

## Highlights

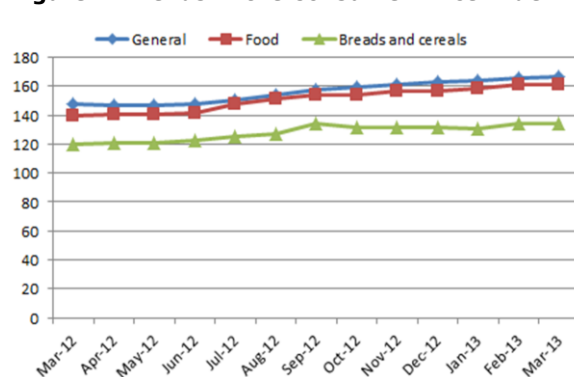
- The steady decline in international wheat prices during recent months has created favourable conditions for domestic markets and has resulted in a fall in the retail prices of wheat and wheat flour between March and April. As a result, the overall household food access remained stable during April 2013, although the food security situation of poor households remains precarious.
- During March 2013, the country level general inflation was 13.05 percent while that of food inflation stood at 15.92 percent. The general Consumer Price Index (CPI) during the same month was recorded at 166.58 while the food CPI was 161.50 and that of cereals stood at 134.55.
- Between March and April 2013, the wholesale prices of wheat and wheat flour rose by 11 percent and 9.3 percent, respectively, which may be reflected in the retail prices in the coming months.
- The average nominal retail price of wheat and wheat flour fell by 5.6 percent and 2.1 percent respectively between March and April 2013. Retail prices in coming months may rise to reflect the sharp increase wholesale prices during April.
- The supply of essential food commodities was normal in April in most of the markets being monitored. Food supply is expected to continue to be normal during the coming months.
- The average TOT between a daily unskilled labour wage and the retail price of wheat flour was 15.9Kg/day in April 2013 compared with 16.2Kg/day in March – a fall in the TOT by two percent.
- The average TOT in April was 236Kg/sheep compared with 281Kg/sheep in April – a decline of 16 percent.
- The FAO Food Price Index averaged 215.5 points in April 2013, up by 2 points (1.0 percent) from its March value of 213.2 points and from April last year. The FAO Cereal Price Index averaged 234.6 points in April, down by 10 points (4.1 percent) from March, but nearly 11 points (4.9 percent) above the corresponding period last year.
- International wheat prices have been stable between March and April 2013. The overall market analysis results indicate that food access has remained unchanged between March and April 2013.

## A. Inflation and Consumer Price Index (CPI)<sup>1</sup>

During March 2013, the country level general inflation was 13.05 percent while that of food inflation stood at 15.92 percent - based on the 12 month average. The general Consumer Price Index (CPI) during the same month was recorded at 166.58 while the food CPI was 161.50 and that of cereals stood at 134.55. All have been rising steadily since October 2012 (Figure 1).

The annual inflation rates for non-staple food items ranged from 7.26 percent for dairy products to 60.06 percent for vegetables. However, consumer price for sugar is 3.4 percent lower in April 2013 compared to the same month in 2012. The CPI for most of food commodities also increased slightly between February and March 2013 and ranged from 135.01 for dairy products to 217.02 for fresh and preserved fruits.

