CAMBODIA FOOD PRICE AND WAGE BULLETIN

June 2013, Issue 52

HIGHLIGHTS
- Food purchasing power of households decreased in rural and urban areas on a month-on-month basis by 6.5% and 3.0% respectively.
- Retail price of lowest quality rice decreased in rural areas by 1.1% and in urban areas remained stable on a month-on-month basis.
- Wholesale price of mixed rice decreased by 1.8% month-on-month and by 0.4% year-on-year.
- Export price of Thai and Vietnamese rice decreased on a month-on-month basis by 3.9% and 3.1%, respectively.
- FAO Food Price Index averaged 211.3 points in June, a decrease of 1.0% month-on-month as a result of falling sugar, dairy, cereal and oil prices.
- The inflation rate in Cambodia was 2.8% in May. On a month-on-month basis food and gasoline prices increased by 1.1% and 2.9% respectively.

Overview
This Bulletin is a joint publication by the Agricultural Marketing Office (Department of Planning and Statistics) of the Ministry of Agriculture, Forestry and Fisheries and the United Nations World Food Programme Cambodia. It monitors the price of food commodities and wage rates of unskilled labor on a monthly basis. It aims to detect changes and identify trends in the food purchasing power of vulnerable households.

International Food and Rice Prices
The FAO Food Price Index, measuring the international price level of a basket of key food commodities, averaged 211.3 points in June 2013, a decrease of 1.0% month-on-month due to declining sugar, dairy, cereal and oil prices. The International Rice Price Index averaged 241 points, remaining stable month-on-month.

Figure 1: FAO Food Price Index and Rice Price Index


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Regional Rice Wholesale Prices

In June 2013, the f.o.b. prices of Thai A1 Super white rice (100% broken) and Vietnamese white rice (25% broken) were 518 USD/mt and 341 USD/mt, respectively (Figure 2).

The export price of Thai A1 Super white rice decreased by 3.9% month-on-month and by 5.0% year-on-year. According to media reports the Thai government will continue with G2G (government to government) sales to meet the government target of achieving 8 million tons of rice exports in 2013. A Thai government proposal to reduce the minimum price paid under the rice pledging scheme (from 15,000 THB/mt to 12,000 THB/mt) was reversed in June.

The export price of Vietnamese white rice decreased by 3.1% month-on-month and by 7.6% year-on-year. According to the Vietnam Food Association, rice exports will reach 7.5 million tons in 2013, lower than a previous projection of 8 million tons.

1 This publication has been produced jointly since September 2011.
2 The FAO Food Price Index consists of the average of commodity group price indices (i.e. meat, dairy, cereals, oils/fats, and sugar) weighted with the average export shares of each of the groups for 2002-2004.

3 Free on board (f.o.b.) price includes all charges up to the placing of goods on board a ship at the port of departure specified by the buyer.
Cambodia Consumer Price Index (CPI)
The general Consumer Price Index (CPI)\(^4\) measures the cost of a consumption basket composed of 259 items. Each item is weighted based on their importance in an average household’s expenditure\(^5\). In May 2013, the general CPI averaged 151.3 points, an increase of 0.7% month-on-month. The inflation rate, as measured by the year-on-year increase in the consumer price index, was 2.8%. Gasoline prices increased by 2.9% month-on-month and were 0.1% lower than the same period last year.

The Food Price Index measures the cost of the food items in the general CPI’s consumption basket. Food items make up 43.2% of the total consumption basket. In May 2013, the food price index was 173.8, an increase of 1.1% month-on-month and 4.1% year-on-year (Figure 3).

Figure 3: Relative change in general consumer prices, food prices and non-food prices (base = Oct-Dec 2006)

Local Food Commodity Wholesale Prices
Data\(^6\) from the Agricultural Marketing Office of the Ministry of Agriculture, Forestry and Fisheries (AMO MAFF) shows that the average wholesale price of mixed rice\(^7\) decreased 1.8% month-on-month and 0.4% year-on-year in June (Figure 4). After adjusting for the annual inflation rate of 2.8%, the real wholesale price of mixed rice was 4.6% lower than that of the same month last year.

