Fighting Hunger Worldwide

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The Market Monitor

Trends and impacts of staple food prices in vulnerable countries

This bulletin examines trends in staple food and fuel prices, the cost of the basic food basket, and consumer price indices for 70 countries in the fourth quarter of 2013 (October to December).[1] The "Special Focus" features food security implications of the socio-political tension, macroeconomic breakdown, and ethnic violence in **South Sudan**. **Gaza** also features as a "Special Focus" about the closing of informal trade tunnels along the border with Egypt.

Global Highlights

- The **global cereal price index decreased by 23% on a year-on-year** basis in the October-December 2013 quarter, driven by significant drops in nominal prices of maize (-37%), wheat (-13%) and rice (-22%).
- Comparing quarterly averages, **real prices[2] of maize and rice fell by 17% and 10%**, respectively, between Q3 and Q4 2013, while **wheat prices remained stable.**
- Compared to the respective peak periods in 2008, maize, wheat and rice prices are significantly lower. The **real rice price is less than half the 2008 level, while wheat and maize prices have dropped by nearly a third.**
- The significant price drops are driven by improved global stocks and mostly favourable production forecasts for cereals.

**REAL PRICE ADJUSTED FOR CHANGES IN US CONSUMER PRICE INDEX (2005 = 100)**

Quarterly Change	Maize	Wheat	Rice	Note: Comparison to
q4-2013 vs. q3-2013	-17%	1%	-10%	*Third quarter in 2013*
q4-2013 vs. q4-2012	-39%	-16%	-25%	*Same quarter in 2012*
q4-2013 vs. q1-2008		-31%		*Global wheat price peak in 2008*
q4-2013 vs. q2-2008	-28%		-56%	*Global maize and rice price peak in 2008*

- In most domestic markets staple food prices mirror the global trend. The impact of domestic price changes on the cost of food baskets in the last quarter was *low* or *moderate* (<5%) in 64 out of 70 monitored countries. However, **six countries experienced *high* (5-10%) price impacts; these are Egypt, Ethiopia, Guinea Bissau, Mali, Myanmar,** and **Sudan**. The commodity which had the biggest influence on the cost change of the food basket was rice in Myanmar and in Guinea Bissau.

- In **South Sudan**, the socio-political tension - on top of the macro-economic breakdown – has led to protracted insecurity and uncertainty. Food price imbalances illustrate the impediments to markets functioning given poor infrastructure. Further pressure on markets is likely, also due to increased households' reliance on markets following the significant displacement. Gains in household food security prior to the conflict are thus likely to reverse in the coming months.

- In **Gaza**, the closure of tunnels for imports from Egypt and the related shortage of imported goods, particularly fuels, triggered price increases. The withholding of public sector salaries, the bans on exports, and the reduction of economic activities have resulted in an increase of unemployment. According to estimates, 50,000 to 60,000 additional people may require food assistance due to complete tunnel closure.

Number of countries by impact of price changes on the cost of the basic food basket *(out of 70 countries monitored)*

- Low
- Moderate
- High
- Severe
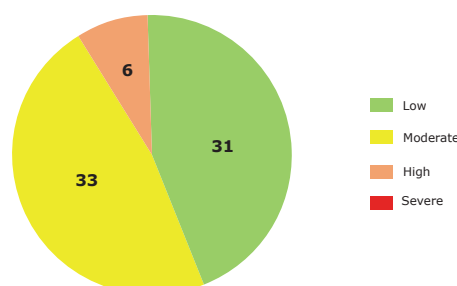
Commodities having the most significant impact on the cost of the food basket (Q4-2013)
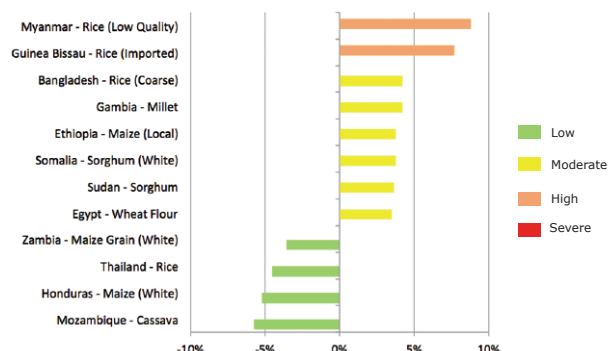
- Low
- Moderate
- High
- Severe

Price trends and impacts by region
(Change from last quarter)

Impact Codes   █ Low (< 0%)   █ Moderate (0-5%)   █ High (5-10%)   █ Severe (> 10%)

Latin America and Caribbean

Hotspots: *The impact of staple food price changes on the cost of the basic food basket from October to December 2013 was moderate at most, with* **Bolivia, El Salvador** *and* **Mexico** *observing the only noteworthy cumulative increases.*

- **Staple commodity prices:** Overall, both nominal and seasonally adjusted prices of most staples in the LAC region remained relatively stable or fell between Q3 and Q4-2013. Exceptions were the seasonally adjusted price increases for red beans in **Honduras** (+23%) and maize in **El Salvador** (+12%). Slight price increases were observed in **Bolivia** for wheat flour (+7%) and rice (+8%) as well as red beans in El Salvador (+8%). Conversely, seasonally adjusted prices plummeted for potatoes in **Peru** and maize in Honduras (-20% each).

- **Fuel prices:** Fuel prices have remained relatively stable over the Quarter 4.

- **Purchasing power:** In **Bolivia** the recent opening of the domestic market by lowering tariffs on main imported food produce helped decreasing high food inflation, now down by 1.2% m/m. Still, food inflation was at 10.44% y/y in December.

Bolivia Costa Rica Dominican Republic El Salvador Guatemala Mexico Nicaragua Panama

Colombia Costa Rica Ecuador Haiti Honduras Peru

Southern Africa

Hotspots: *The impact of staple food price changes on the cost of the basic food basket from October to December 2013 was moderate in* **Malawi, Swaziland***, and* **Zimbabwe** *and* low *in all other countries of the region.*

- **Staple commodity prices:** Seasonally adjusted prices were generally stable or decreased compared to the previous quarter. Slightly increasing prices were observed for wheat flour in **Mozambique** and **Swaziland** (+8% and +6% respectively). Yet, significantly reduced prices for cassava in Mozambique (-18%) and rice in **Tanzania** (-14%) improved the purchasing power of households. Compared to the 5-year baseline, maize prices in **Malawi** are up by 162%, a fact also reflected by numerous markets being in price crises (ALPS); this is due to the economic crisis and subsequent devaluation of the local currency in 2012 and below average production in 2013.

- **Fuel prices:** No major changes were observed in the region, except in **Tanzania**, where prices of petrol, diesel and kerosene raised along with higher international oil prices. The retail price of petrol rose by 5.6% from November to December, while diesel price increased by 1.7% during the same period. In **Malawi**, with its continuously depreciating currency, fuel prices are 27% higher than in December 2012.

- **Purchasing power: Zambia**'s inflation increased up to 7.1% y/y in December from the 7% recorded in November, driven mainly by food prices. In **Tanzania**, y/y inflation went down from 6.2% to 5.6% from November to December. According to the National Statistics Bureau, the increase in production of cereals, particularly rice, helped stabilize prices.

Malawi Swaziland Zimbabwe

Congo (DR) Lesotho Madagascar Mozambique Tanzania Zambia
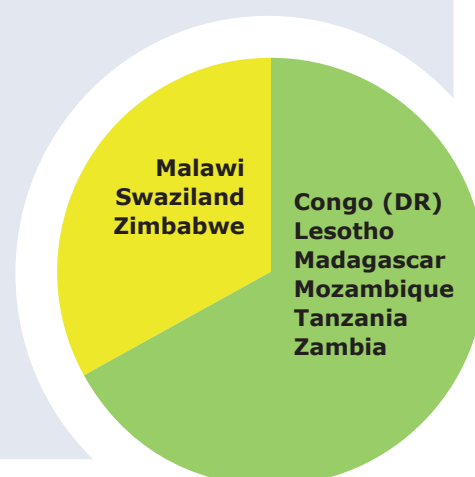
Central and Eastern Africa

Hotspots: *The cumulative impact of staple food price changes on the cost of the basic food basket from October to December 2013 was* high in **Ethiopia**, *while* moderate *in* **Rwanda, Somalia** and **Uganda.**

- **Staple commodity prices:** Seasonally adjusted prices went up considerably for a number of commodities between Q3 and Q4 of 2013; among the highest increases were prices for maize meal, millet and cassava flour in **Uganda** (+26%, +14%, and +11% respectively); which were driven by poor harvests during the first season, while the second harvest for maize and millet was only expected at the end of December/early January, leading to high dependence on other perennial crops including cassava. Quarterly price increases were also high for beans in **Rwanda** (+18%), as well as maize and sorghum in **Ethiopia** (+18% and +16% respectively) as a reflection of harvest outcomes.

- **Fuel prices:** Fuel prices have remained relatively stable over Quarter 4. Despite the conflict, **South Sudan** sees its gasoline and diesel prices decreasing by 13.5% and 12% respectively compared to December 2012.

- **Purchasing power:** South Sudan is in a deflation phase, with a y/y rate of -14% and -8.8% in November and December respectively (see Special Focus). In **Kenya** food prices rose during the Independence Jubilee (+10.4% y/y in December) and pushed the overall inflation upwards (+7.2% y/y in December). **Uganda**'s y/y inflation rate eased marginally in December to 6.7%, due to a slower rise in non-food prices.

Food prices are slightly falling (-0.98% m/m in December) but still remain high on a yearly base (+9.2%).
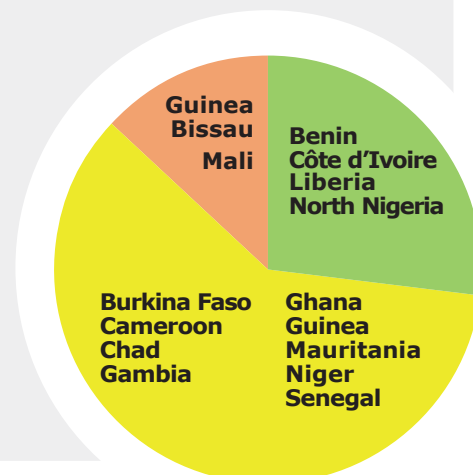
Ethiopia

Rwanda
Somalia
Uganda

Burundi
Djibouti
Kenya
South Sudan
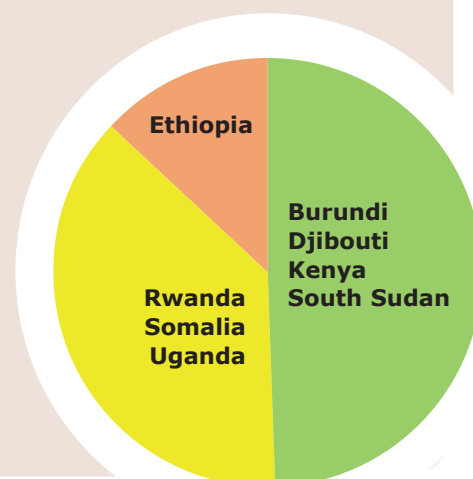
West Africa

Hotspots: *The cumulative impact of staple food price changes on the cost of the basic food basket from October to December was* high *in* **Guinea Bissau** *and* **Mali***, while* moderate *in* **Burkina Faso, Cameroon, Chad, Gambia, Ghana, Guinea, Mauritania, Niger** *and* **Senegal***.*

- **Staple commodity prices:** In a number of countries seasonally adjusted prices of staples increased significantly between Q3 and Q4 2013. These include a 22% rise each for millet and sorghum in **Gambia**, maize in **Chad** (+41%), rice in **Guinea Bissau** (+22%), maize in **Ghana** (+13%) as well as millet, sorghum and maize in **Mali** (between 11-16%). When comparing the price changes to the 5-year average (2008-12), significant increases are also observed for plantains in Ghana (+121%).

- **Fuel prices:** Strong fuel price spikes are reported in **Ghana** (+28% for petrol and +31% for Diesel y/y in December) and in the **Central African Republic** (+100% y/y in December).

- **Purchasing power:** A strong increase in utility tariffs has pushed **Ghana**'s consumer price inflation to its highest (+13.5% y/y in December) since March 2010. **Nigeria**'s central bank is currently keeping its key interest rate to continue stabilizing its currency and lowering its inflation (+8% y/y in December).

Guinea
Bissau
Mali

Benin
Côte d'Ivoire
Liberia
North Nigeria

Burkina Faso
Cameroon
Chad
Gambia

Ghana
Guinea
Mauritania
Niger
Senegal

Middle East, North Africa and Central Asia

Hotspots: *The cumulative impact of staple food price changes on the cost of the basic food basket from October to December 2013 was* high *in* **Egypt** *and* **Sudan***, while* moderate *in* **Azerbaijan, Iraq, Jordan** *and* **Yemen***.*

- **Staple commodity prices:** Between Q3 and Q4-2013, seasonally adjusted prices of millet and sorghum in **Sudan** rose by 25% and 14% respectively, due to the removal of the fuel subsidies and poor cereal production, while in **Egypt**, rice and wheat flour had surges of 26% and 10%. Noteworthy is the second significant quarterly increase in a row of prices for potatoes in **Azerbaijan** (+19%).

