

Fortnightly Foodgrain Outlook

No. 156

13 August 2014

HIGHLIGHTS

- The domestic wholesale rice prices increased, but the retail prices remained unchanged over the last fortnight.
- The domestic wholesale atta prices increased, while the retail prices remained unchanged over the last fortnight.
- Export rice prices of Thailand, Vietnam and Pakistan increased, while in India rice prices remained unchanged over the last fortnight.
- Wheat export prices of US SRW, Russian and Ukraine increased 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 August 7th, the wholesale rice (Swarna) prices on Dhaka city markets increased by 3.8%, up to 34.25 Tk/kg, while the retail prices remained unchanged at 36.0Tk/kg.

ATTA PRICE

Over the same period, the wholesale prices of atta on Dhaka city markets increased by 1.4%, up to 24.95 Tk/kg, while the retail prices remained unchanged at 32.0 Tk/kg.

INTERNATIONAL RICE PRICE

In the fortnight ending August 8th, Vietnam 15% white, Thai 5% parboiled and Pakistan 5% parboiled rice prices increased by 3.5%, 1.2% and 2.7%, up to 445 USD/MT, 435 USD/MT and 452 USD/MT, respectively. However, India 5% parboiled rice prices remained unchanged at 420 USD/MT.

INTERNATIONAL WHEAT PRICE

In the fortnight ending August 8th, the US SRW, Russian and Ukraine wheat prices increased by 6.1%, 0.8% and 1.2%, up at 225 USD/MT, 248 USD/MT and 248 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 151.7 million MT, which is 6% lower than the previous year's export.

RICE IMPORT

During the fortnight ending August 7th, no rice was imported by private and the public sectors.

WHEAT IMPORT

During the fortnight ending August 7th, 4.93 thousand MT of wheat was imported by the public sector.

GOVERNMENT INTERVENTION

Over the fortnight ending August 7th, only 23.7 thousand MT food grains were distributed mainly through the VGD, OMS and EP.

GOVERNMENT STOCK

As of August 7th, the public food grain stock stood at 1351.2 thousand MT.

GOVERNMENT PROCUREMENT (BORO)

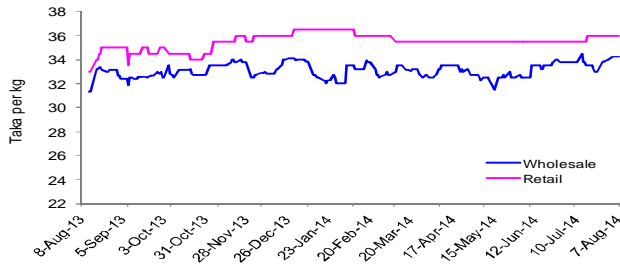
As of August 7th, a total of about 697.0 thousand MT of Rice (Boro) were procured and 905.2 thousand MT were contracted.

*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>

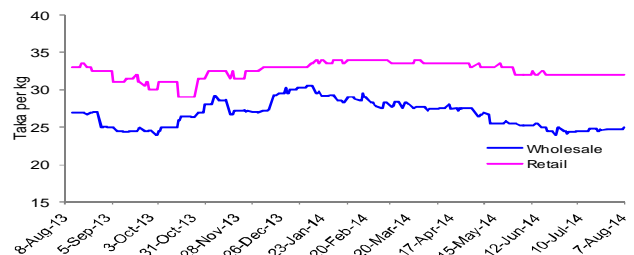
1. Domestic price: coarse rice and *atta*

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 07/08/14 Tk/kg	change in %			
	fortnight	month	year	
RICE				
retail	36.00	0.0	1.4	9.1
wholesale	34.25	3.8	1.5	9.8
ATTA				
retail	32.00	0.0	0.0	-0.7
wholesale	24.95	1.4	1.8	-6.7

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

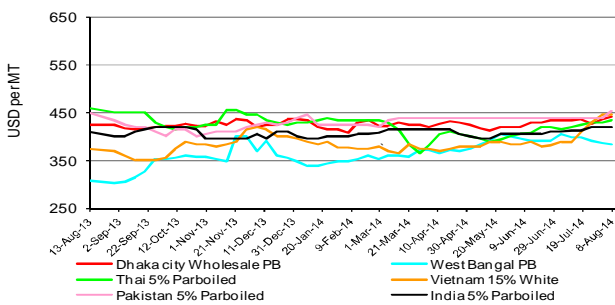
- In the fortnight ending August 7th, the wholesale rice (Swarna) prices on Dhaka city markets increased by 3.8%, up to 34.25 Tk/kg, while the retail prices remained unchanged at 36.0 Tk/kg. The wholesale and retail prices are now year-on-year 9.8% and 9.1% higher, respectively.

ATTA

- Over the same period, the wholesale prices of *atta* on Dhaka city markets increased by 1.4%, up to 24.95 Tk/kg, while the retail prices remained unchanged at 32.0 Tk/kg. The wholesale and retail prices are now year-on-year 6.7% and 0.7% lower, respectively.

