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WFP-VAM Market Monitor

Cox's Bazar, June 2022

Key highlights

- A global food crisis fuelled by conflict, climate shocks and the COVID-19 pandemic is growing because of the ripple effects of the war in Ukraine driving rising prices of food, fuel and fertilizer, putting vulnerable populations at risk, creating a band of instability that wraps around the globe, including Bangladesh.
- In June 2022, global food prices¹ dropped 2.3 percent month-on-month, marking the third consecutive monthly decline, although still 29.0 points (23.1 percent) above its value in the corresponding month last year. All food indices remain very close to the record high hit in March 2022.
- The annual inflation rate in Bangladesh shot up to 7.4 percent in May of 2022 from 6.3 percent in the previous month. It was the highest inflation rate since May of 2014, underpinned by soaring prices of food (8.3 percent in May vs 6.2 percent in April).
- Wheat is the main imported cereal² and imports cover 80 percent of the country's wheat requirements. The increase in the price of wheat was due to international price increases, high transportation costs, and a slowdown in imports from Ukraine, Russia, and India with its continued ban on wheat exports.
- In Cox's Bazar district retail markets, most essential commodities exhibit an upward trajectory of price trends in June 2022. Month-on-month base prices of rice, eggs, onion, salt, lentils, red chilli, and beef went up, while soybean oil and potato prices remained unchanged or slightly declined. The recent price decline of soybean oil is attributed to the decline of international market price driven by temporarily reduced demand in China amid prolonged COVID-19 lockdowns (the top edible oil consumer).
- The cost of a typical food basket in June 2022 (BDT 1,181) was 3 percent higher than in May 2022 (BDT 1,147) and 15 percent higher than in June 2021 (BDT 1,023). When compared to the post-COVID-19 level (BDT 891, June 2020), the June 2022 basket was significantly higher (+33 percent), putting a strain on a household's purchasing capacities in Cox's Bazar.

Russia-Ukraine crisis, Global and Bangladesh Markets:

The war in Ukraine has been a major shock to global commodity markets. The supply of several commodities has been disrupted, leading to sharply higher prices, particularly for energy, fertilizers, and some grains. The post-pandemic recovery was already fragile and the Russia-Ukraine crisis has worsened the situation; this has led to a broad-based rise in commodity prices that began in mid-2020 with a surge in demand driven by receding concerns about the COVID-19 pandemic. Global hunger rose further in 2021 and now affects up to 828 million people, according to the latest Report on the State of Food Security and Nutrition in the World (SOFI) in July 2022³. Up from 765 million in 2020, this new increase follows a sharp rise in the previous year and sets the stage for a year of unprecedented needs. These worrying trends dispel any lingering doubts that the world is moving backwards in its efforts to end hunger. Projections for 2030 indicate that nearly 670 million people will still be facing hunger, the same as in 2015 when the 2030 Agenda was launched. The conflict in Ukraine, involving two of the biggest producers of cereals, gas, and fertilizer, has caused a major upheaval in global food and energy markets. With food prices already at their highest in a decade

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

² <https://www.fao.org/giews/countrybrief/country.jsp?code=BGD>

³ <https://www.wfp.org/publications/state-food-security-and-nutrition-world-sofi-report-2022>

and economic growth slowing, the conflict is pushing the global food crisis to a new level. Conflict, frequent climate extremes, and economic uncertainty, combined with growing inequalities have delivered the hardest blow to world hunger. Since the outbreak of the pandemic in 2020, the number of hungry people has increased by about 150 million.

The FAO Food Price Index (FFPI) averaged 154.2 points in June 2022, down 3.7 points (2.3 percent) from May, marking the third consecutive monthly decline, although still 29.0 points (23.1 percent) above its value a year ago. The drop in June reflected declines in the international prices of vegetable oils, cereals, and sugar, while dairy and meat prices increased. After reaching a near-record level in May, international wheat prices fell by 5.7 percent in June but were still up 48.5 percent from their values last year. The decline in June was driven by seasonal availability from new harvests in the northern hemisphere, improved crop conditions in some major producers, including Canada, higher production prospects in the Russian Federation, and slower global import demand. Wheat is the main imported cereal and imports cover 80 percent of Bangladesh's wheat requirements. In the 2022/23 marketing year, wheat import requirements are estimated at 6.7 million tonnes, 6 percent above the five-year average reflecting the rising demand for food use due to a gradual shift in local diet preferences. International palm oil prices declined for the third consecutive month in June, as a seasonally rising output of major producing countries coincided with prospects of increasing export supplies from Indonesia amid large domestic inventories.