- **Fuel prices:** Despite compromised fuel access through the closure of tunnels, in December gasoline and diesel prices in **Palestine** have respectively decreased by 6.1% and 7.4% over the last 12 months. In

Yemen, diesel prices are respectively 13.6% and 13% higher in November and December 2013 than a year ago.

- **Purchasing power:** In **Egypt**, y/y inflation increased up to 12.5% and food inflation up to 18.1% in December 2013. The rising trend is alerting and may be partially explained by the depreciation of the local currency at the beginning of 2013. In addition, it is compounded by a number of supply-side shocks throughout the year as well as the low base effect due to low inflation rates in 2012. Price trends have only started to ease m/m in December 2013 (-1.3%

general inflation and -1.8% food inflation). In **Yemen**, y/y inflation also remains high in November 2013 (8.1% general inflation and 7.85% food inflation).

Egypt
Sudan

Armenia
Georgia
Kyrgyz Republic
Palestine, State of
Syria
Tajikistan

Azerbaijan
Iraq
Jordan
Yemen

Asia

Hotspots: *The cumulative impact of staple food price changes on the cost of the basic food basket from October to December was* high *in* Myanmar *and* moderate *in* **Afghanistan, Bangladesh, Lao PDR, Nepal, Pakistan, the Philippines** *and* **Timor-Leste***.*

- **Staple commodity prices:** Though many of the monitored commodities showed stable or falling seasonally adjusted price trends between Q3 and Q4- 2013, rice prices have increased in **Myanmar** (+16%), **Pakistan** (+11%), **Philippines** (+7%), **Bangladesh** (+6%) and **Lao PDR** (+5%). This is contrary to **Thailand, Cambodia** and **Afghanistan**, where seasonally adjusted prices for rice dropped by 11%, 5% and 4% respectively. Compared to the baseline quarter 2008-12, it is noteworthy that prices of rice went up by 62% in Pakistan and 40% in **India**.

- **Fuel prices:** In Asia, fuel prices have remained relatively stable over the last quarter, however they are higher than during the last quarter in 2012 as for instance in **Bangladesh** (+5.5% for gasoline

and +11% for diesel) and **Nepal** (+5.7% for gasoline and +4% for diesel).

- **Purchasing power:** With tensions around the elections in January in **Bangladesh**, inflation has increased in December (overall +7.4%, and food inflation +9%). Political protests have affected the supply chain through transport shutdowns and blockades. In December, the high overall y/y inflation in **India** (+9.9%) slowed down, with falling vegetables prices (food inflation y/y was at +12.32%, while m/m recorded a -2.40%). In December, **Pakistan**'s y/y inflation rate eased to 9.2% from 10.9% a month before. Inflation in 2013 was affected by a rise in the general sales tax, the imposition of value added tax on some manufactured items, and an

adjustment in electricity tariffs as the government reduced its deficit. In **Nepal,** in November yearly inflation remains high (y/y overall inflation +10%; food +13.50%). High imports and soaring prices in all sectors are fuelling y/y inflation in **Lao PDR** (+6.7% in December).

Myanmar

Cambodia
India
Indonesia
Sri Lanka
Thailand

Afghanistan
Bangladesh
Lao PDR

Nepal
Pakistan
Philippines
Timor-Leste

Impact of staple commodity price changes on the cost of the basic food basket

Impact Codes
Low (< 0%) — Moderate (0-5%) — High (5-10%) — Severe (> 10%) — Monitored but without baseline

Q4-2013 (October to December) vs. Q4-Baseline (Average October to December 2008-2012)
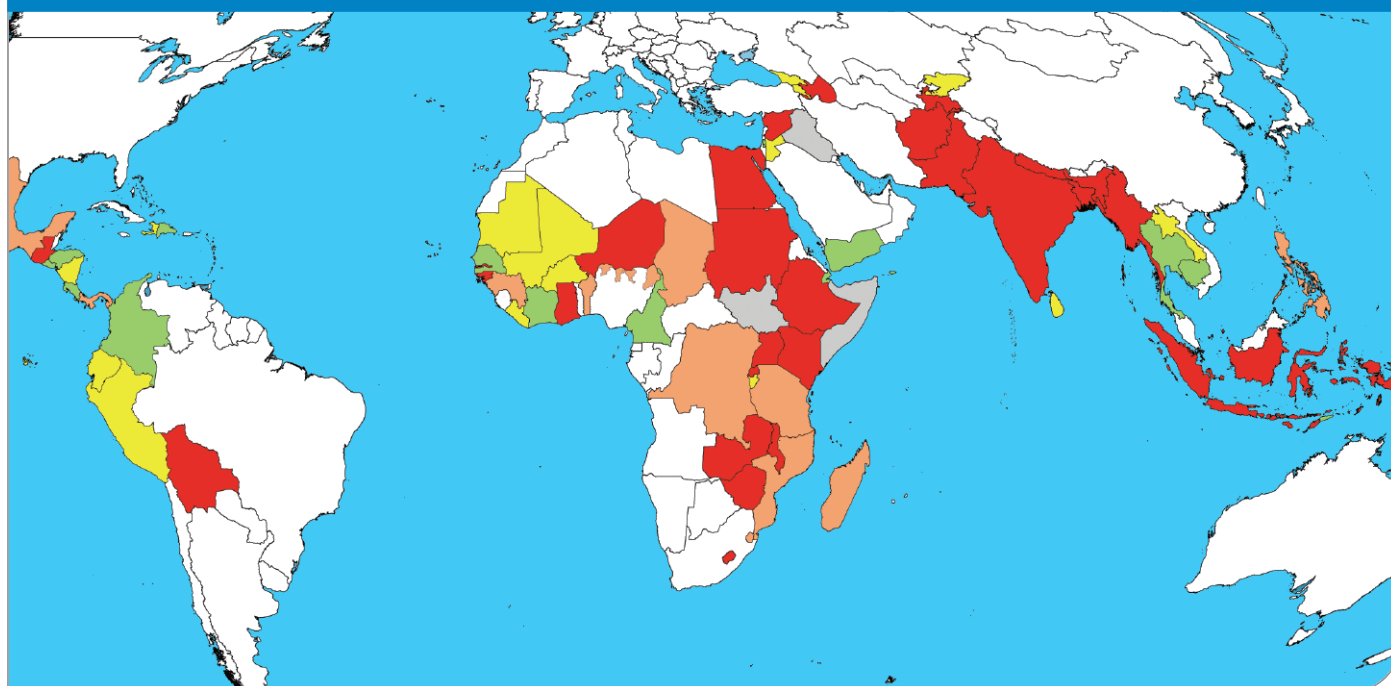
Q4-2013 (October to December) vs. Q3-2013 (July to September)
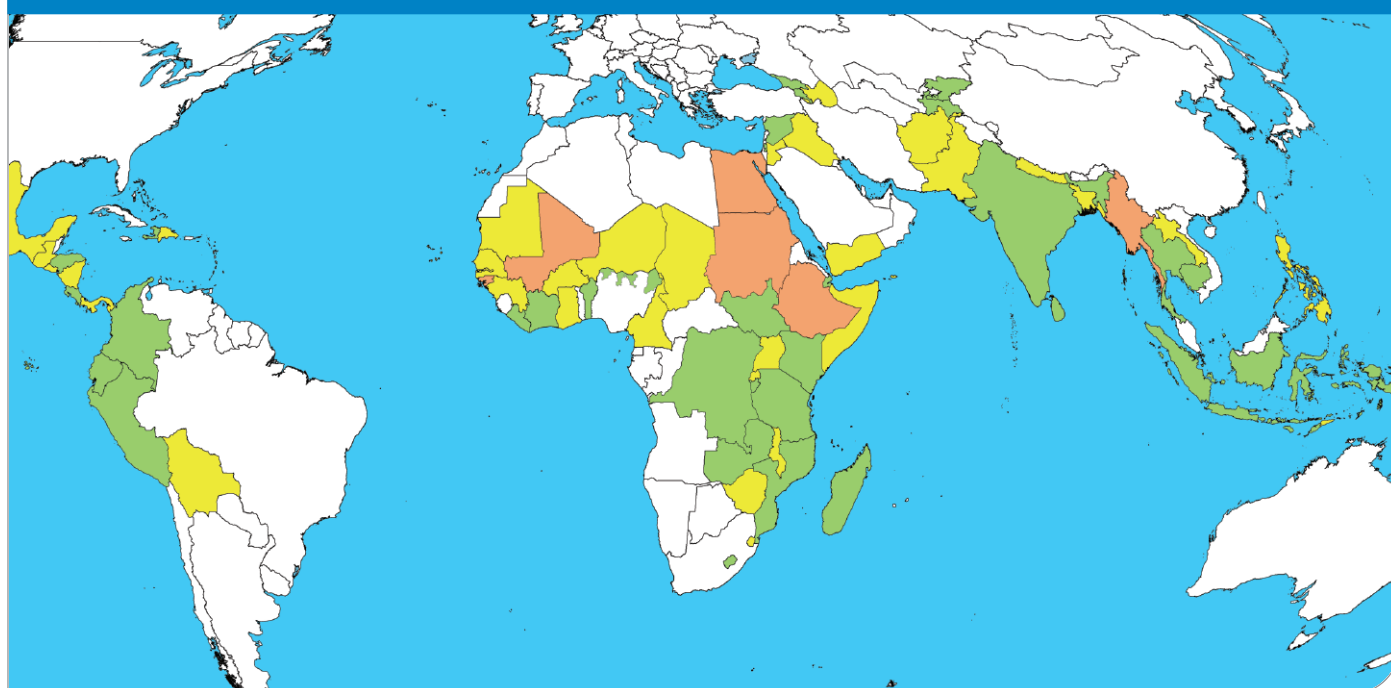
Note: *The map at the top is based on the table on pages 19-23 (Column L). The map at the bottom is based on the table on pages 19-23 (Column K).*
Map produced by: VAM - Food Security Analysis (OSZAF).
Source: WFP; Base Map: UNCS.

The boundaries and names shown and the designations used in this map do not imply official endorsement or acceptance by the United Nations.

Special Focus: South Sudan

Socio-political tension on top of economic slow-down: A major set-back for recent gains in food security?

- South Sudan was affected by poor macro-economic performance even before the breakout of the current crisis, showing declining per capita GDP, shortage of foreign reserves, deflation, and a high spread between official and informal exchange rates.

- Despite the improved harvest, the country will still have to import the equivalent of about half of its cereal production. Imports will likely be affected by the conflict.

- Weak infrastructure constrains the functioning of markets and their integration, which drive broad price differences across markets and affect households' purchasing power.

- Local food prices are high, volatile and likely to increase further with the conflict. Given the high market dependency of many households, market disruptions due to the conflict, and population displacement, food insecurity is likely to increase in the coming months.

- The states most affected by the conflict, namely Jonglei, Upper Nile and Unity, had the highest prevalence of household food insecurity prior to the conflict.

A worrisome political picture…

South Sudan's beginnings as an independent country face the challenge of an endemic economic crisis exacerbated by an unstable political situation. In mid-December, the incubating tension due to political rivalries finally broke in Juba. The conflict soon spread to Bor, Bentiu, Malakal and most of the Greater Upper Nile region. Thousands of civilians were forced to flee their homes to seek shelter within the UN compounds. According to cautious estimates, in total 646,400 people[3] have been displaced in the past month, on top of the 108,142 who managed to cross the borders towards neighbouring countries (over a half in Uganda).[4] Although the current situation is already critical, risks of widespread inter-ethnic violence are raising concerns. It is also feared that this crisis may contribute to further destabilizing the entire region, which is already plagued with conflicts in Sudan, Central African Republic and the Democratic Republic of Congo.

… on top of a gloomy macroeconomic performance

According to the South Sudan's Development Plan 2011-2013[5], the policy pillars of the new-born state were economic development and social/human development, in addition to governance and conflict prevention/ security. In just two years, most macro-economic indicators behind these pillars have deteriorated.

