Fortnightly Foodgrain Outlook

Issue No. 212 ***5 October 2016***

HIGHLIGHTS

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

SUMMARY

RICE PRICE

In the fortnight ending September 29th, the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 3.6% and 2.8% up to 35.50 Tk/kg and 36.50 Tk/kg respectively..

***ATTA* PRICE**

Over the same period, the wholesale and retail prices of *atta* in Dhaka city markets decreased by 1.4% and 2.0% down to 20.95 Tk/kg and 24.00 Tk/kg respectively.

INTERNATIONAL RICE PRICE

In the fortnight ending September 30th, Indian 5% parboiled rice prices increased by 0.6% up to 356 USD/MT. But Thai 5% parboiled rice, Vietnam 15% white rice and Pakistan 5% parboiled rice prices decreased by 1.4%, 0.9% and 1.7% down to 360 USD/MT, 320 USD/MT and 350 USD/MT respectively.

INTERNATIONAL WHEAT PRICE

In the fortnight ending September 30th, US (SRW) wheat prices increased by 0.4% up to 159 USD/MT. Russian wheat prices remain unchanged at 168 USD/MT. But Ukraine wheat prices decreased by 0.6% down at 169 USD/MT.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in September 2016/17 for global rice production is about 482 million MT and that of wheat is about 745 million MT.

RICE AND WHEAT TRADE PROSPECT

World rice export for 2016/17 is forecasted in September 2016 at 40.88 million MT, which is 0.9% lower than that of a year earlier. World wheat export for 2016/17 is projected in September 2016 at 171.85 million MT, which is same as the previous year's forecast.

BANGLADESH RICE IMPORT

During the fiscal year 2016/17 up to September 29th, no rice was imported by the public sector but the private sector imported about 2.46 thousand MT.

BANGLADESH WHEAT IMPORT

During the fiscal year 2016/17 up to September 29th, about 56.27 thousand MT of wheat was imported by the public sector while private sector imported about 1135.87 thousand MT of wheat.

GOVERNMENT INTERVENTION

Over the fortnight ending September 29th, about 161.8 thousand MT food grains were distributed mainly through the OMS, VGD, EP and VGF under the public food distribution system.

GOVERNMENT STOCK

As of September 29th, the public food grain stock estimated at 1125.8 thousand MT.

GOVERNMENT PROCUREMENT

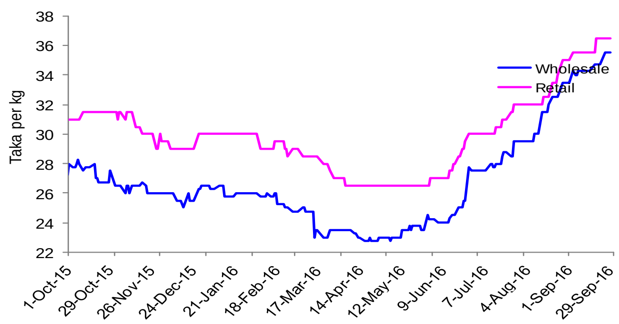
Boro procurement has started on 5 May 2016. As of September 29th, 2016 about 450.0 thousand MT of *Boro* rice were procured.

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

http://www.mofood.gov.bd

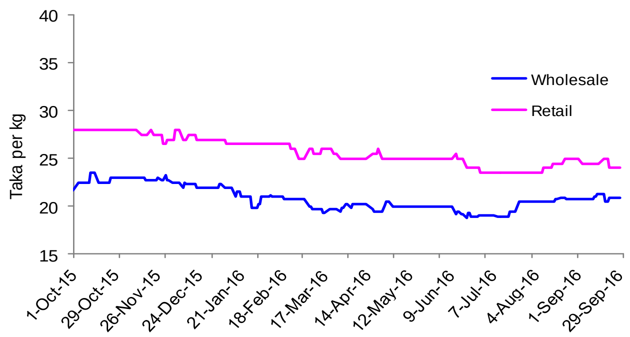
1. Domestic price: coarse rice and *atta*

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	36.50	2.8	4.3	17.4
wholesale	35.50	3.6	6.0	28.9
ATTA				
retail	24.00	-2.0	-4.0	-12.9
wholesale	20.95	-1.4	1.0	-3.9

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 September 29th, the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 3.6% and 2.8% up to 35.50 Tk/kg and 36.50 Tk/kg respectively. The wholesale and retail prices are 28.9% and 17.4% higher than that of corresponding period of last year.

