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BANGLADESH MARKET MONITOR

JULY 2022

Key Messages

- The annual food inflation rate in Bangladesh declined slightly to 8.2 percent in July 2022, down from the eight-year high of 8.4 percent in June.
- Fuel oil prices have been allowed to increase by about 50 percent in early August, by the government; the highest in 20 years, while fuel and electricity rationing (load-shedding) were imposed across the country starting mid-July.
- In the domestic retail markets, most essential commodities exhibit a mixed trajectory of price trends in July 2022. Month-on-month base prices of rice, wheat flour, potato, red chili, and tomato went up, while vegetable oil, onion, garlic, chicken, eggs, and sugar prices declined or remained unchanged.
- In Cox’s Bazar, the cost of a typical food basket in July 2022 (BDT 1,161) was 2 percent lower than in June 2022 (BDT 1,181) but 21 percent higher than in July 2021. Compared to the early COVID-19 level (BDT 892, July 2020), the July 2022 food basket cost was significantly higher (+30 percent), putting a strain on a household’s purchasing capacities.

Ukraine crisis and Global Markets – Impact on Bangladesh:

The war in Ukraine has shocked global commodity markets, disrupting the supply of several commodities, and leading to higher prices, particularly in food grains but also for fuel and fertilizers essential for food production, processing and transport. The already fragile post-COVID-19 pandemic recovery was worsened by the Ukraine crisis. Pandemic-driven hunger rose further in 2021 and now affects 828 million people globally according to the July 2022 Report on the State of Food Security and Nutrition in the World (SOFI)¹. Conflict, frequent climate extremes, economic uncertainty and growing inequalities have delivered hard blows to world hunger.

In July 2022, global food prices (FAO FFPI²) dropped 8.6 percent from their June 2022 level, mostly driven by

significant drops in vegetable oil and cereal indices, although still 13.1 percent above its value in the corresponding month last year. The effect of the decline has yet to be seen in Bangladesh's domestic markets. Rice prices have remained elevated despite a good harvest; restrictions on import facilities and currency depreciation have kept the price of imported goods such as edible oil, lentils, and poultry feed high; and climatic shocks and higher transportation costs also caused vegetable and fresh commodity prices to rise. Domestic prices of wheat flour (locally called “Atta”) remained at near-record levels. The high domestic prices mostly reflect increases in international prices, high fuel costs, climate shocks and a slowdown in imports.

¹ <https://www.wfp.org/publications/state-food-security-and-nutrition-world-sofi-report-2022>

² <https://www.fao.org/worldfoodsituation/foodpricesindex/en/>

Global food Indices

The FAO Food Price Index (FFPI), which measures the monthly changes in international prices of a basket of food commodities, averaged 140.9 points in July 2022, decreased by 8.6 percent (13.3 points) from June, marking the fourth consecutive monthly decline. Nevertheless, it remained 13.1 percent (16.4 points) above its value in the corresponding month last year. The International Grains Council's (IGC) Grains and Oilseeds Index (GOI)³ - a measure of changes in major export quotations for a basket of commodities worldwide - averaged 308 points in July 2022, down by 10.2 percent from June but remained 13.4 percent higher than the same period last year. July had the steepest

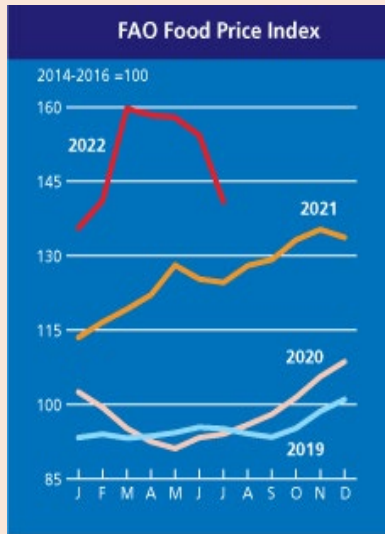


Figure 1: FAO Food Price Index (FFPI)

monthly decline in the value of the index since October 2008, led by significant drops in vegetable oil and cereal indices, while those of sugar, dairy and meat also fell to a lesser extent. The decline in indices in July was driven by a Ukraine and the Russian Federation agreement to unblock Ukraine's main Black Sea ports, indicating the imminent resumption of grain exports from Ukraine, increased seasonal availabilities in Canada, Argentina, and Brazil, ample export availabilities out of Indonesia (the world's leading palm oil exporter), lower crude oil prices, and slower global import demand.

