Fortnightly Foodgrain Outlook

Issue No. 219 *12 January 2017*

HIGHLIGHTS

- **The domestic wholesale prices of rice increased but retail prices decreased over the last fortnight.**
- **The domestic wholesale and retail prices of *atta* remained unchanged over the last fortnight.**
- **Export price of rice in India, Thailand and Pakistan unchanged but in Vietnam decreased 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 January 5th, the wholesale prices of (Swarna) rice in Dhaka city markets increased by 3.0% up to Tk 34.0/kg but the retail prices decreased by 1.4% down to Tk 35.5/kg.

***ATTA* PRICE**

Over the same period, the wholesale and retail prices of *atta* in Dhaka city markets remained unchanged at Tk 20.7/kg and Tk 24.5 /Kg respectively.

INTERNATIONAL RICE PRICE

In the fortnight ending January 6th, Indian 5% parboiled, Thai 5% parboiled and Pakistan 5% parboiled rice prices remained unchanged at USD 355/MT, USD 356/MT and USD 385/MT respectively. But Vietnam 15% white rice prices decreased by 0.3% down to USD 326/MT.

INTERNATIONAL WHEAT PRICE

In the fortnight ending January 6th, US (SRW) wheat prices increased by 2.6% up to USD 165/MT. Russian and Ukraine wheat prices remain unchanged at USD 183/MT and USD 184/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 January 5th, no rice was imported by the public sector but the private sector imported about 11.0 thousand MT.

BANGLADESH WHEAT IMPORT

During the fiscal year 2016/17 up to January 5th, about 137.7 thousand MT of wheat was imported by the public sector while private sector imported about 3033.6 thousand MT of wheat.

GOVERNMENT INTERVENTION

Over the fortnight ending January 5th, about 40.5 thousand MT food grains were distributed mainly through the EP, VGD, OMS and SF under the public food distribution system.

GOVERNMENT STOCK

As of January 5th, the public food grain stock estimated at 824.0 thousand MT.

GOVERNMENT PROCUREMENT

Aman procurement has started on 1st December 2016 with a revised target of 400.0 thousand MT of rice at the rate of Tk 33/Kg for parboiled rice and Tk 32/Kg for non parboiled rice. As on 5th**,** January 2017 about 124.5 thousand MT of *Aman* rice were procured and about 333.2 thousand MT were contracted.

1. Domestic price: coarse rice and *atta*

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

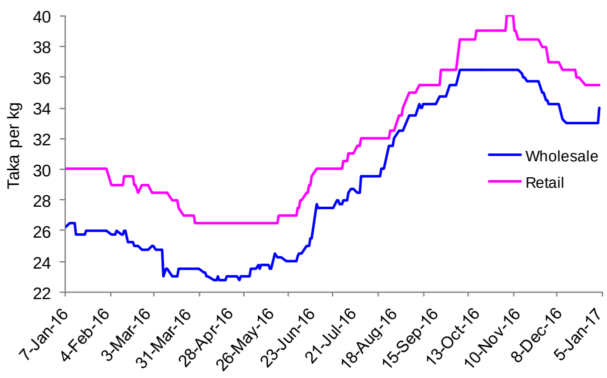


Figure: 2. Change in prices of *Atta* (Dhaka)

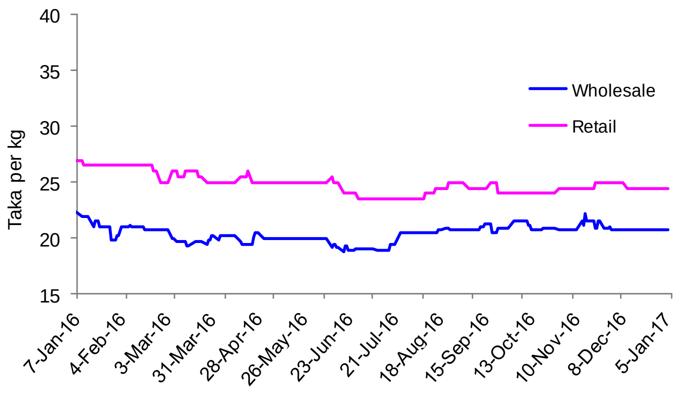


Table: 1.Rice and *Atta* price changes (Dhaka city)

		change in %		
		over last fortnight	over last month	over last year
RICE				
retail	35.50	-1.4	-4.1	18.8
wholesale	34.00	3.0	-0.7	26.0
ATTA				
retail	24.50	0.0	-2.0	-9.3
wholesale	20.70	0.0	-0.2	-5.9

