



RICE

Research Team

Saniya Tauseef | Senior Manager Research
Sabeen Mirza | Senior Research Analyst

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A close-up photograph of rice panicles. The panicles are in various stages of ripening, with some showing a mix of green and yellow grains. The background is a soft-focus field of rice plants under bright, natural light.

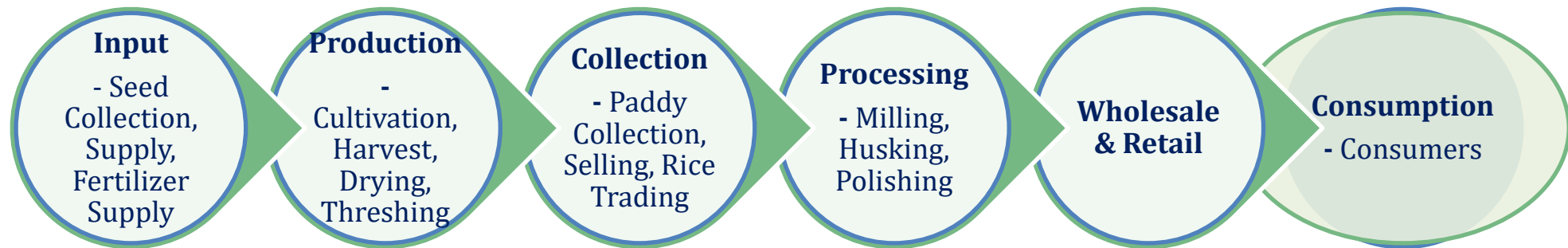
Introduction

Rice

Introduction

Rice is the primary staple food for more than half of the world’s population. Globally, it can be classified into four broad categories

- **Indica Rice:** Indica Rice (Non-Basmati Rice) is the most widely traded type of rice globally, making up nearly ~80.0% of the international trade. When cooked, it is dry, separate, and fluffy.
 - **Aromatic Rice:** This medium- to long-grained Rice is known for its nutty aroma and flavor. Notable varieties include Basmati and Jasmine.
 - **Japonica Rice:** This short-grain Rice is primarily cultivated in Japan. When cooked, it becomes sticky, making it easy to eat with chopsticks.
 - **Glutinous Rice:** Characterized by its opaque grains and very low amylose content, glutinous rice becomes particularly sticky when cooked.
- Aromatic Rice and Indica Rice together constitute ~90-94% of the global trade. During MY24, ~521.5mln MT of milled Rice was produced at a global level (MY23: ~516.0mln MT). Rice is mostly grown and consumed in the Asian Region.
 - India is the largest exporter of Rice and accounted for nearly ~40.0% of the Rice trade during MY21-MY23. However, during MY24, India witnessed a negative growth of ~12.5% YoY in its Rice exports which reached ~17.5mln MT (MY23: ~21.0mln MT), owing to the country’s export ban on Non-Basmati Rice from July 20, 2023. However, it is expected that India will experience a ~20.0% rise in Rice exports, reaching ~21.0mln MT in MY25 from ~17.5mln MT during MY24, as it has lifted the ban on the export of Non-Basmati Rice w.e.f September 28, 2024.
 - On the global import side, Sub-Saharan Africa is the largest Rice-importing region, slightly exceeding total imports by all of Asia and accounting for more than ~31% of the global imports. Following is a brief representation of the Rice supply chain.



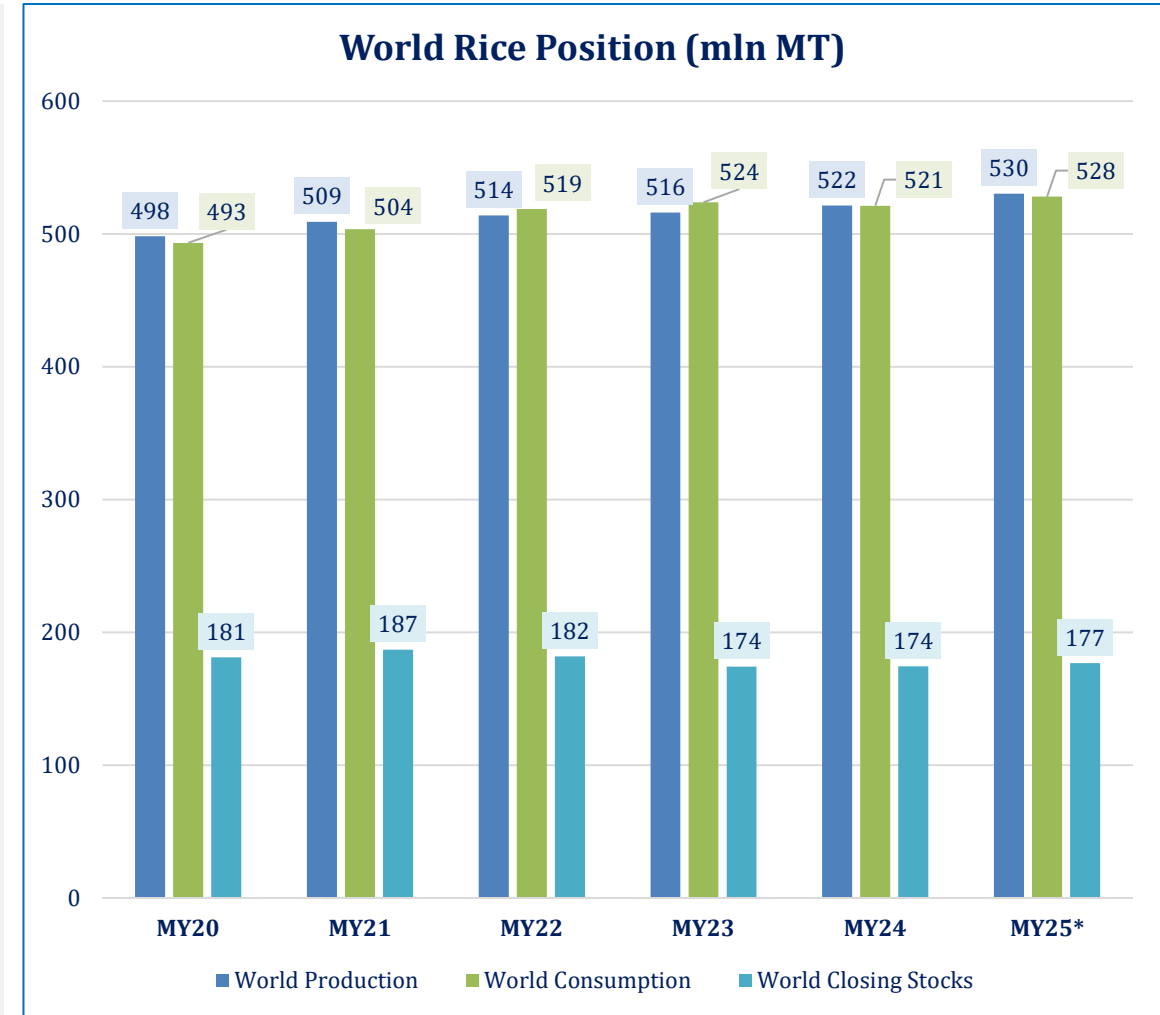
A close-up photograph of golden rice stalks, showing the intricate details of the grain heads. The rice is ripe and has a warm, golden-yellow hue. A semi-transparent dark blue rectangular box is overlaid on the left side of the image, containing the text "Global Overview" in a bold, white, serif font.

Global Overview

Rice

Global | World Rice Position

- World Rice Production:** Global Rice production grew by ~1.2% YoY during MY24, recording at ~521.5mln MT (MY23: ~515.5mln MT).
- Pakistan ranked ninth in the world Rice production during MY24 attributable to a larger area under cultivation, higher rice prices, favorable monsoon rains, and improved export prospects compared to the last year amid India's export ban on Non-Basmati Rice. (SPLY: Pakistan ranked tenth owing to lower local production due to crop damages caused by the Jul-Aug'22 floods.
- World Rice Consumption:** Global Rice consumption, on the other hand, decreased by ~0.5% YoY reaching ~521.3mln MT in MY24 (MY23: ~523.8mln MT). China, India, and Bangladesh remained the top three Rice-consuming countries during MY24, with Rice consumption of ~148.1mln MT, ~115.8mln MT, and ~37.6mln MT, respectively.
- World Ending Stocks:** Average world ending stock is the expected amount of Rice leftover after consumption. With India and China being the leading countries with the highest amount of ending stocks, world ending stocks for MY24 stood at ~174.2mln MT, up by ~0.1% YoY. During MY25, China and India are expected to account for ~81.0% of the global ending stock.



*Forecast figures.

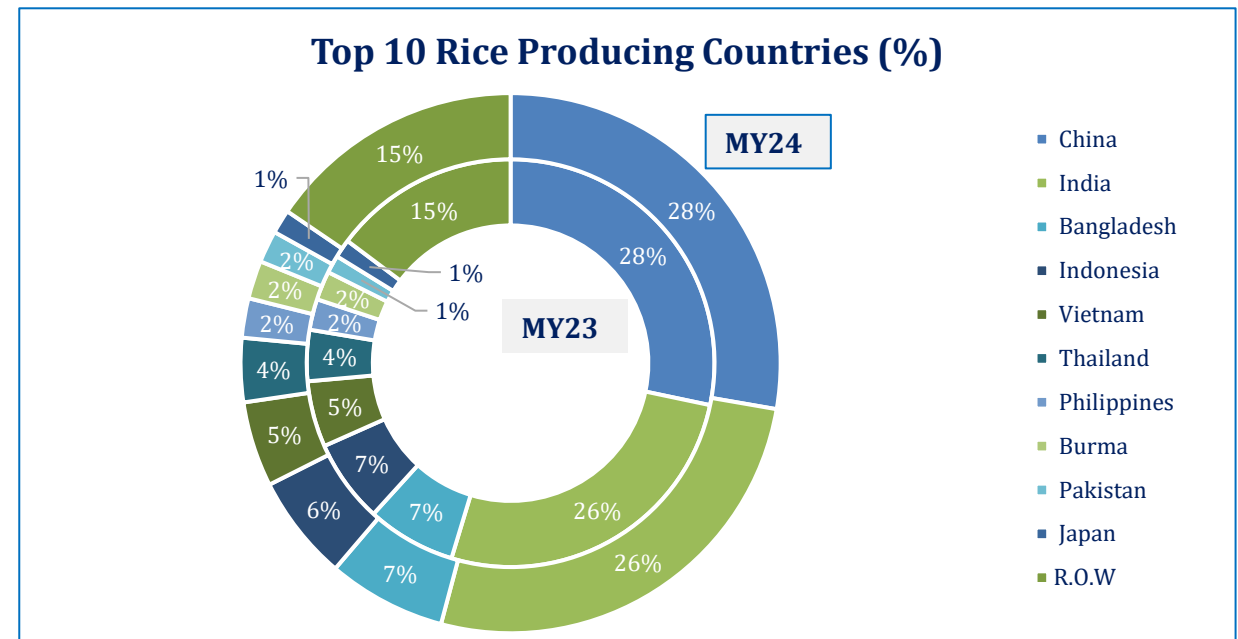
MY refers to the Marketing Year, which is different for each country. For most, it runs Oct-Sep, including China, India and Pakistan.

Rice

Global | Production

- Global Rice production grew marginally by ~1.2% YoY during MY24 making its five-year (MY20-24) CAGR equivalent to ~0.9%. Historically, (MY20-MY23) China has always maintained its position as the largest Rice producer. During MY24, China's Rice production clocked in at ~144.6mln MT (MY23: ~145.9mln MT), down ~0.9% due to unfavorable weather conditions and lower than expected harvested area. Conversely, India recorded a ~1.3% YoY increase in production, staying the second-biggest producer of the commodity, while Pakistan, with ~10.0mln MT of Rice produced, ranked ninth in the world during MY24.
- In MY25, global Rice production is expected to increase by ~1.7% YoY to reach ~518.1mln MT. In MY25, India is expected to be the major contributor to the anticipated increase in global Rice production on the back of an above-average monsoon season and an increase in rice planting at the expense of cotton. In contrast, declines in Rice production are expected in Japan and Vietnam due to dietary changes and aging populations.

Top 10 Rice Producing Countries Milled Rice (mln MT)						
	MY20	MY21	MY22	MY23	MY24	MY25*
China	146.7	148.3	149	145.9	144.6	146.0
India	118.9	124.4	129.5	136.0	137.8	142.0
Bangladesh	35.9	34.6	35.9	36.4	37.0	37.3
Indonesia	34.7	34.5	34.4	34.0	33.0	34.0
Vietnam	27.1	27.4	26.7	27.0	26.6	26.5
Thailand	17.7	18.9	19.9	20.9	20.0	20.1
Philippines	11.9	12.4	12.5	12.6	12.3	12.3
Burma	12.7	12.6	12.4	11.8	11.9	12.1
Pakistan	7.4	8.4	9.3	7.3	10.0	10.0
Japan	7.6	7.6	7.6	7.5	7.5	7.4
R.O.W	77.6	80.1	76.7	76.1	80.8	82.7
Total	498.2	509.2	513.9	515.5	521.5	530.4



*Forecast figures.

