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WFP-VAM Market Monitor

Cox's Bazar, April 2022

Key highlights

- Global food prices¹ reached an all-time high in February 2022 and jumped another 12 percent in March, breaking the previous record peaks in 2008 and 2011. Although in April 2022 global food price index dropped slightly due to the demand rationing for vegetable oils, soaring essential food prices impact millions of families on the edge of hunger whose incomes have already been hit hard by the pandemic.
- Even though the conflict in Ukraine has had minimal influence on Bangladesh markets as of April 2022, if the conflict continues, volatility in international markets is likely to spill over into local markets, posing a threat to food access for the most vulnerable.
- Mixed retail price trends were observed across the Cox's Bazar district markets with most essential commodities maintaining inflated prices. Prices of broiler chicken, potatoes, chillies, eggplant, and LPG went up, while rice, vegetable oil, onion, egg, and garlic prices declined or remained stable.
- The cost of a typical food basket in April 2022 (1,110 BDT) remained the same level from March 2022 (1,124 BDT). However, when compared to the pre-Covid-19 level (839 BDT, February 2020), the April 2022 basket was significantly higher (+32 percent), putting a strain on a household's purchasing capacity in Cox's Bazar.
- The current market situation has been threatened by unstable prices of key commodities, driven by multiple factors, including hoarding and price gouging, ongoing lean season for staple food, higher transportation costs, and international price hikes.

Russia Ukraine crisis, Global and Bangladesh Markets:

Unlike the 2008 and 2011 food price crises, the current price hikes come in the aftermath of the pandemic's massive economic fallout and disruption of the global supply chain due to the conflict in Ukraine. This has implications for countries' ability to pay food import bills and households' ability to pay for food purchases. If global food prices continue to rise, humanitarian actors, including WFP, will be affected in two ways: it will cost more to buy food for the hungry and will increase the number of people needing food assistance.

The prices of food procured by WFP for its operations are on average 50 percent higher than they were in 2019, resulting in additional costs of USD 71 million per month, compared to 2019. The World Bank estimated that the pandemic led to 97 million more extremely poor people from pre-pandemic projections.

Major grain exporters have recently ramped up trade protectionist measures to counter domestic inflation – at the expense of tightening supplies on international markets and putting further upward pressure on international prices.

The FAO Food Price Index, a measure of the monthly change in international prices of a basket of food commodities, rose steadily over the course of 2021, and reached a record high in February 2022, exceeding the previous peak set in February 2011. The index then

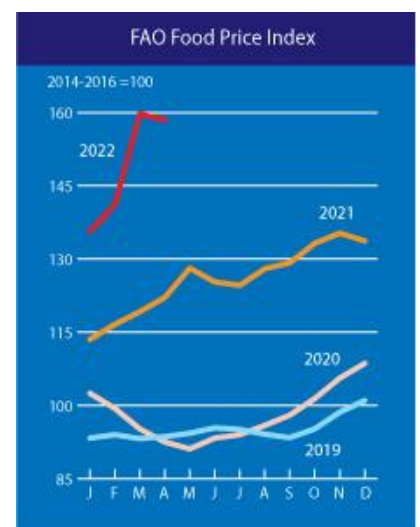


Figure 1: FAO Food Price Index

¹ <https://www.fao.org/worldfoodsituation/foodpricesindex/en/>.

rose by a further 12 percent in March 2022. In April 2022 the FAO Food Price index went down by 0.8 percent mainly led by a slight downturn in the vegetable oil and cereal sub-index due to the demand rationing for vegetable oils. The International Grains Council (IGC)'s Grains and Oilseeds Index (GOI) - a measure of changes in major export quotations around the world - rose by 34 percent compared to March 2021.² Although in April 2022, the vegetable oil index dropped by 5.7 percent, the recent embargo on exporting palm oil from Indonesia on 28th April keeps the vegetable oil market unpredictable. Bangladesh imports 80 percent of its total palm oil from Indonesia and the Bangladesh vegetable oil market remains unpredictable.

