RAPID MARKET ASSESSMENT
IN COX’S BAZAR

September 2017

Action Against Hunger | Action Contre la Faim (ACF)
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1. Overview

In the early hours of 25 August 2017, violence broke out in Rakhine State, Myanmar. As a result, about 420,000 people1 have crossed the border into Cox’s Bazar, Bangladesh. The extent and implications remain uncertain and everyday thousands of new Rohingya refugees are entering into Bangladesh as reported by the different print and electronic media. New arrivals join existing Rohingya populations who had crossed from Myanmar into Bangladesh in previous months and years and had already settled in formal refugee camps and makeshift settlements in Teknaf and Ukhiya Upazila in Cox’s Bazar. Because of recent Rohingya inflow, these sites are expanding, while new spontaneous settlements have also formed and are quickly growing. Significant number of new arrivals are also being absorbed into the local host community. Still thousands of people are waiting to cross the border areas. According to the Government estimation in the year 2013, about 500,000 Rohingya people already living in Bangladesh. The new influx made the total Rohingya population very close to 1 million and if situation in Myanmar continues like this the total number will cross 1 million soon.

It is a huge burden for the local community as well as Bangladesh. Providing basic humanitarian services to these displaced population has become very much challenging. Apparently, it is going to be a protracted crisis and will continue for uncertain period despite Bangladesh government has been trying to draw attention of the international community and urging for support to find a solution for this crisis and send back to these Rohingya population to Myanmar.

Bangladesh Government, UN agencies, International NGOs, National and local NGOs, social and religious institutions etc. has been providing humanitarian assistance to the new arrivals since the beginning of the crisis. This emergency assistance includes, food and NFI distribution, construction of temporary shelters, providing WaSH facilities along with other life saving activities. In addition of his current emergency response, humanitarian actors in Cox’s Bazar are planning for shorter term to medium term response to address the wider need of the refugee population.

There is already some impact on the local markets due to this refugee influx and emergency response carried out by humanitarian actors. Over the time, market will play more crucial role in future emergency responses. Response modality will depend on the functionality of the local markets supply system of the main food commodities including other non-food commodities. Therefore, Action Against Hunger decided to carry out a Rapid Market Assessment (RMA) to look at the price situation of main food commodities, changes in demand and capacity of the local markets to meet the increased demand of goods especially food commodities, if there is any impact on local supply system etc. We strongly believe that it will help the humanitarian community in Cox’s Bazar to define response modality for coming weeks. It will also guide us to decide about the need of an in-depth market assessment.

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1 ISCG situation report, 18th September 2017
SUMMARY OF FINDINGS

Key findings from the survey are:

1. Number of average daily customers has increased significantly. It has doubled during the RMA survey compared to normal time.
2. Price of all main food commodities (rice, ata/flour, pulses, soybean oil, potato, sugar and salt) has increased.
3. Price of main food commodities may increase over next three months as reported by all of the traders interviewed.
4. Local traders are maintaining 50% to 75% of their full capacity of storage of main food commodities. They are able to increased it by 10% to 40% (small retailers – 10 to 20%; big retailers and wholesalers – 20 to 40%) to meet if there is increased need.
5. For main food commodities most of the trader’s current stock is able to meet the 2 to 3 day’s current daily need.
6. Local supply system is functioning. Retailers purchase goods from local wholesalers and able to replenish the stock within 24 hours. Big retailers and wholesalers purchase goods from Cox’s Bazar and Chittagong wholesale markets. They are able to replenish the stock within 2 to 4 days.
7. Local market are well connected with district and divisional wholesale hubs. Transportation system (road) is well functioning except some traffic related problem.
8. People irrespective of Bangladesh nationals, and Rohingya refugees (old and new arrivals from Myanmar) have access to local markets. But as price of food items are increasing people who do not have cash income will face difficulties in accessing food and other essential commodities.
2. Objectives

Overall objective of the Rapid Market Assessment (RMA) is to look at the impact of recent Rohingya influx on the local markets and evaluate the functionality of local markets of the area where new Rohingya Refugees mostly concentrated in order to support the designing of the response modality by the humanitarian actors.

