

Voluntary Report – Voluntary - Public Distribution

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Country: Bangladesh

Post: Dhaka

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Report Highlights:

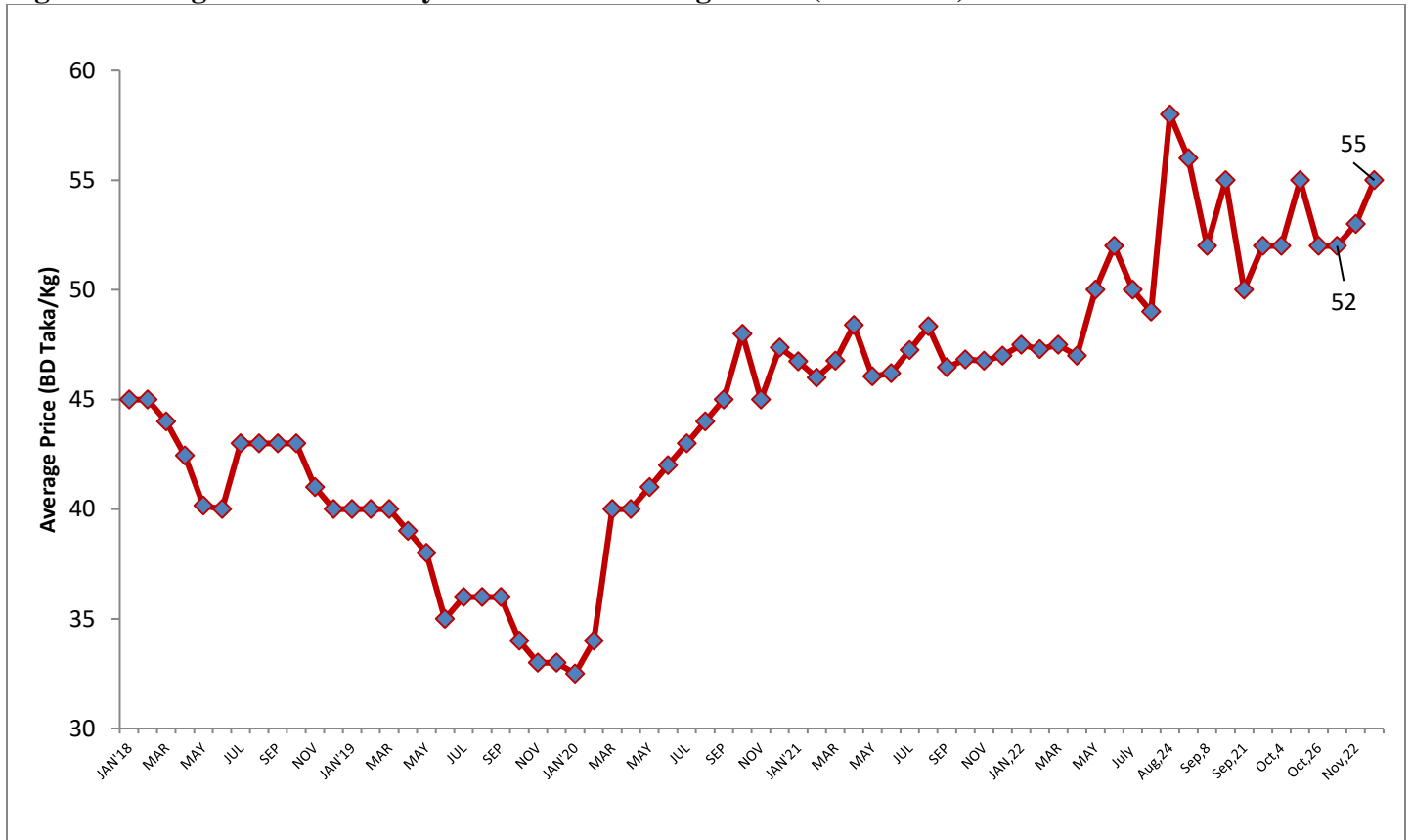
This is a weekly report outlining the prices of agricultural commodities in Bangladesh, as well as major trade and policy updates.

Rice Prices Up Further

This week, the coarse rice price increased 4 percent over the previous week to BDT 55 (0.54) (Figure 1). Farmers began the *Aman* season rice harvest in mid-November 2022. Usually, rice prices decline at harvest time; however, high production costs are leading to high paddy prices and high rice prices.

Prices of fine and medium quality rice also rose slightly to BDT 75 (\$0.74) and BDT 60 (\$0.58) per kilogram, respectively.

