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Market Price Bulletin

WFP VAM | Food Security Analysis

Sierra Leone | January — March 2019

HIGHLIGHTS

The quarterly Sierra Leone Market Price Bulletin provides updates on price changes for staple food commodities in Sierra Leone; terms of trade between wages of unskilled labour and main staple food commodities, and exchanges rates of the Sierra Leonean Leone (SLL). The information in this quarterly market bulletin can be used to guide informed programme and policy decision making by WFP management and other development actors. It can also assist smallholder farmers to plan agricultural and marketing activities accordingly.

To compile the Bulletin, the Vulnerability Analysis and Mapping (VAM) unit of the United Nations World Food Programme (WFP) in Sierra Leone, in collaboration with the Ministry of Agriculture, and Forestry (MAF) collect vital monthly information on variables related to food security monitoring indicators throughout the country. This is the seventh Bulletin and that covers the first quarter January to March 2019.

- The Leone (SLL) currency continues to depreciate throughout the months in the first quarter of 2019 when compared to the United States Dollar (USD). The SLL depreciated by 2 percent when compared to the preceding quarter in 2018 (October-December).
- The Terms of Trade (ToT), analysis revealed the trend of amount of a staple food commodity, the daily wage of an unskilled labourers could purchase decreasing, due to increase in the prices of key staples food across the country.
- The prices of the main staple rice both imported and locally produced increased by 9.7 percent and 22.5 percent respectively when compared to the previous quarter as depicted in annex 1. The increase in the price of rice is because of low yield due to the erratic rainfall pattern in 2018 that lead to poor germination of seeds in the last planting season.

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Figure 1: Purchasing power of low-income earners

