REGIONAL SUPPLY AND MARKET OUTLOOK

October 28, 2019

Central Asia

KEY MESSAGES

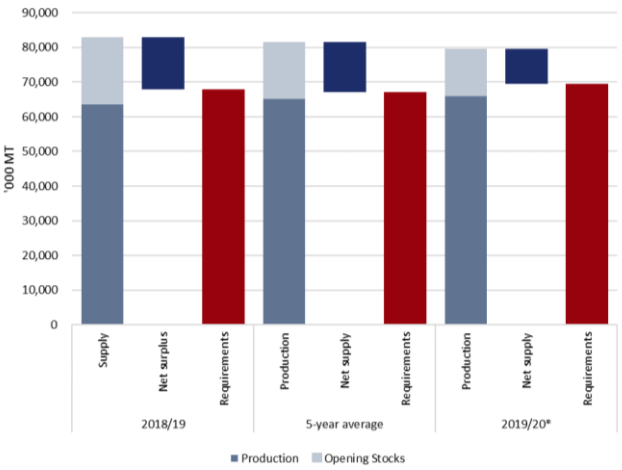
- Wheat production in Central Asia is expected to be over 65.9 million metric tons (MMT) for the 2019/20 marketing year (MY), almost four percent higher than last year and steady with the recent five-year average. Regional supply, however, is four percent below the five-year average due to low regional opening stocks after below-average production in MY 2018/19. As a result, regional MY 2019/20 net surplus is expected to be 30 percent below the five-year average (**Figure 1**). On aggregate, the region will still produce a net surplus, despite decreased production in Kazakhstan, a main regional exporter (**Figure 2-3**). Price trends are expected to be normal as markets in Central Asia are well-integrated with global markets. A regional overview of typical regional wheat production and market behavior can be found in the Central Asia Regional Wheat Market Fundamentals Summary.

- Trade flows are expected to remain normal despite the reduction in regional net surplus. Afghanistan will continue to meet the majority of its import requirement with Kazakhstani wheat (**Figure 4**). Wheat prices have been relatively low since 2015 across Central Asia and on global markets. Export prices have decreased recently due to ongoing wheat harvests in Northern Hemisphere surplus-producing countries. Export prices are slightly above the five-year average in Kazakhstan but remain competitive on the global market (**Figure 5-6**).

- Prices are projected to trend slightly above the MY 2018/19 prices, remaining at or above-average in most countries in the region (**Figure 10-11**).

- Wheat production in Afghanistan will be near average, following below-average production in MY 2018/19. As detailed in the Afghanistan Food Security Outlook Update, Crisis (IPC Phase 3) outcomes are likely to emerge in many areas during the lean season as many households have below-average incomes and are still recovering from the 2018 drought.

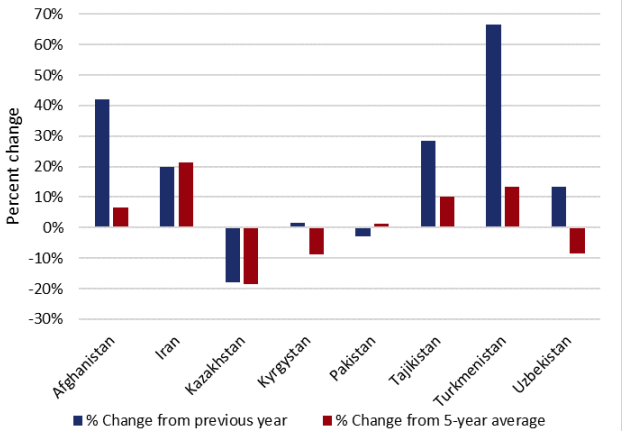
Figure 1 Central Asia net wheat surplus estimates (000 MT)



Note: Regional supply is calculated by adding production and opening stocks. Net surplus is calculated by subtracting demand from supply (production and opening stocks) *Projected 2019/20 production

Source: *FEWS NET estimates based on data from regional governments and multi-agency assessments*

Figure 2 Percentage change in wheat production in 2019/20* compared to previous year and five-year average



Source: *FEWS NET estimates based on data from regional governments and multi-agency assessments.*

ABOUT THIS REPORT

The Famine Early Warning Systems Network (FEWS NET) monitors trends in staple food supply and prices in countries at risk of food insecurity. The Regional Supply and Market Outlook report provides a summary of regional staple food availability, surpluses and deficits during the current marketing year, projected price behavior, implications for local and regional commodity procurement, and essential market monitoring indicators. FEWS NET gratefully acknowledges partner organizations, national ministries of agriculture, national market information systems, regional organizations, and others for their assistance in providing the harvest estimates, commodity balance sheets, as well as trade and price data used in this report. To learn more about typical market conditions in Central Asia, readers are invited to explore the Central Asia regional wheat market fundamentals report. **In this report, "Central Asia" refers to the countries of Afghanistan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.**

