MYANMAR

STRATEGY SUPPORT PROGRAM RESEARCH NOTE 111 SEPTEMBER 2024

Monitoring the Agri-food System in Myanmar

The rising costs of diets and declining purchasing power of casual wage laborers: December 2021–June 2024

We assess changes in food prices and purchasing power of casual wage laborers based on large-scale surveys of households and food vendors (fielded from December 2021 until June 2024) in rural and urban areas and in all states/regions of Myanmar.

Key Findings

- Between the second quarters of 2023 and 2024, diet costs rose steadily by 40 and 41 percent for healthy and common diet costs, respectively.
- The median price of rice—the major staple—increased by 54 percent between the second quarters of 2023 and 2024 and was the main driver of the 41 percent increase in the cost of the common diet.
- The most conflict-affected states suffered more from food price inflation. Between the second quarters of 2023 and 2024, common diet costs increased by 81 percent in Rakhine, 61 percent in Chin, and 48 percent in Kachin. In the second quarter of 2024, both healthy and common diet costs were highest in Rakhine followed by Chin.
- Over the full period of surveys (December 2021–June 2024), the cost of the healthy diet rose by 121 percent and the common diet by 131 percent; rice and onion prices more than tripled; pulse, chicken, leafy green, and banana prices at least doubled; and all other food prices increased by at least 50 percent.
- Between the second quarters of 2023 and 2024, purchasing power of daily urban construction wages relative to healthy and common diet costs declined by about 14 percent. The purchasing power of rural agricultural wages to healthy and common diet costs fell by about 4 percent. Adjusted for the cost of one kilogram of rice, urban construction wages fell by 25 percent and rural agricultural wages fell by 14 percent.
- Food costs outpaced wages, particularly in urban areas, making food increasingly unaffordable for wage earners who are among the most vulnerable household groups in Myanmar. However, nominal wages rose at a faster pace between the second quarters of 2023 and 2024 compared to 2022 and 2023, slowing the pace of declining real wages.

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Introduction

This research note explores changes in food prices and their impacts on the cost of common and healthy diets as well as the purchasing power of casual wages. Food prices are gathered in interviews with food vendors in rural and urban areas throughout Myanmar conducted between December 2021 and June 2024 as part of the ongoing Myanmar Household Welfare Survey (MHWS). The purpose of the food vendor interviews is to provide data and insights on Myanmar's food markets to interested stakeholders to foster better understanding of the effects of shocks related to the ongoing political and economic crisis.

Data

MAPSA collects food prices and wages in the MHWS—a large-scale panel survey conducted by phone (minimum 12,000 households per round) in rural and urban areas of all states/regions of Myanmar. To date, seven rounds have been completed covering the period from December 2021 to June 2023.[1] [2] All respondents are asked to report daily wages of male and female construction and agricultural workers in their communities if known. Respondents who report having household businesses that sell food (mobile or fixed food vendors and food traders, brokers, or wholesalers) are selected to participate in a food vendor module.[3] This analysis focuses on prices reported by food vendors. Vendors are asked to report prices for the cheapest common or available variety of ten types of sentinel foods: rice, potatoes, pulses, chicken, fresh fish, dried fish, green leafy vegetables, onions, bananas, and oils.

To reduce the influence of seasonality, we present changes between the most recent round (April–June 2024) and periods approximately one and two years prior. We also consider periods where price changes may be influenced by seasonal effects:

1. Q4 2023–Q2 2024: September–November 2023 vs April–June 2024 (recent half year)
2. Q2 2023–Q2 2024: March–June 2023 vs April–June 2024 (recent year)
3. Q2 2022–Q2 2023: April–June 2022 vs March–June 2023
4. Q1 2022–Q2 2024: December 2021–February 2022 vs April–June 2024 (full survey period)

Food prices between December 2021 and June 2024

Table 1 presents changes in median food prices. Prices of many foods skyrocketed since 2021 as Myanmar faced a combination of shocks, including the global food and fuel crises accompanying conflict in Ukraine, the depreciation of the MMK following the military takeover, a change in domestic food policies, and insecurity which continues to increase.

