



**World Food Programme**

**Issue No. 18**  
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# IRAQ Market Monitor Report

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## Highlights

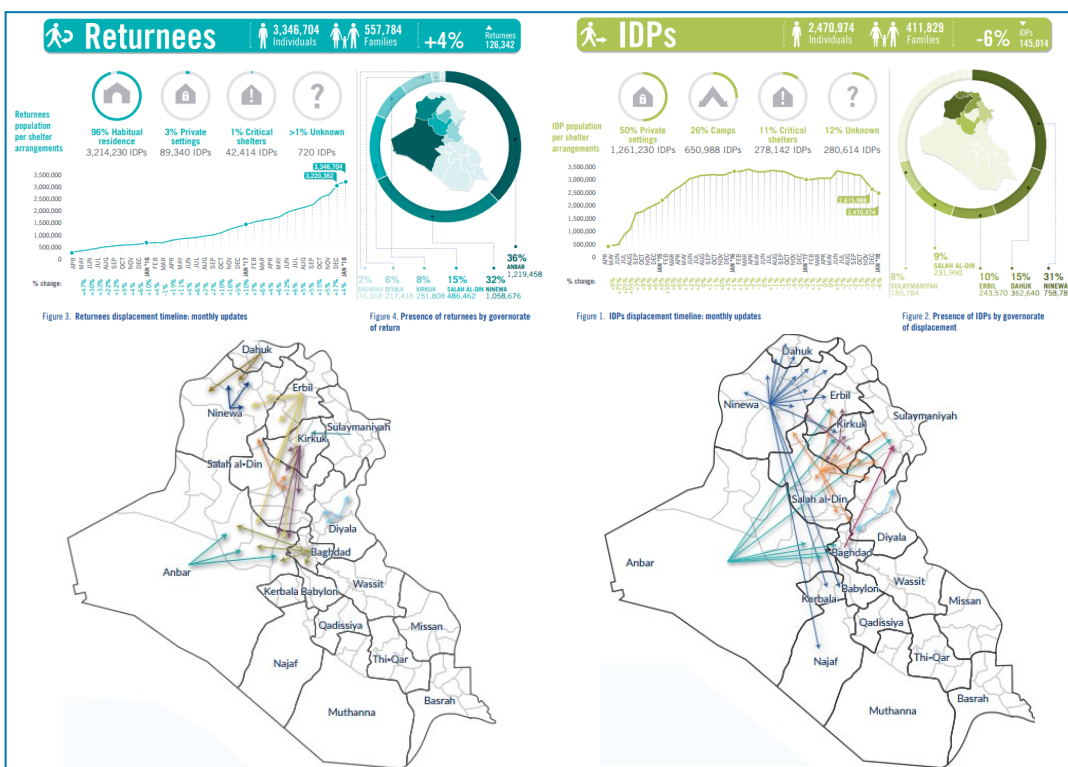
- Returns increased in January 2018, with the government expecting the return process to be completed by May. This might require some re-adjustments of the markets to respond to the different demand.
- Food prices decreased by 2% across the country compared to December 2017 and 10% compared to one year ago.
- Prices in Babylon and Baghdad drastically dropped.
- The Alert for Price Spikes (ALPS) indicator shows khoboz bread to be at alert level for the fifth month in a row.
- The wage of unskilled labour has decreased by 2% across the country. The terms of trade has increased by 1% on national basis.

## Socioeconomic Background

With the beginning of 2018, the country saw an increase in returns. To ensure a safe and dignified return process, the Government issued a statement on 11 January strongly emphasizing the voluntariness of the returns process. While increasing return movements generally coincide with improving security and basic service delivery in places of origin, some risks are still being reported by key informants. The below dashboard

describes the most recent updates regarding IDPs and returnees<sup>1</sup>.

The government expects all returns to be completed by May 2018. This might mean a few months of stress in the markets before they re-adjust to the local demand. The improving security situation is however promising and no particular bottlenecks related to transportation of goods and obstacles to market integration are foreseen. A smooth transition is thus expected.



