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Report Highlights:

FAS Bangkok (Post) expects chicken meat production to increase slightly in 2024 due to limited supplies of day-old chicks and the slow recovery in domestic consumption amid strong export demand. Post forecasts chicken meat production to increase 2.6 percent in 2025, driven by attractive returns and strong export demand.

Executive Summary

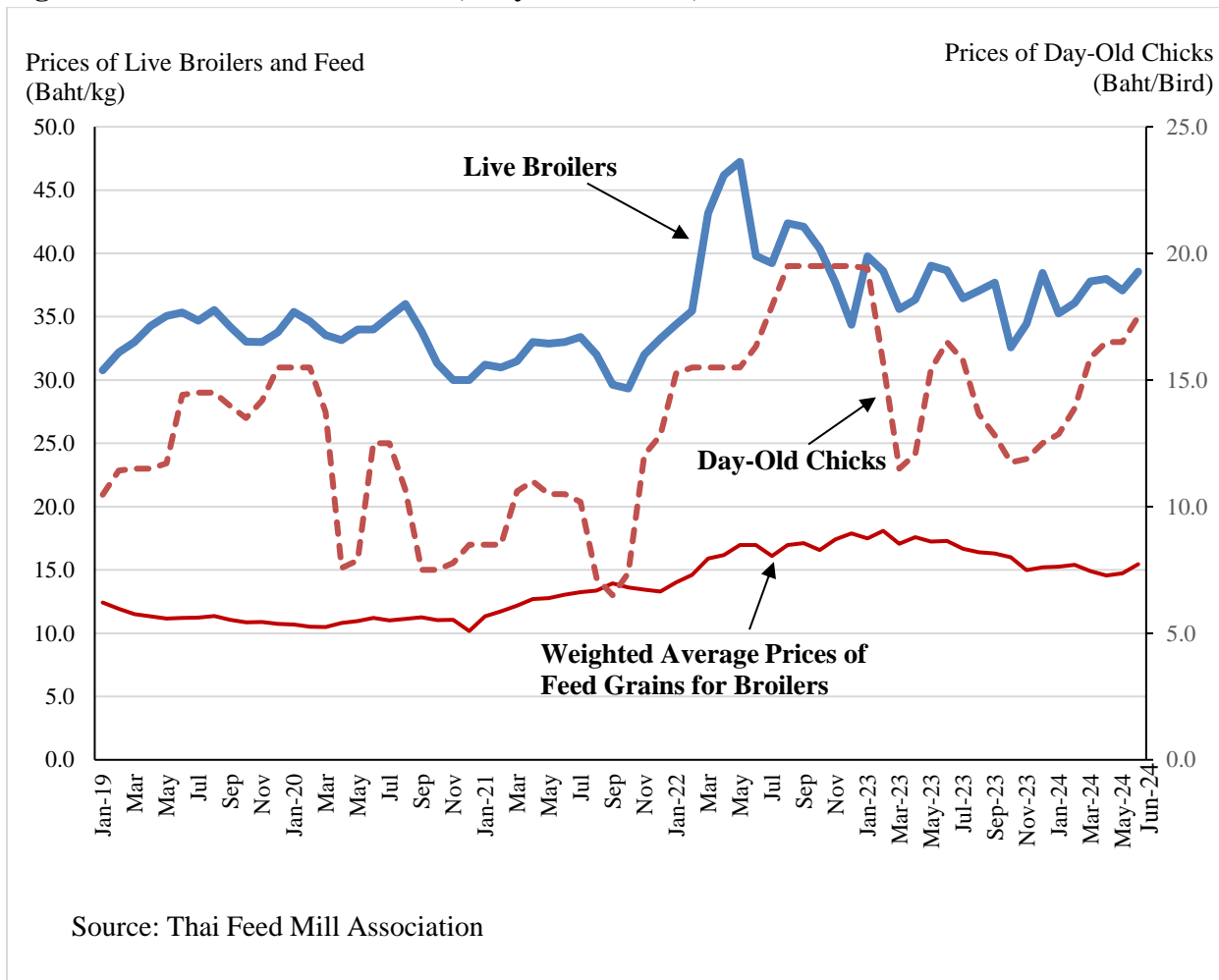
Post expects chicken meat production to increase one percent in 2024, which is a slowdown from 4.5 percent in 2023, due to limited supplies of day-old chicks and the slow recovery in domestic consumption. Prices of day-old chicks in the first half of 2024 were under upward pressure and surged to 17.5 baht/head (48 cents/bird) in June 2024. Even though the number of foreign tourists increased to 17.5 million in the first half of 2024, up 35 percent from the same period in 2023, household and tourist expenditures on meat in the first half of 2024 declined around one percent from the same period in 2023. However, chicken meat exports are expected to increase 4.7 percent from 2023, following the foreign buyers' concern about the Newcastle Disease (ND) outbreak in Brazil in July 2024.

