



The Market Monitor

Trends and impacts of staple food prices in vulnerable countries

This bulletin examines trends in staple food and fuel prices, the cost of the basic food basket, terms of trade and consumer price indices for 70 countries in the third quarter of 2012 (July to September, Q3-2012)¹. The issue contains also a special focus on countries most vulnerable to the tightening of the global grain markets.

Highlights

Following two successive quarters of decline, the **global cereal price index increased by 5.2 percent in Q3-2012 (July-September quarter)**. This upward trend is driven by global wheat and maize prices which increased by 11 and 9 percent respectively during Q3-2012 compared to the same quarter of last year.

Droughts and extreme summer heat in the United States and the Black Sea region have resulted in reduced global grain production and exports. Their impact is not yet widespread across vulnerable countries. However, seasonally adjusted prices² of cereals (maize and wheat) increased significantly

in July-September compared to April-June 2012 in several cereal import dependent countries (e.g. Armenia, Colombia, Guinea Bissau, Kyrgyzstan, Malawi, Peru, Senegal, Sri Lanka and Syria).

The impact of staple commodity price changes on the cost of the basic food basket (Figure 1) is severe (*above 10%*) in only 3 out of 70 countries (Ghana, Guinea Bissau and Malawi), and high (*between 5 and 10%*) in 5 countries (Armenia, Kyrgyzstan, Niger, Syria and Tanzania). **The most severe effects are driven by maize prices in Malawi, wheat prices in Kyrgyzstan and Armenia, and imported rice in Guinea Bissau** (Figure 2).

FIGURE 1. Number of countries by impact of price changes on the cost of the basic food basket (out of 70 countries monitored)

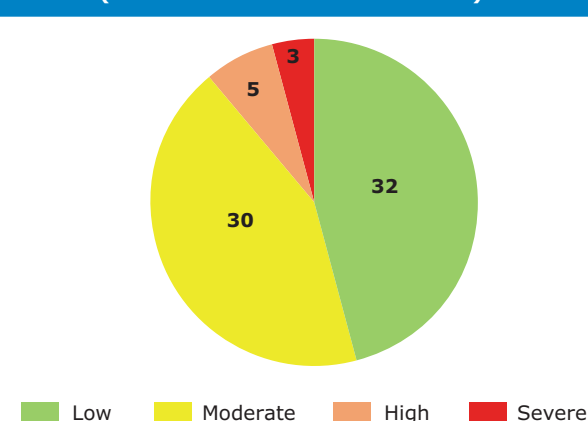
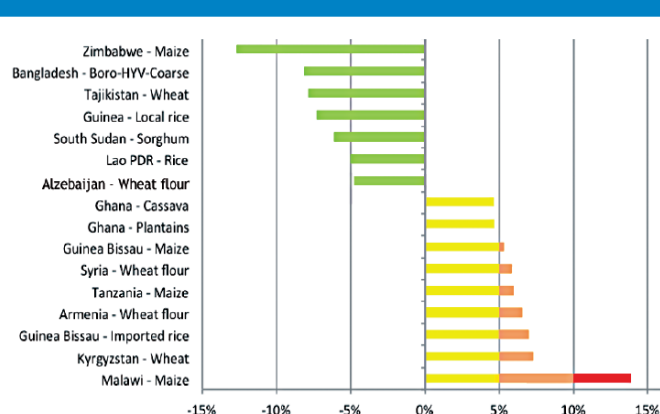


FIGURE 2. Commodities driving the most significant quarterly impacts on the cost of the basic food basket



1. Data were collected and collated by WFP country offices and are available at: <http://foodprices.vam.wfp.org>. Further data-sources are FAO Food Price Index, FAO/GIEWS Food Price Data and Analysis Tool, FSNAU and IMF Primary Commodity Prices as of October 17th, 2012.

2. The seasonally adjusted price change from last quarter is calculated as a percentage change from the previous quarter. The adjustment is made using real prices, calculated by dividing each monthly price by its 5-year (2003-2007) average and then quarterly averaged.

Price trends and impacts by region

(Change from last quarter)

Impact Codes Low (< 0%) Moderate (0-5%) High (5-10%) Severe (> 10%)

Asia

Hotspots: The effect of July-September staple food commodity price changes on the cost of the basic food basket is moderate in **India, Indonesia, Myanmar, Nepal and Sri Lanka**, and low in the remaining countries monitored.

- Staple commodity prices:** Seasonally adjusted prices are down in many countries in the region, in particular in **Bangladesh** where prices of rice and *atta*-packet declined by 12% and 10%, respectively, compared to the previous quarter. However, nominal prices of rice and wheat rose by 9% and 8%, respectively, in **India**. In **Sri Lanka**, wheat flour price increased by 5% both in nominal and in seasonally adjusted terms.
- Fuel prices:** Significant price change is reported in **Cambodia**, where the fuel index increased by 4.2% in August relative to August 2011, and by 7.8% compared to July 2012. The yearly petrol price increased also by 10% in **Pakistan** as of August, and by 20% in **Nepal** as of September.
- Purchasing power:** In **Cambodia and Philippines**, where rice is the most consumed staple, the terms of trade against wage rates have improved. In contrast, wheat price increases have led to a deterioration of the purchasing power in some parts of **Afghanistan**.



Middle East and Central Asia

Hotspots: The impact of July-September staple food commodity price changes on the cost of the basic food basket is high in **Armenia, Kyrgyzstan and Syria** and moderate in **Iraq**.

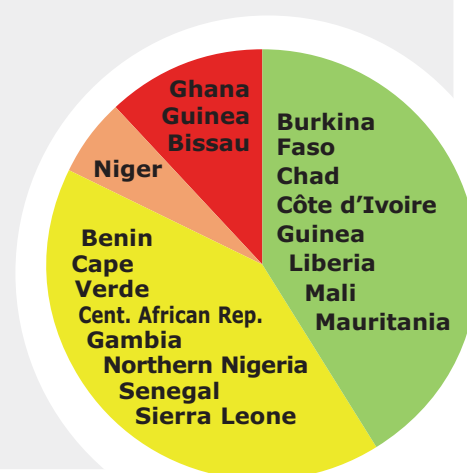
- Staple commodity prices:** In most countries of central Asia, nominal prices of wheat and wheat flour are affected by the severe summer drought in the Black Sea region. As a result, quarterly price surges are recorded in **Kyrgyzstan** (+18%) and **Armenia** (+15%), where seasonally adjusted prices also surged (+16%) from previous quarter. Civil conflict and disruption of economic activities in **Syria** continue to fuel food prices (wheat flour, +15%, sugar, +8%).
- Fuel prices:** Fuel prices increased by 6.8% from August 2011 in **Kyrgyzstan**. In **Armenia**, freight transportation tariff index increased by 3.6%. In the **occupied Palestinian territory**, gasoline prices increased significantly from January to September by 16% in the West Bank, and by 9% in the Gaza Strip.
- Purchasing power:** Price transmission into domestic markets is affecting the purchasing power of households in **Kyrgyzstan and Tajikistan**, where the Government set a minimum salary to partially offset inflation and safeguard households' purchase power. Similarly an increase in average wages in **Yemen** improved casual labourers' terms of trade. Conflict continues to drive the surge in inflation in **Syria**.



West Africa

Hotspots: The effect of July-September staple food commodity price changes on the cost of the basic food basket is severe in **Ghana** and **Guinea Bissau** and high in **Niger**.

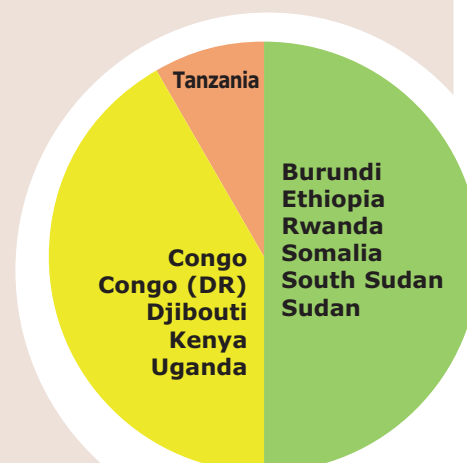
- Staple commodity prices:** Prices have started to decrease in the region with the beginning of the harvest season in September. However, the effect of the lean season lingers on during the quarter with significant increases in seasonally adjusted (s.a.) prices of maize in **Benin** (11%), **Northern Nigeria** (11%), **Central African Republic** (9%), **Cote d'Ivoire** (6%), and **Senegal** (5%). The highest increase in maize price was recorded in **Guinea Bissau** (+67% s.a.), where insecurity following the April coup d'état triggered substantial increases in prices of other cereals (millet, +28% s.a.; rice, +20%, s.a.). In **Niger**, not only maize, but also millet and sorghum reported a 9% quarterly increase in their seasonal adjusted prices. **Ghana** continues to be affected by significant inflation over the quarter in almost all staple foods (i.e. cassava, +22%, s.a.; yams, +18%, s.a.; plantains, +47%, s.a.; rice, +22%, s.a.), mostly triggered by the currency devaluation.
- Fuel prices:** Significant fuel price changes are reported in the **Gambia** and **Ghana**, where gasoline price increased by 10%, and 12% respectively, on a year-on-year basis.
- Purchasing power:** The combination of increased livestock prices mostly driven by improved pasture and grazing conditions, and a slowdown in commodity prices increases during the quarter, has enhanced the purchasing power of pastoralists in many countries, including **Burkina Faso**, **Chad**, **Mali**, **Mauritania**, **Niger**, and **Senegal**. In **Guinea Bissau**, the collapse of exports is driving the deterioration of cashew nut farmers' purchasing power.



