Tajikistan Market Price Report March 2013

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 February 2013 prices, consumer trends and outlook for the future.

For more information, contact Saidamon.Bodamaev@wfp.org

Highlights

- In February 2013, the price of wheat flour first grade increased in Dushanbe by 2 percent on a month-on-month basis and remained 30 percent higher than February 2012. Country-wide, prices were up by 29 percent compared to the same period last year.
- The agreement between Tajikistan and Russia on the provision of 1 million tons of duty free fuel in 2013 was signed on 7 February 2013.
- The Government continued to provide markets in GBAO with subsidised staple foods from national reserves.
- The inflation rate in February was 0.5 percent according to the National Bank of Tajikistan (NBT).
Wheat flour prices remained unchanged in February in all markets except in Dushanbe, where they increased by around 2 percent due to higher demand. On a year-on-year basis the average prices for wheat flour first grade rose by 29 percent. The rise was attributed to the high export prices from Kazakhstan, the main exporter of wheat grain and wheat flour to Tajikistan, where according to Fews-net in January 2013 wheat grain prices were almost 90 percent higher than 2012 levels.

The price of locally produced flour (second grade) increased by 26 percent in the capital on a month-on-month basis. Discussions with traders revealed that mixing comparably cheaper second grade flour with the better quality first grade wheat flour from Kazakhstan could be one of the reasons for increasing demand for this type of flour, resulting in higher prices.

Country-wide, in February the prices for wheat flour produced locally and wheat grain reached beyond previous peak levels, rising 33 percent and 10 percent respectively year on year.

The greatest increase in prices was still seen in Khujand markets, where wheat flour rose by 49 percent, and wheat grain by 17 percent since February 2012.

Vegetable oil prices were stable during the month in the capital, Ghand, Khujand and Kurgan-Tyube. A 3 percent increase over a month period in price of cotton oil was due to inadequate supplies. Vegetable oil rose in Khorog by 4 percent and cotton oil by 7 percent because of higher transport expenses from the capital.

Cotton oil prices were down by 7 percent country-wide and by 12 percent in Khujand in comparison with February 2012.

Meat prices remained unchanged in February country-wide and rose by 3 percent in Khorog following increased transportation costs from other districts markets. Country-wide, the year on year rise for meat was 12 percent. The greatest increase in meat prices was in the capital and Ghand, where prices rose by 15 percent and 16 percent respectively since February last year.

Potato prices dropped sharply, by 10 percent in Kurgan-Tyube due to high supplies of potato from Pakistan entering the regional market. Prices for potato rose by 12 percent in Ghand because of demand outweighing supply. Country-wide, prices for potato are up by 7 percent compared to February 2012. Increased prices for fertilizers and high transportation costs for delivery of cargo to regional markets remain as the main reason behind the higher prices.
Despite in a decrease in imports from Russia, petrol prices dropped by 2 percent in the capital and by 1 percent in Khujand. The main reason was an adequate availability of petrol including from remaining reserves from January 2013. A 2 percent rise in prices in Khorog fuel stations was due to increased transportation costs during the winter for delivery of petrol from Dushanbe.

According to the country’s Ministry of Energy and Industry (MEAI) during January 2013, Tajikistan imported 30,619 tons of fuel, which is 6,804 tons less than the quantity imported within the same period of 2012. The agreement between Tajikistan and Russia on the provision of one million tons of duty free fuel was signed on 7 February 2013, however, the date for the enforcement of the agreement is yet to be determined and agreed. Price for petrol decreased by 2 percent year on year.

**Diesel** prices were stable in February thanks to supply meeting demand in the country’s markets. Country-wide, diesel prices were 1 percent higher than the same period last year.

### Current prices and trends

**Special focus on: Subsidised sales in GBAO markets.** In February the Government continued to provide regional market in Khorog and central districts’ markets with main staple foods, particularly wheat flour, from the national reserves at slightly subsidized prices. The intervention which started in August 2012, is contributing to stabilizing prices, and particularly important during lean period when food prices in general rise in the area. Wheat flour from national reserves are sold at 10 percent to 15 percent reduced prices. The quality of wheat flour provided through this intervention is satisfactory, a mix of flour produced in Tajikistan with wheat grain imported from Kazakhstan and milled locally.

### Outlook for the next three months

High import prices for wheat and wheat flour in Kazakhstan are expected to further affect the prices in Tajikistan markets, keeping them high. Prices for wheat grain may rise due to increased demand prior the new cultivation season.

Fuel prices may decline once the new agreement between Tajikistan and Russia on the provision of one million tons of duty free fuel during 2013 comes into effect, i.e validation by Russian and Tajik Parliaments. However, some experts believe that there will be no significant decrease in fuel prices, as there are other factors which could also affect the cost of delivery of fuel to the country, including additional expenses for transit of cargo through Uzbekistan, etc.

### The Cost of the Minimum Food Basket

The cost of the Minimum Food Basket in February was TJS142.48/US$29.39, higher than in December 2012 (TJS137.41/US$28.35). The difference was mainly due to increase in prices for wheat flour and vegetables (cabbage) in Dushanbe markets, where prices are used for the calculation of the Minimum Food Basket.