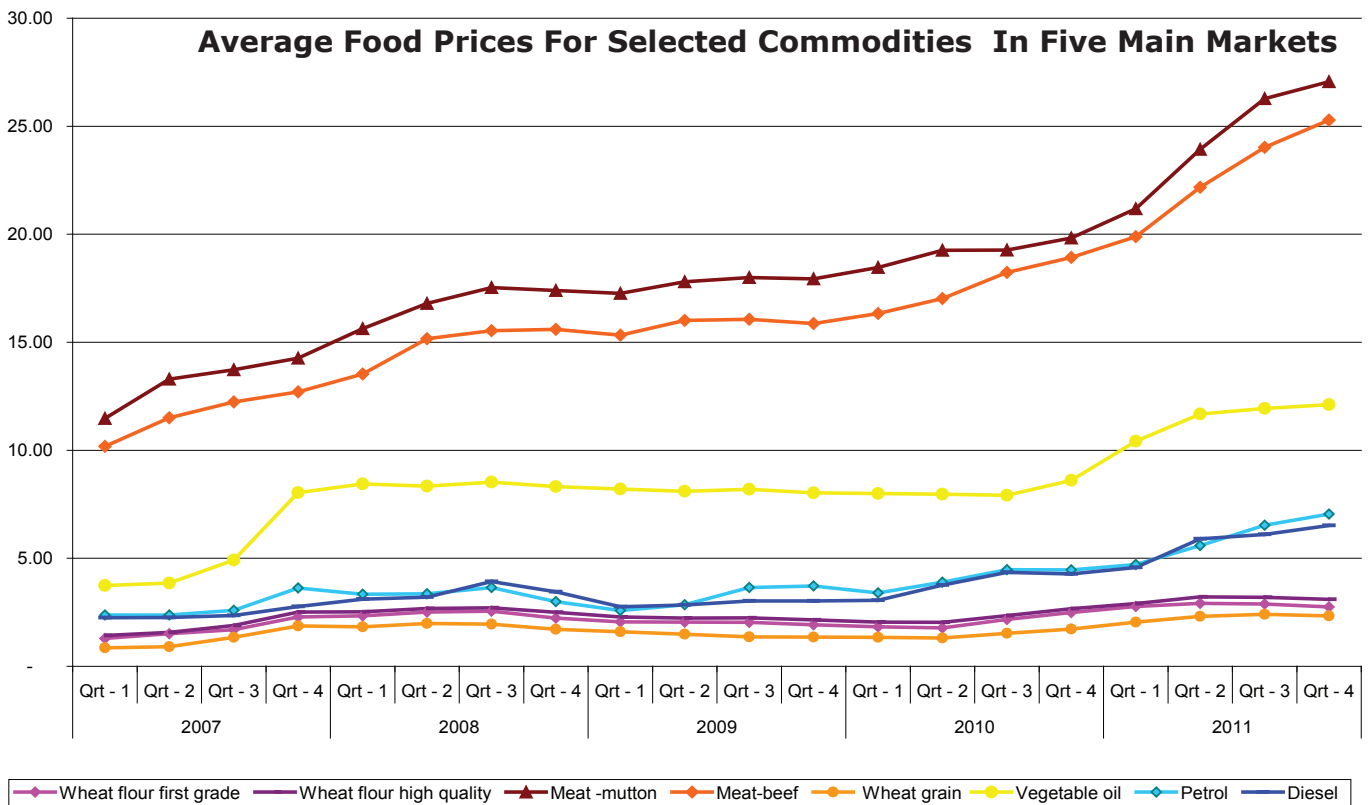


# Tajikistan Market Price Report November 2011



## Highlights

- The price of petrol has increased by 60% since October 2010 and now is at its highest levels since WFP started to monitor food prices in 2002. In October petrol represents the biggest price spike of all the commodities compared to the same period last year.
- Prices for wheat flour continued to drop significantly, falling 11% in Dushanbe and 9% in Khujand main markets. However, meat (beef) prices increased by 9% in the capital.
- The Minimum Food Basket dropped by 6%, in large part due to falling wheat prices.



