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Report Name: Grain and Feed Update

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Report Highlights:

Bangladesh rice production in marketing year (MY) 2021/22 is forecast to increase to 36.2 million metric tons (MMT) of milled rice production. Favorable weather and moderate precipitation during the planting and growing stages of Aus rice will drive higher yields. Rice and wheat import forecasts for MY 2021/22 are unchanged. Projected corn production is estimated down to 5.1 MMT on lower summer corn production. The COVID-19 impact is observed in rice, wheat flour, and corn retail prices. Higher market prices slowed the Bangladesh Government's rice procurement program, leading to uncertainty of fulfilling the target. The Ministry of Food is looking for options to reduce tariffs and import rice to boost government stocks.

Executive Summary

For marketing year (MY) 2021/22 (May-April), Post's forecast for total rice area and production are revised to 11.67 million hectares and 36.2 million metric tons (MMT) on increases in Aus rice production amid favorable weather conditions and revised Boro production estimates. Post's MY 2021/22 (July-June) wheat production forecasts are unchanged at 1.13 MMT, assuming normal weather conditions. Corn production estimates for MY 2021/22 (May-April) are lowered marginally to 5.11 MMT due to reduced cultivated area as other competitive crops like Aus rice and jute production have increased.

Post's MY 2021/22 rice import forecast is unchanged at 500,000 metric tons (MT). Post's wheat import estimate is revised down to 5.3 MMT for MY 2020/21 and for MY 2021/22, remains unchanged at 6.5 MMT. The corn import forecast for MY 2020/21 is revised upward to 2.4 MMT following the monthly import pace. In MY 2021/22, the corn import forecast estimate is slightly raised from the previous forecast to 1.6 MMT assuming growing feed demand and the Bangladesh feed industry producing additional, diversified feeds for livestock, as well as the expanding fisheries sector.

Commodities
Rice, Milled
Wheat
Corn

Rice

Production
For MY 2021/22, Post's total rice area and production forecast are revised upward to 11.68 million hectares and 36.2 MMT, based on increased production of Aus season rice (April/May – July/August) due to favorable weather conditions and revised Boro rise estimates.

Farmers are now preparing Aman season rice seedbeds for seedlings production, preparing cropland, and some farmers have started transplanting and have completed the process in most of the Aman rice-growing regions. The planting process will reach its highpoint by the end of this July 2021 amid frequent seasonal monsoon rains. The Bangladesh Department of Agricultural Extension is assisting farmers in this process.

Bangladesh is experiencing additional difficulties with the third nationwide COVID-19 lockdown. The Water Development Board's Flood Forecasting and Warning Center has expressed fears of flash floods in several areas. The low-lying areas of several India-origin river basin areas and wetland areas under several subdistricts were submerged in recent flash floods the end of June 2021, caused by active monsoon winds with heavy rains and upstream waters across the northern Bangladesh border.

An insignificant amount of Aman seedbeds, jute, corn, and other agricultural fields were flooded from rising river levels.[1]

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

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 (Summer)	1,100	2,450	1,200	2,700	1,275	2,900
Aman (Monsoon)	5,880	14,000	5,600	12,600	5,700	14,000
Total Rice	11,830	35,850	11,500	34,600	11,675	36,250

***Note:** Boro season rice (Boro rice) was planted in 2020 and harvested and marketed in April-May 2021. Boro rice is the first rice crop in MY 2021/22 (May-April).*

Retail Prices

In June 2021, average monthly retail prices for coarse rice were Bangladesh taka (BDT) 46.2 (USD $0.54) per kilogram, and ten percent higher than last year (Figure 1). Milled Rice retail prices have increased, irrespective of the commodity category (coarse to fine rice). The reasons for the milled rice price surge are likely the increased price of unmilled rice purchased by millers due to reduced unmilled rice supplies in the market, and a lack of drying opportunities amid incessant heavy monsoon rains. Additionally, some farmers are selling rice through the government procurement program, and many are slow in selling their unmilled rice in fear of monsoon flooding and uncertainty during the COVID-19 pandemic.

Consumption

Post's MY 2021/22 rice consumption forecast is unchanged, but the consumption estimate for MY 2020/21 is revised lower to 35.9 MMT.