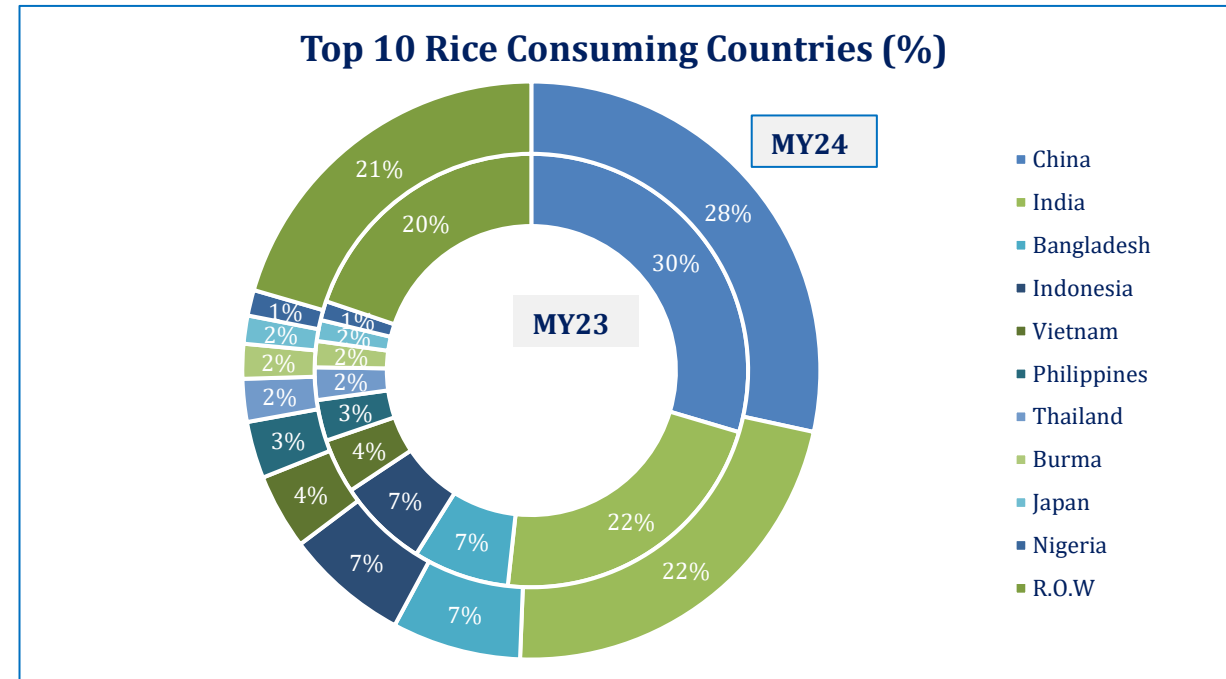
MY refers to the Marketing Year, which is different for each country. For most, it runs Oct-Sep, including China, India and Pakistan.

Rice

Global | Consumption

- Global Rice consumption declined by ~0.5% YoY during MY24 growing at a CAGR of ~1.1% over the past five years (MY20-24). In MY24, global Rice consumption fell by ~0.5% YoY, with China accounting for the largest portion of this decline (~4.5%), driven by changes in dietary preferences among its younger population. Global Rice consumption stood at ~521.3mln MT for MY24 and is expected to rise by ~1.3% YoY in MY25 to reach ~528.1mln MT. The rise in global Rice consumption in MY25 may be linked to India's decision to lift the export ban on Non-Basmati Rice. During MY24, China, with ~148.1mln MT (MY23: ~155.0mln MT), was ranked first in terms of consumption, followed by India with its Rice consumption clocking in at ~115.8mln MT.
- Although global Rice consumption is projected to rise by ~1.3 YoY in MY25, China, the largest consumer of rice, is anticipated to witness a decline in Rice consumption of ~1.9% YoY. This decline is attributed to reduced demand from the younger population.

Top 10 Rice Consuming Countries Milled Rice (mln MT)						
	MY20	MY21	MY22	MY23	MY24	MY25*
China	145.2	150.3	156.4	155.0	148.1	145.3
India	102.0	101.1	110.4	116.0	115.8	120.0
Bangladesh	35.7	36.1	36.5	37.6	37.6	37.8
Indonesia	36.0	35.4	35.3	35.4	36.0	36.5
Vietnam	21.3	21.5	21.5	21.4	22.0	22.1
Philippines	14.4	14.8	15.4	16.0	16.6	17.1
Thailand	12.3	12.7	12.7	12.7	12.5	12.6
Burma	10.4	10.4	10.5	10.2	10.1	10.2
Japan	8.4	8.2	8.2	8.2	8.2	8.0
Nigeria	7.1	7.2	7.4	7.5	7.5	7.6
R.O.W	100.5	105.8	104.5	103.8	106.9	110.9
Total	493.3	503.5	518.8	523.8	521.3	528.1



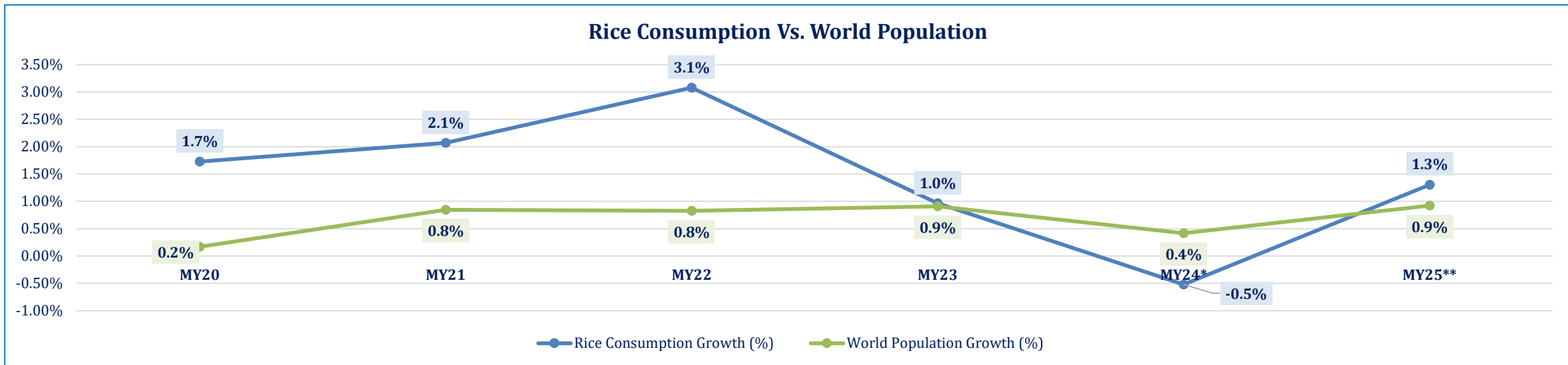
*Forecast figures.

MY refers to the Marketing Year, which is different for each country. For most, it runs Oct-Sep, including China, India and Pakistan.

Rice

Global | Demand

- Growth in Rice consumption has been relatively more volatile than that of the world population growth. For a tenure of five years (MY19-23), the CAGR for Rice consumption stood at ~1.6%, while the CAGR for the global population was recorded at ~0.5%. However, during MY24, amid India's export ban on Non-Basmati Rice, global Rice consumption declined by ~0.5% led the CAGR of five years (MY20-MY24) to clock in at ~1.1%, while the CAGR for global population growth was recorded at ~0.6%.
- Broadly speaking, the volatility in consumption patterns of Rice can be defined by either fluctuations in crop output and yield in a particular season or the availability of substitutional food products during the period.
- During MY25, the global population growth rate is estimated to increase to ~0.9% (SPLY: ~0.4%), the same level as MY23. However, during MY25, the global Rice consumption is expected to increase at a rate of ~1.3% (MY24: ~-0.5%; MY23: ~1.0%).

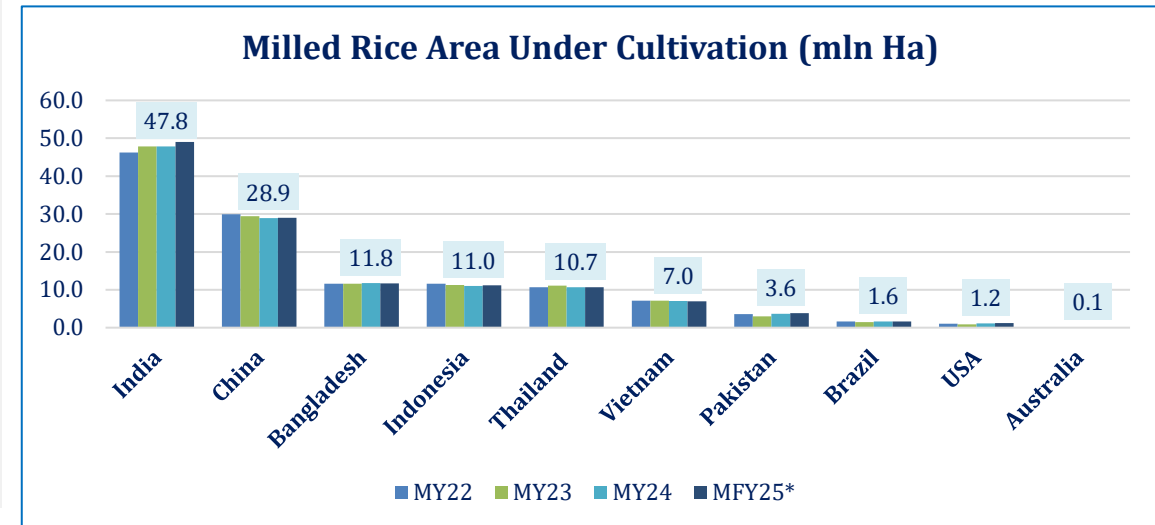
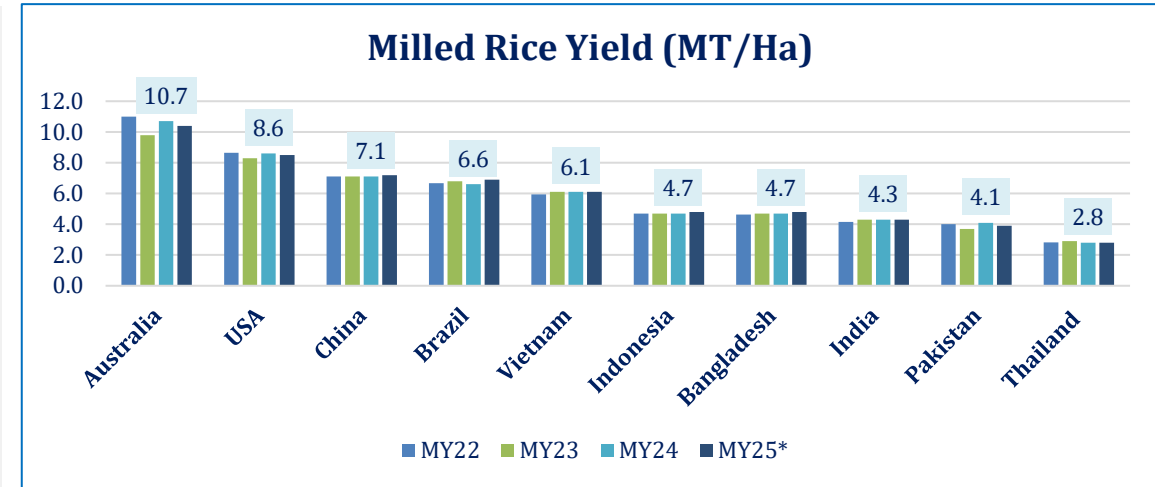


*Population Figures for world population growth are predicted. **Projected MY refers to the Marketing Year, which is different for each country. For most, it runs Oct-Sep, including China, India and Pakistan.

Rice

Global | Average Yield

- Average yield for Rice is derived from a host of factors such as the quality and type of seeds, agricultural techniques, climatic conditions, and farmers' skills.
- Australia, the USA, and China rank as the top three countries with the highest Rice yields due to their superior technology and crop quality. In terms of area under cultivation, India, China, and Bangladesh hold the top three positions.
- Australia maintained its position as the country with the highest Rice yield around the globe with a yield of ~10.7MT/Ha in MY24 (MY23: ~9.8.MT/Ha, up ~9.2% YoY. Australia is followed by the USA with a yield of ~8.6MT/Ha in MY24 (MY23: ~8.3MT/Ha, up by 3.6% YoY. Despite Australia's high Rice yield (MT/Ha), it does not rank among the top ten Rice-exporting countries, because its Rice is not preferred by the top Rice importing countries.
- Rice yield is recorded to be the lowest in the African region globally due to inadequate water availability in areas such as Liberia and Cameroon.
- Amongst the regional players, China has the highest yield (~7.1MT/ Ha), followed by Bangladesh (~4.7MT/Ha) and India (~4.3MT/ Ha) in MY24. Meanwhile, Pakistan recorded a yield of ~4.1MT/Ha in MY24. The area under cultivation of these regional players was recorded at ~28.9mln Ha, ~11.8mln Ha, ~47.8mln Ha, and ~3.6mln Ha, respectively during MY24.



