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Thailand

Grain and Feed Update

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Report Highlights:

TH4064 – Precipitation remains below average in major corn and rice growing areas. MY2013/14 corn exports are revised up due to better-than-expected exports to the Philippines. The 2014 rice export forecast remains unchanged at 9 million metric tons as the sales of government rice stocks will likely resume in August.

Post:
Bangkok

Commodities:
Corn

Rice, Milled

Executive Summary:

Post's MY2014/15 corn and rice production forecast remains unchanged at 2 to 3 percent lower than last year as precipitation is still below average in major growing areas. Some corn farmers have reportedly replanted their crops due to the lack of rain. Despite the minimal rain, corn exports are better than expected, particularly to the Philippines. Meanwhile, consumption of corn is revised down slightly as farmers modify their swine feed rations by substituting broken rice in place of corn.

Author Defined:

1. Precipitation remained low in Major Growing Areas

The Thai Meteorological Department (TMD) reported that precipitation was 2 percent above average in June 2014. However, precipitation is still far below normal levels in the north and the central plains, which are the major growing areas for corn and rice (Table 1). The cumulative rainfall for the year is 15 to 30 percent below average (Figure 1). Corn production in the north accounts for 60 to 70 percent of Thailand's total corn production.

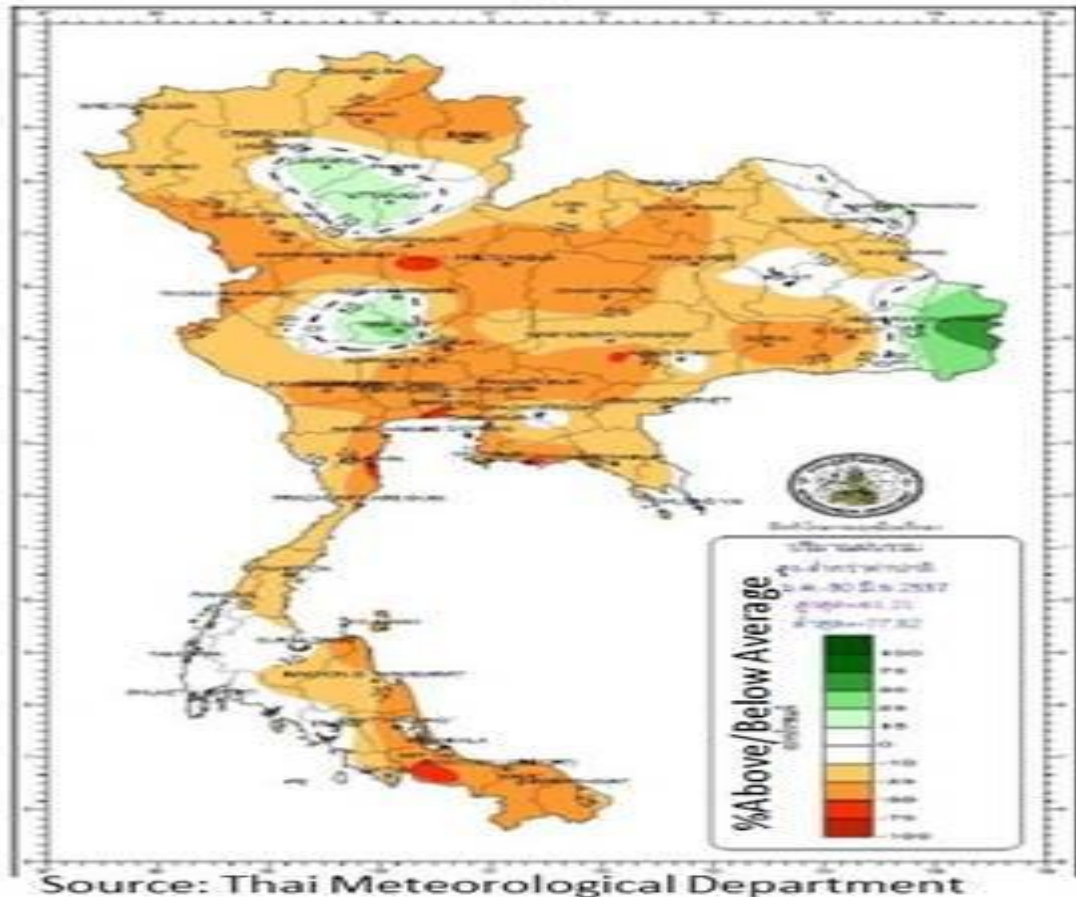
Despite good precipitation in the northeastern region, rainfall in some corn growing areas is 50 to 70 percent below average, particularly in the Na-khon-ratcha-si-ma province, which accounts for half of total corn production in the northeast. Approximately 10 percent of Thailand's major corn growing areas is adversely affected by the dry conditions. Some farmers have reportedly replanted their corn in June due to the lack of rain while cassava farmers affected by an outbreak of mealy bug have shifted to corn as prices increased to around 10 baht/kg (\$312/MT) compared to around 7.50 baht/kg (\$234/MT) in early 2014. Post's MY2014/15 rice and corn production forecast remains unchanged from the previous estimate, which expects a 2 to 3 percent reduction in rice and corn production from last year due mainly to a reduction in average yield.

