Market Monitor

Cox's Bazar, Bangladesh – April 2020

Key Messages

- Disruptions in the supply chain for essential food and non-food commodities continues to exert an upward pressure on prices for key staples, albeit in varying degrees.
- Retail prices for rice, cooking oil and pulses (red lentils) have all increased, ranging from 10 – 50 percent, between February and April 2020.
- Average terms-of-trade between daily wage earned and retail price of rice has dropped by up to 80 percent in April compared to February. Currently, a daily wage earned by a household can only buy 3 – 4 kg of rice, compared to 12 – 17 kg of rice a household would buy in February, depicting the depth of purchasing power erosion among market dependant rural poor households.
- Effective demand for food has also reduced among urban poor households who depend mainly on daily labour, as their incomes and purchasing power have been eroded. They equally face high food insecurity outcomes.
- Movement restrictions continue to create temporary labour shortages, for loading/offloading at source markets and in factories/farms, leading to increased labour costs. Transport costs also remain high, with spikes in truck rentals reported due to unavailability of return loads. These costs are being passed on to the final consumers.
- Indicative reports by traders pointed to delays in the harvested Boro rice reaching the markets. Rice prices have remained elevated due to this delay, but prices will be moderated in the coming days once more quantities of the newly harvested rice reach the market. Government efforts to increase market surveillance have also minimized potential collusion by big traders who are the price setters.
- Earlier increase in demand for rice, between government and humanitarian actors for relief purposes, and private traders (wholesalers/retailers), in the face of supply side constraints also contributed to a rise in prices. Anecdotally, upstream wholesale traders estimate that demand for rice by these actors increased by up to 40 percent compared to pre-crisis period. Downstream traders on the other hand reported substantial drop in sales as some of their main customers, hotels and restaurants, had shut down businesses.
- High uncertainties remain among traders on how other staple food prices and availability will evolve in the coming weeks. 7 out of 10 traders interviewed indicated that they expect prices to continue increasing.
- 6 out of 10 of traders noted that their customers, mainly households, were purchasing lower than normal amounts of food, mainly driven by reduced income at household level.

Consumers purchasing power

- Estimates show that those engaged in different livelihood activities have lost up to 70 percent of their daily earnings, and for some up to 100 percent. As a result, significant reduction in purchasing power of consumers/buyers is depicted by the daily wage-to-cereals terms of trade (ToT) in April compared to February.
- A daily wage earned in February would enable a household to buy 12 – 17 kg of rice, depending on the type of activity ones was involved in. After lockdown, current daily earnings, for the few who have any, can only buy 3 – 4 kg of rice. Food security situation for majority of the poor households remains precarious.

Price changes between 1st week of March and 4th week of April

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Chattogram</th>
<th>Cox’s Bazar</th>
<th>Teknaf</th>
<th>Ukhia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice BR29</td>
<td>24%</td>
<td>▲</td>
<td>34%</td>
<td>▲</td>
</tr>
<tr>
<td>Soybean Oil</td>
<td>4%</td>
<td>7%</td>
<td>▲</td>
<td>4%</td>
</tr>
<tr>
<td>Garlic</td>
<td>18%</td>
<td>▲</td>
<td>21%</td>
<td>▲</td>
</tr>
<tr>
<td>Red lentils</td>
<td>31%</td>
<td>▲</td>
<td>67%</td>
<td>▲</td>
</tr>
<tr>
<td>Red Chilli</td>
<td>7%</td>
<td>▲</td>
<td>14%</td>
<td>▲</td>
</tr>
</tbody>
</table>

- Stockpiling before Ramadan exerted a sudden demand on markets despite supply side disruptions, similarly leading to rise in prices.
- Prices will likely increase further in May from the expected increase in demand due to Eid ul-Fitr holidays.
Camp markets
- Camp markets remain mostly closed, but few traders selling fresh foods (tomato, potatoes, leafy vegetable, fish) and medicine operate for limited number of hours daily.
- The lockdown has strained the supply of food to the camp markets, resulting in price increases, of between 20 – 30 percent, for fresh foods (vegetables and fish).
- Rumours and fears on Covid-19 spreading through chicken consumption has led to a sudden reduction in demand for chicken meat and eggs.
- Non-food items markets are mostly closed, though humanitarian actors continue to provide the essential non-food items like LPG, soaps, protective gear and hygiene products.
- Disruption in livelihood activities has also reduced refugee households' income and purchasing power, but food assistance is adequately supporting their consumption.

Conclusions
- Key markets functionality dimensions have been disrupted by the lockdown, mainly prices, availability and stock/restocking capacity. There's a high degree of price unpredictability and commodity unavailability.
- Cash transfer programmes need to take careful consideration of current disruptions including limited access to markets due to movement restrictions.
- Concerns remain on most vulnerable households’ ability to access markets in the context of lockdown: need for alternative mechanisms for availing food e.g. home deliveries.
- Concerns remain on potential for markets to increase transmission of Covid-19, due to crowds. Though efforts have been made to limit crowds, enforcement mechanisms remain low in some markets.