

CS-0908 - _____

August 6, 2009

MEMORANDUM

FOR: **ATTY. ARTHUR C. YAP**
Secretary, Department of Agriculture (DA)

THRU: **DR. SEGFREDO R. SERRANO**
Undersecretary for Policy and Planning, DA

FROM: **DIRECTOR ROMEO S. RECIDE**

SUBJECT: **Calendar Year 2009 Palay and Corn Situation and Outlook**

This is to apprise the Secretary of the January-June 2009 situation and July-December 2009 outlook on palay and corn based on the Bureau's Palay and Corn Production Survey (PCPS) July Round and initial damage report due to floodings in July and August 2009.

HIGHLIGHTS

Palay and corn outputs for calendar year 2009 may surpass their 2008 levels. Despite the adverse effects of continuous rains and floodings brought about by typhoons Dante, Emong and Feria during the 2nd quarter of the year in some regions, the beneficial effect of the rains to rainfed farms in other parts of the country may boost overall palay production. Corn production experienced setbacks during the 1st semester of 2009 but probable gains may be attained in the 2nd semester of the year.

Palay

Palay production for 2009 may reach 17.45 million metric tons, 3.77% above the 2008 output of 16.82 million metric tons. The growth is attributed to the expansion in area harvested by 3.21% and improvement in yield by 0.54%.

Production in the first semester was 7.38 million metric tons, 3.59% higher than last year's level of 7.12 million metric tons. The increase was the outcome of expansion in area harvested by 3.65%, from 1.88 million hectares to 1.95 million hectares.

Production for the second half of 2009 is anticipated to exceed last year's output by 3.90%. There is expected expansion in area harvested by 2.90%, from 2.58 million hectares to 2.66 million hectares. Yield may increase from 3.75 metric tons per hectare to 3.79 metric tons per hectare.

Figure 1. Palay Production 2009 Forecasts vs. 2008 and 2007 Estimates

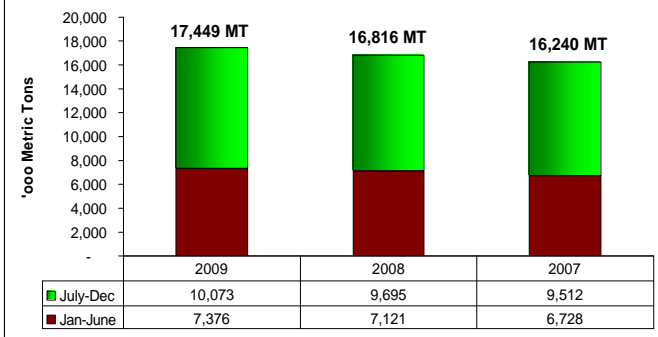
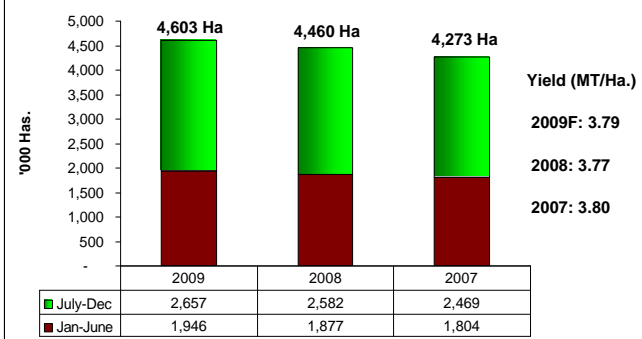


Figure 2. Palay Area Harvested and Yield 2009 Forecasts vs. 2008 and 2007 Estimates

