

WFP SOUTH SUDAN MARKET PRICE MONITORING BULLETIN



May 2015

HIGHLIGHTS

- The country level year on year consumer price index (CPI) reflecting the cost of living increased by 38.4% between May 2014 and May 2015. This trend was underpinned by increasing CPI for food and non-alcoholic beverages increased (+41.1%) and for health services (+77.4%).
- High inflation rate continues to be observed in South Sudan (+39.5 %) in the same period. The protracted scarcity of hard currency is one of the main causal factors of the current devaluation of the South Sudanese Pound (SSP) contributing to price inflation. In May 2015, one dollar was worth 10.2 SSP as compared to April where it was exchanged at 8.8 SSP.
- The average price of white sorghum (staple food) showed mixed trends in May with a high variability observed across all markets. Prices remain however significantly above the five-year average level. Bor (Jonglei) witnessed a sharp increase in prices from the April 2015 (+54%) followed by Aweil (Northern Bahr el Ghazal). A slight decrease in prices were observed in Wau and Juba with 16 % and 12 % respectively.
- High fuel prices and dollar scarcity remain the main challenges with regards to importation of goods. However, fuel prices in Juba remained stable since April due to the control of oil prices set by the Government. Bor registered the highest peak of prices of diesel at SSP20/litre, with an increase of 173% since April 2015.
- Prices for staple food is expected to further increase seasonably, and in particular during the lean season (May to July). As a result, in the mid-term the purchasing power is likely to decrease with a negative impact on food security for the vast majority of poor households that rely on markets for their daily needs. Food availability, access and average income of population in the GUN region are likely to remain below average due to protracted conflict, displacement, low internal food availability and decreasing purchasing power.

1. Consumer Price Index (CPI) and Exchange Rates

The scarcity of US dollars has continued to negatively impact the prices of the fuel and imported staple foods. The limited availability of hard currency in the country remains volatile, despite high demand, due to the continued adverse effects of conflict; reduction in oil production; and declining global oil prices. The informal exchange rate in May has reached to 10.2 South Sudanese Pounds for 1 dollar during the reporting period compared to 8.8 SSP in April. High inflation is affecting household's purchasing power food security.

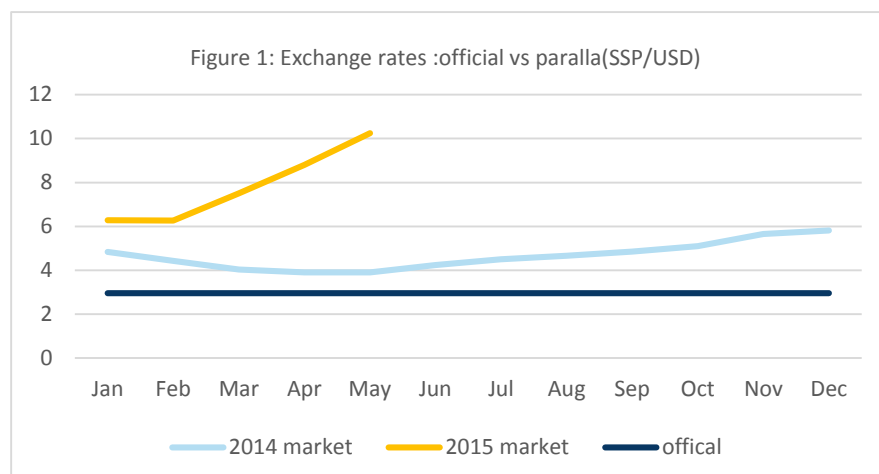
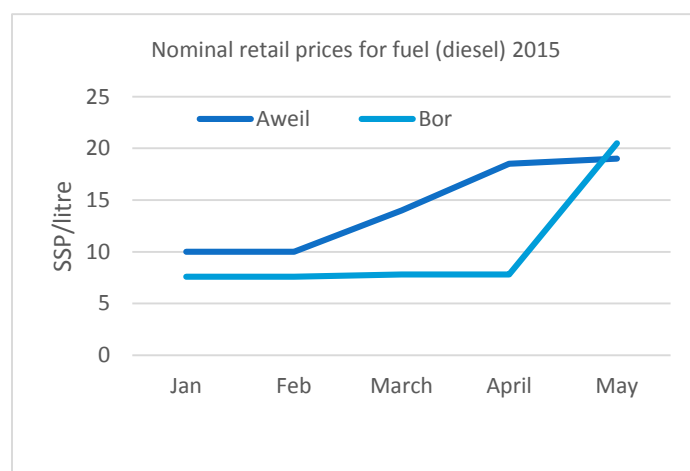


Figure 1 shows a sharp deterioration in the value of the SSP against the US Dollar reflecting the scarcity of the hard currency and reduced oil production. Compared to the same period in 2014, in May 2015 the national inflation rate for South Sudan has increased to 39.5% for food commodities and 41% for non-alcoholic beverages.

