

WFP SOUTH SUDAN MARKET PRICE MONITORING BULLETIN



July 2015

HIGHLIGHTS

- The rate of inflation continues to be high in South Sudan. In July 2015, the consumer price index (CPI) increased by 51.9% compared the corresponding month in 2014. This trend was underpinned by increasing CPI for food and non-alcoholic beverages (+60.6%) and for health services (+76.2%).
- The exchange rate of SSP against the US dollar has reached a low of 12.25 SSP to 1 US Dollar in month of July due to shortage of hard US\$ currency. This is accompanied by heavy increase in the fuel prices.
- The nominal price for white sorghum has continued to rise and is significantly higher than the long-term average for all markets. In July 2015, the prices of white sorghum increased by 24 and 36 percent in Juba and Yambio, respectively. Malakal has registered the sharpest increase in the prices of white sorghum, i.e. by 48 percent in July over June, 2015.
- Massive fuel shortages hit the country and disrupted road movement as well as imports of food commodities. Price of diesel were high around SSP20/litre in Aweil and Rubmek. Bentiu, Kapoata and Bor suffered severe supply shortages of fuel.
- Food inflation is expected to continue during September-October, especially in the conflict affected GUN states as green harvest is likely to be very poor and transportation of food may not be possible due to recent insecurity situation. Further deterioration in food security is expected, along with increase in the size of the food insecure population, particularly in areas where renewed conflict and displacement has further reduced access.

1: Consumer Price Index (CPI) and Exchange Rates

The ongoing macroeconomic instability continues to affect the flow of goods and fuel trade across the country. This is reflected in the continued depreciation of SSP against the US Dollar since March, 2015.

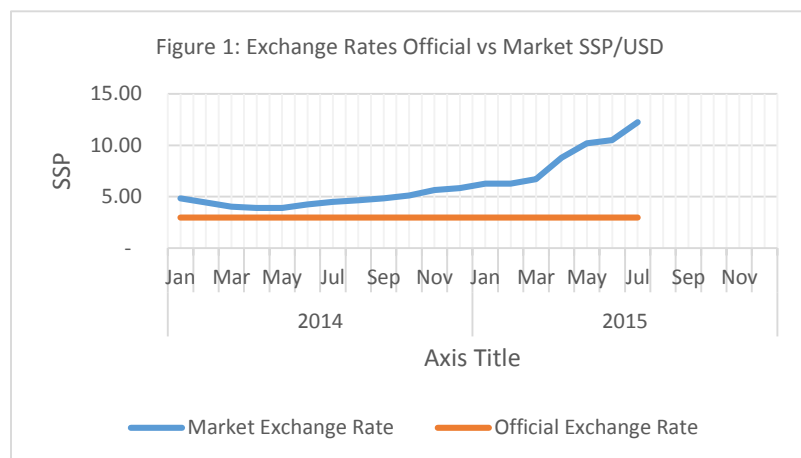


Figure 1 shows that although the official exchange rate has remained at SSP2.96 against 1 US Dollar, the market (unofficial) exchange rate of SSP against the US Dollar has deteriorated sharply in July 2015 due to scarcity of hard currency as compared to the previous month. The SSP has depreciated from SSP 10.2 to 1 US Dollar in June 2015 to 12.25 SSP in July 2015. The depreciation in the SSP value against the US Dollar is also accompanied by a continued surge

