

# BANGLADESH FOOD SITUATION REPORT

**FPMU**

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## **Overview**

### ***Domestic Production Outlook***

Total foodgrain production in the FY2015-16 was 36.06 mmt, same as the level of previous year's production. The target for foodgrain production in the FY2016-17 was set by the DAE at of 36.50 mmt in which *aus*, *aman*, *boro* and wheat would be accounting for 2.46 mmt, 13.54 mmt, 19.15 mmt and 1.35 mmt respectively.

### ***Foodgrain Import***

Total foodgrain import in the FY2015-16 was 4.62 mmt of which 0.26 mmt was rice and 4.36 mmt wheat. The budget for foodgrain import in the FY2016-17 has been fixed at 4.50 mmt of which rice would be 0.20 mmt and wheat 4.30 mmt. During the 1<sup>st</sup> quarter of the current fiscal year, total foodgrain import was 1.22 mmt of which 0.02 mmt was rice and 1.20 mmt wheat, imported mainly by the private sector.

### ***Domestic Foodgrain Procurement***

The target for foodgrain procurement in the FY2016-17 has been set at 2.15 mmt of which 1.85 mmt would be rice and 0.30 mmt wheat. Actual procurement during FY 2015-16 was 1.23 mmt of which rice was 1.03 mmt and wheat 0.20 mmt. The current *boro* procurement target has been set at 0.70 mmt of paddy and 0.85 mmt of rice. As on 30<sup>th</sup> September/16, a total of 0.67 mmt of *boro* paddy and 0.44 mmt of *boro* rice was procured.

### ***Public Foodgrain Distribution***

The target for total foodgrain distribution during the FY2016-17 was set at 2.97 mmt, against the actual distribution of 2.06 mmt in the previous year. Distribution through OMS was the highest, followed by VGF, EP, VGD, FFW and EP (Table-2). During the 1<sup>st</sup> quarter (July -September/16) of the current fiscal year, 0.44 mmt of food grains were distributed in which the share of OMS was the highest, followed by VGF, EP, and VGD.

### ***Public Stock of Foodgrains***

The closing public stock of foodgrains in July/15 was 1.48 mmt. The stock gradually increased to reach 1.65 mmt in August to November/15 and then decreased to 0.86 mmt in June/16. The stock also gradually rose in the current fiscal year 2016-17 from 1.00 mmt in July to 1.12 mmt in September/16.

### ***Domestic Market Prices***

The nominal rice prices increased by 19.20%, but wheat prices declined marginally by 1.7% during the October/15 to September/16 period. Results of price monitoring model showed that while the coarse rice price is expected to remain between Tk. 29.08/kg and Tk. 32.79/kg, wheat price is expected to range between Tk. 20.26/kg and Tk. 22.85/kg in December/16.

### ***International Prices and Production Outlook***

According to USDA forecast, global rice production in the FY2016-17 is projected at a record level of 483.3 million tons, up 2 percent from a year earlier. Price of Thailand's parboiled 5percent broken specialty rice was quoted at \$368 per ton for the week ending October/16. World wheat production in 2016/17 is forecast at 744.4 million tons, 9.4 million tons higher than last year's record. The SRW wheat price declined, but LC settled price increased marginally in the 1<sup>st</sup> quarter (July -September) of FY 2016-17.

