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GAIN Report

Global Agricultural Information Network

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Bangladesh

Grain and Feed Update

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Report Highlights:

Post's rice production estimate for marketing year (MY) 2018/19 (May-April) is revised slightly upward to 34.5 million metric tons (MMT) based on increased *Aus rice* production. Post raised MY 2018/19 rice imports to 0.8 million metric tons based on slightly increased demand until the next *Aman rice* harvest. In MY 2018/19 (July-June), the revised wheat production forecast is raised to 1.2 million tons due to an expected increased use of high yield varieties. In MY 2018/19 (May-April), Post's corn area and production forecast are raised to 0.4 million hectares and 3.8 MMT, respectively, due to revised estimates in winter corn harvested area and production, revised summer corn harvested area, and increased yield in winter corn resulted from the adoption of new hybrid varieties.

Post:
Dhaka

Commodities:
Rice, Milled

Wheat

Corn

Production:

Rice (Milled Rice)

Post has revised MY 2018/19 (May-April) rice area and production forecast, marginally raised to 11.6 million ha and 34.5 million metric tons (MMT), respectively, based on increased planted area of *Aus* rice.

Based on the latest official data, in MY 2018-19, *Aus* rice area and production estimates (May-April) are revised up to 1.1 million ha and production of 2.4 MMT. *Aman* rice cultivated area and its production forecast are marginally revised to 5.8 million ha and 13.2 MMT, assuming optimal growth and normal yield.

The prior market year's production shortfall forced farmers to recover their loss through expansion in cultivated area of the three rice-producing seasons in this market year. Nevertheless, the monsoon season this year is not sufficiently helping farmers to realize good planting progress through the end of September.

Transplanted *Aman* rice was complete by mid-September and the plants are in the reproductive phase (panicle initiation, booting, flowering and grain filling), progressing with the support of supplementary irrigation to manage water stress. Bangladeshi research scientists found that water stress in the flowering stage caused the lowest (0.37) harvest index (Grain yield/Biological yield) followed by booting (0.38) and grain filling stages (0.40).

This year's abnormal monsoon season with lower levels of precipitation is forcing farmers to use supplementary irrigation to stabilize the vegetative and reproductive growth of planted *Aman* rice. The changing weather conditions are gradually going to redefine *Aman* rice from rain fed to a semi-irrigated crop. Adding irrigation to *Aman* rice cultivation will not increase production as it gives lower yield than rice in the *Boro* season and will also increase cost, thereby motivating farmers to move away from *Aman* cultivation.

Shortage of labor and higher labor costs of migrant workers for rice planting and harvesting in peak season also forced farmers to cultivate alternative crops. To adapt with various weather anomalies that hamper highly weather dependent crops such as rice, farmers are diversifying from rice to vegetable, fruit, and other trending crops such as dragon fruit, sunflower, and soybean among others.

Table 1. Bangladesh: Rice Area and Production Estimate, in thousand hectares and thousand metric tons

Rice by Season	2016/17 (Estimate)		2017/18 (Estimate)		2018/19 (Forecast)	
	Area	Production	Area	Production	Area	Production
	1,000 HA	1,000 MT	1,000 HA	1,000 MT	1,000 HA	1,000 MT
<i>Boro</i>	4,750	18,890	4,472	17,800	4,752	18,909
<i>Aus</i>	1,098	2,338	1,100	2,350	1,130	2,430
<i>Aman</i>	5,900	13,350	5,700	12,500	5,800 (P)	13,200 (F)
Total Rice	11,748	34,578	11,272	32,650	11,682	34,539

Note: *Boro* season rice harvesting and marketing starts in April-May 2018, so rice harvested in *Boro* season 2018 is considered as first harvest in Market Year (MY) 2018-19 (May-April). On the other hand, *Boro* rice harvested in year 2018 is included as last rice harvest of Fiscal Year (FY) 2017-18 (July-June) of Bangladesh. P-Planted, F - Forecasted.