Price Monitoring and Forecasting
FAO’s price monitoring tool compares recent actual wholesale prices from AMO MAFF with “normal” price levels. The normal price level takes into account historical price levels and adjusts for inflation and seasonal factors. A discrepancy between current actual prices and “normal” prices indicates that current prices are higher/lower than what would be expected. In June 2013, the actual wholesale price of mixed rice was 3.2% lower than the expected normal historical price\(^8\).

The price monitoring tool also projects prices based on the current price, current inflation rate and seasonal factors. The high and low bands are set so that actual prices will fall within the range 80% of the time. Prices for the upcoming three months (July, August and September) were projected. Prices are expected to increase in the next quarter as a result of depleting rice stocks from the wet and dry season and increasing demand until the beginning of the main harvest season which starts in November (Figure 5).

Local Food Commodity Retail Prices
In June 2013, the average retail price of the lowest quality rice\(^9\) in rural and urban areas was 1,742 riel/kg and 1,809 riel/kg, respectively (Figure 6). On a month-on-month basis, rice prices in rural areas decreased by 1.1% and in urban areas remained stable.

\(^4\) The CPI is collected and reported by the National Institute of Statistics (NIS). Data from June 2013 was not available at the time of publication.
\(^5\) Relative item expenditure weights are derived from the 2004 Cambodia Socio-Economic Survey and adjusted to October-December 2006 price levels.
\(^6\) From provincial markets in Kampong Chhnang, Takeo, Siem Reap, Prey Veng, Phnom Penh, Kampot, Battambang, Banteay Meanchey, and Kampong Cham.
\(^7\) Mixed rice is considered a low-quality type of rice.
\(^8\) 2008 prices are excluded from the FAO price monitoring tool analysis as the food price crisis in mid-2008 distorts the seasonal factors.
\(^9\) Mixed rice, IR rice and Banla Pdao rice
Figure 6 (a)(b): Average price of lowest quality rice, 2011-2013

(a) Rural areas

(b) Urban areas

Source: WFP

On a year-on-year basis, retail rice prices (nominal) in rural and urban areas decreased by 6.0% and 6.1%, respectively. With the inflation rate of 2.8%, the real retail price of rice in rural and urban areas decreased, year-on-year, by 8.8% and 8.9%, respectively. Retail prices of other food commodities (i.e., second quality rice, vegetable oil, smoked fish, fresh fish, pork, and duck eggs) in each of the 10 rural and 11 urban markets are presented in Appendix 2.

Food Purchasing Power

Daily wages of unskilled workers engaged in rice and non-rice farming and construction work are monitored by WFP on a monthly basis. In June 2013, the average wage of unskilled labor in rural areas was 15,650 riel/day, a decrease of 7.5% month-on-month, and in urban areas was 16,555 riel/day, a decrease of 3.0% month-on-month (Figure 7).

Figure 7 (a)(b): Daily wage of unskilled labor

(a) Rural areas

(b) Urban areas

Source: WFP

In rural areas average unskilled wages decreased due to less availability of agricultural work at the beginning of the wet season. Downward pressure for unskilled wages in urban areas was driven by lower demand for construction work due to the rainy season.

Terms of trade (ToT) is used to assess household food purchasing power by taking the ratio of two different components. In the Cambodian context, the ToT takes the ratio of the daily wage rates of unskilled laborers and the retail price of lowest quality rice in the market. This gives an indication of the amount of rice that an unskilled wage laborer can purchase with a daily wage.

In June 2013, the ToT in rural areas was 9.0 kg/day, a decrease of 6.5% month-on-month; for urban areas, the ToT was 9.2 kg/day, a decrease of 3.0% month-on-month. The decrease in unskilled wages outweighed the decrease in rice prices causing household purchasing power to decrease this month (Figure 8).

