



# FAO-WFP JOINT MARKET MONITOR



COX'S BAZAR – BANGLADESH

JULY 2021

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## Key Highlights

- Under the UN-UN agreement, FAO and WFP have joined efforts to understand the overall market environment in the district. This first Joint Market Monitoring (JMM) report provides a more comprehensive overview of the market situation thanks to an expanded coverage of commodities and markets monitored. The results shown refer to the month of June.
- By June, average prices for most key food commodities (rice, soyabean oil, onion, red lentils and red chili) in Cox's Bazar remained similar to May and between 20%-30% higher than June last year.
- The cost of a typical food basket remained similar to April and May levels, at BDT 1113, but 25 percent higher than in June 2020.
- The increased prices compared to same time last year in key commodities prices is linked to sustained impact of COVID-19 lockdown, the Eid ul Adha festival (mid-July) and the onset of monsoon season, further exacerbated by a broader global upward trend, import restrictions, and rising of local transportation costs.
- Retail rice price remains 22-31% higher than same time last year. Despite the good 2021 Boro harvest, government strategy to replenish its food reserve, coupled with the recent ban on imports from India, have stretched the availability of rice in the market keeping rice prices high.
- The lockdown imposed since April to prevent the spread of the COVID 19 delta variant has led consumers to stockpile essential ingredients. Traders were also stockpiling before Eid ul Adha (mid-July) which exerted a sudden demand on markets despite supply-side disruptions, leading to an upward trend of prices observed in lentils, onions and spices.
- Compared to last month, prices of vegetables witnessed a sharp rise due to heavy rains across the district in the month of June. Many farmlands suffered damages and the heavy downpour derived in a supply shortage of vegetables.
- Ban on fishing in the Bay of Bengal for 65 days, from May to June, shifted the consumers' demand towards eggs and poultry meat leading to a rise in prices in these commodities. The increase in the price of poultry feed from BDT 4 to BDT 5 per kg and the spread of poultry diseases affecting local small farms, created a dearth in the supply of chicken and eggs.
- Livestock trade has also experienced substantial disruptions, with demand for livestock products being atypically low. The impact on farmers and traders was considerable as Eid al-Adha festivals is the peak season for livestock business in Bangladesh.
- Movement restrictions continue to create temporary labor shortages, for loading/offloading at source markets and in factories/farms, leading to increased labor costs. Transport costs also remain high, with spikes in truck rentals reported due to unavailability of return loads. These costs are being passed on to the final consumers.
- Nine out of 10 retail traders noted that their customers were purchasing lower amounts and cheaper or less preferred food, mainly driven by reduced income at the household level. Traders reported an increase of credit purchase compared to normal times.
- In camps, refugees continue to face unfavorable conditions in terms of access to markets, due to the lockdown, restriction of movement outside the camps and dismantlement of informal markets within the camp area.

# FAO-WFP Joint Market Monitoring

As part of the UN-UN agreement, the Food and Agriculture Organization (FAO) and the United Nations World Food Programme in Cox's Bazar have joined efforts to monitor market food prices and to understand the overall market environment in the district. The initiative has allowed to extend the coverage of commodities and markets monitored and to produce a Joint Market Monitoring (JMM) report that aims to provide a more comprehensive overview on market situation to inform decision making and programme design among food security sector partners.

## Commodity Price Trends



**Rice BR29** price decreased from April to May by 10% ,following the good Boro harvest but remained similar from May to June, at 44-47 BDT/ Kg in retail markets. A slight increase observed in Chattogram markets was attributed by traders to the government ban on the import of rice on 30<sup>th</sup> April. Rice price by June was still 20 percent higher than the same time last year and traders expected prices to remain elevated compared to the usual harvest season price at this time of the year.



**Fortified Soybean Oil** price did not show major changes from May to June but continue to be 30 percent higher than the same time last year as result of the dramatic increase experienced since November 2020. By June, a litre of bottled soybean oil reached a maximum retail price of BDT 153, compared to BDT 105 by November 2020. The 30<sup>th</sup> of June, Bangladesh Vegetable Oil Refiners and Bonospoti Manufacturers Association fix the price at 149 BDT/litre following a drop in international oil market prices; the effect is yet to be seen in the retail markets.



