

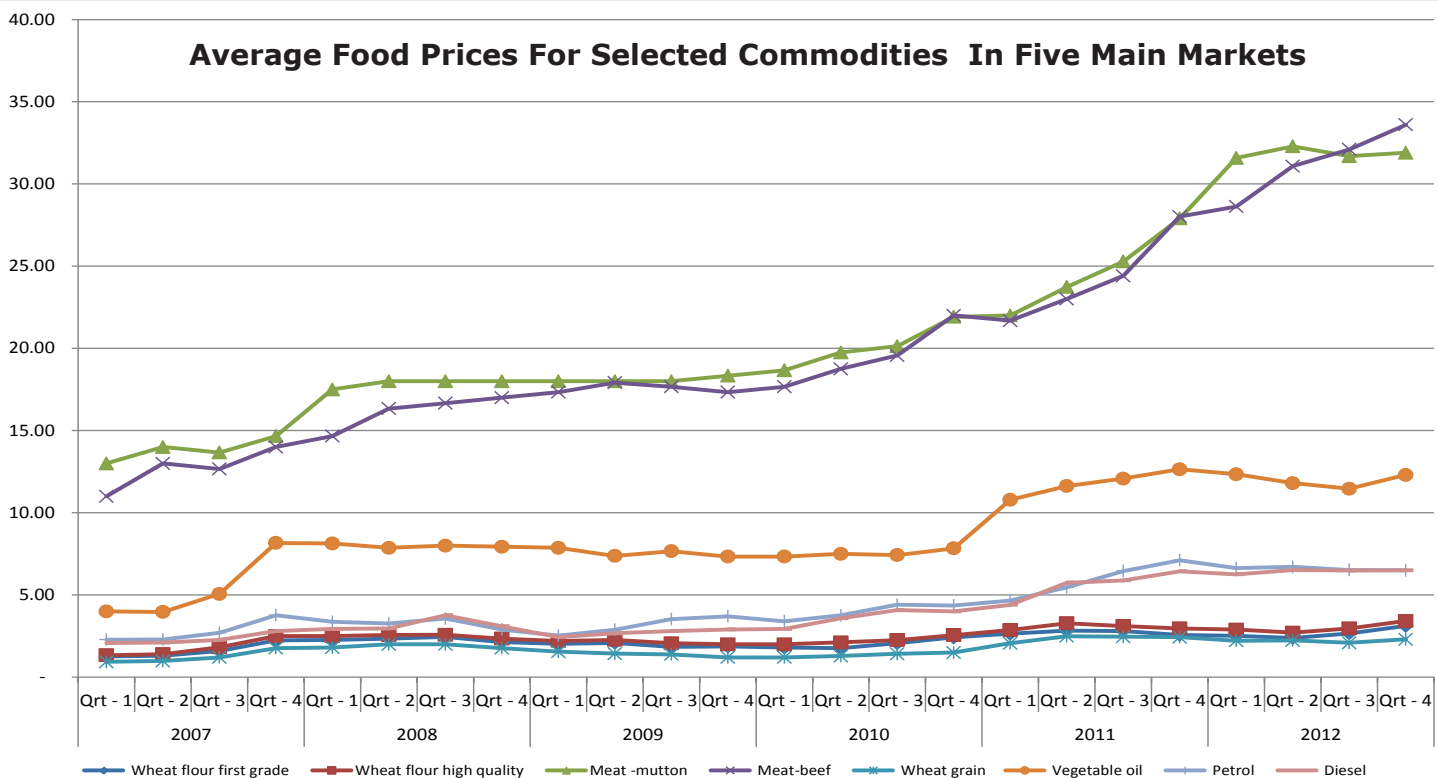
# Tajikistan Market Price Report November 2012



## Highlights

- In October 2012, the price of wheat flour first grade increased by 13 percent country-wide on a month-on-month basis.
- Russia rose export duties for fuel by 6 percent in October 2012 but decreased the tariffs by 3.5 percent as of 1 November 2012. The negotiations between the two countries on the abolishment of duties continue.
- The inflation rate since the beginning of the year was 6.1 percent, according to the National Bank of Tajikistan (NBT). The International Monetary Fund (IMF) predicts inflation for 2012 at 8 percent.

**Average Food Prices For Selected Commodities In Five Main Markets**



**World Food Programme**

WFP monitors weekly food and fuel prices in the five main markets of Tajikistan: Dushanbe, Kurgan-Tyube, Khujand, Gharm and Khorog. This report presents an overview of October 2012 prices, consumer trends and outlook for the future. For more information, contact Saidamon.Bodamaev@wfp.org



## Current prices and trends

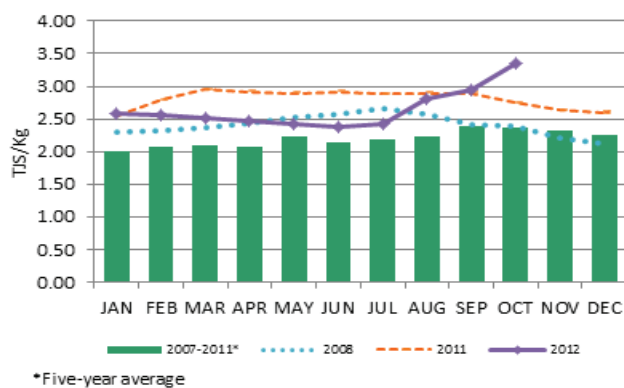
**Wheat flour** prices continued to increase throughout October. On a month-on-month basis the average prices for wheat flour first grade rose by 13 percent and remained higher by 21 percent compared to the same period last year. This reflects the impact of increased international prices, particularly in the countries exporting wheat and wheat flour to Tajikistan.

