

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:**

MY2017/18 cultivation for main-crop rice and corn is occurring much sooner than MY2016/17 cultivation due to favorable rainfall and sufficient reservoir levels. The sale of the government's food-quality rice stocks has helped maintain Thai rice competitiveness in international markets. However, the sale of the government's feed-quality rice stocks has created downward pressure on domestic corn prices and has lowered swine feed costs offsetting some of the effects of the government's import restrictions on feed wheat.

**Post:**  
Bangkok

### **Executive Summary:**

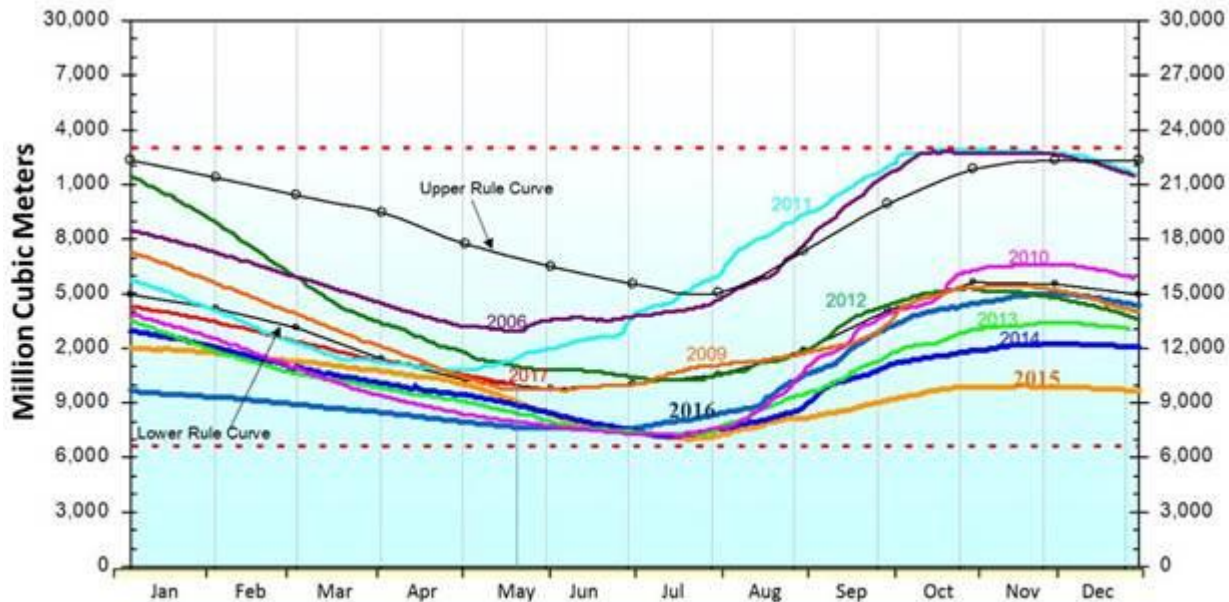
MY2017/18 main-crop rice and corn cultivation is well above MY2016/17 due to favorable rainfall and sufficient reservoir levels. The government has continued to sell the rice stocks that remain from the MY2011/12 – MY2013/14 pledging programs. The sale of government stocks has helped maintain Thai rice export momentum during the first five months of MY2016/17. However, the sale of feed-quality rice stocks has created downward pressure on farm-gate prices for corn as feed mills are substituting rice for corn and imported feed wheat in swine feed rations. Additionally, import demand for feed wheat has continued to decline due to the government's import restrictions.