Central and Eastern Africa

Hotspots: The impact of July-September staple food commodity price changes on the cost of the basic food basket is high in **Tanzania** and moderate in **Congo**, **Congo (DR)**, **Djibouti**, **Kenya** and **Uganda**.

- Staple commodity prices:** The only significant price increase in this region was recorded in **Tanzania**, where seasonally adjusted maize price rose by 23% from the previous quarter. Minor increases occurred in **Burundi** (+5%, s.a.) and **Kenya** (+7%, s.a.) for maize, in **Ethiopia** (+5%, s.a.) for wheat, and in **Sudan** (+6%, s.a.) for millet. Prospects of a good harvest are relaxing price pressure for locally produced sorghum in **Sudan** and **South Sudan** (-7%, and -24%, respectively, s.a.).
- Fuel prices:** Compared to the previous year, substantial declines in fuel prices were reported in August in **Ethiopia** (diesel, -10.3%), **Kenya** (diesel, -10.5%), and **Somalia** (petrol, -22.8%).
- Purchasing power:** The beginning of the harvest season is enhancing the food purchasing capacity of households in many countries within the region. Casual labour conditions improved both in **Sudan** and **South Sudan**. The purchasing power of pastoralists in **Kenya**, **Sudan** and **Somalia**, is benefiting from improved livestock conditions. However, despite high livestock prices, the purchasing power of pastoralists in **Ethiopia** is still undermined by the poor performance of the *Gu* harvest.



Southern Africa

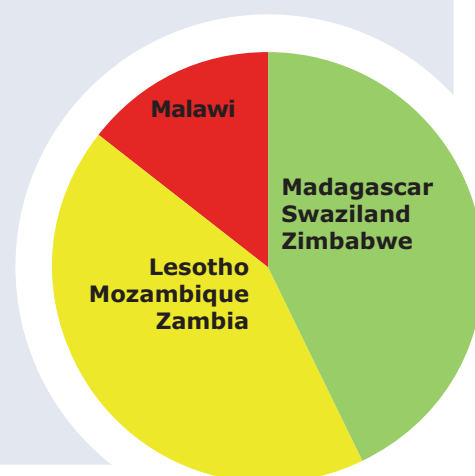
Hotspots: The effect of July-September staple food commodity price changes on the cost of the basic food basket is severe in **Malawi** and moderate in **Lesotho, Mozambique and Zambia**.

- **Staple commodity prices:** Tight global maize supply and deficit maize production in several countries, including South Africa, are putting pressure on maize prices in the region. Compared to 2011, maize prices are on the rise in **Mozambique** (+23%), **Lesotho** (+27%), **Swaziland** (+25%), and **Malawi** (+72%). Economic disruption continues to compound the situation in **Malawi**, where seasonally adjusted prices of maize are up by 26% compared to the previous quarter. Despite the good harvest in **Zambia**, seasonally adjusted prices of maize have increased by 7 percent from the previous quarter, due to the demand from neighbouring countries. Although an overall quarterly decrease is observed in **Zimbabwe**, maize prices remain high and are actually on the rise in September from August (+3%) due to

unfavourable production prospects. In some locations August-September price increases are high between 10-25%.

- **Fuel prices:** Fuel prices increased significantly in the entire region during the quarter. Diesel prices increased in **Lesotho** (+16.7%). In **Zimbabwe**, petrol prices increased by 7% in August compared to July, while in **Malawi** average fuel prices surged by 32% between May and September due to the devaluation of the local currency.

- **Purchasing power:** At the beginning of September, **Zambia** centralized the processing of maize export permits to contain foreign demand and pressure on local prices. This will likely affect prices in some neighbouring countries with poor harvest.



Latin America and Caribbean

Hotspots: The impact of July-September staple food commodity price changes on the cost of the basic food basket is moderate in most of the countries within the region. However, close monitoring is required in **Colombia, Honduras, Nicaragua and Peru** where maize prices increased significantly during the quarter.

- **Prices:** Nominal prices of maize showed upward trends from last quarter, in particular in **Nicaragua** (+15%), **Honduras** (+15%) and **Peru** (+20%). In the latter, seasonally adjusted prices are on the rise as well (+19%, s.a.). Unusual seasonally adjusted price increases are reported also in **Colombia**, not only for maize, but also for rice (+10% and +9%, respectively) when compared with Q3-2011.

- **Fuel prices:** No major change in fuel prices was reported.

- **Purchasing power:** Below average harvests in **Honduras** may end up in anticipating the lean season to the detriment of agricultural labourers. Similarly in **Haiti**, poor bean and maize harvests may affect farmers' purchasing power. In **Guatemala** it is uncertain whether the increased demand of unskilled labour for harvesting will offset the non-seasonal increases in staple food prices.



Special focus

Prospects of a tight global grain market: a cause for concern?

Economic overview

Droughts and extreme summer heat in major global grain producing countries have caused substantial drops in 2012/2013 grain production and export prospects worldwide, raising concerns over another global food price crisis. However, the rice and wheat stock-to-use ratios³ are yet to reach the low levels of 2007/2008. Nevertheless,

compared to last year (2011/2012), world stock-to-use ratios are slightly down or stable for the current year (2012/2013), as can be seen in the tables below. This suggests a general tightening of the global grain market conditions.

Global grains production and supply performance (for select crops)							
Corn				Wheat			
	Change in 2012/13 from 2011/12				Change in 2012/13 from 2011/12		
	Production	Exports			Production	Exports	
US	-13%	-25%		Russia	-32%	-58%	
EU	-15%	-84%		Ukraine	-30%	-26%	
World	-4%	-17%		Australia	-22%	-28%	
				World	-6%	-16%	
	2007/08	2011/12	2012/13		2007/08	2011/12	2012/13
World Stock-to-Use Ratio	16%	15%	14%	World Stock-to-Use Ratio	19%	29%	26%
Rice				Soybeans			
	Change in 2012/13 from 2011/12				Change in 2012/13 from 2011/12		
	Production	Exports			Production	Exports	
Thailand	3%	23%		US	-8%	-7%	
India	-5%	-28%		World	11%	6%	
Vietnam	1%	0%					
World	0%	-3%					
	2007/08	2011/12	2012/13		2007/08	2011/12	2012/13
World Stock-to-Use Ratio	18%	23%	22%	World Stock-to-Use Ratio	22%	22%	22%

Source: USDA/WASDE, October 2012.

Differences and similarities between 2007-08 and 2012-13

The situation in 2012-13 presents some similarities and differences with the high food price crisis of 2007-08. In 2008, the sustained increases in the prices of grains on

world markets since 2001 was partly caused by the falling value of the US dollar against other trading currencies, soaring fuel prices, increased demand resulting from

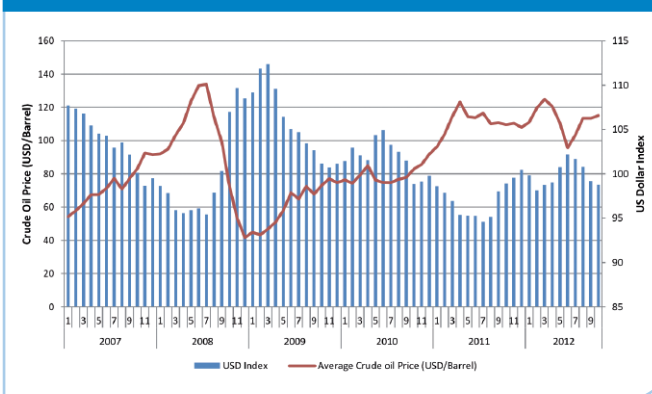
Drivers of global food prices (2007-08 vs. 2012-13)		
Main drivers	Characteristics of	
	2007-08 food crisis	2012-13 (potential food crisis)
Oil prices	Spiked	Steadily increasing
Cereal prices	Spiked (all cereals)	High (except rice)
Panic purchases	Yes	Lesser than in 2008
Cereal conversion into biofuels	Yes	Yes
Drought in major global exporting countries	Yes (Australia, Canada, 2006)	Yes (US, Black Sea Region, 2012)
Cereals stock-to-use ratios	Low (all cereals)	Not at 2008 low levels, except corn and soybeans
US Dollar exchange rate	Weak compared to main currencies	Strong compared to main currencies
Global economic trends	Strong global economic growth several years before 2008	Low global economic growth since 2009

3. Ratio of ending stocks over domestic uses.

strong economic growth and a continued decline of grains stocks since 2000, following a sustained slowdown in the growth of cereals production. As a result, several major cereal-producing countries imposed export bans, causing further shortages on world markets. Meanwhile, panic purchases tended to exacerbate the pressure on global cereal prices, especially rice.

