



BANGLADESH FOOD SECURITY MONITORING QUARTERLY BULLETIN

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HIGHLIGHTS

Retail price of food: During the reporting quarter, the national average retail prices of coarse rice had a sharp increase by more than 14 percent to 32 Tk/kg in September 2016 and wholemeal wheat flour (*atta*) decreased slightly by 1.6 percent from the previous quarter to 31.5 Tk/kg. The prices of coarse rice were 8.5 percent higher and those of wheat 7 percent lower than in the same period a year ago. Prices of lentils (*masur*) and palm oil increased during the reporting quarter on the back of the holy month of Ramadan and Eid festivals, and hit 105 Tk/kg and 72 Tk/litre respectively in September 2016.

Inflation: General inflation, measured by the point to point variation in the Consumer Price Index (CPI), stood at 5.4 percent in July 2016 which is the lowest in the past four years, mainly on the back of a 7 percent reduction in non-food inflation compared to the previous month. Satisfactory agricultural production and lower global commodity prices (especially fuel prices) contributed to this decline of overall inflation. However, it raised slightly by 16 basis points to 5.53 percent in September 2016 on the back of a 19 percent increase in food inflation caused by the rise in prices ahead of and during Eid-ul-Azha. Non-food inflation, on the contrary, followed a declining pattern during the reporting quarter on the back of a reduction of commodity prices globally and fuel prices at home.

Remittances: The month-on-month remittance inflow (in USD) had a huge drop by 31 percent in July 2016 compared to the previous month, it was about 28 percent lower year-on-year. The remittance inflow in July 2016 was also the lowest in at least last four FYs. The Central Bank considers low global oil prices as the cause of this decline which had hit the incomes of Bangladeshi migrant workers in the Middle East. However, remittances boosted up by 18 percent in August 2016 largely because of the upcoming Eid-ul-Azha festival.

Food production, import and stock: The Department of Agricultural Extension (DAE) has fixed the target for food grain production at 36.50 million MT for the FY 2016/17 of which 35.15 million MT is for rice and 1.35 million MT for wheat. Total foodgrain production in the last FY was 36.06 million MT against the target of 36.42 million MT which was just equal to the production of the preceding year. Public food grain stocks gradually increased from 1.0 million MT in July to 1.12 million MT in September 2016. Food grain import target for the current FY 2016/17 is 4.5 million MT of which rice and wheat would be 0.20 and 4.30 million MT respectively.

Public food procurement and distribution: The target for foodgrain procurement in the FY2016-17 was 2.15 million MT of which 1.85 million MT would be rice and 0.30 million MT wheat. The Government has set the target for total foodgrain distribution during the current FY 2016-17 at 2.97 million MT, against the actual distribution of 2.06 million MT in the previous FY which was about 7 percent less than the target of 2.21 million MT.

Wage rate and purchasing capacity: In July, the average wage for a female labourer was 256 Taka/day whereas for a male labourer it was 328 Taka/day – a difference of 72 Taka/day. There were better work opportunities for agricultural labourers during the reporting quarter such as *Aman* transplanting and jute processing. Thus the agricultural wages also followed a reasonable trend through the period. However, the gap between the wages of male and female labourers remained.

Wage data collected from BBS showed that the average ToT in the reporting quarter went down as compared to the previous quarter, also compared to the same period last year. As mentioned earlier the rice prices were considerably higher during the reporting quarter, wage rates were also slightly lower as compared to the previous quarter. These factors contributed to the downward ToT in this period -- for both male and female agricultural day labourers.

ENVIRONMENTAL CONDITIONS

Rainfall is essential for the rain-fed *Aman* paddy which is planted from mid-May to mid-August according to the agricultural calendar. The actual rainfall pattern was quite unstable as compared to normal

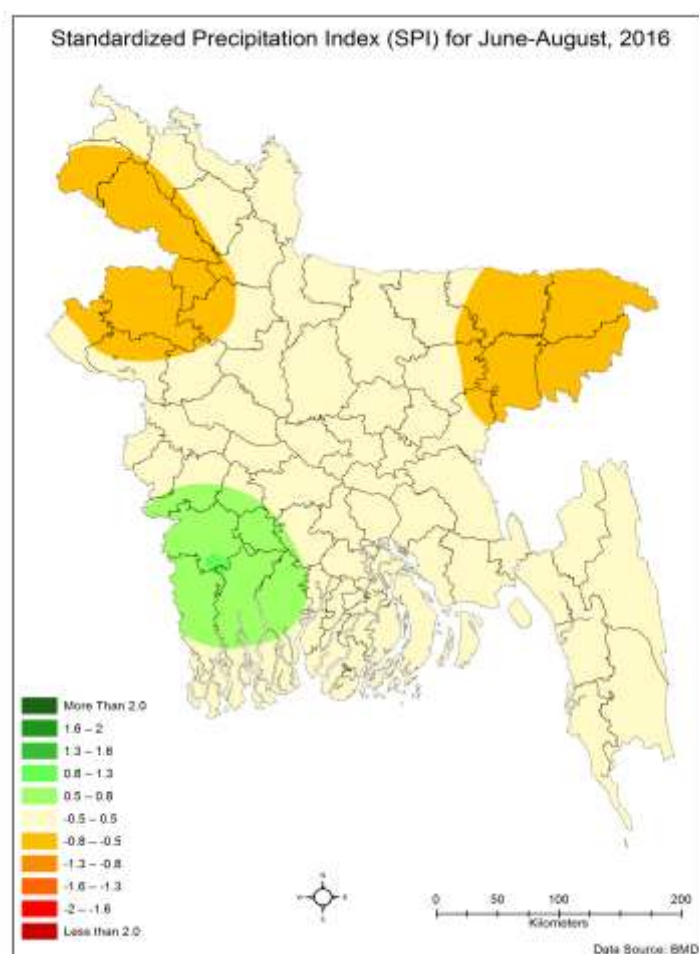
Month-Year	Average Rainfall (mm)			Average Temperature (Celsius)		
	Actual	Normal	Deviation (%)	Actual	Normal	Deviation (%)
Jul-16	320	448	-28.4	29.7	28.7	3.24
Aug-16	591	523	13.0	29.1	28.4	2.67
Sep-16	267	318	-15.9	28.8	28.5	1.12

Source: Bangladesh Meteorological Department

rainfall during the reporting quarter. It was about 28 percent lower than normal rainfall in July, increased by 13 percent in August, and again fell by 16 percent in September 2016. However, the deviations in rainfall during this period did not cause any remarkable damage to the standing crops.