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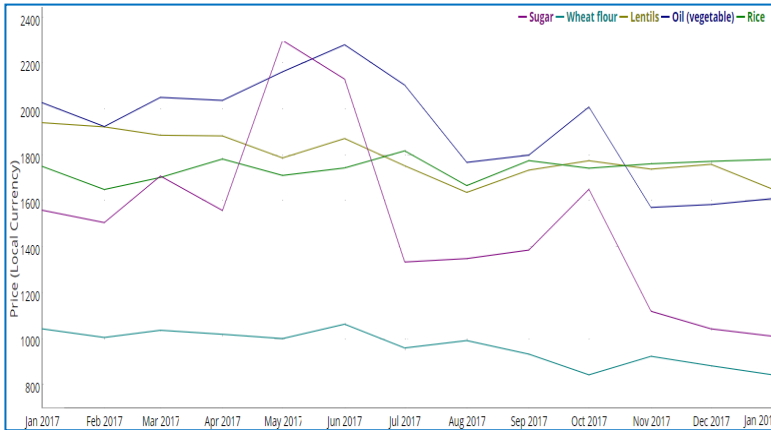
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<sup>1</sup> IOM - Displacement Tracking Matrix (DTM) - Round 88

## Food National Price Trends

In January 2018 food prices continued a general stabilization which started in November 2017 (Chart 1). Most commodities indeed didn't show particular surge or drop in their prices. Exception is made for onions (-6%), wheat flour (-5%) and lentils (-6%). A slight decrease was also registered for sugar (-3%) and meat (-1%). A 2% increase was registered for milk and vegetable oil. Rice price remained stable.

**Chart 1: Price Trend of Main Food Commodities (in IQD/Unit)**



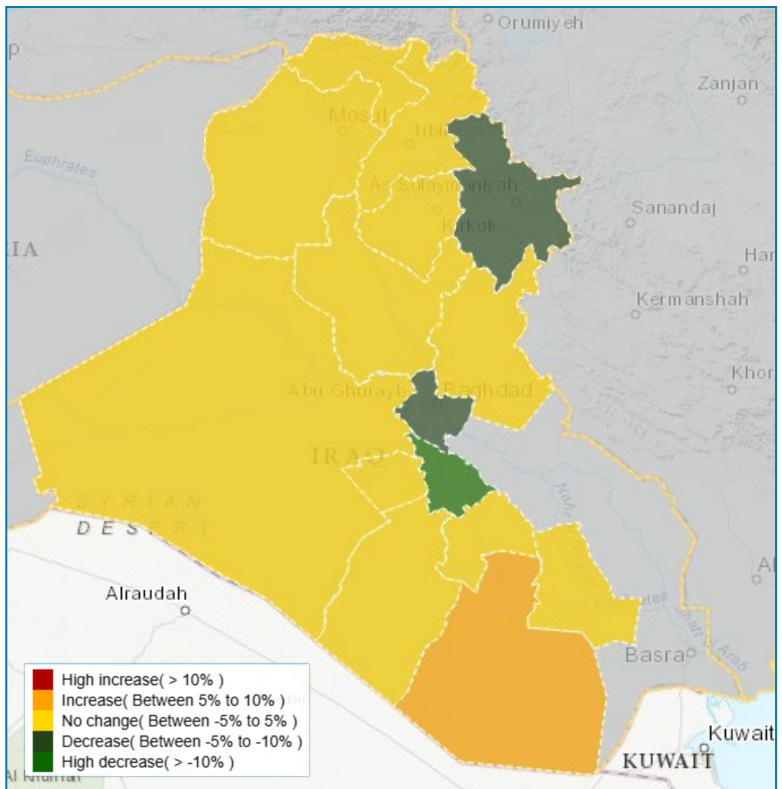
As seen in the previous month, food prices have however followed very different paths across governorates. Lentils were found more expensive compared to December 2017 in Muthanna (24%), while the price decreased in Babylon (-43%), Kerbala (-13%) and Salah Al-Din (-13%). Beef saw a decrease in Babylon (-11%) and Kirkuk (-6%), while its price increased in Qadisiya (15%) and Anbar (7%). Price of fresh milk across Iraq was quite volatile with a remarkable drop in Dahuk (-64%) and a spike in Kirkuk (+50%). Vegetable oil saw a sharp increase in Baghdad (12%), while it decreased by 6 percentage points in Qadysia. Onions in Muthanna registered a high increase in prices (23%), while the price decreased by 19% in Qadysia and 17% in Babylon. Rice showed a generally stable trend with exception of Babylon where the price decreased by 38%. A similar behavior was witnessed for sugar where Sulaimaniyah stands out as the only governorate with the most significant change in prices (-11%). Wheat flour had a quite volatile behaviour across Iraq, with the highest increase in Babylon(24%) and the highest decrease in Kirkuk (-21%). Babylon and Baghdad were the governorates with the sharpest overall decrease of food prices (Map 1). Dahuk and Kerbala are the governorates that in January registered the highest cost of the food basket, approximately 50% higher than Babylon where the lowest food prices are found (Map 2).

