

Fortnightly Foodgrain Outlook

Issue No. 213

20 October 2016

HIGHLIGHTS

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

SUMMARY

RICE PRICE

In the fortnight ending October 13th, the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 2.8% and 6.8% up to 36.50 Tk/kg and 39.00 Tk/kg respectively.

ATTA PRICE

Over the same period, the wholesale prices of *atta* in Dhaka city markets decreased by 1.2% down to 20.70 Tk/kg but the retail prices remain unchanged at 24.00 Tk/kg.

INTERNATIONAL RICE PRICE

In the fortnight ending October 14th, Indian 5% parboiled and Thai 5% parboiled rice prices decreased by 1.7% and 2.8% down to 350 USD/MT and 350 USD/MT respectively. But Vietnam 15% white rice prices remained unchanged at 320 USD/MT. Pakistan 5% parboiled rice prices increased by 4.3% up to 365 USD/MT.

INTERNATIONAL WHEAT PRICE

In the fortnight ending October 14th, US (SRW), Russian and Ukraine wheat prices increased by 3.7%, 3.6% and 2.7% up to 164 USD/MT, 174 USD/MT and 174 USD/MT respectively.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in October 2016/17 for global rice production is about 483 million MT and that of wheat is about 744 million MT.

RICE AND WHEAT TRADE PROSPECT

World rice export for 2016/17 is forecasted in October 2016 at 41.08 million MT, which is 1.8% higher than that of a year earlier. World wheat export for 2016/17 is projected in October at 173.55 million MT, which is 1% higher than of a year earlier forecast.

BANGLADESH RICE IMPORT

During the fiscal year 2016/17 up to October 13th, 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 October 13th, about 80.7 thousand MT of wheat was imported by the public sector while private sector imported about 1442.8 thousand MT of wheat.

GOVERNMENT INTERVENTION

Over the fortnight ending October 13th, about 110.4 thousand MT food grains were distributed mainly through the OMS, GR, EP, VGD and VGF under the public food distribution system.

GOVERNMENT STOCK

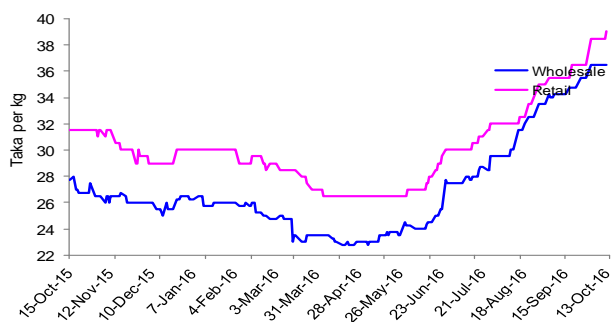
As of October 13th, the public food grain stock estimated at 1087.7 thousand MT.

GOVERNMENT PROCUREMENT

Boro procurement has started on 5 May 2016. As of October 13th, 2016 about 503.6 thousand MT of *Boro* rice were procured.

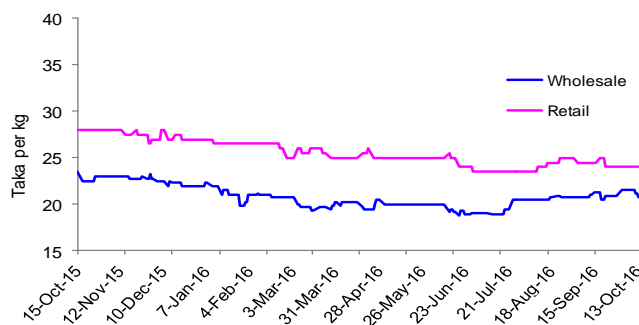
1. Domestic price: coarse rice and *atta*

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	39.00	▲ 6.8	▲ 9.9	▲ 23.6
wholesale	36.50	▲ 2.8	▲ 6.6	▲ 31.1
ATTA				
retail	24.00	▲ 0.0	▼ -2.0	▼ -14.3
wholesale	20.70	▼ -1.2	▼ -1.4	▼ -6.0

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 October 13th, the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 2.8% and 6.8% up to 36.50 Tk/kg and 39.00 Tk/kg respectively. The wholesale and retail prices are 31.1% and 23.6% higher than that of corresponding period of last year.

