

Fortnightly Foodgrain Outlook

No. 109

23 Oct 2012

HIGHLIGHTS

- Rice wholesale prices rose over the last fortnight but remain significantly below previous year's level.
- The *atta* prices increased significantly over the last fortnight is still above the level recorded a year earlier.
- Export prices of rice for all countries increased over the last fortnight except India.
- Export prices of wheat for all countries declined last fortnight.
- Forecasted global wheat production in 2012/13 is revised downward.
- *Boro* procurement contracts have almost reached the target and procurement has been extended.

SUMMARY

RICE PRICE

In the fortnight ending October 18th, the wholesale rice prices on Dhaka city markets rose by 2.3%, up to 23.98 Tk/kg, while the retail prices decline by 3.4%, down to 28.0 Tk/kg.

ATTA PRICE

Over the same period, both the wholesale and retail prices of *atta* in Dhaka city markets increased by 1.8% and 3.1%, up to 28.50 Tk/kg and 33.0 Tk/kg, respectively.

INTERNATIONAL RICE PRICE

In the fortnight ending October 19th, Thai 5% parboiled, Vietnam 15% white, and Pakistan 5% parboiled rice prices increased by 5.4%, 2.6%, and 4.4%, up to 590 USD/MT, 439 USD/MT, and 470 USD/MT, respectively. But India 5% parboiled rice price decline by 1.2%, down to 420 USD/MT. However, Kolkata wholesale rice price remain unchanged at 310 USD/MT this fortnight. On the other hand, Dhaka city wholesale rice price stood 295 USD/MT on the same date.

INTERNATIONAL WHEAT PRICES

In the fortnight ending October 19th, the Russian and Ukraine wheat prices decreased each by 5.7% and 1.4%, bringing them down to 330 and 345 USD/MT. US SRW wheat prices also decline by 2.6%, down to 333 USD/MT. Dhaka city wholesale wheat price stood at 365.6 USD/MT on the same date.

RICE TRADE PROSPECTS

Global calendar year 2013 rice export in October is forecasted at 35.99 MT, 4.6% lower than a year earlier.

WHEAT TRADE PROSPECTS

World export projected for 2012/13 is reduced in October to 136.1 million, 11% lower than a year earlier.

RICE IMPORTS

During the fortnight ending October 18th, only 450 MT rice was imported by the private sector.

WHEAT IMPORTS

During the fortnight ending October 18th, 94.3 thousand MT of wheat were imported, of which 93.0 thousand MT by the private sector.

GOVERNMENT INTERVENTION

Over the fortnight ending October 18th, 60.9 thousand MT were distributed, mainly through VGD, OMS and EP. As of this date, a total of 400.8 thousand MT had been distributed through PFDS.

GOVERNMENT STOCK

As of October 18th, the public food grain stock stood at 1616.3 thousand MT.

BORO PROCUREMENT

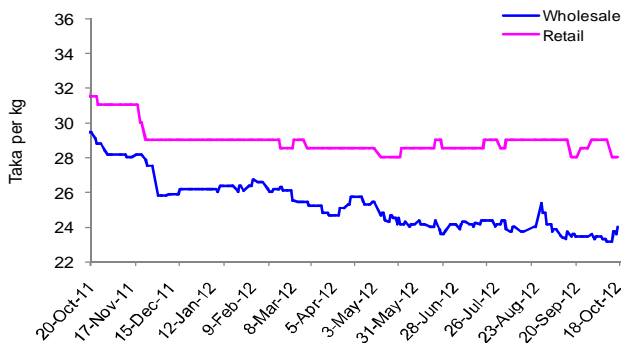
As of October 18th, 960.5 thousand MT had been procured and 941.8 thousand MT contracted.

Food Planning and Monitoring Unit (FPMU), Food Division, Ministry of Food and Disaster Management, in collaboration with FAO National Food Policy Capacity Strengthening Programme (NFPCSP)

<http://www.fd.gov.bd/> & <http://www.nfpcsp.org/>

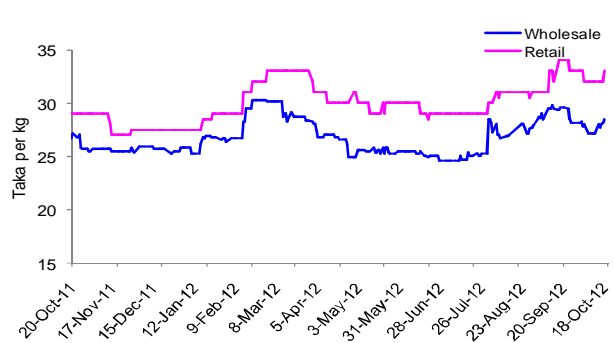
1. Domestic prices: coarse rice and atta

