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STRATEGY SUPPORT PROGRAM RESEARCH NOTE 54 JUNE 2021

# Monitoring the Agri-food System in Myanmar

## Food vendors – May 2021 survey round

### Key Findings

- Most food retail prices in May 2021 were found to be higher than in the same period in 2020. Retail prices of the cheapest variety of rice–by far the most important staple in Myanmar–have risen by 11 percent, on average.
- Increases in food prices are widespread. More than half of the food vendors surveyed stated that prices are higher than normal for rice, pulses, green leafy vegetables, chicken, pork, and cooking oil.
- Relative to almost a year ago in June 2020, national-level food price inflation in May 2021 stood at 7 percent. Inflation was relatively higher in the Dry Zone and in the Hills and Mountains areas. Households in the poorest quintile are affected by food price inflation more than those in the richest.
- Over the last year, prices rose most rapidly in the first months of 2021: The cost of a food basket in May 2021 was 9 percent higher than in December 2020.
- Food availability is seemingly not a challenge at the national level in May 2021. Food vendors report that the availability of most commodities is comparable to the same period in a normal year.
- About three-quarters of food vendors indicate that customers are buying less animal-sourced foods, i.e., chicken and pork, compared to normal periods. This likely is an indication of reduced consumer income as well as the higher prices for those products.
- COVID-19 prevention measures were widely practiced by market vendors in 2020. However, they have been abandoned by a substantial share of the vendors surveyed in May 2021.

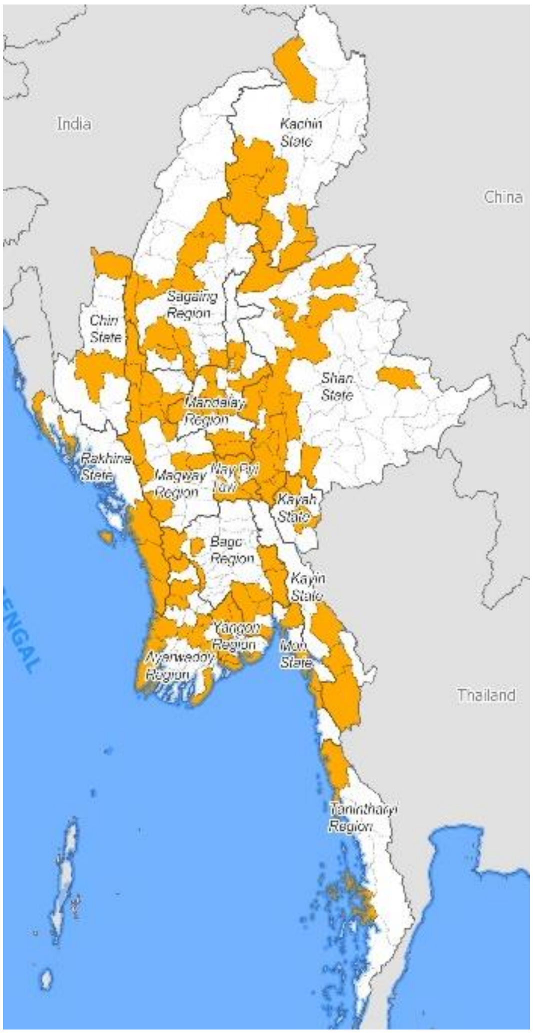
### Recommended Actions

- It is important that vendors and their suppliers are allowed to continue to trade and that the smooth functioning of the food trading sector is prioritized during this difficult period. There should be little or no restrictions on national and international food transport flows and access for vendors to banking services should be maintained.
- Continued attention should be paid to ensure that all follow COVID-19 prevention measures.
- Further close monitoring of food markets is needed.

