Fortnightly Foodgrain Outlook

Issue No. 258 *12 July 2018*

HIGHLIGHTS

- **The domestic wholesale and retail prices slightly increased over the last fortnight.**
- **The domestic wholesale prices of *atta* in Dhaka city markets decreased but retail prices remain same over the last fortnight.**
- **Export price of rice in India, Thailand, Vietnam and Pakistan decreased over the last fortnight.**
- **Export prices of US SRW wheat decreased but Russian and Ukrainian prices increased over the last fortnight.**
- **Global rice production forecast decreased and 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 July 5^{th,} the wholesale and retail prices of (Swarna) rice in Dhaka city markets increased by 1.3% and 6.1% up to Tk 39.5/Kg and at Tk 43.5/Kg respectively.

***ATTA* PRICE**

Over the same period, the wholesale prices of *atta* in Dhaka city markets decreased by 0.4% down at Tk 22.20/Kg and the retail prices remained same at Tk 26.5/Kg.

INTERNATIONAL RICE PRICE

In the fortnight ending July 6th, Indian 5% parboiled, Thai 5% parboiled, Vietnam 15% white, and Pakistan 5% parboiled rice prices decreased by 1.3%, 2.6%, 6.2% and 0.5% down at USD 380/MT, USD 375/MT, USD 409/MT and USD 433/MT respectively.

INTERNATIONAL WHEAT PRICE

In the fortnight ending July 6th, Russian and Ukraine wheat prices increased by 0.8%, and 0.8% up to USD 201/MT, and USD 199/MT respectively. However, US (SRW) wheat prices decreased by 1.3% down at USD 195/MT.

GLOBAL RICE AND WHEAT PRODUCTION

Forecast in June 2017/18 production year for global rice production is about 487 million MT and that of wheat is about 745 million MT.

RICE AND WHEAT TRADE PROSPECT

World rice export for 2017/18 forecasted in June about at 49.5 million MT, which is 1.7% higher than the year earlier. World wheat export is projected in June at 186.8 million MT, which is 2% higher than the earlier forecast.

BANGLADESH RICE IMPORT

During this fortnight, about 11.0 thousand MT rice was imported by the public sector but the private sector did not import any rice. . In FY 2017-18 public and private sector has imported about 880.7 thousand MT and 2990.4 thousand MT of rice respectively.

BANGLADESH WHEAT IMPORT

During this fortnight, about 7.2 thousand MT wheat was imported by the public sector while private sector imported about 233.2 thousand MT of wheat. In FY 2017-18 public and private sector imported about 499.5 thousand MT and 5375.6 thousand MT of wheat respectively.

GOVERNMENT INTERVENTION

FY 2017/18 2116.7 thousand MT food grains were distributed through the PFDS mainly the OMS, VGD, EP, VGF and FPC (khadyabandhob). During this fortnight up to July 5th, about 188.3 thousand MT food grains were distributed under the public food distribution system.

GOVERNMENT STOCK

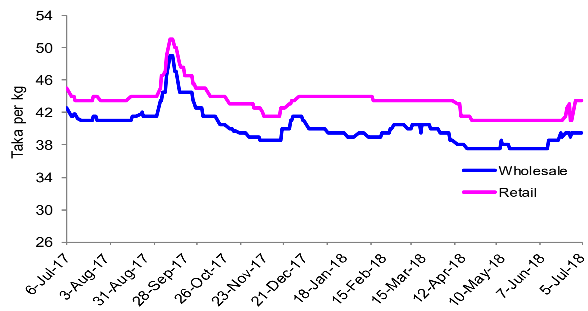
As of July 5th, the public food grain stock estimated at about 1372.1 thousand MT.

GOVERNMENT PROCUREMENT

As on 5th June 2018, about 872 thousand MT of *Boro* rice were contracted and about 580 thousand MT of boro rice were procured.

