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Report Name: Oilseeds and Products Update

Country: Pakistan

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Report Highlights:

Only limited growth in soybean and vegetable oil imports is forecast for 2021/22. Rising prices and changes in taxation policies are hindering demand for meal from the poultry sector and capping growth in edible oil demand. Recent soybean import trends show a decline in U.S. market share in favor of Brazil.

A. Oilseeds

After only marginal growth in imports in marketing year (October/September) 2020/21, and a sluggish first quarter in 2021/22, expectations for growth in 2021/22 soybean and canola imports remain diminished. Post forecasts 2021/22 total oilseed imports to be about 3.3 million tons, reflecting a more modest annual growth rate than previously forecast.

All soybean import demand is derived from local use of meal for poultry, livestock and aquaculture feed, and these sectors face broad economic headwinds. The poultry sector, the leading user of soybean meal, is confronting many challenges limiting expansion, including: 1) prevailing high prices for almost all inputs, especially energy and feed; 2) the government's recent implementation of a new 17 percent sales tax on key inputs; 3) difficulty transferring these higher costs on to consumers via higher retail prices; and 4) the food service, hospitality, and events sectors' continued struggle to resume full operations following a nearly two-year period of extreme uncertainty. In addition, the continued weakness and volatility of the Pakistani rupee clouds soybean import prospects. While there is more promising growth from the aquaculture and dairy sectors, they comprise a small percentage of the estimated 9 million ton annual domestic compound feed use.

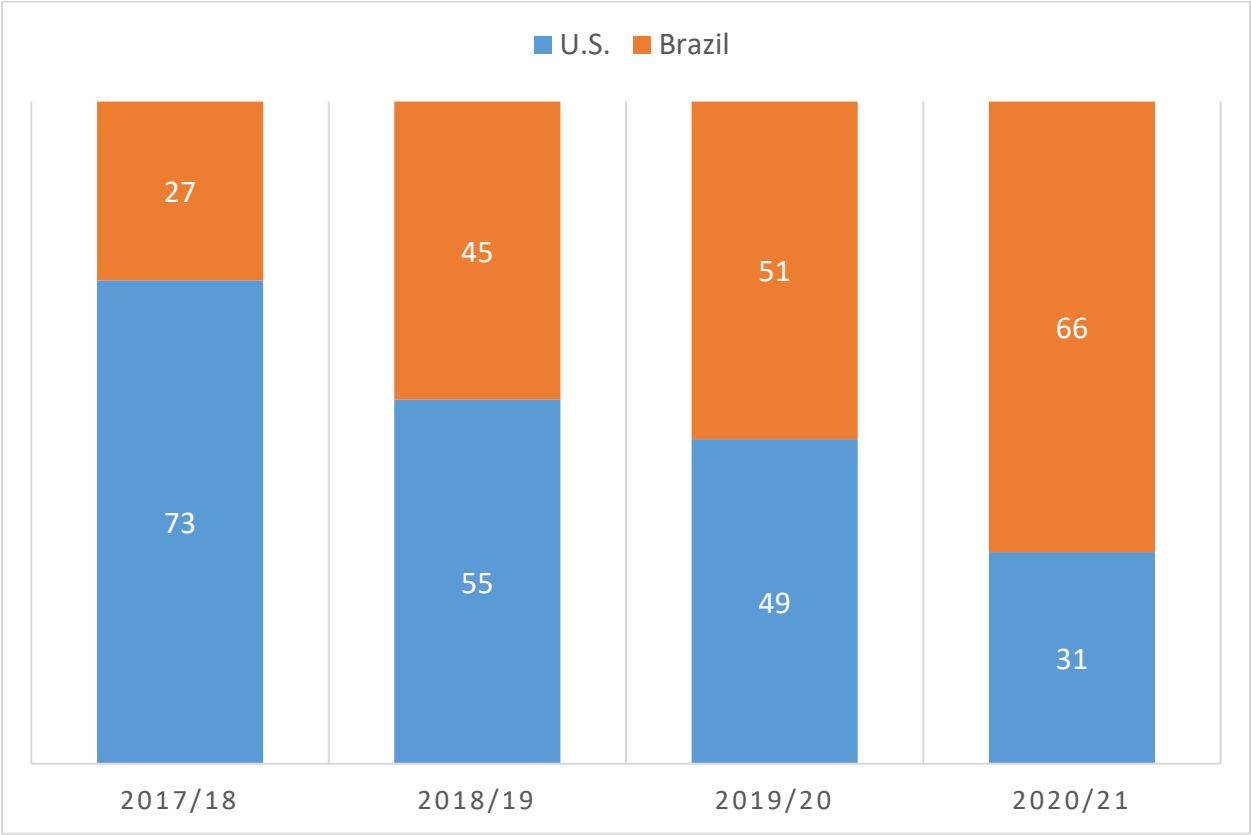
Table 1: Oilseed Imports (MT):

