FOOD PRICE MONITOR: MAIZE AND RICE IN EAST AFRICA

FEBRUARY 2024

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

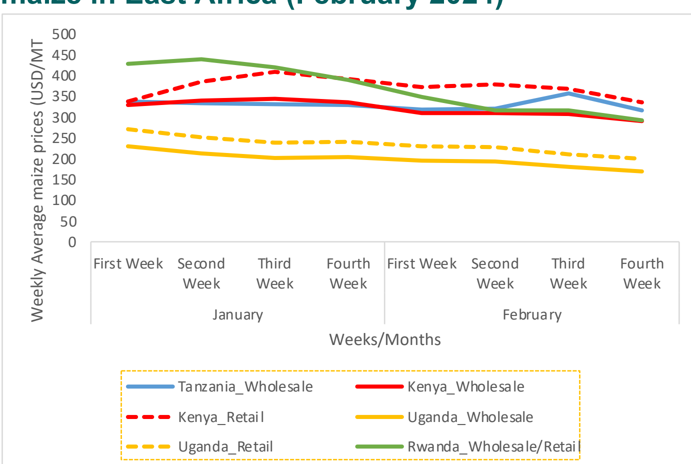
- It has been eight months since the wholesale and retail prices of maize have been declining within the region. The prices in 2024 remain lower than in 2023 due to favorable weather conditions and other factors related to fuel costs, Government interventions in the form of subsidies, and reduced taxes.
- The price of rice has nevertheless not shown a drastic decline in the past 12 months compared to the price of maize in the countries. However, the weakening exchange rates are a critical influencing factor, especially for imported rice varieties.
- Restrictions on rice exports by India have also affected the price of some imported rice varieties like Thai rice.
- The intervention of Governments continues to play a crucial role in influencing agricultural prices of commodities, particularly in Rwanda and Tanzania. For example, in Rwanda, the government has intervened in purchasing maize, irrespective of the moisture content, allowing prices to vary depending on the moisture levels.

Changing Maize Prices in East Africa

From January to February, there was a gradual decrease in maize prices across all four countries. Rwanda reported the highest decline in maize prices, followed by Uganda, Kenya, and lastly Tanzania. February coincides with the East African countries' harvest period following the October-December season. Table 1 also shows that the average monthly price of maize in February 2024 was generally lower than in the same month in 2023. The average monthly wholesale and retail price decline was highest for Rwanda (23.9 percent decline), followed by Uganda (13.4 percent decline), Kenya, and Tanzania.

The significant price decline in Rwanda might be attributed to reduced transportation costs following reduced fuel prices and likely increased supply into the market. In the latter case, the Government of Rwanda set minimum prices for maize purchased by farmers for both well-dried and wet maize. This was in consideration of the unexpected rains from mid-January, which made it difficult for farmers to sell their maize. However, with the new price announcements, threshed grain maize with moisture content ranging from 13.5 percent to 18 percent is priced at Rwandan francs (Rwf) 400 per kilogram (USD 0.31 per Kg). In comparison, maize grain with moisture content between 19 percent and 25 percent is priced at Rwf 350 per kilogram (USD 0.27 per Kg)[1] (Ntirenganya, 2024).

Figure 1: Average wholesale and retail price of maize in East Africa (February 2024)

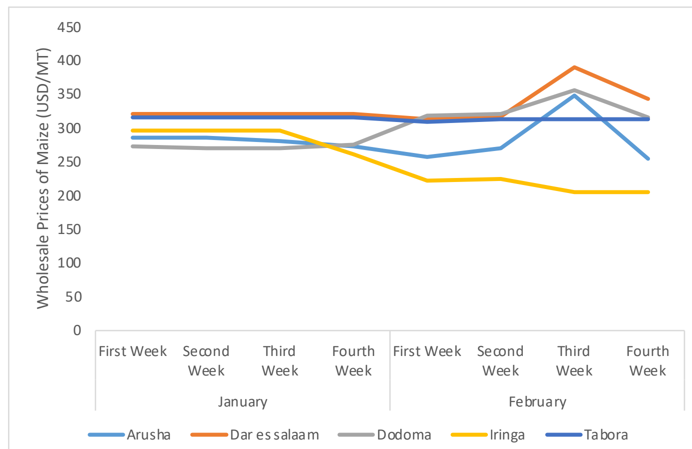


Source: Authors' construction using data from FSP (for Uganda and Tanzania), Ministry of Agriculture Livestock and Fisheries (for Kenya), and e-SoKo (for Rwanda).

