

# Fortnightly Foodgrain Outlook

No. 116

30 Jan 2013

## HIGHLIGHTS

- Rice prices increased over the last fortnight but still wholesale price was lower than the previous year's level.
- The atta wholesale prices declined over the last fortnight but were significantly above the level recorded a year earlier.
- Export prices of rice for all countries rose but Vietnam declined over the last fortnight.
- Export prices of wheat for US SRW and Ukraine rose but Russian price remained stable over past fortnight.
- Global rice and wheat exports are forecasted down this month.

## SUMMARY

### RICE PRICE

In the fortnight ending January 24<sup>th</sup>, the wholesale and retail rice prices on Dhaka city markets rose by 1.6% and 3.4%, up to 25.1 Tk/kg and 30.0 Tk/kg, respectively.

### ATTA PRICE

Over the same period, the wholesale prices of atta in Dhaka city markets declined marginally by 1.0%, down to 30.6 Tk/kg, while the retail price increased by 2.9%, up to 35.0 Tk/kg.

### INTERNATIONAL RICE PRICE

In the week ending January 25<sup>th</sup>, Thai 5% parboiled, Indian 5% parboiled and Kolkata wholesale rice prices rose by 3.6%, 3.6% and 5.6%, up to 575 USD/MT, 435 USD/MT and 347 USD/MT, respectively. By contrast, Vietnam 15% white rice prices declined by 3.8%, down to 378 USD/MT and Pakistan 5% parboiled price remained static at 445 USD/MT. On the same date, Dhaka city wholesale rice price stood at 316 USD/MT.

### INTERNATIONAL WHEAT PRICES

In the fortnight ending January 25<sup>th</sup>, US SRW and Ukraine wheat prices rose by 2.6% and 2.0%, up to 312 USD/MT and 350 USD/MT, respectively. While, Russian wheat price remained unchanged at 365 USD/MT. Dhaka city wholesale wheat price stood at 359 USD/MT on the same date.

### RICE TRADE PROSPECTS

Global rice export in 2013 is forecasted at 36.0 million MT, 5.5% below a year earlier record.

### WHEAT TRADE PROSPECTS

World wheat export in 2012/13 is forecasted down at 136.6 million MT in January, still 5% below year earlier record.

### RICE IMPORTS

During the fortnight ending January 24<sup>th</sup>, 150 MT rice were imported by private sectors.

### WHEAT IMPORTS

During the fortnight ending January 24<sup>th</sup>, 74.9 thousand MT of wheat were imported.

### GOVERNMENT INTERVENTION

Over the fortnight ending January 24<sup>th</sup>, 76.5 thousand MT were distributed, mainly through FFW, OMS and TR As of this date, a total of 955.4 thousand MT had been distributed through PFDS.

### GOVERNMENT STOCK

As of January 24<sup>th</sup>, the public food grain stock stood at 1255.4 thousand MT.

### AMAN PROCUREMENT

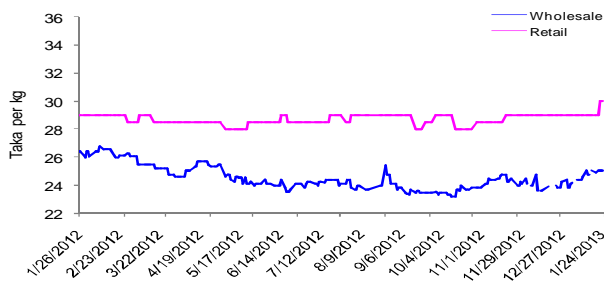
As of January 24<sup>th</sup>, 73.5 thousand MT had been procured and 276.2 thousand MT contracted.

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

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

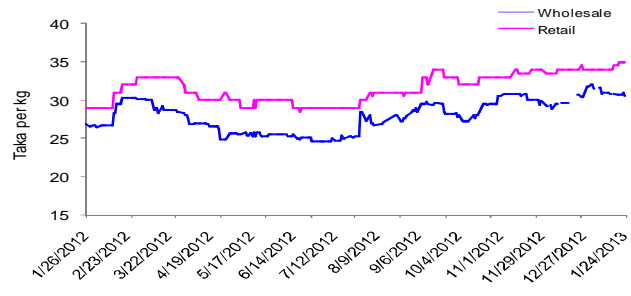
# 1. Domestic prices: coarse rice and atta

