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Food Security
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KEY HIGHLIGHTS

- **Exchange rates:** the average black market exchange rate between the Yemeni Riyal (YER) and US Dollar (US\$) remained stable in January 2024 in areas under the Sana'a Based Authorities (SBA) but depreciated slightly (2 percent) in Government of Yemen (GoY) controlled areas month-on-month (m-o-m) (**Fig. 1**). The YER has lost significant ground to the USD in GoY controlled areas having depreciated by 21 percent and 34 percent year on year (y-o-y) and against the 3-year average (3-YA) correspondingly while gained value in SBA areas by 6 percent and 11 percent, respectively. The currency depreciation in the GoY areas is primarily due to loss of foreign exchange earnings following the precipitous decline in oil and gas exports. The currency depreciation is partly responsible for increasing food prices in GoY areas.
- **Food and Fuel Imports:** Despite anticipated reduction in import volumes following the escalation of the conflict in the Red Sea, wheat, and other basic food imports through the three major ports (Saleef, Hodeidah and Aden) are still flowing normally. Imports increased in January by 28 percent and 12 percent, above December 2023, and same month last year levels, respectively, while also 12 percent higher than the 3-year average. At the same time, petrol, and diesel import volumes increased by 14 percent in January 2024 compared to the previous month although they were reduced by 17 percent year-on-year and stable against the 3-year average (**Figures 2 & 3**).
- **Fuel prices:** Fuel (diesel and petrol) prices remained largely unchanged in January 2024 from their levels the previous month due to sufficient stocks (**Figure 4**). This is despite the increased maritime cost through the Red Sea during the same month. However, prices of petrol and diesel in GoY areas increased by 27 percent compared to the same month last year, while dropped by 21 percent and 6 percent, respectively, for diesel and petrol in SBA areas. The increased fuel price in GoY areas is partly contributing to increased food prices in these areas over the last one year.
- **Food prices:** Staple cereals and other basic food items (Basmati rice, kidney beans, cooking oil, and wheat flour) exhibited relative stability m-o-m in both areas of the country, supported by reduced global food prices and recent harvests in the highlands. However, food prices are higher compared to the same month last year in GoY areas (6-27 percent) while lower in SBA areas over the same period, the former because of reduced value of the currency and increased fuel prices. Prices of basic food items are significantly elevated in GoY areas but relatively stable in SBA areas against the 3-year average (**Figure 5**).

Price changes (percent)

Area	Commodity	Jan 2024 Price	m-o-m	y-o-y	3YA
GoY	Agricultural Labor - Per day	12,065	1%	17%	45%
	Basmati Rice - 1 kg	2,349	2%	20%	53%
	Diesel (Official) - 1 L	1,305	-3%	27%	93%
	Imported Kidney Beans (Grain) - 1 kg	2,798	1%	12%	51%
	Imported Sunflower Oil - 1 L	3,024	0%	6%	40%
	Imported Wheat Flour - 1 kg	950	1%	0%	31%
	Minimum Food Basket	127,474	1%	4%	38%
	Petroleum (Official) - 1 L	1,182	-3%	27%	78%
	Unofficial Exchange Rate - Buying - YER/USI	1,548	-2%	-21%	-34%
	Unskilled / Casual Labor - Per day	11,218	1%	14%	33%
SBA	Agricultural Labor - Per day	4,985	-1%	2%	11%
	Basmati Rice - 1 kg	984	0%	1%	1%
	Diesel (Official) - 1 L	476	0%	-21%	6%
	Imported Kidney Beans (Grain) - 1 kg	1,108	0%	-9%	14%
	Imported Sunflower Oil - 1 L	1,177	-3%	-12%	-1%
	Imported Wheat Flour - 1 kg	361	-1%	-19%	-6%
	Minimum Food Basket	49,069	-1%	-15%	0%
	Petroleum (Official) - 1 L	473	0%	-6%	8%
	Unofficial Exchange Rate - Buying - YER/USI	525	0%	6%	11%
	Unskilled / Casual Labor - Per day	5,119	0%	-1%	10%

