

Fortnightly Foodgrain Outlook

No. 154

17 July 2014

HIGHLIGHTS

- The domestic wholesale rice prices decreased, while the retail prices remained unchanged over the last fortnight.
- The domestic wholesale atta prices decreased, while the retail prices remained unchanged over the last fortnight.
- Export rice prices of India and Vietnam increased, while in Thailand and Pakistan rice prices remained unchanged over the last fortnight.
- Wheat export prices of US SRW, Russian and Ukraine fell over last fortnight.
- Global wheat exports are forecasted at a lower level, while for rice it is reverse.

SUMMARY

RICE PRICE

In the fortnight ending July 10th, the wholesale rice (Swarna) prices on Dhaka city markets decreased by 0.7%, down to 33.75 Tk/kg, while the retail prices remained unchanged at 35.5 Tk/kg.

ATTA PRICE

Over the same period, the wholesale prices of atta on Dhaka city markets dropped by 2.0%, down to 24.5 Tk/kg, while the retail prices remained unchanged at 32.0 Tk/kg.

INTERNATIONAL RICE PRICE

In the fortnight ending July 11th, Vietnam 15% white and Indian 5% parboiled rice prices increased by 2.1% and 0.7%, up to 390 USD/MT and 413 USD/MT, respectively. By contrast, West Bengal (Burdwan) coarse rice prices increased by 2.1%, up to 400 USD/MT. However, Thai 5% parboiled and Pakistan 5% parboiled rice prices remained unchanged at 420 USD/MT and 440 USD/MT, respectively.

INTERNATIONAL WHEAT PRICE

In the fortnight ending July 11th, the US SRW, Russian and Ukraine wheat prices sharply decreased by 3.2%, 11.0% and 10.8%, down to 225 USD/MT, 251 USD/MT and 247 USD/MT, respectively.

RICE TRADE PROSPECT

Total calendar year 2015 global rice export is forecasted in July at a record 41.5 million MT, up 1.7% from a year earlier.

WHEAT TRADE PROSPECT

World wheat export for 2014/15 is projected in July at 151.72 million MT, which is 6% lower than the previous year's export.

RICE IMPORT

During the fortnight ending July 10th, no rice was imported by private and the public sectors.

WHEAT IMPORT

During the fortnight ending July 10th, 14.0 thousand MT of wheat was imported by the public sector.

GOVERNMENT INTERVENTION

Over the fortnight ending July 10th, only 1.9 thousand MT food grains were distributed mainly through the OMS and EP.

GOVERNMENT STOCK

As of July 10th, the public food grain stock stood at 1161.4 thousand MT.

GOVERNMENT PROCUREMENT (BORO)

As of July 10th, a total of 469.22 thousand MT of Rice (Boro) were procured and 810.08 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)

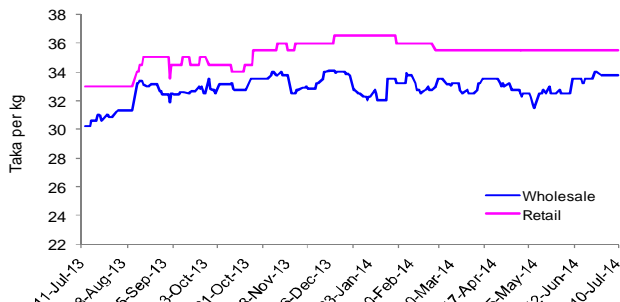
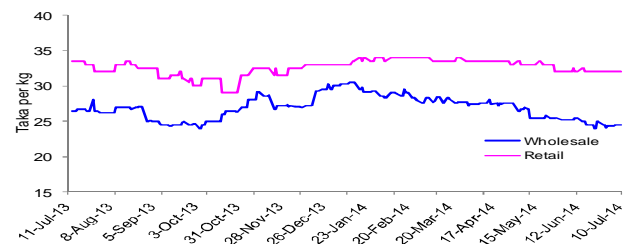


Figure 2. Change in prices of *Atta* (Dhaka)



Source: Department of Agricultural Marketing (DAM)

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

	Price on 10/07/14 Tk/kg	change in %		
		fortnight	month	year
RICE				
retail	35.50	0.0	0.0	8.2
wholesale	33.75	-0.7	0.7	9.8
ATTA				
retail	32.00	0.0	0.0	-4.5
wholesale	24.50	-2.0	-3.5	-8.1

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 July 10th, the wholesale rice (Swarna) prices on Dhaka city markets decreased by 0.7%, down to 33.75 Tk/kg, while the retail prices remained unchanged at 35.5 Tk/kg. The wholesale and retail prices are now year-on-year 9.8% and 8.2% higher, respectively.

