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# GAIN Report

Global Agricultural Information Network

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## Thailand

### Grain and Feed Update

**July 2016**

**Approved By:**

Rey Santella, Agricultural Attaché

**Prepared By:**

Ponnarong Prasertsri, Agricultural Specialist

**Report Highlights:**

TH6082 - The planting of the MY2016/17 main rice crop is still 30 percent behind last year.

Aggressive sales of government stocks will likely increase Thai rice exports to 9 million metric tons in 2016.

**Post:**

Bangkok

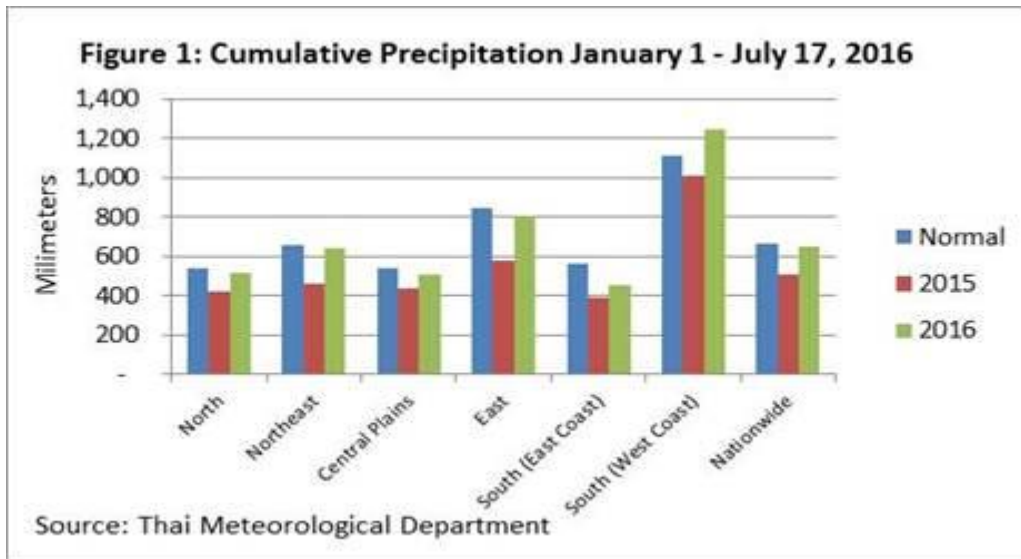
**Executive Summary:**

The planting of the MY2016/17 main rice crop in irrigated areas is 30 percent behind last year's pace, particularly in the central plains due to the lack of water. This planting delay will likely result in a reduction of the main rice-crop production to 13.8 million metric tons in line with Post's forecast in April 2016. However, rice exports are revised up to 9 million metric tons in 2016 driven by aggressive sales of government stocks. Post's forecast for MY2016/2017 corn and wheat remains unchanged.

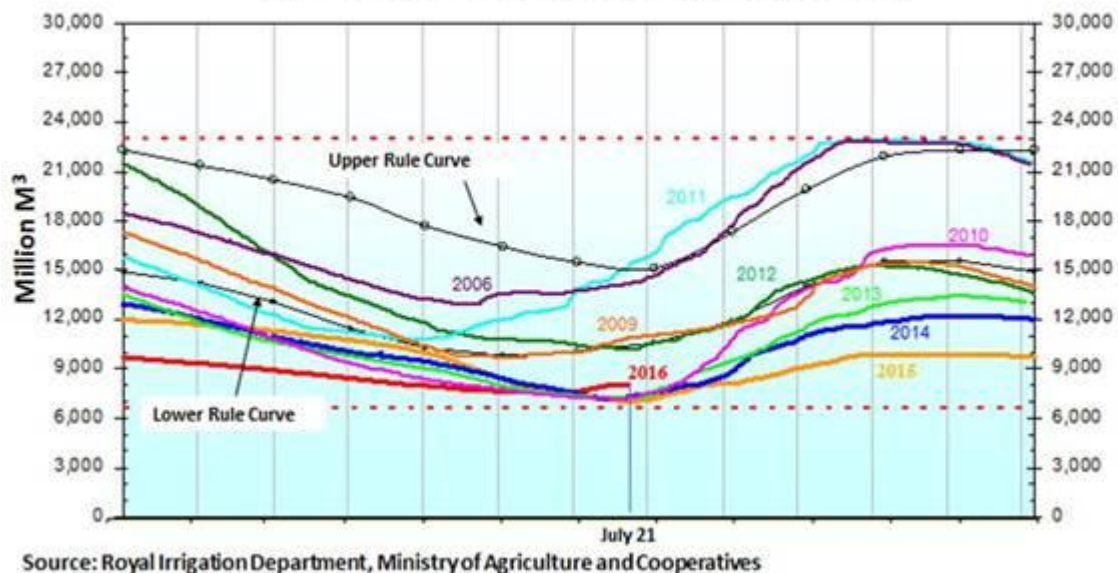
**Author Defined:****MY2016/17 main-crop rice planting 30 percent behind**

