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WFP-VAM Market Monitor

Cox's Bazar, March 2022

Key highlights

- The Ukraine crisis, which started on 24 February 2022, not only has major implications for global food security, with both Ukraine and Russia being key players in global food markets and Russia's role in global energy markets, the conflict also risks increasing food insecurity in the world's current hunger hotspots, such as Afghanistan, Ethiopia, Syria, Yemen, and Egypt.
- Although the immediate impact of the conflict in Ukraine on Bangladesh markets is still minimal in March 2022, if the conflict continues, volatility in international markets is likely to trickle down to domestic markets, with implications for access to food for the most vulnerable.
- Mixed retail price trends were observed across the Cox's Bazar district markets, with most essential commodities exerting an upward trend. Prices of rice, vegetable oil, salt, potatoes, garlic, and LPG increased, while onion, broiler chicken, eggs, tomatoes, and soybean oil prices declined or remained stable.
- The cost of a typical food basket in March 2022 (1,124 BDT) remained considerably higher than the previous month (1,101 BDT, February 2022) and the pre-Covid-19 level (839 BDT, February 2020) challenging the purchasing power of a household in Cox's Bazar District.
- The current market characteristics may be threatened by the unstable prices of key commodities plausibly driven by multiple factors like the month of Ramadan, hoarding and price gouging, ongoing lean period, higher transportation costs, and international price hikes.

Russia Ukraine crisis, Global and Bangladesh Markets:

The consequences of the conflict in Ukraine are radiating outwards, triggering a wave of collateral hunger that is spreading across the globe. The conflict comes at a time of unprecedented humanitarian needs, as climate shocks, conflict, COVID-19, and rising costs driving millions closer to starvation. In 81 countries where WFP works, acute hunger is expected to rise by 47 million people if the conflict in Ukraine continues past April 2022 – this is a staggering 17 percent jump on top of the 276 million people who already face acute hunger worldwide.¹

Food and oil price hikes are driving up WFP's global monthly operational costs by up to USD 71 million a month. Global food and fuel prices have increased sharply since the onset of the conflict – reaching an all-time high in February 2022, according to FAO's Food Price Index. The wheat sub-index of the International Grains Council (IGC)'s Grains and Oilseeds Index (GOI) - a measure of changes in major export quotations for wheat around the world - rose by 90 percent since mid-2020, by 24 percent since the start of 2022 and by 21 percent since 21 February.²



Figure 1: FAO Food Price Index (top) and IGC Grains and Oilseeds (GOI) Index(bottom)³

¹ <https://reliefweb.int/sites/reliefweb.int/files/resources/WFP-0000138155.pdf>

² <https://www.igc.int/en/markets/marketinfo-goi.aspx>

³ <http://www.amis-outlook.org/indicators/prices/en/>

According to Bangladesh Bank³, in the 2020-21 FY, goods worth USD 800 million were imported from Russia, Ukraine, and Belarus—mostly wheat, fertilizer, scrap iron, mustard, chickpeas, soybean seeds, and chemicals. Ukraine and Russia account for 30 percent of global wheat exports, 20 percent of global maize exports, and 76 percent of sunflower supplies. Bangladesh was the third major export market of wheat for both Russia and Ukraine in 2020-21 FY by importing 1.51 million Mt of wheat from Ukraine and 1.94 million Mt from Russia.⁴ According to Chattogram port records, in 2020-21 FY 41 percent of the total wheat imported through this port was from Russia and Ukraine. Bangladesh is currently exploring alternate markets to import wheat to tackle the supply chain disruption. The Bangladesh government is already providing a substantial amount of subsidies to tackle the rising fertilizer cost as the import cost almost tripled compared to 2021. The agricultural input subsidies are likely to be a burden on the government if volatility in global markets continues, eventually lowering the capacity to finance other stimulus measures⁵. The disruption in the supply chain of scrap metal already pushed the price of construction steel rods by BDT 5,000 per mt in Bangladesh markets.⁶

Russia is also the largest natural gas exporter, the world's third-largest producer of crude oil, and its second-largest exporter. Due to the recent increase in fuel prices in November 2021, the global fuel price hike might not be seen in real-time in Bangladesh. However, the global surge in energy prices and the ban on Russia's airspace will significantly increase import distance and transportation costs, including ocean freight, land, and aviation modalities. Also, a domestic increase in LNG price might hamper the electricity generation capacity as 63 percent of the country's generated electricity comes from natural gas.