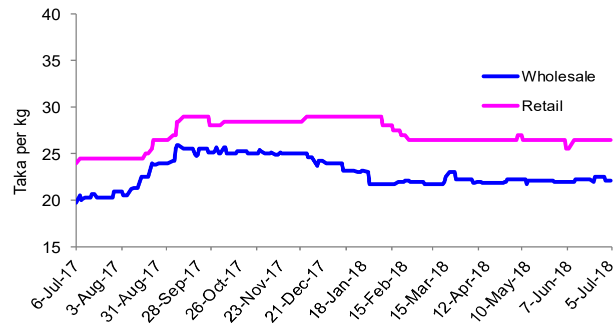
1. Domestic price: coarse rice and *atta*

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	43.50	6.1	6.1	-8.9
wholesale	39.50	1.3	5.3	-9.0
ATTA				
retail	26.50	0.0	3.9	10.4
wholesale	22.20	-0.4	0.9	13.4

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 July 5th, the wholesale and the retail prices of (Swarna) rice in Dhaka city markets increased by 1.3% and 6.1% up to Tk 39.5/Kg and Tk 43.5/Kg respectively. The wholesale and retail prices are 9.0% and 8.9% lower 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 0.4% down at Tk 22.20/Kg and the retail prices remained same at Tk 26.5/Kg. The wholesale and retail prices are now point-to-point 13.4% and 10.4% 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

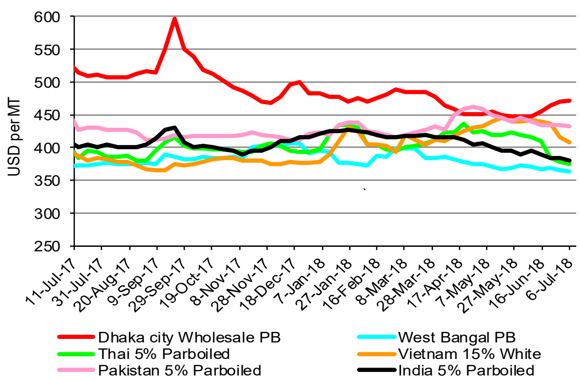
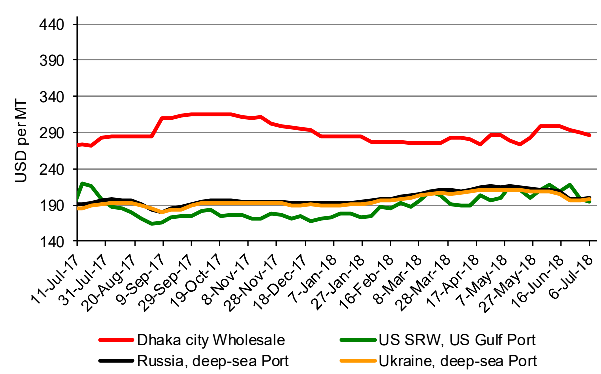


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 July 6th, Indian 5% parboiled, Thai 5% parboiled, Vietnam 15% white, and Pakistan 5% parboiled rice prices decreased by 1.3%, 2.6%, 6.2% and 0.5% down at USD 380/MT, USD 375/MT, USD 409/MT and USD 433/MT respectively. West Bengal coarse rice prices decreased by 1.4% down at USD 363/MT. However, Dhaka city wholesale rice prices stood at USD 472/MT (increased by 1.6%).

WHEAT

- In the fortnight ending July 6th Russian and Ukraine wheat prices increased by 0.8% and 0.8% up to USD 201/MT and USD 199/MT respectively. But US (SRW) wheat prices decreased by 1.3% down at USD 195/MT. On the same date, Dhaka city wholesale wheat prices stood at about USD 283.2/MT (decreased by 2.1%).

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

change	JUL (N18)	SEP (U18)	DEC (Z18)	MAR (H19)	MAY (K19)
29-Jun	183	184	190	196	200
6-Jul	188	189	195	200	203
change	3.1%	2.8%	2.6%	2.2%	1.7%

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

change	JUL (N18)	SEP (U18)	DEC (Z18)	MAR (H19)	MAY (K19)
29-Jun	173	179	188	195	199
6-Jul	181	188	196	202	205
change	4.6%	5.0%	4.4%	3.7%	2.8%

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

A strong U.S. dollar, seasonal harvest pressure and technical selling pressured wheat futures lower this week. Reduced wheat production forecasts for Russia, Ukraine and the European Union (EU) lent limited support. CBOT wheat futures prices gained by USD 5/MT closed at USD 188/MT and KCBT wheat futures prices also gained by USD 5/MT closed at USD 181/MT (U.S. wheat Associates, June 22nd, 2018) (Table-2 & 3).

