



World Food Programme

Monthly Price Update Guatemala, February 2013

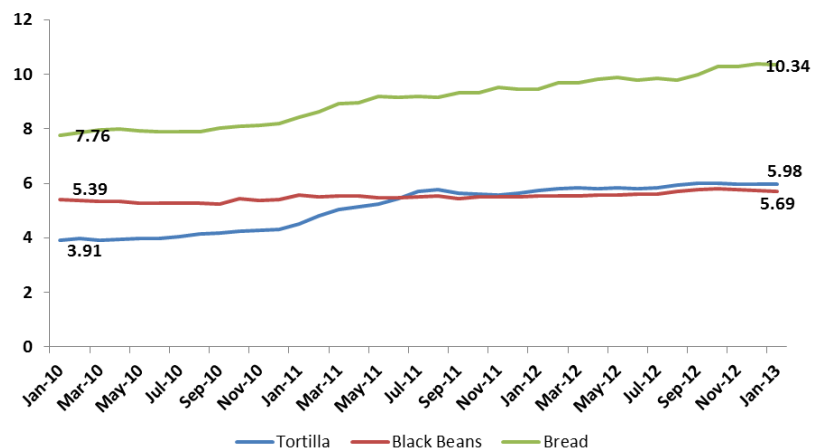
Highlights:

- ⇒ In January 2013, the national average retail price of maize tortillas were unchanged since December 2012. However, the price has increased by 4.36% since January 2012. Maize is the main staple in Guatemala. The price of beans and bread saw a slight decreased since December 2012, 0.70% and 0.20% respectively.
- ⇒ Retail prices of major food commodities (Basic Food Basket/Annex 1) remain stable in most of the markets in the country.
- ⇒ Slight increase (0.49%) in CPI and an increase (0.86%) in food and non-alcoholic beverage index was reported for the month of January 2013.
- ⇒ The inflation rate in 2012 was 3.45%, according to the Central Bank of Guatemala. The Central Bank of Guatemala set an annual inflation target for 2013 between 3.0 and 5.0 percent.

Tortilla, Beans and Bread:

Figure 1: Average retail price of tortillas, beans and bread (Lb.)

Since January 2010, tortilla prices have increased by 52.94% (Figure 1). The highest ever recorded price occurred in September 2012 (Q6.01per Lb.). The price of white maize and liquefied petroleum gas (LPG) are key components of tortillas. The price of black beans has remained stable. Since January 2010, prices have increased by 5.56%. Black beans remain the main source of protein in the local diet. There continues to be a growing demand in bread, especially in urban areas. Bread is made of wheat flour and is almost entirely imported from the USA. Since January 2010, the price of bread has increased by 33.27%.



Source: National Institute of Statistics

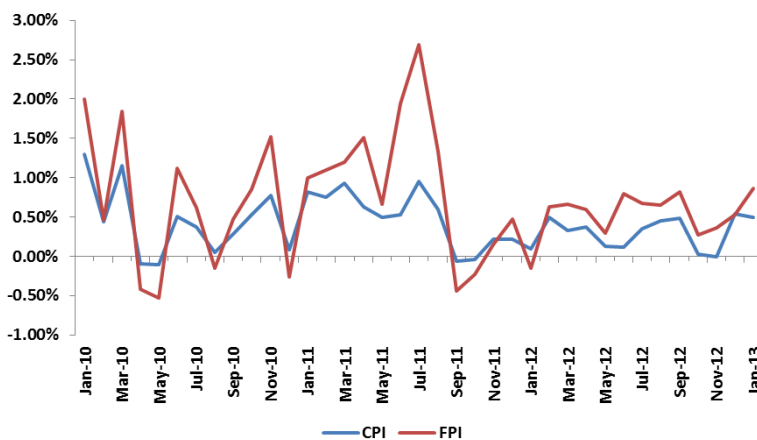


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CPI, FPI¹ and World Prices:

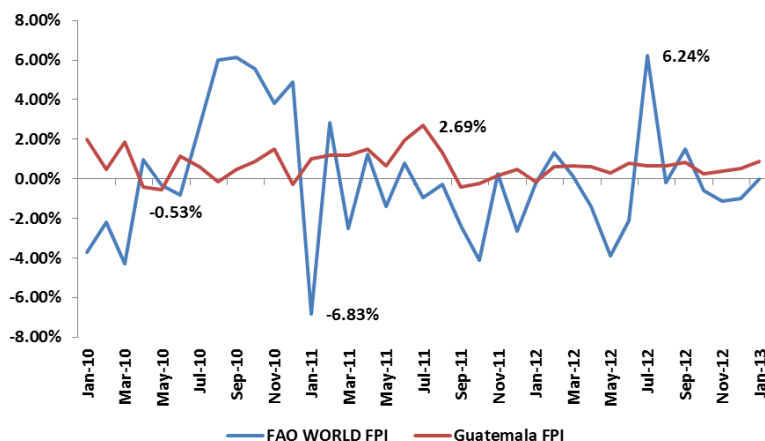
The Consumer price index (CPI) for January 2013 increased by 0.49% month-on-month (Figure 2). The increase in food and housing mainly contributed to the increased in consumer prices. Food and nonalcoholic beverage prices¹ (FPI) increased by 0.86 percent from December 2012. Since January 2012, the CPI increased by 3.86%, while the FPI increased by 7.09%. The increased food prices will affect vulnerable families the most. Figure 2, shows that the FPI typically registers a higher volatility than the CPI.

