

Fortnightly Foodgrain Outlook

No. 157

27 August 2014

HIGHLIGHTS

- The domestic wholesale rice prices decreased, but the retail prices remained unchanged over the last fortnight.
- The domestic wholesale and retail atta prices decreased over the last fortnight.
- Export rice prices of Vietnam and Pakistan decreased, while in India and Thailand rice prices remained unchanged over the last fortnight.
- Wheat export prices of US SRW, Russian and Ukraine decreased 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 21st, the wholesale rice (Swarna) prices on Dhaka city markets decreased by 0.7%, down to 34.0 Tk/kg, while the retail prices remained unchanged at 36.0Tk/kg.

ATTA PRICE

Over the same period, the wholesale and retail prices of atta on Dhaka city markets decreased by 1.8% and 3.1%, down to 24.5 Tk/kg and 31.0 Tk/kg, respectively.

INTERNATIONAL RICE PRICE

In the fortnight ending August 22nd, Vietnam 15% white and Pakistan 5% parboiled rice prices decreased by 2.2% and 0.4%, down to 435 USD/MT and 450 USD/MT, respectively. However, India 5% parboiled and Thai 5% parboiled rice prices remained unchanged at 420 USD/MT and 435 USD/MT, respectively.

INTERNATIONAL WHEAT PRICE

In the fortnight ending August 22nd, the US SRW, Russian and Ukraine wheat prices decreased by 2.4%, 0.2% and 0.8%, down to 219 USD/MT, 248 USD/MT and 246 USD/MT, respectively.

RICE TRADE PROSPECT

Total calendar year 2015 global rice export is forecasted in August 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 August at 151.7 million MT, which is 6% lower than the previous year's export.

RICE IMPORT

During the fortnight ending August 21st, no rice was imported by the public sectors.

WHEAT IMPORT

During the fortnight ending August 21st, 9.14 thousand MT of wheat was imported by the public sector.

GOVERNMENT INTERVENTION

Over the fortnight ending August 21st, only 40.8 thousand MT food grains were distributed mainly through the VGD, EP and OMS.

GOVERNMENT STOCK

As of August 21st, the public food grain stock stood at 1406.01 thousand MT.

GOVERNMENT PROCUREMENT (BORO)

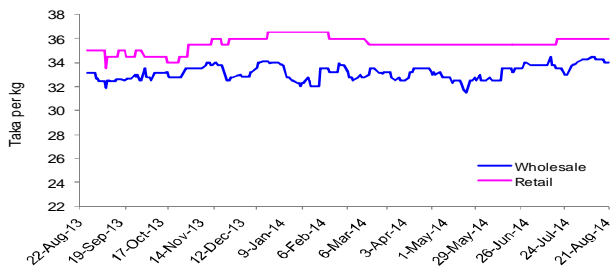
As of August 21st, a total of about 787.18 thousand MT of Rice (Boro) were procured and 942.99 thousand MT were contracted.

*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>

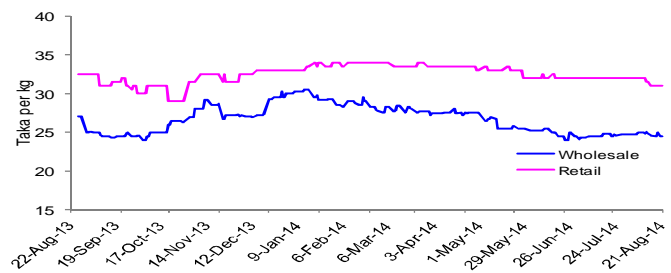
1. Domestic price: coarse rice and *atta*

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 21/08/14 Tk/kg	change in %			
	fortnight	month	year	
RICE				
retail	36.00	0.0	0.0	7.3
wholesale	34.00	-0.7	2.3	6.3
ATTA				
retail	31.00	-3.1	-3.1	-4.7
wholesale	24.50	-1.8	0.0	-7.5

