

Fortnightly Foodgrain Outlook

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HIGHLIGHTS

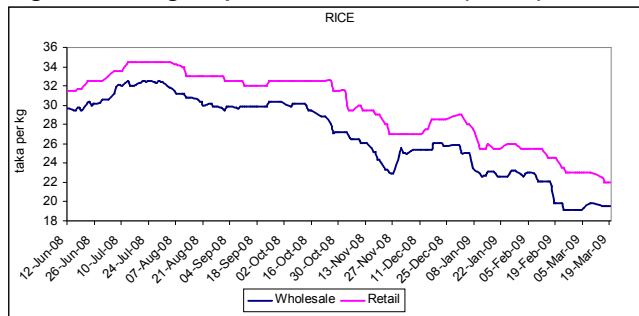
- ❖ Retail price of rice decreased by 4.3% in Dhaka city in the fortnight ending March 19th. In the same time, the wholesale price increased by 1.5%, narrowing the retail margin as a result.
- ❖ In the last fortnight, Thai rice prices fluctuated slightly. As of March 20th, the Thai 100% parboiled price was 669 USD/MT compared to 623 USD/MT for Thai 5% parboiled and 284 USD/MT in Dhaka city. As of 13th March, the latest date available, the Kolkata price was 233 USD/MT.
- ❖ Both the retail and wholesale atta price in Dhaka city remained unchanged in the fortnight ending March 19th.
- ❖ In contrast with the situation in Dhaka city where wheat wholesale price declined in the weeks ending March 13th and March 20th, US prices rose in the last fortnight. This brings the US N.2 HRW price to 255 USD/MT and the US N.2 SRW to 193 USD/MT, compared to 233 USD/MT for Dhaka city coarse rice.
- ❖ A number of governments continue to impose export restrictions that sustain international prices.
- ❖ Total rice imports increased by 0.7% - private imports only- in the fortnight ending 19th March. Since the end of 2008, no public commercial imports have taken place and no aid was received in the last fortnight. Total rice imports so far this year are 67% less than at the same time last year.
- ❖ Wheat imports grew by 9.7% following the trend of the previous fortnight. 78% of these were private imports. This is 14% more than last year at the same time, in contrast with the situation at the end of 2008 where imports were almost one third less than the previous year.
- ❖ Total foodgrain distribution as of 12th of March 2009 totaled 1.15 million tons, 54% of the yearly target -against 42% at the same time the previous year. The quantity distributed so far is 25% higher than last year at the same time. This figure was 42% at the beginning of 2009.

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in collaboration with FAO National Food Policy Capacity Strengthening Programme (NFPCSP)*

<http://www.mofdm.gov.bd/> & <http://www.nfpcsp.org/>

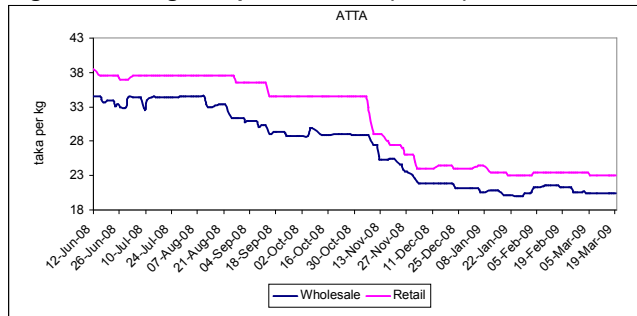
1. Domestic prices: coarse rice and atta

Figure 1. Change in prices of Coarse Rice (Dhaka)



Source: DAM

Figure 2. Changes in prices of Atta (Dhaka)



Source: DAM

Table 1. Price change over the past two weeks (Dhaka city)