Imports

Post's rice import forecast is unchanged at 500,000 MT for MY 2021/22. There may be possible increased import volumes but is dependent on the upcoming flooding situation during the current monsoon season, as well as Aman rice production losses and the Government of Bangladesh's ability in reaching its Boro rice procurement target. To date, although the Government of Bangladesh remains confident with Boro rice production, its rice procurement to fill public stocks is progressing at a slower pace. In June, the Government of Bangladesh approved the purchase of 50,000 MT of non-basmati boiled rice from India.

To reduce the risk of lower stocks and increased retail prices, in April 2021, the Government of Bangladesh signed a memorandum of understanding (MOU) with the Government of Thailand, which stated that Bangladesh would import at least 100,000 MT of rice from Thailand each year through 2026. The rice import price would be negotiated based on international market prices.

[1] Seventeen percent of Bangladesh's agricultural land remains permanently flooded. Seasonal floods inundate approximately 18 percent of the country. Therefore, more than 35 percent of the country is under water during the normal flooding period.

The current rice import duty is reinstated to 62.5 percent, as the reduced import tariff privilege (25 percent) continued until April 30, 2021.

Rice Stocks Update

On April 26, 2021, the Bangladesh Ministry of Food (MOF) ordered a procurement of 650,000 MT of unmilled paddy rice at BDT 27.0 (USD $0.31) per kilogram during the April 28-August 16, 2021, period. The Food Planning and Monitoring Committee established a 1.15 MMT rice procurement target (boiled and non-boiled), with one MMT of boiled rice procured at BDT 40 (USD $0.47) per kg, and 150,000 MT of non-boiled (atap/sundried) rice at BDT 39 (USD $0.46) per kg. The unmilled and milled rice procurement program began on April 28 and May 7 respectively and will end on August 31, 2021.

The Government of Bangladesh set targets to complete 75 percent of its procurement by June 30, 15 percent on July 30, and the remaining ten percent by mid-August 2021. From April 28-July 7, 2021, the government has procured 840,000 MT of rice, including 670,000 MT of milled rice and 260,000 MT of unmilled paddy rice. Total rice procurement through July 7, 2021, was 54 percent of the government's target. The Ministry of Food has around 40 days (from July 8, 2021) to fulfill its target, whereas 60 days would be necessary if rice procurement occurs at the earlier pace of 12,121 MT per day.
Like procurement in fiscal year (FY) (July-June) 2017, the government's purchasing progress is not acceptable for the Ministry of Food, as an insufficient number of millers are showing interest to sell rice to the government due to higher market retail prices. The current per kilo coarse rice price in the wholesale market is BDT 44-46 (USD $0.52-0.54) and the retail market is BDT 48-50 (USD $0.56 – 0.59) which is 10 percent higher than that GOB's offered price.

The Ministry of Food stated, if necessary, the Government of Bangladesh will reduce its rice import tariff to 25 percent to increase procurement and fill the government's procurement gap and curb increasing retail rice retail prices (See link).

Wheat

Production

The wheat production forecast for MY 2021/22 remains unchanged. The standard wheat planting and harvesting period is November 2021 – April 2022.

Retail Price

In June 2021, the average retail price of wheat flour (Atta) was estimated at BDT 31.0 (USD $0.36) per kilogram and is approximately 6.1 percent cheaper than last year (Figure 2), and 32.9 percent less than current rice retail prices.

Consumption

Post's wheat consumption forecast for MY 2021/22 is unchanged on expectations of competitive international wheat prices and slower consumption of bakery and restaurant products due to the COVID-19 surge and national lockdown.

Imports

For MY 2021/22, the Bangladesh wheat import forecast remains unchanged at 6.5 MMT, assuming favorable international prices and a return to normal consumer purchasing habits following the COVID-

19 lockdown. For MY 2020/21, Post's wheat import is revised down to 5.3 MMT based on Ministry of Food import statistics. Bangladesh's imports also declined due to highly volatile, competitive international wheat prices and reduced overall consumption and usage in the hotel, restaurant, and institutional sector. Wheat imports are tariff free, and importers prefer durum, soft, red hard winter, or milling wheat, whereas the Government of Bangladesh procures milling wheat.

