



BANGLADESH FOOD SECURITY MONITORING QUARTERLY BULLETIN

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HIGHLIGHTS

Retail price of food: The national average retail price of rice decreased after *Boro* harvest started in mid-April and that of wholemeal wheat flour (*atta*) also decreased slightly during the reporting quarter. The price of lentils (*masur*) began to increase prior to the month of Ramadan (June-July 2015) and is still increasing; however, no significant increase in the price of oil (palm oil) has been observed during the period.

Inflation: General inflation for the reporting quarter, measured by the point to point variation in the Consumer Price Index (CPI), decreased from 6.32 percent in April 2015 to 6.25 percent in June 2015 on the back of a similar reduction in food inflation. This is in resemblance to the first half of FY 2014/15 when general inflation dropped steadily along with food inflation (and non-food inflation increased).

However, food inflation has increased since the beginning of 2015. It has gone up from 6.07 percent in January to 6.32 percent in June - an increase of 0.25 percentage point in six months. Meanwhile non-food inflation fluctuated during the second half of FY 2014/15 and stood at 6.15 percent in June 2015 (6.01 percent in January).

Remittances: Month-on-month remittance inflow (in USD) showed an increasing trend during the reporting quarter, rising by 2 percent from April to May and 9 percent in June. However, the average remittance inflow in the reporting quarter is around 7.6 percent higher than in the previous quarter. Remittance inflow for the FY 2014/15 reached USD 15.31 billion, the highest in the country's history. The year-on-year average rose about 8 percent this year compared to FY 2013/14 (USD 14.23 billion) as per Bangladesh Bank statistics.

Food production, import and stock: The FY 2014/15 target for food grain production was 34.82 million MT for rice and 1.35 million MT for wheat - a total of 36.17 million MT (*FPMU, FSR 101*), up by almost 2 percent from the previous year's actual production. Total *Aman* production in the 2014/15 season, although slightly less than the target, increased by 1.31 percent from the previous *Aman* season. Cumulative import of rice was 1.5 million MT for FY 2014/15 which is almost four times more than the cumulative import in FY 2013/14 (*FPMU, FSR 101*). Most of this import was during the reporting quarter. Up to end March 2015, 0.65 million MT of rice was imported, mostly by the private sector.

Public food procurement and distribution: The actual foodgrain procurement in FY 2014/15 was 1.68 million MT of which 1.47 million MT was rice and 0.21 million MT was wheat. Cumulative distribution of food grains at the end of FY 2014/15 was 1.83 million MT of which 67 percent was rice and 33 percent was wheat as of 30 June 2015.

Wage rate and purchasing capacity: In March, which is agricultural lean season, the average wage for a female labourer was only 213 Taka/day whereas for a male labourer it was 285 Taka/day – a difference of 72 Taka/day. After the *Aman* harvesting period ended, there were far less work opportunities for female agricultural labourers than for their male counterparts. In the beginning of the *Boro* harvesting season in mid-April, with an increasing demand for agricultural labourers, the average wage rate of female labourers had a rise from 213 to 243 Taka/day which then was still 65 Taka less than that of a male labourer.

Wage data collected from BBS till April 2015 and WFP sub-offices for May and June 2015 show that the average Terms of Trade (ToT) of agricultural day labourers' wages for rice in the months of both the reporting and previous quarters were higher than during the same period in 2014.

ENVIRONMENTAL CONDITIONS

In the agricultural calendar *Boro* paddy is harvested in the April-May period which is also the planting period for *Aus*. Although the actual rainfall was slightly higher in April than normal, the country did not face any early flash floods in March-April 2015, which could have damaged the *Boro* paddy especially in the north-eastern *Haor* districts.

Month-Year	Average Rainfall (mm)			Average Temperature (Celsius)		
	Actual	Normal	Deviation (%)	Actual	Normal	Deviation (%)
Apr-15	173	130	32.7	27.7	28.2	-1.76
May-15	171	277	-38.2	29.6	28.7	3.35
Jun-15	573	459	24.7	29.3	28.7	2.06
Source: Bangladesh Meteorological Department						

Aus planting season is from March to May and the rice varieties benefit from the summer rain. Rainfall was 19 percent less than normal during this period, but still adequate for *Aus* cultivation. However, there was erratic rainfall starting from late June through to July which has caused extensive damage to agricultural produce, particularly in the south-eastern zone, as per draft estimation made by the Department of Agricultural Extension (DAE). *Aus* paddy is suspected, by relevant experts, to be the most vulnerable as it is awaiting harvest in August-September. Also *Aman* transplanting would be hampered to some extent since most of the seedbeds were destroyed in the affected areas (*newspaper sources*).

