



Monitoring the Agri-food System in Myanmar

Agricultural Crop Traders – June 2024 survey

To document changes in the mid-stream of Myanmar's food value chains, a phone survey of commodity traders was conducted in June 2024 with a sample of 187 active traders in 12 states and regions.

Key Findings

- Cellphone network challenges rival transportation challenges in both their prevalence and impact, affecting more than half the traders and doubling since 2023.
- More than 30 percent of traders reported being affected by exchange rate volatility and inflation, export/import challenges, and local and regional conflict. Notably, most encountered these shocks in April, May, and June 2024.
- Reported credit challenges are at their highest points in the past three years. The proportion of traders offering credit to farmers has decreased, and for some, the credit terms have shifted to higher interest rates and extended loan durations.
- Prices for the six most common commodities in our data have increased markedly in the past two years. Trader sales prices of rice were three times higher in June 2024 than in April 2022.
- Margins in June 2024 were 0.8 points higher than in April 2023. Rising trading margins could reflect increasing transport or transactions costs in trading, and are generally a negative sign for agrifood system efficiency.

Looking Ahead

- Communication challenges in cellphone networks together with widespread transport disruptions could lead to inefficiencies in spatial arbitrage and widening gaps between consumer and producer prices.
- Credit challenges are increasing and rising prices will place greater financial stress on the farmers and traders alike.
- More than 40 percent of traders consider the general inflation and exchange rate volatility as a negative shock that reduces their business revenues. This survey was conducted before a large currency devaluation in informal markets and widespread flooding in Myanmar impacting agricultural production and livelihoods. These shocks add additional stress to the food system.



Livelihoods and Food Security Fund

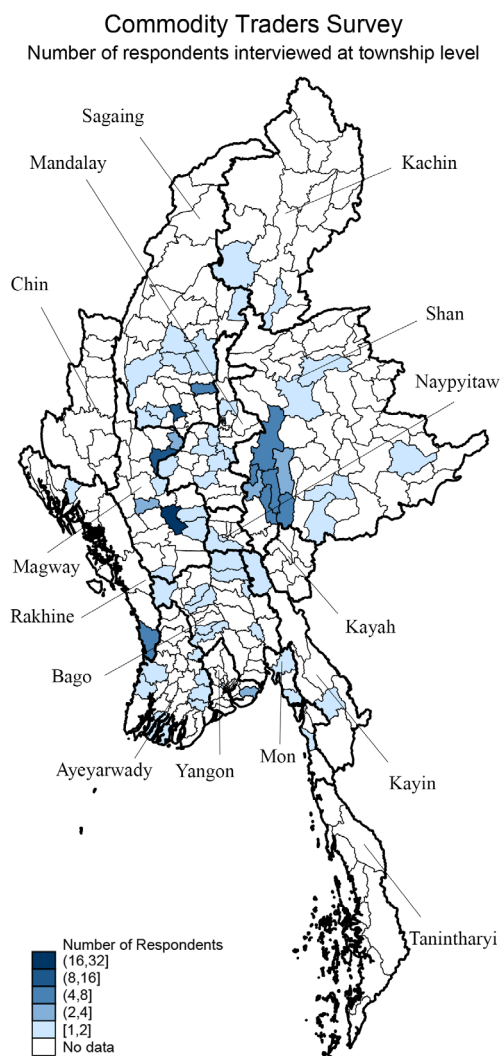


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Background

Crop traders serve as the essential link between farms and food processors, exporters, commodity exchange centers, and urban food markets in the mid-stream of Myanmar's agrifood value chains. Frictions and disruptions in crop trading widen the gap between farmers and consumers, affecting both farmer welfare through market access and crop prices, and urban consumer welfare through food prices.

Figure 1. Crop trader sample



This Research Note presents results from a telephone survey of 187 active domestic crop traders from 72 townships conducted in June 2024 (Figure 1). Our sample includes wholesalers that buy, store, grade, and sell commodities as well as brokers that facilitate crop sales on commission. The June 2024 survey is the 10th round of a survey that began in May 2020. This note presents a snapshot of the crop trading segment of Myanmar's food supply chain and captures information on business disruptions and challenges, credit and finance in crop trading, and crop prices and trade volumes.

