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TRENDS IN STAPLE FOOD PRICES IN SELECTED VULNERABLE COUNTRIES

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This bulletin covers price analysis for the period from December to February 2009.[1] The objective of the bulletin is to provide early warning information on price changes of staple food commodities. Staples contribute 40 – 80% of energy intake for most population groups in developing countries. Poor households derive even higher percentage of energy from staples. Therefore, a small increase in staple prices has a high impact on their overall food consumption. Population groups that depend on one staple are worst affected with changes in staple prices. In this bulletin, price changes are determined for each country on a quarterly basis. It covers 32 countries.

Highlights:

- Compared to last year and long term averages, prices still remain significantly high especially in Eastern and Southern Africa, Asia and the Middle East.
- In half of the 32 countries monitored, prices of main staple food commodities have declined over the last three months.
- Overall, the cost of the food basket remains relatively high compared to the long term averages (2003-2007), except for the Philippines and Madagascar where the situation seems to return back to normal. However, the current socio-political tension may jeopardise this stability in Madagascar.
- **In West and Central Africa,** staple food prices were generally stable during the last quarter, except in Congo DRC, Benin, Chad and Togo where prices have continued to rise. Compared to last year and long term averages, prices are very high in Benin, Chad, North Nigeria, Senegal and Togo.
- **In Eastern and Southern Africa,** staple food prices were generally stable during the last quarter. Only Burundi, Lesotho, Sudan and Zimbabwe are still experiencing upward price trends in their main staple food.[2] Prices remain very high compared to their long run averages, especially for roots and maize. Compared to last year and 5-year averages, prices are extremely high in Burundi, Malawi, Uganda, and Zimbabwe. They are very high in Mozambique, Sudan and Zambia.
- **In Asia,** prices have either remained stable or declined, implying that the cost of food basket in these countries has declined more when compared to other regions such as Africa. However, they remain significantly higher in comparison to the long run averages. Prices are extremely high compared to last year and 5-year averages in Afghanistan and Pakistan. They are very high in Sri Lanka and Nepal.
- **Other Selected Countries:**[3] Except in Haiti, all of these countries are still experiencing upward price trends in their main staple food. The price impact on overall food consumption is still high in Palestine. Compared to the long run average, prices are very high in all of these countries.

Country specific details on the recent developments of the purchasing power of the most vulnerable households are also provided for Afghanistan, Ethiopia, Pakistan, Senegal, Sudan and Zimbabwe.

Table 1 gives an overview of the price trends.
Table 2 presents the evolution of purchasing power.
Table 3 provides more detailed figures on the impact of price fluctuations on the cost of the food basket by country.

[1] Many thanks to WFP country offices for collecting, collating and sharing price datasets without which this bulletin would not be possible.
[2] Maize prices in Zimbabwe were converted in dollar terms.
[3] El Salvador, Haiti, Palestine and Tajikistan.

Table 1: Price Trends for Main Staple Food Commodities

	Change from Last Quarter			Change from 5 Years Average		
	Downward ↓	Stable →	Upward ↑	Downward ↓	Stable →	Upward ↑
West & Central Africa		Burkina Faso Cote d'Ivoire Mali Mauritania Niger North Nigeria Senegal	Benin Congo (D.R.C.) Chad Togo			Burkina Faso Benin Chad Cote d'Ivoire Mali Mauritania Niger North Nigeria Senegal Togo
East & Southern Africa		Malawi Madagascar Mozambique Tanzania Uganda Zambia	Burundi Lesotho Sudan Zimbabwe		Madagascar	Burundi Lesotho Malawi Mozambique Sudan Tanzania Uganda Zambia Zimbabwe
Asia	Afghanistan Nepal	Bangladesh India Pakistan Philippines Sri Lanka			Philippines	Afghanistan Bangladesh india Nepal Pakistan Sri lanka
Others	Haïti		El Salvador Palestine Tajikistan			El Salvador Haïti Palestine Tajikistan
Number of countries	3	18	11	0	2	29

