Fortnightly Foodgrain Outlook

Issue No. 215 ***17 November 2016***

HIGHLIGHTS

- **The domestic wholesale prices of rice unchanged but retail rice prices decreased over the last fortnight.**
- **The domestic wholesale prices of *atta* decreased but retail prices increased over the last fortnight.**
- **Export price of rice in India, Thailand and Vietnam decreased but in Pakistan remained unchanged over the last fortnight.**
- **Export prices of US SRW, Russian and Ukraine wheat prices 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 November 10th, the wholesale prices of (Swarna) rice in Dhaka city markets remained unchanged at 36.50 Tk/kg but retail prices decreased by 1.3% down to 38.50 Tk/kg.

***ATTA* PRICE**

Over the same period, the wholesale prices of *atta* in Dhaka city markets decreased by 0.5% down to 20.80 Tk/kg but the retail prices increased by 2.1% up to 24.50 Tk/kg.

INTERNATIONAL RICE PRICE

In the fortnight ending November 11th, Indian 5% parboiled, Thai 5% parboiled rice and Vietnam 15% white rice prices decreased by 1.4%, 1.7% and 0.9% down to 342 USD/MT 339 USD/MT and 330 USD/MT respectively. But Pakistan 5% parboiled rice prices remained unchanged at 370 USD/MT.

INTERNATIONAL WHEAT PRICE

In the fortnight ending November 11th, US (SRW), Russian and Ukraine wheat prices increased by 4.9%, 2.2% and 2.5% up to 171 USD/MT, 182 USD/MT and 1748USD/MT respectively.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in November 2016/17 for global rice production is about 484 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 November 2016 at 41.85 million MT, which is 4.4% higher than that of a year earlier. World wheat export for 2016/17 is projected in November at 173.60 million MT, which is 1% higher than of a year earlier forecast.

BANGLADESH RICE IMPORT

During the fiscal year 2016/17 up to November 10th, no rice was imported by the public sector but the private sector imported about 6.4 thousand MT.

BANGLADESH WHEAT IMPORT

During the fiscal year 2016/17 up to November 10th, about 99.9 thousand MT of wheat was imported by the public sector while private sector imported about 2082.8 thousand MT of wheat.

GOVERNMENT INTERVENTION

Over the fortnight ending November 10th, about 117.9 thousand MT food grains were distributed mainly through the OMS, EP, VGF, VGD and GR under the public food distribution system.

GOVERNMENT STOCK

As of November 10th, the public food grain stock estimated at 930.3 thousand MT.

GOVERNMENT PROCUREMENT

Boro procurement has started on 5 May 2016. As of closing date October 31st, 2016 about 1021.0 thousand MT were procured (in terms of rice).

1. Domestic price: coarse rice and *atta*

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

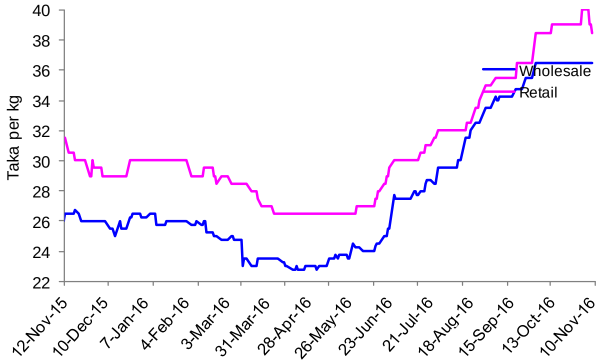
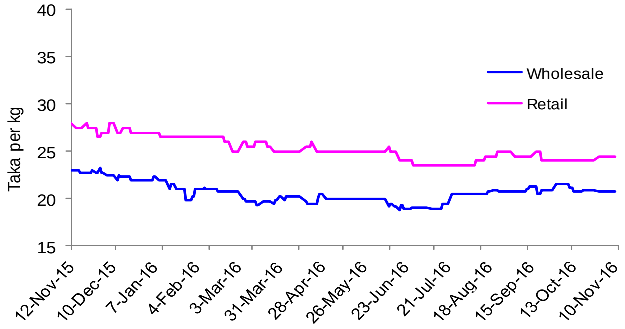


