Overview

This Bulletin is a joint publication1 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 (WFP). It monitors the price of food commodities as well as wage rates for 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 Index2 measures the international price level of a basket of key food commodities. The index averaged 166.8 points in May 2015, a decrease of 2.5% on a month-on-month basis due mainly to a decline in prices of cereals and dairy products. The International Rice Price Index averaged 215 points, a decrease of 1.4% on a month-on-month basis.

Figure 1: FAO Food Price Index and Rice Price Index


Regional Rice Wholesale Prices

In May 2015, the f.o.b. export prices3 of Thai A1 Super white rice were 326 USD/mt and Vietnamese white rice (25% broken) were 333 USD/mt (Figure 2).

Figure 2: Export price of Thai and Vietnamese white rice and Cambodia mixed rice4


HIGHLIGHTS

- Food purchasing power of households in rural areas increased by 1% but in urban areas decreased by 0.9% month-on-month;
- Retail price of lowest quality rice in rural and urban areas increased by 0.7% and 0.2% respectively on a month-on-month basis;
- Wholesale price of mixed rice increased by 9.2% month-on-month but was 0.8% lower year-on-year;
- In April, inflation rate was 1.3% and overall food prices increased by 4.4% year-on-year;
- Thai A1 Super white rice and Vietnamese white rice decreased by 2.1% each month-on-month and
- International Food Price Index decreased by 2.5% on a month-on-month basis.

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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 price in USS per metric tonne above was converted from the price in Riel per Kg.
The price of Thai A1 Super white rice decreased 2.1% month-on-month and was 9.4% higher year-on-year. The price of Vietnamese white rice also decreased by 2.1% month-on-month, and 8.5% on a year-on-year basis. The estimated wholesale price of Cambodian mixed rice in May 2015 was 408 USD/mt, 8.7% higher than that of the previous month.

Cambodia Consumer Price Index (CPI)

The general Consumer Price Index (CPI)\(^5\) 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\(^6\). In April\(^7\) 2015, the general CPI averaged 159.7 points, increased 0.7% month-on-month. The inflation rate, as measured by the year-on-year increase in the CPI, was 1.3%.

Food Price Index (FPI) measures the cost of the food items (comprise 43.2%) in the general CPI’s consumption basket, was 189.6 point in April 2015. The FPI increased by 1% month-on-month and 4.4% on a year-on-year basis (Figure 3). Non-food price index in April 2015 increased by 0.4% month-on-month, but was 1.9% lower than the same period last year.

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 Prices

Average wholesale price of mixed rice\(^8\) was 1,659 riel/kg in May 2015, a month-on-month increase of 9.2%. In nominal terms, prices still decreased by 0.8% on a year-on-year basis (Figure 4). In real terms, the wholesale price of mixed rice was 2.1% lower year-on-year.

Figure 4: Nominal wholesale price of mixed rice, 2012-2015


On a year-on-year basis, in May 2015, nominal retail rice prices in rural areas decreased by 2.4% while in urban areas increased by 1.4%. In real terms, the retail price of rice in rural areas decreased by 3.7% but in urban areas increased by 0.1%.

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.

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 or lower than what would be expected. In May 2015, the actual wholesale price of mixed rice was 1,659 riel/kg, 2.6% lower than the expected its normal historical price.

Prices for the next three months were also projected, based on the current price, current inflation rate and seasonal factors. The high and low bands are also set so that actual prices will fall within the range 80% of the time. The prices were projected to remain fairly stable in June and expected to increase in July and August (Figure 6).

\(^{5}\) The CPI is collected and reported by the National Institute of Statistics (NIS).

\(^{6}\) Relative item expenditure weights are derived from the 2004 Cambodia Socio-Economic Survey and adjusted to October-December 2006 price levels.

\(^{7}\) The May CPI data was not yet available at the time of producing this bulletin.

\(^{8}\) The wholesale price of mixed rice is collected and reported by the Agricultural Marketing Office of the Ministry of Agriculture, Forestry and Fisheries.

\(^{9}\) Mixed rice, IR rice and Banla Pdao rice
Figure 6: Normal and projected prices of wholesale rice

Source: AMO, WFP, FAO

Unskilled Wage

Daily wages of unskilled workers engaged in rice and non-rice farming and construction work are monitored by WFP on a monthly basis. In May 2015, the average wage of unskilled labor in rural and urban areas was 20,708 riel/day and 20,700 riel/day, respectively. On a month-on-month basis, the wage rate in rural areas increased by 1.7% while in urban areas decreased by 0.7% (Figure 7).

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

(a) Rural areas

(b) Urban areas

Source: WFP Cambodia

Terms of Trade

Terms of trade (ToT) is used to assess household purchasing power by taking the ratio of two different components, namely 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 May 2015, the ToT in rural areas was 12.41 kg/day and in urban areas was 11.84 kg/day. The ToT in rural areas increased by 1% while in urban areas decreased by 0.9% month-on-month (Figure 8). The increase in ToT in rural areas was due to an increase in unskilled wage which outpaced an increase in price of rice, caused purchasing power to increase.

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

(a) Rural areas

(b) Urban areas

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

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Data Source:
Department of Geography 2005, GAKL, and GIST
Disclaimer:
The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

Legend:
- Urban market
- Rural market
- International boundary
- Province boundary
- National primary road
- National secondary road
- Water body
### Appendix 2(a) (b): Retail price of food commodities by market

#### (a) Rural markets

<table>
<thead>
<tr>
<th>Province</th>
<th>Market</th>
<th>Price (Riel/kg)</th>
<th>1 month</th>
<th>3 months</th>
<th>1 year</th>
<th>1 month</th>
<th>3 months</th>
<th>1 year</th>
<th>Direction of change</th>
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</table>

#### Price change (%)

- 1 month
- 3 months
- 1 year

#### Second quality rice

- Price decrease below normal fluctuation
- Normal price fluctuation
- Price increase above normal fluctuation

#### Lowest quality rice

- Price decrease below normal fluctuation
- Normal price fluctuation
- Price increase above normal fluctuation

#### Vegetable oil

- Price decrease below normal fluctuation
- Normal price fluctuation
- Price increase above normal fluctuation

#### Second quality rice

- Price decrease below normal fluctuation
- Normal price fluctuation
- Price increase above normal fluctuation

#### Lowest quality rice

- Price decrease below normal fluctuation
- Normal price fluctuation
- Price increase above normal fluctuation

#### Vegetable oil

- Price decrease below normal fluctuation
- Normal price fluctuation
- Price increase above normal fluctuation
### Food Item Price

<table>
<thead>
<tr>
<th>Province</th>
<th>Market</th>
<th>Food Item</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>
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<td>Pork with fat (Sach Bei Choan)</td>
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<td>-5.6</td>
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<td>-</td>
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<td>Stung Treng</td>
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</tbody>
</table>

**Price fluctuation is considered normal if change with in:**
- 5% for month, 10% for 3 months, 15% for 1 year

**Commodity not available in reporting month**