The median price of rice—the major staple—increased by 54 percent between the second quarters of 2023 and 2024, the highest increase of all foods. Year on year increases in median rice and onion prices were lower between the second quarters of 2022 and 2023 compared to the same 2023/2024 period (around 50 versus 85 percent for both rice and onions). In contrast, again comparing second quarter prices, year on year median banana prices (50 versus 25 percent) and median oil prices (18 percent versus –5 percent) increased to a greater extent between 2023 and 2024 compared to 2022 and 2023. For most foods considered in the survey, inflation slowed between

[1] For more information on the MHWS refer to Myanmar Agriculture Policy Support Activity (MAPSA). 2022. Phone surveillance, from scratch: Novel sample design features of the nationally representative Myanmar Household Welfare Survey (MHWS). Myanmar SSP Working Paper 16. Washington, DC: International Food Policy Research Institute (IFPRI). https://doi.org/10.2499/p15738coll2.135837

[2] Round 7 of the MHWS is supplemented with a parallel survey implemented by the Karuna Mission Social Solidarity (KMSS). The KMSS surveys adds 363 households in Kachin, Kayah, Sagaing, Magway and Shan to the MHWS sample, including 18 food vendors.

[3] For more frequent and detailed food price monitoring, IFPRI also conducts a survey of MHWS food vendors between MHWS survey rounds (MHWS-FV). Four rounds have been completed between March 2022 and August 2023. Though the MHWS is nationally representative, the samples of vendors in the MHWS and the MHWS-FV are not statistically representative.

the fourth quarter of 2023 and the second quarter of 2024 with the exception of chicken and dried fish.

Overall, between early 2022 and the second quarter of 2024 rice and onion prices more than tripled; pulse, chicken, leafy green, and banana prices at least doubled; and all other food prices increased by at least 50 percent. Of foods considered in the surveys, onion prices exhibit the greatest degree of seasonality with prices peaking in the fourth quarters and dropping in the second quarters of each year. While oil prices increased significantly over the survey period a large portion of this change occurred in the first half of 2022 reflecting the onset of the war in Ukraine and disruptions in palm oil trade.

Table 1: Changes in median food prices, December 2021 to June 2024

	Recent year Q2 2023 – Q2 2024	Recent half year Q4 2023 – Q2 2024	2022–2023 Q2 2022– Q2 2023	Survey period Q1 2022 – Q2 2024
Rice (%)	54	23	87	207
Potatoes (%)	20	-6	14	50
Oil (%)	18	-10	-5	80
Pulses (%)	50	21	52	134
Chicken (%)	25	25	33	114
Fresh Fish (%)	14	0	27	60
Dried Fish (%)	20	20	36	80
Leafy Greens (%)	38	10	45	100
Onions (%)	50	-14	82	242
Bananas (%)	50	20	25	114

Source: MHWS (Round 1–7) phone surveys.
Note: Comparisons of prices in the recent half year (Q4 2023–Q2 2024) and the full survey period (Q1 2022–Q2 2024) are likely influenced by seasonality.

Healthy and common diet food baskets between December 2021 and June 2024

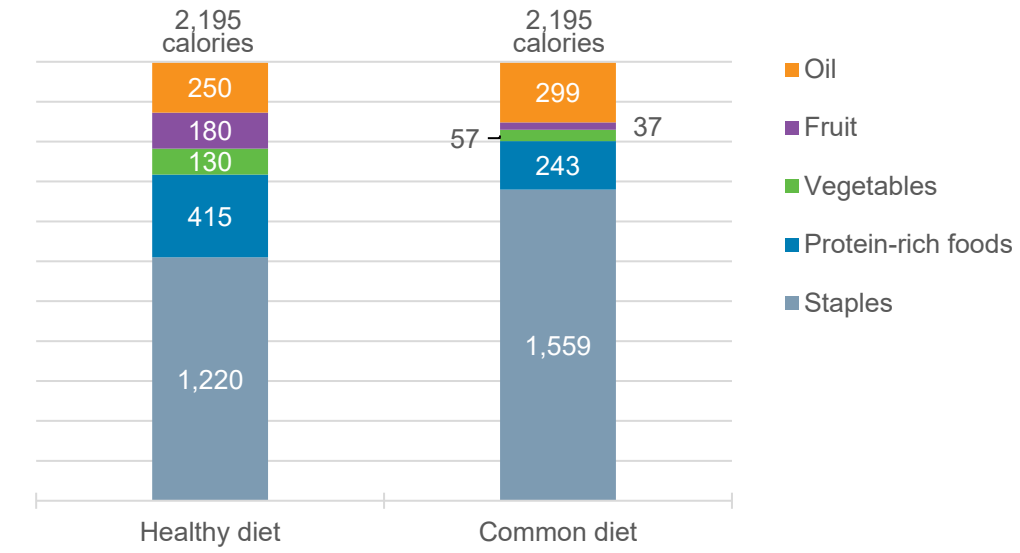
Prices of individual foods move in different directions over time and space. Furthermore, foods are not consumed in equal proportions which gives individual foods varying degrees of importance in overall diet costs. Therefore, changing prices of individual food items do not provide a clear picture of how diet costs faced by households are changing. Analysis of a fixed food basket provides a means for understanding the impact of food prices on diets costs. In this section, we compare the costs of two food baskets to better understand the evolving costs faced by households with typical consumption patterns (common diet basket) as well as the costs of acquiring a balanced and healthy diet (healthy diet basket).[4] [5]

