



## BANGLADESH FOOD SECURITY MONITORING BULLETIN

**Issue No.14  
July-Sep 2013**

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### HIGHLIGHTS

**Retail price of food:** Overall the prices of basic food items except for rice were stable during the current quarter. The average retail price of coarse rice in September was 31.59 Tk/kg which is 31 percent higher than in September 2012. Although the average price of whole grain wheat flour (atta) has been declining or been stable since April, it was 36.22 Tk/kg in September, which is still 9 percent higher than the price in September 2012. The average retail price of palm oil has continued to decrease steadily from August 2012 and stood at 76.3 Tk/litre in September 2013. Unlike last year, the price of lentils (masur) did not hike up during the month of Ramadan (July-August 2013) and was stable at 83 Tk/kg. Compared to the high food prices of 2008, the retail prices of whole wheat flour (*atta*) and palm oil are substantially lower, but coarse rice and lentils are lower only by 7 percent. Lentils in Dhaka Sadar market and coarse rice in Rajshahi Sadar market are in fact priced higher than the 2008 peak prices.

**Inflation:** The general inflation rate, measured by the point to point variation in the Consumer Price Index (CPI), stood at 7.13 percent in September compared to 4.96 percent a year ago (inflation base year is 2005/06). General inflation along with food inflation and non-food inflation has steadily declined since June, but fears of an increase looms in the face of several pre-election risks.

**Remittance:** The remittance inflow (in USD) through formal channels as reported by the Bangladesh Bank in this quarter is 8 percent lower than same period of the previous year, partly because of strengthening of the Taka against the USD and partly because of an assumed increase in sending remittance through informal channels because of widening exchange rate gaps between the curb market and the formal market.

**Food production and import:** According to the BBS, the total rice production for FY 2013/14 is estimated at 33.83 million MT which is comparable to previous year's production of 33.88 million MT, but short of target. Despite decreased area coverage, Boro production reached the targeted production. As of 09 October 2013, in the current FY, there has been no import of rice by the public sector and import by the private sector was 0.99 thousand MT. Import of wheat was 0.93 million MT which is almost half of the total import of FY 2012/13.

**Public food distribution:** With rising rice prices, the distribution of rice through Open Market Sales (OMS) has increased. In the current quarter rice distribution through OMS was 0.02 million MT which is significantly higher than the 0.004 million MT distributed in FY 2012/13 during the same period.

**Wage rate and purchasing capacity:** Based on wage data collected by BBS in June 2013, the average rice purchasing capacity of a male agricultural day labourer was 10 kg of rice with his average daily income of 283 Taka, which is slightly less than the ToT (by 4 percent) a year ago. In June the average wage for a female labourer was only 215 Taka/day, resulting in a difference of 75 Taka/day compared to that of a male labourer. The wage differences between male and female labourers are highest in Chittagong and Sylhet and lowest in Barisal and Rajshahi.

**Food insecurity in urban households:** The focus group discussions with the urban poor in October 2013 revealed that housekeepers continue to have the lowest rice purchasing capacity along with garments workers in the lowest employment category (helper). Respondents stated that 60 to 90 percent of their income goes towards purchasing of food.

**Global cereal supply outlook:** The FAO Cereal Price Index dropped for the fourth consecutive month in September reflecting a generally favourable supply outlook especially for maize and rice.

## ENVIRONMENTAL CONDITIONS

### Favourable weather conditions for Aman planting

Rainfall is very much needed for the rain-fed Aman crop which is planted from mid-May to mid-August. The countrywide average rainfall in the current quarter was less than normal. Highest deficiency in rainfall in the current quarter was recorded in July

which was 30 percent less than normal, although July is generally known as a month with high rainfall (average 523 mm of rainfall). Although less than normal, rainfall in August and September was adequate to have minimized any negative impact of a late rainfall on Aman plantation.

Month-Year	Average Rainfall (mm)			Average Temperature (Celsius)		
	Actual	Normal	Deviation (%)	Actual	Normal	Deviation (%)
Jul-13	368	523	-29.7	29.3	28.4	-3.2
Aug-13	397	420	-5.7	28.9	28.6	-1.0
Sep-13	285	318	-10.3	29.2	28.4	-2.8

Source: Bangladesh Meteorological Department

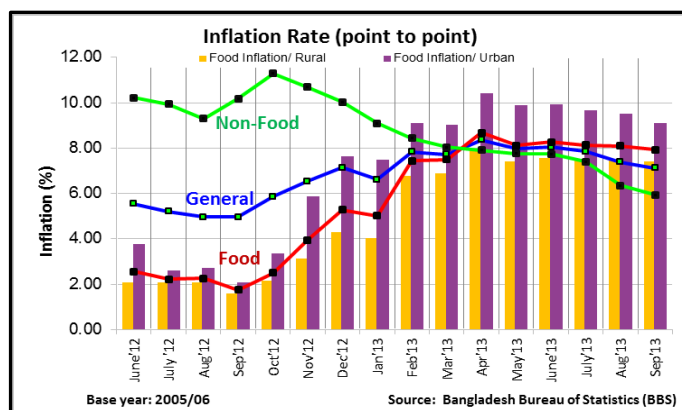
## ECONOMIC CONDITIONS

### INFLATION AND REMITTANCES

The general inflation rate, measured by the point to point variation in the Consumer Price Index (CPI), stood at 7.13 percent in September compared to 4.96 percent a year ago (inflation base year is 2005/06). The Government's inflation target for FY 2013/14 is 7 percent. General inflation along with food inflation and non-food inflation has steadily declined since June.

