BANGLADESH FOOD SITUATION REPORT

FPMU

October-December, 2016 *www.fpmu.gov.bd* *Volume-107*

Overview

Domestic Production Outlook

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 2.29 mmt, 13.54 mmt, 19.15 mmt and 1.35 mmt respectively. According to DAE, plantation of wheat has almost been completed. *Boro* seed bed preparation has also been completed and plantation has started.

Foodgrain Import

During the 2nd quarter (October-December /16) of the current fiscal year, total foodgrain import was 1.96 mmt of which a small amount of rice (2 thousand metric tons) was imported by the private sector, but 1.96 mmt of wheat was imported both by the public and private sectors.

Domestic Foodgrain Procurement

The current a*man* procurement target has been set at 0.30 mmt of rice (parboiled 0.25 mmt and non-perboiled *(atop)* 0.05 mmt*)* at the rate of Tk. 33/kg of parboiled rice and Tk. 32/kg of non-perboiled rice. *Aman* procurement started from 1 December and it will continue up to 15 March 2017. As on 30th December/16, a total of 0.09 mmt of *aman* rice was procured.

Public Foodgrain Distribution

The target for total foodgrain distribution during the FY2016-17 was set at 2.97 mmt, against the actul distribution of 2.06 mmt in the previous year. During the 2nd quarter (October to December /16) of the current fiscal year, 1.07 mmt of foodgrains were distributed in which share of '*Khaddabandhob korrmosuchi'* was the highest, followed by OMS, EP, VGD and VGF.

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 and declined thereafter in the period of 2nd quarter (October-December).

Domestic Market Prices

The nominal price of rice decreased by 3.06% and that of wheat increased by 3.27%. The similar situation was observed during the same period a year earlier. The corresponding real prices also declined by 2.48% for rice and increased by 3.89% for wheat during the same period.

International Production and Prices Outlook

According to USDA forecast, global rice production in the FY 2016/17 was lowered by 1.5 million tons to 480.0 million, still the highest on record. Production forecasts for 2016/17 were lowered for Sri Lanka, Brazil, Pakistan, and the United States. Projected 2016/17 record world-wheat production is up this month, with increased production prospect in Argentina, Russia, and the European Union (EU). Thailand and Vietnam's export rice prices were unchanged from a month earlier, while U.S. milled rice prices continued to decline. International all wheat price moved upward. The season average farm price was raised by 0.10 dollar to 1.03 dollar per metric ton.

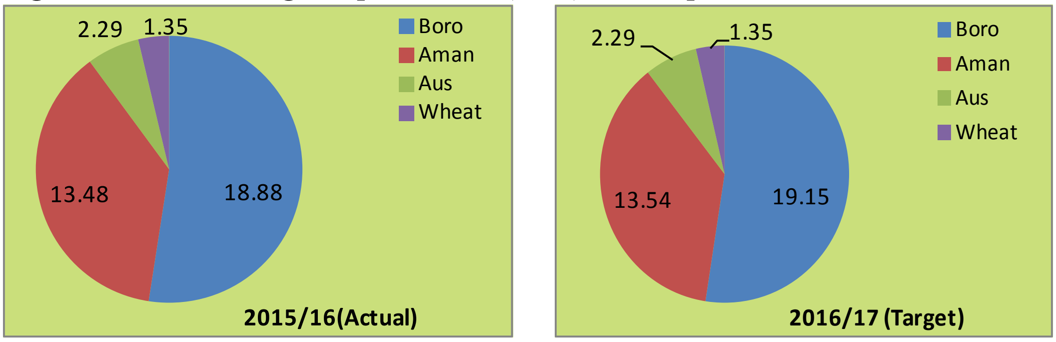
FPMU, Ministry of Food; 19 January, 2017

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 36.50 mmt in which *aus*, *aman*, *boro* and wheat would be accounting for 2.29 mmt, 13.54 mmt, 19.15 mmt and 1.35 mmt respectively. According to DAE, plantation of wheat has almost been completed, reaching 95% of the target. *Aus* production has been finalized at 2.34 mmt by the BBS. *Boro* seed bed preparation has also been completed and plantation has started.

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 5.00 mmt of which rice would be 0.05 mmt and wheat 4.95 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 2nd quarter (October-December /16) of the current fiscal year, total foodgrain import was 1.96 mmt of which small amount of rice (2 thousand metric tons) was imported by the private sector, but 1.96 mmt of wheat was imported both by the public and private sectors.

