SAVING LIVES
CHANGING LIVES

WFP
World Food Programme

MYANMAR

MARKET PRICE UPDATE

August 2021

HIGHLIGHTS

- Overall rice and oil prices in August 2021 remained stable compared to the previous month (+1-2%) but were considerably higher than the same time last year (+19% for rice, +61% for oils)
- Kayin saw +14% increase in rice price due to a combination of COVID-19 that caused interruption of rice milling, shop closures and lockdowns, as well as conflict and flooding
- The upward trend in chickpea and pulse prices continued as stocks decline amidst poor production this year and high local and international demand (+10% and +6% compared to previous month, respectively)
- Egg prices stabilized in most areas but remain higher than normal (+27% higher than August 2020) given elevated demand, with the notable exception of Shan where prices increased again by +11% due to high demand, COVID-19 transportation-related challenges and worsening local exchange rate with the Chinese Yuan (the kyat has depreciated by 20% against the yuan between January and August 2021).
- While commodity prices have been rising around the country, Shan state has seen noticeably consistent upward pressure on nearly all commodities since early 2021 due to the transportation challenges and the dependence on the Chinese Yuan.
- Overall tomato prices continue to fall (-8%) as local availability improved. However, some areas saw rising prices given dependence on importing from other states/regions and transportation challenges (cost, travel restrictions, delays and reduced frequency causing spoilage, etc.)
- Of reporting traders, 12% experienced scarcity in products in August, 17% indicated that they did not expect to receive products within a week of ordering and 16-17% said they could not predict prices 1 week or 1 month from now for at least some commodities.
- Fuel prices declined slightly from end of July to end of August, at -3% for diesel, -2% for premium diesel, and -1% for octane 92 and 95 each. Compared to the beginning of February 2021, prices are +36-50% higher by fuel type across the monitored townships.

Photo: A vendor sells food and non-food commodities in Maungdaw ©WFP / Tin Maung Myat

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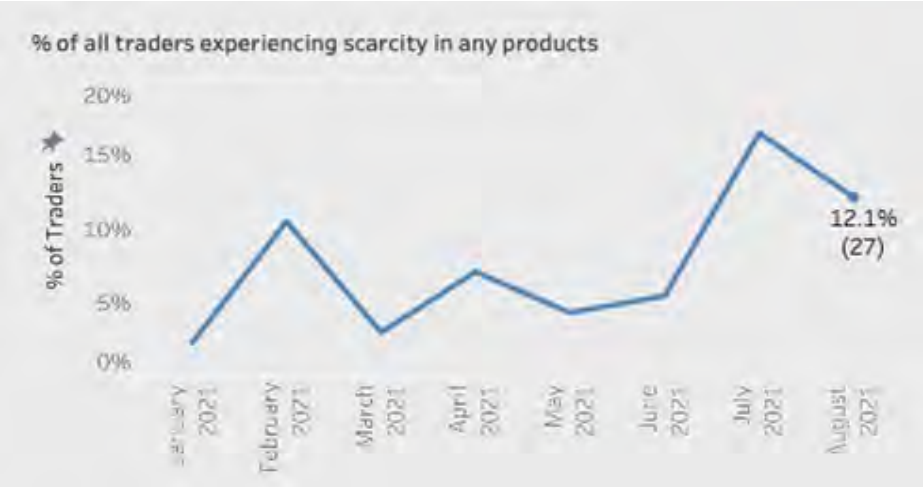
MARKET FUNCTIONALITY

The flow of goods appeared to have improved slightly in August when compared to July but was still beset by delays and disruptions due to COVID-19 when compared to the months before July. The proportion of traders experiencing scarcity declined from 16% in July to 12% in August but remains higher earlier in the year. In addition, 17% of traders reported that they did not expect to receive products within one week of ordering, down from 19% in the previous month. Similarly, 16-17% of traders said that they would have difficulty trying to predict prices in 1 week or 1 month from now. In total, 9% remained concerned that they might run out of stock next week for some products.



RICE

Overall rice prices rose +2% compared to last month, but the month-on-month change varied between states/regions and areas. The highest increases compared to July were seen in Kayin (+14%), southern Rakhine (+9%) and northern Rakhine (+8%), while 5 states/areas saw modest declines of between -1% and -4% compared to July (central Rakhine, Mon, Kachin, Tanintharyi). At township level, the highest increases were reported Kawkareik and Hlaingbwe, Kayin (+17%), Hpa-An, Kayin (+14%), Gwa, southern Rakhine (+15%), and Minbya and Mrauk-U, Central Rakhine (+12% each). In Kayin, the increase is due to a combination of factors including conflict and flooding that has disrupted supply in different parts of the state, and COVID-19 surge which has led many rice millers to pause milling of new. In Rakhine, increases were due largely to ongoing transportation challenges and high transport costs. In areas of modest declines, it was mentioned that families had already stocked up and thus demand dropped (for example in Tanintharyi and Rakhine).

