Fortnightly Foodgrain Outlook

Issue No. 220 ***26 January 2017***

HIGHLIGHTS

- **The domestic wholesale and retail prices of rice increased 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, Vietnam and Pakistan increased over the last fortnight.**
- **Export prices of US SRW wheat and Russian wheat prices increased but Ukraine wheat prices decreased 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 19th, the wholesale prices of (Swarna) rice in Dhaka city markets increased by 2.9% up to Tk 35.0/kg, the retail prices also increased by 1.4% up to Tk 36.0/kg.

***ATTA* PRICE**

Over the same period, the wholesale prices of *atta* in Dhaka city markets decreased by 2.4% down to Tk 20.2/Kg but retail prices increased by 2.0% up to Tk 20.2/kg.

INTERNATIONAL RICE PRICE

In the fortnight ending January 20th, Indian 5% parboiled, Thai 5% parboiled, Vietnam 15% white and Pakistan 5% parboiled rice prices increased by 5.6%, 1.1%, 0.9% and 6.0% up to USD 375/MT, USD 360/MT, USD 329/MT and USD 408/MT respectively.

INTERNATIONAL WHEAT PRICE

In the fortnight ending January 20th, US (SRW) wheat and Russian wheat prices increased by 6.6% and 0.5% up to USD 175/MT and USD 184/MT respectively. But in Ukraine wheat prices decreased by 0.5% down to USD 183/MT.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in January 2016/17 for global rice production is about 480 million MT and that of wheat is about 753 million MT.

RICE AND WHEAT TRADE PROSPECT

World rice export for 2016/17 is forecasted in January 2017 at 40.78 million MT, which is 2.7% higher than that of a year earlier. World wheat export for 2016/17 is projected in January at 177.01 million MT, which is 3% higher than of a year earlier forecast.

BANGLADESH RICE IMPORT

During the fiscal year 2016/17 up to January 24th, no rice was imported by the public sector but the private sector imported about 14.7 thousand MT.

BANGLADESH WHEAT IMPORT

During the fiscal year 2016/17 up to January 24th, about 158.0 thousand MT of wheat was imported by the public sector while private sector imported about 3306.9 thousand MT of wheat.

GOVERNMENT INTERVENTION

Over the fortnight ending January 19th, about 25.3 thousand MT food grains were distributed mainly through the EP, OMS and FFW under the public food distribution system.

GOVERNMENT STOCK

As of January 19th, the public food grain stock estimated at 906.6 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 24th**,** January 2017 about 236. thousand MT of *Aman* rice were procured and about 394.0 thousand MT were contracted.

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)

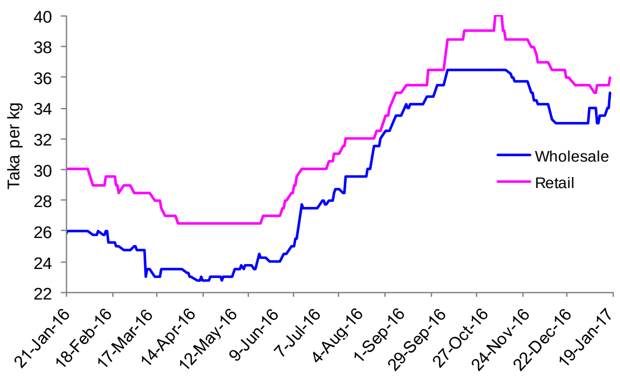
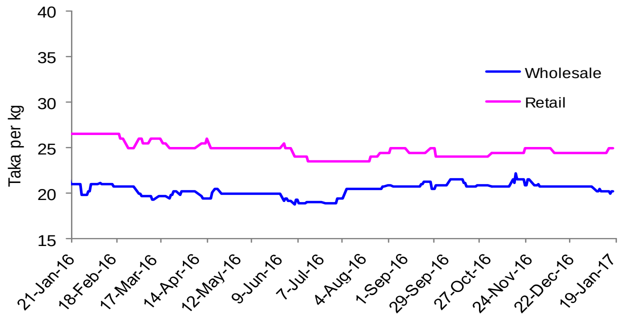


Figure: 2. Change in prices of *Atta* (Dhaka)



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	36.00	1.4	-1.4	18.2
wholesale	35.00	2.9	6.1	29.2
ATTA				
retail	25.00	2.0	2.0	-7.3
wholesale	20.20	-2.4	-2.4	-7.5

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 19th, the wholesale prices of (Swarna) rice in Dhaka city markets increased by 2.9% up to Tk 35.0/kg, the retail prices also increased by 1.4% up to Tk 36.0/kg. The wholesale and retail prices are 29.2% and 18.2% higher respectively than that of corresponding period of last year.

