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Prepared By: Tanvir Ahmed

Approved By: Sarah Gilleski

Report Highlights:

With the late arrival of monsoon rains in Bangladesh, Post lowers its forecasts of rice harvested area and production in marketing year (MY) 2023/24, on decreased aus and aman season rice cultivation. With lower production, Post increases its forecast of rice imports to 1 million MT. For MY 2023/24, Post forecasts slightly higher wheat and corn production based on high domestic prices.

RICE, MILLED

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

Rice, Milled Market Year Begins	2021/2022		2022/2023		2023/2024	
	May 2021		May 2022		May 2023	
Bangladesh	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	11620	11620	11600	11600	11850	11650
Beginning Stocks (1000 MT)	1458	1458	2091	2091	2111	2033
Milled Production (1000 MT)	35850	35850	36350	36350	37000	36400
Rough Production (1000 MT)	53780	53780	54530	54530	55506	54605
Milling Rate (.9999) (1000 MT)	6666	6666	6666	6666	6666	6666
MY Imports (1000 MT)	1300	1300	1275	1200	900	1000
TY Imports (1000 MT)	950	890	750	800	900	1000
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	38608	38608	39716	39641	40011	39433
MY Exports (1000 MT)	17	17	5	8	10	10
TY Exports (1000 MT)	15	15	10	10	10	10
Consumption and Residual (1000 MT)	36500	36500	37600	37600	38200	38000
Ending Stocks (1000 MT)	2091	2091	2111	2033	1801	1423
Total Distribution (1000 MT)	38608	38608	39716	39641	40011	39433
Yield (Rough) (MT/HA)	4.6282	4.6282	4.7009	4.7009	4.6841	4.6871

(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 2023/2024 = January 2024 - December 2024

Production

In Bangladesh, farmers cultivate rice in three different seasons: the *boro*, *aus*, and *aman* seasons. For marketing year (MY) 2023/24, Post reduces its forecast for rice harvested area to 11.65 million hectares and production to 36.4 million metric tons (MT), down 1.7 percent and 1.6 percent, respectively, from the USDA official forecast. The reduction is due to the decrease in acreage and production of the last *aus* rice season and current *aman* rice season.

Boro Season Rice

The *boro* season was the first rice crop in MY 2023/24 planted between December 2022 and January 2023 and harvested in April and May 2023. Post estimates 20 million MT of *boro* season rice production from 4.85 million hectares in MY 2023/24 (Table 2).

Aus Season Rice

The *aus* season rice is also called monsoon rice as the season heavily depends on rainfall. It is cultivated in limited locations in the country and contributes less than 10 percent of the annual rice production. In MY 2023/24, *aus* season rice cultivation started in March and April 2023, with harvest in July and August 2023. The Bangladesh Department of Agriculture Extension (DAE) reported lower acreage of *aus* rice cultivation in their latest crop production report that was published on August 1, 2023. DAE officials noted that lower rainfall and a heat wave hampered *aus* rice cultivation in many areas of the country this year. For MY 2023/24, Post forecasts *aus* harvested area and production at 1.05 million hectares and 2.4 million MT, respectively (Table 2), down five percent and four percent from the previous forecast of 1.1 million hectares and 2.5 million MT (see the previous [Grain and Feed report](#)).

Aman Season Rice

The *aman* season rice is the last crop of MY 2023/24. It is also known as post-monsoon rice and is traditionally fully rainfed; therefore, adequate, and timely rains are important for good production. Usually, *aman* season rice transplantation starts in August and September and is harvested in November and December. However, farmers start preparing their seedbeds in early July. With a delayed monsoon season and a lack of rainfall in July, the DAE reported a six percent lower seedbed preparation rate than their seasonal target. Post contacts note that farmers used supplementary irrigation to prepare their land and to flood the fields for the transplantation of seedlings. The costs of irrigation vary by farmer, but the average cost is BDT 2000 (\$18.50) per acre.

Currently, farmers are using both chemical and organic fertilizers in *aman* rice cultivation. During the land preparation, many farmers use organic fertilizers including cow manure and vermicompost due to its lower prices compared to chemical fertilizers. According to Post contacts, there is no shortage of chemical fertilizers this season. However, farmers are paying slightly higher prices than the government rate to buy chemical fertilizers.

Post lowers the forecast for MY 2023/24 *aman* season rice harvested area and production to 5.75 million hectares and 14 million MT (Table 2), respectively, three percent and four percent lower than Post's previous forecast of 5.9 million hectares and 14.6 million MT.

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

Rice by Season	MY 2021/22		MY 2022/23 (Estimate)		MY 2023/24 (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	19,350	4,800	19,700	4,850	20,000
<i>Aus (Pre-Monsoon)</i>	1,120	2,700	900	2,050	1,050	2,400
<i>Aman (Monsoon)</i>	5,800	13,800	5,900	14,600	5,750	14,000
Total Rice	11,620	35,850	11,600	36,350	11,650	36,400

