



**I- 30 April 2016**

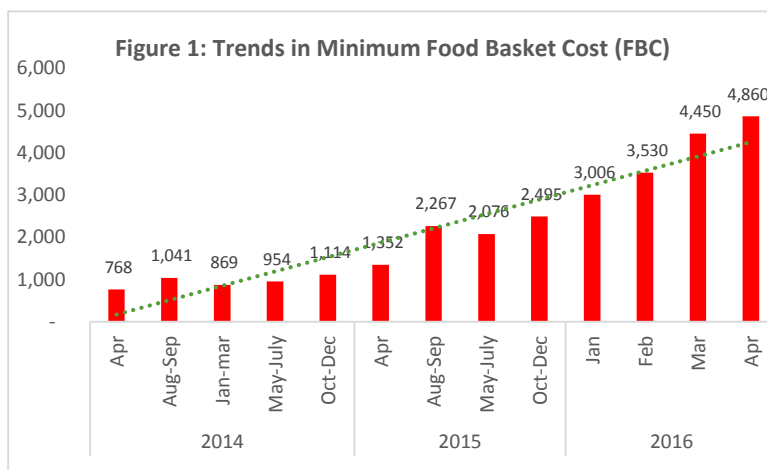
## Market Highlights

- *The US\$/SSP exchange rates exhibited daily fluctuations for the better part of April 2016. The local currency gained slight ground against the USD in the intervening period of signing of the Compromise Peace Agreement in the last two weeks of April, only to resume losing trends thereafter and was exchanging at SSP 36-39/1\$ in third week of May in the black market. The persistent shortage of dollars continued to dis-incentivize imports into the country during the reporting month.*
- *The fuel crisis, characterized by shortages, hoarding and informal sale on road sides at inflated costs, continued for the fifth straight month in 2016, disrupting road movements and trade. In the black market, diesel costed as high as SSP 150/litre in Bentiu, Bor and Malakal but was slightly lower in Juba (SSP 70-100).*
- *The nominal prices of sorghum, maize, beans, cooking oil and wheat flour continued rising trends in most markets and are significantly higher than their levels a year ago and the long-term mean. The prices of white sorghum, for instance were highest in Wau and Kuajok, going for as much as SSP 88 and 95/malwa<sup>1</sup>, respectively during the reporting month.*
- *In the May-July period, prices of staple foods are expected to continue rising to peak in July while purchasing power will be reduced for many households in line with lean seasonal trends. The dollar and fuel crisis is likely to persist as most areas become inaccessible during the rainy season, further limiting trader's stocking capacity. The formation of the Transitional Government of National Unity (TGoNU) signals positive prospects for recovery of livelihoods, trade and market infrastructure but the economic gains are unlikely to be instant. The high food prices will limit household's access to food and as a consequence heighten seasonal vulnerability to food insecurity among market-dependent populations especially the urban poor and those with huge consumption gaps in rural areas.*

<sup>1</sup> 33.5kg container

## I. High cost of living restricting access to food

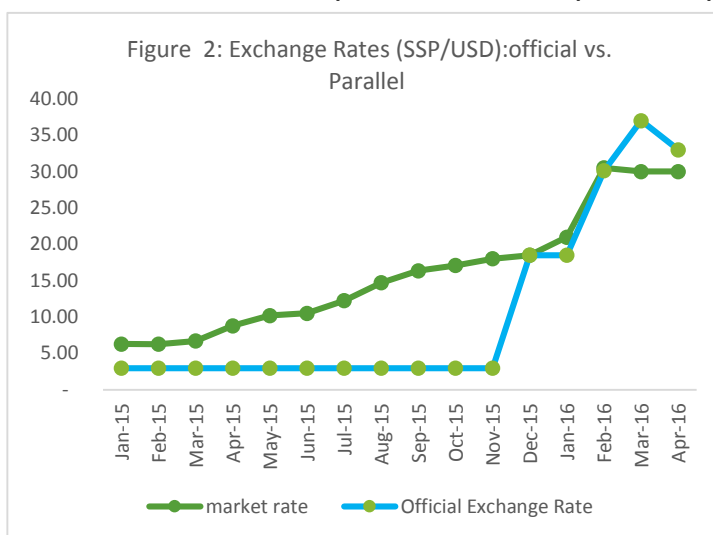
In April 2016, the cost of food sustained rising trends. At SSP 4,900, the Minimum Food Basket Cost<sup>2</sup> (MFBC) rose by 10% compared to the previous month, by 62% over the last three months and by 260% compared to the same month in 2015 (Figure 1). Due to high food prices and depleted assets, many urban poor and vulnerable populations in rural areas, which are highly reliant on the market economy, are finding it increasingly difficult to afford food and are therefore facing increased destitution amidst stagnant incomes. The worsening food insecurity situation, localized insecurity and high cost of living has forced many households to flee into Sudan, Uganda, Kenya and the Democratic Republic of the Congo (DRC). As of 25



April 2016, UNHCR and OCHA South Sudan reported that about 69,000 people (predominantly from Northern Bahr el Ghazal & parts of Warrap) had crossed into Sudan, about 28,000 had sought refuge in Uganda, some 23,000 mostly from Western Equatoria had crossed into the DRC, while 4,185 had arrived at Kakuma camp in Kenya<sup>3</sup> since the beginning of the year. This flight is projected to continue at least until the next harvests.

