Fortnightly Foodgrain Outlook

Issue No. 227 ***4 May 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 remained unchanged over the last fortnight.**
- **Export price of rice in India, Thailand and Pakistan increased but in Vietnam 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 April 27th, the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 2.6% and 3.7% up to Tk 39.5/kg and Tk 42.0/kg respectively.

***ATTA* PRICE**

Over the same period, the wholesale and retail prices of *atta* in Dhaka city markets remained unchanged at Tk 20.8/Kg and Tk 24.0/kg respectively.

INTERNATIONAL RICE PRICE

In the fortnight ending April 28th, Indian 5% parboiled, Thai 5% parboiled and Pakistan 5% parboiled rice prices increased by 3.2%, 4.2% and 0.7% up to USD 382/MT, USD 375/MT and USD 418/MT respectively. But Vietnam 15% white rice decreased by 1.8% down to USD 330/MT.

INTERNATIONAL WHEAT PRICE

In the fortnight ending April 28th, US (SRW) wheat, Russian and Ukraine wheat prices decreased by 6.2%, 1.6% and 2.9% down to USD 167/MT, USD 187/MT and USD 184/MT respectively.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in April 2016/17 for global rice production is about 481 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 April 2017 at 41.01 million MT, which is 1.5% higher than that of a year earlier. World wheat export for 2016/17 is projected in March at 179.58 million MT, which is 4% higher than of a year earlier forecast.

BANGLADESH RICE IMPORT

During the fiscal year 2016/17 up to April 27th, no rice was imported by the public sector but the private sector imported about 89.7 thousand MT.

BANGLADESH WHEAT IMPORT

During the fiscal year 2016/17 up to April 27th, about 324.3 thousand MT of wheat was imported by the public sector while private sector imported about 4430.1 thousand MT of wheat.

GOVERNMENT INTERVENTION

Over the fortnight ending April 27th, about 105.5 thousand MT food grains were distributed mainly through the OMS, VGD, EP, FFW and VGD under the public food distribution system.

GOVERNMENT STOCK

As of April 27th, the public food grain stock estimated at 586.0 thousand MT.

GOVERNMENT PROCUREMENT

As on 27th**,** April 2017 about 173 MT of wheat were procured. *Boro* procurement will start 2nd May 2017.

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)

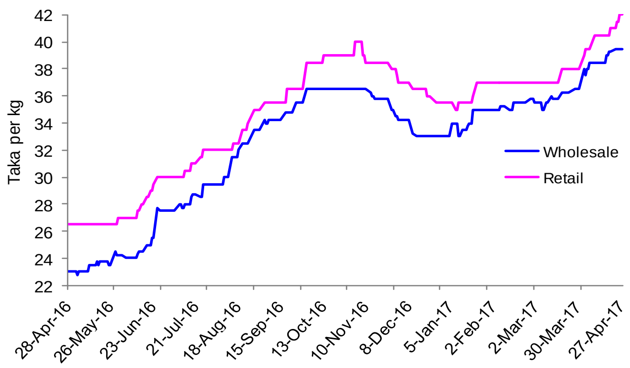
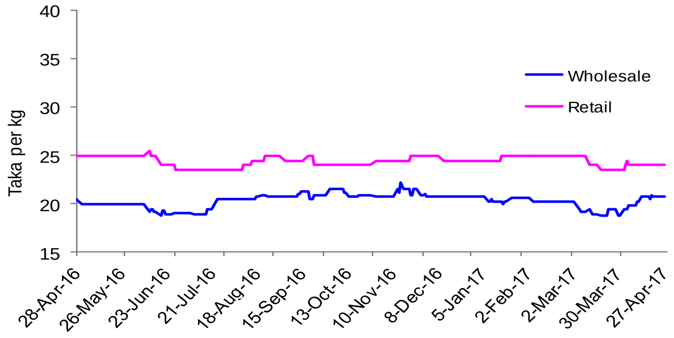


Figure: 2. Change in prices of *Atta* (Dhaka)



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	42.00	3.7	10.5	55.1
wholesale	39.50	2.6	8.2	71.8
ATTA				
retail	24.00	0.0	2.1	-5.1
wholesale	20.75	0.2	6.4	4.3

