Bangladesh Food Situation Report

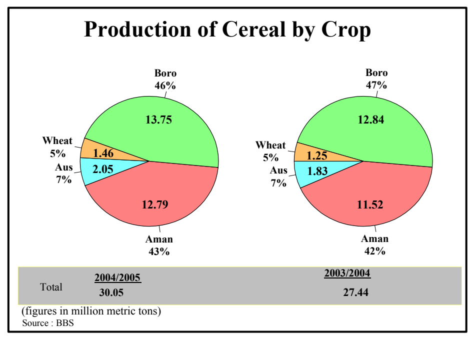
FPMU

July -September 2004 **Volume 60**

Overview

Total foodgrain production in fiscal year (FY) 2003-04 was 27.44 million metric ton (mmt),which is about 3% higher than that of previous year. In July'04 Department of Agriculture Extension (DAE) has set the initial operational target of foodgrain production for FY 2004-05 at 30.05 mmt. This is about 9% higher than the actual production of FY 2003-04. The production target of *aus* in the current fiscal year has not been achieved due to decreased area coverage and damaged by flood during July-August/04. The production prospect of upcoming *aman* is not also good due to less area coverage than that of target and flood damage. The government procurement program for the last *boro* crop has successfully done. Foodgrain stock position in the government godown is at a satisfactory level (930 thousand metric ton) at the end of September/04. The public foodgrain distribution budget for FY 2004-05 has been set at 1.3 mmt.

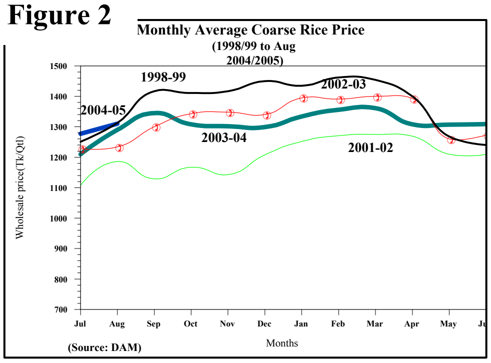
Figure 1



Production Outlook

According to the final estimates of Bangladesh Bureau of Statistics (BBS) production of cereal crops in FY2003-2004 was 27.44 million metric ton (*aus*-1.83 mm ton, *aman* 11.52mm ton, *boro*-12.84mm ton and wheat 1.25 mm ton). This was about 2.1 percent less than the target of 28.12 mm ton. Initial operational target of cereal production set by DAE for FY 2004-2005 in July'04 is 30.05 mm ton (aus-2.05 mm ton, aman-12.79 mm ton, boro-13.75 mm ton and wheat 1.46 mm ton).Aus, the first cereal crop was harvested in July-August 2004 and according to DAE, area under *aus* (1.22 million hectare) was about 3% lower than that of the last year. Devastating flood during July-August/04 caused substantial damage to 0.218 million hectare of *aus* crop and the production loss has been at of 0.4 mmt ton. Therefore, the targeted production of *aus* crop has not been achieved and output is preliminarily estimated at 1.50 mmt. Devastating flood during the month of July-August/04 in 46 districts caused a heavy damage to standing *b aman* and seedbed of *t aman*. Further heavy rainfall and flood during second half of September/04 in 24 districts caused significant damage to *t aman* crop. The Government took a massive agriculture rehabilitation program (Tk. 1.63 billion) to recoup the flood damage. According to the DAE, the ultimate achieved area of *aman* is about 10% less than the set target and the production of *aman* may not be achieved.

Figure 2



Government Action

Government has a budgetary provision of 1.3 mmt foodgrain distribution through Public Food Distribution System (PFDS) for 2004-05. During the first quarter of the current fiscal year, government has distributed 230 thousand mt of foodgrain. Government has also distributed about 49 thousand mt of rice through the Gratuitous Relief (GR) channel in flood-affected districts. In addition distribution through the Vulnerable Group-Feeding (VGD) program started earlier. This year's target for internal procurement of rice and wheat are 650 thousand mt and 175 thousand mt respectively. During July-September'04 about 257 thousand mt of rice has been procured from boro crop. Private sector import during July-September'04 was less than the corresponding period of last year.

