



August¹ 2017

HIGHLIGHTS

- **Inflation:** In July 2017, the year-on-year increase in consumer prices was 155 percent according to the National Bureau of Statistics. The increase in the prices of food and non-alcoholic beverages was mainly driven by bread and cereals.
- **Exchange rate:** The relative stability of the South Sudanese Pound (SSP) in the past few months also continued in July 2017. The exchange rate in July stood at SSP 157.58 to one US Dollar while the official rate was SSP 117.76. During the past 12 months, the official USD exchange rate dropped from SSP 45 to SSP 117.76 (162 percent), while the parallel USD exchange rate drifted from SSP 60 to SSP 157 (163 percent).
- **Fuel prices:** The scarcity of fuel led the prices to remain at elevated level across the country. Compared to June 2017, the retail prices of fuel remained high, but stable in many of monitored markets. The exception was in Juba where the price of fuel has increased by 21 percent in the parallel market.
- **Cereal prices:** Mixed trends were seen in staple retail prices. Compared to June 2017, the price of white sorghum has increased in Wau and Wunrok markets, but decreased in Aweil, Bor and Bentiu markets. The decrease in some of the markets may be associated with the scaled-up food assistance provided to households during the lean season, temporarily reducing market dependence, demand and inflationary pressure. However, compared to July 2017, food prices have increased by more than 100 percent in most markets, putting significant pressure on household purchasing power and food security.
- **Terms of Trade:** Despite an unchanged wage rate, a decline in white sorghum prices led the terms of trade (TOT) with wages to improve in Bor by 30 percent against June 2017. However, the TOT deteriorated in Wau (16 percent) due to an increase in white sorghum prices. The stability of the price of white sorghum and the non-agricultural wage rate in Aweil has contributed to stable terms of trade.
- **Outlook:** The prices of staples are likely to remain at an elevated level until the new harvest comes in. High prices will continue to adversely affect household purchasing power and the food security situation of market dependent households.

¹ The analysis is based on prices data of July 2017
 Photos: WFP/Ryan McDonald (left) and WFP/George Fominyen (right)
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The consumer price index remains high, while the USD/SSP exchange rate continues to show some stability

According to the National Bureau of Statistics, the consumer price index registered an annual growth of 154 percent in July 2017, compared to 450 percent reported in July 2016. The annual increase in food and non-alcoholic beverages in July 2017 was reported to be 124 percent. The monthly consumer price index increased by less than 1 percent from June to July 2017. The high prices of food and non-alcoholic beverages were mainly driven by bread and cereals, which constitute a significant proportion of the diet consumed by low income groups.

The South Sudanese Pound (SSP) has remained relatively stable. In July 2017, the average exchange rate of USD to SSP in Juba stood at SSP 157.58 (parallel) and 117.76 (official), compared to 153 and 116.92 in the previous month. Despite some stability in recent months, the SSP has depreciated significantly in the past one year. During the last 12 months, the official USD exchange rate dropped from SSP 45 to SSP 117.76 (162 percent), while the parallel USD exchange rate drifted from SSP 60 to SSP 157 (163 percent).

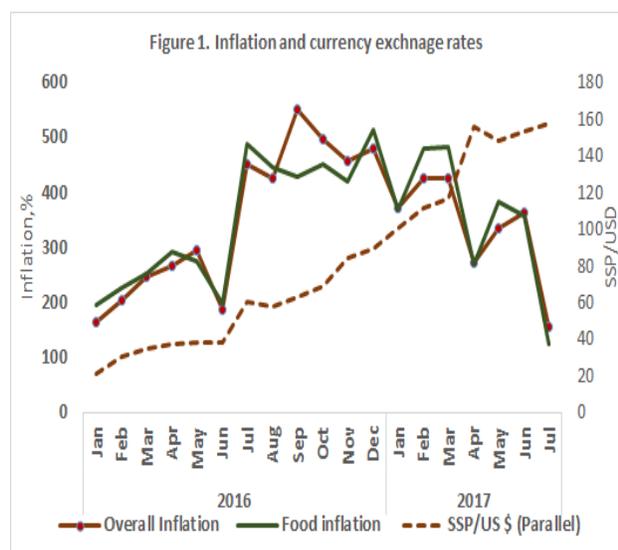
The parallel market rate of USD to SSP in Juba was 31 percent higher than the official rate in July. As most traders obtain hard currency from the parallel market, it has a direct implication on the prices of imported staple foods.