Product	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22*
Rapeseed/Canola	1,100,000	1,180,000	820,920	907,485	805,000	817,000	191,000
Sunflower seed	50,000	102,000	40,900	0	0	0	0
Soybeans	1,132,000	1,600,000	2,179,042	1,996,705	2,400,000	2,420,000	266,000
Total	2,282,000	2,882,000	3,040,862	2,904,190	3,285,000	3,237,000	

Source: FAS Islamabad (*Q1 Oct/Dec)

A shift in market share among leading suppliers has accompanied the slow-down in growth of soybean imports: As shown in Figure 1, Brazil is gaining while the United States is losing market share.

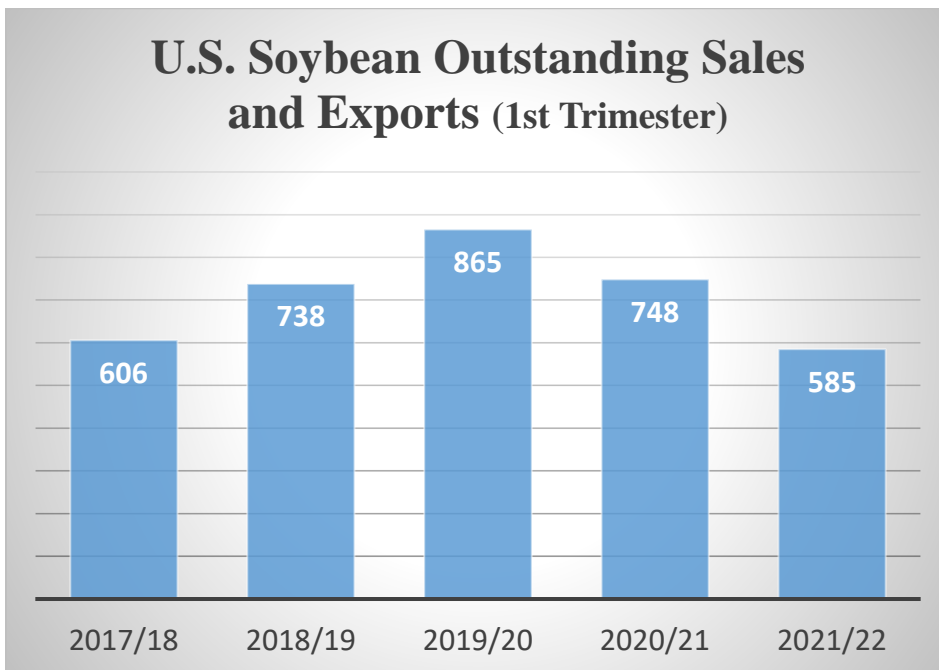
Figure 1: Percentage Share of Soybean Imports from Brazil and the United States



Source: Trade Data Monitor

Furthermore, U.S. commitments (outstanding sales plus exports) through the first 4 months of 2021/22 indicate that it is unlikely U.S. market share will rebound this year. As shown in Figure 2, U.S. sales and shipments through the first trimester were the lowest since 2017/18. According to the February 3, “U.S. Export Sales Report,” through the end of January, the U.S. had shipped 585,000 tons, and no outstanding sales remain. No new sales have occurred since early December 2021. Typically, soybeans from Brazil dominate Pakistan’s monthly imports from mid-February onward, so U.S. shipments may be complete for this marketing year.

