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Grain and Feed Update

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Report Highlights:
MY 2018/19 (May-April) rice production is forecast slightly up, to 34.9 million metric tons, on *Aus* and *Aman* season rice production due to favorable weather conditions and sufficient amount of inputs. Post lowered MY 2018/19 rice imports to 600,000 metric tons based on domestic supply and customs data. MY 2018/19 (July-June) wheat production is estimated lower at 950,000 tons, resulting from less interest in planting due to changing weather conditions, wheat blast panic, and higher yield and profit gained from corn cultivation. Corn production estimates in MY 2018-19 (May-April) remain unchanged, while the import estimate is reduced to 1.6 million MT.

Commodities:
Rice, Milled
Wheat
Corn

RICE, MILLED

Production:

Marketing year (MY) 2018/19 (May to April), total rice area and production is projected slightly higher at 11.7 million hectares and 34.9 million tons (husked) based on increased *Aus* and *Aman* season rice area and higher yields. Currently harvested *Aman* season rice production estimate (July/August - November/December) is revised up to 13.5 million tons (husked) on higher than expected yields due to increased hybrid coverage area, favorable weather conditions, sufficient and uninterrupted inputs supply, and timely disbursement of easily obtainable low-cost agricultural loans to marginal and poor farmers. *Aus* season rice (March/April - June/July) harvested in summer 2018 is revised up to 2.5 million tons (husked rice) due to yield increases in hybrid and high yielding varieties (HYV).

Boro rice cultivation for MY 2019-20 (last rice season in FY 2018-19 of Bangladesh) has begun. Seedling production, land preparation, and transplanting of seedlings from seedbeds to rice land are proceeding. Farmers had a very good harvest in MY 2018/19 *Boro* and *Aman* season, resulting in increased interest to produce rice with an expectation that they will have a good harvest in the upcoming season.

The country has been having average moderate cold weather during this winter season. However, on January 8, 2019, a cold wave set a 50 year record low temperature of 2.6°C in Tetulia Upazila of Panchagar district located in the northwest corner of the country nearest to the Himalayas. A mild cold wave hampered seed bed preparation in some locations. Farmers of some highland regions faced a shortage in water supply due to lower ground water levels. Highly water intensive *Boro* rice requires 3,300 liters of water to produce one kilogram of rice, and farmers spend 20-25 percent of total production cost on irrigation to cultivate rice during the *Boro* season.

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**
Boro	4,750	18,890	4,472	17,800	4,752	18,909
Aus	1,098	2,338	1,100	2,350	1,145	2,500
Aman	5,900	13,350	5,700	12,500	5,876	13,500
Total Rice	11,748	34,578	11,272	32,650	11,773	34,909
Wheat	405	1,250	351	1,153	290	950
Corn	405	2,817	436	3,654	444	3,804

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

Imports:
In MY 2018/2019 (May-April), Post's import forecast decreased to 600,000 tons due to an ample rice supply harvested in the *Aman* rice season. Total imported rice was 489,759 tons in the period May – December, 2018, including public imports of 85,140 MT and private imports of 404,619 MT.

Stocks:
According to the Ministry of Food, as of the first week of January 2019, government rice stocks (domestic and imported rice) were 1.15 million tons, which is 108 percent higher than last year's stocks due to successful *Boro* and ongoing *Aman* rice procurement. There is no official data on private stocks, which includes stocks held by farmers, millers, and traders.

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

4-6 Jan, 2019			4-6 Jan, 2018		
Rice	**Wheat**	**Total**	**Rice**	**Wheat**	**Total**
1151.12	178.83	1329.75	554.20	303.72	857.92

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

The government of Bangladesh (GOB) procures and stocks grain for the Public Food Distribution System (PFDS). For Fiscal Year 2018/19 (July-June), the GOB purchased 317,766 tons of *Aman* rice, 52 percent of the targeted plan. The government does not procure rice from *Aus* rice season, and has purchased very small quantities of imported rice.

Prices:
December, 2018 retail prices of coarse rice fell by 9 percent from the previous year (Figure 1). Coarse rice retail price is BDT 40 (US$ 0.48) per kilogram, which was BDT 44 (US$ 0.55) per kilogram in December, 2017. The lower rice price is due to an ample supply from the recent *Aman* season rice harvest, coupled with a reduction in rice (husked) prices paid by millers.