Source: Post calculations, based on DAE data

Prices

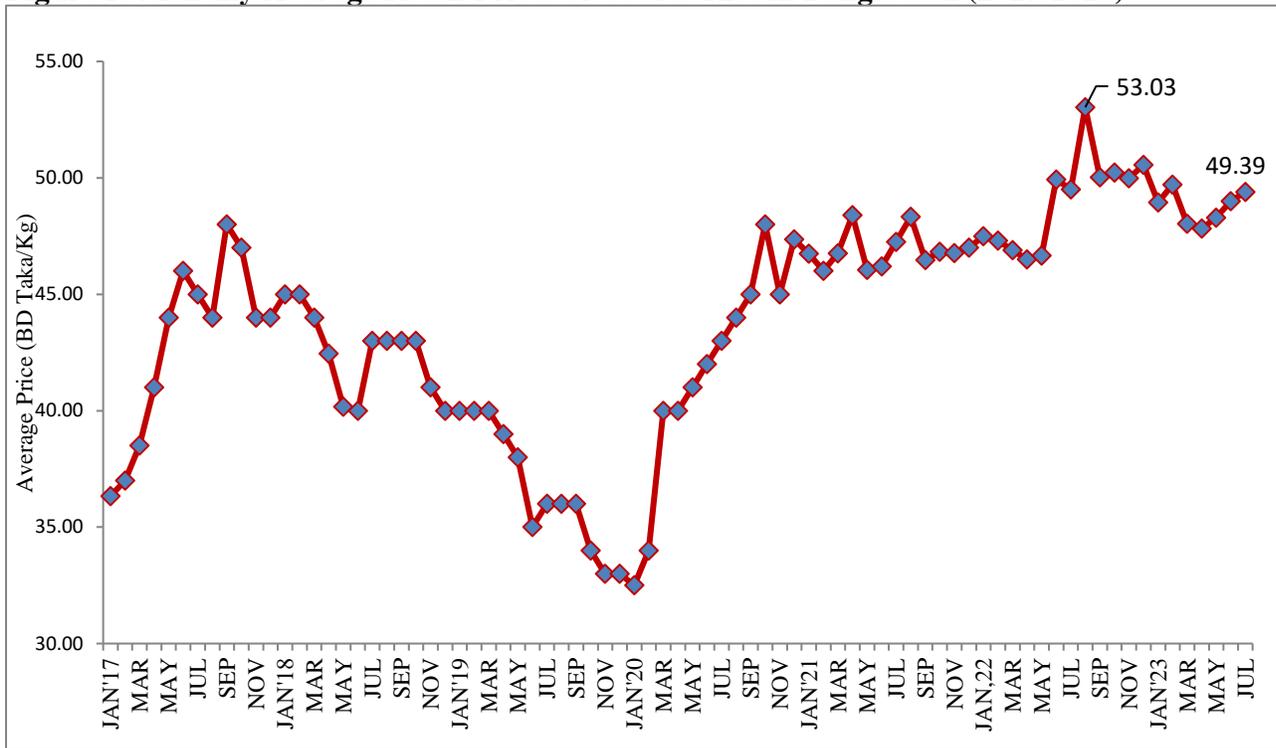
Rice Prices Remain Steady

Since the start of MY 2023/24, the coarse rice price has slightly risen every month. In July 2023, the average retail price of coarse rice reached BDT 49.4 (\$0.46) per kilogram, which was the same price as July 2022 (Figure 1).

In July 2023, the average retail price of high-quality non-aromatic (fine) rice was BDT 67.5 (\$0.63) per kilogram. This price has remained steady since the beginning of 2023 (Figure 2). Paddy prices vary throughout the year based on type, moisture content, and time of marketing. Usually, paddy price goes down during the harvest and goes up again several months postharvest.

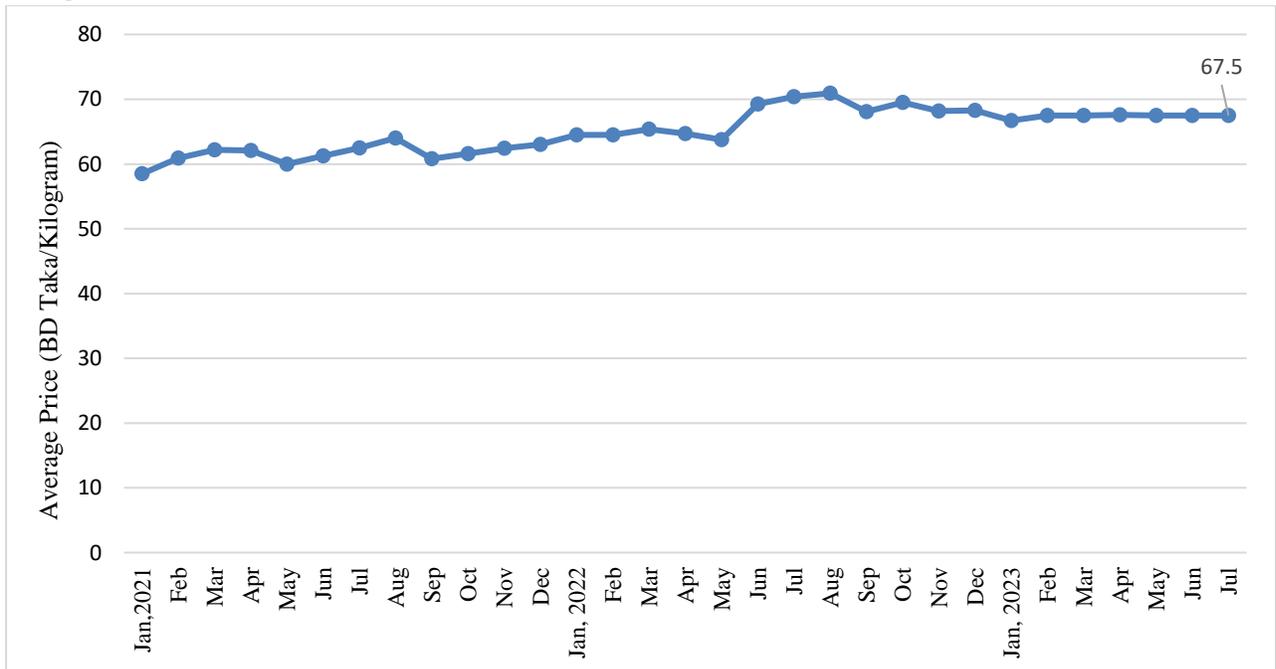
Post observes that farmers' profits from rice cultivation are getting lower as costs of inputs including seeds, fertilizers, herbicides, and pesticides increase. Moreover, higher labor costs also affect the total cost of rice production. The cost of irrigation has also gone up recently due to higher fuel prices. By having to use supplementary irrigation during what are normally rainfed rice season is also increasing the cost of production.

