



Market Monitor Report | Food Security Analysis

MALFF | INETL | WFP

Highlights:

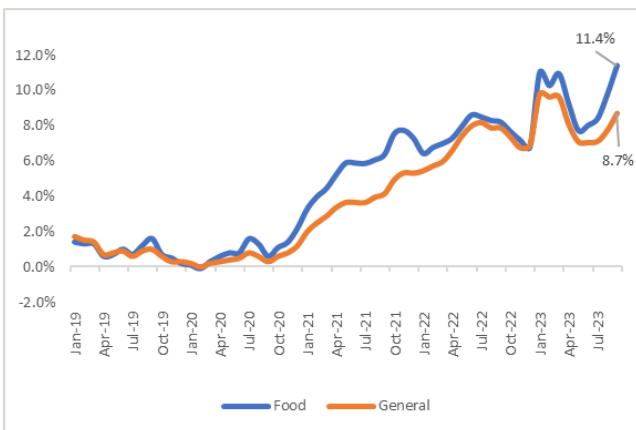
- **Food inflation** in September reached the **highest level in the last 10 years** at 11.4 percent due to surging rice and sugar prices. Since June 2023, the general annual inflation increased, reaching 8.7 percent in September.
- **Prices of fuel** have **increased during Q3** of 2023, but September prices were lower than year-earlier values.
- **International rice prices** reached **record-high levels in Q3 2023**: in August, FAO All Rice Price Index reached the highest nominal value in the last 15 years (142.4 points). In September, prices remained overall stable.
- **Retail price of imported rice** reached US\$0.75/kg in September, marking a **29 percent increase from a year earlier**.
- **Maize prices rose 9 percent month on month and 20 percent year on year** amid increased demand following the high rice prices, another staple in the country, and the expectation of a reduced maize output in 2024 due to the impact of El Niño.
- The dependence of the Timorese population on imported rice, associated price fluctuations, and susceptibility to international rice trade dynamics have a significant impact on the availability and access to this key food item. There is a **high risk the already alarming food security situation in the country will deteriorate further** in the coming months, if the drought-like weather conditions influenced by El Niño persist.

Methodology: The World Food Programme (WFP) collaborates with the Ministry of Agriculture, Livestock, Fisheries and Forestry (MALFF) and the National Institute of Statistics (INETL) to collect food price data on a weekly basis across the country's main markets from thirteen municipalities. Data has been collected since 2020, to monitor the impacts of COVID-19, climate change, and global conflicts on the market prices in Timor-Leste. On average, around six traders per market are surveyed, targeted food commodities weighed, and their prices averaged per kilo.

Consumer price index (CPI)

Based on CPI data (Figure 1), provided by the National Institute of Statistics (INETL), the general annual inflation rate increased steadily since June 2023, reaching 8.7 percent in September. The inflation for food and non-alcoholic beverages reached the highest level in the last 10 years at 11.4 percent, well above the previous year's level (September 2022) due to high rice and sugar prices.

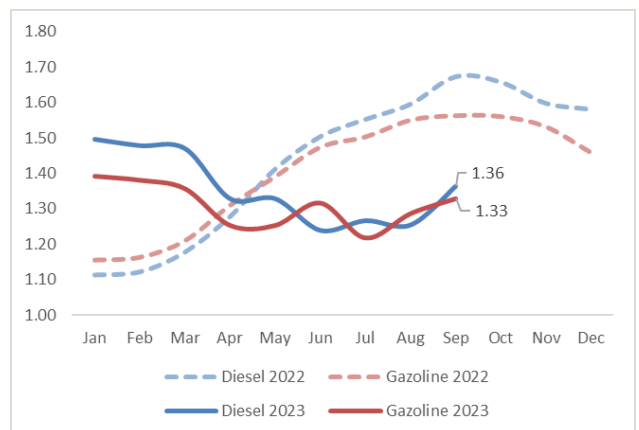
Fig.1: Timor-Leste general inflation and food inflation (year-on-year CPI change, August 2018=100), Jan 2019 – Sep 2023



Fuel prices

Gasoline and diesel prices increased since July 2023 and reached US\$1.33/litre and US\$1.36/litre, respectively, in September 2023 (Figure 2). These levels are 15 to 18 percent lower than in the same period a year earlier, when prices had reached high levels due to the impacts of the conflict in Ukraine, reflecting the surging global quotations.