Figure 1. Change in prices of Coarse Rice (Dhaka)



Source: Department of Agricultural Marketing (DAM)

Figure 2. Change in prices of Atta (Dhaka)



Source: Department of Agricultural Marketing (DAM)

Table 1. Rice and Atta price changes (Dhaka city)

Price on 18/10/12 Tk/kg	change in %			
	over last fortnight	over last month	over last year	
RICE				
retail	28.00	▼ -3.4	▼ 0.0	▼ -12.6
wholesale	23.98	▲ 2.3	▲ 1.6	▼ -22.3
ATTA				
retail	33.00	▲ 3.1	▼ -2.9	▲ 15.5
wholesale	28.50	▲ 1.8	▼ -3.7	▲ 9.6

Source: DAM; Arrows indicate the direction of price change: red if a more than a 5% annual or 1% monthly/fortnightly rise, green if more than a 5% annual or a 1% monthly/fortnightly decrease, yellow otherwise. The yearly change is calculated fortnight to fortnight.

RICE

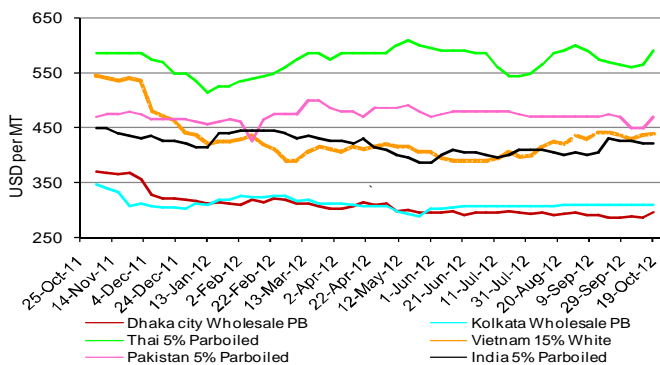
- In the fortnight ending October 18th, the wholesale rice prices on Dhaka city markets rose by 2.3%, up to 23.98 Tk/kg, while the retail prices decline by 3.4%, down to 28.0 Tk/kg. The wholesale and retail prices are now 22.3% and 12.6% lower, respectively, than a year ago.

ATTA

- Over the same period, both the wholesale and retail prices of *atta* in Dhaka city markets increased by 1.8% and 3.1%, up to 28.50 Tk/kg and 33.0 Tk/kg, respectively. These prices are now 9.6% and 15.5% higher, respectively, than a year ago.

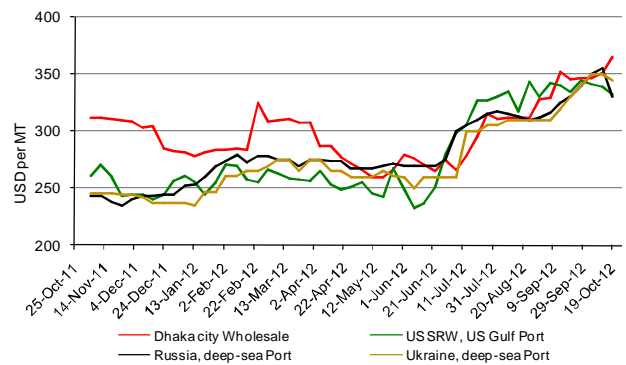
2. International prices

Figure 3. Rice wholesale price in Dhaka, Kolkata and FOB Prices in relevant international markets



Source: For average weekly FOB prices: USDA, FAO, Jackson Sons & Co. (London) Ltd and Agrimarket Weekly (Ukraine). For average wholesale prices: Department of Agriculture Marketing, Govt of Bangladesh and Department of Consumer Affairs, Government of India

Figure 4. Wheat wholesale price in Dhaka, Kolkata FOB Prices in relevant international markets



RICE

- In the fortnight ending October 19th, Thai 5% parboiled, Vietnam 15% white, and Pakistan 5% parboiled rice prices increased by 5.4%, 2.6%, and 4.4%, up to 590 USD/MT, 439 USD/MT, and 470 USD/MT, respectively. But India 5% parboiled rice price decline by 1.2%, down to 420 USD/MT. However, Kolkata wholesale rice price remain unchanged at 310 USD/MT this fortnight. On the same date, Dhaka city wholesale rice price stood 295 USD/MT.
- Thai parboiled rice prices are significantly firmer this week ending 19th October because of increase in demand from Nigerian buyers arising from proposed 100% tariff rise from 1 January 2013. They preferred Thai parboiled rice to the Indian products due to concerns over the current logistical problems in Indian ports, which could restrict shipments from arriving before the tariff deadline (Live rice Index, 19 Oct.).

