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Report Highlights:

In marketing year (MY) 2022/23, Post's rice harvested area and production forecasts increased slightly to 11.55 million hectares and 35.85 million metric tons (MT), respectively, on a good Aman season harvest. Post's wheat harvested area and production forecasts for MY 2022/23 remain unchanged at 310 thousand hectares and 1.10 million MT, respectively, equal to the USDA projection. However, Post's MY 2022/23 corn production forecast increased to 4.85 million MT. Retail prices of wheat flour and corn hit record highs in December 2022, while rice prices remain elevated, due to higher international prices, appreciation of the U.S. dollar, and high inflation. Post increased its MY 2022/23 rice import forecast to 1 million MT and decreased the wheat import forecast to 5 million MT, leaving the corn import forecast unchanged at 2.2 million MT.

RICE, MILLED

Table 1: Bangladesh's Production, Supply, and Distribution of Rice

Rice, Milled	2020/2021		2021/2022		2022/2023	
Market Year Begins	May 2020		May 2021		May 2022	
Bangladesh	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	11500	11500	11620	11620	11500	11550
Beginning Stocks (1000 MT)	1571	1571	1461	1461	2101	2101
Milled Production (1000 MT)	34600	34600	35850	35850	35650	35850
Rough Production (1000 MT)	51905	51905	53780	53780	53480	53780
Milling Rate (.9999) (1000 MT)	6666	6666	6666	6666	6666	6666
MY Imports (1000 MT)	1400	1400	1300	1300	750	1000
TY Imports (1000 MT)	2650	2650	800	885	500	500
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	37571	37571	38611	38611	38501	38951
MY Exports (1000 MT)	10	10	10	10	10	10
TY Exports (1000 MT)	10	10	10	10	10	10
Consumption and Residual (1000 MT)	36100	36100	36500	36500	36800	37000
Ending Stocks (1000 MT)	1461	1461	2101	2101	1691	1941
Total Distribution (1000 MT)	37571	37571	38611	38611	38501	38951
Yield (Rough) (MT/HA)	4.5135	4.5135	4.6282	4.6282	4.6504	4.6563
(1000 HA), (1000 MT), (MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2022/2023 = January 2023 - December 2023						

Production

Bangladesh grows three rice crops each year: *Boro*, *Aus*, and *Aman*.

For marketing year (MY) 2022/23, Post slightly increased the rice harvested area and production forecast to 11.55 million hectares and 35.85 million metric tons (MT), respectively, from its previous [report](#) due to the good *Aman* season rice harvest. The increased production forecast is equal to the MY 2021/22 USDA official estimate.

Boro Season Rice

Boro season rice was the first crop in MY 2022/23; it was planted in December 2021 and harvested in April 2022. Post estimates 19.7 million MT of *Boro* season rice production from 4.8 million hectares in MY 2022/23 (Table 2).

Aus Season Rice

In MY 2022/23, *Aus* season rice cultivation occurred in March and April 2022, with harvest in July and August 2022. For MY 2022/23, Post estimates *Aus* harvested area at 0.9 million hectares, down approximately 20 percent from the previous year and production at 2.05 million MT, down 24 percent from the previous year, as severe floods affected the north and northeastern parts of the country during planting.

Aman Season Rice

Aman season rice is the last crop of MY 2022/23. It was planted in July and August 2022 and harvested in November and December 2022. Based on field observations and the latest crop production data from the Bangladesh Department of Agriculture Extension (DAE), Post increased the MY 2022/23 *Aman* season rice harvested area and production forecasts to 5.85 million hectares and 14.1 million MT, respectively. Post contacts noted that amid the lack of enough rainfall during the planting time, the *Aman* rice production exceeded the target in many areas of the country. Contacts stated that proper sunlight and irrigation, and balanced fertilizer application boosted yield. Moreover, there was no flooding occurred during this season that also helped to have good production. Despite the good yields, farmers incurred higher production costs due to fuel and fertilizer price hikes during planting raising their input costs.

