



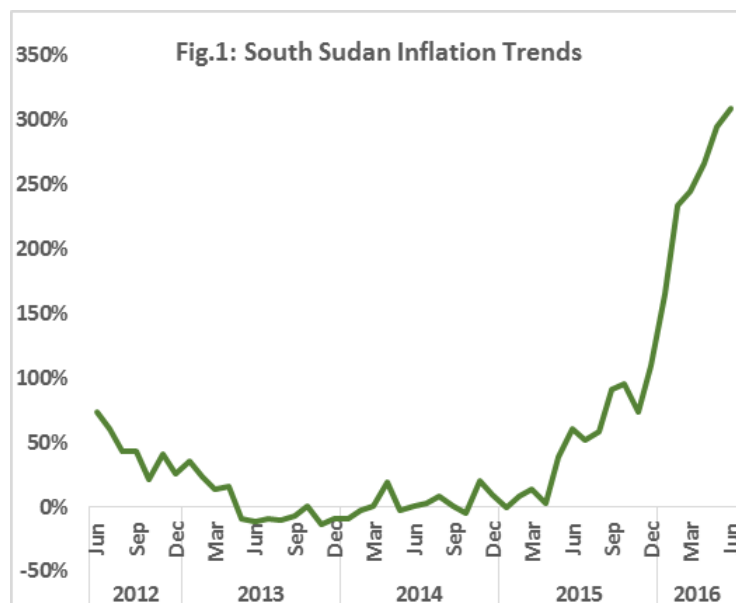
1<sup>st</sup> – 30<sup>th</sup> June 2016

### Market Highlights

- *The cost of living in South Sudan sustained rising trends during the reporting month. The Consumer Price Index (CPI) increased in June by 310% year-on-year, the highest in the world and historic ever recorded in the country. The recent fighting in Juba disrupted markets and trade, significantly reducing food availability and consequent remarkable increase in food prices in the capital to as high as 45-80% for legumes, 12-58% for cereals and up to 70-80% for fuel within one week following the cessation of hostilities.*
- *The South Sudanese pound (SSP) weakened further against the United States (US) dollar in the black market exchanging at an average 48 SSP/1US\$ down from 38 SSP/1US\$ in May. The SSP lost further ground against the dollar in the immediate aftermath of renewed armed fighting in the capital, exchanging at an all-time high of 60 SSP/1US\$.*
- *The country is still experiencing acute fuel shortages, characterized by erratic supply and unwillingness of dealers to sell at government controlled price of SSP 22/litre. Accordingly, hoarding and black market sales of fuel at premium prices was on the rise all over the country. Fuel problem was aggravated by the recent fighting in Juba and consequent disruption of Nimule border operations.*
- *High cost of transportation, unpassable roads due to seasonal rains and insecurity reversed expected price reduction gains for locally produced cereals following the start of early green harvests in parts of Equatoria, Unity, Lakes and Jonglei. Notably June-July marks the peak of the lean season in many areas in Eastern Equatoria, Upper Nile, Northern Bhar el Ghazal and Warrap, partly explaining the price increases for locally produced cereals. Aweil Town in Northern Bhar el Ghazal has the highest (about SSP 100/ 3.5 kg malwa) cereal prices in the country. Prices of most imported commodities also sustained rising trends across the country in line with currency depreciation, dollar shortages and difficult business environment.*
- *In the outlook, food prices are expected to increase seasonably in July-August period in line with reduced functionality, low market stocks and poor road access. Households rely highly on markets particularly the urban poor will be the worst hit. The expected early green harvests will bring temporary reprieve for many households in localized net producing areas but the effect will not be widely felt in deficit producing areas due to poor market integration- insecurity and poor roads will prevent trade flows. Beyond August, household food availability and access is expected to improve especially during the main harvest in November-December in parts of Warrap, Northern Bhar el Ghazal and Upper Nile. The recent looting of WFP food and other items in the main warehouse in Juba by armed elements will likely put considerable strain on vulnerable populations in PoCs and IDP camps who rely on humanitarian assistance.*