**Onion** price showed an upward trend from May to June remaining 35 percent above the same time last year, with prices ranging between 42 to 45 BDT/kg. Although the trade route from India remained open, traders reported that high transport costs and low supply following the COVID 19 delta variant devastation in India escalated the price in the hub markets. Many importers were bringing onions through an alternate trade route from Myanmar.

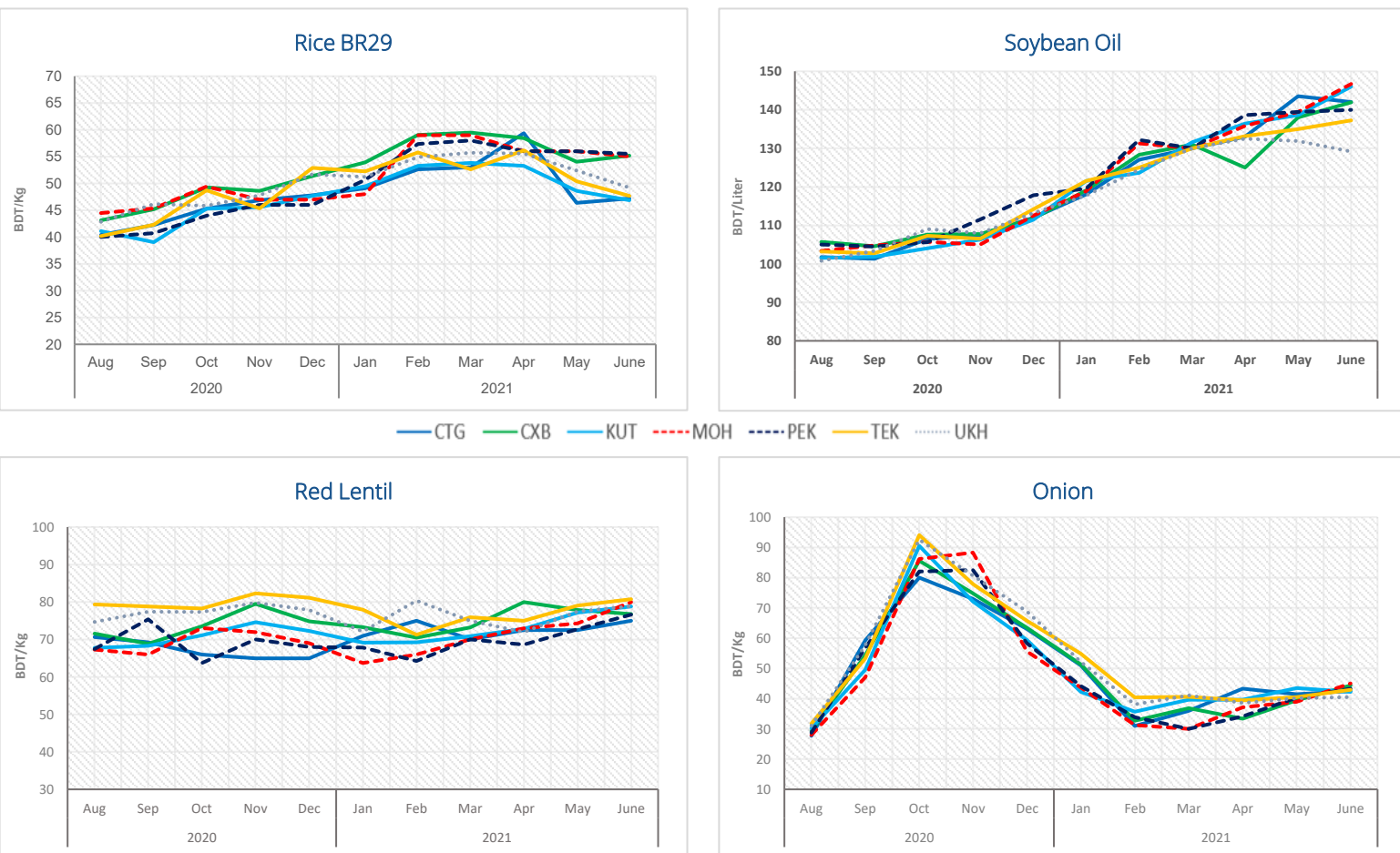


Figure 1-4: Price trend of rice BR28, soybean oil, red lentils and onions from August 2020 to June 2021

