

WFP SOUTH SUDAN MARKET PRICE MONITORING BULLETIN



March 2016

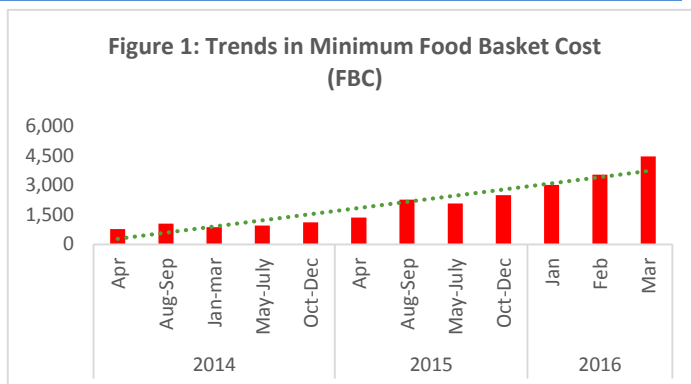
Market Highlights

- **Inflation:** *The minimum cost of food basket increased by 23 percent in the March 2016 compared to the previous month, occasioned by rapidly rising prices, thus limiting many households capacity to afford food.*
- **Exchange Rate:** *The South Sudanese Pound (SSP) lost further ground to the US Dollar in the black market over the last month, exhibiting extreme short-term volatility and reaching an all-time low of 45 SSP/1US\$ in the third week of March 2016, before settling to between 30-35 SSP/US\$ band. The official rate also oscillated between 28-34 SSP/US\$ over the month. Due to US dollar shortages, vibrant black marketeering as well as massive speculative tendencies persisted among players.*
- **Cost of Fuel:** *Irregular fuel supply, shortage and hoarding of fuel pushed diesel/petrol prices in the black market to record levels of up to SSP 120/litre, inflating transportation costs and disrupting trade and commodity flows while also exerting additional pressure on food prices. Even though the official fuel prices remained at SSP22 per litre, the parallel black marketers are selling at as much as five times the official price.*
- **Cost of Staples:** *Nominal retail prices of staples, both locally produced and imported commodities have sustained rising trends in most markets on the backdrop of the increasing economic crisis and diminishing food stocks from last year's harvest.*

Outlook: *Food prices are projected to hit historical levels this year. Localized insecurity, low import capacity, economic crisis, blockade of trade routes, opportunistic ambushes/ banditry along the roads as well the seasonal rains will most likely lower commodity availability in many markets and further upset market functioning especially in the hinterlands with consequential increase in prices. Exorbitant prices of essential food commodities coupled with further reduction in households' purchasing power, will greatly compromise food access and dietary diversity for many families in the country during this lean season (April-July 2016).*

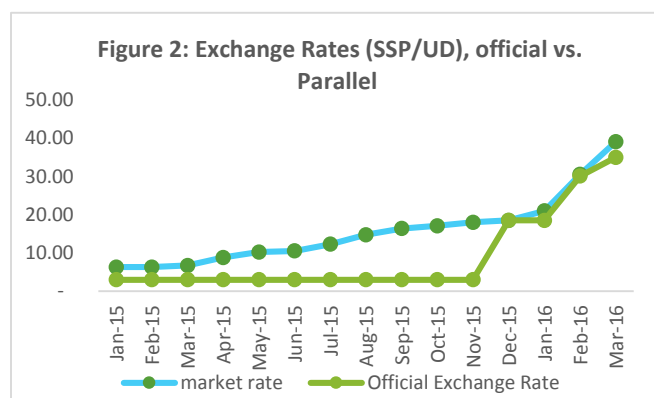
I. Persistent inflation exerting increased burden on vulnerable, low income and fixed wage earners

In March 2016, the cost of food extended rising trends. At SSP 4,500, the Minimum Food Basket Cost¹ (FBC) rose by 26% compared to the previous month and by 50% over the last three months and more than double when compared to the same month last year (Figure 1). Due to sky-rocketing prices, many vulnerable households who rely heavily on markets are finding it extremely difficult to afford food, thus buying only the very basic cereals in small quantities. As a consequence, more South Sudanese are reportedly fleeing the country into Sudan, Kenya and Uganda in search of food. UNCHR/ UNOCHA Sudan reported accelerated influx of South Sudanese into East Darfur, South Darfur and West Kordofan—an estimated 55,500 people having arrived in the country since the end of January 2016 or an equivalent of 1,000 persons arriving per day.



