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Report Highlights:

The 2021/22 rice production forecast is reduced from 8.2 to 7.9 million tons due to lower-than-average monsoon rains. The rice export estimate for the current marketing year and the forecast for 2021/22 are both lowered due to a shortage of shipping containers, high freight rates, and stiff competition from India. The wheat supply and demand numbers are unchanged. Wheat imports have totaled only 57,000 tons so far this current marketing year, but imports are expected to accelerate in coming months as the Government seeks to replenish stocks.

Wheat:

Increasing Wheat Production Remains a Priority for Government of Pakistan (GOP)

With continued population growth sustaining demand, and after experiencing tight supply and record imports during the previous two years, GOP remains focused on increasing wheat area and production. GOP is seeking to ensure certified seeds and fertilizer are sufficient for the upcoming seeding season, and is also considering increasing the wheat procurement price to stimulate expansion in area. Wheat planting for the 2021/22 crop will start in October in Sindh and November in Punjab.

Even though the monsoon rains this year have been below average, the Tarbela Dam is filled to capacity, and the Mangla dam has a water storage level of 1,204 feet against the optimum level of 1,242 feet. These two dams are major sources of irrigation water for crops, including wheat, and their levels bode well for 2021/22 crop prospects. The frequency and spread of winter rains will also be an important factor for the wheat crop.

Although 2021/22 wheat production was a record 27 million tons, the increase in production was insufficient to meet domestic consumption requirements and simultaneously maintain large strategic reserves. At 2 percent, Pakistan's annual population growth rate is among the highest in the world, so future supplies (either through imports or domestic production) must increase to meet domestic demand and GOP's stock management goals.

Wheat Import Estimate Unchanged at 2 Million Tons

The 2021/22 wheat import estimate remains at 2 million tons. Even though in June 2021, GOP announced intentions to buy 3 million tons during 2021/22, as of September 20, only 57,000 had been imported; GOP bought another 110,000 tons at $355.90/ton for late Sept/first half October 2021 arrival. GOP's Economic Coordinating Committee (ECC), which decides the quantity and timing of wheat tenders, is expected to increase purchases in the coming months. The state-run Trading Corporation of Pakistan will be the importer, but private sector imports are also allowed. Recent wheat imports have been from Black Sea origins, and given pricing and quality considerations, Pakistan is expected to continue buying from the Black Sea through 2021/22.

Wheat is harvested April-May, and domestic stocks are usually available through at least August, with imports, if necessary, occurring September through January. Imports this marketing year are also expected to follow this same pattern. As the raw material for a highly consumed staple (flour), wheat prices are politically sensitive, and GOP has traditionally maintained buffer wheat stocks. The supply disruptions and volatile prices of the past two years have reinforced GOP's desire to maintain a large strategic reserve of wheat stocks.

While the wheat export forecast remains at 600,000 tons, developments in Afghanistan could also impact the local wheat demand situation. Continued instability in neighboring Afghanistan, which

imports almost all its domestic flour needs from Pakistan, might pressure GOP to import more wheat for stocks.

Production, Supply and Demand Data Statistics:

Wheat	**2019/2020**		**2020/2021**		**2021/2022**	
Market Year Begins	**May 2019**		**May 2020**		**May 2021**	
Pakistan	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	8678	8798	8825	8810	9200	9200
Beginning Stocks (1000 MT)	2533	2533	991	1242	2854	3242
Production (1000 MT)	24349	24300	24946	25000	27000	27000
MY Imports (1000 MT)	1	1	3617	3500	2500	2000
TY Imports (1000 MT)	1	1	3617	3500	2500	2000
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	26883	26834	29554	29742	32354	32242
MY Exports (1000 MT)	392	392	500	500	600	600
TY Exports (1000 MT)	173	173	500	500	600	600
Feed and Residual (1000 MT)	1000	1000	1000	1000	1200	1100
FSI Consumption (1000 MT)	24500	24200	25200	25000	26000	25700
Total Consumption (1000 MT)	25500	25200	26200	26000	27200	26800
Ending Stocks (1000 MT)	991	1242	2854	3242	4554	4842
Total Distribution (1000 MT)	26883	26834	29554	29742	32354	32242
Yield (MT/HA)	2.8058	2.762	2.8267	2.8377	2.9348	2.9348
(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 Wheat begins in July for all countries. TY 2021/2022 = July 2021 - June 2022

Rice:

The 2021/22 rice production forecast is revised down to 7.9 million tons due to lower-than-average monsoon rains. Rice growing areas, especially in the Sindh province, received 20 to 25 percent less rains from July to August. The slower pace of exports during the marketing year also reduced farmers' cash flow resulting their decisions to use less inputs. Unlike the previous two years, there have been no reports of locust attacks anywhere in Pakistan this year.

The rice export forecasts are revised down for both 2020/21 and 2021/22 due to the increase in freight rates and shortage of shipping containers. Pakistani rice is also facing stiff competition from other competitors, especially India. The decline in export prospects is most pronounced for basmati rice compared to other varieties due to the competitive Indian basmati prices in the international market.

Pakistan exported around 3 million tons of rice during the first nine months of the current marketing year (Table 1).

Table 1: Pakistan Rice Exports MY 2020/21 (Nov/October)

Months	**MY 19/20**	**MY 20/21**
November	440,488	458,104
December	403,923	459,714
January	364,169	324,254
February	360,950	315,625
March	380,194	385,978
April	392,832	315,056
May	353,931	180,134
June	285,665	323,796
July	266,206	226,392
Total	**3,248,358**	**2,989,053**

Source: Pakistan Bureau of Statistics

High Freight Charges and Shortage of Containers Slowing Pakistani Rice exports

As noted above, high freight costs and shortage of containers have contributed to the slower pace of Pakistan's rice exports 2020/21. Almost all the international shipping lines have increased freight rates significantly. In most cases, freight costs to rice export destinations have tripled. And even at the higher costs, the lack of containers makes scheduling shipments extremely unpredictable.

Stiff Competition from India also Impacting Pace of Pakistani Rice Exports

The low price of India rice in the international market is adversely impacting Pakistan's rice exports. Pakistan's rice exporters allege that India's rice exporters benefit from government subsidies enabling them to market rice at significantly low prices in the international market.

Production, Supply and Demand Data Statistics:

Rice, Milled	**2019/2020**		**2020/2021**		**2021/2022**	
Market Year Begins	**Nov 2019**		**Nov 2020**		**Nov 2021**	
Pakistan	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	3034	3000	3381	3300	3300	3400
Beginning Stocks (1000 MT)	948	948	1149	1031	1636	1831
Milled Production (1000 MT)	7414	7200	8184	8200	8200	7900
Rough Production (1000 MT)	11122	10801	12277	12301	12301	11851
Milling Rate (.9999) (1000 MT)	6666	6666	6666	6666	6666	6666
MY Imports (1000 MT)	7	0	3	0	5	0
TY Imports (1000 MT)	7	0	3	0	5	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	8369	8148	9336	9231	9841	9731
MY Exports (1000 MT)	3820	3820	4100	3900	4150	4000
TY Exports (1000 MT)	3934	3900	4100	3800	4150	3900
Consumption and Residual (1000 MT)	3400	3280	3600	3500	3800	3700
Ending Stocks (1000 MT)	1149	1031	1636	1831	1891	2031
Total Distribution (1000 MT)	8369	8131	9336	9231	9841	9731
Yield (Rough) (MT/HA)	3.6658	3.6003	3.6312	3.7276	3.7276	3.4856

(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 Rice, Milled begins in January for all countries. TY 2021/2022 = January 2022 - December 2022

Attachments:

No Attachments

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