

Required Report: Required - Public Distribution

Date: September 26, 2024

Report Number: PK2024-0010

Report Name: Grain and Feed Update

Country: Pakistan

Post: Islamabad

Report Category: Grain and Feed

Prepared By: Asmat Raza

Approved By: Christopher Rittgers

Report Highlights:

No significant changes were made to the 2024/25 wheat supply and demand forecasts. Wheat imports and exports remain banned. The 2024/25 rice production forecast is unchanged at a record 10 million tons. The 2023/24 rice export estimate is reduced slightly to reflect the pace of exports.

Wheat:

The 2024/25 wheat production estimate is unchanged at 31.4 million tons.

Wheat Planting About to Commence in Uncertain Policy Environment

Farmers across Pakistan are about to commence planting for the 2025/26 wheat crop, but the government has yet to announce whether they will procure wheat at a specific support price in 2025. For decades, the government purchased wheat at a minimum guaranteed support price. The government usually announced the support price either just before or at planting time to give farmers the incentive to grow wheat. However, for the 2024/25 harvest, the Punjab provincial government, the largest buyer of wheat, did not procure wheat from the farmers, triggering a sharp decline in the prices at the time of harvest. The sudden change in policy occurred without any prior announcement nor consultation with farmers.

Government procurement had always been a major part of wheat marketing in Pakistan. The absence of the largest buyer (Punjab Government) for the 2024/25 crop and the lack of clarity regarding a government guaranteed price for the 2025/26 crop has created uncertainty among farmers regarding how they will market their 2025/26 crop. This uncertainty is affecting farmers' planting decisions. Nonetheless, they have limited choices for the winter (November-April) crops. The only other options are canola or sesame. Planting in the warmer southern province of Sindh starts in the middle of October and slowly moves north to Punjab, where most of the planting is done in November.

Monsoon rains this year were adequate to fill the two large reservoirs, Mangla and Tarbela, ensuring sufficient supply of irrigation water for the wheat crop. Pakistan's reservoirs hold only three to four months of supply and rely on winter rains and snow for replenishment. Many wheat farmers are accustomed to augmenting surface irrigation with ground water when necessary.

Trade:

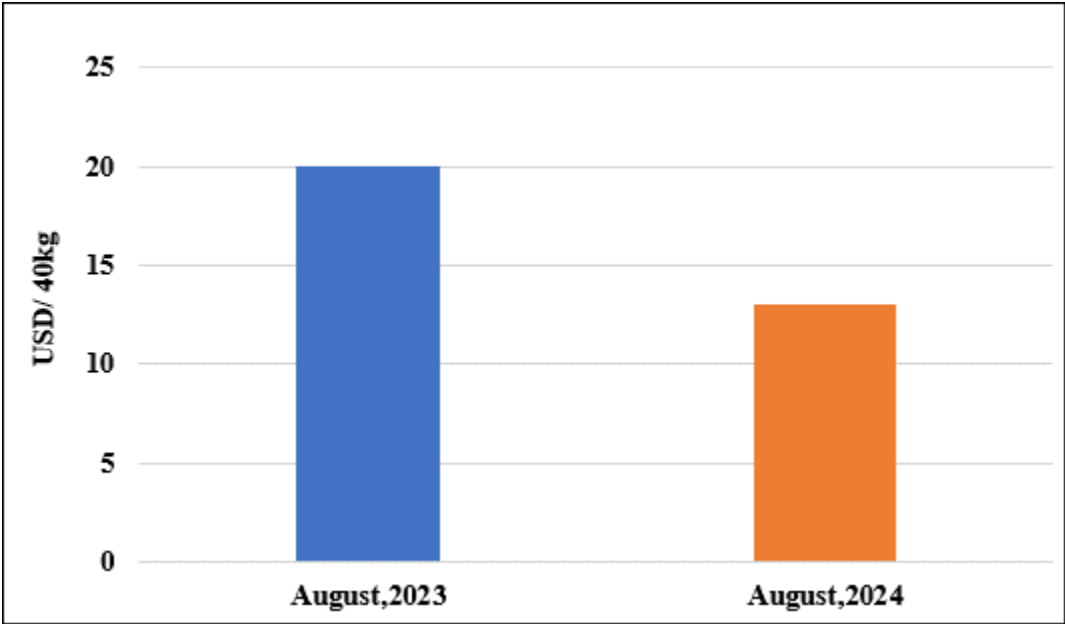
Given record production and high stocks, the government banned wheat imports in July, and that ban is still in place. Consequently, Pakistan has not imported wheat during the current marketing year. The government may review the ban in the latter part of the marketing year, but imports are unlikely to be more than 300,000 tons.

Although wheat and flour exports are officially banned, exports to Afghanistan are estimated at 500,000 tons. These exports are not reflected in the official data.

