

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

Voluntary Public

Date: 11/2/2012

GAIN Report Number:

Pakistan

Post: Islamabad

Wheat-October Update

Report Categories:

Grain and Feed

Approved By:

Todd Drennan

Prepared By:

Asmat Raza

Report Highlights:

Pakistan's wheat exports are maintaining steady pace and has exported around 400,000 tons of wheat during the current marketing year. Pakistan has also additionally exported approximately 150,000 tons of wheat flour to Afghanistan. Wheat planting has begun even though the government has not announced next year's procurement price.

General Information:

Wheat Exports Maintain Steady Pace

During the current marketing year, Pakistan has exported around 400,000 tons of wheat through October 15, 2012, mainly to Bangladesh, Sri-Lanka, Indonesia, Malaysia, and East Africa. Official data on the specific export volumes by country is not available. Export prices ranged between \$320/ton and \$330/ton, FOB-Karachi. Pakistan has also exported approximately 150,000 tons of wheat flour to Afghanistan according to Pakistani traders. Wheat exports are being conducted by the private sector. The government remains cautious about releasing government-held stocks for fear of running out of wheat and then having to import to cover shortfalls until next year's harvest. Wheat exports are shipped in containers at a rate of about 20,000–25,000 tons per month.

Although no official announcement has been made, according to trade sources, the proposed barter deal to export one million tons of wheat to Iran is not making any progress. Iran is not satisfied with the quality of Pakistan's wheat. Iranian inspection teams have inspected Pakistan's wheat twice, and were not satisfied both times.

Wheat Planting Intentions

The first wheat plantings began early compared to last year, but only in select areas of Sindh and Punjab. These farmers, especially in the arid zone, are taking advantage of adequate soil moisture due to timely October rains. Total acreage planted could be lower compared to last year, in spite of high international wheat prices, due to high fertilizer costs and government's reluctance to increase the procurement price. Farmers are also finding greater profitability in producing sugarcane and sunflower seeds. While late monsoon rains caused severe flooding in parts of Punjab and Sindh, it also filled the major dams to capacity and assured better water supplies for the wheat planting season and irrigation needs through to harvest. Yields are expected to be the same as last year.

Farmer organizations are pleading with the government to raise the wheat procurement price to offset high input costs, but so far the government is unwilling to do so due to current high stocks. Historically, the government reviews and announces the procurement price in October, before the planting season begins. This year, so far, there has been no announcement from the government about an increase in the procurement price. Planted area decreased five percent over the last two years and reluctance by the government to increase the procurement price could force farmers to reduce planted area further.

Post feels comfortable with its PSD forecast for MY 2012/2013 at this time, but will closely monitor exports over the next two months and will report any significant changes.