Fortnightly Foodgrain Outlook

Issue No. 197 *10 March 2016*

HIGHLIGHTS

- **The domestic wholesale and retail rice prices decreased over the last fortnight.**
- **The domestic wholesale prices of *atta* remained unchanged but retail prices decreased over the last fortnight.**
- **Export price of rice in India and Vietnam increased but that of Thailand and Pakistan decreased over the last fortnight**
- **Export prices of US SRW wheat, Russian and Ukraine wheat prices decreased over the last fortnight.**
- **Global rice export forecasted down but wheat exports forecasted slightly up than a year ago.**

SUMMARY

RICE PRICE

In the fortnight ending March 3rd, the wholesale and retail rice (Swarna) price in Dhaka city markets decreased by 2.0% and 1.7% down to 24.75 Tk/kg and 29.00 Tk/kg respectively.

***ATTA* PRICE**

Over the same period, the wholesale prices of *atta* in Dhaka city markets remained unchanged at 20.75 Tk/kg. But the retail prices decreased by 5.7%, down to 25.00 Tk/kg.

INTERNATIONAL RICE PRICE

In the fortnight ending March 4th, Indian 5% parboiled rice and Vietnam 15% white rice prices increased by 0.9% and 1.7% up to 343 USD/MT and 350 USD/MT respectively. But Pakistan 5% parboiled and Thai 5% parboiled rice prices decreased by 2.7% and 3.3% down to 359 USD/MT and 348 USD/MT respectively.

INTERNATIONAL WHEAT PRICE

In the fortnight ending March 4th, US SRW wheat, Russian and Ukraine wheat prices decreased by 3.2%, 1.1% and 2.2% down at 184 USD/MT, 179 USD/MT and 178 USD/MT respectively.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in February 2015/16 for global rice production is about 470 million MT and that of wheat is about 736 million MT.

RICE TRADE PROSPECT

World rice export for 2015/16 is forecasted in February 2016 at 41.59 million MT, which is 2.2% lower than that of a year earlier.

WHEAT TRADE PROSPECT

World wheat export for 2015/16 is projected in February 2016 at 162.34 million MT, which is 1% higher than the previous year's forecast.

BANGLADESH RICE IMPORT

During the fiscal year 2015/16 up to March 3rd, no rice was imported by the public sector but the private sector imported about 215.54 thousand MT of rice.

BANGLADESH WHEAT IMPORT

During the fiscal year 2015/16 up to March 3rd, about 404.31 thousand MT of wheat was imported by the public sector while private sector imported about 2467.10 thousand MT of wheat.

GOVERNMENT INTERVENTION

Over the fortnight ending March 3rd, about 49.7 thousand MT food grains were distributed mainly through the VGD, EP, OMS, FFW and OP under the public food distribution system.

GOVERNMENT STOCK

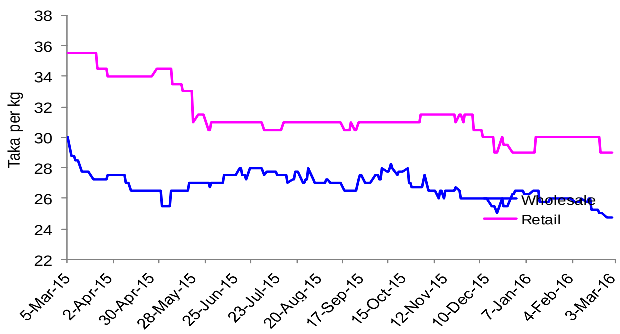
As of March 3rd, the public food grain stock stood at 1444.85 thousand MT.

GOVERNMENT PROCUREMENT

Aman procurement has started on 15th December 2015. As of 3rd March 2016 the quantity of *Aman* rice procured is 177.14 thousand MT.