To mitigate the effects of climate change, the Bangladesh government is trying to expand the cultivation of rainfed *Aus* and *Aman* rice rather than irrigation-dependent (80-percent groundwater-based) *Boro* rice. To that end, the government has subsidized inputs such as seed and fertilizer for cultivation of *Aus* and *Aman* rice.

Wheat

Based on official data, MY 2017/18 harvested wheat area and production estimates are revised upward to 0.351 million hectares and 1.15 million tons, respectively, on slightly better yields. Assuming normal weather conditions and increased yield through extensive use of high yield varieties (HYV), the wheat production forecast for MY 2018/19 is revised slightly to 1.25 MMT.

Corn

Based on official sources, total area and production of winter and summer corn in MY 2018/19 are revised up to 0.44 million ha and 3.8 MMT. Production increased 9.5 percent mainly due to increased yield of 9.8 percent, resulted from the use of various imported hybrid varieties. Corn production in MY 2017/18 is revised upward to 3.6 MMT based on official information.

Prices:

Rice

Retail prices of rice declined during Feb-May with the harvests of *Boro* rice before bouncing back in June. Retail prices started to show a flat trend from the last three months as there is no recent harvest. In October 2018, retail prices of coarse rice were BDT 43 (US\$0.52) per kilogram, which is about 8.5 percent lower than the price a year prior (Figure 1). Prices are likely to remain stable up to the next *Aman* rice harvest.

Wheat

The retail prices of wheat flour remained steady in the last six months in line with easing international prices. The minimum retail prices of loose coarse wheat flour (also called *Atta*) were estimated at BDT 31 (US\$ 0.37), which is 11 percent higher than last year (Figure-2). Higher prices in the local market are due to price hikes in the international market owing to drought in Russia and Ukraine and elsewhere in Europe. The *Business Insider* reported that increased prices would not hamper wheat imports.

In October, 2018, comparing FOB prices of wheat from Russia, Ukraine and the United States, the lowest prices were offered by U.S. (US\$ 204.2 per ton), while the local market price of imported U.S. wheat is also the lowest at BDT 23.14 (US\$ 0.29) per ton. Shipping and other related costs difference between U.S. and other exporting countries such as Russia are BDT 10 per ton (US\$ 0.12 per ton).

Corn

In October 2018, the wholesale price of corn for use in the feed industry was BDT 20 (US\$0.24) per kilogram, 4 percent lower than last year (Figure 3).

Imports:

Rice

The TY 2017/18 (Jan-Dec) import forecast is lowered to 1.7 MMT from old post's estimate based on weak import pace after imposing a higher import duty on rice in the July budget for FY 2018-19. According to official sources, 1.626 MMT of rice was imported in the period January to September, 2018. Imports in Jan-June were 1.557 MMT, and from July to September it was 0.68 MMT (Figure 4). In MY 2018/19, the rice import forecast is raised to 0.8 MMT from old post's estimate following yearly average imports.

Wheat

The wheat import forecast in MY 2018-19 (Jul-Jun) is unchanged. Based on official sources, in September 2018 a letter of credit (LC) was opened to import 237.21 thousand MT of wheat and an LC settled for importation of 104.62 thousand MT of wheat in the same month.

Corn

Corn imports in MY 2017/18 (May-April) are revised marginally upward to 1.524 MMT based on the latest customs data. Based on the current import pace, Post's TY 2017/18 (Oct-Sep) corn import estimates are revised down to one million metric tons. In MY 2018/19, the corn import forecast is revised down to 1.7 MMT based on yearly import pace. For MY 2017/18, the feed and residual consumption estimate is raised to 4.4 MMT due to increased feed consumption demand in the fisheries and livestock sectors.

Stocks:

Rice

According to the Ministry of Food (MOF), on October 10, 2018, the public rice stocks reached 1.3 MMT, which is 250 percent higher than rice stocks at the same time last year.

