

Further depreciation of the Yemeni Rial may result in increased prices and reduced food access

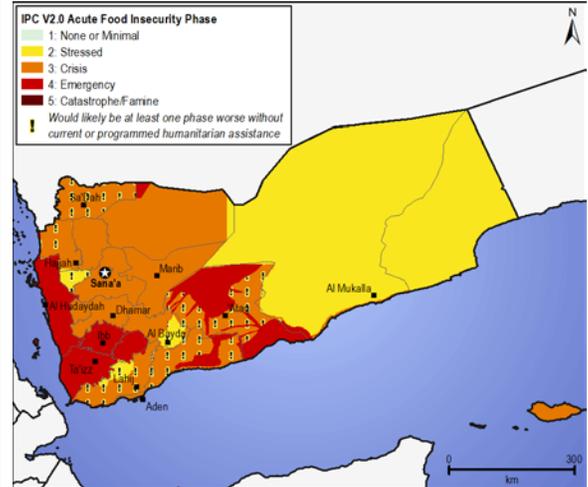
KEY MESSAGES

- A further depreciation of the Yemeni Rial is likely in the coming months, resulting in reduced import levels, rising food prices, and a weakening of household purchasing power and food access. This factor will contribute to a continuation of Emergency (IPC Phase 4) and Crisis (IPC Phase 3) food insecurity in the coming months.
- The highest food and fuel prices continue to be observed in Ta'izz Governorate, where trade flows continue to be significantly reduced. WFP humanitarian assistance levels increased in March in this governorate, reaching around 500,000 beneficiaries in March compared to 181,000 in February.
- Although monitoring and treatment efforts have been severely limited due to conflict, locusts have been observed along the southern coast, mostly between Arkha and Bir Ali. Given recent rainfall levels, which would likely be favorable for locust development, there are escalating concerns about an atypically high number of locusts in the interior of Yemen over the coming months. Should an outbreak occur, agriculture labor opportunities in areas including Al Jawf, Ma'rib and Hadramaut may be affected, further limiting incomes and food access for affected households.

CURRENT SITUATION

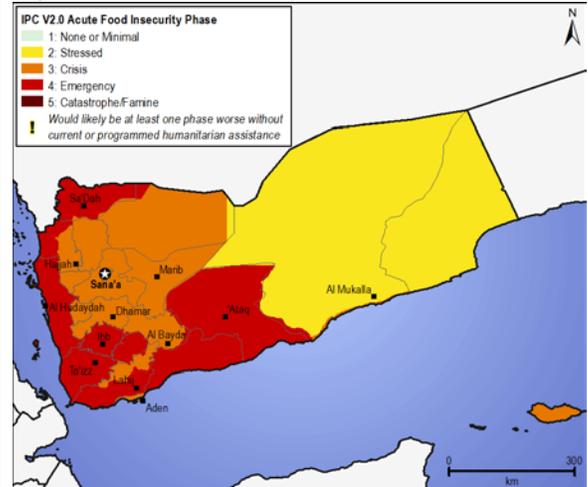
- Although violations against the recent ceasefire, put in place on April 10th, have been observed, the intensity of military operations have been scaled down compared to previous months. However, movement restrictions continue in Ta'izz, which is continuing to limit supply flows into the governorate. In southern and eastern areas, insecurity continues but at lower levels than in the past, although there were recent operations in Lahij, Abyan and Hadramaut against AQAP and ISIL.
- In April, heavy rainfall and flash floods were observed in seven governorates (Al Hudaydah, Amran, Hajjah, Sana'a, Aden, Ma'rib and Al Mahwit), causing population displacements and the loss of livelihoods assets, crops, livestock, agricultural inputs, and infrastructure, as described in [OCHA's recent update](#). Preliminary estimates suggest that 49,000 people were affected. These unusually heavy rains and last year's tropical cyclones are also escalated concerns about Desert Locusts (DL). Regular monitoring and treatment interventions have been halted since 2015 but according to the latest [FAO Desert Locust Situation Update](#), at least one area along the southern coast, mostly between Arkha and Bir Ali, has seen several DL adult groups and swarms. As vegetation dries out, the desert locusts are expected to move to interior adjacent regions

Figure 1. Projected food security outcomes, April and May 2016



Source: FEWS NET

Figure 2. Projected food security outcomes, June to September 2016



Source: FEWS NET

This map represents acute food insecurity outcomes relevant for emergency decision-making. It does not necessarily reflect chronic food insecurity. To learn more about this scale, click [here](#).

that have experienced recent rainfall, such as Al Jawf, Marib, Hadramaut, Shabwah and Al Mahrah. During the second week of April, it was confirmed by FAO that adult groups were laying eggs in the western parts of Wadi Hadramaut, as well as several wadis of the interior plateau.

