

# Fortnightly Foodgrain Outlook

Issue No. 228

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## HIGHLIGHTS

- The domestic wholesale and retail prices of rice in Dhaka city markets increased over the last fortnight.
- The domestic wholesale prices of *atta* in Dhaka city markets decreased but the 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 and Ukraine wheat increased but Russian wheat prices remain unchanged over the last fortnight.
- Global rice and wheat production forecast decreased than a year ago.
- Global rice and wheat export forecast increased than a year ago.

## SUMMARY

### RICE PRICE

In the fortnight ending May 11<sup>th</sup>, the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 10.1% and 6.0% up to Tk 43.5/kg and Tk 44.5/kg respectively.

### ATTA PRICE

Over the same period, the wholesale prices of *atta* in Dhaka city markets decreased by 1.2% down at Tk 20.5/Kg but the retail prices increased by 2.1% up to Tk 24.0/kg.

### INTERNATIONAL RICE PRICE

In the fortnight ending May 12<sup>th</sup>, Indian 5% parboiled, Thai 5% parboiled, Vietnam 15% white and Pakistan 5% parboiled rice prices increased by 1.8%, 5.3%, 3.6% and 2.4% up to USD 389/MT, USD 395/MT, USD 342/MT and USD 428/MT respectively.

### INTERNATIONAL WHEAT PRICE

In the fortnight ending May 12<sup>th</sup>, US (SRW) wheat and Ukraine wheat prices increased by 3.7% and 1.1% up to USD 173/MT and USD 186/MT respectively. But Russian wheat prices remain unchanged at USD 187/MT.

### GLOBAL RICE AND WHEAT PRODUCTION

Forecast in May 2017/18 production year for global rice production is about 481 million MT and that of wheat is about 738 million MT.

### RICE AND WHEAT TRADE PROSPECT

World rice export for 2017/18 production year is forecasted in May 2017 at 42.25 million MT, which is 2.3% higher than that of a year earlier. World wheat export is projected in March at 181.13 million MT, which is 1% higher than of a year earlier forecast.

### BANGLADESH RICE IMPORT

During the fiscal year 2016/17 up to May 11<sup>th</sup>, no rice was imported by the public sector but the private sector imported about 93.2 thousand MT.

### BANGLADESH WHEAT IMPORT

During the fiscal year 2016/17 up to May 11<sup>th</sup>, about 345.5 thousand MT of wheat was imported by the public sector while private sector imported about 4593.4 thousand MT of wheat.

### GOVERNMENT INTERVENTION

Over the fortnight ending May 11<sup>th</sup>, about 57.4 thousand MT food grains were distributed mainly through the VGF, OMS, EP, VGD and GR under the public food distribution system.

### GOVERNMENT STOCK

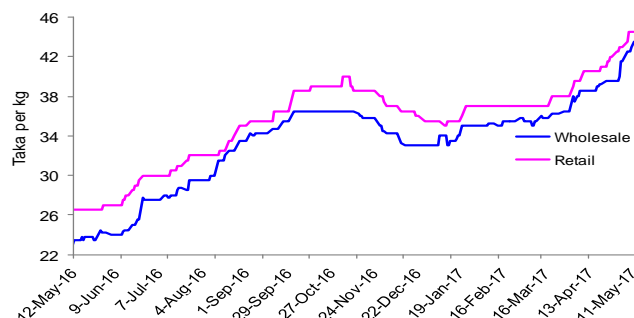
As of May 11<sup>th</sup>, the public food grain stock estimated at about 561.5 thousand MT.

### GOVERNMENT PROCUREMENT

As on 11<sup>th</sup>, May 2017 about 7.8 thousand MT of wheat were procured. *Boro* procurement started from 2<sup>nd</sup> May 2017.

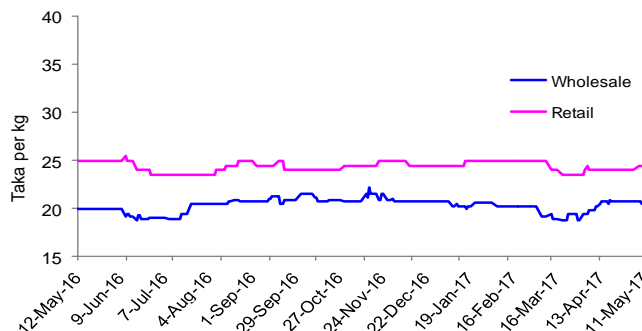
## 1. Domestic price: coarse rice and *atta*

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
<b>RICE</b>				
retail	44.50	▲	6.0	▲ 64.3
wholesale	43.50	▲	10.1	▲ 80.7
<b>ATTA</b>				
retail	24.50	▲	2.1	▲ -3.0
wholesale	20.50	▼	-1.2	▲ 3.4