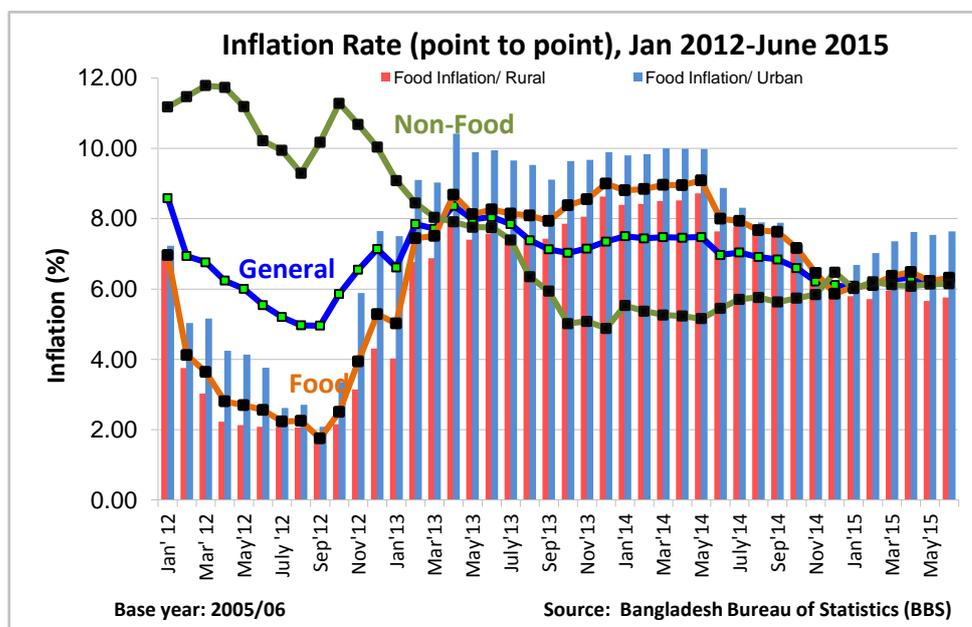
The average temperature during April-June 2015 was close to the normal temperature and was favourable for the planting of both *Aman* and *Aus*.

ECONOMIC CONDITIONS

INFLATION AND REMITTANCES

Inflation

General inflation, measured by the point to point variation in the Consumer Price Index (CPI), showed a fluctuating trend for the reporting quarter. It went down from 6.32 percent in April to 6.19 percent in May, and again went up to 6.25 percent in June 2015 on the back of a hike in prices caused by increased demand during the Ramadan month. Food inflation followed a similar



pattern. This is in resemblance to the first half of FY 2014/15 when general inflation dropped steadily along with food inflation (and non-food inflation increased).

Food inflation had dropped for the seventh consecutive month by December 2014 and stood at 5.86 percent. It was the first time since January 2013, that food inflation dropped below 6 percent. Post-election stability

which favoured internal transport of production inputs and food commodities and a favourable downward trend in international prices of imported food items such as oil and sugar had contributed to the downward trend in food inflation in the first half of FY 2014/15.

Food inflation has however overall increased since the beginning of 2015. It has gone up from 6.07 percent in January to 6.32 percent in June - an increase of 0.25 percentage point in six months and 0.16 percentage point in the reporting quarter. Meanwhile non-food inflation fluctuated during the second half of FY 2014/15 and stood at 6.15 percent in June 2015 (6.01 percent in January).

Current food inflation is about 1.7 to 1.9 percentage point less than in June 2013 and June 2014 - when it was 8.26 percent and 8 percent respectively. The food inflation showed a decreasing trend since *Boro* harvesting started in April. The difference between food inflation in rural and urban areas has been widening. Urban food inflation in June was 1.88 percentage point higher than rural food inflation and this gap has been increasing since October 2014. Long and intense disruption in the supply chain due to prolonged *hartals* during January-February 2015 had most likely fueled up food prices. Nevertheless, the gap between food inflation in rural and urban areas has continued to widen till date even after *hartals* and blockades were over.

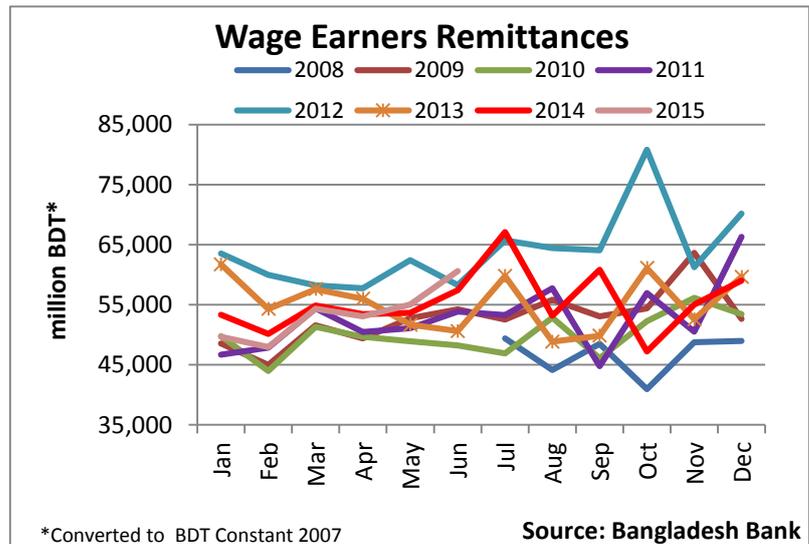
The Government successfully managed to keep the average inflation in the just-concluded fiscal year within target, as it reached 6.41 percent, lowest in the past 11 years, against a target of 6.5 percent. The Ministry of Planning mentions depressed global commodity markets, lower oil prices and a stable local currency for achieving the inflation target. The Government has set the inflation target at 6.2 percent for the new FY 2015-16 (*newspaper source*).

Remittance inflow

Month-on-month remittance inflow (in USD) showed an increasing trend during the reporting quarter, rising by 2 percent from April to May and 9 percent in June. Average remittance inflows in the reporting quarter are around 7.6 percent higher than in the previous quarter.

Remittance inflow for the FY 2014/15 reached USD 15.31 billion, the highest in the country's history. The year-on-year average rose about 8 percent this year compared to FY 2013/14 (USD 14.23 billion) as per Bangladesh Bank statistics. The main reasons behind the

steady growth of remittance inflow, as articulated by the central bank, are increased manpower export; improved and easy mobile banking facilities; and stable exchange rate of BDT against USD. The upgrade in legal status of labour migrants in Gulf countries as well as re-opened labour markets in different labour-importing countries indicate further growth prospects for manpower export.