Presently, countries' resilience has been weakened by continued reduction in global economic growth since 2009. Unlike in 2008, oil prices are comparatively low, though steadily increasing as shown in the graph on the right. Combined with a stronger US Dollar exchange rate, the net impact on fuel import bills could be similar to 2008. So far, export bans are not yet common among major cereal exporting countries, global stocks are yet to reach the low levels of 2008, particularly for wheat and rice. Actions are also being taken by governments in several countries (United States, European Union, Australia, Japan, Canada, South Africa, etc.) to strengthen market transparency and better regulate financial and commodity futures markets.

Crude oil price and US Dollar index trends (2007-2012)



Source: USD Index is from the Board of Governors of the Federal Reserve System; Average Crude Oil Price is from Index Mundi.

Potential impact of a tighter global grain market on vulnerable countries

The level of vulnerability to tighter global grain market depends on:

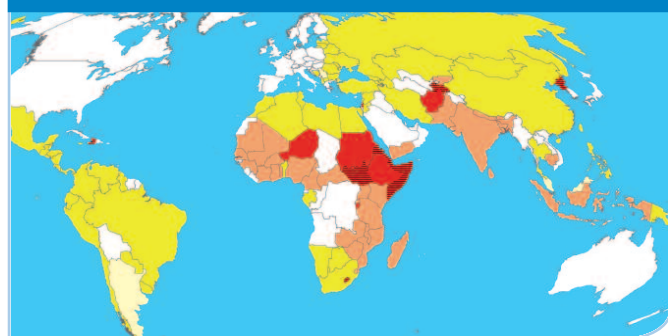
- Countries' exposure to supply conditions in main grain exporting countries, i.e. their dependence on imports from these countries to meet domestic demand for food in general, and particularly for maize, wheat and soybeans and also their fuel import dependency. In some of the countries most exposed to the global grain market conditions, the July-September average seasonally adjusted prices of cereals (maize and wheat) are high compared to April-June 2012 and July-September 2011 (e.g. West and Central Africa: Cape Verde, Central African Republic, Ghana, Niger and Senegal; Eastern Africa: Kenya and Tanzania; Southern Africa: Malawi; Central Asia: Kyrgyzstan; Middle East: Iraq and Syria; South and East Asia: Pakistan and Sri Lanka; South and Latin America: Haiti, Honduras and Nicaragua. To the extent that the global cereal market conditions remain tight, further price pressure can be observed in these countries;
- Countries' resilience capacity: countries with low economic growth, low international reserves to cover imports, budget constraints due to debt servicing, domestic currency volatility and inflation are the least capable to respond. Similarly, they have limited mitigating capacity if they were hit by a global shock;
- The underlying vulnerability status: Countries with already high malnutrition and under-five mortality rates are most likely to be severely impacted. Combining the effect of tighter global market conditions with countries' resilience capacity and their underlying vulnerability status, several countries appear to be of concern (see map). Such countries include, among others, Afghanistan, Bangladesh, Indonesia, Pakistan and Sri Lanka in South and East Asia; Burundi, Ethiopia, Kenya and Sudan in Eastern Africa; Malawi, Mozambique, Swaziland and Zimbabwe in Southern Africa; Central African Republic, Ghana, Guinea, Mali, Mauritania, Niger and Senegal in West and Central Africa; Kyrgyz Republic and Tajikistan in Central Asia; Haiti in Central America, and Syrian Arab Republic and Republic of Yemen in the Middle East.

Numerous other domestic factors will influence whether, and to what extent, the global market

situation might negatively impact vulnerable countries. Such factors include socio-political instability and conflicts, particularly in the Middle East and North Africa; as well as weather conditions and crop harvest performance in Asia, most of Africa, and Latin America. Lastly, national capacities to monitor changing food security conditions, and the ability of governments to flexibly ramp-up social safety net assistance when warranted, will also play an important role.

In the event of a continued global tightening of grain market conditions, the number of malnourished, food insecure and vulnerable people will increase as was the case in the aftermath of the 2008 high food price crisis. Related negative developments would also include higher budget and operational costs for governments (linked to higher food import bills, and expanded social safety nets), and larger caseloads for development and humanitarian agencies responding to increased needs. Continued monitoring of domestic markets, the food security situation of the population and government response policies is therefore indispensable.

Potential impact of a tighter global grain market on vulnerable countries



Impact Codes

Low Moderate High Severe Severe (with incomplete data)

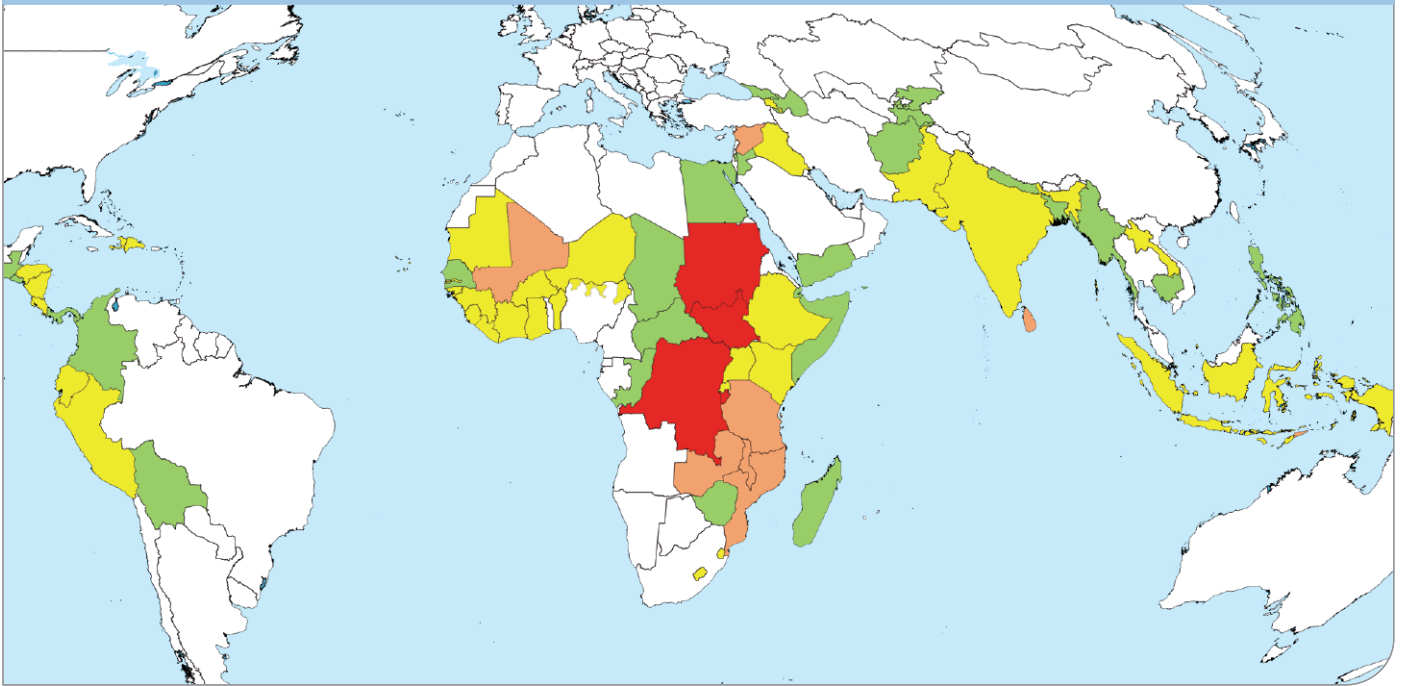
Note:
Map produced by: VAM - Food Security Analysis (ODXF).
Source: WFP; Base Map: UNCS.

The boundaries and names shown and the designations used in this map do not imply official endorsement or acceptance by the United Nations.

