



World Food Programme

SAVING LIVES
CHANGING LIVES

Market Monitor

Sri Lanka - June 2022

KEY HIGHLIGHTS

- ✓ **Overall inflation continued to increase to 58.9%** in June from 45.3% in May.
- ✓ **Food inflation reached record highs of 75.8%** compared with the previous month and up by +14.2% from May 2022. This was driven by price increases for rice, vegetables, fresh fish and sugar. **Non-food inflation increased to 43.6%** from 34.2% in May.
- ✓ Prices of all **local rice varieties have increased by Rs. 35.00-45.00/kg**. The highest price increase recorded this month was at 20% for Nadu grade 1. Despite the maximum retail price imposed by the Consumer Affairs Authority in May, the price of all rice varieties continues to increase at many market retailers across the country. *(Rice retail price recorded by HARTI)*
- ✓ **Lentils now cost three times more** than in June 2021.
- ✓ The price of **sugar has seen an increase of a third of its price** from last month.
- ✓ **Record fuel prices** have caused severe supply chain and market disruptions, increasing pressures on domestic and imported commodity prices.



FOOD INFLATION (NCPI) 75.8%*



HEADLINE INFLATION (NCPI) 58.9%*



**AVERAGE FOOD EXPENDITURE RS. 39,150.30
(BASED ON JUNE NPI FOOD INFLATION RATE)**

* The NCPI covers price movements across all provinces of the country.



CHANGES IN THE POLICY ENVIRONMENT

- 6 June – The Cabinet approved the proposal presented by the Minister of Agriculture to import relevant quantities of fertilizer for *Maha* 2022/2023 and distribute them to farmers.
- 6 June – The Government of India has agreed to provide a \$55 million loan through the Export-Import Bank of India for the procurement of urea for the 2022/23 *Maha* season.
- 17 June – The National Cabinet has established a Committee on Food Security to address the food crisis. The committee will be responsible for measures to mitigate the food security deterioration for up to five million people.
- 30 June – The International Monetary Fund (IMF) concluded its mission to discuss its support to Sri Lanka and the authorities' comprehensive economic reform programme.

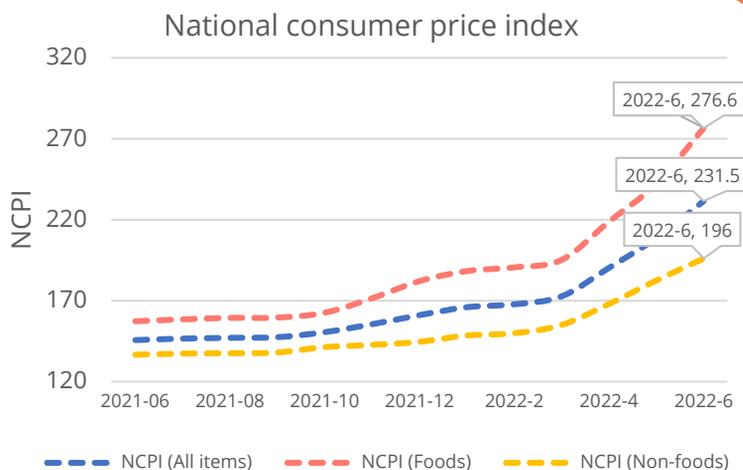
* Data source: DCS, Sri Lanka

June 2022

NATIONAL CONSUMER PRICE INDEX

The National Consumer Price Index (NCPI) for all items was 231.5 points in June, a 58.9% increase from the same period in 2021. This is a 22.8 index point increase from the previous month (+10.7%), which represents a monthly increase in expenditure value of Rs. 7320.70 in the market basket. The rate of food inflation in June, as measured by the NCPI on year-to-year basis, is 75.8%. Overall food inflation continued to increase from the previous month by +14.2%.