Table 2: Bangladesh: Stock at public granaries (Thousand MT)

Oct 10, 2018			Oct 10, 2017		
Rice	Wheat	Total	Rice	Wheat	Total
1340.79	267.97	1608.76	382.13	102.88	485.01

Source: MIS&M, Director General of Food, Ministry of Food

Domestic procurement of *Boro* rice in MY 2018/19 as of the second week of September 2018 reached 1.39 MMT, which is about 0.7 percent higher than the targeted quantity. Though there was no

government procurement of *Aus* rice, depending on the production and price situation, the government may announce a procurement plan for *Aman* rice in December 2018.

Through the public food distribution system, GOB sold 1.4 MMT of rice at a price of BDT 10 (US\$ 0.12) per kilo, and 0.77 MMT of rice through open market sales at lower than market price.

Though there is no official information available on private-sector stocks, industry sources indicate that current rice stocks in the hands of millers, traders, and large farmers are sufficient to cover food grain needs in the country until the harvest of *Aman* rice that begins in mid-November.

Wheat

GOB wheat stocks as of October 10, 2018 were 0.27 MMT, which is 160 percent higher than a year earlier (Table 2).

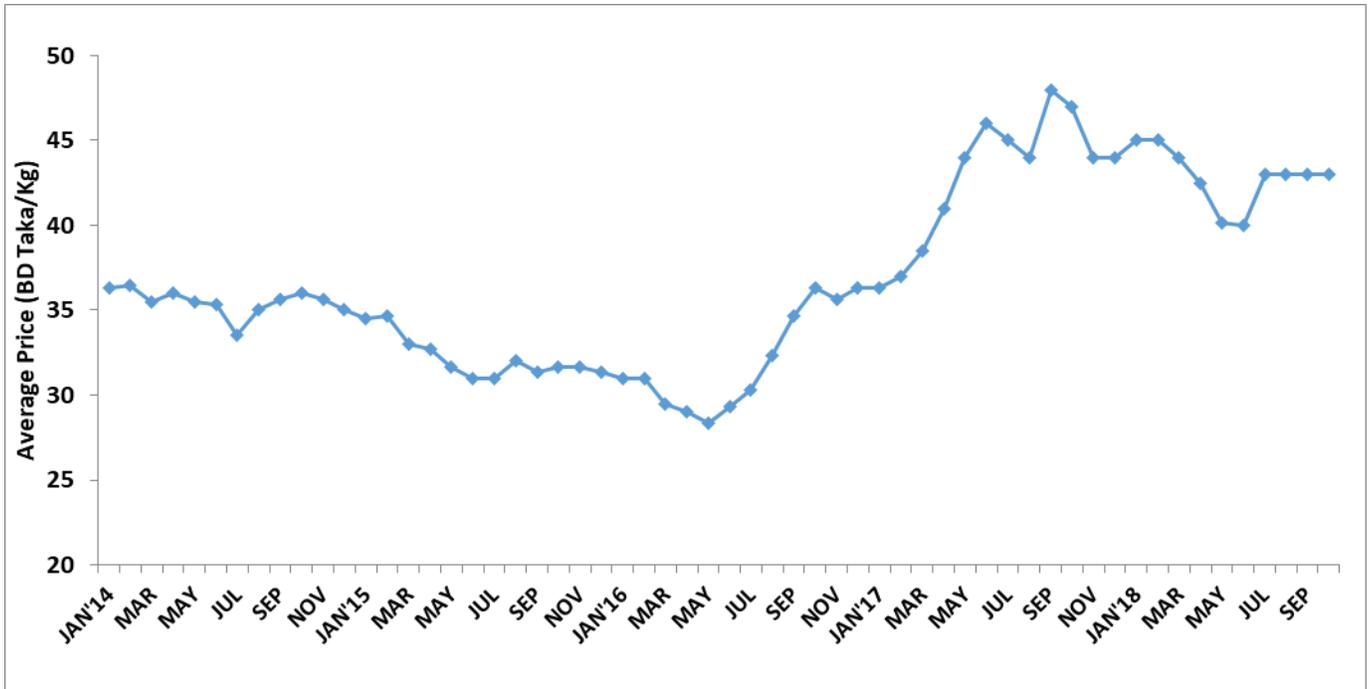
Policy:

The current outlook for domestic production and stocks indicates the government is unlikely to resort to rice imports over the next few months. According to the Department of Food (DoF), the GOB plans to import 0.4 million MT of wheat in FY2018-19 and annual demand for wheat is above 7.0 MMT in the country.

