

## WFP SOUTH SUDAN MARKET PRICE MONITORING BULLETIN



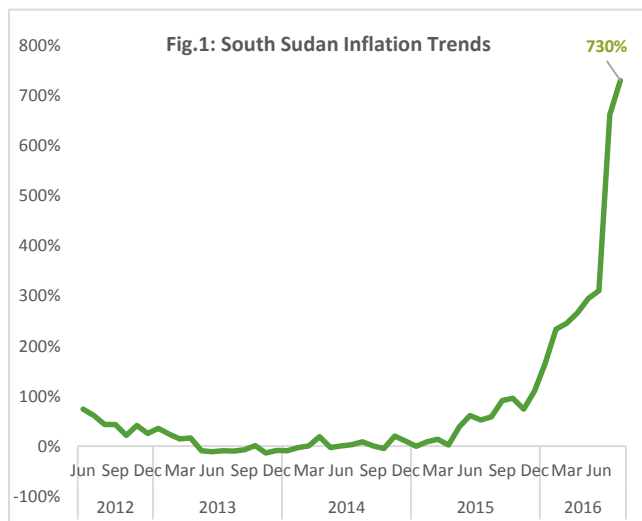
1<sup>st</sup> – 31<sup>st</sup> August 2016

### Market Highlights

- **Inflation:** The South Sudan August 2016 inflation rate peaked to an all-time higher of 730 percent year-on-year, 70 points more than the 661 percent in July, due to an 850 percent rise in the cost of food and non-alcoholic beverages.
- **Exchange Rate:** The South Sudan Pound hit a record low against the U.S. dollar in August 2016, exchanging at SSP 67/1\$ in Juba down from SSP 65/US\$ a month earlier. The SSP has lost further ground to the dollar in the first week of September exchanging at SSP 80/US\$ in the black market in Juba.
- **Cost of Fuel and Local produced Grains and Imported Staples:** Fuel shortages, high cost of transportation, dollar scarcity in addition to insecurity along most trade routes and seasonal rains continued to disrupt trade between states as well as importation of food through Juba-Nimule Road. As a result, cereal and imported food prices sustained rising trends in many areas. Exception was in parts of the Greater Equatoria where prices of locally produced food (cereals, beans and vegetables) stabilized slightly month-on-month due to first season harvests. However, food prices remained significantly elevated when compared to the same period last year and the five year average in all markets.
- **Outlook:** Looking forward, hyperinflation phenomena will most likely extend into 2017 given the scale of the prevailing insecurity, geo-political and economic crises facing the country. The relative price stability in Equatoria will most likely be short-lived given the lower harvest prospects due to insecurity and recent fighting in Juba that disrupted the first season harvesting. The second season cropping in Equatoria, the main season, will most likely be disrupted if the current insecurity situation does not improve, signalling hard times ahead for farming households early next year. Elsewhere, food availability is expected to improve temporarily during the green and main harvests in September-October - November-December in parts of Warrap, Northern Bhar el Ghazal and Upper Nile. All other factors held constant, the green harvest starting this month in these areas is expected to increase flows of locally produced commodities into surrounding markets and will help moderate price increases. As per the May 2016 market assessment, markets should be able to adequately respond to increased demand and will likely support Cash Based Transfer Interventions.
- Despite the relative calm that has been holding in Juba for sometimes now, the prospects of violence escalating further remains unpredictable but a return to large-scale fighting would be devastating to the economy and food security and nutrition situation.

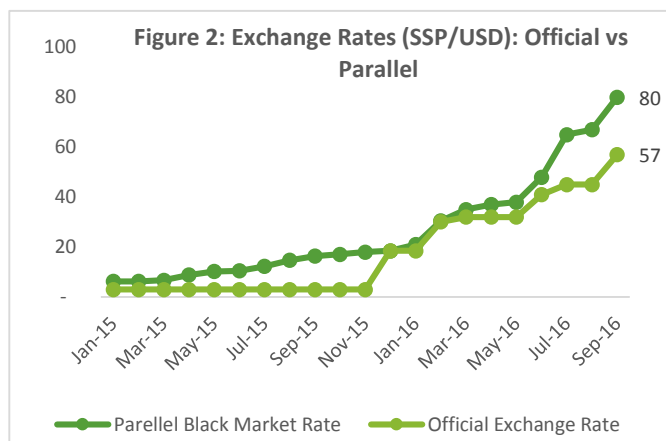
## I. No reprieve for Consumers as hyperinflation and insecurity escalates