ATTA

- Over the same period, the wholesale prices of *atta* in Dhaka city markets decreased by 2.4% down to Tk 20.2/Kg but retail prices increased by 2.0% up to Tk 20.2/kg. The wholesale and retail prices are now point to point 7.5% and 7.3% 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

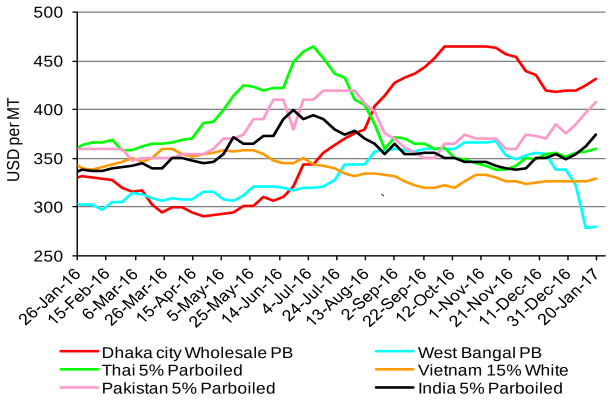
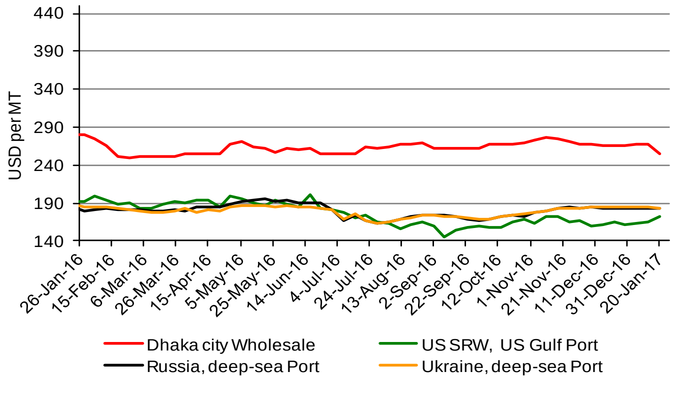


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 20th, Indian 5% parboiled, Thai 5% parboiled, Vietnam 15% white and Pakistan 5% parboiled rice prices increased by 5.6%, 1.1%, 0.9% and 6.0% up to USD 375/MT, USD 360/MT, USD 329/MT and USD 408/MT respectively. West Bengal coarse rice prices decreased by 13.5% down to USD 279/MT. However, Dhaka city wholesale rice prices stood at USD 431/MT (increased by 2.9%).

WHEAT

- In the fortnight ending January 20th, US (SRW) wheat and Russian wheat prices increased by 6.6% and 0.5% up to USD 175/MT and USD 184/MT respectively. But in Ukraine wheat prices decreased by 0.5% down to USD 183/MT. On the same date, Dhaka city wholesale wheat prices stood at USD 254.6/MT (decreased by 4.6%).

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

Closing price	MAR (H17)	MAY (K17)	JUL (N17)	SEP (U17)	DEC (U17)
13-Jan	157	162	167	173	179
19-Jan	156	161	167	178	185
change	-0.6%	-0.1%	0.1%	3.5%	3.7%

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

change	MAR (H17)	MAY (K17)	JUL (N17)	SEP (U17)	DEC (U17)
13-Jan	165	169	174	178	185
19-Jan	162	167	171	176	184
change	-1.5%	-1.5%	-1.4%	-1.1%	-0.7%

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

Wheat futures slipped a bit this week due to pressure from weekend storms that brought beneficial moisture to most of the U.S. winter wheat growing area. Large global stocks continue to weigh on the market. CBOT wheat futures lost by USD 1/MT on this week to closed at USD 156/MT and KCBT wheat futures also lost by USD 3/MT and closed at USD 162/MT (U.S. wheat Associates, January 19th, 2017). (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	480	1.6%
Ending stocks	115	117	119	1.9%

Source: USDA, January, 2017.

