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## **Report Name:** Grain and Feed Update

**Country:** Bangladesh

**Post:** Dhaka

**Report Category:** Grain and Feed

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### **Report Highlights:**

Post slightly lowers the MY 2023/24 rice production forecast due to some minor aman season crop damage caused by a cyclone. Despite the reduced production, Post lowers the rice import forecast to 500 thousand MT, as the Government of Bangladesh maintains its high rice import tariff of 62.5 percent. Post lowers the MY 2023/24 corn import forecast to 1.2 million MT, on reduced production of animal feed, the economic slowdown, and the depletion of the country's foreign reserves.

## RICE, MILLED

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

Rice, Milled	2021/2022		2022/2023		2023/2024	
Market Year Begins	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	11650	11650
Beginning Stocks (1000 MT)	1458	1458	2091	2091	2111	2036
Milled Production (1000 MT)	35850	35850	36350	36350	36400	36300
Rough Production (1000 MT)	53780	53780	54530	54530	54605	54455
Milling Rate (.9999) (1000 MT)	6666	6666	6666	6666	6666	6666
MY Imports (1000 MT)	1300	1300	1275	1200	650	500
TY Imports (1000 MT)	950	950	500	400	900	900
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	38608	38608	39716	39641	39161	38836
MY Exports (1000 MT)	17	17	5	5	10	10
TY Exports (1000 MT)	15	15	10	10	10	10
Consumption and Residual (1000 MT)	36500	36500	37600	37600	37700	37700
Ending Stocks (1000 MT)	2091	2091	2111	2036	1451	1126
Total Distribution (1000 MT)	38608	38608	39716	39641	39161	38836
Yield (Rough) (MT/HA)	4.6282	4.6282	4.7009	4.7009	4.6871	4.6742

(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

For marketing year (MY) 2023/24, Post's forecast for the rice harvested area remains unchanged at 11.65 million hectares. However, Post has revised the production to 36.3 million metric tons (MT), which is slightly lower than the previous forecast of 36.4 million MT. This revision is due to partial damage to *aman* season rice in some coastal districts caused by the cyclone "Midhili," which hit on November 17, 2023.

In Bangladesh, farmers engage in rice cultivation throughout the year, spanning three distinct seasons: *boro*, *aus*, and *aman*. Each season brings its own set of unique characteristics in terms of suitable varieties, cropping requirements, yield, and production.

### *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).

Starting in the first week of December 2023, farmers began preparing seedbeds for the next *boro* rice season, which will be the first crop of MY 2024/25.

### *Aus Season Rice*

*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, and was harvested in July and August 2023. For MY 2023/24, Post maintains its estimates for *aus* harvested area and production at 1.05 million hectares and 2.4 million MT, respectively (Table 2).

### *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. In MY 2023/24, *aman* season rice cultivation begun in August and September 2023 with harvest in November and December 2023. Due to delayed rainfall during this year's *aman* rice cultivation, farmers had to use supplementary irrigation for land preparation, transplantation, and irrigation purposes. This incurred additional costs for farmers, adding to the already high input costs.

Post has revised the forecast for MY 2023/24 *aman* season rice production down to 13.9 million MT, which is 100 thousand MT lower than the previous projection (see the previous [Grain and Feed Update](#) report). This adjustment is made due to minor crop damage caused by cyclone "Midhili."

On November 17, 2023, in the afternoon, Midhili made landfall, affecting several coastal districts, including Barguna, Patuakhali, Pirojpur, Barishal, Bhola, Noakhali, Lakshmipur, Feni, Chadpur, Jhalathi, Chattogram, Cox's Bazar, and Bagerhat. The cyclone brought an average windspeed of 60-75 km/hr and continuous rainfall throughout the day. About 5-10 percent of the standing *aman* paddy was impacted by the storm and rainfall. The affected paddy plants either bent or flattened, but the resulting damage was minimal.

**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	13,900
Total Rice	11,620	35,850	11,600	36,350	11,650	36,300

Source: Post calculations, based on Department of Agriculture Extension (DAE) data