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

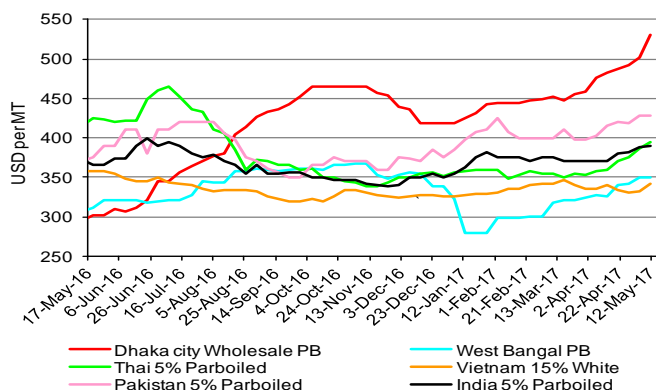
- In the fortnight ending May 11<sup>th</sup>, the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 10.1% and 6.0% up to Tk 43.5/kg and Tk 44.5/kg respectively. The wholesale and retail prices are 80.7% and 64.3% higher respectively than that of corresponding period of last year.

### ATTA

- Over the same period, the wholesale prices of *atta* in Dhaka city markets decreased by 1.2% down at Tk 20.5/Kg. But the retail prices increased by 2.1% up to Tk 24.0/kg. The wholesale prices is now point to point 3.4% higher and retail prices is now point to point 3.0% lower respectively than a year ago.

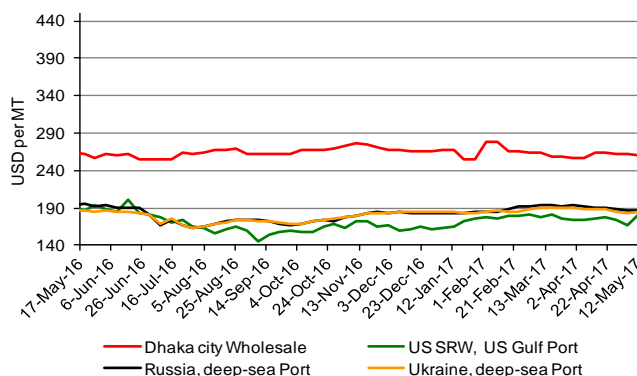
## 2. International price

Figure 3. Rice wholesale price in Dhaka and Kolkata and FOB Prices in relevant international markets



Source: For average weekly FOB prices: USDA, FAO, Jackson Sons & Co. (London) Ltd and Agrimarket Weekly. For average wholesale prices: Department of Agriculture Marketing, Govt. of Bangladesh and Department of Consumer Affairs, Government of India

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



### RICE

- In the fortnight ending May 12<sup>th</sup>, Indian 5% parboiled, Thai 5% parboiled, Vietnam 15% white and Pakistan 5% parboiled rice prices increased by 1.8%, 5.3%, 3.6% and 2.4% up to USD 389/MT, USD 395/MT, USD 342/MT and USD 428/MT respectively. West Bengal coarse rice prices increased by 2.4% up to USD 351/MT. However, Dhaka city wholesale rice prices stood at USD 531/MT (increased by 8.0%).

### WHEAT

- In the fortnight ending May 12<sup>th</sup>, US (SRW) wheat and Ukraine wheat prices increased by 3.7% and 1.1% up to USD 173/MT and USD 186/MT respectively. But Russian wheat prices remain unchanged at USD 187/MT. On the same date, Dhaka city wholesale wheat prices stood at USD 260.8/MT (decreased by 0.4%).

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

Closing price	JUL (N17)	SEP (U17)	DEC (Z17)	MAR (H18)	MAY (K18)
5-May	162	168	175	181	185
12-May	159	164	180	185	189
change	-2.1%	-2.1%	3.0%	2.2%	2.0%

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

change	JUL (N17)	SEP (U17)	DEC (Z17)	MAR (H18)	MAY (K18)
5-May	165	171	180	185	189
12-May	161	168	176	181	185
change	-2.4%	-2.3%	-2.4%	-2.2%	-2.0%

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

Wheat futures closed lower this week due to better than expected crop condition ratings for winter wheat and good spring wheat planting progress. A stronger U.S. dollar lent additional pressure. CBOT wheat futures prices lost by USD 3/MT closed at USD 159/MT and KCBT wheat futures also lost by USD 4/MT and closed at USD 161/MT (U.S. wheat Associates, May 12<sup>th</sup>, 2017) (Table-2 & 3).

### 3. Global production and stock

**Table: 4. Rice world production and stock (million MT)**

RICE	2015/16	2016/17	2017/18 forecast	change 2017/18 over 2016/17
Production	472	482	481	-0.1%
Ending stocks	116	119	120	1.0%

Source: USDA, May, 2017.