Although the sample has wide coverage, it is not statistically representative. This survey round has significant attrition of about 38 percent from the April 2023 round. The main challenge was in reaching respondents as electricity and network disruptions have made it increasingly difficult to conduct phone interviews. About nine percent of our call list refused interviews. However, the attrition

is spread throughout all states/regions and does not regionally bias comparisons across the rounds. In this note, we present results from all interviewed traders, but we note that similar analysis using only the common sample of traders across both 2023 and 2024 interviews produce similar results.

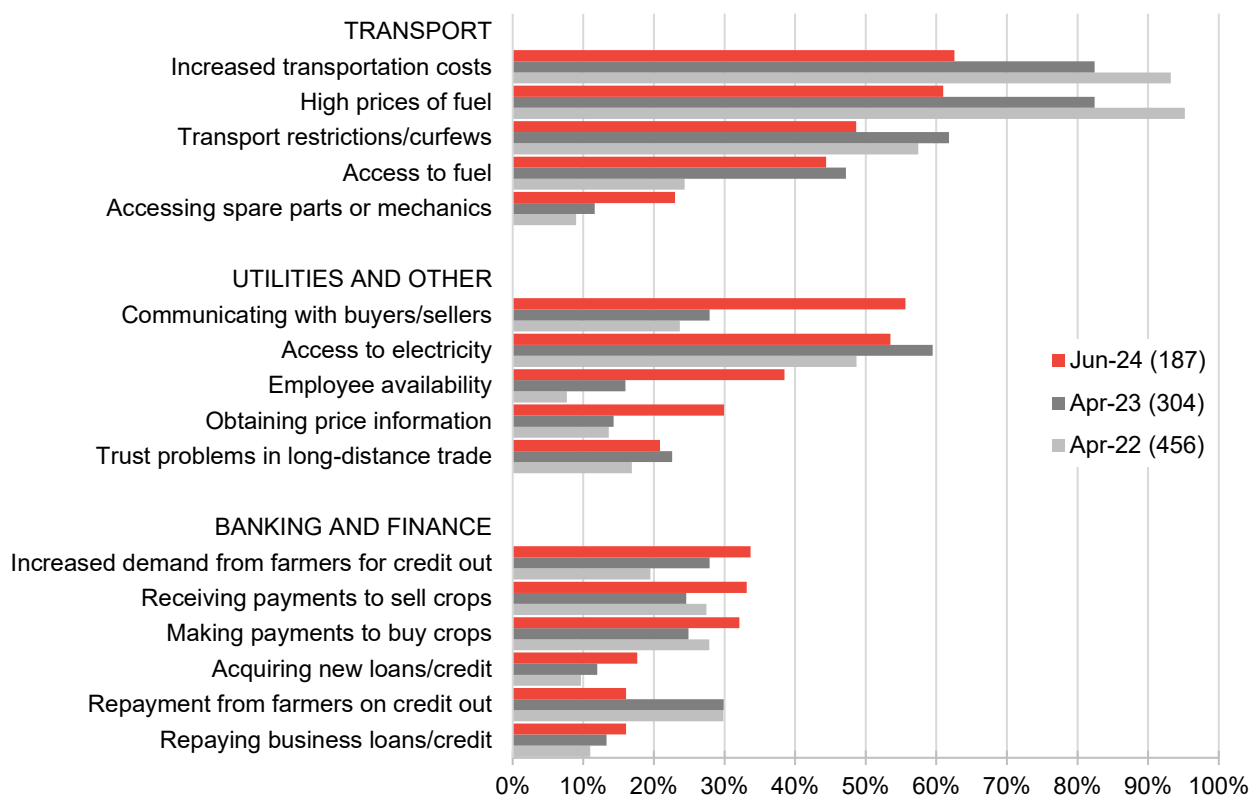
It is important to note that this survey was conducted before a large devaluation of the Myanmar kyat in informal markets and widespread flooding, which have negatively impacted traders and the agrifood system overall.

