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Report Name: Grain and Feed Annual

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Report Highlights:

Post forecasts that consumption and imports of corn, wheat and rice in Malaysia will slightly increase in Marketing Year (MY) 2023/24, in line with population growth and normalization of the market. The Government of Malaysia's (GOM) proactive intervention in price stabilization on poultry products, wheat flour, and rice production manage inflation and keep domestic demand growing.

CORN

Production

Commercial production of corn for feed in Malaysia is negligible despite government incentives. Most of the corn planted is sweet corn for human consumption (Table 1). Post forecasts MY 2023/24 corn production to remain the same. A few of the factors that limit production growth of grain corn include a lack of biotech varieties, higher earning potential from alternative crops, and price volatility of the grain corn market.

The Government of Malaysia (GOM) extended the acreage available for corn farming in an effort to address the rising cost of animal feed. However, the private sector will also need to invest in grain corn farming development for a potential project to be viable and have so far not made any commitments.

Without government support, commercial grain corn farming in Malaysia is not feasible. There is currently no corn variety suitable to Malaysia's weather conditions. The GOM presently does not permit the use of genetically engineered (GE) crops. However, research is underway to find a hybrid grain corn variety appropriate for the Malaysian climate.

Table 1: Corn Production in Malaysia

	2020		2021		2022 ^f	
	Harvested area (Ha)	Production (MT)	Harvested area (Ha)	Production (MT)	Harvested area (Ha)	Production (MT)
Sweet corn	9,810	68,207	10,594	74,735	10,912	80,340
Grain corn	75	91	70	74	70	74
Total	9,885	68,298	10,664	74,809	10,982	80,414

Source: Agriculture Statistics (Food sub-sector) 2022 Department of Agriculture Malaysia

f= forecast

Consumption

Post forecasts MY 2023/24 corn consumption for feed to be up 50,000 MT compared to the previous year. This reflects average population growth and return of Chinese tourists to the region after the relaxed COVID-19 policies.

This increase is primarily due to an expected increase in consumption by the poultry industry, as most corn imports go into feed for poultry production. Chicken is popular among Malaysians for cultural and religious reasons, making Malaysia one of the largest per capita consumers of poultry in the region (Table 2). Malaysia's official statistics indicate that poultry production hovers near a self-sufficiency level (Table 3). However, supplies vary throughout the year, and low levels during festive seasons, such as Ramadhan and the Chinese New Year, sometimes lead the government to import poultry products to maintain prices.

Table 2: Per Capita Consumption of Livestock Products, by Commodity (kg) per year

	2017	2018	2019	2020	2021	2022*
Poultry meat	46.5	45.7	45.6	46.5	46.1	45.9
Beef	5.5	5.7	5.4	5.5	5.5	5.5

Mutton	1.3	1.3	1.1	1.3	1.0	1.1
Pork	17.9	18.3	18.0	19.1	17.3	17.0

* estimate

Source: Department of Veterinary Services Malaysia

Table 3: Self Sufficiency by Commodity (%)

