

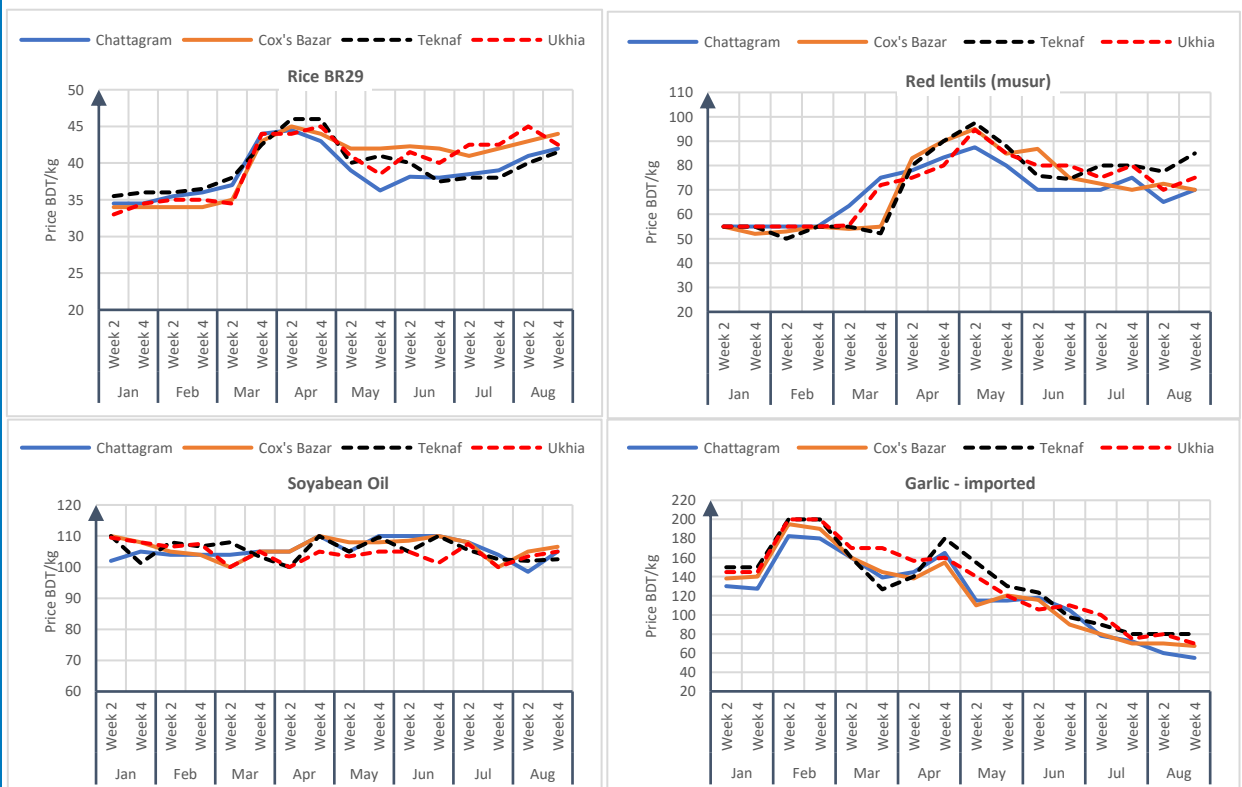
# Market Monitor

## Cox's Bazar, Bangladesh – August 2020

### Key Messages

- In August, mixed price trends was observed in the markets, with rice price (41–44 BDT/Kg) continuing to rise in most markets, lentil prices fluctuating week-on-week, oil price is stable, and price of garlic continues to decline.
- Almost six months into the COVID-19 pandemic, the same mixed trends are observed across commodities. However, **better integrated, centrally located market-hubs such as Chattogram have clearly been less impacted** by rising prices of staples such as rice and lentils as compared to markets in Cox's Bazar.
- Rice prices forecasted to remain high owing to Aus<sup>1</sup> and Aman<sup>1</sup> crop losses due to the recent floods and heavy monsoon. Bumper harvest during the Boro season however expected to cover demand for rice reserve.
- Overall, all markets within Cox's Bazar district are **running at approximately 50 percent functionality on average**, with Ukhia faring marginally better than others for providing with more variety of product choice and having better stock compared to others.
- Supply chain functionality in terms of **responsiveness and availability of goods is high** but **low assortment of goods** and **high price volatility** scores across the region has lowered overall market functionality.
- Five out of ten traders reported that consumers are buying less goods than usual, where two out of ten traders said that customers are asking to buy on credit, **highlighting continued strains on purchasing power and consumer demand**.
- In camp markets, slight increase in purchasing power with the partial reopening of economy had positive impact on reduced credit purchase.
- The widespread decrease in sales volume has not affected business sustenance for majority of traders (72 percent) in the region as adversely but **tax relief and loan disbursement have emerged as perceivably the most needed policy support mechanisms** for the remaining (28 percent) vulnerable trader community.

