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Thailand

Grain and Feed Update

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Report Highlights:

TH6059 – The start of the MY2016/17 main-crop rice crop planting season is delayed due to the lack of water. Tight domestic supplies put upward pressure on Thai rice exports.

Post:
Bangkok

Executive Summary:

MY2016/17 main-crop rice production is delayed in irrigated areas as canals remain dry. The Royal Irrigation Department (RID) still has not released water for farmers in order to preserve water supplies for household consumption. The RID has indicated that it will not release water for rice farming until July 2016 as reservoirs remain critically low. The prolonged drought has resulted in tighter domestic supplies of new-crop white rice and contributed to a surge in Thai rice export prices during April through May 2016. Consequently, Thai rice exports are estimated to decline to 650,000 metric tons compared to the monthly average export volume of 950,000 metric tons during the first three months of 2016.

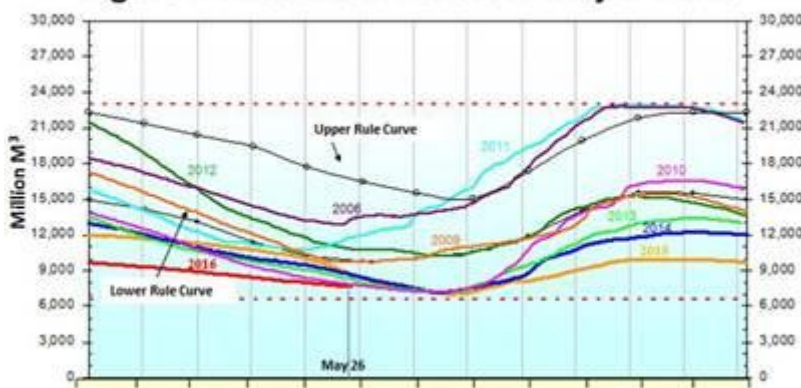
Post’s forecast for MY2016/17 corn and wheat supply and demand remains unchanged.

Author Defined:

1. Main-crop rice production delayed

The Thai Meteorological Department (TMD) announced that the rainy season started on May 18 and is likely to run until mid-October 2016. It expects the distribution of rainfall will likely be uneven during May – July 2016. Steadier rainfall is expected to occur in the latter half of the rainy season. As a result, the RID still has not released irrigated water for the MY2016/17 main-crop rice in order to preserve water supplies for household consumption. This policy is in effect until July 2016 as reservoirs remain critically low (Figure 1). Presently, most of the canals in the central plains remain dry, thus, preventing farmers from planting rice.

Figure 1 : Reservoir Levels in Major Dams



Source: Royal Irrigation Department, Ministry of Agriculture and Cooperatives

The RID expects most farmers in irrigated areas will have to delay their MY2016/17 main-crop rice planting until mid-July 2016. The RID’s crop progress report indicated that main-crop rice planting remained marginal in irrigated areas in May 2016 compared to the planting area of around 2.5 million rai (0.4 million hectares) in the same period last year.

Post’s forecast for MY2016/17 rice production remains unchanged at 17 million metric tons. (GAIN Report: TH6048 – Grain and Feed Update, April 2016). The plaining delay will likely result in a slight

reduction in main-crop rice production to 13.8 million metric tons. However, anticipated gradual recovery in off-season rice production to 3.2 million metric tons is likely to result in an increase in overall rice production to 17 million metric tons, up 8 percent from MY2015/16.

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	9550	9543
Beginning Stocks	11899	11899	10570	11032	6070	7632
Milled Production	18750	19404	15800	15800	17000	17000
Rough Production	28409	29400	23939	23939	25758	25758
Milling Rate (.9999)	6600	6600	6600	6600	6600	6600
MY Imports	300	300	300	300	250	300
TY Imports	300	300	300	300	250	300
TY Imp. from U.S.	3	0	0	0	0	0
Total Supply	30949	31603	26670	27132	23320	24932
MY Exports	9779	9796	9800	8000	9000	10000
TY Exports	9779	9796	9800	8000	9000	10000
Consumption and Residual	10600	10600	10800	11500	11100	12500
Ending Stocks	10570	11032	6070	7632	3220	2432
Total Distribution	30949	31428	26670	27132	23320	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	(May 2016 Forecast)			(May 2016 Forecast)		
				Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (million hectare)									
Cultivation	9,288	1,940	11,228	9,096	1,055	10,151	8,745	1,229	9,974
Harvest	8,900	1,743	10,643	8,709	0,735	9,444	8,373	1,170	9,543
Production (million ton)									
Rough	22,000	7,400	29,400	20,973	2,966	23,939	20,909	4,848	25,758
Rice	14,520	4,884	19,404	13,842	1,938	15,800	13,800	3,200	17,000
Yield (ton/hectare)	2,472	4,245	2,762	2,408	4,035	2,535	2,497	4,144	2,699

