Fortnightly Foodgrain Outlook

Issue No. 222 *23 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 remained unchanged, in Vietnam increased but in Thailand and Pakistan decreased 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.**

SUMMARY

RICE PRICE

In the fortnight ending February 16th, 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 17th, Indian 5% parboiled rice prices remained unchanged at USD 375/MT but Vietnam 15% white rice prices increased by 1.5% up to USD 336/MT. Thai 5% parboiled and Pakistan 5% parboiled rice prices decreased by 1.9% and 5.9% down to USD 353/MT and USD 400/MT respectively.

INTERNATIONAL WHEAT PRICE

In the fortnight ending February 17th, US (SRW) wheat and Russian wheat prices increased by 1.5% and 3.0% up to USD 179/MT and USD 191/MT respectively but Ukraine wheat prices decreased by 0.5% down to 186 USD/MT.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in February 2016/17 for global rice production is about 480 million MT and that of wheat is about 748 million MT.

RICE AND WHEAT TRADE PROSPECT

World rice export for 2016/17 is forecasted in February 2017 at 41.51 million MT, which is 3.1% higher than that of a year earlier. World wheat export for 2016/17 is projected in February at 178.30 million MT, which is 4% higher than of a year earlier forecast.

BANGLADESH RICE IMPORT

During the fiscal year 2016/17 up to February 16th, no rice was imported by the public sector but the private sector imported about 41.5 thousand MT.

BANGLADESH WHEAT IMPORT

During the fiscal year 2016/17 up to February 16th, about 185.0 thousand MT of wheat was imported by the public sector while private sector imported about 3736.4 thousand MT of wheat.

GOVERNMENT INTERVENTION

Over the fortnight ending February 16th, about 40.2 thousand MT food grains were distributed mainly through the OMS, EP, VGD and FFW under the public food distribution system.

GOVERNMENT STOCK

As of February 16th, the public food grain stock estimated at 962.4 thousand MT.

GOVERNMENT PROCUREMENT

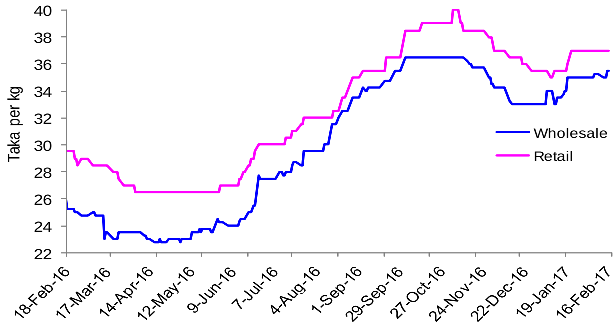
Aman procurement has started on 1st December 2016 with a revised strategic target of 400.0 thousand MT of rice at the rate of Tk 33/Kg for parboiled rice and Tk 32/Kg for non parboiled rice. As on 20th**,** February 2017 about 345.9 thousand MT of *Aman* rice were procured and about 426.7 thousand MT were contracted.

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

http://www.mofood.gov.bd

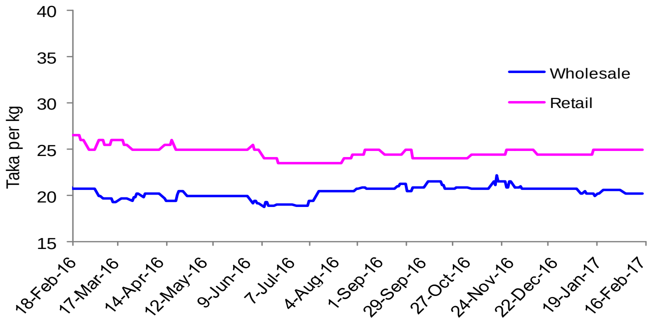
1. Domestic price: coarse rice and *atta*