Nutrient-dense fruits, vegetables, protein-rich foods (chicken, fish, and pulses) comprise a larger share of dietary energy in the healthy diet basket compared to the common basket and thus have a greater influence on the costs of healthy diets compared to common diets (Figure 1).

[4] We evaluate the cost of these two stylized diets using the limited items in the surveys with the aim of tracking changes in diet costs, rather than providing a nuanced estimate of costs faced by households of varying compositions.

[5] The common diet basket is based on average regional food group consumption reported by households surveyed in the 2015 Myanmar Poverty and Living Conditions Survey (MPLCS). The healthy diet methodology is based on work by Herforth and co-authors (Herforth, A., Y. Bai, A. Venkat, K. Mahrt, A. Ebel, and W.A. Masters. 2020. Cost and affordability of healthy diets across and within countries. Background paper for the State of Food Security and Nutrition in the World 2020. Rome: FAO.) Healthy diet guidelines used to define the healthy diet are adapted for an adult woman from the Myanmar food based dietary guidelines for pregnant and lactating women applied to the foods in the vendor surveys in proportions reported in the 2015 MPLCS (Zaw, H.M.M., C.M Thar, and W.T.K. Lee. 2022. Myanmar food-based dietary guidelines for pregnant and lactating women. Nay Pi Taw, Myanmar: FAO). For more a more detailed description of the methodology used in this report, refer to Myanmar Agriculture Policy Support Activity. 2024. Monitoring the Agri-food System in Myanmar: The rising costs of diets – March 2024 survey round. Myanmar SSP Research Note 107. Washington, DC: International Food Policy Research Institute. https://hdl.handle.net/10568/141639

Figure 1: Healthy and common diet food baskets by food group, calories

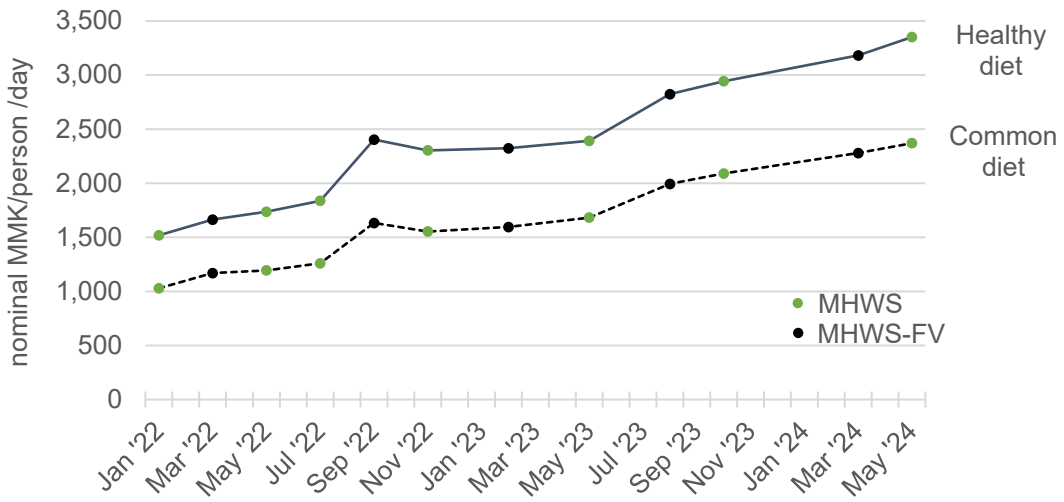


Source: See footnote 5.

