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Report Highlights:

Post forecasts rice harvested area and production for marketing year (MY) 2021/2022 at 11.62 million hectares and 3.59 million metric tons, up slightly from the MY 2020/2021 USDA official estimates. Despite a good Aman rice harvest and government stocks, rice prices continue to rise on higher fuel costs and inflation. The government continues to import rice to make it affordable. Post forecasts MY 2021/2022 rice imports at 1.5 million metric tons. Wheat and wheat flour prices are also trending up on increasing demand from households, restaurants, and the bakery industry. Post forecasts MY 2021/2022 wheat imports at 7.4 million metric tons.

RICE, MILLED

Production

Post forecasts marketing year (MY) 2021/2022 rice harvested area at 11.62 million hectares and production at 3.59 million metric tons (MT), up 1.0 percent and 3.6 percent, respectively, compared to the MY 2020/2021 USDA official estimates.

Boro Season Rice

Boro season rice cultivation starts in December and January and is harvested in April and May. For MY 2021/2022, Post estimates 19.4 million MT of *Boro* season rice production from 4.7 million hectares of land (Table 1).

Aus Season Rice

Aus season rice cultivation starts in March and April, with harvest from July to August. The Department of Agricultural Extension (DAE) estimated higher production of *Aus* season rice in their latest Crop Production Report. Post also increased its *Aus* season rice production estimate to 2.7 million MT, up 5.8 percent from Post's previous report (see Bangladesh: Grain and Feed Update, October 2021).

Aman Season Rice

Aman season rice is planted in July and August and harvested in November and December. This year, despite some seasonal floods in the upper Brahmaputra basin of Kurigram, Gaibandha, Jamalpur, Bogura, and Sirajganj districts, overall *Aman* season rice production was good. Therefore, Post estimates 13.8 million MT of *Aman* rice production in MY 2021/2022 from 5.8 million hectares (Table 1). The cultivation area and production estimates are up by 1.8 percent and 1.5 percent, respectively, compared to Post's previous report.

Table 1: *Boro, Aus,* and *Aman* Rice Area and Production

Rice, by season	2019/20 (Estimate)		2020/21 (Estimate)		2021/22 (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
Boro (Winter)	4,850	19,400	4,700	19,300	4,700	19,350
Aus (Pre-monsoon)	1,100	2,450	1,200	2,700	1,120	2,700
Aman (Monsoon)	5,880	14,000	5,600	12,600	5,800	13,800
Total Rice	11,830	35,850	11,500	34,600	11,620	35,850

Source: Post's calculation, based on DAE data

Note: Boro season rice was planted in December 2020- January 2021 and harvested and marketed in April-May 2021. Boro rice is the first rice crop in MY 2021/2022.

Prices

Market Prices Remain High

In January 2022, the average retail price for low quality (coarse) rice was BDT 47.5 ($0.55) per kilogram, which was 1.6 percent higher than the same period last year (Figure 1). The retail price of coarse rice has been trending upward since last September, despite a good harvest of *Aman* season rice in November-December 2021. The retail price of high-quality non-aromatic (fine) rice has also surged in recent months. In January 2022, the average retail price was BDT 65.0 ($0.76) per kilogram, up 11.1 percent over the average price in January of last year.