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 January 5th, the wholesale prices of (Swarna) rice in Dhaka city markets increased by 3.0% up to Tk 34.0/kg but the retail prices decreased by 1.4% down to Tk 35.5/kg. The wholesale and retail prices are 26.0% and 18.8% 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 remained unchanged at Tk 20.7/kg and Tk 24.5/Kg respectively. The wholesale and retail prices are now point to point 5.9% and 9.3% 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

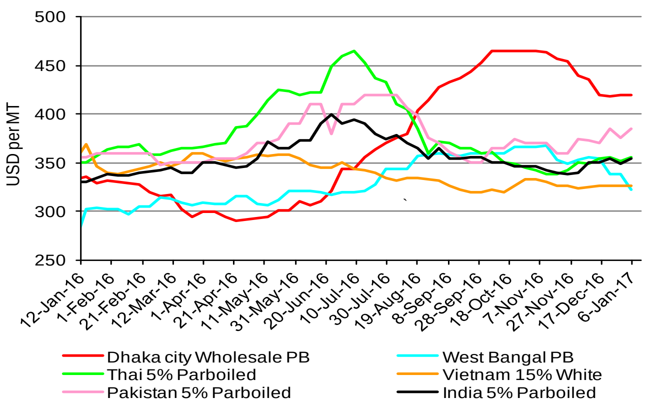
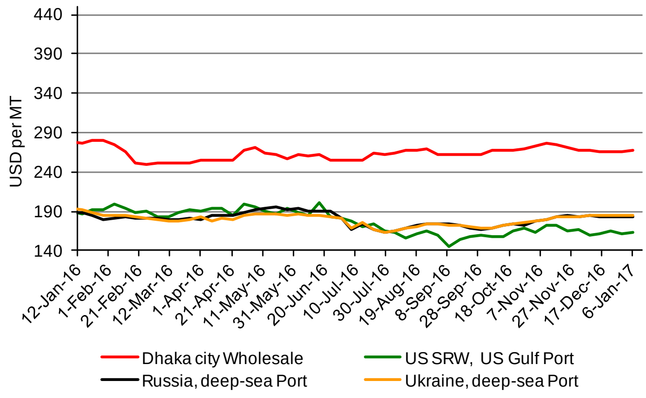


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 January 6th, Indian 5% parboiled, Thai 5% parboiled and Pakistan 5% parboiled rice prices remained unchanged at USD 355/MT, USD 356/MT and USD 385/MT respectively. But Vietnam 15% white rice prices decreased by 0.3% down to USD 326/MT. West Bengal coarse rice prices decreased by 4.7% down to USD 323/MT. However, Dhaka city wholesale rice prices stood at USD 419/MT (decreased by 0.2%).

WHEAT

- In the fortnight ending January 6th, US (SRW) wheat prices increased by 2.6% up to USD 165/MT. Russian and Ukraine wheat prices remain unchanged at USD 183/MT and USD 184/MT respectively. On the same date, Dhaka city wholesale wheat prices stood same as at USD 266.8/MT.

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

Closing price	MAR (H17)	MAY (K17)	JUL (N17)	SEP (U17)	DEC (U17)
23-Dec	145	149	155	160	167
6-Jan	156	160	165	163	170
change	7.6%	6.9%	6.5%	1.8%	1.9%

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

change	MAR (H17)	MAY (K17)	JUL (N17)	SEP (U17)	DEC (U17)
23-Dec	149	153	158	163	170
6-Jan	159	164	168	173	179
change	6.7%	6.6%	6.4%	6.1%	5.6%

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

Since Dec. 23, CBOT and KCBT March wheat futures each increased, supported by technical buying and continued strength in export demand. Concerns about U.S. Plains winter wheat condition also lent support to KCBT. The strengthening U.S. dollar continues to pressure the market. CBOT wheat futures gained by USD 11/MT on this week to closed at USD 156/MT and KCBT wheat futures also gained by USD 10/MT and closed at USD 159/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%**

Source: (USDA, December, 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 40.61 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)

