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## **Report Name:** Grain and Feed Update

**Country:** Pakistan

**Post:** Islamabad

**Report Category:** Grain and Feed

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### **Report Highlights:**

Based on the government's international procurement intentions, the 2022/23 wheat import forecast is increased from 2.0 to 2.5 million tons (MMT). Due to water shortages in key producing areas during the early planting season, the rice production forecast for 2022/23 (November-October) is reduced from 9.0 to 8.6 MMT. As a result of the strong pace of exports to date, the 2021/22 rice export is increased to a record 5.2 MMT.

## Wheat

Based on the Government of Pakistan's (GOP) first official assessment, the MY 2022/23 (May-April) wheat production forecast remains unchanged at 26.4 million metric tons (MMT), four percent less than last year. GOP will release a final production estimate later in 2022. While the 2022/23 crop is on par with historic yield trends, the output was short of the government's production target, which led to some concerns about supply shortages. Output was adversely impacted by early season fertilizer shortages and a heat wave in Punjab and Sindh in March, which was during a key maturation stage. The wheat crop is sown in October and November and harvested in April. The breakdown of wheat production by province is below:

**Table1: Pakistan's MY 2022/2023 Wheat Production by Province**

| Province    | Quantity (MMT) |
|-------------|----------------|
| Punjab      | 20.0           |
| Sindh       | 3.8            |
| KPK         | 1.4            |
| Baluchistan | 1.2            |
| Total       | 26.4           |

Source: Agriculture Departments of Punjab, Sindh, KPK, and Baluchistan

Due to the desire to replenish strategic reserves, GOP has procured around 6.6 MMT of wheat from the domestic market, higher than the initial procurement target. Usually, GOP begins to release government-owned stocks to private millers in August. However, this year GOP procurement began earlier and was greater than usual, which caused increases in open market prices, resulting in the GOP responding by releasing wheat from their stocks on to the market several months earlier than in past years. GOP's early release of stocks this year has raised concerns that stocks will be depleted next Jan-Mar, when the market is usually most dependent on government intervention to provide supplies and quell prices. These market dynamics have also led GOP to decide to import wheat earlier than anticipated.

A high population growth rate, high inflation, and lack of affordability for milk, meat, and fruits has only increased the prominence of wheat-based products in the diet. Furthermore, GOP supports wheat use by offering subsidized flour at prices far below prevailing world market prices. As a result of the continued reliance on flour as a main source of calories in the traditional Pakistani diet, 2021/212 and 2022/23 consumption estimates are revised upward to 28.2 and 29.2 MMT, respectively.

## **GOP Begins International Buying Earlier than Anticipated**

Based on GOP's international procurement actions to date, and a formal decision to import up to 3 MMT, the 2022/23 wheat import estimate is increased from 2.0 to 2.5 MMT. Trading Corporation of Pakistan (TCP), a state-owned enterprise within the Ministry of Commerce, purchased 500,000 tons at the end of May at \$515/ton; shipments under this tender are expected to begin arriving as early as late June. TCP issued another tender for 500,000 tons on June 21, seeking offers for August delivery, CIF Karachi. Several GOP officials have alluded to a government-to-government agreement to buy up to 2 million tons from Russia, but this has not been confirmed and would be separate from the purchases under the first two tenders.

The wheat export estimate for 2021/22 and 2022/23 is 600,000 tons. This export volume represents an estimate of the unofficial cross-border wheat/flour trade between Pakistan and Afghanistan. According to GOP's official data, Pakistan exports very little wheat/flour to Afghanistan.