	% change in the last month (May-June 2021)				% change in the last year (June 2020-21)			
	Chattogram	Cox's Bazar	Ukhiya	Teknaf	Chattogram	Cox's Bazar	Ukhiya	Teknaf
Rice BR29	1.9%	2.1%	-6.1% ▼	-5.4% ▼	22.4% ▲	30.7% ▲	25.4% ▲	23.0% ▲
Soybean Oil	-1.0%	2.8%	-2.1%	1.7%	32.7% ▲	33.0% ▲	24.3% ▲	31.3% ▲
Onion	2.4%	12.3%	0.9%	6.0%	47.8% ▲	34.9% ▲	26.6% ▲	30.9% ▲
Red lentils	3.4%	-1.4%	1.8%	2.2%	4.7%	6.4%	-1.1%	8.7%
Red Chili	0.9%	-7.2%	0.8%	-1.1%	23.3% ▲	7.1%	2.9%	2.4%

Table 1: Percentage change in the last month and last year of key food commodities per market location.

## Commodity Price Trends



**Vegetables** prices soared sharply all over Cox's Bazar in June, after the heavy downpour witnessed across the country during the first half of this month (Table 2). The heavy rainfall caused damages to a huge number of farmlands, resulting in supply shortage and increased transport costs disrupting the supply chain. Traders are expecting the price to decrease as new supply will start to come from Chakaria and the hilly regions of Naikhonchari.



**Poultry meat and eggs** prices went up in June reflecting the steep increase of poultry feed price. Local farms are paying BDT 200 more on a bag of poultry feed which carry over the extra costs to all types of poultry: chickens and eggs. The 50kg bag of poultry feed was selling at BDT 250-255 in June compared to BDT 230-235 in May. In addition, the government ban on sea fishing since May 20 until July 23 caused a shortage of fish in the market leading to an increase in the demand of eggs and chicken to meet consumers' protein needs, driving prices up in the third week of June.



**Other commodities:** As the holy festive Eid-ul-Adha was approaching, a variety of spices saw a sudden spike in prices. Ginger and potato prices were also on the rise. Pasteurized and powder milk also faced a price hike as a result of increased production cost and customs duty raised by the recent national budget.

Sub-district wise changes of monthly vegetable prices (April-June 2021)

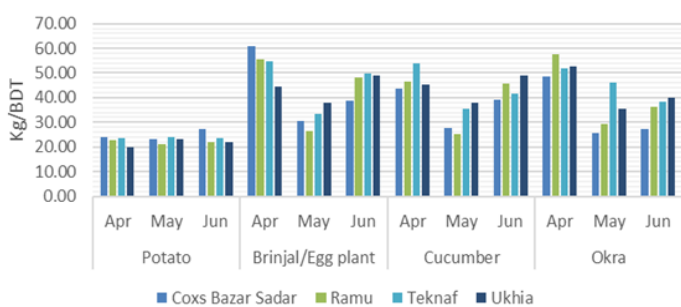


Figure 5: Sub-district wise changes of monthly vegetable prices.

Weekly changes of chicken and egg prices in Cox's Bazar (April-June, 2021)

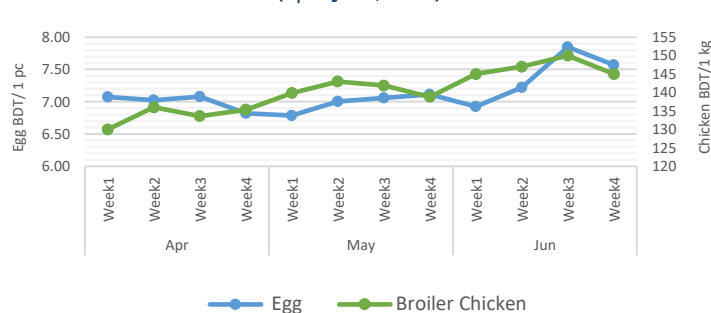


Figure 6: Weekly changes of average retail prices of Eggs in Cox's Bazar.

