



World Food Programme

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IRAQ Market Monitor Report

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Highlights

- As Iraq enters the recovery phase after three years of conflict, the reconstruction of the country will not only be based on rebuilding infrastructure, but also ensuring a socioeconomic stability.
- Food prices increase sharply by 7% across the country. The price of wheat flour, one of the main staple, has skyrocketed in February, especially in southern governorates.
- The Alert for Price Spikes (ALPS) indicator shows khoboz bread to be at stress level. The reference food basket is at stress level in Kerbala, Thi-Qar and Qadisiya
- The wage of unskilled labour has increased by 4% across the country. The terms of trade has dropped by 8% on national basis due to the sharp increase in wheat flour prices.

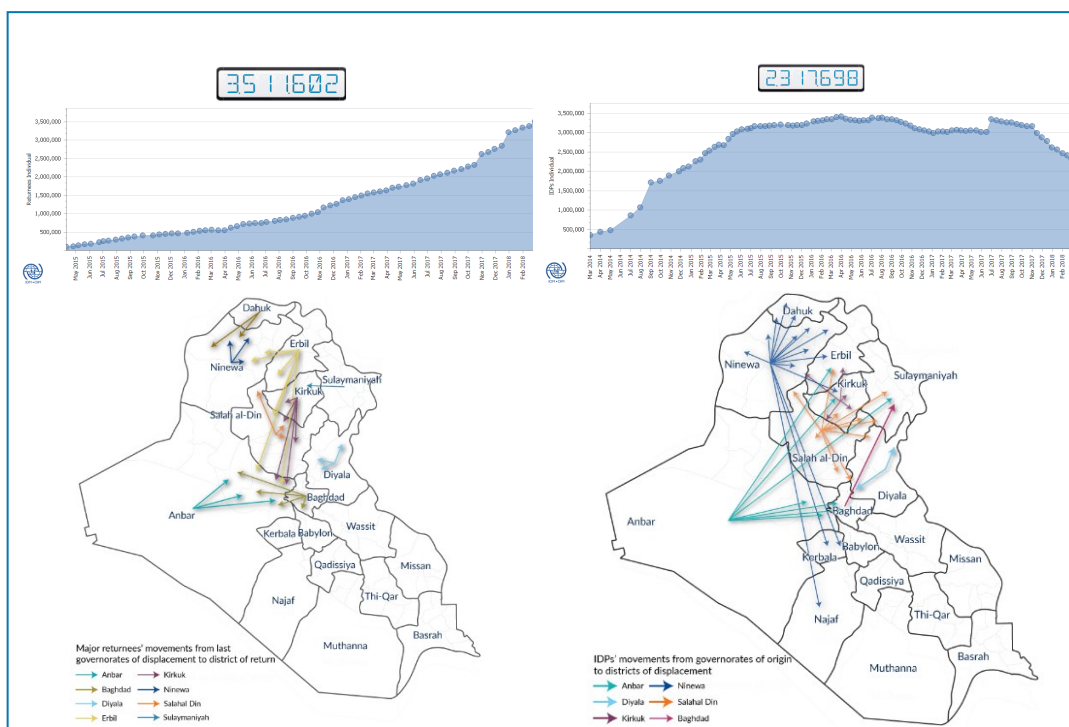
Socioeconomic Background

As Iraq enters the recovery phase after three years of conflict, the reconstruction of the country will not only be based on rebuilding infrastructure, but also ensuring a socioeconomic stability. With improved infrastructures, market integration will be boosted, but market functionality will still need to be monitored as new events unfold. After experiencing a much drier winter compared to previous years, heavy rain and flooding during the second half of

February affected approximately 33 camps and sites and more than 200,000 displaced people, primarily in northern and central governorates.¹

According to IOM, 3.5 million people returned to their places of origin from January 2014 until the end of February 2018.

The below dashboard describes the most recent updates regarding IDPs and returnees².



