



Bulletin on Food Price Dynamics, Inflation, and the Food Security Situation in Sudan: January 2023¹

Highlights:

- International prices of food commodities continued to decrease in January 2023 especially for vegetable oils, sugar, dairy, and meat. Resulting in further sluggish overall price inflation in January 2023 of 83.6 compared to 87.3 percent in December 2022.
- The national retail prices of food commodities in January 2023 increased slightly compared to December 2022.
- Fluctuations in the exchange rate were associated with the change in local prices of imported commodities such as wheat and sugar.
- Food prices in relatively unstable states were higher than the national average.
- The monthly inflation rate of food and beverages decreased by 0.2 percent in January 2023 compared to December 2022 driven by the declining CPI for the vegetables and fruits.

International prices of food commodities continued to decrease in January 2023 especially for vegetable oils, sugar, dairy, and meat, resulting in sluggish overall price inflation (83.6 in January 2023 compared to 87.3 percent in December 2022)

International prices of food commodities (measured in US dollars) decreased slightly in January 2023. According to the FAO Food Price Index (FPI)², the January 2023 prices of vegetable oils, dairy, sugar, and meat decreased by 2.9, 1.5, 1.2, and 0.1 percent, respectively, while the prices of cereals increased slightly by 0.1, compared to December 2022 prices (Table 1). As a result, the overall FPI in January 2023 decreased by 0.8 percent from its level in December 2022.

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² 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).

The decline in the average international prices of some food commodities was accompanied by relative stability in the average exchange rate (SDG/USD) in January 2023. The official and parallel exchange rates increased in January 2023 only by 1.2 and 0.7 percent, respectively, compared to December 2022. However, the January 2023 official and parallel rates are 28.9 and 22.7 percent, respectively higher than those of December 2022.

Table 1. International Food Prices and the Nominal Exchange Rate (SDG/USD), 2022 and 2023

Index	Jan-22	Dec-22	Jan-23	Change from Jan 2022 (percent)	Change from Dec 2022 (percent)
Food Price Index	135.6	132.2	131.2	-3.2	-0.8
Meat	112.1	113.7	113.6	1.3	-0.1
Dairy	132.6	138.2	136.2	2.7	-1.4
Cereals	140.6	147.3	147.4	4.8	0.1
Vegetables Oils	185.9	144.6	140.4	-24.5	-2.9
Sugar	112.7	117.2	115.8	2.8	-1.2
Official Exchange rate	454.7	579.0	586.0	28.9	1.2
Parallel Exchange rate	474.6	578.6	582.5	22.7	0.7

Source: FAO (2023) and CBoS (2023) and Authors' calculations.

Annual price changes (changes in CPI) in January 2023 (i.e., January 2023 prices compared to January 2022) increased by 83.6 percent, compared to an increase of 87.3 percent in December 2022 (i.e., December 2022 prices compared to December 2021). This implies that while prices continued to increase, the rate by which they are increasing (i.e., the inflation rate) is decreasing.

Monthly price levels (CPI) in January 2023 increased by 0.03 percent, compared to its level in December 2022, while the monthly price level (CPI) in January 2022 increased by 2.06 percent, compared to its level in December 2021. This confirms that the level by which prices were increasing in January 2023 is decreasing compared to it in January 2022 (CBS, 2023).

The national retail prices of non-grain food commodities increased slightly in January 2023 compared to December 2022

Driven by the increase in international prices of cereals (Table 1), national retail prices of sorghum, millet, and wheat grain increased by 5.3, 12.7, and 7.4 percent, respectively, in January 2023, compared to December 2022, amounting to 547, 647, and 707 SDG/Kg, respectively (Table 2). The price of dry Egyptian beans has also increased noticeably in January 2023, by 12.2 percent, compared to December 2022 (1339 SDG/Kg).

The price of grains flour increased as well, with sorghum (Fetarita) flour increased by 36.1, followed by and millet flour, which increased by 17.4 percent, while wheat flour increased by 1.4 percent, in January 2023 compared to December 2022 (CBS, 2023). The increase in meat (sheep, beef, and local chicken) prices was 1.8, 3.3, and 0.9 percent, respectively during the same period (Table 2).