Figure 2: U.S. soybean exports and outstanding sales through first four months of marketing year.



Source: Data derived from U.S.D.A. U.S. Sales Report

Table 2: Soybean Supply and Demand:

Soybean	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	2	2	2	2	2	2
Area Harvested (1000 HA)	1	1	1	2	1	2
Beginning Stocks (1000 MT)	84	84	180	180	41	178
Production (1000 MT)	1	1	1	0	1	0
MY Imports (1000 MT)	2416	2416	2419	2400	2605	2600
MY Imp. from U.S. (1000 MT)	1025	1025	1100	1500	1100	0
Total Supply (1000 MT)	2501	2501	2600	2580	2647	2778
Crush (1000 MT)	2300	2300	2524	2400	2600	2600
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Dom. Cons. (1000 MT)	21	21	35	2	17	2
Total Dom. Cons. (1000 MT)	2321	2321	2559	2402	2617	2602
Ending Stocks (1000 MT)	180	180	41	178	30	176
Total Distribution (1000 MT)	2501	2501	2600	2580	2647	2778
CY Imports (1000 MT)	2303	2303	2500	0	2500	0
CY Imp. from U.S. (1000 MT)	1018	1018	1100	0	2550	0

B. Vegetable Oil

Due to rising prices for palm oil and overall price inflation curbing consumer purchasing power, the forecast for 2021/22 palm oil imports is reduced to 3.4 million tons. This forecast implies annual growth of only 3 percent, which is only slightly above what is needed to keep pace with Pakistan's annual population growth. The aforementioned sluggishness in the food service sector, combined with the erosion in overall consumer purchasing power, is expected to prevent the 5-7 percent expansion in vegetable oil consumption suggested in Post's previous report. Because palm oil prices increased so dramatically in 2020/21, combined with the rupee's depreciation, the cost of Pakistan's palm oil imports nearly doubled, but quantity increased only marginally. The 2020/21 palm oil import number has been updated to reflect recent data.

While insignificant, the soybean oil import forecast for 2021/22 is increased to reflect expectations that some buyers may opt to substitute some soy oil for palm oil given current price relationships between the two. And there is a developing preference for soft oils vis-à-vis palm oil among a small segment of consumers.

Soy and palm oil consumption is expected be about 3.5 million tons in 2021/22, reflecting expectations for minimal annual growth based on the factors capping demand explained above.

Table 3: Soybean Oil Imports (MT):

Month	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Oct	1,552	43,052	14,492	7,772	14,954	2,262	1,872	2,370
Nov	1,019	23,701	4,044	4,868	10,180	9,064	126	14,200
Dec	1,280	22,120	922	19,509	10,950	1,725	4	2,500
Jan	184	26,652	61	4,560	851	4,581	10	
Feb	167	25,089	122	2,261	12,307	1,708	--	
Mar	51	16,466	12,450	4,243	16,100	383	--	
Apr	757	11,006	8,085	12,211	15,275	1,041	13,300	
May	7,136	21,516	28,654	5,937	14,193	611	8,750	
June	10,105	11,423	9,756	13,387	26,332	16,722	21,811	
July	11,141	19,570	55,389	6,319	19,561	24,525	10,110	
Aug	31,133	15,459	23,768	7,158	13,764	18,925	3,902	
Sept	31,240	20,936	21,937	16,309	12,902	27,309	4,090	
Total	95,765	256,990	179,180	104,534	167,369	108,796	63,975	

Source: Pakistan Bureau of Statistics

Table 4: Palm Oil Imports (MT):