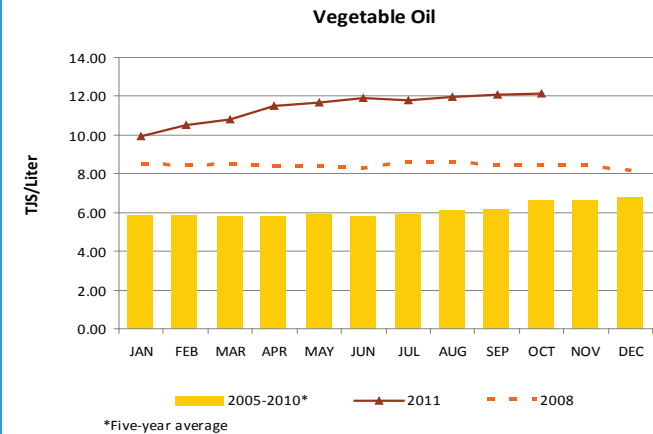


### Current prices and trends

**Wheat flour** and **wheat grain** prices declined during October due to sufficient supply from Kazakhstan and the country's own harvest. Prices for wheat grain decreased by 3% and wheat flour first grade by 5% compared to the last month. The highest decrease in prices for wheat flour was in Dushanbe and Khujand, where they went down by 11% and 9% respectively.

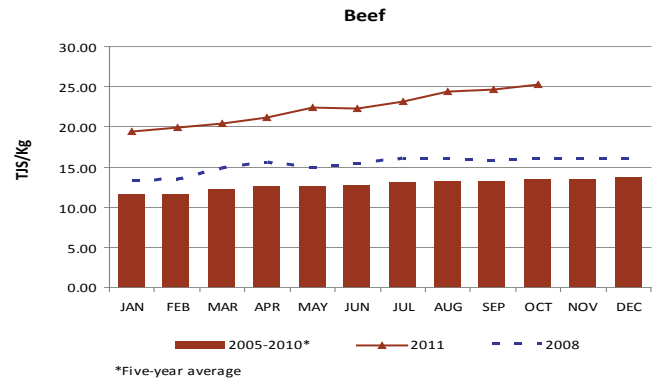
However, prices still remain high compared to the previous year. Wheat grain has increased by 46% and wheat flour (first grade) by 12% since October 2010.

**Vegetable oil** prices increased in Dushanbe by 2%. The depreciation of the Tajik Somoni against the US Dollar and high transportation costs have pushed up the prices for imported vegetable oil. In other regional markets, prices were unchanged due to sufficient supply.

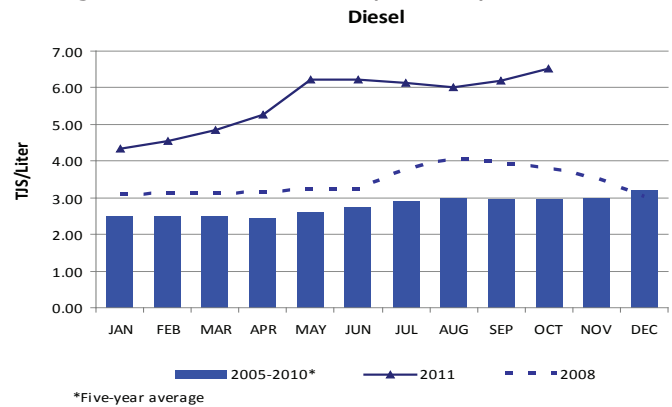


**Meat** prices rose in Dushanbe and Khorog because of increased transportation costs, higher prices for fodder and demand outweighing supply. Beef rose 9% in Dushanbe and 5% in Khorog over the previous month. Mutton increased 3% in Dushanbe. The rise year on year was 38% for beef and 34% for mutton.

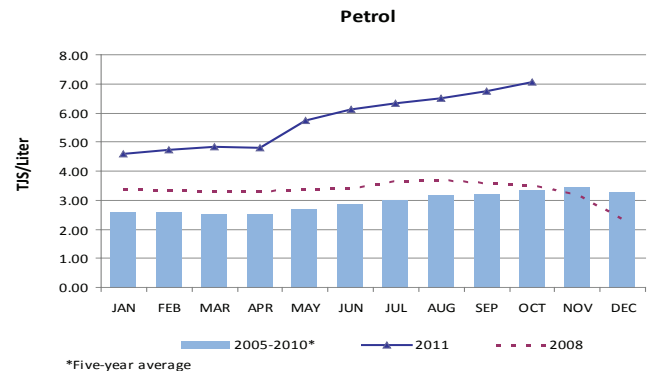
**Potato** prices dropped by 11% due to good availability and sufficient supply. The new harvest entering the market resulted in a decrease of 12% in Gharm and 22% in Khorog compared to September.