Figure 2: Month-on-Month change in consumer price index and food price index



Source: National Institute of Statistics

Figure 3: Month to Month Change in Guatemala and World FPI



Source: National Institute of Statistics and FAO

World Food Prices have continued to have experience higher volatility than Guatemala's FPI (Figure 3). Since January 2010, the World FPI month to month change has moved inside a -6.83% to 6.24% band, while Guatemala FPI moves in a -0.53% to 2.69% band. Guatemala's environment of less volatility in it FPI makes it a positive scenario for a Cash and Voucher intervention.

¹The FPI is composed of 74 items, while the Basic Food Basket is composed of 26 food items.

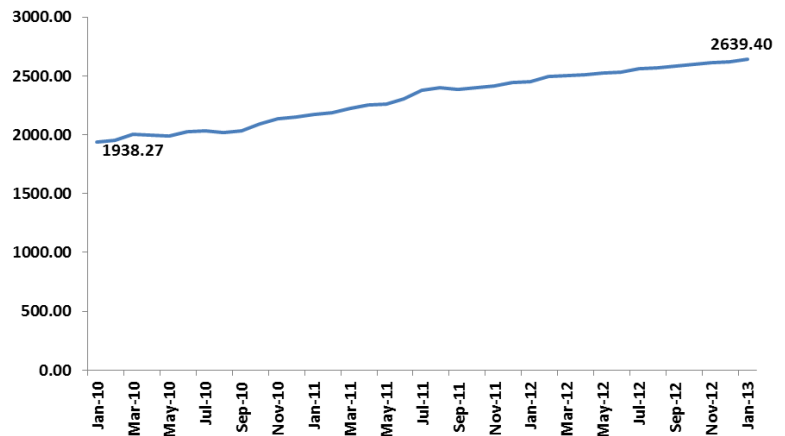


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Food Basket:

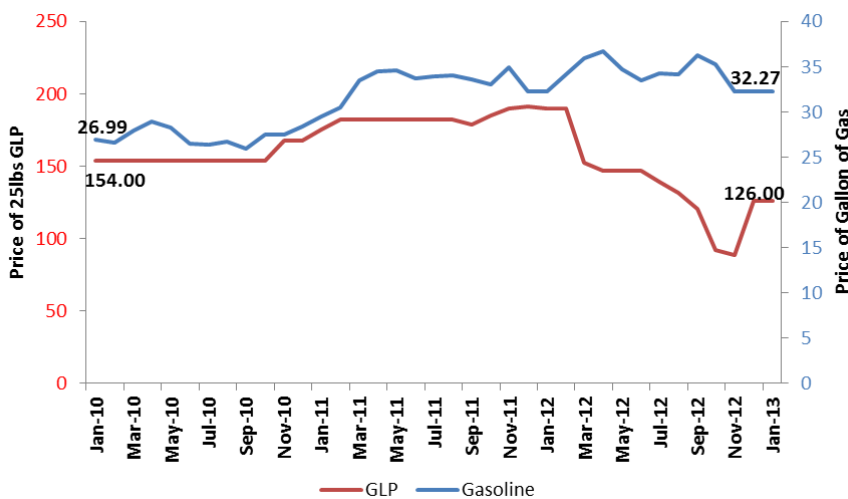
The Price of the basic food basket continues to show an upward trend (Figure 4). The price of the basic food basket increased by 0.83% from December 2012 to January 2013. Since January 2012, the basic food basket has increased by 7.74%, and since January 2010 it has increased by 36.17%. The basic food basket covers the minimum kilocalories of a family of 5.34 individuals for a period of one month. It is composed of 26 food items (Annex 1).

Figure 4: Basic Food Basket



Source: National Institute of Statistics

Fuel Prices:



The latest data from the Ministry of Energy and Mines shows that retail price of gasoline has stabilized in 2012 (Figure 5). However, since January 2010 prices have increased by 19.56%. The price of Liquefied Petroleum Gas (LPG), the wide used fuel for cooking, has stabilized in the past three months. The price has decreased by 18.18% since January 2010. Guatemala does not subsidize its LPG, and a few congress members have floated the idea of creating a subsidy for LPG.