Tanzania

In Tanzania, the market-level data for various markets such as Arusha, Dar es Salaam, Dodoma, Iringa, and Tabora provides valuable insights into the wholesale prices of goods over a month (Figure 4). Iringa had the lowest average wholesale prices of maize grain, while Daresalam had the highest in February. Daresalam is the primary consumer market in Tanzania. The maize prices across all the markets peaked in the third week and subsequently reduced in the fourth week. Unlike in January, where prices were stable, the weekly average wholesale prices of maize within the selected markets showed significant variations in February.

Figure 2: Average weekly wholesale prices of maize in selected markets in Tanzania (February 2024)



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

Kenya

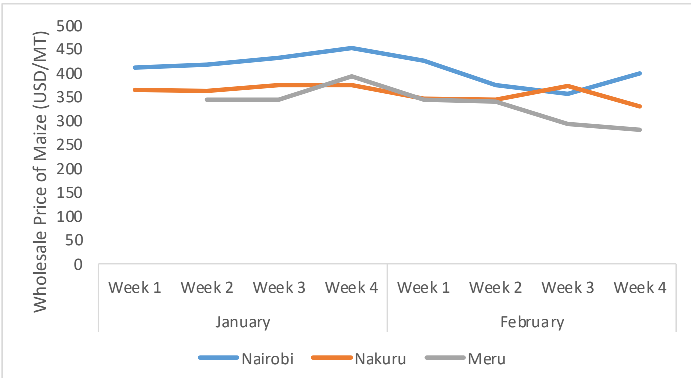
In Kenya, maize's average weekly wholesale price also declined from January 2024. In the first week of February, wholesale and retail prices were relatively high at 310 USD/MT and 371 USD/MT, respectively. As the weeks progressed, there was a decline in prices. By the second week, the wholesale price had dropped to 309 USD/MT, and the retail price had decreased to 378 USD/MT. This downward trend continued into the third week, with wholesale prices reaching 308 USD/MT and retail prices falling to 367 USD/MT. In the fourth week of February, we saw the lowest prices of the month. The wholesale price dropped to 291 USD/MT while the retail price was at its lowest at 335 USD/MT. Overall, February recorded a decline in prices due to competitive harvest from the short rains of October to December (FAO, 2024). In addition, there was an increase in

[1] https://www.newtimes.co.rw/article/14817/news/agriculture/unusual-rains-impact-maize-prices-in-rwanda

maize imports from Uganda, which traders buy cheaply from the border into the informal markets in the country. For example, a 90-kilogram bag of maize that used to retail at Kenya Shillings 4,200 (US$28.87) is now fetching as low as Kenya shillings 3,400 (US$23.4) (Milling Middle East and East Africa, 2024).

Within the different markets in Kenya (Figure 3), the decline in price across the different markets can be attributed to the reduction in fuel prices in Kenya by 0.5 percent for petrol and a drop in inflation from 6.9 in January to 6.3 percent in February (Kenya National Bureau of Statistics, 2024).

Figure 3: Average weekly retail prices of maize in selected markets in Kenya (February 2024)

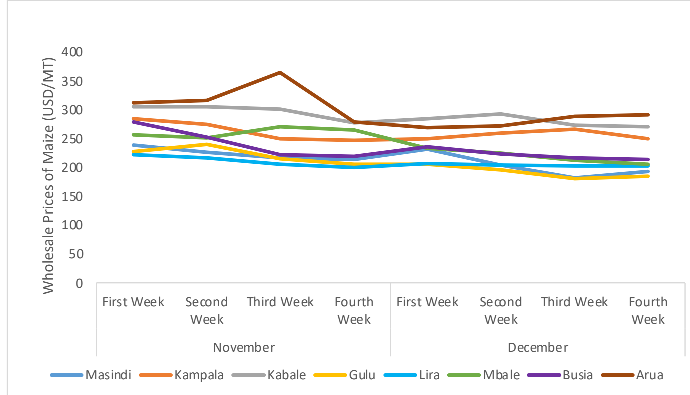


Source: Authors' construction using data from the Ministry of Agriculture Livestock Fisheries and Cooperatives

