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FOOD PRICE MONITOR: MAIZE AND RICE IN EAST AFRICA

MARCH 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

- Kenya retains the highest wholesale and retail prices of maize grains in the East African region, followed by Rwanda and Tanzania, and Uganda with the least prices.
- The average price of the maize grain in each of the four countries is still higher than the global average price of maize grain at USD 302.8/MT, implying that the East African countries can still not efficiently supply grain to the global market
- We observe volatile prices of imported rice varieties across East African countries, particularly Uganda, Kenya, and Rwanda. This alludes to the unstable domestic currency against the US dollar experienced mainly in Kenya and Rwanda.
- Government interventions to regulate price volatility, and price increments, such as tax waivers, will primarily drive the price movements of the major cereals in the subsequent months.

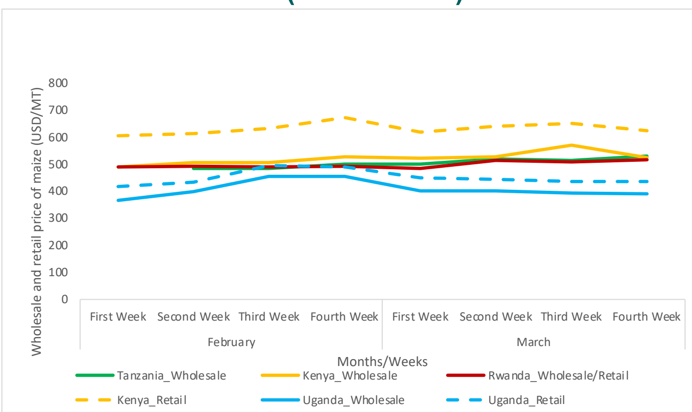
Changing Maize Prices in East Africa

The trend in price changes from February to March shows relatively stable prices among the East African countries (Figure 1). The wholesale prices of maize grains in Kenya were relatively stable throughout February to March, with a slow price increment in the second week till the third week, where it hiked to 568 USD/MT and recovered to 523 USD/MT in the last week of March. The retail prices in Kenya were significantly higher than the wholesale price, with a margin in the range of 14 percent to 34 percent. Kenya is facing high maize prices from a shortage of maize in the country due to the depletion of stock from the last season despite the Government authorizing the importation of duty-free maize into the country (Bii, 2023). As quoted from the national newspaper, "*Kenyans will pay more for the maize flour as several millers' suspended operations due to an acute shortage of the grain to the point they cannot sustain operations for the next month*" (*Bii, 2023; The Nation March 14, 2023).* Also, coupled with the depreciating Kenyan currency against the dollar, Kenyans are forced to spend more on purchasing maize imports (Kitimo, 2023).

Maize prices in Rwanda were relatively stable from the second week of February to the first week of March, and then slightly increased from 483 USD/MT in the first week to 514 USD/MT in the second week, dropped slightly further to 508 in the third week and recovered to 5I5 USD/MT in last week. The slight decline is in line with the small decrease in Inflation in food and beverages from 4.7 percent in February to 4.3 percent in March, as reported by the Central Bank of Rwanda. In Tanzania, we observe a slow progressive increase in the wholesale price of maize from 500 USD/MT in the fourth week of February to 519 USD/MT in the second week, then a slight drop to 513 USD/MT in the third week and an increase from the third week to the last week of March at 530 USD/MT. In Tanzania, there has been an increase in the price of maize due to scarcity brought about by poor rains in most parts of the country (Ubwani, 2023). This has also been coupled with increasing inflation rates

(Ubwani & Mosenda, 2023). However, government store reserves have helped contain the price hikes. In Uganda, the price of wholesale maize reduced from 453 USD/MT to 401 USD/MT, and the retail price reduced from 489 USD/MT to 448 USD/MT from the fourth week of February to the first week of March and then both the retail and wholesale prices stabilized throughout March. This is aligned to the headline inflation which dropped by 9.2 percent in February (Bank of Uganda, 2023; Uganda Bureau of Statistics, 2023). This was due to the favorable weather conditions experienced throughout the country, particularly in the Maize producing regions (Bank of Uganda, 2023).

