

# Fortnightly Foodgrain Outlook

No. 133

24 September 2013

## HIGHLIGHTS

- The domestic rice prices remained relatively stable in the last fortnight.
- The domestic atta prices continued dropping over the last fortnight.
- Export prices of rice were mixed over the last fortnight.
- Wheat export prices of Russian and Ukraine remained unchanged over last fortnight.
- Global rice and wheat exports are forecasted at higher level.

## SUMMARY

### RICE PRICE

In the fortnight ending September 19<sup>th</sup>, the wholesale rice (Swarna) prices on Dhaka city markets rose marginally by 0.6%, up to 32.6 Tk/kg, while retail prices remained unchanged at 35.0 Tk/kg.

### ATTA PRICE

Over the same period, the wholesale and retail prices of atta on Dhaka city markets continued dropping by 2.4% and 3.1%, down to 24.4 Tk/kg and 31.5 Tk/kg, respectively.

### INTERNATIONAL RICE PRICE

In the fortnight ending September 20<sup>th</sup>, Pakistan 5% parboiled and Vietnam 15% white rice prices declined by 1.2% and 2.8%, down to 420 USD/MT and 350 USD/MT, respectively. By contrast, India 5% parboiled and Kolkata wholesale rice prices rose by 3.8% and 6.6%, up to 415 USD/MT and 327 USD/MT, respectively. But the Thai 5% parboiled rice prices remained unchanged at 450 USD/MT. Dhaka city wholesale rice price stood at 418 USD/MT, on the same date.

### INTERNATIONAL WHEAT PRICE

In the fortnight ending September 20<sup>th</sup>, US SRW wheat prices rose by 3.5%, up to 259 USD/MT. While Russian and Ukraine wheat prices remained static at 255 USD/MT and 253 USD/MT, respectively. 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 forecasted in September at 39.0 million MT, which is 1.8% above a year earlier.

### WHEAT TRADE PROSPECT

Projected world wheat export for 2013/14 in September is 152.4 million MT, 4% higher than the previous year.

### RICE IMPORT

During the fortnight ending September 19<sup>th</sup>, no rice was imported.

### WHEAT IMPORT

During the fortnight ending September 19<sup>th</sup>, 149.2 thousand MT of wheat were imported.

### GOVERNMENT INTERVENTION

Over the fortnight ending September 19<sup>th</sup>, 46.2 thousand MT food grains were distributed mainly through OMS, VGD and EP.

### GOVERNMENT STOCK

As of September 19<sup>th</sup>, the public food grain stock stood at 1148.31 thousand MT.

### GOVERNMENT PROCUREMENT

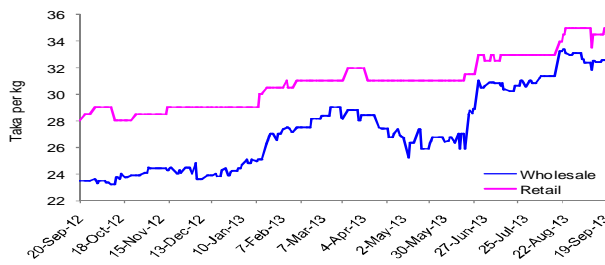
As of September 19<sup>th</sup>, 699.0 thousand MT of Rice (Boro) was procured and 874.2 thousand MT were contracted.

*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>

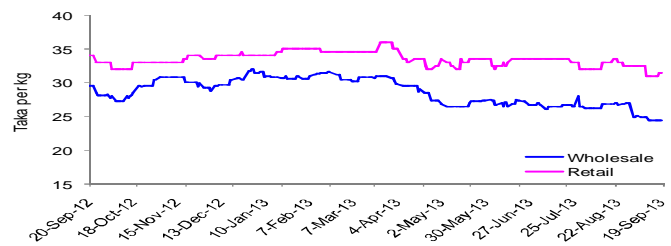
# 1. Domestic price: coarse rice and atta

