WFP monitors weekly food and fuel prices in the five main markets of Tajikistan: Dushanbe, Kurgan-Tyube, Khujand, Garm and Khorog. This report presents an overview of December 2012 prices, consumer trends and outlook for the future.

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Wheat flour prices slightly decreased in December due to increased supplies. On a month-on-month basis the average prices for wheat flour first grade dropped by 1.5 percent but remained higher by 26 percent compared to the same period last year.

Wheat and wheat flour prices have risen considerably for the second half of 2012 across five key markets monitored by WFP. Country-wide, wheat prices increased by 20 percent and first grade wheat flour rose by 36 percent in the last six months of 2012. The rise was attributed to the increase in export prices for wheat commodities from Kazakhstan, the main exporter of wheat grain and wheat flour to Tajikistan. Prices for locally produced wheat flour (second grade) were up by 32 percent and wheat grain by 20 percent during that period.

Country-wide, in December the prices for locally produced flour and wheat grain reached beyond the peak levels of last year, rising 21 percent and 4 percent respectively year on year.

The greatest increase in prices was still seen in Khujand markets, where wheat flour rose by 38 percent and wheat grain by 17 percent since December 2011.

Vegetable oil prices remained unchanged in Gharm, Khorog and Kurgan-tyube due to adequate availability and slightly dropped in Khujand (by 1 percent) and Dushanbe (by 2 percent) because of additional imports of supplies entering markets. Prices for vegetable oil dropped in Kurgan-Tyube by 9 percent on year-on-year basis, as in the region demands for comparably cheaper locally produced cotton seed oil remain higher than vegetable oil.

The prices for vegetable oil were down by 4 percent country-wide and by 2 percent in Dushanbe in comparison with December 2011.

Meat prices remained unchanged in December country-wide and dropped (by 5 percent) in Khorog due to adequate availability and supply outweighing demand. Mutton increased in Khujand by 3 percent. Country-wide, prices for meat are up 12 percent higher compared to the same period last year. The greatest increase in meat prices was observed in Dushanbe and Gharm, where they rose by 21 percent year-on-year.

Potato prices rose sharply, by 17 percent in Khujand due to inadequate supply entering the markets. Country-wide, prices increased by 4 percent on a month-on-month basis. Prices for potato are up by 9 percent in comparison with the same period last year. Increased prices for fertilizers and high transportation costs for delivery of cargo to regional markets and high expenses remains as the main reason behind the higher prices.
Petrol prices rose by 1 percent country-wide and by 2 percent in the capital because of lower supplies compared to the existing demand.

According to the country’s Customs Committee the volume of petrol delivered to Tajikistan decreased from 15,000 tons in September and 10,000 tons in November to 8,000 tons in December, as the fuel providers were expecting the enforcement of the new agreement between Tajikistan and Russia on the provision of one million tons of duty free fuel and that negatively affected the process of importing the required quantity of fuel.

Price for petrol dropped by 11 percent year on year.

Diesel prices were stable in December thanks to supply meeting demand in the country’s markets (despite some decrease in delivery from Russia). Country-wide, diesel prices were at the same levels as in December 2011 (TJS6.45 per a litre).

The Cost of the Minimum Food Basket

The cost of the Minimum Food Basket in December was TJS137.41/US$28.35, lower than in November (TJS142.57/US$29.41). The difference was mainly due to decrease in prices for wheat flour in Dushanbe markets, where prices are used for the calculation of the Minimum Food Basket. In December 2011 the Minimum Food Basket was TJS131.19/US$27.15.

The State Statistics Agency’s data on the production of cereals in 2011/2012 of 1,232,567 tons, up by 12.2 percent compared to the previous season (2010/2011), may keep prices for wheat grain and locally produced flour stable in coming months. In addition, the plan of the Government to increase the import of wheat and wheat flour from Kazakhstan as a major response to increasing prices may also contribute to stabilising the prices for these commodities.

Fuel prices are expected to remain high during the coming months. However, they may decline due to the new agreement between Tajikistan and Russia on the provision of one million tons of duty free fuel during 2013, which is expected to come into effect within the first quarter of the year.

Higher 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 basic commodities and non-food items in the local markets.