## Prices

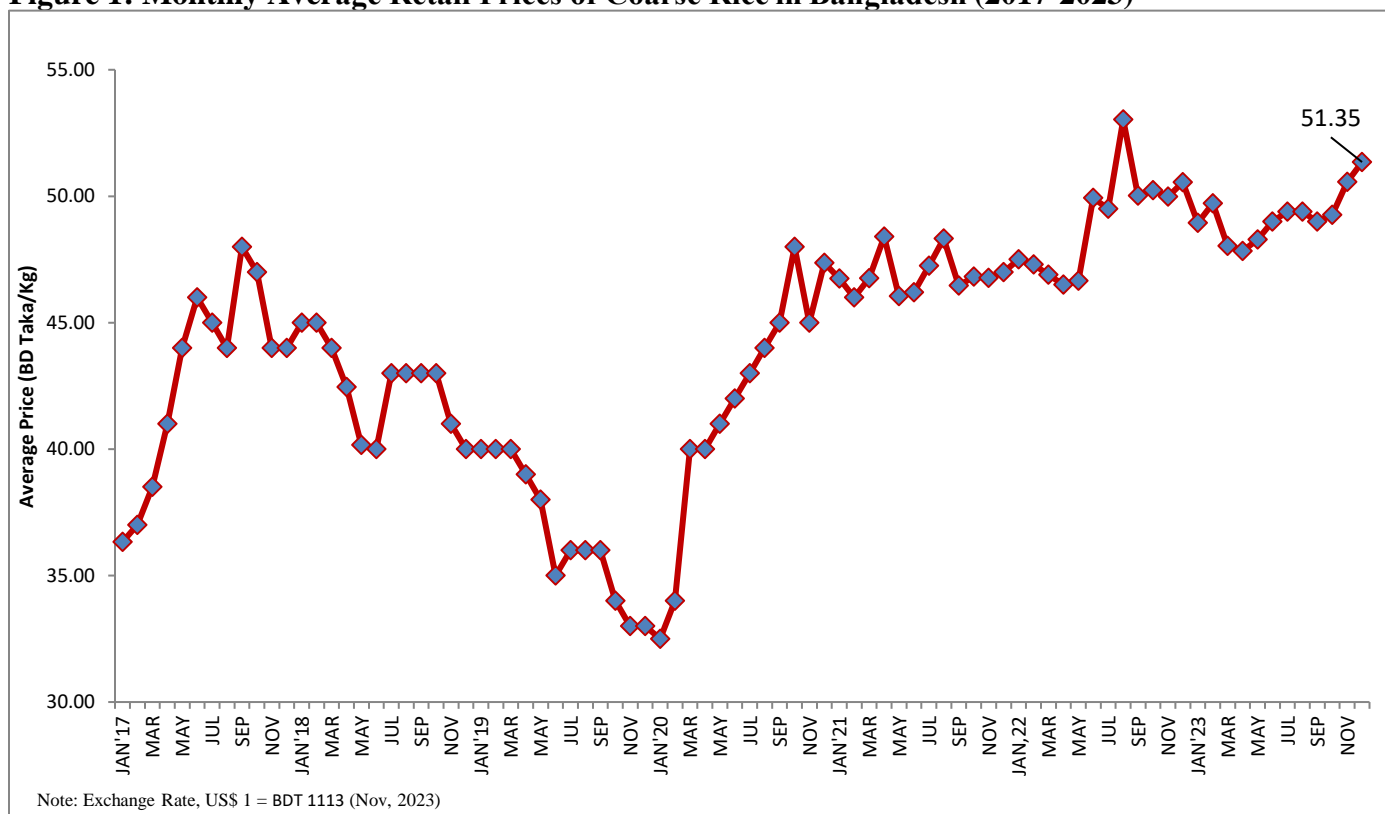
### *Rice Prices Rising*

In the second week of December 2023, the average retail price for coarse rice rose to BDT 51.35 (\$0.45) per kilogram, up 1.3 percent from the previous month. The rice price has been increasing since October 2023, primarily on high inflation and higher cost of transportation (Figure 1). Bangladesh is set to conduct its national Parliament election on January 7, 2024. Various political movements, including blockades and strikes ("hartals"), have been underway since October of this year. These disruptions have led to increased transportation costs due to fewer trucks being in operation during the blockades.

In December 2023, the average retail price of high-quality non-aromatic (fine) rice reached BDT 68.88 (\$0.61) per kilogram, up 1.7 percent from previous month (Figure 2).

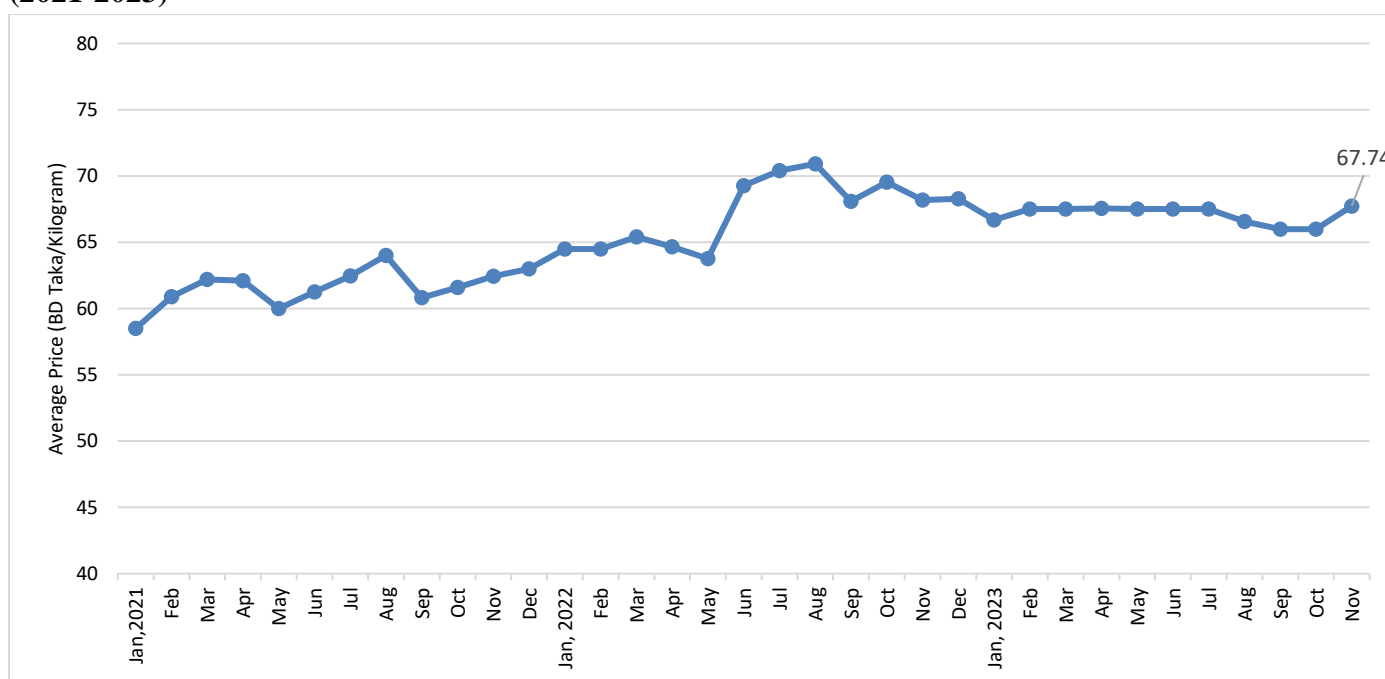
As of the second week of December 2023, Post contacts note that approximately 80 percent of the *aman* paddy harvest has been completed, while the remaining 20 percent will be done by the end of December 2023. The supply of the newly harvested rice into the market may lead to a slight reduction in prices in January 2024.

