

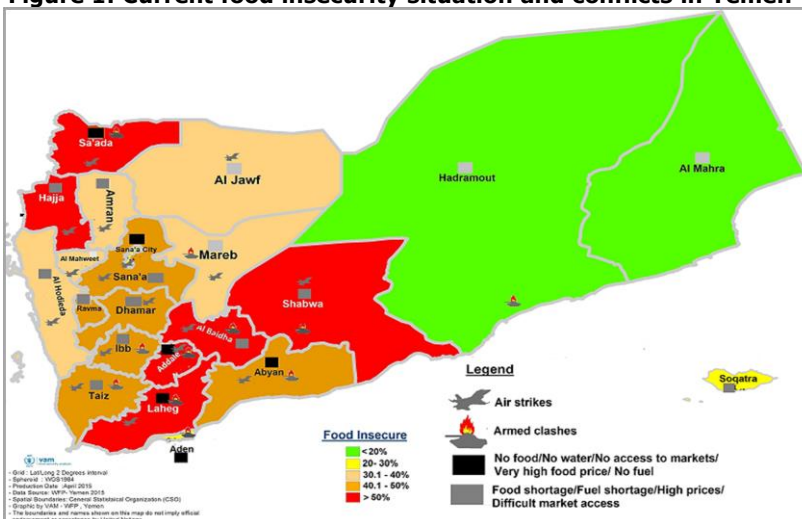
Highlights

- The overall market information for March/April 2015 revealed that availability and supply of essential food and non-food commodities including fuel have been seriously disrupted by the ongoing war in Yemen. Retail prices of wheat have increased by more than 40 percent across most of the markets. As a result, the total food insecure population in the country is now estimated to be around 12 million and feared to grow further as the war continues.
- The current intensified airstrikes and conflicts have been ongoing for the past four weeks since 26 March 2015 and have damaged basic infrastructure including markets, roads, and bridges, including those connecting Sa'ada with Hajja, which resulted in lack of availability and physical/economic access to food and fuel as well as other essential commodities in almost all the 19 out of 22 governorates in Yemen.
- The average domestic wholesale prices of wheat grain and wheat flour increased by 32 percent and 40.2 percent, respectively, between March and April 2015 following the war in Yemen.
- In April 2015, the average retail prices of both wheat grain and wheat flour rose by 42 percent and 44 percent, respectively, compared with February 2015 reflecting the increased wholesale prices.
- The government of Yemen reported as having food stock in the country enough for six months which is not fully supplied to the market due to the continued war which restricted movements. The commercial imports have been severely disrupted by the ongoing conflict, while Yemen used to import an average 350,000 MT food every month on commercial basis.
- Availability and supply of food commodities have been extremely hampered by the ongoing war and most of the markets in the affected 19 governorates are totally incapable of providing the necessary supplies.
- The average Terms of Trade (TOT) between the daily unskilled labour wage rate and wheat flour were 11.43Kg/day in April 2015 – down by 33 and 44 percent from March and February 2015.
- The average TOT between a sheep and wheat flour were 174.22Kg/sheep in April 2015 – dropped by 24.4 percent from the previous month, and 36.3 percent lower than in February 2015.
- The FAO Food Price Index averaged 173.8 points in March 2015, a drop of 1.5 percent from February and 18.7 percent down from March 2014. The Cereal Price Index averaged 169.8 points in March, down by 1.1 percent from February 2015 and lower by 18.7 percent than in March last year.
- International wheat prices further dropped by 2 percent between February and March 2015, and much lower than that recorded in March last year – down by 28.3 percent.