The economy of South Sudan is almost entirely grounded on oil production, which provided about 98 percent of public sector revenues and almost all foreign reserves at the eve of independence.[6] Since then, disagreement over oil revenue sharing with Sudan for the use of the pipeline prompted a collapse of the oil production in 2012 (Figure 1) and very little exploitation of the huge proven reserves (Figure 2). However, it is worth noting that oil production (and revenues) had already peaked in 2009; by 2016 it was supposed to be declining by 40 percent, to virtually nil around 2035 unless new discoveries occurred or recovery rates improved.[7]

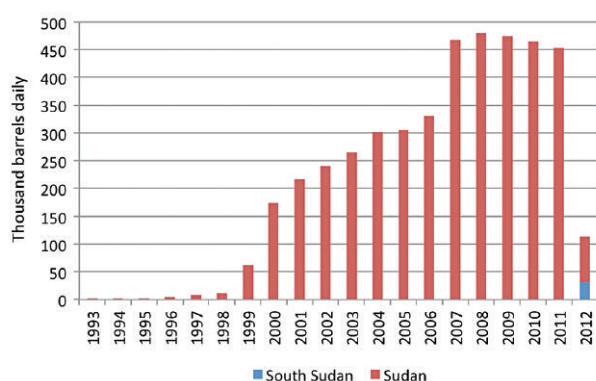3. OCHA, *South Sudan Crisis, Situation Report*, No.14, 27 January 2014
4. UNHCR, *South Sudan, Situation Report*, No.13, 24-28 January 2014.
5. Government of the Republic of South Sudan, *South Sudan Development Plan 2011-2013*, August 2011.
6. *Ibidem.*
7. *Ibidem.*

Figure 1. Oil production

Figure 2. Oil proved reserves

Source: BP Statistical Review of World Energy, June 2013.

Disagreement over oil revenue sharing with Sudan for the use of the pipeline prompted a collapse of the oil production in 2012 and very little exploitation of the huge proven reserves.
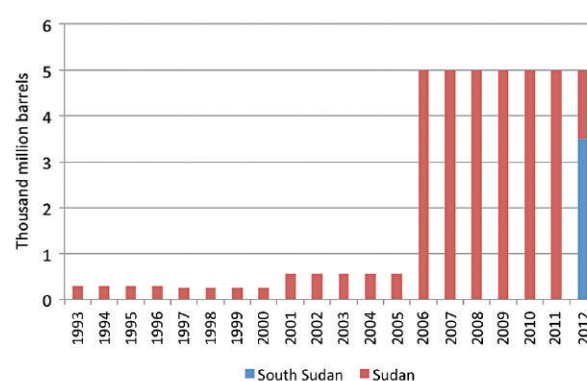
There is no significant other sector of the slowly developing South Sudanese economy that can now compensate for such an abrupt reduction of oil revenues. Agriculture and livestock production should theoretically be seen as potential alternative. However, most of the population relies on low productivity agricultural and pastoral activities based on traditional systems. Real GDP plummeted in 2012 (Figure 3). As such, GDP per capita halved to USD 943 per year (i.e. 2.6 dollars per day), likely increasing the number of people below the national poverty line (51%, with a poverty gap of 24%).[8] Both private and government per capita expenditures in constant SSP[9](Figure 4) have decreased in 2012 (respectively -1.4% and -41.4%, y/y, with per capita private expenditures decreasing for the second year in a row).

Figure 3. GDP trend
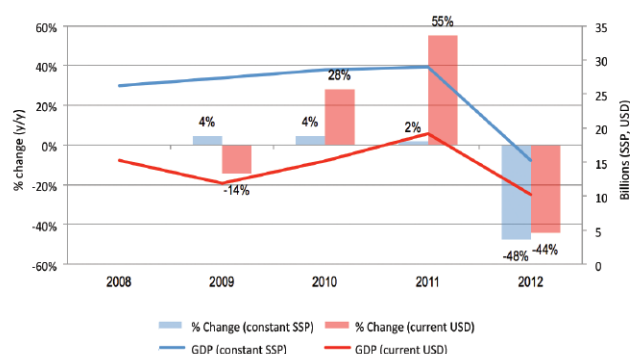
Source: World Bank, WDI data 2013.

Real GDP plummeted in 2012 due to the reduction in oil revenues.

Figure 4. Per capita final consumption expenditures in constant pounds
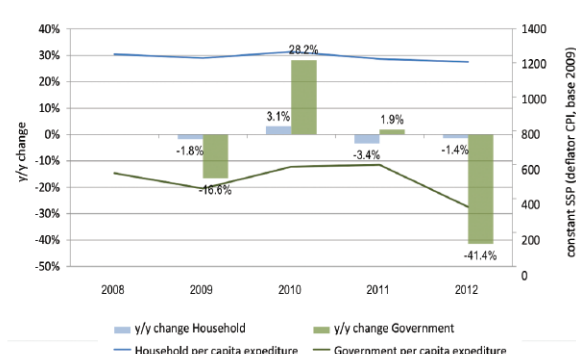
Source: World Food Programme's computations based on World Bank, WDI data 2013.

Per capita real expenditures declined significantly as deflation bites.

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8. Above the average rates in Northern Bahr Al Ghazal (76%), Unity (68%), and Warrap (64%) states (National Bureau of Statistics, National Baseline Household Survey 2009, Report for South Sudan, 2012).
9. South Sudanese Pound.

The downfall of oil exports resulted in a decrease of the account balance to -28 percent of GDP in 2012, and it is forecasted to perform poorly in 2013 (-15%).[10] Exports were down to 10 percent of GDP from the 65 percent recorded in 2011, and imports up to 43 percent from 27 percent[11], with an additional challenge deriving from a de facto devaluation of the national currency. The official buying exchange rate is pegged at SSP 2.97 per USD, but the shortage of foreign reserves after the oil shutdown made the black market rate drifting significantly apart (Figure 5). After having reached a ceiling of about 80 percent in July 2012, the spread between the black market and the official exchange rate was at 53 percent as of November 2013, resuming its upward trend since six months. This is likely to further reduce households' purchasing power as the country depends largely on food imports. Inflation reflects the gloomy macro-economic performance. After peaking up as high as 80 percent in May 2012, inflation first reversed into disinflation then into deflation since May 2013 (Figure 6).

Figure 5. Exchange rate

Source: South Sudan, National Bureau of Statistics.
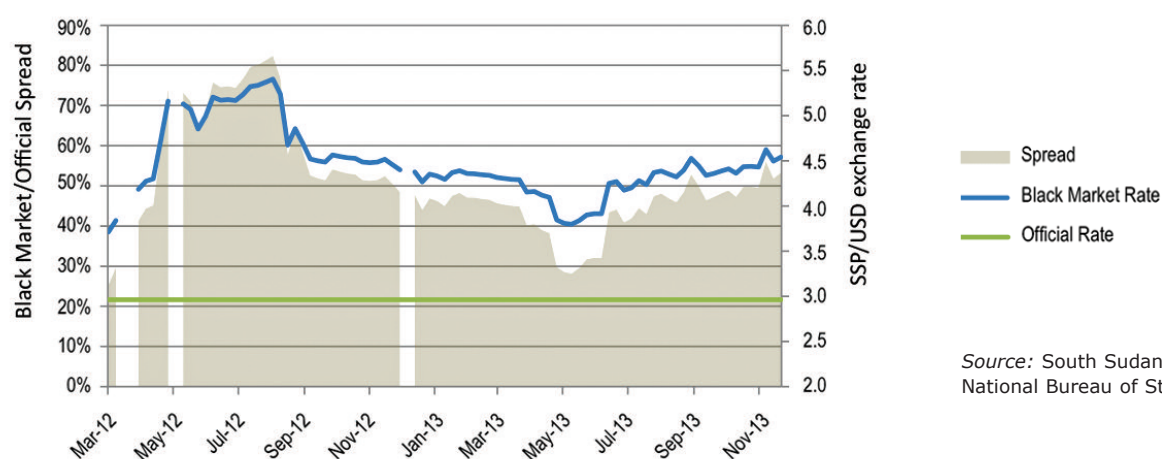
In November 2013 the spread between the black market and the official exchange rate was at 53%.

Figure 6. Inflation

Source: South Sudan, National Bureau of Statistics.
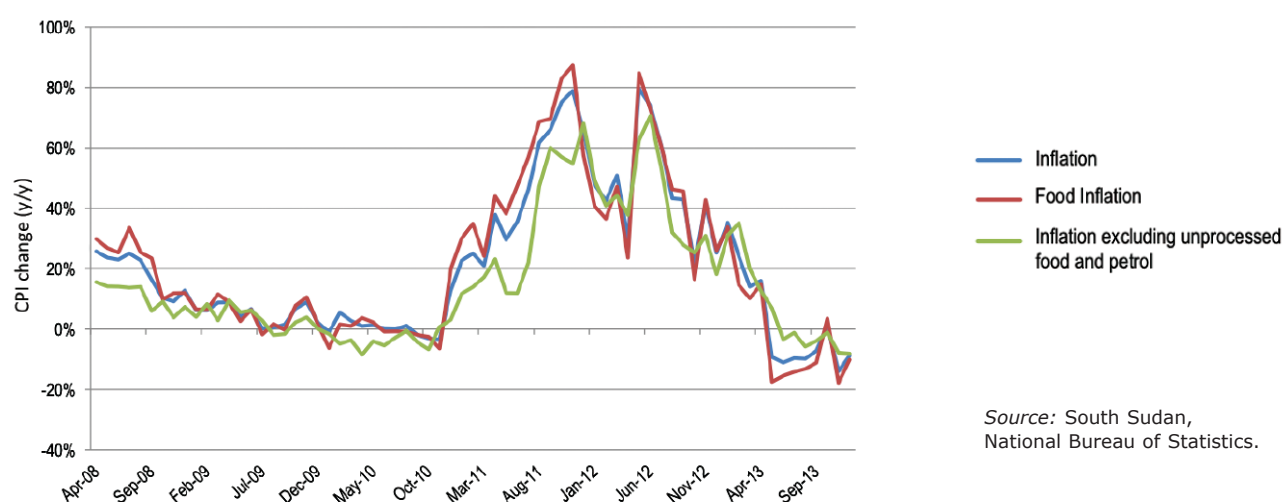
Inflation reflects the gloomy macro-economic performance.

10. International Monetary Fund, *World Economic Outlook Database*, October 2013.
11. World Bank, WDI data 2013.

Local food availability is constrained by limited supply sources and poor market integration

The current crisis has not affected the main harvest, which is forecasted to be above the recent 4-year average by 38 percent. Most of progress depends on a greater harvested area (24%), with a smaller improvement in yields (11%). It is worth noting the state-level differences in the 2013/14 agricultural performance, with under average performances recorded in Warrap, Lakes, West Bahr el Ghazal and Upper Nile (Figure 7). All states except Western Equatoria have production deficits against their cereal demand. Still, the conflict affected states account for the highest cereal deficits in the country - Jonglei alone accounts for more than 30% of the total national cereal deficit, with Unity and Upper Nile adding another 32%.[12]

Figure 7. Cereals: 2013 performance vs. 4-yr average (2009-2012)
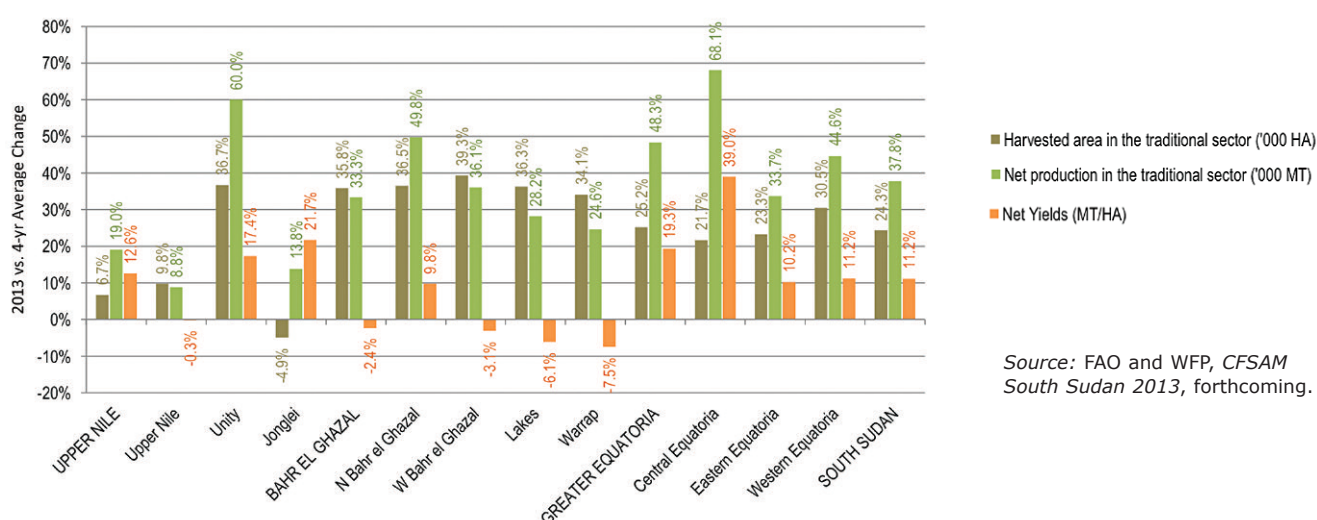
Source: FAO and WFP, *CFSAM South Sudan 2013*, forthcoming.