The average temperature during the reporting quarter was close to the normal temperature and was favourable for the planting of *Aman* paddy.

The Bangladesh Meteorological Department forecasted the precipitation status for the reporting quarter for the country with the southern coastal belt estimated to be near normal (SPI¹ 0.5 to 0.8). No state of dryness/drought had been forecasted anywhere in the country over this period.



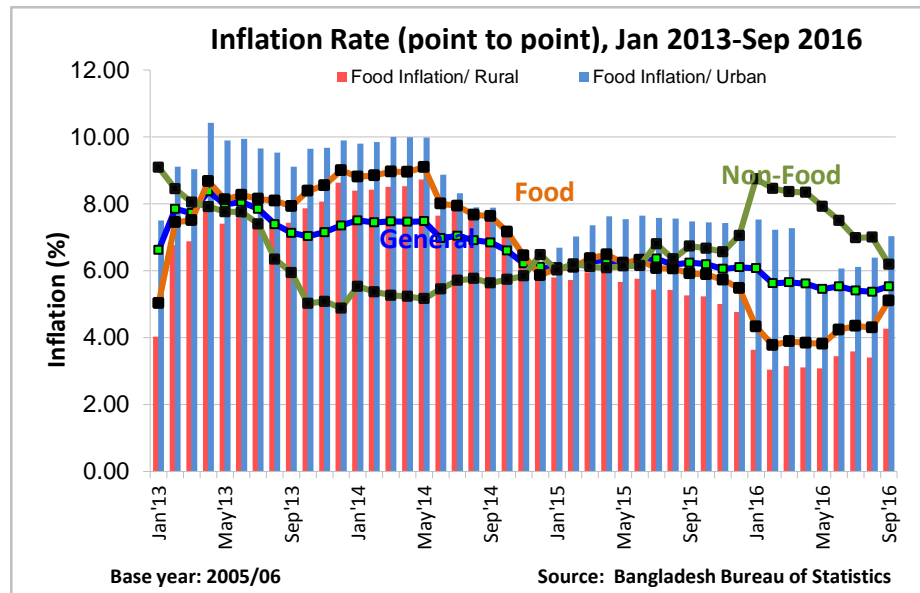
¹ Standardized Precipitation Index (SPI) refers to the probability of precipitation for any time scale to define drought intensity. The SPI ranges from +2.0 and more referring to extremely wet conditions, to -2.0 and less referring to extremely dry conditions/drought.

ECONOMIC CONDITIONS

INFLATION AND REMITTANCES

Inflation

General inflation, measured by the point to point variation in the Consumer Price Index (CPI), stood 5.4 percent in July 2016 which is the lowest in the past four years, mainly on the back of 7 percent reduction in non-food inflation compared to the previous month. Satisfactory agricultural production and lower global commodity prices (especially fuel prices) contributed to this decline of overall inflation. However, it raised slightly by 16 basis points to 5.53 percent in



September 2016 on the back of a huge increase, as much as 19 percent, in food inflation caused by a rise in prices ahead of and during Eid-ul-Azha. Non-food inflation, on the contrary, followed a declining pattern during the reporting quarter on the back of a reduction of commodity prices globally and fuel prices at home.

Average inflation stood at 5.92 percent in the FY 2015/16, the lowest in 12 years and about 5 percent lower than the Government's budgetary target of 6.2 percent. The Ministry of Finance has set the inflation target for the current FY at 5.8 percent. Although having a tremendous declining trend over the years, inflation in the country remains stubbornly high at 5-6 percent relative to the global rate range of 2-3 percent. According to a World Bank statement, inflation in Bangladesh is among the highest in the South-East Asia region, and significantly higher than for its major trading partners in Europe and America. A substantial fall in global commodity prices opened huge opportunities for countries to reduce their domestic inflation through proper conduct of fiscal and monetary policies. But Bangladesh seems to have not been able to take advantage of this opportunity on time.

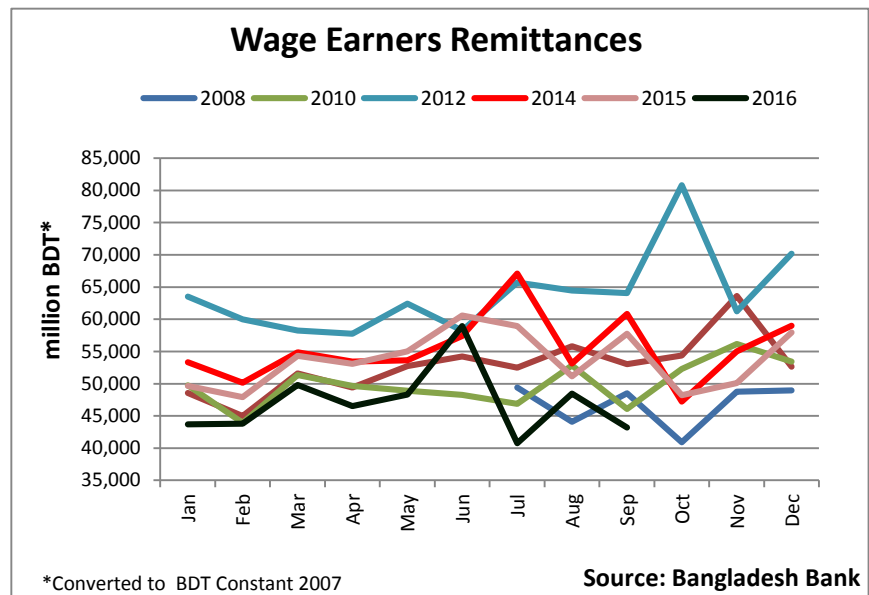
Even though food inflation had been following a decreasing trend during the past few years, the difference between food inflation in rural and urban areas continued widening. The gap between urban and rural food inflation increased throughout the reporting quarter and had been increasing since October 2014.

