HIGHLIGHTS

- Food purchasing power of households increased 0.9% in rural areas and decreased 1.6% in urban areas month-on-month.
- Retail price of lowest quality rice increased 1.3% in rural areas and 1.7% in urban areas month-on-month.
- Wholesale price of mixed rice increased 1.4% month-on-month and decreased 4.6% year-on-year.
- Export price of Thai rice decreased 1.9% while export price of Vietnamese rice increased 3.2% month-on-month.
- FAO Food Price Index averaged 205.9 points in July, a 2.6% decrease month-on-month due to falling food commodities prices.
- The inflation rate in Cambodia was 2.9% in June. Food and gasoline prices increased 0.3% and 0.2% respectively month-on-month.

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 (AMO MAFF) 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 also 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 205.9 points in July 2013, a decrease of 2.6% month-on-month due to lower international prices for grains, soy, palm oil, sugar and dairy. 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 July 2013, the f.o.b. prices of Thai A1 Super white rice (100% broken) and Vietnamese white rice (25% broken) were 508 USD/mt and 352 USD/mt, respectively (Figure 2).

Figure 2: Export price of Thai and Vietnamese white rice and Cambodia mixed rice


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.
4 Mixed rice is considered a low-quality type of rice.
The export price of Thai A1 Super white rice decreased by 1.9% month-on-month and by 5.2% year-on-year and Vietnamese white rice increased by 3.2% month-on-month but decreased by 7.1% year-on-year.

Cambodia Consumer Price Index (CPI)

The general Consumer Price Index (CPI) 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. In June 2013, the general CPI averaged 151.6 points, an increase of 0.2% month-on-month. The inflation rate, as measured by the year-on-year increase in the Consumer Price Index, was 2.9%. The non-food price index remained stable at 134.3 month-on-month. Gasoline prices increased by 0.2% month-on-month and were 8.1% higher year-on-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 June 2013, the food price index was 174.4, an increase of 0.3% month-on-month and 4.4% year-on-year (Figure 3).

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

Source: National Institute of Statistics

Local Food Commodity Wholesale Prices

Data from AMO MAFF shows that the average wholesale price of mixed rice was 1741.5 riel/kg, a 1.4% increase month-on-month and 4.6% decrease year-on-year in July (Figure 4). Adjusting for the annual inflation rate of 2.9%, the real wholesale price of mixed rice was 7.5% lower year-on-year.

Figure 4: Wholesale price of mixed rice, 2011-2013


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 July 2013, the actual wholesale price of mixed rice was 5.5% lower than the expected normal historical price.

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 next three months (August, September and October) 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).

Figure 5: Normal and projected prices of wholesale rice

Source: AMO, WFP, FAO

Local Food Commodity Retail Prices

In July 2013, the average retail price of the lowest quality rice in rural and urban areas was 1,764 riel/kg and 1,840 riel/kg, respectively (Figure 6). On a month-on-month basis, rice prices in rural and urban areas increased by 1.3% and 1.7% respectively.

Figure 6 (a)(b): Average price of lowest quality rice, 2011-2013

(a) Rural areas

Source: National Institute of Statistics

Notes:

1 The CPI is collected and reported by the National Institute of Statistics (NIS).
2 Relative item expenditure weights are derived from the 2004 Cambodia Socio-Economic Survey and adjusted to October-December 2006 price levels.
3 From provincial markets in Kampong Chhnang, Takeo, Siem Reap, Prey Veng, Phnom Penh, Kampot, Battambang, Banteay Meanchey, and Kampong Cham.
4 2008 prices are excluded from the FAO price monitoring tool analysis as the food price crisis in mid-2008 distorts the seasonal factors.
5 Mixed rice, IR rice and Banla Pdao rice.
On a year-on-year basis, retail rice prices (nominal) in rural and urban areas decreased by 9.6% and 4.8%, respectively. With the inflation rate of 2.9%, the real retail price of rice in rural and urban areas decreased, year-on-year, by 12.5% and 7.7%, 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 July 2013, the average wage of unskilled labor in rural areas was 16,000 riel/day, an increase of 2.2% month-on-month, and in urban areas was 16,562.5 riel/day, a stable level month-on-month (Figure 7).

In rural areas average unskilled wages increased due to demand for land preparation/wet season rice seedling work. 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 July 2013, the ToT in rural areas was 9.1 kg/day, a slight increase of 0.9% month-on-month; for urban areas, the ToT was 9.0 kg/day, a decrease of 1.6% month-on-month. In rural areas the increase in unskilled wages outweighed the increase in rice prices causing household purchasing power to improve. Conversely, in urban areas, the increase in rice prices and downward trend of unskilled wages caused purchasing power to deteriorate (Figure 8).

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

(a) Rural areas

(b) Urban areas

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

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www.wfp.org/countries/cambodia
### Appendix 2(a)(b): Price of food commodities by market

#### (a) Rural markets

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<th>Food Item</th>
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Price change (%): Price increase above normal fluctuation. Price decrease below normal fluctuation. Normal price fluctuation. Price fluctuation is considered normal if change within:

- 5% for month,
- 10% for 3 months,
- 15% for 1 year.

Commodity not available in reporting month.
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**Note:**
- Price increase above normal fluctuation
- Normal price fluctuation
- Price decrease below normal fluctuation
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Price fluctuation is considered normal if change within:
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