On the other hand, Bangladesh's export to Russia was USD 665.31 million, primarily in Ready Made Garments (RMG), in 2020-21. Sanctions against Russian banks cutting them off from the SWIFT payment system created challenges for Bangladeshi exporters. Recessionary trends in Europe and the US could dampen demand for RMG exports increasing unemployment rates. The Ukrainian refugee inflow will likely create a labour surplus in the European labour market. This in turn might impact the demand for Bangladeshi migrant labourers in Europe and subsequently the volume of remittances to Bangladesh from Europe.

Commodity price trends in Cox's Bazar



Rice: In March 2022, the price of rice BR29 variety faced an increase of 4 percent in Cox's Bazar Sadar, 2 percent in Ukhia, and remained fairly stable in Teknaf compared to February. However, retail rice prices remained 12.5 percent lower in Cox's Bazar Upazila and 8.5 percent lower in Ukhia compared to the previous year. Overall, a sack of 50 kilograms of rice (BR29) was selling at BDT 2,450 in the wholesale markets of Cox's Bazar.



Vegetable oil: In March 2022 edible oil price was the most volatile, with the government intervening to regulate the price. The steep increase in prices is attributed to low yield in the source countries, an upsurge in the international market, and supply chains disruption due to the Ukraine crisis. Overall, March 2022 soybean oil prices were 31 percent and 6 percent more compared to March 2021 and February 2022 respectively in Cox's Bazar District. A similar upward trend was observed in mustard and palm oil prices, with retailers selling each litre of loose palm oil for BDT 157, which is about 5 percent higher than February and 12 percent higher than January 2022. Meanwhile, mustard oil was being sold at BDT 215 per litre in March 2022, a 23 percent increase compared to January 2022.



Red lentils: Red lentil prices remained elevated at 26 percent in comparison to March 2021 in Cox's Bazar. However, prices remained stable from the last month.



Poultry and Eggs: Broiler chicken prices went down by 6.3 percent from February 2022 in Cox's Bazar. On the other hand, eggs maintained previous elevated prices in March 2022 due to high demand before Ramadan. Compared to January 2022, egg prices were 13 percent higher in March 2022.



Chickpea: Although chickpea prices remained stable (BDT 75) in March 2022 compared to February 2022, the prices were up to 7 percent higher compared to 6 months ago (September 2021).



Onion: Onion prices faced a downward trend in March 2022 compared to February 2022 (10.4 percent decrease) in Cox's Bazar District. However, in contrast to last year (March 2021) onion prices were overall 6% higher in the retail markets of Cox's Bazar district.



Eggplant: Eggplant prices were BDT 30 for January and February 2022 and went down to BDT 25 in March 2022, which is 16 percent lower than the last two months and 48 percent down compared to September 2021. Traders anticipated that prices may increase during Ramadan.



Wheat Flour: The prices of wheat flour have been going up in Cox's Bazar as the ripple effect of the Ukraine crisis. Compared to February 2022, flour prices have increased by 5 percent and a 7 percent increase compared to January 2022.



LPG: In March 2022, the 12kg LPG cylinder prices observed a steep hike of 13 percent when compared to February 2022 price in Cox's Bazar markets. LPG price faced the first hike of BDT 35 in the second week of February and remained fixed for the month. In March 2022, LPG price spiked for the second time with an increase of BDT 155 when compared to February 2022. According to traders, volatility in the global energy market and the Russia Ukraine crisis prompted the government to raise the LPG price.