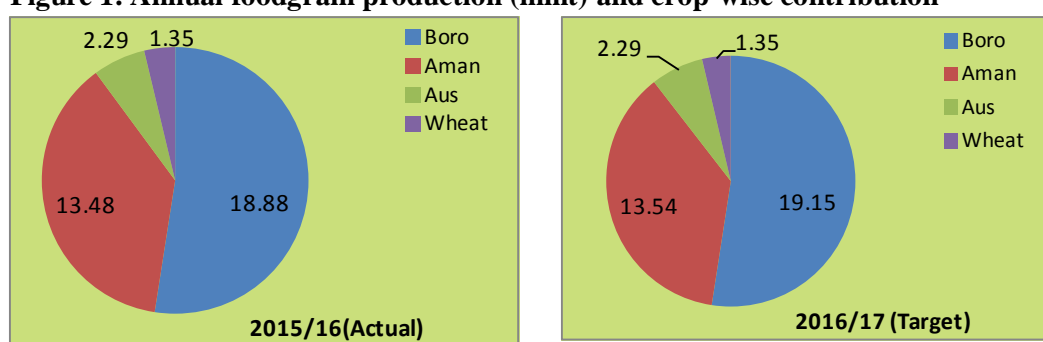
***FPMU, Ministry of Food; 25 September, 2016***

## Domestic Foodgrain Availability

### Domestic Foodgrain Production

Total foodgrain (rice and wheat) production in the FY2015-16 was 36.06 mmt, against the target of 36.42 mmt and just equal to the production of the preceding year. Crop specific achievements of production were 2.29 mmt, 13.48 mmt, 18.88 mmt and 1.35 mmt for *aus*, *aman*, *boro* and wheat respectively. While actual production of *aus* and *boro* slightly decreased, production of *aman* slightly increased compared to the actual production of the preceding year. The target for total foodgrain production in the FY 2016-17 was set by the DAE at of 36.50 mmt in which *aus*, *aman*, *boro* and wheat would be accounting for 2.46 mmt, 13.54 mmt, 19.15 mmt and 1.35 mmt respectively. Harvesting of *aus* has been completed and the final estimate of production is yet to be available from BBS. *Aman* season has experienced favorable growing condition and it is expected that the target of production will be achieved.

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



### Foodgrain Import

Total foodgrain import in the FY2015-16 was 4.62 mmt of which 0.26 mmt was rice and 4.36 mmt wheat. Of the meagre amount of rice import, almost the entire quantity was imported by the private sector and a very small amount was received as food aid. The budget for total foodgrain import in the FY 2016-17 has been fixed at 4.50 mmt of which rice would be 0.20 mmt and wheat 4.30 mmt. As was for FY 2015-16, no public commercial rice import is anticipated and a small amount of private import would take place. Of the total wheat import, government would be importing 0.50 mmt and private import would constitute the overwhelming part of the import. During the 1<sup>st</sup> quarter (July-September/16) of the current fiscal year, total foodgrain import was 1.22 mmt of which 0.02 mmt was rice and 1.20 mmt wheat, imported mainly by the private sector.

**Table 1: Foodgrain imports**

(000 metric tons)

Category of import	Fiscal Year				FY 2016-17								Total Import (Budgeted & projected)
	2012-13	2013-14	2014-15	2015-16	Arrival by Month (Actual)				Projection				
	(Actual)	(Actual)	(Actual)	(Actual)	Q1				Q2	Q3	Q4		
					July	Aug	Sept	Total	Oct-Dec	Jan-Mar	Apr-Jun		
<b>Rice</b>													
GoB Com.	2.2	0.0	0.0	0.0	0	0	0.0	0.0	0	0	0	0	
Food Aid	1.4	3.1	0.0	1.3	0	0	0.0	0.0	1	1.8	2	5	
Private	25.3	371.5	1490.4	256.0	1	1.6	0.1	2.5	48	50	100	200	
<b>Total Rice</b>	<b>29</b>	<b>375</b>	<b>1490</b>	<b>257</b>	<b>0.7</b>	<b>1.6</b>	<b>0.1</b>	<b>2.5</b>	<b>49</b>	<b>51.8</b>	<b>102</b>	<b>205</b>	
<b>Wheat</b>													
GoB. Com.	338.1	852.9	324.2	330.0	0.0	4.4	62.3	66.7	133	150	150	500	
Food Aid	130.0	72.6	9.8	86.3	0	0	0	0	20	25	50	95	
Private	1393.4	1765.2	3450.0	3949.9	351	314.0	470.9	1135.9	950	750	864	3700	
<b>Total Wheat</b>	<b>1862</b>	<b>2691</b>	<b>3784</b>	<b>4366</b>	<b>351</b>	<b>318</b>	<b>533</b>	<b>1203</b>	<b>1103</b>	<b>925</b>	<b>1064</b>	<b>4295</b>	
<b>Foodgrain</b>	<b>1890</b>	<b>3065</b>	<b>5274</b>	<b>4623</b>	<b>352</b>	<b>320</b>	<b>533</b>	<b>1205</b>	<b>1152</b>	<b>977</b>	<b>1166</b>	<b>4500</b>	