Policy:
For fiscal year (FY) 2018/19 (July to June), the GOB plans to procure 600,000 tons of domestic *Aman* rice (husked) for the Public Food Distribution System within the period of Dec. 2018-Feb. 2019. The government procurement price to purchase from millers was BDT 36 (US$ 0.47) per kilogram, although news sources estimated that rice production cost at the farm level was higher at BDT 38/kg. Although government policy is intended to support famers, the result is higher margin for millers.

WHEAT

Production:

For MY 2018/19 (July to June), the wheat production estimate is revised downward to 950,000 tons due to decreased cultivation area. Wheat farmers reduced cultivation area to 290,000 ha, 17.38 percent lower than planted wheat area in last MY 2017/18 due to wheat blast panic and changing weather conditions from a long to short winter period which is vital for optimum growth and production. Opportunities to cultivate alternative profitable crops, such as corn, is another key reason to switch from wheat.

Imports:
For MY 2018/19 (July-June), the wheat imports estimate is unchanged at 6.5 million MT. According to official statistics, from July to December 2018, imports were 2.6 million tons, of which 94 percent was imported by the private sector.

Stocks:
As of the last week of December 2018, according to the Ministry of Food, GOB's wheat stocks were estimated at 178,830 tons, 41 percent lower than the same period last year. To increase stocks, the GOB invited an international tender in December 2018 to supply 50,000 MT of wheat to public food silos.

Prices:
From Sept. to Dec. 2018 the average retail wheat flour (*Atta* local name) price remain unchanged at BDT 31 (US$0.37) per kilogram (Figure 2).

CORN

Production:
MY 2018/19 (May-April) corn production estimate remains unchanged at 3.8 million metric tons (MMT). Corn in MY 2018/19 (May-April) was harvested in winter (March-April) and summer (June-July) seasons. For MY 2019-20, winter corn planting has begun, and per government officials, only negligible corn area is affected by Fall Army Worm (FAW) (*Spodoptera frugiperda)*. Experts declared it is too early to forecast possible production loss in corn, as farmers have not yet completed planting corn for this season and attack from FAW has not reached a critical condition, although there is scant information available about affected area in the country. An analysis by the Centre for Agriculture and Bioscience International (CABI) showed that Bangladesh falls under the index range 50-70 for environmental suitability of FAW, meaning that it can be devastating for the many summer and winter crops grown in the tropical climate of Bangladesh (Figure 4).

The Ministry of Agriculture formed a national taskforce including extension officials, scientific experts, and administrators to combat FAW. The Department of Agricultural Extension issued a pest alert on August 13, 2018 stating the nature of the pest and its invasive capacity. Bangladesh Agricultural Research Institute distributed a note to farmers advising various methods to protect their crops from FAW. Both international and national organizations are working intensively on surveillance, monitoring, research, awareness building, and training for various types of control measures to reduce risk.

Trade:
Post's MY 2018/19 (May-April) import forecast is reduced to 1.6 million MT based on import pace and expectation of lower imports in the next four months of the marketing year. Total corn imports for the

period May-Dec 2018 was 1.2 million MT, slightly higher than imports (1.18 million MT) in the same period the previous year. Post adjusted MY 2017/18 corn imports to the USDA official number. Corn imports fully depend on local production during two corn seasons and feed industry demand. More than 90 percent of corn is imported from Brazil, and the import has significantly increased in the last five months due to competitive price. Imports from India were almost flat during last August, September and October. Corn production in India was hampered due to drought and partly by attack of FAW. Imports from Brazil may rise, as India will reduce exports due to higher price in their domestic market.

Prices:
In December 2018, the wholesale price of corn was BDT 22 (US$0.27) per kilogram, which was 5.76 percent lower than last year (Figure-3). As there has been no local corn harvest recently, imported corn is taking the lead in supplying the domestic market which has increased the price. During the last three months (Oct.-Dec. 2018), the import share was more than 32 percent of total imports for May-Dec, 2018.

