

## WFP SOUTH SUDAN MARKET PRICE MONITORING BULLETIN



October to November 2015

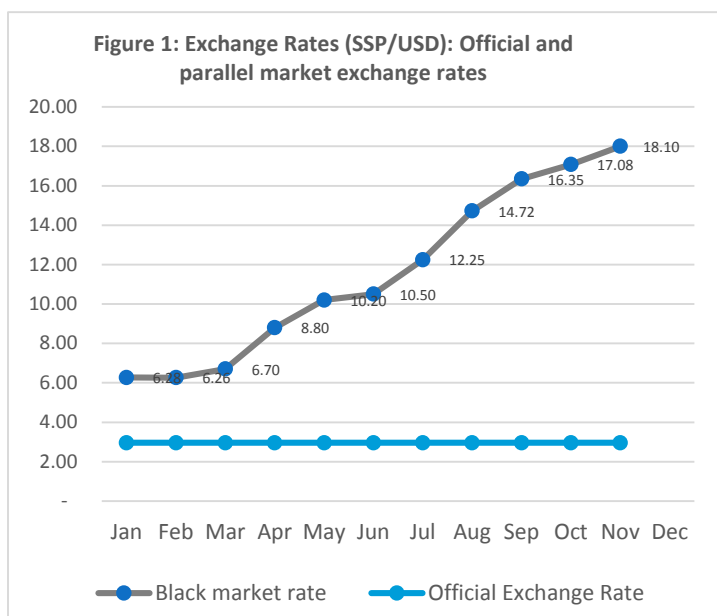
*On 15 December, the Government of South Sudan devalued the national currency, allowing it to float at a free market rate. This changed the exchange rate of USD to SSP from approximately 3 to 18.5 overnight. Regularization of the exchange rate is generally a positive step, but needs to be matched with fiscal policies that address the underlying causes of inflation in order to have a sustainable and positive impact on the country's economy. The Minister of Finance has indicated that a further package of fiscal measures will be announced shortly. In the short term, the impact of the currency regularization on the flow of trade and price of goods remains unpredictable, not least due to low foreign reserves. The analysis in this report pre-dates the government's announcement on exchange rates, and therefore does not account for its impact.*

### HIGHLIGHTS

- Depreciation of the local currency, South Sudanese Pound (SSP) against the US Dollar has continued during the month of November 2015. The exchange rate depreciated further to SSP 18.1/USD from SSP 16.5 and SSP 17.5 in September and October 2015, respectively. This is seriously affecting trade flows, with prices of essential food and non-food items rising, especially those of imported commodities.
- Nominal prices of most staple foods and fuel are still showing an upward trend across the country in October and November, periods typically associated with harvest and therefore lower prices of local food commodities. For instance, the price of white sorghum increased by 85% in Maban, 34% in Aweil and 30% in Bor between September and November 2015. In Wau, a malwa of sorghum retailed at SSP 50, the highest recorded in the country during the month of November 2015. The prices recorded over the reporting period were also significantly higher than both the same period in 2014 as well as the 5-year average prices.
- Shortage of fuel (petrol and diesel) continues to hamper market operations, with the majority of traders only managing to get their fuel through informal channels at costs ranging from SSP 80 to 100 per litre of either diesel or petrol.

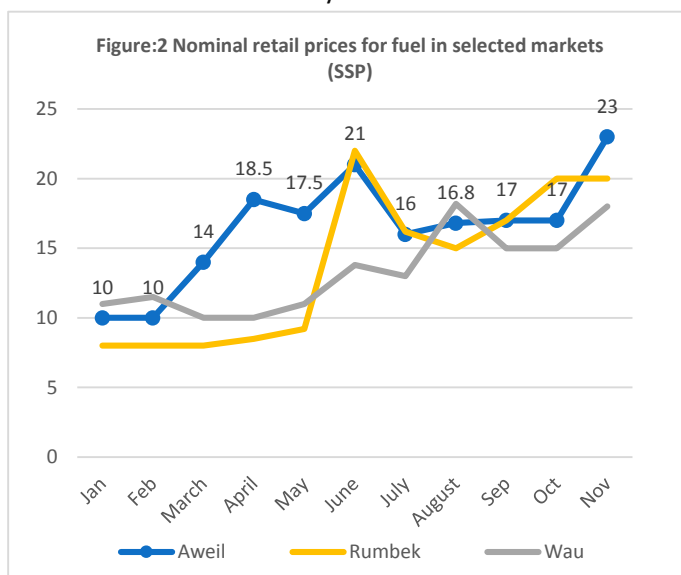
## 1: Rising costs of living amidst dwindling foreign exchange reserves

Despite the peace agreement signed in August, the economy remains weak. There are severe shortages of the US Dollar to facilitate cross-border trading, primarily attributed to ongoing unpredictability in fast-tracking the peace pact. The South Sudanese Pound (SSP) is not showing signs of stabilization against the US Dollar, with the current exchange rate hitting SSP 18.10/USD from previous figures of SSP 16.5/USD and SSP 17.5/USD reported in September and October 2015, respectively (Figure 1). This has resulted in an acute shortage of hard currency available to import fuel. This has also led to an emergence of the black market sale of fuel, mainly in bottles, where a litre would be sold for as much as SSP 80-100.