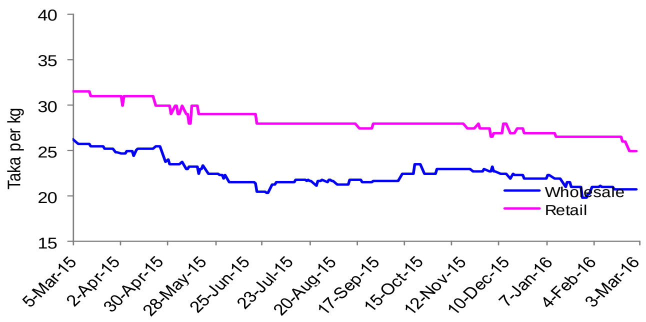
1. Domestic price: coarse rice and *atta*

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 03/03/16 Tk/kg		change in %		
		over last fortnight	over last month	over last year
RICE				
retail	29.00	▼ -1.7	▼ -3.3	▼ -18.3
wholesale	24.75	▼ -2.0	▼ -4.8	▼ -17.6
ATTA				
retail	25.00	▼ -5.7	▼ -5.7	▼ -19.0
wholesale	20.75	► 0.0	▼ -1.2	▼ -21.5

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 March 3rd, the wholesale and retail rice (Swarna) price in Dhaka city markets decreased by 2.0% and 1.7% down to 24.75 Tk/kg and 29.00 Tk/kg respectively. The wholesale and retail prices are 18.3% and 17.6% lower respectively than that of corresponding period of last year.

ATTA

- Over the same period, the wholesale prices of *atta* in Dhaka city markets remained unchanged at 20.75 Tk/kg. But the retail prices decreased by 5.7%, down to 25.00 Tk/kg. The wholesale and retail prices are now point to point 21.5% and 19.0% lower respectively than a year ago.

2. International price

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

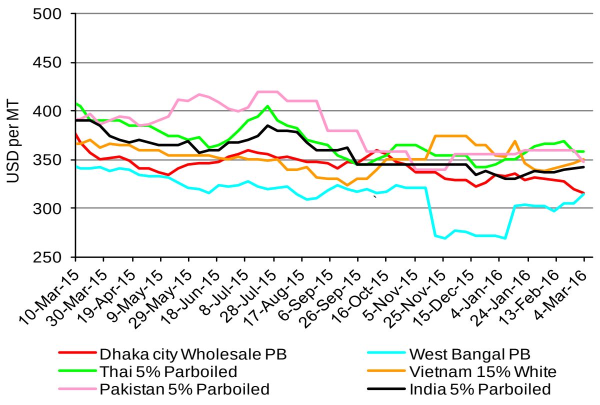
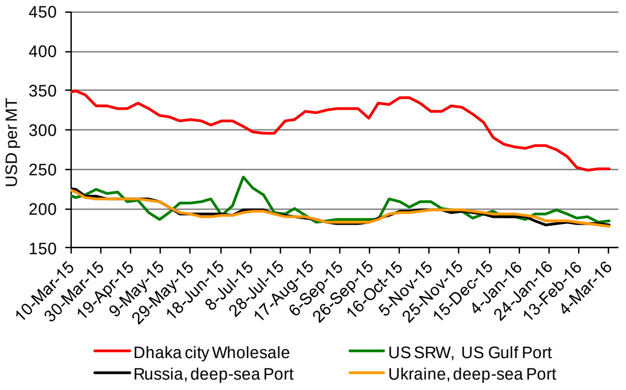


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



Source: For average weekly FOB prices: USDA, FAO, Jackson Sons& Co.(London) Lid and Agrimarket Weekly. For average wholesale prices: Department of Agriculture Marketing, Govt. of Bangladesh and Department of Consumer Affairs, Government of India

RICE

- In the fortnight ending March 4th, Indian 5% parboiled rice and Vietnam 15% white rice prices increased by 0.9% and 1.7% up to 343 USD/MT and 350 USD/MT respectively. But Pakistan 5% parboiled and Thai 5% parboiled rice prices decreased by 2.7% and 3.3% down to 359 USD/MT and 348 USD/MT respectively. West Bengal coarse rice prices increased by 2.8%, up to 314 USD/MT. However, Dhaka city wholesale rice prices stood at 315 USD/MT (decreased by 3.8 %).

