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Bangladesh

Grain and Feed Annual

2014 Grain and Feed Annual Report

Approved By:
Allan Mustard

Prepared By:
Sayed Sarwer Hussain and Joshua E. Lagos

Report Highlights:
MY 2014/15 rice and wheat production levels are forecast at 34.8 and 1.3 million metric tons, respectively, on higher acreage and slightly improved yields. MY 2014/15 wheat imports are estimated at 3.3 million tons on expectations of low international wheat prices and rising domestic demand.

Executive Summary:

Assuming a normal monsoon, MY 2014/15 (May-April) rice production is forecast at 34.8 million tons on expectations of higher acreage and slightly improved yields for the *Aus* rice crop. MY 2013/14 and MY 2014/15 wheat production levels (planted in November/December and harvested in March/April) are estimated at 1.28 and 1.30 million tons, respectively, on higher acreage and improved yields. MY 2013/14 and MY 2014/15 wheat imports are estimated at 3 million and 3.3 million tons, respectively, on low international wheat prices and rising domestic demand. MY 2013/14 rice imports are estimated at 400,000 tons, up 365,000 tons on a strong Bangladesh Taka and high internal transportation costs that caused domestic rice prices to be uncompetitive in border districts. MY 2014/15 rice imports are forecast down to 100,000 tons on high production.

Commodities:

Rice, Milled

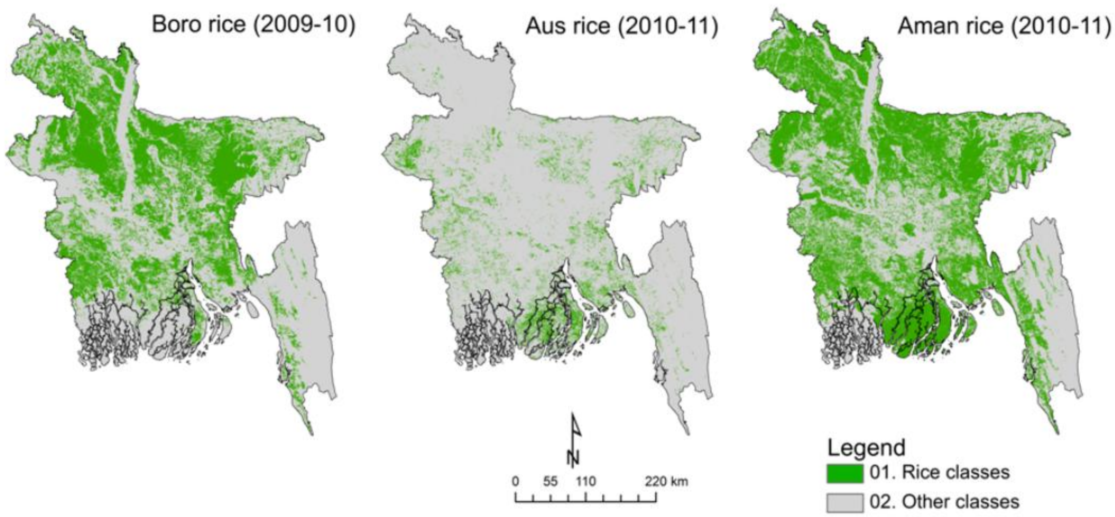
Production:

Assuming a normal monsoon, MY 2014/15 (May-April) rice production is forecast at 34.8 million tons due to expectations of higher acreage and good yields for the *Aus* rice crop. MY 2013/14 rice production is estimated at 34.59 million tons, up by three percent on higher acreage. For more information on growing seasons, please see GAIN Report BG3004.

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

Crop	2012/13 (Estimate)		2013/14 (Estimate)		2014/15 (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	4,750	18,800	4,700	18,780	4,700	18,800
Aus	1,150	2,400	1,170	2,410	1,220	2,600
Aman	5,750	12,800	5,900	13,400	5,900	13,400
Total Rice	11,650	33,820	11,770	34,590	11,820	34,800

