

Fortnightly Foodgrain Outlook

No. 132

10 September 2013

HIGHLIGHTS

- The domestic wholesale rice prices remained same and retail prices fell in the last fortnight.
- The domestic wholesale and retail atta prices dropped over the last fortnight.
- Export prices of rice for all countries declined over the last fortnight.
- Wheat export prices for all countries, except Russian, rose over last fortnight.
- Global rice exports are forecasted at higher level, while wheat export forecast remained unchanged.

SUMMARY

RICE PRICE

In the fortnight ending September 5th, the wholesale rice prices on Dhaka city markets remain unchanged at 35.0 Tk/kg, while retail prices fell by 2.1%, down to 32.40 Tk/kg.

ATTA PRICE

Over the same period, the wholesale and retail prices of atta on Dhaka city markets dropped by 6.4% and 1.5%, down to 25.0 Tk/kg and 32.50 Tk/kg, respectively.

INTERNATIONAL RICE PRICE

In the fortnight ending September 6th, Thai 5% parboiled, India 5% parboiled, Pakistan 5% parboiled, Vietnam 15% white and Kolkata wholesale rice prices declined by 2.2%, 2.4%, 5.6%, 4.0% and 0.4%, down to 450 USD/MT, 400 USD/MT, 425 USD/MT, 360 USD/MT and 307 USD/MT, respectively. Dhaka city wholesale rice price stood at 417 USD/MT, on the same date.

INTERNATIONAL WHEAT PRICE

In the fortnight ending September 6th, US SRW and Ukraine wheat prices rose by 1.5% and 1.2%, up to 250 USD/MT and 253 USD/MT, respectively. But Russian wheat price remain unchanged at 255 USD/MT. On the same date, Dhaka city wholesale wheat price stood at 341 USD/MT.

RICE TRADE PROSPECT

Total calendar year 2014 global rice export is projected in September at 37.2 million MT, 0.8% above a year earlier.

WHEAT TRADE PROSPECT

World wheat export is forecasted for 2013/14 in August at 139.1 million MT, just same as in the previous year.

RICE IMPORT

During the fortnight ending September 5th, no rice was imported..

WHEAT IMPORT

During the fortnight ending September 5th, 67.6 thousand MT of wheat were imported.

GOVERNMENT INTERVENTION

Over the fortnight ending September 5th, 56.5 thousand MT food grains were distributed mainly through OMS, VGD, EP and VGF.

GOVERNMENT STOCK

As of September 5th, the public food grain stock stood at 1103.1 thousand MT.

GOVERNMENT PROCUREMENT

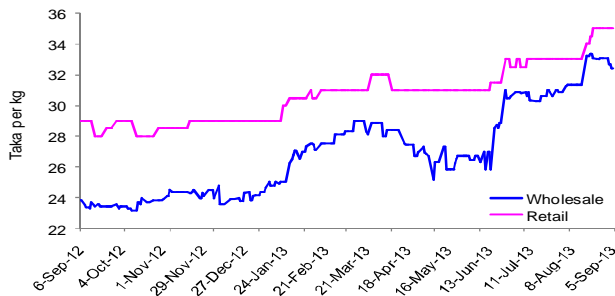
As of September 5th, 649.0 thousand MT of Rice (Boro) was procured and 866.4 thousand MT were contracted.

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

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

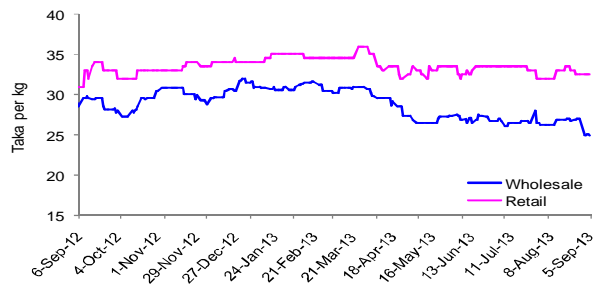
1. Domestic price: coarse rice and atta

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 05/9/13 Tk/kg	change in %		
		fortnight	month	year
RICE				
retail	35.00	0.0	6.1	20.7
wholesale	32.40	-2.1	3.3	34.8
ATTA				
retail	32.50	-1.5	1.6	5.2
wholesale	25.00	-6.4	-4.8	-7.4

