



BANGLADESH FOOD SECURITY MONITORING QUARTERLY BULLETIN

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HIGHLIGHTS

Retail price of food: The national average retail price of rice was stable in the reporting quarter and that of wholemeal wheat flour (*atta*) decreased further from the quarter of April-June 2014. Prices of lentils (*masur*) and oil (palm oil) began to increase prior to the month of Ramadan (July 2014). Although prices of oil decreased after Ramadan, prices of lentils are still on an increasing trend.

The national average *retail price of coarse rice* was stable at around 33-34 Tk/kg, which is 9 percent higher than the average price during the corresponding quarter in 2013. Among the divisional *sadar* markets, prices were recorded lowest in Khulna division (31 Tk/kg). Among the divisional *sadar* markets, the average retail price of wholemeal wheat flour (*atta*) were highest in Dhaka and Khulna divisions (36-37 Tk/kg).

Inflation: Food inflation stood at 7.63 percent in September, dropping for the fourth consecutive month. It is still very high compared to the pre-*hartal*/strike months in 2013 (5.02 percent in January 2013).

Remittances: The total remittance inflow in July 2014 increased by 16 percent from June before decreasing by 21 percent in August and again increasing by 14 percent in September. The high increase in remittance inflow in the months of July and September are attributed to sending money home for Eid expenses (Eid-ul-Fitr in August and Eid-ul-Azha in October).

Food production, import and stock: The Department of Agricultural Extension (DAE) estimated actual rice production in FY 2013/14 at 34.35 million MT against a target of 34.61 million MT.

In the first quarter of FY 2014/15 there was no import of rice by the public sector. As on 10 November, cumulative private import of rice was 279,000 MT. The first ever export of coarse rice from Bangladesh was made to Sri Lanka, 50,000 MT of coarse rice were sold at USD450 per MT.

Public food procurement and distribution: The rice and wheat procurement target for FY 2013/14 was met. Cumulative distribution during July-October 2014 was 0.45 million MT of which 62 percent was rice and 38 percent wheat. The distributed amount is 70 percent of the amount distributed during the same period a year ago.

Wage rate and purchasing capacity: Year-on-year average agricultural daily wages for male labourers in the months of 2014 (latest available wage data from BBS is until August 2014) have increased by 3-8 percent. However due to increase in rice prices, year-on-year rice purchasing capacity in the first half of 2014 was 7-15 percent less. In July-August it rose to levels higher than a year ago.

Wage rates are usually higher in the southern divisions than in the northern Rajshahi division which results in better purchasing capacity of agricultural labourers in Barisal and Khulna divisions than in Rajshahi division. The average wage of a female labourer was only 214 Taka/day whereas for a male labourer it was 287Taka/day – a difference of 73 Taka/day.

ENVIRONMENTAL CONDITIONS

Flood caused damage to standing Aman paddy

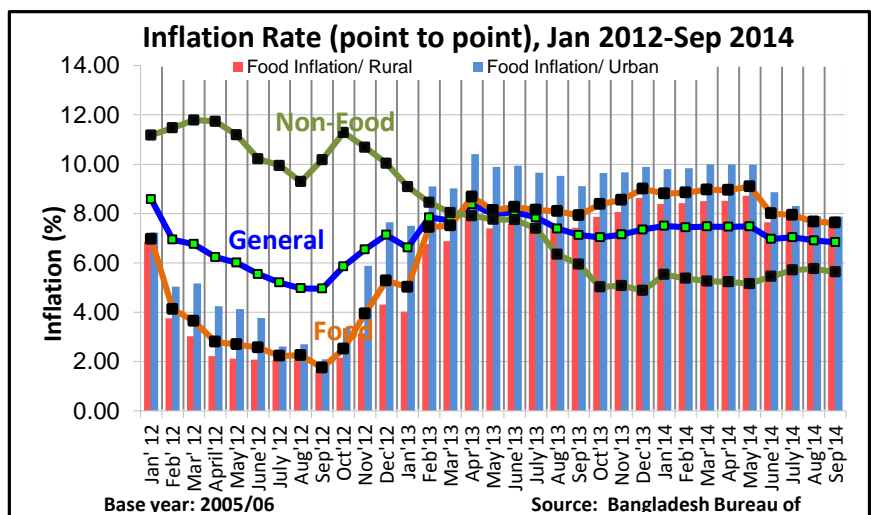
Rainfall is very much needed for the rain-fed *Aman* paddy which is planted from mid-May to mid- August. The countrywide rainfall in the current quarter was more than the average. From mid-August heavy rains in the main river basins and upstream catchments of India, along with continuous rainfall in northwest and north-eastern Bangladesh triggered floods in nine of the 64 districts, causing widespread damage to standing crops including *Aman* paddy.