ATTA

- Over the same period, the wholesale prices of *atta* in Dhaka city markets decreased by 1.2% down to 20.70 Tk/kg but the retail prices remain unchanged at 24.00 Tk/kg. The wholesale and retail prices are now point to point 6.0% and 14.3% 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

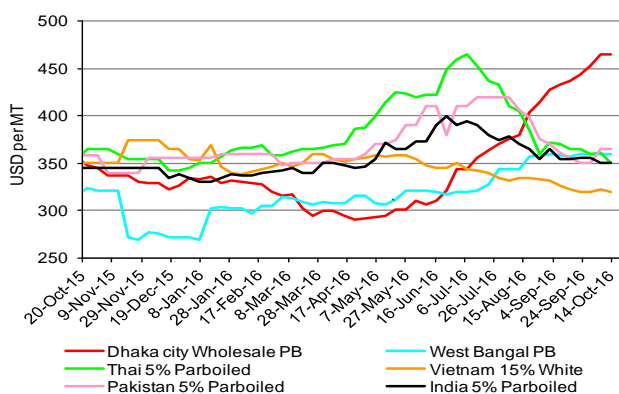
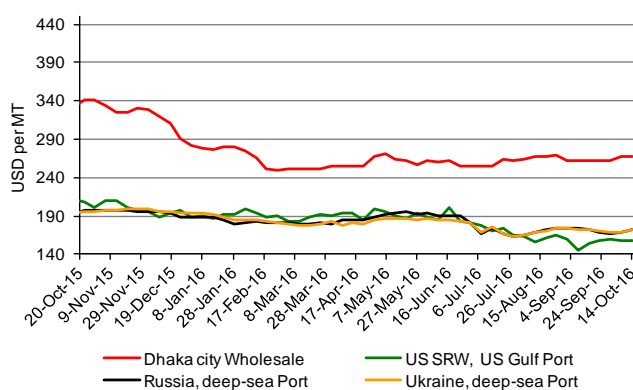


Figure 4. Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



Source: For average weekly FOB prices: USDA, FAO, Jackson Sons & Co. (London) Ltd 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 October 14th, Indian 5% parboiled and Thai 5% parboiled rice prices decreased by 1.7% and 2.8% down to 350 USD/MT and 350 USD/MT respectively. But Vietnam 15% white rice prices remained unchanged at 320 USD/MT. Pakistan 5% parboiled rice prices increased by 4.3% up to 365 USD/MT. West Bengal coarse rice prices decreased by 0.1% up to 360 USD/MT. However, Dhaka city wholesale rice prices stood at 466 USD/MT (increased by 2.8%).

WHEAT

- In the fortnight ending October 14th, US (SRW), Russian and Ukraine wheat prices increased by 3.7%, 3.6% and 2.7% up to 164 USD/MT, 174 USD/MT and 174 USD/MT respectively. On the same date, Dhaka city wholesale wheat prices stood same as at 267.9 USD/MT.

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

Closing price	DEC (Z16)	MAR (H17)	MAY (K17)	JUL (N17)	SEP (U17)
7-Oct	145	152	158	162	168
14-Oct	155	161	166	170	176
change	6.6%	5.9%	5.5%	5.2%	4.8%

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

change	DEC (Z16)	MAR (H17)	MAY (K17)	JUL (N17)	SEP (U17)
7-Oct	148	154	158	162	167
14-Oct	153	160	164	168	173
change	3.7%	3.6%	3.6%	3.5%	3.3%

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

US wheat futures rose this week on an improve outlook for exports as prices become more competitive with other world suppliers. A round of technical buying and short covering following the markets breaking above key resistance points also helped fuel the rally. CBOT wheat futures gained by 10 USD/MT on this week to closed at 155 USD/MT and KCBT wheat futures also gained by 10 USD/MT and closed at 153 USD/MT (U.S. wheat Associates, October 14th, 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	483	2.6%
Ending stocks	115	116	121	4.4%

Source: USDA, August, 2016.