The Ministry of Agriculture sets fiscal year (FY) 2018-19's (July-June) rice production target at 36.4 MMT comprising 2.7 MMT of *Aus* rice, 14.1 MMT of *Aman* rice, and 19.6 MMT of *Boro* rice. *Aus* rice is already harvested, *Aman* is in the field, and *Boro* will be produced in calendar year (CY) 2019.

The major problems in farming are the higher cost of inputs, especially labor, seed, and herbicides and pesticides. A lack of investment capital for farming is another hindrance that limits expansion in the farm economy. The Bangladesh Bank (BB) has rules that farmers having bank accounts with an initial deposit of BDT 10 (US\$ 0.12) will get loans under a BB refinancing scheme worth BDT 2 billion (US\$ 24.1 million) at an interest rate of 8 percent. The central bank has slashed the lending rate of farm loans by 1 percentage point to 8 percent in order to boost the yearly loan disbursement target. In FY 2018-19, the target of loan disbursement of BDT 210 Billion (US\$2.5 Billion) is 6.86 percent higher than FY 2017-18. At present, a total of 9.3 million farmers have bank accounts of BDT 10, but their deposits are very small at BDT 2.96 billion (US\$ 35.7 million). Bangladesh and Agrani Bank jointly initiated a project to reform the agricultural loan distribution system to improve farmers' interest and remove reservations about taking loans for crop farming and agribusiness.

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



Note: Exchange Rate, BDT 83 = US\$ 1 (Oct, 2018)

