Tajikistan Market Price Report April 2012

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 March 2012 prices, consumer trends and outlook for the future.

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Highlights

- The national average price of wheat flour continued to drop due to adequate supplies entering the markets. Prices of wheat flour are 15% lower than March 2011.
- Meat prices continued rising in Dushanbe, due to high prices for fodder and transportation costs.
- A new increment on 1 April 2012 in Russia’s export duties for fuel imported to Tajikistan may push up the prices for fuel country-wide (See Outlook, page 4.)

Average Food Prices For Selected Commodities In Five Main Markets

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Wheat flour prices dropped by around 1.5% and wheat grain by 1% country-wide throughout March due to sufficient supply from Kazakhstan and adequate availability in the markets. Wheat flour dropped in Khujand (3%) and Gharm (6%) and wheat grain in Dushanbe (4%). Country-wide prices for wheat flour are down 15% and wheat grain 8% compared to March 2011. The lowest prices for wheat prices were seen in Khujand --30% less than the same period last year.

Vegetable oil prices remained stable in March in all markets, except Dushanbe, where they rose by 1%. However, prices still remain high compared to the previous year. Vegetable oil has increased by 9% since March 2011. The highest increase was observed in Gharm, 50% year on year due to additional expenses for transportation of the stocks from Dushanbe.

Meat prices rose in Dushanbe and Khorog by 3% and 7% respectively because of demand outweighing supply. Higher prices for fodder and increased transportation costs reduced availability, thus driving up the prices for meat. Country-wide, the rise year on year for meat was around 30%. The highest increase was seen in Dushanbe, where mutton prices increased by 50% and beef by 33% since March last year.

Potato prices increased on average by 5% due to limited supplies. The highest increase in the prices for potato was observed in Khorog and Gharm markets, where, compared to the previous month, prices rose by 8% and 11% respectively.

Country-wide prices for potato are 15% higher compared to March 2011. High fuel and transportation costs drove prices up by 22% in Kurgan-Tyube, 25% in Dushanbe and 30% in Khorog over March 2011.

However, prices are lower in Khujand by around 12% due to remaining stocks from the region’s own 2011 harvest entering the markets.

Rice prices remained stable in all markets. However, the prices remain high compared to the same period of last year. Rice rose by 25% over March 2011 country-wide, following the loss of the rice harvest in the northern part of the country and DRD districts (particularly Tursunzoda) because of cold weather and frost in November.
Diesel prices remained stable in all markets with a very slight decrease in Kurgan-Tyube (1%) because of adequate availability. Diesel prices have increased by 32% country-wide and by about 40% in G harm and Dushanbe fuel stations since March 2011.

Petrol prices dropped by 2% country-wide due to availability and after the Tajik Anti-Monopoly Agency started regulating prices for petrol provided by Gazpromneft-Tajikistan, the main supplier of fuel, in January 2012. However, prices still remain 34% higher than in March of the previous year.

Special focus on: Liquefied gas (propane). According to information from the Ministry of Energy and Industry (MEAI), Tajikistan significantly reduced the import of petrol from Russia in the first two months of 2012 due to high prices, caused by increased export duties. During January and February 2012 the country imported 34,000 tons of petrol, which is 12,000 tons less than the quantity imported during the same period of 2011.

However, fewer imports did not affect the fuel market much and no deficit of petrol was observed at the fuel stations. The main reason was that the gap was filled by increasing the import of liquefied gas, mainly from Kazakhstan. Since petrol prices started rising, this type of fuel has widely been used by the transport owners in the country, due to its comparably lower prices: TJS3.7-US$0.77 per liter compared to TJS6.5-US$1.35 per liter for petrol.

Although the installation of the new fuel system in the vehicle requires spending an additional amount (around TJS1,600-US$330) and the liquefied gas is mainly used in urban locations, still it’s believed the number of transport owners substituting petrol with this type of gas has considerably been increasing for the past year. This is particularly true for private taxi owners in the main cities.

The MEAI said that during first two months of 2012, the import of liquefied gas increased by more than four times: around 15,000 tons of gas delivered into the country, when within this period of the last year the import of liquefied gas was equal to 3,100 tons.

The number of fuel stations selling liquefied gas has also increased and at present 510 stations are serving transport owners across the country.
The Minimum Food Basket (MFB) 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 increased by around 3% compared to February and was equal to TJS135.78/$28.05. The difference was due to the increase of prices for vegetables (cabbage), potato and sugar and a small rise for wheat flour in Dushanbe markets, where prices are used for calculations of the Basket.

Prices of major food commodities will remain high. It is unlikely that the situation will change in the coming months as prices traditionally increase in the “lean season” (from January to May), when food stocks of many households are depleted and more people will depend on the markets.

Kazakhstan’s abundant wheat harvest of 2011/2012 will further contribute to stable and adequate supplies of wheat flour to Tajikistan and may keep prices for wheat flour fairly stable. The increased pressure on prices for vegetables and legumes (potato and carrots) should start to ease in June. Additional transportation costs will affect food prices in remote areas, due to difficulties in access to these locations.

Some small scale and temporary interventions by the Government, mainly in urban centers, including the use of subsidized sales of food commodities, opening of additional selling points for staple food, etc. will contribute to stabilizing prices.

Russia’s decision to increase the export duty as of 1 April 2012 for fuel (from US$271.4 per ton to US$304.00), including petrol (from US$370.10 per ton to US$414.60), may push up the prices for fuel country-wide.

Negotiations on Russia’s provision of a tax exemption on 170,000 tons of petrol from Russia in 2012, which was reported previously, are still under way; however no major results have yet been observed. Some experts believe negotiations are now taking place at the two countries’ highest levels, as the “fuel issue” may possibly be solved only when both countries reach to a consensus on other highly prioritized issues.

Ongoing spring cultivation in the country, when the demand for fuel, especially for diesel, normally increases, will be the other factor putting upward pressure on fuel prices.