Tajikistan Market Price Report October 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 September 2012 prices, consumer trends and outlook for the future.

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Highlights

- In September 2012, the price of wheat flour first grade increased by 5 percent country-wide on a month-on-month basis.
- Meat prices continued rising in Dushanbe, due to high prices for fodder and transportation costs.
- Fuel prices remained stable in September (See Special Focus, page 3), however Russia increased export duties for fuel by 6 percent as of 1 October 2012. Tajikistan expects the abolishment of tariffs in 2013.
- The inflation rate since the beginning of the year was 5.6%, according to the National Bank of Tajikistan (NBT).
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Current prices and trends

Wheat flour prices continued to increase country-wide throughout September 2012. On a month-on-month basis the prices for first grade wheat flour increased by 5 percent on average and remained higher by 2 percent compared to the same period of last year, which was when Tajikistan experienced the highest prices since WFP started monitoring food prices in 2002.

Price increases reflect the impact of higher international prices, particularly in Kazakhstan, the main exporter of wheat and wheat flour to Tajikistan, over the past months and higher transport expenses for delivering food into the country.

To control prices, during September the Government continued subsidized sales from national reserves, mainly wheat flour milled in the country from imported wheat from Kazakhstan. However, though the bags were marked as “first grade”, the quality of flour sold at lower prices was not as good as the flour delivered from outside of the country.

Prices of locally produced wheat flour (second grade) rose by 6 percent and wheat grain by 4 percent on a month-on-month basis, but have not yet reached the peak levels of last year and are currently 4 percent and 7 percent lower than September 2011.

Vegetable oil prices dropped by 1 percent and cotton oil decreased by 3 percent due to adequate supplies entering markets and sufficient availability of locally produced cotton seed oil.

Country-wide, vegetable oil prices were 5 percent and cotton oil 11 percent lower than September 2011. The lowest prices were observed in Kurgan-Tyube -- 8 percent decrease year on year, as this is the largest cotton producing area.

Meat prices increased by 4 percent country-wide and by 7 percent in the capital, due to high prices for fodder and transportation costs. The year on year rise for meat was 16 percent. The greatest increase in meat prices was in the capital, where mutton and beef rose by 23 percent and 32 percent respectively since September last year.

Potato prices dropped by 11 percent country-wide and 18 percent in Gharm due to sufficient supply from the domestic harvest entering the markets.

However, prices for potato are still up by 14 percent in comparison with the same period of last year. High transportation costs for delivery of cargo to regional markets remains as the main reason behind the higher prices for potato.
Diesel prices remained unchanged in all markets, except Khujand where they slightly decreased (by 1 percent) because of supply outweighing demand. Diesel prices rose by 4 percent year on year.

Petrol prices were stable in September thanks to sufficient supplies entering the country’s markets. Country-wide, petrol prices dropped by 5 percent in comparison with the same period of last year.

Special focus on: Fuel. According to information from the Customs Committee during the first eight month of 2012, Tajikistan imported 245,500 tons of fuel, which is 66,600 tons less than the quantity imported within the same period of 2011. 44.6 percent or 109,400 tons of this amount was petrol, 44,000 tons less than in August last year. At the same time, Tajikistan is reducing reliance on imports from Russia, which now provides 62.7 percent of Tajikistan’s needs, 20 percent less than in previous year.

The Ministry of Energy and Industry (MEAI) says the main reason for decreasing import of petrol this year was that the import of liquefied gas, mainly from Kazakhstan, has increased. Due to the comparably lower prices the number of transport owners substituting petrol with this type of gas has considerably risen and it is believed that at present around 40 percent of drivers use liquefied gas. The MEAI said that because of higher demand, the import of liquefied gas has doubled during past nine months: 57,000 tons delivered into the country, when within this period of last year the import of this type of fuel was equal to 27,000 tons. In September alone, 8,000 tons of liquefied gas was brought into the country, which was 3,000 tons more than in August. When imports of liquefied gas suffer interruptions, this gets immediately reflected in higher transport costs, also affecting food prices.

The number of fuel stations selling liquefied gas has also increased and at present 526 stations are serving transport owners across the country. Six companies, including “Gazprom-Neft” are the main providers of liquefied gas to Tajikistan.

Outlook for the next three months

A rise in international grain prices, weak yields in Russia and Kazakhstan will continue putting upward pressure on prices in Tajikistan, heavily reliant on imports from Kazakhstan to meet demands for wheat and wheat flour. In addition, before the winter, households’ demand for wheat flour increases as families build stocks and exhaust reserves from own production, thus relying more on the markets and pushing the prices for these commodities upwards.

Thanks to availability of significant stocks from last year’s harvest in Kazakhstan the country will be able to ensure adequate supplies of wheat and wheat flour to Tajikistan.

The Cost of the Minimum Food Basket

The cost of the Minimum Food Basket in September was TJS146.76/US$30.45, slightly lower than in August (TJS147.19/US$30.51). The difference was mainly due to sharp decrease in prices for vegetables (cabbage) and sugar in Dushanbe markets, where prices are used for the calculation of the Minimum Food Basket.