

Voluntary Report – Voluntary - Public Distribution

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Country: Bangladesh

Post: Dhaka

Report Category: Climate Change/Global Warming/Food Security, Grain and Feed, Oilseeds and Products, Sugar

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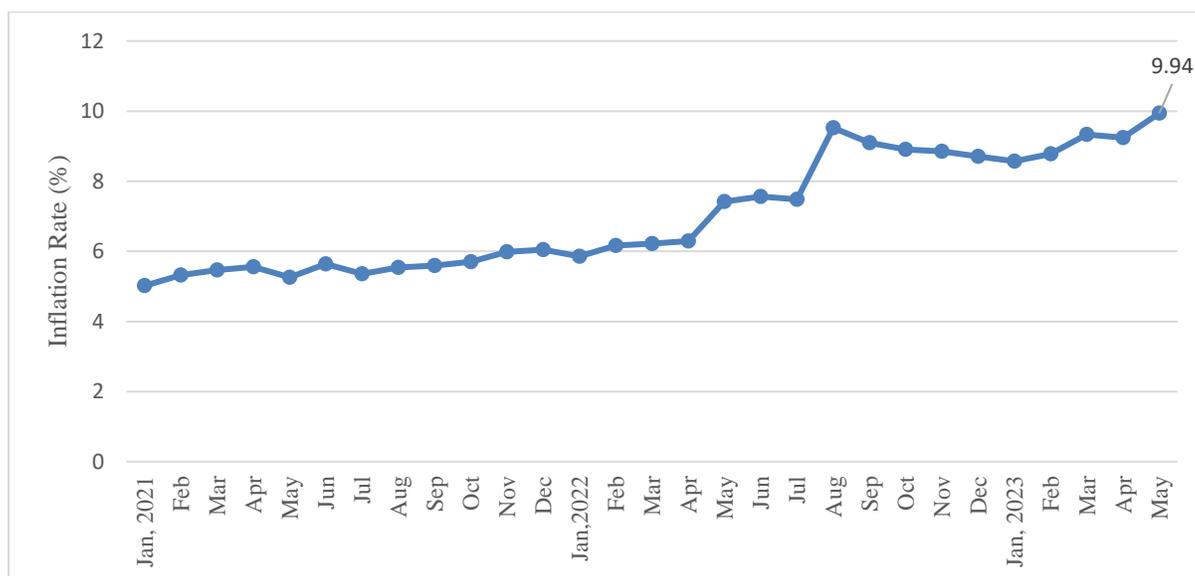
Report Highlights:

This is a biweekly report outlining the prices of agricultural commodities in Bangladesh, as well as major trade and policy updates.

Inflation in May Hit Decade Record High

In May, Bangladesh experienced its highest monthly inflation rate in more than 10 years, when it reached 9.94 percent (Figure 1). Rates in 2010-11 reached 10.11 percent. According to the Bangladesh Bureau of Statistics (BBS), food inflation stood at 9.24 percent in May, a notable increase from 8.84 percent in April. Simultaneously, non-food inflation rose to 9.96 percent up from 9.72 percent in the previous month. The BBS also reported the moving average inflation rate for the past twelve months reached 8.84 percent, compared to 5.99 percent from June 2021 to May 2022.

Figure 1: Monthly Inflation Rate in Bangladesh (2021-2023)