Dhaka, Bangladesh, November 2004

Food Aid and Commercial Imports

As per the food budget expected quantity of food aid in FY 2004-05 is 304 thousand mt (wheat-300 thousand mt, rice, 4 thousand mt). The actual quantity received during July-September/04 was 66.27 thousand mt (wheat-64.27 thousand mt, rice-2.0 thousand mt). However, on set of flood situation leads the development partner to come up with increased emergency food assistance. From this point of view it is expected that the final quantity of food aid in FY 2004-05 may exceed the budget quantity.

Budgetary provision for commercial import through government resources is 50 thousands mt of wheat. Out of this10 thousands mt of wheat is expected in arrive in early October/04.

Table 1: ***Imports of Foodgrain*** ***(000' MTs)***

Category of Imports	2003/04	2004/05												
		Actual			Projection									Total
	Total	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Rice														
Govt. Com.	**0**	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Food Aid	**4**	2	0	0	10	0	2	0.0	0	0	0	0	0	**14**
Private	**797**	9	29	51	50	70	70	100	100	70	50	50	50	**700**
Wheat														
Govt. Com.	**29**	0	0	0	10	0	20	20	0	0	0	0	0	**50**
Food Aid	**285**	19	0	45	22	55	0	25	50	40	18	6	0	**280**
Private	**1684**	100	180	211	185	185	188	200	150	150	150	150	150	**2000**
Total	**2798**	131	209	308	277	310	280	345	300	260	218	206	200	**3044**

International Prices

The monthly average price of Thai rice (5% broken parboiled) was US $ 240/m.t. (FOB, Bangkok) at the beginning of the current FY i.e. in the month of July/04.This price was about 8% higher than the average price (US$222/m.t.) of the previous year and 18% higher than the price of corresponding month of last year. In Aug/04 this price increase US$253/mt and remain stable through Sept/04. In case of Thai non-parboiled 15% broken rice the initial price was US$225/m.t., which was also higher than the average price (US$207/m.t.) of 2003/04. Likewise Thai parboiled (5% broken) rice price also increased to US$233/m.t. in Aug/04 and slightly decreased to US$ 229/mt in Sept/04.

In July/04, the monthly price of HRW # 2 (FOB, Gulf) was US$151.86/mt, which was about 16% higher then the corresponding price of the previous year. However, in Aug/04 the price decreased to US$142.55/m.t. but after 2/3 weeks it again increased to US$151.96/m.t. in Sept/04.The average FOB price of HRW # 2 (US-Gulf) wheat in June/03 was $ 130.93/mt, which was a little bit less than the corresponding price of previous year. With some fluctuations the price increased to $ 167.89 in March/04, which was the highest price in FY 2003-04. The highest price in FY 2002-03 was $ 194.21/mt in the month of October/03. The prices of HRW # 2 (US-Gulf) in the tail end months of FY 2003-04 were comparatively higher than those were in the previous year. The price in May/04 slightly decreased to $ 163.60/mt but even though it was much higher than May last year ($ 144.72/mt).