Table 2: *Boro*, *Aus*, and *Aman* Rice Area and Production

Rice by Season	MY 2020/21 (Estimate)		MY 2021/22 (Estimate)		MY 2022/23 (Forecast)	
	Area 1,000 HA	Production 1,000 MT	Area 1,000 HA	Production 1,000 MT	Area 1,000 HA	Production 1,000 MT
<i>Boro (Winter)</i>	4,700	19,300	4,700	19,350	4,800	19,700
<i>Aus (Pre-Monsoon)</i>	1,200	2,700	1,120	2,700	900	2,050
<i>Aman (Monsoon)</i>	5,600	12,600	5,800	13,800	5,850	14,100
Total Rice	11,500	34,600	11,620	35,850	11,550	35,850

Source: Post calculation, based on DAE data

Prices

Rice Prices Remain High, but Steady

All types of rice prices remained high through the 3rd and 4th quarters of 2022. Usually, rice prices decline at harvest time; however, higher production costs, high milling and transportation costs, appreciation of the U.S. dollar, and high inflation were the major factors contributing to the high rice prices this year.

In December 2022, the average retail price of coarse rice reached BDT 50.55 (\$0.48) per kilogram, approximately 7 percent higher than the same period last year (Figure 1). This year, farmers harvested *Aman* season rice in November and December 2022. The average retail price of high-quality non-aromatic (fine) rice hit BDT 75 (\$0.71) per kilogram in December 2022, up approximately 3 percent over the same period last year.

Figure 1: Monthly Average Retail Prices of Coarse Rice in Bangladesh



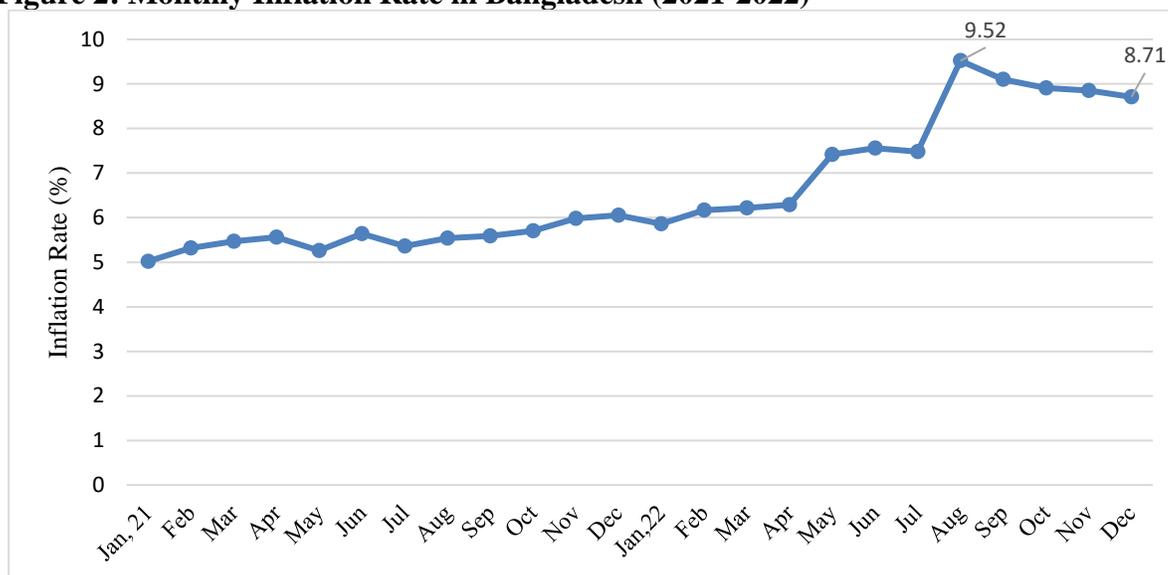
Source: Department of Agricultural Marketing (DAM); Ministry of Agriculture; Trading Corporation of Bangladesh (TCB) Exchange Rate, US\$ 1 = BDT 105

Inflation Eases Slightly in December, but Still Remains High

The monthly inflation rate fell slightly to 8.7 percent in December 2022, its lowest level since August 2022, as food prices eased to some extent (Figure 2). (The general inflation rate was 9.5 percent in

August 2022, an 11-year high.) However, the inflation rate in December 2022 was 34 percent higher compared to the same period last year. The food inflation rate in December stood at 7.9 percent while the non-food inflation rate was 10.0 percent. On a monthly basis, the consumer price index fell 0.5 percent in December 2022 from the previous month.