Due to the remarkable drop in prices in Babylon, markets are witnessing a lower integration compared to December 2017.

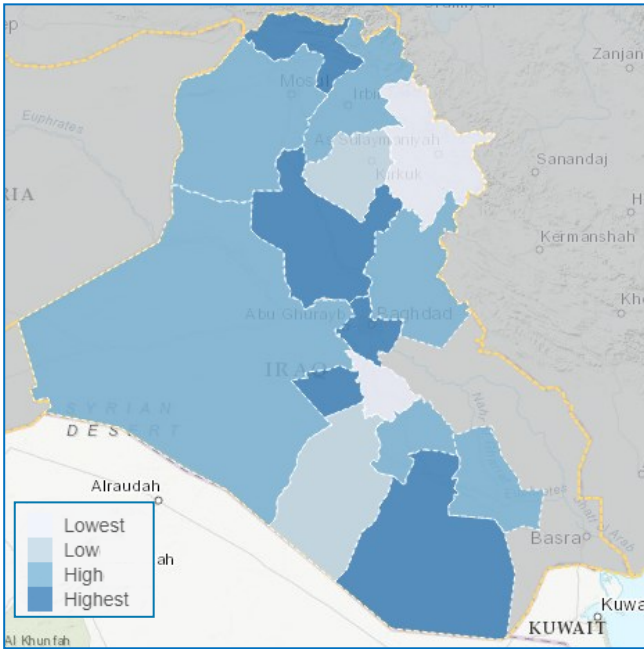
The volatility of the situation in the country contributes to an extreme behavior of prices in some governorates, especially Kirkuk, where meat and wheat flour were found significantly cheaper than in December 2017, while onions, rice and milk were found particularly expensive. In Babylon markets, all main commodities were at cheaper prices in January compared to December 2017, with exception of wheat flour (24% higher). No other governorate showed a similar decreasing trend.

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**Map 1: Change of food basket price from previous month**

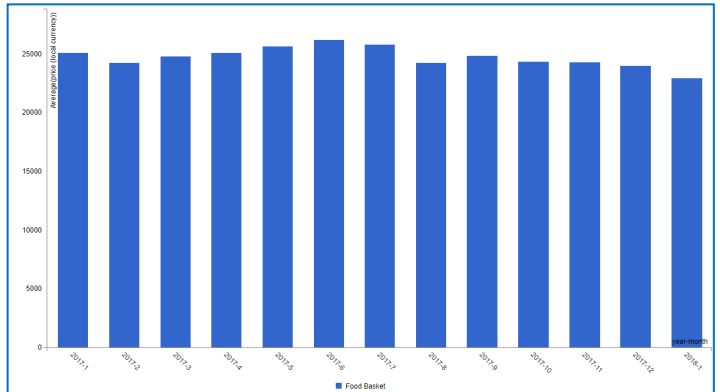


**Map 2: Cost of Minimum Food Basket (in IQD)**



The above described fluctuations and the general decrease in price of main commodities have slightly succeeded to improve the purchasing power of the Iraqi population. The national food basket in fact decreased by 2% from December 2017, continuing on the decreasing trend since September, and a cumulative 10% from January 2017 (Chart 2).