Frequent supply disruptions due to hartals and rise in transport fares due to a fuel price hike in January were the main reasons behind the rise in food prices, especially rice, in the second half of FY 2012/13. In the current quarter, there has been less political disruption which helped stabilize food prices and contain food inflation. Moreover lower import prices of some food commodities and absence of usual price hike of essential food items during Ramadan also contributed to the decrease in food inflation, despite the rising price of rice.

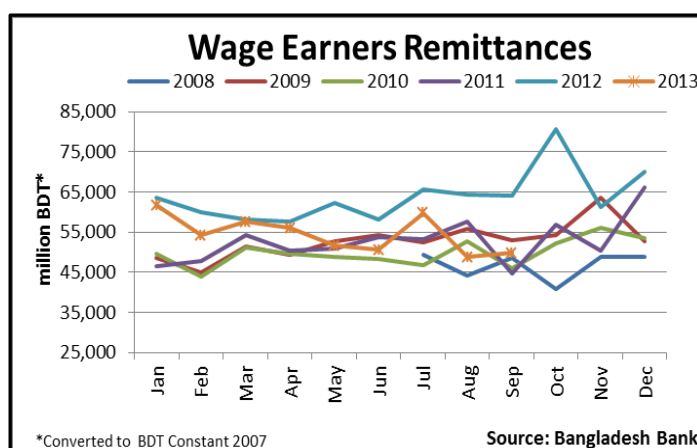
Food inflation still remains significantly high at 7.13 percent in September 2013 compared to 1.75 percent in September 2012. In contrast non-food inflation has significantly declined to 5.94 percent in September 2013 compared to 10.18 percent in September 2012. Urban food inflation continues to be higher than rural food inflation since October 2011. Both urban and rural food inflation dropped throughout the current quarter and the drop was higher in urban food inflation.



	Inflation Rate (%) July-Sep 2013				
	General	Food	Non-Food	Food-Rural	Food-Urban
July-13	7.85	8.14	7.40	7.52	9.65
Aug-13	7.39	8.09	6.35	7.50	9.52
Sep-13	7.13	7.93	5.94	7.43	9.11

Base year: 2005/06

Source: BBS



FY 2012/13 saw a record inflow of remittances (USD 14.5 billion, equivalent to Taka 1156 billion) through formal channels, which is 13 percent higher than in FY 2011/12. Meanwhile remittance inflow (in USD) in the current quarter is 2 percent less than the previous quarter and 8 percent less than July-September 2012. The Taka has strengthened against USD by 4.8 percent from the previous quarter and the exchange rate has remained more or less stable since May 2013. Use of formal banking channels and money transfer companies to send money home, over illegal channels is declining because of the widening gap in US dollar prices between the formal and the informal market. This could be one of the reasons for the decline in remittance inflow through formal channels as reported by the Bangladesh Bank.

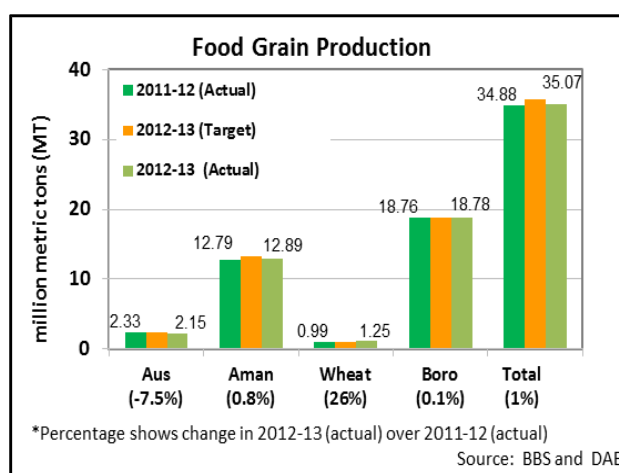
The values in the graph are adjusted for inflation and are in constant Taka of the year 2007. It was expected in the beginning of the FY that growth of remittance inflows will be 15 percent.

## FOOD AVAILABILITY

### CROP PRODUCTION, FOOD IMPORT AND PUBLIC GRAIN STOCK

#### Domestic food grain production

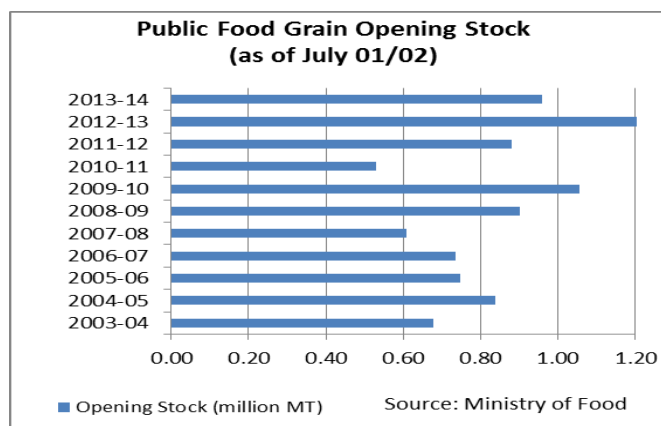
- The total rice production for FY 2012/13 was estimated at 33.83 million MT which is almost equal to previous year's production of 33.88 million MT.
- According to the BBS, the estimated Aus, Aman, Boro and wheat production in FY 2012/13 are 2.16 million MT, 12.9 million MT, 18.78 million MT and 1.25 million MT respectively.
- Despite a 1 percent reduction in Boro cultivation area coverage, Boro production reached its target because of an increase in yield (by 1.2 percent). Production of both local variety of Boro and hybrid variety of Boro decreased (by 2 percent and 4 percent respectively), while production of HYV Boro increased (by 1 percent) compared to last year.
- Wheat production was substantially higher at 26 percent due to both increased area coverage (by 16 percent) and an increase in yield (by 8.5 percent).