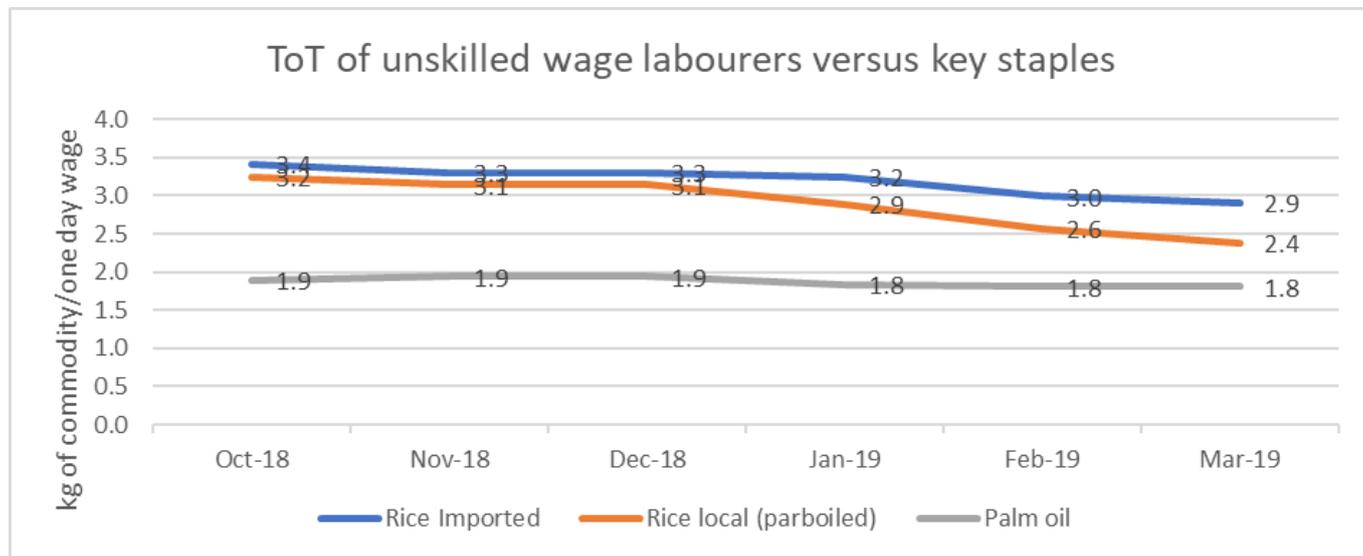


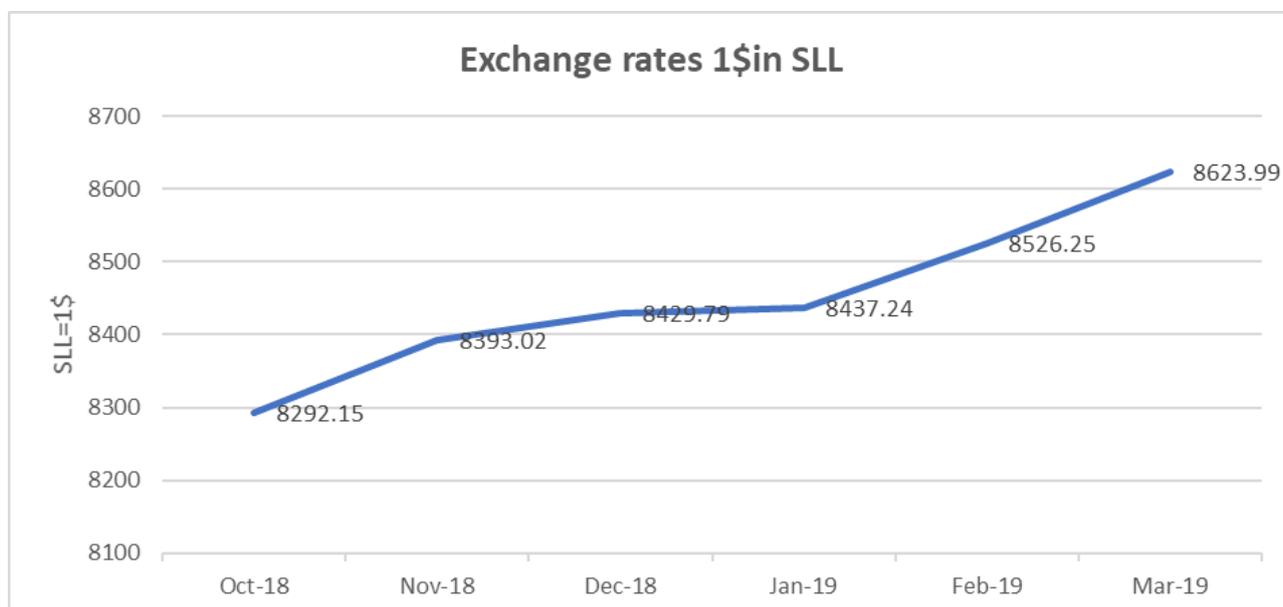
Figure 1 depicts the Terms of Trade (ToT) of daily labour wages to the main Sierra Leonean staple food. The ToT for imported and local rice shows a decreasing trend when compared to the last quarter, this is due to the increase in the price of imported and local rice in the first quarter of 2019 when compared to the preceding quarter (Oct-Dec 2018). In the beginning of the previous quarter, unskilled workers were able to receive about 3.4 kg of local rice in exchange of their wages. The situation deteriorated at the beginning of the first quarter as rice quantity reduced from 3.4 kg to 2.9 kg constituting around 15 percent reduction.

The ToT for palm oil remains relatively stable within the last quarter (October-December) of 2018 and first quarter (January - March) of 2019, although with slight favourable TOT in the last quarter of 2018. The result shows that 1.9 kg of palm oil was exchange for a day earning of unskilled workers in preceding quarter (October -December 2018). But in the first quarter of 2019 it started to slightly reduce by 0.1 kg making the exchange 1.8 kg for a day earning of unskilled workers.

STATUS OF THE ECONOMY

The Leones (SLL) currency depreciated against the United States Dollar by 2 percent, when compared to the last quarter of 2018. The main factors for the fall in the exchange rates was fall in iron ore prices that lead to closure of the two main iron ore companies in the country consequently affected the Gross Domestic Product (GDP) or growth.

