

## SOUTH SUDAN MONTHLY MARKET PRICE MONITORING



September<sup>1</sup> 2017

### HIGHLIGHTS

- **Inflation:** The ongoing macroeconomic crisis has resulted in continued high inflation in South Sudan. The monthly consumer price index increased by 9.9 percent from July 2017 to August 2017. In August, the year-on-year inflation rate in South Sudan reached 165 percent following a persistent rise in the prices of food and non-alcoholic beverages.
- **Exchange rate:** In August 2017, the average exchange rate was SSP 165 per US Dollar in the Juba parallel market, while the official rate was SSP 118. Thus the parallel market exchange rate stood 39.4 percent above the official rate, reaching the highest divergence since 2016. The average exchange rate of SSD per US Dollar in the parallel market in August was 4 percent higher than in July, and it was 185 percent higher than a year ago.
- **Cereal prices:** Essential food commodities such as sorghum, maize flour or wheat flour showed some price stability and some decreases, which can be attributed to the onset of the localized seasonal harvest and the availability of humanitarian food assistance. However, price increases continued in some markets.
- **Fuel prices:** Compared to July 2017, diesel prices have increased by between 18 and 50 percent in Yida, Wau, Aweil and Wunrok. Price increases of over 50 percent were observed in the Bor, Kapoeta and Mingkaman markets. The price of petrol has also increased in most markets. Fuel scarcity has continued.
- **Terms of trade:** Due to stable cereal prices, terms of trade (TOT) in August remained almost unchanged from the previous month in most areas, improving in Torit (23 percent), Wau (6 percent) and Wunrok (8 percent). In Kapoeta South, livestock prices have reduced as a result of lower demand; traders have been unwilling to buy live animals due to livestock looting activities along the route to Torit and Juba.
- **Outlook:** As a result of the local harvest and the distribution of humanitarian assistance, market demand for food is likely to reduce. Price stability is therefore likely to prevail in most markets for the next few months.

<sup>1</sup> The analysis is based on prices data of August 2017

Photos: WFP/Ryan McDonald (left) and WFP/George Fominyen (right)

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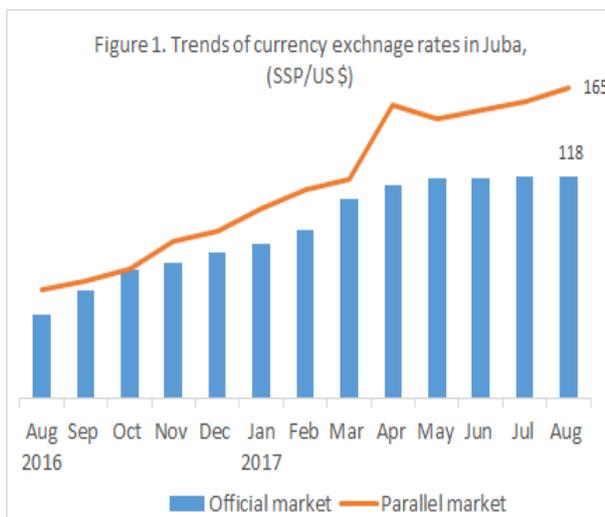
### High inflation and continued depreciation of local currency

The ongoing macroeconomic crisis has resulted in continued high inflation in South Sudan. The monthly consumer price index increased by 9.9 percent from July 2017 to August 2017. In August, the year-on-year inflation rate in South Sudan reached 165 percent, following a persistent rise in the prices of food and non-alcoholic beverages. The continued rise in the cost of living remains a major challenge for poor, market-dependent households.

The local currency has continued to depreciate. Furthermore, the scarcity of hard currency has forced importers to rely on the parallel market for access to foreign currency. In August 2017, the average exchange rate was SSP 165 per US Dollar on the Juba parallel market, while the official rate was SSP 118. Thus the parallel market exchange rate stood 39.4% above the official rate, reaching the highest divergence since 2016. In August, the average exchange rate of SSD per US Dollar in the parallel market was 4 percent higher than one month ago, while it was 185 percent higher than the same time one year ago.

### Fuel prices rise in most areas while the scarcity continues

Bad road conditions worsened by seasonal rains and scarcity of fuel have curtailed transport



services and the movement of people in urban centers, mainly in Juba town. The scarcity of fuel at official gas stations has caused increasing dependence on parallel markets where fuel is sold along road sides using plastic bottles. In August 2017, diesel prices increased by 20 to 50 percent in Yida, Wau, Aweil and Wunrok, compared to the previous month. The markets in Bor, Kapoeta and Mingkaman experienced even higher price increases, above 50 percent. Additionally, the retail price of petrol also increased in Wunrok, Aweil and Bor by 15 to 70 percent while it increased by more than 100 percent in Warrap and Mingkaman. In Juba, the price of fuel in the parallel market decreased by 24 percent and 32 percent respectively compared to July 2017, following a very high increase between June and July 2017.

