

Key points

In the month of May, the prices of local cereals, imported food items increased compared to April period due to effects of drought, high global prices, increased demand and high fuel prices leading to high transport prices.

Despite the drought conditions in May, the total Bossaso livestock exported reached 158,618 heads, compared to 130,503 in the previous month of April recording a monthly increase of 22%.

Food imports decreased in May by 5% compared to the previous month, however increased by 27% compared to the same period of the previous year.

In the capital Mogadishu, May diesel prices decreased by 8% compared to April, however, increased significantly by 69% compared to the same period last year. Also, compared with the start of the year (January) prices have increased by 42%. In addition, since end of May, there is shortage of Jet A1 fuel in Mogadishu.



Figure 1: A stall at Bass IDP Camp (Kismayo), Somalia April 22



Consumer Price Index

Consumer Price Index (CPI) April 2022 report published by FGS department of statistics indicated a monthly increase of CPI by (2.29%). All Groups CPI was 132.90 April 2022, compared with 129.92 March 2022. In addition, the annual inflation rate over the twelve-month period, from April 2021 to April 2022 is 6.45%. The most significant monthly price increase was food and non-alcoholic beverages (11.92%).

CPI increment rates were 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 138.63 indices in March 2022 to 142.90 in April 2022, registering an increase of 3.08; while it increased in April 2022 by 11.92% over April 2021.

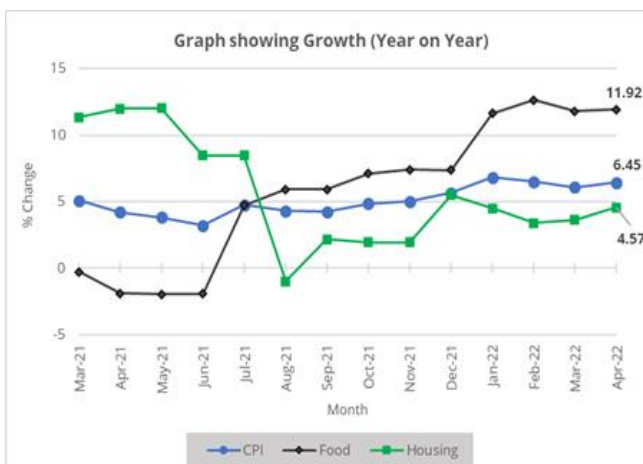


Figure 2: Graph showing CPI growth Year on Year



Food minimum expenditure basket

Food MEB has increased in all regions except Middle Juba, Banaadir, Bakool and Lower Juba that recorded minimal decreases (<3%) in April compared to March. The regions where the food MEB have recorded monthly increases of more than 10% are Middle Shabelle (11%) and Nugaal (10%). In addition, the food MEB national average was \$125, hitting the highest mark in the last 5 Years and an increase of 3% compared to March national average.

In the last three months, the price of the food MEB increased in all the regions except Awdal region that decreased by 15%. The largest increment in the last three months was recorded in Mudug (38%), Bay (22%) and Bakool (21%).

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 (66%), Mudug (46%) Lower Shabelle and Banaadir (39%).

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 (97%), Bakool (52%), Lower Shabelle (51%) and Middle Juba (50%).

Compared with the 5-year average, the price of the food MEB increased in all the regions. Regions which recorded significant increments were Bay, Lower Shabelle, Bakool and Middle Juba with increases of 110%, 65%, 60%, and 51% respectively.

Note: CPI, MEB, and TOT of May, will be available in late June, so they are not captured in this report.