Table 2: Changes in terms of trade for selected countries

Countries	Evolution of Purchasing Power	Main Reasons
Afghanistan[1]	The terms of trade between casual labour and wheat were increasing in most of the main cities and remained fairly consistent from November 2008 to January 2009.	The prices of wheat in December compared to November 2008 have slightly decreased in most part of the country. However wheat prices started increasing in January 2009.
Ethiopia[2]	The terms of trade between livestock and cereals increased slightly compared to the previous period.	Improvement in the body condition of livestock coupled with supply of new harvest (maize and sorghum), price stabilization program and continued food aid interventions.
Pakistan[3]	The population of FATA (Federally Administered Tribal Areas) faced a slight increase in terms of trade between unskilled labour and wheat flour compared to the previous month.	Decline of price of wheat flour.
Senegal[4]	The terms of trade between livestock and cereals were increasing compared through the quarter (October, November and December 2008).	Improvement in livestock conditions due to good pasture.
Sudan[5]	The terms of trade between livestock and cereals decreased compared to November 2008.	Prices of livestock in December 2008 were generally lower than normal for all classes of livestock in livestock producing areas.
Zimbabwe[6]	The livestock for maize terms of trade continued to decrease.	Limited access to foreign currency and price stabilization. This period coincides with the hunger season. Prices of Maize are highest during this period.

Note: This table includes information from bulletins prepared by WFP Country Offices.

Source:
1 Afghanistan monthly market price monitoring bulletin (December 2008, January 2009 and February 2009), WFP Country Office.
2 Ethiopia Market Watch (December 2008, January 2009), WFP Country Office.
3 Food Security Market Price Monitoring Bulletin-5 and 6; WFP Country Office.
4 Bulletin Trimestriel du Marché Agropastoral, Octobre-Novembre-Decembre 2008; Commissariat à la Sécurité Alimentaire (CSA).
5 Sudan Monthly Market Update Bulletin # 13, Government and partners.
6 Weekly Brief Week Ending February 6, 2009, WFP Country Office.

Table 3: Magnitude of Quarterly Price Changes and Contribution to the Cost of the Food Basket, by Country and Commodity

Regions	Countries	Main staple food	Caloric contribution (%)	Change from Last Quarter (% Change)	Monthly Change from Last Year (% Change)	Quarterly Change from Last Year (% Change)	Quarterly Change from Last 5-Years (% Change)	Contribution to the Cost of the Food Basket (%)		Price Trend of the Main Staples	Remarks
								Cumulative Impact of the quarter	Cumulative Impact from 5 years Average		
A	B	C	D	E	F	G	H	I	J	K	L
West and central Africa	Benin	Cassava products	19	3	98	67	33	7	30	↑	Moderate impact with very high price increase of maize
		Maize	19	31	50	43	92				
		Rice	8	7	70	62	81				
	Burkina Faso	Sorghum	28	0	33	16	14	3	13	→	Low impact with high price increase of maize
		Millet	23	5	34	24	15				
		Maize	14	13	29	15	20				
		Rice	7	-1	1	4	40				
	Chad	Sorghum	19	16	24	45	66	3	19	↑	Low impact with high price increase of sorghum
		Millet	14	-1	32	52	48				
	Congo DRC	Cassava products	55	53	169	N/A	N/A	32	N/A	↑	Very high impact with very high price increase of local products
		Maize	12	22	305	N/A	N/A				
	Côte d'Ivoire	Rice	22	0	10	10	27	6	10	→	Moderate impact with very high price increase of yam and cassava
		Yams	13	29	-19	-5	42				
		Maize	11	-14	15	5	-10				
		Cassava	10	35	-9	-19	-2				
	Mauritania	Wheat	35	-9	-13	-18	43	-3	18	→	Low impact with downward price trends of wheat and rice
		Import Rice	10	-4	17	19	27				
	Mali	Millet	21	0	17	14	14	2	16	→	Low impact with moderate price increase of rice
		Import Rice	20	8	27	25	40				
		Sorghum	15	5	12	3	19				
		Maize	11	-1	15	6	24				
	Niger	Millet	48	7	21	30	32	4	25	→	Low impact with moderate price increase of millet and imported rice
		Import Rice	12	4	20	28	35				
		Sorghum	8	7	20	30	51				
		Maize	2	-5	23	26	48				
	Nord Nigera	Sorghum	13	4	34	28	52	2	23	→	Low impact with High price increase of maize
		Millet	11	0	47	25	43				
		Rice	10	-9	37	28	41				
		Maize	7	30	48	47	101				
	Senegal	Import Rice	32	2	67	74	103	1	37	→	Low impact with slight price increase of sorghum
		Millet	10	1	-4	-7	25				
		Sorghum	4	6	-2	-8	10				
		Maize	4	-7	-8	-6	23				
	Togo	Maize	25	22	9	17	96	11	24	↑	High impact with very high price increase of maize and cassava
		Cassava products	16	32	32	32	N/A				

