

Voluntary Report – Voluntary - Public Distribution

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Country: Bangladesh

Post: Dhaka

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

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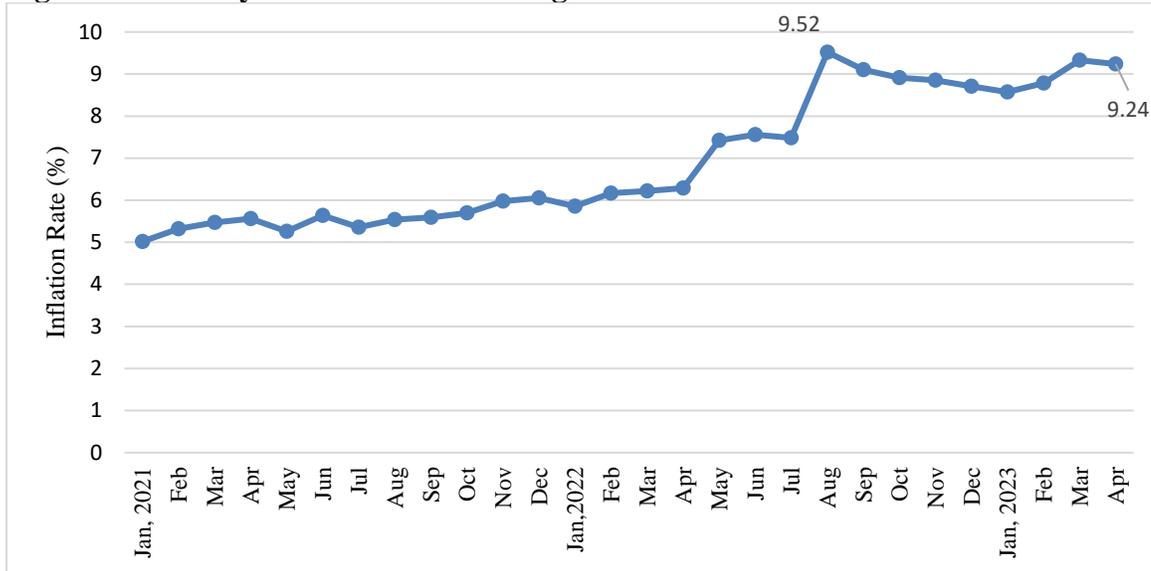
Report Highlights:

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

High Inflation Continues

The monthly inflation rate in April 2023 fell to 9.2 percent, down slightly from the previous month (Figure 1). According to the Bangladesh Bureau of Statistics (BBS), food inflation stood at 8.8 percent in April, down from 9.1 percent in March, while non-food inflation remained the same as the previous month at 9.7 percent.