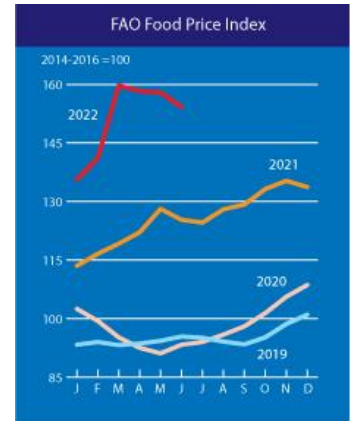


Figure 1: FAO Food Price Index (FFPI)

In the meantime, world sunflower and soybean oil price quotations also declined, tied to subdued global import demand in the wake of rising costs observed in recent months.

The annual inflation rate in Bangladesh shot up to 7.4 percent in May of 2022 from 6.3 percent in the previous month. It was the highest inflation rate since May of 2014, underpinned by soaring prices of food (8.30 percent in May vs 6.2 percent in April). Meanwhile, the cost of non-food products declined slightly (6.1 percent in May vs 6.4 percent in April). On a monthly basis, consumer prices were down by 1 percent, the most since May last year, after increasing 0.7 percent in the previous month.



Figure 2: Bangladesh Inflation Rate

Key Commodity price trends in Cox's Bazar



Rice: In June 2022, the price showed stable behaviour with BDT 51 per kg in markets across Cox's Bazar sub-district, which was about 2 percent higher than May 2022 and 4.5 percent higher than the same time last year, June 2021. Despite the peak season of Boro, the price was slightly higher due to the impact of crop losses from floods and unfavourable weather.



Vegetable oil: The price of bottled fortified soybean oil price remained stable and the median soybean oil price was BDT 200 per litre in June 2022, having a 31 percent increase across the last six months (Dec 2021-May 2022). This was 45.7 percent higher compared to last year, June 2021. The reason behind the recent stability of soybean oil prices across the last 2 months was the declining price trend in the international market. Palm oil price was successively seeing a steep upward trend within the period of January to May 2022, but in June 2022 traders sold palm oil per litre at BDT 163, which was BDT 8.4 lower than the last month (May 2021). The reason was the gradually decrease in the palm oil price in the global market.



Wheat Flour: The price of wheat increased by 11 percent (BDT 50 per kg) all over Cox's Bazar in June 2022 due to a supply crisis in local markets. According to the traders, Russia's war on Ukraine alongside India's ban on exports has contributed to a rise in flour prices at both the wholesale and retail levels. Officials from the Directorate General of Food are struggling to collect wheat at the government-fixed BDT 28 per kg price to stock for rationing this year as farmers are selling wheat in the open market at a higher price adjusted with the international market⁴.



Red lentils: In June 2022, the price of red lentils marginally increased by 4.2 percent in Cox's Bazar, compared to May 2022, and currently selling at BDT 100 per kg. This price was 11 per cent higher than the last six months and 28.9 per cent higher than the previous year, June 2021.



Poultry, Meat, and Eggs: Prices of broiler chicken went down in Cox's Bazar in June 2022. In June 2022, broiler chicken was selling at BDT 155 per kg from BDT 160 per kg a month ago, which is about 3 percent lower than May 2022. The rationale behind the sudden decrease in price was an adequate supply of chicken all over Cox's Bazar. On the other hand, the price of eggs increased by BDT 1 per piece (retail price was BDT 10 per piece), which was about 11 percent more than May 2022. The reason was the ripple effect of frequent hikes in poultry feed prices.



Onion: Onion prices have shot up by 45 percent in June 2022 compared to May 2022. The retail price was BDT 58, which was 28.9 percent higher than the last six months (December 2021 to May 2022) and increased by 36.2 percent than last year June 2021. Reportedly, onion imports have been suspended and stockpiling by households in preparation for Eid also exerted demand amidst supply disruptions, contributing to the rise in prices.



LPG: LPG price was down by 8.5 percent (BDT 1,260 for 12 kg) compared to the previous month (May 2022) in Cox's Bazar retail markets. This was the lowest price since March 2022. Compared to the same time last year, the prices of LPG increased by 32.6 percent. In Bangladesh, LPG prices are adjusted each month based on the international market price.