However, the overwhelming pattern over the last 7 months has been one of slow but incremental increase in rice prices. Since pre-crisis (Jan 2021), the average price of rice has increased by +16% and in August it was +19% higher than the same time last year. Sub-nationally, nearly all states/regions have seen rice prices increase since January 2021 except Tanintharyi (-5%), with the highest increases in Rakhine at +22% (driven by increases in central Rakhine +29% and northern Rakhine +22%, while southern Rakhine has been more modest at +11%), Kachin (+21%), and in Mon, Kayah, Kayin, and Chin (+19-20%). Compared to the same time last year, prices are uniformly higher, varying from +7-24%. In sum, typically low supply at this time of year has been exacerbated by disruption to paddy milling from COVID-19 shutdowns and by ongoing transportation constraints, causing prices to rise.

OIL

Overall oil prices were again stable for the 3rd month in a row (since May 2021), albeit with no sign of retreating to pre-spike levels. According to the World Bank Commodity Markets Outlook, edible oil prices globally are not expected to stabilize until 2022.[1] Only 2 states/areas saw a decline in the price of oil: Rakhine (-7% for mixed oil) and Kayin (-9% for cooking oil). Kayah saw the highest increases of +16% for cooking oil and +10% for mixed oil. At township level, the highest increases for **palm oil** were in Lashio, Shan (+18%), Hpasawng, Kayah (+17%), and Loikaw, Kayah (+15%), while for **mixed oil**, the highest increases were in Hpasawang, Kayah (+20%), Momauk and Waingmaw, Kachin (+17%, +12%), and Pakokku, Magway (+12%). Compared to pre-crisis and to the same time last year, oil prices are +40% and +61% higher.

**There was no price reporting from Yangon and Mandalay in August.*

[1]World Bank Group, Commodity Markets Outlook, April 2021.

EGGS

Persistent demand for eggs in August maintained the relatively high prices reached in July due to beliefs that eggs boost the immune system against COVID-19. Overall, there was +1% change in price from July to August, +29% compared to pre-crisis and +27% compared to the same time last year. Disaggregated by area, 5 areas saw the average price for eggs drop from the July peak (Magway, Kachin, Southeast, southern Rakhine, northern Rakhine), but nonetheless egg prices remained +10-38% higher than the average price in June (pre-panic buying) and +18-44% higher than pre-crisis. In Shan, egg prices continued to rise in August, up +11% compared to July, and in Chin the price rose +2%. In Shan, the increase was driven by sharp increase in egg prices in the township of Kutkai (+70%) due to COVID-19 demand as well as supply constraints and the worsening local exchange rates with the Chinese Yuan (informally, the kyat has depreciated by 20% against the yuan since January 2021, from 215 MMK/CNY to 270 MMK/CNY). [2]

CHICKPEAS

The average chickpea price rose sharply again this month (+10%), following a 5% increase between June and July, and was 31% higher than the same time last year resulting from poor production this year, declining stocks in shops and increasing demand at this time. With the exception of Sagaing where the price increased +1% compared to last month, all reporting states/regions saw increases in chickpea prices this month compared to last month, ranging from +5-10% increases (Kayah, Rakhine, Kachin, Chin, Shan), to +19-25% increases (Magway, Mon, Tanintharyi). Kayin state experienced a much higher increase (+68%), driven by high increases Myawaddy and Hpa-An townships (+80% each) where low supply is exacerbated by travel restrictions due not only to COVID-19 but to flooding conditions and conflict.

PULSES

The average price of other pulses increased by +6% compared to last month, affected also by low production and increased local and in pulse international demand. Certain townships recorded particularly high increase prices when compared to last month, including Myebon, Rakhine and Pakokku, Magway (selling sar taw pea, +55% and +40% each), Dawei and Yebyu in Tanintharyi (selling red kidney bean, +27% and +18% compared to last month), and Myawaddy, Kayin and Loikaw, Kayah (selling lentils, +25% and +14% each). Compared to the same time last year, the average price was up very slightly (+2%).