RICE

Global rice production in 2016/17 is projected at about 480 million tons up more than 1.6% from a year earlier. Global rice production is lowered this month on downward revisions to the crops in the United States, Sri Lanka, Pakistan, and Brazil. However, production remains at a record (USDA, January, 2017).

World rice ending stocks for 2016/17 are forecasted at 119 million MT, which is 1.9% higher than a year earlier.

WHEAT

- Global wheat production for 2016/17 in January is projected to 753 million MT, up about 2.3% from a year earlier. Global wheat production, already at a raised even higher this month mainly on larger crops in Argentina, the EU and Russia (USDA, January, 2017).
- World wheat ending stocks for 2016/17 are forecasted at 253 million MT, which is 5.3% 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	753	2.3%
Ending stocks	217	240	253	5.3%

Source: USDA, January, 2017.

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	9.50	-3%	9.70	2%
Vietnam	6.61	5.10	-23%	5.80	14%
USA	3.36	3.53	5%	3.55	1%
Pakistan	4.00	4.30	8%	4.20	-2%
India	11.05	10.20	-8%	10.00	-2%
Others	7.84	7.06	-10%	7.53	7%
World total	**42.63**	**39.69**	**-7%**	**40.78**	**2.7%**

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%	23.50	49%
Ukraine	11.27	17.43	55%	15.70	-10%
Russia	22.80	25.54	12%	29.00	14%
Others	27.85	34.64	24%	36.31	5%
World total	**161.79**	**172.07**	**6%**	**177.01**	**3%**

Source: (USDA, January, 2017).*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 2017 and so on.*

RICE

- Global rice export for 2016/17 is forecasted in January at 40.78 million MT, up 2.7% from a year earlier (USDA, January, 2017).
- This month, ending stocks forecasts were lowered for Brazil, EU, Indonesia, Pakistan, Sri Lanka, the United States, and Vietnam. The largest ending stocks reductions were for Sri Lanka, a result of a smaller crop, and for Vietnam due to stronger use. These downward revisions were partially offset by several increases. The largest increase in 2016/17 ending stocks was for Thailand.
- Global trade remains below the 2014 record of 44.1 million tons. Purchases from top global import markets in Southeast Asia, South Asia, and Sub-Saharan Africa remain below 2014 levels and have more than offset increased imports by China. On the export side, increased shipments from Australia, Burma, Egypt, Thailand, the United States, and Vietnam are projected to more than offset reduced exports from India, Pakistan, and Uruguay in 2017.

WHEAT

- Wheat export for 2016/17 is forecasted in January at 177.01 million MT, which is about 3% higher than the previous years' forecast (USDA, January, 2017).
- The projected expansion of world wheat supplies exceeds higher projected consumption, such that estimates for global ending stocks are up. Stocks are now projected to increase the record to 253.3 million tons, up 1.2 million. Multiple changes in stocks are made this month as a result of specific countries' production and trade revisions, but the resulting foreign wheat ending stocks are unchanged (USDA, January, 2017).

Projected record world wheat trade for the international 2016/17 July-June trade year is further increased this month by 1.6 million tons, to 177.0 million. Competition among exporters is getting tougher. Wheat importing countries are taking advantage of the "buyer" wheat market to stock up on additional wheat supplies. India is projected to import additional 0.7 million tons of wheat to reach the level of 3.7 million tons of imports not seen since 2006.