Corn

Production

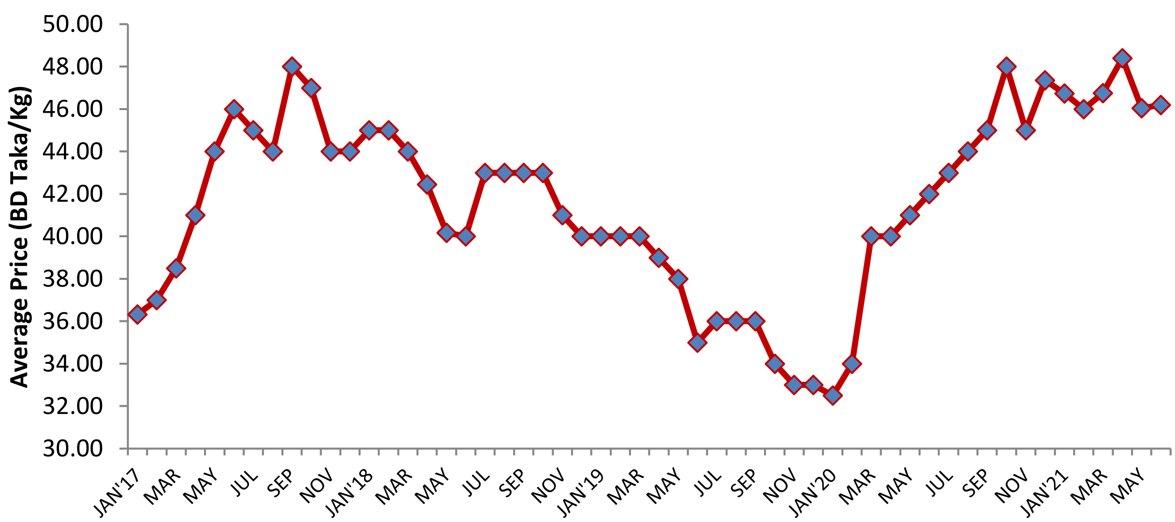
Post's MY 2021/22 corn area and production forecasts are marginally reduced to 565,000 hectares and 5.11 MMT respectively, due to both reduced area and summer corn production (planting in February, harvesting in June) as other competitive crops such as jute have increased in production area. Corn production is largely covered by winter corn (planting in December, harvesting in May), and accounts for 88 percent of Bangladesh's total production.

Corn is one of the most popular cereals in the country, whereas rice is treated as a crop where farmers feel compelled to produce regardless of its profitability. Increased demand for feed and industrial use and comparatively higher margins than rice and wheat have increased farmers' interest to produce more corn. Further, farmers prefer growing corn, as it is somewhat resistant to adverse weather, along with high market demand.

Prices

In July 2021 the corn wholesale price was BDT 25.0 (USD $0.29) per kilogram, 19.1 percent higher than last year (Figure 3). Corn wholesale market prices have reached a five-year high due to advanced stockpiling by feed millers and wholesale suppliers that created supply shortages in the market and stopped imports from India due to the COVID-19 pandemic.

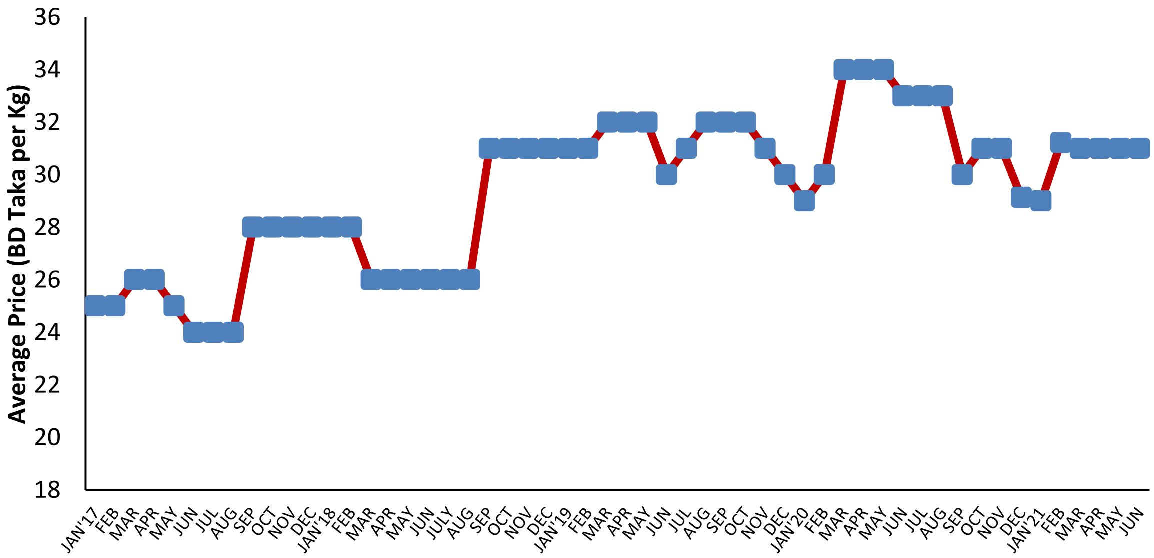
Figure 1. Bangladesh: Coarse Rice Monthly Average Retail Prices



