"OUTLOOK OF THAILAND CROP OUTPUT AND SITUATION IN 2018"

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Majority of models in the IRI/CPC plume predict EL NIÑO/SOUTHERN OSCILLATION (ENSO) - neutral is favored through Northern Hemisphere summer 2018, with the chance for El Niño increasing to 50% during fall, and ~65% during winter 2018-19.

The actual crop output in January-May 2018 was 935,000 metric tons and average raw material price at USD 105 per metric ton which raw material price in May was lower than in April and quality of raw material was bigger size but over-ripe and with nitrate affected by rain.

Outlook of Thailand crop output during June to August 2018 indicated by sub-committee of raw material of Thai Food Processors' Association (TFPA) will be around 390,000 metric tons for fresh consumption, dehydrated production and canneries. This year total Thailand crop output is revised to be 1.80-1.85 million metric tons or less 11-13% 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-May 2018 comparing with same period in 2017 was decreased 24.7% and 30.8% in term of volume and in term of US Dollar value respectively but Thailand exports of pineapple juice concentrate during January-May 2018 comparing with same period in 2017 was significantly increased 23.8% in term of volume and significantly decreased 49.9% 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 31.92 to 32.92 per US Dollar in June which will be helpful for Thai exporters to compete with their competitors in Indonesia and Philippines.

Raw material supply of summer crop has been increased and peak during end of May to middle of June which all canneries have run in full production capacity. Beside, the Thai government agents have bailed out the fresh pineapple from the growers directly for consumption in military camps, prisons and public schools and also provided an area in each provincial government agents for growers to sell directly to end consumers and promoted domestic consumption of fresh pineapple. These strategic actions have leveraged the raw material supply and ease the growers' worry during peak of summer crop. After summer crop production, most of packers will shut down their canneries for their annual maintenance around 8-12 weeks and reopen in October for winter crop production.

The 62% Fe price was uncharacteristically stable month-on-month in May. The iron ore pricing spreads also remained consistent – and constantly wide. The upcoming Shanghai Cooperation Organization summit in June could introduce some familiar volatility to prices, but any effect will be short-lived and prices are expected to stray far from USD 65 per ton. With 62% Fe prices remaining range bound, price spreads will be the key to determining which sources of supply will exit the market – this must happen before prices can make a decisive break from current levels. The process has begun but has further to run. However, tinplate suppliers still would like to increase the prices for 3Q18 delivery which is still under negotiation with the empty can makers.

Demand of canned pineapple is still continued to increase but the European market still insisted prices under production costs, same as demand of pineapple juice concentrate is also increased and prices are gradually rebounding. However, Thai pineapple growers and packers are still running into big loss this year and the growers have changed to other crops and plantation area for pineapple will be absolutely decreasing which will affect the raw material supply output in 2019.

SAICO
บริษัท สยามอุตสาหกรรมเกษตรอาหาร จำกัด (มหาชน)
SIAM AGRO-FOOD INDUSTRY PUBLIC COMPANY LIMITED
Golden richness...uniquely Thai