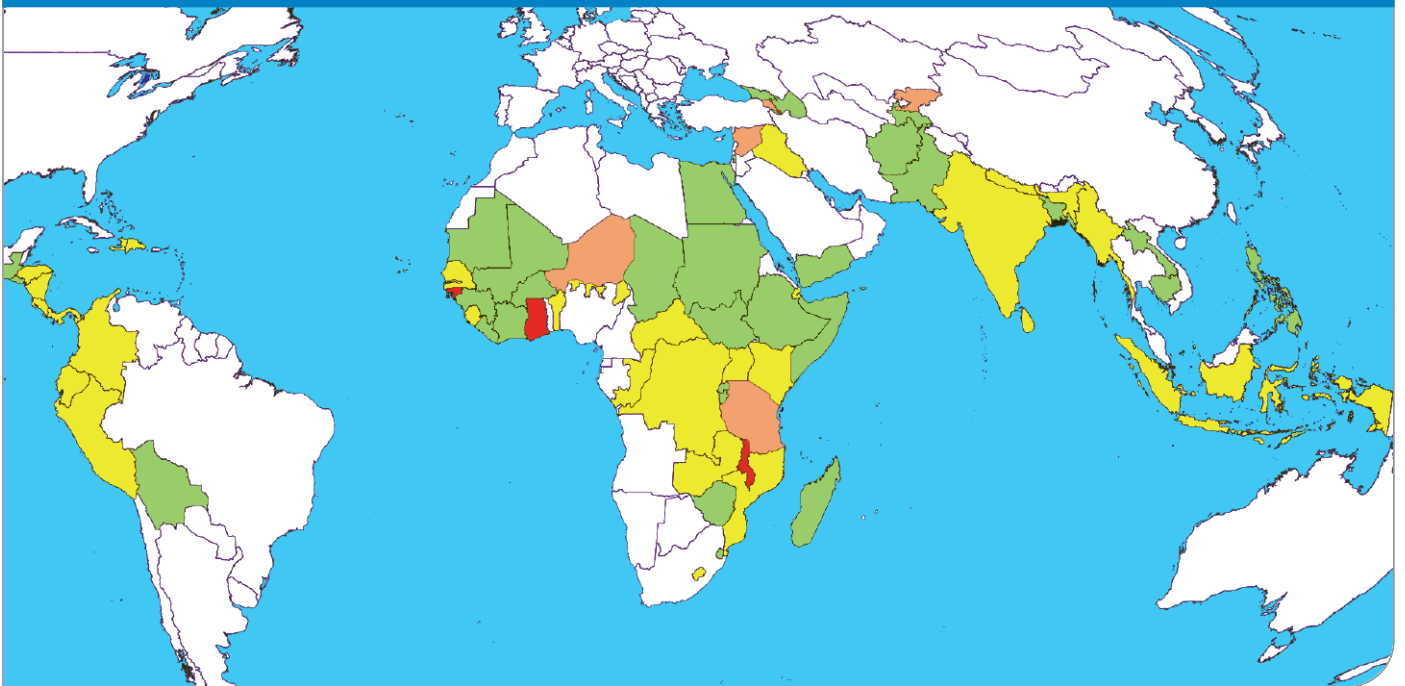
Impact of staple commodity price changes on the cost of the basic food basket

Impact Codes ■ Low (< 0%) ■ Moderate (0-5%) ■ High (5-10%) ■ Severe (> 10%)

Q2-2012 (April to June 2012)



Q3-2012 (July to September 2012)



Note: Map based on table pages 15-19 (Column J).
Map produced by: VAM - Food Security Analysis (ODXF).
Source: WFP; Base Map: UNCS.

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Country summaries

Consumer price index, terms of trade and fuel prices

Asia					
Summary		CPI		Fuel prices	
		Month on month	Year on year	Month on month	Year on year
Afghanistan	Overall, the terms of trade (casual labour wage/wheat) dropped by 4.4% in September compared to August, with significant deterioration in Nili and Maimana (-9.4% and -6.6%, respectively), mainly driven by a decrease in labour wages and an increase in wheat prices (+4.5%). During the same period, the average sheep/wheat ToT weakened by 4.3%. The pastoralists' purchasing power was hampered by a slight decrease in sheep prices and the same increase in wheat prices. The highest drop occurred in Nili (-5.8%) followed by Hirat (-5.7%) and Maimana (-5.6%). On a yearly basis, the terms of trade improved by 19.3% in September 2012. The highest increase occurred in Mazar (+96.5%), Faizabad (+62%) and Maimana (+23.5%). However, the ToT deteriorated in Kandahar (-15.9%) and in Kabul (-8.8%).	0.2% <i>August</i>	5.5% <i>August</i>	2.4% <i>Sept.</i> (Diesel)	1.1% <i>Sept.</i> (Diesel)
Cambodia	In August 2012, the terms of trade between unskilled labour and low quality rice in rural areas were 8.1 Kg/day, recording an increase by 1.7% from July. In the same time period, the terms of trade in urban areas increased by 0.3% to 7.8 Kg/day. In rural and urban areas, the purchasing power of households improved due to an increase in unskilled wage rates which compensated the increase in rice prices.	1% <i>August</i>	2.2% <i>August</i>	7.8% <i>August</i> (Fuel Index)	4.2% <i>August</i> (Fuel Index)
Nepal	The year-on-year inflation released by the Nepal Rastra Bank in September was 11.2%, driven mainly by the inflation of the food index (+10.4%) and services index (+11.9%). The year-on-year salary and wage rate index increased by 10.6% during the review period compared to 30.5% in the same month the previous year. As major festivals (Dashain and Tihar) are approaching, prices of staple food commodities are likely to remain high. In addition, higher demand during this period will also likely increase the prices of meats, fruits, vegetables and edible oils.	N/A	11.2% <i>Sept.</i>	2.5% <i>Sept.</i> (Petrol)	20% <i>Sept.</i> (Petrol)
Pakistan	Overall annual inflation was relatively high in September (+8.8%). The terms of trade between wheat flour and unskilled labour wage remained stable between June and July.	0.8% <i>Sept.</i>	8.8% <i>Sept.</i>	N/A	10% <i>August</i> (Petrol)
Philippines	In Central Mindanao, the terms of trade between unskilled labour wage and rice improved by 29.2% in July compared to June 2012. However, those gains were offset in August, when ToT moved back from 5.6 Kg/day to 4.4 Kg/day. This occurred with both changes in rice prices and wage rates. Fuel prices started gradually to increase in July, after 13 successive weeks of decrease. From June to August, gasoline prices have increased by 14.6%. Meanwhile, diesel prices were reported at PHP 46.05 per litre, increasing by 14.9% over the same period.	0.8% <i>August</i>	3.8% <i>August</i>	4.7% <i>August</i> (Gasoline)	-1.1% <i>August</i> (Gasoline)

Middle East and Central Asia

Summary		CPI		Fuel prices	
		Month on month	Year on year	Month on month	Year on year
Armenia	The yearly inflation has been moderate (+2.5% in August), while the Y-o-Y change of the average employee wage is higher (6.6% over the same time period). This indicates a slight increase in the purchasing power of this category of workers (52% of the population). However, for the poor (approximately one third of the population) who spend more than half of their income on food, rising wheat flour prices are deteriorating their purchasing power. Armenia had a good wheat harvest for the second consecutive year, but it is still highly dependent on imports from drought-affected Russia and Ukraine to meet its domestic food needs. This is reflected in recent wheat price trends, which are rising continuously since March. The average price of wheat flour in September is 25% higher than a year ago.	-0.4% <i>August</i>	2.5% <i>August</i>	-2% <i>August</i> (Freight Transp. Tariff Index)	3.6% <i>August</i> (Freight Transp. Tariff Index)
Kyrgyzstan	Domestic cereal production is relatively shielded from drought by its extensive irrigation infrastructure, and food supply is stabilised by the government's grain reserve. However, the country still imports 20-25% of its domestic needs, therefore exposing it to rising food prices on the international markets. This year, due to the drought effect in the Black Sea region, wheat flour prices spiked by 42% between June and September. Headline inflation was however limited to 1.1% M-o-M and 4.4% Y-o-Y. Meanwhile, unqualified labour wages increased by 5.1% in August, and by 17.1% over one year, thereby giving labourers additional purchasing power.	1.1% <i>Sept.</i>	4.4% <i>Sept.</i>	-0.4% <i>August</i> (Diesel)	6.8% <i>August</i> (Diesel)
oPt	In August 2012 the overall CPI increased by 1.5% compared to July 2012, mainly driven by fresh vegetables (+16%), fuel for housing (+4.8%) and fuel for transportation (+4.5%). In the West Bank, gasoline and diesel prices have increased by 16% and 3% respectively, from January 2012. Similarly in the Gaza Strip, price of gasoline imported from Israel went up from NIS 6.9 per litre in January 2012 to NIS 7.52, while diesel price increased from 6.6 NIS per litre to a NIS 8.	1.5% <i>August</i>	N/A	N/A	12% <i>January-Sept.</i> (Diesel)
Tajikistan	Recent minimum salary increase is meant to mitigate the effect of food price increases. The minimum salary has recently been established at TJS 200.00 (equivalent to USD 41.50) as of September 1 st 2012, from TJS 80.00 (USD 16.60) in August 2012. Wheat flour prices increased by 16% in August compared to July, led by price increases in Kazakhstan over the past months and higher transport expenses. In August, petrol and diesel prices remained stable in all markets except in Kurgan-Tyube, where they both increased by 3% due to reduced supplies entering the market in response to high demand.	0.9% <i>August</i>	0.5% <i>August</i>	1% <i>Sept.</i> (Diesel)	N/A
Yemen	In July, the general CPI increased by 1.8% driven by food inflation (+4.2% from June 2012). The wholesale prices of wheat and wheat flour have further risen during the month of August 2012 by 8.5% and 1.5% compared to the month before. These trends are partially driven by price transmission from the global wheat market during the quarter. In August 2012, the terms of trade of casual labourers improved as opposed to pastoralists. The ToT between wage and wheat flour have improved by 10% on average. In Hodieda, it remained stable whilst in all other markets it has improved, ranging from 6.7% in Amran to 37.4% in Sana'a. During the same period, the average sheep/wheat flour ToT dropped, ranging from -2% in Amran to -39% in Hajja, although a slight improvement was recorded in Sana'a (+2%). The deterioration of the pastoralists' purchasing power is mostly due to a decrease in the average price of sheep in August.	1.8% <i>July</i>	N/A	N/A	N/A