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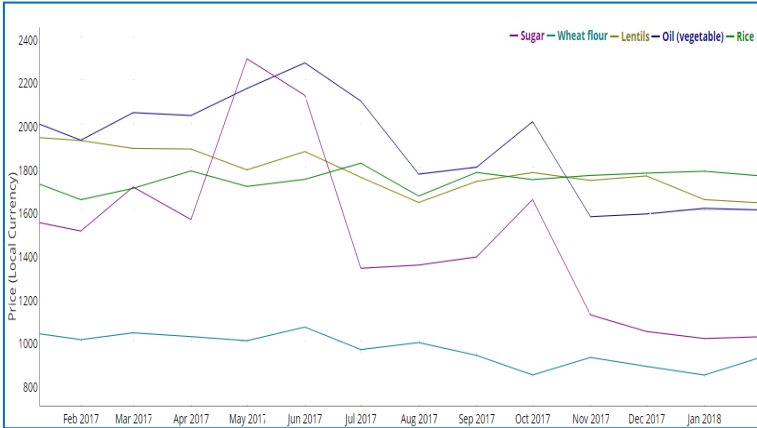
¹ OCHA - Humanitarian Bulletin Iraq February 2018 | Issued on 13 March

² IOM—Displacement Tracking Matrix (DTM) Iraq

Food National Price Trends

In February 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 wheat flour that saw its price increased by 10% and onions which decreased by 6%. A slight decrease was also registered for meat (-2%), rice (-1%) and lentils (-1%). A 1% increase was registered for sugar, while milk and vegetable oil remained stable.

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

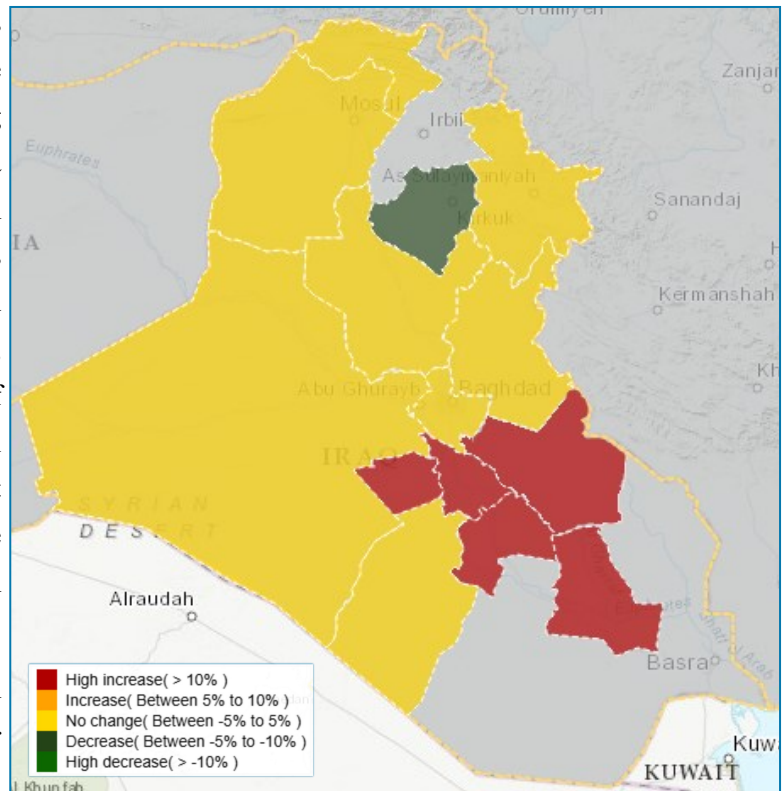


As seen in the previous month, food prices have however followed very different paths across governorates. Lentils were found remarkably more expensive compared to January in Babylon (77%), Kerbala (14%) and Thi-Qar (11%), while the price decreased in Wassit (-25%) and Najaf (-11%). Beef saw a decrease in Qadisiya (-16%) and Kerbala (-13%), while its price increased in Thi-Qar (17%) and Duhok (8%). Price of fresh milk across Iraq also varied

across governorates with a drop in Kerbala (-25%) and a surge in Babylon (+10%). Vegetable oil saw a sharp increase in Kerbala (14%), while it decreased by 33 percentage points in Babylon and 17 points in Wassit. Onions in Dahuk and Najaf registered a high increase in prices (17%), while the price decreased by 25% in Kerbala and 19% in Kirkuk. Rice showed a generally stable trend with exception of Ninewa where the price decreased by 7% and in Babylon where it increase by 34%. A similar behavior was witnessed for sugar where Thi-Qar stands out as the only governorate