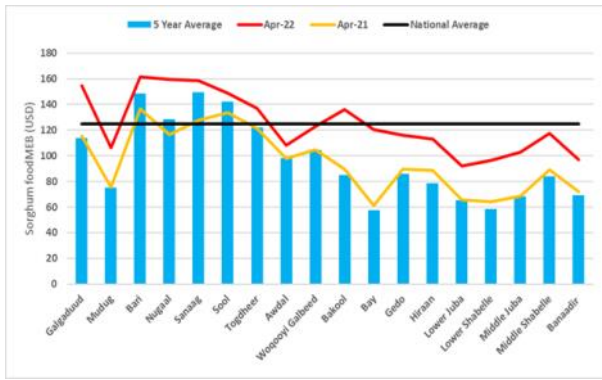


Figure 3: showing the price of the food MEB trends regionally

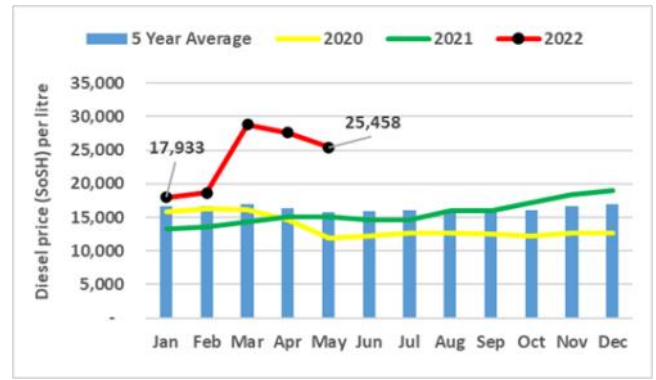


Figure 6: Mogadishu fuel trends

Anchor Bossaso Port Data (exports and imports)

In May, the total livestock exported reached 158,618 heads. Compared to 130,503 last month this is a monthly increase of 22%, while compared to the same period last year decreased slightly by 1% (750 heads). In comparison with the 5-year average (2017 -2021), total livestock exports increased by 23%.

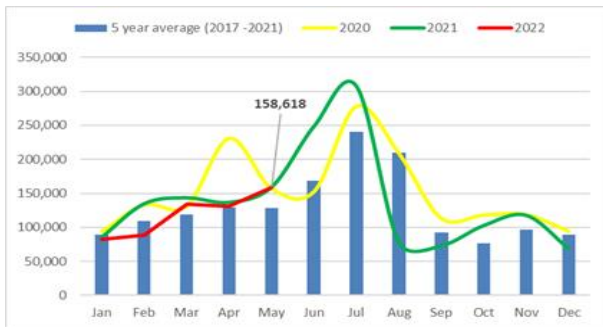


Figure 4: Bossaso livestock exports (Heads)
Source: Bossaso Port Authorities

Food imports decreased in May by 5% compared to the previous month, however increased by 27% compared to the same period last year. In comparison with the 5-year average (2017-2021), food imported decreased by 10%. The decrease in imports is due to high import volumes in March and decreasing demand due to decreasing purchasing power of households



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

Gas National fuel prices

In Mogadishu, the May diesel prices decreased by 8% compared to April, however, increased significantly by 69% compared to the same period last year. Compared with the start of the year (January) prices have jumped by 42%. Also, compared with the same period five-year average, the fuel prices have significantly increased by 62%. (See trends in Figure. 6).

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

The terms of trade for goats against imported rice and wheat flour increased minimally in April as compared to March levels by 2% and 0.5% respectively following an increase in the average retail prices for local quality goat. Local goat prices are increasing throughout the country due to limited availability of saleable animals. Generally, revenue from the sale of a goat would purchase slightly higher wheat flour despite price increases of wheat flour in April.

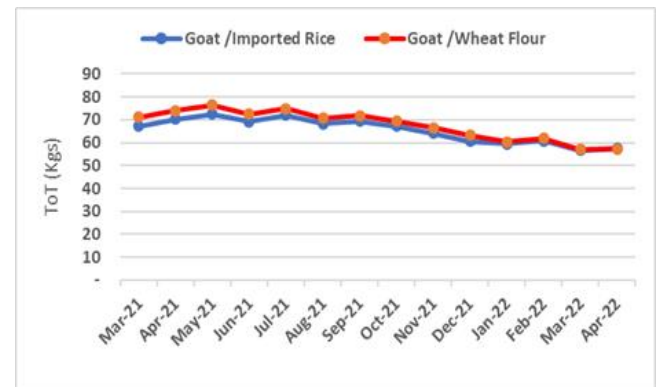


Figure 7: Terms of Trade trends nationally
Source: FSNAU

Upward arrow 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 April as compared to March levels by 3% and 2% 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 and high prices of farm inputs.