Note: 1 Ha = 2.5 acres

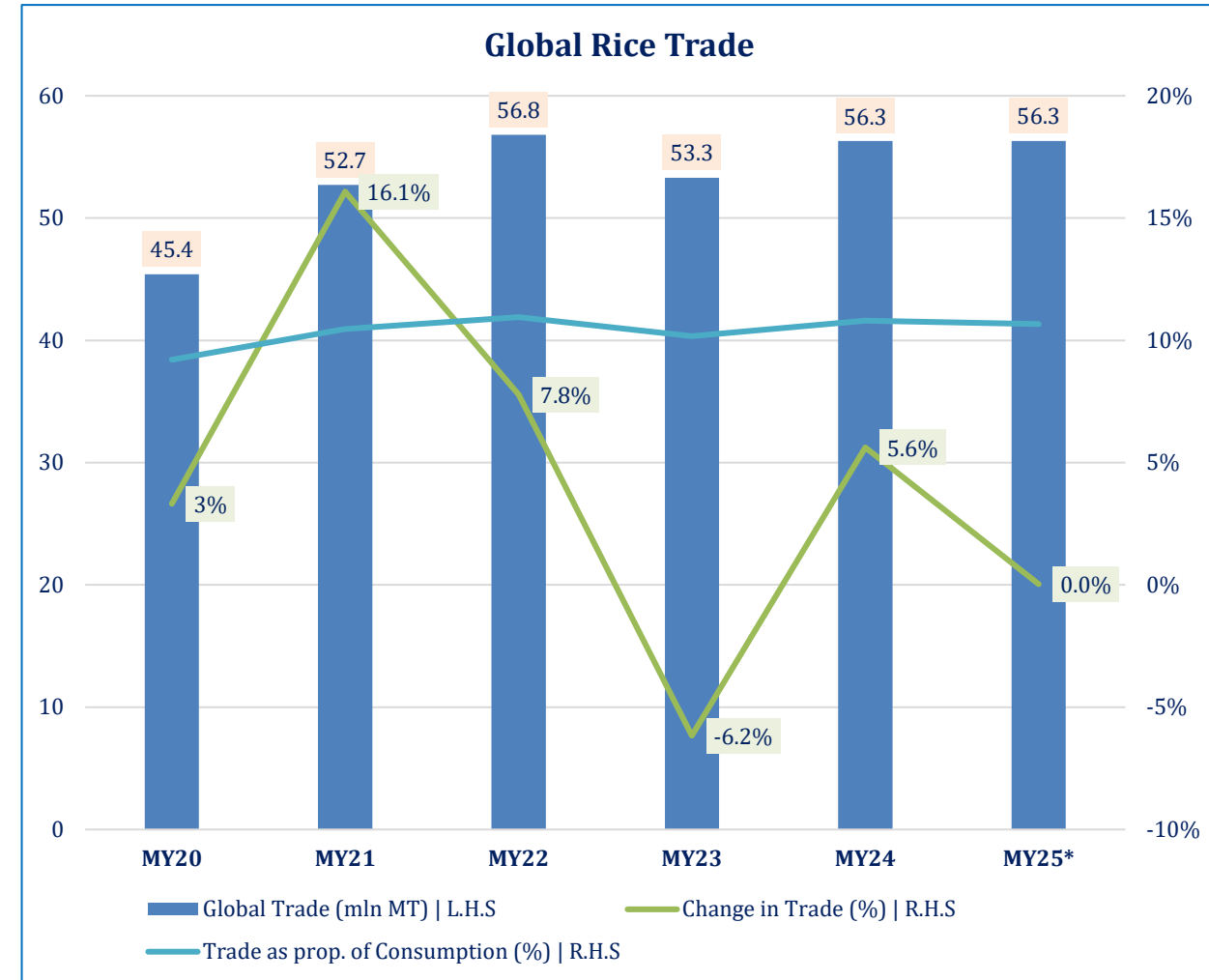
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*MY25 are projected values

Rice

Global | Trade

- Global Rice trade was recorded at ~56.3mln MT in MY24 (MY23: ~53.3mln MT), up ~5.6% YoY, and is expected to remain at this level during MY25.
- China is the largest importer while India is the largest exporter of Rice.
- The International Rice market for imports is fragmented across different regions based on the preferred quality and type of Rice. The Middle East is the top export destination for Basmati Rice which is a popular staple food. Large markets include Saudi Arabia, Iran, the United Arab Emirates, and Iraq. China mostly imports Broken Rice. African countries prefer to import Non-Basmati Rice due to lower import prices compared to the prices of Basmati Rice.
- Historically (MY20-MY24), there have been fluctuations in the trade trends. On average, Rice trade has accounted for almost only ~10.3% of the total Rice consumed globally. During MY25, the Rice trade accounted for ~10.7% of the total Rice consumed globally.



*MY25 are projected values

Rice

Global | Exports

- During MY24, Global Rice exports clocked in at ~56.3mln MT (MY23: ~53.3mln MT), up ~5.6% YoY.
- India, the largest Rice exporter, experienced a decline in its exports (~12.5%) due to the country's ban on export of Non-Basmati Rice during MY24.
- India is the largest exporter of premium-grade rice, Basmati, with a share of ~90% globally. Pakistan, on the other hand, is also a key producer and exporter of Basmati Rice but most of it is consumed domestically (~90.0%).
- During MY25, the global Rice exports are expected to remain at the same level as MY24 (~56.3mln MT). India is expected to experience a ~20.0% rise in global Rice exports during MY25 on the back of its decision to remove the export ban on Non-Basmati Rice. However, this will majorly be offset by the reduction in exports estimated from Thailand, Vietnam, and Pakistan, keeping the global export levels almost the same as MY24.
- Furthermore, India has also withdrawn the decision of having the minimum export price (MEP) of USD~490/MT on the export of Non-Basmati rice w.e.f October 23, 2024.

Leading Global Exporters (mln MT)						
	MY20	MY21	MY22	MY23	MY24	MY25*
India	14.6	21.2	22.1	20.0	17.5	21.0
Thailand	5.7	6.2	7.7	8.5	8.9	7.3
Vietnam	6.2	6.3	7.1	8.4	8.6	7.2
Pakistan	4.1	3.7	5.0	3.7	6.0	5.3
USA	2.9	3.0	2.2	2.3	3.2	3.2
Cambodia	1.4	1.9	1.7	1.9	2.9	2.9
Burma	2.3	1.9	2.3	1.4	2.1	1.8
China	2.3	2.4	2.2	1.6	1.4	1.4
Uruguay	1.0	0.7	1.0	0.9	0.8	1.0
Brazil	1.2	0.8	1.4	1.2	1.0	1.1
Others	3.7	4.6	4.1	3.4	4.0	4.1
World	45.4	52.7	56.8	53.3	56.3	56.3

Rice

Global | Imports

- Global Rice imports clocked in at ~56.3mln MT during MY24 with an increase of ~5.6% YoY.
- During MY23, China’s imports fell by more than half compared to MY22, this could potentially be due to lower supplies of Broken Rice from India (India banned Broken Rice exports in Sep’22). During MY24, China’s Rice imports reduced further by ~50.0% due to India’s continued ban on Broken Rice exports as well as reduced demand from the younger population.
- China, despite being the largest producer of Rice is a net importer, since its domestic Rice production does not cater fully to its consumption needs. Meanwhile, Pakistan, India, Thailand, and Vietnam have historically remained self-sufficient in meeting their domestic demands.
- In MY25, Rice imports are expected to remain at ~56.3mln MT (SPLY: ~56.3mln MT). The rise in Rice imports in the Philippines, China, and Saudi Arabia during MY25 is expected to offset the fall in Rice imports in Indonesia, Malaysia, and Iraq.
- Indonesia is projected to rebound from El Niño climatic conditions in MY25, leading to higher production and a decrease in imports.

Leading Global Importers (mln MT)						
	MY20	MY21	MY22	MY23	MY24	MY25*
Philippines	2.5	3.0	3.8	3.9	4.7	4.9
Vietnam	0.4	2.3	2.4	2.8	2.9	3.0
European Union	2.0	1.8	2.5	2.4	2.2	2.2
Nigeria	1.8	2.1	2.4	2.0	2.1	2.1
China	3.2	4.9	6.2	3.0	1.5	2.0
Iraq	1.0	1.3	2.1	2.0	2.2	1.9
Saudi Arabia	1.6	1.2	1.3	1.3	1.6	1.7
Cote d'Ivoire	1.1	1.5	1.5	1.4	1.6	1.6
Indonesia	0.6	0.7	0.7	3.5	3.8	1.5
Malaysia	1.2	1.2	1.2	1.2	1.8	1.5
USA	1.2	1.0	1.3	1.4	1.5	1.5
Others	31.4	34.8	35.2	32.4	35.2	37.4
World	45.4	52.7	56.8	53.3	56.3	56.3

*MY25 are projected values

Note: El Nino conditions: Rise in temperatures, reduction in rains, thick smog, and un-controllable fire (unfavorable weather due to global warming)

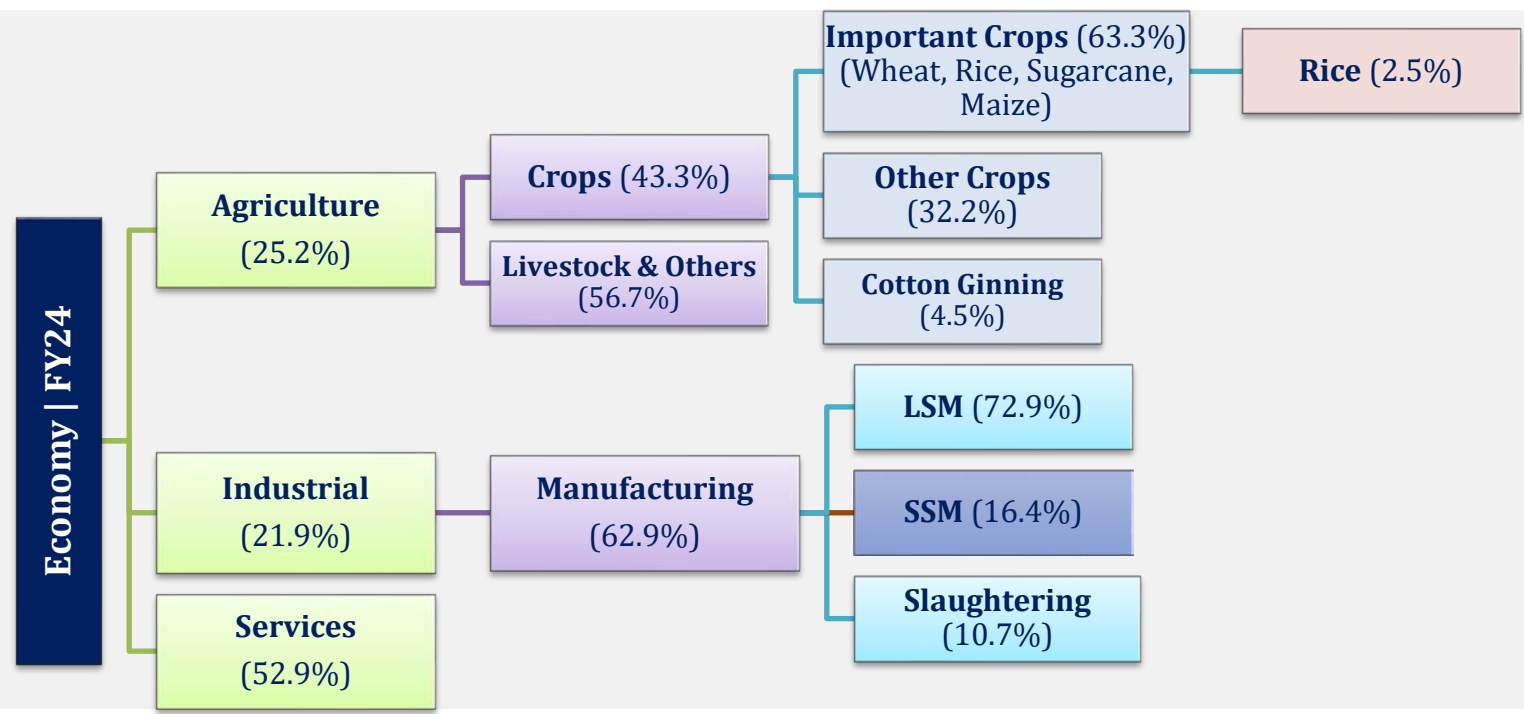
Local Overview

A scenic landscape photograph featuring a vast field of tall, golden-brown grasses in the foreground. The sun is low on the horizon, creating a bright, warm glow and casting long, soft shadows. In the background, there are rolling hills and a few scattered trees under a clear, light blue sky with a few wispy clouds. The overall atmosphere is peaceful and serene.