West Africa

Summary		CPI		Fuel prices	
		Month on month	Year on year	Month on month	Year on year
Burkina Faso	Since the end of August 2012, prices of coarse grains experienced a general decline, although still remaining at a high level. This decrease is following the seasonal pattern as harvests are starting. Reportedly, the terms of trade for pastoralists have improved in August due to the combined effect of such price decline and a high demand for livestock. For instance, on the Djibo market, local breeds of goats are traded for up to 230 kg of millet as opposed to 108 kg in June.	N/A	N/A	N/A	N/A
Chad	The terms of trade of pastoralists improved over the period July-August 2012. Sheep and goat prices went up by 40% and 20% respectively, driven by the observance of the Ramadan, while cereal prices decreased. For example, sorghum and millet prices respectively dropped by 25% and 14% in Mangalme.	N/A	N/A	N/A	N/A
Côte d'Ivoire	Cocoa farmers saw their terms of trade deteriorating every year: in September 2010, the sale of a kilogram of cocoa allowed producers in Man to buy 2.7 kg of imported rice, against 1.7 kg in 2011, and only 1.5 kg in 2012.	0.5% <i>July</i>	1.7% <i>July</i>	N/A	N/A
Ghana	Inflation is relatively high in Ghana. The year-on-year inflation rate of August ranged from 6.2% in the Upper East and Upper West regions to 11.1% in the Central region. Four regions (Central, Greater Accra, Ashanti and Northern) recorded inflation rates above the national average of 9.5%. With the Cedi further depreciating (1.91 against 1 US dollar in September compared to 1.69 in January), households see their purchasing power further decreasing.	-1.5% <i>Sept.</i>	9.4% <i>Sept.</i>	- <i>Sept.</i> (Gasoline)	12% <i>Sept.</i> (Gasoline)
Guinea Bissau	The terms of trade have substantially dropped for cashew nut farmers exchanging far more for the same quantity of rice. In August 2012, poor cashew nuts exports have lowered prices for farmers as stocks pile up from the record year of 2011 (174,000 tons). Furthermore, staple food prices including rice have increased drastically following the coup in April 2012, up to 500 CFA in June 2012 compared to 400 CFA in January.	N/A	N/A	N/A	N/A
Liberia	For the majority of the rural households, daily wages are derived from agricultural activities (or from charcoal production in the case of Tubmanburg), while urban areas in Monrovia and Buchanan depend on construction activities as the dominant source of casual work. In August 2012, the terms of trade for casual labour in exchange for rice have deteriorated in most markets compared to last year, with the exception of Pleebo (+0.4%) and Saclepea markets (+0.8%), showing slight improvements compared to August 2011. The decline in terms of trade across Liberia could be associated with the surging of rice prices against stable or low wage rates.	N/A	N/A	-2.2% <i>July</i> (Gasoline)	-1.3% <i>July</i> (Gasoline)

Summary		CPI		Fuel prices	
		Month on month	Year on year	Month on month	Year on year
Mali	Despite on-going harvests, the purchasing power of households continued to be hampered by continuing civil insecurity in the North and high food prices. However, pastoralists saw prices of goats and sheep improving over July and August, due to increasing demand for the Tabaski celebration. A farmer selling his sheep on the market of Bandiagara, received 210 kg of millet in August 2012 against 180 kg in July. Compared to the average of the last three years, the terms of trade remain favourable to the pastoralists in Bandiagara (+2%).	0.4% <i>August</i>	5.1% <i>August</i>	2% <i>Sept.</i> (Gasoline)	N/A
Mauritania	Overall inflation is moderate and the terms of trade of pastoralists are improving. In August 2012, prices for animals have increased compared to July (sheep prices rose by 8% to 15% depending on the region). However, high prices for cereals, especially millet and sorghum prices, outbalanced the terms of trade. To cope with price increases, pastoralists consume more wheat, switching from millet and sorghum. Compared to July, the terms of trade of sheep against wheat increased by 5.8% in Boghe and 15% in Abdel Bagrou, and decreased by 7.14% in Magta Lahjar.	0.1% <i>July</i>	5.1% <i>July</i>	N/A	1.6% <i>Sept.</i> (Gasoline)
Niger	Recent figures indicate low inflation and the terms of trade (goat/millet) are improving due to the onset of the harvest. A pastoralist selling his goat on the Abalak market received 83 kg in August 2012 against 42 kg of millet in July. However, the terms of trade remain unfavourable, compared to the five-year average. Despite month-to-month decreases observed with the onset of the harvest, in September coarse grain prices remain much higher in all markets compared to the five-year average millet (49% to 82%), sorghum (28% to 62%) and corn (15% to 30%).	0.1% <i>August</i>	-0.2% <i>August</i>	- <i>August</i> (Gasoline)	-0.7% <i>August</i> (Gasoline)
Nigeria	In August 2012 annual inflation rate peaked to 11.7% due to the reduction of fuel subsidies earlier this year and a weak local currency. In the meantime, with the on-going agricultural campaign, the demand for farm labour is high and wages have increased by 25% compared to last year. Furthermore, short-cycle crops are being harvested and consequently their prices are decreasing, which contributes to improved purchasing power compared to July 2012.	0.7% <i>August</i>	11.7% <i>August</i>	N/A	N/A
Senegal	In most regions, the terms of trade between goat and imported rice have slightly improved in August 2012 compared to July 2012, due to lower prices of imported rice and higher prices for goats. In August, peanuts stocks decreased and producers sold them at high prices (+28% compared to August 2011), thus improving their terms of trade against rice on a yearly basis. The purchasing power of some urban casual labourers also improved in August compared to July 2012. Wages of dockworkers and construction workers rose in August in four main cities (Dakar, Saint Louis, Kaolack, Ziguinchor) as opposed to housekeepers wages, leading to an improvement in wage/rice ToT by 11% for dockers, and 9% for construction workers. In contrast, the terms of trade of housekeepers deteriorated by about 2%.	0.5% <i>July</i>	0.3% <i>July</i>	N/A	N/A