Figure 1: Monthly Average Retail Prices of Coarse Rice in Bangladesh (2017-2023)



Source: Department of Agricultural Marketing (DAM); Ministry of Agriculture; Trading Corporation of Bangladesh (TCB)
Exchange Rate, US\$ 1 = BDT 108

Figure 2: Monthly Average Retail Price of Fine Quality (Non-Aromatic) Rice in Bangladesh (2021-2023)



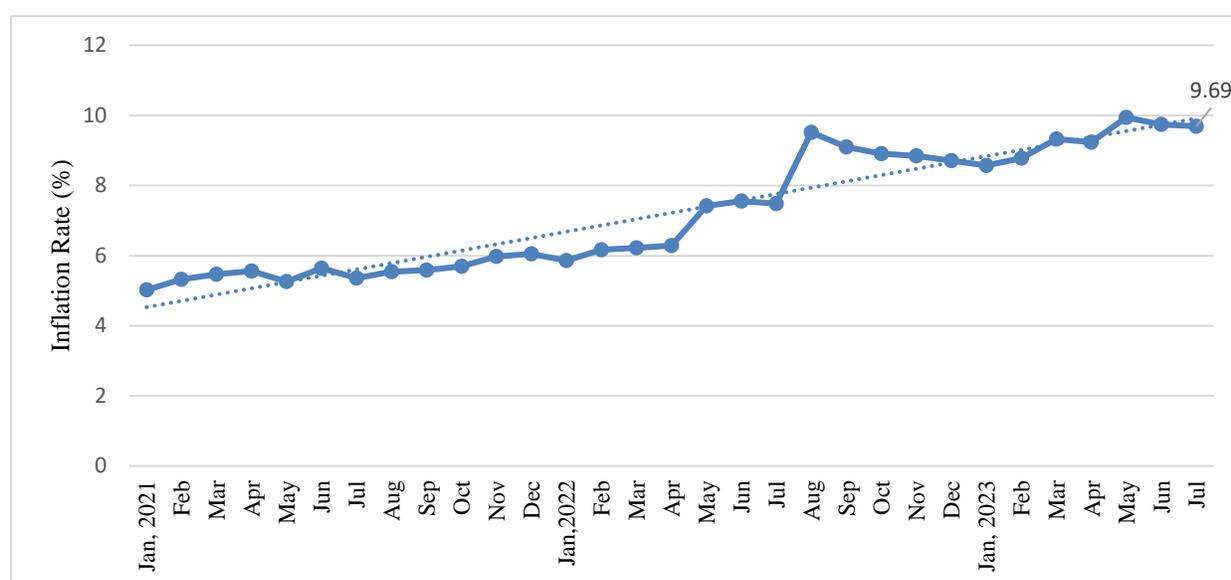
Source: TCB; Note: Exchange Rate USD \$1.00 = BDT 108.0

Inflation Eased Slightly in July, but Still Remains High

The monthly inflation rate fell slightly to 9.69 percent in July 2023. However, a very high inflation rate has prevailed since August 2022 in Bangladesh (Figure 3). In May 2023, Bangladesh experienced its highest monthly inflation rate in more than 10 years, at 9.94 percent. According to Bangladesh Bureau of Statistics (BBS), the food inflation rate increased slightly to 9.76 percent in July compared to 9.73 percent in June 2023; while the non-food inflation rate dropped to 9.47 percent from 9.6 percent in June 2023.

The high inflation rate of food and non-food commodities is associated with high costs of production, transportation, and processing along with the appreciation of the U.S. dollar against the Bangladeshi taka.

Figure 3: Monthly Inflation Rate in Bangladesh (2021-2023)



Source: Bangladesh Bank; BBS

Trade

Rice Imports Rising

For MY 2023/24, Post increases its forecast for rice imports to 1 million MT, 11 percent higher than the USDA official forecast on the lower projection of domestic production. Post's current forecast is 43 percent higher from its previous forecast. Post also increases the Trade Year (TY) 2023/24 rice import forecast to 1 million MT.

Rice imports always require an Import Permit (IP) from the Government of Bangladesh's (GoB) Ministry of Food to import rice. Usually, the GoB imposes high tariffs of up to 62.5 percent to discourage rice imports after the *boro* season rice harvest every year. When there is a shortage in supply or high prices of rice in the domestic market, the GoB reduces the tariff to 15 - 25 percent and gives approval for rice imports. Currently, the GoB is not issuing IPs for rice imports. However, based on past experience, Post believes that the GoB will reduce the rice import tariff

in October 2023 and will issue IPs to private importers. Post expects that Bangladesh needs to import more rice in MY 2023/24 with lower domestic production.