Map 1: Change of food basket price from previous month

with the most significant change in prices (+38%). Wheat flour had a quite volatile behaviour across Iraq, with a concerning increase in Wassit (300%) and Qadisiya (100%). The highest decrease was registered in Kirkuk (-15%). Kirkuk was the governorates with the sharpest overall decrease of food prices while Wassit, Babylon, Kerbala, Qadisiya and Thi-Qar showed an increase of more than 10%. (Map 1). The last month increase resulted in making Wassit the most expensive governorate for food in Iraq while the cheapest food prices are found in Sulaymanyah (Map 2).



Due to the remarkable surge in prices in Wassit, markets are witnessing a lower integration compared to January.

The volatility of the situation in the country contributes to an extreme behavior of prices in some governorates, especially Kerbala, where meat, milk and onions were found significantly cheaper than in January, while lentils, oil, rice, sugar and wheat flour were found particularly more expensive. A similar volatility was registered in

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

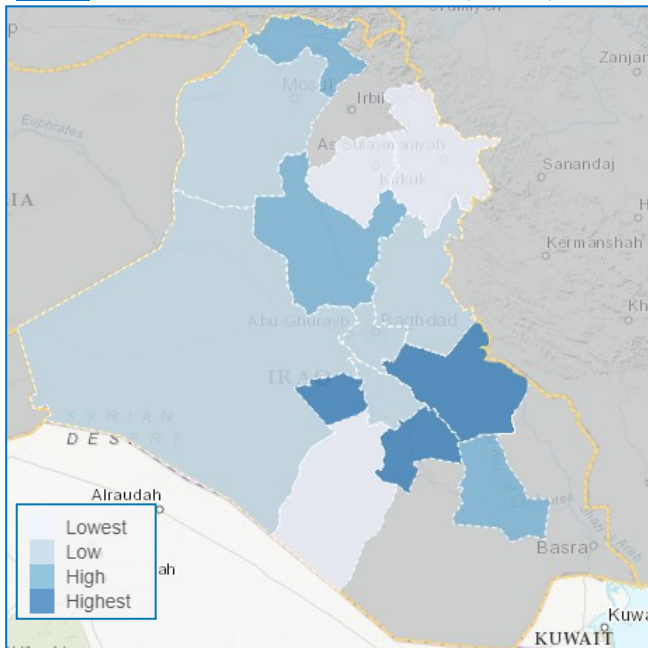


Chart 2: Cost of Minimum Food Basket (in IQD) trend

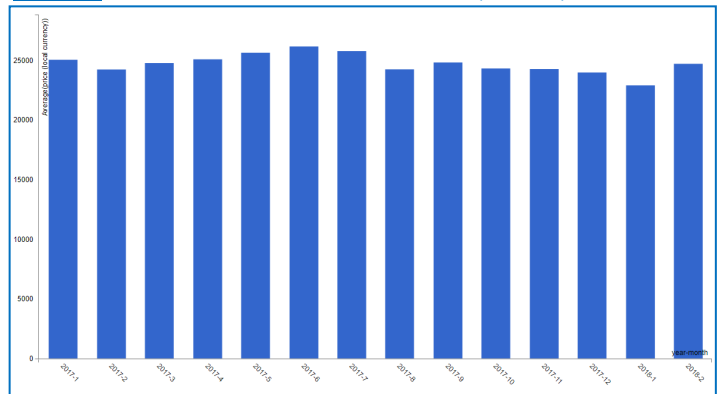


Chart 3: Availability Analysis

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
Kerbala	AV	AV	AV	AV	AV	AV	AV	AV
Kirkuk	AV	AV	WAV	AV	AV	AV	AV	AV
Najaf	WAV	WAV	WAV	WAV	WAV	WAV	WAV	WAV
Ninewa	AV	AV	AV	AV	AV	AV	AV	AV
Qadisiya	SAV	SAV	SAV	SAV	SAV	SAV	SAV	SAV
Salah al-Din	AV	AV	AV	AV	AV	AV	AV	AV
Sulaymaniyah	AV	AV	AV	AV	AV	AV	AV	AV
Thi-Qar	AV	AV	AV	AV	AV	AV	AV	AV
Wasit	AV	AV	AV	AV	AV	AV	AV	AV

