BaNGLaDESH FOOD SITUATION REPORT

FPMU

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Overview

Domestic Production Outlook

Total foodgrain production in the FY 2012-13 was 35.10 mmt (*aus* 2.16 mmt, *aman* 12.90 mmt, *boro* 18.78 mmt and wheat 1.26 mmt). This was 0.6% higher than previous year's total production. For the current FY 2013-14, DAE has targeted *aus*, *aman*, *boro* and wheat production at 2.41 mmt, 13.28 mmt, 18.92 mmt and 1.28 mmt respectively. *Aus*, *aman*, *boro* and wheat production targets increased by 11.56%, 2.95%, 0.75% and 1.59% respectively, compared to previous year’s actual production. The current *aman* season has experienced favourable weather conditions and hence the production target is likely to be achieved. Production targets for maize and potato for FY2012-13 have been achieved at 1.33 mmt and 8.60 mmt respectively which were higher than the earlier year’s production levels.

Foodgrain Import

Total foodgrain import in the FY 2012-13 was 1.89 mmt of which 0.03 mmt was rice and 1.86 mmt wheat. The actual import was quite lower than the target amount due to negligible amount of rice import as the country has already achieved self- sufficiency in rice production. As usual, wheat import by private sector constituted the major part of foodgrain import. In the import budget for FY 2013-14, public foodgrain import has been set at 1.25 mmt of which 0.26 mmt would be rice and 0.99 mmt wheat. The Government has imported 0.13 mmt wheat by September/13.

Domestic Foodgrain Procurement

In the FY 2012-13, total domestic procurement was 1.41 mmt, of which rice was 1.28 mmt and wheat 0.13 mmt. For FY 2013-14, procurement target has been fixed at 1.6 mmt, of which 1.45 mmt would be rice and 0.15 mmt wheat. *Boro* procurement target was fixed at 1.0 mmt for this fiscal year. The price was set at Tk.29 per kg for parboiled, Tk.28 per kg for white rice and Tk 18.5 per kg for paddy. Up to September/13, 0.42 mmt, *boro* rice was procured. *Aman* procurement target and price will be finalized soon.

Public Foodgrain Distribution

The budget for public foodgrain distribution in 2013-14 has been set at 2.73 mmt. The actual public foodgrain distribution in the previous year was 2.08 mmt. Distribution through FFW was the highest followed by TR and OMS last year. For the FY 2013-14, the Government has a plan to distribute higher amount of foodgrains to strengthen efforts to ease hardships of poor households. During the first quarter of this fiscal year, distribution through VGF was the highest followed by OMS, EP and VGD.

Public Stock of Foodgrain

The opening public stock of foodgrains on 1st July, 2013 was 1.02 mmt and the ending stock of September/13 was 1.27 mmt. The ending public stocks in 2013-14 are relatively lower compared to those in 2012-13. The stock of rice was increasing from the beginning of the fiscal year 2012-13, but decreased during the later part. Wheat stock had a decreasing trend with some fluctuations, but from August/13 wheat stock started increasing.

Domestic Market Prices

The wholesale price of rice was higher during January-September period of 2013 than during the same period of a year earlier. Between October/12 and September/13, nominal and real rice process increased by 32.18% and 23.48% respectively. For wheat, the nominal price rose by 6.52% and real price dropped by 0.49% during the same period.