#### Government food grain procurement, import and public stock situation

##### Food grain stocks:

- The opening public stock of food grain for the FY 2013/14 is 0.96 million MT which is 21 percent less than the previous year. Import arrivals and domestic Boro rice procurement contributed to the higher stock position during the first half of FY 2012/13, but relatively higher public distribution and lower procurement during the second half contributed to reduced stocks.
- As of 09 October 2013 the government stock of rice was 0.86 million MT (33 percent less than one year ago) and wheat was 0.3 million MT (comparable to a year ago) (Ministry of Food).



#### Food grain imports:

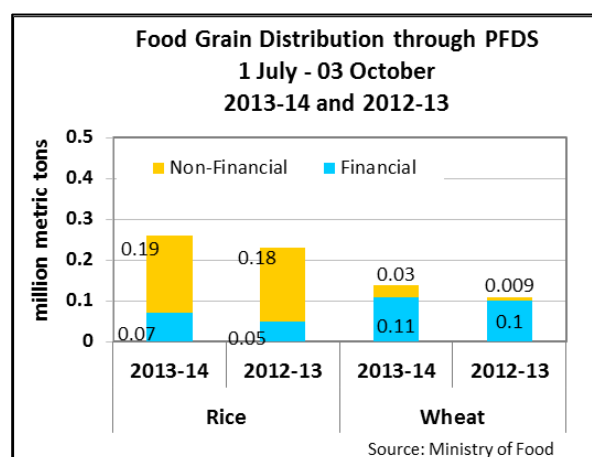
- In the FY 2013/14 budget proposal, the Government has planned to make public food grain import of a total of 1.25 million MT, comprising 0.26 million MT of rice and 0.99 million MT of wheat. This import target is 34 percent lower than the last FY's target.
- Of the total food grain import in FY 2012/13, rice was minimal (0.03 million MT) and wheat import was 1.86 million MT.
- As of 09 October 2013, in the current FY, there has been no import of rice by the public sector and import by the private sector was 0.99 thousand MT. Import of wheat was 0.93 million MT (0.24 million MT of public import and 0.69 million MT of private import) which is almost half of the total import of the previous FY (1.86 million MT). Wheat import was slow in the last FY because of an increase in the international price of wheat.

#### Food grain procurement:

- Boro procurement started from 01 May with a target of 1.0 million MT at 29 Tk/kg and is scheduled to end on 31 October 2013. As of 09 October 2013, 0.75 million MT of rice has been procured. (*Ministry of Food*). In the last FY, the Government procured 1.01 million MT of Boro rice at 28 Tk/kg.
- The total Aman and wheat procurement of FY 2012/13 were 0.27 million MT and 0.13 million MT respectively (*Ministry of Food*).

#### Food grain distribution:

- The total food grain distribution through the Public Food Distribution System (PFDS) in FY 2012/13 was 2.02 million MT (*Ministry of Food*) against the targeted distribution of 2.77 million MT (*FPMU, FSR 92*).
- The total distribution planned for 2013/14 is 2.74 million MT. As of 03 October 2013, the government has distributed a total of 0.26 million MT of rice and 0.13 million MT of wheat under PFDS, which in total is 15 percent more compared to the total distribution at the same time last year (*Ministry of Food*).
- Distribution of rice through Open Market Sales (OMS) during the period of 01 July to 03 October was 0.02 million MT which is significantly higher than the 0.004 million MT distributed last FY during the same period. Rice distribution through OMS was significantly less during the last FY as the retail price of rice in the market was low and stable.
- The OMS drive, which resumed in major cities and districts of the country, continues with rice being sold at 24Tk/kg and *atta* sold at 22 Tk/kg.



## FOOD PRICE MONITORING

### WHOLESALE AND RETAIL PRICES AND TERMS OF TRADE

#### Nominal and Real Wholesale Prices of Rice and Wheat in Bangladesh

The countrywide average wholesale nominal price of coarse rice in the current quarter has increased by 6 percent compared to last quarter. In Dhaka division both the nominal price and real price of coarse rice (in Taka/quintal) in the current quarter has decreased by 2 percent and 6 percent respectively compared to

Average whole sale price of rice & wheat (Tk/Quintal); Dhaka Division				
Time Period	Rice		Wheat	
	Nominal Price	Real Price	Nominal Price	Real Price
July-Sep '13	2857	1508	2776	1465
Previous Quarter (Apr-June'13)	2928	1596	2845	1546
Previous Year (July-Sep '12)	2398	1360	2534	1436
Pre-shock Years (July-Sep'07)	2100	1777	1933	1725
Shock Period (Mar-May '08)	3081	2477	3149	2532
* Data for wholesale price of rice in Dhaka division in April 2013 was unavailable.				Source:DAM



the previous quarter. However both prices are higher than same period of the previous year.

Rice prices usually peak during February-March (which is the period between the end of Aman harvest and beginning of Boro harvest) and come down in May-June after the Boro harvest. Prices did not decrease after the Boro harvest as quickly as expected. Average Boro HYV coarse rice prices came down in June, before increasing throughout the current quarter.