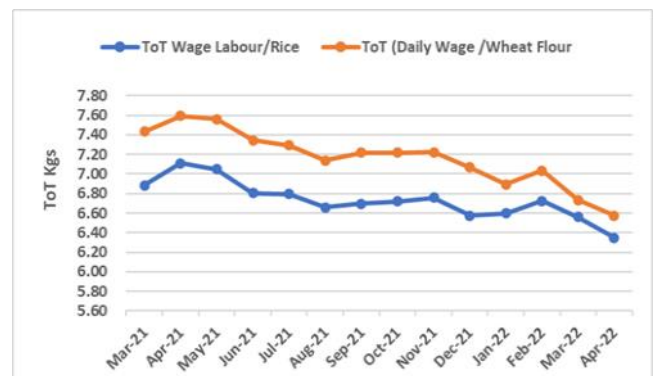


Figure 8: Terms of Trade trends nationally
Source: FSNAU

Local cereals

In May, local cereal (white maize and red sorghum) prices either remained unchanged as from last month or recorded slight increases in most markets throughout the country but are high. However, in South Central regions, especially in the production regions of Hiraan (Riverine), Bay and Bakool prices of red beans and maize increased mildly (5% to 10%) due to increased demand. For instance, in Balcad, maize prices increased by 10% in May compared to April. However, in the northwest markets of Borama and Hargeisa white maize remained the same, likewise in the northeast markets of Bossaso, Qardho and Garowe maize prices remained the same as last month of April.

Yearly comparisons are showing significant increases especially in the South-Central production regions where prices have almost doubled, increasing by 18% to 42%. For instance, in the capital Mogadishu, Baidoa and Dhuusamarreb white maize prices increased yearly by 63%, 45% and 30% respectively per Kg. Red sorghum is following the same trend, for instance, it increased by 43% and 60% in Beletweyne and Balcad respectively. This is due to cumulative effects of drought and reduced availabilities from the below-average cereal production in 2020, 2021 and early 2022. In addition, local cereals prices are expected to remain high throughout the third quarter of 2022.

Imported food items

In May, imported food items such as rice sugar, wheat flour, vegetable oil and pasta exhibited minimal monthly changes $<\pm 5\%$ compared to April. However, compared to same period one year ago, vegetable oil and wheat flour prices have significantly increased by 23% to 150%. Vegetable oil prices have significantly increased throughout Somalia and more than doubled in some markets particularly downstream markets. For instance, in Mogadishu, Hargeisa, Bossaso and Doolow vegetable oil prices increased by 114%, 92%, 79% and 40% respectively compared to April 2021.

The increments of imported food items are due to a combination of factors such as increasing global prices, increased transport costs as a result of fuel increases and global trends due to Ukraine/Russia conflict. This is most prominent for wheat and its derivatives such as pasta.

Global commodity and oil

In May, the FAO Cereal Price Index increased by 2.2% from the previous month of April, led by wheat prices, which were up 5.6% from April and 56.2% from their corresponding value a year earlier. International wheat prices are increasing in response to an export ban announced by India and concerns over crop conditions in several leading exporting countries and reduced production prospects in Ukraine due to the war. In addition, international rice prices increased across the world. However, maize prices decreased by 3% due to slightly improved crop conditions in the United States of America, seasonal supplies in Argentina and the imminent start of Brazil's main maize harvest.

