

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 10/2/2015

GAIN Report Number: PK1542

Pakistan

Grain and Feed Update

Grain and Feed Update 2015

Approved By:

David Williams

Prepared By:

Asmat Raza

Report Highlights: Planting of the Rabi (winter) wheat crop is expected to get underway in a few weeks. Soil moisture was affected to some degree by the early withdrawal of the monsoon, but irrigation supplies are reportedly above average suggesting that area will be similar to a year ago. Federal approval for the wheat export subsidy expired in July and the subsidy was not large enough to attract commercial interest beyond ongoing shipments to Afghanistan. Pakistan's wheat market is currently protected by a 40 percent import tariff. Rice exports have faded after the robust monthly volumes that started the marketing year, but, with two months to go, appear to be on pace to reach 4.0 million metric tons in 2014/15.

Wheat:

Farmers in the key wheat producing provinces of Punjab and Sindh are just a few weeks away from the start of planting the Rabi (winter) wheat crop that will be harvested in the spring of 2016. Planting in the southern province of Sindh starts in the middle of October and planting slowly moves north to Punjab where most of the planting is done in November. The summer monsoon receded somewhat early and overall rains were slightly below normal resulting in lower rain-derived soil moisture. However, the winter wheat crop is dependent on irrigation for virtually all of its moisture and the early monsoon departure of the monsoon is not expected to have a significant effect on planting practices. Supplies of irrigation water are reported to be better than average. Low cotton prices could prompt farmers to reduce the number of cotton pickings and move to plant wheat earlier. If that happens, wheat yields could benefit from earlier planting and root system development before the onset of colder winter weather. Wheat area is not expected to change significantly from a year ago. The government has not yet announced the 2016 wheat procurement price, but the current 40 percent tariff on wheat imports ensures that domestic wheat prices are well above international prices.

The federal authorization for wheat export subsidies expired in July. The subsidies were simply not large enough to generate commercial interest in Pakistani wheat in markets other than Afghanistan. Talk of government-to-government deals with regional markets arises occasionally, but at this stage there do not appear to be any concrete deals in the offing. Government stocks are relatively flush following a five million ton procurement from the 2015 harvest, but a somewhat lower than expected harvest moderated concerns that wheat supplies would become too large to manage and it seems unlikely that the existing trade policy will be modified until there is a clearer estimate of the size of the 2016 crop. At this stage, given the high wheat import tariff, high domestic prices, and the high procurement price, Pakistan appears to be fully insulated from developments in the international wheat market.

For additional background on the wheat situation, see Grain Update PK1527 dated July 1, 2015.

Rice:

Pakistan is moving towards another bumper harvest as monsoon rains this year have been generally good in rice producing areas. Pakistan's rice exports have dropped off significantly from the large volumes that were shipped during the start of the marketing year. Export prices for well-milled 25 percent broken long grain rice are hovering around \$295 per metric ton which has reportedly caused some buyers to look elsewhere. Nevertheless, exports appear to be on pace to reach 4.0 million metric tons.

Month	Quantity (MT)
--------------	----------------------

Nov-14	459,419
Dec-14	490,371
Jan-15	419,153
Feb-15	355,747
Mar-15	472,357
Apr-15	360,446
May-15	263,044
Jun-15	214,434
Jul-15	155,570
Aug-15	240,629
Total	3,431,170

Source: Pakistan Bureau of Statistics

Production, Supply and Demand Data Statistics:

Rice, Milled	2013/2014		2014/2015		2015/2016	
Market Begin Year	Nov 2013		Nov 2014		Nov 2015	
Pakistan	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	2,780	2,780	2,850	2,850	2,850	2,850
Beginning Stocks	500	500	1,431	1,400	1,561	1,500
Milled Production	6,700	6,700	6,900	6,900	6,900	6,900
Rough Production	10,051	10,051	10,351	10,351	10,351	10,351
Milling Rate (.9999)	6,666	6,666	6,666	6,666	6,666	6,666
MY Imports	31	0	30	0	20	0
TY Imports	22	0	30	0	20	0
TY Imp. from U.S.	13	0	0	0	0	0
Total Supply	7,231	7,200	8,361	8,300	8,481	8,400
MY Exports	3,200	3,200	4,000	4,000	4,000	4,000
TY Exports	3,600	3,200	4,000	4,000	4,000	4,000
Consumption and Residual	2,600	2,600	2,800	2,800	2,850	2,900
Ending Stocks	1,431	1,400	1,561	1,500	1,631	1,700
Total Distribution	7,231	7,200	8,361	8,300	8,481	8,600
Yield	3.62	3.615	3.631	3.631	3.631	3.631

1000 HA, 1000 MT, MT/HA