

Fortnightly Foodgrain Outlook

Issue No. 218

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HIGHLIGHTS

- The domestic wholesale and retail prices of rice decreased over the last fortnight.
- The domestic wholesale and retail prices of *atta* decreased over the last fortnight.
- Export price of rice in India, Thailand, Vietnam and Pakistan increased over the last fortnight.
- Export prices of US SRW wheat prices increased but Russian and Ukraine wheat prices remained unchanged 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 December 22nd, the wholesale and retail prices of (Swarna) rice in Dhaka city markets decreased by 3.6% and 2.7% down at 33.0 Tk/kg and 36.0 Tk/kg respectively.

ATTA PRICE

Over the same period, the wholesale and retail prices of *atta* in Dhaka city markets decreased by 0.5% and 2.0% down to 20.7 Tk/kg and 24.5 Tk/kg respectively.

INTERNATIONAL RICE PRICE

In the fortnight ending December 23rd, Indian 5% parboiled, Thai 5% parboiled, Vietnam 15% white and Pakistan 5% parboiled rice prices increased by 1.4%, 2.0%, 0.6% and 3.2% up to 355 USD/MT, 356 USD/MT, 327 USD/MT and 385 USD/MT respectively.

INTERNATIONAL WHEAT PRICE

In the fortnight ending December 23rd, US (SRW) wheat prices decreased by 0.2% down to 160 USD/MT. Russian and Ukraine wheat prices remain unchanged at 183 USD/MT and 184 USD/MT respectively.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in December 2016/17 for global rice production is about 482 million MT and that of wheat is about 751 million MT.

RICE AND WHEAT TRADE PROSPECT

World rice export for 2016/17 is forecasted in December 2016 at 40.61 million MT, which is 2.6% higher than that of a year earlier. World wheat export for 2016/17 is projected in December at 175.40 million MT, which is 2% higher than of a year earlier forecast.

BANGLADESH RICE IMPORT

During the fiscal year 2016/17 up to December 22nd, no rice was imported by the public sector but the private sector imported about 7.7 thousand MT.

BANGLADESH WHEAT IMPORT

During the fiscal year 2016/17 up to December 22nd, about 99.9 thousand MT of wheat was imported by the public sector while private sector imported about 2797.0 thousand MT of wheat.

GOVERNMENT INTERVENTION

Over the fortnight ending December 22nd, about 38.1 thousand MT food grains were distributed mainly through the VGF, EP, OMS and SF under the public food distribution system.

GOVERNMENT STOCK

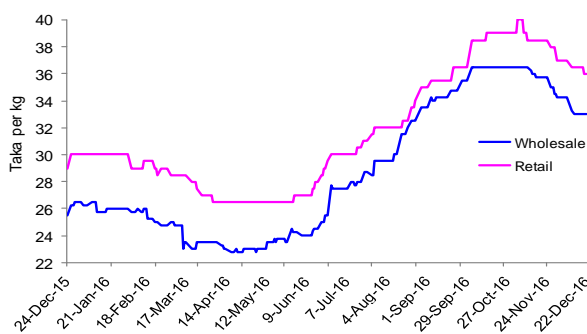
As of December 22nd, the public food grain stock estimated at 727.9 thousand MT.

GOVERNMENT PROCUREMENT

Aman procurement has started on 1st December 2016 with a target of 300 thousand MT of rice at the rate of 33 Tk/Kg. As on 22nd, December 2016 about 30.4 thousand MT of *Aman* rice were procured and about 284.6 thousand MT were contracted.

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)

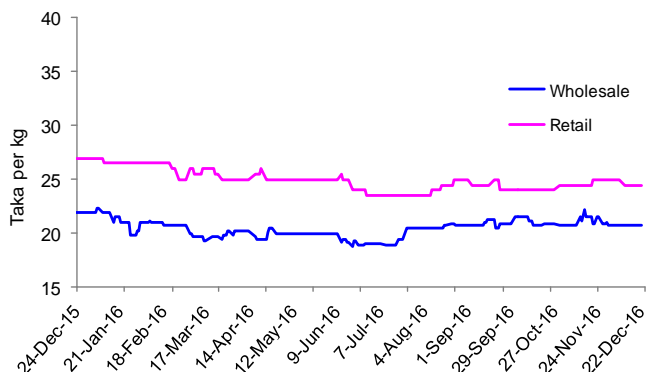


Table: 1. Rice and *Atta* price changes (Dhaka city)

		change in %			
		over last fortnight	over last month	over last year	
RICE					
retail	36.00	▼	-2.7	▼	-6.5
wholesale	33.00	▼	-3.6	▼	-7.7
ATTA					
retail	24.50	▼	-2.0	▼	-2.0
wholesale	20.70	▼	-0.5	▼	-1.2