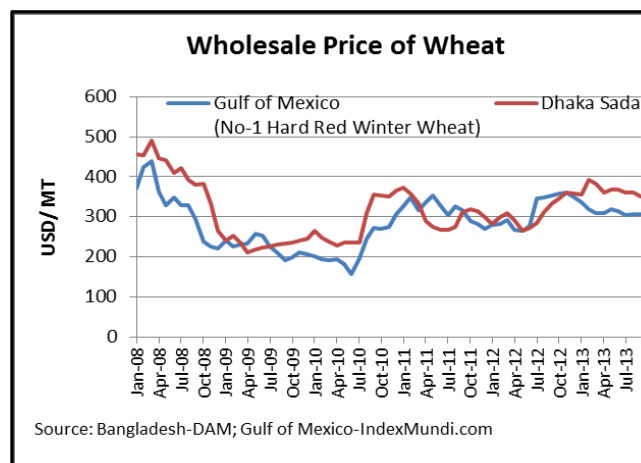
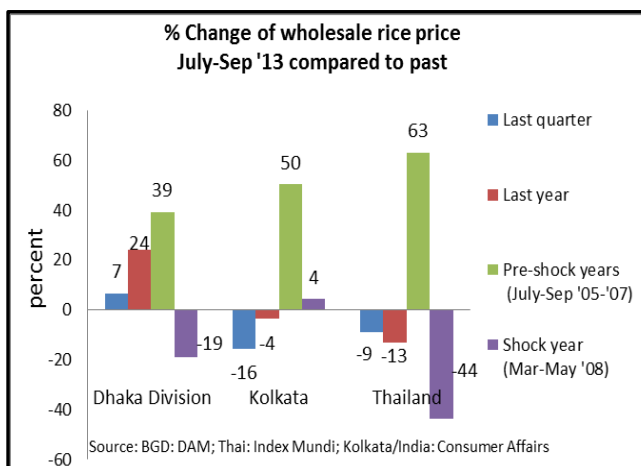
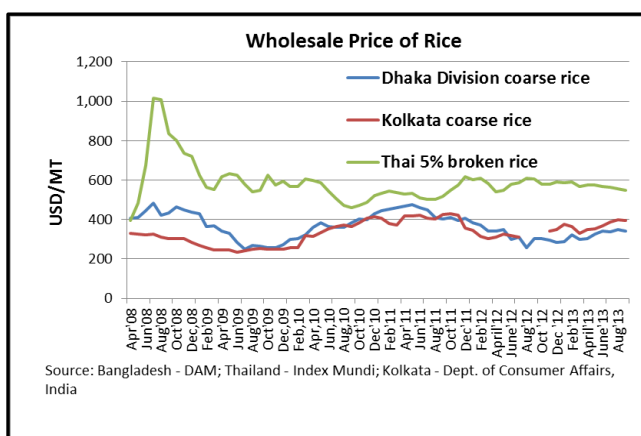
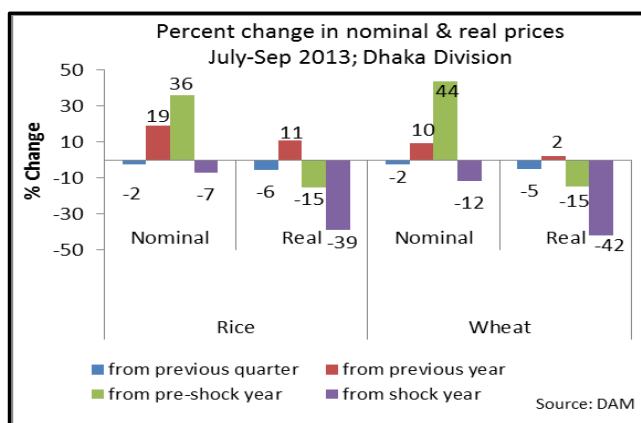
The wholesale prices of wheat (in Tk/quintal) in Dhaka Sadar have steadily dropped since June 2013. The average wholesale nominal price and real price in the current quarter decreased by 2 percent and 5 percent respectively compared to the previous quarter and are significantly lower than the prices of the 2008 shock year. However prices are still significantly higher than the corresponding quarter of last year.

### International wholesale prices of rice and wheat

International rice prices, as indicated by FAO rice price index (which is based on 16 rice export quotations), fell throughout the current quarter. FAO rice price index fell from 240 in June to 224 in September. In contrast, compared to the previous quarter, the average wholesale price (in USD/MT) of Dhaka coarse rice has increased by 7 percent. Those of Kolkata (India) coarse rice and Thai 5% broken rice have followed the international trend and decreased by 16 percent and 9 percent respectively. The average wholesale prices of Dhaka coarse rice, Kolkata coarse rice, and Thai 5% broken rice in September were 373, USD/MT, 345 USD/MT and 470 USD/MT respectively.

For all three, prices were staggeringly higher than in pre-2008 shock years. In Kolkata (India), the price of coarse rice is still higher (by 4 percent) than that of 2008 peak year.

Price fell in most origins but especially in Thailand, reflecting both the devaluation of the Thai Baht and the release of rice from government stocks (FAO *Crop Prospects and Food Situation Report October 2013*). Following the announcement by the Thai government to sell 70,000 MT of rice from the government pledged stock, rice prices in Thailand started declining from March. The Thai government is gradually selling pledged rice stocks at a lower price than it had bought from the farmers. On the eve of the Thai rice pledging scheme's third year, the Thai finance ministry estimated that losses from the



scheme between 2011 and 2013 could be 12.8 billion USD (*Live Rice Index*, 4 October 2013).