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

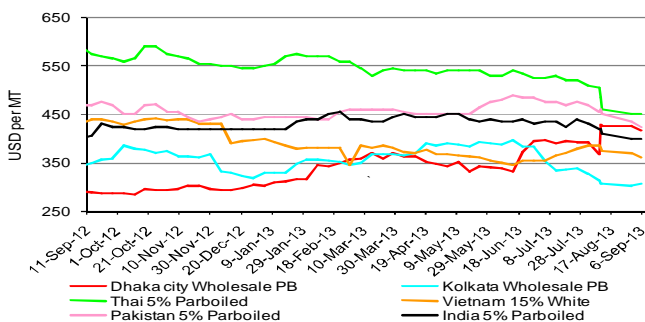
- In the fortnight ending September 5th, the wholesale rice prices on Dhaka city markets remain unchanged at 35.0 Tk/kg, while retail prices fell by 2.1%, down to 32.40 Tk/kg. The wholesale and retail prices are now year-on-year 34.8% and 20.7% higher, respectively.

ATTA

- Over the same period, the wholesale and retail prices of atta on Dhaka city markets dropped by 6.4% and 1.5%, down to 25.0 Tk/kg and 32.50 Tk/kg, respectively. The wholesale prices are now 7.4% lower but the retail prices are 5.2% higher, than a year ago.

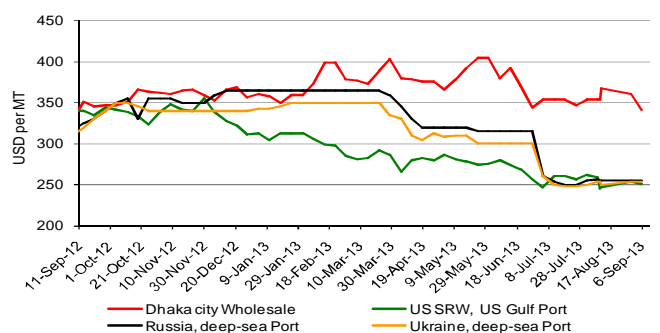
2. International price

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 and FOB Prices in relevant international markets



RICE

- In the fortnight ending September 6th, Thai 5% parboiled, India 5% parboiled, Pakistan 5% parboiled, Vietnam 15% white and Kolkata wholesale rice prices declined by 2.2%, 2.4%, 5.6%, 4.0% and 0.4%, down to 450 USD/MT, 400 USD/MT, 425 USD/MT, 360 USD/MT and 307 USD/MT, respectively. Dhaka city wholesale rice price stood at 417 USD/MT, on the same date.
- Thai government approved plans to extend the country's contentious rice pledging scheme for 2013/14 crop year. Since the announcement, the Thai farming community have expressed their dissatisfaction at the new pledging parameters. Thai rice prices remained unchanged in the week ending September 6th (Live rice index, 6 September).

WHEAT

- In the fortnight ending September 6th, US SRW and Ukraine wheat prices rose by 1.5% and 1.2%, up to 250 USD/MT and 253 USD/MT, respectively. But Russian wheat price remain unchanged at 255 USD/MT. On the same date, Dhaka city wholesale wheat price stood at 341 USD/MT.

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

Closing price	Sep-13	Dec-13	Mar-14	May-14	Jul-14
30-Aug	236	240	245	247	245
6-Sep	233	238	243	246	244
change	-1.0%	-1.0%	-0.8%	-0.7%	-0.5%

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

change	Sep-13	Dec-13	Mar-14	May-14	Jul-14
30-Aug	258	258	261	263	259
6-Sep	260	256	258	260	256
change	1.1%	-1.1%	-1.0%	-0.9%	-1.1%

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

Wheat futures closed mixed in the week ending September 6th. Wheat mostly followed the corn market. Expectation for rising global wheat supplies and fears that U. S. prices were too high relative to competitor's pressured futures. The CBOT September wheat contract lost 3 USD/MT to close at 233 USD/MT, while KCBT added 2 USD/MT to close at 260 USD/MT (US Wheat Associates, 06 September 2013).

3. Global production and stocks

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

	2011/12	2012/13 estimate	2013/14 forecast	change 2013/14 over 2012/13
Production	465	469	474	1.1%
Ending stocks	107	107	108	0.7%

Source: Grain Market Report, August 2013

RICE

- Global rice production for 2013/14 is forecasted in August at 474.2 million MT (milled basis), 1.1% above a year earlier, as a result of expanded area (IGC, 30 August).
- Global ending stocks for 2013/14 are forecasted in August at 107.7 million MT, 0.7% larger than a year earlier (USDA, August 2013).