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

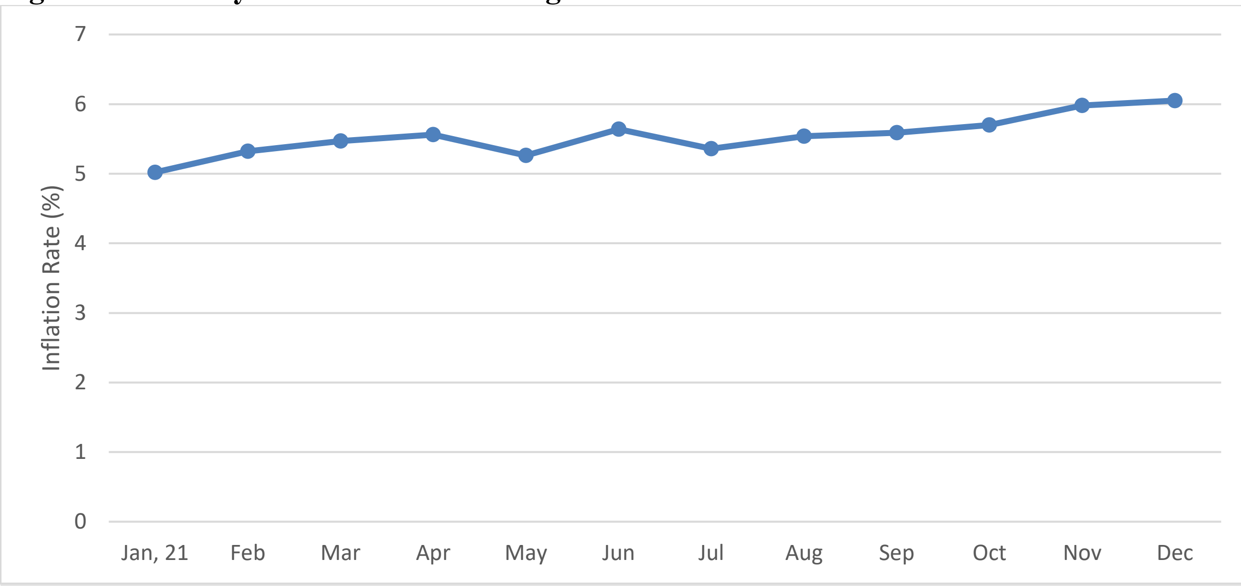
Note: Exchange Rate, US$ 1 = BDT 86

Source: Department of Agricultural Marketing (DAM), Ministry of Agriculture, and Trading Corporation of Bangladesh (TCB)

There are likely numerous reasons for the high prices. One factor is a recent 23 percent increase in fuel prices in November 2021 that resulted in higher transportation costs. In addition, there are high import duties on rice; currently, the total tax incidence is 62.5 percent (see the “Trade” section below for more information).

Bangladesh is also experiencing increased inflation (Figure 2). According to Bangladesh Bank data, the inflation rate in December 2021 was 6.1 percent, up more than 20 percent over January 2021.

Figure 2: Monthly Inflation Rate in Bangladesh



Source: Bangladesh Bank

Finally, according to the local media, large industrial corporations have recently entered the domestic rice business. They are reportedly purchasing more rice from the local market to build their stocks, reducing domestic supply.

Trade

Rice Imports Continue

Post's MY 2021/2022 rice import forecast is 1.5 million MT, the same as the USDA official forecast, 100 thousand MT higher than the MY 2020/2021 USDA estimate. For trade year (TY) 2020/2021, Post estimates rice imports at 2.65 million MT.

To protect the interests of local rice farmers, the Government of Bangladesh (GoB) regularly imposes a high total tax incidence (62.5 percent) on rice imports. However, when there is a shortage of supply or high domestic prices, the GoB regularly reduces the total tax incidence and allows the private section to import. In August 2021, the GoB reduced the total tax incidence, but it reverted to 62.5 percent on October 31, 2021. Due to high domestic prices, imports continued in November and December 2021; according to the Ministry of Food's Daily Food Situation Report (Bangla), imports totaled 155 thousand MT and were mostly by the GoB. Due to continued high prices, Post expects rice imports to continue in the coming months.

Aromatic Rice Export Subsidy Ends

On November 15, 2021, Bangladesh Bank issued a circular stating that aromatic rice exports will no longer receive a cash subsidy. In November 2020, for the first time, the GoB announced a 15 percent cash subsidy to exporters to encourage exports of surplus rice. Exporters which exported locally grown aromatic rice were eligible for the cash subsidy, with prior approval from the Ministry of Commerce. Due to high domestic prices, exporters did not utilize the program for non-aromatic rice, but did export aromatic rice under the program, as there is always demand for Bangladeshi aromatic rice in the American, European, and Middle Eastern markets, particularly among Bengali ethnic communities.