WHEAT

- In the fortnight ending October 19th, US SRW, the Russian and Ukraine wheat prices fell by 2.6%, 5.7% and 1.4%, down to 333 USD/MT, 330 USD/MT and 345 USD/MT, respectively. Dhaka city wholesale wheat price stood at 365.6 USD/MT on the same date.

Table 2. Chicago Board of Trade SRW Futures (USD/MT)

Closing price	Dec-12	Mar-13	May-13	Jul-13	Sep-12
12-Oct	315	319	321	309	310
19-Oct	321	325	326	312	313
change	1.8%	1.7%	1.6%	0.8%	0.9%

Table 3. Kansas Board of Trade HRW Futures (USD/MT)

Closing price	Dec-12	Mar-13	May-13	Jul-13	Sep-12
12-Oct	327	332	334	323	323
19-Oct	334	338	339	326	326
change	2.0%	1.8%	1.7%	1.0%	0.8%

Source: U.S. Wheat Associates Weekly Price Report, Conversion rates: 1USD/bu = 36.743 USD/MT

- Wheat futures markets closed higher in the week ending October 19th, because of weaker U.S. dollar which boosted overseas demand for U.S. commodities, including wheat. Besides, wheat markets reacted positively to reports that Ukraine will officially ban wheat exports as of November 15. The CBOT December wheat contract rose 6 USD/MT to close at 321 USD/MT and KCBT closed at 334 USD/MT with a gain of 7 USD/MT (US Wheat Associates, 19 October).

3. Global production and stocks

Table 4. Rice world production and stocks (million MT)

	2010/11	2011/12 estimate	2012/13 forecast	change 2012/13 over 2011/12
Production	449	465	465	0.0%
Ending stocks	99	105	102	-3.0%

Source: USDA (Foreign Agricultural Service) Grain: World Markets and Trade, 11 October '12

RICE

- Global rice production for 2012/13 in October is forecast at a record 465.1 million tons (milled basis), up 0.8 million tons from last month's forecast. Production forecasts for 2012/13 were raised for India, Egypt, Australia, and the United States, but lowered for Uruguay and Haiti (USDA, 12 October).
- Global ending stocks for 2012/13 are projected at 102.0 million tons, down 0.3 million tons from last month's forecast, but still the second highest in a decade (USDA, 12 October).

WHEAT

- World wheat production for 2012/13 is forecasted in October at 653.0 million MT, 6.1% down from last year production, mostly because of reduced production prospects in Australia (USDA, 15 October).
- Projected ending stocks of wheat for 2012/13 fell by 11.1%, down to 175 million MT. are down 2 million tons from September, as lower exports due to reduction of ending stocks in Australia and Russia (USDA, 15 October).

Table 5. Wheat world production and stocks (million MT)

	2010/11	2011/12 estimate	2012/13 forecast	change 2012/13 over 2011/12
Production	652	696	653	-6.1%
Ending stocks	193	197	175	-11.1%

Source USDA (Foreign Agricultural Service) Grain: World Markets and Trade, 11 October '12

4. Trade prospects

Table 6. Main rice annual exporters (million MT, milled)

	2010/11	2011/12 estimated	2010/11-2011/12 change	2012/13 projected	2011/12-2012/13 change
Thailand	10.65	6.50	▼ -39%	8.00	▲ 23%
Vietnam	7.00	7.00	▶ 0%	7.00	▶ 0%
USA	3.25	3.50	▶ 8%	3.35	▼ -4%
Pakistan	3.41	3.75	▲ 10%	4.00	▼ 7%
India	4.64	9.75	▲ 110%	6.50	▼ -33%
Others	7.27	7.22	▼ -1%	7.14	▼ -1%
World total	36.21	37.72	▼ 4%	35.99	▲ -4.6%

Table 7. Main wheat annual exporters (million MT)