Figure 1: Bangladesh – Monthly Coarse Rice Average Price (2017-2022)



Source: Trading Corporation of Bangladesh (TCB)

Note: Exchange Rate USD \$1.00 = BDT 103.0

Reduced Rice Tariffs Extended

Amid the record high rice prices in August 2022, the Government of Bangladesh (GoB) reduced the rice import tariff (total tax incident, or “TTI”) from 62 percent to 17.5 percent to encourage the private sector to import. The reduced TTI was going to end on December 31, 2022, but the GoB extended it to March 31, 2022. As of December 1, 2022, in Bangladesh fiscal year 2023 (June-July), the GoB has imported around 500,000 metric tons (MT) of rice, of which approximately 350,000 MT was under the reduced tariff facility.

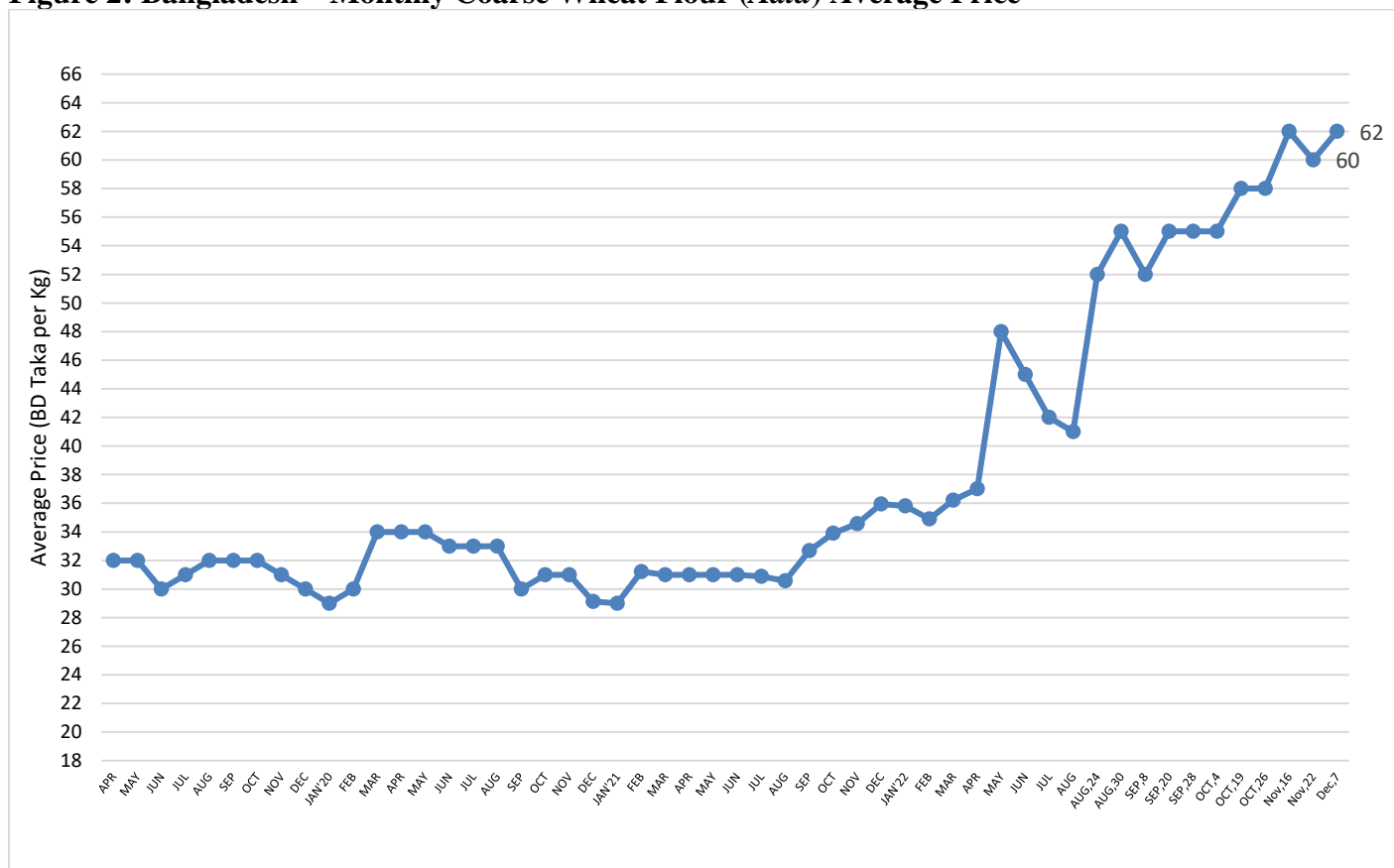
Wheat Flour (*Aata* and *Maida*) Prices Up Again

This week, prices of all types of wheat flour increased slightly. According to the TCB, the price of unpacked coarse wheat flour (*aata*) reached BDT 62 (\$0.61) per kilogram, up approximately 3 percent

from the previous week (Figure 2). The unpacked fine quality wheat flour (*maida*) price reached BDT 75 (\$0.74) per kilogram, up about 15 percent from last week.