Uganda

In Uganda, there was an evident gradual decline in the prices from January 2024 into February (Figure 2). The price decline can be attributed to the available bumper harvests of the second season (FAO, 2024). In January, the wholesale prices of maize in Uganda started at 231 USD/MT in the first week and gradually decreased to 205 USD/MT by the fourth week. Retail prices started at 270 USD/MT and ended at 240 USD/MT. Across the markets, the weekly average prices were highest in Kabale and Arua, followed by Kampala. The lowest prices were in Gulu and Masindi markets. Masindi is a well-known district for maize production and, therefore, adequate supply.

Figure 4: Average weekly retail prices of maize in selected markets in Uganda (February 2024)



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

Comparison of wholesale and retail maize prices in East Africa

The move by the Government of Rwanda to announce and set a price benchmark to avoid farmer exploitation by intermediaries should have kept the prices in February at the same level as they were in January (January 19, 2024) or, as an immediate response, lead to increased prices. Instead, there was a significant decrease in prices, which could be due to the non-enforcement of the set prices. There have been incidences where farmers have complained that traders have not adhered to them[2].

Table 1: Changes in average monthly retail and wholesale price of maize in East Africa for January and February 2024

Country	Market Levels	Monthly Average Prices January 2024 (USD/MT)	Monthly Average Prices February 2024 (USD/MT)	Monthly % Change	Trends	Monthly Average Prices February 2023 (USD/MT)
Kenya	Retail	381	363	-4.7	▼	630
Uganda	Retail	250	217	-13.4	▼	458
Rwanda	Retail	418	318	-23.9	▼	490
Kenya	Wholesale	337	305	-9.8	▼	506
Uganda	Wholesale	213	185	-13.4	▼	458
Rwanda	Wholesale	418	318	-23.9	▼	490
Tanzania	Wholesale	333	328	-1.6	▼	489

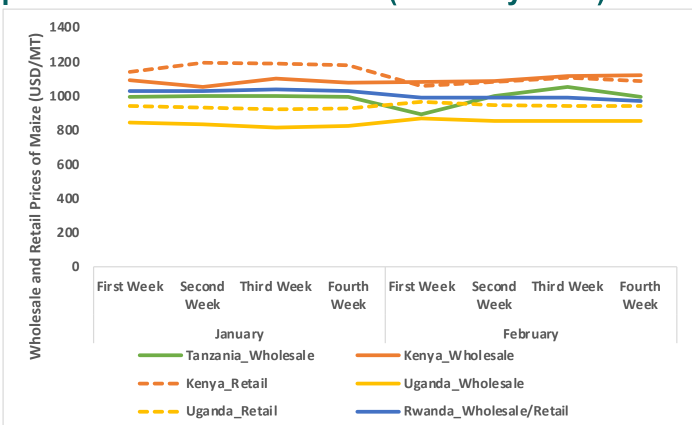
Source: Authors construction using data from FSP (for Uganda), Ministry of Agriculture Livestock and Fisheries (for Kenya), Ministry of Agriculture (for Tanzania), and e-SoKo (for Rwanda)

[2] https://www.newtimes.co.rw/article/184361/News/maize-farmers-count-losses-as-new-prices-remain-unenforced

Changing Rice Prices in East Africa

Uganda recorded the lowest average wholesale price of rice in February, while Kenya recorded the highest average wholesale price across February (See Figure 5). The weekly average wholesale and retail price of rice remained relatively stable across February in Uganda, Kenya, and Rwanda. Tanzania reported a gradual increase from the first to the third week, and the prices only reduced in the fourth week. Notably, in Tanzania, between the last week of January and the first week of February, prices were significantly dropped before rising in the subsequent weeks.