**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)

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

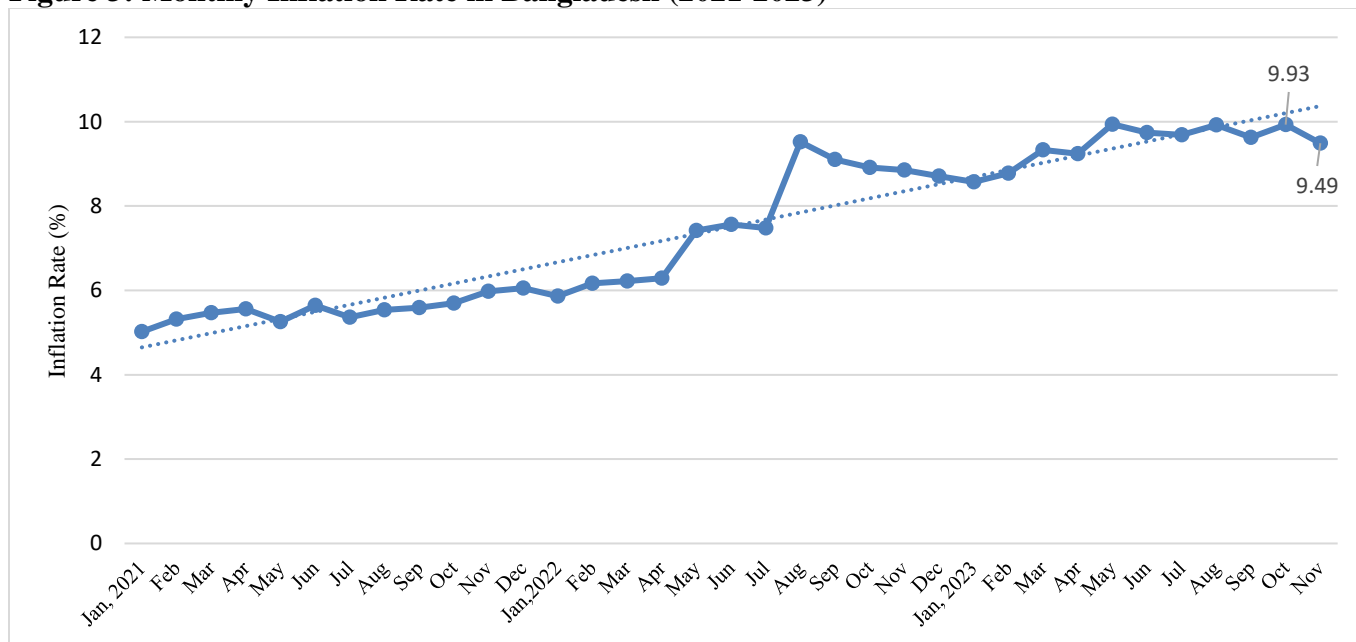


Source: TCB; Note: Exchange Rate USD \$1.00 = BDT 113.0

### *Inflation Eased Slightly in November, but Still Remains High*

The monthly inflation rate slightly decreased to 9.49 percent in November 2023 from 9.93 percent in the previous month. However, Bangladesh has been grappling with a persistently high inflation rate since August 2022 (Figure 3). In May 2023, Bangladesh witnessed its highest monthly inflation rate in over a decade, reaching 9.94 percent. As reported by the Bangladesh Bureau of Statistics (BBS), food inflation in November declined to 10.76 percent from 12.56 percent in October, while non-food inflation saw a slight decrease to 8.16 percent from 8.30 percent in October.

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



Source: Bangladesh Bank; BBS

### *Current Economic State of Bangladesh*

Since the COVID-19 pandemic, Bangladesh has faced economic challenges, marked by declining foreign exchange reserves (forex), high inflation, and the devaluation of the local currency, the taka. In response, the Central Bank of Bangladesh has implemented numerous measures to prevent the depletion of foreign reserves, including tightening the rules regarding the opening of letters of credit (LCs). Since July 28, 2022, banks are asked to provide information to the Central Bank related to opening any LC valued over \$3 million USD. Due to the short supply of U.S. dollars, many banks are struggling to issue LCs that has led to the short supply of some staple goods and feed ingredients in the market. Price volatility of food stuffs and other commodities is affecting the food security of poor and middle-income consumers in both urban and rural areas.

## **Trade**

### *Rice Imports Declining*

For MY 2023/24, Post reduces its forecast for rice imports to 500 million MT, approximately 23 percent lower than the USDA official forecast. For Trade Year (TY) 2023/24, Post's forecast for rice imports is 900 million MT, the same as the USDA official forecast.

Usually, in November and December every year, when the domestic price of rice rises, the Government of Bangladesh (GoB) tends to reduce the rice import tariff and allows the private sector to import rice. However, as of the second week of December 2023, the GoB has not implemented any tariff reductions. Currently, the total tax incidence (TTI) for rice imports is 62.5 percent with a customs duty of 25 percent, advance income tax of 5 percent, regulatory duty of 25 percent, and advance trade tax of 5 percent. After the Parliament election on January 7, 2024, if the domestic price rises further, there is a possibility that the National Board of Revenue (NBR) would reduce the tariff for couple of months until the *boro* rice harvest in April/May 2024.

In MY 2022/23, Post estimates rice imports at 1.2 million MT, down 6 percent from USDA official estimates, based on revised data from Trade Data Monitor (TDM), LLC. Post also revised down the estimates of TY 2022/23 rice imports to 400 thousand MT, down 20 percent from USDA official estimate.

### **Consumption**

Post forecasts MY 2023/24 rice consumption down to 37.7 million MT, the same as the USDA official forecast, on the lower projection of rice production and imports.

For MY 2022/23, Post estimates total rice consumption at 37.6 million MT, the same as the USDA official estimates.

