

Voluntary Report – Voluntary - Public Distribution

Date: July 11, 2023

Report Number: BG2023-0017

Report Name: Biweekly Price and Policy Update Week of 2 July 2023

Country: Bangladesh

Post: Dhaka

Report Category: Climate Change/Global Warming/Food Security, Grain and Feed, Oilseeds and Products, Sugar

Prepared By: Tanvir Ahmed

Approved By: Rhiannon Elms

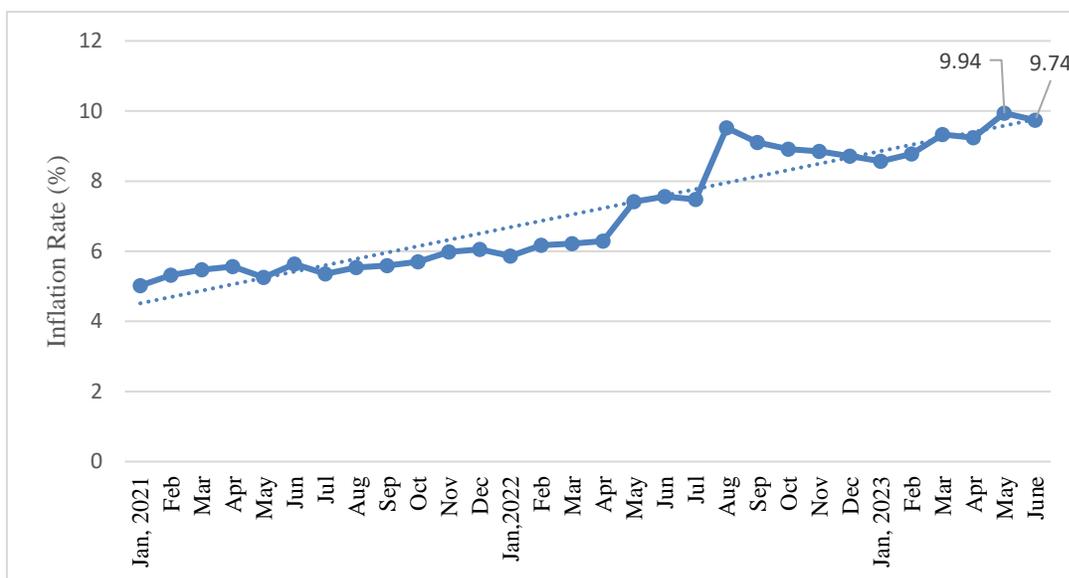
Report Highlights:

This is a biweekly report outlining the prices of agricultural commodities in Bangladesh, as well as major trade and policy updates.

Inflation Slows Slightly in June

The June monthly inflation rate reduced slightly to 9.74 percent compared to 9.94 percent in May (Figure 1). According to the Bangladesh Bureau of Statistics (BBS), food inflation stood at 9.73 percent, an increase from 8.24 percent in May. However, non-food inflation dropped to 9.60 percent from 9.96 percent in the previous month. The BBS also reported the people in the rural areas suffered more in June with the inflation rate at 9.82 percent in these areas. In urban areas, the rate was 9.45 percent.

Figure 1: Monthly Inflation Rate (2021-2023)



