

SOUTH SUDAN MONTHLY MARKET PRICE MONITORING



June¹ 2017

HIGHLIGHTS

- **Inflation:** In May 2017, the national consumer price index increased by 334 percent compared to May 2016. The food and non-alcoholic beverage CPI has increased by 382 percent. The month-to-month consumer price index increase from April to May was very high at 40.4 percent.
- **Exchange rate:** In May 2016, the exchange rate remained relatively stable. The average official exchange rate was 116 SSP to one USD, while it traded at 147.67 SSP to a USD in the parallel market. Compared to one year ago, the value of local currency depreciated by 264 percent and 295 percent in the official and parallel markets, respectively.
- **Food prices:** The Government established a company to import five basic food items for sale to consumers through 35 shops in Juba. Furthermore, import duty on basic food commodities is lifted for three months. The prices of these subsidized food items are lower than the market prices; sugar (27 percent), maize flour and cooking oil (35percent each), field beans (42percent) and wheat flour (44percent).
- **Significant price increases were observed in Bor** due to the deteriorated security situation along Juba–Bor road affecting the normal flow of commodities. Thus in May, price of white sorghum increased by 112 percent, that of white maize by 112 percent and maize flour by 59 percent compared to the previous month.
- **Terms of Trade:** Compared to April, the daily wage to white sorghum terms of trade deteriorated in Juba and Bor markets. Moreover, goat to white sorghum terms of trade deteriorated in Bor, Minkgaman, Yida, Torit and Wau. Rumbek and Kapoeta South represent an exception experiencing improvements in terms of trade.
- **Outlook:** Food prices are likely to continue rising with the ongoing economic crisis, and supply constraints resulting from insecurity and blocked roads due to rains, thus further deteriorating the purchasing power of market dependent households.

¹ The analysis is based on prices data of April 2017

Photos: WFP/Ryan McDonald (left) and WFP/George Fominyen (right)

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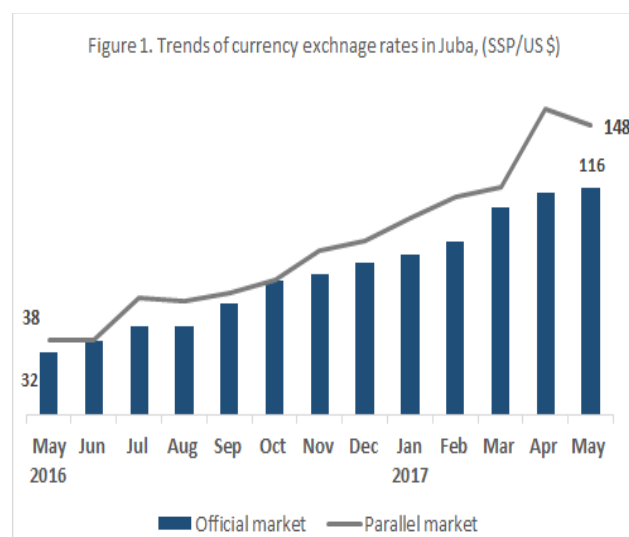
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Cost of living based on CPI continues its steep rise

In May 2017, the national Consumer Price Index (CPI) ²increased by 334 percent compared to May 2016. The food and non-alcoholic beverage CPI has increased by 382 percent. Likewise, the month-to-month consumer price index increased by 40.4 percent from April to May 2017³. Though the monthly CPI is subject to seasonality, 40.4 percent change in cost of living in one single month period is very high.

SSP remains weak with some stability in exchange rate

In May 2016, the exchange rate remained stable and was closer to the preceding month rate in both, the parallel and the official markets. However, compared to one year ago, the value of local currency depreciated by 289 percent and 264 percent in the parallel and official markets, respectively. The divergence between parallel and official markets exchange rates remained wider. The parallel market rate is 27 percent higher than the official rate. In May 2017, the daily average exchange rate of SSP to the USD in parallel market stood at 147.67 SSP and at 116 SSP in the official market (Figure 1).



Source: WFP

Fuel prices remain relatively stable in May

In May, fuel prices remained relatively stable in most markets across the country. However, some markets registered an increase in prices compared to the previous month. These include Aweil (4 percent), Bor (9 percent) and Wau (26 percent). The diesel price peaked in Wau market (175 SSP/L). On the other hand, diesel price decreased in Rumbek (36 percent) and Mingkaman (7 percent) compared to April. Fuel prices are much higher on year-on-year basis. Compared to a year ago, the price of diesel in May was higher by as much as 300 to 468 percent in Bor, Aweil and Wau; and by 86 to 183 percent in Mingkaman, Agok and Rumbek. In Juba, the fuel was being sold at the official price of 22 SSP (0.19 USD) per liter. However, the availability of fuel at gas stations has not been regular.