**I. A special focus on Juba: the recent fighting aggregated already depressed food markets**

The cost of living in South Sudan sustained rising trends in June 2016. According to the National Bureau of Statistics, the CPI increased by 310% year-on-year, mainly driven by high price of food and non-alcoholic beverages while the monthly CPI increased by 25% (Fig. 1). The fighting in Juba between 7-10<sup>th</sup> July 2016 disrupted markets and trade<sup>1</sup>, displaced traders, incentivised banditry and robberies along transport routes, and led to torching and looting of both humanitarian<sup>2</sup> and commercial supplies by armed groups, significantly reducing food availability in the markets. Consequently, immediately after ceasefire was declared, prices of basic commodities in the city rose remarkably to as high as 45-80% for legumes, 12-58% for cereals and up to 70-80% for fuel (Table I). Price increases are expected through July-August since trade volumes were already lower than normal before the conflict as traders struggled to keep up with dollar shortages and unending currency devaluation. Even though relative calm is slowly returning to Juba, the uncertainty of the politico-economic environment characterized by heightened tensions, dollar scarcity and restricted trade and humanitarian flows is likely to discourage traders from importing food as they adopt “a wait and see attitude”. The longer it takes to realize a sustainable solution, the higher the likelihood of food scarcity in many markets given Juba’s central<sup>3</sup> role as a commercial hub for imports for Uganda. Increased seasonal reliance on markets and inflation will likely deepen food insecurity among market-dependent households particularly the urban poor. Already, a number of South Sudanese<sup>4</sup> citizens predominantly from Juba have reportedly sought refuge across international borders particularly in Kenya and Uganda following the recent fighting. UNHCR reported that up to 5,015, mainly women and children had, within 10 days, entered into Uganda since the fighting began in Juba. This number is in addition to nearly 80,000 from different parts of the country who had been driven out by hunger, economic crisis and conflicts from the beginning of the year.



Custom/Nyakuron & Gudele Markets	Retail Price in SSP		percent change
	week 5/ June 2016	week 2/ July 2016	% Change
<b>Cereals</b>			
Rice	46	72	58%
White sorghum (feterita) grain	125	140	12%
White maize grain	121	137	13%
Dried Cassava (not ground)	121	140	15%
<b>Legumes/ other foods</b>			
Foul el masri (broad beans)	86	125	45%
Beans (Janjaro)	48	78	63%
Groundnuts (shelled)	70	119	70%
Sesame	67	121	82%
Vegetable Oil	62	76	24%
Fish (dried tilapia)	119	149	25%
<b>Fuel</b>			
Petrol	64	113	77%
Diesel	62	108	74%

<sup>1</sup> The fighting in Juba resulted in collapse of law and order in many areas with armed elements reportedly resorting to road ambushes, lootings, robberies and banditry along transport routes (Juba-Nimule and well as the western corridor).

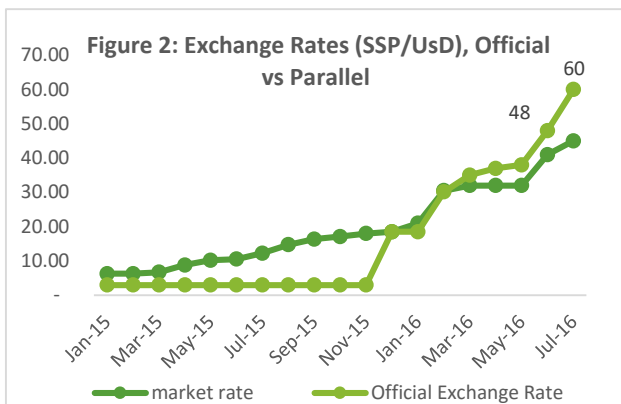
<sup>2</sup> Looting in WFP Warehouse on Yei of about 4,500mt of food, along with NFIs like IT and office equipment, fuel, vehicles/ trucks and spare parts in addition to destruction of the warehouse and the rub-halls to the tune of US\$20 million in total losses. FAO’s Juba warehouse on Yei Road was also ransacked and stocks of essential supplies like seeds and tools earmarked to help food-insecure people across the country to safeguard and rebuild livelihoods looted.

