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FOOD PRICE MONITOR: MAIZE AND RICE IN EAST AFRICA

NOVEMBER 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.

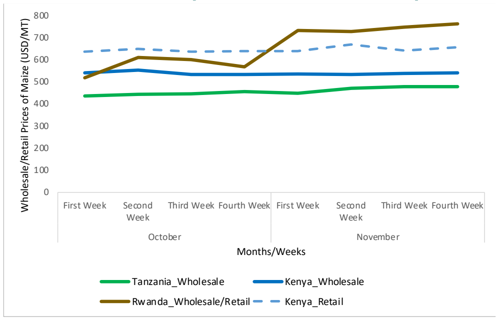
Highlights

- The price of maize was generally higher in November than in October in most countries as the lean season approached. Kenya and Rwanda posted the highest prices, and Tanzania had the least prices.
- In Rwanda, maize wholesale/retail prices were more erratic in November, primarily due to rising imported maize prices amidst low domestic production. The increase in diesel fuel prices in Uganda has made transportation costs of maize grains across the borders to Rwanda also very expensive.
- Tanzanian wholesale prices of maize are substantially low compared to other countries because of the government's policy of maintaining solid buffers in stocks in the national grain reserves.
- Kenya continues to have the highest wholesale and retail price of maize and rice despite the maize harvest season compounded by the removal of food and fuel subsidies, which the government termed as 'unsustainable.'

Changing Maize Prices in East Africa

The price of maize was generally higher in November than in October in most of the countries as the lean season approached (Figure 1). Kenya and Rwanda posted the highest prices in the region in November, and Tanzania had the least prices. The wholesale prices of maize in Kenya and Tanzania were more stable throughout October and November. However, the retail prices in Kenya were more nuanced in October and experienced swings in November. The stability in prices of maize in Kenya could be explained by the slight bumper harvest season and the expected importation of 10 million bags of maize which prompted fears among farmers to sell off their produce quickly. In Rwanda, the wholesale/retail prices of maize were more erratic across the weeks in October and November. This could be attributed to rising imported maize prices amidst low domestic production. In Rwanda, the weakening of their Rwanda Francs against the US dollar has made their imports, such as maize grain from the regional neighbours, very expensive. Further, the increase in diesel fuel prices in Uganda has made transportation costs of maize grains across the borders to Rwanda very expensive. Tanzanian wholesale prices of maize are substantially low in the region because of the government's policy of maintaining strong buffers in terms of stocks in the national reserves for maize grains.

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

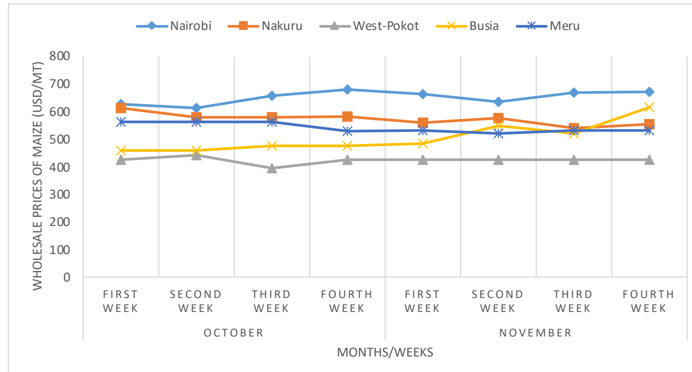


Source: Authors' construction using data from FSP (for Uganda and Tanzania), Ministry of Agriculture Livestock and Fisheries (for Kenya), and e-SoKo (for Rwanda).

Kenya

The weekly wholesale prices of maize in selected markets in Kenya in Figure 2 show significant variations in the evolution of prices. Wholesale prices in West Pokot were stable throughout October and November, hovering between 400 USD/MT and 450 USD/MT, except for the third week of October, where they dampened to 394 USD/MT. Similarly, in Busia, wholesale prices were more controlled from October until November, when prices became volatile. For example, 483 USD/MT was recorded in the first week. In the second week, 549 USD/MT, and in the third week, prices dropped to 531 USD/MT and rose to 615 USD/MT in the fourth week. In Nakuru, the wholesale prices were stable in October until the second week of November, when the prices began to fall from 549 USD/MT to 531 USD/MT in the third and fourth week. In Nairobi, price variations were seen throughout October and November. West-Pokot which has been largely known for cattle herding registered the lowest prices. Severe drought prompted the government of Kenya to supply maize seeds to the farmers to tackle the rampant food insecurity, increasing production and, subsequently maize prices in the area recently. Additionally, the preference to import cheaper maize from Uganda by residents and traders from West-Pokot has driven maize prices in that region low (Shanzu, 2022). Nairobi, a city centre, recorded the highest wholesale prices. For obvious reasons, the purchasing power amongst the Nairobi urban dwellers is higher than other markets, which pushes demand and hence the highest prices observed in the country. Nakuru and Meru are located along the rift valley area that experienced heavy drought in the past seasons, and this has kept prices high in those areas. Busia market, being a border town, relies a lot on maize grains imported from Uganda. Since Ugandan farmers also experienced drought, high fertilizer input prices, and high transportation costs, these have induced price contagion in the Busia market in Kenya. It is unsurprising that wholesale prices in Busia rose to levels seen in the Nakuru market in the third week of November and even surpassed in the last week.