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 April 27th, the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 2.6% and 3.7% up to Tk 39.5/kg and Tk 42.0/kg respectively. The wholesale and retail prices are 71.8% and 55.1% 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 20.8/Kg and Tk 24.0/kg respectively. The wholesale prices is now point to point 4.3% higher and retail prices is now point to point 5.1% 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

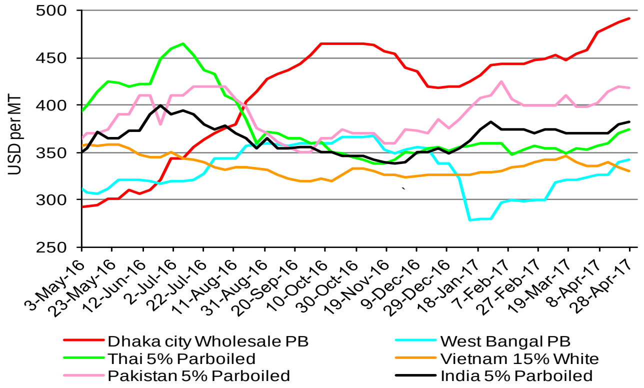
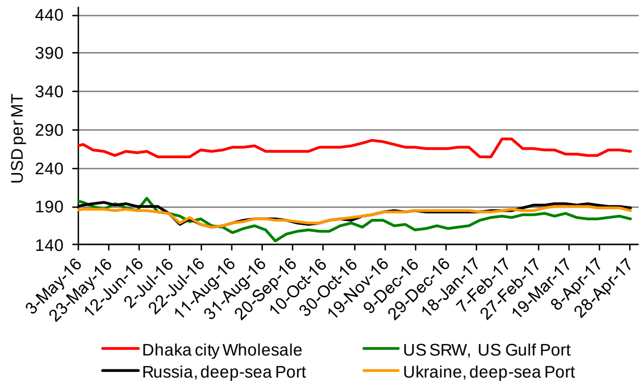


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 April 28th, Indian 5% parboiled, Thai 5% parboiled and Pakistan 5% parboiled rice prices increased by 3.2%, 4.2% and 0.7% up to USD 382/MT, USD 375/MT and USD 418/MT respectively. But Vietnam 15% white rice decreased by 1.8% down to USD 330/MT. West Bengal coarse rice prices increased by 5.0% up to USD 342/MT. However, Dhaka city wholesale rice prices stood at USD 492/MT (increased by 2.0%).

WHEAT

- In the fortnight ending April 28th, US (SRW) wheat, Russian and Ukraine wheat prices decreased by 6.2%, 1.6% and 2.9% down to USD 167/MT, USD 187/MT and USD 184/MT respectively. On the same date, Dhaka city wholesale wheat prices stood at USD 261.7/MT (decreased by 0.5%).

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

Closing price	JUL (N17)	SEP (U17)	DEC (Z17)	MAR (H18)	MAY (K18)
21-Apr	155	160	169	176	180
28-Apr	159	164	169	176	179
change	2.7%	2.4%	0.3%	0.0%	-0.1%

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

change	JUL (N17)	SEP (U17)	DEC (Z17)	MAR (H18)	MAY (K18)
21-Apr	153	159	169	176	179
28-Apr	161	166	175	181	185
change	4.8%	4.4%	3.6%	2.9%	3.1%

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

Snow, cold temperatures and planting delays supported wheat futures this week. A weaker U.S. dollar lent additional support. This week weather is impacting both the futures markets and export basis. Export basis for soft white (SW), hard red winter (HRW) and hard red spring (HRS) firmed this week supported by slow farmer selling and weather news. Soft red winter (SRW) export basis was unchanged. CBOT wheat futures prices in lower level gained by USD 4/MT closed at USD 159/MT and KCBT wheat futures also gained by USD 8/MT and closed at USD 161/MT (U.S. wheat Associates, April 28th, 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	481	1.9%
Ending stocks	115	116	118	1.7%

Source: USDA, April, 2017.

