

SUDAN MONTHLY MARKET UPDATE

Produced by the Food & Agriculture Market Information System - Sudan

Bulletin 112 - July 2017



The Food Security Technical Secretariat (FSTS) comprises several government agencies that work together to ensure maximum coordination on food security. Housed in the Ministry of Agriculture and Forestry, FSTS supports food security information systems, provides policy briefs, monitors policy impact, and analyzes food security at the local level.



The Food & Agriculture Market Information System - Sudan (FAMIS) collects crop, livestock, and horticultural and animal products prices from major markets on a weekly basis. Using a standard methodology that ensures accuracy and objectivity, FAMIS gathers data from a national network of market watchers through an SMS web platform.



The Famine Early Warning Systems Network (FEWS NET) was created by USAID in 1985 to provide early warning of food emergencies. In partnership with international and national agencies, FEWS NET monitors and analyzes data on weather, climate, agricultural production, prices, trade, and livelihoods in 36 countries. Reports are available at www.fews.net.

SUMMARY

- Sorghum and millet prices tended to stabilize between May and June 2017 however millet prices remained significantly higher than those of sorghum due to its below average production mainly in the millet typical production centers in West Sudan.
- The effect of surplus sorghum production obtained from last season will begin to decline as the peak of lean season approaches while local and cross border demand for sorghum is expected to steadily increase.
- The levels of cereal prices will be influenced by June to September rains and progression of the ongoing agricultural season as it will determine changes in level of market supplies and demand.
- The increasing seasonal export demand for livestock to Saudi Arabia induced prices to increase; while the terms of trade between livestock and staple foods continued to be in favor of cereal' traders particularly in the deficit sorghum and millet producing areas.

Figure 1: Nominal sorghum prices for Om Durman (Khartoum State)

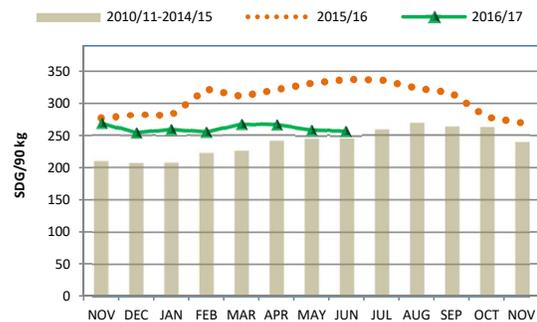
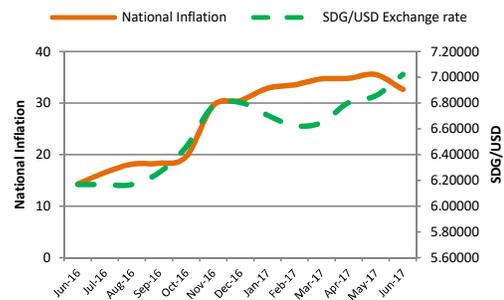


Figure 2: Macro-economic data



Source: The Food & Agriculture Market Information System (www.farmers.sd) and the Central Bureau of Statistics (CBS) www.cbs.gov.sd International prices are from USDA and International Grain Council, www.fao.org/giews/pricetool. Exchange rate is from Central Bank of Sudan www.cbos.gov.sd



This report, produced by FAMIS with technical and financial support from FSTS and FEWS NET, is available at www.farmers.sd. For more information, contact yelkareem@fews.net.

MARKET ANALYSIS



Between May and June 2017, **Sorghum and millet** prices either remained stable or slightly increased across most markets monitored by FAMIS in Sudan due to continued adequate supplies from the 2016/17's above average harvest which was balanced by the increasing demand during the lean season. **Locally produced wheat** prices either remained stable or slightly decreased due to availability of supplies from the recently concluded harvest.

During June, **sorghum** wholesale prices remained unchanged in Gadarif, Khartoum, Nayla, El Obied, Sinnar and Kassala however, an increase of 6 and 13 percent increase was reported in Singa (Sinnar State) and Kadugli respectively. The stability of sorghum prices is mainly attributed to the continued relatively adequate supplies from last year's above average harvest that coincided with increased demand of the lean season, as well as high demand mainly from South Sudan and Eritrea for formal and informal cross-border trade, as well as to the relatively high transportation cost to the remote markets, especially in Darfur states which are typically far from the main supply centers in eastern and central Sudan. June levels of sorghum prices were on average less by about 12 percent compared to their respective 2016 level but remained 15 percent above their recent five-year average.