## Introduction

This Research Note presents the results from seven rounds of a telephone survey with food vendors conducted in rural and urban zones throughout Myanmar, focusing more specifically on the results from the last round completed in May 2021. The purpose of the survey is to provide data and insights to interested stakeholders in order that they better understand the effects of shocks related to COVID-19 and the ongoing political crisis on Myanmar's food markets. In particular, the note explores COVID-19 prevention measures, changes in shopping behavior, difficulties in food vendor operations due to the COVID-19 and political crises, changes in availability and prices of foods, and perceived changes in consumption.

**Figure 1: Location of surveyed food vendors**




Source: Food vendor survey (May 2021)

## Data and descriptive statistics

Seven rounds of food vendor phone surveys have been conducted between June 2020 and May 2021. The areas in which the surveyed food vendors operate are shown in Figure 1. The sample has changed slightly over survey rounds, but in the most recent round, almost 200 food vendors were interviewed (Table 1).[1] Urban-based food vendors make up 15 percent of the sample, with the remaining 85 percent in rural areas.

The vendors selected for the survey sample were those that are well informed on food markets overall; deal regularly with food traders, such as suppliers and wholesalers, are highly numerate, and are knowledgeable about food prices. Table 1 shows the basic characteristics of the food vendors in our sample. More than half of the vendors are women, their average age is 43 years, and almost all operate out of their own general stores.

**Table 1: Profile of food vendors in the May 2021 survey sample, by location**

| | Delta | Dry Zone | South-East | North | West | Total |
|---|---|---|---|---|---|---|
| Female (%) | 56 | 55 | 63 | 63 | 43 | 57 |
| Age (years) | 43 | 43 | 40 | 41 | 51 | 43 |
| General store owner (%) | 87 | 93 | 100 | 98 | 100 | 93 |
| Observations | 52 | 73 | 27 | 40 | 7 | 199 |

Source: Food vendor survey (May 2021)

## COVID-19 prevention measures in food retail

We asked the food vendors questions about the COVID-19 prevention measures that had been taken in the village or township wet market where the food vendor operates, comparing this to the situation in December 2020 (Table 2). We draw the following takeaways:

[1] We divided the sample into five geographical zones: Delta/South (Ayeyawaddy, Yangon, and Bago), Dry Zone/Central (Magway, Mandalay, Sagaing, and Nay Pay Taw), South-East (Tanintharyi, Mon, Kayin, and Kayah), North (Shan and Kachin), and West (Rakhine and Chin).

**Table 2: COVID-19 prevention measures in wet markets, December 2020 and May 2021, percentage of food vendors reporting**

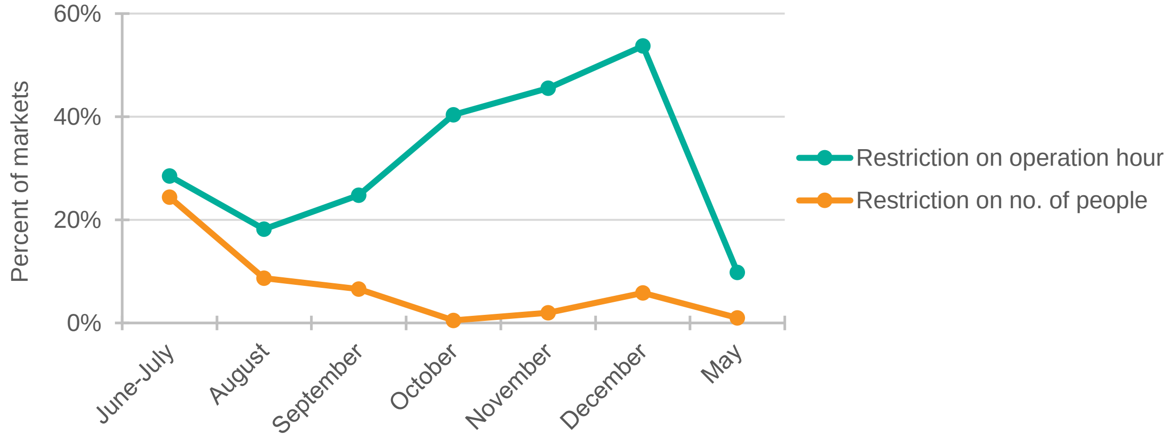
| | Dec 2020 | May 2021 |
|---|---|---|
| Handwashing stations with soap/disinfectant are operational | 92 | 46 |
| Disinfection of the market with chemical spray | 87 | 34 |
| Mandating vendors to wear masks | 100 | 58 |
| Mandating customers to wear masks | 99 | 55 |
| Ensuring proper distancing between vendors | 85 | 15 |