ONIONS

The average onion price was stable compared to last month (-1%) and the same as what was seen at the same time last year (August 2020). Upward trends in prices when compard to last month were seen in southern Rakhine (+10%), Magway (+7%) and Shan (+3%), while 5 areas saw declining prices compared to last month – northern Rakhine (-18%), Sagaing (-12%), Chin (-11%), and central Rakhine and Southeast (-5% each). Most prices in August 2021 by area were lower than the same time last year with the exception of Shan (+24%) and Kachin (+7%).

TOMATOES

When compared to last month (July 2021), overall tomato prices declined in August by -8%, with 9 out of 10 areas reporting declining or stable prices. The largest month-to-month declines were seen in Magway (-54%), Kachin (-34%), Southeast (-25%), Sagaing (-15%), and Chin (-10%). This is largely due to improvement in availability of local tomatoes. In Rakhine, tomato prices showed more variation by area, from slightly declining or stable prices in northern Rakhine (-4%) and southern Rakhine (+1%) to significantly higher prices in central Rakhine (+41%) due to ongoing challenges and restrictions in transportation from COVID-19. There is wide variation in percent change at area-level when comparing to the same time last year: in several areas the price in August 2021 was higher than that recorded in August 2020, including Sagaing (+20%), Shan (+19%), Chin (+19%), Southeast (+15%), and central Rakhine (+13%), while in others the average tomato price was lower than that seen a year ago, notably Magway (-70%), Kachin (-27%), and northern Rakhine (-13%).

[2] *The informal, or local, exchange rate is tracked by WFP field offices.*

SALT

After the sharper than usual increase between June and July (+5%), the average salt price stabilized in August compared to the previous month (0.5%) but remains +5% above pre-crisis average price and +3% compared to the same time last year. Of those areas that saw steep increases from June to July due to considerable supply disruption (Chin, Kachin, southern Rakhine), the average salt prices declined in Chin and southern, but continued to rise in Kachin (+2% compared to July). Since the beginning of the year, the areas that have seen steady increase in average salt prices include Shan and Kachin (steady increase since Mar/Apr), Magway and southern Rakhine (steady increase since Jan/Feb), while Chin has seen more variable fluctuation, with declining salt prices between February and June, followed by a sharp increase in July and stabilizing downward trend in August. Average salt prices have been largely stable over the last several months in northern and central Rakhine, Sagaing, and Southeast.

FUEL

Between end of July and end of August, the price of fuel declined slightly depending on the type, -3% for diesel, -2% for premium diesel, and -1% for octane 92 and 95. While the majority of monitored townships reported stability or slight declines (up to -2%), a larger decline was seen Maungdaw, northern Rakhine (-12% for diesel, dropping from 1300 kyat/L to 1150 kyat/L) and moderate declines of -4% were recorded in both Buthidaung and Maungdaw for octane 92 and in Buthidaung for octane 95. In Yangon, diesel and premium diesel declined by -3% while octane 92 and 95 declined by only -1% each. Compared to the beginning of February, diesel, octane 92 and octane 95 have increased by +36-50% and octane 92 has increased by +30% across the monitored townships.

TRADER FEEDBACK

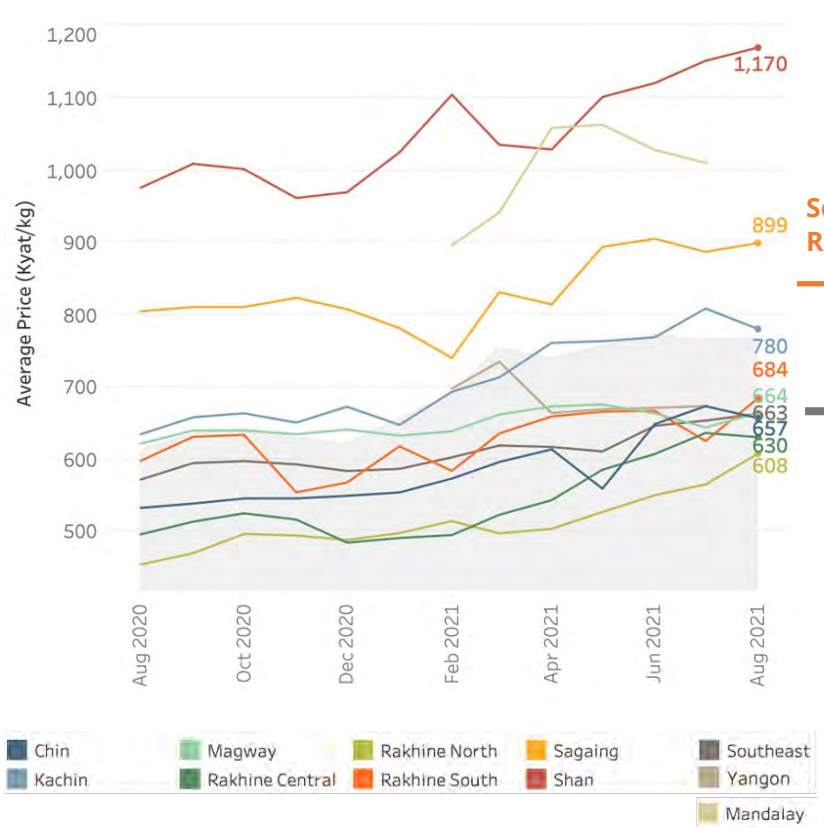
Traders continue to report on the difficulties in supply chains with transportation delayed, routes closed or blocked, and transport rates high. The main reasons given were COVID-19 restrictions (mentioned in all states/regions), conflict and security concerns (mentioned specifically in Chin, Sagaing, Kayah, Kayin) and the rainy season affecting road conditions (mentioned specifically in Chin, Sagaing, Kayin). The spread of COVID-19 has also caused millers to halt milling of rice, and led to closures of warehouses and shops, further driving up commodity prices. Egg prices are coming down but as demand remains elevated, so do prices.