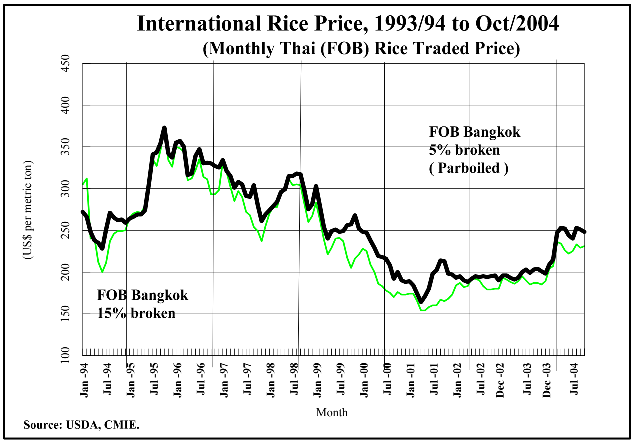


Figure-3

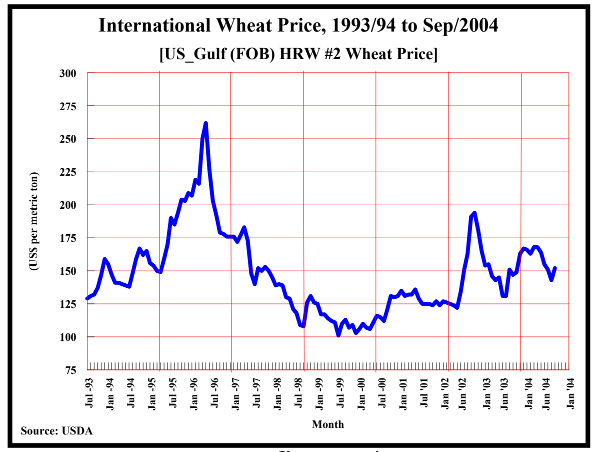
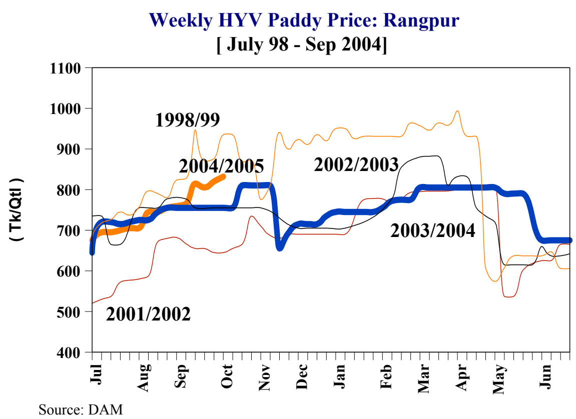


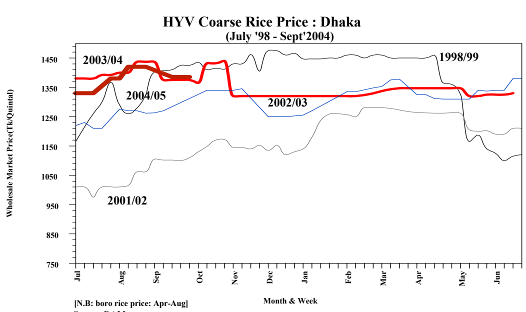
figure-4

Domestic Prices

At the beginning of FY 2004-05 the weekly average paddy price was Tk. 6.75/kg in the intensive production zone, which was slightly higher than the corresponding period of last year. From the 2nd week of July/04 the paddy price started increasing and reached Tk. 8.32/kg in the 4th week of Sept/04. The prices in the mid July/04 to mid Aug/04 were comparatively lower than that of last year. But from the 3rd week the prices were higher than the corresponding prices of the last year with a few exceptions. The flood during July/04 to August/04 disrupted the communications of paddy and resulted in increased paddy price.(fig-5).



Weekly average wholesale price of coarse rice price in Dhaka market was Tk. 13.30/kg at the beginning of FY 2004-05, which was about 4% lower than the last year's corresponding price. This price remained stable upto 4th week of July/04 and then increased to Tk. 14.20/kg at the 2nd week of Aug/04 and remained stable for the next three weeks. Thereafter, decrease to Tk. 13.85/kg at the 3rd week of Sept/04 and remained stable till the end Sept/04. (fig-6).



