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Insider's View Bulletin: Mosul update: consumer goods costs, mid-Oct 2016

Oct. 16, 2016

Key points:

- Ahead of offensive, broad increase in prices for foodstuffs
- Refined fuel product prices dip slightly after late Sept. spike
- But, still way over "pre-Qayyarah loss" prices

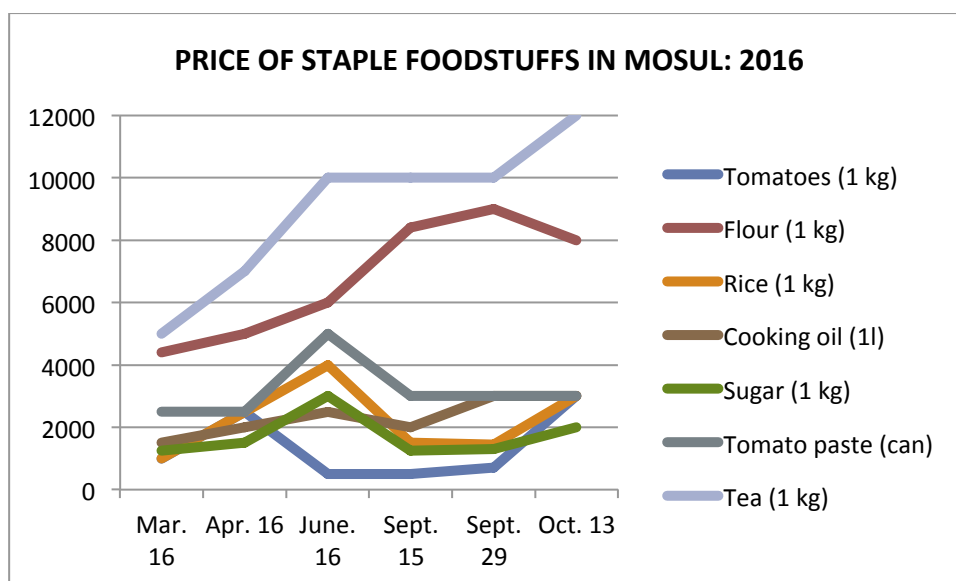
Impact:

- Over the past 18 months IS was able to avoid food and fuel price spikes in Mosul, even as prices leapt in IS-controlled areas in Anbar and Kirkuk. That ability to regulate the supply-demand balance and/or keep prices static has evaporated. Escalating prices are another variable that is likely to drive displacement, particularly if the Gol/humanitarian agencies aren't immediately able to provide food and fuel at subsidized prices.
- Once Mosul – and its population – is liberated from IS, the Gol will be on the hook to provide refined fuel products to Mosul, likely increasing Iraq's import needs.

EXECUTIVE SUMMARY: This BULLETIN is an update to the Oct. 2 BULLETIN, *"Mosul update: food and fuel costs spike as residents anticipate ISF offensive."* Food and fuel remain relatively expensive in the city, and several key goods, including sugar, rice, and potatoes, continue to increase in cost.

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Foodstuffs: Prices of all dry goods remain significantly above six month averages in Mosul, and the prices of some key products have risen significantly over the past two weeks, according to reports from two local shopkeepers. Rice has more than doubled in cost, going from 1,440 IQD/kg to 3,000 IQD/kg. Sugar has also grown pricier, rising from 1,300 IQD/kg to 2,000 IQD/kg. Tea, which was already the most expensive item being tracked, also grew more expensive, going from 10,000 IQD/kg to 12,000 IQD/kg. In contrast, flour grew slightly less expensive, falling from 45,000 IQD/5kg to 40,000 IQD/5kg.



The cost of fresh goods has risen significantly, and several goods now cost as much as refined products like rice and cooking oil. One kilo of tomatoes shot up from 700 IQD to 3,000 IQD. Cucumbers increased in cost from 1,000 IQD/kg to 3,000 IQD/kg, and potatoes rose from 700 IQD/kg to 2,000 IQD/kg.

Food price table (all prices in IQD)

Product	Mar. 16	Apr. 16	June 16	Sept. 15	Sept. 29	Oct. 13
Tomatoes (1kg)	1,000	2,500	500	500	700	3,000
Flour (5 KG bag)	22,000	25,000	30,000	na	45,000	40,000
Rice (1kg)	1,000	-	4,000	1,500	1,440 (72,000/50 kg bag)	3,000
Cooking oil (1l)	1,500	2,000	2,500	2,000	3,000	3,000
Sugar (1kg)	1,250	1,500	3,000	1,250	1,300 (65,000/50 kg bag)	2,000
Tomato paste (can)	2,500	2,500	5,000	3,000	3,000	3,000
Tea (1kg)	5,000	7,000	10,000	-	10,000	12,000

Fuel costs: Fuel costs, on the other hand, have remained steady or fallen over the past two weeks. Syrian benzene has fallen from 3,000 IQD/liter to 2,000 IQD/liter, while Syrian kerosene has fallen even more sharply, from 3,000 IQD/liter to 1,500 IQD/liter.

Product	Price (IQD): Dec. 2014	Price (IQD): Summer 2015	Price (IQD): Dec. 2015	Price (IQD): Summer 2016	Price (IQD): Sept. 1 2016	Price (IQD): Sept. 15 2016	Price (IQD): Sept. 29 2016	Price (IQD): Oct. 13 2016
Kerosene	1,572	786	1,258	1,258	850	950	3,000	1,500

Diesel	750	600	943	629	750	750	2,000	-
Benzene	1,500	750	1,250	1,572	850	1,000	3,000	2,000
Cooking gas (cylinder)	40,000	35,000	45,000	65,000	Not available	-	60,000	60,000

Analysis: *As the Mosul offensive draws closer, food prices continue to rise in Mosul city. Prices will likely continue to rise until the operation is complete. The increase reflects hoarding – first by IS militants according to accounts by local residents – and then by civilians, as it became increasingly clear a siege/military operation is imminent.*

Fuel prices remain well above six month averages. The dip in prices as compared to two weeks ago is likely a reflection of IS and/or private traders re-establishing supply routes following IS' late Aug loss of the Qayara oil field.

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