

SUDAN MONTHLY  
MARKET UPDATE

Bulletin # 51

March 2012



## SUMMARY:

Feb 2012 cereal prices were about 75% higher compared to same time last year, which was also very high. In almost all observed markets, prices have also increased compared to the previous month and are much above average. Prices have also reached the highest ever in most or all of the markets.

Increasing demand and tightened supply (due to poor harvest and tightened imports) are causing food shortages and accelerating inflation in Sudan. Global food prices have also increased for the second consecutive month in February, and remain high with prices of most commodity groups monitored rising again (FAO Food Price Index).

With an ever increasing demand and tightened supply, there looks to be a possible increase in prices from March following other food staff price increases. The trend is expected to intensify as the typical hunger period of June – August approaches and reduces the effectiveness of any interventions in ensuring food access.

High food costs still have the biggest impact on the poor, where the poorest segment of the population spend more than 80% of their incomes on food in Sudan. Consumers are further moving to seek cheaper alternatives to wheat but that alternative commodity is again escalating reaching or exceeding the level of the substitute. Market interventions, which can bring the greatest impact, look to be pertinent.

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 Irrigation /Ministry of Animal Resources and Fisheries (MoAI/MARF). 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 Agriculture 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 (Feb. 2008 – Feb. 2012)

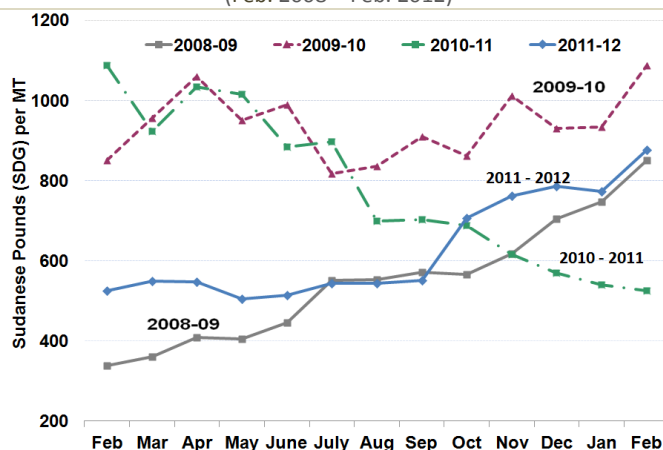
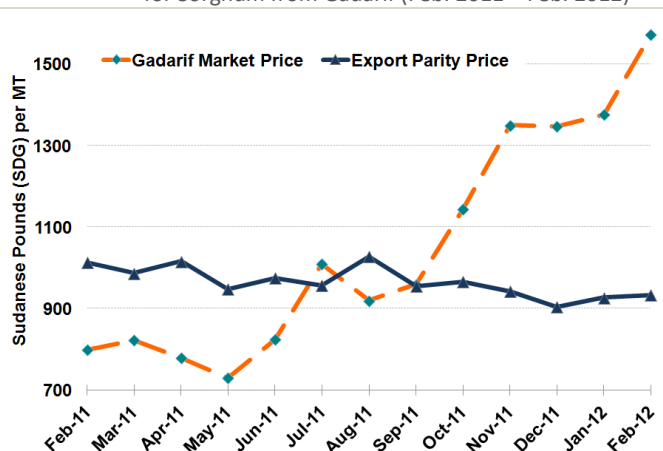


Figure 2: Comparison of Export Parity (XPP) and Domestic Prices for Sorghum from Gadarif (Feb. 2011 – Feb. 2012)



Source: Data Archives of Ministry of Agriculture and Irrigation (MoAI) 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: Wholesale Prices of Wheat in Khartoum (Feb. 2008 – Feb. 2012)