According to Trade Data Monitor, LLC (TDM), in MY 2020/2021, Bangladesh exported 12 thousand MT of rice, with the vast majority being aromatic. For MY 2021/2022, Post forecasts rice exports at 10 thousand MT, 6 thousand MT over the USDA official number. Due the removal of the export subsidy, Post forecasts TY 2021/2022 rice exports at 8 thousand MT.

Stocks

According to the Ministry of Food, on January 13, 2022, total government-held rice stocks were 1,609 thousand MT, compared to 535 thousand MT at the same time in 2020 (Table 2). Post forecasts ending rice stocks for MY 2021/2022 at 1,999 thousand MT, 13.3 percent higher than the USDA official number, due to good *Aman* rice production and the possibility of continuing imports in the coming months.

Table 2: Rice Stocks in Public Granaries (thousand MT)

January 13, 2022			January 13, 2021		
Rice	**Paddy**	**Total**	**Rice**	**Paddy**	**Total**
1608.77	38.13	1646.90	534.62	2.62	537.24

Source: Director General of Food, Ministry of Food

Government Distribution

Bangladesh's Ministry of Food completed procurement of *Boro* rice on August 31, 2021, through its annual procurement program. The GoB set a target to collect 650 thousand MT of *Boro* paddy and 1,235 thousand MT of *Boro* rice from April 28 to August 31, 2021. The GoB procured 362 thousand MT of *Boro* paddy and 1,060 thousand MT of parboiled *Boro* rice.

The GoB also targeted procuring 300 thousand MT of *Aman* season paddy and 500 thousand MT of *Aman* rice from the local market from November 07, 2021, to February 28, 2022. As of January 13, 2022, the government procured a total of 40 thousand MT of *Aman* paddy and 436 thousand MT *Aman* rice.

Public food distribution programs have traditionally been the most common social protection programs in Bangladesh and are either subsidy-based or relief-based. Open Market Sale (OMS) and Fair Price (Food Friendly) are the largest subsidy-based food distribution programs, while Food for Work, Vulnerable Group Feeding, and Vulnerable Group Development are common relief-based programs.

According to the Ministry of Food, as of January 6, 2022, the GoB has distributed 1.21 million MT of rice in GoB fiscal year (FY) 2021/2022 (July-June) under its distribution programs. In FY 2020/2021, the GoB distributed 1.72 million MT of rice, down 18 percent from FY 2019/2020.

On January 20, 2022, the GoB activated a "special" OMS (Bangla) for rice and wheat to address the high prices, selling the commodities below regular market prices until further notice. The OMS service launched at the *upazila* level through 1,760 local dealers. For rice, each dealer is entitled to sell 2 MT per day at BDT 30 ($0.34) per kilogram. Each customer can purchase a maximum of 5 kilograms of rice at a time. For FY 2021/2022 the total OMS allotment of rice and wheat (Bangla) is 170 thousand MT and 364 thousand MT, respectively.

Policy

Paddy Variety Name Labeling Required

The Bangladesh Rice Research Institute (BRRI) has released 106 varieties of paddy to farmers in Bangladesh. BRRI Dhan 28 and BRRI Dhan 29 are the most popular varieties. Farmers also routinely grow hybrid paddy varieties released by private seed companies. However, when marketing rice to buyers, millers use different names for the rice, mostly prominently "Miniket" and "Najirshail." The Ministry of Food has stated that this is misleading, as these varieties are not present in the market and millers are polishing, sharpening, and trimming the rice in ways that confuse consumers. In addition, the Ministry has stated that the milling process is reducing the nutritional value of the rice. Therefore, the Ministry has made it mandatory for millers to mention the paddy name on the rice sack.

Government Aman Rice Procurement Price Increase

The GoB has increased its *Aman* season rice procurement price to BDT 40 ($0.47) per kilogram, up BDT 4 ($0.05) per kilogram from last year's price. It also set the *Aman* paddy price at BDT 27 ($0.31) per kilogram, up BDT 1 ($0.01) per kilogram over last year's price.