ECONOMIC CONDITIONS

INFLATION AND REMITTANCES

Food inflation continued to drop for the fourth consecutive month

General inflation, measured by the point to point variation in the Consumer Price Index (CPI), remained stable around 6.9 percent during June-September 2014. In June it dropped by 0.51 percentage point on the back of a sharp reduction in food inflation in June 2014 (from 9.09 percent in May to 8 percent in June). The Government aims at an inflation not beyond 6 percent for the current fiscal year (FY).

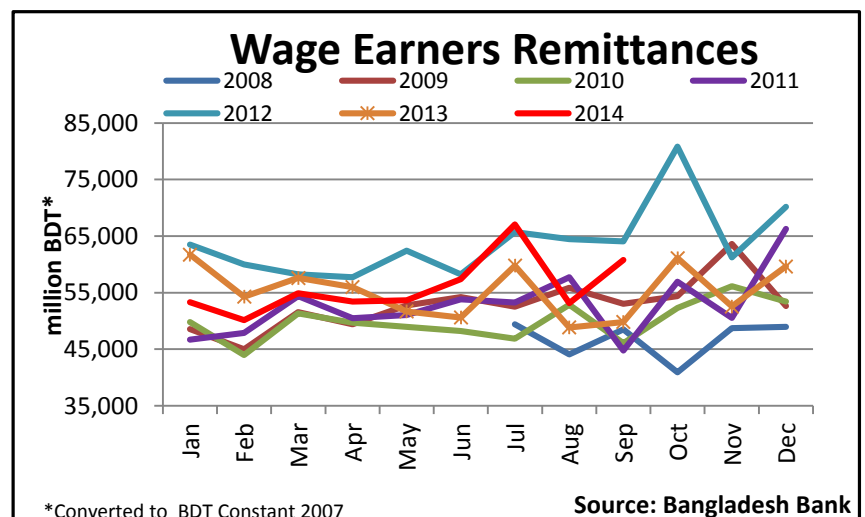


Food inflation stood at 7.63 percent in September, dropping for the fourth consecutive month. It is still very high compared to the pre-*hartal*/strike months in 2013 (5.02 percent in January 2013). Along with other economic and seasonality factors political unrest resulting in *hartal*/strikes and blockades, which intensified during the months of November and December 2013, is considered a major contributing factor to the rise in food prices in 2013. The difference between food inflation in rural areas and in urban areas narrowed from 3.48 percentage points in January 2013 to 0.36 percentage points in September 2014.

Non-food inflation increased from June to August before dropping slightly in September (5.63 percent). The increase in non-food inflation prior to Eid-ul-Fitr, the major festival for Muslims, was expected.

Remittance inflow dropped in FY 2013/14 for the first time in a decade

The total remittance inflow in FY 2013/14 (USD 14.23 billion) was 2 percent lower than in FY 2012/13, and it was the first time in 12 years that the remittance inflow dropped year-on-year. The main causes were political turmoil which disrupted and increased



the costs of transactions, strengthened law enforcement against illegal workers, and the appreciation of the Taka against the USD. The cumulative migrant outflow in FY 2013/14 was 7 percent less year-on-year.