Prices of packed *aata* and *maida* reached BDT 75 (\$0.74) and BDT 80 (\$0.78) per kilogram, respectively, up 15 percent and 7 percent from the previous week.

Figure 2: Bangladesh – Monthly Coarse Wheat Flour (*Aata*) Average Price



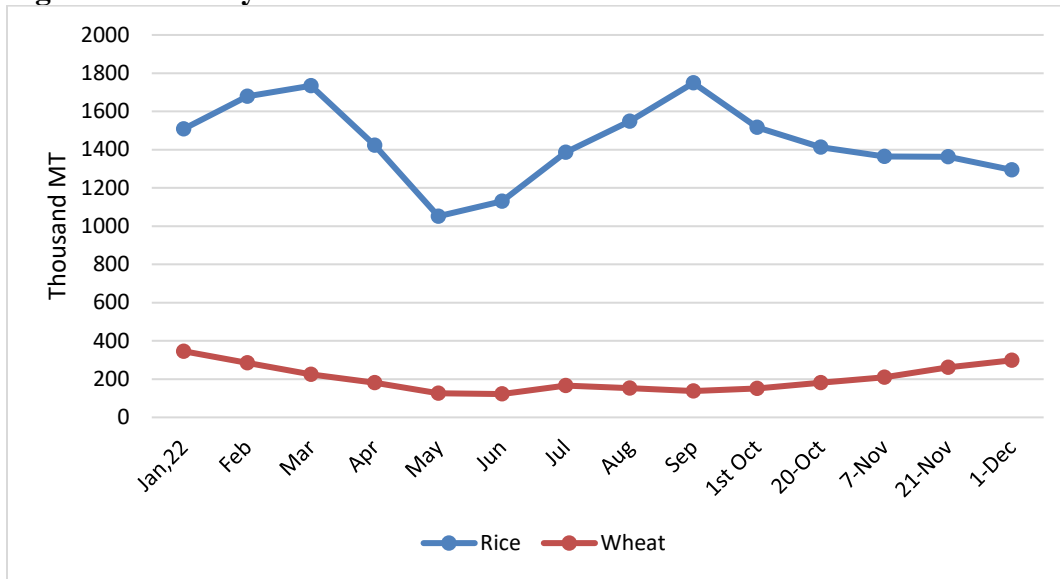
Source: TCB

Wheat Stocks Increase Slightly; Rice Stocks Fall

As of December 1, 2022, wheat stocks in public granaries reached 298,000 MT, up about 14 percent from the previous week (Figure 3).

Rice stocks have fallen since September 2022. As of December 1, 2022, rice stocks in public granaries dropped to 1.29 million MT, down about 5 percent from last week. The GoB started its *Aman* season rice procurement program for public granaries on November 10, 2022. For the program this year, the GoB raised the price of parboiled rice by BDT 2 per kilogram to BDT 42 (\$0.41) and paddy by BDT 1 per kilogram to BDT 28 (\$0.26). The GoB is targeting to procure 500,000 MT of parboiled rice and 300,000 MT of paddy this *Aman* season. However, Post contacts note that in the local market, rice and paddy prices are higher than the GoB's offer. Therefore, the GoB may not be able to achieve its rice and paddy procurement targets.