### Some stability in cereal prices due to harvests and humanitarian assistance

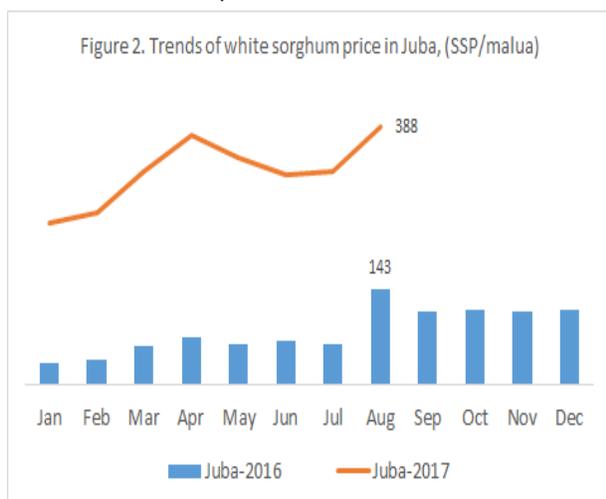
The onset of the seasonal harvest, improving the availability of green vegetables and tuber crops, has enabled farming households to access food from their own production and contributed to a short-term contraction in the market demand of staple foods. Furthermore, food commodities (sorghum, cooking oil, sugar, wheat flour) from Sudan continue to enter the country through Abyei and Warwar trade routes, reaching Greater Bahr el Ghazal markets. As a result, most essential food commodities showed price stability, and some price decreases were seen for sorghum, maize, maize flour and wheat flour. The observed price situation was also supported by humanitarian assistance which enabled beneficiary households to depend less on markets. Despite the overall price stability and the decreases observed, a few markets have experienced increases in the prices of staple foods price.

In August, compared to the previous month, the retail prices decreased (5 percent and above) in

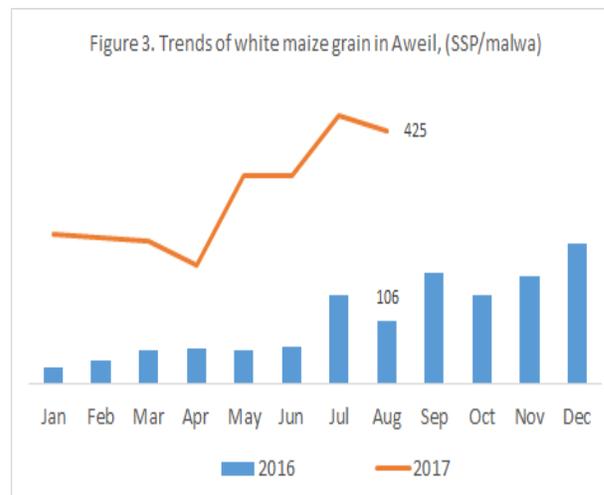
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Aweil, Bentiu, Mingkaman and Torit for sorghum; Kapoeta South, Torit and Wau for maize grain; Bor, Kapoeta South, Konyokonyo and Wunrok for maize flour; and Bor, Aweil and Kapoeta South for wheat flour. However, the retail price of sorghum increased in Konyokonyo (21 percent); maize grain in Yida (10 percent) and Aweil (31 percent); wheat flour in Yida (10 percent), Mingkaman (17 percent) and Konyokonyo (66 percent); maize flour in Mingkaman (19 percent) and Wau (57 percent).

Despite the observed seasonal decreases, the overall price level was extremely high, and very significantly higher than the same month last year. Compared to August 2016<sup>2</sup>, the prices of staple foods have risen by more than 100 percent in most markets, while the increment ranges between 25 to 100 percent in a few markets. As household income has remained stagnant in the midst of the wide-spread economic crisis, it is extremely difficult for poor and very poor market-dependent households to absorb increasing food prices and meet their minimum food requirements.



