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Report Name: Grain and Feed Update

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Post: Islamabad

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Report Highlights:

Given the pace of imports during the first six months of 2021/22, the wheat import forecast is reduced from 2.5 to 2 million tons. With harvest complete and better than expected yields, the 2021/22 rice production estimate is increased from 8.2 to a record 8.9 million tons. With greater exportable supplies, rice exports are forecast to reach 4.5 million tons in 2021/22.

Wheat

Government of Pakistan (GOP) Fixes Ambitious 2022/23 Wheat Production Target

As of late December, planting of the 2022/23 wheat crop was almost complete. The crop will be harvested in April-May 2022. The GOP's Federal Committee on Agriculture (FCA) set a 28.9 million ton wheat production target for 2022/23, compared to 27 million tons in 2021/22. The GOP targets are usually ambitious, and final figures will depend on the availability of inputs (especially fertilizer), weather, and pest conditions during the growing and harvest seasons.

The GOP announced a support price of Rs 1,950 per maund (40 kg) (\$287/ton) for the 2022/23 crop. The new price is Rs 150 more than the last year's support price of Rs 1,800 (\$281/ton). The GOP hopes that the price increase will give farmers incentive to produce more, with the ultimate goal of wheat output reaching the national production target. However, anecdotal evidence suggests that the support price increase is insufficient to meet higher fertilizer, electricity, and diesel prices. There have also been reports of fertilizer shortages in the wheat growing areas of Punjab and Sindh.

The Indus River System Authority (IRSA) forecasts a 28 percent irrigation water shortage for major wheat producing areas of Punjab and Sindh for the Rabi (winter) season. During this year's Rabi season, 27 Million Acre Feet (MAF) water will be available, which is less than the ten-year average of 32 MAF. Punjab has been allocated 14.361 MAF, Sindh 10.827 MAF, Khyber-Pakhtunkhwa 0.701 MAF, and Baluchistan 1.022 MAF, respectively. During the Rabi season, reservoir water is the primary source of irrigation water due to comparatively less rainfall compared to summer season. As continuous silting has led to declining reservoir storage capacity, scarcity of water during Rabi season has become a regular occurrence and has increased the importance of rainfall during the growing season.

High Commodity Prices Deter Wheat Imports

The pace of wheat imports during 2021/22 is slower than last year. Through November 2021, Pakistan had imported around 1 million tons of wheat. Given the level of imports at this point in the marketing year, the wheat import forecast is reduced from 2.5 to 2 million tons.

At the start of 2021/22, the GOP announced its intent to import three million tons of wheat to ease domestic prices and to build strategic reserves. However, high wheat prices have discouraged the GOP's procurement efforts. The GOP cancelled several tenders during the first half of 2021/22 due to the high prices. The GOP is likely to issue new wheat tenders in the coming weeks and will continue to decide whether to purchase based on offer prices and prevailing domestic supply and demand conditions.

Wheat Donations to Afghanistan

In November, the GOP announced it would donate 50,000 MT of wheat to Afghanistan. Post estimates that during the current marketing year Pakistan will export about 600,000 tons of wheat to Afghanistan.

In an unprecedented move, the GOP also approved that 50,000 tons of denoted wheat from India could be trans-shipped to Afghanistan via Wagah Border.

Production, Supply and Distribution

Wheat	2019/2020		2020/2021		2021/2022	
	May 2019		May 2020		May 2021	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	8678	8678	8825	8825	9200	9200
Beginning Stocks (1000 MT)	2533	2533	991	991	2854	2854
Production (1000 MT)	24349	24349	24946	24946	27000	27000
MY Imports (1000 MT)	1	1	3617	3617	2500	2000
TY Imports (1000 MT)	1	1	3617	3617	2500	2000
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	26883	26883	29554	29554	32354	31854
MY Exports (1000 MT)	392	392	500	500	600	600
TY Exports (1000 MT)	173	173	500	500	600	600
Feed and Residual (1000 MT)	1000	1000	1000	1000	1200	1100
FSI Consumption (1000 MT)	24500	24500	25200	25200	26000	26000
Total Consumption (1000 MT)	25500	25500	26200	26200	27200	27100
Ending Stocks (1000 MT)	991	991	2854	2854	4554	4154
Total Distribution (1000 MT)	26883	26883	29554	29554	32354	31854
Yield (MT/HA)	2.8058	2.8058	2.8267	2.8267	2.9348	2.9348