Source: Bangladesh Bank and BBS

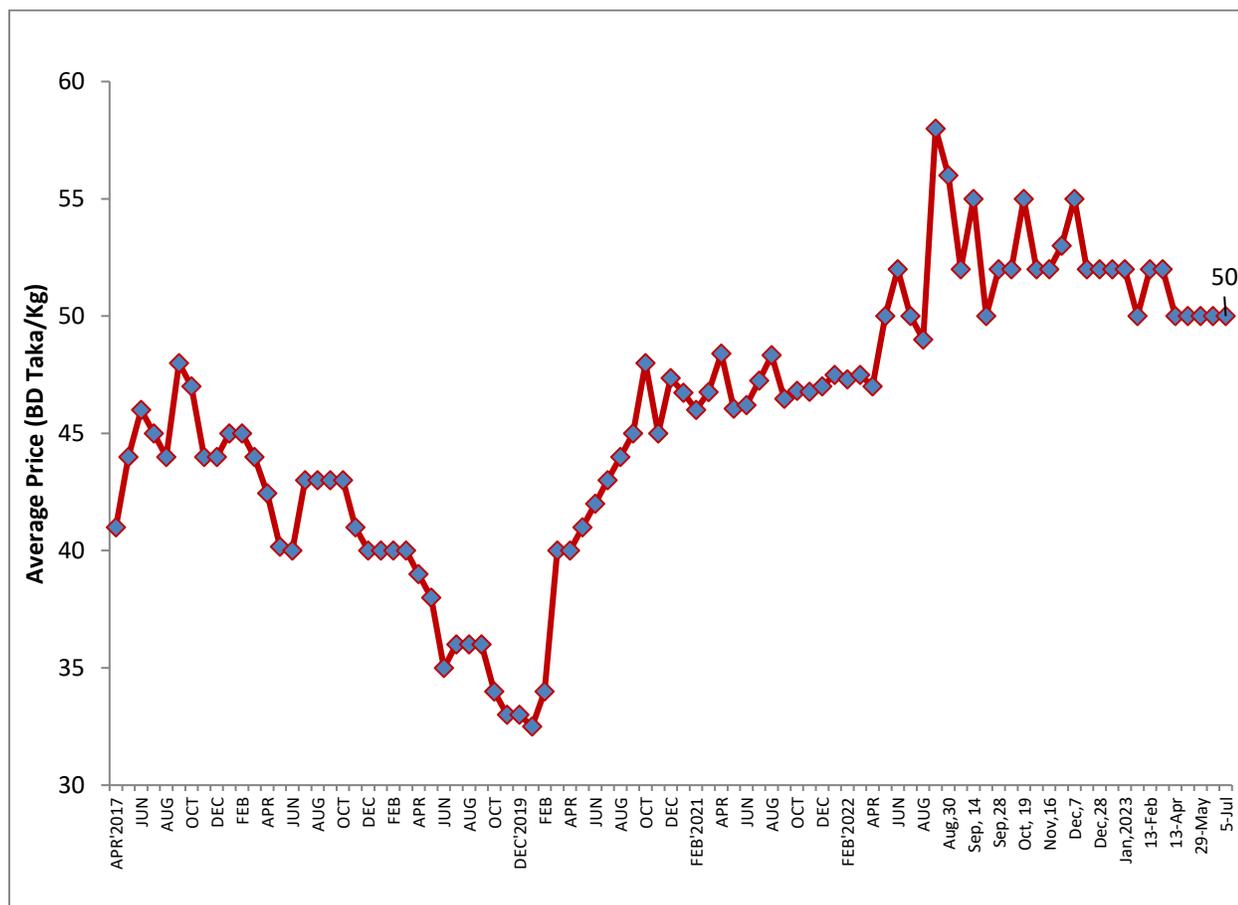
Rice Price Remains Steady

Since April 2023, the price for all types of rice has continued steady. This week, coarse rice remained at BDT 50 (\$0.46) per kilogram (Figure 2).

The price of medium-quality and high-quality rice also remained at BDT 55 (\$0.50) per kilogram and BDT 75 (\$0.70) per kilogram, respectively, as was observed the previous four weeks.

The recent harvest of *boro* season paddy has increased supply in local markets and stabilized prices over the past two months.