**Chart 2: Cost of Minimum Food Basket (in IQD) trend**



**Chart 3: Availability Analysis**

Governorate	Wheat flour	Meat (beef)	Milk	Sugar	Onions	Lentils	Rice	Oil (vegetable)
Anbar	AV	AV	AV	AV	AV	AV	AV	AV
Babil	AV	AV	AV	AV	AV	AV	AV	AV
Baghdad	AV	AV	AV	AV	AV	AV	AV	AV
Dahuk	AV	AV	AV	AV	AV	AV	AV	AV
Diyala	AV	AV	AV	AV	AV	AV	AV	AV
Erbil	AV	AV	AV	AV	AV	AV	AV	AV
Kerbala	AV	AV	AV	AV	AV	AV	AV	AV
Kirkuk	AV	AV	WAV	AV	AV	AV	AV	AV
Muthanna	SAV	SAV	SAV	SAV	SAV	SAV	SAV	SAV
Najaf	SAV	SAV	SAV	SAV	SAV	SAV	SAV	SAV
Ninewa	AV	AV	AV	AV	AV	AV	AV	AV
Qadisiya	AV	AV	AV	AV	AV	AV	AV	AV
Salah al-Din	AV	AV	AV	AV	AV	AV	AV	AV
Sulaymaniyah	AV	AV	AV	AV	AV	AV	AV	AV
Thi-Qar	WAV	WAV	WAV	WAV	WAV	WAV	WAV	WAV
Wasit	AV	AV	AV	AV	AV	AV	AV	AV

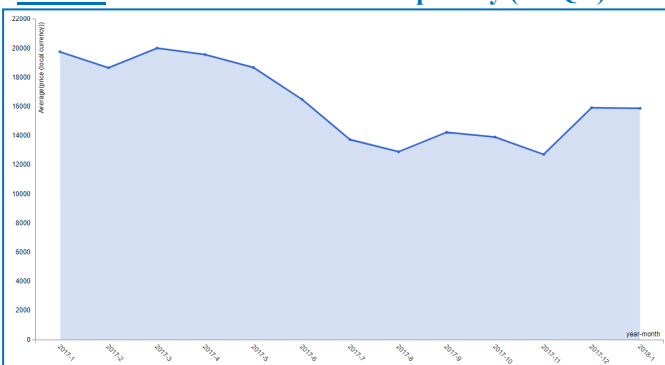
In terms of availability, the situation is positive. However, main commodities were difficult to find in Muthanna, and Najaf, with wide availability in Thi-Qar. Full availability of main commodities was registered everywhere else (Chart 3).

It has also to be considered that no data were collected for Basrah and Missan in January. It also must be taken into consideration that averages don't include locations where food commodities are reported as not available or where key informants have not answered the calls (see Methodology).

## Unskilled Labour and Wage-to-Wheat Terms of Trade (ToT)

The cost of unskilled labour in January decreased by 2% across the country (Chart 4). Unskilled labour costs was significantly higher compared to December 2017 only in Diyala (10%). Wages of casual labourers were instead particularly lower in Babylon (-16%) and Sulaimaniyah (-9%). As a consequence of lower wages and decreased costs of wheat flour, the wage-to-wheat terms of trade (ToT) increased only by 1% at the national level (Chart 5).

**Chart 4: Cost of Unskilled Labour per day (in IQD)**



**Chart 5: Wage-to-Wheat ToT (in KGs of wheat flour/day)**



## Alert for Price Spikes (ALPS)

According to the Alert for Price Spikes (ALPS) indicator, the food basket was still at normal level everywhere in Iraq when compared to the seasonally adjusted index (Map 3). Nevertheless, as shown in the charts below, khoboz bread price is at alert level for the fifth month in a row. Charts 4b and 4c show the trends of the food basket and khoboz bread. The ALPS indicator also provides a 3-month forecast. In this sense, the price of the food basket is expected to slightly decrease in the next quarter. Khoboz bread price forecast is instead expected to further increase.