*Converted to BDT Constant 2007

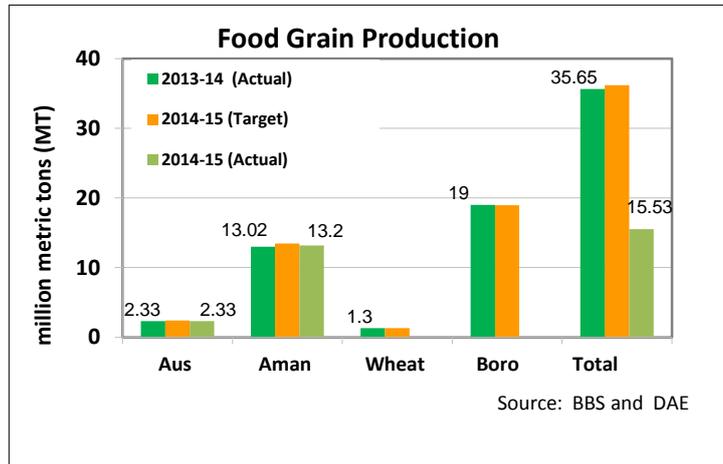
Source: Bangladesh Bank

FOOD AVAILABILITY

CROP PRODUCTION, FOOD GRAIN IMPORT AND PUBLIC GRAIN STOCK

Food grain production

- The FY 2014/15 target for food grain production was 34.82 million MT for rice and 1.35 million MT for wheat - a total of 36.17 million MT (*FPMU, FSR 101*), up by almost 2 percent from the previous year's actual production. 55 percent of the rice production is expected from the *Boro* season (cultivated December-February, harvested April-May).

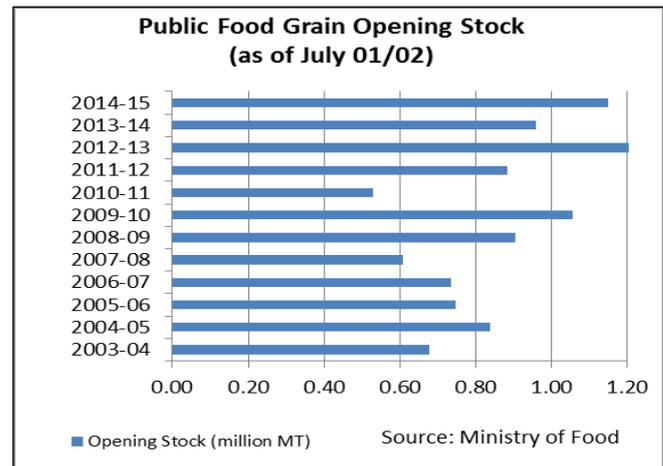


- The total *Aman* production in the 2014/15 season, although slightly less than the target, increased by 1.31 percent from the previous *Aman* season. No change in area under *Aman* cultivation took place in 2014/15 compared to the previous *Aman* season. BBS estimated a total *Aman* production of 13.2 million MT (the target was 13.45 million MT) and an *Aus* production of 2.33 million MT (as in the previous *Aus* season the target was 2.3 million MT). Production estimates of the *Boro* season and of wheat have not yet been finalized.

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Food grain stocks

The public food grain stock in the beginning of the calendar year was 1.29 million MT (which was 39 percent higher than a year ago) and as of June 2015 reached to 1.38 million MT, which is slightly above the level a year ago. The opening public stock of food grain for the FY 2014/15 was 1.15 million MT; it had increased by around 20 percent from FY 2013/14 but was still low compared to FY 2012/13. The ending stock as of June 2015 was about 1.29 million MT. The food grain stock kept fluctuating during the reporting quarter and was 1.19 million MT on average (*Ministry of Food*).



Food grain import

- Import of rice in the past two FYs was minimal (29,000 MT in FY 2012/13 and 375,000 MT in FY 2013/14). Almost all the imports were made by the private sector; the Government did not import any rice. The same trend continued into the FY 2014/15, however the absolute amount of import by the private sector has increased. Cumulative import of rice was 1.5 million MT for FY 2014/15 which is almost four times more than the cumulative import in FY 2013/14 (*FPMU, FSR 101*). Most of the import was during the reporting quarter. Up to end March 2015, 0.65 million MT of rice was imported, mostly by the private sector.
- Cumulative wheat import for FY 2014/15 was 3.79 million MT, around one and a half times the import of wheat during FY 2013/14 (*Ministry of Food*). Total grain imports (5.28 million MT) surpassed the import

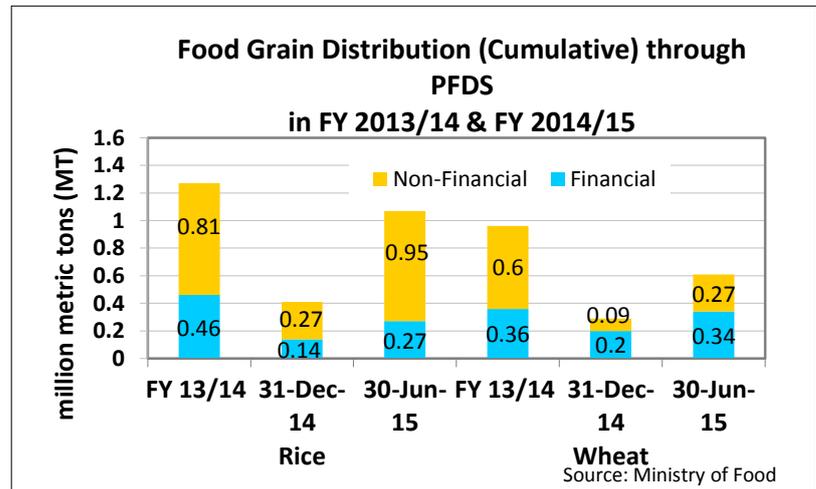
target (4.35 million MT) of FY 2014/15. Of the total import, 96 percent was by the private sector. The Government has however geared up import of wheat in an effort to stabilize the price of *atta* (whole meal wheat flour) (FPMU, FSR 101).