Figure 2: Monthly Inflation Rate in Bangladesh (2021-2022)



Source: Bangladesh Bank; Bangladesh Bureau of Statistics

Trade

Rice Imports Rising

For MY 2022/23, Post increased its rice import forecast to 1 million MT, up about 33 percent over the USDA official forecast. To stabilize rice prices in the domestic market and secure enough stocks for public granaries, the Government of Bangladesh’s (GoB) approved the procurement of more than 500 thousand MT of rice from the international market under government-to-government (G2G) agreements with India, Vietnam, and Myanmar. As of December 31, 2022, around 400 thousand MT of this rice have arrived in Bangladesh. In addition, the GoB is encouraging the private sector to import rice at a reduced tariff rate.

Based on the revised import data from the GoB, Post also revised its trade year (TY) 2021/22 rice import estimate to 885 thousand MT, up about 11 percent over the USDA official estimate.

For TY 2022/23, Post forecasts rice imports at 500 thousand MT, the same as the USDA official forecast.

Reduced Rice Tariff Extended

Currently, private rice importers are enjoying a reduced import tariff rate (in Bangladesh, known as the total tax incidence or “TTI”) of 17.5 percent with zero customs duty, zero supplementary duty, zero VAT, 5 percent advance income tax, 5 percent regulatory duty, 5 percent advance trade VAT, and 2.5 percent insurance ((Table 3). Usually, the rice import TTI is 62.5 percent.

On June 22, 2022, amid the rice price hike, the GoB reduced the rice TTI from 62.5 percent to 27.5 percent and granted import permits for around 1 million MT of rice to private importers. However, due to the appreciation of the U.S. dollar, private importers showed little interest in importing. On August 28, 2022, the GoB further reduced the TTI to 17.5 percent, allowing private importers to bring in rice at the reduced tariff rate until December 31, 2022. Due to continued high rice prices in the local market, the GoB extended the TTI reduction to March 31, 2023.

Table 3: Total Tax Incidence (TTI) of Husked (Brown) Rice

HS Code- 10062000 -Husked (Brown) Rice	Regular Rate	Reduced Rate (June 22, 2022)	Reduced Rate (August 28, 2022)	Reduced Rate Extended Until March 31, 2023
Custom Duty (CD)	25	0	0	0
Supplementary Duty (SD)	0	0	0	0
Value Added Tax (VAT)	0	0	0	0
Advance Income Tax (AIT)	5	5	5	5
Regulatory Duty (RD)	25	15	5	5
Advanced Trade VAT (ATV)	5	5	5	5
Total Tax Incidence (TTI)	62.5*	27.5*	17.5*	17.5*

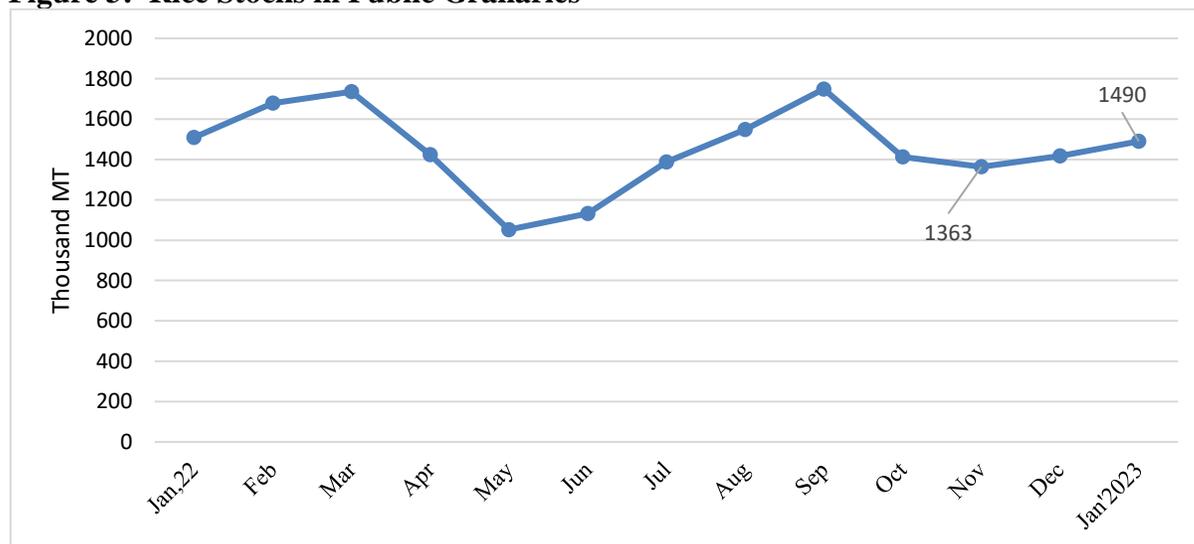
Source: [Bangladesh Trade Portal](#)
 * 2.5 percent insurance added

Stocks

Rice Stocks Rising

According to the Ministry of Food, on January 9, 2022, total government-held rice stocks were about 1.5 million MT, up about 5 percent over the previous month (Figure 3). The GoB started its *Aman* season rice procurement program on November 10, 2022, causing stocks to rise. The aforementioned GoB G2G imports are also leading to higher stocks in public granaries.

