

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 8/4/2015

GAIN Report Number: BG5005

Bangladesh

Grain and Feed Update

July 2015

Approved By:

Scott Sindelar

Prepared By:

Joshua Emmanuel Lagos
and Tanvir Hossain

Report Highlights:

For marketing year (MY) 2015/16 (May to April), Post's estimate for total rice area and production is unchanged at 11.8 million hectares and 34.8 million tons. For MY 2014/15, the rice import estimate increased to 1.2 million tons on revised customs data. For MY 2015/16 (July to June), Post's wheat import forecast is lowered to 3.6 million tons due to large stocks and domestic supplies.

Post:

Commodities:

Dhaka

Rice, Milled
Wheat

Executive Summary:

For marketing year (MY) 2015/16 (May to April), Post's estimate for total rice area and production is unchanged at 11.8 million hectares and 34.8 million tons. Post's MY 2015/16 (July to June) wheat production forecast is revised slightly to 1.32 million tons assuming normal weather conditions. The MY 2015/16 rice import forecast is unchanged at 600,000 tons; high domestic supplies are expected to mitigate import demand. For MY 2014/15, the rice import estimate increased to 1.2 million tons on revised customs data. For MY 2015/16, Post's wheat import forecast is lowered to 3.6 million tons due to large stocks and domestic supplies.

Author Defined:

Rice and Wheat Production

For marketing year (MY) 2015/16 (May to April), Post's estimate for total rice area and production is unchanged at 11.8 million hectares and 34.8 million tons. Assuming a normal monsoon, *Aman* rice seedling production should progress on schedule. For more information on rice growing seasons (*Boro*, *Aman*, and *Aus*), please see GAIN Report BG3004 or BG5003.

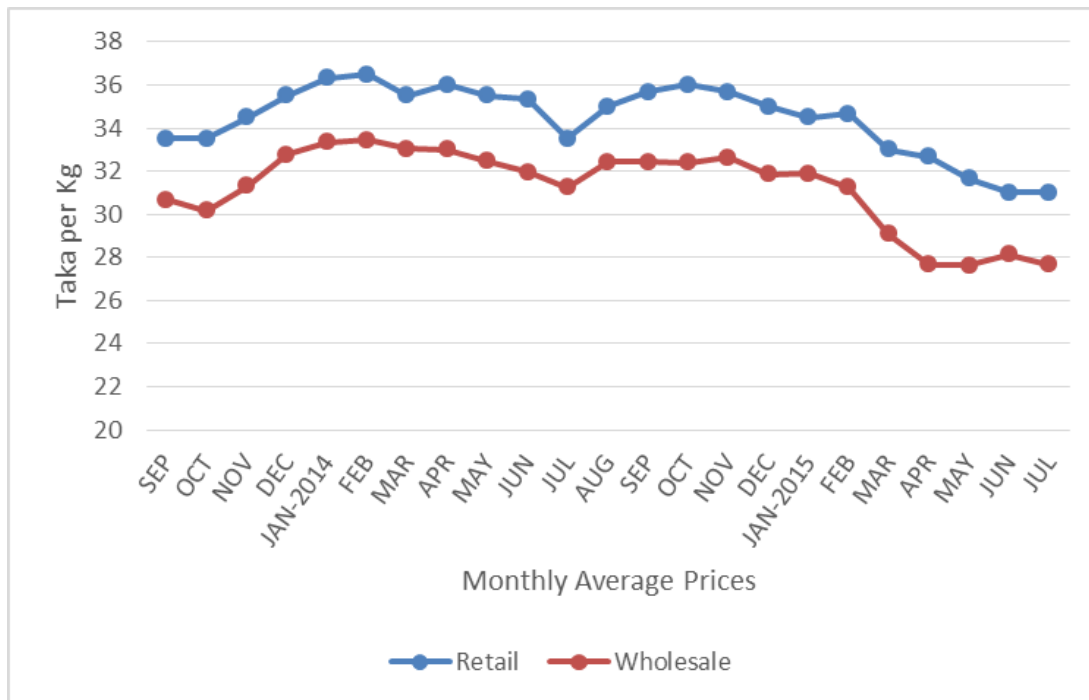
On March 3, 2015, the Bangladesh Ministry of Food (MOF) set a procurement price for milled and paddy (unmilled) *Boro* rice at BDT 32 (\$0.41) and BDT 22 (\$0.28) per kilogram. According to media articles, even with higher procurement prices than last year, farmers allegedly have had difficulty selling their *Boro* rice crop at the procurement price. High imports of relatively less expensive rice coupled with strong domestic production may have caused overall domestic rice supplies to increase, exceeding local demand and resulting in lower market prices. From May 1, 2015 to August 31, 2015, reportedly the Government of Bangladesh (GOB) is planning to procure one millions tons of *Boro* milled rice and 100,000 tons of *Boro* paddy rice.

