FOOD SECURITY PORTAL FACILITATED BY IFPRI

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FOOD PRICE MONITOR: MAIZE AND RICE IN EAST AFRICA

DECEMBER 2022

The Food Price Monitor: East Africa is a monthly report developed for the Food Security Portal (FSP), facilitated by IFPRI, with the goal of providing clear and accurate information on price trends and variations in selected maize and rice markets throughout East Africa. The reports are intended as a resource for those interested in maize and rice markets in East Africa, namely producers, traders, consumers, or other agricultural stakeholders.

Highlights

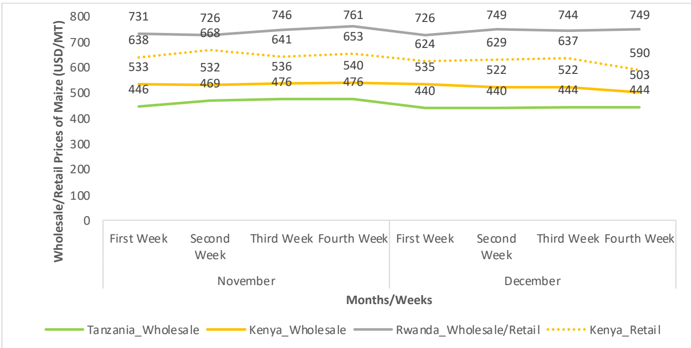
- From the last week of November to the first week of December, there was a drop in maize and rice prices in most countries within the range of four to eight percent.
- The drop in prices might largely be explained by the increase in supply from the harvest of the second season.
- Tanzania continues to record lower prices for both crops in the region, while prices in Kenya are relatively unstable compared to the other countries within the region.
- Rwanda has maintained the highest prices of maize, followed by Kenya, which had consistently retained the highest prices in the region in the previous months.

Changing Maize Prices in East Africa

As the year ended (between November and December), there were gentle movements in the weekly average wholesale and retail prices of maize in Kenya, Rwanda, and Tanzania throughout (Figure 1). More significantly, the weekly average wholesale and retail prices of maize dropped in the first week of December for most of the countries within the region. For instance, the weekly average prices in Rwanda dropped by 4.8 percent from 761 USD/MT to 726 USD/MT. In Kenya, the retail and wholesale prices fell by 4.4 percent from 653 USD/MT to 624. In Tanzania, the wholesale prices in Tanzania dropped by 7.9 percent from 478 USD/MT to 440 USD/MT. The observed reduction between the last week of November to the first week of December might be attributed to the following; (1) increased supply from harvests in the second season, (2) reduced demand following the closure of schools for holidays, and lastly (3) reduced demand for maize due to the upcoming festive season.

Throughout November and December, Rwanda has maintained the highest prices of maize, followed by Kenya, which had consistently retained the highest prices in the region in the previous months. Tanzania recorded the lowest prices of maize. The Rwandan economy has been facing a currency depreciation, yet most of its maize products are imported from within the region, particularly Uganda and Tanzania. Tanzania maintains a persistent government intervention in the grain market by purchasing from the farmers at a set price. Tanzania also has many areas producing maize on a large scale. Ultimately, they can meet the domestic demand and sell the surplus to the region.

Figure 1: Average wholesale and retail price of maize in East Africa (December 2022)

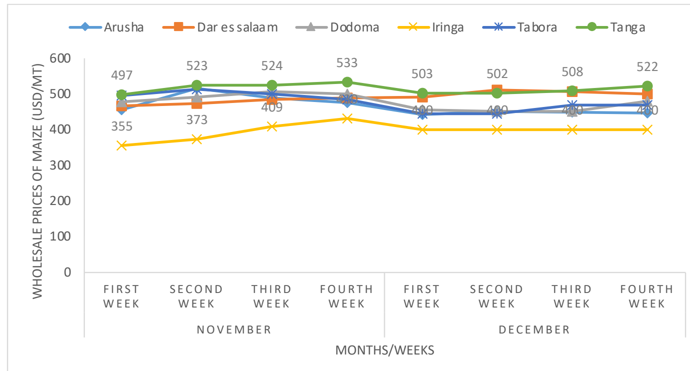


Source: Authors' construction using data from FSP (for Uganda and Tanzania), Ministry of Agriculture Livestock and Fisheries (for Kenya), and e-SoKo (for Rwanda).