Table 1: Precipitation in June 2014

Region	Precipitation		
	Actual	Above/Below Normal Average	
	(Millimeter)	(Millimeter)	%
North	128	-28	-18
Northeast	226	22.2	11
Central Plain	126	-19.1	-13
East	279	17.7	7
South (East Coast)	123	10.1	9
South (West Coast)	358	45.9	15

Source: Thai Meteorological Department

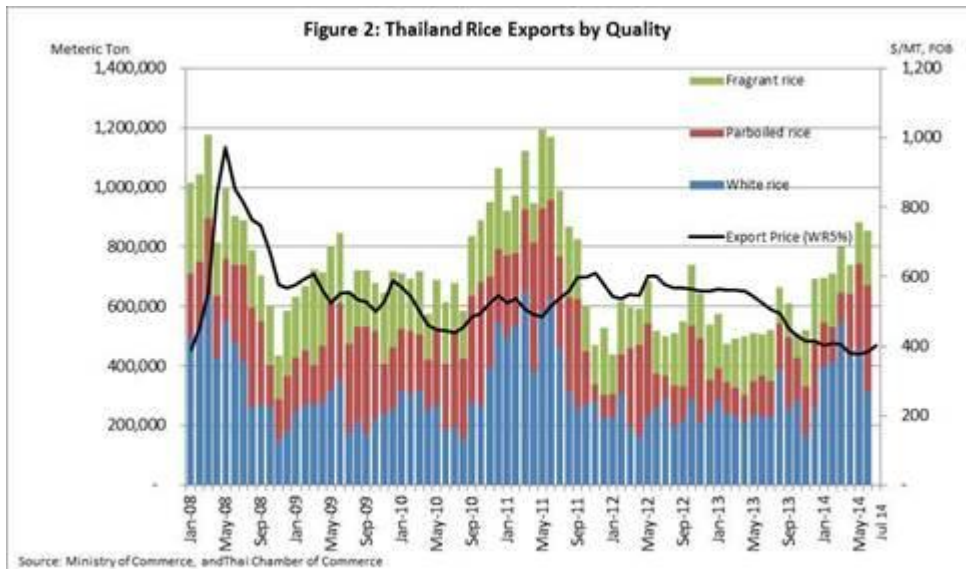
**Figure 1: Cumulative Rainfall
January – June 2014**



2. MY2013/14 Corn Exports Revised Up

According to the Board of Trade of Thailand, preliminary MY2013/14 corn exports totaled 1,075,474 metric tons, up significantly from the previous year. Thai corn exports continued its upward trend in June 2014, particularly to the Philippines, as a result of relatively lower export prices compared to other competitors. However, corn exports will likely decline significantly in MY2014/15 as domestic corn prices have increased significantly to around 10-11 baht/kg (\$312-344/MT). The higher corn prices are driven by the shortage of corn in the domestic market as the government still does not allow corn imports to enter Thailand, particularly from Cambodia.

According to the Thai Custom Department, total rice exports from January – June 2014 totaled 4.7 million metric tons, up 59 percent from the same period last year. Exports of white and parboiled rice nearly doubled due to the sales of government rice stocks and the elimination of the pledging program. Thai rice exports will likely continue to rise in the second half of 2014 as the government plans to resume sales of its rice stocks after it completes the inspection of rice storage facilities. Thus far, the government reported that around 70 percent of the rice storage warehouses (around 18 million metric tons) have been inspected. Around 80 percent of the government-owned rice (or approximately 10 million metric tons) is in good condition, of which approximately 3 million metric tons are broken white rice. Post's forecast for rice exports in 2014 remain unchanged from the previous estimate of 9 million metric tons.



