

Key points

In the month of March, the prices of local cereals, imported food items, fruits and vegetables increased compared from the January to February period due to effects of drought, high global prices and increased fuel prices leading to high transport prices.

Compared with the same period one year ago, the price of the food MEB increased in all the regions, with the largest surge recorded in Bay 93%, Bakool 75%, Mudug 64%, Middle Juba 61% and lower Shabelle 61%.

In the last three months, the price of the food MEB increased in all the regions except Sool and Hiraaan, where it decreased by 6% and 8% respectively. The largest increase was recorded in Mudug 38%.

Increased global oil prices have caused spikes in the costs of petrol and diesel in the country and March pump prices doubled compared with February in downstream markets of south central regions.

The terms of trade for goats against imported rice and wheat flour decreased in March compared to February (by 7% and 8% respectively), and were at their lowest level in the last one year.



Figure 1: A stall at Bass IDP Camp (Kismayo), Somalia April 2022



Consumer Price Index

Consumer Price Index (CPI) March 2022 report published by FGS department of statistics indicates a monthly increase of CPI by (1.80%). All Groups CPI was 129.92 March 2022, compared with 127.61 February 2022. In addition, the annual inflation rate over the twelve-month period, from March 2021 to March 2022 is 6.08%. The most significant monthly price increase was food and non-alcoholic beverages (+2.68%) and transport (+1.79%).

CPI increment rates are lower than food prices because prices of non-essentials like household furnishings and narcotics are decreasing. The weighted contribution of food and non-alcoholic beverages group in the overall CPI has increased from 135.01 indices in February 2022 to 138.63 in March 2022, registering an increase of 2.68%; while it increased in March 2022 by 11.97% over March 2021.

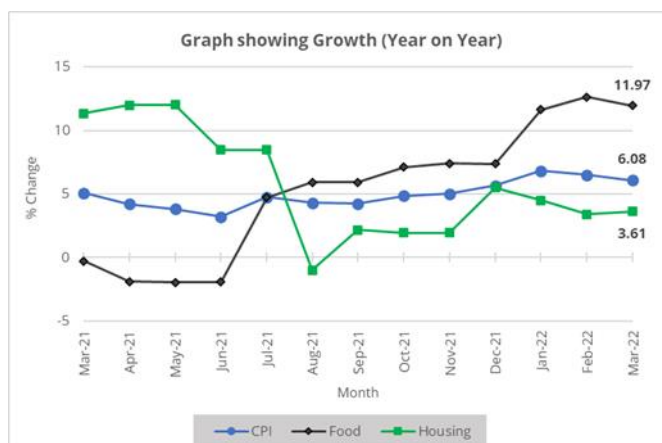


Figure 2: Graph showing CPI growth Year on Year



Food minimum expenditure basket

In comparison with the last month, the price of the food MEB has increased in all regions in March compared to February except in Sool region. The regions where the food MEB have recorded monthly increases of more than 10% are Mudug (30%), Bay (18%), Banadir (14%), Bakool (12%) and Middle Juba (10%). In addition, the food MEB national average was \$121 hitting the highest mark in the last 5 Years.

In the last three months, the price of the food MEB increased in all the regions except Hiraaan and Sool that decreased by 8% and 6% respectively. The largest increment in the last three months was recorded in Mudug (38%) followed by Bay (32%).

In comparison with six months ago, the price of the food MEB has increased in all the regions. The largest increases (>30%) are recorded in Bay (67%), Banadir (45%) Mudug and Middle Juba (31%).

Compared with the same period one year ago, the price of the food MEB increased in all the regions, with the largest increments (>50%) recorded in Bay (93%), Bakool (75%), Mudug (64%), Middle Juba (61%) and Lower Shabelle (61%).

Compared with the 5-year average, the price of the food MEB increased in all the regions except Sool (where it decreased by 3%). Regions which recorded significant increments were Bay, Bakool, Lower Shabelle, Middle Juba and Lower Juba with increases of 113%, 80%, 65%, 63% and 49% respectively.