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

Category of import	Fiscal Year				FY 2016-17							
	2012-13 (Actual)	2013-14 (Actual)	2014-15 (Actual)	2015-16 (Actual)	Q1 (Actual)	Arrival by Month (Actual) Q2				Projection		Total Import (Budgeted & projected)
						Oct	Nov	Dec	Total	Q3 Jan-Mar	Q4 Apr-Jun	
Rice												
GoB Com.	2	0	0.0	0.0	0.0	0	0	0	0	0	0	0
Food Aid	1	3	0.0	1.3	0.0	0	0	0	0	0	5	5
Private	25	372	1490.4	256.0	2.5	2	2	2	6	20	22	50
Total Rice	**29**	**375**	**1490**	**257**	**2**	**2**	**2**	**2**	**6**	**20**	**27**	**55**
Wheat												
GoB. Com.	338	853	324.2	330.0	67	33	0	0	33	100	150	350
Food Aid	130	73	9.8	86.3	0	0	0	23	23	32	40	95
Private	1393	1765	3450.0	3949.9	1136	742	540	616	1898	740	725	4500
Total Wheat	**1862**	**2691**	**3784**	**4366**	**1203**	**775**	**540**	**640**	**1955**	**872**	**915**	**4945**
Foodgrain	**1890**	**3065**	**5274**	**4623**	**1205**	**777**	**542**	**642**	**1961**	**892**	**942**	**5000**

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 *aman* procurement target has been set at 0.40 mmt of rice (parboiled 0.35 mmt and non-perboiled *(atop)* 0.05 mmt*)* at the rate of Tk. 33/kg for parboiled rice and Tk. 32/kg for non-perboiled rice. *Aman* procurement started from 1 December and it will continue up to 15 March 2017. As on 30th December/16, a total of 0.09 mmt of *aman* rice were procured.

Public Food grain Distribution

The revised target for total foodgrain distribution during the FY2016-17 was set at 2.37 mmt, against the actual distribution of 2.06 mmt in the previous fiscal 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 2nd quarter (October to December /16) of the current fiscal year, 1.07 mmt of foodgrains were distributed in which share of '*Khaddabandhob korrmosuchi'* was the highest, followed by OMS, EP, VGD and VGF.

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) (Proposed Revised Budgeted)			FY 2016-17 (Actual distribution Up to December)		
		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	322	93	62	155
	Other Priorities	14	3	17	15	4	19	20	8	28	8	2	10
	Large Employers	8	9	17	250	266	516	11	11	22	9	0	9
	Open Market Sales/FPC	70	220	290	0	14	14	764	300	1064	415	148	563
	Sub-total	**267**	**344**	**611**	**444**	**403**	**847**	**989**	**448**	**1436**	**525**	**212**	**737**
Non-monetized Channels of PFDS	Food For Works	209	110	319	182	42	224	25	15	40	**1**	**0**	**1**
	School Feeding				8	8	16		11	11	**0**	**12**	**12**
	Test Relief	184	45	229	150	48	198	0	0	0	**0**	**0**	**0**
	VGF	245	0	245	349	2	351	350	0	350	**121**	**0**	**121**
	VGD	191	79	270	268	0	268	315	0	315	**137**	**0**	**137**
	Gratuitous Relief (GR)	75	0	75	66	11	76.5	138	0	138	**29**	**0**	**29**
	Others	49	40	89	45	38	83	45	30	75	**20**	**9**	**29**
	Sub-total	**953**	**274**	**1227**	**1068**	**149**	**1217**	**873**	**56**	**929**	**308**	**21**	**328**
Total Public Distribution		**1220**	**618**	**1838**	**1512**	**552**	**2064**	**1862**	**504**	**2365**	**833**	**233**	**1065**

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 and declined thereafter in the period of 2nd quarter (October-December). 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
	Total	1483	1635	1671	1650	1648	1534	1545	1508	1273	1041	1008	856
2016/17	Rice	621	826	747	653	453	479						
	Wheat	383	357	378	365	304	287						
	Total	1004	1183	1124	1018	757	766						

Market Price Review

Rice and Wheat Wholesale Prices

The wholesale rice and wheat prices increased during the 2nd quarter from October to December in FY2016-17 (Fig. 2). The nominal prices of rice decreased by 3.06% and wheat prices increased by 3.27%. The similar situation was observed during the same period a year earlier. The corresponding real prices of rice also declined by 2.48% and wheat prices increased by 3.89% during the same period. During January/16 to December/16 period, nominal rice price rose by 28.66%, but wheat prices declined by 2.79%. The same situation was observed for the real prices during the same period. All nominal and real prices of rice and wheat declined during the same period a year earlier (Table 4).