Table 3: Magnitude of Quarterly Price Changes and Contribution to the Cost of the Food Basket, by Country and Commodity

Regions	Countries	Main staple food	Caloric contribution (%)	Change from Last Quarter (% Change)	Monthly Change from Last Year (% Change)	Quarterly Change from Last Year (% Change)	Quarterly Change from Last 5-Years (% Change)	Contribution to the Cost of the Food Basket (%)		Price Trend of the Main Staples	Remarks
								Cumulative Impact of the quarter	Cumulative Impact from 5 years Average		
A	B	C	D	E	F	G	H	I	J	K	L
East and Southern Africa	Burundi	Sweet potatoes	19	36	255	300	308	9	113	↑	Moderate impact with very high price increase of sweet potatoes and cassava flour
		Beans	18	-9	19	42	128				
		Cassava flour	15	25	175	156	212				
	Lesotho	Maize	59	22	16	21	36	13	21	↑	High impact with very high price increase of maize
	Madagascar	Domestic Rice	49	-2	5	5	12	-1	6	→	Low impact with downward price trend of rice
	Malawi	Maize	53	3	78	101	188	2	99	→	Low impact with slight price increase of maize
	Mozambique	Maize	24	1	63	73	88	1	25	→	Low impact with moderate price increase of imported rice
		Import Rice	5	8	56	56	83				
	Sudan	Sorghum	30	14	93	86	97	4	33	↑	Low impact with high price increase of sorghum
		Millet	7	3	26	39	53				
	Tanzania	Maize	33	0	-17	18	61	1	26	→	Low impact with high price increase of rice
		Rice	8	11	67	70	74				
	Uganda	Plantains	18	9	82	78	74	3	42	→	Low impact with moderate price increase of plantains, cassava and maize
		Cassava	13	10	169	149	158				
		Maize	11	8	-19	-13	2				
		Sweet potatoes	10	-5	84	73	47				
		Beans	7	-3	-17	-14	41				
	Zambia	Maize	56	7	56	57	71	4	40	→	Low impact with moderate price increase of maize
	Zimbabwe	Maize	43	150	957	869	1412	64	607	↑	Very high impact with very high price increase of maize

Table 3: Magnitude of Quarterly Price Changes and Contribution to the Cost of the Food Basket, by Country and Commodity