Figure 2: Historical exchange rate



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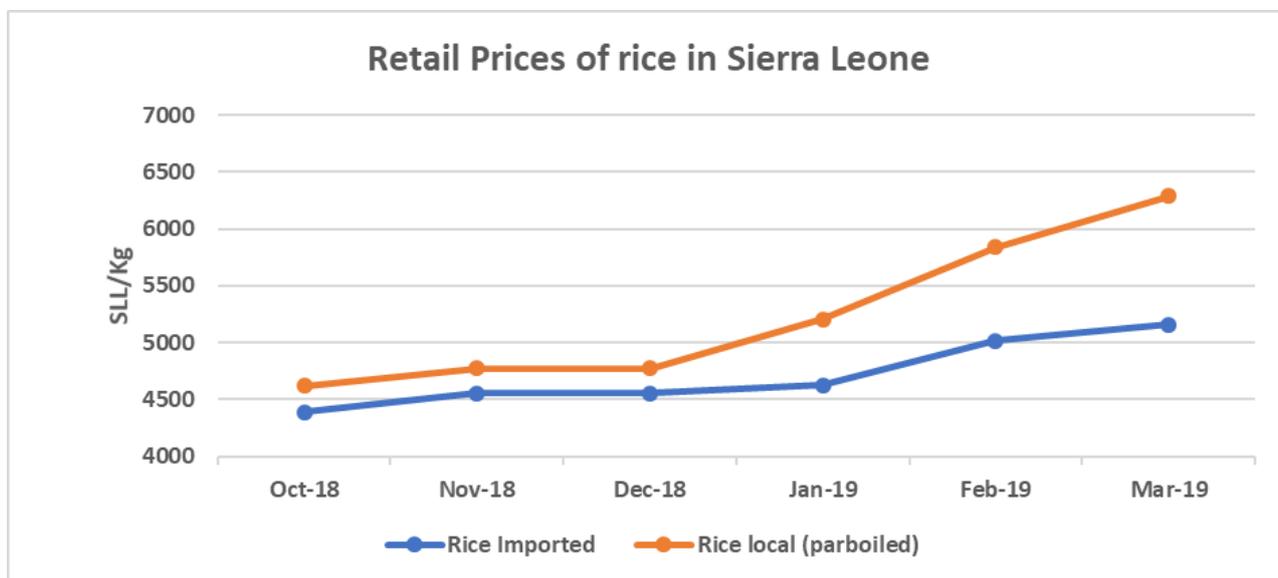
The second factor is dependency of over 70 percent of household's livelihood is farming and largely subsistence as a result, the country cannot feed itself and relied heavily on import for both food and non-food imports. This has led to slow growth in the country and has impacted the SLL negatively. Statistics Sierra Leone computes the national Consumer Price Index (CPI), which is a proxy for inflation. The CPI increased from 257.25 percent in January 2019 to 260.93 percent in February, 2019 resulting in a 1.43 percent increase in inflation rate during February 2019. Although the inflation rate increased in all regions of the country, the highest levels of variance were observed in the West and East, whereas the CPI was less variant in the North and South.

RETAIL PRICE TRENDS

The price of local rice was relatively stable during the last quarter of 2018 because it coincided with the peak of harvest, when compared to first quarter of 2019 with soaring prices across all the districts in the country. This is because the last farming season witnessed a climatic shock mainly the erratic rainfall pattern that affected the germination of rice and lead to poor yield and harvest. As a result, food stock of the small holder farmers depleted earlier than usual and forced them to rely heavily on market purchase for rice. At the national level, price of local rice increased by an average of 22.5 percent when compared to the last quarter of 2018. All the districts recorded a high increase in prices of rice amongst; Kono district recorded the highest increase by 28.3 percent followed by Kenema district by 27.3 percent. The main reason for high increase in the price of local rice in these two districts is as a result of poor harvest due to the climatic shocks that affected the yield of smallholder farmers negatively. Also, the predominant livelihood in these two districts is mining and always has the potential to increase the demand for rice.