### Domestic Foodgrain Procurement

The target for foodgrain procurement in the FY2016-17 was 2.15 mmt of which 1.85 mmt would be rice and 0.30 mmt wheat. Actual procurement in the FY 2015-16 was about 1.23 mmt of which rice was 1.03 mmt and wheat 0.20 mmt. The current *boro* procurement target has been set at 0.70 mmt of paddy and 0.85 mmt of rice at the rate of Tk. 23/kg of paddy and Tk. 32/kg of parboiled rice. *Boro* procurement started from 5 May and will continue up to 31 October 2016. As on 30<sup>th</sup> September/16, a total of 0.67 mmt of *boro* paddy and 0.44 mmt of *boro* rice were procured. *Aman* procurement target and price will be fixed soon.

### Public Food grain Distribution

The target for total foodgrain distribution during the FY2016-17 was set at 2.97 mmt, against the actual distribution of 2.06 mmt in the previous year. The actual foodgrain distribution during FY 2015-16 constituted about 93% of the revised distribution target during the year. Distribution through OMS was the highest, followed by VGF, EP, VGD, FFW and EP (Table-2). During the 1<sup>st</sup> quarter (July - September/16) of the current fiscal year, 0.44 mmt of foodgrains were distributed in which share of OMS was the highest, followed by VGF, EP, and VGD.

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

Offtake Categories	Channels of PFDS Offtake	FY 2014-15 (Actual)			FY 2015-16 (Actual)			(2016-17) (Budgeted)			FY 2016-17 (Actual distribution Up to 30 September)		
		Rice	Wheat	Total	Rice	Wheat	Total	Rice	Wheat	Total	Rice	Wheat	Total
Monetized Channels of PFDS	Essential Priorities	175	112	287	180	119	299	194	129	323	45.9	30.5	76.4
	Other Priorities	14	3	17	15	4	19	20	8	28	3.4	0.9	4.2
	School Feeding				8	8	16	0	11	11	0.0	0.0	0.0
	Large Employers	8	9	17	250	266	516	11	11	22	4.3	0.0	4.3
	Open Market Sales/FPC	70	220	290	0	14	14	550	300	850	114.6	54.0	168.6
	<b>Sub-total</b>	<b>267</b>	<b>344</b>	<b>611</b>	<b>452</b>	<b>411</b>	<b>863</b>	<b>775</b>	<b>459</b>	<b>1234</b>	<b>168.2</b>	<b>85.4</b>	<b>253.6</b>
Non-monetized Channels of PFDS	Food For Works	209	110	319	182	42	224	240	220	460	0.0	0.0	0.0
	Test Relief	184	45	229	150	48	198	150	250	400	0.0	0.0	0.0
	VGF	245	0	245	349	2	351	400	0	400	99.8	0.3	100.1
	VGD	191	79	270	268	0	268	315	0	315	70.3	0.0	70.3
	Gratuitous Relief	75	0	75	66	11	76.5	88	0	88	10.6	0.0	10.6
	HT/ Others	49	40	89	45	38	83	45	30	75	1.0	0.2	1.2
<b>Sub-total</b>	<b>953</b>	<b>274</b>	<b>1227</b>	<b>1060</b>	<b>141</b>	<b>1201</b>	<b>1238</b>	<b>500</b>	<b>1738</b>	<b>181.7</b>	<b>0.5</b>	<b>182.2</b>	
<b>Total Public Distribution</b>		<b>1220</b>	<b>618</b>	<b>1838</b>	<b>1512</b>	<b>552</b>	<b>2064</b>	<b>2013</b>	<b>959</b>	<b>2972</b>	<b>349.9</b>	<b>85.9</b>	<b>435.8</b>