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

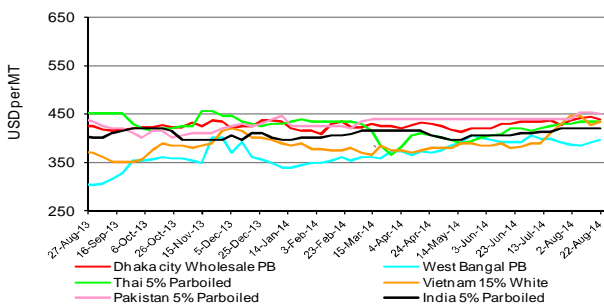
- In the fortnight ending August 21st, the wholesale rice (Swarna) prices on Dhaka city markets decreased by 0.7%, down to 34.0 Tk/kg, while the retail prices remained unchanged at 36.0 Tk/kg. The wholesale and retail prices are now year-on-year 6.3% and 7.3% higher, respectively.

ATTA

- Over the same period, the wholesale and retail prices of *atta* on Dhaka city markets decreased by 1.8% and 3.1%, down to 24.5 Tk/kg and 31.0 Tk/kg respectively. The wholesale and retail prices are now year-on-year 7.5% and 4.7% lower, respectively.

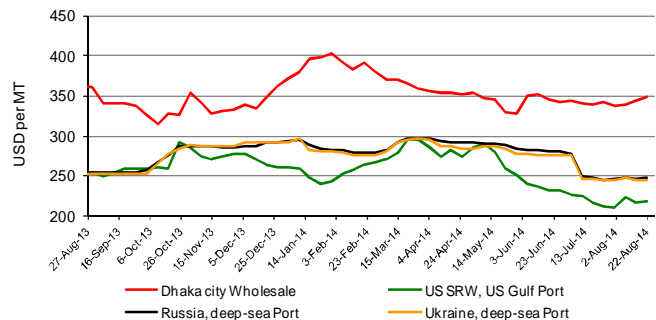
2. International price

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 22nd, Vietnam 15% white and Pakistan 5% parboiled rice prices decreased by 2.2% and 0.4%, down to 435 USD/MT and 450 USD/MT, respectively. By contrast, West Bengal (Burdwan) coarse rice prices increased by 3.3%, up to 397 USD/MT. However, India 5% parboiled and Thai 5% parboiled rice prices remained unchanged at 420 USD/MT and 435 USD/MT, respectively. Dhaka city wholesale rice prices stood at 440 USD/MT, on the same date.
- Prices for all grades of Thailand's regular-milled white rice have increased by 4 to 8 percent since early July, mostly due to tight supplies of exportable rice caused by the military Government's decision to halt the movement of Government rice stocks from storage warehouses until the inspection of rice quantity and quality is completed. On August 7, the Government of Thailand held a public auction for a sale of about 168,000 tons of intervention stocks. However, because the prices were below the minimum Government price, all bids were turned down. Prices for aromatic rice and parboiled rice have also increased over the past month.

WHEAT

- In the fortnight ending August 22nd, the US SRW, Russian and Ukraine wheat prices decreased by 2.4%, 0.2% and 0.8%, down to 219 USD/MT, 248 USD/MT and 246 USD/MT, respectively. On the same date, Dhaka city wholesale wheat prices stood at about 349 USD/MT.
- Prices of most wheat classes fell during the month of July, pressured by prospects for large global suppliers of wheat. 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
15-Aug	203	207	214	219	222
22-Aug	203	207	213	217	219
change	0.1%	-0.2%	-0.6%	-1.0%	-1.2%

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

change	Sep-14	Dec-14	Mar-15	May-15	Jul-15
15-Aug	228	233	237	238	235
22-Aug	233	237	240	240	237
change	2.2%	1.5%	1.3%	0.9%	0.9%

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

Wheat futures closed higher this week on worries that supplies of milling quality wheat will be low in Ukraine and France. A smaller than expected production forecast in Canada also added support. Heavy rain in North Dakota caused delays to the spring wheat harvest and threatened to damage quality, supporting futures. Weak U.S. export sales data and decreasing concerns about political turmoil in the Black Sea region limited gains. Ukrainian flour millers association asked the government to suspend exports of high quality milling wheat until more is known about the size and quality of the harvest. Excessive rain considerably damaged crop quality and local millers worry there won't be enough milling-quality wheat to meet domestic demand. The CBOT September wheat contract gained 1 USD/MT to close at 203 USD/MT and KCBT gained 5 USD/MT to close at 233 USD/MT (US Wheat Associates, 22nd 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	476	477	0.3%
Ending stocks	110	110	105	-4.3%

Source: USDA, August, 2014.