### **1. Rice Update**

#### **1.1 MY2017/18 main-crop rice planting well progressed above last year**

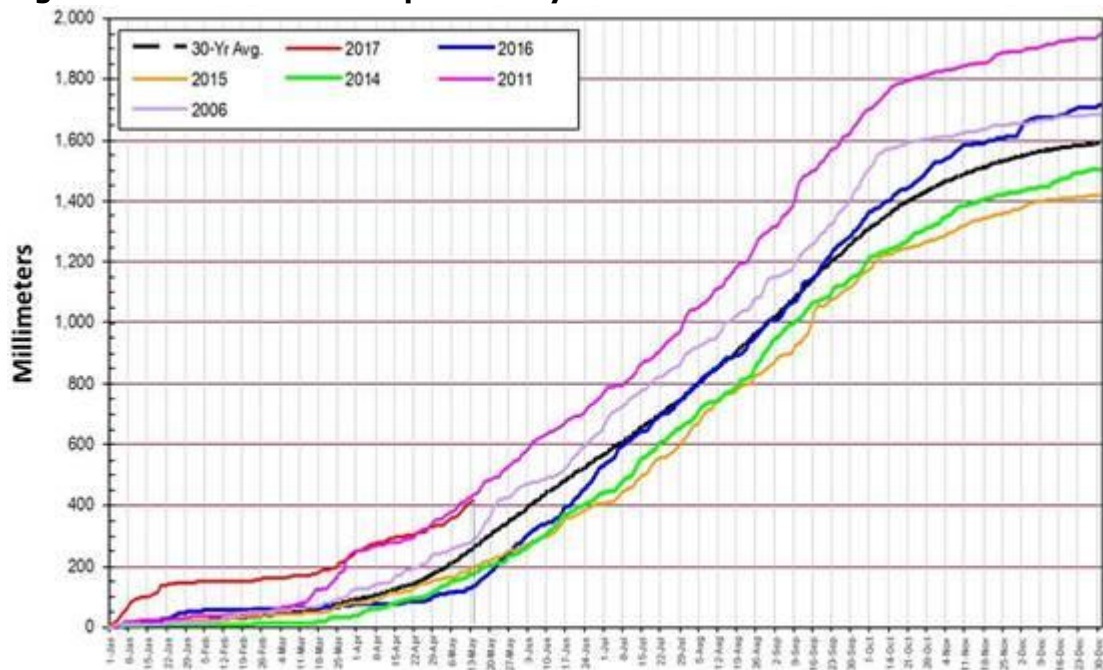
MY2017/18 main-crop rice cultivation is occurring much sooner than last year in irrigated areas due to sufficient irrigation supplies. As of May 19, 2017, the Royal Irrigation Department (RID)'s crop progress report indicated that approximately 1.6 million rai (0.3 million hectares) of MY2017/18 main-crop rice has been planted in irrigated areas, compared to 0.03 million rai (4,800 hectares) for the same period of MY2016/17. Irrigated area accounts for around 30 percent of total main-crop rice acreage. The RID reports that, as of May 18, 2017, water supplies in major reservoirs totaled 3.9 billion cubic meters (Figure 1). These reservoir levels are more than double last year's water levels even though the RID has already supplied water for irrigation for MY2016/17 off-season rice cultivation. MY2016/17 off-season planted rice acreage is more than double MY2015/16 off-season rice acreage. Above normal precipitation during January – May 2017 has helped keep the reservoirs well supplied (Figure 2). The Thai Meteorological Department reported that cumulative precipitation between January 1 – May 14, 2017, was 60 percent above average precipitation and triple the amount of precipitation for the same period last year. Farmers in non-irrigated area also have been preparing the land for MY2017/18 main-crop rice, particularly in the northeastern region which accounts for approximately half of total main-crop rice production. Farmers in this region will begin to grow rice when periodic rain begins and will have completed planting rice by August. Post's forecast for rice production in MY2017/18 remains unchanged at 19.5 million metric tons which is approximately a 5 percent increase from MY2016/17 due mainly to the recovery of main-crop rice production in irrigated areas.

