



Bulletin on Food Price Dynamics, Inflation and the Food Security Situation in Sudan: November-December 2022¹

Highlights:

- The decline in international prices, especially for food commodities, helped to limit overall price inflation in Sudan in November and December 2022. Consequently, the annual inflation rates² in these months were lower than the inflation rate in October 2022.
- Local prices of some food commodities noticeably decreased in November 2022 compared to October 2022, especially for cereals (wheat, millet, and sorghum). This decline continued in December 2022.
- Local prices of internationally traded food commodities were affected by the fluctuations in the exchange rate during December 2021 to December 2022.
- Higher inflation rates are observed in relatively unstable states (in urban and rural areas) compared to the national average.
- The monthly inflation rate of food and beverages decreased to 59 percent in November from 70 percent in October 2022 driven by the declining CPI for the bread and cereals group.

The decline in international prices, especially for food commodities, helped to limit overall price inflation in November and December 2022

International prices of food commodities (measured in US dollars) slightly decreased during November and December 2022. According to the FAO Food Price Index (FPI)³ 2022, the November 2022 prices of meat, dairy, and cereals decreased by 0.9, 1.3 and 1.2 percent, respectively, while the prices of vegetable oils and sugar increased by 2.2 and 5.2 percent, respectively, compared to October 2022 prices (FAO, 2022). Furthermore, in December 2022, the overall FPI decreased by -2.4 percent, due to the decrease

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² Annual inflation rate for a month is the 12-month inflation rate ending in that month, for instance annual inflation rate of November 2022, is the percentage change in the CPI from November 2021 to November 2022.

³ FAO Food Price Index (FFPI) is an index of the US dollar prices of five different groups of internationally traded food commodities [Meat, Dairy, Cereals, Vegetable oils, and Sugar], using weights based on shares of total world exports. For more details see FAO (2013).

in the prices of vegetable oils, meat, and cereals by 6.7, 2.8, and 2.1 respectively, compared to November 2022 (Table 1).

The decline in the average international prices of some food commodities was accompanied by relative stability in the average exchange rate (SDG/USD) during November and December 2022. The official and parallel exchange rates increased only by 0.1 and 0.2 percent, respectively, in November compared to October 2022. Yet in December 2022, the official exchange rate slightly decreased by 0.05 percent. These monthly increases are much smaller in comparison to the annual ones. The December 2022 official and parallel rates are 28.9 and 28.3 percent higher than those of December 2021, respectively.

Table 1. International Food Prices and the Nominal Exchange Rate (SDG/USD), 2021 and 2022

	Nov 2021	Nov 2022	Dec 2021	Dec 2022	Change from Dec 2021 (percent)	Change from Nov 2022 (percent)
Food Price Index	135.3	135.7	133.7	132.4	-1.0	-2.4
Meat	112.5	117.1	111.0	113.8	2.5	-2.8
Dairy	126.0	137.5	129.0	139.1	7.8	1.2
Cereals	141.4	150.4	140.5	147.3	4.8	-2.1
Vegetables Oils	184.6	154.7	178.5	144.4	-19.1	-6.7
Sugar	120.2	114.3	116.4	117.2	0.7	2.5
Official Exchange rate	445.9	579.3	447.4	579.0	29.4	0.0
Parallel Exchange rate	441.0	575.8	451.0	578.6	28.3	0.5

Source: FAO (2022) and CBoS (2022A) and Authors' calculations.

