

SUDAN MONTHLY MARKET UPDATE

Produced by the Food & Agriculture Market Information System - Sudan

Bulletin 113 - August 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

- Between June and July 2017, sorghum prices increased by 5 to 24 percent in some of the major producing centers due to the reduced market supplies induced by the erratic rainfall and the consequential uncertainty about the harvest prospect of the 2017/18 agricultural season in Sudan.
- The prices of millet and locally produced wheat were stable to a large extent at high levels. Millet is anticipated to generally follow the sorghum trend while wheat, which is in its post-harvest season, will most likely continue on a seasonal increasing trend.
- The increasing seasonal export demand for livestock to Saudi Arabia and for local markets for the pilgrimage festival in September 2017 induced livestock prices to increase; while the terms of trade between livestock and staple foods continued to be in favor of cereal traders.

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

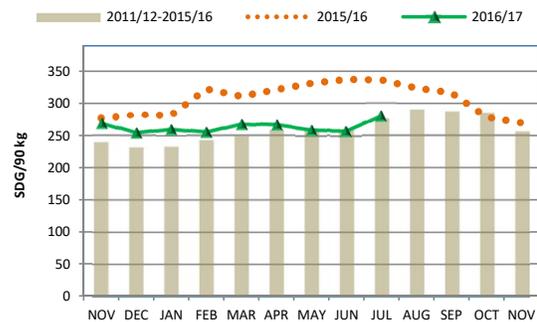
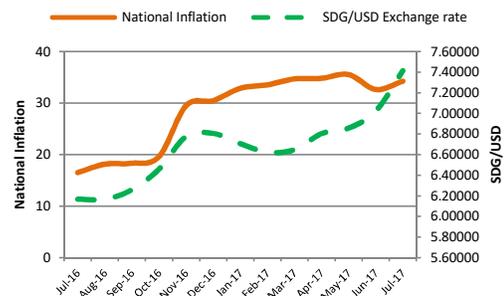


Figure 2: Macro-economic data



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



Staple food prices tended to follow the normal lean season increasing trend in some markets; however price stability is still persistent in the majority of the monitored markets of Sudan, reflecting a typical lean season trend following a year of above-average harvest.

Between June and July 2017, **Sorghum** wholesale prices went into an increasing trend in some of the monitored markets. A noticeable increase was reported in the main production centers of Qadarif and Damazin due to the sporadic rainfall during July. Accordingly, grain traders commenced holding their market supplies in anticipation of higher prices if rains continue to be below-average. The most significant price increase was reported in Zalingei, Qadarif, Ad Damazin, El Obeid and Om Durman with 24, 13, 9 and 7 percents respectively. In contrast sorghum prices were stable at high levels in Darfur main markets (Elfashir, Nyala and Genena) which are located within the major deficit areas of Sudan. The ongoing cross border trade with Eriteria as well as increasing domestic purchases by some government affiliated institutions contributed to the sorghum increasing price trend. July sorghum prices were on average less by about eight percent compared to their respective 2016 level but remained 20 percent above their recent five-year average.



Millet wholesale prices remained relatively stable at higher prices compared to sorghum; a trend that prevailed in most of the monitored markets. Kadugli, Qadarif, Zalingei and Singa reported five to 10 percent increase reflecting a typical lean season trend following a year of good harvest. The current millet prices were on average 16 percent higher than their respective 2016 levels and 44 percent above their recent five-year average.



Locally produced wheat price showed tendency to increase in some markets after three months of price stability across most markets following the March/April harvest. Between June and July, prices increased seven to 10 percent in Wad Madani, El Obied and Damazin while remained stable in most of the other markets, however, in July, wheat average prices were higher by about four and 80 percent than millet and sorghum overall average prices. This was mainly attributed to the observed decrease in wheat market supplies. The current wheat prices remained on average 34 percent above their respective 2016 levels and 69 percent above the recent five-year average.



