Price Monitoring and Analysis Country Brief

Bangladesh

September 2011 - February 2012

Key Messages

- Rice prices decreased in the recent months thanks to good Aman and Aus production, while wheat prices continued to rise.
- Localized food insecurity persists. International agencies agree on a high prevalence of hunger and the need to assist people in the south west that were affected by the floods, with food and non-food items.
- Floods have caused extensive damages to the agricultural sector, seriously affecting some 1.3 million people.
- The Government provides incentives to farmers through procurement from the domestic market to amid a continued fall in prices of both rice and paddy.

Background

In Bangladesh the total population is estimated to reach about 148 million with an annual growth rate of 1%. Although the rural population is 71%, the agricultural value added to GDP is around 18%. The proportion of undernourishment is 26%.

<table>
<thead>
<tr>
<th>Economic Indicators</th>
<th>View Data</th>
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</thead>
<tbody>
<tr>
<td>Total Population (millions) - 2010 (WB)</td>
<td>148.692</td>
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<tr>
<td>Population growth rate - 2010 (WB)</td>
<td>1%</td>
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<tr>
<td>GNI per capita, $ PPP - 2010 (WB)</td>
<td>1800</td>
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<tr>
<td>Population below $1 PPP per day - 2005 (MDGI)</td>
<td>49%</td>
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<tr>
<td>Rural population - 2010 (WB)</td>
<td>71%</td>
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<tr>
<td>Agriculture, value added (% of GDP) - 2010 (WB)</td>
<td>18%</td>
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Prices

Rice prices have been gradually decreasing since September 2011, following the satisfactory Aman and Aus paddy production, as well as the release of stocks by traders and the government’s distribution through OMS/FPC channels to support the poor consumers. In February prices were at 29 Taka/Kg, some 12% below prices in September. Rice prices in February were 18% below the high levels of a year ago. Rice prices were also 34% below prices of Rice Thai A1 Super. In contrast, prices of wheat flour have continued to follow a rising trend and the retail wheat flour price in Dhaka, in the month of February 2012 was 30 Taka/kg, about 12% above September prices, but 12% below the level of the previous year.

Food Security Situation Assessment

The food security situation of the low income people has deteriorated with the high levels of staple food prices despite some decreases on rice prices due to the robust Aman rice output. High food insecurity and undernutrition continue for flood victims in the Satkhira district where a new WFP/FAO assessment reported that over 150,000 people will need food and other assistance over the next 12 months. FAO hunger map reports the prevalence of undernourishment as high and IFPRI GHI describes the situation of food security as alarming.

Source: GIEWS Country Briefs
Vegetation Condition

Normal to good conditions are observed throughout the country. The general indicator of vegetation condition provided below is the absolute difference between the NDVI for February 2012 and the average of the last 10 years, calculated on the agricultural zones derived from the GLOBCOVER 2005 database (ESA).

Food Balance Sheet

The 2011 production is put at 54.2 mlnT, including 51.9 mlnT paddy output (34.6 mlnT of milled rice) with forecast of the Aman season. This is 4 and 13% above the 2010 output (52.3 mlnT) and the five year average (47.8 mlnT) respectively. The 2011/12 import requirements are expected to be 41 and 16% lower than 2010/11 and average imports respectively.

Natural Disasters, Drought and Conflicts

According to the local administration around 1.3 million people in the south-west were severely affected by floods and became homeless. About 26,709 hectares of standing crops were damaged in 18 of the 64 districts. Reportedly, damage to poultry, the livestock sector and agricultural infrastructure also occurred, with a loss of some 861,000 animals.

Government Policies

The GoV has a budgetary target for 2011/12 to distribute 2.91 mt of grains under the Public Food Distribution System (PFDS). Rice sold through OMS is at 24 Tk/kg. Procurement target has been fixed at 1.15 mln mt. Procurement of 200,000 MT of Aman rice has started at 28 Tk/kg from the domestic market to provide incentives to farmers amid a continued fall in prices of both rice and paddy.