

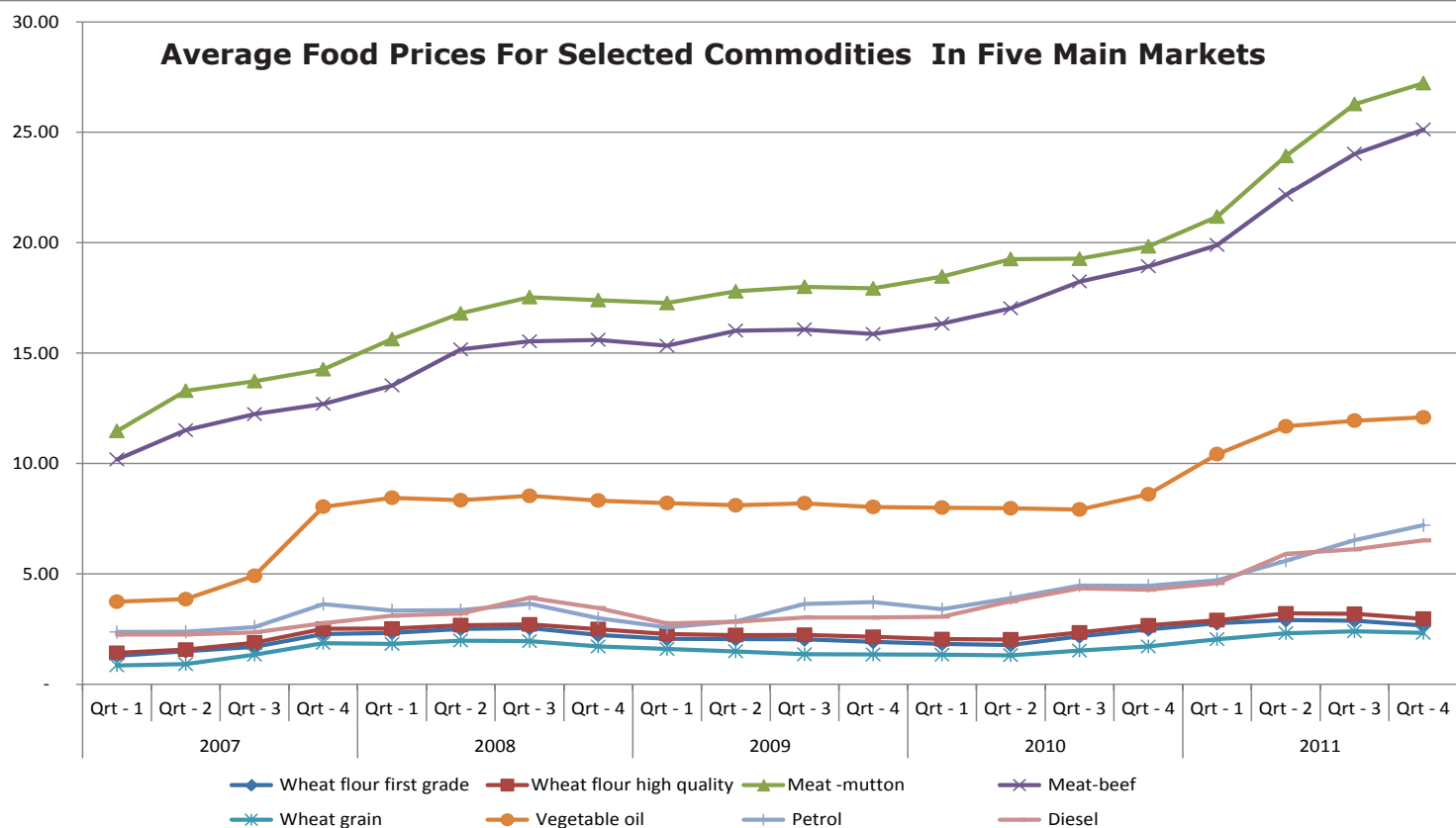
# Tajikistan Market Price Report January 2012



