Fortnightly Foodgrain Outlook

Issue No. 324 ***21 January 2021***

HIGHLIGHTS

- **The domestic retail price of rice remained unchanged but the wholesale price increased over the last fortnight (As on 14 January 2021).**
- **The domestic retail and wholesale prices of *atta* remained unchanged over the last fortnight (As on 14 January 2021).**
- **Export prices of rice in Thailand and India increased while in Vietnam the rice price remained unchanged whereas export prices of rice in Pakistan decreased.**
- **Export prices of U.S (SRW) wheat, U.S (HRW) wheat, Russian, and Ukrainian wheat prices increased over the last fortnight.**
- **Global rice and wheat production projected increased than a year ago.**
- **Global rice export projected increased than a year ago whereas global wheat export projected decreased than a year ago.**

SUMMARY

RICE PRICE

During this fortnight, the retail price of rice *(Swarna-Indian variety*) in the Dhaka city markets remained unchanged at Tk 46.5/Kg but the wholesale price increased by 1.2% up to Tk 41.5/Kg.

ATTA PRICE

Up to this fortnight, the retail and the wholesale prices of *atta* in the Dhaka city markets remained unchanged at Tk 29.0/Kg and Tk 25.8/Kg respectively.

INTERNATIONAL RICE PRICE

In the fortnight ending January 15, Thai and Indian 5% parboiled rice prices increased by 3.0% and 3.2% up to USD 512/MT and USD 392/MT respectively whereas Vietnam 15% white rice remained unchanged at USD 500/MT. However, Pakistan 5% parboiled rice price decreased by 0.4% down to USD 443/MT.

INTERNATIONAL WHEAT PRICE

In the fortnight ending January 15, U.S (SRW), U.S (HRW), Russian, and Ukrainian wheat prices increased by 8.4%, 4.7%, 10.6%, and 9.9% up to USD 281/MT, USD 289/MT, USD 291/MT, and USD 289/MT respectively.

GLOBAL RICE AND WHEAT PRODUCTION

In the 2020/21, global rice production projected in January about 503 million MT, which was 1.4% higher than the previous year's projection whereas Wheat production projected about 773 million MT, which was 1.1% higher than the previous year's projection.

GLOBAL RICE AND WHEAT TRADE PROSPECT

Global rice export for 2020/21 projected in January at 45.62 million MT, which is 2.7% higher from a year earlier. In the 2020/21, world wheat trade projected in January at 192.47 million tons, which is 1% down to the previous year's export.

BANGLADESH RICE IMPORT

Up to 14 January during this FY 2020-21, Government imported 9.2 thousand MT of rice while 60 MT of rice was imported by the private sector.

BANGLADESH WHEAT IMPORT

Up to 14 January during this FY 2020-21, about 215.8 thousand MT of wheat was imported by the public sector while about 2592.5 thousand MT wheat was imported by the private sector.

GOVERNMENT INTERVENTION

During this fortnight, about 32.3 thousand MT food grains were distributed through the PFDS. OMS, EP, and Ctg. Hill Tracts majorly dominated the distribution.

GOVERNMENT STOCK

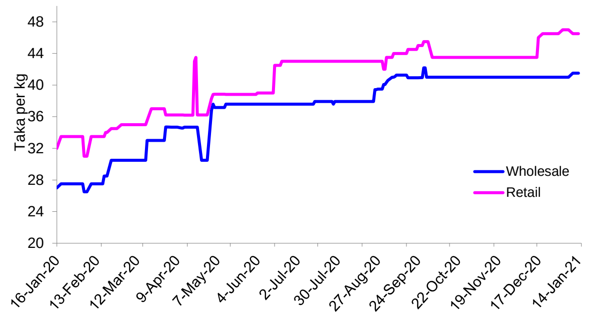
As on 14 January 2021, the public food grain stock was estimated at 763.15 thousand MT.

GOVERNMENT PROCUREMENT

Aman rice procurement target has been fixed at 0.79 mmt in terms of rice. Up to 14 January 2021, 41.6 Thousand MT of *Aman* rice (in terms of rice) has been procured.