Figure 1. Bangladesh: *Boro, Aus,* and *Aman* Rice Cultivation



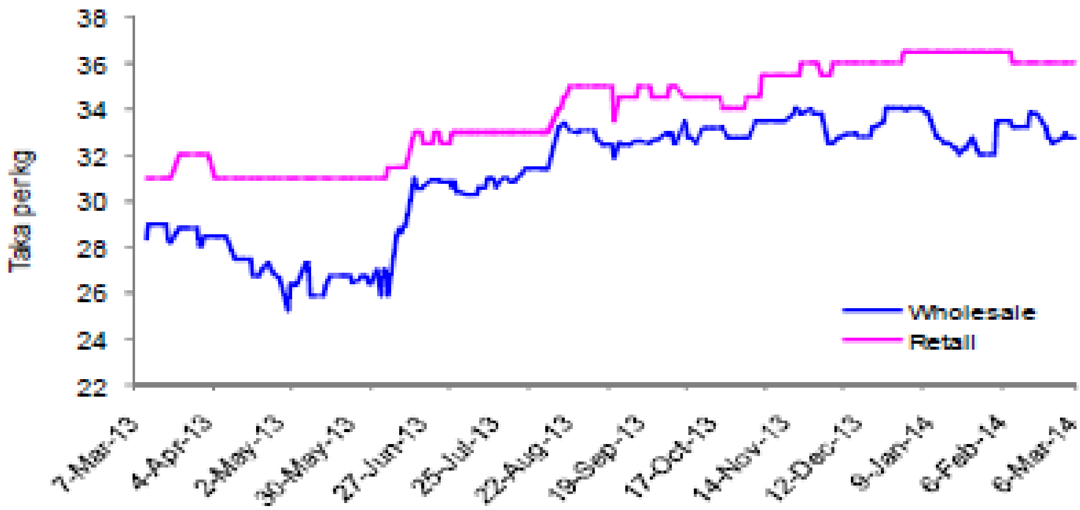
Source: http://irri.org/index.php?option=com_k2&view=item&id=11680:rice-cropping-patterns-in-bangladesh&Itemid=100242&lang=en

Around 80 percent of the country's total cultivated land area is used for rice production. Rice is grown all over Bangladesh except in the hilly south-eastern region. For more specific information on *Boro, Aus*, and *Aman* rice cultivation, please see GAIN Report BG3004.

Consumption:

MY 2013/14 and 2014/15 total rice consumption levels are forecast at 34.6 and 34.8 million tons, respectively, rising on steady population growth. According to the Bureau of Statistics (BBS) Household Income & Expenditure Survey 2010 (HIES 2010), the average per-capita annual consumption of rice is 152 kg. From Fall 2013 to January 2014, rice prices rose due to strikes (*hartals)* that obstructed food distribution channels. High prices may have caused some consumers to shift to relatively lower priced staples such as wheat (see Wheat Consumption section).

Figure 2. Bangladesh: Dhaka Rice Prices Ease on Increased Supplies



Source: Ministry of Food

From January 2014, Dhaka wholesale and retail coarse rice prices began to ease, likely due to higher available supplies from the *Aman* rice crop that was harvested last December. However, higher input and other production costs also continue to exert upward pressure prices.

Trade:
MY 2013/14 rice imports are estimated at 400,000 tons, up 365,000 tons on a strong Bangladesh Taka and high internal transportation costs that caused domestic rice prices to be uncompetitive in border districts. Many of these imports originated from India, and were shipped to Bangladesh districts bordering India's state of West Bengal. From December 2013 to March 2014, Indian rice exports to Bangladesh climbed to 374,000 tons. MY 2014/15 imports are forecast down to 100,000 tons on higher production. Although Ministry of Food officials and rice traders believe that domestic rice supplies are sufficient to meet demand, high internal transportation costs and a weak Indian rupee may continue to cause imports to be price competitive at the border. Bangladesh imports rice from India, Myanmar, Vietnam, Thailand, Pakistan, and China.

Stocks:
For MY 2012/13, according to Ministry of the Food the government of Bangladesh distributed 1.5 million tons of rice (including 240,000 tons sold at subsidized prices) through the Public Food Distribution System (PFDS), which was less than the estimated target of 1.7 million tons. In MY 2013/14 the GOB has procured 1.15 million tons against the estimated target of 1.4 million tons.

Policy:
Bangladesh government policy on rice is articulated in the National Food Policy of 2006 and the National Food Policy Plan of Action (2008-2015). Historically Bangladesh has emphasized self-sufficiency in rice, often at the expense of self-sufficiency in other non-cereal food products, such as pulses. As Bangladesh shifts to a more market-oriented policy framework, government feeding programs are targeting those most in need and policy is encouraging production of other commodities, demand for which is growing faster than demand for rice. Nevertheless, rice accounts for over 90 percent of cereal production in Bangladesh. Rice imports have no quota and are duty free.

Marketing:
Bangladesh typically purchases lower-quality (25% or more broken) parboiled rice. A small niche market exists for high quality (e.g. basmati) rice imports. Historically, U.S. rice exports have not been price competitive.

