

Bangladesh Food Situation Report

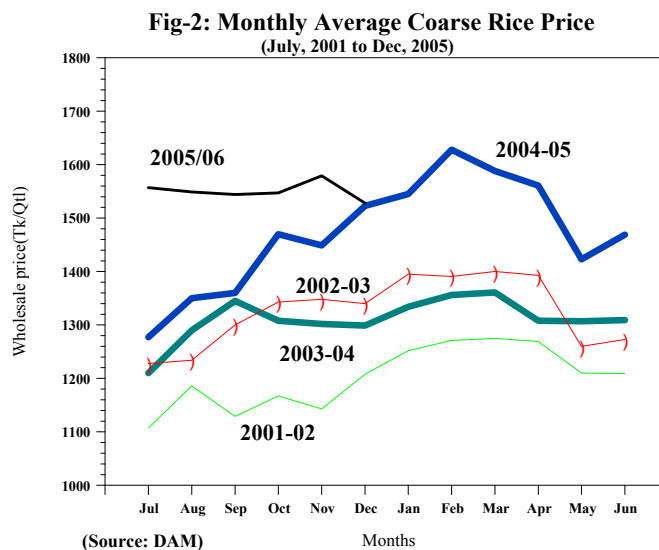
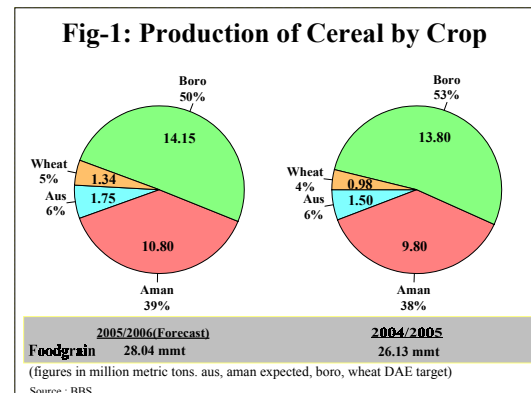
Overview

The production target of foodgrain for the FY2005-06 has been set at 30.62 million metric tons (mmt). Production of the first rice crop of the fiscal year, *aus* was 16 percent higher (1.75 mmt) than last year's production (1.50 mmt) but significantly short of production target (2.18 mmt). Production estimate of *aman* has not yet been finalised by the Bangladesh Bureau of Statistics (BBS). Cultivations of *boro* rice and wheat crops are currently underway. Government's budgetary distribution target under the Public Food Distribution System (PFDS) for FY2005-06 has been set at 1.64 mmt. This allocation is about 20 percent higher than the actual PFDS distribution (1.37 mmt) in FY2004-05. Market prices of foodgrain remained stable during the first half of the fiscal year (Figure -2). Government has procured about 0.91 million metric tons from last *boro* crop of which about 0.35 mmt were procured during July-October/05 period. Public foodgrain stock level remained satisfactory (0.74 mmt) at the middle of the fiscal year (31st December/05).

Production Outlook

The foodgrain production for FY2005-06 has been set at 30.62 mmt (*aus*-2.18 mmt, *aman*-12.94 mmt, *boro*-14.15 mmt and wheat-13.5 mmt). Harvest of *aus* and *aman* crops have been completed in August/05 and December/05 respectively. Bangladesh Bureau of Statistics (BBS) has released the final production estimate of *aus* at 1.75 mmt, about 16 percent higher than that of last year's production and about 20 percent lower than the Department of Agriculture Extension (DAE) set *aus* production target of 2.18 mmt.