Despite being below the farmers desired level, the received rains since the start of the season in June were adequate for the pastures to grow and drinking water to accumulate, leading herders to reduce their animal sales. The reduced local market supplies and the ongoing export demand particularly for sheep and cattle to meet the upcoming religious festivals in early September, continued to induce livestock prices to gradually increase in most of the monitored markets. Hence, the terms of trade between livestock and staple foods continued to be in favor of livestock owners.

According to Sudan Central Bureau of Statistics (CBS) **the national inflation rate increased from 32.63 percent in June to 34.23 percent in July 2017, this represents 4.9 percent increase.** The CBS attributed this increase to the increase of food and beverage and services components of the basket.

According to the Central Bank of Sudan (CBS) the **Official local currency exchange rate** increased by about six percent between June and July (from 7.02 to 7.40 SDG) per 1 USD,

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

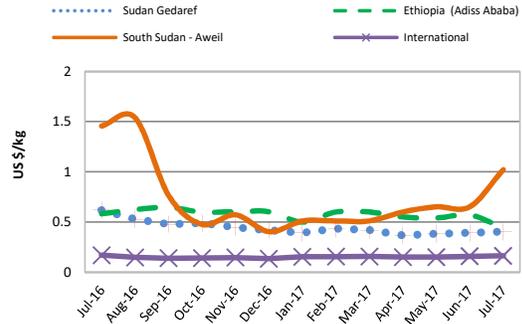


Figure 5: Real versus nominal Sheep prices in Om Durman, (Khartoum State)