ISSUES TO WATCH

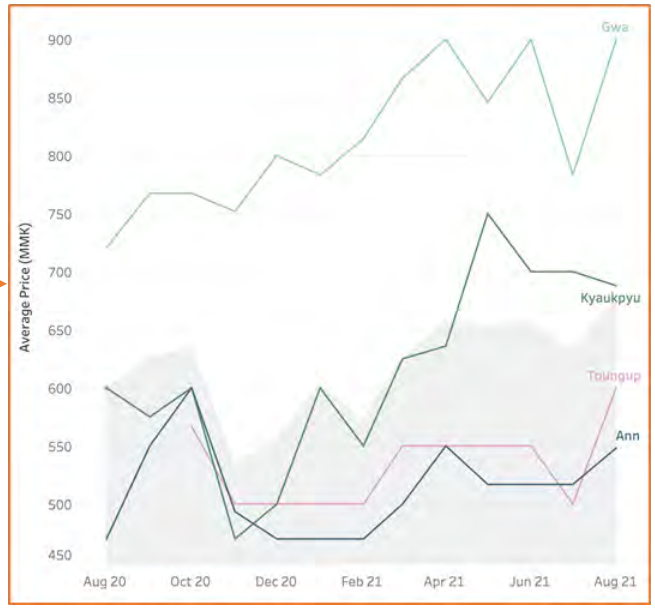
- Chickpea and other pulse price increases due to supply shortages amidst increased demand
- Ongoing impact of COVID-19 spread on travel/transport, closure of mills, warehouses, and shops, and on consumption behaviours
- Inflation and access to cash as continuing issues
- Supply disruptions and stock shortages driving up prices

The data was collected between 16th and 26st of August by WFP and cooperating partner staff.
Coverage in the month of August: 12 states/regions, 70 townships, 111 markets, 244 traders/shops.

PRICE TRENDS FOR RICE BY AREA (AUG 2020 - AUG 2021)



Southern Rakhine



Gwa

- +15% compared to last month
- +15% compared to pre-crisis
- +25% compared to last year

Toungup

- +20% compared to last month

Southeast (focus Kayin)