#### **Figure 1: Water Supplies in Major Reservoirs**



Source: Royal Irrigation Department, Ministry of Agriculture and Cooperatives

Figure 2: Cumulative Precipitation by Month and Year



Source: Royal Irrigation Department, Ministry of Agriculture and Cooperatives

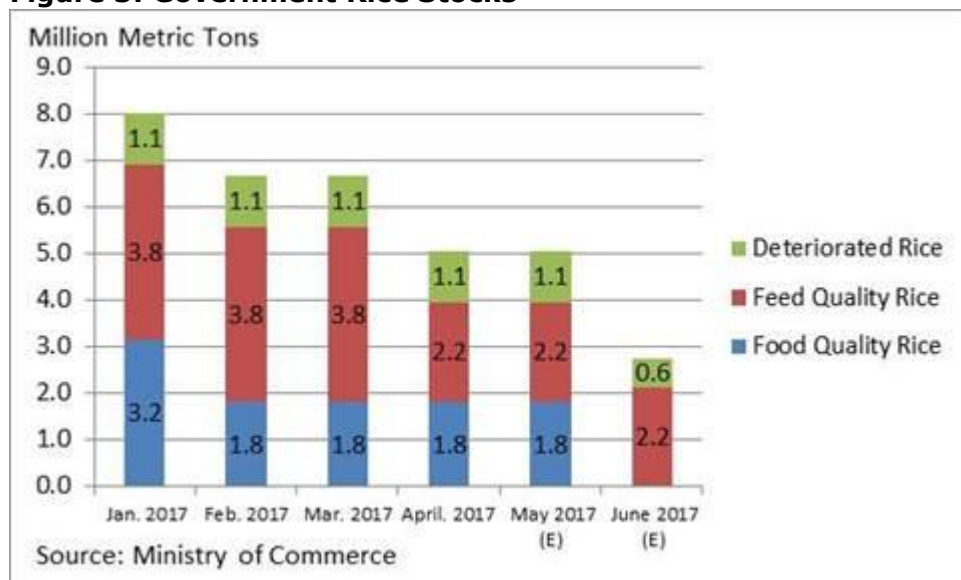
### 1.2 Thai Government to tender the last remaining food-quality rice stocks from the MY2011/12 – MY2013/14 pledging programs

On May 24, 2017, the government issued a tender for the last 1.8 million metric tons of food-quality rice stocks which consist of approximately 1.5 million metric tons of fragrant rice, 0.2 million metric tons of white rice and 0.1 million metric tons of broken rice and glutinous rice. The government is expected to finalize the sale of these food-quality rice stocks in early June 2017, together with the sale of 0.5 million metric tons of the one-million metric ton tender for deteriorated rice stocks issued on April 28, 2017. Traders expect that there will be strong demand

for the remaining food-quality rice stocks as they can be exported to African markets at competitive prices. If the remaining 1.8 million metric tons of food-quality rice stocks are sold, then the government will have sold 3.8 million metric tons of food-quality rice stocks since January 2017. Meanwhile, the sale of 0.5 million metric tons of deteriorated rice will be mostly used for ethanol production. The government has also sold 1.6 million metric tons of feed-quality rice stocks during the same time period. A large portion of the feed-quality rice stocks are reportedly being used as a substitute for corn and for imported feed wheat in swine feed rations due to its relatively cheaper price.

After completing the sale of the May 24, 2017 food-quality rice tender and the April 28, 2017 deteriorated rice tender, the government is expected to continue to hold to 2 to 3 million metric tons of rice stocks, of which approximately 2.2 million metric tons are feed-quality rice stocks (Figure 3). The government is expected to issue a new tender for these remaining feed-quality rice stocks in late June 2017. However, the sale of the remaining feed-quality rice stocks will be challenging as supplies of new-crop corn will be entering the market in July 2017, creating downward price pressure on feed quality rice.