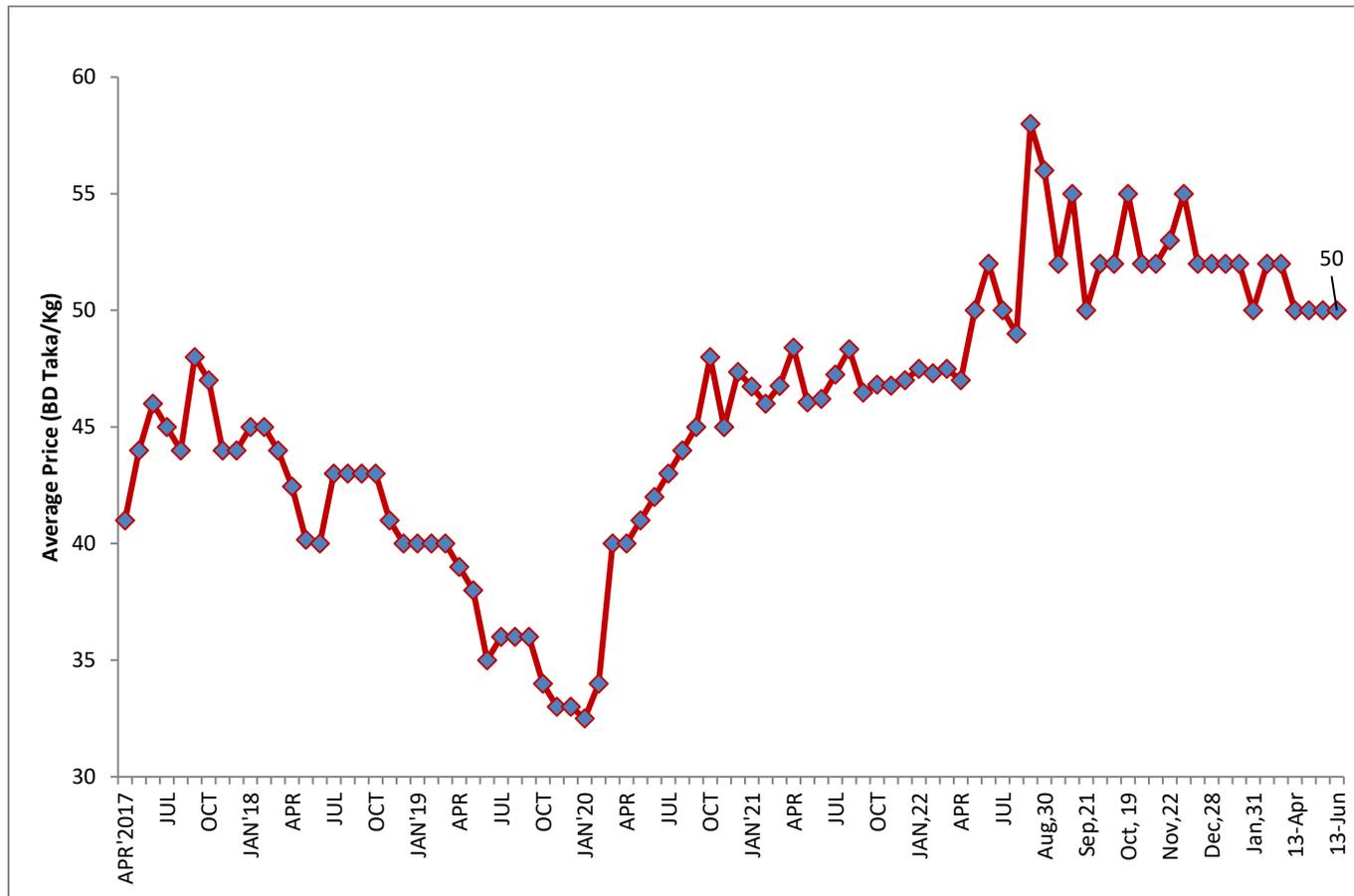


Source: Bangladesh Bank and BBS

Rice Price Remains Steady

Prices of all types of rice continue steady, as coarse rice remained at BDT 50 (\$0.46) per kilogram (Figure 2), and the price of medium-quality and high-quality rice remained at BDT 55 (\$0.50) per kilogram and BDT 75 (\$0.70) per kilogram, respectively, as was observed the previous two weeks. The recent harvest of *boro* season paddy has increased supply in local markets and stabilized prices over the past two months.