Tanzania

In Tanzania, in most markets, there was a reduction in the maize prices from the last week to the first week of December 2022, except for Dar es Salaam where the prices maintained an upward trend (Figure 2). Daresalam, the capital city, has a high demand for the staple crop. In Tanga, wholesale prices dropped by 5.6 percent from 533 USD/MT in the fourth week of November to 503 USD/MT and maintained that trend with negligible prices change until the last week when prices rose to 522 USD/MT. In Tabora, Arusha, and Dodoma, price fluctuations were in the same range, dropping by about 8.2 percent from 484 USD/MT in the last week of November to 444 USD/MT in the first and second week of December. In the third and fourth weeks, there were price increments in Tanga and Dodoma. Arusha's prices dropped to 446USD/MT in the last week of December. Prices movement in Dar es Salaam diverged from the rest of the markets by an upward trend throughout November and December. Overall, Tanga had the highest prices in the country. Price changes within the different markets in Tanzania were largely driven by the closure of schools for the holidays and the fall in demand for maize products due to the anticipated festive season in December.

Figure 2: Average weekly wholesale prices of maize in selected markets in Tanzania (December 2022)

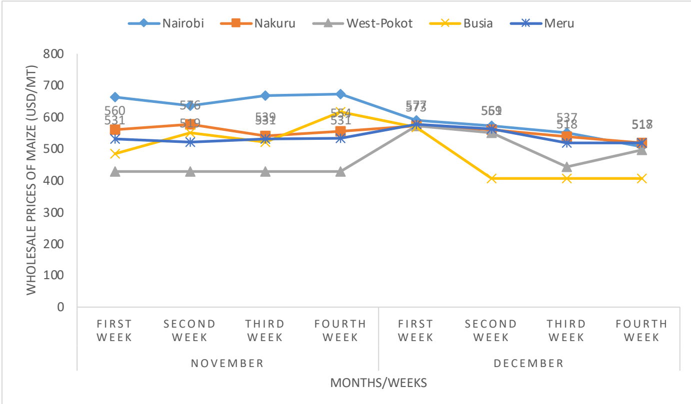


Source: Authors' construction using data from the Ministry of Investment, Industry, and Trade

Kenya

In Figure 3, there was a general decline in wholesale prices of maize in December from November..Busia market recorded the least wholesale prices in December dropping from 577 USD/MT in the first week and stabilized at a constant rate of 405 USD/MT for the rest of the weeks. This could be attributed to cross-border informal and formal trade of maize in Busia district which bordersUganda in the East.. Further, this inpart is attributed to the increased flow of maize from Uganda following the harvest of the second thus dampening maize prices.. Nairobi market recorded a fall in wholesale prices by 12.5 percent from 672 USD/MT in the last week of November to 588 USD/MT in the first week of December and further reduced to 561 USD/MT in the second week, 537 USD/MT in the third week and 518 USD/MT in the fourth week. Prices in the Nakuru market were generally volatile within December. The wholesale prices rose from 554 USD/MT in the last week of November to 577 USD/MT in the first week of December but then dropped to 561 USD/MT in the second week, 537 USD/MT in the third week and 550 USD/MT in the fourth week. West Pokot had prices reduced in the first three weeks and only rose from the third to the last week of the month. In the Meru market, wholesale prices took the same pattern as in West Pokot; they rose to 577 USD/MT in the first week of December from 531 USD/MT in the fourth week of November, then dropped to 561 USD/MT in the second week of December then 518 USD/MT in the third and fourth week of December. The evolution of prices in Kenya markets is due to three likely factors, (1) cross-border trade from Uganda and Tanzania, (2) the harvest from the second season, (3) the fact that schools were closing (schools have a high demand of maize).

