

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Bangladesh

Grain and Feed Update

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Report Highlights:

For MY 2016/17 (May to April) the rice planted area and production forecast is marginally raised to 11.76 million HA and 34.58 MMT. The MY 2016/17 wheat production estimate is unchanged. The rice import estimate is lowered on announced increased tariff rates in the FY 2016-17 budget of the government of Bangladesh (GOB). The wheat import estimate is raised on increased demand driven by changing consumption patterns. Price per kilogram of rice is higher than wheat flour in the open market. Rice and wheat stocks are lowered since this year the GOB will increase rice and wheat distributions to the poor. The GOB has also signed contracts to import wheat from Russia.

Post:
Dhaka

Commodities:
Rice, Milled
Wheat

Author Defined:

RICE

Production

In MY 2016/17 (May to April) the total rice planted area and production forecast are marginally increased to 11.76 million HA and 34.58 MMT on revised government data regarding *Boro* rice planted area and harvest. Although *Aus* rice area was affected by floods and rains (please see the October 2016 report) sources report that timely rainfall, favorable weather, and effective distribution of inputs such as fertilizer may make this an abundant *Aman* rice harvest this season. Sources also report that *Boro* rice planting (from mid-November to mid-February) is on schedule as forecast.

Trade

The MY 2016/17 import forecast is lowered to 50,000 MT on expected increases in import tariffs that were listed in the FY 2016-17 budget of the Ministry of Finance.

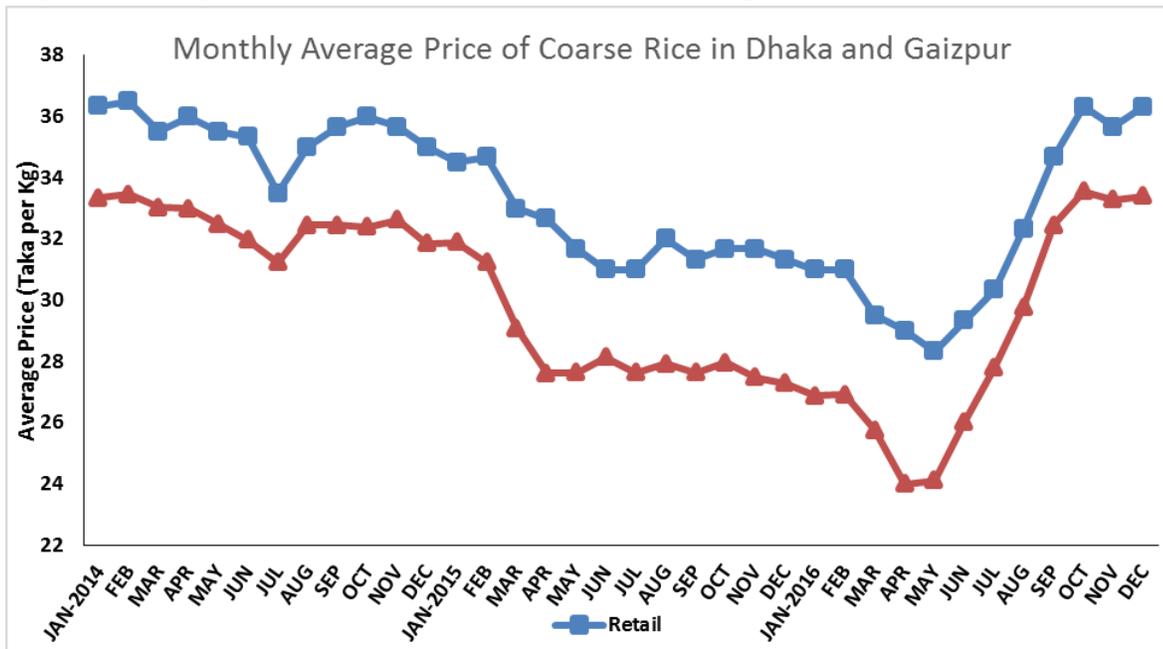
Stocks

According to the Ministry of Food (MOF), January 2017 public stocks are 602,490 MT, which is 47 percent lower than in January of last year. Of note is that free or subsidized rice distribution under government welfare programs was 85% higher than for the prior year period, July 2016– Mid January 2017.

Prices

Beginning in October the plentiful *Aman* rice harvest has driven rice prices down 22 and 16 percent year on year, to January 2017 levels of BDT 33.4 (\$0.42) and BDT 36.33 (\$0.46) per kilogram for wholesale and retail rice prices in Dhaka and Gazipur. The narrow spread between wholesale market price and the government procured price suggests that paddy supply to millers is sufficient to maintain milled rice supplies to both the open market and to the government's procurement program.

Figure 1. Bangladesh: Rice Prices in Dhaka and Gaizpur



Source: Department of Agricultural Marketing

Policy

In Bangladesh as much as 90% of consumers prefer parboiled rice and the Ministry of Food has announced its *Aman* rice procurement policy to support farmers. In December 2016 the Directorate of Food procured 0.35 MMT of parboiled rice at a premium rate of BDT 33 (US\$ 0.42) per kilogram and 50,000 MT of un-parboiled rice at BDT 32 (US\$ 0.41) per kilogram; the Directorate intends to continue its procurement program to mid-March 2017.