Rice

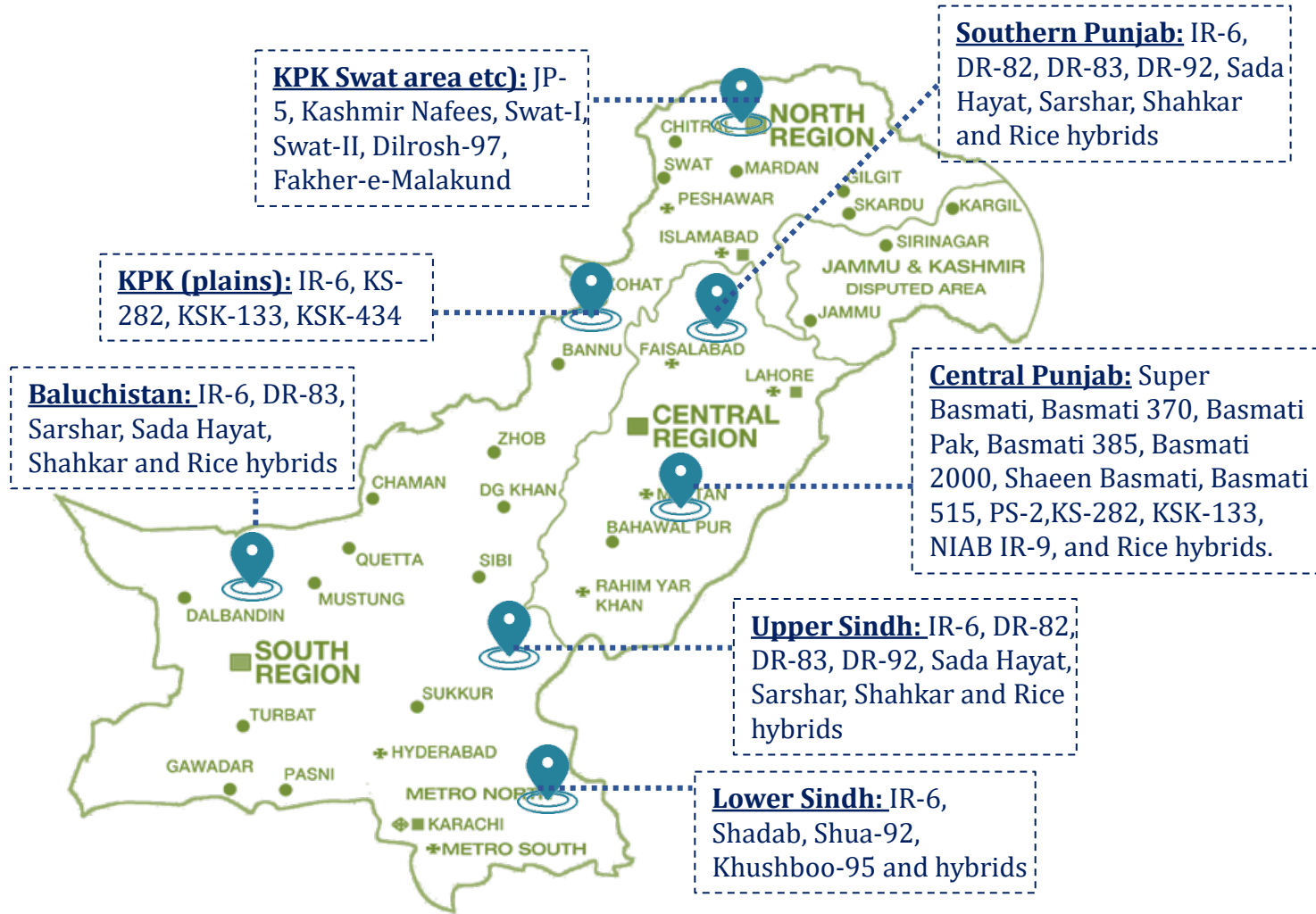
Agriculture | Overview

- In FY24, Pakistan’s GDP (nominal) stood at PKR~106.0trn (FY23: PKR~83.9trn), increasing, in real terms, by ~2.4% YoY (FY23: ~-0.21% growth). Industrial activities in FY24 held ~21.9% share in the GDP while manufacturing activities made up ~62.9% of the value addition. In 4QFY24, Pakistan’s GDP (nominal) stood at PKR~25.1trn (4QFY23: PKR~21.1trn), rising in real terms by ~3.1% YoY (3QFY24: ~2.4% YoY). Real GDP growth rate (~3.1%) for 4QFY24 signals an improvement in economic activity compared to SPLY.
- The Crops segment contributed ~43.3% to Agriculture in FY24, while important crops make up ~63.3% of the total crops.
- Rice, being the second main staple food item and second major exportable commodity after Knitwear, contributed ~2.5% of value added in agriculture and ~0.6% to GDP during FY24. Rice production during the year increased by ~37.0% YoY (discussed later in the report).



Rice

Local | Geographical Distribution



- Pakistan has two major Rice-producing regions; Punjab and Sindh. Together, both provinces account for nearly ~90% of total rice production.
- Punjab, due to its agri-climatic and soil conditions, produces 100% of the Basmati Rice in the country, which is a premium quality and expensive Rice as compared to Non-Basmati/coarse Rice.
- Sindh region is enriched with cultivation of Non-Basmati/coarse Rice, mainly IRRI-6, which is majorly exported to the African regions.
- Sindh region is further bifurcated into two parts due to differing land characteristics and water availability, hence the quality differs according to the varieties.

Rice

Local | Snapshot

- Rice is a Kharif crop, with a sowing season ranging May-June, a growing season from July-September and a harvest season from October to December. Of the total Rice production, ~52.0% is produced in Punjab, ~38.0% in Sindh, and the remaining ~8.0% in Balochistan.
- During FY24, Rice production increased by ~37.0% YoY while the real GDP grew by ~2.4%. During FY23, amid floods Jul-Aug'22 Rice production declined by ~21.5% YoY. However, during FY24, Rice production stood at ~10.0mln MT (FY23: ~7.3mln MT), up ~37.0% YoY. This resulted from a larger area dedicated to cultivation, driven by higher Rice prices, favorable monsoon rains, and improved export prospects due to India's export ban on Non-Basmati Rice.
- Area under cultivation, thus increased to ~3.6mln Ha in FY24 (FY23: ~3.5mln Ha), whereas yield rose to ~2.7MT/Ha (FY23: ~2.4MT/Ha). Pakistan ranks ninth in global Rice production as per USDA (~50.0% Basmati and ~50.0% Coarse types). Meanwhile, consumption stood at ~4.0mln MT in FY24, up ~11.1% YoY, likely on the back of lower overall inflationary impact. During FY24, National CPI stood at ~23.8% (FY23: ~29.1%)
- Resultantly, Rice sector exports also rose by ~62.0% YoY to ~6.0mln MT in FY24 (FY23: ~3.7mln MT). Exports of Basmati Rice stood at ~0.8mln MT (FY23: ~0.6mln MT), forming ~13.3% of total Rice exports, while exports of Non-Basmati Rice stood at ~5.2mln MT in FY24 (FY23: ~3.1mln MT), forming ~86.7% of total Rice exports.
- In value terms, revenue from Rice exports stood at USD~3.9bln (or PKR~1,107bln) in FY24 (FY23: USD~2.1bln or PKR~541.2bln), up ~85.7% YoY.
- Historically (CY19-CY23), Basmati Rice prices were on average ~2.4x higher than the price of Non-Basmati price. The price of Basmati Price averaged USD~934/MT in 9MCY24 (SPLY: USD~1,268/MT), while the price of Non-Basmati price stood at USD~580.7/MT in 9MCY24 (SPLY: USD~510.6/MT).
- During 3MFY25, exports of Basmati Rice stood at ~0.3mln MT (3MFY24: ~0.1mln MT), while the exports of Non-Basmati Rice were recorded at ~0.7mln MT (3MFY24: ~0.5mln MT).

Sector Snapshot	FY22	FY23	FY24
Contribution to GDP	0.5%	0.4%	0.6%
Area under Cultivation (mln Ha)	3.5	3	3.6
Production (mln MT)	9.3	7.3	10.0
Consumption* (mln MT)	4.3	3.6	4.0
Yield (MT/Ha)	2.7	2.4	2.7
Exports (mln USD)	2,513	2,148	3,932
Exports (mln MT)	5.0	3.7	6.0
Basmati Exports (mln MT)	0.8	0.6	0.8
Non-Basmati Exports (mln MT)	4.2	3.1	5.2
Market Structure	Perfect Competition		
Regulator	Rice Exporters Association of Pakistan (REAP)		

*Based on the assumption of negligible closing stocks and varies with available stock figures.

Rice

Local | Trend Analysis

- **Local Production:** Average local Rice production over the past five years (FY20-24) stood at ~8.5mln MT. In FY24, Rice production was recorded at ~10.0mln MT (FY23: ~7.3mln MT), a YoY increase of ~37.0%.
- **Local Consumption:** Average local Rice consumption over FY20-24 stood at ~4.0mln MT. In FY24, however, Rice consumption was estimated at ~4.0mln MT (FY23: ~3.6mln MT), showing a YoY increase of ~11.1%.
- **Exports:** Average Rice exports during FY20-23 were recorded at ~4.5mln MT. In FY24, Rice exports were up by ~62.2% YoY, clocking in at ~6.0mln MT (FY23: ~3.7mln MT). Export prices remained competitive due to the average PKR depreciation of ~14.% in FY24,
- **Projections:** The Rice production forecast for FY25 stands around ~9.0mln MT (FY24: ~10.0mln MT). Timely and widespread rainfall during the growing season has enhanced the crop's output prospects, and improved access to irrigation water has also played a role in this record outlook.
- As per USDA, Rice exports are forecast to clock in at ~5.3mln MT in FY25 (FY24: ~6.0mln MT) mainly owing to a reduction in exports of Non-Basmati rice post India's removal of the export ban on Non-Basmati Rice.

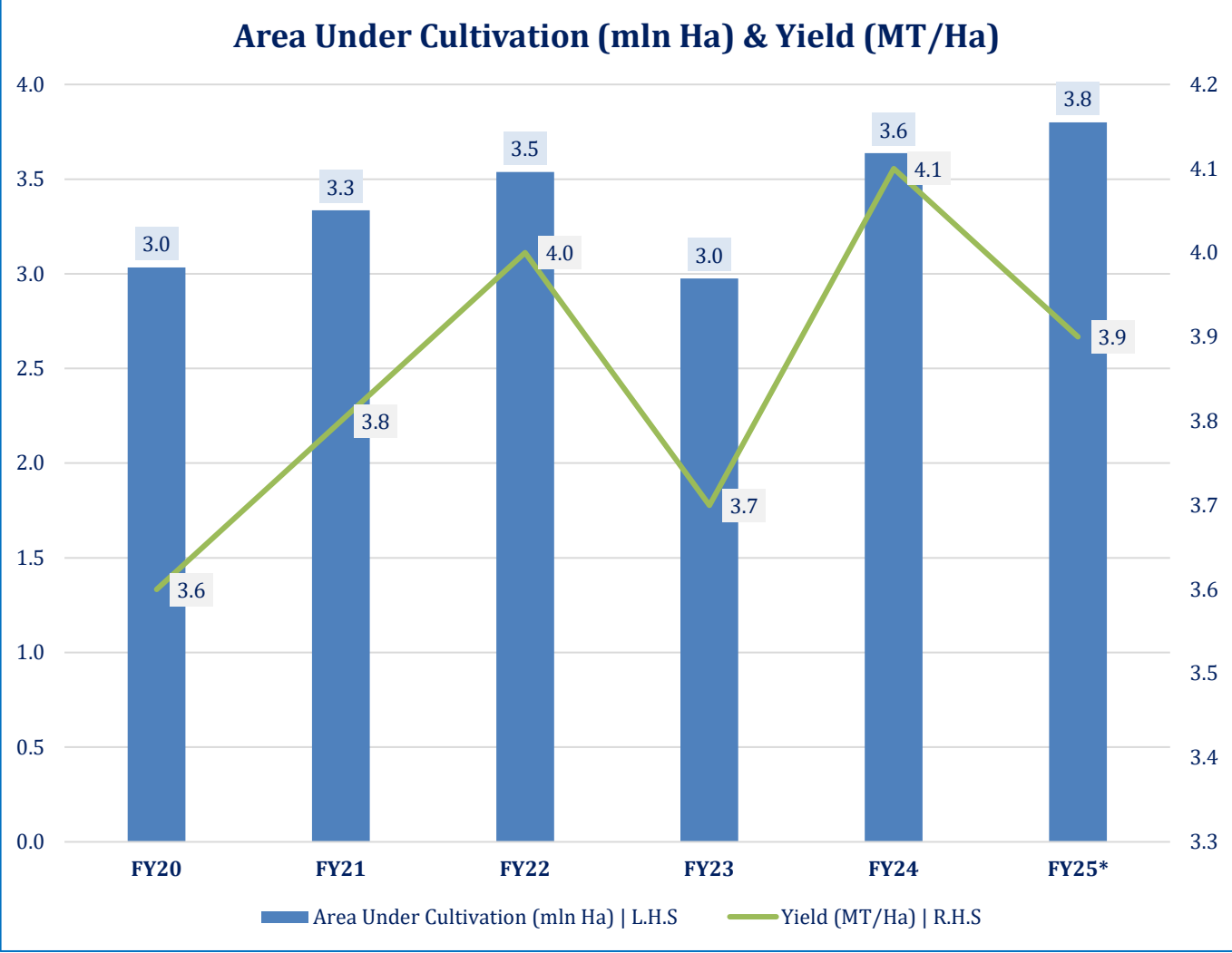
Particulars (mln MT)	FY20			FY21			FY22			FY23			FY24		
	Non-Basmati	Basmati	Total	Non-Basmati	Basmati	Total	Non-Basmati	Basmati	Total	Non-Basmati	Basmati	Total	Non-Basmati	Basmati	Total
Production	3.6	3.8	7.4	3.6	4.8	8.4	4.6	4.7	9.3	3.5	3.8	7.3	5.6	4.4	10.0
Exports	3.3	0.9	4.2	3.1	0.6	3.7	4.2	0.8	5.0	3.1	0.6	3.7	5.2	0.8	6.0
Consumption	0.3	2.9	3.2	0.5	4.2	4.7	0.4	3.9	4.3	0.4	3.2	3.6	0.4	3.6	4.0

