

**Required Report:** Required - Public Distribution

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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:**

Reflecting recently released government of Pakistan official data, the 2024/25 wheat production estimate is increased to a record 31.4 million tons. The 2024/25 rice production forecast is increased from 9.5 to a record 10 million tons due to good planting conditions, better prospective profitability compared to alternate crops, and adequate irrigation water supplies. Based on the sustained strong pace of shipments, the 2023/24 rice export forecast is increased from 5.9 to a record 6.3 million tons.

## Wheat

### Punjab's Increase in Output Lifts Wheat Production to Record Level

Based on the Government of Pakistan's (GOP) official data, marketing year 2024/25 (May-April) wheat production is increased to a record 31.4 million metric tons (MMT), eleven percent higher than last year's production of 28.2 MMT. This year's record production is based on significant increases in both area and yield and marks the second consecutive year of record wheat output. Good growing conditions throughout the season, sufficient irrigation water, and increased use of certified seed fueled the bumper crop. This record production is primarily attributable to the increase in output in Punjab province, which produced 3 MMT more than in 2023/24. The production in other provinces remained about the same.

The breakdown of wheat production by province is below:

**Table 1: Wheat Production by Province, 2024/25**

Province	Quantity (MMT)
Punjab	24.0
Sindh	4.4
KPK	1.4
Baluchistan	1.6
Total	31.4

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

### Dramatic Change in Government Wheat Procurement Policy

Marking a dramatic shift in official policy, this year the Punjab provincial government did not buy any wheat. Traditionally, both the central and provincial governments have bought wheat at harvest at a minimum guaranteed support price. The procured wheat was then sold at a mandated price to flour millers, with the government controlling the quantity, price, and time of release. Prior to harvest this year, the federal and Punjab provincial governments announced the wheat support price for the 2024/25 crop at Rs. 3,900 per 40 kilograms (\$350 per metric ton), while the Sindh government set its price at Rs. 4,000 per 40 kilograms (\$358 per metric ton).

However, the Punjab government ultimately decided not procure wheat from farmers. Coinciding with the recently harvested crop entering the market, the decision not to implement the support price triggered a sharp decline in wheat prices. In the past, the Punjab government had been the largest buyer from farmers. The decision not to procure wheat was made without any prior announcement or consultations with producers. Farmers sold wheat in the open market, and wheat prices dropped 30 percent below the government support price. The reversal of this decades-long policy of maintaining a

wheat support price eroded the Punjab provincial government’s credibility and will likely negatively impact area planted next year.

The decision not to procure wheat from the farmers is linked to another major wheat policy change in 2023/24. Beginning in August 2023, the government allowed the private sector to import wheat duty free, and the import prices were at a significant discount to prevailing domestic market prices. The private sector imported about 3.5 million tons. Russia was the largest supplier, followed by Ukraine, Romania, Bulgaria, and Latvia (Table 2).

**Table 2: Wheat Imports by Origin (2023/24)**

<b>Country</b>	<b>Quantity (million tons)</b>
<b>Russia</b>	<b>2.2</b>
<b>Ukraine</b>	<b>0.83</b>
<b>Romania</b>	<b>0.41</b>
<b>Bulgaria</b>	<b>0.05</b>
<b>Latvia</b>	<b>0.04</b>
<b>Total</b>	<b>3.5</b>

With the private sector providing lower priced imported wheat to the millers, the government sold only minimal stocks into the market. Consequently, the government held around five million tons of stocks at the onset of harvest and had limited storage capacity to purchase the new crop. While the Federal and Sindh governments procured around one million tons, this procurement was insufficient to stem the decline in prices resulting from the bumper crop and large stocks. Although market analysts have long recommended a gradual removal of price supports, the Punjab provincial government’s sudden decision not to procure the local crop at the support price caused confusion. It is still unclear whether this year’s policy signifies a permanent liberalization in wheat price policy or just a change for the 2024/25 crop.

Given record production and high stocks, the 2024/25 import forecast is reduced from 0.8 to 0.5 MMT.

