Fortnightly Foodgrain Outlook

Issue No. 238 *5 October 2017*

HIGHLIGHTS

- **The domestic wholesale and retail prices of rice in Dhaka city markets decreased 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 and Thailand decreased but in Vietnam and Pakistan rice export prices increased over the last fortnight.**
- **Export prices of US SRW wheat, Russian and Ukraine wheat prices increased 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 September 28th, the wholesale and retail prices of (Swarna) rice in Dhaka city markets decreased by 4.3% and 5.1% down at Tk 44.5/kg and Tk 46.5/kg respectively.

***ATTA* PRICE**

Over the same period, the wholesale prices of *atta* in Dhaka city markets decreased by 1.9% down at Tk 25.5/kg but the retail prices increased by 1.8% up to Tk 29.0/Kg.

INTERNATIONAL RICE PRICE

In the fortnight ending September 29th, Indian 5% parboiled and Thai 5% parboiled rice prices decreased by 4.2% and 1.2% down at USD 409/MT and USD 403/MT respectively. But Vietnam 15% white and Pakistan 5% parboiled rice prices increased by 2.2% and 0.2% up to USD 373/MT and USD 415/MT respectively.

INTERNATIONAL WHEAT PRICE

In the fortnight ending September 29th, US (SRW) wheat, Russian and Ukraine wheat prices increased by 4.6%, 4.0% and 4.3% up to USD 182/MT, USD195/MT and USD 193/MT respectively.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in September 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 September 2017 at 43.92 million MT, which is 1.4% higher than that of a year earlier. World wheat export is projected in September at 182.3 million MT, which is same as a year earlier forecast.

BANGLADESH RICE IMPORT

Up to this fortnight 260.7 thousand MT rice was imported by the public sector but the private sector imported about 753.9 thousand MT.

BANGLADESH WHEAT IMPORT

Up to this fortnight no wheat was imported by the public sector while private sector imported about 1365.7 thousand MT of wheat.

GOVERNMENT INTERVENTION

During this fortnight FY 2017/18 up to September 28th, about 83.5 thousand MT food grains were distributed mainly through the VGD, OMS, EP, GR and VGF under the public food distribution system.

GOVERNMENT STOCK

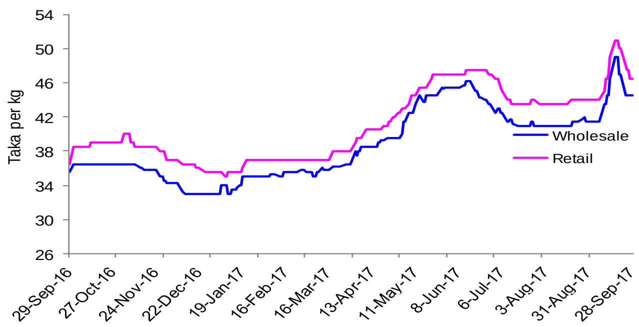
As of September 28th, the public food grain stock estimated at about 552.4 thousand MT.

GOVERNMENT PROCUREMENT

As on 28th September 2017, about 288.2 thousand MT of *Boro* rice were contracted and 266.5 thousand MT of rice procured.

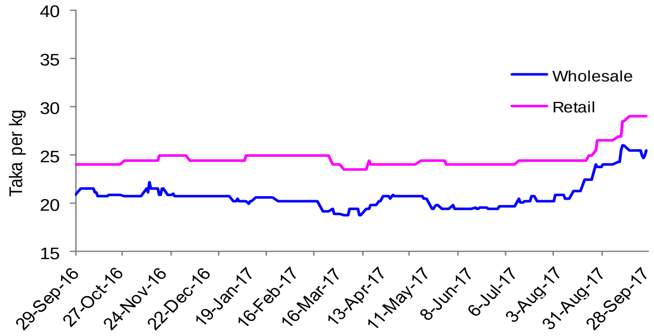
1. Domestic price: coarse rice and *atta*