WHEAT

- In the fortnight ending March 4th, US SRW wheat, Russian and Ukraine wheat prices decreased by 3.2%, 1.1% and 2.2% down at 184 USD/MT, 179 USD/MT and 178 USD/MT respectively. On the same date, Dhaka city wholesale wheat prices stood at about 251.1 USD/MT (increased by 0.8%).

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

Closing price	Mar-16	May-16	Jul-16	Sep-16	Dec-16
26-Feb	163	166	169	173	173
4-Mar	167	169	171	175	175
change	2.6%	1.9%	1.6%	1.4%	1.4%

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

change	Mar-16	May-16	Jul-16	Sep-16	Dec-16
26-Feb	163	167	171	176	183
4-Mar	168	172	176	181	188
change	3.4%	3.2%	2.9%	2.8%	2.5%

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

After dropping to contract lows at the beginning of the week, wheat futures markets rebounded due to short-covering and support from dryness in the U.S. Southern Plains. A softer U.S. dollar also provided support, but the abundant world wheat supply continues to limit gains. CBOT wheat futures gained by 4 USD/MT on the week to close at 167 USD/MT and KCBT also gained by 5 USD/MT to close at 168 USD/MT (U.S. wheat Associates, March 4, 2016). (Table-2 & 3).

3. Global production and stock

Table: 4. Rice world production and stock (million MT)

	2013/14	2014/15	2015/16 forecast	change 2015/16 over 2014/15
Production	478	478	470	-1.8%
Ending stocks	107	103	89	-13.7%

Source: USDA, February, 2016.

RICE

- Global rice production for 2015/16 is forecasted in February at 470 million MT (milled) down about 1.8% from a year earlier (USDA, February, 2016). This is the second consecutive year of a decline in global rice production. South and Southeast Asia and North America account for most of the expected global rice production decline in 2015/16.
- Global ending stocks for 2015/16 are forecasted in February at 89 million MT, which is 13.7% below than a year earlier.

WHEAT

- Global wheat production for 2015/16 in February is projected to reach 736 million MT, up about 1.4% from a year earlier. The largest change in wheat production for 2015/16 this month is for Argentina, up 0.5 million tons to 11.0 million with area projected 0.3 million hectares higher (USDA, February, 2016).
- World wheat ending stocks for 2015/16 are forecasted in February at 239 million MT, which is 11.4% higher than a year earlier.

Table: 5. Wheat world Production and stock (million MT)

	2013/14	2014/15	2015/16 forecast	change 2015/16 over 2014/15
Production	715	726	736	1.4%
Ending stocks	194	215	239	11.4%

Source: USDA, February, 2016.

4. Global trade

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

	2013/14	2014/15	2013/14-2014/15 change	2015/16 projected	2014/15-2015/16 change
Thailand	10.97	9.78	▼ -11%	10.00	▲ 2%
Vietnam	6.33	6.61	▲ 4%	7.00	△ 6%
USA	3.00	3.47	▲ 16%	3.33	▼ -4%
Pakistan	3.60	4.00	▲ 11%	4.60	▲ 15%
India	10.91	10.80	▼ -1%	8.50	▼ -21%
Others	8.60	7.86	▽ -9%	8.17	▲ 4%
World total	**43.40**	**42.51**	▼ **-2%**	**41.59**	▼ **-2.2%**

Table: 7.Main wheat annual exporters (million MT)