International Prices and Production Outlook

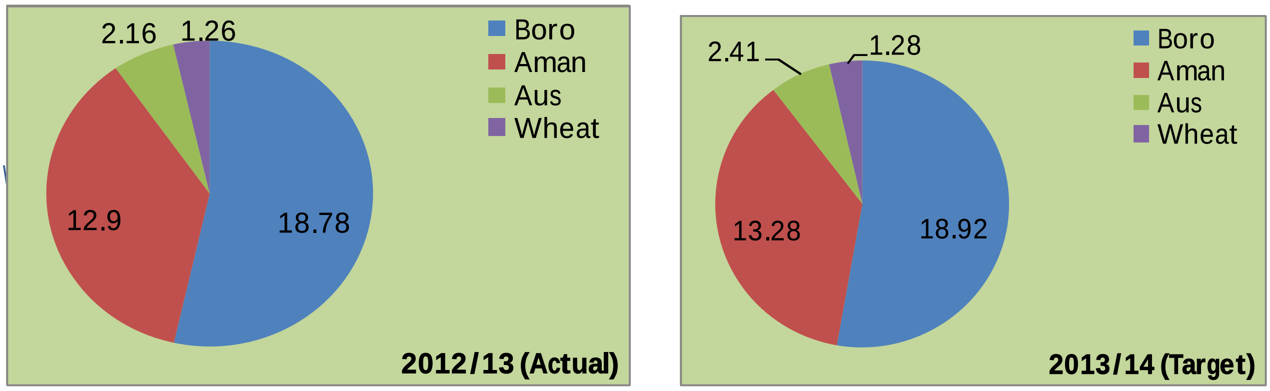
Global rice production for 2013-14 is forecast at a record level of 478.7 million tons (milled basis), down 0.5 million tons from last month’s forecast, but up almost 2 percent from production of a year earlier. Wheat production in 2013-14 is projected to reach 697.8 million tons, up 1.9 million tons from previous month’s forecast. Several major exporting countries have increased production prospects, namely the European Union, Australia and the United States. A reduction of wheat production in Kazakhstan is likely to be offset by increased production in the other countries.

.Domestic Foodgrain Availability

Domestic Foodgrain Production

Total foodgrain production in the FY 2012-13 was 35.10 mmt (*aus* 2.16 mmt, *aman* 12.90 mmt, *boro* 18.78 mmt and wheat 1.26 mmt). This was 0.6% higher than previous year's total production. For the FY 2013-14, DAE has targeted *aus*, *aman*, *boro* and wheat production at 2.41 mmt, 13.28 mmt, 18.92 and 1.28 mmt respectively. The total production targeted is 2.25% higher than the previous year's actual production. *Aus, aman, boro and* wheat production targets increased by 11.56%, 2.95%, 0.75% and 1.59% respectively, compared to previous year's actual production. According to DAE report, area planted to *aman* increased to 5.63 million hectares from 5.61 million hectares of last year. *Aman* season has experienced favourable weather conditions and hence the increased production target is likely to be achieved. Production targets for maize and potato for FY2012-13 have also been achieved at 1.33 mmt and 8.60 mmt respectively, which were higher than earlier year's production levels.

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



Foodgrain Import

Total foodgrain import in the FY 2012-13 was 1.89 mmt of which 0.03 mmt was rice and 1.86 mmt wheat. The actual import was quite lower than the target amount due to negligible amount of rice import as the country has already achieved self- sufficiency in rice production. As usual, wheat import by private sector constituted the major part of foodgrain import. Although total import budget for FY 2013-14 is yet to be available, public import of foodgrain has been set at 1.25 mmt of which 0.26 mmt would be rice and 0.99 mmt wheat. Up to September/13, 0.21 mmt wheat was imported by the Government. Public wheat import is planned to be geared up as the Government has started distribution of *atta* through OMS to stabilize wheat/*atta* price. Besides, share of wheat is planned to be increased in the overall PFDS programmes. .

Table 1: Foodgrain imports (000 metric tons)

Category of import	FY 2009-10 (Actual)	FY 2010-11 (Actual)	FY 2011-12 (Actual)	FY 2012-13 (Actual)	FY 2013-14: Arrival by Month (Actual), Q1: July	Aug	Sept	Total Import 2013-14	Import by Quarter (Projection): Q2 Oct-Dec	Q3 Jan-Mar	Q4 Apr-Jun	Total Import(projection) 2013-14
Rice												
GoB Com.	46.9	1264.4	454.9	2.22	0	0	0	0	0	100	150	250
Food Aid	3.6	6.2	9.4	1.44	0	0	0	0	0	0	10	10
Private	36.6	290.5	58.7	25.27	0	1	0	1	19	50	80	150
Total Rice	87.1	1561.1	523	28.93	0	1	0	1	19	150	240	410
Wheat												
GoB. Com.	443.5	775.6	540	338.13	35	45	112	191	358	150	150	849
Food Aid	56.1	158.1	46	129.99	0	0	14	14	36	20	70	140
Private	2862.5	2818.4	1181	1393.4	147	176	149	472	528	500	500	1528
Total Wheat	3362.1	3752.2	1767	1861.52	182	221	274	677	922	670	720	2989
Foodgrain	3449.2	5313.2	2290	1890.45	182	222	274	678	941	820	960	3399