Figure: 2. Change in prices of *Atta* (Dhaka)



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	38.50	▼ -1.3	▶ 0.0	▲ 25.0
wholesale	36.50	▶ 0.0	▶ 0.0	▲ 37.7
ATTA				
retail	24.50	▲ 2.1	▲ 2.1	▼ -12.5
wholesale	20.80	▶ -0.5	▼ -3.3	▼ -9.6

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 November 10th, the wholesale prices of (Swarna) rice in Dhaka city markets remained unchanged at 36.50 Tk/kg but retail prices decreased by 1.3% down to 38.50 Tk/kg. The wholesale and retail prices are 37.7% and 25.0% 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 0.5% down to 20.80 Tk/kg but the retail prices increased by 2.1% up to 24.50 Tk/kg. The wholesale and retail prices are now point to point 9.6% and 12.5% 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

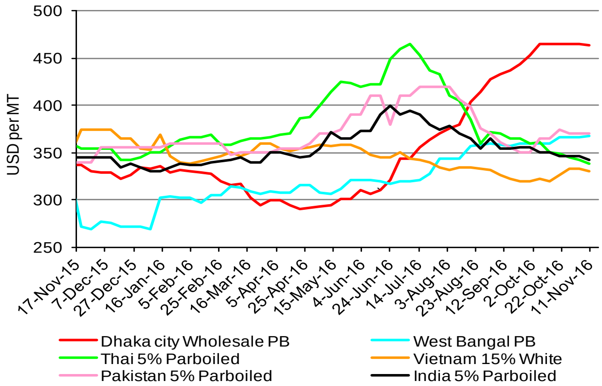
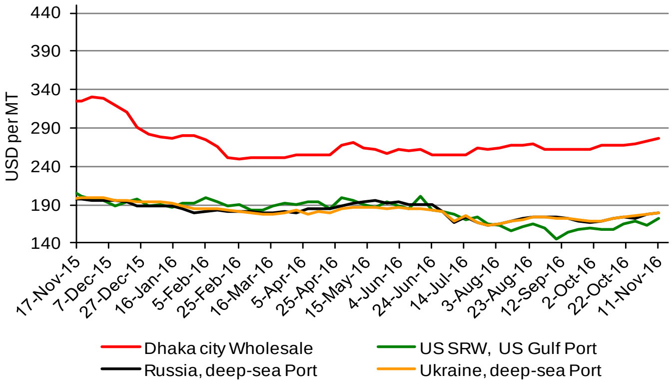


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 November 11th, Indian 5% parboiled, Thai 5% parboiled rice and Vietnam 15% white rice prices decreased by 1.4%, 1.7% and 0.9% down to 342 USD/MT 339 USD/MT and 330 USD/MT respectively. But Pakistan 5% parboiled rice prices remained unchanged at 370 USD/MT. West Bengal coarse rice prices increased by 0.2% up to 367USD/MT. However, Dhaka city wholesale rice prices stood at 464 USD/MT.

WHEAT

- In the fortnight ending November 11th, US (SRW), Russian and Ukraine wheat prices increased by 4.9%, 2.2% and 2.5% up to 171 USD/MT, 182 USD/MT and 1748USD/MT respectively. On the same date, Dhaka city wholesale wheat prices stood same as at 275.2 USD/MT (increased by 0.7%).

