



Monitoring the Agri-food System in Myanmar

The rising costs of diets and declining purchasing power of casual wage laborers: December 2021–November 2023

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 November 2023) in rural and urban areas and in all state/regions of Myanmar.

Key Findings

- Over the survey period (December 2021–November 2023), the cost of the healthy diet rose by 93 percent and the common diet by 103 percent.
- After a reprieve from high food inflation in the first half of 2023, prices increased rapidly in the latter part of 2023, resulting in a 28 and 35 percent increase in the cost of healthy and common diets in September–November 2023 compared to a similar period in 2022, when food prices were already very high.
- Prices of rice—the major staple—increased by 75 percent between October–December 2022 and September–November 2023, and were the main driver of the 35 percent increase in the cost of the common diet.
- Over the full period of surveys (December 2021–November 2023), onion prices quadrupled; rice prices more than doubled; oil and pulse prices doubled; and all other food prices increased by at least 50 percent.
- The purchasing power of daily urban construction wages relative to healthy diet costs declined by 11 percent and by 15 percent relative to common diet costs. The purchasing power of rural agricultural wages relative to the healthy diet held steady but fell by 7 percent relative to common diet costs.
- 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 in 2023 compared to 2022, slowing the pace of declining real wages.

Recommended Actions

- Actions should be taken to reduce the prices of nutritious foods in a sustainable and market-oriented manner.
- As casual wage workers are among the poorest and as their situation is worsening, they should be targeted in social safety net programs.



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 November 2023 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 the MHWS—a large-scale panel survey conducted by phone (minimum 12,000 households per round) in rural and urban areas and in all state/regions of Myanmar. To date, six rounds have been completed covering the period from December 2021 to November 2023.¹ 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.² 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. All MHWS respondents are asked to report casual wages paid to men and women in their communities.

To reduce the influence of seasonality, we focus on changes between the most recent round (September–November 2023) and a period approximately one-year prior (October–December 2022). We also consider periods where price changes may be influenced by seasonal effects:

1. Recent 6 months: March–June 2023 vs September–November 2023
2. 2022: December 2021–February 2022 vs October–December 2022
3. Full survey period: December 2021–February 2022 vs September–November 2023

Food prices between December 2021 and November 2023

Table 1 presents changes in median food prices. Prices of many foods skyrocketed in 2022 as Myanmar faced a combination of shocks, including the global food and fuel crises accompanying conflict in Ukraine, the depreciation of the kyat following the military takeover, a change in domestic food policies, and increasing insecurity.

Most food prices increased at a slower rate in 2023, but the notable exceptions were rice prices (the main staple), which increased by 75 percent, and banana prices (usually the cheapest fruit in caloric terms), which increased by 50 percent between October–December 2022 and September–November 2023. Most food prices rose more in the first half of this period compared to the second half of the year (March–June 2023 to September–November 2023). However, rice prices increased by 40 percent in the first half of the year compared to 25 percent in the second half, and chicken and dried fish prices were stable in the second half of the year.

Overall, between early 2022 and late 2023 onion prices quadrupled; rice prices more than doubled; oil and pulse prices doubled; and all other food prices increased by at least 50 percent.

¹ For more information on the MHWS refer to the following reference: 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 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.

Table 1: Changes in median food prices, December 2021 to November 2023

	Recent 6 months	2023	2022	Survey period
	Mar/Jun '23 vs Sep/Nov '23	Oct/Dec '22 vs Sep/Nov '23	Dec '21/Feb '22 vs Oct/Dec '22	Dec '21/Feb '22 vs Sep/Nov '23
Rice (%)	25	75	43	150
Potatoes (%)	28	14	40	60
Oil (%)	32	25	60	100
Pulses (%)	24	31	47	93
Chicken (%)	0	20	43	72
Fresh Fish (%)	14	33	20	60
Dried Fish (%)	0	15	30	50
Leafy Greens (%)	25	33	36	81
Onions (%)	75	-13	356	299
Bananas (%)	25	50	19	79

Source: MHWS (Round 1-6) phone surveys

Note: Comparisons of prices in the recent 6 months, 2022, and the full survey periods are likely influenced by seasonality.

