



RECENT FOOD PRICE DEVELOPMENTS IN MOST VULNERABLE COUNTRIES - Issue No 2, December 2008 -

This price watch bulletin covers the quarterly period from September to November 2008¹. The objective of the bulletin is to provide early warning information on price changes of staple food commodities and their likely impact on the cost of the food basket. Price changes are determined for each country on a quarterly basis.

Highlights:

- Prices still remain significantly higher compared to last year and long term averages, especially in Eastern and Southern Africa, Asia and Middle East. Overall, the impact on the cost of the food basket remains relatively high.
- However, in most of the 36 countries monitored, prices of main staple food commodities have slightly declined over the last three months.
- **West Africa:** Staple food prices were generally stable during the last quarter, except in Benin and Senegal where prices have continued to rise—albeit at a lower rate. The year on year price changes remain higher than changes from long term averages.
- **East and Southern Africa:** The region shows a mixed picture. Half of the countries are still experiencing upward price trends, with significant maize price increases observed in Malawi and Kenya. Prices remain very high compared to their long run averages, especially in the Horn of Africa. The situation remains alarming in Zimbabwe due to hyperinflation².
- **Asia and Selected Countries:** Prices have either remained stable or declined, implying that the cost of food basket in these countries has declined more when compared to other regions such as Africa. However, they remain significantly higher in comparison to the long run averages.

Table 1 gives an overview of the price trends.

Table 2 provides more detailed figures by country and commodity.

Table 1: Price Trends for Main Staple Food Commodities (Change from Last Quarter)

	Downward (↓)	Stable (↔)	Upward (↑)
West & Central Africa		Burkina Faso Cote d'Ivoire Mali Mauritania Niger North Nigeria	Benin Senegal
East & Southern Africa		Lesotho Madagascar Mozambique Swaziland Tanzania Uganda Zambia	Burundi Ethiopia Kenya Malawi Somalia Sudan Zimbabwe
Asia	Lao PDR Philippines	Afghanistan Bangladesh Bhutan Cambodia Indonesia Nepal Pakistan Sri Lanka	
Others	Palestine Tajikistan	El Salvador	Haïti
Number of countries	4	22	10

¹ Many thanks to WFP country offices for collecting, collating and sharing price datasets without which this bulletin would not be possible.

² Maize prices in Zimbabwe were converted in dollar terms, using the exchange rates of the parallel markets.

Table 2: Magnitude of Quarterly Price Changes and Contribution to the Cost of the Food Basket, by Country and Commodity

Regions	Countries	Main staple food	Caloric contribution (%)	Current Quarter Over Previous Quarter (% Change)	Current Month Over Same Month Last Year (% Change)	Current Quarter Over Same Quarter of Last Year (% Change)	Current Quarter Over Same Quarter of Last 5 Years (% Change)	Contribution to the Cost of the Food Basket (%)		Price Trend of the Main Staples	Remarks
								Individual Commodity	Cumulative		
A	B	C	D	E	F	G	H	I=D*E	J	K	L
West and central Africa	Benin	Cassava products	19	24	58	48	23	5	2	↑	Low impact with high price increase of cassava
		Maize	19	-15	39	66	50	-3			
		Rice	8	-2	35	43	33	0			
		Sorghum	7	5	87	102	67	0			
	Burkina Faso	Sorghum	28	3	8	26	21	1	4	→	Low impact with slight price increases of local cereals
		Millet	23	9	28	36	28	2			
		Maize	14	9	8	45	46	1			
		Rice	7	-4	9	25	58	0			
	Côte d'Ivoire	Rice	22	0	24	27	31	0	0	→	Low impact with moderate price increase of yam and maize
		Yams	13	13	50	16	21	2			
		Maize	11	10	21	36	13	1			
	Mali	Cassava	10	-31	0	1	-21	-3	5	→	Low impact with moderate price increase of Millet
		Millet	21	8	27	28	15	2			
		Import Rice	20	-11	5	16	21	-2			
	Mauritania	Sorghum	15	22	0	22	18	3	-2	→	Low impact with downward price trends
		Maize	11	21	17	28	28	2			
		Wheat	35	-5	-13	13	57	-2			
	Niger	Import rice	10	-7	22	27	32	-1	6	→	Moderate impact with moderate price increase of millet
		Millet	48	9	19	31	21	4			
		Sorghum	12	5	28	39	23	1			
		Imported Rice	8	9	34	36	39	1			
	North Nigeria	Maize	2	12	62	72	57	0	2	→	Low impact with slight price increase of millet and maize
		Sorghum	13	0	36	41	47	0			
		Millet	11	7	30	40	43	1			
		Rice	10	13	63	58	55	1			
	Senegal	Maize	7	-7	35	46	55	0	6	↑	Moderate impact with high price increase of rice
		Import Rice	32	24	71	90	99	8			
		Millet	10	-5	-4	5	27	-1			
Sorghum		4	-17	-5	1	6	-1				
		Maize	4	-6	5	13	37	0			