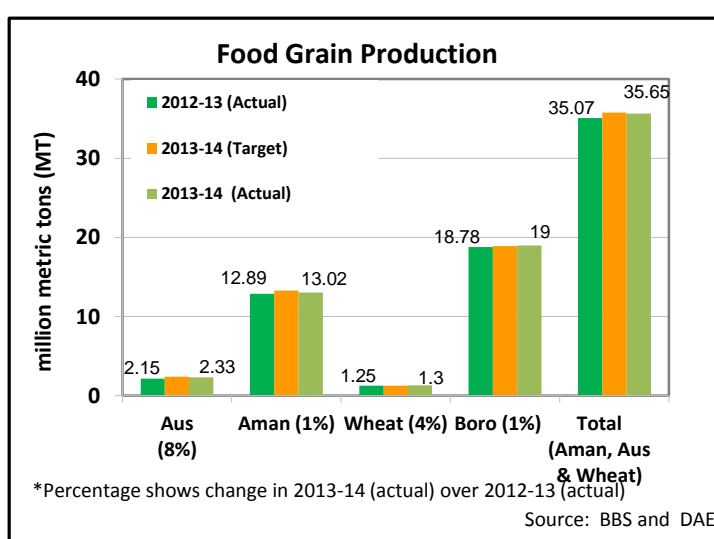
The total remittance inflow in July 2014 increased by 16 percent from June before decreasing by 21 percent in August and again increasing by 14 percent in September. The high increase in remittance inflow on the months of July and September are attributed to necessity to send money home for Eid spending (*Eid-ul-Fitr* in August and *Eid-ul-Azha* in October).

FOOD AVAILABILITY

CROP PRODUCTION, FOOD GRAIN IMPORT AND PUBLIC GRAIN STOCK

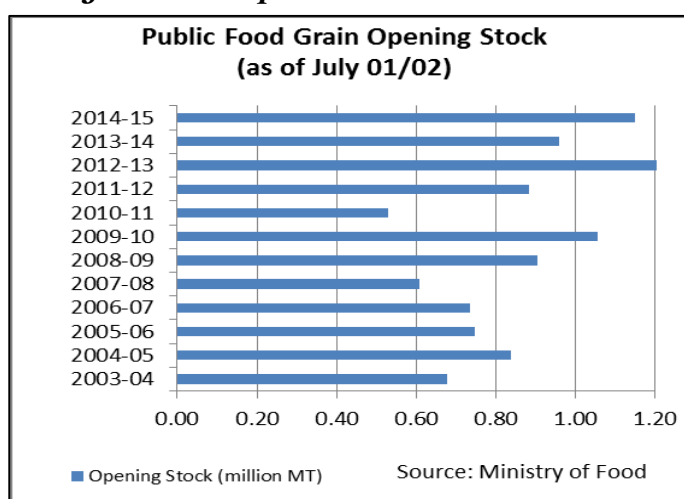
Rice production in Boro meets target, total production slightly less than target but higher than a year ago

- The Department of Agricultural Extension (DAE) estimated actual rice production in FY 2013/14 at 34.35 million MT against a target of 34.61 million MT.
- Rice production from *Aus* (harvested in July-August) and *Aman* (harvested in November to mid-January) was slightly short of the target but higher (by 8 percent and 1 percent respectively) than the actual production a year ago; while production from *Boro* (harvested in April-May) was around 1 percent more than the target. BBS finalized the wheat production estimate at 1.30 million MT.



Food grain stocks: Public stock of food grains higher than in previous FY

- The opening public stock of food grain for the FY 2014/15 was 1.15 million MT; it has increased by around 20 percent from FY 2013/14 but is still low compared to FY 2012/13. Relatively high amounts of public distribution and low procurement amounts of food grain during the second half of the FY 2012/13 had contributed to low end-of-FY stocks; this situation continued into FY 2013/14.
- Public food grain stocks as of 10 November was 1.35 million MT which is 22 percent higher than a year ago (Ministry of Food).



Food grain import and export: Rice import minimal, first time coarse rice exported from Bangladesh