Decrease in food prices in Juba following Government intervention

The Government of South Sudan has established a company to import and sell five basic food items (sugar, wheat flour, maize flour, field beans and cooking oil) in 35 shops in Juba. Furthermore, import duty on basic food commodities has been lifted for three months.

The prices of these subsidized food items are significantly cheaper than the prevailing market prices; sugar (27 percent), maize flour and cooking oil (35 percent each), field beans (42 percent) and wheat flour (44 percent). As a consequence of these interventions, the prices of food commodities have also dropped in other shops in the Konyokonyo market: white sorghum (9 percent), wheat flour and rice (11 percent each), field beans (22 percent), white maize (3 percent), maize flour (2 percent). Continuity and

² The national level CPI is computed based on Juba and Wau prices data

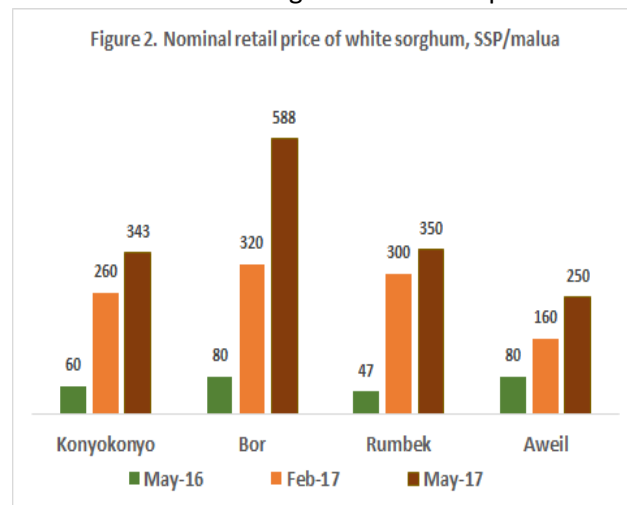
³ National Bureau of Statistics press release

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expansion of the subsidized food distribution scheme will contribute to stabilize prices and thus easing access of food to poor income households, though its impact on market dynamics needs to be monitored. On the other hand, even with this easing of prices, most households are unlikely to have adequate purchasing power to meet their consumption needs.

Food prices continue to rise in most monitored markets

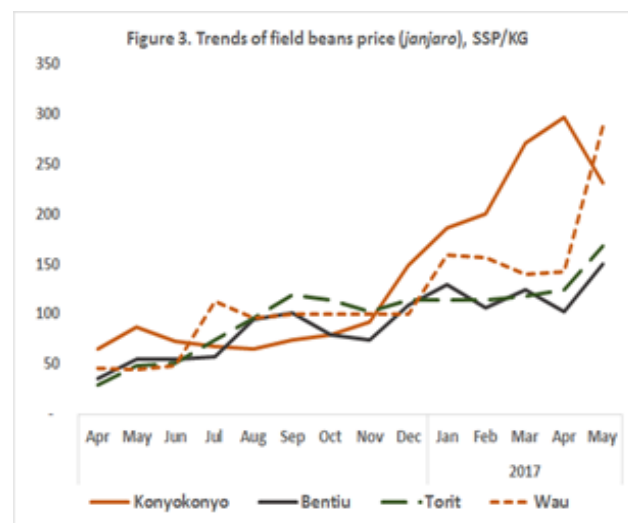
The deteriorated security situation along the Juba–Bor road in May 2017 has impacted the normal flow of commodities and resulted in significant price increases. Accordingly, compared to the previous month, prices have increased substantially. These include white sorghum (76 percent), white maize (112 percent), maize flour (59 percent), field beans (28 percent) and wheat flour (27 percent). Compared to the same month in 2016, the price increases are in the range of 445 to 934 percent.



Source: WFP

Likewise, the prices of cereal and cereal products have showed an up-ward move across other WFP monitored markets. Compared to April 2017, the retail prices of sorghum increased between 10 and 31 percent in Aweil, Wau, Yida, Mingkaman and Wunrok markets. The exception

was Rumbek market that witnessed a 22 percent decrease. Other monitored commodities such as white maize, maize flour and rice have also shown price increases in most of the markets. The progress of the lean season, the scarcity at supply source market coupled with continued economic crisis led the prices to increase during May 2017. The price of maize flour which is a substitute to sorghum has increased in Kapoeta South (75 percent), Mingkaman (23 percent), Wau (20 percent) and Aweil (5 percent) compared to April 2017. Overall, there was an increase in the prices of cereal and cereal products in May across different markets and while some price decline was observed in few markets (Annex 1).