Figure 1: Trends in the Consumer Price Index

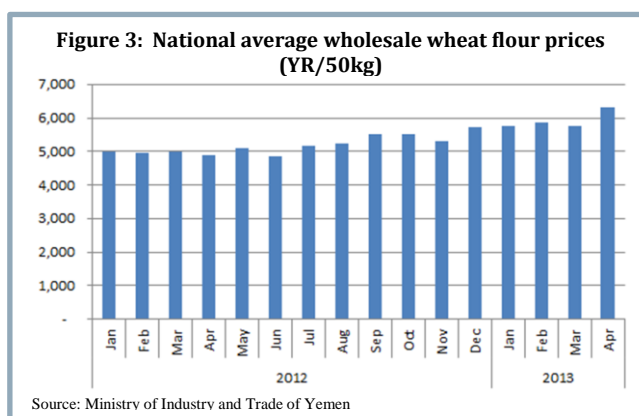
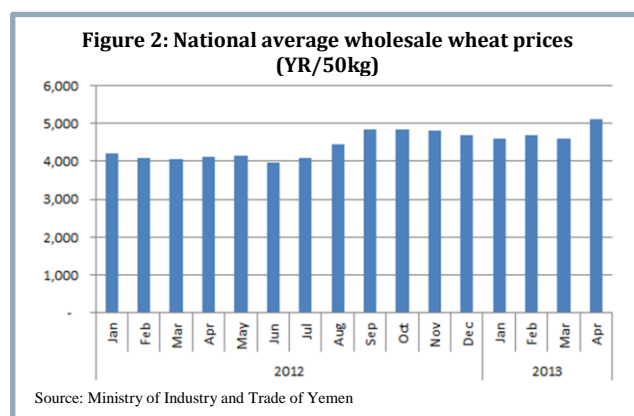


Source: Central Statistics Organization of Yemen

<sup>1</sup> The **CPI** is a measure of the average change in the prices of consumer items over time compared with a base year — goods and services that people buy for day-to-day living. The CSO of Yemen uses the 2005/06 Household Budget Survey as a base year. **Inflation** is the percentage change of the CPI over the period of 12 months — percentage changes in the CPI during current month compared with the same month last year.

## B. Wholesale Prices of Wheat and Wheat Flour

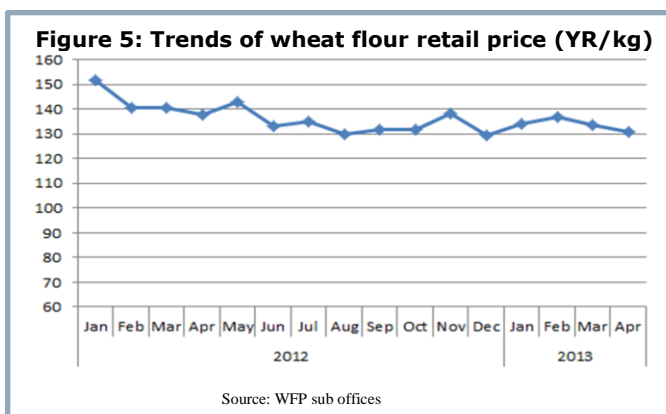
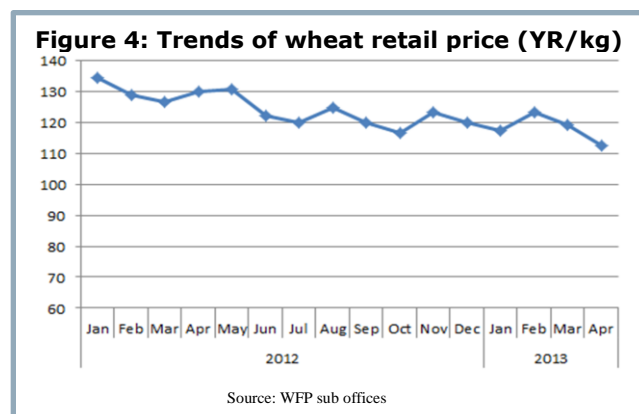
The domestic nominal<sup>2</sup> wholesale prices of wheat and wheat flour rose sharply between March and April 2013 and have reached their highest levels since the crisis in 2011. Between March and April 2013, the wholesale prices of wheat and wheat flour rose by 11 percent and 9.3 percent, respectively (Figure 2 and Figure 3). These increments are anticipated to be reflected in the retail prices in the coming months. According to the information from the Ministry of Industry and Trade of Yemen, the average wholesale price of 50Kg wheat grain was 5,100YR while that of wheat flour was 6,300YR during the month under reporting.