A. Current conflicts and crisis in Yemen

The ongoing intensive airstrikes and widespread conflicts coupled with severely limited access to Yemen's sea and air ports has left the entire population in a dire/grave situation. Nearly half of the population (around 12 million people) are currently estimated to be food insecure, of which 6 million are under severe situation. Restricted movements, fuel and food shortages, and insecurity have made humanitarian assistance almost impossible to reach those most in need. The airstrikes and conflicts have damaged essential infrastructure including markets, roads, bridges, hospitals, schools, residential houses, power stations, and water

Figure 1: Current food insecurity situation and conflicts in Yemen

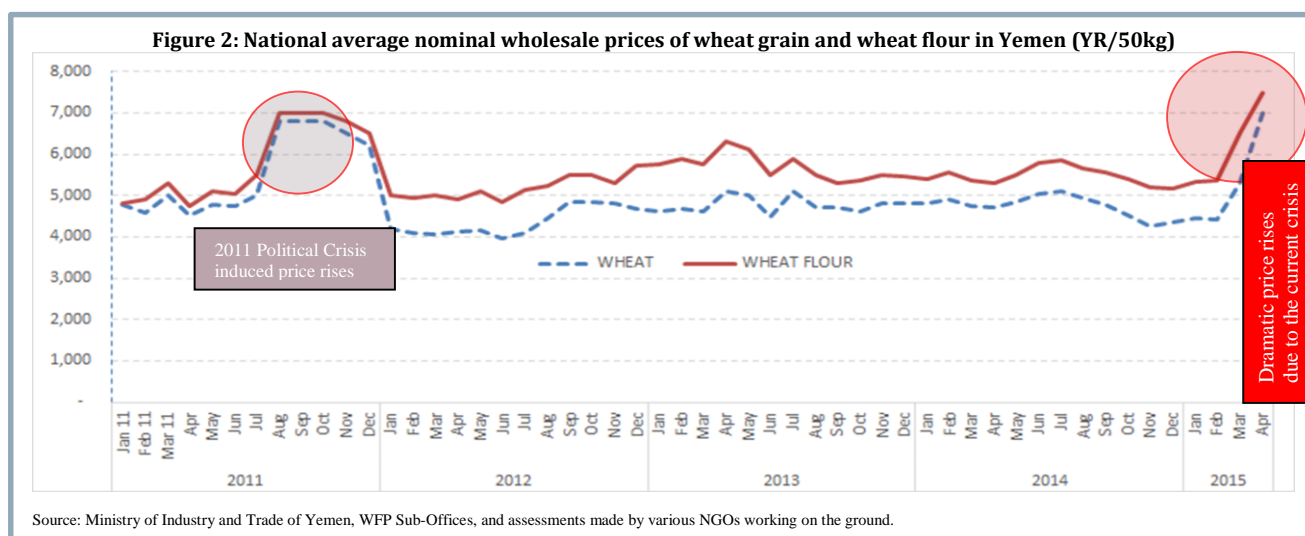


Source: WFP CFSS 2014 and adjusted to current estimates, WFP Security Daily Reports, OCHA Daily Flash Updates, and Various news and assessment reports, as of 15 April 2015.

lines. Markets are not functioning in more than half of the governorates located in the western half of the country where prices of essential food and non-food commodities have escalated by over 40 percent compared to the pre-crisis levels. The airstrikes and conflicts have affected 19 out of the 22 governorates of Yemen. Aden port used to be the life-line of the entire country where the majority of Yemen's food and fuel imports coming through is now shut down which created a major escalation of humanitarian crisis for the country dependent on imports for over 90 percent of its food needs.

B. Wholesale prices of essential commodities

In April 2015, the average nominal¹ wholesale price of 50Kg wheat grain was 7,000YR while that of wheat flour was 7,500YR which have increased by 32.1percent and 15.4 percent, respectively, from March, and rose by 58.7 percent and 40.2 percent from February 2015. The current prices of wheat and wheat flour is even higher than the peak recorded in the 2011 crisis (Figure 2). The ongoing airstrikes and widespread conflicts are responsible for such a dramatic rise in the wholesale prices.



