



## Food Market and Trader Assessment

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Post-Nargis Affected Areas:  
Ayeyarwady and Yangon Divisions  
Myanmar

[July 2008]

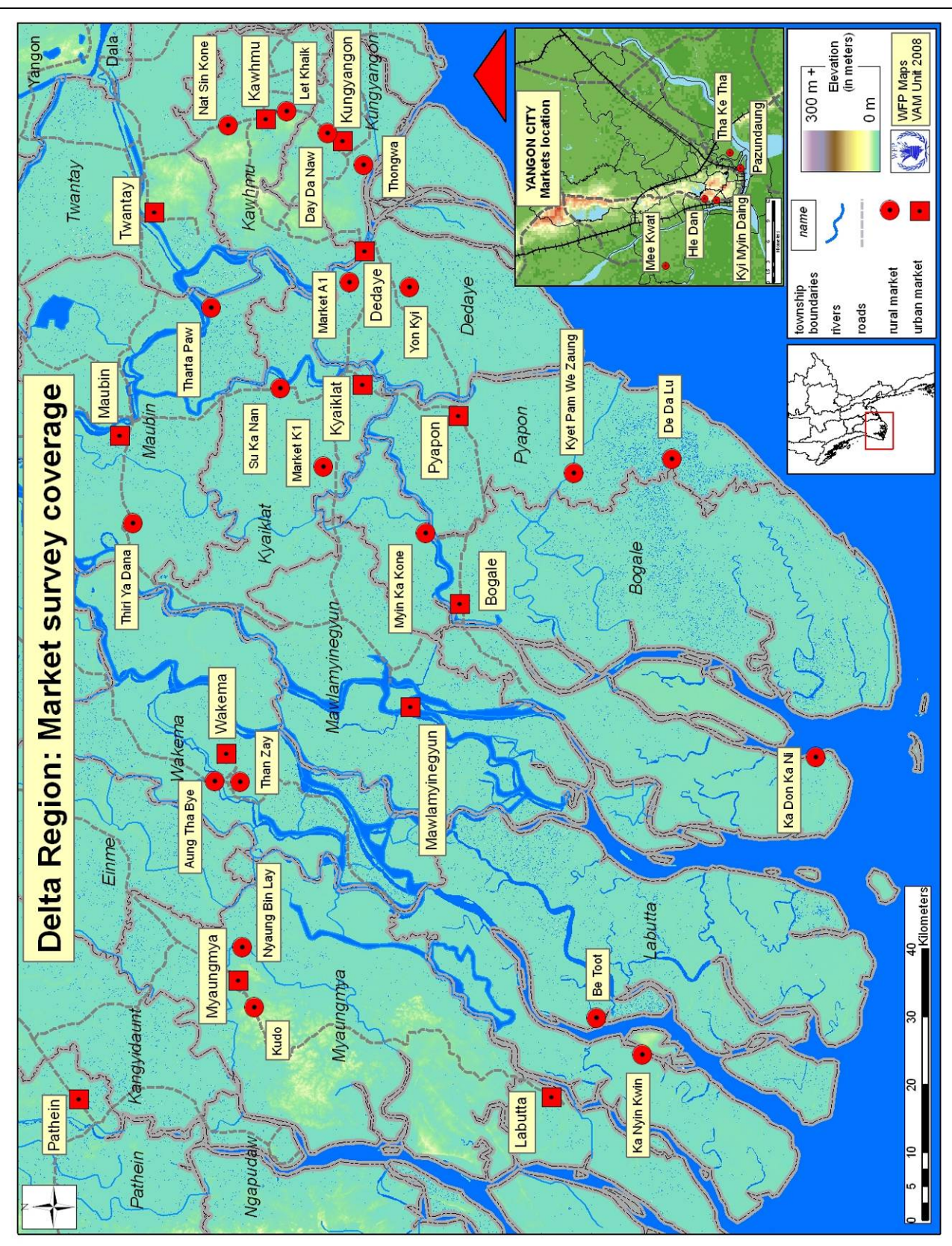


## Table of Contents

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Map and Acknowledgements	4
Introduction	5
<u>1. Macro-economic Analysis of Price and Income Indicators vis-à-vis Poverty and Purchasing Power</u>	6
1.1 Macro-economic Trends in GDP and Prices	6
1.2 Household Poverty and Expenditure in Yangon and the Delta	7
1.3 Purchasing Power, Market Access and Food Security of the Poor	7
1.4 WFP Response Strategy	8
<u>2. Market Assessment: Survey Reports from Ayeyarwady and Yangon Divisions</u>	10
2.1 Objectives and Sample Coverage	10
2.2 Food availability On Markets	10
2.2.1 Market Characteristics and Networks	10
2.2.2 Commodity Flows	12
2.2.3 Domestic Market Regulations and Tax System	13
2.2.4 Credit Availability and Access	13
2.3 Market performance	16
2.4 Household Food Access	17
2.4.1 Food aid	17
2.5 Response Capacities of Other Actors	19
2.5.1 Market Response Capacity	19
Annexure	20
References	31





## Introduction

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When balancing total production against internal demand, the Union of Myanmar is essentially self-sufficient in terms of its food requirements<sup>1</sup>. The country's food markets, however, tend to follow a closed-economy institutional system, with the trade of rice (the staple food commodity) largely limited to the administrative division in which it is cultivated. Trade across divisions is restricted to surplus estimates and subject to heavy licensing, tax and transport levies. As a result, the price of rice varies significantly between divisions. During the post-harvest period, prices drop to distress-sale levels within surplus-producing<sup>2</sup> southern areas such as Bago, Ayeyarwady, Yangon, Mon and Kayin. Across the northern divisions, however, prices remain high throughout most of the year, reducing poor households' access to available quantities.

In addition to regional price variations, inequitable purchasing power exacerbates the extent to which different wealth groups are able to access their food requirements. Given the high proportion of total household expenditure used for the purchase of food, any instability in commodity prices significantly impacts upon the access of poor families in particular. Following Cyclone Nargis, this has been further compromised as a result of food stock depletion, the loss of capital assets, and reduced supply in the market.

In July 2008, WFP Myanmar undertook a detailed study into the nature and characteristics of markets across the Ayeyarwady Delta, the effects of Cyclone Nargis on commodity prices, and their impact on the poor.

The first section of this report analyses secondary data on macroeconomic indicators and household expenditure patterns, examining their general implication on levels of access to adequate food. In the second section, the results of the market and trader Assessment are analysed as a means of assessing the food security status of vulnerable households in the post-disaster scenario.

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<sup>1</sup> The Myanmar government set an export target of 3.5 - 4.0 million tons for 2008, after exporting 4.5 million tons in 2007.

<sup>2</sup> The Southern divisions viz. Bago, Ayeyarwady, Yangon, Mon and Kayin – all affected by the cyclone in May 2008 – produce almost 65 percent of total national food production.

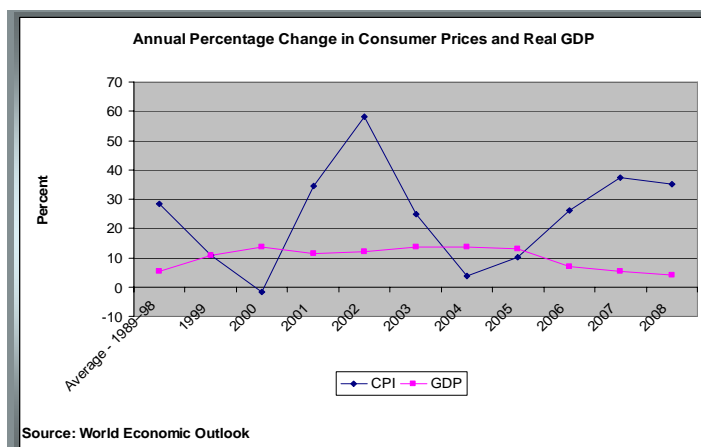


## 1. MACROECONOMIC ANALYSIS OF PRICE AND INCOME INDICATORS VIS-À-VIS POVERTY AND PURCHASING POWER

### 1.1 Macroeconomic Trends in GDP and Prices

While a recessing trend in Myanmar's real GDP has been witnessed in recent years, changes in the Consumer Price Index (CPI) over the last decade demonstrate high instability and fluctuation.

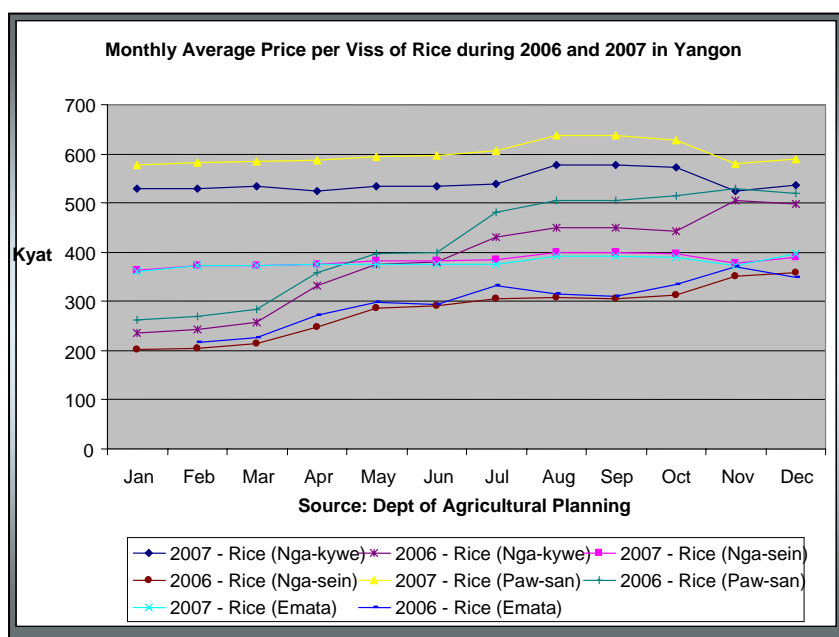
In 2000, the CPI was negative, largely on account of strong agricultural performance and the implementation of tax-free markets (see figure right). Within two years, however, a boom of more than 60 points had occurred, followed again by a drop in price to less than five percent by 2004. Since then, there has been a systematic rise in the CPI for all goods, standing at approximately 35 percentage points in 2008, and having a significant bearing on the overall cost of food.



