*

**Table A3: Thailand's Corn Production, Supply and Demand**

Corn	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1168	1168	1124	1124	1150	1152
Beginning Stocks	172	172	143	167	143	190
Production	5200	5200	5000	5000	5130	5130
MY Imports	600	600	700	700	700	700
TY Imports	600	600	700	700	700	700
TY Imp. from U.S.	11	0	0	0	0	0
Total Supply	5972	5972	5843	5867	5973	6020
MY Exports	729	705	300	177	200	200
TY Exports	692	668	300	177	200	200
Feed and Residual	5000	5000	5300	5400	5500	5600
FSI Consumption	100	100	100	100	100	100
Total Consumption	5100	5100	5400	5500	5600	5700
Ending Stocks	143	167	143	190	173	120
Total Distribution	5972	5972	5843	5867	5973	6020
Yield	4.4521	4.4521	4.4484	4.4484	4.4609	4.4531

(1000 HA) ,(1000 MT) ,(MT/HA)

**Table A4: Thailand's Wheat Production, Supply and Demand**

<b>Wheat</b>	<b>2016/2017</b>		<b>2017/2018</b>		<b>2018/2019</b>	
<b>Market Begin Year</b>	<b>Jul 2016</b>		<b>Jul 2017</b>		<b>Jul 2018</b>	
<b>Thailand</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested</b>	0	0	0	0	0	0
<b>Beginning Stocks</b>	1066	1066	813	868	853	779
<b>Production</b>	0	0	0	0	0	0
<b>MY Imports</b>	3689	4064	3300	3168	3300	3300
<b>TY Imports</b>	3689	4064	3300	3168	3300	3300
<b>TY Imp. from U.S.</b>	696	707	0	578	0	0
<b>Total Supply</b>	4755	5130	4113	4036	4153	4079
<b>MY Exports</b>	242	242	260	257	260	260
<b>TY Exports</b>	242	242	260	257	260	260
<b>Feed and Residual</b>	2500	2800	1600	1700	1500	1800
<b>FSI Consumption</b>	1200	1220	1400	1300	1500	1350
<b>Total Consumption</b>	3700	4020	3000	3000	3000	3150
<b>Ending Stocks</b>	813	868	853	779	893	669
<b>Total Distribution</b>	4755	5130	4113	4036	4153	4079
<b>Yield</b>	0	0	0	0	0	0

(1000 HA) ,(1000 MT) ,(MT/HA)

End of report.