Figure 3: Rice Stocks in Public Granaries



Source: Directorate General of Food, Ministry of Food

Policy

Government Procurement and Distribution

After harvest, the GoB procures rice and paddy for public granaries and distributes them through various social safety net programs. This season, the GoB raised the price of parboiled rice by BDT 2 per kilogram to BDT 42 (\$0.41) and paddy by BDT 1 per kilogram to BDT 28 (\$0.26). The GoB is targeting to procure 500,000 MT of parboiled rice and 300,000 MT of paddy this *Aman* season. However, Post contacts note that in the local market, rice and paddy prices are higher than the GoB's procurement price; therefore, the GoB may not be able to achieve its rice and paddy procurement targets.

According to the Ministry of Food, in first six months of Bangladesh fiscal year (FY) 2022/23 (July-June), the GoB distributed a total of 1.18 million MT of rice through its food distribution programs, including Open Market Sale (OMS), Fair Price (Food Friendly or FFP), Food for Work, Vulnerable Group Feeding, and Vulnerable Group Development. In the same period last year, the GoB distributed about 1.2 million MT of rice.

Wheat

Table 4: Bangladesh's Production, Supply, and Distribution of Wheat

Wheat	2020/2021		2021/2022		2022/2023	
Market Year Begins	Jul 2020		Jul 2021		Jul 2022	
Bangladesh	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	335	335	320	320	310	310
Beginning Stocks (1000 MT)	1758	1758	2138	2138	1308	1308
Production (1000 MT)	1180	1180	1130	1130	1100	1100
MY Imports (1000 MT)	7200	7200	6340	6340	6000	5000
TY Imports (1000 MT)	7200	7200	6340	6340	6000	5000
TY Imp. from U.S. (1000 MT)	235	235	1	1	0	0
Total Supply (1000 MT)	10138	10138	9608	9608	8408	7408
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	500	500	600	600	200	300
FSI Consumption (1000 MT)	7500	7500	7700	7700	7200	6500
Total Consumption (1000 MT)	8000	8000	8300	8300	7400	6800
Ending Stocks (1000 MT)	2138	2138	1308	1308	1008	608
Total Distribution (1000 MT)	10138	10138	9608	9608	8408	7408
Yield (MT/HA)	3.5224	3.5224	3.5313	3.5313	3.5484	3.5484

(1000 HA), (1000 MT), (MT/HA)
 MY = Marketing Year, begins with the month listed at the top of each column
 TY = Trade Year, which for Wheat begins in July for all countries. TY 2022/2023 = July 2022 - June 2023

Production

For MY 2022/23, Post's forecast for wheat harvested area and production remained unchanged at 310 thousand hectares and 1.10 million MT, respectively, the same as the USDA official number. Post estimates that MY 2021/22 wheat harvested area also remained unchanged at 320 thousand hectares, with production at 1.13 million MT, the same as the USDA official estimates.

Wheat is considered the second staple food after rice. However, domestic production only meets about 15 percent of total demand. Wheat area and production is gradually decreasing as farmers convert their land to cultivate alternative crops that provide higher economic returns such as potato, vegetables, and *Boro* rice. Wheat planting in Bangladesh occurs in November and December, with harvesting in March and April.