The current crisis has not affected the main harvest.

South Sudan would still need to import the equivalent of about half of its cereal production to fill the overall deficit and to secure consumption needs. In particular, Jonglei, Upper Nile and Unity (Table 1) are the states where import needs are greatest and where households would have to rely the most on markets to mitigate the large cereal deficit.

Table 1. Cereals expected surplus/deficit

States	Demand ('000 MT)	Production ('000 MT)	Surplus/Deficit ('000 MT)	Import requirement as a share of production
Central Equatoria	205	150	- 55	36%
Eastern Equatoria	144	116	- 28	24%
Western Equatoria	241	179	+ 62	
Jonglei	195	70	- 125	179%
Upper Nile	105	40	- 65	163%
Unity	90	26	- 64	248%
Lakes	109	75	- 34	45%
Warrap	129	100	- 29	29%
W Bahr el Ghazal	59	50	- 9	18%
N Bahr el Ghazal	146	85	- 61	72%
South Sudan	1,301	892	- 409	46%

Source: FAO and WFP, CFSAM *South Sudan 2013,* forthcoming.

Despite the improvement in production, South Sudan would still need to import cereals to fill the overall deficit.

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12. FAO and WFP, CFSAM *South Sudan 2013,* forthcoming.

The country's most significant food import flows are from or via Sudan and Uganda. After the official border closure with Sudan, the flow of commodities that supplied markets in the more northern regions has diminished to a virtual standstill, with only a few routes still open (e.g. near Aweil, for trade goods from Darfur, and near Renk for inputs to mechanized farming). Currently, informal trade routes via Upper Nile are likely affected by poor production prospects in some key supply sources of Sudan (see map below). Consequently, import flows are overwhelmingly reliant on trade routes from Uganda. Indeed traders from Kenya would by-pass the Nadapal border post transiting via Uganda for security reasons.[13] Most of the imported food coming from south transit in Juba, to then be transported either north-eastbound to Bor or north-westbound to Wau and Aweil.[14] Long transport distances, on a very poor road network, along with insecurity and a number of irregular checkpoints add on to the cost of moving commodities across the country. As a result, markets are poorly integrated, with high price differentials as shown below.

Map 1. Vegetation development status and sorghum and maize price spreads from the national average

Vegetation Development Status - Season 2013 vs. last 5-years average.
Price Spreads by Market as of December 2013
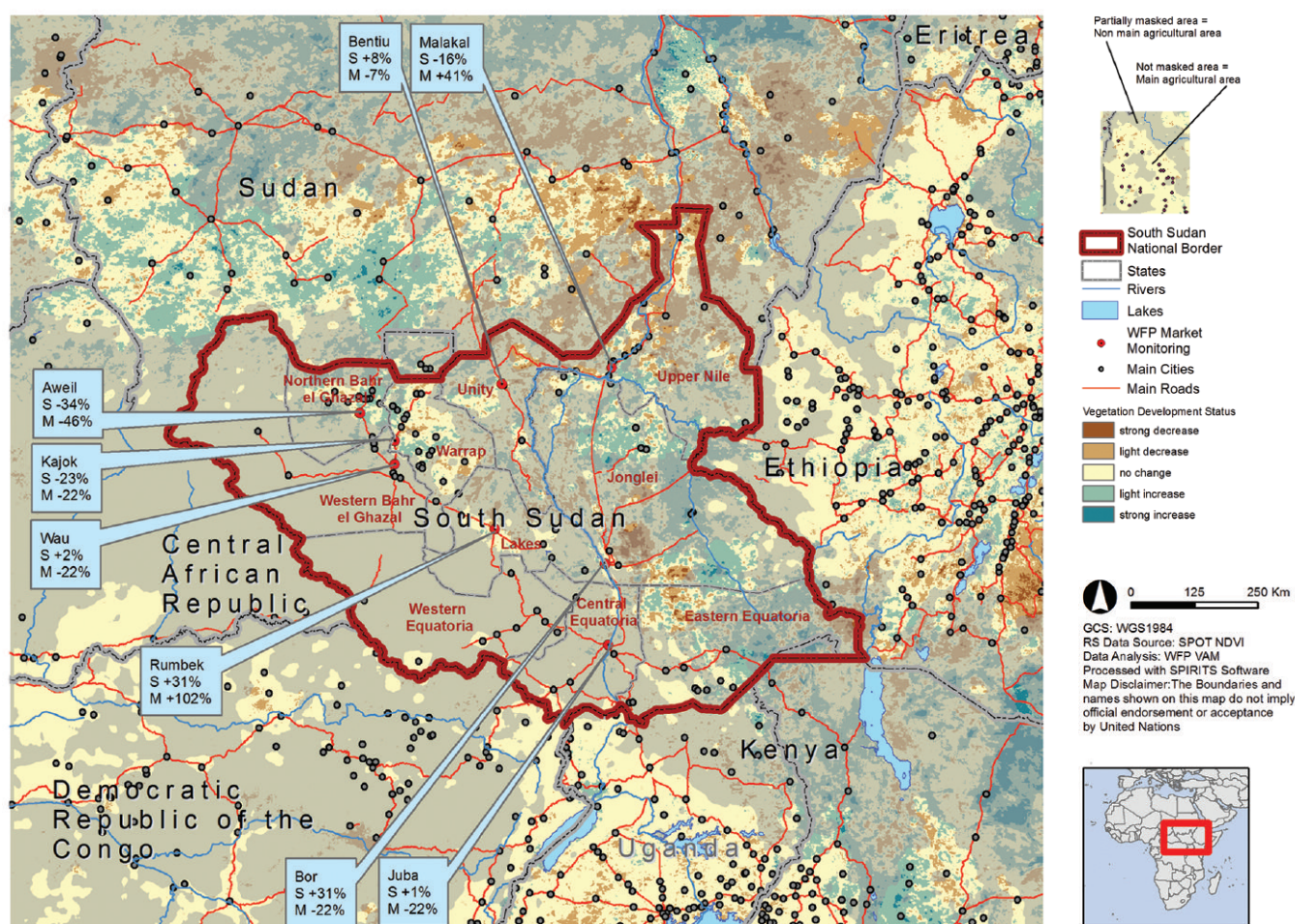
Source: WFP, SPOT-Vegetation. In the call-outs, S stands for Sorghum while M for Maize.

Informal trade from Sudan to Upper Nile is constrained and formal trade is likely limited to Ugandan sources. Thus price differentials across markets are expected to increase.

13. African Development Bank Group, *South Sudan: A study on Competitiveness and Cross Border Trade with Neighbouring Countries*, 2013.
14. National Bureau of Statistics, *Cost-to-market Report, An Analysis of Check-Points on the Major Trade Routes in South Sudan*, 2011.

Local food prices are high, volatile and likely to increase further with the conflict

The border closure with Sudan and a continuous depreciation of unofficial exchange rates made retail prices trending dramatically upwards in almost all markets in the country, shifting from a relatively stable level before independence. In the past three years, prices have been highly volatile, beyond seasonal norms. In addition, price differences between markets are persistently high, an indication of the weak integration of food markets. In the states of Jonglei, Lakes, Unity, which are among the most affected by the December 2013 violence, the markets of Bor, Rumbek, Bentiu show much higher average prices than in the rest of the country.

At the onset of the conflict in December, both sorghum and maize price levels were highest in Rumbek compared to the rest of the country. On the contrary, Aweil market was the least expensive, probably benefiting from informal cross-border trade from Sudan. Sorghum in Aweil was half as expensive as in Bor and Rumbek.

Figure 8. Sorghum retail prices in selected markets (SSP/Malwa)
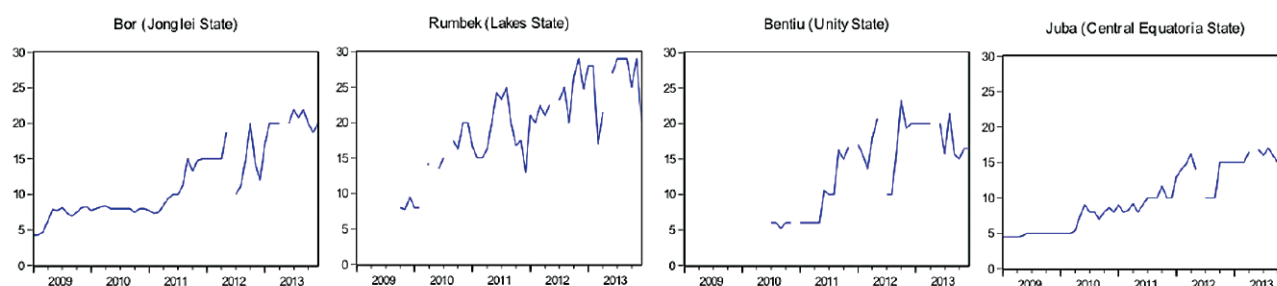
Source: World Food Programme, VAM Food and Commodity Prices Data Store.

Retail prices have been trending dramatically upwards since independence.

As shown in Figure 8, the seasonal downturn expected for sorghum prices after the harvest was apparent only in Rumbek. By contrast, the downward trend in sorghum prices vanished quite abruptly, and prices were back on the rise in conflict affected markets. As of December 2013, nominal sorghum price increased by 67% from last year in Bor. Maize prices were 13% above 2012, with year-on-year (y/y) increases almost everywhere, except in Juba (-13%). The price impact of the conflict is likely delayed to January in some conflict affected areas such as Rumbek where a 19% decrease in sorghum price was observed in December 2013.

Despite the positive outlook of the 2013 crop production, nominal prices as of December were on average 13 percent above last year for maize (y/y) and only 11 percent below for sorghum (Figure 9). However, when the deflationary context is taken into account, both prices had increased in real terms (respectively,

+34% and +6%, y/y)[15] and are only slightly below their peak in December 2011. The scattered patterns of sorghum prices are worth noting: in Bor, nominal prices increased by 67% from last year, in Malakal and Rumbek declined respectively by 32% and 19%, while in Aweil and Juba they stayed almost put. In contrast, maize prices are 13% above 2012, with y/y increases almost everywhere, except in Juba (-13%).

Since the onset of the conflict, prices of essential cereal commodities (sorghum and maize) have reportedly risen by up to 30% in Juba and Rumbek markets. Markets in Jonglei, most parts of Unity state and western parts of Upper Nile have remained closed and non-functional. Due to insecurity, traders are unwilling to sell their commodities in the market while imports have grounded to nil. Roads leading to these markets are completely cut-off due to insecurity.

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15. Base year 2011, deflator is CPI, excluding unprocessed food and petrol.

Figure 9. Sorghum and maize retail price changes as of December 2013

Nominal prices

Real prices
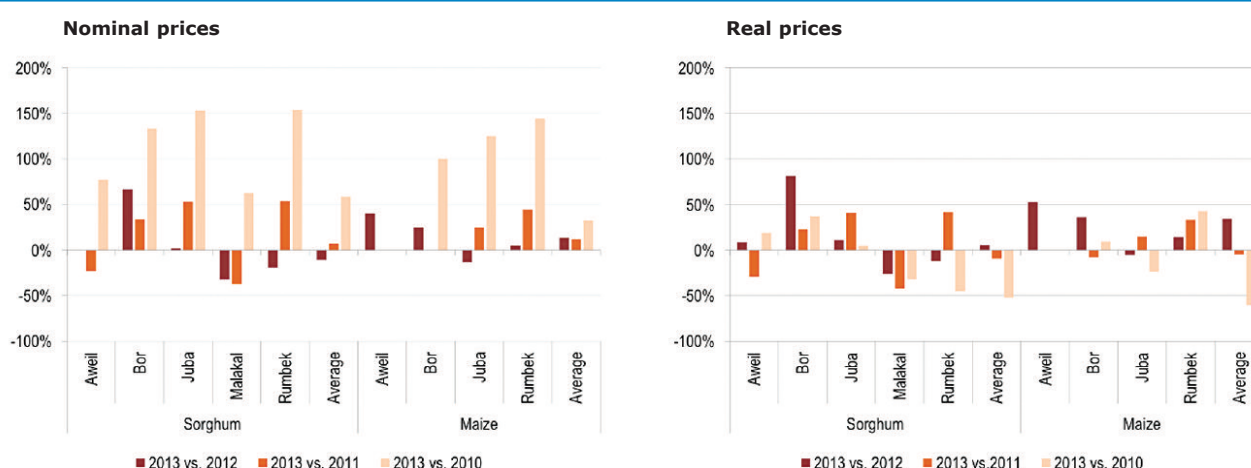
Source: World Food Programme, VAM Food and Commodity Prices Data Store.

Sorghum and maize prices increased in real terms from 2012-13.

