

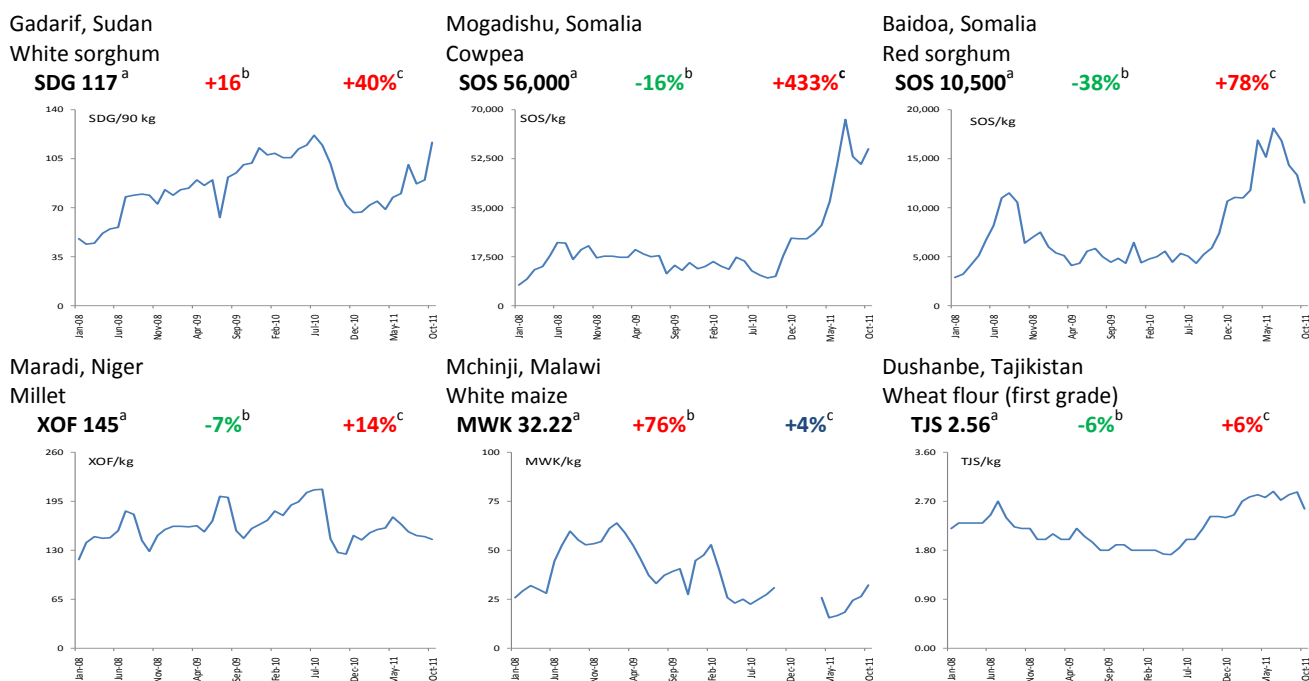
## PRICE WATCH: October Food Prices

November 30, 2011

The Famine Early Warning Systems Network (FEWS NET) monitors trends in staple food prices in countries vulnerable to food insecurity. The Price Watch provides an update on trends in selected urban centers. Prices for key markets and commodities monitored are made available in the Price Watch Annex.\*

- Wheat and maize prices in international markets slightly declined in response to northern hemisphere harvests. Rice prices were slightly up as Thai exporters retreated from the market and the floods in Southeast Asia led to crop losses.
- In East Africa, food crop prices are down in surplus-producing areas that have recently harvested grain crops and in areas of the Horn of Africa receiving substantial assistance flows.
- In southern regions of Sudan, conflict is hindering the normal functioning of markets.
- In Southern Africa, maize prices have been stable or rising seasonally.
- In West Africa, grain availability has been adequate in general and prices in some markets have declined. However, the grain supply has remained constrained by delayed harvests and the seasonal decline in prices has been limited so far.
- In Central Asia, a very healthy wheat harvest in Kazakhstan led to significant wheat price declines, which may limit price increases in Afghanistan and Tajikistan over the winter season.
- After good maize and beans harvests, prices are down in Central America. The impact on markets from flooding due to tropical depression 12E appears to be limited in most of the region.

**Figure 1: Food price trends in selected reference markets, January 2008–October 2011**



<sup>a</sup> Current monthly average price <sup>b</sup> Change over three months <sup>c</sup> Change over one year.

Sources: World Food Program (WFP), Food Security and Nutrition Analysis Unit-Somalia (FSNAU)/FEWS NET, Système d'information sur les marchés agricole au Niger (SIMA NIGER), and Ministry of Agriculture and Food Security (MAFS) of Malawi

\* FEWS NET gratefully acknowledges partner organizations, ministries of agriculture, national market information systems, the Regional Agricultural Intelligence Network, the Food and Agriculture Organization, the World Food Program, and other partners, for assistance in providing price data.

## OVERVIEW

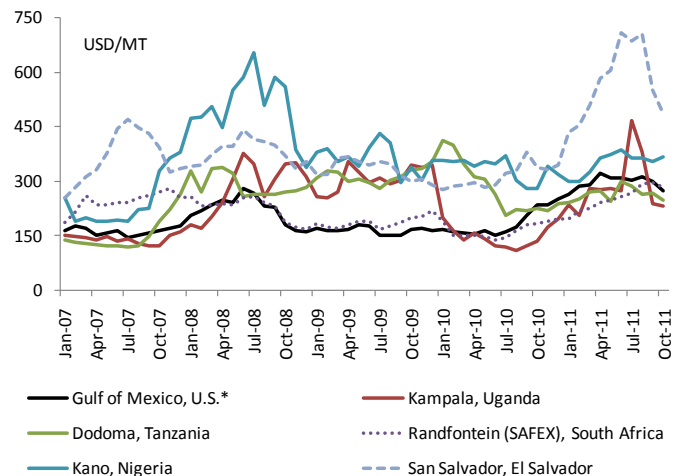
**Current situation. Maize and wheat prices continued to decline in most international markets in November** (Figures 2 and 3). In late November, maize and wheat prices in the U.S. export market were down seven and nine percent, respectively, compared to late October, and they were 16 and 23 percent lower than six months ago. **In the wheat export market, abundant exportable supplies in the Black Sea region, good availability in the U.S. and Europe, and the arrival of the 2011/12 winter wheat crop in Argentina and Australia at competitive prices are putting sustained downward pressure on prices** (Figure 3).