Central and Eastern Africa

Summary		CPI		Fuel prices	
		Month on month	Year on year	Month on month	Year on year
Djibouti	The increase in food prices in September is likely to hamper households' purchasing power. Wheat flour prices increased by 5%, in September compared to August. In addition, recurring droughts continue to undermine the renewal of pastures and to decimate herds. Kerosene prices have also increased by 7.8% since April 2012.	N/A	N/A	1.9% <i>Sept.</i> (Kerosene)	N/A
Ethiopia	The year-on-year inflation remains steady around 20% throughout the third quarter of the year. In August 2012, fuel prices declined both on a month-on-month and on a year-on-year basis, diesel prices dropping for the 1 st time in the past four years (-4.6% compared to August 2011). The terms of trade (ToT) of shoft-to-cereals declined during Q3-2012 compared to the previous quarter both in Dire Dawa (-5.1%) and Jijiga (-7.9%). These trends are mainly driven by a quarterly increase in sorghum prices in Dire Dawa (+14%), and an overall increase in the prices of the most consumed cereals in Jijiga (maize, +20%; sorghum, +14%; wheat, +18%). However, increased demand for livestock from the Gulf countries and from local markets in September is likely to mitigate the overall adverse effect on pastoralists' purchasing power.	1.8% <i>August</i>	20.2% <i>August</i>	-5.5% <i>August</i> (Benzene)	-10.3% <i>August</i> (Benzene)
Kenya	Even though inflation continues to be generally high, it has slowed down in July and August 2012 compared to the previous year (+7.7% and +6.1%, respectively). Maize price stabilized compared to the past year (+1.5% in July, and +1% in August), resulting in an increase in the purchasing power of pastoralists, whose livestock body conditions are generally good in most parts of the country due to availability of grazing resources. However, erratic and uneven rainfall distribution may end up in over-concentration of livestock and conflicts over available grazing areas.	-0.3% <i>August</i>	6.1% <i>August</i>	- <i>August</i> (Diesel)	-10.5% <i>August</i> (Diesel)
Somalia	The terms of trade of pastoralists have slightly increased in terms of red sorghum (specifically, camel/red sorghum, +2.5%; cattle/red sorghum, +2.5%; goats/red sorghum, +2%), due to the regeneration of pasture, improved water availability in most pastoral livelihood zones and carry-over stocks from the 2011/2012 Deyr season. However, substantial decreases are reported in Togdheer (cattle/red sorghum, -37%) and in Bakool (camel/red sorghum, -32%; cattle/red sorghum, -32%; goat/red sorghum, -31%). On a quarterly basis (Q3-2012/Q2-2012), labour wages declined almost everywhere but in Middle Juba (+33.8%), Sool (+28.6%), and Awdal (+13.2%), resulting in an overall deterioration by 2.7% of casual labourers' purchasing power, with remarkable wage/red sorghum ToT collapse in Bakool (-52%), Bay (-32%), and Gedo (-31%), where continued conflicts is disrupting economic activities.	N/A	N/A	-2% <i>August</i> (Petrol)	-22.8% <i>August</i> (Petrol)

Summary		CPI		Fuel prices	
		Month on month	Year on year	Month on month	Year on year
South Sudan	General inflation remains extremely high (+43.3% compared to August 2011), with a slight decrease in food prices compared to the previous month (-1%). Wages of non-agricultural casual labourers increased by 9.1% compared to the previous quarter. However, the improvement of their food purchasing power is likely to be offset by recent increases in sorghum prices. After a two-month break in June and July, sorghum prices have again started to climb, increasing by 16% from July to August, and by 17.3% in September 2012. Continued disruption of major trading routes with Sudan remains a driving factor of food prices, in addition to extremely high fuel prices (diesel, +40.9% in September 2012 compared to the previous month).	- <i>August</i>	43.3% <i>August</i>	49.5% <i>Sept.</i> (Petrol)	1.3% <i>Sept.</i> (Petrol)
Sudan	Overall inflation remains very high (+42.1% from August 2011), even though the prospects of a good harvest and the release of stocks by traders eased sorghum prices in September (-9.4% compared to August 2012). Agricultural wages increased by 55.1% (Q3-2012 vs. Q2-2012), with a positive impact on casual labourers' purchasing power (+58.2%). Besides, the ToT between labourers involved in non-agricultural activities and sorghum improved by 18.7% in the same time. A general improvement was also recorded during the quarter for pastoralists' purchasing power (+12.9% and +17.4% compared to Q2-2012 for goat/sorghum and sheep/sorghum terms of trade, respectively). The only exception was South Kordofan, where insecurity problems reduced the ToT in favour of grain producers (goat/sorghum, -4.6% in September 2012 compared to the previous month).	4% <i>August</i>	42.1% <i>August</i>	7.7% <i>August</i> (Electricity, gas and other fuel)	24.6% <i>August</i> (Electricity, gas and other fuel)

Southern Africa

Summary		CPI		Fuel prices	
		Month on month	Year on year	Month on month	Year on year
Lesotho	Late rains led to less areas being planted, resulting in reduced opportunities for farm labour incomes on which 40% of the poor households depend for their livelihoods. The current estimate of 29,000 tonnes represents less than 10% of the country's gross domestic requirements – a third of the usual value. South Africa, the major supplier of Lesotho's imports, has also been affected and prices are increasing in both countries. In August, maize meal was already costing 27% more than a year earlier. This trend is likely to continue since fuel prices also increased substantially: in this mountainous, landlocked country, transportation costs have a direct impact on imported food prices.	0.3% <i>August</i>	5.3% <i>August</i>	7.2% <i>Sept.</i> (Diesel)	16.7% <i>Sept.</i> (Diesel)
Madagascar	In Madagascar, prices were relatively stable, with cooking oil, local rice and wheat flour being 3-5% more expensive than one year ago, while sugar and paddy cost 3-5% less. In Antananarivo, changes in transportation costs are comparable to the inflation, but the price of charcoal (the main household cooking fuel) increased by 23% since last year.	0.3% <i>August</i>	6.3% <i>August</i>	0.1% <i>August</i> (Transp.)	6.4% <i>August</i> (Transp.)

Summary		CPI		Fuel prices	
		Month on month	Year on year	Month on month	Year on year
Malawi	Prices in Malawi are currently suffering from a high inflation (+25.5% year-on-year as of August 2012) due mainly to the devaluation of the local currency occurred in May this year. The exchange rate jumped overnight from approximately 167 to 247 MWK/USD, and has been escalating further since, reaching 310 MWK/USD in early October. This affected most commodity prices, including food. Maize prices for instance, which should have been recuperating from the peak of Jan-Feb 2012, instead picked up again in June, reaching a Y-o-Y increase of 110% in July and 72% in September. This strongly deteriorated the net-buyer households' purchasing power. Fuel prices have also increased by 32% since May 2012.	0.9% <i>August</i>	25.5% <i>August</i>	N/A	32% <i>May-Sept.</i> (Fuel Average)
Swaziland	Swaziland has the second highest annual inflation rate (8.5%) in the Southern-African region. The year-on-year food inflation (which matters more for the poor since food is their major expense) is even higher, and worsening, at 12.9% in August from 11.6% in the previous month.	0.7% <i>August</i>	8.5% <i>August</i>	N/A	5.1% <i>August</i> (Transp.)
Zambia	Zambian farmers this year seem to be better off than their neighbours. The harvest has been good, allowing Zambia to be one of the few maize surplus countries in the region – it is indeed expected to produce in 2012 almost double its domestic need of 1.5 million tonnes. This has helped prices of both maize grain and maize meal to remain stable from June to September. However, localised price hikes were triggered in a few border markets as a result of intensified trade, due to food deficits in neighbouring countries. The Government's Food Reserve Agency also increased purchases to fill its strategic grain reserves. This could be a good income-raising opportunity for surplus-producing farmers.	N/A	6.6% <i>Sept.</i>	N/A	N/A
Zimbabwe	Over the past few months, the purchasing power of Zimbabwean households has been weakening. Dry weather conditions earlier this year have led to a limited maize production and food stocks are depleting sooner than usual, resulting in a loss of income for crop producers. At the same time, food prices are high, and recent strengthening of Zambian export regulations and rising fuel prices (10% for diesel between July and August) do not bring the prospect of favourable price changes. The upcoming lean season is likely to push maize prices further up. Similarly, livestock conditions in the southern and western provinces are still deteriorating due to poor pasture and water availability. Distress sales are being observed – cattle selling for as low as USD 150 from the normal (between 400 and 500 USD).	-0.2% <i>August</i>	3.6% <i>August</i>	7% <i>August</i> (Petrol)	N/A

Latin America and Caribbean

Summary		CPI		Fuel prices	
		Month on month	Year on year	Month on month	Year on year
Guatemala	In August 2012, the cost of the basic food basket increased by 6.8% compared to the same month last year. The rice is mainly driven by increases in yellow maize and black beans prices. However, annual inflation remains contained at 2.7% from August 2011. In Guatemala City, regular gasoline price decreased slightly in August, after an growth of 2% from June to July.	0.5% <i>August</i>	2.7% <i>August</i>	-0.3% <i>August</i> (Gasoline)	0.3% <i>August</i> (Gasoline)
Haiti	In August 2012, programs for public works for Tropical Storm Isaac preparation and the agricultural campaign increased demand for casual labour. Thus, wages have increased up to 25 gourdes an hour compared to 16 gourdes in previous months. With poor harvests for bean and maize, food prices will probably continue to rise until the next harvest, affecting farmers' purchasing power.	0.9% <i>August</i>	6.1% <i>August</i>	N/A	N/A