Production estimate of *aman* has not yet finalized by the BBS. However, DAE has indicated that the production target of *aman* may be close (around 12.7 mmt) to target. The weather condition at the growing stage of *aman* crop was favorable. However, erratic rainfall and flash floods in the month of October/05 had drastically damaged the *aman* crop in the northern districts of the country. Initial assessment of the BBS suggests that the production of *aman* may be around 10.8 mmt. The joint assessment team (comprised of FPMU, DAE, BMD, SPARRSO and BBS) has estimated the *aman* production around 11.0 mmt, about 12 percent higher than last year's production and 15 percent lower than the DAE set *aman* production target. The cultivation of other two cereal crops of this fiscal year wheat and *boro* are currently underway.



Government Action

Government's budgetary distribution target for FY2005-06 under the Public Food Distribution System (PFDS) has been set at 1.64 mmt. Actual government distribution during July-December/05 period was 0.55 mmt (rice-0.45 mmt and wheat-0.01 mmt) under different channels, of which about 0.13 mmt of rice was distributed through the Vulnerable Group Feeding (VGF) channel targeting the rural poor. During the first half of FY2005-06 (July-December/05) domestic rice procurement under the previous *boro* procurement programme was 0.35 mmt and the on-going *aman* procurement programme has started on 25th November/05. Government foodgrain stock level at the end of first half of the fiscal year (31st December/05) remained satisfactory (0.74 mmt).

Food Aid and Commercial Imports

The expected quantity of food aid as per budget of FY2005-06 is 379 thousand m. tons (wheat-375 and rice-4 thousand m. tons), which may be reduced to 161 thousand m. tons as reported by WFP, which is only 58% of last year's received quantity. The actual food aid received by December/05 was about 93 thousands m. tons (rice-2.6 thousand m. tons and wheat 90.7 thousand m. tons).

The budgetary target of commercial imports of foodgrain using government's own resources for the current year is 150 thousands m. tons (rice-50 thousands m. tons and wheat-100 thousand m. tons). To meet the offtake demand of PFDS and maintain satisfactory level of public wheat stock government has already used (by importing 103 thousand m. tons of wheat) the budgetary quota for commercial import of wheat. Government has not taken any decision on importation of rice yet.

Private sector has been imported 1028 thousand m. tons of foodgrain (rice-216 thousand m. tons and wheat-812 thousand m. tons) during July-December/05 period. This quantity was about 12 percent less compared to private foodgrain imports (1187 thousand m. tons) during corresponding period of previous fiscal year. The total quantity imported by private sector in the FY2004-05 was 2982 (rice-1196 thousand m. tons and wheat-1786 thousand m. tons) thousand m. tons (Table -1).

Table 1: Imports of Foodgrain

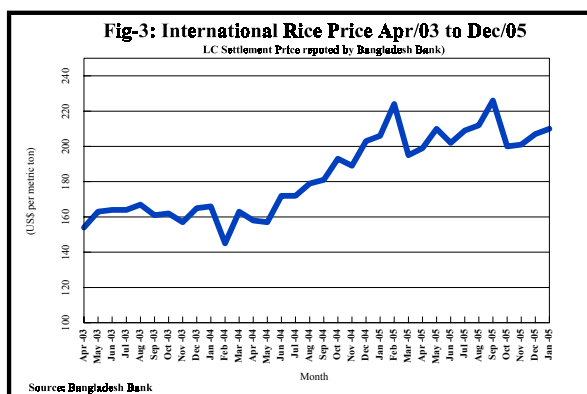
('000 MTs)