The average price of imported rice also increased across the country, with a national increase of about 9.7 percent compared to the previous quarter. The highest increase at the district level was recorded in Kenema (16.5percent) followed by Bo (11.8 percent) and Kono (11.2 percent). The increase in the price of imported rice is correlated with the high demand by households for both domestic consumption and supporting their mining activities.

Figure 3: Retail price of local and imported rice

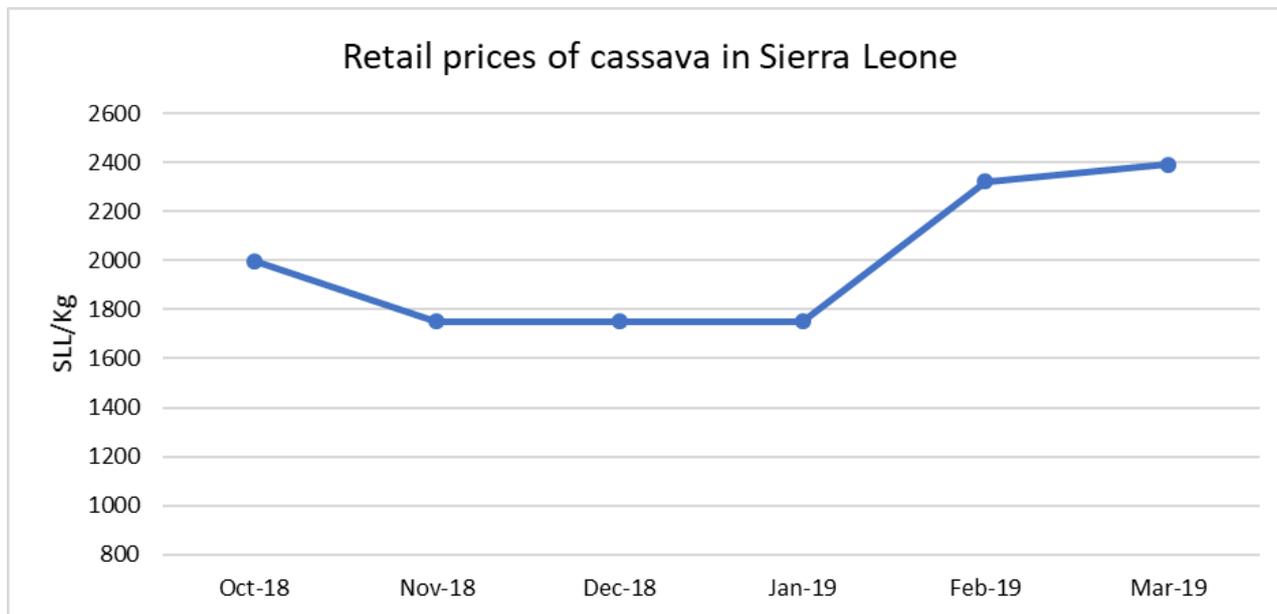


Retail price of cassava:

The average price of cassava increased nationally by 17.6 percent when compared to the last quarter of 2018. This is linked to the high demand for cassava as it serves as a close substitute to rice. Always an increase in the price of rice will lead to a high demand for cheaper cassava price. The highest increase in the price of cassava was recorded in Pujehun district (37.5 percent) followed by Tonkolili district (32.6 percent) and Bombali district (18.5 percent).