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	46.50	-5.1	5.7	34.3
wholesale	44.50	-4.3	6.0	32.0
ATTA				
retail	29.00	1.8	9.4	18.9
wholesale	25.50	-1.9	7.1	21.4

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 September 28th, the wholesale and retail prices of (Swarna) rice in Dhaka city markets decreased by 4.3% and 5.1% down at Tk 44.5/kg and Tk 46.5/kg respectively. The wholesale and retail prices are 32.0% and 34.3% 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 1.9% down at Tk 25.5/kg but the retail prices increased by 1.8% up to Tk 29.0/Kg. The wholesale and retail prices are now point to point 21.4% and 18.9% 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

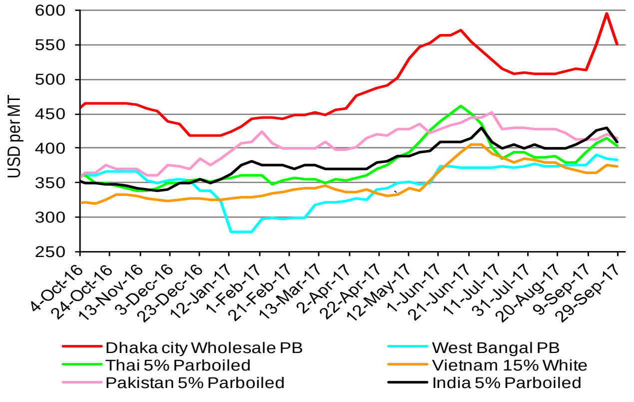
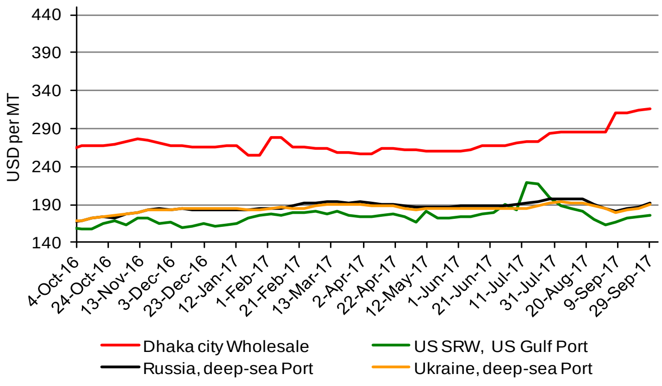


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 September 29th, Indian 5% parboiled and Thai 5% parboiled rice prices decreased by 4.2% and 1.2% down at USD 409/MT and USD 403/MT respectively. But Vietnam 15% white and Pakistan 5% parboiled rice prices increased by 2.2% and 0.2% up to USD 373/MT and USD 415/MT respectively. West Bengal coarse rice prices decreased by 1.8% up to USD 383/MT. However, Dhaka city wholesale rice prices stood at USD 551/MT.

WHEAT

- In the fortnight ending September 29th, US (SRW) wheat, Russian and Ukraine wheat prices increased by 4.6%, 4.0% and 4.3% up to USD 182/MT, USD195/MT and USD 193/MT respectively. On the same date, Dhaka city wholesale wheat prices stood at about USD 315.6/MT (increased by 0.7%).

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

change	DEC (Z17)	MAR (H18)	MAY (K18)	JUL (N18)	SEP (U18)
22-Sep	165	173	177	182	187
29-Sep	165	172	177	183	190
change	0.2%	-0.3%	-0.5%	0.7%	1.3%

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

change	DEC (Z17)	MAR (H18)	MAY (K18)	JUL (N18)	SEP (U18)
22-Sep	165	172	177	183	190
29-Sep	163	169	174	180	187
change	-1.7%	-1.7%	-1.4%	-1.4%	-1.4%

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

U.S. Wheat futures closed down this week due to the USDA estimating a larger than expected spring wheat crop and rainfall across the Southern Plains. Chicago found support due to dry conditions in the Midwest. Russia and Ukraine are expected to keep their winter wheat plantings at a similar level to last year, raising the chance of another large wheat crop next year. Plantings in both countries are running ahead of the five year average pace. CBOT wheat futures prices closed at USD 165/MT and KCBT wheat futures lost by USD 2/MT closed at USD 163/MT (U.S. wheat Associates, September 29th, 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	486	483	-0.6%
Ending stocks	116	120	124	2.6%

Source: USDA, September, 2017.