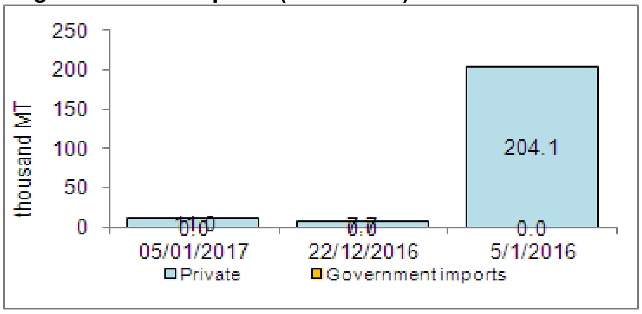
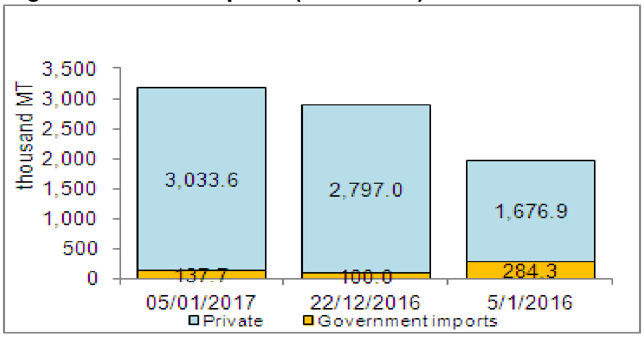


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of January 5th, no rice was imported by the public sector but the private sector imported about 11.0 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 204.1 thousand MT.

WHEAT

- Up to the fortnight ending January 5th, about 137.7 thousand MT wheat was imported by the public sector but about 3033.6 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 1676.9 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

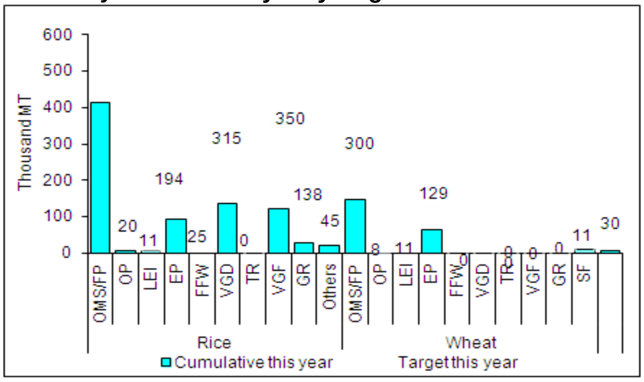
Table: 8: LC situation, as of 07th January/17 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
01-07 January/17 (provisional)	9	66	1	66
Cumulative month, January/17	9	66	1	66
Cumulative year (starting 1st July/16)	47	3377	18	2520

Source: Bangladesh Bank

6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of January 5th 2016 and yearly target in thousand MT

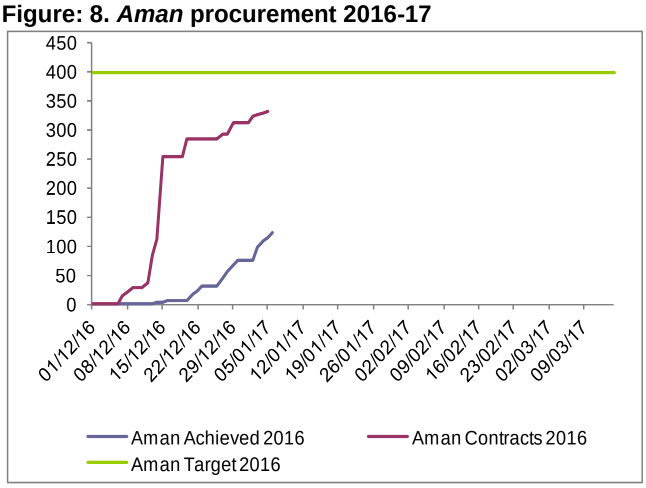


Source: Directorate General of Food and FPMU; OMS: Open Market Sale; OP: Other Priorities; LEI: Large Employers; EP: Essential; Priorities; FFW: Food for Work; VGD: Vulnerable Group Development; TR: Test Relief; VGF: Vulnerable Group Feeding; GR: Gratuitous Relief; SF: School Feeding

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 January 5th, 40.5 thousand MT food grains were distributed mainly through EP (12.1 thousand MT), VGD (9.9 thousand MT), OMS & FPC (6.3 thousand MT) and SF (6.3 thousand MT). As of this date, a total of about 1069.3 thousand MT has been distributed through the PFDS, which is about 45.2% 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.

Figure: 8. *Aman* procurement 2016-17



PUBLIC STOCKS

- As of January 5th**,** the public food grain stock estimated at 824.0 thousand MT, 521.8 thousand MT for rice and 302.2 thousand MT for wheat (MISM, DG Food).

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 400.0 thousand MT of *Aman* rice in ongoing *Aman* procurement season (1st December 2016 to 15th March 2017) at the rate of Tk 33/kg of *Aman* parboiled rice and Tk 32/Kg for non parboiled rice.
- As on 5th**,** January 2017 about 124.5 thousand MT of *Aman* rice were procured and about 333.2 thousand MT were contracted.