Source: Food vendor survey (December 2020–May 2021)

- Mask wearing was universally mandated and widely practiced at the end of 2020. However, by May 2021 these practices had been abandoned by a substantial share of vendors and customers in wet markets. Food vendors stated that only 58 and 55 percent of vendors and customers, respectively, were mandated to wear masks in May 2021.
- Additional efforts–spraying chemicals throughout wet markets, operating handwashing stations, and proper distancing between vendors–were implemented by 87, 92, and 85 percent of vendors, respectively, in December 2020. These shares had declined to 34, 46, and 15 percent, respectively, in May 2021.

Actions that might have had more direct impacts on food trade have been limited. Only a limited number of markets imposed rules on the number of people that can enter the market or on the number of vendors that can operate (Figure 2). At the end of 2020, 54 percent of markets imposed rules on operating hours because of COVID-19, a practice that was becoming more widespread over time. However, restrictions on opening hours had been abandoned in most markets by May 2021.

**Figure 2: Restrictions of customers and opening hours of markets between June 2020 and May 2021**




Source: Food vendor survey (June/July 2020–May 2021)

## Changes in business and consumer behavior

We asked a series of high-level questions about factors that might have affected food vendors' businesses in the last month (Table 3). Only 4 percent of food vendors indicated that recent events had not affected their business. Fourteen percent reported that local farmers had difficulties supplying them with products, almost three-quarters reported that they had to pay higher prices than normal, and 43 percent reported that clients were visiting their shop less often. Just 2 percent of the food vendors lost workers or had to let employees go. As these food vendors often run small family-owned shops, they most likely rely on few outside employees. None of the food vendors that were part of our December sample had to close completely, though several indicated that they had fewer selling days or hours. Eight percent of food vendors indicated that supplies were affected by curfews. Increasing incidences of theft and insecurity seemed to have been a problem for several food vendors, especially in urban areas (7 percent).

**Table 3: Adverse changes in the business operations of food vendors in the last month, percentage of vendors reporting**

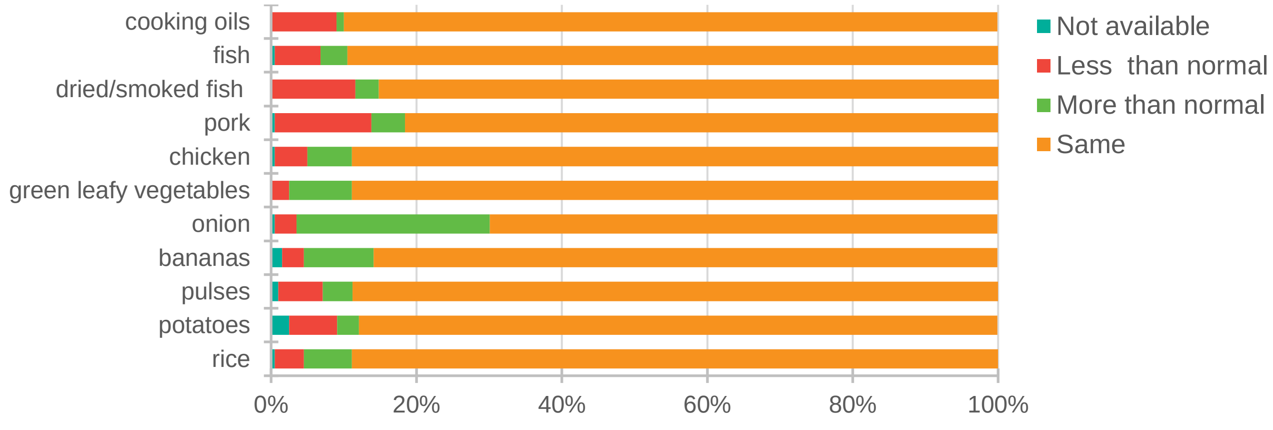
| | Urban | Rural | Total |
|---|---|---|---|
| No effects on business | 3 | 4 | 4 |
| Local farmers are having difficulties supplying me with some products | 13 | 14 | 14 |
| Suppliers from outside the village having difficulties supplying me with products | 0 | 8 | 7 |
| Prices I pay for some foods are higher | 71 | 71 | 71 |
| I have lost or let go employees | 0 | 2 | 2 |
| My clients are visiting my shop less often | 61 | 41 | 44 |
| My profits have declined | 23 | 17 | 18 |
| My clients have less money | 10 | 4 | 5 |
| I have fewer selling hours or days | 7 | 1 | 2 |
| I had to close for most days | 7 | 2 | 3 |
| I had to close completely | 0 | 0 | 0 |
| Curfew affects availability of foods that I can sell, as suppliers face challenges | 3 | 8 | 7 |
| I suffer from theft and insecurity | 7 | 1 | 2 |

