

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Japan

Grain and Feed Update

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Report Highlights:

Overall feed production in Japan continues to be stable, but is gradually trending down and is expected to be below 24 million metric tons in MY2014/15. While corn utilization in feed remains stable at around 44.5 percent in MY 2014/15, the use of rice and DDGS has increased notably.

Overall Market Situation

As shown in the table below, the stagnant trend in the livestock population continues, and feed demand is expected to decline slowly but steadily in the coming years.

Table 1: Japan's Livestock and Poultry Population (Unit: 1,000 head)

	2000	2010	2011	2012	2013	2014	2015
Dairy cows	1,764	1,484	1,467	1,449	1,423	1,395	1,371
Beef cattle	2,824	2,892	2,763	2,723	2,642	2,567	2,489
Swine	9,806	9,750	9,768	9,735	9,685	9,537	9,525*
Layers***	187,382	NA	178,546	177,607	174,784	174,806	174,800**
Broilers	108,410	NA	NA	NA	*131,600	135,747	136,500**

Source: MAFF (as of February each year)

** FAS/Tokyo forecast

*** Layers includes chicks

* MAFF resumed its official survey in 2013. The results cannot be directly compared to previous surveys, however, due to a change in survey methodology.

Up-to-date feed production statistics and a detailed breakdown of feed ingredient utilization follow. As corn has been the largest ingredient in feed, Table 2, Feed Utilization by Ingredient, has been revised to reflect the corn marketing year of October/September.

Due to the decreased size of the domestic livestock population, Japanese feed production (compound and mixed feed) dipped below the 24 million metric ton (MT) level in MY2013/14 for the first time since MY2004/05. At the current pace, feed production in MY2014/15 is expected to remain at a similar level, i.e., slightly below 24 million MT. With the Ministry of Agriculture, Forestry and

Fisheries (MAFF)'s strong push to use rice for feed, rice utilization in feed has increased to around five percent in recent months, at the expense of corn and wheat.

Table 2: Feed Utilization by Ingredient (Unit: MT)