Market disruptions caused by conflict will worsen food insecurity due to high dependency of households on markets

High food prices are an all-year major threat to South Sudanese households' access to food due to their high dependence on markets to meet their food needs, including of sorghum, maize and pulses (Figure 10). Except for Central and West Equatoria, markets are the dominant source of staple food over households' own production at all times (except around harvest time in October). Up to 70% of the households resort to markets for their sorghum consumption around June, as most of them would exhaust their stocks a few months after harvest. Markets are throughout the year also the main source of other key food items such as meat, oils and fats, fish and sugar. Typically, over 40% of South Sudanese households register high food

expenditures (i.e. over 65% of income spent on food, see Figure 11). Yet, commodities are no longer flowing to the conflict affected states which severely jeopardizes households' market participation.

The states most affected by the conflict, namely Jonglei, Upper Nile and Unity, were also the most food insecure prior to the conflict. Moreover, these are the areas with the highest cereal production deficits in the country, the highest proportion of market dependent households for staple food consumption, and the highest proportion of food expenditures in mid-2013 (63% and 59% of households in Jonglei and Unity, respectively spent over 65% of income on food).

Figure 10. Source of sorghum
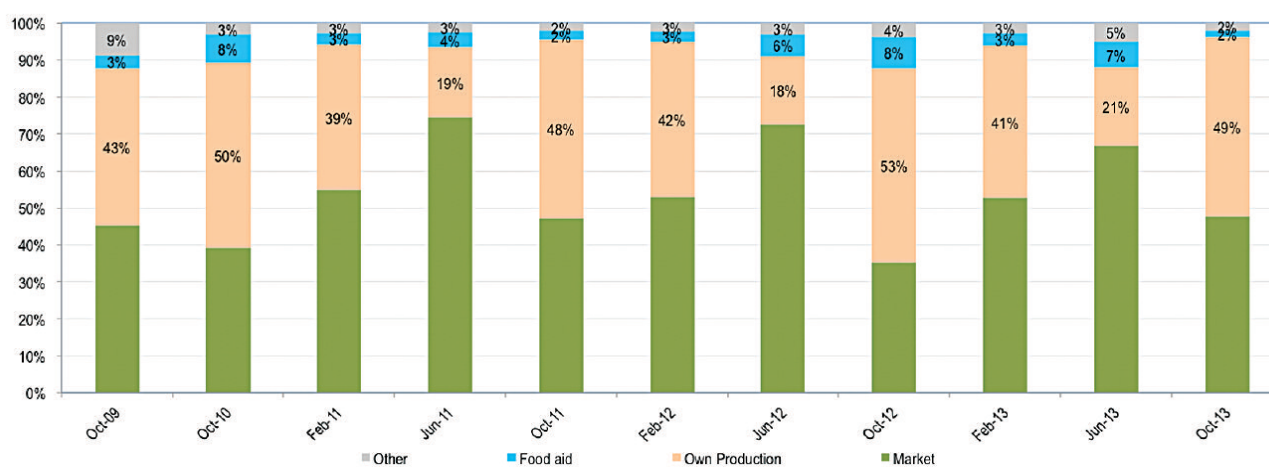
Source: WFP: Various rounds of data from the Food Security Monitoring System.

Households strongly rely on markets as a source of sorghum.

12

Figure 11. Incidence of household shocks in South Sudan (2011-2013)
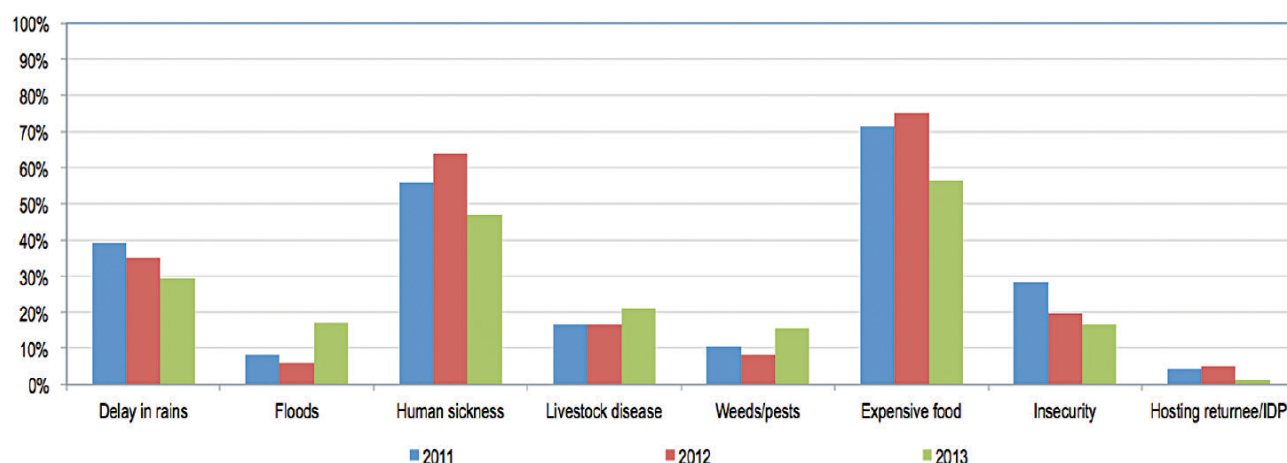
Source: WFP: Various rounds of data from the Food Security Monitoring System.

Food prices are the major threat for households' food security.

Conflict has erupted precisely at a time when food security conditions in South Sudan were showing a consistent improvement relative to the past few years, except in Jonglei and Unity. In October 2013, food insecurity (moderate and severe) reached the lowest levels since 2010, on average 30%. Severe food insecurity in particular dropped to 3.4% nationwide, after years stagnating at 10%. Unlike the rest of the country, pre-conflict food insecurity levels (severe and moderate) had actually increased to 38% in Jonglei and 35% in Unity compared to the same season 2012. The most food insecure livelihoods were households that engaged in sale of natural resources (charcoal burning, selling of firewood and grass etc.); these are the predominant livelihoods in Jonglei and Unity.

It is most likely that disruptions of market and trade inflows caused by conflict will affect household security well beyond its duration and over a wider area. According to estimates of a rapid interagency IPC analysis, up to 3.2 million people mostly in Jonglei, Unity and Upper Nile are already either in crisis or emergency phase (with 1.1m in emergency), up from

1 million in crisis phase by mid-December 2013.[16] A protracted insecurity and uncertainty will transmit additional pressure on food prices, causing serious challenges to access to food by most households countrywide. Reliance on households' stocks from own production is also at risk in the aftermath of the harvest (December 2013 - March 2014), particularly in conflict affected states. Indeed the significant population displacement as well as looting or destruction by combating forces led to a loss of households' stocks, hence triggering unusual increases in the proportion of households relying on either markets or food assistance to meet their food needs. Given large population displacements and widespread fear, the start and prospects of the next agricultural season with timely planting and input availability are uncertain for many households, particularly in Jonglei, Unity and Upper Nile states. In Central Equatoria, the situation may not become as serious, given less widespread insecurity, far better supply routes, and the proximity to the capital and Uganda.

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16. Estimates from an in-country, inter-agency IPC workshop, 17th January 2014.

13

Special Focus: Gaza Strip

Is the closure of the tunnels from Egypt further suffocating the Gaza economy?

- Since 2007, the siege of Gaza's territory contributed to the development of a non-sustainable economy, dependant on foreign aid and underground trade.
- The closure of the tunnels by Egypt in July 2013 hampers the few remaining drivers of economic growth in the Gaza strip.
- With the escalation of unemployment, household food insecurity in Gaza is susceptible to further increases.

Since 2007, tunnel trade with Egypt has allowed Gaza's economy to cope with the consequences of the Israeli blockade

Since July 2007, Gaza has been subjected to restrictions on land, air and sea movements imposed by Israel over security concerns. Apart from a strong focus on the public sector employment, Gaza's economy is very reliant on trade with Israel, which has been tightly controlled since then. The number of truckloads authorised for border crossing for export decreased by 97% between 2007 and 2013.[17] Restrictions also include prohibition of imports of construction materials or electronics. Land and sea controls constrain access to land along Gaza's perimeter fence. This prevents access to large farming and fishing areas. According to OCHA, farmlands decreased by 35%, while 85% of Gaza's fishing waters are partially inaccessible.[18]

The development of an underground economy along with the intensification of trade through tunnels between Gaza and Egypt allowed economic growth since 2009. These tunnels are subject to regulation and licenses by the de facto authorities in Gaza. Customs duties from underground economy have granted de facto authorities a degree of financial independence from the Palestinian Authority. Since 2007, tunnel trade represents the main supply and commercial trade route for goods into Gaza. The annual value of the trade is estimated at USD 500-700 billion. The informal import of construction materials has been one of the main growth factors

since 2009. Inflation in Gaza strip remained low since 2009 thanks to the abundance of cheaper subsidized imports from Egypt with an average inflation rate of 1.3% since 2009.

Figure 1. Contribution to GDP growth by economic activity (Gaza strip)

% contribution to GPD growth

— Agriculture and Fishing   — Mining, Manufacturing, Electricity and Water   — Construction

* estimation
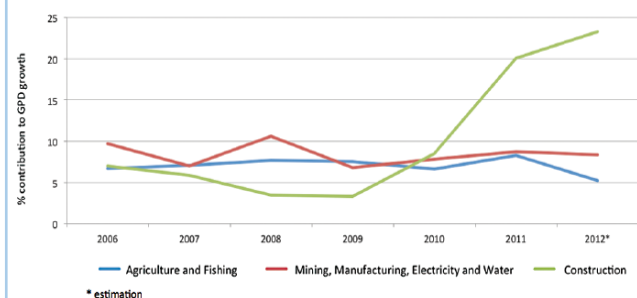
Source: Palestinian Bureau of Statistics.

The construction sector, supplied by informal import of materials, has been one of the main contributors to growth since 2009.

17. OCHA, *The Gaza Strip: The Humanitarian Impact of Movement Restriction on People and Goods*, July 2013.
18. OCHA, *Five years of blockade: the humanitarian situation in the Gaza Strip*, June 2012.

The blockade has affected the productive capacity of the Gaza strip in agriculture, fishing and manufacturing sectors. In 2012, agriculture and fisheries accounted only for 3.9% of the GDP, down from 5.5% in 2006, and manufacturing for 6.15%, less than half of the 14.9% in 2006.[19]

Large aid flows, in particular from Arab states, are targeted toward construction programmes, services and current account deficit support. Unemployment is persistently high in Gaza due to the weak private sector. At the first quarter of 2012, the official unemployment rate in Gaza strip was 30.7% with 114,300 people unemployed, deteriorating to 32.5% or 130,200 people during the third quarter of 2013.[20]

Map 1. Gaza Strip: Access and Closure (November 2013)
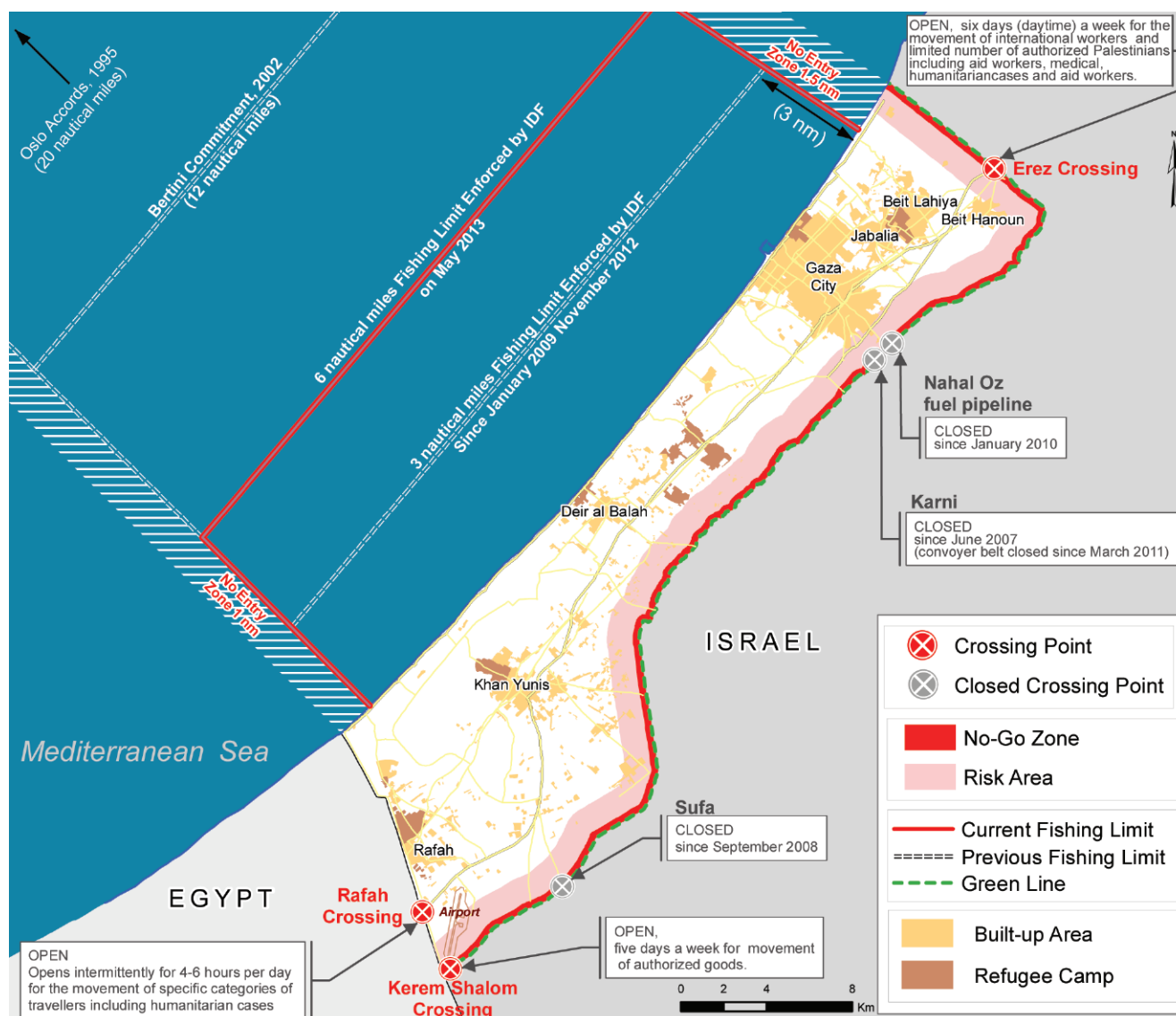
Source: Office for the Coordination of Humanitarian Affairs occupied Palestinian Territory.