Figure 1: Monthly Inflation Rate in Bangladesh



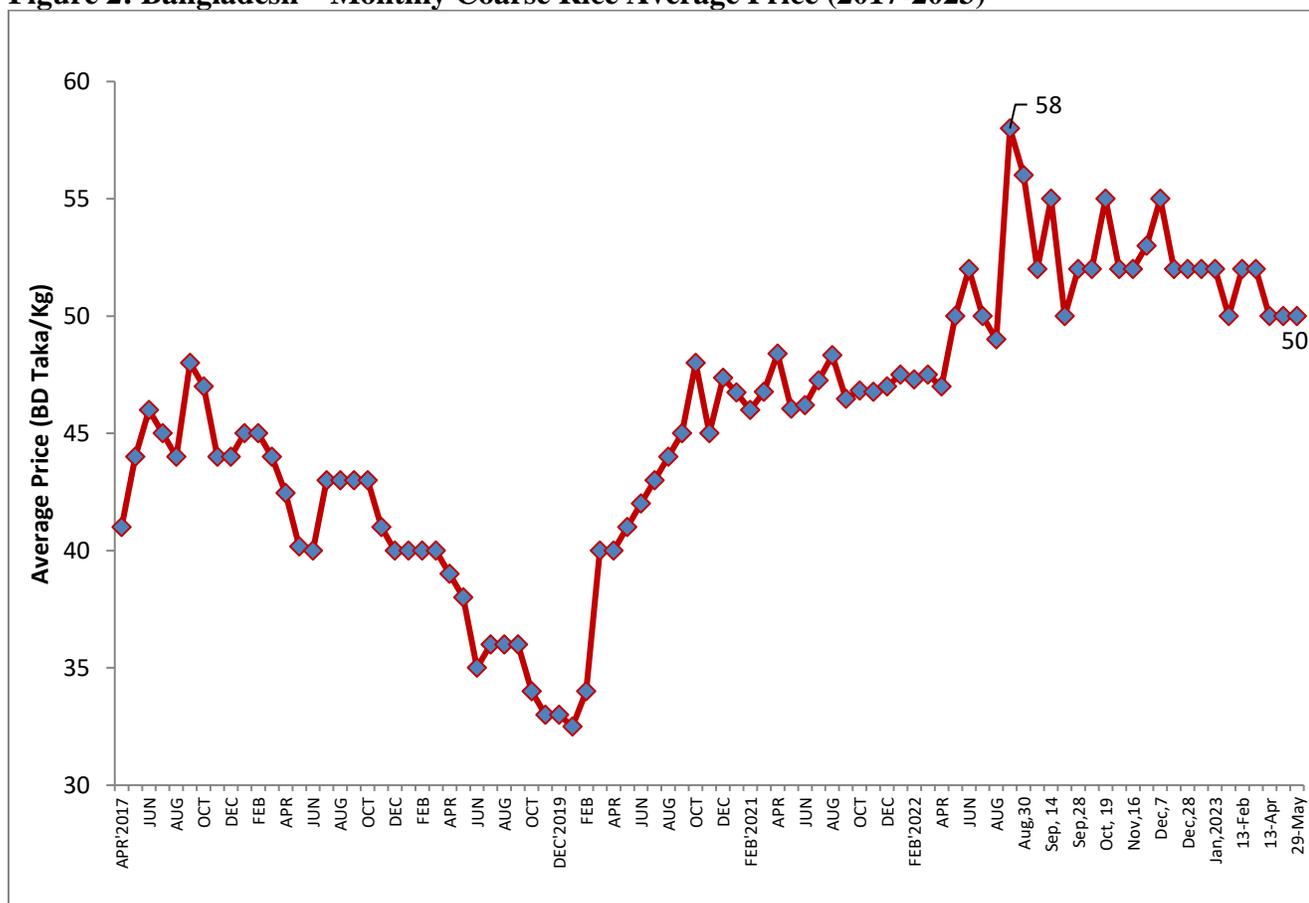
Source: Bangladesh Bank and BBS

Rice Prices Remain Steady

Prices of all types of rice continued to remain steady. This week, the coarse rice price remained at BDT 50 (\$0.47) per kilogram (Figure 2).

The price of medium-quality rice dropped to BDT 55 (\$0.51) per kilogram, down about 2 percent from last month, while the price of high-quality rice remained at BDT 75 (\$0.70) per kilogram, the same as the previous month.

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



Source: Trading Corporation of Bangladesh (TCB)

Note: Exchange Rate USD \$1.00 = BDT 107.0

Bumper *Boro* Paddy Harvest

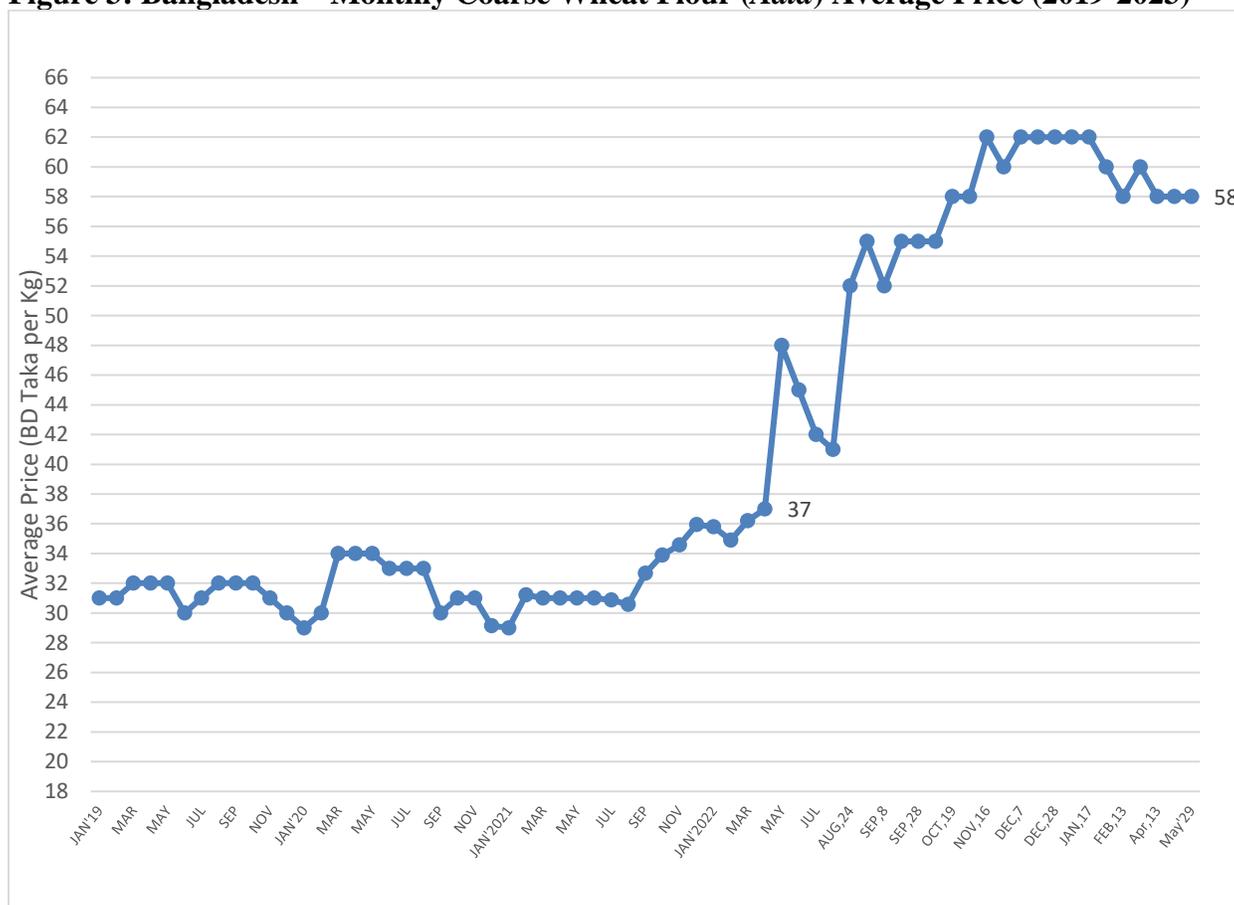
Farmers have reported a good *boro* season rice harvest throughout the country. According to the Department of Agricultural Extension (DAE), *boro* rice harvest began in mid-April and finished at the end of May 2023. DAE estimated the *boro* rice harvested area at 5 million hectares and production at about 21 million metric tons (MT).

