

SUDAN MONTHLY MARKET UPDATE

Produced by the Food & Agriculture Market Information System - Sudan
Bulletin August 2020



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,



The Food & Agriculture Market Information System - Sudan (FAMIS) collects crop, livestock, 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

- July is considered the mid of the peak lean season in Sudan where household consume their stocks and started depending on market purchase.
- Stable food prices (Sorghum, Millet and Wheat) increased about 10-30 percent in July compared to June and about 50-150 percent compared to last year and more than 500 percent compared to 5-year average.
- According to WFP market monitor, the cost of the local food basket has still showing its steady increased since the beginning of this year, the high food commodity prices are eroding the purchasing power of the population. the most vulnerable households can't access adequate and high-quality food.
- In July 2020, the average cost of local food basket reached 76 SDG, which is an increase by 8.8 percent compared to the previous month and 192 percent compared to the same month of the previous year.
- Continuous macroeconomic challenges, deterioration of local currency, high inflation rates and hikes in the prices of staple foods and essential commodities.
- Fuel shortages are continuing to drive up transportation costs across the country.
- According to the Sudanese Central Bureau of statistic, the inflation rate increased from 136.36 percent in June to 143.78 percent in July 2020, the inflation rate increased as a result of the high prices of foods and beverage group, especially the prices of bread meat and grains. The contribution of food and beverages was about 53.41 percent.
- During June and July, the value of the Sudanese Pound in the parallel exchange rate was relatively stable as exchange rate remained about 140 SDG/USD in July. This is due to the controls and campaigns taken by the government against currency dealers in the parallel market.

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

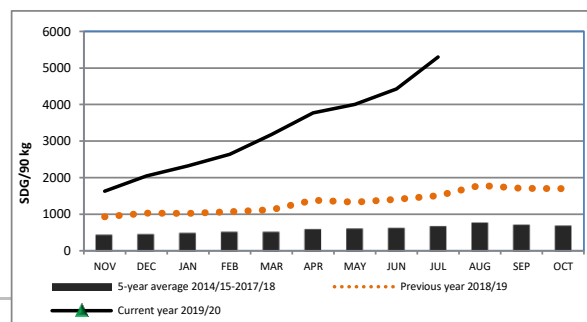
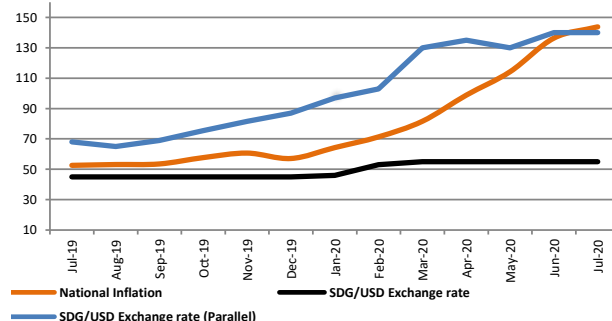
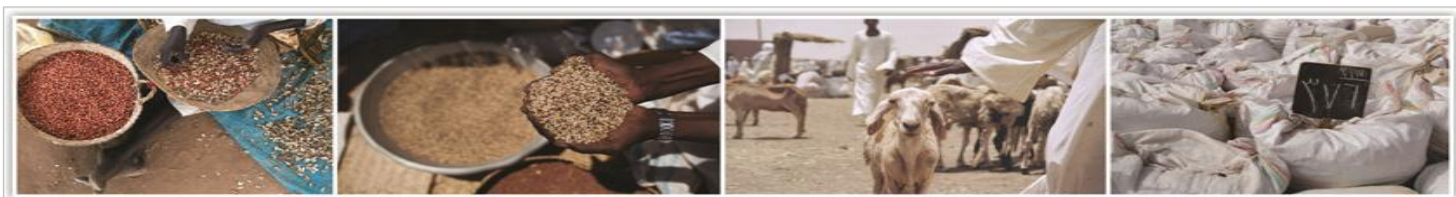


Figure 2: Macro-economic data



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 nzeinelabdein@fews.net.

MARKET ANALYSIS



Market Analysis:

Sorghum wholesale prices: During July, sorghum prices increased by 10-30 percent in most monitored markets, the highest increased was recorded at Kassala 30 percent, Kosti 29 percent, Khartoum 20 percent, Gadarif, Madani, Zalngi and Al Obied 22 percent. while showed slightly increased in the other markets. Sorghum prices remained 100 to 300 percent higher than last year and 300 to 800 percent above the five years average.