Post forecasts chicken meat production to increase around 2.6 percent in 2025, driven by attractive returns and strong export demand. Chicken meat consumption growth in 2025 is expected to be steady at around one percent, reflecting slow recovery in household expenditure. Even though, the Bank of Thailand projects Thailand's economic growth to reach 3.0 percent in 2025, the household consumption growth in 2025 will be limited by persistently elevated household debt levels. Chicken meat exports are expected to increase 3.5 percent in 2025. This is a slower growth pace relative to 2024 as Brazil's chicken meat exports from its southern production area are expected to fully recover from the ND outbreak in late 2024.

1. Production

The Ministry of Industry's Office of Industrial Economics reported that Thailand's chicken meat production in the first half of 2024 declined 4 percent from the same period in 2023 due to unattractive farm-gate prices of live broilers which declined 2 percent from the same period in 2023 (Figure 1.1). Also, prices of day-old chicks in the first half of 2024, which accounted for around 15 percent of total production costs, were under upward pressure and surged to 17.5 baht/head (48 cents/bird) in June 2024, compared to the record 19.5 baht/head (54 cents/head) in August 2022, due to tight supplies of grandparent and parent stocks. The spread of low and high pathogenic avian influenza (HPAI) in the global supply chain has reduced grandparent and parent stocks. Consequently, imports of broiler day-old chicks in the first half of 2024 declined 55 percent from the same period in 2023. In addition, Thailand's exports of day-old chicks in the first half of 2024 increased significantly, especially to Cambodia from 2.5 million heads in the same period of 2023 to 6.7 million heads, following the HPAI outbreaks in Cambodia. Average prices of day-old chick in the first half of 2024 increased 3 percent from the same period last year. Meanwhile, average prices of feed grains in the first half of 2024, which accounted for around 60 percent of total production costs, declined 14 percent from the same period last year. The net reduction in production costs helped integrated poultry industry in Thailand to turn profitable in the first half of 2024 from a substantial loss in 2023.

Figure 1.1: Prices of Live Broilers, Day-Old Chicks, and Broiler Feed



Post projects chicken meat production in 2024 to grow by 1 percent from 2023, as the expected increase in chicken meat production in the second half of 2024 is likely to offset shrinking broiler production in the first half of 2024. This is a slowdown in chicken meat production growth, relative to the production growth of 4.5 percent in 2023, due to tight supplies of day-old chicks and shrinking domestic consumption in the first half of 2024. Broiler production growth is expected to accelerate in the second half of 2024 as export demand is likely to remain strong in the rest of 2024. In addition to reduced feed grain prices, average prices of day-old chicks began to level off in July 2024 and further declined to around 16.23 baht per head (47 cents/head) in August 2024, which will bring down the cost of broiler production.

Post forecasts chicken meat production to increase around 2.6 percent in 2025, driven by attractive returns following strong export demand. Also, industry sources expect that tight supplies of grandparent and parent stocks will likely ease in the first half of 2025, which will help further reduce costs of broiler production in 2025.

