Fortnightly Foodgrain Outlook

Issue No. 225 ***6 April 2017***

HIGHLIGHTS

- **The domestic wholesale and retail prices of rice in Dhaka city markets increased over the last fortnight.**
- **The domestic wholesale and retail prices of *atta* in Dhaka city markets decreased over the last fortnight.**
- **Export price of rice in India remain unchanged, in Thailand increased but in Vietnam and Pakistan rice prices decreased over the last fortnight.**
- **Export prices of US SRW, Russian and 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 March 30th, the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 2.1% and 2.7% up to Tk 36.5/kg and Tk 38.0/kg respectively.

***ATTA* PRICE**

Over the same period, the wholesale and retail prices of *atta* in Dhaka city markets decreased by 1.1% and 2.1% down to Tk 18.75/Kg and Tk 23.5/kg respectively.

INTERNATIONAL RICE PRICE

In the fortnight ending March 31st, Thai 5% parboiled rice prices increased by 1.1% up to USD 353/MT and Indian 5% parboiled rice prices remain unchanged at USD 370/MT. But Vietnam 15% white rice and Pakistan 5% parboiled rice prices decreased by 2.9% and 2.9% down to USD 336/MT and USD 398/MT respectively.

INTERNATIONAL WHEAT PRICE

In the fortnight ending March 31st, US (SRW) and Ukraine wheat prices decreased by 0.8% and 0.5% down to USD 174/MT and USD 189/MT respectively. Russian wheat prices remain in the same at USD 193/MT.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in March 2016/17 for global rice production is about 480 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 March 2017 at 41.23 million MT, which is 2.0% higher than that of a year earlier. World wheat export for 2016/17 is projected in March at 180.12 million MT, which is 5% higher than of a year earlier forecast.

BANGLADESH RICE IMPORT

During the fiscal year 2016/17 up to March 30th, no rice was imported by the public sector but the private sector imported about 76.6 thousand MT.

BANGLADESH WHEAT IMPORT

During the fiscal year 2016/17 up to March 30th, about 244.5 thousand MT of wheat was imported by the public sector while private sector imported about 4067.9 thousand MT of wheat.

GOVERNMENT INTERVENTION

Over the fortnight ending March 30th, about 146.3 thousand MT food grains were distributed mainly through the OMS, VGD, EP, VGF and FFW under the public food distribution system.

GOVERNMENT STOCK

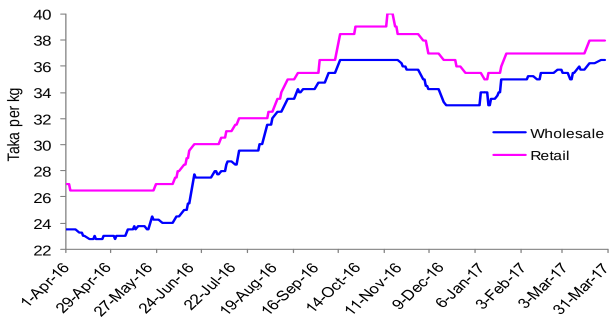
As of March 30th, the public food grain stock estimated at 767.1 thousand MT.

GOVERNMENT PROCUREMENT

Aman procurement has started on 5th December 2016 with a revised target of 500.0 thousand MT of rice at the rate of Tk 33/Kg for parboiled rice and Tk 32/Kg for non parboiled rice. As on 30th**,** March 2017 about 444.0 thousand MT of *Aman* rice were procured.

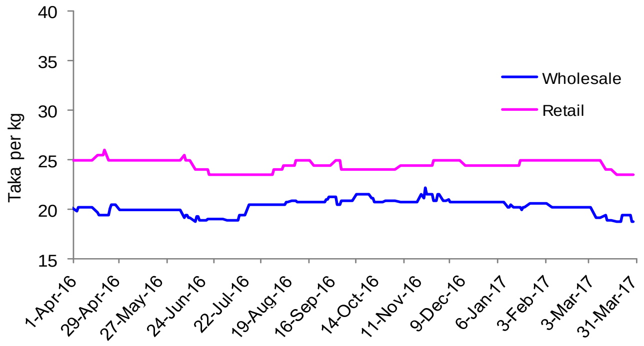
1. Domestic price: coarse rice and *atta*