**Although maize prices have been declining less rapidly than wheat prices, the supply situation has improved** with the arrival of the modest U.S. harvest in the market and good production in other exporting countries like Ukraine who are filling the gap left by the U.S. for exports. In addition, in the southern hemisphere, prospects for the next maize crop are good as Argentina, Brazil, and South Africa's farmers are planting larger areas than last year under favorable climatic conditions. Uncertain economic prospects among advanced economies and the strengthening of the U.S. dollar against many currencies have also played a role in the recent decline in international cereal prices.

**Rice prices continued to rise although the pace of this increase has slowed down.** Thai rice prices are now 30 percent higher than a year ago. This rise in the price of Thai rice mainly resulted from a recent producer price-support policy. In addition, the severe floods that have affected Southeast Asia caused rice crop losses in Thailand, Burma, Cambodia, Laos, and Vietnam and have put some upward pressure on prices. Yet, at the global level, production is still expected to be good as other large producing countries including China and India had a large output (International Grains Council, IGC), and can export rice at very competitive prices. For instance, the export price of 5 percent broken rice in India in November was over USD 150 lower than the price of the 100 percent grade B rice in Bangkok.

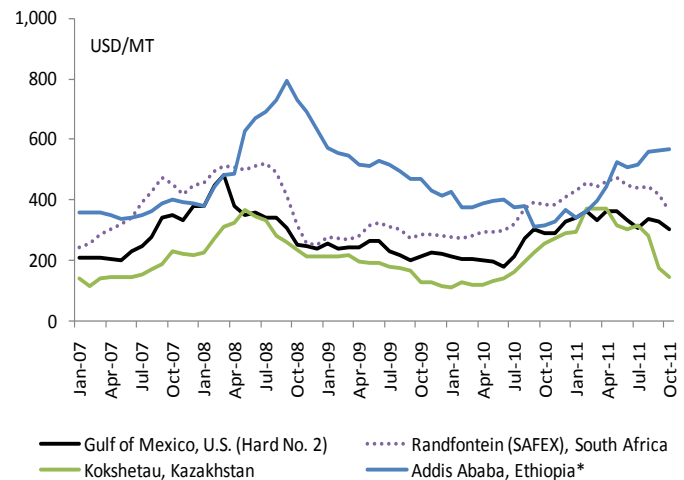
Around this time of the year, many countries monitored by FEWS NET are completing their main harvest of food crops. The arrival of new crops on markets is resulting in a seasonal decline in staple food prices. **In Central America, maize and bean prices declined significantly in most reference markets. In West Africa, grain prices have shown some decline. However, due to an average, delayed harvest regionally and to localized deficits, the decline in prices usually following the harvest has been limited while in some markets prices have remained flat**, in particular for maize in the Sudanian zone and the Sahel (Figure 2). **In Central Asia, wheat and wheat flour prices have been declining as the drop in prices in Kazakhstan is being transmitted to import-dependent countries.**

**Figure 2: International and regional white maize export or wholesale prices, 2007-11**



\* Denotes yellow maize. All others are white maize.

**Figure 3: International and regional wheat export or wholesale prices in USD per MT, 2007-11**



\* Denotes retail price. All other prices are export or wholesale.

Sources: Food and Agriculture Organization of the United Nations (FAO), Ministry of Industry, Trade, and Marketing (MITM) of Tanzania, Regional Agricultural Trade Intelligence Network (RATIN), Ministry of Agriculture and Livestock (MAL) of El Salvador, South Africa Futures Exchange (SAFEX), KazAgroMarketing, Ethiopia Grain Trade Enterprise (EGTE), and WFP

In East Africa, staple food prices are down significantly in surplus-producing areas that have recently harvested grain crops, particularly in Uganda (Figure 2) and western Kenya. In southern Somalia, prices remain high despite recent declines. In Ethiopia, grain prices are starting to level off as the harvest is just beginning (Figure 3). In Sudan, conflict in the south is hindering the normal functioning of markets and trade with South Sudan in a context of poor grain production prospects, which is keeping upward pressure on prices.

The FEWS NET food price indices<sup>†</sup> show that, in general, trends in food prices at the retail level in West Africa and East Africa slightly declined over the past couple of months (Figure 5). In Southern Africa, prices are beginning to rise seasonally as the lean season approaches.

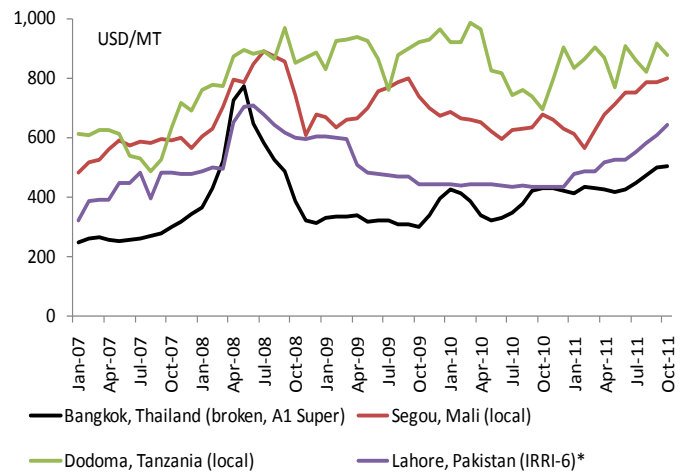
**Outlook. In the next few months, wheat prices should continue to decline as many exporting countries have sizeable exportable supplies and are actively supplying the international market,** particularly in the Black Sea region. As world wheat production was good this year, global carryover stocks for wheat are expected to continue to increase despite a rapid increase in utilization (IGC). If international prices during this marketing year remain higher than in early 2010, farmers will have incentives to continue planting large areas and raising yields. Early reports of increased winter grain crop planting in Russia indicate a continued supply response. Yet, high fertilizer costs may limit that supply response.