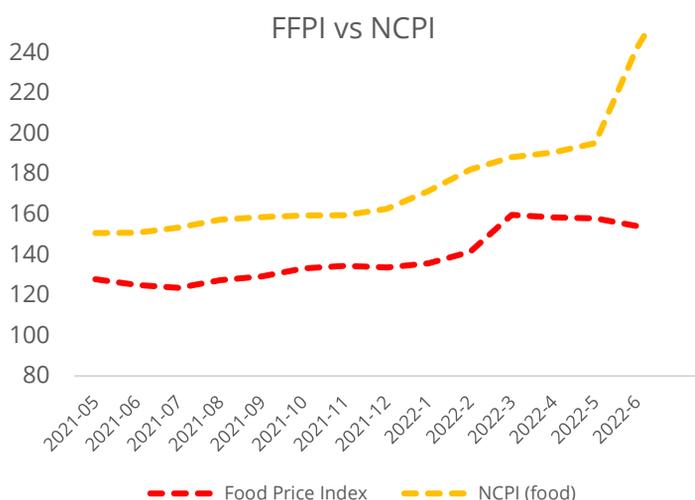
*Data source: DCS, Sri Lanka



GLOBAL FOOD PRICE INDEX

The FAO Food Price Index, which tracks international prices of the most globally traded food commodities remains high but has marginally decreased by -2.3% from the previous month. The average Food Price Index was 154.2, a 23.1% increase from the same period last year. The month-to-month decrease was primarily due to the global decrease in the price indices of vegetable oils, cereals and sugar. At present, the local food inflation increment rate is significantly higher than the global price trend.

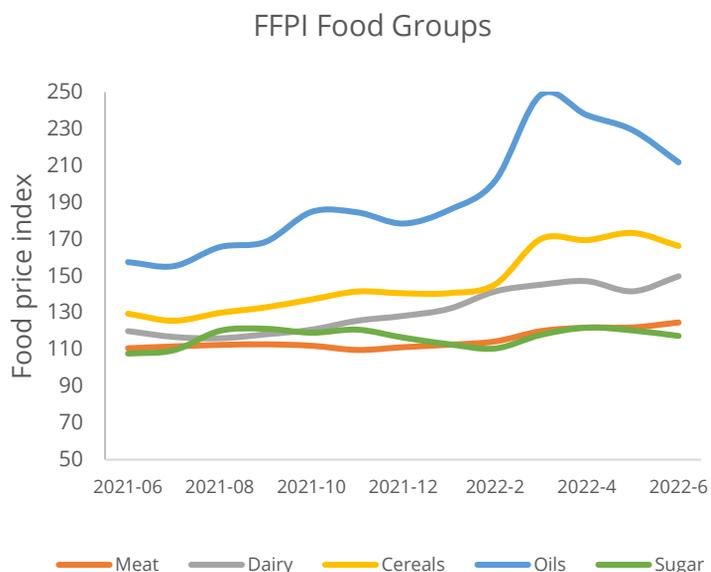
*Data source: FAO



GLOBAL PRICE INDEX ON MAJOR FOOD GROUPS

In June, the global Meat and Dairy Price Indices increased to 12.7% and 24.9%, respectively, from last year. Poultry meat prices rose as a result of continued supply chain disruptions due to the crisis in Ukraine and recent cases of avian influenza. The Cereal index fell by 4.1% from May, but was still 36.0 points (27.6%) over its June 2021 level. The decline in June was attributable to seasonal availability from new harvests in the northern hemisphere, improving crop conditions in some key producing nations, including Canada, higher production forecasts in the Russian Federation, and a slowing in global import demand.

*Data source: FAO



PRICE TREND OF RICE VARIETIES



The retail price of Nadu grade 1 rice increased by Rs. 35.00-45.00/kg and now costs between Rs. 260.00– 280.00/kg. Prices of all other local rice varieties have increased by Rs. 30.00-40.00/kg, which represents a 70% to 100% increase from the same month last year. The highest price increase of 20% was reported for Nadu grade 1. All rice varieties' retail market prices are higher than the maximum retail price imposed by the Consumer Affairs

Authority in May. Farm gate prices for paddy varieties fluctuate depending on geographic regions. The general farm gate price for short grain varieties reduced by Rs 2.00–8.00/kg due to the start of the *Yala* harvest.

*Data source: HARTI, Sri Lanka

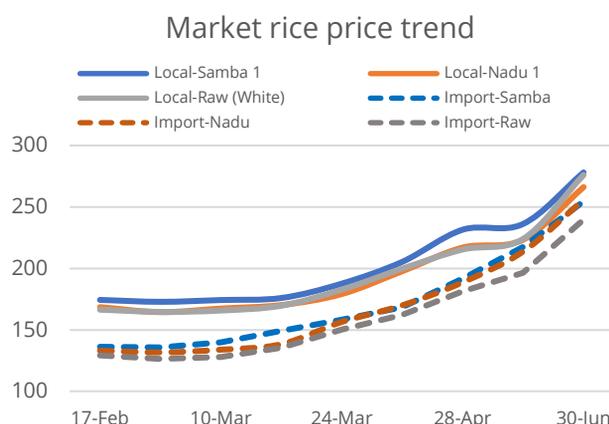
PRICE TREND OF IMPORTED RICE VARIETIES



Prices for all imported rice varieties have risen by a range of 17% to 20% from May to June. This is primarily due to the supply shortage of rice

in the market and increasing transportation costs due to fuel shortages. The most significant price increases were noted in the imported raw rice varieties. Prices for both local rice types began to rise in June, exhibiting a similar price increase pattern to imported varieties.