Healthy and common diet food baskets between June 2020 and August 2023

Changes in the prices of individual food items do not provide a clear picture of changing food costs faced by households. Thus, changes in household food costs are calculated by comparing the cost of a fixed basket of foods between periods. We consider the evolving cost of two food baskets to understand the evolving costs faced by households with typical consumption patterns compared to costs of acquiring a balanced and healthy diet:³

1. **common diet basket:** average regional quantities consumed of foods representative of vendor survey foods as reported by households surveyed in the 2015 Myanmar Poverty and Living Conditions Survey (MPLCS)
2. **healthy diet basket:** average regional quantities consumed of the same foods aligned with a recommended healthy diet ⁴

Staple foods (mainly rice) account for more than two-thirds of dietary energy in the common diet compared to just over half in the healthy diet.

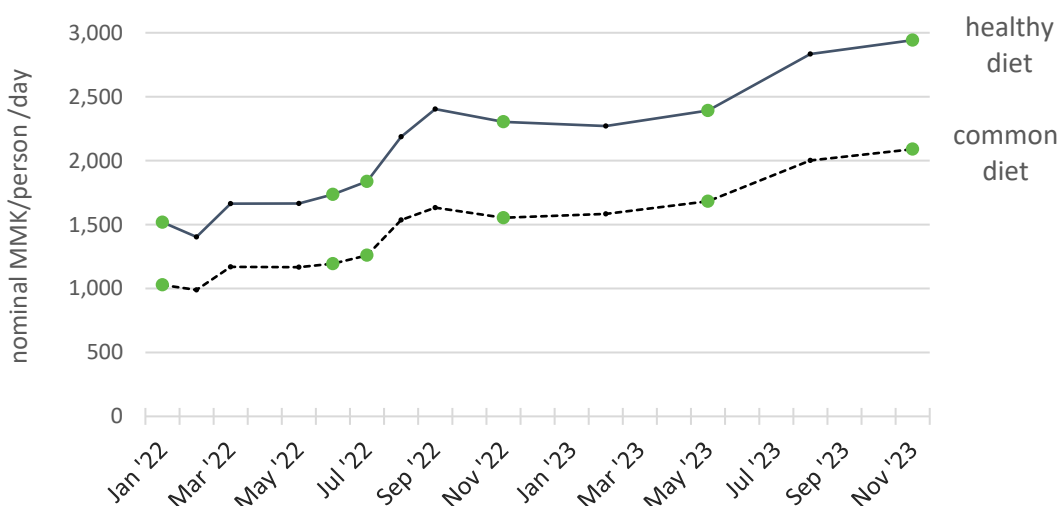
Figure 1 presents costs of the common diet alongside the healthy diet. **The cost of the healthy diet is significantly higher than the common diet—41 percent higher in late 2023** (2,942 kyat versus 2,089 kyat). Despite considerable differences in the composition of the two baskets, diet costs follow a remarkably similar path, with the diets increasing at similar rates in most rounds (Figure 1).

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 with particularly large increases in diet costs in the latter part of the year— a nearly 25 percent increase between March–June 2023 and September–November 2023. Diet costs reached a new peak in the latter part of 2023, a 28 and 35 percent increase in the cost of the healthy and common compared diets compared to a similar time in 2022. **Over the full 2022-2023 survey period, the cost of both diets approximately doubled, with common diet costs increasing by 103 percent and the healthy diet by 93 percent.**

³ We evaluate the cost of these two stylized diets using the limited items in the vendor surveys with the aim of tracking changes in healthy diet costs, rather than providing a nuanced estimate of costs faced by households of varying compositions.

⁴ Healthy diet guidelines 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.

