

SUDAN MONTHLY  
MARKET UPDATE

Bulletin # 29

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## SUMMARY:

Cereal prices continued to rise and remain stable at a high level in April and are substantially above historical average levels. Moreover, food and cereal inflation rates continued to rise both in rural and urban settings. In addition to the considerable increases in cereal prices, the typical seasonal behavior of prices changed throughout 2009/10. Prices increased all through the year even during the harvest season of October – December when cereal prices usually decline.

These higher than normal prices will have the worst effects on the poorest households, who access the majority of their food from the market. Increasing prices exacerbate the already poor condition of these net-consumers and could result in serious food shortages. If well designed stabilization programs are implemented ahead of schedule, they may help to smooth out consumption shortfalls when food prices rise.

This *Monthly Market Update* is designed to better inform decision makers and analysts in Sudan of current prices and market trends. The data sources for the 15 Northern States of Sudan are from the available data collection system of the Ministry of Agriculture and Forestry/Ministry of Animal Resources and Fisheries (MAF/MARF) and Animal Resources Services Company (ARSC). Emphasis is given to sorghum, millet and wheat and camels, sheep, goats, and cattle because these selected commodities are dominant in the volume of trade and consumption patterns of the society.

The authors' views expressed in this publication do not necessarily reflect the view of the European Delegation in Sudan or the Sudanese Government or the Food and Agricultural Organization of the UN. Please send your suggestions to: [Yahia.Awadelkarim@fao.org](mailto:Yahia.Awadelkarim@fao.org); [alemu.asfaw@fao.org](mailto:alemu.asfaw@fao.org)

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Figure 1: Real Wholesale Prices for Sorghum in Khartoum (May 2006 – April 2010).

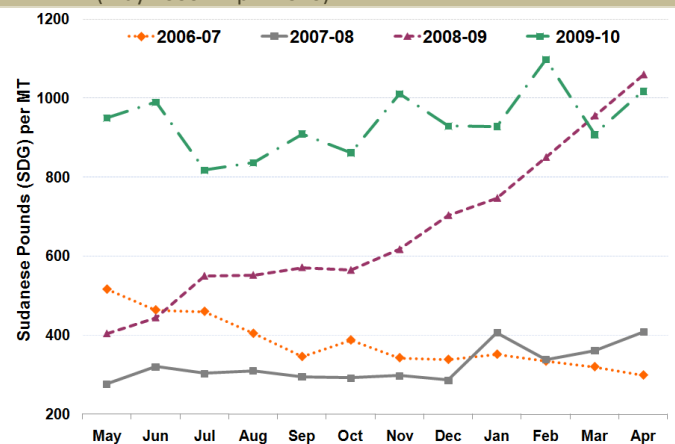
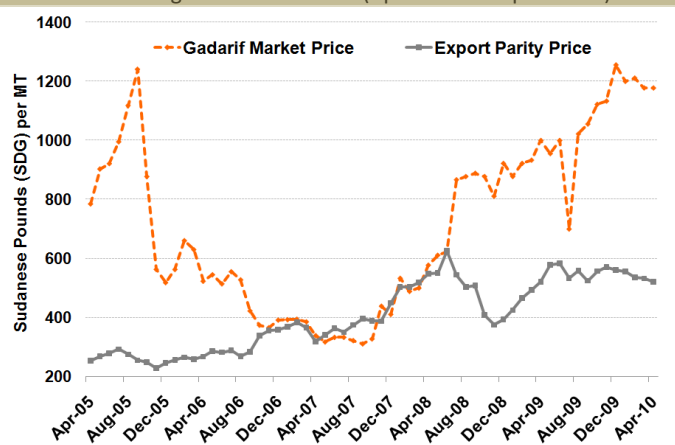
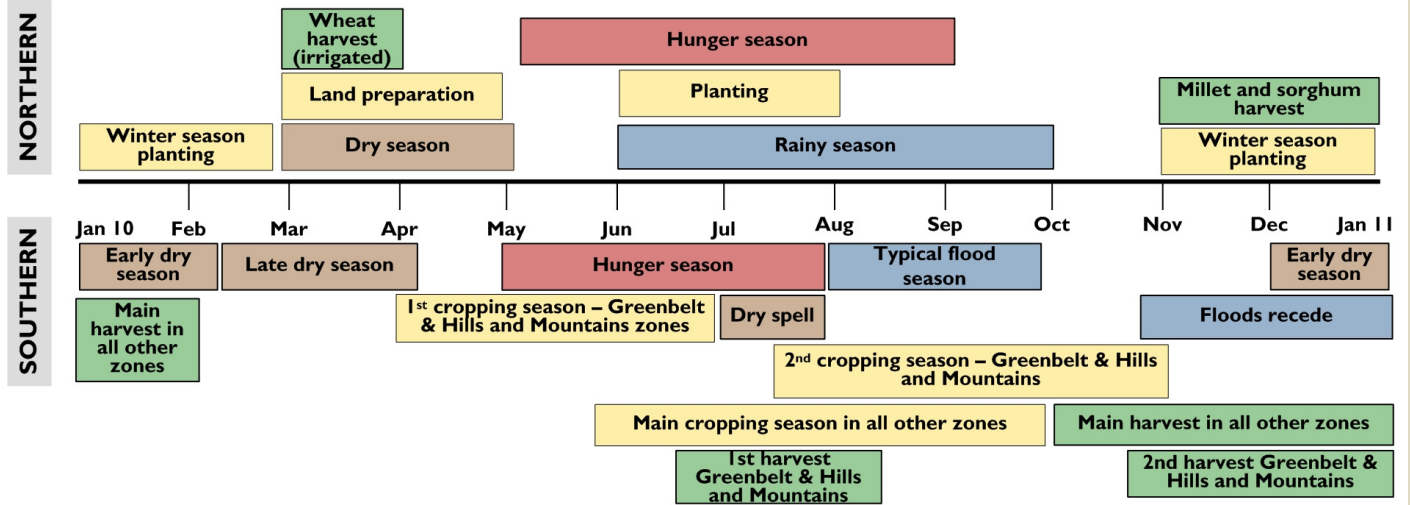


