Fortnightly Foodgrain Outlook

Issue No. 210 *7 September 2016*

HIGHLIGHTS

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

SUMMARY

RICE PRICE

In the fortnight ending September 1st, the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 4.7% and 7.7% up to 33.50 Tk/kg and 35.00 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 increased by 2.0% up to 25.00 Tk/kg.

INTERNATIONAL RICE PRICE

In the fortnight ending September 2nd, Thai 5% parboiled rice, Vietnam 15% white rice and Pakistan 5% parboiled rice prices decreased by 4.9%, 0.6% and 7.0% down to 366 USD/MT, 332 USD/MT and 370 USD/MT respectively. But Indian 5% parboiled rice prices remained unchanged at 365 USD/MT.

INTERNATIONAL WHEAT PRICE

In the fortnight ending September 2nd, US (SRW) and Ukraine wheat prices decreased by 11.0% and 1.2% down at 145 USD/MT and 172 USD/MT respectively. But Russian wheat price remain unchanged at 174 USD/MT.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in August 2016/17 for global rice production is about 481 million MT and that of wheat is about 743 million MT.

RICE AND WHEAT TRADE PROSPECT

World rice export for 2016/17 is forecasted in August 2016 at 40.63 million MT, which is 1.5% lower than that of a year earlier. World wheat export for 2016/17 is projected in August 2016 at 169.75 million MT, which is 1% lower than the previous year's forecast.

BANGLADESH RICE IMPORT

During the fiscal year 2016/17 up to September 1st, no rice was imported by the public sector but the private sector imported about 2.32 thousand MT.

BANGLADESH WHEAT IMPORT

During the fiscal year 2016/17 up to September 1st, no wheat was imported by the public sector while private sector imported about 665.02 thousand MT of wheat.

GOVERNMENT INTERVENTION

Over the fortnight ending September 1st, about 72.0 thousand MT food grains were distributed mainly through the VGD, VGF, EP, OMS and LEI under the public food distribution system.

GOVERNMENT STOCK

As of September 1st, the public food grain stock estimated at 1083.0 thousand MT.

GOVERNMENT PROCUREMENT

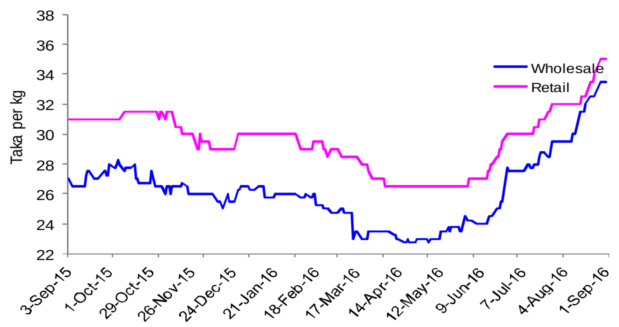
Boro procurement has started on 5 May 2016. As of September 1st, 2016 about 292.0 thousand MT of *Boro* rice were procured.

Food Planning and Monitoring Unit (FPMU), Ministry of Food

http://www.mofood.gov.bd

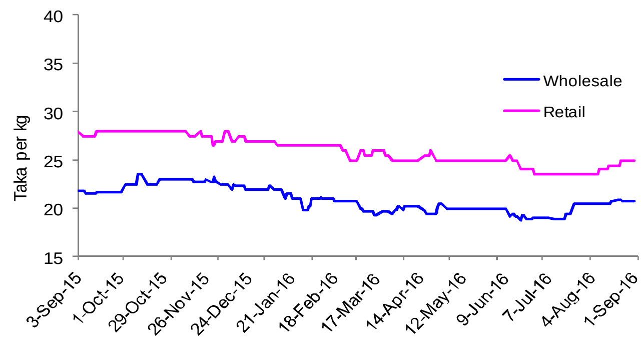
1. Domestic price: coarse rice and *atta*

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	35.00	7.7	9.4	11.4
wholesale	33.50	4.7	13.6	21.8
ATTA				
retail	25.00	2.0	6.4	-11.3
wholesale	20.75	0.0	1.2	-3.0