### **Stocks and Distribution**

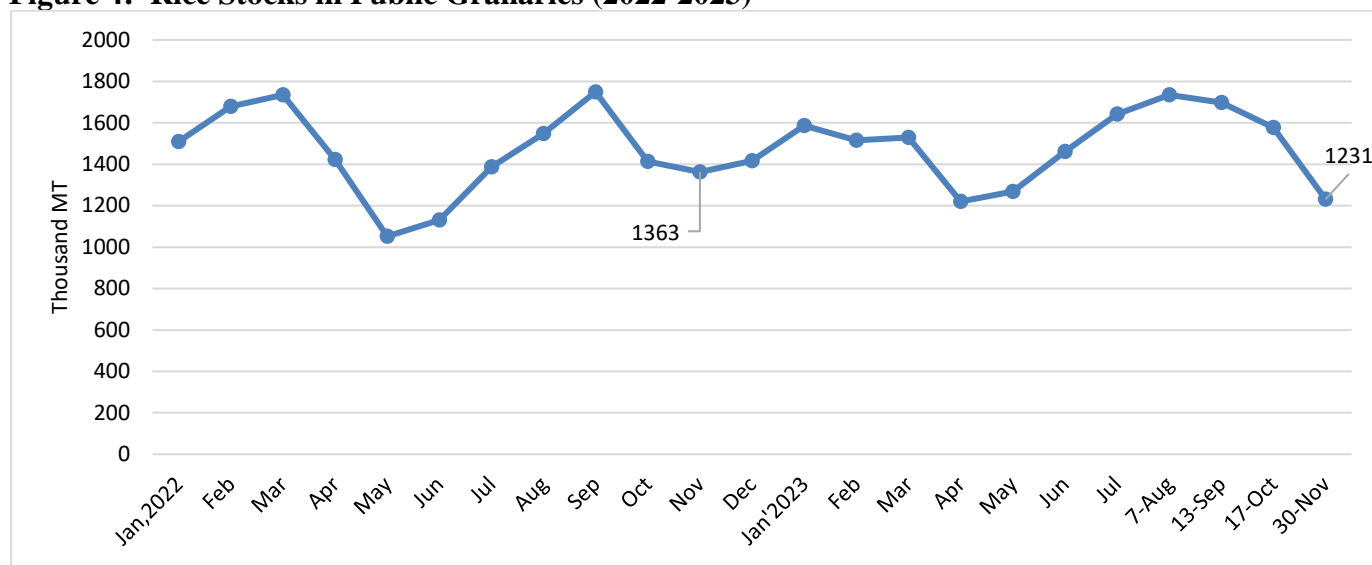
#### *Rice Stocks Falling*

Rice stocks in public granaries fluctuate based on the GoB's rice procurement and distribution 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 November 30, 2023, total government-held rice stocks were 1.2 million MT, down 10 percent over the same period last year (Figure 4).

According to the Ministry of Food, from July 1 to November 30, 2023, the GoB distributed 1.13 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. Post assumes that the GoB will increase the rice distribution program until the election on January 7, 2024, particularly through the OMS and truck sales, where the GOB sells rice and other necessary food items at lower prices through trucks in Dhaka to those unable to afford basic commodities at retail prices. This will deplete the government-held rice stocks further.

For MY 2023/24 Post forecasts rice ending stocks at 1.1 million MT, 22 percent lower than USDA official forecasts.

**Figure 4: Rice Stocks in Public Granaries (2022-2023)**



Source: Directorate General of Food, Ministry of Food

## Policy

### *Bangladesh Bans Rice Exports*

Usually, the GoB does not allow rice exports to the global market, except for aromatic rice. As per data from Post contacts, Bangladesh annually exports around 10 thousand MT of aromatic rice. Previously, a total of 45 companies were granted permission to export aromatic rice. However, on October 17, 2023, the GoB imposed a ban on rice exports, which now includes both aromatic and non-aromatic rice.

### *Government Procurement Plan for Aman Rice*

In this *aman* season, the GoB set a target to collect 400 thousand MT of parboiled *aman* rice, 100 thousand MT of non-parboiled *aman* rice, and 200 thousand MT of *aman* paddy. The GoB also set the procurement price of BDT 44 (\$0.39), BDT 43 (\$0.38) and BDT 30 (\$0.27) per kilogram for parboiled rice, non-parboiled rice, and paddy, respectfully. The GoB started its *aman* rice procurement program on November 23, 2023, which will continue till February 29, 2024. The GoB collects the rice from pre-contracted rice mills throughout the country, while they purchase the paddy directly from the farmers.

In Bangladesh's national budget for FY 2023/24 (July-June), the GoB has allocated funds for importing 500 thousand MT of rice for public stocks through either open tenders or G2G agreements.



## Wheat

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

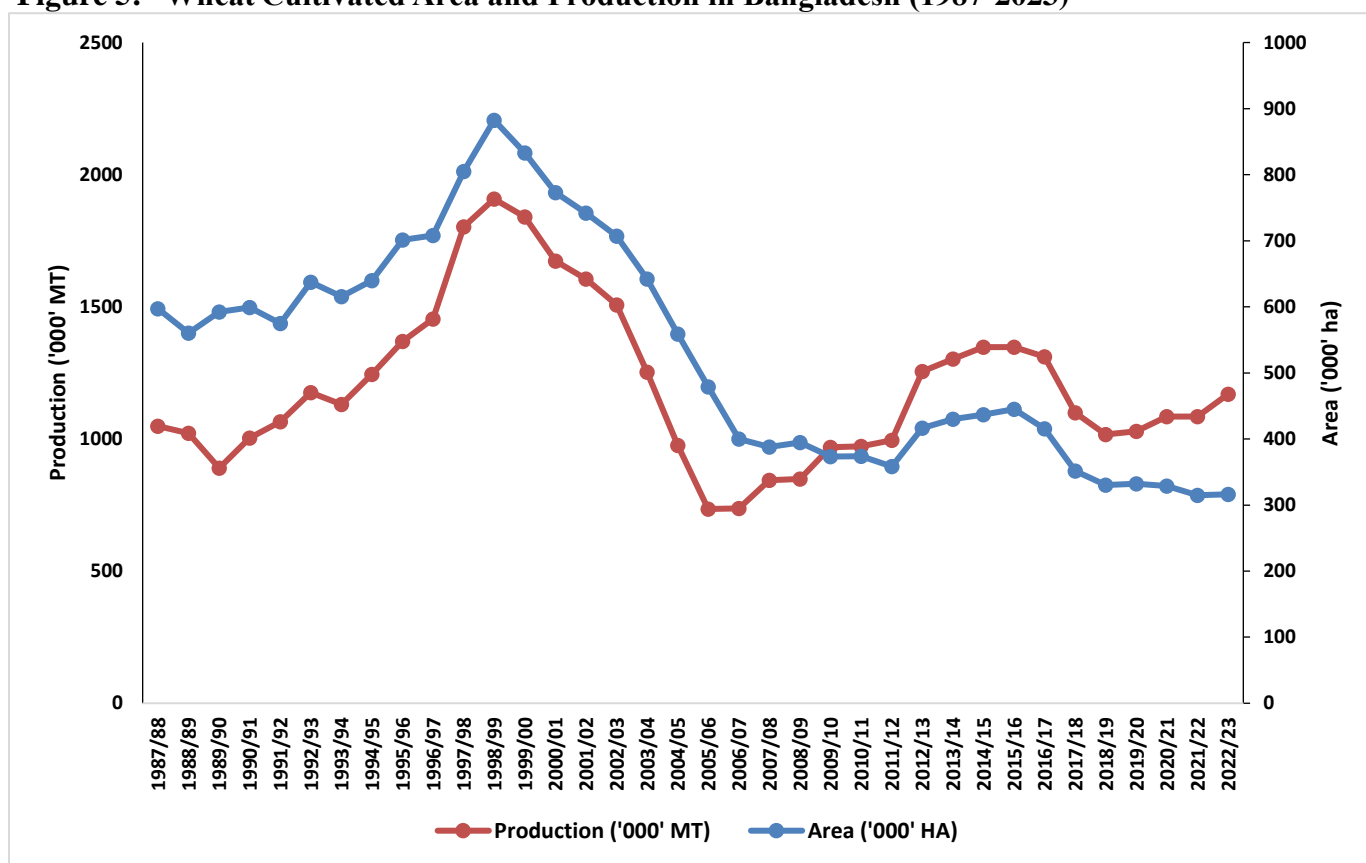
Wheat	2021/2022		2022/2023		2023/2024	
Market Year Begins	Jul 2021		Jul 2022		Jul 2023	
Bangladesh	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	315	315	310	310	310	310
Beginning Stocks (1000 MT)	2138	2138	1313	1313	833	833
Production (1000 MT)	1085	1085	1100	1100	1100	1100
MY Imports (1000 MT)	6340	6340	5120	5120	5800	6000
TY Imports (1000 MT)	6340	6340	5120	5120	5800	6000
TY Imp. from U.S. (1000 MT)	1	1	2	2	0	0
Total Supply (1000 MT)	9563	9563	7533	7533	7733	7933
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	833	833	983	883
Total Distribution (1000 MT)	9563	9563	7533	7533	7733	7933
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