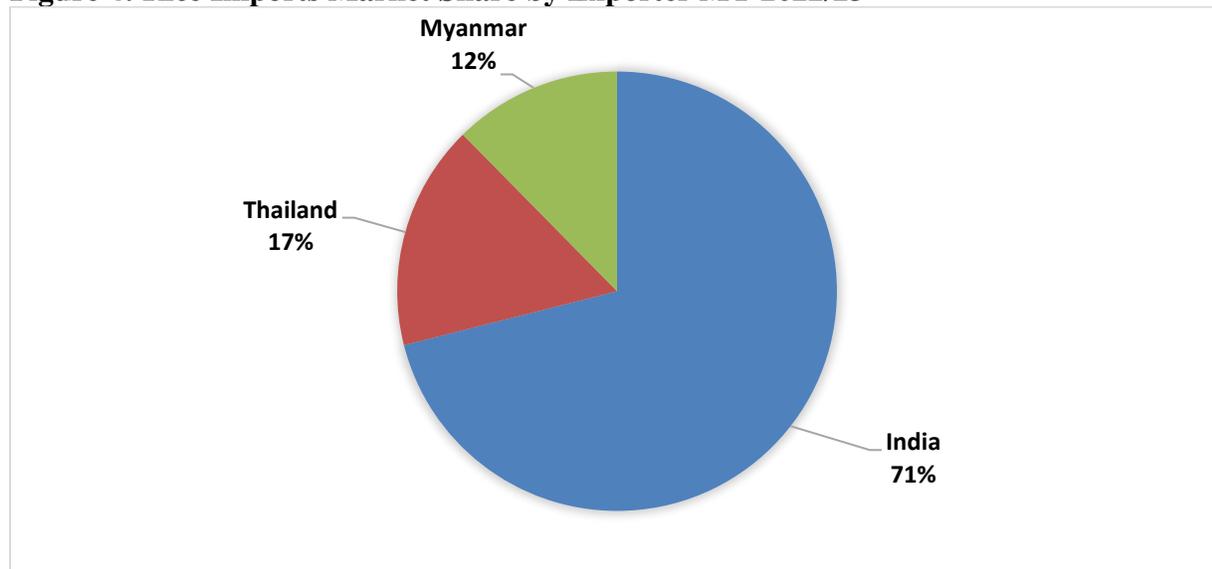
In MY 2022/23, Post estimates rice imports at 1.2 million MT, down 6 percent from USDA official estimates. Post estimates TY 2022/23 rice imports at 800 thousand MT, up seven percent from the USDA official estimate.

Based on Post contacts and Trade Data Monitor (TDM) data, Post revises the TY 2021/22 rice import estimate to 890 thousand MT, six percent lower than the USDA official estimate.

Impact of India's Export Ban of Non-basmati White Rice

India is the leading source for rice imports, according to TDM. In MY 2022/23, Bangladesh imported 71 percent of its imported rice from India, followed by Thailand (17 percent), and Myanmar (12 percent) (Figure 4). On July 20, 2023, the Indian government banned exports of non-basmati white rice to calm rising domestic prices. Post believes that there will be minimal impact to Bangladesh as Bangladesh imports very little white rice from India due low demand of this type of rice. Usually, Bangladesh imports parboiled rice from India in large quantities. So, India's ban on non-basmati white rice export is unlikely to affect the domestic market in Bangladesh as India has not banned shipments of parboiled rice.

Figure 4: Rice Imports Market Share by Exporter MY 2022/23



Source: TDM

Consumption

Post forecasts MY 2023/24 rice consumption at 38 million MT, slightly lower than the USDA official forecast, on the lower projection of rice production.

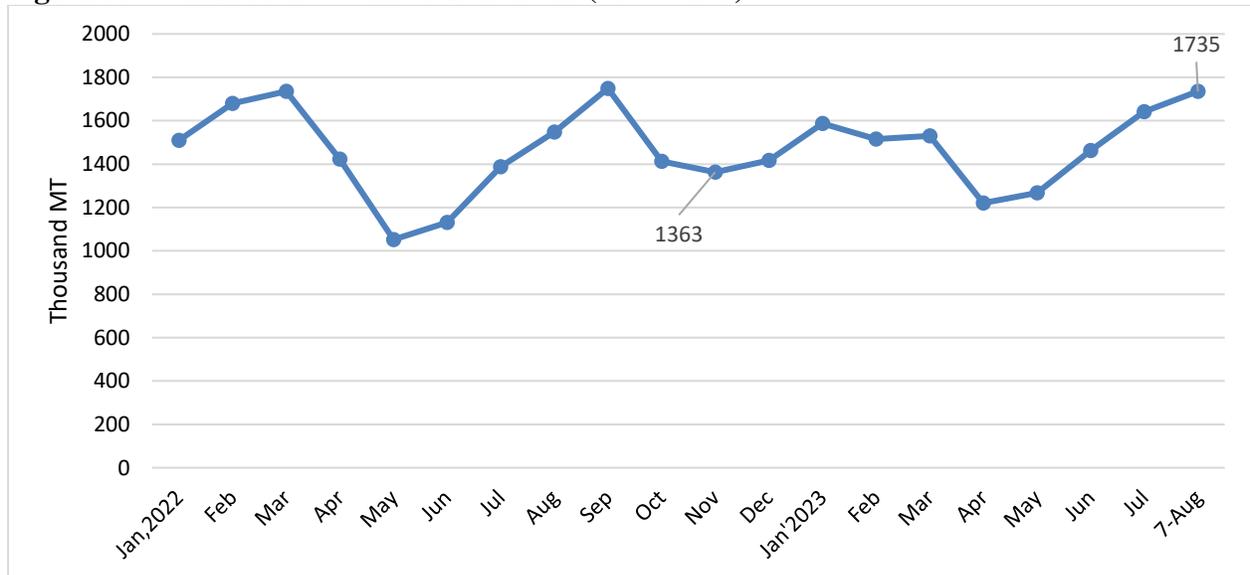
For MY 2022/23, Post estimates total rice consumption at 37.6 million MT. With the recent high price of wheat flour in the domestic market, many consumers have decreased wheat consumption, substituting rice instead.