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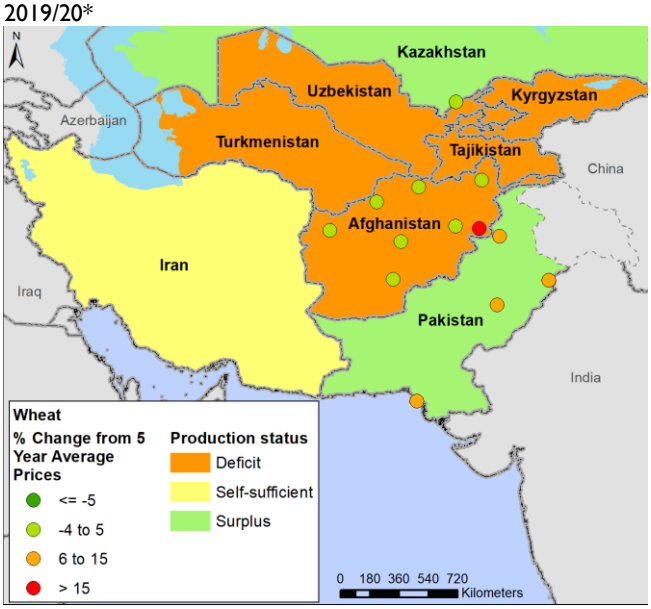
CURRENT WHEAT SUPPLY

- Overall, aggregate regional production for MY 2019/20 is estimated at 65.9 million metric tons (MMT), steady compared to the previous year. MY 2019/20 opening stocks, however, are 18 percent below average. The atypically low opening stocks at the start of MY 2019/20 are due to below-average production during MY 2018/19, which resulted in regional governments and the private sector depending on stocks to meet demand. All eight countries monitored in this report saw opening stocks decline, the greatest being Afghanistan, Kazakhstan, and Pakistan where stocks decreased between 36 and 48 percent compared to last year. This dynamic has affected regional net surplus as well, which is estimated to be around 10.2 MMT, a decrease of around 30 percent compared to the five-year average (**Figure 1-2**).

Figure 3 Central Asia wheat grain production status and prices, 2019/20*



Note: Comparing August 2019 and August 2014-2018 average prices
Source: *FEWS NET estimates based on data from regional governments and multi-agency assessments.*

- Despite below-average regional wheat net surplus, global markets are well supplied, and Central Asian markets are well-integrated with global markets. Globally, 2019/20 wheat production is projected to reach 765 MMT, one percent higher than last season. Ending stocks are projected to be 286.5 MMT, above-average levels. Therefore, regional trends should remain normal assuming current security, trade policy, and exchange rates continue (**Annex 3**) (USDA World Agricultural Supply and Demand Estimates).

- Together, Pakistan, Kazakhstan, and Iran comprise nearly 85 percent of regional wheat production. Production in Pakistan, the region's largest producer is expected to be 25.6 MMT, stable compared to last year. Wheat production in Kazakhstan, the other main regional producer and exporter, is estimated to be 11.5 MMT, a reduction of 2.5 MMT or 18 percent from MY 2018/19 and the five-year average levels (**Figure 2-3**). These trends were driven by dry conditions coupled with a reduction wheat area planted due to the government's crop diversity policy, which encourages cash crop production. MY 2019/20 estimated wheat planting area in Kazakhstan is 11.2 million hectares, the lowest level since 2004 (USDA). Production in Iran is estimated at 16.8 MMT this year, an increase of 20 percent from the five-year average and MY 2018/19. Favorable rainfall offset flood-related crop losses experienced throughout the country in March 2019.

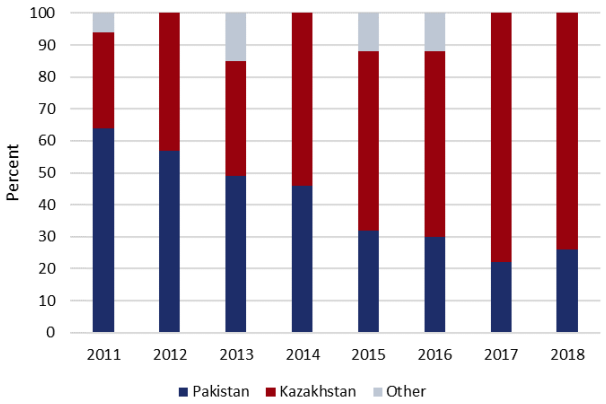
- Production in structurally deficit Kyrgyzstan, Uzbekistan, and Tajikistan is expected to increase two, 13, and 29 percent respectively from MY 2018/19 levels. While production in Tajikistan is expected to be 10 percent above the five-year average, production in Kyrgyzstan and Uzbekistan is expected to be roughly nine percent below the five-year average (**Figure 2-3**). Favorable production in Tajikistan is due to adequate precipitation in main producing areas in the southwestern part of the country.

- Production in structurally deficit Afghanistan is expected to recover, increasing more than 40 percent, compared to poor production in MY 2018/19. Production is estimated to reach 5.2 MMT, seven percent above the five-year average and the country's largest production since MY 2014/15 (5.4 MMT). This year's favorable production is due to favorable rainfall (**Figure 2-3**).

- As detailed in the Afghanistan Food Security Outlook Update, Crisis (IPC Phase 3) outcomes are likely to emerge in many areas of the country with the onset of the lean season as many households have below-average incomes and are still recovering from the 2018 drought. Despite this, improved wheat production in MY 2019/20 is expected to help households affected by the drought, particularly farmers and agro-pastoralists. Strictly pastoralist households will require more time to recover from the drought. Approximately 315,000 people have been displaced by conflict in 2019 through October with 30 out of 34 provinces recording some level of displacement.