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Figure 4: Retail price of cassava

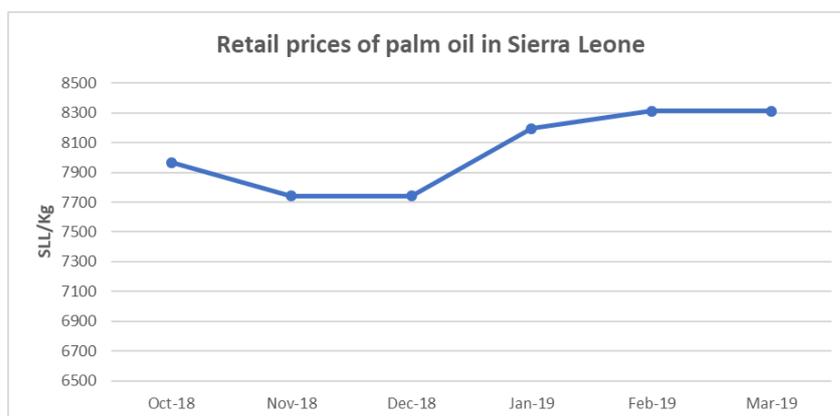


Retail price of palm oil:

The average price of palm oil increased by 5.8 percent at national level, when contrasted with prices of preceding quarter in 2018. This is an indication of decrease in availability of palm oil as a result of high domestic demand as well as high demand from neighbouring Guinea.

The highest increase in the price of palm oil was recorded in Port Loko (18.6 percent) followed by Kenema district (9.6 percent) and Tonkolili district (8.1 percent).

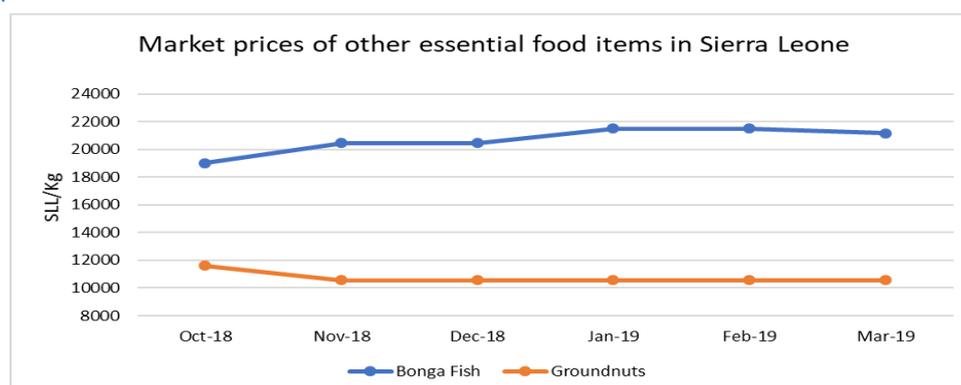
Figure 5: Retail price of palm oil



Retail price of other essential food items Commodities :

Fish (bonga) and groundnuts are typical items in the food basket of Sierra Leoneans. Due to limited access to fish, it is used sparingly as a condiment. The price of fish increased by 7.1 percent compared to last quarter, which is likely due to a low supply of fish in local markets. The highest increase was reported in Bombali (15.0 percent) followed by Bo district (14.8 percent) and Kenema district (11.7 percent). The price of shelled groundnut remained relatively stable across the country, with a slight decrease of 3.2 percent nationally when compared to the previous quarter.

