

Myanmar Agriculture



Past, Present and Future



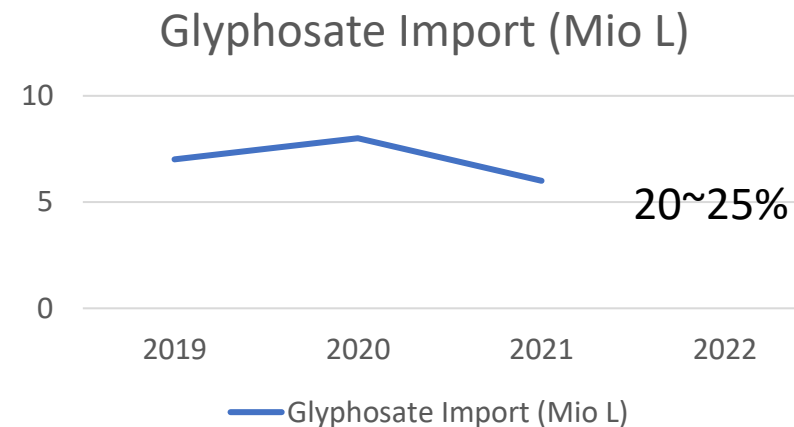
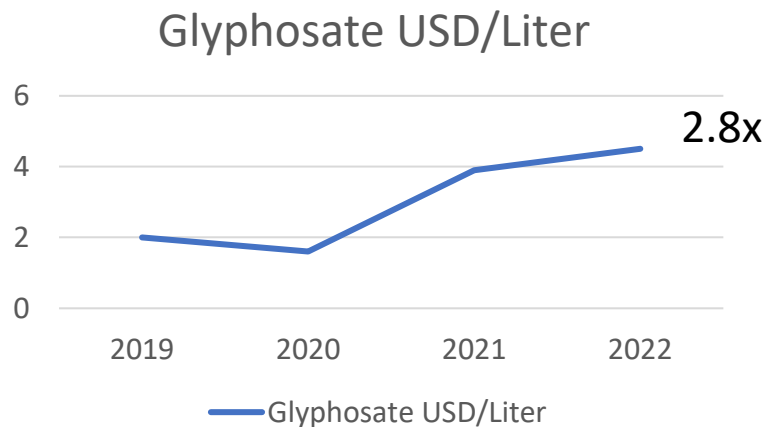
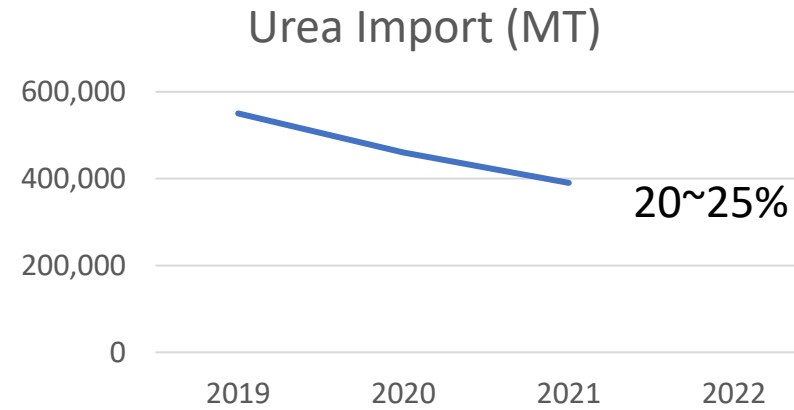
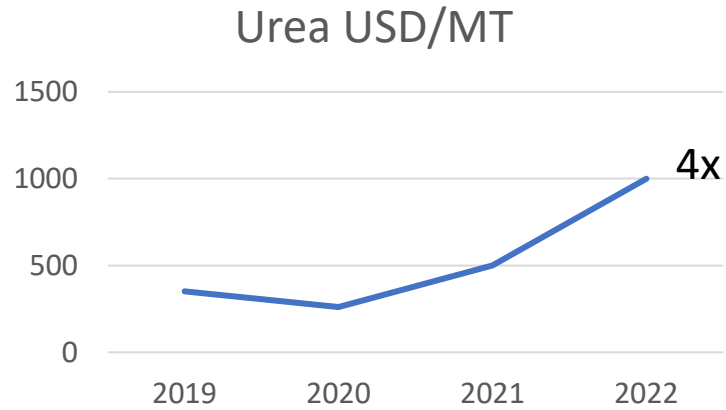
Summary of things from the past

Agriculture sector, rural area, in Myanmar was one of the hardest hit areas of the economy, even though not as obvious, caused by Covid-19 and Political Situation.