**Table 2: Production, Supply and Demand Data Statistics:**

| <b>Wheat</b>                                                                           | <b>2020/2021</b>         |                 | <b>2021/2022</b>         |                 | <b>2022/2023</b>         |                 |
|----------------------------------------------------------------------------------------|--------------------------|-----------------|--------------------------|-----------------|--------------------------|-----------------|
| <b>Market Year Begins</b>                                                              | <b>May 2020</b>          |                 | <b>May 2021</b>          |                 | <b>May 2022</b>          |                 |
| <b>Pakistan</b>                                                                        | <b>USDA<br/>Official</b> | <b>New Post</b> | <b>USDA<br/>Official</b> | <b>New Post</b> | <b>USDA<br/>Official</b> | <b>New Post</b> |
| <b>Area Harvested (1000 HA)</b>                                                        | <b>8805</b>              | <b>8825</b>     | <b>9168</b>              | <b>9200</b>     | <b>9000</b>              | <b>9000</b>     |
| <b>Beginning Stocks (1000 MT)</b>                                                      | <b>991</b>               | <b>991</b>      | <b>3056</b>              | <b>2854</b>     | <b>4520</b>              | <b>3654</b>     |
| <b>Production (1000 MT)</b>                                                            | <b>25248</b>             | <b>24946</b>    | <b>27464</b>             | <b>27400</b>    | <b>26400</b>             | <b>26400</b>    |
| <b>MY Imports (1000 MT)</b>                                                            | <b>3617</b>              | <b>3617</b>     | <b>2200</b>              | <b>2200</b>     | <b>2000</b>              | <b>2500</b>     |
| <b>TY Imports (1000 MT)</b>                                                            | <b>3617</b>              | <b>3617</b>     | <b>2200</b>              | <b>2200</b>     | <b>2000</b>              | <b>2500</b>     |
| <b>Total Supply (1000 MT)</b>                                                          | <b>29856</b>             | <b>29554</b>    | <b>32720</b>             | <b>32454</b>    | <b>32920</b>             | <b>32554</b>    |
| <b>MY Exports (1000 MT)</b>                                                            | <b>500</b>               | <b>500</b>      | <b>500</b>               | <b>600</b>      | <b>300</b>               | <b>600</b>      |
| <b>TY Exports (1000 MT)</b>                                                            | <b>500</b>               | <b>500</b>      | <b>500</b>               | <b>600</b>      | <b>300</b>               | <b>600</b>      |
| <b>Feed and Residual (1000 MT)</b>                                                     | <b>1000</b>              | <b>1000</b>     | <b>1200</b>              | <b>1400</b>     | <b>1200</b>              | <b>1600</b>     |
| <b>FSI Consumption (1000 MT)</b>                                                       | <b>25300</b>             | <b>25200</b>    | <b>26500</b>             | <b>26800</b>    | <b>26800</b>             | <b>27600</b>    |
| <b>Total Consumption (1000 MT)</b>                                                     | <b>26300</b>             | <b>26200</b>    | <b>27700</b>             | <b>28200</b>    | <b>28000</b>             | <b>29200</b>    |
| <b>Ending Stocks (1000 MT)</b>                                                         | <b>3056</b>              | <b>2854</b>     | <b>4520</b>              | <b>3654</b>     | <b>4620</b>              | <b>2754</b>     |
| <b>Total Distribution (1000 MT)</b>                                                    | <b>29856</b>             | <b>29554</b>    | <b>32720</b>             | <b>32454</b>    | <b>32920</b>             | <b>32554</b>    |
| <b>Yield (MT/HA)</b>                                                                   | <b>2.8675</b>            | <b>2.8267</b>   | <b>2.9956</b>            | <b>2.9783</b>   | <b>2.9333</b>            | <b>2.9333</b>   |
| <b>MY = Marketing Year, begins with the month listed at the top of each column.</b>    |                          |                 |                          |                 |                          |                 |
| <b>TY = Trade Year, for Wheat begins in July. TY 2022/2023 = July 2022 - June 2023</b> |                          |                 |                          |                 |                          |                 |

## **Rice**

### **Early Summer Water Shortages Delay Rice Planting in Sindh**

Due to hot and dry conditions during seeding/transplanting, the MY 2022/23 (November-October) rice production forecast is reduced from 9.0 to 8.6 MMT. The onset of summer was early this year. High temperatures and no rainfall in April and May caused river inflows to be 45 percent less than normal, which resulted in lower irrigation water availability. The crop is sown in May and June. Water shortages in Sindh in May delayed rice planting in certain districts. Sindh province is chronically impacted by water shortages, but this year the water shortages were more pronounced. While also experiencing early summer water shortages, Punjab production areas were impacted less than Sindh.

### **Above Normal Monsoons Rains Predicted**

Pakistan's Meteorological Department forecasts above normal precipitation during the monsoon season, which is expected to begin late June. Early monsoon rainfall is expected to be above normal over the central (Punjab) and southern parts (Sindh) of the country. These expectations for ample monsoon rains will be beneficial to the rice crop's development and should mitigate some of the negative impacts of the earlier season water shortages.

### **Rice Exports at Record Pace**

Due to the rapid pace of exports during the first 7 months of the year, the 2021/22 rice export estimate is increased from 4.5 to record 5.2 MMT. Exports were around 3.2 MMT during the first seven months of the current marketing year, compared to 2.4 MMT exported in the corresponding period last year (Table 3). The 2022/23 rice export forecast is also increased accordingly. Consecutive good harvests resulting in an increased exportable surplus is driving this upward export trajectory. Steady devaluation of Pakistani Rupee against dollar is also making Pakistan's rice competitive in the world markets. Pakistan's basmati exports continue to face stiff competition from India.