Prices

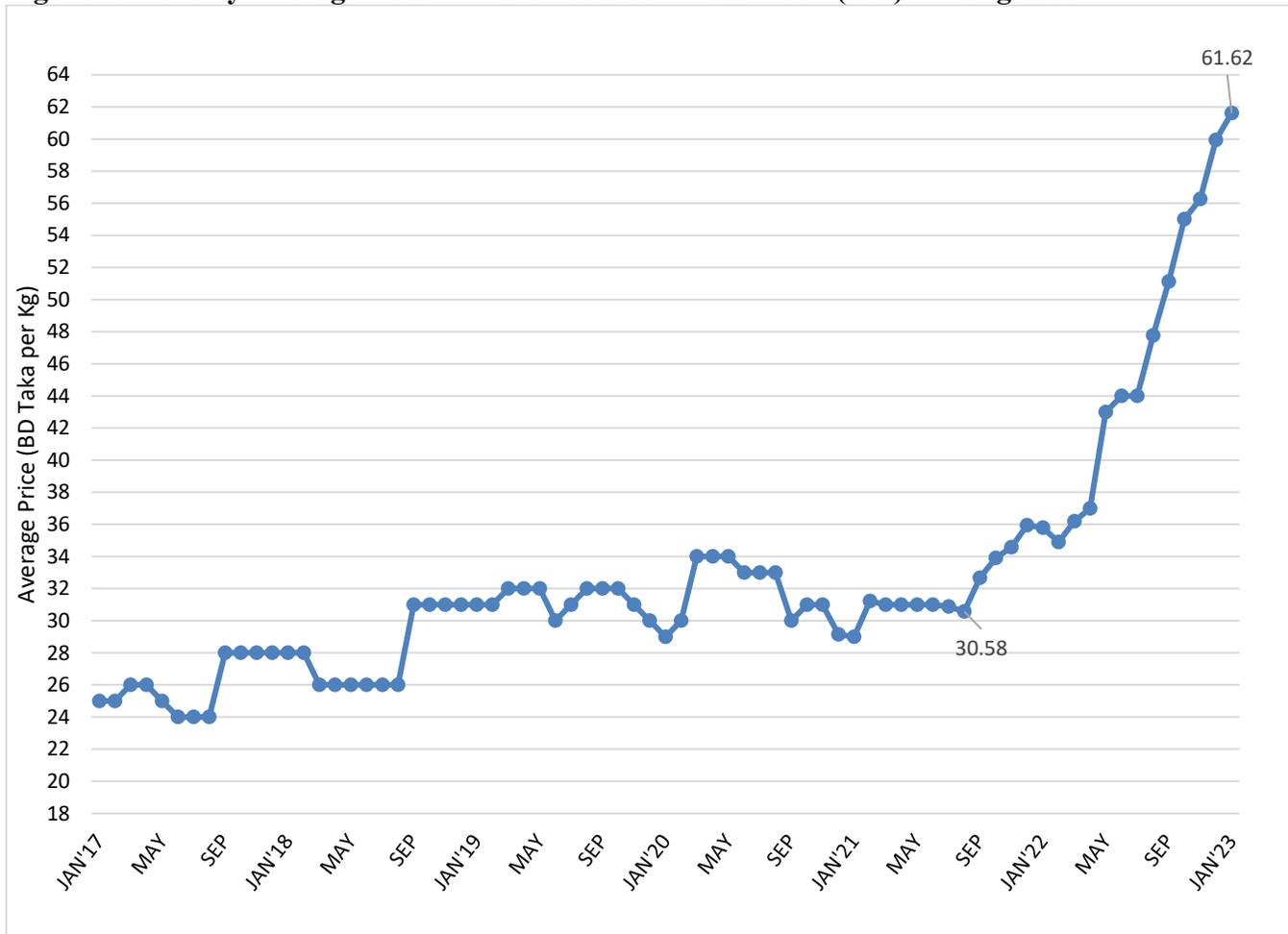
Wheat Flour Prices Hit Record High

In January 2023, the average retail price of unpacked coarse wheat flour (also called *aata*) hit a record high of BDT 61.6 (\$0.59) per kilogram, up approximately 70 percent from January 2022 (Figure 4). At the same time, the average retail price of fine quality unpacked wheat flour (also called *maida*) reached BDT 72 (\$0.69) per kilogram, also a record high.

Since the Russian invasion of Ukraine in February 2022, all types of wheat flour prices have been rising due to supply chain disruptions and higher international prices. India's wheat export ban on May 13, 2022 and the appreciation of the U.S. dollar against the Bangladesh taka aggravated the situation further, as most wheat is imported.

Due to the high price of all types of wheat flour, demand has fallen significantly at the consumer level. Industry contacts noted that the high wheat flour prices will likely continue until the wheat harvest begins in Bangladesh in April 2023 and India allows wheat exports again.