The increase is mainly driven by high prices in food and non-alcoholic beverages.

The annual growth in the CPI for south Sudan increased by 38.4% in May 2015, as opposed to May 2014 when CPI was steadily on the same value of the same period in 2013 (-3%). Food and non-alcoholic beverage increased by 41.1% from May 2014 to May 2015, while price for health services increased by 77.4%. Meanwhile the South Sudan monthly CPI increased by 11.8% from April 2015 to May 2015, by 10.1% in Juba and by 19.2% in Wau.

2: Fuel price



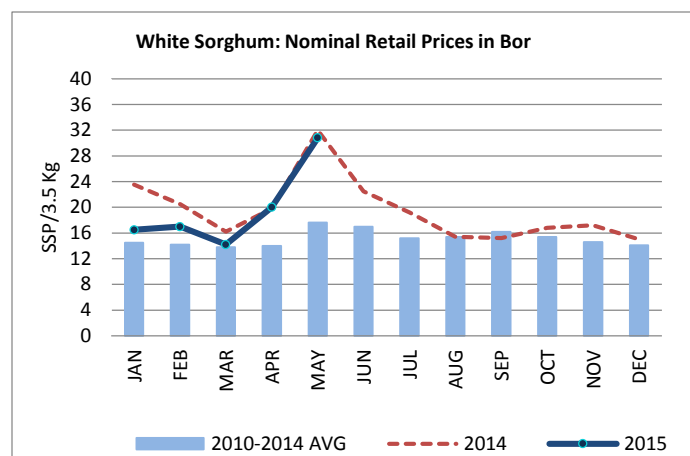
The price of Benzene (petrol) showed mixed changes in the monitored markets. Compared to April 2015, petrol price increased in Malakal (25%), Wau (15%) and Torit (11%), whereas it decreased in Aweil (3%) and remained stable at 6SSP/litre in Juba market.

Prices of Diesel shows similar mixed patterns. The highest increase was observed in Bor (+173%) and in Malakal (+43%), whereas the unit price remained stable at 6SSP/litre in

Juba. In Wau, the month to month price of a litre decreased by 11% since April, despite limited availability of fuel observed.

3: Rising prices of staple food commodities

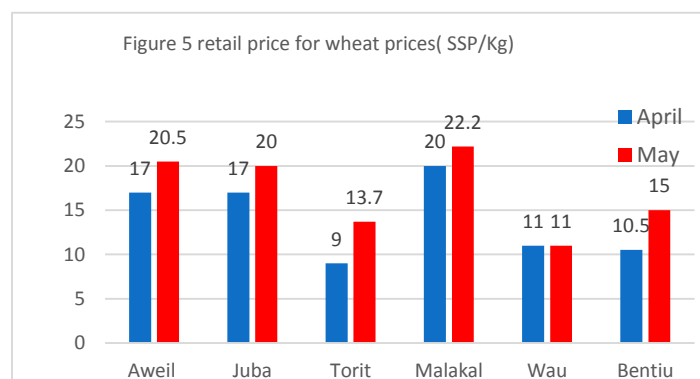
In May 2015, prices of the main staple sorghum continued to be significantly above the long term average (2010-2014). Price trends for retail white sorghum registered high prices across all markets monitored in south Sudan, mainly due to the combined effect of high demand from domestic consumption associated



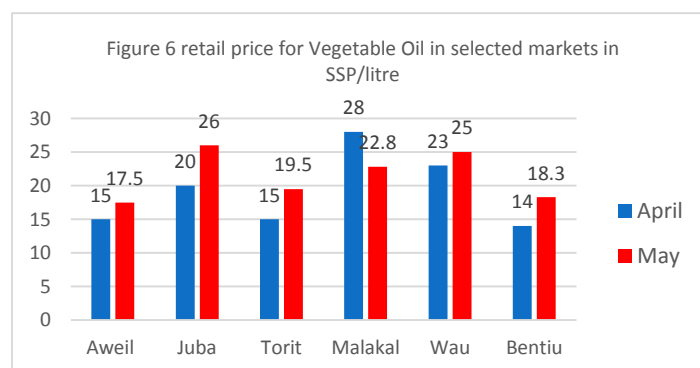
with the disruption of roads connecting markets during rainy season. Furthermore, persistent high inflation rate continued to underpin high cereal prices.

White Sorghum: Prices of white sorghum in Bentiu were reported on the same levels of April 2015, but remained steadily higher than in May 2014. In Bor market, the price of a *malwa* (3.5 Kg) of white sorghum has increased by 54% since April 2014 and by 120% since March. The increase is attributed to high demand versus low supply mainly due to insecurity. Increase of month-to-month

price were also observed in Malakal (36%) and Aweil (33%) while prices decreased by 16 and 12 % respectively in Wau and Juba (konyokonyo) markets.



