

Market Monitor Report | Food Security Analysis

MALFF | INETL | WFP

Highlights:

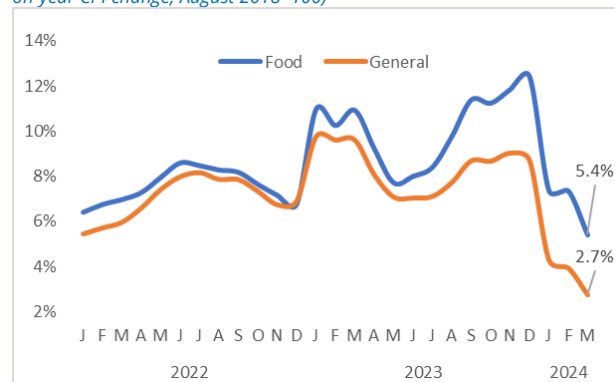
- **Food inflation¹ declined** during the first quarter (Q1) of 2024 and in March it was estimated at 5.4 percent, almost 6 percentage points **below the year-earlier levels**. Similarly, the headline inflation² declined during Q1 2024 and reached 2.7 percent in March.
- **Fuel prices** increased slightly during Q1 2024 and, in March, were **near the levels recorded a year earlier**.
- The average retail **price of imported rice** declined slightly after the peak reached in November 2023 (US\$19.5 for a 25kg bag or US\$0.78/kg), and increased in February and March 2024, reaching again US\$19.5 for a 25kg bag or US\$0.78/kg, **30 percent above the previous year's values**.
- **Domestic maize prices rose 19 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 pest infestations.
- The **cost of the basic food basket** in March 2024 **increased by 20 percent** compared to a year earlier (from US\$0.83 to **US\$1.00 per person per day**).

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 yearly inflation rate declined during the first quarter (Q1) of 2024, and in March reached 2.7 percent, 6 percentage points below December 2023 and 7 percentage points below the year-earlier levels. The inflation for food and non-alcoholic beverages reached a 10-year high of 12.4 percent in December 2023, then declined in the following months, reaching 5.4% in March 2024, 6 percentage points lower year-on-year. The reduction is mainly due to lower sugar prices which had surged in January 2023.

Fig.1: Timor-Leste general inflation and food inflation 2022-2024 (year-on-year CPI change, August 2018=100)

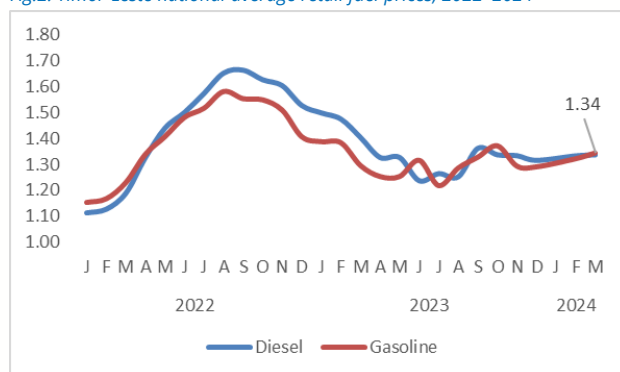


Fuel prices

After declining in late 2023, gasoline and diesel prices increased slightly during Q1 2024 and both

reached US\$1.34/litre in March 2024 (Figure 2), near the levels recorded in the same month a year earlier.

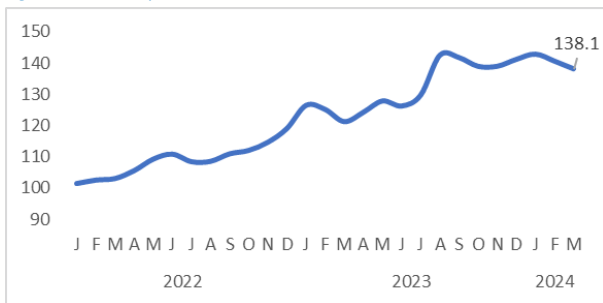
Fig.2: Timor-Leste national average retail fuel prices, 2022-2024



Rice prices

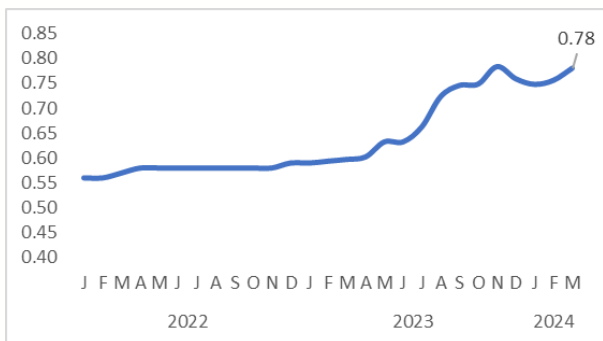
International rice prices peaked in January 2024, with the FAO All Rice Price Index³ scoring 142,8 points, 13 percent above its year-earlier value and at its highest, in nominal terms, since August 2008. The index declined slightly during the rest of Q1 2024, to 138.1 points in March 2024, but remained higher year-on-year (Figure 3). The main driver of the yearly price increase is a reduced rice harvest in India, globally the main rice exporter, due to insufficient rains during the season amid the impact of El Niño state⁴. In Timor-Leste, strongly rice import-dependent and sourcing most of its imports from India, the surge of international prices put upward pressure on already high domestic quotations.