<sup>3</sup> The ripple effects of instability in Juba will likely be felt all over the country

<sup>4</sup> Predominantly from Juba and surrounding areas of Greater Equatoria

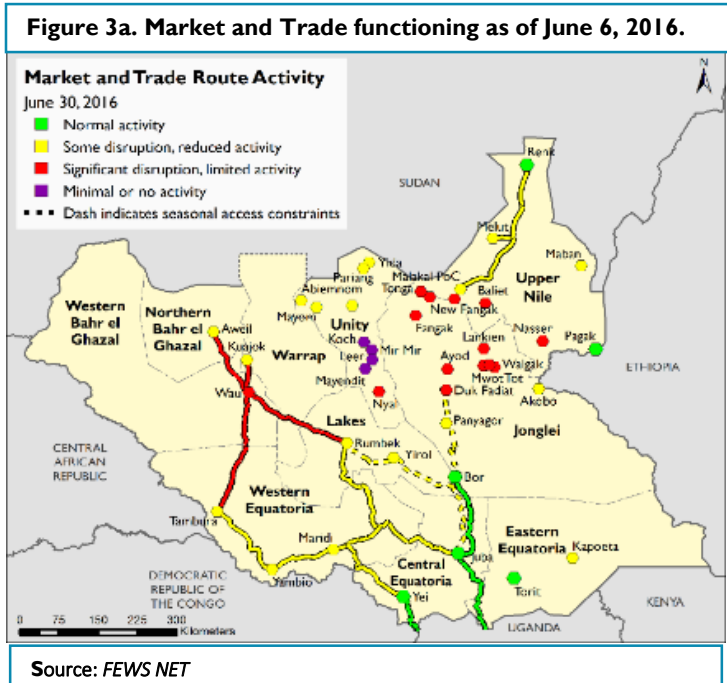
## II. South Sudanese Pound loose further ground to the US \$ following renewed fighting in Juba

The recent conflict in Juba has aggravated<sup>5</sup> an already worrisome and fragile macro-economic environment, with noticeable ripple effects on money markets and food imports and trade. In June 2016, the South Sudanese pound (SSP) weakened further against the United States (US) dollar in the black market exchanging at an average 48 SSP/US\$ down from 38 SSP/US\$ in May. The SSP lost further ground against the dollar in the immediate aftermath of renewed armed fighting in the capital, exchanging at an all-time high of 60 SSP/US\$. In the same cue, the official exchange rate as quoted by the Bank of South Sudan tumbled to 41-45 SSP/US\$ during June-July from 32 SSP/US\$ in May this year (Fig. 2). Notably, the conflict resulted in total shutdown of the black forex markets<sup>6</sup> and also disrupted Nimule border crossing point as well as transport along Nimule-Juba route, limiting food imports during July 2016.



## III. Erratic fuel supply, insecurity, and seasonal rains limiting expected price reduction gains from early green harvests