Stocks

Rice Stocks Rising

Rice stocks in public granaries fluctuate based on the GoB's rice procurement programs. Usually, the GoB buys rice to enrich its stocks after the *aman* and *boro* season harvests. The GoB also purchases rice from the international market through open tenders and government-to-government (G2G) agreements. According to the Ministry of Food, as of August 7, 2023, total government-held rice stocks were 1.74 million MT, up 12 percent over the same period last year (Figure 5).

Figure 5: Rice Stocks in Public Granaries (2022-2023)



Source: Directorate General of Food, Ministry of Food

Policy

Government Procurement and Distribution

After harvest, the GoB procures rice and paddy from local market to stock in public granaries and distributes them through various social safety net programs. According to the Ministry of Food, in Bangladesh fiscal year (FY) 2022/23 (July-June), the GoB distributed approximately 2 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.

Wheat

Table 3: Bangladesh's Production, Supply, and Distribution of Wheat

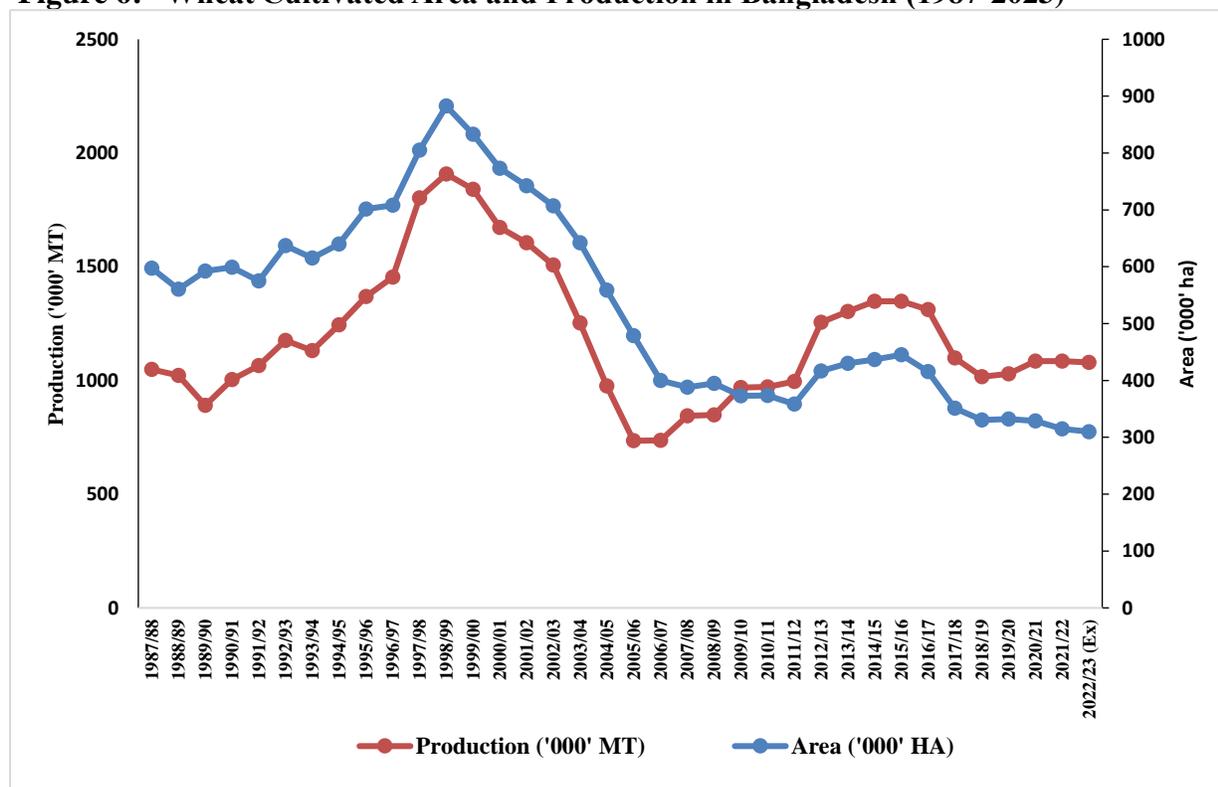
Wheat Market Year Begins	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
Bangladesh	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	315	315	310	310	310	310
Beginning Stocks (1000 MT)	2138	2138	1313	1313	913	793
Production (1000 MT)	1085	1085	1100	1100	1100	1100
MY Imports (1000 MT)	6340	6340	5200	5080	5800	6000
TY Imports (1000 MT)	6340	6340	5200	5080	5800	6000
TY Imp. from U.S. (1000 MT)	1	1	0	0	0	0
Total Supply (1000 MT)	9563	9563	7613	7493	7813	7893
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)	550	550	200	200	250	250
FSI Consumption (1000 MT)	7700	7700	6500	6500	6500	6800
Total Consumption (1000 MT)	8250	8250	6700	6700	6750	7050
Ending Stocks (1000 MT)	1313	1313	913	793	1063	843
Total Distribution (1000 MT)	9563	9563	7613	7493	7813	7893
Yield (MT/HA)	3.4444	3.4444	3.5484	3.5484	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 2023/2024 = July 2023 - June 2024						

Production

Wheat is the second staple food after rice in Bangladesh. Usually, it grows in the winter season with planting occurring in November and December and harvest in March and April. The domestic production of wheat only meets 15 percent of total demand. Wheat area and production have gradually decreased since 1999 (Figure 6) as farmers convert their land to cultivate alternative crops that provide higher economic returns such as potatoes, vegetables, and *boro* rice.

For MY 2023/24, Post forecasts wheat harvested area and production at 310 thousand hectares and 1.1 million MT, respectively. This forecast is slightly higher than Post's previous projection as Post believes that farmers will keep their wheat cultivation acreage in MY 2023/24 as prices were good in MY 2022/23.