Regions	Countries	Main staple food	Caloric contribution (%)	Current Quarter Over Previous Quarter (% Change)	Current Month Over Same Month Last Year (% Change)	Current Quarter Over Same Quarter of Last Year (% Change)	Current Quarter Over Same Quarter of Last 5 Years (% Change)	Contribution to the Cost of the Food Basket (%)		Price Trend of the Main Staples	Remarks
								Individual Commodity	Cumulative		
A	B	C	D	E	F	G	H	I=D*E	J	K	L
East and Southern Africa	Burundi	Sweet Pot'oes	19	36	255	300	308	7	9	↑	Moderate impact with high price increase of sweet potatoes
		Beans	18	-9	19	42	128	-2			
		Cassava flour	15	25	175	156	212	4			
	Ethiopia	Maize	21	5	166	194	234	1	3	↑	Low impact with high price increase of wheat
		Wheat	18	10	128	123	145	2			
		Sorghum	10	-3	206	203	199	0			
	Kenya	Maize	35	21	85	77	63	7	7	↑	Moderate impact with high price increase of maize
	Lesotho	Maize	59	0	18	20	20	0	0	→	Low impact with stable price of maize
	Madagascar	Domestic Rice	49	-6	3	6	14	-3	-3	→	Low impact with downward price trend of rice
	Malawi	Maize	53	16	162	196	206	9	9	↑	Moderate impact with high price increase of maize
	Mozambique	Maize	24	5	84	89	129	1	1	→	Low impact with moderate price increase of maize
		Import Rice	5	0	50	57	107	0			
	Somalia	Sorghum	29	17	182	254	536	5	5	↑	Moderate impact with high price increase of sorghum
		Maize	18	7	96	113	171	1			
		Wheat flour	10	-2	225	259	417	0			
	Sudan	Import Rice Red	9	-4	105	113	180	0	3	↑	Low impact with high price increase of sorghum
		Sorghum	30	11	117	144	73	3			
	Swaziland	Millet	7	2	64	85	48	0	4	→	Low impact with moderate price increase of maize
		Maize	25	5	17	17	14	1			
		Wheat	12	21	51	40	51	3			
	Tanzania	Rice	5	13	21	13	14	1	2	→	Low impact with slight price increase of maize
		Maize	33	3	51	57	60	1			
	Uganda	Plantains	18	-7	83	100	84	-1	0	→	Low impact with downward price trend of plantains
Cassava		13	11	140	148	136	1				
Maize		11	9	-14	-18	-8	1				
Sweet Pot'oes		10	-4	39	74	74	0				
Zambia	Beans	7	-8	8	13	55	-1	4	→	Low impact with slight price increase of maize	
	Maize	56	7	50	46	54	4				
Zimbabwe	Maize	39	92	702	444	459	36	36	↑	Very high impact with very high price increase of maize	