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

This week, the price of unpacked coarse wheat flour (*aata*) remained at BDT 58 (\$0.54) per kilogram, the same as the previous month (Figure 3). However, the unpacked fine-quality wheat flour (*maida*) price increased to BDT 65 (\$0.61) per kilogram, up about 5 percent over the previous month. According to the TCB, the price of packed *aata* and *maida* also remained unchanged at BDT 65 (\$0.61) per kilogram and BDT 75 (\$0.70) per kilogram, respectively.

Bangladesh produces only about 10-15 percent of its annual wheat requirement; the rest is imported. Therefore, local wheat production has no significant impact on the market. This year, DAE estimated wheat production at 1.2 million MT, up about 11 percent from last year. The harvest took place in April 2023.

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



Source: TCB

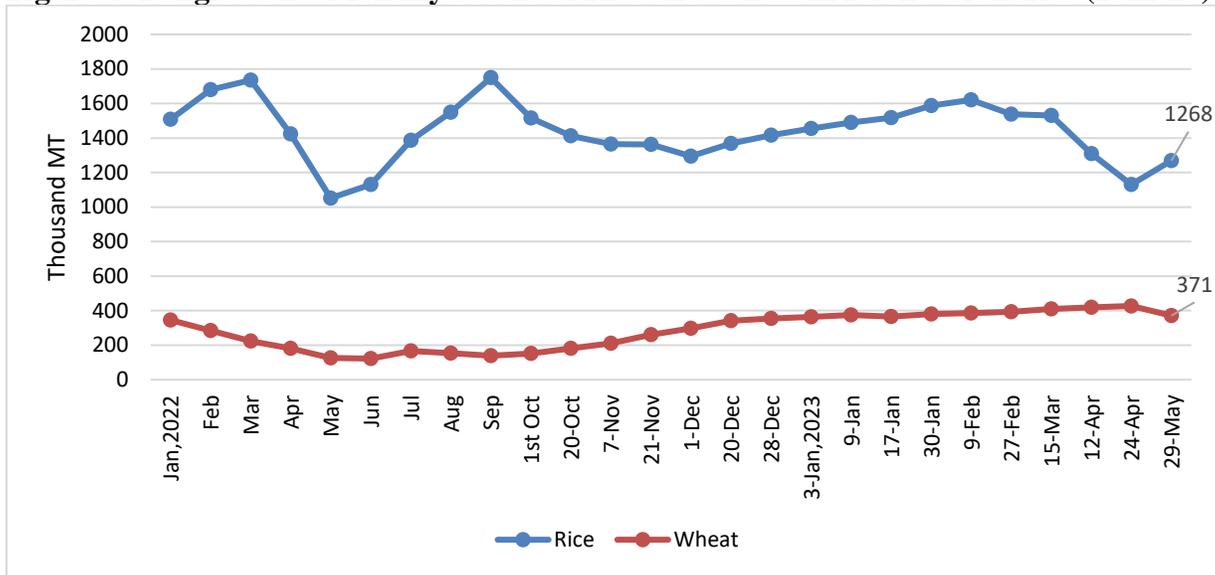
Note: Exchange Rate USD \$1.00 = BDT 107.0

