Fortnightly Foodgrain Outlook

Issue No. 231 *29 June 2017*

HIGHLIGHTS

- **The domestic wholesale prices of rice in Dhaka city markets decreased but the retail prices increased over the last fortnight.**
- **The domestic wholesale and retail prices of *atta* in Dhaka city markets remain unchanged over the last fortnight.**
- **Export price of rice in India, Vietnam and Pakistan increased but in Thailand prices remain unchanged over the last fortnight.**
- **Export prices of US SRW wheat increased wheat increased but Russian and Ukraine wheat prices remained 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 June 22nd, the wholesale prices of (Swarna) rice in Dhaka city markets decreased by 2.7% down at Tk 44.3/kg but the retail prices increased by 1.1% up to Tk 47.5/kg.

***ATTA* PRICE**

Over the same period, the wholesale and retail prices of *atta* in Dhaka city markets remain unchanged at Tk 19.5/Kg and Tk 24.0/Kg respectively.

INTERNATIONAL RICE PRICE

In the fortnight ending June 23rd, Indian 5% parboiled Vietnam 15% white and Pakistan 5% parboiled rice prices increased by 1.2%, 6.0% and 2.8% up to USD 415/MT, USD 405/MT and USD 445/MT respectively. But Thai 5% parboiled rice prices remain unchanged at USD 450/MT,

INTERNATIONAL WHEAT PRICE

In the fortnight ending June 23rd, US (SRW) wheat prices increased by 6.8% up to USD 190/MT. Russian and Ukraine wheat prices remained unchanged at USD 188/MT and USD 185/MT respectively.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in June 2017/18 production year for global rice production is about 481 million MT and that of wheat is about 740 million MT.

RICE AND WHEAT TRADE PROSPECT

World rice export for 2017/18 production year is forecasted in June 2017 at 42.23 million MT, which is 0.9% higher than that of a year earlier. World wheat export is projected in June at 181.28 million MT, which is 1% higher than of a year earlier forecast.

BANGLADESH RICE IMPORT

During the fiscal year 2016/17 up to June 22nd, no rice was imported by the public sector but the private sector imported about 117.9 thousand MT.

BANGLADESH WHEAT IMPORT

During the fiscal year 2016/17 up to June 22nd, about 392.8 thousand MT of wheat was imported by the public sector while private sector imported about 5182.1 thousand MT of wheat.

GOVERNMENT INTERVENTION

Over the fortnight ending June 22nd, about 138.8 thousand MT food grains were distributed mainly through the VGF, VGD, EP, OMS and FFW under the public food distribution system.

GOVERNMENT STOCK

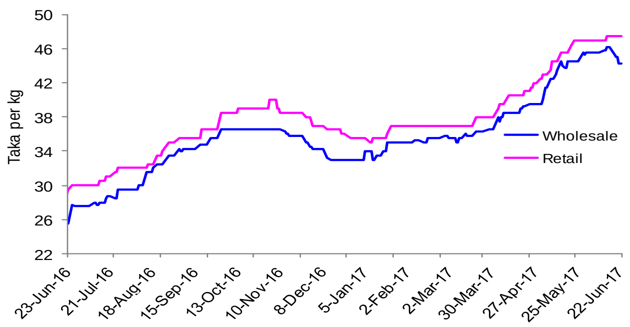
As of June 22nd, the public food grain stock estimated at about 497.1 thousand MT.

GOVERNMENT PROCUREMENT

As on 22nd**,** June 2017 about 91.9 thousand MT of wheat were procured. *Boro* procurement started from 2nd May 2017 and as on 22nd June 2017, about 211.6 thousand MT of *Boro* rice were contracted and 54.2 thousand MT of rice procured.

