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Report Name: Grain and Feed Update

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Report Highlights:

The forecasts for MY2022/23 rice and corn production remain unchanged from the previous forecasts, as well as corn and wheat import demand.

Executive summary

FAS Bangkok's (Post) forecast for marketing year (MY) 2022/23 rice production remains unchanged at 19.9 million metric tons (MMT) as damage from flooding was marginal. Post's forecast of MY2022/23 corn production also remains unchanged at 5.20 MMT. Post's forecast for MY2022/23 corn production is two percent lower than MY2021/22 due to expected lower off-season corn acreage. MY2022/23 wheat imports remain unchanged from the previous forecast, which is 23 percent larger than MY2021/22.

1. Rice

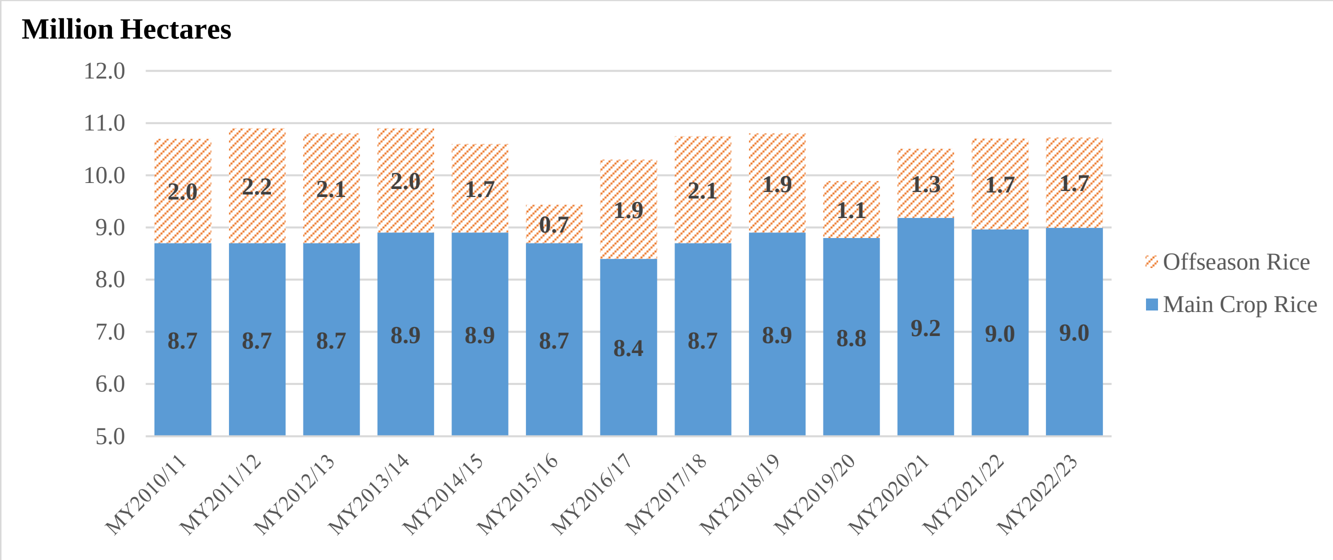
1.1 Production

The MY2022/23 rice production forecast remains unchanged at 19.9 MMT as damage from flooding on main-crop rice production was marginal. The MY2022/23 rice production forecast is still higher than MY2021/22 production in anticipation of favorable MY2022/23 off-season rice production (Figure 1.1.1 and Figure 1.1.2). In addition, the MY2022/23 main-crop rice growing season had more favorable weather conditions than MY2021/22 and MY2019/20.

The Thai Metrological Department reported that the cumulative precipitation between January and October 2022 was well above last year (Figure 1.1.3). Precipitation levels in major rice growing areas in the central plains and the northeastern region were one percent and 12 percent higher, respectively, than the same period last year.

