Fortnightly Foodgrain Outlook

Issue No. 202 ***19 May 2016***

HIGHLIGHTS

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

SUMMARY

RICE PRICE

In the fortnight ending May 12th the wholesale prices of (Swarna) rice in Dhaka city markets increased by 2.2% up to 23.50 Tk/kg but the retail prices remain unchanged at 26.50 Tk/kg.

***ATTA* PRICE**

Over the same period, the wholesale prices of *atta* in Dhaka city markets decreased by 2.4% down to 20.00 Tk/kg. But the retail prices remained unchanged at 25.00 Tk/kg.

INTERNATIONAL RICE PRICE

In the fortnight ending May 13th Indian 5% parboiled, Thai 5% parboiled rice, Vietnam 15% white rice and Pakistan 5% parboiled rice prices increased by 7.5%, 7.0%, 0.3%, and 2.8% up to 372 USD/MT, 415 USD/MT, 357 USD/MT and 370 USD/MT respectively.

INTERNATIONAL WHEAT PRICE

In the fortnight ending May 13th, Russian and Ukraine wheat prices increased by 2.1% and 0.3% up to 195 USD/MT and 187 USD/MT respectively. US SRW prices decreased by 4.8% down to 187 USD/MT.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in May 2016/17 for global rice production is about 481 million MT and that of wheat is about 727 million MT.

RICE TRADE PROSPECT

World rice export for 2016/17 is forecasted in May 2016 at 40.66 million MT, which is 1.9% lower than that of a year earlier.

WHEAT TRADE PROSPECT

World wheat export for 2016/17 is projected in May 2016 at 163.95 million MT, which is 2% lower than the previous year's forecast.

BANGLADESH RICE IMPORT

During the fiscal year 2015/16 up to May 12th, no rice was imported by the public sector but the private sector imported about 246.15 thousand MT of rice.

BANGLADESH WHEAT IMPORT

During the fiscal year 2015/16 up to May 12th, about 416.31 thousand MT of wheat was imported by the public sector while private sector imported about 3226.16 thousand MT of wheat.

GOVERNMENT INTERVENTION

Over the fortnight ending May 12th, about 105.5 thousand MT food grains were distributed mainly through the OMS, EP, VGF, VGD and FFW under the public food distribution system.

GOVERNMENT STOCK

As of May 12th, the public food grain stock stood at 916.52 thousand MT.

GOVERNMENT PROCUREMENT

Wheat procurement has started on 10th April 2016. As of 12th May 2016 about 38.32 thousand MT wheat were procured.

1. Domestic price: coarse rice and *atta*

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

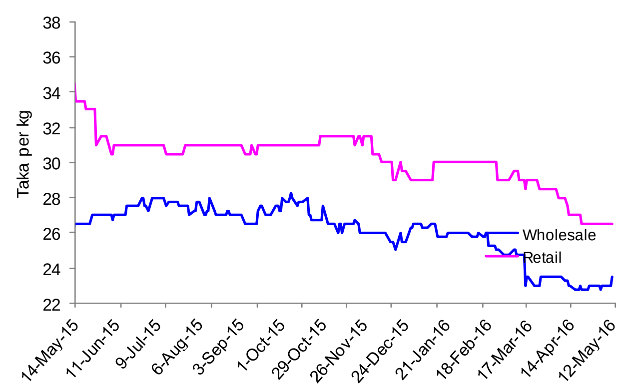
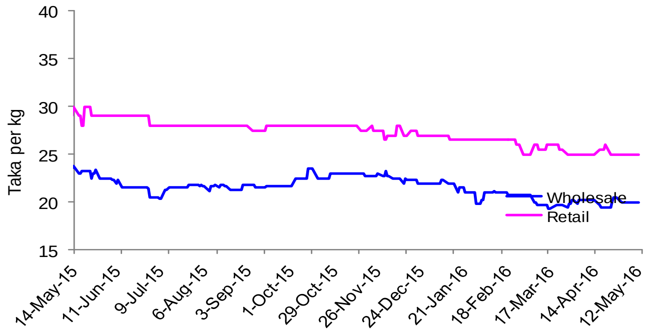


Figure: 2. Change in prices of *Atta* (Dhaka)



Source: Department of Agricultural Marketing (DAM)

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

		change in %		
		over last fortnight	over last month	over last year
RICE				
retail	26.50	0.0	0.0	-19.6
wholesale	23.50	2.2	2.2	-11.6
ATTA				
retail	25.00	0.0	0.0	-16.0
wholesale	20.00	-2.4	-1.2	-16.8

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 May 12th, the wholesale prices of (Swarna) rice in Dhaka city markets increased by 2.2% up to 23.50 Tk/kg but the retail prices remain unchanged at 26.50 Tk/kg. The wholesale and retail prices are 11.6% and 19.6% lower respectively than that of corresponding period of last year.