ATTA

- Over the same period, the wholesale and retail prices of *atta* in Dhaka city markets decreased by 1.4% and 2.0% down to 20.95 Tk/kg and 24.00 Tk/kg respectively. The wholesale and retail prices are now point to point 3.9% and 12.9% 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

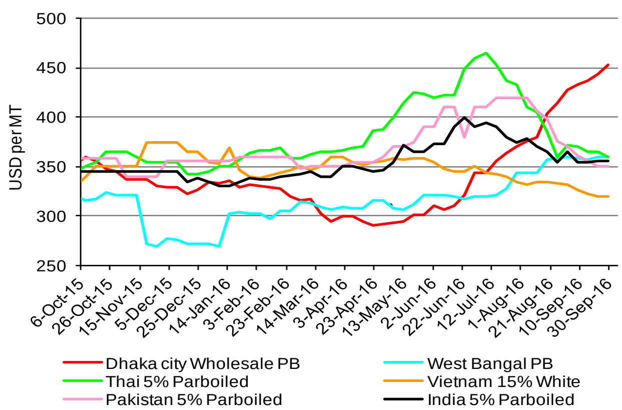
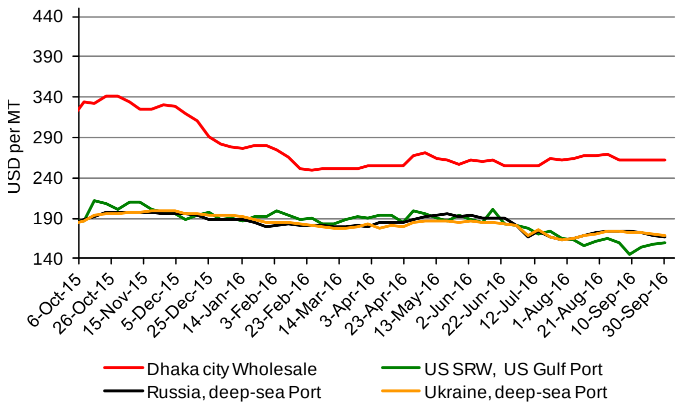


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 30th, Indian 5% parboiled rice prices increased by 0.6% up to 356 USD/MT. But Thai 5% parboiled rice, Vietnam 15% white rice and Pakistan 5% parboiled rice prices decreased by 1.4%, 0.9% and 1.7% down to 360 USD/MT, 320 USD/MT and 350 USD/MT respectively. West Bengal coarse rice prices increased by 0.8% up to 360 USD/MT. However, Dhaka city wholesale rice prices stood at 453 USD/MT (increased by 3.6%).

WHEAT

- In the fortnight ending September 30th, US (SRW) wheat prices increased by 0.4% up to 159 USD/MT. Russian wheat prices remain unchanged at 168 USD/MT. But Ukraine wheat prices decreased by 0.6% down at 169 USD/MT. On the same date, Dhaka city wholesale wheat prices stood at 267.9 USD/MT (increased by 2.4%).

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

Closing price	DEC (Z16)	MAR (H17)	MAY (K17)	JUL (N17)	SEP (U17)
23-Sep	149	157	162	165	170
30-Sep	148	156	161	164	170
change	-0.7%	-0.8%	-0.8%	-0.6%	-0.2%

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

change	DEC (Z16)	MAR (H17)	MAY (K17)	JUL (N17)	SEP (U17)
23-Sep	155	161	165	168	173
30-Sep	153	159	163	166	172
change	-1.4%	-1.4%	-1.2%	-1.1%	-0.8%

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

US wheat futures were mixed this week, with slight drops for Chicago and Kansas City, but an increase for Minneapolis on concerns of high protein world supplies. CBOT wheat futures lost by 1 USD/MT on this week to closed at 148 USD/MT and KCBT wheat futures lost by 2 USD/MT and closed at 153 USD/MT (U.S. wheat Associates, September 30th, 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	472	482	2.1%
Ending stocks	114	113	116	2.6%

RICE

Global rice production in 2016/17 is projected at a record about 482 million tons up 0.7 million tons from last month's forecast and up more than 2 percent from a year earlier. At 161.6 million hectares, global rice area is up 2.7 million hectares from a year earlier, but still 0.2 million hectares below the 2013/14 record (USDA, August, 2016). 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, with India and the United States accounting for more than a third of the expected increase.