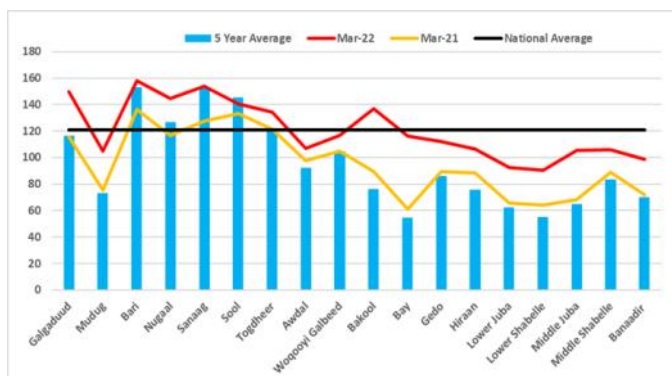


Figure 3: showing the price of the food MEB trends regionally

Port data Bossaso (exports and imports)

In March, the total livestock exported reached 133,852 heads. Compared to 88,926 last month this is an increase of 51%, while compared to the same period last year (2021) it is a decrease of 7%. In comparison with the 5-year average (2017–2021), total livestock exports increased by 13%.

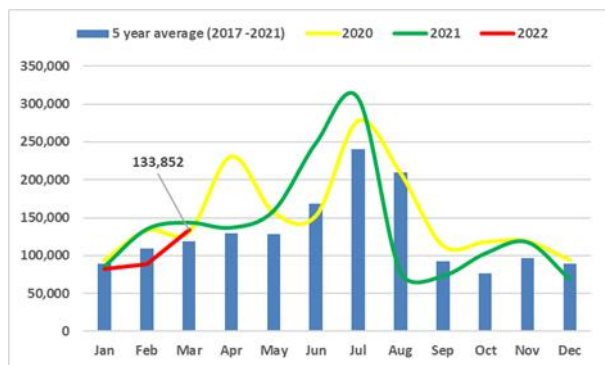


Figure 4: Bossaso livestock exports (Heads)
Source: Bossaso Port Authorities

Food imports increased in March by 13% compared to the previous month, however decreased slightly by 1 % compared to the same period of the previous year. The significant increases in food imports are due to below-average harvest of local cereals and below average rains in the last three consecutive seasons.

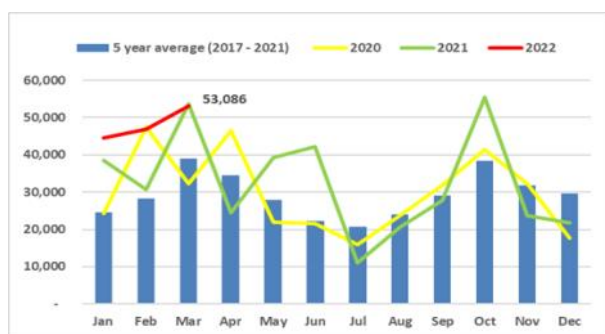


Figure 5: Bossaso food imports (MT)
Source: Bossaso Port Authority

National fuel prices

In Mogadishu, the March diesel prices doubled compared to the same period last year, February (2021) and increased by 54% compared with last month (February). Also, compared with the same period five-year average, the fuel prices have significantly increased by 70%. (See trends in Figure. 6).

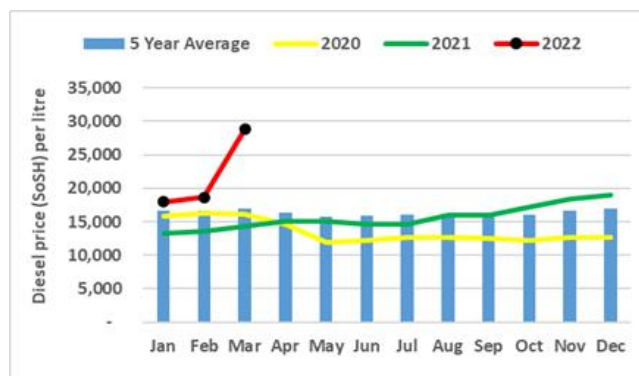


Figure 6: Mogadishu fuel trends

Terms of Trade - (Local goat against rice and wheat flour)

The terms of trade for goats against imported rice and wheat flour were lower in March as compared to February levels by 7% and 8% respectively following a gradual increase in the average retail prices for imported rice and wheat flour. Generally, revenue from the sale of a goat in March would purchase less imported rice and wheat flour by 4 kgs and 5 kgs compared to February, affecting negatively food access in pastoral livelihood zones.