ATTA

- Over the same period, the wholesale prices of *atta* in Dhaka city markets decreased by 2.4% down to 20.00 Tk/kg. But the retail prices remained unchanged at 25.00 Tk/kg. The wholesale and retail prices are now point to point 16.8% and 16.0% 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

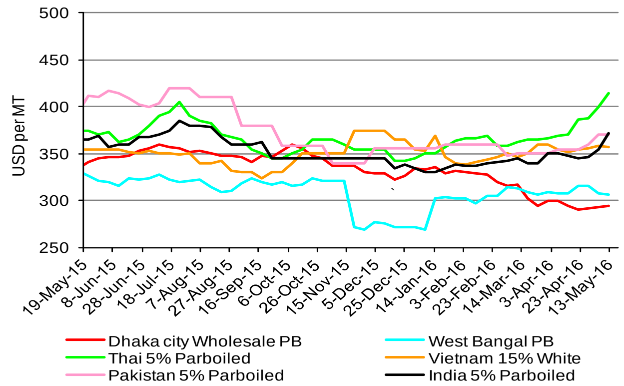
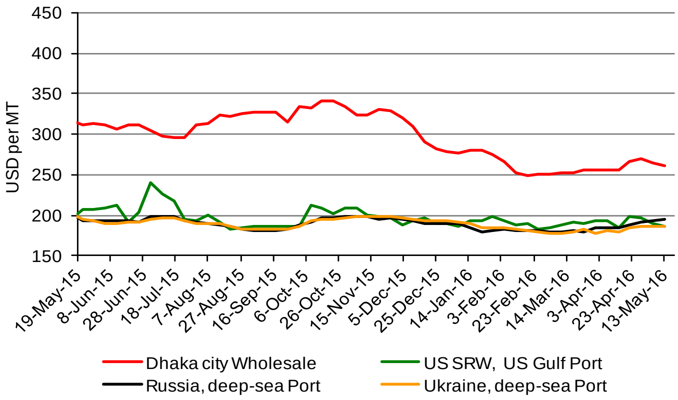


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 May 13th, Indian 5% parboiled, Thai 5% parboiled rice, Vietnam 15% white rice and Pakistan 5% parboiled rice prices increased by 7.5%, 7.0%, 0.3%, and 2.8% up to 372 USD/MT, 415 USD/MT, 357 USD/MT and 370 USD/MT respectively. West Bengal coarse rice prices decreased by 3.2% down to 306 USD/MT. However, Dhaka city wholesale rice prices stood at 295 USD/MT (increased by 0.9 %).

WHEAT

- In the fortnight ending May 13th, Russian and Ukraine wheat prices increased by 2.1% and 0.3% up to 195 USD/MT and 187 USD/MT respectively. US SRW prices decreased by 4.8% down to 187 USD/MT. On the same date, Dhaka city wholesale wheat prices stood at about 261.2 USD/MT (decreased by 3.4%).

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

Closing price	MAY(K16)	JUL (N16)	SEP (U16)	DEC (Z16)	Mar (H17)
6-May	167	170	174	181	187
13-May	171	174	178	183	189
change	2.6%	2.6%	2.4%	2.0%	1.5%

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

change	MAY(K16)	JUL (N16)	SEP (U16)	DEC (Z16)	Mar (H17)
6-May	162	167	173	182	188
13-May	163	168	174	183	188
change	0.9%	3.4%	4.2%	5.7%	3.7%

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

A firmer U.S. dollar and slightly bearish USDA 2016/17 projections pressured KCBT spot price wheat to its lowest level since 2006 midweek. However, better-than-expected export sales and bargain buying rallied U.S. wheat futures, which closed the week mixed. CBOT wheat futures gained by 4 USD/MT on the week to close at 171 USD/MT and KCBT also gained by 1 USD/MT to close at 163 USD/MT (U.S. wheat Associates, May 13, 2016). (Table-2 & 3).