Figure 6: Wheat Cultivated Area and Production in Bangladesh (1987-2023)



Source: BBS

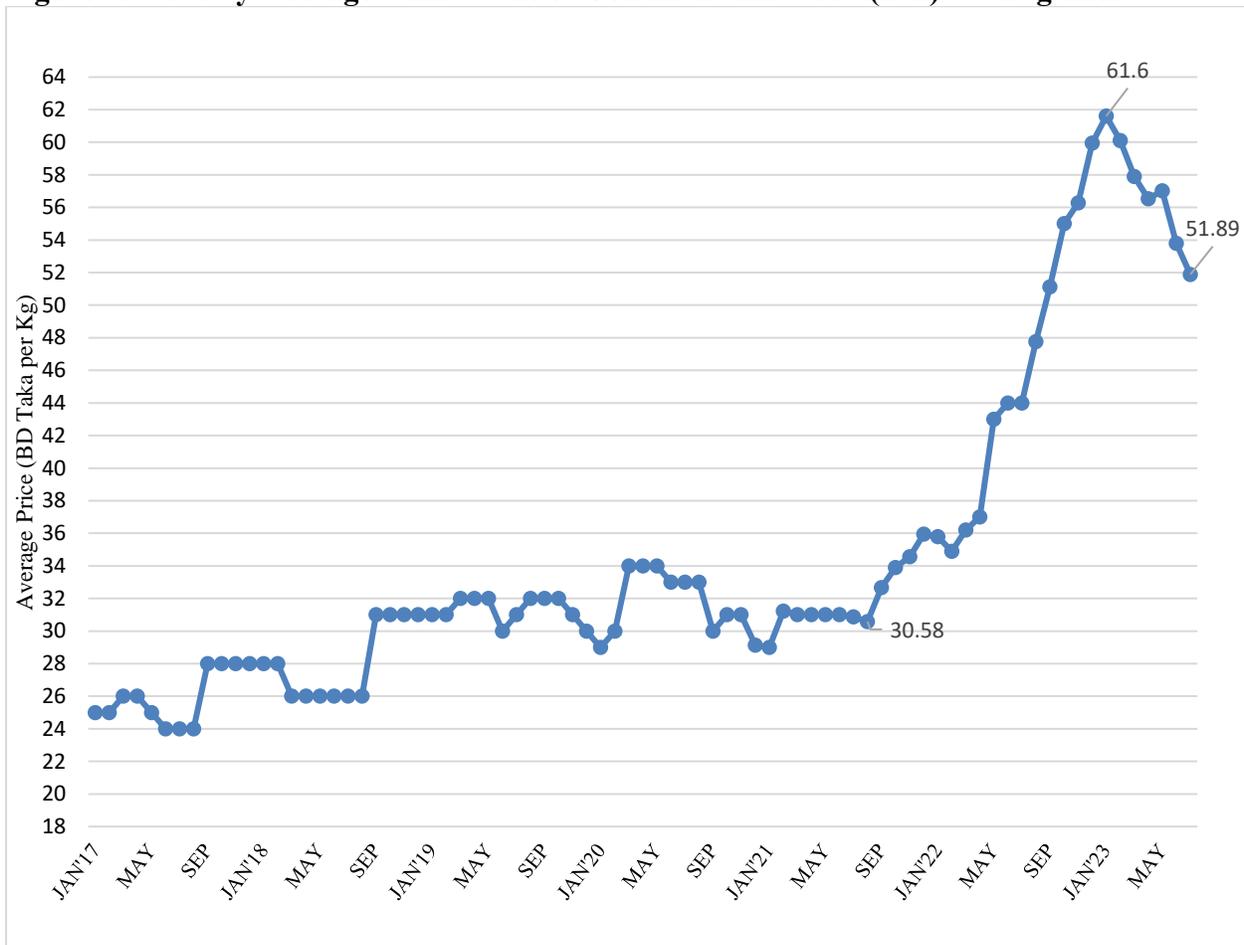
Prices

Wheat Flour Prices Fall, but Still High

All types of wheat flour prices have declined gradually since February 2023, after reaching a record high in January 2023. The Russian invasion of Ukraine and India's ban on wheat exports boosted domestic prices of wheat and wheat flour in Bangladesh throughout 2022. The appreciation of the U.S. dollar against the Bangladesh taka aggravated the situation further, as most wheat is imported. In July 2023, the average retail price of unpacked coarse wheat flour (also called *aata*) was BDT 51.89 (\$0.48) per kilogram, while the retail price was 18 percent higher than July 2022 (Figure 7). At the same time, the average retail price of fine quality

unpacked wheat flour (also called *maida*) was BDT 57.5 (\$0.53) per kilogram, still high compared to the same period last year.

Figure 7: Monthly Average Retail Price of Coarse Wheat Flour (*atta*) in Bangladesh



Source: TCB, Exchange Rate, US\$ 1 = BDT 108

The retail and wholesale prices of wheat showed a downward trend since the beginning of 2023 on lower international prices and higher supply in the market with the increased domestic harvest. In July 2023, the average wholesale and retail price of wheat was BDT 42.28 (\$0.39) per kilogram and BDT 46.12 (\$0.43) per kilogram, respectively, up 13 percent and 18 percent over the same period last year (Figure 8).

Figure 8: Monthly Average Retail and Wholesale Prices of Wheat in Bangladesh



Source: DAM

Trade

Wheat Imports Revived

For MY 2023/24, Post maintains its wheat import forecast at 6 million MT, three percent higher than the USDA official forecast, assuming stable international prices and no supply chain disruptions.