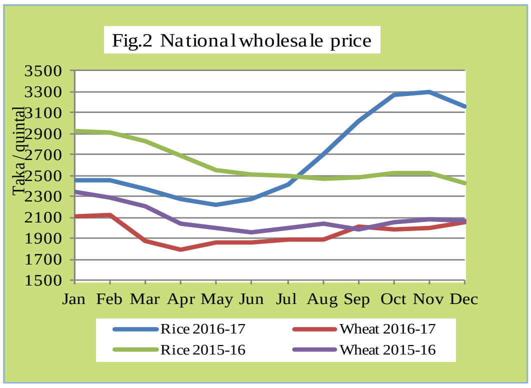


Fig.2 National wholesale price

Table 4: Change of rice and wheat prices

2nd Period	Nominal price		Real price	
	Rice	Wheat	Rice	Wheat
Oct'16 to Dec'16	-3.06%	3.27%	-2.48%	3.89%
Oct'15 to Dec'15	-4.03%	1.27%	-4.39%	0.89%
Jan'16 to Dec'16	28.66%	-2.79%	24.42%	-6.00%
Jan'15 to Dec'15	-16.90%	-11.44%	-20.79%	-15.59%

Rice and Wheat flour Retail Prices

The retail prices of rice and *atta* showed an upward trend during the 2nd quarter of the current FY2016-17. From October/16 to December/16, rice and *atta* prices dropped by 2.6% and 0.8%, respectively. During the January/16 to December/16 period, rice prices first declined, rose thereafter, reached maximum in November and declined again. While *atta* prices remained more or less stable excepting few months in the beginning when they declined sharply (fig-3).

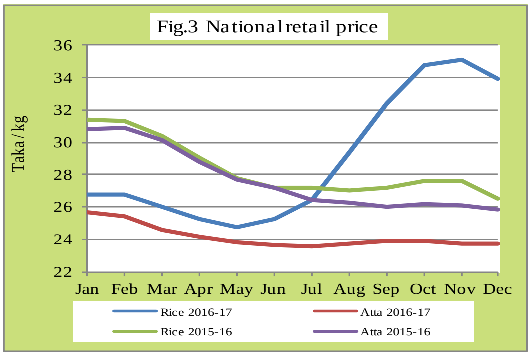


Fig.3 National retail price

Difference between Retail and Wholesale Prices of Rice and Wheat Flour

Between January/16 and December /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 14.9% for rice and 10.8% to 26.4 % for *atta* (Figures 4 and 5). The margins of rice and *atta* fluctuated with sharp decline after June/16.