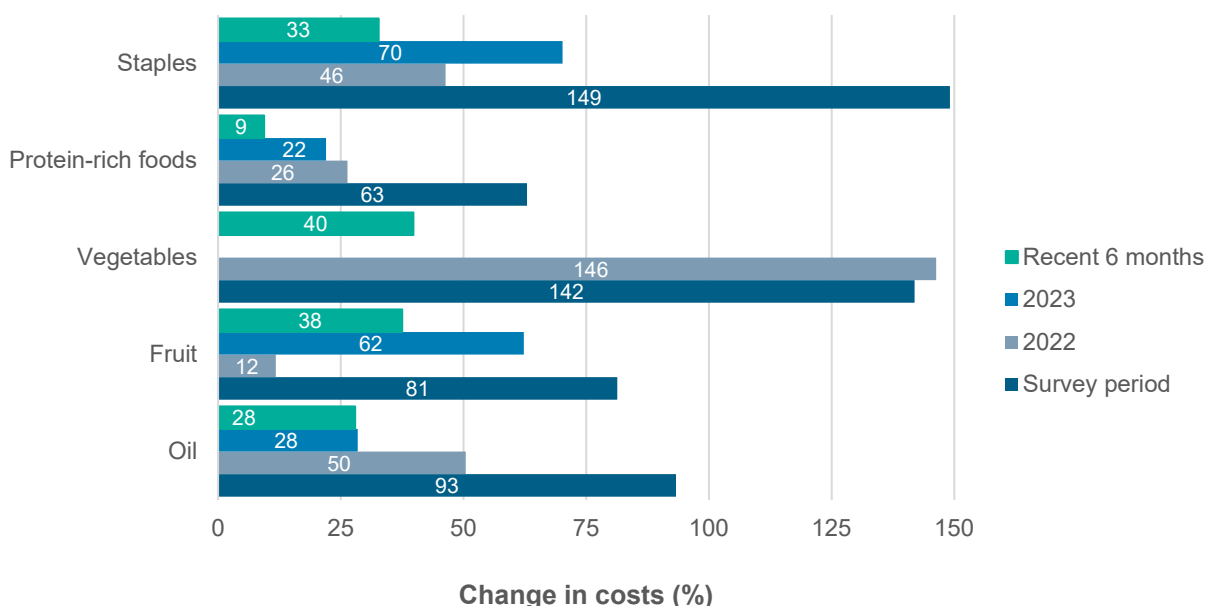
Figure 1: National trends in the cost of healthy and common diets, June 2020 to November 2023



Source: MHWS-FV (Round 1-4), MHWS (Round 1-6) phone surveys

The larger increase in the cost of the common basket is due to the influence of staple foods, particularly rice, in the common basket compared to the healthy diet basket. Staple foods increased to a greater degree than the other food groups between late 2022 and late 2023 and over the full survey period (Figure 2).