Remittance inflow

The month-on-month remittance inflow (in USD) had a huge drop by 31 percent in July 2016 compared to the previous month, and it was about 28 percent lower year-on-year. The remittance inflow in July 2016 was also the lowest in the past four FYs or even more. The Central Bank considers low global oil prices as the cause of this decline which had hit the incomes of Bangladeshi migrant workers in the Middle East. Remittance inflow from the Middle Eastern countries declined 5.2 percent year-on-year in the last FY (*newspaper sources*).

However, remittances boosted up as much as 18 percent in August 2016 largely because of the Eid-ul-Azha festival when migrant workers tend to send more money home. For the same reason, the remittance growth was negative in September since the migrant workers already remitted the amount in August in preparation for Eid-ul-Azha.

Remittance inflow for the last FY had reached USD 14.93 billion, 2.5 percent lower than in the FY 2014/15 since the oil prices continued to decline in the international market. Remittances are expected to play a vital role in achieving the country's 7th Five-year Plan and the Sustainable Development Goals (SDGs). Bangladesh sends a substantial number of workers abroad every year. According to the Bureau of Manpower, Employment and Training (BMET), manpower export rose by more than 62 percent in the FY 2015/16 from a year ago. But it could not demonstrate positive effect on the remittance inflow as workers are mostly little trained and lowly educated, therefore, have to face unemployment and/or lower wages. About 88 percent of migrant workers move out without receiving any formal training (*newspaper source*). However, a sign of new hope is the increased female migration in the international labour market; the number exceeding 100,000 in the last FY for the first time since 1991-92. But the safety and security for the migrant women work-forces are yet to be ensured. Human trafficking remains a crucial challenge for Bangladesh.



FOOD AVAILABILITY

CROP PRODUCTION, FOOD GRAIN IMPORT AND PUBLIC GRAIN STOCK

Food grain production

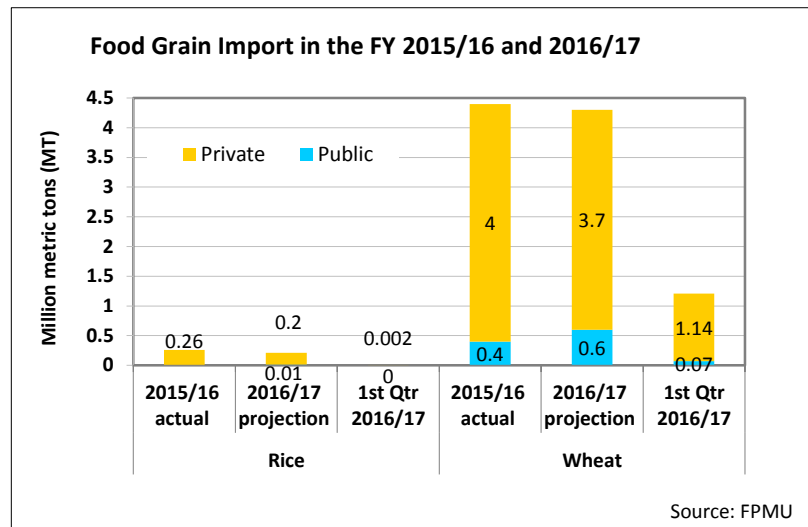
- The Department of Agricultural Extension (DAE) has fixed the target for food grain production at 36.50 million MT for the FY 2016/17 of which 35.15 million MT is for rice and 1.35 million MT for wheat. Meanwhile, total foodgrain production in the last FY was 36.06 million MT against the target of 36.42 million MT which was just equal to the production of the preceding year (*FPMU, FSR 106*).
- Actual *Aus* and *Boro* rice production (2.29 and 18.88 million MT respectively) during the last FY was slightly less than target (2.48 and 19.00 million MT respectively), however was falling short in terms of area coverage. On the contrary, the actual *Aman* production was 13.48 million MT which was 0.6 percent lower than the target of 13.56 million MT. Similarly, actual wheat production (1.35 million MT) was slightly lower than the target (1.4 million MT) due to some set back caused by the incidence of 'wheat blast' in parts of the country.

Food grain stocks

- The closing public stock of food grain for the last FY 2015/16 was 0.86 million MT (as of June 2016) and started to rise in the current FY. During the reporting quarter, public food grain stocks gradually increased from 1.0 million MT in July to 1.12 million MT in September 2016. The Ministry of Food anticipated the stock replenishment to be stabilized and be adequate to satisfy the food grain demand for public distribution during the coming months (*Ministry of Food*).

Food grain import

- The actual foodgrain import for the last FY was 4.62 million MT, 7 percent higher than the target (4.3 million MT). The Government budgeted total food grain import target for the current FY 2016/17 at 4.5 million MT of which rice and wheat would be 0.20 and 4.30 million MT respectively. No public commercial rice import with a small amount of private import has been anticipated. The Government had imposed 25 percent duty on rice import in the FY with an intent to discourage import and protect the interest of the local rice growers (*newspaper sources*).