% change in fresh food/vegetable prices (May-June 2021)

Sub-districts	Green chili	Potato	Egg plant	Cucumber	Sweet gourd	Bitter gourd	Tomato	Carrot	Snake Gourd	Okra
Cox's Bazar Sadar	28.1% ▲	19.1% ▲	25.8% ▲	41.5% ▲	49.1% ▲	28.5% ▲	57.3% ▲	32.6% ▲	23.5% ▲	49.1% ▲
Ramu	29.9% ▲	3.9%	80.2% ▲	80.9% ▲	34.9% ▲	36.3% ▲	54.6% ▲	93.2% ▲	58.4% ▲	34.9% ▲
Teknaf	43.5% ▲	-2.1%	49.2% ▲	16.8% ▲	22.2% ▲	22.7% ▲	41.1% ▲	52.4% ▲	10.3% ▲	22.2% ▲
Ukhiya	14.8% ▲	-6.4% ▼	29.4% ▲	29.9% ▲	5.6% ▲	24.1% ▲	16.5% ▲	80.0% ▲	29.4% ▲	5.6% ▲

Table 2 : Percentage change in the last month (May-June) of key fresh food/vegetables per market location.

## Market Functionality Index (MFI)

The Market Functionality Index (MFI) is a quantitative measure to benchmark market functionality along nine dimensions: 1) Assortment of essential goods, 2) Availability, 3) Price, 4) Resilience of supply chains, 5) Competition, 6) Infrastructure, 7) Services, 8) Food quality, and 9) Access and protection. The MFI was designed to inform the feasibility of market-based interventions, highlighting associated risks and potential areas for market strengthening initiatives. During the delivery phase of cash-based-transfer programmes, the MFI allows detecting changes in market functionality over time and, hence, access to food.

**The market functionality index score** is an aggregated score of 4 dimensions (assortment, availability, price and supply chain responsiveness). The maximum score of MFI is 10, which means 100 percent functionality of a market. In most admin areas of Cox's Bazar, markets functionality score is moderate, with Ukhiya and Teknaf showing the lowest functionality (Figure 7).

**The assortment of essential goods** dimension estimates which classes of goods to meet essential needs can be purchased in a marketplace and how much choice is offered. Lowest assortment values were observed in Chattogram where major markets are mostly wholesalers and some retailers with very few choices of commodities (Figure 8). Teknaf markets are comparatively functioning better for this dimension with 56 percent of traders providing choice of variegated commodities ranging between 51 to 200.

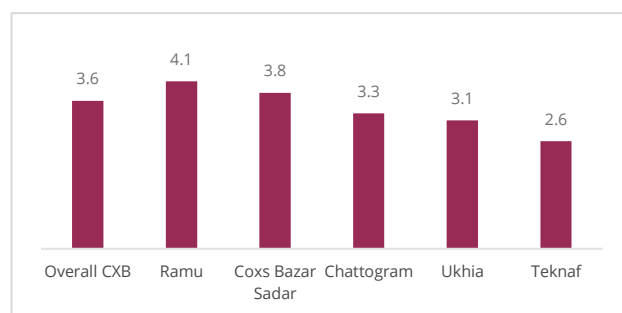


Figure 7: Market Functionality Index (MFI) scores by sub-district.

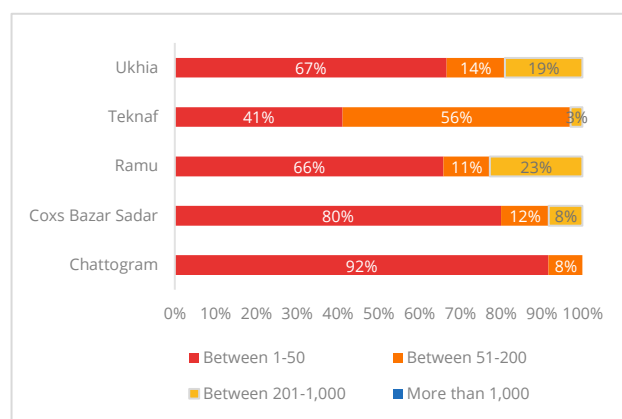


Figure 8: Range of choices of goods provided by shops by sub-district.

## Market Functionality Index (MFI)

The **availability** dimension assesses whether certain products are scarce or likely to get scarcer in the short run. Overall availability score for Cox's Bazar markets is good with a score of 8.6 out of 10. Scores are lowest in Ukhiya and Teknaf, where traders face challenges to maintain the availability of commodities during the whole week.

