



WFP/Nalifa Mehelin

Key messages

- **Mixed price trends** observed across commodities, with soybean oil, onions and red chilli prices rising significantly from February due to higher transportation cost, seasonality and unavailability in some markets, among other factors.
- **Vegetable oil** price was the most volatile, with the government intervening to regulate the price. The steady increase in prices is attributed to shortage of raw materials in the country and increased prices in the international market. Current prices are up to 30 percent above quarter 1 2020 prices.
- **Rice** prices have also been increasing steadily from the second half of 2020 to early part of 2021, driven by draw down in stock levels. Shortfall in production due to severe flooding in June/July 2020 and low import volumes contributed to tight supplies amidst increased demand, pushing prices up.
- Although rice prices stabilized in March, they remain elevated and up to 60 percent above Q1 2020 prices. While more imports are expected, prices are unlikely to come down significantly until mid-2021, when *Boro* harvest is expected to reach the market.
- **Red lentil** prices remained fairly stable from mid-2020, thanks to adequacy in stock levels through imports. According to Bangladesh Bureau of Statistics, lentils imports in the second half of 2020 was 58 percent higher than same period in 2019. However, marginal price increases were observed in some remote markets moving into March 2021.
- Prices of **onion and red chilli**, continue an upward trend since mid-February. Before then, onion prices had registered a steady decline supported by ample import levels. While imports from India remain active, reports of collusion and hoarding by traders and anticipated demand surge during Ramadan could be keeping the prices high.
- During **Ramadan** (mid April-mid May), prices of most food items are expected to increase further, due to the anticipated high demand during the festivities.
- **Households purchasing power** erosion has continued since mid-last year owing to increasing cost of a typical food basket against declining or constant income levels. Traders reported lower than normal sales.
- While **no notable market disruptions** have been reported from the ongoing lockdown, there are concerns that extended period of lockdown could disrupt markets and result in price spikes.

Food basket

- The cost of a typical food basket¹ has steadily increased over time, reflecting the increase observed in food prices.
- With the local economy still on recovery path from effects of the pandemic in 2020, the increasing cost of a food basket against a declining purchasing power ability means that most households are struggling to meet their consumption needs.
- Assuming a day's wage, a household was able to buy about 13 kg of rice in March 2020. The same daily wage in March 2021 would afford a household about 9 kg of rice, depicting the erosion in purchasing power (Figure 1).

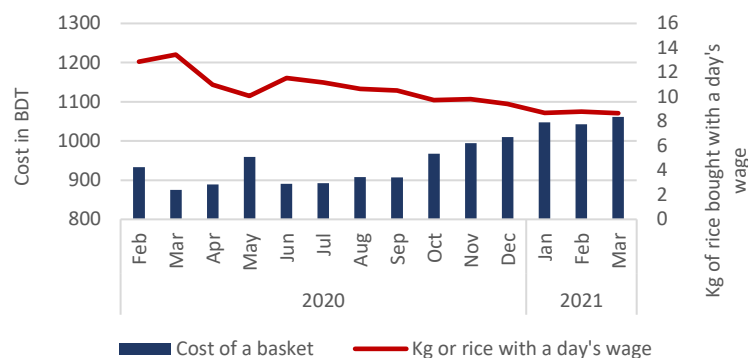


Figure 1: Cost of food basket and rice price versus wage rate since February 2020.

Camp markets

- Camp markets were fully operational in March 2021, except for those affected by the fire in the camps of Ukhia.
- Balukhali bazar, a thriving source market for many local markets/shops in the camps, was affected by the fire, drastically reducing its functional capacity. This triggered localized supply shortfalls on some commodities (fish, poultry, vegetables) resulting in marginal price increases in the nearby markets. The price increase was due to higher transactional costs incurred to source commodities from other distant markets like Kutupalong Bazar.
- Business operations were also affected by panic created by the fire incident, with some traders indicating they now have to close businesses earlier than usual due to security concerns.
- In the affected camps people were mostly concerned about shelter and food, and 100% of interviewed KIs in the JNA² reported challenges accessing markets.
- Reports of increased selling of non-food items were also recorded in the affected camps. Selling of bamboo, provided for rebuilding, and utensils were the most reported. Food assistance sell was quite minimal. Selling (of assistance?) was mainly driven by desire to buy food and clothes.
- Households buying food on credit went up since last year due to low purchasing power. However, traders are increasingly becoming worried about the ability of households to repay debts with the increasing mobility restrictions and limited income earning opportunities.
- Anticipatedly, credit borrowing might reduce in the coming days, as more households become blacklisted as uncreditworthy, owing to earlier debts.
- Purchasing power in the camp is directly linked with availability of cash in hand from different self-reliance activities. With these activities currently restricted, majority of households have very low purchasing power.



Conclusions

- High probability of increased prices in the coming month due to the upcoming festive season, which will trigger heightened demand.
- The re-introduced lockdowns, if extended, will potentially disrupt supply chains and result in further price increases and commodity unavailability in some cases. Need for close monitoring of market dynamics.
- Livelihoods disruptions from the current lockdown, coupled with disruptions from the upcoming monsoon season could likely result in increased food insecurity and vulnerability among market dependent poor households. Calls for close monitoring and readiness should there be need to expand safety nets and assistance programmes.

¹ Food basket: Rice (BR20), Red lentils, Soybean oil, Onions, Sugar, Eggs, Turmeric, Garlic, Dry chili, other flexible items (dry fish, potato, atta).

² ISCG 2021. Fire incident. Initial Rapid Joint Needs Assessment Report. March 2021.