Although international prices of sugar and vegetable oils decreased in January 2023 (Table 1), Retail prices of local sugar and vegetable oils slightly increased by 0.6 and 1.2 percent, respectively, compared to December 2022. On the other hand, national retail prices of dry onions decreased by 6.3 percent in January 2023, compared to their level in December 2022 (Table 2).

Table 2. Local prices of selected Food commodities (SDGs, National average³)

Commodities and exchange rate	January 2022	December 2022	January 2023	Change from Jan 2022 (percent)	Change from Dec 2022 (percent)
Sorghum (Kg)	249.6	519.9	547.2	119.2	5.3
Millet (Kg)	303.2	597.9	672.6	121.8	12.5
Wheat (Kg)	406.0	658.6	707.4	74.2	7.4
Wheat Flour (Kg)	541.0	732.6	742.6	37.3	1.4
Traditional Bread (Kg)	586.9	1281.9	1305.2	122.4	1.8
Sheep Meat (Kg)	2607.5	3573.1	3637.3	39.5	1.8
Beef Meat (Kg)	2386.6	3082.4	3182.7	33.4	3.3
Fresh Milk (RA)	205.5	337.1	344.8	67.8	2.3
Chicken Meat (Kg)	1766.9	2541.5	2563.3	45.1	0.9
Egg (DZ)	869.1	1386.9	1460.2	68.0	5.3
Vegetable Oil (RA)	681.0	912.9	923.7	35.6	1.2
Dry Egyptian Beans (Kg)	965.7	1193.1	1338.6	38.6	12.2
Dry Onions (Kg)	555.1	633.9	593.8	7.0	-6.3
Local Sugar (Kg)	443.5	751.1	756.0	70.5	0.6
Parallel Exchange Rate (right)	474.6	578.6	582.5	22.7	0.7

Note: RA= Pound = 0.4536 kg, DZ = Dozen,

Source: CBS (2023) and authors' calculations.

Fluctuations in the exchange rate were associated with the change in the retail prices of imported commodities, especially wheat and sugar.

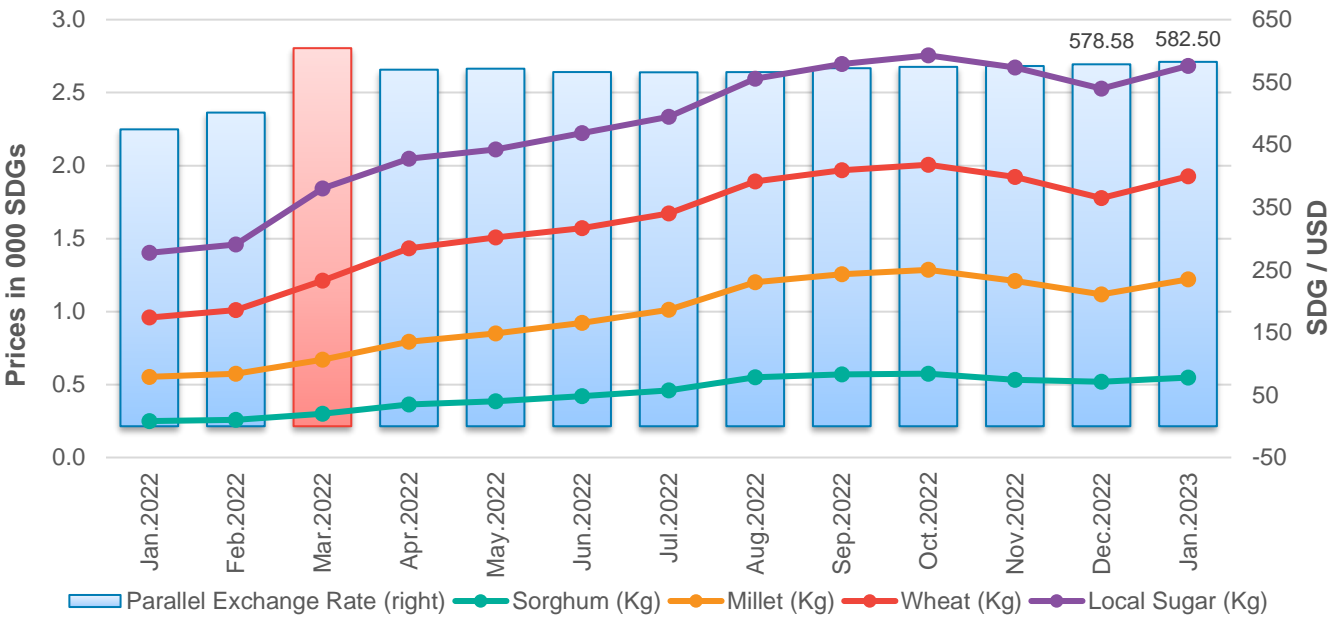
Wheat, and sugar⁴ retail prices were influenced by the exchange rate changes between January 2022 and January 2023 (Figure 1). The devaluation of the exchange rate in March 2022, was associated with an increase in the prices of wheat and sugar, which continued increasing to peak in October 2022. On the other hand, prices of non-imported grains and especially millet showed a slightly similar pattern of association following the devaluation of the exchange rate (Figure 1).