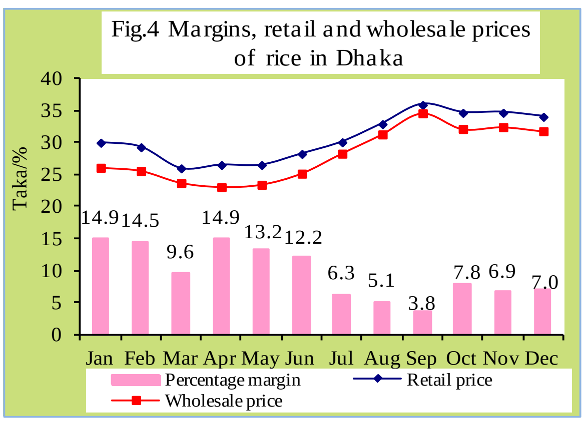


Fig.4 Margins, retail and wholesale prices of rice in Dhaka

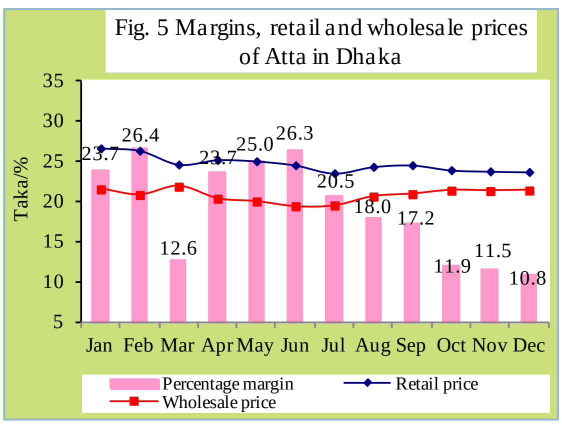


Fig. 5 Margins, retail and wholesale prices of Atta in Dhaka

Monitoring and Outlook for Wholesale Prices of Food grains

Domestic Rice Price Forecast

The rice prices during August-December/16 period followed different pattern from what was observed in the last four years: market price rose sharply up to November, declined thereafter and normal price declined with little fluctuation. The absolute difference between current and past years' normal prices decreased from 21.9% in August/16 to 3.2% December/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 January-March/17, 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. 29.89/kg and Tk. 32.38/kg in January/17 and between Tk. 30.25 and 34.11 in March/17.

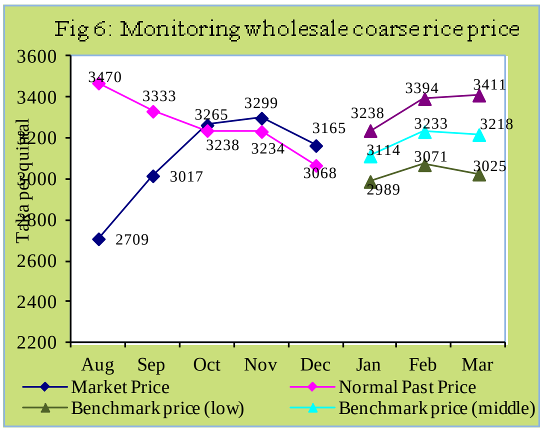


Fig 6: Monitoring wholesale coarse rice price

Domestic Wheat Price Forecast

During the August-December /16 period, wheat prices followed somewhat similar pattern as was observed over the last four years, except in September/16 when prices rose instead of declining in the normal year. The market prices remained much lower than normal prices in all the months during this period and their absolute differences decreased from 30.2% in August/16 to 18.5% in December/16. The model estimates showed that the wholesale wheat price would remain between Tk. 19.89/kg and Tk. 21.55/kg in January/17 and between Tk. 18.79/kg and Tk. 21.18/kg in March/17 (Fig. 7).

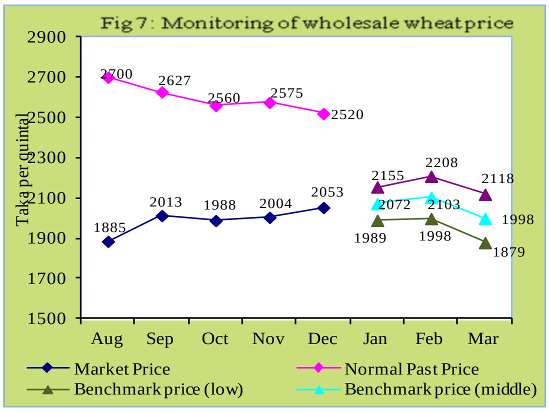


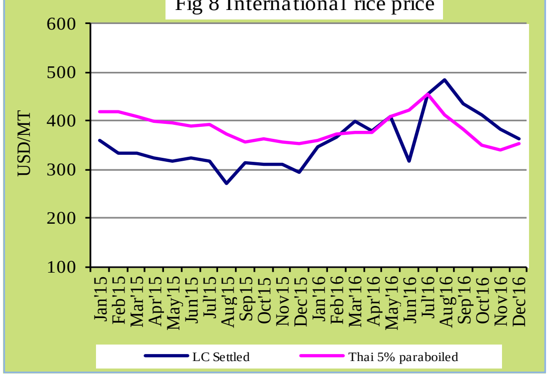
Fig 7: Monitoring of wholesale wheat price