While the official price of fuel has been maintained at 22 SSP/liter, it retailed at an average of 62-64 SSP/ liter in the black market in Juba during the month of June 2016, which was a 25% reduction from the previous month price of SSP 85/litre. Fuel prices however increased by 75% in Aweil and by 6-16% in Rumbek and Wau. The reduction in Juba was occasioned by increased volume of fuel on sale by the national oil agency, the Nile Petroleum. Notably, fuel was randomly sold in few stations for limited number of hours resulting in long queues and long waits by motorists. The reduction in fuel prices in the capital was however short-lived, increasing to SSP 108-113 in the second week of July following the recent fighting. At the same time, due to fighting and insecurity<sup>7</sup>, commodity flows to Wau and Juba were minimal. Paved road conditions continued to deteriorate as the seasonal rains progressed, limiting food deliveries by heavy trucks, particularly in northern and eastern Jonglei and eastern Upper Nile. The temporary closure of Juba Airport following the fighting in addition to rains that muddied many flight runways crippled air transport to many areas, limiting delivery of commercial and humanitarian assistance. As depicted in Figure 3a, due to insecurity and rains, significant market and trade disruptions were reported in the Western trade corridor from Tambura to Aweil and in the Easter trade corridor

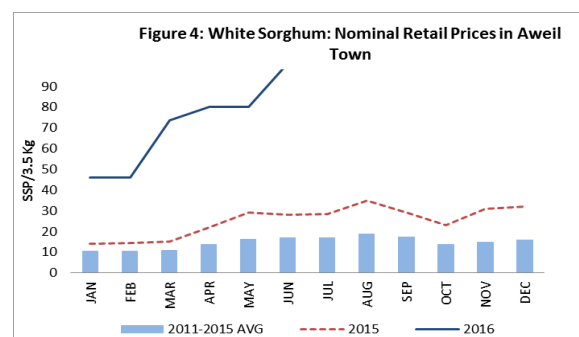
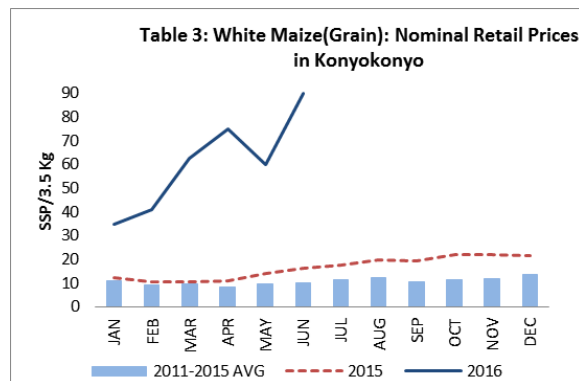


<sup>5</sup> Reduced oil revenues have continuously constrained the fiscal space and foreign reserves

<sup>6</sup> Most traders source their dollars from black markets

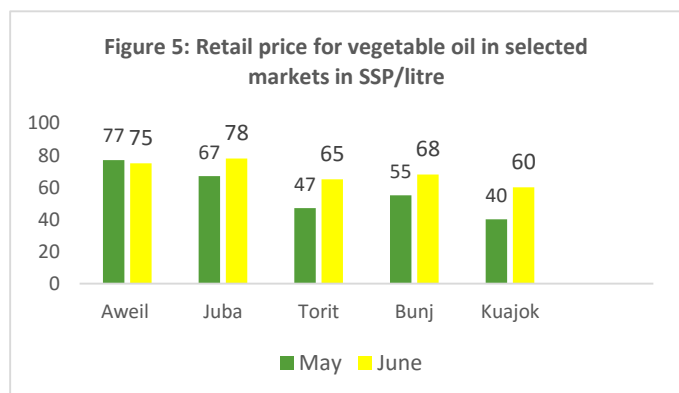
<sup>7</sup> Nimule-Juba road as well as the Western corridor were closed during the fighting in Juba