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								Cumulative Impact of the quarter	Cumulative Impact from 5 years Average		
A	B	C	D	E	F	G	H	I	J	K	L
Asia	Afghanistan	Wheat	58	-11	3	32	141	-2	96	↓	Low impact with downward price trend of wheat
		Rice	22	21	15	17	63				
	Bangladesh	Boro-HYV- Coarse	72	-7	-10	-6	38	-8	36	→	Low impact with downward price trend of local products
		Ata-Packet	9	-26	-16	-9	93				
		Soyabeans	3	-17	-28	-5	29				
	India	Rice	31	6	17	17	49	2	21	→	Low impact with moderate price increase of rice
		Wheat	21	1	7	6	28				
	Nepal	Rice	37	-13	26	31	40	-3	27	↓	Low impact with downward price of rice
		Wheat	14	10	44	50	88				
	Pakistan	Wheat flour	38	2	68	64	112	1	51	→	Low impact with slight price increase of wheat
		Rice	7	5	22	40	123				
	Philippines	Rice	44	3	24	23	19	1	8	→	Low impact with slight price increase of rice
	Sri Lanka	Rice	38	9	19	24	85	5	45	→	Moderate impact with high price increase of wheat and rice
		Wheat	14	12	-9	-5	91				
Others	El Salvador	Maize	31	18	0	2	51	7	25	↑	Moderate impact with high price trend of maize
		Sorghum	6	23	15	13	59				
		Read beans	5	-7	-20	-18	34				
		Rice	4	3	26	30	97				
	Haiti	Import rice	21	-24	17	32	70	-9	26	↓	Low impact with downward price trend of domestic and imported cereals
		Wheat flour	15	-12	-6	-2	35				
		Domestic maize	11	-21	18	36	53				
	Palestine	Wheat flour	38	28	-13	-8	82	12	37	↑	High impact with very high price increase of wheat
		Rice	7	8	41	42	71				
		Olive oil	5	10	6	4	23				
	Tajiskistan	Wheat	57	15	-13	-10	125	8	71	↑	Moderate impact with high price increase of wheat

Impact Codes

- Low price impact on the cost of the food basket (<5%)
- Moderate impact on the cost of the food basket (5-10%)
- High price impact on the cost of the food basket (10-20%)
- Very high price impact on the cost of the food basket (> 20%)

Price Trend Codes

- → % Change from previous quarter (Column E) > -10% and < +10%
- ↑ % Change from previous quarter (Column E) > +10%
- ↓ % Change from previous quarter (Column E) < -10%