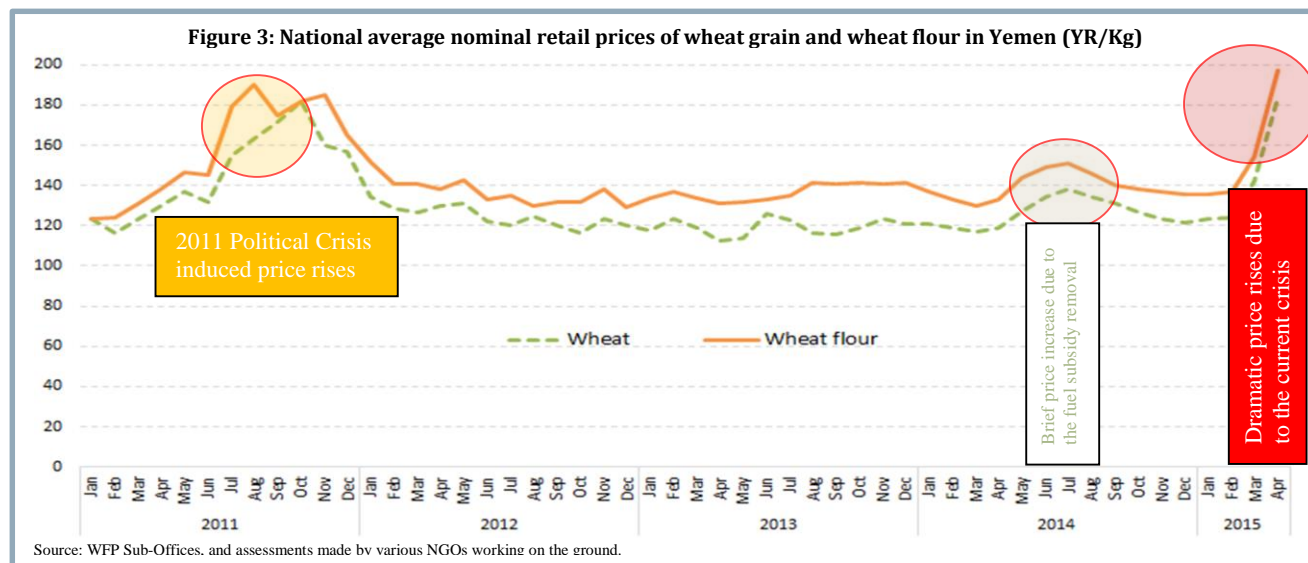
The wholesale prices of other food and non-food commodities also showed remarkable increases ranging from 6.6 percent for lentils to over three fold for diesel and as much as four fold for petrol. All the prices have started to rise following the onset of the expansion of conflicts to the southern governorates of the country which occurred around the 19th of March and further worsened after the Saudi-led coalition forces started the air strikes on 26 March 2015.

C. Retail Prices of Wheat and Wheat Flour

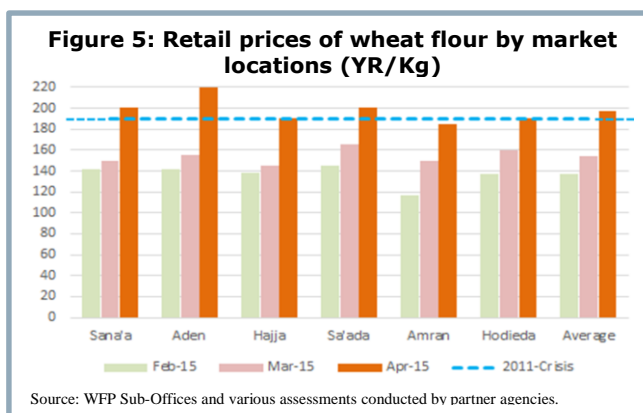
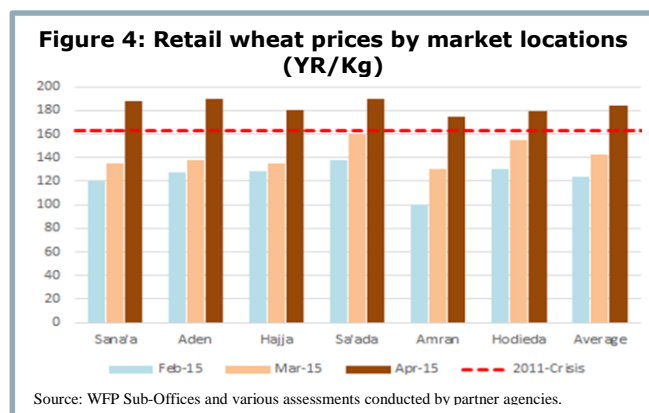
As of April 2015, the average nominal retail prices of wheat and wheat flour were 176YR/Kg and 198YR/Kg, respectively – rose by 23.7 percent and 28.1 percent from March; and 41.8 percent and 44.4 percent from February 2015. When compared to the highest peak prices during the 2011 crisis, the current prices wheat and wheat flour increased by an average of 8.5 percent (Figure 3). Between March and April 2015, retail prices of other food and non-food commodities have also increased sharply ranging from 11 percent for vegetable oil and 20 percent for vegetables to over three fold for fuel. These dramatic rise in the retail prices of essential commodities are reflecting the increase in the wholesale prices which was resulted from the ongoing war in the country.