⁴ <https://thefinancialexpress.com.bd/>

Other commodities: Mixed price trends were observed across the markets. The prices of red chilli, mung beans, salt, dry fish, pangas fish, tilapia fish, and milk powder have increased. There were also price increases for vegetables such as carrots, cucumbers, tomatoes, green chilli, bean-hyacinth (shimer bichi), potatoes, eggplants, papayas (green), pumpkins, etc., compared to last month (May 2022). The prices of chickpeas, turmeric, and malta remained stable. Garlic and lemon prices slightly declined. Reportedly, prices of some non-food items also escalated, for instance, bathing soap bars, laundry detergent, petrol, sanitary napkins, etc.

Figure 3 : Price of Rice BR29 (2020-2022)

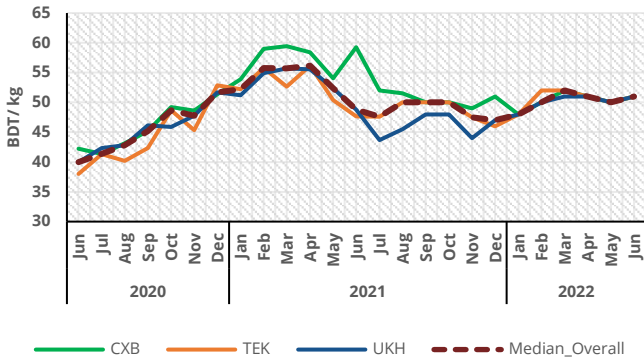


Figure 4: Price of Onion (2020-2022)

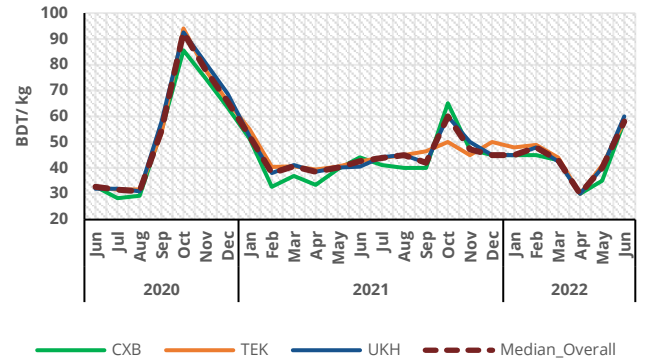


Figure 5: Price of Red Lentil (2020-2022)

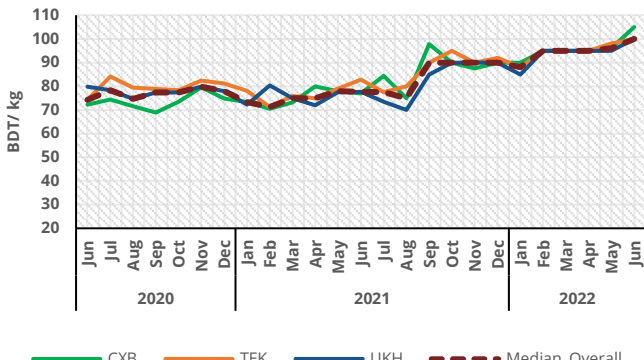


Figure 6: Price of Soybean Oil (2020-2022)

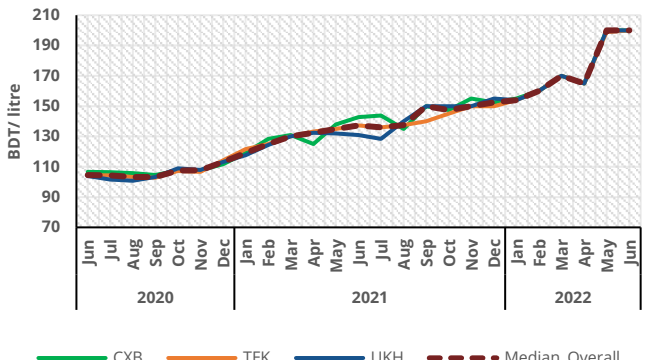


Figure 7: Price of Broiler Chicken (2021-2022)