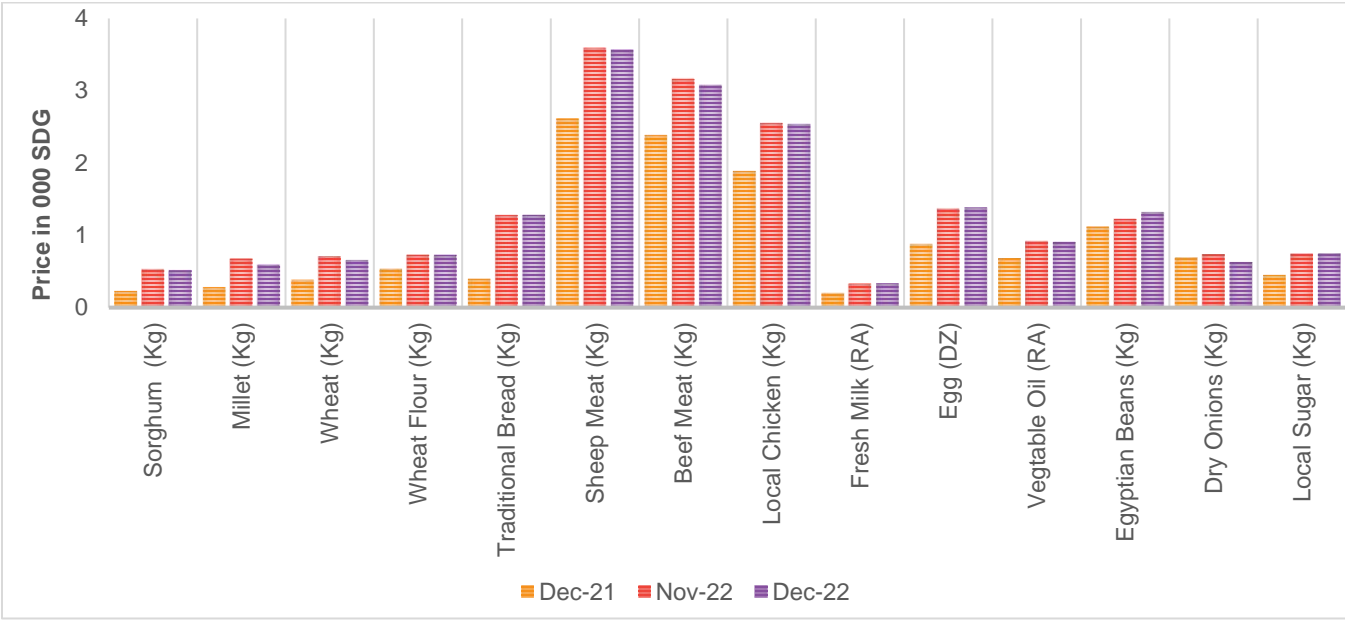
Overall, the annual inflation rate for November 2022 decreased compared to the annual inflation rate for October of the same year (88.83 percent compared to 102.61 percent in October). The month-on-month inflation rate from October to November 2022 was about 150 percent (CBS, 2022).

The local prices of some food commodities decreased noticeably in November compared to October 2022, especially for cereals (sorghum, millet, and wheat)

The prices of sorghum, millet, and wheat grain decreased by 7.3, 4.8, and 1.0 percent, respectively, in November 2022, compared to October 2022 (CBS, 2022). As a result, the prices of sorghum, wheat, and millet flours decreased during the same period. In December 2022, the prices of cereals continued to decrease. Millet and wheat prices decreased by 11.6 and 7.6 percent, respectively. However, there was no significant change in the prices of sorghum, millet, and wheat flours compared to the previous month (Figure 1).

Although the price of Egyptian beans decreased by 5.0 percent, in November 2022 (CBS, 2022), it increased by 8.0 percent in December. Prices of dry onions decreased sharply in December 2022 compared to November and December 2021, by 14.0 and 8.8 percent, respectively (Figure 1).

Figure 1. Local prices of selected Food commodities (National average⁴)



Note: RA= Pound = 0.4536 kg, DZ = Dozen,
Source: CBS (2022) and authors' calculations.

On the other hand, the prices of meat (sheep, veal, and local chicken) increased by 1.0, 0.5, and 3.8 percent, respectively, in November 2022 compared to October 2022 (CBS, 2022), and it continued to decrease in December. The prices of maize and maize flour increased by 4.2 and 6.7 percent, respectively, in November 2022. Maize prices continued increasing in December by 6 percent compared to November' prices (Figure 1).