During the 2011 crisis, such market abnormalities and irregularities had led to exceptionally unacceptably high level of food insecurity, resulting in an increase of the proportion of food insecure population from 32 percent in 2009 to 45 percent in 2011. The current crisis is feared to be even worse than that as around half of the population are now estimated to be already food insecure amid the ongoing fighting and widespread conflicts in most parts of the country.

¹ **Nominal prices** denote the current monetary value of a good or service i.e. as seen or actually observed by the monitor in the field, in a shop or at a market stall. **Real prices** are prices adjusted for inflation using a consumer price index of the corresponding year. The process of adjusting for inflation is called deflating by a price index in order to determine the real value of some monetary magnitude in reference to a "base period".



Looking at the pattern of retail prices of wheat across the main markets, all markets witnessed sharp increases, and the highest price of wheat grain with 190YR/Kg was reported from the worst war affected cities of Aden and Sa'ada followed by Sana'a while the lowest price was recorded in Amran markets (175YR/Kg). Wheat flour was reportedly not available in many markets and Aden experienced the worst where wheat flour was almost non-existent and the price was the highest (220YR/Kg) followed by Sana'a and Sa'ada (200YR/Kg) while Amran market saw the lowest price (185YR/Kg). As shown in figures 4 and 5 below, the current retail prices of wheat and wheat flour are well above the highest peak levels recorded during the 2011 crisis – *Table 1 has more details.*



D. Food availability and supply to markets

During the month of reporting, as a result of the prolonged conflicts and continued airstrikes, the supply of food and fuel and other essential commodities was seriously disrupted and availability of basic required items are no longer available in almost all markets across the entire governorates affected by the war. According to the information collected through the OCHA-led multi-sectoral initial rapid assessments (MIRA) conducted in various conflict-affected areas of the country revealed/confirmed that markets are not functioning and food commodities are not available in most of the areas. Although the government of Yemen had announced earlier during the month about the availability of adequate food stock in the country that would be enough to cover the country's food requirement for six months, food and non-food items are nearly disappeared from most of the markets and shops in all affected areas of the country, while movements of commodities is totally restricted due to shortage of fuel and the ongoing airstrikes as well as insecurity. Yemen imports an estimated 350,000 MT of food every month.

E. Terms of Trade (TOT)²

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 TOT 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

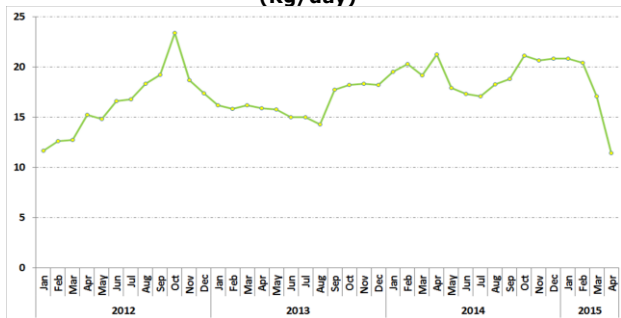
In March and April 2015, the nominal average daily wage rates were 2,633YR and 2,258 YR respectively, demonstrating a sharp decline from February by 5.7 percent and 19.1 percent. During April 2015, the average TOT between the daily unskilled labour wage rate and the retail price of wheat flour stood at 11.43Kg/day, which was a drop by 33 percent compared with March and down by 44 percent from February 2015 (Figure 6).