Global supply-chain crunch, inflation and subsequent increase in fertilizer and diesel prices caused by post Covid-19 has great impact on smallholders' ability to grow and continue with their livelihood.

Political Situation displaces farmers, reduces their working capital and productivity.

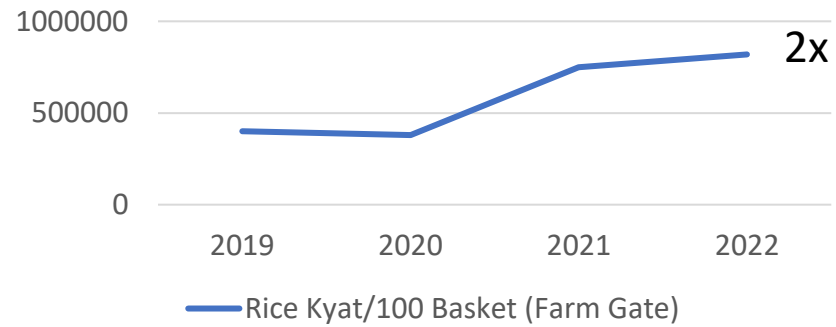
Prices of Key Inputs and Import



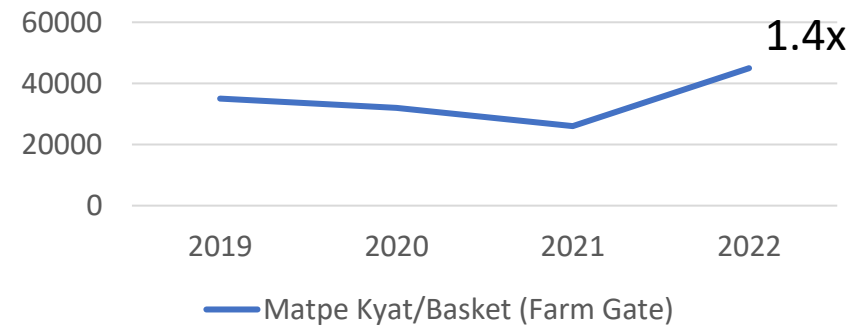
**Fuel 4x !
(2020 vs 2022)**

Crop Prices

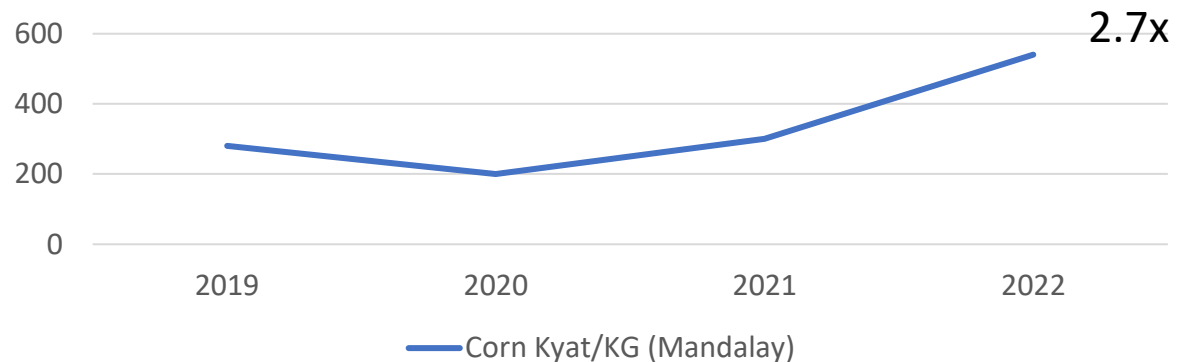
Rice Kyat/100 Basket (Farm Gate)



Matpe Kyat/Basket (Farm Gate)



Corn Kyat/KG (Mandalay)



Biggest Losers:

1. Melons
2. Sesame
3. Onions
4. Vegetables

Cost of Production and Yield



Cost of production increases in average by 3 times.



Access to finance is very limited. Credit dried up due to risks.



Working capital is inadequate reducing sowing acreage of rice, vegetables, sesame, beans from 30% upto 50%



Acreage in certain conflict areas in Kayah and Sagaing becomes Zero

Current Administration and Agri Sector

- Urea subsidies from old factories => inadequate
- Diversifying reliance on USD => RMB and Thai Baht Settlements
- Struggle to increase access to finance for farming
- Rice, beans and corn export have been substantially increased but it will also have negative consequences on inflation
- Initiate substitution of edible oil import with “Sunflower”. It may take 3-4 years until we can see results as eco system have yet to be developed

The impact on Myanmar Economy indirectly caused by sanctions on Russia will be more pronounced and significant than direct sanctions on Myanmar.