Based on the data from Post contacts and TDM, Post estimates MY 2022/23 wheat imports at 5.08 million MT, 2.3 percent lower than the USDA official estimate. In the last quarter of MY 2022/23, the local private industry imported significantly higher volumes of wheat each month compared to the beginning of the MY on lower international prices and increased supply from the Black Sea region.

India was the preferred wheat exporter in MY 2021/22. However, as India banned wheat exports since May 2022, Bangladeshi importers looked for alternative sources and found Canada, Australia, Ukraine, and Russia as the preferred wheat exporters in MY 2022/23.

Consumption

Food, Seed, and Industrial (FSI) Consumption

For MY 2023/24, Post forecasts FSI consumption at 6.8 million MT, up five percent over the USDA official forecast, as Post expects higher imports, lower local prices, and higher domestic and industrial consumption of *aata* and *maida* in MY 2023/24.

Post estimates MY 2022/23 FSI wheat consumption at 6.5 million MT. The estimate is 16 percent lower than the previous MY on lower imports, higher local prices, and lower household consumption.

Feed Consumption

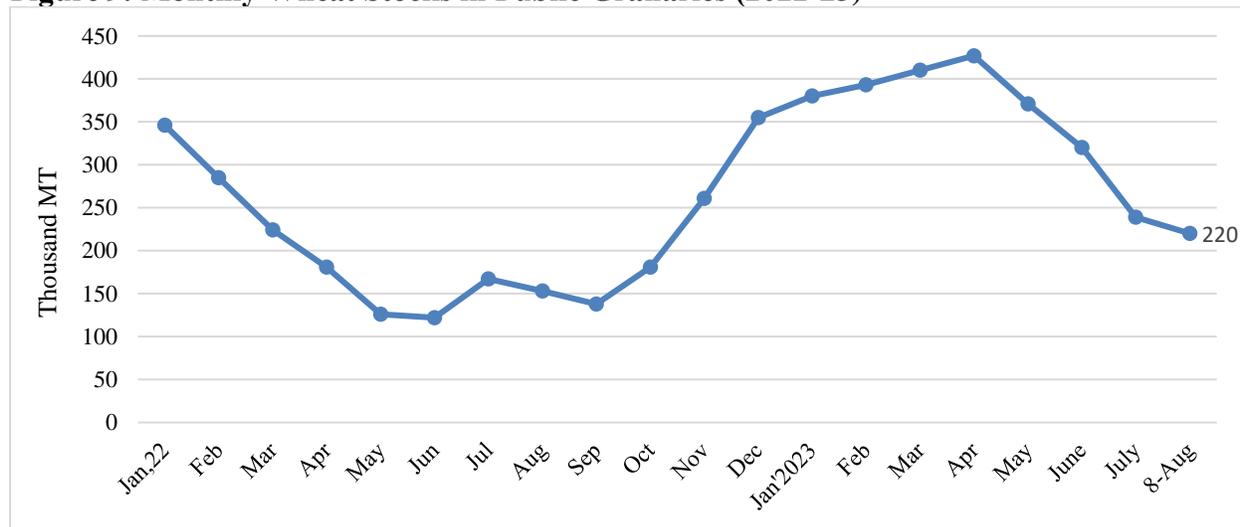
Wheat is also used as a feed ingredient in the poultry, aqua, and cattle feed industries. Industry contacts note that specific types of animal feed contain approximately five percent wheat and wheat bran. Sometimes the feed industry uses wheat bran and rice bran alternatively. Cattle farmers also feed wheat bran separately. For MY 2023/24, Post’s forecast of feed consumption of wheat is 250 thousand MT. The current feed consumption forecast is 25 percent higher than the MY 2022/23 feed consumption estimate on increased supply and lower price of wheat in the market. Due to the high price of wheat, Bangladesh’s feed industry reduced the use wheat in rations last MY.

Public Procurement and Stocks

Usually, the GoB purchases wheat for its public granaries through both open tender and G2G agreements. The GoB distributes wheat under various government social safety net programs. Currently, the wheat stocks in public granaries are running low. As of August 8, 2023, the Ministry of Food estimated the GoB’s wheat stocks at 220 thousand MT (Figure 9). Post contacts noted that as of the date of this report, the GoB has not made any decision yet about wheat procurement for MY 2023/24.

Post forecasts MY 2023/24 total wheat stocks, including private sector reserves, at 843 thousand MT, down 21 percent from the USDA official number on higher FSI consumption.

Figure 9: Monthly Wheat Stocks in Public Granaries (2022-23)



Source: Director General of Food, Ministry of Food

CORN

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

Corn Market Year Begins	2021/2022		2022/2023		2023/2024	
	May 2021		May 2022		May 2023	
Bangladesh	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	550	550	560	560	570	600
Beginning Stocks (1000 MT)	444	444	189	189	177	177
Production (1000 MT)	4700	4700	4850	4850	4950	5200
MY Imports (1000 MT)	1945	1945	2038	2038	2200	2000
TY Imports (1000 MT)	2456	2456	1900	1900	2100	2000
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	7089	7089	7077	7077	7327	7377
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	6700	6700
FSI Consumption (1000 MT)	400	400	400	400	450	450
Total Consumption (1000 MT)	6900	6900	6900	6900	7150	7150
Ending Stocks (1000 MT)	189	189	177	177	177	227
Total Distribution (1000 MT)	7089	7089	7077	7077	7327	7377
Yield (MT/HA)	8.5455	8.5455	8.6607	8.6607	8.6842	8.6667

(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 2023/2024 = October 2023 - September 2024

Production

Corn is the second largest cereal crop grown in Bangladesh. It is also considered as the largest cash crop for farmers. Bangladesh's corn production has been steadily increasing in recent years due to favorable climatic conditions for corn cultivation and GoB's efforts in crop diversification. Usually, corn cultivation requires less irrigation than rice. It can also tolerate drought and salinity to some extent.