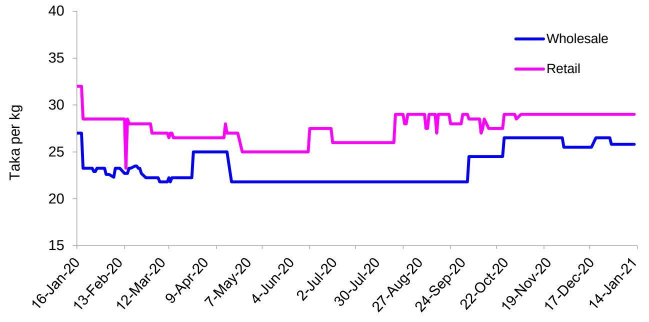
1. Domestic price: coarse rice and *atta*

Figure1: Change in prices of Coarse Rice (Dhaka)



Source: Department of Agricultural Marketing (DAM), MIS&M (DG Food).

Figure 2: Change in prices of *Atta* (Dhaka



Source: Department of Agricultural Marketing (DAM), MIS&M (DG Food).

Table1: Rice and *Atta* price changes (Dhaka city)

		change in %		
		over last fortnight	over last month	over last year
RICE				
retail	46.50	0.0	6.9	48.4
wholesale	41.50	1.2	1.2	51.3
ATTA				
retail	29.00	0.0	0.0	2.8
wholesale	25.80	0.0	1.2	12.2

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

During this fortnight, the retail price of rice *(Swarna-Indian variety)* in the Dhaka city markets remained unchanged at Tk 46.5/Kg but the wholesale price increased by 1.2% up to Tk 41.5/Kg. However, the retail and the wholesale prices of rice in the Dhaka city markets increased by 6.9% and 1.2% up to Tk 43.5/Kg and Tk 41.0/Kg respectively over the last month. The point-to-point retail and wholesale prices were 48.4% and 51.3% higher respectively than that of the corresponding period of the last year.

ATTA

Up to this fortnight, the retail and the wholesale prices of *atta* in the Dhaka city markets remained unchanged at Tk 29.0/Kg and Tk 25.8/Kg respectively. However, over the last month, the retail price of *atta* in the Dhaka city markets remained unchanged at Tk 29/Kg and the wholesale price increased by 1.2% up to Tk 25.5/Kg respectively. The point-to-point retail and wholesale prices were 2.8% and 12.2% higher respectively comparing to the corresponding period of the last year.

2. International price

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

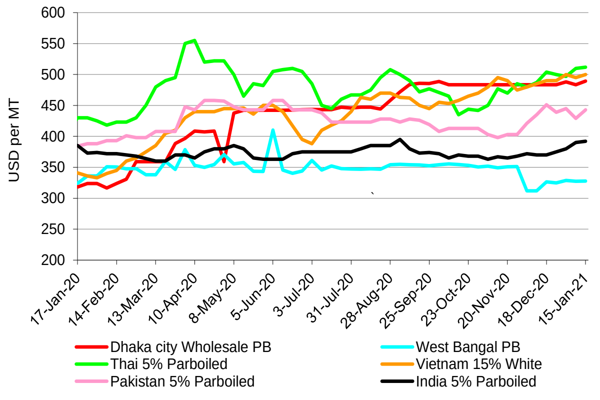
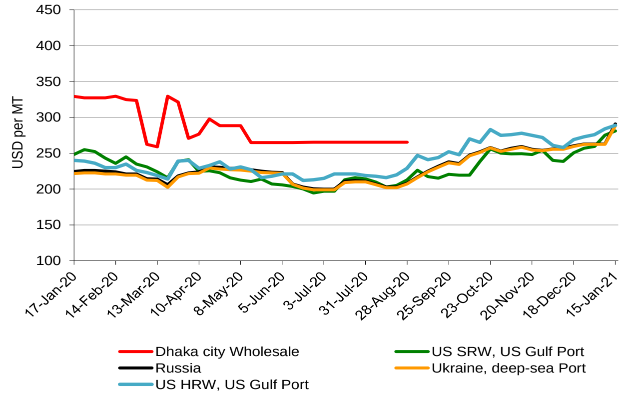