Figure 2: Average weekly wholesale prices of maize in selected markets in Kenya (November 2022)



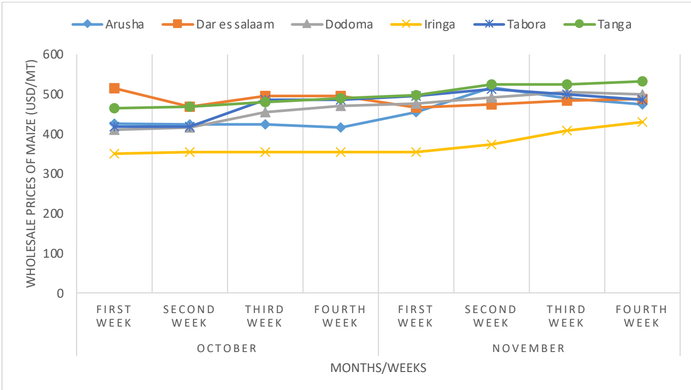
Source: Authors' construction using data from the Ministry of Agriculture and Livestock of Kenya

Tanzania

Markets in Tanzania showed varied trends in the wholesale prices of maize across the weeks of October and November (Figure 4). Wholesale prices in the Iringa market were more subtle in October than in November, where they experienced a rise to 409 USD/MT and 430 USD/T in the third week and fourth week, respectively, from 373 USD/MT in the second week. In Arusha, Dodoma, and Tabora markets, the wholesale prices of maize exhibited an almost similar pattern throughout October and November. The Tanga market demonstrated stable prices but an upward trend throughout October and November. In the Dar es Salaam market, the prices were more volatile at the beginning of October, falling from 514 USD/MT in the first week of October to 468 USD/MT in the second week, maintaining that flow and range until the end of November.

Iringa market had the lowest wholesale prices of maize in Tanzania primarily because it is a well-known high maize-producing region. This further vindicates why the wholesale prices in Iringa markets were significantly lower than the rest of the other markets in Tanzania. In other renowned Central Business Districts (CBDs) like Arusha, Dar es Salaam and Dodoma, the wholesale prices of maize surged in November, unlike October, due to a rise in demand induced by traders opting to export their produce to regional markets for higher gains. Also, the long dry spell and floods from heavy rains affected other maize-producing regions like Tanga and Tabora, which explains the rising prices observed.

Figure 3: Average weekly retail prices of maize in selected markets in Tanzania (November 2022)



Source: Authors' construction using data from the Ministry of Investment, Industry, and Trade for Tanzania Changing Rice Prices in East Africa

Comparing maize's wholesale and retail prices in October and November, Rwanda had the highest price percentage increase (Table 1). Kenya's maize retail price increased while the wholesale price decreased (Table 1). Between October and November, Rwanda had the highest percentage increase in wholesale/retail prices. This increase may be attributed to the weakening of the Rwanda Franc against the US dollar since Rwanda relies on the import of maize from Tanzania and Uganda and the region to meet its domestic supply shortages. The wholesale price of maize grain in Uganda and Kenya fell by 6 and 1 per cent, respectively, in November, which might have partially arisen from the easing in consumer demand stemming from the closure of schools, the biggest consumers of maize processed products. The regional market could primarily drive the rise in the wholesale price of maize in Tanzania since they are the leading exporters of maize grain in the South and East African region.

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

Commodity	Country	Market Levels	Monthly Average Prices October (USD/MT)	Monthly Average Prices November (USD/MT)	Monthly % Change	Trends
	Kenya	Retail	638	650	2	▲
	Uganda	Retail	613	575	-6	▼
	Rwanda	Retail	572	741	30	▲
	Kenya	Wholesale	538	535	-1	▼
	Uganda	Wholesale	613	575	-6	▼
	Rwanda	Wholesale	572	741	30	▲
Maize	Tanzania	Wholesale	443	467	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)

From Table 1, the changes in the average weekly wholesale and retail prices of rice in East Africa vary. Uganda showed the highest increment in the average monthly percentage change in wholesale and retail prices by 15 and 17 per cent respectively. There were no changes in the average monthly percentage change in rice wholesale and retail prices in Kenya, and Tanzania and Rwanda recorded minor changes.