In Bangladesh, wheat serves as the second staple food following rice, cultivated during the winter season, also called the *robi* season. Wheat planting takes place in November and December, with harvesting occurring in March and April. The local production of wheat fulfills only 15 percent of the overall demand.

For MY 2023/24, Post forecasts wheat harvested area and production at 310 thousand hectares and 1.1 million MT, respectively. Despite increasing demand and consumption of wheat, production has been declining since 1999/2000 (Figure 5). Lower yields and lack of quality crop varieties are the major causes of this reduction. Moreover, wheat competes with other high value crops and vegetables that are grown in the same *robi* season.

**Figure 5: Wheat Cultivated Area and Production in Bangladesh (1987-2023)**



Source: BBS

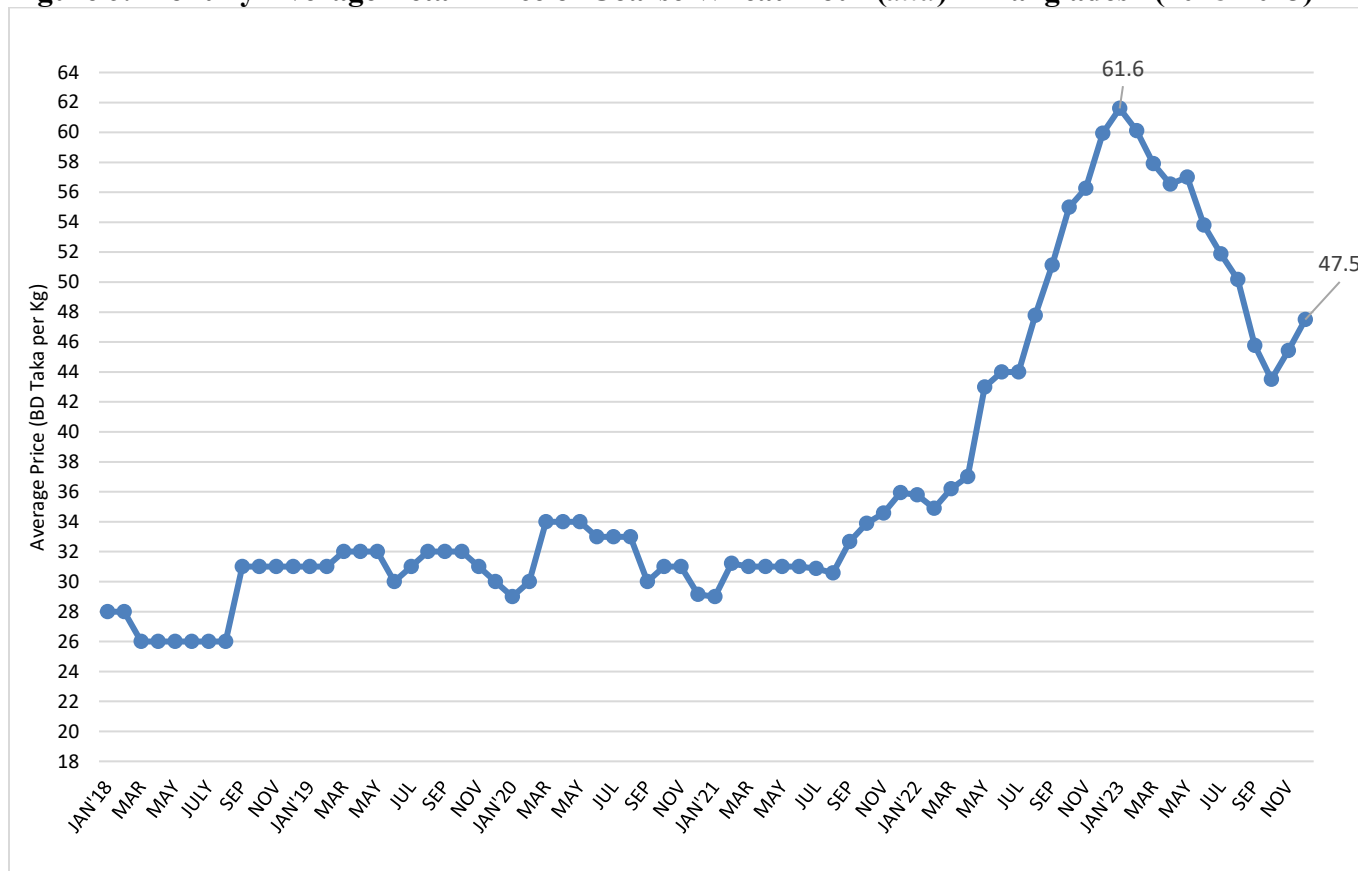
## Prices

### Wheat Flour Prices Rising

All types of wheat flour prices have been rising since November 2023. As of the second week of December 2023, the average retail price of unpacked coarse wheat flour (also called *aata*) reached BDT 47.5 (\$0.42) per kilogram, five percent higher than the previous month (Figure 6). The average retail price of fine quality unpacked wheat flour (also called *maida*) reached BDT 67.5 (\$0.60) per kilogram, up 17 percent from the previous month.