Policy:
In October 2018, GOB announced the provision of BDT 800 million worth of free seed and fertilizer to 700,000 small and subsistence farmers for 231,000 acres of land cultivation. The incentives will be provided to encourage production of wheat, maize, mustard, peanuts, pulses, Bt brinjal, *Boro* rice, winter and summer mung beans, and summer sesame in the March-May, 2019 season. Each farmer will receive 20kg wheat, 5kg rice, 2kg maize, 1kg mustard, 10kg peanuts, 1kg summer sesame, 5kg summer mung bean, 8kg grass pea, 7kg cowpea and 20g Bt brinjal seeds for cultivation on one third of acre land. In addition to seed, GOB will also provide 20kg of Diammonium Phosphate (DAP) and 5 - 10kg of Muriate of Potash (MOP) fertilizer as inputs for the aforementioned crops.

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

Rice, Milled	**2016/2017**		**2017/2018**		**2018/2019**	
Market Begin Year	**May 2016**		**May 2017**		**May 2018**	
Bangladesh	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**

Area Harvested	11,748	11,748	11,272	11,272	11,680	11,773
Beginning Stocks	1,205	1,205	854	854	1,500	1,862
Milled Production	34,578	34,578	32,650	32,650	34,500	34,909
Rough Production	51,872	51,872	48,980	48,980	51,755	52,369
Milling Rate (.9999)	6,666	6,666	6,666	6,666	6,666	6,666
MY Imports	75	75	3,200	3,562	800	600
TY Imports	2,348	2,348	1,400	1,667	600	400
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	35,858	35,858	36,704	37,066	36,800	37,371
MY Exports	4	4	4	4	0	4
TY Exports	4	4	4	4	0	4
Consumption and Residual	35,000	35,000	35,200	35,200	35,200	35,600
Ending Stocks	854	854	1,500	1,862	1,600	1,767
Total Distribution	35,858	35,858	36,704	37,066	36,800	37,371
Yield (Rough)	4.42	4.42	4.35	4.35	4.43	4.45

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

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

Wheat	**2016/2017**	**2017/2018**	**2018/2019**
Market Begin Year	**July 2016**	**July 2017**	**July 2018**

Bangladesh	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested	405	405	370	351	395	290
Beginning Stocks	2077	2077	1883	1883	1686	1686
Production	1250	1250	1153	1153	1250	950
MY Imports	5556	5556	6150	6150	6000	6500
TY Imports	5556	5556	6150	6150	6000	6500
TY Imp. from U.S.	257	257	241	241	0	0
Total Supply	8883	8883	9186	9186	8936	9136
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	7700	7700
Total Consumption	7000	7000	7500	7500	7700	7700
Ending Stocks	1883	1883	1686	1686	1236	1436
Total Distribution	8883	8883	9186	9186	8936	9136
Yield	3.0864	3.0864	3.1162	3.2849	3.1646	3.2759

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	**2016/2017**	**2017/2018**	**2018/2019**

Market Begin Year	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	137	187	567
Production	2817	2817	3274	3654	3500	3804
MY Imports	897	897	1476	1476	2000	1600
TY Imports	1181	1181	1500	1114	2000	1400
TY Imp. from U.S.	187	187	55	0	0	0
Total Supply	3737	3737	4887	5267	5687	5971
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	137	187	567	387	671
Total Distribution	3737	3737	4887	5267	5687	5971
Yield	6.96	6.96	7.51	8.38	7.78	8.57