from Rumbek to Aweil, parts of Unity (Nyal County), Northern/Eastern Jonglei and lower Upper Nile (Nasir). Some disruptions were also reported in parts of Central and Western Equatoria, Lakes as well as in Panyagor/ Mabior. The northern frontier markets of Bhar el Ghazal that traditionally rely on imports from Sudan were deprived of imports since Sudan declared official closure of its border with South Sudan early this year. Consequently, the expected gains in price reduction of locally produced cereals following early green harvests in parts of Equatoria, Unity, Lakes and Jonglei have been eroded. Notably June-July marks the peak of the lean season in many areas in Eastern Equatoria, Upper Nile, Northern Bhar el Ghazal and Warrap, partly explaining the price increases for locally produced cereals. During the reporting month (June 2016), the highest price of white maize was recorded in Torit, Wau, Juba and Aweil where a 3.5kg malwa of cereals was sold at SSP 80 – 118 (Figure 3 & 4), representing an increase of 41-50% month on month. Moderate (12-29%) monthly price increases for white sorghum were recorded in Juba, Aweil and Malakal where a 3.5kg malwa retailed at SSP 70 -101, with Juba recording the highest sorghum price in the country. The cost of cereals remained relatively stable on a monthly basis in Bentiu on account of humanitarian food assistance in Rubkona PoC. Generally cereal prices were significantly elevated when compared to the same period last year (by 130-380%) and the five year average (by 200-400%) all over the country. Scarcity of white maize grain was observed in Aweil, Bor, and Kuajok owing to high cost of transportation. In Torit and Kapoeta markets where 3.5kg malwa maize retailed at SSP 65-80, most traders have run out of food stocks including cereals mainly due to insecurity<sup>8</sup> along the major food supply routes. In August 2016 slight cereal price decreases are expected in localized surplus producing zones particularly in Equatoria but the gains will not be felt in deficit areas due to poor market integration and limited trade flows occasioned by poor road conditions, insecurity, and the economic crisis.



## IV. Imported food prices increase on the backdrop of worsening economic and political crisis

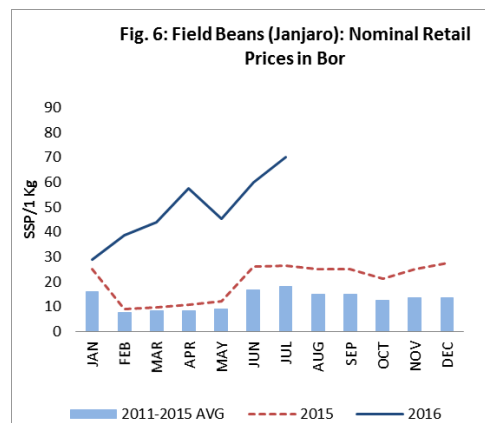
The price of cooking oil, like other imported commodities that are subject to high transportation costs, dollar scarcity and currency devaluation risks, increased in most monitored markets month-on-month. The highest increase (69%) in cooking oil price in June 2016 was reported in Kapoeta where a litre costed SSP 76, followed by Yida (42%), Torit (39%) and Konyokonyo and Bunj (16-24%). However in Bentiu, vegetable oil prices reduced slightly. The highest cooking oil prices were recorded in Malakal (SSP 105/Kg) while the lowest were in Wau and Bentiu (SSP 50-58/Kg). In the first two weeks of July 2016, the cost of cooking oil accelerated steeply in most



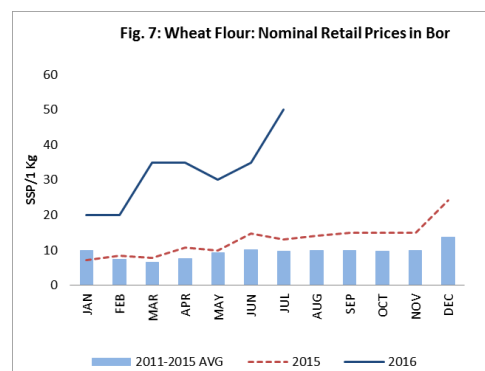
<sup>8</sup> armed robberies, looting and banditry on trucks carrying merchandise were reported

markets, more pronouncedly in Malakal where they more than doubled (at SSP 220/Kg), Torit (54%), Bor (34%) and Kapoeta (25%).