Scarcity of fuel remains a challenge to the transport sector

The scarcity of fuel caused by a failure to meet demand has led prices to remain at an elevated level across the country. Compared to June 2017, the retail prices of fuel remained high, but stable in many of monitored markets. The exception was in Juba where the price of fuel has increased by 21 percent in the parallel market compared to the previous month. Compared to a year ago, fuel prices were significantly higher. The parallel market fuel prices in July 2017 were in the range of 70 to 266 percent higher than those in July 2016. Due to the inadequate availability of fuel at petrol stations providing fuel at the official price, most people had to rely on buying fuel from the parallel market. Both public and freight transport services were impacted negatively by the prevailing scarcity of fuel in the country.

Mixed trends in staple prices

In July 2017, the price of white sorghum in Wau and Wunrok increased by 18 percent and 12 percent respectively, compared to the previous month. The price of white sorghum in Aweil, Konyokonyo (Juba), Mingkaman, Rumbek and Yida remained relatively stable, with price changes up to 5 percent compared to June. In Bor, the price of white sorghum decreased by 23 percent, which may be due to somewhat improved security situation along Juba to Bor route in July. In Kapoeta South, the price of maize grain, which is the main staple in that area, has increased by 29 percent. The price of maize flour increased significantly in Juba (49 percent) and to some extent in Bor (12 percent), but



Source: NBS and BSS

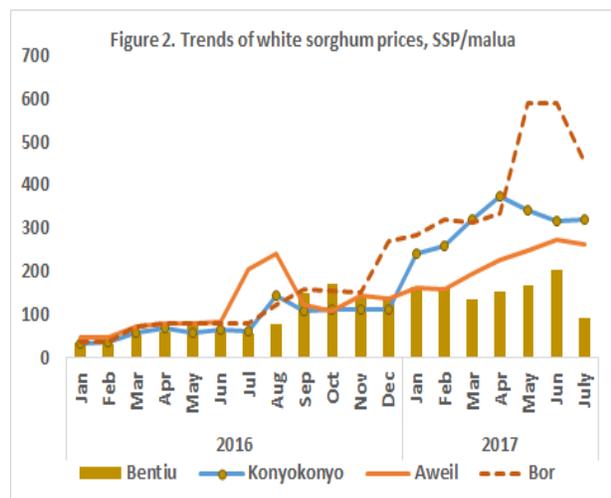
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decreased in Aweil (35 percent) and Wau (15 percent).

Wheat flour, which is widely consumed by urban households, registered price increases of a variable magnitude in different markets: 7 percent in Torit, 20 percent in Wunrok, 40 percent in Kapoeta South and notably over 50 percent in Yida, while the price in Aweil experienced a 12 percent decline compared to the previous month.

The observed staple price decreases in some of the markets such as Aweil could likely be associated with the scaled-up food assistance provided to households during the lean season, temporarily reducing their market dependence, and associated market demand and inflationary pressure.

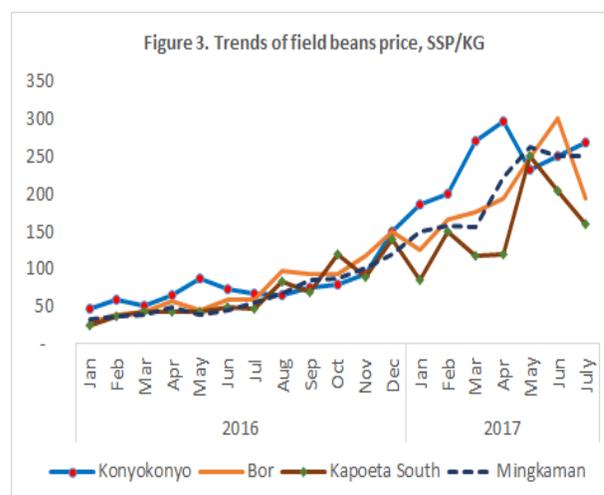
Compared to a year ago (July 2016), the prices of all cereals including white sorghum, maize grain, maize flour, wheat flour and rice have increased at an exorbitant rate, more than 100 percent across most markets. In areas receiving larger quantities of humanitarian food assistance, such as the former Unity state, the rate of increase is relatively lower, although still clearly above a normal level (Annex 1).