Maize prices should also continue to decline in the coming months, but at more moderate pace than wheat. World maize production is still expected to be less than consumption in 2011/12, resulting in an expected decrease in stocks and a tight supply-demand balance. **Maize prices will probably remain higher than their level before the price surge of 2010/11.**

**Rice prices are likely to be more volatile over the coming year than over the previous year.** The floods in Southeast Asia are expected to have a limited impact on worldwide rice production and should not lead to further rise in international prices. World rice carryover stocks are still forecast to increase in 2011/12. As the new rice crop will reach markets during the next few months in a number of rice-producing countries, including in Southeast Asia, prices may be pushed down. Meanwhile, Vietnam, India, Pakistan, and a range of smaller exporters are largely replacing rice supplies in the international market that would typically be supplied by Thailand.

<sup>†</sup> To provide a better picture of how consumer prices are behaving in regions monitored by FEWS NET, a series of regional price indices was constructed. These indices are based on equally-weighted retail price quotes for staple foods consumed by the poor (key local and/or imported cereals, pulse, and/or tuber) in reference markets of FEWS NET countries' capital cities.

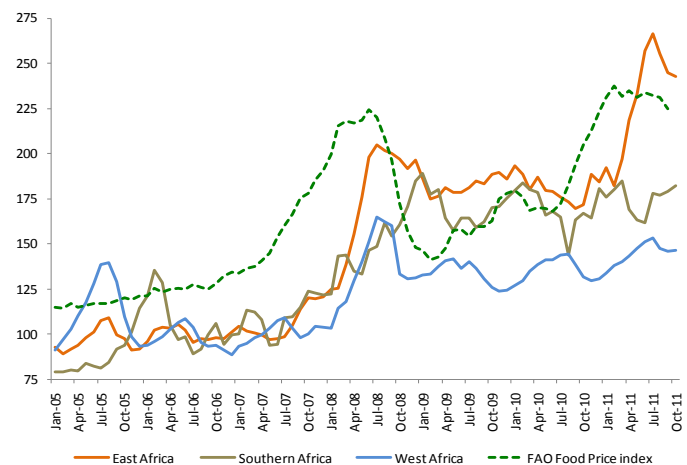
**Figure 4:** International and regional rice export or wholesale prices, 2007-11



\* Denotes retail price. All others are wholesale.

Sources: FAO, WFP, MITM, and Observatoire du Marché Agricole (OMA)

**Figure 5:** FEWS NET African regional price indices and FAO Food Price Index, 2007-2011



Sources: FAO and FEWS NET

Note: The base years of the FEWS NET regional price indices are the regional marketing years ending in 2006. The FAO Food Price Index uses 2002-2004 as the base period. The Southern Africa index excludes Zimbabwe because of hyperinflation in 2008. This month the West Africa index excludes Togo and Guinea due to missing or unavailable data.

## EAST AFRICA

**Current situation.** The prices of locally-produced cereals like maize and sorghum have shown a seasonally declining month-on-month trend between September and October in many monitored markets in Ethiopia, Kenya, Sudan, South Sudan, and Somalia following harvests, but October prices still remain above last year's prices in most markets (Figures 6 and 8). Tanzania, Burundi, Rwanda, and parts of Uganda had increasing prices for locally produced grain in areas where the lean season has started or soon will start.

**In western Kenya, the maize harvest has led to declining prices** (Figure 6), which has spread to some deficit areas including the urban areas, the coastal region, and some areas of Turkana. However, a delay in the harvest in some highland areas of the Rift Valley due to heavy rain, a relatively high procurement price for the National Cereals and Produce Board, and the depreciation of the Kenyan shilling have caused prices to decline less than they usually would during the harvest. For the most part, maize and bean prices remain well above prices from the past two years. The recent decline in prices has not yet reached all northern and northeastern pastoral areas where maize prices remain very high, but in some markets in these deficit areas the maize price has declined slightly (Figure 7).

In Uganda, the early bean harvest has led to declines in bean prices in many markets. **Prices of all commodities in Uganda remain well above those from the previous two years.** Continued demand for maize, beans, and other food commodities from South Sudan, the Democratic Republic of Congo, and Kenya have kept prices high, especially in Kampala. Also, the depreciation of the Ugandan shilling has placed additional pressure on nominal prices.

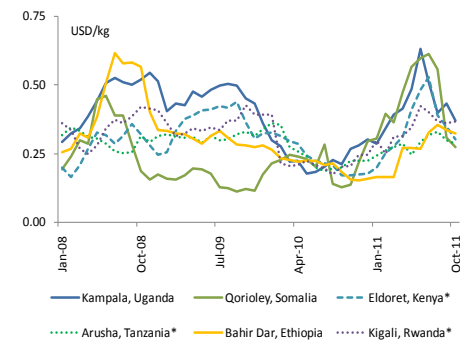
**In Rwanda and Burundi, despite good season-B harvests, food commodity prices remain high compared to the past several years as local stocks are relatively low, and, at the regional level, demand remains strong.** As the main lean season in both countries runs from September to December, local grain prices have remained stable or increased slightly along normal seasonal patterns. **In Tanzania, some markets were stable probably due to the decrease in demand for maize from Kenya and the recent release of government-held stocks.** However, prices rose in some deficit markets such as Songea as the December start of the lean season approaches.