Figure 2 presents costs of the common diet alongside the healthy diet. Diet costs rose steeply in the first three quarters of 2022 followed by a period of reprieve in the fourth quarter of 2022 and the first quarter of 2023. The reprieve ended in the second quarter of 2023. **Between the second quarters of 2023 and 2024, diet costs rose steadily with 40 and 41 percent increases in healthy and common diet costs, respectively. Costs rose more sharply in the first half of this period (about 23 percent between Q2–Q4 2023) compared to the latter half (about 14 percent between Q4 2023–Q2 2024).** Over the full survey period, the cost of both diets more than doubled, with common diet costs increasing by 131 percent and the healthy diet by 121 percent.

The cost of the healthy diet is significantly higher than the common diet—41 percent higher in the second quarter of 2024 (3,351MMK versus 2,370 MMK). Despite considerable differences in the composition of the two baskets, diet costs follow a remarkably similar path, with the diets increasing at similar rates in most rounds.

Figure 2: National trends in the cost of healthy and common diets, December 2021–June 2024

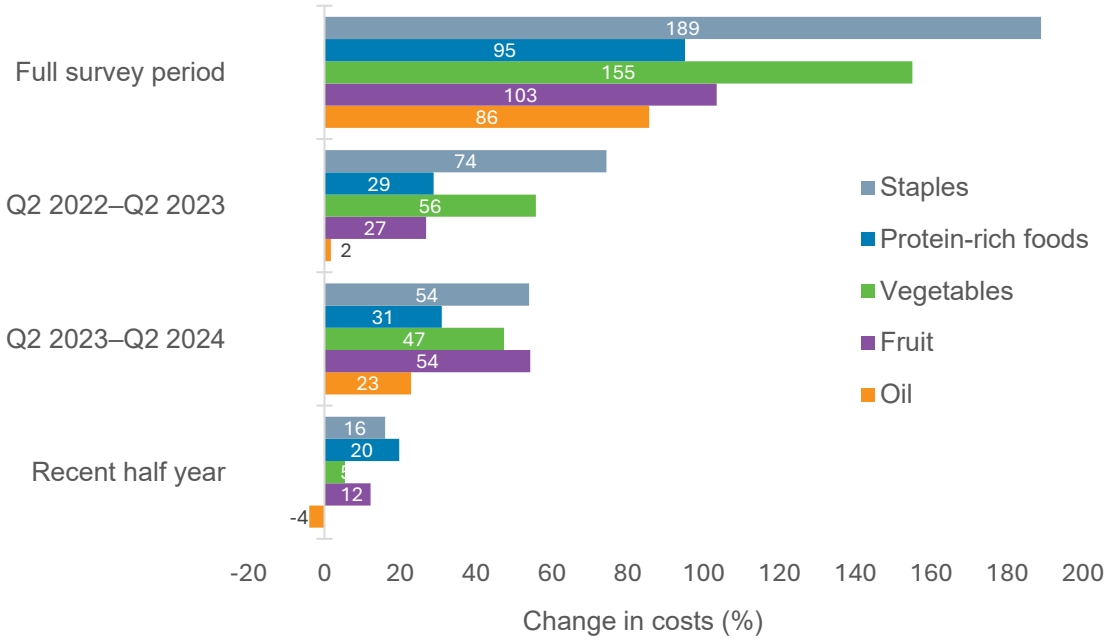


Source: MHWS-FV (Round 1–4), MHWS (Round 1–7) phone surveys.

Appendix tables A1.1 and A1.2 show that rural and urban healthy and common diet costs increased a similar pace between the second quarters of 2023 and 2024—about 41 percent. The tables also show considerable variation in diet cost trends by state/region, though these trends should be viewed with caution due to low numbers of observations, particularly in Kayah, Chin, and Nay Pyi Taw. **Notably, in a period of escalating conflict, diet costs increased most rapidly in Rakhine, Chin, and Kachin. Between the second quarters of 2023 and 2024, common diet costs increased by 81 percent in Rakhine, 61 percent in Chin, and 48 percent in Kachin. Furthermore, in the second quarter of 2024, both healthy and common diet costs were highest in Rakhine followed by Chin.**

In most periods presented in Figure 3, the costs of the staple and vegetable or fruit food groups increased more than other food groups. The exception is the most recent half year period (Q4 2022–Q2 2024) when overall food inflation slowed, and the rising cost of protein-rich foods outpaced other food groups.