Domestic Foodgrain Procurement

In the FY2012-13, total domestic foodgrain procurement was 1.41 mmt, of which rice was 1.28 mmt and wheat 0.13 mmt. For the current fiscal year, Government procurement target is 1.6 mmt of which rice is 1.45 and wheat 0.15 mmt. *Boro* procurement started from 2nd May/13 and continued up to 30th October/13. The price was set at Tk.29/kg for parboiled, Tk. 28/kg for white *boro* rice and Tk 18.5/kg for paddy. Up to September/13, 0.42 mmt, of *boro* rice was procured. *Aman* procurement target and price will be finalized soon.

Public Foodgrain Distribution

The budget for public foodgrain distribution in 2013-14 has been set at 2.73 mmt. The actual public foodgrain distribution in the previous year was 2.08 mmt. Distribution through FFW was the highest followed by TR and OMS last year. For the FY 2013-14, the Government has a plan to distribute higher amount of foodgrains to strengthen efforts to ease hardships of poor households. During the first quarter of this fiscal year, distribution through VGF has been the highest followed by OMS, EP and VGD.

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

Offtake Categories	Channels of PFDS Offtake	FY 2011-12 (Actual)			FY 2012-13 (Actual)			FY 2013-14 (Up to 30th September)			Budget FY 2013-14		
		Rice	Wheat	Total	Rice	Wheat	Total	Rice	Wheat	Total	Rice	Wheat	Total
Monetized Channels of PFDS	Essential Priorities	157	102	259	159	100	259	41	27	68	195	140	335
	Other Priorities	16	5	21	16	5	21	3	1	4	0	0	0
	Large Employers	0	15	15	0	17	17	0	4	4	0	18	18
	Open Market Sales/FPC	340	223	563	56	289	345	23	72	95	400	350	750
	Sub-total	513	345	858	231	411	642	68	104	171	595	508	1103
Non-monetized Channels of PFDS	Food For Works	262	64	326	364	18	382	0	0	0	200	200	400
	Test Relief	262	64	326	317	63	380	7	0	7	300	100	400
	VGF	159	1	160	253	2	255	111	0	111	400	0	400
	VGD	115	168	283	203	43	246	47	21	67	100	175	275
	Gratuitous Relief	50	0	50	49	0	49	7	0	7	80	0	80
	Others	51	42	93	70	62	132	11	5	16	45	30	75
	Sub-total	899	339	1238	1256	188	1444	183	25	208	1125	505	1630
Total Public Distribution		1412	684	2096	1487	599	2086	251	129	380	1720	1013	2733

Public Stock of Foodgrains

The opening public stock of foodgrains on 1st July, 2013 was 1.02 mmt and the ending stock of September/13 was 1.27 mmt compared to the September/12 ending stock of 1.64 mmt. The monthly ending public stocks in 2013-14 has been relatively lower due to higher distribution through PFDS channels. The stock of rice was increasing from the beginning of the fiscal year 2012-13, but it had a decreasing trend from December and this continued up to June 2013. Also, wheat stock had a decreasing trend with some fluctuations, but from August/13 of the current fiscal year, wheat stock started increasing.