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

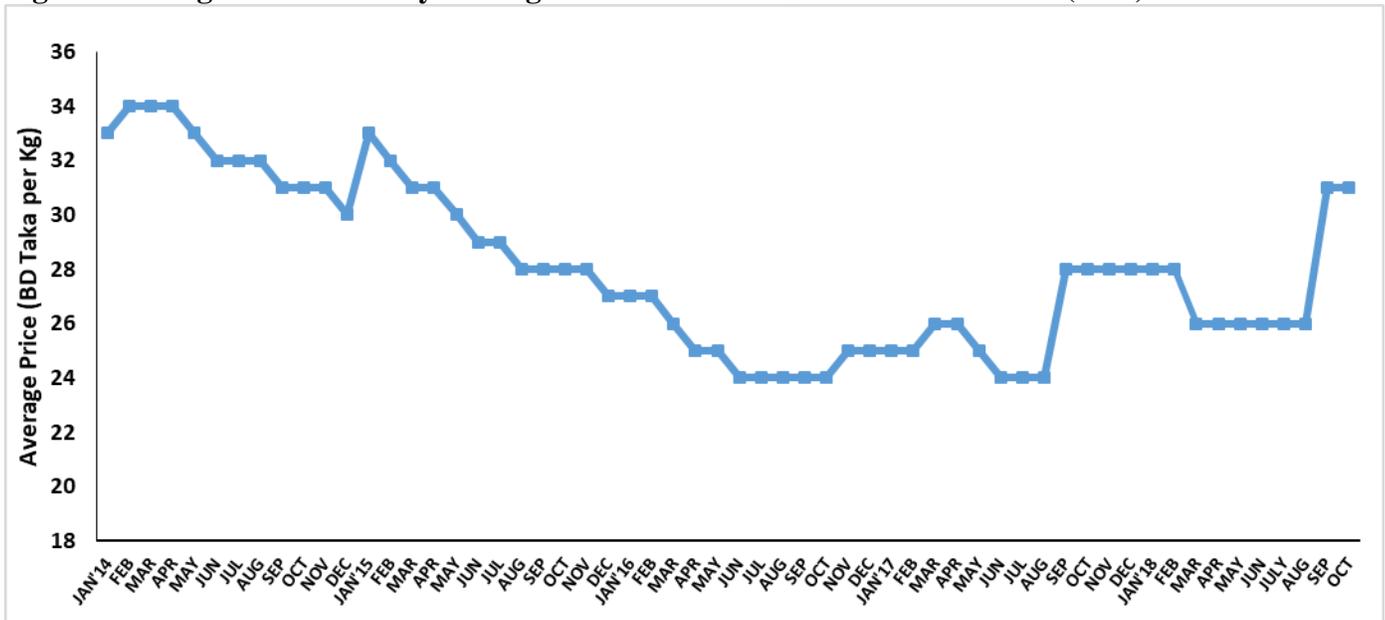


Figure 3. Bangladesh: Monthly Average Wholesale Prices of Corn

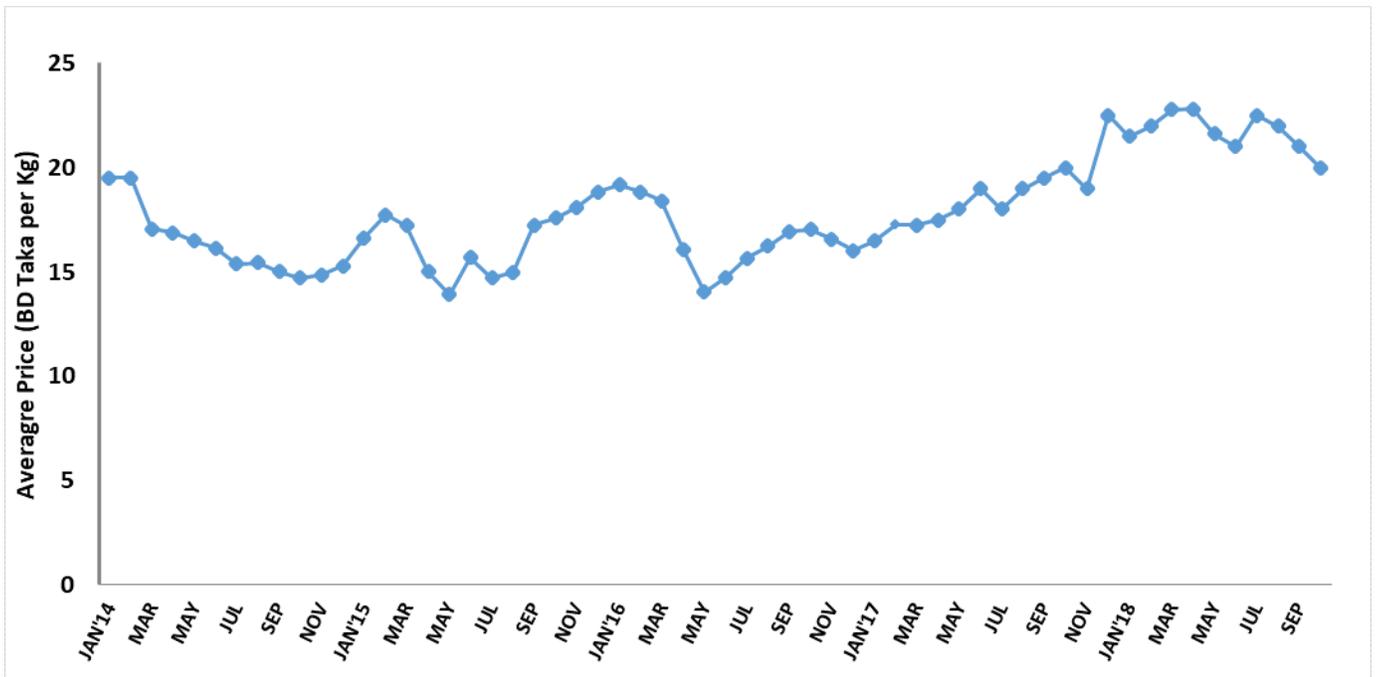


Figure 4. Bangladesh: Monthly Rice Import (MT)

