

WFP SOUTH SUDAN MARKET PRICE MONITORING BULLETIN

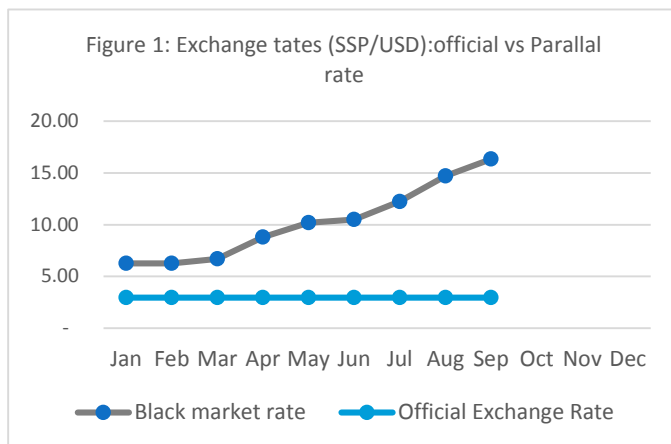


September 2015

HIGHLIGHTS

- The exchange rate of SSP against the US dollar has reached an all-time low of 16.3 SSP to 1 US Dollar during the month of September driven by acute shortage of hard currency. This is seriously affecting trade flows with prices of essential food and non-food items spiralling, especially those of imports.
- On a positive note, September 2015 saw a general reduction in nominal retail price for white sorghum in all markets of South Sudan explained by the onset of the green harvest season in most areas. Kuajok Market in Warrap state was, however, an exception indicating the highest prices at SSP 38 per 3.5kg of white sorghum.
- The unpredictable flow of fuel resulting from shortage of the US Dollar to finance imports has led to increases in the price of fuel in all markets. In places like Juba where price control of fuel remain in force, an emerging and flourishing informal sale of fuel through informal retail outlets at a cost as SSP 40 to 60 per litre against the official rate SSP6 has become the norm, alongside long queues in the formal retail outlets.
- With expectations of average to below average harvest in most areas, food inflation is likely to continue during September-November, typically a harvest period. The situation is heightened by expectations continued disruption of supplies along the main roads; lack of hard currency to effect imports, increasing transportation costs (as a result of both fuel shortage and insecurity) and ongoing insecurity that limit access in the conflict affected areas.

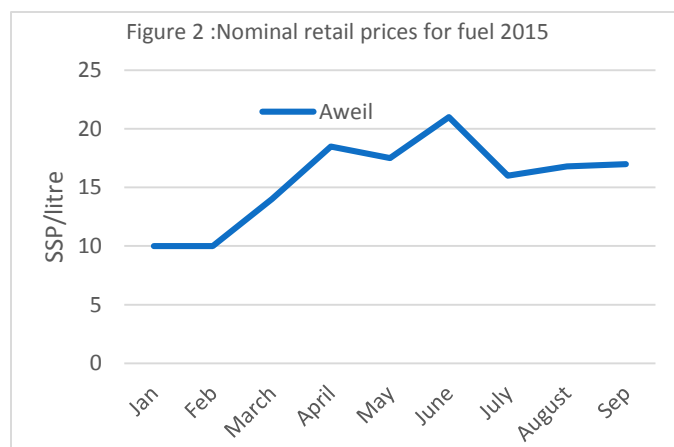
1: Rising costs of living amidst dwindling foreign exchange reserves



The acute shortage of US dollar has resulted in sharp depreciation of the local currency against hard currency, the US Dollar (Figure 1) that continues to impede flow imported supplies. The depreciation of the local currency is reflected by the sharp increases in prices food and non-food items. The US Dollar is increasingly getting scarcer following dwindling government revenues occasioned by lower production of oil coupled with relatively low fuel prices at global markets.

The current exchange rate (September) is SSP16.3 to 1 US dollar compared to SSP14.7/US in August 2015 and just about SSP 5/ USD earlier this year. Correspondingly, national inflation rates have been rising, maintaining levels above 50% since June 2015 (current estimate is about 55%).