Source: Food vendor survey (May 2021)

## Changes in food availability and purchases

Major worries for food security among households in Myanmar are adverse changes in the availability and prices of products, possibly linked to more limited mobility in the country due to COVID-19 measures and the political crisis. We therefore asked food vendors their perceptions on changes in the availability of different food products compared to similar periods in previous years.

**Figure 3: Availability of food products in May 2021 compared to normal periods, percentage of food vendors, by food type**



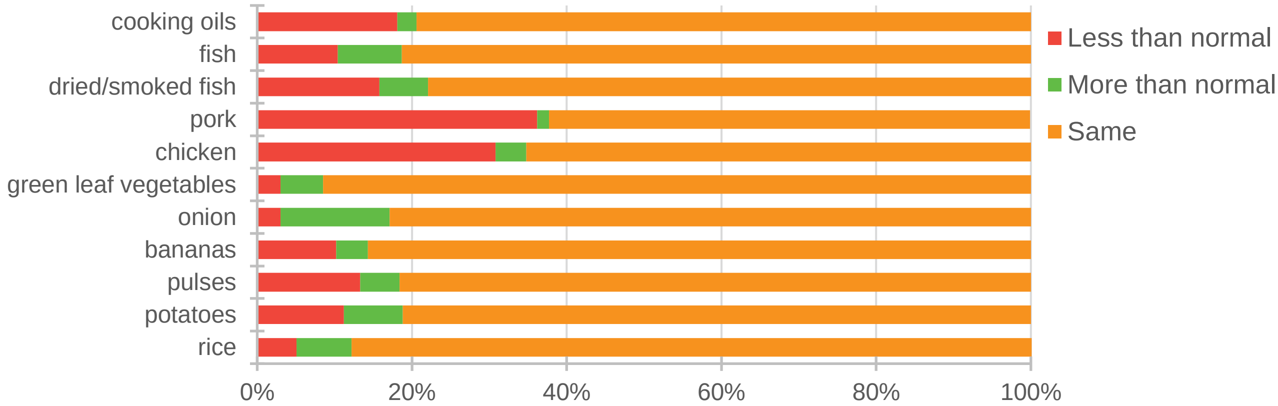

Source: Food vendor survey (May 2021)

At the time of the May 2021 survey round, there were no major issues with the availability of food products in most markets. Most vendors reported that availability of food products in their village or township was the same as normal (Figure 3). However, we see variation by food group. In the case of onions, 27 percent of vendors reported greater availability now compared to the same period in a typical year. On the other hand, 13 and 12 percent of food vendors reported that chicken and dried or smoked fish, respectively, were less available. Only a small percentage of food vendors indicated that some products–bananas, pulses, and potatoes, notably–were not available at all. This suggests that, in general, food supply systems have been resilient even during the current crises.

