

Voluntary Report – Voluntary - Public Distribution

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Country: Bangladesh

Post: Dhaka

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

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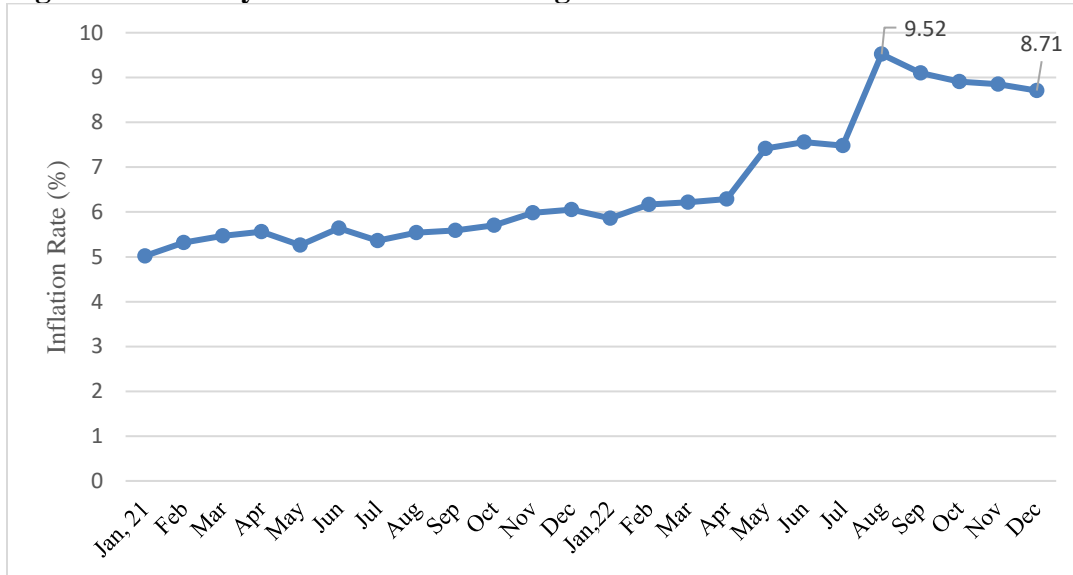
Report Highlights:

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

Inflation Eases Slightly in December

In December 2022, the monthly inflation rate fell slightly to 8.71 percent, its lowest level since August 2022, as food prices eased (Figure 1). The food inflation rate in December stood at 7.91 percent, while the non-food inflation rate was 9.96 percent. On a monthly basis, the consumer price index fell 0.51 percent in December 2022 from the previous month.

Figure 1: Monthly Inflation Rate in Bangladesh



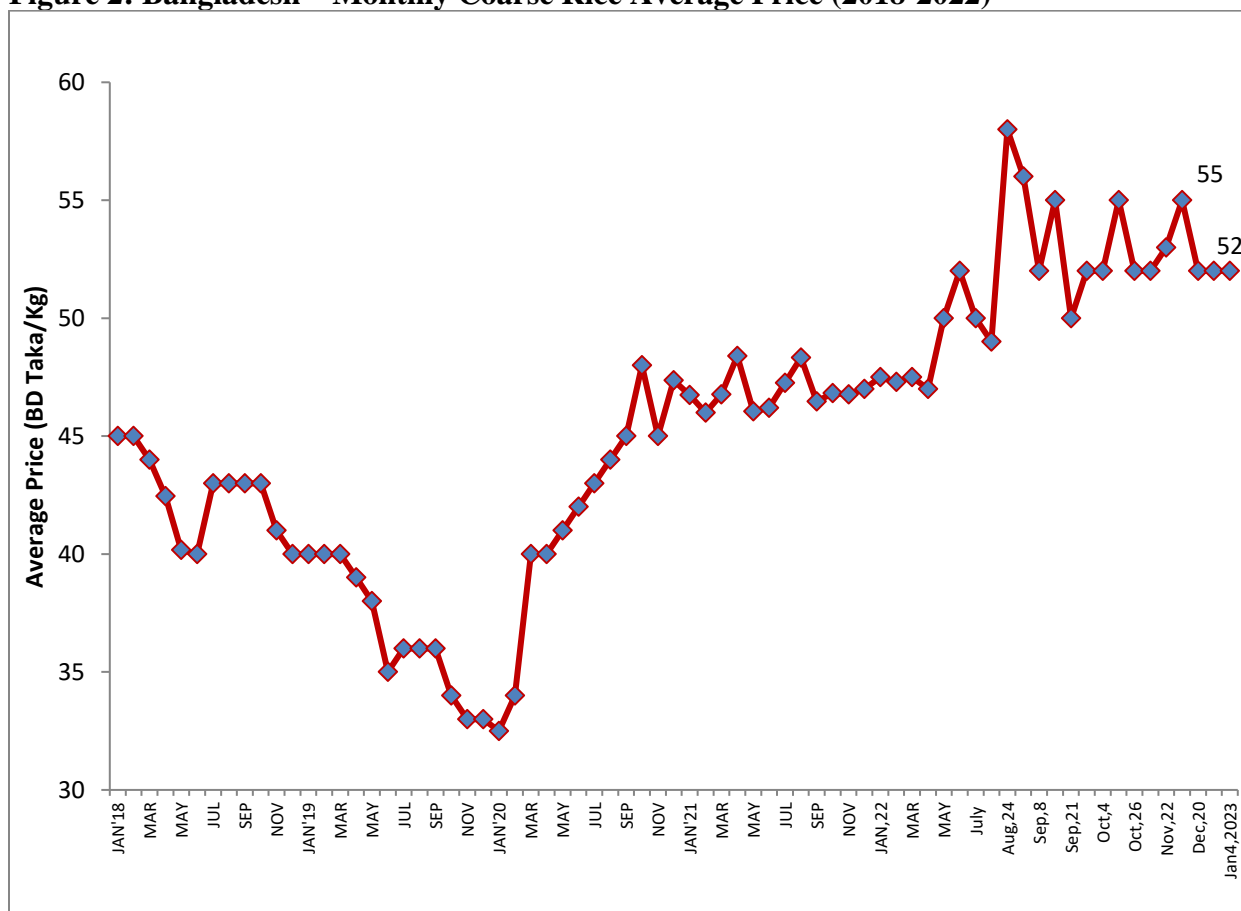
Source: Bangladesh Bank and Bangladesh Bureau of Statistics

