



"OUTLOOK OF THAILAND CROP OUTPUT AND SITUATION IN 2018"

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In July, the Climate Prediction Center in conjunction with the National Centers of Environmental Prediction, the National Weather Service and the International Research Institute for Climate and Society determined that although neutral condition is favorable through the summer 2018 in the Northern Hemisphere, there is 65 percent chance for El Niño to appear during fall and about a 70 percent chance during winter of 2018-2019. Therefore, an **El Niño Watch** was placed in effect.

The actual crop output in January-June 2018 was 1,188,000 metric tons and average raw material price at USD 95 per metric ton which raw material price in June was lower than in May and quality of raw material was bigger size but over-ripe and with nitrate affected by rain.

Outlook of Thailand crop output during July to August 2018 indicated by sub-committee of raw material of Thai Food Processors' Association (TFPA) will be around 136,000 metric tons for fresh consumption, dehydrated production and canneries. This year total Thailand crop output is revised to be only 1.8 million metric tons or less 14% than the total crop output in 2017, which majority of raw material supply will be around 65% in the first half of this year and the balance will be in the second half of this year.

Thailand exports of canned pineapple during January-June 2018 comparing with same period in 2017 was decreased 20.5% and 29.2% in term of volume and in term of US Dollar value respectively but Thailand exports of pineapple juice concentrate during January-June 2018 comparing with same period in 2017 was significantly increased 15.8% in term of volume and significantly decreased 39.5% 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 33.05 to 33.49 per US Dollar in July which is helpful for Thai exporters to compete with their competitors in Indonesia and Philippines.

Summer crop production is almost ended and most of canneries have started to shut down for their annual maintenance and will reopen in October for winter crop production which is expected with limited supply of raw material and higher price with high competition to secure raw material.

The Resources and Energy of Australia, Quarterly report released in July forecast for export of iron ore in 2018 is 860 million MT, up from 827 million MT exported in 2017 and expected to grow in 2019 and 2020 to 880 million MT and 891 MT respectively. Meanwhile, the report said FOB Australian iron ore is forecast to average AUD 59.40 per MT this year and expected to slide to AUD 50 per MT in 2019, and then to AUD 49 per MT in 2020. While steel prices is expected to decline in 2019 and 2020 as a result of moderating demand and growing supply, particularly from Brazil. China's steel production is also projected to decline with ongoing capacity reductions and policies to address air pollution. However, tinplate suppliers in Thailand have increased their price another USD 30 per metric ton for 3Q18 delivery which is on the opposite way of their production cost and continue to make the empty can cost increased another 2-3%.

Demand of canned pineapple and pineapple juice concentrate are continued to increase but buyers still insisted prices under production costs, especially the European market. However, Thai pineapple growers and packers are still running into big loss and growers have stopped after harvesting and changed to other crops. These will make the plantation area be absolutely decreasing and affect the raw material supply output in 2019.



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