BANGLADESH FOOD SITUATION REPORT

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Overview

Domestic Production Outlook

Total foodgrain production in the FY2013-14 was 35.66 mmt (*aus* 2.33 *aman* 13.02, *boro* 19.01 and wheat 1.30 mmt). For FY2014-15, DAE fixed the targets for *aus, aman, boro* and wheat production at 2.43 mmt, 13.45 mmt, 18.94 mmt and 1.35 mmt respectively. Meanwhile, BBS confirmed *aus* and *aman* production at 2.33 mmt and 13.19 mmt respectively. According to the latest monitoring report of DAE, area achieved for *boro* and wheat slightly exceeded the targets, registering 4.85 million hectares and 0.48 million hectares respectively. Therefore, production of *boro* and wheat may exceed the target. Thus with marginal shortfall in the achievement of *aus* and *aman* production and expected increase in *boro* and wheat production, total foodgrain production target of 36.17 mmt for FY2014-15 may be achieved.

Foodgrain Import

The target for foodgrain import for FY2014-15 is 4.35 mmt. Actual import during the FY2013-14 was 3.07 mmt of which 0.38 mmt was rice and 2.69 mmt wheat. Up to end March/15 of FY2014-15, about 2.96 mmt of foodgrains were imported of which rice was 0.65 mmt and wheat 2.31 mmt, imported mostly by the private sector. During the third quarter of the current fiscal year, private sector imported about 0.50 mmt of rice. As usual, wheat import by private sector constituted the major part of foodgrain import.

Domestic Foodgrain Procurement

The revised foodgrain procurement target in FY2014-15 was 1.65 mmt of which 1.50 mmt would be rice and 0.15 mmt wheat. Actual procurement during FY2013-14 was about 1.29 mmt, of which rice and wheat were 1.15 mmt and 0.14 mmt respectively. Wheat procurement target was almost achieved. *Boro* procurement target has been set at 1.10 mmt at the rate of Tk 32/ kg for parboiled rice. *Boro* procurement started from 1st May/15 and will continue up to 30th August, 2015.

Public Foodgrain Distribution

The actual foodgrain distribution during FY2013-14 was 2.22 mmt of which rice was about 1.26 mmt and wheat 0.96 mmt. The revised budget for public foodgrain distribution in FY2014-15 has been set at 2.42 mmt of which rice would be about 1.47 mmt and wheat 0.95 mmt. Distribution through OMS/FPC would be the highest, followed by VGD, TR and FFW channels. By the end of the 3rd quarter (July/14-March/15) of the current fiscal year, about 1.21 mmt of foodgrains were distributed.

Public Stock of Foodgrains

The opening public stock of foodgrains on 1st July/14 was 1.15 mmt. The stock of foodgrain fluctuated and remained on an average at around 1.23 mmt during the January-March/15 period. The closing stock of about 1.26 mmt in March/15 seems to be adequate to meet the requirements for PFDS operations in the coming months.

Domestic Market Prices

The wholesale rice and wheat prices declined during the third quarter of the FY14-15. The nominal prices decreased by 3.42% for rice and 6.02% for wheat, compared to a rise in rice price by 0.19% and decline in wheat price by 4.52% during the same period a year earlier. Between April/14 and March/15, nominal rice and wheat prices declined by 9.78% and 7.83%, respectively.

International Prices and Production Outlook

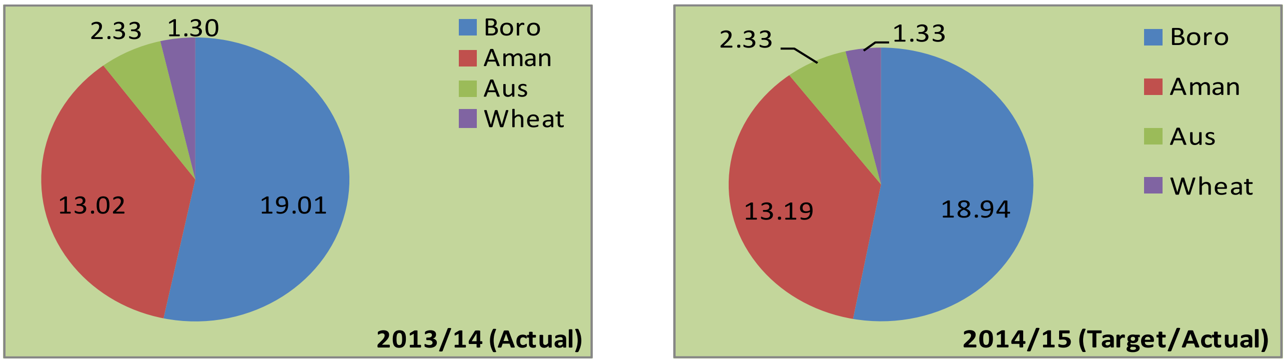
Global rice production for 2014-15 is projected at 475.0 mmt (milled basis), down about 0.5% from a year earlier. Wheat production is projected to reach 726.0 mmt, up 1.3% from the previous year. The price of Thai 5% parboiled rice moderately declined over the past months. US Soft Red Winter (SRW) wheat prices also had similar trend.