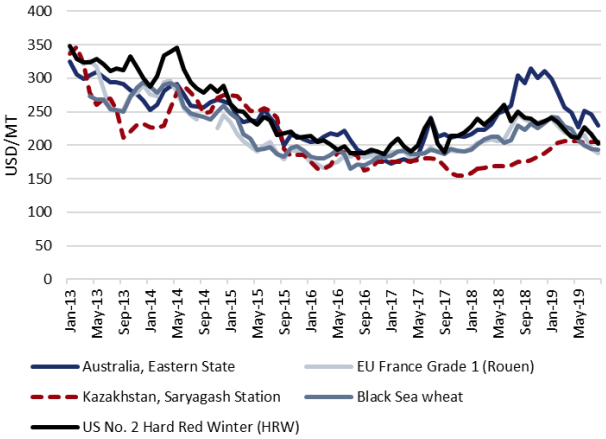
- Afghanistan's import requirements are expected to decrease 19 percent compared to MY 2018/19. Over the past ten years, Afghanistan has transitioned from importing wheat flour primarily from Pakistan to importing primarily from Kazakhstan. Currently, Afghanistan imports almost 80 percent of wheat flour from Kazakhstan. As recently as 2012, Pakistani wheat flour made up more than 50 percent of Afghanistan's imports. Aggregate Pakistani wheat exports are expected to total one MMT, down 33 percent from MY 2018/19 levels (**Figure 4**). Wheat exports from Kazakhstan in MY 2019/20 are forecasted to be 7.5 MMT, 0.5 MMT less than MY 2018/19 due to a smaller harvest (USDA). Despite decreased exports, wheat from Pakistan and Kazakhstan are expected to meet Afghanistan's needs.

Figure 4 Afghanistan wheat flour imports by percent, 2011-2018



Source: *COMTRADE*

Figure 5 Global wheat prices, 2013-present



Source: *International Grains Council*

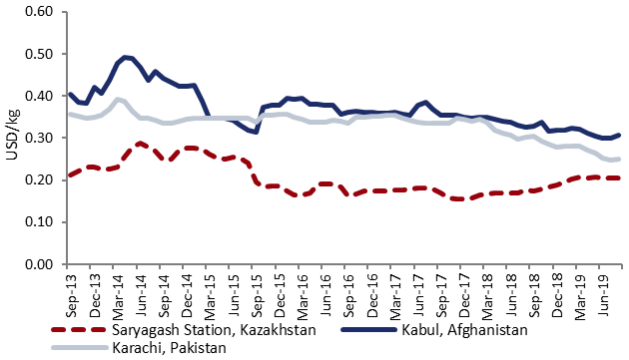
- Despite reductions in aggregate regional surpluses, localized wheat deficits are expected to be filled through intra-regional trade, namely from the region's main producers, Pakistan and Kazakhstan. MY 2019/20 production in Tajikistan, Turkmenistan, Kyrgyzstan, and Uzbekistan is estimated to be above MY 2018/19 levels due to timely and well-distributed precipitation. Tajikistan and Turkmenistan are estimated to have particularly favorable harvests; 10 and 14 percent above the five-year average. As a result, import requirements are expected to decrease 70, 40, and 10 percent, respectively in Turkmenistan, Kyrgyzstan, and Tajikistan. Deficit countries in the region also depend heavily on wheat imports from Russia.
- Cross-border trade is functioning normally and contributing to supply and price stability. Of note is the Pakistan-Afghanistan border where violence can lead to border closures and restricted trade flows. The Torkham border crossing, which links Islamabad and Kabul (by way of major cities, Peshawar and Jalalabad) was expanded to operate for 24 hours rather than only 12 hours a day in mid-September 2019. The move was an attempt to facilitate trade between the two countries along a typically dangerous border.
- Rice is the second most important staple food in the region after wheat. A discussion of rice supply and price trends in Afghanistan and Pakistan can be found in **Annex 2**.

CURRENT PRICE TRENDS

- Regionally and globally, wheat prices have generally been low since 2015, as a result, farmers have been devoting less space to the crop in order to increase their margins by diversifying and planting other crops (**Annex 3**). Overall, most exporter prices decreased during the month of August 2019, due to the ongoing wheat harvests in major Northern Hemisphere exporting countries (**Figure 5**) (USDA).
- Wheat grain export prices in Kazakhstan, the region's largest exporter, have slowly increased since the end of 2018. August 2019 prices for Saryagash Station are steady compared to the five-year average but are 17 percent higher than August 2018 levels (**Figure 6**). Increased prices of Kazakhstani wheat are largely driven by the fact that the currency has weakened against the dollar and euro for most of 2019 (**Figure 7**). Given that Kazakhstan is well-integrated with global markets, prices are not expected to diverge from broader global trends in order to remain competitive.