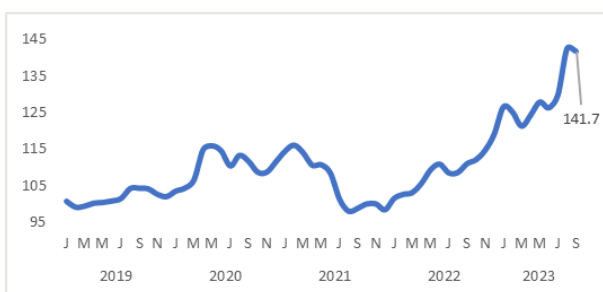
Fig.2: Timor-Leste retail fuel prices, Jan 2022 – Sep 2023



Rice prices

International rice prices reached record high levels in Q3 2023: the FAO All Rice Price Index reached the highest nominal value in the last 15 years in August 2023, at 142.4 points, and remained overall stable (declined by 0.5 percent, to 141.7 points) in September (Figure 3). International rice prices have been overall high throughout 2023 as a consequence of the surge in the price of other major grains since the start of the Russia-Ukraine war in February 2022, which drove up demand for rice, and due to unfavourable weather conditions including the impact of El Niño leading to production shortfalls in several main producing and exporting countries, resulting in limited global availabilities. In Timor-Leste, strongly rice import-dependent, the surge of international prices put upward pressure on already high domestic quotations.

Fig.3: FAO all rice price index, Jan 2019 – Sep 2023 (2014-2016 av.=100)

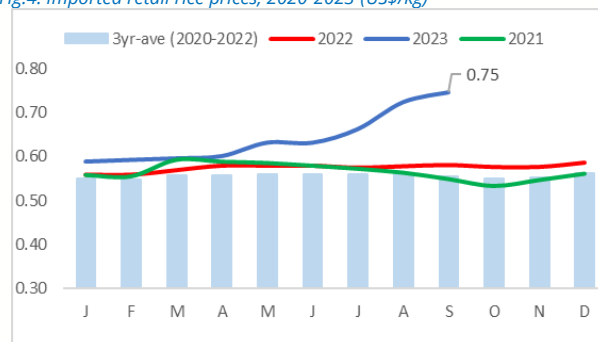


In July 2023, the Government of India introduced a ban on exports of non-basmati white rice¹, which was followed by additional restrictions in August. The Government imposed a 20 percent export duty on non-basmati parboiled rice and announced a minimum export price of US\$1,200 per tonne on basmati rice shipments². Given that Timor-Leste has been importing an increasing share of rice from India (about 90 percent of rice purchases in 2023), these trade regulations raise increasing concerns over the availability and access of a significant staple food for Timorese people.

Reflecting the trends in the international rice market, retail rice prices surged further in Timor-Leste in August and September 2023. The national average retail price of imported rice increased from US\$0.66/kg in July to US\$0.72 in August and rose further to US\$0.75/kg in September, marking a 29 percent increase from September 2022 (Figure 4).

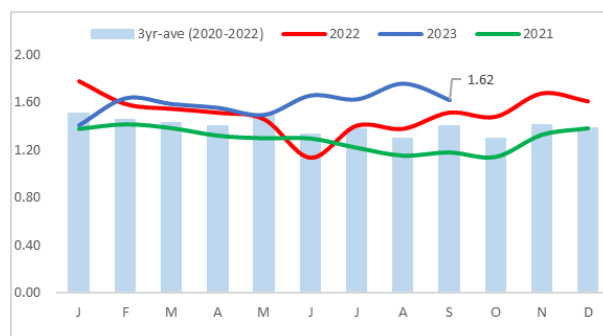
Local rice accounts for a small proportion of the market supply as the domestic production is not sufficient to cover the Timorese population's consumption needs (the rice Import Dependency Ratio (IDR) is estimated at about 70 percent³).

Fig.4: Imported retail rice prices, 2020-2023 (US\$/kg)



Prices of local rice are more volatile and consistently higher than those of imported rice, considering its limited availability and consumer preference to use it for ceremonies and special occasions. Local rice producers normally consume most of their production and only limited quantities are sold on the markets.⁴ As shown in Figure 5, the national average retail price of local rice increased in August 2023 (US\$1.75/kg) and declined in September to US\$1.62/kg, a level slightly above year earlier values.

Fig.5: Local retail rice prices, 2020-2023 (US\$/kg)



Price trend of other food items⁵

Prices of other food items (see Table 1) remained mostly stable or declined in September compared to a month earlier, except for prices of maize which increased by 9 percent month on month and 20 percent year on year. This is due to seasonality (Q3 corresponds to the period preceding planting of main-season maize) and strong demand. The surging rice prices increased consumer demand for alternative staples such as maize, thus pushing up prices. In addition, the drier-than-average weather conditions associated with the current El Niño weather event⁶, which is forecast to persist until early 2024, are likely to negatively affect the 2024 maize output, thus adding further upward pressure on prices.

On a yearly basis, compared to September 2022, prices of other food items showed mixed trends: prices of beans, onions, potatoes, sweet potatoes, as well as chili (likely due to a reduced harvest in 2023) and sugar increased, while prices of cooking oil, eggs, salt, taro and wheat flour declined year-on-year.