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

Rice, Milled	**2019/2020**		**2020/2021**		**2021/2022**	
Market Year Begins	**May 2019**		**May 2020**		**May 2021**	
Bangladesh	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	11830	11830	11500	11500	11420	11620
Beginning Stocks (1000 MT)	1405	1405	1571	1571	1467	1459
Milled Production (1000 MT)	35850	35850	34600	34600	35500	35850
Rough Production (1000 MT)	53780	53780	51905	51905	53255	53780
Milling Rate (.9999) (1000 MT)	6666	6666	6666	6666	6666	6666
MY Imports (1000 MT)	20	20	1400	1400	1500	1500
TY Imports (1000 MT)	20	20	2650	2650	600	600
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	37275	37275	37571	37571	38467	38809
MY Exports (1000 MT)	4	4	4	12	4	10
TY Exports (1000 MT)	4	4	4	12	4	8
Consumption and Residual (1000 MT)	35700	35700	36100	36100	36700	36800
Ending Stocks (1000 MT)	1571	1571	1467	1459	1763	1999
Total Distribution (1000 MT)	37275	37275	37571	37571	38467	38809
Yield (Rough) (MT/HA)	4.5461	4.5461	4.5135	4.5135	4.6633	4.6282

(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 2021/2022 = January 2022 - December 2022