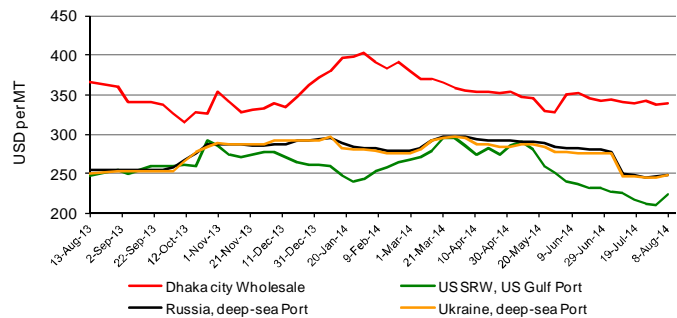
2. International price

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 August 8th, Vietnam 15% white, Thai 5% parboiled and Pakistan 5% parboiled rice prices increased by 3.5%, 1.2% and 2.7%, up to 445 USD/MT, 435 USD/MT and 452 USD/MT, respectively. By contrast, West Bengal (Burdwan) coarse rice prices decreased by 1.8%, down to 384 USD/MT. However, India 5% parboiled rice prices remained unchanged at 420 USD/MT. Dhaka city wholesale rice prices stood at 428 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 August 8th, the US SRW, Russian and Ukraine wheat prices increased by 6.1%, 0.8% and 1.2%, up at 225 USD/MT, 248 USD/MT and 248 USD/MT, respectively. On the same date, Dhaka city wholesale wheat prices stood at 340 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	Sep-14	Dec-14	Mar-15	May-15	Jul-15
1-Aug	196	203	211	216	219
8-Aug	202	208	215	220	222
change	2.8%	2.3%	2.0%	1.8%	1.4%

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

change	Sep-14	Dec-14	Mar-15	May-15	Jul-15
1-Aug	232	236	238	239	236
8-Aug	231	236	240	241	238
change	-0.6%	-0.1%	0.7%	0.8%	0.9%

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

U.S. futures markets closed mixed this week. Crop quality problems in Europe and Ukraine, which could improve export prospects for U.S. wheat, pushed futures to their highest point in a month on Wednesday. But profit taking following the rally resulted in a sharp decline. The advancing northern hemisphere harvest and expectations for large world supplies continue to weigh on futures markets. 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 September wheat contract gained 6 USD/MT to close at 202 USD/MT and KCBT lost 1 USD/MT to close at 231 USD/MT (US Wheat Associates, 8th August, 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 but second highest on record (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)
- Extreme weather issues hindering Northern Hemisphere crop development and political unrest in Ukraine could affect wheat production and trade.

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)

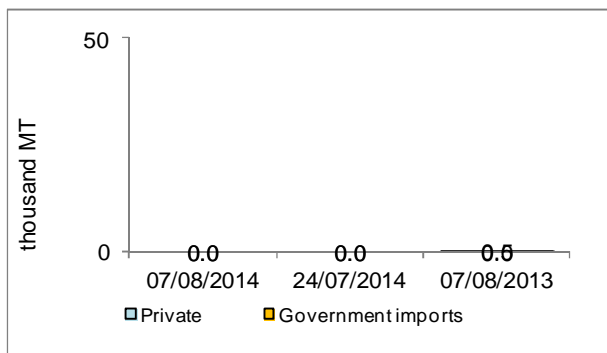
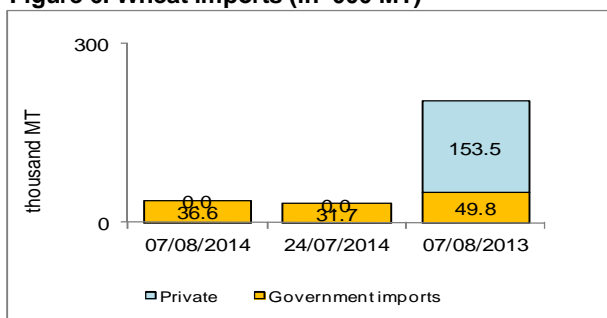


Figure 6. Wheat imports (in '000 MT)



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

RICE

- As of August 7th, 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 460 MT by the private sector.

WHEAT

- On the same date, about 36.60 thousand MT of wheat was imported by public sector. At the same time last year, imports of wheat amounted to 49.80 thousand MT by public sector.
- During the fortnight ending August 7th, 4.93 thousand MT of wheat was imported by the public sector.
- During the fortnight ending August 7th, no wheat was imported by the private sector but last year as on same date 153.5 thousand MT of wheat was imported by the private sector.

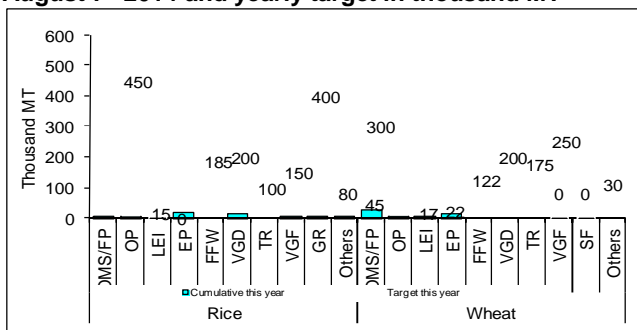
Table 8: LC situation, as of 31st July/14 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
19-31 July/14	0	109	0	171
Cumulative month, July/14	26	223	22	2733
Cumulative year (starting 1st July/14)	26	223	22	2733

Source: Bangladesh Bank

6. Government intervention

Figure 7. Rice and wheat distributed through PFDS as of August 7th 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

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 August 7th, 23.7 thousand MT food grains were distributed mainly through VGD (8.1 thousand MT), OMS (7.3 thousand MT) and EP (6.2 thousand MT). As of this date, a total of 69.7 thousand MT had been distributed through PFDS, which is about 2.5% of the yearly target.
- 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 August 7th, the public food grain stock stood at 1351.2 thousand MT; 997.6 thousand MT for rice and 353.6 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 August 7th, 696.95 thousand MT of Rice (Boro) were procured and 905.21 thousand MT were contracted.

Figure 8. Boro procurement 2014