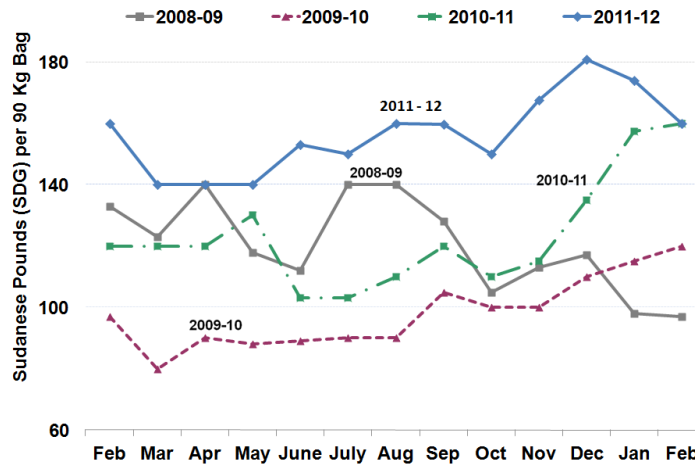
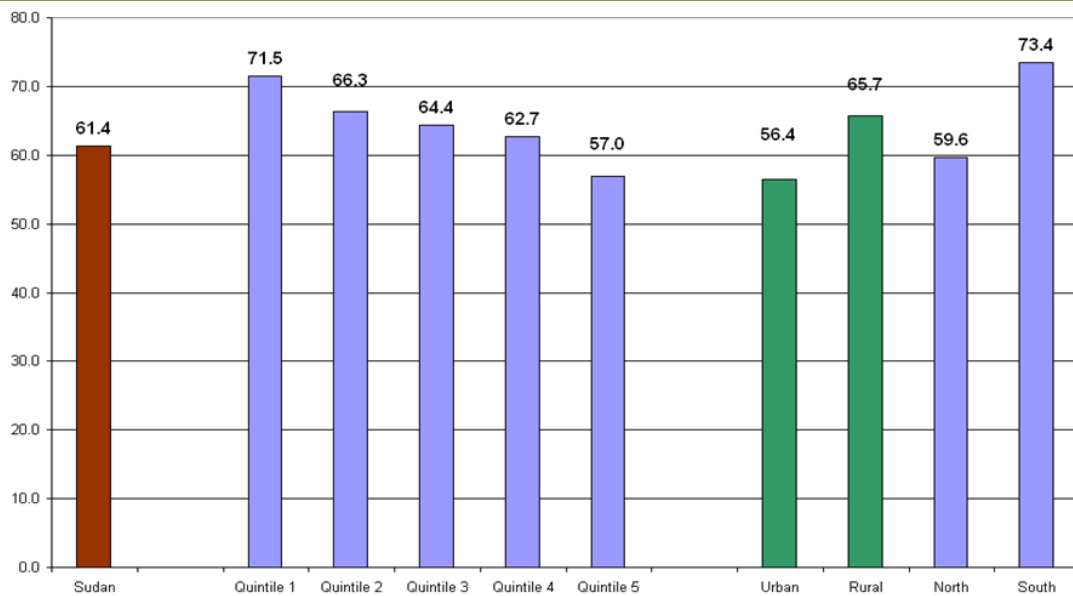


Figure 4: Food Ratio in Sudan (%)



Source: The Sudan Baseline Household Survey (SBHS-2009), CBS - FAO-SIFSI-MoAI, August 2009.

Figure 5: Relative Price Increases – Food Inflation / Non-food Inflation in Sudan (Feb. 2011 – Feb. 2012).