3. Global production and stock

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

	2014/15	2015/16	2016/17 forecast	change 2016/17 over 2015/16
Production	479	470	481	2.2%
Ending stocks	114	106	107	0.2%

Source: USDA, May, 2016.

RICE

Global rice production higher for 2016/17 is forecasted in April at 481 million MT (milled) up about 2.2% from a year earlier (USDA, May, 2016). China and India which together account for over half of global production, are forecast to have larger crops. (USDA, May 2015/16).

- Global ending stocks for 2016/17 are forecasted in May at 107million MT, which is 0.2% higher than a year earlier.

WHEAT

- Global wheat production for 2016/17 in May is projected to 727 million MT, down about 1.0% from a year earlier. Production among the major exporting countries of Argentina, Australia, Canada, EU, Kazakhstan, Russia, Ukraine and the United States is down a net 2.4 MMT. (USDA, May, 2016).
- World wheat ending stocks for 2016/17 are forecasted in May at 257 million MT, which is 5.9% higher than a year earlier.

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

	2014/15	2015/16	2016/17 forecast	change 2016/17 over 2015/16
Production	727	734	727	-1.0%
Ending stocks	217	243	257	5.9%

Source: USDA, May, 2016.

4. Global trade

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

	2014/15	2015/16	2014/15-2015/16 change	2016/17 projected	2015/16-2016/17 change
Thailand	9.78	9.80	0%	9.00	-8%
Vietnam	6.61	7.00	6%	7.00	0%
USA	3.47	3.33	-4%	3.60	8%
Pakistan	4.00	4.40	10%	4.25	-3%
India	11.05	9.00	-19%	8.50	-6%
Others	7.90	7.90	0%	8.31	5%
World total	**42.80**	**41.43**	**-3%**	**40.66**	**-1.9%**

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

	2014/15	2015/16	2014/15-2015/16 change	2016/17 projected	2015/16-2016/17 change
USA	22.75	21.30	-6%	24.00	13%
European Union	35.42	32.50	-8%	35.00	8%
Canada	24.88	22.50	-10%	20.00	-11%
Australia	16.58	16.50	0%	17.00	3%
Ukraine	11.27	15.50	38%	11.50	-26%
Russia	22.80	24.50	7%	24.50	0%
Others	27.84	33.84	22%	31.95	-6%
World total	**161.53**	**166.64**	**3%**	**163.95**	**-2%**

Source: (USDA, April, 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 2016/17 global rice export is forecasted in May at 40.66 million MT, down 1.9% from a year earlier (USDA, May, 2016). Global rice trade in 2017 is projected at 40.7 million tons, down 2 percent from this year and 8 percent below the 2014 record. This will be the third consecutive year of declining global trade.
- Among the exporters, reduced shipments by India, Pakistan, and Thailand are not projected to be fully offset by increased exports from Argentina, Burma, Cambodia, and the United States.
- On the importer side, smaller imports by Brazil, Cote d'Ivoire, Indonesia, and Nigeria are not expected to be fully offset by increased purchases by Bangladesh, the Dominican Republic, Madagascar, Mexico, Nepal, Saudi Arabia, Sierra Leone, Turkey, and the United States.

WHEAT

- Wheat export for 2016/17 is forecasted in May 163.95 million MT, which is 2% lower than the previous years forecast (USDA, May, 2016).
- World wheat trade in 2016/17 (July-June) is projected at about 164.0 million tons, just 2.7 million lower than the record wheat trade estimated for 2015/16.

Increased production of wheat high accumulated supplies in several countries and changing proportions for feeding of corn, rice, and wheat for several others are expected to result in reduced wheat imports, to some extent limiting trade.

5. Import

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

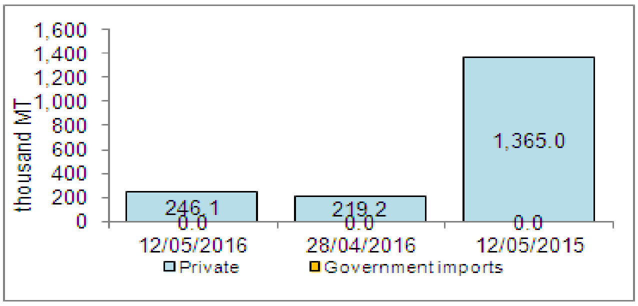
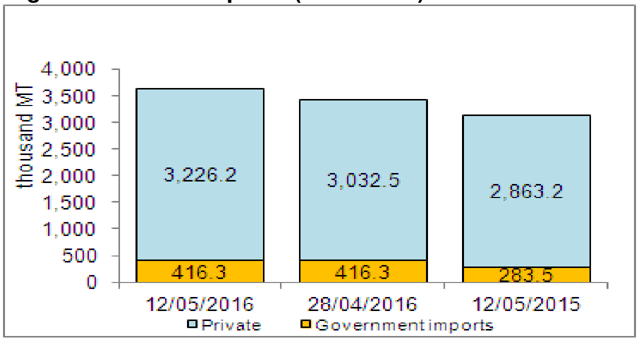