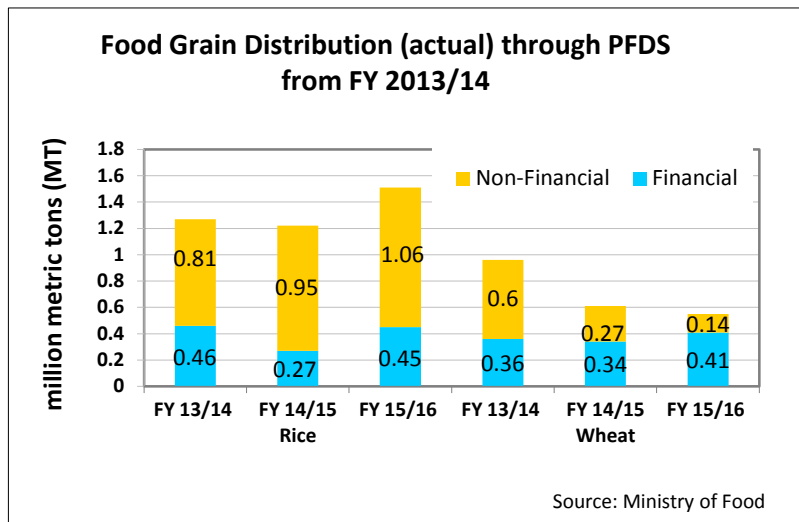
- Total rice import for the reporting quarter was 2.5 thousand MT as of September 2016 entirely undertaken by the private sector. The Government did not import any rice (*FPMU, FSR 106*).
- Total wheat import for the reporting quarter was 1.2 million MT as of September 2016 which is 60 percent higher than in the same period a year ago (0.75 million MT). More than 94 percent of the total wheat import was undertaken by the private sector with negligible public commercial import and with no food aid yet (*FPMU, FSR 106*).

Food grain procurement

- The target for foodgrain procurement in the FY2016-17 was 2.15 million MT of which 1.85 million MT would be rice and 0.30 million MT wheat. The actual foodgrain procurement during the last FY was about 1.23 million MT, about 25 percent less than the revised foodgrain procurement target (1.63 million MT). The deviation was largely due to a 28 percent lower actual rice procurement (1.43 million MT) than the target (1.03 million MT). The actual wheat procurement was exactly according to the target of 0.2 million MT (*FPMU, FSR 106*).
- The *Boro* procurement target has been set at 0.70 million MT of paddy and 0.85 million MT of rice. *Boro* procurement started from 5th May and will continue up to 31st October 2016. About 0.67 million MT of *Boro* paddy and 0.44 million MT of *Boro* rice had been procured as of September 2016. The Government decided to procure larger amount of *Boro* rice from the farmers this year, for the first time in history (*FPMU, FSR 106*). According to the Ministry of Agriculture, the Government has decided to increase direct purchases of rice from farmers to boost the prices due to cheaper imports from India. The Government fixed the *Boro* procurement rate at 32 Tk/kg, 1 Tk/kg higher than last year (*newspaper sources*).

Food grain distribution through PFDS

- The Government has set the target for total foodgrain distribution during the current FY 2016-17 at 2.97 million MT, against the actual distribution of 2.06 million MT in the previous FY which was about 7 percent less than the target of 2.21 million MT (*Ministry of Food*).
- The total distribution during the reporting quarter was 0.44 million MT of which 0.35 million MT was rice and 0.09 million MT was wheat. Total food grain distribution during the first quarter of the current FY was about 39 percent higher than the amount distributed during the same period a year ago. The Government increased the allocation for foodgrain distribution and reduced the rice price under the Open Market Sales (OMS) till the previous FY as there were huge stocks remaining from the previous years. However, rice stock in government warehouses started declining during the reporting quarter, as of August 2016 the stock stood at about 39 percent less than in the same period a year ago (*newspaper sources*).
- About 58 percent of the distribution during the reporting quarter was through financial channels with Open Market Sales (OMS) having the largest share, about 66 percent. Among non-financial channels the Vulnerable Group Development (VGD) and the Vulnerable Group Feeding (VGF) programmes dominated with higher shares of distribution.



Cropping Calendar of Bangladesh

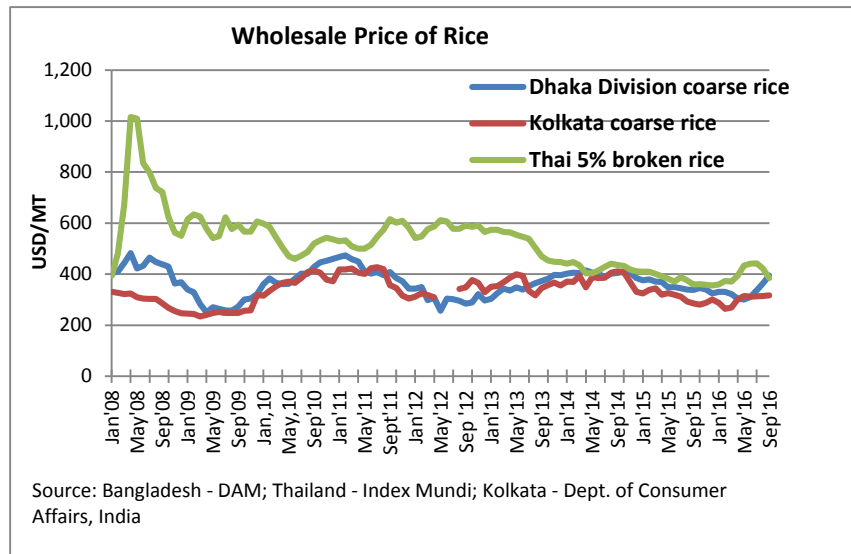
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1. Aus Rice												
2. Aman Rice												
3. Wheat												
4. Boro Rice												