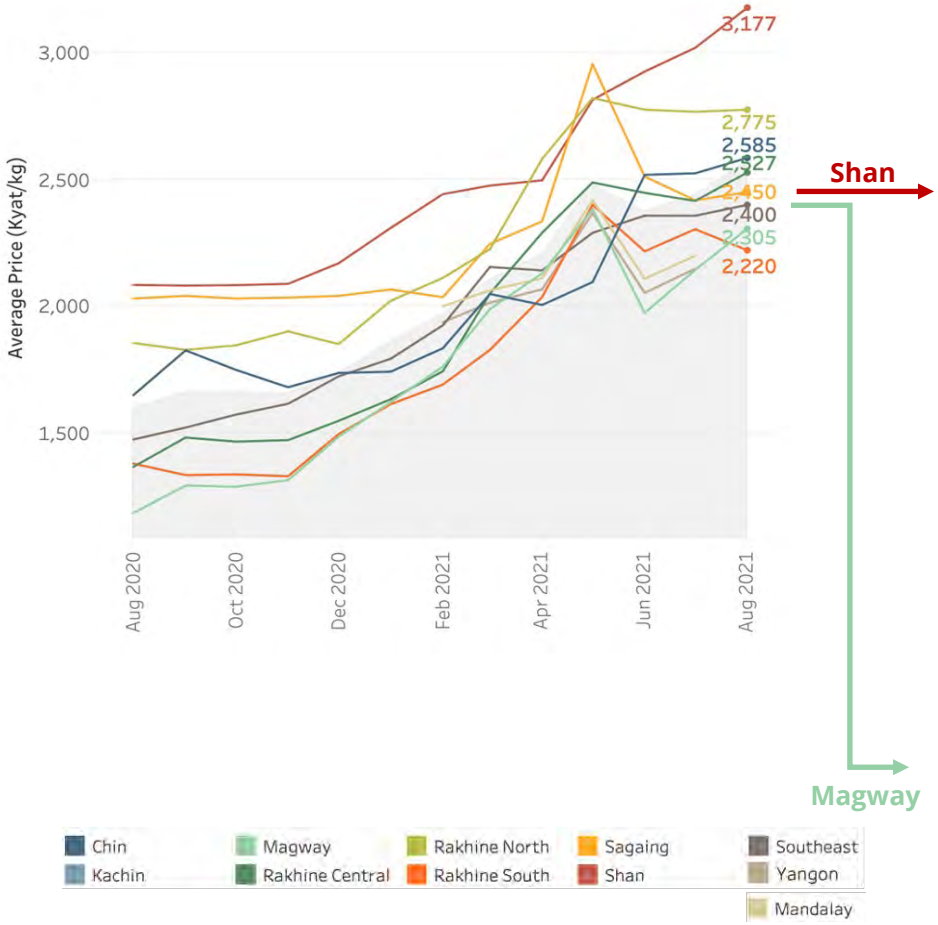
Kawkareik, Kayin

- +17% compared to last month
- +24% compared to pre-crisis
- +20% compared to last year

Hlaingbwe, Kayin

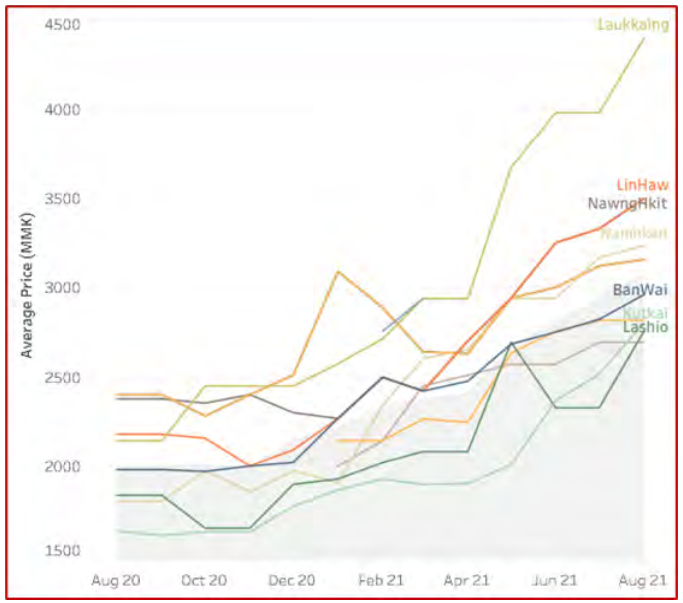
- +17% compared to last month
- +24% compared to pre-crisis
- +18% compared to last year

PRICE TRENDS FOR PALM OIL BY AREA (AUG 2020 - AUG 2021)



Shan

Magway



Laukkaing

- +10% compared to last month
- +71% compared to pre-crisis
- +105% compared to last year

Kutkai

- +11% compared to last month
- +50% compared to pre-crisis
- +71% compared to last year