	2010/11	2011/12 estimated	2010/11-2011/12 change	2012/13 projected	2011/12-2012/13 change
USA	35.98	28.07	▼ -22%	31.50	▲ 12%
European Union	22.91	16.44	▼ -28%	16.50	▶ 0%
Canada	16.77	17.60	▲ 5%	19.00	▲ 8%
Australia	18.48	23.04	▲ 25%	20.50	▼ -11%
Ukraine	4.30	5.44	▲ 26%	4.00	▼ -26%
Russia	3.98	21.63	▲ 443%	9.00	▼ -58%
Others	31.24	40.51	▲ 30%	35.58	▼ -12%
World total	133.65	152.73	▲ 14%	136.08	▼ -11%

Source: INTERNATIONAL GRAINS COUNCIL (www.igc.int) Grain Market Report, 28 October 2012 for rice and wheat; arrows indicate the Direction of export quantities change: red if more than 10% change from previous year, green more than 5% and yellow less than 5% change.

RICE

- Global calendar year 2013 trade in October is forecast at 35.99 million MT, up 0.1 million tons from last month's forecast, but still 4.6% below the year-earlier record. Egypt's export forecast was raised, while export forecasts for Uruguay and China were lowered (USDA, 12 October).
- Global export for 2012 was raised 1.85 million MT to a record 37.7 million MT, with India accounting for the bulk of the upward revision. On the 2012 import side, Nigeria's imports were boosted to record 3.0 million MT (USDA, 12 October).
- There were four, largely offsetting, 2013 export revisions this month. First, Egypt's 2013 export forecast was raised 250,000 MT to 850,000 MT based on the announcement by the Government on October 1 of the end of its export ban and larger supplies. These are the largest exports for Egypt since 2007 and the imposition of export restrictions in 2008. Second, Venezuela's 2013 export forecast was raised 35,000 MT to 50,000 based on an expected continuation of its current shipment pace. Third, China's 2013 export forecast was lowered 100,000 MT to 500,000 MT based on expectations of continued uncompetitive prices. Fourth, Uruguay's 2013 export forecast was lowered 50,000 MT to 800,000 MT based on smaller supplies (USDA, 12 October).

WHEAT

- The world wheat export estimate for 2011/12 is further increased in October by 0.4 million MT, to a record 152.7 million. Revised information and final numbers from statistical agencies called for increased exports by India, up 0.4 million tons. (USDA, 15 October).

- World wheat export in 2012/13 is projected at 136.1 million MT, down just 0.5 million MT this month. Exports by Russia are up 1.0 million MT to 9.0 million, reflecting a rapid pace of exports despite tight supplies. So far Russia has already exported about 8.0 million MT of grain, out of which more than 6.5 million is wheat (USDA, 15 October).
- Wheat exports are projected lower this month for EU-27, Australia, and Canada. Lower supplies and higher domestic prices are projected to reduce wheat exports for the EU-27, down 1.0 million MT to 16.5 million. For Canada, wheat exports are trimmed 0.5 million MT to 19.0 million. In Australia, where supplies are projected 3.0 million MT lower this month, local marketing year exports are trimmed, down 3.0 million tons to 18.0 million (USDA, 15 October).

5. Imports

Figure 5. Rice imports (in '000 MT)

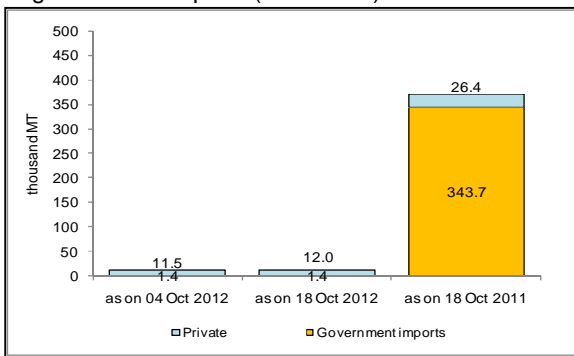
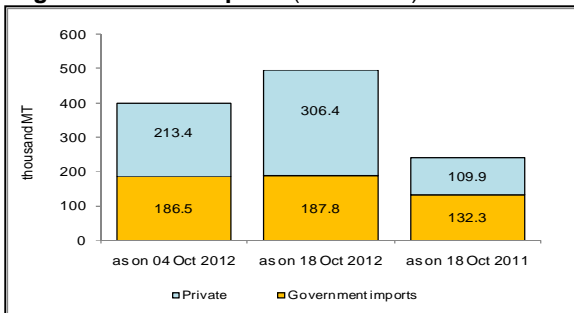


Figure 6. Wheat imports (in '000 MT)



Source: NBR; Aid, if any, is included in Government imports

RICE

- As of October 18th, this fiscal year, only 13.4 thousand MT rice were imported, of which 89% by the private sector. Over the same period last year, total imports of rice amounted to 370.1 thousand MT, major portion by the Government.
- During the fortnight ending October 18th, only 450 MT rice was imported, all by the private sector.