ATTA

- Over the same period, the wholesale prices of *atta* on Dhaka city markets dropped by 2.0%, down to 24.5 Tk/kg, while the retail prices remained unchanged at 32.0 Tk/kg. The wholesale and retail prices are now year-on-year 8.1% and 4.5% lower, respectively.

2. International price

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

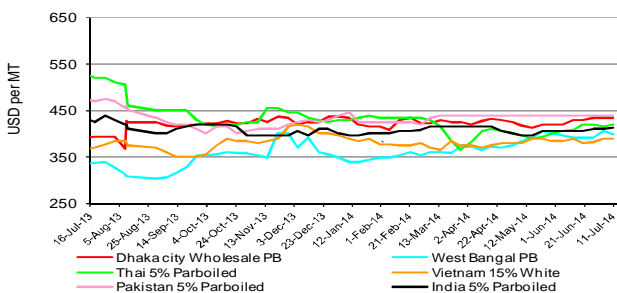
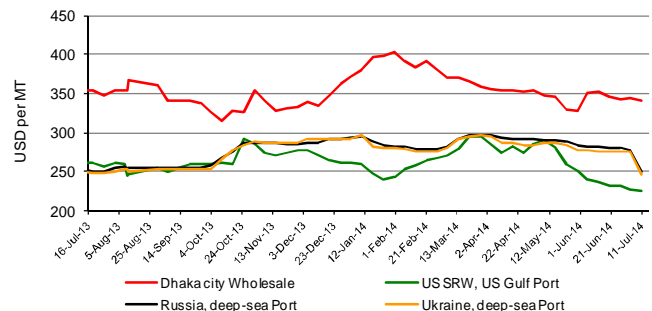


Figure 4. Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 July 11th, Vietnam 15% white and Indian 5% parboiled rice prices increased by 2.1% and 0.7%, up to 390 USD/MT and 413 USD/MT, respectively. By contrast, West Bengal (Burdwan) coarse rice prices increased by 2.1%, up to 400 USD/MT. However, Thai 5% parboiled and Pakistan 5% parboiled rice prices remained unchanged at 420 USD/MT and 440 USD/MT, respectively. Dhaka city wholesale rice prices stood at 435 USD/MT, on the same date.
- The Thai military government sent army units to secure rice warehouses and stopped all deliveries until further notice. This decision caused disruption to the loading of vessels in Bangkok and some exporters have suspended all offers until the situation becomes clear.

WHEAT

- In the fortnight ending July 11th, the US SRW, Russian and Ukraine wheat prices sharply decreased by 3.2%, 11.0% and 10.8%, down to 225 USD/MT, 251 USD/MT and 247 USD/MT, respectively. On the same date, Dhaka city wholesale wheat prices stood at 341 USD/MT.
- During last week there was a bearish trend on the Russian wheat export market. Thus, in the Black Sea ports the offer prices for stated commodity 12.5% decreased by 2-4 USD/t FOB – to 248-253 USD/t FOB. The prices for the stated commodity will decrease due to the low demand of importers and good crop prospects.

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

Closing price	Jul-14	Sep-14	Dec-14	Mar-15	May-15
3-Jul	209	213	222	231	236
11-Jul	189	193	201	209	215
change	-9.4%	-9.2%	-9.3%	-9.2%	-8.8%

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

change	Jul-14	Sep-14	Dec-14	Mar-15	May-15
3-Jul	256	253	256	258	259
11-Jul	233	234	238	240	242
change	-9.0%	-7.4%	-7.2%	-7.1%	-6.9%

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

Wheat futures fell in the week ending July 11th on large world supplies and slower demand for U.S. exports. A large increase from USDA in projected world production and global ending stocks added to persistent pressure created last week by Canada's higher domestic production estimate. Severe weather in much of the U.S. winter wheat growing areas threatened crop conditions but ultimately did not appear to cause significant damage. The CBOT July wheat contract lost 20 USD/MT to close at 189 USD/MT and KCBT also lost 23 USD/MT to close at 233 USD/MT (US Wheat Associates, 11th July, 2014).

3. Global production and stocks

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

	2012/13	2013/14	2014/15 forecast	change 2014/15 over 2013/14
Production	472	477	479	0.4%
Ending stocks	110	112	109	-2.7%

Source: USDA, July, 2014.