The price of Beans (Janjaro), an important source of proteins among urban residents, accelerated in most towns between May-June 2016. The highest price of beans (at SSP 85/kg) was observed in Aweil Town, where it also increased the most (89%), followed by Yida (SSP 82/kg). In all other markets 1kg of beans costed between SSP 30-60, increasing by 15-35% month-on-month. An exception was observed in Juba/ Konyokonyo where relative stability in beans prices prevailed during the reporting period (June 2016). Just like other food commodities, in markets across the country, beans prices remained considerably higher than their levels a year ago as well as the five-year average (Fig. 6).

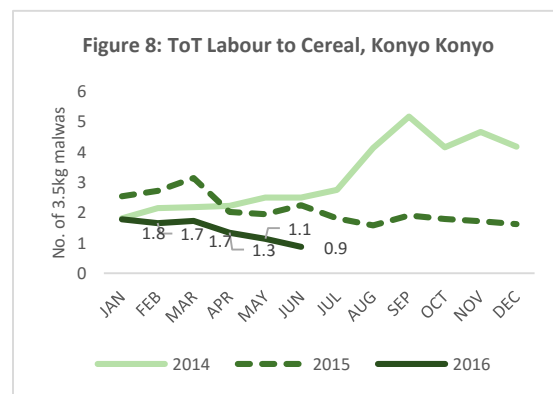
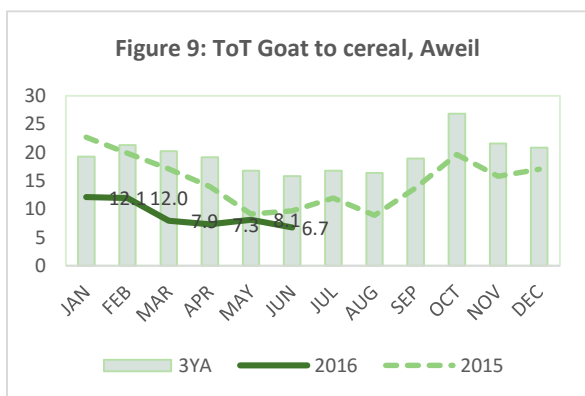


Wheat flour, an alternative source of starch in urban areas, was most expensive in Yida (SSP 80/kg), Bunj and Malakal (SSP 50-65/kg) which represents an increase of 10-15% from the previous month. Wheat flour retailed at SSP 35-45 elsewhere. The highest monthly price increase for wheat flour was in Yida (106%) where prices more than doubled, followed by Kapoeta, Bor and Aweil (16-21%). Price decline for wheat flour was recorded in Bentiu (13%) while remaining relatively stable in Juba, Mingkaman and Agok markets during the reporting month. Wheat flour prices were significantly elevated when compared to the same time last year as well as the five year average.



**V. Purchasing power of casual labourers and livestock keepers sustain declining trends**

The purchasing power of casual laborers and livestock keepers has been declining since the beginning of the year. The current terms of trade are significantly lower than the same month last year and the three year average (Figure 8 & 9). This is despite the fact that in nominal terms, the value of livestock as well as the cost of casual labour are much higher than the same time last year and the 3-year average. The reduced purchasing power in 2016 is due to cereal prices increasing at a much faster rate than the



increase in both casual labour rates and livestock prices, disadvantaging livestock keepers and casual labourers. Again the cost of living as measured by the CPI grew faster than the increase in casual labour rates and livestock prices. For instance in Konyokonyo/Juba in June 2016, the ToT casual labour to cereal declined from one 3.5kg malwa to less than one (0.9) 3.5 kg malwa for a whole day of casual work. Similarly in Aweil, during the reporting month, the ToT goat against white sorghum declined by one unit, implying that while a



medium quality goat could fetch eight 3.5 kg malwas (about 28kgs) of cereal in May 2016, this reduced to 23.5 kgs of cereal a month later. Casual labourers and livestock keepers have been getting less and less of cereal as the year progresses, but the downward trend has been more pronounced from March 2016, which marks the start of the lean season when cereal prices typical go up seasonally while livestock sales go up.

