Fortnightly Foodgrain Outlook

Issue No. 254 ***17 May 2018***

HIGHLIGHTS

- **The domestic wholesale prices of rice in Dhaka city markets increased but retail prices remain same over the last fortnight.**
- **The domestic wholesale and retail prices of *atta* in Dhaka city markets remain same over the last fortnight.**
- **Export price of rice in India, Thailand and Pakistan decreased but in Vietnam rice prices increased over the last fortnight.**
- **Export prices of wheat in Russia remain same, Ukrainian wheat prices decreased and US SRW wheat prices increased over the last fortnight.**
- **Global rice production forecast increased but wheat production forecast decreased than a year ago.**
- **Global rice and wheat export forecasted increase than a year ago.**

SUMMARY

RICE PRICE

In the fortnight ending May 10th, the wholesale prices of (Swarna) rice in Dhaka city markets increased by 1.3% up to at Tk 38.0/Kg but the retail prices remain same at Tk 41.0/Kg.

***ATTA* PRICE**

Over the same period, the wholesale and retail prices of *atta* in Dhaka city markets remain same at 22.20/Kg and Tk 26.5/Kg respectively.

INTERNATIONAL RICE PRICE

In the fortnight ending May 11th, Indian 5% parboiled, Thai 5% parboiled and Pakistan 5% parboiled rice prices decreased by 1.2 %, o.9% and 2.8% down at USD 400/MT, USD 419/MT and USD 450/MT respectively. On the other hand Vietnam 15% white rice prices increased by 2.3% up to USD 440/MT.

INTERNATIONAL WHEAT PRICE

In the fortnight ending May 11th, Russian wheat prices remain same at USD 215/MT but Ukraine wheat prices decreased by 0.2% down at USD 211/MT. On the other hand US (SRW) wheat prices increased by 5.2% up to USD 210/MT.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in May 2017/18 production year for global rice production is about 490 million MT and that of wheat is about 748 million MT.

RICE AND WHEAT TRADE PROSPECT

World rice export for 2017/18 forecasted in May about at 49.5 million MT, which is 2.9% higher than the year earlier. World wheat export is projected in May at 187.6 million MT, which is 3% higher than the earlier forecast.

BANGLADESH RICE IMPORT

Up to this fortnight 1051.3 thousand MT rice was imported by the public sector but the private sector imported about 2773.6 thousand MT.

BANGLADESH WHEAT IMPORT

Up to this fortnight about 464.3 thousand MT wheat was imported by the public sector while private sector imported about 4941.4 thousand MT of wheat.

GOVERNMENT INTERVENTION

During this fortnight FY 2017/18 up to May 10th, about 62.6 thousand MT food grains were distributed mainly through the VGF, OMS, EP, VGD and FFW under the public food distribution system.

GOVERNMENT STOCK

As of May 10th, the public food grain stock estimated at about 1191.1 thousand MT.

GOVERNMENT PROCUREMENT

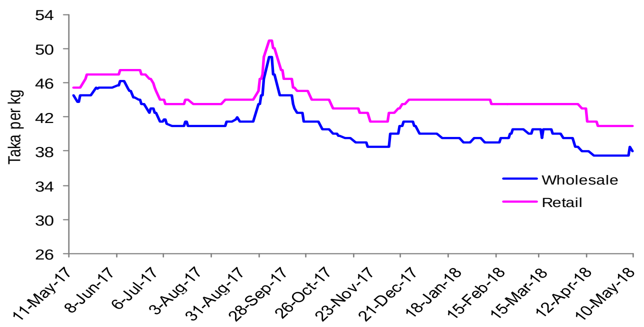
As on 10th May 2018, about 459 thousand MT of *Boro* rice were contracted and about 4 thousand MT of boro rice were procured.

Food Planning and Monitoring Unit (FPMU), Ministry of Food

http://www.mofood.gov.bd

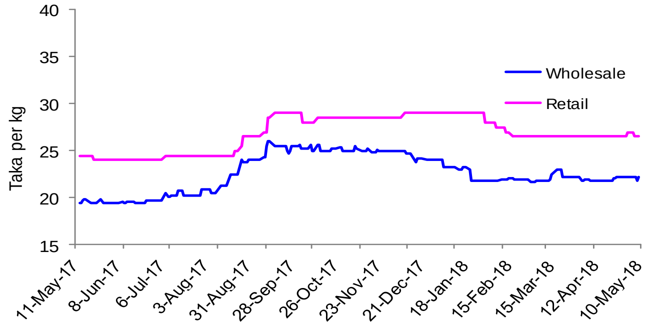
1. Domestic price: coarse rice and *atta*