RICE

- Global rice production for 2014/15 is forecasted in August at a record 479.0 million MT (milled basis), up about 0.3% from a year earlier due to projected record production for East Asia and Southeast Asia (USDA, 12 August, 2014).
- Global ending stocks for 2014/15 are forecasted in August at 105 million MT, still 4.3% below a year earlier (USDA 12 August, 2014).

WHEAT

- Global wheat production for 2014/15 in August is projected to reach 716.0 million MT, up 0.3% from a year earlier but second highest on record (USDA, 12 August, 2014).
- World wheat ending stocks for 2014/15 are forecasted in August at 193 million MT, which is 5.1% higher a year earlier (USDA, 12 August, 2014)
- Global production for 2014/15 is raised to a record 716 million tons, largely driven by a bumper crop in Russia and a record crop in China.

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

	2012/13	2013/14	2014/15 forecast	change 2014/15 over 2013/14
Production	658	714	716	0.3%
Ending stocks	176	184	193	5.1%

Source: USDA, August, 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	3.29	3.15	▼ -4%	3.50	▲ 11%
Pakistan	4.13	3.90	▼ -5%	3.90	▶ 0%
India	10.48	10.00	▼ -5%	8.70	▼ -13%
Others	8.09	8.29	▲ 2%	8.74	▼ 5%
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	27.73	31.50	▲ 14%	25.50	▼ -19%
European Union	22.62	30.50	▲ 35%	25.00	▼ -18%
Canada	18.58	22.12	▲ 19%	21.00	▼ -5%
Australia	21.27	18.34	▼ -14%	19.50	▲ 6%
Ukraine	7.19	9.65	▲ 34%	9.00	▼ -7%
Russia	11.29	18.50	▲ 64%	22.50	▲ 22%
Others	38.35	30.79	▼ -20%	29.22	▼ -5%
World total	147.03	161.40	▲ 10%	151.72	▲ -6%

Source: (USDA, August, 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, 12 August, 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 8.7 million MT in 2015, down 13% from 2014, a result of a small crop and higher domestic use. (USDA, 12 August, 2014).

- Vietnam projected to ship 6.7 million tons of rice in 2015, a 3-percent increase from a year earlier. Vietnam's supplies in 2014/15 are projected to be the highest on record, while little, if any, growth in consumption is expected. Pakistan's exports are projected to remain unchanged from this year's near-record 3.9 million tons. U.S. exports are projected to increase 11 percent to 3.5 million tons, a result of larger supplies and more competitive prices.

WHEAT

- World wheat export for 2014/15 is projected in August at 151.7 million MT, which is 6% lower than the previous year's export (USDA, 12 August, 2014).
- Wheat exports out of the European Union in 2014/15 are projected down 2.5 million MT from the previous year's record.

The world wheat trade forecast for the international 2014/15 July-June trade year stayed unchanged this month at 151.7 million. A sizeable swap is projected for wheat exports between the European Union and Russia. The current circumstances make Russia a formidable competitor in the world wheat market. A huge increase in projected wheat output makes additional supplies available in the most export-ready part of the country (the southern European part). A large share of the Russian crop turned out to be of good quality at a time when the world is awash in low-quality feed-grade wheat, and higher grades receive considerable premium. Russia is projected to export a record of 22.5 million tons, up 3.0 million from last month, and 0.9 million tons above the previous record of 2011/12.