With the damage caused by Cyclone Nargis to infrastructure, agriculture, food stocks, property and livelihoods, general inflation rates are expected to rise further.

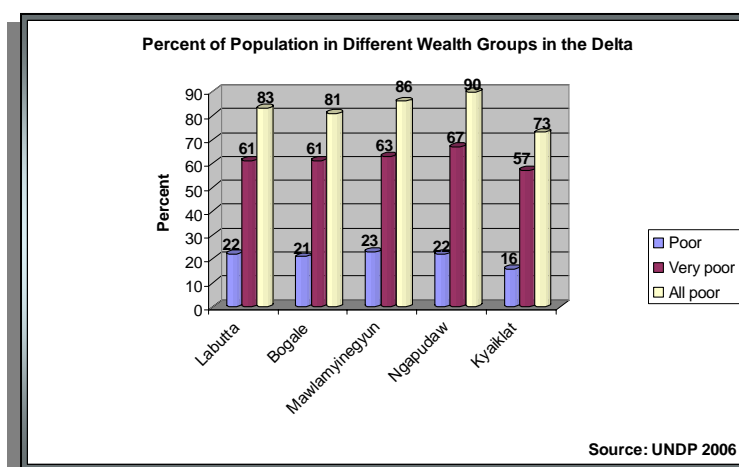
Food commodity prices in particular will likely experience additional increases due to the intensity of the cyclone's impact on the Ayeyarwady and Yangon Divisions, in which more than 60 percent of national rice production is cultivated.

Unfortunately, public data on consumer price indices by food group are unavailable in Myanmar. However, data from the Department of Agricultural Planning (see figure right) on wholesale price indices for different rice varieties reveal that almost all increased during 2006 and 2007. This is indicative of a similar trend in the consumer price of rice over the same period.

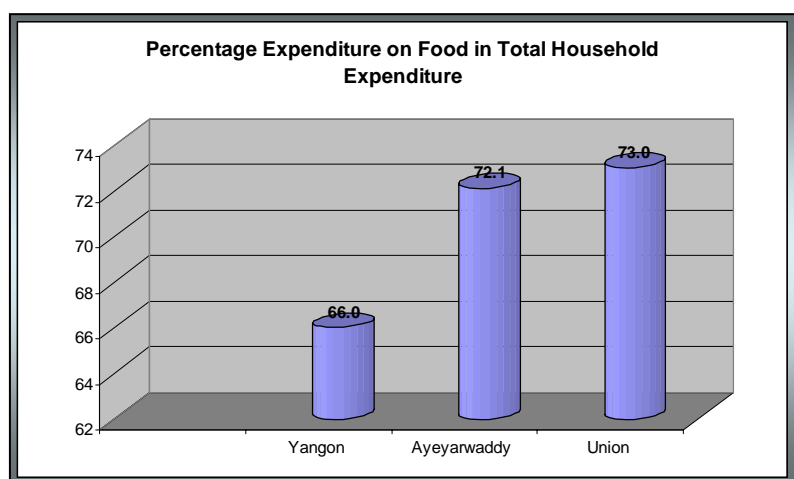


## 1.2 Household Poverty and Expenditure in the Yangon and Ayeyarwady Divisions

Approximately 30 percent of the Ayeyarwady Division's population lives below the poverty line – significantly lower than the national average. However, with the highest population density in the country, this division is home to a sizeable number of Myanmar's poor: almost 13 percent, compared to 6 percent residing in Yangon (see chart right).



Average consumption expenditure between the poor and non-poor is highly disparate, with the latter spending almost twice that of the poor. On average, poor households spend approximately 137,000 Kyats per annum, and this estimate does not vary significantly across Divisions.



According to a nation-wide Integrated Household Living Condition Survey conducted in 2007, an average household disburses almost 73 percent of its total expenditure on food, consistent with typical patterns among poor households in the developing world. In the Ayeyarwady and Yangon Divisions, these figures stand at 72 and 66 percent respectively (see chart left).

Among the poor, however, particularly those residing in rural areas, the proportion of expenditure utilised for food is typically higher. In Ayeyarwady, approximately 74 percent of expenditure by poor households is used for food, with 73 percent in rural areas specifically. In Yangon the average stands at 68 percent, rising to 77 percent in rural communities.

## 1.3 Purchasing Power, Market Access and Food Security of the Poor

The Ayeyarwady Division is commonly considered the rice granary of Myanmar, with additional major crops including maize, beans, groundnuts and sunflowers. However, the incidence of poverty and landlessness across the Delta is still significantly high<sup>3</sup>. A majority of poor households depend solely on wage labour as their primary source of income, while those in possession of some land typically own only marginal holdings. A sizeable number end up leasing

<sup>3</sup> Among the poor, ownership of livestock assets is limited mainly to chickens and ducks.

plots for cultivation from more affluent farmers<sup>4</sup>.

As cropping activities are largely confined to one season and subject to adequate rainfall, these farmers often end up with a suboptimal level of income, necessitating engagement in additional wage labour opportunities. Rates for this labour are currently subsistent, and vary between 1,500 Kyats per day in Bogale to 3,000 Kyats per day in Labutta. The cost of feeding an average sized family stands at approximately 1,800 Kyats per day. To cover the potential deficit and meet other expenditure requirements, the poor tend to sell their labour in advance or borrow money in time of money scarcity (UNDP, 2006-2007).

This limited purchasing power in the previous years (from 1'000 Kyats to 2'000 Kyats per day), coupled with a rising trend in prices since 2001, had already adversely impacted upon household food security prior to the cyclone. This was compounded by a hike in fuel prices in August-September 2007 by 100 percent and compressed gas by 500 percent. Further price rises anticipated in the post-Nargis period will thus have serious implications for the already compromised food security status of poor households, at least in the short-run pending the restoration of normal farming and other economic activities<sup>5</sup>.

According to the Village Tract Assessment (VTA) component of the Post-Nargis Joint Assessment (PONJA) Report, access even to staple foods like rice was severely restricted for inhabitants of the Delta in the immediate aftermath of the cyclone. It was reported that a vast majority of markets were either no longer functional or only partially so, due to significant infrastructural damage. As a result, both existing commodity stocks and the intake of protein-rich foods and minerals have been reduced.

By consequence, the affected population is currently dependent on multiple sources of food: approximately 67 percent of households source their food from local markets, but this dependence is not exclusive as 38 percent also report relying on humanitarian distributions. Such a pattern presents two major risks: household food insecurity, due to an absence of adequate purchasing power; and deterioration in the health and growth of children and pregnant/lactating women due to lowered consumption micronutrient-rich foods.

## 1.4 WFP Response Strategy

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In view of the above, WFP has continued to provide assistance to the affected population through the conduct of general food distributions in the Ayeyarwady and Yangon Divisions. WFP further proposes to: (1) target current relief distributions to the most affected households; (2) provide supplementary feeding support to the most vulnerable groups including pregnant/lactating women and children under 5; and (3) promote a restoration of assets and rehabilitation of infrastructure in affected areas through food for work and/or cash for work activities. This

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<sup>4</sup> Such households may lose proportions of their limited acreage during times of crisis, or if they default on debts and their land has been used as collateral.

<sup>5</sup> The cyclone not only killed tens of thousands of people but also swept away assets such as grain, seeds and livestock, and damaged irrigation systems. According to the Food and Agriculture Organization (FAO), Cyclone Nargis damaged 20 percent of rice paddy fields across the five disaster areas. This may have significant implications for food production in the coming years. The Ministry of Agriculture estimates that nearly 1.6 million hectares of paddy were damaged, including embankments that prevent intrusion by salt water, 700,000 tons of paddy was destroyed, nearly 160,000 draught animals were swept away, and thousands of tractors, power tillers, water pumps, harrows, ploughs and carriages lost (MoA 14 May).



comprehensive strategy will allow families to pursue early recovery activities in the relative security of their basic food needs being met. Furthermore, it will permit complementary UN, NGO, Government and community-level early recovery efforts to proceed unhindered by basic food security concerns.

To target, guide and monitor these programmes, WFP has proposed to undertake a household food security and nutrition assessment (in partnership with UNICEF) in August and September 2008. In supplement to this upcoming study, WFP conducted an assessment of market systems and commodity prices in the Ayeyarwady and Yangon Divisions. The findings of this Assessment and their implications are presented in the next section.

## 2. MARKET ASSESSMENT: SURVEY REPORTS FROM AYEYARWADY AND YANGON DIVISIONS

### 2.1 Objectives and Sample Coverage

The principal objective of the assessment is to understand the nature and characteristics of markets in the cyclone-affected Ayeyarwady and Yangon Divisions, and assess their implications on the food security status of affected populations. The basis of the assessment consisted of primary data collection from major town, village tract, and rural weekly or bi-weekly markets, covering 281 traders across 38 markets throughout 13 Townships and Yangon city.

Township	Wholesale Trader	Retail Trader	Petty Trader	Total
Bogale	4	20	1	25
Dedaye	3	16	2	21
Kawhmu	1	13	5	19
Kungyangon	3	11	6	20
Kyaiklat	1	16	4	21
Labutta	6	18	4	28
Maubin	1	13	7	21
Maw'gyun	0	6	0	6
Myaungmya	6	19	1	26
Pathein	6	0	0	6
Pyapon	1	15	5	21
Twantay	1	4	0	5
Wakema	6	5	4	15
Yangon City	5	32	10	47
<b>Total</b>	<b>44</b>	<b>188</b>	<b>49</b>	<b>281</b>

A purposive sampling method was utilised based on the geographic distribution of markets within townships and traders within each market. Within markets, a sample of traders was drawn so that each type was covered, including wholesale, retail and petty trade, as well as dry and fresh food sellers. Within trader categories, respondents were selected at random.