Domestic Foodgrain Availability

Domestic Foodgrain Production

Total foodgrain production in the FY2013-14 was 35.66 mmt (*aus* 2.33 *aman* 13.02, *boro* 19.01 and wheat 1.30 mmt). For FY2014-15, DAE fixed the targets for *aus*, *aman*, *boro* and wheat production at 2.43 mmt, 13.45 mmt, 18.94 mmt and 1.35 mmt respectively to achieve total foodgrain production of 36.17 mmt. Meanwhile, BBS already finalized *aus* and *aman*, production at 2.33 mmt and 13.19 mmt respectively. According to the latest monitoring report of DAE, area achieved for *boro* and wheat slightly exceeded the target, registering 4.85 million hectares and 0.48 million hectares respectively. Wheat and *boro* cultivation season has also experienced favorable weather conditions. Therefore, *boro* and wheat production in the FY 2014-15 may exceed the targets. Thus allowing for the marginal shortfall in the achievement of *aus* and *aman* production and expected increase in *boro* and wheat production, total foodgrain production target of 36.17 mmt for FY2014-15 may be achieved.

Figure 1: Annual foodgrain production (mmt) and crop-wise contribution



Foodgrain Import

The target for foodgrain import for FY2014-15 is 4.35 mmt. Actual import during FY2013-14 was 3.07 mmt of which 0.38 mmt was rice and 2.69 mmt wheat. There was no commercial public import of rice during the last year. Food aid was also very negligible. However, public commercial wheat import constituted a substantial part of total wheat import during the year. Up to end March/15 of FY 2014-15, about 2.96 mmt of foodgrains were imported of which rice was 0.65 mmt and wheat 2.31 mmt, imported mostly by the private sector. During the third quarter of the current fiscal year, private sector imported about 0.50 mmt of rice. As usual, wheat import by private sector constituted the major part of foodgrain import. The Government, however, will gear up wheat import to continue distribution of *atta* through OMS in an effort to stabilize wheat/*atta* prices in the market.

Table 1: Foodgrain imports **(000 metric tons)**

Category of import	2010-11	2011-12	2012-13	2013-14	FY 2014-15							
					Q1	Q2	Arrival by Month (Actual) Q3				Q4	Total Import (Budgeted & projected)
	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	Jan	Feb	Mar	Total	Projection Apr-Jun	
Rice												
GoB Com.	1264	455	2	0	0	0	0	0	0	0	0	0
Food Aid	6	9	1	3	0	0	0	0		0	5	5
Private	291	59	25	372	9	586	120	153	224	498	50	1143
Total Rice	1561	523	29	375	9	586	120	153	224	498	55	1148
Wheat												
GoB. Com.	776	540	338	853	69	0	0	3	103	106	479	653
Food Aid	158	46	130	73	0	0	0	0	10	10	30	40
Private	2818	1181	1393	1765	517	1014	158	214	406	777	201	2509
Total Wheat	3752	1767	1862	2691	585	1014	158	217	519	893	710	3202
Foodgrain	5313	2290	1890	3065	595	1600	278	370	742	1391	765	4350

Domestic Foodgrain Procurement

The revised foodgrain procurement target in FY2014-15 was set at 1.65 mmt of which 1.50 mmt would be rice and 0.15 mmt wheat. Actual procurement during the FY 2013-14 was about 1.29 mmt, of which rice and wheat were 1.15 mmt and 0.14 mmt respectively. Aman procurement target was 0.32 mmt which was achieved. Wheat procurement target was set at 0.15 mmt and the procurement target was almost achieved. *Boro* procurement target has been set at 1.10 mmt at the rate of Tk 32/ kg for parboiled rice. *Boro* procurement started from 1st May/15 and will continue up to 30th August, 2015.