5. Import

Figure 5. Rice imports (in '000 MT)

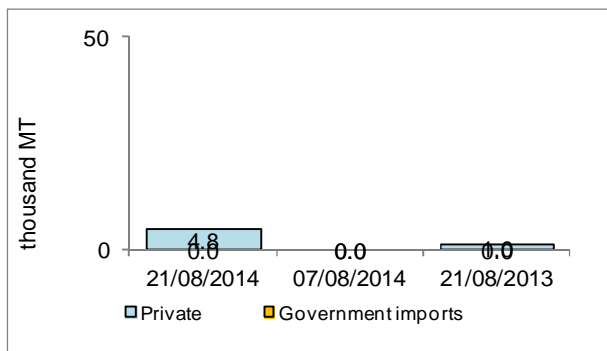
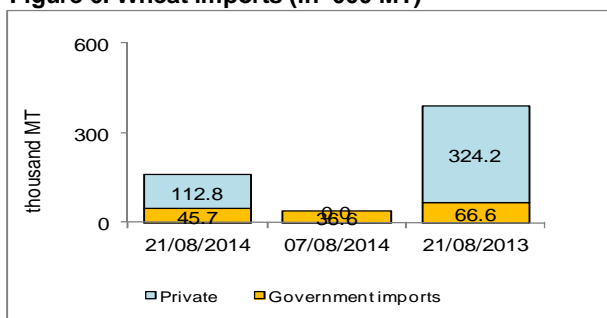


Figure 6. Wheat imports (in '000 MT)



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

RICE

- As of August 21st, this fiscal year no rice was imported by the public sector. Over the same period last year, total imports of rice amounted to only 990 MT by the private sector.

WHEAT

- On the same date, about 45.73 thousand MT of wheat was imported by public sector. At the same time last year, imports of wheat amounted to 66.56 thousand MT by public sector.
- During the fortnight ending August 21st, 9.14 thousand MT of wheat was imported by the public sector.
- During the fortnight ending August 21st, 112.76 thousand MT of wheat was imported by the private sector but last year as on same date 324.20 thousand MT of wheat was imported by the private sector.

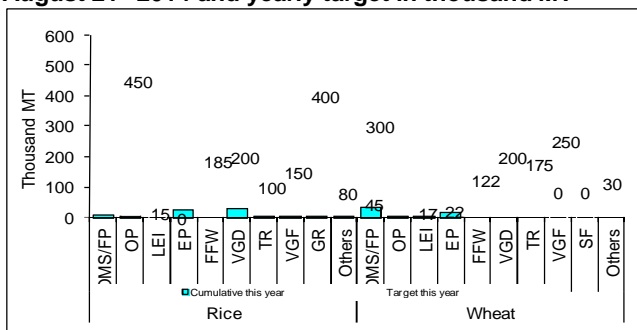
Table 8: LC situation, as of 31st July/14 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
19-31 July/14	34	202	17	124
Cumulative month, July/14	73	468	56	235
Cumulative year (starting 1st July/14)	73	468	56	235

Source: Bangladesh Bank

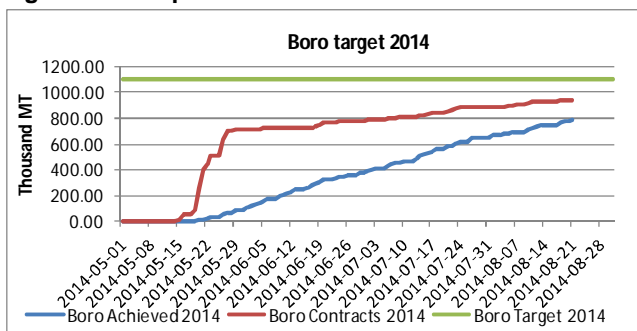
6. Government intervention

Figure 7. Rice and wheat distributed through PFDS as of August 21st 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 August 21st, 40.8 thousand MT food grains were distributed mainly through VGD (15.0 thousand MT), EP (12.0 thousand MT) and OMS (11.7 thousand MT). As of this date, a total of 110.6 thousand MT had been distributed through PFDS, which is about 4.04% 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 21st, the public food grain stock stood at 1406.01 thousand MT; 1068.41 thousand MT for rice and 337.6 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 21, 787.18 thousand MT of Rice (Boro) were procured and 942.99 thousand MT were contracted.