Magnitude of quarterly price changes and contribution to the cost of the food basket, by country and commodity

Impact Codes (columns J and K)

	Low (< 0%)
	Moderate (0-5%)
	High (5-10%)
	Severe (> 10%)

Price Trend Codes

	Decreasing (< 0%)
	Stable (0-5%)
	Slightly increasing (5-10%)
	Increasing (> 10%)

(columns L and M)

	↓	All staples within the food basket have the same price trend
	→	
	↗	
	↑	

(column M)

	↓	Staples within the food basket have different price trends: major caloric contributor used
	→	
	↗	
	↑	

Regions	Countries	Main staple food	Caloric contribution (%)	Change from last quarter (% Change)	Seasonally adjusted quarterly change (% Change)	Monthly change from last year (% Change)	Quarterly change from last year (% Change)	Quarterly change from 5-year average (% Change)	Contribution to the cost of the food basket (%)		Price trend of the main staples	Cumulative (BLACK arrow: all staples, WHITE arrow: main caloric contributor)
									Cumulative impact of the quarter	Cumulative impact from 5-year average		
A	B	C	D	E	F	G	H	I	J	K	L	M
Asia	Afghanistan	Wheat	58	2	-2	-6	-9	77	-1	53	↓	↓
		Rice	22	12	0	23	19	37			→	↓
	Bangladesh	Boro-HYV-Coarse	70	-8	-12	-23	-21	36	-9	28	↓	↓
		Atta-Packet	9	-3	-10	10	8	31			↓	↓
	Cambodia	Rice	65	7	-1	-2	-1	95	-1	62	↓	↓
	India	Rice	31	9	6	17	15	100	3	45	↗	↗
		Wheat	22	8	5	16	10	63			↗	↗
	Indonesia	Rice	50	1	-1	8	10	132	0	66	↓	↓
	Lao PDR	Rice	64	-8	N/A	-20	-16	N/A	-5	N/A	↓	↓
	Myanmar	Rice	55	7	N/A	N/A	N/A	N/A	4	N/A	↗	↗
	Nepal	Rice	32	6	3	2	-3	63	1	28	→	→
		Wheat flour	15	2	-2	3	-4	51			↓	↓
	Pakistan	Wheat flour	37	1	-3	13	10	127	-1	59	↓	↓
		Rice	6	3	-1	23	24	193			↓	↓
	Philippines	Rice	48	1	-2	3	3	57	-1	27	↓	↓
	Sri Lanka	Rice	41	0	-1	1	1	75	0	53	↓	↓
		Wheat flour	14	5	5	9	9	161			↗	↓
	Timor-Leste	Rice	32	-12	N/A	N/A	N/A	N/A	-6	N/A	↓	↓
		Maize	26	-7	N/A	N/A	N/A	N/A			↓	↓

Regions	Countries	Main staple food	Caloric contribution (%)	Change from last quarter (% Change)	Seasonally adjusted quarterly change (% Change)	Monthly change from last year (% Change)	Quarterly change from last year (% Change)	Quarterly change from 5-year average (% Change)	Contribution to the cost of the food basket (%)		Price trend of the main staples	Cumulative (BLACK arrow: all staples, WHITE arrow: main caloric contributor)
									Cumulative impact of the quarter	Cumulative impact from 5-year average		
A	B	C	D	E	F	G	H	I	J	K	L	M
Middle East, Central Asia and Eastern Europe	Armenia	Wheat flour	40	15	16	25	15	49	7	20	↑	↑
	Azerbaijan	Wheat flour	57	3	-8	-2	-2	114	-5	65	↓	↓
	Egypt	Wheat flour	35	-1	N/A	-3	7	N/A	-1	N/A	↓	↓
		Rice	12	-5	N/A	-17	-14	N/A			↓	
	Georgia	Wheat flour	41	-2	-4	-14	-15	40	-2	16	↓	↓
	Iraq	Wheat flour	25	2	N/A	N/A	N/A	N/A	1	N/A	→	→
		Rice	8	2	N/A	N/A	N/A	N/A			→	
		Bread	8	0	N/A	N/A	N/A	N/A			→	
	Kyrgyzstan	Wheat	40	18	N/A	27	3	N/A	5	N/A	↑	↑
		Milk	12	-17	N/A	16	14	N/A			↓	
		Potatoes	8	-4	N/A	-11	-18	N/A			↓	
	occupied Palestinian territory	Wheat flour	40	5	-4	-1	0	33	-2	17	↓	↓
		Rice	7	-6	-7	-10	-10	28			↓	
		Olive oil	5	3	-1	6	8	29			↓	
	Syria	Wheat flour	39	15	N/A	55	54	N/A	7	N/A	↑	↑
		Sugar	13	8	N/A	32	28	N/A			↗	
	Tajikistan	Wheat	54	-1	-15	-7	-12	165	-8	89	↓	↓
	Yemen	Wheat	38	-2	N/A	-25	-22	N/A	-1	N/A	↓	↓
West Africa	Benin	Maize	19	10	11	4	5	54	2	25	↑	↑
		Cassava products	16	8	0	13	17	41			→	
		Rice	13	0	0	5	5	62			→	
	Burkina Faso	Sorghum	26	-4	-7	24	41	60	-2	45	↓	↓
		Millet	22	4	0	58	60	89			→	
		Maize	16	4	1	27	30	64			→	
	Cape Verde	Rice	19	1	0	7	7	57	0	28	→	→
		Wheat flour	13	2	0	-1	-2	41			→	
		Maize	12	0	0	1	4	102			→	
	Central African Republic	Cassava	18	3	3	-10	-5	-7	1	-1	→	↘
		Maize	13	3	9	48	19	-1			↗	
		Rice	4	-1	-9	-10	-11	5			↓	
		Wheat flour	4	0	-4	-3	-1	9			↓	
	Chad	Sorghum	18	2	-5	24	33	47	-2	22	↓	↓
		Millet	15	3	-4	25	25	56			↓	
		Maize	5	5	-4	39	40	77			↓	
		Imported rice	3	-4	-4	-2	-1	35			↓	
	Côte d'Ivoire	Imported rice	20	-10	-13	-1	-2	42	-2	14	↓	↓
		Palm oil	9	-3	-1	17	15	35			↓	
		Maize	7	7	6	28	35	41			↗	

Regions	Countries	Main staple food	Caloric contribution (%)	Change from last quarter (% Change)	Seasonally adjusted quarterly change (% Change)	Monthly change from last year (% Change)	Quarterly change from last year (% Change)	Quarterly change from 5-year average (% Change)	Contribution to the cost of the food basket (%)		Price trend of the main staples	Cumulative (BLACK arrow: all staples, WHITE arrow: main caloric contributor)
									Cumulative impact of the quarter	Cumulative impact from 5-year average		
A	B	C	D	E	F	G	H	I	J	K	L	M
West Africa	Gambia	Rice	21	0	0	5	5	40	1	15	→	→
		Millet	19	13	3	-4	-4	35			→	
	Ghana	Cassava	21	13	22	70	61	237	13	158	↑	↑
		Maize	12	-6	0	17	28	297			→	
		Yams	11	12	18	41	40	287			↑	
		Plantains	10	51	47	99	113	304			↑	
		Local rice	8	6	22	7	10	138			↑	
	Guinea	Local rice	37	-10	-20	-19	-19	114	-9	48	↓	↓
		Palm oil	6	-4	-31	13	4	103			↓	
	Guinea Bissau	Imported rice	35	27	20	33	33	140	15	51	↑	↑
		Maize	8	29	67	0	0	N/A			↑	
		Millet	8	-14	28	20	11	-4			↑	
		Wheat	4	10	N/A	-9	-5	67			↑	
	Liberia	Rice	32	-1	-7	18	15	102	-5	45	↓	↓
		Cassava	21	-3	N/A	25	22	N/A			↓	
		Palm oil	15	2	-15	5	10	82			↓	
	Mali	Imported rice	21	-4	-4	-2	-1	29	-4	50	↓	↓
		Millet	20	-1	-6	77	78	113			↓	
		Sorghum	13	-3	-10	65	70	107			↓	
		Maize	9	-3	-9	32	37	86			↓	
	Mauritania	Wheat	30	-4	N/A	-6	2	N/A	-1	3	↓	↓
		Imported rice	11	5	5	12	12	26			↗	
	Niger	Millet	39	13	9	60	61	79	5	42	↗	↗
		Sorghum	11	17	9	58	56	67			↗	
		Imported rice	7	0	-3	-3	0	47			↓	
		Maize	1	13	9	22	20	56			↗	
	Northern Nigeria	Sorghum	13	16	15	57	42	68	4	25	↑	↑
		Millet	11	12	13	68	52	77			↑	
		Rice	8	-3	-2	-14	5	24			↓	
		Maize	8	11	11	33	33	68			↑	
	Senegal	Imported rice	30	-3	-4	-4	-2	32	0	19	↓	↓
		Maize	10	8	5	25	26	66			↗	
		Millet	8	13	4	23	23	32			→	
	Sierra Leone	Imported rice	40	1	N/A	7	9	N/A	1	N/A	→	→
		Palm oil	9	9	N/A	4	2	N/A			↗	