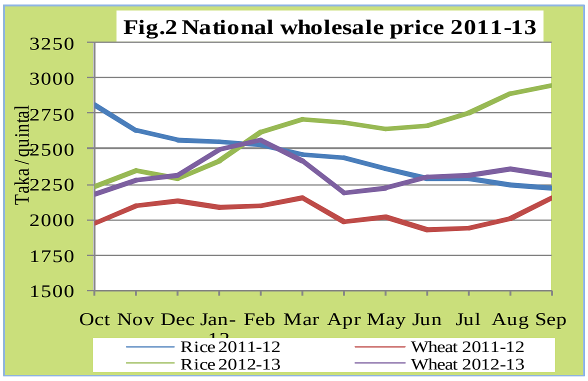
Table 3: Commodity-wise closing public stock in FY 2012-13 and 2013-14 **(000 mt)**

	Month	July	Aug	Sept	Oct	Nov	Dec	13-Jan	Feb	Mar	Apr	May	June
2012/13	Rice	1128	1139	1253	1232	1163	1080	1033	1002	892	702	621	715
	Wheat	369	384	390	350	350	297	247	318	252	272	327	307
	Total	1497	1523	1643	1582	1513	1377	1280	1320	1144	974	948	1022
2013/14	Rice	880	839	889									
	Wheat	304	320	377									
	Total	1184	1159	1266									

Market Price Review

Rice and Wheat Wholesale Prices

The wholesale price of rice was higher during January-September period of 2013 than during the same period a year earlier. Thie higher price in 2013 could be partially attributed to the shortage of supply in the market due to frequent *hartals* (shut down) in the country. During the same period, wholesale wheat price also remained higher in 2013 than in 2012, with the difference narrowing down from August/13.



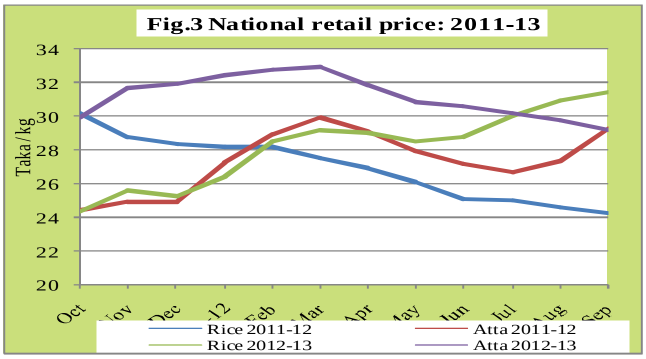
The nominal rice prices rose sharply by 6.93% during July-September/13 period, while wheat prices marginally increased by 0.30% during the same period. The corresponding real prices rose by 3.90% and fell by 2.54% during the same period. The nominal rice prices dropped by 3.23% and wheat prices rose by 11.11% during the same period in the previous year. Between October/12 and September/13, nominal and real rice prices increased sharply by 32.18% and 23.48%, respectively. For wheat, the nominal price rose by 6.52% and real price dropped by 0.49% during the same period (Table 4).

Table 4: Change of rice and wheat prices during 2011-2013

Period	Nominal price		Real price	
	Rice	Wheat	Rice	Wheat
Jul,13 to Sep,13	6.93%	0.30%	3.90%	-2.54%
Jul,12 to Sep,12	-3.23%	11.11%	-6.37%	7.49%
Oct,12 to Sep,13	32.18%	6.52%	23.48%	-0.49%
Oct,11 to Sep,12	-21.17%	9.58%	-26.30%	2.46%