Fig.3: FAO all rice price index, 2022–2024 (2014–2016 av.=100)



The national average retail price of imported rice declined slightly after the peak reached in November 2023 (US\$19.5 for a 25kg bag or US\$0.78/kg), and increased in February and March 2024, reaching again US\$0.78/kg (Figure 4). This level is 30 percent above the previous year's value, reflecting high international prices, despite price stabilization measures introduced by the government in September 2023⁵ and larger supplies amid increased imports. It is estimated that between January and March 2024, 48,000 tonnes of rice were imported to Timor-Leste, compared to 19,000 tonnes in the same period in 2023.

Fig.4: Retail prices of imported rice, 2022-2024 (US\$/kg)

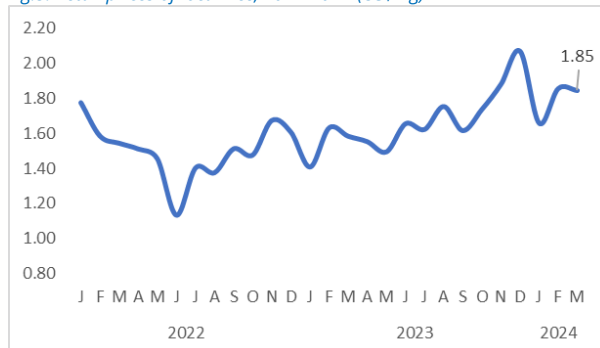


Since domestic production cannot meet the demand of the Timorese population, local rice accounts for a minor percentage of the market supply (the rice Import Dependency Ratio (IDR) is estimated at about 70 percent⁶). Local rice is more expensive than imported rice because of its limited supply and the propensity of consumers to utilize it for rituals and special events. Prices are also more erratic and constantly higher than imported rice prices. The majority of the rice produced locally is often consumed by the farmers, with very little quantities being sold in markets⁷.

As shown in Figure 5, the national average retail price of local rice peaked in December 2023 at US\$2.07/kg and showed fluctuations in the following months. In March 2024, prices averaged US\$1.85/kg, 16 percent above the previous year's level. The yearly increase is likely due to the expectation of a reduced output in 2024 following

drier-than-average weather conditions at planting stage connected to the El Niño weather event.

Fig.5: Retail prices of local rice, 2022-2024 (US\$/kg)



Price trend of other food items

Prices of other food items (see Table 1) in March 2024 were mostly lower or remained stable compared to a month before and a year earlier. Only prices of maize and beans reached year on year higher levels as the impacts of El Niño weather event and pest infestations are expected to result in a below-average agricultural harvest in 2024⁸. The price of maize, a staple food in the country, in March 2024 was 19 percent higher than a year earlier also supported by increased demand following the price increases for rice, the main staple. Retail prices of sugar, which is mostly imported, declined sharply from the high levels of 2023, when they surged in the country following the implementation in Timor-Leste of new excise taxes⁹. Prices of cooking oil, chicken meat and wheat flour, largely imported, declined from a year earlier amid lower international export quotations¹⁰. For chicken meat, year on year larger supplies resulting from an increase in import quantities (3,700 tonnes in Q1 2024 compared to 2,200 tonnes in Q1 2023) also exerted downward pressure on prices¹¹. Similarly, prices of egg, tomato, chili, and potato recorded year-on-year decreases. Prices of salt, sweet potato, onion and taro remained stable or declined slightly.