Trading disruptions and shocks

To document business challenges in the trading sector, we ask traders whether they have experienced a series of disruptions in the 30 days prior to interview. In June 2024, transportation disruptions – including high costs of transport and fuel, movement restrictions and fuel access – were widespread, as they have been since 2021 (Figure 2). Average transport costs increased by 32 percent in the year to June 2024. However, the share of traders reporting transport problems have declined since April 2023.

In other areas disruption rates are increasing. More than half report difficulties communicating with buyers/sellers, up from about one quarter in 2023. Traders also more often report challenges with employee availability (39 percent) and obtaining price information (30 percent) relative to 2023 and 2022. Access to electricity is still a large problem (53 percent) but shows little change since 2022. A number of banking and finance disruptions are reported by more than 30 percent of traders including high demand for credit to farmers and difficulties making and receiving payments. These disruptions are at their highest levels in the last three years.

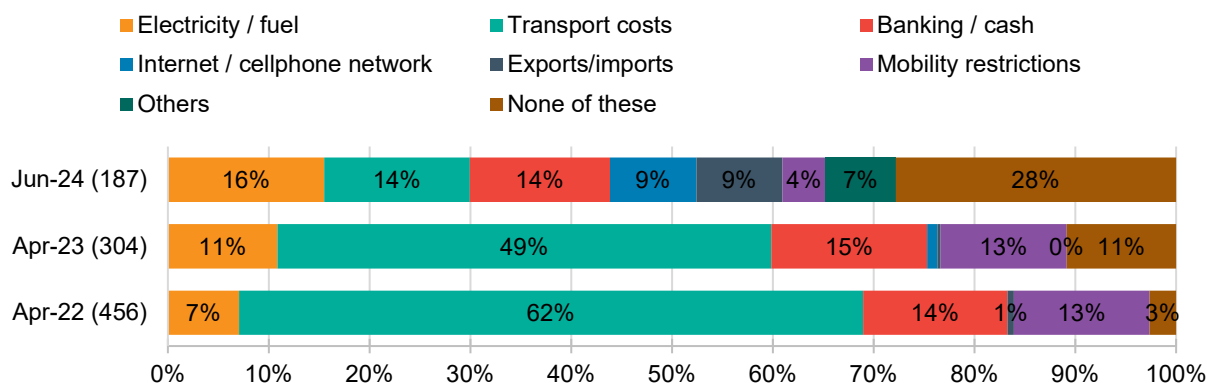
Figure 2. Disruptions experienced by traders in June '24, April '23, and April '22



Sources: Traders phone survey– June '24, April '23, and April '22 rounds.

To better understand the impacts of these disruptions we also ask traders to report which category of disruption is the most significant to their business in the last 30 days (Figure 3). Results from June 2024 are a departure from the similar patterns observed in 2022 and 2023. While transport was the dominant category of disruption in 2023 and 2022, there is no dominant disruption in 2024 and higher shares of traders report challenges in electricity/fuel access (16 percent), cellphone network (9 percent), export and import disruptions (9 percent) and others (includes conflict, 7 percent) than in 2023. More than one quarter of traders said none of these disruptions in June 2024, up from 11 percent in 2023 and 3 percent in 2022, suggesting that many traders are generally used to the challenging business environment.