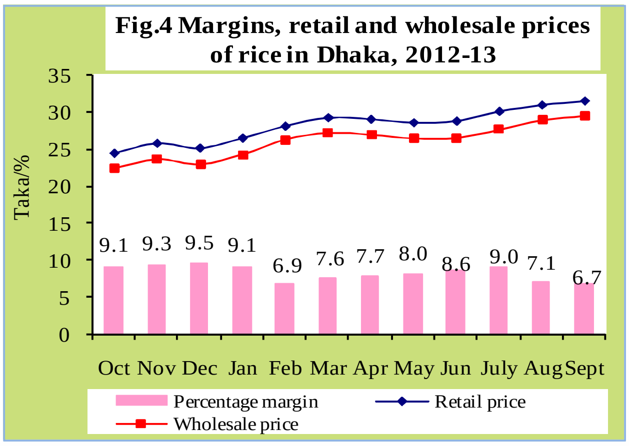
Rice and Wheat flour Retail Prices

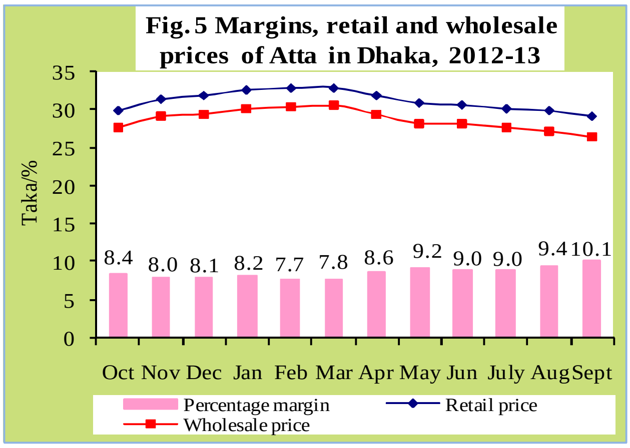
Retail rice prices witnessed an upward trend till March/13; thereafter it declined during April-May/13 and started rising again from June. Wheat flour prices first increased, reached maximum in March/13 and thereafter it started declining and the trend continued up to September/13. Between March and September/13, wheat flour price fell by 11.4%.



Difference between Retail and Wholesale Prices of Rice and Wheat flour

Retail and wholesale prices of rice and wheat flour in Dhaka city moved almost in the same directions, parallel to each other, during October/12-September/13 period, with a percentage margin ranging from 6.7% to 9.5% for rice and 7.7% to 10.1% for wheat flour (Figures 4 and 5). While rice price margin declined, wheat flour margin rose slightly during the first quarter of the FY 2013-14.

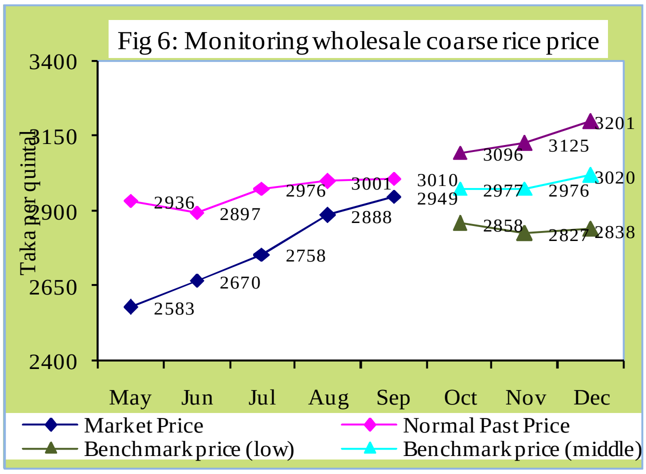




Monitoring and Outlook for Wholesale Prices of Foodgrain

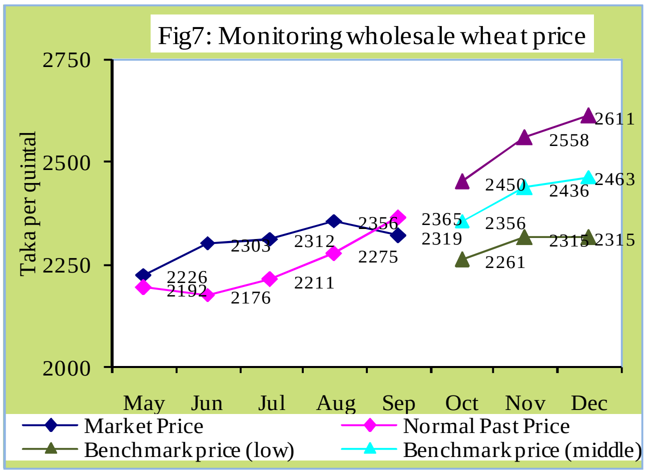
Domestic Rice Price Forecast

The rice prices during May-Septenber/13 period followed slightly different pattern from what was observed in the last four years; prices increased in June instead of having falling tendency in the normal years., Current year prices were lower compared to prices of earlier years, although their differences decreased sharply during the later part of the period. The absolute differences between actual and normal prices fell sharply from 12% in May to 2% in September. 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 October to December/13, if past trends are confirmed. Based on the estimates, it is noted that in December/13, there is a 70% chance that the coarse rice price will remain between Tk. 28.38/kg and Tk. 32.01/kg.