Public Foodgrain Distribution

The actual foodgrain distribution during the last FY2013-14 was 2.22 mmt of which rice was about 1.26 mmt and wheat 0.96 mmt. The Government distributed higher amount of foodgrains in 2013-14 to ease hardships of poor people. The revised budget for public foodgrain distribution in FY 2014-15 has been set at 2.42 mmt of which rice is about 1.47 mmt and wheat 0.95 mmt. Distribution through OMS/FPC would be the highest, followed by VGD, TR and FFW channels. By the end of the 3rd quarter (July/14-March/15) of the current fiscal year, about 1.21 mmt of foodgrains were distributed through different channels.

Table-2 Channel-wise distribution of foodgrains **(000 mt)**

Offtake Categories	Channels of PFDS Offtake	FY 2012-13 (Actual)			FY 2013-14 (Actual)			(2014-15) (Rivised Budget)			FY 2014-15 (Actual distribution Up to March)		
		Rice	Wheat	Total	Rice	Wheat	Total	Rice	Wheat	Total	Rice	Wheat	Total
Monetized Channels of PFDS	Essential Priorities	159	100	259	170	110	280	185	122	307	130.8	82.9	213.7
	Other Priorities	16	5	21	14	4	18	15	6	21	9.9	2.5	12.4
	Large Employers	0	17	17	0	17	17	11	11	22	3.9	8.6	12.4
	Open Market Sales/FPC	56	289	345	271	230	501	300	350	650	67.1	181.3	248.4
	Other School Feeding								11	11	0.0		
	Sub-total	231	411	642	455	361	816	511	499	1010	211.6	275.3	486.9
Non-monetized Channels of PFDS	Food For Works	364	18	382	34	165	199	187	155	342	139.8	3.0	142.8
	Test Relief	317	63	380	200	211	411	150	88	238	157.4	5.5	163.0
	VGF	253	2	255	344	0	344	400	0	400	109.9	0.0	109.9
	VGD	203	43	246	116	178	294	100	175	275	129.1	75.6	204.7
	Gratuitous Relief	49	0	49	50	0	50	80	0	80	48.7	0.0	48.7
	Others	70	62	132	63	43	106	45	30	75	32.1	17.6	49.6
	Sub-total	1256	188	1444	807	597	1404	962	448	1410	617.0	101.7	718.7
Total Public Distribution		1487	599	2086	1262	958	2220	1473	947	2420	828.6	377.0	1205.6

Public Stock of Foodgrains

The opening public stock of foodgrains on 1st July/14 was 1.15 mmt. The stock of foodgrain fluctuated and remained on an average at around 1.23 mmt during the January-March/15 period. The closing stock of about 1.26 mmt in March/15 seems to be adequate to meet the requirements for PFDS operations in the coming months.

Table 3: Commodity-wise closing public stock in FY 2013-14 and 2014-15 **(000 mt)**

	Month	July	Aug	Sept	Oct	Nov	Dec	13-Jan	Feb	Mar	Apr	May	June
2013/14	Rice	880	839	889	734	640	663	714	786	806	656	622	734
	Wheat	304	320	377	442	413	322	292	321	324	444	473	419
	Total	1184	1159	1266	1176	1053	985	1006	1107	1130	1100	1095	1153
2014/15	Rice	968	1094	1115	1120	1066	1153	1147	1003	1013			
	Wheat	426	424	363	303	237	186	159	138	244			
	Total	1394	1518	1478	1423	1303	1340	1306	1141	1257	0	0	0

Market Price Review

Rice and Wheat Wholesale Prices

The wholesale rice and wheat prices declined during the third quarter from January to March of the FY14-15. The nominal rice and wheat prices declined by 3.42% and 6.02% respectively during the same period. The corresponding real prices dropped by 3.96% and 6.54%. The nominal rice prices rose by 0.19% and wheat prices fell by 4.52% during the same period a year earlier. Between April/14 and March/15, nominal rice and wheat prices declined by 9.78% and 7.83%, respectively. The real rice and wheat prices decreased sharply by 15.06% and 13.22%, respectively during the same period (Table 4).