### Public Stock of Foodgrains

The closing public stock of foodgrains in July/15 was 1.48 mmt. The stock gradually increased to reach 1.65 mmt in August to November/15 and then decreased to 0.86 mmt in June/16. The stock also gradually rose in the current fiscal year 2016-17 from 1.00 mmt in July to 1.12 mmt to in September/16. This stock may be considered adequate to meet the requirements for PFDS operations in the coming months, assuming that stock replenishments will continue to be normal.

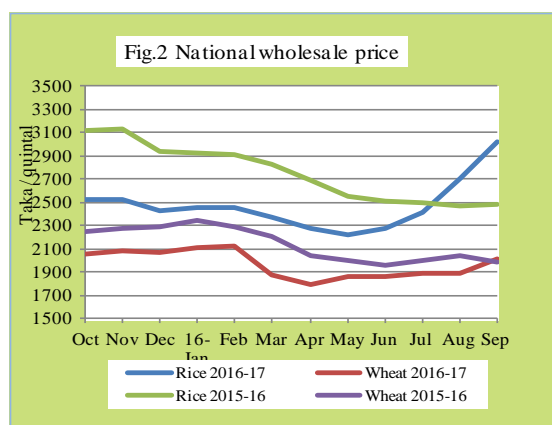
**Table 3: Commodity-wise closing public stock in FY 2015-16 and 2016-17 (000 mt)**

	Month	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
2015/16	Rice	1110	1251	1252	1235	1178	1099	1117	1050	870	679	561	458
	Wheat	373	383	418	415	470	435	428	458	402	362	447	398
	<b>Total</b>	<b>1483</b>	<b>1635</b>	<b>1671</b>	<b>1650</b>	<b>1648</b>	<b>1534</b>	<b>1545</b>	<b>1508</b>	<b>1273</b>	<b>1041</b>	<b>1008</b>	<b>856</b>
2016/17	Rice	621	826	747									
	Wheat	383	357	378									
	<b>Total</b>	<b>1004</b>	<b>1183</b>	<b>1124</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Market Price Review

### Rice and Wheat Wholesale Prices

The wholesale rice and wheat prices increased during the 1<sup>st</sup> quarter from July to September of FY2015-16 (Fig. 2). The nominal prices of both rice and wheat increased by 24.93% and 6.51%, respectively. The opposite situation was observed during the same period a year earlier. The corresponding real prices of rice and wheat increased by 21.60% and 3.67% during the same period. During the October/15 to September/16 period, nominal rice price rose by 19.20%, but wheat prices declined by 1.71%. The same situation was observed for the real prices. All nominal and real prices of rice and wheat declined during the same period a year earlier (Table 4).

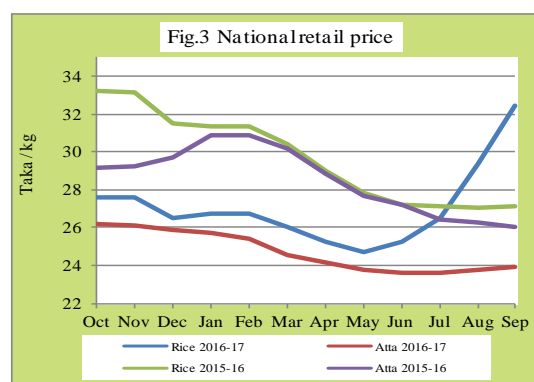


**Table 4: Change of rice and wheat prices**

1st Period	Nominal price		Real price	
	Rice	Wheat	Rice	Wheat
Jul'16 to Sep'16	24.93%	6.51%	21.60%	3.67%
Jul'15 to Sep'15	-0.24%	-0.25%	-2.78%	-2.79%
Oct'15 to Sep'16	19.20%	-1.71%	13.69%	-6.25%
Oct'14 to Sep'15	-20.31%	-11.57%	-24.47%	-16.18%