2: High fuel costs hampering access to basic commodities and trade flow



The continued erratic supply of fuels (Petrol and diesel) in the country has resulted in shortages at pump stations in Juba resulting in very high prices for diesel in the informal market outlets (primarily retailed in tins by the few with connections to acquire them at the controlled pump prices of SSP 6/litre) ranging from SSP 40 to SSP 60 SSP per litre. This is already negatively impacting on public transportation (as some passenger vehicles are removed out of roads due to lack of fuel) and negatively affecting the up country

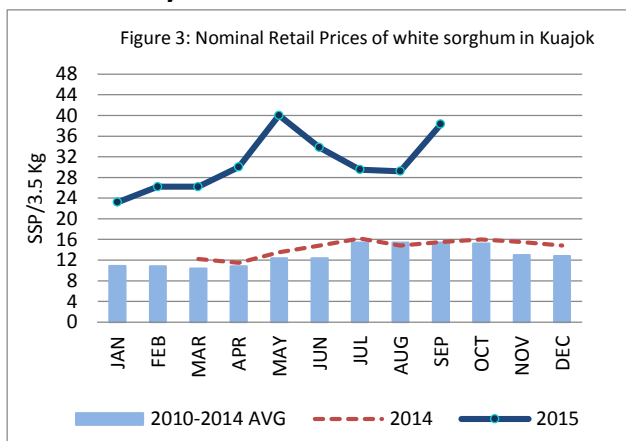
movement of commodities due to high transport costs. Market operations are therefore impaired in most areas. Although fuel prices appear to have stabilized in the last two months, the levels are significantly higher, nearly doubling in most markets, compared to earlier in the year. The prices ranges from SSP 10 in Bor and Torit to SSP 41 in Bentiu, Unity State. In Aweil, Northern el Bahr Ghazal, price of fuel is estimated

at SSP 18/litre (figure 2), at least 80% higher than it was in February 2015. In the conflict affected states of Unity and Upper Nile, the price is at least twice as expensive as it is in other parts of the country.

3: Rising Prices of Staple Food Commodities

The myriad factors affecting the economy: shortage of hard currency, the US dollars to facilitate trade, dwindling government revenue, and continued dependence on food imports occasioned by low domestic production among other factors continue to exert an upward pressure on the nominal prices of staple cereals and other food commodities. Whereas June to September 2015 witnessed a deceleration in the rate of price hikes from the sharp increases earlier in the year (attributed to entry of some green harvest into some markets), nevertheless retail prices for most commodities remain significantly higher than the same time in 2014 and even the five year averages. Continued price increases have been witnessed in Kuajok, Warrap State (Figure 3) where insignificant levels of green harvest have so far been realized. In the conflict states, insecurity, high fuel costs with attendant transport price hikes and reduced imports from neighbouring countries have kept prices extremely high, though stable since August 2015. Markets in the Greater Equatoria Region and parts of Bahr el Ghazal have primarily witnessed either stability or decreases in prices of staple cereal commodities since July 2015.

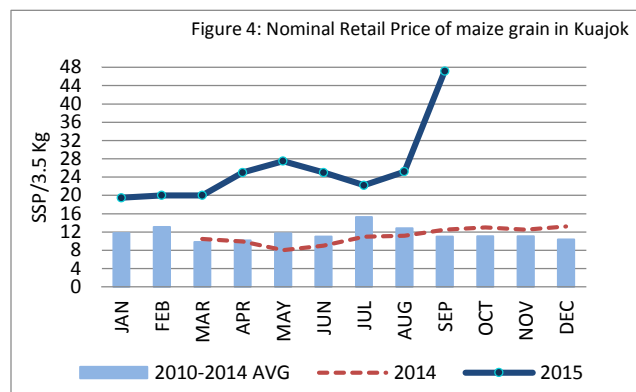
i) Persistent higher than normal prices of Sorghum and maize, staple foods heightens vulnerability:



The nominal prices of sorghum, a common staple commodity in most South Sudanese households remains significantly higher than the five-year average prices but also higher than the same season in 2014. Although September 2015 witnessed some level of either decline or stability due to injection of some small amounts of green harvest especially in Greater Equatoria and parts of Bahr el Ghazal, the prices still remained higher than 2014 levels. Thus, the high prices are sustained by a combination of economic

downturn, lower production prospects and persistent insecurity in some parts of the country. Decline in prices of sorghum compared to the previous month was recorded in Yambio (-40%), Rumbek (-27%), Aweil

(-17%), Wau (-14%) and Bor-13%. In contrast, an upsurge in sorghum prices was reported in Kuajok where a *malwa*¹ sold at SSP 38 reflecting a 31% from August 2015.