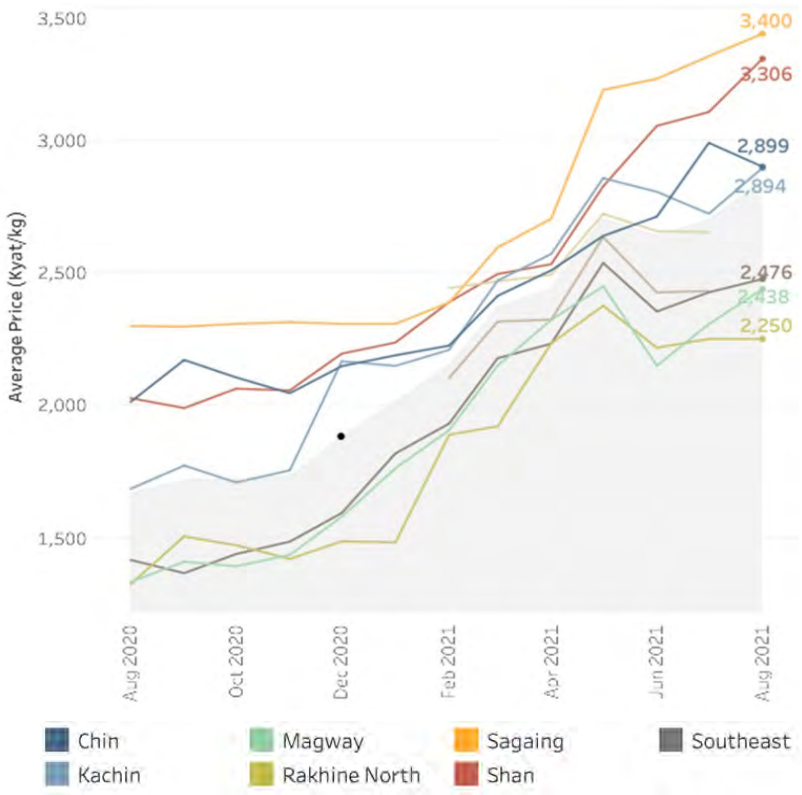
Minbu

- +13% compared to last month
- +46% compared to pre-crisis
- +100% compared to last year

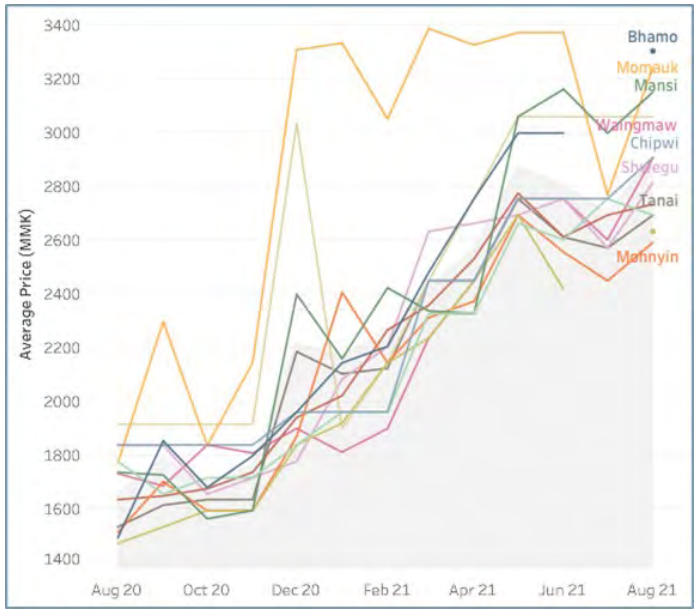
Pakokku

- +10% compared to last month
- +42% compared to pre-crisis
- +104% compared to last year

PRICE TRENDS FOR MIXED OIL BY AREA (AUG 2020 - AUG 2021)



Kachin



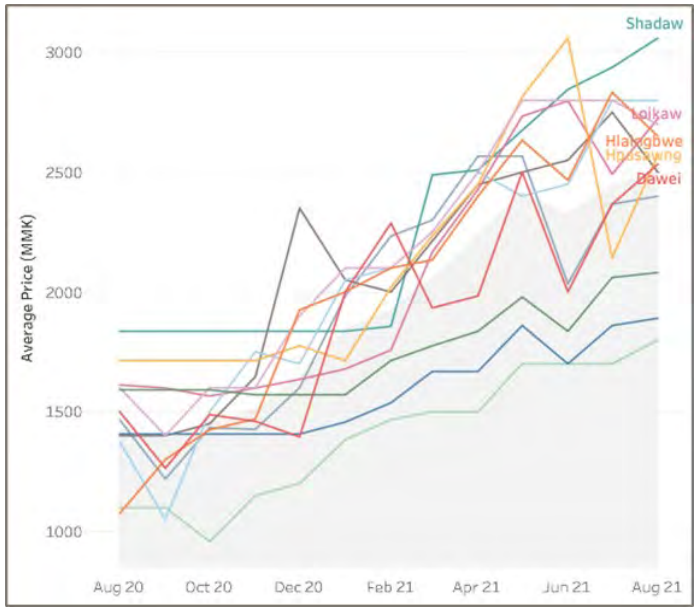
Waingmaw

- +12% compared to last month
- +61% compared to pre-crisis
- +68% compared to last year