3. Global production and stock

Table: 4. Rice world production and stock (million MT)

RICE	2016/17	2017/18	2018/19 forecast	change 2018/19 over 2017/18
Production	487	488	487	-0.2%
Ending stocks	137	144	143	-0.5%

RICE

In the 2018/19 global production projected in June to about 487 million MT which is about 0.2% less than the previous year's record. Global rice production is lower this month, due to a lower average yield, partly caused by an area shift to lower yielding countries. Ending stocks in June, 2018/19 is projected to about 143 million tons which is 0.5% less than the previous year.

WHEAT

Wheat production in June, 2017/18 is projected to about 745 million tons which is 1.8% 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 June, 2017/18 is projected to about 266 million tons which is 2.3% less than the previous year. (USDA, June, 2018).

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

Wheat	2016/17	2017/18	2018/19 forecast	change 2018/19 over 2017/18
Production	752	758	745	-1.8%
Ending stocks	257	272	266	-2.3%

Source: USDA, June, 2018.

4. Global trade

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

	2016/17	2017/18	2016/17-2017/18 change	2018/19 projected	2017/18-2018/19 change
Thailand	11.62	10.50	-10%	11.00	5%
Vietnam	6.49	6.80	5%	6.80	0%
USA	3.38	3.15	-7%	3.30	5%
Pakistan	3.64	4.00	10%	4.00	0%
India	12.56	12.80	2%	13.00	2%
Others	10.40	11.42	10%	11.40	0%
World total	**48.09**	**48.67**	**1%**	**49.50**	**1.7%**

Table: 7.Main wheat annual exporters (million MT)

	2016/17	2017/18	2016/17-2017/18 change	2018/19 projected	2017/18-2018/19 change
USA	29.49	23.50	-20%	26.00	11%
European Union	27.32	24.00	-12%	29.00	21%
Canada	20.24	22.80	13%	23.50	3%
Australia	22.06	16.00	-27%	17.00	6%
Ukraine	18.11	17.20	-5%	17.00	-1%
Russia	27.81	40.50	46%	35.00	-14%
Others	37.22	39.77	7%	39.27	-1%
World total	**182.24**	**183.77**	**1%**	**186.77**	**2%**

Source: (USDA, June, 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 June at 49.50 million MT, which is up 1.7% from a year earlier (USDA, June 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. China's 2018 exports are projected1.6 million tons, the largest since 2003. Increases by Pakistan and Vietnam are the next largest.
- Global consumption and ending stocks are also down. Global trade remains at record levels with higher imports for Egypt.

WHEAT

- 2017/18 world wheat trade projected in June at 186.77 million tons, which is 2% higher than the previous year's export (USDA June 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.

Wheat stocks are boosted this month mainly by an increase in India, where the Government revised its wheat stocks up 1.5 million tons for 2017/18. For the current year, 2018/19, stocks are projected up 1.9 million tons this month as additional wheat is expected to be stocked, given the higher Indian wheat production estimate. Global trade is forecast lower as reduced imports for India more than offset an increase for Venezuela. Exports are projected lower for Russia and Mexico but higher for the United States.

5. Import

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

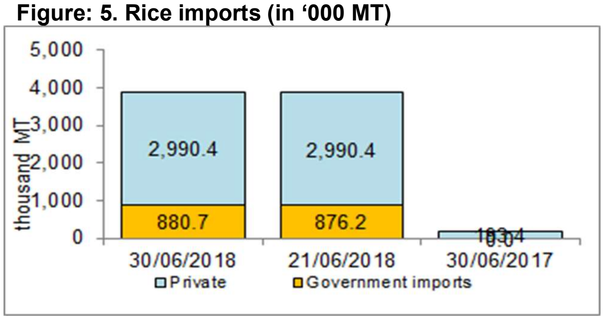
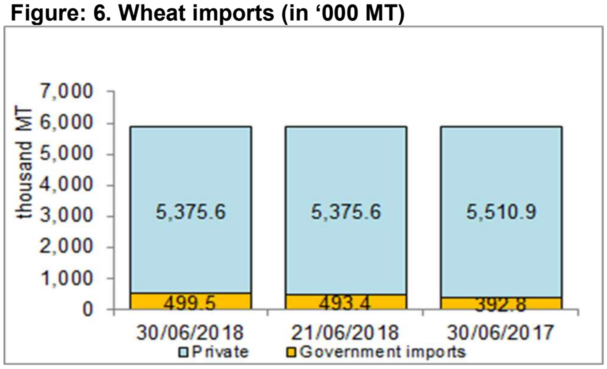