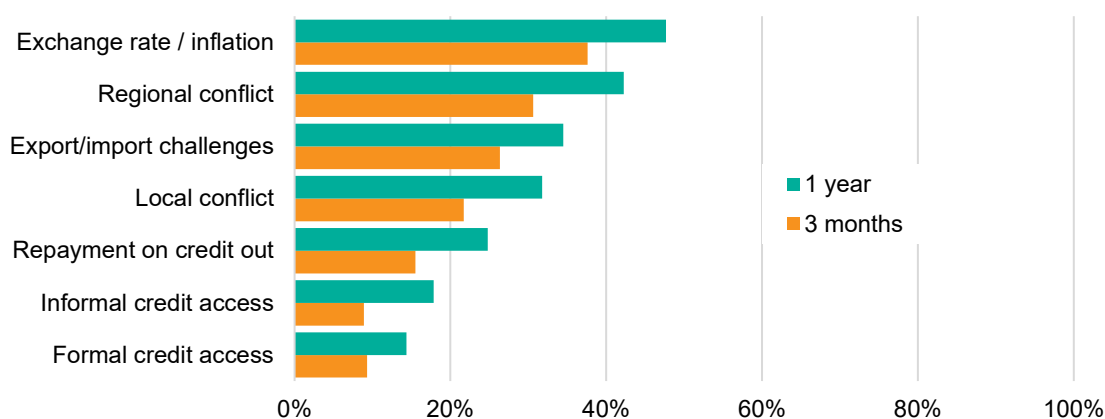
Figure 3. Most significant disruption experienced by traders in June '24, April '23, and April '22, percentage reporting



Sources: Traders phone survey— June '24, April '23, and April '22 rounds.

Beyond these disruptions, larger shocks can significantly affect the crop trade sector. We asked traders whether they had experienced a series of shocks in the last year and the previous three months and, if so, how those shocks impacted their trade revenues. A substantial proportion of traders—more than 30 percent—reported being affected by exchange rate volatility and inflation, export/import challenges, as well as local and regional conflicts. Notably, most of these traders had encountered these shocks within the three months prior to the interview. Exchange rate instability, which has persisted since 2022, is a particularly salient issue. However, we also note that the survey was conducted prior to the large devaluation of the Myanmar kyat in informal markets that occurred in July 2024, and still it is the most common shock reported in our survey. The less common shocks are in access to formal and informal credit, though still at least 15 percent of traders experienced them. Traders report substantial negative effects of these shocks on their trading revenue. The most prevalent impact is between 10-50 percent of revenues lost for each shock.

Figure 4. Share of traders affected by specific shocks in last one year and last three months, percentage reporting



Sources: Traders phone survey–June '24 round.

Credit and finance

With prices of both agricultural commodities and inputs rising, credit will play an increasingly important role in the agrifood system. In June 2024, there was a substantial decline in the share of traders providing credit to farmers (45 percent, down from 58 percent in 2023), while the share of traders taking credit in was more stable (Table 1). Changes in the value of credit lent out to farmers varies as 26 percent of traders provided less total credit in 2024, while 31 percent increased credit lent out. The pattern for credit value taken in skews more heavily towards an increase in credit value (40 percent) as traders need liquidity to buy crops at higher prices. The terms of credit agreements show similar patterns for credit lent out to farmers and credit taken in by traders. While most traders report similar terms – both interest rates and duration – of credit, meaningful shares report higher interest rates and longer repayment durations. Together, these changes imply higher overall costs to pay off interest.