**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 19/9/13 Tk/kg	change in %		
	fortnight	month	year
<b>RICE</b>			
retail	35.00	0.0	2.9
wholesale	32.58	0.6	-2.0
<b>ATTA</b>			
retail	31.50	-3.1	-6.0
wholesale	24.40	-2.4	-9.3

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

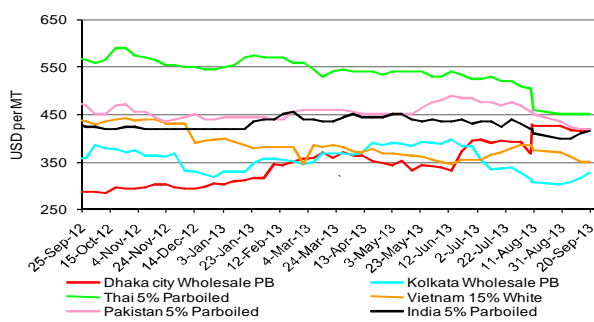
- In the fortnight ending September 19<sup>th</sup>, the wholesale rice (Swarna) prices on Dhaka city markets rose marginally by 0.6%, up to 32.6 Tk/kg, while retail prices remained unchanged at 35.0 Tk/kg. The wholesale and retail prices are now year-on-year 37.9% and 20.8% higher, respectively.

## ATTA

- Over the same period, the wholesale and retail prices of atta on Dhaka city markets continued dropping by 2.4% and 3.1%, down to 24.4 Tk/kg and 31.5 Tk/kg, respectively. The wholesale and retail prices are now 16.5% and 4.7% lower, respectively, than a year ago.

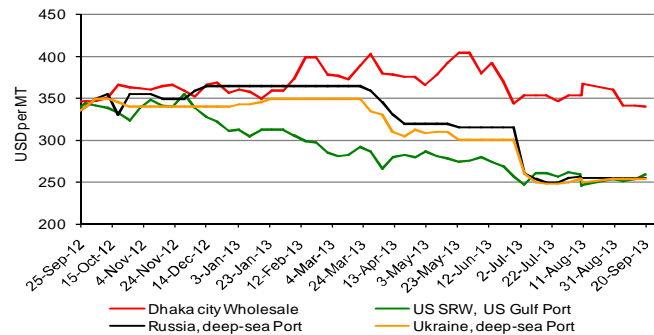
# 2. International price

**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 20<sup>th</sup>, Pakistan 5% parboiled and Vietnam 15% white rice prices declined by 1.2% and 2.8%, down to 420 USD/MT and 350 USD/MT, respectively. By contrast, India 5% parboiled and Kolkata wholesale rice prices rose by 3.8% and 6.6%, up to 415 USD/MT and 327 USD/MT, respectively. But the Thai 5% parboiled rice prices remained unchanged at 450 USD/MT. Dhaka city wholesale rice price stood at 418 USD/MT, on the same date.
- In the week ending September 20<sup>th</sup>, Thai opposition party have questioned the credence of the government's purported deal with China for the export of white rice, and have pressed the government to verify the agreement by revealing its details. In response, the Thai Commerce Minister said that talks with the Chinese company were in an advanced stage and that a contract would be signed by both parties within the next two weeks. Thai white rice prices have firmed as the Thai Baht has strengthened against the US Dollar, but the parboiled rice prices remained unchanged this week (Live rice index, 20 September).

## WHEAT

- In the fortnight ending September 20<sup>th</sup>, US SRW wheat prices rose by 3.5%, up to 259 USD/MT. While Russian and Ukraine wheat prices remained static at 255 USD/MT and 253 USD/MT, respectively. 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	Sep-14
13-Sep	231	236	240	242	241	
20-Sep		237	241	244	242	243
change		0.7%	0.7%	0.8%	0.2%	

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

change	Sep-13	Dec-13	Mar-14	May-14	Jul-14	Sep-14
13-Sep	252	254	257	258	254	
20-Sep		255	256	257	253	256
change		0.1%	-0.2%	-0.3%	-0.3%	