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	38.00	▲ 2.7	▲ 2.7	▲ 37.3
wholesale	36.50	▲ 2.1	▲ 2.1	▲ 55.8
ATTA				
retail	23.50	▼ -2.1	▼ -6.0	▼ -7.5
wholesale	18.75	▼ -1.1	▼ -7.2	► -3.8

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 March 30th, the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 2.1% and 2.7% up to Tk 36.5/kg and Tk 38.0/kg respectively. The wholesale and retail prices are 55.8% and 37.3% 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 1.1% and 2.1% down to Tk 18.75/Kg and Tk 23.5/kg respectively. The wholesale and retail prices are now point to point 3.8% and 7.5% 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

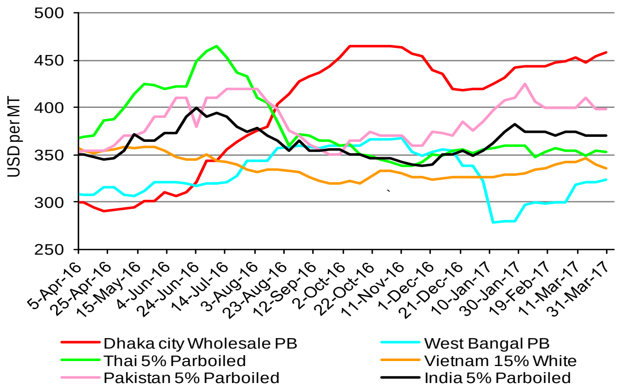
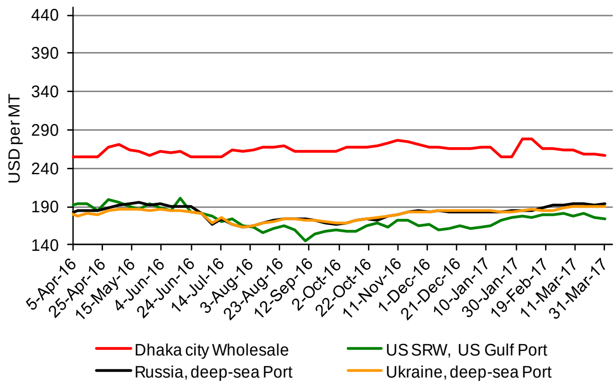


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 March 31st, Thai 5% parboiled rice prices increased by 1.1% up to USD 353/MT and Indian 5% parboiled rice prices remain unchanged at USD 370/MT. But Vietnam 15% white rice and Pakistan 5% parboiled rice prices decreased by 2.9% and 2.9% down to USD 336/MT and USD 398/MT respectively. West Bengal coarse rice prices increased by 0.9% up to USD 324/MT. However, Dhaka city wholesale rice prices stood at USD 458/MT (increased by 2.2%).

WHEAT

- In the fortnight ending March 31st, US (SRW) and Ukraine wheat prices decreased by 0.8% and 0.5% down to USD 174/MT and USD 189/MT respectively. Russian wheat prices remain in the same at USD 193/MT. On the same date, Dhaka city wholesale wheat prices stood at USD 257.3/MT (decreased by 0.2%).

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

Closing price	JUL (N17)	SEP (U17)	DEC (Z17)	MAR (H18)	MAY (K18)
24-Mar	161	167	174	180	182
31-Mar	161	167	176	181	185
change	-0.1%	-0.2%	0.8%	0.9%	1.3%

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

change	JUL (N17)	SEP (U17)	DEC (Z17)	MAR (H18)	MAY (K18)
24-Mar	162	168	176	181	185
31-Mar	159	165	174	180	183
change	-1.6%	-1.4%	-0.9%	-0.8%	-1.0%