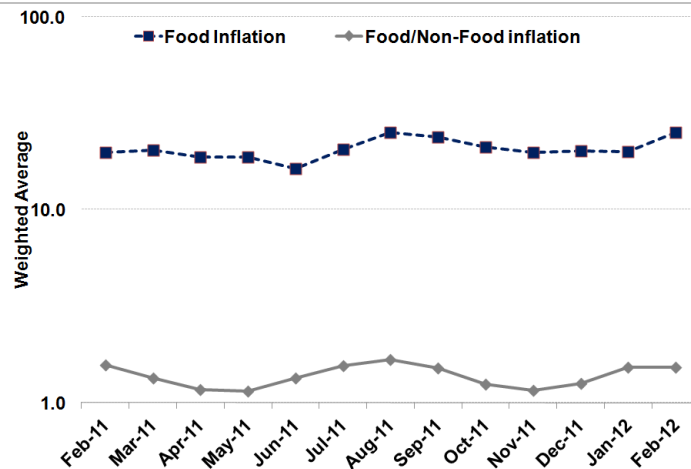
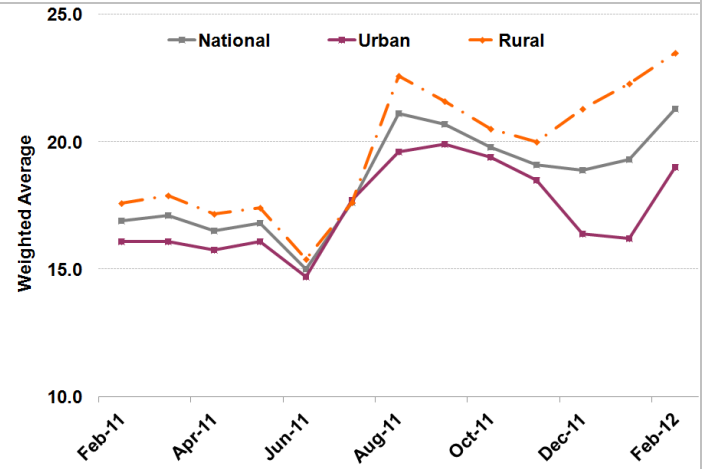


Figure 6: Monthly Inflation Rates in Sudan (Base 2007 = 100) (Feb. 2011 – Feb. 2012).



Source: The Central Bureau of Statistics, Consumer Price Indices and Inflation Rates, Sudan and Khartoum 2011/12.

Figure 7: Nominal Wholesale Prices of Staple Cereals in Khartoum, (Feb. 2011 – Feb. 2012).

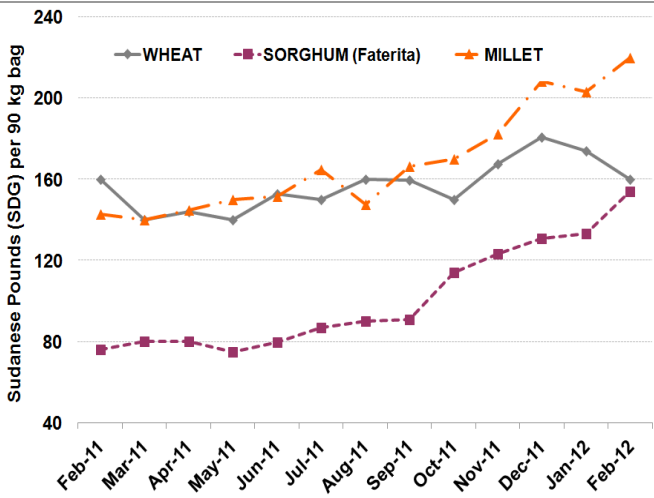


Figure 8: Real average and Current Wholesale Prices of Sorghum (Feterita) in Khartoum (Feb. 2011 – Feb. 2012)

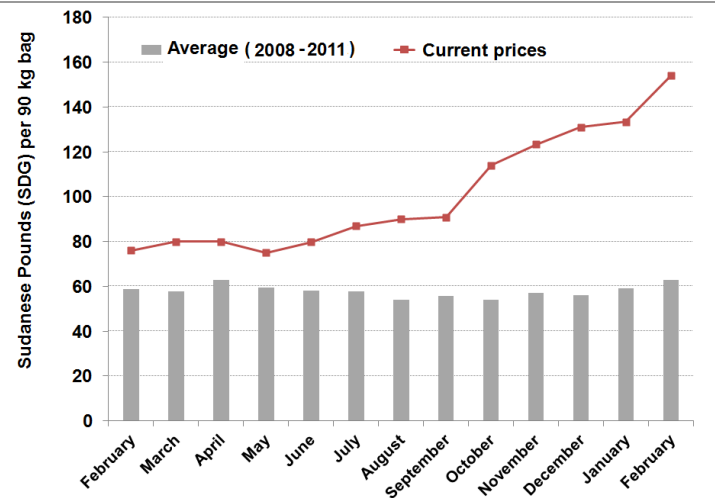


Figure 9: Nominal Wholesale Sorghum (Faterita) Prices for Selected Markets (Feb. 2011 – Feb. 2012).

