

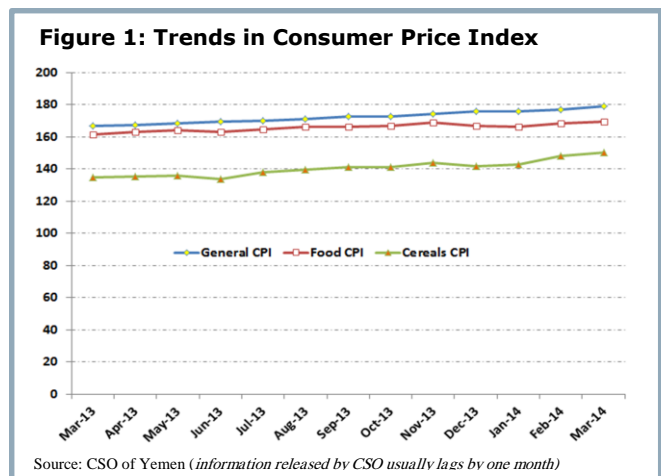
Highlights

- The overall market monitoring information in April 2014 indicates that essential food commodities have generally continued to be available in all markets. Despite the small increase in retail food prices, household purchasing power has reasonably increased between March and April 2014 as well as compared to that in March 2013. Consequently, the food security situation of poor households, who mainly depend on food purchases, is believed to have been improved during the reporting month.
- In March 2014, the general inflation rate of the country was 7.56 percent while the food inflation was 4.83 percent. The general Consumer Price Index (CPI) during the same month was reported at 179.17 while the food CPI was 169.30 and that of cereals stood at 150.12.
- During the reporting period, the average domestic wholesale prices of wheat and wheat flour have slightly decreased by about 1.1 percent and 1.4 percent, respectively. The wholesale prices of wheat and wheat flour have consistently followed a relatively stable trend since August 2013.
- Between March and April 2014, the average retail prices of wheat increased by 1.8 percent and 2.7 percent, respectively. The retail prices of both wheat and wheat flour shown such a rise for the first time since the beginning of 2014.
- In April 2014, the supply of food commodities continued to be normal in most parts of the country, though the flow of commodities was disrupted in some areas due to localized conflicts.
- The average TOT between the daily unskilled labour wage rate and the retail price of wheat flour was 21.25Kg/day in April 2014 – increased by 13.7 percent compared with March 2014, and higher 28 percent than that in April 2013.
- During the month of reporting, the average TOT between a sheep and wheat flour was 275Kg/sheep – rose by 4.5 percent compared with the previous month, and 32 percent higher than that reported in April last year.
- The FAO Food Price Index averaged 209.3 points in April 2014 which has fallen by 1.6 percent from March and 3.5 percent down from April 2013. The FAO Cereal Price Index averaged 206.9 points in April, up only 0.5 percent from March but still 10.3 percent below its value in April 2013.
- International wheat prices have slightly increased by 0.5 percent between March and April 2014, and higher than the prices recorded in April last year – up by 5 percent.

A. Inflation and Consumer Price Index (CPI)¹

The general inflation rate in Yemen was increased from 6.70 in February 2014 to 7.56 in March 2014 – based on a 12 month moving average. The inflation rate for food has also slightly grown from 4.55 percent in February 2014 to 4.83 in March 2014.

In March 2014, the general Consumer Price Index (CPI) was recorded at 179.17 while the Food CPI was 169.30 and that of breads and cereals stood at 150.12 (Figure 1). The general CPI was 176.82 in February 2014 while that of Food CPI during the same month was 168.33. The annual inflation rates for most of the non-staple food items have had mixed trend between February and March 2014. The inflation rates in March 2014 ranged from 3.25 percent for dairy products to 10.38 percent for fruits.



¹ The **CPI** is a measure of the average change in the prices of consumer items over time compared with a base year — goods and services that people buy for day-to-day living. The CSO of Yemen uses the 2005/06 Household Budget Survey as a base year. **Inflation** is the percentage change of the CPI over the period of 12 months – percentage changes in the CPI during current month compared with the same month last year.