Figure 2: Monthly Coarse Rice Average Price (2017-2023)



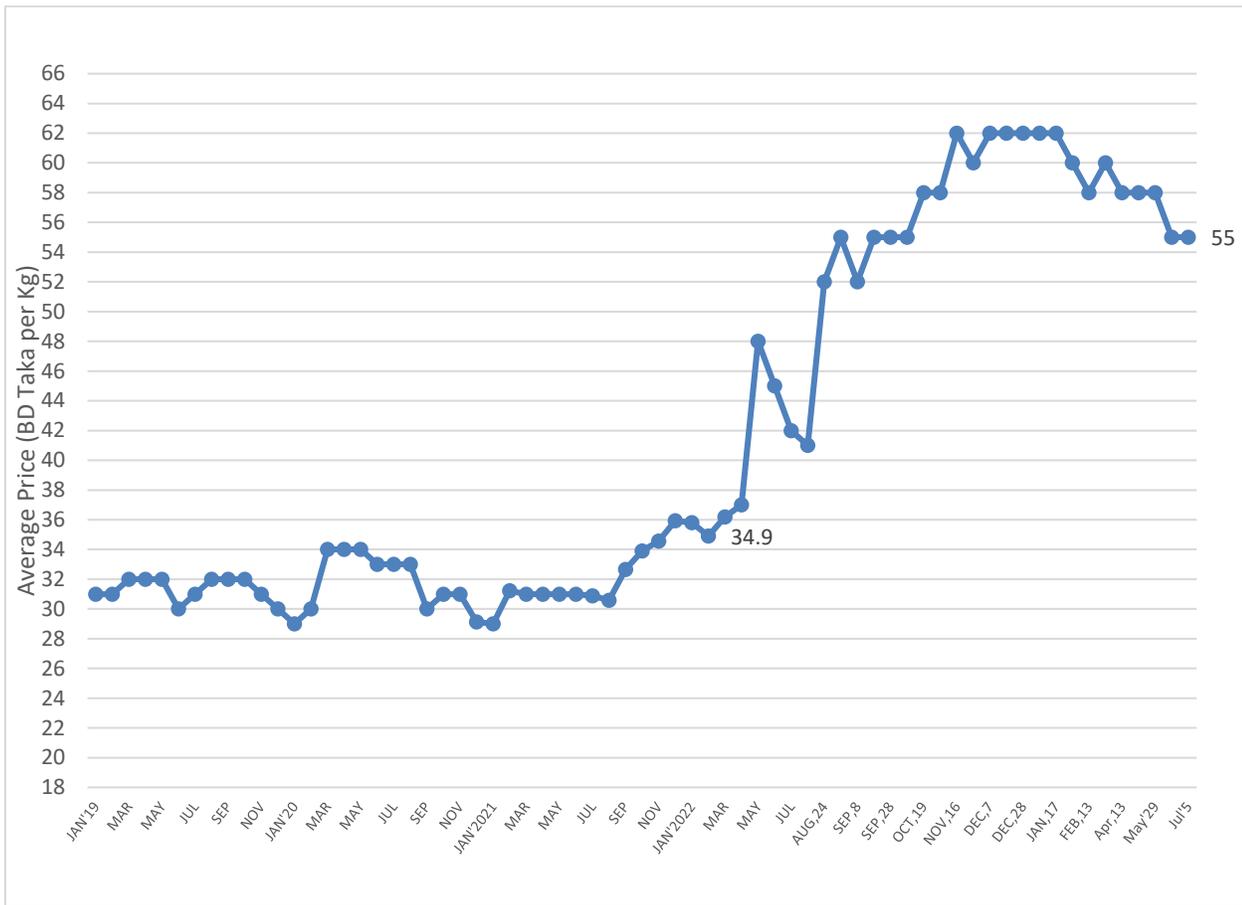
Source: Trading Corporation of Bangladesh (TCB)

Note: Exchange Rate USD \$1.00 = BDT 108.00

Wheat Flour (*Aata* and *Maida*) Prices Remain Steady

This week, the price of unpacked coarse wheat flour (*aata*) and unpacked fine-quality wheat flour (*maida*) remained at BDT 55 (\$0.51) per kilogram and BDT 60 (\$0.56) per kilogram, respectively, as was observed the previous two weeks (Figure 3). Similarly, the packed *aata* and *maida* price also remained at BDT 65 (\$0.60) per kilogram and BDT 75 (\$0.69) per kilogram, respectively.