Map 3: Alert for Price Spikes of food basket in Iraq

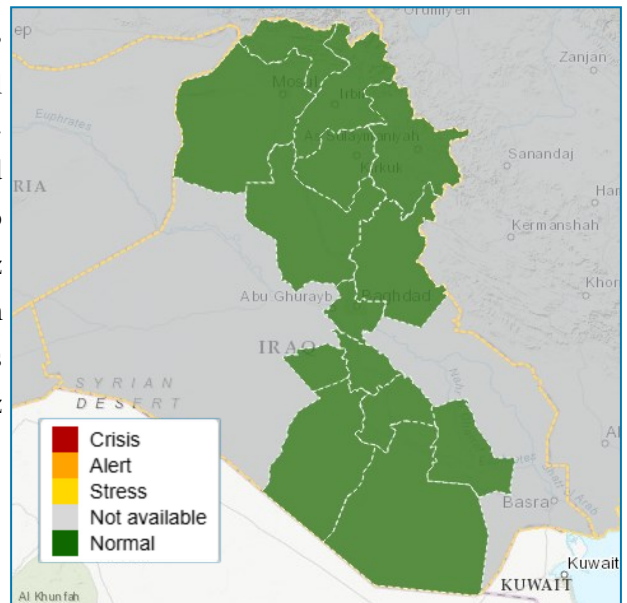
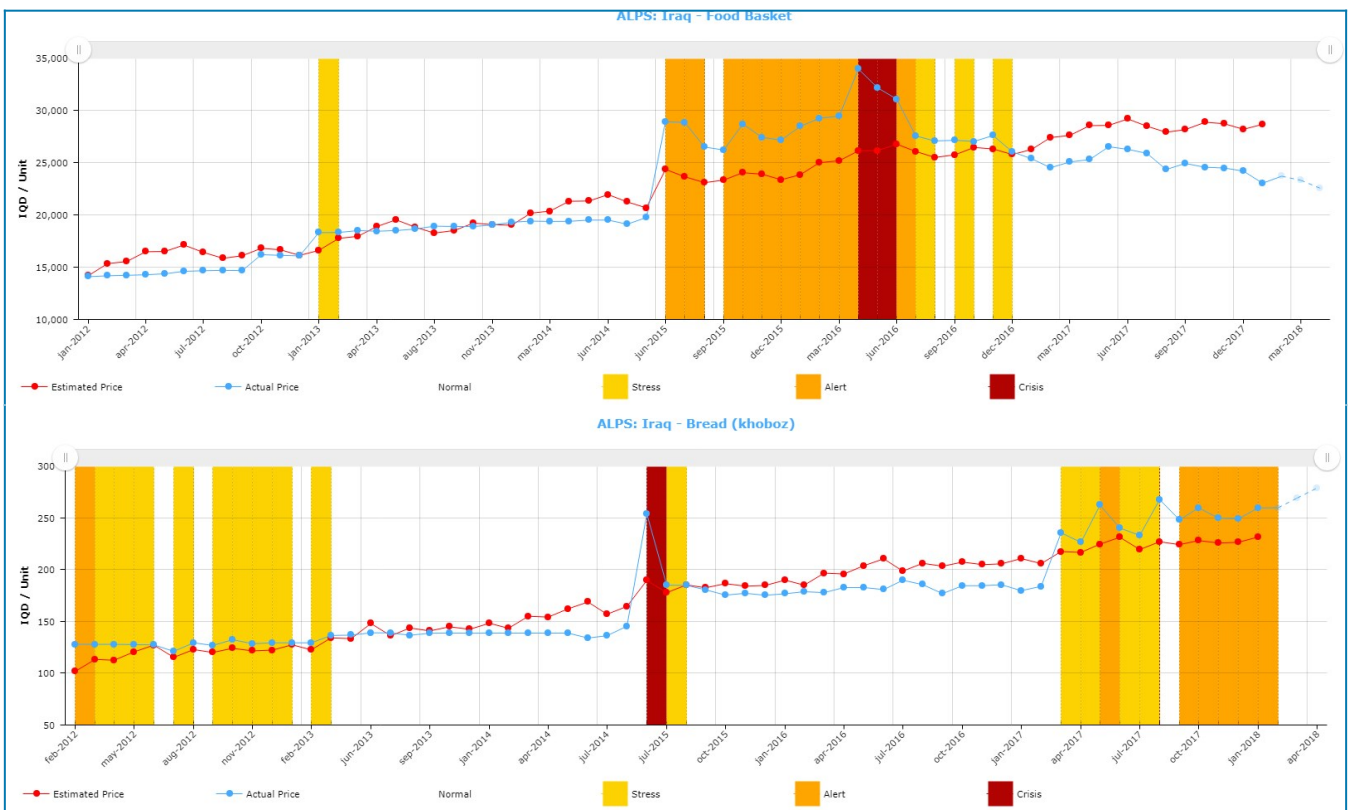
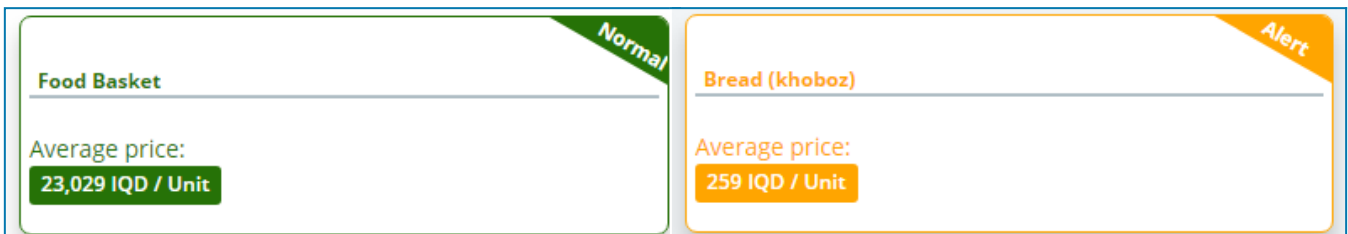