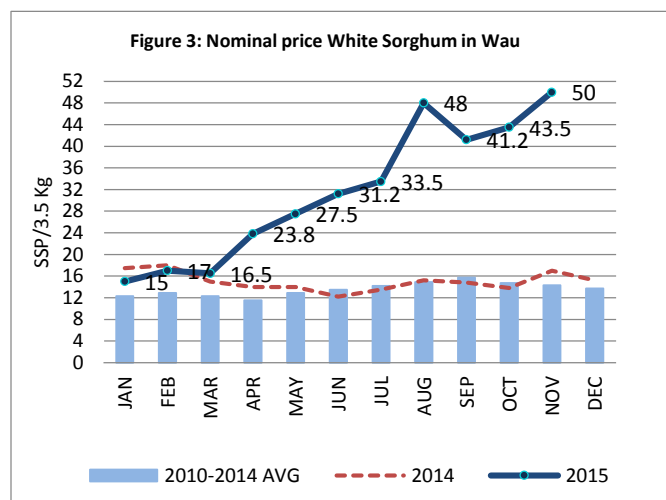
## 2: The shortage of fuel in the market continues to dampen prospects of increased trade flows

An acute shortage of fuel (petrol and diesel) is observed across the country. The limited fuel that reaches the country is well below the demand. Thus, unscrupulous practices have already been witnessed in the market. Outside the fuel pump, containers as small as a litre could be found for sale. These black market “suppliers” sell the fuel at exorbitant prices ranging from SSP 80 to 100 per litre of petrol or fuel in Rumbek, Juba and Warrap. In Wau, a litre of black market fuel sold for as high as SSP 120 to 150 per litre during the reporting period. The pump prices have also seen dramatic increases in some markets outside the capital, Juba. For instance, the pump price for a litre of diesel is SSP 23 in Aweil (Figure 2) and SSP 20 per litre each in Rumbek and Wau, respectively. The fuel shortage is hurting trade flows, as supply is disrupted due to lack of transport. Its effects are even more amplified in the conflict states of



Greater Upper Nile and parts of Eastern Equatoria. Fuel shortage has also hampered movements of passenger vehicles, further negatively impacting economic operations.

### 3: Prices of staple food commodities continue to rise at a time when harvest should be consumed

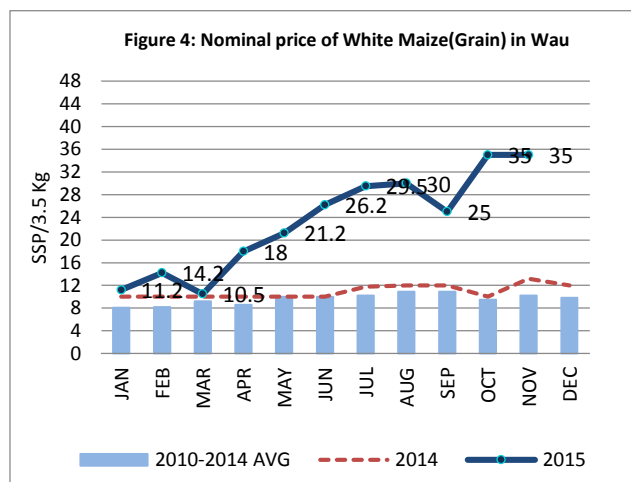


During the reporting period, prices of basic food commodities including that of staple sorghum and maize continued their upsurge. A convergence of multiple factors explain the rising prices—primarily the limited access to hard currency to facilitate trade flow and disrupted access to market.

Prices of white sorghum were increasing during the reporting period in all markets. For example, in Wau, Western Bahr el Ghazal, the price of white sorghum increased by up to 20% (from SSP 41 per *malwa*<sup>1</sup> in September to a current level of SSP 50/*malwa*), as indicated in

Figure 3. Similarly, in Aweil, Northern Bahr el Ghazal, and the retail price for white sorghum increased by 34% while in Bor prices were 30% higher than previous records. The rise in price was even more dramatic in the conflict states, worsened by insecurity that hindered market operations. In Maban County, Upper Nile, the price of white sorghum nearly doubled over the reporting period—increasing by 84%. However, prices were mainly stable, or showed minimal increases in Equatoria and parts of the Greater Bahr el Ghazal region. In Konyo Konyo market (in Central Equatoria), the price reduced by 11% but remained constant at SSP 23 per *malwa* in Rumbek market. This could be attributed to localized dry harvest entering the market. The exception for this price decrease in the Equatorias was parts of Eastern Equatoria and Yambio, Western Equatoria—areas affected by a recent resurgence of insecurity. The staple food prices also generally remained significantly higher than 5-year average price and even the same time last year.