The average retail price of packed *aata* and *maida* in the second week of December reached BDT 60 (\$0.53) and BDT 72.5 (\$0.64) per kilogram, respectively. Due to the depreciation of the local currency against the U.S. dollar, the costs of importing wheat have increased, leading to higher prices for all types of wheat flour in local market. Additionally, high costs for milling, local transportation, and high inflation have further contributed to the overall rise in prices.

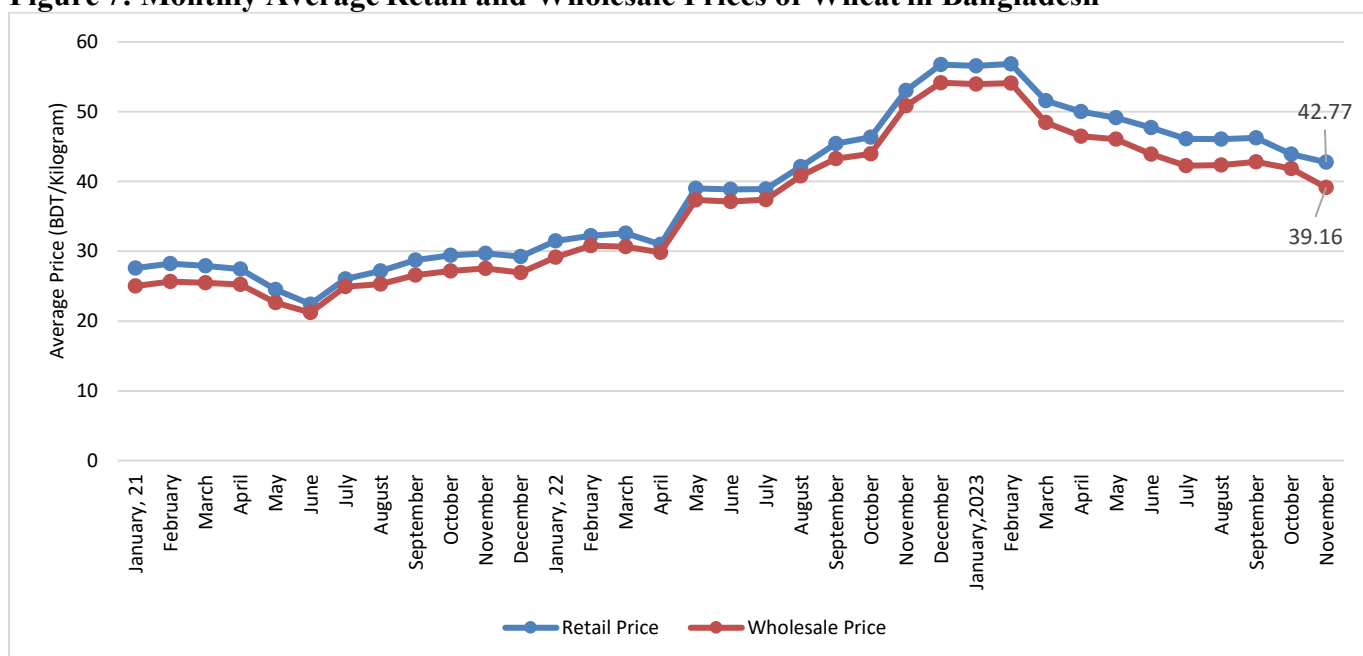
**Figure 6: Monthly Average Retail Price of Coarse Wheat Flour (*atta*) in Bangladesh (2018-2023)**



Source: TCB, Exchange Rate, US\$ 1 = BDT 113

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. According to the Bangladesh's Department of Marketing (DAM) data, in November 2023, the average wholesale and retail price of wheat dropped to BDT 39.16 (\$0.35) per kilogram and BDT 42.77 (\$0.38) per kilogram, respectively, down 23 percent and 19 percent from same period last year (Figure 7).

**Figure 7: 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. According to the data from Post contacts, in the first five months of MY 2023/24 Bangladesh imported 2.2 million MT of wheat. The industry contact expects that this will increase further if international prices and the supply situation remains unchanged.

Post estimates MY 2022/23 wheat imports at 5.12 million MT, the same as 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.

In MY 2021/22, India was the preferred wheat exporter in Bangladesh. However, since India imposed a ban on wheat exports in May 2022, Bangladeshi importers sought alternative sources and identified Canada, Australia, Ukraine, and Russia as the preferred wheat exporters in MY 2022/23. Following a break in MY 2022/23, the United States has re-entered the market, supplying wheat in MY 2023/24.

## Consumption

### *Food, Seed, and Industrial (FSI) Consumption*

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

Post also keeps its estimate of MY 2022/23 FSI wheat consumption at 6.5 million MT, the same as the USDA official estimates.

### *Feed Consumption*

Wheat is used in feed for poultry, aquaculture, and cattle. According to industry sources, certain commercial animal feeds consist of around five percent wheat and wheat bran. In some cases, the feed industry opts for wheat bran and rice bran interchangeably. Additionally, cattle ranchers often incorporate wheat bran into their feed separately.

For MY 2023/24, Post's forecast of feed consumption of wheat is 250 thousand MT, the same as the USDA official forecast. Due to the high price of wheat, Bangladesh's feed industry has curtailed the use of wheat in rations since 2022.