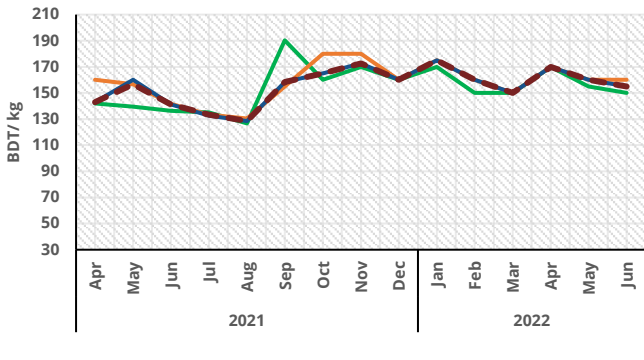


Figure 8: Price of Egg (2021-2022)

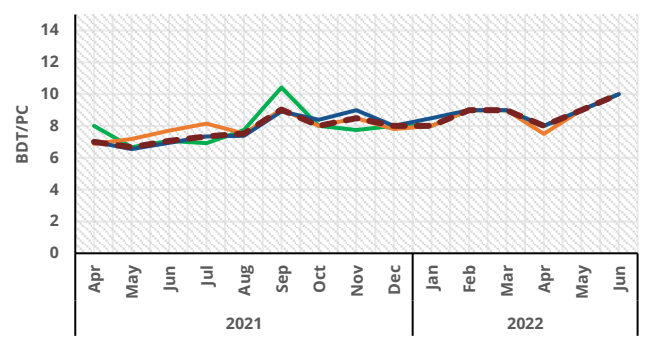


Figure 9: Price of Garlic imported (2021-2022)

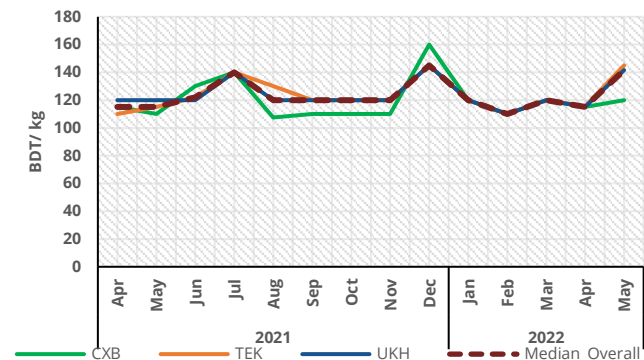
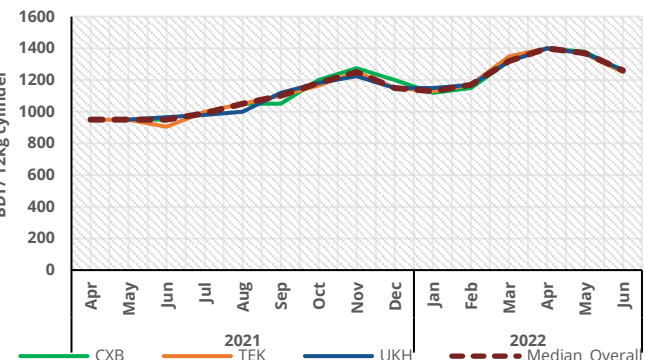
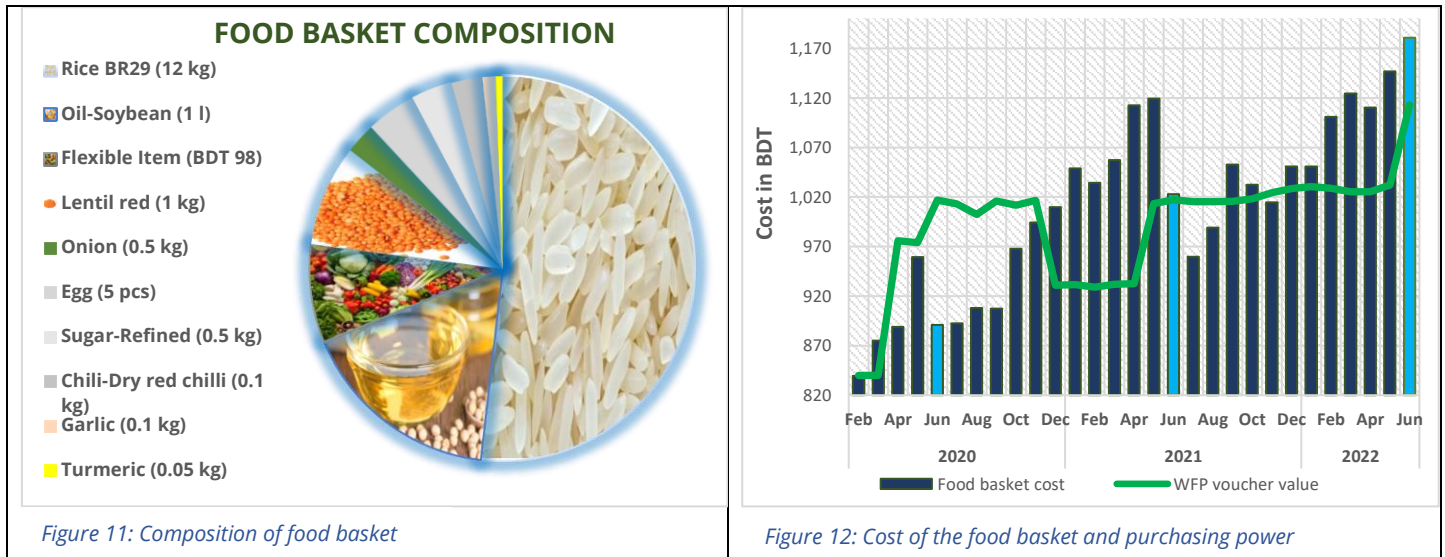