These alarming level of reduction in the TOT was due to the soaring prices of wheat flour coupled with severe decline of the daily wage rates as a result of the poor functioning of markets. This clearly shows how serious the food security situation of the population who are dependent on daily labour, since their purchasing power has significantly weakened due to the continued crisis. The highest TOT was recorded in Sa'ada (12.50Kg/day) as a result of higher wage rates and the lowest was reported from Hajja and Hodieda markets (10.45Kg/day) – see Table 1 for more details.

TOT between sheep and wheat flour

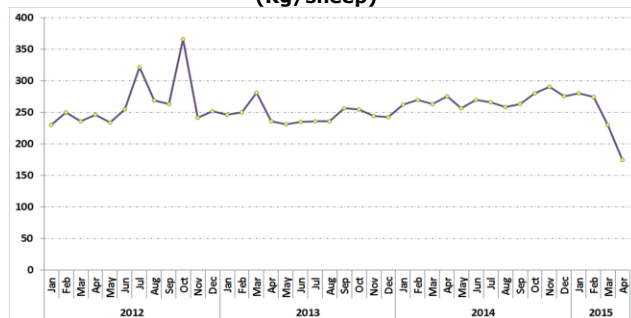
During the months of March and April, the average nominal prices of a two-year old male sheep were 35,517YR and 34,408YR respectively, which were 5 percent and 8 percent lower than the prices recorded in February 2015. The national average TOT between a sheep and wheat flour stood at 174.22Kg/sheep in April 2015 which was deteriorated by 24.4 percent from March and 36.3 percent from February 2015 (Figure 7). These deteriorations were occurred as a result of continued escalation in the prices of wheat flour and falling prices of sheep due to the abnormalities of market functioning caused by the ongoing conflicts. The highest TOT during the month of reporting was recorded in Sa'ada (202.5Kg/Sheep) while the lowest TOT was in Aden market (160.45Kg/Sheep) – see Table 1 for more details.

Figure 6: TOT between wage rate and wheat flour (Kg/day)



Source: WFP Sub Offices

Figure 7: TOT between sheep and wheat flour (Kg/sheep)



Source: WFP Sub Offices

The official exchange rate has constantly been 215 Yemen Riyals (YR) per one US Dollar during the past few years. Currently, as a result of the serious shortage of foreign currencies in the country, the YR has depreciated up to 250 YR per US Dollar in various market towns, adding more pressure on the worsening living condition of Yemenis.

² 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 173.8 points in March 2015, down by 1.5 percent from its revised February value and nearly 40 points (18.7 percent) below its level in March 2014 (Figure 8). Sugar prices dipped particularly strongly in March, with more modest declines recorded by vegetable oils, cereals and meat. Overall, except for a pause in October 2014, the Index has been falling steadily since April 2014, on account of large global supplies for most commodities included in the Index.

The FAO Cereal Price Index averaged 169.8 points in March, down by another 1.1 percent from February and as much as 18.7 percent below the corresponding month last year (Figure 8). After a short-lived increase towards the end of 2014, the Index has been falling since the start of 2015, as large export supplies weighed on international prices. In March, maize prices were down by nearly 2 percent from February, pressured by strong export competition and a generally favourable outlook for 2015 production.

International wheat prices continued to decline during March 2015 – they dropped by 2.3 percent from February and by 28.3 percent from March 2014 (Figure 9). The international wheat prices during the reporting period is the lowest since August 2010. As local market dynamics are more influenced by the monopolistic nature of markets in Yemen than global price changes, the continued fall in the international prices had no major impact on domestic markets. Historically, the rate of transmission of international prices to the domestic markets in the country is only 20 percent³. The persistent blockade of the country is leading into humanitarian catastrophe.

Conclusion

The overall market information for March/April 2015 revealed that availability and supply of essential food and non-food commodities including fuel have been severely disrupted by the ongoing war in Yemen. Both wholesale and retail prices of food and other commodities have sharply risen since the start of the widespread conflicts and the air strikes. Retail prices of wheat have increased by more than 40 percent across most of the markets in war-affected 19 out of 22 governorates. As a result, the total food insecure population in the country is now estimated to be around 12 million and feared to grow further as the war does not seem to stop any time soon. As the country has been under total siege for the past four weeks, the entire population becomes increasingly vulnerable and humanitarian catastrophe is imminent if warring parties fail to end the crisis urgently and humanitarian aid does not reach to the most affected population who are in grave situation.