Source: WFP

Further increase in prices of field beans and vegetable oil

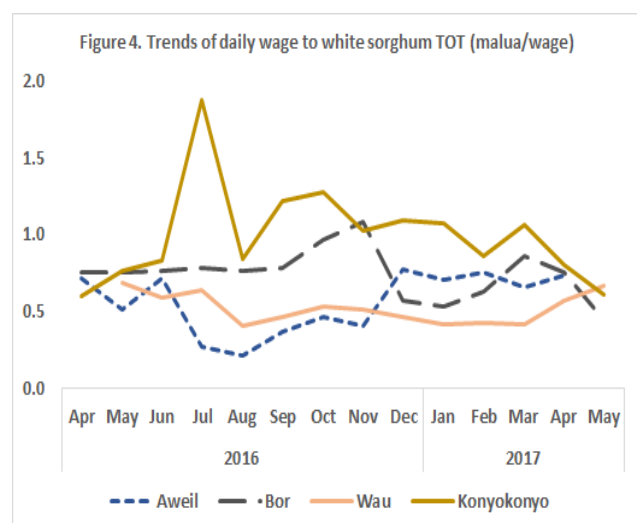
All monitored markets except Konyokonyo, Yida and Wunrok have registered an increase in retail prices of field beans. Most notably in Wau and Kapoeta South, where field bean prices doubled from April to May. Compared to May, the price of field beans increased within a range of 18 to 47 percent in Bor, Bentiu, Mingkaman and Torit markets. Compared to one year ago, the price of field bean increased across markets, ranging

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from 167 percent in Konyokonyo to 558 percent in Minkgaman.

In the same vein, cooking oil prices have increased in the range of 10 to 37 percent in Minkgaman, Kapoeta South, Yida, Aweil and Bor markets as compared to April. Compared to one year ago, the oil prices have increased significantly. These increases were in the range of 301 to 652 percent in Konyokonyo, Bor, Bentiu, Rumbek, Torit and Yida; and between 79 to 300 percent in Aweil, Kapoeta South, Minkgaman and Wau markets.

Terms of Trade: Purchasing Power



Source: WFP

Wage to sorghum: In Wau, a disproportionate increase in non-agricultural wage rate has offset the increment on white sorghum price, and hence contributed to improvements in terms of trade (ToT) compared to the previous month. On the contrary, in Juba, despite a decline in white sorghum price the ToT has deteriorated further due to decline in wage rates. Likewise, the ToT in Bor has deteriorated due to significant increase in white sorghum prices compared to

the changes in the daily wage rate. Compared to April 2017, the ToT in Bor has deteriorated by 40 percent and by 23 percent in Juba while the ToT has improved in Wau by 16 percent. Compared to one year ago, the ToT has deteriorated in Juba and Bor by 20 percent and 40 percent respectively. However, the ToT remained stable in Wau. In May 2017, the daily wage of non-agriculture labor fetched less than 3 kilograms of white sorghum across these markets (Annex 1).

Livestock to cereal: The average size goat to white sorghum terms of trade has deteriorated in Bor, and Minkgaman (34 percent each), Yida (33 percent), Torit (22 percent)⁴ and Wau (7 percent) compared to April 2017. In contrast, Rumbek and Kapoeta South showed improvements by 51 percent and 8 percent respectively. The deterioration in purchasing power of households across the board has impacted the consumption of livestock products and, hence, the income of livestock dependent communities.

Food Security Outlook

Current government intervention by the Government may contribute to the stability of prices in Juba. However, with the continued economic crisis and the supply constraints due to insecurity and likely road blockade during the rainy season, prices of food commodities are likely to rise further, thus making most households, particularly those with poor purchasing power, vulnerable to food insecurity. Developments have to be monitored closely as South Sudan is facing unprecedented levels of food insecurity and malnutrition with half of the population projected to face severe food insecurity during the peak lean season of June-July⁵.

⁴ For Torit and Kapoeta South, maize is the main staple and thus ToT is calculated considering maize instead of sorghum

⁵ National Bureau of Statistics, IPC update release, 21 June 2017.