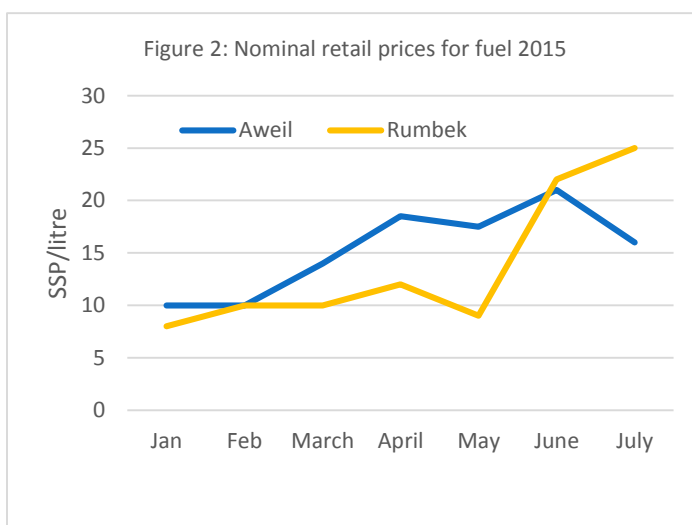
in the CPI based inflation. According to the National Bureau of Statistics¹, in June 2015, the national inflation rate for South Sudan was 61.2 percent compared to May 2014. Although the rate of inflation has come down to 51.9 percent in July, 2015, it is still much higher compared to that of 39.5 percent in May 2015 and 2.6 percent in July, 2014.

The high inflation rate is largely driven by increasing cost of health services and high prices of food and non-alcoholic beverages. The CPI for health services in July 2015 is 76.2% higher compared to that in July in previous year, i.e. 2014. The point to point inflation in food and non-alcoholic beverages has also increased by 60.6% during the same reference period.

2: Fuel Prices

In continuation from May, 2015, the massive shortage of fuel continues to hit most of the states of South Sudan and disrupted road movement to the states as well as import of supplies. Even though there is a minor slowing down in the rate of increase in the fuel prices, the rates in general are very high. In places such as Aweil and Rumbek, the prices are as high as 20 SSP per litre.

In some of the conflict areas such as Bentiu, Kapoata and Bor, there was no supply of fuel and the black market prices are absorbitantly high.

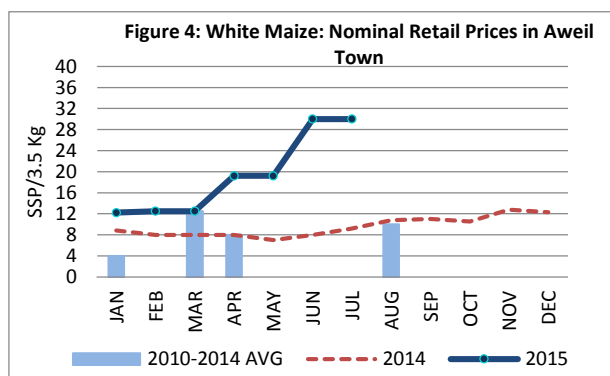
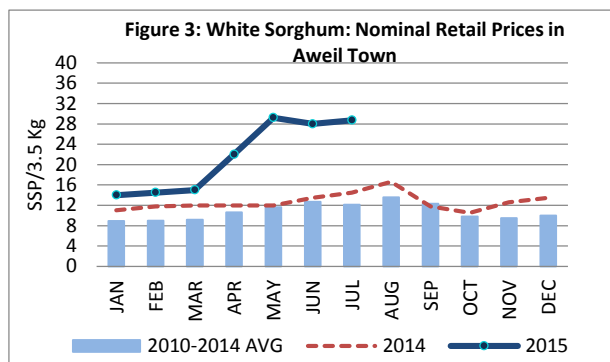


¹ Consumer Price Index of South Sudan, Press Release dated 5th August, 2015 by the National Bureau of Statistics, The Republic of South Sudan.

3: Rising Prices of Staple Food Commodities

The high CPI based inflation in food and non-alcoholic beverages reflects in the high nominal prices of most of the staple cereals. Whereas, in June 2015, for most of the cereals, there was a deceleration in the rate of price hikes, compared to the prices in May 2015, in July 2015, the retail price for the Sorghum, Maize and Beans have surged up in most of the markets. The sharpest increase took place in Malakal because of the conflicts. The increase in the prices of cereals are driven by supply constraints arising out

of high transportation costs, the high fuel prices and sharp depreciation of local currency which has reduced the imports from neighbouring countries. Also, it is important to note that the current prices of sorghum, maize and beans are significantly higher than the long-term averages universally in all the markets.