#### RICE

Global rice production in 2017/18 is projected at about 481 million tons less than 0.1% from a year earlier. The U.S. crop is forecast down 10 percent to 6.4 million tons on reduced long-grain area. In Egypt, area and production are down and India's crop is forecast slightly lower. Sri Lanka's crop is forecast to rebound. Thailand is also expected higher. World rice ending stocks for 2017/18 are forecasted at 120 million MT, which is 1.0% higher than a year earlier.

#### WHEAT

Global wheat production for production year 2017/18 in May is projected to 738 million MT, less than about 2.0% from a year earlier which is projected down from the 2016/17 record, but still the second highest on record. Production among the major exporting countries is down a net 29 million tons (USDA, May, 2017). World wheat ending stocks for 2016/17 are forecasted at 258 million MT, which is 1.1% higher than a year earlier.

**Table: 5. Wheat world Production and stock (million MT)**

Wheat	2015/16	2016/17	2017/18 forecast	change 2017/18 over 2016/17
Production	737	753	738	-2.0%
Ending stocks	241	255	258	1.1%

Source: USDA, May, 2017.

### 4. Global trade

**Table: 6. Main rice annual exporters (million MT, milled)**

	2015/16	2016/17	2015/16-2016/17 change	2017/18 projected	2016/17-2017/18 change
Thailand	9.87	10.00	▲ 1%	10.00	▶ 0%
Vietnam	5.09	5.60	▼ 10%	6.00	▲ 7%
USA	3.54	3.55	▶ 0%	3.50	▼ -1%
Pakistan	4.30	4.00	▼ -7%	4.10	▲ 2%
India	10.04	10.00	▶ 0%	10.00	▶ 0%
Others	7.78	8.17	▲ 5%	8.65	▲ 6%
<b>World total</b>	<b>40.62</b>	<b>41.32</b>	<b>▲ 2%</b>	<b>42.25</b>	<b>▲ 2.3%</b>

**Table: 7.Main wheat annual exporters (million MT)**

	2015/16	2016/17	2015/16-2016/17 change	2017/18 projected	2016/17-2017/18 change
USA	21.86	28.30	▲ 29%	27.00	▼ -5%
European Union	34.69	27.00	▼ -22%	31.00	▲ 15%
Canada	22.14	20.00	▼ -10%	22.00	▲ 10%
Australia	15.78	22.00	▲ 39%	22.00	▶ 0%
Ukraine	17.43	17.30	▼ -1%	14.50	▼ -16%
Russia	25.54	28.00	▲ 10%	29.00	▲ 4%
Others	34.63	36.18	▲ 4%	35.63	▼ -2%
<b>World total</b>	<b>172.07</b>	<b>178.78</b>	<b>▲ 4%</b>	<b>181.13</b>	<b>▲ 1%</b>

Source: (USDA, May, 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 2017/18 is forecasted in May at 42.25 million MT, up 2.3% from a year earlier (USDA, May, 2017).
- Ending stocks for the top five exporters are forecast to continue their decline. Stocks in Thailand are forecast down 28 percent to 4.5 million tons, as the government seeks to fully auction off long-held stocks, and the private sector is expected to hold a typical amount of stocks. Mean while India's stocks are forecast at 17.4 million, down 8 percent from the prior year.
- Global trade for 2018 is forecast to rise to 42.2 million tons, up 2 percent from 2017 and the third highest on record. Import demand from China, the EU, Africa, and the Philippines remains robust. The majority of rice is still consumed within the country where it is produced, with less than 10 percent of rice production traded on the global market.

#### WHEAT

- Wheat export for 2017/18 is forecasted in May at 181.13 million MT, which is about 1% higher than the previous years' forecast (USDA, May, 2017).
- Global ending stocks for 2017/18 are projected to reach a new record of 258 million tons, up almost 3 million from last year. China's burgeoning stocks are expected up 17milliontons from the year, accounting for nearly half of global wheat stocks. Projected, excluding China, are actually down year. (USDA, May, 2017).
- Ending stocks in the eight major exporting countries collectively are projected to drop in2017/18 after reaching a six year high in 2016/17. With a smaller and continued export demand, U.S. ending stocks are forecast down from the highest level in nearly 30 years. Stocks in Australia and Canada are also forecast lower with smaller crops.

Stocks in the EU are forecast to tighten with larger exports. Black Sea stocks are forecast lower with smaller crops in all three countries. Stocks in Argentina are forecast to remain tight in spite of a larger crop as export demand is expected to continue to absorb most of its supplies.