WHEAT

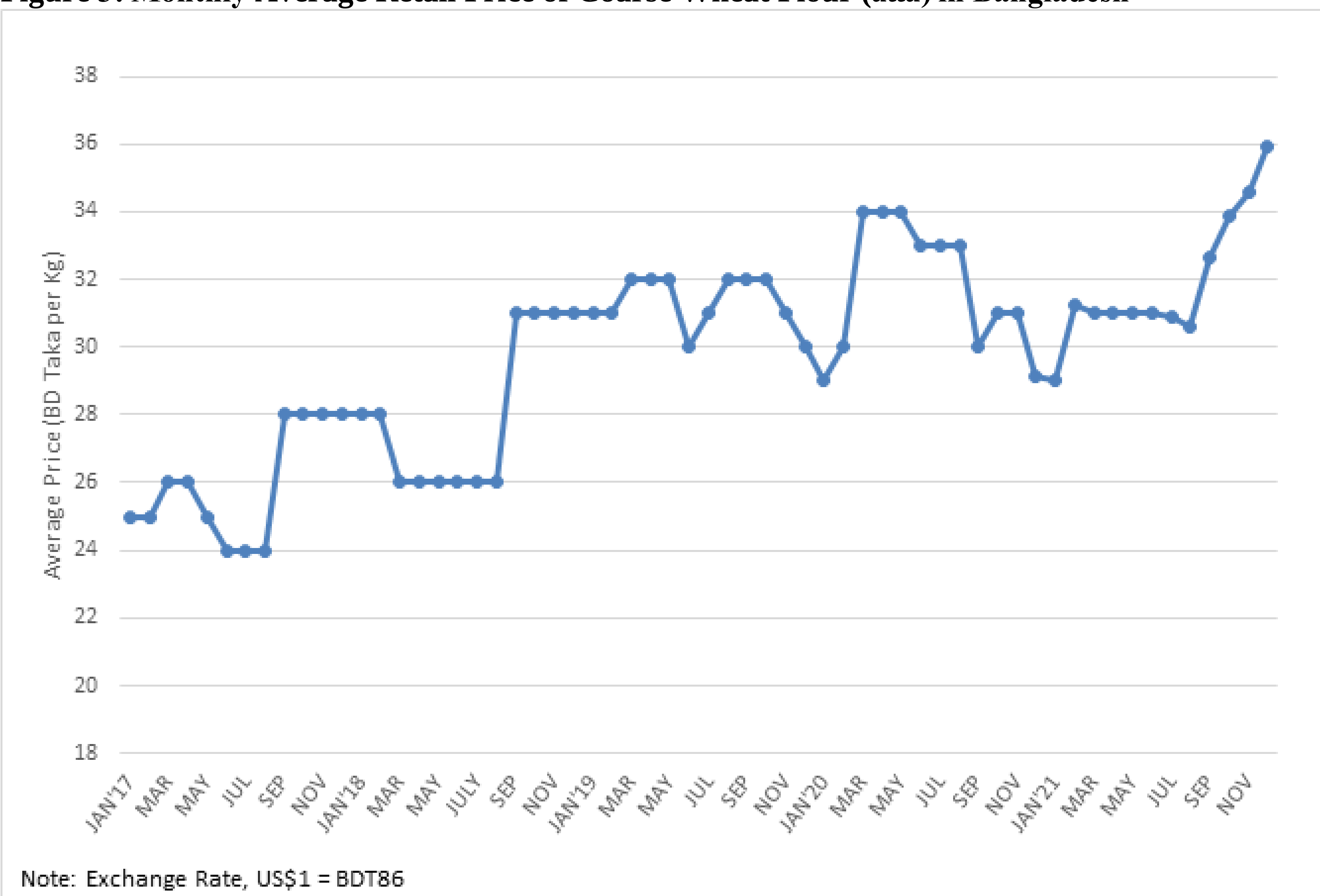
Production

For MY 2021/2022, Post forecasts wheat harvested area at 320 thousand hectares and production at 1.13 million MT. 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. The local production of wheat meets approximately 13 percent of total demand. Farmers planted wheat in November and December 2021 and are expecting to harvest in March and April 2022.

Prices

In December 2021, the average retail price of wheat flour (also called *atta*) was BDT 35.94 ($0.42) per kilogram, which was approximately 23 percent higher than prices in September of last year (Figure 3). Since September 2021, the retail price of wheat flour increased sharply due to rising consumer demand and higher prices in the international market. Depreciation of the Bangladesh taka against the U.S. dollar is also increasing the price of wheat flour, as most wheat is imported. According to the Bangladesh Central Bank as of January 2022, since July 2021, the taka rose 1.4 percent against the dollar.

Figure 3: Monthly Average Retail Price of Coarse Wheat Flour (*atta*) in Bangladesh



Source: TCB

Wheat prices had also been increasing from July to November 2021, though they decreased slight in December 2021. Retail and wholesale prices of wheat in December 2021 were BDT 29.23 ($0.34) per kilogram and BDT 26.96 ($0.31) per kilogram, respectively (Figure 4). According to industry, the recent hike in transport fares due to a fuel price surge is also increasing the prices of both wheat and wheat flour.

Figure 4: Monthly Average Retail and Wholesale Prices of Wheat in Bangladesh (BDT/Kilogram)

Source: DAM

Trade

For MY 2021/2022, Post forecasts wheat imports at 7.4 million MT, up 2.8 percent over the MY 2020/2021 USDA official estimate. According to TDM, from July to October 2021, imports were 2.4 million MT, down 14.5 percent from the same period in MY 2020/2021. Contacts note lower imports are likely the result of high world wheat prices and increased freight costs, with importers being cautious due to concerns of potential losses. Despite lower imports in first four months of MY 2021/2022, Post expects higher imports in the latter eight months of the MY because of growing domestic demand for wheat flour and related products, establishment of new wheat flour mills, availability of Indian wheat, and government-to-government purchases from Russia.

New Wheat Flour Processing Mills Come Online

To meet the growing domestic demand for wheat flour, Bashundhara Food and Beverage Limited has opened a new flour mill with a daily production capacity of 2,000 MT. Currently, Bashundhara has four flour mills with a daily capacity of 4,150 MT.

City Group has the largest wheat flour mill in Bangladesh, with a daily production capacity of 6,350 MT. Meghna Group, another large conglomerate, has a daily capacity of 1,330 MT. According to local media, it is planning to open a new mill with a daily production capacity of 2,000 MT.