International Price and Production

Global Rice Production and Price

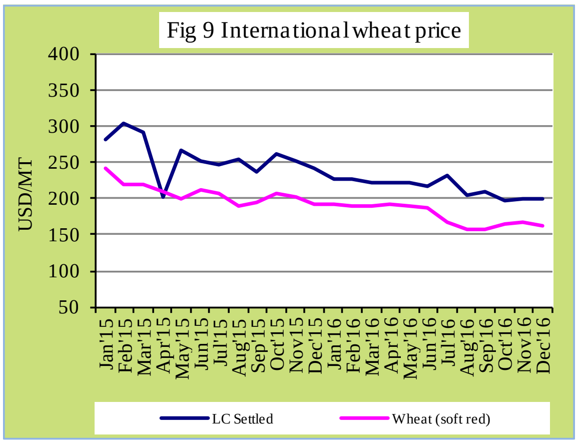
According to USDA forecast, the 2016/17 global rice production was lowered by 1.5 million tons to 480.0 million tons, up almost 2 percent from a year earlier and the highest on record. Australia, Burma, Colombia, Egypt, India, Indonesia, North Korea, Thailand and the United States are expected to expand production in 2016/17. The increase in global production in 2016/17 is primarily due to expanded area, projected at a near-record 161.3 million hectares. Thailand and Vietnam's rice export prices were unchanged from a month earlier, while U.S. milled rice prices continued to decline. The LC settled price fluctuated with a downward trend up to December/15 and then increased sharply up to August16 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).

Fig 8 International rice price



Source: Bangladesh Bank, USDA

Global Wheat Production and Price



According to USDA forecast, World wheat record-high production in 2016/17 is projected to reach 751.3 million tons, up 1.4 million this month, surpassing last year's record by 15.8 million tons. World wheat production record continues to increase in Argentina. Wheat production is up 0.6 million tons to 15.0 million, the highest in 5 years in Russia. Wheat production for 2016/17 is up 0.5 million tons to reach 72.5 million tons for the European Union (EU). International all wheat prices moved upward. The season average farm price was raised by 0.10 dollar to 1.03 dollar per metric ton. The LC settled price and US Soft Red Winter (SRW) prices of wheat fluctuated during the period from July/15 to September/16 and decreased thereafter, but the SRW wheat price remained persistently lower than the LC settled price. SRW price declined but LC settled price increased marginally in the 1st quarter (July -September) of FY 2016-17 (Figure 9).

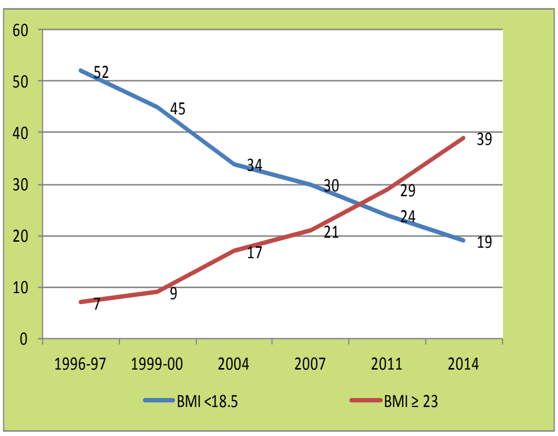
Food Consumption and Nutrition

Nutritional status of women

Women constitute about half of the total population in Bangladesh. The nutritional status of women is therefore a critical indicator of development which also serves to indicate the progress made in the nutrition situation of the country. To this end, malnutrition including both under nutrition and over nutrition undermines women's productivity, capacity to generate income, and ability to care for their families. Women's nutrition impacts child nutrition right from early life within the womb and has long term implications for nutrition and health.

Bangladesh Demographic and Health Survey-2014 showed that, women in Bangladesh are now affected with the double burden of malnutrition, i.e. both under nutrition and over nutrition. Body Mass Index (BMI) is routinely used to measure under nutrition or overweight. A BMI less than 18.5 is used to define thinness or acute under nutrition. A BMI of 23 or above indicates overweight and obesity (Asian WHO standard).

Figure- 10: Trends in nutritional status of ever-married women age 15-49



Source- BDHS 1996-97 to 2014

Figure–10 shows that the proportion of underweight among ever-married women aged 15-49 years (BMI<18.5) has decreased from 52% in 1996 to 19% in 2014. At the same time the proportion of overweight women of the same age group (BMI ≥ 23) has increased from 7% in 1996 to 39% in 2014. The increasing trend in overweight and obesity seems alarming, which is the result of present food habit and life style. It is important to address women's nutrition issues through nutrition sensitive and nutrition specific interventions and awareness building programmes in order to reduce malnutrition on a sustainable basis.