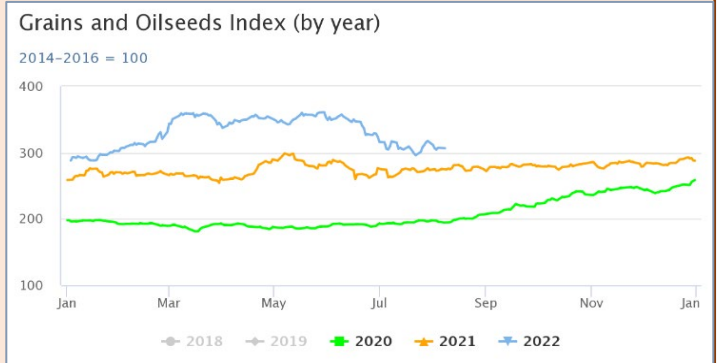


Figure 2: International Grains Council Grains and Oilseeds Index (GOI)

Bangladesh Economy, Inflation and Seasonality:

The country's foreign exchange reserves stood at USD 39.77 billion in July 2022, down from USD 46.15 billion in December 2021; for the first time in two years the reserve dropped below USD 40 billion. Imports in July 2022 fell by 31 percent from June down to USD 5.50 billion. Bangladesh's export earnings⁴ increased by around 15 percent in July 2022, reaching USD 3.98 billion.

The annual food inflation rate⁵ in Bangladesh declined slightly to 8.2 percent in July 2022, down from the eight-year high of 8.4 percent in June. Annual inflation of non-food products increased to 6.4 percent in July versus 6.3 percent in June.

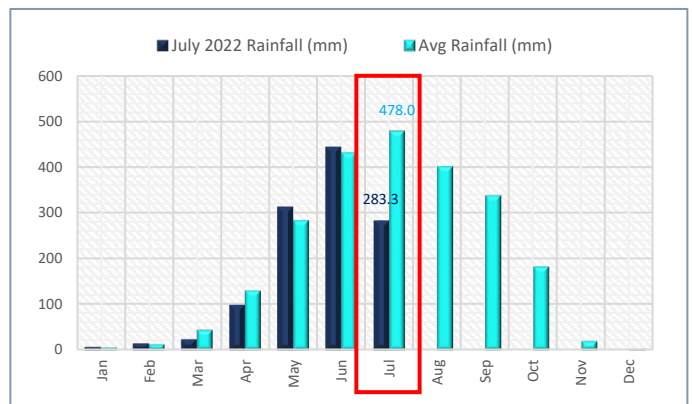


Figure 4: July 2022 Rainfall vs 20 years average rainfall

In July 2022, Bangladesh saw the lowest July rain in 41 years, according to Bangladesh Meteorological Department (BMD). The accumulated rainfall for July was recorded at 283 mm, 41 percent lower than the 20-year average. The average maximum temperature was recorded at 33.7 degrees Celsius - a 2.6 degrees increase from the 30-year average. These climate factors and increased fertilizer prices might severely affect the upcoming agricultural season (Aman).

From mid-July, the government-imposed fuel and electricity rationing (load-shedding) across the country. In combination with unstable dollar rates, might jeopardise the country's manufacturing sector and impact the economy widely.

The Open Market Sales (OMS) of food commodities at subsidized prices and food distribution through the Public Food Distribution System continue across the country for vulnerable households.