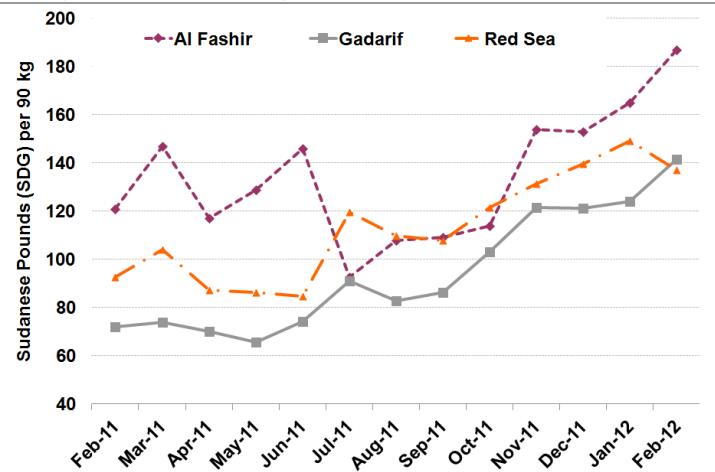
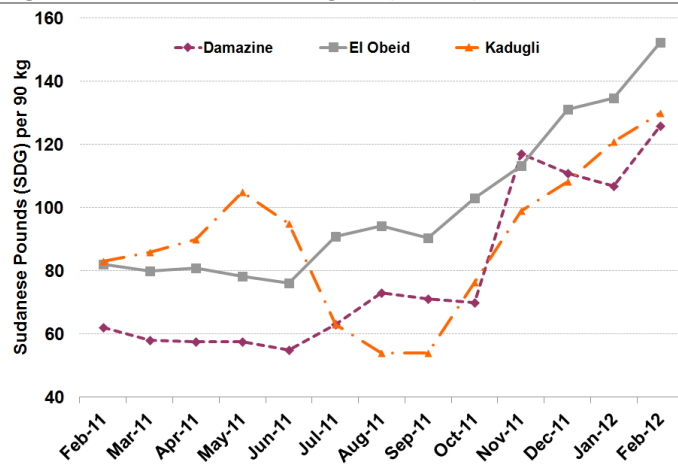


Figure 10: Baladi Sheep Prices in Elsalam Livestock Market – Omdurman (Feb. 2011 – Feb. 2012).

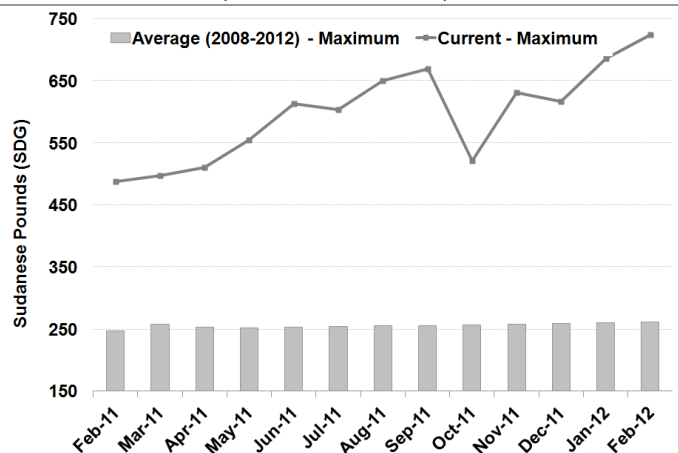
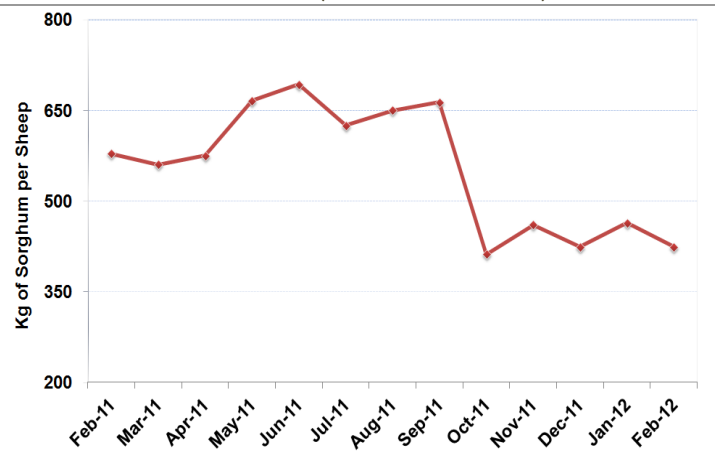


Figure 11: Terms of Trade for Baladi Sheep in Elsalam Livestock Market – Omdurman (Feb. 2011 – Feb. 2012).