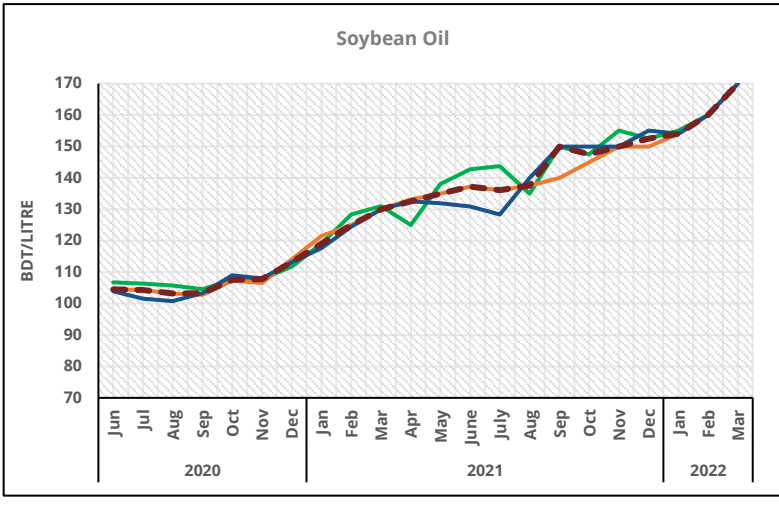
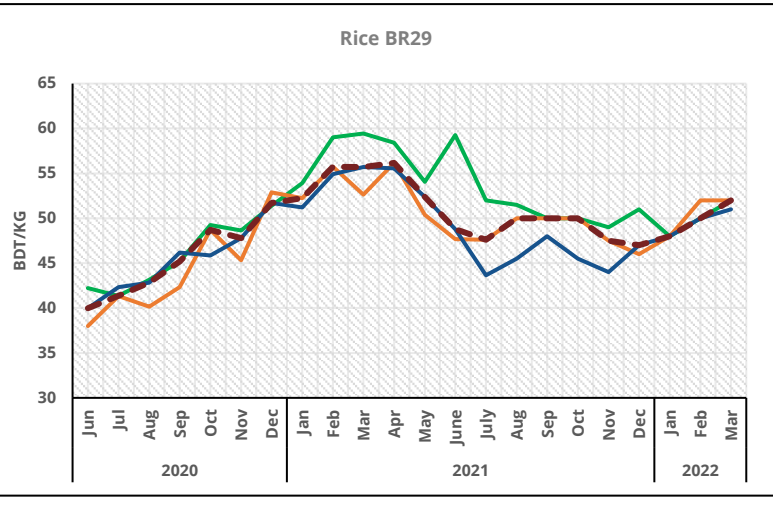
³ <https://www.bb.org.bd/en/index.php>