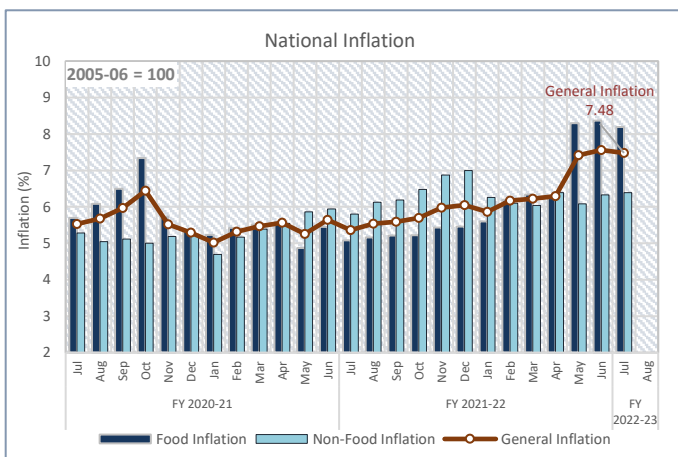


Figure 3: Bangladesh Inflation

³ <https://www.igc.int/markets/marketinfo-goi.aspx>

⁴ Bangladesh Export Promotion Bureau: <http://www.epb.gov.bd/>

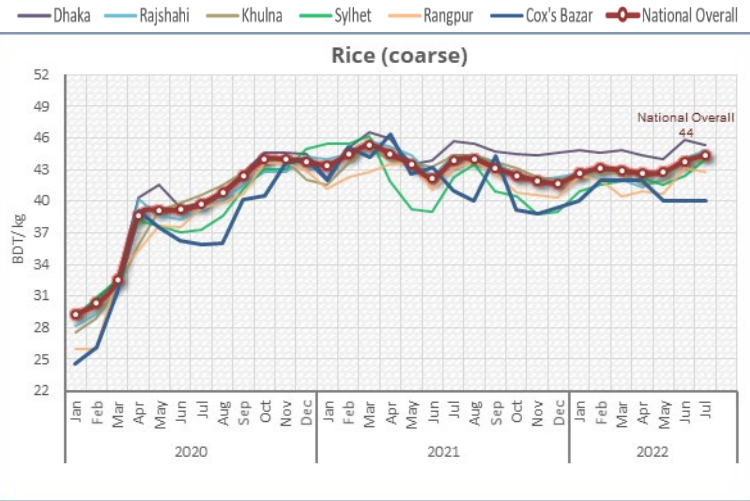
⁵ Inflation data source: Bangladesh Bureau of Statistics: <http://www.bbs.gov.bd/site/page/29b379ff-7bac-41d9-b321-e41929bab4a1>

National Price Trends for Key Commodities⁶:



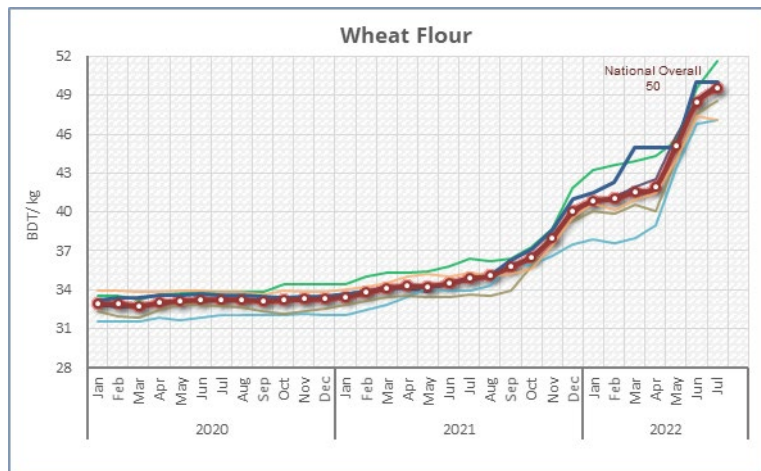
Rice:

- The average retail price of coarse rice in domestic markets stood at BDT 44.4 per kg, 1.3 percent higher than the previous month.
- Coarse rice retail prices are 8 to 15 percent higher depending on rice quality and variety – than in July 2020.
- In Cox's Bazar retail price of the BR 29 variety remained unchanged from June 2022 but was still 7.1 percent higher than July 2021.
- Despite considerable government effort, average retail prices of coarse rice continued to show a steady upward trend in spite of satisfactory national production and imports.



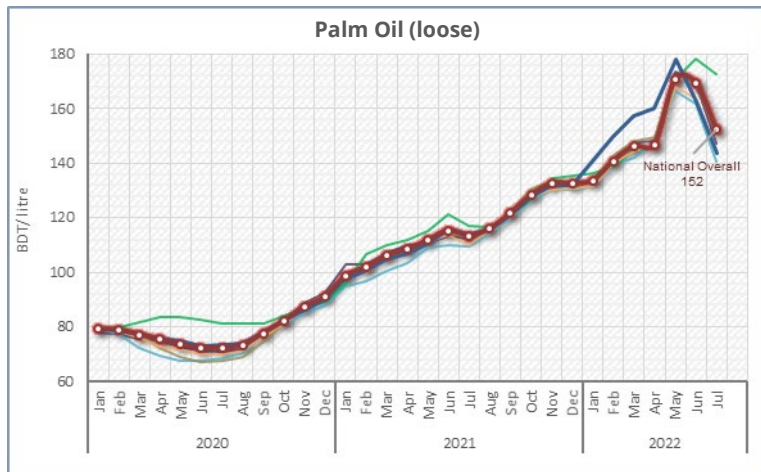
Wheat Flour:

- After a sharp increase of 7.4 percent in June, prices of packet wheat flour increased by another 2.4 percent and reached BDT 50 per kg in July 2022.
- The price of wheat flour was 43 percent higher year on year and, compared to July 2022, the price was 49.1 percent higher.
- Prices in Cox's Bazar retail markets remained similar to national prices varying from BDT 47 to 52 per kg.
- In previous years, most of the country's wheat was imported from India, Russia, and Ukraine.