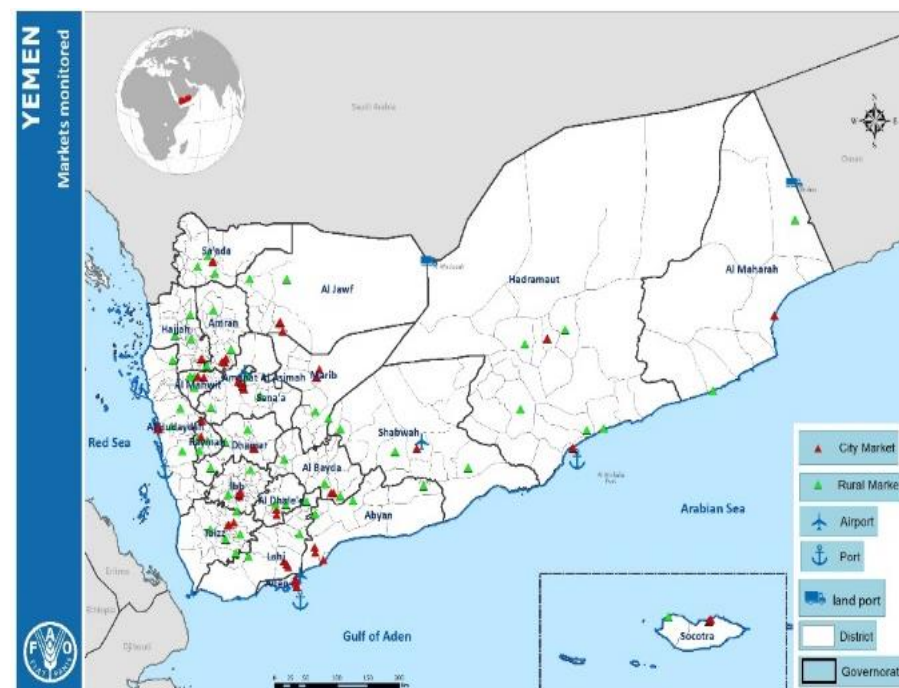
m-o-m: % change from previous month; y-o-y: % change from the same month last year; 3YA: % change from the same month in 2021, 2022, & 2023

Note on the dual exchange rate regime in Yemen: There are currently two exchange rates split by monetary governance between the Sana'a based authorities (SBA) and the Government of Yemen (GoY) based in Aden. This was after the Central Bank in Aden printed new notes starting from Nov 2019 and the SBA banned the use of these new notes in their areas. As a result, the Yemeni Rial in GoY areas depreciated significantly against the US\$ while the YER in SBA areas remained largely stable and controlled. Food prices followed the same trend by rising significantly in GoY areas in local currency terms but remained stable in SBA areas starting from November 2019. It's important to note, however, that while prices in GoY areas may seem 'double their levels in SBA areas', the US\$ equivalent of the prices in both areas are nearly the same, in fact sometimes slightly higher in US\$ equivalent in SBA areas.

- **Minimum Food Basket (MFB):** in line with stable trends in basic food prices, the MFB remained generally unchanged in both areas m-o-m but is 4 percent and 38 percent higher in GoY areas y-o-y and against the 3-year average while lower than its level a year ago and at par with the 3-year average in SBA areas (**Figure 5**). The average cost of the MFB in January 2024 is slightly more expensive in SBA areas than in GoY in US\$ terms. Notable the populations in SBA areas do not have sufficient purchasing power to afford the MFB compared to their counterparts in GoY areas despite SBA's strict controls on food prices and exchange rates. Monitoring data show that up to 35 percent of the population rely on government salaries as their main source of income in GoY areas while casual labour (54 percent) and humanitarian food assistance (18%) are the primary income sources in SBA areas. While SBA suspended payment of salaries to civil servants, the GoY continues to pay salaries to its civil servants intermittently. As a result, only 3 percent of the population rely on salaries are their primary income source in SBA areas.
- **Livestock prices:** the January 2024 market prices of goat and sheep (6 months old/12 kg) were relatively stable in GoY areas but reduced by 10 percent in SBA areas month-on-month. At the same time, livestock prices were 23 percent and 45 percent higher than levels the same month last year and the three-year average in GoY areas, respectively, but reduced by 13 percent and 9 percent, correspondingly, in SBA areas (**Figure 6**).
- **Casual labor wage rates:** casual labour rates remained generally unchanged in both GoY and SBA areas over the month of January compared to the preceding month due to minimal changes in labour demand following the end of harvest season in agricultural areas. Compared to the same period in 2023, casual labor wage rates increased by 9 percent in GoY areas but remained unchanged in SBA areas (**Figure 6**). Although casual labour wage rates are higher than three-year average in both GoY (35 percent) and SBA (10 percent) areas, the capacity of casual laborers to afford basic food items is low because of a much rapid increase in food prices (38 percent increase in MFB) and the erosion of the value of the YER in GoY areas and reduced labour opportunities and non-payment of salaries in SBA areas.
- **Purchasing power:** The terms of trade (casual labor to cereal & livestock to cereal), a measure of purchasing power, remained stable month-on-month in both GoY and SBA areas during the reporting month, in line with relative stability in labour wage rates and livestock prices. Livestock and labour terms of trade against cereals are higher than they were a year ago and the 3-YA, but household market purchase capacity is still lower because of reduced livestock holdings. Notable, the terms of trade livestock to cereal is lower than the 3-YA in SBA areas while they are slightly higher than the 3-YA in GoY areas (**Figure 7**).
- **Short-term outlook and implications on food security:** The prices of basic food commodities, small ruminants as well as fuel are projected to increase seasonably from March through May 2024 in response to increased demand during the upcoming seasonal festivities (the Holy month of Ramadan and Eid), and because of the knock-off effects of the conflict in Red Sea. The increased prices will limit access to food to most poor households and worsen food insecurity, although this might temporarily be mitigated somewhat by increased household resource sharing during Ramadan. A **serious food insecurity crisis is projected in SBA areas** from June at the start of the lean season in the absence of humanitarian food assistance.