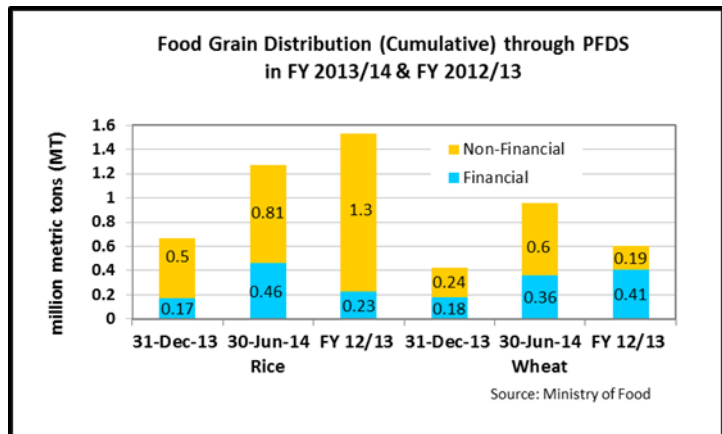
- Cumulative import of rice in the FY 2013/14 was 0.38 million MT which is minimal and constituted mainly of private sector imports. In the first quarter of FY 2014/15, there was no import of rice by the public sector. As on 10 November, cumulative private import of rice was 279,000 MT.
- The first ever export of coarse rice from Bangladesh was made to Sri Lanka. 50,000 MT of coarse rice were sold at USD 450 per MT. The Government procured coarse rice from the local market at around USD 439 per MT.

Food grain procurement: Rice and wheat procurement target met for FY 2013/14

- Actual rice and wheat procurements in FY 2013/14 were 1.29 million MT and 0.15 million MT respectively against revised targets of 1.30 million MT of rice and 0.15 million MT of wheat.
- *Boro* rice procurement started on 01 May with a target of 1 million MT of rice at 31 Tk/kg (which was 29 Tk/kg last year) and 0.15 million MT of paddy at 20 Tk/kg by 31 August. *Boro* rice procurement met its target. Last year the actual procurement of *Boro* rice (0.83 million MT) fell short of its target of 1 million MT as the average market price was higher than the fixed procurement price.

Food grain distribution through PFDS: Wheat distribution increased

- The Government actually distributed a total of 2.23 million MT of food grain (1.27 million MT of rice and 0.96 million MT of wheat) under PFDS in FY 2013/14 against a target of 2.56 million MT (*FPMU, FSR 95*). The share of wheat in the food grain distribution increased significantly. In the FY 2013/14 around 45 percent of the total amount of food grain distributed through the PFDS was wheat compared to around 30 percent in the previous two FYs.



- Cumulative distribution during July-October 2014 was 0.45 million MT of which 62 percent was rice and 38 percent was wheat. The distributed amount is 70 percent of the amount distributed during the same period a year ago.

FOOD PRICE MONITORING

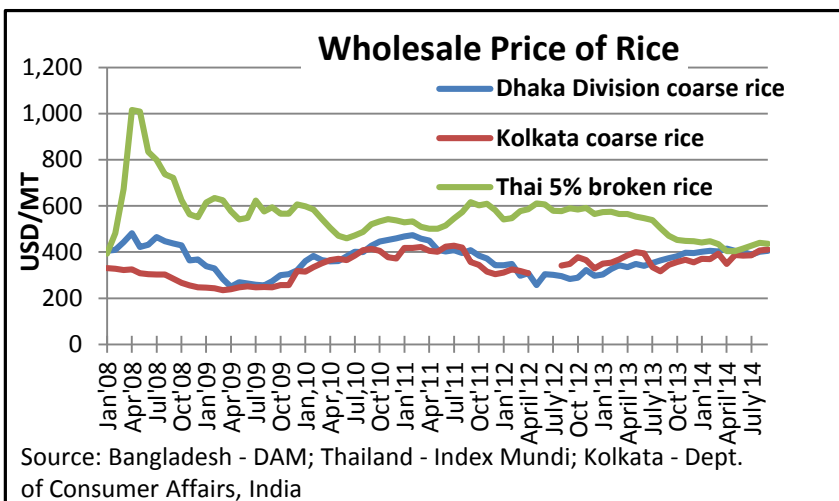
WHOLESALE AND RETAIL PRICES AND TERMS OF TRADE

International wholesale prices of rice and wheat: Rice prices increased, wheat prices dropped