Prices:

The average price of 20 kg bag of wheat flour was \$13/40 kg in August 2024 as compared to \$20/40 kg in August 2023, a decline of 35 percent. (Graph A)

Graph A: Flour Retail Prices



Source: Pakistan Bureau of Statistics

Table 1: Production, Supply and Demand Data:

Wheat	2022/2023		2023/2024		2024/2025	
Market Year Begins	May 2022		May 2023		May 2024	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	8,977	8,977	9,033	9,033	9,630	9,630
Beginning Stocks (1000 MT)	4,530	4,530	3,919	3,919	4,967	4,967
Production (1000 MT)	26,209	26,209	28,161	28,161	31,400	31,400
MY Imports (1000 MT)	2,680	2,680	3,587	3,587	100	300
TY Imports (1000 MT)	2,731	2,731	3,586	3,586	100	300
Total Supply (1000 MT)	33,419	33,419	35,667	35,667	36,467	36,667
MY Exports (1000 MT)	500	500	500	500	800	500
TY Exports (1000 MT)	500	500	500	500	800	500
Feed and Residual (1000 MT)	1,700	1,700	1,900	1,900	2,200	2,000
FSI Consumption (1000 MT)	27,300	27,300	28,300	28,300	29,000	29,200
Total Consumption (1000 MT)	29,000	29,000	30,200	302,00	31,200	31,200
Ending Stocks (1000 MT)	3,919	3,919	4,967	4,967	4,467	4,967
Total Distribution (1000 MT)	33,419	33,419	35,667	35,667	36,467	36,667
Yield (MT/HA)	2.9196	2.9196	3.1176	3.1176	3.2606	3.2606
TY = Trade Year; TY 2023/2024 = July 2023/June 2024						

Rice, Milled:

The 2024/25 (November-October) rice production forecast is unchanged at a record 10 million tons. There were timely and widespread rains during the growing season, further boosting the crop's output prospects. Better availability of irrigation water has also contributed to the record crop outlook.

Trade

The pace of monthly exports has declined since January due to gradual dwindling of exportable stocks and loss in demand from some markets. Considering this pace, the 2023/24 rice export estimate is reduced to 6.2 million tons.

Rice exports during the first ten months of the current marketing year were 5.6 million tons, compared to 3.0 million tons during the corresponding period of the last marketing year. Almost all this growth can be attributed to increases in non-basmati exports (Table 2). Due to a shortage of exportable supplies, basmati exports to Saudi Arabia, UAE, GCC countries, Iran, Iraq, Syria, and Jordan have declined. Basmati varieties constitute only 14 percent of exports.

Table 2: Rice Exports in 2023/24 (metric tons)

Months	Basmati	Others	Total
Nov 2023	53,495	612,514	666,009
Dec 2023	74,261	775,765	850,026
Jan 2024	80,295	671,738	752,033
Feb 2024	72,915	536,380	609,295
March 2024	72,919	545,000	617,919
April 2024	66,863	463,035	529,899
May 2024	66,902	439,414	506,317
June 2024	94,675	330,379	425,054
July 2024	91,303	178,617	274,004
August	95,646	251,413	347,059
Total	769,274	4,804,255	5,577,615

Source: Pakistan Bureau of Statistics

Outlook for 2024/25

The expected bumper crop should drive 2024/25 exports to 5.8 million tons. The status of India's export ban and demand from southeast Asian countries will also influence exports. African destinations are expected to remain the leading export markets for non-basmati rice. In these markets, Pakistan has a logistical advantage compared to Southeast Asian suppliers. EU and Middle East would continue to be the main basmati markets. The major challenges for the exporters will be currency fluctuations and high interest rates.

Table 3: Production, Supply and Demand Data Statistics:

Rice, Milled Market Year Begins	2022/2023		2023/2024		2024/2025	
	Nov 2022		Nov 2023		Nov 2024	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2,975	2,975	3,637	3,637	3,800	3,800
Beginning Stocks (1000 MT)	2,377	2,377	2,024	2,024	1,498	1,689
Milled Production (1000 MT)	7,322	7,322	9,869	9,860	10,000	10,000
Rough Production (1000 MT)	10,984	10,984	14,805	14,791	15,002	15,002
Milling Rate (.9999) (1000 MT)	6,666	6,666	6,666	6,666	6,666	6,666
MY Imports (1000 MT)	7	7	5	5	0	5
TY Imports (1000 MT)	7	7	5	5	0	5
Total Supply (1000 MT)	9,706	9,706	11,898	11,889	11,498	11,694
MY Exports (1000 MT)	3,757	3,757	6,400	6,200	5,900	5,800
TY Exports (1000 MT)	4,528	4,528	6,100	5,900	5,600	5,500
Consumption and Residual (1000 MT)	3,925	3,925	4,000	4,000	4,100	4,100
Ending Stocks (1000 MT)	2,024	2,024	1,498	1,689	1,498	1,794
Total Distribution (1000 MT)	9,706	9,706	11,898	11,889	11,498	11,694
Yield (Rough) (MT/HA)	3.6921	3.6921	4.0707	4.0668	3.9479	3.9479
TY = Trade Year; TY 2022/2023 = January 2023 - December 2023						

Attachments:

No Attachments