FOOD PRICE MONITOR: MAIZE AND RICE IN EAST AFRICA

JANUARY 2023

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

- There was a reduction in the monthly average percentage changes of maize prices in all the countries except for Tanzania.
- Despite the pronounced drop in prices of maize grain in the East African region, we observe a slight fall in the wholesale and retail prices of rice grains throughout the region.
- For Uganda, the reduced prices can partly be explained by the easing of pump fuel prices observed between December 2022 and January 2023, besides the increased supply from the second harvests.
- Pump fuel prices in Kenya remained relatively stable, but maize prices were lowest in markets bordering Uganda due to cross-border trade.

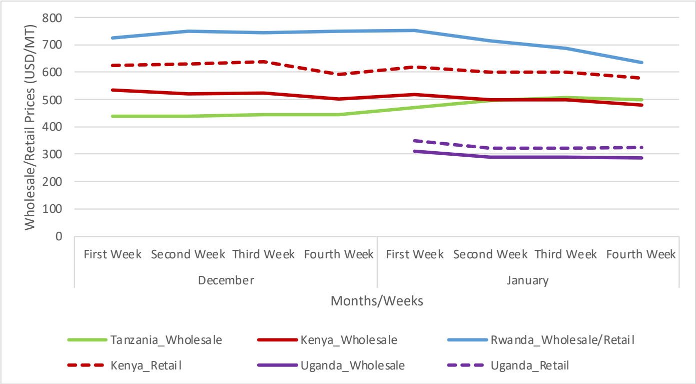
Changing Maize Prices in East Africa

Maize grains are integral to household sustenance and food security in East Africa. From Figures 1,2, 3, and 4, we look at the evolution of the weekly average wholesale and retail prices of maize grains in the selected markets across the East African countries for January 2023, which we compare with the previous month. Figure 1 shows that from a drop in maize prices in December 2023, there was an increase in the prices in the first week of January 2023 which stabilized until about the third week. The exception was Rwanda, whose maize prices remained high until the first week of January 2023 but reduced gradually by about 15.7 percent to the last week of January 2023. From the third week, we observed an overall drop in maize grain wholesale and retail prices towards the end of January in Rwanda, Uganda, and Kenya, except for Tanzania, where the prices rose. For instance, in Rwanda, maize grains' wholesale and retail prices dropped from 752 USD/MT in the first week of January to 634 USD/MT in the last week.

In Kenya, maize grain's retail and wholesale prices dropped by 6.5 percent and 19.1 percent in the last week of January.

The prices in Rwanda remain elevated in the East African region due to the depreciation of their local currency against the US dollar and reliance on Tanzania and Uganda for maize grains. While in Uganda, the retail and wholesale prices dropped from 348 USD/MT and 312 USD/MT in the first week of January to 325 USD/MT and 286 USD/MT in the last week, respectively. The reduction of prices in Uganda vindicates the drop in food crops and related items inflation by 0.4 percent in January compared to 0.3 percent in December 2023 (UBoS [Uganda Bureau of Statistics], 2023). The price drop is partly from the increased supply following the harvest from the second season (Bank of Uganda, 2023). In Tanzania, the wholesale prices of maize rose from 444 USD/MT in the last week of December to 495 USD/MT at the beginning of January, culminating in 500 USD/MT. The increased prices of maize in Tanzania coincide with the monthly Consumer Price Index (CPI) increase between December and January by 0.7 percent. The price of maize grains contributes to about 5 percent of the surge (Tanzania National Bureau of Statistics, 2023). Further, this could be due to the unreliable rains experienced over the 3rd and 4th quarters of last year in most maize-producing regions of Tanzania, dampening output. It is also attributed to Tanzania opening its borders to people in business from the neighboring countries of Kenya and Rwanda to compete for the commodity within the local markets (Daily News, January 3rd, 2023).