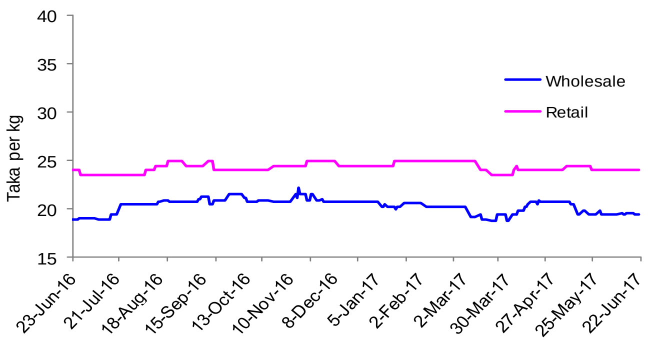
1. Domestic price: coarse rice and *atta*

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	47.50	1.1	1.1	69.3
wholesale	44.25	-2.7	-0.6	84.3
ATTA				
retail	24.00	0.0	-2.0	-2.6
wholesale	19.50	0.0	0.0	1.2

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 June 22nd, the wholesale prices of (Swarna) rice in Dhaka city markets decreased by 2.7% down at Tk 44.3/kg but the retail prices increased by 1.1% up to Tk 47.5/kg. The wholesale and retail prices are 84.3% and 69.3% 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 remain unchanged at Tk 19.5/Kg and Tk 24.0/Kg respectively. The wholesale and retail prices is now point to point 1.2% higher and 2.6% 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

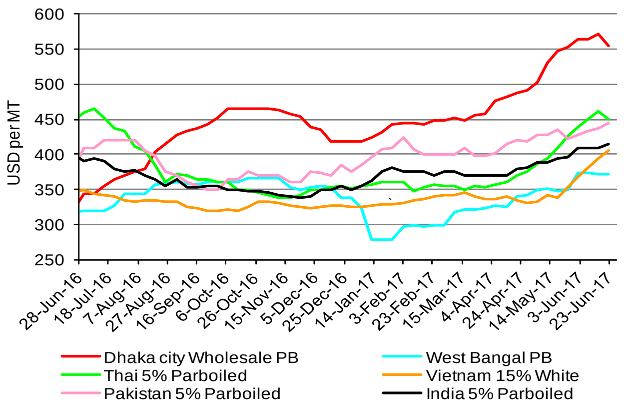
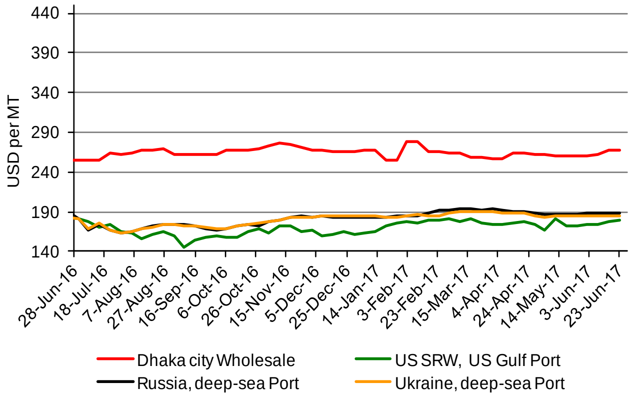


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 June 23rd, Indian 5% parboiled Vietnam 15% white and Pakistan 5% parboiled rice prices increased by 1.2%, 6.0% and 2.8% up to USD 415/MT, USD 405/MT and USD 445/MT respectively. But Thai 5% parboiled rice prices remain unchanged at USD 450/MT, West Bengal coarse rice prices decreased by 0.2% up to USD 372/MT. However, Dhaka city wholesale rice prices stood at USD 555/MT (decreased by 1.6%).

WHEAT

- In the fortnight ending June 23rd, US (SRW) wheat prices increased by 6.8% up to USD 190/MT. Russian and Ukraine wheat prices remained unchanged at USD 188/MT and USD 185/MT respectively. On the same date, Dhaka city wholesale wheat prices stood at USD 266.7/MT.

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

change	JUL (N17)	SEP (U17)	DEC (Z17)	MAR (H18)	MAY (K18)	JUL (N18)
16-Jun	171	177	185	191	195	198
23-Jun	169	174	190	195	198	200
change	-1.2%	-1.7%	2.8%	2.1%	1.5%	1.3%

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

change	JUL (N17)	SEP (U17)	DEC (Z17)	MAR (H18)	MAY (K18)	JUL (N18)
16-Jun	174	181	190	195	198	200
23-Jun	171	177	187	192	195	198
change	-2.0%	-1.8%	-1.8%	-1.4%	-1.3%	-1.3%

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

Spring wheat crop conditions continued supporting the futures this week. Seasonal harvest supply pressure pushed CBOT and KCBT lower, although strong export demand lent limited strength.