■ Planting ■ Harvesting

FOOD PRICE MONITORING

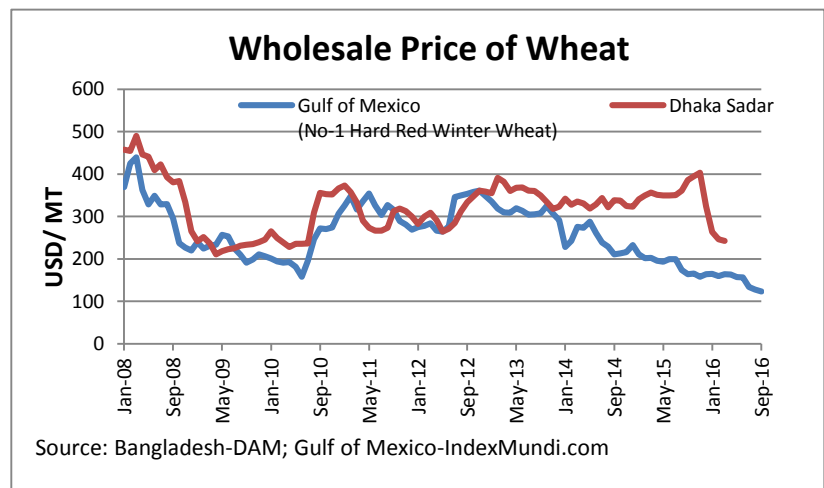
WHOLESALE AND RETAIL PRICES AND TERMS OF TRADE

International rice prices, as per FAO rice price index which is based on 16 rice export quotations, followed a downward trend during the reporting quarter. The average price for the reporting quarter was about 7 percent less than in the same period a year ago and 1.4 percent lower than in the previous quarter. The average coarse rice price for Thai 5% broken rice also showed a similar increasing pattern during the reporting quarter. Sluggish import demands and abundant export supplies are said to have pushed down the international rice prices.



On the contrary, coarse rice prices in Dhaka division during the reporting quarter showed a sharp increase, almost 20 percent higher as compared to the average price in the previous quarter and 7 percent higher than in the same period a year ago. Reduced supply and higher prices of paddy and floods in the northern region during monsoon attributed to the rise in course rice price in the local markets (*newspaper sources*). Similarly, the average coarse rice price for Kolkata rice increased by 6 percent during the reporting quarter as compared to the same period a year ago.

Bangladesh is a net importer of wheat and international prices heavily influence the price in the domestic market. The wholesale price of hard red winter wheat in the Gulf of Mexico followed a declining trend during the reporting quarter. It was 133 USD/MT in July and had a fall to 123 USD/MT in September 2016. The quarterly average price for the reporting quarter was about 19 percent less than the previous one and about 28 percent less than in the same period a year ago. Again, the average wheat price during the last FY 2015/16 was 22 percent lower than the price during the previous FY.



In Dhaka *sadar* market the wholesale price of imported red wheat was 322 USD/MT in August 2014- a difference of 93 USD/MT compared to the price in the Gulf of Mexico. Prices for the imported red wheat since then were not directly available from the Department of Agricultural Marketing website; therefore, that of imported white wheat was used from September 2014. The price hit 242 USD/MT in March 2016, the lowest in the country's history. The fall in price was mainly on the back of reduced import and the Government's

decision to slightly reduce the cereal price for OMS in order to clear stock (*newspaper sources*). However, wheat prices for Dhaka *sadar* during the reporting quarter were not available.

Retail prices for essential food commodities

During the reporting quarter, the national average retail prices of coarse rice had a sharp increase by more than 14 percent and wholemeal wheat flour (*atta*) decreased slightly by 1.6 percent from the previous quarter. The prices of coarse rice were 8.5 percent higher and those of wheat 7 percent lower than in the same period a year ago. The Government had been procuring paddy directly from the farmers which was said to cause falling short of rice stock in the local markets, thus prices ultimately rose up (*newspaper sources*). Prices of lentils (*masur*) and palm oil increased during the reporting quarter on the back of the holy month of Ramadan and Eid festivals, and hit 105 Tk/kg and 72 Tk/litre respectively in September 2016. The quarterly average price of lentils slightly increased as compared to the previous quarter and it was about 7 percent higher than in the same period one year ago. Similarly, the national average oil price increased by 4 percent during the reporting quarter as compared to the previous quarter and about 3 percent higher than in the same period one year ago.

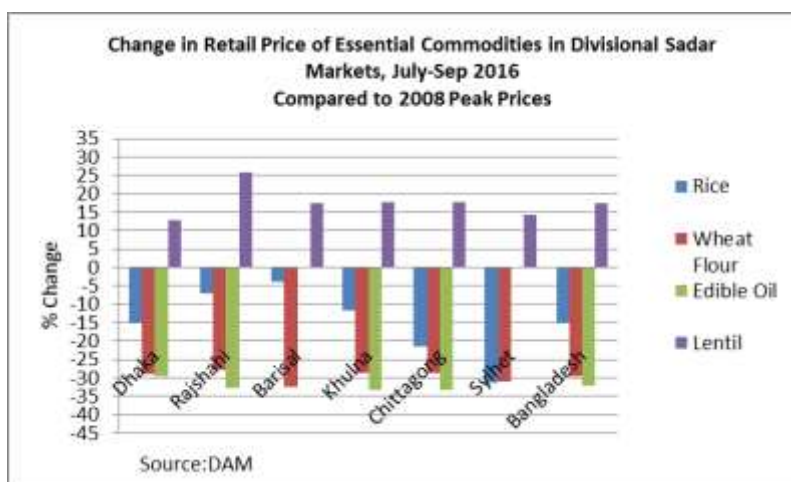
% Change of Retail Prices (National Average) of July-Sep'16 compared to past			
Commodities	Last Quarter	Last Year	2008 (high food price peak periods)
	Apr-Jun'16	July-Sep'15	
Coarse Rice	14.2	8.5	-22.2
Wheat Flour (<i>atta</i>)	-1.6	-6.8	-27.5
Palm Oil	4.2	3.2	-
Lentil (<i>masur</i>)	0.3	6.8	18.7