Figure 1: Average wholesale and retail price of maize in East Africa (January 2023)

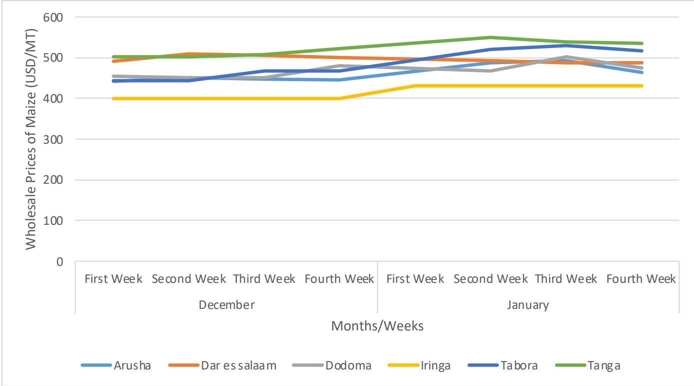


Source: Authors' construction using data from FSP (for Uganda and Tanzania), Ministry of Agriculture Livestock and Fisheries (for Kenya), and e-SoKo (for Rwanda).

Tanzania

In Figure 2, maize prices in most of the selected markets in Tanzania are less volatile except for Dodoma, where the prices were more volatile across the two months. Dodoma is the semiarid central part of the country that represents a deficit (Tanzania, price bulletin 2023). The volatility of wholesale maize prices in Dodoma could be attributed to (1) the increase in supply to the markets with affluent traders and consumers in Arusha and Dar es Salaam, (2) the demand from the regional export markets like Uganda, Kenya, and Southern Africa. Iringa market, a renowned maize-producing region, had the country's lowest and most stable wholesale prices of maize grains, averaging USD 430/MT throughout December and January. However, the wholesale prices in major towns of Tanzania like Dar es Salaam and Arusha dropped in the first week of January. Similarly, in the last week of January, wholesale prices of maize dropped in the other selected markets. The fall in prices could be due to an increase in the quantity supplied of maize grains by farmers to the domestic and export markets and a fall in demand from the festive season.

Figure 2: Average weekly wholesale prices of maize in selected markets in Tanzania (January 2023)

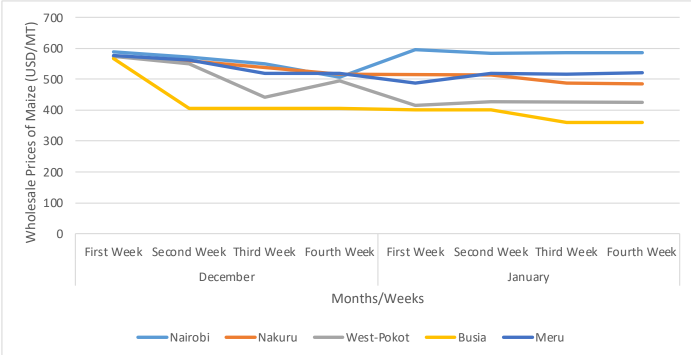


Source: Authors' construction using data from the Ministry of Investment, Industry, and Trade

Kenya

From the relatively high prices in December, wholesale prices within the markets in Kenya (except Nairobi) dropped in the first week of January before rising in the second week. Overall, the wholesale prices of maize grains were more stable in January across the selected markets in Kenya but not in Busia (Figure 3). The stability in prices could be due to the effects of government intervention in the fertilizer market prices and seed procuring for farmers in the rural drought area of the West-Pokot market. The wholesale prices in Nairobi averaged USD507/MT in the fourth week of December, rising to USD596/MT in the first week of January and remained constant at USD585/MT throughout the end of the month. This was attributed to maize imports from Uganda and Tanzania easing supply constraints on the market. Similarly, maize inflow from neighboring markets like Busia supported the stability of prices in the Nakuru market. This stabilized prices from USD517/MT in the last week of December to USD485/MT in the last week of January. In West-Pokot market, prices in the last week of December averaged USD496/MT and fell to USD416/MT in the first week of January. This pattern continued until the end of the month. The government intervention allowing West-Pokot farmers to procure cheaper maize from Uganda might explain the drop in prices in January (Shanzu, 2022). Busia market posted the least and most stable weekly average wholesale prices of maize grains largely because of the supplemented maize grains imported from the Ugandan border at much lower prices.