The slight devaluation of the exchange rate by 0.7 percent in January 2023 compared to December 2022 was associated with an increase in the retail prices of wheat, sugar and millet by 7.6, 1.0 and 18.3 percent, respectively during the same period.

³ 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.

⁴ Sudan imports about 80 percent of its domestic wheat demand (Dorosh et al., 2022) and sugar was the most imported commodity second to wheat between January and September 2022 (CBoS, 2022).

Figure 1. Local prices of selected commodities (National average) between Jan. 2022 and Jan. 2023)



Source: CBS (2023), CBoS (2023), and author's calculations.

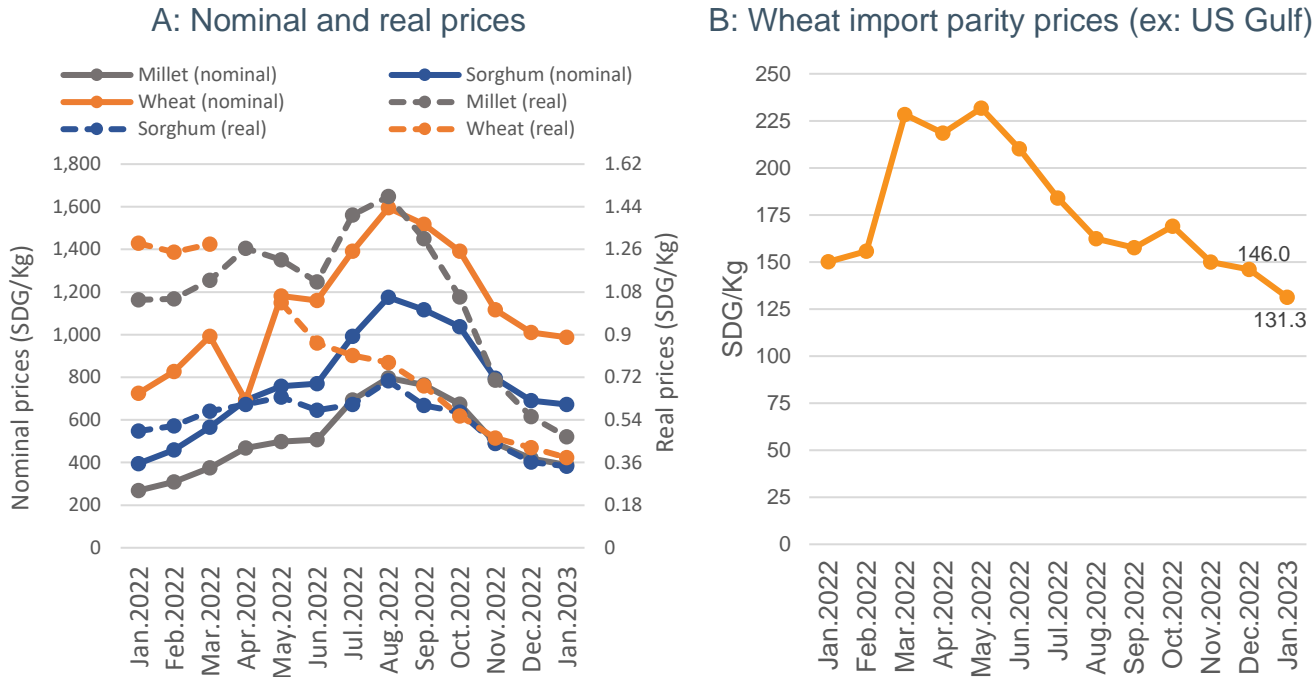
Note: The red colored column indicates the devaluation of the exchange rate by the Central Bank of Sudan in March 2022.