Figure 4: Monthly Average Retail Price of Coarse Wheat Flour (*atta*) in Bangladesh



Source: DAM, TCB, Ministry of Agriculture.
Exchange Rate, US\$ 1 = BDT 105

The retail and wholesale prices of wheat also reached record highs in the local market (Figure 5). In December 2022, the average wholesale price was up 81 percent over the previous year to BDT 54.16 (\$0.52) per kilogram, while the average retail price climbed 94 percent over the same period to BDT 56.75 (\$0.54) per kilogram.

Figure 5: Monthly Average Retail and Wholesale Prices of Wheat in Bangladesh



Source: DAM

Trade

Wheat Imports Drop Further

For MY 2022/23, Post reduced its wheat import forecast to 5 million MT, down about 9 percent from Post’s previous projection and 17 percent from the USDA official forecast ([see the Grain and Feed Update: October 2022](#)).

The local industry has slowed down its wheat imports on higher international prices, lower supply, reduced consumer demand, and delays in opening letters of credit stemming from a lack of U.S. dollars in Bangladesh. According to GoB officials, as of December 31, 2022, in MY 2022/23, Bangladesh has imported about 2.2 million MT of wheat, down about 50 percent from the same period last year.

Post’s MY 2021/22 wheat import estimate remains unchanged at 6.34 million MT, the same as the USDA official estimate.

Consumption

Food, Seed, and Industrial (FSI) Consumption

For MY 2022/23, Post reduced its FSI consumption forecast to 6.5 million MT on lower imports, high local prices, and lower household consumption of *aata* and *maida*. Post’s current forecast is about 6 percent lower than Post’s previous projection and 10 percent lower than the USDA official forecast ([see the Grain and Feed Update: October 2022](#)).

Due to the high price of wheat flour, household demand has fallen significantly in the last few months. Many people have shifted their demand from wheat flour to rice as the retail rice prices are lower. The prices of wheat-based bakery and restaurant products have also increased.

Post’s estimate of MY 2021/22 FSI wheat consumption remains unchanged at 7.7 million MT, the same as the USDA official estimate.

Feed Consumption

For MY 2022/23, Post reduced the feed and residual use of wheat to 300 thousand MT, down about 40 percent from its previous projection on decreased inclusion in feed rations due to high prices. However, Post’s MY 2022/23 forecast of feed and residual use of wheat is 50 percent up over the USDA official forecast. Post contacts note that the commercial feed industry has significantly reduced wheat usage, but small cattle farms are still using some wheat and wheat bran for home-based cattle feed.