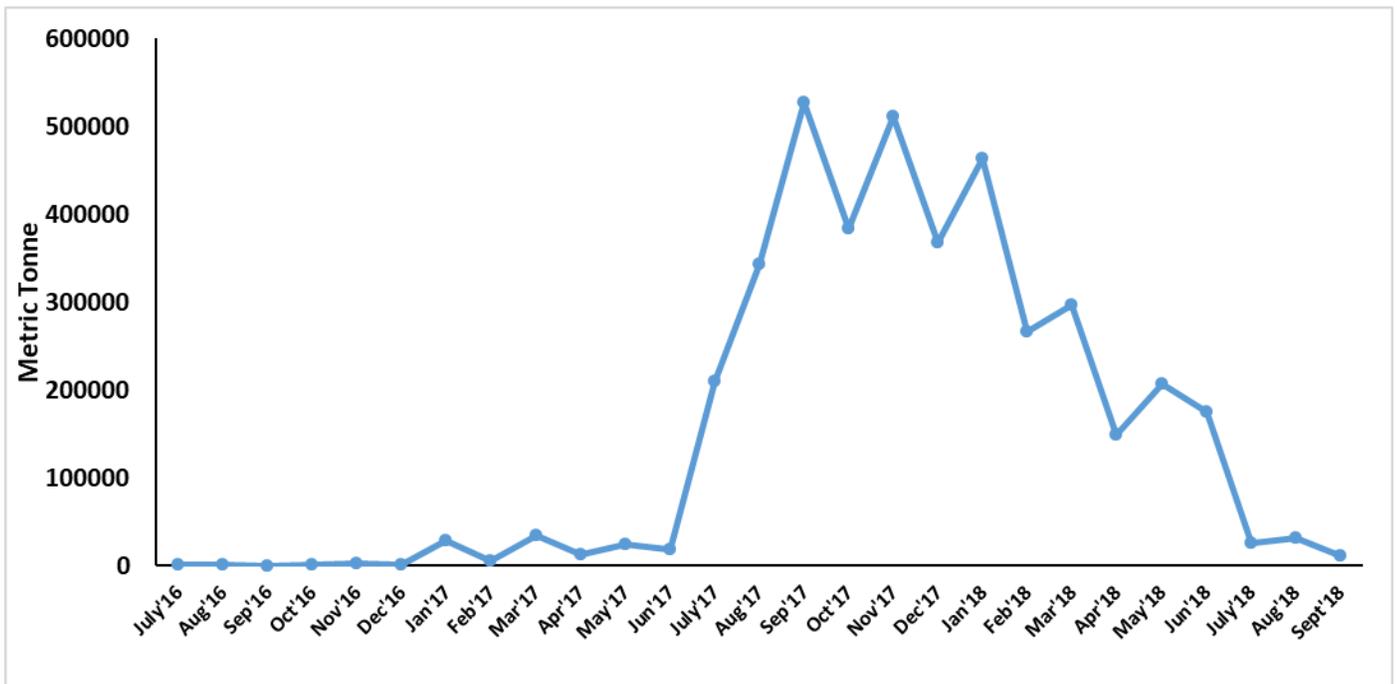


Table 3. Bangladesh: Commodity, Rice, Milled, PSD
(Area in Thousand Hectares, Quantity in Thousand Metric Tons)