Figure 10: Price of LPG (2021-2022)



Cost of the food basket and terms of trade (ToT)⁵

In June 2022, the cost of a typical food basket in Ukhiya⁶ faced an upward trend as certain key items in the basket, such as onion, egg, garlic, and red chilli, saw an increase in prices. Due to the harvest season, a slight decrease was observed in rice prices while other items remain unchanged. The cost of the food basket in June 2022 increased by 3 percent when compared to May 2022 and a 15 percent increase compared to June 2021. However, when compared to June 2020 which was after the onset of COVID-19, characterised by severe movement restrictions, the cost of the food basket in June 2020 was 33 percent higher. Looking back at the cost of food basket trends for 2020 and 2021, the cost of the food basket should be expected to go down when approaching the harvest season in June, but considering global market volatility, supply chain issues, high fuel and transport costs, a reprieve in the cost of basket remains uncertain.



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 624 surveys were conducted using face-to-face modality spanning 3 sub-districts (upazilas) and 15 markets of Cox's Bazar District- Cox's Bazar Sadar, Ukhiya and Teknaf. For each sub-district, 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 level representation.

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⁵ Terms of trade (ToT) is a proxy indicator for purchasing power

⁶ The food basket value was not found to be varying from Ukhiya to other sub-district or overall, as a result of which the basket value of Ukhiya with the largest makeshift camp residing within was considered as the base basket value.