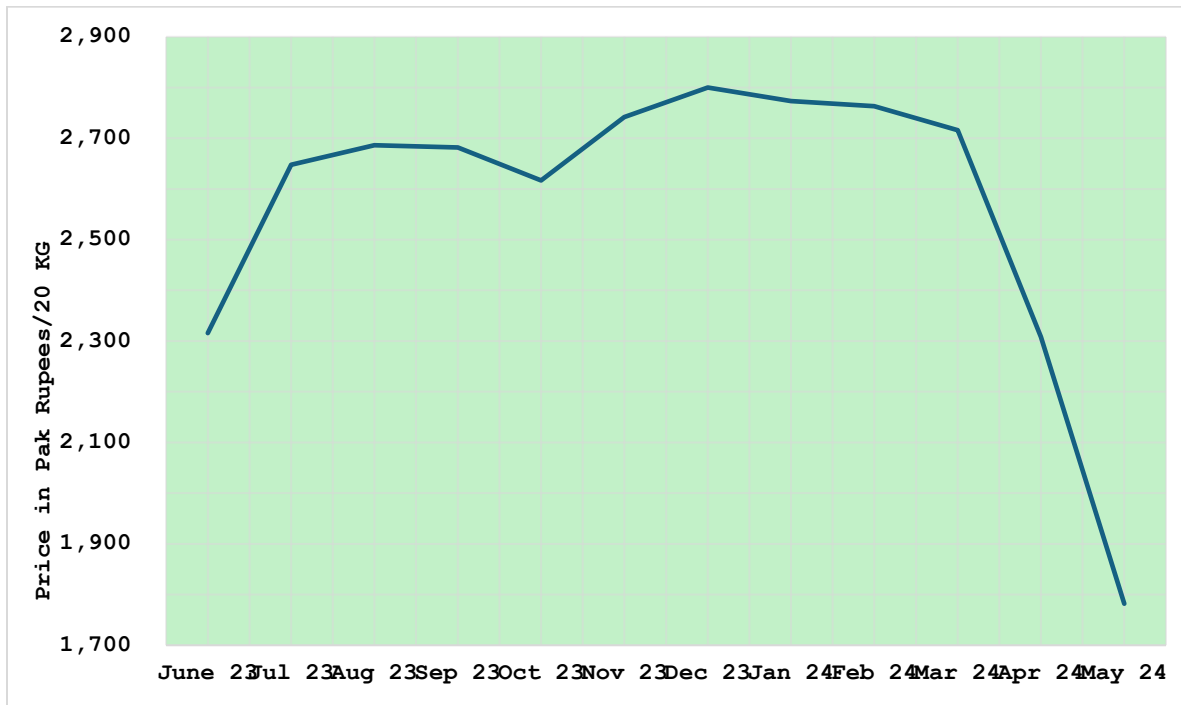
## **Consumption**

Population growth and consumers’ preference for wheat-based products are driving the continued increase in consumption. Wheat for feed use is not large mainly due to high prices as compared to corn. However, inferior quality/damaged wheat is used in rural areas for back yard poultry.

Domestic retail wheat flour prices during the last twelve months indicate that prices peaked in December/January, and then declined from March through May (Graph A). Though this is consistent

with the seasonal drop at harvest, the price decline this year was steeper due to the government's decision not to procure wheat.

**Graph A: Wheat Flour Retail Prices**



**Source: Pakistan Bureau of Statistics**

**Table 3: Wheat Production, Supply and Demand Data Statistics:**

<b>Wheat</b>	<b>2022/2023</b>		<b>2023/2024</b>		<b>2024/2025</b>	
<b>Market Year Begins</b>	<b>May 2022</b>		<b>May 2023</b>		<b>May 2024</b>	
<b>Pakistan</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested (1000 HA)</b>	9,000	9,000	9,041	9,041	9,600	9,630
<b>Beginning Stocks (1000 MT)</b>	4,530	4,530	3,910	3,910	4,886	4,886
<b>Production (1000 MT)</b>	26,400	26,400	28,176	28,176	30,000	31,400
<b>MY Imports (1000 MT)</b>	2,680	2,680	3,500	3,500	800	500
<b>TY Imports (1000 MT)</b>	2,731	2,731	3,500	3,500	800	500
<b>Total Supply (1000 MT)</b>	33,610	33,610	35,586	35,586	35,686	36,786
<b>MY Exports (1000 MT)</b>	500	500	500	500	500	600
<b>TY Exports (1000 MT)</b>	500	500	500	500	500	600
<b>Feed and Residual (1000 MT)</b>	1,700	1,700	1,900	1,900	2,000	2,000
<b>FSI Consumption (1000 MT)</b>	27,500	27,500	28,300	28,300	29,000	29,200
<b>Total Consumption (1000 MT)</b>	29,200	29,200	30,200	30,200	31,000	31,200
<b>Ending Stocks (1000 MT)</b>	3,910	3,910	4,886	4,886	4,186	4,986
<b>Total Distribution (1000 MT)</b>	33,610	33,610	35,586	35,586	35,686	36,786
<b>Yield (MT/HA)</b>	2.9333	2.9333	3.1165	3.1801	3.125	3.2606
TY = Trade Year; TY 2022/2023 = July 2022/June 2023						

