Fortnightly Foodgrain Outlook

Issue No. 207 ***28 July 2016***

HIGHLIGHTS

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

SUMMARY

RICE PRICE

In the fortnight ending July 21th, the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 4.5% and 3.3% up to 28.75 Tk/kg and 31.00 Tk/kg respectively.

ATTA PRICE

Over the same period, the wholesale prices of *atta* in Dhaka city markets increased by 2.6% up to 19.50 Tk/kg but the retail prices remained unchanged at 23.50 Tk/kg.

INTERNATIONAL RICE PRICE

In the fortnight ending July 22th Indian 5% parboiled, Thai 5% parboiled and Vietnam 15% white rice prices decreased by 3.8%, 3.9% and 1.2% down to 380 USD/MT, 447 USD/MT and 340 USD/MT respectively. But Pakistan 5% parboiled rice prices increased by 2.4% up to 420 USD/MT.

INTERNATIONAL WHEAT PRICE

In the fortnight ending July 22th, US (SRW), Russian and Ukraine wheat prices decreased by 0.3%, 6.6% and 7.1% down to 170 USD/MT, 163 USD/MT and 163 USD/MT respectively.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in July 2016/17 for global rice production is about 481 million MT and that of wheat is about 739 million MT.

RICE AND WHEAT TRADE PROSPECT

World rice export for 2016/17 is forecasted in July 2016 at 40.51 million MT, which is 2.0% lower than that of a year earlier. World wheat export for 2016/17 is projected in July 2016 at 165.65 million MT, which is 1% lower than the previous year's forecast.

BANGLADESH RICE IMPORT

During the fiscal year 2016/17 up to July 21th, no rice was imported by the public sector and the private sector.

BANGLADESH WHEAT IMPORT

During the fiscal year 2016/17 up to July 21st, no wheat was imported by the public sector while private sector imported about 296.05 thousand MT of wheat.

GOVERNMENT INTERVENTION

Over the fortnight ending July 21th, about 13.81 thousand MT food grains were distributed mainly through the EP and OMS under the public food distribution system.

GOVERNMENT STOCK

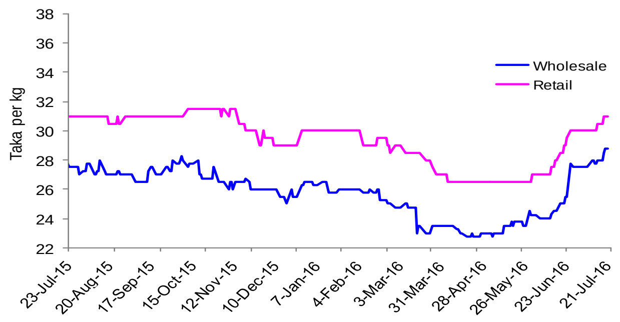
As of July 21th, the public food grain stock stood at 922.10 thousand MT.

GOVERNMENT PROCUREMENT

Boro procurement has started on 5 May 2016. As of 21th July 2016 about 633.82 thousand MT *Boro* paddy were procured.

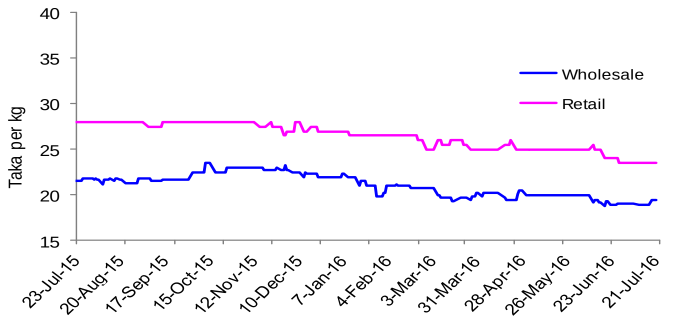
1. Domestic price: coarse rice and *atta*

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)

		change in %		
		over last fortnight	over last month	over last year
RICE				
retail	31.00	3.3	6.9	-1.5
wholesale	28.75	4.5	15.0	1.3
ATTA				
retail	23.50	0.0	-2.1	-16.1
wholesale	19.50	2.6	1.3	-8.9

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 July 21th, the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 4.5% and 3.3% up to 28.75 Tk/kg and 31.00 Tk/kg respectively. The wholesale price is 1.3% higher but retail price is 1.5% lower than that of corresponding period of last year.