Millet wholesale prices: Millet prices showed increased in some market in July compared to June, the highest increased was recorded at Kosti 25 percent, Kassala and Zalngi 23 percent, Nyala 22 percent, Genena 20 percent, while showed slight increase in the other markets. Millet prices remained above last year by 100-300 percent and above the 5 years average by 400-700 percent.

Locally produced wheat prices showed mixed trends compared to previous month as it decreased by 9 percent in Madani, 11 percent in Al Damer, while increased by 10-15 percent in markets of Khartoum, Al Obied, Kadogli and Kassala and remained stable in the other markets. Local wheat prices remained above the last year by 50-200 percent and above the 5 years average by 200-600 percent.

High prices of cereal are attributed to below average cereal production namely Sorghum and Millet compared to normal year, this influenced cereal availability in both consumption and production areas. Many traders continue to keep their stocks of cereals to get better prices during the peak of lean season period with fear of movement restrictions. The informal cross border trading between Sudan and other countries such as Ethiopia and South Sudan also influenced by the movement restrictions as the government increased the number of checkpoints and military police forces along borders, active smuggling of commodities continued through some opened land crossing points.

Livestock prices:

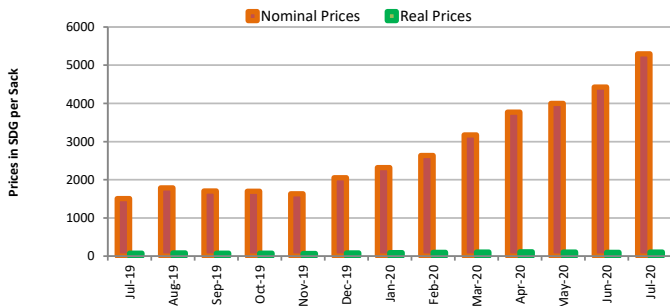
The COVID-19 lockdown continues its impact on livestock supplies to main markets. Shortage of green pastures close to main markets and increase of transportation cost during the high demand for Eid Al Adha festivals contributed to increase in livestock prices. Despite the panning of sheep export to KSA this month attributed to low demand for Haj this year, the prices in local markets continue to increase.

Goat prices increased by 10-33 percent in most markets while decreased in Al Damer and Nyala markets by 19 and 6 percent respectively. The Goat prices remained above the last year prices by 45-260 percent and above the 5 years average by 170-565 percent. The terms of trade between sorghum and Goat remained below average because of speed increasing of retail sorghum prices compared to Goat prices.

Sheep prices increased in all markets by 10-170 percent compared to previous month, remained above the last year ones by 30-237 percent and above the 5 years average by 200-620 percent in all monitored markets.