RICE

- Global rice production for 2014/15 is forecasted in July at a record 479.0 million MT (milled basis), up about 0.4% from a year earlier due to projected record production for East Asia and Southeast Asia (USDA, 11 July, 2014).
- Global ending stocks for 2014/15 are forecasted in July at 109 million MT, still 2.7% below a year earlier (USDA 11 July, 2014).

WHEAT

- Global wheat production for 2014/15 in June is projected to reach 705.0 million MT, down 1.1% from a year earlier (USDA, 11 July, 2014).
- World wheat ending stocks for 2014/15 are forecasted in July at 189 million MT, which is 2.3% higher a year earlier (USDA, 11 July, 2014)

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

	2012/13	2013/14	2014/15 forecast	change 2014/15 over 2013/14
Production	658	713	705	-1.1%
Ending stocks	176	184	189	2.3%

Source: USDA, July, 2014.

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

	2012/13	2013/14	2012/13- 2013/14 change	2014/15 projected	2013/14- 2014/15 change
Thailand	6.72	9.00	▲ 34%	10.00	▲ 11%
Vietnam	6.70	6.50	▼ -3%	6.70	▲ 3%
USA	3.27	3.15	▼ -4%	3.50	▲ 11%
Pakistan	4.13	3.90	▼ -5%	3.90	▶ 0%
India	10.48	10.00	▼ -5%	9.00	▼ -10%
Others	8.11	8.29	▲ 2%	8.44	▼ 2%
World total	39.41	40.84	▲ 4%	41.54	▲ 1.7%

Table 7. Main wheat annual exporters (million MT)

	2012/13	2013/14	2012/13- 2013/14 change	2014/15 projected	2013/14- 2014/15 change
USA	27.70	31.50	▲ 14%	25.00	▼ -21%
European Union	22.62	30.50	▲ 35%	28.00	▼ -8%
Canada	18.58	22.00	▲ 18%	21.00	▼ -5%
Australia	21.27	18.50	▼ -13%	19.50	▲ 5%
Ukraine	7.19	9.50	▲ 32%	9.00	▼ -5%
Russia	11.29	18.50	▲ 64%	19.50	▲ 5%
Others	38.35	30.14	▼ -21%	29.72	▼ -1%
World total	147.00	160.64	▲ 9%	151.72	▼ -6%

Source: (USDA, July, 2014).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, 2014/15 is calendar year 2015, 2013/14 is calendar year 2014 and so on.

RICE

- Total calendar year 2015 global rice export is forecasted in July at a record 41.5 million MT, up 1.7% from a year earlier (USDA, 11 July, 2014).
- Thailand is projected to return as the largest rice exporter in 2015, shipping 10.0 million MT of rice, up 11% from a year earlier because of more competitive prices and abundant supplies. India's export projection decline to 9.0 million MT in 2015, down 10% from 2014, largely due to more competition from Thailand (USDA, 11 July, 2014).
- Vietnam's 2015 rice exports are projected at 6.7 million MT, up 3% from a year earlier. Pakistan remains projected to export 3.9 million MT of rice in 2015, as a result of bumper crop. U.S. rice exports are projected to increase almost 11% to 3.5 million MT based on larger supplies and expectations of more competitive prices (USDA, 11 July, 2014).

WHEAT

- World wheat export for 2014/15 is projected in July at 151.7 million MT, which is 6% lower than the previous year's export (USDA, 11 July, 2014).

- Partly offsetting the increases for EU and Russia is a decline of 0.5 million MT for the United States, down to 25.5 million. The wheat export forecast for the United States is lowered this month, as reduced wheat output, tight supplies, and the resulting higher forecast domestic prices are expected to limit its exports in 2014/15 (USDA, 13 June).