*Note: Residual (ending stock) is assumed to be negligible.
Calculations in the table are based on the assumption that consumption of basmati rice is ~90.0%.*

Rice

Local | Trend Analysis

- The average area under Rice cultivation over the five years (FY19-FY23) stood at ~3.1mln Ha.
- In FY24, the area under Rice cultivation increased to ~3.6mln Ha (FY23: ~3.0mln Ha) up ~20.0% YoY. The increase in Rice production can be attributed to a larger area dedicated to cultivation, driven by higher Rice prices, favorable monsoon rains, and improved export prospects since last year. Rice yield increased to ~4.1MT/Ha in FY24 (FY23: ~3.7MT/Ha), up ~10.8% YoY.
- For FY25, the area under cultivation is forecast to increase to ~3.8mln Ha (FY24: ~3.6mln Ha). However, yield is expected to decrease to ~3.9MT/Ha in FY25 from ~4.1MT/Ha.

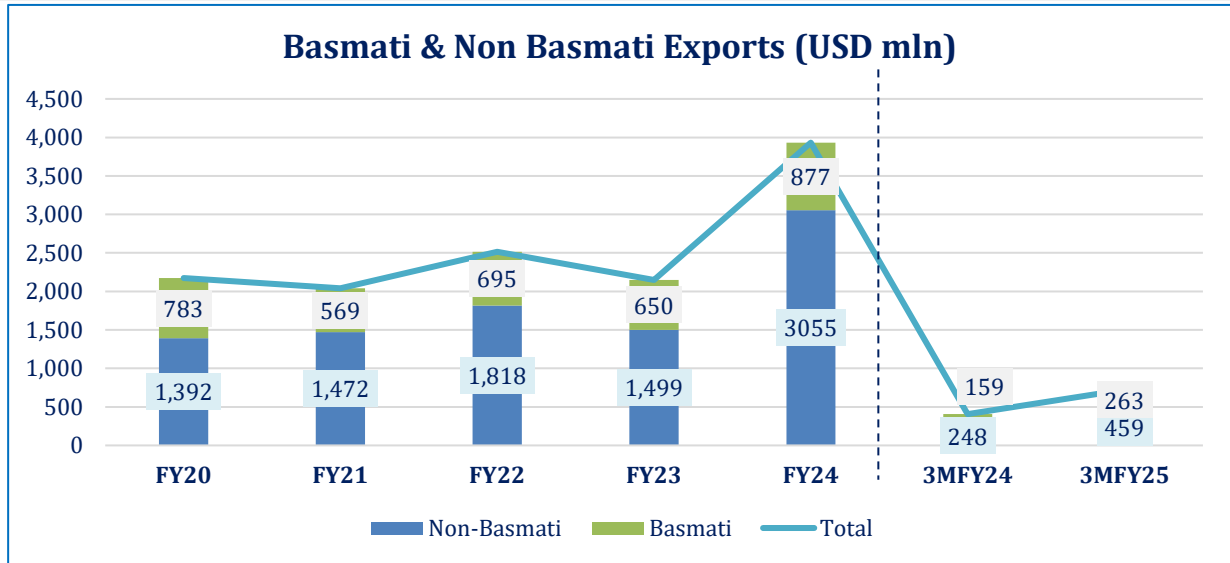
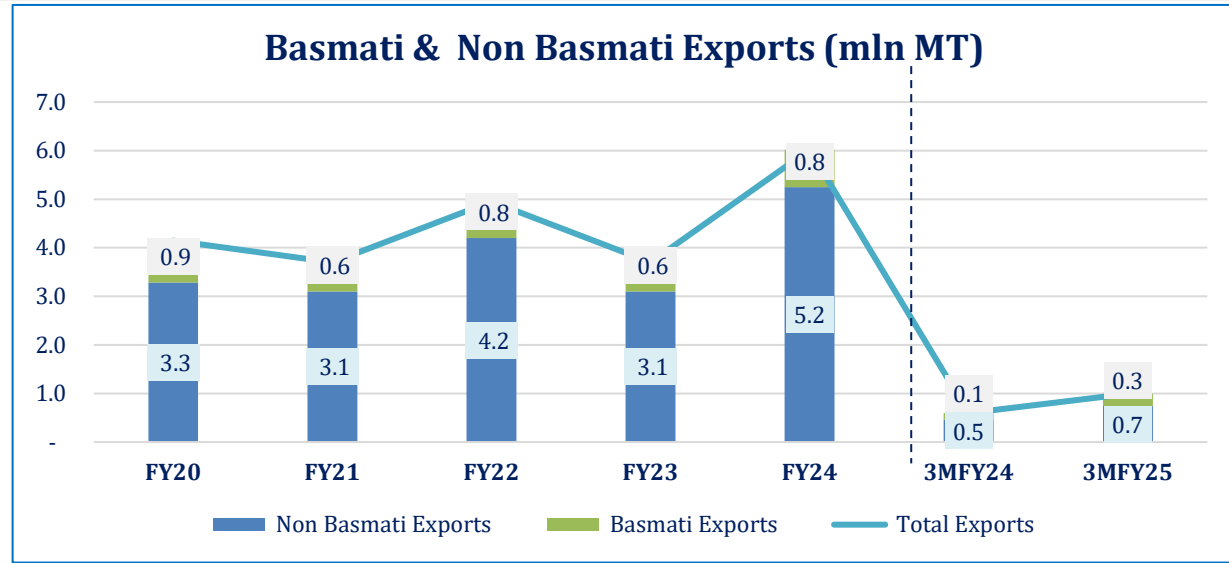


Note: FY is considered as MY, *Forecast,

Rice

Local | Trade

- Pakistan's Basmati Rice is considered a high-grade premium quality by international standards, particularly in the EU and the Middle East. The price of Basmati Rice is approximately double the price of Non-Basmati rice; however, the latter forms a major portion of the total export quantum. Rice export is significant for Pakistan as Rice constituted ~12.8% of the country's total export proceeds during FY24 (FY23: ~7.8%). The total exports of the country rose by ~10.8% YoY in FY24 to reach USD~30.7bln from USD~27.7bln in FY23.
- Basmati Exports:** The country's average Basmati exports for the period FY19-FY23 stood at ~0.7mln MT, forming an average of ~17.0% of total Rice exports over the same period. In FY24, the exports were recorded at ~0.8mln MT (FY23: ~0.6mln MT), a YoY increase of ~33.3%.
- Non-Basmati Exports:** Average Non-Basmati exports (FY19-FY23) stood at ~3.4mln MT, forming ~83% of total Rice exports. In FY24, exports were recorded at ~5.2mln MT (FY23: ~3.1mln MT), with a YoY increase of ~67.7%.
- The rise in Rice exports can be attributed to higher production in FY24 (~37.0%), favorable weather conditions, and India's ban on the export of Non-Basmati Rice. However, in FY25, it is expected that with the removal of India's ban on the export of Non-Basmati Rice Pakistan's exports of the same, may decline.



Rice

Local | Export Destinations

Basmati | Volumetric Exports

Sr.	FY22		FY23**	
	Country	Exports Share (%)	Country	Exports Share (%)
1	UAE	23.4%	UAE	25.1%
2	KSA	8.7%	KSA	9.5%
3	Oman	7.2%	Oman	7.2%
4	Kenya	6.3%	Netherlands	4.3%
5	USA	2.9%	UK	4.2%
	R.O.W	51.5%	R.O.W	49.7%
Total (mln MT)	0.8	100%	0.6	100%

Non-Basmati | Volumetric Exports

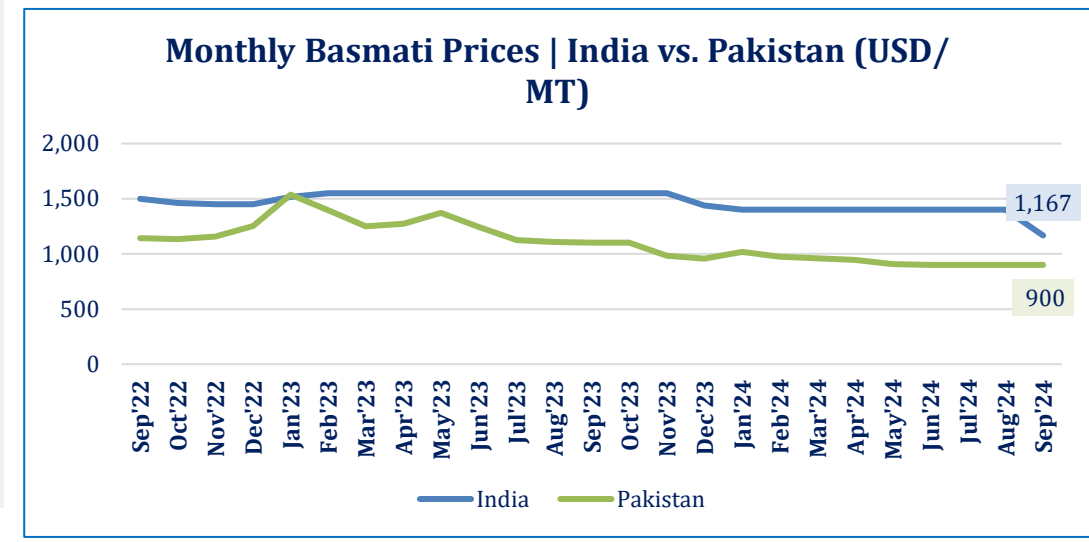
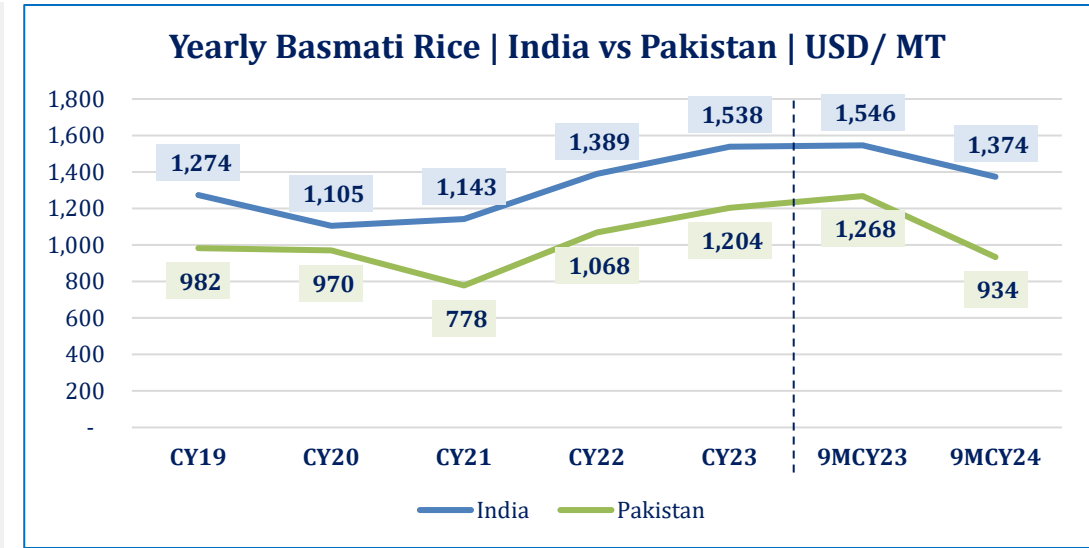
Sr.	FY22		FY23**	
	Country	Exports Share (%)	Country	Exports Share (%)
1	Afghanistan*	41.1%	Kenya	18.8%
2	China	14.5%	Malaysia	11.3%
3	Malaysia	10.1%	Tanzania	10.3%
4	Kenya	6.0%	UAE	7.0%
5	Mozambique	2.5%	China	6.7%
	R.O.W	25.8%	R.O.W	45.9%
Total (mln MT)		100%	1.9	100%

- During FY23, UAE, KSA, Oman, Netherlands, and UK were the top five export destinations of Basmati Rice with ~25.1%, ~9.5%, ~7.2%, ~4.3%, and ~4.2% share respectively, in the total exports of Basmati Rice. Other countries that import basmati rice from Pakistan include Australia, Canada, France, and Germany, among others.
- Conversely, during FY23, Kenya, Malaysia, Tanzania, UAE, and China were the top five export destinations of Non-Basmati Rice and held ~18.8%, ~11.3%, ~10.3%, ~7.0%, and ~6.7% share respectively, in the total exports of Non-Basmati Rice. Other countries that import Non-Basmati Rice from Pakistan include Afghanistan, Haiti, Kazakhstan, Saudi Arabia, and South Africa, among others.