Figure 2: Bangladesh – Monthly Coarse Rice Average Price (2017-2023)



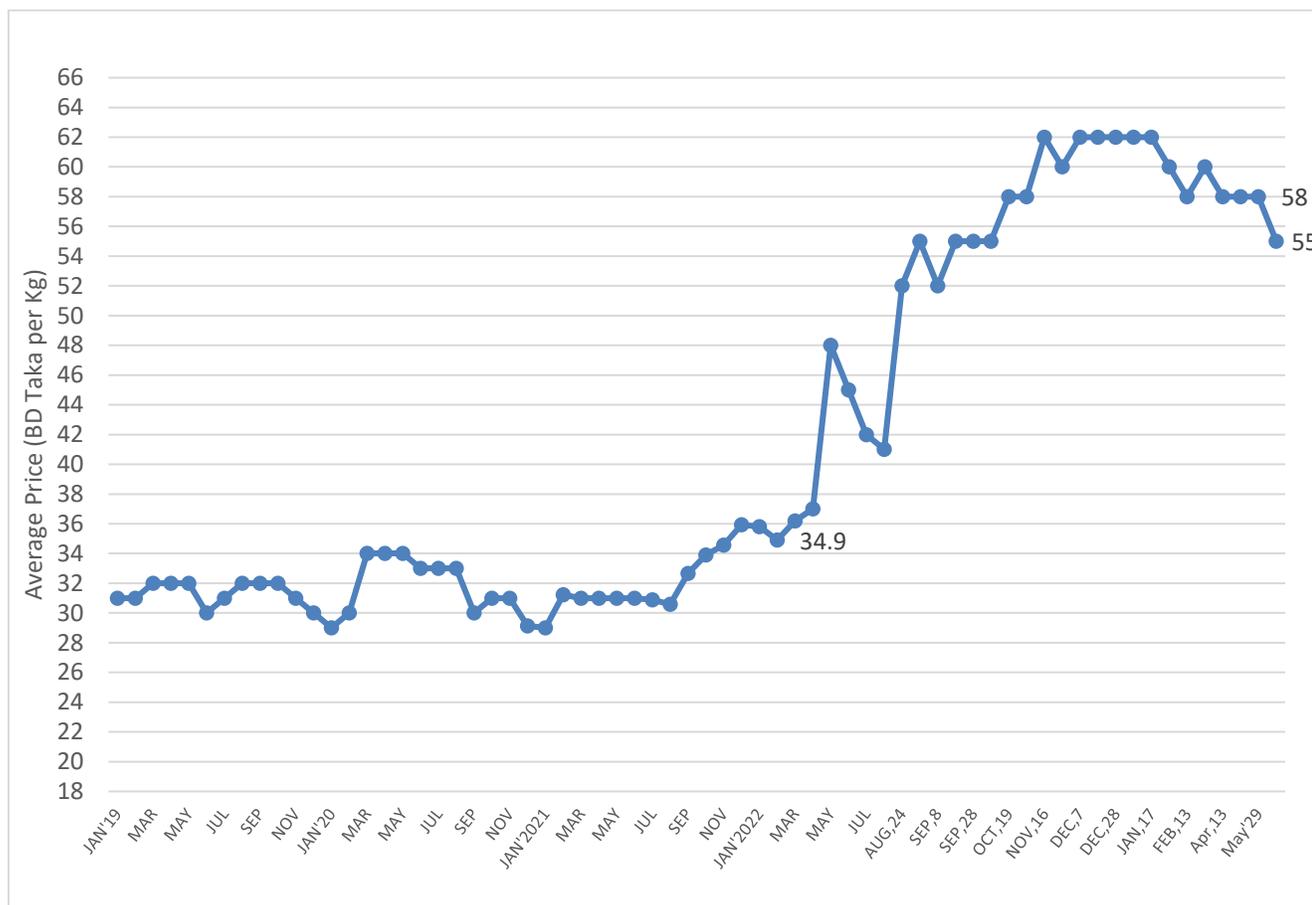
Source: Trading Corporation of Bangladesh (TCB)

Note: Exchange Rate USD \$1.00 = BDT 108.0

Unpacked Wheat Flour (*Aata* and *Maida*) Prices Lower; Packed *Aata* and *Maida* Prices Remain Steady

This week, the price of unpacked coarse wheat flour (*aata*) and unpacked fine-quality wheat flour (*maida*) lowered to BDT 55 (\$0.51) per kilogram and BDT 60 (\$0.56) per kilogram, respectively, down approximately five percent and eight percent over the last two weeks (Figure 3). However, the packed *aata* and *maida* price remained at BDT 65 (\$0.60) per kilogram and BDT 75 (\$0.69) per kilogram, respectively.