### 2.2 Food Availability in Markets

#### 2.2.1 MARKET CHARACTERISTICS AND NETWORKS

City markets existed in the majority of surveyed townships, supplemented by other ward-based small markets that function on a daily basis. Across affected areas, the cyclone caused large scale destruction to roads and market infrastructure. In the frontline townships, even stored food and warehouses were washed away, severely affecting market supply. Nevertheless, market operations are now slowly beginning to recover. (See Annex-1 for market conditions in the cyclone affected areas).

A majority of markets in the Yangon and Ayeyarwady Divisions are traditionally consumer-based, involving direct sale from retailers to end-consumers. Following the cyclone, however, the incidence of direct sale has been significantly reduced, primarily due to depleted production and limited accessibility following the destruction of transport links crucial to the movement of commodities into and out of market centres. In the Yangon division, however, farmers were seen to be selling directly to traders (wholesalers and retailers) in at least two markets.

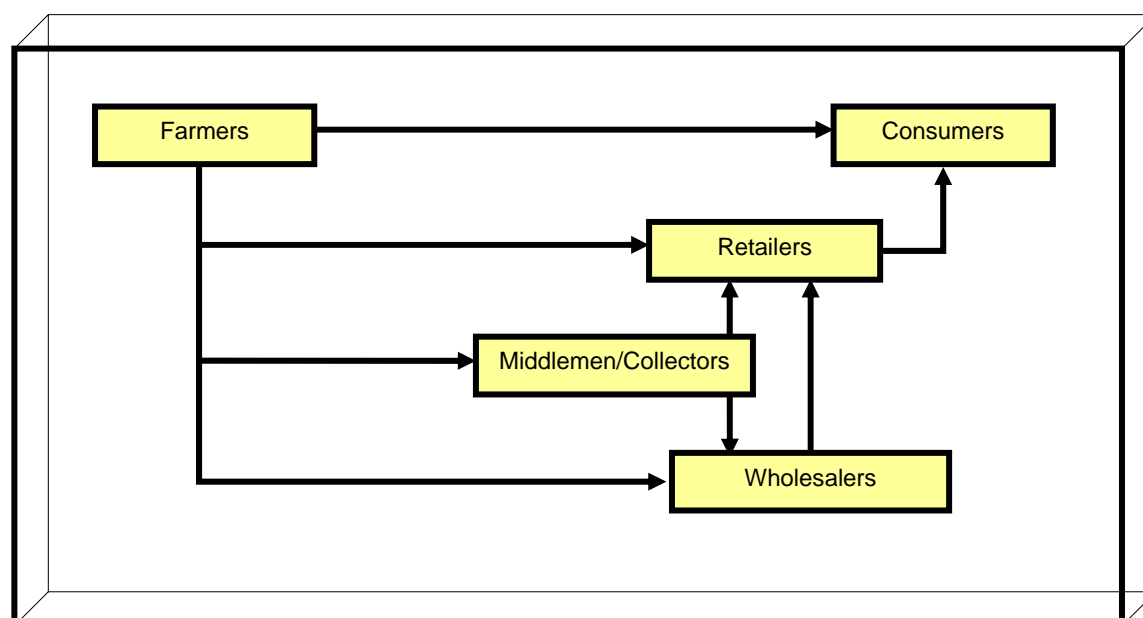
For approximately 84 percent of traders in Myanmar, this is their main source of supply; as high as 90 percent in townships such as Bogale, Kungyangon, Kyaiklat, Labutta, Maubin and Pathein, and close to 100 percent in Mawlamyngyun, Pathein and Myaungmya.

Table 2: The Nature of Markets

VI_Name Division	Market Type	Frequency	Percent	Valid Percent	Cumulative Percent
Ayeyarwady	Secondary	7	26.9	26.9	26.9
	Consumer market	19	73.1	73.1	100.0
	Total	26	100.0	100.0	
Yangon	Primary	2	16.6	16.6	16.0
	Secondary	4	33.3	33.3	49.9
	Consumer market	6	50.1	50.1	100.0
	Total	12	100.0	100.0	

Source: Food Market and Traders Assessment in Ayeyarwady and Yangon Division

The market channels in both divisions can be depicted as follows:



Source: Food Market and Traders Assessment in Ayeyarwady and Yangon Division

The major trading channel runs from farmers to middlemen/wholesalers, to retailers and then on to consumers. Domestic producers and middlemen supply the vast majority of traded food commodities to wholesalers, with minimal imports entering the market due to the imposition of

government restrictions and heavy import duties.

### 2.2.2 COMMODITY FLOWS

While a majority of markets have resumed some degree of functionality, this has been constrained by the reduction in supply. Domestic supply channels have been disrupted by the incidence of damage to food stocks and insufficient transport facilities, particularly in the Ayeyarwady Division. In turn, ongoing supply deficits are driving commodity prices up even further.

**Table 3: Traders' Opinions on Changes in Sales Volume of Main Commodities**

Commodity	Change in Volume Sold (%)			Total Respondents	Percent Respondents
	Up	Down	No Change		
Rice (Ematha)	4.3	82.6	13.0	46	16.7
Rice (Nge Sein)	0.0	90.0	10.0	30	10.9
Maize	0.0	100.0	0.0	3	1.1
Beans	4.2	75.0	20.8	24	8.7
Long Beans	11.1	66.7	22.2	9	3.3
Bean Sprouts	0.0	80.0	20.0	10	3.6
Cabbage	3.1	78.1	18.8	32	11.6
Carrot	0.0	50.0	50.0	6	2.2
Pepperoni	5.0	75.0	20.0	20	7.3
Tomato	0.0	88.5	11.5	26	9.5
Onion Garlic	0.0	81.2	18.8	69	25.1
Potato	2.9	85.7	11.4	35	12.7
Egg Plant	11.1	66.7	22.2	9	3.3
Lady Finger	0.0	84.6	15.4	13	4.7
Chinese Kale	0.0	50.0	50.0	2	0.7
Water Cress	4.3	73.9	21.7	23	8.4
Roselle	8.3	75.0	16.7	24	8.7
Other Vegetables	0.0	83.8	16.2	37	13.5
Mango	0.0	80.0	20.0	15	5.5
Banana	20.0	40.0	40.0	5	1.8
Papaya	0.0	25.0	75.0	4	1.5
Other Fruits	0.0	58.8	41.2	17	6.2
Meat	0.0	66.7	33.3	9	3.3
Chicken	0.0	100.0	0.0	6	2.2
Fish	7.1	89.3	3.6	28	10.2
Prawns	14.3	81.0	4.8	21	7.6
Fish paste	0.0	100.0	0.0	5	1.8
Eggs	0.0	91.7	8.3	12	4.4
Vegetable Oil	1.6	82.0	16.4	61	22.2
Salt	9.7	61.3	29.0	31	11.3
Noodles	0.0	50.0	50.0	2	0.7
Other Food Items	8.6	74.1	17.2	58	21.1
Total	3.6	79.6	16.7	275	100.0

Source: Food Market and Traders Assessment in Ayeyarwady and Yangon Division

On average, approximately 80 percent of traders have experienced a reduction in their trading



volume. It should be noted that in 83 percent of cases, the amount of traded Ematha rice (a higher quality variety) has reduced, with only 13 percent of traders maintaining their pre-cyclone sales volumes. In the case of Nge Sein rice (an inferior quality variety most commonly consumed by poor households), the volume sold by 90 percent of traders also fell.

Furthermore, a majority of fresh food traders across most markets noted a decrease in their trading volume following the cyclone. This is largely on account of higher prices resulting from shortages in supply, in addition to reduced demand stemming from lower customer purchasing power. Even sales of salt – typically among the most essential commodities – have dropped in more than 60 percent of cases, owing to significantly inflated prices brought about by the cyclone’s devastating effect on its production.

More than 80 percent of vegetable oil traders have experienced reduced sales volumes compared to pre-cyclone levels; a trend that is mirrored in the case of other major commodities including fish, prawns, meat, chicken and eggs.

The destruction of stocks during the cyclone is cited as the primary reason for these reductions (60 percent), followed by the distribution of food aid (9 percent), rising prices (6 percent), harvest failure (2 percent) and the effects of competition (3 percent).

### 2.2.3 DOMESTIC MARKET REGULATIONS AND TAX SYSTEM

Regulations governing the transport of rice throughout Myanmar are extensively protectionist, with Regional Commanders severely restricting exports from their divisions for fear of inadequate remaining resources during the lean season. By consequence, even with a surplus in national production, country-wide exchanges to redress regional shortfalls are hampered by transport restrictions and taxation. Imports to the townships, on the other hand, are generally free.

In order for rice to be exported outside of divisional borders, approval must be granted by both the Regional Commander and the Yangon Division Commodity Price Control Committee. Additionally, the incurrence of “invisible non-commercial costs” at township and divisional borders (estimated at approximately 500 Kyats per bag) represent a further trade barrier. As a result, a bag that would be sold for 14,000 Kyats in Yangon might fetch 19,000 Kyats in Magway Division. For imports or exports outside the country (including WFP’s regional purchases) authorization from the Myanmar Rice Steering Committee is compulsory.

At the market level, petty traders are subject to a fixed charge for selling their goods within market premises. While no VAT exists in the country, given the difficulties that a Revenue Bureau would have in registering both formal and informal traders, civil charges are however applied (approximately 10 percent) for larger businesses dealing in foreign currency, particularly US dollars.

### 2.2.4 CREDIT AVAILABILITY AND ACCESS

Access to credit and banking facilities in Myanmar is limited, particularly for domestic producers and traders. This is largely on account of high interest rates and stringent banking regulations. The availability of credit to farmers is exceedingly restricted owing to the fact that land rights are not held by the vast majority of farmers, but belong to the government or a small number of wealthy landlords (across the country, more than 45 percent of landholdings are of only 2

hectares or less, leading to a high incidence of subsistence farming). Most holdings are occupied on the basis of suboptimal lease arrangements. The absence of producer and supplier credit and the limited availability of consumer credit for retail sales are likely to result in a slower rate of recovery in market functioning due to increased transaction costs. This result will be most pronounced in areas most affected by the cyclone, where a majority of producers and traders have lost their infrastructure and capital.