At the beginning of July/04 wholesale price of wheat in the Dhaka market was Tk. 11.25/kg which was about 29% higher than the last year's corresponding price. This price remained stable upto early August/04. This price reached to Tk. 11.62/kg at the 2nd week and remained stable for rest period of August/04. At the 1st week of Sept/04 the wheat price further increased to Tk.11.87/kg. The unusual increase in wheat price was mainly due to low domestic production as well as less private import compare to last year.

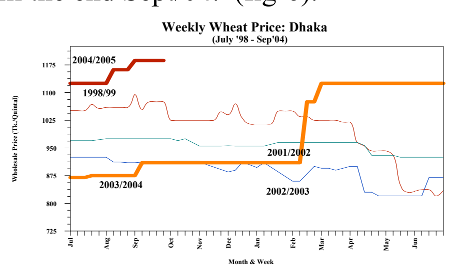


Figure-7

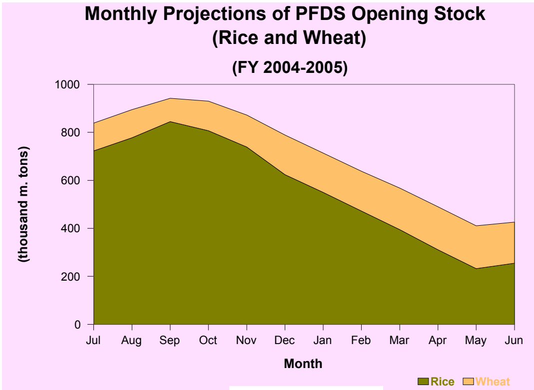


Figure 8

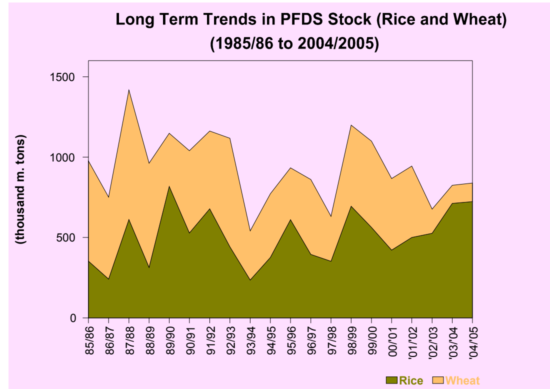


Figure 9

Public Food Operations

Table 2: *Monthly Public Foodgrain Operation, 2004-2005*

(July 2004 –September 2004 Actual, October 2004-June 2005 Projection)

(000 MTs)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	*Jun*	Total
Rice													
Opening Stock	723	778	845	807	739	624	551	472	395	311	232	*255*	
Accumulation													
Procurement	96	117	44	0	0	0	0	0	0	10	130	*253*	**650**
Food Aid	2	0	0	10	0	2	0	0	0	0	0	0	**14**
Govt. Com. Imp.	0	0	0	0	0	0	0	0	0	0	0	*0*	**0**
Distribution													
Priced	11	11	13	32	41	12	11	11	11	10	11	*11*	**185**
Non-Priced	32	38	69	45	73	63	68	67	72	77	96	*102*	**799**
Closing Stock (a)	778	845	807	739	624	551	472	395	311	232	255	*394*	
Wheat													
Opening Stock	116	117	97	123	134	165	164	166	173	179	180	*171*	
Accumulation													
Procurement	0	0	0	0	0	0	0	0	0	10	15	*0*	**25**
Food Aid	19	0	45	22	55	0	25	50	40	18	6	0	**280**
Govt. Com. Imp.	0	0	0	10	0	20	20	0	0	0	0	*0*	**50**
Distribution													
Priced	10	10	10	11	11	11	31	31	21	13	*12*	*12*	**182**
Non-Priced	8	10	9	9	11	11	12	12	13	14	*17*	*17*	**141**
Closing Stock (b)	117	97	123	134	165	164	166	173	179	180	*171*	*142*	
Total Stock (a+b)	**895**	**943**	**930**	**873**	**789**	**714**	**638**	**568**	**490**	**412**	**426**	***536***	

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