Domestic Wheat Price Forecast

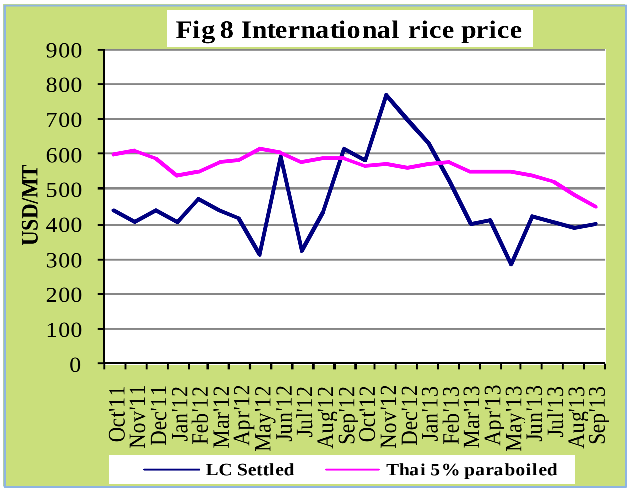
Wheat prices during the March-September/13 period followed more or less the same pattern observed over the last four years, with the exception of fall in prices in September instead of rise in the normal year. The gaps between actual and normal prices ranged between 5.8%% in June and -1.9% in September. The model estimation shows that the price is expected to remain between Tk. 22.6/kg and Tk. 24.5/kg in October and between Tk. 23.2/kg and Tk. 26.1/kg in December/13 (Fig. 7).



International Price and Production

Global Rice Production and Price

According to ERS, USDA Rice Outlook September/13, global rice production for 2013/14 is forecast at a record 476.8 million tons (milled basis), down 1.2 million tons from last month's forecast, but up almost 2 percent from a year earlier. The expected bumper global crop is the result of expanded area. At a record 161.2 million hectares, global rice area in 2013/14 is up 2.5 percent from a year earlier. Increased planting in China, India, Nigeria, Pakistan, Myanmar and Thailand account for most of the area increase.



The average of Letter of Credit (LC) settled price (C&F) is generally used as the reference price for rice import in Bangladesh. The LC settled price experienced high fluctuations, but remained lower than the f.o.b (Bangkok) Thai 5% rice price throughout the October/11-September/13 period, except during Oct/12-Feb/13 period.

Global Wheat Production and Price

Global wheat production in 2013/14, according to ERS, USDA Wheat Outlook September 2013, is projected to reach 708.9 million tons, up 3.5 million tons from previous month's forecast. The largest increased in the Canada, where the wheat crop is forecast up 2.0 million tons to 31.5 million tons. Several major exporting countries had increased production prospects, namely the European Union, Ukraine and the United States, while a reduction of wheat production is expected in Kazakhstan. LC settled price was higher than US Soft Red Winter (SRW) price from January 2013 and continued to remain higher till September 2013.