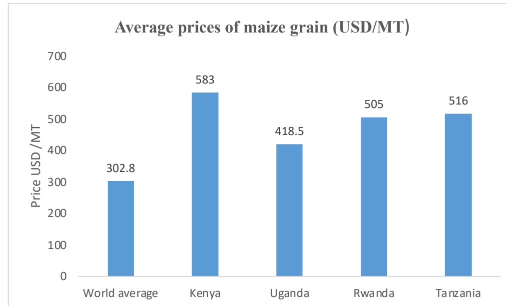
Figure 1: Average wholesale and retail price of maize in East Africa (March 2023)



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

The average price of the maize grain in each of the four countries is still higher than the global average price of maize grain at USD 302.8/MT, implying that the East African countries can still not efficiently supply grain to the global market. For the past six months, the international average price of maize, like most other grains, has been declining (World Bank food security update, April 2023) largely due to the renewal of the Black Sea Grain Initiative, favorable weather conditions, and reduced energy costs. The Black Sea Grain Initiative, renewed on March 18 for another six months, allows Ukraine to export commercial food and fertilizer to the rest of the World to stabilize spiraling food prices.

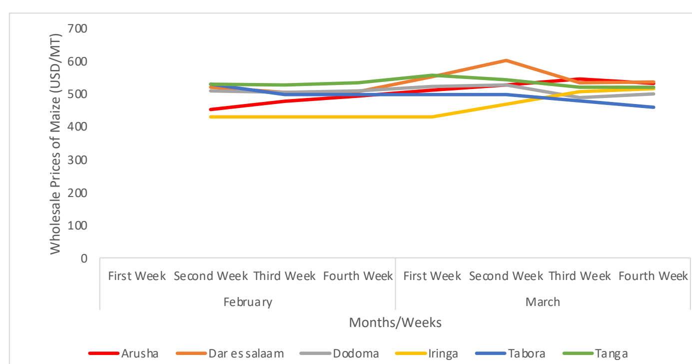
Figure 2: Average price of maize grain in East Africa and the World average for March, 2023



Tanzania

As shown in Figure 3, there were variations in the wholesale prices of maize grains in selected markets in Tanzania. Arusha and Dar es Salam markets experienced the same price trend of rising prices in the first and second week of March and a stable price in the last two weeks of March, while Tabora and Tanga Markets showed similar slowly declining trend lines from the first week to the third week of March. All the markets had relatively stable maize grain prices between the third week to the fourth week of March except Tabora, which had a slight decline. Prices remained lowest in Iringa, a high Maize producing area, although there was a gradual increase from the first week to the subsequent weeks. These mixed price trends in most markets reflect the poor seasonal rains that have worried most farmers (Ubwani, 2023).

Figure 3: Average weekly wholesale prices of maize in selected markets in Tanzania (March 2023)



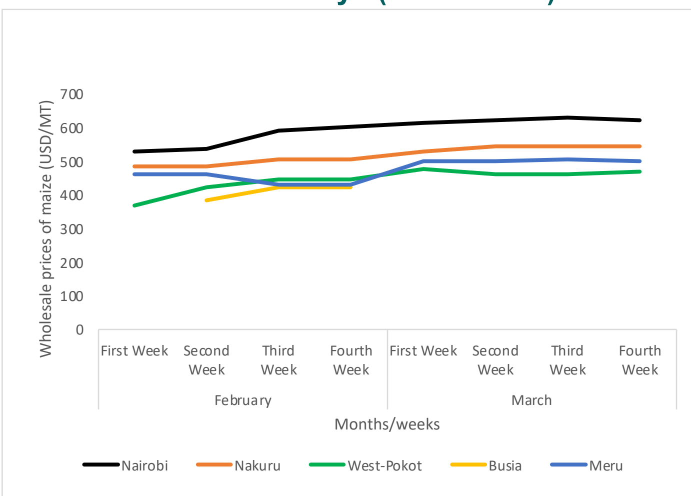
Source: Authors' construction using data from the Ministry of Investment, Industry, and Trade

Kenya

The price trend of maize grain prices in the selected Kenyan markets shows relatively steady prices in the first week of

March to the fourth week. Nairobi had the highest prices at 624 USD, Nakuru at 547 USD, and West Pokot had the lowest prices during the month. The prices could have been slowly progressing because the Government imported duty-free rice as an alternative to maize flour. In addition, the Government issued permits to import duty-free white maize, as Atieno (2023) reported. The Government also imported about 10 million bags of duty-free maize for animal consumption to lower the demand for human consumption and reduce the staple prices (Bii, 2023 in the Nation March 14, 2023).