*Data source: HARTI, Sri Lanka



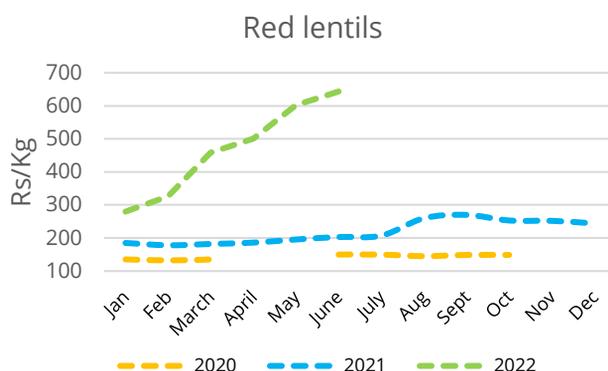
PRICE TREND OF RED LENTILS



The price of lentils is 217% more than it was in June 2021. It has reached its highest peak this month since the price ceiling was repealed in 2020.

The month-to-month increase is seen at 7%, mostly due to the depreciation of import limits. There is continued and widespread shortage of red lentils in the local markets.

*Data source: DCS, Sri Lanka

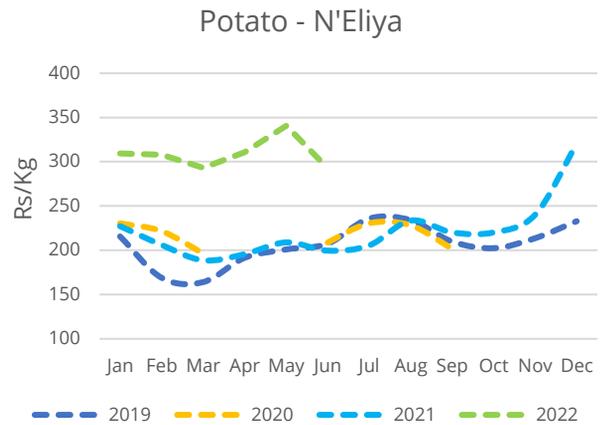


PRICE TREND OF POTATOES



The price of the Nuwara Eliya potato variety dropped by -14% compared to the previous month. Compared with the same period last year, current prices of Nuwara Eliya and other imported potato varieties have increased by 107% and 89%, respectively. Considering month-to-month changes, the prices of local varieties have slightly decreased and imported varieties have slightly increased.

*Data source: HARTI, Sri Lanka

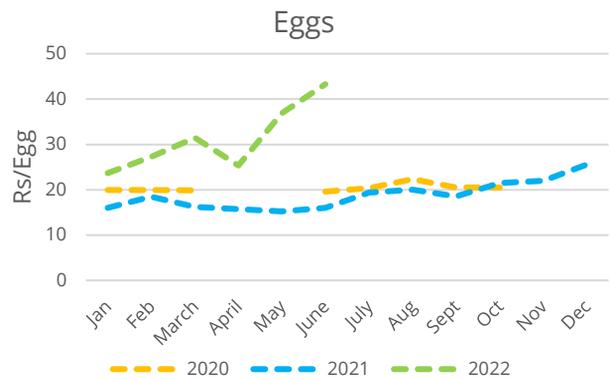


PRICE TREND OF EGGS



The average cost per egg has steadily increased since April, by 19% in June compared with the previous month. Retail prices of both brown and white eggs have increased by Rs. 23 per egg, in line with the increase in wholesale pricing. This is caused by a price spike of poultry feed compared to the same period in 2021. Brown eggs cost between Rs. 39.00-46.00, while white eggs cost between Rs. 35.00-45.00.

