Fortnightly Foodgrain Outlook

Issue No. 221 *9 February 2017*

HIGHLIGHTS

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

SUMMARY

RICE PRICE

In the fortnight ending February 2nd, the wholesale prices of (Swarna) rice in Dhaka city markets remained unchanged at Tk 35.0/kg but the retail prices increased by 2.8% up to Tk 37.0/kg.

***ATTA* PRICE**

Over the same period, the wholesale prices of *atta* in Dhaka city markets increased by 2.0% up to Tk 20.6/Kg but retail prices remained unchanged at Tk 25.0/kg.

INTERNATIONAL RICE PRICE

In the fortnight ending February 3rd, Indian 5% parboiled and Thai 5% parboiled rice prices remained unchanged at USD 375/MT and USD 360/MT respectively. But Vietnam 15% white and Pakistan 5% parboiled rice prices increased by 0.6% and 4.2% up to USD 331/MT and USD 425/MT respectively.

INTERNATIONAL WHEAT PRICE

In the fortnight ending February 3rd, US (SRW) wheat, Russian and Ukraine wheat prices increased by 0.5%, 0.8% and 1.9% up to USD 176/MT, USD 186/MT and USD 187/MT respectively.

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 February 2nd, no rice was imported by the public sector but the private sector imported about 32.7 thousand MT.

BANGLADESH WHEAT IMPORT

During the fiscal year 2016/17 up to February 2nd, about 185.0 thousand MT of wheat was imported by the public sector while private sector imported about 3415.5 thousand MT of wheat.

GOVERNMENT INTERVENTION

Over the fortnight ending February 2nd, about 47.3 thousand MT food grains were distributed mainly through the OMS, EP, VGD, LEI and OP under the public food distribution system.

GOVERNMENT STOCK

As of February 2nd, the public food grain stock estimated at 949.0 thousand MT.

GOVERNMENT PROCUREMENT

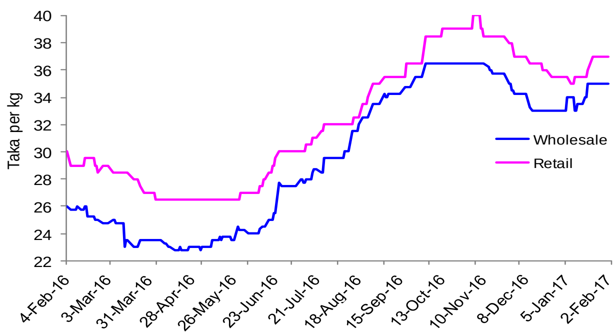
Aman procurement has started on 1st December 2016 with a revised strategic target of 400.0 thousand MT of rice at the rate of Tk 33/Kg for parboiled rice and Tk 32/Kg for non parboiled rice. As on 6th**,** February 2017 about 293.7 thousand MT of *Aman* rice were procured and about 408.7 thousand MT were contracted.

Food Planning and Monitoring Unit (FPMU), Ministry of Food

http://www.mofood.gov.bd

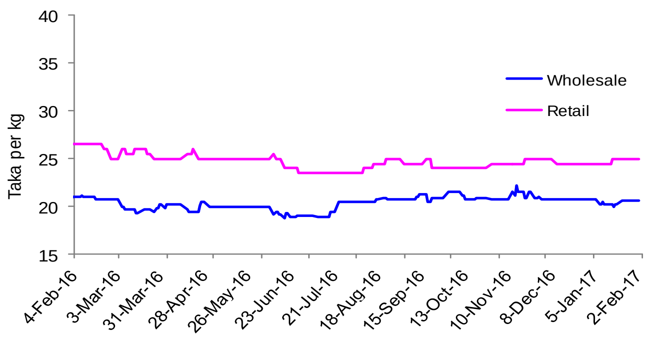
1. Domestic price: coarse rice and *atta*

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



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	37.00	2.8	4.2	23.3
wholesale	35.00	0.0	6.1	34.7
ATTA				
retail	25.00	0.0	2.0	-5.7
wholesale	20.60	2.0	-0.5	-0.3

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 February 2nd, the wholesale prices of (Swarna) rice in Dhaka city markets remained unchanged at Tk 35.0/kg but the retail prices increased by 2.8% up to Tk 37.0/kg. The wholesale and retail prices are 34.7% and 23.3% higher respectively than that of corresponding period of last year.