WHEAT

- On this same date, 494.2 thousand MT of wheat were imported, of which 62% by the private sector. During the same time last year, total imports of wheat amounted to 242.2 thousand MT, 55% by the public sector.
- During the fortnight ending October 18th, 94.4 thousand MT of wheat were imported, of which 93.0 thousand MT by the private sector.

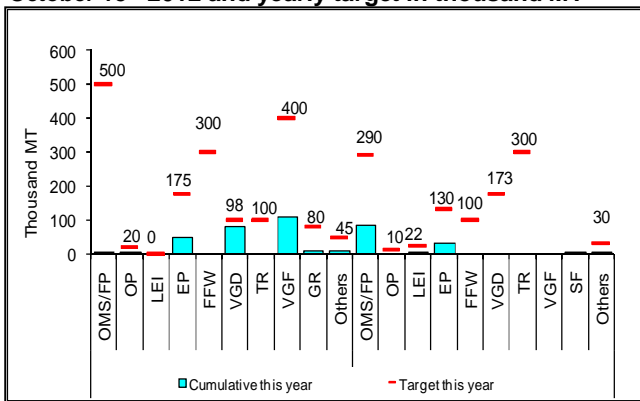
Table 8: LC situation, as of 30 Sep 2012 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
16-30 Sep	1	138	1	91
Cumulative month, September	3	314	3	222
Cumulative year (starting 1 July)	25	647	17	750

Source: Bangladesh Bank

6. Government intervention

Figure 7. Rice and wheat distributed through PFDS as on October 18th 2012 and yearly target in thousand MT



Source: Directorate General of Food and FPMU; OMS: Open Market Sale; OP: Other Priorities; LEI: Large Employers; EP: Essential; Priorities; FFW: Food for Work; VGD: Vulnerable Group Development; TR: Test Relief; VGF: Vulnerable Group Feeding; GR: Gratuitous Relief

PUBLIC FOOD DISTRIBUTION

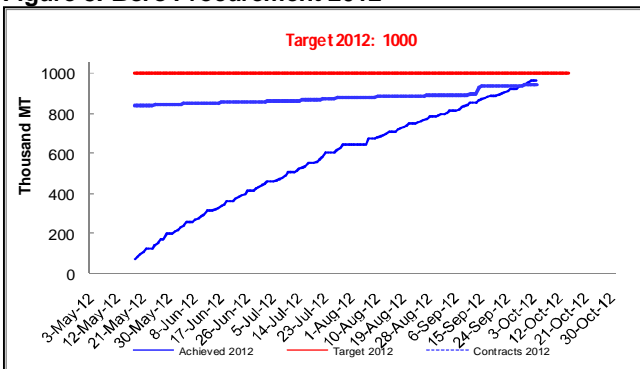
- The total distribution planned for 2012/13 is 2.77 million MT against the actual distribution of 2.10 million MT in 2011/12.
- Over the fortnight ending October 18th 60.9 thousand MT were distributed mainly through OMS (16.4 thousand MT), VGD (13.5 thousand MT) and EP (11.9 thousand MT). As of this date, a total of 400.8 thousand MT had been distributed through PFDS.
- The OMS drive, which resumed in major cities and districts* of the country, continues with rice being sold at 24 Tk/kg and Atta sold at 20 Tk/kg.

(*For Atta all districts and rice only southern districts.)

PUBLIC STOCKS

- As of October 18th, the public food grain stock stood at 1616.3 thousand MT: 1322.5 for rice and 293.8 for wheat (DGF).

Figure 8: Boro Procurement 2012



BORO PROCUREMENT

- The government set the Boro procurement target of at least one million MT rice (900 thousand MT of rice and 150 thousand MT of paddy) at 28 Tk/kg for rice and at 18 Tk/kg for paddy from the domestic market to provide price incentive to the farmers amid a continued fall in prices of both rice and paddy. The drive began on May 3rd and will continue until October 31st 2012.
- As of October 18th, 960.5 thousand MT had been procured and 941.8 thousand MT contracted. During the last fortnight, procurement increased despite stagnation of contract.