## 5. Import

Figure 5. Rice imports (in '000 MT)

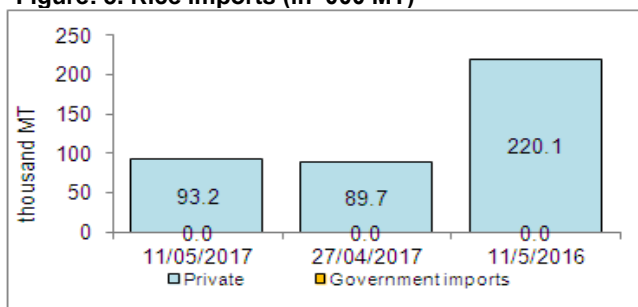
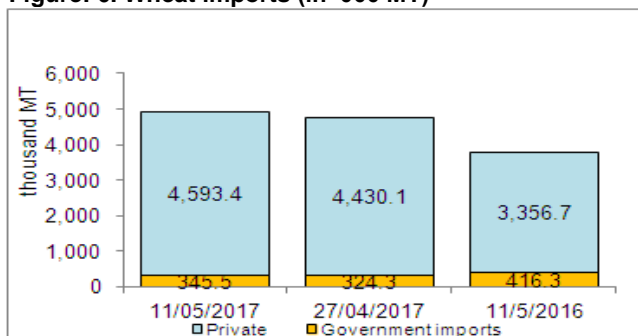


Figure 6. Wheat imports (in '000 MT)



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

### RICE

- As of May 11<sup>th</sup>, no rice was imported by the public sector but the private sector imported about 93.2 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 220.0 thousand MT.

### WHEAT

- Up to the fortnight ending May 11<sup>th</sup>, about 345.5 thousand MT wheat was imported by the public sector but about 4593.4 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 3356.7 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

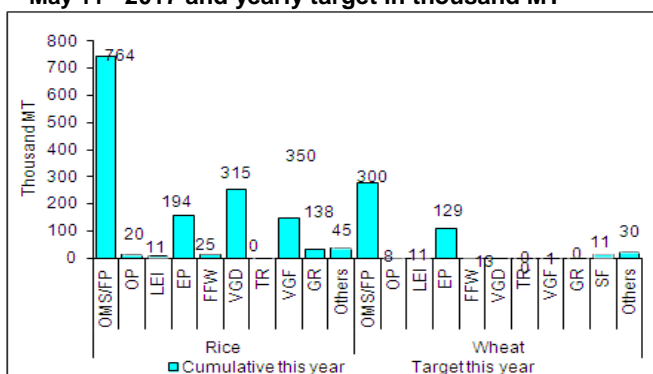
Table 8: LC situation, as of 6<sup>th</sup> May/17 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
01-06 May/17 (provisional)	8	18	2	20
Cumulative month, May/17	8	18	2	20
Cumulative year (starting 1st July/16)	156	4925	106	4106

Source: Bangladesh Bank

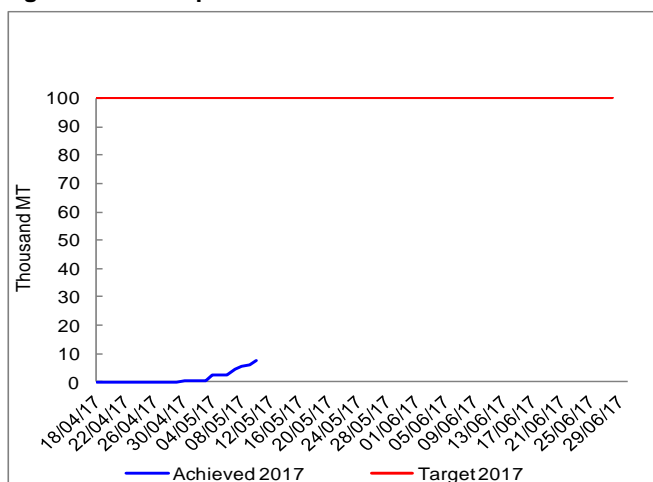
## 6. Government intervention

Figure 7. Rice and wheat distributed through PFDS as of May 11<sup>th</sup> 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 May 11<sup>th</sup>, 57.4 thousand MT food grains were distributed mainly through VGF (16.6 thousand MT), OMS (12.4 thousand MT), EP (11.7 thousand MT), VGD (8.5 thousand MT) and GR (2.0 thousand MT). As of this date, a total of about 1856.0 thousand MT has been distributed through the PFDS, which is about 78.5% 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.

### PUBLIC STOCKS

- As of May 11<sup>th</sup>, the public food grain stock estimated at 561.5 thousand MT, 245.6 thousand MT for rice and 315.9 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 30<sup>th</sup> March 2017.
- Boro procurement started from 2<sup>nd</sup> May 2017 and will continue up to 31<sup>st</sup> 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 18<sup>th</sup> April 2017 and will continue up to 30<sup>th</sup> June 2017. Procurement target has been set at 0.10 mmt at 28 Tk/kg from the domestic market. As on 11<sup>th</sup> May 2017, about 7.8 thousand MT of wheat were procured.