Figure 8: Trends of food and cereals price indices

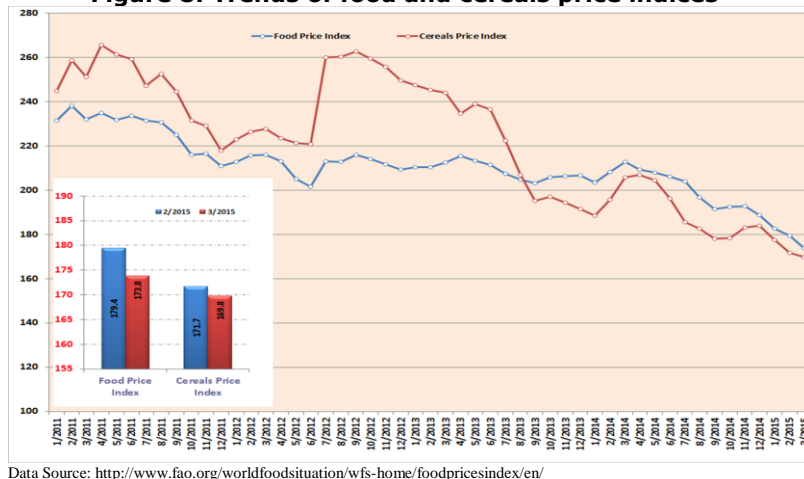
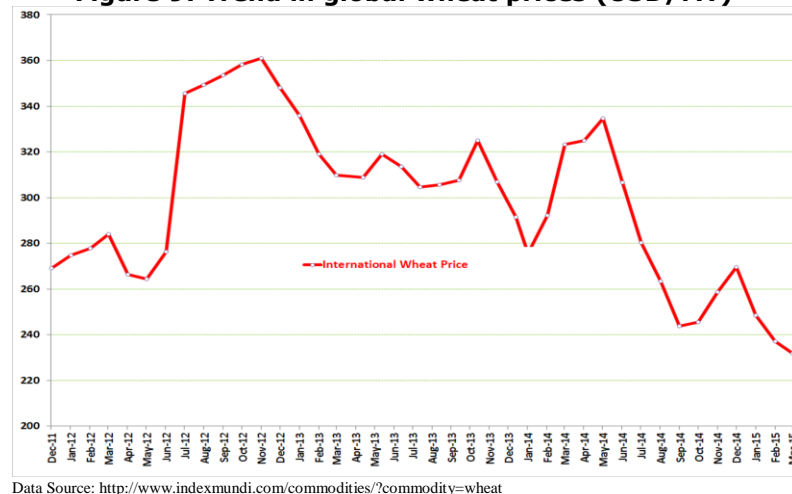


Figure 9: Trend in global wheat prices (USD/MT)



³ 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. Retail price watch on main commodities across major markets in Yemen - April 2015