The RMA specifically intends to look at the following issues related to functionality of local markets –

- Capacity of the local markets
- Market stability
- Price situation of the main food commodities
- Supply mechanism and restocking mechanism
- Accessibility of the Rohingya Refugees as well as most vulnerable local Bangladeshi nationals to the local markets

3. Methodology

As Rapid Market Assessment (RMA) is very quick, a simple methodology was followed to gather information related to market functionality. Information was collected from 3 sources – Traders (retailers and whole sellers), Market Management Committee and Community people of the market catchment areas. Individual interview with 8 traders from 6 markets were done. FGD was done with 6 community groups and 6 market management committees to triangulate the information provided by the local traders.

3.1 Assessment tools

RMA tools developed by the Food Security Cluster were used for this RMA. These tools were contextualized through necessary modification based on the current local context. Tools used for the RMA were –

1. Individual questionnaire survey checklist for traders
2. FGD checklist for Market Management Committee
3. FGD checklist for community people

3.2 Market Selection

Markets for this rapid assessment was purposively selected based on the concentration of the newly arrived Rohingya population. Total 6 markets were selected – 3 markets from Ukhia and 3 markets from Teknaf Upazila. Size of the market (both small and big markets), number of traders (retailers and whole sellers) were also considered during market selection. List of the markets selected for this survey are as below –

Table 1: List of the markets

<table>
<thead>
<tr>
<th>Name of the Market</th>
<th>Union</th>
<th>Upazila</th>
<th>District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rajapalong Bazar</td>
<td>Rajapalong</td>
<td>Ukhia</td>
<td>Cox’s Bazar</td>
</tr>
<tr>
<td>Balukhali Bazar</td>
<td>Palongkhali</td>
<td>Ukhia</td>
<td>Cox’s Bazar</td>
</tr>
<tr>
<td>Palongkhali Bazar</td>
<td>Palongkhali</td>
<td>Ukhia</td>
<td>Cox’s Bazar</td>
</tr>
<tr>
<td>Hnila Bazar</td>
<td>Hnila</td>
<td>Teknaf</td>
<td>Cox’s Bazar</td>
</tr>
<tr>
<td>Teknaf Station Road Bazar</td>
<td>Teknaf Municipality</td>
<td>Teknaf</td>
<td>Cox’s Bazar</td>
</tr>
<tr>
<td>Shamlapur Bazar</td>
<td>Shamlapur</td>
<td>Teknaf</td>
<td>Cox’s Bazar</td>
</tr>
</tbody>
</table>
Below graphs (graph 1 and graph 2) show the location of the selected markets -

Graph 1: Upazila map of Ukhiya
Graph 2: Upazila map of Teknaf
3.3 Data collection and compilation
Two teams were involved in the market assessment and each team was comprised of 3 people. A half-day session was organized for the assessment team to orient them about the questionnaire survey checklist and checklist for FGDs, data collection procedure and data input and compilation. A consolidated template (excel sheet) was developed for data entry and all data was entered in the template for analysis. Action Against Hungers’ local implementing partner (Mukti) has provided human resources for this purpose.

4. Characteristics of the markets
All of the selected markets are long established and well connected with major supply hubs at both regional and national level. All of the selected markets have retail shops and wholesale shops with some mixed (both retail and wholesale) shops and trading all consumable food items and non-food commodities including machineries, construction and shelter materials. All of the markets have power (electricity) supplies. For some markets catchment areas are surrounding villages and for some markets whole union is the catchment area. Small retailers purchase commodities from local wholesalers and big retailers purchase commodities mainly from wholesale markets at Cox’s Bazar and Chittagong. Sometimes, big retailers purchase goods from local wholesalers also.