Food Supply to Markets

In April 2014, the supply of essential food commodities has continued to be normal in most parts of the country. However, the flow of food commodities was disrupted in some southern and northern parts of the country due to the sustained localized conflicts, which had a negative impact on food availability. During the month of reporting, the volume of imported wheat was enough to cover the consumption requirement of the country and the supply is expected to remain unchanged in the coming months.

E. Terms of Trade (TOT)³

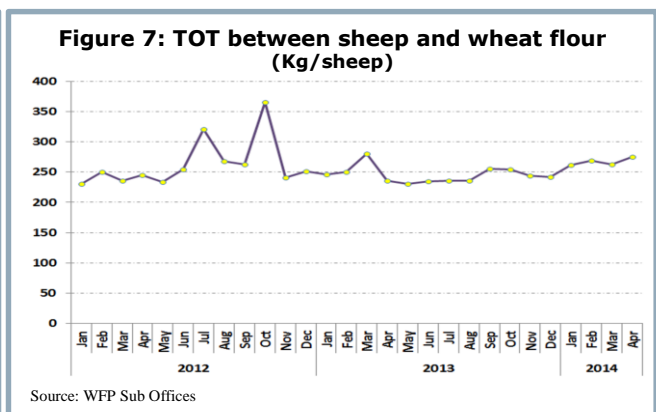
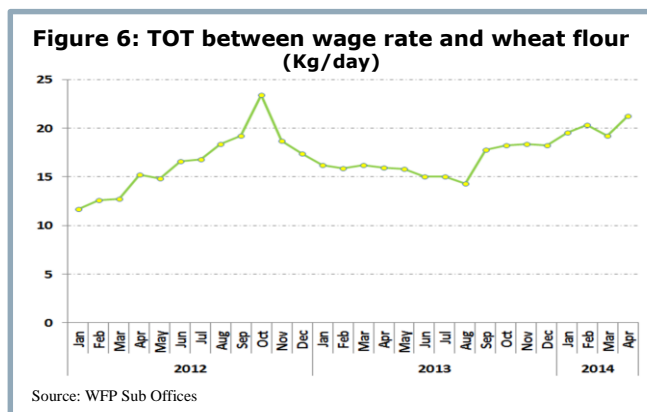
The TOT are proxy indicators of the purchasing power of households which rely on livestock and/or casual labour as their main source of income for the purchase of cereals from the market. TOT are important components of food security analysis. Changes in the terms of trade between wages/livestock and staple food commodities are indicative of the trends in purchasing power and the impact on the food security situation of households which are dependent on food purchases through income from daily wage labour and/or the sale of livestock.

TOT between wage labour and wheat flour

During the month of reporting, the nominal average daily wage rate was 2,833YR, which was jumped up by 13.7 percent from the previous month. The average TOT between the daily unskilled labour wage rate and the retail price of wheat flour stood at 21.25Kg/day. The TOT was improved by 10.7 percent during the reporting month due to significant increase in the daily wage rates. The average national TOT between wage labour and wheat flour were 28 percent higher in April 2014 than during same month last year, i.e. in April 2013 the average daily wage purchased 15.92Kg of wheat flour but 21.25Kg in April 2014 (Figure 6).

TOT between sheep and wheat flour

In April 2014, the average price of a two-year old male sheep was 36,667YR, which is 7.3 percent lower than it was in the previous month. The national average TOT between a sheep and wheat flour was 275Kg/sheep – improved by 4.5 percent from that reported in March 2014. Households who derive some of their income from the sale of sheep were able to purchase an average of 12Kgs more wheat flour in April 2014 than during the month before. The highest TOT during the month were recorded in Sa’ada (335.71Kg/Sheep) while the lowest were observed in Hodieda markets (200Kg/Sheep). The national TOT were 32 percent higher in April 2014 than they were during the same month last year, i.e. one sheep purchased 235.67Kg of wheat flour in April 2013 but had increased to 275Kg in April 2014 (Figure 7).