Wholesale nominal prices of grains in Khartoum peaked in August 2022 and started to decrease in September 2022 following the decline in the overall inflation rate (Figure 2A).

Real prices of wheat in Khartoum have decreased significantly after the harvest season in March. While wholesale real prices of sorghum and millet peaked in August, they started to decrease continuously two months before their harvest seasons in November (Figure 2A).

Import parity price (IPP) of wheat trended downwards after the exchange rate devaluation in March (Figure 2B). In January 2023, IPP of wheat decreased by 10 percent compared to December 2022 due to a 2 percent decrease in the US (Gulf) price of wheat, as well as an 11 percent, decrease in the freight cost as measured by the IGC Grains and Oilseeds Freight Index (GOFI) (IGC, 2023).

Figure 2: Wheat, sorghum, and millet real, nominal, and import parity prices in Khartoum (Jan-22 to Jan-23)



Note: Import parity price is calculated as the cost of US Gulf soft wheat in SGD, freight cost, and transport margins. The costs of other port logistics (ex: land rent fees) and states tax are not included.

Source: FAO (2023) and authors' calculations.

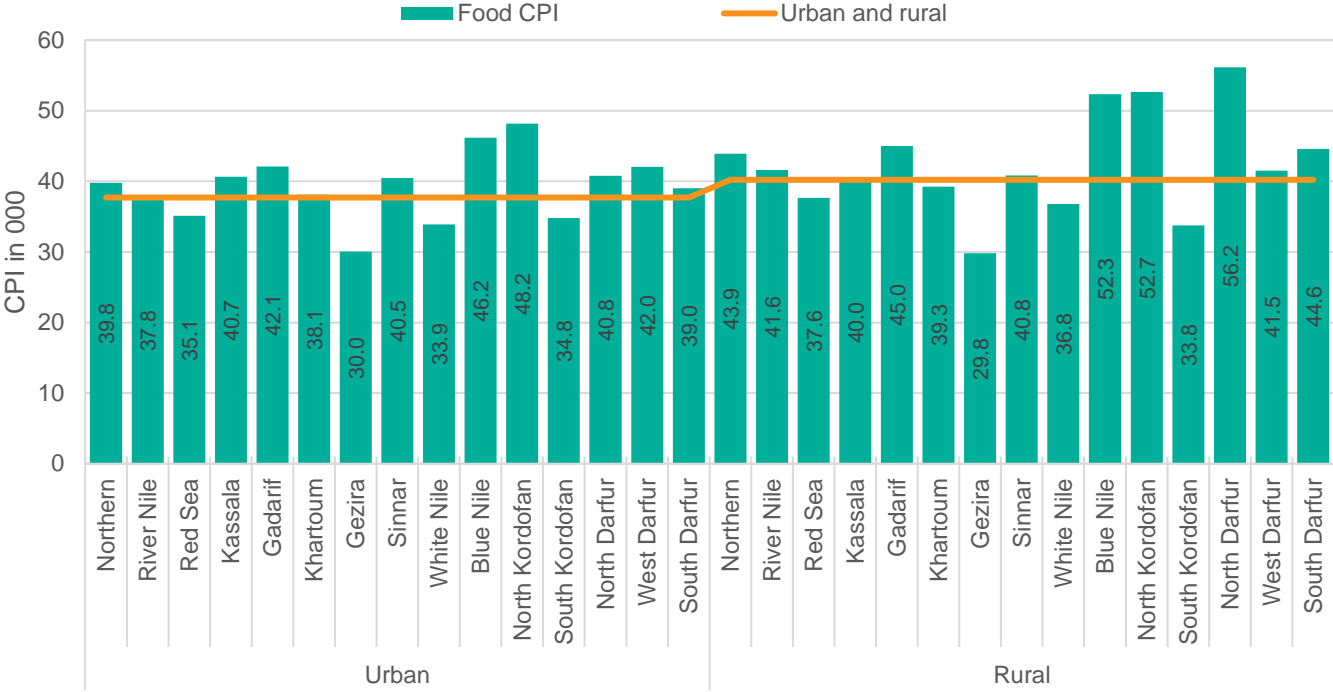
Food prices in relatively unstable states are higher than the national average.