Post's MY 2015/16 (July to June) wheat production forecast is revised slightly to 1.32 million tons assuming normal weather conditions. From April to June 2015, the GOB set a domestic procurement price for wheat at BDT 28 (\$0.35) per kilogram.

Rice and Wheat Market Prices

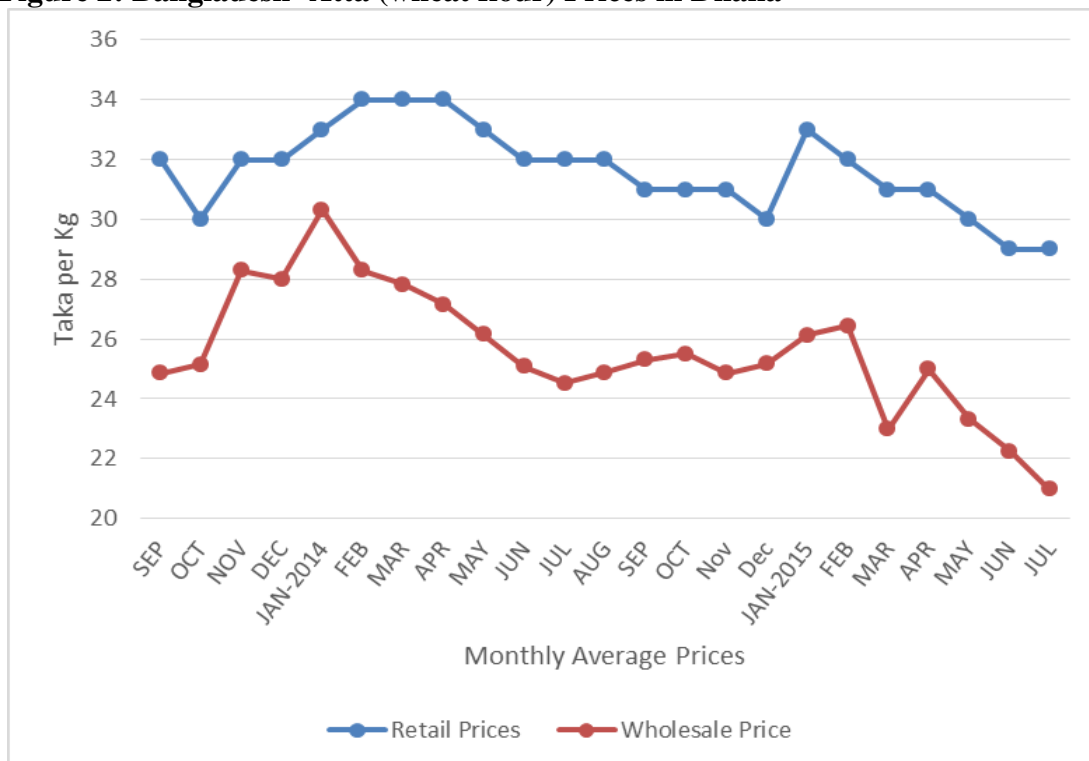
For July 2015, the wholesale and retail prices for rice in Dhaka and Gazipur were BDT 28 (\$0.36) and BDT 31 (\$0.40) per kilogram, respectively, which were 11.5 percent and 7.5 percent less than last year (Figure 1). For the same month, the average retail price of wheat flour (also called *atta*) in Dhaka was estimated at BDT 29 (\$0.37) per kilogram, which was about 9 percent less than last year (Figure 2), and 6.5 percent less than current rice retail prices (Figure 1). For MY 2015/16, the July [WASDE](#) predicts global wheat production will be the second largest on record; major wheat exporters also are expected to have large exportable supplies, which may help depress prices. Because wheat imports constitute approximately 70 percent of total Bangladeshi consumption, less expensive imported wheat may cause some consumers to purchase more wheat flour than rice if domestic rice prices are less competitive.

