



"OUTLOOK OF THAILAND CROP AND SITUATION IN 2018"

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The majority of models in the International Research Institute for Climate and Society / CLIMATE PREDICTION CENTER/NCEP/NWS plume predict El Niño to form during the fall and continue through the winter. In summary, El Niño is favored to form in the next couple of months and continue through the Northern Hemisphere winter 2018-19 (70-75% chance). The ENSO Alert System Status now is shown **El Niño Watch**.

The actual crop output in January to September 2018 was 1,373,000 metric tons and average raw material price at USD 90 per metric ton which raw material quality in summer crop was better than last year.

Outlook of Thailand crop output during October to December 2018 tentatively indicated by sub-committee of raw material of Thai Food Processors' Association (TFPA) will be around 423,000 metric tons for fresh consumption, dehydrated production and canneries. This year total Thailand crop output will be around 1.79 million metric tons or less 14% than the total crop output in 2017 due to growers stopped replanting and changed to other crops after harvesting which will continue to affect the Thailand crop output in 2019.

Thailand exports of canned pineapple during January-September 2018 comparing with same period in 2017 was decreased 10.9% and 22.6% in term of volume and in term of US Dollar value respectively but Thailand exports of pineapple juice concentrate during January-September 2018 comparing with same period in 2017 was significantly increased 8.6% in term of volume and significantly decreased 23.9% in term of US Dollar value respectively. While the exchange rate of Thai Baht has started to be depreciated against US Dollar, running at THB 32.27 to 32.97 against US Dollar or average at THB 32.67 against US Dollar in October which was still not benefit enough to Thai exporters to compete with their competitors in Indonesia and Philippines whose their currency were depreciated 10.48% and 5.76% respectively.

Ultimately, all canneries have been reopened after shutting down for annual maintenance with raw material price at USD 110-130 per metric ton and quality unripe and small fruit size with nitrate level affected by rains which came earlier before its season.

Current IMF projections of Chinese economic growth for 2019 have it at 6.3%. Growth is projected to slow moderately over the coming five years as China modernizes its economy. This is likely to create downward pressure on iron ore prices as China's demand for iron ore decreases. Brazilian iron ore production increased 5% last year, and 4% this year. Beside, it may be a slowdown in global growth as a result of the US-China trade war that could create the immediate difficulties for iron ore prices. However, tinplate suppliers still would like to increase the price another USD 15 per metric ton for 4Q18 delivery but TFPA insisted the empty can makers to hold their price.

Demand of canned pineapple is still continued to increase, especially China and US markets affected by the tariff problem between China and USA – Trade War for the importation of canned fruits into US market which the import tariff will be increased from 10% to be 25% from January 2019 and raw material output for peach and pear production dropped this year. However, demand of pineapple juice concentrate is continued to slow down, especially European buyers delayed their shipping instructions due to the congestion of cold storages in Rotterdam which are now full of PJC, FCOJ, AJC and other fruit juice concentrates. This year all canneries have kept on losing to sell at the current prices, especially canned pineapple and be another bad year for growers and packers.



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