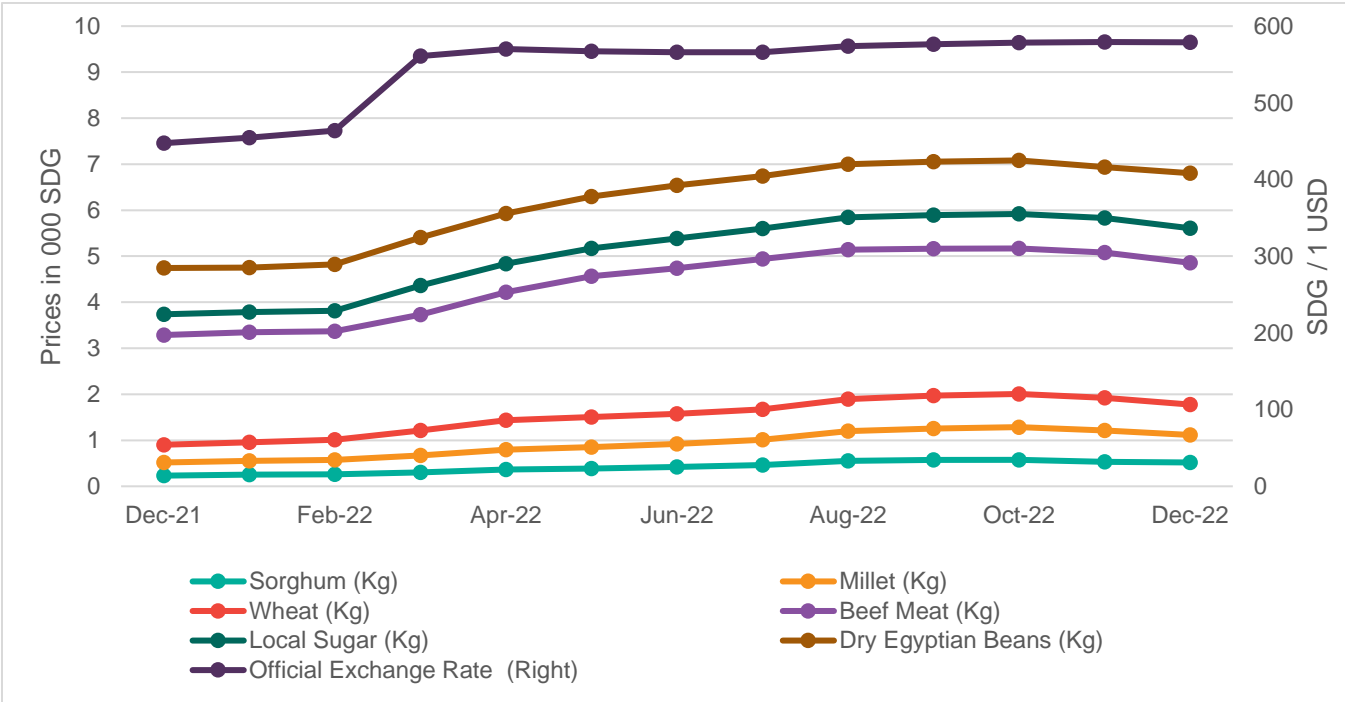
Prices of local sugar slightly increased in December 2022 following the increase of the international prices of sugar during the same period (Table 1). Driven by the considerable decrease in the international prices of vegetable oils in December, the local prices decreased by 0.7 percent compared to November 2022.

Fluctuations in the local prices of internationally traded commodities were influenced by the fluctuations in the exchange rate.

Dry Egyptian beans, meat, wheat, and sugar fluctuated more during the period from December 2021 to December 2022 compared to other commodities (Figure 2). The increase in the exchange rate in March 2022, was associated with an increase in the prices of meat, wheat, and sugar, which are internationally traded commodities. Sudan imports about 80 percent of its wheat (Dorosh et al., 2022), while sugar was the most imported commodity second to wheat during the period from January to September 2022 (CBoS, 2022B). It is worth mentioning that live animal and meat exports during January to September 2022 amounted to more than 12% of the total Sudanese exports (CBoS, 2022B).

⁴ National average prices are collected by the Central Bureau of Statistics CBS on monthly bases. From different markets (located in urban and rural areas) in 15 out of 18 states.

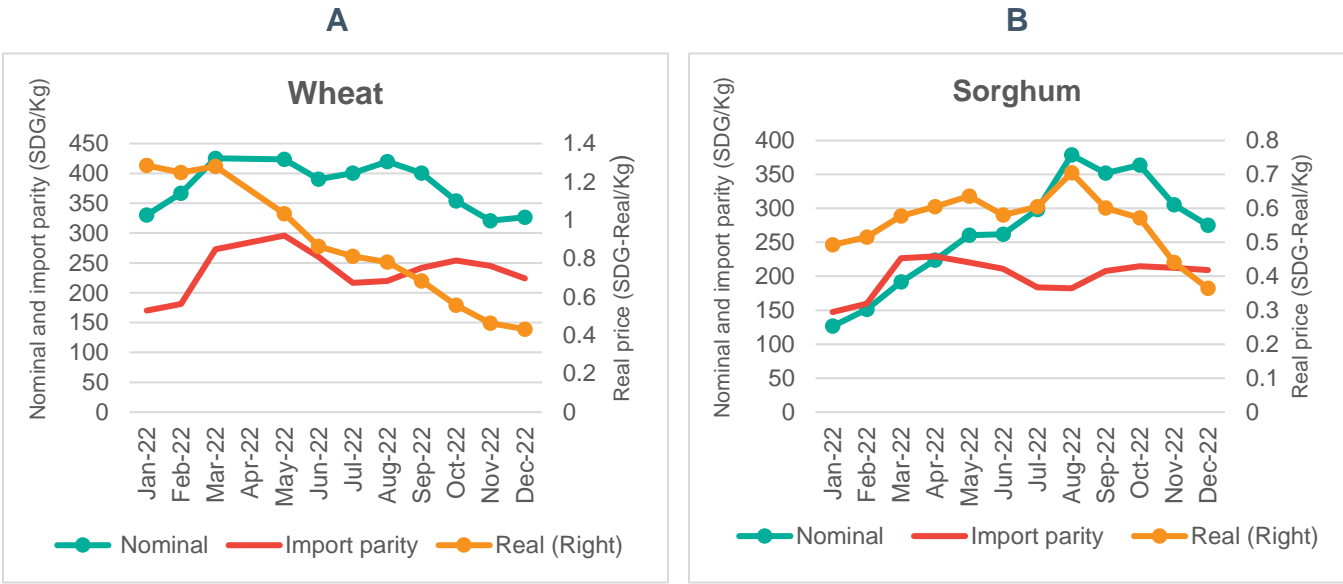
Figure 2. Local prices of selected commodities (National average) (December 2021 to December 2022)