**In Ethiopia, the start of the Meher harvest has led to slight declines in grain prices, especially for maize in western grain-belt areas.** An urban wheat distribution program has also helped stabilize wheat prices in urban areas. Prices remained relatively stable in the majority of monitored markets as the bulk of Meher supplies have yet to reach markets. The depreciation of the Ethiopian birr is another factor that has muted the seasonal decline of prices.

**In Djibouti, sorghum flour prices fell in several markets.** The government of Djibouti has leased 5,000 hectare of land in Sudan to grow sorghum. Some of this sorghum was scheduled to be released into the market in September placing additional downward pressure on prices. Prices of other imported cereals remained relatively stable despite the continuation of the Ethiopian grain export ban.

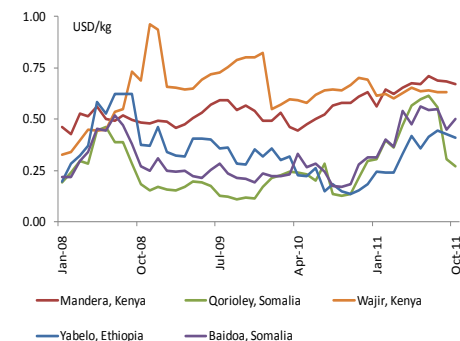
**In Somalia, local grain prices declined significantly across many southern markets.** Grain distribution in and around Mogadishu and the off-season maize harvest in Lower Shabelle led to trade flows to Lower Shabelle and parts of Middle Shabelle, Bay, and Gedo. Heavier than usual rains have temporarily reduced the ability of traders to serve the Juba Valley,

**Figure 6: Prices of white maize in surplus areas of East Africa, 2008-11**

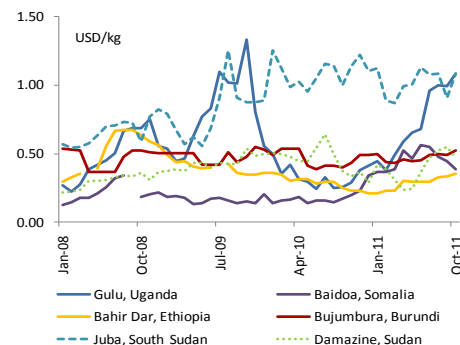


\* Denotes wholesale. All other prices are retail.

**Figure 7: Prices of white maize in the Horn of Africa, 2008-11**



**Figure 8: Prices of sorghum in East Africa, 2008-11**



Sources: FSNAU/FEWS NET, RATIN, WFP, MITM, FAO, Arid Lands Resource Management Project (ALRMP), EGTE, Ministry of Agriculture of Kenya, and FarmGain Africa Ltd.

so prices in these regions have not decreased as significantly as other areas of southern Somalia. Areas bordering Ethiopia also had significant price declines that may be the result of assistance flows both to households and markets. However, most prices still remain well above prices from last year.

White sorghum prices in northern Somalia have begun to decline with trader anticipation of a near normal *Karan* harvest in November and cross-border flows from Ethiopia. **Across the country, cowpea prices remain very high due to the failed *Gu* harvest and limited availability of imported substitutes** (Figure 1). High demand for Somali shilling for humanitarian operations and for remittances has led to an appreciation of the Somali shilling against the U.S. dollar. Some of the drop in nominal prices for imported red rice masks relatively stable prices in U.S. dollar terms (Figure 9).

**In Sudan, the prolonged lean season and delayed harvests in the sorghum belt continue to place upward pressure on sorghum prices** (Figure 1). However, the waiver of wheat import taxes has caused prices to stabilize in markets with good access to wheat imports such as Khartoum. Conflict has reduced trade to some areas, so markets such as Damazine have rising wheat prices. In much of the country, the start of the early harvest has led to a slight decline in millet prices. However, dry weather and civil insecurity in both North Kordofan and Darfur are causing millet prices in these areas to remain steady or to unseasonably rise.

In South Sudan, markets in areas where short-cycle crops are grown such as Aweil, Wau, and Malakal had declines in sorghum and groundnut prices between September and October. However, prices remain significantly higher than last year in most markets. Despite the announcement of the opening of the border with Sudan in September, trade has not resumed, so supplies of sorghum and wheat flour remain tight. **Insecurity along the border and military operations have curtailed both official and informal trade limiting trade flows to South Sudan.**

**Outlook.** In Kenya, prices will decline seasonally over the next several months. The importation of maize through a government-to-government arrangement with Tanzania has also helped increase supplies available to markets. If the government of Tanzania were to fully lift its food export ban, demand from regional markets may lead to prices in Tanzania remaining unusually high despite incoming harvests and the recent release of government stocks. However, regional demand is seasonally decreasing, so this effect may be muted. In Tanzania, prices are likely to rise seasonally until January when the *vuli* harvest starts though the release of additional government stocks and other policy measures could change this. In Uganda, prices are likely to decrease from now through February as the second season harvest enters the market.

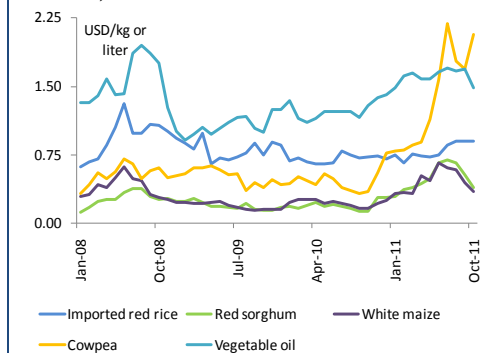
In Ethiopia, prices should continue to decline with the *Meher* harvest through January, but below-normal harvest in eastern *Meher* cropping areas may place upward pressure on prices in some markets.