ATTA

- Over the same period, the wholesale prices of *atta* in Dhaka city markets increased by 2.6% up to 19.50 Tk/kg but the retail prices remained unchanged at 23.50 Tk/kg. The wholesale and retail prices are now point to point 8.9% and 16.1% 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

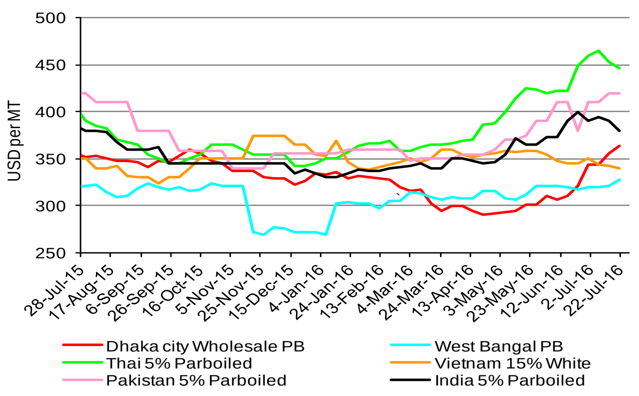
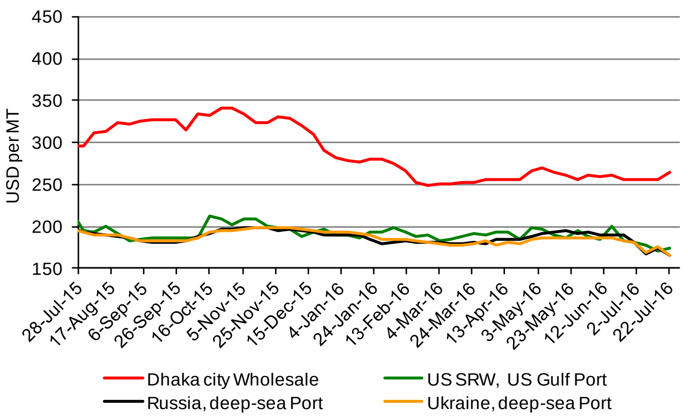


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 July 22nd, Indian 5% parboiled, Thai 5% parboiled and Vietnam 15% white rice prices decreased by 3.8%, 3.9% and 1.2% down to 380 USD/MT, 447 USD/MT and 340 USD/MT respectively. But Pakistan 5% parboiled rice prices increased by 2.4% up to 420 USD/MT. West Bengal coarse rice prices increased by 2.2% up to 327 USD/MT. However, Dhaka city wholesale rice prices stood at 364 USD/MT (increased by 5.7%).

WHEAT

- In the fortnight ending July 22nd, US (SRW), Russian and Ukraine wheat prices decreased by 0.3%, 6.6% and 7.1% down to 170 USD/MT, 163 USD/MT and 163 USD/MT respectively. On the same date, Dhaka city wholesale wheat prices stood at about 2261.5 USD/MT (increased).

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

Closing price	MAY(K16)	JUL (N16)	SEP (U16)	DEC (Z16)	Mar (H17)
15-Jul	156	165	174	179	182
22-Jul	156	165	175	179	182
change	0.1%	0.1%	0.1%	0.5%	0.1%

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

change	JUL(N16)	SEP (U16)	DEC (Z16)	MAR (H17)	MAY (K17)
15-Jul	152	162	168	172	175
22-Jul	154	164	177	174	177
change	1.3%	7.6%	9.6%	3.6%	3.2%

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

Seasonal harvest pressure continued to weigh on wheat futures markets this week, but a short-covering rally limited losses for CBOT and KCBT end the week higher on improved export demand. CBOT wheat futures remained unchanged on the week to close at 156 USD/MT and KCBT gained by 2 USD/MT to close at 154 USD/MT (U.S. wheat Associates, July 22, 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	471	481	2.3%
Ending stocks	115	107	107	0.6%

Source: USDA. July. 2016.