Rice, Milled Market Begin Year	2016/2017		2017/2018		2018/2019	
	May 2016		May 2017		May 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Bangladesh						
Area Harvested	11748	11,748	11272	11,272	11660	11,682
Beginning Stocks	1205	1,205	854	854	1500	1,862
Milled Production	34578	34,578	32650	32,650	34400	34,539
Rough Production	51872	51,872	48980	48,980	51605	51,814
Milling Rate (.9999)	6666	6,666	6666	6,666	6666	6,666
MY Imports	75	75	3200	3,562	1200	800
TY Imports	2348	2,348	1400	1,700	1100	600
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	35858	35,858	36704	37,066	37100	37,201
MY Exports	4	4	4	4	0	4
TY Exports	4	4	4	4	0	4
Consumption and Residual	35000	35,000	35200	35,200	35500	35,600
Ending Stocks	854	854	1500	1,862	1600	1,597
Total Distribution	35858	35,858	36704	37,066	37100	37,201
Yield (Rough)	4.4154	4.42	4.3453	4.35	4.4258	4.44
(1000 HA), (1000 MT), (MT/HA)						

Note: Marketing Year (MY) – May to April and Trade Year (TY) – January to December (Calendar year of end year)

Table 4. Bangladesh: Commodity, Wheat, PSD

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

Wheat Market Begin Year	2016/2017		2017/2018		2018/2019	
	Jul 2016		Jul 2017		Jul 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Bangladesh						
Area Harvested	405	405	350	351	370	370
Beginning Stocks	2077	2077	1883	1883	1648	1425
Production	1250	1250	1115	1153	1185	1250
MY Imports	5556	5556	6150	5889	6500	6500
TY Imports	5556	5556	6150	5889	6500	6500
TY Imp. from U.S.	257	257	241	241	0	0
Total Supply	8883	8883	9148	8925	9333	9175
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	7000	7000	7500	7500	8000	7700
Total Consumption	7000	7000	7500	7500	8000	7700
Ending Stocks	1883	1883	1648	1425	1333	1475
Total Distribution	8883	8883	9148	8925	9333	9175
Yield	3.0864	3.0864	3.1857	3.2849	3.2027	3.3784
(1000 HA), (1000 MT), (MT/HA)						

Note: Marketing 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 Market Begin Year	2016/2017		2017/2018		2018/2019	
	May 2016		May 2017		May 2018	
Bangladesh	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	405	405	436	436	450	444
Beginning Stocks	23	23	137	83	187	561
Production	2817	2817	3274	3654	3500	3804
MY Imports	897	843	1476	1524	2000	1700
TY Imports	1181	1176	1500	1000	2000	1700
TY Imp. from U.S.	187	187	0	0	0	0
Total Supply	3737	3683	4887	5261	5687	6065
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	3300	3300	4400	4400	5000	5000
FSI Consumption	300	300	300	300	300	300
Total Consumption	3600	3600	4700	4700	5300	5300
Ending Stocks	137	83	187	561	387	765
Total Distribution	3737	3683	4887	5261	5687	6065
Yield	6.9556	6.9556	7.5092	8.3807	7.7778	8.57

(1000 HA), (1000 MT), (MT/HA)

Note: Marketing Year (MY) – May to April and Trade Year (TY) – October to September**Table 6. Bangladesh: Boro Rice Competes with the Alternative Crops**

General Crop Season	Competing Crops	Rice Based Season
Robi (Mid Oct – Mid Mar)	<i>Boro</i> rice, potato, wheat, maize, sugarcane, cotton, mustard, lentils, onions, soybeans, groundnut, tobacco, and vegetables	<i>Boro</i> Planting: Dec-Feb Harvesting: Apr-May
Kharif-1 (Mid Mar – Mid Jul)	<i>Aus</i> rice, broadcast <i>Aman</i> , jute, maize, mungbean, ginger, chili, onions, groundnuts and vegetables	<i>Aus and Broadcast Aman</i> Planting: Apr-May <i>Aus</i> Harvesting: Jul-Aug <i>B. Aman</i> Harvesting : Nov
Kharif-2 (Mid Jul – Mid Oct)	<i>Transplant Aman</i> rice, cotton, jute, black gram, and soybeans	<i>Transplant Aman</i> Planting: Apr-May Harvesting: Nov-Dec

Source: Crop Calendar of Krishi (Agriculture) Diary