Month	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Oct	213,467	283,740	204,972	257,530	230,673	257,557	116,614	216,887
Nov	212,248	212,491	224,912	244,538	278,579	301,171	284,289	323,262
Dec	214,094	187,913	242,219	249,638	252,662	285,679	296,346	250,501
Jan	162,916	211,624	237,227	244,565	302,127	244,477	301,710	
Feb	188,103	237,795	226,052	200,684	251,453	251,474	235,764	
Mar	196,993	365,734	255,491	295,288	280,738	264,863	276,050	
Apr	173,743	214,633	217,555	269,672	270,838	266,216	275,371	
May	211,668	257,672	261,326	232,553	302,717	209,634	238,547	
June	278,197	199,104	219,032	223,513	255,740	271,902	240,537	
July	160,019	150,726	244,671	252,725	129,625	341,825	221,677	
Aug	256,208	204,712	259,004	225,275	280,413	243,407	289,267	
Sept	258,250	187,092	217,422	274,410	261,734	347,287	283,525	
Total	2,525,906	2,713,236	2,890,063	2,970,391	3,097,299	3,285,492	3,059,697	

Source: Pakistan Bureau of Statistics

Table 5: Palm Oil Supply and Demand:

Oil, Palm	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	0	0	0	0	0	0
Trees (1000 TREES)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	265	265	250	250	195	195
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	3275	3275	3420	3300	3550	3400
Total Supply (1000 MT)	3540	3540	3670	3550	3745	3595
MY Exports (1000 MT)	0	0	3	3	0	0
Industrial Dom. Cons. (1000 MT)	70	70	75	75	60	70
Food Use Dom. Cons. (1000 MT)	3145	3145	3257	3207	3350	3250
Feed Dom. Cons. (1000 MT)	75	75	140	70	75	75
Total Dom. Cons. (1000 MT)	3290	3290	3472	3352	3485	3395
Ending Stocks (1000 MT)	250	250	195	195	260	200
Total Distribution (1000 MT)	3540	3540	3670	3550	3745	3595

Table 6: Soybean Oil Supply and Demand:

Oil, Soybean	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	2300	2300	2524	2400	2600	2600
Extr. Rate , (PERCENT)	0.187	0.187	0.1874	0.187	0.1865	0.187
Beginning Stocks (1000 MT)	13	13	31	31	28	20
Production (1000 MT)	430	430	473	450	485	485
MY Imports (1000 MT)	70	70	40	64	45	70
Total Supply (1000 MT)	513	513	544	545	558	575
Industrial Cons. (1000 MT)	10	10	5	5	10	10
Food Dom. Cons. (1000 MT)	472	472	511	520	520	545
Total Dom. Cons. (1000 MT)	482	482	516	525	530	555
Ending Stocks (1000 MT)	31	31	28	20	28	20
Total Distribution (1000 MT)	513	513	544	545	558	583

C. Meal

Soybean meal production for 2020/21 is reduced to reflect updated crush data due to reduced soybean imports. Due to higher domestic cotton seed production, there will be more cotton seed crush in 2021/22. As a result, total meal production is expected to rebound in 2021/22. Most, if not all, cotton seed meal goes to ruminant feed rations.

Table 7: Total Oilseed Meal Production (MT):

	2019/20	2020/21	2021/22
<i>Cottonseed Meal</i>	1,233	815	1,180
<i>Rapeseed Meal</i>	645	725	581
<i>Soybean Meal</i>	1,810	1,900	2,020
<i>Sunflower Seed Meal</i>	54	61	59
Total	3,742	3,501	3,840

Table 8: Soybean Meal Supply and Demand (MT):

Meal, Soybean	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	2300	2300	2524	2400	2600	2600
Extr. Rate, 999.9999 (PERCENT)	0.787	0.787	0.7868	0.7917	0.7865	0.7769
Beginning Stocks (1000 MT)	66	66	57	57	59	55
Production (1000 MT)	1810	1810	1986	1900	2045	2020
MY Imports (1000 MT)	6	6	3	3	5	0
Total Supply (1000 MT)	1882	1882	2046	1960	2109	2075
MY Exports (1000 MT)	6	6	5	5	4	0
Feed Waste Dom. Cons. (1000 MT)	1819	1819	1982	1900	2046	2035
Total Dom. Cons. (1000 MT)	1819	1819	1982	1900	2046	2035
Ending Stocks (1000 MT)	57	57	59	55	59	40
Total Distribution (1000 MT)	1882	1882	2046	1960	2109	2075

Attachments:

No Attachments