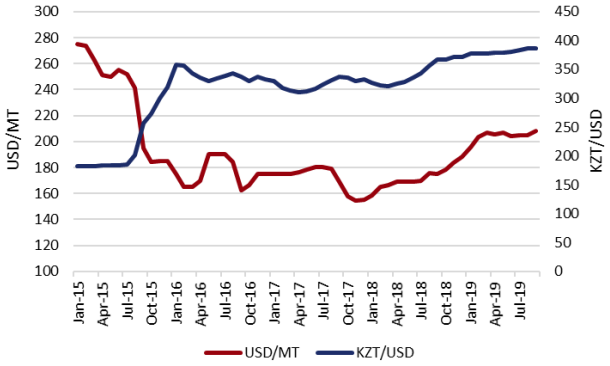
- Wheat grain export prices in the port city of Karachi, Pakistan have trended downwards since February 2018 and August 2019 prices are 18 percent below August 2018 levels. Wheat grain and wheat flour prices in Lahore, Pakistan were around 8 percent higher than August 2018 levels and six percent higher than the five-year average.
- In Afghanistan, wheat grain and flour prices have been stable throughout calendar year 2019 so far. Wheat flour prices ranged between AFN 25 and 29 in Kabul, Afghanistan. The average price of wheat in main monitored markets across Afghanistan was AFN 23.5 in August 2019 with slightly higher prices were observed in more remote markets. Nili market, located in Daykundi Province, has the highest wheat grain and wheat flour prices of all monitored markets, likely due to its remoteness and high transport costs.
- The Afghani (AFN) has been depreciating against the USD for the past several years, reaching its highest levels in July 2019. The Afghani has since recovered slightly but remains weaker than August 2018 levels. Factors behind AFN depreciation include general appreciation of the USD in recent years as well as USD outflows to neighboring countries due to political tension and uncertainty. At the same time, the Afghani is improving against the Pakistani rupee (PKR), which could make imports from Pakistan more attractive compared Kazakhstani imports, which are traded in USD (**Figure 7-8**).
- Wheat flour prices in Tajikistan have remained relatively stable in 2019 until September when they increased seasonally by eight percent in monitored markets (FAO GIEWS). In Kyrgyzstan, wheat flour prices have remained steady in recent years and increased moderately in September due to higher export prices in Kazakhstan (FAO GIEWS).

Figure 6 Central Asia wheat grain prices, 2013-present



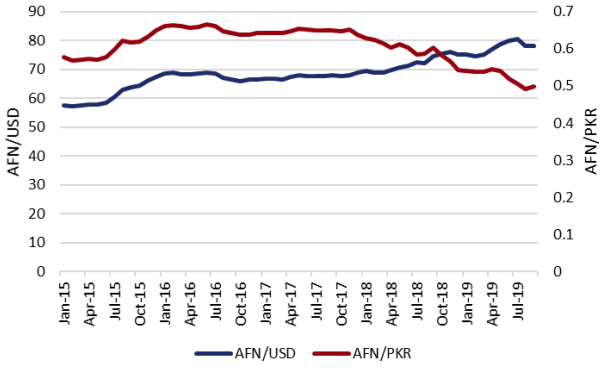
Source: *WFP, VAM; APK Inform Agency, Kazakhstan; Oanda*

Figure 7 Kazakhstan tenge (KZT) per US dollar (USD) exchange rate and wheat grain export price in Saryagash Station, Kazakhstan, 2015-present



Source: *Central Bank of Kazakhstan, OANDA, FEWS NET*

Figure 8 Afghanistan afghani (AFN) per US dollar (USD) and Pakistani rupee (PKR) exchange rates, 2015-present



Source: *OANDA*

PROJECTED WHEAT MARKET TRENDS FOR 2019/20

Regional trends

- Regional wheat production is estimated at 65.9 MMT and a 10.2 MMT wheat surplus for the 2019/20 marketing year (**Figure 2**). The surplus will be lower than average but in line given below-average production in MY 2018/19, which resulted in below-average opening stocks. Wheat grain and wheat flour prices in the region are therefore expected to remain similar but slightly elevated compared to last year.
- In general, regional trade is expected to take place at an average rate and importing countries will fill their requirements through regional imports.

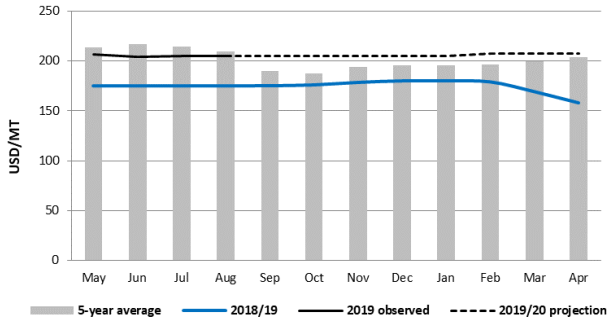
Country-specific trends

Prices in deficit countries are expected to be tempered by main producers Kazakhstan and Pakistan.

- Prices will be higher than last year and are expected to be slightly above-average in Kazakhstan, the region's main exporter of wheat. Price trends in Kazakhstan are a result of below-average domestic supplies, average regional demand, and well supplied global markets (**Figure 9**). In Pakistan, both wheat grain and flour prices will follow seasonal trends but will remain slightly above last year and five-year average prices due to a minor decrease in production compared to last year (**Figure 9**).
- Despite average production this year, recent imported wheat flour prices in Kabul have been above average and last year levels. Additionally, despite a recovery in production, Afghanistan remains dependent on wheat from regional surplus-producing countries to fill its deficit. Markets in Kabul depend heavily on wheat flour from Kazakhstan, which exported 8 MMT globally in MY 2018/19 and is expected to export 7.5 MMT of wheat in MY 2019/20. Depreciation of the AFN against the USD will contribute to increased prices during the projection period as Kazakhstani wheat, which is traded in USD, will be more expensive to import. This trend is likely to continue to impact prices in Kabul as Afghanistan imports almost 80 percent of its wheat flour from Kazakhstan (**Figure 10**).