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

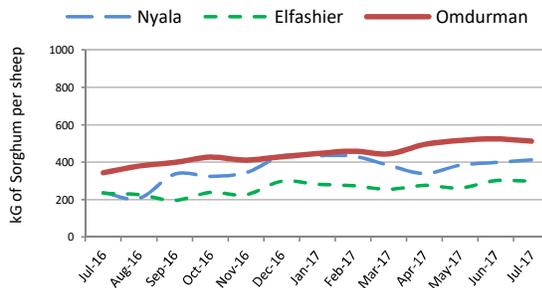


Figure 7: Nominal sorghum prices in the surplus producing areas of the country

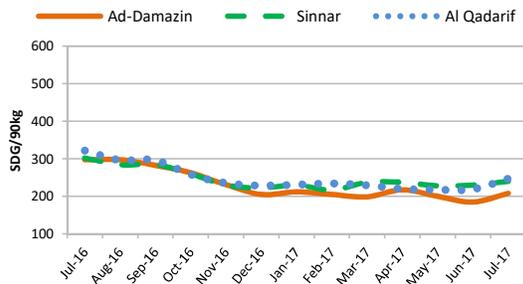


Figure 8: Nominal sorghum prices in the main consuming areas of the country

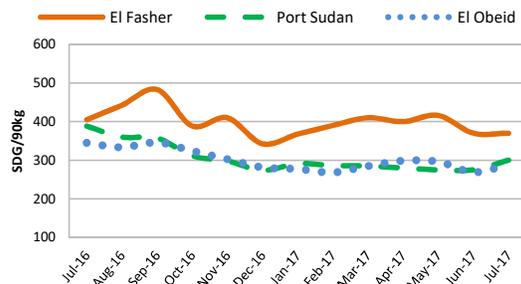


Figure 9: Nominal millet prices in Darfur States

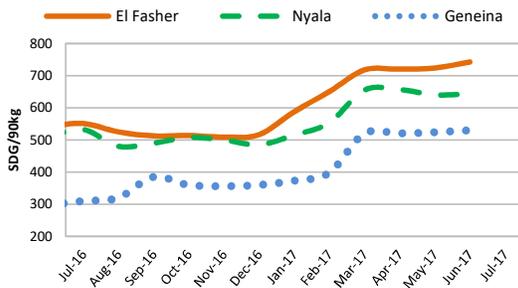
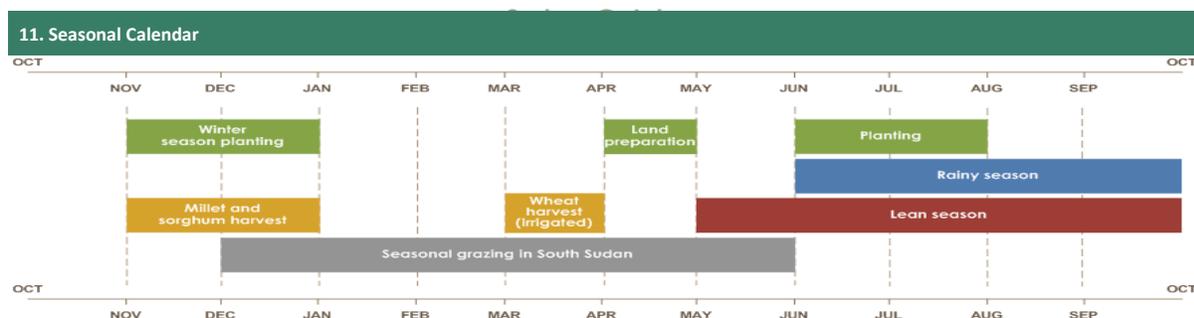


Figure 10: Real versus nominal wheat prices Om Durman, (Khartoum State)



SEASONAL CALENDAR AND KEY MARKETS MONITORED IN THE REPORT



MARKET OUTLOOK

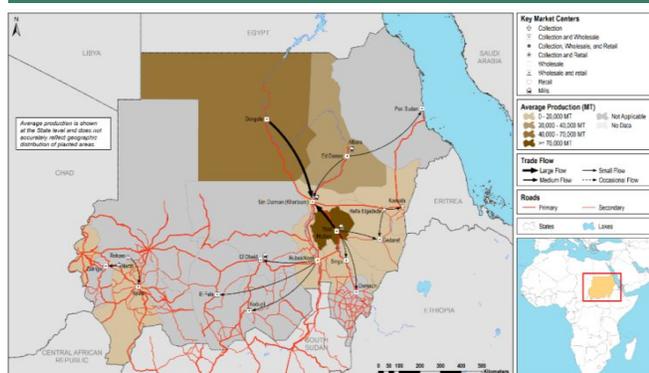
Sorghum and millet prices are anticipated to continue a seasonal upward trend during August and September 2017 lean season period; prices are anticipated to stabilize or start to decline seasonably with the expected consumption of early maturing crops by October. Level of price decreases will be determined by crop performance and November/December 2017 harvest prospects. The performance of the rainy season, that usually extends between July and September, will indicate whether the grain market supplies will follow their seasonal decreasing trend or in the case of shorter rains prices are anticipated to follow atypical increasing trend, especially that the government announced the floor price (as repayment in kind according to the *salam* financing module) for the new harvest will be increased by about 22 and 12 percents for the locally produced wheat and sorghum and respectively.

Locally produced wheat price expected to continue seasonal increases throughout the outlook period due to reduced market supplies and depleted household's stocks, however, level of increases during this period will be influenced by availability and prices of imported wheat and wheat flour.

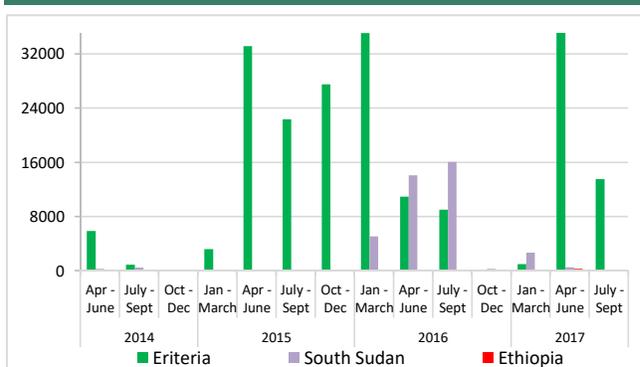
Cereal prices are likely to remain identical to their respective last year's prices but above the recent five-year average prices throughout the outlook period.

Livestock prices likely to continue rapid increases during August and September 2017 due to the increased demand for export as well as for local consumption during the upcoming Hajj (pilgrimage festival) in September 2017. In addition to that, the expected further improvement in pasture and water availability during the ongoing rainy season will continue to improve animal's body condition and hence animal prices.

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