Table 2: Number of retailers and wholesalers in the selected markets

<table>
<thead>
<tr>
<th>Name of the markets</th>
<th>Upazila</th>
<th>Union</th>
<th># of years market exits</th>
<th># of retail shop</th>
<th># of wholesale shop</th>
<th># of shops with both retail &amp; wholesale business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kutupalong Bazar</td>
<td>Ukhiya</td>
<td>Rajapalong</td>
<td>26</td>
<td>54</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Balukhali Bazar</td>
<td>Ukhiya</td>
<td>Palongkhali</td>
<td>68</td>
<td>26</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Palongkhali Bazar</td>
<td>Ukhiya</td>
<td>Palongkhali</td>
<td>35</td>
<td>10</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Hnila Bazar</td>
<td>Teknaf</td>
<td>Hnila</td>
<td>34</td>
<td>32</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Station Road Bazar</td>
<td>Teknaf</td>
<td>Municipality</td>
<td>48</td>
<td>31</td>
<td>25</td>
<td>0</td>
</tr>
<tr>
<td>Shamlapur</td>
<td>Teknaf</td>
<td>Shamlapur</td>
<td>80</td>
<td>18</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>171</strong></td>
<td><strong>42</strong></td>
<td><strong>12</strong></td>
<td></td>
</tr>
</tbody>
</table>
5. Main Findings

5.1 Source of purchase by the traders and price variation

Most of the retailers purchase commodities from local wholesalers for retail sale. Few big retailers directly purchase from Cox’s Bazar and Chittagong wholesale market. Wholesalers purchase food commodities from Chittagong and Cox’s Bazar wholesale markets. All of the traders reported that price of almost all of the main food commodities has increased after new Rohingya influx in Cox’s Bazar.

Graph-3 shows the price variation before and after new Rohingya refugee influx in August 2017.

Graph 3: Commodity purchase price (normal time and after Rohingya influx)

5.2 Change in number of customer per day

Number of daily customer has increased significantly after new Rohingya influx as reported by all of the shop owners. When asked all have mentioned about Rohingya new arrivals from Myanmar as main reason behind this.

Graph - 4 shows changes of number of daily customer against each shop.
Price of all main food commodities has increased as reported by all traders. Highest price change (increase) occurred in case of edible oil (soybean, loose) and potato. There was almost no impact on the price of sugar. Graph-5 show commodity wise increase of purchase cost by the local traders after the new Rohingya inflow.

Graph 5: Purchase price variation
5.4 Traders current capacity and daily volume of sale

For food items like rice, ata and pulses almost all of the traders have current stock capacity to meet the need of 2 to 3 days. For other food items such as potato, edible oil (soybean) sugar and salt, trader have current stock to meet the need of 1 to 2 days. However, at this moment there is no shortage of commodities as in most cases traders can replenish the commodity stock within 1 or 2 days. Road transportation is the main way of transportation the goods and there is no issues related to transport except traffic congestion. Transportation cost increased due to bad traffic reported by all traders. All markets are well connected with district and divisional wholesale markets. Now the traders are using 50% to 75% of their storage capacity. However, in case of increased need traders have capacity to increase the storage capacity by 10% to 40% (10 to 20% by the small retailers and 20 to 40% by the big retailers and wholesalers). Therefore, at this moment there is no issue related to storage and supply capacity of the food commodities.

Graph 6, 7 and 8 show commodity wise storage capacity of the local traders and changes in daily sales volume.

Graph 6: Storage capacity and daily sales volume (rice, ata and pulses)
Graph 7: Storage capacity and daily sales volume (edible oil – Soybean)

Graph 8: Storage capacity and daily sales volume (Potato, sugar and salt)
5.5 Supply and re-stocking
Local supply system of main food commodities are well functioning. Retailers purchase goods from local wholesalers and able to replenish the stock within 24 hours. Big retailers and wholesalers purchase goods from Cox’s Bazar and Chittagong wholesale markets. They are able to replenish the stock within 2 to 4 days. They also mentioned that in case of urgent need it can be done within shorter time.