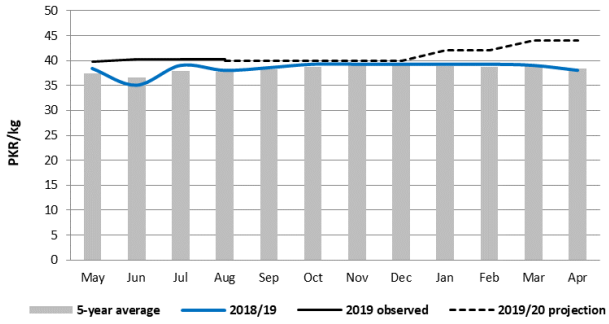
Figure 9 Wheat price projections in structurally-surplus countries

Saryagash Station milling wheat (Kazakhstan), USD/MT



Source: *FEWS NET estimates based on APK Inform Agency data*

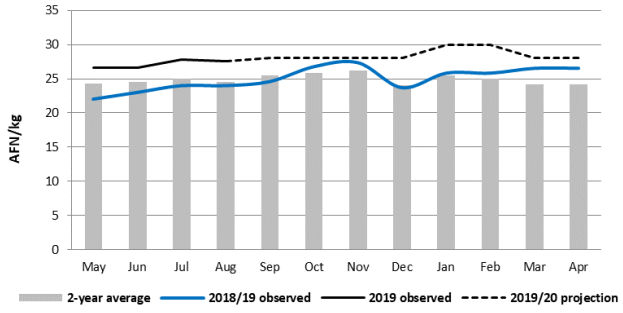
Lahore wheat flour (Pakistan), PKR/kg



Source: *FEWS NET estimates based on Pakistan Bureau of Statistics data*

Figure 10 Wheat price projections in structurally-deficit Afghanistan

Kabul wheat flour (Afghanistan), AFN/kg



Source: *FEWS NET estimates based on MAIL data*

EVENTS THAT COULD CHANGE THE OUTLOOK

Based on the estimated available supplies and expected market trends, the region is expected to experience stable over the 2019/20 outlook period. However, there are some events that could potentially change this outlook.

Area	Event	Impact on market outcomes
Regional	Export/import polices in the region	• Kazakhstan has, in the past, devalued its currency to promote exports (i.e. 2014 when the national currency was devalued by 20 percent). However, in mid-2015, the Central Bank decided to allow the currency to float which led to depreciation. If Kazakhstan's Central Bank manipulates its currency, there could be implications for the price of wheat and wheat flour for countries dependent on Kazakh wheat exports. • Whether the government of Pakistan provides a subsidy, as it has in past years, would have implications for wheat exports to Afghanistan. • In the past, Pakistan has implemented a temporary regulatory duty between 40 and 60 percent on wheat imports to protect the domestic market from lower-priced wheat imports.
Afghanistan, Pakistan	Conflicts and its impacts on trading routes	• The current situation is calm and improved since last year with the Torkham terminal currently open 24 hours a day but conflict or political tension between Afghanistan and Pakistan could disturb trade routes in the region and disrupt trade flows.
Regional	Currency depreciations	• Recently, many Central Asian countries' currencies have depreciated against main foreign currencies such as the US Dollar. • The Afghan Afghani (AFN) has depreciated against the USD since 2015 (**Figure 8**). If the trend continues, it could have an inflationary effect on imported food prices. • The AFN is improving against the Pakistani rupee (PKR), therefore, continued AFN weakness against the USD could result in Afghanistan shifting to import more Pakistani wheat and shifting away from importing Kazakhstani wheat, which is traded in USD. • The Uzbek Sum and Tajik Somoni have depreciated since August 2019, largely as a result of their dependence on the Russian economy. Tajikistan and Uzbekistan both send many migrant workers to Russia. In fact, remittances from Russia are a main source of foreign currency and account for 10-30 percent of GDP in each country. Continued depreciation could reduce purchasing power and increase prices in wheat importing countries, namely Uzbekistan and Tajikistan.
Regional	El Niño effects	• Precipitation during the first months of the 2019/20 wet season from October 2019 to January 2020 is likely to be above average across Afghanistan. Neutral El Niño/Southern Oscillation (ENSO) conditions are expected. Cumulative precipitation from December to February (2019/20 wet season) is most likely to be average. Agricultural yields are most likely to be near average given near average precipitation for the entire wet season.

MARKET MONITORING INDICATORS FOR 2019/20 MARKETING YEAR

Based on the projected regional wheat availability, as well as prices over MY 2019/20, market conditions will remain generally stable across Central Asia. The following are key indicators that are recommended for ongoing monitoring that may affect the evolution of markets.

Indicator	Justification
Export parity prices	Prices in hub markets, particularly in exporting markets such as Lahore and Karachi in Pakistan and Saryagash Station in Kazakhstan will have implications for regional prices and trade.
Import parity prices	In Afghanistan, high and low-quality wheat flour prices are important in urban markets as households tend to purchase more wheat flour than wheat grain. However, wheat grain prices will be a good indicator for rural markets and agricultural laborers working in exchange of wheat grain.
Global commodity prices	Global commodity prices could affect the value of domestic currencies, transportation costs, and purchasing power.
Remittances	Remittances make up a significant proportion of Tajikistan's, Uzbekistan's, and Afghanistan's GDP and affect the country's purchasing power and currency.
Government grain marketing and trade policies	The Government of Pakistan is heavily involved in regulating wheat prices in domestic markets through relatively high "producer support prices". Production and regional trade levels may depend on whether the government chooses to maintain support prices or to decrease for the coming year. The Government of Iran (GoI) has plan for an aggressive wheat purchasing program, known as *Autarky*. The GoI is expected to purchase 11.5 MMT of the total harvest at guaranteed prices, an 800 percent increase over last year in some provinces.