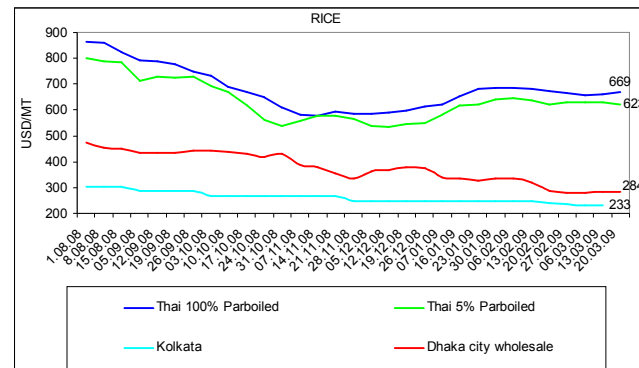
	Price on 05/03/09 Tk/kg	Price on 19/03/09 Tk/kg	% change
RICE			
retail	23.00	22.00	-4.3
wholesale	19.29	19.58	1.5
ATTA			
retail	23.00	23.00	0.0
wholesale	20.50	20.50	0.0

Source: DAM

- Retail price of rice decreased by 4.3% in Dhaka city in the fortnight ending 19th of March, down to 22.0 Tk/kg. In the same time, the wholesale price increased by 1.5% up to 19.6 Tk/ kg. As a result, the retail margin has slightly shrunk.
- Both the retail and wholesale atta price in Dhaka city remained unchanged in the fortnight ending 19th of March. Thus, the retail price remains at 23.0 Tk/kg while the wholesale price remains at 20.5 Tk/kg.

2. International prices

Figure 3. Rice wholesale price in Dhaka and relevant international markets

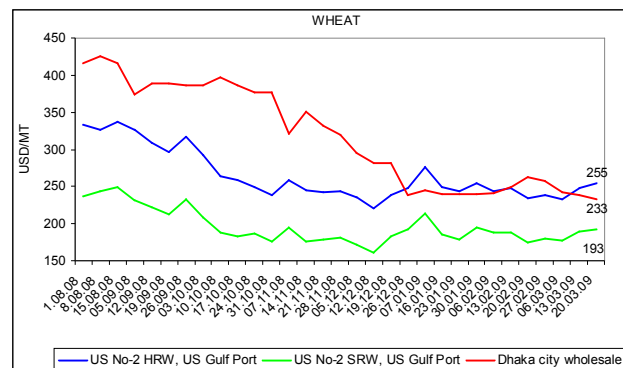


* Average fob price; Source: FAO, International Commodity Prices, Weekly data

** Thai Rice Exporters Association, Parboiled rice quotes

*** Thailand Grain and Feed Weekly Rice Price Update, USDA, GAIN Report; indicative fob prices based on averaged exporter observations

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



- In the last fortnight, Thai rice prices fluctuated slightly: Thai 5% parboiled recorded a less than 1% decline in the two weeks leading to the 20th of March, while Thai 100% parboiled experienced a less than 1% increase over the same period. This compares to the 1.5% change observed for coarse rice in Dhaka city.
- As of March 20th, the Thai 100% parboiled price was 669 USD/MT compared to 623 USD/MT for Thai 5% parboiled and 284 USD/MT in Dhaka city. As of March 13th, the latest date available, the Kolkata price was 233 USD/MT.
- In contrast with the situation in Dhaka city where wheat wholesale price declined by 1.7% and 2.4% in the weeks ending March 13th and March 20th, respectively, US prices rose in the last fortnight. This growth was rather substantial in the week ending March 13th 6.4% and 7.0% for US N.2 SRW and US N.2 HRW, respectively) and less pronounced in the second week: 2.8% and 1.8% respectively. This brings these prices up to 193 USD/MT and 255 USD/MT respectively, compared to 233 USD/MT for Dhaka city.
- Governments continue to impose export policies that impact prices: Vietnam announced that new contracts for delivery before July will not be approved, India continues to restrict private exports of non-Basmati rice, Thailand is purchasing rice at above market prices, keeping new rice in the country because exports are not competitive, Pakistan has similar internal procurement issues, and even small players are implementing policies that limit exports (USDA, March 09).