Figure 3: Average weekly retail prices of maize in selected markets in Kenya (January 2023)

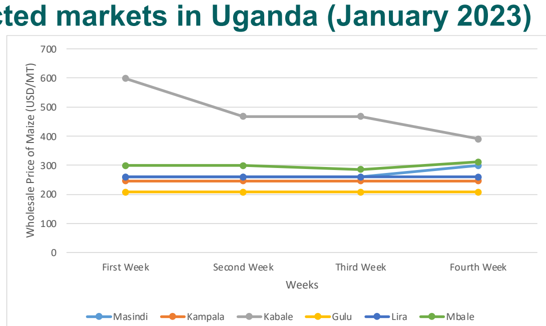


Source: Authors' construction using data from the Ministry of Agriculture Livestock Fisheries and Cooperatives

Uganda

Wholesale prices of maize grains in selected markets of Uganda remained relatively stable in most of the markets in Uganda, including in the capital city, Kampala. Notwithstanding, the Kabale market recorded the highest wholesale prices of maize grains in the country throughout January, averaging between UGD 598MT in the first week and USD390/MT in the fourth week. Kabale is not known to grow maize but perishables and relies on maize grains from other markets like Kampala and Maisindi. The high prices in Kabale are due to the high transportation costs, notably the surge in Diesel prices in January (Figure 5). The Mbale market also recorded relatively high wholesale prices between USD299/MT in the first week and USD312/MT in the fourth week. Prices in Masindi and Lira markets were more or less exact and stable, ranging between USD299/MT and USD260/MT. The low prices in Kampala may be explained by internal trade, where several traders bring their produce to the capital. Low prices in Gulu town can also be presented by internal trade emanating from traders from different locations transporting their maize to a lucrative market in South Sudan.

Figure 4: Average weekly retail prices of maize in selected markets in Uganda (January 2023)



Source: Authors' construction using data from the Daily Traders Market Survey

Comparison of wholesale and retail maize prices in East Africa

There was a reduction in the monthly average percentage changes of maize prices (wholesale and retail) in all the countries except for Tanzania. The decrease in the price of maize is aligned with the regional monthly consumer price index outlooks. Specifically, in January, retail and wholesale prices of maize grains in Kenya decreased by 3 and 4 percent. Wholesale and retail prices in Rwanda decreased by 6 percent. While in Uganda, prices were reduced by 53 and 58 percent, respectively. Elsewhere, Tanzania registered an increase in wholesale prices of 13 percent.

The reduced pump fuel prices can partly explain the reduction in maize prices in Uganda. Between December 2022 and January 2023, the price of petrol was reduced by 3.8 percent from USD1.51/liter to about USD1.38/liter, while the price of diesel was reduced by 2.9 percent from about USD1.45/liter to about USD1.4/liter. There was also an increased supply of maize following the harvest in the second season, which usually happens between December and January.

In Kenya, the pump fuel prices remained stable throughout December and January at USD 1.424 per liter and thus might not explain the observed changes in the price of maize. The reduced maize prices partially emanate from cross-border trade with Uganda from its western side.

Table 1: Changes in average monthly retail and wholesale price of maize in East Africa for December 2022 and January 2023

Commodity	Country	Market Levels	Monthly Average Prices December 2022 (USD/MT)	Monthly Average Prices January 2023 (USD/MT)	Monthly % Change	Trends
	Kenya	Retail	620	599	-3	▼
	Uganda	Retail	0	330	-53	▼
	Rwanda	Retail	742	696	-6	▼
	Kenya	Wholesale	520	499	-4	▼
	Uganda	Wholesale	0	294	-58	▼
	Rwanda	Wholesale	742	696	-6	▼
Maize	Tanzania	Wholesale	442	500	13	▲

▼ = Decrease ▲= Increase ► = Constant

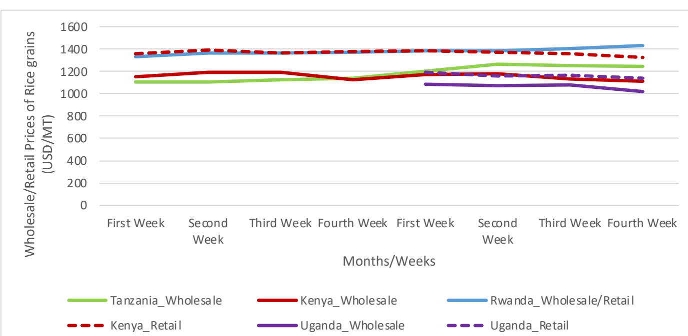
Source: Authors construction using data from FSP (for Uganda), Ministry of Agriculture Livestock and Fisheries (for Kenya), Ministry of Agriculture (for Tanzania), and e-SoKo (for Rwanda)