Figure 2: Comparison of Export Parity (XPP) and Domestic Prices for Sorghum from Gadarif (April, 2005 – April, 2010).



Source: Data Archives of Ministry of Agriculture and Forestry (MAF) and the Central Bureau of Statistics (CBS). International prices are from USDA and International Grain Council, [www.fao.org/es/esc/prices/](http://www.fao.org/es/esc/prices/)

Figure 3: Seasonal Calendar and Critical Timeline Events for Sudan



Source: FEWS NET

Figure 5: Relative Price Increases – Food Inflation / Non-food Inflation in Sudan (April 2009 – April 2010).

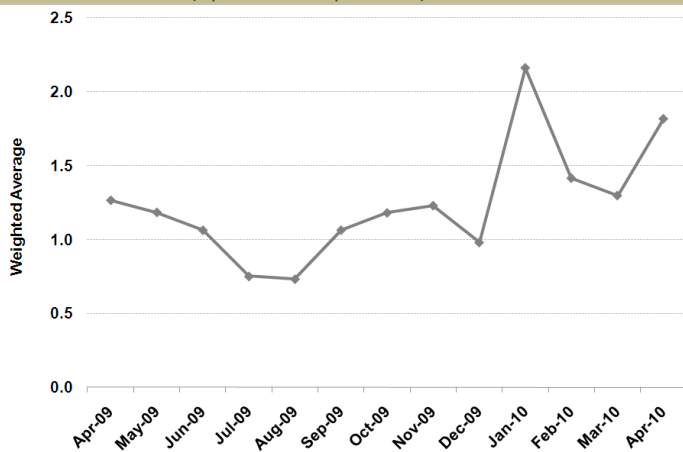
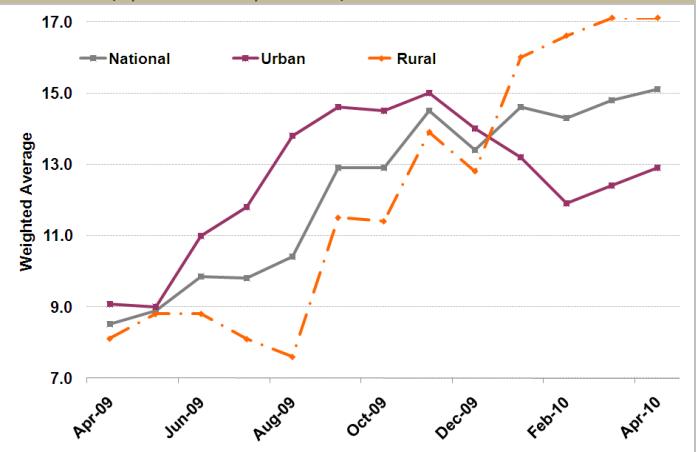