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

Wheat futures closed slightly higher in the week ending September 20<sup>th</sup>. Cool temperatures and rain in the U.S. plains boosted planting conditions for the winter wheat crop, which pressured futures. Plentiful supplies of HRW after harvest also weighed on markets. Better-than-expected weekly export sales and a seven-month low U.S. dollar value supported wheat markets. The CBOT December wheat contract gained 1 USD/MT to close at 237 USD/MT, while KCBT added 1 USD/MT to close at 255 USD/MT (US Wheat Associates, 20 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	477	1.7%
Ending stocks	107	107	107	0.2%

Source: USDA, September 2013

#### RICE

- Global rice production for 2013/14 is forecasted in September at 476.8 million MT (milled basis), up 1.7% from a year earlier, as a result of expansion in area (USDA, 16 September).
- Global ending stocks for 2013/14 are forecasted in September at 107.4 million MT, 0.2% larger than a year earlier (USDA, August 2013).

#### WHEAT

- Global wheat production for 2013/14 in September is forecasted at 708.9 million MT, 8.4% above a year earlier, due to upward projection for Canada and European Union (USDA, 16 September).
- World wheat ending stocks for 2013/14 are forecasted in September at 176.3 million MT, 1.3% higher a year earlier (USDA, 16 September).

**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	709	8.4%
Ending stocks	194	174	176	1.3%

Source: USDA, September 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	6.95	7.00	▲1%	8.00	▲14%
Vietnam	7.70	7.40	▼-4%	7.80	▲5%
USA	3.30	3.40	▲3%	3.15	▼-7%
Pakistan	3.40	3.00	▼-12%	3.10	▲3%
India	10.25	10.00	▼-2%	9.30	▼-7%
Others	7.54	7.53	▼0%	7.66	▲2%
<b>World total</b>	<b>39.13</b>	<b>38.33</b>	▼-2%	<b>39.01</b>	▲1.8%

**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	28.14	27.70	▼-2%	30.00	▲8%
European Union	16.69	20.20	▲21%	23.00	▲14%
Canada	17.60	18.58	▲6%	20.00	▲8%
Australia	23.01	21.30	▼-7%	19.00	▼-11%
Ukraine	5.44	7.19	▲32%	10.00	▲39%
Russia	21.63	11.29	▼-48%	17.00	▼51%
Others	41.33	40.72	▼-1%	33.38	▼-18%
<b>World total</b>	<b>153.84</b>	<b>146.98</b>	▼-4%	<b>152.38</b>	▼4%

Source: USDA, September 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 forecasted in September at 39.0 million MT, which is 1.8% above a year earlier (USDA, 16 September).
- There were two export revisions for 2014 this month. First, India's export forecast was raised 0.3 million MT to 9.3 million MT based on adequate supplies and expected continued strong sales to Iran. India will be the largest global rice exporter. Second, the U.S. export forecast was raised 50 thousand MT to 3.15 million MT based on larger U.S. supplies (USDA, 16 September).
- The 2013 global rice export forecast in September was raised to 38.3 million MT, still 2% below the year-earlier record because of upward export revision for India and Argentina (USDA, 16 September).

#### WHEAT

- Projected world wheat export for 2013/14 in September is 152.4 million MT, 4% higher than the previous year (USDA, 16 September).

- Export projections for several countries in 2013/14 are adjusted this month. European Union export prospects are up 1.0 million MT to 23.0 million MT as supplies are ample, and the pace of licenses is the strongest in 10 years. Romania is aggressively exporting to Egypt and France is expected to take over the Egyptian business as Romanian supplies dwindle. France is also currently exporting to China, Algeria, and Saudi Arabia. A sharp increase in wheat supplies for Canada this month makes the country a strong competitor. Canadian exports are projected up 0.5 million MT this month to 20.5 million MT, the highest in almost two decades (USDA, 16 September).