### VI. Food security outlook

Historically, South Sudan is net importer of food. Normally traders reposition food imports in the country/markets between January and June before the rains. However this year, import volumes were significantly lower than normal, lowering market food availability in many markets during the wet season (June-August). In addition, July typically marks the peak of lean season characterized by depleted household stocks, low trade flows due to impassible roads, low market supplies and high prices. The situation this year has been aggravated by the biting economic crisis (devaluation, dollar shortages, reduced oil revenues and depleted reserves and inflation) and increased insecurity along trade routes, lower production last year, and the recent political crisis and fighting in Juba. As a consequence, prices have increased to phenomenal levels and many poor<sup>9</sup> households who have low purchasing and rely heavily on markets are finding it extremely difficult to afford diversified meals. Many households in the rural areas however are increasingly relying on the natural resource base- particularly wild foods, fish and livestock products during the current rainy season.

The uncertainty surrounding the evolving crisis and rising tensions will compound an already dire food insecurity situation<sup>10</sup>. The expected early green harvests in July- August will likely increase food availability and temper food prices in localized surplus producing zones in Equatoria, Lakes, Unity and Jonglei. This will bring temporary reprieve for many households in these areas but the effect will not be widely felt in other areas due to insecurity that will prevent trade flows. Beyond August, food availability is expected to improve during the main harvest in November-December in parts of Warrap, Northern Bhar el Ghazal and Upper Nile. The recent looting of WFP food and other items in the main warehouse in Juba by armed elements will likely put considerable strain vulnerable populations in PoCs and IDP camps who rely on humanitarian assistance. Disruption and slow recovery of humanitarian and commercial flights out of Juba to other areas in the country following the recent fighting has also limited food supplies.

Despite the relative calm that has been holding in Juba since the declaration of ceasefire, tension and uncertainty remains. The prospects of violence escalating beyond Juba remains unpredictable but could potentially disrupt agriculture, livelihoods<sup>11</sup>, trade, and markets and further devastate the economy with far reaching consequences on food prices and household food access. The difficult economic environment is also likely to fuel opportunistic criminality and banditry along major supply routes. In addition, localized conflict and tensions over resources will likely continue, disrupting trade and markets. Market functionality will be lower in most parts of the country in July-August 2016 period.

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<sup>9</sup> High price increase tends to hurt disproportionately the poor, who cannot smooth purchasing decisions over time because of liquidity constraints. In addition they spend most of their income on food and increased food prices lead to high vulnerability to food insecurity

<sup>10</sup> Currently an estimated 4.8 million people are food insecure

<sup>11</sup> Insecurity will restrict access to fishing grounds, farms, homes, and constrain normal livestock migration patterns