The national average retail prices of coarse rice increased substantially through the reporting quarter, from 27 Tk/kg in July to 32 Tk/kg in September 2016. Among the divisional *sadar* markets, coarse rice prices during the reporting quarter were recorded highest in Barisal division (33 Tk/kg) and lowest in Sylhet division (about 27 Tk/kg). However, the prices of wheat in all the divisional *sadar* markets fluctuated between 31 to 33 Tk/kg during the reporting quarter. The quarterly average price in Barisal *sadar* was found to be the highest (33 Tk/kg), and that in Rajshahi *sadar* to be the lowest (31 Tk/kg) among the divisional *sadar* markets.

Retail prices of essential food commodities (Tk/kg); Dhaka Sadar Market					
	Jun'16	July'16	Aug'16	Sep'16	Peak 2008
Coarse Rice	28	29	29	31	35
Whole w heat flour	32	32	32	32	45
Palm Oil	68	68	71	72	100
Lentil (<i>masur</i>)	105	105	105	105	92

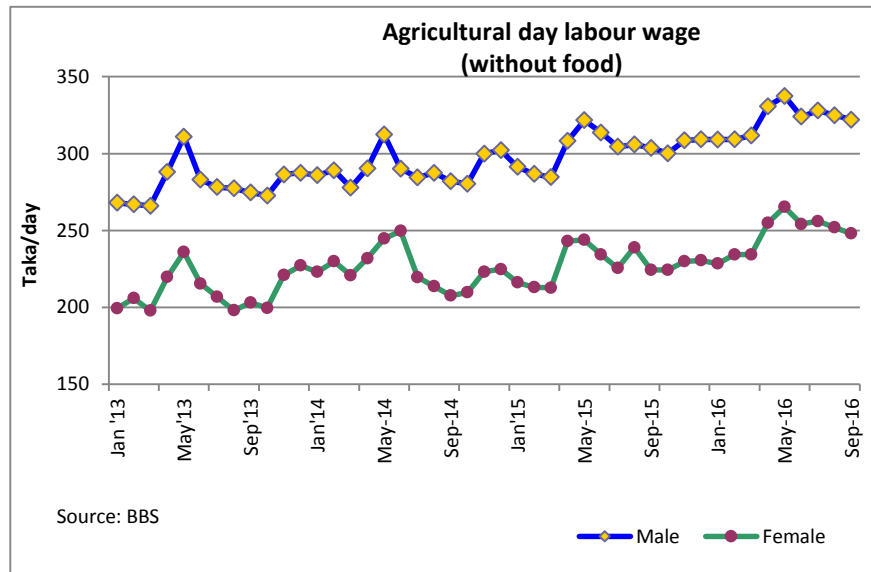
Source: Department of Agricultural Marketing

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 quarterly average prices of palm oil in all the divisional *sadar* markets varied widely from the lowest 68 Tk/litre in Rajshahi *sadar* to the highest 73 Tk/litre in Sylhet *sadar* during the reporting period. For the average lentil prices in the divisional *sadar* markets, the highest price during the reporting quarter was recorded in Sylhet *sadar* market with 109 Tk/kg and the lowest in Khulna *sadar* with 105 Tk/kg. The prices of lentils in the divisional *sadar* markets during the reporting quarter were in fact higher than during the peak of 2008 (high food price year). About 80 percent of the lentil requirement is met by imports. Local production can meet the demand for only 2-3 months.

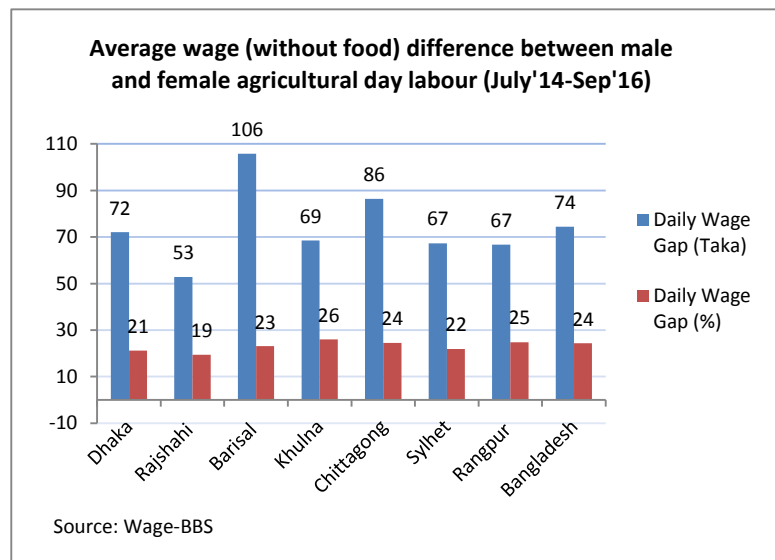


Terms of Trade/Food purchasing capacity of agricultural day labourers

The average agricultural wages for male labourers followed quite a stable and fair rate during the reporting quarter since it is the pick period for *Aman* rice cultivation and jute processing. The year-on-year average daily wage for male labourers in the months of last FY increased by about 3-9 percent, the average growth rate was 6 percent. The scenario was fairly similar for female labourers over the months of last FY. Although the wage rate of female labourers was lower than that of their male counterparts, the year-on-year average grew about 7 percent during this period. However, the wages during the first quarter of the current FY was slightly lower as compared to the previous quarter, for both male and female labourers.