Gaza has been subject to restrictions on land, air, and sea movements. Access to farming land and fishing areas is constrained.

19. Based on data from Palestinian Central Bureau of Statistics.
20. PCBS, *Quarterly National Account Survey*, third quarter 2013.

The closure of the main informal trade tunnels in July 2013 is suffocating all economic activities in Gaza

In July 2013, out of national security concerns the Egyptian army undertook extensive operations to close the tunnel network. Just two months later in September, only 10 to 20 tunnels were said to be operational out of 300 prior to the closures.[21] The subsequent reduction in tunnel trade has devastated productivity in the construction sector. Less than 100 tons of construction material entered each day at the end of September 2013, compared to a daily average of more than 7,500 tons in June 2013[22], according to the Palestinian Federation of Industries. The European parliament reports[23] that over 250,000 workers lost their job across all sectors, especially in the fishing and construction industries, as well as employment directly linked to the tunnel economy.

Before the closure of the tunnels, nearly all fuel and diesel went through the underground tunnels between Egypt and Gaza Strip. The official benzene imports from Israel have resumed by around 20 times from June to December 2013 to meet the previous fuel supply level. However, overall diesel imports remained significantly lower than before the tunnel closure. As a result, both diesel and benzene gas recorded substantial import price increases due to the change in supply sources from Egypt to Israel. In fact, given this change the price for diesel increased by 104%, while for benzene the surge was 123% between June and December 2013. According to OCHA, electricity and fuel shortages disrupted critical functions of 30 hospitals and over 135 health clinics and led to protracted power cuts. The functioning of all 291 water and wastewater facilities has been affected, leading to several sewage floods in Gaza City since November, exposing people to public health risks. The daily water supply to households is now reaching only 15% of the population in Gaza.

Figure 2. Official and informal import of diesel from July 2013 to December 2013

■ Through official crossing
■ Through informal trade tunnels

Source: Gaza Watch Report (Vulnerability Analysis and Mapping Unit, WFP).
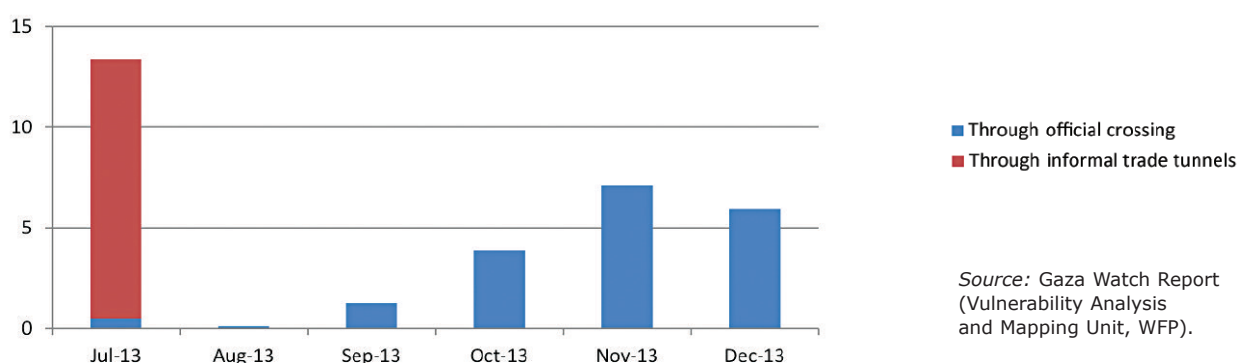
Overall diesel imports remained significantly lower than before the closure of tunnels.

The closure of tunnels is also reducing food commodity imports, hence fuelling their prices. Rice and sugar imports to Gaza strip have fallen as a result of the end of smuggled food import, by 7% and 47% respectively between June and December 2013. To the contrary, official figures of wheat flour imports show an increase of 88% between June 2013 and December 2013, improving wheat supply compared to before the closure of the tunnels. Similarly, total imports of oil increased by 25%. The majority of these commodities are entering now through the official border points. Overall, the change of the source of supply in favour of Israel has resulted in further increases in prices of bread (+11%/kg of bread) and rice (+33%) between June and December 2013. These increases are reflected in the food consumer price index (FCPI) which increased by +4.6% over the same period.[24] In general, the population in Gaza is facing more a problem of food access than food availability.

21. OCHA, *Occupied Palestinian Territory: The humanitarian impact of reduced access between Gaza and Egypt, Situation Report*, 23rd September 2013.
22. OCHA, *Occupied Palestinian Territory: Gaza fuel crisis, Situation Report*, 26 November 2013.
23. Policy Department of the European Parliament, *Gaza's population at the breaking point*, Policy briefing, November 2013.
24. PCBS, *Quarterly National Account survey, third quarter* 2013.
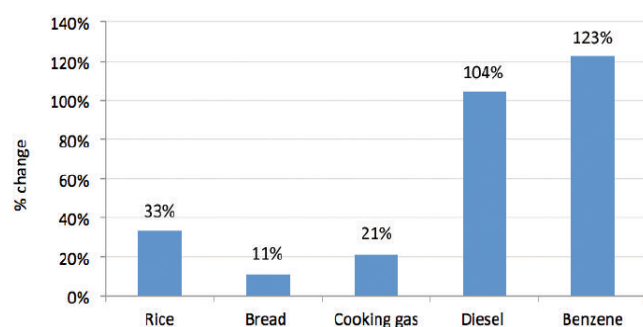
Source: Source: Gaza Watch Report (Vulnerability Analysis and Mapping Unit, WFP).

Prices of rice, bread, and fuels increased significantly since the closure of the tunnels.

Figure 4. Wheat flour import
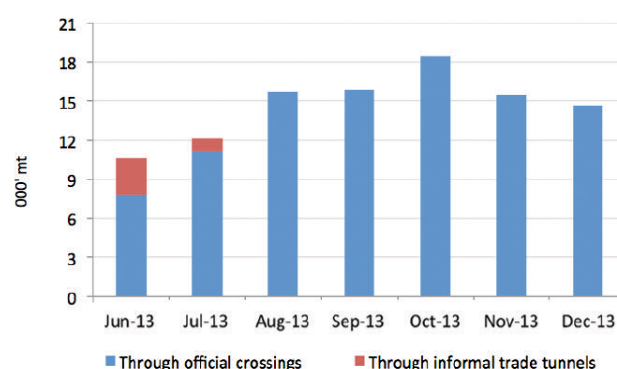
Source: Source: Gaza Watch Report (Vulnerability Analysis and Mapping Unit, WFP).

Official imports of wheat flour substituted by far the reduction of tunnel imports during the second half of 2013.

Gaza also faces a significant reduction of fiscal revenues from tax collection on tunnel activities due to the closure. The Ministry of Economy in Gaza estimates that losses to the local economy since June 2013 amount to USD 460 million, equivalent to over half the annual budget and 26% of the 2012 gross domestic product. Due to falling tax revenues, the salaries of some 50,000 civil servants – i.e. 20% of the total number of employees in Gaza, have not been paid since November 2013.[25]

Gaza's food security situation is worsening further as a result of the collapse of the tunnel economy

The 2012 Socio-Economic and Food Security survey (SEFSec) underlines the little resilience left against socio-economic and other shocks. Root causes for the worsening of the food security situation in Gaza are the limited production and employment of the productive sectors of the economy. The report explains the significant increase of food insecurity in Gaza from 44% in 2011 to 57% in 2012 by the increased vulnerability of workers.

This comes on top of already poor food security conditions despite the high number of people relying partially or totally on food assistance (approximately 1.04 million of the 1.7 million people in Gaza). The increases in unemployment rates, the cut of jobs in the public sector, the losses of economic activities created by the collapse of the tunnel economy along with food price increases are likely to increase further the number of food insecure people. Indeed, the food security situation of civil servants and workers in the construction sector is most likely affected by the postponement of wage payments. It is estimated that the complete closure of the tunnels could raise the number of people requiring food assistance by an additional 50,000 to 60,000 people.[26] In addition, winter storm Alexa hit the West bank and Gaza Strip in mid-December 2013 with extreme precipitation including snow and flooding in Gaza. According to FAO estimates, cumulative losses in damaged structures and production amount to USD 76 million[27], which may impact production as well as household purchasing power and consumption.

25. Policy Department of the European Parliament, *Gaza's population at the breaking point,* Policy briefing, November 2013.
26. OCHA, *Occupied Palestinian Territory: The humanitarian impact of reduced access between Gaza and Egypt*, Situation Report, 23rd September 2013.
27. FAO, WFP, UNRWA, *Food Security Watch, West Bank and Gaza Strip, State of Palestine*, January 2014.