II. Dollar scarcity and currency devaluation limits traders' pre-positioning capacity before the onset of rains

The unstable economic environment characterized by among other things: shortage of dollars, localized fighting as well as volatile forex markets is eroding traders' profits and dis-incentivizing imports. Majority of traders are facing difficulties in getting foreign currency to enable them pre-position food supplies ahead of the rainy season. Traders in Nimule, for instance have reduced import volumes by 40% over the last three months. Renewed hostilities between Sudan and South Sudan that has seen the former close the border barely two months after its re-opening will likely limit trade flows to the northern frontier markets. Market stocks are reportedly going down in most areas. For example, cereal availability in Kapoeta town is significantly low. Due to speculation, the exchange rate of the USD against SSP in the informal markets exhibited highest volatility within the month of March 2016, rising from SSP 35/US\$ to SSP 37.5/US\$ in the second week and to SSP 45/US\$ in the third week before settling at SSP 39/US\$ towards the end of the month and eventually edging below SSP 30 in the first week of April. The official rate on the other hand, increased from SSP 30/\$ to SSP 35/\$ (Figure 2) over the last one month.

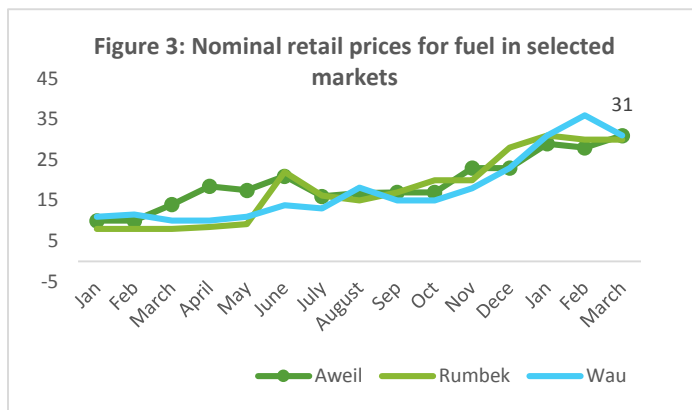


III. Hoarding and black-marketeering of fuel continues at very high prices

Since the beginning of 2016, fuel supply into the country has been erratic and inadequate mainly due to the ongoing economic difficulties facing importers, fueling the proliferation of black marketers. As a result, the black market cost of fuel in Juba rose to as high SSP 90/litre in March 2016 while the official fuel price remained at SSP22/litre. The inflated cost

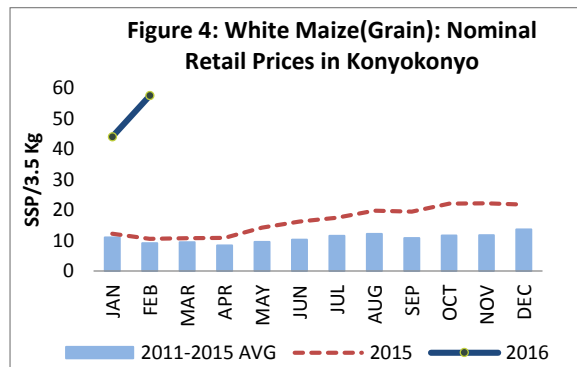
¹ Basic staple (sorghum or maize), pulses/beans (source of protein), vegetable oil, sugar and salt. This provides the cheapest possible minimum food basket for minimum energy requirements consumed by an average household of six people.

of fuel is having knock-off effects on transportation and spiraling food prices, making it difficult for traders to move food supplies. Further away from Juba, retail prices of diesel and petrol extended rising trends during month of March with wide variations—the highest prices reported were in Warrap at SSP 60/ litre while in Torit and Maban, prices ranged between SSP 55 to 70/ litre. Elsewhere in the conflict affected areas, diesel prices increased at a faster rate. For instance, in Bentiu—Unity, a litre of fuel stood at SSP 80 having increased by 49%. In Rumbek and Kapoeta, diesel prices were slightly stable compared to last month (Figure 3) but were still higher than 2015 by 253% and 269% respectively (in nominal terms). Price of fuel in the black market will most likely remain volatile as long as the hard currency shortages continue and currency depreciation persists.