## 5. Import

Figure 5. Rice imports (in '000 MT)

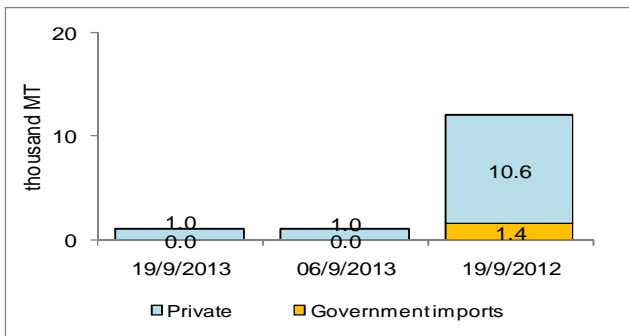
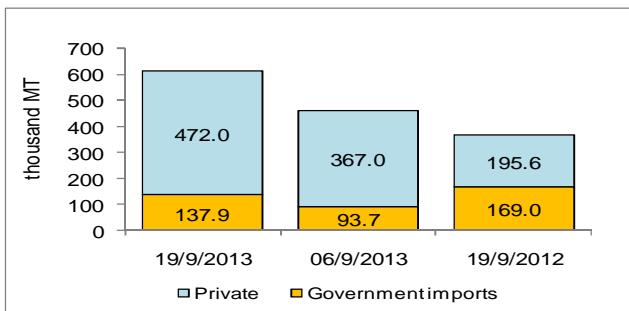


Figure 6. Wheat imports (in '000 MT)



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

### RICE

- As of September 19<sup>th</sup>, 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 12.0 thousand MT, 88% by the private sector.
- During the fortnight ending September 19<sup>th</sup>, no rice was imported.

### WHEAT

- On the same date, 609.9 thousand MT of wheat was imported, of which 77% by private sector. At the same time last year, imports of wheat amounted to 364.6 thousand MT, 46% by government.
- During the fortnight ending September 19<sup>th</sup>, 149.2 thousand MT of wheat were imported by private and government sector.

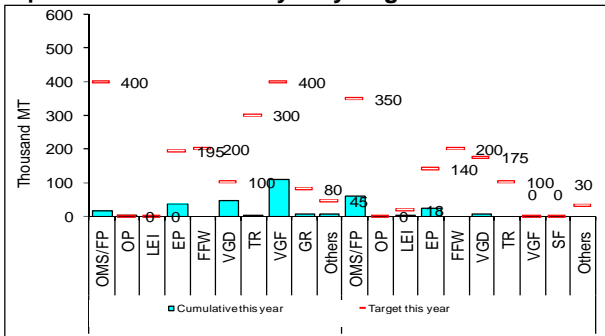
Table 8: LC situation, as of 30 July 2013 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
14-30 July	21	468	23	230
Cumulative month, July	36	529	31	344
Cumulative year (starting 1st July/13)	36	529	31	344

Source: Bangladesh Bank

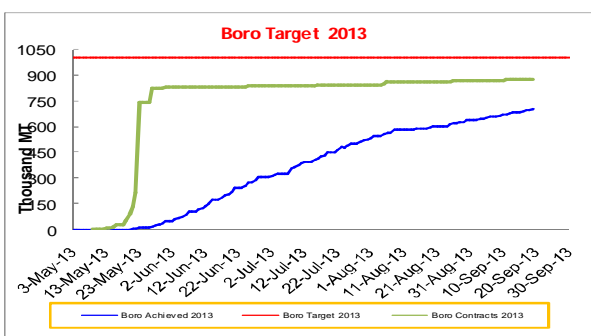
## 6. Government intervention

Figure 7. Rice and wheat distributed through PFDS as of September 19<sup>th</sup> 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

Figure 8. Boro procurement 2013



### 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 19<sup>th</sup>, 46.2 thousand MT food grains were distributed mainly through OMS (18.4 thousand MT), VGD (6.0 thousand MT) and EP (9.5 thousand MT). As of this date, a total of 321.2 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 19<sup>th</sup>, the public food grain stock stood at 1148.31 thousand MT; 880.26 for rice and 268.05 for wheat (MISM, DG Food).

### 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 2<sup>nd</sup> and will continue until September 30<sup>th</sup> 2013.
- As of September 19<sup>th</sup>, 699.0 thousand MT of Rice (Boro) were procured and 874.2 thousand MT were contracted.