Figure 3: Monthly Coarse Wheat Flour (*Aata*) Average Price (2019-2023)



Source: TCB

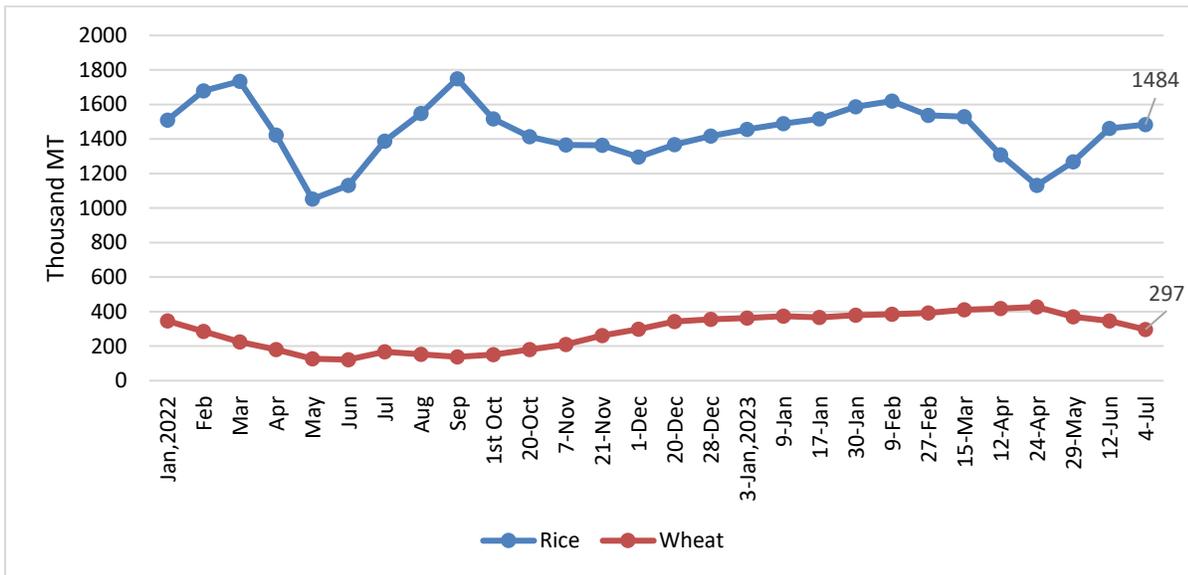
Note: Exchange Rate USD \$1.00 = BDT 108.0

Rice Stocks Rise; Wheat Stocks Fall

As of July 4, rice stocks in public granaries rose to 1.48 million metric ton (MT), up approximately two percent over the last two weeks, due to the Government of Bangladesh’s (GoB) *boro* rice procurement program that began on May 7, 2023. For this season, the GoB set a target to procure 400,000 MT of *boro* paddy and 1.2 million MT of parboiled *boro* rice for its public granaries, with purchase prices at BDT 30 (\$0.28) and BDT 44 (\$0.41) per kilogram, respectively.

Wheat stocks in public granaries fell to 297,000 MT, down approximately 15 percent from the previous month (Figure 4).