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2021/2022 = July 2021 - June 2022

Rice:

Pakistan Achieves Record Rice Production

In accordance with the GOP's initial estimates, Pakistan's 2021/22 rice production is increased from 8.2 to a record 8.9 million tons, while 2020/21 production is adjusted from 8.2 to 8.4 million tons. New, higher yielding hybrid rice varieties, improved agronomic practices, and increased planting area as farmers shift out of cotton, are factors driving the increased production. The GOP's policy of ensuring rice growers had adequate inputs, which drove higher yields, also contributed to the record production.

2020/21 Exports Stagnant at Last Year's Level

Based on the latest available official trade data, Pakistan exported around 3.8 million tons of rice during MY 2020/21 (November-October), almost at par with the previous year. Supply chain disruptions, shipping container shortages, and high transport costs during 2020/21 negatively impacted rice exports. Pakistan's 2020/21 rice exports by month are given below in Table 1.

Table 1: Pakistan Rice Exports MY 2020/21 (Nov/October)

Months	2019/20	2020/21
November	440,488	458,104
December	403,923	459,714
January	364,169	324,254
February	360,950	315,625
March	380,194	385,978
April	392,832	315,056
May	353,931	180,134
June	285,665	323,796
July	266,206	226,392
August	167,793	249,976

September	188,193	253,568
October	219,810	339,422
Total	3,824,154	3,832,019

Source: Pakistan Bureau of Statistics

Rice Exports Outlook

With this year's record production adding more stocks, total available supply is estimated to be 11 million tons. Domestic rice consumption is 3.7 million tons, leaving an exportable supply of 7.3 million tons for 2021/22. This large surplus will provide an opportunity to significantly increase exports, but Pakistani rice will continue to face stiff competition from India and southeast Asia suppliers. Pakistan's main rice export markets are China, Kenya, United Arab Emirates, Afghanistan, and Saudi Arabia. Pakistan would have to increase shipments to other destinations for rice exports to increase significantly. With the extra exportable supply and traders having adjusted to the freight situation, the 2021/22 export forecast is increased from 4.0 to 4.5 million tons.

Production, Supply and Distribution

Rice, Milled	2019/2020		2020/2021		2021/2022	
	Nov 2019		Nov 2020		Nov 2021	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	3034	3000	3381	3300	3300	3400
Beginning Stocks (1000 MT)	948	948	1149	1048	1763	2118
Milled Production (1000 MT)	7414	7200	8184	8400	8200	8900
Rough Production (1000 MT)	11122	10801	12277	12601	12301	13351
Milling Rate (.9999) (1000 MT)	6666	6666	6666	6666	6666	6666
MY Imports (1000 MT)	7	0	7	0	5	0
TY Imports (1000 MT)	7	0	7	0	5	0

TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	8369	8148	9340	9448	9968	11018
MY Exports (1000 MT)	3820	3820	3877	3830	4000	4500
TY Exports (1000 MT)	3934	3900	3900	3900	4000	4500
Consumption and Residual (1000 MT)	3400	3280	3700	3500	3900	3700
Ending Stocks (1000 MT)	1149	1048	1763	2118	2068	2818
Total Distribution (1000 MT)	8369	8148	9340	9448	9968	11018
Yield (Rough) (MT/HA)	3.6658	3.6003	3.6312	3.8185	3.7276	3.9268

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2021/2022 = January 2022 - December 2022

Attachments:

No Attachments