Regions	Countries	Main staple food	Caloric contribution (%)	Current Quarter Over Previous Quarter (% Change)	Current Month Over Same Month Last Year (% Change)	Current Quarter Over Same Quarter of Last Year (% Change)	Current Quarter Over Same Quarter of Last 5 Years (% Change)	Contribution to the Cost of the Food Basket (%)		Price Trend of the Main Staples	Remarks	
								Individual Commodity	Cumulative			
A	B	C	D	E	F	G	H	I=D*E	J	K	L	
Asia	Afghanistan	Wheat	58	-9	73	102	172	-5	-8	→	Low impact with downward price trend of wheat	
		Rice	22	-14	26	35	35	-3				
	Bangladesh	Boro-HYV-Coarse	72	-2	18	33	44	-1	-4	→	Low impact with downward price trend of rice	
		Ata-Packet	9	-17	30	51	148	-2				
		Soyabeans	3	-22	17	24	50	-1				
	Bhutan	Rice		1			32	32				Rice prices high compared to previous years
	Cambodia	Rice	69	-3	88	88	135	-2	-2	→	Low impact with downward price trend of rice	
	Indonesia	Cheaper Rice	50	-2	8	8	41	-1	-1	→	Low impact with downward price trend of rice	
	Lao PDR	Rice	65	-16	1	3	38	-10	-10	↓	Low impact with downward price trend of rice	
	Nepal	Rice	37	4	40	37	60	2	3	→	Low impact with slight price increase of rice and wheat	
		Wheat	14	11	59	41	71	2				
	Pakistan	Wheat flour	38	4	60	56	87	2	1	→	Low impact with slight price increase of wheat	
		Rice	7	-4	53	61	116	0				
	Philippines	Rice	44	-14	23	32	32	-6	-6	↓	Low impact with downward price trend of rice	
Sri Lanka	Rice	38	-9	35	42	69	-3	-7	→	Low impact with downward price trend of rice		
	Wheat	14	-26	3	13	71	-4					
Others	El Salvador	Maize	31	-7	-5	-7	27	-2	-5	→	Low impact with downward price trend of maize	
		Sorghum	6	-18	19	9	29	-1				
		Bean	5	-29	-17	5	44	-1				
		Rice	4	-2	38	48	91	0				
	Haiti	Import rice	21	17	96	117	123	3	2	↑	Low impact with high price increase of rice	
		Wheat flour	15	-15	16	41	55	-2				
		Domestic maize	11	7	89	107	92	1				
	Palestine	Wheat flour	38	-22	1	16	52	-9	-9	↓	Low impact with downward price trend of wheat	
		Rice	7	-4	43	43	56	0				
		Olive oil	5	-9	12	15	14	0				
Tajikistan	Wheat	57	-26	-14	0	96	-15	-15	↓	Low impact with downward price trend of wheat		

Impact Codes	Price Trend Codes
 Low price impact on the cost of the food basket (<5%)	→ % Change from previous quarter (Column E) > -10% and < +10%
 Moderate impact on the cost of the food basket (5-10%)	↑ % Change from previous quarter (Column E) > +10%
 High price impact on the cost of the food basket (10-20%)	↓ % Change from previous quarter (Column E) < -10%
 Very high price impact on the cost of the food basket (> 20%)	

