

Fortnightly Foodgrain Outlook

No. 134

09 October 2013

HIGHLIGHTS

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

SUMMARY

RICE PRICE

In the fortnight ending October 3rd, the wholesale rice (Swarna) prices on Dhaka city markets fell marginally by 0.2%, down to 32.50 Tk/kg, while retail prices remained unchanged at 35 Tk/kg.

ATTA PRICE

Over the same period, the wholesale prices of atta on Dhaka city markets rose slightly by 0.4%, up to 24.6 Tk/kg, but retail prices continued dropping by 4.8%, down to 30 Tk/kg.

INTERNATIONAL RICE PRICE

In the fortnight ending October 4th, Pakistan 5% parboiled and Thai 5% parboiled rice prices declined by 4.8% and 6.7%, down to 400 USD/MT and 420 USD/MT, respectively. By contrast, Vietnam 15% white, India 5% parboiled and Kolkata wholesale rice prices rose by 1.4%, 1.2% and 7.9%, up to 355 USD/MT, 420 USD/MT and 353 USD/MT, respectively. Dhaka city wholesale rice price stood at 421 USD/MT, on the same date.

INTERNATIONAL WHEAT PRICE

In the fortnight ending October 4th, Russian and Ukraine wheat prices increased by 1.2% and 0.2%, up to 259 USD/MT and 254 USD/MT, respectively. While US SRW wheat prices remained static at 326 USD/MT. On the same date, Dhaka city wholesale wheat price stood at 326 USD/MT.

RICE TRADE PROSPECT

Total calendar year 2014 global rice export is forecasted in September at 39.01 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 October 3rd, no rice was imported.

WHEAT IMPORT

During the fortnight ending October 3rd, 74.3 thousand MT of wheat were imported by the Government.

GOVERNMENT INTERVENTION

Over the fortnight ending October 3rd, 71.12 thousand MT food grains were distributed mainly through VGF, OMS, EP and VGD.

GOVERNMENT STOCK

As of October 3rd, the public food grain stock stood at 1188.81 thousand MT.

GOVERNMENT PROCUREMENT

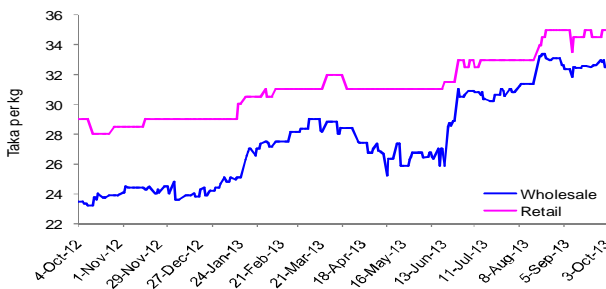
As of October 8th, 749.10 thousand MT of Rice (Boro) was procured and 877.55 thousand MT were contracted.

*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>

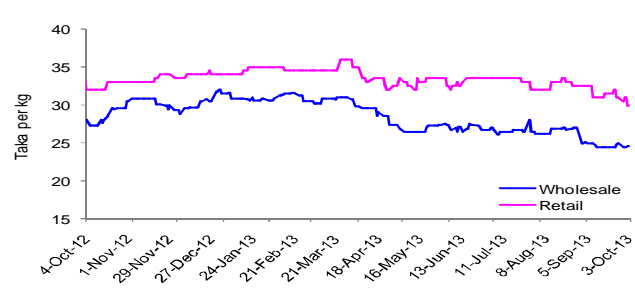
1. Domestic price: coarse rice and atta

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 03/10/13 Tk/kg	change in %		
		fortnight	month	year
RICE				
retail	35.00	0.0	0.0	21.3
wholesale	32.50	-0.2	-0.5	39.4
ATTA				
retail	30.00	-4.8	-7.7	-6.6
wholesale	24.60	0.4	-2.0	-13.6

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 3rd, the wholesale rice (Swarna) prices on Dhaka city markets fell marginally by 0.2%, down to 32.50 Tk/kg, while retail prices remained unchanged at 35 Tk/kg. The wholesale and retail prices are now year-on-year 39.4% and 21.3% higher, respectively.

ATTA

- Over the same period, the wholesale prices of atta on Dhaka city markets rose slightly by 0.4%, up to 24.6 Tk/kg, but retail prices continued dropping by 4.8%, down to 30 Tk/kg. The wholesale and retail prices are now 13.6% and 6.6% lower, respectively, than a year ago.

