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Report Name: Grain and Feed Update

Country: Pakistan

Post: Islamabad

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Report Highlights:

No significant changes are made to 2023/24 rice and wheat supply and demand forecasts. Private sector wheat import commitments of about 1.4 million tons underpin the 2 million ton 2023/24 wheat import forecast. Rice exports reached a record level in the final quarter of 2023. Given surplus exportable supplies at competitive prices, the rice export pace is expected to remain strong next year, resulting in the 5 million ton rice export forecast for 2024.

Wheat:

No significant changes are made to the wheat supply and demand table.

Regarding the 2024/25 crop, near record domestic wheat flour prices and adequate soil moisture spurred wheat planting in Punjab and Sindh. Planting is complete, and preliminary assessments indicate record level area sowed in the key production areas of both Punjab and Sindh provinces.

The Indus River System Authority (IRSA) reports adequate irrigation water available for the wheat crop. Wheat is almost entirely irrigated, so the adequate water supply, combined with record area, points to prospects for another good crop in 2024/25, following the record 2023/24 harvest. However, the ultimate production level will hinge on growing conditions and the availability of inputs, especially fertilizer. Already producers are reporting fertilizer shortages and high prices. Weather conditions in March/April during the grain filling and ripening stages will also be critical to final output.

Government Announce Ambitious Wheat Production Target

The Federal Committee on Agriculture (FCA) set the 2024/25 wheat production target at 32.2 million tons, with Punjab producing 25 million tons; Sindh: 4 million tons; Khyber Pakhtunkhwa: 1.6 million tons; and Baluchistan: 1.5 million tons. FCA's annual production targets are largely aspirational and not necessarily based on area assessments.

Wheat Imports

The Trading Corporation of Pakistan (TCP) recently issued its first import tender of 2023/24. TCP seeks to import 110,000 tons, in consignments of at least 50,000 tons, for Jan. 10-Jan. 15 and Jan 17-Jan. 22 delivery. The deadline for submitting offers is Dec. 27.

The private sector has already committed to import about 1.4 million tons, with an estimated 900,000 tons already arrived as of mid-December. Official import data through October (see table below), shows imports of 607,843 tons.

Table 1: Wheat Imports 2023/24

| Months | Quantity (tons) |
|-----------|-----------------|
| May | 50,940 |
| June | 0 |
| July | 0 |
| August | 0 |
| September | 162,301 |
| October | 394,602 |
| Total | 607,843 |

Source: Pakistan Bureau of Statistics

Production, Supply and Demand Data Statistics (1,000 tons):

| Wheat Market Year Begins | 2021/2022 | | 2022/2023 | | 2023/2024 | |
|---|------------------|----------|------------------|----------|------------------|----------|
| | May 2021 | | May 2022 | | May 2023 | |
| Pakistan | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested (1000 HA) | 9,168 | 9,168 | 9,000 | 9,000 | 8,860 | 8,860 |
| Beginning Stocks | 3,056 | 3,056 | 4,530 | 4,530 | 3,070 | 3,730 |
| Production | 27,464 | 27,464 | 26,400 | 26,400 | 28,000 | 28,000 |
| MY Imports | 2,210 | 2,210 | 1,940 | 2,600 | 2,000 | 2,000 |
| TY Imports | 2,210 | 2,210 | 2,400 | 2,400 | 2,000 | 2,000 |
| Total Supply | 32,730 | 32,730 | 32,870 | 33,530 | 33,070 | 33,730 |
| MY Exports | 500 | 500 | 600 | 600 | 500 | 500 |
| TY Exports | 500 | 500 | 600 | 600 | 500 | 500 |
| Feed and Residual | 1,200 | 1,200 | 1,700 | 1,700 | 1,400 | 1,900 |
| FSI Consumption | 26,500 | 26,500 | 27,500 | 27,500 | 28,100 | 28,300 |
| Total Consumption | 27,700 | 27,700 | 29,200 | 29,200 | 29,500 | 30,200 |
| Ending Stocks | 4,530 | 4,530 | 3,070 | 3,730 | 3,070 | 3,030 |
| Total Distribution | 32,730 | 32,730 | 32,870 | 33,530 | 33,070 | 33,730 |
| Yield (MT/HA) | 2.99 | 2.99 | 2.93 | 2.93 | 3.16 | 3.16 |
| (1000 HA), (1000 MT), (MT/HA) | | | | | | |
| MY = Marketing Year, begins with the month listed at the top of each column | | | | | | |
| TY = Trade Year, begins in July. TY 2023/2024 = July 2023 - June 2024 | | | | | | |

Rice, Milled:

No significant changes are made to the rice supply and demand table.

The 2023/24 production estimate is unchanged at 9 million tons. Optimum monsoon rains across the rice belt spurred the near record production this year.