Food grain procurement

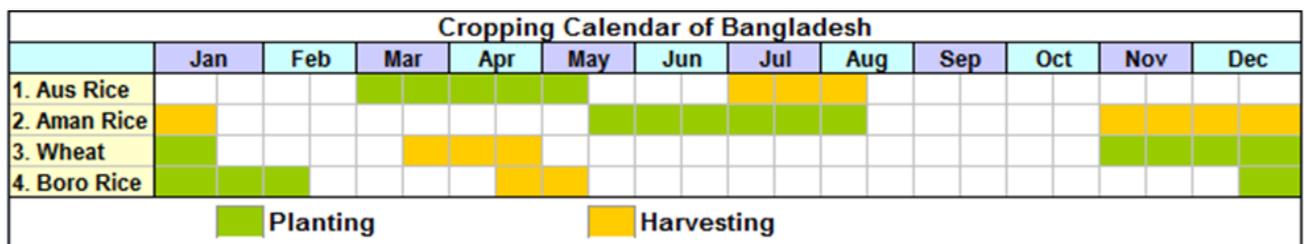
- The FY 2014/15 budget allocated BDT 49.6 billion (USD 628 million) to grain procurement, which is 21 percent higher than in the previous FY. The actual foodgrain procurement in FY 2014/15 was 1.68 million MT of which 1.47 million MT was rice and 0.21 million MT was wheat. Thus, the procurement target for the FY 2014/15 was almost attained. The actual procurement during the FY 2013-14 was about 1.29 million MT, of which rice and wheat were 1.15 million MT and 0.14 million MT respectively (FPMU, FSR 101).
- *Aman* rice procurement started on 15 November 2014 and 0.32 million MT were collected as of 30 June 2015. The wheat collection programme started on 1 April 2015 and the target was surpassed with 0.21 million MT wheat collected as of 30 June 2015.
- *Boro* procurement started from 1 April and will continue up to end August; the procurement target has been set at 1.10 million MT (FPMU, FSR 101).

Food grain distribution through PFDS

- Cumulative distribution of rice and wheat at the end of FY 2014/15 was 1.83 million MT of which 67 percent was rice and 33 percent wheat. The distributed amount is 17 percent less than the amount distributed during the same period a year ago. The Government distributed a higher amount of food grains in 2013/14 to ease the hardship of poor people since this period was marked by frequent strikes (*hartal*) and blockades which disrupted the supply chain of rice and led to price increases.



- 47 percent of the distribution in FY 2014/15 was through financial channels with Open Market Sales (OMS) having the largest share. Among non-financial channels distribution through the Food For Work (FFW) programme was highest at 17 percent, closely followed by Vulnerable Group Development (VGD), Vulnerable Group Feeding (VGF) and Test Relief (TR) with 14, 13 and 12 percent respectively.
- The Government actually distributed a total of 1.84 million MT of food grain under PFDS in FY 2014/15 against a target of 2.42 million MT (FPMU, FSR 101). The share of wheat in the food grain distribution decreased in FY 2014/15 as compared to the previous FY. In FY 2014/15 around 34 percent of the total amount of food grain distributed through the PFDS was wheat which is about 10 percentage points less than in the previous FY.