Table 1: Retail price watch on main commodities across major markets in Yemen - April 2019								
Markets	Commodity	Current Price	Price change (%)			Average Change		
			1Y	6M	1M	1Y	6M	1M
Retail prices of commodities (Yemeni Rials)								
Sana'a	Wheat /kg	188	57	50	57	↑	↑	↑
	Wheat flour/ kg	200	48	48	42	↑	↑	↑
	SUGAR/kg	230	-8	15	26	↔	↑	↑
	V. OIL/ kg	385	1	10	13	↔	↔	↑
	RICE/kg	245	29	36	18	↑	↑	↑
	Red beans/kg	360	-20	-10	13	↓	↔	↑
	White beans/kg	340	6	13	17	↔	↑	↑
	Lentils/kg	387	2	11	10	↔	↑	↔
	Yellow Split peas/kg	333	11	19	18	↑	↑	↑
	Salt/kg	65	30	30	30	↑	↑	↑
	Potato/kg	228	14	-9	11	↑	↔	↑
	Tomato/kg	270	35	-40	14	↑	↓	↑
	Onion/kg	272	36	9	15	↑	↔	↑
	Eggs/1egg	45	29	29	57	↑	↑	↑
	PETROL/ltr	500	300	233	233	↑	↑	↑
	DIESEL/ltr	450	350	200	200	↑	↑	↑
	Gas/bottle	3000	100	100	43	↑	↑	↑
Sheep/head	33200	-13	-15	-9	↓	↓	↔	
Skilled lab wage/day	3800	-24	-5	-11	↓	↔	↓	
Casual lab wage/day	2200	-27	-27	-23	↓	↓	↓	
Exchange rate/USD	250	16	16	16	↑	↑	↑	
Aden	Wheat /kg	190	58	65	49	↑	↑	↑
	Wheat flour/ kg	220	69	69	56	↑	↑	↑
	SUGAR/kg	245	23	23	27	↑	↑	↑
	V. OIL/ kg	390	11	11	12	↑	↑	↑
	RICE/kg	255	42	28	26	↑	↑	↑
	Red beans/kg	375	-6	-6	18	↔	↔	↑
	White beans/kg	380	-5	6	11	↔	↔	↑
	Lentils/kg	420	20	31	9	↑	↑	↔
	Yellow Split peas/kg	350	40	40	16	↑	↑	↑
	Salt/kg	65	30	63	30	↑	↑	↑
	Potato/kg	235	57	-6	29	↑	↔	↑
	Tomato/kg	260	30	-35	30	↑	↓	↑
	Onion/kg	260	73	30	39	↑	↑	↑
	Eggs/1egg	48	92	37	92	↑	↑	↑
	PETROL/ltr	580	364	287	287	↑	↑	↑
	DIESEL/ltr	500	400	233	233	↑	↑	↑
	Gas/bottle	2800	87	87	90	↑	↑	↑
Sheep/head	35300	-12	-12	-11	↓	↓	↓	
Skilled lab wage/day	4100	105	3	-16	↑	↔	↓	
Casual lab wage/day	2300	-43	-23	-23	↓	↓	↓	
Exchange rate/USD	245	14	14	14	↑	↑	↑	
Hajja	Wheat /kg	180	44	50	40	↑	↑	↑
	Wheat flour/ kg	190	46	41	37	↑	↑	↑
	SUGAR/kg	240	20	20	22	↑	↑	↑
	V. OIL/ kg	410	17	3	6	↑	↔	↔
	RICE/kg	280	40	40	13	↑	↑	↑
	Red beans/kg	355	-11	1	16	↓	↔	↑
	White beans/kg	370	6	6	12	↔	↔	↑
	Lentils/kg	415	4	-8	3	↔	↔	↔
	Yellow Split peas/kg	342	14	37	9	↑	↑	↔
	Salt/kg	65	30	30	0	↑	↑	↑
	Potato/kg	230	15	-23	10	↑	↓	↔
	Tomato/kg	220	10	-45	22	↔	↓	↑
	Onion/kg	255	28	2	11	↑	↔	↑
	Eggs/1egg	40	33	0	39	↑	↔	↑
	PETROL/ltr	450	80	200	200	↑	↑	↑
	DIESEL/ltr	400	33	167	167	↑	↑	↑
	Gas/bottle	2500	39	25	8	↑	↑	↔
Sheep/head	37300	7	-7	-2	↔	↔	↔	
Skilled lab wage/day	4800	20	-4	-13	↑	↔	↓	
Casual lab wage/day	2350	18	-6	-10	↑	↔	↓	
Exchange rate/USD	240	12	12	12	↑	↑	↑	
Sa'ada	Wheat /kg	190	58	46	38	↑	↑	↑
	Wheat flour/ kg	200	43	43	38	↑	↑	↑
	SUGAR/kg	340	13	26	2	↑	↑	↔