Interest rates on loans are exceptionally high in Myanmar, reflecting perceived levels of risk and uncertainty by commercial and national banks as well as micro-credit financial institutions. These perceptions are largely informed by the absence of governmental guarantees against loans and a lack of collateral pledges. As a result, farmers are unable to supply on credit and traders are discouraged from buying and selling using credit. This has obvious implications for trading volumes within the marketplace, particularly during times of crisis when peoples' purchasing power has been negatively affected by property loss and limitations on livelihood options. In general, about 55 percent of traders do not sell on credit, with the figure rising to 57 percent among retailers. In the Yangon Division, however, only 30 percent of traders do not sell food items on credit.

It is striking to note that, on average, 16 percent of food commodity transactions only take place on credit with the remainder traded in exchange for cash. Sales based on credit tend to be more common among petty traders, for whom a mutual trust has been established with customers, and competition for market sale shares is more pronounced.

A majority of traders do not purchase their commodities using credit. Among retailers and petty traders the incidence stands at approximately 30 percent, with the number falling to 10 percent in rural markets. Informal credits from friends and relatives are, thus, the primary means of financing trading in rural areas where a majority of poor households reside.

**Table 4: Percentage of Traders Selling on Credit**

Selling on Credit (Yes/No)	Trader Type			Total
	Wholesale Trader	Retail Trader	Petty Trader	
Yes (%)	48.8	42.9	50.0	45.1
Yes (No.)	21	79	24	124
No (%)	51.2	57.1	50.0	54.9
No (No.)	22	105	24	151
Total (%)	100.0	100.0	100.0	100.0
Total (No.)	43	184	48	275

Source: Food Market and Traders Assessment in Ayeyarwady and Yangon Division

**Table 5: Percentage of Traders Buying on Credit**

Buy in Credit (Yes/No)	Trader Type			Total
	Wholesale Trader	Retail Trader	Petty Trader	
Yes (%)	39.5	29.7	32.6	31.8
Yes (No.)	17	55	15	87
No (%)	60.5	70.3	67.4	68.2
No (No.)	26	130	31	187
Total (%)	100.0	100.0	100.0	100.0
Total (No.)	43	185	46	274

Source: Food Market and Traders Assessment in Ayeyarwady and Yangon Division

**Table 6: Types of Trader Buying and Selling on Credit**

Trader Type (Number of Traders)	Sell Cash/Credit		Buy Cash/Credit	
	Credit (%)	Cash (%)	Credit (%)	Cash (%)
Wholesale Trader	16.98	83.02	17.07	82.70
N	43	43	43	43
Retail Trader	15.34	84.93	16.07	83.93
N	184	184	183	183
Petty Trader	19.17	80.83	21.09	78.91
N	48	48	46	46
Total	16.27	83.92	17.07	82.89
N	275	275	272	272

Source: Food Market and Traders Assessment in Ayeyarwady and Yangon Division

Approximately 50 percent of traders purporting to sell on credit cited inadequate financial capacity as the primary reason for doing so, followed by 19 percent referring to de-stocking and 17 percent to a reduction in demand from customers. Among wholesalers, by contrast, 52 percent gave de-stocking as their major reason due to a reduction in quality of their stored food resulting from moisture damage.

**Table 7: Reasons for Selling on Credit**

Reason	Wholesale Trader (%)	Retail Trader (%)	Petty Trader (%)	Total
Low demand from customers	13.0	22.2	3.6	16.7
High selling prices	0.0	1.2	0.0	0.8
De-stocking	52.2	7.4	25.0	18.9
Lack of money	17.4	56.8	57.1	50.0
Other	17.4	12.3	14.3	13.6
Total	100.0	100.0	100.0	100.0

Source: Food Market and Traders Assessment in Ayeyarwady and Yangon Division

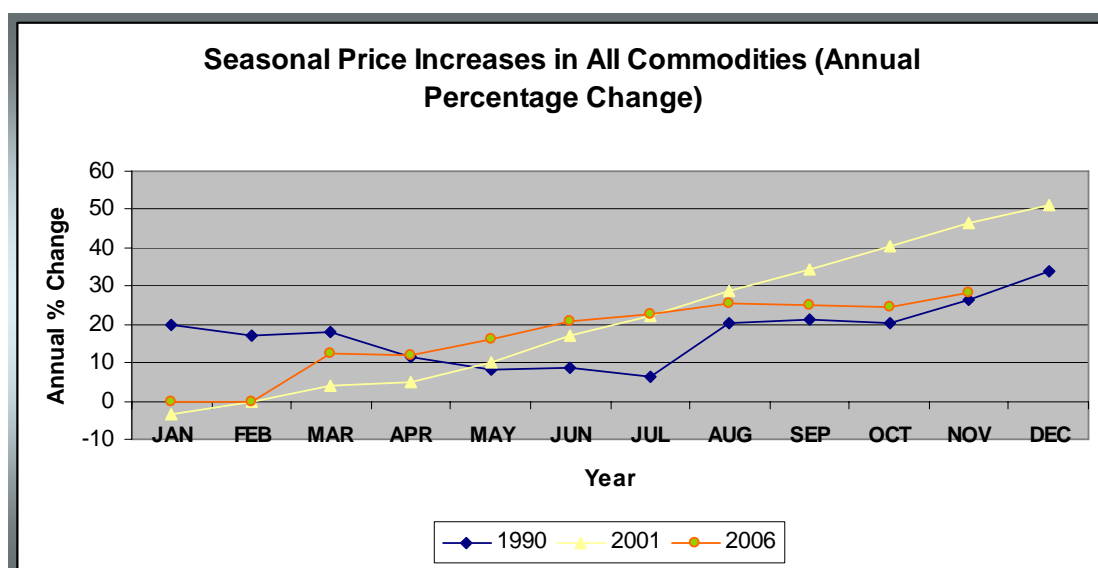
Table 8: Reasons for Buying on Credit

Reason	Wholesale Trader (%)	Retail Trader (%)	Petty Trader (%)	Total
Insufficient cash flow	62.5	56.0	60.0	58.0
High purchase price	0.0	4.0	6.7	3.7
Stocking	12.5	0.0	0.0	2.5
Lack of money	12.5	28.0	26.7	24.7
Other	12.5	12.0	6.7	11.1
Total	100.0	100.0	100.0	100.0

Source: Food Market and Traders Assessment in Ayeyarwady and Yangon Division

## 2.3 Market Performance

Official data on current consumer prices and trends in Myanmar are not available. However, such information up to 2006 is given in the 2007 issue of the Market Information Service Project, which suggests a general increase in the price indices of all commodities since 2004. Given the significant proportion of household expenditure used for food, the CPI is likely to be significantly weighted by commodity prices. Furthermore, seasonal price increases are very high when compared to inter-annual inflation rates<sup>6</sup>. It is likely, therefore, that the purchasing power of the poorest households (whose percentage expenditure on food is even higher than the general population) would be heavily adversely affected given that the real GNP has been on a declining trajectory.



Source: Dept of Agricultural Planning, market information service project

While food prices were already increasing due to high rates of inflation in recent years, the results of the trader survey reveal that Cyclone Nargis caused further hikes among almost all essential commodities in the affected areas. While the price of rice has, on average, increased by approximately 1.2 percent, the same for poor quality varieties has risen by 3 to 10 percent. As these varieties are most commonly consumed by poorer segments of the population, these increases will have a significant impact on their access to this staple food commodity.

<sup>6</sup> This is largely because of the weight of food commodities in the expenditure basket used for the calculation of consumer price indices and the fact that food prices have been increasing since 2001.



It is important to mention here that the margin in the case of rice remained relatively steady after the cyclone, meaning that the full effect of the price increases is borne by consumers. Given the damage to supply, traders have translated the increase in prices into changes in their profit margins by more than 100 percent, ensuring that buyers must not only bear the brunt of the increase but also compensate for the volume of profit lost by traders.

**Table 9: Rice Prices Before and After Cyclone Nargis**

Rice	Unit	Buying Price (Kyat)				Selling Price (Kyat)				Change in Price Returns and Margin		
		Pre Cyclone	Current	Difference	% Increase Pre-/Post Cyclone	Pre Cyclone	Current	Difference	% Increase Pre-/Post Cyclone	Sales Return per Pyi: Pre-cyclone	Sales Return per Pyi: Post-cyclone	% Margin Change
A	B	C	D	E=(D-C)	F=(E/C%)	G	H	I=(H-G)	J=(I/G%)	K=(G-C)	L=(H-D)	M=(L-K)/K%
Rice Nge Sein	Pyi	590	585	-5	-0.9	670	676	5	0.8	80	91	13.5
Rice Ematha	Pyi	708	693	-15	-2.1	738	757	19	2.6	30	64	115.1
Rice Paw San	Pyi	721	741	19	2.7	977	1,048	72	7.3	255	308	20.6
Rice Nan Ka	Pyi	360	400	40	11.1	400	440	40	10.0	40	40	0.0
Average	Pyi	636	626	-9	-1.4	714	723	9	1.2	79	97	22.7