Consumer Price Index and Fuel Prices

| Region | Country | Monthly and Yearly Changes in Q4 2013 (*=December, **=November, ***=October) | | | | | | | |
| | | Month-on-Month | | | | Year-on-Year | | | |
		General CPI	Food CPI	Gasoline	Diesel	General CPI	Food CPI	Gasoline	Diesel
Latin America and Caribbean	Bolivia	0,08% *	-1,20% *	0,00% *	0,00% *	6,50% *	10,44% *	0,00% *	0,00% *
	Colombia	0,26% *	0,31% *			1,90% *	-1,66% *		
	Dominican Republic	0,06% **		2,20% *	1,70% *	4,10% **			-2,50% *
	Ecuador	0,20% *	0,30% *	0,00% *	0,00% *	2,70% *	-1,91% *		
	Haiti	0,10% **	0,05% **	0,00% *	0,00% *	3,40% **		0,00% *	0,00% *
	Honduras	0,38% *	4,08% *	1,70% *		4,90% *	4,63% *	0,40% *	
	Panama	0,07% *	6,00% *			3,70% *	4,60% *		
	Peru	0,22% *	-0,48% **		0,24% *	3,07% *		1,06% *	
Southern Africa	Lesotho	0,30% **	0,40% *	0,40% *	0,80% *	5,20% **	3,50% *	8,80% *	10,30% *
	Malawi	4,60% **	7,52% **	0,00% *	0,00% *			27,00% *	27,00% *
	Tanzania	1,30% *	2,00% *			5,60% *	6,00% *	5,60% *	1,70% *
	Zambia	0,90% *	1,20% *			7,10% *	6,20% *		
	Zimbabwe	0,09% **		0,00% *	0,00% *	0.5*%		5,60% *	5,60% *
Central and Eastern Africa	Ethiopia	-1,00% *	5,90% *	0,00% *	0,00% *	7,70% *		3,50% *	2,70% *
	Burundi	0,09% **		0,00% *	0,00% *	0,50% **		5,60% *	5,60% *
	Kenya	0,50% *	0,55% *	0,30% *	1,20% *	7,20% *	10,41% *	-3,00% *	-1,20% *
	Rwanda	-1,72% *	-4,55% *		0,00% *	3,70% *	3,90% *		
	South Sudan	-5,20% *	-6,10% *	-4,96% *	1,62% *	-8,80% *	-10,12% *	-13,45% *	-12,01% *
	Uganda	0,12% *	-0,98% *			6,70% *	9,15% *		
West Africa	Cape Verde	-0,24% **				0,00% **			
	Côte d'Ivoire	-0,10% **	-0,30% **			1,10% **	-0,50% **		
	Ghana	1,00% *		3,30% *	1,80% *	13,50% *	7,20%	28,00% *	31,00% *
	Mali	-0,60% *	1,40% *			0,00% *	-1,70% *		
	Mauritania	0,10% **	0,10% **			4,60% **	5,60% **		
	Niger	-0,70% *	-0,94% *	0,00% *	0,00% *	1,10% *	0,90%	-6,00% *	-6,70% *
	Nigeria	0,78% *	0,90%			8,00% *	9,30%		
	Senegal	-1,59% *	-4,30% *			-0,10% *	-0,40% *		
Middle East, North Africa and Central Asia	Armenia	1,10% *	2,10% *						
	Egypt	-1,30% *	-1,80% *			12,50% *	18,10% *		
	Georgia	1,47% *	4,80% *			2,40% *	5,70% *		
	Iraq	-0,48% **				2,70% **			
	Jordan	0,82% *	1,18% *			2,70% *	4,26% *		
	Palestine, State of	1,27% *	2,39% *	0,73% *	1,05% *	2,70% *	3,34% *	-6,10% *	-7,35% *
	Tajikistan	0,00% *	0,30% *	-4,20% *	-1,98% *			-8,07% *	-7,90% *
	Yemen	0,72% **	1,13% **	0,00% *	-0,87% *	8,13% **	7,85% **	13,60% *	13,00% *
Asia	Afghanistan	1,73% **		-0,17% *		2,60% **		5,41% *	
	Bangladesh	0,54% *		0,00% *	0,00% *	7,40% *	9,00% *	5,49% *	11,00% *
	Cambodia	0,51% *	0,22% *	0,15% *	0,13% *	4,64% *	6,15% *	-2,40% *	-0,25% *
	India	-1,00% *	-2,40% *	0,00% *	1,06% *	9,90% *	12,32% *	1,20% *	
	Indonesia	0,55% *							
	Laos	0,44% *	0,35% *	-1,80% *	4,30% *	6,70% *	12,10% *	-4,42% *	-0,80% *
	Nepal	1,30% **	2,60% **	0,00% *	0,00% *	10,00% **	13,50% **	5,69% *	4,04% *
	Pakistan	-1,30% *	-3,30% *	0,00% *	0,00% *	9,20% *	9,30% *		
	Philippines	0,70% *	0,82% *			4,10% *	4,81% *		
	Sri Lanka	0,03% *	-0,05% *	0,00% *	0,00% *	4,70% *	3,50% *		
	Timor Leste	0,20% **	0,10% **						

Magnitude of quarterly price changes and their impacts on the cost of the food basket, by country and commodity

Change		Price trend	Impact		
< 0%		Decreasing	Low		
0-5%		Stable	Moderate		
5-10%		Slightly increasing	High		
> 10%		Increasing	Severe		

Region	Country	Main staple food	Caloric contribution (%)	Change from last quarter (% change)	Seasonally adjusted quarterly change (% change)	Monthly change from last year (% change)	Quarterly change from last year (% change)	Quarterly change from baseline (% change)	Price trend	Cumulative impact of changes on cost of the food basket — from previous quarter (%)	Cumulative impact — from baseline (%)	# of years in baseline (2008-2012) [* see footnote]
A	B	C	D	E	F	G	H	I	J	K	L	M
Latin America and Caribbean	Bolivia	Wheat Flour	19	+3	+7	+58	+58	+62	↗			5
		Rice	14	+6	+8	+53	+53	+35	↗	+2	+20	5
		Maize	13	-1	-3	+37	+36	+23	↓			5
	Colombia	Rice	12	-5	N/A	-17	-18	N/A	↓			*
		Wheat Flour	8	+2	+3	-15	-14	-24	→	-1	-2	5
		Milk	7	-4	N/A	N/A	N/A	N/A	↓			*
		Plantains	5	-5	N/A	+7	+4	N/A	↓			*
	Costa Rica	Rice	17	0	-6	-10	-10	-2	↓	-2	-1	5
		Wheat Flour	10	-3	-6	-4	-4	-2	↓			5
	Dominican Republic	Rice	17	+1	0	-5	-1	-11	→	0	-2	5
		Meat (Chicken)	5	-1	-1	-4	-3	0	↓			5
	Ecuador	Rice	19	-3	-3	+1	0	+12	↓	-1	+3	5
		Wheat Flour	13	-2	-5	-5	-5	+4	↓			4
	El Salvador	Maize	25	-3	+12	0	+2	-11	↑			5
		Beans (Red)	6	+2	+8	-14	-23	-48	↗	+3	-7	5
		Sorghum	6	0	0	-8	-9	-18	→			5
	Guatemala	Maize (Tortilla)	36	+1	+1	+9	+8	+37	→			5
		Sugar	14	-1	-2	-3	-4	+10	↓	0	+17	4
		Bread	11	+2	0	+4	+5	+24	→			5
	Haiti	Rice	23	-2	-5	+2	+2	+1	↓			5
		Wheat Flour	12	-1	-1	-3	+1	+10	↓	-2	+1	5
		Maize	9	-13	-11	-10	-4	-3	↓			5
	Honduras	Maize	26	-40	-20	-20	-19	-13	↓			4
		Beans (Red)	5	+12	+23	+20	+14	-20	↑	-4	-4	5
		Rice	5	+7	+5	+10	+10	+6	↗			4
	Mexico	Maize (Tortilla)	32	-1	+5	-1	0	+18	↗	+2	+6	5
	Nicaragua	Maize	23	-31	-2	-6	0	+12	↓			5
		Rice	17	+4	+5	0	+4	-1	↗	0	+3	5
		Sugar	15	0	-1	-1	+1	+21	↓			5
		Beans (Red)	7	+2	-4	-11	-13	-35	↓			5
	Panama	Rice	24	0	-1	+4	+4	+8	↓			5
		Wheat	12	+5	+1	+5	+9	+32	→	0	+6	5
		Maize	7	-1	-2	-1	-1	+8	↓			5
	Peru	Rice	21	0	+1	-1	-1	-2	→			5
		Wheat Flour	14	0	0	+2	+1	+5	→	-2	+1	5
		Potatoes	8	-13	-20	+3	+18	+20	↓			5
		Sugar	8	-1	-4	-16	-20	-13	↓			5

(*) Calculations based on nominal prices. For details, see 'Approach' on page 24.

Region	Country	Main staple food	Caloric contribution (%)	Change from last quarter (% change)	Seasonally adjusted quarterly change (% change)	Monthly change from last year (% change)	Quarterly change from last year (% change)	Quarterly change from baseline (% change)	Price trend	Cumulative impact of changes on cost of the food basket		# of years in baseline (2008-2012) [* see footnote]
										from previous quarter (%)	from baseline (%)	
A	B	C	D	E	F	G	H	I	J	K	L	M
Southern Africa	Congo (DR)	Cassava Flour	53	+1	-5	-13	-12	+6	↓			5
		Maize Grain	14	+14	0	+4	-2	+15	→	-3	+6	5
		Oil	5	-3	-8	-14	-13	+14	↓			5
	Lesotho	Maize Meal	56	-2	-5	-2	-2	+16	↓	-3	+11	3
		Wheat Flour	14	0	-1	+5	+6	+11	↓			3
	Madagascar	Rice	49	+4	-2	+15	+13	+12	↓	-1	+6	5
	Malawi	Maize	53	+11	+2	+88	+93	+162	→	+1	+86	4
		Cassava Root	6	+5	N/A	+51	+53	N/A	↗			*
	Mozambique	Cassava	32	-30	-18	+4	+4	+2	↓			5
		Maize Grain	20	+18	-2	+5	+6	+22	↓			5
		Wheat Flour	9	+9	+8	+6	+13	+9	↗	-5	+6	2
		Rice	8	-1	-6	0	0	+5	↓			5
		Potatoes (Sweet)	5	+26	N/A	N/A	N/A	N/A	↑			*
	Swaziland	Wheat Flour	16	+3	+6	+5	+8	+15	↗			2
		Sugar	11	+2	+4	+6	+8	+19	→	+1	+6	2
		Rice	8	+2	0	+1	+1	+25	→			5
	Tanzania	Maize	26	+3	-6	-18	-19	+28	↓			5
		Rice	10	-4	-14	-32	-33	-5	↓	-3	+7	5
		Beans	5	+7	-3	0	-1	+10	↓			3
	Zambia	Maize (White)	51	+12	-7	+40	+32	+28	↓	-4	+14	3
	Zimbabwe	Maize Grain	41	+14	+3	+12	+19	+31	→	+1	+13	3
Central and Eastern Africa	Burundi	Sweet Potatoes	17	+3	-12	-28	-26	-36	↓			5
		Beans	16	+27	+12	+34	+28	+32	↑	-1	0	5
		Cassava Flour	13	+4	+2	-13	-12	-13	→			4
		Maize Grain	13	+10	-5	-8	-4	+21	↓			4
	Djibouti	Wheat Flour	34	-8	-6	-8	-6	-6	↓			5
		Sugar	11	-4	N/A	-14	-14	N/A	↓	-2	-2	*
		Oil	10	+1	N/A	-8	-6	N/A	→			*
	Ethiopia	Maize	21	+1	+18	+14	+19	+55	↑	+7	+25	4
		Sorghum	12	+10	+16	+24	+26	+68	↑			4
		Wheat Grain	12	+1	+7	+9	+15	+40	↗			4
	Kenya	Maize	35	+1	-1	-7	-6	+26	↓			5
		Bread	9	+6	+6	+31	+29	+33	↗	-1	+16	5
		Milk	7	-6	-9	+54	+43	+48	↓			5
		Oil	6	+1	-4	-28	-14	+7	↓			5
	Rwanda	Potatoes	12	-11	-12	+2	+16	+30	↓			5
		Beans	11	+27	+18	+49	+50	+54	↑	0	+18	5
		Cassava Flour	11	+5	-1	+6	+1	+28	↓			5
		Sweet Potatoes	11	+13	0	+5	0	+42	→			5
		Sorghum	8	+10	-1	-31	-32	-6	↓			5
		Maize Meal	5	+7	-2	+6	0	+16	↓			5
	Somalia	Sorghum	29	+13	N/A	+18	+2	N/A	↑	+4	N/A	*
		Rice (Imported)	9	+2	N/A	+8	-2	N/A	→			*
	South Sudan	Sorghum	26	-10	N/A	N/A	N/A	N/A	↓	-3	N/A	*
	Uganda	Cassava Flour	13	+10	+11	+14	+22	+42	↑			3
		Maize Meal	9	+13	+26	+16	+10	+36	↑	+4	+10	3
		Beans	5	-9	-3	0	+12	+17	↓			2
		Millet	5	+8	+14	+6	+4	+18	↑			2