Food price trends

	% change last month (February-March 2021)				% change last year (March 2020-21)			
	Chattogram	Cox's Bazar	Ukhiya	Teknaf	Chattogram	Cox's Bazar	Ukhiya	Teknaf
Rice BR29	1%	1%	1%	-6% ▼	47% ▲	70% ▲	61% ▲	48% ▲
Red Lentil	-7% ▼	4%	-7% ▼	7% ▲	36% ▲	31% ▲	35% ▲	38% ▲
Soyabean Oil	2%	2%	4%	4%	27% ▲	31% ▲	29% ▲	27% ▲
Onion	16% ▲	13% ▲	8% ▲	0%	-39% ▼	-42% ▼	-32% ▼	-35% ▼
Red Chilli	10% ▲	1%	13% ▲	-5% ▼	-4%	2%	4%	2%

Table 1. Percentage change in the last month and last year of key food commodities per market location.

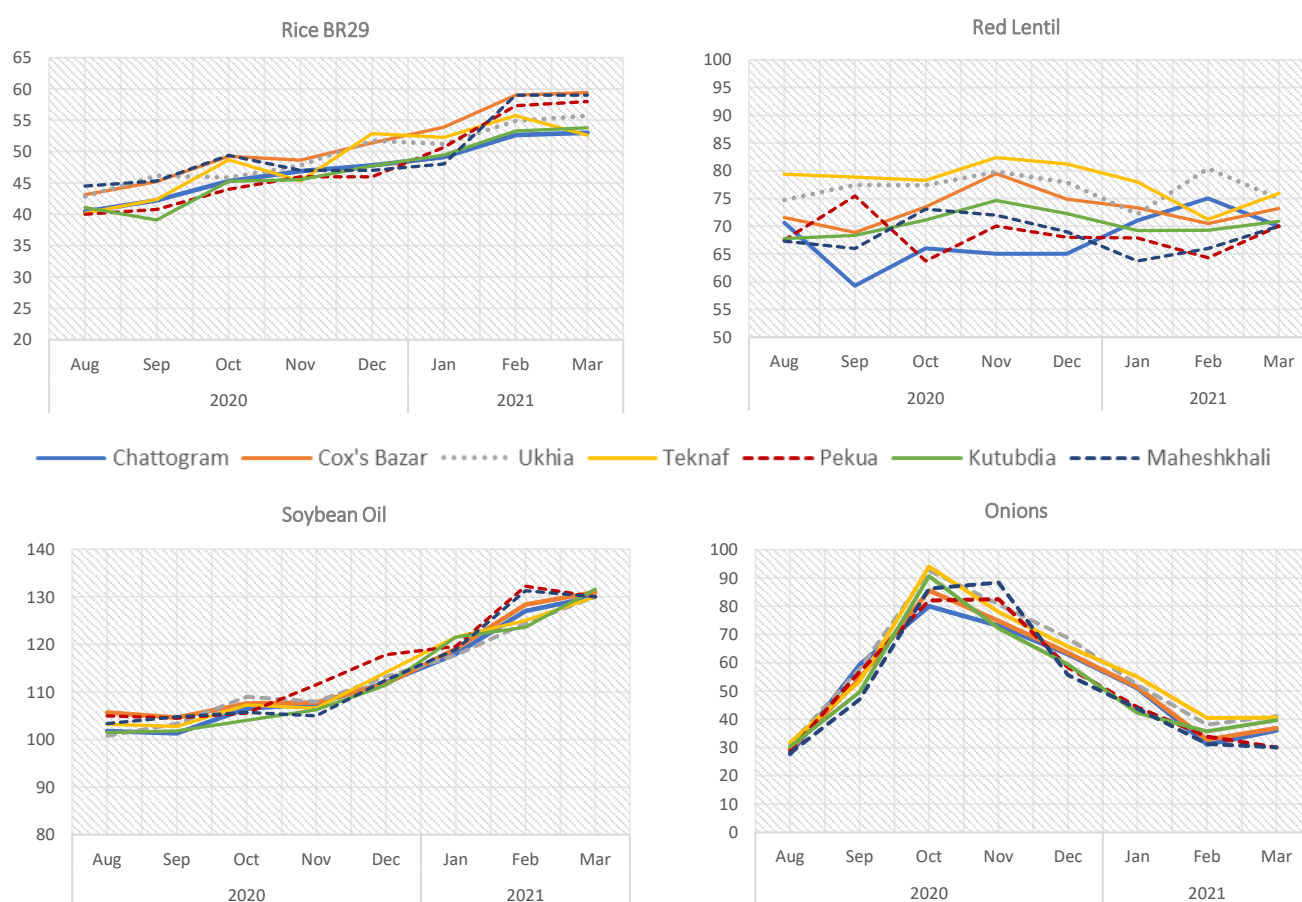


Figure 2-5: Price trend of rice BR29, red lentil, soybean oil and onions between August 2020 and March 2021 per market location.

Methodology

- In March, 29 markets were monitored in Cox's Bazar, Ukhiya, Teknaf, Pekua, Kutubdia and Maheshkhali subdistricts and Chattogram. The markets were purposively selected based on their strategic importance.
- A total of 88 different traders were surveyed at different times across the month of March, by face to face interviews in Chattogram markets and through phone calls for markets in Cox's Bazar district.
- To understand market drivers, key informants interviews were conducted in Chattogram (face to face), Ukhiya (10) and Teknaf (10) markets and camp markets (10), where additional 10 interviews were conducted in the fire affected areas.

For further information

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