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Summary

For more than 75 percent (500,000) of poor households in the rural areas of Honduras, June, July and August are the most difficult months in terms of access to food. These months are known as the “Julys” and are characterized by expended food reserves in poor households, extremely low poor-household purchasing power, short supply of food and price increases in basic foods such as staple cereals and vegetables. The high level of vulnerability to natural disasters experienced by the poor households further

aggravates their chronic poverty.

Seasonal Calendar



The demand for labor related to the production of melons, shrimp, plantains, bananas and African palm is constant throughout the year

Current Hazards

- An early dry spell may stress the production of staple cereal crops due to the lack of rainfall, which could be critical should the crops be in the blooming and/or filling stage. Currently most of the crops are in the growing, blooming or filling stages.
- High prices of basic foods.
- Increase in fuel prices due to recent increases at the international level. Fuel prices have a direct impact on the prices of basic food, public transportation and goods.

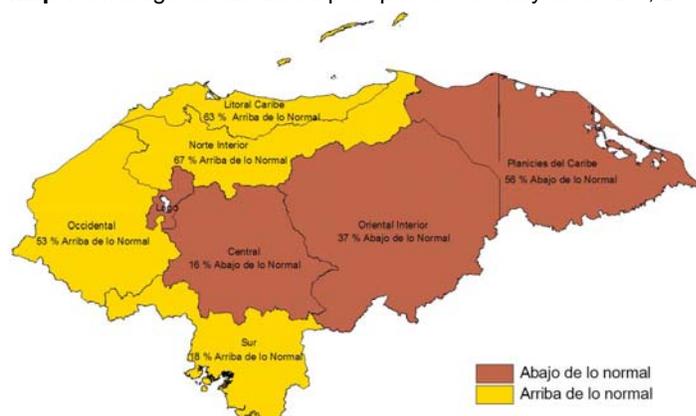
Food Security Situation

Rainfall has been above normal over the Caribbean coastline and western, northeastern and southern regions during May and June, and below normal over the central and interior eastern regions and over the Caribbean plains (see Map 1). According to the National Meteorological Service, this activity is in line with the forecasts provided during the Climatic Forum in April. June's maize WRSI decadal report indicates that soil moisture for maize crops by end of June ranges from satisfactory to sufficient levels, and thus the crops range from fair to good, except for some municipalities of the highlands and midlands located in the Uluá River's basin, where more than 3,232 hectares of crops were damaged due to excessive rainfall.

Low precipitation levels in the beginning of July have created concerns in some areas because even though a benign *canícula* was forecasted of less than one month, it could be extended.

The *canícula* is a dry period between the *primera* and the *postrera* winters, usually taking place from July 15 to August 15. However, in the last few years it has begun between the first and second week of July which significantly affects the blooming and filling stages of maize and beans crops. In previous years this situation has caused losses of up to 50 to 60 percent for these crops.

Map 1: Average accumulated precipitation for May and June, 2006

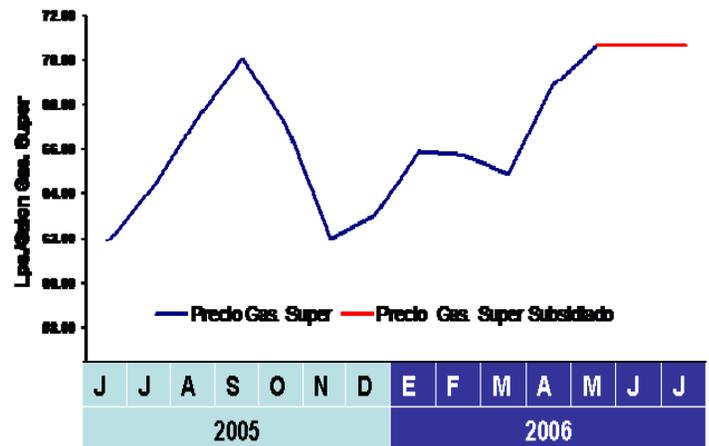


Source: National Meteorological Service / Climatology Section

Despite the increases in the international price for fuel and as a measure to contribute to the stabilization of some prices, such as the basic food basket, the government has been subsidizing fuel prices since the second half of April 2006. The actual price of super gasoline is 70.66 lempiras, when it the actual price would be around 90 lempiras (Figure 1).