Note: Exchange Rate, US $1 = BDT 85 (June 2021)

Source: Department of Agricultural Marketing and Trading Corporation of Bangladesh

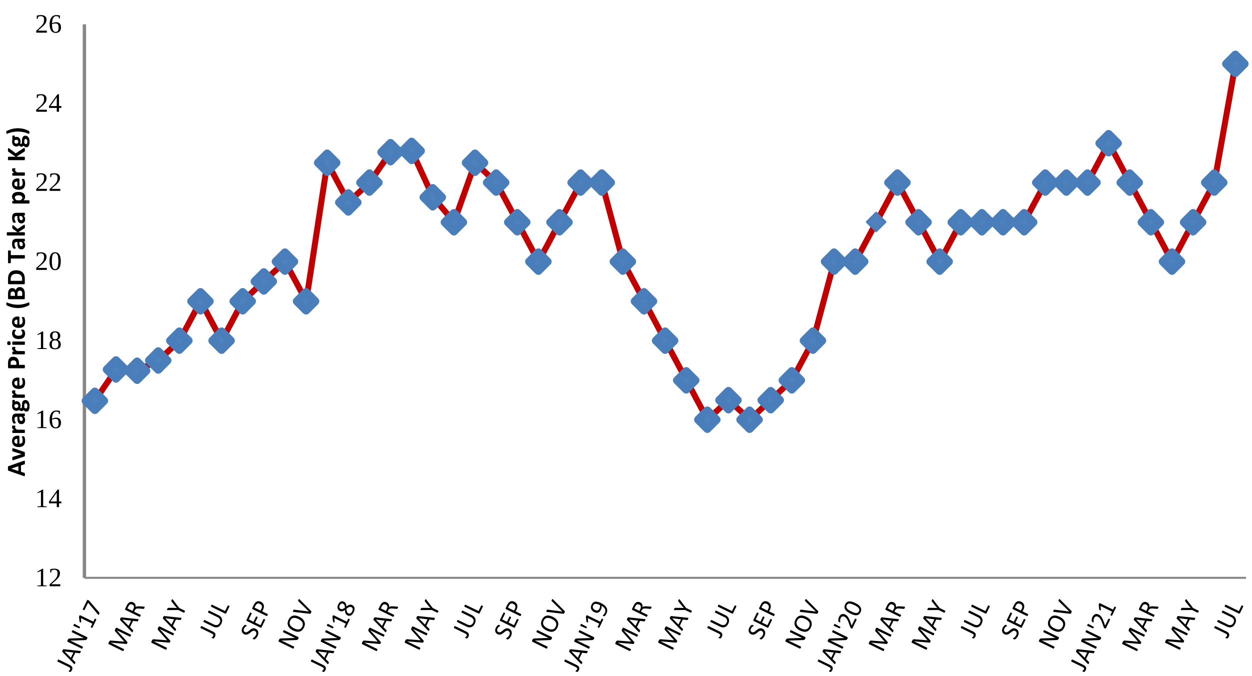
Figure 2. Bangladesh: Wheat Flour (Atta) Monthly Average Retail Prices



Note: Exchange Rate $1 = BDT 85 (June 2021)

Source: Department of Agricultural Marketing and Trading Corporation of Bangladesh

Figure 3. Bangladesh: Corn Monthly Average Wholesale Prices



Note: Exchange Rate, $1 = BDT 85 (July 2021)

Source: Department of Agricultural Marketing and Trading Corporation of Bangladesh

Consumption
For MY 2021/22, Post's corn consumption forecast is unchanged at 6.2 MMT based on steady demand in the feed industry to supply the poultry and aquaculture sectors, including the livestock farmhouses that produce cattle feed.