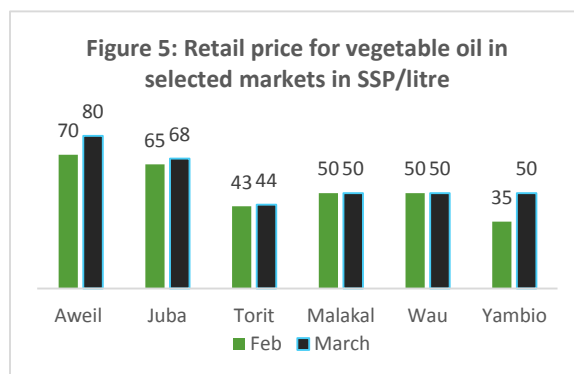


IV. Staple food prices accelerating and persistently very high and across the country

The nominal retail prices of staple food commodities are substantially higher compared the same period last year as well as the five-year average. Compared to the previous months, nominal retail prices for staples increased further due to currency devaluation, high fuel prices, localized insecurity, road ambushes and low tradeable stocks. The insecurity in Eastern Equatoria and parts of central Equatoria disrupted road supplies and trade flows and consequently increased prices in destination markets. Juba, Aweil, Rumbek and Warrap have reported the highest retail prices of sorghum during the month of March 2016 with a malwa of sorghum retailing at between SSP 70 to 75 in Juba & Aweil, and SSP 70 to SSP 80 in Rumbek and Kuajok—Warrap. The highest increase in prices of sorghum month-on-month were observed in markets of Kuajok (78%) and Aweil (60%) but remained relatively stability in Kapoeta south market though still at elevated levels. Further increases are highly likely due to low supply and insecurity. White maize grain on the other hand recorded mixed price trends in most markets. It was 125% and 49% higher than last year in Kuajok and Wau respectively and also higher than the long term average price in all markets. White maize shot up rapidly to SSP 63 and SSP 62 for a malwa in Rumbek and Wau respectively or about 73% and 52% monthly increment in the two markets (Figure 4). Torit and Juba followed the same trends of increased white maize prices having rose by 26% and 36% respectively.



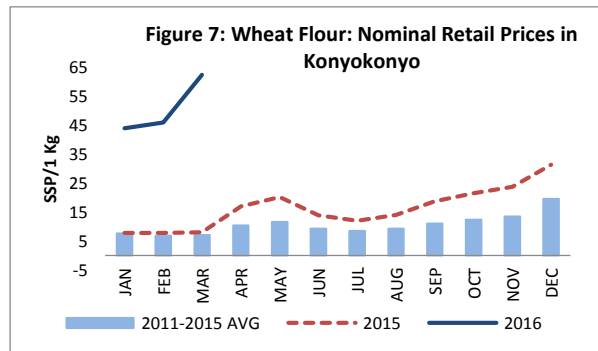
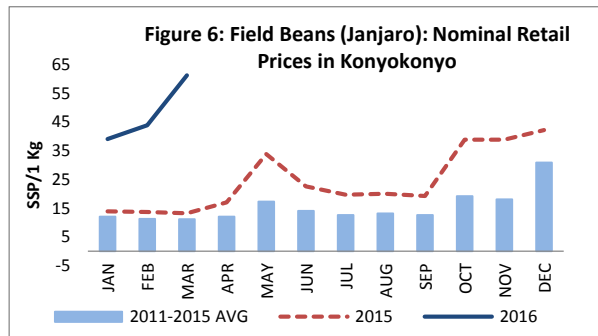
In line with the economic crisis, prices of imported foods sustained higher prices in March 2016 compared to the previous month in most monitored markets. Cooking oil increased everywhere with the exception of relative stability in Wau, Torit, Rumbek and Malakal where it retailed at around SSP 50 per litre though still higher than the same month in 2015 by 317%, 190%, 290% and 136% respectively. Aweil recorded the highest price of cooking oil during the month retailing at SSP 80 for litre (Figure 5). Cooking oil prices in Kapoeta increased sharply during the month to close at SSP 65/litre representing about 106% monthly increment while the same unit costed SSP 68 per litre in Juba. Despite seasonal window for pre-positioning, insecurity and tensions