Figure 4: Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 January 15, Thai and Indian 5% parboiled rice prices increased by 3.0% and 3.2% up to USD 512/MT and USD 392/MT respectively whereas Vietnam 15% white rice price remained unchanged at USD 500/MT. On the other hand, both the Pakistan 5% and West Bengal parboiled rice prices decreased by 0.4% and 0.3%, down to USD 443/MT and USD 328/MT respectively. Over the same period, the Dhaka city wholesale price was increased by 0.3% up to USD 489/MT.

WHEAT

In the fortnight ending January 15, U.S (SRW), U.S (HRW), Russian, and Ukrainian wheat prices increased by 8.4%, 4.7%, 10.6%, and 9.9% up to USD 281/MT, USD 289/MT, USD 291/MT, and USD 289/MT respectively.
Note: DAM has not been updating the price of wheat of the Dhaka city markets since September 2020.

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

change	MAR (H21)	MAY (K21)	JUL (N21)	SEP (U21)	DEC (Z21)
8-Jan	235	236	232	233	236
15-Jan	248	249	242	242	243
change	5.4%	5.4%	4.0%	3.6%	3.1%

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

change	MAR (H21)	MAY (K21)	JUL (N21)	SEP (U21)	DEC (Z21)
8-Jan	219	221	222	223	226
15-Jan	236	237	237	238	241
change	7.8%	7.5%	6.9%	6.6%	6.3%

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

CBOT soft red winter (SRW) futures jumped $13/MT to end at $248/MT. Similarly, KCBT hard red winter (HRW) futures added $17/MT to close at $236/MT. Russia's planning to implement a wheat export tax influenced all wheat futures prices week-over-week. (Wheat Associates, January 2021) (Table-2 & 3).

3. Global production and stock

Table4: Rice world production and stock (million MT)

RICE	2018/19	2019/20	2020/21 forecast	change 2020/21 over 2019/20
Production	497	496	503	1.4%
Ending stocks	177	178	180	0.7%

Source: **USDA, (Grain: World Markets and Trade, January 2021)**

RICE

In the 2020/21, global rice production projected in January about 503 million MT, which was 1.4% higher than the previous year's projection. Global production forecast is higher this month primarily on a larger crop in China. Ending stocks in January 2020/21 projected about 180 million MT, which was 0.7% higher from the previous year (USDA, January 2021).

WHEAT

Global wheat production in January 2020/21 projected about 773 million MT, which was 1.1% higher than the previous year's projection. Global wheat production is down this month due to smaller crops in Argentina and China more than offsetting a larger crop in Russia. Ending stocks in January 2020/21 projected about 313 million MT, which was 4.4% higher than the previous year (USDA, January 2021).

Table 5: Wheat world production and stock (millionMT)

Wheat	2018/19	2019/20	2020/21 forecast	change 2020/21 over 2019/20
Production	731	764	773	1.1%
Ending stocks	283	300	313	4.4%

Source: **USDA, (Grain: World Markets and Trade, January 2021)**

4. Global trade

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

	2018/19	2019/20	2018/19-2019/20 change	2020/21 projected	2019/20-2020/21 change
Thailand	7.56	5.50	-14%	7.00	15%
Vietnam	6.49	6.10	0%	6.30	-5%
USA	3.14	2.90	-3%	3.05	2%
Pakistan	4.55	3.90	-3%	4.00	-2%
India	9.79	14.40	12%	14.00	9%
Others	12.09	11.87	-3%	11.27	-4%
World total	**43.62**	**44.67**	**-1%**	**45.62**	**2.7%**

Table 7: Main wheat annual exporters (million MT)

	2018/19	2019/20	2018/19-2019/20 change	2020/21 projected	2019/20-2020/21 change
USA	26.09	26.30	1%	27.00	3%
European Union	23.31	38.43	65%	26.50	-34%
Canada	24.45	23.48	-4%	26.50	6%
Australia	9.84	10.12	3%	18.00	78%
Ukraine	16.02	21.01	31%	17.50	-14%
Russia	35.86	34.49	-5%	39.00	10%
Others	39.93	37.52	-6%	37.97	1%
World total	**175.50**	**191.35**	**9%**	**192.47**	**-1%**