According to the South Sudan National Bureau of Statistics, the August 2016 inflation rate jumped to a historic high of 730 percent year-on-year mainly driven by a sharp rise in the prices of food and non-alcoholic beverages (850 percent). The CPI in August went up by 20 percent month-on-month. The hyperinflation phenomena is a manifestation of the cumulative effects of the multiple economic-political shocks that have hit the country since December 2013 when war broke out, exacerbated by currency devaluation in mid-December 2015, recent renewed fighting in Juba and consequential widespread violence and aggravated hostilities in many areas in the country. Yei in particular has experienced an escalating number of insecurity incidents that pushed large number of civilians out of their homes in search of safety. Cases of widespread robbery, looting of shops, violence and harassment and disruptions in the delivery of aid supplies have been reported. In Leer, Unity, insecurity has forced civilians to seek protection in nearby islands, while others have reportedly moved south or reached the UN protection of civilian site in Bentiu. Armed clashes have also been reported in Nasir Town and parts of Jonglei. According to IOM, in the past two months, over 85,000 people have been displaced in Wau and 12,000 in Juba alone. On a positive note, the seasonal dry harvests in parts of the green belt have increased food access among farming households in Greater Equatoria in addition to stabilizing the price of maize grain on a monthly basis. However, the fighting, violence and insecurity in many counties in addition to seasonal rains that have made most roads impassable, disrupted markets, transportation and commodity flows and restricted trade movements hinterland, has sustained rising prices of food. Population segments highly dependent markets for food and income, particularly the urban poor, low income earners as well as the most vulnerable in Greater Bhar el Gazal are feeling the strain of the spiraling cost of living. The cost of food is expected to somewhat stabilize in September in localized surplus producing areas when new local harvests start trickling into the markets, albeit with difficulty.



## II. South Sudanese Pound weakens further in the backdrop of deepening economic crisis and dollar shortages

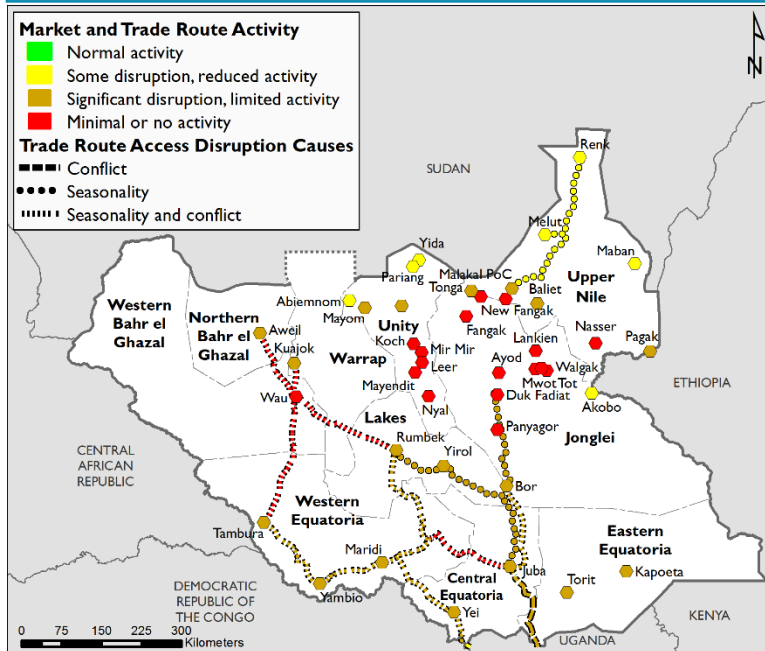
In August 2016, South Sudan Pound hit a record low against the U.S. dollar, exchanging at SSP 67/1\$ in Juba down from SSP 65/US\$ a month earlier. This trend reflects the generally weakening post-devaluation occurrence witnessed since the beginning of the year. The SSP has extended declining trends in the first week of September exchanging at SSP 80/US\$ in the black market in Juba. The SSP is expected to lose further ground to the dollar in the rest of the month and could easily surpass the SSP 100/1\$ mark before the end of the year, in line with dollar scarcity and the biting economic crisis. The expected reduced 2016 crop harvest prospects in the Equatoria will increase demand for imported food, further exerting additional pressure on the local currency.