		Jan 2024 price	percentage price changes		
			m-o-m	y-o-y	3-YA
Sheep/goat (6 months/ 12 kgs)	GoY	115,581	1%	23%	45%
	SBA	41,293	-10%	-13%	-9%
Casual labour	GoY	15,109	0%	9%	35%
	SBA	7,247	-1%	-1%	10%

Markets monitored.



ANNEXES

Figure 1: Exchange Rates: YER vs. 1US\$

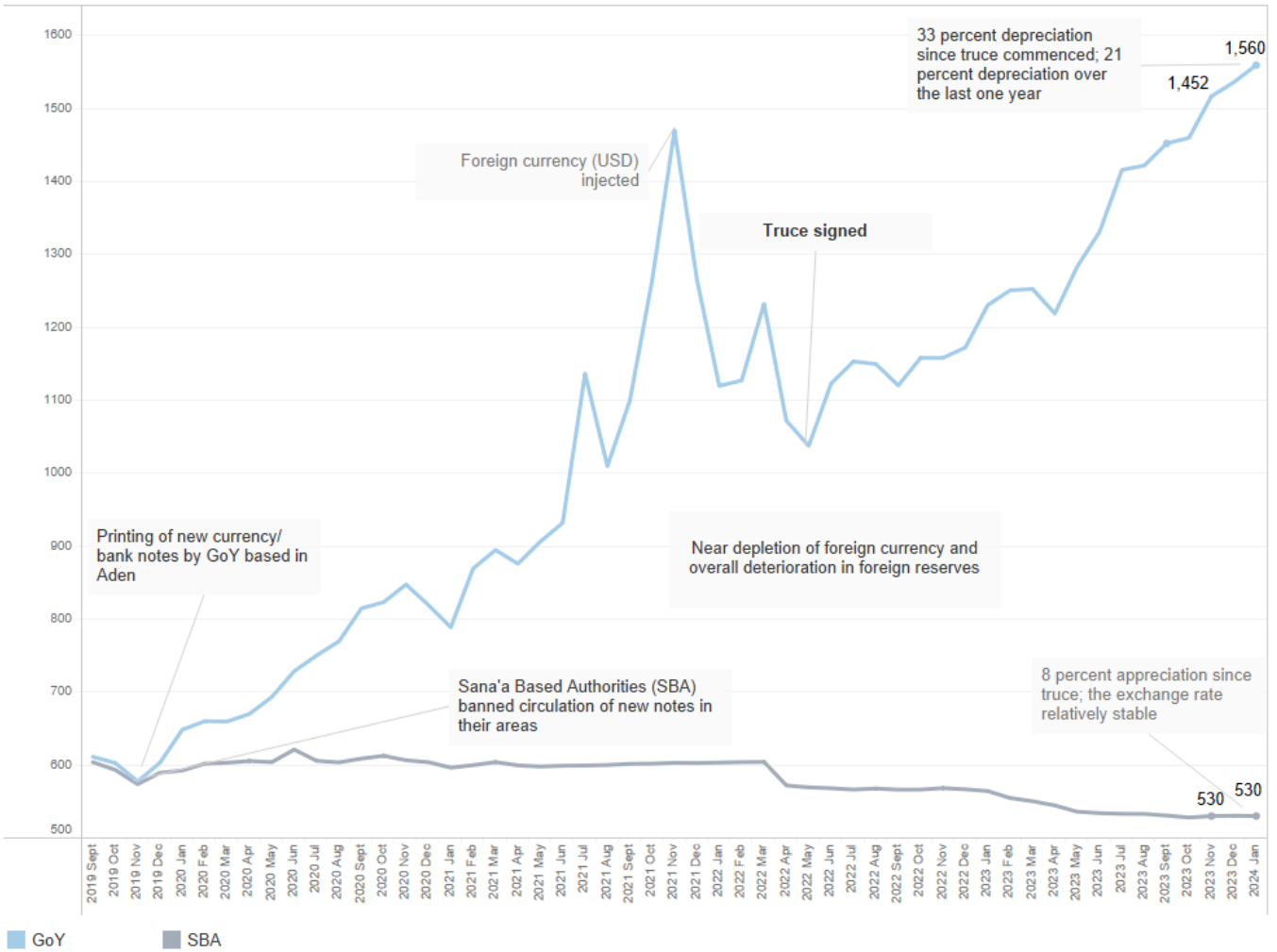


Figure 2: Wheat imports to Yemen through Saleef, Aden and Hodeidah Ports (January 2023 to January 2024)