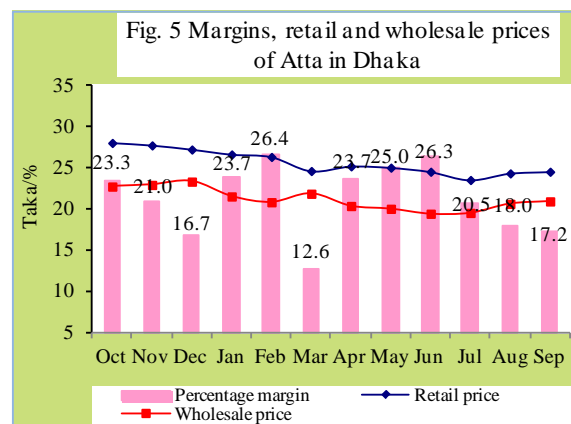
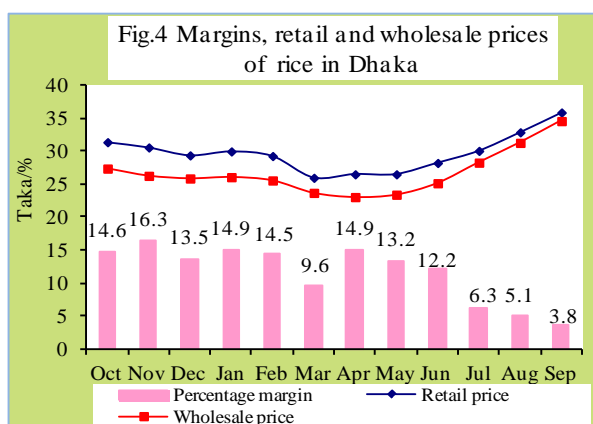
### Rice and Wheat flour Retail Prices

The retail prices of rice and *atta* showed an upward trend during the 1<sup>st</sup> quarter of the current FY2016-17 (Fig.3). From July/16 to September/16, rice price rose sharply by 22.5% and *atta* price increased slightly by 1.4%. During the October/15 to September/16 period, rice and *atta* prices first declined, reached minimum in May/16 and rose thereafter.



### Difference between Retail and Wholesale Prices of Rice and Wheat Flour

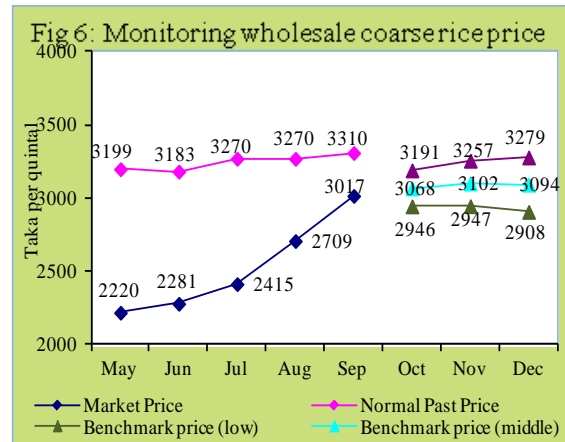
Between October/15 and September /16, retail and wholesale prices of rice in Dhaka city markets moved almost in the same direction, parallel to each other, with a percentage margin ranging from 3.8% to 16.3% for rice and 12.6% to 26.4 % for *atta* (Figures 4 and 5). The margins of rice fluctuated with sharp decline after June/16, while for *atta* they fluctuated markedly over the period.