According to the Ministry of Finance, this subsidy cannot be sustained given the new international market variability, where the fuel has reached a record price of US\$78 per barrel (1 barrel=158.98 liters) and, according to experts, in a few days it will reach US\$80 per barrel. Therefore, it will be necessary to find other mechanisms to stabilize the basic food basket prices to help the Honduran population, especially for the poor (75 percent of the rural population) who are highly dependent on markets to have access to their basic food.

Figure 1: Consumer prices of super gasolina, June 2005 to July 14, 2006, in lempiras per gallon



Source: Honduras Central Bank, 2005 and 2006

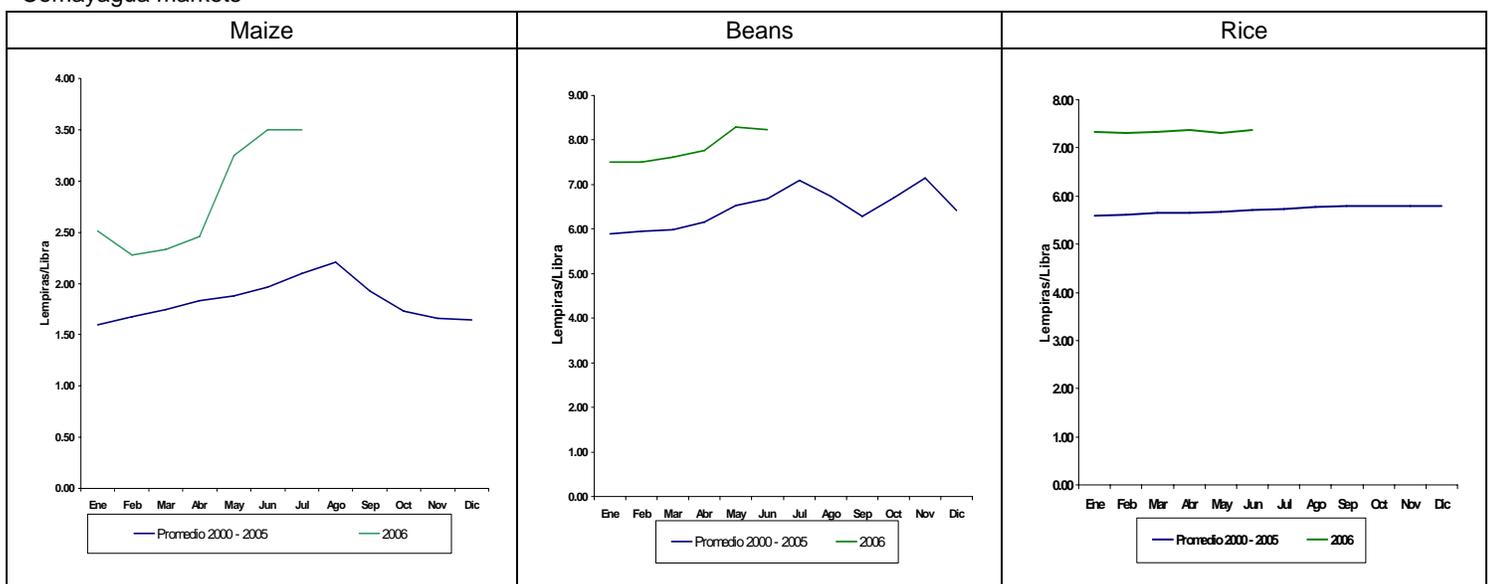
Prices and markets

Due to the increase in the price of rice in the international market, the Honduran Millers Association is not discounting the possibility of a local increase in the price of rice in the coming days. Rice per metric ton had been quoted at US\$215, but in the last days it has increased to US\$240, which will result in an increase between 20 and 25 cents in the price per pound to the final consumer. Rice is an important staple cereal for the Honduran urban and rural population. According to the National Statistics Institute, internal rice supply is mainly determined by the product's annual imports, which are surpassing 2 million quintales (1 quintal = 100 pounds).

According to the historical prices per pound of maize and beans, June, July and August are the months with high prices, which then start to decrease in September depending on the yield of the *primera* harvests.

According to the Honduras Central Bank, during the month of June, the final consumer prices of products such as vegetables and beef increased. These increases are normal during the rainy months. However, the opposite is true in regards to dairy products. During the rainy months there is a reduction in the final consumer prices, as the rains improve the availability of grass to feed the cattle, which helps increase milk production.

Figure 2: Average final consumer prices in lempiras per pound in the Choluteca, La Ceiba, Danli, Juticalpa, Santa Rosa de Copan and Comayagua markets



Source: Farming Abstract 2001/SAG, BCH 2004 - 2006, FHIA 2004 - 2006