MY	Corn	Sorghum	Wheat	Wheat Flour	Barley	Rice	Rye	Other Grains	DDGS	Non-grain Ingredients	TOTAL
2005/06	11,937,533	1,351,794	109,511	125,953	807,797	335,379	224,625	122,798	-	9,254,689	24,270,079
	49.19%	5.57%	0.45%	0.52%	3.33%	1.38%	0.93%	0.51%	0.00%	38.13%	100%
2006/07	11,968,822	1,207,666	95,022	128,407	841,067	501,410	203,966	135,042	-	9,368,267	24,449,669
	48.95%	4.94%	0.39%	0.53%	3.44%	2.05%	0.83%	0.55%	0.00%	38.32%	100%
2007/08	12,151,595	1,061,836	99,070	140,704	864,290	604,450	97,379	150,312	-	9,504,883	24,674,519
	49.25%	4.30%	0.40%	0.57%	3.50%	2.45%	0.39%	0.61%	0.00%	38.52%	100%
2008/09	12,032,218	1,599,366	131,179	142,216	886,989	240,408	47,756	148,571	-	9,474,483	24,703,186
	48.71%	6.47%	0.53%	0.58%	3.59%	0.97%	0.19%	0.60%	0.00%	38.35%	100%
2009/10	11,663,020	1,605,491	203,985	133,065	904,803	396,061	79,004	151,734	96,210	9,438,395	24,671,768
	47.27%	6.51%	0.83%	0.54%	3.67%	1.61%	0.32%	0.62%	0.39%	38.26%	100%
2010/11	11,287,696	1,380,159	245,857	145,289	889,928	537,274	96,697	148,573	284,154	9,239,452	24,255,079
	46.54%	5.69%	1.01%	0.60%	3.67%	2.22%	0.40%	0.61%	1.17%	38.09%	100%
2011/12	10,688,501	1,461,639	732,039	152,292	882,497	589,640	43,043	148,359	400,836	9,172,479	24,271,325
	44.04%	6.02%	3.02%	0.63%	3.64%	2.43%	0.18%	0.61%	1.65%	37.79%	100%
2012/13	10,154,181	1,856,711	942,885	176,433	910,896	397,406	15,237	154,324	443,993	8,990,056	24,042,122
	42.23%	7.72%	3.92%	0.73%	3.79%	1.65%	0.06%	0.64%	1.85%	37.39%	100%
2013/14	10,794,681	1,006,553	649,448	160,815	870,127	732,983	16,562	135,126	512,652	8,831,356	23,710,303
	45.53%	4.25%	2.74%	0.68%	3.67%	3.09%	0.07%	0.57%	2.16%	37.25%	100%
2014 Oct	938,718	89,533	38,062	14,406	75,441	93,757	1,574	12,206	50,451	779,499	2,093,647
	44.80%	4.30%	1.80%	0.70%	3.60%	4.50%	0.10%	0.58%	2.40%	37.23%	100%
Nov	859,572	84,426	33,309	13,078	65,952	91,655	1,278	11,219	48,469	709,500	1,918,458
	44.80%	4.40%	1.70%	0.70%	3.40%	4.80%	0.10%	0.58%	2.50%	36.98%	100%
Dec	958,401	88,494	34,071	15,308	72,588	108,596	1,252	13,034	56,947	819,953	2,168,644
	44.19%	4.08%	1.57%	0.71%	3.35%	5.01%	0.06%	0.60%	2.63%	37.81%	100%
2015 Jan	846,912	85,152	29,489	12,609	64,264	94,966	1,093	10,748	49,380	703,598	1,898,211
	44.62%	4.49%	1.55%	0.66%	3.39%	5.00%	0.06%	0.57%	2.60%	37.07%	100%
Feb	808,603	81,287	26,987	12,478	62,776	93,002	956	10,465	47,557	676,114	1,820,225
	44.42%	4.47%	1.48%	0.69%	3.45%	5.11%	0.05%	0.57%	2.61%	37.14%	100%
Mar	878,575	85,307	29,269	13,550	68,119	100,169	1,017	11,386	49,502	737,426	1,974,320
	44.50%	4.32%	1.48%	0.69%	3.45%	5.07%	0.05%	0.58%	2.51%	37.35%	100%
Apr	907,651	74,111	29,623	13,965	70,636	100,374	1,123	11,716	37,839	764,996	2,012,034
	45.11%	3.68%	1.47%	0.69%	3.51%	4.99%	0.06%	0.58%	1.88%	38.02%	100%
May	853,835	67,902	27,553	12,707	63,787	96,212	923	10,535	31,770	712,443	1,877,667
	45.47%	3.62%	1.47%	0.68%	3.40%	5.12%	0.05%	0.56%	1.69%	37.94%	100%
Oct 14 -	7,052,267	656,212	248,363	108,101	543,563	778,731	9,216	91,309	371,915	5,903,529	15,763,206
May-15	44.74%	4.16%	1.58%	0.69%	3.45%	4.94%	0.06%	0.58%	2.36%	37.45%	100%

MY: October/September

Japan maintains a feed price stabilization program that consists of a combination of a MAFF subsidy and an industry fund to help absorb sudden surges in compound feed prices. It is activated when the import cost of ingredients in a particular quarter exceeds the average import cost of ingredients in the

previous year. As the graph below shows, during the fourth quarter (January – March 2015) of Japanese Fiscal Year (JFY) 2014 (April 2014 – March 2015), the average price of imported raw materials for compound feed increased by 812 yen per metric ton - from 33,199 yen/MT to 34,011 yen/MT.

Because of this gap, an 800 yen/MT differential was paid as compensation, consistent with the amount paid in the previous fiscal year’s third quarter. During these third and fourth quarters, prices of the key feed ingredients such as corn and soy meal were lower at the Chicago Board of Trade than the prices during the same period of the previous years. Notwithstanding that situation, import prices in Japan for those commodities rose in yen terms due to the depreciation of the yen against the dollar by about 15 percent over that timeframe.