⁴ <https://www.fao.org/faostat/en/>

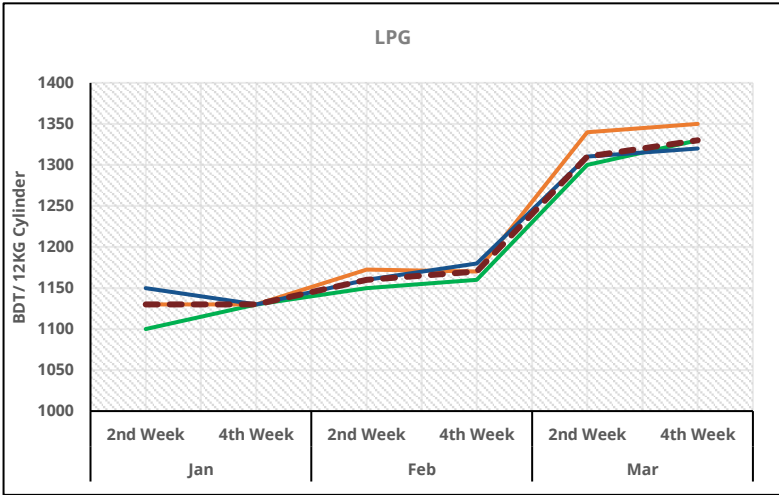
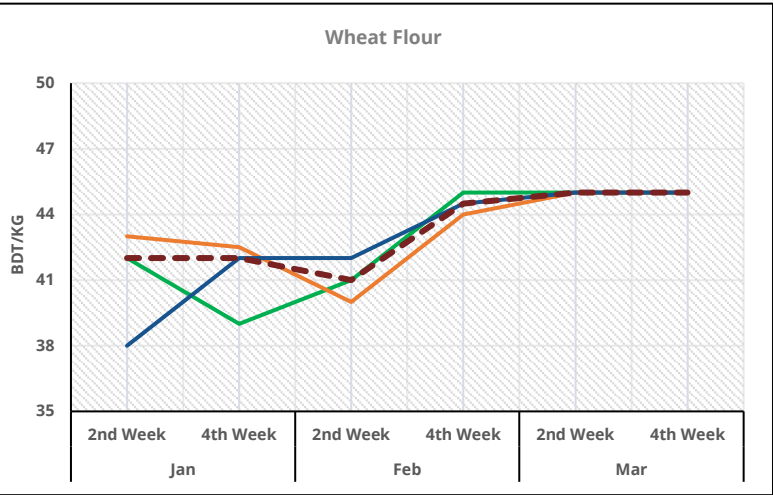
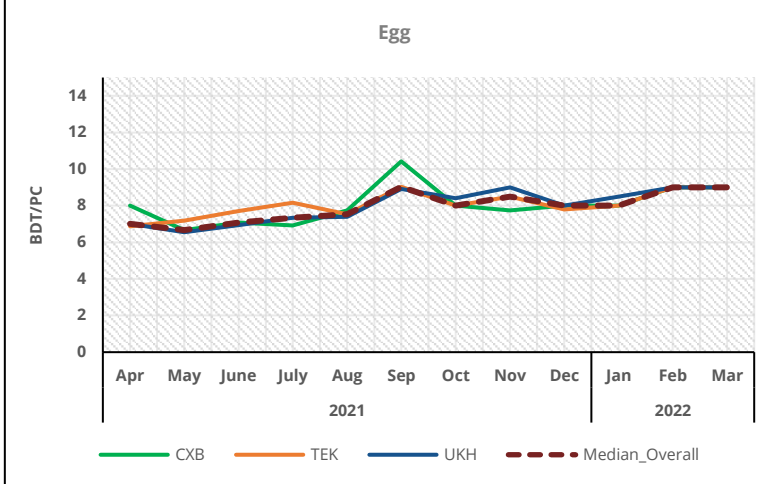
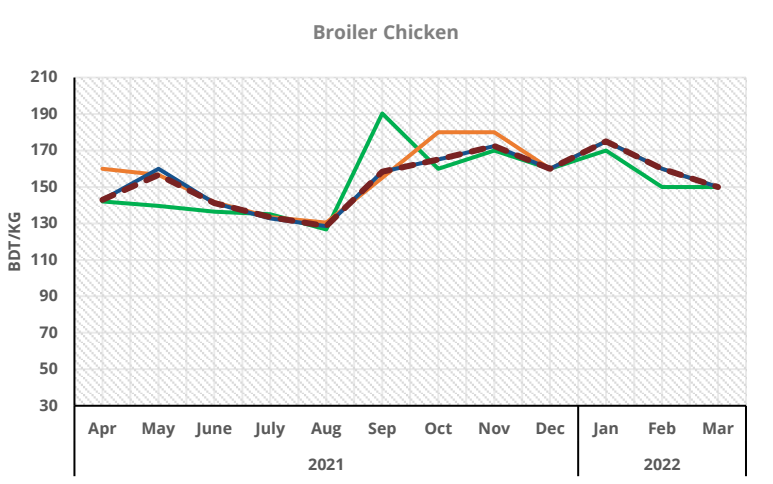
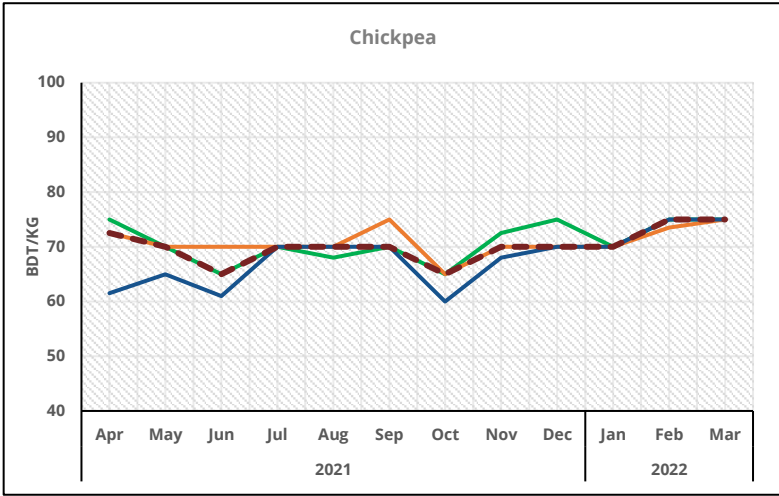
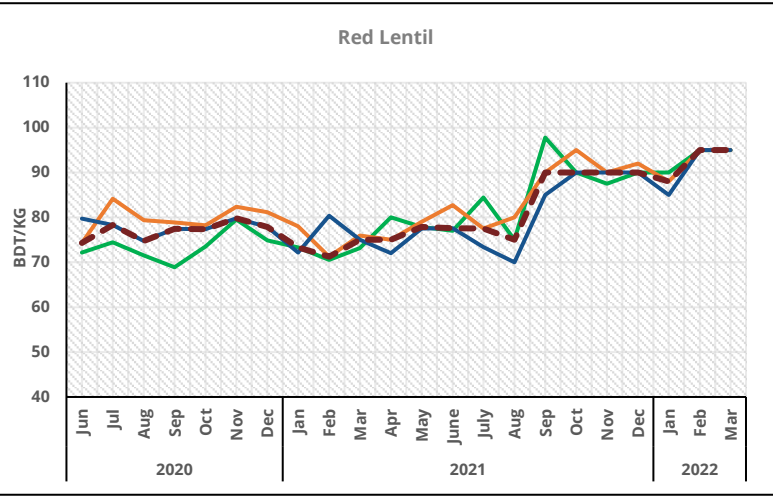
⁵ <https://www.tbsnews.net/bangladesh/fertiliser-subsidy-going-be-three-times-higher-370735>