The nominal wholesale prices of most of other food commodities have shown significant falls – ranging between 5 percent for cooking oil and 17 percent for lentils. However, the price of sugar remained unchanged while that of red beans increased by 3 percent between March and April 2013.

## C. Retail Prices of Wheat and Wheat Flour

Contrary to the sharp increase in wholesale prices, the average nominal retail price of wheat and wheat flour declined by 5.6 percent and 2.1 percent in April 2013, respectively, compared to the levels recorded in March (Figures 4 and 5). Retail prices in coming months may rise to reflect the sharp increase wholesale prices during April. During the month under reporting, the average nominal retail prices of wheat and wheat flour were 113YR/Kg and 131YR/Kg, respectively. The retail price of wheat grain was the lowest in Amran (95YR/Kg) and highest in Sana'a and Sa'ada (130YR/Kg). The lowest price for wheat flour was observed in Hodieda (120YR/Kg) while Sana'a and Sa'ada markets seen the highest prices (140YR/Kg). The price variations between different markets are mainly due to variations in quality, their relative distances from the port and transportation costs.



<sup>2</sup> **Nominal prices** denote the current monetary value of a good or service i.e. as seen or actually observed by the monitor in the field, in a shop or at a market stall. **Real prices** are prices adjusted for inflation using a consumer price index of the corresponding year. The process of adjusting for inflation is called deflating by a price index in order to determine the real value of some monetary magnitude in reference to a "base period".

## D. Supply to Markets

In April 2013, the supply of essential food commodities was normal in most of the monitored markets. However, continuing conflicts and instability in some areas in the south have disrupted the normal flow of food commodities into these areas which disturbed the normal functioning of some local markets such as Lahj and Aden. According to information from Ministry of Industry and Trade of Yemen, the volume of imported wheat stocks held in Yemen was adequate for national consumption needs during April 2013 and the supply is expected to continue to be normal during the coming few months.

## E. Terms of Trade (TOT)<sup>3</sup>

The TOT are proxy indicators of the purchasing power of households relying on livestock and/or casual labour as their main source of income for the purchase of cereals from the market. TOT are important components of food security analysis. Analysing the terms of trade between wages/livestock and staple food commodities is indicative of the trends in purchasing power and the impact on the food security situation of households which are dependent on food purchases through income from wage labour and/or livestock.

### TOT between wage labour and wheat flour

The nominal average daily wage rate in the monitored markets fell by about 4% between March and April 2013. The average daily wage rate recorded in April was 2,083YR, varying between market locations and ranging from 2,000YR (in Aden, Amran, Hajjah, Hodieda and Sana'a) to 2,500YR in Sa'ada markets. The average TOT between a daily unskilled labour wage and the retail price of wheat flour was 15.9Kg/day in April 2013 which was about two percent lower than that recorded during the month before (16.2Kg/day). While the TOT in Hajjah have improved and remained unchanged in Sana'a and Sa'ada, they have deteriorated in all of the other markets (Figure 6).

### TOT between sheep and wheat flour

The average price of a two-year old male sheep was 30,833 in April 2013 – a sharp fall (by about 18 percent) compared to the level during March. Prices ranged between 25,000YR in Hodieda and 50,000YR in Sa'ada market. During April 2013, the fall in sheep prices was much greater than the decline in the prices of wheat flour which resulted in sharp deterioration in the TOT between a sheep and the retail price of wheat flour in some markets. Accordingly, the average TOT in April were 236Kg/sheep – 16 percent lower than that reported in March (281Kg/sheep). Consequently, households which derive some of their income from the sale sheep had to sell more in April than they did in March to purchase the same amount of wheat flour. The highest TOT of the month were recorded in Sa'ada (357Kg/Sheep) and the lowest were observed in Hajjah (192Kg/Sheep) (Figure 7).