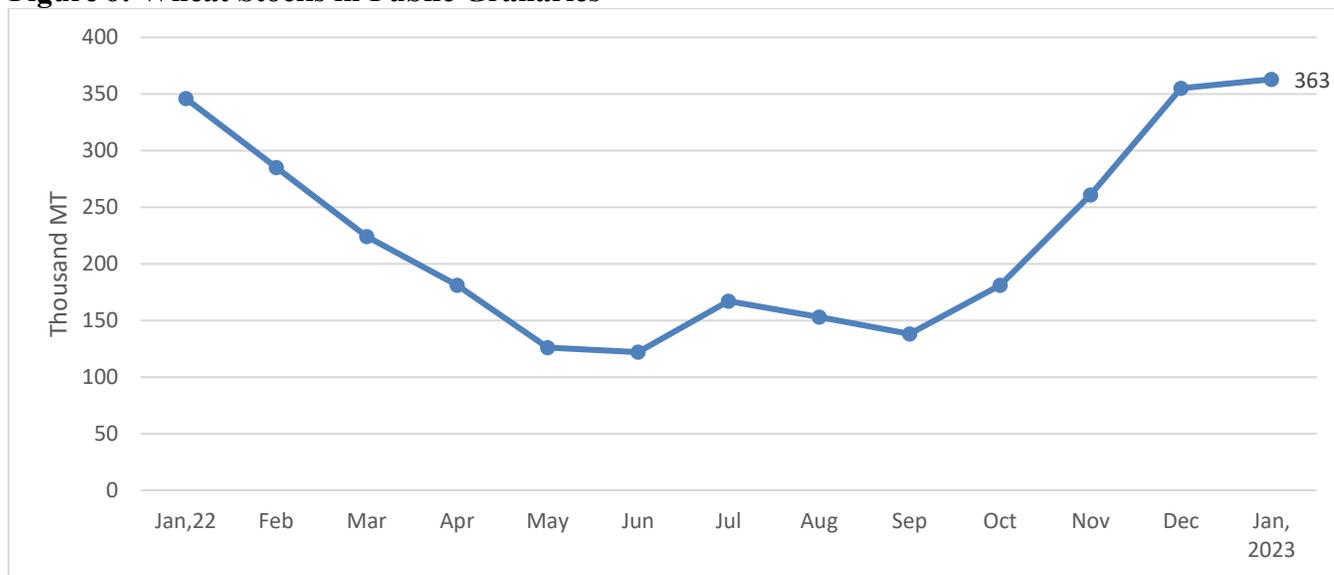
Public Procurement and Stocks

The overall wheat stocks in public granaries remained low throughout calendar year 2022 due to international supply chain disruptions, India’s ban on wheat exports, and high international prices. As of January 9, 2023, wheat stocks in public granaries were 363,000 MT, slightly up from the same time in last year (Figure 6).

Usually, the GoB purchases wheat for its public granaries and the wheat is distributed under various government social safety net programs. On August 31, 2022, the GoB’s cabinet committee approved the importation of 500,000 MT of wheat from Russia under a G2G agreement. Since September 2022, around 400,000 MT of wheat from Russia has arrived in Bangladesh, helping to replenish public wheat stocks to some extent.

Post forecasts MY 2022/23 ending stocks, including private sector reserves, at 608 thousand MT, down about 40 percent from USDA official number on reduced imports.

Figure 6: Wheat Stocks in Public Granaries



Source: Director General of Food, Ministry of Food

CORN

Table 5: Bangladesh's Production, Supply, and Distribution of Corn

Corn	2020/2021		2021/2022		2022/2023	
Market Year Begins	May 2020		May 2021		May 2022	
Bangladesh	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	540	540	550	550	560	560
Beginning Stocks (1000 MT)	210	210	444	444	189	189
Production (1000 MT)	4700	4700	4700	4700	4850	4850
MY Imports (1000 MT)	2434	2434	1945	1945	2200	2200
TY Imports (1000 MT)	1838	1838	2456	2456	2200	2200
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	7344	7344	7089	7089	7239	7239
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	6500	6500	6500	6500	6500	6500
FSI Consumption (1000 MT)	400	400	400	400	550	550
Total Consumption (1000 MT)	6900	6900	6900	6900	7050	7050
Ending Stocks (1000 MT)	444	444	189	189	189	189
Total Distribution (1000 MT)	7344	7344	7089	7089	7239	7239
Yield (MT/HA)	8.7037	8.7037	8.5455	8.5455	8.6607	8.6607

(1000 HA), (1000 MT), (MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Corn begins in October for all countries. TY 2022/2023 = October 2022 - September 2023

Production

Post forecasts MY 2022/23 corn harvested area and production at 560 thousand hectares and 4.85 million MT, respectively, equal to the USDA official forecasts.

Corn is the second largest cereal crop grown in Bangladesh. Due to historically good yields and high market prices, corn has become the largest cash crop in the country. Corn planted in November and December 2021 and harvested in March and April 2022 was the first crop of MY 2022/23. There are some locations in the country where farmers also grow summer corn, which was planted in March and April 2022 and harvested in June and July 2022.

Prices

High Corn Prices Continue

Corn prices in the local market continue to increase, reflecting higher international prices. The high cost of production is also increasing local corn prices. In December 2022, the wholesale and retail prices of corn reached BDT 35.95 (\$0.34) and BDT 38 (\$0.36) per kilogram, respectively, their highest levels since 2014 (Figure 7). The wholesale was up 39 percent over the previous year and the retail price was up 31 percent.