Figure: 1.Change in prices of Coarse Rice (Dhaka)



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	41.00	0.0	-4.7	-5.3
wholesale	38.00	1.3	0.0	-8.6
ATTA				
retail	26.50	0.0	0.0	9.9
wholesale	22.20	-0.2	1.6	7.2

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 May 10th, the wholesale prices of (Swarna) rice in Dhaka city markets increased by 1.3% up to at Tk 38.0/Kg but the retail prices remain same at Tk 41.0/Kg. The wholesale and retail prices are 8.6% and 5.3% lower 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 same at 22.20/Kg and Tk 26.5/Kg respectively. The wholesale and retail prices are now point to point 7.2% and 9.9% 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

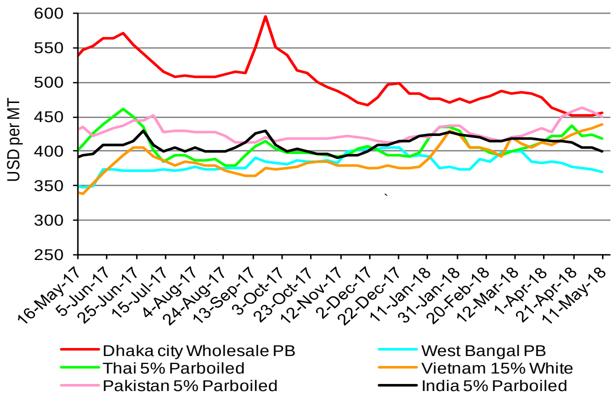
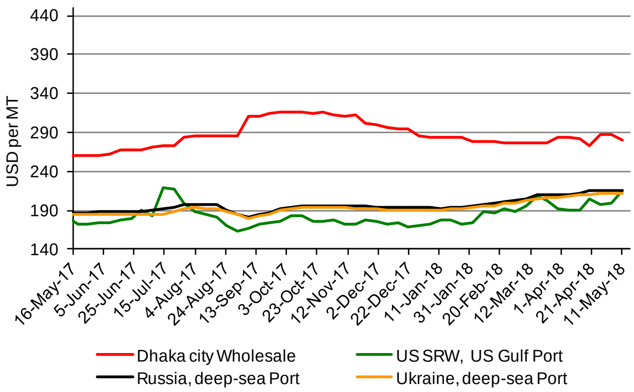


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 May 11th, Indian 5% parboiled, Thai 5% parboiled and Pakistan 5% parboiled rice prices decreased by 1.2 %, o.9% and 2.8% down at USD 400/MT, USD 419/MT and USD 450/MT respectively. On the other hand Vietnam 15% white rice prices increased by 2.3% up to USD 440/MT. West Bengal coarse rice prices decreased by 1.2% down at USD 371/MT. However, Dhaka city wholesale rice prices stood at USD 456/MT (increased by 0.8%).

WHEAT

- In the fortnight ending May 11th, Russian wheat prices remain same at USD 215/MT but Ukraine wheat prices decreased by 0.2% down at USD 211/MT. On the other hand US (SRW) wheat prices increased by 5.2% up to USD 210/MT. On the same date, Dhaka city wholesale wheat prices stood at about USD 274.4/MT (decreased by 4.3%).

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

change	JUL (N18)	SEP (U18)	DEC (Z18)	MAR (H19)	MAY (K19)
4-May	193	199	207	213	216
11-May	183	190	197	204	208
change	-5.2%	-4.8%	-4.6%	-4.1%	-3.7%

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

change	JUL (N18)	SEP (U18)	DEC (Z18)	MAR (H19)	MAY (K19)
4-May	204	211	220	225	227
11-May	190	197	206	213	217
change	-6.8%	-6.5%	-6.0%	-5.4%	-4.7%

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

KCBT wheat futures closed the week sharply higher after Wheat Quality Council scouts forecast lower hard red winter (HRW) production in drought-stricken Kansas and Oklahoma. Spring wheat planting progress pressured futures, but continued strength in new crop sales limited losses. USDA projected larger than expected 2018/19 U.S. wheat production, pressuring wheat futures lower this week. CBOT wheat futures prices lost by USD 10/MT closed at USD 183/MT and KCBT wheat futures prices also lost by USD 14/MT closed at USD 190/MT (U.S. wheat Associates, May 11th, 2018) (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	473	487	490	0.6%
Ending stocks	133	137	145	5.8%

Source: USDA, May, 2018.

