Introduction

The purpose of this bulletin is to inform our partners about the trends of food and cash crop prices in the main local markets in Sierra Leone from January to March 2009. Emphasis is on the staple food rice (local and imported) and palm oil. The data was collected by WFP field monitors in the provinces fortnightly. The map below indicates the location of WFP surveyed markets in Sierra Leone.

Highlights

- Stable local and imported rice prices, except for a rise in imported rice price in Kailahun;
- Relatively stable palm oil prices;
- In the interest of trade liberalization, the Government export ban was lifted in January 2009; and
- The reduced tariff (10%) on imported basic commodities is still in effect.
Comparative Price Analysis

Price of Rice

The price surveillance in the first quarter of 2009 revealed, with the exception of Port Loko and Barmoi, a continued higher retail price of imported rice over local rice in the period under review. Figure 1 on the right illustrates the price development of local (parboiled and milled) and imported rice in six major markets in rural areas across the country during the first quarter of 2009.

The chart depicts relatively stable local and imported rice prices, except for a rise in rice price in Kailahun. This increase may be attributed to the lifting of the export ban to Guinea by the Government in January 2009.

The relative stability in the price of imported rice is probably due to the continued Government policy of reduced tariff on imported rice and relatively stable international prices.

Price of Palm Oil

In Sierra Leone, palm oil is an essential condiment to rice consumption. However, the production of palm oil varies by province with Eastern and Southern provinces producing more than the Northern Province. Thus the price of the commodity is higher in the Northern markets than in the East and South. Figure 2 on the right demonstrates the price development in the various markets under review.

The figure on the right reveals relatively stable palm oil prices except in Port Loko, Kailahun and Barmoi markets where prices were high in January, 2009. This may be due to the high demand by Guinea when the export ban was lifted in that month.
**Terms of Trade**

Sierra Leoneans in the rural areas are both sellers of agricultural produce and buyers of others. In the South and East of the country, many people specialize in the production of cash crops and spend a substantive part of their income to purchase rice as the staple food. This analysis provides the terms of trade between coffee and locally produced rice in Kailahun District (cash crop producing area).

**Terms of Trade (TOT) between Coffee and Local Rice in Kailahun Market January - March, 2009 (prices in Le/Kg)**

<table>
<thead>
<tr>
<th>Commodity</th>
<th>January</th>
<th>February</th>
<th>March</th>
</tr>
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<tbody>
<tr>
<td>Coffee</td>
<td>5,165</td>
<td>2,830</td>
<td>2,735</td>
</tr>
<tr>
<td>Rice (local)</td>
<td>1,750</td>
<td>1,500</td>
<td>2,416</td>
</tr>
<tr>
<td>TOT (Coffee/Local rice)</td>
<td>2.95</td>
<td>1.89</td>
<td>1.13</td>
</tr>
</tbody>
</table>

The data suggest a steadily decreasing trend in the terms of trade between coffee and local rice. On the whole, the coffee producers appear to have experienced less favourable terms of trade in the period. In other words, a coffee producer would get less rice per kg for his coffee at the end than at the beginning of the period under review. This is mainly due to the rise in the price of local rice in the period and the sharp reduction of coffee prices from January to February.

**Outlook for Quarter 2, 2009**

With the exception of local rice, prices of most of the agricultural commodities are expected to remain steady in the next three months. The price of local rice is expected to increase as a result of declining availability as time elapses since the previous harvest. As the cultivation season is usually the lean season, poor farmers will experience higher levels of food insecurity.

For any questions on this bulletin, please contact:
Musa Gamanga (musa.gamanga@wfp.org) or Festus Lansana (festus.lansana@wfp.org).

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