	2017	2018	2019	2020	2021	2022*
Poultry Meat	101.6	101.5	101.4	101.7	99.9	98.7

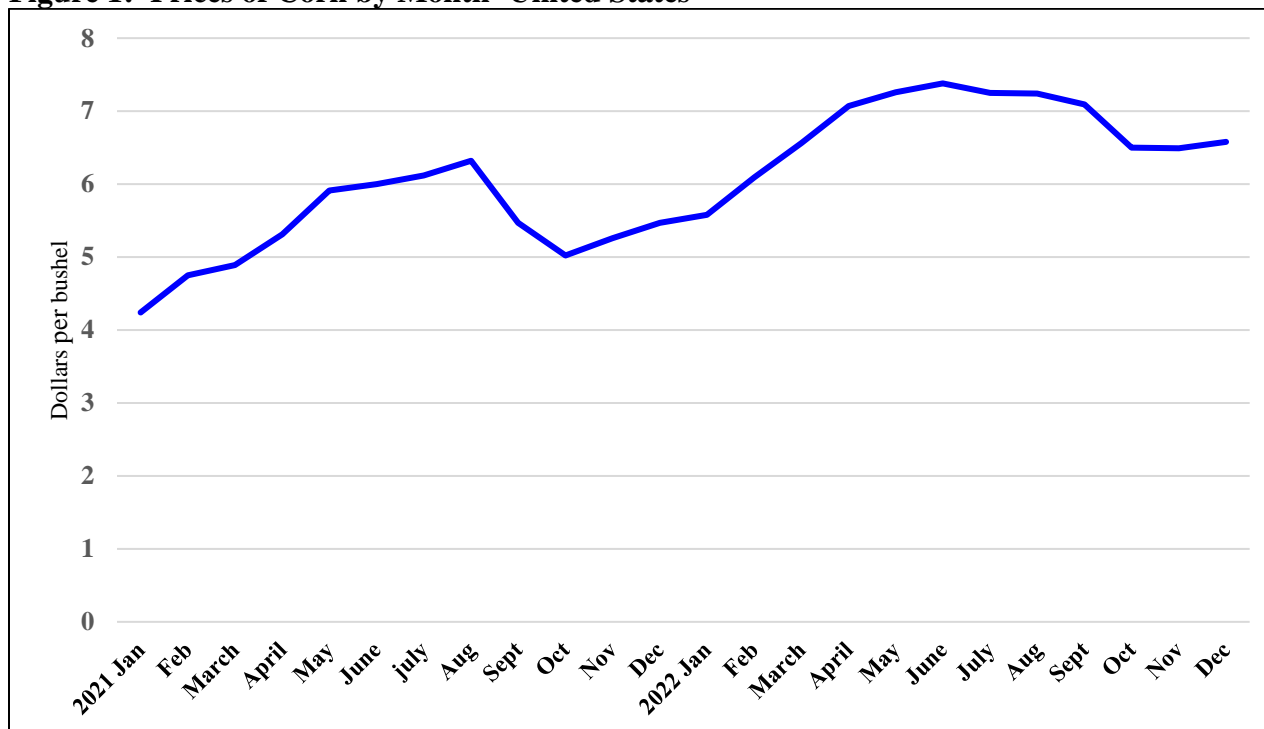
* estimate

Source: Department of Veterinary Services Malaysia

The increase in feed prices and GOM price controls on whole dressed chicken led the government to introduce output subsidies for certain poultry products. The subsidies system by the GOM for poultry farmers has helped to control prices and mitigate the impact of inflation for farmers and consumers. The output subsidies mechanism ensures an acceptable level of profit margin for farmers and allows them to produce poultry products without incurring significant loss. The program is in place through June 2023 after which the price of chicken and eggs will be floated with the GOM intervening as necessary. Total subsidy expenditure in maintaining prices for poultry products is estimated around USD\$47.62 million.

Malaysia also enacted an export ban in May of 2022 on all poultry products due to shortages caused in part by rising production costs including high feed prices. The ban was lifted in September of 2022 as supply and corn prices began to stabilize (Figure 1).

Figure 1: Prices of Corn by Month- United States



Source: USDA-NASS - https://www.nass.usda.gov/Charts_and_Maps/Agricultural_Prices/pricecn.php

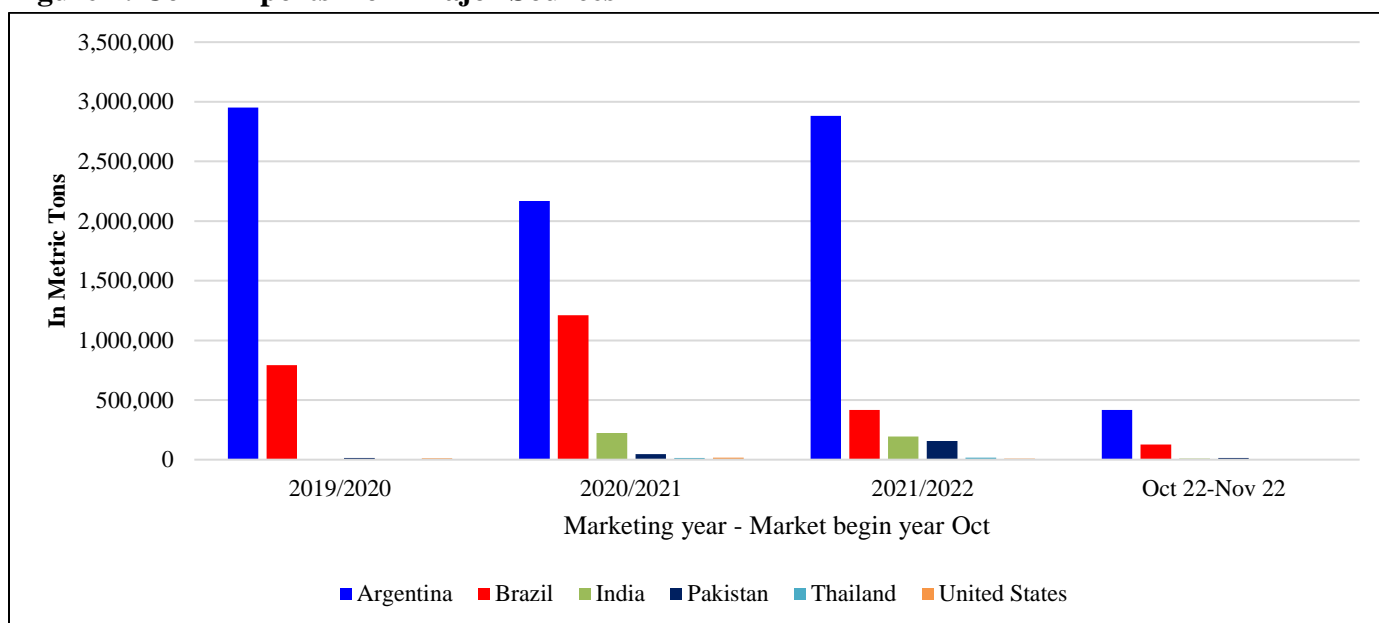
Post expects consumption for food, seed, and industrial (FSI) use in MY 2022/23 and MY 2023/24 to remain unchanged at 300,000 MT. There is no commercial ethanol production in Malaysia, and the majority of FSI consumption is for the production of corn flour and starch used in food production and adhesive manufacturing.