In Somalia, local grain prices are likely to increase slightly through December as stocks from the *Gu* harvest and from the off-season harvest are quickly depleted. However, local grain prices are unlikely to rise to their levels seen in May to July over the medium term due to substantial assistance flows to households and markets.

Demand for seed along with high demand for exports will place upward pressure, especially on maize, in Uganda, Burundi, and Rwanda. In Burundi, the lean season has started, so demand for some items, such as sweet potatoes will increase as households shift to these substitutes to deal with continued high market prices for preferred staples. However, in some markets, the recent sweet potato harvest has led to prices below last year, so prices may remain relatively low in these surplus areas.

**Continued lack of substantial trade between Sudan and South Sudan along with poor prospects for sorghum and millet in Sudan, will place continued upward pressure on prices both in Sudan and in northern South Sudan.** In Sudan, a lengthening of the lean season and potentially poor harvests in the sorghum belt are likely to lead to an earlier than usual rise in prices following the harvest. In South Sudan, the recent decline in sorghum and groundnut prices may be short-lived, especially if trade with Sudan remains restricted. However, in areas where long-cycle sorghum is grown such as around Wau, Juba, Malakal, and Rumbek, sorghum prices may decrease further when the harvest enters the market from November to January. The government of South Sudan has announced an intention to import maize from southern Africa, but the volume of intended imports and the mechanism by which these imports would occur remains unclear.

**Figure 9: Prices of staples in Mogadishu, Somalia, 2008-11**



Sources: FSNAU/FEWS NET



**SOUTHERN AFRICA**

**Current situation.** As the lean season sets in throughout the region, food prices in most monitored markets tend to seasonally increase. However, so far this year, **price trends were relatively stable** (Figures 10, 11, and 12) with a few anomalous price rises between September and October. Staple food availability on markets has been adequate since the harvest in May. Most reference markets continue to report adequate supplies, particularly for maize.

In southern Malawi, maize prices started to rise this year on some markets as early as July. Between September and October, reference markets in southern Malawi such as Mchinji and Nsanje saw maize prices rise 22 and 15 percent, respectively (Figure 1). Price rises in southern markets are attributed to traders sourcing maize both for export and for supplying southern markets during the lean season. While slightly lower than September's record maize exports, **October maize exports were a record volume since records for Malawi began in 2005.** The Agricultural Development and Marketing Corporation (ADMARC) has yet to conduct retail sales of maize this year, which placed additional upward pressure on prices in deficit areas like southern Malawi. Higher transportation costs as a result of fuel shortages also are contributing to rising staple food prices in Malawi.

While prices on most Tanzanian markets remain relatively stable or are following the normal seasonal pattern of moderate increases as the lean season approaches in December, staple food prices remain significantly above prices from last year. Maize prices on markets located in deficit zones such as Songea remain particularly high and are rising. The National Food Reserve Agency (NFRA) has offloaded some stocks helping to maintain price stability in some areas. Various members of the government have indicated intentions to lift the food export ban. Some products such as beans have had restrictions lifted, and some types of institutional sales have been allowed, but **commercial export sales of Tanzanian grain have not resumed.** The restrictions contribute to tempering price rises in the meantime.

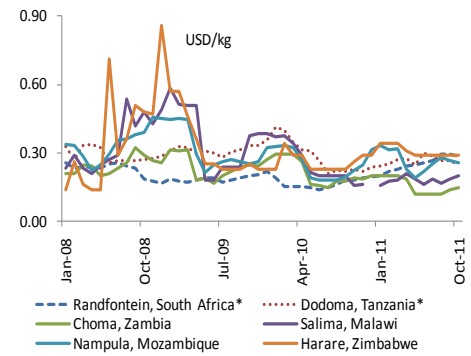
**In Zambia, prices of maize and roller maize meal in many markets are generally less than last year.** Maize exports to the Democratic Republic of Congo have so far been a smaller volume than last year, so seasonal price rises have been moderated. The Food Reserve Agency (FRA) purchased maize at a higher price than offered by commercial traders, but despite this market intervention, maize prices in most markets remain lower than the procurement price.

**In Mozambique, which had an average harvest of food crops this year, prices at most reference markets remain stable and lower than at the same time last year. Maize prices in Zimbabwe also remain stable though higher than last year.**

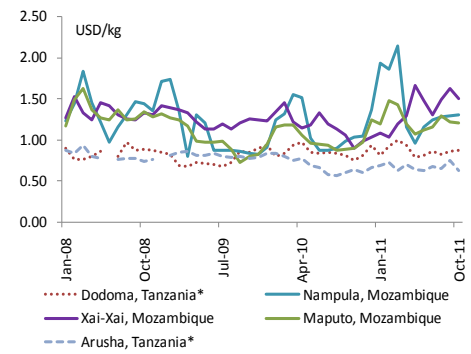
In South Africa, the average monthly spot price for white maize on the South African Futures Exchange (SAFEX) continues to increase. From the start of the marketing year in May to October, the white maize price increased 33 percent. Domestic prices have been highly influenced by high demand from international markets which has resulted in traders exporting unprecedented volumes.

**Outlook.** As the lean season progresses, market actors and households will draw down their stocks. However, supplies are expected to remain adequate this lean season. In Zambia, indications are that prices will likely remain stable throughout the

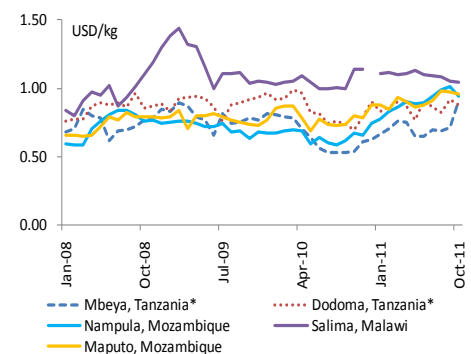
**Figure 10: Prices of white maize in Southern Africa, 2008-I I**



**Figure 11: Prices of beans in Southern Africa, 2008-I I**



**Figure 12: Prices of rice in Southern Africa, 2008-I I**



\* Wholesale prices. All others are retail.