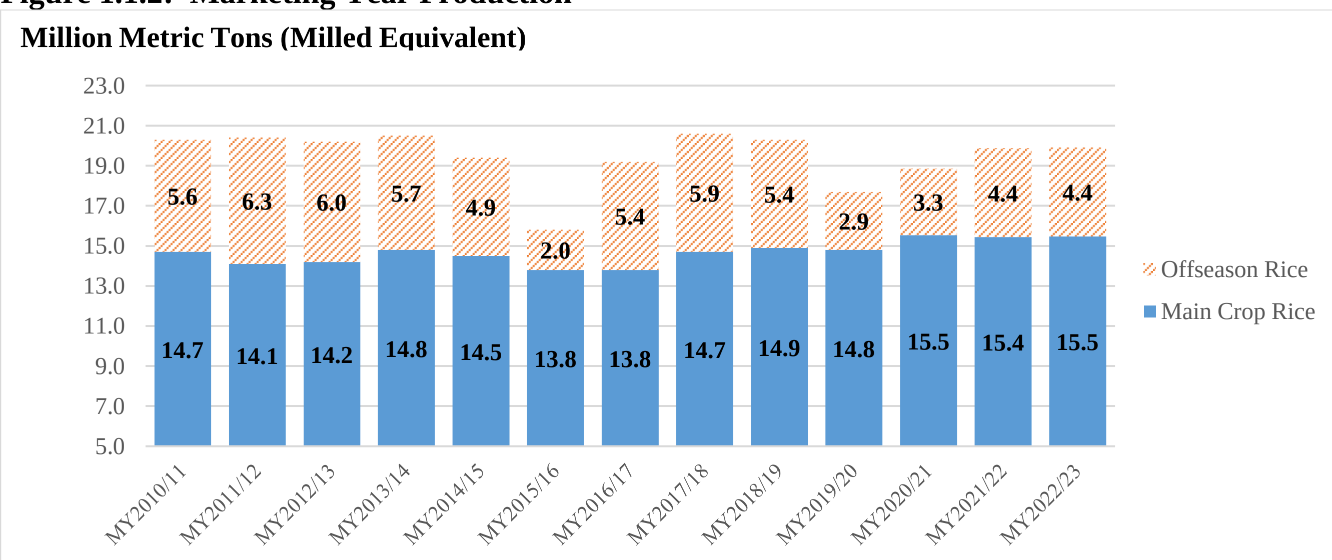
Flooding that occurred between August and October 2022 marginally affected main-crop rice production. However, flooding did delay the main-crop rice harvest in some areas of the northeastern region due to slow water drainage. The Ministry of Agriculture and Cooperative (MOAC) reported that Typhoon Noru, which hit Thailand on September 29, 2022, caused flooding in the Chao Phraya, Chi, and Mun river basins, damaging 531,237 rai (84,998 hectares) of main-crop rice, which accounts for around one percent of the total main-crop rice planting area.

Figure 1.1.1: Marketing Year Rice Acreage



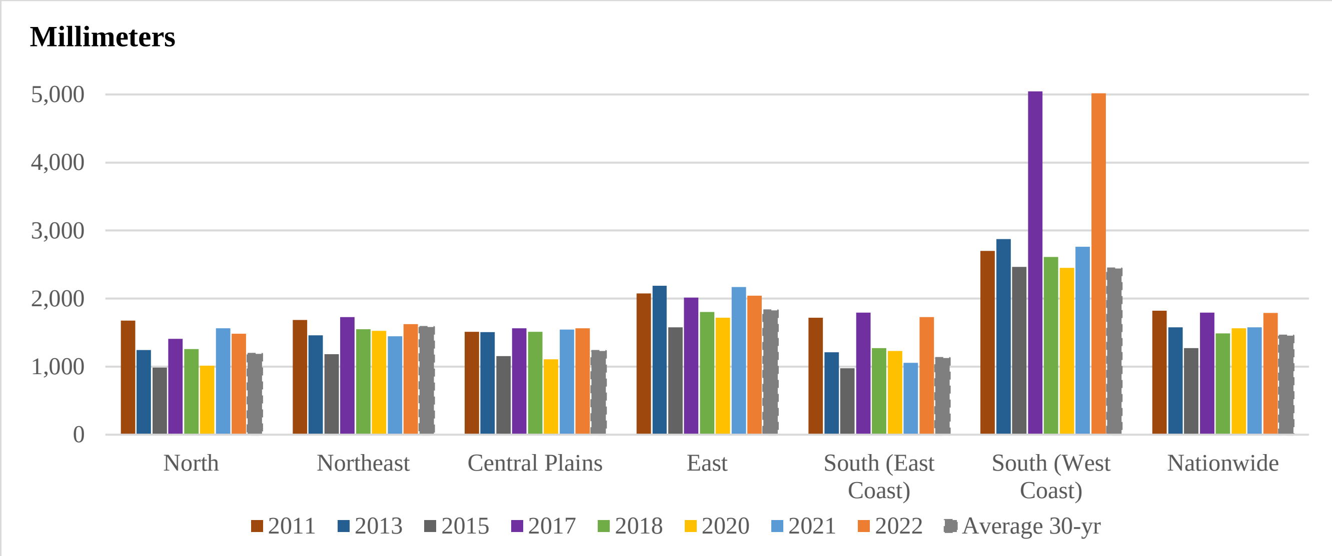
Source: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives and FAS Bangkok