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

Closing price	DEC (Z16)	MAR (H17)	MAY (K17)	JUL (N17)	SEP (U17)
4-Nov	152	159	164	169	175
10-Nov	149	155	161	166	172
change	-2.3%	-2.1%	-2.1%	-1.6%	-1.6%

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

change	DEC (Z16)	MAR (H17)	MAY (K17)	JUL (N17)	SEP (U17)
4-Nov	151	158	162	167	172
10-Nov	150	157	161	165	170
change	-0.7%	-0.3%	-0.9%	-0.9%	-0.8%

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

Pressured by a stronger U.S. dollar and ample global supplies. U.S. wheat futures closed the week lower. Strong export sales continue to lend support. November and December basis remain firm due to limited availability of export elevations. CBOT wheat futures lost by 3 USD/MT on this week to closed at 149 USD/MT and KCBT wheat futures also lost by 1 USD/MT and closed at 150 USD/MT (U.S. wheat Associates, November 11th, 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	484	2.5%
Ending stocks	115	116	121	3.8%

Source: USDA, November, 2016.

RICE

Global rice production in 2016/17 is projected at a record about 484 million tons up 12.0 million tons from last year's and up more than 2.6 percent from a year earlier. (USDA, November, 2016).

World rice ending stocks for 2016/17 are forecasted at 121 million MT, which is 3.8% higher than a year earlier.

WHEAT

- Global wheat production for 2016/17 in November is projected to 745 million MT, up about 1.3% from a year earlier. Wheat production forecasts have been revised for several countries of the European Union; two other countries' wheat outputs are also adjusted this month (USDA, November, 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	1.3%
Ending stocks	217	241	249	3.4%

Source: USDA, November, 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	7.32	-7%	7.80	7%
World total	**42.66**	**40.07**	**-6%**	**40.85**	**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	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	27.86	34.73	25%	35.10	1%
World total	**161.80**	**172.16**	**6%**	**173.60**	**1%**

Source: (USDA, November, 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 November at 40.85 million MT, up 2.0% from a year earlier (USDA, November, 2016).
- There were four 2016/17 upward global production revisions this month. First, Colombia's forecast was raised 0.34 million tons to 1.7 million tons, a result of expanded area. Second, South Korea's 2016/17 crop projection was increased 5 percent a result of a higher yield forecast. Third, Japan's 2016/17 crop forecast was raised 0.1 million tons to 7.8 million tons Fourth, Russia's 2016/17 production forecast was raised 50,000 tons to 775,000 tons based on a higher yield reported by the Ministry of Agriculture.
- There were only two noteworthy export revisions this month: Burma's 2017 exports were lowered 0.2 million tons to 1.5 million tons and Cambodia's were reduced 0.5 million tons to 1.0 million tons. Both revisions were based on slower sales in 2016. Vietnam's 2017 imports were reduced 100,000 tons to 300,000 tons based on smaller expected purchases from Cambodia.

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, November, 2016).
- Projected world wheat trade in 2016/17 (July-June international trade year) is up fractionally this month at 173.6 million tons. The only tiny increase is for South Korea, by less than 0.1 million tons. For the local marketing year, wheat exports are down 0.5 million tons for Canada (September–August), indicating a decline in wheat quality. (USDA, November, 2016).

Wheat imports (July-June international trade year) are projected 0.3 million tons higher in both Brazil and Vietnam, and by 0.5 million tons lower in the European Union. All these changes reflect the current and projected pace of imports. The U.S. wheat export forecast for the 2016/17 international trade year (July-June), as well as for the local marketing year (June-May), is left unchanged this month.

5. Import

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

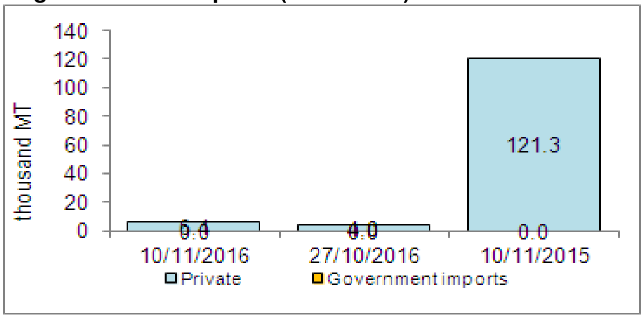
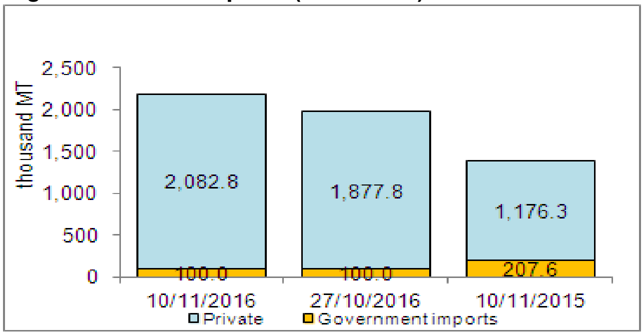