CBOT wheat futures prices lost by USD 2/MT closed at USD 169/MT and KCBT wheat futures also lost by USD 3/MT closed at USD 171/MT (U.S. wheat Associates, June 23rd, 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	483	481	-0.4%
Ending stocks	116	119	121	1.1%

Source: USDA, June, 2017.

RICE

Global rice production in 2017/18 is projected at about 481 million tons less than 0.4% from a year earlier Production forecast 2.1 million tons below the year-earlier record. South Asia, North America, and North Africa account for almost the entire expected decline in global rice production in 2017/18. India reporting the largest decline. In contrast, production is projected to be higher in Southeast Asia in 2017/18, mostly due to continued recovery from severe drought in Thailand.

WHEAT

Wheat production in 2017/18 is projected to reach about 740 million tons, up 1.7million this month, still 14.6 million tons below last year's record. Higher wheat output in the USA, foreign production is up by 1.6 million tons to 689.9 million, just 1.4 million tons lower than a year ago. Russia, Argentina, and Turkey have increased production prospects. World wheat ending stocks for 2017/18 are forecasted at 261 million MT, which is 1.9% higher than a year earlier (USDA, June, 2017).

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	754	740	-1.9%
Ending stocks	243	256	261	1.9%

Source: USDA, June, 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	3.41	3.60	6%	3.55	-1%
Pakistan	4.30	4.00	-7%	4.10	2%
India	10.04	10.50	5%	10.00	-5%
Others	7.77	8.16	5%	8.58	5%
World total	**40.48**	**41.86**	**3%**	**42.23**	**0.9%**

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	28.17	29%	27.00	-4%
European Union	34.69	27.00	-22%	30.50	13%
Canada	22.14	20.00	-10%	22.00	10%
Australia	15.78	22.00	39%	22.00	0%
Ukraine	17.43	17.80	2%	14.50	-19%
Russia	25.54	27.50	8%	29.00	5%
Others	34.61	37.01	7%	36.28	-2%
World total	**172.04**	**179.48**	**4%**	**181.28**	**1%**

Source: (USDA, June, 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 June at 42.25 million MT, up 2.3% from a year earlier (USDA, June, 2017).
- Global ending rice stocks in 2017/18 are projected at 120.5 million tons, up 0.8 million tons from the previous forecast and 1.3 million tons higher than 2016/17. These are the largest global ending stocks since 2001/02. China accounts for most of the expected increase in global ending stocks in 2017/18, with its ending stocks projected at 75.7 million tons, also the highest since 2001/02. China accounts for more than 60 percent of global ending stocks. In contrast, ending stocks in 2017/18 are projected smaller in India, Thailand, and the United States.
- Global trade in 2018 is projected to be the third highest on record. In 2018, increased shipments from Australia, Burma, China, Egypt, Pakistan, and Vietnam. Among importers, larger purchases by Cote d'Ivoire, Cuba, Iran, Iraq, Madagascar, the Philippines, Saudi Arabia, Senegal, Sierra Leone, and the United Arab Emirates. Bangladesh's 2018 import forecast was raised 100,000 tons to 400,000 tons to offset flooding losses and to increase stocks. In response to severe flooding this spring, the Government of Bangladesh announced it will import 600,000 tons of rice and is beginning to source rice from Vietnam, a country with which it recently signed a memorandum of understanding. Typically, Bangladesh imported parboiled rice from India, but Vietnam's prices are currently more competitive.

WHEAT

- Wheat export for 2017/18 is forecasted in June at 181.28 million MT, which is about 1% higher than the previous years' forecast. The EU is expected to regain its position as world's leading exporter given its significantly larger crop. U.S. exports are forecast slightly lower in light of large EU supplies and continued competition from Russia, which is projected to be the second-largest exporter. U.S. wheat exports are expected to remain well above the level of 2015/16 based on robust global demand and abundant carry-in supplies.

Additional changes in wheat exports for the 2016/17 trade year that ends in June 2017 include two offsetting changes: Russian exports are reduced, while Ukrainian exports are increased by the same amount of 0.5 million tons.

