



# “OUTLOOK OF THAILAND CROP AND SITUATION IN 2018”

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The Earthquakes in Hawaii from eruption of Mount Kilauea and Mauna Loa have been winding down in small increments and the Hurricane Chris in North America has threatened the Atlantic Coast and the deadly wild fires in California have been raging which were shown some signs of climate changes.

In August, the CLIMATE PREDICTION CENTER/NCEP/NWS and the International Research Institute for Climate and Society determined that there is ~60% chance of El Niño in the Northern Hemisphere fall 2018 (September-November), increasing to ~70% during winter 2018-19. So, the ENSO Alert System Status - **El Niño Watch**.

The actual crop output in January-July 2018 was 1,293,000 metric tons and average raw material price at USD 90 per metric ton which raw material price in July was lower than in June and quality of raw material was smaller size and more unripe and with nitrate affected by rain.

Outlook of Thailand crop output during August to December 2018 tentatively indicated by sub-committee of raw material of Thai Food Processors' Association (TFPA) will be around 496,000 metric tons for fresh consumption, dehydrated production and canneries. This year total Thailand crop output will be not over 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-July 2018 comparing with same period in 2017 was decreased 19.8% and 22.5% in term of volume and in term of US Dollar value respectively but Thailand exports of pineapple juice concentrate during January-July 2018 comparing with same period in 2017 was significantly increased 12.9% in term of volume and significantly decreased 35.3% in term of US Dollar value respectively. While the exchange rate of Thai Baht has started to be appreciated against US Dollar, running at THB 32.53 to 33.36 per US Dollar or average at THB 33.08 per US Dollar in August which was not benefit to Thai exporters to compete with their competitors in Indonesia and Philippines.

All canneries in Thailand have been shut down for their annual maintenance and will mainly reopen in October for winter crop production which is expected limited raw material supply with higher price and high competition to secure raw material supply which will be unripe, small and with nitrate content.

Iron ore may be pulled back into the USD 50s. After being stuck in a very narrow range this quarter, prices may get dragged lower in the remaining of this year as global mine supply expands, steel prices ease off, and renewed production curbs at mills in China blunt overall demand. In Brazil, Vale SA has been bringing on its S11D project to act as a swing producer to calm prices. Australia's Roy Hill has been hitting maximum capacity, while in Canada, Rio Tinto Group's Iron Ore Company of Canada was hit a by a strike. However, tinplate suppliers in Thailand insisted to raise up their price another USD 30 per metric ton for 3Q18 delivery which made the empty can cost increased another 2-3%.

Prices of canned pineapple and pineapple juice concentrate have reached a low record this year which are under packers' production costs and made the packers run into big loss. However, the trend of raw material price in winter crop will be increasing due to significantly decreasing of supply affected by plantation area reduced and changed to other crops almost 20%.



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