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	26.5
wholesale	35.00	0.0	6.1	36.2
ATTA				
retail	25.00	0.0	2.0	-5.7
wholesale	20.60	2.0	-0.5	-3.7

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 16th, 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 36.2% and 26.5% 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 3.7% 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

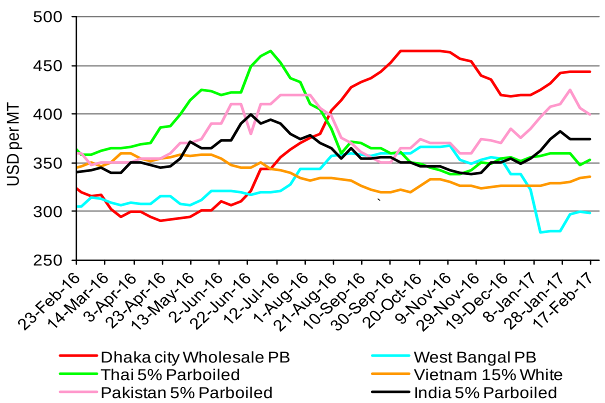
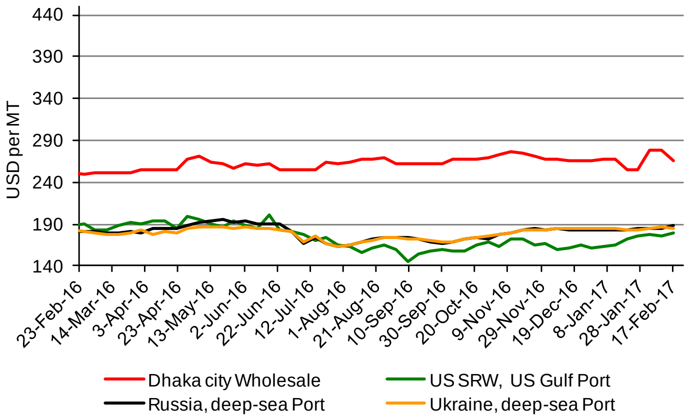


Figure: 4.Wheat wholesale price in Dhaka and



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 17th, Indian 5% parboiled rice prices remained unchanged at USD 375/MT but Vietnam 15% white rice prices increased by 1.5% up to USD 336/MT. Thai 5% parboiled and Pakistan 5% parboiled rice prices decreased by 1.9% and 5.9% down to USD 353/MT and USD 400/MT respectively. West Bengal coarse rice prices increased by 0.1% down to USD 298/MT. However, Dhaka city wholesale rice prices stood at USD 444/MT.

WHEAT

- In the fortnight ending February 17th, US (SRW) wheat and Russian wheat prices increased by 1.5% and 3.0% up to USD 179/MT and USD 191/MT respectively but Ukraine wheat prices decreased by 0.5% down to 186 USD/MT. On the same date, Dhaka city wholesale wheat prices stood at USD 264.8/MT (decreased by 4.7%).

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

Closing price	MAY (K17)	JUL (N17)	SEP (U17)	DEC (U17)	MAR (H18)
10-Feb	170	174	179	185	189
17-Feb	167	172	183	190	194
change	-1.6%	-1.3%	2.2%	2.8%	2.9%

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

change	MAY (K17)	JUL (N17)	SEP (U17)	DEC (U17)	MAR (H18)
10-Feb	174	178	183	190	194
17-Feb	172	177	182	189	194
change	-0.8%	-0.7%	-0.5%	-0.5%	-0.4%

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

Technical selling and a stronger U.S. dollar pressured wheat futures lower this week. Strong export demand lent limited support. CBOT wheat futures fall by USD 3/MT on this week to closed at USD 167/MT and KCBT wheat futures also fall by USD 2/MT and closed at USD 172/MT (U.S. wheat Associates, February 17th, 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	1.7%
Ending stocks	115	116	118	1.3%

Source: USDA, February, 2017.