WHEAT

- Global wheat production for 2016/17 in September is projected to 745 million MT, up about 1.4% from a year earlier. Larger crops in Australia, Brazil, Canada, India and Kazakhstan more than offset lower production in China and the EU. (USDA, September, 2016).
- World wheat ending stocks for 2016/17 are forecasted at 249 million MT, which is 3.4% 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	745	1.4%
Ending stocks	216	241	249	3.4%

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	9.70	-1%	9.00	-7%
Vietnam	6.61	6.00	-9%	6.40	7%
USA	3.36	3.45	3%	3.65	6%
Pakistan	4.00	4.50	13%	4.25	-6%
India	11.05	10.00	-9%	9.00	-10%
Others	7.86	7.60	-3%	8.58	13%
World total	**42.64**	**41.25**	**-3%**	**40.88**	**-0.9%**

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	23.00	21.86	-5%	25.50	17%
European Union	35.42	34.68	-2%	26.00	-25%
Canada	24.88	22.14	-11%	21.00	-5%
Australia	16.58	15.78	-5%	19.50	24%
Ukraine	11.27	17.43	55%	15.00	-14%
Russia	22.80	25.54	12%	30.00	17%
Others	27.85	34.56	24%	34.85	1%
World total	**161.79**	**171.99**	**6%**	**171.85**	**0%**

Source: (USDA, September, 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 40.88 million MT, down 0.9% from a year earlier (USDA, September, 2016).
- This will be the third consecutive year of declining global trade. Since the record trade of 2014, reduced imports by Sub-Saharan Africa and South Asia have more than offset increased imports by East Asia. Imports by the Middle East have also declined since 2014.
- There were three 2017 export revisions this month. The only upward revision was for India's exports, which were raised 700,000 tons to 9.5 million tons based on a larger crop and expected strong demand from core markets. India's 2017 exports are 500,000 tons below the year-earlier revised estimate.
- In 2017, India is expected to remain the largest rice exporting country, a position it has held since 2012; since the early 1980s, Thailand had been the largest rice exporting country. Second, Vietnam's 2017 export forecast was lowered 400,000 tons to 6.4 million tons based largely on recent slower sales to top buyers, particularly China and the Philippines. Third, Burma's 2017 export forecast was lowered 50,000 tons to 1.7 million tons based on recent sluggish sales, especially to China.

WHEAT

- Wheat export for 2016/17 is forecasted in September at 171.85 million MT, which is about same as the previous years' forecast (USDA, September, 2016).

Projected world wheat trade in 2016/17 (July-June international trade year) is up 2.1 million tons to 171.8 million this month and is now on par with last year's record. Record wheat trade for 2015/16 was increased by 1.2 million tons this month to reach 172.0 million, as trade data on the final months of the 2015/16 trade year was finalized. Export prospects for 2016/17 are adjusted significantly to reflect supply shifts. Increased production and declining prices in Australia boost its exports, up 1.0 million tons to 19.5 million. Asian buyers are reportedly partly shifting to Australia, thereby reducing Black Sea countries' share in the region.