RICE

Global rice production higher for 2016/17 is forecasted in July at 481 million MT (milled) up about 2.3% from a year earlier (USDA, July, 2016). The substantial recovery from the 2015/16 is primarily due to expanded area. At 161.2 million hectares, global rice area is up 2.7 million hectares from a year earlier, but still 0.6 million hectares below the 2013/14 record (USDA, July 2016).

- Global ending stocks for 2016/17 are forecasted in July at 107million MT, which is 0.6% higher than a year earlier.

WHEAT

- Global wheat production for 2016/17 in July is projected to 739 million MT, up about 0.5% from a year earlier. Global production in 2016/17 is raised to a new record. Larger crops are projected in Algeria, Australia, Canada, Russia, Serbia, Ukraine and the United States (USDA, July, 2016).
- World wheat ending stocks for 2016/17 are forecasted in June at 254 million MT, which is 3.8% 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	728	735	739	0.5%
Ending stocks	217	245	254	3.8%

Source: USDA, July, 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	6.90	4%	7.00	1%
USA	3.47	3.45	-1%	3.65	6%
Pakistan	4.00	4.50	13%	4.25	-6%
India	11.05	9.00	-19%	8.50	-6%
Others	7.90	7.69	-3%	8.11	5%
World total	**42.80**	**41.34**	**-3%**	**40.51**	**-2.0%**

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	22.75	0%	25.00	10%
European Union	35.42	33.00	-7%	34.00	3%
Canada	24.88	22.20	-11%	20.00	-10%
Australia	16.58	16.20	-2%	17.50	8%
Ukraine	11.27	17.00	51%	12.50	-26%
Russia	22.80	25.00	10%	25.50	2%
Others	27.84	33.23	19%	33.15	0%
World total	**161.53**	**169.38**	**5%**	**167.65**	**-1%**

Source: (USDA, July, 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, 2015/16 is calendar year 2016, 2016/17 is calendar year 2016 and so on.*

RICE

- Total calendar year 2016/17 global rice export is forecasted in July at 40.51 million MT, down 2.0% from a year earlier (USDA, July, 2016). Global rice trade in 2017 is projected at 40.5 million tons, virtually unchanged from the previous forecast but 2 percent below a year earlier. This will be the third consecutive year of declining global trade
- There were several nearly offsetting export revisions this month. First, Australia's 2017 export forecast was lowered 30,000 tons to 200,000 tons based on tighter supplies. Australia's 2017 exports are up slightly from a year earlier but are well below export levels from non-drought periods.
- Second, Egypt's 2017 export forecast was lowered 50,000 tons to 200,000 tons based on continuation of the current export ban. Egypt's 2017 exports are unchanged from the 2016 revised level, which are the lowest since 1993.

WHEAT

- Wheat export for 2016/17 is forecasted in July at 167.65 million MT, which is 1% lower than the previous years forecast (USDA, July, 2016).
- World wheat trade in 2016/17 (July-June international trade year) is boosted 2.2 million tons to 167.7 million this month, and is approaching last year's record. Record wheat trade for 2015/16 also got larger by 1.6 million tons this month to reach 169.4 million. The 2015/16 July-June trade year just ended, but data on the final months of trade are still unreported (USDA, July, 2016).

The larger crops and competitive prices from Ukraine and Russia are boosting their export prospects this month by 1.0 and 0.5 million tons, respectively, to 25.5 million and 12.5 million. Increased production prospects are also raising Argentine and Australian expected exports this month by 0.5 million tons each, to 9.0 and 17.5 million, respectively. Turkey is projected to export an additional 0.5 million tons of wheat.