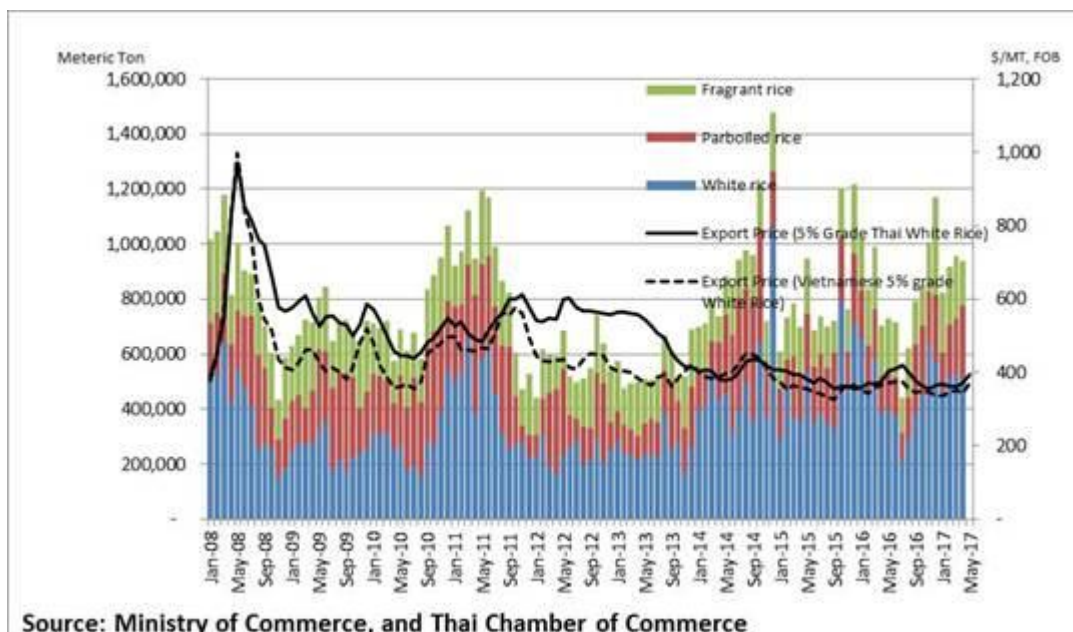
**Figure 3: Government Rice Stocks**



### 1.3 Rice Exports Update

According to the Thai Customs Department, Thai rice exports during January - April 2017, totaled 3.6 million metric tons (Figure 4). This is approximately a 2 percent increase from the same period in 2016, reversing the first quarter's 6 percent decline due to strong export growth of white and parboiled rice in April 2017 as a result of the sale of the government's old-crop rice stocks and the recovery in new-crop off-season rice production (MY2016/17). Exports of parboiled rice doubled in April 2017, totaling approximately 0.3 million metric tons destined mainly to African countries. This helped accelerate export of parboiled rice in the first four months of 2017 to 0.8 million metric tons which increased 22 percent from the same period last year. Also, white rice exports in April 2017 increased approximately 30 percent from the same period last year, which helped partially offset the first quarter's 19 percent decline. In the first four months of 2017, white rice exports totaled approximately 2 million metric tons, down 9 percent from the same period last year.

**Figure 4: Monthly Thai Rice Exports by Variety**



Source: Ministry of Commerce, and Thai Chamber of Commerce

The Ministry of Commerce reported preliminary rice exports during January – May 2017 at 4.5 million metric tons. This is approximately a 5 percent increase from the same period last year mainly due to strong import demand for approximately 0.2 million metric tons of white and fragrant rice from Iran in May 2017. Additionally, foreign buyers actively purchased Thai rice in response to the rare import opportunity to fulfill the private and government contracts to Iran. This pushed Thai rice export prices to 390-400 USD/MT for 5% grade white rice and parboiled rice in May 2017, which is approximately 20-30 USD/MT (8 percent) above the average export prices for the first quarter of the year (Figure 4). However, the price difference between Thai and Indian parboiled rice declined to 30 USD/MT in May 2017, compared to 60-70 USD/MT in the same period last year. Additionally, the price difference between Thai and Vietnamese white rice converged to a typical 20 USD/MT in May 2017.

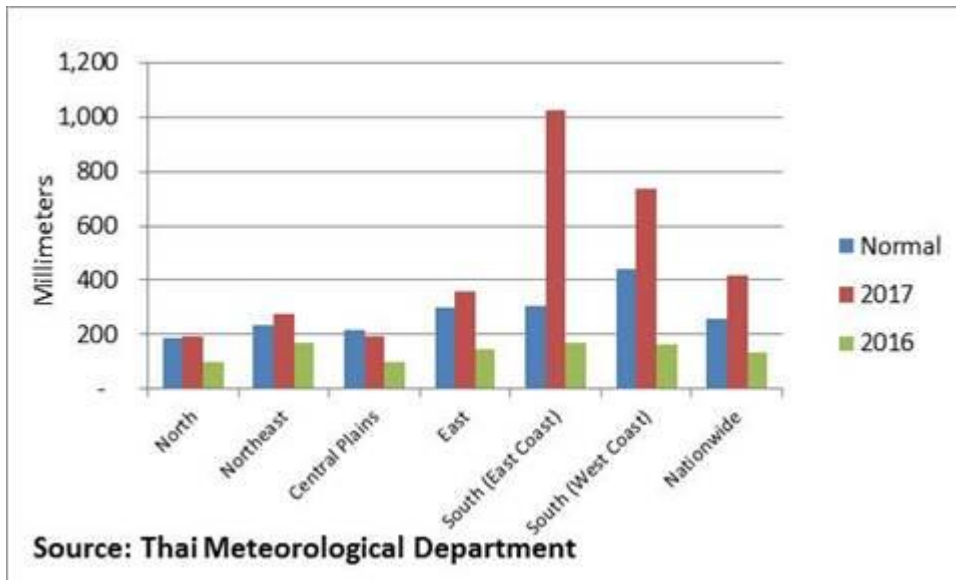
Therefore, Post’s forecast for Thai rice exports remains unchanged at 10 million metric tons in MY2016/17. This is approximately an 1 percent increase from last year as Thai rice exports are expected to maintain the current monthly export volume of 0.8 to 0.9 million metric tons for the rest of the year. Thai rice export prices are likely to remain competitive in the Middle East and African countries due to the recovery in the off-seasons rice production (MY2016/17) and the sale of government old-crop rice stocks.