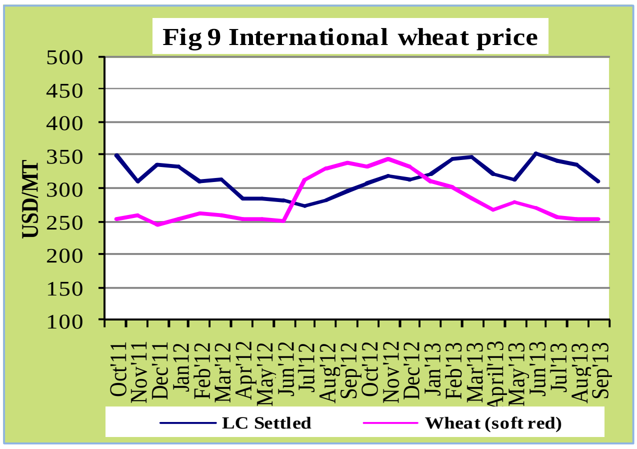


Fig 9 International wheat price

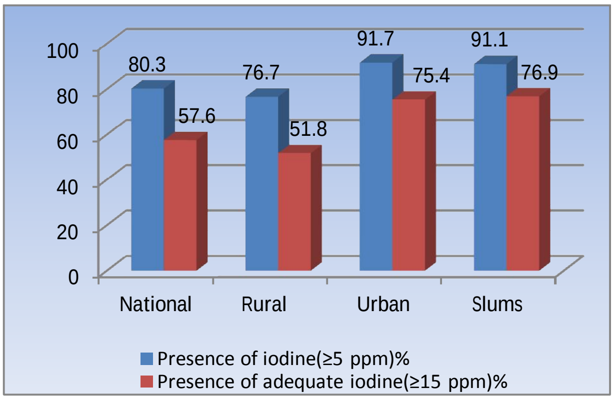
Food Consumption and Nutrition

Prevalence of iodine deficiency disorders and consumption of iodized salt

Iodine deficiency is one of the main causes of impaired cognitive development in children. Iodine Deficiency Disorders result from a diet low in iodine, which is particularly damaging during early pregnancy because it retards fetal development, especially brain development, causing a range of intellectual, motor and hearing deficits. In Bangladesh, the prevalence of iodine deficiency disorders have been improving since 1989, when Government of Bangladesh passed a law, making iodization of all edible salts mandatory.

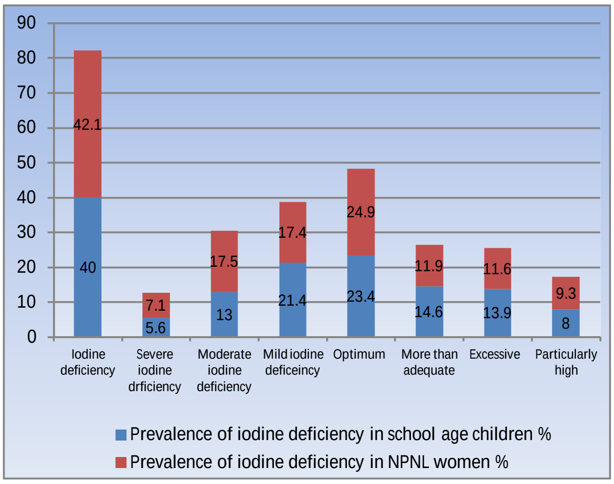
The Bangladesh Micronutrient Survey 2011-12 shows that, the national estimate of usage of iodized salt (≥5 ppm) at household level was 80.3%, which was by and large similar to the estimate in the preceding National IDD/USI Survey 2004-05 (81.4%). The usage of iodized salt appeared lower in the rural households compared to the urban areas or slums (76.7%-rural vs. 91.7%-urban vs. 91.1%-slum). At the national level, 57.6% of the households used adequately iodized salt (≥15ppm). This appeared as a slight improvement from the 2004-05 estimate (51.2%).

Figure 10- ***Usage of iodized salt at household level***



The proportion of the school age children and non pregnant non lactating (NPNL) women with inadequate iodine is 40.0% and 42.1% respectively. The proportion of school age children with severe, moderate and mild iodine deficiency are 5.6%, 13.0% and 21.4% respectively, whereas the proportion of NPNL women with severe, moderate and mild iodine deficiency are 7.1%, 17.5% and 17.4% respectively. The prevalence of optimum iodine level for women and children are 24.9 and 23.4 respectively.

Figure 11- Prevalence of iodine deficiency



Apart from ensuring the universal iodization of salt and its consumption, nutrition education should focus on messages to enhance consumption of iodine rich sea foods. There is need to improve quality assurance with an emphasis on improving storage of salt at the household level.