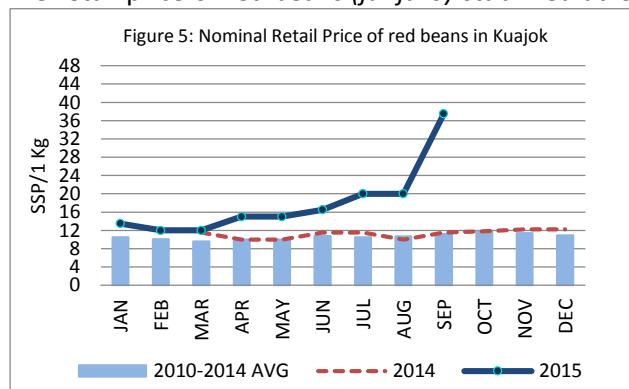


September 2015 also witnessed a decrease in the price of maize grain, the primary substitute for sorghum in most parts of the country except in Kuajok market where a sharp rise was recorded (Figure 4). A *malwa* of maize grain retailed at SSP 47 compared to SSP 26 in August 2015, an indication of continued pressure on prices and heightening vulnerability of a market dependent

population. In the rest of the markets, prices either decreased or remained constant. Downward pressure on prices, as expected were likely to have been witnessed in Equatoria and parts of Bahr Ghazal where green harvest was already realized. In Aweil and Yambio, the retail prices of maize grain decreased by 31% and 18% respectively between August and September 2015. However, Kapoeta in Eastern Equatoria, the price of maize grain continued to increase (from SSP 20 per *malwa* in August to SSP 35 in September).

ii) Prices of beans, a common protein source stabilizes at higher than usual levels

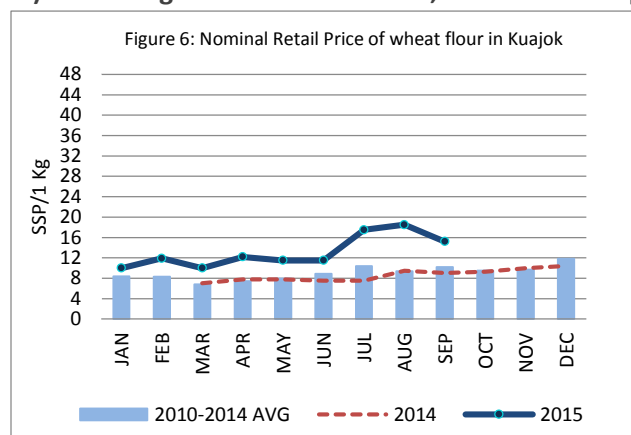
The retail price of red beans (*janjaro*) stabilized across the country, although at a higher level than both



the five-year average and the 2014 prices. Prices remained constant in Wau, Aweil and Bor but minimally decreased in Juba and Rumbek compared to the previous month. The exception is Kuajok, Warrap that is witnessing continued increases in prices of all food commodities (Figure 5). Aweil also continued to show the highest prices for red beans, currently estimated at SSP 37 per kilogram.

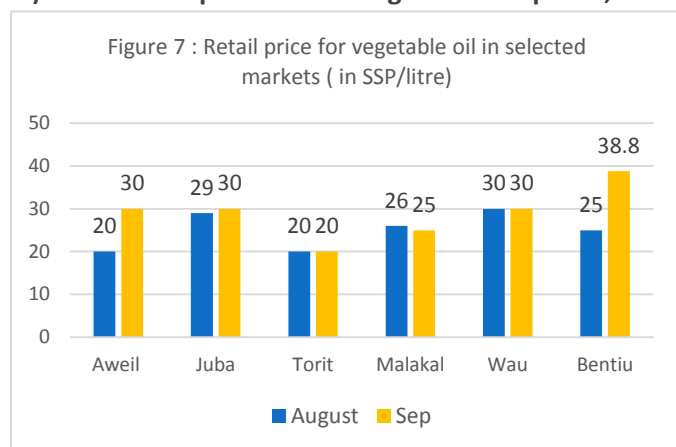
¹ 3.5kg tin

iii) Mixed signals for wheat Flour, a common staple for the urban residents. Prices of wheat flour



witnessed mixed indications during the reporting period. There were price increases reported in Juba (up by 34%) and Wau (+8%), but a decline in Aweil, Kuajok (figure 6) and Yambio by 25%, 18% and 12% respectively. In all the markets, prices were significantly higher than the five-year averages. Rumbek and Malakal recorded the highest prices of wheat flour, at SSP28 and SSP 25 per kg respectively in September 2015.