Maize, an alternative staple commodity also showed a price increase in most markets during the reporting period. In Wau, a *malwa* of maize grain sold at SSP 35 (Figure 4). The same unit retailed at SSP 47 in Kapoeta South (Eastern

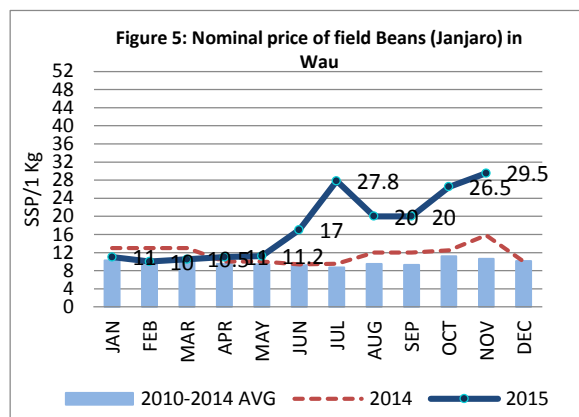


<sup>1</sup> 3.5 Kg container/measurement of cereals

Equatoria) in November 2015, the highest recorded during the period. In Aweil, the retail price of maize grain increased by 25% during the reporting period. Prices of maize grain was stable in Yambio, however, but could increase due to the ongoing insecurity and relatively lower harvest compared to the previous year.

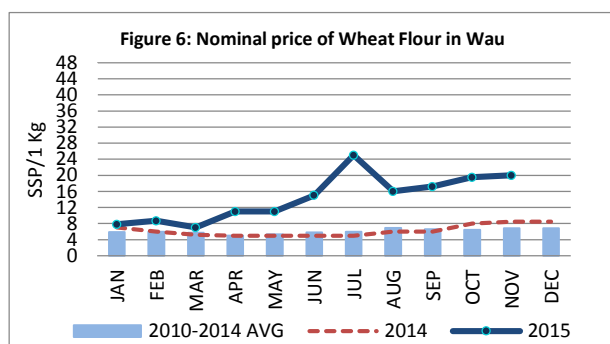
#### 4: Prices of beans, a common protein source, increasing after initial stabilization in September

The current nominal prices of red beans (*janjaro*) are substantially higher than in 2014 and when compared to the 5-year average prices in most parts of the country. Red beans retailed at an average of SSP 38 per kilogram, more than double the price within a period of just two months. In Wau, beans price increased by about 48% from September (from SSP 20/kg to the current SSP 29.5 [Figure 5]).



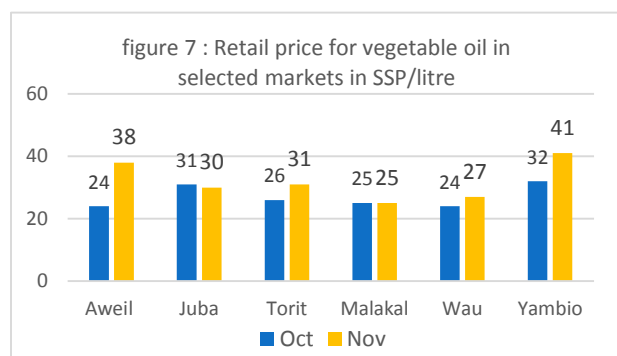
#### 5: Mixed signals for wheat flour, a common staple food for urban residents

The reporting period witnessed a mixed price trend for wheat flour. Wheat flour prices increased by 64% in Aweil, by 47% in Kuajok (Warrap) and by 18% in Rumbek between October and November 2015. However in Konyo Konyo and Wau, prices increased by 11% and 3%, respectively (Figure 6).



#### 6: Continued pressure on vegetable oil prices

All markets showed a rise in price of vegetable oil between October and November 2015 except in Juba and Malakal. The prices are also substantially higher than the 5-year average in all markets. In Aweil, vegetable oil prices rose by 58% between October and November, followed by 28% in Yambio and 19% in Torit. In Rumbek, the price increased by 36%. Yambio reported the highest price for vegetable oil at SSP 41, followed by Aweil at SSP 38 while the lowest prices were reported in Malakal (SSP 25) (Figure 7).



### 5: Food Security Outlook

The second crop harvest is coming to an end, though prices are have not reduced as expected. This reflects the relatively low expectations of harvest in the Greater Equatoria region, where both insecurity and low production during the first harvest season affected prospects for the year. In the Greater Upper Nile region, minimal crop production due to insecurity challenges coupled with disrupted transport routes and depressed economy continue to take a toll on prices of basic commodities. The ongoing skirmishes in parts of Equatoria also hamper trade flows thereby contributing to high prices. There is a likelihood of further price increases earlier in 2016 and most households will exhausting their harvests and switching to market dependence. This will continue to increase the vulnerability amongst market dependent households.