Figure 1.1.2: Marketing Year Production



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

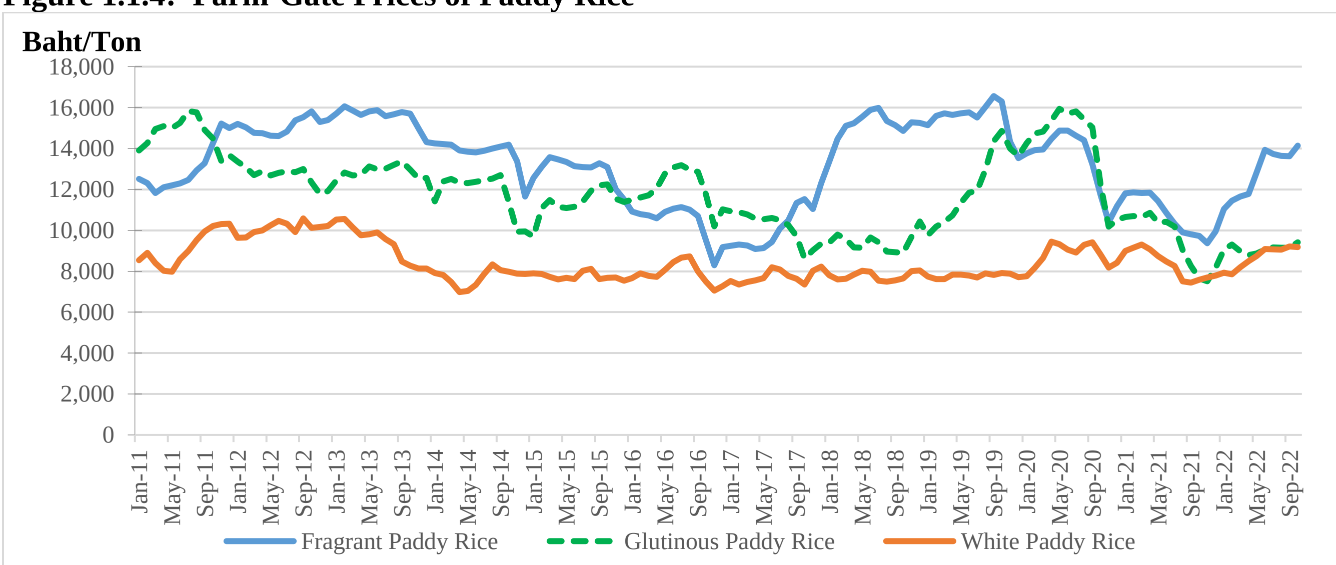
Figure 1.1.3: Precipitation (as of October 30, 2022)



Source: Thai Meteorological Department, Ministry of Digital Economy and Society

Farm-gate prices of paddy rice between January and October 2022 were higher than the same period last year. Fragrant paddy rice prices rose the most, up 17 percent, driven by growing export demand. Heavy rainfalls between September and October 2022 delayed total crop harvest, especially in the northeastern region. Glutinous paddy rice prices fell by 8 percent from the same period last year (Figure 1.1.4).

Figure 1.1.4: Farm-Gate Prices of Paddy Rice



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

1.2 Trade

Thai rice exports declined 7 percent in September 2022 both in term of value and volume from the previous month to 11.6 billion baht ($325.3 million) and 636,731 MT, respectively, mainly due to competition from Vietnamese glutinous and fragrant rice. Thai rice exports between January and September 2022, however, totaled 5.4 MMT, up 42 percent from the same period last year.