White Maize grains: Over the last month, the retail price of staple cereals in most markets showed mixed trends in the country. The most significant price increases were observed in Torit (40%) and Juba (30%) markets. A significant decrease in price of maize grains was registered in the same reference period in Bentiu markets, where a *malwa* of maize was exchanged for SSP 26.7 in May as opposed to SSP 35 in April (-24%).



Prices of food commodities such as **vegetable oil, wheat flour and beans (Janjaro)** continued to be substantially higher than both previous month records and long term average. A significant price increase was reported for beans across most of the markets in the country. Juba markets witness the highest price increase since April (99%) followed by Torit (56%), while the lowest increase was observed in Rumbek (13%).

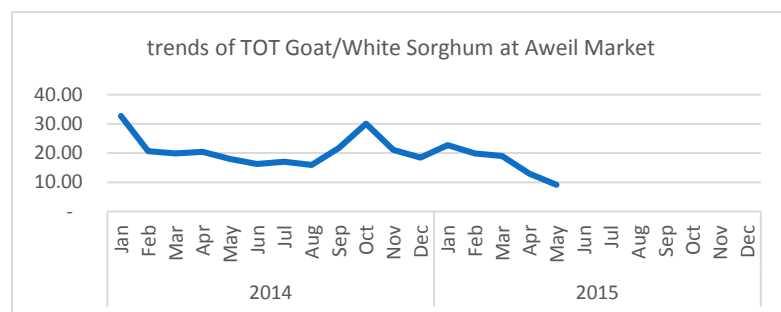
Vegetable oil has showed a substantial month-to-month price increase since April in all markets monitored in south Sudan, with exception of Malakal. Such increase is mainly associated with dollar scarcity affecting the price of imported goods. Vegetable Oil price increased by 31% in Bentiu, by 30% in Juba and Torit, while Malakal market witnessed reduced price change on the same period (-19%).

In May, price for wheat flour increased in most markets compared to the previous month. The trend is attributed to a number of factors: low internal supply and depletion of stocks during lean season; devaluation of the local currency mainly due to scarcity of the dollar; and increased fuel prices affecting transport costs. As a result, wheat flour average prices increased by 52%, 43% and 21% in Torit, Bentiu and Juba respectively. In Wau and Malakal, prices remained substantially stable but on high levels. Wheat flour (as Bread) is mainly consumed by the middle-income segment of the population, and in urban areas.

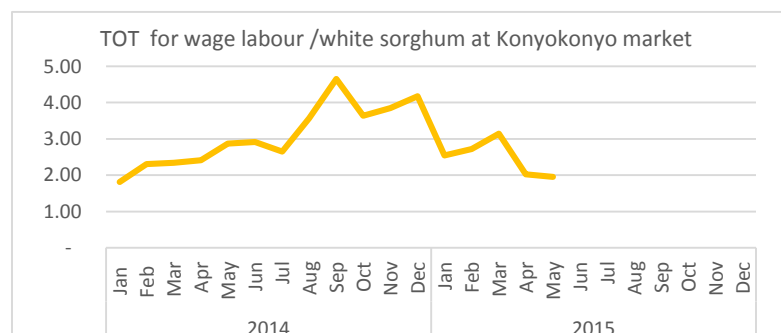
4: Declining purchasing power for casual labourers and livestock keepers (measured by Terms of Trade)

The graphs below present trends of terms of trade (TOT) between medium size goat and daily wage labour against white sorghum grain at the current market price. The increase in white sorghum prices in May led to continue deterioration of the term of trade for both goat keepers and daily labourers.

In Aweil market, an average-weighting goat was exchanged with 10 malwa (3.5kg) in May against 13 in April (-23%). Similarly, the average daily wage rate in Juba market reduced significantly since April and stand at SSP 42/day in May. The average daily wage would enable a household in Juba to buy only 1.9 malwa (3.5kg).



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Compared to May 2014, the average daily wage have been higher this year by 8%. Although prices of goat and labour on average increased compared to 2014, the marginal increase of sorghum price in 2015 was significantly higher. TOT are therefore more disadvantageous than in 2014 for families depending on income of daily workers and for pastoralist households who depend on markets for the provision of staples.

5: Food Security Outlook

Overall, increasing scarcity of staples in the markets is likely to underpin continued price increase of food commodities in the coming months. Households highly depending on markets are likely to be mostly affected by the seasonal food prices inflation and by the deterioration of their purchasing power. This context is likely to further limit access of vulnerable houses to a diverse diet and more nutritious food, hence increasing risks of widespread and more severe food insecurity. The combined effect of decreasing internal food availability during the upcoming lean season from May to July and of higher costs of import due protracted high fuel prices inflation and devaluation of local currency could further worsen the food security and nutrition situation both in urban and rural areas.