Vegetable oil:

- Average prices of palm oil started to decline in June after a record high of BDT 171 per litre in May 2022 and stood at BDT 152 per litre in July 2022 – a 10.1 percent decrease from the previous month. However, the national average price was still 34.3 percent higher compared to July 2021.
- In Cox's Bazar retail markets, bottled fortified soybean oil prices remained unchanged at BDT 200 per litre, compared to the previous month, but 47 percent higher than in July 2021.
- Palm and soybean oil are the dominating edible oil in the country. Around 90 percent of raw materials for edible oil are imported from Indonesia, Malaysia, Brazil, and Argentina.



Red lentils:

- The average national retail price of imported red lentils was BDT 102 per kg. Although stable in July, the average price was 35 percent higher year-on-year and 38 percent higher compared to the early COVID-19 period of July 2020.
- A similar trend was observed across Cox's Bazar retail markets. According to traders, global market volatility, supply chain disruptions, and high fuel costs-both domestic and freight costs are contributing to the high price of red lentils.
- Imports meet as much as 80 percent of the red lentil requirements. Most of which are imported into the country from Canada and Australia. Yearly local production can on average only meet the demand for 2 to 3 months.

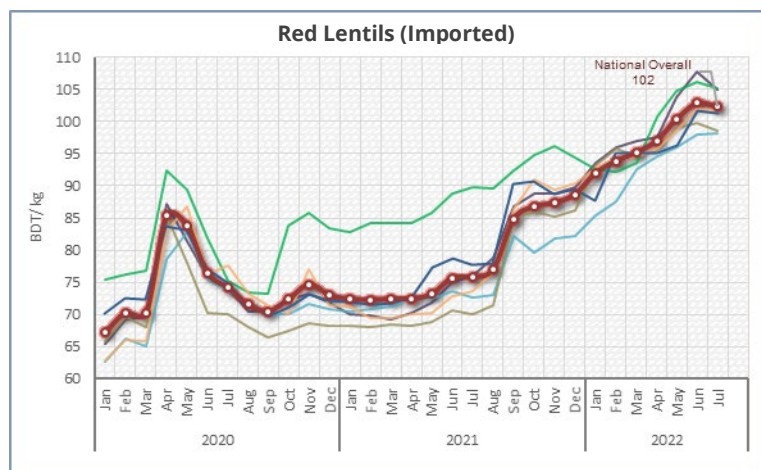


Figure 5-8. National monthly retail market price trends*

⁶ Data Source- Department of Agricultural Marketing- <http://www.dam.gov.bd/>

*Barisal and Chattogram trend lines are not shown in the graph as prices are similar to Khulna and Cox's Bazar accordingly

Cox's Bazar Price Trend (Sub-National)



Poultry, Meat, and Eggs: In July 2022, prices of broiler chicken remained unchanged at BDT 155 per kg across Cox's Bazar. Year on year, broiler chicken prices were 16.1 percent higher. Retail prices of beef with bone were BDT 700 per kg in July 2022. The egg price remained the same in July 2022 at BDT 10 per piece, which is a 36.2 percent increase compared to July 2021. Traders reported high poultry feed costs are keeping prices elevated.



Fresh Foods and Other Commodities: In July 2022, onion prices went down by 26.7 percent from the previous month due to eased imports from India. Similarly, garlic prices also saw a 13.7 percent decline compared to June 2022.

Potatoes, green chillies, red chillies, tomatoes, eggplants, carrots, and cucumbers all faced a price hike in July 2022. Compared to June 2022, Potato prices were 19.1 percent, green chillies 150 percent, red chillies 7.9 percent, tomatoes

73.3 percent and carrots 43.2 percent higher in July 2022. According to traders, higher transportation costs and low harvest due to unfavourable weather conditions are the behind these price hikes.

Sugar and salt prices remained almost unchanged, selling at BDT 80 per kg and BDT 34.5 per kg, respectively. Some non-food items like bathing and hand wash soap faced an increase of 3.3 to 4.2 percent.



Fuel and Gas: In July 2022, the LPG price was down by 0.8 percent at BDT 1,250 per 12 kg cylinder (gas only price), compared to the previous month in Cox's Bazar. Year on year, the overall price for LPG was 26.3 percent higher in July 2022. Although diesel, kerosine, and petrol prices have remained unchanged in July since November 2021, the government authorized an unprecedented increase in fuel oil prices by about 50 percent effective early August.