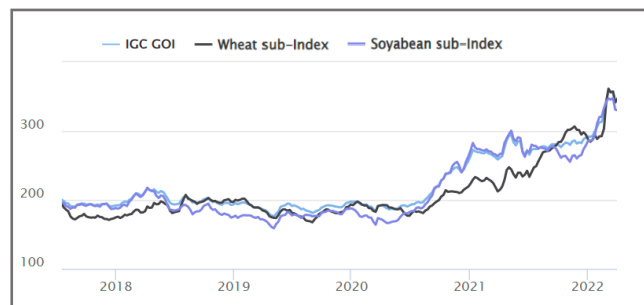


Figure 2: IGC Grains and Oilseeds Index (GOI)

World wheat prices rose sharply in March, rising by 20 percent in the month since the conflict in Ukraine set in. International wheat prices edged upwards in April, albeit marginally, increasing 0.2 percent. Continued blockage of ports in Ukraine and concerns over 2022 crop conditions in the United States kept prices elevated, but the price increases were moderated by larger shipments from India, higher-than-expected exports from the Russian Federation, and slightly dampened global demand as a result of high prices.

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. 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.

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 escalate 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.

Key Commodity price trends in Cox's Bazar



Rice: In April 2022 the retail price of rice BR29 remained somewhat similar to March 2022. Overall, the retail price of BR29 in Cox's Bazar was 51 BDT per kg, about 1.9 percent lower compared to previous month and 9.2 percent lower than the last year (April 2021).



Vegetable oil: Median soyabean oil price was 165 BDT per litre in April 2022, a 2.9 percent decrease from March 2022 and a 24.5 percent increase compared to the last year. The prices of loose mustard oil showed an upward trend in April 2022, about 13.70 percent higher than the last month (March 2022). Palm oil was sold at 160 BDT per litre in April, which was 1.58 percent higher (157.50 BDT) than in March 2022.



Wheat Flour: Flour prices remained steady (45 BDT per kg) in April 2022 in Cox's Bazar. However, according to TCB (Trading Corporation of Bangladesh)⁵ in April 2022, the price of packaged wheat flour increased 47 percent compared to the same time last year (April 2021).



Red lentils: In April 2022, red lentil price remained unchanged in the Cox's Bazar retail markets when compared to April 2022. However, prices were 5.6 percent higher than six months ago (October 2021) and 26.7 percent higher than in the same period of the last year.



Poultry and Eggs: Broiler chicken prices remained elevated by 13.3 percent from April 2022 in Cox's Bazar. Traders reported this upsurge in price was due to the high demand during the Eid season. On the other hand, the cost of farm eggs decreased by 11 percent (8 BDT) in April compared to the previous month because of less demand during Ramadan.



Chickpea: Chickpea price slightly decreased by 4 percent in April 2022 compared to March 2022. Retailers were selling chickpeas at 72 BDT per kg in Cox's Bazar retail markets. The prices were 10.8 percent higher compared to six months ago (October 2021).



Onion: Onion price decreased in April 2022 compared to March 2022. The retail price was 30.2 percent lower than the last month (March 2022) and 22.2 percent lower compared to the same period of the last year (April 2021).



Eggplant: In April 2022 eggplant prices doubled compared to March 2022 because of higher demand during Ramadan. However, compared to the same time last year (April 2021) eggplant prices were overall 8.3 percent lower.



LPG: The price of a 12 kg LPG cylinder faced an increase of 6.1 percent in April 2022 compared to March 2022 in Cox's Bazar retail markets. Compared to the same time last year (April 2022) prices of LPG increased 47.4 percent in April 2022. According to traders, volatility in the global energy market and the Russia Ukraine crisis prompted the government to raise the LPG price.

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

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

⁴ <https://www.fao.org/faostat/en/>

⁵ <http://www.tcb.gov.bd/>

Cost of the food basket and terms of trade (ToT)⁶

In April 2022, the cost of a typical food basket in Ukhia⁷ remained stable with certain key items in the basket, such as sugar and red chilli seeing an increase. Egg, onion, and spice prices decreased while other items remain unchanged. The cost of the food basket in April 2022 decreased by 1 percent when compared to March 2022 and a 1 percent increase compared to March 2021 baskets. However, when compared to the early Covid period of April 2020, the cost of the basket remains a staggering 25 percent higher in April 2022. Looking back at the cost of food basket trends for 2020 and 2021 when approaching the lean period of May, with the Eid festival at the start of May, the cost of the basket may increase further in the upcoming month.