Source: Food Market and Traders Assessment in Ayeyarwady and Yangon Division

**Table 10: Prices of Essential Commodities Before and After Cyclone Nargis**

Commodity	Unit	Buying Price (Kyat)				Selling Price (Kyat)				Change in Price Returns and Margin		
		Pre Cyclone	Current	Difference	% Increase Pre-/Post Cyclone	Pre Cyclone	Current	Difference	% Increase Pre-/Post Cyclone	Sales Return per Unit: Pre-cyclone	Sales Return per Unit: Post-cyclone	% Margin Change
A	B	C	D	E=(D-C)	F=(E/C%)	G	H	I=(H-G)	J=(I/G%)	K=(G-C)	L=(H-D)	M=(L-K)/K%
Onion/Garlic	Bag	12,917	12,917	0.00	0.00							
	Viss	663	660	-2.82	-0.43	802	770	-31.67	-3.95	138	110	-20.8
Potato	Bag	22,000	22,000	0.00	0.00							
	Viss	475	504	28.70	6.04	590	641	50.87	8.63	114	136	19.4
	Piece	30	30	0.00	0.00	35	35	0.00	0.00	5	5	0.0
Lady Finger	Viss	514	713	198.21	38.54	658	989	330.24	50.16	144	276	91.7
	Piece	22	26	4.30	19.72	35	39	3.58	10.17	13.5	12.7	-5.3
Water Cress	Bundle	21	28	7.15	34.68	41	52	10.42	25.25	21	24	15.8
	Viss	240	350	110.00	45.83	410	508	98.33	23.98	170	158	-6.9
Roselle	Bundle	26	32	5.94	23.26	39	42	2.56	6.48	14	11	-24.4
	Viss	695	973	278.08	40.01	917	1,367	449.92	49.06	222	394	77.4
Fish	Viss	2,825	2,325	-500.00	-17.70	3,500	2,888	-612.50	-17.50	675	563	-16.7
Egg	Piece	86	120	34.00	39.53	115	154	39.29	34.16	29	34	18.2
Veg Oil	Drum	365,400	365,400	0.00	0.00							
	Viss	3,061	3,120	59.23	1.94	3,213	3,311	98.39	3.06	152	191	25.7
Salt	Bag	8,333	19,333	11,000.00	132.00	20,000	28,500	8,500.00	42.50	11,667	9,167	-21.4
	Viss	417	577	159.68	38.28	670	1,227	557.32	83.23	252	650	157.5
Sugar	Viss	759	778	18.75	2.47	944	1,000	56.25	5.96	185	223	20.3

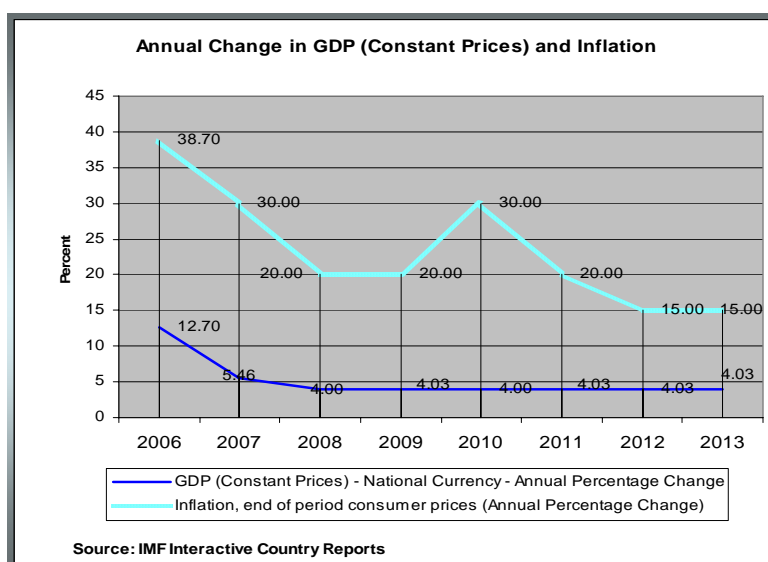
Source: Food Market and Traders Assessment in Ayeyarwady and Yangon Division<sup>7</sup>

<sup>7</sup> See Annex for details of all commodities

In addition to rice, the prices of other essential commodities, such as salt and vegetables, have also increased in the aftermath of the cyclone. While at the wholesale level the price of salt has gone up by approximately 43 percent, this increase is as high as 83 percent at the retail and petty trade levels. Wholesalers have not transferred the entirety of this increase to retailers, sharing 21 percent of the additional cost from their profit margin. Retailers and petty traders have used this as an opportunity to increase their profit, not only passing on all the cost to consumers but also increasing their profit margin more than one and a half times that of pre-cyclone levels.

Price rises for essential commodities are, in part, the result of consumers' reduced purchasing power. However, transferral of the vast majority of additional costs onto these consumers, compounded by an increase in profit margins for some commodities, suggests that: (1) traders are attempting to compensate for losses incurred on capital and stock during the cyclone; and (2) a supply-side constraint for some essential commodities is being used as an opportunity to generate additional returns.

Post-crisis short term measures may be able to contain the increasing trend in prices for a limited duration, but predictions suggest that inflation rates are unlikely to stabilise at pre-crisis levels in the long term. According to IMF estimates, the inflation rate in Myanmar will vary between 20 and 30 percent up to the year 2011, and from 2012 onwards prices will continue to rise at a rate of 15 percent per annum. The trader survey, however, presents no clear pattern on the evolution of food prices over the forthcoming six months, suggesting insufficient transparent market signals that allow traders to formulate the prediction themselves.



Of the 73 percent of traders who responded to a question posed on expected food price trends, approximately 38 percent said they did not know about future movements, 24 percent predicted that prices will increase, 14 percent that they will decrease and 25 percent that they will remain the same. A further increase in prices was preponderantly anticipated by retail traders of vegetables, fruits, egg, chicken, meat and fish paste in the lower regions of the Delta.

Any policy intervention to improve the food security of poor households should aim, therefore, not only to boost their purchasing power in the short run, but also to be complemented by a restoration of market capital and infrastructure to augment production and transportation of essential commodities.

## 2.4 Household Food Access

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### 2.4.1 IMPACT OF FOOD AID

According to the VTA, families across the cyclone affected areas have been relying on multiple sources of food to meet their daily requirements, with 67 percent indicating that they are dependent on local markets and 38 percent on humanitarian distributions.

The market survey illustrates that 62 percent of traders demonstrated some awareness of food aid being sold in the marketplace, but only 40 percent reported to have actually been witness to the sale of donated commodities. This suggests that, if such transactions are occurring at all, they will likely be outside of classic market channels.

Traders were also asked for their assessment of whether food aid would affect the volume and price of commodities being sold in the market, to which only 40 percent responded. 42 percent of these asserted that there would be no impact, 19 percent predicted lower profit margins and 9 percent pointed to a decline in the volume of total customers or purchases.

## 2.5 Response Capacities of Other Actors

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### 2.5.1 MARKET RESPONSE CAPACITY

In the context of credit scarcity, traders should aim to avoid the retention of stocks, sell commodities more rapidly and purchase smaller quantities to evade losses or deterioration in quality. Traders and wholesalers tend not to apply conservation techniques, meaning that stocks can only be stored for short durations before becoming exposed to a variety of risks including infestation and swamping.

However, the primary reason for a rapid disposal of commodities and small volume trading pertains to the absence of adequate storage facilities following the damage caused by the cyclone. Approximately 37 percent of traders do not have access to any storage space, ensuring that purchases and sales must be conducted on almost a daily basis. A majority of these are small retailers and petty traders selling vegetables and fresh food. A further 50 percent, mostly small retailers again, purchase and sell their commodities within a week. Only 13 percent of traders store their commodities for more than a week, with a further 0.6 percent able to retain stocks for more than one month. These are primarily large retailers or wholesalers.

Major constraints currently faced by traders across both the Ayeyarwady and Yangon Divisions include: reduced purchasing power resulting in declining demand (38 percent); climate uncertainties (11 percent); poor road conditions (6 percent); and low access to credit (4.2 percent). Approximately 78 percent of respondents claimed to have insufficient capacity to bring additional food to the market, with only 16 percent able to transport commodities within a week – the majority of whom reside in the higher areas of the Delta. The lower areas have been most severely affected, with only 10 percent of traders able to bring food to the market within a week.

## **Annexure**

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### **ANNEX.1**

#### **Markets in the Affected Townships of the Delta: A Summary of Assessments (Ref. Summary of Preliminary Assessment of Areas Affected by Cyclone Nargis by IDE/UNDP – Submitted to MIMU – 3-30 May, 2008)**

##### **Labutta**

The City Market in Labutta is the township's primary market. This is less well-supplied than Ngapudaw city, given the extent of the damage that had been rendered to infrastructure and transport links. The eastern part of the Labutta Township is inaccessible from Labutta town itself, but more so from southern Mawlamyngyun. The market towns of Bedut and Hlaingbon are located to the east, and can be reached within 6 hours by boat. These towns receive a similar supply of food, water and medicines, but lower volumes of other goods such as cooking utensils, shelter materials and blankets. Prior to the cyclone, the average price for low quality rice was approximately 850 Kyat/pyi, while an unskilled wage labourer could earn up to 1,800 Kyat/day. For other less accessible towns, such as Pyinsalu which is 10 hours to the south, food commodities and other goods must be transported in by boat.

Across the Labutta Township, there are limited food resources available in the markets, necessitating a steady supply of aid in order to maintain the food security of its inhabitants.

##### **Ngapudaw**

Cyclone Nargis made landfall in Ngapudaw, the western-most township in the Ayeyarwady Delta, ensuring that it was one of the most severely affected areas. Upper Ngapudaw has a functioning market supplied by Patheingyi and Yangon which contains adequate supplies of rice, oil, salt, fertiliser, pesticides and building materials. One month after the cyclone the cost of rice stood at approximately 800 Kyat/pyi and was easily available in the market (UNDP, 11 June 2008). A wage labourer was typically able to earn 2,000 Kyat/day.

The southern islands of Pyin Khayaing and Hainggyi, about 10 hours to the west of Ngapudaw, were the most affected and contain only secondary markets. Those in Hainggyi are recovering with some supplies, but provisions entering Pyin Khayaing remain significantly limited.

##### **Mawlamyngyun**

Mawlamyngyun island contains the township's main market, accessible by steamer, with secondary markets located in the south. The cyclone affected all markets, mainly by reducing accessibility. While some food continues to be available for purchase, prices have notably increased: low quality rice costs approximately 800 Kyat/pyi, while an unskilled wage labourer can earn only 1000 Kyat/day<sup>8</sup>.

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<sup>8</sup> A family of 7 requires roughly 1,800 Kyat/day to eat. (UNDP 2007)



## **Bogale**

Only limited quantities of food are available in Bogale's markets, resulting in significant price hikes. Northern Bogale is slowly recovering, with goods being received from functioning markets in Yangon and Pyapon. Prior to the cyclone, the cost of low quality rice was approximately 720 Kyat/pyi and an average wage for an unskilled labourer stood at 1,000 Kyat/day (UNDP 2007). Southern Bogale experienced some of the worst damage caused by the cyclone, with entire villages washed away.