Rice

Price Dynamics | Basmati

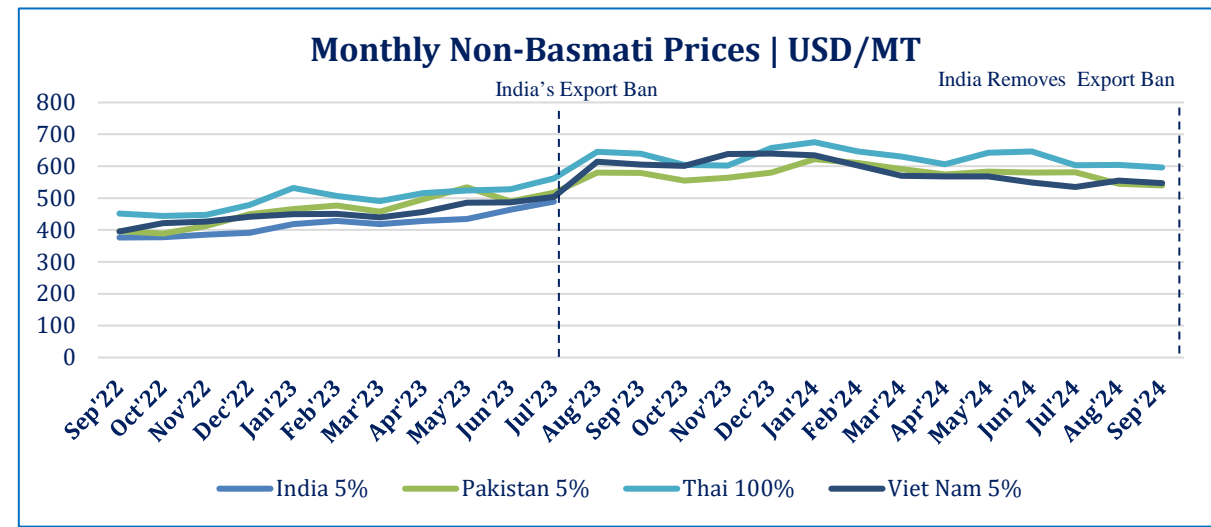
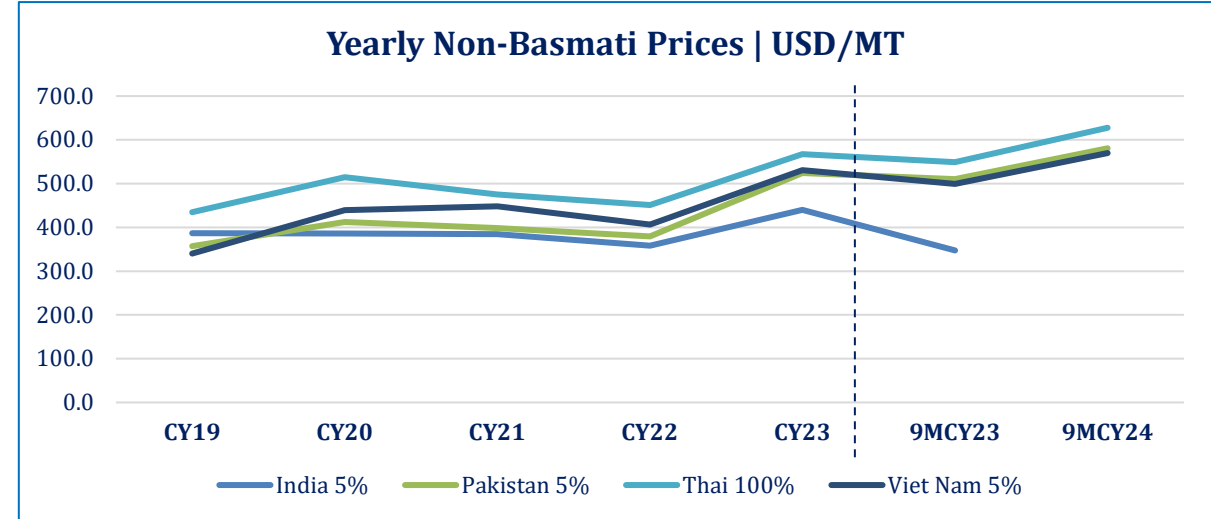
- Pakistan's Basmati Rice has historically (CY18-CY22) priced almost ~22.0% lower than Indian Basmati Rice. The delta reflects a slower INR depreciation against the USD, compared with PKR depreciation against the same.
- In CY23, this delta remained close to historic levels, where prices rose ~10.7% YoY and ~12.7% YoY, for India and Pakistan respectively. For Pakistan, the sharp increase resulted from increased exports that grew by ~30.0% YoY. For Indian Basmati Rice, prices continued to rise post-CY20, on account of increased demand due to the reopening of borders for trade when demand from importing countries picked up pace.
- For CY23, the average export price for Indian Basmati Rice increased by ~10.7% to reach USD~1,538/MT from USD~1,389/MT due to increased demand for Basmati Rice from the Middle East that continued to build up stocks to avoid the possibility of supply disruptions due to Russia-Ukraine war and heightened geopolitical tensions in the Middle East. During 9MCY24, Indian Basmati Price decreased by ~11.1% to reach USD~1,374/MT as compared to USD~1,546/MT SPLY.
- For CY23, the average export price of Pakistani Basmati increased by ~12.7% to USD~1,204/MT (CY22: USD~1,068/MT). During 9MCY24, average export prices for Pakistani Basmati Rice decreased by ~26.3% to reach USD~934/MT as compared to USD~1,268/MT SPLY.
- Both India and Pakistan have removed Minimum Export Prices (MEP) on exports of Basmati Rice which might further be expected to reduce the export prices going forward.



Rice

Price Dynamics | Non-Basmati

- The four major global exporters of broken rice, or Non-Basmati/Coarse types, include India, Thailand, Vietnam, and Pakistan.
- India, the largest exporter of Non-Basmati Rice, accounted for ~38.0% of total global exports during CY23. However, after imposing a ban on non-Basmati rice exports on July 20, 2023, to stabilize local prices, its share in global rice exports dropped to ~31.0% in CY24. It is noteworthy that several countries, including Bangladesh, Bhutan, China, Sri Lanka, and Nepal, rely heavily on rice imports from India. As a result of this export ban, the global rice market experienced disruptions in 9MCY24, leading to significant price increases for non-Basmati rice from Pakistan, Thailand, and Vietnam (~13.7% YoY, ~14.3% YoY and ~14.2%, respectively).
- During 9MCY24 the average export price for Pakistani Non-Basmati rice increased by ~13.7% to reach USD~580.7/MT as compared to USD~510.6/MT SPLY. However, for CY23, the average export price of Pakistani Non-basmati had increased by ~38.3% to USD~379.2/MT (CY22: USD~ 379.2/MT).

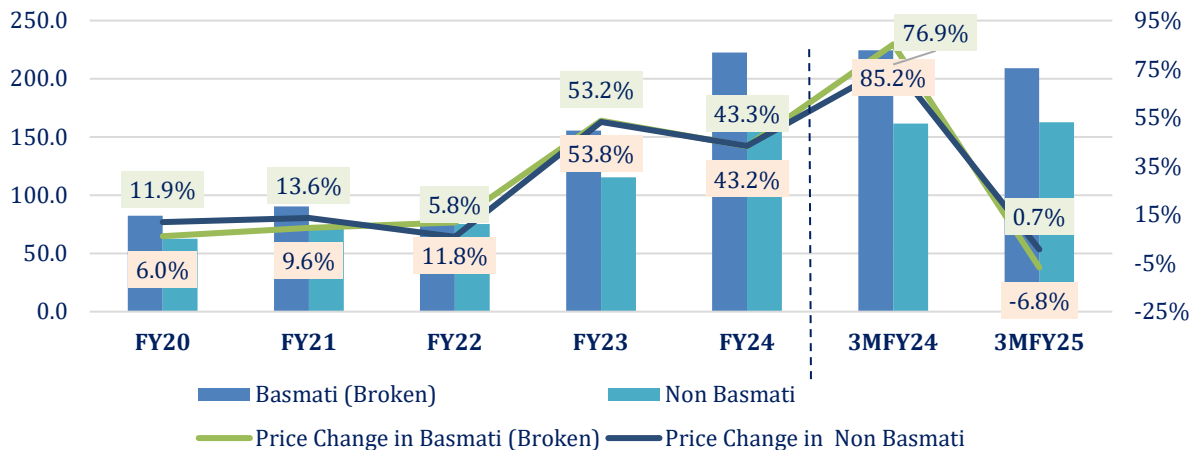


Rice

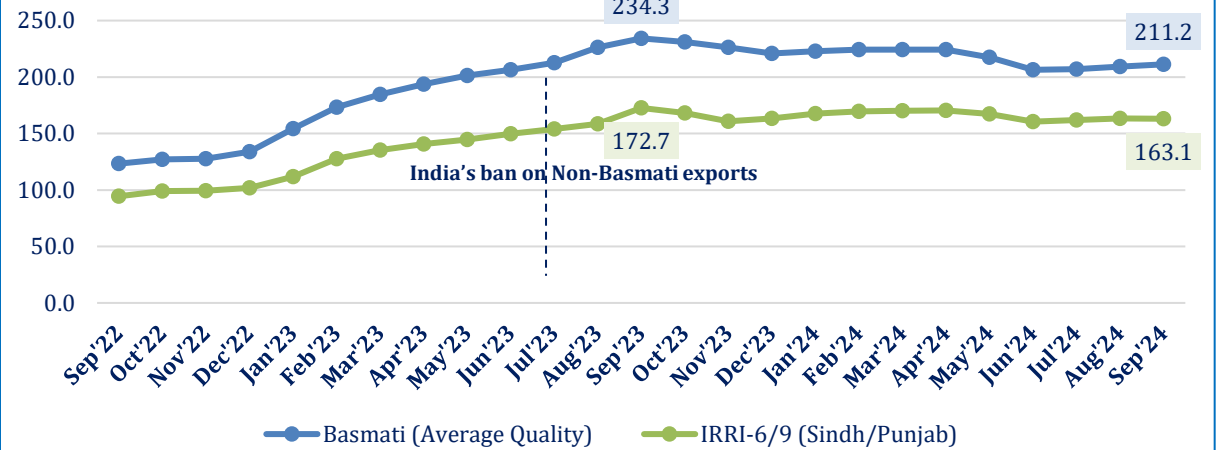
Local | Prices

- Based on the last 10-year data (FY13-FY23), Basmati and non-Basmati local prices exhibit a correlation factor of ~0.99, reflecting that the prices tend to move in close tandem.
- Average price for the Basmati (broken) during FY24 increased by ~43.2% YoY reaching to PKR~222.6/Kg from PKR~155.4/Kg in FY23. Similarly, the average price for Non-Basmati rice increased to PKR~165.2/Kg in FY24 up by ~43.3% YoY from PKR~115.3/Kg in FY23.
- This rise in prices of both Basmati and Non-Basmati Rice during FY24 was lower than the increase in prices of both types of Rice during FY23 primarily due to lower domestic inflation (National CPI: FY24: ~23.8%; FY23: ~29.1%) and increased production.
- Average Basmati prices for the 3MFY25, clocked in at PKR~209.2/Kg (down ~6.8% YoY, compared to SPLY), while Non-Basmati price was recorded at PKR~162.8/Kg (up ~0.7% YoY compared to 3MFY24).