Millet wholesale prices remained stable but 74 percent higher than June sorghum average prices. Zalingei in Central Darfur and Gadarif were the only markets to record five and seven percent increase respectively. Stability of prices during this period is mainly attributed to its reduced demand as more consumers shifted to sorghum due to price differences. June levels of millet prices were on average 13 percent above their respective 2016 and 40 percent above the recent five-year average.

Locally produced wheat price tended to stabilize across most markets between May and June due to continued supply from the recently concluded harvest. El Fasher was the only market that reported wheat prices decrease (with 7 percent) while Singa, Nyala and Damzin were the only markets that indicated 10, 15 and 24 percent increase mainly due to the persistent high demand of wheat which the main staple food in the urban areas respectively during the reporting period. Current levels of wheat prices remained on average 32 percent above their respective 2016 levels and 74 percent above the recent five-year average.

The start of the rainy season that leads herders to reduce their animals sales due to availability of pasture and water, as well as the continued high seasonal export demand particularly for sheep and cattle, continued to induce livestock prices to gradually increase in most of the monitored markets. The terms of trade between livestock and staple foods used to be in favor of cereal traders and producers between January and April in the typical cereals deficit markets while the current trend of livestock prices was reflected in an increasing terms of trade in the surplus as well as the deficit sorghum and millet producing areas and became in favor of livestock owners.

According to Sudan Central Bureau of Statistics (CBS) **the National inflation rate** decreased from 35.52 in May to 32.63 in June, CBS attributed this reduction to decrease in the services and food and drinks groups.

According to the Central Bank of Sudan (CBS) the **Official local currency exchange rate** increased to 7.02 SDG per 1 USD during June while the parallel market rate increased to 20.00 SDG per 1 USD in June compared to 18.1 SDG per 1 USD during May 2017.

NOMINAL AND REAL WHOLESALE PRICES OF CEREAL & TERMS OF TRADE AND SHEEP PRICES

Figure 3: Real versus nominal sorghum prices Om Durman, (Khartoum State)



Figure 4: Sorghum Regional and International Comparison

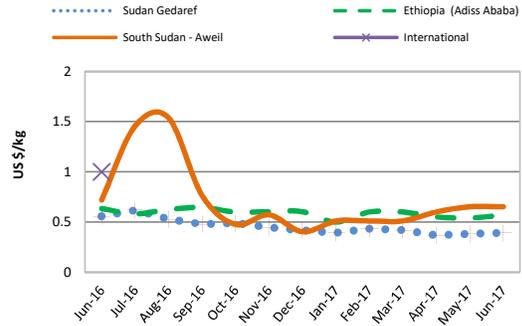


Figure 5: Real versus nominal Sheep prices in Om Durman, (Khartoum State)