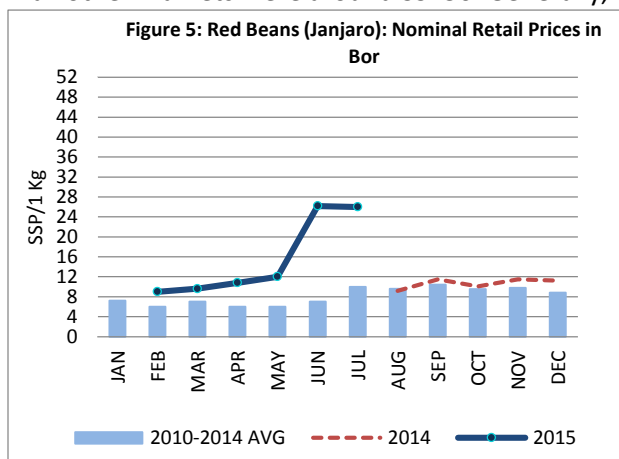


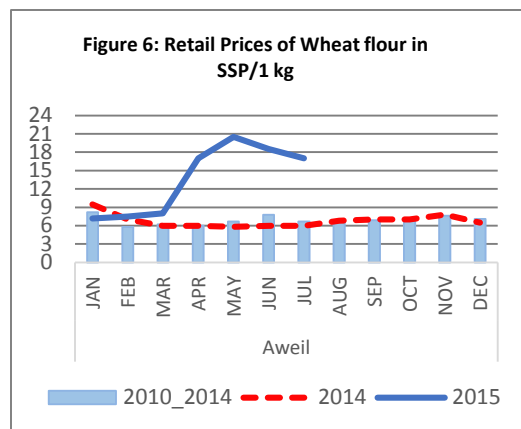
White Sorghum: In July 2015, the nominal price for white sorghum has continued to rise and is significantly higher than the long-term average for all markets. In July 2015, the prices of white sorghum increased by 24 and 36 percent in Juba and Yambio, respectively. Again, Malakal has registered the sharpest increase in the prices of white sorghum, i.e. by 48 percent in July over June, 2015. The prices of white sorghum were around SSP52 and SSP38 per malwa (3.5 kg) respectively in Malakal and Bentiu.

White Maize grains: the retail white maize grain price changes were relatively stable but at an elevated level across most markets except in Malakal and Bor. In Malakal, the price of white

maize increased significantly by 176% in July over June, 2015. The percentage increase in Bor was 28%. Compared to SSP21 per malwa (3.5 kg) in Juba, prices in all other markets were around SSP30. Generally, the prices of white maize doubled in most of the markets compared to those in June and July, 2014.

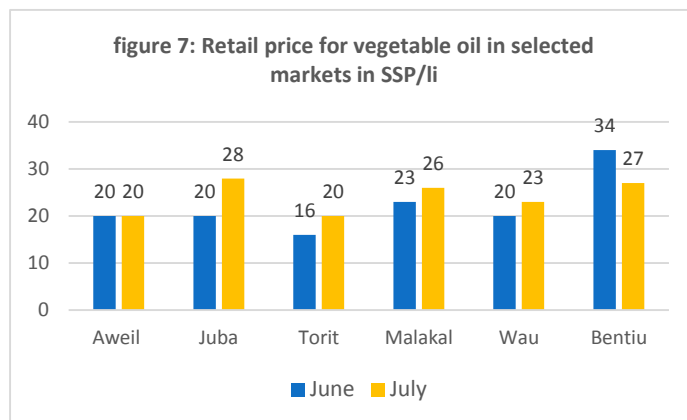
Red Beans (Janjaro): The red beans prices have slightly stabilised during July 2015. Compared to the previous months, most of the markets have shown a decline in the prices of beans. While the prices in Aweil, Juba and Bor stayed around SSP20 per kilogram, the prices were relatively higher around SSP25/kg in Malakal and Wau and cheaper at SSP14/kg in Torit. However, it is important to note that the prices of red beans during May to July, 2015 have been much higher than the corresponding prices in the previous year.