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 September 1st, the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 4.7% and 7.7% up to 33.50 Tk/kg and 35.00 Tk/kg respectively. The wholesale and retail prices are 21.8% and 11.4% higher 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 increased by 2.0% up to 25.00 Tk/kg. The wholesale and retail prices are now point to point 3.0% and 11.3% 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

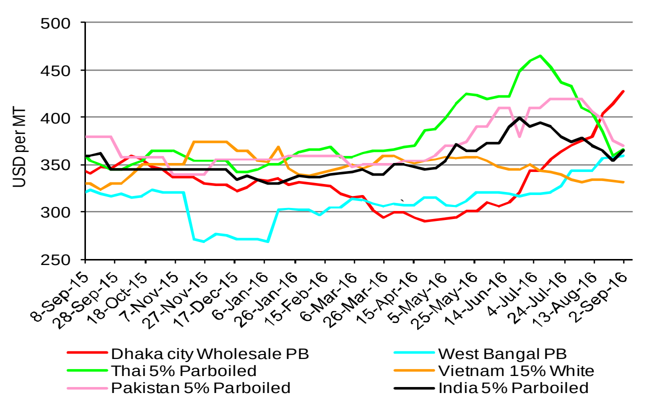
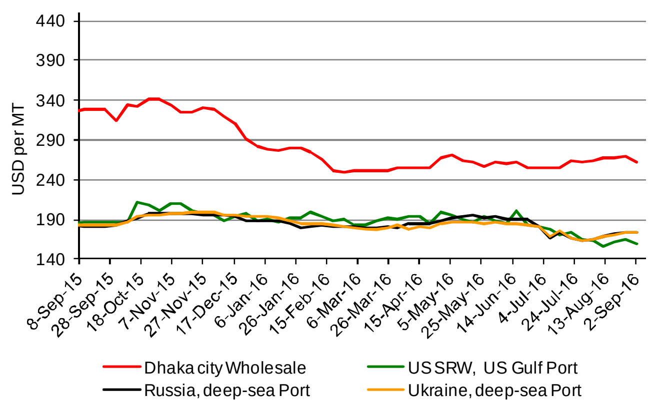


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 September 2nd, Thai 5% parboiled rice, Vietnam 15% white rice and Pakistan 5% parboiled rice prices decreased by 4.9%, 0.6% and 7.0% down to 366 USD/MT, 332 USD/MT and 370 USD/MT respectively. But Indian 5% parboiled rice prices remained unchanged at 365 USD/MT. West Bengal coarse rice prices increased by 0.8% up to 360 USD/MT. However, Dhaka city wholesale rice prices stood at 427 USD/MT (increased by 5.9%).

WHEAT

- In the fortnight ending September 2nd, US (SRW) and Ukraine wheat prices decreased by 11.0% and 1.2% down at 145 USD/MT and 172 USD/MT respectively. But Russian wheat price remain unchanged at 174 USD/MT. On the same date, Dhaka city wholesale wheat prices stood at about 261.5 USD/MT (decreased by 2.7%).

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

Closing price	MAY(K16)	JUL (N16)	SEP (U16)	DEC (Z16)	Mar (H17)
26-Aug	141	150	159	164	167
2-Sep	137	147	151	160	164
change	-2.7%	-2.7%	-2.0%	-4.6%	-2.7%

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

change	JUL(N16)	SEP (U16)	DEC (Z16)	MAR (H17)	MAY (K17)
26-Aug	143	153	159	163	167
2-Sep	142	152	158	162	165
change	-0.8%	6.0%	3.2%	1.7%	1.2%

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

Technical sales, concerns over Egypt, and ample world supplies pushed wheat futures marginally lower this week. Chicago wheat futures, already at a ten year low. Technical sales, a stronger U.S. dollar and large global supply pressured wheat futures lower this week. Concerns over milling quality supply lent limited support. CBOT wheat futures lost by 4 USD/MT on this week to closed at 137 USD/MT and KCBT wheat futures also lost by 1 USD/MT and closed at 142 USD/MT (U.S. wheat Associates, September 2nd, 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	2.2%
Ending stocks	114	112	114	2.0%

RICE

Global rice production higher for 2016/17 is forecasted in August at 481 million MT (milled) up about 2.2% from a year earlier (USDA, August, 2016). The expected substantial recovery from 2015/16 the global rice crop is primarily due to expanded area. Brazil, Burma, Cambodia, China, India, the Philippines, Sub-Saharan Africa and the United States account for the bulk of the projected global area expansion in 2016/17. Global ending stocks for 2016/17 are forecasted in August at 114 million MT, which is 2.0% higher than a year earlier.