Source: WFP

Mixed trends in cooking oil and field beans prices

Compared to June, there was a huge increase in the retail price of cooking oil in Wau (81 percent) and Yida (46 percent), while its price has remained stable in Aweil, Bor, Mingkaman, Juba and Torit. In Kapoeta South, the price of cooking oil actually decreased by 11 percent. Compared to a year ago, the price of cooking oil has increased by more than 100 percent in almost all monitored markets. The price of field beans (*janjaro*) has decreased in Kapoeta South (22 percent) and Bor (35 percent) while it increased in Wau (8 percent) and Torit (7 percent) compared to the previous month. In contrast to a year ago, the price of field beans was in the range of 150 percent to 350 percent higher in different markets in the country in July 2017.



Source: WFP

Terms of Trade (TOT): Purchasing Power

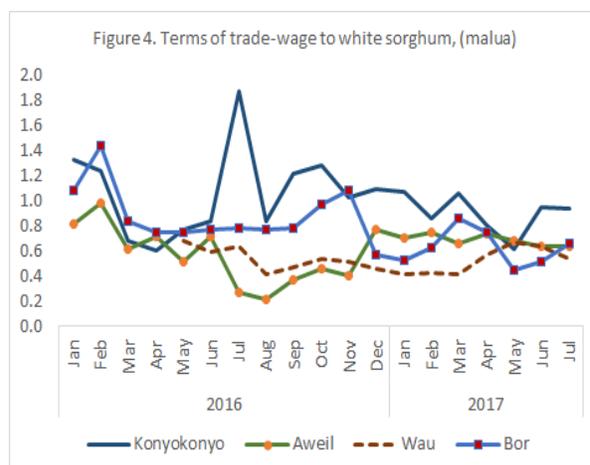
Wage to sorghum: In July, despite an unchanged wage rate, a decline in white sorghum prices led to the improvement in the terms of trade in Bor by 30 percent against June 2017. However, the TOT have deteriorated in Wau (16 percent) due to an increase in the price of white sorghum. Stable white sorghum prices and the non-agricultural wage rate in Aweil and Konyokonyo

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have contributed to the stability in terms of trade in these markets. Compared to the same month a year ago, the TOT have deteriorated in Juba (50 percent) and in Wau and Bor (15 percent each).

In July, among the markets monitored, the TOT for the daily wage of an unskilled labourer were the worst in Wau (fetching only 0.5 *malua* of white sorghum) and best in Juba (0.90 *malua*).

Livestock to cereal: The TOT have deteriorated in Wunrok, Wau, Yida and Konyokonyo by between 11 and 20 percent compared to June 2017. The deterioration of the TOT was mainly attributed to a decline in the price of goats in Yida, while an increase in the price of white sorghum was the main driver reason in the remaining markets. On the contrary, the TOT improved in Aweil by 27 percent, mainly due to an increase in the price of goats. In July 2017, an average-sized goat fetched 7.6 *malua* to 10 *malua* of white sorghum in Rumbek, Mingkaman and Wau; while the TOT ranged from 13 *malua* to 17 *malua* in Yida, Wunrok and Konyokonyo markets.



Source: WFP

Food Security Outlook

The overall high food prices compounded by the continued macro-economic crisis have reduced purchasing power and increased the number of people who are unable to meet their daily food needs. The retail prices of staples are likely to remain at elevated levels for a few months, until the next harvest comes in. This will continue to adversely affect household purchasing power and the food security situation of market dependent households.