Figure 8 (a)(b): Terms of Trade of unskilled labor and rice

(a) Rural areas

(b) Urban areas

Source: WFP

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Appendix 1: Location of sentinel market sites in urban and rural areas in Cambodia

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### Appendix 2(a)(b): Price of food commodities by market

#### (a) Rural markets

<table>
<thead>
<tr>
<th>Food Item</th>
<th>Province</th>
<th>Market</th>
<th>price (Riel/kg)</th>
<th>1 month</th>
<th>3 months</th>
<th>1 year</th>
<th>price change (%)</th>
<th>direction of change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smoked fish</td>
<td>Banteay Meanchey</td>
<td>Thma Puok</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td></td>
<td>Siem Reap</td>
<td>Kralanh</td>
<td>1,733</td>
<td>3.5</td>
<td>15.6</td>
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<td>Oddar Meanchey</td>
<td>Anlong Veng</td>
<td>1,767</td>
<td>-6.4</td>
<td>15.2</td>
<td>-17.2</td>
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<tr>
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<td>Pursat</td>
<td>Chheu Tom</td>
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<td>Kampong Thom</td>
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<tr>
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<td>Proy Veng</td>
<td>Chheu Kach Thmei</td>
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<td>-8.3</td>
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<tr>
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<td>2.4</td>
<td>13.2</td>
<td>-4.4</td>
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<td></td>
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<td>Bat Doeng</td>
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<td>S'ang</td>
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</table>

- Price increase above normal fluctuation
- Normal price fluctuation 5% for month, 10% for 3 months, 15% for 1 year
- Price decrease below normal fluctuation
- Commodity not available in reporting month
## (b) Urban markets

<table>
<thead>
<tr>
<th>Food Item</th>
<th>Province</th>
<th>Market</th>
<th>price (Riel/kg)</th>
<th>price change (%)</th>
<th>direction of change</th>
<th>price (Riel/kg)</th>
<th>price change (%)</th>
<th>direction of change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duck egg</td>
<td>Banteay Meanchey</td>
<td>Serei Saophoan</td>
<td>1,100</td>
<td>-7.9</td>
<td>-1.6</td>
<td>-250</td>
<td>-11.5</td>
<td>-1.8</td>
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<td>Fish 3rd</td>
<td>Banteay Meanchey</td>
<td>Serei Saophoan</td>
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<td>-8.9</td>
<td>-1.6</td>
<td>-250</td>
<td>-11.5</td>
<td>-1.8</td>
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<td>Pork with fat</td>
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<td>Serei Saophoan</td>
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<td>-1.8</td>
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<tr>
<td>Vegetable oil</td>
<td>Banteay Meanchey</td>
<td>Serei Saophoan</td>
<td>1,500</td>
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<td>-1.6</td>
<td>-250</td>
<td>-11.5</td>
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<td>-11.5</td>
<td>-1.8</td>
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<tr>
<td>Second quality rice</td>
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<td>Serei Saophoan</td>
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<td>-1.8</td>
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<tr>
<td>Bread flour</td>
<td>Banteay Meanchey</td>
<td>Serei Saophoan</td>
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<td>-1.6</td>
<td>-250</td>
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<td>-1.8</td>
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<td>Serei Saophoan</td>
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<td>-250</td>
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<td>-1.8</td>
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<tr>
<td>Bread flour</td>
<td>Banteay Meanchey</td>
<td>Serei Saophoan</td>
<td>2,000</td>
<td>-6.1</td>
<td>-1.6</td>
<td>-250</td>
<td>-11.5</td>
<td>-1.8</td>
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<td>Second quality rice</td>
<td>Banteay Meanchey</td>
<td>Serei Saophoan</td>
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<td>-1.8</td>
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<td>Serei Saophoan</td>
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<td>-1.6</td>
<td>-250</td>
<td>-11.5</td>
<td>-1.8</td>
</tr>
</tbody>
</table>

- Price increase above normal fluctuation
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