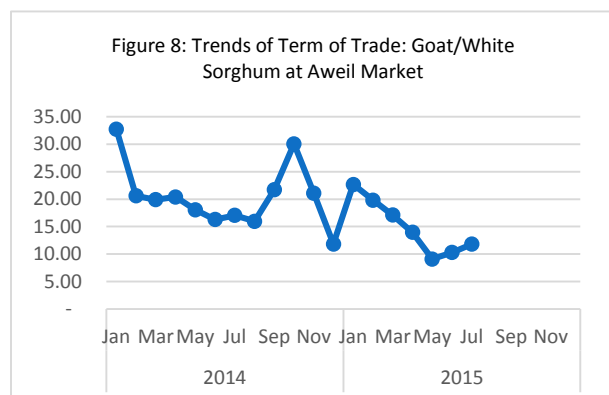


Wheat Flour: Prices of wheat flour have relatively stabilised with minor decline in July over June in 2015, except for Malakal, where the prices have increased by about 25 percent. In Wau, the prices have come down by 36 percent followed by 14%, 12% and 8% decline in the prices in Konyo Konyo, Bor and Aweil respectively. However, it is important to note that following prices of other commodities, the wheat flour prices have also remained much higher compared to the long term average.

Vegetable Oil: In July, 2015, the price of vegetable oil has uniformly increased in most of the markets over the prices in June, 2015. Even though Bentiu is an exception, the veg oil price had increased dramatically by 123% this year in June over May in this market and therefore, the price is the highest here despite the fall in nominal price from SSP34/li to SSP27/li – it is the highest recorded price of vegetable oil across all the markets. In July over June, the highest percentage increase in vegetable oil prices was 40% in Juba largely due to depreciation of SSP against US\$ and high import cost thereof.

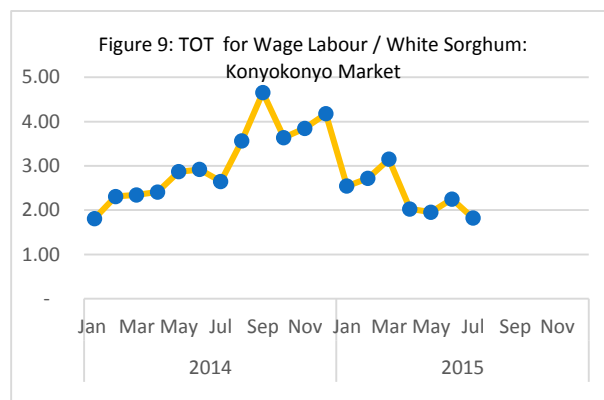


4: Declining Purchasing Power for Livestock Keepers and Casual Labourers (Measured By Terms of Trade)



fetch in the market. This suggests that the prices of goats have increased faster than that of white sorghum since May, 2015. However, the TOT of a goat against white sorghum was much higher during the same period last year. This suggests that the

The terms of trade (TOT) in this context refers to the exchange of a medium size goat or wage for a day's hard manual labour against white sorghum grain. The TOT for a goat against white sorghum shows an increasing trend suggesting an increase in the quantity of white sorghum that a goat could



inflation in cereals has increased the vulnerability of the food insecure households.

However, the increase in household vulnerability to cereals inflation is underlined by the fact that the rate of increase in wage rates for daily hard manual labour activities is lower than food inflation. The TOT of wage labour against white sorghum continues to decline and has become sharper in July 2015. The TOT of wage labour against sorghum has declined by 19% in July 2015 compared to the previous month.

5: Food Security Outlook

General inflation and particularly food inflation is likely to continue because of the continued depreciation of the SSP against the US\$. This is because the scarcity of hard US Dollar is having a significant bearing on the fuel prices and transportation of goods thereof. Lack of fuel has also resulted in the rotting of perishable food items and therefore, the prices may continue in future. The trends in prices of local staple cereals suggest an increase in prices, especially in the conflict affected GUN states, because of poor crop harvest and limited transportation possibilities due to insecurity situation.