Figure 2: Changes in food group costs (%), December 2021 to November 2023



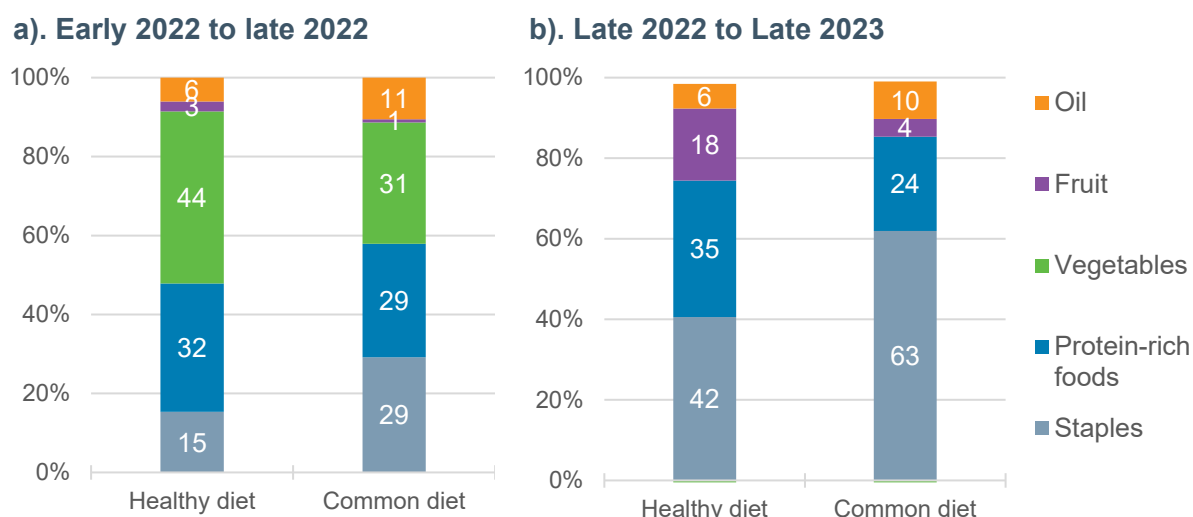
Source: MHWS (Round 1-6) phone surveys

Note: Comparisons of prices in the recent 6 months, 2022, and the full survey period are likely influenced by seasonality.

Due to their different compositions, changes in food group costs impact the two diets differently. Figure 3 shows the overall contribution of each food group to rising diet costs between December 2021–February 2022 and October–December 2022, and between October–December 2022 and September–November 2023. Rice and oils have a relatively larger impact on the common diet while protein-rich foods, vegetables, and fruits have a relatively larger impact on the healthy diet. In 2022, vegetables, protein-rich foods, and staples contributed equally to rising common diet costs. In 2023,

rising rice prices were driving increasing diet costs, impacting the common diet more severely.

Figure 3: Food group contributions to change (%) in 2022 and 2023: rice becomes the main driver of diet cost inflation in 2023



Source: MHWS (Round 1-6) phone surveys

Note: Comparison of the periods December 2021–February 2022 and October–December 2022 is likely influenced by seasonality.

