



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

**Date:** 8/5/2008

**GAIN Report Number:** BG8008

## Bangladesh

### Grain and Feed

## Quarterly Lock-up Report: August 2008

**Approved by:**

Holly Higgins  
U.S. Embassy

**Prepared by:**

Sayed Sarwer Hussain

---

**Report Highlights:**

Post revises the MY 2007/08 (July-June) wheat production estimate up to 1.2 million tons. The rice production estimate remains unchanged at 28.6 million tons and the MY 2008/09 rice and wheat import forecasts are unchanged at 1 million tons and 2 million tons, respectively.

---

Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Quarterly Report  
New Delhi [IN1]  
[BG]

## Production

Post revises the MY 2007/08 wheat production estimate up to 1.2 million tons, which is the largest wheat crop in the last four years. High domestic prices at planting encouraged farmers to expand wheat acreage and yields were supported by favorable weather conditions and better input management. Post maintains the MY 2007/08 rice production estimate at 28.6 million tons.

There is no change in the MY 2008/09 rice production forecast, currently at 29.4 million tons. The *aus* rice crop (planted in March/April and harvested in June/July) enjoyed favorable weather conditions and the upcoming *aman* rice (planted in July/August and harvested in November/December) is also expected to benefit from the current normal monsoon rains. The season has so far been free of severe floods and there are currently no forecasts for major floods, though some localized minor floods are likely in the coming months.

## Procurement and Trade

In the FY 2008/09 budget the Government of Bangladesh announced an ambitious foodgrain procurement target of 3.2 million tons (1.5 million tons of domestic supplies and 2 million tons of imports). As the government's procurement prices are not competitive with prevailing market prices, only about 60 percent of the domestic procurement target has been achieved to date. The procurement drive has now been extended by one more month through August.

Rice shipments from India as part of the 400,000 ton deal agreed to by the two governments last fiscal are currently arriving in Bangladesh. Out of the 400,000 tons of GOB rice imports, around 245,600 tons of Indian rice arrived in-country by the end of July. The average price was \$430 per ton. The government of Bangladesh is expecting the rest of the rice under this agreement to arrive in the next few months. The MY 2007/08 rice import estimate is revised marginally upward to 1.8 million tons. However, the MY 2008/09 rice and wheat import forecasts remain unchanged at 1 million tons and 2 million tons, respectively. With international wheat prices softening, the government has started floating wheat import tenders to increase the official stock level.

## Prices of Foodgrains

Despite an excellent *boro* (summer) rice harvest recently, rice prices remain high. Factors responsible for the high domestic price include additional demand pressure due to the high price of wheat, the government's rice procurement drive, an increase in the cost of production, high import prices, and farmers' reluctance to release their stocks in anticipation of higher prices later in the season. The end-July rice price was 5 percent above the price a month ago, and over 60 percent higher than a year ago. Meanwhile, the end-July wheat price is over 2 percent higher than a month ago, and over 38 percent higher than last year.

Table 1: Commodity, Wheat, PSD

Wheat Bangladesh	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Jul 2006			Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		Jul Data	
Area Harvested	372	372	372	440	440	440	400	400	400	(1000 HA)
Beginning Stocks	731	176	176	477	116	116	277	156	316	(1000 MT)
Production	740	740	740	1000	840	1100	800	800	800	(1000 MT)
MY Imports	1806	1700	1700	1700	1600	1500	2000	2000	2000	(1000 MT)
TY Imports	1806	1700	1700	1700	1600	1500	2000	2000	2000	(1000 MT)
TY Imp. from U.S.	87	87	87	0	0	300	0	0	100	(1000 MT)
Total Supply	3277	2616	2616	3177	2556	2716	3077	2956	3116	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Consumption	0	0	0	0	0	0	0	0	0	(1000 MT)
FSI Consumption	2800	2500	2500	2900	2400	2400	2850	2800	2800	(1000 MT)
Total Consumption	2800	2500	2500	2900	2400	2400	2850	2800	2800	(1000 MT)
Ending Stocks	477	116	116	277	156	316	227	156	316	(1000 MT)
Total Distribution	3277	2616	2616	3177	2556	2716	3077	2956	3116	(1000 MT)

Table 2: Commodity, Rice Milled, PSD

Rice, Milled Bangladesh	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Jul 2006			Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			
	Annual Data Displayed	New Post		Annual Data Displayed	New Post		Annual Data Displayed	Jul		
		Data			Data			Data		
Area Harvested	11200	11200	11200	11100	11000	11000	11300	11300	11300	(1000 HA)
Beginning Stocks	441	441	441	446	446	446	246	246	646	(1000 MT)
Milled Production	29000	29000	29000	28600	28400	28600	29400	29400	29400	(1000 MT)
Rough Production	43504	43504	43504	42904	42604	42904	44104	44104	44104	(1000 MT)
Milling Rate (.9999)	6666	6666	6666	6666	6666	6666	6666	6666	6666	(1000 MT)
MY Imports	769	769	769	1400	1600	1800	1000	1000	1000	(1000 MT)
TY Imports	1570	650	1235	950	1570	1200	700	800	1000	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	30210	30210	30210	30446	30446	30846	30646	30646	31046	(1000 MT)
MY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
TY Exports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Consumption	29764	29764	29764	30200	30200	30200	30300	30200	30400	(1000 MT)
Ending Stocks	446	446	446	246	246	646	346	446	646	(1000 MT)
Total Distribution	30210	30210	30210	30446	30446	30846	30646	30646	31046	(1000 MT)