RICE

In the 2017/18 global production projected in May to about 490 million MT which is about 0.6% higher than the previous year's record. The global rice production forecast record due to higher production in Bangladesh which expected to recover from recent untimely floods. For Thailand an increase in double cropping will lead more production. Ending stocks in May, 2017/18 is projected to about 145 million tons which is 5.8% higher than the previous year.

WHEAT

Wheat production in May, 2017/18 is projected to about 748 million tons which is 0.4% less than the previous year. Production among the top exporting countries is projected down due to smaller crops particularly in the European Union and Russia. Ending stocks in May, 2017/18 is projected to about 264 million tons which is 3.3% higher than the previous year. (USDA, May, 2018).

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

Wheat	2015/16	2016/17	2017/18 forecast	change 2017/18 over 2016/17
Production	736	750	748	-0.4%
Ending stocks	244	256	264	3.3%

Source: USDA, May, 2018.

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	11.62	18%	11.00	-5%
Vietnam	5.09	6.49	28%	6.80	5%
USA	3.37	3.38	0%	3.30	-2%
Pakistan	4.10	3.64	-11%	4.00	10%
India	10.04	12.56	25%	13.00	4%
Others	7.71	10.40	35%	11.41	10%
World total	**40.18**	**48.09**	**20%**	**49.51**	**2.9%**

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	21.81	29.49	35%	25.00	-15%
European Union	34.69	27.32	-21%	29.00	6%
Canada	22.12	20.24	-9%	23.50	16%
Australia	15.78	22.06	40%	17.00	-23%
Ukraine	17.43	18.11	4%	17.00	-6%
Russia	25.54	27.81	9%	36.50	31%
Others	34.64	37.22	7%	39.56	6%
World total	**172.01**	**182.24**	**6%**	**187.56**	**3%**

Source: (USDA, May, 2018).*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, 2016/17 is calendar year 2017, 2017/18 is calendar year 2018 and so on.*

RICE

- Global rice export for 2017/18 is forecasted in May at 49.51 million MT, which is up 2.9% from a year earlier (USDA, May, 2018).
- On 2019 export side, shipments are projected to be larger in 2019 from China, Paraguay, Thailand, the United States and Venezuela, with Thailand's 0.5 MMT increase to 10.5 million tons the largest. These export expansions are projected to be partially offset by reduced shipments from Brazil, Egypt, India, Uruguay, with India's 0.2 MMT decline to 13.0 MMT the largest reduction. Despite the expected reduction, India is projected to remain the largest rice exporter for the 8th consecutive year. Burma's 2018 and 2019 projected rice exports of 3.5 MMT exceed the previous record.
- On the 2019 import side, purchases in 2019 are projected larger than a year earlier for Benin, Cote d'Ivoire, Egypt, EU, Iraq, Nigeria, Senegal, and UAE.

WHEAT

- 2017/18 world wheat trade projected in May at 187.5 million tons, which is 3% higher than the previous year's export (USDA May, 2018).
- Global ending stocks for 2018/19 are projected down 6 million tons from the previous year to 264 million. Stocks in the major exporting countries collectively are projected to decrease again in 2018/19 after reaching a 6-year high in 2016/17.

U.S ending stocks are forecast down once again this year. Stocks in Australia and Canada are also forecast lower. Stocks in the European Union are forecast lower with larger exports. Black Sea stocks are forecast lower with smaller crops in all three countries: Russia, Kazakhstan, and Ukraine.

5. Import

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

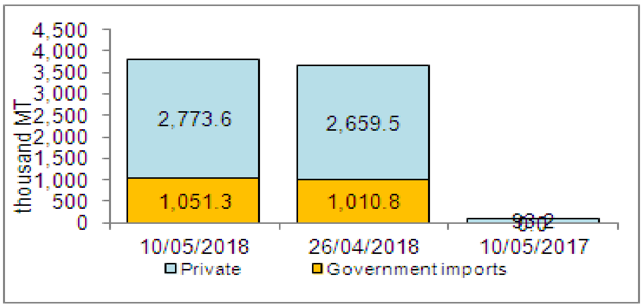
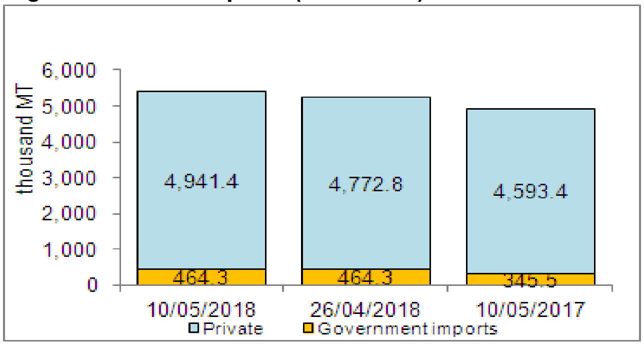


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of May 10th, about 1051.3 thousand MT of rice was imported by the public sector but the private sector imported about 2773.6 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 93.2 thousand MT.