- In Sa'dah, roads and bridges that were already weakened by heavy airstrikes were further damaged by heavy rains in April, according to [WFP's Yemen Access Constraints Map](#). Other key routes that have been affected by the rains include Amran-Hajjah and Al Mahwit-Sana'a, which led to extra traffic and slower movements along the Al Hudaydah -Sana'a route as well. Routes disruptions due to conflict also persist, particularly around Ta'izz.
- According to the [Task Force Population Movement \(TFPM\) latest estimates](#), around 2,756,000 IDPs were identified due to conflict as of April 2016, which compares to 2.4 million as of March 2015. According to the TFPM data, the increase this month is attributed to further IDP populations identified, especially in Amanat Al 'Asimah, Ta'izz and Al Hudaydah. Due to a generally better security situation in parts of the south compared to northern areas, return movements have been observed in certain areas of the south while displacement continues to increase in active conflict areas. As of April 2016, Ta'izz Governorate continues to have the highest numbers of IDPs (621,000) with around additional 65,900 individuals in April.
- Based on available Fleetmon data, bulk carrier arrivals have declined from 21 in January to 16 in February and 13 in March. [According to UNOCHA Humanitarian Bulletin 10](#), uncertainty about access to credit lines for importers, as well as increased insurance costs, bureaucratic processes, and demurrage costs, are all contributing factors to these declining imports. According to official data from the Central Bank of Yemen, the Yemeni Rial depreciated by 16.3 percent in April against the US Dollar, and is currently 250 after being stable at 215 during the past year. Parallel market exchange rates, collected by FEWS NET in Sana'a City, suggest a stability in the exchange rate as of the third week of April, at 268.3, compared to March 2016 levels, but is 20 percent higher than April 2015's levels.
- Wheat flour prices have generally declined since the middle of last year ago due to improved import levels since November 2015, cereal harvests during the last quarter of 2015, and poor household purchasing power due to atypically low income levels. However, the average price in March 2016 increased slightly compared to the previous month (1.4 percent) and is 6.4 percent above January 2016 levels. This slight increase during the last two months are attributed mainly to the depreciation of YER on parallel markets and increased demand in several governorate for wheat flour by traders who are expecting increased prices in the upcoming months. During March 2016, Al Ma'afer market in Ta'izz had the highest price at 235 YER/Kg, or 57 percent above the national average¹.
- Based on average January to March 2016 mVAM data, there are 13 governorates where at least 20 percent of the population had a poor Food Consumption Score (FCS), with the highest percentage of respondents with poor food consumption observed in Ta'izz (33 percent). Al Jawf, Raymah, Ad Dali', Dhamar, Al Bayda', and Hajjah also had more than 25 percent of respondents with poor food consumption. Meanwhile, Hajjah has the highest median reduced Coping Strategies Index (rCSI) across the country (27) followed by Al Jawf, Raymah and Dhamar (21.3, 20.9 and 20.8 respectively).

UPDATED ASSUMPTIONS

The current situation has not affected most of the assumptions used to develop FEWS NET's [most likely scenario for the period of February to September 2016](#). However the following assumptions have been updated:

- Given recent favorable rainfall, locust breeding is expected to increase, resulting in an above-average number of locusts and related damages in Ma'rib, Al Jawf and Hadramaut areas between May and August. In affected areas, these locusts will likely affected pastoralists and agricultural activities and related labor opportunities.

¹ The national average is based on data from six markets where price data is available prior to February 2015 when conflict escalated: Aden, Al Hudaydah, Amran, Hajjah, Sa'dah and Sana'a.

- Import levels will continue to decline due to macro-economic issues including the depreciation of the exchange rate, issues with lines of credit, and increased checkpoints on ships arriving in Yemen. This in turn will drive an atypical rise in food prices through September.

PROJECTED OUTLOOK THROUGH ~~SEPTEMBER~~MARCH 2016

As food prices continue to increase in the upcoming months and household incomes remain atypically low, many poor households will engage in a variety of coping strategies, including the sale of assets (ex. furniture, livestock, jewelry), begging, and cutting nonfood expenditures (ex. health care, transportation). However, these strategies will not prevent households from reducing their dietary quality or numbers of meals per day, and many will continue to face food consumption gaps. Although humanitarian assistance is preventing worse food security outcomes in parts of Abyan, Al Bayda, Al Mahwit, Dhamar, Hajjah, Lahij, Sa'dah, and Shabwah, Emergency (IPC Phase 4) and Crisis (IPC Phase 3) acute food insecurity is expected to continue across most governorates in Yemen. However, in eastern parts of the country, including Hadramaut and Al Mahrah governorates, household livelihoods have been less disrupted by conflict compared to other areas and are expected to remain in Stressed (IPC Phase 2) food insecurity.