The **price** dimension assesses price trends and volatility. Both rising prices and excessive volatility show that the market is not functioning well. Ukhiya and Teknaf markets showed the lowest scores reflecting higher price rising and volatility compared to other markets. Moderate volatility and affordability were observed in Chattogram markets whereas in Ramu and Cox's Bazar Sadar prices are less volatile, and commodities more affordable. Overall performance of markets in Cox's Bazar is considered moderate.

**Supply chain responsiveness:** The supply chain resilience dimension evaluates responsiveness and vulnerability of supply chains. Resilient supply chains underpin the regular supply of a market with goods despite potential disruptions. Overall score of Cox's Bazar markets indicate resilient supply chains. Scores are moderate in Ukhiya and Teknaf where traders face challenges to ensure enough stock of commodities.

**Business environment:** Seventy percent of traders reported that customers were buying less goods than usual times. Increase in customers' credit seeking behavior was reported by half of traders and more than 40 percent of traders reported people buying cheaper/less preferred/low quality commodities. More than half percent of traders sold less volume than usual times (Figure 10); a third of them faced reductions of up to 25 percent of their usual volume sold and a fifth of them experienced reductions between 25-50 percent. Business volume remained same as usual for a third of traders.

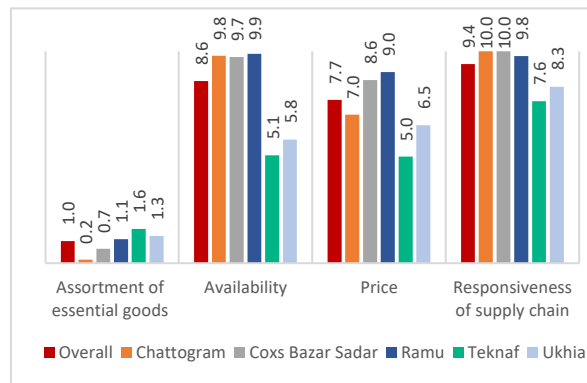


Figure 9: MFI dimensions by sub-district

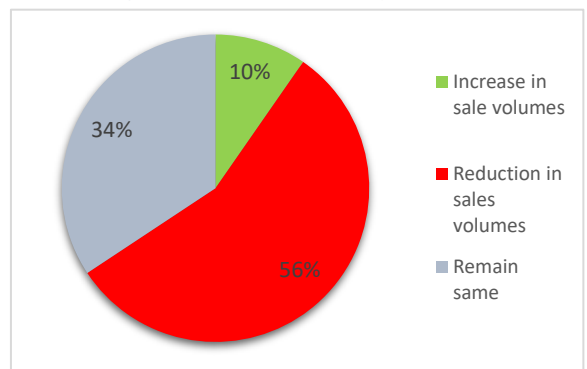


Figure 10: Overall business environment at district level

## Food Basket and Purchasing Power

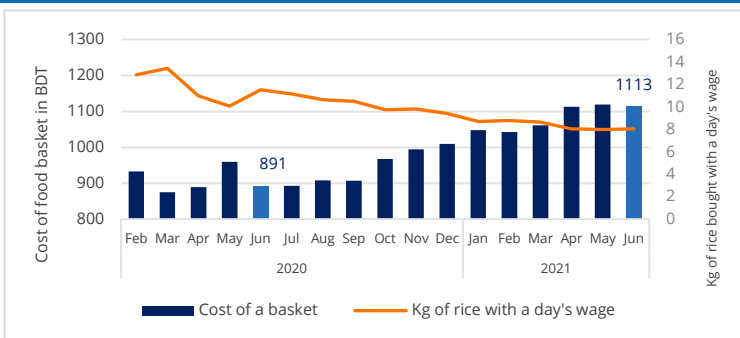


Figure 11: Cost of the food basket and purchasing power.

By June, the cost of a typical food basket remains similar to May and April levels, at BDT 1113, but it represents an increase of 25 percent compared to same month last year.

Household purchasing power also remains stable for the last 3 months, since April. However, in the last year, household's purchasing power has reduced in 30 percent; currently a daily wage covers the cost of 8 Kg of rice, while one year back, in June 2020, it was enough to buy 11 Kg of rice.

## Camp Markets

Camp markets are partially functional as level of activities remain low due to government restriction measures to control the spread of COVID 19. The footprint of the customers has diminished in the camp markets compared to the usual

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