Figure 4: Average weekly retail prices of maize in selected markets in Kenya (March 2023)

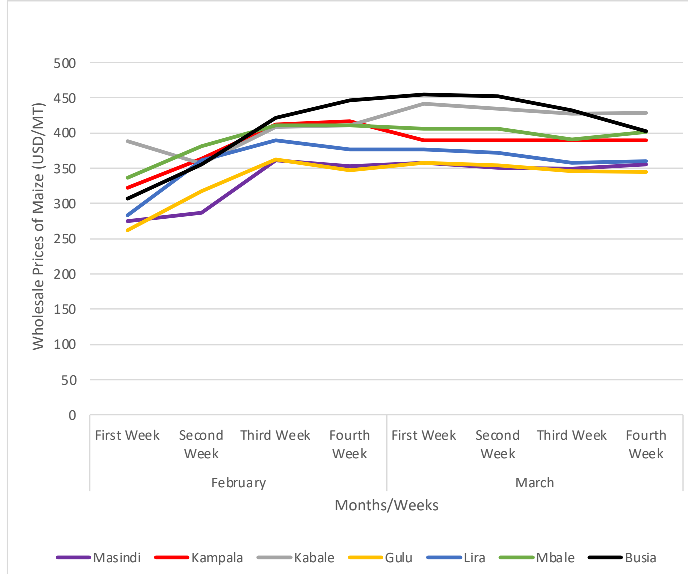


Source: Authors' construction using data from the Ministry of Agriculture Livestock Fisheries and Cooperatives

Uganda

From the Figure below, Masindi and Gulu Markets had slightly stable prices and similar price trends during March. Kampala had a sharp decline in wholesale maize prices from the last week of February at 416 USD to 390 USD in the first week of March and remained stable throughout the remaining weeks. In Mbale also, wholesale maize prices decreased from the fourth week of February at 411 USD to 406 USD in the first week of March, remained steady, and then declined in the last week of March. From the third to the fourth week of March, all markets had relatively stable prices except Busia, which dropped from 432 USD to 403 USD between the third and fourth week. Busia is a town in Uganda bordering western Kenya and where cross-border trading of maize takes place.

Figure 5: Average weekly retail prices of maize in selected markets in Uganda (March 2023)



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

Comparison of wholesale and retail maize prices in East Africa

Tanzania, Kenya, and Rwanda had an overall small percentage increase in wholesale prices, with Tanzania having the highest increase of 6 percent (Table 1). Only Uganda had a percentage decline in maize prices of 4 and 5 percent for retail and wholesale prices, respectively.

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

Commodity	Country	Market Levels	Monthly Average Prices February 2023 (USD/MT)	Monthly Average Prices March 2023 (USD/MT)	Monthly % Change	Trends
	Kenya	Retail	630	632	0	►
	Uganda	Retail	458	441	-4	▼
	Rwanda	Retail	490	505	3	▼
	Kenya	Wholesale	506	534	5	▲
	Uganda	Wholesale	418	396	-5	▼
	Rwanda	Wholesale	490	505	3	▼
Maize	Tanzania	Wholesale	489	516	6	▲