## Highlights

- Petrol prices dropped in Dushanbe and Kurgan-Tyube after the Tajik Anti-Monopoly Agency regulated prices for petrol provided by Gazpromneft-Tajikistan, the main supplier of fuel.
- Prices for wheat flour continued to decline, falling by around 2% country-wide. However, rice prices increased in Dushanbe and Khujand by 13% and 17% respectively.
- The inflation rate has risen 9.4% since January 2011, according to the National Bank of Tajikistan (NBT).

**Average Food Prices For Selected Commodities In Five Main Markets**



**World Food Programme**

WFP monitors weekly food and fuel prices in the five main markets of Tajikistan: Dushanbe, Kurgan-Tyube, Khujand, Gharm and Khorog. This report presents an overview of December 2011 prices, consumer trends and outlook for the future. For more information, contact Saidamon.Bodamaev@wfp.org



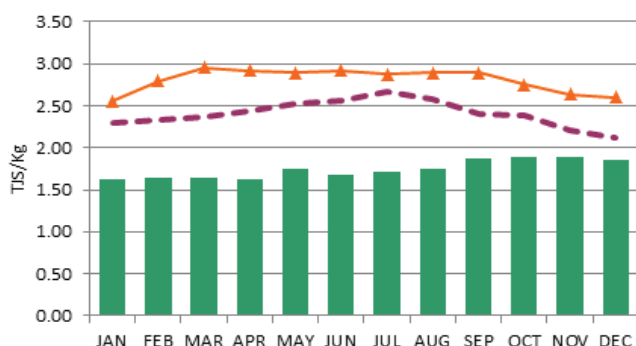
## Current prices and trends

**Wheat flour and wheat grain** prices remained stable throughout December due to sufficient supply from Kazakhstan and the country's own harvest. Prices for wheat flour first grade decreased by around 3% in Dushanbe and Khujand compared to November. Wheat was down by around 2% in Dushanbe and Gharm markets.

However, wheat grain increased by 27% since January 2011 and by 29% over December 2010. The highest increase in price for wheat grain was seen in Gharm, where it rose by 45% for the past 12 months.

After reaching their peak in March, prices for wheat flour started to decline in June. In December were almost equal to the levels of the beginning of the year. However, prices still remain high in remote areas. Wheat flour first grade rose by 24% over the year in Gharm markets.

Wheat Flour First Grade

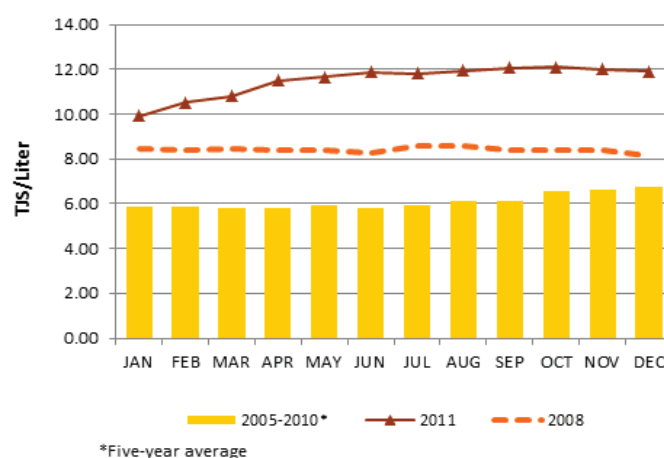


**Vegetable oil** prices remained unchanged in December in all markets due to availability, except Dushanbe, where high supply drove down prices by 3%. However, the depreciation of the Tajik Somoni against the US Dollar and high fuel prices pushed the price of imported vegetable oil up by 20% over the year.

Additional expenses for transportation of the stocks from Dushanbe adversely affected the prices for vegetable oil in remote markets, including Gharm regional market, driving them up by 60% over the year, to record levels.