### Food Price Trends



<sup>1</sup>Aus rice is grown during October-November to March-April followed by Aman rice grown during March-April to June-July and Boro rice is grown during June-July to November-December in Bangladesh.

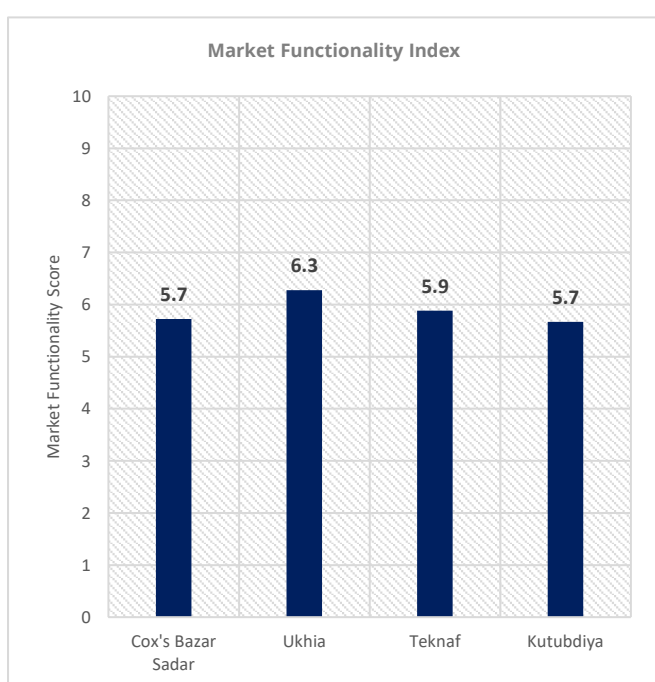
## Price trends among key commodities: 6 months into COVID-19

Price change comparison (6 months into COVID-19):  
2nd week of March, 2020 and 2nd week of August, 2020

	Chattogram	Cox's Bazar	Ukhia	Teknaf
Rice BR29	14% ▲	23% ▲	30% ▲	12% ▲
Red Lentil	2%	34% ▲	26% ▲	41% ▲
Soyabean Oil	-5%	5%	3%	-6%
Garlic	-63% ▼	-56% ▼	-53% ▼	-50% ▼
Onion	-60% ▼	-53% ▼	-52% ▼	-53% ▼
Egg	6%	0%	0%	4%

- Staples like rice and red lentils prices have increased across all markets while price of condiments such as garlic and onions have dropped significantly; oil and egg prices have been relatively stable in comparison.
- Across regions, Chattogram, the divisional capital, has evidently faced lesser overall impact across these six months among commodities that saw price increases. Key informant reports from Chattogram wholesale markets confirm that this is attributable to port activities picking up again.

## Cox's Bazar Market Functionality



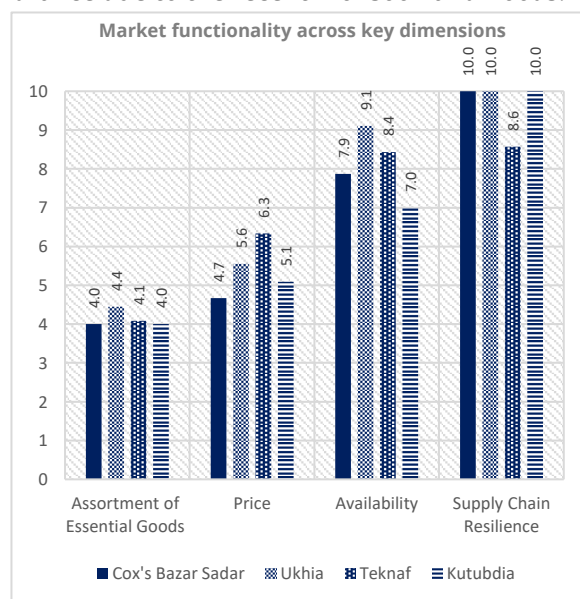
**Assortment of essential goods** across all markets were similarly low, indicative of an overall lack of variety in essential goods available in markets of the region.

**Price dimension** indicating trend and volatility was moderate overall, but surprisingly more peripheral markets reported higher functionality across price dimensions than central markets.

**Availability** measured through sufficiency of existing stock to meet current and future consumer demand, is adequate across all key markets, indicating substantial supply chain functionality, possibly owing to Cox's Bazar's connectivity to Chattogram, the divisional market hub.