WHEAT

- Global wheat production for 2013/14 in August is forecasted at 690.6 million MT, which is 5.7% above a year earlier, due to upward projection for European Union, Kazakhstan, Ukraine and smaller increase in Canada and India (IGC, 30 August).
- World wheat ending stocks for 2013/14 are forecasted in August at 176.4 million MT, 1.4% higher a year earlier (IGC, 30 August).

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

	2011/12	2012/13 estimate	2013/14 forecast	change 2013/14 over 2012/13
Production	695	654	691	5.7%
Ending stocks	194	174	176	1.4%

Source: Grain Market Report, August 2013

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

	2011/12	2012/13 estimated	2011/12-2012/13 change	2013/14 projected	2012/13-2013/14 change
Thailand	6.70	6.50	▼ -3%	8.20	▲ 26%
Vietnam	7.70	7.40	▼ -4%	7.50	▲ 1%
USA	3.20	3.50	▲ 9%	3.10	▼ -11%
Pakistan	3.60	3.10	▼ -14%	3.30	▲ 6%
India	10.20	9.40	▼ -8%	8.20	▼ -13%
Others	7.20	7.00	▼ -3%	6.90	▼ -1%
World total	38.60	36.90	▼ -4%	37.20	▲ 0.8%

Table 7. Main wheat annual exporters (million MT)

	2011/12	2012/13 estimated	2010/11-2011/12 change	2013/14 projected	2011/12-2013/14 change
USA	28.60	27.50	▼ -4%	29.00	▲ 5%
European Union	17.40	23.80	▲ 37%	24.80	▲ 4%
Canada	17.50	18.70	▲ 7%	19.00	▲ 2%
Australia	24.70	20.60	▼ -17%	19.80	▼ -4%
Ukraine	5.40	7.10	▲ 31%	7.20	▲ 1%
Russia	21.60	11.20	▼ -48%	14.50	▲ 29%
Others	29.60	30.70	▲ 4%	24.80	▼ -19%
World total	144.80	139.60	▼ -4%	139.10	▼ 0%

Source: Grain Market Report, August 2013 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, 2013/14 is calendar year 2014, 2012/13 is calendar year 2013 and so on.

RICE

- Total calendar year 2014 global rice export is projected in August at 37.2 million MT, which is 0.8% above a year earlier (IGC, 30 August).
- The 2013 total global rice export is estimated in August at 36.9 million MT, 4% below the year-earlier record because of higher export forecast for India (IGC, 30 August).
- China has agreed to import an additional one million MT of rice from Thailand during a recent meeting with the Thai counterpart. The deal is likely to boost Thailand's rice exports significantly this year (Oryza, 3 Sep.).

WHEAT

- World wheat export for 2013/14 is forecasted in August at 139.1 million MT, which is more or less same as in the previous year (IGC, 30 August).

- Export prospects for 2013/14 are revised this month for several countries. The larger crops and competitively low prices for EU, Ukraine and Kazakhstan are boosting their export outlooks, up 2.0 million MT. Together with Russia, these four exporters are expected to supply almost 40% of world wheat export this year. With larger projected crop, exports are expected 0.5 million MT higher in Canada, reaching 20 million MT (USDA, 14 August).

- Ukraine and China completed the procedure of certification of Ukrainian agricultural crops - wheat, barley and soybeans, which gives Ukraine the right to export the reporting crops on the Chinese market. Previously Ukraine had the right to supply maize only to China (Agrimarket, 9 Sep.).

5. Import

Figure 5. Rice imports (in '000 MT)

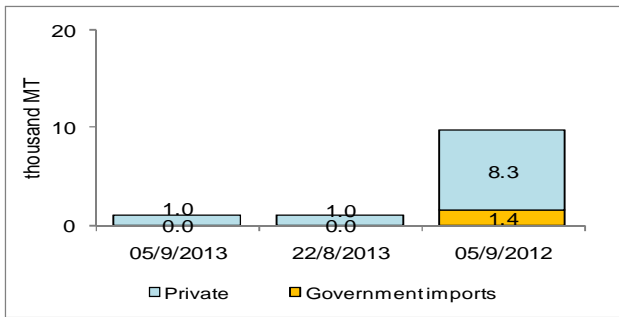
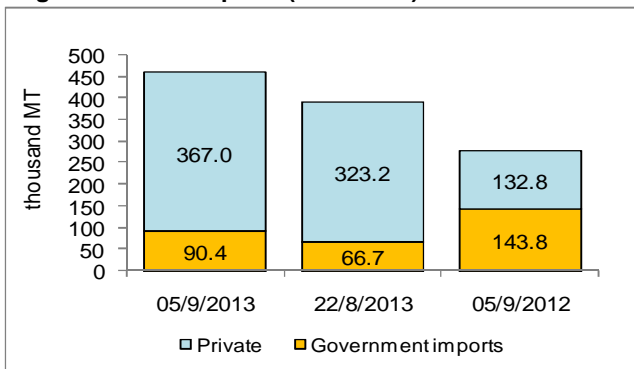