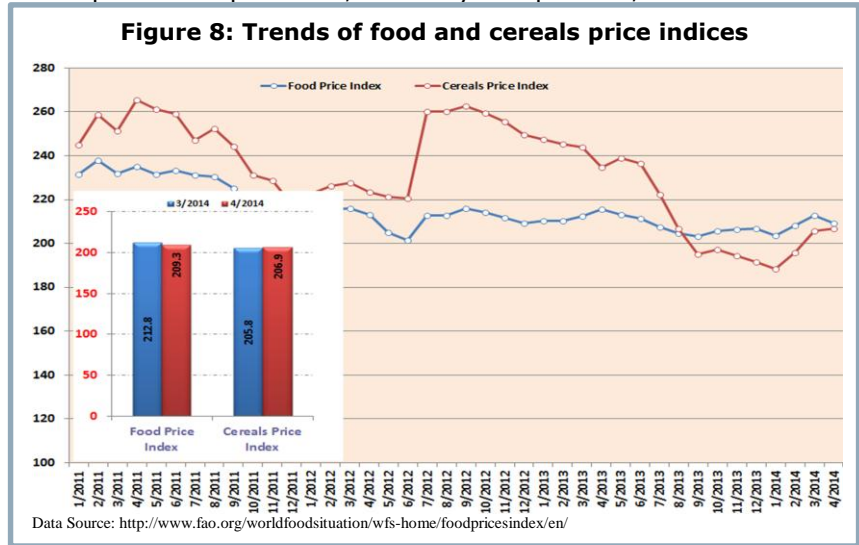


³ The **terms of trade (TOT)** is a measure of the relative value of one commodity to another (or the inverse of their relative prices) and thus a measure of the exchange value of the good or service to be traded. Wage to cereal terms of trade is a standard indicator for **purchasing power**. The livestock to cereal ratio gives an indication of the purchasing power of households selling livestock and purchasing staple foods. **Purchasing power** is a measurement of the relative value of money in terms of the quality and quantity of goods and services it can buy. It represents the ability of a household to acquire goods and services based on its access to money or other forms of wealth.

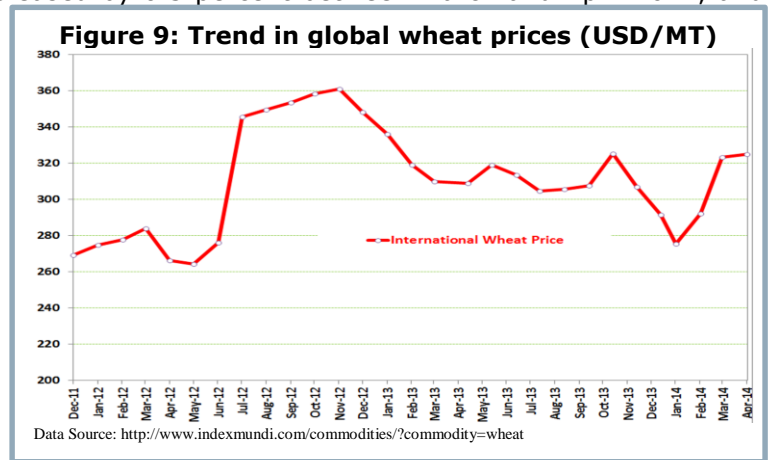
F. Global Food Prices

The FAO Food Price Index averaged 209.3 points in April 2014, down by 1.6 percent, from March and 3.5 percent, below April 2013 (Figure 8). Last month's decline was mostly caused by a sharp drop of dairy prices, although sugar and vegetable oil also fell. By contrast, cereals and meat prices firmed slightly.