2. International price

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

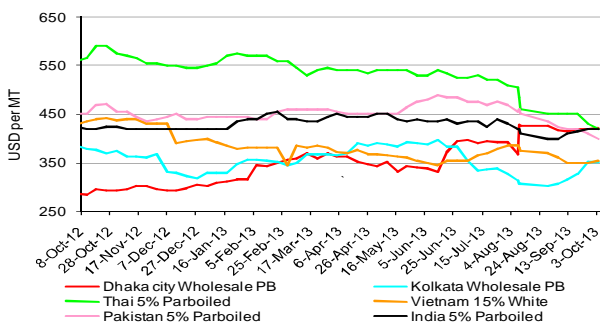
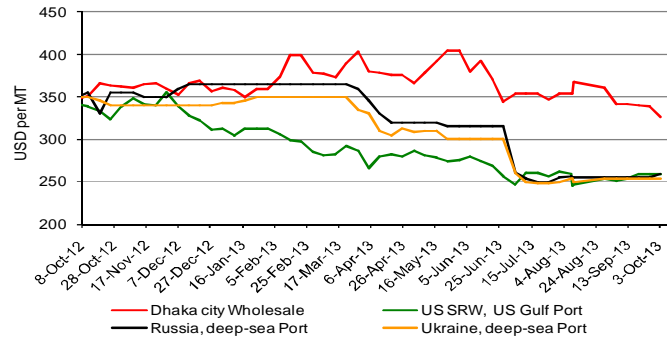


Figure 4. Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 fortnight ending October 4th, Pakistan 5% parboiled and Thai 5% parboiled rice prices declined by 4.8% and 6.7%, down to 400 USD/MT and 420 USD/MT, respectively. By contrast, Vietnam 15% white, India 5% parboiled and Kolkata wholesale rice prices rose by 1.4%, 1.2% and 7.9%, up to 355 USD/MT, 420 USD/MT and 353 USD/MT, respectively. Dhaka city wholesale rice price stood at 421 USD/MT, on the same date.
- Thai rice prices have softened in the week ending October 4th as the Thai Commerce Ministry announced to release 0.3 million MT of rice from government stocks for sale to local and foreign buyers via an auction. On the eve of the Thai rice pledging scheme's third year, the finance ministry estimated that losses from the scheme between 2011 and 2013 could be 12.8 billion USD. However, Commerce Minister refuted the scale of the scheme's deficit (Live rice index, 4 October).

WHEAT

- In the fortnight ending October 4th, Russian and Ukraine wheat prices increased by 1.2% and 0.2%, up to 259 USD/MT and 254 USD/MT, respectively. While US SRW wheat prices remained static at 326 USD/MT. On the same date, Dhaka city wholesale wheat price stood at 326 USD/MT.

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

Closing price	Dec-13	Mar-14	May-14	Jul-14	Sep-14
27-Sep	251	254	255	251	253
4-Oct	252	256	258	255	257
change	0.6%	0.7%	1.1%	1.4%	1.6%

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

change	Dec-13	Mar-14	May-14	Jul-14	Sep-14
27-Sep	269	269	270	263	265
4-Oct	276	275	275	269	272
change	2.5%	2.3%	2.0%	2.3%	2.6%

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

US wheat futures closed higher in the week ending October 4th, reaching their highest prices since early June. Strong demand for high-protein US wheat and lower estimated world supply supported futures. A USDA report showed lower HRW production, which supported KCBT contracts. The CBOT December wheat contract gained 1 USD/MT to close at 252 USD/MT, while KCBT added 7 USD/MT to close at 276 USD/MT (US Wheat Associates, 4 October 2013).

3. Global production and stocks

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

	2011/12	2012/13	2013/14 forecast	change 2013/14 over 2012/13
Production	466	469	477	1.7%
Ending stocks	105	105	107	2.1%

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, 2.1% larger than a year earlier (USDA, August 2013).

WHEAT

- Global wheat production for 2013/14 in September is forecasted at 708.9 million MT, 8.2% 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, 1.4% higher a year earlier (USDA, 16 September).

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

	2011/12	2012/13	2013/14 forecast	change 2013/14 over 2012/13
Production	697	655	709	8.2%
Ending stocks	199	174	176	1.4%

Source: USDA, September 2013

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

	2011/12	2012/13	2011/12- 2012/13 change	2013/14 projected	2012/13- 2013/14 change
Thailand	6.95	7.00	▲1%	8.00	▲14%
Vietnam	7.72	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	7.52	7.53	▲0%	7.66	▲2%
World total	39.13	38.33	▼-2%	39.01	▲1.8%

Table 7. Main wheat annual exporters (million MT)

	2011/12	2012/13	2011/12- 2012/13 change	2013/14 projected	2012/13- 2013/14 change
USA	28.14	27.70	▼-2%	30.00	▲8%
European Union	16.69	22.20	▲33%	23.00	▼4%
Canada	17.60	18.58	▲6%	20.50	▲10%
Australia	23.03	21.30	▼-8%	19.00	▼-11%
Ukraine	5.44	7.20	▲32%	10.00	▲39%
Russia	21.63	11.29	▼-48%	17.00	▲51%
Others	41.32	38.72	▼-6%	32.88	▼-15%
World total	153.85	146.98	▼-4%	152.38	▲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 39.01 million MT, which is 1.8% above a year earlier mainly due to higher export forecast for India and U.S.A (USDA, 16 September).
- The 2013 global rice export forecasted 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).
- Vietnam's rice prices are expected to decline once again as harvest of the autumn-winter rice in the Mekong Delta region peaks this month. Vietnam's rice exports in September declined to around 15% from the level in August, partly due to higher prices (Oryza, 8 Oct.).