RICE

Global rice production in 2016/17 is projected at a record about 483 million tons up 11.0 million tons from last month's forecast and up more than 2.6 percent from a year earlier. (USDA, October, 2016).

World rice ending stocks for 2016/17 are forecasted at 121 million MT, which is 4.4% higher than a year earlier.

WHEAT

Global wheat production for 2016/17 in October is projected to 744 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, October, 2016).

World wheat ending stocks for 2016/17 are forecasted at 248 million MT, which is 3.6% 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	744	1.4%
Ending stocks	216	240	248	3.6%

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	9.20	▼ -6%	9.50	▲ 3%
Vietnam	6.61	5.40	▼ -18%	5.80	▲ 7%
USA	3.36	3.45	▲ 3%	3.55	▲ 3%
Pakistan	4.00	4.20	▲ 5%	4.20	▶ 0%
India	11.05	10.50	▼ -5%	10.00	▼ -5%
Others	7.88	7.62	▼ -3%	8.03	▲ 5%
World total	42.66	40.37	▼ -5%	41.08	▲ 1.8%

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%	26.00	▲ 19%
European Union	35.42	34.68	▼ -2%	25.00	▼ -28%
Canada	24.88	22.14	▼ -11%	21.50	▼ -3%
Australia	16.58	15.78	▼ -5%	20.50	▲ 30%
Ukraine	11.27	17.43	▲ 55%	15.50	▼ -11%
Russia	22.80	25.54	▲ 12%	30.00	▲ 17%
Others	27.85	34.73	▲ 25%	35.05	▲ 1%
World total	161.79	172.16	▲ 6%	173.55	▲ 1%

Source: (USDA, October, 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 October at 41.08 million MT, up 1.8% from a year earlier (USDA, October, 2016).

This will be the first increase in global trade since 2014, with the Middle East, North Africa, East Asia, and Southeast Asia accounting for most of the projected increase in global rice imports in 2017.

On the 2017 export side, increased shipments from Australia, Burma, Egypt, Thailand, the United States and Vietnam are projected to more than offset reduced exports from Brazil, India, and Uruguay. Increased global trade is primarily due to expectations of lower trading prices and abundant supplies in exporting countries.

WHEAT

Wheat export for 2016/17 is forecasted in October at 173.55 million MT, which is about 1% higher than the previous years' forecast (USDA, October, 2016).

Projected 2016/17 world wheat trade for July-June international trade year is up 1.7 million tons to 173.5 million this month, and is now expected to be above last year's record. Export prospects for 2016/17 for a number of countries are revised to reflect changes in wheat supplies, policies, and competitiveness. (USDA, October, 2016).

Increased production and declining prices in Australia boost its exports for a second month in a row, up 1.0 million tons to 20.5 million. Higher wheat output for Canada supports its higher projected exports. Strong export sales and changes in EU policy justify an increase in Ukrainian wheat exports. Reduced production results in lower EU exports, down 1.0 million tons this month to 25.0 million. India, which has already imported significant amounts of wheat, is projected to import 3.0 million tons of wheat in 2016/17, up 1.0 million tons from the previous projection. Brazil is also projected to import an additional 0.5 million tons of wheat, while Egyptian wheat imports are slightly reduced.

