

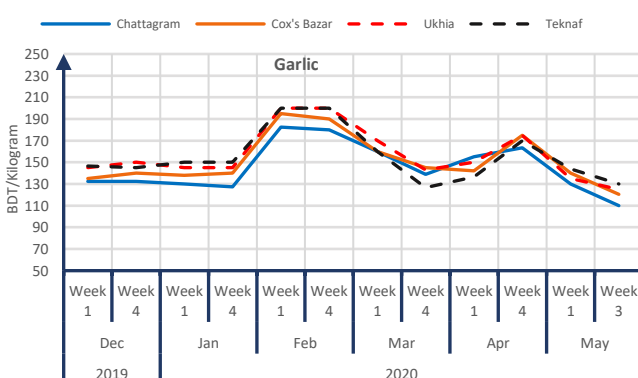
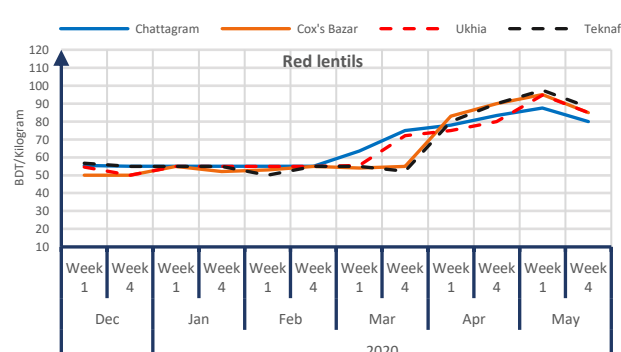
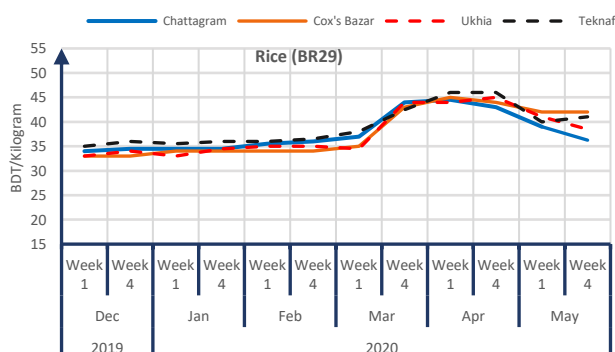
Market Monitor

Cox's Bazar, Bangladesh – May 2020

Key Messages

- **Retail prices for most commodities stabilized or declined towards end of May**, following a steady increase that was witnessed from the start of the lockdown. Price reductions ranged from 10 – 20 percent between end of May and end of April, with onions and garlic depicting a huge decline of up to 40 percent, boosted by improved supplies. Monitoring efforts by government, on trader conducts, also supported the stability.
- Due to lost income and livelihood opportunities, **household expenditures on both food and non-food items has dropped substantially**. This signal potential increase in household poverty outcomes, as expenditure is the metrics used for poverty estimations.
- **Households are increasingly seeking food on credit**. Yet, traders are not able to sustain credit requests due to fear of defaulting on payments. Households, especially the poor, are buying less than expected, and it is likely that they will be forced into extreme coping mechanisms to sustain food consumption.
- During the entire lockdown period, the effect of price changes on consumer demand has been **more severe on food items than on non-food items**. In contrast to the rise in prices of most food items, between March and May, non-food items including fuel energy (LPG), hygiene kits, clothing and footwear remained relatively stable.
- Cereals and other non-cereal food items (chickpeas, pulses, onion, chilli, brinjal, potato) were the most traded commodities for the period ending May 2020. Trade in non-food items remained somewhat low, compared to similar time last year. Eid season is one of peak periods for business across the country, implying loss of peak-season business.
- While efforts have been put in place to safeguard markets from transmission of COVID-19, **there is little evidence to indicate that they are safe**. Most markets remain crowded, with social distancing rules not strictly observed, more so for the wet markets.
- When asked about current support they'll need, about 53 percent of traders indicated that they would like government to provide tax relief on essential food and non-food items. Provision of personal protective equipment (PPEs), regulated opening of businesses and credit facilities were also mentioned as support needs.