RICE

In the 2017/18 global production projected to about 483 million MT which is 0.6% lower than the previous year. Global production is revised higher this month on larger crops in India, Burma, and Peru more than offsetting reductions in China, Bangladesh, and the United States. The 2017/18 global ending stocks forecast was increased by 2.6% which is about 124 million tons.

WHEAT

Wheat production in 2017/18 is projected to about 743 million tons, which is 1.1% lower the last year's record. Global production is up this month as even larger crops are expected for Russia and Turkey. Stocks are now projected at 263 million tons which is 2.9% higher than the previous year (USDA, September, 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	735	753	745	-1.1%
Ending stocks	241	256	263	2.9%

Source: USDA, September, 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	3.55	5%	3.45	-3%
Pakistan	4.30	3.90	-9%	4.10	5%
India	10.04	11.20	12%	11.80	5%
Others	7.47	9.90	32%	9.08	-8%
World total	**40.14**	**44.55**	**11%**	**44.43**	**-0.3%**

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	27.31	-21%	28.50	4%
Canada	22.12	20.28	-8%	20.50	1%
Australia	15.78	22.07	40%	21.00	-5%
Ukraine	17.43	18.11	4%	16.50	-9%
Russia	25.54	27.80	9%	32.50	17%
Others	34.64	36.76	6%	36.90	0%
World total	**172.01**	**181.82**	**6%**	**181.90**	**0%**

Source: (USDA, September 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 September at 44.43 million MT, down 0.3% from a year earlier (USDA, September, 2017).
- Trade is revised up on higher demand from Bangladesh, China, and Iran. In china imports are raised 250 thousand tons to a record 5.3 million on continued disparity in prices, leading to strong incentives for trade with neighboring countries. Iran imports are raised 200 thousand tons to 1.3 million on consumption growth.
- Burma exports are up 300 thousand tons to 2.0 million on larger supplies and sustained demand from regional markets, including China. In India exports are up 300 thousand tons to 11.8 million due to more abundant exportable supplies met by strong demand from Bangladesh and Sri Lanka.

WHEAT

- Global trade is forecast little changed, with smaller imports for Iran and Turkey more than offsetting stronger demand from Indonesia. Exports are lowered for Australia and the European Union, but raised for Russia, Turkey and Ukraine. U.S. trade is unchanged this month. (USDA, September, 2017).
- European Union is reduced 1.0 million tons to 28.5 million based on a smaller crop, a slow early pace of exports, and growing competition from Russia. Russia is raised 1.0 million tons to 32.5 million based on a record crop and competitive prices. Turkey is up 300 thousand tons to 6.5 million due to larger supplies and growing demand for imported flour in Iraq.

Ukraine is up 500 thousand tons to 16.5 million based on expectation of declining domestic consumption and competitive exports. Russia has been a growing force in the export market over the past 5 years. With a record crop and massive carry in stocks, Russia is expected to be the world's leading wheat supplier, setting a new record for its exports.

5. Import

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

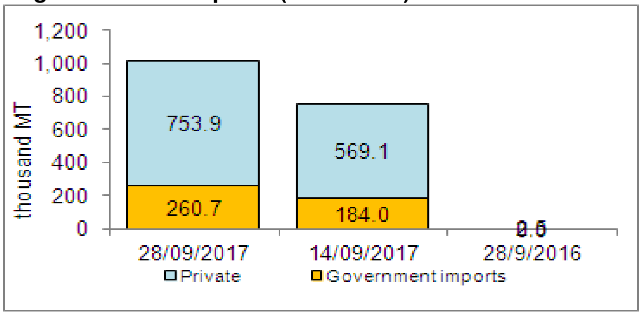
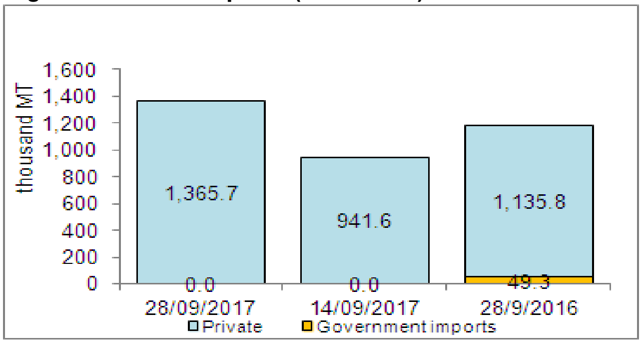