Annex 1: Names and Number of Markets Covered by Country in this bulletin

Regions	Countries	Number of Markets	Names of Markets Included
West and Central Africa	Burkina Faso	38	Banfora, Bittou, Bogandé, Botou, Dandé, Diapaga, Diébougou, Djibasso, Djibo, Dori, Fada N'Gourma, Fara, Faramana, Gaoua, Gorom-Gorom, Gounghin, Guelwongo, Hamélé, Kaya, Kongoussi, Koudougou, Léo, Manga, Namounou, N'Dorola, Niangoloko, Niéneta, Ouahigouya, Paglayiri, Pouyenga, Sankaryaré, Solenzo, Tenkodogo, Tougan, Tougouri, Zabré.
	Mali	1	Bamako.
	Mauritania	1	Nouakchott.
	Niger	47	Agadez Commune, Arlit, In'gall, Tchirozine, Diffa Commune, Goudoumaria, N'guigmi, Dogondoutchi, Dosso Commune, Fadama, Gaya, Loga, Mokko, Dioundiou, Aguié, Tchadoua, Dakoro, Sabon-Machi, El-Kolta, Dan-Issa, Maradi-Commune, Tessaoua, Mayahi, Abalack, Badaguichiri, Bouza, Konni, Tahoua Commune, Tountafi, Tchintabaraden, Ballayara, Filingué, Gothèye, Tera, Kirtachi, Ouallam, Tillabéri commune, Torodi, Bakin-Birgi, Torodi, Dungass, Gouré, Koundoumawa, Matameye, Magaria, Zinder commune, Niamey.
	Senegal	1	Tilène.
	Benin	2	Mallanville, Dantokpa.
	Côte d'Ivoire	12	Korhogo, Bouaké, Man, Abengourou, Adjamé, Daloa, Ferké, Katiola, Danané, Guiglo, Odiénné, Duékoué.
	North Nigeria	5	Jibia, Illela, Mallanville, Mai Adua, Damassak.
East and Southern Africa	Ethiopia	56	Babile, Gordamole, Merti, Wekro, Abi Adi, Sekota, Ebinat, D.Dawa, Karati, Turmi, Dangur, Addis Ababa, Gonder, Mekele, Desse, Ambo, Jimma, Nazareth, Shashemene, Baher Dar, Bale Robe, Hossana, Delo, Beddenno, Abomsa, Bedessa, Deder, Wolenchiti, Yabelo, Wekro, Alamata, Korem, May Tsebrí, Gode, Jijiga, Wonago, Awassa zuriya, Gamo Gofa, Deberesina, Shoa Robit, Kobo, Bati, Dire Dawa, Harar ketema, Hirma, Sodo, Derashe, Aroresa, Amaro, Gololcha, Kersa, Ajeber, Mota, Ambo, Gonder, Assela.
	Sudan	14	EL Gedaref, Rabak, EL Rank, Sinnar, ED Damazine, El Obeid, Abu Jibeih, El Nuhood, Nyala, El Fasher, UM Dorman, Dongola, Medani, Atbara.
	Mozambique	7	Maputo, Chokwe, Beira, Gorongosa, Manica, Nampula, Lichinga.
	Uganda	6	Kampala, Jinja, Masaka, Mbarara, Gulu, Arua.
	Kenya	24	Nairobi, Mombasa, Kisumu, Nakuru, Eldoret, Embu, Busia, Thika, Meru, Kitui, Kisii, Taveta, Nyahururu, Loitoktok, Machakos, Kutus, Kajiado, Namanga, Tharaka, Muranga North, Karatina, Bungoma, Garissa.
	Burundi	1	Bujumbura, Ngozi, Kirundo, Muyinga, Gitega, Ruyigi.
	Madagascar	1	Ariary.
	Lesotho	All	All provinces central markets.
	Somalia	27	Baidoa, Bardera, Belet Weyne, Xudur, Luuq, Afgoye, Jowhar, Marka, Qoryoley, Mogadishu, Afmadow, Buale, Doble, Jamame, Kismayo, Hagar, Bossaso, Erigavo, Garowe, Lasanod, Borama, Burao, Hargeisa, Abudwaq, Dhusamareb, Galkayo.
	Malawi	72	Balaka, Bangula, Bembeke, Bowe, Bvumbwe, Chamama, Chatoloma, Chikwawa, Chilumba, Chimbiya, Chintheche, Chiradzulu, Chitipa, Dowa, Dwangwa, Embangweni, Hewe, Jali, Jenda, Karonga, Kasiya, Kasungu, Lilongwe, Limbe, Liwonde, Lizulu, Lučenja, Lunzu, Madisi, Malomo, Mangochi, Mayaka, Mchinji, Migowi, Misuku, Mitundu, Mkanda, Monkeybay, Mpamba, Mponela, Mtakataka, Muloza, Mwansambo, Mwanza, Mzimba, Mzulu, Nambuma, Namwera, Nanjiri, Nchalo, Neno, Ngabu, Nkhamenya, Nkhatabay, Nkhoma, Nkhotakota, Nsanje, Nsundwe, Ntaja, Ntcheu, Ntchisi, Nthalire, Ntonda, Phalombe, Rumphu, Salima, Santhe, Sharpevale, Thete, Thondwe, Tsangano Turn Off, Zomba.
	Swaziland	All	All provinces central markets.
	Zambia	39	Chingola, Chipata, Choma, Isoka, Kabwe Rural, Kabwe Urban, Kalomo, Kalulushi, Kaoma, Kasama, Kasempa, Katete, Kawambwa, Kitwe, Livingstone, Luangwa, Luangwa, Luanshya, Lundazi, Lusaka Rural, Lusaka Urban, Luwingu, Mansa, Mazabuka, Mbala, Mkushi, Mongu, Monze, Mpika, Mufulira, Mumbwa, Mwense, Mwinilunga, Nchelenge, Ndola Rural, Petauke, Samfya, Senanga, Serenje, Solwezi.
	Zimbabwe	4	Harare, Bulawayo, Masvingo, Mutare.
Asia	Afganistan	11	Kabul, Kandahar, Jalalabad, Herat, Mazar, Faizabad, Gerzet, Bamian, Maimanan, Nili, Ghor.
	Lao	8	Vientiane, Luangprabang, Oudomxay, Sayabuly, Savannakhet, Khammuane, Saravan, Champasack.
	Sri Lanka	8	Ampara, Batticaloa, Jaffna, Kilinochchi, Mannar, Mulaitivu, Trincomalee, Vavuniya.
	Pakistan	5	Lahore, Multan, Karachi, Peshawar, Quetta.
	Bangladesh	5	Dhaka, Khulna, Shariatpur, Sirajganj, Sylhet.
	Bhutan	All	All provinces central markets.
	Cambodia	1	Phnom Penh.
	Indonesia	30	Banda Aceh, Medan, Padang, Padang Baru, Jambi, Palembang, Bengkulu, Bandarlampung, Pangkal Pinang, Jakarta, Bandung, Semarang, Yogyakarta, Surabaya, Denpasar, Mataram, Kupang, Pontianak, Palangkaraya, Banjarmasin, Samarinda, Manado, Palu, Makassar, Kendari, Gorontalo, Ternate, Ambon, Jayapura, Balikpapan.
	Nepal	14	Auchham, Bajura, Banke, Dhankuta, Dolpa, Humla, Jumla, Kailali, Kaski, Kathmandu, Morang, Parsa, Rolpa, Rupandehi.
Others	El Salvador	All	All provinces central markets.
	Haiti		Port-au-Prince, Cap-Haïtien, Cayes, Jeremie, Gonaives, Jacmel, Hinche, Port de Paix, Ouanaminthe.
	Palestine	11	Jenin, Tulkarm, Qalqilya, Nablus, Ramallah & Al-Bireh, Jericho, Bethlehem, Hebron, North Gaza, Miedel Gaza, South Gaza.
	Tajikistan	5	Dushanbe, Gharm, Khorog, Kujand, Kurgan-Tyube.