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

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



5. Real versus nominal livestock prices in Omdurman, (Khartoum State)

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

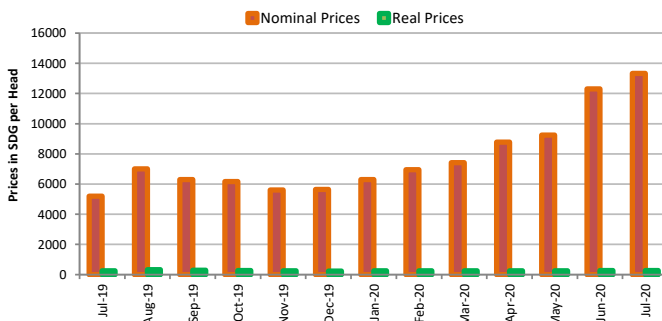


Figure 4: Sorghum Regional and International Comparison

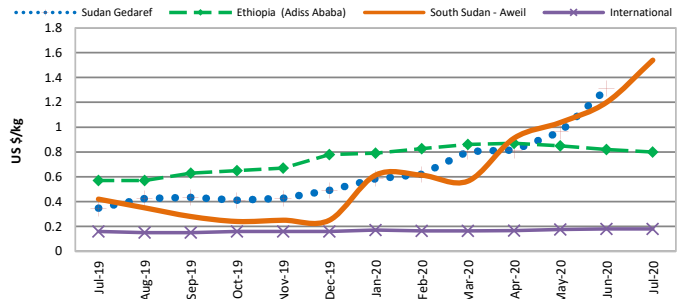


Figure 6. Sheep for Sorghum (Kg) Terms of Trade

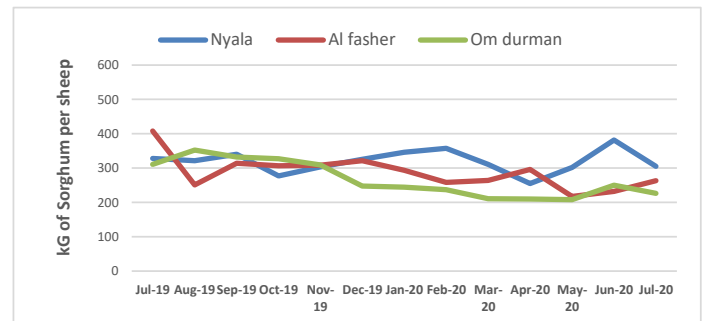


Figure 7. Nominal Sorghum prices in the surplus producing areas of the country

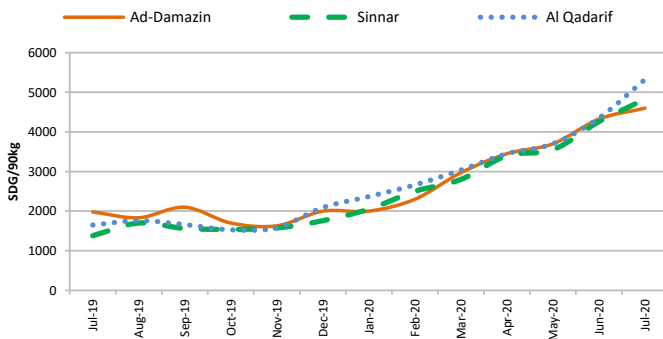


Figure 8. Nominal Sorghum prices in the main consuming areas of the country

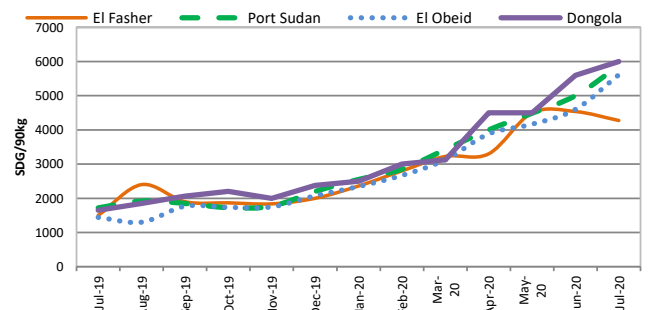


Figure 9. Nominal Millet prices in Darfur States

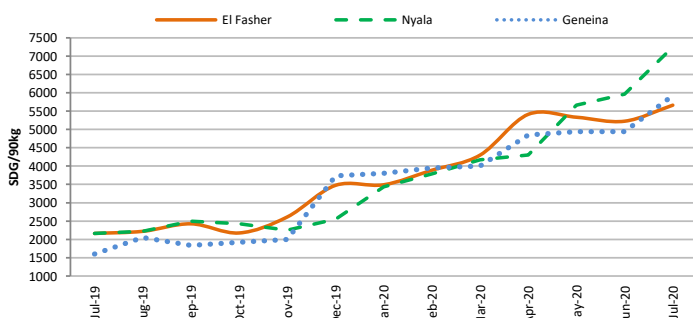
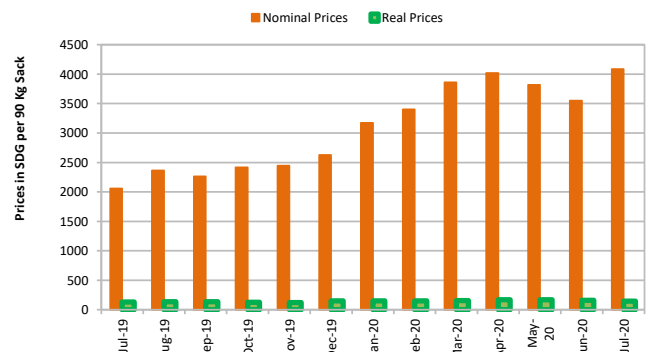
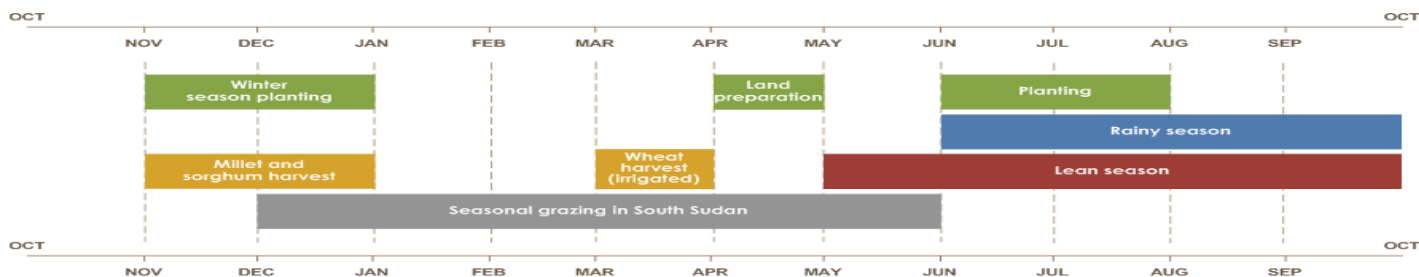