Figure 6: Monthly Inflation Rates in Sudan (Base 2007 = 100) (April 2009 – April 2010).

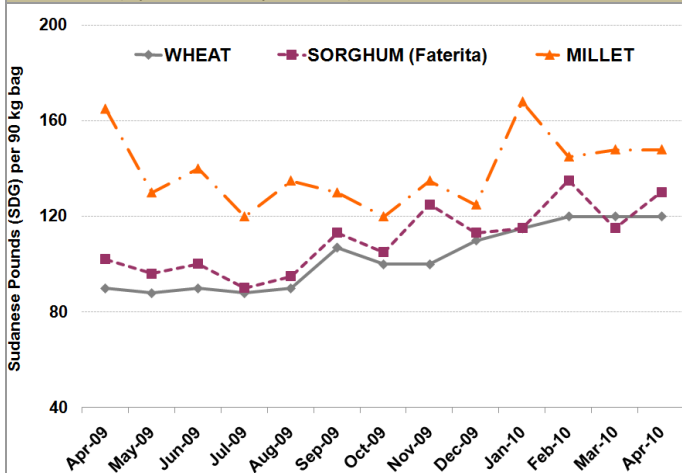


Source: The Central Bureau of Statistics, Consumer Price Indices and Inflation Rates - Sudan and Khartoum 2008/09.

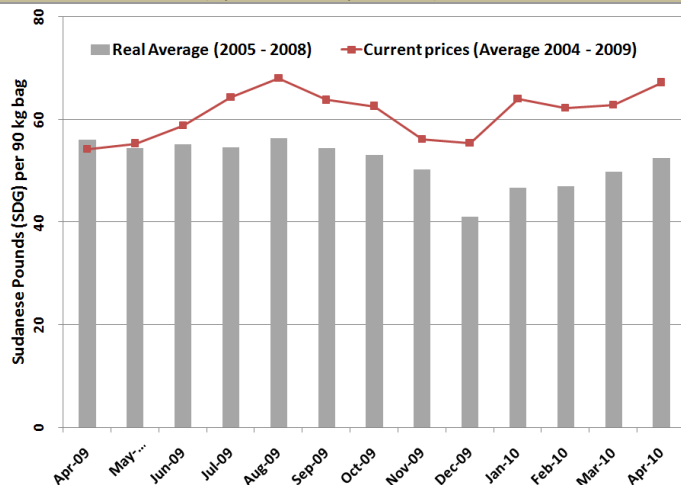
Note: Consumer Price Indices (CPI) for the relative price increases and inflation rate trends are weighted averages representing all income groups' trend analysis. The recent consumer price indices are introduced since August 2008 after the revisions done through expenditure surveys. In Sudan, volatilities of price indices and inflation rates are higher in rural areas compared to urban settings. However, the variations look to be disappearing and consistent for the last six months.

<sup>1</sup> The rain-fed farming system (traditional and semi-mechanized) covers about 70 percent of overall cereals (sorghum, millet, and wheat) and cash crops (sesame, groundnut, cotton, and sunflower) production in the Northern States of Sudan. However, significant variations exist among States and also by crop type.