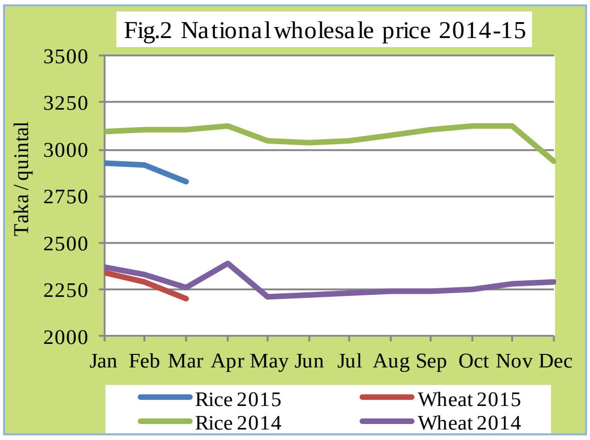
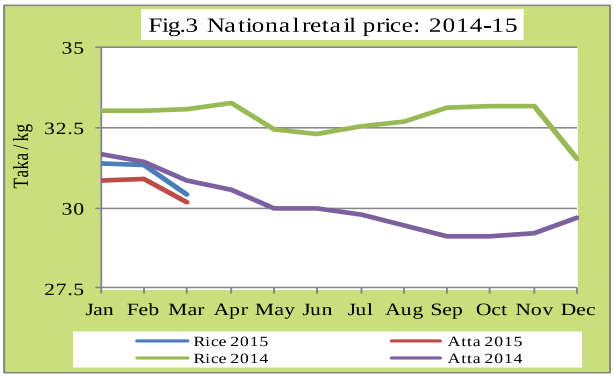


Table 4: Change of rice and wheat prices

Period	Nominal price		Real price	
	Rice	Wheat	Rice	Wheat
Jan'15 to Mar'15	-3.42%	-6.02%	-3.96%	-6.54%
Jan'14 to Mar'14	0.19%	-4.52%	-0.15%	-4.85%
Apr'14 to Mar'15	-9.78%	-7.83%	-15.06%	-13.22%
Apr'13 to Mar'14	15.38%	3.01%	7.29%	-4.22%

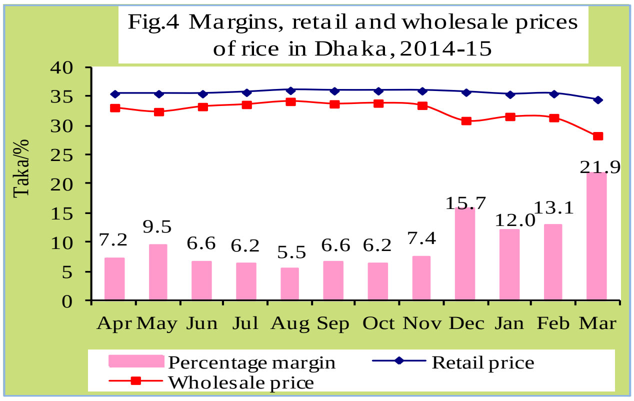
Rice and Wheat flour Retail Price

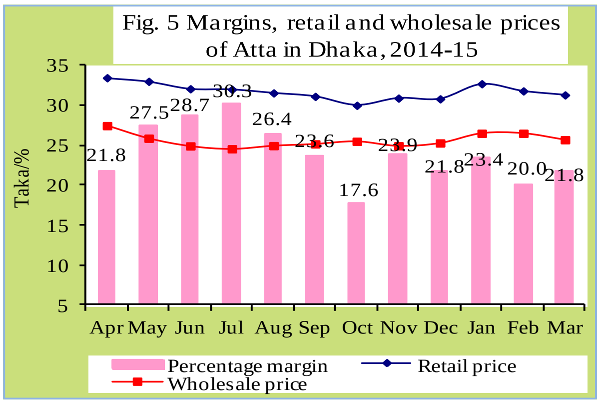
Wholesale and retail prices of rice and *atta* showed a downward trend during the third quarter of the current fiscal year. The average prices of this quarter decreased by 3.06% for rice and 2.24% for *atta*. Thus the decline in rice price was sharper than that of atta price. Although *Atta* price showed a downward trend, it was still higher than the price of previous quarter.



Difference between Retail and Wholesale Prices of Rice and Wheat Flour

Between April/14 to March/15, retail and wholesale prices of rice and *atta* in Dhaka city markets moved almost in the same directions, parallel to each other, with a percentage margin ranging from 5.5% to 21.9% for rice and 17.6% to 30.3% for *atta* (Figures 4 and 5). The margins of rice remained more or less stable with a sharp increase in March, while for *atta* the margin widened appreciably during the period under review.