## **Pyapon**

Pyapon is the commercial centre of the eastern Delta. Prior to the cyclone the township was a hub of numerous forms of commercial activity, including rice milling, shrimp farming, and fish and seafood processing. Transport links into and around the township have remained in good condition. According to assessments, both Pyapon and Minkyaung markets (to the north of Pyapon town) are recovering quickly, accompanied by the rapid rehabilitation of infrastructure.

## **Dedaye**

Dedaye Township was less affected by the cyclone than the Delta's western areas. Although with limitations, markets continue to function. Residents of the Yangon Division's Kawhmu and Kungyangon Townships even travel to Dedaye's primary market to purchase goods. Nevertheless, secondary and smaller markets across the township (including Thaungtan, Kyon Hmaw, Thaegonelay, Gualay, Taw Hla, Late Kyun, Kyon Dat, Kyauksayit and Ahsaelay) were destroyed.

## **Kyaiklat**

Kyaiklat, an inland township, suffered less from the cyclonic surge than the associated wind and rains. Underdeveloped infrastructure across the township means that access to markets is poor, resulting in continued availability of rice at the reasonably low price of 700 Kyat/pyi. Prior to the cyclone, the typical rate for wage labour stood at 1,600 Kyat/day, increasing to a current 2,000 Kyat/day. The main market in Kyaiklat town is used only by those villages within close proximity. Functional markets in Dedaye and Pyapon are more accessible for villages in the east and west of the township. Maubin, having suffered minimal damage from the cyclone, is the hub market for northern areas of Kyaiklat.

## ANNEX.2:

### Ayeyarwady and Yangon Divisions – Rapid Traders’ Survey 2008

#### POSSIBLE SHORT INTRODUCTION FOR KEY INFORMANTS

“We are conducting a survey on the market conditions in 2 divisions of Myanmar. The survey also entails assessment of cereal markets. I would like to ask you some questions about markets and food aid, which will take about 15 minutes. Your name will not be recorded and any information that you provide will be confidential and will not be disclosed to other people. Your participation is voluntary and you can choose not to answer any or all of the questions if you wish; however we hope you will participate since your views are important. Do you have any questions? May I begin now?”

<b>Trader type:</b> Wholesale Trader-1, Retailer Trader-2, Petty Trader-3 <b>Commodity type:</b> Dry Food-1, Fresh Food-2 <b>Market type:</b> Township market-1, VT Market-2, Rural Market-3					
I	Questionnaire number				
II	Majority trader type in the market				
III	Majority commodity type in the market				
IV	Market Type				
V	Name of Market				
VI	Name of Division				
VII	Enumerator Name				
IX	Date of interview				
<b>A. GENERAL CHARACTERISTICS OF THE MARKET</b>					
1.	What are the main food commodities traded in this market?	<b>01= Rice quality- Ematha</b> <b>02= Rice quality- Nge Sein</b> 03= Maize 04= Beans 05= Long Beans 06= Bean Sprouts 07= Cassava/Sweet Potato 08= Veg - Cabbage 09= Veg - Carrot 10= Veg - Pepperoni 11= Veg - Tomato 12= Veg - Onion/Garlic 13= Veg - Potato 14= Veg - Eggplant 15= Veg - Lady fingers	16= Veg - Chinese Kale 17= Veg - Water Cress 18= Veg - Rosele 19= Veg - Others _____ 20= Fruit - Mango 21= Fruit - Banana 22= Fruit - Papaya 23= Fruit - Pineapple 24= Fruit - Others 25= Meat 26= Chicken 27= Fish 28= Seafood	29= Prawn 30= Squid 31= Fish Pest 32= Egg 33= Veg. oil <b>34= Salt</b> 35= Sugar 36= Milk 37= Coffee 38= Wheat flour 39= Noodles 40= Livestock 41= Other food items, specify: _____	[   ] [   ] [   ] [   ] [   ] [   ]
2.	What type of food commodity market is this?	01= Primary (producers sell to traders, wholesalers or retailers) 02= Secondary (wholesalers sell to traders/retailers) 03= Consumer market (retailers sell to final consumers)			[   ]
3.	What is the frequency of this market?	01= Daily 02= Weekly 03= Bi-weekly 04= Periodic (specify) _____			[   ]
4.	What is the main/dominant type of traders in this market?	01= Farmer 02= Retailer (sells to consumers) 03= Wholesaler 04= Middleman (Commission agent / Firm agent) 05= Other: _____			[   ]
5.	What is the approximate number of this dominant type of traders in this market?	<div>Wholesale</div> <div>Retail</div>			[   ] [   ]
6.	<b>Wage Rates</b>		<b>BEFORE CYCLONE</b>	<b>AFTER CYCLONE</b>	
6.1	What is the wage per loading/unloading a bag (Kyat)				
6.2	If working as a daily labor, what is the wage rate per day? (Kyat)				
6.3	How many days a laborer works on an average per week? (Kyat)				

THANK YOU FOR YOUR PARTICIPATION

# ANNEX.3:

## Ayeyarwady and Yangon Divisions – Rapid Traders’ Survey 2008

### POSSIBLE SHORT INTRODUCTION FOR TRADERS

“We are conducting a survey on the market conditions in 2 divisions of Myanmar. The survey also entails assessment of cereal markets. I would like to ask you some questions about markets and food aid, which will take about one hour. Your name will not be recorded and any information that you provide will be confidential and will not be disclosed to other people. Your participation is voluntary and you can choose not to answer any or all of the questions if you wish; however we hope you will participate since your views are important. Do you have any questions? May I begin now?”

**Trader type:** Wholesale Trader-1, Retailer Trader-2, Petty Trader-3

**Commodity type:** Dry Food-1, Fresh Food-2

**Market type:** Township market-1, VT Market-2, Rural Market-3

I	Questionnaire number	
II	Trader type	
III	Commodity type	
IV	Market Type	
V	Name of Market	
VI	Name of Division	
VII	Enumerator’s Name	
IX	Date of interview	

### A. SELLING AND PURCHASING PRICE

7.	What main food commodities are you trading?	<b>01= Rice quality- Ematha</b> <b>02= Rice quality- Nge Sein</b> 03= Maize 04= Beans 05= Long Beans 06= Bean Sprouts 07= Cassava/Sweet Potato 08= Veg - Cabbage 09= Veg - Carrot 10= Veg - Pepperoni 11= Veg - Tomato 12= Veg - Onion/Garlic 13= Veg - Potato 14= Veg - Eggplant 15= Veg - Lady fingers	16= Veg - Chinese Kale 17= Veg - Water Cress 18= Veg - Rosele 19= Veg - Others  20= Fruit - Mango 21= Fruit - Banana 22= Fruit - Papaya 23= Fruit - Pineapple 24= Fruit - Others 25= Meat 26= Chicken 27= Fish 28= Seafood	29= Prawn 30= Squid 31= Fish Pest 32= Egg 33= Veg. oil <b>34= Salt</b> 35= Sugar 36= Milk 37= Coffee 38= Wheat flour 39= Noodles 40= Livestock 41= Other food items, specify: _____	[ ] [ ] [ ] [ ] [ ] [ ] [ ]
8.	Where are the main commodities originated from?	Food-1 Code[ ] TS I _____ I VT/V: I _____ I Food-2 Code[ ] TS I _____ I VT/V: I _____ I Food-3 Code[ ] TS I _____ I VT/V: I _____ I			
9.	Is trading your main activity?	01=Yes 02=No [ ]			
10.	Do you have any other activities?	01= Food crops farming (rice, maize, etc) 02= Tree crops farming (coffee, etc) 03= Transportation 04= Permanent employee (govt./private) 05= Skilled labour (carpenter, handicraft, etc)	06= Domestic labour 07= Casual/daily labour 08= No 09= Other, specify _____	[ ]	
11.	What is the approximate volume sold in terms of bags for each specific <u>food</u> commodity? <i>(if possible rank the main three items by order of importance). Has the volume of these food commodities you are selling changed <u>after Nargis</u>? Why?</i> <i>(please fill up in the table below)</i>				
5.1	5.2	5.3	5.4	5.5	
Food Commodity (coding: see question 1 or 7)	Unit of measurement (Bag, Basket, Viss, Pyi)	What is your <u>daily</u> traded volume? (Average per day during last week)	Has your <u>daily</u> traded volume changed <u>after the Cyclone</u> occurred? <u>Coding:</u> 01=Up 02=Down 03=Same	Main reason for change <u>Coding:</u> 01=Nargis cyclone 02=Production/new harvest 03=harvest failure 04=Imports/exports 05=Policies 06=Food aid distribution 07=Price increased/decreased 08=Competition 09=Others, specify: _____	
12.	What are the current/previous buying and selling prices of your main three food items?				