Source: WFP



Source: WFP

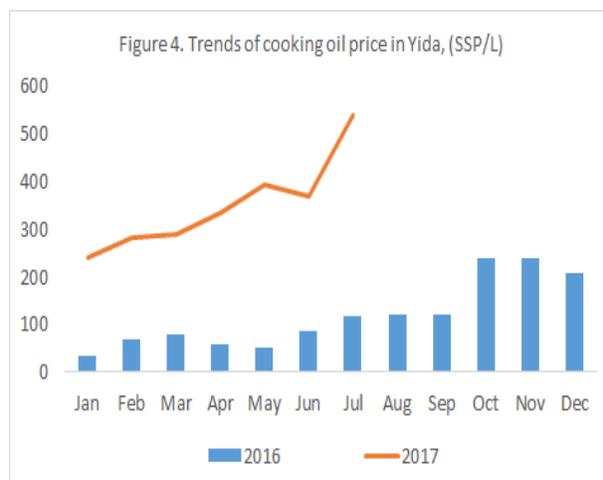
### Stable but elevated prices for cooking oil and field beans

In August, the retail price of field beans (*janjaro*) remained the same as the previous month across many markets. Compared to July 2017, the price of field beans increased by 15 percent in Wunrok, while prices have decreased in the Konyokonyo, Aweil and Wau markets. Other markets monitored by WFP experienced stable prices, with changes of up to 5 percent. On the other hand, the retail price of field beans increased significantly (between 200 and 429 percent) compared to a year ago (August 2016), in most markets, while Aweil and Kapoeta South observed price increases of 88 percent and 94 percent, respectively.

<sup>2</sup>Following the July 2016 conflict, the prices of food commodities increased dramatically, and this trend of rising food prices has continued.

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It was observed that 60 percent of monitored markets have experienced stable prices for cooking oil compared to the previous month. Despite the observed stability, prices stood at an elevated level with a litre of cooking oil sold at the lowest for SSP 155 in Aweil to the highest in Yida at SSP 575. Compared to the previous month, cooking oil prices increased in Yida (6 percent), Agok (12 percent) and Minkgaman (13 percent), but decreased in Aweil (14 percent). The price of cooking oil has doubled over the last twelve months across most markets.



Source: WFP

**Table 1. Lowest and highest price of commodities by market in August 2017**

Commodity (unit)	Lowest price (SSP)		% change (M-on-M)	Highest price (SSP)		% change (M-on-M)
White sorghum (3.5 kg)	Bentiu	(150)	-15	Minkgaman	(550)	-8
White Maize (3.5 kg)	Yida	(170)	10	Kapoeta South	(425)	-6
Wheat flour (kg)	Aweil	(100)	-34	Minkgaman	(213)	17
Maize flour (kg)	Kapoeta South	(150)	-6	Minkgaman	(220)	19
Field beans (kg)	Yida	(115)	4	Bor	(300)	0
Cooking oil (L)	Aweil	(155)	-14	Yida	(575)	6
Petrol (L)*	Kapoeta South	(135)	20	Minkgaman	(43)	189
Ground nuts-shelled (KG)	Aweil	(126)	-32	Agok	(300)	-10
TOT: Goat to sorghum (Maliua)	Minkgaman	(9)	-2	Bor	(17.86)	-2

\* 'Parallel' market prices

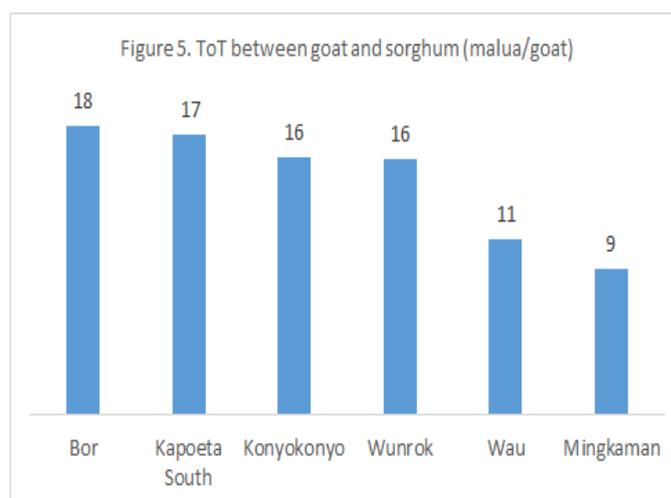
Source: WFP

### Terms of Trade (TOT): Purchasing Power

**Goat to sorghum:** The average price of a medium-sized goat has slightly decreased in monitored markets with the exception of Konyokonyo, where it has increased by 12 percent since July 2017. In Kapoeta South, livestock prices have reduced, as continued looting activities along the route to Torit and Juba have discouraged traders from buying animals, lowering demand. Due to stable cereal prices, the TOT remained almost the same in most areas, improving in Wau (6 percent) and Wunrok (8 percent) as compared to July 2017.

**Wage to sorghum:** The stability of the price of sorghum has caused the TOT between daily wages and sorghum to improve in Juba (18 percent) and Aweil (11 percent) as compared to July 2017.

percent) and Aweil (11 percent) as compared to July 2017.



Source: WFP

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TOT in Wau and Bor have remained stable as compared to the previous month.