	2013/14	2014/15	2013/14-2014/15 change	2015/16 projected	2014/15-2015/16 change
USA	31.52	22.75	▼ -28%	21.50	▽ -6%
European Union	32.03	35.42	▲ 11%	32.50	▽ -8%
Canada	22.16	24.83	▲ 12%	22.00	▼ -11%
Australia	18.34	16.58	▽ -10%	17.50	△ 6%
Ukraine	9.76	11.27	▲ 16%	15.50	▲ 38%
Russia	18.57	22.80	▲ 23%	23.50	▲ 3%
Others	30.01	27.70	▽ -8%	29.84	△ 8%
World total	**162.38**	**161.35**	▼ **-1%**	**162.34**	▲ **1%**

Source: (USDA, February, 2016)*.rice and wheat; arrows indicate the Direction of export quantities Change: red if more than 10% change from previous year, yellow more than 5% and green less than 5% change. For rice, 2014/15 is calendar year 2015, 2015/16 is calendar year 2016 and so on.*

RICE

- Total calendar year 2015/16 global rice export is forecasted in February at 41.59 million MT, down 2.2% from a year earlier (USDA, February, 2016).
- In 2016, a 2.3-million-ton reduction in India's exports and smaller shipments from Australia, Cambodia, and the United States are expected to more than offset expanded shipments from China, Egypt, Pakistan, Paraguay, Thailand, Uruguay, and Vietnam.
- Pakistan's 2016 exports are projected at 4.6 million tons, up 15 percent from a year earlier and the highest on record. In contrast, India's 2016 exports are projected to decline 21 percent to 8.5 million tons, the smallest since 2011.
- Export revisions for 2016 this month. Thailand's 2016 export forecast was lowered 0.3 million tons to 10.0 million due to a smaller crop. The country's exports are projected to increase 2 percent in 2016, making Thailand the largest rice exporter. Vietnam's 2016 export forecast was also lowered 0.3 million tons to 7.0 million tons due to tighter supplies caused by stronger shipments in 2015.

WHEAT

- Wheat export for 2015/16 is forecasted in February 162.34 million MT, which is 1% higher than the previous year's forecast (USDA, February, 2016).
- Global trade is up inappreciably. While Canada's and Turkey's exports are raised that of the United States is lowered.

World wheat trade for July-June international trade year 2015/16 is projected up 0.8 million tons to reach 163.1 million tons this month, becoming the largest ever and breaking the 2013/14 record.

5. Import

Figure: 5. Rice imports (in '000 MT)

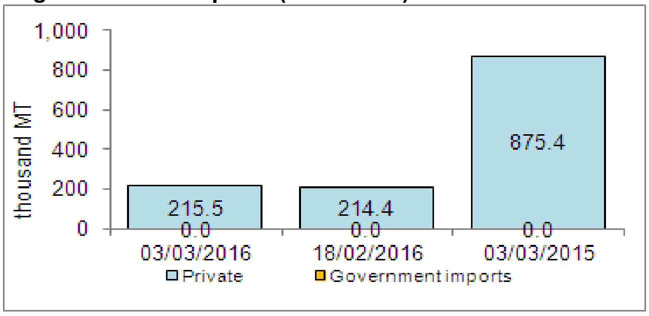
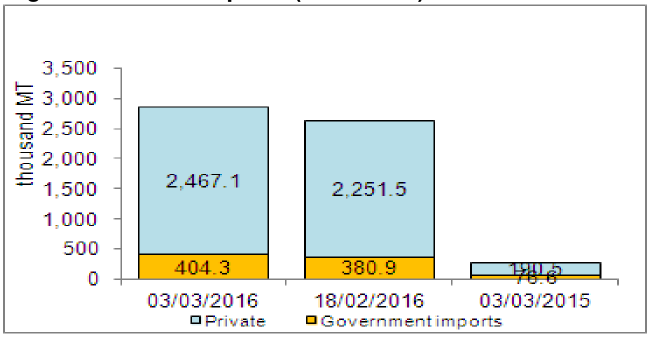


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of March 3rd, no rice was imported by the public sector but the private sector has imported about 215.54 thousand MT of rice in this fiscal year. Over the same period of last year, no rice was imported by the public sector but the private sector imported about 875.35 thousand MT.