## 2. Corn Update: Higher-than-expected MY2016/17 corn exports

Post’s forecast for MY2016/17 corn exports is revised up to approximately 0.7 million metric tons, compared to 0.5 million metric tons in the previous forecast. This is due to higher-than-expected exports of corn during the first 10 months of MY2016/17. At 0.6 million metric tons, corn exports for the first 10 months of MY2016/17 are three times the exports for the first 10 months of MY2015/16. Destined mostly to the Philippines and Vietnam, larger exportable supplies of corn reflect the substitution of imported feed wheat and feed-quality rice stocks for corn in swine feed ration. Additionally, feed mills are likely to hold minimal carry-over stocks of corn as they expect periodic harvesting of MY2017/18 corn production to begin in July 2017 due to favorable weather conditions. The Thai Meteorological Department reported that cumulative precipitation in the major growing areas in the northern region and the central plains during January 1 – May 14, 2017 is nearly double the cumulative amount received during the same period in 2016 (Figure 5). Corn cultivation in these regions accounts for approximately 80 percent of total Thai corn production.

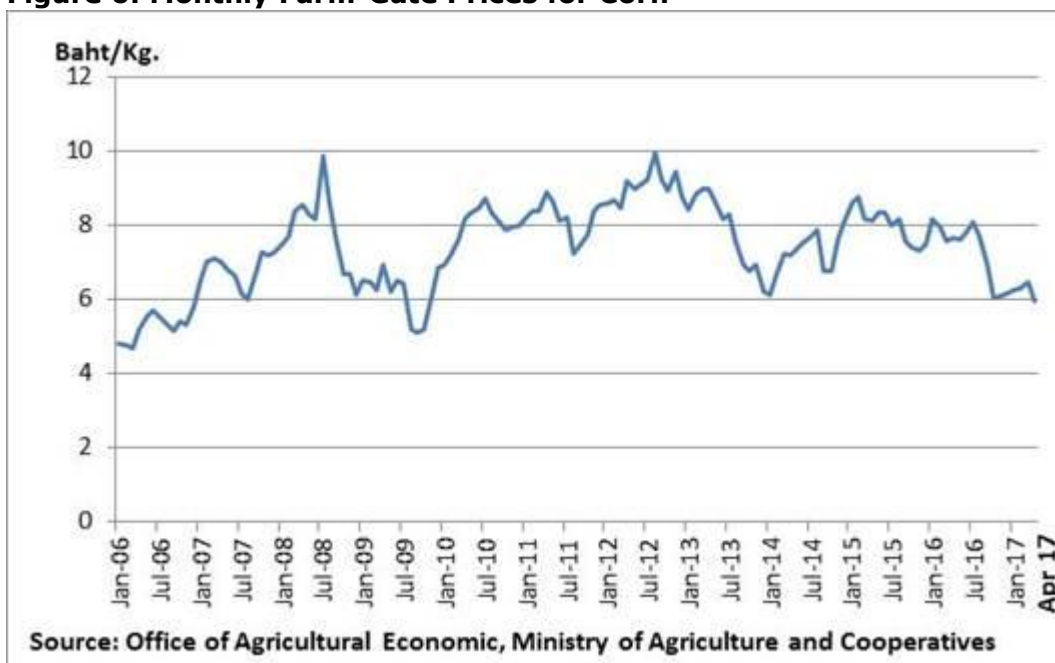
### Figure 5: Cumulative Precipitation by Region during January – May 14, 2017





In April 2017, farm-gate prices for corn further declined to 5,970 baht per metric ton (173USD/MT), down 7 percent from the previous month and down 22 percent from the same period in 2016 (Figure 6). The lower corn prices occurred despite the government implementing measures to stabilize domestic corn prices through requiring domestic corn to be purchased in order to import feed wheat. Domestic corn prices are expected to continue to face downward pressure due to the sale of feed-quality rice stocks which is used as a substitute for locally produced corn and imported feed wheat in swine feed rations.