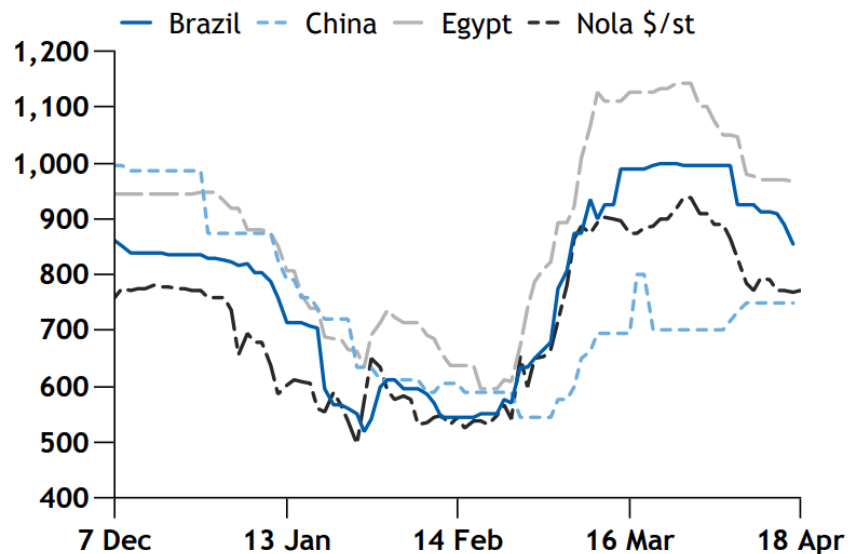


Fertilizer Price Trends

Nitrogen (Urea)

Daily spot price comparison

\$/t

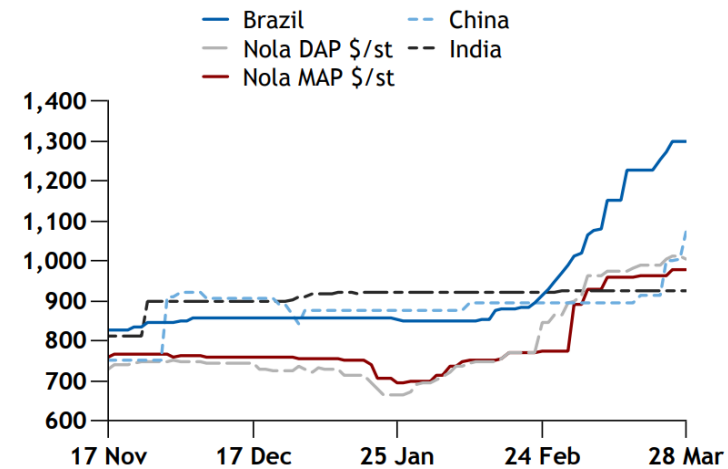


Source: Argus Media

Phosphates

Week view spot price comparison

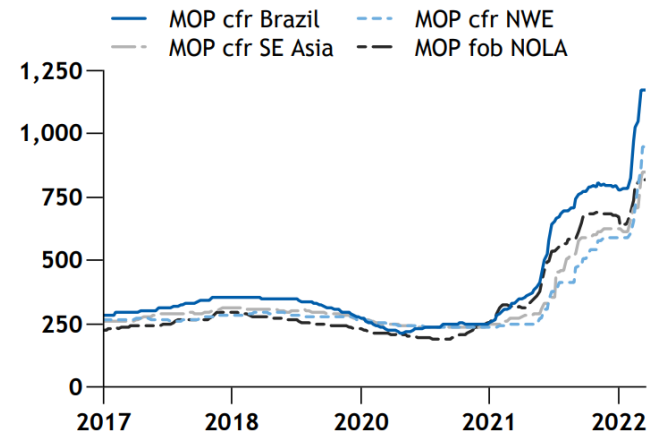
\$/t



Potash

Key MOP prices

\$/t





Gloomy Future

COST OF PRODUCTION

- Just as we were expecting softening in input prices, Russia invaded Ukraine!
- Fertilizer prices shot up by USD 300 per MT due to sanctions on Russian suppliers and vessels not calling Russia and Ukraine ports

CROP PRICES AND INFLATION

- There is a strong inflationary pressure on crop prices that will effect poor people in Myanmar (FX and self-fulfilling prophecy)
- Exports may get controlled if prices become too high (especially rice)
- Fixing of USD at 1850 may be part of the efforts to control inflation (both exports and imports).
- Despite high crop prices, farmers will grow less. Working capital is inadequate. No significant financing available.



Thank you