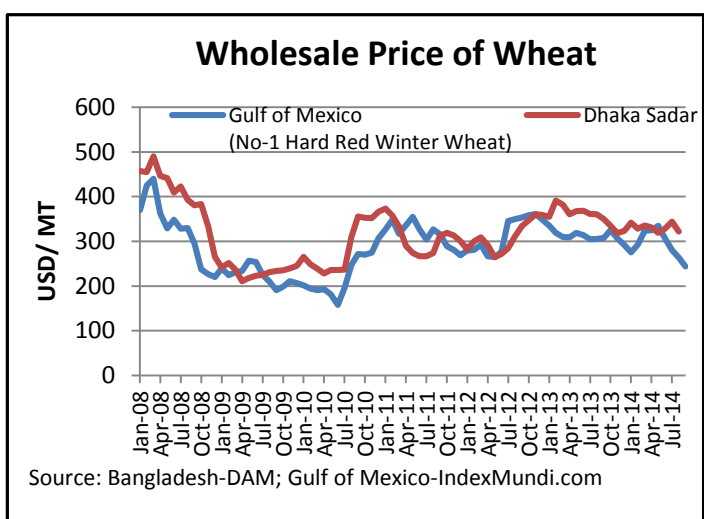
International rice prices, as per FAO rice price index (which is based on 16 rice export quotations), increased throughout 2014. The index increased from 227 in January to 242 in August 2014, before falling to 238 in September. The wholesale rice price in Kolkata (India) and of Thai 5% broken rice increased throughout the quarter.

Prices in Dhaka division, in Kolkata and in Thailand have converged even more in recent months. The average wholesale prices of Dhaka coarse rice, Kolkata coarse rice, and Thai 5% broken rice in September were 405 USD/MT, 411 USD/MT and 437 USD/MT respectively.

Export prices in Thailand increased by 8 percent from May to September after the current Government announced it would not continue the controversial rice pledging programme which had been introduced in 2011 by the previous Government. In an effort to boost farmers' incomes, in 2011 the Government had started paying paddy farmers 15,000 baht (USD420) per ton - a 60 percent increase over 2010. With its higher price Thailand lost out to India (which took off a four year ban on the export of non-basmati rice) in 2012 as the world's largest rice exporter. One year after the start of the programme rice export prices for Thailand were on a decreasing trend as it tried to sell its huge stockpile of rice as a result of the intervention.



After increasing steadily from February to May 2014 over growing speculation on effects of unfavourable weather in parts of the American continent, the average wholesale price of wheat in the Gulf of Mexico fell significantly in the following four months. With improvements in production prospects, it dropped again by 27 percent from May to September. (335 USD/MT in May to 244 USD/MT in September).



Bangladesh is South Asia's biggest wheat importer and wholesale prices are mainly influenced by international prices. The domestic wholesale price of wheat is yet to converge with the sudden drop in the price in the Gulf of Mexico. In Dhaka sadar market the price was 322 USD/MT in August-a difference of 59 USD/MT with the price in the Gulf of Mexico.

Retail prices for essential food commodities: Prices of rice stable but high; prices of wheat flour and palm oil decreased and prices of lentils (masur) increased further

The national average retail price of rice was stable in the reporting quarter and that of wholemeal wheat flour (*atta*) decreased further from the quarter of April-June 2014. Prices of lentils (*masur*) and oil (palm oil) began to increase prior to the month of Ramadan (July 2014). Although prices of oil decreased after Ramadan, prices of lentils are still on an increasing trend.

Commodities	% Change of Retail Prices (National Average) of July-Sep'14 compared to-		
	Last Quarter Apr-June'14	Last Year July-Sep'13	2008 (high food price peak periods)
Coarse Rice	-0.1	9.0	0.5
Wheat Flour (<i>atta</i>)	-1.0	-1.5	-17.8
Palm Oil	-3.5	2.7	-18.7
Lentil (<i>masur</i>)	3.0	-0.1	-7.3

The national average retail price of coarse rice was stable at around 33-34 Tk/kg, which is 9 percent higher than the average price during the corresponding quarter in 2013. Among the divisional *sadar* markets, prices were recorded lowest in Khulna division (31 Tk/kg).