**Table 3: Pakistan Rice Exports (in metric tons)**

| Months   | MY 20/21  | MY 21/22  |
|----------|-----------|-----------|
| November | 458,104   | 473,143   |
| December | 459,714   | 496,208   |
| January  | 324,254   | 434,282   |
| February | 315,625   | 458,322   |
| March    | 385,978   | 469,140   |
| April    | 315,056   | 461,513   |
| May      | 180,134   | 425,821   |
| Total    | 2,438,865 | 3,218,429 |

**Source: Pakistan Bureau of Statistics**

### **China Emerging as a Major Market for Pakistani Rice**

China is emerging as a major market for Pakistani rice. During the first three months of 2022, China imported 466,617 tons, a nine percent increase compared to corresponding period last year. In 2021, Pakistan exported about 973,000 tons of rice worth \$437 million to China. The Chinese government has approved fifty-three Pakistani rice export companies. Pakistani rice exports to China are mostly non-basmati, lower grade, higher broken rice categories destined for animal feed.

Other major export destinations include East Africa, Gulf region and EU.

**Table 4: Production, Supply and Demand Data Statistics:**

| <b>Rice, Milled</b>                                                                                                                                                                                        | <b>2020/2021</b>         |                     | <b>2021/2022</b>         |                     | <b>2022/2023</b>         |                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|
| <b>Market Year Begins</b>                                                                                                                                                                                  | <b>Nov 2020</b>          |                     | <b>Nov 2021</b>          |                     | <b>Nov 2022</b>          |                     |
| <b>Pakistan</b>                                                                                                                                                                                            | <b>USDA<br/>Official</b> | <b>New<br/>Post</b> | <b>USDA<br/>Official</b> | <b>New<br/>Post</b> | <b>USDA<br/>Official</b> | <b>New<br/>Post</b> |
| <b>Area Harvested</b> (1000 HA)                                                                                                                                                                            | 3335                     | 3381                | 3400                     | 3400                | 3400                     | 3400                |
| <b>Beginning Stocks</b> (1000 MT)                                                                                                                                                                          | 1149                     | 1149                | 1899                     | 1898                | 2154                     | 1598                |
| <b>Milled Production</b> (1000 MT)                                                                                                                                                                         | 8420                     | 8419                | 8700                     | 8900                | 8900                     | 8600                |
| <b>Rough Production</b> (1000 MT)                                                                                                                                                                          | 12631                    | 12630               | 13051                    | 13351               | 13351                    | 12901               |
| <b>Milling Rate (.9999)</b> (1000 MT)                                                                                                                                                                      | 6666                     | 6666                | 6666                     | 6666                | 6666                     | 6666                |
| <b>MY Imports</b> (1000 MT)                                                                                                                                                                                | 7                        | 7                   | 5                        | 0                   | 7                        | 0                   |
| <b>TY Imports</b> (1000 MT)                                                                                                                                                                                | 7                        | 7                   | 5                        | 0                   | 7                        | 0                   |
| <b>Total Supply</b> (1000 MT)                                                                                                                                                                              | 9576                     | 9575                | 10604                    | 10798               | 11061                    | 10198               |
| <b>MY Exports</b> (1000 MT)                                                                                                                                                                                | 3877                     | 3877                | 4350                     | 5200                | 4600                     | 5000                |
| <b>TY Exports</b> (1000 MT)                                                                                                                                                                                | 3928                     | 3928                | 4350                     | 4500                | 4600                     | 5000                |
| <b>Consumption/Residual</b> (1000 MT)                                                                                                                                                                      | 3800                     | 3800                | 4100                     | 4000                | 4400                     | 4100                |
| <b>Ending Stocks</b> (1000 MT)                                                                                                                                                                             | 1899                     | 1898                | 2154                     | 1598                | 2061                     | 1098                |
| <b>Total Distribution</b> (1000 MT)                                                                                                                                                                        | 9576                     | 9575                | 10604                    | 10798               | 11061                    | 10198               |
| <b>Yield (Rough)</b> (MT/HA)                                                                                                                                                                               | 3.7874                   | 3.7356              | 3.8385                   | 3.9268              | 3.9268                   | 3.7944              |
| MY = Marketing Year, begins with the month listed at the top of each column<br>TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2022/2023 =<br>January 2023 - December 2023 |                          |                     |                          |                     |                          |                     |

**Attachments:**

No Attachments