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 in 2013/14 are adjusted upward in September for European Union and Canada. EU export prospects are up 1.0 million MT to 23.0 million MT and Canadian exports are projected up 0.5 million MT to 20.5 million MT (USDA, 16 September).
- The Ministry of Agrarian Policy and Food of Ukraine does not see any reason to impose any limitations on grain exports from the country in 2013/14. It is noted that in 2013/14 the potential of wheat exports from Ukraine is estimated at 10.9 million MT (Agrimarket, 7 Oct.).

5. Import

Figure 5. Rice imports (in '000 MT)

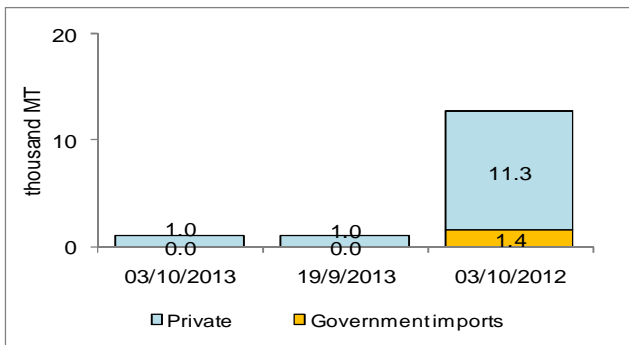
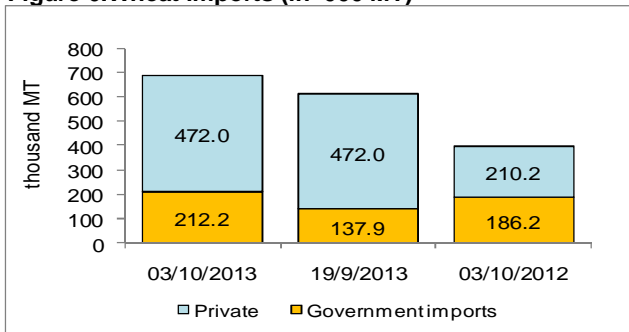


Figure 6. Wheat imports (in '000 MT)



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

RICE

- As of October 3rd, 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 12.7 thousand MT, 89% by the private sector.
- During the fortnight ending October 3rd, no rice was imported.

WHEAT

- On the same date, 684.3 thousand MT of wheat were imported, of which 69% by private sector. At the same time last year, imports of wheat amounted to 396.4 thousand MT, 53% by private sector.
- During the fortnight ending October 3rd, 74.3 thousand MT of wheat were imported by government.

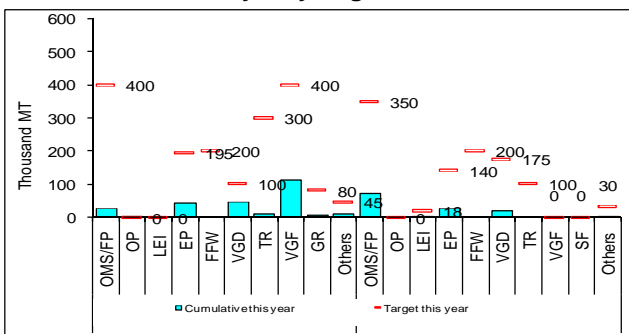
Table 8: LC situation, as of 21st September /13 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
15- 21 September	10	31	11	136
Cumulative month, september	51	97	37	391
Cumulative year (starting 1st July/13)	153	1099	132	995

Source: Bangladesh Bank

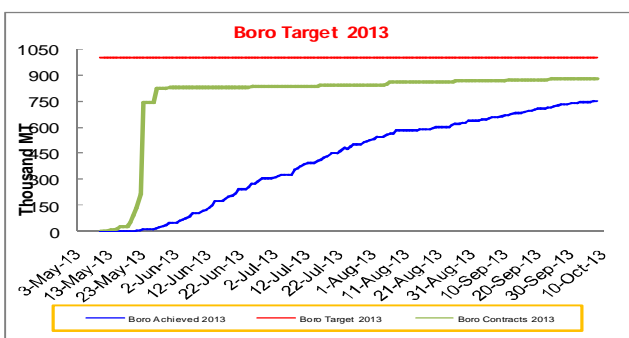
6. Government intervention

Figure 7. Rice and wheat distributed through PFDS as of October 3rd 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. The actual distribution of 2.09 million MT in 2012/13.
- Over the fortnight ending October 3rd, 71.12 thousand MT food grains were distributed mainly through OMS (22.6 thousand MT), VGD (16.7 thousand MT), EP (11.3 thousand MT) and TR (7.5 thousand MT). As of this date, a total of 392.32 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 October 3rd, the public food grain stock stood at 1188.81 thousand MT; 887.78 for rice and 301.03 for wheat (MISM, DG Food).

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 to closed October 31st 2013.
- As of October 8th, 749.10 thousand MT of Boro rice were procured and 877.55 thousand MT were contracted.