There are two corn growing seasons in Bangladesh: winter and summer. The corn planted in November-December 2022 and harvested in March-April 2023 was the first (winter) crop of MY 2023/24. The summer corn planted in March-April 2023 is being harvested in July-August 2023. Summer corn only accounts for about 10 percent of the total corn production.

For MY 2023/24, Post increases the corn harvested area and production to 600 thousand hectares and 5.2 million MT, respectively, based on the DAE's revised crop production data. Post's current corn harvested area and production forecast is five percent higher than the USDA official forecast.

Prices

Corn Price Falls

The price of corn fell starting in April 2023, as the new harvest came to market. In March 2023, the domestic price of corn reached a record high due to short of supply and higher international prices. However, the good harvest of last winter's corn increased the supply in local market. In July 2023, the wholesale and retail prices of corn was BDT 26.67 (\$0.25) and BDT 30.88 (\$0.29) per kilogram, respectively (Figure 10).

Figure 10: Monthly Average Retail and Wholesale Corn Prices (2017-2023)



Source: DAM

Trade

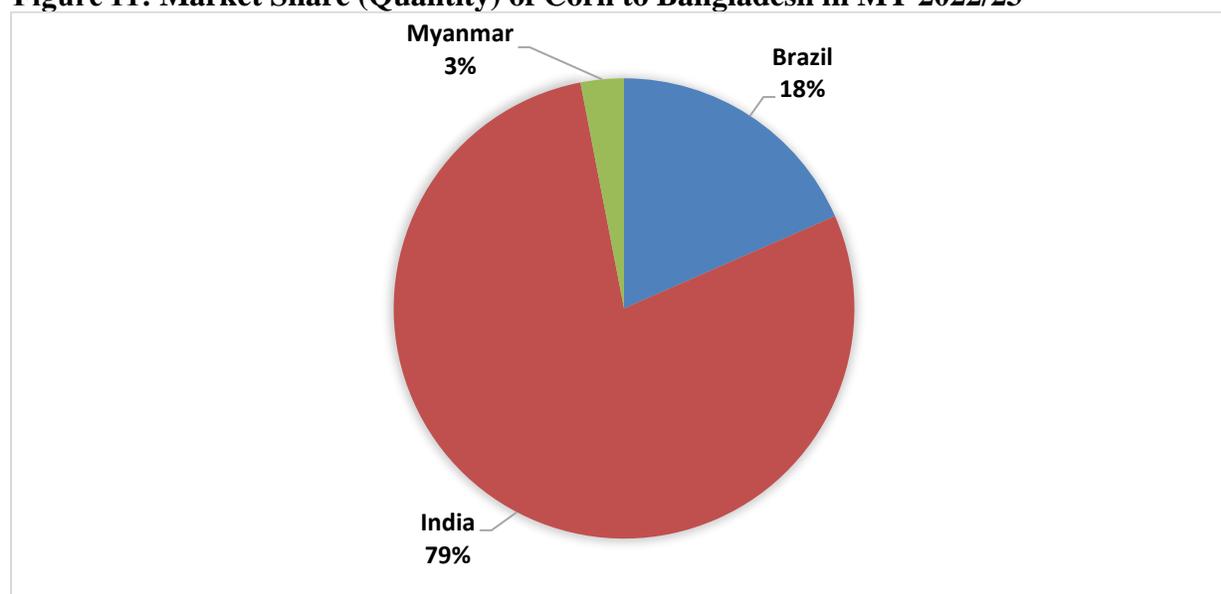
Annually, Bangladesh requires around 7 to 7.5 million MT of corn for its feed and food industries, of which approximately 5 million MT is produced domestically, and the rest is imported.

For MY 2023/24, Post forecasts corn imports at 2 million MT, down nine percent from the USDA official forecast on higher domestic production. Post reduces the TY 2023/24 corn import forecast to 2 million MT. Based on TDM data, Post estimates MY 2022/23 corn imports at 2.04 million MT. Post estimates TY 2022/2023 corn imports at 1.9 million MT.

India is the Preferred Supplier

Since 2020, India has been the preferred corn exporter to Bangladesh. According to TDM, in MY 2022/23 India had a 79 percent market share, followed by Brazil (18 percent), and Myanmar (3 percent) (Figure 11). Importers look to India due its geographic proximity, cheaper transportation and logistics costs, and shorter shipment times.

Figure 11: Market Share (Quantity) of Corn to Bangladesh in MY 2022/23



Source: TDM

Consumption

Feed and Residual Use

For MY 2023/24, Post maintains its feed and residual use at 6.7 million MT. For MY 2022/23, Post increases the feed and residual use of corn to 6.5 million MT on increased demand of corn in the poultry and cattle feed industry.

FSI Consumption

Post reduces its forecast of MY 2023/24 FSI consumption to 450 thousand MT. 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 textile industry is the major recipient of corn starch. Corn is also used to make corn syrup and glucose. In addition, human consumption of corn is increasing in many parts of the country.

Stocks

Post forecasts MY 2023/24 ending stocks at 227 thousand MT, 28 percent higher than the USDA official number, as the higher production of corn will lower the price this year leading feed

millers to procure more corn and enrich their stocks. Post's MY 2022/23 estimate of ending stocks is 177 thousand MT. There are no public granaries for corn stocks, private feed companies maintain their own stocks for the period of several weeks to several months.

Attachments:

No Attachments