## **Rice**

### **Hybrid Rice Varieties Spurring Record Rice Production**

The 2024/25 (November-December) rice production forecast is increased from 9.5 to a record 10 MMT due to good planting conditions and prospects for adequate irrigation water supplies throughout the growing season. The 2023/24 rice production estimate is revised upwards to a record 9.86 MMT, in accordance with the latest official data.

Except for the flood damaged 2022/23 crop, rice production has steadily increased over the past decade. This increase is due to increases in both area and yield. Area has increased as rice has been more profitable vis-à-vis alternative crops. Meanwhile, adoption of hybrid seed varieties are driving yield increases.

The beginning and extent of summer rains will be critical in determining the final output of the current crop. The monsoon season will start in early July and continue until September.

### **Rice Exports at Continue at Record Level**

Due to the sustained strong export pace through the first seven months of the marketing year, the 2023/24 rice export estimate is increased from 5.9 to record 6.3 MMT. The good harvest resulting in a large exportable surplus, competitive prices, India's export ban, and increased buying from importing countries, especially Malaysia and Indonesia, boosted rice exports this marketing year. The Rice Exporters Association of Pakistan (REAP) active marketing strategy, improvements in transport and storage infrastructure, and increased use of dryers have also enabled export growth. Indonesia has been the single largest market during the current marketing year, while West Africa (Senegal, Mali, Ivory Coast, Gambia, Madagascar) and East Africa (Kenya, Rwanda, Tanzania), the Gulf region and EU remain consistent buyers. However, exports to China decreased significantly as compared to last marketing year.

As of mid-June, offers for 5 percent broken white rice were around \$640 per ton and parboiled rice around \$680 per ton, up from \$465 and \$486, respectively, a year ago.

Pakistan exported around 4.5 MMT during the first seven months of the current marketing year (Table 3). Basmati exports were slightly less than half million tons, while exports of non-basmati varieties were around four million tons.

**Table 4: Rice Exports in 2023/24 (metric tons)**

<b>Months</b>	<b>Basmati</b>	<b>Others</b>	<b>Total</b>
<b>Nov 2023</b>	53,495	612,514	666,009
<b>Dec 2023</b>	74,261	775,765	850,026
<b>Jan 2024</b>	80,295	671,738	752,033
<b>Feb 2024</b>	72,915	536,380	609,295
<b>March 2024</b>	72,919	545,000	617,919
<b>April 2024</b>	66,863	463,035	529,899
<b>May</b>	66,902	439,414	506,317
<b>Total</b>	<b>487,650</b>	<b>4,043,846</b>	<b>4,531,498</b>

**Source: Pakistan Bureau of Statistics**

As exportable stocks dwindle during the remaining months of the current marketing year, the pace of exports is expected to slow. Nonetheless, total exports are forecast to achieve the 6.3 MMT record.

