Fortnightly Foodgrain Outlook

Issue No. 235 ***24 August 2017***

HIGHLIGHTS

- **The domestic wholesale and retail prices of rice in Dhaka city markets remain same over the last fortnight.**
- **The domestic wholesale prices of *atta* in Dhaka city markets increased but retail prices remain unchanged over the last fortnight.**
- **Export price of rice in India and Vietnam decreased but in Thailand rice prices increased on the other hand in Pakistan rice prices remain same as over the last fortnight.**
- **Export prices of US SRW wheat, Russian and Ukraine wheat prices decreased over the last fortnight.**
- **Global rice and wheat production forecast decreased than a year ago.**
- **Global rice export forecast increased but wheat export remain same than a year ago.**

SUMMARY

RICE PRICE

In the fortnight ending August 17th, the wholesale and retail prices of (Swarna) rice in Dhaka city markets remained same at Tk 41.0/kg and Tk 43.5/kg respectively.

***ATTA* PRICE**

Over the same period, the wholesale prices of *atta* in Dhaka city markets increased by 1.7% up to Tk 21.30/kg. But the retail prices remain same at Tk 24.5/Kg.

INTERNATIONAL RICE PRICE

In the fortnight ending August 18th, Indian 5% parboiled and Vietnam 15% white rice prices decreased by 1.2% and 1.0% down at USD 400/MT and USD 379/MT respectively. But Thai 5% parboiled rice prices increased by 0.5% up to USD 388/MT. On the hand Pakistan 5% parboiled rice prices remained same as USD 428/MT.

INTERNATIONAL WHEAT PRICE

In the fortnight ending August 18th, US (SRW) wheat, Russian and Ukraine wheat prices decreased by 7.8%, 3.3% and 2.1% down to USD 171/MT, USD191/MT and USD 189/MT respectively.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in August 2017/18 production year for global rice production is about 483 million MT and that of wheat is about 743 million MT.

RICE AND WHEAT TRADE PROSPECT

World rice export for 2017/18 production year is forecasted in August 2017 at 43.92 million MT, which is 1.4% higher than that of a year earlier. World wheat export is projected in August at 182.3 million MT, which is same as a year earlier forecast.

BANGLADESH RICE IMPORT

Up to this fortnight 74.0 thousand MT rice was imported by the public sector but the private sector imported about 262.6 thousand MT.

BANGLADESH WHEAT IMPORT

Up to this fortnight no wheat was imported by the public sector while private sector imported about 570.4 thousand MT of wheat.

GOVERNMENT INTERVENTION

During this fortnight FY 2017/18 up to August 17th, about 25.8 thousand MT food grains were distributed mainly through the EP, GR, OMS and VGD under the public food distribution system.

GOVERNMENT STOCK

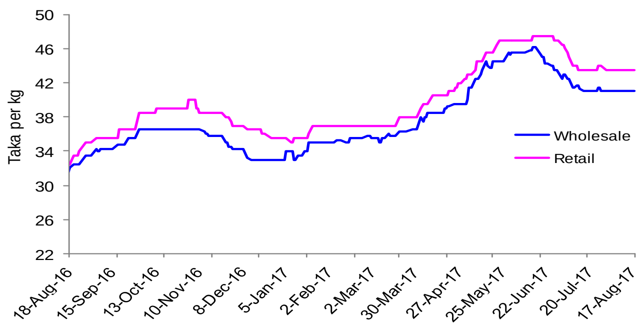
As of August 17th, the public food grain stock estimated at about 525.3 thousand MT.

GOVERNMENT PROCUREMENT

As on 17th August 2017, about 274.4 thousand MT of *Boro* rice were contracted and 213.7 thousand MT of rice procured.