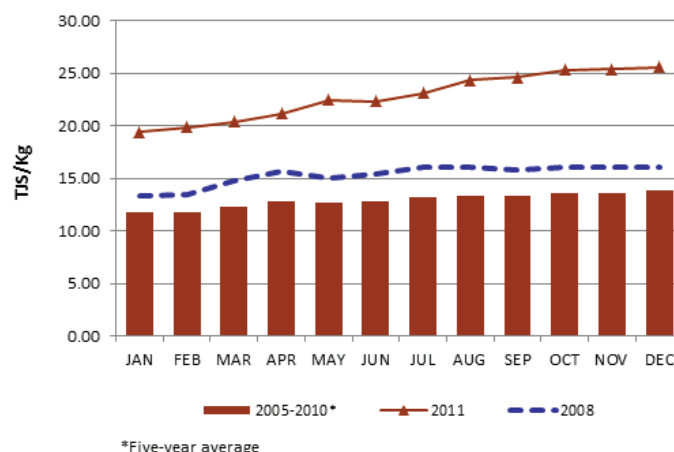
**Cotton oil** prices declined in Dushanbe by 3.5% due to adequate availability and low demand. In other markets the prices of cotton oil remained unchanged. A higher demand for cotton oil, which is cheaper than vegetable oil, resulted in 32% increase in the prices over 2011. The highest increase of 46% for cotton oil was seen in Gharm markets.

Vegetable Oil

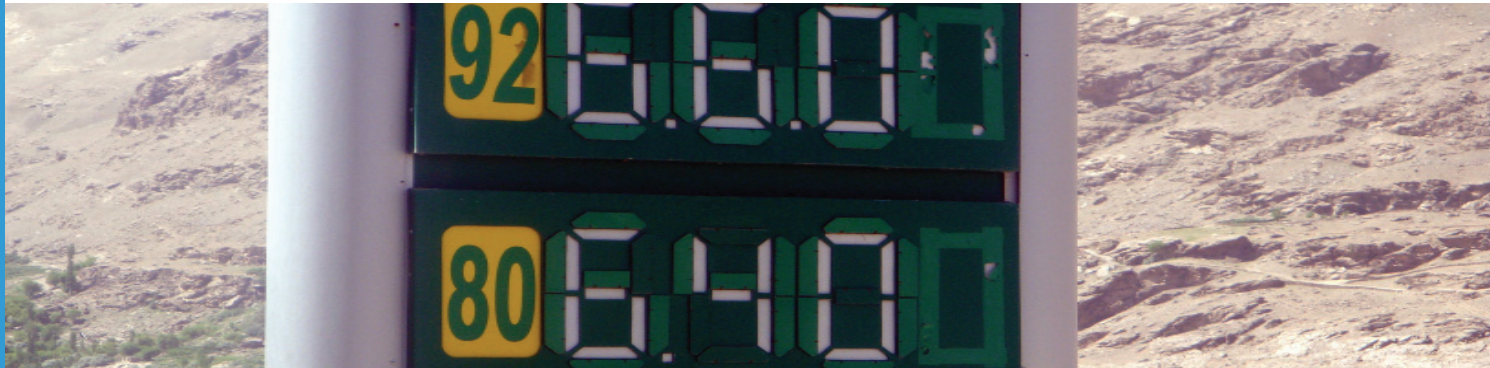


**Meat** prices remained stable in Khujand, Khorog and Gharm. The price of beef went down by 6% in Dushanbe, when supply exceeded demand, as more selling points were opened by the municipality before the New Year celebrations. Beef rose by 5% over the previous month in Kurgan-Tyube due to insufficient supplies.

Beef







## Current prices and trends

High transportation costs and increased prices for fodder during the year were the main factors putting pressure on meat prices and driving them up country-wide by around 33% since January, reaching record high levels.