Prices of **locally produced wheat flour** (second grade) rose by 19 percent and **wheat grain** by 6 percent compared to the previous month. Country-wide, the prices for locally produced flour and grain reached beyond the peak levels of last year, rising 18 percent and 1 percent respectively year on year. The greatest increase in prices was seen in Khujand markets, where wheat flour rose by 30 percent and wheat grain by 5 percent since October last year.

In response to price increases in October, the government continued subsidized sales from the national reserves. The stocks consisted mainly from imported wheat milled locally or mix of imported and locally produced wheat grain.

The representative of the Agency of Government Reserves said the Agency planned to procure more wheat grain to continue providing markets in the country with the stock from national reserves. According to the Agency, the country's total wheat grain reserves were equal to 30,000 tons in October and the Agency will increase the import of wheat grain from Kazakhstan, as it is less costly than wheat flour (US\$350 per ton vs. US\$400 per ton) even when considering local milling costs.

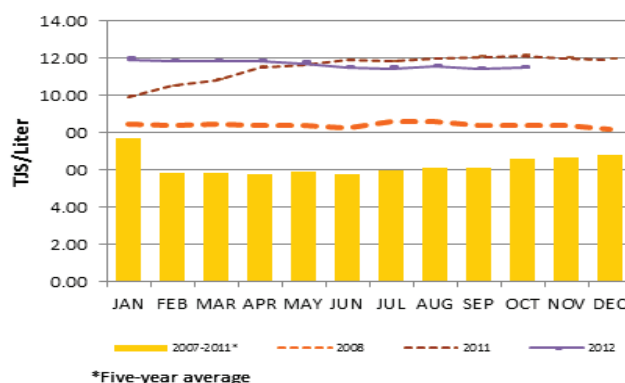
**Wheat Flour First Grade**



**Vegetable oil** prices rose by 6 percent in Dushanbe due to inadequate imports of supplies entering markets and remained unchanged in markets of Khujand, Gharm and Khorog due to sufficient availability. Prices for vegetable oil dropped in Kurgan-Tyube by 5 percent on month-on-month basis and by 13 percent year-on-year, as this is the largest cotton producing area and demands for comparably cheaper locally produced cotton seed oil remain higher than vegetable oil.

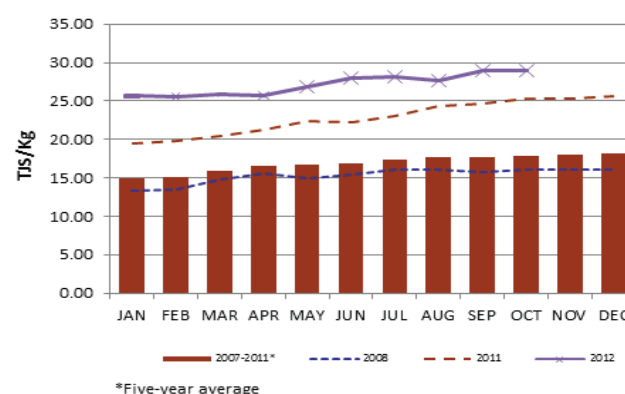
The prices for vegetable oil prices were down by 5 percent country-wide and by 2 percent in Dushanbe in comparison with October 2011.