5. Import

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

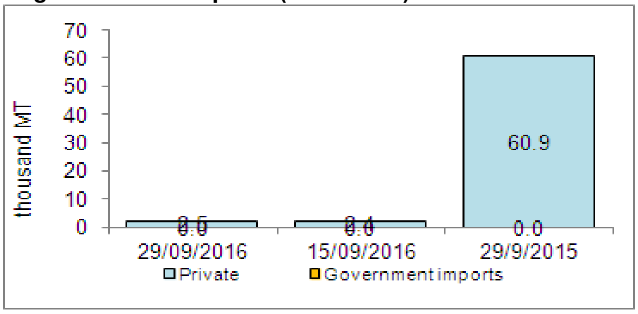
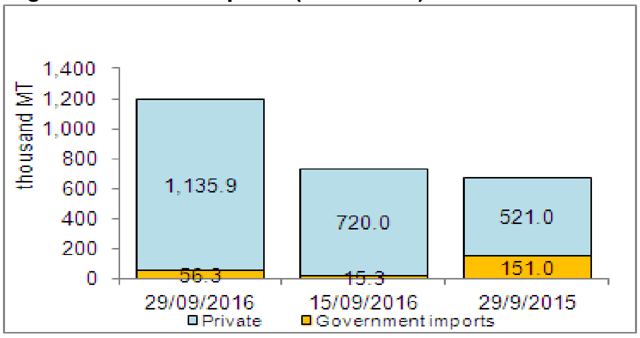


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of September 29th, no rice was imported by the public sector but the private sector imported about 2.46 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 60.89 thousand MT.

WHEAT

- Up to the fortnight ending September 29th, about 56.27 thousand MT wheat was imported by the public sector but about 1135.87 thousand MT by private sector. Over the same period of last year, 150.96 thousand MT was imported by the public sector and the private sector imported about 521.04 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

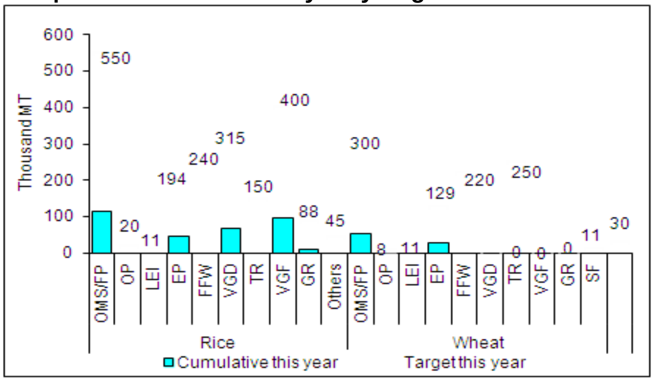
Table: 8: LC situation, as of 24th September/16 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
1-24 September/16 (provisional)	2	400	2	258
Cumulative month, September/16	2	400	2	258
Cumulative year (starting 1st July/16)	7	1738	7	768

Source: Bangladesh Bank

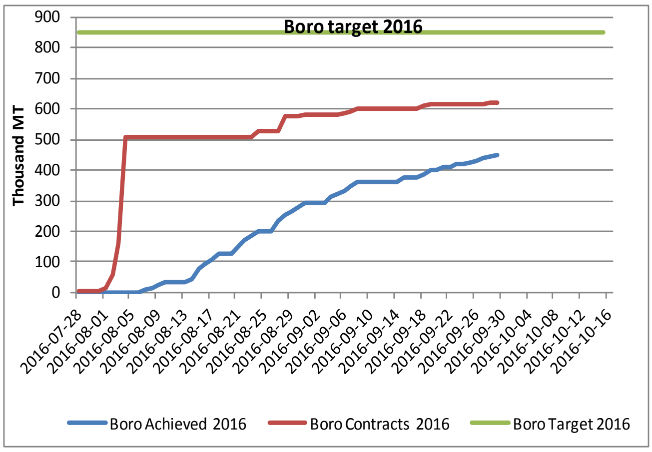
6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of September 29th 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 29th, 161.8 thousand MT food grains were distributed mainly through OMS (117.5 thousand MT), VGD (18.0 thousand MT), EP (15.7 thousand MT) and VGF (5.5 thousand MT). As of this date, a total of about 428.7 thousand MT has been distributed through the PFDS, which is about 14.43% 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 29th**,** the public food grain stock estimated at 1125.8 thousand MT, 751.7 thousand MT for rice and 374.1 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 15 October 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 parboiled rice.
- As on September 29th, about 670.0 thousand MT of *Boro* paddy and about 450.0 thousand MT rice were procured.