Annex I. Central Asia Wheat Balance Sheets and 2019/20 Projections by Country (000 MT)

Country	Item	2018/19	5-year Average (2013/14-2017/18)	2019/20*	% change over one year	% change over 5-year average	Change one year	Change 5-year average
Afghanistan	Production	3,613	4,809	5,127	42%	7%	▲	►
Afghanistan	Opening stocks	410	309	210	-49%	-32%	▼	►
Afghanistan	Supply	4,023	5,118	5,337	33%	4%	▲	►
Afghanistan	Requirements	5,920	5,747	6,384	8%	11%	►	▲
Afghanistan	Net surplus	(1,897)	(629)	(1,047)	45%	-67%	▲	▼
Afghanistan	Self-sufficiency	0.68	0.90	0.84	23%	-7%	▲	►
Iran	Production	14,000	13,850	16,800	20%	21%	▲	▲
Iran	Opening stocks	8,066	7,113	6,236	-23%	-12%	▼	▼
Iran	Supply	22,066	20,963	23,036	4%	10%	►	►
Iran	Requirements	16,100	16,225	16,400	2%	1%	►	►
Iran	Net surplus	5,966	4,793	6,336	11%	38%	▲	▲
Iran	Self-sufficiency	1.37	1.30	1.40	2%	8%	►	►
Kazakhstan	Production	14,000	14,097	11,500	-18%	-18%	▼	▼
Kazakhstan	Opening stocks	2,365	2,844	1,302	-45%	-54%	▼	▼
Kazakhstan	Supply	16,365	16,941	12,802	-22%	-24%	▼	▼
Kazakhstan	Requirements	6,600	6,860	6,600	0%	-4%	►	►
Kazakhstan	Net surplus	9,765	10,081	6,202	-36%	-38%	▼	▼
Kazakhstan	Self-sufficiency	2.48	2.47	1.94	-22%	-21%	▼	▼
Kyrgyzstan	Production	650	723	660	2%	-9%	►	►
Kyrgyzstan	Opening stocks	124	167	120	-3%	-28%	►	▼
Kyrgyzstan	Supply	774	890	780	1%	-12%	►	▼
Kyrgyzstan	Requirements	1,220	1,235	1,250	2%	1%	►	►
Kyrgyzstan	Net surplus	(446)	(345)	(470)	-5%	-36%	►	▼
Kyrgyzstan	Self-sufficiency	0.63	0.72	0.62	-2%	-13%	►	▼
Pakistan	Production	26,300	25,215	25,562	-3%	1%	►	►
Pakistan	Opening stocks	4,754	2,947	3,059	-36%	4%	▼	►
Pakistan	Supply	31,054	28,162	28,621	-8%	2%	►	►
Pakistan	Requirements	25,300	24,580	25,400	0%	3%	►	►
Pakistan	Net surplus	5,754	3,582	3,221	-44%	-10%	▼	▼
Pakistan	Self-sufficiency	1.23	1.15	1.13	-8%	-2%	►	►
Tajikistan	Production	700	817	900	29%	10%	▲	▲
Tajikistan	Opening stocks	625	508	490	-22%	-3%	▼	►
Tajikistan	Supply	1,325	1,324	1,390	5%	5%	►	►
Tajikistan	Requirements	1,935	1,869	1,950	1%	4%	►	►
Tajikistan	Net surplus	(610)	(545)	(560)	8%	-3%	►	►
Tajikistan	Self-sufficiency	0.68	0.71	0.71	4%	1%	►	►
Turkmenistan	Production	900	1,321	1,500	66%	14%	▲	▲
Turkmenistan	Opening stocks	513	618	483	-6%	-22%	►	▼

Country	Item	2018/19	5-year Average (2013/14-2017/18)	2019/20*	% change over one year	% change over 5-year average	Change one year	Change 5-year average
Turkmenistan	Supply	1,413	1,939	1,983	40%	2%	▲	►
Turkmenistan	Requirements	1,175	1,358	1,450	23%	7%	►	►
Turkmenistan	Net surplus	238	581	533	124%	-8%	▲	►
Turkmenistan	Self-sufficiency	1.20	1.43	1.37	14%	-4%	▲	►
Uzbekistan	Production	3,450	4,266	3,910	13%	-8%	▲	►
Uzbekistan	Opening stocks	2,432	2,061	1,732	-29%	-16%	▼	▼
Uzbekistan	Supply	5,882	6,327	5,642	-4%	-11%	►	▼
Uzbekistan	Requirements	9,700	9,250	10,000	3%	8%	►	►
Uzbekistan	Net surplus	(3,818)	(2,923)	(4,358)	-14%	-49%	▼	▼
Uzbekistan	Self-sufficiency	0.61	0.68	0.56	-7%	-18%	►	▼
Region	Production	63,613	65,099	65,959	4%	1%	►	►
Region	Opening stocks	19,289	16,567	13,632	-29%	-18%	▼	▼
Region	Supply	82,902	81,665	79,591	-4%	-3%	►	►
Region	Requirements	67,950	67,149	67,434	2%	3%	►	►
Region	Net surplus	14,952	14,596	10,157	-32%	-30%	▼	▼
Region	Self-sufficiency	1.11	1.17	1.07	-3%	-8%	►	►

