Highlights

- Prices for wheat flour continued to decline, falling by 1.5% country-wide. However, in April petrol prices increased by 5% in the capital.
- Russia lowered the export duties for fuel by 3% as of 1 May 2012. Export duties had increased by around 11% in April.
- The inflation rate will reach 10% by the end of the year, according to the Eurasian Development Bank (EDB).
Wheat flour prices dropped by around 1.5% country-wide due to sufficient supply and adequate availability in the markets. Prices for wheat flour first grade decreased by around 4% in Dushanbe and Khujand. However, wheat grain rose by 2% because of limited supplies entering the markets. Wheat was up by around 3% in Gharm and 6% in Dushanbe markets.

Country-wide prices for wheat flour are down 16% and wheat grain 6% compared to April 2011. The lowest prices for wheat flour were seen in Khujand and for wheat grain in Dushanbe—31% and 12% less than the same period last year.

Vegetable oil prices slightly decreased (by 0.5%), falling to the levels of April 2011 due to availability of imported oil. An adequate supply of locally produced cotton oil in regional markets was the other reason for stable prices of the commodity. The price of vegetable oil remains high in Gharm (by 6%) compared to April 2011 due to additional transportation expenses of the stocks from Dushanbe.

Potato prices increased in average by 7% due to limited supplies. The highest increase in the prices for potato was observed in Khujand markets, where, in comparison to the previous month, prices rose by 28%. The main reason for the hike was low supplies of potato into the markets following limited stocks from the domestic crop.

Country-wide prices for potato are 18% higher compared to same period of the previous year. Limited supplies, high fuel and transportation costs drove potato prices up by 30% in Dushanbe and 40% in Khorog over April 2011.

Rice prices remained unchanged. However, prices for rice increased by 26% compared to April 2011. The primary reason for the increase was the loss of the rice harvest in the northern part of the country and DRD districts because of cold weather and frost in November 2011. Prices were above the levels of April 2011 by 45% in Dushanbe and Kurgan-Tyube due to high demand but limited supplies of rice entering the markets.
Current prices and trends

**Diesel** prices increased by 2% country-wide. This represents an increase of 24% over April 2011. The prices rose 5% in Dushanbe and 7% in Khujand markets because of higher demand due to on-going cultivation in some areas and needs to run harvesting equipment.

**Petrol** prices rose in Dushanbe by about 5% after Russia increased export duties for fuel imported to Tajikistan on 1 April 2012. Prices for petrol remain 31% higher than the same period of the previous year. The greatest increase observed in Dushanbe fuel stations, where prices have risen by 43% since April 2011.

Outlook for the next three months

In the coming months, prices for wheat grain, wheat flour and other main staple foods will remain high, due to fewer food stocks of households and more people depending on the market. Kazakhstan’s abundant wheat harvest of 2011 will contribute to an adequate supply of wheat flour to Tajikistan.

The outcome of the 2011/2012 agricultural campaign is still unknown for the country and for Kazakhstan, the main exporter of wheat grain and wheat flour to Tajikistan. However, experts estimate that unfavorable weather, including little snow, might prevent Kazakhstan from harvesting as much grain as it did last year when the country netted a record crop – nearly 27 million tonnes of wheat grain, enabling it to set its grain export target at nearly 15 million tonnes for the 2011/2012 marketing year.

Fewer stocks and consequent higher prices will be observed for vegetables (carrot, cabbage, onion, etc.) and fruits in all markets. Additional expenses for transportation of the stocks from the Dushanbe to other regions may adversely affect the prices for vegetables in regional markets, driving them up. The increased pressure on prices for vegetables and legumes (potato and carrots) should start to ease in June. The same should happen for fruits later in the season.

Additional transportation costs will affect food prices in remote areas, particularly during next month, the time when access to these areas will remain difficult.

Following Russia’s reduction of export tariffs for fuel by around 3% as of 1 May (from 414.6 per ton to $403.7 per ton in April), it’s expected the prices for fuel will remain stable or slightly decrease by the middle of May, when fresh supplies of fuel with lower export duties will enter the market.

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 and based on 11 food groups. The cost of the Minimum Food Basket in April was TJS138.78/US$28.67 slightly higher than in March 2012 (TJS135.78/US$28.05).