<b>Food commodity</b>	<b>Buying from</b>	<i>Coding</i>	<b>Selling to</b>	<i>Coding</i>
		[   ] [   ]		[   ] [   ]
Coding: (see Q.1 or Q7)	01= National Farmers Association	[   ] [   ]	01= National Farmers Association	[   ] [   ]
	02= Farmers	[   ] [   ]	02= Customers	[   ] [   ]
	03= Traders		03= Traders	
[   ]	04= Import-export		04= Import-export	
[   ]	05= Strategic Reserves		05= Strategic Reserves	
[   ]	06= Food Aid Agencies		06= Food Aid Agencies	
	07= Beneficiaries of Food Aid Agencies		07= Beneficiaries of Food Aid Agencies	
	08= Middlemen/Agents		08= Middlemen/Agents	
	09= Own produce			

15.	How many days do you usually keep your food between purchase and sale?  <u>Commodity Code</u>	BEFORE CYCLONE			AFTER CYCLONE		
		Volume	Unit	D/W/M	Volume	Unit	D/W/M
			(Bag, Basket, Viss, Pyi)			(Bag,Basket, Viss, Pyi)	
-	Food 1 → [   ] →	→	[   ] →	[   ]	→	[   ]	
-	Food 2 → [   ] →	→	[   ] →	[   ]	→	[   ]	
-	Food 3 → [   ] →	→	[   ] →	[   ]	→	[   ]	
		[   ]			[   ]		
		[   ]			[   ]		
		[   ]			[   ]		

17.	If yes, what share of your total sales is in credit? (in %)	Credit	[     ] %
		Cash	[     ] %

19.	What makes you decide to sell in credit?	01= low demand from customers 02= high selling prices 03= de-stocking 04= competition 05= lack of money 06= Other, specify _____	[      ]
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24 | Page

21.	If yes, what share of your total purchase is in credit? (%)	Credit	[ ] %
		cash	[ ] %
22.	Has the share of your total purchase in credit changed after Nargis occurred?	01= Increased 02= Decreased 03= Stopped 04= No change	[ ]
23.	What makes you decide to buy in credit?	01= insufficient cash flow 02= high purchase prices 03= stocking 04=lack of money 04= Other, specify _____	[ ]

## B. COSTS & CONSTRAINT / SHOCKS & STRATEGIES

24.	What are the main costs you incur per unit of the main three food commodities traded in this market								
18.1 Food Commodity	18.2 Unit of Measure (Bag, Basket, Viss, Pyi)	18.3 Volume	18.3 Distanc e (mile)	18.4 Transport (Kyat)	18.5 Storage (Monthly) (Kyat)	18.6 Loading/ Unloading per bag (Kyat)	18.7 Taxes (Kyat)	18.8 Rents (Monthly) (Kyat)	18.9 Freq(Per Month)
25.	What is your storage capacity? (in Baskets, Bags, Metric tons) Fill 66, if the trader doesn't have a storage/warehouse					Quantity [            ]                      Unit [            ]			
26.	What are the <u>three</u> most important constraints that you incur in trade? <i>Indicate ranking in the box</i>		01 = Drought/Flood                      02 =Cereal quality 03 = Poor storage conditions    04 =Irregular foreign supplies 05 = Lack of access to credit    06 = Poor road conditions 07 =Lack of transport facilities (trucks) 08 =High wholesale prices                      09 = Low retail prices 10 =Insecurity                                      11 =Fall in demand 12 =Taxes and dues                      13 =Food Aid distribution 14 =Informal/Cross-border trade 15 =Others, specify_____					[     ] [     ] [     ]	
27.	Have the economic activities improved or worsened after Nargis?		01= Improved 02= Worsened 03= Same 04= Don't Know					[     ]	
28.	Do you have the capacity to bring more commodities to this market? (If the answer is 01 or 02 or 03 or 04, then skip to Q.24)		01= Yes, within a week 02= Yes in less than two weeks 03= Yes, between 2 weeks and 1 month 04= Yes, after 1 month. 05= No					[     ]	
29.	If No, why? <i>(Indicate ranking in the box)</i>		01= Insufficient availability of commodity 02 = Insufficient quality of commodity 03 = Insufficient storage facilities 04 = Poor road and transport conditions 05= Food aid distribution 06= Low demand and purchasing power				07= High taxes and dues 08= Low retail prices 09 = High transport cost 10= Insecurity 11= Lack of money 12= Others, specify_____		[     ] [     ] [     ]
30.	How do you cope or compensate for shocks that affect negatively your business? <i>(Indicate ranking in the box)</i>		01= Increase prices 02 = Lower profit margins 03 = Reduce purchases 04 = Close business 05= Increase credit to customers			06= Increase indebtedness from suppliers 07= No change 08= Increase sales 09= Don't Know 10= Others, specify_____			[     ] [     ] [     ]

31.	How do you think food prices will evolve in the next 6 months?	Commodity-1 [   ] Commodity-2 [   ] Commodity-3 [   ]	01= Increase 02= Decrease 03= No change 04= Do not know	01= Nargis/Cyclone 02=Security 03= Low Demand 04= Unemployment 05= Production/new harvest 06= Harvest failure 07=Imports 08=Policies 09=Food aid distribution 10=Others, specify: _____	[   ] [   ] [   ] [   ] [   ] [   ]
<b>C. FOOD AID PERCEPTION</b>					
32.	Have you ever heard of/Do you know about food aid? <i>(If the answer is no, don't ask any further question)</i>	01=Yes 02=No		[   ]	
33.	Do you know about any food aid provided by any agency? <i>(If answer is "No", proceed directly to Q31)</i>	01=Yes 02=No		[   ]	
34.	Did some food aid recently end up in this market? <i>If the answer is no/do not know, go to Q.31</i>	01=Yes 02=No 03=Do not know		[   ]	
35.	Please indicate an estimate of the quantity sold in the market (in number of bags of 50 KG)?			[   ]	
36.	What are the three main impacts of the sale of food aid on the market, according to you? (general)	01= less people come to buy 02= Prices of main food commodities decrease 03= Fewer traders come 04= No change 05= Increased food availability to purchase 06= Increased demand for non-food items 07= Stability of prices 08 = Other, specify: _____		[   ] [   ] [   ]	
37.	Please, can you list three main impacts of food aid on your trading activity? (impact to the trader)	01= Less sales 02= Lower profit margins 03= Less purchases 04= No change 05= More sales 06= More purchases 07 =Other, specify: _____		[   ] [   ] [   ]	

THANK YOU FOR YOUR PARTICIPATION



#### ANNEX.4: FOOD BASKET MONTHLY BULLETIN (YANGON AND DELTA: MAY TO JULY ISSUES)

### YANGON AREA as of May 2008

Yangon city found itself on the path of a deadly cyclone on the 3<sup>rd</sup> of May, changing people's lives and livelihoods and the face of the city itself in less than ten hours.

The first response to the shock was a massive price hike on almost all items, which lasted one week before returning to a more stable price.

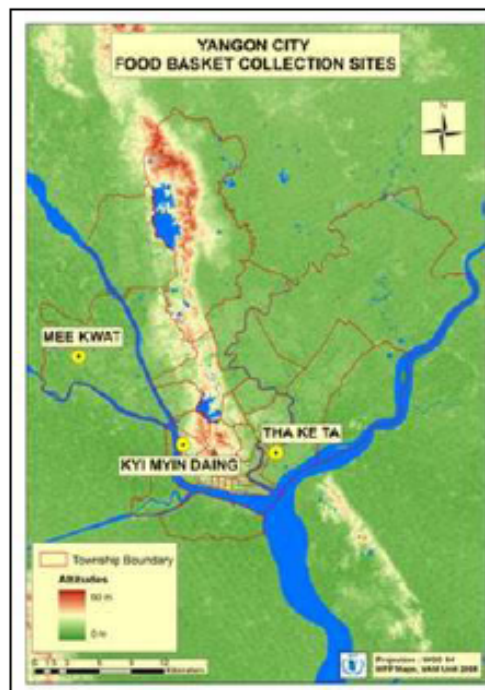
Curiously enough, wages have risen more in percentage than the price of the rice has increased, probably due to the strength of carriers' unions following the price hike (the wages have been collected among market carriers around Yangon). Even higher wages (up to 5,000 Kyats per day per person) could be earned from communities or private individuals who were hiring labor to clear fallen trees and debris.

The price of rice has gradually returned to a stable level (approximately 400 Kyats per kg), due to the presence of vast stocks of rice (the harvest occurred in March) in the city outskirts' warehouse lots, allowing a continuous flow of supplies. However, it is still slightly higher than before the Cyclone. Monitoring in future months will inform on longer term price stability.

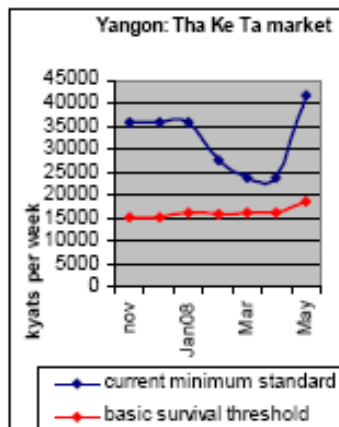
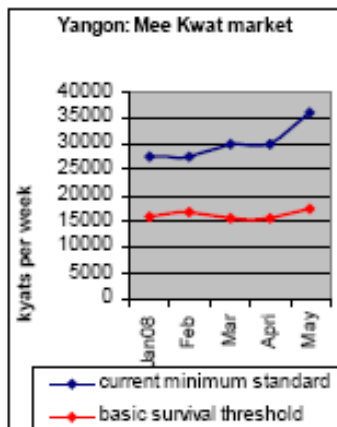
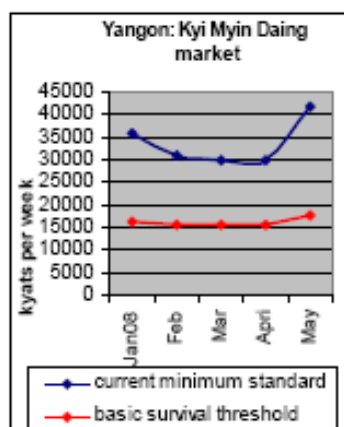
Employment has remained stable with six days per week available.

Other commodities were also affected by the cyclone: Salt prices were six times higher in May than in April (rising from 200 to 1,100 Kyats per kg) because the country's main sources of production were in southern Labutta and Ngapudaw (Pyin Kha Yaing Island) Townships, both heavily affected by the cyclone in terms of economy and death toll. Sea fish prices have declined, due to a belief that fish would have consumed human flesh following the storm. The increase in fuel costs also brought the prices of meat to a peak, mainly due to an increase of the cost of storage (cold chain).

Oil and other manufactured items such as soap showed no change in price. Legumes, fruit and other fresh items were hardly effected, and could be found easily at market within two weeks of the cyclone.



#### Average household of 5, including 2 earners



## DELTA AREA as of May 2008 (Urban markets)

Monitoring is going to take into account the evolution of markets within the Delta region, which was struck fiercely (and resulted in more deaths than in Yangon) by the cyclone and showed less resilience capacity than Yangon.