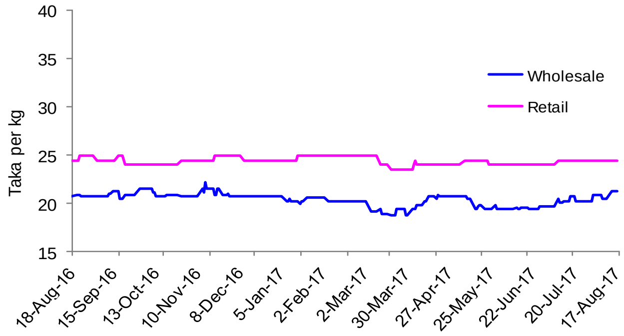
1. Domestic price: coarse rice and *atta*

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	43.50	0.0	0.0	35.3
wholesale	41.00	0.0	0.0	34.6
ATTA				
retail	24.50	0.0	0.0	2.1
wholesale	21.30	1.7	2.9	2.0

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 August 17th, the wholesale and retail prices of (Swarna) rice in Dhaka city markets remained same at Tk 41.0/kg and Tk 43.5/kg respectively. The wholesale and retail prices are 34.6% and 35.3% higher respectively than that of corresponding period of last year.

ATTA

- Over the same period, the wholesale prices of *atta* in Dhaka city markets increased by 1.7% up to Tk 21.30/kg. But the retail prices remain same at Tk 24.5/Kg. The wholesale and retail prices are now point to point 2.0% and 2.1% higher respectively than a year ago.

2. International price

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

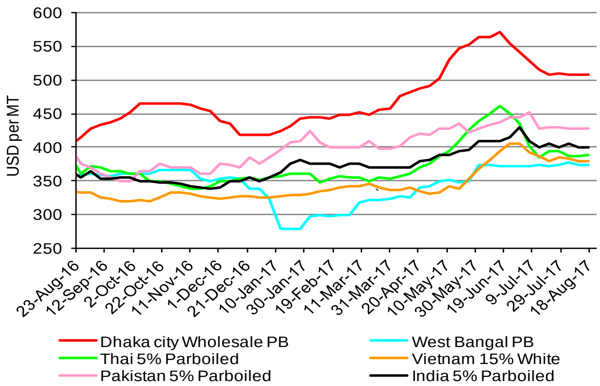
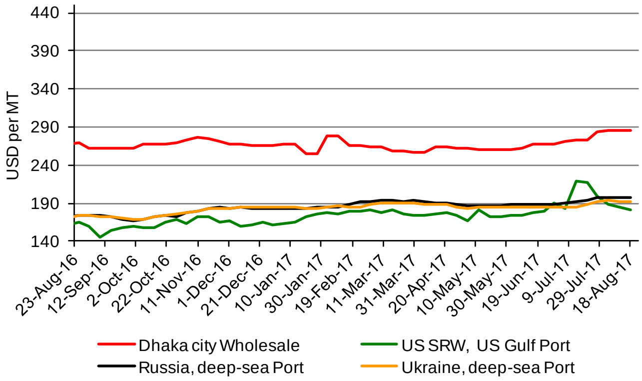


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 August 18th, Indian 5% parboiled and Vietnam 15% white rice prices decreased by 1.2% and 1.0% down at USD 400/MT and USD 379/MT respectively. But Thai 5% parboiled rice prices increased by 0.5% up to USD 388/MT. On the hand Pakistan 5% parboiled rice prices remained same as USD 428/MT. West Bengal coarse rice prices decreased by 0.7% down to USD 374/MT. However, Dhaka city wholesale rice prices stood at USD 508/MT.

WHEAT

- In the fortnight ending August 18th, US (SRW) wheat, Russian and Ukraine wheat prices decreased by 7.8%, 3.3% and 2.1% down to USD 171/MT, USD191/MT and USD 189/MT respectively. On the same date, Dhaka city wholesale wheat prices stood at USD 285.0/MT.

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

change	SEP (U17)	DEC (Z17)	MAR (H18)	MAY (K18)	JUL (N18)
11-Aug	161	172	180	185	189
18-Aug	153	172	179	184	190
change	-5.3%	0.5%	-0.3%	-0.5%	0.8%

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

change	SEP (U17)	DEC (Z17)	MAR (H18)	MAY (K18)	JUL (N18)
11-Aug	162	172	179	184	190
18-Aug	152	162	149	175	181
change	-6.1%	-5.8%	-16.5%	-5.2%	-4.8%

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

Technical selling and large Black Sea wheat supplies pressured wheat futures lower this week. Strong export demand lent limited support. CBOT September wheat fell. CBOT wheat futures prices lost by USD 8/MT closed at USD 153/MT and KCBT wheat futures also lost by USD 10/MT closed at USD 152/MT (U.S. wheat Associates, July 4th, 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	484	483	-0.3%
Ending stocks	116	119	123	3.0%

Source: USDA, August, 2017.

