

# WFP SOUTH SUDAN MARKET PRICE MONITORING BULLETIN



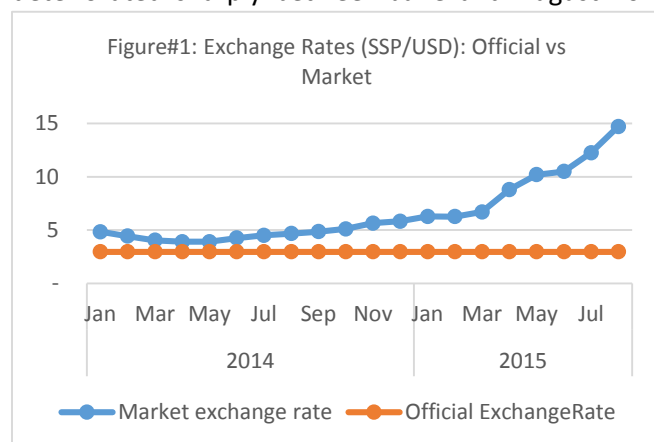
August 2015

## HIGHLIGHTS

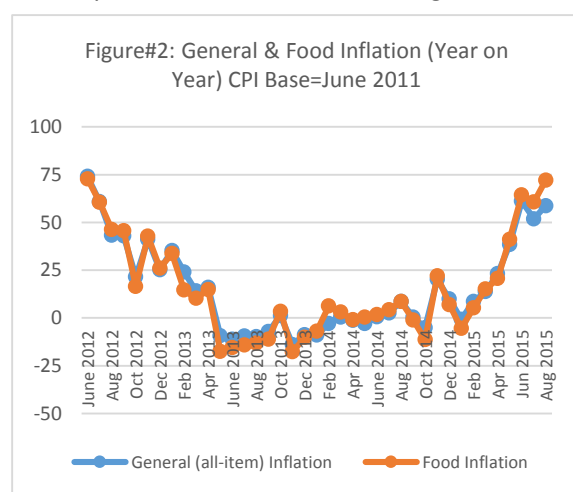
- The rate of inflation continues rise in South Sudan. In August 2015, the consumer price index (CPI) increased by 58.7 compared the corresponding month in 2014. This trend was underpinned by increasing CPI for food and non-alcoholic beverages, especially vegetables.
- The exchange rate of SSP against the US dollar reached a low of 14.72 SSP to 1 US Dollar in the month of August due to shortage of hard US\$ currency. This is compounded by increasing fuel prices.
- The nominal price for white sorghum has continued to rise and is significantly higher than the long-term average across all markets.
- Massive fuel shortages hit the country leading to disruptions in road movements as well as the flow of imported food commodities. Prices of diesel were dramatically increased to highs of around SSP17/litre in Aweil and Rumbek. Other towns like Bentiu, Kapoeta and Bor suffered severe supply shortages of fuel.
- Rising food prices is expected to continue during September-October, especially in the conflict affected Greater Upper Nile states as green harvest is likely to be less than average and transportation of foods may not be possible persistent insecurity incidents.

## 1: Increasing costs of living reflected in rising Consumer Price Index (CPI) and Exchange Rates

The macro-economic situation has further deteriorated with increasing fiscal deficit and depreciation of the SSP against US Dollar. Figure 1 shows that although the official exchange rate has remained at SSP 2.96 against 1 US Dollar, the market (unofficial) exchange rate of SSP against the US Dollar has deteriorated sharply between June and August 2015 due to scarcity of hard currency. The SSP has depreciated from SSP 10.2 to 1 US Dollar in June 2015 to SSP 12.25 in July 2015 and further to SSP 14.72 in August, 2015.