5. Import

Figure 5. Rice imports (in '000 MT)

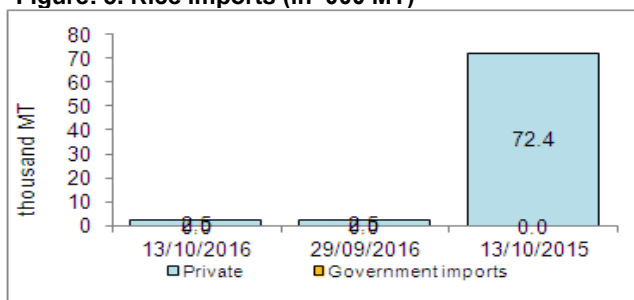
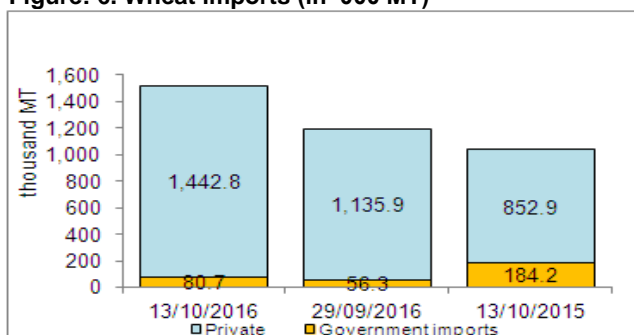


Figure 6. Wheat imports (in '000 MT)



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

RICE

- As of October 13th, 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 72.4 thousand MT.

WHEAT

- Up to the fortnight ending October 13th, about 80.7 thousand MT wheat was imported by the public sector but about 1442.8 thousand MT by private sector. Over the same period of last year, 184.2 thousand MT was imported by the public sector and the private sector imported about 852.9 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

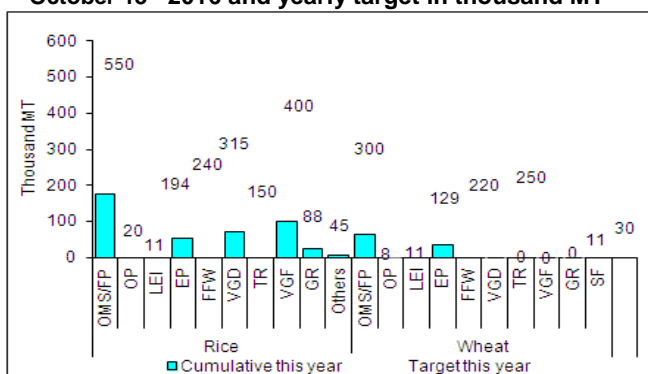
Table 8: LC situation, as of 08th October/16 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
01-08 October/16 (provisional)	2	12	0	140
Cumulative month, October/16	2	12	0	140
Cumulative year (starting 1st July/16)	13	2018	7	999

Source: Bangladesh Bank

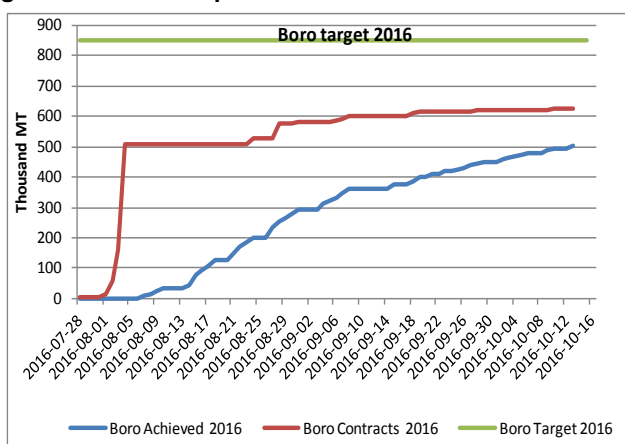
6. Government intervention

Figure 7. Rice and wheat distributed through PFDS as of October 13th 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 October 13th, 110.4 thousand MT food grains were distributed mainly through OMS (72.7 thousand MT), GR (13.4 thousand MT), EP (12.2 thousand MT) VGD (3.4 thousand MT) and VGF (2.7 thousand MT). As of this date, a total of about 539.0 thousand MT has been distributed through the PFDS, which is about 18.14% 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 October 13th, the public food grain stock estimated at 1087.7 thousand MT, 711.3 thousand MT for rice and 376.4 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 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 October 13th, about 670.0 thousand MT of *Boro* paddy and about 503.6 thousand MT rice were procured.