Note: Data is collected and compiled by WFP country offices, mainly from government official price data sources

Annex 2: Approach

The analysis is based on quarterly price indices³ of the main caloric contributors to household food consumption. It uses:

- i) The most recent quarterly price change calculated as a percentage change from the precedent quarter. Real prices are calculated by dividing each quarterly price by its 5-year average. The change between the two quarters is reported in column E (Table 2).
- ii) The most recent (year-on-year) monthly price change calculated as a percentage change from 12 months earlier. Column F (Table 1) reflects the percentage change of the most recent monthly price data available (e.g. November 2008) compared with the same month of the previous year (i.e. November 2007).
- iii) The average (year-on-year) quarterly price changes in the current year calculated as the quarterly percentage changes from the corresponding seasonal price of last year, (Column G). This average percentage change indicates whether the price has changed from the recent quarter compared to the same quarter of the previous year.
- iv) The average (year-on-year) quarterly price changes in the current year calculated as the quarterly percentage change (say from September to November 2008) from the corresponding seasonal average prices of the last 5 years (Column H). This estimate indicates whether there is a structural shift of the current price from its long-term seasonal pattern⁴.

The percentage changes of these quarterly price indices indicate the extent to which recent price changes can be considered normal or abnormal as compared to the quarter before. Column D displays the caloric contribution of each food item to households' total energy intake.

Assuming that the caloric contribution is a proxy of the relative importance of the food item in the food basket⁵, the likely impact of the last quarter average monthly price change on the cost of the food basket is captured in column I (i.e. the percentage price change in column E weighted by the caloric contribution of the food item in column D). The likely impact of price changes is considered low when the estimated cumulative percentage impact on the cost of the food basket is below 5 percent (Column J). Between 5 percent and 10 percent it is considered moderate. Above 10 percent the likely impact on the cost of the food basket is considered high and very high above 20 percent. Households with diverse calorie sources are likely to be less affected by price rises than households with a single calorie source, unless significant price increases are witnessed for each major caloric contributor of the food basket.

While this approach can be used for early warning, results should be interpreted with caution as they do not capture the impact of the long term trend in food prices. Furthermore, the approach measures only direct impacts while an indirect impact is not accounted for. For instance, substitution and income effects due to price changes are disregarded. Similarly, it does not provide insights into the causes of the price increases. Finally, this approach does not account for the severity of the likely impact which may differ between households due to different incomes and food baskets by wealth or livelihoods groups and coping capacity.

³ Prices are calculated as indices, using reference years, i.e. last year to capture 12-month percentage changes and last 5 years to capture percentage changes from the long term patterns.

⁴ Prices normally vary throughout a year due to seasonal patterns of the production cycle. Accounting for seasonality helps differentiating between normal seasonal price variations with additional changes which can be considered abnormal, depending on the magnitude of those changes.

⁵ Caloric contributions are based on FAO 2001-2003 estimates. Comparing FAO estimates of calorie contribution of each food item with a study by Reardon (1993) for selected countries in Africa, it appears in rural areas that the majority of households get most of their calorie intake from a few food items. The national patterns will likely reflect the rural patterns, assuming most of households live in rural and semi-urban areas in the developing countries.