## II. Economic instability limiting food imports

The ongoing economic crisis continued to limit importation of food and fuel availability across the country. Currency devaluation and shortage of dollars has increased the cost of importing food, discouraging traders and reducing import volumes. For example, traders in Warawar, Northern Bahr el Ghazal indicated in the previous market assessment (March 2016) that the weakening of the SSP against the US\$, the scarcity of hard currency and closing of the border had made it difficult for them to import commodities from Sudan. Even though the SSP gained slight ground against the US\$ in the intervening period of signing of the Compromise Peace Agreement in the last two weeks of April, the reprieve was only short-lived as the local currency has since resumed losing trends. The US\$ exchanged at an average of SSP 33 in April, up from SSP 45 earlier, but has since lost ground in second week of May, going for SSP 36-39/1\$ in the alternative black market. The official exchange rate has been pegged within stable bands by the Bank of South Sudan at SSP 30/1 US\$ during the reporting month.

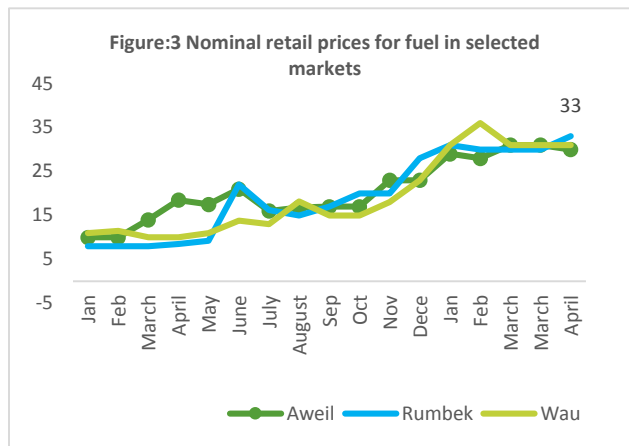


<sup>2</sup> Basic staple (sorghum or maize), pulses/beans (source of protein), vegetable oil, sugar and salt. This provides the cheapest possible minimum food basket for minimum energy requirements consumed by an average household of six people.

<sup>3</sup> SS OCHA Humanitarian Bulletin, 9 May 2016

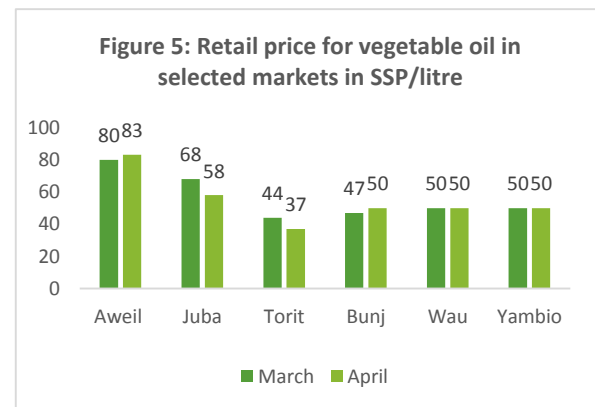
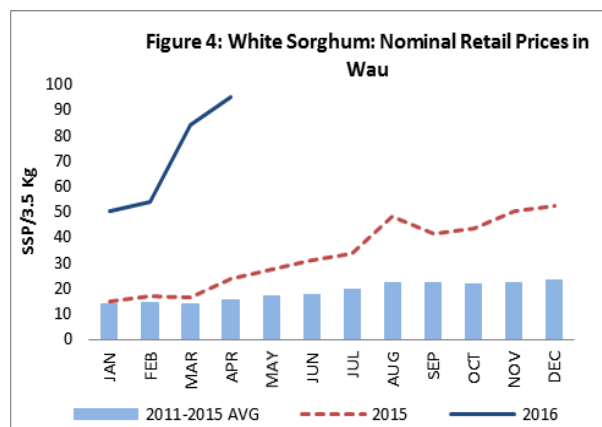
### III. Hoarding of fuel disrupts trade, movement and commodity flows

Hoarding of fuel supplies alternated with a vibrant black market extended for the better part of 2016 throughout the country in response to massive long-run fuel shortages. Dollar scarcity, currency devaluation and weak management of international fuel procurement were the main reasons behind persistent fuel crisis. In April, the fuel shortages continued to hit most of the states for the fifth month in a row, disrupting trade, road movement and lowering import supplies. Markets in Warrap and Maban had the highest prices of diesel during the reporting month, varying from SSP 35 to 40 /litre in petrol stations. The black market prices of fuel were fivefold those of the official rates. In Juba for example, fuel costed SSP 70 to 100 /litre in the black market in April while the official fuel cost was pegged at SSP22/ litre. The black market going rates were even higher in some areas like Rumbek, Awiel and Wau while in the Greater Upper Nile areas such Bentiu, Bor and Malakal, the supply was very low and fuel costed as much as SSP 150/litre in the black market.