RICE

Global rice production in 2016/17 is projected at about 480 million tons up more than 1.7% from a year earlier. Global rice production forecast was raised fractionally raised for Bangladesh, Kazakhstan and Mexico (USDA, February, 2017).

World rice ending stocks for 2016/17 are forecasted at 118 million MT, which is 1.3% higher than a year earlier.

WHEAT

- Global wheat production for 2016/17 in February is projected to 748 million MT, up about 1.7% from a year earlier. Global wheat production remains at a record, but is reduced this month mainly on lower crops for India and Kazakhstan (USDA, February, 2017).
- World wheat ending stocks for 2016/17 are forecasted at 249 million MT, which is 3.3% 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	736	748	1.7%
Ending stocks	218	241	249	3.3%

Source: USDA, February, 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	9.87	1%	10.00	1%
Vietnam	6.61	5.10	-23%	5.80	14%
USA	3.36	3.54	6%	3.55	0%
Pakistan	4.00	4.30	8%	4.20	-2%
India	11.05	10.20	-8%	10.30	1%
Others	7.84	7.26	-7%	7.66	5%
World total	**42.63**	**40.27**	**-6%**	**41.51**	**3.1%**

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%	27.50	26%
European Union	35.42	34.68	-2%	25.50	-26%
Canada	24.88	22.14	-11%	21.00	-5%
Australia	16.58	15.78	-5%	23.50	49%
Ukraine	11.27	17.43	55%	16.50	-5%
Russia	22.80	25.54	12%	28.50	12%
Others	27.86	34.64	24%	35.80	3%
World total	**161.79**	**172.07**	**6%**	**178.30**	**4%**

Source: (USDA, February, 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 February at 41.51 million MT, up 3.1% from a year earlier (USDA, February, 2017).
- Global trade is up, with larger imports for the United Arab Emirates and Brazil. Exports are raised for India, Thailand, and Burma. Global stocks are revised slightly lower, but are still the highest in 15 years.
- The 2016/17 domestic and residual use forecasts were raised for South Korea, the UAE, and Kazakhstan. On balance, these revisions lowered the 2016/17 ending stocks forecast 1 percent to 118.0 million tons, still the highest since 2001/02. The 2017 global trade forecast was increased 2 percent to 41.5 million tons, the first increase since 2014. Export forecasts for 2017 were raised for India, Thailand, and Burma. Thailand's trading prices dropped about 1 percent over the past month while Vietnam's increased slightly.

WHEAT

- Wheat export for 2016/17 is forecasted in February at 178.30 million MT, which is about 4% higher than the previous years' forecast (USDA, February, 2017).
- Global trade is boosted to a new record with higher imports for China, Morocco, and Vietnam more than offsetting cuts for Ethiopia, EU, and South Korea. Larger exports for Argentina, Ukraine, and the United States are partially offset by reductions in Kazakhstan and Russia (USDA, February, 2017).

Global wheat trade is expected to increase, led by the United States and Ukraine. Production shortfalls in India and Kazakhstan are responsible for lowering global wheat output projections this month, though it remains a record high.

5. Import

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

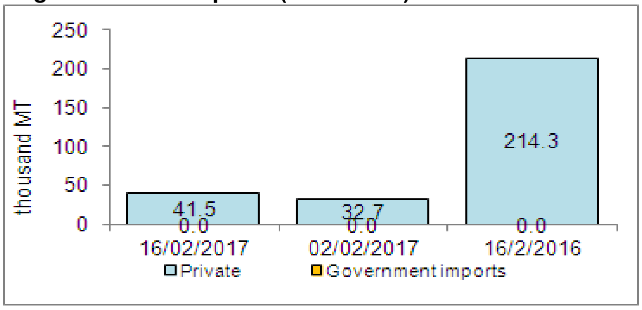
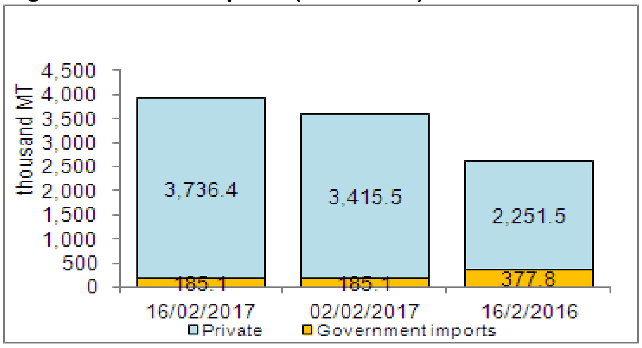