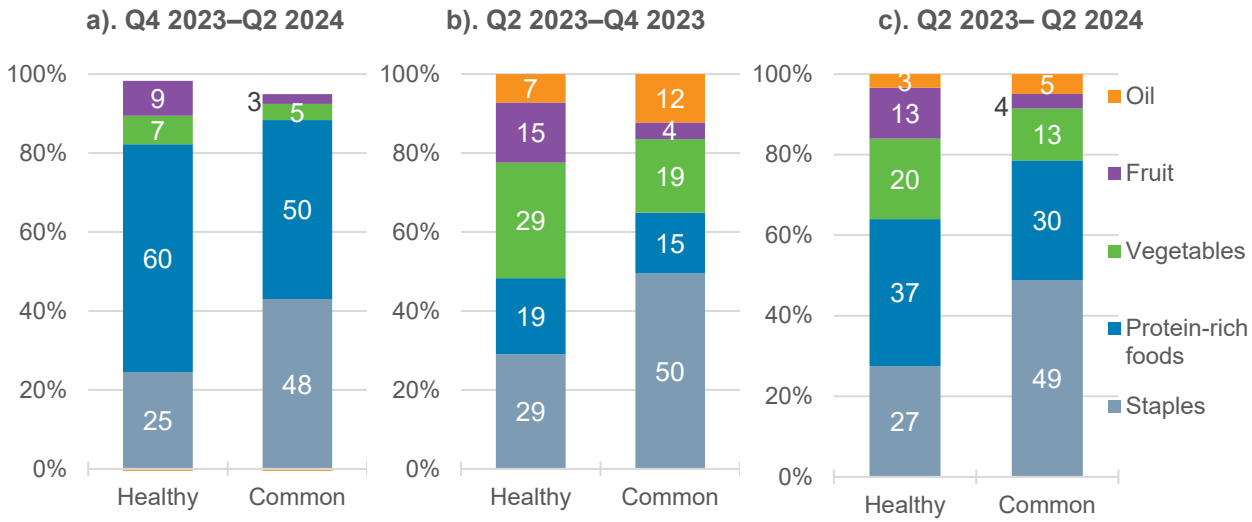
Figure 3: Changes in food group costs (%), December 2021 to June 2024



Source: MHWS (Round 1–7) phone surveys.
Note: Comparisons of prices in the recent half year (Q4 2023–Q2 2024) and the full survey period (Q1 2022–Q2 2024) are likely influenced by seasonality.

Due to their different compositions, changes in food group costs impact the two diets differently. Figure 4 shows the overall contribution of each food group to rising diet costs between the most recently monitored half year period (Q4 2023–Q2 2024); the half year prior to that (Q2 2023–Q4 2023); and the most recent full year (Q2 2023–Q2 2024). Overall, rice and oils have a relatively larger impact on the common diet while nutrient-rich food groups (protein-rich foods, vegetables, and fruits) have a relatively larger impact on the healthy diet. Figure 4.c shows that **between the second quarters of 2023 and 2024 staple foods had a slightly greater influence on rising common diet costs than the nutrient-rich foods combined.** In the same period, the combined contribution of nutrient-rich foods to rising healthy diet costs was more than 2.5 times that of staples. Food group contributions were similar in 2022–2023 and the full survey period. Figures 4.a and b, illustrates how these patterns can vary within a given year, particularly between the nutrient-rich foods. Most notably, fruit and vegetables had a much larger impact on rising diet costs between Q2 2023 and Q4 2023 while protein-rich foods, in particular chicken, had a considerably larger impact between Q4 2023 and Q2 2024.

Figure 4: Food group contributions to change (%) in 2023 and 2024



Source: MHWS (Round 1–7) phone surveys.
Note: Comparison of the periods Q4 2023–Q2 2024 and Q2 2023–Q2 2024 is likely influenced by seasonality. Panel a omits the negative contribution of oils.