Changing Rice Prices in East Africa

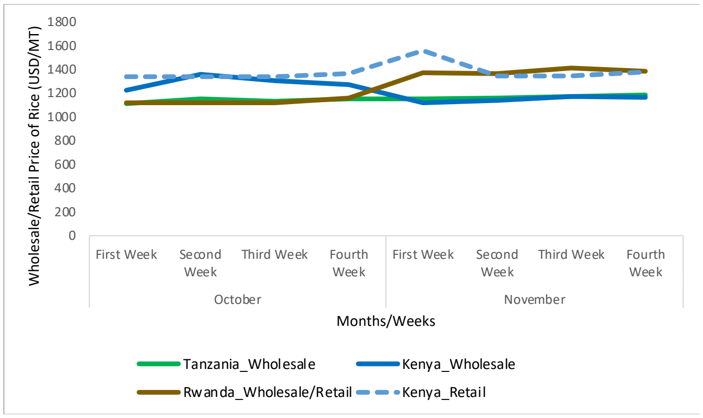
The wholesale price of rice was highest in Rwanda and relatively the same for Kenya and Tanzania, except that the retail price of rice in Kenya was extremely high. The high difference between wholesale and retail prices could be attributed to increasing diesel fuel prices in transporting rice grains to the main markets. Also, the costs incurred in processing rice contribute to the price difference since most households and urban dwellers in main towns like Nairobi, Mombasa, and Kisumu prefer sorted rice for easy preparation.

Tanzania recorded 1145 USD/MT wholesale prices in the first week, 1154 USD/MT in the second and third weeks and 1166 USD/MT in the third week, and 1184 USD/MT in the fourth week. Wholesale prices in Kenya averaged 1116 USD/MT in the first week, 1132 USD/MT in the second week, 1166 USD/MT in the third week, and 1159 USD/MT respectively in the fourth week, while the retail prices averaged 1552 USD/MT in the first week, 1343 USD/MT in the second week, 1340 USD/MT in the third week and 1376 USD/MT in the fourth week. In Rwanda, the wholesale/retail prices of rice averaged 1369 USD/MT in the first week, 1360 USD/MT in the second week, 1407 USD/MT in the third week, and 1378 USD/MT in the fourth week. Wholesale rice prices in Tanzania were surprisingly higher than in Kenya in some weeks. For better profit margins, most traders from Tanzania prefer to export their rice grains to Rwanda, Kenya, and other Southern African countries. Exportation creates shortages and induces domestic prices to rise due to high demand. Also, the high rice prices in Rwanda may result from the price contagion of imported rice from Tanzania. Rwandan households have a high preference for imported rice from Asia and Tanzania.

Comparing the prices between October and November, the cost of rice was relatively stable in Rwanda and Tanzania in the two months, while Kenya recorded more volatile wholesale and retail prices. For instance, wholesale rice prices in Tanzania and Rwanda ranged between 1000 USD/MT and 1200 USD/MT throughout October. Still, at the beginning of

November, they rose to 1369 USD/MT and maintained the same stable movement until the end of the month. While the wholesale prices in Kenya rose from 1218 USD/MT in the first week of October to 1335 USD/MT in the second week, closing in on the retail prices, then dropped further in the first week of November to 1116 USD/MT and after that maintained stability until the end of the month.

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



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

Comparing rice's wholesale and retail prices in October and November, Rwanda had the highest price percentage increase (Table 2). Kenya had the highest growth in retail prices of rice by 5 per cent, followed by Rwanda at 4 per cent and Uganda at the least 2 per cent. The depreciation could be attributed to the depreciation in Kenya's local currency against the US dollar, given that Kenya relies on imported rice from within the region and global markets.

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

Commodity	Country	Market Levels	Monthly Average Prices October	Monthly Average Prices November	Monthly % Change	Trends
	Kenya	Retail	1339	1403	5	▲
	Rwanda	Retail	1125	1378	23	▲
	Uganda	Retail	1402	1428	2	▲
	Kenya	Wholesale	1284	1143	-11	▼
	Uganda	Wholesale	1402	1428	2	▲
	Rwanda	Wholesale	1125	1378	23	▲
Rice	Tanzania	Wholesale	1132	1162	3	▲
▼ = 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 November 2022, maize and rice prices across most countries except Uganda increased compared to October 2022. Inflation is generally increasing following rising fuel costs, Russia Ukraine conflict, and unpredictable seasons. The prices of both commodities might continue to rise in the subsequent months following inflation but also as the lean season of fewer harvests approaches. Some countries like Kenya have in the past responded to the challenge of increasing fuel costs by instituting subsidies and then later withdrawing them, terming them as unsustainable. Instead, to cover the deficits in maize production, the Government of Kenya expects to import 10 million bags of maize for the next six months. This intervention is likely to stabilize maize prices in Kenya in the subsequent months.

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]

[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

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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