Figure 6: TOT between wage labour and wheat flour

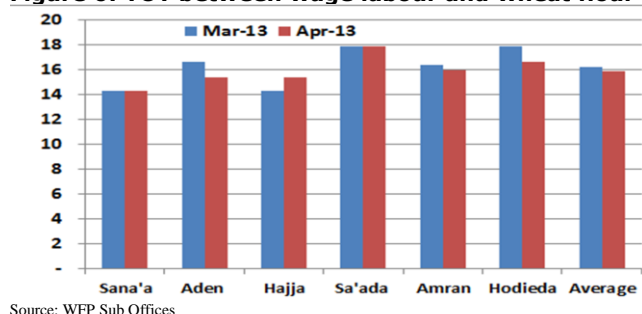
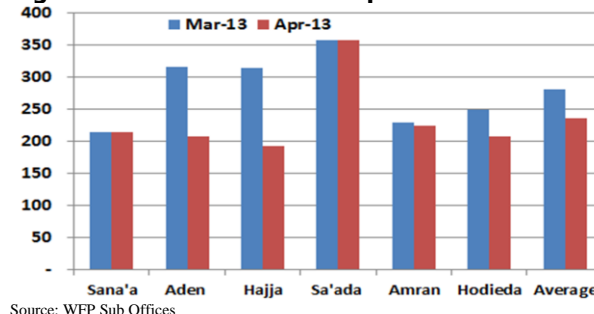


Figure 7: TOT between sheep and wheat flour



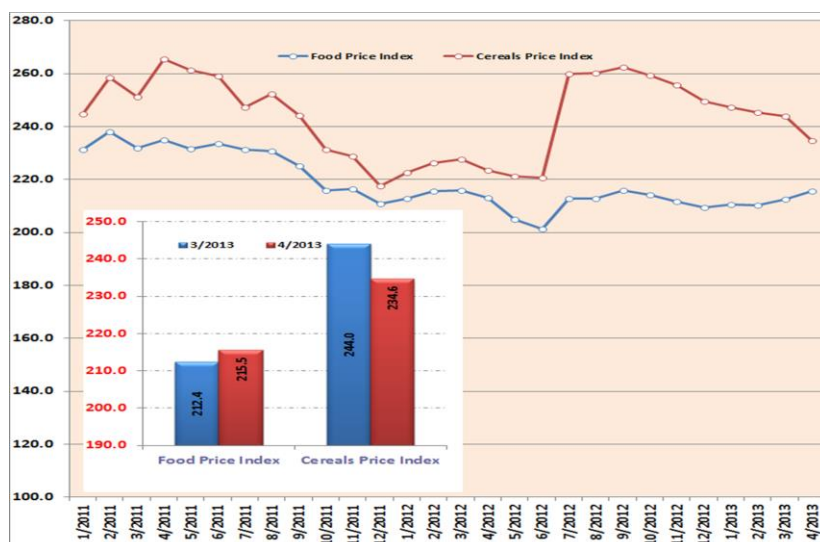
<sup>3</sup> The **terms of trade (TOT)** is a measure of the relative value of one commodity to another (or the inverse of their relative prices) and thus a measure of the exchange value of the good or service to be traded. Wage to cereal terms of trade is a standard indicator for purchasing power. The livestock to cereal ratio gives an indication of the purchasing power of households selling livestock and purchasing staple foods. Purchasing power is a measurement of the relative value of money in terms of the quality and quantity of goods and services it can buy. It represents the ability of a household to acquire goods and services based on its access to money or other forms of wealth.

## F. Global Food Prices

The FAO Food Price Index averaged 215.5 points in April 2013, up by 2 points (1.0 percent) from its March value of 213.2 points and from April last year. At that level, the index is only 9 percent below the peak recorded in February 2011. Similar to the price development in March, the April increase was driven almost exclusively by a sharp rise in dairy prices, as meat prices rose marginally while those of the other food commodities fell.

The FAO Cereal Price Index averaged 234.6 points in April, down by 10 points (4.1 percent) from March, but nearly 11 points (4.9 percent) above the corresponding period last year. Most of the decline in April was triggered by weaker maize prices on expectation of higher closing stocks and favourable 2013 crop prospects. Wheat prices changed little, as the downward pressure stemming from concern over the poor growing conditions and spring crop planting delays in the United States (Figure 8).