5. Import

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

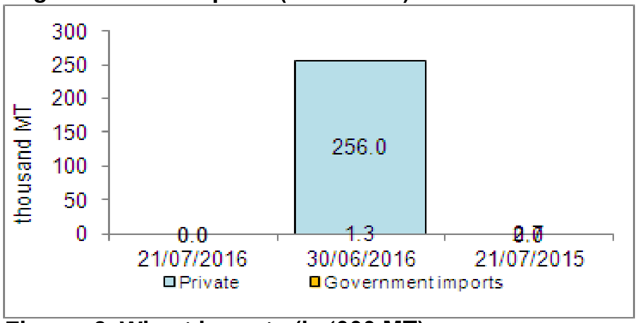
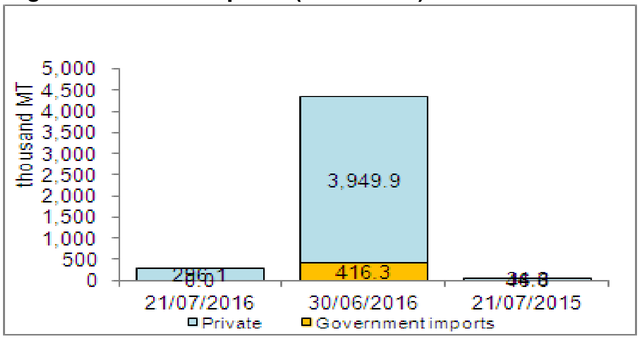


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of July 21st, no rice was imported by the public sector and the private sector 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 2.68 thousand MT.

WHEAT

- Up to the fortnight ending July 21st, about 416.31 no wheat was imported by the public sector but about 296.05 thousand MT by private sector. Over the same period of last year, 46.64 thousand MT was imported by the public sector and the private sector imported about 34.31 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

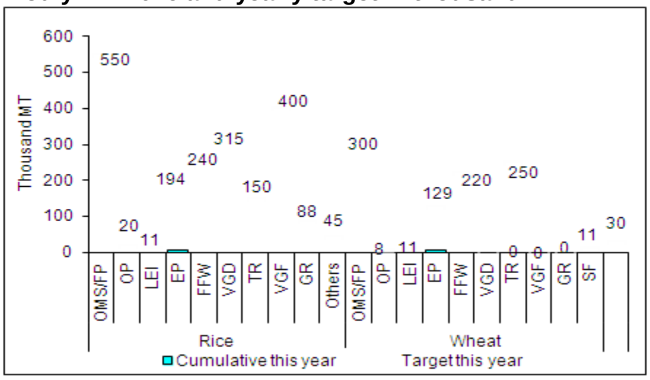
Table: 8: LC situation, as of 21st June/16 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
1-21 July/16 (provisional)	1	63	1	88
Cumulative month, July/16	1	63	1	88
Cumulative year (starting 1st July/16)	1	63	1	88

Source: Bangladesh Bank

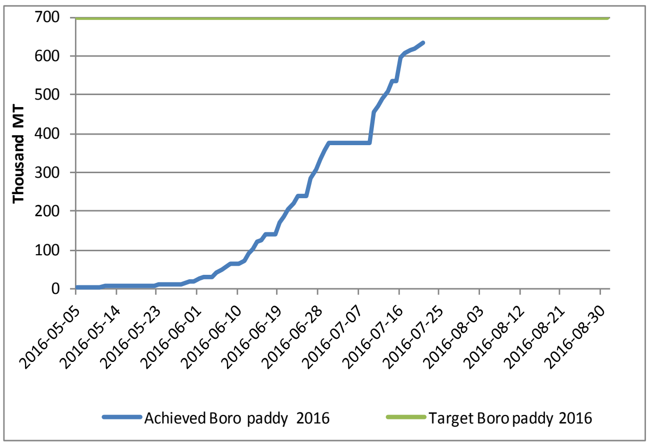
6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of July 21st 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. *Boro* Paddy procurement 2016



PUBLIC FOOD DISTRIBUTION

- The total provisional distribution planned for 2016/17 is at 2.97 million MT. The actual distribution was about 2.064 million MT in 2015/16.
- Over this fortnight ending July 21th, 13.7 thousand MT food grains were distributed mainly through EP (11.2 thousand MT) and OMS (2.3 thousand MT). As of this date, a total of about 13.8 thousand MT has been distributed through the PFDS, which is about 0.47% of the yearly target.
- The OMS drive is continuing in small scale; rice in Dhaka and Chittagong Metro areas and *atta* all over the country.

PUBLIC STOCKS

- As of July 21th, the public food grain stock stood at 874.87 thousand MT, 556.58 thousand MT for rice and 318.29 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 began on April 10th 2016 and closed on July 20th 2016. The target almost achieved. *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 for Tk 23/kg of paddy and 32 Tk/kg for per boiled rice.
- As on 21st July, about 633.82 thousand MT of *Boro* paddy was procured.