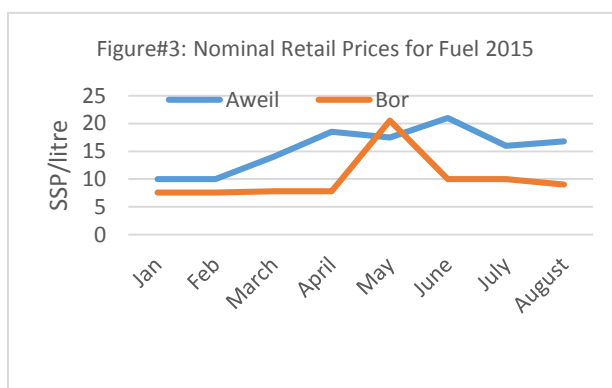
The depreciation in the SSP value against the



US Dollar is also accompanied by a continued surge in the CPI based inflation. According to the National Bureau of Statistics<sup>1</sup>, the annual inflation rate for August 2015 was 58.7% compared to 51.9% the previous month (Figure 2). Prices of food and non-alcoholic beverages increased in Juba by 66.7%, and by 100.8% in Wau respectively over this period. Given that food and non-alcoholic beverages have the largest share in the CPI based inflation, the rising cost of living is therefore largely driven by increasing cost of food, especially vegetables. The month to month inflation in food and non-alcoholic beverages is 72.1% in August 2015, compared to 51.9% in July 2015.

## 2: Shortages of oil fueling increases in domestic Prices

As a cumulative effect from May 2015, the massive shortage of fuel continues to hit most parts of the country and is severely disrupting road movements within and between states. Shortage of fuel is also impeding import supplies. Even though there is a minor slowing down in the rate of increase in the fuel prices, the rates are still very high compared to similar periods in the previous years. In Aweil, diesel



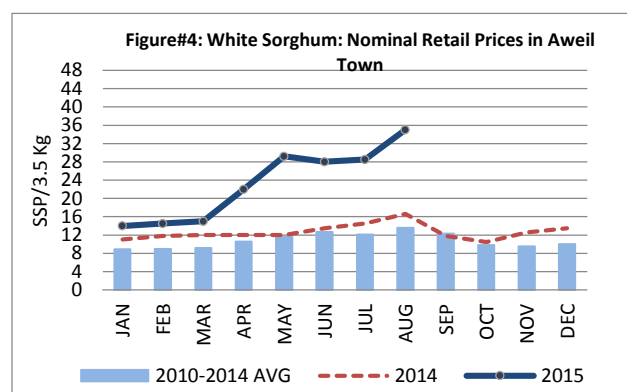
<sup>1</sup> Consumer Price Index of South Sudan, Press Release dated 5<sup>th</sup> August, 2015 by the National Bureau of Statistics, The Republic of South Sudan.

was selling at around SSP 17 in August 2015 and around SSP 10 in Rumbek (Figure 3).

In some of the conflict areas such as Bentiu, Kapoeta and Bor, there was no supply of fuel and the black market prices were excessively high.

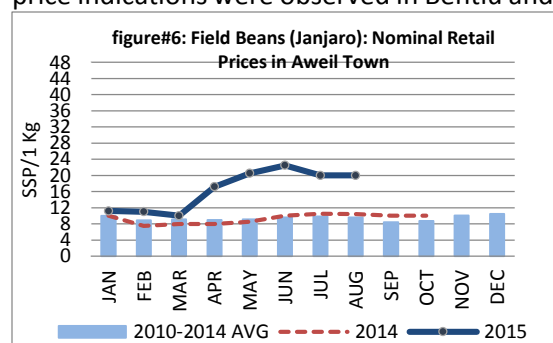
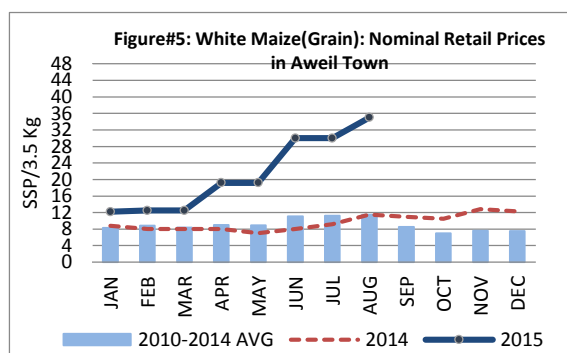
## 3: Rising Prices of Staple Food Commodities

The high CPI based inflation in food and non-alcoholic beverages is reflecting in the high nominal prices of staple food commodities. Whereas there was a deceleration in the rate of price hikes in June 2015 compared to the prices in May 2015, in July and August 2015, the retail price for the sorghum, maize, beans and wheat flour substantially increased in nearly all markets. The sharpest increases (at least 50% increase) were reported in Bentiu and Bor, areas with compounding effects of the conflicts. Insecurity, high transportation costs, the high fuel prices and sharp depreciation of local currency and reduced imports from neighbouring countries continue to pitch the high inflationary pressure on food prices. Also, it is important to note that the current prices of sorghum, maize and beans are significantly higher than the long-term averages in all the markets.