Monitoring and Outlook for Wholesale Prices of Foodgrains

Domestic Rice Price Forecast

The rice prices during November/14-March/15 period showed opposite pattern from what was observed in the last four years. Prices of current year were much lower than those of earlier years and their absolute differences increased from 0.7% in November/14 to 16.0% in March/15. Estimates from the price monitoring model as shown in Figure 6 forecasts a band within which the price of rice is expected to remain during April/15 to June/15, if past trends are confirmed. Based on the estimates, it is noted that in June/15, there is a 70% chance that the coarse rice price will remain between Tk. 25.26/kg and Tk. 28.49/kg.

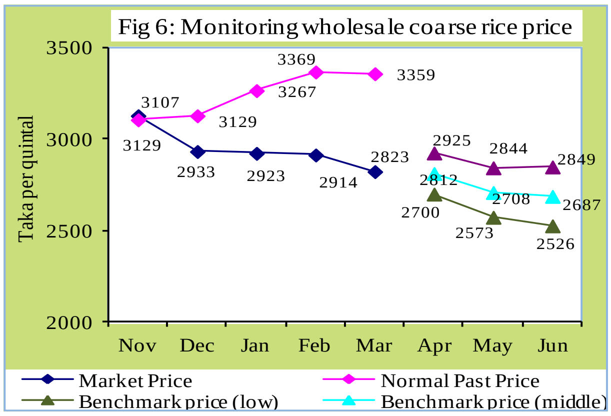


Fig 6: Monitoring wholesale coarse rice price

Domestic Wheat Price Forecast

During the November/14-March/15 period, wheat prices followed somewhat similar pattern observed over the last four years, except in February when they declined instead of rising in the normal year. The market prices remained much lower than normal prices in all the months during this period. The absolute differences between actual and normal prices rose from 11.4% in November/14 to 16.3% in March/15. The model estimates showed that wheat price is expected to remain between Tk. 19.85/kg and Tk. 21.50/kg in April/15 and between Tk. 19.51/kg and Tk. 22.00/kg in June/15 (Fig. 7).

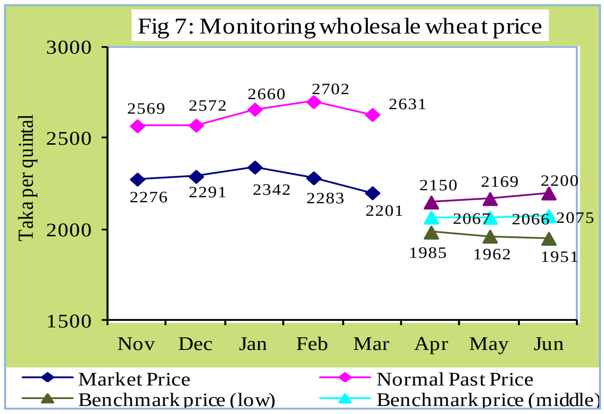


Fig 7: Monitoring wholesale wheat price

International Price and Production

Global Rice Production and Price

According to USDA forecast of April/15, global rice production in 2014-15 would be 475.0 mmt (milled basis), down about 0.5% from a year earlier. Production forecasts were lowered for Colombia, Guinea, Indonesia and Vietnam but raised for Pakistan and Mali. At 159.6 million hectares, global rice area in 2014-15 is 0.2 million hectares below last month's forecast and 1.6 million hectares below last year's record level. Indonesia, Vietnam, and Sub-Saharan Africa account for most of the downward revision in global rice area. Prices for all grades of Thai regular milled white rice are basically unchanged from a month earlier. Prices for Thai 5 percent broken were quoted at $410 per ton for the month ending March/15.The average of Letter of Credit (LC) settled price is generally used as the reference price for rice import in Bangladesh. The LC settled price fluctuated with a downward trend during July/14 and March/15, but remained relatively stable during February-March/15 period (Figure 8).