Figure 6: Sheep for Sorghum (Kg) Terms of Trade

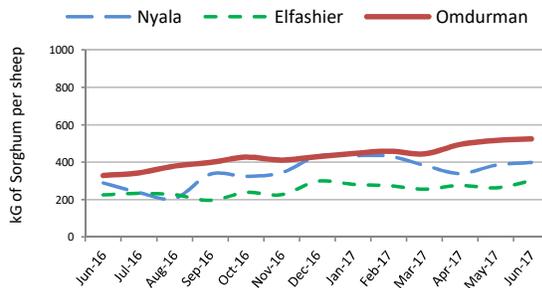


Figure 7: Nominal sorghum prices in the surplus producing areas of the country

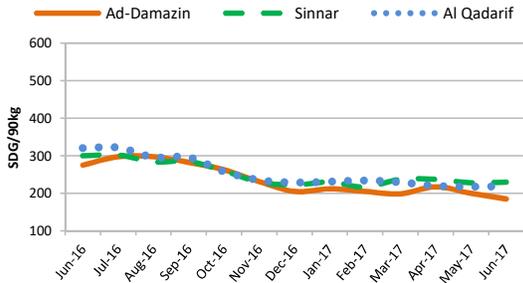


Figure 8: Nominal sorghum prices in the main consuming areas of the country

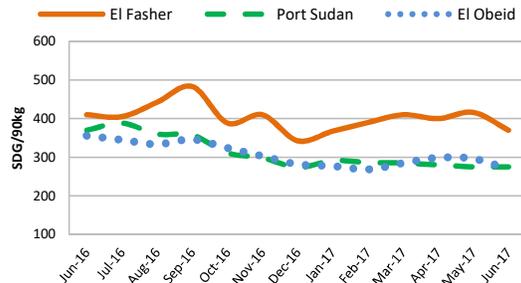


Figure 9: Nominal millet prices in Darfur States

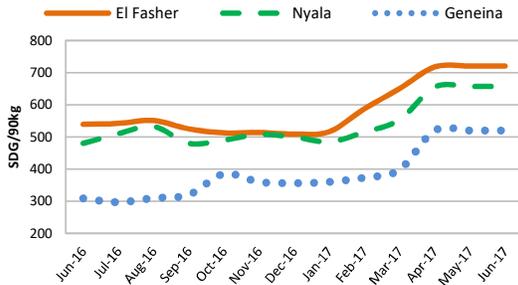
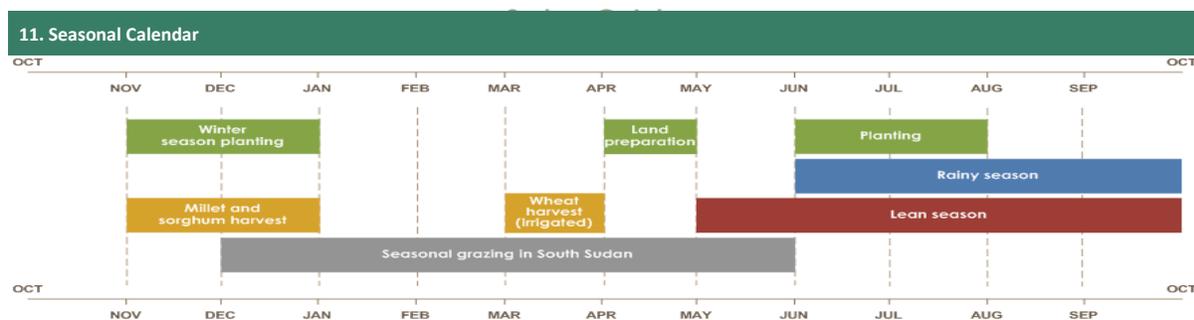


Figure 10: Real versus nominal wheat prices Om Durman, (Khartoum State)



SEASONAL CALENDAR AND KEY MARKETS MONITORED IN THE REPORT



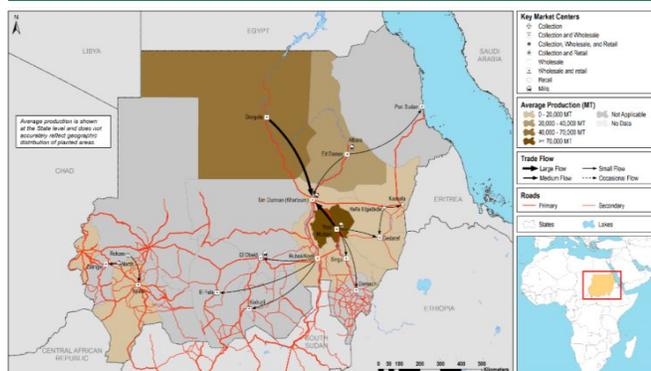
MARKET OUTLOOK

Supplies of cereal to main markets are expected to continue to seasonally decline during the ongoing lean season through September 2017. Demand for local consumption as well as for formal and informal cross-border trade is likely to peak with the progression of the lean season. Therefore, cereal prices are anticipated to continue their seasonal increasing trend during July to September 2017. The level of price increases will be influenced by June to September rains and the progression of the ongoing agricultural season as it will determine changes in level of market supplies and demand. Locally produced wheat prices are expected to start to seasonally increase by July as more households become market dependent, however, these trends will also be influenced by availability and prices of imported wheat and wheat flour.

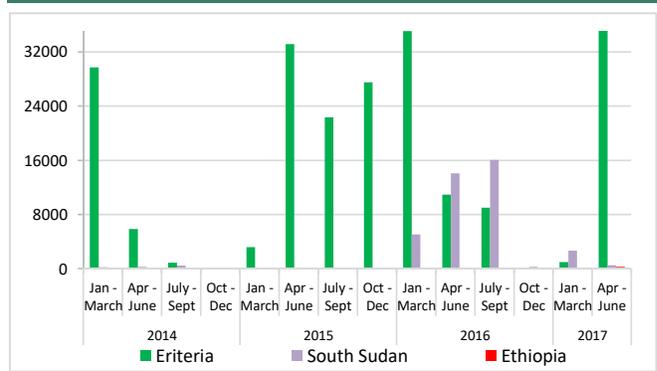
Cereal prices are likely to remain at higher levels compared to last year and the five year averages throughout outlook period due to continued high inflation rate and local currency depreciation.

The seasonal increase in livestock exports as well as the domestic demand coupled with the improvement in pasture conditions will lead prices of livestock to increase significantly up to the end of the harvest season by December 2017

12. Sudan local wheat production and trade flow map



13. Cross border exports of sorghum in metric tons



Source: FEWS NET in collaboration with stakeholders from local government ministries, market information systems, NGOs, and private