**Figure 6: Monthly Farm-Gate Prices for Corn**



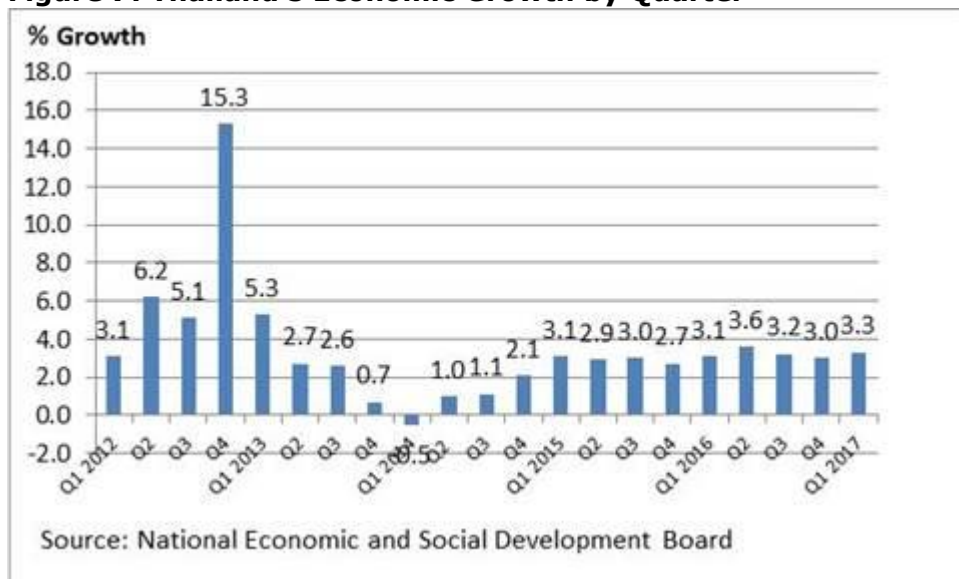
### 3. Wheat Update

During the first nine months of MY2016/17, wheat imports totaled 3.2 million metric tons. This is a 7 percent reduction from the same period in MY2015/16 due mainly to a reduction in imported feed wheat which declined to 2.3 million metric tons, down 9 percent from the same period in MY2015/16. The government has not yet finalized the request from the Thai Feed Mill Association for an exemption on the domestic corn absorption requirements for certain industries (please see

[Grain and Feed Update – April 2017](#)).

Meanwhile, milling wheat imports increased slightly to 0.8 million metric tons partially as the result of the sustained domestic economic recovery. The National Social and Economic Development Board (NESDB) reported that the Thai economy grew at an annual rate of 3.3 percent in the first quarter of 2017 (Figure 7). This economic growth momentum supports NESDB’s forecast of 3-4 percent growth in 2017. U.S. wheat imports in MY2016/17 increased to approximately 0.5 million metric tons, up 12 percent from the same period in MY2015/16.

**Figure 7: Thailand’s Economic Growth by Quarter**



Post’s forecast for total wheat imports remains unchanged at 3.6 million metric tons in MY2016/17 and 3 million metric tons in MY2017/18. This is a 23 percent and 17 percent reduction in total wheat imports due to the government’s import restrictions on feed wheat as well as the rice substitution for feed wheat in swine feed ration.

**Appendix**

**Table 1.1: Thailand’s Rice Production, Supply and Demand**

<b>Rice, Milled</b>	<b>2015/2016</b>		<b>2016/2017</b>		<b>2017/2018</b>	
<b>Market Begin Year</b>	<b>Jan 2016</b>		<b>Jan 2017</b>		<b>Jan 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>	9444	9444	10083	10083	10480	10480
<b>Beginning Stocks</b>	11270	11270	8403	8387	6253	6187
<b>Milled Production</b>	15800	15800	18600	18600	19500	19500
<b>Rough Production</b>	23939	23939	28182	28182	29545	29545
<b>Milling Rate (.9999)</b>	6600	6600	6600	6600	6600	6600
<b>MY Imports</b>	300	300	250	200	250	200
<b>TY Imports</b>	300	300	250	200	250	200
<b>TY Imp. from U.S.</b>	0	0	0	0	0	0
<b>Total Supply</b>	27370	27370	27253	27187	26003	25887
<b>MY Exports</b>	9867	9883	10000	10000	10000	10000
<b>TY Exports</b>	9867	9883	10000	10000	10000	10000