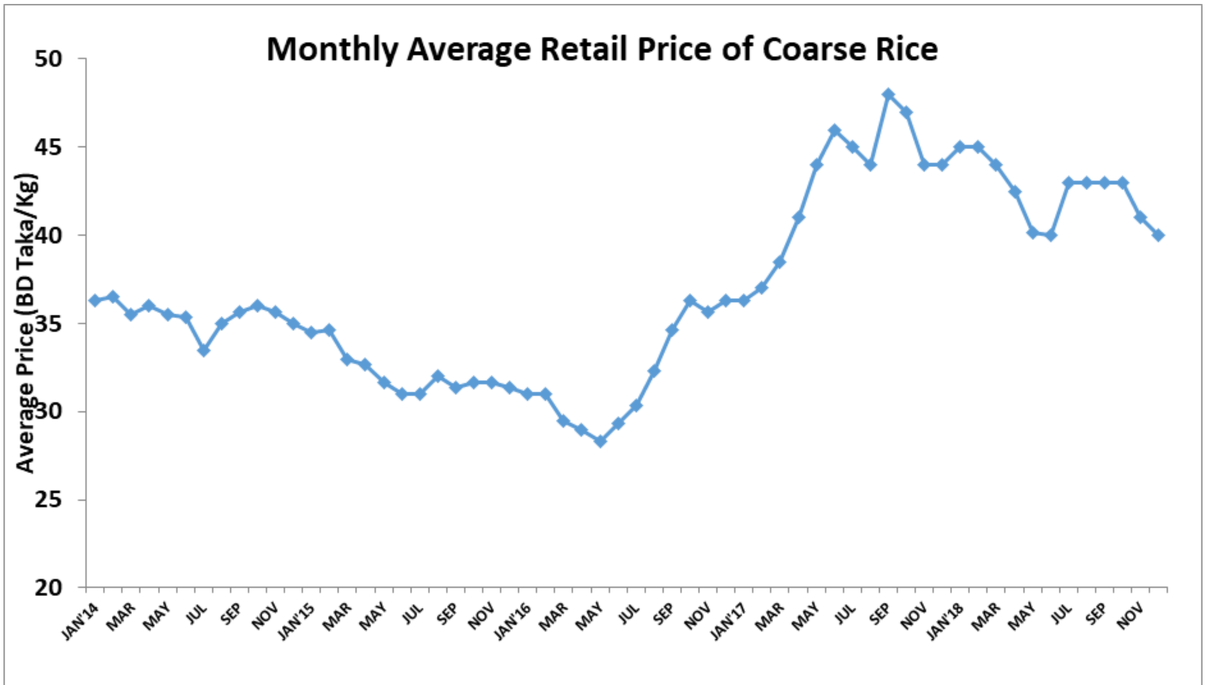
Note: Market Year (MY) – May to April and Trade Year (TY) – October to September

Table 6. Bangladesh: *Boro* Rice Competes with the Alternative Crops

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

Source: Crop Calendar of Krishi (Agriculture) Diary

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



Note: Exchange Rate, BDT 84 = US$ 1 (Jan, 2019)