2. Consumption

According to the OIE, chicken meat consumption in the first half of 2024, declined 3 percent from the same period last year due to the slow economic recovery (Figures 2.1 and 2.2). The National Economics and Social Development Council (NESDC) reported that the Thai economic growth in the first half of 2024 was 2.0 percent, compared to 1.6 percent in the second half of 2023 and 2.2 percent in the first half of 2023. Household food spending decelerated by 4.3 percent in the first quarter and 3.7 percent in the second quarter of 2024, compared to 4.5 percent in the last quarter of 2023. Increased unemployment rate in the first quarter of 2024 reportedly affected household income. Even though the number of foreign tourists increased to 17.5 million in the first half of 2024, up 35 percent from the same period in 2023, household and tourist expenditures on meat in the first half of 2024 declined around one percent from the same period in 2023. According to the Bank of Thailand's (BOT) survey in April 2024, per capita daily tourist spending on food in the first quarter of 2024, which accounted for around 23 percent of total tourist spending, continued to decline from 2023. Foreign tourists reportedly spent more on accommodation, which accounted for 36 percent of total tourist expenditures in 2023, following a 35 percent increase in room rates in the first four months of 2024.

Figure 2.1: Thailand's Quarterly Chicken Meat Consumption

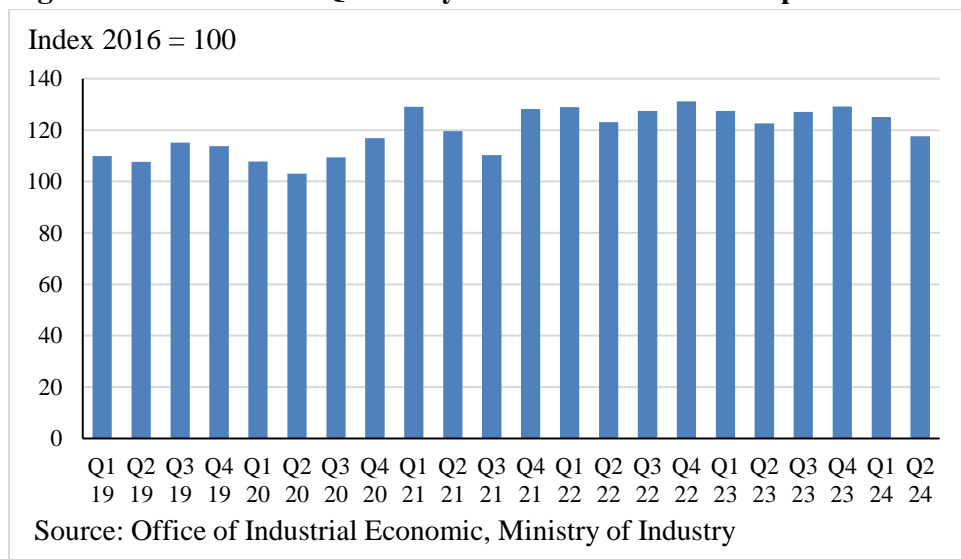
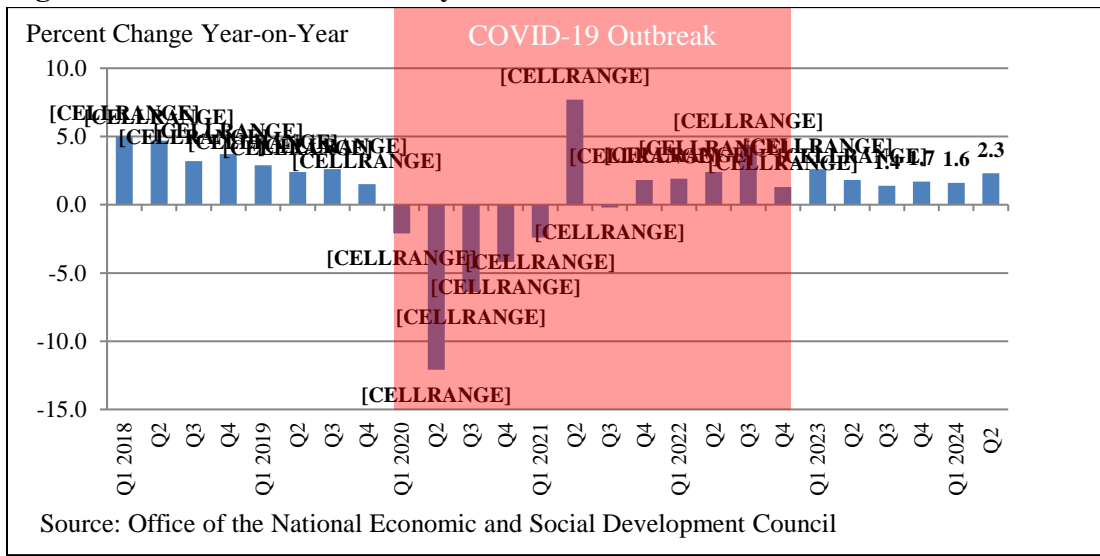
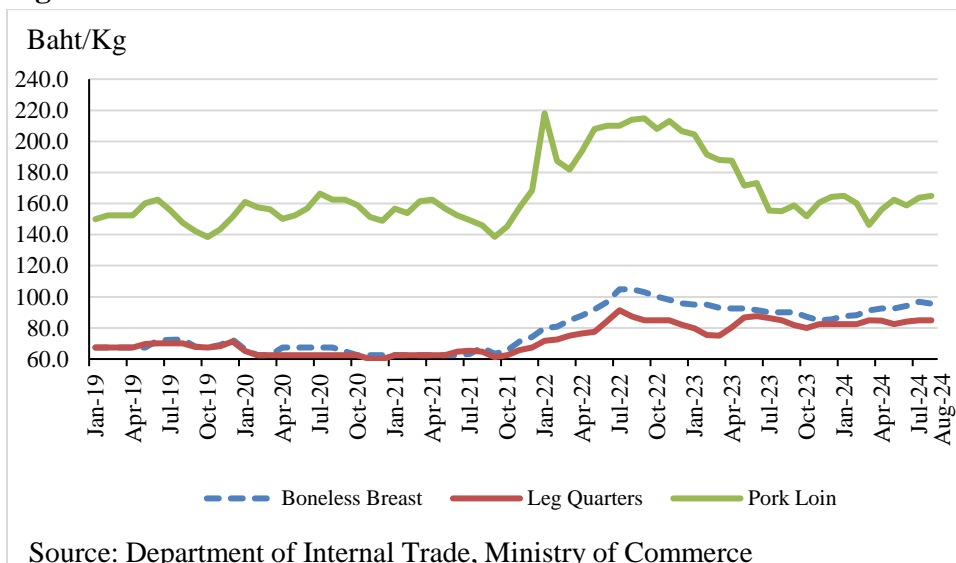


Figure 2.2: Thailand's Quarterly Economic Growth



Despite shrinking broiler production costs following reduced prices of feed grains, average retail prices of chicken meat in the first eight months of 2024 remained high, driven by strong export demand for chicken meat. The average retail prices of leg quarters increased 2 percent to 83.90 baht per kilogram (\$1.06/lb), relative to the January – August period in 2023 (Figure 2.3). Also, the average retail price of boneless chicken breast meat was steady at 92.33 baht per kilogram (\$1.16/lb). Meanwhile, retail prices of pork meat declined 10 percent to 159.71 baht per kilogram (\$2.01/lb), following a full recovery in swine production after the African Swine Fever outbreak in 2022. The relative prices of chicken and pork meat further contributed to a downturn in the domestic consumption of chicken meat in the first half of 2024.