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

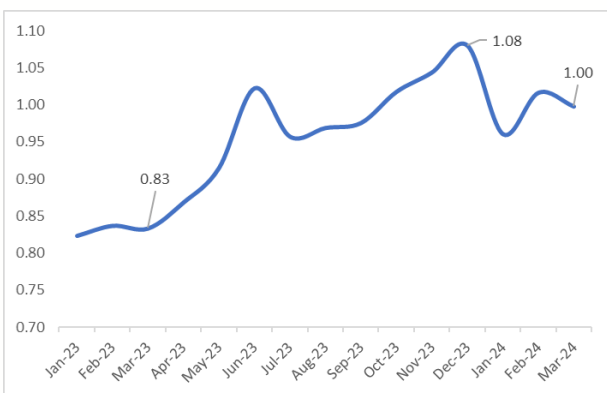
	Mar-24		1M		3M		1Y
Maize	\$ 1.59	↓	-18%	↓	-27%	↑	19%
Beans	\$ 3.08	↓	-12%	↓	-17%	↑	15%
Taro	\$ 0.97	→	-3%	↓	-13%	→	0%
Onion	\$ 2.97	→	1%	↓	-7%	→	0%
Sweet Potato	\$ 1.07	↑	7%	→	-2%	→	-2%
Salt	\$ 0.56	↓	-12%	→	1%	→	-4%
Potato	\$ 1.46	↑	9%	↓	-6%	↓	-7%
Chili	\$ 6.01	↓	-19%	↑	46%	↓	-8%
Tomato	\$ 1.99	↓	-15%	↓	-16%	↓	-10%
Wheat flour	\$ 0.93	→	-1%	→	-1%	↓	-11%
Chicken	\$ 3.38	→	-2%	→	-1%	↓	-11%
Egg*	\$ 0.20	→	1%	↓	-6%	↓	-12%
Cooking Oil**	\$ 1.41	→	-1%	→	-4%	↓	-13%
Sugar	\$ 1.39	↓	-13%	↓	-25%	↓	-33%

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

Cost of a Basic Food Basket (BFB)

In March 2024, the cost of the BFB amounted to US\$1.00/person/day, this is 8 percent lower than the cost of the same basket in the previous quarter (US\$1.08 in December 2023) due to a decline in the prices of beans, vegetable oil, tomatoes, and onions. The basket is however 20 percent more expensive than the cost in March 2023 (US\$0.83), with the increase due to year-on-year higher prices for imported rice, beans, tomatoes, onions, and vegetable oil, while chicken meat and eggs' prices declined.

Fig.6: Cost of a Basic Food Basket, 2023-2024 (US\$/person/day)



WFP Basic Food Basket (BFB) Daily per capita ration

The BFB is a combination of specific quantities of seven food items of six different food groups (rice, beans, eggs, vegetable oil, tomatoes, onions, and chicken meat) enough to cover the daily macronutrient requirements of an average household member according to [Sphere Standards](#).

The BFB composition was determined by WFP following a right-based approach considering some of the most consumed commodities ([TLFNS 2020](#)) among those regularly monitored in the markets, using the [NutVal](#) application.

The cost of the BFB is calculated to assist in interpreting the impact of changes in food commodity prices on the cost of a healthy diet consumed in Timor-Leste.

References

1. Inflation is the rate of increase in prices over a given period of time. In Timor-Leste, the *Food and non-alcoholic beverages inflation* (in this bulletin: food inflation) takes into account prices of cereals, bread, meat, fish and seafood, dairy products, oils and fats, fruit, vegetables, sugar and sugary products, coffee, tea, cocoa, mineral water, soft drinks, prepared food/meals, food products not elsewhere classified (n.e.c.).
2. The headline inflation is composed of several inflation groups: *Food and non-alcoholic beverages; Alcohol and tobacco; Clothing and footwear; Housing; Furnishing, household equipment and routine household maintenance; Health; Transport; Communication; Recreation and culture; Education*.
3. FAO All Rice Price Index, [link](#)
4. 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 March 2024 Food Security Alert for more information, at this [link](#)
5. For more details, please see Timor-Leste Market Monitor Report Q4 2023, [link](#)
6. The IDR is defined as $\text{imports}/(\text{local production} + \text{imports} - \text{exports}) \times 100$.
7. Crop and Food Supply Assessment Mission (CFSAM) 2021, [link](#)
8. For more information see March 2024 Food Security Alert, at this [link](#)
9. In Timor-Leste, excise taxes on sugar and confectionery, and on sugar-sweetened beverages were introduced in January 2023 through [Law 15/2022](#) (articles 3 and 4). The excise tax on sugar and confectionery was revoked through [Law 17/2023](#) of 29 August 2023. The excise tax on sugar-sweetened beverages was confirmed through [Law 21/2023](#) (article 3, point 4a).
10. FAO Markets and Trade - Commodities page: [link](#)
11. Trade data provided by the Timor-Leste Customs Authority.

Disclaimer 1: January 2024 prices are estimates calculated by WFP, due to the unavailability of actual market data. The method used is ARIMA (autoregressive integrated moving average), which helps predict prices based on past data. A technical note on the methodology is accessible [here](#).

Disclaimer 2: National average price fluctuations for all monitored commodities may be influenced by the availability of data from the different municipalities, which is not always consistent across months.



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