## **Monitoring and Outlook for Wholesale Prices of Food grains**

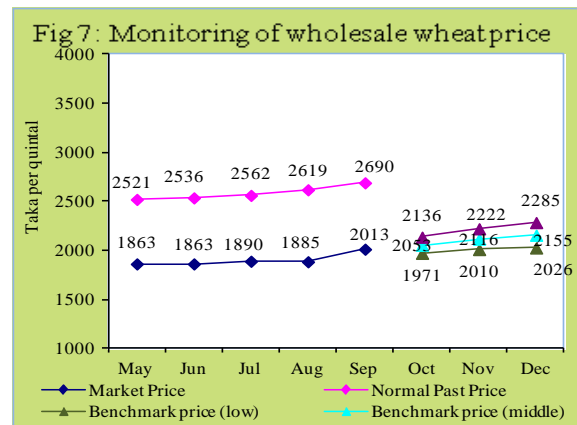
### **Domestic Rice Price Forecast**

The rice prices during May-September/16 period followed different pattern from what was observed in the last four years; prices rose sharply compared to remaining stable in the past years. The current year's prices were much lower compared to those of earlier years. The absolute difference between current and past years' prices decreased from 31% in May/16 to 9% in September/16. Estimates from price monitoring model, as shown in Figure 6, forecasts a band within which the price of rice is expected to remain during October to December/16, if past trends are confirmed. Based on the estimates, it is noted that there is approximately 70% chance that the coarse rice price would remain between Tk. 29.46/kg and Tk. 31.91/kg in October/16 and between Tk. 29.08 and 32.79 in December/16.



### **Domestic Wheat Price Forecast**

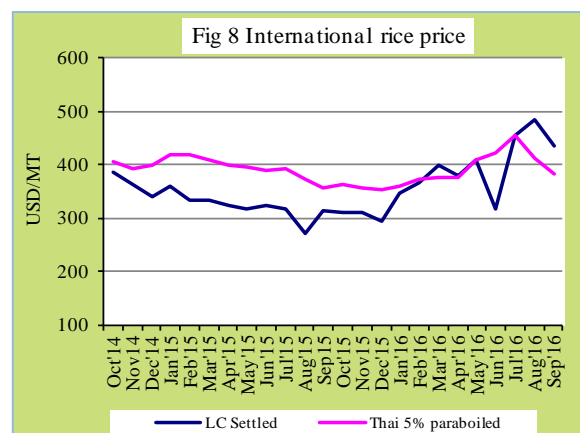
During the May-September/16 period, wheat prices followed somewhat similar pattern as was observed over the last four years, except in August/16 when prices fell instead of rising in the normal year. The market prices remained much lower than normal prices in all the months during this period and their absolute differences slightly decreased from 26% in May/16 to 25% in September/16. The model estimates showed that the wholesale wheat price would remain between Tk. 19.71/kg and Tk. 21.36/kg in October/16 and between Tk. 20.26/kg and Tk. 22.85/kg in December/16 (Fig. 7).



## **International Price and Production**

### **Global Rice Production and Price**

According to USDA forecast, global rice production in FY2016-17 is projected at a record level of 483.3 million tons, up 1.5 million tons from last month's forecast and up 2 percent from a year earlier. Australia, Brazil, Burma, China, Egypt, India, the Philippines, Sub-Saharan Africa, Thailand, and the United States account for the bulk of the projected global area expansion in 2016/17, with India, Thailand, and the United States accounting for more than 60 percent of the expected increase. Prices for most grades of Thailand's regular-milled white rice decreased by 4-5 percent over the past month, mostly due to lack of demand from major buyers. Price of Thailand's parboiled 5 percent broken specialty rice was quoted at \$368 per ton for the week ending October 10.