As the overall contribution of wages to household income in the South Sudanese context is insignificant, the improvements in these TOT has a limited impact on the purchasing power of the majority of households.

### **Food Security Outlook**

Farming households in rural areas have started to consume staple cereals from their own production. Furthermore, green vegetables and tubers are available from gardens and as well from markets at seasonally lower prices.

These factors in conjunction with the distribution of humanitarian assistance have contributed to seasonal price stability in markets. The observed depressed market demand is likely to prevail for a few months, contributing to short-term market price stability. On the other hand, the availability of pasture and water will improve the supply of livestock products, providing better nutrition to livestock-dependent households. This is likely to cause some improvement from the very critical level of food insecurity and malnutrition observed during the peak of the lean season.

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### ANNEX: Commodity prices by market and trend of price changes (August 2017)

	Major Commodity	SSP	Price Change (%)							Major Commodity	SSP	Price Change (%)						
		Aug	1M	3M	1Y	1M	3M	1Y			Aug	1M	3M	1Y	1M	3M	1Y	
Konyokonyo	White Sorghum	388	21	13	172	▲	▲	▲	Yida	White Sorghum	195	1	18	438	▶	▲	▲	
	White Maize	400	3	3	249	▶	▶	▲		Rice	500	-2	72	313	▶	▲	▲	
	Field Beans (Janjaro)	250	-7	8	283	▼	▶	▲		Vegetable oil	575	6	46	379	▲	▲	▲	
	Maize flour	188	-12	28	182	▼	▲	▲		Wheat flour	325	10	76		▲	▲		
	Wheat Flour	183	66	37	175	▲	▲	▲		Bor	White Sorghum	455	0	-23	268	▶	▼	▲
	Vegetable oil	202	1	-10	106	▶	▶	▲			Maize flour	180	-19	-6	118	▼	▶	▲
	Rice	208	32	-20	172	▲	▼	▲			Field Beans (Janjaro)	300	0	21	208	▶	▲	▲
	TOT (wage to sorghum)	1	18	81	32	▲	▲	▲			Wheat Flour	128	-13	-34	42	▼	▼	▲
								Vegetable oil	285		-5	-7	165	▶	▶	▲		
								Rice	223	-1	15	147	▶	▲	▲			
Kapoeta South	White Maize(Grain)	425	-6	21	300	▼	▲	▲	Mingkaman	Maize flour	220	19	-8	198	▲	▶	▲	
	Field Beans (Janjaro)	160	0	-36	94	▶	▼	▲		Field Beans (Janjaro)	250	0	-5	268	▶	▶	▲	
	Vegetable oil	200	0	-20	79	▶	▼	▲		Wheat flour	213	17	14	183	▲	▲	▲	
	Wheat Flour	143	-59	-5	185	▼	▶	▲		TOT (Goat to sorghum)	9	-2	-33		▶	▼		
	Maize flour	150	-6	-14	217	▼	▼	▲		Vegetable oil	360	13	15	243	▲	▲	▲	
TOT(Goat to maize)	17	4	21		▶	▲		Tortit	White Maize(Grain)	283	-23	-28	174	▼	▼	▲		
White Sorghum	208	-21	-17	-14	▼	▼	▶		Field Beans (Janjaro)	188	1	11	95	▶	▲	▲		
Field Beans (Janjaro)	249	-12	36	88	▼	▲	▲		Wheat Flour	120	-4	1		▶	▶			
Wheat Flour	100	-34	-26	-4	▼	▼	▶		Vegetable oil	240	0	-4	82	▶	▶	▲		
Vegetable oil	155	-14	11	-15	▼	▲	▶		Groundnuts (shelled)	258	0		234	▶		▲		
Rice	200	-4	0	47	▶	▶	▲		TOT (Goat to maize grain)	14	23	38		▲	▲			
Fuel (Diesel)	252	48	53	201	▲	▲	▲	Units of measurement										
Wau	White Sorghum	355	-4	18	42	▶	▲	▲	White sorghum				3.5kg					
	White Maize(Grain)	375	-8	14	27	▼	▲	▲	White maize				3.5kg					
	Field Beans (Janjaro)	375	-13	30	290	▼	▲	▲	Cassava				3.5kg					
	Wheat Flour	140	0	-2	37	▶	▶	▲	Maize flour				kg					
	Vegetable oil	280	0	53	367	▶	▲	▲	Field beans/Groundnuts				kg					
	Diesel	250	25	42	35	▲	▲	▲	Rice				kg					
	Petrol	230	5	53	12	▶	▲	▶	Wheat flour				KG					
Symbol Key								Vegetable oil				L						
▲	Prices increase above normal							TOT				# of malwa per goat or daily wage						
▼	Normal price changes																	
▶	Prices decrease below normal																	