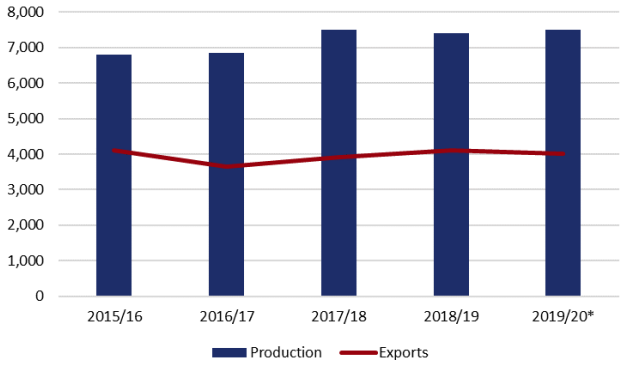
Source: FEWS NET, USDA PSD, USDA FAS Islamabad, USDA FAS Astana, FAO GIEWS, Republic of Afghanistan Ministry of Agriculture, Irrigation and Livestock, Pakistan Bureau of Statistics.

Notes: * indicates estimates. ►denotes less than or equal to 10 percent change; ▲denotes greater than 10 percent increase; ▼denotes greater than 10 percent decrease.

Annex 2: Rice supply, prices and outlook

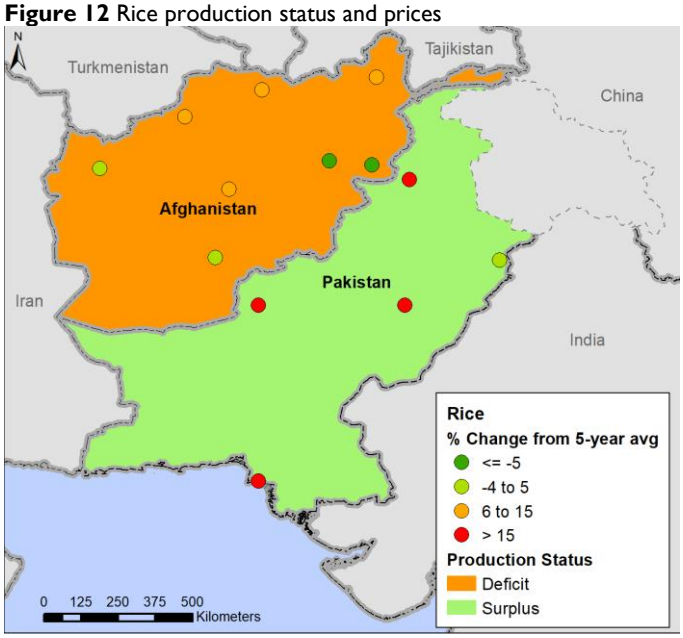
- Rice is the second most important staple food in Pakistan and Afghanistan after wheat. Nearly all of Afghanistan's rice imports come from Pakistan. Pakistan is an important regional producer, responsible for about 70 percent of regional production, as well as an important international rice exporter. Rice production in Pakistan for MY 2019/20 is estimated to remain stable and above to the five-year average trend, at 7.5 MMT (milled). Pakistan is expected to export 4 MMT of milled rice between January 2019 and December 2020, steady compared to the same period in 2018/19. In Lahore, a key rice trading market, 2019 rice prices have stable compared to 2018 prices and remain slightly above average (**Figure 11**).
- MY 2019/20 rice production in Afghanistan is expected to be similar to last year's level of 352,177 MT (paddy) but below the recent five-year average level of 431,000 MT (paddy) (**Figure 12**). The import gap is expected to be filled by Pakistani imports.
- Rice prices have been stable in major markets in both Pakistan and Afghanistan. Prices in Pakistan are slightly above the five-year average and similar to 2018 levels, this trend is expected to continue until March-June 2020 when demand for rice will increase with the onset of the lean season in Afghanistan. Prices in Afghanistan are expected to improve compared to MY 2018/19 prices and be steady compared to the five-year average. and above the five-year average (**Figure 12**). Prices are expected to decrease slightly in the projection period due to the fact that the Afghani (AFN) is improving against the rupee (PKR) and the increased hours of operation of the Port of Torkham, which is expected to facilitate trade between Pakistan and Afghanistan.

Figure 11 Pakistan rice production and exports, 2015/16 -2019/20*



Source: *FAO GIEWS, USDA, Pakistan Bureau of Statistics*

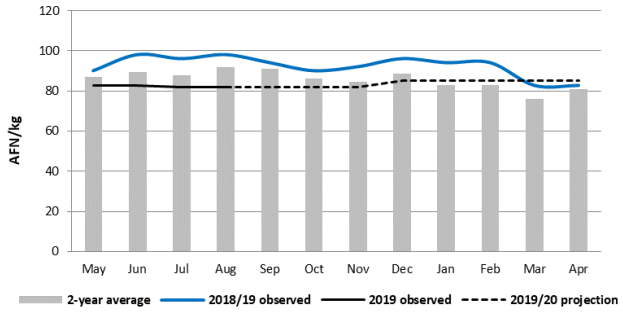
Figure 12 Rice production status and prices



Note: Comparing September 2019 and September 2014-2018 average prices
Source: *FEWS NET estimates based on data from regional governments and multi-agency assessments.*