Source: CBS (2022), CBoS (2022) and authors' calculations.

Comparing the nominal and real domestic prices of wheat in 2022 shows two different types of relationships for the periods before and after the harvest season in March 2022 (Figure 3A). Nominal price of domestic wholesale increased before March 2022, while the real price was noticeably stable. However, after the wheat harvest, the real price decreased continuously until December 2022. Import parity prices of wheat and sorghum increased with the devaluation of the exchange rate in March, but they were relatively stable from April to December 2022 due to the stability of exchange rate and international prices. In the November sorghum harvest season, prices of sorghum decreased noticeably in real and nominal terms (Figure 3B).

Figure 3: Wheat and sorghum real, nominal and import parity prices in Khartoum (Jan-22 to Dec-22)



Source: FAO (2022) and authors' calculations.

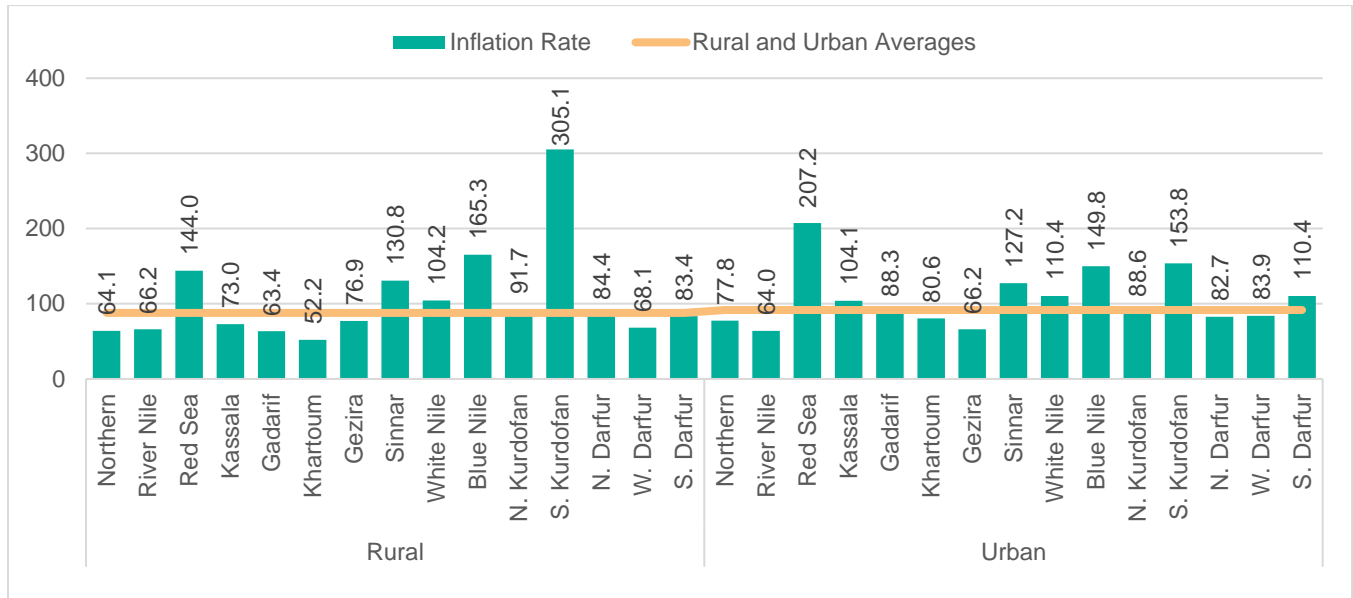
Higher inflation rates are observed in relatively unstable states compared to the national average

In November, the average inflation rate in urban areas was 91.7 percent, compared to 87.8 percent for rural areas⁵ (CBS, 2022). However, the 2022 11-month average inflation rates in urban and rural areas were 166.3 and 175.8, percent, respectively. The increase in urban area inflation in November 2022, was driven by the increase in urban area inflation compared to rural area inflation of Red Sea, Kassala, Khartoum, and South Darfur (CBS, 2022).