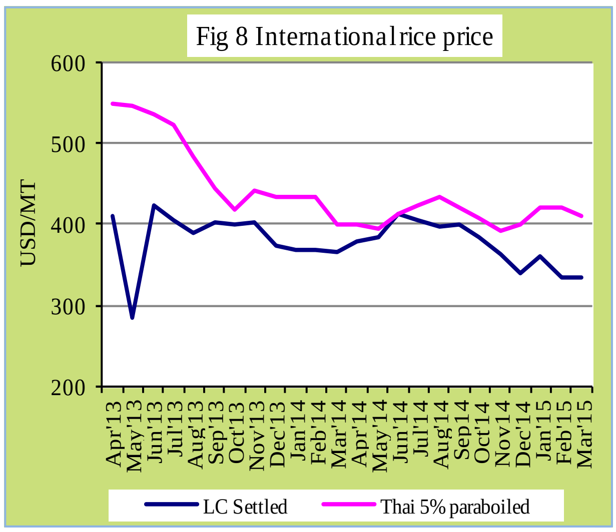
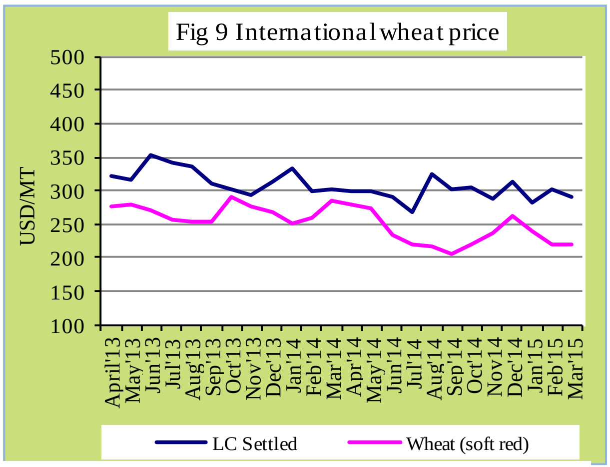


Fig 8 International rice price

Source: Bangladesh Bank, USDA

Global Wheat Production and Price

Global wheat production, according to USDA April/15 forecast, is projected to reach 726.0 mmt, up 1.3% from a year earlier. The projected high record production is mainly driven by higher production prospects in EU and Pakistan. Global trade is up slightly but short of last year's record. Export prospects were raised by Canada, EU and Russia and lowered by Argentina, India and the United States. Both LC settled price and US Soft Red Winter (SRW) prices of wheat fluctuated during the period from October/14 to March/15, but the SRW price remained persistently lower than the LC settled price. After December/14, while SRW price decreased steadily, L.C. settled price fluctuated and showed a downward trend during February- March/15.



Source: Bangladesh Bank, USDA

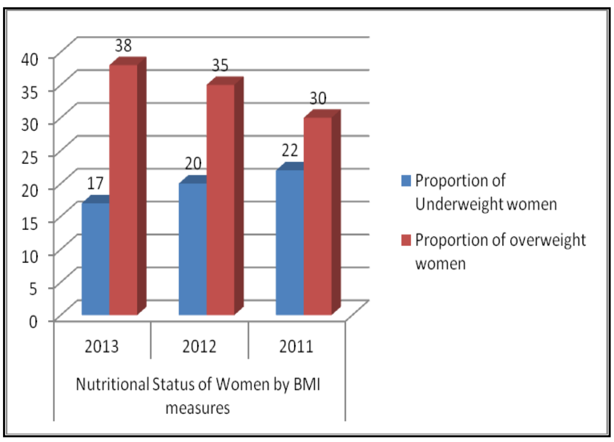
Food Consumption and Nutrition

Intra-household utilization of food and women's nutritional status

Intra-household utilization of food: Intra-household utilization of food is one of the important factors that help to determine the nutritional status of women. The 'State of Food Security and Nutrition in Bangladesh 2013' Report found that adults sacrificed their food consumption to protect their children during periods of food insecurity and it was always the mother or adult woman who sacrificed her share of the food. In this report, it is also found that a greater proportion of females sacrificed food consumption compared to males considering all age groups except the youngest.

Nutritional status of women by BMI measures: Based on BMI (Body Mass Index), there is a decline in undernutrition or chronic energy deficiency (<BMI 18.5) among adult women (age group: 19-49), as indicated by the decline in the value of indicator from 24% in 2011 to 17% in 2013. However the prevalence of overweight has been increasing since 2011. Based on Asian cut-offs(≥BMI 23), the prevalence of overweight among adult women of the same age group rose to 38% in 2013 from 30% in 2011(Figure 10). Thus it is amply evident that Bangladesh has been facing the double burden of malnutrition (both underweight and overweight) situation. Different programmes and interventions need to be formulated and implemented to address the emerging problems.

Figure 10: Nutritional Status of Women by BMI measures.



Source: State of Food Security and Nutrition in Bangladesh, 2013.

WHO has identified major risk factors for non communicable disease (NCDs), including poor diet, sedentary life style, high cholesterol level and hypertension, which are the underlying causes of overweight and obesity. Consumption of healthy diet throughout the life course helps to prevent malnutrition in all its forms as well as a range of non communicable diseases. The involvement of multiple sectors and stakeholders in the intervention process can play an important role in creating a healthy food environment for better diets and nutrition.