Highlights

- The overall analysis of the market information in June 2013 indicates that food availability has continued to be normal. However, food security for poor households remains precarious.

- The general inflation rate of the country in June 2013 was 14.53 percent while that of food inflation was 15.36 percent. The general Consumer Price Index (CPI) during June 2013 was recorded at 169.52 while the food CPI was 163.11 and that of cereals stood at 133.93.

- The domestic wholesale prices of wheat and wheat flour have increased by about 13 percent and 7 percent, respectively, between June and July 2013, which may likely push the retail prices up during the coming months.

- Compared to the previous month, the average retail prices of wheat have slightly reduced (by 2.6 percent) while that of wheat flour were increased by about 1.3 percent in July 2013.

- Like the previous months, the supply of essential food commodities in July 2013 has been normal in most of the monitored markets except in some areas affected by the persistent conflicts.

- The average TOT between a daily unskilled labour wage rate and the retail price of wheat flour was 15Kg/day during the month under reporting which was the same as it was in June 2013. The purchasing power of households who are dependent on wage labour has fallen down by 10.5 percent from the same month last year.

- The average TOT between a sheep and amount of wheat flour was 235.4Kg/sheep in July 2013, which was similar to the level recorded during the previous month. The purchasing power of those who are dependent on livestock has dropped by 26.7 percent compared to last year.

- The FAO Food Price Index averaged 205.9 points in July 2013, which is 2 percent below the value for June and 3.3 percent lower than in July 2012. The FAO Cereal Price Index averaged 227.7 points in July, down 3.7 percent from June and nearly 13 percent below July last year.

- International wheat prices have dropped down by 3 percent in July 2013 compared to the level in June and 12 percent lower than the price recorded during the same month last year.

A. Inflation and Consumer Price Index (CPI)

The general inflation rate of the country in June 2013 was 14.53 percent while that of food inflation was 15.36 percent - based on the 12 month moving average. The general inflation rate was higher by 2.3 percent while food inflation was lower by 8.6 percent compared to the previous month. The general Consumer Price Index (CPI) during June 2013 was recorded at 169.52 while the food CPI was 163.11 and that of cereals stood at 133.93 (Figure 1).

The annual inflation rates for all of the non-staple food items, except for Fish and diary products, have decreased between May and June 2013 and ranged from 4.58 percent for cooking oil to 58.95 percent for vegetables.

B. Wholesale Prices of Wheat and Wheat Flour

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1 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.
The domestic nominal\(^2\) wholesale prices of wheat and wheat flour have increased by about 13 percent and 7 percent, respectively, between June and July 2013 (Figure 2 and Figure 3). These increments in the wholesale prices of wheat and wheat flour may push the retail prices up during the coming months. The average wholesale price of 50Kg wheat grain was 5,100YR while that of wheat flour was 5,900YR during the month under reporting.

![Figure 2: National average wholesale wheat prices (YR/50kg)](source: Ministry of Industry and Trade of Yemen)

![Figure 3: National average wholesale wheat flour prices (YR/50kg)](source: Ministry of Industry and Trade of Yemen)

Between June and July 2013, the wholesale prices of red beans, rice and sugar have continued to increase – red beans increased by 31 percent, rice by 4 percent, sugar by 1 percent. On the other hand, wholesale prices of cooking oil, white beans and lentils have reduced by 23 percent, 11 percent and 5 percent, respectively, while prices of all the other commodities have remained unchanged during the month under reporting.

**C. Retail Prices of Wheat and Wheat Flour**

During July 2013, the average nominal retail prices of wheat and wheat flour were 123YR/Kg and 135YR/Kg, respectively. Compared to the previous month, the average retail prices of wheat have slightly reduced (by 2.6 percent) while that of wheat flour were increased by about 1.3 percent in July 2013 (Figure 4 and 5). The minor reduction in the prices of wheat could be due to drop in the wholesale prices in June as well as lower demand during July as a result of increased purchases and adequate stock by consumers in June in preparation for the Ramadan fasting month. However, high wholesale prices of both wheat and wheat flour in July 2013 may likely be reflected in the retail prices in the coming months. The retail prices of wheat during the month under reporting ranged from 100YR/Kg in Amran to 135YR/Kg in Sana’a. On the other hand, the highest retail prices of wheat flour were recorded in Hajja (150YR/kg) while the lowest prices reported from Aden market (120YR/Kg).

The price variations between different markets depend mainly on variations in quality, their relative distance from port and transportation costs.

![Figure 4: Trends of wheat retail price (YR/kg)](source: WFP sub offices)

![Figure 5: Trends of wheat flour retail price (YR/kg)](source: WFP sub offices)

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\(^2\) **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”.

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D. Food Supply to Markets

Like the previous months, during July 2013, the supply of essential food commodities has been normal in most of the monitored markets. However, as a result of continued conflicts and instability in some areas in the south, the flow of food commodities were disrupted, mainly affecting local markets in Abyan and Al Bayda. The volume of imported wheat stocks was adequate for national consumption needs during July 2013 and the supply is expected to remain normal during the coming months.

E. Terms of Trade (TOT)\(^3\)

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 was recorded at 2,028YR in July 2013, which was merely 1.4 percent higher than that reported in June. The wage rates in Hodieda, Amran and Sa’ada were 1,500, 2,167 and 2,500, respectively, whereas all the other three markets had the same rate (2,000YR/day). The average TOT between a daily unskilled labour wage rate and the retail price of wheat flour was 15Kg/day during the month under reporting which was exactly the same as it was in June 2013. The TOT in Aden and Amran have shown some improvement, and minor deterioration was observed in Hajja, while no changes were reported from the other three markets (Figure 6). The purchasing power of households, whose livelihood is mainly wage labour, has fallen down by 10.5 percent from the same month last year as measured by the changes in the TOT.