## Changes in purchases by food vendors' clients

We further asked food vendors to assess how quantities purchased by their consumers in May 2021 had changed compared to normal periods. They reported that the quantities purchased are at similar levels as normal for most food products. The "same" category varied between 92 percent for green leafy vegetables and 62 and 65 percent for pork and chicken, respectively (Figure 4). The latter products seem to have taken the biggest hit since the start of the COVID-19 pandemic and the political crisis. This result is consistent with the high income elasticities of animal-source foods–when incomes decline, these products are consumed less frequently (proportionally more so than the decline in income). This is due, in part because animal-source foods are relatively expensive sources of calories despite their high density of multiple micronutrients and high-quality protein.

**Figure 4: Changes in quantities of food products purchased in May 2021 compared to normal, percentage of food vendors, by food type**

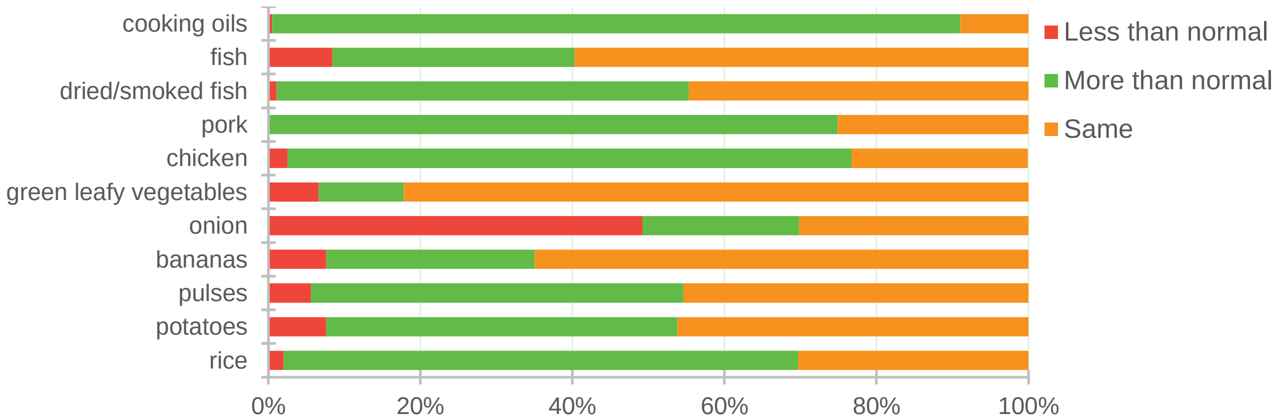



Source: Food vendor survey (May 2021)

## Changes in prices and price inflation

While availability may not have significantly changed, changes in prices may indicate other signs of stress in the food marketing system. In a similar manner as for the availability questions, we asked food vendors to compare changes in prices at the time of the survey to similar periods in a normal year. Overall, a large share of food vendors report increases in the retail prices of most foods (Figure 5). The highest share of food vendors indicating increases are for rice, chicken, pork, dried fish, and cooking oil.