Diet-adjusted casual wage rates

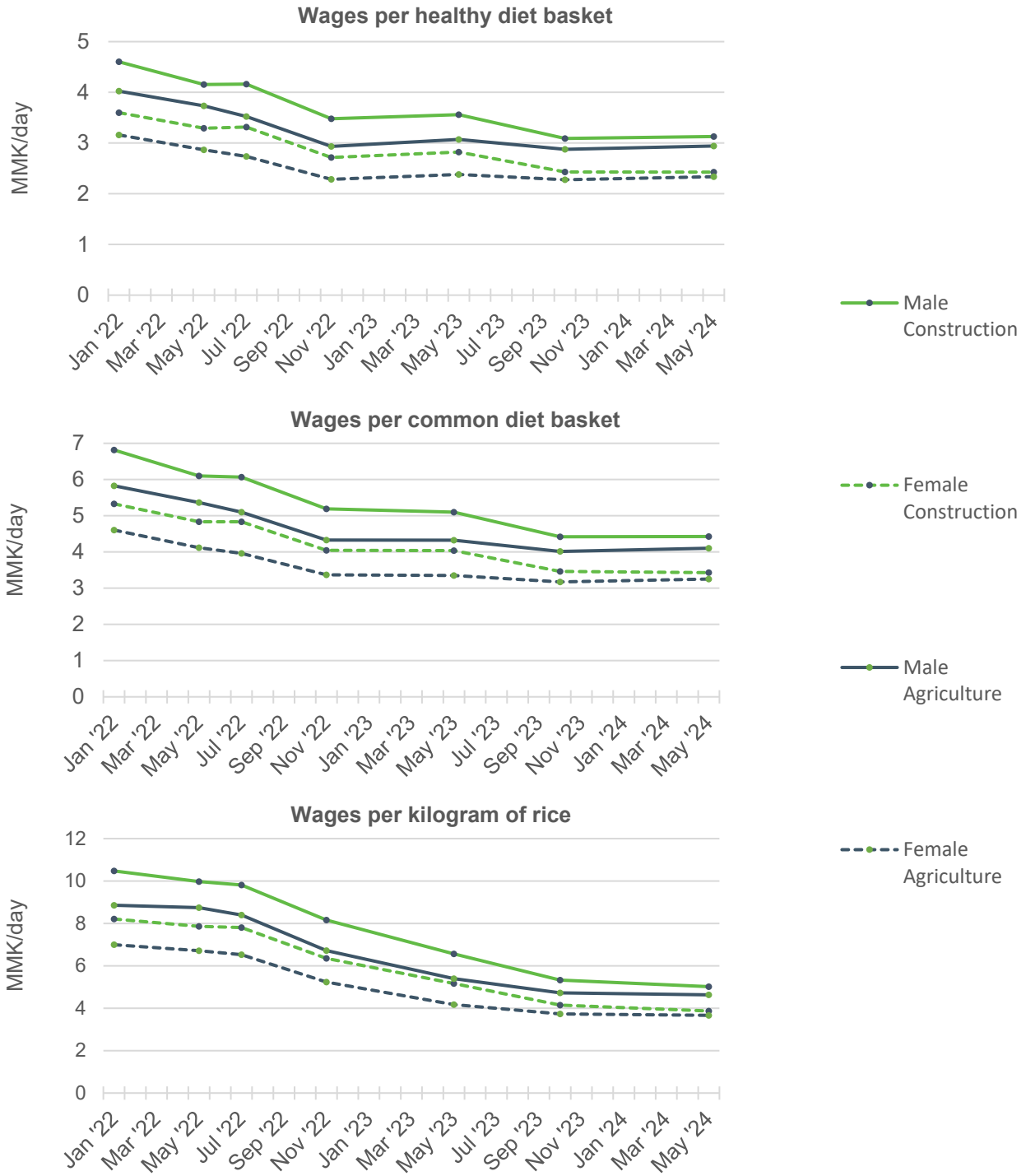
In this section we estimate the purchasing power of poor and vulnerable populations represented by the ratio of casual wages to three types of diet costs: the number of healthy diet baskets, common diet baskets, or kilograms of rice that an individual worker can purchase with one day's wage (Figure 5).