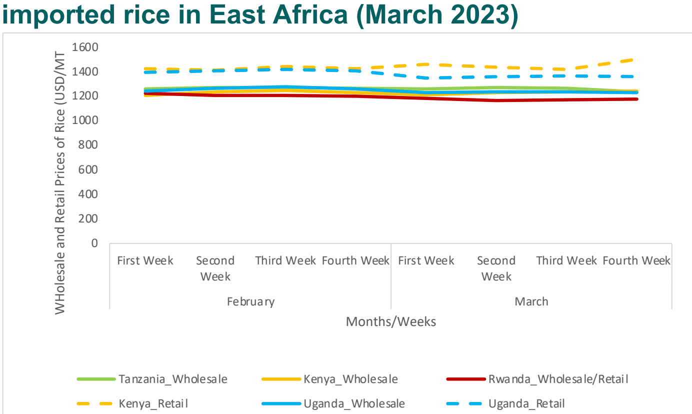
▼ = Decrease ▲= Increase ► = Constant

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

In Figure 5, the price of rice in all the countries maintained quite a similar trend from February to March. The price of rice remained relatively stable in Kenya, Rwanda, Uganda, and Tanzania. However, In Uganda, prices slightly dropped between the last week of February and the first week of March for both the wholesale and retail prices of rice. In Kenya, retail prices increased from 1422 USD/MT in the fourth week of February to 1454 USD/MT in the first week of March, then reduced in the second, and remained stable till the last week of March when they increased to 1498 USD/MT. Wholesale prices remained relatively the same in Kenya, likely because of the arrival of imported duty-free rice in the first week of March. (Kitimo,2023). In Uganda, the wholesale and retail prices of rice decreased from the last week of February to the first week of March from 1258 USD/MT to 1224 USD/MT and from 1401 USD/MT to 1343 USD/MT in the wholesale and retail prices respectively with a slow increase throughout the month. In Tanzania, the wholesale prices were relatively the same from February through March. The Government of Tanzania instituted tax permits for certain companies to import rice at subsidized prices. This helped to contain the increase in rice prices during the fasting season that started in March (The Guardian, 2023). In March, the cost of rice in Tanzania slightly decreased from 1263 USD/MT in February to 1254 USD/MT in the first week of March, then to 1265 in the second and third week, and finally dropped to 1234 USD/MT in the last week. Rwanda had minimal changes in the price of rice from February to March.

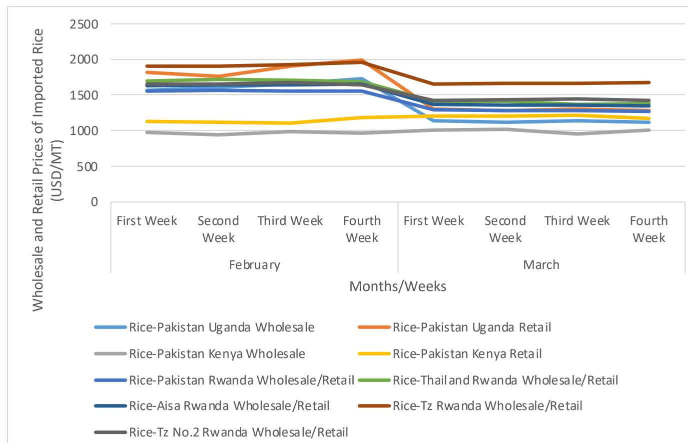
Figure 6: Average daily wholesale and retail prices of imported rice in East Africa (March 2023)



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

Figure 7 below shows the variations in wholesale and retail prices of imported rice varieties in East Africa. Rwanda had the highest costs of imported rice compared to Uganda and Kenya. All the countries had relatively stable prices throughout March. Noticeably, Kenya had the lowest wholesale and retail prices due to the importation of duty-free rice at the beginning of March (Kitimo, 2023). The FAO cereal price index reduced by 5.6 percent in March from February primarily driven by improved harvest from exporting countries, improved crop conditions, high supplies from Russian Federation, and ongoing exports from Ukraine from its Black Sea ports. For rice specifically, the world prices are said to have reduced by 3.2 percent following large harvests from countries like Vietnam, Thailand, and India (FA0, 7th April, 2023).

Figure 7: Weekly average wholesale and retail prices of imported rice varieties in East Africa (March 2023)



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

Table 2 shows the monthly retail and wholesale percentage changes of rice. Only Kenya had an overall increase in retail and wholesale prices. The rest of the countries had a decrease in prices, with Rwanda having the highest rice price reduction among the East African countries. Generally, prices were less volatile during March.

Table 2: Monthly retail and wholesale prices changes of rice in East Africa (February-March 2023)

Commodity	Country	Market Levels	Monthly Average Prices February 2023 (USD/MT)	Monthly Average Prices March 2023 (USD/MT)	Monthly % Change	Trends
	Kenya	Retail	1422	1450	2	▲
	Uganda	Retail	1401	1354	-3	▼
	Rwanda	Retail	1206	1170	-3	▼
	Kenya	Wholesale	1225	1227	0	▲
	Uganda	Wholesale	1258	1227	-2	▼
	Rwanda	Wholesale	1206	1170	-3	▼
Rice	Tanzania	Wholesale	1263	1254	-1	▼

▼ = 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 Daily Market Traders Survey for Uganda

Summary and Future Outlook

From the last week of February to March, we observe a declining trend, albeit stable wholesale and retail prices of maize and rice grains in the East African region. The decline in prices is primarily attributed to the conducive weather patterns being experienced across the region. Also, stabilizing the domestic fuel prices has eased the cost of transportation of food from the rural farmers and local markets to the main town markets where the demand is often undoubtedly high. In its economic outlook, the African Development Bank (AfDB) projects a decline in the rate of Inflation in East Africa in the subsequent months. We, therefore, anticipate that the prices of rice and maize grains will continue declining in the following months. In Kenya, the Government seems committed to intervening in the maize market to lower the prices. Amongst the suggested interventions are: (1) to lower the price of imported maize following a tax waiver (2) to reduce the price of maize substitutes like rice. Ultimately, these Government interventions will affect future prices.

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.

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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