FOOD PRICE MONITORING

WHOLESALE AND RETAIL PRICES AND TERMS OF TRADE

International wholesale prices of rice and wheat

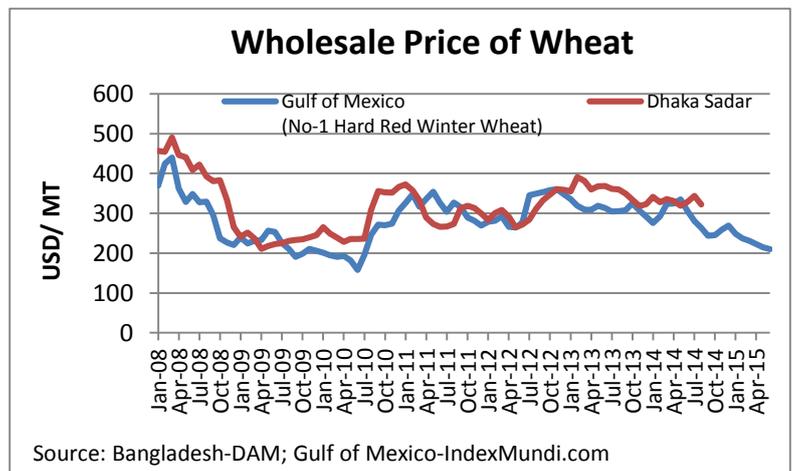
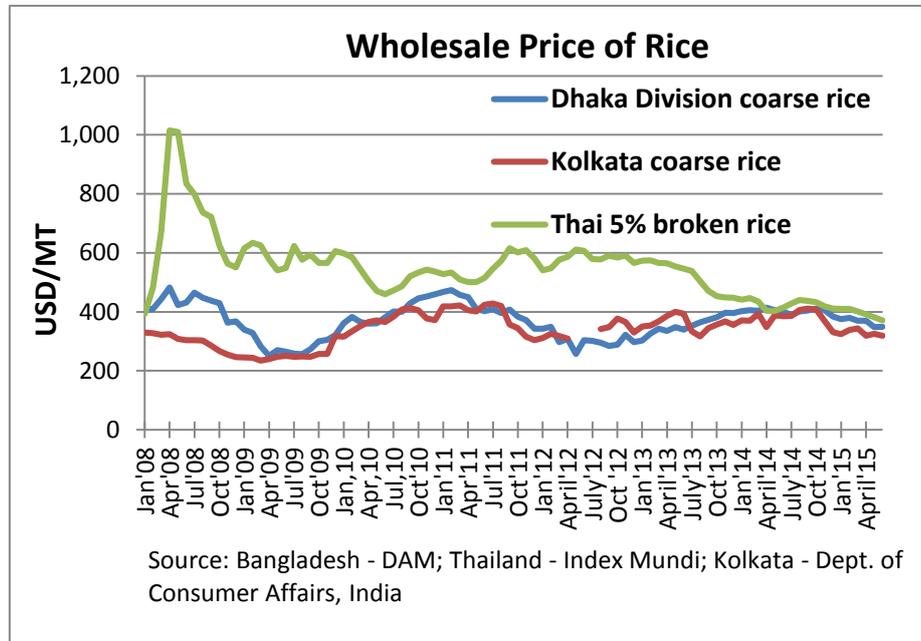
International rice prices, as per FAO rice price index which is based on 16 rice export quotations, increased throughout January to August 2014 and started decreasing from September 2014 onward. In January 2015 it was 222 points and dropped to 213 points in June 2015. Sluggish import demands and abundant export supplies are said to have pushed down the international rice prices.

The rice price in Dhaka division showed a sharp

(about 5 percent) fall from November to December 2014 and kept on decreasing in the second half of FY 2014/15. Coarse rice prices in Dhaka division and in Kolkata during the reporting quarter decreased by 4 to 5 percent compared to the average price in the previous quarter, while there was an around 6 percent decrease for Thai 5% broken rice. Although the quarterly average of the coarse rice price in Kolkata was lower, the price fluctuated within the quarter, rising from 319 USD/MT in April to 326 USD/MT in May followed by a fall to 319 USD/MT again in June 2015. The average coarse rice price of Dhaka division also showed a similar price pattern.

The price of Thai 5% broken rice has been falling since August 2014 and hit 371 USD/MT in June 2015. In an effort to boost farmers' incomes, in 2011 the then Thai Government had started paying paddy farmers 15,000 baht (USD420) per ton - a 60 percent increase over 2010, under its rice pledging programme. 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 which was a result of the intervention.

Bangladesh is a net importer of wheat and international prices heavily influence the price in the domestic market. After increasing steadily through October to December 2014, the wholesale price of



wheat in the Gulf of Mexico started showing a decreasing trend and slumped to 210 USD/MT in June 2015 which is the lowest since August 2010.

In Dhaka *sadar* market the wholesale price of wheat was 322 USD/MT in August 2014- a difference of 59 USD/MT compared to the price in the Gulf of Mexico. Prices since then were not directly available from the Department of Agricultural Marketing website, however reports by FPMU suggest prices increased during this period (*FPMU, Fortnightly Foodgrain Outlook 175*).

Retail prices for essential food commodities

The national average retail price of rice decreased after *Boro* harvest which started in mid-April and that of wholemeal wheat flour (*atta*) also decreased slightly during the reporting quarter. Prices of lentils (*masur*) began to increase prior to the month of Ramadan (June-July 2015) and are still increasing. However, no significant increase in the price of oil (palm oil) was observed during the period.

% Change of Retail Prices (National Average) of April-June'15 compared to past			
Commodities	Last Quarter	Last Year	2008 (high food price peak periods)
	Jan-Mar'15	April-July'14	
Coarse Rice	-7.9	-11.9	-2.6
Wheat Flour (<i>atta</i>)	-4.1	-4.8	-18.0
Palm Oil	-5.6	-19.3	-
Lentil (<i>masur</i>)	2.3	13.8	5.7

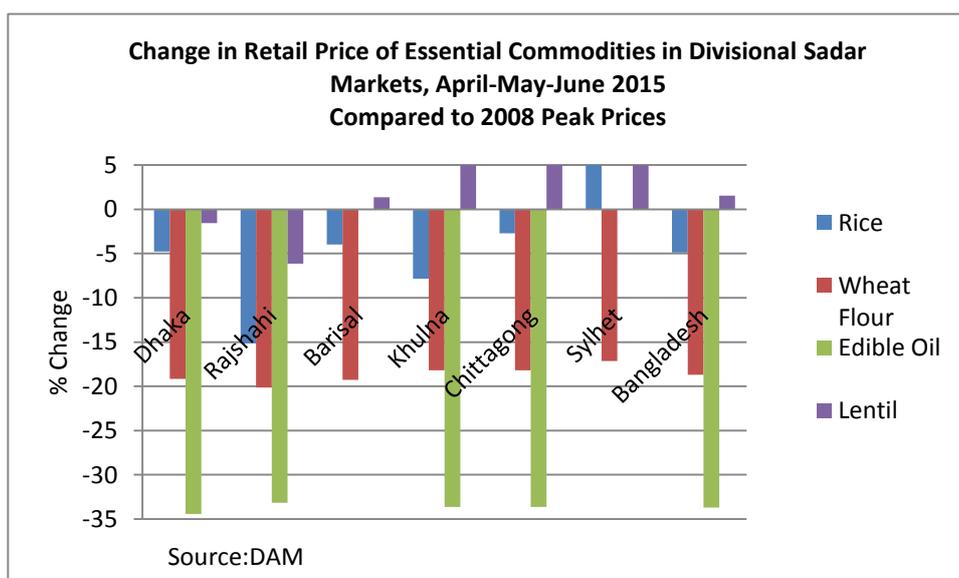
The national average retail price of coarse rice was around 33-34 Tk/kg throughout 2014. It started decreasing from the beginning of 2015 and hit 28 Tk/kg in June 2015. The national average for the reporting quarter is 8 percent less than the average