Annex 1: Names and Number of Markets Covered by Country in this bulletin

Regions	Countries	Number of Markets Included	Names of Markets Included
West and central Africa	**Burkina Faso**	38	Banfora, Bittou, Bogandé, Botou, Dandé, Diapaga, Diébougou, Djibasso, Djibo, Dori, Fada N'Gourma, Fara, Faramana, Gaoua, Gorom-Gorom, Gounghin, Guelwongo, Hamélé, Kaya, Kongoussi, Koudougou, Léo, Manga, Namounou, N'Dorola, Niangoloko, Niéneta, Ouahigouya, Paglayiri, Pouytenga, Sankaryaré, Solenzo, Tenkodogo, Tougan, Tougouri, Zabré.
	Mali	1	Bamako.
	Mauritania	1	Nouakchott.
	Niger	47	Agadez Commune, Arlit, In'gall, Tchirozine, Diffa Commune, Goudoumaria, N'guigmi, Dogondoutchi, Dosso Commune, Fadama, Gaya, Loga, Mokko, Dioundiou, Aguié, Tchadoua, Dakoro, Sabon-Machi, El-Kolta, Dan-Issa, Maradi-Commune, Tessaoua, Mayahi, Abalack, Badaguichiri, Bouza, Konni, Tahoua Commune, Tounfafi, Tchintabaraden, Ballayara, Filingué, Gothèye, Tera, Kirtachi, Ouallam, Tillabéri commune, Torodi, Bakin-Birgi, Torodi, Dungass, Gouré, Koundoumawa, Matameye, Magaria, Zinder commune, Niamey.
	Senegal	1	Tilène.
	Benin	2	Mallanville, Dantokpa.
	Côte d'Ivoire	12	Korhogo, Bouaké, Man, Abengourou, Adjamé, Daloa, Ferké, Katiola, Danané, Guiglo, Odiénné, Duékoué.
	Togo	24	Akodessewa. Adidogome, Agoe Assiyeye, Akpesseme, Agbonou, Anie, Amiame, Sokode, Sotouboua, Tchamba, Kara, Kabou, Ketao, Bangeli, Bassar, Dapaong, Mango, Cinkasse, Gando, Tandjoare, Mandouri, Barkoissi, Borgou, Nano.
	North Nigeria	5	Jibia, Illela, Mallanville, Mai Adua, Damassak.
East and Southern Africa	**Sudan**	14	EL Gedaref, Rabak, EL Rank, Sinnar, ED Damazine, El Obeid, Abu Jibeiha, El Nuhood, Nyala, El Fasher, UM Dorman, Dongola, Medani, Atbara.
	Mozambique	7	Maputo, Chokwe, Beira, Gorongoza, Manica, Nampula, Lichinga.
	Uganda	6	Kampala, Jinja, Masaka, Mbarara, Gulu, Arua.
	Kenya	24	Nairobi, Mombasa, Kisumu, Nakuru, Eldoret, Embu, Busia, Thika, Meru, Kitui, Kisii, Taveta, Nyahururu, Loitoktok, Machakos, Kutus, Kajiado, Namanga, Tharaka, Muranga North, Karatina, Bungoma, Garissa.
	Burundi	1	Bujumbura.
	Madagascar	1	Ariary.
	Lesotho	All	All provinces central markets.
	Malawi	72	Balaka, Bangula, Bembeke, Bowe, Bvumbwe, Chamama, Chatoloma, Chikwawa, Chilumba, Chimbiya, Chintheche, Chiradzulu, Chitipa, Dowa, Dwangwa, Embangweni, Hewe, Jali, Jenda, Karonga, Kasiya, Kasungu, Lilongwe, Limbe, Liwonde, Lizulu, Luchenza, Lunzu, Madisi, Malomo, Mangochi, Mayaka, Mchinji, Migowi, Misuku, Mitundu, Mkanda, Monkeybay, Mpamba, Mponela, Mtakataka, Muloza, Mwansambo, Mwanza, Mzimba, Mzulu, Nambuma, Namwera, Nanjiri, Nchalo, Neno, Ngabu, Nkhamenya, Nkhatabay, Nkhoma, Nkhotakota, Nsanje, Nsundwe, Ntaja, Ntcheu, Ntchisi, Nthalire, Ntonda, Phalombe, Rumphi, Salima, Santhe, Sharpevaley, Thete, Thondwe, Tsangano Turn Off, Zomba.
	Zambia	39	Chingola, Chipata, Choma, Isoka, Kabwe Rural, Kabwe Urban, Kalomo, Kalulushi, Kaoma, Kasama, Kasempa, Katete, Kawambwa, Kitwe, Livingstone, Luangwa, Luangwa,Luanshya, Lundazi, Lusaka Rural, Lusaka Urban, Luwingu, Mansa, Mazabuka, Mbala, Mkushi, Mongu, Monze, Mpika, Mufulira, Mumbwa, Mwense, Mwinilunga, Nchelenge, Ndola Rural, Petauke, Samfya, Senanga, Serenje, Solwezi.
	Zimbabwe	1	Harare.

Note: Data is collected and compiled by WFP country offices, mainly from government official price data sources

Annex 1: Names and Number of Markets Covered by Country in this bulletin

Regions	Countries	Number of Markets Included	Names of Markets Included
Asia	**Afganistan**	11	Kabul, Kandahar, Jalalabad, Herat, Mazar, Faizabad, Gerzet, Bamian, Maimanan, Nili, Ghor.Bamako.
	Sri Lanka	8	Ampara, Batticaloa, Jaffna, Kilinochchi, Mannar, Mulaitivu, Trincomalee, Vavuniya.
	Pakistan	5	Lahore, Multan, Karachi, Peshawar, Quetta.
	Bangladesh	5	Dhaka, Khulna, Shariatpur, Siriajganj, Sylhet.
	Philippines	All	All provinces central markets.
	India	All	All provinces central markets.
	Nepal	14	Auchham, Bajura, Banke, Dhankuta, Dolpa, Humla, Jumla, Kailali, Kaski, Kathmandu, Morang, Parsa, Rolpa, Rupandehi. Bujumbura, Ngozi, Kirundo, Muyinga, Gitega, Ruyigi.
Others	**El Salvador**	All	All provinces central markets.
	Haïti	9	Port-au-Prince, Cap- Haitien, Cayes, Jeremie, Gonaives, Jacmel, Hinche, Port de Paix, Ouanaminthe.
	Palestine	11	Jenin, Tulkarm, Qalqiliya, Nablus, Ramallah & Al-Bireh, Jericho, Bethlehem, Hebron, North Gaza, Miedel Gaza, South Gaza.
	Tajikistan	5	Dushanbe, Gharm, Khorog, Kujand, Kurgan-Tyube.