Sources: SAFEX, Ministry of Agriculture of Mozambique, Central Statistics Office of Zambia, MAFS, MITM, and FEWS NET

lean season as below-cost sales by the FRA stabilise consumer prices or delay price rises. In South Africa, maize prices are expected to continue to rise due to high export demand as maize stocks available to the international market remain relatively low. If Tanzania completely abolishes its food export ban, staple prices in Tanzania may increase due to demand in the greater Horn of Africa. However, this effect will be tempered by the seasonal reduction in demand as the countries of the greater Horn of Africa have their own harvests.

In deficit areas, increased market trader activity will likely maintain current price trends and largely follow normal seasonal patterns. The possible exception to this is in southern Malawi where unusually high export demand may amplify seasonal price rises. In this area, maize prices may continue to rise faster and further.

### WEST AFRICA

**Current situation.** As the harvest has gathered pace and new crops have reached the market, grain availability has been adequate in surplus producing areas. However, in many deficit areas, prices have yet to exhibit a seasonal decline. In several reference markets, prices for staple foods remain higher than last year. The grain supply is being constrained by **the delayed harvests in the Sahel and the Sudanian zone, localized production shortfalls, low stocks of local maize, high international grain prices, and high fuel prices.** In addition, imported and local rice prices have increased in the coastal countries.

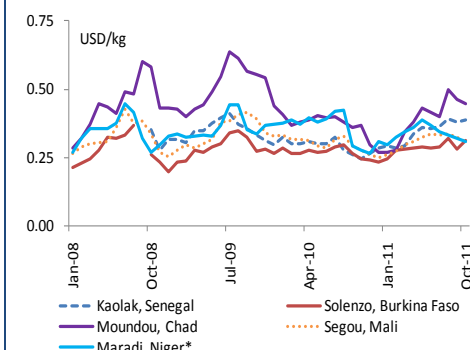
**In the eastern trade basin, the supply of cereals remains relatively weak and prices tend to be higher than last year.** Millet prices have been declining for the past few months (Figure 13), including on the wholesale market of Kano and on markets near the border with Niger such as Illela, which indicates an improvement in supply. Cowpea production was near average this year compared to last year's bumper harvests. Cowpea prices have also been seasonally declining for the past few months, but they remain higher than last year. Sorghum prices were down in October reflecting a delay in normal seasonal trends. As the maize harvest has been delayed, prices went up slightly from September to October. In October, the prices of maize and sorghum in Kano, Nigeria were 38 and 43 percent above last year's prices, respectively.

**In Niger, grain prices have been relatively stable as new crops reach the market** (Figure 1). Prices generally are higher than last year and the five-year average, particularly for maize (Figure 16). Production shortfalls of millet and sorghum, particularly in the regions of Tillabéri and Tahoua, have led to prices staying relatively high in these areas. Government purchases to rebuild the national stocks have also placed upward pressure on grain prices. Cross-border trade between Nigeria and Niger remains low as the local grain supply in Niger is adequate following the harvest. With the exception of Diffa, where cowpea production is lower than normal, cowpea prices in Niger are declining following a near average harvest. Cowpea is an important source of income for households.

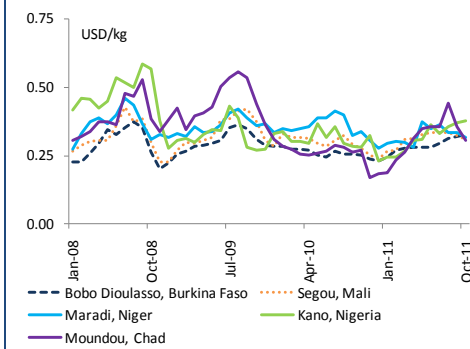
In southern Chad, sorghum prices declined from September to October as the harvest arrived on the market (Figure 14). In the Sahel, millet prices continued to increase in October although carryover stocks have ensured adequate availability while the crops are still in the fields. Maize prices are significantly higher than last year in the Lake Chad region due to a low harvest.

In the central trade basin, the situation is similar. **In Mali, millet prices have remained fairly stable following the harvest, but maize prices are still high.** In Burkina Faso, the availability of cereals such as maize and sorghum on markets in surplus producing areas is normal, but volumes traded domestically are low and prices have been rising in the majority of markets. Cereal exports have

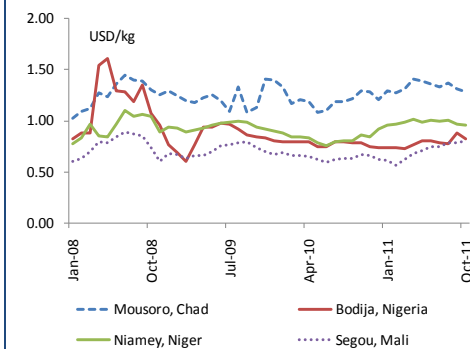
**Figure 13: Prices of millet in West Africa, 2008-11**



**Figure 14: Sorghum prices in West Africa, 2008-11**



**Figure 15: Rice prices in West Africa, 2008-11**



\* Wholesale prices. All others are retail.

Sources: Ministries of Agriculture, SIMA NIGER, OMA, and FEWS NET

been restricted in an attempt to temper prices. In Benin, maize prices also remain high compared to last year. In Ghana and Côte d'Ivoire, maize continued to slightly decline as the new crop increases the supply (Figure 16).