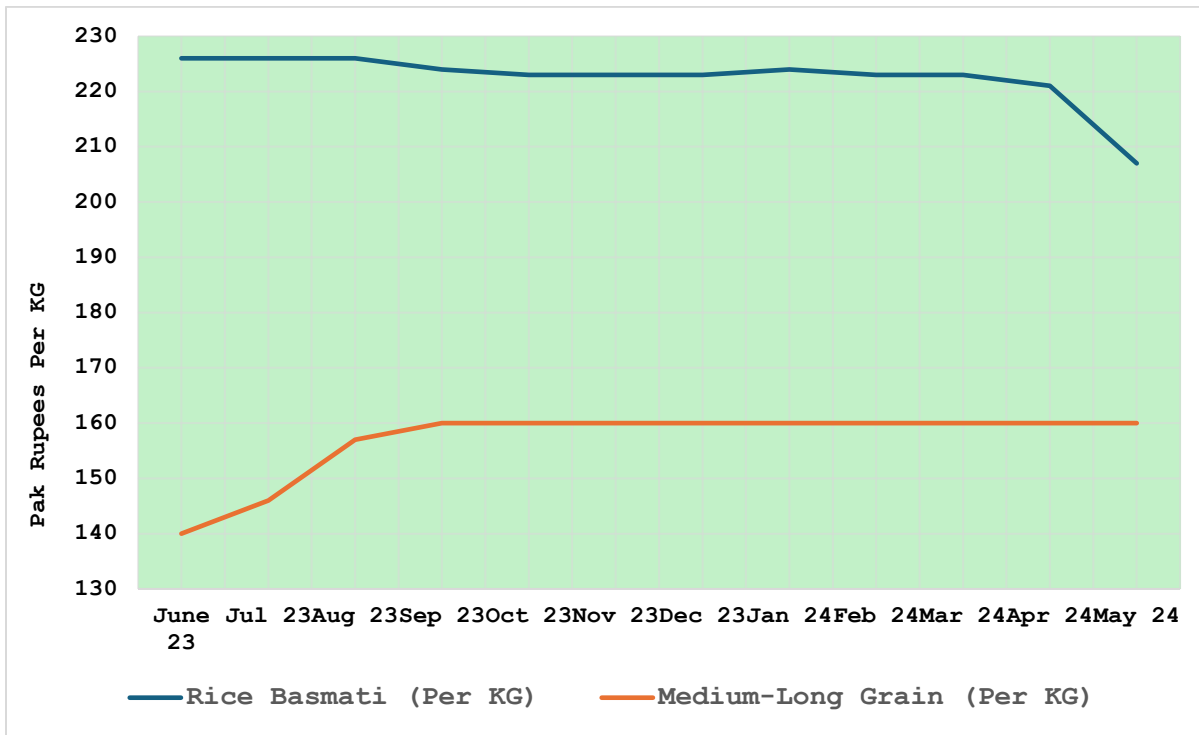
With the 2024/25 crop forecast at record level, next year's export forecast is increased to 5.6 million tons. This marks a decline from the current year's forecast as the unprecedented demand in global markets and favorable competitive conditions for Pakistani rice exports this year are unlikely to be sustained. Continued robust demand from Southeast Asia and West Africa is expected to underpin Pakistani rice exports through 2025. Local rice exporters are also focusing on rejuvenating shipments to China to counter any slowdown in the other regular markets. Pakistan's rice exports to China are mostly non-basmati, lower grade, higher-percentage broken rice categories destined for animal feed.

### **Consumption**

Rice is not a staple food crop in Pakistan. Traditionally, 40 to 45 percent of the crop is used for local consumption, with the balance exported. Local consumers prefer the higher priced Basmati rice if they can afford it, but wheat is still the favored staple. An estimated 200,000 tons of 40-100 percent broken rice is used in poultry and animal feed annually.

Domestic retail rice price data during the last twelve months indicates that basmati prices remained stable till March but started to decline in April 2024. Standard medium-long grain prices rose from June to August then stabilized.

**Graph B: Rice Retail Prices**



**Source: Pakistan Bureau of Statistics**



**Table 5: Rice Production, Supply and Demand Data Statistics:**

Rice, Milled	2022/2023		2023/2024		2024/2025	
	Nov 2022		Nov 2023		Nov 2024	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2,975	2,975	3,617	3,617	3,800	3,800
Beginning Stocks (1000 MT)	2,378	2,378	2,028	2,028	1,183	1,593
Milled Production (1000 MT)	7,300	7,300	9,000	9,860	9,500	10,000
Rough Production (1000 MT)	10,951	10,951	13,501	14,791	14,251	15,002
Milling Rate (.9999) (1000 MT)	6666	6666	6666	6666	6666	6666
MY Imports (1000 MT)	7	7	5	5	0	5
TY Imports (1000 MT)	7	7	5	5	0	5
Total Supply (1000 MT)	9,685	9,685	11,033	11,893	10,683	11,598
MY Exports (1000 MT)	3,757	3,757	5,900	6,300	5,300	5,600
TY Exports (1000 MT)	4,528	4,528	5,700	6,000	5,200	5,500
Consumption and Residual (1000 MT)	3,900	3,900	3,950	4,000	4,000	4,100
Ending Stocks (1000 MT)	2,028	2,028	1,183	1,593	1,383	1,898
Total Distribution (1000 MT)	9,685	9,685	11,033	11,893	10,683	11,598
Yield (Rough) (MT/HA)	3.681	3.681	3.7327	4.0893	3.7503	3.9479
TY = Trade Year; TY 2022/2023 = January 2023 - December 2023						

**Attachments:**

No Attachments