<b>Consumption and Residual</b>	9100	9100	11000	11000	11500	11500
<b>Ending Stocks</b>	8403	8387	6253	6187	4503	4387
<b>Total Distribution</b>	27370	27370	27253	27187	26003	25887
<b>Yield (Rough)</b>	2.5348	2.5348	2.795	2.795	2.8192	2.8192
(1000 HA) ,(1000 MT) ,(MT/HA)						

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

	2015/16			2016/17			2017/18		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
<b>Area</b> (Million Hectares)									
Cultivation	9.096	1.055	10.151	8.745	1.900	10.645	8.960	1.920	10.880
Harvest	8.709	0.735	9.444	8.373	1.710	10.083	8.720	1.760	10.480
<b>Production</b> (Million Tons)									
Rough	20.973	2.966	23.939	20.909	7.273	28.182	21.970	7.575	29.545
Rice	13.842	1.958	15.800	13.800	4.800	18.600	14.500	5.000	19.500
<b>Yield</b> (Ton/Hectare)	2.408	4.035	2.535	2.497	4.253	2.795	2.519	4.304	2.819

Source: FAS Estimate

**Table 2: Thailand's Corn Production, Supply and Demand**

<b>Corn</b>	<b>2015/2016</b>		<b>2016/2017</b>		<b>2017/2018</b>	
<b>Market Begin Year</b>	<b>Jul 2015</b>		<b>Jul 2016</b>		<b>Jul 2017</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>	1090	1090	1168	1168	1100	1100
<b>Beginning Stocks</b>	139	139	172	172	172	172
<b>Production</b>	4700	4700	5200	5200	4900	4900
<b>MY Imports</b>	600	600	600	600	700	700
<b>TY Imports</b>	600	600	600	600	700	700
<b>TY Imp. from U.S.</b>	2	0	0	0	0	0
<b>Total Supply</b>	5439	5439	5972	5972	5772	5772
<b>MY Exports</b>	367	367	500	700	200	100
<b>TY Exports</b>	439	310	600	700	200	100
<b>Feed and Residual</b>	4800	4800	5200	5000	5350	5300
<b>FSI Consumption</b>	100	100	100	100	100	100
<b>Total Consumption</b>	4900	4900	5300	5100	5450	5400
<b>Ending Stocks</b>	172	172	172	172	122	272



<b>Total Distribution</b>	5439	5439	5972	5972	5772	5772
<b>Yield</b>	4.3119	4.3119	4.4521	4.4521	4.4545	4.4545
(1000 HA) ,(1000 MT) ,(MT/HA)						

**Table 3: Thailand's Wheat Production, Supply and Demand**

<b>Wheat</b>	<b>2015/2016</b>		<b>2016/2017</b>		<b>2017/2018</b>	
<b>Market Begin Year</b>	<b>Jul 2015</b>		<b>Jul 2016</b>		<b>Jul 2017</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>	865	865	1002	885	752	545
<b>Production</b>	0	0	0	0	0	0
<b>MY Imports</b>	4872	4691	3600	3600	3000	3000
<b>TY Imports</b>	4872	4691	3600	3600	3000	3000
<b>TY Imp. from U.S.</b>	679	632	0	650	0	670
<b>Total Supply</b>	5737	5556	4602	4485	3752	3545
<b>MY Exports</b>	235	235	250	220	200	220
<b>TY Exports</b>	235	235	250	220	200	220
<b>Feed and Residual</b>	3300	3276	2400	2500	1500	1500
<b>FSI Consumption</b>	1200	1160	1200	1220	1300	1300
<b>Total Consumption</b>	4500	4436	3600	3720	2800	2800
<b>Ending Stocks</b>	1002	885	752	545	752	525
<b>Total Distribution</b>	5737	5556	4602	4485	3752	3545
<b>Yield</b>	0	0	0	0	0	0
(1000 HA) ,(1000 MT) ,(MT/HA)						