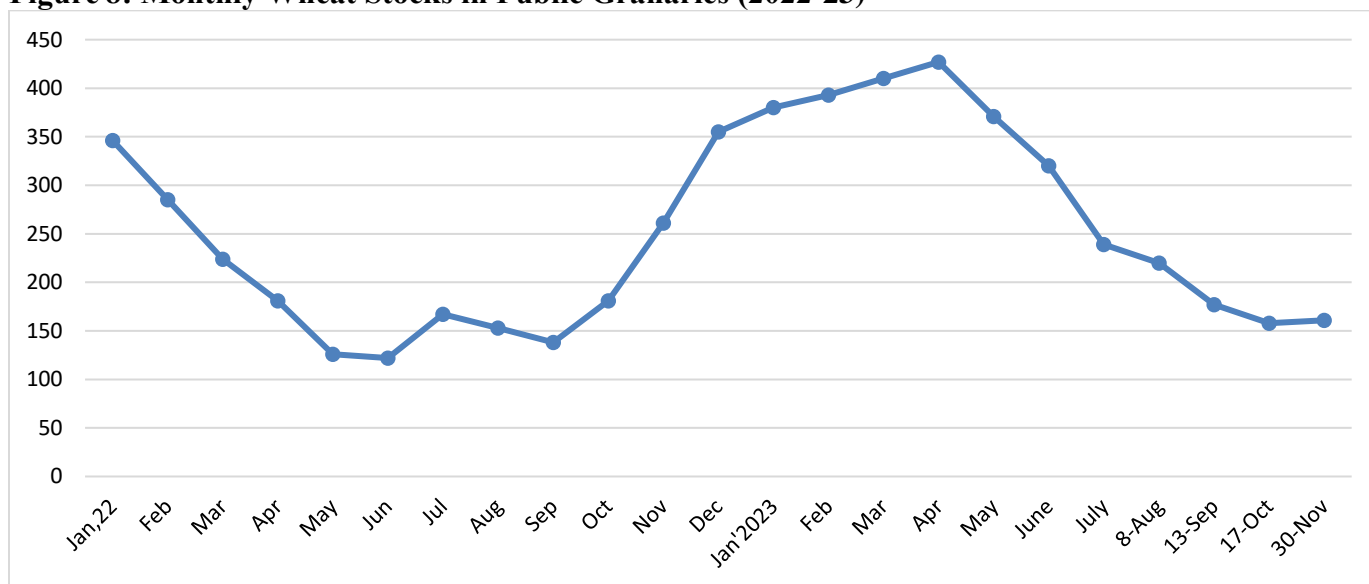
### **Public Procurement and Stocks**

Typically, the Government of Bangladesh procures wheat for its public granaries through a combination of open tenders and G2G agreements. The acquired wheat is then distributed as part of various government social safety net programs. Presently, the wheat reserves in public granaries are declining. The GoB also used to procure wheat from local farmers. However, since MY 2022/23 the GoB has not been able to buy any from the local market as the market price was higher than the GoB's set price.

As of November 30, 2023, the Ministry of Food estimated that the GoB's wheat stocks are running low at 161 thousand MT (Figure 8). Post contacts from Bangladesh's Food Ministry noted that in MY 2023/24, the GoB set a target to purchase 700 thousand MT of wheat for its public granaries through open international tenders and G2G agreements. As of December 12, 2023, the GoB has issued seven international tenders to supply 350 thousand MT of wheat.

Post forecasts MY 2023/24 total wheat stocks, including private sector reserves, at 883 thousand MT, down 10 percent from the USDA official number on higher FSI consumption.

**Figure 8: Monthly Wheat Stocks in Public Granaries (2022-23)**



Source: Ministry of Food

## CORN

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

<b>Corn</b>	<b>2021/2022</b>		<b>2022/2023</b>		<b>2023/2024</b>	
<b>Market Year Begins</b>	<b>May 2021</b>		<b>May 2022</b>		<b>May 2023</b>	
<b>Bangladesh</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested</b> (1000 HA)	550	550	560	560	570	600
<b>Beginning Stocks</b> (1000 MT)	444	444	189	189	177	177
<b>Production</b> (1000 MT)	4700	4700	4850	4850	4950	5200
<b>MY Imports</b> (1000 MT)	1945	1945	2038	2038	1800	1200
<b>TY Imports</b> (1000 MT)	2456	2456	1145	900	1900	1500
<b>TY Imp. from U.S.</b> (1000 MT)	0	0	0	0	0	0
<b>Total Supply</b> (1000 MT)	7089	7089	7077	7077	6927	6577
<b>MY Exports</b> (1000 MT)	0	0	0	0	0	0
<b>TY Exports</b> (1000 MT)	0	0	0	0	0	0
<b>Feed and Residual</b> (1000 MT)	6500	6500	6500	6500	6300	6000
<b>FSI Consumption</b> (1000 MT)	400	400	400	400	450	400
<b>Total Consumption</b> (1000 MT)	6900	6900	6900	6900	6750	6450
<b>Ending Stocks</b> (1000 MT)	189	189	177	177	177	177
<b>Total Distribution</b> (1000 MT)	7089	7089	7077	7077	6927	6577
<b>Yield</b> (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 cultivated in Bangladesh and is regarded as the primary cash crop for farmers. The country's corn production has been consistently increasing in recent years, driven by continuous market demand and high economic returns compared to rice. Farmers prefer corn cultivation for its higher yields and lower production costs, as it necessitates less irrigation compared to rice. Additionally, corn exhibits a certain level of tolerance to drought and salinity, making it a preferred choice among farmers.

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 and harvested in July-August 2023 was the second crop in MY 2023/24. Summer corn only accounts for about 10 percent of the total corn production.

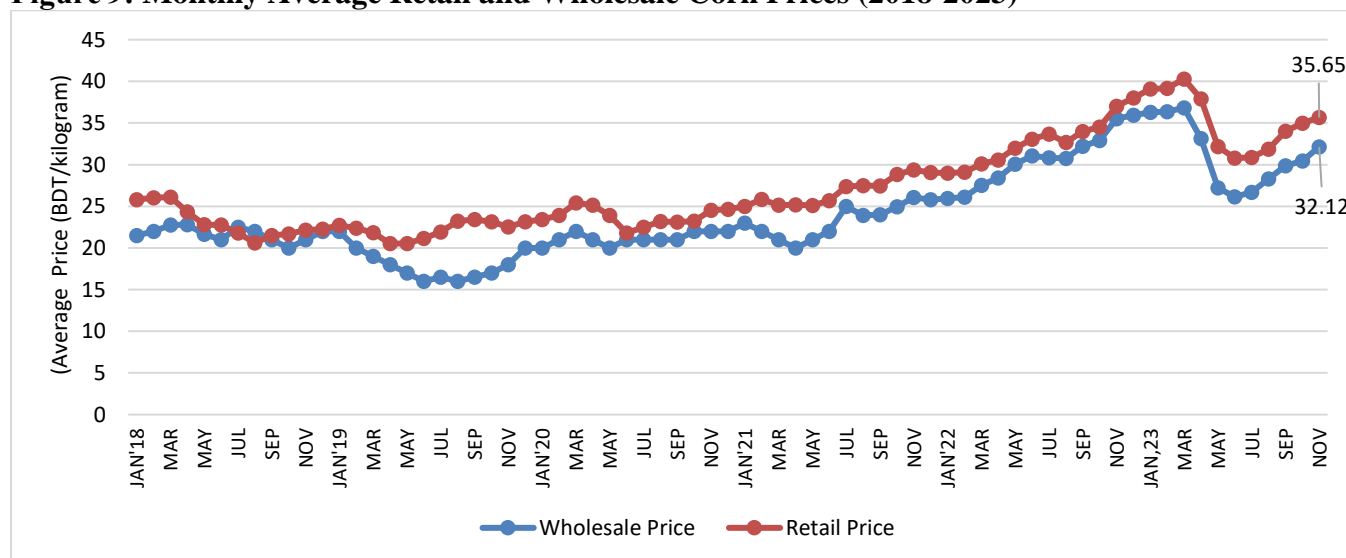
For MY 2023/24, Post maintains its corn harvested area and production at 600 thousand hectares and 5.2 million MT, respectively, the same as Post's previous projection (see the previous [Grain and Feed Update](#)). Post's current corn harvested area and production forecast is five percent higher than the USDA official forecast.

