

WFP SOUTH SUDAN MARKET PRICE MONITORING BULLETIN



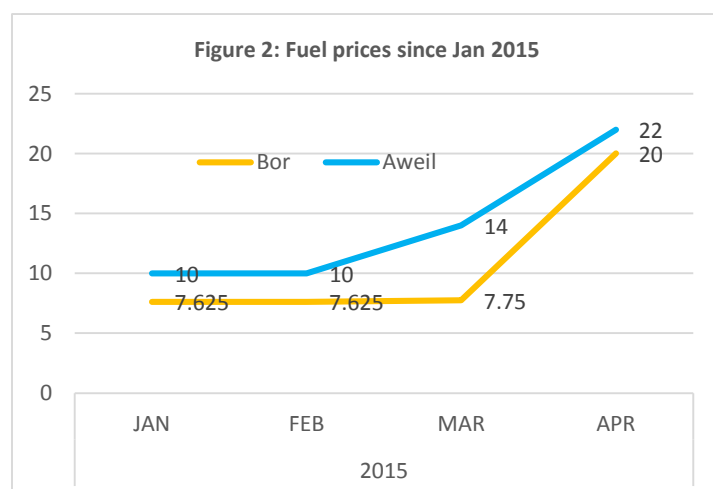
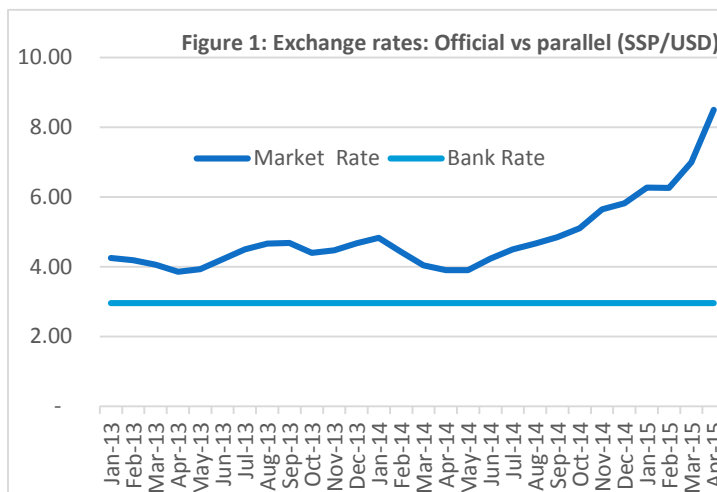
April 2015

HIGHLIGHTS

- The cost of living is rising as reflected by the Consumer Price Index (CPI) which increased by 23.1% between April 2014 and April 2015. The rising inflation is attributed to the downturn in economy characterized by rapidly depreciating local currency and increasing commodity prices of both food and non-food items. The local currency traded at SSP8.8 to US\$1 in the unofficial market, a 29 percent increase from the March 2015 rate of SSP 6.9 to US\$1.
- The staple food commodity, white sorghum, witnessed a sharp upsurge in price (between 31% and 47%) in most markets in April 2015 compared to the previous month's levels. The price increases for the main substitute, maize grains, was even more dramatic (between 54% and 71%), with the steepest increases reported in Bor (Jonglei) followed by Aweil (Northern Bahr el Ghazal), Wau (Western Bhar el Ghazal) and Juba (Central Equatoria).
- The country is experiencing fuel shortages following the scarcity of dollars but also the unwillingness of dealers to sell at controlled prices, estimated to be lower than the import prices. Accordingly, hoarding and black market sales of fuel is increasing in Juba.
- While food prices have been rising, the wage rate for casual labourers as well as the prices of livestock have either remained constant or declined. This is further eroding the purchasing power of households, especially those in urban areas and other food production deficit locations.
- With the onset of the lean season in May which also coincides with the rainy period, prices are likely to rise further and even peak at unprecedented levels. Accordingly, the seasonal vulnerability will be heightened with the urban poor and communities with large food deficits experiencing deepened food insecurity.

1. The economy: Rising cost of living

The acute scarcity of US dollars has severely affected the costs of imported food and other essential commodities, leading to sharp deterioration in the value of the local currency and high inflation, with consequent adverse effect on household food security. Figure 1 illustrates the sharp deterioration in the value of the SSP against the US Dollar reflecting the scarcity of the hard currency. Compared to the previous month, the local currency further depreciated by about 18% hitting a low of SSP8.8 against the US dollar compared to SSP 7/USD in March 2015. This depreciation of local currency is not only limiting imports into the country but also increasing the cost of acquiring the commodities. Furthermore, the South Sudan annual Consumer Price Index (CPI) increased by 23.1% from April 2014 to April 2015. The increase was mainly driven by high prices in food and non-alcoholic beverages. The annual CPI increased in Juba by 27% and in Wau by 31.9%. Meanwhile the South Sudan monthly CPI increased by 7.2% from March 2015 to April 2015. The monthly CPI increased by 5.6% in Juba and increased in Wau by 9.2% compared to a decrease of 1.7% and 4.7% respectively for the two markets during the same comparative period in 2014. The CPI for food and non-alcoholic beverages increased by up to 20.6% between April 2014 and April 2015. The increment in the food component of the CPI is even higher in Juba at 23% and Wau at 37.5%.