Figure 6: Retail price of other essential food items Commodities



RETAIL PRICES OF FOOD COMMODITIES IN MARCH 2019

Major Commodities	Markets	Current Prices (March 2019) /KG		% Change Over			Change Direction		
		SLL	USD	1M	3M	6M	1M	3M	6M
Rice imported medium quality	National	5,158	0.59	2.8%	4.6%	9.4%	▶	▶	▲
	Bo	5,100	0.59	4.1%	6.3%	12.2%	▶	▲	▲
	Bombali	5,200	0.60	2.0%	4.7%	10.1%	▶	▶	▲
	Bonthe	5,200	0.60	0.0%	3.3%	7.3%	▶	▶	▲
	Freetown	4,900	0.56	0.0%	3.5%	8.3%	▶	▶	▲
	Kailahun	4,900	0.56	0.0%	0.0%	1.4%	▶	▶	▶
	Kambia	4,950	0.57	0.0%	3.1%	8.6%	▶	▶	▲
	Kenema	5,500	0.63	7.8%	7.8%	16.1%	▲	▲	▲
	Koinadugu	5,300	0.61	2.9%	4.5%	9.4%	▶	▶	▲
	Kono	5,400	0.62	8.0%	8.0%	13.7%	▲	▲	▲
	Moyamba	4,900	0.56	0.0%	2.8%	6.3%	▶	▶	▲
	Port Loko	4,900	0.56	0.0%	3.1%	6.8%	▶	▶	▲
	Pujehun	5,300	0.61	3.9%	5.3%	9.9%	▶	▲	▲
	Tonkolili	5,500	0.63	7.8%	6.5%	12.0%	▲	▲	▲
Rice local parboiled	National	6,292	0.72	7.7%	8.9%	19.8%	▲	▲	▲
	Bo	6,500	0.75	8.3%	12.7%	24.4%	▲	▲	▲
	Bombali	6,300	0.72	7.7%	10.2%	20.0%	▲	▲	▲
	Bonthe	6,500	0.75	4.8%	7.7%	18.7%	▶	▲	▲
	Freetown	6,750	0.77	7.1%	7.4%	15.9%	▲	▲	▲
	Kailahun	6,300	0.72	6.8%	8.0%	18.4%	▲	▲	▲
	Kambia	6,000	0.69	9.1%	8.1%	17.6%	▲	▲	▲
	Kenema	6,500	0.75	8.3%	8.3%	21.3%	▲	▲	▲
	Koinadugu	6,500	0.75	6.6%	8.3%	18.4%	▲	▲	▲
	Kono	6,000	0.69	9.1%	7.8%	21.2%	▲	▲	▲
	Moyamba	6,000	0.69	17.6%	13.2%	24.0%	▲	▲	▲
	Port Loko	6,000	0.69	3.4%	7.1%	19.9%	▶	▲	▲
	Pujehun	6,250	0.72	5.9%	8.1%	19.2%	▲	▲	▲
	Tonkolili	6,200	0.71	6.9%	8.8%	19.5%	▲	▲	▲
Palm oil	National	8,312	0.95	0.0%	0.5%	3.3%	▶	▶	▶
	Bo	7,800	0.90	0.0%	1.3%	2.8%	▶	▶	▶
	Bombali	8,000	0.92	0.0%	0.8%	3.1%	▶	▶	▶
	Bonthe	8,500	0.98	0.0%	-1.9%	-0.9%	▶	▶	▶
	Freetown	9,500	1.09	0.0%	0.0%	1.5%	▶	▶	▶
	Kailahun	7,500	0.86	0.0%	0.0%	1.5%	▶	▶	▶
	Kambia	8,000	0.92	0.0%	0.0%	0.5%	▶	▶	▶
	Kenema	9,000	1.03	0.0%	0.0%	4.6%	▶	▶	▶
	Koinadugu	8,250	0.95	0.0%	0.0%	2.5%	▶	▶	▶
	Kono	8,500	0.98	0.0%	0.0%	3.6%	▶	▶	▶
	Moyamba	8,500	0.98	0.0%	0.0%	2.9%	▶	▶	▶
	Port Loko	8,500	0.98	0.0%	2.0%	10.4%	▶	▶	▲
	Pujehun	8,000	0.92	0.0%	2.1%	5.4%	▶	▶	▲
	Tonkolili	8,000	0.92	0.0%	2.1%	6.1%	▶	▶	▲

1M= One month

3M= Three months (average)

6M= Six months (average)

1Y= One year (average)