Figure 2.3: Retail Prices of Chicken and Pork Meat



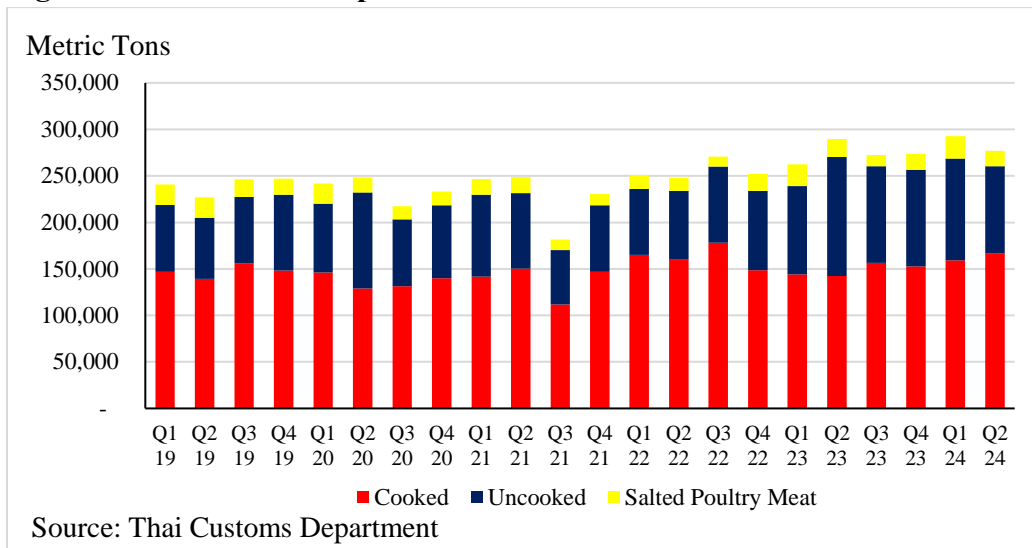
Post expects chicken meat consumption in 2024 to increase by one percent from 2023 as growing chicken meat consumption in the rest of 2024 will likely offset shrinking chicken meat consumption in the first half of 2024. According to the BOT's latest economic forecast in August 2024, Thailand's economic growth is likely to accelerate in the second half of 2024 with expected annual economic growth of around 2.6 percent in 2024, driven by the government's short-term stimulus measures through the Digital Wallet program, which will help boost consumer spending in the last quarter of 2024. Also, the number of foreign tourists is expected to increase in the second half of 2024 with a larger proportion of high spending tourists, especially from China and the Middle East. The BOT expected foreign tourist to increase to 35.5 million in 2024, up 26 percent from 28.2 million in 2023. The proportion of high spending tourists is expected to increase to 22.5 percent of total foreign tourists in 2024, compared to 14.6 percent in 2023. However, this proportion of high spending tourists is still lower than the pre-pandemic levels, which were 29.2 percent of total foreign tourists.

Post forecasts chicken meat consumption growth in 2025 to be steady at around one percent, reflecting slow recovery in household expenditure. Even though, the BOT projects Thailand's economic growth to reach 3.0 percent in 2025, the household consumption growth in 2025 will be limited by persistently elevated household debt levels. In addition, the increase in proportion of high spending foreign tourists, especially from China, is likely to be sluggish in 2025 following the expected slowdown in Chinese economy, despite an anticipated increase in the number of foreign tourists to the pre-pandemic levels of around 40 million in 2025.

3. Trade

Chicken meat exports in the first half of 2024 totaled 569,563 metric tons, up 3 percent from the same period last year, due to cooked chicken meat exports. Exports of cooked chicken meat increased 14 percent from the same period last year, mainly to the EU and Japan, which respectively grew by 18 percent and 8 percent. The cooked chicken meat exports accounted for 57 percent of Thailand's total chicken meat exports. The EU and Japan market respectively accounted for 42 percent and 8 percent of total cooked chicken meat exports. The increased exports of cooked chicken meat offset the reduced exports of uncooked chicken meat and salted chicken meat which declined 9 percent and 5 percent, respectively, from the same period last year, mainly to China and the EU, following the economic slowdown in the first half of 2024.