Trade

Post forecasts MY 2023/24 corn imports up 50,000 MT in line with increased consumption estimates. Malaysia imports over 90 percent of its corn from Argentina, Brazil and India (Figure 2). Overall inflation and the rising cost of animal feed, combined with controls on the retail price of poultry, have forced importers source cheaper and lower quality feed.

Post forecasts that Malaysia imports of distillers dried grains with solubles (DDGS) from the United States to be at 43,000 MT in MY 2023/24. Malaysia actual import of DDGS in MY 2021/22 was 42,833 MT as reported in the Trade Data Monitor (HS Code: 230330). Post expects Malaysian imports of corn gluten meal (CGM) from the United States to increase to 21,700 MT in MY 2023/24, compared to an estimated 21,100 MT imported in the previous MY. Malaysia actual import of CGM in MY 2021/22 was 20,159 MT (HS Code: 230310). The anticipated increase in import demand for DDGS and CGM in MY 2023/24 is based on competitive pricing and early rebound in demand for poultry feed.

Figure 2: Corn Imports from Major Sources



Source: Trade Data Monitor

Trade Policy

On January 25, 2021, Malaysia notified [requirements](#) for the importation of grains and grain products to the WTO. The requirements took effect on April 1, 2021 and require Malaysian importers to have a valid import license and the appropriate import permit for feed. Please see the [GAIN report](#) for more information.

Production, Supply and Distribution– Corn

Corn Market Year Begins Malaysia	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	10	11	10	11	0	11
Beginning Stocks (1000 MT)	221	221	244	264	0	243
Production (1000 MT)	60	80	60	80	0	80
MY Imports (1000 MT)	3,678	3,678	3,800	3,800	0	3,850
TY Imports (1000 MT)	3,678	3,678	3,800	3,800	0	3,850
Total Supply (1000 MT)	3,959	3,979	4,104	4,144	0	4,153
MY Exports (1000 MT)	15	15	10	11	0	11
TY Exports (1000 MT)	15	15	10	11	0	11
Feed and Residual (1000 MT)	3,400	3,400	3,600	3,550	0	3,600
FSI Consumption (1000 MT)	300	300	300	300	0	300
Total Consumption (1000 MT)	3,700	3,700	3,900	3,850	0	3,900
Ending Stocks (1000 MT)	244	264	194	283	0	302
Total Distribution (1000 MT)	3,959	3,959	4,104	4,104	0	4,153
Yield (MT/HA)	6	7	6	7	0	7
(1000 HA), (1000 MT), (MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Corn begins in October for all countries. TY 2022/2023 = October 2022 - September 2023						

WHEAT

Production

There is no commercial production of wheat in Malaysia.

Consumption

Post forecasts that total consumption of wheat in MY 2022/23 will increase compared to the previous year under the assumption prices continue to be stable. The increase in consumption is in line with population growth and the return of tourism to Malaysia. The Malaysian government controls the price of general all-purpose flour sold in 1-kg bags at RM 1.35 (roughly \$0.34) per kg. This is an effort to control inflation, as flour is the main ingredient in roti-canai, a staple breakfast food among Malaysians. For high quality specialty flours, the price is market-based. Note that the price is not controlled for 25 kg bags.

Table 4: Production of Wheat Flour and Wheat-based Products (MT) in Calendar Year

Product	2016	2017	2018	2019	2020	2021	2022
Wheat Flour	890,209	998,163	949,149	901,834	862,885	993,335	1,003,321
Bread and Cakes	340,177	365,620	388,984	407,173	411,561	479,951	483,325
Noodles (Instant and fresh)	269,337	233,567	222,631	221,766	234,890	249,484	271,985

Source: Department of Statistics Malaysia.