ATTA

- Over the same period, the wholesale prices of *atta* in Dhaka city markets increased by 2.0% up to Tk 20.6/Kg but retail prices remained unchanged at Tk 25.0/kg. The wholesale and retail prices are now point to point 0.3% and 5.7% 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

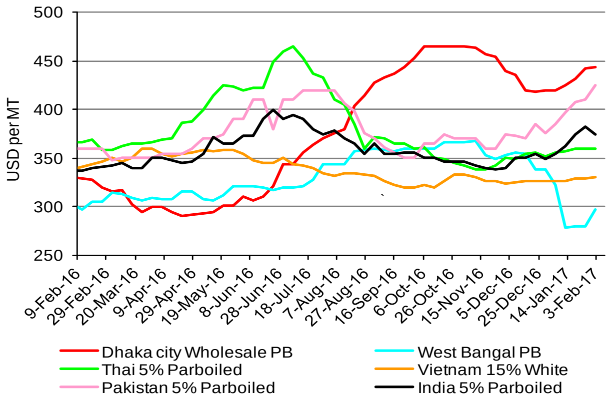
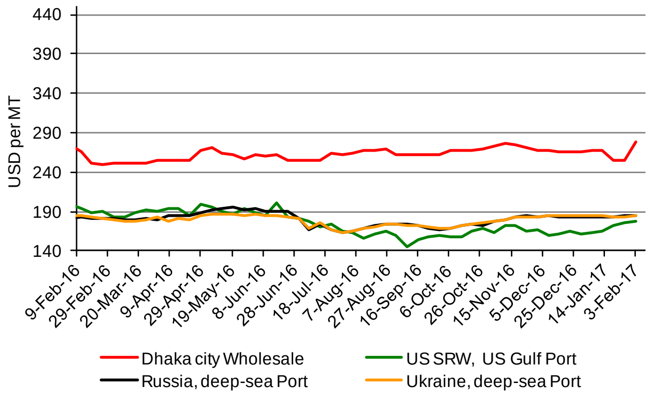


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 February 3rd, Indian 5% parboiled and Thai 5% parboiled rice prices remained unchanged at USD 375/MT and USD 360/MT respectively. But Vietnam 15% white and Pakistan 5% parboiled rice prices increased by 0.6% and 4.2% up to USD 331/MT and USD 425/MT respectively. West Bengal coarse rice prices increased by 6.6% down to USD 298/MT. However, Dhaka city wholesale rice prices stood at USD 444/MT (increased by 3.0%).

WHEAT

- In the fortnight ending February 3rd, US (SRW) wheat, Russian and Ukraine wheat prices increased by 0.5%, 0.8% and 1.9% up to USD 176/MT, USD 186/MT and USD 187/MT respectively. On the same date, Dhaka city wholesale wheat prices stood at USD 278.0/MT (increased by 9.2%).

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

Closing price	MAY (K17)	JUL (N17)	SEP (U17)	DEC (U17)	MAR (H18)
27-Jan	160	165	170	177	182
3-Feb	163	168	174	181	185
change	2.0%	1.6%	1.9%	2.4%	2.2%

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

change	MAY (K17)	JUL (N17)	SEP (U17)	DEC (U17)	MAR (H18)
27-Jan	164	168	174	181	185
3-Feb	167	171	176	184	189
change	1.6%	1.6%	1.6%	1.7%	1.8%

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

Supported by strong export demand and a weaker U.S. dollar, wheat futures closed the week higher. CBOT wheat futures gained by USD 3/MT on this week to closed at USD 163/MT and KCBT wheat futures also gained by USD 3/MT and closed at USD 167/MT (U.S. wheat Associates, February 3rd, 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)