Figure 3: Monthly Stocks of Rice and Wheat in Public Granaries in 2022

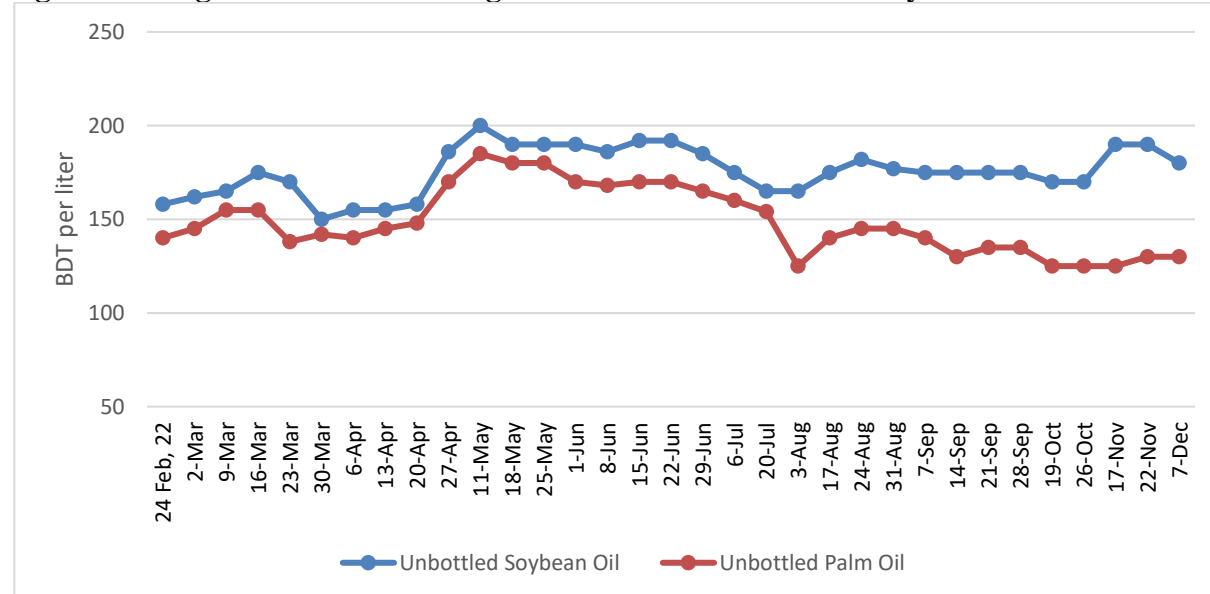


Source: Ministry of Food

High Edible Oil Prices Continue

This week, the bottled soybean and palm oil prices remained at BDT 190 (\$1.85) and BDT 145 (\$1.41) per liter, the same as the previous week. However, the unbottled soybean oil price dropped to BDT 180 (\$1.75) per liter, down about 5 percent from the previous week. The price of unbolted palm oil remained steady at BDT 130 (\$1.26) per liter (Figure 4).

Figure 4: Bangladesh – 2022 Average Retail Price of Unbottled Soybean Oil and Palm Oil



Source: TCB

Prices of Other Commodities

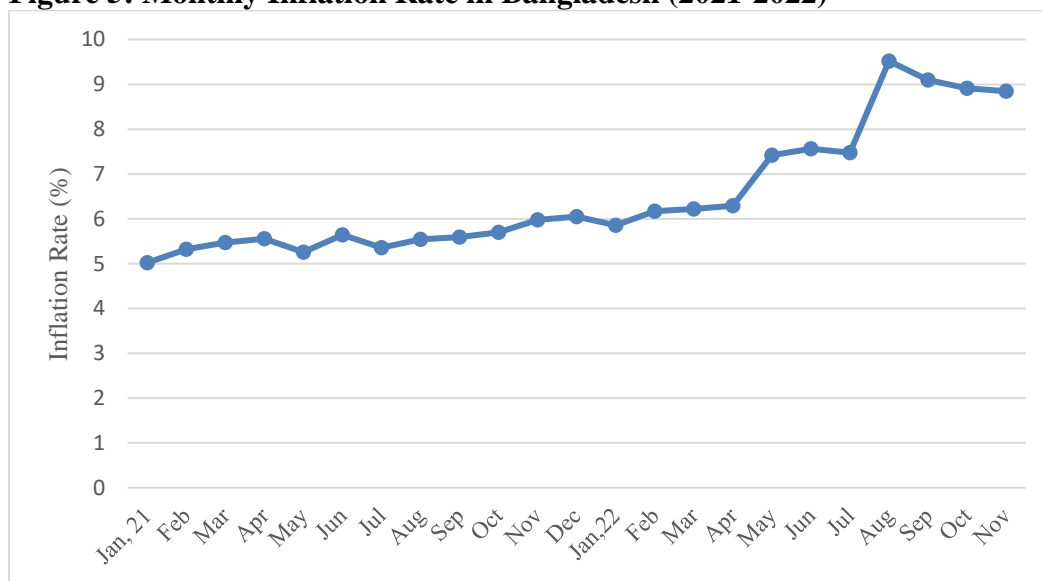
- Average retail price of sugar remained at BDT 115 (\$1.12) per kilogram, the same as last week.
- Average retail price of lentils also remained unchanged from last week at BDT 140 (\$1.36) per kilogram.
- Average beef prices remained at BDT 700 (\$6.80) per kilogram but are up 15 percent from the same period last year.
- Average price of eggs dropped to 120 (\$1.17) per dozen, down about 8 percent as compared to the previous week.

Policy

Inflation Eases Slightly in November

After recording high inflation in August 2022, rates gradually fell; Bangladesh official data shows that the general inflation rate dropped to 8.85 percent in November (Figure 5). According to the Consumer Price Index released by the Bangladesh Bureau of Statistics (BBS), food inflation declined to 8.14 percent in November from 8.50 percent in the previous month. However, non-food inflation increased to 9.98 percent in November from 9.58 percent in October.

Figure 5: Monthly Inflation Rate in Bangladesh (2021-2022)



Source: Bangladesh Bank; BBS

Further Background

Agricultural and food commodity prices first began rising in September 2021 due to the COVID-19 pandemic. In December 2022, 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.