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ANNEX: Commodity prices by market and trend of price changes (May 2017)

	Major Commodity	SSP	Price Change (%)								Major Commodity	SSP	Price Change (%)													
		May	1M	3M	1Y	1M	3M	1Y				May	1M	3M	1Y	1M	3M	1Y								
Konyokonyo	White Sorghum	343	-9	32	472	▼	▲	▲	Yida	White Sorghum	165	24	106	288	▲	▲	▲									
	White Maize (Janjaro)	388	-3	49	602	▶	▲	▲		Rice	290	78	81	394	▲	▲	▲									
	Field Beans	232	-22	16	167	▼	▲	▲		Vegetable oil	395	19	40	652	▲	▲	▲									
	Maize flour	147	-2	77	400	▶	▲	▲		Wheat flour	185	50	64		▲	▲										
	Wheat Flour	134	-11	15	243	▼	▲	▲		Bor	White Sorghum	588	76	84	635	▲	▲	▲								
	Vegetable oil	224	-35	-12	306	▼	▼	▲			White Maize(Grain)	600	112	140	934	▲	▲	▲								
	Rice	260	-11	36	479	▼	▲	▲			Field Beans (Janjaro)	248	28	50	445	▲	▲	▲								
	TOT (wage to sorghur	1	-23	-28	-20	▼	▼	▼			Wheat Flour	194	27	94	547	▲	▲	▲								
Kapoeta South	White Maize(Grain)	350	75	-57	509	▲	▼	▲	Vegetable oil		305	37	69	408	▲	▲	▲									
	Field Beans (Janjaro)	250	108	67	488	▲	▲	▲	Rice	193	0	29	203	▶	▲	▲										
	Vegetable oil	250	14	67	257	▲	▲	▲	Mingkaman	Maize flour	240	23	68	500	▲	▲	▲									
	Wheat Flour	150	25	7	400	▲	▶	▲		Field Beans (Janjaro)	263	18	68	558	▲	▲	▲									
	Maize flour	175	75	3	483	▲	▶	▲		TOT (Wage to sorghum)	0	-40	-28	-40	▼	▼	▼									
	TOT(Goat to maize)	14	8	112		▲	▲			TOT (Goat to sorghum)	12	-34	-44	-47	▼	▼	▼									
Rumbek	White Sorghum	350	-22	17	645	▼	▲	▲		Vegetable oil	313	10	57	291	▲	▲	▲									
	White Maize(Grain)	400	7	43	939	▲	▲	▲	Torit	White Maize(Grain)	390	25	102	609	▲	▲	▲									
	Field Beans (Janjaro)	200	5	11	371	▶	▲	▲		Field Beans (Janjaro)	169	5	11	371	▶	▲	▲									
	Wheat Flour	150	11	25		▲	▲			Wheat Flour	119	6		253	▲		▲									
	Vegetable oil	200	-7	-	330	▼	▶	▲		Vegetable oil	250	-7	36	426	▼	▲	▲									
	TOT (Goat to sorghurr	11	51	-4	-26	▲	▶	▼		Groundnuts (shelled)	270	-		271	▶		▲									
Aweil	White Sorghum	250	10	56	213	▲	▲	▲		TOT (Goat to maize grain)	10	-22		▼												
	Field Beans (Janjaro)	183	-1	5	306	▶	▶	▲	Units of measurement																	
	Wheat Flour	135	-4	13	331	▶	▲	▲	White sorghum	3.5kg																
	Vegetable oil	140	22	40	79	▲	▲	▲	White maize	3.5kg																
	Rice	200	18	77	367	▲	▲	▲	Cassava	3.5kg																
Bentiu	Field Beans (Janjaro)	151	47	41	175	▲	▲	▲	Maize flour	kg																
	Wheat Flour	280	93	60	315	▲	▲	▲	Field beans/Groundnuts	kg																
	Vegetable oil	488		71	510		▲	▲	Rice	kg																
Wau	White Sorghum	300	15	27	300	▲	▲	▲	Wheat flour	KG																
	White Maize(Grain)	330	34	47	247	▲	▲	▲	Vegetable oil	L																
	Field Beans (Janjaro)	288	101	83	540	▲	▲	▲	TOT	# of malwa per goat or daily wage																
	Wheat Flour	143	0	16	303	▶	▲	▲																		
	Vegetable oil	183	-17	1	266	▼	▶	▲																		
	Diesel	176	26	-28	468	▲	▼	▲																		
	Petrol	150	-9	-18	85	▼	▼	▲																		
<div>▲ Price increases above normal</div>									<div>▶ Normal price changes</div>									<div>▼ Price decreases below normal</div>								
Price fluctutuauon is considered normal if the price change is 5% within one month, 10% within 3 months and 20% within one year																										