5. Import

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

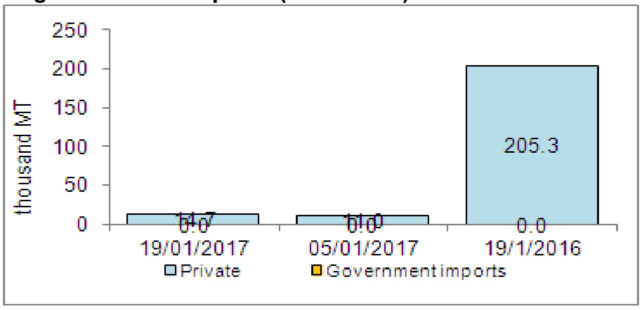
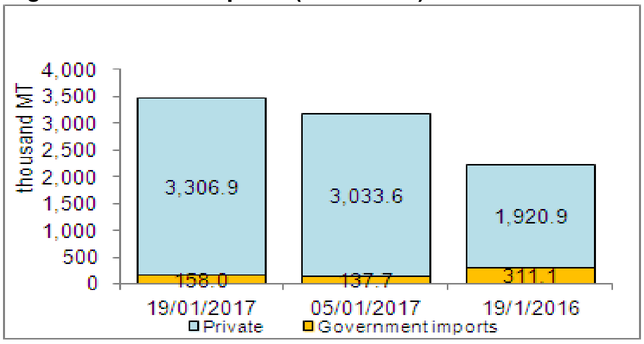


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of January 19th, no rice was imported by the public sector but the private sector imported about 14.7 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 205.3 thousand MT.

WHEAT

- Up to the fortnight ending January 19th, about 158.0 thousand MT wheat was imported by the public sector but about 3306.9 thousand MT by private sector. Over the same period of last year, 311.1 thousand MT was imported by the public sector and the private sector imported about 1920.9 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

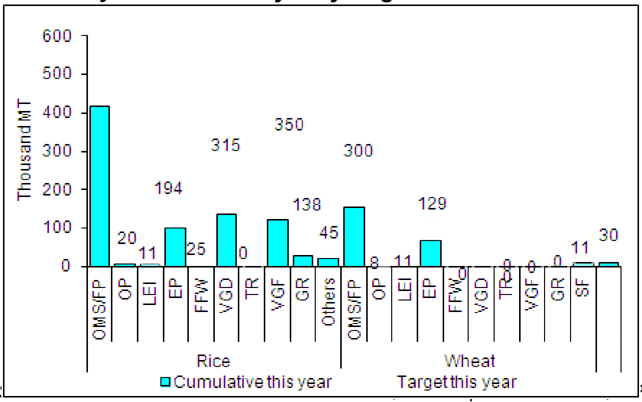
Table: 8: LC situation, as of 14th January/17 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
07-14 January/17 (provisional)	10	108	2	78
Cumulative month, January/17	20	174	3	144
Cumulative year (starting 1st July/16)	58	3386	20	2598

Source: Bangladesh Bank

6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of January 17th 2016 and yearly target in thousand MT

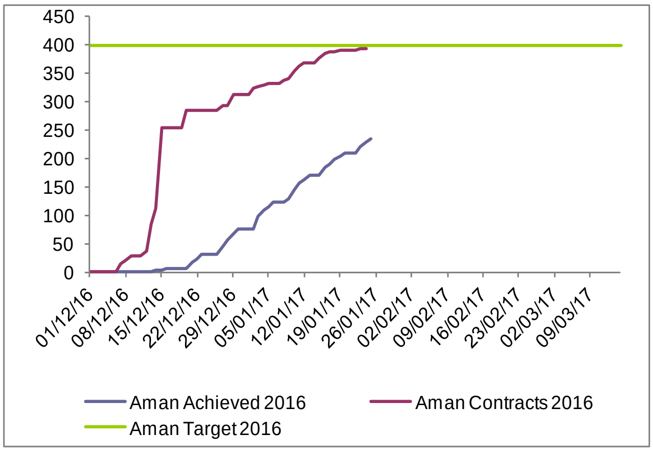


Other Priorities; LEI: Large Employers; EP: Essential; Priorities; FFW: Food for Work; VGD: Vulnerable Group Development; TR: Test Relief; VGF: Vulnerable Group Feeding; GR: Gratuitous Relief; SF: School Feeding

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 19th, 25.3 thousand MT food grains were distributed mainly through EP (10.6 thousand MT), OMS (10.5 thousand MT) and FFW (0.8 thousand MT). As of this date, a total of about 1094.6 thousand MT has been distributed through the PFDS, which is about 46.3% 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 19th, the public food grain stock estimated at 906.6 thousand MT, 595.7 thousand MT for rice and 310.7 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 24th, January 2017 about 236.0 thousand MT of *Aman* rice were procured and about 394.0 thousand MT were contracted.