Regions	Countries	Main staple food	Caloric contribution (%)	Change from last quarter (% Change)	Seasonally adjusted quarterly change (% Change)	Monthly change from last year (% Change)	Quarterly change from last year (% Change)	Quarterly change from 5-year average (% Change)	Contribution to the cost of the food basket (%)		Price trend of the main staples	Cumulative (BLACK arrow: all staples, WHITE arrow: main caloric contributor)
									Cumulative impact of the quarter	Cumulative impact from 5-year average		
A	B	C	D	E	F	G	H	I	J	K	L	M
Central and Eastern Africa	Burundi	Sweet potatoes	17	-8	-2	59	17	177	-1	81	↓	
		Beans	16	-13	-12	-1	-5	115			↓	
		Cassava flour	13	1	3	23	19	151			→	
		Maize	13	3	5	21	17	99			↗	
	Congo	Cassava	32	1	N/A	19	24	N/A	0	5	→	
		Wheat flour	18	5	-3	-3	-1	30			↓	
	Congo DR	Cassava products	53	0	N/A	24	20	N/A	0	40	→	
		Maize	14	0	N/A	28	32	289			→	
	Djibouti	Wheat flour	34	3	N/A	-1	-5	N/A	1	N/A	→	
		Rice	17	-1	N/A	-3	-3	N/A			↓	
	Ethiopia	Maize	21	6	-6	-4	0	247	-1	97	↓	
		Wheat	12	2	5	-6	-3	188			↗	
		Sorghum	12	6	-2	15	27	185			↓	
	Kenya	Maize	35	5	7	1	1	175	3	61	↗	
	Rwanda	Beans	11	2	-6	10	6	98	-1	17	↓	
		Maize	5	3	-1	33	24	120			↓	
	Somalia	Sorghum	29	-1	-10	-46	-45	194	-5	106	↓	
		Maize	18	1	-6	-48	-47	153			↓	
		Wheat flour	10	-1	-5	-37	-35	110			↓	
		Imported rice	9	-5	-9	-39	-37	120			↓	
	South Sudan	Sorghum	26	-27	-24	108	0	336	-13	115	↓	
		Wheat flour	15	-29	N/A	100	0	N/A			↓	
		Millet	7	-34	-43	73	0	396			↓	
	Sudan	Sorghum	60	-4	-7	72	87	298	-4	210	↓	
		Millet	9	10	6	65	82	342			↗	
	Tanzania	Maize	26	3	23	28	21	183	6	65	↑	
		Rice	10	-14	2	28	30	171			→	
	Uganda	Cassava flour	13	5	4	12	21	141	0	36	→	
		Maize flour	9	1	0	2	7	140			→	
		Beans	5	-20	-9	6	7	109			↓	

Regions	Countries	Main staple food	Caloric contribution (%)	Change from last quarter (% Change)	Seasonally adjusted quarterly change (% Change)	Monthly change from last year (% Change)	Quarterly change from last year (% Change)	Quarterly change from 5-year average (% Change)	Contribution to the cost of the food basket (%)		Price trend of the main staples	Cumulative (BLACK arrow: all staples, WHITE arrow: main caloric contributor)
									Cumulative impact of the quarter	Cumulative impact from 5-year average		
A	B	C	D	E	F	G	H	I	J	K	L	M
Southern Africa	Lesotho	Maize	56	1	N/A	27	28	N/A	0	N/A	→	→
		Wheat flour	14	0	N/A	-1	-1	N/A			→	
	Madagascar	Domestic rice	49	-2	-2	5	7	20	-1	10	↓	↓
	Malawi	Maize	53	31	26	72	93	234	14	124	↑	↑
	Mozambique	Maize	20	17	6	23	18	119	1	35	↗	↗
		Rice	8	-1	-6	3	0	141			↓	
	Swaziland	Maize meal	25	-1	N/A	25	25	N/A	-1	N/A	↓	↓
		Rice	8	-6	N/A	5	5	N/A			↓	
	Zambia	Maize	51	4	7	-7	-5	51	4	26	↗	↗
Latin America and Caribbean	Bolivia	Wheat flour	19	3	-9	-1	-1	31	-3	12	↓	↓
		Rice	14	5	-1	-2	-3	23			↓	
		Maize	13	-8	-5	-32	-34	22			↓	
	Colombia	Maize	13	-2	10	-17	-21	36	2	18	↑	↑
		Rice	12	10	9	22	24	96			↗	
		Wheat flour	8	2	-2	2	-2	27			↓	
	Costa Rica	Rice	17	1	N/A	3	2	109	0	22	→	→
		Maize	3	3	N/A	-19	-19	114			→	
	Dominican Republic	Rice	17	-1	-2	5	2	25	0	4	↓	↓
	Ecuador	Rice	19	-1	1	9	9	51	0	19	→	↗
		Wheat flour	13	-1	-2	0	2	75			↓	
	El Salvador	Maize	25	1	-11	-43	-45	17	-3	7	↓	↓
		Beans	4	-12	-12	-38	-46	21			↓	
		Rice	4	-1	-4	5	4	40			↓	
	Guatemala	Maize	36	7	-6	-25	-29	52	-2	19	↓	↓
	Haiti	Imported rice	23	2	3	-3	-5	52	0	21	→	↗
		Wheat flour	12	-3	-2	-4	-5	54			↓	
		Domestic maize	9	-4	0	4	2	28			→	
	Honduras	Maize	26	15	N/A	-20	-34	-6	4	6	↑	↑
		Rice	5	0	N/A	-4	-5	154			→	
	Nicaragua	Maize	23	15	N/A	-21	-41	-17	3	2	↑	↑
		Rice	17	-1	N/A	8	7	33			↓	
	Panama	Rice	24	-1	N/A	3	4	N/A	0	N/A	↓	↓
		Maize	7	-1	N/A	-17	-11	N/A			↓	
	Peru	Rice	21	-1	0	-1	-1	4	1	15	→	↗
		Wheat	14	1	0	2	2	28			→	
		Potatoes	8	-6	-5	6	8	34			↓	
		Maize	7	20	19	34	39	108			↑	



Approach

This bulletin provides information on price changes for the most commonly consumed staples and their potential impacts on the cost of the basic food basket. Staples contribute 40 – 80 percent of energy intake for the most vulnerable population groups in developing countries. Therefore, even a small increase in staple food prices has a high impact on overall food consumption, especially when the food basket is composed of very few food items. The analysis is based on quarterly price indices⁴ of the main caloric contributors to household food consumption (table pages 15-19):

- i) Nominal price change from last quarter calculated as a percentage change from the precedent quarter. Nominal prices change is calculated by dividing the average quarterly price by the average of the previous quarter. The change between the two quarters is reported in column E.
- ii) Seasonally adjusted price change from last quarter calculated as a percentage change from the previous quarter. Real prices are calculated by dividing each monthly price by its 5-year (2003-2007) average and then quarterly averaged. The 5-year average is called long-term seasonal average. The change between the two quarters is reported in column F.
- iii) Monthly (year-on-year) price change calculated as a percentage change from 12 months earlier. Column G reflects the percentage change of the most recent monthly price data available in the quarter compared with the same month of the previous year.
- iv) Quarterly price change from the last quarter calculated as the yearly percentage changes of the latest month available in the quarter (Column H). This average percentage change indicates whether the price has changed from the recent quarter compared to the same quarter of the previous year.
- v) Quarterly price change from the 5-year baseline period, calculated as the quarterly average of monthly percentage change from the corresponding 2003-2007 average prices (Column I). This estimate indicates whether there is a structural shift of the current price from its long-term seasonal pattern⁵.

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 basket⁶, the likely impact of the last quarter average price change on the cost of the food basket is captured in column J (i.e. the percentage price change in column F weighted by the caloric contribution of the food item in column D). The long-term likely impact is presented in column K (i.e. the percentage price change in column I 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 0 percent (Column J). Between 0 and 5 percent it is considered moderate. Between 5 and 10% the likely impact on the cost of the food basket is considered high and severe above 10 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.

- 4. 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.
- 5. 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.
- 6. Caloric contributions are based on FAO 2005-2007 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 live in rural and semi-urban areas in the developing countries.

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German Government
provides financial support for the
preparation of the Market Monitor.



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