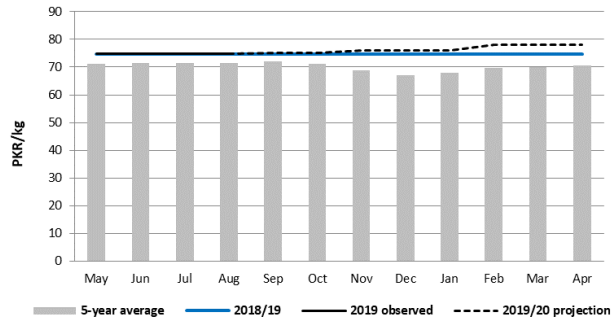
Figure 12 Rice price projections in Pakistan and Afghanistan

Kabul, Afghanistan imported rice (AFN/kg)



Source: FEWS NET estimates based on MAIL data

Lahore, Pakistan long grain rice (PKR/kg)

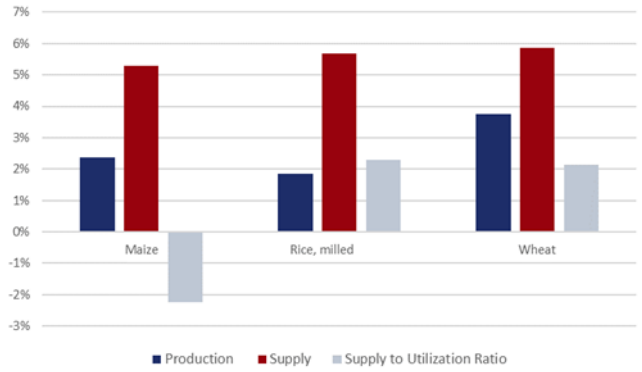


Source: FEWS NET estimates based on Pakistan Bureau of Statistics data

Annex 3. Global Cereal Supplies

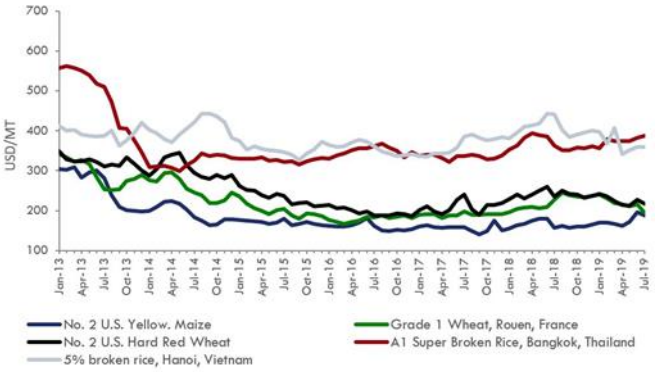
- Global commodity markets remain well supplied with rice, wheat, and maize (**Figure 13**). These supplies are expected to remain above average in 2019/20 despite expectations for lower U.S. maize production, where excessive and prolonged spring rains have reduced yield prospects for the 2019/20 crop. The U.S. Department of Agriculture's (USDA) rice, wheat, and maize supply projections for the September 2019 to August 2020 marketing year, point to a modest increase mainly due to higher wheat production (USDA). Stock-to-use ratios are projected to be above five-year average levels for rice and wheat but will remain below five-year average levels for maize.
- Global rice and wheat prices stabilized on average during the first half of 2019 while maize prices increased above 2018- and five-year average levels owing to reduced production prospects for the 2019 U.S. crop (**Figure 14**). Global cereal prices are on average expected to remain stable in 2019 but could increase by 2020 from lower 2019/20 U.S. crops along with higher energy and fertilizer costs (World Bank).
- Key risks for the global cereal market include high energy and fertilizer prices, higher than expected demand for biofuels, sluggish global economic growth, domestic support and trade policy related risks, falling prices for minerals and raw materials, currency depreciation and inflation in emerging and developing economies, and poor weather patterns or weather-related disasters in major producer and export countries.
- ENSO-neutral conditions are present and are forecast (50 – 55 percent chance) to continue through the Northern Hemisphere winter (NOAA). The impact of this forecast will vary geographically (**Figure 15**).
- FEWS NET will continue to monitor the global commodity situation in the coming months as global 2019/20 commodity supply estimates by the USDA, International Grains Council (IGC), the FAO, and AMIS are updated.

Figure 13 Global Market Indicators, 2019/20 compared to 2014/15 - 2018/19 average



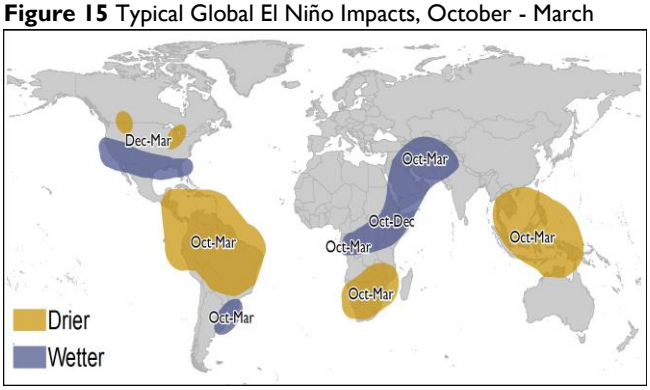
Source: FEWS NET calculations based on USDA July 2019 data.

Figure 14 Global Commodity prices (USD/MT) 2013-2019



Source: Food and Agriculture Organization of the United Nations (FAO), World Bank, 2019

Figure 15 Typical Global El Niño Impacts, October - March



Source: FEWSNET