Fortnightly Foodgrain Outlook

Issue No. 257 ***28 June 2018***

HIGHLIGHTS

- **The domestic wholesale prices of rice slightly increased but retail prices remain same over the last fortnight.**
- **The domestic wholesale and retail prices of *atta* in Dhaka city markets slightly increased 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, Russian and Ukrainian prices decreased 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 June 21st the wholesale prices of (Swarna) rice in Dhaka city markets increased by 4% up to Tk 39.0/Kg and the retail prices remained same at Tk 41.0/Kg.

***ATTA* PRICE**

Over the same period, the wholesale prices of *atta* in Dhaka city markets increased by 1.1% up to Tk 22.30/Kg and the retail prices also increased by 3.9% up to Tk 26.5/Kg.

INTERNATIONAL RICE PRICE

In the fortnight ending June 22nd, Indian 5% parboiled, Thai 5% parboiled, Vietnam 15% white, and Pakistan 5% parboiled rice prices decreased by 2.5%, 7.2%, 1.4% and 1.1% down at USD 355/MT, USD 385/MT, USD 436/MT and USD 435/MT respectively.

INTERNATIONAL WHEAT PRICE

In the fortnight ending June 22nd US (SRW) wheat, Russian and Ukraine wheat prices decreased by 5.5%, 4.6% and 4.4% down at USD 198/MT, USD 199/MT and USD 197/MT respectively.

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

Up to this fortnight 1119.1 thousand MT rice was imported by the public sector but the private sector imported about 2990.4 thousand MT. In May 2018 public and private sector has imported about 75.3 thousand MT and 196.7 thousand MT of rice respectively.

BANGLADESH WHEAT IMPORT

Up to this fortnight about 493.4 thousand MT wheat was imported by the public sector while private sector imported about 5375.6 thousand MT of wheat. In May 2018 public and private sector imported about 2.0 thousand MT and 210.3 thousand MT of wheat respectively.

GOVERNMENT INTERVENTION

During this fortnight FY 2017/18 up to June 21st, about 182.4 thousand MT food grains were distributed mainly through the VGF, FFW, VGD, EP and OMS under the public food distribution system.

GOVERNMENT STOCK

As of June 21st, the public food grain stock estimated at about 1362.9 thousand MT.

GOVERNMENT PROCUREMENT

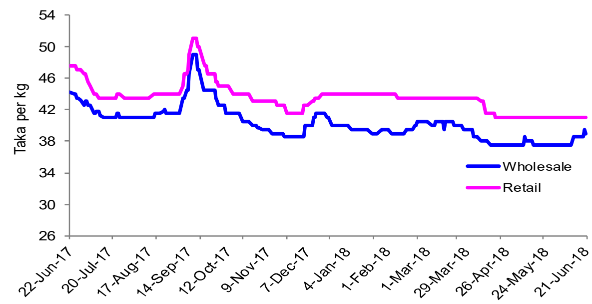
As on 21st June 2018, about 862 thousand MT of *Boro* rice were contracted and about 439 thousand MT of boro rice were procured.

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

http://www.mofood.gov.bd

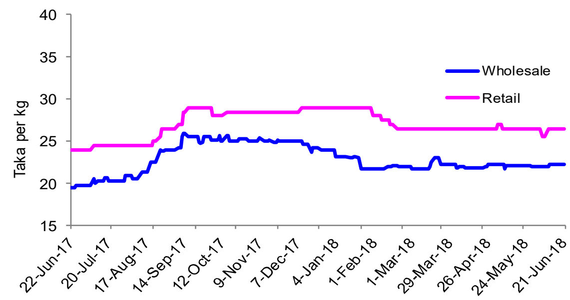
1. Domestic price: coarse rice and *atta*

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	0.0	-13.4
wholesale	39.00	4.0	4.0	-15.8
ATTA				
retail	26.50	3.9	0.0	10.0
wholesale	22.30	1.1	0.5	14.0

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 June 21st, the wholesale prices of (Swarna) rice in Dhaka city markets increased by 4% up to Tk 39.0/Kg and the retail prices remained same at Tk 41.0/Kg. The wholesale and retail prices are 13.4% and 15.8% lower respectively than that of corresponding period of last year.