WHEAT

- Global wheat production for 2016/17 in August is projected to 743 million MT, up about 1.2% from a year earlier. Virtually all major wheat-exporting countries in the world (U.S.A, Australia, Canada, Kazakhstan, Russia and Ukraine) have been enjoying very beneficial, weather conditions, and most of them are projected to have record-high or near-record wheat output this month. (USDA, August, 2016).
- World wheat ending stocks for 2016/17 are forecasted at 253 million MT, which is 4.5% 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	743	1.2%
Ending stocks	216	242	253	4.5%

Source: USDA, August, 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	6.40	-3%	6.80	6%
USA	3.36	3.45	3%	3.65	6%
Pakistan	4.00	4.50	13%	4.25	-6%
India	11.05	9.30	-16%	8.80	-5%
Others	7.89	7.78	-1%	8.13	4%
World total	**42.68**	**41.23**	**-3%**	**40.63**	**-1.5%**

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	23.00	21.86	-5%	25.50	17%
European Union	35.42	33.80	-5%	27.00	-20%
Canada	24.88	22.14	-11%	21.00	-5%
Australia	16.58	15.78	-5%	18.50	17%
Ukraine	11.27	17.20	53%	14.50	-16%
Russia	22.80	25.50	12%	30.00	18%
Others	27.85	34.51	24%	33.25	-4%
World total	**161.79**	**170.79**	**6%**	**169.75**	**-1%**

Source: (USDA, August, 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 August at 40.63 million MT, down 1.5% from a year earlier (USDA, August, 2016). This will be the third consecutive year of declining global trade. There were four nearly offsetting export revisions this month.
- There India's 2017 export forecast was raised 0.3 million tons to 8.8 million tons, still 5 percent below a year earlier and the second year of decline. The revision was based on larger Government-held stocks that are likely to allow greater exports.
- Vietnam's 2017 export projection was lowered 200,000 tons to 6.8 million tons, primarily based on a reduced 2016 export forecast and slightly tighter supplies stemming from a smaller 2015/16 crop. Argentina's 2017 export forecast was lowered 50,000 tons to 550,000 tons.

WHEAT

- Wheat export for 2016/17 is forecasted in August at 169.75 million MT, which is 1% lower than the previous years forecast (USDA, August, 2016).
- The wheat export shares for the 2016/17 trade year are projected to change dramatically this month for the major exporters. The expected record wheat output in Russia pushed the country to the top among world wheat exporters for the first time in history, up 5.0 million tons to 30 million. (USDA, August, 2016).

The EU, which was surpassed by Russia as the top wheat exporter, had a sharp cut in production and lower expected quality of wheat, resulting in a 7.0-million-ton cut in its projected exports. Among European countries, Germany could overtake France this year as the region's major exporter of wheat. Larger crops and competitive prices from Ukraine are boosting its export prospects this month by 2.0 million tons to 14.5 million. Increased production prospects are also raising Canadian, Australian, and Kazakhstan expected exports this month by 1.0 million tons each to 21.0, 18.5, and 8.0 million, respectively. Argentine wheat exports are projected down 1.0 million tons to 8.0 million this month, reflecting area and production changes.