### Market supplies remain limited across many markets on the backdrop of depleted household food stocks, reduced trade flows and constrained road movements

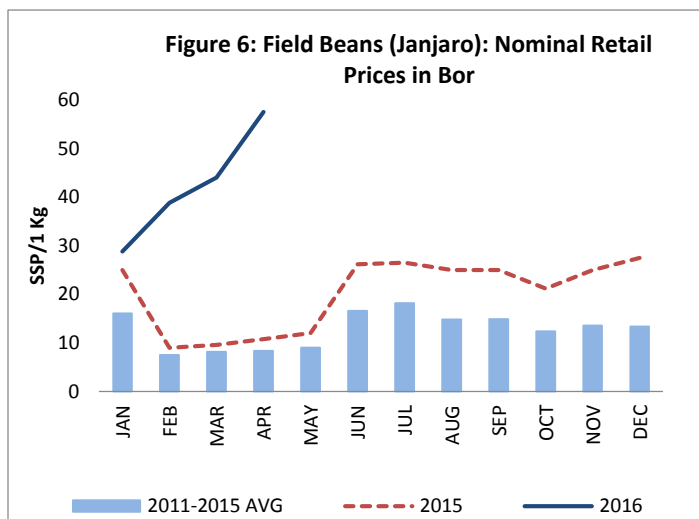
In April 2016, cereal (maize & sorghum) prices surged upwards in most markets compared to the previous month and were significantly higher than during the same time last year and the five year average. The highest costs of sorghum were observed in Kuajok and Wau as the 3.5kg malwa stood at SSP 88-95 (Figure 4). Similarly, white sorghum prices increased in Yida, Maban and Bentiu to SSP 50 to 70 /3.5kg malwa. Bor market recorded the highest price increment for sorghum (60%), while also rising (11-50%) in Kuajok and Yambio respectively. At the same time, sorghum prices in Juba were slightly lower than the previous month but were still elevated compared with the same month in 2015 (43%) and the 5-year average (259%). Low supply or absence of white maize was reported in Aweil, Bor and Maban. The nominal retail prices of white maize in April 2016 recorded an increase of 65% in Kapoeta South market (retailing at SSP 59/malwa) and also by 38% in Yambio (costing SSP 45/malwa). On the other hand, white maize prices were slightly reduced in Torit (-28%) and Juba (-3%) but were still higher than their levels during the same month last year by 174% and 542% respectively. The increases in the prices of cereals were mainly due to low supply from local production (stemming from depleted stocks of last season’s production), high transportation costs (due to high fuel prices and insecurity) and continued depreciation of local currency (which has dis-incentivized imports). Localized fighting and tensions heightened insecurity and banditry along supply roads into the hinterland, limiting trade flows. For instance, there was a complete shutdown of road and river



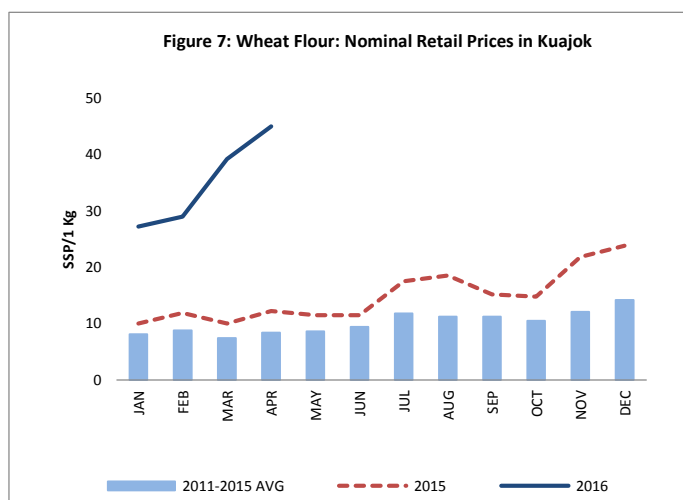
## WFP SOUTH SUDAN MARKET PRICE MONITORING BULLETIN

transport between Juba and Bor since the last week of April 2016 following interclan fighting in Mangalla area of Central Equatoria.