Consumption
For MY 2021/2022 Post's total wheat consumption forecast is 8.45 million MT, almost 6 percent higher than the MY 2020/2021 USDA official estimate. Post has observed total consumption of wheat trending upward as households, restaurants, and the bakery industry increase their demand. The cattle feed industry also consumes a large amount of wheat. For MY 2021/2022, Post forecasts feed and residual use of wheat at 600 thousand MT, up 20 percent over the MY 2020/2021 USDA estimate.

Growth in the Biscuit Industry
According to local media reports, the biscuit and cookie industry in Bangladesh grew 25 percent in FY 2020/2021 and is consuming significant amounts of wheat-based flour. More than 4,500 traditional biscuit factories and 110 automated biscuit factories produced 0.51 million MT of biscuits and cookies worth approximately $824 million in FY 2020/2021. The COVID-19 pandemic has increased domestic demand for biscuits and cookies, as more people are consuming them as they stay home, substituting biscuits for fried snacks.

Stocks
As of January 10, 2022, the Ministry of Food estimated the GoB's wheat stocks at 350,080 MT, up 86.2 percent from the same period last year. Government stocks increased significantly because the GoB recently imported wheat from Russia through a government-to-government purchase to meet growing demand.

According to the Ministry of Food, Bangladesh distributed 498 thousand MT of wheat in FY 2020/2021, up 2 percent over FY 2019/2020. As of January 6, 2022, the GoB has distributed 319 thousand MT of wheat under its food distribution program in the current FY.

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

Wheat	**2019/2020**		**2020/2021**		**2021/2022**	
Market Year Begins	**Jul 2019**		**Jul 2020**		**Jul 2021**	
Bangladesh	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	340	340	335	335	320	320
Beginning Stocks (1000 MT)	1258	1258	1758	1758	2138	2138
Production (1000 MT)	1200	1200	1180	1180	1130	1130
MY Imports (1000 MT)	6800	6800	7200	7200	7400	7400
TY Imports (1000 MT)	6800	6800	7200	7200	7400	7400
TY Imp. from U.S. (1000 MT)	450	450	235	235	0	0
Total Supply (1000 MT)	9258	9258	10138	10138	10668	10668
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)	300	300	500	500	600	600
FSI Consumption (1000 MT)	7200	7200	7500	7500	7850	7850
Total Consumption (1000 MT)	7500	7500	8000	8000	8450	8450
Ending Stocks (1000 MT)	1758	1758	2138	2138	2218	2218
Total Distribution (1000 MT)	9258	9258	10138	10138	10668	10668
Yield (MT/HA)	3.5294	3.5294	3.5224	3.5224	3.5313	3.5313

(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 2021/2022 = July 2021 - June 2022

CORN

Production

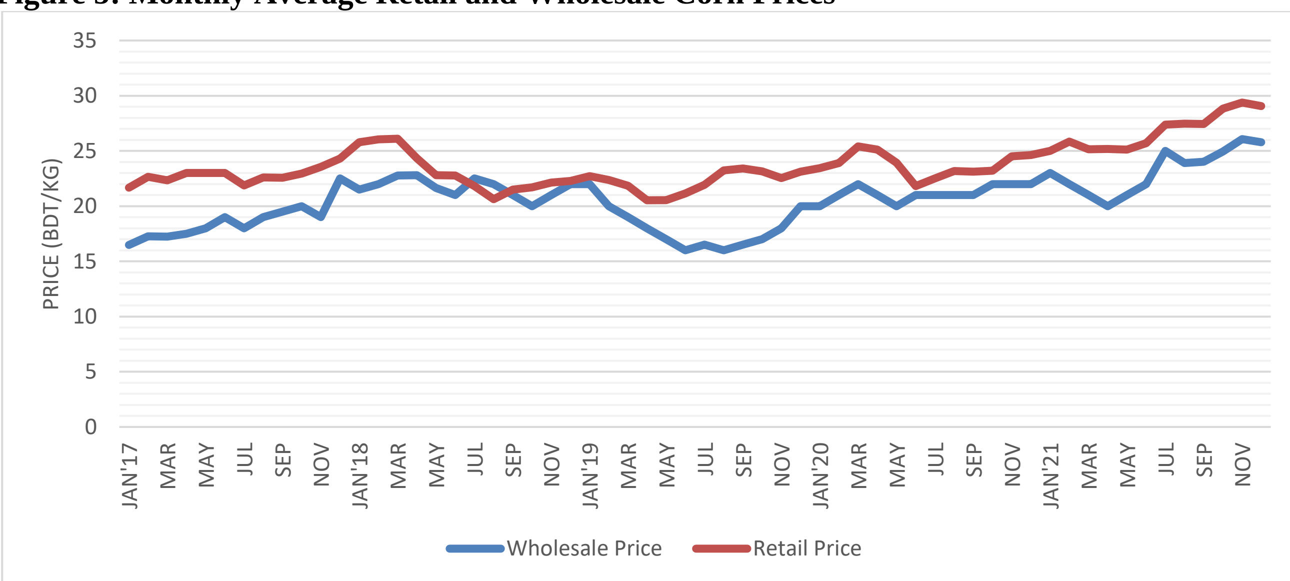
Post's corn production forecast for MY 2021/2022 remains unchanged at 5.2 million MT, up by over 10 percent from the MY 2020/2021 USDA official number. Post also forecasts the harvested area for MY 2021/2022 at 575 thousand hectares. Corn is the second largest grain crop in Bangladesh after rice. It is grown in both the summer and winter seasons, with approximately 85 percent of total corn produced in the winter. Winter corn is planted in November and December and harvested in April and May, while summer corn is sown in March and April and harvested in August and September.