The continued weakening of the Thai baht to 36.87 baht/$1.00 in September 2022, which was a 12 percent depreciation from the average exchange rate of 32.86 baht/$1.00 from last September, helped Thai rice be more competitive in the world market. Thai rice exporters have also benefited from India's export ban on broken rice and the 20 percent export duty imposed on all non-basmati rice (excluding parboiled rice) in September 2022 (Table 1.2.1 and Figure 1.2.1). In addition, Iraq has resumed purchasing Thai rice in 2022 after the Iraqi government banned the import of Thai rice for seven years due to quality concerns. Iraq became Thailand's largest rice export market in 2022, totaling 1.1 MMT between January and September 2022**.**

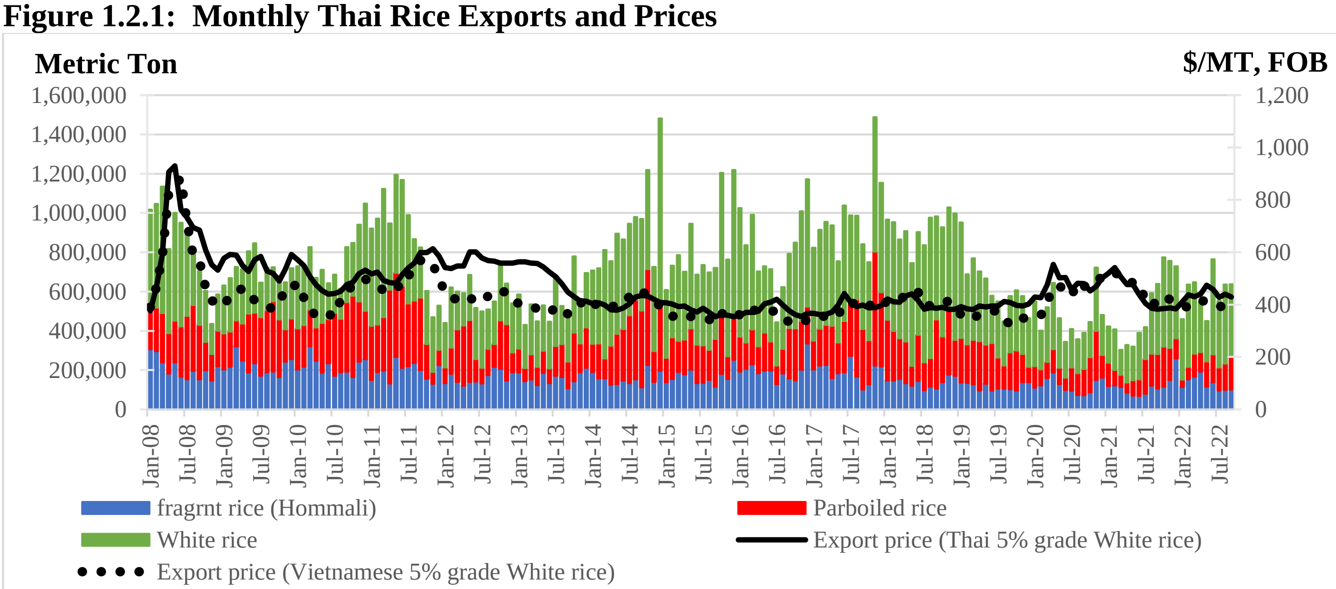
Table: 1.2.1: Thai Rice Exports by Varieties

Unit: Metric Tons

Rice Variety	2018	2019	2020	2021	% Change 20 vs 21	January - September		% Change
						2021	2022	
White Rice	5,923,320	3,209,715	2,015,246	2,498,142	24.0	1,426,560	2,631,675	84.5
Parboiled Rice	2,802,893	2,229,545	1,419,345	1,502,968	5.9	986,460	1,008,579	2.2
Fragrant Rice	2,120,073	1,925,746	2,022,879	1,984,470	-1.9	1,205,654	1,550,702	28.6
Glutinous Rice	385,878	215,421	276,568	311,101	12.5	198,638	218,100	9.8
Total	**11,232,164**	**7,580,427**	**5,734,038**	**6,296,681**	**9.8**	**3,817,300**	**5,409,046**	**41.7**

Source: Ministry of Commerce

Figure 1.2.1: Monthly Thai Rice Exports and Prices



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

The Thai Cabinet approved the MY2022/23 paddy rice price guarantee program and other market supporting programs with a budget of 81.2 billion baht ($2.3 billion) on November 15, 2022. The MY2022/23 programs have the same criteria as the MY2021/22 programs. The MY2022/23 rice price guarantee program has a budget of 18.7 billion baht ($526 million), and farmers will only receive compensation when market prices are lower than the guaranteed prices between October 15, 2022, and May 31, 2023. Additionally, the committee approved another 55 billion baht (U.S. $1.5 billion) to subsidize MY2022/23 main crop rice production costs. Farmers will receive a direct payment of 1,000 baht per rai (roughly $200 per hectare) for a maximum of 20 rai (3.2 hectares), which is the same amount as last year.