Figure 1: Bangladesh- Coarse Rice Prices in Dhaka and Gazipur



Source: Ministry of Agriculture, Government of Bangladesh

Figure 2: Bangladesh- Atta (wheat flour) Prices in Dhaka



Source: Ministry of Agriculture, Government of Bangladesh

Rice and Wheat Imports

The MY 2015/16 rice import forecast is unchanged at 600,000 tons; high domestic supplies are expected to mitigate import demand. The 10 percent duty on rice imports (see Policy section below) also may ease demand for imports from India and Thailand. For MY 2014/15, the rice import estimate increased to 1.2 million tons on revised customs data. For MY 2015/16, Post's wheat import forecast is lowered to 3.6 million tons due to large stocks and domestic supplies. Post's MY 2014/15 wheat import estimate is revised up to 3.8 million tons on competitive prices and import pace.

Rice and Wheat Stocks

According to the MOF, in comparison to last year, in July 21, 2015 government rice stocks rose from 891,000 to 1.09 million tons. For the same period, government wheat stocks fell to 288,770 tons.

Policy

On May 10, 2015, the GOB imposed a 10 percent duty on rice imports, which allegedly was to curb less expensive Indian rice imports that generally constitute the largest proportion of the import market. In fiscal year (FY) 2014/15 (July to June), according to the MOF, Bangladesh procured 942,932 tons and 204,896 tons of rice and wheat from the domestic market. For FY 2015/16, Bangladesh extended the export ban on non-fragrant rice, although exceptions can be made by the GOB such as the recent government-to-government agreement to export rice to Sri Lanka (see BG5001 and BG5003). The GOB may allow aromatic/fragrant rice exports with permission from the Ministry of Commerce.

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

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

| Rice, Milled | 2013/2014 | | 2014/2015 | | 2015/2016 | |
|--------------------------|----------------------|-----------------|----------------------|-----------------|----------------------|-----------------|
| Market Begin Year | May 2013 | | May 2014 | | May 2015 | |
| Bangladesh | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 11750 | 11750 | 11800 | 11790 | 12000 | 11810 |
| Beginning Stocks | 696 | 696 | 937 | 937 | 1212 | 1435 |
| Milled Production | 34390 | 34390 | 34500 | 34500 | 35000 | 34800 |
| Rough Production | 51590 | 51590 | 51755 | 51755 | 52505 | 52205 |
| Milling Rate (.9999) | 6666 | 6666 | 6666 | 6666 | 6666 | 6666 |
| MY Imports | 751 | 751 | 1100 | 1223 | 600 | 600 |
| TY Imports | 1290 | 1323 | 700 | 600 | 850 | 850 |
| TY Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply | 35837 | 35837 | 36537 | 36660 | 36812 | 36835 |
| MY Exports | 0 | 0 | 25 | 25 | 0 | 0 |
| TY Exports | 0 | 0 | 25 | 25 | 0 | 0 |
| Consumption and Residual | 34900 | 34900 | 35300 | 35200 | 35600 | 35500 |
| Ending Stocks | 937 | 937 | 1212 | 1435 | 1212 | 1335 |
| Total Distribution | 35837 | 35837 | 36537 | 36660 | 36812 | 36835 |

Table 2. Bangladesh: Commodity, Wheat, PSD

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

| Wheat | 2013/2014 | 2014/2015 | 2015/2016 |
|--------------|------------------|------------------|------------------|
|--------------|------------------|------------------|------------------|

| Market Begin Year | Jul 2013 | | Jul 2014 | | Jul 2015 | |
|--------------------------|----------------------|-----------------|----------------------|-----------------|----------------------|-----------------|
| Bangladesh | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 410 | 410 | 415 | 415 | 415 | 420 |
| Beginning Stocks | 1104 | 1104 | 1338 | 1313 | 1538 | 1613 |
| Production | 1280 | 1280 | 1300 | 1300 | 1300 | 1320 |
| MY Imports | 3354 | 3329 | 3800 | 3800 | 3800 | 3600 |
| TY Imports | 3354 | 3329 | 3800 | 3800 | 3800 | 3600 |
| TY Imp. from U.S. | 86 | 0 | 0 | 0 | 0 | 0 |
| Total Supply | 5738 | 5713 | 6438 | 6413 | 6638 | 6533 |
| 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 | 4400 | 4400 | 4900 | 4800 | 5200 | 5300 |
| Total Consumption | 4400 | 4400 | 4900 | 4800 | 5200 | 5300 |
| Ending Stocks | 1338 | 1313 | 1538 | 1613 | 1438 | 1233 |
| Total Distribution | 5738 | 5713 | 6438 | 6413 | 6638 | 6533 |