Highlights

- In August 2012, the price of wheat flour increased by 16% country-wide on a month-on-month basis.
- The Government continued monitoring the urban markets and controlling them during Ramadan through subsidised sales from national reserves.
- Meat prices dropped in Dushanbe and Kurgan-Tyube but still remain higher than in August of the previous year.

![Average Food Prices For Selected Commodities In Five Main Markets](image-url)
Wheat flour prices increased by 16% country-wide throughout August. Price increases in Kazakhstan over the past months and higher transport expenses are driving wheat flour price increases in Tajikistan.

During the first half of August, to prevent the increase of prices during the Holy Month of Ramadan, the Government continued monitoring and controlling prices in urban markets for main staples through subsidized sales from national reserves. That led many traders to hold back their stocks limiting supplies. In addition to setting maximum prices and selling from its reserves the Government also set a limit of 10kg of first grade wheat flour per person when inadequate supplies pushed up the prices in the markets.

Following the end of Ramadan and the end of the Government subsidized sales and price controls, which kept prices low the price of wheat flour increased markedly. First grade wheat flour increased by 19% in Dushanbe and 39% in Khujand, month-on-month, close to the record levels of 2011; wheat grain and locally produced wheat flour rose by 10% compared to July 2012.

However, domestic prices of wheat flour have not yet reached the peak levels of last year and are currently 3% lower than August 2011 and 10% lower than last year’s average. Country-wide, prices for locally produced wheat flour are down 7% and wheat grain 11% compared to the same period last year.

Vegetable oil rose by 4% in Khorog due to inadequate supplies entering markets from Dushanbe and remained unchanged in all other markets due to sufficient availability, including locally produced cotton seed oil. Vegetable oil prices were 3% lower than August 2011 country-wide and 7% in Dushanbe. A 3% increase over a 1 year period in Gharm was due to higher transport expenses from the capital.

Meat prices dropped by 3% in Dushanbe and by 7% in Kurgan-Tyube, following the authorities’ price controls during Ramadan. Country-wide prices for meat are up 13% compared to August 2011. The greatest increase in meat prices was in Dushanbe and Gharm, where they rose by 23% and 29% respectively year on year.

Potato prices dropped by 7% in Gharm and Dushanbe as the fresh domestic harvest entered the markets and supply outweighed demand. However, additional expenses for transportation and high demand pushed up prices for potato in Kurgan-Tyube by 12%. Country-wide, prices for potato are up by 29% in comparison with the same period of last year. High transportation costs and lack of return cargo drove prices up by 42% in Kurgan-Tyube over August 2011.
Diesel prices remained stable in all markets, except Kurgan-Tyube where they rose by 3% because of higher demand for the harvest period and needs to run harvesting equipment. Diesel prices have increased by 7% country-wide and by 12% in Dushanbe fuel stations year on year.

Petrol prices rose in Kurgan-Tyube by 3% due to lower supplies entering markets and remained unchanged in other markets because of adequate availability. Country-wide, petrol prices have fallen to the levels of August 2011.

Reduced harvest this year may well put upward pressure on prices of exported wheat and wheat products in Kazakhstan. However, due to availability of significant stocks from last year’s harvest in Kazakhstan and continuation of sales to free storage space for the new crop, the country will further contribute to adequate supplies of wheat flour to Tajikistan, at least for the next few months.

However, a rise in international grain prices, weak yields in the Russia and Kazakhstan will continue putting upward pressure on prices in Tajikistan, heavily relying on imports from Kazakhstan to meet demands for wheat and wheat flour.

Due to on-going harvest, prices for wheat grain and locally produced flour should remain stable in coming months. Some small scale and temporary interventions by the Government, including the use of subsidized sales of food commodities, may also contribute to temporarily stabilizing staple food prices in urban markets.

High transportation costs will affect food prices in remote areas, particularly during the cold season when access to these areas remains difficult. This could be reflected in the prices of such basic commodities as wheat flour, cooking oil and potato.

Fuel price will rise, particularly in October, when the fall cultivation starts in the country and the demand for fuel, especially for diesel, normally increases.

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 in August was TJS147.19/US$30.51, higher than in July (TJS136.15/US$28.13). The difference was due to higher prices for wheat flour first grade and vegetables (particularly cabbage) in Dushanbe markets, where prices are used for the calculation of the Minimum Food Basket. As a reference, the minimum salary in Tajikistan was TJS80.00/US$16.60 until August 2012 and has recently been established at TJS200.00/US$41.50 as of September 01, 2012.