RICE

Global rice production in 2016/17 is projected at about 481 million tons up more than 1.9% from a year earlier. Global rice production projected at a record about 481 million MT, with production forecasts raised for Indonesia, Brazil and Pakistan (USDA, April, 2017).

World rice ending stocks for 2016/17 are forecasted at 118 million MT, which is 1.7% higher than a year earlier.

WHEAT

- Global wheat production for 2016/17 in April is projected to 751 million MT, up about 2.2% from a year earlier. Global wheat production already at a record is raised slightly this month mainly on larger crops in Pakistan (USDA, April, 2017).
- World wheat ending stocks for 2016/17 are forecasted at 252 million MT, which is 4.4% 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	242	252	4.4%

Source: USDA, April, 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	5.09	-23%	5.60	10%
USA	3.36	3.54	6%	3.55	0%
Pakistan	4.00	4.30	8%	4.00	-7%
India	11.05	10.04	-9%	10.00	0%
Others	7.84	7.57	-4%	7.86	4%
World total	**42.63**	**40.40**	**-5%**	**41.01**	**1.5%**

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%	27.80	27%
European Union	35.46	34.69	-2%	26.50	-24%
Canada	24.88	22.14	-11%	20.00	-10%
Australia	16.58	15.78	-5%	23.00	46%
Ukraine	11.27	17.43	55%	17.30	-1%
Russia	22.80	25.54	12%	28.00	10%
Others	27.85	34.77	25%	36.98	6%
World total	**161.83**	**172.20**	**6%**	**179.58**	**4%**

Source: (USDA, April, 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 April at 41.01 million MT, up 1.5% from a year earlier (USDA, April, 2017).
- The 2017 global trade forecast was lowered slightly to 41.0 million tons mostly due to weaker expected exports from Pakistan and Egypt.
- Global trade for 2017 is projected at 41.0 million tons, down 0.2 million tons from last month's forecast but up 2 percent from a year earlier. Global trade in 2017 is the third highest on record and the first increase since 2014 when a record 44.1 million tons was traded. Since 2014, reduced imports by Sub-Saharan Africa, South Asia, and Southeast Asia have more than offset increased purchases by China.

WHEAT

- Wheat export for 2016/17 is forecasted in April at 179.58 million MT, which is about 4% higher than the previous years' forecast (USDA, April, 2017).
- Projected record world wheat trade for the international 2016/17 (July-June) trade year is reduced marginally this month by 0.5million tons, to 179.6 million. Import prospects reduced 0.3 million tons each this month for Turkey, Egypt and Syria (USDA, March, 2017).
- India is projected to import an additional 0.5 million tons of wheat to reach 6.0 million tons of imports, the highest since 2006. India has already imported almost 5.0 million tons of wheat through January. The government re-imposed a wheat import tariff of 10 percent at the end of March to support domestic prices during the harvest time by curtailing wheat import activity.

Australia is expected to export 23.0 million tons of wheat, down 1.0 million tons this month. For Australia's December-November marketing year, wheat exports are expected to reach 25.0 million tons, 0.5 million tons lower than last month's estimate.

5. Import

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

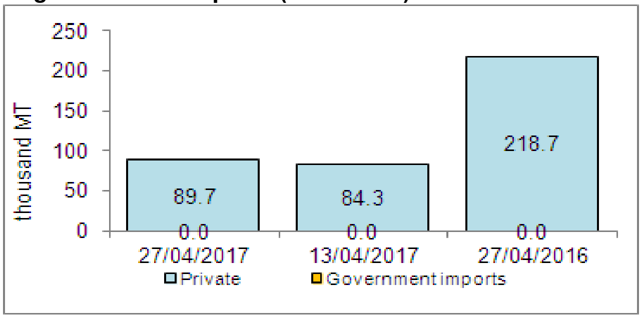
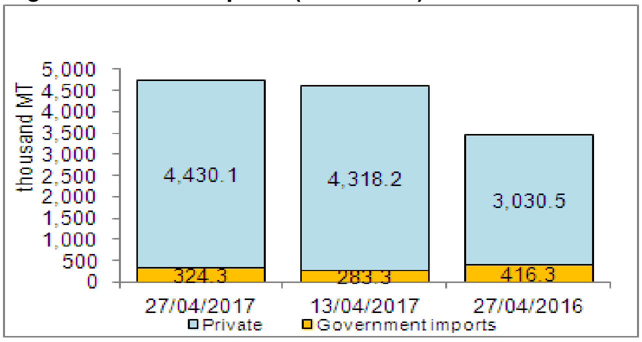


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of April 27th, no rice was imported by the public sector but the private sector imported about 84.3 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 218.87 thousand MT.