Changing Rice Prices in East Africa

Despite the pronounced drop in the price of maize grain in the East African region, there is only a slight drop in rice prices. Prices were lowest in Uganda, followed by Kenya and Tanzania, and highest in Rwanda. The price of rice remained elevated throughout December and January in Rwanda, averaging USD 1360/MT in the first week, USD 1407/MT by mid-January, and USD 1431/MT by the end of January. The high prices in Rwanda could be due to the depreciation of their local currency against the US dollar. Kenyan retail prices also remained elevated throughout December and January but fell slightly from USD 1360/MT in the third week to USD 1322/MT by the end of January. The wholesale prices fell mostly throughout January. The fall in the wholesale price prices from Kenya could be due to increased supply from harvest in the second season.

In Uganda, the favorable weather (Bank of Uganda, 2023) in scattered rice-growing areas played an instrumental role. In Tanzania, wholesale prices of rice rose from USD 1128/MT in the last week of December to USD 1266/MT at the beginning of January but maintained stability throughout the month. The rise in prices could be due to the poor rain that affected production in the second season of last year and the surge in demand stemming from the festive seasons around the region. The increase in supply from the regional market from Uganda may explain subsequent price stability.

Figure 5: Average daily wholesale and retail prices of imported rice in East Africa (January 2023)



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

Likewise, Table 2 shows an overall decrease in wholesale and retail prices' monthly average percentage changes. Average monthly retail and wholesale prices were reduced in Kenya and Uganda between December and January but increased in Tanzania and Rwanda. The retail and wholesale prices of rice grains in Kenya decreased by 1 and 2 percent, respectively. In Tanzania, the wholesale prices of rice increased by 12 percent, while the prices in Rwanda increased by 3 percent.

Table 1: Monthly retail and wholesale prices changes of rice in East Africa between December 2022 and January 2023

Commodity	Country	Market Levels	Monthly Average Prices December 2022 (USD/MT)	Monthly Average Prices January 2023 (USD/MT)	Monthly % Change	Trends
	Kenya	Retail	1374	1359	-1	▼
	Uganda	Retail	0	1165	-25	▼
	Rwanda	Retail	1374	1402	3	▼
	Kenya	Wholesale	1167	1147	-2	▼
	Uganda	Wholesale	0	1063	-31	▼
	Rwanda	Wholesale	1359	1402	3	▲
Rice	Tanzania	Wholesale	1118	1254	12	▲
▼ = 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

There was generally a drop in the price of maize and rice in most of the countries in the region, majorly emanating from harvests in the second season. The prevalence of cross-border trade explains the low prices observed in some markets, such as Busia in Kenya and Gulu in Northern Uganda. Transportation costs partly explain spatial variations in prices within the countries. In this month, Tanzania had relatively higher prices for maize and rice compared to other countries deviating from its usual norm of having the lowest prices in the region as per our previous reports. Given that the harvest season for the second season usually ends between January and February, we anticipate that the price of both commodities might increase in the subsequent weeks in February. For countries such as Uganda, where fuel prices seem to reduce over the weeks, likely, prices for the cereals will also reduce.

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)[1] facilitated by the International Food Policy Research Institute, (2) Kenya Market Information System [2] sourced for the Ministry of Agriculture Livestock Fisheries and Co-operatives (MALF) for Kenya, and e-Soko (3)[3] 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.

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[1] 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)

[2] Ministry of Agriculture Livestock Fisheries and Co-operatives, Kenyan Market Information System. Data available via http://amis.co.ke/site/market/900?product=1&per_page=100

[3] e-SOKO price data is available from the Ministry of Agriculture and Animal Resources of the Republic of Rwanda: http://www.esoko.gov.rw/esoko/Dashboard/Login.aspx?DashboardId=4&dash=true&Login=true

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