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Outlook:

- ⇒ Considering that the Price fluctuations are relatively stable at the current moment, a deterioration of food security as a consequence of prices is unlikely in the coming months. Nevertheless, it is worth highlighting that the food price index follows an upward trend since several years. Given the fact that the majority of Guatemalan households earns an income below the cost of the basic food basket, we may infer that the incongruence between food prices and income continues to be a contributing factor to food security in Guatemala.
- ⇒ FEWSNET reports that the Ministry of Agriculture, Livestock and Food declared a national emergency for the coffee rust plague affecting coffee plantations nationwide. An initial plan has been established to benefit 60,000 small producers in 204 municipalities within 20 departments who will receive technical assistance and fungicide.
- ⇒ FEWSNET reports that in the majority of the country, acute food insecurity will be Minimal (Phase 1, IPC 2.0) during the first two quarters of the year. Areas affected by the earthquake have the same classification from April to June due to the receipt of food assistance. Agricultural losses from the prolonged drought in 2012 have affected food availability in affected households. Stress (Phase 2, IPC 2.0) acute food insecurity is expected in the temperate highlands during the second quarter.
- ⇒ The World Food Program is assisting 4,500 families affected by the earthquake of 2012 in the departments of Totonicapán San Marcos, Quetzaltenango and Sololá. The family ration is calculated to meet their energy requirements for 45 days. In addition, WFP is also assisting those affected by the prolonged drought in seven departments. The ration covers the energy needs of 20 days.
- ⇒ In the next three months, the trend in fuel prices is to the upside, which could affect the prices of some products that integrate the basic food basket.
- ⇒ FAO reports that the grain reserves of families from the Eastern and Western regions, are normal, but will not be sufficient to cover the basic needs of families until the next harvest. Therefore, households will require humanitarian assistance to meet their food needs.



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Annex 1: January Average Retail Prices of Basic Food Basket Commodities¹

Product	Unit	Current Price (GTQ)	Change in Price %			Level of Fluctuation			
			Dec 12- Jan 13	Oct 12- Jan 13	Jan 12- Jan 13	Dec 12- Jan 13	Oct 12- Jan 13	Jan 12- Jan 13	
Basic Food Basket	Household (5.34 persons)	2639.40	0.83%	1.64%	7.74%	→	→	→	
Dairy	Fresh Cream	250ml	8.61	0.12%	1.18%	3.49%	→	→	→
	Fresh Cheese	460gms	32.59	1.91%	5.67%	13.40%	→	→	→
	Milk	1000ml	11.67	-0.60%	0.09%	1.48%	→	→	→
	Powder Milk	460gms	40.28	0.22%	0.80%	3.68%	→	→	→
Meat	Chicken with Giblets	460gms	13.75	-0.29%	1.48%	4.48%	→	→	→
	Beef (with bones)	460gms	11.97	3.01%	4.45%	17.58%	→	→	↑
Eggs	Medium Eggs	648gms	17.16	-0.17%	1.00%	22.14%	→	→	↑
Beans	Black Beans	460gms	5.69	-0.70%	-1.73%	2.52%	→	→	→
Cereals	Rice (2 Ordinary Quality)	460gms	4.23	-0.24%	0.24%	2.17%	→	→	→
	Maize Tortillas	460gms	5.98	0.00%	-0.17%	4.36%	→	→	→
	Bread	460gms	10.34	-0.29%	0.58%	9.42%	→	→	→
	Sweet Bread	460gms	9.31	0.76%	0.76%	6.77%	→	→	→
	Pasta	460gms	6.08	-0.49%	0.00%	1.84%	→	→	→
Sugar	White Refined Sugar	460gms	3.73	0.00%	0.54%	-3.37%	→	→	→
Oils	Margarine	460gms	10.94	-0.09%	0.09%	2.15%	→	→	→
	Cooking Oil	750ml	17.20	0.23%	0.23%	6.63%	→	→	→
Vegetables	Zucchini	460gms	5.26	5.41%	2.33%	20.37%	→	→	↑
	Green Beans	460gms	9.52	19.75%	26.43%	19.45%	↑	↑	↑
	Tomato	460gms	5.55	2.21%	20.65%	14.91%	→	↑	→
	Onion	460gms	4.85	0.00%	-0.41%	16.59%	→	→	→
	Potato	460gms	5.62	8.29%	9.77%	34.45%	↑	→	↑
Fruits	Banana	460gms	4.15	0.24%	2.98%	21.70%	→	→	↑
	Plantain	460gms	4.44	3.26%	9.36%	28.32%	→	→	↑
Other	Roasted, grinded coffee	460gms	32.02	0.57%	1.17%	3.56%	→	→	→
	Salt	115gms	.40	0.00%	2.56%	11.11%	→	→	→
	Soft Drink	1000ml	10.18	0.89%	2.83%	4.73%	→	→	→

¹ Source: National Institute of Statistics: IPC Reporte Mensual Enero 2013. www.ine.gob.gt

- ↑ Price increase above normal price fluctuation
- Normal price fluctuation
- ↓ Price decrease below normal price fluctuation

Price fluctuation is considered normal if the price change is within 5% for 1 month, or within 10% for 3 months or within 15% for one year.