The FAO Cereal Price Index averaged 206.9 points in April, up only 0.5 percent from March but still 10.3 percent below its value in April 2013. The monthly increase was less pronounced than those registered in February and March, as weather conditions improved in the United States and tensions in Ukraine had little effect on the country's pace of grain shipments. Rice prices tended to weaken in the various market segments, with the exception of aromatic rice varieties, where they remained stable.



International wheat prices have slightly increased by 0.5 percent between March and April 2014, and are higher than the prices recorded during the same month last year – increased by 5 percent (Figure 9). The rise in the international wheat prices during the month of reporting may result in price increases in domestic markets as these are gradually passed along the supply chain, although it may be 2-3 months before the increase is reflected at the retail level. Historically, the transmission of international prices to the domestic markets in Yemen averages only 20 percent⁴.



The overall market monitoring information in April 2014 indicates that essential food commodities have generally continued to be available in all markets and that wholesale food prices have reduced slightly from March 2014. Despite the small increase in retail food prices, household purchasing power has remarkably increased between March and April 2014 and increased significantly compared with March 2013. Consequently, the food security situation of poor households, who mainly depend on food purchases, is believed to have been improved during the reporting month.



⁴ Source: WFP Yemen Market Study conducted in 2010 and could be accessed at the link: <http://www.wfp.org/content/yemen-market-study-december-2010>.