Figure 3: Petrol and Diesel imports to Yemen through the Aden & Hodeidah Ports (January 2023 to January 2024)

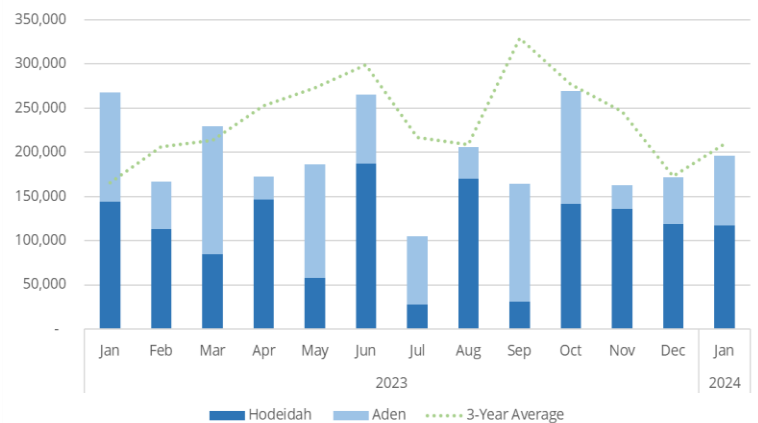


Figure 4: Diesel & Petrol Price Trends

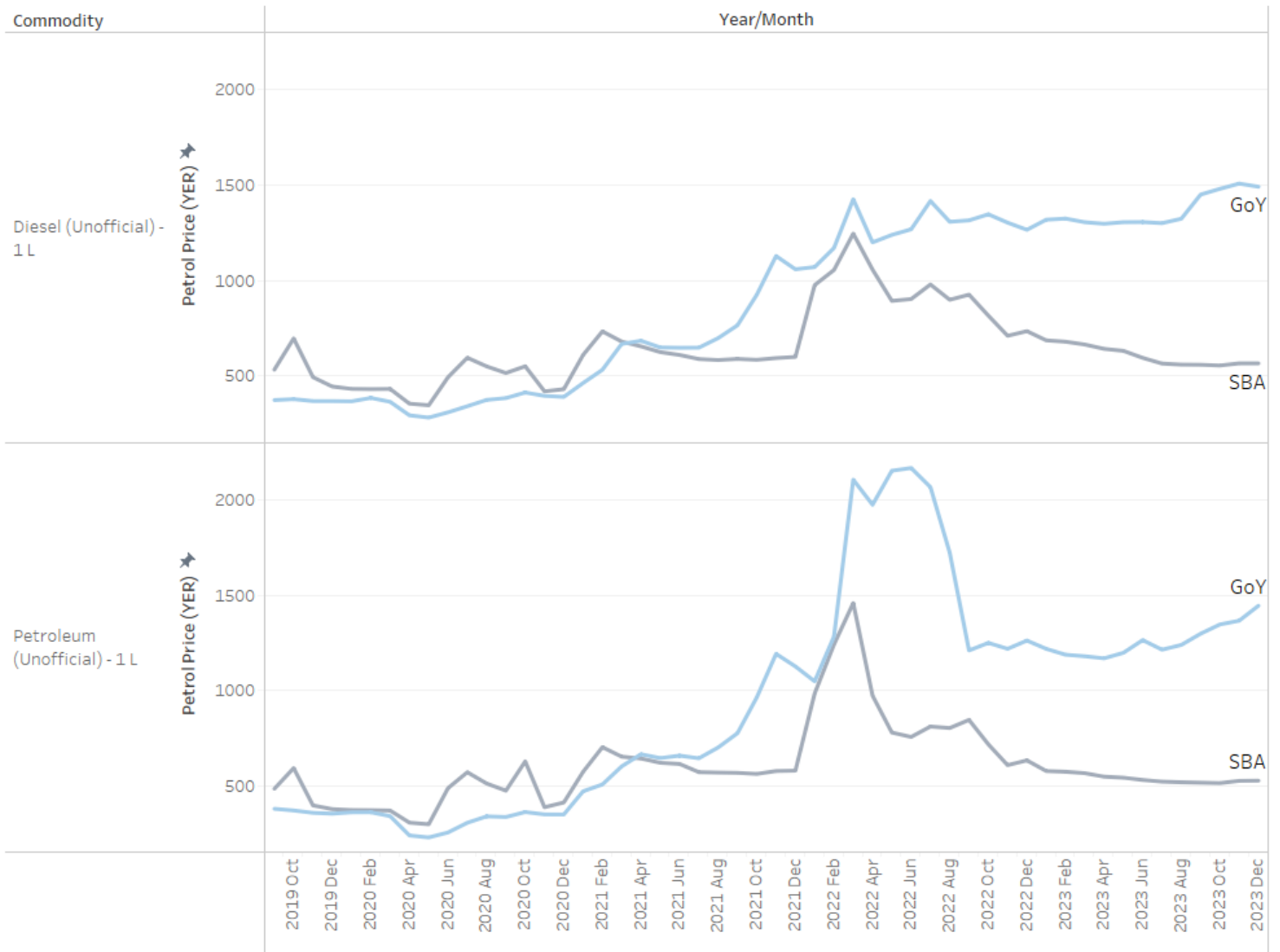


Figure 5: Minimum Food Basket/ food prices

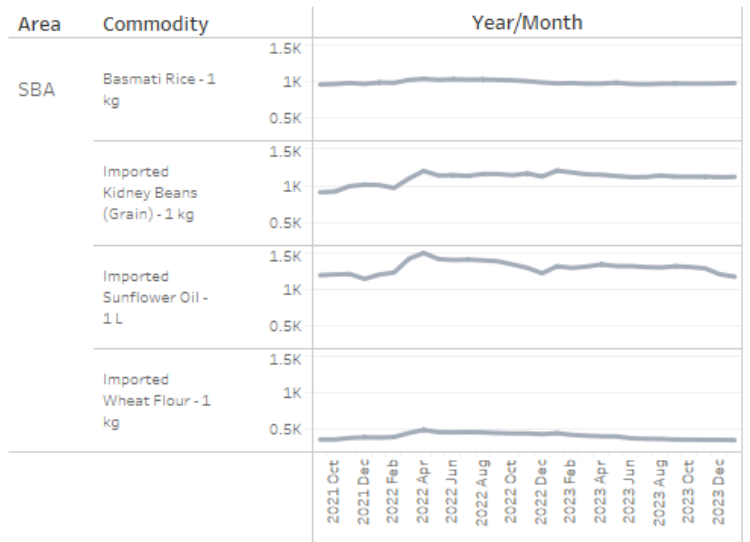
