

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Pakistan

### Grain and Feed Update

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**Report Highlights:**

Planting of the Rabi (winter) wheat crop is expected to get underway in a few weeks. The Government has not announced a revised procurement price, but Pakistani wheat is already among the most expensive in the world and farmers are expected to match the year-ago area that led to a near-record crop. Despite an export subsidy of \$120 per ton for up to 900,000 metric tons of wheat, Pakistan's high domestic wheat price is expected to limit exports to neighboring Afghanistan. Pakistan's wheat market is currently shielded by a 60 percent import tariff. Rice exports have faded after the robust monthly volumes that started the marketing year, but, with two months to go in the marketing year, appear to be on pace to reach 4.2 million metric tons in 2015/16, down slightly from the previous estimate.

## **Rabi (winter) Wheat Planting Set to Begin, Wheat Forecast Unchanged**

Farmers in the key wheat producing provinces of Punjab and Sindh are just a few weeks away from the start of planting the Rabi wheat crop that will be harvested in the spring of 2017. Planting in the warmer 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 started early with a wet June, followed by a dry July, a normal August, and an unremarkable September. Overall rains were slightly above normal which will support adequate soil moisture at planting, but Pakistan's wheat crop is dependent on the supply and reaches of irrigation water from canals and pumped ground water for virtually all of its moisture. Total irrigation water availability for the upcoming Rabi season is estimated at 30.9 million acre feet (MAF) against the 10-year average of 36.4 MAF and the year ago availability of 32.9 MAF. This reduction in reservoir levels is not large enough to have a significant effect on planted area or yields. Even when at capacity, 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.

## **No Change in Procurement Price**

The Government of Pakistan has not announced a revised wheat procurement price. At \$300 per metric ton, the procurement price and the effective price floor that it creates in the commercial market places Pakistani wheat among the most expensive in the world. Wheat continues to be the primary source of calories for Pakistani consumers and the relatively secure income that it provides to farmers makes it a preferred Rabi crop. However, area expansion is limited by the availability of water and area is expected to be largely unchanged from a year ago.

## **Stocks Rise, Whither Exports?**

Following a substantial public-sector procurement of 6.0 million metric tons, the Government of Pakistan has also allowed exports of up to 900,000 metric tons of wheat with an export subsidy of \$120 per ton. Despite doubling previous subsidy levels, it appears the subsidies are 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. With a recent increase in the import tariff from 40 to 60 percent and a still-not-large-enough export subsidy, Pakistan appears to be largely insulated from developments in the international wheat market.

## **Rice Exports Fall Below Expectations**

Pakistan is moving towards another good harvest as monsoon rains this year have been generally good in rice producing areas. Pakistan's rice exports have dropped off during the last quarter from the large volumes that were shipped during the start and middle of the marketing year. Export prices for well-milled 25 percent broken long grain rice are hovering around \$320 per metric ton which has reportedly caused some buyers to look elsewhere.

Based on preliminary official data, Pakistan has so far exported around 3.7 MMT during the current marketing year (Table 1). Hence, Pakistan's export forecast for MY 2015/16 is lowered to 4.2 MMT. Long grain rather than Basmati rice has accounted for the bulk of exports thus far.

Months	MY 15/16
November	547,286
December	475,346
January	390,223
February	450,689
March	415,463
April	421,235
May	384,016
June	316,177
July	166,203
August	152,198
<b>Total</b>	<b>3,718,836</b>

**Table 2: Production, Supply and Demand Data Statistics:**

Rice, Milled Market Begin Year	2014/2015		2015/2016		2016/2017	
	Nov 2014		Nov 2015		Nov 2016	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2850	2850	2740	2740	2800	2800
Beginning Stocks	679	679	1209	1209	829	909
Milled Production	6900	6900	6700	6700	6900	6900
Rough Production	10351	10351	10051	10051	10351	10351
Milling Rate (.9999)	6666	6666	6666	6666	6666	6666
MY Imports	30	30	20	0	20	0
TY Imports	30	30	20	0	20	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	7609	7609	7929	7909	7749	7809
MY Exports	3800	3800	4500	4200	4250	4200
TY Exports	4000	4000	4500	4200	4250	4200
Consumption and Residual	2600	2600	2600	2800	2700	2800
Ending Stocks	1209	1209	829	909	799	809
Total Distribution	7609	7609	7929	7909	7749	7809
Yield	3.63	3.63	3.66	3.66	3.69	3.69
(1000 HA) ,(1000 MT)						