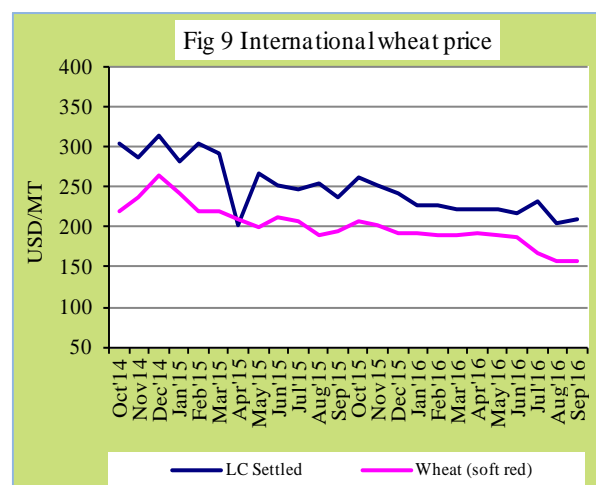


Source: Bangladesh Bank, USDA

The LC settled price fluctuated with a downward trend up to December/15 and then increased sharply up to July/16 with fluctuation and decreased thereafter. The price of Thai 5% parboiled rice had a persistent downward trend with moderate fluctuations up to April/16 and increased slightly from May to July/16 and decreased thereafter (Figure 8).

### ***Global Wheat Production and Price***

According to USDA forecast, world wheat production in 2016/17 is forecast at 744.4 million tons, down 0.4 million tons from previous month's forecast, though still 9.4 million tons up from last year's record. Despite a small reduction in projected U.S. wheat output this month, U.S. production is still 6.7 million tons ahead of last year. Higher wheat output is projected for Canada, Australia and Brazil. On the other hand, lower wheat output is projected for European Union and South Africa. Forecasts for Germany, Spain and Romania are also lowered. The LC settled price and US Soft Red Winter (SRW) prices of wheat fluctuated during the period from October/15 to September/16, but the SRW wheat price remained persistently lower than the LC settled price. SRW price declined but LC settled price increased marginally in the 1<sup>st</sup> quarter (July -September) of FY 2016-17(Figure 9).



## **Food Consumption and Nutrition**

### ***Improving Nutrition through Food and Agriculture Programmes and Investments***

Both nutrition sensitive and nutrition specific interventions are important to mitigate malnutrition situation in Bangladesh. Nutrition objectives could be achieved through nutrition sensitive agriculture intervention and investment. Recent Lancet Series 2013 shows that it is possible to reduce stunting of under 5 children by 20%, if the coverage of 10 (ten) proven nutrition specific interventions increase up to 90% in the high nutrition-burden countries. It is important to scale up both nutrition sensitive and nutrition specific intervention to eradicate stunting of fewer than 5 children. As per the Lancet Series, food security and agriculture interventions are important sensitive interventions. The Government of Bangladesh is increasingly including measures to ensure food and agriculture investments and programmes to improve nutrition. One of the initiatives includes the updated Country Investment Plan (CIP) for agriculture, food security and nutrition. The process has begun identifying and outlining a wide range of priorities and investments in areas related to nutrition sensitive agriculture, including value chain development, increasing diversified food production, dietary diversity, nutrition education, social protection and rural development. The CIP aims to improve nutrition by addressing some of the underlying determinants of nutrition: access to safe and nutritious food (quantity and quality/diversity), adequate care, and a healthy and hygienic environment. Food and agriculture programmes and investments can impact on nutrition if they: i) incorporate explicit nutrition objectives and indicators into their design; ii) target the vulnerable and improve equity through participation, access to resources and decent employment; iii) collaborate and coordinate with other sectors and programmes through joint strategies with common goals to address the concurrent causes of malnutrition; iv) maintain or improve natural resource base; v) empower women by ensuring access to productive resources, income opportunities, extension services, credit, time saving technologies and farming decision making; vi) facilitate production diversification, and increase production of nutrient dense crops and small scale livestock; vii) improve processing, storage and preservation to retain nutritive value, shelf life and food safety, to make healthy foods easy to prepare; viii) expand markets and market access for vulnerable groups, particularly for marketing nutritious foods and ix) incorporate nutrition promotion and education.