Domestic | Average Yearly Prices (PKR/Kg)



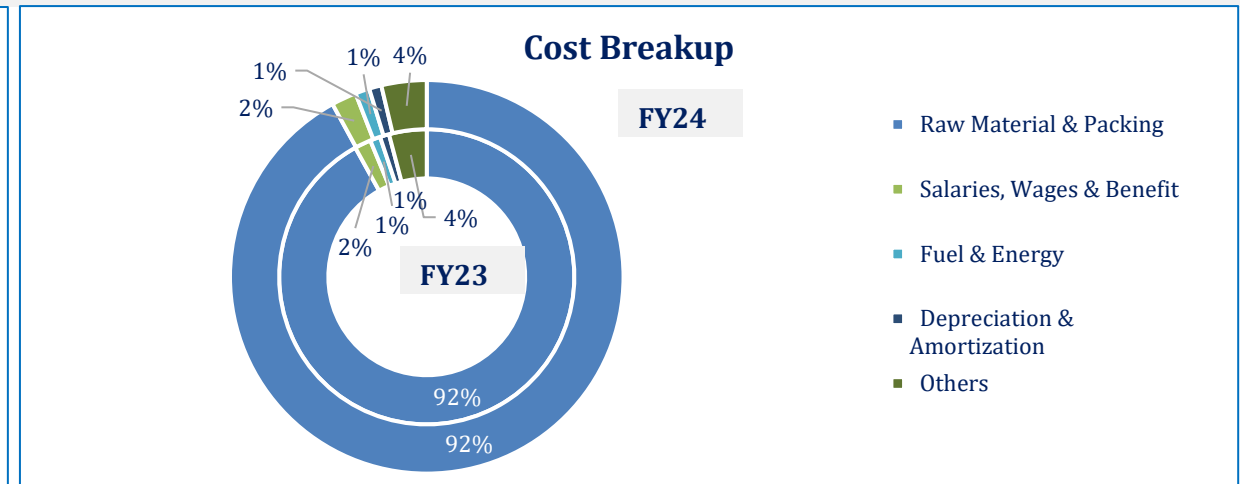
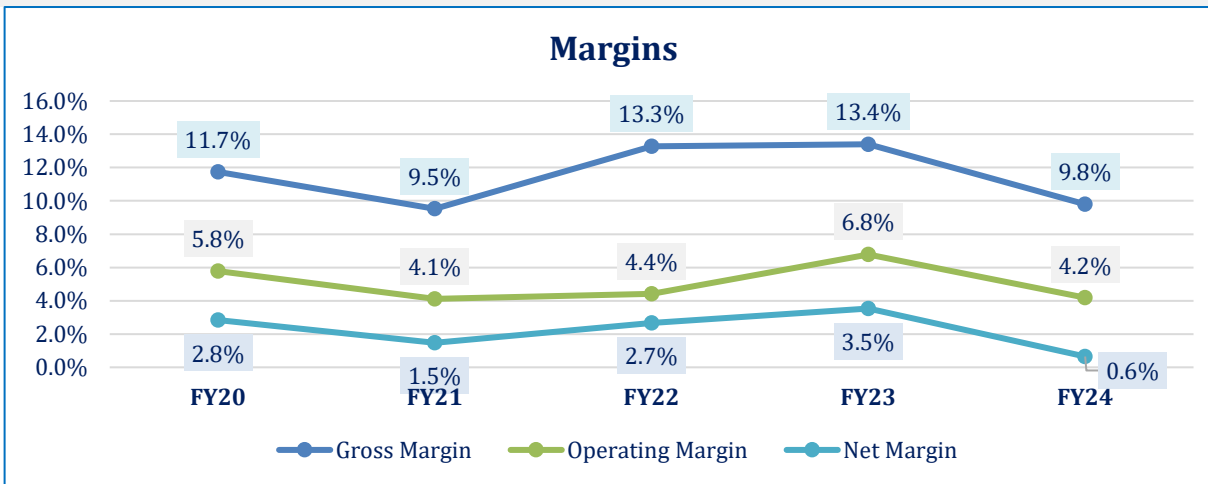
Domestic Average Monthly Price Trend (PKR/Kg)



Rice

Business Risk

- In FY24, export sales accounted for ~73.2% of the sector's total revenue, making it vulnerable to exchange rate fluctuations. During this period, PKR depreciated against USD by ~14.0% YoY, enhancing its market competitiveness compared to other Non-Basmati Rice exporting countries (Thailand and Vietnam). Consequently, the sector experienced a ~40.0% YoY increase in export revenue during FY24.
- Average gross margin for the local rice millers was recorded at ~12.2% over the last five years (FY19-23), except FY21, when average gross margins dipped to ~9.5%, depicting the negative impact of the COVID-19 pandemic. During FY24, despite a rise in both sales and gross profit, average gross margins fell by ~26.8% YoY and stood at ~9.8% (FY23: ~13.4%). The decrease in gross margins is likely due to an increase in the cost of sales of ~44.2%, which outpaced the sales growth of ~38.9% YoY. The sector's average operating margin dropped by ~38.2% to ~4.2% in FY24 (FY23: ~6.8%), likely on the back of ~16.3% YoY increased administrating and other operating expenses.
- During FY24, the sectors' average net profit margin dropped to ~0.6% (FY23: ~3.5%), this significant decline in net margin came on the back of high taxes and high interest rates that remained at ~22.0% for 11MFY24 and were subsequently reduced to ~20.5% on June 10, 2024. Looking ahead, the sector's net margin is expected to improve as interest rates, currently at ~17.5% w.e.f September 12, 2024, are anticipated to decline further on the next Monetary Policy Meeting to be held on November 4, 2024.
- The sector's cost breakdown reveals that the largest component within direct costs is raw material comprising ~92.0% of the total cost of sales of Rice milling companies, therefore any fluctuation in the price of raw material or availability constraints can impact the sector's margins.

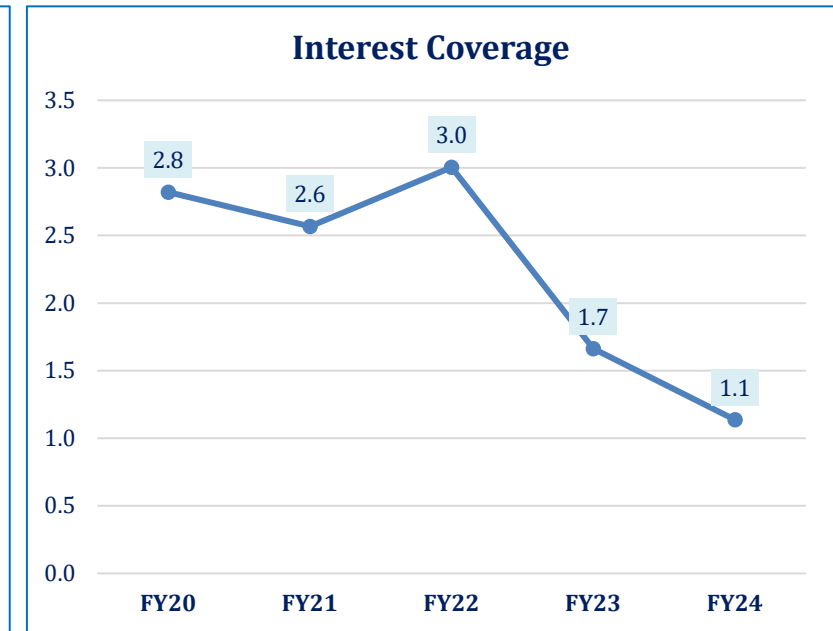
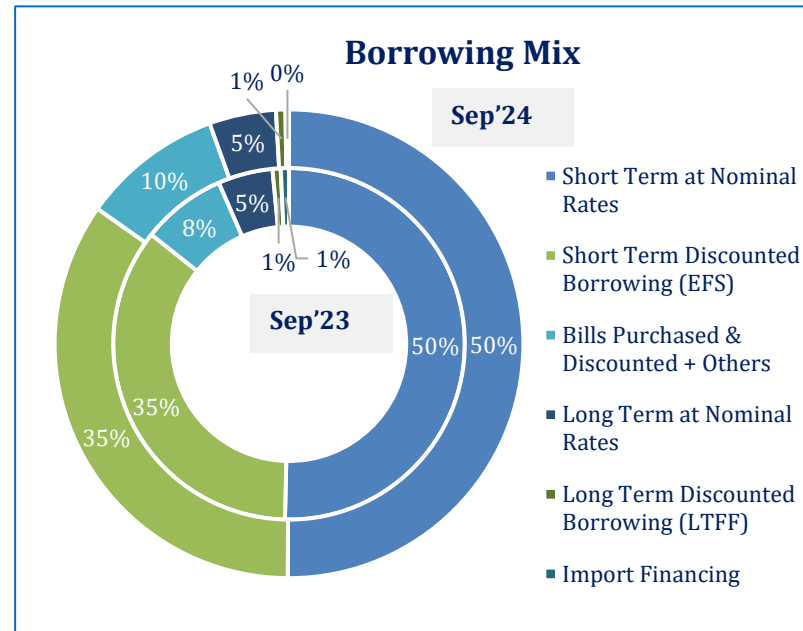
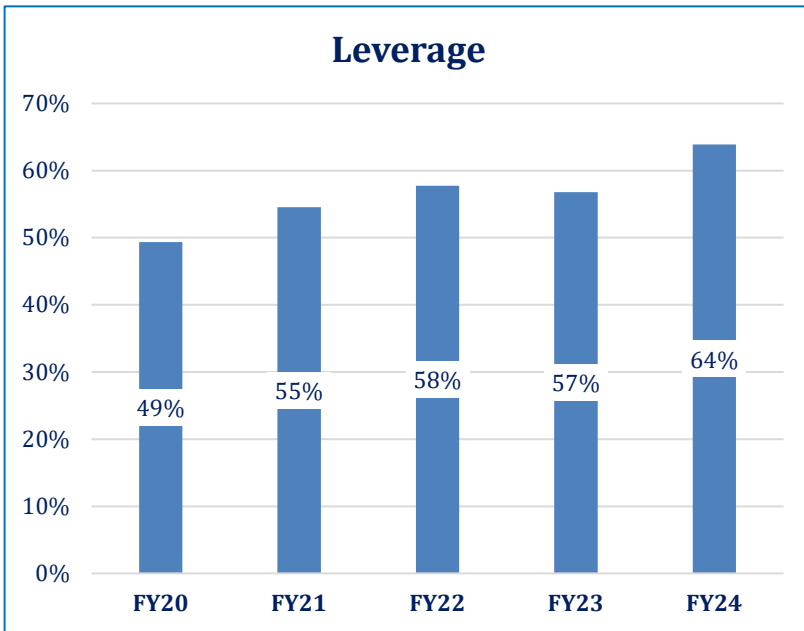


Note: Figures are based on the financials of 10 Listed/PACRA-rated clients during FY18-FY23 and 7 Listed/PACRA-rated clients during FY24 which largely include exporting rice millers. Margins are revenue-weighted.

Rice

Financial Risk | Borrowings

- Average leverage for the sector players has increased over the years (FY20-FY23), averaging at ~55.0% for the last four years (FY19-23). The leverage has been increasing since FY20 when it dropped to ~49.0% and recently increased further to ~64.0% during FY24. Increasing leverage indicates greater reliance on borrowings, thereby exposing the sector further to financial risk vis-à-vis interest rate movements in the local market.
- Aggregate borrowing for the Rice processing mills stood at PKR~181.6bln as of End-Sep'24, up by ~5.0% YoY against the corresponding period last year when these stood at PKR~172.9bln. Out of the total borrowings, ~88.2% of the borrowings are short-term in nature to finance the sectors' working capital needs. Short-term borrowing at the normal rate held the highest share in the sector's total borrowing (~50.0%), followed by short-term borrowing at discounted rates (EFS facility) which held ~35.0% share in the sector's total borrowing. Total long-term loans comprised an ~11.8% share of the total borrowing mix, out of which long-term loans at the normal rates held ~5.0% share in the sector's total borrowings.