In the current quarter, the average wholesale price of wheat both in Dhaka Sadar and in the Gulf of Mexico decreased by 2 percent and 3 percent compared to the previous quarter. After soaring during June-November 2012, the wholesale price of wheat in the Gulf of Mexico has finally decreased compared to the corresponding months in 2012. In the current quarter, the average wholesale price in the Gulf of Mexico is 12 percent less than the same period of last year. However in Dhaka Sadar, although the price is decreasing, it is still higher compared to corresponding months of last year. The average wholesale price of wheat in Dhaka Sadar in September was 350 USD/MT and in the Gulf of Mexico it was 308 USD/MT.

### Retail prices for essential food commodities

Compared to the high food prices of 2008, the retail prices of almost all essential food commodities are substantially lower in the current quarter. However, the average retail price of coarse rice has increased by 7 percent from the last quarter and it is 25 percent higher than in the corresponding quarter of last year.

Retail prices of essential food commodities (Tk/kg); Dhaka Sadar Market				
	July'13	Aug'13	Sep'13	Peak 2008
Coarse Rice	31	31	33	35
Wheat flour (atta)	39	39	37	45
Palm Oil	77	76	74	100
Lentil (masur)	106	100	102	92

The retail price of coarse rice started to increase from November 2012 following the increase in the wholesale price of rice. Although the average wholesale price of Boro HYV coarse rice came down in June, this did not translate into a reduction of the retail price and it has increased throughout the current quarter with an increase in the wholesale price. The average retail price of Boro HYV coarse rice in September was 31.59 Tk/kg which is 31 percent higher than in September 2012. Retail price of rice was particularly low and stable throughout 2012.

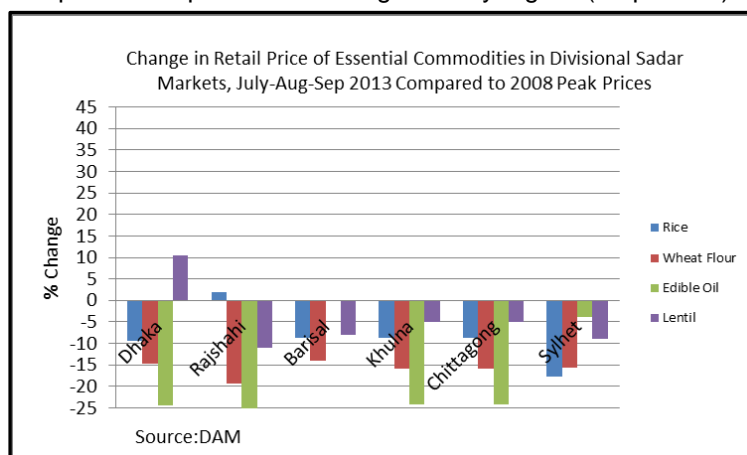
% Change of Retail Prices (National Average) of July-Sep'13 compared to-			
Commodities	Last Quarter April-June'13	Last Year July-Sep'12	2008 (high food price peak periods)
Coarse Rice	6.7	25.1	-7.1
Wheat Flour (atta)	-2.0	9.7	-16.5
Palm Oil	-3.7	-23.5	-21.2
Lentil (masur)	0.3	-2.7	-7.3

The retail price of whole grain wheat flour had been increasing from August 2012 to March 2013 following increases in the price of wheat in the domestic wholesale market. The price has been stable or declining since April. The average retail price of whole grain wheat flour (*atta*) in September was 36.22 Tk/kg, which is still 9 percent higher than the price a year ago.

The average retail price of palm oil has continued to decrease steadily from 104.5 Tk/litre in August 2012 to 76.3 Tk/litre in September 2013. Prices had peaked during April-May 2012 to 107 Tk/litre, crossing the peak price in shock year 2008.

After increasing throughout the previous quarter, the average price of lentils (*masur*) is stable at around 83 Tk/kg. Unlike last year, prices did not hike up during the month of Ramadan (July-August 2013). In Dhaka Sadar market, the price crossed the 2008 peak price back in May 2012 and kept increasing till February 2013. Although decreasing throughout the current quarter the price remains significantly higher (11 percent) than the 2008 peak price.

There are divisional variations in the retail prices of these essential food commodities. Following the trend from last quarter, the highest decrease (by 18 percent) in prices of rice compared to the 2008 peak prices has been reported in Sylhet Sadar market. In contrast the retail price of rice in Rajshahi Sadar market, which is in the rice surplus northern region, is higher than the 2008 peak price (by 2 percent). The nominal retail price of rice in September was also lowest in Sylhet Sadar (29 Tk/kg) and highest in Rajshahi Sadar (34 Tk/kg).

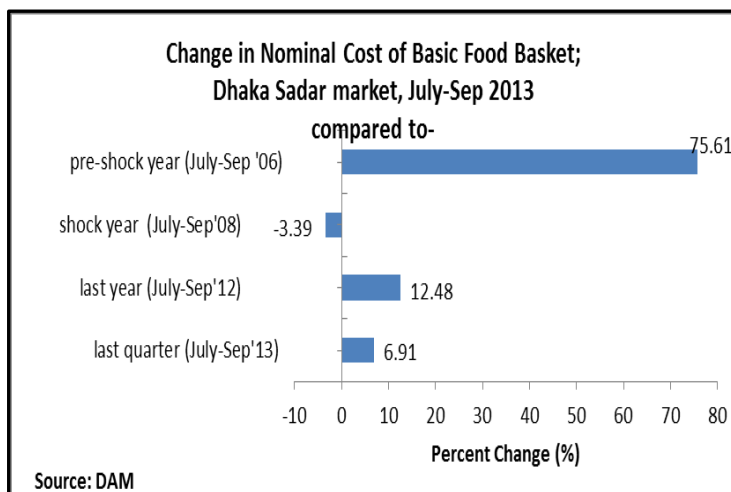


The retail prices of lentils in all divisions except in Dhaka Sadar market are 5-11 percent lower than the 2008 peak price. Throughout all divisional Sadar markets, the price of wheat flour in the current quarter is 15-20 percent less than the 2008 peak price. The direction of change of retail prices of lentil and wheat flour are similar to that of previous quarter.