Rice Prices Remain High, but Steady

Following the trend of the last few weeks, the coarse rice price remained unchanged this week at BDT 52 (\$0.50) per kilogram (Figure 2). Currently, prices of all types of rice remain steady, though they are about 5 percent higher as compared to the same period last year. Usually, rice prices decline at harvest time; however, high production costs are leading to high paddy prices and high rice prices this year.

This week, the price of medium and high-quality rice remained at BDT 60 (\$0.57) and BDT 75 (\$0.71) per kilogram, respectively.

Figure 2: Bangladesh – Monthly Coarse Rice Average Price (2018-2022)



Source: Trading Corporation of Bangladesh (TCB)

Note: Exchange Rate USD \$1.00 = BDT 105.0

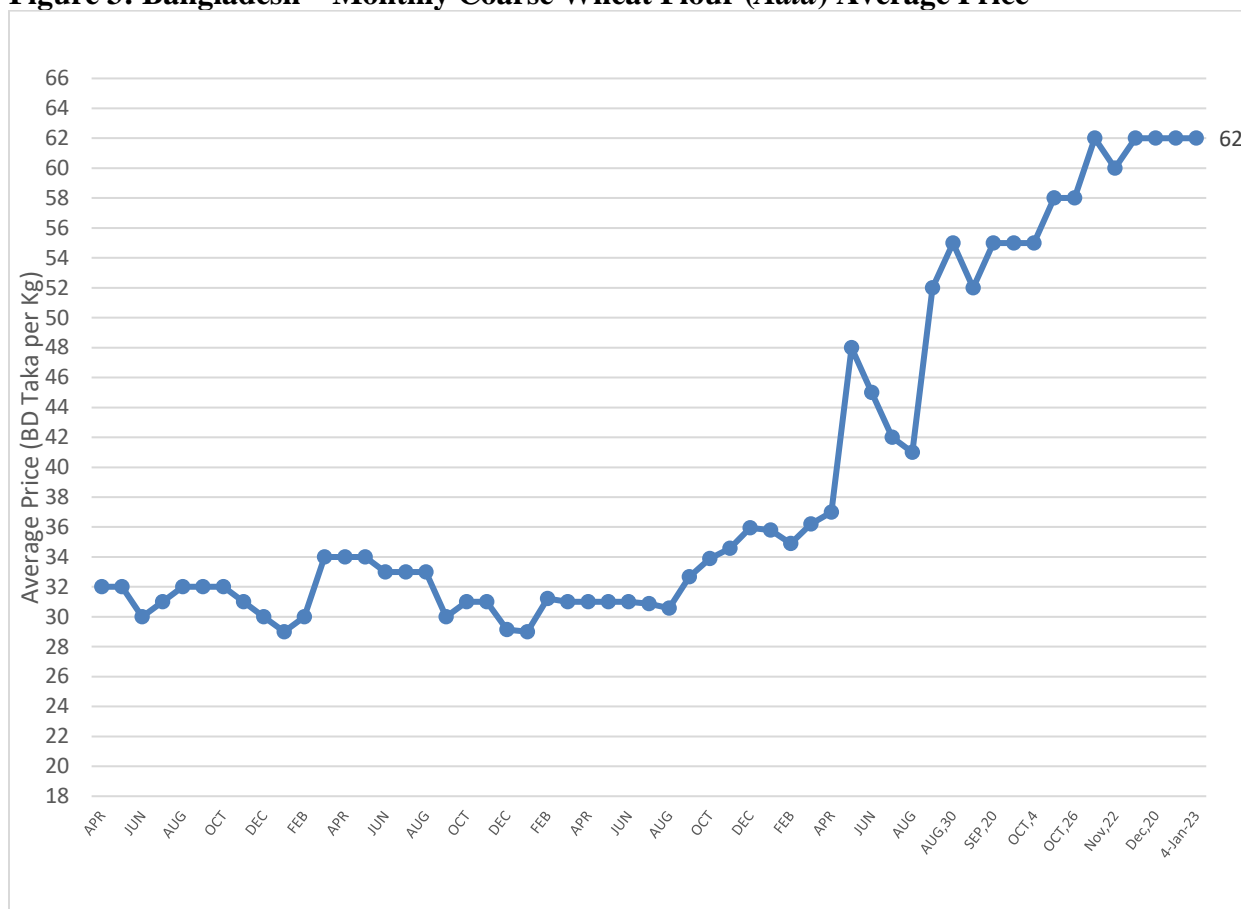
High Wheat Flour (*Aata* and *Maida*) Prices Continue