5.6 Local market capacity to meet the increased demand
At this moment local markets are able to meet the demand of main food commodities. However, if the new Rohingya inflow continue like this, markets with current capacity might not able to meet the demand of increasing population. Market intervention will be required to build capacity of the local traders to meet the need of the increased demand. An in-depth market assessment will be required before going for market based intervention.

5.7 Retail price volatility
We tried to look into the price volatility in terms of minimum and maximum price of the main food commodities over the period of last one year. Big variation was observed in the maximum and minimum price of the main food items such as coarse rice, flour/ata, lentil and potato. Price of potato was most unstable. Price of split peas (anchor dal), soybean oil and sugar was comparatively stable. Maximum and minimum prices for all selected food commodities were collected to see the price volatility which is shown in the table below.

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Minimum price</th>
<th>Maximum price</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Price volatility (Coefficient of variation %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coarse rice</td>
<td>33.8</td>
<td>43.5</td>
<td>38.65</td>
<td>4.85</td>
<td>12.55</td>
</tr>
<tr>
<td>Ata (loose)</td>
<td>24.6</td>
<td>30.2</td>
<td>27.4</td>
<td>2.8</td>
<td>10.22</td>
</tr>
<tr>
<td>Anchor dal (split pea)</td>
<td>40.0</td>
<td>46.5</td>
<td>43.25</td>
<td>3.25</td>
<td>7.51</td>
</tr>
<tr>
<td>Lentil</td>
<td>98.1</td>
<td>123.8</td>
<td>110.95</td>
<td>12.85</td>
<td>11.58</td>
</tr>
<tr>
<td>Edible oil (soybean, loose)</td>
<td>86.8</td>
<td>100.6</td>
<td>93.7</td>
<td>6.9</td>
<td>7.36</td>
</tr>
<tr>
<td>Potato</td>
<td>25.0</td>
<td>36.9</td>
<td>30.95</td>
<td>5.95</td>
<td>19.22</td>
</tr>
<tr>
<td>Sugar</td>
<td>53.6</td>
<td>63.4</td>
<td>58.5</td>
<td>4.9</td>
<td>8.38</td>
</tr>
<tr>
<td>Salt</td>
<td>30.6</td>
<td>38.4</td>
<td>34.5</td>
<td>3.9</td>
<td>11.30</td>
</tr>
</tbody>
</table>

6. Peoples access to local markets
People irrespective of Bangladesh nationals, and Rohingya refugees (old and new arrivals from Myanmar) have access to local markets. However, as price of food commodities showing increasing trend, people who do not have sufficient cash income have difficulties in accessing food and other basic commodities.
7. Conclusion and recommendation

This assessment intended to look at the market structure, storage capacity, variation in price before and after the Rohingya refuge inflow, price volatility, market accessibility and market capacity to respond to the increasing need. **The findings of the assessment indicate that local markets are fully functional at this moment.** The markets are long established and very well connected with regional and national supply hubs. With the current capacity local markets are able the meet the increased need. Even if the demand increase up to 20%, they are able to meet the increased demand as all the traders are currently using 50 to 75% of their capacity. However, if the demand increased further local traders might not be able to meet the demand. In that case market based intervention might be required to enhance the capacity of local traders to meet the increased demand. No issue related to physical access to local markets are reported. But, as food commodity price showing increasing trend people without sufficient cash income might face difficulties in accessing food and other essential commodities.

**Recommendations** –

- To carry out the price monitoring of the main food commodities fortnightly (if possible weekly)
- To monitor the daily sales volume of individual traders/shop owners to understand the rate of increase of local demand
- An in-depth market assessment is needed for detail analysis of market functionality and capability to identify the strength and weakness of local markets
- Cash based intervention can be started to enhance cash income for both Rohingya and host community to improve economic access.