Annex I. Retail market price (median) in June 2022 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	2.0%	▲	8.5%	▲	4.5%	▲	Soybean Oil	200.0	0.0%	▲	31.1%	▲	45.7%	▲
Cox's Bazar Sadar		51.0	2.0%	▲	0.0%	▲	-13.9%	▼		200.0	0.0%	▲	31.1%	▲	40.1%	▲
Ukhiya		51.0	2.0%	▲	8.5%	▲	4.5%	▲		200.0	0.0%	▲	29.0%	▲	52.7%	▲
Teknaf		51.0	2.0%	▲	8.5%	▲	4.5%	▲		199.0	0.5%	▲	33.3%	▲	45.7%	▲
Overall	Red Lentil	315.0	10.5%	▲	43.2%	▲	39.2%	▲	Onion	40.0	45.0%	▲	28.9%	▲	36.2%	▲
Cox's Bazar Sadar		315.0	10.5%	▲	43.2%	▲	39.2%	▲		35.0	65.7%	▲	28.9%	▲	31.6%	▲
Ukhiya		310.0	8.8%	▲	55.0%	▲	33.1%	▲		40.0	50.0%	▲	33.3%	▲	48.1%	▲
Teknaf		320.0	14.3%	▲	28.0%	▲	47.7%	▲		41.0	41.5%	▲	16.0%	▲	36.2%	▲
Overall	Sugar	80.0	0.0%	▲	0.0%	▲	14.3%	▲	Salt	32.0	6.7%	▲	-1.5%	▲	6.7%	▲
Cox's Bazar Sadar		80.0	0.0%	▲	0.0%	▲	14.3%	▲		32.0	6.7%	▲	0.0%	▲	6.7%	▲
Ukhiya		80.0	0.0%	▲	0.0%	▲	14.3%	▲		32.0	-8.6%	▼	-1.5%	▲	-8.6%	▼
Teknaf		80.0	0.0%	▲	-3.0%	▲	14.3%	▲		35.0	16.7%	▲	0.0%	▲	16.7%	▲
Overall	Garlic	141.5	23.0%	▲	17.9%	▲	23.0%	▲	LPG	1260.0	-8.0%	▼	9.6%	▲	32.6%	▲
Cox's Bazar Sadar		120.0	4.3%	▲	9.1%	▲	9.1%	▲		1260.0	-8.5%	▼	5.0%	▲	32.6%	▲
Ukhiya		141.5	23.0%	▲	17.9%	▲	17.9%	▲		1260.0	-8.0%	▼	9.6%	▲	30.6%	▲
Teknaf		145.0	25.5%	▲	20.8%	▲	26.1%	▲		1250.0	-8.4%	▼	8.7%	▲	38.1%	▲
Overall	Broiler Chicken	155.0	-3.1%	▲	-3.1%	▲	9.7%	▲	Tilapia	175.0	-2.8%	▲	9.4%	▲	1.8%	▲
Cox's Bazar Sadar		150.0	-3.2%	▲	-6.3%	▼	10.0%	▲		175.0	-2.8%	▲	9.4%	▲	1.8%	▲
Ukhiya		155.0	-3.1%	▲	-3.1%	▲	9.7%	▲		180.0	0.0%	▲	12.5%	▲	20.0%	▲
Teknaf		160.0	0.0%	▲	0.0%	▲	12.9%	▲		175.0	-2.8%	▲	2.9%	▲	-1.4%	▲
Overall	Egg	10.0	11.1%	▲	25.0%	▲	41.4%	▲	Cucumber	25.0	-28.6%	▼	-16.7%	▼	-29.9%	▼
Cox's Bazar Sadar		10.0	11.1%	▲	25.0%	▲	41.4%	▲		25.0	-28.6%	▼	0.0%	▲	-9.7%	▼
Ukhiya		10.0	11.1%	▲	25.0%	▲	44.2%	▲		24.0	-29.4%	▼	-20.0%	▼	-36.6%	▼
Teknaf		10.0	11.1%	▲	28.2%	▲	29.6%	▲		25.0	-28.6%	▼	-28.6%	▼	-29.9%	▼
Overall	Red Chilli	285.0	5.6%	▲	50.0%	▲	23.1%	▲	Potato	20.0	0.0%	▲	-14.9%	▼	-14.2%	▼
Cox's Bazar Sadar		285.0	5.6%	▲	50.0%	▲	16.7%	▲		20.0	0.0%	▲	-14.9%	▼	-13.0%	▼
Ukhiya		285.0	5.6%	▲	46.2%	▲	23.1%	▲		20.0	0.0%	▲	-9.1%	▼	-14.2%	▼
Teknaf		280.0	3.7%	▲	47.4%	▲	27.9%	▲		20.0	0.0%	▲	-20.0%	▼	-17.4%	▼
Overall	Green Chilli	55.0	-3.5%	▲	-21.4%	▼	35.5%	▲	Tomato	48.0	60.0%	▲	-63.8%	▼	9.2%	▲
Cox's Bazar Sadar		55.0	6.8%	▲	10.0%	▲	79.3%	▲		48.0	60.0%	▲	-63.8%	▼	9.2%	▲
Ukhiya		58.0	1.8%	▲	-17.1%	▼	33.1%	▲		48.0	60.0%	▲	-63.1%	▼	-1.3%	▲
Teknaf		50.0	-13.8%	▼	-58.3%	▼	23.2%	▲		50.0	61.3%	▲	-64.3%	▼	24.0%	▲
Overall	Pumpkin	30.0	0.0%	▲	-14.3%	▼	20.0%	▲	Eggplant	35.0	-30.0%	▼	-12.5%	▼	5.0%	▲
Cox's Bazar Sadar		30.0	0.0%	▲	-14.3%	▼	24.8%	▲		35.0	-30.0%	▼	0.0%	▲	14.1%	▲
Ukhiya		30.0	0.0%	▲	-14.3%	▼	0.0%	▲		36.5	-27.0%	▼	-8.8%	▼	-3.6%	▲
Teknaf		30.0	0.0%	▲	-25.0%	▼	20.0%	▲		35.0	-30.0%	▼	-30.0%	▼	5.0%	▲