Source: FAS Estimate

2. More aggressive sales of rice stocks

The government issued 3 tenders totaling 2.4 million metric tons during January – May 2016 (Table 2). So far, it has reportedly sold around 0.9 million metric tons which consisted of 0.6 million metric tons of food-grade rice and 0.3 million metric tons of feed grade rice. It is considering another sale of 1.2 million metric tons in its latest public tender which was issued on May 19, 2016. The government announced that it is still holding rice stocks of around 10 million metric tons. The new tender of around 1 million metric tons is likely to be issued in June 2016.

Table 2: The Government Rice Tenders and Sales in 2016

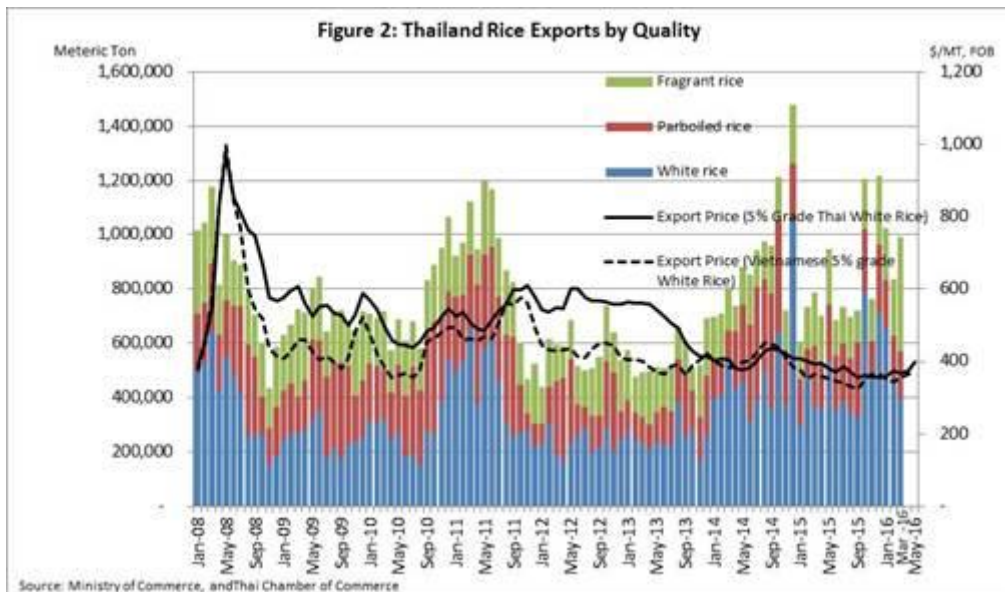
Unit: Million Metric Ton

	Tender 1 (Feb. 16-17)		Tender 2 (Mar. 30-31)		Tender 3 (May 19)	
	Tender	Sales	Tender	Sales	Tender	Sales
Food-grade	0.2	0.2	0.4	0.4	0.9	0.9
Non-food grade	0.4	0.2	0.2	0.1	0.3	0.3
Total	0.6	0.4	0.6	0.5	1.2	1.2

Source: Ministry of Commerce

3 Rice exports down in April 2016

The Ministry of Commerce reported that Thailand’s rice exports by value declined around 12 percent in April 2016. Rice export volume is estimated to decline to around 650,000 metric tons, down approximately 7 percent from the same period last year and down significantly from the average export volume of 950,000 metric tons in the first quarter of 2016. This is due to tight domestic supplies of new-crop white rice caused by the prolonged drought. Export prices of Thai white and parboiled rice during April – May 2016 increased by around \$40/MT and \$50/MT, respectively (Figure 2). Thai rice exports are likely to slow during the second and third quarter of 2016 due to tight supplies of new-crop white rice. Also, exporters reportedly have some quality standard issues with the old-crop rice in the government stocks which have been sold aggressively since January 2016.



Post’s forecast of rice exports in 2016 remains unchanged at 8 million metric tons. This is an 18-percent reduction from last year due to current tight supplies of new-crop white and parboiled rice.