Over the most recent year (between the second quarters of 2023 and 2024), nominal urban construction wages increased by 21 percent and nominal rural agricultural wages increased by 33 percent. During the same period, healthy and common diet costs rose by about 40 percent and the average price of rice rose by 57 percent. **Consequently, between the second quarters of 2023 and 2024 the value of daily urban construction wages relative to healthy and common diet costs declined by about 14 percent, and the value of rural agricultural wages relative to healthy and common diet costs fell by about 4 percent. Adjusted for the cost of one kilogram of rice, urban construction wages fell by 25 percent and rural agricultural wages fell by 14 percent** (Figure 5). In other words, food costs have outpaced wages, particularly in urban areas, making food increasingly unaffordable for wage earners who are among the most vulnerable household groups in Myanmar.

However, average nominal wages rose at a faster pace between the second quarters of 2023 and 2024 (30 percent) compared to 2022 and 2023 (15 percent), slowing the pace of declining diet-adjusted wages. Furthermore, between the third quarter of 2023 and the fourth quarter of 2024 average nominal wages increased by 14 percent, while healthy and common diet costs increased by about 13 percent and average rice prices increased by 18 percent resulting in almost no change in diet-adjusted wages. This is seen in the leveling off in diet-adjusted wages between October and May in all three panels of Figure 5.

This leveling off does not occur in all states/regions as seen in Appendix Tables A2.1 and A2.2. In Rakhine, common diet costs rose by more than 50 percent between the fourth quarter of 2023 and the second quarter of 2024 and nominal wages increased at rates below the national average. Consequently, **the purchasing power of wages in Rakhine declined considerably in this half year period, with common diet adjusted urban construction and rural agricultural wages falling by 28 and 35 percent, respectively. The purchasing power of agricultural wages in Rakhine is the lowest of all states/regions.**

Figure 5: Diet-adjusted wage rates in construction and agriculture for men and women separately, December 2021 to June 2024



Source: MHWS (Round 1–7) phone surveys.
Note: The figures show rural agricultural wages and urban construction diet-adjusted wages. Diet-adjusted wages are the ratio of daily wage rates to the cost of the healthy diet basket, the common diet basket, and one kilogram of the cheapest available rice.

Appendix 1: Healthy and common diet costs over time by area

Table A1.1: Healthy diet costs over time by area

	Q2 2024		Recent half year Q4 2023 – Q2 2024	Recent year Q2 2023 – Q2 2024	2022–2023 Q2 2022– Q2 2023	Survey period Q1 2022 – Q2 2024
	Healthy diet costs	N	Percentage change			
Overall	3,351	607	14	40	38	121
Urban	3,487	249	13	41	29	107
Rural	3,294	358	14	40	42	127
Kachin	3,820	21	27	52	31	157
Kayah	3,229	1	15	33	9	87
Kayin	3,190	20	19	35	48	104
Chin	4,312	4	26	72	18	192
Sagaing	2,923	57	5	36	37	127
Tanintharyi	3,715	14	13	40	40	91
Bago	3,179	70	12	35	33	117
Magway	3,015	46	12	39	43	133
Mandalay	2,891	67	9	34	47	127
Mon	3,515	25	17	34	51	130
Rakhine	4,885	38	46	72	50	184
Yangon	3,634	86	11	42	26	101
Shan	3,560	68	14	38	47	116
Ayeyarwaddy	3,024	82	8	31	33	106
Nay Pyi Taw	2,764	8	9	45	31	99

Source: MHWS (Round 1–7) phone surveys.
Note: Diet costs should be viewed with caution in states/regions with low numbers of observations, particularly in Kayah, Chin, and Nay Pyi Taw.

Table A1.2: Common diet costs over time by area

	Q2 2024		Recent half year Q4 2023 – Q2 2024	Recent year Q2 2023 – Q2 2024	2022–2023 Q2 2022– Q2 2023	Survey period Q1 2022 – Q2 2024
	Common diet costs	N	Percentage change			
Overall	2,370	607	13	41	41	130
Urban	2,441	249	14	42	33	116
Rural	2,340	358	13	40	45	137
Kachin	2,515	21	21	48	39	153
Kayah	2,221	1	16	34	20	80
Kayin	2,177	20	13	38	49	121
Chin	2,985	4	30	61	32	215
Sagaing	2,187	57	0	34	40	134
Tanintharyi	2,290	14	9	44	43	120
Bago	2,320	70	12	37	36	128
Magway	2,284	46	11	41	45	137
Mandalay	2,171	67	8	35	46	132
Mon	2,539	25	18	37	49	140
Rakhine	3,053	38	52	81	64	211
Yangon	2,511	86	13	42	29	108
Shan	2,440	68	15	40	51	130
Ayeyarwaddy	2,212	82	8	32	37	116
Nay Pyi Taw	2,063	8	8	44	30	102

Source: MHWS (Round 1–7) phone surveys.
Note: N refers to the number of food vendors. Diet costs should be viewed with caution in states/regions with low numbers of observations, particularly in Kayah, Chin, and Nay Pyi Taw.