▲ Price increase above normal price fluctuation

▼ Price decrease above normal price fluctuation

▶ Normal price fluctuations

RETAIL PRICES OF FOOD COMMODITIES IN MARCH 2019

Major Commodities	Markets	Current Prices (March 2019) /KG		% Change Over			Change Direction		
		SLL	USD	1M	3M	6M	1M	3M	6M
Bonga	National	21,162	2.43	3.4%	-1.1%	2.3%	▲	▲	▲
	Bo	22,000	2.53	12.8%	0.0%	6.9%	▲	▲	▲
	Bombali	23,000	2.64	9.5%	0.0%	7.0%	▶	▶	▲
	Bonthe	20,000	2.30	6.4%	3.4%	6.3%	▼	▼	▼
	Freetown	18,500	2.12	6.3%	0.0%	3.9%	▼	▼	▼
	Kailahun	25,000	2.87	-7.4%	-6.3%	-5.4%	▶	▶	▲
	Kambia	18,000	2.07	-7.7%	-10.0%	-7.7%	▲	▲	▲
	Kenema	23,000	2.64	9.5%	0.0%	5.5%	▶	▶	▲
	Koinadugu	25,000	2.87	2.9%	0.0%	2.8%	▼	▶	▼
	Kono	22,000	2.53	0.0%	0.0%	0.2%	▲	▲	▲
	Moyamba	18,600	2.14	3.3%	0.0%	1.8%	▲	▼	▼
	Port Loko	20,000	2.30	5.3%	0.0%	3.9%	▲	▲	▲
	Pujehun	18,000	2.07	2.9%	0.0%	2.1%	▼	▼	▼
Tonkolili	22,000	2.53	4.8%	0.0%	4.3%	▲	▼	▲	
Cassava	National	2,392	0.27	36.7%	11.0%	20.0%	▲	▶	▶
	Bo	2,800	0.32	40.0%	15.1%	23.5%	▼	▼	▼
	Bombali	2,300	0.26	31.4%	8.7%	17.8%	▶	▲	▲
	Bonthe	2,400	0.28	41.2%	18.0%	25.8%	▼	▲	▼
	Freetown	2,700	0.31	12.5%	3.8%	4.9%	▲	▲	▲
	Kailahun	2,100	0.24	23.5%	6.8%	12.5%	▼	▼	▼
	Kambia	2,500	0.29	42.9%	11.1%	20.5%	▲	▶	▼
	Kenema	2,000	0.23	25.0%	7.1%	13.7%	▲	▲	▲
	Koinadugu	2,500	0.29	38.9%	13.6%	23.0%	▼	▼	▼
	Kono	2,400	0.28	50.0%	12.5%	24.7%	▲	▼	▲
	Moyamba	2,400	0.28	26.3%	7.5%	14.3%	▲	▼	▼
	Port Loko	2,300	0.26	43.8%	11.3%	22.7%	▼	▶	▲
	Pujehun	2,300	0.26	58.6%	14.0%	32.1%	▲	▲	▲
Tonkolili	2,400	0.28	60.0%	14.3%	30.3%	▲	▶	▼	
Groundnut (Shelled)	National	10,554	1.21	0.0%	0.0%	-1.6%	▼	▼	▼
	Bo	10,990	1.26	0.0%	0.0%	-2.2%	▼	▼	▼
	Bombali	9,888	1.14	0.0%	0.0%	0.5%	▼	▼	▲
	Bonthe	10,451	1.20	0.0%	0.0%	-0.1%	▲	▲	▲
	Freetown	10,500	1.21	0.0%	0.0%	-3.6%	▼	▼	▼
	Kailahun	11,633	1.34	0.0%	0.0%	-2.6%	▼	▼	▼
	Kambia	10,543	1.21	0.0%	0.0%	1.2%	▲	▲	▲
	Kenema	11,240	1.29	0.0%	0.0%	-1.8%	▲	▶	▲
	Koinadugu	10,500	1.21	0.0%	0.0%	2.2%	▲	▶	▲
	Kono	10,614	1.22	0.0%	0.0%	-0.3%	▲	▲	▲
	Moyamba	10,155	1.17	0.0%	0.0%	-2.3%	▲	▲	▼
	Port Loko	9,900	1.14	0.0%	0.0%	-4.7%	▲	▲	▲
	Pujehun	11,574	1.33	0.0%	0.0%	-2.0%	▲	▶	▲
Tonkolili	9,216	1.06	0.0%	0.0%	-5.3%	▲	▶	▲	