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 24/1/13 Tk/kg	change in %		
		over last fortnight	over last month	over last year
<b>RICE</b>				
retail	30.00	▲ 3.4	▲ 3.4	▲ 1.0
wholesale	25.05	▲ 1.6	▲ 5.3	▲ -5.0
<b>ATTA</b>				
retail	35.00	▲ 2.9	▲ 2.9	▲ 22.2
wholesale	30.60	▲ -1.0	▲ -0.5	▲ 16.5

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 January 24<sup>th</sup>, the wholesale and retail rice prices on Dhaka city markets rose by 1.6% and 3.4%, up to 25.1 Tk/kg and 30.0 Tk/kg, respectively. Recent cold wave and syndication by traders may have pushed the rice prices up. The wholesale price is now 5.0% lower and retail price is 1.0% higher in comparison to the prices observed a year ago.

## ATTA

- Over the same period, the wholesale prices of atta in Dhaka city markets declined marginally by 1.0%, down to 30.6 Tk/kg, while the retail price increased by 2.9%, up to 35.0 Tk/kg. These prices are now 16.5% and 22.2% higher, respectively, than a year ago.

# 2. International prices

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

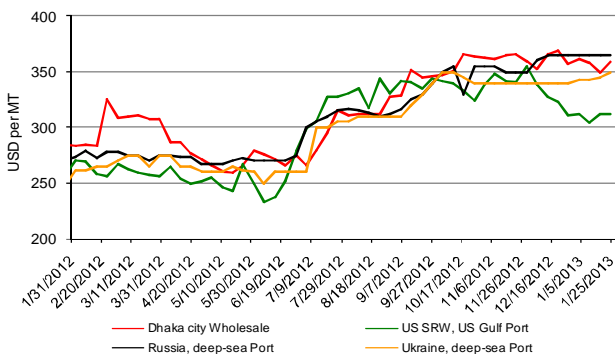
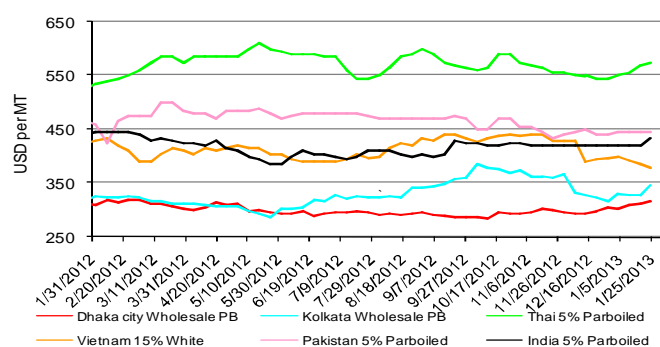


Figure 4. Wheat wholesale price in Dhaka, Kolkata and FOB Prices in relevant international markets



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

## RICE

- In the week ending January 25<sup>th</sup>, Thai 5% parboiled, Indian 5% parboiled and Kolkata wholesale rice prices rose by 3.6%, 3.6% and 5.6%, up to 575 USD/MT, 435 USD/MT and 347 USD/MT, respectively. By contrast, Vietnam 15% white rice prices declined by 3.8%, down to 378 USD/MT and Pakistan 5% parboiled price remained static at 445 USD/MT. On the same date, Dhaka city wholesale rice price stood at 316 USD/MT.
- Thai parboiled rice prices were firmer in the week ending January 18, as the majority of available paddy was finding its way into the pledging policy. As the Nigeria's 100% import tariff on polished rice was imminent, it was unlikely that many purchases of parboiled rice by Nigerian buyers would be seen until the stocks that have been built up there began to dwindle. In the week ending 25 January, Thai white rice prices were stable, as the Thai Baht has remained at strong levels compared to the US Dollar (Live rice index 18 Jan and 25 Jan.).

## WHEAT

- In the fortnight ending January 25<sup>th</sup>, US SRW and Ukraine wheat prices rose by 2.6% and 2.0%, up to 312 USD/MT and 350 USD/MT, respectively. While, Russian wheat price remained unchanged at 365 USD/MT. Dhaka city wholesale wheat price stood at 359 USD/MT on the same date.