Figure 3: Bangladesh – Monthly Coarse Wheat Flour (Aata) Average Price (2019-2023)



Source: TCB

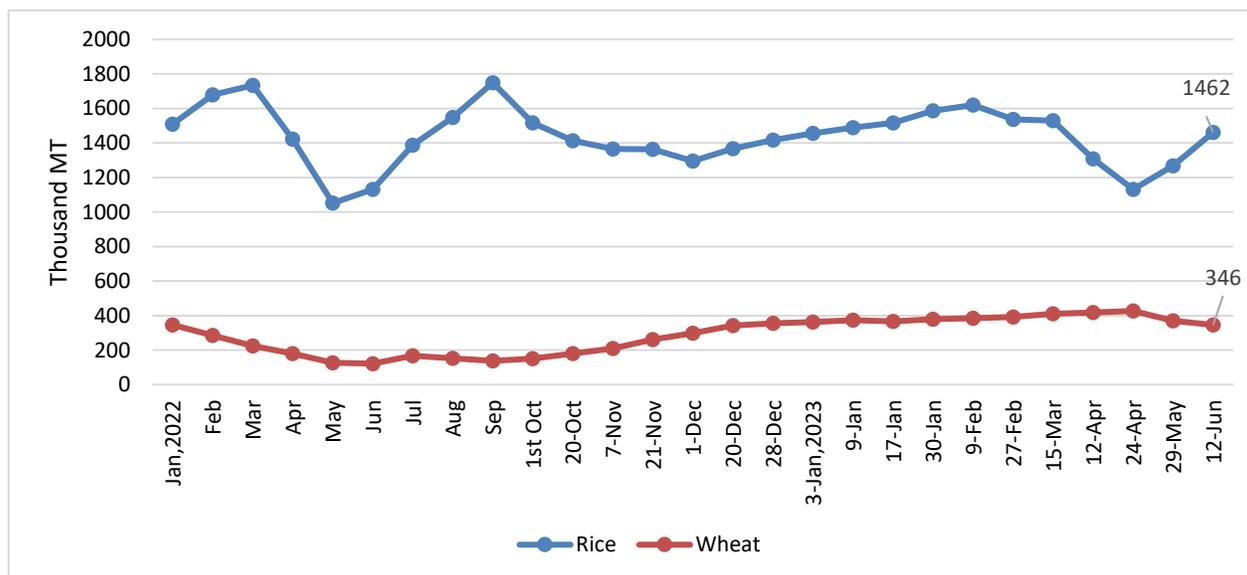
Note: Exchange Rate USD \$1.00 = BDT 108.0

Rice Stocks Rise; Wheat Stocks Fall

As of June 12, 2023, rice stocks in public granaries rose to 1.46 million MT, up approximately 16 percent over the last two weeks, due to the Government of Bangladesh’s (GoB) *boro* rice procurement program that began on May 7, 2023. For this season, the GoB set a target to procure 400,000 MT of *boro* paddy and 1.2 million MT of parboiled *boro* rice for its public granaries, with purchase prices at BDT 30 (\$0.28) and BDT 44 (\$0.41) per kilogram, respectively.

Wheat stocks in public granaries fell to 346,000 MT, down slightly from the previous month (Figure 4).

Figure 4: Bangladesh – Monthly Stocks of Rice and Wheat in Public Granaries (2022-23)