3. Corn consumption revised down

MY2013/14 corn consumption growth will likely be 2 to 3 percent lower from the previous year as swine farmers substitute broken rice for corn, particularly in the second half of the year due to relatively cheaper prices. In the second half of the year, the price for broken rice declined to around 9.50 baht/kg, down 37 percent from the last year due to the increase in sales of government rice stocks and the elimination of the pledging program. Presently, the price for broken rice is approximately 10 percent lower than the price of corn. Around 1 to 2 million metric tons of broken rice is expected to be used in feed rations, of which swine feed accounts for 80 to 90 percent.

Appendix Tables

Table A1.1: Thailand's Rice Production, Supply and Demand

Rice, Milled Thailand	2012/2013		2013/2014		2014/2015		
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	10,837	10,837	10,900	10,920	10,900	10,900	(1000 HA)
Beginning Stocks	9,330	9,330	12,808	12,808	13,808	13,693	(1000 MT)
Milled Production	20,200	20,200	20,500	20,460	20,500	20,130	(1000 MT)
Rough Production	30,606	30,606	31,061	31,000	31,061	30,500	(1000 MT)
Milling Rate (.9999)	6,600	6,600	6,600	6,600	6,600	6,600	(1000 MT)
MY Imports	600	600	300	300	300	300	(1000 MT)
TY Imports	600	600	300	300	300	300	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
Total Supply	30,130	30,130	33,608	33,568	34,608	34,123	(1000 MT)
MY Exports	6,722	6,722	9,000	9,000	10,000	10,000	(1000 MT)
TY Exports	6,722	6,722	9,000	9,000	10,000	10,000	(1000 MT)
Consumption and Residual	10,600	10,600	10,800	10,875	10,900	10,900	(1000 MT)
Ending Stocks	12,808	12,808	13,808	13,693	13,708	13,223	(1000 MT)
Total Distribution	30,130	30,130	33,608	33,568	34,608	34,123	(1000 MT)
Yield (Rough)	3	2.8242	3	2.8388	3	2.7982	(MT/HA)

Table A1.2: Thailand's Paddy Area, Production, and Yield

	2012/13			2013/14 (July 2014)			2014/15 (July 2014)		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (million hectare)									
Cultivation	9,288	2,160	11,448	9,288	2,100	11,388	9,288	2,100	11,388
Harvest	8,737	2,100	10,837	8,920	2,000	10,920	8,900	2,000	10,900
Production (million ton)									
Rough	21,471	9,135	30,606	22,400	8,600	31,000	22,000	8,500	30,500
Rice	14,171	6,029	20,200	14,784	5,676	20,460	14,520	5,610	20,130
Yield (ton/hectare)	2.457	4.350	2.824	2.511	4.300	2.839	2.472	4.250	2.798

Source: FAS Estimates

Table A2: Thailand's Corn Production, Supply and Demand

Corn Thailand	2012/2013		2013/2014		2014/2015		
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	1,080	1,080	1,120	1,120	1,100	1,100	(1000 HA)
Beginning Stocks	515	515	643	643	193	143	(1000 MT)
Production	4,600	4,600	4,900	4,900	4,900	4,750	(1000 MT)
MY Imports	400	400	600	600	600	600	(1000 MT)
TY Imports	400	400	600	600	600	600	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
Total Supply	5,515	5,515	6,143	6,143	5,693	5,493	(1000 MT)
MY Exports	72	72	1,050	1,075	100	60	(1000 MT)
TY Exports	114	115	1,050	1,075	100	60	(1000 MT)
Feed and Residual	4,700	4,700	4,800	4,825	5,200	5,200	(1000 MT)
FSI Consumption	100	100	100	100	100	100	(1000 MT)
Total Consumption	4,800	4,800	4,900	4,925	5,300	5,300	(1000 MT)
Ending Stocks	643	643	193	143	293	133	(1000 MT)
Total Distribution	5,515	5,515	6,143	6,143	5,693	5,493	(1000 MT)
Yield	4	4.2593	4	4.375	4	4.3182	(MT/HA)