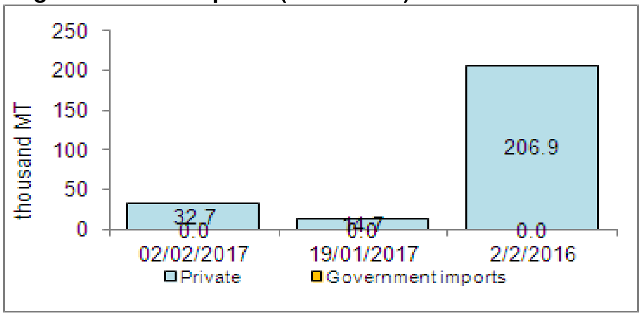
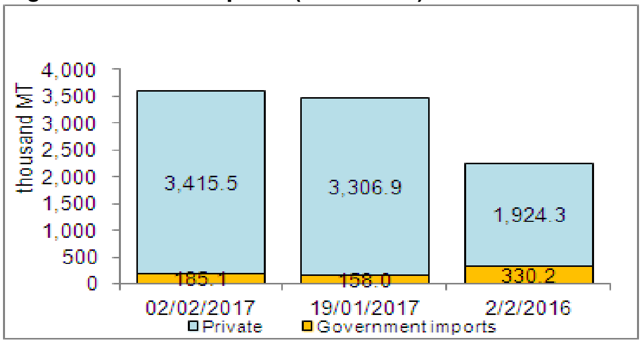


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of February 2nd, no rice was imported by the public sector but the private sector imported about 32.7 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 206.9 thousand MT.

WHEAT

- Up to the fortnight ending February 2nd, about 185.0 thousand MT wheat was imported by the public sector but about 3415.95 thousand MT by private sector. Over the same period of last year, 330.2 thousand MT was imported by the public sector and the private sector imported about 1924.3 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

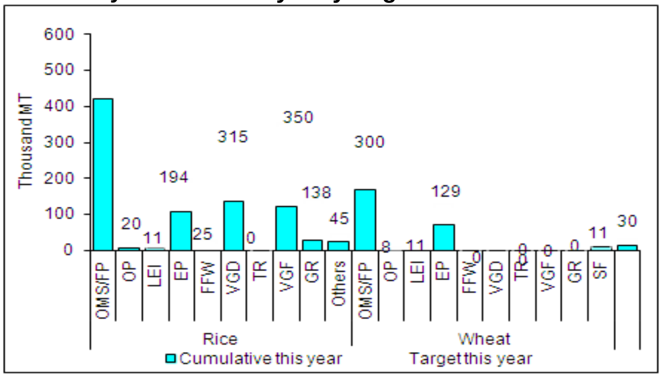
Table: 8: LC situation, as of 28th January/17 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
14-28 January/17 (provisional)	8	56	10	133
Cumulative month, January/17	38	230	14	277
Cumulative year (starting 1st July/16)	76	3842	30	2731

Source: Bangladesh Bank

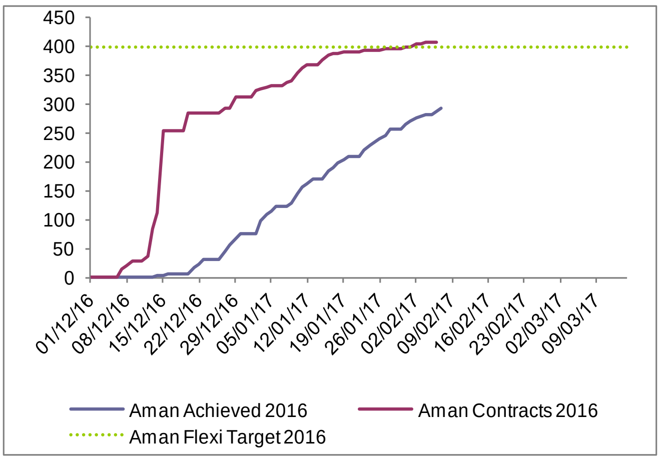
6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of February 2nd 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. *Aman* procurement 2016-17



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 February 2nd, 47.3 thousand MT food grains were distributed mainly through OMS (19.9 thousand MT), EP (13.2 thousand MT), VGD (1.8 thousand MT), LEI (1.6 thousand MT) and OP (1.3 thousand MT). As of this date, a total of about 1142.0 thousand MT has been distributed through the PFDS, which is about 48.3% 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.

PUBLIC STOCKS

- As of February 2nd, the public food grain stock estimated at 949.0 thousand MT, 643.6 thousand MT for rice and 305.4 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.
- The revised strategic target is 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 6th, February 2017 about 293.7 thousand MT of *Aman* rice were procured and about 408.5 thousand MT were contracted.