ATTA

- Over the same period, the wholesale prices of *atta* in Dhaka city markets increased by 1.1% up to Tk 22.30/Kg and the retail prices also increased by 3.9% up to Tk 26.5/Kg. The wholesale and retail prices are now point-to-point 14.0% and 10.0% 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

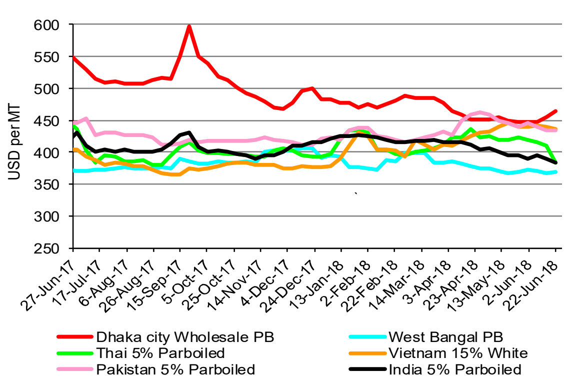
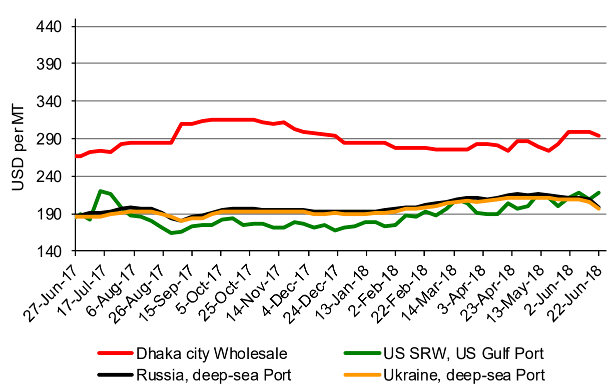


Figure: 4.Wheat wholesale price in Dhaka and FOB Prices in relevant international markets



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 June 22nd, Indian 5% parboiled, Thai 5% parboiled, Vietnam 15% white, and Pakistan 5% parboiled rice prices decreased by 2.5%, 7.2%, 1.4% and 1.1% down at USD 355/MT, USD 385/MT, USD 436/MT and USD 435/MT respectively. West Bengal coarse rice prices decreased by 0.4% down at USD 369/MT. However, Dhaka city wholesale rice prices stood at USD 464/MT (increased by 3.7%).

WHEAT

- In the fortnight ending June 22nd, US (SRW) wheat, Russian and Ukraine wheat prices decreased by 5.5%, 4.6% and 4.4% down at USD 198/MT, USD 199/MT and USD 197/MT respectively. On the same date, Dhaka city wholesale wheat prices stood at about USD 289.0/MT (decreased by 3.2%).

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

change	JUL (N18)	SEP (U18)	DEC (Z18)	MAR (H19)	MAY (K19)
15-Jun	184	189	196	203	208
22-Jun	180	185	192	198	202
change	-1.7%	-1.8%	-2.4%	-2.8%	-2.6%

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

change	JUL (N18)	SEP (U18)	DEC (Z18)	MAR (H19)	MAY (K19)
15-Jun	191	196	205	211	215
22-Jun	180	186	194	200	204
change	-6.0%	-5.4%	-5.2%	-5.1%	-4.9%

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 lost by USD 4/MT closed at USD 180/MT and KCBT wheat futures prices also lost by USD 11/MT closed at USD 180/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, with a large decline in China's production. For Thailand an increase in double cropping will lead more production. 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.
- 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.

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)

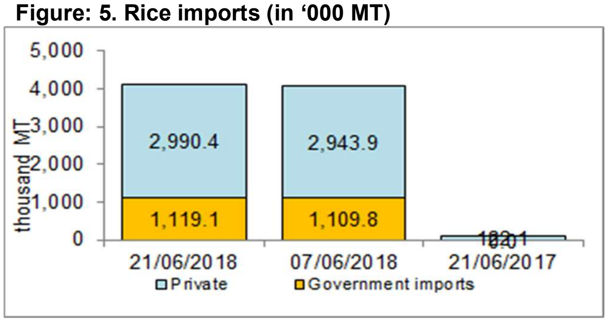
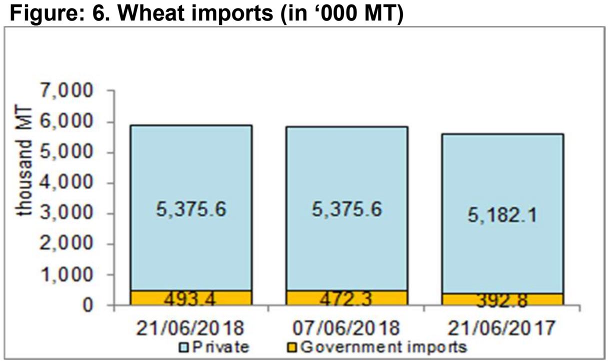