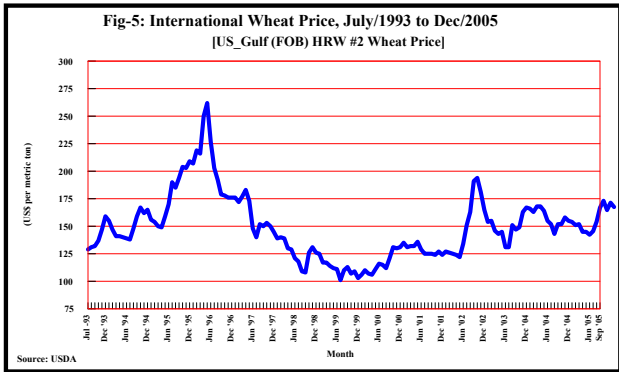
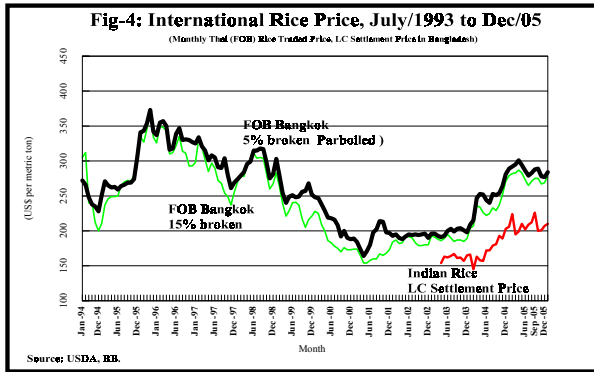
Category of Imports	2004/05 Total Import	FY 2005/06												2005/06 Total
		Actual Arrival						Import Arrival Projection						
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Rice														
Govt. Com.	72	0	0	0	0	0	0	0	50	0	0	0	0	50
Food Aid	27	0	1	0	0	0	2	0	1	0	0	0	0	4
Private	1196	22	31	41	16	32	74	90	120	150	125	75	24	800
Total Rice	1295	22	33	41	16	32	76	90	171	150	125	75	24	855
Wheat														
Govt. Com.	30	0	0	0	0	17	86	0	0	0	0	0	0	103
Food Aid*	264	9	17	7	0	58	0	80	25	74	35	65	6	375
Private	1786	181	132	143	70	233	53	250	225	200	175	150	188	2000
Total Wheat	2080	190	149	151	70	308	139	330	250	274	210	215	194	2479
Foodgrain	3375	212	181	191	87	340	215	420	421	424	335	290	218	3333

* including 11.3 thousand m. tons direct food aid wheat received by the World Vision International (WVI)

International Prices

The LC price for parboiled rice imports as reported by the Bangladesh Bank was US\$189 per m. ton in November/04. Since December/04 LC price of rice started increasing and went up to US\$224 per m. ton in the month of February/05. In March/05 the price decreased to US\$195 per m. ton but since April/05 L.C. price increase continued and reached US\$210 per m. ton in the month of May/05. In June/05 LC price of rice decreased to US\$202 per m. ton. Thereafter price increase continued and reached US\$226 per m. ton in the month of September/05. As reported by Bangladesh Bank the private sector import price for L.C. opening for parboiled rice in October/05 was US\$200 per m. ton, which reduced to US\$195 per m. ton in November/05 but price again increased to US\$201/mt in the month of December/05 (Figure-3). About 95 percent of imports of rice reported by Bangladesh Bank were from India and hence price changes virtually reflect trend of import price from India.