⁶ <https://en.prothomalo.com/business/import-from-russia-and-ukraine-halts-wheat-and-rod-prices-soar>

Figure 2-9. Monthly and weekly retail market price trends over different sub-



— CXB — TEK — UKH - - - Overall



Cost of the food basket and terms of trade (ToT)⁷

In March 2022, the cost of a typical food basket in Ukhia⁸ faced an upward trend as certain key items in the basket, such as rice, imported food commodities like soybean oil, red chilli, turmeric, garlic, and sugar saw price increases. The cost of the food basket in March 2022 increased by 2 percent when compared to February 2022 and 6 percent compared to February 2021 baskets. However, when compared to the early Covid period of March 2020, the cost of the basket remains a staggering 29 percent higher in March 2022. Looking back at the cost of food basket trends for 2020 and 2021 when approaching the lean period of April-May, with the Ramadan period starting in April, the value of the cost basket may increase further in the upcoming months of 2022.

During March 2022, host communities were able to buy only 8.8 kgs of rice with a day's wage of 450 BDT⁹ in Ukhia Upazila, which is 4.6 kg lower than the early Covid-19 periods of March 2020, when with a typical day income, a household was able to buy 13.4 kgs of rice. The purchasing power¹⁰ in March 2022 slightly dropped compared to February 2022 (9 kg) but remained higher than the March 2021 (8.7 kg) level.