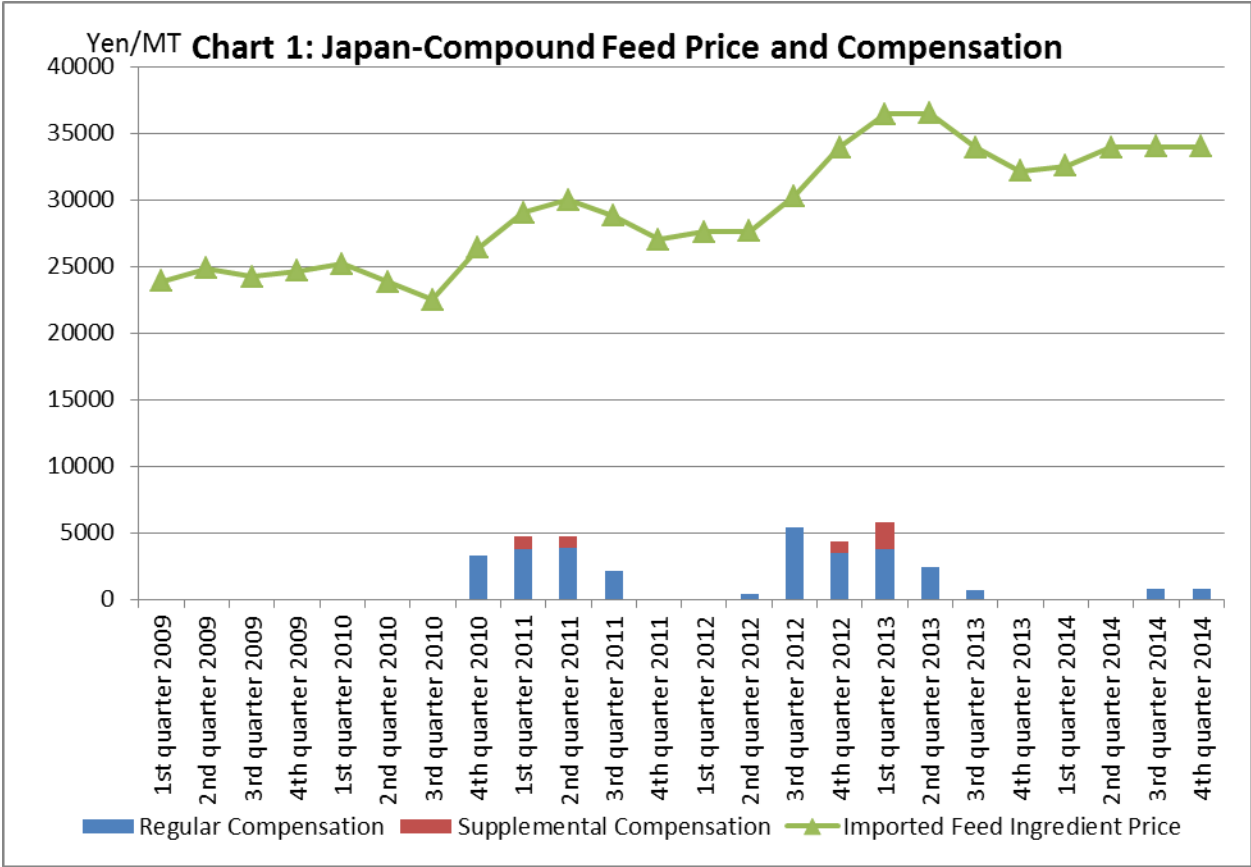


Table 3: Production, Supply and Distribution Estimates for Japan, Corn

Corn	2013/2014	2014/2015	2015/2016
Market Begin Year	Oct 2013	Oct 2014	May 2016

Japan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1	1	1	1	1	1
Beginning Stocks	523	523	545	442	546	443
Production	1	1	1	1	1	1
MY Imports	15121	15118	15000	15000	15000	14800
TY Imports	15121	15118	15000	15000	15000	14800
TY Imp. from U.S.	12337	11016	0	0	0	0
Total Supply	15645	15642	15546	15443	15547	15244
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	10600	10800	10500	10700	10500	10500
FSI Consumption	4500	4400	4500	4300	4500	4300
Total Consumption	15100	15200	15000	15000	15000	14800
Ending Stocks	545	442	546	443	547	444
Total Distribution	15645	15642	15546	15443	15547	15244
(1000 HA) ,(1000 MT)						

Of the total demand for corn in Japan, roughly 75 percent comes from the feed sector, and 25 percent comes from the food sector, mainly from starch manufacturers. Despite the decline in utilization over recent years, corn continues to be the largest ingredient in compound feed in Japan, but as noted above, expansion of rice utilization in feed rations, as a result of MAFF subsidy incentives, is expected to result in a slightly lower corn consumption level for feed in MY2014/15; this downward trend is forecast to continue for MY2015/16. Starch production is expected to be stable but a slightly lower demand from the soft drink production sector is anticipated, reflecting a demographic shift in preferences in MY2014/15 and MY2015/16. Accordingly Post's estimate for feed and FSI consumption and imports has been slightly lowered in MY2014/15 and MY2015/ in the revised PS&D.