	V. OIL/ kg	365	22	4	24	↑	↔	↑
	RICE/kg	380	27	27	6	↑	↑	↔
	Red beans/kg	385	10	-14	6	↔	↓	↔
	White beans/kg	390	11	-3	13	↑	↔	↑
	Lentils/kg	375	25	-6	20	↑	↔	↑
	Yellow Split peas/kg	330	10	18	16	↔	↑	↑
	Salt/kg	60	20	20	20	↑	↑	↑
	Potato/kg	270	-10	-10	6	↔	↔	↔
	Tomato/kg	275	10	-8	10	↔	↔	↔
	Onion/kg	283	-29	-6	16	↓	↔	↑
	Eggs/1egg	50	43	25	48	↑	↑	↑
	PETROL/ltr	600	344	300	300	↑	↑	↑
	DIESEL/ltr	520	316	247	247	↑	↑	↑
	Gas/bottle	3500	133	133	51	↑	↑	↑
Sheep/head	40500	-14	-19	-12	↓	↓	↓	
Skilled lab wage/day	4200	-7	-16	-16	↔	↓	↓	
Casual lab wage/day	2500	-17	-29	-26	↓	↓	↓	
Exchange rate/USD	245	14	14	14	↑	↑	↑	
Amran	Wheat /kg	175	59	46	75	↑	↑	↑
	Wheat flour/ kg	185	42	39	58	↑	↑	↑
	SUGAR/kg	220	10	-12	16	↔	↓	↑
	V. OIL/ kg	355	8	7	7	↔	↔	↔
	RICE/kg	240	50	33	35	↑	↑	↑
	Red beans/kg	300	50	-21	28	↑	↓	↑
	White beans/kg	310	24	3	15	↑	↔	↑
	Lentils/kg	350	40	17	32	↑	↑	↑
	Yellow Split peas/kg	315	26	26	26	↑	↑	↑
	Salt/kg	60	20	20	14	↑	↑	↑
	Potato/kg	225	50	-10	13	↑	↔	↑
	Tomato/kg	250	67	-29	19	↑	↓	↑
	Onion/kg	245	63	-2	13	↑	↔	↑
	Eggs/1egg	45	36	36	80	↑	↑	↑
	PETROL/ltr	520	316	247	160	↑	↑	↑
	DIESEL/ltr	460	318	207	207	↑	↑	↑
	Gas/bottle	2700	80	80	48	↑	↑	↑
Sheep/head	30100	-9	-9	-10	↔	↔	↔	
Skilled lab wage/day	3250	-19	-19	-16	↓	↓	↓	
Casual lab wage/day	2000	-20	-20	-16	↓	↓	↓	
Exchange rate/USD	245	14	14	14	↑	↑	↑	
Hodieda	Wheat /kg	179	49	38	38	↑	↑	↑
	Wheat flour/ kg	190	41	27	38	↑	↑	↑
	SUGAR/kg	225	13	13	18	↑	↑	↑
	V. OIL/ kg	375	-6	4	9	↔	↔	↔
	RICE/kg	305	-24	53	6	↓	↑	↔
	Red beans/kg	370	-8	-18	9	↔	↓	↔
	White beans/kg	350	0	-13	16	↔	↓	↑
	Lentils/kg	365	4	-9	22	↔	↔	↑
	Yellow Split peas/kg	320	0	23	14	↔	↑	↑
	Salt/kg	60	50	20	20	↑	↑	↑
	Potato/kg	235	57	-6	18	↑	↔	↑
	Tomato/kg	240	60	-37	26	↑	↓	↑
	Onion/kg	230	53	-8	24	↑	↔	↑
	Eggs/1egg	40	14	33	23	↑	↑	↑
	PETROL/ltr	530	324	253	253	↑	↑	↑
	DIESEL/ltr	475	375	217	217	↑	↑	↑
	Gas/bottle	2500	67	67	67	↑	↑	↑
Sheep/head	30050	11	-19	-2	↑	↓	↔	
Skilled lab wage/day	4500	13	13	-10	↑	↑	↔	
Casual lab wage/day	2200	-12	-12	-12	↓	↓	↓	
Exchange rate/USD	240	12	12	12	↑	↑	↑	
Remark:	↑	Prices increase above normal price fluctuation						
	↔	Normal Price Fluctuation						
	↓	Price decrease below normal price fluctuation						

Note: The current price in the table covers the period between the last week of March and the second week of April 2015. Comparison with the previous month (1M) means during comparing the current prices with the pre-crisis levels.

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.