5. Import

Figure 5. Rice imports (in '000 MT)

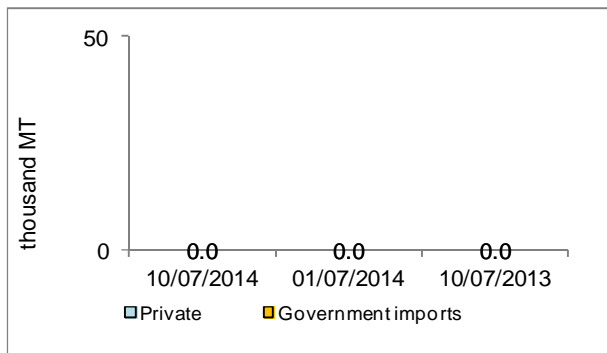
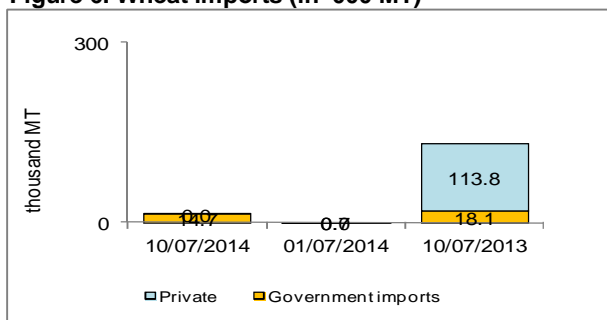


Figure 6. Wheat imports (in '000 MT)



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

RICE

- As of July 10th, this fiscal year no rice was imported by the private and public sector. Over the same period last year, total imports of rice amounted to only 30 MT by the private sector.

WHEAT

- On the same date, 14.7 thousand MT of wheat was imported by public sector. At the same time last year, imports of wheat amounted to 18.13 thousand MT by public sector.
- During the fortnight ending July 10th, 14.0 thousand MT of wheat was imported by the public sector.
- During the fortnight ending July 10th, no wheat was imported by the private sector but last year as on same date 113.8 thousand MT of wheat was imported by the private sector.

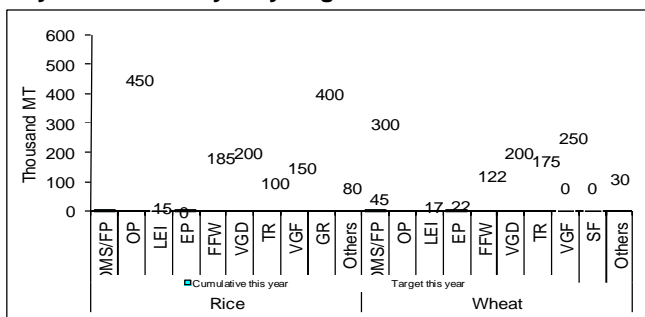
Table 8: LC situation, as of 14th June /14 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
1-14 June/14	36	55	22	63
Cumulative month, June/14	36	55	22	63
Cumulative year (starting 1st July/13)	920	2835	847	3123

Source: Bangladesh Bank

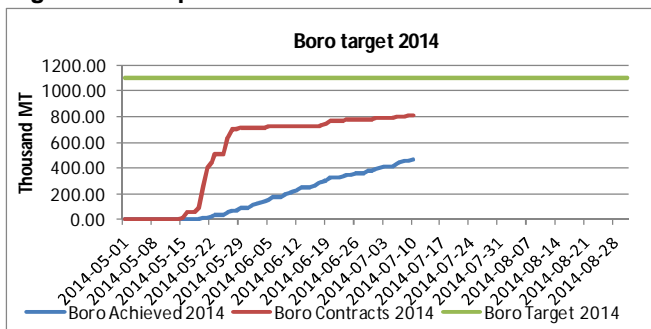
6. Government intervention

Figure 7. Rice and wheat distributed through PFDS as of July 10th 2014 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 2014



PUBLIC FOOD DISTRIBUTION

- The total distribution planned for 2014/15 at 2.74 million MT. The actual distribution was 2.22 million MT in 2013/14.
- Over the fortnight ending July 10th, 1.9 thousand MT food grains were distributed mainly through OMS (1.0 thousand MT) and EP (0.8 thousand MT).
- The OMS drive is continuing in small scale only in major metropolitan areas. Rice being sold at 24 Tk/kg and Atta sold at 22 Tk/kg.

PUBLIC STOCKS

- As of July 10th, the public food grain stock stood at 1161.4 thousand MT; 800.4 thousand MT for rice and 361.0 thousand MT for wheat (MISM, DG Food).

BORO PROCUREMENT

- The government started procurement of at least 1.10 million MT of Boro rice (1000 thousand MT of rice and 150 thousand MT of paddy) at 31 Tk/kg for parboiled rice, at 30 Tk/kg for white rice and at 20 Tk/kg for paddy from the domestic market to provide a price incentive to the farmers. The drive began on 1st May and will continue until August 31st 2014.
- As of July 10th, 469.22 thousand MT of Rice (Boro) were procured and 810.08 thousand MT were contracted.