Highlights

- Retail food prices are at their highest levels since WFP started to monitor food prices in 2002.
- Russia increased export duties for petrol by 1.8% as of 1 June 2011.
- The Tajik Anti-Monopoly Service under the Government of Tajikistan is seeking to initiate the official regulation of retail prices for essential food commodities and fuel. It is expected that the GOT will approve.
Current prices and trends

Wheat flour and wheat grain prices remained stable during June due to sufficient supply and the ongoing wheat harvest in the country. However, wheat grain price rose 75% and wheat flour (first grade) 63% since June 2010.

Vegetable oil continued to increase in price in Dushanbe and Kurgan-Tyube markets. The depreciation of the Tajik Somoni against the US Dollar has been one of factors pushing up the prices for imported vegetable oil. In other regions prices were unchanged due to sufficient supply, but still at their highest levels since 2002.

Higher demand for comparably cheaper cotton oil resulted in a 3.5% increase for the commodity compared to May. Cotton oil was 50% higher in comparison with the same month of 2010.

Maize rose by 20% in Kurgan-Tyube because of high demand for seeds following the start of the cultivation season. The fall harvest will be used mainly as livestock fodder.

Potato prices fell when the new crop entered markets in Dushanbe, Kurgan-Tyube and Khujand. But additional expenses for transportation pushed up prices in Gharm and Khorog by 7% and 27% respectively compared to May. Gharm’s potato harvest starts in July.

After a sharp rise in June, prices for diesel slightly increased in Dushanbe, Khorog and Gharm markets. Diesel decreased by around 3% in Kurgan-Tyube and Khujand because supply exceeded the demand at the end of the cultivation season.

Meat prices were highest in Khujand because of increased transportation costs for animal fodder and low supply of meat in the markets. Beef rose 4.2% and mutton 7% over the previous month.

At the beginning of June, the authorities put pressure on butchers in Kurgan-Tyube to sell meat for 10% less. However, the quality of beef and mutton sold at reduced prices was very poor. Moreover, the butchers retaliated by selling their meat privately out of their own homes at unregulated prices. Local authorities lifted the price controls in the third week of June and the price of mutton rose by 14% and beef by 19%.
Petrol rose by 7%. This represents an increase of 37% in comparison to June 2010. The increase was incurred by a series of hikes that Russia imposed on its fuel export duty, starting in March 2011. The levy is now $415.80 per ton compared to $284 before March this year.

Outlook for the next three months

The rise in fuel and food prices is expected to push up the demand for foreign exchange to finance imports, which leads to the local currency’s depreciation and higher prices for imported food products. The inflation rate was 6.9% during January-May 2011 and is expected to reach 10% by the end of the year, according to the IMF.

In the wake of the ongoing harvest, prices for wheat grain and locally produced flour should remain stable.

Food prices will undergo a small increase when Ramadan ends in late August as they do every year.

Following Russia’s reduction of export tariffs for fuel by 3.7% as of 1 July, it’s expected the prices for fuel will remain stable or slightly decrease by the middle of July, when fresh supplies of fuel with lower export duties will enter the market.

The minimum food basket is calculated using the average food needs for an individual per month to reach the daily requirement of 2,100 kcal. It is based on 11 food groups (meat, fish, milk, eggs, cheese, butter, oil and fats, fruits, vegetables, sugar, jam, honey, spices, coffee, tea, mineral water, soft drinks, juices).

The cost of the minimum food basket this month is TJS130.72/$27.64. It remains at a similar level as last month. The main difference between May and June is the decrease of prices of meat and fruits and the increase in sugar and cereals.