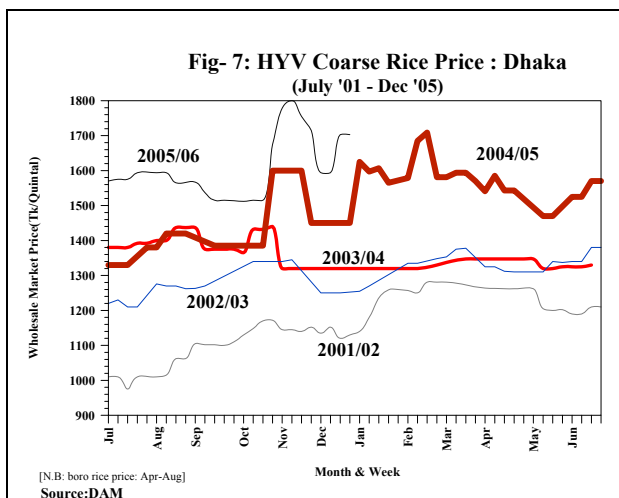
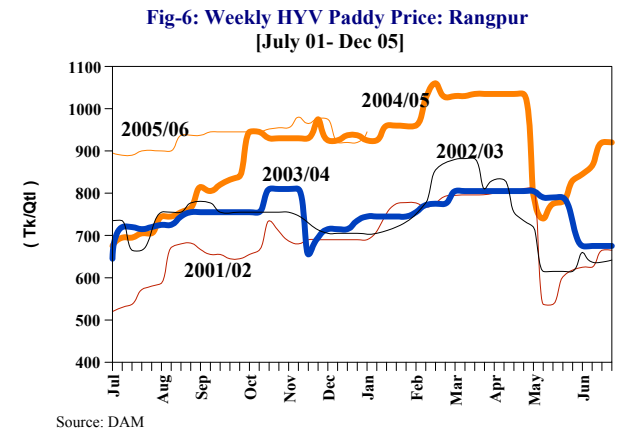
The monthly average FOB price of Thai rice (15% broken parboiled) was US\$261 in FY2004-05, which was almost 28% higher than that of FY2003-04 (US\$204). The FOB price of Thai rice in July/05 was US\$265 per m. ton, which increased to US\$275 per m. ton in September/05. Thereafter price started declining and stood at US\$269 per m. ton in December/05 (Figure-4).

The monthly average FOB price of US wheat (HRW # 2, US Gulf port) was US\$ 145.5 per m. ton in July/05, about 4 percent lower than the corresponding price of the previous year. A sharp increasing trend was observed in August/05, and the price reached to US\$173.12 per m. ton in the month of October/05. However, in November/05 the import price has slightly decreased to US\$ 164.7 per m. ton with an upward movement (US\$ 171.45 per m. ton) in December /05 (Figure-5).

Domestic Foodgrain Prices

Paddy Price

In the first week of the July/05 the weekly wholesale paddy price in the intensive production zone was Tk. 8.95/kg. Paddy prices slightly declined to Tk. 8.90/kg in the third week through fourth week of that month. From the last week of July/05 the price of paddy started increasing and gradually reached Tk.9.80/kg by the 2nd week of November/05. Afterwards the paddy price started decreasing and at the first week of December/05 price was Tk. 9.20/kg and remained stable for two weeks. At the end of December/05 the paddy price again increased to Tk.9.45/kg (Figure-6).

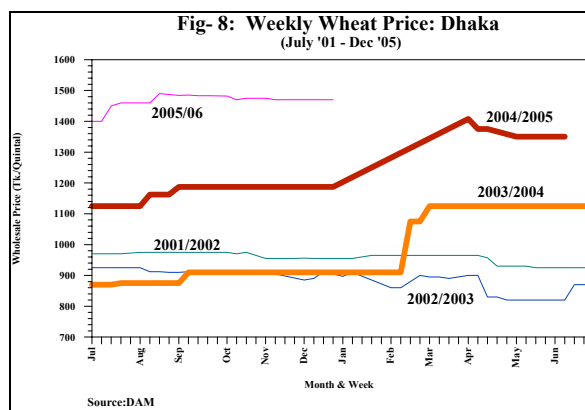


Rice Price

At the beginning of July/05 the average weekly wholesale HYV coarse rice price in Dhaka was Tk.15.70/kg. Rice price started increasing from the second week and reached at Tk. 15.94/kg by end of July/05 and remained stable with insignificant fluctuations upto the last week of October/05. At the start of November/05 Dhaka market coarse rice price increased sharply to Tk. 16.75/kg and gradually reached Tk. 18.09/kg at the third week of November/05. Afterwards rice price declined gradually till mid-December/05. At the third week of December/05 Dhaka market coarse rice price was Tk. 17.03/kg and remained stable for rest of December/05 (Figure-7).