**White Sorghum:** As a build-up from July, the prices of white sorghum increased sharply in August, 2015 (Figure 4). Excepting Bor, in all other markets, the nominal price per 3.5 kg of sorghum was around SSP 30 or more in August, 2015. This was increase of 42% in Wau and 22% in Juba compared to the July 2015 levels. Since these markets are dependent on imports, the disrupted flow of imports resulting from shortages of fuel and hard currency, the impact was directly reflected in the rising sorghum prices.

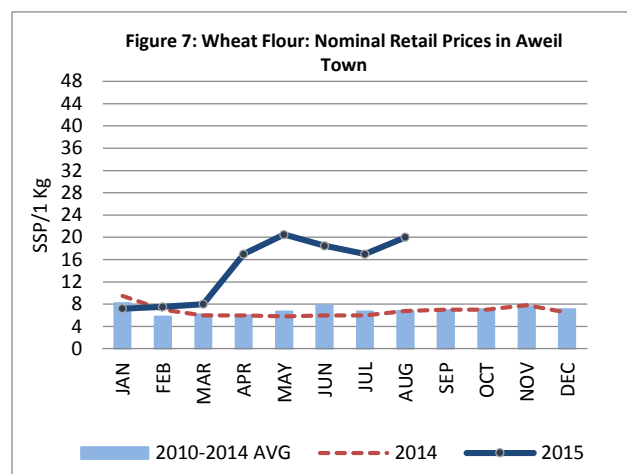
**White Maize grains:** In contrast to July 2015, when the changes in the prices of white maize grain were relatively stable but at an elevated level across most markets, in August 2015, the prices increased significantly in most markets with the exception of Yambio and Bor, where actual the prices showed a downward trend (Figure 5). The highest increase of 43% was observed in Yida followed by 33% in Kapoeta and 20% in Juba. However, the highest price indications were observed in Bentiu and Aweil



where 3.5 kg of white maize was retailing at SSP 35. The prices were also high in Wau and Juba at SSP 30 and SSP 25.5 respectively for 3.5 kg. Generally, the current prices of white maize have doubled in virtually all markets compared to July-August 2014.

**Red Beans (Janjaro):** Since June 2015, prices of red beans continued to be stable during July-Aug 2015 (Figure 6). In Wau and Rumbek markets, the prices rather declined

28% and 34% respectively. Prices of a kilogram of red beans hovered around SSP 25 in Bor, Malakal, Bentiu and Rumbek compared to the rest of the markets where it was between SSP 18 and SSP 20. Although these prices are declining, the price levels red beans during May to August, 2015 are still significantly higher than the corresponding prices 2014.

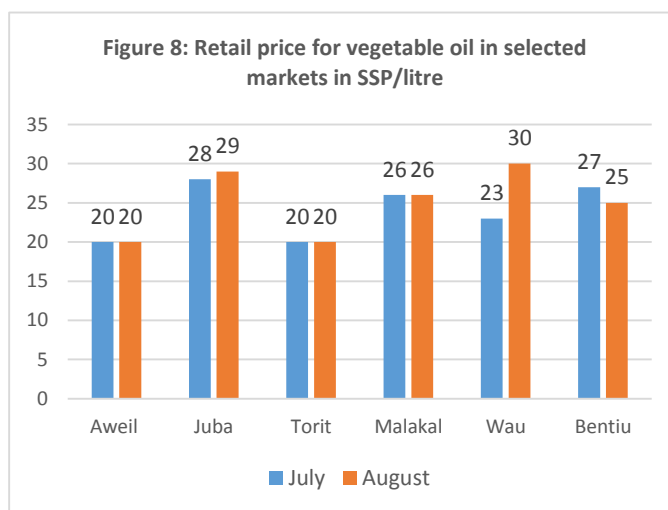


**Wheat Flour:** Wheat flour prices have been relatively more stable during July-August, 2015 with prices declining in most markets especially in Wau and Bentiu. The price of wheat flour, however slightly increased in Aweil town (Figure 7). The prices were also significantly higher compared to those in May-June, 2015 and also more than double the prices levels seen during the same period last year, virtually in all markets. The highest price of wheat flour was observed in Rumbek and Bentiu where one kg of wheat flour was selling at around SSP 27 and SSP 25 respectively. In Juba and Bor, the wheat flour was