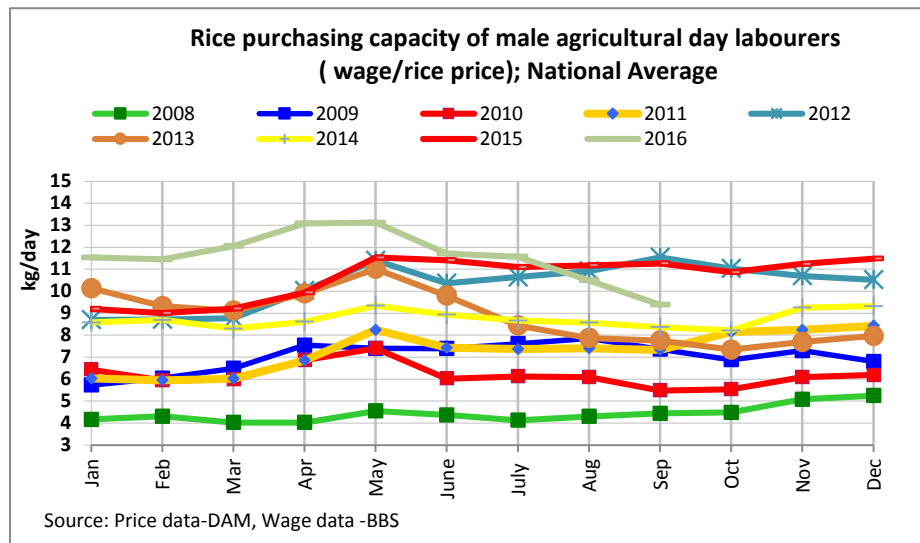


There continues to be a significant difference between the agricultural daily wages of male and female labourers. In July, the average wage for a female labourer was 256 Taka/day whereas for a male labourer it was 328 Taka/day – a difference of 72 Taka/day. There were better work opportunities for agricultural labourers during the reporting quarter such as *Aman* transplanting and jute processing. Thus the agricultural wages also followed a reasonable trend through the period. However, the gap between male and female labourers remained the same, which means that an increase in work opportunity/availability does not have any positive impact on the wage gap. Households depending on female wage labourers are, therefore, highly disadvantaged and remain more impoverished.



Trend analysis of the agricultural wage data of male and female labourers in the past two years shows that on average, female labourers receive a wage that is 24 percent less than their male counterparts, resulting in a purchasing capacity difference of about 2.7 kg of rice per day. This has had significant implications on the food security status of households dependent largely on the wage labour income of female members. The wage gap is higher in the southern divisions of Chittagong and Barisal. On average between October 2014 and September 2016, the male-female wage gap was 106 Taka/day in Barisal division, the second poorest division in the country. Again, a female agricultural labourer in Chittagong division, which has the second lowest poverty rate among all divisions, received 87 Taka/day less wage (25 percent less) than her male counterpart during this period. Chittagong is one of the divisions where agricultural activities are less concentrated and female labourers are of less demand, partly due to the conservative nature of the society. Wage differences were lowest in Rajshahi division in the northern part of the country.

The Terms of Trade (ToT) of an agricultural day labourer's wage is an indicator of the quantity of essential food items that the household can buy with his/her daily income. Since rice is the staple food and constitutes the major share in the household food expenditure, rice purchasing capacity is an important indicator of the ToT. Wage data collected from BBS showed that the average ToT in the reporting quarter went down as



compared to the previous quarter, also than in the same period last year. As mentioned earlier the rice prices were considerably higher during the reporting quarter, wage rates were also slightly lower as compared to the previous quarter. These factors contributed to the downward ToT in this period -- for both male and female agricultural day labourers.

EVIDENCE ON HOUSEHOLD FOOD SECURITY AND NUTRITION

Strategic review of food security and nutrition in Bangladesh

(S.R. Osmani et al 2016)

Food security and adequate nutrition are among the basic needs of every human being. Ensuring food security and nutrition is not only about fulfilling the rights but it also makes eminent economic sense. No country can expect to build a thriving economy on the backs of hungry and undernourished people. A study showed that undernutrition already costs Bangladesh more than 70 billion Taka (almost US\$1 billion) in lost productivity every year, and even more in health costs (Howlader et al. 2012). Thus, if Bangladesh aspires to be a developed country by 2041, it must commit to invest heavily and effectively in food security and nutrition. The strategic review, conducted through an independent, analytical and consultative exercise, intended to provide evidence and advice to the Government of Bangladesh to meet the Sustainable Development Goals (SDGs) in respect to food security and nutrition. The review provides an analysis of the current state of food security and nutrition in Bangladesh, identifies the challenges that remain and some new challenges that are emerging, and makes recommendations for dealing with these challenges. In undertaking this exercise, the review takes a medium-term perspective consistent with the timeframe of the SDGs.

Progress to date:

Bangladesh has come a long way from being a chronically food deficit country in the 1970s. In the last three decades, even as its population has more than doubled, food production has more than kept pace with population growth. Despite certain shortfalls in the production system, Bangladesh has attained food self-sufficiency at the aggregate level in terms of calorie availability. Alongside availability, people's access to food has also improved which is evident from the rapid decline in poverty; from 56.6 percent in 1991-92 to 31.5 percent in 2010. Food utilization, in terms of nutritional outcomes, has also had significant progress. Stunting among under 5 children has decreased from 55 percent in 1996-97 to 36 percent in 2014. Maternal undernutrition, as measured by "low" body mass index (BMI) has also declined sharply from 52 percent to 17 percent during the same period.