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

Closing Price	Mar-13	May-13	Jul-13	Sep-13	Dec-13
18-Jan	290.63	293.75	295.49	298.80	303.67
25-Jan	285.21	288.24	289.62	292.83	297.88
change	-1.9 %	-1.9 %	-2.0 %	-2.0 %	-1.9 %

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

Closing Price	Mar-13	May-13	Jul-13	Sep-13	Dec-13
18-Jan	307.43	311.10	313.77	317.44	321.85
25-Jan	304.68	308.62	311.47	315.24	319.73
change	-0.9 %	-0.8 %	-0.7 %	-0.7 %	-0.7 %

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

### 3. Global production and stocks

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

	2010/11	2011/12 estimate	2012/13 forecast	Change 2011/12 over 2012/13
Production	448.40	436.70	464.30	6.3 %
Ending stocks	98.70	105.3	103.10	-2.1 %

Source: International Grain Council, 17 January '13

#### RICE

- Global rice production for 2012/13 is forecasted unchanged in January at a record 464.3 million MT, but still 6.3% above than a year earlier. (IGC, 17 Jan.)
- Global ending stocks for 2012/13 are forecasted in January to fall slightly at 103.1 million MT, which is 2.1% lower than a year earlier (IGC, 17 Jan.)

- Wheat futures fell in the week ending January 25<sup>th</sup> due to technical selling as traders tried to lock in profits from last week's increase. Futures markets received a bump in the last part of the week because of stronger than expected export sales. The CBOT March wheat contract lost slightly 6 USD/MT to close at 285 USD/MT, while KCBT closed at 305 USD/MT with a loss of only 2 USD/MT (US Wheat Associates, 25 Jan.).

#### WHEAT

- World wheat production in 2012/13 is projected up in January to 656 million MT, but it is still lower by 5.7% than a year earlier. Increased figures for Australia, Canada, China and the EU have lifted the estimate for world wheat production this month, (IGC, 17 Jan.)
- Global stocks are placed at 174.2 million MT, higher than before, but down by 11.3% than previous year due to steep declines in the CIS. (IGC, 17 Jan.)

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

	2010/11	2011/12 estimate	2012/13 forecast	Change 2012/13 over 2011/12
Production	653.40	695.60	656.10	-5.7 %
Ending stocks	194.10	196.30	174.20	-11.3 %

Source: International Grain Council, 17 January '13

### 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	10.60	6.60	▼ -38%	8.00	▲ 21%
Vietnam	7.10	7.70	▲ 8%	7.10	▼ -8%
USA	3.50	3.20	▼ -9%	3.40	▲ 6%
Pakistan	3.30	3.90	▲ 18%	3.90	▶ 0%
India	2.80	10.50	▲ 275%	7.60	▼ -28%
Others	8.60	6.20	▼ -28%	6.00	▼ -3%
<b>World total</b>	<b>35.90</b>	<b>38.10</b>	<b>▲ 6%</b>	<b>36.00</b>	<b>▼ -5.5%</b>

**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	35.10	28.60	▼ -19%	29.50	▲ 3%
European Union	23.90	17.40	▼ -27%	20.40	▲ 17%
Canada	16.20	17.50	▲ 8%	18.80	▲ 7%
Australia	18.70	24.70	▲ 32%	20.50	▼ -17%
Ukraine	4.30	5.40	▲ 26%	6.30	▲ 17%
Russia	4.00	21.60	▲ 440%	10.00	▼ -54%
Others	23.40	29.30	▲ 25%	31.10	▲ 6%
<b>World total</b>	<b>125.60</b>	<b>144.50</b>	<b>▲ 15%</b>	<b>136.60</b>	<b>▼ -5%</b>

Source: Grain Market Report, 11 January '13 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. For rice, 2012/13 is calendar year 2013, 2011/12 is calendar year 2012 and so on.

- Russian wheat, having already registered price rises of as much as 75 percent because of drought in 2012, will reach new record highs in the coming months because of poor weather conditions reducing output from the winter harvest (APFSU, Jan 2013).
- India has raised its limit on wheat exports by half a million MT to 2.5 million MT on optimistic forecasts of a bumper crop this year (APFSU, Jan 2013)

#### RICE

- Total calendar year 2013 global rice export is forecasted in January at 36.0 million MT, lower from last month's forecast, also more than 5% below a year earlier record (IGC, 17 Jan.).
- India has taken the title of world's top rice exporter for the year 2012, dethroning Thailand, which had been the leader for the past three decades. India's rise to the number one rice exporting position was driven by solid production and the affordability of its grain compared to the higher priced Thai rice (APFSU, Jan 2013).

- Indonesia's logistics agency Bulog has said it has no plans to import rice on 2013 because the country already has over 2 million MT stockpiled (APFSU, Jan 2013).