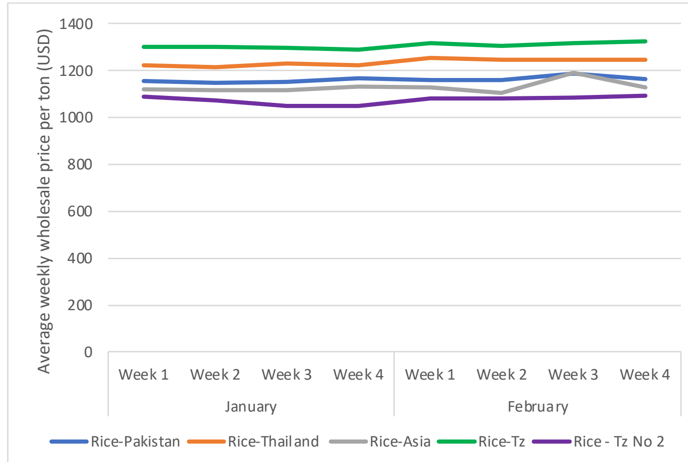
Figure 5: Weekly average wholesale and retail prices of rice in East Africa (February 2024)



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

In Uganda, beyond the price increment from the fourth week of January to the first week of February, the price of rice remained relatively stable across the weeks in February. However, they remained the lowest in the region. There was a slight decrease in the price of rice in Rwanda from the fourth week in January to the first week in February, and the prices remained relatively stable after that. The decrease in rice prices in Rwanda can be attributed to the reduction in fuel prices effective February 12th as announced by the Rwanda Utilities Regulatory Authority (RURA). In Kenya, there was also a slight gradual increase in rice's average wholesale and retail price.

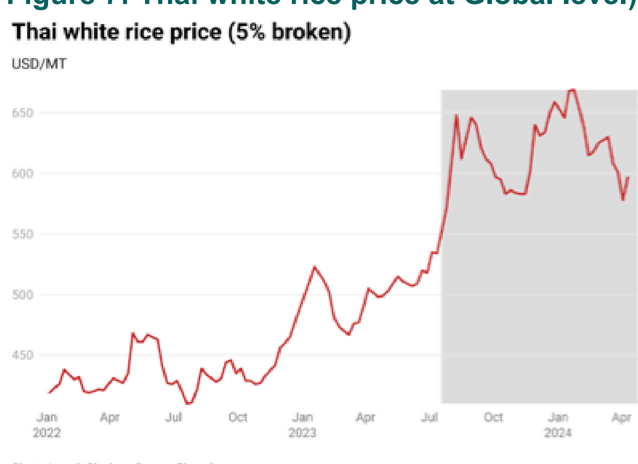
Figure 6: Weekly average wholesale price of imported rice varieties in Rwanda)



Source: Analysis using data from eSoKo for Rwanda of the Ministry of Agriculture

For imported rice varieties (See Figure 6) in Rwanda, the average weekly wholesale price of rice from Tanzania remained the most expensive compared to other rice varieties from Pakistan, Thailand, and other Asian countries. The other rice varieties from Tanzania (Rice Tanzania 2) remain relatively cheaper as they are of a lower grade. The fluctuating price of rice from Asia might be due to the restrictions imposed on the importation of rice from India. Similarly, imported rice from Thailand is expensive compared to other rice varieties, partly due to India's restriction on global rice exportation (Glauber and Mamun, 2024). From mid-July 2023 until the present, there has been an increasing trend in the international price of Thai rice, as shown in Figure 7 below. The increase in Thai rice due to restrictions on the importation of rice from India has affected some markets in the East African region.

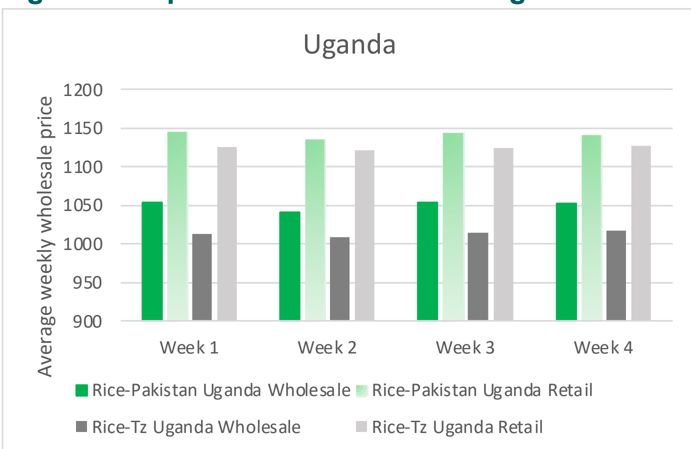
Figure 7: Thai white rice price at Global level)



Source: Glauber and Mamum, 2024

In Uganda, Pakistan, rice was relatively more expensive than rice from Tanzania, and there were fluctuations in its prices in February (Figure 8). Unlike Pakistani rice, rice from Tanzania imported into Uganda remained relatively stable in wholesale and retail prices.