WHEAT

- Up to the fortnight ending March 3rd, about 404.31 thousand MT wheat was imported by the public sector and about 2467.10 thousand MT by private sector. Over the same period of last year, 76.6 thousand MT was imported by the public sector and the private sector imported about 1904.79 thousand MT.

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- Rice and wheat LC opening and settling situation are presented in Table- 8.

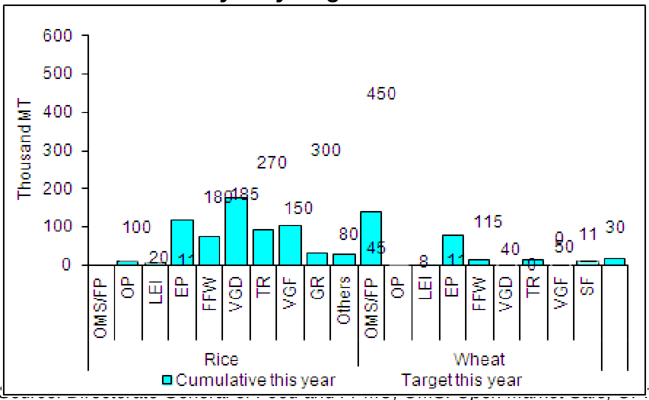
Table: 8: LC situation, as of 29th February/16 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
13-29 February/16 (provisional)	4	118	7	188
Cumulative month, February/16	8	215	13	233
Cumulative year (starting 1st July/15)	326	2617	400	2534

Source: Bangladesh Bank

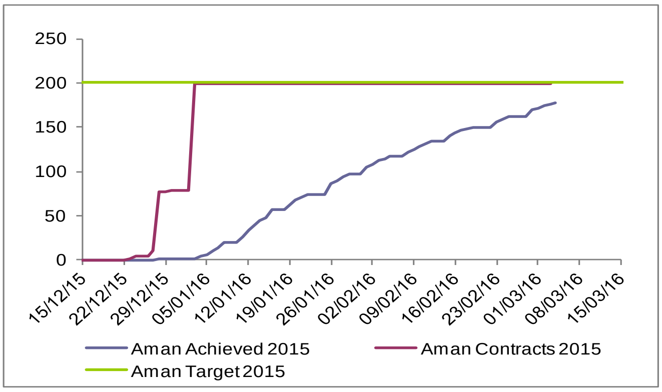
6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of March 3rd 2015 and yearly target in thousand MT



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. *AMAN* procurement 2016



PUBLIC FOOD DISTRIBUTION

- The total distribution planned for 2015/16 is revised at 2.06 million MT. The actual distribution was about 1.84 million MT in 2014/15.
- Over this fortnight ending February 3th, 49.7 thousand MT food grains were distributed mainly through VGD (15.1 thousand MT), EP (11.2 thousand MT), OMS (8.1 thousand MT), FFW (2.7 thousand MT) and OP (1.5 thousand MT). As of this date, a total of about 937.0 thousand MT had been distributed through the PFDS, which are about 45.61% of the yearly target.
- The OMS drive is continuing in small scale only rice in Dhaka and Chittagong areas and *atta* all over the country.

PUBLIC STOCKS

- As of March 3rd, the public food grain stock stood at 1444.85 thousand MT, 1064.62 thousand MT for rice and 380.23 thousand MT for wheat (MISM, DG Food).

DOMESTIC FOOD GRAIN PROCUREMENT

- The government started procurement of 0.2 million MT of Aman rice at 31 Tk/kg (for parboiled rice) from the domestic market to provide price incentive to the farmers. The drive has begun on December 15th 2015 and will be closed on March 15th 2016.
- As on 3rd March about 177.14 thousand MT of *Aman* rice were procured and 199.17 thousand MT were contracted.