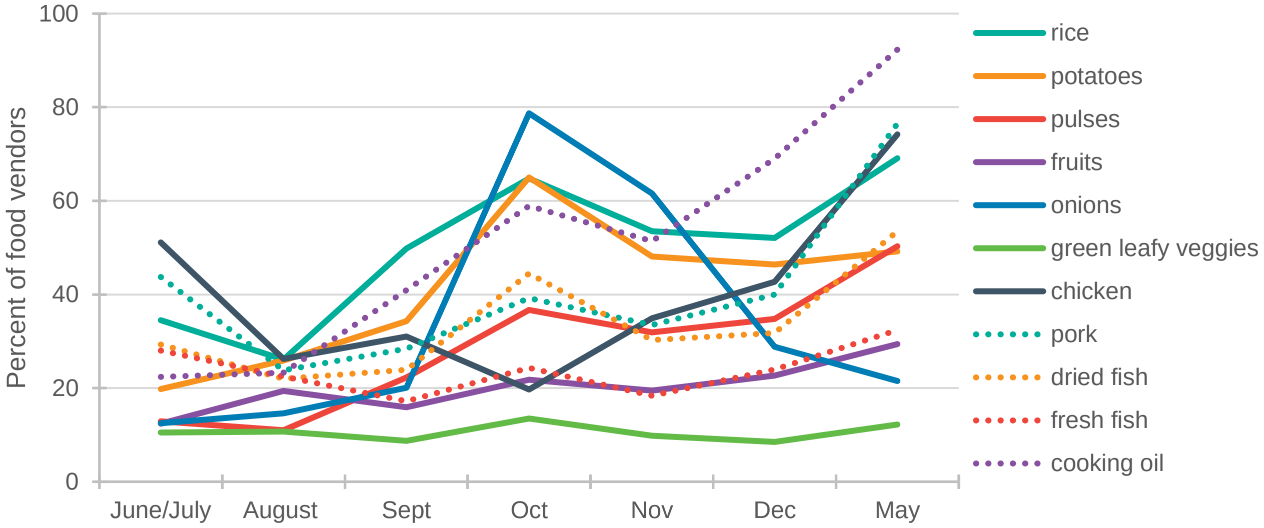
**Figure 5: Recent changes in retail prices of food products compared to normal periods, by food type**




Source: Food vendor survey (May 2021)

We further compare these assessments of price trends from the most recent survey round with the reported perceived price increases from previous rounds of this telephone survey (Figure 6). We see that the shares of food vendors that indicate higher prices compared to normal have substantially increased over the last round.

**Figure 6: Share of food vendors reporting that prices are higher than normal, by survey round between June/July 2020 and May 2021, by food type**




Source: Food vendor survey (June/July 2020–May 2021)

To compare price differences between different periods, we present average and median prices for major foods in survey round 1, June/July 2020; round 6, December 2020, and round 7, May 2021 (Table 4). This analysis indicates overall significant food price increases in May 2021 compared to the situation almost one year earlier. Prices of the cheapest available rice and cooking oil increased by 11 percent and 50 percent respectively in May 2021 compared to June 2020. On the other hand, onions (-26 percent), fresh fish (-7 percent) and potatoes (-4 percent) showed price decreases compared to June 2020. A large part of the increases in prices occurred in the beginning of 2021, as shown by the relatively high price increases between December 2020 and May 2021.

**Table 4: Average and median reported food prices for June/July 2020, December 2020, and May 2021 food vendor survey rounds, by food type**

| | Round 1 June/July 2020 (MMK/kg) | | Round 6 December 2020 (MMK/kg) | | Round 7 May 2021 (MMK/kg) | | % Difference (compared to Round 7) | |
|---|---|---|---|---|---|---|---|---|
| | Average | Median | Average | Median | Average | Median | Round 1 | Round 6 |
| Rice | 601 | 564 | 633 | 611 | 669 | 658 | 11.3 | 5.7 |
| Potatoes | 690 | 613 | 723 | 736 | 665 | 613 | -3.6 | -8.0 |
| Pulses | 1,455 | 1,533 | 1,448 | 1,470 | 1,497 | 1,472 | 2.9 | 3.4 |
| Bananas | 615 | 565 | 608 | 706 | 646 | 593 | 5.0 | 6.4 |
| Onions | 513 | 491 | 645 | 614 | 375 | 307 | -29.3 | -41.8 |
| Green leafy vegetables | 274 | 266 | 318 | 267 | 339 | 294 | 24.0 | 6.7 |
| Chicken | 4,501 | 4,294 | 4,080 | 4,295 | 4,529 | 4,294 | 0.6 | 11.0 |
| Pork | 4,911 | 4,907 | 5,027 | 4,908 | 5,683 | 6,133 | 15.7 | 13.1 |
| Dried fish | 5,212 | 4,907 | 4,589 | 4,601 | 5,646 | 4,907 | 8.3 | 23.0 |
| Fresh fish | 3,379 | 3,067 | 2,861 | 2,761 | 3,145 | 3,067 | -6.9 | 10.0 |
| Cooking oil | 1,685 | 1,533 | 1,753 | 1,687 | 2,540 | 2,454 | 50.7 | 44.9 |