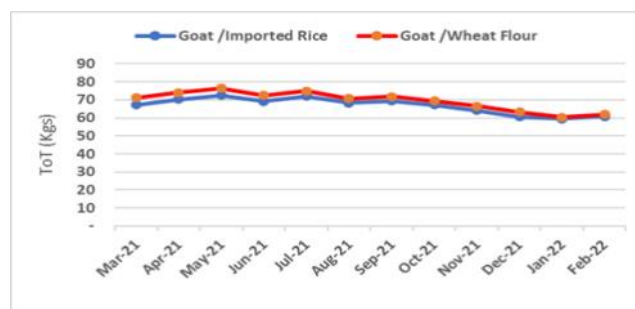


Figure 7: Terms of Trade trends nationally
Source: FSNAU

Terms of Trade - (Daily wage labour against rice and wheat flour)

The terms of trade for wage labour against imported rice and wheat flour were lower in March as compared to February levels by 3% and 4% respectively. Also, this is the lowest in the last 12 months. This is attributed to diminishing unskilled labour opportunities especially in the agropastoral and riverine areas due to effects of drought.

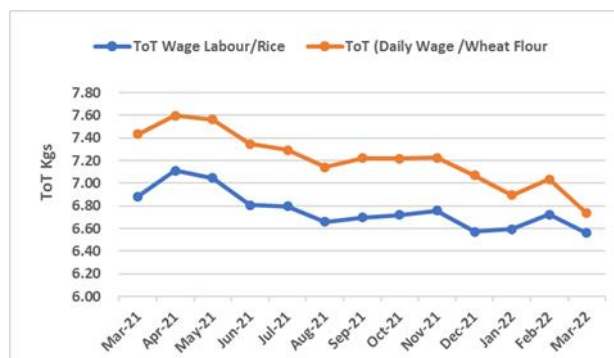


Figure 8: Terms of Trade trends nationally
Source: FSNAU

Local cereals

In the month of March, local cereal (white maize and red sorghum) prices increased in most markets throughout the country, especially in South Central regions. The production regions of Bay and Bakool recorded the highest monthly increments of between 14% and 19% for red sorghum.

Also, yearly comparisons are showing significant increases especially in the South Central regions where prices have more than doubled in Bay, Bakool and Mudug regions. This is due to effects of drought and reduced availabilities from the below-average cereal production in 2020 and 2021. In addition, local cereals prices are expected to be increasing throughout to the first half of 2022.

Imported food items

In March, imported food items such as rice sugar, wheat flour, vegetable oil and pasta exhibited mild monthly increases (3% - 28%), except vegetable oil prices that increments were relatively higher compared to other imported food items.

For instance, in Mogadishu vegetable oil prices increased by 28% compared to February. Other locations that recorded higher vegetable oil prices increments, include Beletweyne (24%) and Jowhar (15%).

Compared to one year ago, prices have significantly increased, vegetable oil prices have doubled in locations such as Mogadishu and Kismayo reflecting global trends. Annual vegetable oil increments are higher throughout the country.

The increments of imported food items is due to a combination of factors such as increasing global prices, increased transport costs due to fuel increases and increased demand related to onset of the holy month of Ramadan.

Global commodity and oil price trends

Both Ukraine and Russia are critical players in global wheat and maize markets, ranging among the top five exporters globally for both commodities. Together, the two countries supply 30 percent of wheat and 20 percent of maize to global markets. In addition, Russia and Ukraine are key exporters for sunflower oil, accounting for more than three-quarters to international markets.

The Russian military invasion has brought shipments from Ukraine to a halt and paused Russian grain deals, amidst uncertainty around sanctions. An estimated 13.5 million tons of wheat and 16 million tons of maize are frozen in the two countries – 23 and 43 percent of their expected exports in 2021/22.

In more than 40 countries with WFP operations, imported cereals such as wheat and maize account for 30 percent or more of dietary energy.