Retail prices of essential food commodities (Tk/kg); Dhaka Sadar Market					
	Mar'15	April'15	May'15	June'15	Peak 2008
Coarse Rice	33	33	31	30	35
Whole w heat flour	36	36	34	34	45
Palm Oil	64	63	62	62	100
Lentil (<i>masur</i>)	88	88	91	96	92

Source: Department of Agricultural Marketing

of the previous quarter and 12 percent less than in the same period in 2014. Among the divisional *sadar* markets, prices during the reporting quarter were recorded highest in Dhaka division (31 Tk/kg) and lowest in Rajshahi division (26 Tk/kg).

The average retail price of wholemeal wheat flour (*atta*) in the current quarter is around 35 Tk/kg which is 4 percent less than the average of the previous quarter. Prices in all the divisional *sadar* markets were reported to decrease since April 2015. The price in Sylhet *sadar*, which was exceptionally high until the previous quarter (37 Tk/kg), suddenly fell to 33 Tk/kg in May 2015 and remained the same in June.



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 being soybean oil and mustard oil). 90 percent of the edible oil requirement is imported. The national average price of palm oil is down to 66 Tk/litre in June 2015 from

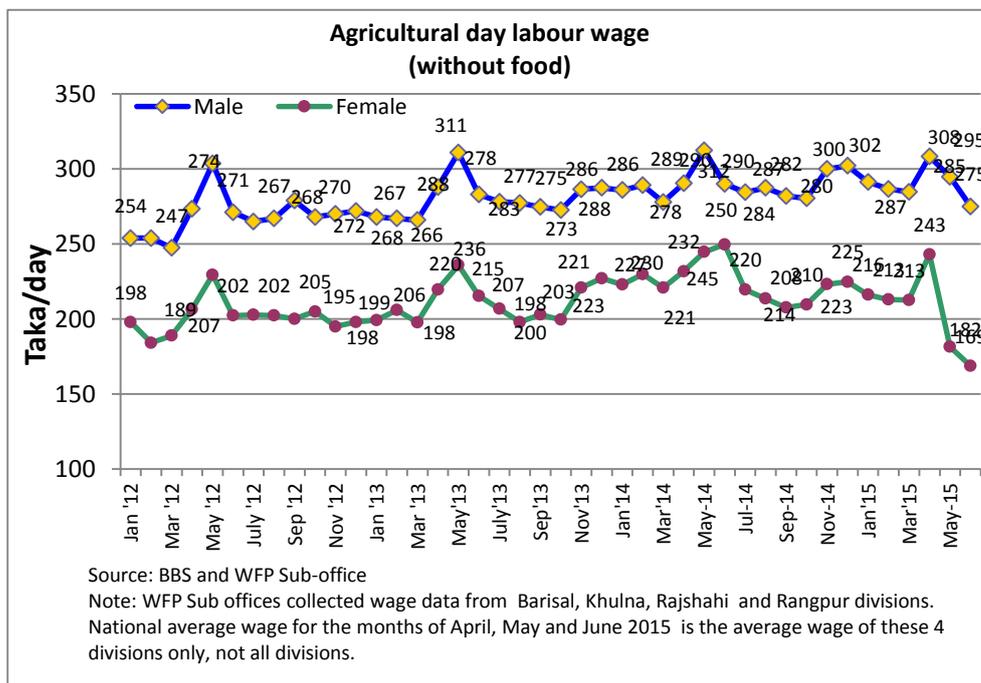
84 Tk/litre in the beginning of last Ramadan (June 2014). No upsurge in oil prices was observed in the months approaching Ramadan (June 2015) this year. It showed a decreasing trend in all the divisional *sadar* markets except for Rajshahi and Khulna during the reporting quarter. The national average *retail price* of oil remained stable at 66 Tk/litre since May 2015.

The average retail price of lentils (*masur*) for April-June 2015 increased by 2 percent compared to the average of the previous quarter and by 8 percent from April 2015 (88 Tk/kg) to June 2015 (95 Tk/kg) during the reporting quarter due to the approaching Ramadan. There was little price differential in the divisional averages with an increasing trend. Among divisional *sadar* markets the highest price during the reporting quarter was recorded in Sylhet with 98 Tk/kg and the lowest in Khulna with 88 Tk/kg. The prices of lentils in the *sadar* market of Sylhet is in fact higher than during the peak of 2008 (high food price year). Most of the lentil requirement is met by imports. Nepal is the main source of imported lentils. Local production can meet the demand for only 2-3 months. Traders attributed the rising price of lentils to higher import costs which are expected to decline after the next harvesting season (mid-January to mid-February 2016) in Nepal.