RICE

In the 2017/18 global production projected to about 483 million MT which is 0.3% lower than the previous year. The average global yield of 4.45 tons per hectare is down from the year-earlier record of 4.51 tons, mostly due to expanded area by India, a low-yielding large producer. The 2017/18 global ending stocks forecast was increased by 3.0% which is about 123 million tons.

WHEAT

Wheat production in 2017/18 is projected to about 743 million tons, which is 1.6% lower the last year's record. Global production is up this month as larger crops are expected in the Black Sea countries- Russia, Ukraine and Kazakhstan. Production for Russia is raised 5.5 million tons this month to a record setting 77.5 million tons. Stocks are now projected at 265 million tons (USDA, August, 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	755	743	-1.6%
Ending stocks	243	259	265	2.4%

Source: USDA, August, 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	6.00	18%	6.00	0%
USA	3.37	3.60	7%	3.55	-1%
Pakistan	4.30	4.00	-7%	4.10	2%
India	10.04	11.00	10%	11.50	5%
Others	7.77	8.72	12%	8.77	1%
World total	**40.44**	**43.32**	**7%**	**43.92**	**1.4%**

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	21.81	29.49	35%	26.00	-12%
European Union	34.69	27.00	-22%	29.50	9%
Canada	22.14	20.28	-8%	20.50	1%
Australia	15.78	22.07	40%	22.00	0%
Ukraine	17.43	18.00	3%	16.00	-11%
Russia	25.54	27.80	9%	31.50	13%
Others	34.61	37.20	7%	36.84	-1%
World total	**172.00**	**181.84**	**6%**	**182.34**	**0%**

Source: (USDA, August, 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 August at 43.92 million MT, up 1.4% from a year earlier (USDA, August, 2017).
- Global rice trade for 2018 is projected at 43.9 million tons, up 0.5 million tons from the previous forecast and 0.7 million tons above the year-earlier revised forecast. Global trade in 2018 is projected to be the second highest on record.
- Among importers, larger purchases by Cote d'Ivoire, Cuba, Guinea, Iraq, Madagascar, the Philippines, Saudi Arabia, Senegal, Sierra Leone, and the United Arab Emirates are projected to more than offset reduced imports by Bangladesh, China, Egypt, Laos, and Sri Lanka

WHEAT

- Global wheat trade is forecasted up slightly this month mainly on larger imports for Indonesia and Nigeria. Exports are raised for the Black Sea countries which more than offset reductions for Canada and the EU. U.S. importers are projected higher based on tightening supplies of high-protein wheat (USDA, August, 2017).
- World wheat trade in 2017/18 (July-June international trade year) is up 1.5 million tons to 182.3 million this month, breaking last year's record. Wheat trade for 2016/17 was increased by 0.5 million tons this month to reach 181.8 million, as trade data on the final months of 2016/17 trade year are coming in. The wheat export shares for the 2017/18 trade year are projected to change dramatically this month for the major exporters.

The expected vast wheat harvest in Russia and its high price-competitiveness (Black Sea wheat is currently by far the cheapest in the world) are projected to push the country further into record territory, unseating the European Union as the world's largest wheat exporter. Russia and the EU has been steadily increasing market share at the expense of the United States.