Remaining and emerging concerns:

Despite the impressive gains achieved over the last few decades, a number of concerns still remain. First of all, an alarming number of 40 million people still remain food insecure and hungry. Furthermore, progress has been uneven across population groups—poorer groups and women are still more vulnerable. A further concern arises from the recent slowdown in agricultural growth; in the past five years, agriculture has only grown at half the rate of the preceding five years. Again, very little improvement has occurred in the quality and diversity of diet with cereals occupying the preeminent place. Stunting still afflicts more than one-third of children; acute malnutrition (or “wasting”) has remained worryingly stubborn over a long period; and serious inequalities exist in nutritional outcomes between the rich and the poor. In addition, increasing pace of urbanization and the ongoing process of climate change have led to new concerns for the future of food security and nutrition in the country.

Way-forwards to deal with food security and nutrition challenges:

The strategic review focuses on the following areas which need to be addressed in order to achieve food security and improved nutrition in the long term:

1. Promote a more diversified, resilient, and nutrition-sensitive agriculture: investment in new technologies, support creation and dissemination of knowledge across all farmers, promote diversified and more nutrition-sensitive agriculture, research on developing micronutrient rich products, climate change resilient production system.
2. Recognize women as the key to achieving sustainable food security and nutrition: targeting women for interventions covering the whole life cycle to ensure a healthy generation to come; recognizing the role of women as agents of change in terms of diversification of agriculture, household food diversity, food security, health and nutrition while designing food security and nutrition related interventions.
3. Ensure through the social protection system that no one is left behind: more organized and carefully managed social protection covering life cycle approach and focusing on who need it the most, sensible food/benefit transfer in a sustainable and nutrition-sensitive manner, prioritizing women and children in line with the guidance of the National Social Security Strategy.
4. Create and disseminate relevant knowledge: new knowledge on agricultural technologies, climate change adaptation and resilience, efficient and nutrition-sensitive transfer modalities, best-suited social security strategies for urban poor; effective dissemination of knowledge to the relevant actors; targeted interventions accompanied by an appropriate behavioural change communication strategy; massive awareness raising campaigns.
5. Adopt the human rights based approach: food security and nutrition strategies based on human rights based approach as, in the one hand, food security and nutrition are fundamental human rights, and on the other, it improves accountability of government action.

FOOD SECURITY OUTLOOK

FOOD GRAIN PRODUCTION, IMPORT, UTILIZATION AND PRICE

Global

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) increased gradually since the beginning of 2016 calendar year. It continued to raise till the end of the reporting quarter and hit 171 points in September 2016, about 10 percent higher than in September 2015. The average index was 167 points during the reporting period which was 7 percent up from the previous quarter. The food prices in the international markets moved up in September on the back of increases in the prices of sugar, oil and dairy products, by 7, 2 and 14 percent respectively from the previous month.

The FAO Cereal Price Index had shown a downward trend during the reporting quarter and hit 141 points in September 2016, also about 9 percent down from the same period a year ago. Among the major cereals, wheat and maize prices receded sharply on the back of harvesting of new crops and exceptional crop prospects in the United States. Rice quotations also fall internationally due to poor buying interest and larger availabilities from imminent crop harvests.

FAO forecasted the world cereal production for 2016 at 2.57 billion MT which is 1.6 percent higher than in 2015 and only 0.7 percent below the 2014 record. The revised forecast for world wheat production was 1.9 percent higher as compared to 2015 on the back of an overall huge wheat crop already harvested. The upward forecast reflects improved yield prospects for the Islamic Republic of Iran and Kazakhstan. The 2016 rice production forecast also had an upward revision from previous expectations reaching a new record. The upward adjustment was the result of larger planting estimates than previously envisaged in Asia, mostly concerning Bangladesh - owing to a recovery in local prices, and Nepal - consistent with a favourable unfolding of the monsoon and an adequate supply of inputs.

Global cereal utilization (both food and feed) in 2016/17 has been forecasted at 2.6 billion MT, 1.9 percent higher than the 2015/16 estimates, on the back of increased forecast of wheat, maize and barley utilization. Global food consumption of cereals in 2016/17 was forecast at around 1.1 billion MT, up by 1.2 percent from the 2015/16 level (*FAO Food Price Index, August 2016*).

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The rice prices during the months of the last FY were much lower than what was observed in the past few years. The rice retail prices were quite stable at around 27 Tk/kg throughout the year which was about 17 percent lower than in the previous FY. However, the wholesale rice prices during the reporting quarter followed different pattern, prices rose sharply by 19 percent as compared to the previous quarter and 8 percent from the same period a year earlier. The Government, through its price monitoring model to forecast domestic foodgrain prices, has estimated the wholesale prices of coarse rice for the upcoming quarter to remain stable. Domestic production of foodgrain fell marginally short of the target for *Aus* and *Boro* rice, while *Aman* rice production slightly increased compared to the actual production of the preceding year. (*FPMU, FSR 10*).

Wheat prices followed somewhat similar pattern as was observed over the last four years. The wholesale wheat prices continued to follow a stable trend till the end of the reporting quarter and were forecasted by the Government to remain stable during the upcoming quarter. For the agricultural cycle of July 2016 to June 2017, the United States Department of Agriculture (USDA) in its 'Annual Update of Grain and Feed for Bangladesh' raised the forecast for wheat imports at 4.7 million MT on expectations of low international wheat prices and new demands. Imports constitute 70 percent of Bangladesh's total wheat consumption and strong global production and high global exportable supplies keep international prices low.

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