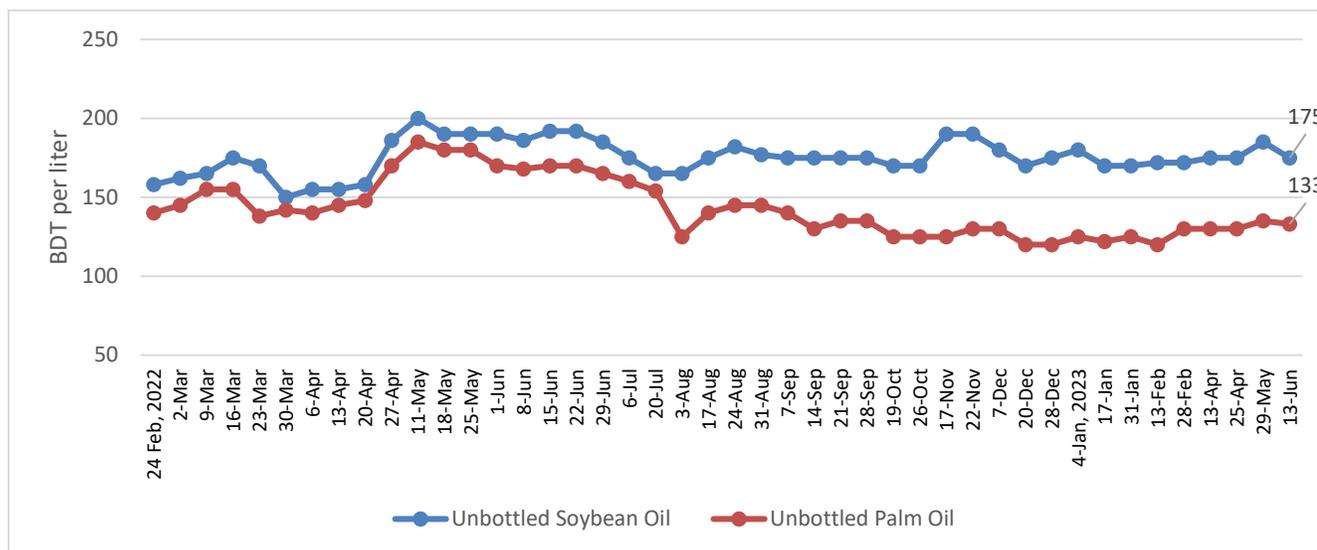
Source: Ministry of Food

Edible Oil Prices Lower

This week, the average price of unbottled soybean oil was reduced to BDT 175 (\$1.62), down approximately six percent from the previous two weeks, due to the GoB’s price cut announced on June 10, bottled soybean oil was lowered by BDT 10 per liter, and unbottled soybean oil by BDT 9 per liter. The price of unbottled palm oil price also reduced slightly to BDT 133 (\$1.23) per liter (Figure 5).

Following the GoB’s price cut decision, bottled soybean oil prices also dropped to BDT 189 (\$1.75) per liter, down approximately five percent from the last week. However, bottled palm oil prices remained at BDT 145 (\$1.34) per liter.

Figure 5: Bangladesh – Average Retail Price of Unbottled Soybean Oil and Palm Oil (2022-23)



Source: TCB

Prices of other basic commodities:

- This week, the price of live broiler chicken remained at BDT 200 (\$1.85) per kilogram, as same as last two weeks.
- Average retail price of sugar also remained at BDT 140 (\$1.29) per kilogram, same as last two week.
- Average retail price of lentils remained at BDT 135 (\$1.25) per kilogram, the same as the previous month.
- Average beef price also remained at BDT 780 (\$7.22) per kilogram, as same as the previous month.
- Average price of eggs reduced to BDT 140 (\$1.29) per dozen, down about 7 percent from the previous month.

Further Background

Agricultural and food commodity prices first began rising in September 2021 due to the COVID-19 pandemic. In June 2023, prices were still high, exacerbated by the Russian invasion of Ukraine that resulted in supply disruptions, the appreciation of the U.S. dollar, and high inflation. Price volatility is affecting the food security of poor and middle-income consumers in both urban and rural areas.

Bangladesh depends on India for its rice and wheat imports, followed by Canada, Russia, Ukraine, and Australia. Combined, Russia and Ukraine account for approximately 25 percent of Bangladesh’s total wheat imports. Due to India’s ban on wheat exports since May 2022 and supply chain disruptions, Bangladesh is only able to import half of its monthly required wheat from alternative sources, resulting in high domestic wheat flour prices.

In addition, Bangladesh is now facing a foreign currency crisis, and according to contacts, many banks have stopped opening some letters of credit, including for commodity imports. This has led to the short supply of some staple goods in the market.

Attachments:

No Attachments.