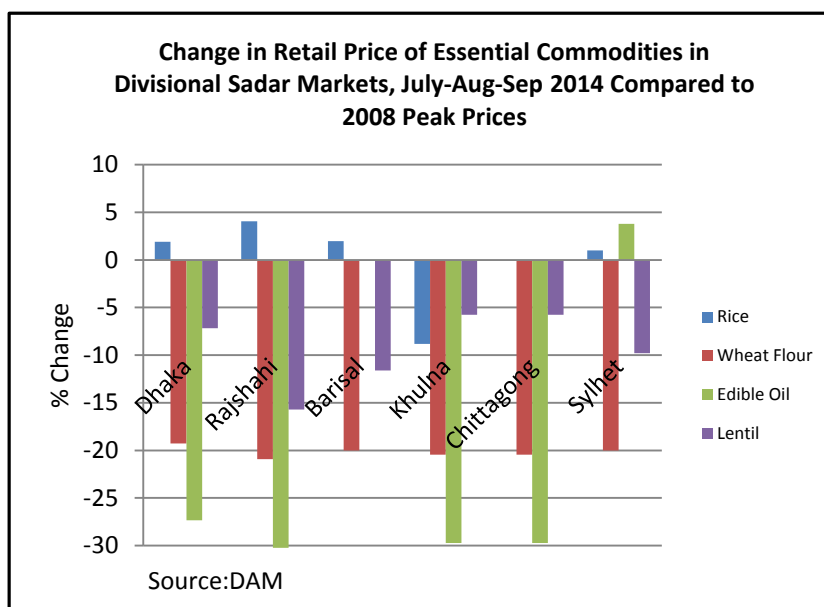
The average retail price of wholemeal wheat flour (*atta*) in the current quarter decreased slightly from the previous quarter and is on a decreasing trend. Among the divisional *sadar* markets, prices were highest in Dhaka and Khulna divisions (36-37 Tk/kg). The price in Sylhet *sadar*, which was exceptionally high in the previous quarter (39 Tk/kg) compared to other divisions (36 Tk/kg), came down to 35 Tk/kg in October.

Retail prices of essential food commodities (Tk/kg);					
Dhaka Sadar Market					
	July'14	Aug'14	Sep'14	Oct'14	Peak 2008
Coarse Rice	34	34	36	37	35
Whole wheat flour	37	37	36	36	45
Palm Oil	79	76	71	71	100
Lentil (masur)	83	88	85	86	92

Source: Department of Agricultural Marketing

The national average price of palm oil rose steadily from February 2014 and stood at 84 Tk/litre in July 2014 (up by 6 percent in five months), the month of Ramadan when household use of oil (and lentils) increases. The price has since then decreased to 74 Tk/litre in October.

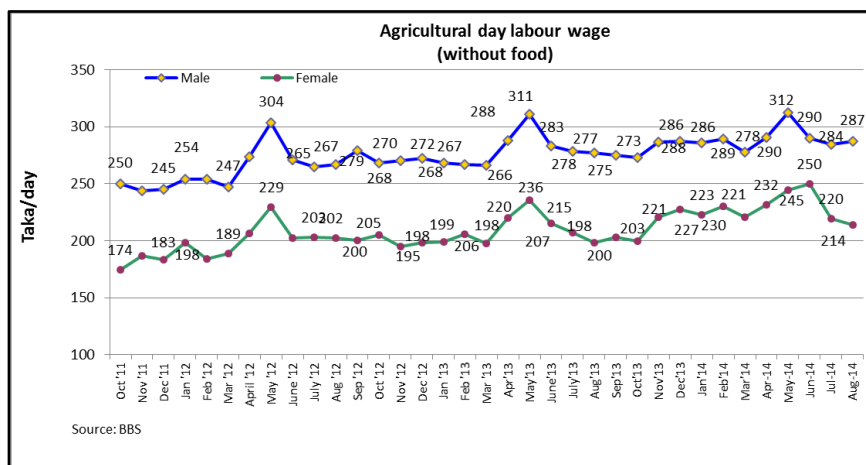
Palm oil is the dominating edible oil in the country, accounting for around 64 percent of the market share among the three major edible oils (the other two are soybean oil and mustard oil). 90 percent of the edible oil requirement is imported. Despite static oil prices in the international market, prices in Bangladesh kept rising in the months nearing Ramadan.



The average retail price of lentils (*masur*) increased by 8 percent from April (79 Tk/kg) to October (85 Tk/kg). Prices ranged from 81 Tk/kg in Khulna division to 86 Tk/kg in Barisal division.