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Region	Country	Main staple food	Caloric contribution (%)	Change from last quarter (% change)	Seasonally adjusted quarterly change (% change)	Monthly change from last year (% change)	Quarterly change from last year (% change)	Quarterly change from baseline (% change)	Price trend	Cumulative impact of changes on cost of the food basket		# of years in baseline (2008-2012) [* see footnote]
										from previous quarter (%)	from baseline (%)	
A	B	C	D	E	F	G	H	I	J	K	L	M
West Africa	Benin	Maize	19	-17	-2	-8	-7	0	↓	-2	+6	5
		Cassava	16	-12	-12	+14	+20	+27	↓			5
		Rice (Imported)	13	0	0	0	0	+5	→			5
		Sorghum	5	0	0	+12	+18	+27	→			5
	Burkina Faso	Sorghum	26	-10	0	-13	-15	+4	→	+1	+2	5
		Millet	22	-11	-2	-17	-23	+3	↓			5
		Maize	16	-7	+9	-8	-12	0	↗			5
	Cameroon	Maize	15	-15	+1	-29	-17	-11	→	0	-2	2
	Chad	Sorghum	18	-15	+2	-8	+12	+18	→	+3	+8	5
		Millet	15	-6	+6	-6	+14	+19	↗			5
		Maize	5	+13	+41	+30	+22	+40	↑			5
	Côte d'Ivoire	Rice (Imported)	20	0	0	-3	-1	-1	→	-1	-2	5
		Cassava	12	-3	-8	-8	-8	-25	↓			5
		Oil	9	0	-2	+9	+2	+12	↓			2
	Gambia	Rice (Imported)	21	-2	-2	+5	+4	+23	↓	+4	+16	5
		Millet	19	+18	+22	+29	+32	+47	↑			5
		Sugar	12	-2	N/A	N/A	N/A	N/A	↓			*
		Oil (Palm)	7	-1	N/A	N/A	N/A	N/A	↓			*
		Oil (Groundnut)	5	-4	N/A	N/A	N/A	N/A	↓			*
		Sorghum	5	+24	+22	+37	+38	+53	↑			5
	Ghana	Cassava	21	-7	-9	+7	+4	+80	↓	+3	+45	5
		Maize	21	-7	+13	-10	-12	+23	↑			5
		Yam	11	-16	+5	+12	+1	+70	↗			5
		Plantains	10	-16	+10	+30	+46	+121	↑			5
		Rice	8	+3	+2	+11	+11	+39	→			5
	Guinea	Rice	37	-9	+4	N/A	N/A	+16	→	+2	+7	4
		Oil	6	+15	+14	N/A	N/A	+11	↑			2
	Guinea Bissau	Rice (Imported)	35	+6	+22	N/A	N/A	+54	↑	+7	+21	4
		Maize	8	0	0	N/A	N/A	0	→			4
		Millet	8	-18	-14	N/A	N/A	+11	↓			4
		Sugar	5	-8	+3	N/A	N/A	+17	→			4
	Liberia	Rice (Imported)	32	0	N/A	-13	-9	N/A	→	-3	+2	*
		Cassava	21	-3	-8	-1	-7	+2	↓			2
		Oil	15	-1	-7	+1	-12	+13	↓			4
	Mali	Rice	21	+6	+9	-4	-5	+2	↗	+7	+4	5
		Millet	20	+10	+11	-24	-26	+12	↑			5
		Sorghum	13	+10	+16	-18	-25	+5	↑			5
		Maize	9	+4	+14	-9	-15	+4	↑			5
	Mauritania	Wheat	30	0	+1	+5	+2	+4	→	+1	+3	5
		Rice (Imported)	11	+7	+4	+18	+29	+18	→			5
	Niger	Millet	39	-16	+4	+9	+7	+32	→	+2	+16	5
		Sorghum	11	-10	+5	+12	+13	+28	↗			5
		Rice (Imported)	7	0	0	-1	-1	+2	→			5
	North Nigeria	Sorghum	13	-19	-6	-1	+1	+18	↓	-1	+6	5
		Millet	11	-18	-3	+3	+3	+28	↓			5
		Maize	8	-19	-4	-5	-5	+11	↓			5
	Senegal	Rice (Imported)	30	-1	-2	-2	-5	-13	↓	0	-2	5
		Maize (Imported)	10	-1	0	-12	-11	+7	→			5
		Millet	8	-2	+11	+8	+3	+21	↑			5

(*) Calculations based on nominal prices. For details, see 'Approach' on page 24.

Region	Country	Main staple food	Caloric contribution (%)	Change from last quarter (% change)	Seasonally adjusted quarterly change (% change)	Monthly change from last year (% change)	Quarterly change from last year (% change)	Quarterly change from baseline (% change)	Price trend	Cumulative impact of changes on cost of the food basket		# of years in baseline (2008-2012) [* see footnote]
										from previous quarter (%)	from baseline (%)	
A	B	C	D	E	F	G	H	I	J	K	L	M
Middle East, North African and Central Asia	Armenia	Wheat Flour	40	-4	-2	-1	-1	+11	↓	-2	+4	2
		Milk	8	0	N/A	+13	+15	N/A	→			*
		Sugar	8	-4	N/A	-12	-13	N/A	↓			*
		Potatoes	5	-21	N/A	+9	+1	N/A	↓			*
	Azerbaijan	Wheat Flour	57	+4	+3	0	+1	+15	→	+3	+10	5
		Potatoes	6	+26	+19	+75	+47	+31	↑			5
	Egypt	Wheat Flour	35	+14	+10	-7	+17	+23	↑	+6	+10	3
		Rice	12	+18	+26	+40	+28	+15	↑			2
		Sugar	7	-4	-7	+19	+8	-2	↓			3
	Georgia	Wheat Flour	41	-2	-6	-13	-5	+3	↓	-3	+3	5
		Milk	10	+8	-7	+23	+22	+22	↓			5
	Iraq	Wheat Flour	25	+1	N/A	-3	-2	N/A	→	0	N/A	*
		Bread	8	0	N/A	+7	+6	N/A	→			*
		Rice	8	+1	N/A	+8	+8	N/A	→			*
	Jordan	Bread	38	0	+1	0	-1	+1	→	0	+1	0
		Sugar	15	-2	N/A	-8	-7	N/A	↓			*
		Rice	8	+3	0	+10	+4	+9	→			0
	Kyrgyz Republic	Wheat	40	-6	-3	-12	-18	0	↓	-3	+3	4
		Milk	12	+9	-13	-4	-4	+5	↓			4
		Sugar	9	+2	+5	-2	-2	-1	↗			4
		Potatoes	8	-2	-5	+12	+13	+36	↓			4
	Palestine, State of	Wheat Flour	40	-1	-2	-6	-1	+5	↓	-2	-2	4
		Sugar	10	-4	-7	-22	-13	-16	↓			2
		Rice (Imported)	7	0	-1	-7	-6	-25	↓			4
		Oil	5	+1	-2	0	0	-8	↓			4
	Sudan	Sorghum	26	+13	+14	+36	+30	+88	↑	+6	+29	5
		Wheat	15	0	+2	+23	+25	+1	→			5
		Millet	7	+21	+25	+44	+17	+86	↑			5
	Syria	Wheat Flour	39	-6	N/A	N/A	N/A	N/A	↓	-2	+11	*
		Sugar	13	+3	-1	+51	+61	+88	↓			2
	Tajikistan	Wheat Flour	54	-3	-4	-9	-11	+15	↓	-2	+10	5
		Sugar	7	0	+1	-5	-3	+6	→			5
		Oil	6	+2	+3	-3	-5	+7	→			5
		Maize	5	-5	+3	-8	-7	+16	→			5
	Yemen	Wheat Grain	38	+3	0	+1	0	-10	→	+1	-4	4
		Sugar	12	+6	N/A	+15	+14	N/A	↗			*
		Oil	8	+5	N/A	+2	+3	N/A	↗			*
		Rice (Imported)	6	+6	N/A	+6	+3	N/A	↗			*

(*) Calculations based on nominal prices. For details, see 'Approach' on page 24.

Region	Country	Main staple food	Caloric contribution (%)	Change from last quarter (% change)	Seasonally adjusted quarterly change (% change)	Monthly change from last year (% change)	Quarterly change from last year (% change)	Quarterly change from baseline (% change)	Price trend	Cumulative impact of changes on cost of the food basket		# of years in baseline (2008-2012) [* see footnote]
										from previous quarter (%)	from baseline (%)	
A	B	C	D	E	F	G	H	I	J	K	L	M
Asia	Afghanistan	Wheat	58	+5	+4	+6	+5	+9	→	+1	+11	5
		Rice	22	-2	-4	-2	+3	+24	↓			5
	Bangladesh	Rice	70	+6	+6	+24	+28	+17	↗	+4	+13	5
		Wheat Flour	6	-2	-6	-2	-3	+13	↓			5
	Cambodia	Rice	65	-4	-5	-9	-9	-7	↓	-3	-5	5
	India	Rice	31	+4	+1	+15	+15	+40	→	-1	+20	5
		Wheat	22	+2	-2	+10	+10	+29	↓			5
		Sugar	7	-2	-8	-10	-10	+12	↓			5
	Indonesia	Rice	50	+1	-1	+5	+4	+31	↓	-1	+17	5
		Sugar	6	-1	-3	-1	-1	+23	↓			5
		Wheat	6	+2	+1	+3	+2	+3	→			5
	Lao PDR	Rice	64	0	+5	+10	+16	+1	↗	+3	+1	4
	Myanmar	Rice	55	+8	+16	+20	+13	+20	↑	+9	+11	4
	Nepal	Rice	32	0	0	+12	+15	+21	→	+1	+10	5
		Wheat	15	+6	+4	+14	+13	+22	→			5
	Pakistan	Wheat Flour	37	+5	-1	+26	+22	+37	↓	+1	+17	5
		Sugar	11	+8	N/A	N/A	N/A	N/A	↗			*
		Oil	6	0	N/A	N/A	N/A	N/A	→			*
		Rice	6	+13	+11	+25	+25	+62	↑			5
	Philippines	Rice	48	+3	+7	+13	+12	+18	↗	+3	+9	5
		Meat (Pork)	7	0	+1	-1	-1	+11	→			5
	Sri Lanka	Wheat Flour	14	0	-2	-3	0	+6	↓	-1	0	5
		Sugar	11	+2	-2	-2	-2	-12	↓			5
	Thailand	Rice	41	-13	-11	-31	-28	-19	↓	-5	-8	5
	Timor-Leste	Rice (Imported)	32	-4	N/A	+1	-7	-7	↓	+1	-7	*
		Maize Grain	26	+12	N/A	-27	-29	-20	↑			*
		Cassava Root	5	-25	N/A	+14	+2	+6	↓			*

(*) Calculations based on nominal prices. For details, see 'Approach' on page 24.

Approach

This bulletin provides information on price changes for staple food items and their impact on the cost of the basic food basket. For the most vulnerable population groups in developing countries, food expenditures represent generally more than 50% of total household expenditures, and staples contribute 40-80% of energy intake. Therefore, any change in staple food prices has a high impact on overall food consumption, especially when the food basket is composed of very few food items. In other words, households with diverse calorie sources are likely to be less affected by price rises than households with limited calorie sources, unless significant price increases are witnessed for each major caloric contributor of the food basket. Column D displays the **contribution of each food item to households' total energy intake.**

The analysis is based on quarterly price indices[28] of the main food items (contributing to minimum 5% of caloric intake according to FAO's country-specific Food Consumption Patterns[29]):

i) **"Change from last quarter"** (column E) is calculated as a percentage change of quarterly averaged nominal prices from the previous quarter.

ii) **"Seasonally adjusted quarterly change"** (column F) is calculated as a percentage change of quarterly averaged real prices from the previous quarter. Real prices are calculated by dividing each monthly nominal price by its corresponding baseline average price* (a.k.a. long-term seasonal averages).

iii) **"Monthly change from last year"** (column G) is calculated as a percentage change of the latest available monthly nominal price of the quarter from the same month in the previous year.

iv) **"Quarterly change from last year"** (column H) is calculated as a percentage change of the quarterly averaged nominal prices.

v) **"Quarterly price change from baseline"** (column I) is calculated as the quarterly average of the three relevant months' percentage changes from their corresponding baseline average prices*. This estimate indicates whether there is a structural shift of the current price from its long-term seasonal pattern[30].

* To take into account the new situation of global structural changes resulting in volatile food prices, the baseline period has been changed (as of Q2-2013) to a moving period covering the previous 5 years of the same quarter (e.g. Q2-2008 to Q2-2012). However, available data for the baseline period does not always cover the whole 5-year baseline period. Indicators depending on the baseline prices (columns F & I) are only calculated if at least 2 years of relevant data is available (see column M).

The percentage changes of these quarterly price indices indicate the extent to which recent price changes can be considered normal or abnormal as compared to the relevant reference period (i.e. the previous quarter, the preceding year, or the baseline period).

Assuming that the caloric contribution is a proxy of the relative importance of the food item in the food basket[31], the **"cumulative impact of the quarter"** (column K) and the **"cumulative impact since baseline"** (column L) present the partial change of the cost of the food basket since, respectively, the previous quarter or the baseline. It is calculated as the sum of each commodity's price change (column E or F) multiplied by its caloric contribution (column D). The likely impact is considered low when it is below 0, moderate when it is between 0 and 5%, high between 5 and 10%, and severe above 10%.

While this approach can help gauge how vulnerable households are likely affected by food price changes, results should be interpreted with caution as they do not capture the impact of the long-term trend in food prices. Furthermore, the approach uses a reduced food basket which means that the cumulative impact of the change on the food basket is partial. The impact of the remaining part of the basket will have an additional unmeasured (positive or negative) impact on the total cost. Additionally, it measures only direct impacts while an indirect impact is not accounted for. For instance, substitution and income effects due to price changes are disregarded. Similarly, it does not provide insights into the causes of the price increases. Finally, this approach does not account for the severity of the likely impact; it may differ between and also within households due to different incomes and food baskets according to wealth or livelihoods groups, coping capacity, and intra household distribution.

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28. Prices are calculated as indices, using reference years, i.e. last year to capture 12-month percentage changes and last 5 years to capture percentage changes from the long term patterns.

29. Caloric contributions are based on FAO 2005-2007 estimates.

30. Prices normally vary throughout a year due to seasonal patterns of the production cycle. Accounting for seasonality helps differentiating between normal seasonal price variations and additional changes which can be considered abnormal, depending on the magnitude of those changes.

31. Comparing FAO estimates of calorie contribution of each food item with a study by Reardon (1993) for selected countries in Africa, it appears in rural areas that the majority of households get most of their calorie intake from a few food items. The national patterns will likely reflect the rural patterns, assuming most of households leave in rural and semi-urban areas in the developing countries.