Figure 4: Monthly Stocks of Rice and Wheat in Public Granaries (2022-23)

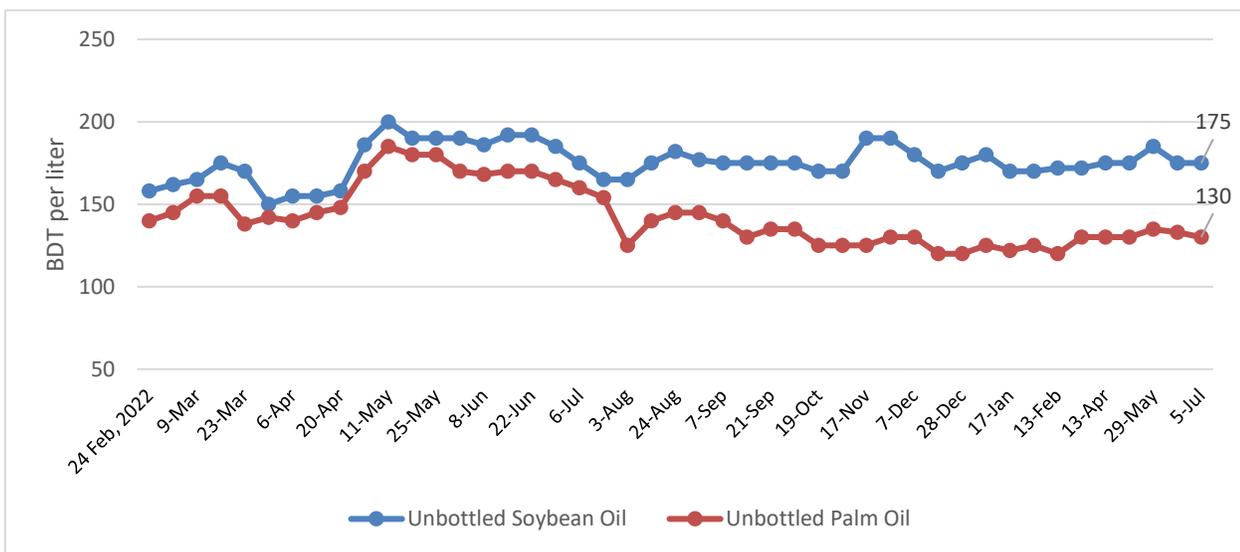


Source: Ministry of Food

Edible Oil Prices Remain Steady

This week, the average price of unbottled soybean oil remained at BDT 175 (\$1.62), as was observed in the previous month. However, the price of unbottled palm oil price reduced slightly to BDT 130 (\$1.20) per liter, down 2.3 percent from the previous month (Figure 5). The TCB reported that bottled soybean oil prices dropped to BDT 185 (\$1.71) per liter, down approximately one percent from the last two weeks.

Figure 5: Average Retail Price of Unbottled Soybean Oil and Palm Oil (2022-23)



Source: TCB

Prices of other basic commodities:

- The price of live broiler chicken reduced to BDT 170 (\$1.57) per kilogram, down 15 percent from the last month due to lower demand.
- Average retail price of sugar remained at BDT 140 (\$1.29) per kilogram, the same as last month.
- Average retail price of lentils remained at BDT 135 (\$1.25) per kilogram, the same as the previous month.
- Average price of eggs increased to BDT 150 (\$1.38) per dozen, up about seven percent from the previous month.

Further Background

Agricultural and food commodity prices first began rising in September 2021 due to the COVID-19 pandemic. In the 1st week of July 2023, prices were still high, exacerbated by the Russian invasion of Ukraine that resulted in supply disruptions, the appreciation of the U.S. dollar, and high inflation. Price volatility is affecting the food security of poor and middle-income consumers in both urban and rural areas.

Bangladesh depends on India for its rice and wheat imports, followed by Canada, Russia, Ukraine, and Australia. Combined, Russia and Ukraine account for approximately 25 percent of Bangladesh's total wheat imports. Due to India's ban on wheat exports since May 2022 and supply chain disruptions, Bangladesh is only able to import half of its monthly required wheat from alternative sources, resulting in high domestic wheat flour prices.

In addition, Bangladesh is now facing a foreign currency crisis, and according to contacts, many banks have stopped opening some letters of credit, including for commodity imports. This has led to the short supply of some staple goods in the market.

Attachments:

No Attachments.