In January 2023, the annual urban inflation rate was 86.2 percent, compared to 83.0 percent in rural areas⁵. The annual urban and rural food inflation rate was 59.0 and 58.6 percent, respectively. Compared to December 2022, urban inflation increased by 0.1 percent, while rural inflation decreased by 0.02 percent in January 2023 (CBS, 2023). However, the CPI for food and drinks in January 2023 in rural areas, was 6.7 percent higher than in urban areas (Figure 4).

Overall, prices in states that are relatively unstable from a security viewpoint such as Blue Nile, Kordofan, and Darfur were higher than other states. For instance, in rural areas of North Darfur, North Kordofan, and Blue Nile, the CPIs for food and drinks were 40, 31, and 30 percent, respectively higher than the national rural CPI. In urban areas of North Kordofan and Blue Nile, the CPIs of food and drinks were 28 and 22 percent, respectively higher than the national urban average (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. Food and drinks price level by state (rural and urban) and the national average (percentage)

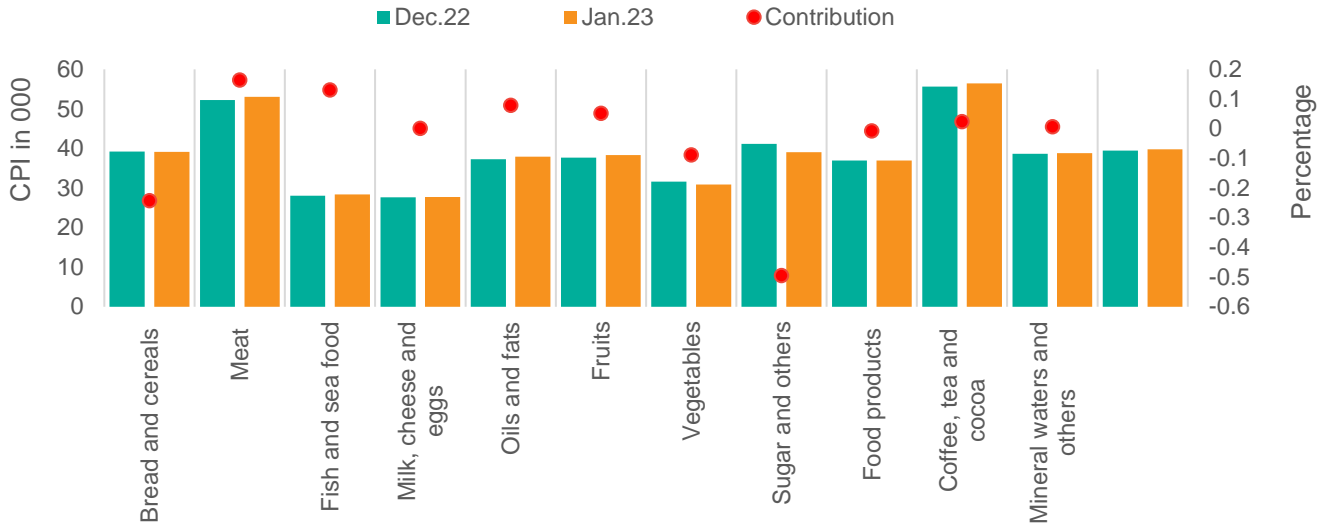


Source: CBS (2023) and authors' calculations.

The monthly inflation rate of food and beverages was 0.2 percent lower in January 2023 than in December 2022

Although the overall inflation has increased slightly, the reduction in the prices of three groups, namely, Vegetables, Fruits, Sugar-and-others, reduced the CPI of the combined Food and Beverages. Each of the three commodities contributed a reduction of 0.49, 0.09, and 0.01 percent, respectively. As a result, overall food and beverages CPI decreased by 0.2 percent in January 2023.

Figure 5. Contribution of food commodity groups to food Inflation



Notes: (1) The contribution to the overall inflation of Foods and Drinks is the share of each subgroup in the transition from December 2022 to January 2023. (2) Sugar and others include sugar, jam, honey, chocolate, and confectionery. (3) Mineral waters and others include mineral waters, soft drinks, fruit, and vegetable juices.

Source: CBS (2023) and authors' calculations.

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