## Prices

### *Corn Price Rises*

In March 2023, the domestic corn prices surged to a record high due to a shortage of supply and elevated international prices. However, prices began to decline in April 2023 as the new harvest entered the market. Since July 2023, both wholesale and retail prices of corn rose in the domestic market due to short supply of local corn and limited imports. In November 2023, the wholesale and retail prices of corn reached BDT 32.12 (\$0.31) and BDT 35.65 (\$0.32) per kilogram, respectively (Figure 9).

**Figure 9: Monthly Average Retail and Wholesale Corn Prices (2018-2023)**



Source: DAM

## **Trade**

Each year, Bangladesh has a demand for approximately 7 to 7.5 million MT of corn to meet the needs of its feed and food industries. Of this total, about 5 million MT are produced domestically, with the rest imported.

### *Corn Imports Decline*

For MY 2023/24, Post revised its corn import forecast down to 1.2 million MT, 33 percent lower than USDA's official forecast. This adjustment considers the current economic slowdown in the country and the uneven performance of the feed industry. The revised forecast is 40 percent lower than Post's earlier projection.

According to import data from Post contacts, Bangladesh imported approximately 400 thousand metric tons of corn in the first seven months of MY 2023/24. Post contacts from the feed industry noted that many medium and small feed companies are grappling with shortages of key feed ingredients, including corn and soybean meal. These companies are encountering challenges in opening LCs for importing corn due to the country's reserve shortages. Additionally, large feed companies have noted that the process of opening LCs has become considerably more difficult and time-consuming than usual.

Post also reduces the TY 2023/24 corn import forecast to 1.5 million MT. Based on TDM data, Post estimates MY 2022/23 corn imports at 2.04 million MT. Post reduced its estimate of TY 2022/2023 corn imports to 900 thousand MT, 21 percent lower than USDA official estimates.

### *India is the Preferred Exporter*

Starting from 2020, Bangladesh has consistently depended on India as the primary source of imported corn. Per TDM, between January and October 2023, India exported 506 thousand metric tons, accounting for 78 percent of the total market share, while Brazil followed with 140 thousand metric tons, making up 21 percent. Corn importers note that they prefer India as a primary source of corn for its geographical proximity, cost-effective transportation, and shorter shipment durations.

## **Consumption**

### *Feed and Residual Use*

For MY 2023/24, Post revised down its feed and residual use to 6 million MT, five percent lower than the USDA official forecasts. For MY 2022/23, Post maintains its estimates of feed and residual use of corn at 6.5 million MT, the same as the USDA official estimates.

### *Feed Demand Shrinks due to High Prices*

The high prices of poultry, aqua, and cattle feed have reduced their demand at the farm level. Post contacts note that from October to November 2023, all types of feed prices increased by about BDT 6,000 (\$52) per MT. In the second week of December 2023, the average price of poultry feed reached BDT 66,000 (\$584) per MT, up 20 percent compared to the same period last year. Similarly, the average price of aqua feed in December 2023 reached BDT 85,000 (\$752) per MT, 25 percent higher than last year. Many small and medium poultry and cattle farms have shut down their production due to the higher feed prices.

According to the Feed Industry Association Bangladesh (FIAB) and Bangladesh Poultry Industries Central Council (BPICC), approximately 140 feed companies in Bangladesh collectively produce



around 6.5 million metric tons of commercial feed. Of this total, about 70 percent is poultry feed, while the remaining portion is comprised of aqua and cattle feed. Poultry feed primarily relies on corn as the major raw material, while aqua and cattle feed prominently use de-oiled rice bran, soybean meal, rapeseed, bonemeal, along with corn. FIAB and BPICC contacts have highlighted that the elevated prices of key feed ingredients contribute to the overall increase in feed prices. They also mentioned facing challenges in opening LCs for importing corn and soybean meal. Additionally, locally crushed soybean meal prices have reached a record high since August of this year. Collectively, these factors contribute to the high cost of feed production.

There are around 200 small cottage-type unregistered feed mills throughout the country, who have the capacity to produce collectively around 200 thousand of MT of feed annually, mostly poultry feed. Industry contacts note that those cottage feed mills use their own feed ratio comprising corn, soybean meal, rapeseed, and readily available feed additives. However, with the high cost of ingredients, many of them have stopped production or are running at less than 50 percent capacity.

#### *FSI Consumption*

Post reduced its forecast of MY 2023/24 FSI consumption to 400 thousand MT, 11 percent lower than the USDA official forecast, on higher corn prices and lower imports. There is no official data for FSI consumption of corn in Bangladesh; however, according to contacts, approximately six starch-producing companies in Bangladesh collectively need around 200 thousand MT of corn each year. The primary beneficiary of corn starch is the textile industry. Corn is also utilized in the production of corn syrup and glucose. Additionally, there is a growing trend of food consumption of corn in various regions of the country.

#### **Stocks**

Post forecasts MY 2023/24 ending stocks at 177 thousand MT, the same as the USDA official number. Post's MY 2022/23 estimate of ending stocks is 177 thousand MT, the same as USDA official estimates. There are no public granaries for corn stocks, private feed companies maintain their own stocks to cover several weeks to several months of demand.

**Attachments:**

No Attachments