— Cox's Sadar — Teknaf — Ukhia — Overall Cox's Bazar

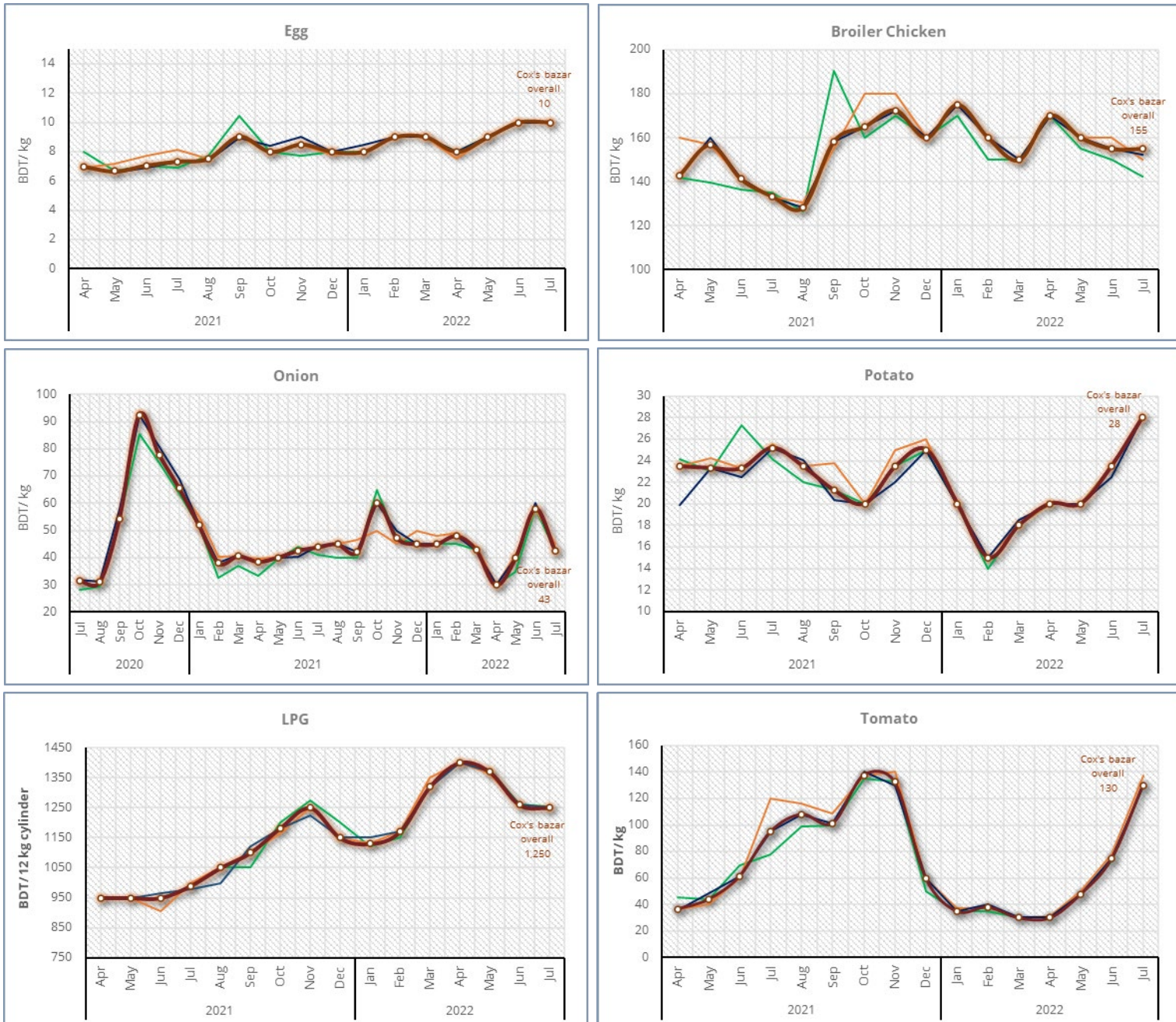


Figure 9-14. Cox's Bazar monthly retail market price trends

Cost of the food basket and terms of trade (ToT)⁷ in Cox's Bazar

In July 2022, the cost of a typical food basket in Ukhiya⁸ faced a downward trend, as key items in the basket, such as onion and garlic, saw a decline in price. Red chilli prices increased due to import issues, but other items remain unchanged. The food basket cost in July 2022 decreased by 2 percent compared to June 2022 but remained 21 percent higher than in July 2021. Compared to two years earlier in July 2020, only months after the onset of the COVID-19 pandemic, the food basket cost was 33 percent higher in July 2022.

In July 2022, the daily wage for typical labour in Ukhiya upazila was able to buy only 9 kg of rice based on a day's wage of BDT 450⁹. This is 19 percent lower than in July 2020, when a typical day's income was able to buy 11.5 kg of rice. The purchasing power¹⁰ in July 2022 increased slightly (2 percent) compared to June 2022 (8.8 kg) but remained 2 percent lower than the July 2021 (9.2 kg) level.