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- During this fortnight up to 5th July about 11.0 thousand MT of rice was imported by the public sector but no rice was imported by the private sector. Over the same period of last year, no rice imported by the public sector but the private sector imported about 71.2 thousand MT. In FY 2017-18 public and private sector has imported about 880.7 thousand MT and 2990.4 thousand MT of rice respectively.

WHEAT

- During this fortnight July 5th 2018, about 7.2 thousand MT wheat was imported by the public sector but about 233.2 thousand MT by the private sector. Over the same period of last year, no wheat was imported by the public sector but the private sector imported about 224.8 thousand MT. In FY 2017-18 public and private sector imported about 499.5 thousand MT and 5375.6 thousand MT of wheat respectively.
- Rice and wheat LC opening and settling situation are presented in Table- 8.

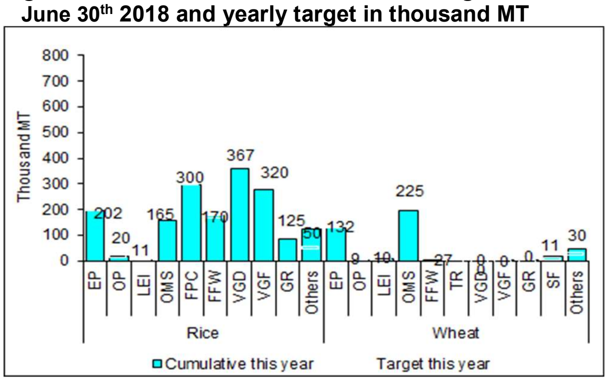
Table: 8: LC situation, as of 23rd June/18 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
10-23 June/18 (provisional)	9	131	53	186
Cumulative month, June/18	30	257	80	282
Cumulative year (starting 1st July/17)	4683	6446	4188	5117

Source: Bangladesh Bank

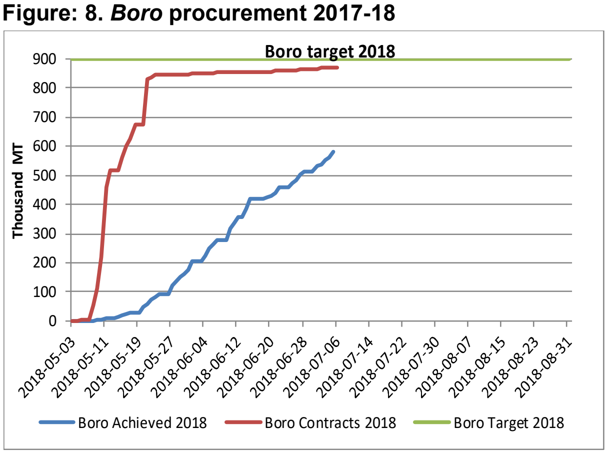
6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of June 30th 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 budget for 2017/18 was 2.17 million MT. The actual distribution was about 2.12 million MT in 2017/18. For FY 2018/19 the distribution plan through PFDS is about 2.87 million MT.
- During this FY 2017/18, about 2116.7 thousand MT food grains were distributed through the PFDS which is about 97.4% of the yearly target. PFDS distribution was mainly OMS (390.0 thousand MT), VGD (367.0 thousand MT), EP (326.9 thousand MT), VGF (320.0 thousand MT) and FPC (300.0 thousand MT). During this fortnight about 188.3 thousand MT has been distributed through the PFDS.
- The OMS drive is continuing up to the upazila level all over the country.

PUBLIC STOCKS

- As of July 5th, the public food grain stock estimated at 1372.1 thousand MT 1017.3 thousand MT for rice and 354.8 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 5th July 2018 about 872 thousand MT of *Boro* rice were contracted and about 580 thousand MT of *Boro* rice were procured (MISM, DG Food).