Food Price Trends



Price change comparison: 4th week of May and 4th week of April

Commodity	Chattagram	Cox's Bazar	Teknaf	Ukhia
	% Change	% Change	% Change	% Change
Rice BR29	-16% ▼	-11% ▼	-11% ▼	-14% ▼
Soybean Oil	0%	-3%	-4%	0%
Chicken Broiler	20% ▲	18% ▲	17% ▲	22% ▲
Onion	-42% ▼	-27% ▼	-38% ▼	-41% ▼
Garlic	-36% ▼	-26% ▼	-20% ▼	-29% ▼
Red lentils	-17% ▼	-8% ▼	-6% ▼	-14% ▼
Red Chilli	-21% ▼	-26% ▼	-10% ▼	-12% ▼

Rice: thanks to the good harvest from the Boro season, rice availability in the markets has improved, especially in the supply hub- Chattagram. Prices have somewhat stabilized or declined, though marginal increases were observed in the lead up to Eid, triggered by surge in demand. The lockdown continues to keep transaction costs high, with prices remaining elevated.

Red lentils: remains highly volatile and unpredictable, though earlier imported quantities remain available in the markets, with prices stabilizing in mid-May, and assuming a downward trend towards the end of May.

Onions: a substantial decline in prices, up to 40 percent between end of May and April. Inflows from India and local bumper harvest caused a glut in the markets, and now local onion farmers have requested the Government to block imports.



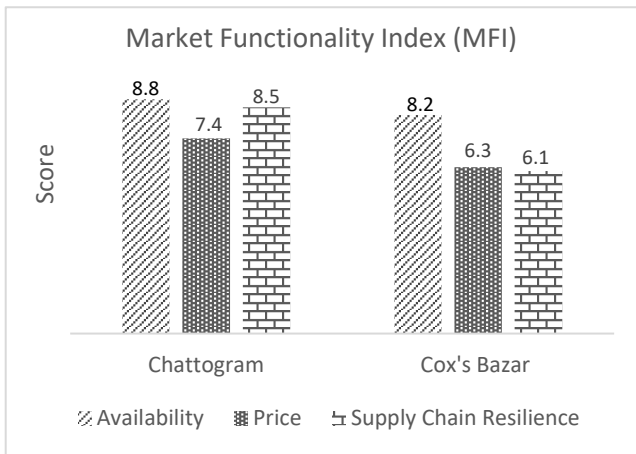
World Food Programme

Dhaka and Cox's Bazar Food Price comparisons



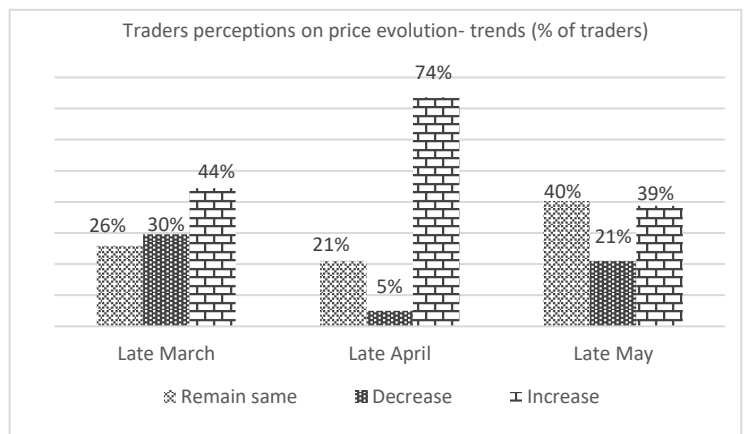
- Local prices are tracking national level prices, with no major variations observed. Markets remain highly integrated and national level price effects are easily transmitted to the regional markets.

Markets Functionality

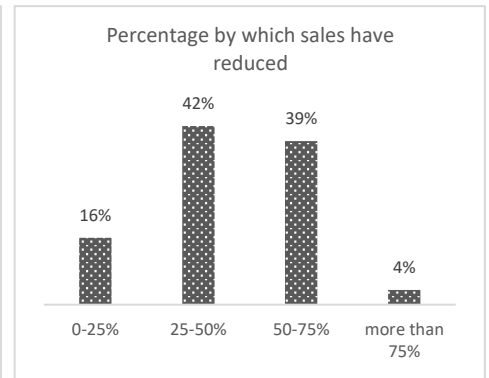
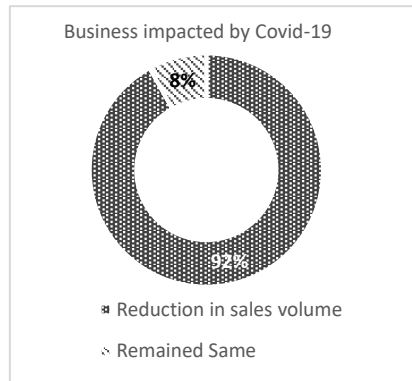


- MFI:** provides indication of market functionality, and access to food. A score is assigned to a market to represent its functionality on different dimensions- a high score represents a well-functioning market.
- Availability:** most of the markets have supplies of essential commodities, with less worries about product scarcity or stocks running out. The challenge is mainly economic access by households, due to eroded purchasing power.
- Price:** while prices showed a steady increase moving from April through mid-May, some stability has been observed from the second half of May. Chattogram has relatively more stability and better predictability of prices than Cox's Bazar, and other markets in the region.
- Supply chain resilience:** despite disruption from the lockdown, supply chains remained relatively responsive with essential goods flowing well.