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of February 16th, no rice was imported by the public sector but the private sector imported about 41.5 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 214.3 thousand MT.

WHEAT

- Up to the fortnight ending February 16th, about 185.0 thousand MT wheat was imported by the public sector but about 3736.4 thousand MT by private sector. Over the same period of last year, 377.8 thousand MT was imported by the public sector and the private sector imported about 2251.5 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

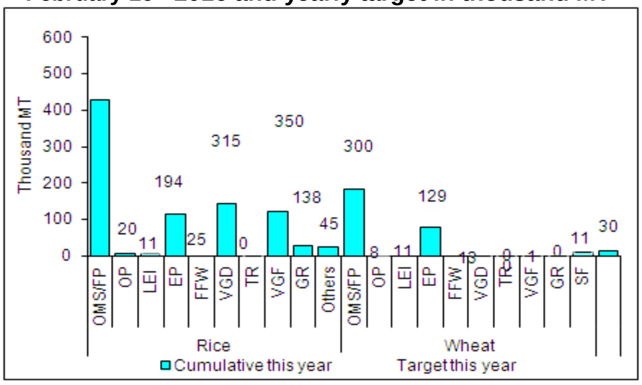
Table: 8: LC situation, as of 4th February/17 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
01-04 February/17 (provisional)	4	0	2	29
Cumulative month, February/17	4	0	2	29
Cumulative year (starting 1st July/16)	84	3892	37	2771

Source: Bangladesh Bank

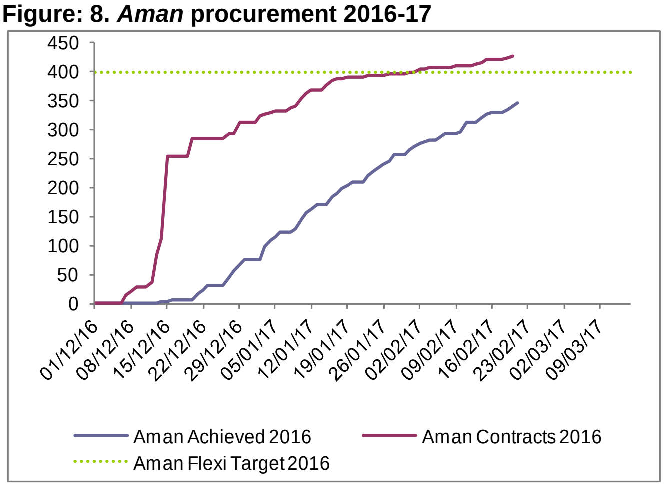
6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of February 16th 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 2.36 million MT. The actual distribution was about 2.064 million MT in 2015/16.
- Over this fortnight ending February 16th, 40.2 thousand MT food grains were distributed mainly through OMS (17.3 thousand MT), EP (12.4 thousand MT), VGD (6.0 thousand MT) and FFW (2.2 thousand MT). As of this date, a total of about 1182.1 thousand MT has been distributed through the PFDS, which is about 50.0% 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 16th, the public food grain stock estimated at 962.4 thousand MT, 677.2 thousand MT for rice and 285.2 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.
- 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 20th, February 2017 about 345.9 thousand MT of *Aman* rice were procured and about 426.7 thousand MT were contracted.