During April 2022, typical labour in host communities was able to buy only 8.8 kg of rice with a day's wage of 450 BDT⁸ in Ukhia Upazila, which is 2.5 kg lower than the early Covid-19 periods of April 2020, when a typical day income, a household was able to buy 11 kg of rice. The purchasing power⁹ in April 2022 was the same compared to March 2022 (8.8 kg) but remained higher than the April 2021 (8.0 kg) level.

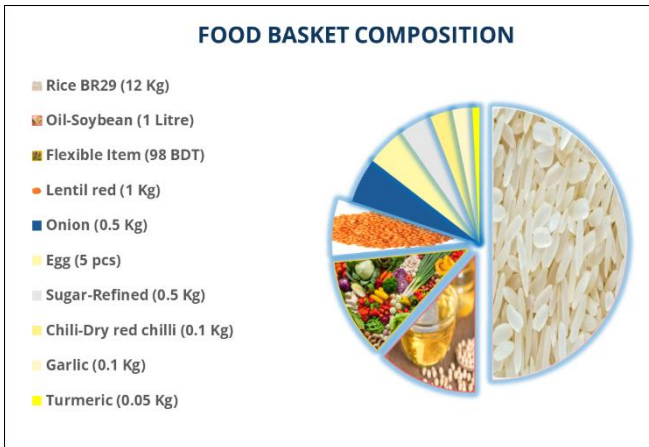


Figure-11: Composition of food basket

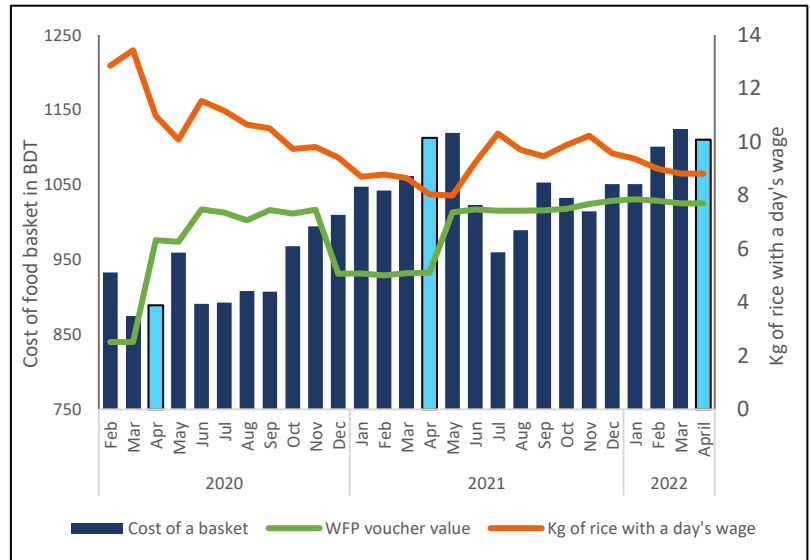


Figure-12: Cost of the food basket and purchasing power

Methodology and coverage

Market price data collection 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 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 566 surveys were conducted using face-to-face modality spanning 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 formula. The commodity prices were then aggregated monthly at both the district and sub-district/Upazila level representation.

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⁶ Terms of trade (ToT) is a proxy indicator for purchasing power

⁷ 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.

⁸ 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.