As shown in Chart 3, between November 2014 and March 2015, as a result of abundant supplies, Brazil increased its feed corn exports to Japan, taking some market share from U.S. feed corn in the Japanese market. The subsequent recovery in supply in the United States has contributed to a recovery in U.S. import market share in Japan to over 90 percent in the April and May 2015 timeframes.

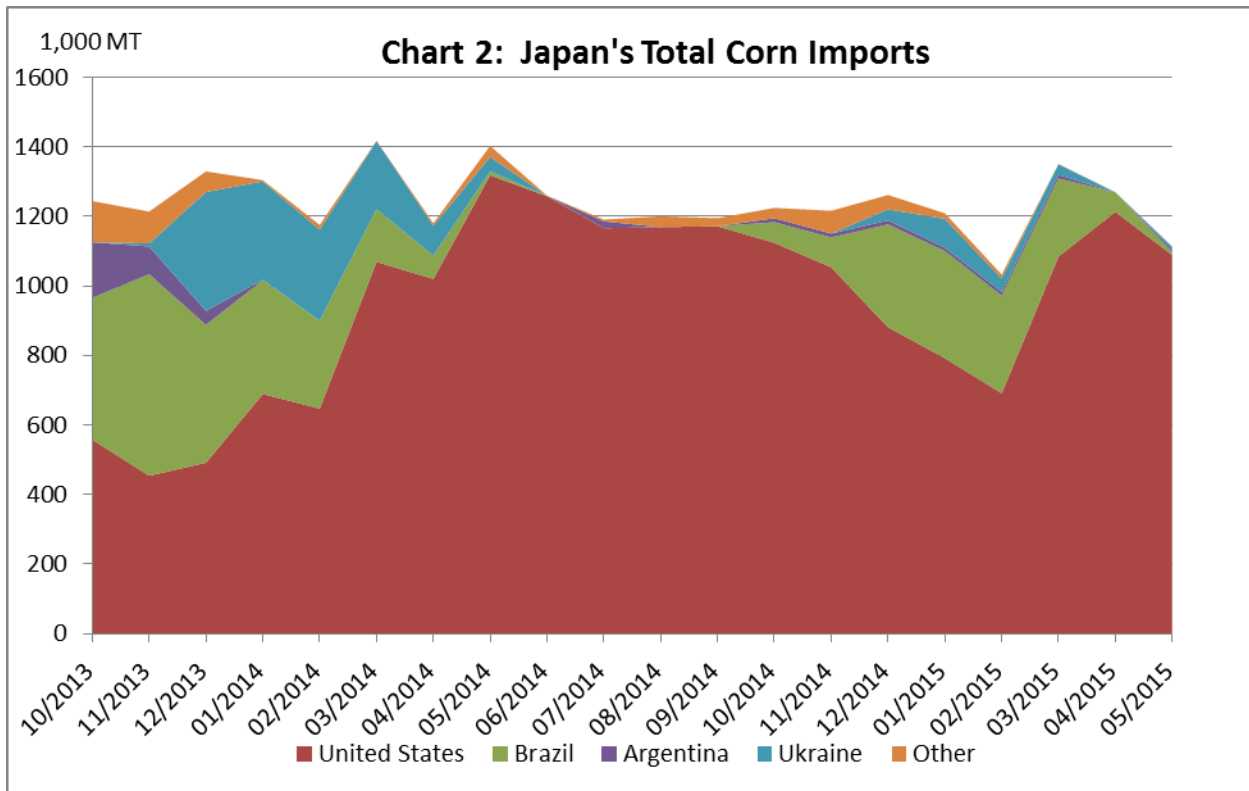


Table 4: Japan - Total Imports of Corn (excluding corn for seeds)