#### WHEAT

- World wheat export for 2012/13 is forecasted down at 136.6 million MT in January, still 5% below a year earlier record (IGC, 17 Jan.).

## 5. Imports

Figure 5. Rice imports (in '000 MT)

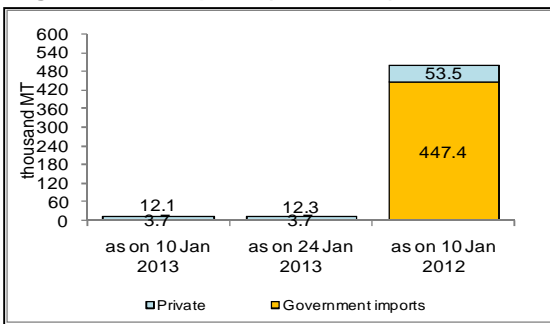
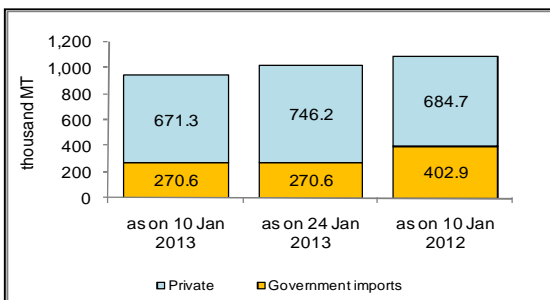


Figure 6. Wheat imports (in '000 MT)



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

### RICE

- As of January 24<sup>th</sup>, this fiscal year, only 15.9 thousand MT rice were imported, of which 77% by the private sector. Over the same period last year, total imports of rice amounted to 500.9 thousand MT, 89% by the Government.

- During the fortnight ending January 24<sup>th</sup>, 150 MT rice were imported by the private sectors.

### WHEAT

- On the same date, 1016.8 thousand MT of wheat were imported, of which 73% by the private sector. During the same time last year, total imports of wheat amounted to 1087.6 thousand MT, 63% by the private sector.

- During the fortnight ending January 24<sup>th</sup>, 74.9 thousand MT of wheat were imported by the private sectors.

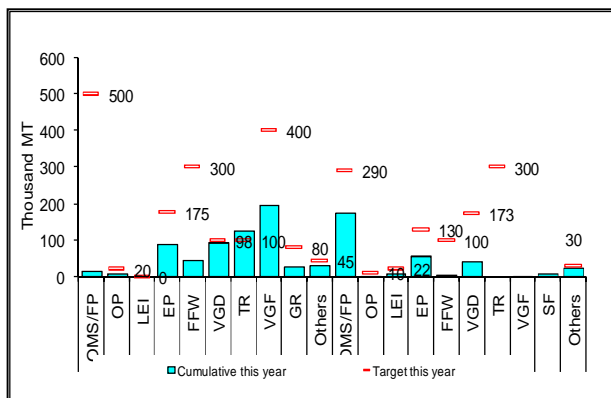
Table 8: LC situation, as of 31 December 2012 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
01-31 Dec	0	82	0	161
Cumulative month, December	0	82	0	161
Cumulative year (starting 1 July)	26	1303	21	1231

Source: Bangladesh Bank

## 6. Government intervention

Figure 7. Rice and wheat distributed through PFDS as on January 24<sup>th</sup> 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; SF: School Feeding

### 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 January 24<sup>th</sup>, 76.5 thousand MT were distributed mainly through FFW (24.8 thousand MT), OMS (16.7 thousand MT) and TR (16.8 thousand MT). As of this date, a total of 955.4 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.

(\*Atta is sold in all districts but rice is sold in only southern districts).

### PUBLIC STOCKS

- As of January 24<sup>th</sup>, the public food grain stock stood at 1255.4 thousand MT 1068.5 for rice and 186.9 for wheat (MISM, DG Food).

### AMAN PROCUREMENT

- The government set the Aman procurement target at minimum 300 thousand MT rice (250 thousand MT parboiled and 50 thousand MT white) to be procured with a price of 26 Tk/kg for parboiled rice and at 25 Tk/kg for white rice from the domestic market to provide price incentive to the farmers amid a continued fall in prices of rice. The drive began on 9 December 2012 and will continue until February 28, 2013.

- As of January 24<sup>th</sup>, 73.5 thousand MT had been procured and 276.2 thousand MT contracted.

Figure 8. AMAN PROCUREMENT 2012-13