According to Post's crop survey in July 2016, most farmers began planting their MY2016/17 main rice crop as a result of favorable rainfall. However, some farmers in irrigated areas of the central plains, (accounts for around 20 percent of total main rice crop cultivation in irrigated areas), still cannot plant their crops as the Royal Irrigation Department (RID) still has not supplied water for these areas. The RID's crop-progress report on July 20, 2016 indicated that the planting of the MY2016/17 main rice crop in irrigated areas was behind last year's pace. This planting delay of three months is likely to result in an acreage reduction for the MY2016/17 main rice crop around 2 million rai (0.3 million hectares), particularly in the central plains as a second crop is highly unlikely (GAIN Report: TH6048 – Grain and Feed Update, April 2016).

According to the Thai Meteorological Department (TMD), cumulative precipitation increased to normal levels in July 2016, which is 30 percent higher than last year (Figure 1). However, the government still has not released water for agriculture irrigation purposes as water reservoir levels remain low (Figure 2). The RID reported that water supplies in major reservoirs in the northern regions, which are main sources of irrigated water supplies for rice planting in the lower northern region and central plains, remained low at around 2 billion cubic meters (as of July 22, 2016), compared to the ideal levels of 7 billion cubic meters. The TMD expects normal precipitation nationwide during August and September 2016, which is expected to help recharge reservoirs in the northern regions.



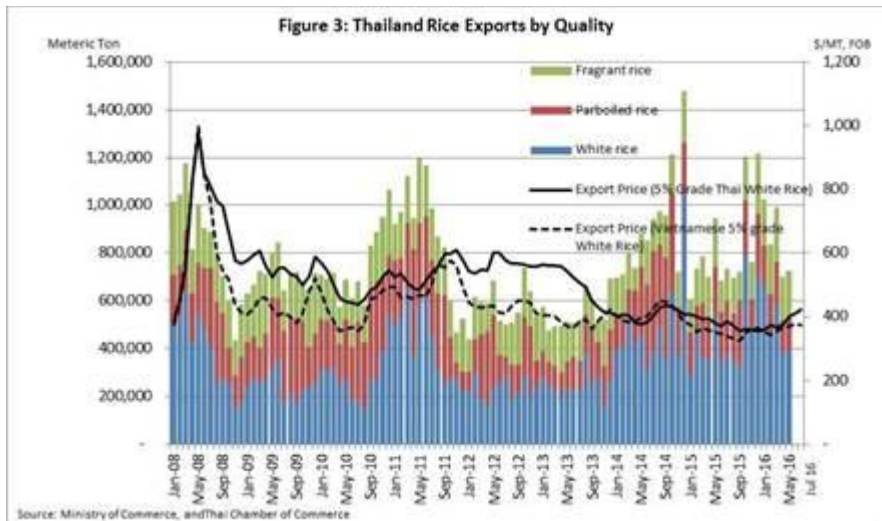
**Figure 2 : Reservoir Levels in Major Dams**