Imports
The corn import forecast in MY 2021/22 is raised to 1.6 MMT on strong industrial and farm consumption demand, and the MY 2020/21 import estimate is raised to 2.4 MMT based on the monthly import pace. Corn imports are tariff free, and the Bangladesh feed industry prefers yellow corn.

Policy
On June 3, 2021, the Government of Bangladesh, through the Ministry of Finance, announced its national annual budget for FY 2021/22. In the budget, the national sectoral allocation for the agricultural and rural development sectors declined from 13.39 percent to 12.28 percent for FY 2021/22. For FY 2021/22, the government allocated BDT 162.01 billion (USD $1.91 billion) for the Ministry of Agriculture, BDT 34.37 billion (USD $0.4 billion) for the Ministry of Fisheries and Livestock, and BDT 47.12 billion (USD $0.55 billion) for the Ministry of Food. The percentage change in allocated funds for the ministries in FY 2021/22 is 14 percent (Agriculture), -2.44 percent (Fisheries and Livestock), and 7.87 percent (Food) compared to the previous FY, respectively.

The FY 2021/22 budget also proposed an allocation of BDT 95 billion (USD $1.12 billion) as a subsidy for agricultural development and BDT 32 billion (USD $380 million) as an incentive for farm mechanization. The Government of Bangladesh planned to increase hybrid Boro rice production through cultivating an additional 50,000 hectares of fallow land and has intended to continue with ongoing interventions to assist agricultural production and development. These interventions have included agricultural subsidies, and incentive and assistance cards for agricultural inputs such as fertilizers and seeds, irrigation facilities, crop diversification, marketing, and agricultural rehabilitation assistance.

Like past years, the Ministry of Finance continued its zero-trade protection for agricultural inputs, including fertilizer, seeds, and pesticides. The Government of Bangladesh also reduced the import duty of several feed ingredients which helps to improve feed production quality and improve the livestock and fisheries sector. Further, the value-added tax is exempted on manufacturing and trading stages of weeders and winnowers; and the advance tax is exempted on farm equipment such as thresher machines, power reapers and tillers, operated seeders, combined harvesters, rotary tillers, weeders, and winnowers.

Other government subsidies for farmers are also continued for FY 2021/22, such as supplying farm machinery at a 70 percent subsidized price to farmers in low-land areas, with 50 percent to farmers of other areas; a 20 percent rebate in electricity costs for agricultural industries; four percent interest rate on agricultural loans for farmers producing pulses, oilseed, spices, and corn; and a 20 percent incentive for agricultural commodity exports. In addition, the government continues to supply fertilizers and seeds at lower prices than international market rates.

Rice and Wheat Distribution

According to the Ministry of Food, July 2021 public rice stocks reached 1.23 MMT, 31 percent higher than stocks during the same period last year. The Government has distributed 1.76 MMT of rice and 520,000 MT of wheat in FY 2020/21, 16 percent lower for rice but eight percent higher for wheat compared against FY 2019/20 distribution. Under the distribution program, the government sold 740,000 MT of rice at BDT 10.0 (USD $0.12) per kilogram to vulnerable/distressed persons.

The government's existing storage capacity of food grains has increased to about 2.18 MMT from the previous two MMT. Several active government projects include the construction of modern food warehouses/silos with a capacity of about 600,000 MT.

On July 7, 2021, wheat stocks at public granaries reached 290,000 MT, 27 percent higher than last year. The government procured 100,000 MT of wheat from the MY 2020/21 harvest within the April 1-June 30, 2021, period against the target of 100,000 MT priced at BDT 28 (USD $0.33) per kilogram.

Table 2: Bangladesh: Public Granary Stocks (Thousand MT)

July 2021			**July 2020**		
Rice	**Wheat**	**Total**	**Rice**	**Wheat**	**Total**
1231.56	293.26	1524.82	940.56	231.65	1172.21

Source: Management Information System & Monitoring, Director General of Food, Ministry of Food

Table 3. Bangladesh: Commodity, Milled Rice, PSD
(Area in Thousand Hectares, Quantity in Thousand Metric Tons)