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of September 28th, about 260.7 thousand MT of rice was imported by the public sector but the private sector imported about 753.9 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 2.5 thousand MT.

WHEAT

- Up to the fortnight ending September 28th, no wheat was imported by the public sector but about 1365.7 thousand MT by private sector. Over the same period of last year, about 49.3 thousand MT of wheat was imported by the public sector but the private sector imported about 1135.8 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

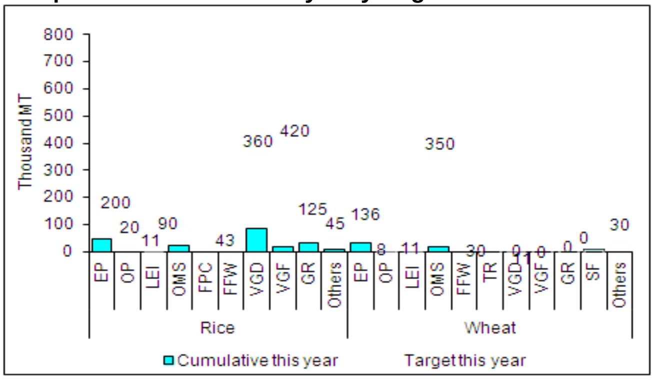
Table: 8: LC situation, as of 23th September/17 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
10-23 September/17 (provisional)	675	164	210	58
Cumulative month, September/17	1101	787	381	237
Cumulative year (starting 1st July/17)	2067	2515	807	661

Source: Bangladesh Bank

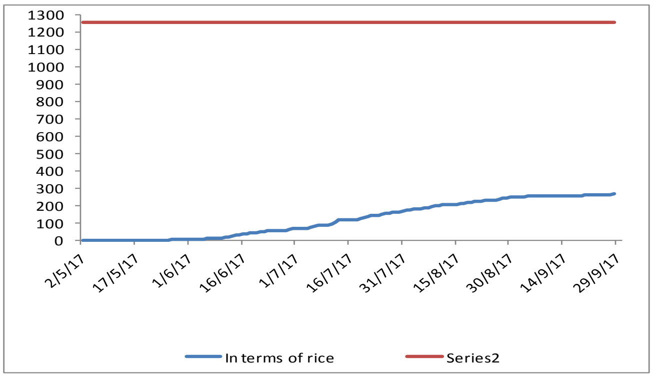
6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of September 28th 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 September 28th, about 83.5 thousand MT food grains were distributed through the PFDS mainly VGD (23.4 thousand MT), OMS (16.4 thousand MT), EP (16.2 thousand MT), GR (12.6 thousand MT) and VGF (3.8 thousand MT). As of this date, a total of about 290.1 thousand MT has been distributed through the PFDS, which is about 10.6% of the yearly target.
- The OMS drive under the process of expansion up to upazila level all over the country.

PUBLIC STOCKS

- As of September 28th**,** the public food grain stock estimated at 552.4 thousand MT 363.0 thousand MT for rice and 189.4 thousand MT for wheat (MISM, DG Food).

DOMESTIC FOOD GRAIN PROCUREMENT

- *Boro* procurement started from 2nd May 2017 and will continue up to 28th September 2017(Revised). 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 28th September 2017, about 288.2 thousand MT of *Boro* rice were contracted and 266.5 thousand MT were procured.