The retail price of palm oil in Sylhet Sadar market had been increasing since March 2009 (57 Tk/litre) and crossed the 2008 peak price (88 Tk/litre) in February 2011. The price is higher than all other divisional Sadar markets. It was 82 Tk/litre in September, whereas it ranged from 70 to 75 Tk/litre in other Sadar markets.

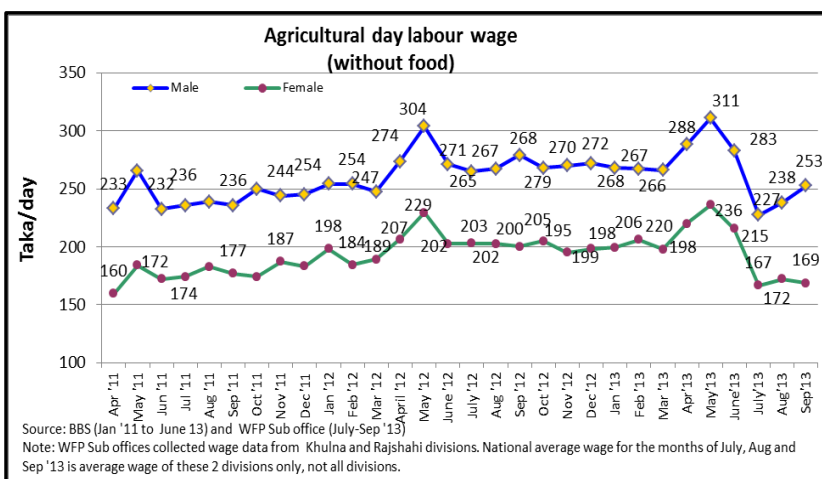
### **Retail cost of basic food basket**

The cost of this basket is calculated based on the prices of essential food items like rice, wheat flour, edible oil and lentils and the average daily consumption (Source: Household Income and Expenditure Survey 2010, BBS) of these items by a typical 5-member household. The average daily household food basket cost in Dhaka Sadar during July-September 2013 was Taka 81.21 compared to Taka 75.97 in the last quarter. The increase in the cost of the basic food basket is due to a 9 percent increase in the price of rice in Dhaka Sadar. While prices of rice, palm oil and whole grain wheat flour (*atta*) in the current quarter are lower than in 2008; the average price of lentils is 108 Tk/kg while it was 92 Tk/kg during the same period in 2008.



### ***Terms of Trade/ Food purchasing capacity of agricultural day labourers***

The Terms of Trade (ToT) of agricultural day labourers, the ratio between the daily wage of agricultural day labourers and the average retail price of rice in the market, is used to assess the food purchasing capacity of impoverished households. It is an indicator of the quantity of essential food items that an agricultural day labourer can buy with his/her daily income.



The latest available wage data from BBS is of June 2013. WFP collected wage data in the current quarter from a selection of farmers and labourers and interviews with upazila agricultural officers in Khulna and Rajshahi division (old Rajshahi division including districts from current Rangpur division). To create a time series of national agricultural day labour (male and female) rates up to September 2013, the wage data

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

Planting

Harvesting

collected by WFP was used for the period of July-September 2013. However, the estimated 'national average' based on wage data collected by WFP is an average of wage data from only 2 divisions - Khulna in the south and Rajshahi in the north. It cannot be presented as statistically valid data, but provides an indication of the wage trend.