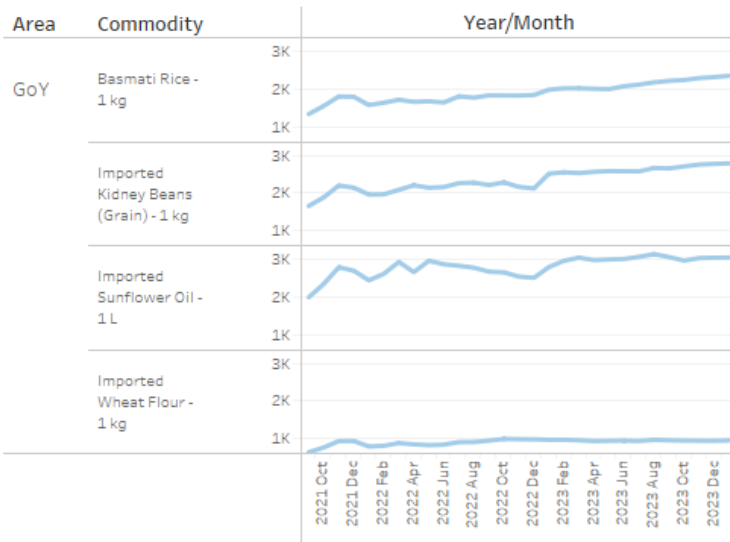
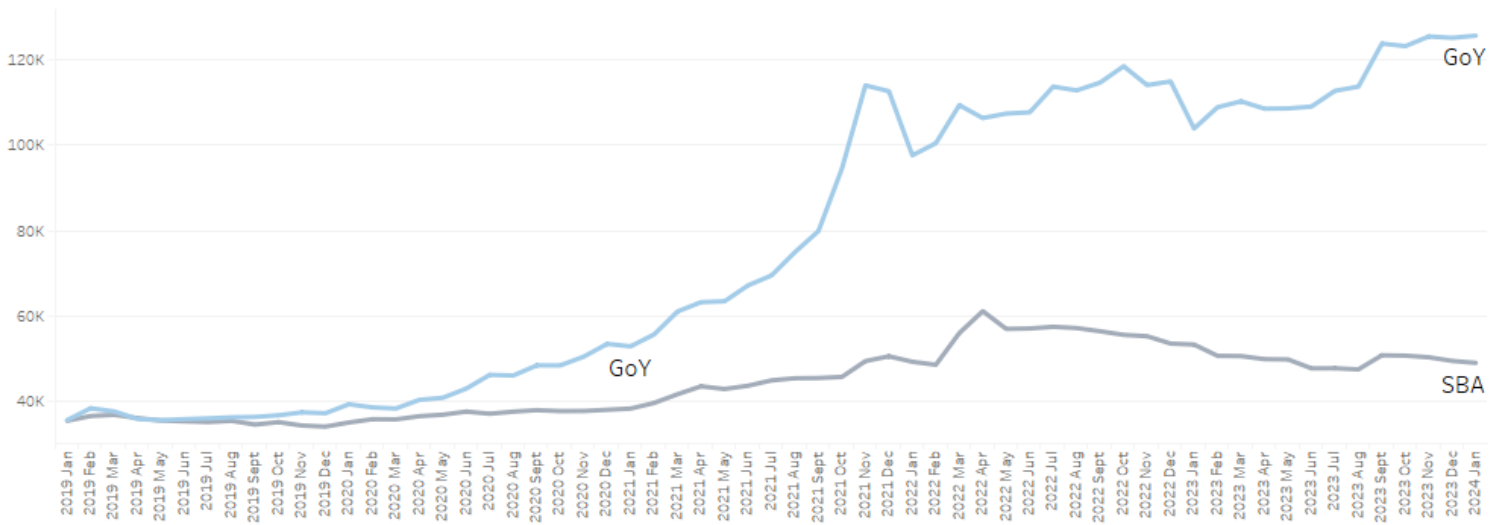
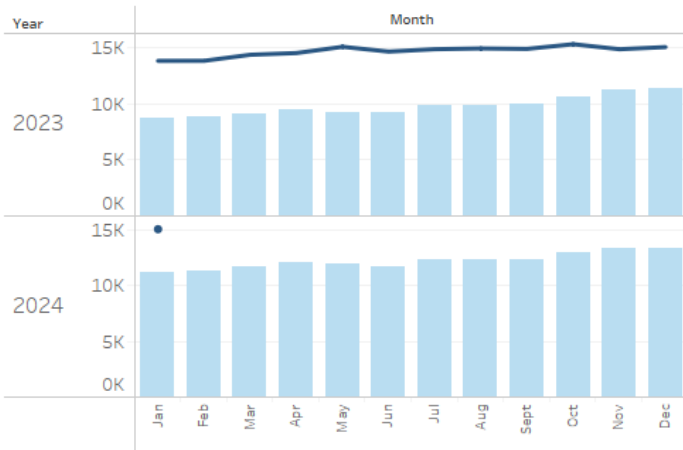
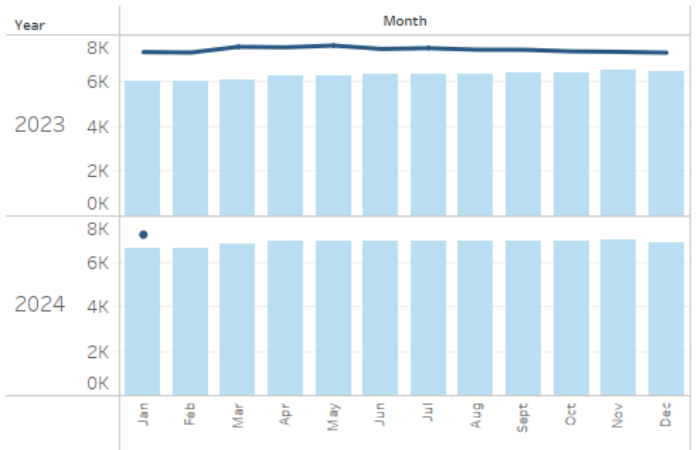