Domestic Wheat Price

The average weekly wholesale price of wheat in the Dhaka market was Tk.14.50/kg at the beginning of July/05. The price remained almost stable upto the 2nd week of August/05. Wheat price increased to Tk.14.90/kg in the 3rd week of August/05. Afterwards the price gradually decreased to Tk.14.70/kg by mid-November/05 and remained stable till the last week of December/05.



Public Food Operations

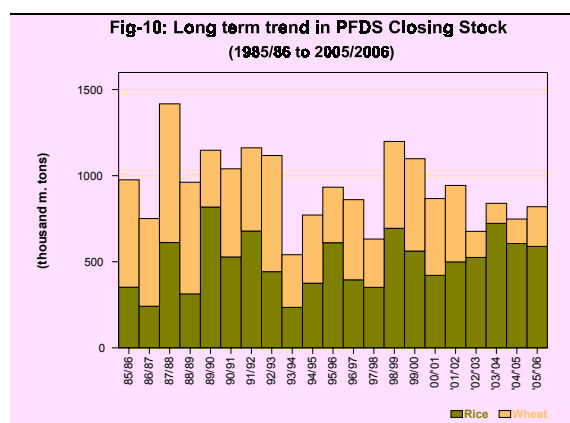
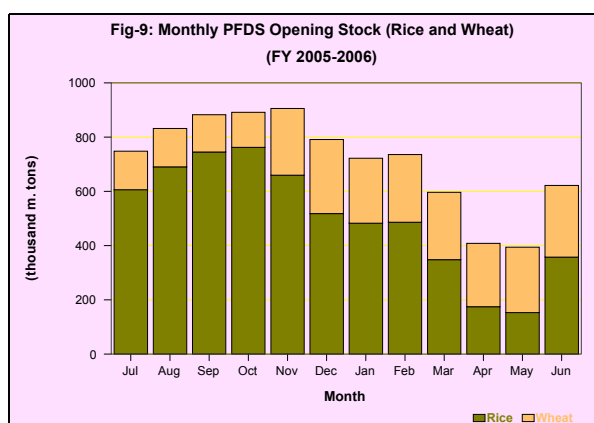


Table 2: Monthly Public Foodgrain Operation Plan, 2005-06

(July – December, 2005 Actual; January - June 2006 Projection)

(000 m. tons)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Rice													
Opening Stock	606	690	745	763	631	577	510	537	454	273	250	398	
Accumulation													
Procurement	98	98	114	43	0	0	97	100	0	50	250	300	1150
Food Aid	0	1	0	2	0	1	0	0	0	0	0	0	4
Govt. Com. Imp.	0	0	0	0	0	0	0	50	0	0	0	0	50
Distribution													
Priced	13	13	15	79	13	13	13	183	125	14	14	15	511
Non-Priced	1	30	82	96	40	54	57	50	55	59	88	91	702
Stock Loss	0	0	0	2	1	1	0	0	1	0	1	2	8
Closing Stock (a)	690	745	763	631	577	510	537	454	273	250	398	590	
Wheat													
Opening Stock	142	141	137	129	113	171	233	262	233	255	258	300	
Accumulation													
Procurement	0	0	0	0	0	0	0	0	2	25	43	5	75
Food Aid	9	17	7	0	58	0	80	25	74	35	65	6	375
Govt. Com. Imp.	0	0	0	0	17	86	0	0	0	0	0	0	103
Distribution													
Priced	9	9	9	8	9	11	12	13	14	13	13	15	135
Non-Priced	0	11	6	6	7	13	40	41	41	44	52	60	318
Stock Loss	0	1	0	3	1	0	0	0	0	0	1	6	12
Closing Stock (b)	141	137	129	113	171	233	262	233	255	258	300	230	
Total Stock (a+b)	832	882	892	744	748	743	799	687	527	509	698	820	

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For detailed information call FPMU Tel: 9550634, E-mail: fpmu@bttb.net.bd and Web: www.mofdm.gov.bd