Prices

Domestic Corn Prices Remain High

As of December 2021, the retail and wholesale prices of corn were BDT 29.07 ($0.34) and BDT 25.78 ($0.30) per kilogram, respectively, up 17.2 percent and 19.3 percent compared to the same time last year (Figure 5). Corn prices are at their highest levels in the last five years due to the domestic market demand from the feed and starch sector.

Figure 5: Monthly Average Retail and Wholesale Corn Prices



Source: DAM

Trade

Imports Are Soaring

Post's MY 2021/2022 corn import forecast is 2.2 million MT, down 10 percent from the MY 2020/2021 USDA estimate. According to industry sources, the average annual demand for corn in Bangladesh is 7 to 8 million MT, while domestic production meets about 65 percent of total demand.

Consumption

Consumption Continues to Grow

For MY 2021/2022, Post forecasts total corn consumption at 7.3 million MT, up 5.8 percent from the MY 2020/2021 USDA official estimate. The demand for corn by the feed industry has been increasing annually. According to the Feed Industry Association of Bangladesh, total annual feed demand is approximately 8.0 million MT. Poultry farms are the largest feed consumers in Bangladesh, and corn accounts for 50 to 60 percent of the raw materials of poultry feed.

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

Corn	2019/2020		2020/2021		2021/2022	
Market Year Begins	**May 2019**		**May 2020**		**May 2021**	
Bangladesh	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	510	510	540	550	575	575
Beginning Stocks (1000 MT)	122	122	210	210	444	444
Production (1000 MT)	4100	4100	4700	4700	5200	5200
MY Imports (1000 MT)	1368	1368	2434	2434	2200	2200
TY Imports (1000 MT)	2003	2003	1838	1838	2200	2200
TY Imp. from U.S. (1000 MT)	1	1	1	0	0	0
Total Supply (1000 MT)	5590	5590	7344	7344	7844	7844
MY Exports (1000 MT)	80	80	0	0	0	0
TY Exports (1000 MT)	80	80	0	0	0	0
Feed and Residual (1000 MT)	5000	5000	6500	6500	6800	6800
FSI Consumption (1000 MT)	300	300	400	400	500	500
Total Consumption (1000 MT)	5300	5300	6900	6900	7300	7300
Ending Stocks (1000 MT)	210	210	444	444	544	544
Total Distribution (1000 MT)	5590	5590	7344	7344	7844	7844
Yield (MT/HA)	8.0392	8.0392	8.7037	8.5455	9.0435	9.0435

(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 2021/2022 = October 2021 - September 2022

Attachments:

No Attachments