Figure 6: Trends in Daily Casual Labour Wage Rates and livestock prices

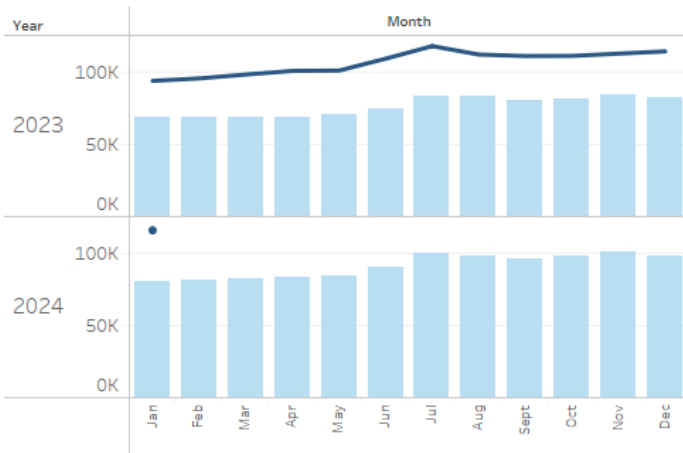
casual labour wage rates_GoY



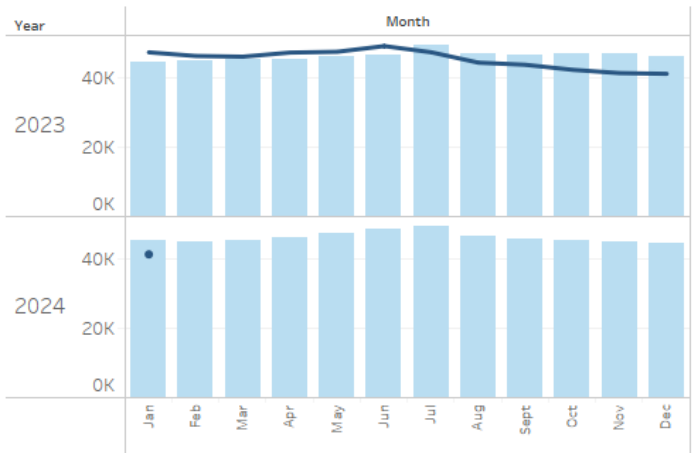
casual labour wage rates_SBA



6 months goat/sheep (12 kg)_GoY



6 months goat/sheep (12 kg)_SBA



■ 2023/2024 trend ■ 3-YA

Figure 7: Terms of Trade (purchasing power)