⁹ 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	51.0	-1.9%	2.0%	-9.2%	Soybean Oil	165.0	-2.9%	11.9%	24.5%
Cox's Bazar Sadar		51.0	-1.9%	2.0%	-12.7%		165.0	-2.9%	11.9%	32.0%
Ukhia		51.0	0.0%	6.3%	-8.2%		165.0	-2.9%	10.0%	24.5%
Teknaf		51.0	-1.9%	2.0%	-9.2%		165.0	-2.9%	13.8%	23.9%
Overall	Red Lentil	95.0	0.0%	5.6%	26.7%	Onion	30.0	-30.2%	-50.0%	-22.2%
Cox's Bazar Sadar		95.0	0.0%	5.6%	18.8%		30.0	-30.2%	-53.8%	-10.2%
Ukhia		95.0	0.0%	5.6%	31.9%		30.0	-29.4%	-50.0%	-22.2%
Teknaf		95.0	0.0%	0.0%	26.7%		30.0	-31.8%	-40.0%	-23.9%
Overall	Chickpea	72.0	-4.0%	10.8%	-0.7%	Salt	30.0	-4.8%	7.1%	36.4%
Cox's Bazar Sadar		72.0	-4.0%	10.8%	-4.0%		30.0	-1.6%	7.1%	36.4%
Ukhia		72.0	-4.0%	20.0%	17.1%		35.0	11.1%	16.7%	59.1%
Teknaf		72.0	-4.0%	10.8%	-0.7%		30.0	-6.3%	50.0%	0.0%
Overall	Garlic	115.0	-4.2%	-4.2%	0.0%	LPG	1400.0	6.1%	18.4%	47.4%
Cox's Bazar Sadar		115.0	-4.2%	4.5%	0.0%		1400.0	6.1%	16.7%	-
Ukhia		115.0	-4.2%	-4.2%	-4.2%		1400.0	6.3%	18.4%	-
Teknaf		115.5	-3.8%	-3.8%	5.0%		1400.0	3.7%	20.2%	47.4%
Overall	Broiler Chicken	170.0	13.3%	3.0%	18.9%	Tilapia	180.0	0.0%	12.5%	20.0%
Cox's Bazar Sadar		170.0	13.3%	6.3%	19.7%		180.0	0.0%	12.5%	20.0%
Ukhia		170.0	13.3%	3.0%	18.9%		180.0	0.0%	16.1%	23.1%
Teknaf		170.0	13.3%	-5.6%	6.3%		180.0	-2.7%	12.5%	-23.4%
Overall	Egg	8.0	-11.1%	0.0%	14.3%	Cucumber	35.0	-30.0%	16.7%	-22.5%
Cox's Bazar Sadar		8.0	-11.1%	0.0%	0.0%		35.0	-30.0%	16.7%	-20.0%
Ukhia		8.0	-11.1%	-4.8%	14.3%		34.0	-24.4%	13.3%	-24.7%
Teknaf		7.5	-16.7%	-6.3%	9.1%		35.0	-30.0%	16.7%	-34.8%
Overall	Red Chillii	270.0	5.7%	38.5%	19.6%	Potato	20.0	11.1%	0.0%	-14.8%
Cox's Bazar Sadar		270.0	5.7%	42.1%	3.1%		20.0	11.1%	0.0%	-17.1%
Ukhia		270.0	6.9%	35.0%	28.6%		20.0	8.1%	0.0%	0.8%
Teknaf		270.0	5.5%	38.5%	19.6%		20.0	11.1%	0.0%	-14.8%
Overall	Green Chillii	57.0	14.0%	-52.5%	35.7%	Tomato	30.0	0.0%	-78.2%	-18.2%
Cox's Bazar Sadar		51.5	14.4%	-57.1%	7.1%		30.0	0.0%	-77.8%	-34.4%
Ukhia		57.0	14.0%	-52.5%	48.7%		30.0	0.0%	-78.6%	-16.7%
Teknaf		58.0	16.0%	-58.6%	38.1%		31.0	3.3%	-77.5%	-15.5%
Overall	Pumpkin	30.0	0.0%	-14.3%	11.8%	Eggplant	50.0	100.0%	25.0%	-8.3%
Cox's Bazar Sadar		30.0	20.0%	0.0%	11.8%		50.0	100.0%	25.0%	-18.0%
Ukhia		30.0	0.0%	-14.3%	24.1%		50.0	100.0%	25.0%	12.1%
Teknaf		30.0	0.0%	-14.3%	0.0%		50.0	127.3%	0.0%	-8.3%

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