Table 2. Bangladesh: Rice, Milled, Production, Supply and Distribution, thousand hectares and thousand metric tons

	2012/2013		2013/2014		2014/2015	
	Market Year Begin: May 2012		Market Year Begin: May 2013		Market Year Begin: May 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	11,650	11,650	11,770	11,770		11,820
Beginning Stocks	1,341	1,341	722	696		1,086
Milled Production	33,820	33,820	34,590	34,590		34,800
Rough Production	50,735	50,735	51,890	51,890		52,205
Milling Rate (.9999)	6,666	6,666	6,666	6,666		6,666
MY Imports	35	35	220	400		100
TY Imports	213	114	300	500		200
TY Imp. from U.S.	0	0	0	0		0
Total Supply	35,196	35,196	35,532	35,686		35,986
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Consumption and Residual	34,474	34,500	34,600	34,600		34,800
Ending Stocks	722	696	932	1,086		1,186
Total Distribution	35,196	35,196	35,532	35,686		35,986
Yield (Rough)	4.	4.3549	4.	4.4087		4.4167

Table 3. Import Trade Matrix

Country Bangladesh

Commodity Rice, Milled

Time Period: Jan-Dec			
Unit: Metric Tons			
Imports for:	2012		2013
U.S.	23	U.S.	0
Others		Others	
Thailand	100	Thailand	145
Myanmar	11,000	Myanmar	200
China	1,800	China	640
India	36,000	India	111,000
Total for Others	48,900		111,985
Others not Listed	4,000		2,000
Grand Total	52,923		113,985

Table 4. Prices Table

Country Bangladesh

Commodity Rice, Milled

Prices in Taka per uom Metric Ton

Year	2012	2013	% Change
Jan	26,000	24,000	-8%
Feb	26,000	26,250	1%
Mar	25,200	27,000	7%
Apr	24,700	27,150	10%
May	24,300	26,000	7%
Jun	24,000	26,500	10%
Jul	24,000	27,500	15%
Aug	24,000	28,500	19%
Sep	24,000	29,000	21%
Oct	24,300	29,500	21%
Nov	24,500	30,750	26%
Dec	24,000	30,800	28%

Exchange Rate Taka 79 Local Currency/US $

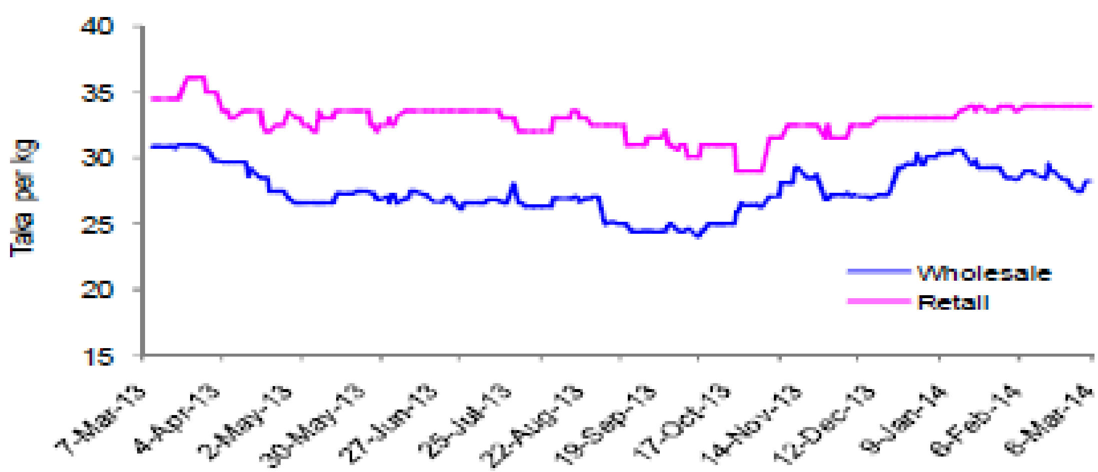
Date of Quote 3/20/2014 MM/DD/YYYY

Commodities:
Wheat

Production:
MY 2013/14 and MY 2014/15 wheat production levels (planted in November/December and harvested in March/April) are estimated at 1.28 and 1.30 million tons on good weather and strong yields. Acreage will increase slightly by 1.2 and 2.4 percent to 415,000 and 420,000 ha on competitive prices. Although these estimates are records, limited arable land, water, labor, and other factors (competition from wheat imports, and competition for area from other crops) could inhibit further production and acreage increases.

Consumption:
MY 2013/14 consumption is estimated at 4.3 million tons, up 7.5 percent due to lower prices of imported wheat. MY 2014/15 consumption will rise about 7 percent to 4.6 million tons on growing demand from middle-class consumers and expectations of low international wheat prices. Because imports constitute 70 percent of Bangladesh's total wheat consumption, high international wheat prices can shift effective demand.

Figure 3. Bangladesh: Coarse Wheat Flour Prices in Dhaka Remain Steady



Source: Ministry of Food

Trade:
MY 2013/14 and MY 2014/15 imports are estimated at 3 million tons (800,000 tons by the government and 2.2 million tons through private commercial sales) and 3.3 million tons, respectively, on low international wheat prices and continued rising domestic demand (see Consumption section). Bangladesh sources wheat from India, Russia, Ukraine, Canada, Australia, and the United States.