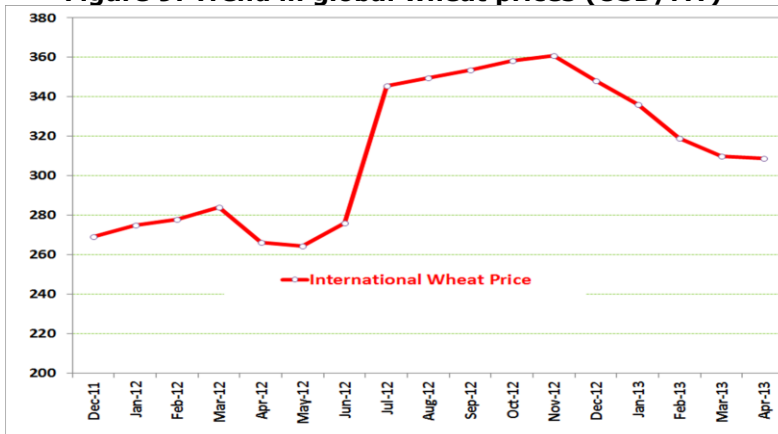
Figure 8: Trends of food and cereals price indices



Data Source: <http://www.fao.org/worldfoodsituation/wfs-home/foodpricesindex/en/>

International wheat prices have been stable between March and April 2013 (Figure 9). The stabilization of international wheat prices is expected to have a positive impact on domestic markets in Yemen as the country is highly dependent on wheat imports (over 90 percent). However, although the international wheat prices have declined by about 15 percent between the peak in November 2012 and April 2013, the nominal wholesale and retail prices remained stable with a change of merely +/-1 percent during the period. The reasons for this are under further investigation.

Figure 9: Trend in global wheat prices (USD/MT)



Data Source: <http://www.indexmundi.com/commodities/?commodity=wheat>

The stability in international wheat prices has created favourable conditions for domestic markets and a fall in the retail prices of wheat and wheat flour. Overall household food access in the country has remained stable during April 2013. However, the food security situation of poor households remains precarious.