Terms of Trade/Food purchasing capacity of agricultural day labourers

The latest available wage data from BBS is of April 2015. WFP collects wage data from a selection of farmers and labourers and interviews with upazila agricultural officers in Barisal, Khulna, Rajshahi and Rangpur divisions. To create a time series of national agricultural day labour (male and female) wage rates and the daily purchasing capacity up to June 2015, the wage data collected by WFP was used for the months of May and June 2015 and the wage data from BBS was used for the time period preceding May 2015. However, the estimated 'national average' based on wage data collected by WFP is an average of wage data from only 4 divisions- Barisal and Khulna in the south and Rajshahi and Rangpur in the north. It cannot be presented as statistically valid data, but provides an indication of the wage trend.

Year-on-year the average agricultural daily wages for male labourers in the first few months of 2015 were 2-6 percent higher than in earlier years. The average rate of growth was only 5 percent in 2013 – a year marred by political turmoil which reduced the temporary migration of labourers during the agricultural peak seasons.

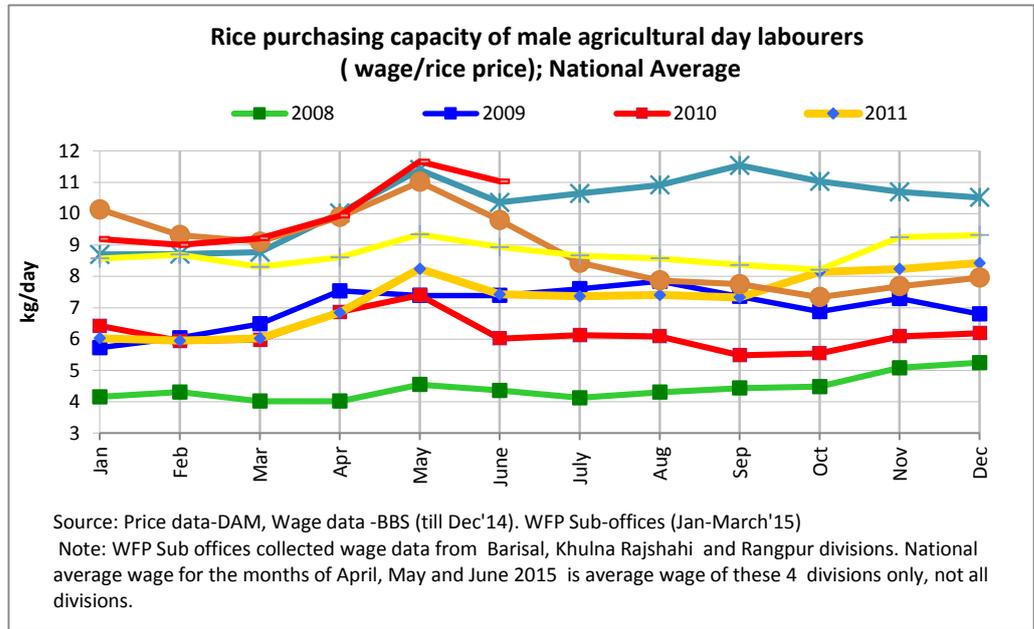


There continues to be a significant difference between the agricultural daily wages of male and female labourers. In March, which is agricultural lean season, the average wage for a female labourer was only 213 Taka/day whereas for a male labourer it was 285 Taka/day – a difference of 72 Taka/day. After 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* transplanting (December-February) are predominantly practiced by male labourers. And thus the wage gap is also highest during *Boro* season. In the beginning of the *Boro* harvesting season in mid-April, with an increasing demand of agricultural labour, the average wage rate

of female labourers had a rise from 213 to 243 Taka/day which then was still 65 Taka less than that of a male labourer.

The Terms of Trade (ToT) of agricultural day labourers' wages is an indicator of the quantity of essential food items that they 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.

Wage data collected from BBS till April 2015 and WFP sub-offices for May and June show that the average ToT in the months of both the reporting and previous quarters were higher than during the same period in 2014. This is due to both lower rice prices and higher wage rates - both for male and female agricultural day labourers.



Differences in rice prices weigh little on the monthly ToT (ToT*average monthly work days). The significant difference in the monthly ToT is due to regional differences in wage rates and work opportunities. Wage rates are usually lowest in the northwestern divisions of Rajshahi and Rangpur and the southwestern division of Khulna resulting in lowest ToT in these divisions.

The difference in wage between male and female agricultural day labourers is reflected in the ToT. In the past three years, the average wage gap between male and female labourers has been around 20-25 percent resulting in a purchasing capacity difference of 2 kg of rice per day. This has had significant implications on the food security status of households which depend largely on the income of female members. Interestingly, except for Rangpur, the wage gap is lowest in the divisions with lowest ToT and highest in the divisions with highest ToT.

SHOCKS FACED BY HOUSEHOLDS

IMPACT OF FLASH FLOOD IN JUNE-JULY 2015

Situation Overview

As a result of erratic and heavy rainfall almost all over the country, especially in the northwest and the north-eastern belt, flooding and subsequent landslides occurred in the south-eastern part of Bangladesh from around 23rd June. Three districts - Cox Bazar, Bandarban and Chittagong - were reported to be the worst affected with widespread damage to lives, houses, infrastructure and agriculture. The Department of Disaster Management (DDM) identified 29 upazilas as the most affected and a total of over 1.8 million people impacted (more than 316,000 households). About 60-90 percent of the population was affected in Cox's Bazar district, with Ramu, Cox's Bazar Sadar and Chakaria being the most hit. The Government of Bangladesh has already responded in many affected areas with distributions of rice and cash. In late June, early July WFP supported around 150,000 people by providing fortified biscuits as immediate relief in coordination with the

Government of Bangladesh and in partnership with the Bangladesh Red Crescent Society (note: further emergency response activities have been undertaken by several organizations incl WFP from July onwards).

