Highlights

- The national average price of wheat flour continued to drop due to adequate supplies entering the markets. Prices of wheat flour are 16% lower than in May 2011.
- Meat prices continued rising in Dushanbe, due to high prices for fodder and transportation costs. The rise year on year for meat in the capital was 33%.
- Russia reduced the export duties for light fuel imported to Tajikistan by around 6% as of 1st June 2012. Russia decreased export duties in May of this year as well (by 3%).
Wheat flour prices dropped by around 2% country-wide throughout May due to adequate availability, following sufficient supply entering the country from Kazakhstan. Wheat grain prices remained stable in all markets except Gharm, where it decreased by 3%.

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

Vegetable oil prices decreased by 3% in Dushanbe due to sufficient supplies. They remained stable in all other markets, reaching the levels of May 2011 country-wide.

A 5% year on year increase is observed only in Gharm market due to additional expenses for transportation of the stocks from Dushanbe.

Meat prices rose in Dushanbe by 3% and in Khorog by 7% because of demand outweighing supply. Higher prices for animal feed and increased transportation costs reduced availability, thus driving up prices.

Country-wide, the rise year on year for meat was around 18%. The highest increase was seen in Dushanbe, where beef prices increased by 32% and mutton by 34% since May last year.

Potato prices increased on average by 7% due to limited supplies and before the new harvest enters the country’s markets in June. The highest increase in potato prices was observed in Khujand markets, where, compared to the previous month, prices rose by 17%.

Country-wide, prices for potato are 4% higher compared to May 2011. High fuel and transportation costs drove prices up by 9% in Dushanbe and 27% in Khorog over the same period of the previous year.

Rice prices remained stable in all markets. However, the prices remain considerably higher compared to the same period last year. Rice rose by 22% over May 2011, following the loss of the rice harvest due to early snows and frost in the fall of last year.

Limited supplies and higher transportation costs drove rice prices up by 45% in Kurgan-Tyube over May 2011.
Diesel prices remained stable in all markets with a very slight decrease in Gharm (1.5%) because of adequate availability. Diesel prices increased by 4% country-wide and by about 8% in Dushanbe fuel stations since May 2011. Petrol prices dropped slightly (around 1%) country-wide and 3% in Dushanbe following a 3% decrease in export duties by Russia. However, prices were 13% higher than in May 2011, when petrol was hit by a 44% increase in Russian export duties.

Special focus on: Wheat grain and wheat flour. Tajikistan significantly increased the import of wheat flour and wheat grain in the first four months of 2012, bringing in US$106.5 million worth of grain (231,800mt) and flour (157,600mt). The total 389,400mt represents nearly half -- 43% -- of the entire wheat importation for 2011. According to the Ministry of Agriculture, Tajikistan plans to increase grain production in 2012 by about one-third, for a harvest estimated at 1.5mt, as farmers switch from growing cotton after a fall in world prices. Both of these factors should keep wheat prices in Tajikistan stable.

However, a smaller wheat harvest predicted for Kazakhstan this year may well put upward pressure on prices of wheat and wheat products in Tajikistan. Kazakhstan, which exports around 22% of its wheat crop to Tajikistan, is expecting a smaller yield because of unfavourable weather. In 2011, Kazakhstan enjoyed a record harvest, which more than met Tajikistan’s requirements for wheat.

Prices for wheat grain, locally produced wheat flour and vegetables will start to ease with the new harvest entering the country’s markets.

Prices for food commodities will continue to stay low in Khorog due to lower transportation rates and greater supply of agricultural produce after roads to China via GBAO became accessible following the end of winter. Trucks transporting goods/materials from China to Dushanbe are making the return trip loaded with fruits, vegetables and food commodities destined for the Khorog markets.

Following Russia’s reduction of export tariffs for fuel by 6% as of 1 June, fuel prices will likely remain stable or slightly decrease after fresh supplies of fuel with lower export duties are delivered to the capital.

The Cost of the Minimum Food Basket

The cost of the Minimum Food Basket this month was TJS149.09/US$30.80, 7% higher than in April (TJS138.78/US$28.67). The difference was due to increase of prices for meat, vegetables (cabbage) and potato in Dushanbe markets, where prices are used for the calculation of the Minimum Food Basket.