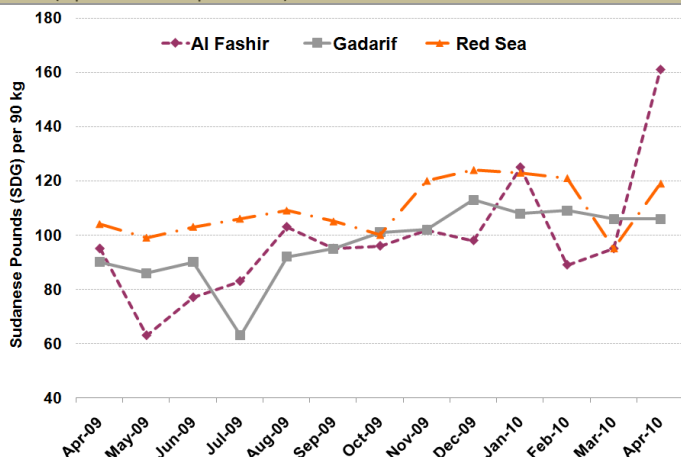
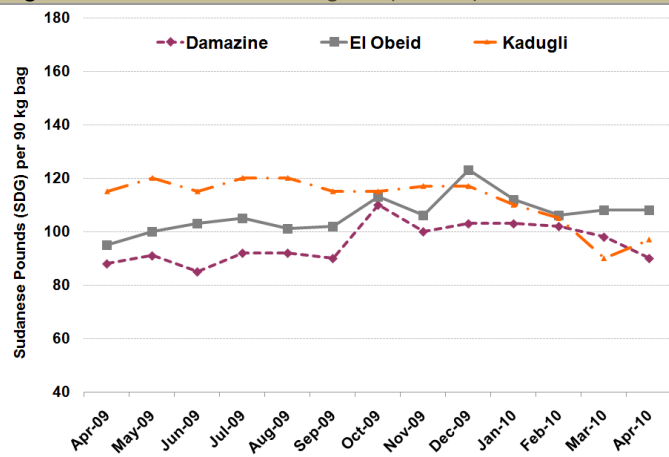
**Figure 7:** Nominal Wholesale Prices of Staple Cereals in Khartoum, (April 2009 – April 2010).



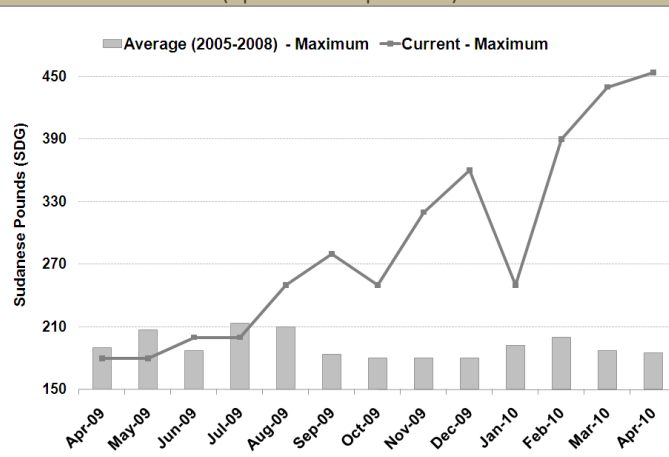
**Figure 8:** Real and Current Wholesale Prices of Sorghum (*Faterita*) in Khartoum (April 2009 – April 2010).



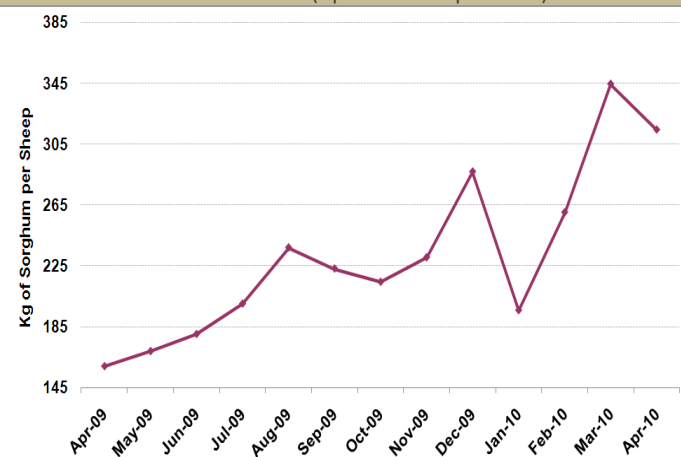
**Figure 9:** Nominal Wholesale Sorghum (*Faterita*) Prices for Selected Markets (April 2009 – April 2010).