Figure 10: Real versus nominal Wheat prices Om Durman, (Khartoum State)



SEASONAL CALENDAR AND KEY MARKETS MONITORED IN THE REPORT

11. Seasonal Calendar



Market supplies of locally produced main staples (sorghum and millet) will further decrease seasonally during the August to September 2020 (peak of lean season). The areas with low cereal production will continue high demand despite the lockdown.

The Wheat availability from local production expected to further decline in August to reach it's by September 2020.

The impact of macroeconomic factors, inflation rate, and increase in transportation cost will likely remain the main driver of further increase in prices during the peak of lean season. The heavy rains expected to close roads between some states and consequently the supply of all food items expected to further decrease.

The impact of COVID 19 restrictions and lockdown likely to be medium as the restrictions expected to be off and informal flow of goods will increase.

Sorghum and millet prices are expected to be over 200 percent higher than last year and 300-700 percent above the five-year average during the peak of lean season. Prices for locally produced wheat will also continue to increase and will remain about 150 percent higher than last year's prices and more than 350-400 percent above the five-year average.

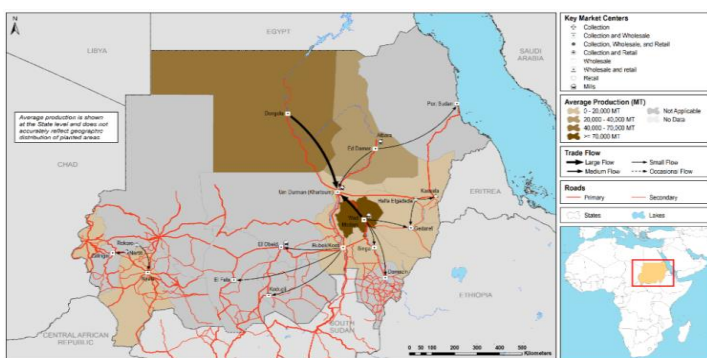
Livestock prices likely to remain high or remain stable through August with further challenges limitation to access the natural pasture. The searching for pasture will challenge the livestock movement as farmers expected to expand the cultivation areas over grazing areas. The cost of fodder, animal herding, and transportation cost likely to remain high and reflected in livestock prices.

The livestock movement towards the main markets expected to face roads closure due to heavy rains.

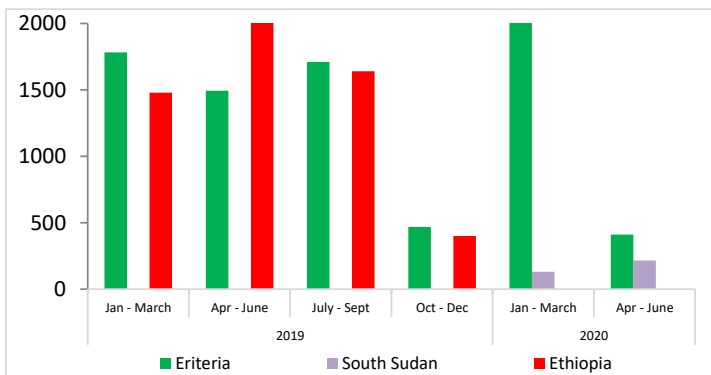
Sheep and Goats prices expected to continue increase and remain above the last month by 10-30 percent, and up to three times above the last year and 5 times above the 5 years average.

Macroeconomic challenges in form of local currency depreciation, high inflation and shortage of foreign currency is expected to persist throughout August 2020. Expectation of lifting the government support from exported wheat and fuel likely to improve the availability of commodities however, the prices will remain non-affordable to the poor households. Shortages of foreign currency are likely to continue and will be exacerbated by increased demand for imports of medicines, wheat and fuel.

12. Sudan local wheat production and trade flow map



13. Cross border exports of sorghum in metric tonnes



Source: FEWS NET in collaboration with stakeholders from local government ministries, market information systems, NGOs, and private sector partners, using a mix of qualitative and quantitative data.