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

Figure 3. Bangladesh: Monthly Average Wholesale Prices of Corn

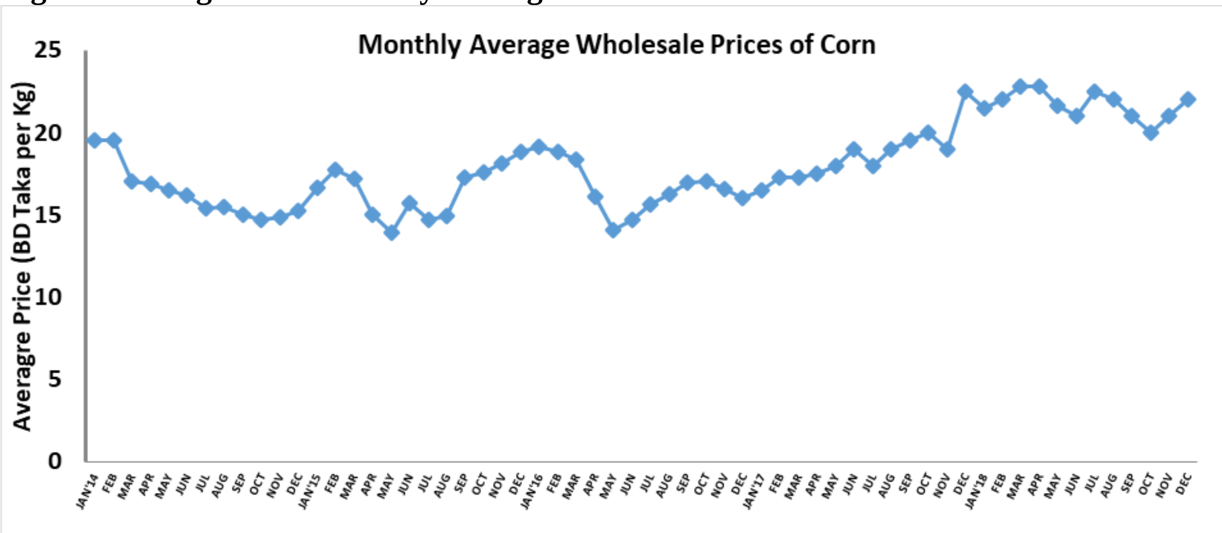
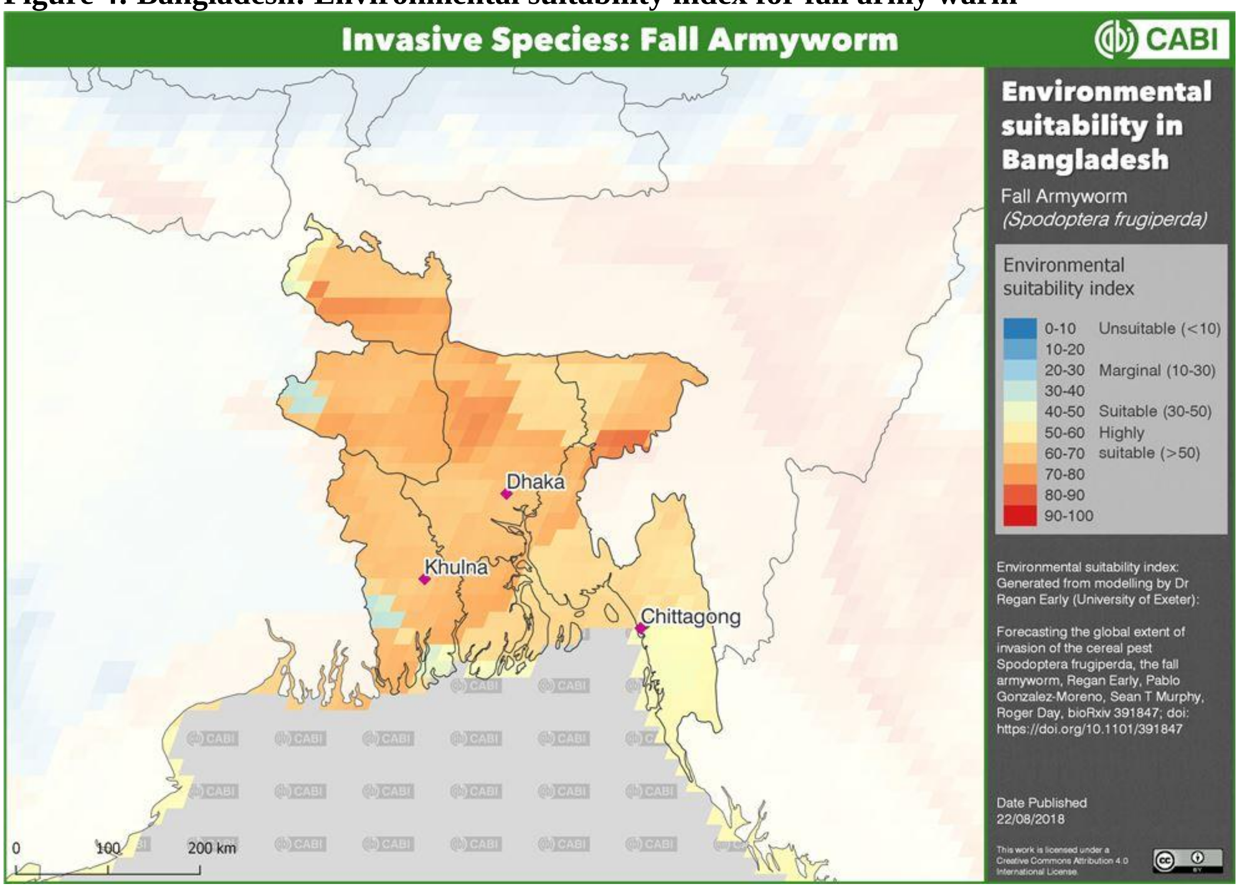


Figure 4: Bangladesh: Environmental suitability index for fall army warm



Source: https://www.cabi.org/ISC/fawenvironmentalsuitabilitymaps