### III. Cereal prices increase atypically in many areas but stabilize somewhat in parts of Equatoria as dry harvests reach markets

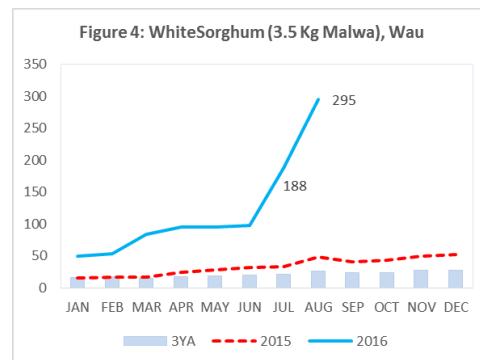
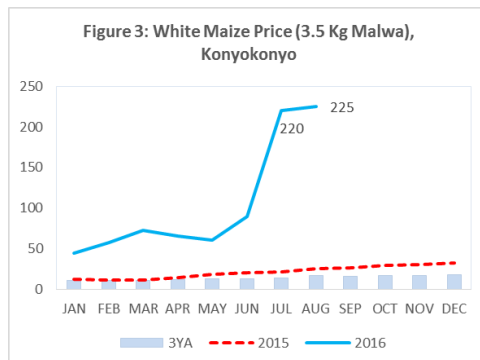
Fuel shortages, high cost of transportation in addition to insecurity along most trade routes and seasonal rains continued to disrupt trade between states as well as importation of food through Juba-Nimule Road. During the reporting period, fuel prices went up in most markets, the highest increase reported in Rumbek (200-280%), Wunrock (100-300%), Wau (70-90%), Yida (77%) and Aweil (40-60%). The highest diesel/ petrol prices were reported in Wau, Wunrok, Agok and Yida, ranging from SSP 185-330/ltr. Insecurity around Juba as well as along the roads continue to restrict trade movements out of and into the capital city<sup>1</sup>. Due to the foregoing, significant market and trade disruptions were reported all over the country, mostly in the Equatorias, Lakes, Warrap, Jonglei and parts of Lower Unity (Figure 3). There was minimal trade flows through the Western and Eastern trade corridors, constraining food availability in markets in the Northern Frontier to the border of Sudan. The combined effects of these factors sustained atypical cereal price increases in many markets despite harvests in parts of Equatoria, Unity, Lakes and Jonglei.

Figure 3: Market and Trade functioning as of August, 2016.



Source: FEWS NET

In August July 2016, white maize was most expensive in Wunrok, Juba, Aweil and Wau where a 3.5kg malwa was sold at SSP 185 – 250 (Figure 3). The highest monthly price increase for white maize was in Wau (194%) followed by Rumbek (169%), Bor 20% and Aweil (11%). On the other hand, due to seasonal availability, white maize prices stabilized in Juba, decreased in Kapoeta (45%) and Torit (8%). Shortage of maize grain persisted in Bunj, Malakal, Bentiu, Agok and Wunrok. Similar trends were discernible for prices of white sorghum where monthly price increases of 30-80 percent were recorded in Awei, Bor, Rumbek, Wau and Bunj. Harvest in Equatoria resulted in reduced sorghum prices in Torit (8%) and relative stability in Juba. In Bentiu the rise was moderated by general food distribution of sorghum in the PoCs, hence a 3.5kg malwa retailed at SSP 50, thirteen percent down from the previous month. Sorghum was most expensive in Yida, Wau, Agok, Wunrok, Juba and Aweil in that order in which a 3.5kg malwa costed between SSP 200-350 (Figure 4). Shortage of white sorghum was reported in Mingkaman. In most markets across the country, cereal prices were significantly elevated when compared to the same period last year (by 200% - 800%) and the five year average (by 200%-1,300%). In September, relative cereal price stability is expected to be sustained