Retail prices of sugar, which is mostly imported, surged in 2023 in the country, doubling between September 2022 and September 2023 (+101 percent). The rise follows the implementation in Timor-Leste on 3 January of a new excise tax on sugar and confectionery, and on sugar-sweetened beverages, as well as the introduction of an export ban in key exporting countries (India and Pakistan) until end-2023. The excise taxes amount to US\$1/kg and US\$3/litre, respectively⁷.

Table 1: Percentage change of other food items prices (US\$/kg)

	Sep-23		1M		3M		1Y
Sugar	\$ 2.04	→	4%	→	-1%	↑	101%
Chili	\$ 7.32	→	2%	↑	7%	↑	67%
Beans	\$ 3.09	↓	-7%	↑	5%	↑	34%
Maize	\$ 1.38	↑	9%	→	-1%	↑	22%
Sweet Potato	\$ 1.09	↓	-22%	↑	12%	↑	21%
Onion	\$ 2.84	→	4%	↓	-9%	↑	18%
Potato	\$ 1.59	→	-2%	↓	-7%	↑	17%
Tomato	\$ 1.65	↓	-23%	↓	-41%	→	2%
Chicken	\$ 3.30	→	-3%	↓	-11%	→	-4%
Egg*	\$ 0.19	↓	-8%	↓	-8%	↓	-6%
Salt	\$ 0.58	↓	-12%	→	1%	↓	-6%
Taro	\$ 0.81	↓	-18%	→	-1%	↓	-8%
Wheat flour	\$ 0.87	↓	-10%	↓	-23%	↓	-15%
Cooking Oil**	\$ 1.55	→	-4%	↓	-6%	↓	-17%

* US\$/Unit; ** US\$/Litre

References

1. India Ministry of Consumer Affairs, Food & Public Distribution: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1941139>
2. Reuters: <https://www.reuters.com/article/india-rice-exports/india-sets-floor-price-for-basmati-rice-after-restricting-non-basmati-idUSL1N3A803Z>
3. The IDR is defined as $(\text{imports}/(\text{local production} + \text{imports} - \text{exports}) * 100)$. Average (2018-2022) rice imports are estimated at about 141,000 tonnes (Timor-Leste Customs Authority), average rice production is estimated at 60,000 tonnes (Ministry of Agriculture). The country does not export rice.
4. Crop and Food Supply Assessment Mission (CFSAM) 2021: <https://www.fao.org/documents/card/en/c/cb5245en>
5. National average price fluctuations also depend on the availability of data from the different municipalities, which is not always consistent across months.
6. El Niño is the warm phase of the Pacific Ocean's temperature cycle which can lead to either excessive rainfall or very little. In Timor-Leste, it has a drying impact. See October Food Security Alert for more information: <https://www.wfp.org/publications/food-security-alert-special-bulletin-timor-leste-october>
7. Timor-Leste Customs Authority: [link/link](#)

2023 Cost of the Diet update

In Timor-Leste, the cost of food has increased considerably in recent years. This is shown by the results of the 2023 update of the Cost of the Diet (CoTD) analysis, which calculates how much a household must spend to consume the lowest cost nutrient-adequate diet*. The analysis finds that:

- The average cost of a nutrient diet for a family of five is **US\$10.09 per day in 2023**. This marks a **78 percent increase since 2019**, when the average daily cost amounted to US\$5.68. It means that a household of five members would have to spend on average US\$4.41 more each day to meet nutrient needs of household members, compared to four years earlier.
- On a monthly basis, households would need to spend over **US\$300 per month** to cover their basic nutrient needs in 2023, which is **more than double the national minimum wage** of US\$115, presenting a notable threat to household nutrition across the country. In 2019, the average monthly cost was just above US\$170.
- There are considerable **variations across different municipalities in the daily cost of a nutrient-adequate diet** (highest in Covalima at US\$13.91/ day, and lowest in Alieu at US\$7.15/day), as well as in the **availability of nutrient-dense foods**.
- The **market availability** of food in some municipalities (Atauro, Liquica and Oecusse) was found to be **so limited** that it was **not possible to calculate** the minimum cost a nutritious diet.
- **Adolescent girls are particularly at risk of not meeting the minimum dietary needs**, as iron-rich foods (necessary to support healthy growth at a formative time in their physical development) are more expensive than others in a country already suffering from food unaffordability.
- The food products with the highest concentration of iron, among those for which price data were collected, are soybeans, kidney beans, fish, meat and eggs. On average, in Timor-Leste, these **iron-rich foods cost over two and half times more than the other food items**.

*A nutrient-adequate basket meets needs for energy, protein, and 13 micronutrients, which include a diversity of items such as fruits, vegetables, dairy, and starchy staples.



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