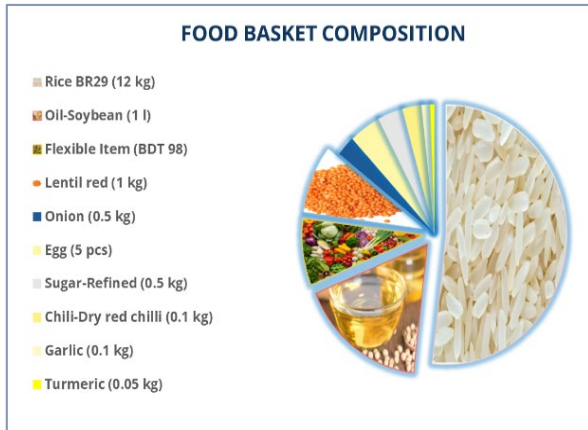


Figure 15: Composition of food basket in Cox's Bazar

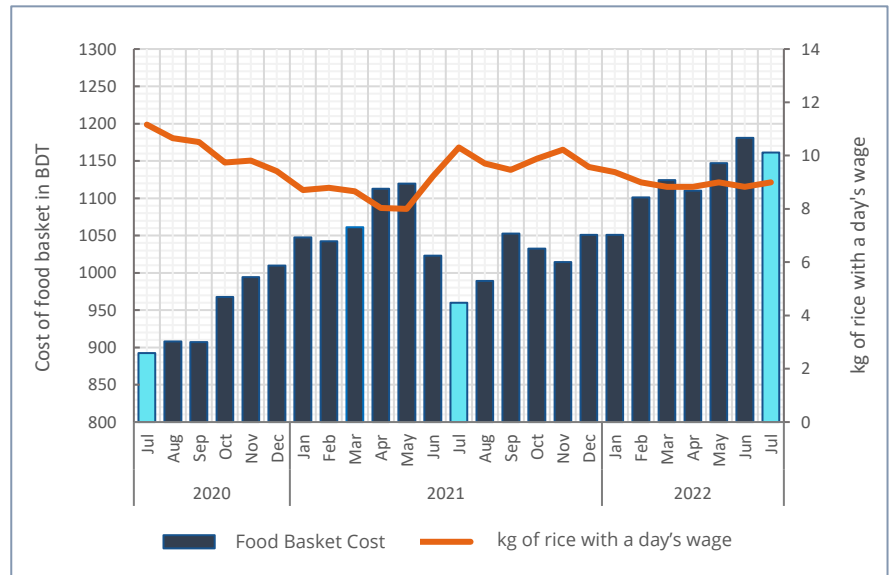


Figure 16: Cost of food basket and purchasing power in Cox's Bazar

Methodology and coverage

The WFP Market Monitor was expanded to cover the entire country effective July 2022. National level prices have been obtained from the Department of Agricultural Marketing (DAM), Ministry of Agriculture. Through the development of this nationwide monitor, the Bangladesh Bureau of Statistics was consulted, in a view of further collaboration in the future. For Cox's Bazar, market surveys were conducted covering three sub-districts (upazilas) and 15 markets in Cox's Bazar District- Cox's Bazar Sadar, Ukhiya and Teknaf. Data collections are conducted during the month's second and fourth weeks. The median prices per commodity are generated after cleaning the extreme outliers by applying the IQR formula. Commodity prices are then aggregated monthly at the district and sub-district levels.



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

⁸ The food basket value was not found to vary 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.

⁹ The rate of wage labourers varies between BDT 400-600 according to the 2016 government wage rate policy, on an average of BDT 450 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 labourers and the average retail price of rice to indicate the amount of rice unskilled workers can purchase with their daily wage.

ANNEX I. Retail market price in July 2022 of main commodities across different divisions