WHEAT

- Up to the fortnight ending April 27th, about 324.3 thousand MT wheat was imported by the public sector but about 4430.1 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 3030.5 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

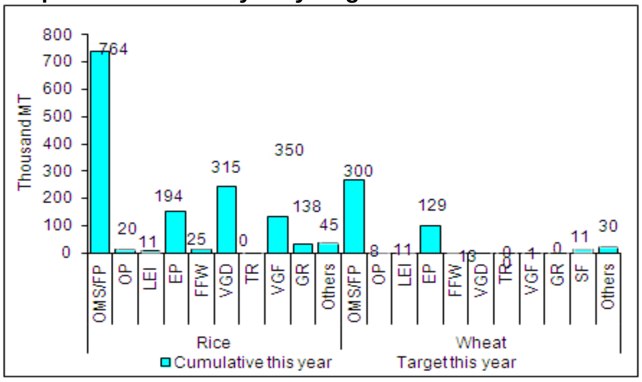
Table: 8: LC situation, as of 22nd April/17 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
09-22 April/17 (provisional)	12	178	8	124
Cumulative month, April/17	18	298	15	153
Cumulative year (starting 1st July/16)	122	4487	89	3851

Source: Bangladesh Bank

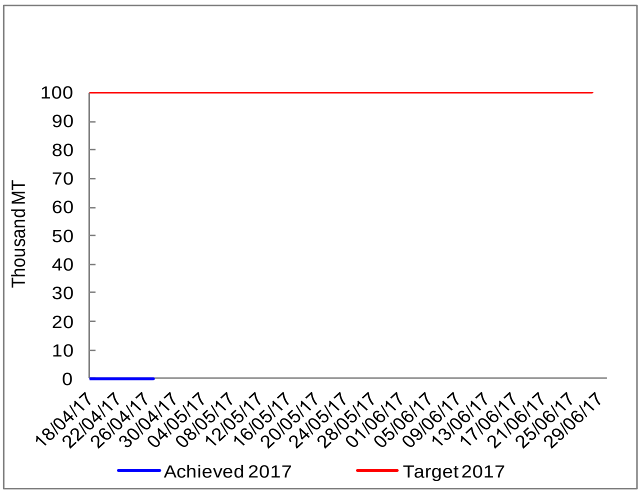
6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of April 27th 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

Figure: 8. Wheat procurement 2017



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 April 27th, 105.5 thousand MT food grains were distributed mainly through OMS (64.2 thousand MT), VGD (18.9 thousand MT), EP (10.5 thousand MT), FFW (3.2 thousand MT) and VGF (2.1 thousand MT). As of this date, a total of about 1798.4 thousand MT has been distributed through the PFDS, which is about 76.8% 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 April 27th**,** the public food grain stock estimated at 586.0 thousand MT, 286.1 thousand MT for rice and 299.9 thousand MT for wheat (MISM, DG Food).

DOMESTIC FOOD GRAIN PROCUREMENT

- About 444.0 thousand MT of *Aman* rice were procured during the *Aman* procurement season until closure on 30th March 2017.
- Boro procurement will start from 2nd May 2017 and will continue up to 31st August 2017. Procurement target has been set at 0.70 mmt of paddy, 0.70 mmt of parboiled rice and 0.10 mmt of white rice at 24 Tk/kg for paddy, 34 Tk/kg for parboiled rice and 33 Tk/kg for white rice from the domestic market to provide a price incentive to the farmers.
- Wheat procurement started from 18th April 2017 and will continue up to 30th June 2017. Procurement target has been set at 0.10 mmt at 28 Tk/kg from the domestic market. As on 27th April 2017 about 123 MT wheat were procured.