*Data source: HARTI, Sri Lanka

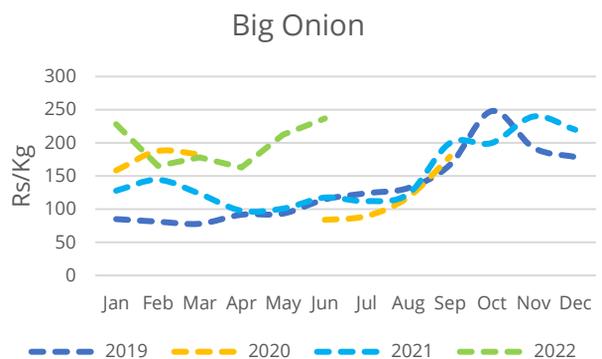


PRICE TREND OF ONIONS



The average price for big onion increased by 11.5% in June compared with May. The prices of imported red onion have risen by Rs. 24.00/kg, compared with last month and now range from Rs. 360.00-Rs. 600.00/kg. In general, from August onwards the local price of big onion has increased due to the affects of the north-east monsoon on cultivation and the shortage of supply in the market.

*Data source: HARTI, Sri Lanka

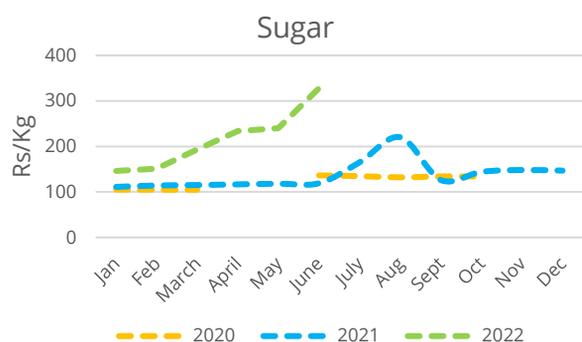


PRICE TREND OF SUGAR



With the recent depreciation of the local currency, the price of sugar has sharply increased by 36% in June from the previous month. Until January, the price of white sugar was stable at Rs. 146.00/kg following a price spike in August and September 2021.

*Data source: DCS, Sri Lanka

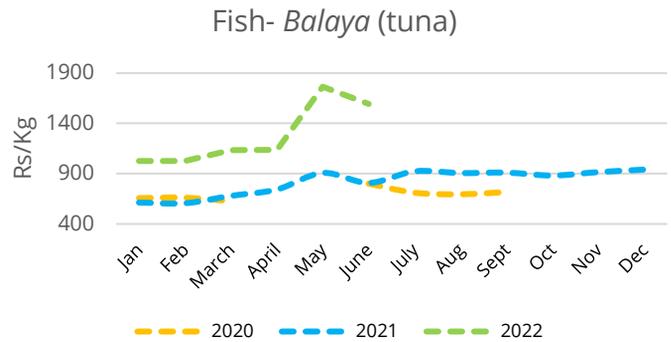


PRICE TREND FISH (BALAYA)



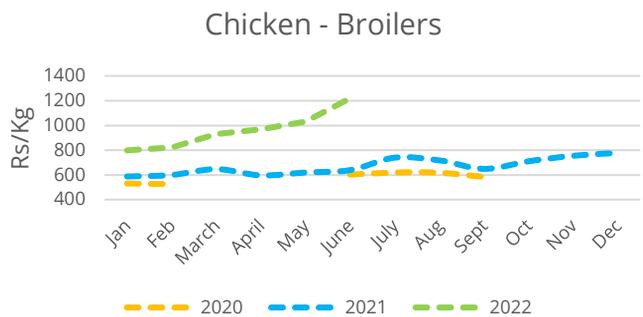
Prices of all marine fish species have soared by 70% to 150% compared to the same period in 2021 due to fuel scarcity and price hike. Compared to the previous month, the price of *Balaya* – a commonly consumed fish – declined by 10% in June. Due to the fuel crisis, the dried fish industry has also been severely impacted, resulting in escalating prices.

*Data source: HARTI, Sri Lanka



Overall, the price of broiler and curry chicken increased by 18% from last month. Due to rising production costs, particularly the cost of feed, the prices of skinless broiler chicken has increased by Rs.13.00/kg.

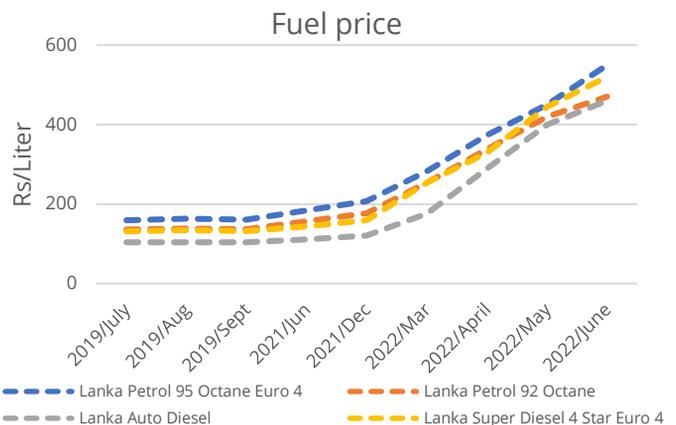
*Data source: HARTI, Sri Lanka



PRICE TREND OF FUEL



With the state-run oil and gas entity Ceylon Petroleum Corporation's price increase in June, retail prices for both petrol and diesel increased by 11.9% for 92 octane, 22.2% for 95 octane and 15% for diesel, compared with the previous month. This price adjustment followed an increase in pricing by competitor, Lanka IOC. As a result, the production and transportation costs of locally manufactured goods have skyrocketed.