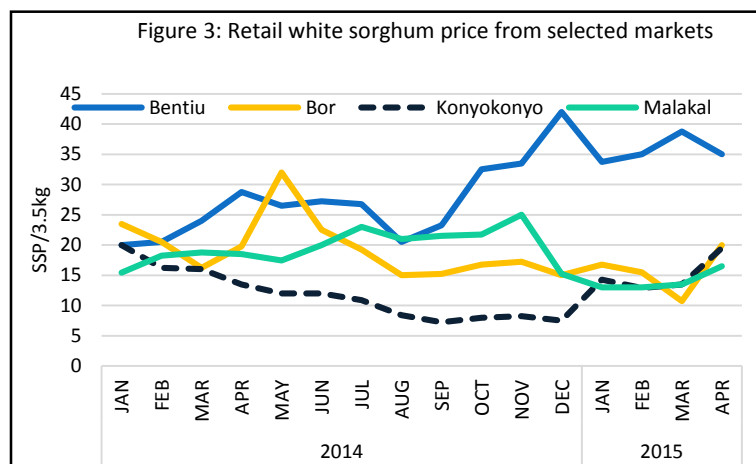


The scarcity of the hard dollar currency throughout the country is also impacting on the importation of fuel. Currently, fuel is scarce with possible hoarding already reported by some traders in Juba where the prices are controlled at SSP6/litre. Outside Juba, fuel prices are rapidly rising, with increases of up to 158% reported in Bor within a period of just one month (March to April 2015) and the highest levels in non-conflict states being reported in Aweil at SSP22/litre (Figure

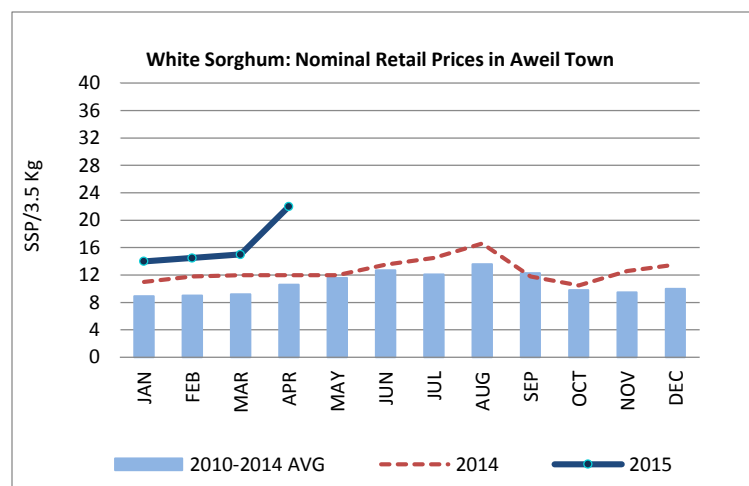
2). Both Bentiu and Malakal have consistently reported extremely high fuel prices since the

onset of the conflict, where a litre of diesel currently retails at SSP 25/litre. These extremely high fuel costs add to the cost of living as traders hike prices to cover for transport.

2. Rising prices of staple food commodities

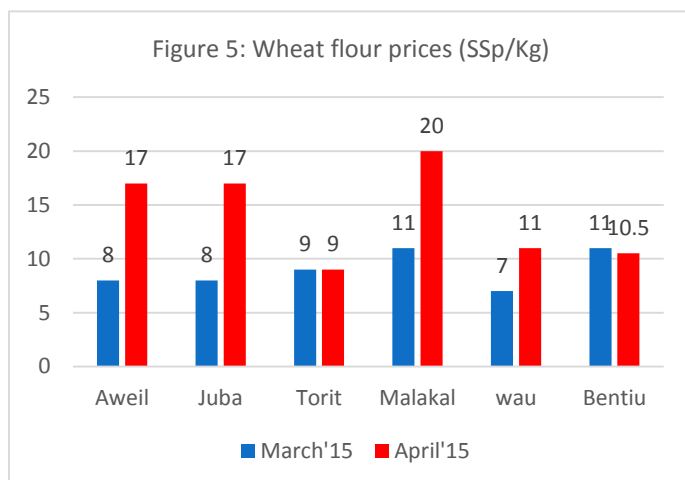


In April 2015, prices of the main staple sorghum increased across all markets, except in Bentiu that has been showing exceptionally high prices since the last quarter of 2014. The most dramatic rise in prices of sorghum was reported in Bor, an increase of 46% between March and April (Figure 3) followed by Wau at 44% and Juba (konyokonyo) at 31%. In Aweil, the price increase was by 47% during the same reporting period (Figure 4).