The greatest increase in meat prices was beef in Kurgan-Tyube and mutton in Khujand, where during the past 12 months they rose by 50% and 57% respectively.

**Potato** prices increased on average by 7% due to limited supplies. The highest increase in the prices for potato was observed in Dushanbe and Khujand markets, where, compared to the previous month, prices rose by 11% and 13% respectively.

High fuel and transportation costs drove prices up by 16% in Dushanbe and 25% in Kurgan-Tyube over January 2011. However, prices were lower in Khujand and Gharm markets by around 10% over the year, because of the domestic crop entering the markets.

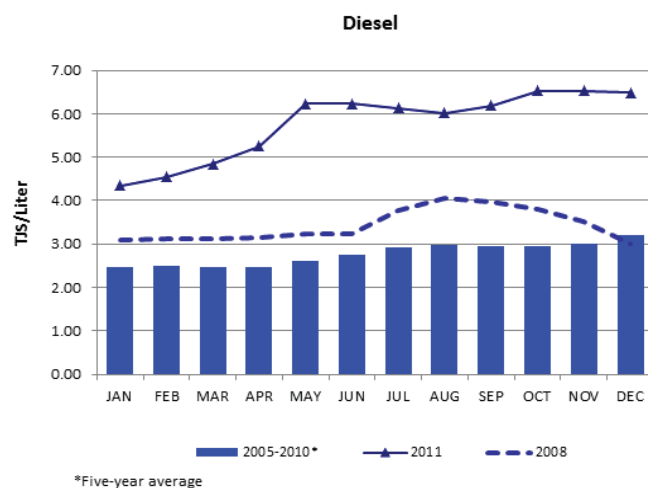
**Maize** prices declined by around 3% due to supply outweighing demand. However, maize rose by 34% since January 2011. The highest increase was recorded in Gharm and Dushanbe, where the prices rose by 51 and 37% respectively.

**Rice** rose by 7% country-wide, following the loss of the rice harvest in the northern part of the country because of cold weather and frost in November. Prices increased in Dushanbe by 13% and Khujand by 17% due to high demand but limited supplies of the rice entering the markets.

Rice prices increased by 20% over the 2011 year.

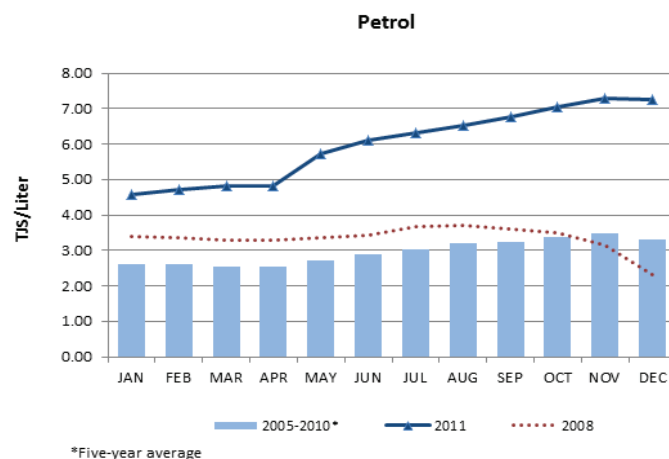
**Diesel** prices dropped by 3% in Dushanbe because of adequate availability, but increased by around 2% in Khorog due to additional transportation costs for delivery. In other areas the prices remained unchanged.

Diesel prices have increased by 49% country-wide and by 53% in Dushanbe fuel stations since the beginning of the year.



**Petrol** prices remained unchanged during December. There was a 5% decrease in prices in the last week of December in Dushanbe (by 5%) and Kurgan-Tyube (by around 3%), when the Anti-Monopoly Agency under the Government of Tajikistan set a fixed price for widely-used A92 type petrol sold in the country through a chain of Gazpromneft fuel stations.

