

# Market Monitor Report | Food Security Analysis

MALFF | INETL | WFP

## Highlights:

- **Food inflation** in December reached a new **10-year high at 12.4 percent**, while the headline inflation remained stable overall in Q4 2023 and reached 8.7 percent in December.
- **Fuel prices** were steady during Q4 2023 and, in December, **10 percent lower than a year earlier**.
- The average retail price of imported rice peaked in **November at US\$0.78/kg** and then declined to US\$0.76/kg in December but remained **almost 30 percent higher than a year earlier**. Price regulations from the Government of Timor-Leste helped to cap

further price increases during Q4 2023, but the average price of a 25 kg bag still remained at a very high US\$18.75.

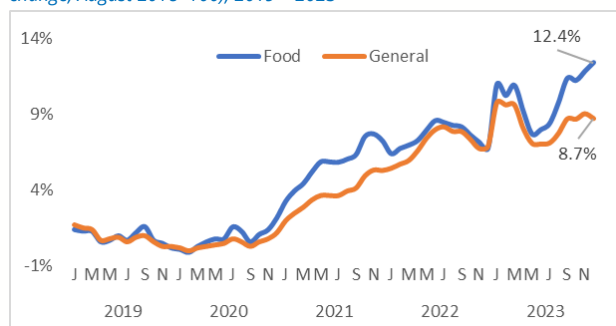
- **Maize prices rose 66 percent year on year** amid increased demand, and the expectation of a reduced maize output in 2024 due to the **impact of El Niño** and fall armyworm (FAW) infestations.
- Based on the validated 2023 IPC results, **360,000 people** are estimated to be **facing crisis or above levels of food insecurity** in November 2023-April 2024.

**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 monthly 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 the latest CPI data (Figure 1), provided by the National Institute of Statistics (INETL), the inflation rate remained stable overall during the fourth quarter (Q4) of 2023 and in December reached 8.7 percent. The inflation for food and non-alcoholic beverages reached a new 10-year high at 12.4 percent in December, almost doubling the food inflation rate of the same month the previous year (6.8 percent).

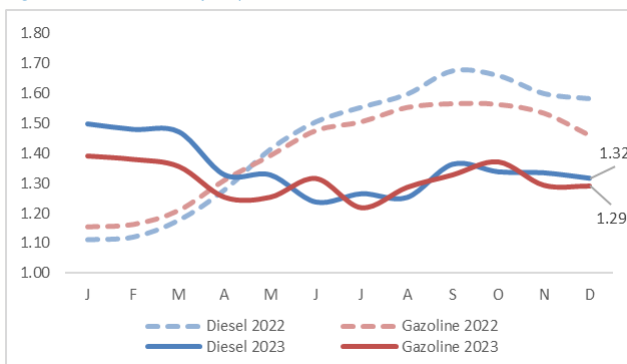
Fig. 1: Timor-Leste general inflation and food inflation (year-on-year CPI change, August 2018=100), 2019 – 2023



## Fuel prices

Gasoline and diesel prices remained overall stable during Q4 2023 and reached US\$1.29/litre and US\$1.32/litre, respectively, in December 2023 (Figure 2). These levels are about 10 percent lower than in the same month a year earlier, when prices had reached extremely high levels reflecting surging global quotations due to the impact of the war in Ukraine.

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

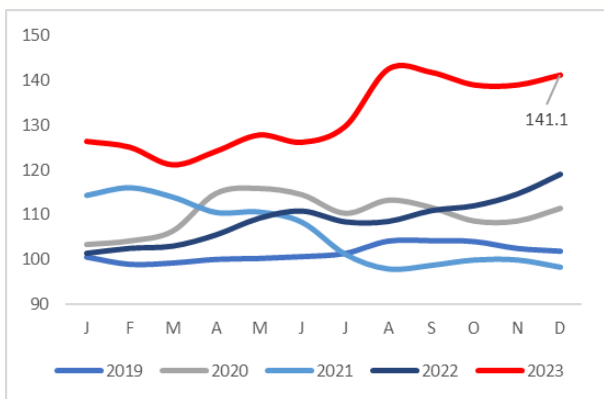


## Rice prices

International rice quotations declined or remained stable between September and November 2023, picking up again in December 2023, with the FAO All Rice Price Index scoring 141.1 points, near the 15-year high level of August 2023 (142.4 points) (Figure 3). International rice prices have been 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. In addition, unfavourable weather conditions including the impact of El Niño state<sup>1</sup>, which is forecast to persist until early 2024, are expected to lead to production shortfalls in several main producing and exporting countries, resulting in limited global availabilities.

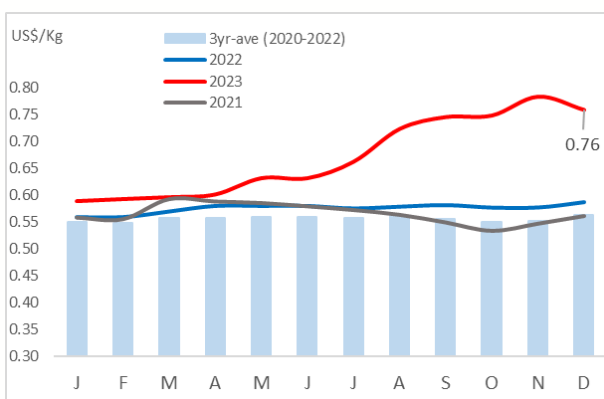
In Timor-Leste, strongly rice import-dependent, the surge of international prices put upward pressure on already high domestic quotations.