# WFP SOUTH SUDAN MARKET PRICE MONITORING BULLETIN

## ANNEX: SOUTH SUDAN PRICE CHANGES FOR KEY SELECTED COMMODITIES

State	Market	Major Commodity	Current Price (SSP)	Price Change (%)			
				1M	1Y	1M	1Y
Central Equatoria	Konyokonyo	Cassava	79	16%	294%	↑	↑
		Casual Labour (Non-Agricultural)	79	-2%	75%	→	↑
		Field Beans (Janjaro)	78	53%	247%	↑	↑
		Rice	44	25%	130%	↑	↑
		Vegetable oil	78	16%	301%	↑	↑
		Wheat Flour	40	35%	188%	↑	↑
		White Maize(Grain)	90	50%	350%	↑	↑
		White Sorghum	90	29%	350%	↑	↑
Eastern Equatoria	Kapoeta	Casual Labour (Agricultural)	40	-16%	39%	↓	↑
		Field Beans (Janjaro)	45	6%	195%	→	↑
		Medium Male Goat	1,013	0%	33%	→	↑
		Medium Male Sheep	988	0%	119%	→	↑
		Rice	36	7%	142%	↑	↑
		Vegetable oil	76	69%	408%	↑	↑
		Wheat Flour	36	21%	138%	↑	↑
	White Maize(Grain)	64	11%	305%	↑	↑	
	Torit	Cassava	105	31%	724%	↑	↑
		Casual Labour (Non-Agricultural)	150	36%	243%	↑	↑
		Field Beans (Janjaro)	55	15%	255%	↑	↑
		Medium Male Goat	1,363	1085%	268%	↑	↑
		Medium Male Sheep	1,225	9%	185%	↑	↑
		Rice	40	5%	240%	→	↑
Vegetable oil		65	39%	306%	↑	↑	
Wheat Flour	38	25%	213%	↑	↑		
White Maize(Grain)	78	41%	288%	↑	↑		
White Sorghum	79	5%	358%	→	↑		
Jonglei	Bor	Casual Labour (Non-Agricultural)	61	2%	104%	→	↑
		Field Beans (Janjaro)	60	20%	129%	↑	↑
		Medium Male Goat	1,725	-7%	112%	↓	↑
		Medium Male Sheep	1,600	3%	142%	→	↑
		Rice	68	5%	332%	→	↑
		Vegetable oil	60	0%	200%	→	↑
		Wheat Flour	35	17%	137%	↑	↑
		White Maize(Grain)	55	9%	151%	↑	↑
White Sorghum	80	0%	260%	→	↑		
Lakes	Rumbek	Casual Labour (Agricultural)	250	213%	953%	↑	↑
		Casual Labour (Non-Agricultural)	195	144%	394%	↑	↑
		Field Beans (Janjaro)	48	13%	249%	↑	↑
		Medium Male Goat	838	16%	272%	↑	↑
		Medium Male Sheep	763	2%	205%	→	↑
		Rice	33	8%	160%	↑	↑
		Vegetable oil	43	-9%	188%	↓	↑
		White Maize(Grain)	23	-42%	22%	↓	↑
White Sorghum	26	-45%	1%	↓	→		
Northern Bhar el Ghazal	Aweil Town	Casual Labour (Agricultural)	43	-2%	62%	→	↑
		Casual Labour (Non-Agricultural)	50	21%	21%	↑	↑
		Field Beans (Janjaro)	80	78%	256%	↑	↑
		Medium Male Goat	680	5%	151%	→	↑
		Medium Male Sheep	630	7%	140%	↑	↑
		Rice	40	14%	208%	↑	↑
		Vegetable oil	79	3%	294%	→	↑
		Wheat Flour	36	16%	96%	↑	↑
		White Maize(Grain)	118	31%	292%	↑	↑
		White Sorghum	101	27%	262%	↑	↑
Unity	Bentiu	Casual Labour (Agricultural)	100	150%	400%	↑	↑
		Casual Labour (Non-Agricultural)	60	-8%	100%	↓	↑
		Field Beans (Janjaro)	60	9%	33%	↑	↑
		Rice	78	-5%	142%	→	↑
		Vegetable oil	58	-28%	70%	↓	↑
		Wheat Flour	59	-13%	63%	↓	↑
		White Sorghum	64	-16%	76%	↓	↑
Western Bhar el Ghazal	Wau	Cassava	80		300%		↑
		Casual Labour (Agricultural)	50		150%		↑
		Casual Labour (Non-Agricultural)	50		67%		↑
		Field Beans (Janjaro)	48	6%	179%	→	↑
		Medium Male Goat	625	7%	155%	↑	↑
		Medium Male Sheep	575	0%	143%	→	↑
		Rice	45		260%		↑
		Vegetable oil	50	0%	156%	→	↑
		Wheat Flour	40	26%	167%	↑	↑
		White Maize(Grain)	85	13%	224%	↑	↑
White Sorghum	98	3%	212%	→	↑		