Appendix 2: Common diet-adjusted wages over time by area

Table A2.1: Common diet-adjusted urban construction wages over time by area

	Q2 2024			Recent half year Q4 2023 – Q2 2024	Recent year Q2 2023 – Q2 2024	2022–2023 Q2 2022– Q2 2023	Survey period Q1 2022 – Q2 2024
	Nominal wages (MMK)	Diet-adjusted wages (MMK)	N	Percentage change in diet adjusted wages			
Overall	9,748	4.0	11,457	0	-14	-16	-35
Kachin	10,060	3.9	375	-5	-14	-26	-41
Kayah	10,107	4.5	124	10	-3	-6	-21
Kayin	10,347	4.6	345	3	-14	-4	-21
Chin	10,974	3.7	192	-3	-21	-13	-56
Sagaing	8,446	3.6	1,180	8	-18	-12	-39
Tanintharyi	10,872	4.3	328	8	-24	-11	-32
Bago	9,167	4.0	1,133	10	-9	-18	-27
Magway	7,430	3.1	907	-5	-23	-20	-49
Mandalay	8,933	4.2	1,391	1	-11	-22	-40
Mon	10,933	4.4	485	3	5	-23	-34
Rakhine	9,559	3.2	414	-28	-32	-15	-50
Yangon	10,605	4.1	1,554	-3	-15	-13	-33
Shan	10,095	4.2	1,380	-2	-12	-17	-35
Ayeyarwaddy	8,674	3.8	1,370	14	-11	-15	-32
Nay Pyi Taw	8,236	3.4	279	-4	-30	-21	-43

Source: MHWS (Round 1–7) phone surveys.

Note: N refers to the number of wage observations. Common diet-adjusted wages are the ratio of daily wage rates to the cost of the common diet basket in rural/urban areas of each state/region. Diet costs in Kayah and Kayin are combined and rural and urban areas in Chin are combined due to low numbers of observations.

Table A2.2: Common diet-adjusted rural agricultural wages over time by area

	Q2 2024			Recent half year	Recent year	2022–2023	Survey period
				Q4 2023 – Q2 2024	Q2 2023 – Q2 2024	Q2 2022– Q2 2023	Q1 2022 – Q2 2024
	Nominal wages (MMK)	Diet-adjusted wages (MMK)	N	Percentage change			
Overall	8,551	3.7	9,952	2	-4	-19	-30
Kachin	11,343	4.5	343	4	-5	-8	-28
Kayah	8,204	3.8	184	-6	-8	-26	-34
Kayin	11,744	5.4	264	0	-2	-12	-12
Chin	8,913	3.0	204	-4	-18	-14	-49
Sagaing	7,860	3.6	1,198	12	3	-21	-32
Tanintharyi	10,158	4.6	277	0	-13	-17	-29
Bago	8,723	3.8	1,070	6	0	-16	-27
Magway	7,111	3.1	943	2	-6	-21	-33
Mandalay	7,668	3.5	1,134	7	-3	-23	-34
Mon	11,192	4.4	397	5	-3	-22	-25
Rakhine	8,778	2.9	387	-35	-33	-28	-49
Yangon	9,838	4.1	672	1	-11	-16	-34
Shan	8,859	3.6	1,245	-2	-4	-22	-26
Ayeyarwaddy	7,922	3.6	1,386	12	2	-12	-23
Nay Pyi Taw	8,386	4.3	248	20	4	-10	-12

Source: MHWS (Round 1–7) phone surveys.
Note: N refers to the number of wage observations. Common diet-adjusted wages are the ratio of daily wage rates to the cost of the common diet basket in rural/urban areas of each state/region. Diet costs in Kayah and Kayin are combined and rural and urban areas in Chin are combined due to low numbers of observations.

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