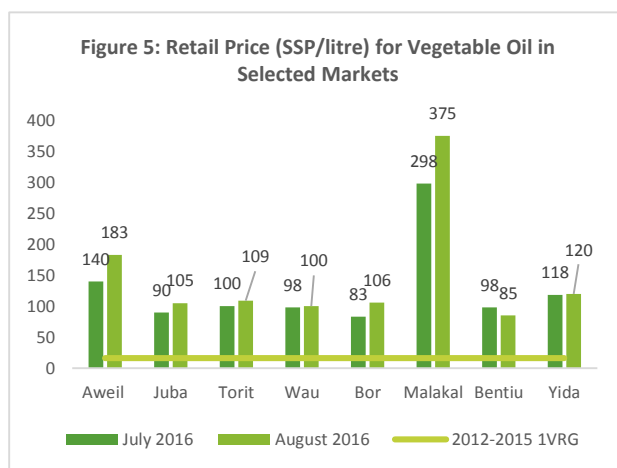


<sup>1</sup> Lately a number of cases of road ambushes have been reported along Juba-Yei and Juba-Nimule road

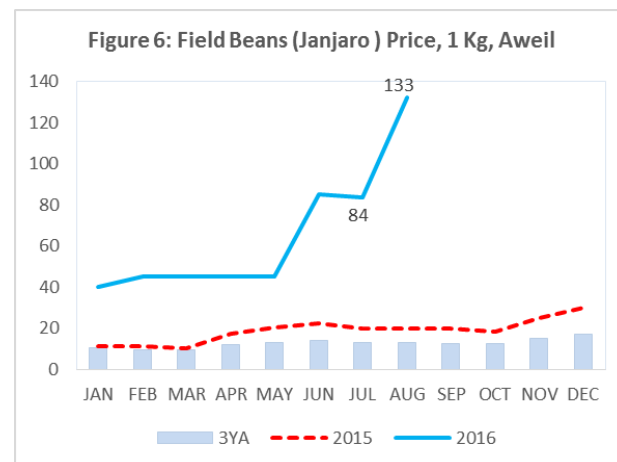
in localized surplus producing zones in Equatoria. In other areas in the Greater Bhar el Gazal and parts of Greater Nile, consumption of green harvests, in line with seasonal trends, will temporarily temper price increases and improve food access of many farming households.

#### IV. Imported food prices extend rising trends

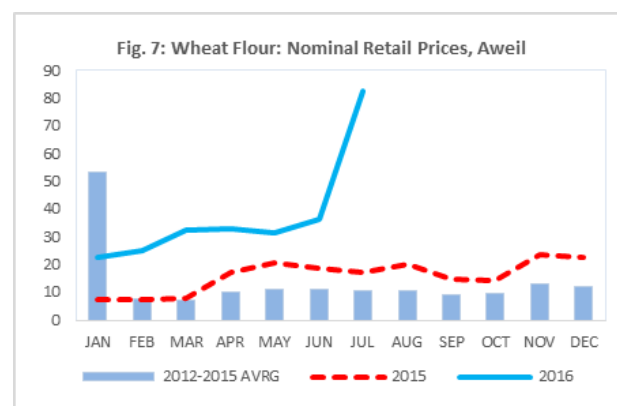
**Vegetable oil**, a key cooking ingredient among many households showed monthly price increases across many markets. The highest monthly prices increase (26-31%) was reported in Aweil, Bor, Juba and Malakal where a litre costed SSP 100- 375, the costliest being in Malakal. In other markets like Wau, Torit and Yida, cooking oil price was relatively stable, rising by 2-9% Yida on a monthly basis. In Bentiu, vegetable oil price declined slightly (13%) on account of humanitarian food assistance. The increased cost of vegetable oil was attributable to among other factors difficulties in importing and moving food out of Juba primarily as a consequence of insecurity, high transportation costs, severed roads, currency devaluation and acute lack of dollars. Just like for other commodities, the prices of cooking oil during August 2016 were significantly higher than the corresponding prices same month last year and the 5-year average.



**Beans (Janjaro)**, an important alternative source of proteins among urban residents, increased by 20-60% in August in Malakal, Bor, Bentiu, Bunj, Wunrok and Aweil. On the other hand, bean prices remained relatively stable or slightly reduced in most monitored markets in Equatoria and parts of Lakes (Rumbek), during the reporting period as a result of increased availability from early harvests in addition to food assistance among IDPs and in PoCs. The highest price of beans (at SSP 355/kg) was observed in Wunrok followed by SSP 318/kg in Agok and SSP 133/kg in Aweil. Bean prices remained considerably higher than their levels a year ago as well as the five-year average (Fig. 5) in most markets across the country.