WHEAT

- Up to the fortnight ending May 10th, about 464.3 thousand MT wheat was imported by the public sector but about 4941.4 thousand MT by private sector. Over the same period of last year, about 345.5 thousand MT of wheat was imported by the public sector but the private sector imported about 4593.4 thousand MT.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

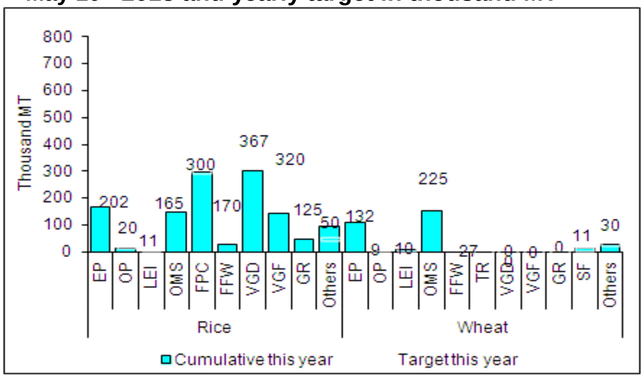
Table: 8: LC situation, as of 30th April/18 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
22-30 April/18 (provisional)	61	139	90	105
Cumulative month, April/18	163	273	287	432
Cumulative year (starting 1st July/17)	4487	5789	3878	4350

Source: Bangladesh Bank

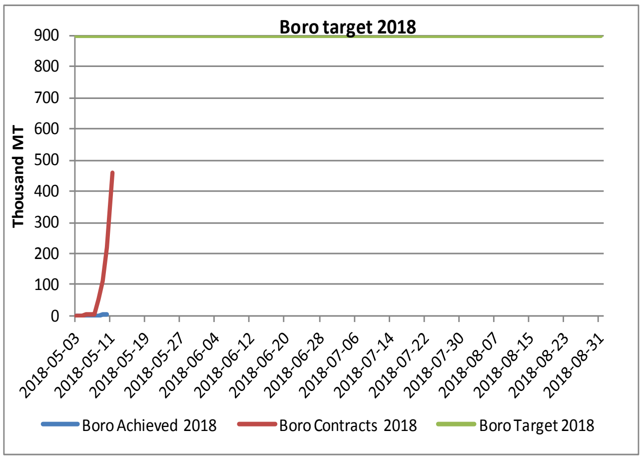
6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of May 10th 2018 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 2017-18



PUBLIC FOOD DISTRIBUTION

- The total distribution planned (revised) for 2017/18 is at about 2.17 million MT. The actual distribution was about 2.24 million MT in 2016/17.
- During this fortnight May 10th, about 62.6 thousand MT food grains were distributed through the PFDS mainly VGF (15.6 thousand MT), OMS (13.0 thousand MT), EP (12.7 thousand MT), VGD (8.4 thousand MT) and FFW (3.0 thousand MT). As of this date, a total of about 1570.4 thousand MT has been distributed through the PFDS, which is about 72.3% of the yearly target.
- The OMS drive is continuing up to the upazila level all over the country.

PUBLIC STOCKS

- As of May 10th, the public food grain stock estimated at 1191.1 thousand MT 792.6 thousand MT for rice and 398.5 thousand MT for wheat (MISM, DG Food).

DOMESTIC FOOD GRAIN PROCUREMENT

- Government decided to procure *Boro* with the target of about 0.15 mmt of paddy, 0.80 mmt of parboiled rice and 0.10 mmt of white rice at 26 Tk/kg for paddy, 38 Tk/kg for parboiled rice and 37 Tk/kg for white rice from the domestic market to provide a price incentive to the farmers from this *Boro* procurement season. *Boro* procurement will start from 2nd May 2018 and will continue up to 31st August 2018.
- As on 10th May 2018 about 459 thousand MT of *Boro* rice were contracted and about 4 thousand MT of *Boro* rice were procured (MISM, DG Food).