Note: Data is collected and compiled by WFP country offices, mainly from government official price data sources

Annex 2: Approach

The analysis is based on quarterly price indices of the main caloric contributors to household food consumption. It uses:

i) The price change from last quarter calculated as a percentage change from the precedent quarter. Real prices are calculated by dividing each quarterly price by its 5-year average. The change between the two quarters is reported in column E (Table 2).

ii) The monthly (year-on-year) price change calculated as a percentage change from 12 months earlier. Column F (Table 2) reflects the percentage change of the most recent monthly price data available (e.g. November 2008) compared with the same month of the previous year (i.e. November 2007).

iii) The quarterly price change from the last quarter calculated as the quarterly percentage changes from the corresponding seasonal price of last year, (Column G). This average percentage change indicates whether the price has changed from the recent quarter compared to the same quarter of the previous year.

iv) The quarterly price change from the last 5-years calculated as the quarterly percentage change (say from September to November 2008) from the corresponding seasonal average prices of the last 5 years (Column H). This estimate indicates whether there is a structural shift of the current price from its long-term seasonal pattern .

The percentage changes of these quarterly price indices indicate the extent to which recent price changes can be considered normal or abnormal as compared to the quarter before. Column D displays the caloric contribution of each food item to households' total energy intake.

Assuming that the caloric contribution is a proxy of the relative importance of the food item in the food basket, the likely impact of the last quarter average price change on the cost of the food basket is captured in column I (i.e. the percentage price change in column E weighted by the caloric contribution of the food item in column D). The long term likely impact is presented in column J (i.e. the percentage price change in column H weighted by the caloric contribution of the food item in column D). The likely impact of price changes is considered low when the estimated cumulative percentage impact on the cost of the food basket is below 5 percent (Column J). Between 5 percent and 10 percent it is considered moderate. Above 10 percent the likely impact on the cost of the food basket is considered high and very high above 20 percent. Households with diverse calorie sources are likely to be less affected by price rises than households with a single calorie source, unless significant price increases are witnessed for each major caloric contributor of the food basket.

While this approach can be used for early warning, results should be interpreted with caution as they do not capture the impact of the long term trend in food prices. Furthermore, the approach measures only direct impacts while an indirect impact is not accounted for. For instance, substitution and income effects due to price changes are disregarded. Similarly, it does not provide insights into the causes of the price increases. Finally, this approach does not account for the severity of the likely impact which may differ between households due to different incomes and food baskets by wealth or livelihoods groups and coping capacity.

* Prices are calculated as indices, using reference years, i.e. last year to capture 12-month percentage changes and last 5 years to capture percentage changes from the long term patterns.

** Prices normally vary throughout a year due to seasonal patterns of the production cycle. Accounting for seasonality helps differentiating between normal seasonal price variations with additional changes which can be considered abnormal, depending on the magnitude of those changes.

*** Caloric contributions are based on FAO 2001-2003 estimates. Comparing FAO estimates of calorie contribution of each food item with a study by Reardon (1993) for selected countries in Africa, it appears in rural areas that the majority of households get most of their calorie intake from a few food items. The national patterns will likely reflect the rural patterns, assuming most of households leave in rural and semi-urban areas in the developing countries.

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