While the international vegetable oil prices have been on the rise since early 2021, the Ukraine crisis fuelled an additional price increase fears in Eastern Africa given that over 70 percent of total global production of sunflower oil is from Russia and Ukraine as the ministry of agriculture official confirms the close of three ports in Ukraine. Also, price of palm oil increased in the wake of Ukraine conflict, as many countries turned to alternatives to compensate. Indonesia, the world's top producer – accounting for more than half of the global palm oil supply – announced that it will ban palm oil exports to stabilise soaring domestic prices. This will exacerbate the rising vegetable oil prices, especially for countries that depend fully on imported vegetable oil.

Global crude oil prices were at a very high level before the Russian invasion, after increasing by 50 percent in 2021 amidst demand during recovery from the COVID-19 pandemic combined with limited supply. Following the Russian invasion, crude oil prices soared to a 14-year high. Also, Russia's oil supply to global markets is severely disrupted. With global oil supply at its limits, Russian supply disruptions could keep global oil prices elevated.

Soaring international fuel prices increase already pressured global grain prices, thereby aggravating the repercussions for food security. In addition, Russia is a leading exporter of fertilizers globally, hence rising input costs in turn could impact the next season's harvest, leading to elevated food prices in the longer run.

High global energy prices can lead to increasing food insecurity around the world. By pushing up local inflation, high costs of imported energy reduce purchasing power and poor households' access to food.

International Commodity Prices

▼ Hover for historical data

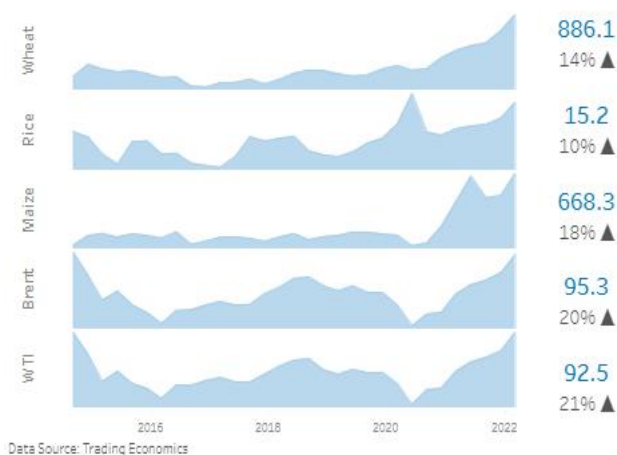


Figure 9: International Commodity and Oil Prices Trends
Source: Trading Economics



Possible impacts of the market situation on WFP Somalia operations

- ◆ The significant rise in fuel prices further increases the cost of WFP operations, both through food prices and supply chain-related fuel costs, including land transportation, aviation including airlifts and WFP facilities.
- ◆ Soaring international fuel prices combined with Ukraine Russia conflict will lead to high prices for imported food items especially vegetable oil, wheat flour and related items such as pasta thereby aggravating the repercussions for food security, weakening households purchasing power, inflation and pushing up caseloads.
- ◆ High food prices in the country are expected to persist in areas affected by drought. The urban poor and IDPs will be especially affected, given their high reliance on markets for food.
- ◆ Monthly price monitoring of essential food and non-food items continues, and any significant price increase might trigger a localized review of the cash transfer values to ensure households meet their essential food needs.

Resources

WFP Prices database: https://dataviz.vam.wfp.org/economic_explorer/prices

FAO GIEWS food prices database: [FPMA Tool \(fao.org\)](https://www.fao.org/fpma/)

Somalia National Bureau of Statistics: <https://www.nbs.gov.so/consumer-price-index-cpi-march-2022/>

Food Security and Nutrition Analysis Unit, FSNAU: <https://www.fsnau.org/sectors/markets>

Trading economics: [Brent crude oil - 2022 Data - 1970-2021 Historical - 2023 Forecast - Price - Quote](https://tradingeconomics.com/) (tradingeconomics.com)

Regional analysis on the Implications of Ukraine Conflict on Food Access and Availability in the Eastern Africa Region: [DataViz - Ukraine](https://dataviz.vam.wfp.org/economic_explorer/reports) (wfp.org)

WFP Global Market Monitor: https://dataviz.vam.wfp.org/economic_explorer/reports

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