5. Import

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

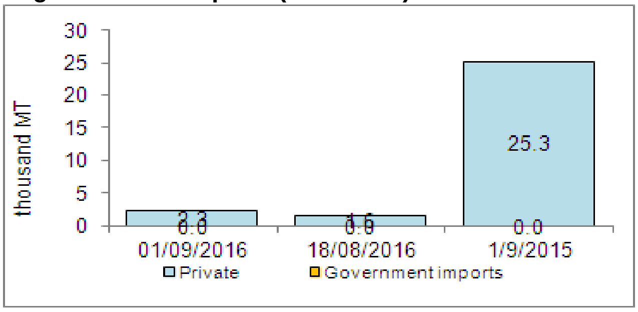
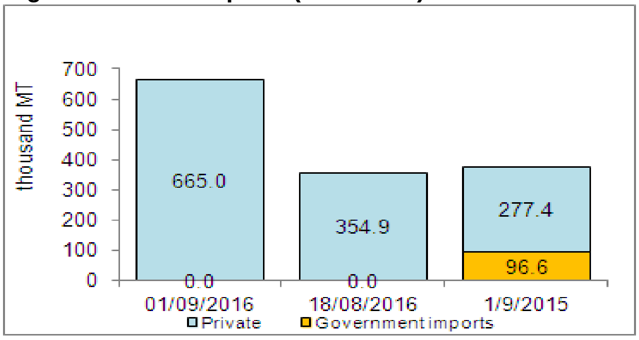


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of September 1st, no rice was imported by the public sector but the private sector imported about 2.32 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 25.3 thousand MT.

WHEAT

- Up to the fortnight ending September 1st, no wheat was imported by the public sector but about 665.02 thousand MT by private sector. Over the same period of last year, 96.57 thousand MT was imported by the public sector and the private sector imported about 277.43 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

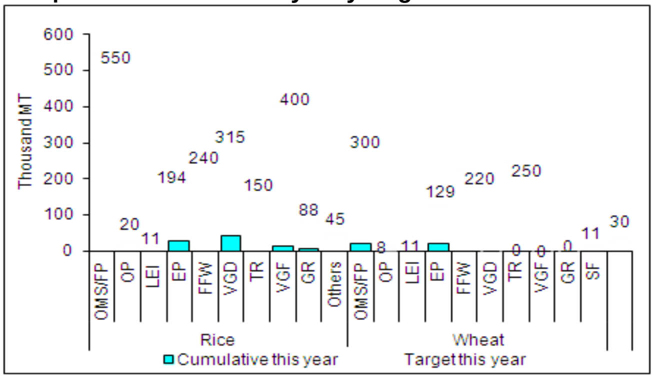
Table: 8: LC situation, as of 27th August/16 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
13-27 August/16 (provisional)	1	489	1	63
Cumulative month, August/16	2	746	2	121
Cumulative year (starting 1st July/16)	5	1249	4	430

Source: Bangladesh Bank

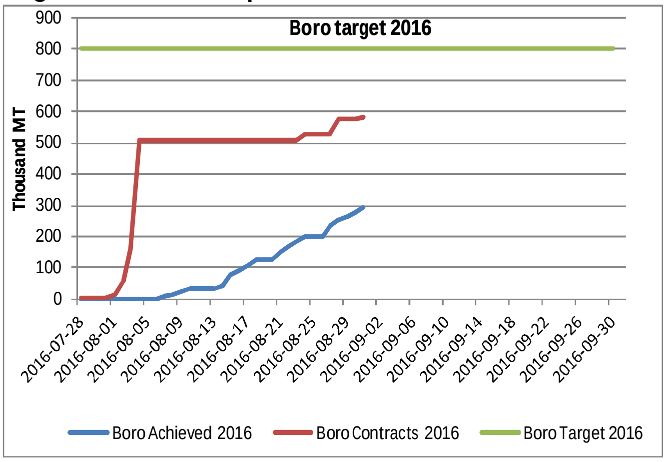
6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of September 1st 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* Rice 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 September 1st, 72.0 thousand MT food grains were distributed mainly through VGD (35.9 thousand MT), VGF (15.5 thousand MT), EP (10.7 thousand MT) and LEI (1.5 thousand MT). As of this date, a total of about 149.5 thousand MT has been distributed through the PFDS, which is about 5.02% 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 September 1st**,** the public food grain stock estimated at 1083.0 thousand MT, 802.0 thousand MT for rice and 281.0 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 30 September 2016(Revised). Revised procurement target has been set at 0.70 mmt of paddy and 0.85 mmt of rice at the rate for Tk 23/kg of paddy and 32 Tk/kg for per boiled rice.
- As on September 1st, about 670.0 thousand MT of *Boro* paddy and about 292.0 thousand MT rice were procured.