**TOT between sheep and wheat flour**

During the month under reporting, the average price of a two-year old male sheep was 31,778YR, which was increased by 1.4 percent compared to that reported in June 2013. Prices of a sheep ranged from 25,000YR in Aden to 43,000YR in Sa’ada market. The average TOT between a sheep and amount of wheat flour was 235.4Kg/sheep in July 2013, which was similar to the level recorded during the previous month. Consequently, households which derive some of their income from the sale of sheep were able to purchase similar amount of wheat flour in July as they did in June. The highest TOT during the month were recorded in Sa’ada (307Kg/Sheep) and the lowest were observed in Hajja (200Kg/Sheep) (Figure 7). The purchasing power of those who are dependent on livestock has dropped by 26.7 percent compared to the same month last year as measured by the changes in the TOT.

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\(^3\) 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.

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F. Global Food Prices

The FAO Food Price Index averaged 205.9 points in July 2013, 4 points (nearly 2 percent) below its revised value for June and 7 points (or 3.3 percent) lower than in July 2012 (Figure 8). The decline in July, which marked the third consecutive monthly drop, was largely driven by lower international prices for grains.

The FAO Cereal Price Index averaged 227.7 points in July, down 8.8 points (3.7 percent) from June and as high as 33 points (or nearly 13 percent) below July last year (Figure 8). The sharp decline mostly reflected falling maize prices as favourable weather boosted hopes of a significant production increase in several maize producing countries. Wheat prices also fell but the strong pace of exports limited the decline.

International wheat prices have dropped down by 3 percent in July 2013 compared to the level in June and much lower than the price recorded during the same month last year – down by 12 percent (Figure 9). As the transmission of international prices to the domestic markets is not particularly high (only 20 percent)\(^4\), the small decline in the international wheat prices is not expected to bring any major changes in domestic prices in Yemen. Due to the rigidity of the market structure and monopolistic nature of the market behavior in the country, wholesale and retail prices of wheat in Yemen are largely determined by the big importers and their agents.

The overall analysis of the market information in June 2013 indicates that food availability has continued to be normal. However, food security for poor households remains precarious.

\(^4\) Source: WFP Yemen Market Study conducted in 2010 and could be accessed at the link: [http://www.wfp.org/content/yemen-market-study-december-2010](http://www.wfp.org/content/yemen-market-study-december-2010).

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### YEMEN MONTHLY MARKET WATCH

**JULY 2013**

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**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.

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

<table>
<thead>
<tr>
<th>Markets</th>
<th>Commodity</th>
<th>Current Price</th>
<th>Price change (%)</th>
<th>Average Change</th>
</tr>
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<tbody>
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<td></td>
<td></td>
<td>6M 1M</td>
<td>6M 1M</td>
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</tbody>
</table>

**Commodity Prices (Yemeni Rials)**

- **Wheat/kg:** 135 (4) 4 4 0
- **Wheat Flour/kg:** 140 (-7) 0 0 0
- **Sugar/kg:** 220 (-12) 0 0 0
- **V.O.U/kg:** 420 (-10) 0 0 0
- **Rice/kg:** 200 (-2) 27 0 0
- **Red beans/kg:** 250 (-18) 0 0 0
- **White beans/kg:** 250 (-17) 11 0 0
- **Lentils/kg:** 320 (-9) 0 0 0
- **Yellow Split peas/kg:** 380 (-8) 0 0 0
- **Saff/hq:** 80 0 0 0
- **Potato/kg:** 250 25 0 0
- **Tomato/kg:** 220 10 0 0
- **Onion/kg:** 200 9 0 0
- **Rog/legg:** 35 17 0 0
- **PETROL/ltr:** 125 0 0 0
- **DIESEL/ltr:** 100 0 0 0
- **Gas/bottle:** 1500 0 0 0
- **Sheep/head:** 35000 29 0 0
- **Skilled lab wage/day:** 4500 0 0 0
- **Casual lab wage/day:** 2500 0 5 0
- **Exchange rate/USD:** 215 0 0 0

**Commodity Prices (Yemeni Rials)**

- **Wheat/kg:** 130 0 0 0
- **Wheat Flour/kg:** 120 0 0 0
- **Sugar/kg:** 200 0 0 0
- **V.O.U/kg:** 400 0 0 0
- **Rice/kg:** 200 0 0 0
- **Red beans/kg:** 250 0 0 0
- **White beans/kg:** 250 0 0 0
- **Lentils/kg:** 400 0 0 0
- **Yellow Split peas/kg:** 350 0 0 0
- **Saff/hq:** 50 0 0 0
- **Potato/kg:** 250 25 0 0
- **Tomato/kg:** 220 10 0 0
- **Onion/kg:** 200 9 0 0
- **Rog/legg:** 35 17 0 0
- **PETROL/ltr:** 125 0 0 0
- **DIESEL/ltr:** 100 0 0 0
- **Gas/bottle:** 1500 0 0 0
- **Sheep/head:** 35000 29 0 0
- **Skilled lab wage/day:** 4500 0 0 0
- **Casual lab wage/day:** 2500 0 5 0
- **Exchange rate/USD:** 215 0 0 0

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**Note:** Prices increase above normal price fluctuation

**Normal Price Fluctuation**

Prices decrease below normal price fluctuation

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