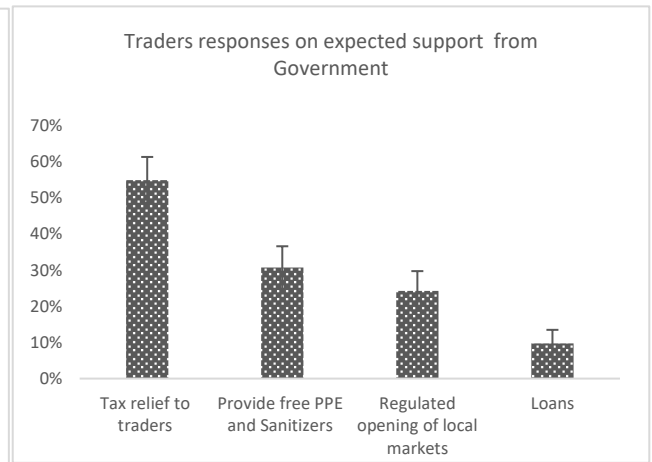
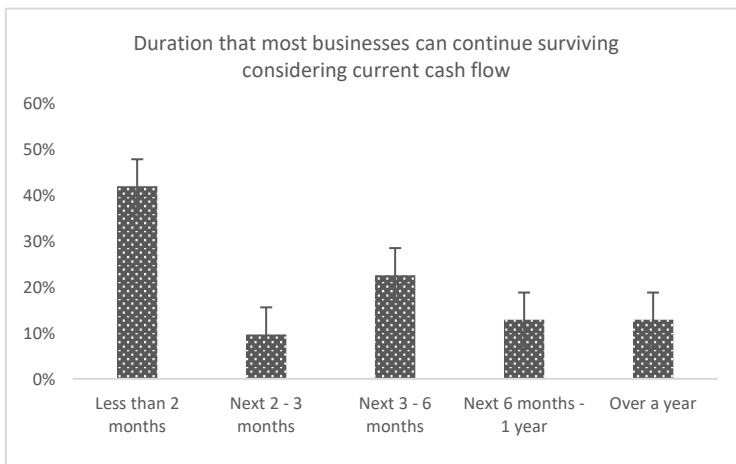
- Overall, markets across the region have remained functional, though at a much lower scale.
- Government decisions are strongly influencing trader perceptions and market responses. Compared to late April, the proportion of traders expecting food prices to stabilize, or decline has gone up, 61 percent compared to 26 percent in late April.
- The anticipated easing of lockdown measures seems to be sending strong signals to the food markets, which shapes perceptions and price trends.



- Almost 90 percent of traders have been affected by the current lockdown measures, with tradable volumes falling substantially.
- Regarding percentage drop in total sales, about 80 percent of traders reported drop in sale volumes of between 25 – 75 percent, depicting the depth of business interruption. Under such conditions, it's likely that some businesses will not recovery from the current crisis.



- Business closures to result in more people being pushed out of the labour force, resulting in increased poverty levels.



- Though some wholesale traders in Chattogram expressed concerns over high import bills for some of the essential food commodities, no evidence was found to substantiate this, with the forex markets and the local currency showing relative stability.
- Close to 42 percent of traders indicated they will not be able to last beyond two months on account of current cash flow basis, which predicts the likelihood of small businesses going into bankruptcies under extended lockdown situations.
- On the type of support, about 50 percent of traders indicated the need for tax reliefs to cushion their businesses. This finding corroborates World Bank study done in April 2020¹ which highlighted the need to remove import tariffs and taxes on key food products to increase the availability of essential food products.
- Provision of personal protective equipment (PPE) also remains a concern among traders (noted by about 23 percent), followed by regulated opening of local markets, and provision of credit support.

¹ <https://openknowledge.worldbank.org/bitstream/handle/10986/33758/Trade-Responses-to-Covid-19-Food-Security-Concerns-in-Bangladesh.pdf?sequence=1&isAllowed=y>