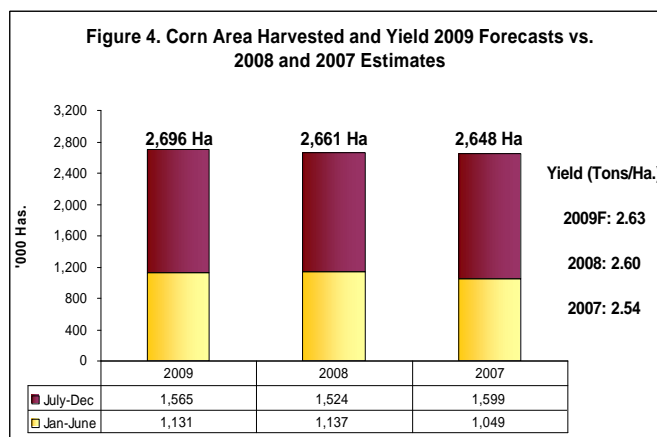
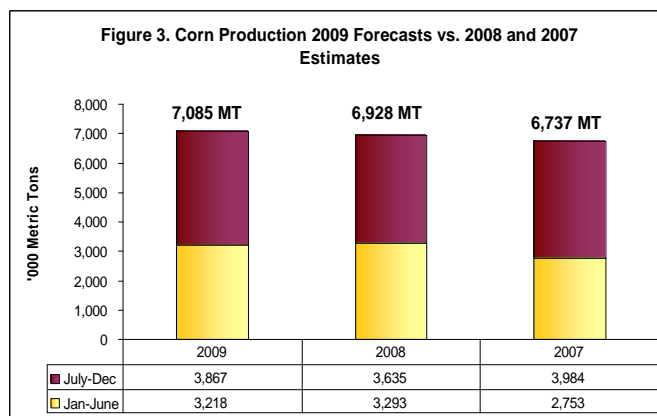


Corn

Corn production for 2009 is forecast at 7.09 million metric tons, 2.26% higher than last year's 6.93 million metric tons. The anticipated growth would come from expansion of area harvested by 1.31% and improvement in yield by 0.94%.

Corn production in the first semester of 2009 was 2.27% lower than the previous year's level of 3.29 million metric tons. This was attributed to the declines in area harvested by 0.55% and in yield by 1.73%.

The second semester's forecast of corn production is 3.87 million metric tons, 6.36% higher than last year's 3.64 million metric tons. Area harvested is expected to expand by 2.69%, from 1.52 million hectares to 1.57 million hectares. Yield may increase from 2.39 metric tons per hectare to 2.47 metric tons per hectare.



PALAY

Calendar Year 2009 Forecasts

Palay production for calendar year is forecast at 17.45 million metric tons, 3.77% higher than last year's level of 16.82 million metric tons. The increase is attributed to expansion in area harvested by 143 thousand hectares, 3.21% bigger than last year's 4.46 million hectares. Yield forecast for the year is 3.79 metric tons per hectare, 0.54% higher than last year's 3.77 metric tons per hectare.

January–June 2009 Crop

The 1st semester palay output grew from 7.12 million metric tons in 2008 to 7.38 million metric tons this year. Significant increases in production were noted in the regions of Central Luzon and Bicol. The production increment was largely due to expansion in area harvested which was reported at 3.65%.

Palay production for **January-March** was 3.94 million metric tons, 5.13% higher than last year's 3.75 million metric tons. The bulk of this increment came from Bicol, Central Luzon, Cagayan Valley and SOCCSKSARGEN. Area harvested increased by 5.66%, from 1.04 million hectares to 1.10 million hectares. Yield decreased by 0.50% and this was brought about by continuous rains that resulted in empty/chaffy grains in Central Visayas, Eastern Visayas and Caraga. Also, there were reported infestations of tungro, rats, stemborer and bacterial leaf blight in Western Visayas, Zamboanga Peninsula, Northern Mindanao, Davao Region and Caraga.

Gains were noted in the **April-June** palay production, area and yield compared to those of the same period last year. Production grew by 1.87%, from 3.37 million metric tons last year to 3.44 million metric tons this year. Area harvested expanded by 1.14%, from last year's 837 thousand hectares to 847 thousand hectares this year. Yield improved by 0.72%, from 4.03 metric tons per hectare to 4.06 metric tons per hectare. Significant increases in area harvested were noted in Central Luzon, Western Visayas, Bicol and Ilocos Region due to sufficient irrigation water from NIA irrigation systems and sufficient water supply from rains. Yield gains were noted in regions all over Luzon (except in CAR), Central Visayas and ARMM due to increased use of hybrid and certified seeds coupled with sufficient water supply and increased fertilizer usage.