Chart 4: Alert for Price Spikes (ALPS) for food basket (b) and khoboz bread (c)



## Methodology

Market information is collected on weekly basis by WFP field monitors. Additionally WFP in partnership with Islamic Relief Worldwide (IRW) collects market data remotely through mVAM technology from key informants in those governorates where access is restricted, using telephone interviews. Data are then cleaned and consolidated. Monthly averages are used for the Iraq Monthly Monitor Report. Field monitors collect prices for 23 food commodities, 3 fuel items, 7 hygiene commodities and the cost of unskilled labour. WFP field monitors cover 12 governorates where access is not restricted plus three additional governorates (Kirkuk, Baghdad and Diyala) when the security situation allows. IRW key informants collect market prices of 8 main food commodities and the daily wage of unskilled labour from six hard-to-reach areas in central and northern governorates of Iraq (Anbar, Baghdad, Diyala, Kirkuk, Ninewa and Salah Al-Din) through mVAM technology.

The report is based on the analyses produced by the [Safety Nets Alert Platform \(SNAP\)](#) which replaces the Integrated Market Surveillance Tool (IMST). Through automated analysis, SNAP platform analyzes trends of main food and non-food commodities, minimum food basket, providing an indication of how much the markets are integrated in the country. In addition SNAP produces an early warning indicator (ALPS) with a 3-month forecast for each relevant commodity and at subnational level. Food and non-food prices are analyzed against previous periods. Availability is also assessed.

AV	Available
WAV	Widely Available
SAV	Scarcely Available
MNA	Mostly Not Available
NA	Not Available
DNC	Data not collected

The classification of the availability is based on the monthly averages. A commodity is classified as **Available** when it is found available on every visit in the key market of a specific governorate; **Widely Available** when for only one visit the availability is not full; **Sporadically Available** when in at least half of the visits, the item is recorded as rare in the market; a commodity is **Mostly Not Available** when it was found only in rare cases in a governorate during the analyzed month; finally a item is classified as **Not Available** when it is not found in any market of a governorate at all.

The Alert for Price Spikes (ALPS) is a WFP-developed indicator calculated as follows  $ALPS = \frac{Price_{it} - Season_{it}}{\sigma_{\epsilon}}$ . It is computed for each month ( $t$ ) by dividing the difference between the observed and estimated seasonal price of a commodity ( $i$ ) by the standard deviation of the error term ( $\sigma_{\epsilon}$ ).

Situation on a given market :	ALPS thresholds :
Normal	$ALPS < 0.25$
Stress	$0.25 \leq ALPS < 1$
Alert	$1 \leq ALPS < 2$
Crisis	$ALPS \geq 2$

The minimum food basket monitored by WFP contains five food commodities. The quantities are adjusted against the survival caloric intake needs. The five commodities are wheat flour (6.75Kg), sugar (1Kg), rice (6.75Kg), vegetable oil (0.9L) and lentils (1.8Kg). The food basket analyzed is the monthly minimum food basket per household.

This bulletin integrates the information provided by the mVAM Flash Updates on specific areas of the country that deserve specific attention. Occasionally the IMST is used to provide customized analyses on hard-to-reach areas. The Iraq Market Monitor Report is issued since August 2016 on a monthly basis.

**NOTE: Due to the long-lasting conflict in Falluja and Mosul, and the related impact on markets, to avoid distortions on average prices and maintain consistency over time, the two districts have been removed from the analysis.**

**An interactive version of the analysis presented in this bulletin, along with additional details, can be found on [SNAP website](#) (click [here](#) to request for an account)**