Table 1. Market Watch on Main Commodities Across Markets - April 2013

Table 1: Market Watch on Main Commodities Across Markets - April 2025								
Markets	Commodity	Current Price	Price change (%)			Average Change		
			1Y	6M	1 M	1Y	6M	1 M
Commodity Prices (Yemeni Rials)								
Sana'a	Wheat /kg	130	0	0	-4	↔	↔	↔
	Wheat flour/ kg	140	-7	0	0	↔	↔	↔
	SUGAR/kg	200	-29	-20	-13	↓	↓	↓
	V. OIL/ kg	480	7	2	-4	↔	↔	↔
	RICE/kg	220	-21	-24	-21	↓	↓	↓
	Red beans/kg	350	0	-13	0	↔	↔	↔
	White beans/kg	250	-17	-22	-17	↓	↓	↓
	Lentils/kg	300	-21	-6	-6	↓	↔	↔
	Yellow Split peas/kg	250	-14	-62	-11	↓	↓	↓
	Salt/kg	60	-25	0	-25	↓	↔	↔
	Potato/kg	250	39	14	0	↑	↑	↔
	Tomato/kg	250	39	67	-34	↑	↑	↓
	Onion/kg	200	11	-9	0	↑	↔	↔
	Eggs/1egg	35	17	17	0	↑	↑	↔
	PETROL/ltr	125	0	0	0	↔	↔	↔
	DIESEL/ltr	100	0	0	0	↔	↔	↔
Gas/bottle	1500	-29	0	0	↓	↔	↔	
Sheep/head	30000	11	-42	0	↑	↓	↔	
Skilled lab wage/day	4500	0	0	0	↔	↔	↔	
Casual lab wage/day	2000	-5	-33	0	↔	↓	↔	
Exchange rate/USD	215	0	0	0	↔	↔	↔	
Aden	Wheat /kg	120	-8	0	-8	↔	↔	↔
	Wheat flour/ kg	130	8	0	8	↔	↔	↔
	SUGAR/kg	200	-13	-17	0	↓	↓	↔
	V. OIL/ kg	400	-5	-5	-5	↔	↔	↔
	RICE/kg	200	-38	-20	0	↓	↓	↔
	Red beans/kg	380	0	0	0	↔	↔	↔
	White beans/kg	250	-22	-17	0	↓	↓	↔
	Lentils/kg	400	14	33	0	↑	↑	↔
	Yellow Split peas/kg	250	0	-29	-14	↔	↓	↓
	Salt/kg	60	20	20	0	↑	↑	↔
	Potato/kg	200	33	0	33	↑	↔	↑
	Tomato/kg	250	47	14	-38	↑	↑	↓
	Onion/kg	150	67	-38	0	↑	↓	↔
	Eggs/1egg	35	17	17	0	↑	↑	↔
	PETROL/ltr	125	0	0	0	↔	↔	↔
	DIESEL/ltr	100	0	0	0	↔	↔	↔
Gas/bottle	1400	-7	-7	-7	↔	↔	↔	
Sheep/head	27000	-23	-40	-29	↓	↓	↓	
Skilled lab wage/day	4000	-11	0	0	↓	↔	↔	
Casual lab wage/day	2000	0	0	0	↔	↔	↔	
Exchange rate/USD	215	0	0	0	↔	↔	↔	
Hajja	Wheat /kg	100	-29	-9	0	↓	↔	↔
	Wheat flour/ kg	130	-7	0	-7	↔	↔	↔
	SUGAR/kg	250	-4	25	25	↔	↑	↑
	V. OIL/ kg	420	-7	-16	-16	↔	↓	↓
	RICE/kg	170	-43	-15	-15	↓	↓	↓
	Red beans/kg	300	0	-12	50	↔	↓	↑
	White beans/kg	350	17	17	40	↑	↑	↑
	Lentils/kg	380	-5	-5	-5	↔	↔	↔
	Yellow Split peas/kg	350	17	75	NA	↑	↑	↑
	Salt/kg	50	-17	0	0	↓	↔	↔
	Potato/kg	250	67	25	0	↑	↑	↔
	Tomato/kg	250	150	25	-17	↑	↑	↓
	Onion/kg	150	50	-63	-25	↑	↓	↓
	Eggs/1egg	40	33	14	33	↑	↑	↑
	PETROL/ltr	175	40	0	40	↑	↔	↑
	DIESEL/ltr	100	0	0	0	↔	↔	↔
Gas/bottle	1200	-29	-25	-4	↓	↓	↔	
Sheep/head	25000	-24	-48	-43	↓	↓	↓	
Skilled lab wage/day	4000	14	-43	0	↑	↓	↔	
Casual lab wage/day	2000	-17	-50	0	↓	↓	↔	
Exchange rate/USD	215	0	0	0	↔	↔	↔	
Saada	Wheat /kg	130	8	8	0	↔	↔	↔
	Wheat flour/ kg	140	8	8	0	↔	↔	↔
	SUGAR/kg	220	-12	10	0	↓	↔	↔
	V. OIL/ kg	450	13	-10	0	↑	↔	↔
	RICE/kg	200	-29	-33	0	↓	↓	↔