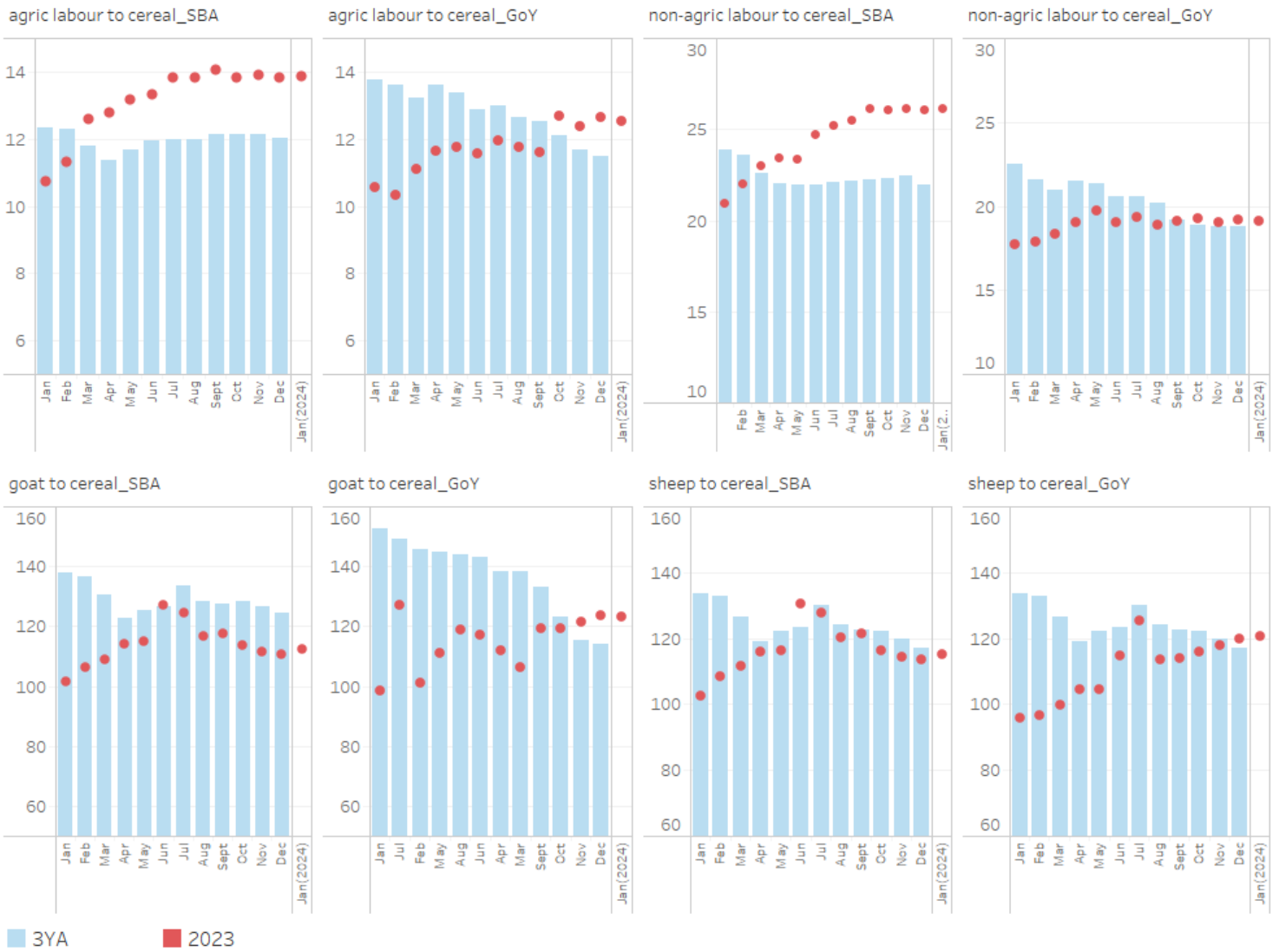
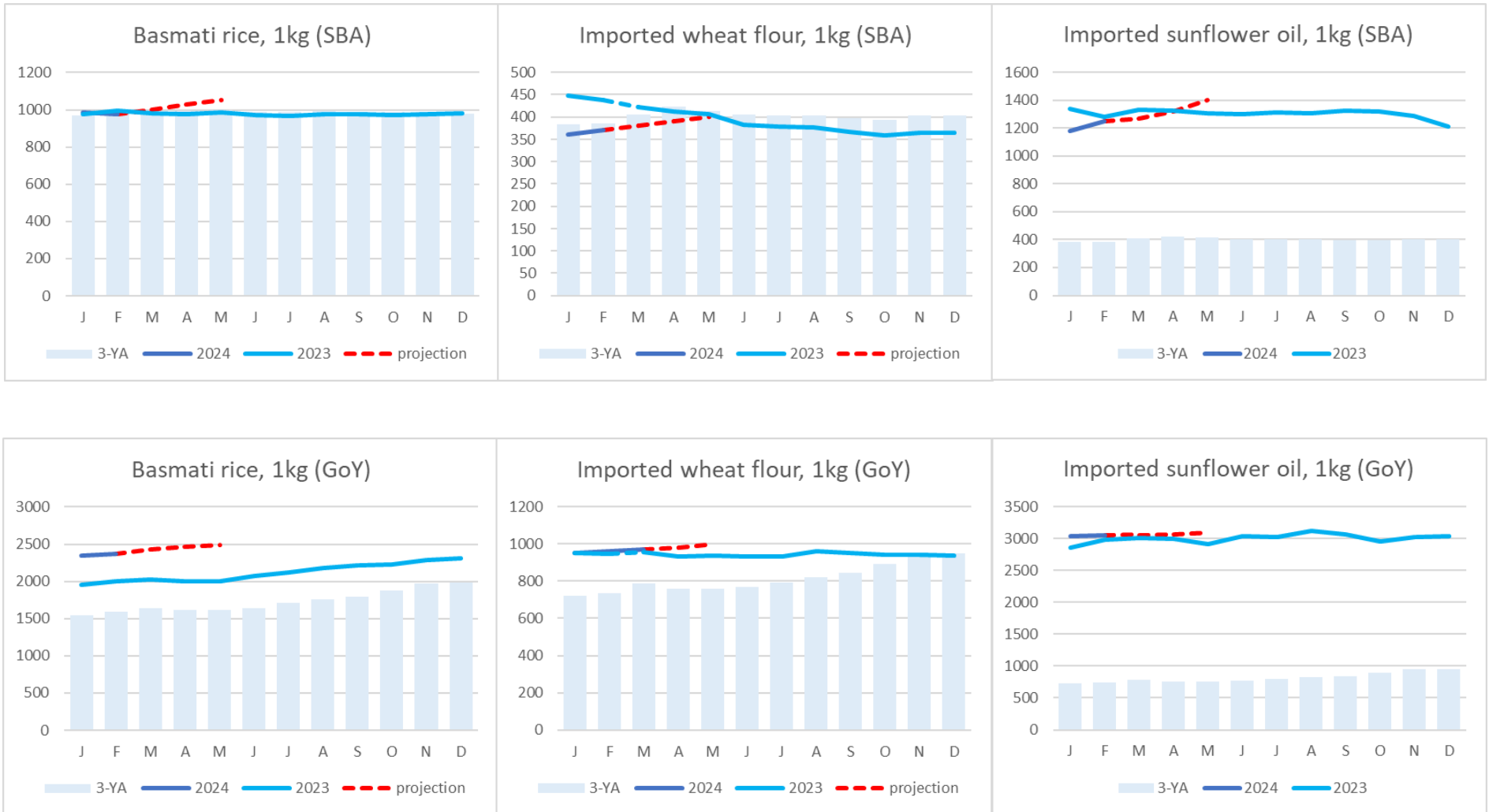


FIGURE 8: Staple food commodity price forecasts/ projections (February - May 2024) (in Yemeni Rial)





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