Table 1. Bangladesh: Commodity, Rice, Milled, PSD

(Area in Thousand Hectares, Quantity in Thousand Metric Tons)

Rice, Milled Market Begin Year	2014/2015		2015/2016		2016/2017	
	May 2014		May 2015		May 2016	
Bangladesh	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	11790	11790	11765	11765	11700	11768
Beginning Stocks	966	966	1592	1592	1205	1208
Milled Production	34500	34500	34500	34500	34515	34581
Rough Production	51755	51755	51755	51755	51778	51877
Milling Rate (.9999)	6666	6666	6666	6666	6666	6666
MY Imports	1251	1251	217	220	50	50
TY Imports	598	598	50	50	50	50
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	36717	36717	36309	36312	35770	35839
MY Exports	25	25	4	4	0	0
TY Exports	25	25	4	4	0	0
Consumption and Residual	35100	35100	35100	35100	35000	35000
Ending Stocks	1592	1592	1205	1208	770	839
Total Distribution	36717	36717	36309	36312	35770	35839

WHEAT

Production

The MY 2016/17 wheat production forecast is unchanged.

Imports

Bangladesh generally imports as much as 90 percent of its total consumption needs. For MY 2016/17, Post's estimate of wheat imports is raised to 5 MMT on increased consumer demand and lower world prices. For the latest five month period for which we have data (July – November, MY 2016/17) total wheat imports were 32% higher year on year.

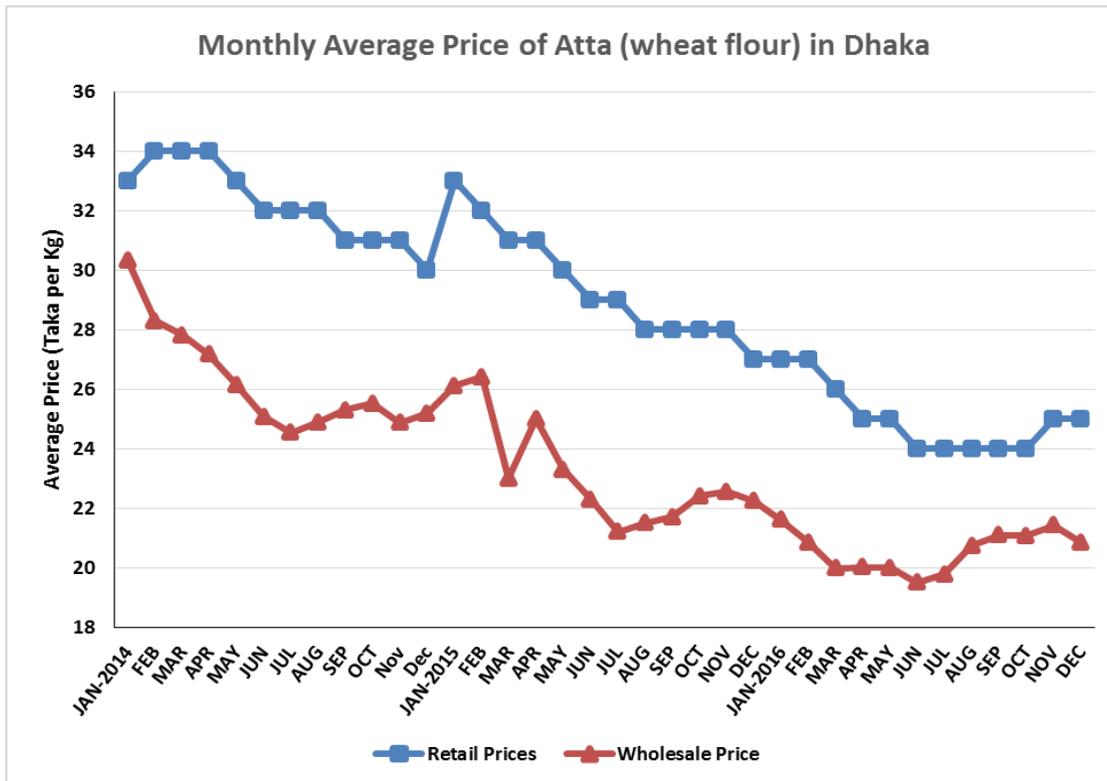
Stocks

According to the MOF, as of 19 January 2017, public stocks were estimated at 228,570 MT, which is a decline of 37 percent from this date last year. For the second half of calendar year 2016 government welfare distributions of wheat were nearly 16% higher year on year.

Prices

January 2017 wholesale and retail prices of loose wheat flour (*Atta*) in Dhaka district were BDT 25 (\$0.32) and BDT 26 (\$0.33) per kilogram, which is 3.3 percent and 7.4 percent lower than last year (Figure-2) due to low global wheat prices.

Figure 2. Bangladesh: Coarse Wheat Flour Prices in Dhaka



Source: Department of Agricultural Marketing

Policy

Sources state that the Ministry of Food signed a government-to-government agreement with Russia to import 200,000 MT of wheat; the shipment is expected to arrive by March. Note: in calendar year 2016, of wheat shipments received from Russia, 150,000 MT were rejected for not meeting quality standards.

Table 3. Bangladesh: Commodity, Wheat, PSD

(Area in Thousand Hectares, Quantity in Thousand Metric Tons)

Wheat Market Begin Year	2014/2015		2015/2016		2016/2017	
	Jul 2014		Jul 2015		Jul 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Bangladesh						
Area Harvested	415	415	420	420	425	425
Beginning Stocks	1338	1338	1767	1751	2260	2033
Production	1300	1300	1300	1300	1335	1335
MY Imports	3929	3913	4693	4482	5300	5000
TY Imports	3929	3929	4693	4482	5300	5000
TY Imp. from U.S.	87	87	0	0	0	0
Total Supply	6567	6551	7760	7533	8895	8368
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	0	0	0	0	0	0
FSI Consumption	4800	4800	5500	5500	6500	6200
Total Consumption	4800	4800	5500	5500	6500	6200
Ending Stocks	1767	1751	2260	2033	2395	2168
Total Distribution	6567	6551	7760	7533	8895	8368