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Thailand

Grain and Feed Update

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Report Highlights:

TH6048 – MY2016/17 rice production is revised down to 17 million metric tons due to water shortages. MY2016/17 feed wheat imports are revised up to 2 million metric tons due to the delay in the planting of the domestic corn crop.

Post:
Bangkok

Executive Summary:

MY2016/17 rice production is revised down to 17 million metric tons (MMT) compared to the previous forecast of 17.5 MMT (March 2016) as the government will not supply irrigated water for the main-crop rice until July 2016. Most canals have been dry since April 2016. Wheat imports are revised up in MY2015/16 and MY2016/17 due to higher-than-expected demand for feed wheat in poultry and swine feed rations. MY2015/16 feed wheat imports will likely increase to around 2.8 MMT, up 54 percent from MY2014/15 due to shortages of domestic corn and broken rice supplies. Meanwhile, MY2016/17 feed wheat imports are revised up to 2 MMT due to the concerns over the delay in the domestic corn planting period.

Author Defined:

1. Rice

Table 1.1: Thailand's Rice Production, Supply and Demand

Rice, Milled	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan 2015		Jan 2016		Jan 2017	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	10270	10643	9444	9444	0	9543
Beginning Stocks	11724	11724	10095	11032	0	7632
Milled Production	18750	19404	15800	15800	0	17000
Rough Production	28409	29400	23939	23939	0	25758
Milling Rate (.9999)	6600	6600	6600	6600	0	6600
MY Imports	300	300	300	300	0	300
TY Imports	300	300	300	300	0	300
TY Imp. from U.S.	3	0	0	0	0	0
Total Supply	30774	31428	26195	27132	0	24932
MY Exports	9779	9796	10000	8000	0	10000
TY Exports	9779	9796	10000	8000	0	10000
Consumption and Residual	10900	10600	11000	11500	0	12500
Ending Stocks	10095	11032	5195	7632	0	2432
Total Distribution	30774	31428	26195	27132	0	24932

(1000 HA) ,(1000 MT)

Table 1.2: Thailand's Rice Paddy Area, Production, and Yield

	2014/15			2015/16			2016/17						
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	(March 2016 Forecast)			(April 2016 Forecast)			
							Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	
Area (million hectare)													
Cultivation	9,208	1,940	11,228	9,094	1,059	10,151	9,080	1,229	10,308	8,748	1,229	9,974	
Harvest	8,900	1,748	10,648	8,702	0,738	9,444	8,623	1,170	9,853	8,273	1,170	9,543	
Production (million ton)													
Rough	22,000	7,400	29,400	20,973	2,966	23,939	21,667	4,648	26,315	20,908	4,648	25,556	
Rice	14,500	4,884	19,404	13,345	1,938	15,300	14,300	3,200	17,500	13,300	3,200	17,000	
Yield (ton/hectare)	2.47	4.24	2.75	2.48	4.03	2.53	2.47	4.14	2.68	2.47	4.14	2.69	

Source: FAS Errores

1.1 MY2016/17 main-crop rice planting delay likely

The Royal Irrigation Department (RID) announced on April 20, 2016 that it will not supply irrigated water for the MY2016/17 main-crop rice due to water shortages. The Thai Meteorological Department (TMD) reported that cumulative precipitation in April is 39 percent below average and 33 percent lower than last year. The Thai Government's priority is to reserve water supplies for household consumption. Despite anticipated normal precipitation in the rainy season which begins in mid-May, the RID will not supply irrigation water for rice production until reservoirs are recharged well above the dead storage levels. Due to the ongoing drought, the RID has discouraged farmers in the lower northern regions and central plains from planting the MY2016/17 main-crop rice until July 2016. Farmers in these areas heavily rely on canal water to irrigate their crops. Most of the canals in the region have been completely dry since April 2016. The RID expects the delay in the planting season will affect around 6 million rai (1 million hectares) in the irrigated areas. In addition, the delay will likely result in an acreage reduction of around 2 million rai (0.3 million hectares) in the central plains as double crops will be impossible due to the lack of water. Meanwhile, the rain-fed rice production in the northern and northeastern regions are unlikely to be affected by the RID's water restrictions. Farmers normally plant main-crop rice during the monsoon season, particularly in July and August and will be mostly harvested in December.