Table 1. Market Watch on Main Commodities Across Markets - April 2014

Markets	Commodity	Current Price	Price change (%)			Average Change		
			1Y	6M	1M	1Y	6M	1M
Community Prices (Yemeni Rials)								
Sana'a	Wheat /kg	120	-8	-11	0	↔	↓	↔
	Wheat flour/ kg	135	-4	-7	4	↔	↔	↔
	SUGAR/kg	250	25	14	25	↑	↑	↑
	V. OIL/ kg	380	-21	-21	-5	↓	↓	↔
	RICE/kg	190	-14	-14	-5	↓	↓	↔
	Red beans/kg	450	29	29	13	↑	↑	↑
	White beans/kg	320	28	7	-9	↔	↔	↔
	Lentils/kg	380	27	19	1	↑	↑	↔
	Yellow Split peas/kg	300	20	0	0	↔	↔	↔
	Salt/kg	50	-17	0	0	↓	↔	↔
	Potato/kg	200	-20	-20	0	↓	↓	↔
	Tomato/kg	200	-20	-60	0	↓	↓	↔
	Onion/kg	200	0	0	18	↔	↔	↑
	Eggs/1egg	35	0	0	0	↔	↔	↔
	PETROL/ltr	125	0	0	0	↔	↔	↔
	DIESEL/ltr	100	0	0	0	↔	↔	↔
	Gas/bottle	1500	0	0	0	↔	↔	↔
Sheep/head	38000	27	9	12	↑	↔	↑	
Skilled lab wage/day	5000	11	25	11	↑	↑	↑	
Casual lab wage/day	3000	50	0	11	↑	↔	↑	
Exchange rate/USD	215	0	0	0	↔	↔	↔	
Aden	Wheat /kg	120	0	-8	0	↔	↔	↔
	Wheat flour/ kg	130	0	0	0	↔	↔	↔
	SUGAR/kg	200	0	0	11	↔	↔	↑
	V. OIL/ kg	350	-13	-13	0	↓	↓	↔
	RICE/kg	180	-10	-10	0	↔	↔	↔
	Red beans/kg	400	5	0	5	↔	↔	↔
	White beans/kg	400	60	60	23	↑	↑	↑
	Lentils/kg	350	-13	-13	-13	↓	↓	↓
	Yellow Split peas/kg	250	0	0	-17	↔	↔	↓
	Salt/kg	50	-17	0	11	↓	↔	↑
	Potato/kg	150	-25	-25	0	↓	↓	↔
	Tomato/kg	200	-20	-50	100	↓	↓	↑
	Onion/kg	150	0	-25	20	↔	↔	↑
	Eggs/1egg	25	-29	-29	-9	↓	↓	↔
	PETROL/ltr	125	0	0	0	↔	↔	↔
	DIESEL/ltr	100	0	0	0	↔	↔	↔
	Gas/bottle	1500	7	7	7	↔	↔	↔
Sheep/head	40000	48	0	3	↑	↔	↔	
Skilled lab wage/day	2000	-50	-50	0	↓	↓	↔	
Casual lab wage/day	4000	100	100	78	↑	↑	↑	
Exchange rate/USD	215	0	0	0	↔	↔	↔	
Hajja	Wheat /kg	125	25	4	4	↑	↔	↔
	Wheat flour/ kg	130	0	-7	0	↔	↔	↔
	SUGAR/kg	200	-20	-20	0	↓	↓	↔
	V. OIL/ kg	350	-17	-27	-13	↓	↓	↓
	RICE/kg	200	18	-20	0	↑	↓	↔
	Red beans/kg	400	33	14	60	↑	↑	↑
	White beans/kg	350	0	17	0	↔	↑	↔
	Lentils/kg	400	5	33	0	↔	↑	↔
	Yellow Split peas/kg	300	-14	0	0	↓	↔	↔
	Salt/kg	50	0	0	-50	↔	↔	↓
	Potato/kg	200	-20	0	0	↓	↔	↔
	Tomato/kg	200	-20	-50	0	↓	↓	↔
	Onion/kg	200	33	0	33	↑	↔	↑
	Eggs/1egg	30	-25	-14	0	↓	↓	↔
	PETROL/ltr	250	43	100	100	↑	↑	↑
	DIESEL/ltr	300	200	200	200	↑	↑	↑
	Gas/bottle	1800	50	20	13	↑	↑	↑
Sheep/head	35000	40	0	17	↔	↔	↑	
Skilled lab wage/day	4000	0	-20	-20	↔	↓	↓	
Casual lab wage/day	2000	0	-20	-20	↔	↓	↓	
Exchange rate/USD	215	0	0	0	↔	↔	↔	
Hodieda	Wheat /kg	120	20	9	4	↑	↔	↔
	Wheat flour/ kg	135	13	-7	4	↑	↔	↔
	SUGAR/kg	200	11	-20	11	↑	↓	↑
	V. OIL/ kg	400	14	-11	0	↑	↓	↔
	RICE/kg	400	122	100	33	↑	↑	↑
	Red beans/kg	400	0	25	0	↔	↑	↔
	White beans/kg	350	52	25	17	↑	↑	↑
	Lentils/kg	350	0	17	0	↔	↑	↔
	Yellow Split peas/kg	300	0	0	9	↔	↔	↔
	Salt/kg	40	-20	-20	0	↓	↓	↔
	Potato/kg	150	-40	-25	50	↓	↓	↑
	Tomato/kg	150	-50	-50	50	↓	↓	↑
	Onion/kg	150	-25	50	0	↓	↑	↔
	Eggs/1egg	35	0	17	17	↔	↑	↑
	PETROL/ltr	125	0	0	0	↔	↔	↔
	DIESEL/ltr	100	0	0	0	↔	↔	↔
	Gas/bottle	1500	0	7	0	↔	↔	↔
Sheep/head	27000	8	-18	0	↔	↓	↔	
Skilled lab wage/day	4000	60	-20	0	↑	↓	↔	
Casual lab wage/day	2500	25	0	0	↑	↔	↔	
Exchange rate/USD	215	0	0	0	↔	↔	↔	
Rem ark:	↑	Prices increase above normal price fluctuation						
	↔	Normal Price Fluctuation						
	↓	Price decrease below normal price fluctuation						

Important Remark: The market price data contained in the report should be interpreted with caution as they do not capture the impacts of long term trends in food prices. This approach does not measure or indicate the severity of the likely impact that changes may have on different households due to different income and food basket variations by wealth, by livelihood groups and households' capacities to cope with changes.