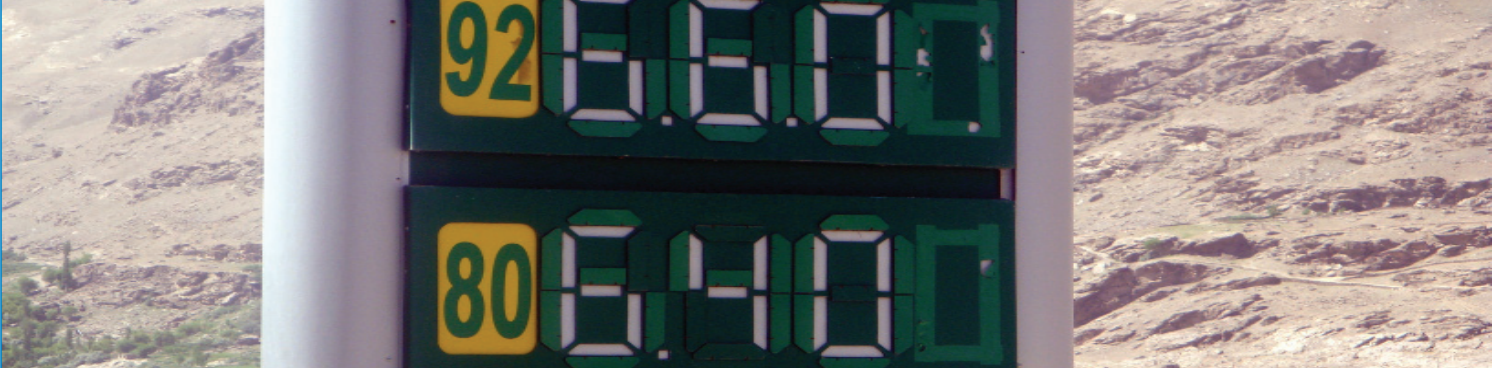
**Diesel** prices increased by 5% country-wide. This represents an increase of 53% over October 2010. The prices rose 7% in Dushanbe, Kurgan-Tyube and Khujand markets because of higher demand due to on-going cultivation in some areas and needs to run harvesting equipment. The increase in Gharm and Khorog was 2% and 4% respectively.



**Petrol** prices rose by 4% country-wide, and 6% in Gharm and Kurgan-Tyube. The supplies with lower duties (Russia decreased the export duties for light fuel by 9.3% as of 1 October 2011) arriving in the country during the month did not have much impact on bringing the prices downward.







### Outlook: Special Focus on Fuel

In October, petrol hit its highest price in nearly 10 years of WFP price monitoring, at TJS7.05 (US\$1.46) per litre, a 60% increase over the year before. Diesel rose as well, by 53% year on year.

Fuel price increases in 2011, including more spikes in the first half of November, may signal long-term instability for the economic life blood of the country.

More than half of Tajikistan's fuel (51.9%) is supplied by the Russian giant GazpromNeft-Tajikistan. The balance of the sellers' market is divided among five local companies (20.4%) and private businessmen (27.7%). The suppliers have an unusual control over Tajikistan's fuel supply, unilaterally setting fuel prices for the country. However, the Tajik buyers' market has also been challenged by a series of other factors:

- Export tariffs imposed by the Russian government have been fluctuating wildly since March 2011. Russia's export duties for fuel imported to Tajikistan rose by 5.3% in March and April, 44 % in May and 1.3% in September. The decreases occurred in July (3.7%), August (1.6%) and October (9.3%).

However, these decreases did not slow the upward trend of fuel prices.

- Railway transit fees for exports to Tajikistan imposed by Russia and Uzbekistan have gone up by approximately 21% since March 2011.
- The steady depreciation of the Tajik somoni against the US dollar, which results in a shrinking purchasing power for Tajik fuel buyers.

If fuel imports dip over the next months, gaps in supply can be expected. Already, shortages of petrol (especially for the high quality type A95) were reported in Dushanbe fuel stations in October. And with the approach of winter, the fuel price rises may have a particularly harsh impact as domestic heating requirements expand in early 2012.

Further measures by Russia, which plays such a dominant role in the Tajik fuel market (around 90% of supplies), may be anticipated following the long jail terms handed down by Tajik courts to two pilots, citizens of Russia and Estonia, working for the Rolkan Investments Limited.

### The Cost of the Minimum Food Basket

The **minimum food basket** is calculated using the average food needs for an individual per month to reach the daily requirement of 2,100 kcal. It is based on 11 food groups (meat, fish, milk, eggs/cheese, butter/oil/fats, fruits, vegetables, potato, sugar/honey, spices, coffee/tea, mineral water/soft drinks/juices).

The cost of the minimum food basket this month decreased by around 6% compared to September and was equal to TJS131.79/\$27.17. The difference was due to the price decrease of wheat flour, vegetables (cabbage), potato and sugar in Dushanbe markets.

Cost of minimum food basket (per person per month)