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 December 22nd, the wholesale and retail prices of (Swarna) rice in Dhaka city markets decreased by 3.6% and 2.7% down to 33.0 Tk/kg and 36.0 Tk/kg respectively. The wholesale and retail prices are 29.2% and 25.5% higher respectively 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 0.5% and 2.0% down to 20.7 Tk/kg and 24.5 Tk/Kg respectively. The wholesale and retail prices are now point to point 7.2% and 10.6% 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

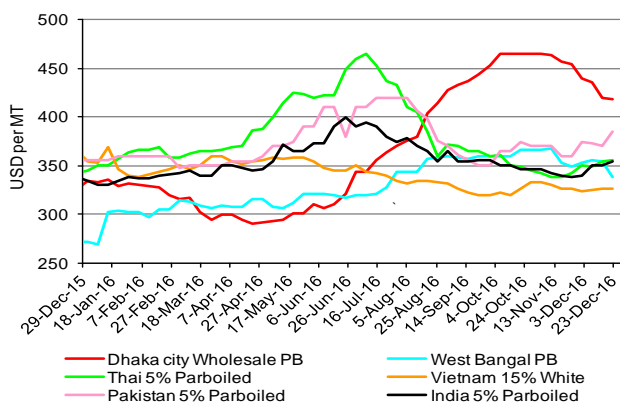
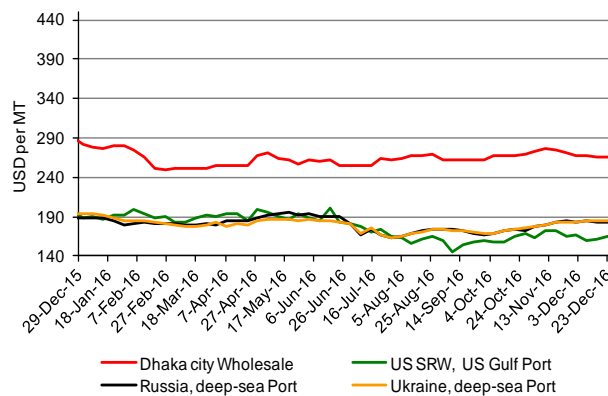


Figure: 4. Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 December 23rd, Indian 5% parboiled, Thai 5% parboiled, Vietnam 15% white and Pakistan 5% parboiled rice prices increased by 1.4%, 2.0%, 0.6% and 3.2% up to 355 USD/MT, 356 USD/MT, 327 USD/MT and 385 USD/MT respectively. West Bengal coarse rice prices decreased by 4.6% down to 339 USD/MT. However, Dhaka city wholesale rice prices stood at 419 USD/MT (decreased by 3.9%).

WHEAT

- In the fortnight ending December 23rd, US (SRW) wheat prices decreased by 0.2% down to 160 USD/MT. Russian and Ukraine wheat prices remain unchanged at 183 USD/MT and 184 USD/MT respectively. On the same date, Dhaka city wholesale wheat prices stood same as at 266.0 USD/MT.

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

Closing price	MAR (H17)	MAY (K17)	JUL (N17)	SEP (U17)	DEC (U17)
2-Dec	149	153	158	164	171
9-Dec	153	157	161	164	172
change	3.0%	2.3%	1.7%	0.2%	0.4%

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

change	MAR (H17)	MAY (K17)	JUL (N17)	SEP (U17)	DEC (U17)
2-Dec	150	155	159	164	172
9-Dec	152	156	161	167	174
change	1.2%	1.1%	1.2%	1.3%	1.6%

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

Wheat futures finished the week mixed with closing lower, but after hitting contract lows earlier this week, CBOT and KCBT wheat futures rebounded supported by technical short-covering. CBOT wheat futures gained by 4 USD/MT on this week to closed at 153 USD/MT and KCBT wheat futures also gained by 2 USD/MT and closed at 152 USD/MT (U.S. wheat Associates, December 23rd, 2016). (Table-2 & 3).