The committee also agreed to the following domestic support programs to help stabilize paddy rice prices: (1) 7.1 billion baht ($200 million) for the Paddy Rice Pledging program for MY2022/23 main paddy rice; (2) 375 million baht ($10 million) for the Soft Loan Program for Farmer Institutions to purchase paddy rice; and (3) the Interest Rate Compensation Program for rice millers to hold paddy rice stocks for 2-6 months with the combined target of 4 million tons of paddy rice. In addition, famers participating in the pledging program will receive a storage cost subsidy of 1,500 baht per metric ton ($50/MT). The MOAC has also approved additional assistance to rice farmers affected by flooding with a payment of 1,340 baht per rai ($252 per hectare) with a maximum of 30 rai (4.8 hectares) per household.

Table 1.3: Paddy Rice Guarantee Prices for MY2022/23 Main-Season Rice Crop

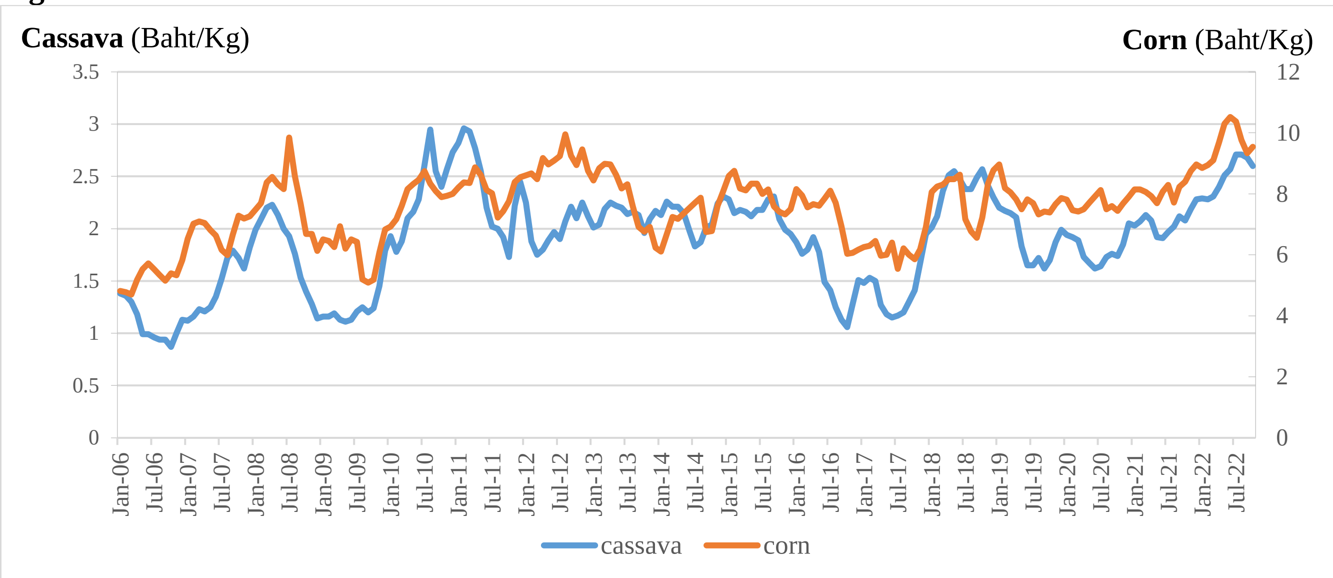
Paddy Rice Varieties	**Guarantee Price** (Baht/Metric Ton)	**Eligible Tonnage** (Metric ton)
Fragrant Paddy Rice (Hom Mali)	15,000	14
Provincial Fragrant Paddy Rice	14,000	16
Pathumthani Fragrant Paddy Rice	11,000	25
White Paddy Rice	10,000	30
Glutinous Paddy Rice	12,000	16