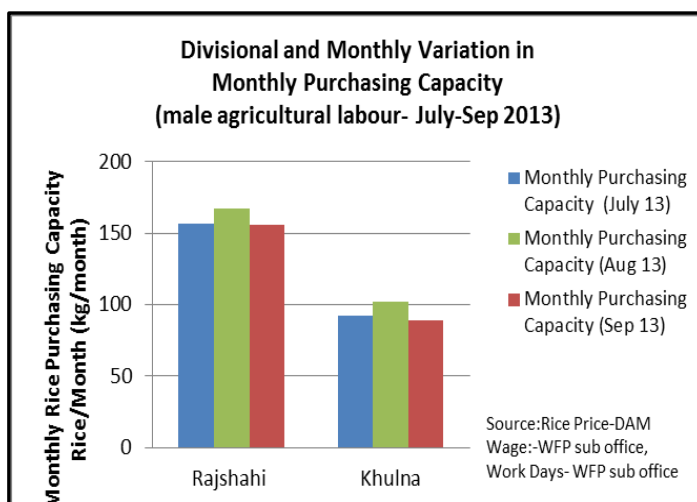
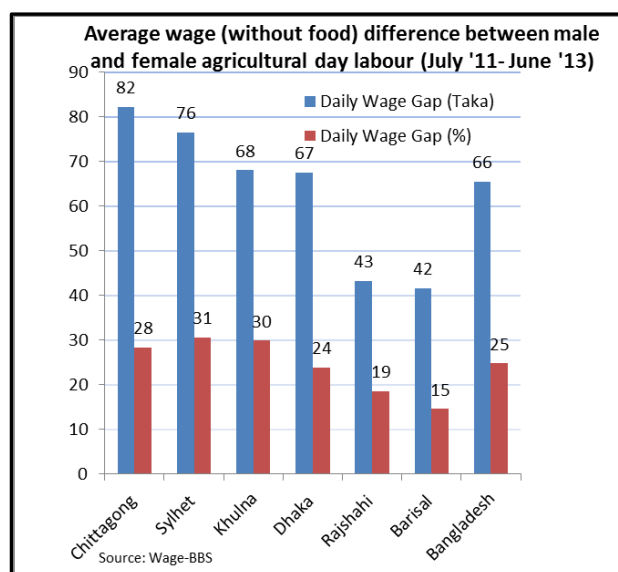
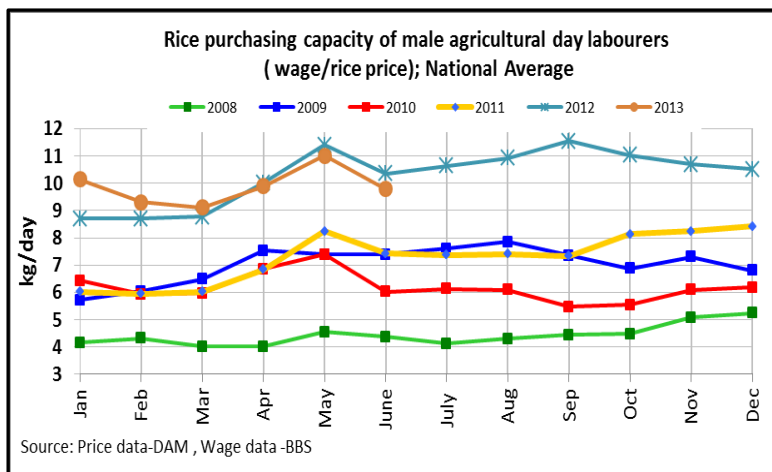
There is a significant difference between the agricultural daily wages for male and female labourers. In June the average wage for a female labourer was only 215 Taka/day whereas for a male labourer it was 283 Taka/day – a difference of 68 Taka/day. Households depending on a female wage labourer are therefore highly disadvantaged and remain most impoverished. Trend analysis of the agricultural wage data of male and female labourers in the past two years show that on average female labourers receive a wage 25 percent less than their male counterpart. Moreover, work opportunities are also limited for female labourers.

The wage gap is highest in the eastern divisions (Chittagong and Sylhet). On an average (July 2011-June 2013) a female agricultural labourer in Chittagong division, which has the lowest poverty rate among all divisions, receives 82 Taka/day less wage (28 percent less) than her male counterpart. Wage differences are lowest in Barisal division in the southwest and Rajshahi division in the northwest, which have the highest poverty rates.

September and October are considered agricultural lean season and the purchasing capacity generally diminishes unless the price of rice also decreases significantly. The agricultural lean season runs up to October until the harvesting of the Aman crop and planting of wheat start in November. Following the usual trend, the purchasing capacity of agricultural day labourers decreased in June and is expected to have been low during July-September (BBS wage data for July-September 2013 is unavailable).

Last year rice prices continued to decline and remained low even during the lean season which explains a rise in the purchasing capacity during the July-September period. However, unlike last year, rice prices are particularly high this year which offsets the benefit of wage increase (by around 5 percent during January-July).

The average rice purchasing capacity for a male agricultural day labourer in June was 10 kg of rice with his average daily income of 283 Taka, which is slightly less (by 4 percent) than the ToT a year ago. As visible in the graph above, the daily ToT is decreasing at an increasing trend compared to the ToT in 2012. The daily





ToT of a male agricultural wage labourer was only 4.4 kg/day in June of the high price shock year 2008, indicating that the rice purchasing capacity has more than doubled since then.

The monthly rice purchasing capacity is measured by multiplying the daily ToT with the average number of work days in the respective months in the region. With rice prices being the same in Khulna division and Rajshahi division, the significant difference in the monthly ToT is due to a higher wage rate and better work opportunities in Rajshahi. On an average, available work opportunities (in days) in the months of July, August and September in Rajshahi division were respectively 18, 19 and 18 days. In contrast for Khulna division the figures were 14, 15 and 12 days. Usually in Khulna during the May-September period, wage rates and work opportunities are both low. Particularly this year, Aman planting has been affected by waterlogging in Khulna, Jessore and Satkhira. Activities in shrimp farming, which is a major source of work in Khulna region, are also low after completion of shrimp ghers (ponds) in April. Agricultural day labourers are much needed in preparation of these shrimp ghers after which during the feeding and growing period labourers are not needed as much.

## IMPACT OF SHOCKS ON HOUSEHOLD FOOD SECURITY FOOD INSECURITY IN URBAN SLUM HOUSEHOLDS

WFP recently (October 2013) conducted three brief focus group discussions (FGD) in slums of Dhaka with four occupational groups (housekeepers, construction workers, rickshaw pullers and readymade garments (RMG) workers) on their income and expenditure. The income varies by occupational groups with the income of housekeepers being the lowest and varying by age (many still being children), and the number and type of tasks they do in their job. Their income has not changed much over the year.

The minimum wage of RMG workers is still Taka 3000 per month (since November 2010). The RMG workers for quite some time have been demanding an increase in the minimum wage and better working conditions. In recent negotiations, RMG workers demanded a minimum wage of Taka 8114 per month in response to which the owners proposed a minimum wage of Taka 4680 per month (*The Daily Star*, 27 October 2013).