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

Heavy rainfall across the U.S. Southern Plaines pressured KCBT futures lower this week. Strong export demand and a bullish USDA planted wheat area forecast limited KCBT losses and supported CBOT wheat futures. CBOT wheat futures remain same closed at USD 161/MT and KCBT wheat futures lost by USD 3/MT and closed at USD 159/MT (U.S. wheat Associates, March 31st, 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, March, 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 fractionally raised for Brazilian crops (USDA, March, 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 March is projected to 751 million MT, up about 2.2% from a year earlier. Global wheat production remains at a record, is raised this month mainly on larger crops in Australia and Argentina (USDA, March, 2017).
- World wheat ending stocks for 2016/17 are forecasted at 250 million MT, which is 4.0% 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	2.2%
Ending stocks	218	240	250	4.0%

Source: USDA, March, 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%	5.60	△ 10%
USA	3.36	3.54	△ 6%	3.50	▼ -1%
Pakistan	4.00	4.30	△ 8%	4.20	▼ -2%
India	11.05	10.04	▽ -9%	10.00	▶ 0%
Others	7.84	7.56	▼ -4%	7.93	▲ 5%
World total	**42.63**	**40.41**	**▼ -5%**	**41.23**	**▲ 2.0%**

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%	20.50	△ -7%
Australia	16.58	15.78	▼ -5%	24.00	▲ 52%
Ukraine	11.27	17.43	▲ 55%	16.50	▼ -5%
Russia	22.80	25.54	▲ 12%	28.50	▲ 12%
Others	27.86	34.64	▲ 24%	37.62	△ 9%
World total	**161.79**	**172.07**	**△ 6%**	**180.12**	**▲ 5%**

Source: (USDA, March, 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 March at 41.23 million MT, up 2.0% from a year earlier (USDA, March, 2017).
- Global Exports are lowered for India and Vietnam, but raised for China. Global stocks are revised lower.
- 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.
- India is the main source of basmati trade, although some is supplied by Pakistan. Thailand is the major jasmine exporter, with smaller amounts sold by Vietnam, Cambodia, and Laos. Thai government policy over the past couple of years has encouraged jasmine production, and the abundant supplies have resulted in declining prices.

WHEAT

- Wheat export for 2016/17 is forecasted in March at 180.12 million MT, which is about 5% higher than the previous years' forecast (USDA, March, 2017).
- Global wheat stocks are forecast to be the largest in 6 years. These are available to the world market and therefore have a direct impact on prices. U.S. stocks, representing the biggest piece of that total, are forecast to rise by 16 percent from last year. Projected stocks in Russia are nearly double and Australian stocks are up 30 percent following record crops in both countries. All of these more than offset the EU decline amid a much smaller crop. Despite record-high global consumption, production is still larger (USDA, March, 2017).

Global trade is boosted to a new record with higher imports for Bangladesh, India, Mexico, and the Philippines more than offsetting a cut for the EU. Higher exports for Argentina and Australia are partially offset by lower trade for Canada.

5. Import

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

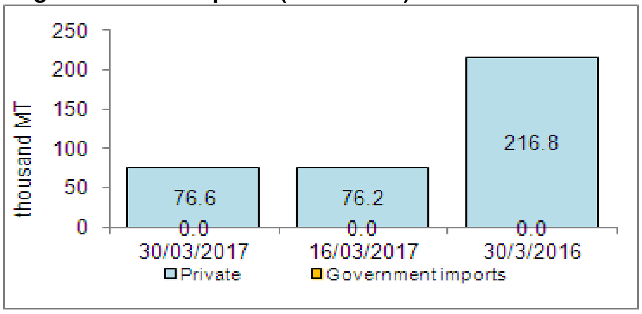
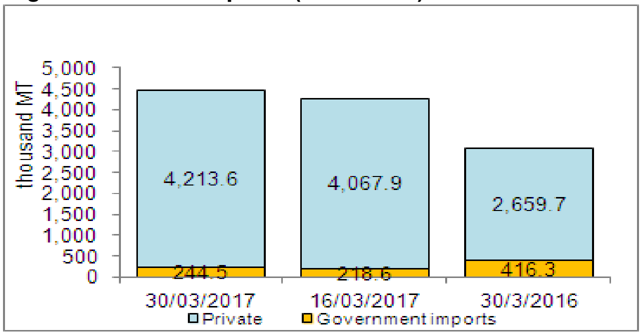


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of March 30th, no rice was imported by the public sector but the private sector imported about 76.6 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 216.8 thousand MT.