Source: Ministry of Commerce

2. Corn

Post's forecast of MY2022/23 corn production remains unchanged at 5.20 MMT, a two percent reduction from MY2021/22, in anticipation of reduced off-season corn acreage. Average farm-gate prices of corn between January and October 2022 were around 9.54 baht per kilogram ($258/MT). Farm-gate corn prices increased 10 percent from the same period last year and were well above the five-year average farm-gate prices. The main-crop corn harvest was completed in late October 2022 with good average yield due to favorable rainfall and sufficient water supplies. Traders expect lower off-season corn acreage, however, as production costs remain relatively high compared to other field crops (e.g., cassava and off-season rice), which have lower maintenance costs and higher returns.

Figure 2.1: Farm-Gate Prices of Corn and Cassava

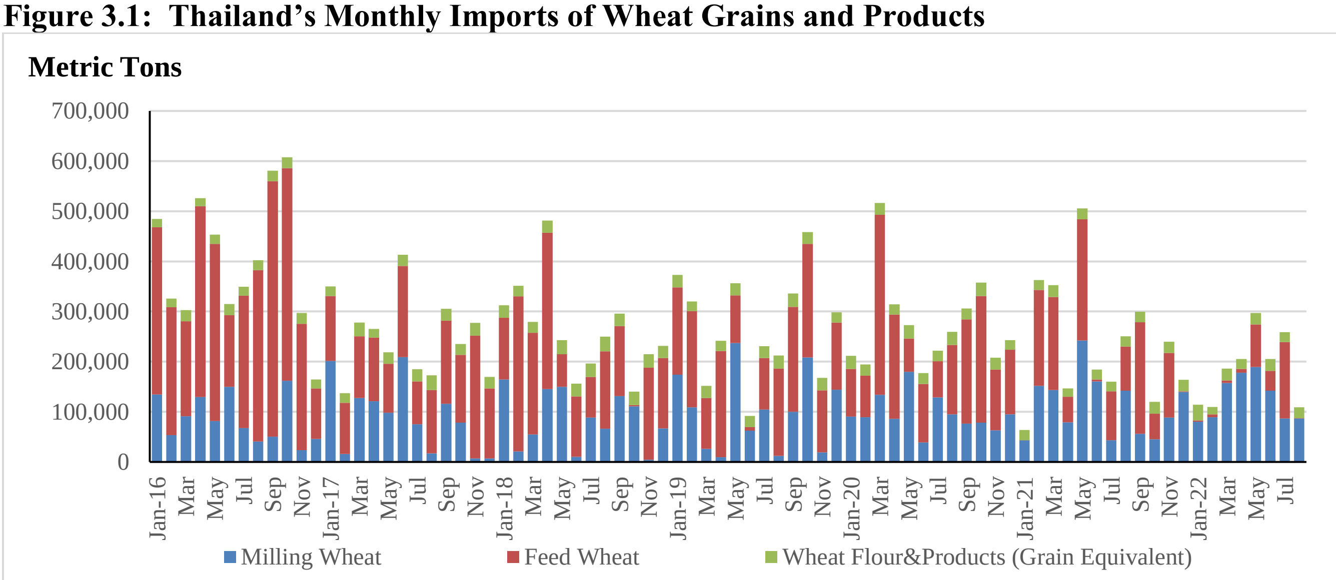


Source: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives

3. Wheat

Post's forecast for MY2022/23 wheat imports remains unchanged at 2.9 MMT. This is a 23 percent increase from MY2021/22 due to an anticipated increase in domestic production and growing consumption of wheat-based food. The Bank of Thailand expects the Thai economy to grow by 3.3 percent in 2022 and 3.8 percent in 2023, driven by increasing foreign tourists. The total contract commitment of U.S. wheat export sales to Thailand between July 1 and November 10, 2022, were 374,227 MT, up 49 percent from the same period in MY2021/22.