High prices for all types of wheat flour continued this week. According to the TCB, the price of unpacked coarse wheat flour (*aata*) remained at BDT 62 (\$0.60) per kilogram (Figure 3). The unpacked fine quality wheat flour (*maida*) price dropped slightly to BDT 70 (\$0.67) per kilogram, about 3 percent lower than last week.

This week, the price of packed *aata* and *maida* remained at BDT 75 (\$0.71) and BDT 85 (\$0.81) per kilogram, respectively.

Due to the high price of all types of wheat flour, demand has fallen significantly at the consumer level. Industry contacts note that high wheat flour prices will likely continue until the wheat harvest begins in Bangladesh in April 2023 and India lifts its wheat export ban.

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



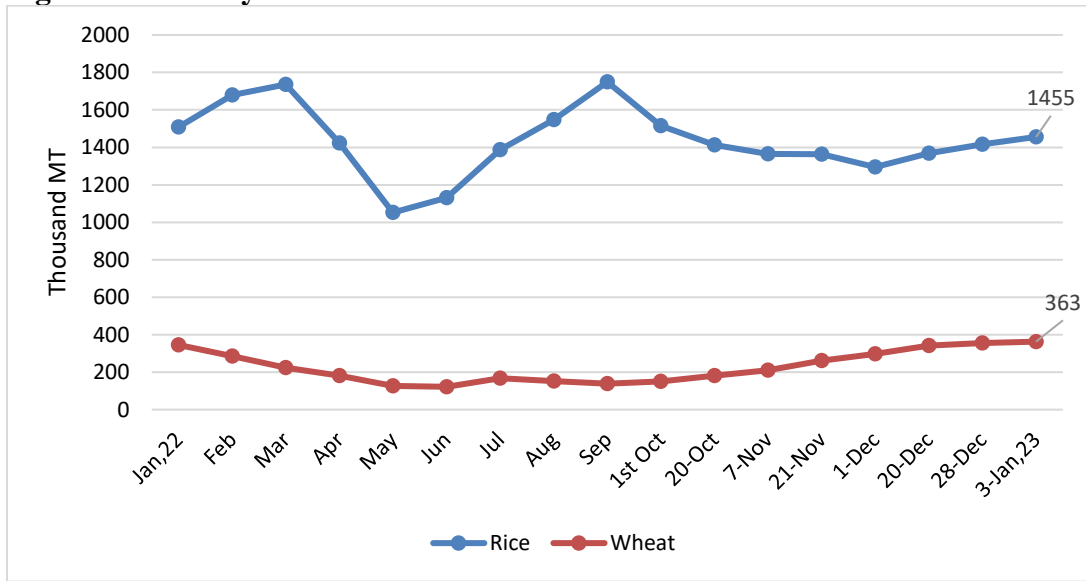
Source: TCB

Wheat and Rice Stocks Keep Rising

As of January 3, 2023, wheat stocks in public granaries reached 363,000 MT, up about 2 percent from the previous week (Figure 4).