Figure 8: Imported rice varieties in Uganda



In Kenya, the monthly average retail price of rice decreased by 7.8 percent from January 2024 to February 2024, while the wholesale prices increased by 1.9 percent. The reduction in the retail price could be attributed to the 0.5 percent reduction in the price of fuel (Kenya National Bureau of Statistics, 2024). The retail average monthly price of rice remained lower than the same month a year ago in 2023 and two years ago in 2022. The wholesale prices were only lower a year ago. According to the monthly food price monitoring and analysis by FAO (2024), the above prices in February 2024 compared to two years ago can be underpinned by a weak national currency, inflated prices of agricultural inputs, including fuel, and high production costs.

In Uganda, the monthly average wholesale price of rice increased 3.4 percent from January to February 2024. The monthly average retail price of rice increased from 928 USD/MT in January to 949 USD/MT in February, representing a modest increase of 2.2 percent. With the opening up of schools, the demand for rice increased, and thus, the likely reason for the increased price of rice between the two months. The prices in February 2024 were 46.8 percent lower than in the same month in 2023 but 23.3 per cent higher than in the same month in 2022. Prices in 2023 were influenced by high fuel costs that made transportation costly, and in comparison to 2023, the harvest was competitive in 2024. In Rwanda, the price of rice was 22.5 percent lower than in the same month last year, but it was 20 percent higher than in 2022. According to FAO (2023), the differences across the years can be underpinned by increased domestic availability and the removal of VAT on some cereals, including rice, in 2023. The 4.5 percent increase in price between January 2024 and February 2024 is likely due to the increase in fuel prices. In Tanzania, the monthly average wholesale price of rice only decreased modestly by 1.1 percent despite its increased supply to its neighbors, Uganda and Kenya. The price of rice in Tanzania was also lower than in 2023 but higher in the same month in 2022.

Table 2: Monthly retail and wholesale prices changes of rice in East Africa (February 2024)

Commodity	Country	Market Levels	Monthly Average Prices January 2024 (USD/MT)	Monthly Average Prices February 2024 (USD/MT)	Monthly % Change between January and February 2024	Trends between January 2024 and February 2024	Monthly Average Prices February 2023 (USD/MT)	Month Avera Price of February 202 (USD/I)
	Kenya	Retail	1175	1084	-7.8	▼	1422	1158
	Uganda	Retail	928	949	2.2	▲	1401	717
	Rwanda	Retail	1030	984	-4.5	▼	1206	783
	Kenya	Wholesale	1081	1102	1.9	▲	1255	967
	Uganda	Wholesale	829	857	3.4	▲	1258	657
	Rwanda	Wholesale	1030	984	-4.5	▼	1206	783
Rice	Tanzania	Wholesale	996	985	-1.1	▲	1263	804
Constant	▼ = Decrease			▲= Increase		► =		

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

During February 2024, the price of maize continued to drop in all the East African countries, including Uganda, Kenya, Rwanda, and Tanzania. According to FAO's monitoring report, International maize prices also decreased the most in February 2024 compared to prices of other cereals. So it is likely that the Maize prices will continue declining further in the next month and perhaps remain either stable or slightly higher between April and June when it is planting season across the region. During the planting season, the maize harvest from the previous season is usually already depleted.

The future outlook looks grim as maize prices will likely continue declining following the trends in the past 12 months (See Figure 9), especially as the weather remains favorable for high production. The wholesale price of maize has generally shown a declining trend in almost all the countries in the past eight months, and it is unlikely that they will return the price it was a year ago, in March 2023, in several of the countries.