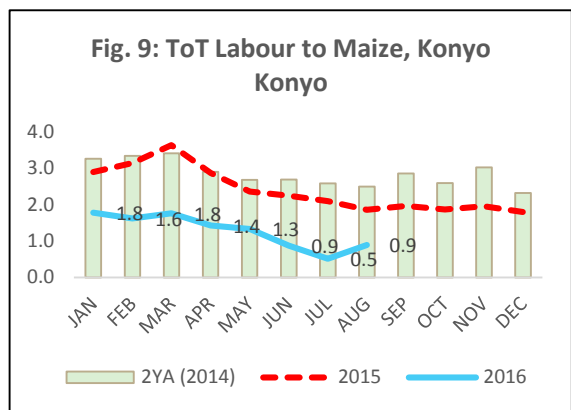
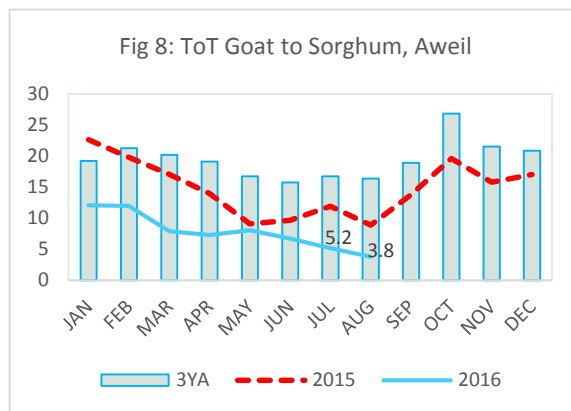


**Wheat flour**, an alternative source of starch in urban dishes, costed more in August 2016 than in the previous month, the highest increase recorded in Wau, Bor, Bentiu and Malakal (60-110%), where the highest prices SSP 100-120 were also observed. With exception of these four markets, wheat flour prices in other markets exhibited little variability across (SSP 50-90/kg). Price stability for wheat flour was recorded in Bunj, Yida and Agok during the reporting period. Wheat flour prices were significantly higher than the same time last year as well as the five year average (Fig. 6).



**V. Purchasing power of casual labourers and livestock keepers steady downward trends**

The purchasing power of casual laborers and livestock keepers has steadily been declining since the beginning of the year. The current terms of trade are significantly lower than the same month in 2015 and the three year average (Figure 8 & 9). This is despite the fact that the value of livestock as well as the cost of casual labour in nominal terms are much higher than the same time last year. The reduced purchasing power this year is attributable to cereal prices increasing at a much faster rate than the increase in both casual labour rates and livestock prices. This implies that the inflation in cereals has increased the vulnerability of the food insecure households. In particular, the TOT of wage labour against white sorghum continued to decline sharply in many markets in August 2016. However in Konyokonyo/Juba for due to slight stability in cereal prices, the ToT casual labour to cereal improved from one 3.5kg malwa for a whole day of casual work, up 100 percent from the previous month. However, due to the economic crisis and insecurity, there are limited casual labour opportunities in the capital and this improvements will not amount to much for many casual labourers. In Aweil, during the reporting period, the ToT goat against white sorghum declined by one malwa, meaning that while a medium quality goat could fetch five 3.5 kg malwas (about 18kgs) of cereal in June 2016, this reduced to four 3.5 kg malwas equivalent to 13.5 kgs of cereal a month.



**VI. Food Security Outlook**

The hyperinflation cycle will most likely extend into 2017 given the scale of the prevailing insecurity, geo-political and economic crises facing the country. The deepening economic crisis will continue to have a heavy bearing on food security situation of many market dependent households in urban areas. The relative price stability in Equatoria will most likely be short-lived given the lower harvest prospects due to insecurity and recent fighting in Juba that did not only devastate markets and trade but also disrupted the first season crop harvesting. The second season cropping in Equatoria, the main season, will most likely be disrupted if the current insecurity situation does not improve, signalling hard times ahead for farming households early next year. Elsewhere, food availability is expected to improve temporarily during the green and main harvests in October-November-December in parts of Warrap, Northern Bhar el Ghazal and Upper Nile. Despite the relative calm that has been holding in Juba for sometimes now, the prospects of violence escalating further remains unpredictable but a return to large-scale fighting would be devastating to the economy and food security and nutrition situation.