Box 1. International production and market prospects 2008/09

Rice and wheat world production and stocks (million MT)

PRODUCTION	2006/07	2007/08	2008/09	Change 2008/09 over 2007/08 in %
		estimate	forecast	
Rice (milled)	428.6	440.3	455.9	3.5
Wheat	596.5	610.5	686.1	12.4

STOCKS (end of marketing season)	2006/07	2007/08	2008/09	Change 2008/09 over 2007/08 in %
		estimate	forecast	
Rice (milled)	104.6	109.3	117.4	7.4
Wheat	156.7	147.4	182.9	24.1

Source: FAO Food Outlook November 2008

- ❖ Global stocks of rice are expected to hit the highest level since 2002, an equivalent of 3 months of expected consumption (FAO, Feb. 09).
- ❖ Wheat inventories are forecast to expand by 24%. Most of this growth is expected in the EU, Canada and the USA, where stocks were significantly depleted earlier in order to meet the rise in demand and exports FAO, Feb. 2009).
- ❖ India, the world's second-biggest wheat grower, may subsidize exports to deplete government stockpiles that may climb to a seven-year high this year (CommodityOnline, March 09).

RICE

- ❖ Indonesia is allocating up to 2 million ha of farmland to joint ventures with Saudi investors mainly for rice cultivation. Saudi Arabia, among the world's top 10 rice importers, has been pushing for agricultural investment outside the kingdom (Oryza, March 09).
- ❖ Thailand is bracing itself for a drought this summer as water levels in reservoirs throughout the country have dropped (Oryza, March 09).
- ❖ The Philippines has raised its allocation for agriculture in order to support its plan of rice self-sufficiency by 2010 (Oryza, March 09).
- ❖ Pakistan has formally started rice trading based on three-month futures contracts becoming the country's first electronic commodity trading platform. China has completed technical preparations to introduce rice futures and is likely to do so shortly (Oryza, March 09).
- ❖ The futures market was very volatile in the week ending March 13th with gains seen early in the week lost as the week progressed (US Rice Producers, March 09).

Chicago Rice Futures for the week ending March 06 (USD/MT)

Closing price	Mar-09	May-09	Jul-09	Sep-09	Nov-09
6-Mar	239	243	247	233	235
13-Mar	226	229	233	228	228
	-5.12%	-5.72%	-5.59%	-2.53%	-2.85%

Source: Chicago Board of Trade

WHEAT

Chicago Board of Trade SRW Futures (USD/MT)

Closing price	Mar-09	May-09	Jul-09	Sep-09	Dec-09	Mar-10
13-Mar	186	190	195	204	212	
20-Mar	186	186	207	216	224	229
		-2.5%	6.0%	5.6%	5.5%	

Kansas Board of Trade HRW Futures (USD/MT)

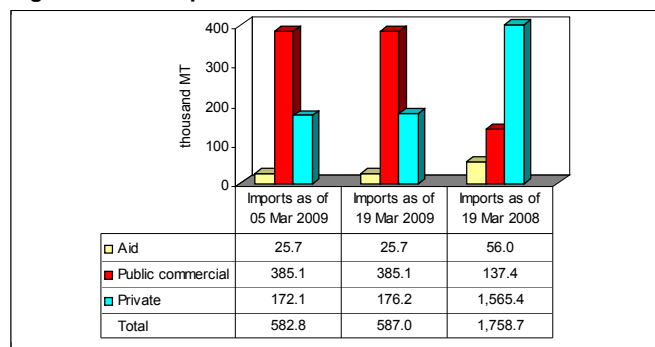
Closing price	Mar-09	May-09	Jul-09	Sep-09	Dec-09	Mar-10
13-Mar	209	209	213	216	222	
20-Mar	222	222	226	229	235	239
		5.8%	6.0%	6.0%	6.0%	

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

- ❖ Futures ended higher in the week ending March 20th amid a sharp decline in the dollar and spillover support from the soybean market.