Figure 3.1: Thailand's Monthly Imports of Wheat Grains and Products



Source: Thai Customs Department, Ministry of Finance

Appendix Tables

Table 1: Thailand's Rice Production, Supply and Distribution

Rice, Milled	2020/2021		2021/2022		2022/2023	
Market Year Begins	Jan 2021		Jan 2022		Jan 2023	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	10509	10509	10702	10702	10850	10725
Beginning Stocks (1000 MT)	3979	3979	4280	4271	3958	3774
Milled Production (1000 MT)	18863	18863	19878	19878	20100	19914
Rough Production (1000 MT)	28580	28580	30118	30118	30455	30173
Milling Rate (.9999) (1000 MT)	6600	6600	6600	6600	6600	6600
MY Imports (1000 MT)	200	125	200	125	200	150
TY Imports (1000 MT)	200	125	200	125	200	150
TY Imp. from U.S. (1000 MT)	1	0	0	0	0	0
Total Supply (1000 MT)	23042	22967	24358	24274	24258	23838
MY Exports (1000 MT)	6062	6076	7600	7500	8200	8000
TY Exports (1000 MT)	6062	6076	7600	7500	8200	8000
Consumption and Residual (1000 MT)	12700	12620	12800	13000	12900	13500
Ending Stocks (1000 MT)	4280	4271	3958	3774	3158	2338
Total Distribution (1000 MT)	23042	22967	24358	24274	24258	23838
Yield (Rough) (MT/HA)	2.7196	2.7196	2.8142	2.8142	2.8069	2.8133

(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

Table 2: Thailand's Rice Production by Crop

	2020/2021			2021/2022			2022/2023		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (Million Hectares)									
Cultivation	9.370	1.354	10.724	9.370	1.754	11.124	9.370	1.750	11.120
Harvest	9.185	1.324	10.509	8.966	1.736	10.702	8.995	1.730	10.725
Production (Million Tons)									
Rough	23.530	5.050	28.580	23.389	6.730	30.118	23.443	6.730	30.173
Rice	15.530	3.333	18.863	15.437	4.442	19.878	15.472	4.442	19.914
Yield (Ton/Hectare)	2.562	3.814	2.720	2.609	3.877	2.814	2.606	3.890	2.813

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

Corn	2020/2021		2021/2022		2022/2023	
Market Year Begins	Jul 2020		Jul 2021		Jul 2022	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1255	1254	1200	1200	1180	1200
Beginning Stocks (1000 MT)	675	675	740	1190	343	1293
Production (1000 MT)	5500	5500	5300	5300	5200	5200
MY Imports (1000 MT)	1921	1921	1519	1519	1600	1600
TY Imports (1000 MT)	1846	1846	1500	1500	1700	1600
TY Imp. from U.S. (1000 MT)	7	0	0	0	0	0
Total Supply (1000 MT)	8096	8096	7559	8009	7143	8093
MY Exports (1000 MT)	56	56	116	116	70	100
TY Exports (1000 MT)	57	57	115	115	60	100
Feed and Residual (1000 MT)	7200	6750	7000	6500	6600	6600
FSI Consumption (1000 MT)	100	100	100	100	100	100
Total Consumption (1000 MT)	7300	6850	7100	6600	6700	6700
Ending Stocks (1000 MT)	740	1190	343	1293	373	1293
Total Distribution (1000 MT)	8096	8096	7559	8009	7143	8093
Yield (MT/HA)	4.3825	4.386	4.4167	4.4167	4.4068	4.3333

(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

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

Wheat	2020/2021		2021/2022		2022/2023	
Market Year Begins	Jul 2020		Jul 2021		Jul 2022	
Thailand	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)	754	754	789	789	366	256
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	3306	3306	2351	2351	2700	2900
TY Imports (1000 MT)	3306	3306	2351	2351	2700	2900
TY Imp. from U.S. (1000 MT)	759	759	526	526	0	600
Total Supply (1000 MT)	4060	4060	3140	3140	3066	3156
MY Exports (1000 MT)	311	311	324	324	300	300
TY Exports (1000 MT)	311	311	324	324	300	300
Feed and Residual (1000 MT)	1650	1600	1200	1200	1200	1200
FSI Consumption (1000 MT)	1310	1360	1250	1360	1300	1400
Total Consumption (1000 MT)	2960	2960	2450	2560	2500	2600
Ending Stocks (1000 MT)	789	789	366	256	266	256
Total Distribution (1000 MT)	4060	4060	3140	3140	3066	3156
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 2022/2023 = July 2022 - June 2023						

Attachments:

No Attachments