Source: USDA (Grain: World Markets and Trade, January 2021) *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 lessthan5% change. For rice, 2018/19 is calendar year 2019, 2019/20 is calendar year 2020, 2020/21 is calendar year 2021 and so on.*

RICE

- Global rice export for 2020/21 projected in January at 45.62 million MT, which is 2.7% higher from a year earlier (USDA, January 2021).
- Global trade is also forecast up this month with higher imports for Bangladesh, while larger exports are forecast for India. The largest 2021 import revisions were a 0.9-million ton increase in Bangladesh imports to 1.0 million tons and a 0.1-million ton increase in Vietnam's to 0.5 million.
- Bangladesh is expected to return to the global market as a significant rice importer in 2020/21. Reduced production due to unfavorable weather has resulted in higher domestic prices, spurring purchases from the global market. Although Bangladesh is the largest producer of rice globally, but fluctuations in production and domestic prices cause it to enter and exit the international market in significant ways.

WHEAT

- In the 2020/21, world wheat trade projected in January at 192.14 million tons, which is 1% down to the previous year's export (USDA, January 2021).
- Global wheat trade is high slightly, with higher exports for Canada, the European Union, and India more than offsetting lower exports for Argentina and Russia. Despite generally strengthening prices through December demand for wheat from the EU and Russia remained strong. The brisk pace of exports is supported primarily by demand from Middle Eastern countries, Turkey and Yemen. Higher imports for China and Jordan, meanwhile, more than offset lower imports for Algeria and the United Arab Emirates. News of export restrictions in Russia and rumored export taxes in Argentina further supported upward wheat price movement.

In December 2020, Russian government announced trade-restrictive measures for certain grains and oilseed products in response to high domestic prices. Although these new trade-distorting measures have pressured global prices higher, still Russia is forecasting to again be the largest exporter in 2020/21 as it was in 2017/18 and 2018/19. As Russia accounts for higher production and proportionally more export share, these restrictions have a larger impact in the global arena.

5. Import

Figure 5: Rice imports (in '000 MT)

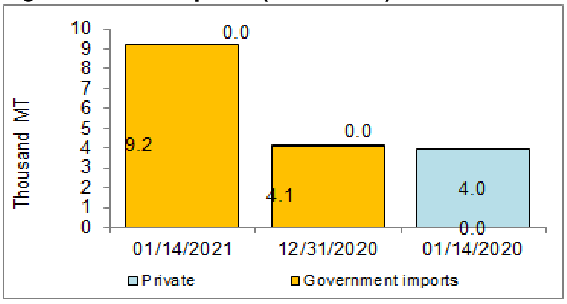
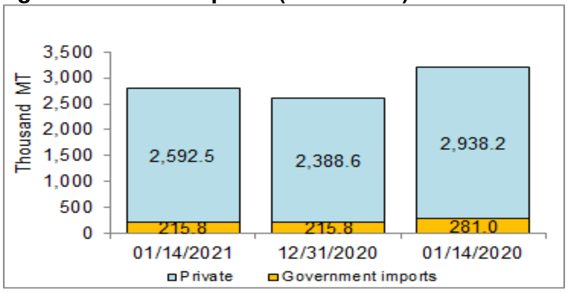


Figure 6: Wheat imports (in '000 MT)



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

RICE

- Up to 14 January during this FY 2020-21, Government imported 9.2 thousand MT of rice and 60 MT rice was imported by the private sector. Over the same period of last year, about 4.0 thousand MT of rice was imported by the private sector.

WHEAT

- Up to 14 January during this FY 2020-21, about 215.8 thousand MT of wheat was imported by the public sector while about 2592.5 thousand MT wheat was imported by the private sector. Over the same period of last year, 281.0 thousand MT wheat was imported by the public sector while the private sector imported 2938.2 thousand MT wheat.