5. Import

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

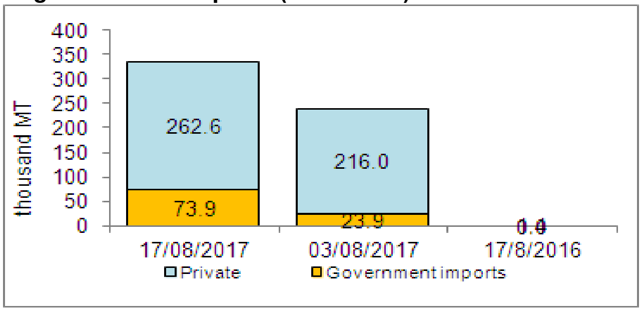
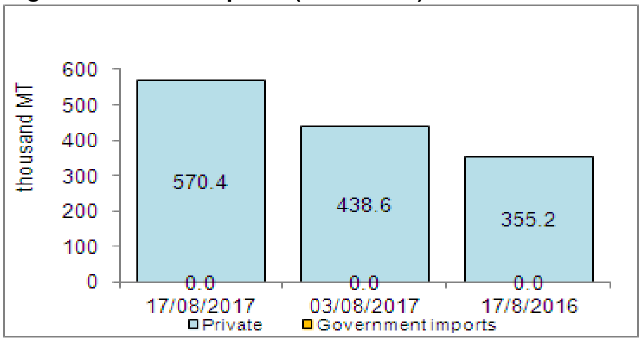


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of August 17th, about 74.0 thousand MT of rice was imported by the public sector but the private sector imported about 262.6 thousand MT of rice up to this fortnight. Over the same period of last year, no rice was imported by the public sector but the private sector imported about 1.4 thousand MT.

WHEAT

- Up to the fortnight ending August 17th, no wheat was imported by the public sector but about 570.4 thousand MT by private sector. Over the same period of last year, no wheat was imported by the public sector but the private sector imported about 355.2 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

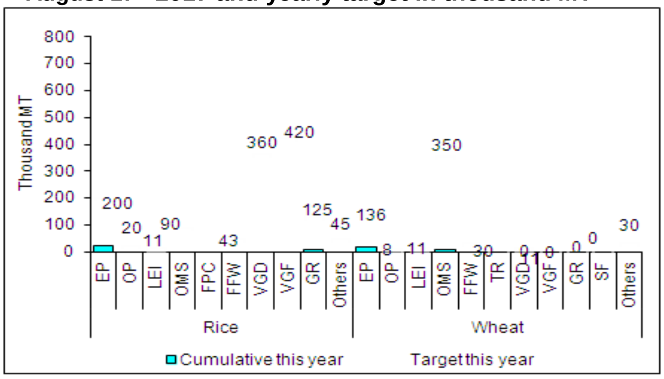
Table: 8: LC situation, as of 12th August/17 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
1-12 August/17 (provisional)	168	266	56	96
Cumulative month, July/17	168	266	56	96
Cumulative year (starting 1st July/17)	540	1105	255	246

Source: Bangladesh Bank

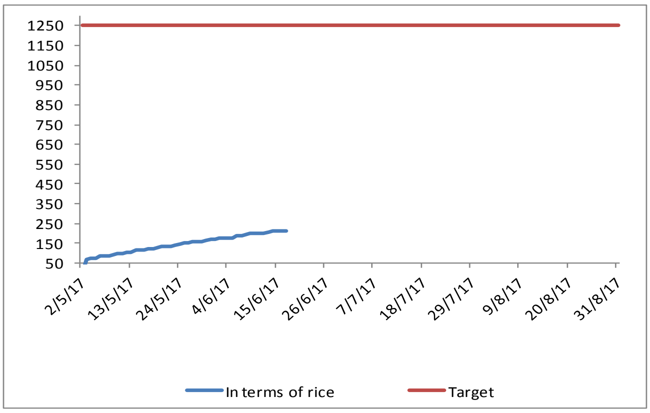
6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of August 17th 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. *Boro* procurement 2017



PUBLIC FOOD DISTRIBUTION

- The total distribution planned for 2017/18 is at about 2.74 million MT. The actual distribution was about 2.24 million MT in 2016/17.
- Over this fortnight ending August 17th, about 25.8 thousand MT food grains were distributed through the PFDS mainly EP (13.4 thousand MT), GR (4.1 thousand MT), OMS (3.4 thousand MT) and VGD (2.3 thousand MT). As of this date, a total of about 78.6 thousand MT has been distributed through the PFDS, which is about 2.9% 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 August 17th**,** the public food grain stock estimated at 525.3 thousand MT 304.5 thousand MT for rice and 220.8 thousand MT for wheat (MISM, DG Food).

DOMESTIC FOOD GRAIN PROCUREMENT

- *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 17th August 2017, about 274.4 thousand MT of *Boro* rice were contracted and 213.7 thousand MT were procured.