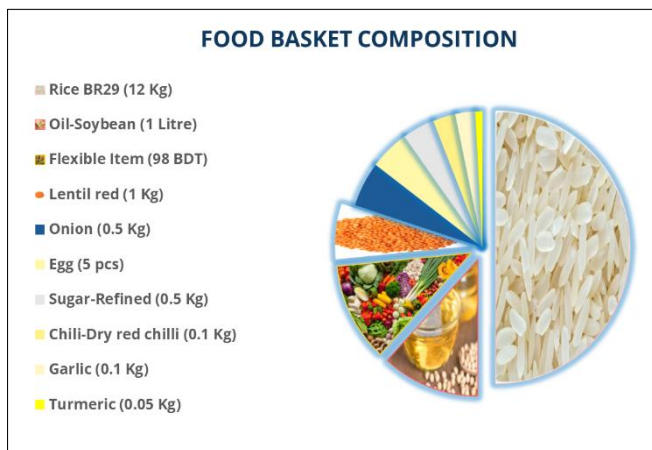


Figure-10: Composition of food basket

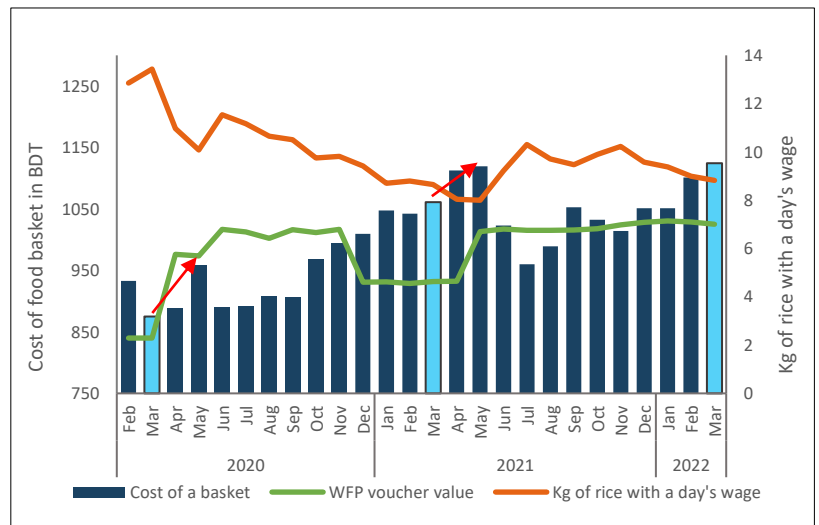


Figure-11: Cost of the food basket and purchasing

Methodology and coverage

Market price data collection activity has been conducted in Cox's Bazar since 2018, initially through face-to-face data collection. Due to Covid-19 movement restrictions, in 2020 data collection modality shifted to remote through phone surveys using the mobile-Vulnerability Analysis and Mapping (mVAM) approach. In January 2022, WFP resumed the market monitoring activity through face-to-face data collection and market visits.

A total of 598 surveys were conducted using face-to-face modality spanning across 3 Upazilas and 15 markets of Cox's Bazar District- Cox's Bazar Sadar, Ukhia and Teknaf Upazilas. For each Upazila, 5 union representative markets were selected based on their geographical distribution and strategic importance. Data collections were conducted on the second and fourth week of the month and each round took 3 days to cover the full sample size. The median prices of each of the commodities were generated after cleaning the extreme outliers by applying the $IQR \pm 3$ formula. The commodity prices were then aggregated to monthly at both the district and sub-district/Upazila level representation.

Contacts for further information

sheila.grudem@wfp.org; WFP Cox's Bazar Senior Emergency Coordinator

takahiro.utsumi@wfp.org; WFP Cox's Bazar Head of MEAL and VAM



⁷ Terms of trade (ToT) is a proxy indicator for purchasing power

⁸ The food basket value was not found to be varying from Ukhia to other sub-district or overall, as a result of which the basket value of Ukhia with the largest makeshift camp residing within was considered as the base basket value.

⁹ The rate of wage labourers varies between 400-600 BDT according to the 2016 government wage rate policy, on an average which is 450 BDT per day for the wage labourers irrespective of skilled and unskilled classification. The rate is triangulated with every month's rice price to understand the purchasing power of the consumers.

¹⁰ the purchasing power of households is calculated by measuring the ratio of the average wage rate of unskilled laborers and the average retail price of rice to indicate the amount of rice that an unskilled worker can purchase with a daily wage.