**In the western part of the Sahel, rainfall deficits and poor rainfed crop prospects in Mauritania, eastern Senegal, and western Mali have led to prices well above last year's prices.** As a consequence, maize and millet prices in Senegal were stable or slightly increasing in October, but they were significantly higher than last year. However, the price of imported broken rice in Senegal was stable in October. In Mauritania, the price of sorghum slightly increased from September to October in several markets due to below-average production in rain-fed agricultural zones.

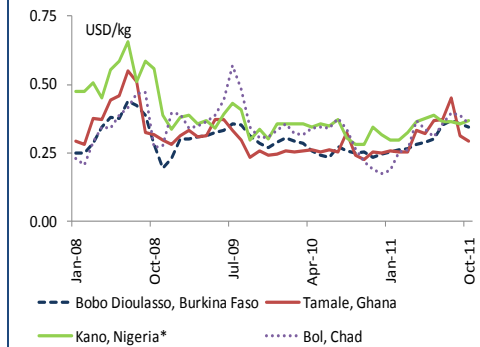
Throughout the region, including in northern Nigeria, Niger, and Senegal, livestock prices were relatively high in October, due to good animal body conditions a rise in demand for the Tabaski holiday. As a result, terms of trade have been relatively favorable for pastoralists.

**Outlook. In the Sahel, the continuation of the harvest in November will likely lead to increased market supplies and lower prices.** Prices may decline through December, but they will probably remain high compared to last year under the influence of a high demand for rebuilding private and institutional stocks. In Niger, government purchases will maintain upward pressure on prices. As households in areas that had crop losses switch from their own supplies to the market, they will increase upward pressure on staple food prices. The harvest of rice in the region will improve the supply of this commodity which may mitigate the effects of the recent rise in international prices, so rice prices should remain relatively stable in most countries in the region (Figure 15).

**Cross-border trade will be a key source of market supply for Niger and other areas of the Sahel that have suffered from production deficits.** A robust supply in northern Nigeria could ensure adequate trade flows to the Sahel. In northern Nigeria, staple food prices are likely to decrease in November as the new crops of maize, rice, millet, sorghum, cowpea, groundnut, and vegetables arrive on markets. At the same time, local market demand will decrease as households rely on their own stocks. In the south of Nigeria, staple food prices have been stable following good harvests of maize, cowpea, yams, and vegetables. Households in this region of Nigeria also have access to substitutes such as cassava and potatoes in adequate quantities and at low prices. Adequate food commodity availability in southern Nigeria will limit the competition for food supplies in eastern trade basins and allow for food commodity flows to deficit areas in the Sahel.

**Livestock demand should remain strong towards the end of the calendar year,** and so livestock prices will likely remain high while pastoralists benefit from good pasture conditions. This should enable households to procure food commodities at favorable terms in advance of the lean season. An exception to this regional trend is Mauritania where livestock prices have declined due to poor body condition as a result of inadequate pasture. Here and in other areas who have suffered from pasture deficits, terms of trade will likely remain unfavorable to pastoralists.

**Figure 16: Maize prices in West Africa, 2008-11**



Sources: Ministries of Agriculture, SIMA NIGER, OMA, and FEWS NET



## CENTRAL ASIA

**Current situation. The wheat harvest in Kazakhstan was the highest on record.** Estimated wheat production in Kazakhstan was recently revised upward by an additional two million metric tons (MMT) for a total of 21 MMT by the U.S. Department of Agriculture. This output is over double last year's production. As a result, wheat prices in Kokshetau, northern Kazakhstan, were down 53 percent from July to October (Figure 17). Wheat production in Pakistan for 2011 was also near record level. As Pakistan continues to permit wheat exports, wheat and wheat flour trade flows into Afghanistan continue.

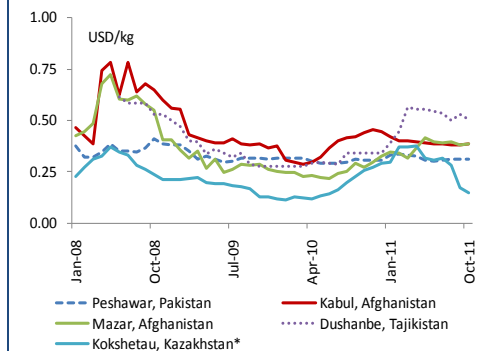
**In Afghanistan, wheat and wheat flour prices were relatively stable in October** (Figure 17 and 18). Some marginal increases occurred in some areas as households purchased stocks for the lean season or increased their purchases for the Eid holiday. Rice, vegetable oil, and diesel prices were also relatively stable in most reference markets in Afghanistan. However, most staple food prices remain above prices from last year.

**Due to imports from Kazakhstan, prices for wheat flour in Tajikistan declined** (Figure 18). In importing markets with access to the railroad such as Dushanbe and Khujand, the wheat flour price declined 11 and nine percent respectively (Figure 1). In other markets, wheat and wheat flour prices only marginally declined. While wheat and wheat flour prices are down slightly, they remain slightly above last year's prices. As the new potato harvest entered the market, potato prices declined across Tajikistan. Vegetable oil prices were stable, but they remain well above prices from last year even with a near-average local oilseed harvest. Despite the fact that Russia reduced export duties on light in early October, diesel and petrol prices increased slightly due to demand for wheat planting activities and the ongoing cotton harvest.

**Outlook.** In November and December, there will be upward pressure on prices as households build stocks for the winter. Trade with Kazakhstan and Pakistan should fill any supply gaps in either Tajikistan or Afghanistan. As supplies are above average in both Pakistan and Kazakhstan, adequate supplies should remain available to traders. In northern areas of Afghanistan that produce rainfed wheat, ongoing food aid distributions should augment market supply and help keep wheat and wheat flour prices relatively stable. Livestock prices are expected to stabilize after the spikes due to the recent Eid holiday.