Chipwi

- +6% compared to last month
- +48% compared to pre-crisis
- +58% compared to last year

Southeast



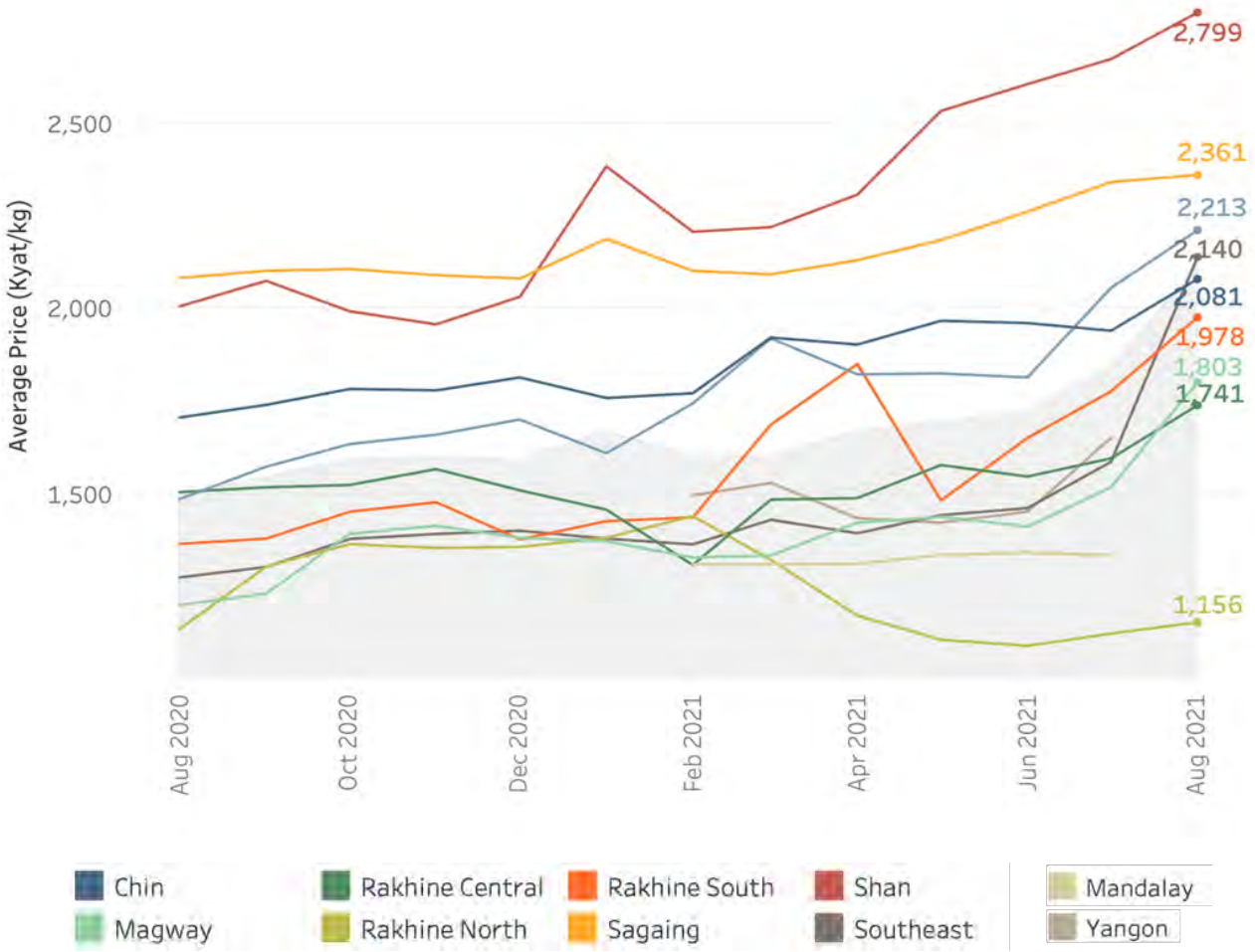
Hpasawng, Kayah

- +20% compared to last month
- +50% compared to pre-crisis
- +50% compared to last year