Table 1. Changes in credit (lent out and taken in), 2024 relative to 2023

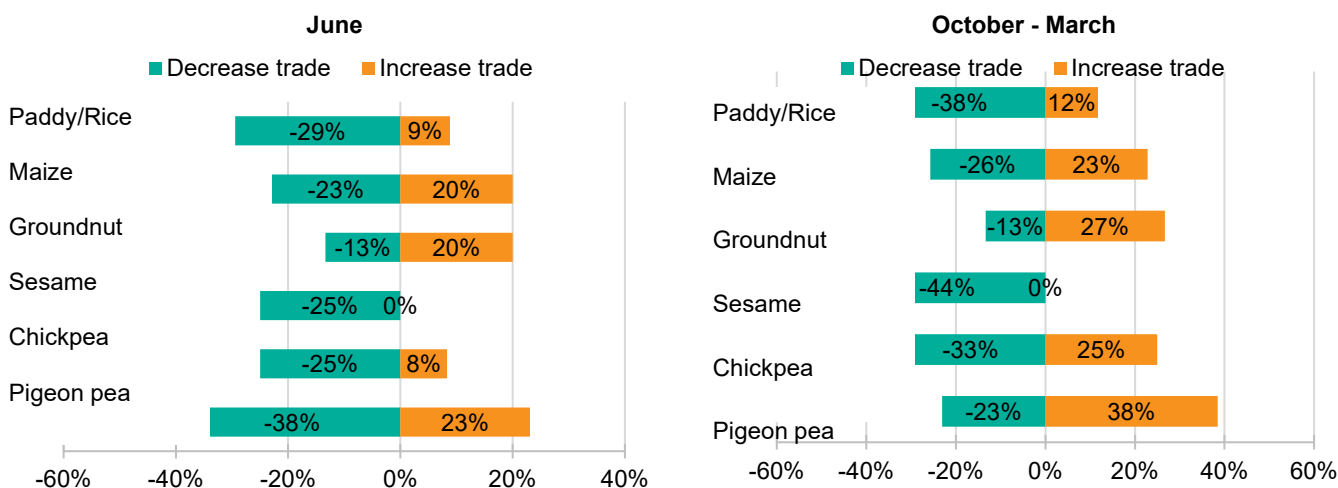
	Credit lent out (%)	Credit taken in (%)
Share lending/taking		
2024	45	21
2023	58	23
<i>Credit changes ('24 relative to '23, among those lending/taking)</i>		
Credit amount		
Decrease	26	18
Similar	43	43
Increase	31	40
Interest rate		
Decrease	8	4
Similar	75	78
Increase	17	18
Duration		
Shorter	3	8
Similar	74	72
Longer	23	20

Source: Traders phone survey–April 2023 and June 2024 rounds.

Prices and trade quantities

A final but important component of each survey is tracking crop prices and trade volumes. In June 2024, more traders report declines in trade volumes (relative to June '23) than increases (Figure 7). Changes in trade volumes for the monsoon marketing season (October '23 to March '24) show similar patterns, but generally better balance between increases and decreases. Importantly, paddy and rice trade volumes are much lower, with only few traders reporting increased volumes. Groundnut is an exception to trade decreases, with more traders reporting increases than decreases.

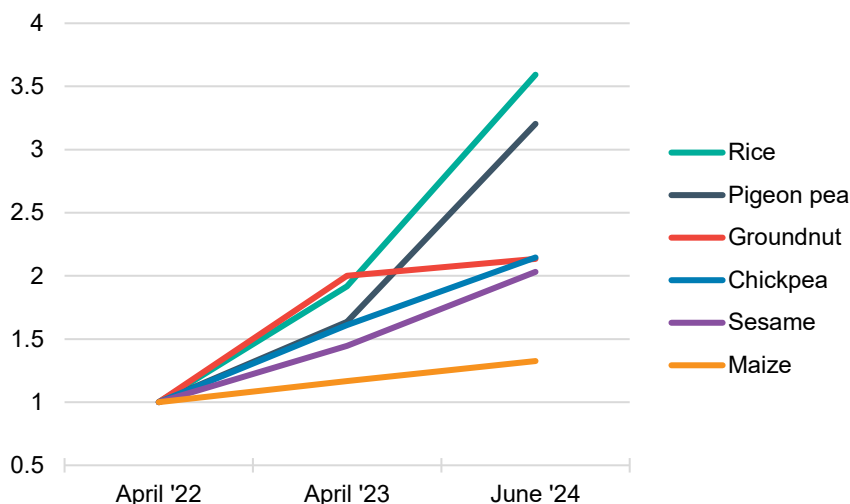
Figure 7. Shares of traders with decreased and increased quantities traded in June '24 and Oct '23 – March '24 relative to the same period a year earlier



Source: Traders phone survey–June 2024 round.
Note: Crops with less than 10 observations excluded from table.

Prices for the six most common commodities in our data have increased markedly since 2022 and 2023 (Figure 8). Rice prices nearly doubled in each of the last two years, and were three times higher in June 2024 than in April 2022. Pigeon pea prices show a similar trajectory, while groundnut, chickpea, and sesame show small but still large price increases, each is more than double its 2022 levels. Maize shows relatively modest price increases.