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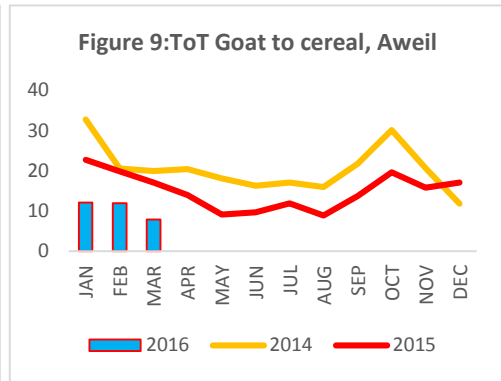
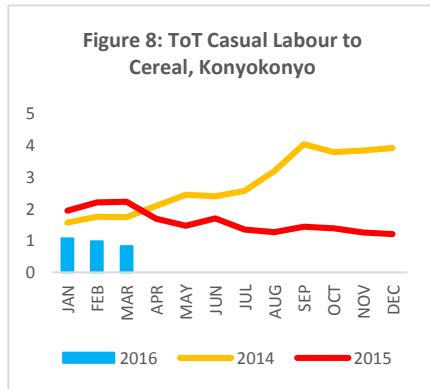
continued to disrupt road trade flows through the Western corridor to the Greater Bahr el Ghazal's Rumbek, Wau and Aweil.

Price of red Beans (Janjaro), an alternative source of protein for most households continued rising in all markets due to low supply and high transportation costs. Yida and Juba reported the highest prices that varied from SSP 60 to 65/ kg. Maban and Kapoeta reported highest monthly price increment ranging from 30% to 40 %. Wheat flour, an important substitute to grains for majority of urban consumers was no exception, exhibiting increasing price trends in most markets. In the capital Juba, wheat flour prices increased by 36% from previous month (Figure 6) but also remained exceptionally elevated compared the same month last year as well as the five year average. In Wau and Kuajok, prices increased by 292% and 471% respectively compared to the same month in 2015, ranging from SSP 39 to 40 for one kg while in Bor, prices increased by 70% compared March 2015.



Purchasing power of casual labourers and livestock keepers at historical lows and still on the downward trend

The purchasing power (measured by terms of trade) of both casual labourers and livestock keepers has been on a sharp decline, occasioned by low wage rates and stable goat prices amidst rising cereals prices. For instance, in March 2016, for a whole day of work, casuals in Juba could only buy less than 0.8 kgs of sorghum, which is lower than the same time last year (Figure 7). In Aweil, currently one medium quality goat can only fetch 8kgs of sorghum, 11 and 12 units lower than the same month in 2015 and 2014 respectively (Figure 7).



V. Food security outlook

Staple cereal prices are expected to remain way above their seasonally adjusted levels due to diminishing stocks. Purchasing power will also decline seasonally and will be greatly eroded as the economic crisis worsens. Localized insecurity, low import capacity, economic crisis, blockade of trade routes, opportunistic ambushes/ banditry along the roads as well the seasonal rains will most likely lower commodity availability in many markets and further upset market functioning especially in the hinterlands with consequential increase in prices at least up to the next harvests. As purchase prices of essential food commodities are likely to remain high amidst reduced households' purchasing power reduced, food access and dietary diversity for many families will be greatly compromised.