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of November 10th, no rice was imported by the public sector but the private sector imported about 6.4 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 121.3 thousand MT.

WHEAT

- Up to the fortnight ending November 10th, about 99.9 thousand MT wheat was imported by the public sector but about 2082.8 thousand MT by private sector. Over the same period of last year, 207.6 thousand MT was imported by the public sector and the private sector imported about 1176.3 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

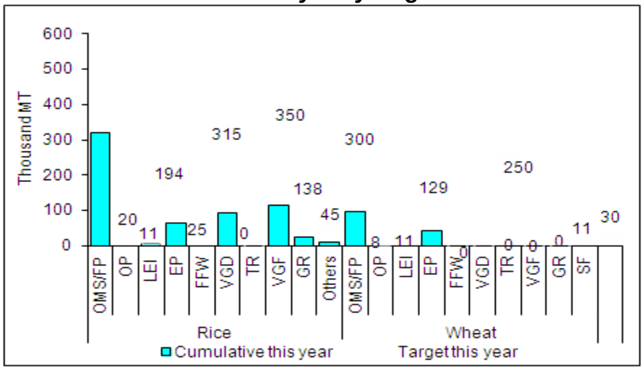
Table: 8: LC situation, as of 31st October/16 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
15-31 October/16 (provisional)	1	249	2	465
Cumulative month, October/16	3	502	4	782
Cumulative year (starting 1st July/16)	15	2507	10	1681

Source: Bangladesh Bank

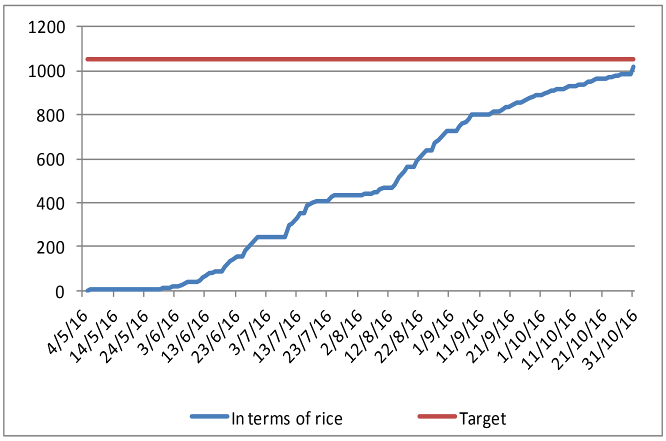
6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of November 10th 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* procurement 2016



PUBLIC FOOD DISTRIBUTION

- The total revised distribution planned for 2016/17 is at about 2.37 million MT. The actual distribution was about 2.064 million MT in 2015/16.
- Over this fortnight ending November 10th, 117.9 thousand MT food grains were distributed mainly through OMS and FPC (84.0 thousand MT), EP (12.3 thousand MT), VGF (7.9 thousand MT) VGD (6.5 thousand MT) and GR (1.4 thousand MT). As of this date, a total of about 791.4 thousand MT has been distributed through the PFDS, which is about 33.4% 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 November 10th**,** the public food grain stock estimated at 930.3 thousand MT, 582.2 thousand MT for rice and 348.1 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 31 October 2016(Revised) at the rate for Tk 23/kg of paddy and 32 Tk/kg for parboiled rice.
- As on October 31st, at the end of *Boro* procurement season about 670.0 thousand MT of *Boro* paddy and about 585.6 thousand MT rice (in terms of rice is about 1021.0 thousand MT) were procured.