Post's forecast for MY2016/17 rice production revised down to 17 million metric tons, compared to 17.5 million metric tons in the previous forecast due to the acreage reduction of around 2 million rai (0.3 million hectares) caused by the delay in main-crop rice planting. However, this is still an 8-percent increase from MY2015/16 in anticipation of some recovery in off-season rice production (GAIN Report: TH6029 – Grain and Feed, March 2016).

1.2 Government speeding up sales of rice stocks

The government issued 2 tenders totaling 1.2 million metric tons during January to April 2016. The Ministry of Commerce announced that it sold around 0.8 million metric tons, which consisted of 0.6 million metric tons of food grade rice and 0.2 million metric tons of feed grade rice. The Rice Policy and Management Committee announced on April 25 that it will speed up the sales of the government stocks of 11.4 million metric tons during May to June 2016 to take advantage of the current tight supply situation in order to generate additional revenues. The stocks reportedly consist of approximately 0.2 million metric tons of good-quality rice, 7.5 million metric tons of sub-standard staple rice, and 3.7 million metric tons of industrial grade rice (of which 1.3 million metric tons are food/feed grade, and 2.4 million metric tons are non-food/feed grade). The government aimed to reduce non-food/feed grade rice of 2.4 metric tons for industrial uses first.

1.3 Exports

In the first quarter of 2016, rice exports totaled 2.9 million metric tons, which increased 38 percent from the same period in 2015. This is mainly due to an increase in old-crop white rice and broken fragrant rice exports, which are driven by the sales of government stocks. Exports of white rice increased significantly to 1.6 million metric tons compared to 1.1 million metric tons last year. In addition, broken fragrant rice exports increased to 0.2 million metric tons, up 78 percent from last year. Meanwhile, parboiled rice exports declined to 0.5 million metric tons, down 1 percent from last year due to limited new-crop rice supplies for parboiled rice production and competition from Indian parboiled rice which is reportedly \$50/MT cheaper.

Post's forecast of rice exports in 2016 remains unchanged at 8 million metric tons due to current tight supplies of new-crop white and parboiled rice. This will likely affect Thai rice export competitiveness in Asian and African markets. Presently, the export price for 5% grade new-crop Thai white rice is \$35/MT higher than Vietnamese rice.

2. Corn

Post's forecast for MY2016/17 corn production remains unchanged at 4.9 million metric tons. This is a 4 percent increase from MY2015/16. However, sources expect that supplies of new-crop corn are likely to enter the market late as farmers will likely delay their corn planting until June to avoid the possibility of no rain during the growing period. According to the TMD's weather forecast on April 26, 2016, precipitation is expected to be below normal levels in May and is likely to return to normal levels during June and July. Feed mills are reportedly seeking alternative feed ingredients, particularly imported feed wheat for poultry feed as a precautionary measure to deal with the delayed planting of the domestic corn crop.

3. Wheat

Table 3.1: Thailand's Wheat Production, Supply and Demand

Wheat	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	547	547	866	865	0	885
Production	0	0	0	0	0	0
MY Imports	3488	3487	3800	4280	0	3600
TY Imports	3488	3487	3800	4280	0	3600
TY Imp. from U.S.	646	666	0	590	0	630
Total Supply	4035	4034	4666	5145	0	4485
MY Exports	219	219	215	220	0	220
TY Exports	219	219	215	220	0	220
Feed and Residual	1850	1850	2100	2880	0	2000
FSI Consumption	1100	1100	1160	1160	0	1240
Total Consumption	2950	2950	3260	4040	0	3240
Ending Stocks	866	865	1191	885	0	1025
Total Distribution	4035	4034	4666	5145	0	4485
(1000 HA) ,(1000 MT)						

Wheat imports are revised up to around 4.3 in MY2015/16 and 3.6 million metric tons in MY2016/17 due to higher-than-expected demand for feed wheat in poultry and swine feed rations. MY2015/16 imports of feed wheat are expected to increase to around 2.8 million metric tons, up around 55 percent from MY2014/15 due to a shortage of domestic corn and broken rice production. In addition, MY2016/17 feed wheat imports are revised up to 2 million metric tons as feed mills are reportedly seeking imported feed wheat mainly for poultry feed production due to the concerns over the delay in the domestic corn planting period. Imported feed wheat prices are reportedly 20 percent cheaper than domestic corn and 35 percent cheaper than broken rice. Feed wheat imports are mostly from Ukraine and Argentina.