**Figure 10:** Baladi Sheep Prices in Elsalam Livestock Market – Omdurman (April 2009 – April 2010).



**Figure 11:** Terms of Trade for Baladi Sheep in Elsalam Livestock Market – Omdurman (April 2009 – April 2010).



**Source:** Data archives of MAF/MARF, and Animal Resources Services Company (ARSC). Graphics by SIFSIA-N (GNU).

- Notes:** (1) Prices are expressed in Sudanese Pounds per 90 kg bag for cereals and per animal for sheep.  
 (2) One bag = 90 kg; 1 US \$ ≈ 2.48 Sudanese Pounds (SDG).  
 (3) The average difference between maximum and minimum prices of Baladi sheep is about 25 Sudanese pounds (SDG). Sheep price is for an average weight of 13 kg. Average prices (2002 - 07) for Figure 8 are deflated by their respective consumer price index values.  
 (4) Terms of Trade (TOT) is expressed in quantity of sorghum per sheep.

## MARKET ANALYSIS :

The decline in cereal production has led to significant price increases in the major markets of country. Wholesale cereal prices continued to increase in April, with current prices higher than same time last year, and much above the longer-term average (Figures 7 to 9). The typical downward movement in cereal prices that happens during the summer harvest in most seasons was not manifested in 2009/10. Prices are still either increasing or stabilizing at a very high level in Khartoum and almost in all traditional surplus and deficit markets of the country.

Declining grain flows due to dwindling grain stocks held by producers and traders as the typical hunger period (June – August) begins combined with demand increase make it likely that grain prices will either remain at record highs or increase further over the coming months, reaching their peak during July – September period. The magnitude of this increase will depend on the performance of the upcoming rains (June – September).

With high level and increasing trends, the local cereal prices are continuing to be much above the export parity prices which encourage commercial traders for filling available gaps. (Figure 2). Purchasing of cereals continue to be much cheaper in the international than local markets.

Rural cereal and general food price indices continued to increase in April, and rural index persisted to be high. According to the Central Bureau of Statistics (CBS) sources, overall rural inflation rates increased from 17.1% in March 2010 to 17.2% in April 2010, which is the highest recorded figure since November 2008. The urban inflation rates also increased from 12.4% to 12.9% during the same time. The relative food to non-food changes has increased - the April 2010 food inflation rates are still going above non-food rates. (Figures 5 and 6).

With significant increase in livestock demands for export, the increase in cereal prices is currently accompanied by increase in livestock prices. However, the April 2010 increases in livestock prices are lower than cereal price increases favoring cereal traders' terms of trade. Yet, livestock owners continued to get more sack of grain traded than previously.

Government has responded with various attempts to stabilize cereal prices, including (a) promoting cereal imports through reduction in tariff (b) grain export ban to the Gulf states (c) a corresponding increase in food aid imports rather than local procurements of food aid; and, (d) grain borrowing from Strategic Reserve Corporation (SRCo) and Agricultural Bank of Sudan for sale to consumers. Efforts have, however, been unsuccessful in curbing high level and escalating prices. The market information indicates that Khartoum prices for sorghum in particular have been higher than historical real average level each month since last year. Yet, it is likely that the combined efforts from various Government institutions might have helped in preventing prices from escalating even further in a few terminal markets.

These high prices will certainly undermine the value of the guaranteed transfers to be made by Zakat and SRCo. As staple prices rise, the food equivalent of this cash amount continues to wear down. Given the potential for increased demand associated with both the Zakat/SRCo cash transfers, care must be taken not to put further upward pressure on already-high level prices.

Stabilizing operations provide the means to support the incomes of the poor while also mobilizing food for relief and buffer stock programs. However, tackling the underlying causes of food insecurity must go beyond stabilization. The long run problem is conflict and poverty and the sustainable solution lies in the process of setting up conflict resolution mechanisms, economic development, transforming the rural economy from one based on low productivity subsistence agriculture to a high productivity and more commercialized one.