Source: Food vendor survey (June/July 2020–May 2021)

Finally, we calculate overall food price inflation in May 2021 (Round 7), comparing to price levels gathered from the food vendors in the first food vendor survey round conducted in June/July 2020 (round 1), i.e. almost a year earlier, and to the immediately previous survey round in December 2020 (round 6). To give different weights to these prices in order to allow an estimate to be made of food price inflation overall, we use average consumption levels from the Myanmar Poverty and Living Condition Survey (MPLCS) for the different food groups listed in Table 4. The MPLCS is a nationally representative sample of households conducted in 2015. On top of the national food price inflation levels, we also calculate those faced by different subgroups (urban/rural, four agro-ecological zones, and poverty quintiles). The estimates of food price inflation are reported in Table 5. These results are approximate, since we only use one representative price per food group.

**Table 5: Food price inflation, May 2021 (food vendor survey round 7) relative to June/July 2020 (round 1) and December 2020 (round 6)**

| | % Difference (compared to Round 7) | |
|---|---|---|
| | Round 1 | Round 6 |
| Union | 7.3 | 8.7 |
| Urban | 5.2 | 10.9 |
| Rural | 8.4 | 8.3 |
| Hills and Mountains | 7.0 | 8.9 |
| Dry Zone | 9.9 | 10.7 |
| Delta | 3.7 | 4.0 |
| Coastal | 2.7 | 2.0 |
| Poverty quintile 1 (poorest) | 9.7 | 8.4 |
| Poverty quintile 2 | 8.6 | 8.6 |
| Poverty quintile 3 | 7.7 | 8.8 |
| Poverty quintile 4 | 6.8 | 8.7 |
| Poverty quintile 5 (richest) | 5.7 | 8.9 |

Source: Food vendor survey (June/July 2020–May 2021)
Note: Delta (Ayeyawaddy, Bago, Mon, Yangon); Coastal (Rakhine, Tanintharyi); Central Dry (Mandalay, Magwe, Nay Pyi Taw, Sagaing); Hills and Mountains (Chin, Kachin, Kayah, Kayin, Shan).

Food price inflation over the 11-month period of June/July 2020 to May 2021 amounted to 7.3 percent. Urban areas had slightly lower inflation rates than rural areas (5.2 vs. 8.4 percent). We further note that the Dry Zone (9.9 percent) and the Hills and Mountains zone (7.0 percent) showed substantially higher food inflation than the Delta (3.7 percent) and Coastal areas (2.7 percent), seemingly linked to the higher prices of rice in the former areas. Taking the whole period into consideration, we find that food price inflation was higher for households in the poorest quintile (9.7 percent) than for richer households.

Table 5 also illustrates that most food inflation occurred over the last 5 months, i.e., between December 2020 and May 2021, as shown by the relatively high price increases over that period.[2] At the national level, the cost of a food basket increased by 8.7 percent between December 2020 and May 2021.

[2] However, note that we are unable to control for normal seasonality in food prices in making these price comparisons.

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**INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE**

1201 Eye St, NW | Washington, DC 20005 USA
T. +1-202-862-5600 | F. +1-202-862-5606
ifpri@cgiar.org
www.ifpri.org | www.ifpri.info

**IFPRI-MYANMAR**

No. 99-E6 U Aung Kein Lane
Than Lwin Road, Bahan Township
Yangon, Myanmar
IFPRI-Myanmar@cgiar.org
www.myanmar.ifpri.info



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