Similar to cereal prices, the cost of imported foods like legumes (beans and lentils), cooking oil, vegetable oil, etc. substantially increased month to month and were higher than the same month last year and the long term average across all markets. Cooking oil increased everywhere with the exception of relative stability in Wau and Yambio, where it retailed at SSP 50/ litre and was still higher than the same time last year by 117%, 233% respectively. Cooking oil in Aweil continued to be higher than the previous month and retailed at SSP 83 for litre (Figure 5) and also increased in Bor and in Yambio, selling at SSP 50-60 per litre. Despite the dry seasonal window of opportunity for pre-positioning supplies, a combination of factors such as insecurity, the dollar and fuel crisis, restricted movements and localized tensions continued to disrupt imports into the Greater Bahr el Ghazal (particular to Rumbek, Wau, Kuajok and Aweil) and parts of Western Equatoria.



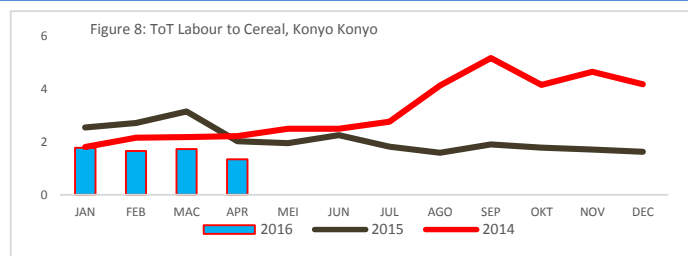
Accelerated prices of red beans (janjaro) were observed in most markets due to low supply and high transportation costs. Yida reported the highest prices which varied from SSP 80-85/kg while prices in Bor stood at SSP 60 /kg but ranged lower (SSP 50-57) in Bentiu and Minkaman. The highest monthly price increment for beans (janjaro) were in Bor and Yida (ranging from 23% to 37%), but had decreased (-28%) in Yambio while remained relatively stable in Aweil, retailing in the latter at SSP 35-45/kg.



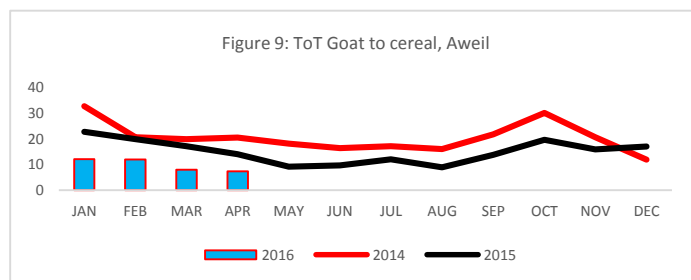
Wheat flour was most expensive in Bentiu SSP60/kg increasing by 39% month on month (Figure 7) but retailed at SSP 40-45 in Yambio and Kapoeta, still higher than the previous month's levels due to low supply and high transport costs. In Juba and Kuajok, wheat flour prices were retailed slightly lower than in March 2016 at SSP 40-45/ kg but still higher than last year by 135% and 269% respectively.

## Low and declining purchasing power of casual labourers and livestock keepers

The purchasing power of casual labourers and livestock keepers has been declining. The terms of trade (TOT), the value of a whole day of labour in exchange for sorghum, reduced in April 2016 in Juba to 1kg which is significantly lower than a year ago (Figure 8).



In Aweil, the TOT for goat against white sorghum showed a slight increase, suggesting an increase in the quantity of white sorghum that a goat could buy at 7.8kgs (Figure 9). This reflects a slight increase in the price of goats. However, the TOT for goat to cereal was much lower than the same period last year suggesting reduced purchasing power year-on-year.



## IV. Food security outlook

Market supplies are likely to continue to tighten in most markets with the start of the lean season between May and July. This is mainly due to diminished grain stocks at household and market levels. Accordingly, prices of staples will likely sustain rising trends over the upcoming three months and are expected to hit peak levels in July 2016 in line with normal seasonal patterns - as stocks are depleted and as trade flows through roads are reduced (partly due to impassible roads during the seasonal rains). However, early green harvests in the green belt will likely temper cereal prices in Greater Equatoria. High costs of food will likely continue to limit household access to food, deepening seasonal vulnerability to food insecurity among market-dependent poor households in urban areas and those with high consumption gaps in rural areas, predominantly in Greater Bahr el Ghazal.

Even though the formation of the TGoNU signals an end of a more than two years long civil war, setting possible prospects for restoration of security, stabilization of the country's economy, expansion of humanitarian access and enabling free movement and recovery/resumption of livelihoods, trade and markets, the economic gains will not be instant. It is laudable that the formation of the TGoNU has led to relative peace in most parts of the country even though tensions still remain in Wau, parts of Greater Equatoria and Unity states. It is also expected that localized inter-klan fighting and tensions over resources will remain in some areas, but at reduced levels.