Figure 3: Average weekly retail prices of maize in selected markets in Kenya (December 2022)



Source: Authors' construction using data from the Ministry of Agriculture Livestock Fisheries and Cooperatives

Comparison of wholesale and retail maize prices in East Africa

Comparing maize's wholesale and retail prices in November and December, the percentage change in the average monthly price of maize between November and December was the highest for Uganda (Table 1)[1]. The sharp increase might be explained by drought. This increase in maize prices is also in tandem with the findings of the Consumer Price Index (CPI) report of UBoS [Uganda Bureau of Statistics] (2022), which found that annual food and related items inflation increased to 29.4 percent in the year ending December 2022, compared to 27.8 percent registered in the year ended November 2022. In Rwanda, the monthly average prices of maize remained unchanged in December, while in Kenya, the monthly average prices of maize decreased by 5 percent for retail prices and 3 percent for wholesale prices, alluding to the adjustment in the Consumer Prices Index (CPI), to 9.1 percent in December from 9.5 percent in November (KNBS [Kenya National Bureau of Statistics], 2022). In Tanzania, monthly average wholesale prices decreased by 5 percent in December, also confirming the reduction of the Annual Headline Inflation Rate for December 2022 slightly by 0.1% to 4.8% from 4.9% recorded in November 2022 (TNBS [Tanzanian National Bureau of Statistics], 2022).

Table 1: Changes in average monthly retail and wholesale price of maize in East Africa for November and December

Commodity	Country	Market Levels	Monthly Average Prices November (USD/MT)	Monthly Average Prices December (USD/MT)	Monthly % Change	Trends
	Kenya	Retail	650	620	-5	▼
	Uganda	Retail	575	708	23	▲
	Rwanda	Retail	741	742	0	►
	Kenya	Wholesale	535	520	-3	▼
	Uganda	Wholesale	575	708	23	▲
	Rwanda	Wholesale	741	742	0	►
Maize	Tanzania	Wholesale	467	442	-5	▼

▼ = Decrease ▲= Increase ► = Constant

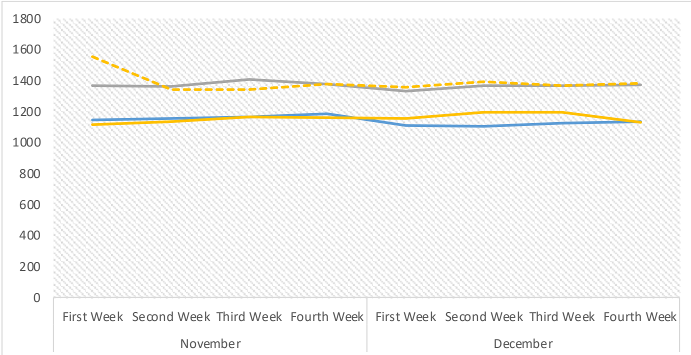
Source: Authors construction using data from FSP (for Uganda), Ministry of Agriculture Livestock and Fisheries (for Kenya), Ministry of Agriculture (for Tanzania), and e-SoKo (for Rwanda)

Changing Rice Prices in East Africa

The weekly average wholesale and retail price of rice in East African countries shown in Figure 4 indicates a relatively stable evolution of prices from November to December 2022, which can largely be explained by the increasing supply following the harvest from the second season. Nevertheless, rice prices in Kenya and Rwanda gently rose in the second week of December, likely due to the increase in demand during the anticipated festive season. For example, the wholesale prices of rice in Kenya rose by 3.6 percent from 1153 USD/MT to 1194 USD/MT in the second and third weeks and the retail prices rose by 2.8 percent from 1356 USD/MT in the first week to 1394 USD/MT in the second week. Further, in Rwanda, the prices rose about one percent from 1356 USD/MT in the first week to 1366 USD/MT in the second week. During the rest of the weeks, the wholsesale price of rice of Tanzania fell while that of Kenya rose till the fourth week where their prices met at about the same price range.