A market survey will be on-going in the Delta to capture the situation of food flow and availability in June and July.

The situation in late May (after the market system resumed its flow), surprisingly, showed a relatively steady rice price (325 Kyats per kg in Bogale, and 310 to 330 Kyats per kg in Labutta).

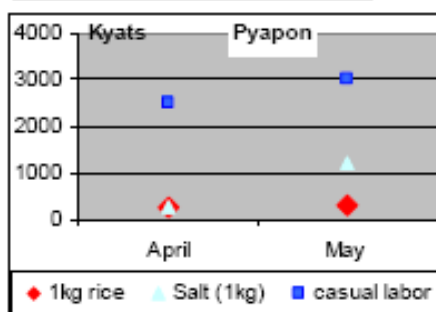
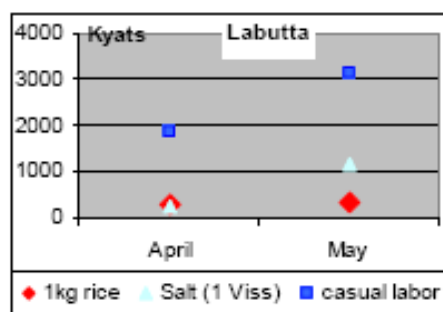
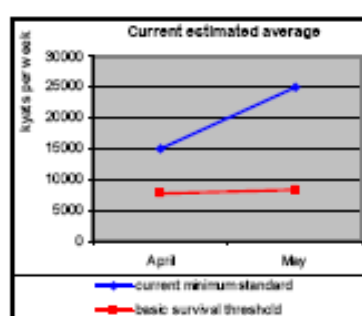
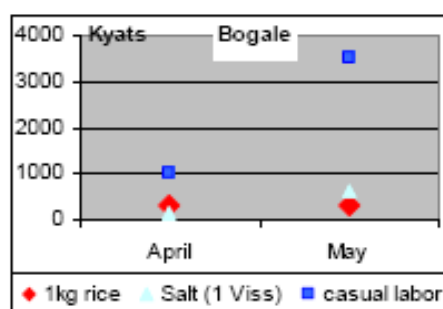
Salt, on the other hand, saw its price jump fivefold, rising from 200 to 1,000 Kyats per viss in Bogale, and from 250 to 1,200 Kyats per viss in Labutta.

Another unexpected fact is that casual workers managed to obtain better wages (3.5 times higher in Bogale and 1.6 times higher in Labutta) following the cyclone than before in occurred. The average number of days of employment is estimated at 4 days per week.

Given the current prices of rice and wages, considering 5 persons per household, 2 earners and 5 days of labor per week, a poor household would manage in average an income of 25,000 Kyats per week, with a minimum weekly food expense of 7,800 K (the widest gap being in Bogale with 19'000 Kyats of weekly savings... that probably would be re-invested into reconstruction).



### Average household of 5, including 2 earners



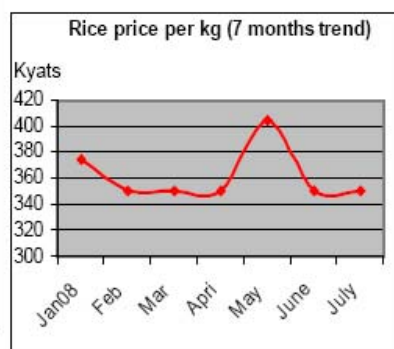
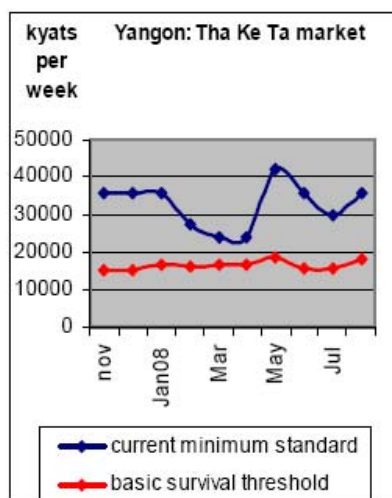
## YANGON AREA as of June-July 2008

Since the cyclone hit Yangon on the 2<sup>nd</sup> and 3<sup>rd</sup> of May 2008 and after one month of notable anxiety (see May price hike on the charts), the situation has progressively returned to normal.

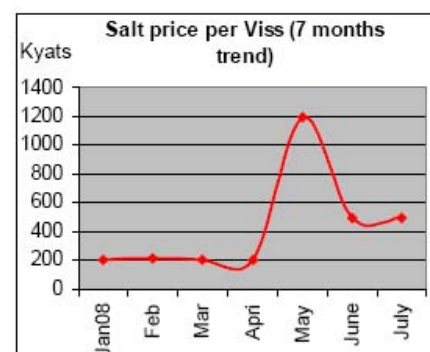
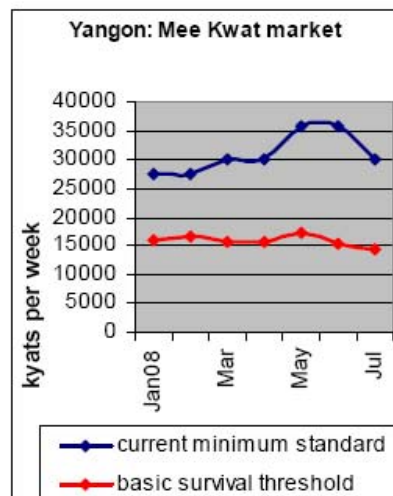
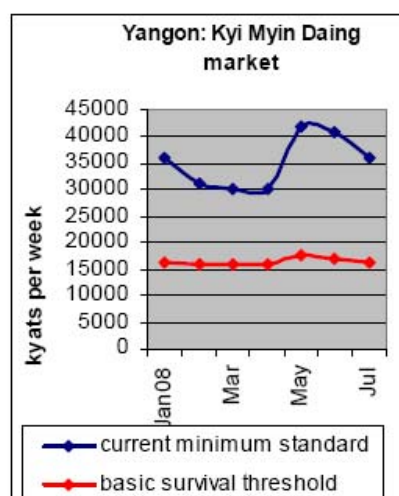
During the last two months, little has changed in terms of the household food basket in so far that prices (of cheap rice especially) are stabilizing again near the seasonal norm. Daily wages are also back to their April levels of 2,500K.

Notably, on some occasions, rice prices were sometime reported as increasing again, due to the fact that "low quality" rice was displayed first after the cyclone is now reaching depletion and it is being replaced by higher quality rice (noted as such by fewer yellow-orange kernels visible), driving prices higher.

All other items, except for salt, have come back to a normal level. At 500K per Viss, salt is still selling at 2.5 times its former (pre-cyclone) price.



**Average household of 5.4, incl. 2 earners**





## DELTA AREA as of June-July 2008 (Urban markets)

After a shock increase following the cyclone, all prices have been shown to be tapering off in July.

Salt prices, which were initially up more than fivefold over previous rates, have settled to just two and half times the April price.

Unfortunately, wage-earners are seeing what was initially their advantage diminishing to a less advantageous situation than in May, as wages are decreasing.

What once looked like an effect of the presence of foreign-INGOs and agencies, the period of high wages seems to be now reaching its end. Agencies are nevertheless still working in the region, but wages (originally having skyrocketed from 1,000 to 3,500K per day, as in Bogale), have returned to normal.

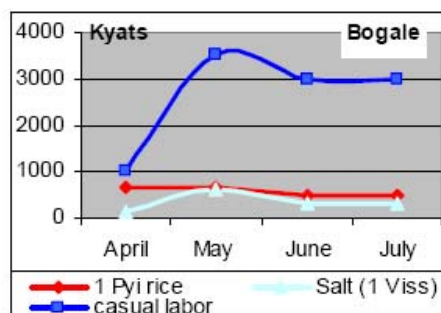
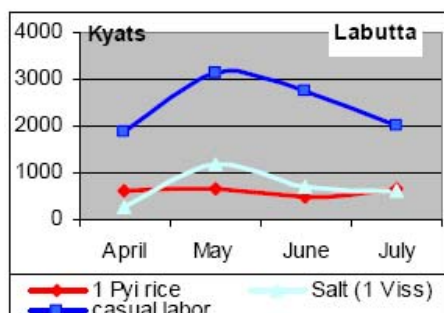
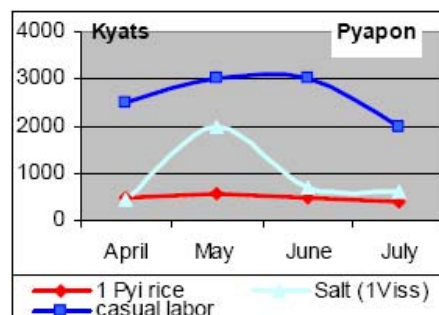
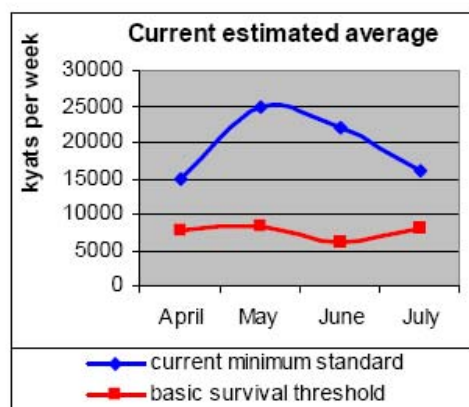
Well-faring commodities port/market porters seemingly have now lost might on this aspect. This is perhaps the result of the massive displacement that resulted in surplus of (cheaper) laborers in cities (with more labor available, wages are consequently lower). Employment opportunities, however, are still fixed at four days per week, and shop employees have been consistently earning 1,500K daily without a change after the Cyclone.

The price of lower quality rice (consumed mostly by the most vulnerable groups) has remained stable, though showing price increases locally due to improved quality (fewer damaged kernels). Salt prices remain at an average of 630K per Viss.

See also "Market Survey Analysis July 2008"-



### Average household of 5, incl. 2 earners



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