Terms of Trade/Food purchasing capacity of agricultural day labourers: Agricultural wage rate increased, rice purchasing capacity decreased in 2014

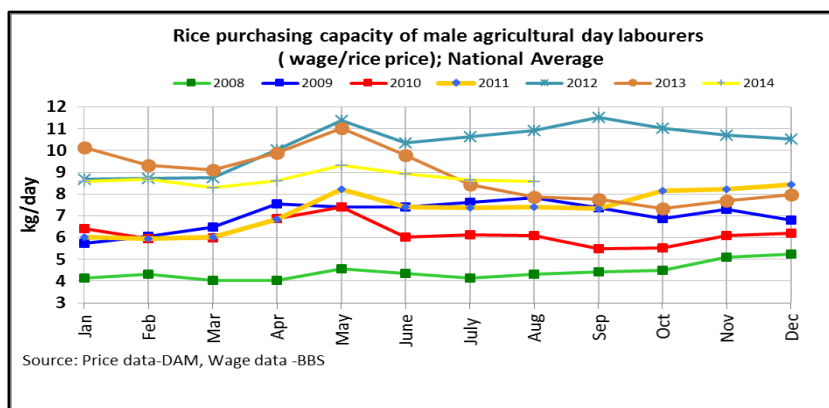
Year-on-year average agricultural daily wages for male labourers in the months of 2014 (latest available wage data from BBS is August 2014) have increased by 3-8 percent. The average rate of growth in 2012 was 15 percent. Compared to that it was only 5 percent in 2013 – a year marred by political turmoil which reduced the migration of labourers during agricultural peak seasons.



There continues to be a significant difference between the agricultural daily wages for male and female labourers. In August, the average wage for a female labourer was only 214 Taka/day whereas for a male labourer it was 287Taka/day – a difference of 73 Taka/day. This wage gap is highest in the eastern divisions of Chittagong and Sylhet and lowest in Rajshahi and Barisal divisions.

After the *Aman* harvesting period ends, there are far less work opportunities for female agricultural labourers than for their male counterparts. Agricultural activities such as *Boro* planting (December-February) are predominantly practiced by male labourers.

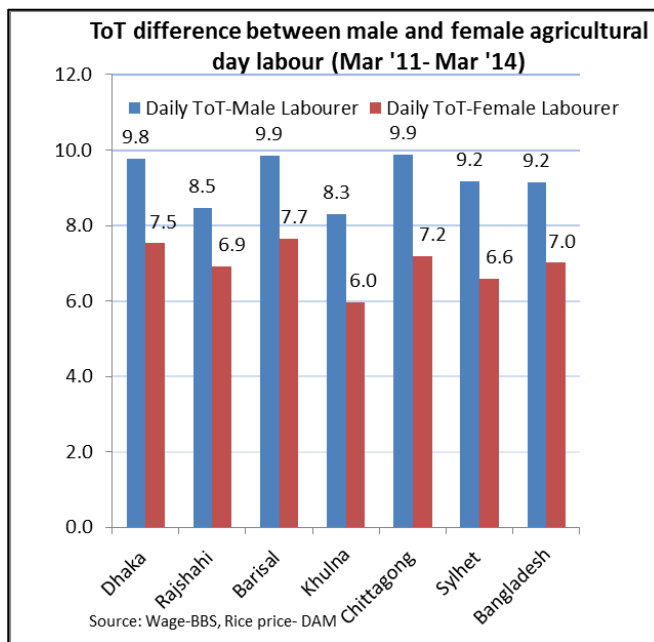
The Terms of Trade (ToT) of agricultural day labourers is an indicator of the quantity of essential food items that an agricultural day labourer can buy with his/her daily income. Since rice is the staple food and constitutes the major share in household food expenditure, rice purchasing capacity is an important indicator of the ToT.



With an increase in rice prices in 2013, it was expected that the purchasing capacity would not be as high as in 2012. However the gap between 2012 and 2013 ToTs widened to an average of 3 kg/day in the second half of 2013. In the first half of 2014, year-on-year ToT were 7-15 percent less than in 2013. In July-August it rose to levels higher than a year ago.