Figure 7: Monthly Average Retail and Wholesale Corn Prices



Source: DAM

Trade

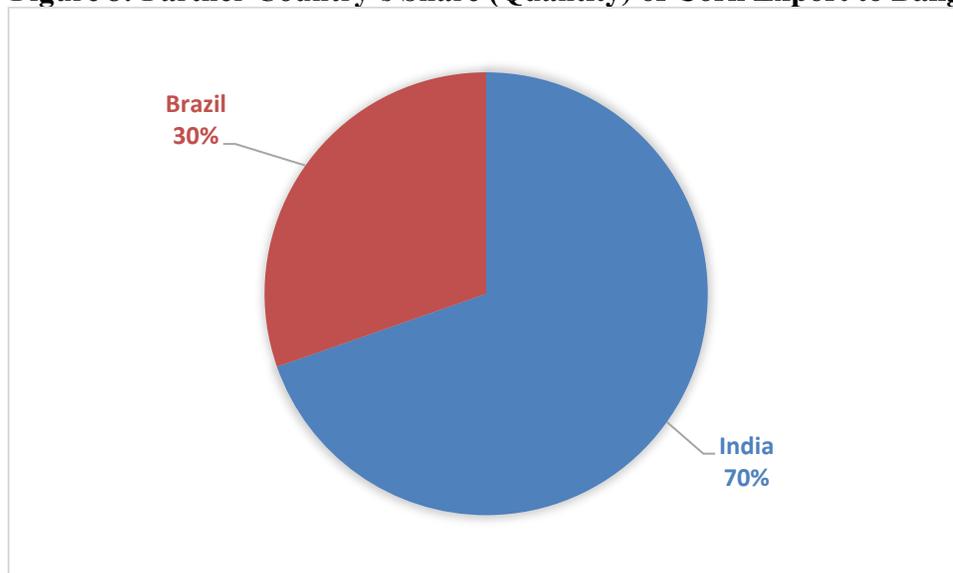
Post's MY 2022/23 corn import forecast remains unchanged at 2.2 million MT, the same as the USDA official forecast. According to GoB officials, as of December in MY 2022/23, Bangladesh has imported approximately 1.44 million MT of corn.

For MY 2021/22, Post estimates corn imports at 1.95 million MT, the same as the USDA official estimate. MY 2021/22 corn imports decreased 20 percent from the previous year on high prices and reduced demand from the animal feed industry. Post also estimates TY 2021/2022 corn imports at 2.45 million MT, the same as the USDA official number.

India is the Preferred Exporter

Since 2020, India has been the preferred exporter to Bangladesh. According to Trade Data Monitor, LLC (TDM), as of November 2022 in MY 2022/23, Bangladesh imported around 70 percent of its corn from India, with the remainder coming from Brazil (Figure 8). Importers look to India due its geographic proximity, cheaper transportation and logistics, and shorter shipment time.

Figure 8: Partner Country's Share (Quantity) of Corn Export to Bangladesh in MY 2022/23



Source: TDM

Consumption

Feed Consumption

Post's feed consumption forecast for MY 2022/23 remains unchanged at 6.5 million, the same as the USDA official forecast. For MY 2021/22, Post also estimated total feed consumption at 6.5 million MT.

Corn is the major feed ingredient in Bangladesh. According to industry, the average annual demand for corn in Bangladesh is around 7.5 million MT and domestic production meets approximately 65 percent of total demand. However, Post contacts noted that in MY 2022/23, the feed industry would consume an estimated 6.5 million MT of corn on reduced feed production. Due to the high price of feed ingredients, ongoing energy crisis, and slowdown of the economy, some large feed companies are not able to run their plants at full capacity. Moreover, many small-scale poultry farms have shut down recently, also reducing feed consumption.

Feed Demand for the Dairy, Livestock, Poultry, and Fishery Industries

Domestic feed mills supply over 99 percent of the feed for the local market. According to the Feed Industries Association of Bangladesh, the poultry industry consumes about 60 percent of the annual commercial feed production, aqua consumes 25 percent, and cattle 15 percent. There are about 350 commercial feed mills in the country.

For more information related to Bangladesh's poultry, fishery, and livestock production and sectoral growth over the last 10 years, please see the [Grain and Feed Update: October 2022](#) report.

FSI Consumption

Post forecasts MY 2022/23 FSI consumption at 550 thousand MT, the same as the USDA official forecast. There is no official data for FSI consumption of corn in Bangladesh; however, Post contacts note that there are about six starch producing companies in Bangladesh that jointly consume about 200 thousand MT of corn annually. The textiles industry is the major recipient of corn starch. Corn is also used to make corn syrup and glucose. In addition, the consumption of corn as food is also increasing in many parts of the country.

Stocks

Post forecasts MY 2022/23 ending stocks at 189 thousand MT, down about 35 percent from Post's previous forecast (see the previous [report](#)). However, Post's MY 2022/23 ending stocks are equal to the USDA official forecast. In MY 2021/22, Post also revised its corn stock estimate to 189 thousand MT, the same as the USDA official estimate.

Attachments:

No Attachments