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



The national average retail price of imported rice increased during 2023 and in November reached a peak at US\$0.78/kg, despite price stabilization measures introduced by the government in late September. In December, the measures started to have an impact on prices as they declined slightly, averaging US\$0.76/kg, although remaining almost 30 percent above the previous year's level (Figure 4), corresponding to an average price of US\$18.75 for a 25 kg bag. With Decree-Law 76/2023 of 29 September 2023, the Council of Ministers fixed the wholesale price of imported rice at US\$12 per 25kg-bag, with the wholesaler companies obtaining a subsidy of US\$5 per 25kg-bag of imported rice. In addition, 30,000 tonnes of rice were allocated as a reserve for social interventions in emergency situations, in the warehouses of the National Logistics Center (CLN)<sup>2</sup>.

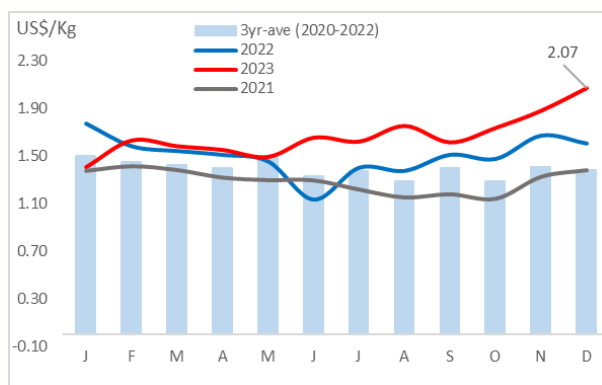
Fig.4: Imported retail rice prices, 2020-2023 (US\$/kg)



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 percent<sup>3</sup>). Prices of local rice are more volatile and consistently higher than 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.<sup>4</sup> As shown in Figure 5, the national average retail price of local rice increased sharply since September 2023 and by the end of Q4 2023 it reached US\$2.07/kg, 29 percent above the level recorded in December 2022. This is due to drier-than-average weather conditions amid the ongoing El Niño weather event, which is expected to result in a reduced 2024 harvest thus exerting upward pressure on prices.

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



#### Price trend of other food items<sup>5</sup>

Prices of other food items (see Table 1) mostly seasonally rose in the last months of 2023, corresponding to the lean season. Prices of maize, beans, tomato, taro and onion reached year on year higher levels as the drying impact of the current El Niño weather event is expected to result in a below-average agricultural harvest in 2024. In particular, the price of maize, a staple food in the country, in December 2023 was 66 percent higher than a year earlier amid increased demand following the price increases for rice, the main staple, and fall armyworm (FAW) infestations which are expected to compound the negative impact of El Niño on 2024 production, anticipated to be well-below average. Retail prices of sugar, which is mostly imported, surged in 2023 in the country, following 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, respectively.<sup>6</sup> Prices of egg, wheat flour, salt and sweet potato remained stable or declined in December compared to a month before and a year earlier. Among the monitored commodities, prices of cooking oil and chili recorded the largest year-on-year declines (14 percent and 19 percent respectively).

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

	Dec-23	1M		3M		1Y	
Sugar	\$ 1.85	↑	34%	↓	-9%	↑	72%
Maize	\$ 2.18	↑	57%	↑	58%	↑	66%
Beans	\$ 3.70	↑	10%	↑	20%	↑	59%
Tomato	\$ 2.36	↑	29%	↑	43%	↑	46%
Taro	\$ 1.11	↑	30%	↑	37%	↑	37%
Onion	\$ 3.19	↑	15%	↑	12%	↑	17%
Potato	\$ 1.56	↓	-14%	→	-2%	↑	7%
Egg*	\$ 0.21	→	-3%	↑	8%	→	2%
Wheat flour	\$ 0.94	→	-1%	↑	9%	→	1%
Salt	\$ 0.55	→	4%	→	-4%	→	-2%
Sweet Potato	\$ 1.09	↓	-6%	→	0%	→	-4%
Chicken	\$ 3.40	↑	8%	→	3%	↓	-6%
Cooking Oil**	\$ 1.47	→	1%	↓	-5%	↓	-14%
Chili	\$ 4.11	↓	-20%	↓	-44%	↓	-19%

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

## References

1. 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>
2. Jornal da Republica, Decree law 76/2023: <https://www.mj.gov.tl/jornal/?q=node/13>
3. The IDR is defined as  $(\text{imports}/(\text{local production} + \text{imports} - \text{exports}) \times 100)$ . 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. Timor-Leste Customs Authority: [link/link](#)

## 2024 Acute Food Insecurity IPC

Based on the results of the Acute Food Insecurity Integrated Phase Classification (IPC) Analysis carried out in late 2023, and validated by the Minister of Agriculture, Livestock, Fisheries and Forestry and the President of INETL on 4 December 2023, an estimated **360,000 people** are currently **facing crisis or above levels of food insecurity** (IPC Phase 3 or above), of which **18,592 people** are identified in **emergency** conditions (IPC Phase 4). This is a severe deterioration compared to the same period in 2022, when the IPC analysis found 300,000 people facing IPC Phase 3 and above levels of food insecurity between November 2022 and April 2023.

Most concerning, the IPC Analysis anticipates a further worsening of food insecurity during the post-harvest season (May - September 2024), a period when food access and availability typically improve. During these months, **the number of people facing food insecurity is projected to rise to 364,000.**

The main drivers of food insecurity were found to be **poverty, drought-like conditions** linked to the ongoing **El Niño** event, **high food prices**, and the impact of **climatic shocks** such as floods and landslides.



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