Rapid Market Assessment

Based on the findings of a Phase 2 Joint Needs Assessment conducted in July 2015, the Vulnerability Analysis and Mapping Unit of WFP supported by the Food Security Cluster conducted a rapid market assessment (consisting of Focus Group Discussions and market surveys) to understand the impact of the floods on vulnerable livelihood groups in the affected areas, the physical accessibility of markets and changes in the prices of food items, and their supply chain in the markets.

The main findings were:

- A price hike of basic food items occurred during the flood on the back of combined effects of supply chain disruption, delay in restocking due to standing water and the Holy Month of Ramadan when the demands of some specific food items like red lentils, soybean oil, potatoes, meat and vegetables (especially eggplants) increased.
- The price of coarse rice, potatoes (local), red lentils and soybean oil (loose) increased by 8%, 29%, 10% and 2.5% respectively during the flood. As soon as the flood waters receded, the price of coarse rice and soybean oil became stable. However, the price of red lentils and potatoes (local) further increased by 14% and 17% respectively after the flood on the back of high price at source (for red lentils) and damage to stocks and local production (for local potatoes).
- Almost all selected markets were affected by the flooding and were completely shut-down for around 3-6 days. Though the markets started to open after the initial shock, some remained inaccessible for around 3-5 more days due to slowly receding waters.
- The supply sources for both the retailers and wholesalers in the selected markets remained the same before, during, and after the flood. The supply chain was disrupted during the flooding but became normal immediately after the flood waters receded.

The rapid market assessment study team was of the opinion that those markets which were not covered were more or less similar to the sampled markets in terms of structure, capacity, connectivity and accessibility; hence an unconditional cash-only response was found to be the most appropriate transfer modality for the immediate flood response. Based on the Food Security Cluster's Strategic Response Plan and an agreement among all response providers on which organization will cover which areas WFP is providing unconditional cash transfers in Cox's Bazar (Chakaria, Ramu) and Bandarban (Lama, Naikhongchhari) districts to 7,000 worst-affected ultra-poor households (35,000 people). Senior women from the targeted households will receive 3,000 taka per month over three months via mobile banking.

FOOD SECURITY OUTLOOK

FOOD GRAIN PRODUCTION, IMPORT, EXPORT AND PRICE PROSPECT

Global

Global food prices have been declining consecutively since the beginning of FY 2014/15. The Food Price Index (consisting of average food price indices of five commodity groups - cereals, dairy products, oil, sugar and meat) reported by the Food and Agriculture Organization (FAO) declined to 165 points in June 2015 which is 1.5 point (0.9 percent) down from the previous month and almost 44 points (21.0 percent) down from June 2014. The price decline occurred mainly on the back of a significant downward drift in the prices of sugar and dairy products, while the prices of cereals and oils also decreased somewhat. With the exception of prices being stable in October 2014, the overall food price index has declined every month since April 2014.

The FAO Dairy Price Index declined by 8 percent in the reporting quarter compared to the previous quarter, hit 160.5 points in June 2015 which is 7 points (4.2 percent) lower than in May. The prices of milk powder, butter and cheese declined as the market weakened with the abolition of the milk quota system in the EU, along with large unsold dairy stocks in New Zealand. Similarly, the FAO Sugar Price Index showed a sharp decline to 176.8 points in June, down by 12.4 points (6.6 percent) from May 2015, prompted by reports of higher than expected sugar production in India, the world's largest sugar consumer, and Thailand. Better than forecasted output in Brazil, the world's largest producer and exporter, helped by good harvesting conditions for most of the month of June also contributed to the general price decline (*FAO Food Price Index, June 2015*).

Bangladesh

The rice prices during the FY 2014/15 were much lower than what was observed in the past few years. This decreasing trend of rice prices for the reporting quarter had been predicted beforehand by the Government's price monitoring model to forecast domestic foodgrain prices. Domestic production of rice almost fulfils the national rice requirement and there have even been minimal rice exports in recent years, mostly through private channels. The total rice production target for the FY 2014/15 fixed by the Department of Agricultural Extension (DAE) has been achieved for *Aus* and *Aman* rice and *Boro* rice is also expected to exceed the target of 18.94 million MT (*FPMU, FSR 101*). Food inflation showed a decreasing trend throughout the FY 2014/15 (from 8 percent in July 2014 to 6.3 percent in June 2015). Since rice weighs 80 percent in the food inflation, a downward trend of the rice price hugely contributes to declining food inflation, which constitutes 56 percent of the weight in general inflation.

Public commercial wheat import constituted a very insignificant part of total wheat imports during the FY 2014/15. Up to 26 July 2015, about 5.28 million MT of foodgrains were imported of which 3.79 million MT was wheat, imported mostly by the private sector (*Ministry of Food*). The Government, however, geared up wheat imports to continue distribution of *atta* through OMS in an effort to stabilize wheat/*atta* prices in the market. International wheat prices were speculated to increase due to the effect of unfavourable weather. That speculation has subdued and wheat prices are on a decreasing trend.

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