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of May 12th, no rice was imported by the public sector but the private sector has imported about 246.15 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 1364.98 thousand MT.

WHEAT

- Up to the fortnight ending May 12st, about 416.31 thousand MT wheat was imported by the public sector and about 3226.16 thousand MT by private sector. Over the same period of last year, 283.49 thousand MT was imported by the public sector and the private sector imported about 2863.24 thousand MT.

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

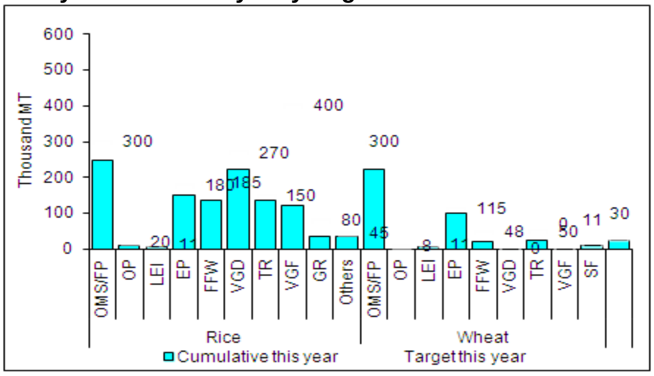
Table: 8: LC situation, as of 7th May/16 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
1-07 May/16 (provisional)	3	55	1	135
Cumulative month, May/16	3	55	1	135
Cumulative year (starting 1st July/15)	343	3457	416	3250

Source: Bangladesh Bank

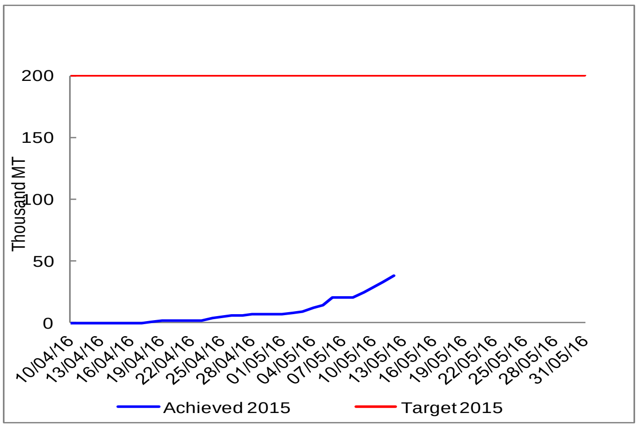
6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of May 12th 2016 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. WHEAT procurement 2016



PUBLIC FOOD DISTRIBUTION

- The total distribution planned for 2015/16 is revised at 2.21 million MT. The actual distribution was about 1.84 million MT in 2014/15.
- Over this fortnight ending May 12th, 105.5 thousand MT food grains were distributed mainly through OMS (78.4 thousand MT), EP (8.5 thousand MT), VGF (5.0 thousand MT), VGD (4.1 thousand MT) and FFW (3.2 thousand MT). As of this date, a total of about 1530.5 thousand MT has been distributed through the PFDS, which is about 69.18% 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 May 12th, the public food grain stock stood at 916.52 thousand MT, 624.41 thousand MT for rice and 292.11 thousand MT for wheat (MISM, DG Food).

DOMESTIC FOOD GRAIN PROCUREMENT

- The government started procurement of 0.2 million MT of wheat at 28 Tk/kg from the domestic market to provide price incentive to the farmers. The drive has begun on April 10th 2016 and will close on May 31st 2016. *Boro* procurement started from 5 May and will continue up to 31 August 2016. Procurement target has been set at 0.70 mmt of paddy and 0.60 mmt of rice at the rate of Tk 23/kg of paddy and 32 Tk/kg of per boiled rice.
- As on 12th May 38.32 thousand MT of wheat was procured.