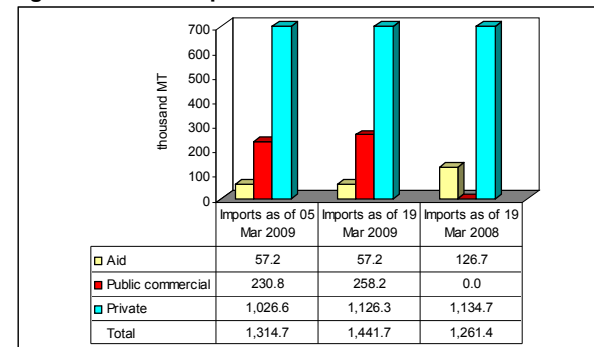
3. Imports

Figure 5. Rice imports



Source: MIS DG Food

Figure 6. Wheat import



Source: MIS DG Food

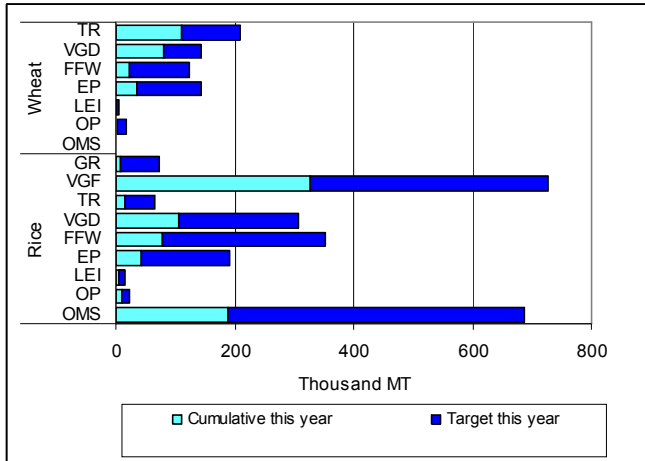
Table 2. LC situation (in '000 MT)

Period	L.C. opened ('000 Mt)		LC settled ('000 Mt)	
	Rice	Wheat	Rice	Wheat
1-14 Mar	10	63	19	145
Cumulative month as of 14-Mar	10	63	19	145
Cumulative year as of 14-Mar	218	2399	581	1283

- Total rice imports increased by 0.7% - private imports only- in the fortnight ending 19th March compared to 5% in the previous one. Since the end of 2008, no public commercial imports have taken place and no aid was received in the last fortnight.
- Total rice imports so far this year amount to 587 thousand MT, 67% less than at the same time last year. Last year, the private sector imported unusually high amounts of rice in response to the increased demand following the losses due to cyclone SIDR.
- Wheat imports grew by 9.7% following the trend of the previous fortnight. 78% of these were private imports. This brings cumulative wheat imports so far this financial year to 1,441 thousand MT, 14% more than last year at the same time. This is in contrast with the situation at the end of 2008 where imports were almost a third less than in the previous year.

4. Public distribution

Figure 7. Rice and wheat distributed through PFDS so far and yearly target (as of 12th March), in thousand MT



Source: DG Food and FPMU

DISTRIBUTION

- Revised total distribution planned for this financial year is 2.12 million MT, down from 2.20 last year.
- Total foodgrain distribution as of 12th of March 2009 totaled 1.15 million tons, 54% of the yearly target -against 42% in at the same time the previous year.
- 50% and 71% of the yearly distribution target has been achieved for rice and wheat respectively.
- The quantity distributed so far is 25% higher than last year at the same time. This figure was 42% at the beginning of 2009. This partly reflects a slow down in distribution observed over the last weeks.
- Among the distribution channels with the highest targets, rice distribution through VGF and VGD are the ones that have performed best so far: 82% of the 400 thousand MT rice to be distributed through VGF and 53% of the 200 thousand MT to be distributed through VGD.
- No OMS has taken place since end of November. The remaining 300 thousand MT planned for this year will only be distributed as the need arises. However, the Government has decided to distribute rice to garment workers at a reduced price of 18 Tk/kg at the rate of 5kg/person/day. It has also lowered the price of rice distributed to tea garden labourers from 28 Tk/kg to 18 Tk/kg, in line with the market price drop. The amount to be distributed to this category has been increased from 1,000 to 1,500 MT.