▲ over 5% increase ▼ over 5% decrease ◀ within (±) 5% change

Divisions	Commodity	Current price (BDT)	Price Change				Commodity	Current price (BDT)	Price Change			
			1 Month (%)	6 Month (%)	1 Year (%)	2 Year (%)			1 Month (%)	6 Month (%)	1 Year (%)	2 Year (%)
National Overall	Rice Coarse	44.4	1.3% ◀	4.2% ◀	1.2% ◀	11.7% ▲	Wheat Flour	49.6	2.4% ◀	21.4% ▲	42.1% ▲	49.1% ▲
Dhaka		45.3	-1.1% ◀	1.1% ◀	-0.9% ◀	13.5% ▲		49.9	2.5% ◀	22.0% ▲	43.4% ▲	50.3% ▲
Rajshahi		44.9	2.0% ◀	5.4% ▲	1.4% ◀	14.8% ▲		47.1	0.6% ◀	24.3% ▲	38.9% ▲	47.2% ▲
Barisal		43.9	-0.2% ◀	11.1% ▲	-1.6% ◀	7.3% ▲		51.2	2.1% ◀	28.6% ▲	43.4% ▲	53.3% ▲
Khulna		43.8	-0.2% ◀	3.1% ◀	-1.4% ◀	7.9% ▲		48.6	2.1% ◀	21.2% ▲	44.6% ▲	48.6% ▲
Chattogram		45.9	4.3% ◀	0.9% ◀	8.0% ▲	12.2% ▲		51.6	2.8% ◀	19.2% ▲	49.1% ▲	52.2% ▲
Sylhet		44.0	3.8% ◀	7.6% ▲	4.0% ◀	18.0% ▲		51.6	4.0% ◀	19.4% ▲	41.8% ▲	52.7% ▲
Rangpur		42.8	-0.7% ◀	0.9% ◀	-0.7% ◀	8.6% ▲		47.1	-0.6% ◀	15.7% ▲	33.4% ▲	39.3% ▲
Cox's Bazar		40.0	0.0% ◀	0.0% ◀	-2.6% ◀	11.2% ▲		50.0	0.0% ◀	20.5% ▲	43.9% ▲	48.9% ▲
National Overall		Palm Oil (Loose)	152.2	-10.1% ▼	13.9% ▲	34.3% ▲		110.8% ▲	Red Lentil (Imported)	102.3	-0.6% ◀	11.3% ▲
Dhaka	147.1		-13.5% ▼	10.6% ▲	31.2% ▲	107.2% ▲	105.0	-2.6% ◀		12.2% ▲	38.0% ▲	41.7% ▲
Rajshahi	140.6		-13.1% ▼	6.9% ▲	28.4% ▲	106.2% ▲	98.2	0.3% ◀		15.0% ▲	35.1% ▲	33.2% ▲
Barisal	156.6		-11.5% ▼	15.1% ▲	33.3% ▲	113.9% ▲	104.5	-1.1% ◀		13.5% ▲	40.5% ▲	43.7% ▲
Khulna	150.5		-11.5% ▼	12.5% ▲	33.4% ▲	122.6% ▲	98.6	-1.1% ◀		5.9% ▲	40.7% ▲	40.9% ▲
Chattogram	153.1		-10.6% ▼	15.1% ▲	34.1% ▲	106.3% ▲	103.0	0.7% ◀		9.3% ▲	38.6% ▲	36.1% ▲
Sylhet	172.5		-3.4% ◀	26.4% ▲	47.2% ▲	112.2% ▲	105.1	-1.0% ◀		13.6% ▲	17.2% ▲	39.6% ▲
Rangpur	144.9		-11.6% ▼	10.1% ▲	31.8% ▲	107.3% ▲	101.8	-0.2% ◀		9.8% ▲	38.1% ▲	31.2% ▲
Cox's Bazar	143.8		-11.6% ▼	2.3% ◀	26.4% ▲	96.5% ▲	101.3	-0.3% ◀		15.6% ▲	30.3% ▲	35.2% ▲

*Divisional Coverage Data Source: Department of Agricultural Marketing- <http://www.dam.gov.bd/>

ANNEX II. Cox's Bazar retail market price in July 2022 of main commodities across different sub-districts