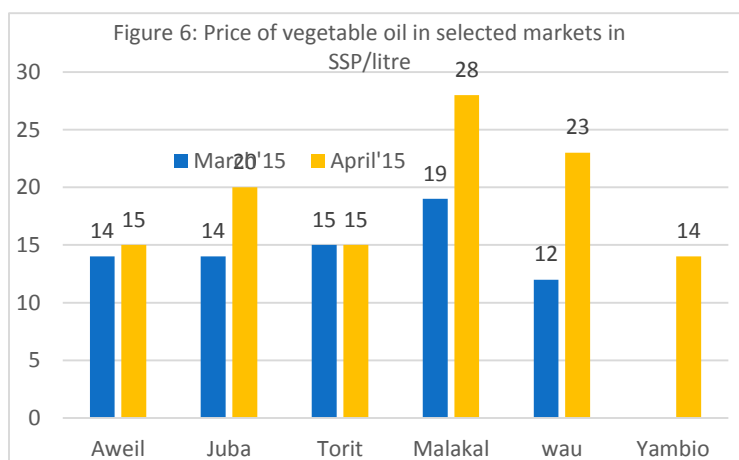
The main substitute maize also witnessed an equally dramatic rise in prices in all markets. In Aweil and Wau, the prices of maize meal increased by 54% and 71% respectively between March and April 2015. In Torit, a 3.5kg tin of maize which retailed for SSP7.7 in March was sold at SSP13 in April, a 69% price increase. These rapid price increases are associated with

the weakening local currency and the shortage of hard currency in the economy with the cost of importation also rising.



Other food commodities showed substantially higher prices than the previous month and even the five-year average prices. Malakal, Aweil and Juba were more likely to have reported higher prices and even larger price changes for wheat flour (a commodity commonly consumed by the urban residents) than any other markets (Figure 5). In Torit, the relatively lower prices reported are attributed to low demand for the commodity by local residents compared to other towns.

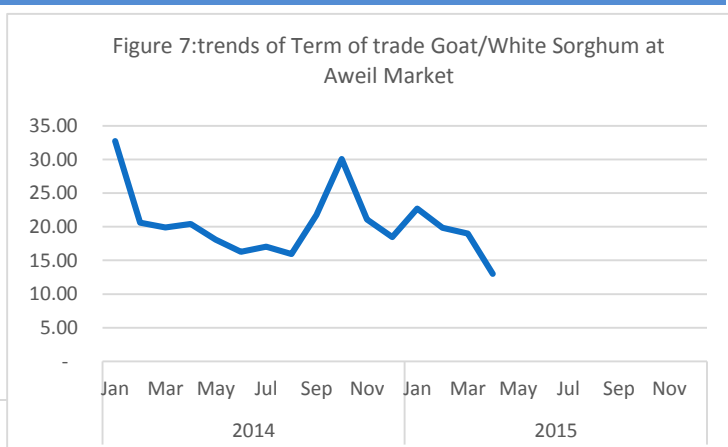
Prices of vegetable oil, however showed modest increases except in Wau, Malakal and Juba that witnessed 92%, 47%, and 43% increases respectively (Figure 6). In Aweil, where there is relatively higher intake of livestock fats, the price of vegetable oil did not increase much, possible due to stability in demand.



In general, prices are higher in conflict affected states and their neighbouring areas as compared to Greater Equatoria. The conflict areas have witnessed substantial market disruptions that rendered most markets dysfunctional. In addition, poor road network also increases prices of commodities in markets.

3. Declining purchasing power for casual labourers and livestock keepers (measures by Terms of Trade)

While prices of staple food commodities have been rising, casual labour wage rates have either stagnated or reduced in most areas, further eroding the purchasing power of residents. In Juba, the purchasing power of the casual labourers, decreased by 50 -70%



between January and April 2015 in relation to exchanging their labour with staple cereal, sorghum. This poses a disadvantage to the urban poor who primarily depend on casual labour as a source income. In areas outside Juba, livestock keepers are also witnessing rapidly declining terms of trade. While livestock prices are declining, commodity prices are rising, thereby eroding their purchasing capacity (Figure 7). The most significant deterioration in terms of trade for the livestock keepers is reported in Aweil.

4. Food Security Outlook

With the onset of the lean season in May, prices are expected to peak at unprecedented levels. The purchasing power of households is likely to decline further. The most affected groups will be the urban poor, estimated at 25% of the urban population¹. Additionally the food deficit areas who largely depend on market sources of food will be highly affected. Already, pastoralists are experiencing declining terms of trade. In the conflict states, prices are expected to reach exceptionally worrisome levels: Dysfunctional markets marked with changed and highly dangerous trade avenues will limit the amount of commodities available. This will be primarily so given limited options to resolve the downward spiraling in local currency and constrained or diminished fiscal space by the government. Correspondingly, food insecurity is expected to deepen during the lean season, atypical of normal seasons.

¹ NBS estimates the urban population in South Sudan at 17%, out of which 25% are categorized as the urban poor NBHS 2009