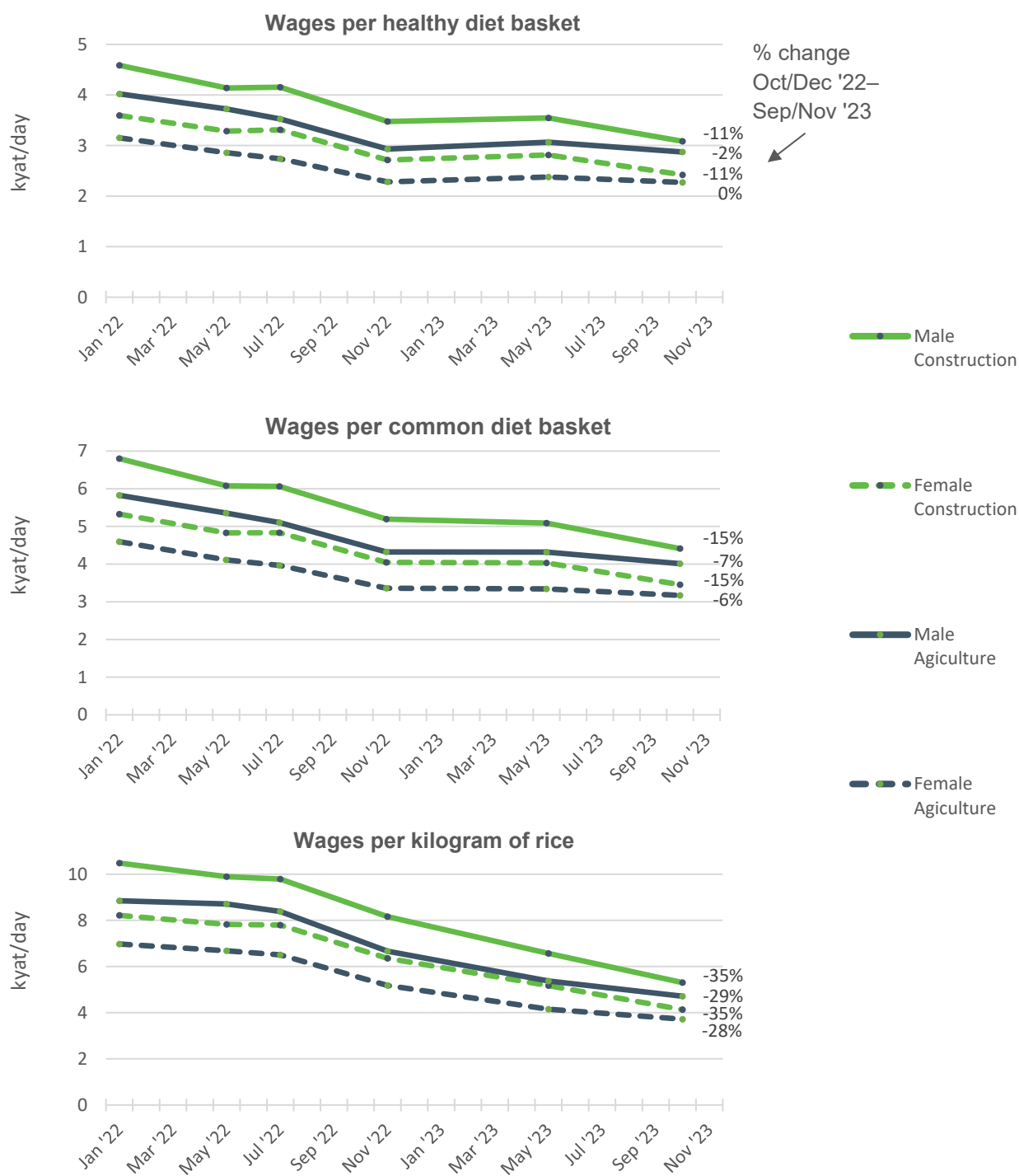
Diet-adjusted casual wage rates

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 a day's wage (Figure 4). We focus on changes in these various real wages between late 2022 and late 2023 to reduce the influence of seasonality and consider four separate wage series. Specifically, the MHWS asks respondents to report daily wages in their communities for male and female construction and agricultural workers.

Between October–December 2022 and September–November 2023, nominal urban construction wages increased by 14 percent and nominal rural agricultural wages increased by 25 percent. During the same period, healthy diet costs rose by 28 percent and common diet costs rose by 35 percent. **Consequently, the value of daily urban construction wages relative to healthy diet costs declined by 11 percent, and by 15 percent relative to common diet costs. The value of rural agricultural wages relative to the healthy diet held steady but fell by 7 percent relative to common diet costs (Figure 2).**

Adjusted for the cost of one kilogram of rice, urban construction wages fell by 35 percent and rural agricultural wages fell by 29 percent. 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, nominal wages rose at faster pace in 2023 compared to 2022 (8 percent increase in agricultural wages and 5 percent increase in construction wages) and diets costs rose by less than in 2022. As a result, the decline in common diet adjusted construction wages in 2023 was about half the decline in 2022, while the decline in agricultural adjusted wages was about one-fifth.

Figure 4: Diet adjusted wage rates in construction and agriculture for men and women separately, December 2021 to November 2023



Source: MHWS (Round 1-6) 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.

Policy implications

Myanmar has experienced one of the highest inflation rates in the world, principally due to domestic economic problems such as the depreciation of the kyat, disruptions to the supply of key agricultural inputs, and the ongoing conflict and economic uncertainty in the country. International price increases have exacerbated these problems but are not the principal driver, as inflation rates in neighboring countries are far lower than Myanmar's.

The results in this note point to the need to improve broader macroeconomic stability as well as the function of the agri-food system, and to address rising poverty through targeted social protection efforts, particularly to households primarily dependent on casual wages to earn a living.

Resolving ongoing conflicts in the country, returning to a more market-oriented economic strategy that prioritize market-friendly agri-food system policies and a transparent and accountable rule of law will be key to strengthening the kyat and improving the functioning of the agri-food system. Such steps will, in turn, reduce inflation, and also improve the functioning of labor markets.

A second urgent set of actions involves targeting social protection interventions towards vulnerable groups, especially households dependent on casual wages for their livelihoods. Wage-dependent households were the poorest economic group even prior to the present crisis and have gotten even poorer since as the cost of living has far outpaced growth in nominal wages. Development partners and NGOs should explore interventions for improving the economic stability and resilience of wage-dependent households.

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