July–December 2009 Crop

The 2nd semester palay output is forecast to grow by 3.90% from the level recorded in the same period last year. Area harvested is expected to expand by 2.90%. Yield may increase by 0.98%.

Based on standing crop, production of palay for **July-September** may reach 3.59 million metric tons, 3.65% above last year's level of 3.47 million metric tons. Significant production gain is expected in Western Visayas. The forecast increment is the result of expansion in area harvested and increase in yield in rainfed farms. The rains induced by typhoons Dante, Emong, and Ferie enabled more plantings especially in rainfed farms.

Based on farmers' planting intentions, the **October-December** production is forecast at 6.48 million metric tons, 4.04% above last year's record of 6.23 million metric tons. Area harvested may expand by 2.41%, from 1.63 million hectares to 1.67 million hectares. Yield may improve by 1.59%, from 3.82 metric tons per hectare to 3.89 metric tons per hectare.

CORN

Calendar Year 2009 Forecasts

Total corn output for calendar year 2009 is forecast at 7.09 million metric tons, 2.26% higher than last year's 6.93 million metric tons. Area to be harvested may expand from 2.66 million hectares last year to 2.70 million hectares this year. A 1.31% growth is expected for 2009. Yield may improve from 2.60 metric tons per hectare in 2008 to 2.63 metric tons per hectare this year.

January-June 2009 Crop

The 1st semester corn output was recorded at 3.22 million metric tons, 2.27% below last year's level of 3.29 million metric tons. This was attributed to the decrease in area harvested by 0.55% and yield by 1.73%.

The **January-March** corn production dropped to 1.93 metric tons, 3.41% down from the previous year's level of 1.99 million metric tons. This was largely contributed by the decrease in output from Western Visayas, SOCCSKSARGEN, Davao Region, Ilocos and Northern Mindanao. The adverse effects of continuous and/or excessive rains in SOCCSKSARGEN, Davao Region, Caraga and CALABARZON, strong winds and cold spell in Ilocos Region, occurrence of corn planthoppers in Isabela and Ifugao contributed to the reduction in yield. This quarter's yield dropped by 3.04%, from 2.94 metric tons per hectare to 2.85 metric tons per hectare. Area harvested contracted by 0.37% due to withdrawal of financial assistance from private financiers in Western Visayas and advanced cropping in Bukidnon.

The **April-June** corn production dropped to 1.29 million metric tons, 0.52% lower than last year's output of 1.30 million metric tons. This was mainly due to the contraction in area harvested by 0.81% which was attributed to movement of harvests from the second quarter to the first quarter because of early plantings in Cagayan Valley. Reduced plantings were noted due to withdrawal of financial support from private financiers in Western Visayas, shifting to cassava and pineapple and movement of harvests to third quarter in Northern Mindanao and ARMM contributed to the decrease in area harvested this quarter.

July–December 2009 Crop

The 2nd semester corn crop forecast is expected to grow by 6.36%. Area harvested may expand by 2.69%. Yield per hectare may improve by 3.57%.

Based on standing crop, the **July-September** corn production is forecast at 2.47 million metric tons, up by 9.51% from last year's 2.26 million metric tons. The expected production gains may be attributed largely to the expansion of area harvested by 5.26%. Area to be harvested in ARMM increased by 32.09% due to the availability of seeds which resulted in use of in-fallow areas and early cropping in Lanao del Sur, coupled with movement of cropping in Maguindanao. In Cagayan Valley, area for harvest increased by 8.86% due to plantings in newly opened and in-fallow areas induced by sufficient rainfall, and recovery of areas damaged by typhoon Karen. Yield may improve to 2.55 metric tons per hectare, or by 4.04% from 2.45 metric tons per hectare in the same period last year.

Based on planting intentions, the **October-December** production is expected to post gains by 1.21%. Area harvested may contract by 1.23% but this could be offset by the improvement in yield by 2.47%, from 2.29 metric tons per hectare last year to 2.34 metric tons per hectare this year. This may be attributed to sustained use of high yielding varieties (Cagayan Valley), shifting from white corn to yellow corn (Northern Mindanao) and increased use of fertilizer (CALABARZON).