Wasit where two main staples like wheat flour and rice were found to be remarkably more expensive than the previous month while lentils, milk, meat and oil were recorded at lower prices. In Kirkuk markets, all main commodities were at cheaper prices in February compared to January, with exception of oil (8% higher). On the other hand, Thi-Qar showed an increasing trend of food prices, with exception of onions that were found to be cheaper compared to the previous month. No other governorate showed a similar decreasing trend.

The above described fluctuations and the general increase in price of wheat flour have contributed to reduce the purchasing power of the Iraqi population. The cost of the national food basket in fact increased by 7% from January, reaching a record high in the last 6 months (Chart 2).

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

It has also to be considered that no data were collected for Basrah, Erbil, Missan and Muthanna in February. 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)

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

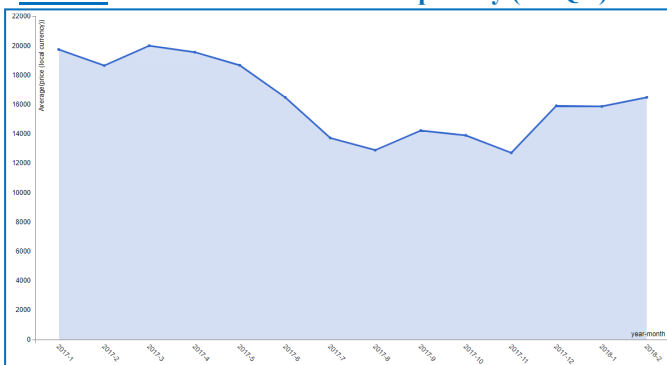


Chart 5: Wage-to-Wheat ToT (in KGs of wheat flour/day)

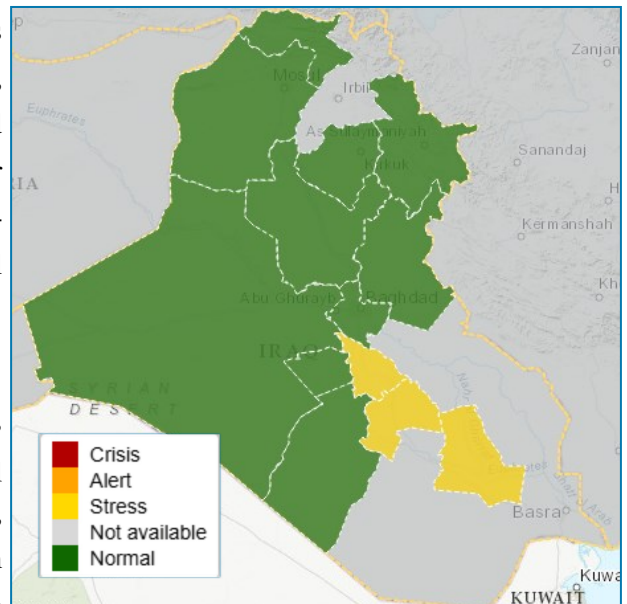


The cost of unskilled labour in February increased by 4% across the country (Chart 4). Unskilled labour costs was significantly higher compared to January in Thi-Qar, Kirkuk and Najaf . Wages of casual labourers were instead particularly lower in Qadisiya. As a consequence of higher wages and increased costs of wheat flour, the wage-to-wheat terms of trade (ToT) decreased by 8% at the national level (Chart 5).