Overall, states that are relatively unstable from a security viewpoint such as Blue Nile, South Kordofan and Red Sea had the highest inflation rates. For instance, the average inflation rate in rural South Kordofan, urban Red Sea and rural Blue Nile were 305.1, 207.2, and 165.2 percent, respectively in November 2022 (Figure 4).

⁵ Rural area inflation is calculated based on the average prices of the markets that are in rural areas in the different states. While urban area inflation is calculated based on the average prices of the markets that are in urban areas in the different states.

Figure 4. Inflation rate by state and area (rural and urban) and the national average (percentage)

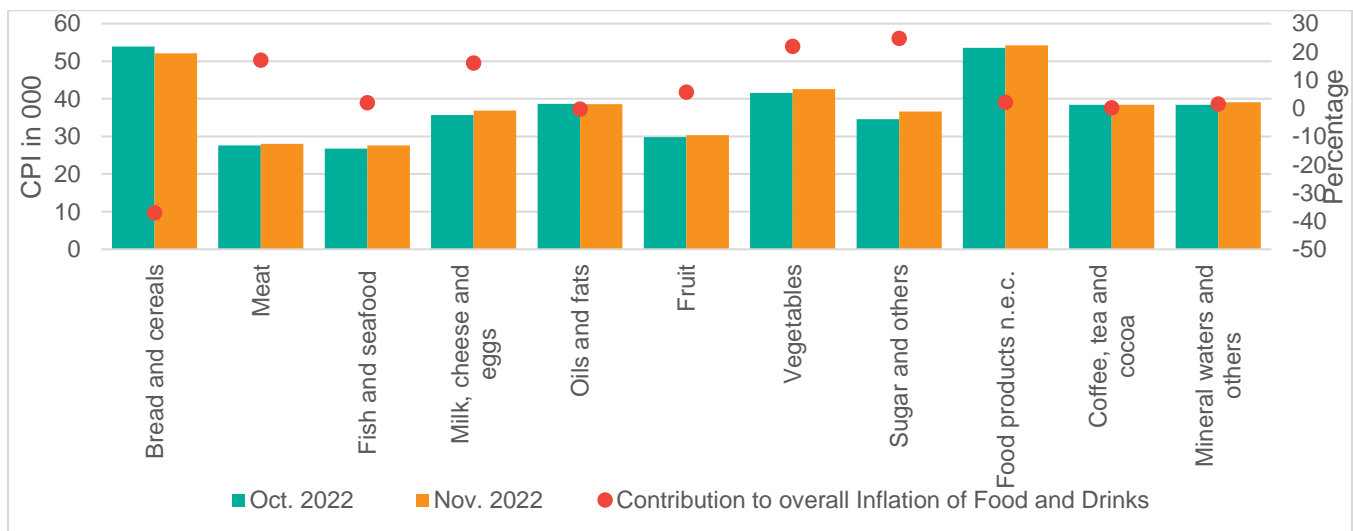


Source: CBS (2022) and authors' calculations.

The annual inflation rate of food and beverages decreased from 70 percent in October to 59 percent in November, driven by a decline in prices of bread and cereals

The CPI for all the components of the Food and Beverage increased in November compared to October 2022, except for the bread and cereals group, which decreased by 3.3 percent. The oils and fats group also witnessed a slight decrease, at a rate of less than 0.1 percent. On the other hand, the sweets, sugar, and jam group increased by 5 percent, followed by the dairy, cheese, and eggs group by 3.3 percent.

Figure 5. Contribution of food commodity groups to overall inflation



Note: *The contribution to overall inflation of Foods and Drinks is the share of each subgroup in the transition from Oct. 2022 to Nov. 2022
 ** Sugar and others include sugar, jam, honey, chocolate, and confectionery.
 *** Mineral waters and others include mineral waters, soft drinks, fruit, and vegetable juices.

Source: CBS (2022) and authors' calculations.

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