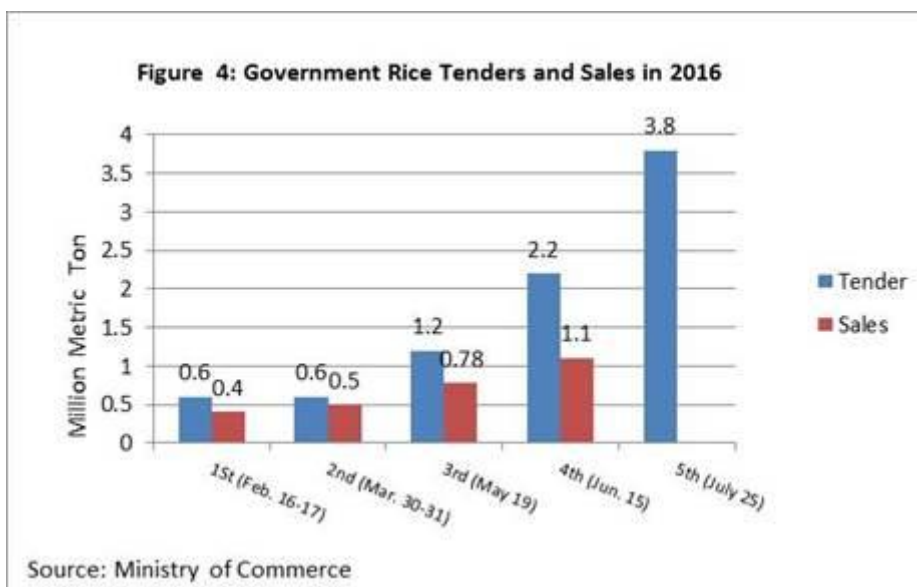
Post's forecast for the MY2016/17 rice production remains unchanged at 17 million metric tons, which will likely increase 8 percent from MY2015/16 (GAIN Report: TH6072 – Grain and Feed Update, June 2016). The increase is due to anticipated recovery of the off-season rice production to 3.2 million metric tons.

**Rice exports revised up to 9 million metric tons in 2016**

According to the Thai Rice Exporter Association, preliminary rice exports in June totaled approximately 650,000 metric tons, down 5 percent from the same period last year. This is mainly due to a reduction in white and parboiled rice exports resulting from tight domestic supplies of new-crop white rice paddy. Export prices for 5% grade white rice and parboiled rice increased significant to \$420/MT and \$460/MT respectively in June 2016, up approximately 10% from the same period last year. This has slowed exports of Thai rice to 11 percent (4.9 million metric tons) in the first half of 2016 compared to 14 percent in the first five months (4.3 million metric tons).



Post expects Thai rice exports in the second half of 2016 to increase primarily driven by the government's aggressive sales of rice stocks for export, which is likely to more than offset the reduction in parboiled rice exports. The government issued a new tender for 3.8 million metric tons on July 25, 2016 (Figure 4). The tender consisted of 2.9 million metric tons of food-grade rice, of which 2.2 million metric tons will be for export only and 0.7 million metric tons for the domestic or export market. Most of the stocks were 5% grade and broken white rice (A1-Super grade) from carry-over stocks under the MY2012/13 and MY2013/14 rice pledging programs. Presently, export prices of old-crop white rice are reportedly at \$342/MT which is \$75-80/MT lower than those of current-crop white rice. This price is reportedly competitive in African market as it is approximately 10 percent cheaper than Vietnamese rice. The remainder of around 0.9 million metric tons was non-food grade rice, which is anticipated to be used for the animal feed and ethanol industries.



Post revised up its Thai rice export estimates in 2016 to 9 million metric tons from the previous forecast. However, it is still 8 percent lower than the last year's exports of 9.8 million metric tons due to tight new-crop rice supplies.

## Appendix Tables

### 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	11207	6070	6807
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	27307	23320	24107
MY Exports	9779	9796	9800	9000	9000	9000
TY Exports	9779	9796	9800	9000	9000	9000
Consumption and Residual	10600	10600	10800	11500	11100	12500
Ending Stocks	10570	11207	6070	6807	3220	2607
Total Distribution	30949	31603	26670	27307	23320	24107

(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	(July 2016 Forecast)			(July 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