3. Global production and stock

Table: 4. Rice world production and stock (million MT)

RICE	2014/15	2015/16	2016/17 forecast	change 2016/17 over 2015/16
Production	479	472	482	2.0%
Ending stocks	115	116	120	3.2%

Source: USDA, December, 2016.

RICE

Global rice production in 2016/17 is projected at a record about 482 million tons up more than 2.0 percent from a year earlier. But compare to previous month global production is lowered, primarily on revisions to China crop (USDA, December, 2016).

World rice ending stocks for 2016/17 are forecasted at 120 million MT, which is 3.2% higher than a year earlier.

WHEAT

- Global wheat production for 2016/17 in December is projected to 751 million MT, up about 2.1% from a year earlier. Global and Australian production in 2016/17 are both raised to new records (USDA, December, 2016).

- World wheat ending stocks for 2016/17 are forecasted at 252 million MT, which is 4.8% higher than a year earlier.

Table: 5. Wheat world Production and stock (million MT)

Wheat	2014/15	2015/16	2016/17 forecast	change 2016/17 over 2015/16
Production	728	735	751	2.1%
Ending stocks	217	241	252	4.8%

Source: USDA, December, 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	10.20	▼ -8%	10.00	▼ -2%
Others	7.88	7.13	▼ -9%	7.56	▲ 6%
World total	42.66	39.58	▼ -7%	40.61	▲ 2.6%

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%	23.00	▲ 46%
Ukraine	11.27	17.43	▲ 55%	15.50	▼ -11%
Russia	22.80	25.54	▲ 12%	29.00	▲ 14%
Others	27.86	34.73	▲ 25%	35.40	▲ 2%
World total	161.80	172.16	▲ 6%	175.40	▲ 2%

RICE

- Total calendar year 2016/17 global rice export is forecasted in November at 40.61 million MT, up 2.6% from a year earlier (USDA, December, 2016).

- Global ending stocks for 2016/17 are projected at 120.2 million tons, down 1.5 million tons from the previous forecast but the highest since 2001/02. Global trade is projected to increase 2.6 percent to 40.6 million tons in 2017, but remains below record. U.S. and Vietnam's trading prices declined over the past month while Thailand's prices rose.

- Global trade remains below the 2014 record of 44.1 million tons. Purchases by top global import markets of Southeast Asia, South Asia, and Sub-Saharan Africa remain below 2014 levels and have more than offset increased imports by East China. On the export side, increased shipments from Australia, Burma, Cambodia, Egypt, Thailand, and the United States are projected to more than offset reduced exports from Brazil, India, and Uruguay.

WHEAT

- Wheat export for 2016/17 is forecasted in December at 175.40 million MT, which is about 2% higher than the previous years' forecast (USDA, December, 2016).

- Global trade is boosted to a new record with stronger import demand from Asia and Brazil. Larger exports for Australia and Argentina are partially offset by a decrease for Russia (USDA, December, 2016).

Australian exports for trade year 2016/17 are now forecast at a near-record 23.0 million metric tons, up about 45 percent from the previous year. Australia is a key supplier to several fast growing Asian markets and is now forecast to have the highest exports in 5 years. Exportable supplies are massive because of a record crop, which is now forecast at 33.0 million tons. Despite higher exports and domestic consumption, stocks will continue to grow.

5. Import

Figure 5. Rice imports (in '000 MT)

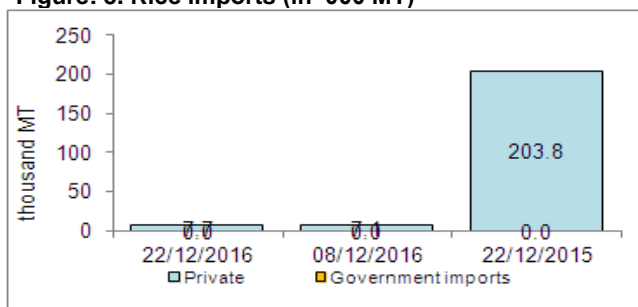
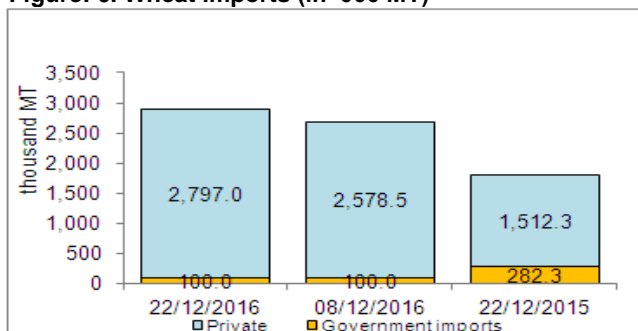


Figure 6. Wheat imports (in '000 MT)



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

RICE

- As of December 22nd, no rice was imported by the public sector but the private sector imported about 7.7 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 203.8 thousand MT.