▲ over 5% increase ▼ over 5% decrease ◀ within (±) 5% change

Sub-District	Commodity	Current price (BDT)	Price Change			Commodity	Current price (BDT)	Price Change		
			1 Month (%)	6 Month (%)	1 Year (%)			1 Month (%)	6 Month (%)	1 Year (%)
Overall	Rice BR29	51.0	0.0%	▲ 6.3%	▲ 7.1%	Soybean Oil	200.0	0.0%	▲ 29.9%	▲ 47.0%
Cox's Bazar Sadar		51.0	0.0%	▲ 6.3%	▶ -1.9%		200.0	0.0%	▲ 29.0%	▲ 39.1%
Ukhiya		50.0	-2.0%	▶ 4.2%	▲ 14.5%		200.0	0.0%	▲ 29.9%	▲ 55.8%
Teknaf		51.0	0.0%	▲ 6.3%	▲ 7.1%		200.0	0.0%	▲ 29.9%	▲ 47.0%
Overall	Red Lentil	102.0	2.0%	▲ 15.9%	▲ 31.5%	Onion	42.5	-26.7%	▼ -5.6%	▶ -3.1%
Cox's Bazar Sadar		102.0	-2.9%	▶ 13.3%	▲ 20.8%		42.5	-26.7%	▼ -5.6%	▶ 3.4%
Ukhiya		100.0	0.0%	▶ 17.6%	▲ 36.2%		42.5	-29.2%	▼ -5.6%	▶ -4.0%
Teknaf		102.0	2.0%	▲ 15.9%	▲ 31.5%		45.0	-22.4%	▼ -6.3%	▶ 2.6%
Overall	Sugar	80.0	0.0%	▶ 2.6%	▶ 14.3%	Salt	34.5	-1.4%	▶ 7.8%	▲ 15.0%
Cox's Bazar Sadar		80.0	0.0%	▶ 3.2%	▶ 14.3%		34.5	-1.4%	▶ 7.8%	▲ 15.0%
Ukhiya		80.0	0.0%	▶ 2.6%	▶ 14.3%		34.5	0.0%	▶ 7.8%	▲ 15.0%
Teknaf		80.0	0.0%	▶ 2.6%	▶ 14.3%		35.0	0.0%	▶ 9.4%	▶ 0.0%
Overall	Garlic	110.0	-13.7%	▼ -8.3%	▼ -21.4%	LPG	1250.0	-0.8%	▶ 10.6%	▲ 26.3%
Cox's Bazar Sadar		110.0	-12.0%	▼ -8.3%	▼ -21.4%		1255.0	-0.4%	▶ 12.1%	▲ 26.8%
Ukhiya		112.5	-13.5%	▼ -6.3%	▼ -19.6%		1250.0	-0.8%	▶ 8.7%	▲ 27.6%
Teknaf		110.0	-13.7%	▼ -8.3%	▼ -21.4%		1250.0	0.0%	▶ 10.6%	▲ 25.0%
Overall	Broiler Chicken	155.0	0.0%	▶ -11.4%	▼ 16.1%	Tilapia	180.0	-1.4%	▶ 12.5%	▲ 14.5%
Cox's Bazar Sadar		142.5	-5.0%	▼ -16.2%	▼ 5.6%		180.0	0.0%	▶ 12.5%	▲ 12.5%
Ukhiya		152.5	-1.6%	▶ -12.9%	▼ 14.9%		180.0	-1.4%	▶ 12.5%	▲ 18.7%
Teknaf		150.0	-6.3%	▼ -14.3%	▼ 12.4%		189.0	2.2%	▶ 18.1%	▲ 20.3%
Overall	Egg	10.0	0.0%	▶ 25.0%	▲ 36.2%	Cucumber	41.0	17.1%	▲ 17.1%	▼ -25.5%
Cox's Bazar Sadar		10.0	0.0%	▶ 25.0%	▲ 44.6%		38.5	10.0%	▲ 10.0%	▼ -30.0%
Ukhiya		10.0	0.0%	▶ 17.6%	▲ 36.2%		44.0	25.7%	▲ 25.7%	▶ 1.5%
Teknaf		10.0	0.0%	▶ 25.0%	▲ 22.6%		41.0	17.1%	▲ 17.1%	▼ -26.6%
Overall	Red Chili	340.0	7.9%	▲ 49.5%	▲ 55.7%	Potato	28.0	19.1%	▲ 40.0%	▲ 11.2%
Cox's Bazar Sadar		340.0	7.9%	▲ 49.5%	▲ 55.7%		28.0	19.1%	▲ 40.0%	▲ 15.9%
Ukhiya		340.0	9.7%	▲ 58.1%	▲ 56.9%		28.0	24.4%	▲ 40.0%	▲ 11.2%
Teknaf		340.0	6.3%	▲ 47.8%	▲ 52.2%		28.0	19.1%	▲ 40.0%	▲ 9.8%
Overall	Green Chili	160.0	150.0%	▲ 433.3%	▲ 152.6%	Tomato	130.0	73.3%	▲ 271.4%	▲ 36.8%
Cox's Bazar Sadar		160.0	166.7%	▲ 433.3%	▲ 204.8%		130.0	79.3%	▲ 271.4%	▲ 67.7%
Ukhiya		160.0	150.0%	▲ 433.3%	▲ 152.6%		130.0	73.3%	▲ 271.4%	▲ 36.8%
Teknaf		170.0	161.5%	▲ 466.7%	▲ 78.9%		137.5	77.4%	▲ 266.7%	▲ 14.6%
Overall	Pumpkin	35.0	4.5%	▶ 16.7%	▲ 16.7%	Eggplant	41.5	3.8%	▶ 38.3%	▼ -24.5%
Cox's Bazar Sadar		34.0	13.3%	▲ 13.3%	▲ 13.3%		42.5	6.3%	▲ 41.7%	▼ -22.7%
Ukhiya		35.0	0.0%	▶ 16.7%	▲ 20.0%		41.5	3.8%	▶ 38.3%	▼ -9.5%
Teknaf		35.0	4.5%	▶ 16.7%	▼ -16.7%		40.0	5.3%	▲ 23.1%	▼ -36.5%