With large exportable supplies, competitive prices, and India's rice export ban, rice exports were at near record levels during the final quarter of 2023. This pace is expected to continue, leading to the 5 million ton export forecast in 2024. Basmati exports are expected to be around 0.9 million tons.

Exports in marketing year 2022/23 were 600,787 tons of basmati (16%) and 3.1 million tons (84%) of other varieties. The 2022/23 monthly exports are shown below.

Table 2: 2022/23 (Nov/October) Rice Exports

| Months | Basmati | Others | Total |
|-------------|---------|-----------|-----------|
| Nov, 2022 | 39,410 | 378,797 | 418,207 |
| Dec, 2022 | 46,514 | 269,025 | 315,539 |
| Jan, 2023 | 51,416 | 176,996 | 228,412 |
| Feb, 2023 | 44,137 | 509,271 | 553,408 |
| Mar, 2023 | 64,274 | 328,344 | 392,618 |
| April, 2023 | 56,400 | 274,092 | 330,492 |
| May, 2023 | 55,930 | 191,148 | 247,078 |
| June, 2023 | 52,306 | 148,586 | 200,892 |
| July, 2023 | 32,416 | 139,628 | 172,044 |
| Aug, 2023 | 46,841 | 121,352 | 168,193 |
| Sep, 2023 | 55,582 | 199,738 | 255,320 |
| Oct, 2023 | 55,561 | 403,307 | 458,868 |
| Total | 600,787 | 3,140,284 | 3,741,071 |

Source: Pakistan Bureau of Statistics

During the local 2022/23 fiscal year (July/June), the average export price of basmati was \$1,092 per ton, while non-basmati export values were \$480 per ton.

Export Outlook

Exports were about 460,000 tons in October 2023, and November and December export levels are also reported to be strong, leading to a near record exports for the final quarter of 2023. The good crop resulting to the large exportable surplus, India's export ban, competitive prices, and increased buying from Indonesia and African countries is fueling the recent strong export performance. This export pace is expected to continue in the coming months.

West Africa (Senegal, Mali, Ivory coast, Gambia, Madagascar) and East Africa (Kenya, Rwanda, Tanzania) are leading export markets. In these markets, Pakistan has a logistical advantage, plus more competitive FOB prices, vis-à-vis Southeast Asia suppliers. The EU (France, Germany, Netherlands, Spain) and Middle East continue to be the main basmati markets. Unpolished Basmati rice is mainly exported to EU, while UAE, Saudi Arabia, Qatar and Bahrain are major destinations for polished basmati rice.

Despite the favorable export outlook, the unstable currency, high interest rates, and shortage of shipping containers continue to present challenges for rice exports.

Production, Supply and Demand Data Statistics:

| Rice, Milled Market Year Begins Pakistan | 2021/2022 | | 2022/2023 | | 2023/2024 | |
|--|------------------|-------------|------------------|----------|------------------|-------------|
| | Nov 2021 | | Nov 2022 | | Nov 2023 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested (1000 HA) | 3,537 | 3,537 | 3,000 | 3,000 | 3,500 | 3,500 |
| Beginning Stocks (1000 MT) | 1,889 | 1,889 | 2,700 | 2,700 | 843 | 867 |
| Milled Production (1000 MT) | 9,323 | 9,323 | 5,500 | 5,500 | 9,000 | 9,000 |
| Rough Production (1000 MT) | 13,986 | 13,986 | 8,251 | 8,251 | 13,501 | 13,501 |
| Milling Rate (.9999) (1000 MT) | 6,666 | 6,666 | 6,666 | 6,666 | 6,666 | 6,666 |
| MY Imports (1000 MT) | 5 | 5 | 7 | 7 | 5 | 5 |
| TY Imports (1000 MT) | 5 | 5 | 7 | 7 | 5 | 5 |
| Total Supply (1000 MT) | 11,217 | 11,217 | 8,207 | 8,207 | 9,848 | 9,872 |
| MY Exports (1000 MT) | 4,817 | 4,817 | 3,764 | 3,740 | 5,000 | 5,000 |
| TY Exports (1000 MT) | 4,525 | 4,525 | 4,200 | 4,200 | 5,000 | 5,000 |
| Consumption and Residual (1000 MT) | 3,700 | 3,700 | 3,600 | 3,600 | 3,650 | 3,700 |
| Ending Stocks (1000 MT) | 2,700 | 2,700 | 843 | 867 | 1,198 | 1,172 |
| Total Distribution (1000 MT) | 11,217 | 11,217 | 8,207 | 8,207 | 9,848 | 9,872 |
| Yield (Rough) (MT/HA) | 3.95 | 3.95 | 2.75 | 2.75 | 3.85 | 3.85 |
| (1000 HA), (1000 MT), (MT/HA) | | | | | | |
| MY = Marketing Year, begins with the month listed at the top of each column. | | | | | | |
| TY = Trade Year begins in January. TY 2023/2024 = January 2024 - December 2024 | | | | | | |

Attachments:

No Attachments