Figure: 6. Wheat imports (in '000 MT)



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

RICE

- As of June 21st about 1119.1 thousand MT of rice was imported by the public sector but the private sector imported about 2990.4 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 122.1 thousand MT. In May 2018 public and private sector has imported about 75.3 thousand MT and 196.7 thousand MT of rice respectively.

WHEAT

- Up to the fortnight ending June 21st about 493.4 thousand MT wheat was imported by the public sector but about 5375.6 thousand MT by private sector. Over the same period of last year, about 392.8 thousand MT of wheat was imported by the public sector but the private sector imported about 5282.1 thousand MT. In May 2018 public and private sector imported about 2.0 thousand MT and 210.3 thousand MT of wheat respectively.
- Rice and wheat LC opening and settling situation are presented

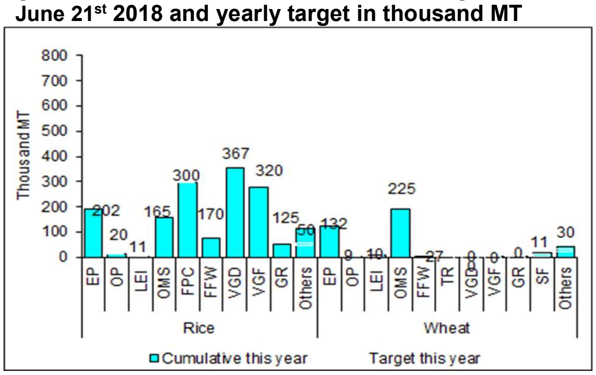
Table: 8: LC situation, as of 9th June/18 (in '000 MT)

Period	L.C. opened		LC settled	
	Rice	Wheat	Rice	Wheat
01-09 June/18 (provisional)	21	126	27	96
Cumulative month, June/18	21	126	27	96
Cumulative year (starting 1st July/17)	4674	6315	4136	4931

Source: Bangladesh Bank

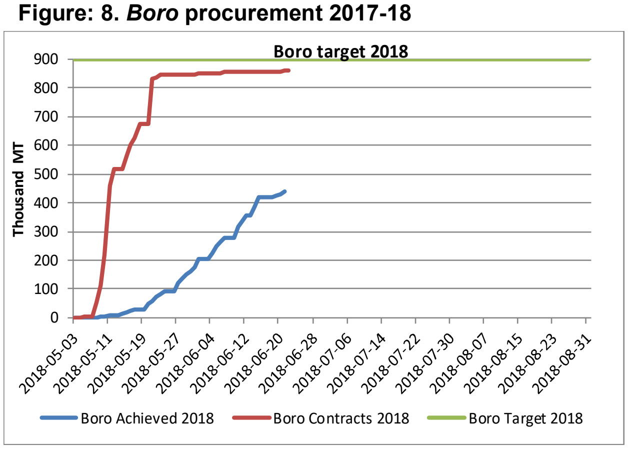
6. Government intervention

Figure: 7. Rice and wheat distributed through PFDS as of June 21st 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 June 21st, about 182.4 thousand MT food grains were distributed through the PFDS mainly VGF (104.7 thousand MT), FFW (27.6 thousand MT), VGD (15.0 thousand MT), EP (12.1 thousand MT) and OMS (10.1 thousand MT). As of this date about 1932.0 thousand MT has been distributed through the PFDS, which is about 89.0% of the yearly target.
- The OMS drive is continuing up to the upazila level all over the country.

PUBLIC STOCKS

- As of June 21st, the public food grain stock estimated at 1362.9 thousand MT 1001.3 thousand MT for rice and 361.6 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 21st June 2018 about 862 thousand MT of *Boro* rice were contracted and about 439 thousand MT of *Boro* rice were procured (MISM, DG Food).