Loikaw, Kayah

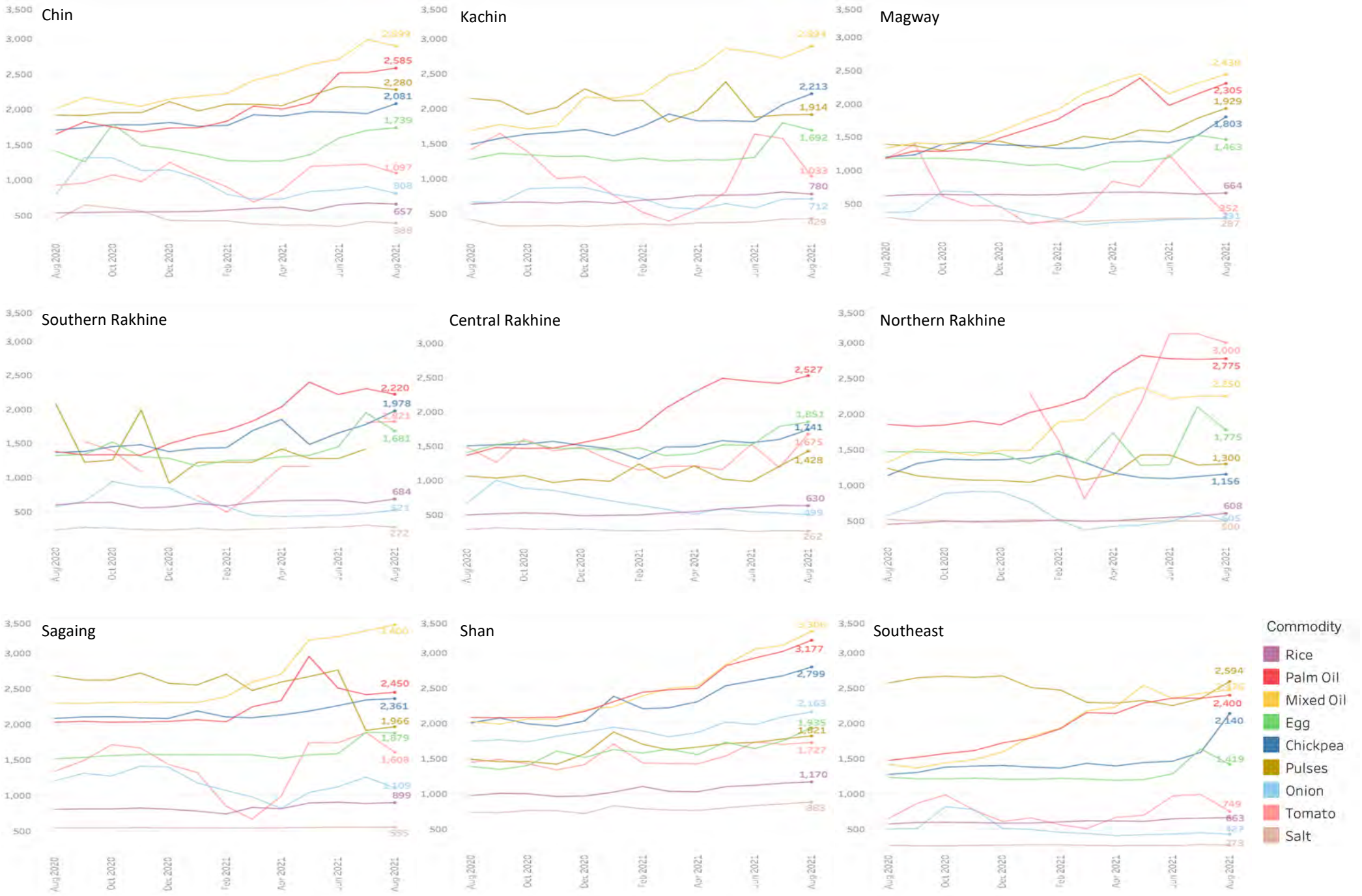
- +9% compared to last month
- +62% compared to pre-crisis
- +69% compared to last year

PRICE TRENDS FOR CHICKPEAS BY AREA (AUG 2020 - AUG 2021)



Price of chickpeas overall increased +9% (Jul-Aug)

- Largest increase seen in Southeast area (+35%), driven by Kayin state (+68%)
- Magway (+19%)
- Chin, Kachin, Central Rakhine, Southern Rakhine (+7-11%)
- Price increases around the country are primarily a result of low production this year and high demand, but exacerbated by transportation constraints/costs and shop closures


Chin
Kachin
Magway
Southern Rakhine
Central Rakhine
Northern Rakhine
Sagaing
Shan
Southeast
Commodity
Rice
Palm Oil
Mixed Oil
Egg
Chickpea
Pulses
Onion
Tomato
Salt