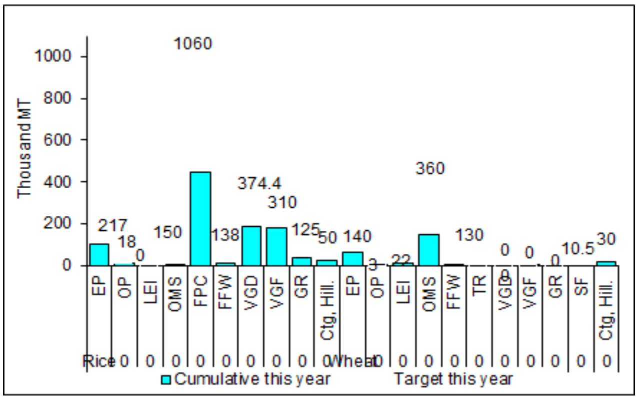
Table 8: LC situation, as of 09 January/21 (in'000MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
01-09 January/21	20	376	4	245
Cumulative month, January/21	20	376	4	245
Cumulative year (starting 1st July/20)	124	3669	6	2585

Source: Bangladesh Bank

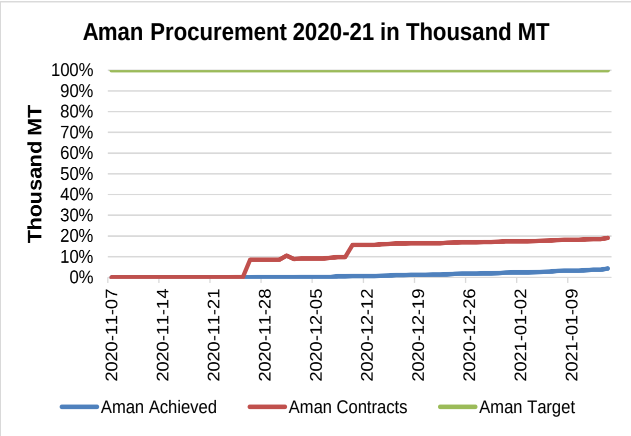
6. Government intervention

Figure 7: Rice and wheat distributed through PFDS as Of January 14th 2021 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: *Aman* Procurement 2020-21



Source: MISM, DG Food.

PUBLIC FOOD DISTRIBUTION

- The total distribution budget for 2019/20 was 3.06 million MT. The actual distribution was about 2.78 million MT. For FY 2020/21 the distribution plan through PFDS is about 3.14 million MT.
- During this fortnight, about 32.3 thousand MT food grains were distributed through the PFDS. The PFDS distribution was majorly dominated by OMS (18.8 Thousand MT), EP (11.9Thousand MT), and so on. As on 14 January FY 2020-21, about 1260.6 thousand MT food grains were distributed which is about 40.2% of the yearly target.
- The OMS drive is continuing up to the upazila level all over the country sold at 30 Tk/kg for rice and 18 Tk/kg for *Atta*. Each beneficiary being able to purchase up to 5 kg of foodgrains.

PUBLIC STOCKS (inclusive transit)

- As on 14 January 2021, the public food grain stock was estimated at 763.15 thousand MT; 471.13 thousand MT for rice and 292.02 thousand MT for wheat (MISM, DG Food).

DOMESTIC FOOD GRAIN PROCUREMENT

- 64.41 thousand MT wheat has been procured out of the target 75 Thousand MT during 15.04.2020 to 30.06.2020.
- Up to 15 September 2020, 219.87 thousand MT of *Boro* paddy, 767.01 thousand MT *Boro* rice (*Boil* and *Atap*) and total 909.93 thousand MT *Boro* (in terms of rice) has been procured (MISM, DG Food).
- *Aman* rice procurement target has been fixed at .79 mmt in terms of rice at 37 Tk/Kg for parboiled rice, 36 Tk/Kg for Atap rice and 26 Tk/Kg for paddy from the domestic market. *Aman* procurement will be continued up to 28 February 2021.
- Up to 14 January 2021, 41.6 Thousand MT of Aman rice (in terms of rice) has been procured.