**Vegetable Oil**

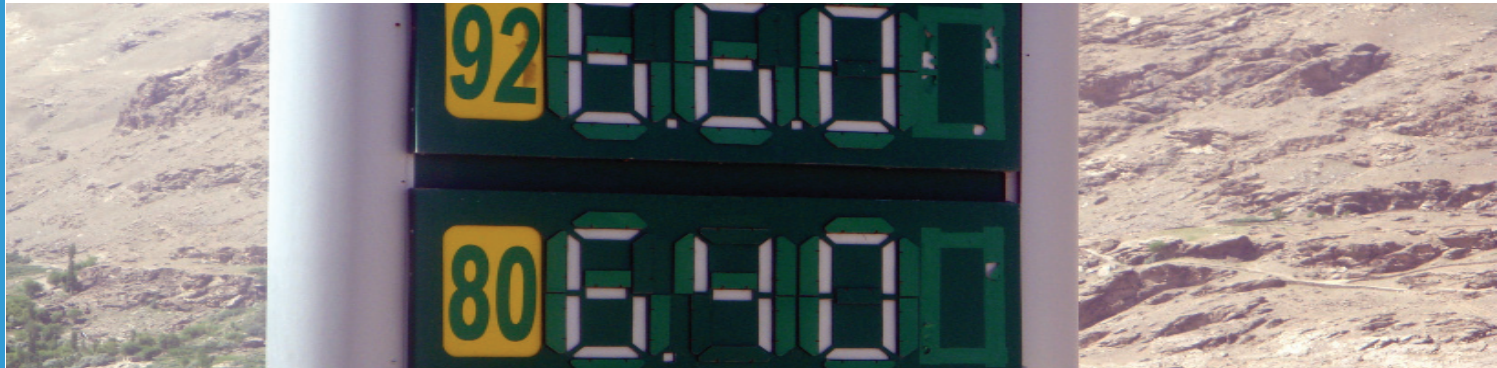


**Meat** prices remained unchanged in October and slightly dropped (by 1 percent) in Dushanbe and Kurgan-Tyube due to adequate availability and supply outweighing demand. Country-wide, prices for meat are up 13 percent compared to the same period last year. The greatest increase in meat prices was in Dushanbe and Gharm, where they rose by 18 percent and 28 percent respectively year on year.

**Beef**



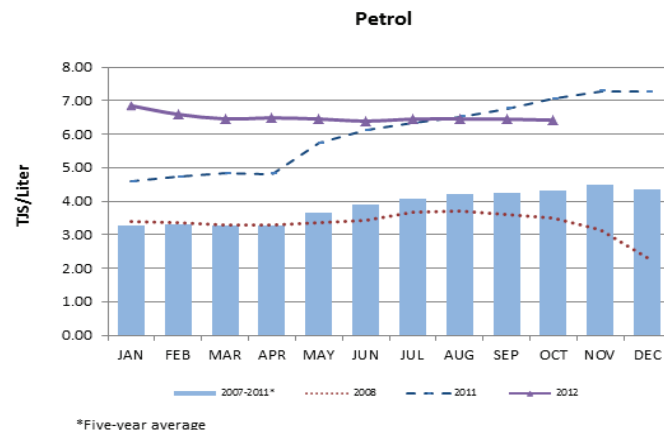
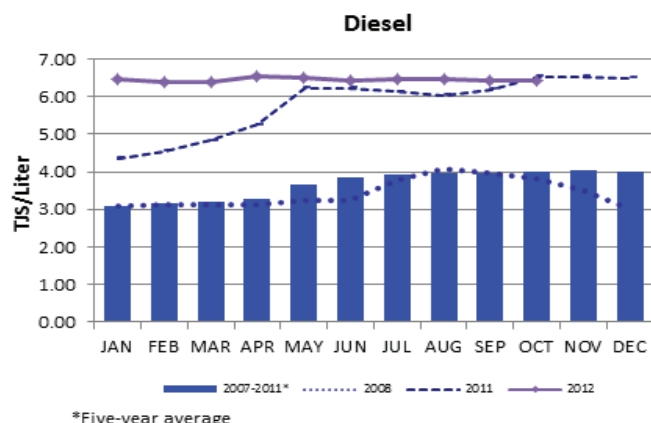




### Current prices and trends

**Fuel** (diesel and petrol) prices remained stable in all markets because of adequate availability. country-wide, diesel prices were down by 2 percent and

petrol by 9 percent year on year. The lowest prices for petrol were observed in Khorog fuel stations--14 percent less than October 2011.



### Outlook for the next three months

A rise in international grain prices, weak yields in the Russia and Kazakhstan will continue putting upward pressure on prices in Tajikistan, heavily relying on imports from Kazakhstan to meet demands for wheat and wheat flour.

However, the Government reports confirming a favourable wheat harvest (around 800,000 tons) this year may keep prices for wheat grain and locally produced flour stable in coming months. In addition, the plan of the Government to increase the import of wheat and wheat flour from Kazakhstan as a major response to increasing prices may also contribute to stabilise the prices for these commodities.

The demand for wheat grain and wheat flour, the main staple of the Tajik diet, may rise in winter, when more people depend on the market, and put upward pressure on prices.

Some small scale and temporary interventions, including the use of subsidized sales of food commodities, opening additional selling points, etc. should have also a positive impact to temporarily stabilizing staple food prices in urban markets, particularly in Dushanbe and Khorog.

Prices for fuel will also rise during the winter period because of higher demand due to the increased domestic heating requirements, following the limitations in provision of electricity power in rural areas.

High transportation costs will affect food prices in remote areas, particularly during the cold season when access to these areas remains difficult. This could be reflected in the prices of such basic commodities as wheat flour, cooking oil and potato.

### 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 in October was TJS147.64/US\$30.64, slightly higher than in September (TJS146.76/US\$30.45). The difference was mainly due to increase in prices for wheat flour, slight rise in prices for milk/eggs and sugar in Dushanbe markets, where prices are used for the calculation of the Minimum Food Basket.