Rice, Milled	**2019/2020**		**2020/2021**		**2021/2022**	
Market Begin Year	**May 2019**		**May 2020**		**May 2021**	
Bangladesh	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	11,830	11,830	11,500	11,500	11,650	11,675
Beginning Stocks	1,405	1,405	1,771	1,771	1,837	1,500
Milled Production	35,850	35,850	34,600	34,600	35,330	36,250
Rough Production	53,780	53,780	51,905	51,905	53,000	54,380
Milling Rate (.9999)	6,666	6,666	6,666	6,666	6,666	6,666
MY Imports	20	20	1,370	1,033	700	500
TY Imports	20	20	1,700	1,500	500	400
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	37,275	37,275	37,471	37,404	37,867	38,250
MY Exports	4	4	4	4	4	4
TY Exports	4	4	4	4	4	4
Consumption and Residual	35,500	35,500	35,900	35,900	36,100	36,000
Ending Stocks	1,771	1,771	1,837	1,500	1,763	2,246
Total Distribution	37,275	37,275	37,741	37,404	37,867	38,250
Yield (Rough)	4.55	4.55	4.51	4.51	4.55	4.66

Note: Market Year (MY) – May to April and Trade Year (TY) – January to December

Table 4. Bangladesh: Commodity, Wheat, PSD
(Area in Thousand Hectares, Quantity in Thousand Metric Tons)

Wheat	**2019/2020**		**2020/2021**		**2021/2022**	
Market Begin Year	**July 2019**		**July 2020**		**July 2021**	
Bangladesh	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	340	340	335	335	320	320
Beginning Stocks	1258	1258	1858	1858	1988	688
Production	1200	1200	1180	1180	1130	1130
MY Imports	6800	6800	6700	5300	7000	6500
TY Imports	6800	6800	6700	5300	7000	6500
TY Imp. from U.S.	450	450	0	300	0	0
Total Supply	9258	9258	9738	8338	10118	8318
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	300	300	350	350	400	400
FSI Consumption	7100	7100	7400	7300	7700	7400
Total Consumption	7400	7400	7750	7650	8100	7800
Ending Stocks	1858	1858	1988	688	2018	518
Total Distribution	9258	9258	9738	8338	10118	8318
Yield	3.5294	3.4375	3.5224	3.5224	3.5313	3.5313

Note: Market Year (MY) and Trade Year (TY) – July to June

Table 5. Bangladesh: Commodity, Corn, PSD
(Area in Thousand Hectares, Quantity in Thousand Metric Tons)

Corn	**2019/2020**		**2020/2021**		**2021/2022**	
Market Begin Year	**May 2019**		**May 2020**		**May 2021**	
Bangladesh	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	510	510	540	550	575	565
Beginning Stocks	122	122	140	140	640	640
Production	4100	4100	4700	4700	5200	5110
MY Imports	1368	1368	2400	2400	1600	1600
TY Imports	2003	2003	1900	1900	1600	1600
TY Imp. from U.S.	1	1	0	0	0	0
Total Supply	5590	5590	7240	7240	7440	7350
MY Exports	150	150	200	200	200	100
TY Exports	150	150	200	200	200	100
Feed and Residual	5000	5000	6000	6000	6400	6200
FSI Consumption	300	300	400	400	400	400

Total Consumption	5300	5300	6400	6400	6800	6600
Ending Stocks	140	140	640	640	440	650
Total Distribution	5590	5590	7240	7240	7440	7350
Yield	8.04	8.04	8.70	8.55	9.04	9.04

Note: Market Year (MY) – May to April and Trade Year (TY) – October to September

Table 6. Bangladesh: *Boro* Rice Crop Cycle and Crop Competition

General Crop Season	Rice Based Season	Competing Crops
Robi (Mid Oct – Mid Mar) Third Crop in FY	*Boro Season Rice (Boro Rice)* Planting: Dec-Feb Harvesting: Apr-May	*Boro* season rice, potato, wheat, corn, sugarcane, cotton, mustard, lentils, onions, soybeans, groundnut, tobacco, and vegetables
Kharif-1 (Mid Mar – Mid Jul) First Crop in FY	*Aus Season Rice (Aus Rice)* Planting Apr-May Harvesting: Jul-Aug	*Aus* season rice, jute, corn, mungbean, ginger, chili, onions, groundnut, and vegetables
Kharif-2 (Mid Jul – Mid Oct) Second Crop in FY	*Aman Season Rice (Aman Rice)* Planting: Jul-Aug Harvesting: Nov-Dec	*Aman* season rice, cotton, jute, black gram, soybeans, and vegetables

Source: Crop Calendar of Krishi (Agriculture) Diary, Ministry of Agriculture
Note: Fiscal Year period is July -June and Marketing year for rice is May-April.

Attachments:

No Attachments