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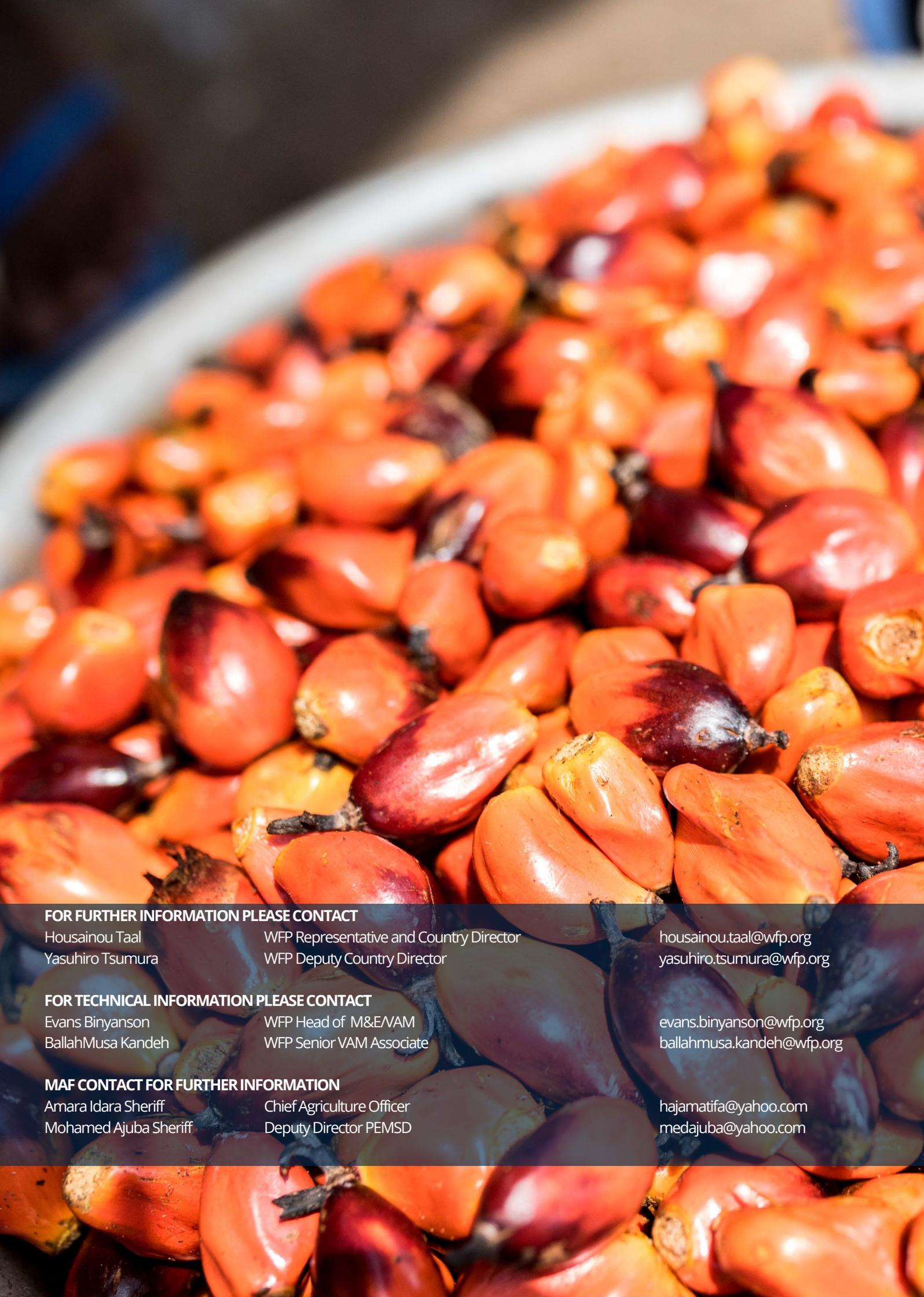
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