Differences in rice prices weigh little on the monthly ToT. The significant difference in the monthly ToT is due to regional differences in wage rates and work opportunities. Wage rates are usually higher in the southern divisions than in the northern Rajshahi division which results in better purchasing capacity of agricultural labourers in Barisal and Khulna divisions than in Rajshahi division.

The difference in wage between male and female agricultural day labourers is reflected in the ToT. In the past three years, the average gap between male and female labourers has been 2 kg of rice per day. This has had significant implications on the food security status of households dependent solely on the income of female members.



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1. Aus Rice			Planting	Planting	Planting		Harvesting	Harvesting				
2. Aman Rice	Harvesting				Planting	Planting	Planting	Planting			Harvesting	Harvesting
3. Wheat	Planting	Planting	Planting	Planting	Planting						Planting	Planting
4. Boro Rice	Planting	Planting			Planting	Planting						Planting

GLOBAL FOOD SECURITY OUTLOOK

FOOD GRAIN PRODUCTION AND PRICE PROSPECT

Global food prices declined consecutively for seven months (April to October 2014). The Food Price Index (consisting of average food price indices of five commodity groups - cereal, dairy, oil, sugar and meat) reported by the Food and Agriculture Organization (FAO) declined to 192 points in October from 213 points in March 2014 which was the highest since May 2013. The decline was mainly on the back of a reduction in cereal, dairy and vegetable oil prices.

World cereal production was forecast at 2532 million MT in September up by 65 million MT from the initial forecast for the year. The continued upward revision of the forecast has been supported by prospects in maize and wheat production. It is however forecasted at fractionally less than last year's record mainly due to lowered prospects in rice production (FAO Crop Prospects and Food Situation, October 2014).

RESPONSE TO SHOCKS FACED BY HOUSEHOLDS

FOOD INSECURITY IN FLOOD AFFECTED AREAS IN THE NORTHWEST

From mid-August Heavy rains in the main river basins and upstream catchments of India, along with continuous rainfall in northwest and north-eastern Bangladesh triggered floods in nine of sixty-four districts, causing widespread damage to houses, infrastructure and agriculture. Almost 2 million people were affected in the most affected districts of the north-west region which is 33 percent of the total population in the affected area. Immediate impact on food security includes loss of household food stocks and damaged rice. The most impacted livelihood groups at this stage appear to be small and marginal farmers, and day labourers (agricultural and non-agricultural). WFP has supported around 106,450 persons living in 21,290 households by providing fortified biscuits as immediate relief while people were stranded on higher ground.

Following the findings of Phase 1 Joint Needs Assessment (JNA), a rapid market assessment was conducted by the Food Security Cluster (FSC) in Kurigram, Gaibandha, Jamalpur, Bogra and Sirajganj districts to assess market functionality in order to define the response modality. Based on the findings, unconditional cash-only response was found to be the most appropriate transfer modality. WFP provided unconditional cash transfers via mobile phone banking to 19,463 flood affected households in 41 unions of 13 upazilas in Kurigram, Gaibandha, Jamalpur, and Sirajganj. Each household received Tk 9,000 (US\$ 116) in three rounds. The aim was to complete the three rounds of transfers by November after which employment opportunities in *Aman* harvest and *Boro* planting are available.

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- Bangladesh Bureau of Statistics, <http://www.bbs.gov.bd/>
- Bureau of Manpower, Employment and Training, <http://www.bmet.org.bd/BMET/statisticalDataAction>
- Department of Agricultural Marketing/DAM, Ministry of Agriculture, <http://www.dam.gov.bd/jsp/index.jsp>
- FAO Crop Prospects and Food Situation, October 2014, <http://www.fao.org/3/contents/7c1c3409-41e3-44f1-82af-bc206fd7f96d/i4096e00.htm>
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- Index Mundi Website, <http://www.indexmundi.com/>
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- Ministry of Food, <http://www.fd.gov.bd>

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The previous BFSM bulletins are available on the internet at the following URL address:
<http://www.wfp.org/content/bangladesh-food-security-monitoring-system-2014>

The bulletins can be received by e-mail subscription upon request.

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