USDA Foreign Agricultural Service

GAIN Report

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Philippines

Grain and Feed

Wheat PSD Update

2006

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Report Highlights:
Overall wheat demand in MY05/06 will increase from the previous year's level due to higher feedwheat demand as a result of quality problems of locally produced corn. Major feedwheat sources during the year include Brazil, Canada and China. For MY06/07, a reversal is expected as overall wheat demand will likely contract as a result of weak demand and global wheat supply constraints.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Manila [RP1]
[RP]

PSD Table						
Country	Philippines					
Commodity	Wheat				(1000 HA)(1000 MT)	
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]
Market Year Begin		07/2004		07/2005		07/2006
Area Harvested	0	0	0	0	0	0
Beginning Stocks	457	457	440	440	0	415
Production	0	0	0	0	0	0
TOTAL Mkt. Yr. Imports	2593	2593	2600	2775	0	2500
Jul-Jun Imports	2593	2593	2600	2775	0	2500
Jul-Jun Import U.S.	1751	1751	0	1750	0	1500
TOTAL SUPPLY	3050	3050	3040	3215	0	2915
TOTAL Mkt. Yr. Exports	10	10	10	0	0	0
Jul-Jun Exports	10	10	10	0	0	0
Feed Dom. Consumption	550	550	600	800	0	600
TOTAL Dom. Consumption	2600	2600	2650	2800	0	2600
Ending Stocks	440	440	380	415	0	315
TOTAL DISTRIBUTION	3050	3050	3040	3215	0	2915

Wheat imports in MY05/06 were revised upwards and increased from the previous year's level due to increased feedwheat demand as a result of quality issues of local corn (refer to GAIN 6027). Anticipating a local corn deficit, as well as the uncertainty of global feedgrain supply, feedmillers imported both feed wheat and corn aggressively to support increased feed production. Importers took advantage of improved wheat production in Brazil and China. Canada likewise gained a respectable market share of Philippine feedwheat imports and so did other Black Sea sources. The MY05/06 import figure in the table approximates preliminary import statistics from the local flour and feedmilling industry associations. The U.S. dominated milling wheat suppliers during the year as a result of Canada's poor quality wheat harvests.

Higher feed demand in MY06/07 is expected with the recent reopening of the Japanese market to Philippine broiler exports (refer to GAIN 6020) although the increase will be felt more for corn feed rather than feedwheat. Feedwheat as a substitute for corn is more commonly used in hog feeds rather than broiler feed rations. This appears to rationalize the recent request of local feedmillers for an additional 120,000 MT corn MAV-plus allocation. For milling wheat, demand is expected to remain lethargic as the shift away from food wheat to milled rice is expected to continue in MY06/07. Overall wheat demand in MY06/07, therefore, is expected to decline from the previous year's level due to weak demand as well as global supply uncertainties.

China's grain production and consumption patterns as well production-related concerns in Australia, Brazil, India as well as the U.S., are expected to cause some shifts in wheat trade patterns in MY06/07. Grain use for biofuel production will compound the situation and add to the uncertainty. Feedwheat imports in MY06/07 are likely to be dominated by China, Ukraine and possibly the U.S. due to expected low-quality wheat harvests in some wheat-growing areas although the U.S. is still expected to be the dominant milling wheat supplier in MY06/07.