Figure 6. Wheat imports (in '000 MT)



RICE

- As of September 5th, this fiscal year, only 988 MT rice were imported by the private sector. Over the same period last year, total imports of rice amounted to 9.7 thousand MT, 85% by the private sector.
- During the fortnight ending September 5th, no rice was imported.

WHEAT

- On the same date, 457.5 thousand MT of wheat was imported, of which 80% by private sector. At the same time last year, imports of wheat amounted to 276.6 thousand MT, 52% by government.
- During the fortnight ending September 5th, 67.6 thousand MT of wheat were imported.

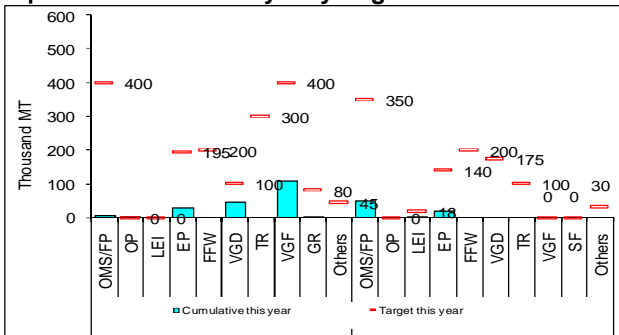
Table 8: LC situation, as of 13 July 2013 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
01-13 July	15	61	8	114
Cumulative month, July	15	61	8	114
Cumulative year (starting 1st July/13)	15	61	8	114

Source: Bangladesh Bank

6. Government intervention

Figure 7. Rice and wheat distributed through PFDS as of September 5th 2013 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

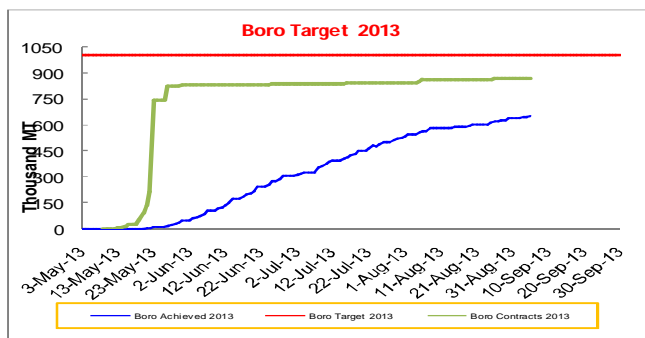
PUBLIC FOOD DISTRIBUTION

- The total distribution planned for 2013/14 is 2.74 million MT against the actual distribution of 2.09 million MT in 2012/13.
- Over the fortnight ending September 5th, 56.5 thousand MT food grains were distributed mainly through OMS (17.4 thousand MT), VGD (15.7 thousand MT), EP (12.5 thousand MT) and VGF (6.3 thousand MT). As of this date, a total of 275.5 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 24Tk/kg and Atta sold at 22 Tk/kg. (*Atta is sold in all districts but rice is sold in only southern districts).

PUBLIC STOCKS

- As of September 5th, the public food grain stock stood at 1103.1 thousand MT; 852.7 for rice and 250.4 for wheat (MISM, DG Food).

Figure 8. Boro procurement 2013



WHEAT AND BORO PROCUREMENT

- The government started procurement of at least one million MT of Boro rice (900 thousand MT of rice and 150 thousand MT of paddy) at 29 Tk/kg for parboiled rice, at 28 Tk/kg for white rice and at 18.50 Tk/kg for paddy from the domestic market to provide a price incentive to the farmers. The drive began on May 2nd and will continue until September 30th 2013.
- As of September 5th, 649.0 thousand MT of Rice (Boro) were procured and 866.4 thousand MT were contracted.