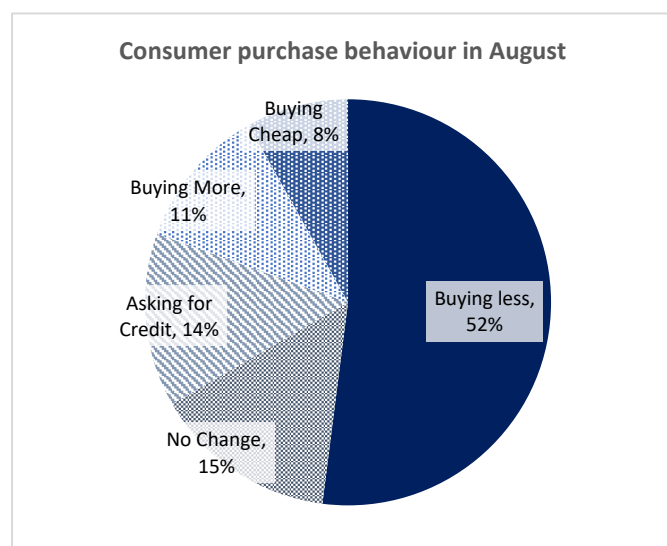
**Supply chain responsiveness**, defined by sufficiency of stock and lead time, is at maximum functionality across all key markets, except Teknaf, which nevertheless stands at above the score of 8.

- Market Functionality Index (MFI) for Cox's Bazar:** provides indication of aggregate market functionality measured across four dimensions<sup>2</sup>: assortment of essential goods, availability of stock, price volatility and supply chain resilience.
- Overall, all markets in Cox's Bazar district are operating at more than 50 percent functionality** across the measured dimensions. Markets in Ukhia are evidently performing better, operating at more than 60 percent functionality for providing with more variety of product choice and having better stock compared to others.
- Within dimensions, markets are broadly operating at high functionality across supply chain indicators (availability of stock and resilience) but at low to moderate capacity in terms of assortment and price volatility.
- Anecdotal evidence confirmed these findings, with traders reporting **sufficient supply and low restocking times**, but **insufficient cash flow due to reduced consumer demand** (both individual and food service industry) paired with **price hikes due to harvest damage, operational and import hindrance due to the recent monsoon and floods**.



<sup>2</sup> In a score out of 10, higher score indicates better performance for the respective dimension of MFI graphs.

## Business Environment



- Half of the cases reported indicated that consumers are buying less goods than usual
- An additional 22 percent of cases also included consumers opting for cheaper products and asking for more credit options than before.
- Over 60 percent traders said that their sales volumes had decreased by 25-50 percent due to COVID-19.
- Three of ten traders reported that they may not be able to sustain operations beyond six months with seven of ten saying they would be able to continue at this rate beyond a year.

## Market Environment

### Imports, supply chain and policy support

- Although the bumper harvest of Boro rice this season replenished the food reserve for Bangladesh up to November ensuring adequate rice supply to markets, traders forecast that rice prices are unlikely to decrease up to the next harvest season December due to Aus and Aman crop losses due to the floods and monsoon.
- Government initiatives to purchase rice at higher prices to ensure rice reserve for safety nets have resulted in farmers' and millers' inclination to stock and sell to government, driving up market prices as a result.
- Lockdowns in Myanmar and heavy monsoon in India are obstructing supply of commodities such as onions but with port activities restarting, import supply chains are expected to normalize through alternative channels.
- Govt initiatives have reportedly benefitted market functionality, but limited to large, creditworthy traders. Small traders report not receiving benefits of policy support such as interest rate reductions from banks.

### Camp Markets

- Camp markets are fully functional continuing from mid-July, 2020.
- Purchasing power improved slightly and credit purchase decreased due to partial reopening of economy.
- Borrowing money and food to access essential needs have decreased as well for aforementioned partial reopening.
- Terms of trade remains to be unfavourable for demand for fresh foods and their steady increased price. On the other hand, price of chicken is decreasing and stabilizing.
- Rice, eggs and oil are being sold from assistance in lower prices.
- Re-establishment of the livelihoods activities continues to remain as the topmost concerns right now.
- Wearing of mask has increased in the camps and the e-voucher shops, which provided the refugees with increased sense of safety.

## Conclusions

- Markets are functioning well for availability and supply chain responsiveness, but the overall performance is diminished between 50 percent of functionality due to the lower assortment of goods and higher price volatility.
- Import and supply channels are experiencing a dichotomy where reopening of the economy had gradually begun to restore pre-COVID value chains but the recent floods and heavy monsoons are in turn causing new disruptions.
- Despite the partial reopening of economy, reports on consumer buying behaviour indicate that the strain on purchasing power of the population remains a major concern.
- Need for government and non-government support programs for vulnerable small traders are key concerns going forward, with traders mostly reporting need for tax relief and interest-free or subsidized bank loans.