Rice Stocks Rise; Wheat Stocks Fall

As of May 29, 2023, rice stocks in public granaries rose to 1.26 million MT, up 1.1 million MT in last month, due the Government of Bangladesh’s (GoB) *boro* rice procurement program that began on May 7, 2023. This season, the GoB set a target to procure 400 thousand 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 371 thousand MT, down slightly from the previous month (Figure 4).

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



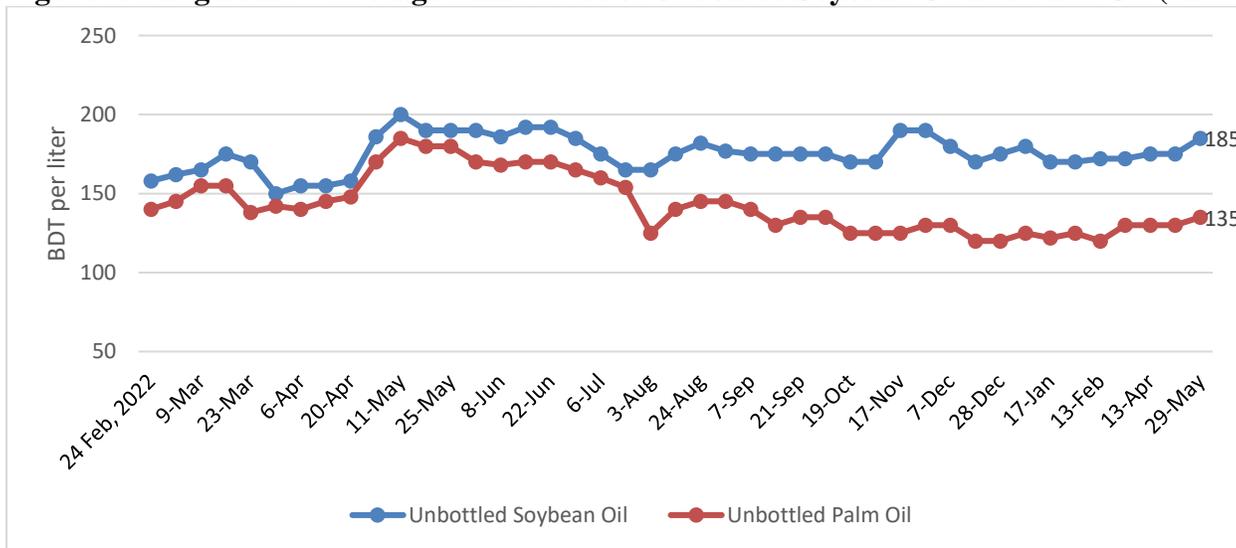
Source: Ministry of Food

Edible Oil Prices Up

This week, the price of unbottled soybean oil reached BDT 185 (\$1.73), up about 6 percent over the previous month. The price of unbottled palm oil also rose to BDT 135 (\$1.26), up about 4 percent from the last month (Figure 5).

Bottled soybean oil and palm oil prices also rose to BDT 195 (\$1.83) and BDT 145 (\$1.36) per liter, respectively, up about 5 percent and 8 percent from previous month.

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



Source: TCB

Essential Groceries Price Hikes

Prices of essential commodities, including spices, vegetables and potatoes, have been rising since the beginning of May 2023.

- As of May 29, 2023, the retail price of onions reached BDT 80 (\$0.75) per kilogram, up 100 percent from previous month.
- The retail prices for all types of spices reached record highs this week. According to the TCB, the prices of ginger, cumin, and coriander have gone up about 25 to 80 percent over the past month.
- This week, the price of live broiler chicken decreased to BDT 200 (\$1.87) per kilogram, down about 20 percent from previous month.
- Average retail price of sugar increased to BDT 140 (\$1.30) per kilogram, up about 12 percent over the previous month.
- Average retail price of lentils remained at BDT 135 (\$1.28) per kilogram, the same as the previous month.
- Average beef price also remained at BDT 780 (\$7.30) per kilogram, up about 4 percent from the previous month.
- Average price of eggs remained at BDT 150 (\$1.4) per dozen, up about 11 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 May 2023, prices were still high, exacerbated by the Russian invasion of Ukraine, resulting 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 the Russian invasion of Ukraine, 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.