Better social status is one of the reasons RMG workers prefer to work at the minimum wage of Taka 3000 per month (helper category) over working as housekeepers with the same wage but greater time flexibility. Another reason for preferring the job as an RMG worker is the heavy physical work they have to do as housekeepers. Yet another reason is the possibility of structured promotion to higher levels in the RMG worker category.

Comparative monthly income of different groups of workers living in urban slums		
	October 2013 (Taka)	A year ago (Taka)
Housekeepers	1500-4500	1500-3000
Rickshaw puller	8000	7000
Garments worker (operator)	3500-5000	3500-5000
Construction helper	9500	9000
Main construction labour (raj mistri/mason)	12000	10000

Most of the rickshaw pullers and construction helpers continue to have their families not living in Dhaka. Rickshaw pullers usually live free of cost in rickshaw garages and send a large part of their income back to their families who live in villages where they have to buy rice at the market price. Rickshaw pullers stated that temporary migration for work from rural areas to urban Dhaka increases during the agricultural lean season and before Eid festivals.

Most construction work starts in winter and slows down in summer with completely halting during the rainy season from June to September. Construction workers hence have less work opportunities during the rainy season. They reported that construction work was particularly slow this year because of political unrest and the year being a pre-election year.

Respondents whose families are living in Dhaka stated that 60 to 90 percent of their income goes towards purchasing food. Most of the households of the focus group discussion (FGD) participants purchased rice from the market even though the OMS rice price was lower than the market price of rice. They reported that the poor quality of OMS rice was the major reason for buying rice from the market.

## FOOD SECURITY OUTLOOK

### FOOD GRAIN PRODUCTION, IMPORT, EXPORT AND PRICE PROSPECT

#### **Global**

The FAO Food Price Index is a composite index of five food groups: meat, dairy, cereals, oils and fats and sugar. The Food Price Index averaged 199.1 points in September 2013, decreasing since May. The decrease in the current quarter is driven by a sharp fall in the international prices of cereals, whereas prices of dairy, meat and sugar, rose in August and September and oils and fat, the remaining component of the index rose slightly in September.

The FAO Cereal Price Index dropped for the fourth consecutive month in September. The Cereal Price Index averaged 197.7 points in September, which is down 65 points from the same period a year ago. It reflects generally a favourable supply outlook especially for maize and rice.

FAO revised its world cereal production forecast for 2013 in October to a record new level of 2.489 billion MT which represents a significant 8 percent increase. Wheat output in 2013 is forecasted at a record level at 705 million MT which is 7 percent higher than the drought reduced level of 2012.

The world cereal utilization is estimated to be 2.415 billion MT in FY 2013/14, which is 3.3 percent higher than the 2012/13 estimated level. Most of the increase is due to an increase in feed use (5.3 percent more than in 2012/13), particularly in the USA and China. Wheat (479 million MT) and rice (409 million MT) account for the bulk of the human consumption of cereals, which is up 1.3 percent from 2012/13. (*FAO Cereal Supply and Demand Brief October 2013*).

According to the United States Department of Agriculture (USDA); Bangladesh, Cambodia, China, India, Indonesia, Nigeria, and Vietnam account for most of the projected increase in global rice consumption in 2013/14. In contrast, consumption is projected to decline in 2013/14 in Japan, North Korea, South Korea, and the United States. Consumption has declined for several decades in both Japan and South Korea due to diet diversification while North Korea faces food deficit problems. (*Rice Outlook September 2013, USDA*).

FAO estimates the world cereal stocks-to-use ratio at 22.8 percent, up from 20.6 percent in 2012/13 and well above the historical low of 18.4 percent in 2007/08.

#### **Bangladesh**

Although the Government has been successful in bringing down both food inflation and non-food inflation in the current quarter, its inflation target of 7 percent for FY 2013/14 will face several risks in the coming months prior to election. If not contained, inflation can go up due to pre-election spending increase, disruption in supply chain due to political unrest, pay hike in public sector (with retrospective effect from 1 July) and expected increase in wage in the RMG industry.

Rice prices are already considerably higher than last year and could go up in the coming months if there is disruption in supply chain due to political unrest. Rice prices usually come down after Boro harvest (mid-April to May) and Aman harvest (November-Mid January). However, following this year's Boro harvest rice prices did not come down significantly. And there has been a marked increase in rice distribution through Government's OMS programme. If the prices continue to be high, the Government may have to extend its OMS programme.

For the agricultural cycle of May 2013-April 2014, the United States Department of Agriculture (USDA) in its Annual Update of Grain and Feed for Bangladesh forecasted rice production to expand to 34.2 million MT and rice consumption to 34.7 million MT. The USDA forecasted Bangladesh rice imports to reach 0.38 million MT during the same cycle, almost all of which is likely to take place through the private sector. Despite the increase in forecasted imports, it remains a very small share of the total consumption.

The Bangladesh Food Security Monitoring Bulletin is prepared by the Vulnerability Analysis and Mapping (VAM) unit of the World Food Programme (WFP) and published by the WFP Bangladesh Country Office. It is published four times a year and focuses on developments affecting food security in Bangladesh. This issue covers the quarter of July to September 2013.

BFSM bulletins are available on the internet at the following URL address:  
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The bulletins can be received by e-mail subscription upon request. For suggestions or queries, please contact [nusha.choudhury@wfp.org](mailto:nusha.choudhury@wfp.org) (Head, VAM Unit, WFP Bangladesh) or [kayenat.kabir@wfp.org](mailto:kayenat.kabir@wfp.org) (Senior Programme Officer, VAM Unit, WFP Bangladesh).

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