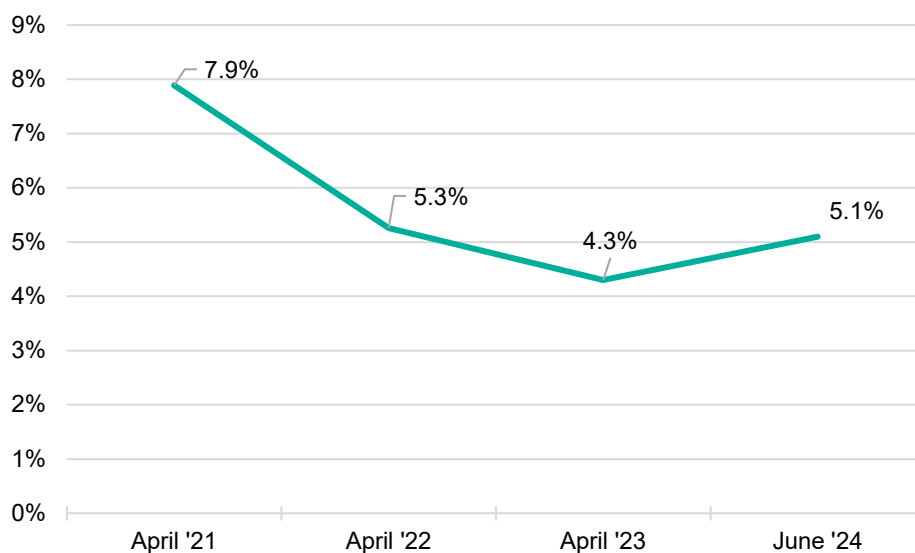
Figure 8. Trader crop sales price indexes (April '22 = 1)



Source: Traders phone survey–June 2024, April 2023, and April 2022 rounds.
Notes: Crops with less than 10 observations excluded from table. Indexes calculated from nominal MMK prices.

Our data includes both buying and selling prices, enabling us to calculate trading margins (selling price minus buying price). Figure 9 shows median trading margins expressed as a percentage of the sales price for all crops from 2021 to 2024. Margins in June 2024 were 0.8 points higher than April 2023. Rising trading margins are not a positive sign and could reflect increasing transport or transactions costs in trading, though we note that margins in 2024 are similar to those in April 2022. Most traders report buying and selling prices from the same township, meaning that these margins do not reflect broader distribution margins that account for higher transportation costs as crops are shipped across Myanmar. Also, rising crop prices imply that absolute margins have increased.

Figure 9. Trading margins as a percentage of sales prices, April 2021-June 2024



Source: Traders phone survey—June 2024, April 2023, and April 2022 rounds.

Looking ahead

Communication challenges within cellphone networks have made it more difficult for traders to facilitate crop transactions and obtain timely price and market information. Combined with other widespread disruptions, such as those affecting transportation, these challenges could result in inefficiencies in spatial arbitrage, greater price dispersion, and widening gaps between consumer and producer prices.

Additionally, credit challenges are reported to be at their highest levels in the past three years, as rising prices place increased financial strain on both farmers and traders. Evidence suggests that credit terms are adjusting to higher demand and constrained supply through rising interest rates and longer loan durations.

Broad commodity price increases in Myanmar kyat—particularly the sharp rise in rice prices—can be advantageous for producers but detrimental to consumers. For a more detailed discussion on the impacts of price trends in Myanmar, see this publication [<How Have Foreign Exchange Market Distortions and Conflict Affected Agricultural Production Incentives in Myanmar?>](#).

More than 40 percent of traders view general inflation and exchange rate volatility as negative shocks that reduce their business revenues. Notably, this survey was conducted before a significant currency devaluation in informal markets and widespread flooding in Myanmar, both of which have further strained agricultural production and livelihoods, adding additional stress to the food system.

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