For MY 2013/14, reportedly the GOB has purchased over 85 percent of its wheat target, which is mainly for the PFDS. Information on the tendering process is available at: http://www.dgfood.gov.bd/tender.php.

Stocks:
According to the Ministry of Food, MY 2013/14 public sector beginning stocks were 304,000 tons, 17 percent lower than last year. From July 2013 to March 2014, the GOB distributed 649,000 tons of wheat under the PFDS, up 40 percent on competitive prices. If the GOB achieves its procurement target, ending stocks could reach 340,000 metric tons.

Policy:
Wheat imports are duty- and quota free. Traders often bid high to cover various risk factors. For more information, please see GAIN Report BG3004.

Table 5. Bangladesh: Quality Standards for Imported Wheat

Slab No.	Parameters	Specification	Margin of tolerance with claim for deviation beyond specification	Rejection
i	Test weight	Minimum 75 Kg/hl	Minimum 72.0 Kg/hl	Below 72.0 Kg/hl
ii	Damaged kernels (maximum)	4% (including maximum 0.2% heat damaged kernels)	7.0% (including maximum 0.5% heat damaged kernels)	Above 7.0%
iii	Foreign material	Maximum 0.7%	Maximum 1.5%	Above 1.5%
iv	Shrunken & broken kernels	Maximum 5%	Maximum 8%	Above 8%
v	Wheat of other classes	5% (including maximum 2% contrasting classes)	10% (including maximum 3% contrasting classes)	Above 10%
vi	Protein content (minimum)	10% (12% moisture)	9.5% (12% moisture)	Below 9.5%
vii	Moisture content	Maximum 13.5%	Maximum 14%	Above 14%
viii	Dockage (maximum)	1% (Shall be deductible from the value)	-	Above 1%
ix	Radioactivity (maximum)	50 Bq /Kg of 137 Cs (Relaxable for SAARC & SE Asian Countries.)	50 Bq /Kg of 137 Cs (Relaxable for SAARC & SE Asian Countries.)	Above 50 Bq/kg of 137 Cs/134 Cs Quality

Source: Directorate General of Food, Bangladesh

Marketing:

Because Bangladesh is a very price sensitive market, it typically buys wheat from the lowest priced offer. Although Bangladeshi importers may be willing to pay an additional $10 to $15 per ton CIF for premium wheat, this mark-up usually is not enough to cover freight from distant origins. As a result, premium wheat from the United States is generally uncompetitive. Likewise, longer delivery periods also create problems for some buyers.

Table 6. Bangladesh: Wheat Production, Supply and Distribution, thousand hectares and thousand metric tons

	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: May 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	410	410	410	410		415
Beginning Stocks	1,096	1,096	1,075	1,075		1,055
Production	1,260	1,260	1,260	1,280		1,300
MY Imports	2,719	2,719	3,300	3,000		3,300
TY Imports	2,719	2,719	3,300	3,000		3,300
TY Imp. from U.S.	52	52	0			
Total Supply	5,075	5,075	5,635	5,355		5,655
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	0	0	0	0		0
FSI Consumption	4,000	4,000	4,300	4,300		4,600
Total Consumption	4,000	4,000	4,300	4,300		4,600
Ending Stocks	1,075	1,075	1,335	1,055		1,055
Total Distribution	5,075	5,075	5,635	5,355		5,655
Yield	3.	3.0732	3.	3.122		3.1325

Table 7. Import Trade Matrix

Country	Bangladesh		
Commodity	**Wheat**		
Time Period: July-June			
Units: Metric Tons			
Imports for:	**2012**		**2013**
U.S.	152,000	U.S.	52,000
Others		Others	
Canada	750,000	Canada	583,000
India	620,000	India	2,062,000
Australia	250,000	Australia	22,000
Russia	104,000		
Ukraine	116,000		
Turkey	24,000		
Total for Others	1,864,000		2,667,000
Others not Listed	-		-
Grand Total	2,016,000		2,719,000

Table 8. Prices Table

Country Bangladesh

Commodity Wheat

Prices in	Taka	per uom	Metric Ton

Year	2012	2013	% Change
Jan	21,000	24,900	19%
Feb	21,500	25,400	18%
Mar	21,000	24,000	14%
Apr	20,000	22,000	10%
May	20,100	22,500	12%
Jun	18,500	22,800	23%
Jul	18,600	23,000	24%
Aug	20,000	23,500	18%
Sep	21,800	23,250	7%
Oct	21,900	23,000	5%
Nov	22,600	23,000	2%
Dec	23,000	23,000	0%

Exchange Rate	Taka 79	Local Currency/US $
Date of Quote	3/20/2014	MM/DD/YYYY