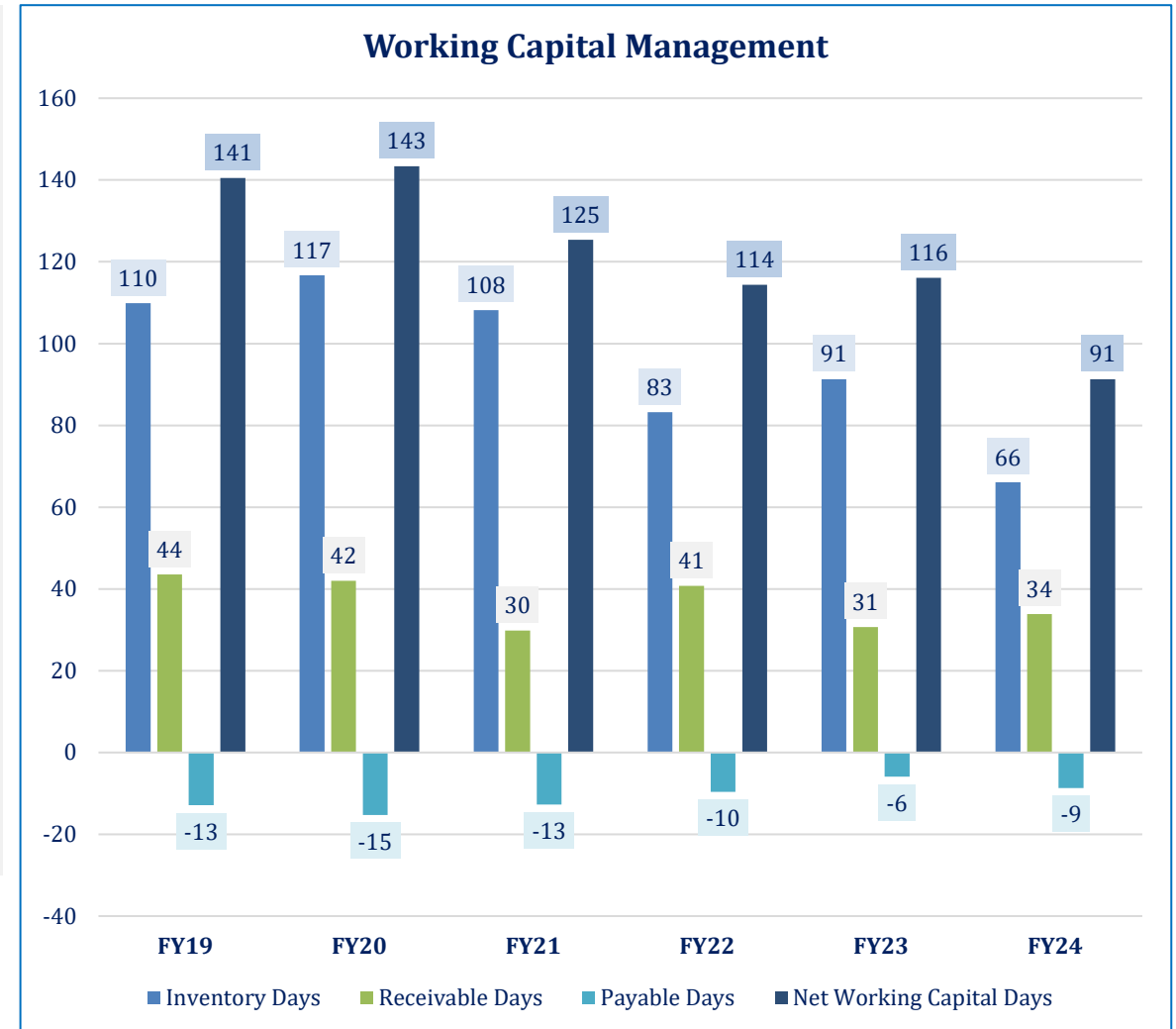


Note: Leverage & Coverage are based on financials of 10 Listed/PACRA rated clients during FY18-FY23 and 7 Listed/PACRA rated clients during FY24 which largely include rice millers. Borrowing figures are representative of 'Rice Processing' as per SBP.

Rice

Financial Risk | Working Capital Management

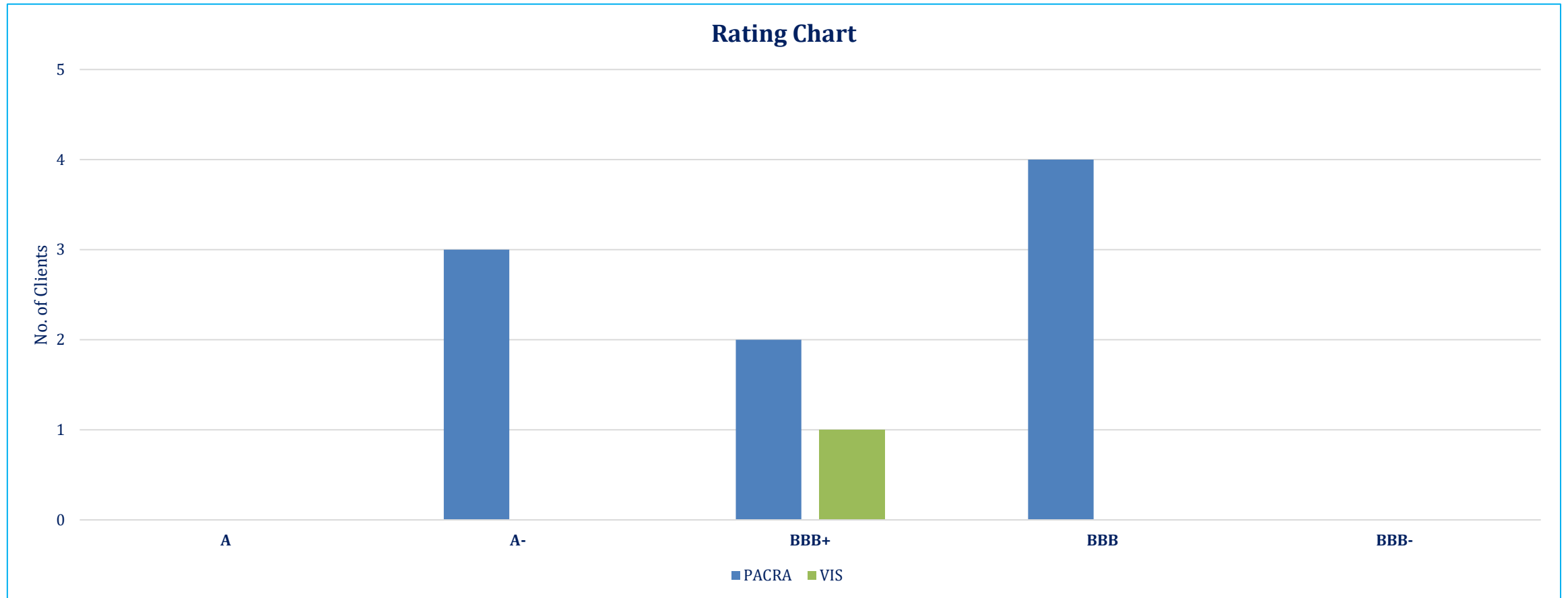
- Average working capital days for the sector players improved by ~25 days to clock in at ~91 days during FY24 (FY23: ~116 days) due to a dip in inventory days. The sector's working capital pattern is aligned to the rice crop cycle.
- The sector's inventory is generally maintained for ~4 months. It stood at ~66 days in FY24, compared to ~91 days in FY23. Most of the exported rice is majorly offloaded following December, after the harvesting season. Milled rice stock levels in December are, therefore, generally high, which are largely offloaded in the first quarter of the next year.
- In FY24, receivable days rose to ~34 days (FY23:~31 days), with a YoY increase of ~3 days. All rice exports are secured against either a Letter of Credit (LC) or Cash Against Document (CAD).
- In FY24, payable days stood at ~9 days (FY23: ~6 days). Since Rice is a cash commodity, to secure the supply of paddy and processed rice, the sector usually makes cash payments and sometimes even advance payments to its suppliers that contribute to low payable days.



Rice

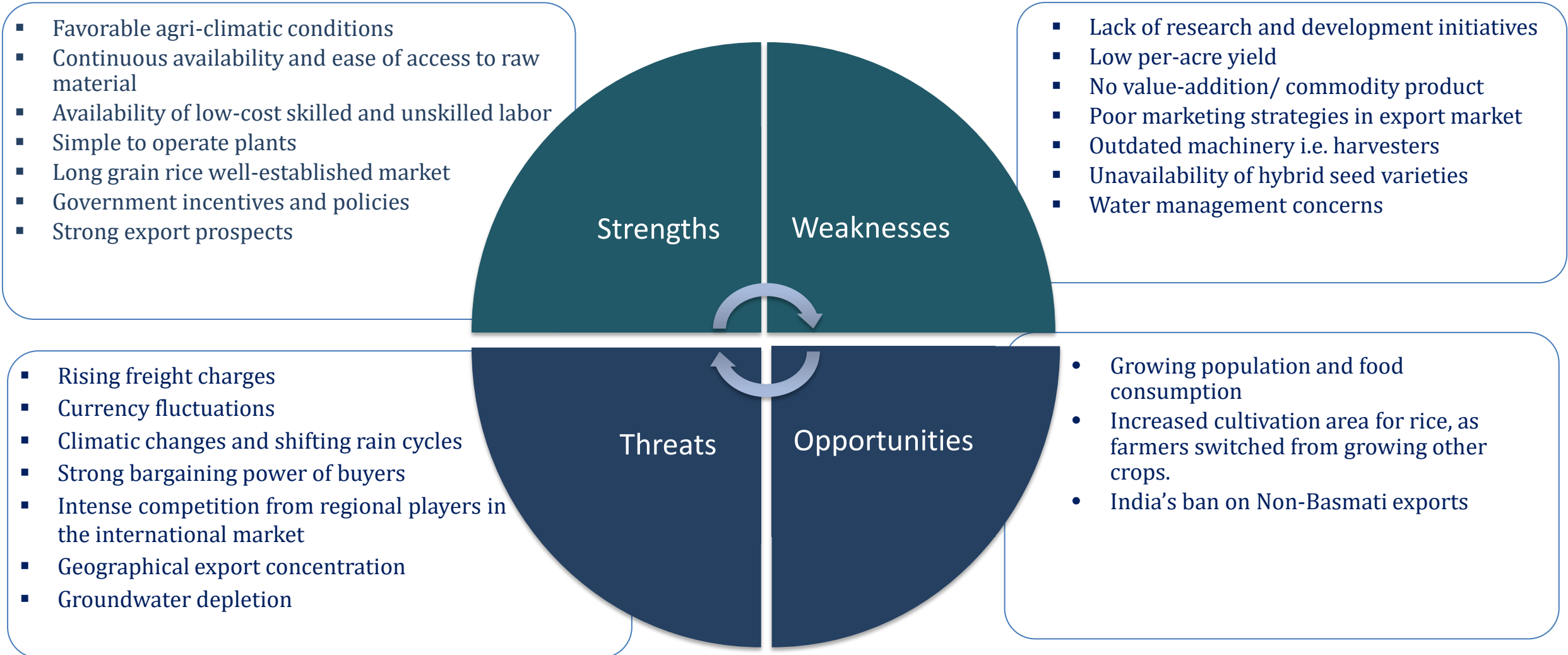
Rating Curve

PACRA rates 9 clients in the Rice sector. The rating bandwidth of the sector lies between BBB to A-.



Rice

SWOT



Rice

Outlook: Stable

- Rice maintains its position as one of the imperative cash crops for Pakistan, being the second most important staple food after wheat. Rice contributes significantly towards agriculture value addition, i.e., ~2.5% and ~0.6% in GDP during FY24.
- Pakistan ranks ninth in global Rice production as per USDA (~50.0% Basmati and ~50.0% Coarse types). Rice sector exports rose by ~62.0% YoY to ~6.0mln MT in FY24 (FY23: ~3.7mln MT). Exports of Basmati Rice stood at ~0.8mln MT (FY23: ~0.6mln MT), forming ~13.3% of total Rice exports, while exports of Non-Basmati Rice stood at ~5.2mln MT in FY24 (FY23: ~3.1mln MT), forming ~86.7% of total Rice exports. In value terms, revenue from Rice exports stood at USD~3.9bln (or PKR~1,107bln) in FY24 (FY23: USD~2.1bln or PKR~541.2bln), up ~85.7% YoY.
- Area under cultivation increased to ~3.6mln Ha in FY24 (FY23: ~3.5mln Ha), whereas yield rose to ~2.7MT/Ha (FY23: ~2.4MT/Ha).
- India's abrupt export ban of Non-Basmati Rice (July 20, 2023- September 28, 2024), significantly impacted global Rice prices, driving them to a 15-year high as at End-Sep'24 (Pakistan: USD~540.0/MT; Thailand: USD~595.8/MT; Vietnam: USD~546.5/MT). However, prices of Non-Basmati Rice are expected to fall during MY25 after the removal of India's export ban on Non-Basmati Rice.
- Global trade is forecasted to remain range-bound in MY25, as price-sensitive Nations, particularly in Africa and Asia, ramp up import demand in light of greater availability and lower prices. Amid India's export ban on Non-Basmati Rice during MY24, African countries turned to alternative suppliers like Pakistan but reduced overall purchases during India's export ban. Therefore, exports of Non-Basmati Rice from Thailand, Vietnam, and Pakistan are expected to decline during MY25, as these countries increased their shipments during India's export restrictions during MY24.
- Going forward, despite India's removal of the export ban on Non-Basmati Rice, a favorable local environment in terms of lower policy rate (~17.5%), lower inflation (Sep'24: ~6.9%), and Government support to the agricultural sector is expected to keep the local Rice sector stable. While export earnings may not be as promising as they were in FY24 due to both price and volume factors, the sector's position as one of the top two export commodities is expected to remain intact.

Rice

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Research Team	Saniya Tauseef <i>Senior Manager</i> saniya.tauseef@pacra.com	Sabeen Mirza <i>Senior Research Analyst</i> sabeen.mirza@pacra.com
Contact Number: +92 42 35869504		

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