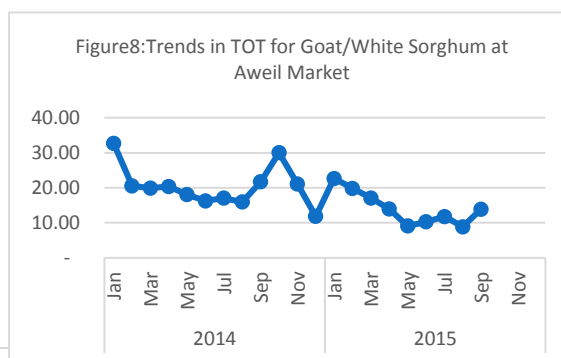
iv). Continued pressure on vegetable oil prices, an important ingredient in any meal. The price of vegetable oil, an important ingredient in household’s diet remained largely high or even rising in some markets in September 2015. The highest and rising prices were observed in Kuajok and Bentiu, where it varied between SSP 35 and SSP 40 per litre (Figure 7). The rising oil prices in most markets are primarily attributed to upsurges in transport costs resulting from shortage of US dollars and depreciation of the local currency.

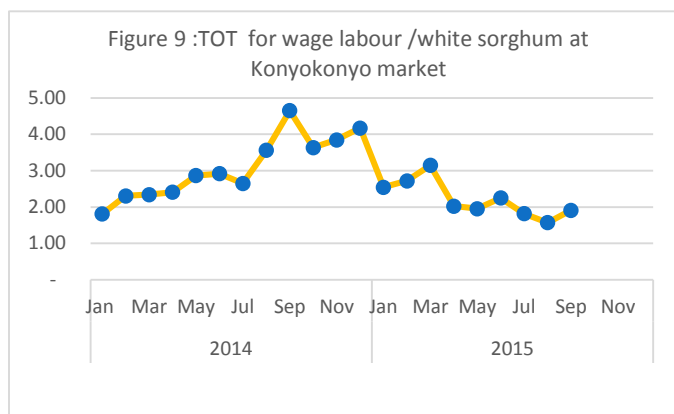


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4. Minimal improvements in terms of trade in favour of casual labours and cattle rearers

The terms of trade (TOT) in this context refers to the exchange of a medium size goat or wage for a day’s manual labour against white sorghum grain. The TOT for a goat against white sorghum improved from its lowest levels in July/August 2015, but still worse than similar period in 2014. The increase is explained by the stable or declining costs of sorghum in most markets as well as the relatively stable and/or increasing prices





2014.

of shoats. In Aweil market, a region highly dependent on livestock, the TOT improved by 57% between August and September 2015 (Figure 8). This has brought some relief to cattle keepers and improved their capacity to access food commodities. Amidst the modest improvements witnessed in the month of September, it is still significant to note that the TOT for a goat against white sorghum was three times higher during the same period in

Casual labourers are also experiencing some improvements in their ability to exchange their daily earnings with sorghum. The TOT for the daily wage rate against white sorghum increased by 22% in September 2015 compared to the previous month (Figure 9). However, the TOT for casual labourers remains at least two times lower than it was in September 2014, a reflection of the downturn in economic outlook. Improving TOT is largely attributed to decline in sorghum prices as a result of green harvest within some markets. However, the daily wage rate either has remained unchanged since 2013. Another significant indication from the market is the acute shortage of casual labour opportunities, mainly attributed to low levels of economic activities in the country. However, for the few who manage to obtain such opportunities, the upward turn is potentially beneficial for increased consumption.

5: Food Security Outlook

The onset of crop harvest in most parts of the country is contributing to moderating market prices. With the main harvest starting in October, prices of cereals are likely to decrease further. However, the price levels will still be substantially higher than the same period last year and the five-year average prices. A combination of average to below average crop production and the continuing economic crisis in the country characterized by depreciation in currency, increasing costs of transportation and reduced imports among other factors will keep the prices at higher levels than normal. This will continue to negatively impact on food access by households, especially in food deficit locations that rely on markets.