5. Import

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

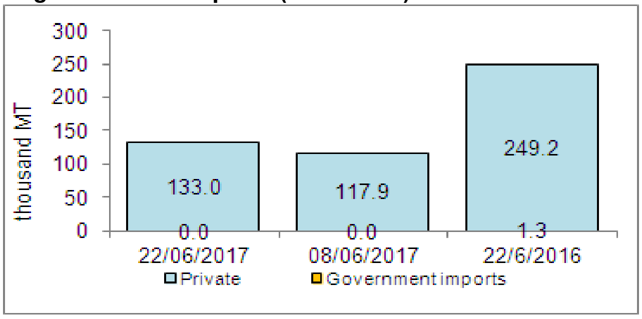
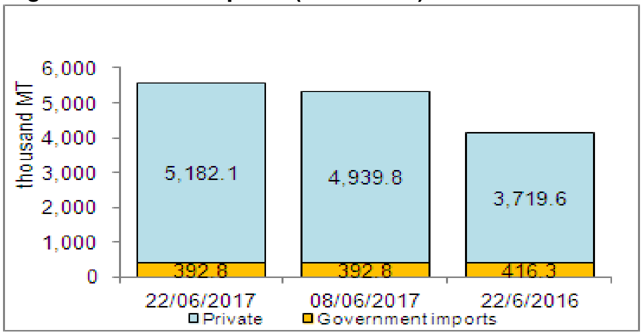


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of June 22nd, no rice was imported by the public sector but the private sector imported about 117.9 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 249.2 thousand MT.

WHEAT

- Up to the fortnight ending June 22nd, about 392.8 thousand MT wheat was imported by the public sector but about 5182.1 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 3719.6 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

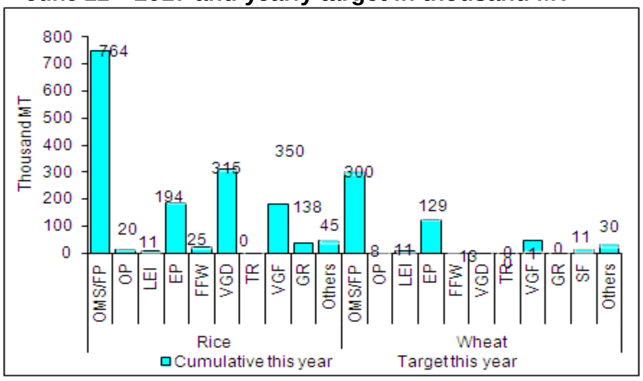
Table: 8: LC situation, as of 17th June/17 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
1-17 June/17 (provisional)	80	65	27	104
Cumulative month, May/17	80	65	27	104
Cumulative year (starting 1st July/16)	334	5219	157	4397

Source: Bangladesh Bank

6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of June 22nd 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*

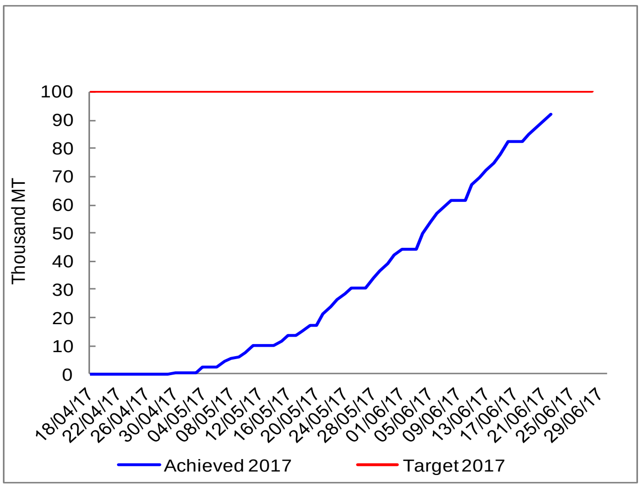
PUBLIC FOOD DISTRIBUTION

- 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 June 22nd, 138.8 thousand MT food grains were distributed mainly through VGF (67.7 thousand MT), VGD (24.4 thousand MT), EP (16.3 thousand MT), OMS (10.4 thousand MT) and FFW (7.8 thousand MT). As of this date, a total of about 2107.5 thousand MT has been distributed through the PFDS, which is about 89.2% 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 June 22nd**,** the public food grain stock estimated at 497.1 thousand MT, 158.6 thousand MT for rice and 338.5 thousand MT for wheat (MISM, DG Food).

Figure: 8. Wheat procurement 2017



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 started 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. As on 22nd June 2017, about 211.61 thousand MT of *Boro* rice were contracted and 54.24 thousand MT were procured.
- 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 22nd June 2017, about 91.85 thousand MT of wheat were procured.