Figure 9: Maize wholesale prices from January 2023 to February 2024

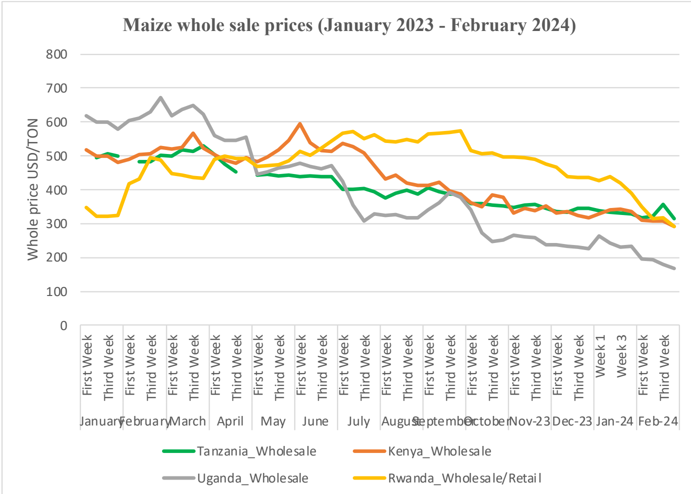
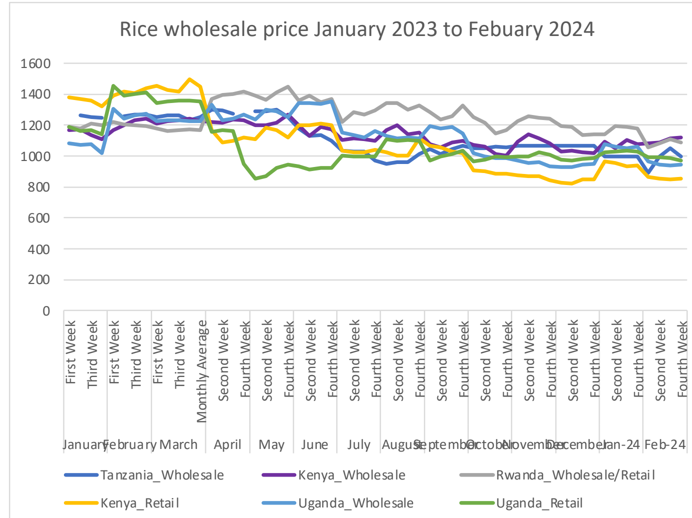


Figure 10: The wholesale price of rice from January 2023 to February 2024



The maize price in Uganda will likely continue being the lowest in the subsequent months unless there are improvements in cross-border trade. Uganda depends on its neighbors like Kenya and Rwanda to purchase its maize. Recently, there have been some challenges related to strict regulations on maize trade across the Kenya and South Sudan border because of high aflatoxins. Also, countries such as Kenya and Rwanda that instituted subsidies or were already existent have supported domestic production over the importation of maize. Last year, Kenya enrolled a fertilizer subsidy for maize farmers, significantly improving domestic production and lowering importation. Uganda ultimately got affected. Rwanda's crop-intensive program supports the production of crops such as potatoes, which are substitutes for maize consumption.

Although volatile, the price of rice has not shown a significant reduction in its wholesale price in the past 12 years, as is the price of maize (Figure 10). It is also unlikely that in the subsequent months, prices might return to the levels they were 12 months ago. The price of rice in Uganda and Kenya showed an increasing trend across the weeks in February. Rwanda and Tanzania experienced a price decline in rice, a price trend likely to continue into March. The price of rice is also expected to remain the highest in Rwanda, given the trend, and we should expect fluctuations in the Tanzanian market due to government intervention.

For imported rice and maize, the prices will still be influenced by the value of the local currencies, depending on whether they weaken or gain value against the USD. The weakening local currencies are a barrier that keeps cereal prices high within the region despite declining international prices. Other external factors, such as export restrictions by countries like India and speculation due to production shortfalls, will likely affect the prices. For example, in the next few months, there is speculation of high food prices due to an increase in fuel prices emerging from the escalating conflict in the Middle East, which continues to disrupt the flow of goods through the Red Sea. The East African Business Council (EABC), which lobbies for businesses within the region, notes that the economic impact of the Middle East conflict on the area will be weighty (Anyanzwa, 2024).

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)[3] facilitated by the International Food Policy Research Institute, (2) Kenya Market Information System [4] sourced for the Ministry of Agriculture Livestock Fisheries and Co-operatives (MALF) for Kenya, and e-Soko (3)[5] for Rwanda. Also, we maintain that the data source for commodity prices for Rwanda neither indicates whether the

[3] 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)

[4] 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

[5] 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

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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