The FAO Vegetable Oil Price Index decreased by 3.5% in May, however it is higher than previous year levels. Prices dropped for palm, sunflower, soy, and rapeseed oils, due in part to the removal of Indonesia's short-lived export ban on palm oil and sluggish global import demand for soy and rapeseed oils in view of elevated costs in recent months.

Petroleum oil prices have been pushed higher this year as economies recovered from the pandemic, while Russia's invasion of Ukraine disrupted trade flows and caused further tightening. Increased global prices will be reflected in higher in-country costs of petrol and diesel, reducing economic access to fuel, and resulting in increased transport and production costs. Moreover, increased production and transport costs will be reflected in higher food prices in local markets, which will further constrain consumers' purchasing power and access to food.

As a result of the increasing prices of imported commodities and higher petroleum oil prices combined with effects of drought prices of food commodities will continue to rise in Somalia, mainly affecting the most vulnerable households that rely on the markets for their food.

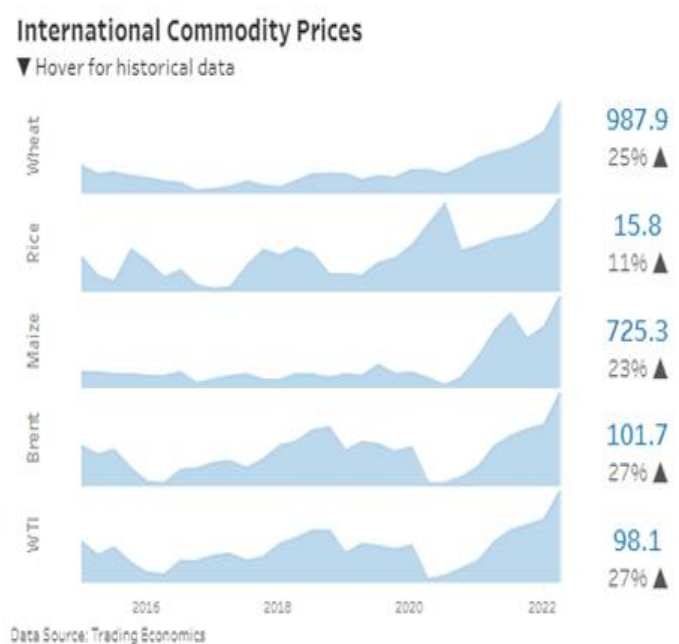


Figure 9: International Commodity and Oil Prices Trends
Source: Trading Economics



Possible impacts of the market situation on WFP Somalia operations

- ◆ The minimal May fuel price decreases will maintain high the cost of WFP operations, both through food prices and supply chain-related fuel costs, including land transportation, aviation/airlifts and WFP facilities.
- ◆ Rising prices of local cereals and scarcity are posing a major threat to food security in the country already facing drought conditions and fourth consecutive below average rains. This will have direct implications on the cost of WFP pipeline which will increase due to increased needs/affected population (Around 7 million are in need of urgent humanitarian assistance– May IPC Update).
- ◆ High food prices in the country are expected to persist in areas affected by drought and likely through to the last quarter of the year. The urban poor, IDPs and pastoral communities will be especially affected, given their high reliance on markets and preference of imported food items.
- ◆ Electricity and transportation costs have spiked since the start of Ukraine - Russia conflict. Small-scale farmers relying on irrigation powered by small diesel engines especially in the Riverine have also been affected. This shock compounds the worrying security situation amid a severe drought.

Resources

May Integrated Food Security Phase Classification: <https://dataviz.vam.wfp.org/version2/reports>

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

FAO GIEWS food prices database: FPMA Tool (fao.org)

FAO Food situation / FAO Food Price Index: <https://www.fao.org/worldfoodsituation/foodpricesindex/>

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 (tradingeconomics.com)

Regional analysis on the Implications of Ukraine Conflict on Food Access and Availability in the Eastern Africa Region: DataViz - Ukraine (wfp.org)

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

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