Annex I. Retail market price (median) of main commodities in different sub-districts

N.B. Some commodities in the column for 1-year price comparison are blank due to the introduction of new commodities and lack of data points

Sub-District	Commodity	Current price	Price Change			Commodity	Current price	Price Change		
			1 Month (%)	6 Month (%)	1 Year (%)			1 Month (%)	6 Month (%)	1 Year (%)
Overall	Rice BR29	52.0	4.0%	4.0%	-6.7%	Soybean Oil	170.0	6.3%	13.3%	30.8%
Cox's Bazar Sadar		52.0	4.0%	4.0%	-12.5%		170.0	6.3%	13.3%	29.8%
Ukhia		51.0	2.0%	6.3%	-8.5%		170.0	6.3%	13.3%	30.8%
Teknaf		52.0	0.0%	4.0%	-1.2%		170.0	6.3%	21.4%	30.8%
Overall	Red Lentil	95.0	0.0%	5.6%	26.7%	Onion	43.0	-10.4%	2.4%	6.0%
Cox's Bazar Sadar		95.0	0.0%	-2.8%	29.8%		43.0	-4.4%	7.5%	16.6%
Ukhia		95.0	0.0%	11.8%	26.7%		42.5	-11.5%	1.2%	3.4%
Teknaf		95.0	0.0%	5.6%	25.1%		44.0	-10.2%	-5.4%	8.4%
Overall	Chickpea	75.0	0.0%	7.1%	-	Salt	31.5	5.0%	-10.0%	-
Cox's Bazar Sadar		75.0	0.0%	7.1%	-		30.5	1.7%	-12.9%	-
Ukhia		75.0	0.0%	7.1%	-		31.5	5.0%	5.0%	-
Teknaf		75.0	2.0%	0.0%	-		32.0	6.7%	-14.7%	-
Overall	Garlic	120.0	9.1%	0.0%	-	LPG	1320.0	12.8%	20.0%	-
Cox's Bazar Sadar		120.0	9.1%	9.1%	-		1320.0	14.8%	25.7%	-
Ukhia		120.0	9.1%	0.0%	-		1317.5	12.6%	17.6%	-
Teknaf		120.0	9.1%	0.0%	-		1350.0	15.4%	22.7%	-
Overall	Broiler Chicken	150.0	-6.3%	-5.3%	-	Tilapia	180.0	0.0%	16.1%	-
Cox's Bazar Sadar		150.0	0.0%	-21.2%	-		180.0	9.1%	16.1%	-
Ukhia		150.0	-6.3%	-5.3%	-		180.0	0.0%	16.1%	-
Teknaf		150.0	-6.3%	-3.2%	-		185.0	2.8%	13.5%	-
Overall	Egg	9.0	0.0%	-0.3%	-	Cucumber	50.0	0.0%	24.3%	-
Cox's Bazar Sadar		9.0	0.0%	-13.6%	-		50.0	0.0%	25.0%	-
Ukhia		9.0	0.0%	0.9%	-		45.0	-10.0%	11.9%	-
Teknaf		9.0	0.0%	-0.3%	-		50.0	0.0%	23.2%	-
Overall	Red Chilli	255.5	6.5%	21.7%	9.1%	Potato	18.0	20.0%	-15.3%	-
Cox's Bazar Sadar		255.5	6.5%	21.7%	13.2%		18.0	28.6%	-15.3%	-
Ukhia		252.5	5.2%	26.3%	7.8%		18.5	23.3%	-9.3%	-
Teknaf		256.0	6.7%	16.4%	9.1%		18.0	20.0%	-24.1%	-
Overall	Green Chilli	50.0	25.0%	-58.8%	-	Tomato	30.0	-21.1%	-70.4%	-
Cox's Bazar Sadar		45.0	12.5%	-60.3%	-		30.0	-14.3%	-70.0%	-
Ukhia		50.0	25.0%	-58.8%	-		30.0	-25.0%	-70.4%	-
Teknaf		50.0	25.0%	-62.3%	-		30.0	-21.1%	-72.3%	-
Overall	Pumpkin	30.0	0.0%	-6.3%	-	Eggplant	25.0	-16.7%	-47.4%	-
Cox's Bazar Sadar		25.0	-16.7%	-21.9%	-		25.0	-16.7%	-47.4%	-
Ukhia		30.0	0.0%	-1.3%	-		25.0	-16.7%	-46.3%	-
Teknaf		30.0	0.0%	-7.1%	-		22.0	-26.7%	-56.0%	-

Annex 1. Retail market price of main commodities in different sub-districts

ANNEX II: Coverage map