[1] For Uganda, we only had access to the monthly average price rather than weekly or daily

Figure 5: Average daily wholesale and retail prices of imported rice in East Africa (December 2022)



Source: Authors' construction using data from RATIN (for Uganda, Tanzania, and Rwanda), and the Ministry of Agriculture and Livestock for Kenya

Table 2 shows the average retail and wholesale price of rice in East Africa between November and December 2022. In December, Uganda posted the highest monthly average percentage change of 8 percent in the East African region. Kenya recorded a reduction in the monthly average retail prices of rice by 2 percent in December but an increase of 2 percent in the wholesale prices. In comparison, Tanzania and Rwanda recorded a reduction of 4 percent and 1 percent, respectively. These variations allude to the evolution of prices in the CPI findings of both countries (KNBS, 2022 and TNBS, 2022).

Table 1: Monthly retail and wholesale prices changes of rice in East Africa between November and December 2022

Commodity	Country	Market Levels	Monthly Average Prices November (USD/MT)	Monthly Average Prices December (USD/MT)	Monthly % Change	Trends
	Kenya	Retail	1403	1374	-2	▼
	Uganda	Retail	1428	1543	8	▲
	Rwanda	Retail	1378	1374	-1	▼
	Kenya	Wholesale	1143	1167	2	▲
	Uganda	Wholesale	1428	1543	8	▲
	Rwanda	Wholesale	1378	1359	-1	▼
Rice	Tanzania	Wholesale	1162	1118	-4	▼
▼ = Decrease			▲= Increase		► = Constant	

Source: Authors' construction using data from the Ministry of Investment, Industry and Trade for Tanzania, eSoKo for Rwanda and Ministry of Agriculture Livestock Fisheries and Cooperatives for Kenya and Uganda Bureau of Statistics for Uganda

Summary and Future Outlook

During December 2022, maize and rice prices across most countries remained relatively stable. From the last week of November to the first week of December, there was a drop in prices of maize and rice in most countries within the range of four to eight percent. The decline in prices might largely be explained by the increase in supply from the harvest of the second season. Tanzania continues to record lower costs for both crops in the region, while prices in Kenya are relatively unstable compared to the other countries. Limitations in the availability of weekly average prices for Uganda limit our discussion for the country. We anticipate that both commodities' prices might remain relatively stable in the subsequent weeks from increased supply from the harvest of the year's second season until about the end of January. Nevertheless, price differences within the region may remain, given Government Intervention in the markets through direct purchases in Tanzania and cross-border trade in Kenya and Rwanda to drive the changes in observed prices for both kinds of cereal.

Data and Methodology

Data for wholesale and retail prices of rice and maize for Uganda and Tanzania were obtained from the (1) Food security Portal (FSP)[2] facilitated by the International Food Pol-

2 The Food Security Portal data for East African countries is from the Regional Agricultural Trade Intelligence Network (RATIN) and is available at food price monitoring Africa weekly average - dataset - ckan (foodsecurityportal.org)

icy Research Institute, (2) Kenya Market Information System [3] sourced for the Ministry of Agriculture Livestock Fisheries and Co-operatives (MALF) for Kenya, and e-Soko (3)[4] for Rwanda. Also, we maintain that the data source for commodity prices for Rwanda neither indicates whether the prices are retail or wholesale. Further, the data for Kenya and Rwanda were collected in the local currencies, measured in Kshs/Kg and Rwf/Kg, and converted to USD/MT. Additionally, we averaged the weekly and daily wholesale and retail prices of maize and rice across the markets for each country in East Africa while drawing comparisons between January and February. We also analysed within-country weekly average wholesale prices of maize in selected markets of Uganda and Kenya. We also computed monthly average changes in rice wholesale and retail prices between January and February for the East African region to quantify any changes in the two periods. Finally, we constructed graphs of wholesale and retail prices of domestically produced and imported rice for Uganda and Rwanda.

References

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