Partner Country	Unit	MY 2011/12	MY 2012/13	MY 2013/14	Oct 2014 - May 2015	Share
World	MT	14885469	14409591	15118226	9680346	100.0%
United States	MT	12079272	6932378	11015899	7931927	81.9%
Brazil	MT	843358	4621090	2195239	1318242	13.6%
Ukraine	MT	960753	351526	1219746	191357	2.0%
Argentina	MT	586096	1756484	301150	72802	0.8%
South Africa	MT	10276	617566	171870	141829	1.5%
Other	MT	405714	130547	214322	24189	0.2%

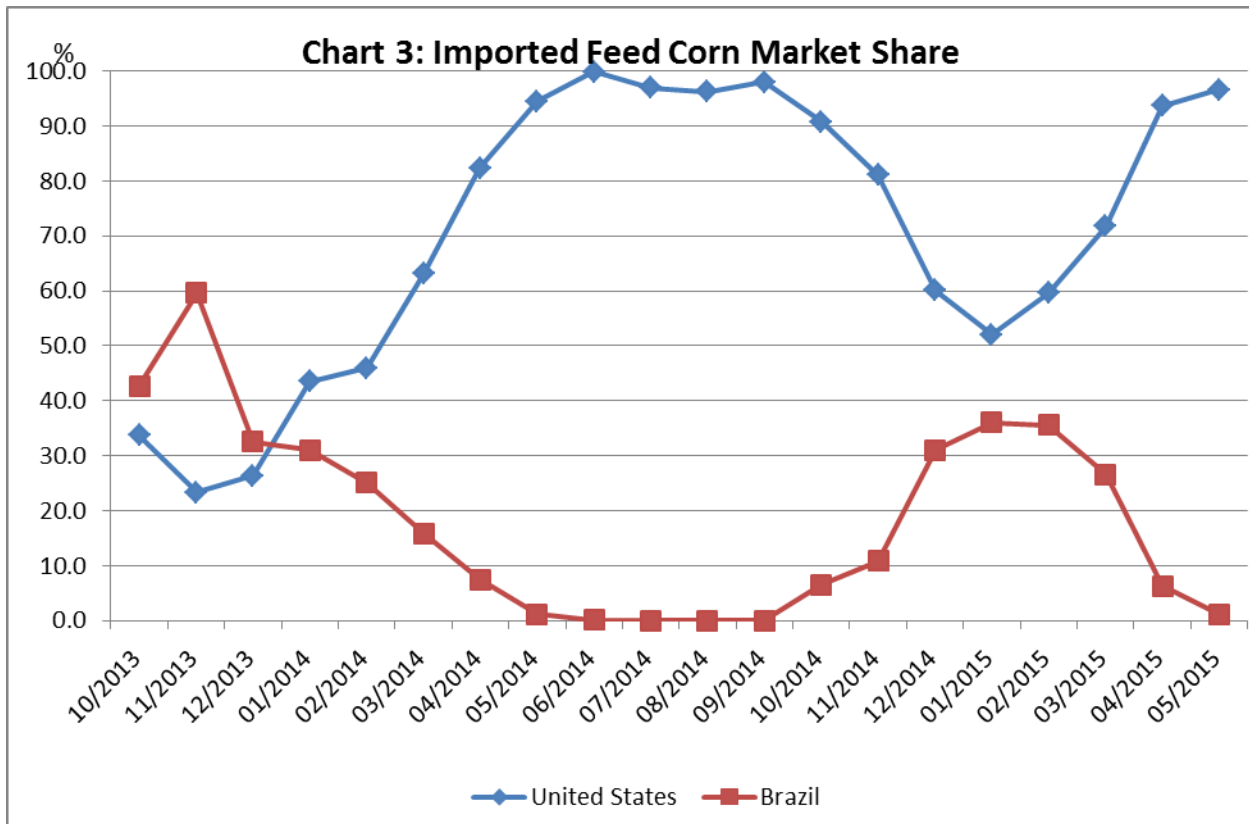


	Table5: Corn for Feed : CIF Unit Value (USD/MT)							
	10/2014	11/2014	12/2014	01/2015	02/2015	03/2015	04/2015	05/2015
United States	243.6	218.9	223.5	232.5	234.7	233.4	224.2	217.9
Brazil	228.6	218.7	223.3	226.6	227.4	227.3	231.8	232.4

Source: Global Trade Atlas