Rice stocks also continued to rise this week. As of January 3, 2023, rice stocks in public granaries reached 1.45 million MT, up about 2 percent from last week. The Government of Bangladesh (GoB) started its *aman* season rice procurement program for public granaries on November 10, 2022, which led to the increase. In addition, the GoB is importing rice from neighboring countries under government-to-government agreements. According to the Food Ministry, from July 1, 2022 to January 3, 2023, the GoB imported approximately 362,000 MT of rice.

Figure 4: Monthly Stocks of Rice and Wheat in Public Granaries in 2022



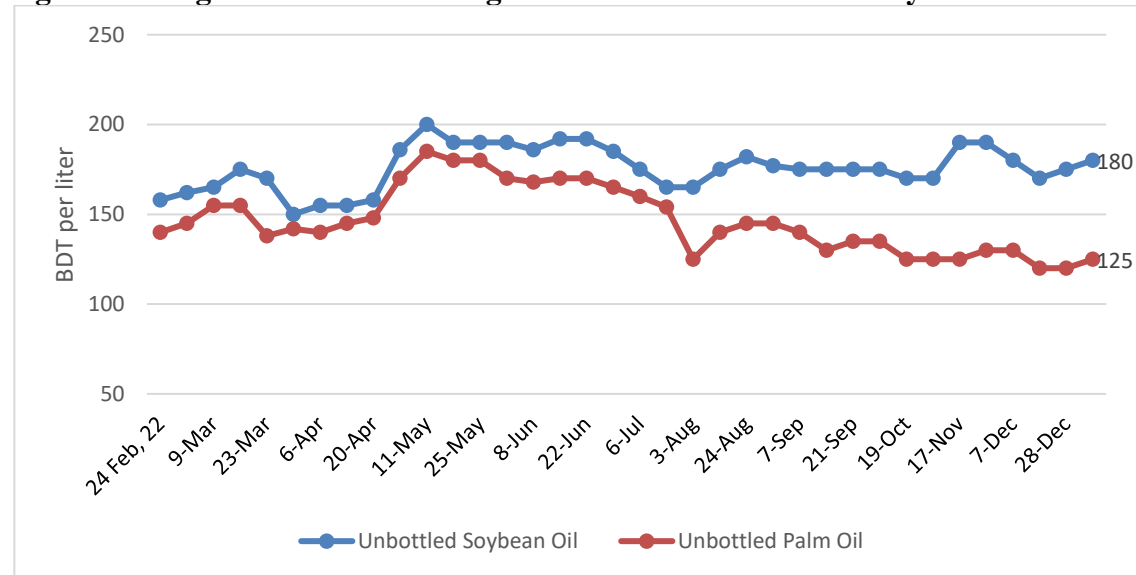
Source: Ministry of Food

Edible Oil Price Rising

This week, the price of unbottled soybean oil increased 3 percent to BDT 180 (\$1.71), while palm oil increased 4 percent to BDT 125 (\$1.19) per liter (Figure 5).

Bottled soybean oil price and palm oil prices remained at BDT 187 (\$1.78) and BDT 140 (\$1.33) per liter, respectively.

Figure 5: Bangladesh – 2022 Average Retail Price of Unbottled Soybean Oil and Palm Oil



Source: TCB

Value Added Tax (VAT) Exemption on Edible Oil Imports Continues

On January 3, 2023, the GoB extended the VAT exemption on the import of soybean and palm oil until April 30, 2023. To make edible oil more affordable to consumers, the GoB first reduced the VAT on non-refined soybean oil and refined palm oil to 5 percent from 15 percent on March 16, 2022. On October 4, 2022, due to further price hikes in the international market, the GoB zeroed out the VAT on refined edible oil at the production and supply stages to ensure price stability in the domestic market.

Prices of Other Commodities

- Average retail price of sugar remained at BDT 115 (\$1.12) per kilogram, the same as last week.
- Average retail price of lentils remained at BDT 140 (\$1.33) per kilogram, the same as last week.
- Average beef prices remained at BDT 700 (\$6.80) per kilogram, but are up about 15 percent from the same period last year.
- Average price of eggs remained steady at 125 (\$1.19) per dozen, the same as the previous week.

Further Background

Agricultural and food commodity prices first began rising in September 2021 due to the COVID-19 pandemic. In January 2023, prices are still high, exacerbated by the Russian invasion of Ukraine, resulting 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 the Russian invasion of Ukraine, 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.