

Required Report: Required - Public Distribution

Date: September 30, 2022

Report Number: PK2022-0012

Report Name: Grain and Feed Update

Country: Pakistan

Post: Islamabad

Report Category: Grain and Feed

Prepared By: Asmat Raza

Approved By: Christopher Rittgers

Report Highlights:

Due to the impact of the recent flooding, the 2022/23 rice production forecast is lowered to 8.3 million tons. With a slow-down in exports during July and August, plus the recent flooding causing a pause in export activities, marketing year 2021/22 rice exports are lowered to 4.5 million tons. Similarly, due to expected lower exportable supplies, 2022/23 rice exports are now projected at 4.2 million tons.

Wheat

Wheat production, supply, and distribution forecasts are unchanged. Given the pace of imports and the domestic stock situation, the 2022/23 wheat import forecast remains 2.5 million tons.

Stagnant Flood Waters in Sindh Province Likely to Hinder 2023/24 Wheat Planting

The recent floods are likely to negatively impact 2023/24 wheat planted area. Farmers normally begin planting the wheat crop in mid-October and November in Sindh and Punjab, respectively. Sindh province usually accounts for almost twenty percent of national wheat production. However, large areas of Sindh typically planted to wheat are still submerged, and it may be several months before the flood waters recede. With Sindh's flat terrain, poor drainage, and current high-water table, flood waters are receding slowly. As a result, seeding the 2023/24 wheat crop in Sindh is likely to be delayed and some areas may possibly remain unseeded. Even where the waters recede, farmers are likely to face difficulties in wheat planting as the floods washed away on-farm wheat seed stock in many areas. Additionally, farmers' purchasing power in the affected areas is severely compromised making it difficult for them to buy fertilizers and other inputs.

Wheat Imports

The Trading Corporation of Pakistan's (TCP) most recent import tender, which closed on 26 September, was for 300,000 tons. Suppliers only submitted one offer, at \$398.92 C&F Karachi ports. As of this writing, GOP had not yet decided whether to accept the offer. For 2022/23, TCP has purchased 986,000 tons, of which, 622,000 tons has already entered port, with the balance in transit and expected to arrive by first-half October. The first consignment of wheat was imported at a cost \$515 per ton, the second one at \$404 and the third consignment was imported at \$407 per ton. While GOP officials have publicly alluded to the possibility of a government-to-government agreement to buy up to 2 million tons of wheat from Russia, no such purchase has happened.

During the last week of August, the Economic Coordination Committee (ECC) reiterated its objective to import up to three million tons to ensure minimum strategic reserves of two million tons. In addition to the imported wheat, GOP has procured around 6.6 million tons from the domestic market.

The reports of damage to stored wheat and doubts about the timely sowing of the next wheat crop, especially in Sindh, caused wheat flour prices to increase about 20 percent in September.

Rice

Monsoon Floods Cause Damage to Rice Crop

Due to the impact of the recent floods, the 2022/23 rice production forecast is revised down to 8.3 million tons, which would be nine percent less than the last year's record production of 9.1 million. This forecast hinges on inundated areas in Sindh province draining prior to harvest. The 2021/2022 rice production estimate is updated to 9.1 million tons based on latest official government data.

The recent flooding has most adversely effected rice production areas in Sindh province. Within Sindh, rice production areas in Larkana, Dadu, Shikarpur, Qambar Shadadkot, Thatta and Badin are still submerged in flood waters. Sindh accounts for about thirty percent of Pakistan's total rice area.

In Punjab, floods were severe in South Punjab, where rice area is minimal. Central Punjab, where most of the Basmati rice is produced, was not affected by the floods. In fact, the rice production in this Basmati producing zone will benefit from the above average rainfall during the monsoon period.

Record Exports Projected Despite Floods Disrupting Supply Chains

Given the export pace and flood's impact, marketing year (Nov/Oct) 2021/22 rice exports are reduced from 4.9 to 4.5 million tons, which would still be a record export level. With lower available domestic supplies, the 2022/23 rice export forecast is lowered to 4.2 million tons.

During the first ten months of 2021/22, Pakistan exported 4.0 million tons of rice, compared to 3.2 million in the corresponding period the previous year. Despite a strong start to the year, the pace of exports declined significantly in July and August. Furthermore, the unprecedented floods disrupted transport from rice mills to port. It will now be a challenge to resume supply chains to again attain the export pace of the earlier months. Uncertainty about the extent of the damage to the crop also resulted in an increase in Pakistani rice prices, which eroded export competitiveness in the short term.

For the first time, rice exports exceeded \$2.5 billion during the 2021/22 local fiscal year (July-June), according to Pakistan Bureau of Statistics (PBS) data. Rice export quantity grew 32 percent and the value rose 23 percent during FY 2021/22, as compared to FY 2020/21.

During the first six months of 2022, rice exports increased to almost all traditional markets including Africa, the Gulf States, and the EU, with shipments to China showing the most robust growth.

Rice Consumption Increasing

Rice consumption estimates for 2021/22 and 2022/23 are increased to 4.3 and 4.6 million tons, respectively, as lifting of Covid restrictions has allowed for a resumption of social events, generating positive impact on rice consumption. While rice is not a staple food for majority of Pakistanis, rice dishes are an integral part of social gatherings and weddings. The recent increase in flour prices is also underpinning demand for rice.

Table 1: Pakistan Rice Exports (tons)

Months	2020/21	2021/22
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
June	323,796	403,917
July	226,392	217,481
August	249,976	220,739
Total	3,239,029	4,060,566

Source: Pakistan Bureau of Statistics

Table 2: Production, Supply and Demand Data Statistics:

Rice, Milled	2020/2021		2021/2022		2022/2023	
Market Year Begins	Nov 2020		Nov 2021		Nov 2022	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	3,335	3,381	3,537	3,537	3,200	3,200
Beginning Stocks (1000 MT)	1,149	1,149	1,899	1,898	2,327	2,198
Milled Production (1000 MT)	8,420	8,419	9,323	9,100	8,400	8,300
Rough Production (1000 MT)	12,631	12,630	13,986	13,651	12,601	12,451
Milling Rate (.9999) (1000 MT)	6666	6666	6666	6666	6666	6666
MY Imports (1000 MT)	7	7	5	0	7	0
TY Imports (1000 MT)	7	7	5	0	7	0
Total Supply (1000 MT)	9,576	9,575	11,227	10,998	10,734	10,498
MY Exports (1000 MT)	3,877	3,877	4,900	4,500	5,000	4,200
TY Exports (1000 MT)	3,928	3,928	5,200	5,000	5,000	4,600
Consumption and Residual (1000 MT)	3,800	3,800	4,000	4,300	4,200	4,600
Ending Stocks (1000 MT)	1,899	1,898	2,327	2,198	1,534	1,698
Total Distribution (1000 MT)	9,576	9,575	11,227	10,998	10,734	10,498
Yield (Rough) (MT/HA)	3.7874	3.7356	3.9542	3.8595	3.9378	3.8909
(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 2022/2023 = January 2023 - December 2023						

Attachments:

No Attachments