

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Pakistan

Grain and Feed Update

Pakistan Grain and Feed Update

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Report Highlights:

Pakistan's 2018/19 wheat production is estimated at 26.3 million metric tons (MMT), 800,000 tons higher than current USDA estimate. Federal and provincial governments procured 5.9 MMT, which, while slightly below target, leaves the government with 10.6 MMT of wheat stocks at the start of the marketing year, one of the highest stock levels ever. Continuing devaluation of Pakistani rupee against dollar is making Pakistani rice more competitive in the world markets. Pakistan has so far exported 3.0 MMT of rice during the current marketing year and is now expected to export a record 4.3 MMT during 2017/18.

Post:
Islamabad

Author Defined:
Government of Pakistan Procures 5.9 Million Tons of Wheat

Pakistan's 2018/2019 wheat production is estimated at 26.3 MMT, 800,000 tons higher than current USDA estimate. Growing conditions were generally good and farmers appear to have countered the potential ill effects of unseasonal rains during harvest in some areas.

The Government of Pakistan procured 5.9 MMT of wheat from the recently concluded wheat harvest (Table 1), three percent lower than the 6.1 MMT target that was announced prior to the onset of harvest and six percent less than the last year's procurement of 6.28 MMT. Procurement appears to have been affected by a new mechanism for releasing gunny bags to farmers in Punjab. Many farmers were unaware of the change in policy and missed the dead line for applying for the gunny bags. At a procurement price of \$310 per metric ton, producers who receive the government support price are among the better compensated wheat growers globally. In spite of lower-than-targeted procurement, the government now holds 10.8 MMT of wheat at the start of the local marketing year, one of the highest beginning stock levels on record.

Table 1: Wheat Procurement by Province, 2018 Crop

Province	Quantity (metric tons)
Punjab	3.62
Sindh	1.20
Khyber Pakhtunkhwa	0.20
Baluchistan	0.0
PASSCO*	0.90
Total	5.92

*Federally-run Pakistan Agricultural Storage and Services Corporation

The Government of Pakistan shields producers from imports with a tariff of 60 percent on imports, still well below the World Trade Organization bound rate of 150 percent which is the tariff ceiling for imported wheat. While the government only procures about a quarter of the crop (half stays on farm for consumption and half enters commercial channels directly) the high government procurement prices help to support the pricing of the wheat that is marketed commercially, as the government is also a primary supplier of wheat to the flour milling industry. While wheat accounts for about 75 percent of the calories that Pakistanis consume, higher prices appear to be having some moderating effect on wheat consumption. The government spent approximately \$1.8 billion for wheat procurement this year, much of it financed through loans that will be partially paid back when the wheat is sold to the private sector. Note that the federal and provincial governments absorb storage and other losses in these transactions. Some wheat stocks are used to feed communities that have been displaced from their homes due to conflict and some is sold as flour at reduced rates to consumers via low-priced, government-run utility stores.

The subsidy on wheat exports announced earlier this year (\$159 per metric ton) is currently available through June 30, 2018, the conclusion of the 2017/18 fiscal year. Despite the significant

price differential between the Pakistani and global wheat markets, exporters are trying to take advantage of the generous subsidy before it expires. Exports of wheat to markets other than Afghanistan were 326,133 MT in May according to preliminary official statistics and an additional 500,000 MT are expected in June. Buyers reportedly include Bangladesh, Sri Lanka, Indonesia, Senegal, and Ghana. Exports during MY 2018/19 are projected at 1.0 MMT, reflecting 800,000 MT of subsidized exports, plus 200,000 MT of wheat-equivalent flour to Afghanistan. Exports of flour to Afghanistan have slowed as border security and oversight have increased in recent months. Afghanistan appears to be sourcing wheat from its northern neighbors. Preliminary data indicate that 2017/18 wheat exports were around 1.2 MMT, unchanged from the current USDA estimate.

Production, Supply and Demand Data Statistics:

Wheat	2016/2017		2017/2018		2018/2019	
Market Begin Year	May 2016		May 2017		May 2018	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	9224	9200	8973	9050	8950	8950
Beginning Stocks	3815	3815	4351	4365	4830	4695
Production	25633	25600	26674	26600	25500	26300
MY Imports	3	50	5	30	10	30
TY Imports	3	50	5	30	10	30
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	29451	29465	31030	30995	30340	31025
MY Exports	600	600	1200	1200	1000	1000
TY Exports	600	600	1200	1200	1000	900
Feed and Residual	800	800	1000	1100	1200	1200
FSI Consumption	23700	23700	24000	24000	24100	24100
Total Consumption	24500	24500	25000	25100	25300	25300
Ending Stocks	4351	4365	4830	4695	4040	4725
Total Distribution	29451	29465	31030	30995	30340	31025
Yield	2.7789	2.7826	2.9727	2.9392	2.8492	2.9385
(1000 HA) ,(1000 MT) ,(MT/HA)						

Rice

Pakistan’s Metrological Department has forecast normal monsoon rains this year for Pakistan raising hopes for a good rice harvest in spite of reports of irrigation water shortages during the early Kharif season.

Based on the Government of Pakistan’s preliminary trade data, exports are progressing at a healthy pace. The continuing devaluation of the Pakistani rupee against the dollar (around 15 percent since December 2017) is making Pakistani rice more competitive. Pakistan has so far

exported around 3.0 MMT of rice during the current marketing year compared to 2.4 MMT during the corresponding period last year (Table 2). Exports in 2017/18 are now expected to reach a record 4.3 MMT.

Table 2: Pakistan Rice Exports MY 2017/18 (Nov/October)

Months	MY 16/17	MY 17/18
November	438,399	435,688
December	391,161	478,062
January	390,690	489,052
February	355,633	392,090
March	271,282	462,154
April	374,250	337,540
May	220,377	376,863
Total	2,441,792	2,971,449

Source: Pakistan Bureau of Statistics

Production, Supply and Demand Data Statistics:

Rice, Milled	2016/2017		2017/2018		2018/2019	
Market Begin Year	Nov 2016		Nov 2017		Nov 2018	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2724	2700	2800	2800	2800	2800
Beginning Stocks	1124	1124	1367	1284	1467	1084
Milled Production	6849	6850	7500	7500	7400	7400
Rough Production	10275	10276	11251	11251	11101	11101
Milling Rate (.9999)	6666	6666	6666	6666	6666	6666
MY Imports	10	10	0	0	0	0
TY Imports	7	10	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	7983	7984	8867	8784	8867	8484
MY Exports	3516	3600	4000	4300	4000	4000
TY Exports	3642	3600	4000	4300	4000	3800
Consumption and Residual	3100	3100	3400	3400	3500	3500
Ending Stocks	1367	1284	1467	1084	1367	984
Total Distribution	7983	7984	8867	8784	8867	8484
Yield (Rough)	3.772	3.8059	4.0182	4.0182	3.9646	3.9646
(1000 HA) ,(1000 MT) ,(MT/HA)						