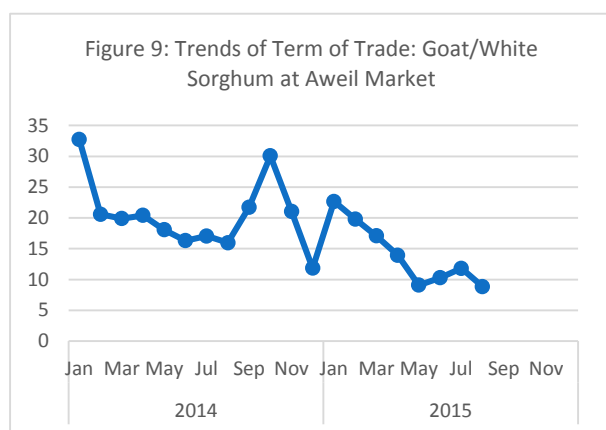
cheapest, selling at SSP 14 per kg.

**Vegetable Oil:** After the recent upward trends, the vegetable oil prices have stabilised though at a higher level of about SSP 25 per litre or more (compared to the SSP 15 -20 witnessed in the first quarter of 2015) for most markets with exception of Wau that continued to experience a rise (Figure 8). In Juba, the increase was however minimal (less than 5%). In Bentiu, the prices have however decreased from SSP 27 per litre to SSP 25 per litre between July and August.

In absolute terms, Wau market registered the highest price of vegetable oil at SSP 30 per litre, followed by SSP 29 in Juba. It is pertinent to mention that the high vegetable oil prices in most markets is primarily due to depreciation of SSP against US\$ coupled with high importation costs.



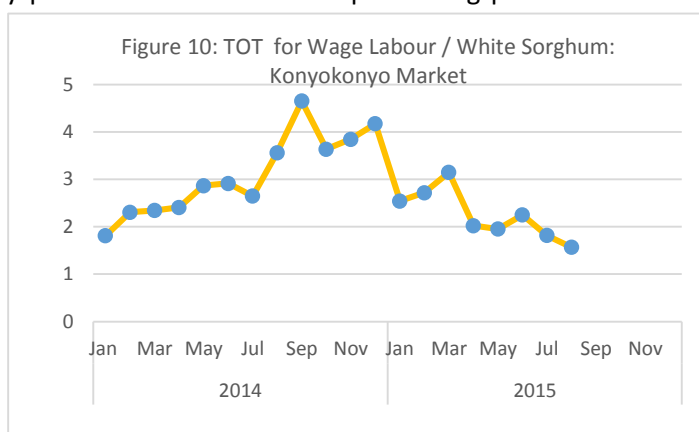
#### 4: Declining Purchasing Power for Livestock Keepers and Casual Labourers (Measured By Terms of Trade)



The terms of trade (TOT) in this context refers to the exchange of a medium sized goat or a day' wage for a casual labourer against a kilogram of white sorghum grain. The TOT for a goat against white sorghum marginally increased during May to July, 2015 but has started declining again in July-Aug, 2015 (Figure 9). This implies that the quantity of sorghum a medium sized goat can buy from the market is declining. It is important to note here that the TOT of a goat against white sorghum was three times higher during the same period last year and five times higher in January, 2014. This suggests that

the rising costs of cereals due to inflationary pressures has eroded the purchasing power of livestock keepers and increased their vulnerability the food insecurity, especially to the segments of this livelihood group.

Likewise, the TOT is deteriorating for the casual labourers especially those in Juba. The TOT of wage labour against white sorghum continues to decline and even at a faster rate since July 2015 (Figure 10). The TOT of wage labour against sorghum declined by 19% in July 2015 compared to the previous month. The decline in purchasing power of casual labours declined further in August 2015.



#### 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 currencies of 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, prices of perishable food commodities may continue in future. The trends in prices of local staple cereals suggest an increase in prices in almost all the states and with the prediction that the harvest will be less than normal compared to last year, the vulnerable population may face severe food insecurity, especially in the conflict affected areas.