KEY ISSUES TO WATCH

- WFP and FAO's recent Crop and Food Security Assessment Mission (CFSAM) found that about **6.3 million people are food insecure**. However, WFP is concerned that **this could further increase as the crisis continues to unfold**, hitting hardest the households in the estate communities, female-headed households, and low income families dependent on unskilled labour.
- **Food distribution is down**. Import challenges and fuel shortage have slowed down the delivery of food from the usual 24 hours to now at least a week. Traders anticipate a significant shortage of rice supplies as the imported stocks are exhausted and the domestic production is reduced.
- With food inflation reaching another record high of 75.8%, **the skyrocketing food prices have pushed 9.3 million people to spend more than 75% of their monthly budget on food**, compromising their capacity to cover other essential needs.
- **Food and nutrition security is expected to deteriorate further during the upcoming lean season**, between October 2022 and February 2023, if the country is unable to import adequate amounts of rice and other food products to cover its food deficit.

COMMODITY	RANGE		AVERAGE PRICE IN SRI LANKAN RUPEES		PRICE CHANGE	
	Min	Max	This week	Last week	Last week %	
Rice						
Samba 1	260	300	278	265	↗	4.91%
Samba 2	260	280	265	240	↗	10.42%
Keeri Samba	270	300	288.75	290.38	↘	-0.56%
Nadu 1	260	280	266.25	258.57	↗	2.97%
Nadu 2	260	270	263.33			
Raw (Red)	270	280	277.67	278.13	↘	-0.17%
Raw (White)	260	280	276.07	273.46	↗	0.95%
Samba- Imported	230	280	254.38	256.52	↘	-0.83%
Nadu- Imported	230	270	255.86	255.93	↘	-0.03%
Raw (White)- Imported	220	260	239.68	243.5	↘	-1.57%
Dried Chillies- Imported	1950	2400	2192.41	2205.41	↘	-0.59%
Onion						
Imported	360	600	460.54	496.56	↘	-7.25%
Big Onion						
Imported	180	240	219.47	236.84	↘	-7.33%
Potato						
N'Eliya	380	440	392.86	374.19	↗	4.99%
Imported	260	300	281.03	259.73	↗	8.20%
Vegetable						
Leeks	180	360	276.33	283.45	↘	-2.51%
Radish	160	320	246.45	268.97	↘	-8.37%
Tomato	320	700	549.31	765	↘	-28.19%
Ladies Fingers	260	440	351.33	346.15	↗	1.50%
Capsicum	400	800	616.21	582.41	↗	5.80%
Bitter Gourd	400	700	570.33	636.07	↘	-10.34%
Snake Gourd	320	440	375.2	391.54	↘	-4.17%
Luffa	180	400	302	303.33	↘	-0.44%
Carrot	260	500	380.97	385.86	↘	-1.27%
Beetroot	260	400	343.85	393.79	↘	-12.68%
Green Chillies	500	800	657.42	711	↘	-7.54%
Eggs						
Brown	39	46	43.29	44.42	↘	-2.54%
White	38	45	41.81	42.75	↘	-2.20%
Meat						
Beef (without bones)	2000	2000	2000	1966.67	↗	1.69%
Chicken (Broiler)	1100	1290	1220	1213.33	↗	0.55%
Chicken (Curry)	870	1280	1102.22	645.56	↗	70.74%
Mutton	2200	2600	2371.43	2000	↗	18.57%
Pork	1000	1300	1075	1150	↘	-6.52%

*Data source: HARTI, Sri Lanka. Ref This week: : 24 - 30 June 2022/ Last week- : 24 - 30 June 2022



This bulletin is prepared by the Research, Assessment and Monitoring unit of World Food Programme, Sri Lanka. The analysis is based on data from various information sources including the Hector Kobbekaduwa Agrarian Research and Training Institute, Department of Census and Statistics, and FAO.