Alert for Price Spikes (ALPS)

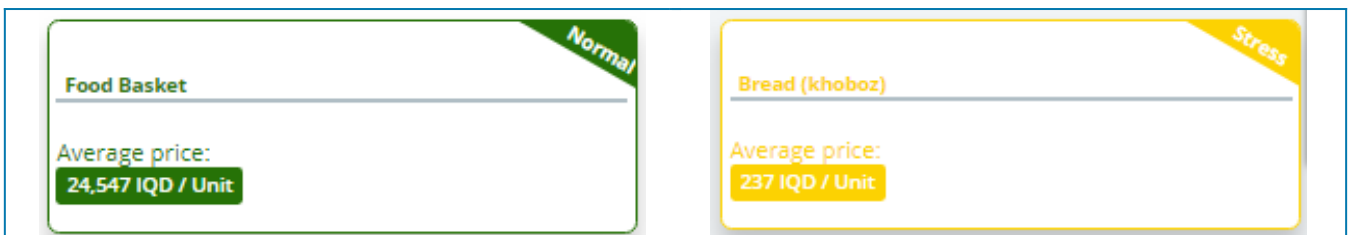
According to the Alert for Price Spikes (ALPS) indicator, the food basket was still at normal level everywhere in Iraq when compared to the seasonally adjusted index. However , the food basket alert indicator shows stressed market in Babylon, Thi-Qar and Qadisiya (Map 3). When it comes to

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



specific commodities, as shown in the charts below, khoboz bread price is at stress level after five months at alert level. 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 decrease slightly in the next quarter. Based on forecast, the khoboz bread price is expected to increase further.

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 (σ_{ϵ}).

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)

Annex 1: Market Prices by Governorate

Governorate	Commodity	Current Month	Previous Period			% Change From the Previous Period				Direction of Change												
			1 M	3 M	6 M	1 M	3 M	6 M	1 Yr	1 M	3 M	6 M	1 Yr									
			(+/-5%)	(+/-10%)	(+/-10%)	(+/-10%)	(+/-10%)	(+/-10%)	(+/-10%)													
Anbar	Food Basket	22,533	22,832	22,159	21,241	23,867	-1%	2%	6%	-6%	↔	↔	↔	↔								
	Babil	Food Basket	24,473	17,183	22,094	0	25,188	42%	11%	-3%	↔	↔	↔	↔	↔							
		Baghdad	Food Basket	24,513	24,513	24,513	26,284	26,490	0%	0%	-7%	-7%	↔	↔	↔	↔						
			Dahuk	Food Basket	26,675	26,855	26,625	26,478	17,763	-1%	0%	1%	50%	↔	↔	↔	↔					
				Diyala	Food Basket	23,919	22,963	23,075	24,188	24,506	4%	4%	-1%	-2%	↔	↔	↔	↔				
					Kerbala	Food Basket	30,525	25,888	26,422	28,425	27,406	18%	16%	7%	11%	↔	↔	↔	↔			
						Kirkuk	Food Basket	19,818	21,048	30,375	25,018	28,769	-6%	-35%	-21%	-31%	↔	↔	↔	↔		
							Najaf	Food Basket	21,421	21,800	0	0	33,425	-3%				↔	↔	↔	↔	
								Ninewa	Food Basket	22,867	23,836	22,819	21,093	21,421	-4%	0%	8%	7%	↔	↔	↔	↔
									Qadisiyah	Food Basket	25,525	22,206	22,874	0	23,500	15%	14%	9%	9%	↔	↔	↔
Salah al-Din										Food Basket	24,947	24,599	23,431	23,580	25,557	1%	6%	6%	-2%	↔	↔	↔
	Sulaymaniyah									Food Basket	18,888	18,950	20,347	21,215	23,837	0%	-7%	-11%	-21%	↔	↔	↔
		Thi-Qar								Food Basket	27,688	23,788	0	0	20,484	16%			35%	↔	↔	↔
			Wasit							Food Basket	33,513	22,825	22,825	0	19,250	47%	47%	74%	74%	↔	↔	↔

Data not available for Bashtra, Erbil, Missan and Muthanna

Legend (Annex 1 and Annex 2)

Positive changes beyond the defined thresholds are highlighted with a green arrow (↕), while negative changes beyond the defined thresholds are highlighted with a red arrow (↗). Changes within 'normal' values are represented with a yellow arrow (↔) and represent price stability.