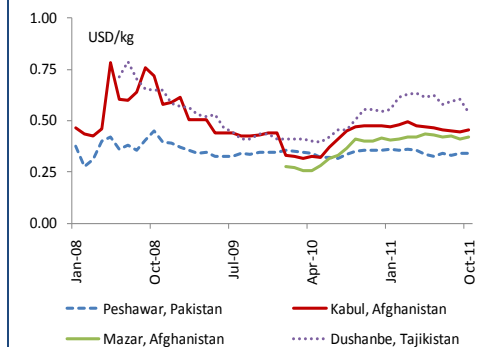
In Tajikistan, price transmission from Kazakhstan may be delayed, but barring any transportation problems or other trade disruptions, prices for wheat and wheat flour should continue to decline slightly reflecting good regional availability.

**Figure 17: Wheat prices in Central Asia, 2008-11**



\* Wholesale price. All other prices are retail.

**Figure 18: Wheat flour prices in Central Asia, 2008-11**



Sources: WFP, KazAgroMarketing

## CARIBBEAN and CENTRAL AMERICA

**Current situation.** Following the *primera* harvest, staple food prices in Central America have generally been trending downward, but maize prices still remain much higher than prices from the past several years (Figure 20). Declining international cereal prices have reinforced the price decline. From October 10 to October 19, the region was affected by heavy rains from tropical depression 12E. While the rains caused significant flooding, they had limited impacts on food prices and availability in most areas in the region with the possible exception of El Salvador. The floods impact was lessened since most of the *primera* harvest had been already completed and since the worst affected areas tended not to be key surplus producing regions for staple foods.

**In Honduras, staple food prices continued to decrease in October as more of the *primera* harvest entered the market.** Red bean prices are well below last year's peaks, but maize prices remain elevated compared to last year.

In Nicaragua, trends were similar as the *primera* harvest supplies entered the market. The October price of red beans was 49 percent lower than last year's price, but maize remained above prices from last year.

**In Guatemala, at the national level, maize prices are down slightly due to harvests from the east and north of the country.** In the east, the price of white maize showed a very slight increase at the beginning of October with the price in Chiquimula rising three percent. However, due to the recent harvest, this price started to decline in the last two weeks of October. In the West, prices have continued to decrease during October with the price of white maize in Huehuetenango falling six percent from September to October. This is largely due to the entry of maize from the south and north of the country and imports from Mexico.

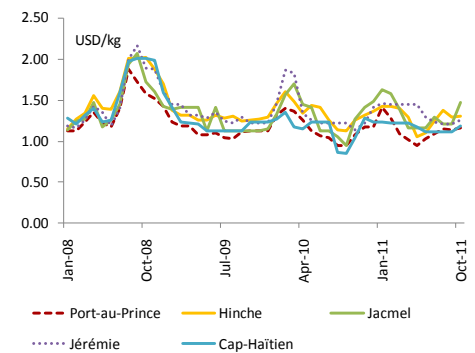
In El Salvador, trends were similar to Honduras and Nicaragua with the price of maize falling in most markets with new *primera* harvest supplies in the market, but white maize remains above prices from last year. By October, red beans and seda red beans had fallen well below their peaks from last year (Figure 21).

**In Haiti, harvests in September and October resulted in a greater availability of food in major markets.** Black beans fell marginally on almost all markets from September to October. Maize flour prices remained stable with the exception of Hinche where there was a slight decline. Recent crops of tubers and tree fruits have also contributed to price stability as they have served as consumption substitutes. Imported rice prices were up slightly (Figure 19). In Jacmel, imported rice was up 22 percent from September to October surpassing the slight rises in other reference markets.

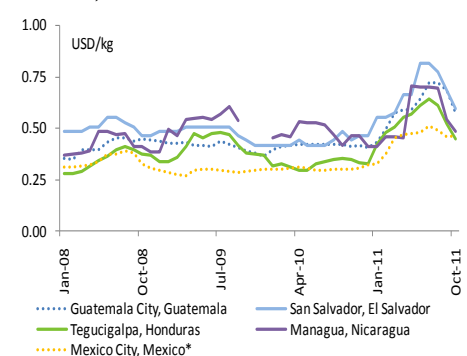
**Outlook.** In Central America the effect of tropical depression 12E was limited, so maize and bean prices are expected to be relatively stable over the next few months. With the exception of El Salvador where the effects of tropical depression 12E were most severe, the other countries in the region will be able to have a near normal *postrera* harvest in December.

In Haiti, as the harvest continues, it is likely that prices of most commodities will stabilize during the last two months of 2011. While bean prices are down from the harvest, prices may begin increasing before the end of the year due to seed demand for winter planting.

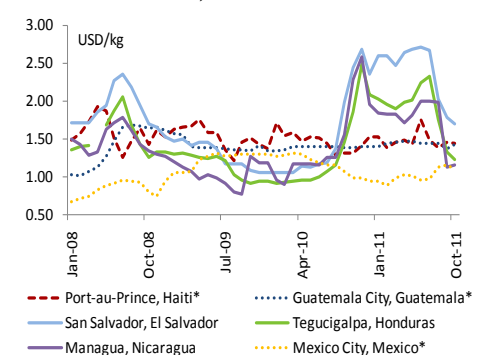
**Figure 19: Retail imported rice prices in Haiti, 2008-11**



**Figure 20: White maize prices in Central America, 2008-11**



**Figure 21: Red bean prices in Central America and Haiti, 2008-11**



\* Black bean prices. All others are for red beans. Prices for Mexico City, Mexico are wholesale. All others are retail.

Sources: Coordination Nationale de la Sécurité Alimentaire (CNSA), FEWS NET, MAL, Dirección General de Economía Agropecuaria (DGEA), MAGA, Sistema de Información de Mercados Productos Agrícolas de Honduras (SIMPANH), Secretaría de Economía de México, and Ministerio de Agricultura, Ganadería y Alimentación de Guatemala