Source: Data archives of MoAI/MoARF, and Animal Resources Services Company (ARSC). Graphics by SIFSIA-N.

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 \$ ≈ 2.9 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 (2008 - 11) 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:

In line with expectations, which were based on mediocre crop production estimates, prices remain very high and increased in February 2012. Cereal prices in all observed markets increased or remained very high in February compared to January, with sorghum prices changing by an average margin of 10 percent (from the already high level) in all major terminal markets. Sorghum prices are close to 80% higher in Khartoum compared to same time last year and much higher than the previous five years average. Sorghum prices were in the range of 62 to 93 SDG per 90 kg bag in most terminal markets during same time last year. This situation has completely reversed this year as prices range from 130 SDG to 187 SDG per 90 kg bag in selected markets, even exceeding the wheat price in some markets for the first time. Similar price trends are recorded for millet whereby prices increased by about 54% compared to same time last year, showing ever highest level. (Figures 7 to 9).

Global food prices increased for the second consecutive month in February, and remain high with prices of most commodity groups monitored rising again (FAO Food Price Index). The international wheat prices rose for the past couple of months which showed persistent decline before. Although Feb prices are almost 20% lower than last year, their recent trends seem to indicate that they are again rising. Contrary to international trends, Khartoum wheat prices after declining for the past few months, have started to become leveled to last year price, which was still much higher than average.

Taking the average of the previous five months prices, domestic wholesale sorghum prices at Gadarif market was higher by about 46 percent for exports/imports than its corresponding Export Parity Prices (XPP) (Figure 2). It is, therefore, so expensive to purchase sorghum on the domestic market both for food aid buyers and commercial import/exporters. If the current price trend continues in the coming months, the only way to acquire humanitarian assistance is by procuring it from external sources as more imports are necessary to curb the current escalating prices.

Cereal prices increased marginally during February 2012, but livestock prices were already high, reaching their ever highest level, almost making them impossible to be reached by the poorest segment of the population. With both cereal and livestock prices significantly increasing, the terms of trade continued to be flat favoring livestock owners against cereal producers and traders. (Figures 10 and 11).

Inflation rates for both urban and rural areas surge to their highest level of 19 and 24%, respectively, exceeding an ever peak level of inflation for the past five years. The food and non-food inflation rates increased simultaneously in February 2012 compared to the previous month reaching to their respective highest levels, 25% and 17%, respectively. With similar increases of food and non-food inflation rates, the relative changes remain the same, though still the food inflation rates are on the high side compared to the non-food ones. (Figures 5 and 6).

Prices in the terminal market of Khartoum was unusually high during the June – July 2011 period, and then continued to show significant increases from August 2011, even not abated during the peak of harvest time (Dec – Jan) showing a further tightened supply reflecting a widespread food price increases in the country. With an ever increasing demand and tightened supply, there looks to be a possible increase in prices from March following other food staff price increases. The trend is expected to intensify as the typical hunger period of June – August approaches and reduces the effectiveness of any interventions in ensuring food access.

Current prices are above average in all observed markets (getting much higher in recent months), hurting the poorest households. Very high prices continue to erode the purchasing power of many net-consumers in Sudan, and ultimately act to reduce effective demand. More than 90 percent of the annual food consumed by Sudanese is obtained through purchases in local markets, and reliance is particularly high during the typical hunger season (May – August). Releases by the Strategic Reserve Corporation (SRCo) have helped sorghum prices to stabilize in some localized areas, but not sufficient enough to bring the desired stability across the country. It will be essential to ensure that the proposed and on-going market related interventions are done in a coordinated manner so as to have the greatest impact with limited interventions.