	Red beans/kg	300	15	-14	0	↑	↔	↔
	White beans/kg	200	-9	0	0	↔	↔	↔
	Lentils/kg	300	-14	0	0	↓	↔	↔
	Yellow Split peas/kg	0				NA	NA	NA
	Salt/kg	50	0	0	0	↔	↔	↔
	Potato/kg	200	67	33	0	↑	↑	↔
	Tomato/kg	200	100	100	-20	↑	↑	↓
	Onion/kg	100	11	-33	0	↑	↔	↔
	Eggs/1egg	30	0	11	0	↔	↑	↔
	PETROL/ltr	125	0	0	0	↔	↔	↔
	DIESEL/ltr	100	0	0	0	↔	↔	↔
Gas/bottle	1600	14	3	0	↑	↔	↔	
Sheep/head	50000	25	0	0	↑	↔	↔	
Skilled lab wage/day	4500	18	-18	0	↑	↓	↔	
Casual lab wage/day	2500	25	0	0	↑	↔	↔	
Exchange rate/USD	215	0	0	0	↔	↔	↔	
Amran	Wheat /kg	95	-27	-21	-5	↓	↓	↔
	Wheat flour/ kg	125	-17	-4	2	↓	↔	↔
	SUGAR/kg	200	-29	-20	-20	↓	↓	↓
	V. OIL/ kg	473	13	-1	0	↑	↔	↔
	RICE/kg	180	-31	-18	0	↓	↓	↔
	Red beans/kg	250	-17	-26	0	↓	↓	↔
	White beans/kg	250	-11	-17	0	↓	↓	↔
	Lentils/kg	250	-29	-17	0	↓	↓	↔
	Yellow Split peas/kg	300		-14	20	NA	↓	↑
	Salt/kg	50	-17	0	0	↓	↔	↔
	Potato/kg	250	150	39	25	↑	↑	↑
	Tomato/kg	300	200	67	-25	↑	↑	↓
	Onion/kg	200	100	-20	0	↑	↓	↔
	Eggs/1egg	33	-6	10	0	↔	↔	↔
	PETROL/ltr	125	0	0	0	↔	↔	↔
	DIESEL/ltr	110	10	10	0	↔	↔	↔
Gas/bottle	1300	-13	-19	0	↓	↓	↔	
Sheep/head	28000	-15	-42	0	↓	↓	↔	
Skilled lab wage/day	3500	-13	-50	0	↓	↓	↔	
Casual lab wage/day	2000	0	-50	0	↔	↓	↔	
Exchange rate/USD	215	0	0	0	↔	↔	↔	
Hodieda	Wheat /kg	100	-19	0	-17	↓	↔	↓
	Wheat flour/ kg	120	20	-8	-14	↑	↔	↓
	SUGAR/kg	180	-16	-10	-10	↓	↔	↔
	V. OIL/ kg	350	-13	-30	-42	↓	↓	↓
	RICE/kg	180	-25	-36	-40	↓	↓	↓
	Red beans/kg	400	8	5	0	↔	↔	↔
	White beans/kg	230	-4	-8	15	↔	↔	↑
	Lentils/kg	350	1	-13	-3	↔	↓	↔
	Yellow Split peas/kg	0			-100	NA	NA	↓
	Salt/kg	50	25	25	0	↑	↑	↔
	Potato/kg	250	103	39	-17	↑	↑	↓
	Tomato/kg	300	114	131	-40	↑	↑	↓
	Onion/kg	200	100	-29	0	↑	↓	↔
	Eggs/1egg	35	40	17	0	↑	↑	↔
	PETROL/ltr	125	0	0	0	↔	↔	↔
	DIESEL/ltr	100	0	0	0	↔	↔	↔
Gas/bottle	1500	-13	-12	7	↓	↓	↔	
Sheep/head	25000	-25	-44	-29	↓	↓	↓	
Skilled lab wage/day	2500	-40	-29	-29	↓	↓	↓	
Casual lab wage/day	2000	0	-33	-20	↔	↓	↓	
Exchange rate/USD	215	0	0	0	↔	↔	↔	
Rem ark:	↑	Prices increase above normal price fluctuation						
	↔	Normal Price Fluctuation						
	↓	Price decrease below normal price fluctuation						

**Important Remark:** The market price data contained in the report should be interpreted with caution as they do not capture the impacts of long term trends in food prices. This approach does not measure or indicate the severity of the likely impact that changes may have on different households due to different income and food basket variations by wealth, by livelihood groups and households' capacities to cope with changes.