Export tariffs imposed by the Russian government, increased railway transit fees for exports to Tajikistan imposed by Russia and Uzbekistan and the steady depreciation of the Tajik somoni against the US dollar have been the main factors behind of a 59% rise in petrol prices in December in comparison to January 2011 and 61% compared to December 2010.



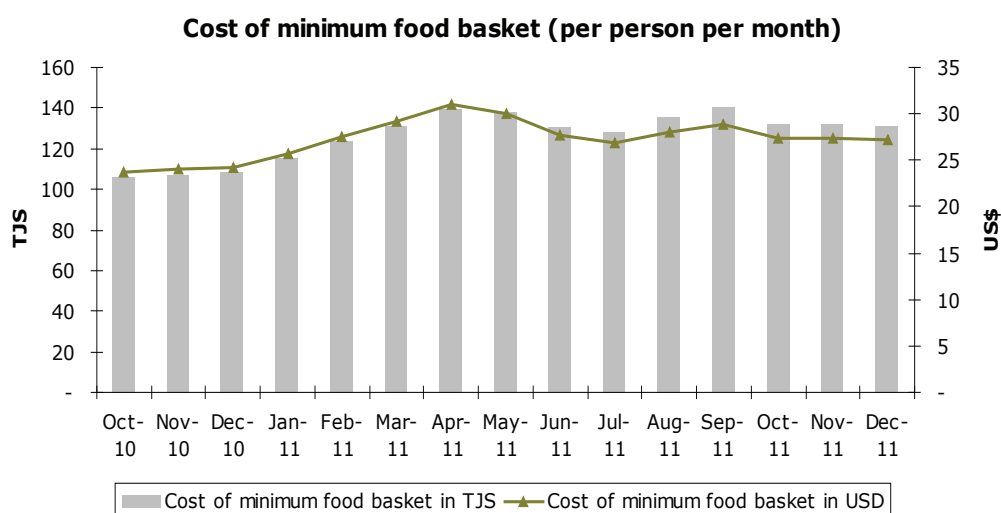


## The Cost of the Minimum Food Basket

### 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/fats, fruits/vegetables, potato, sugar/honey, spices, coffee/tea, mineral water/soft drinks/juices).

The cost of the Minimum Food Basket this month was about the same level as November and was equal to TJS131.78/\$27.15.



## Outlook for the next three months

The severe winter weather of 2011-2012 is likely to influence food prices. The unexpected early cold and snow have forced the people of the rural areas to start using their food stocks earlier than expected. This will have an adverse impact on the food security situation of those relying mainly on home production and will put pressure on the prices for the main food commodities.

In the coming months, prices for wheat grain, wheat flour and other main staple food will remain high, as households stocks will be depleted and more people will depend on the market. Consequently, the demand for wheat flour, the main staple food, will increase, pushing the prices upward.

Insufficient storage facilities are the other reason behind high wheat prices. In general, storage costs are relatively high in Tajikistan due to the small number of warehouses. This results in major sales of wheat at harvest time and higher prices during the winter and "lean season", when demand for it increases.

Despite the initiative by the Tajik Anti-Monopoly

Agency to regulate prices of fuel, they still remain high (TJS6.80 (\$1.41) per litre in end December compared to TJS4.53 (\$1.00) in January 2011) and will not decrease during the winter because of high demand due to the increased domestic heating requirements.

Increased fuel prices will affect food prices in remote areas due to additional transportation costs, particularly during the cold season when access to these areas remains difficult.

Some major Government interventions by the Government are expected in March, before the Navruz celebrations, to keep the prices from rising, including the use of strategic reserves, subsidized sales of food commodities, opening of additional selling points for staple food, etc. However, they will take place mainly in major urban centres rather than rural areas and the scale of these interventions may be too small to significantly influence price trends.

The hike in prices for wheat and wheat flour may be eased by Kazakhstan's contribution to stable and adequate supplies of wheat flour to Tajikistan.