Figure 3.1: Thailand's Exports of Chicken Meat



Post expects chicken meat exports in 2024 to increase around 4.7 percent from 2023. Industry sources anticipate export demand for Thai chicken meat to remain strong in the second half of 2024 due to the foreign buyers' concern about the ND outbreak in Brazil in July 2024. Brazil reportedly restricted its chicken exports for 26 days between July 18 – August 12, 2024, following the ND outbreak in a small commercial farm in a southern state. Exports of cooked chicken meat is expected to account for around 60 percent of total chicken meat exports, up from 54 percent in 2023. Meanwhile, uncooked chicken meat exports are likely to account for 35 percent of total chicken meat exports, down from 39 percent in 2023, as Brazil's exports of uncooked chicken meat exports in the first half of 2024 recovered from the HPAI outbreaks in 2023 (please see [TH2023-0053, Poultry and Product Annual, September 7, 2023](#)).

Post forecasts chicken meat exports to increase 3.5 percent in 2025. This is a slower growth pace relative to 2024 as by late 2024, Brazil's chicken meat exports from the south are expected to fully recover from the ND outbreak. Cooked chicken meat exports are expected to further increase and contribute to more than 60 percent of total chicken meat exports in 2025. Meanwhile, the proportion of uncooked chicken meat among the total chicken meat exports is likely to further decline to around 30 percent due to competition from Brazil.

4. Stocks

In the first half of 2024, chicken meat processors ran down their large inventories of chicken meat. The OIE reported that inventories of chicken meat in the first half of 2024 declined around 24 percent from the same period in 2023 as chicken meat processor began to curb production in the beginning of 2023 to draw down their stocks of chicken meat, following strong export demand of cooked chicken meat.

5. Policy

Thailand is a highly protected market where the government only allows the importation of certain types of poultry meat. The Thai government practically bans U.S. chicken meat products through nontransparent import permit controls. In addition to high import tariffs (30-40 percent for chilled or frozen uncooked meat and 30 percent for cooked chicken meat), Thailand's Department of Livestock Development imposes a high import permit fee (7 baht/kg or approximately \$200/MT) on uncooked meat products to protect the domestic market from imports.

6. Marketing

There are limited market opportunities for U.S. chicken meat products in Thailand due to tariff and non-tariff barriers. Similarly to other Asian countries, Thai consumers prefer dark chicken meat to white meat. Therefore, the most promising chicken parts are leg-quarters, mechanically deboned meat (MDM), and value-added chicken meat. Food processors (sausage processor in the case of MDM) and supermarket would be the most promising target. In the future, Thailand may import bone-in-leg chicken meat for processing and re-export to market outside the EU¹, including Japan.

¹ Salted and cooked skinless boneless constitute 95% of Thailand's total chicken meat exports to the EU.

Appendix Table

Table 1: Thailand's Production, Supply, and Distribution of Chicken Meat

Meat, Chicken	2023		2024		2025	
	Jan 2023		Jan 2024		Jan 2025	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	48	48	69	69	0	50
Production (1000 MT)	3450	3450	3490	3490	0	3580
Total Imports (1000 MT)	2	2	3	1	0	1
Total Supply (1000 MT)	3500	3500	3562	3560	0	3631
Total Exports (1000 MT)	1098	1098	1120	1150	0	1190
Human Consumption (1000 MT)	2333	2333	2382	2360	0	2385
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	2333	2333	2382	2360	0	2385
Total Use (1000 MT)	3431	3431	3502	3510	0	3575
Ending Stocks (1000 MT)	69	69	60	50	0	56
Total Distribution (1000 MT)	3500	3500	3562	3560	0	3631
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Attachments:

No Attachments