WHEAT

- Up to the fortnight ending December 22nd, about 99.9 thousand MT wheat was imported by the public sector but about 2797.0 thousand MT by private sector. Over the same period of last year, 282.3 thousand MT was imported by the public sector and the private sector imported about 1512.3 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

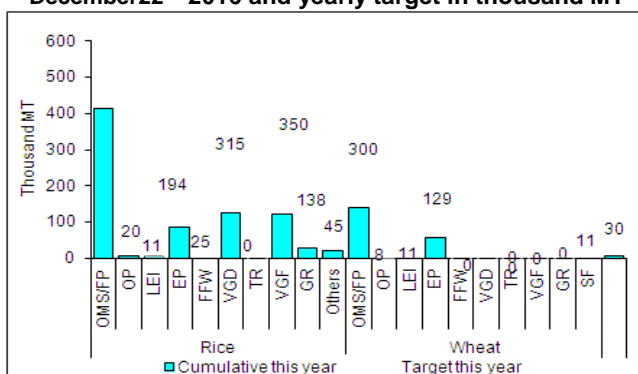
Table 8: LC situation, as of 17th December/16 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
01-17 December/16 (provisional)	2	506	2	78
Cumulative month, December/16	2	506	2	78
Cumulative year (starting 1st July/16)	21	3335	16	2115

Source: Bangladesh Bank

6. Government intervention

Figure 7. Rice and wheat distributed through PFDS as of December 22nd 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

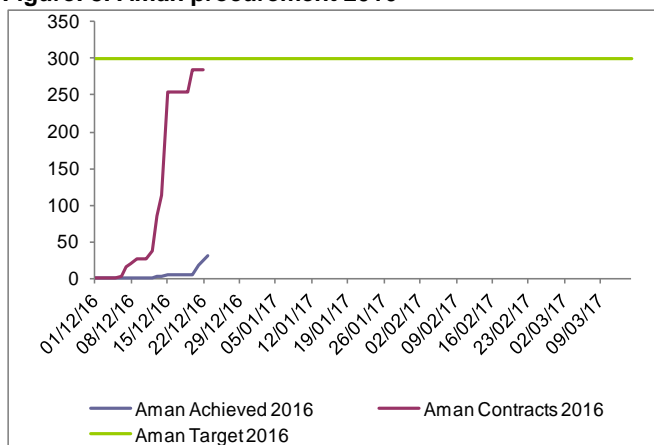
PUBLIC FOOD DISTRIBUTION

- 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 December 22nd, 38.1 thousand MT food grains were distributed mainly through VGD (11.7 thousand MT), EP (11.5 thousand MT), OMS & FPC (8.4 thousand MT) and SF (2.5 thousand MT). As of this date, a total of about 1028.7 thousand MT has been distributed through the PFDS, which is about 43.5% 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 December 22nd, the public food grain stock estimated at 727.9 thousand MT, 447.4 thousand MT for rice and 280.5 thousand MT for wheat (MISM, DG Food).

Figure 8. Aman procurement 2016



DOMESTIC FOOD GRAIN PROCUREMENT

- During the recent past *Boro* procurement season about 670.0 thousand MT of *Boro* paddy and about 585.6 thousand MT rice (in terms of rice, total *Boro* procurement was about 1021.0 thousand MT) were procured at the rate for Tk 23/kg of paddy and 32 Tk/kg for parboiled rice.
- Government has decided to procure 300.0 thousand MT of *Aman* rice in ongoing *Aman* procurement season (1st December 2016 to 15th March 2017) at the rate of 33 Tk/kg of *Aman* rice.
- As on 22nd, December 2016 about 30.4 thousand MT of *Aman* rice were procured and about 284.6 thousand MT were contracted.