WHEAT

- Up to the fortnight ending March 30nd, about 244.5 thousand MT wheat was imported by the public sector but about 4213.6 thousand MT by private sector. Over the same period of last year, 416.3 thousand MT was imported by the public sector and the private sector imported about 2659.7 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

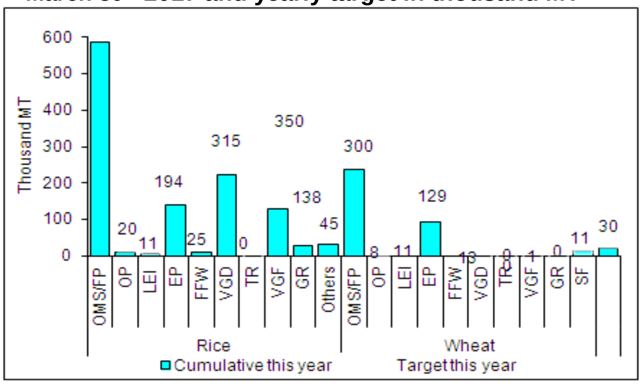
Table: 8: LC situation, as of 25th March/17 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
12-25 March/17 (provisional)	5	154	10	167
Cumulative month, March/17	11	225	16	288
Cumulative year (starting 1st July/16)	112	4311	77	3683

Source: Bangladesh Bank

6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of March 30th 2017 and yearly target in thousand MT

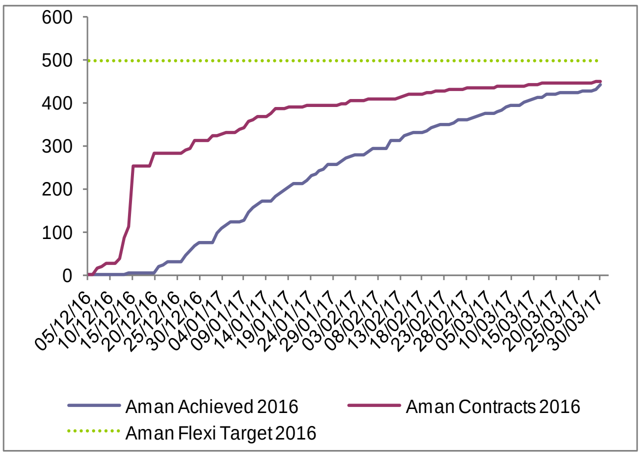


Source: Directorate General of Food and FPMU; OMS: Open Market Sale; OP: Other Priorities; LEI: Large Employers; EP: Essential; Priorities; FFW: Food for Work; VGD: Vulnerable Group Development; TR: Test Relief; VGF: Vulnerable Group Feeding; GR: Gratuitous Relief; SF: School Feeding

PUBLIC FOOD DISTRIBUTION

- The total revised distribution planned for 2016/17 is at about 2.36 million MT. The actual distribution was about 2.064 million MT in 2015/16.
- Over this fortnight ending March 30th, 124.5 thousand MT food grains were distributed mainly through OMS (67.4 thousand MT), VGD (25.1 thousand MT), EP (13.0 thousand MT), VGF (7.3 thousand MT) and FFW (3.0 thousand MT). As of this date, a total of about 1548.3 thousand MT has been distributed through the PFDS, which is about 65.5% 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.

Figure: 8. *Aman* procurement 2016-17



PUBLIC STOCKS

- As of March 30th, the public food grain stock estimated at 767.1 thousand MT, 494.2 thousand MT for rice and 272.9 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.
- *Aman* procurement has started 5th December 2016 with strategic target is 500.0 thousand MT (set by Ministry of Food) of total *Aman* rice. At the rate of Tk 33/kg of *Aman* parboiled rice and Tk 32/Kg for non parboiled rice.
- About 444.0 thousand MT of *Aman* rice were procured during the Aman procurement season until closure on 30th March 2017.