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FOOD PRICE MONITOR: MAIZE AND RICE IN EAST AFRICA

JUNE 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

- In Kenya, there was a general steady decline in the average weekly price of maize within the weeks in June although in general, the average monthly prices were higher in June compared to May. For Rwanda, the price of maize increased while for Tanzania, prices remained generally stable. The decline in prices can partly be explained by the increasing supplies following the onset of harvest from the first season.
- In Uganda, the average weekly prices remained generally stable from May and throughout June although the price margins between the wholesale and retail prices remained generally high largely due to increasing transportation costs from increased fuel price.
- Tanzania's restriction of issuing export permits for rice and Maize in the second week of June had an effect on maize prices in its neighboring countries who rely on Tanzania exports.

Changing Maize Prices in East Africa

There was a steady decline in the price of Maize from the second week of June for Kenya and Uganda. For Rwanda, the price increased while for Tanzania, prices remained generally stable. The decline in prices can partly be explained by the onset of harvest due to increasing supplies from the May to August harvest.

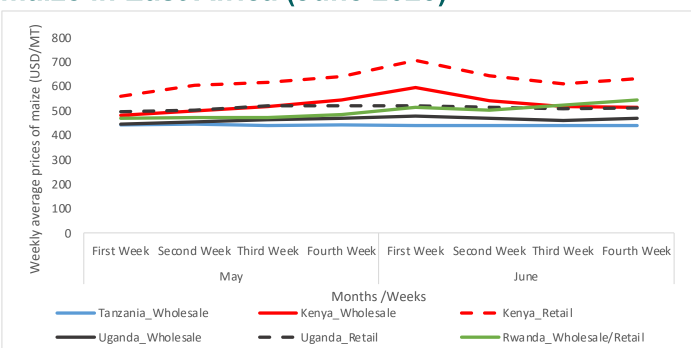
In Kenya, the wholesale prices of Maize continued an upward trend from May to the first week of June and only dropped in the second week and thereafter. The retail price followed the same trend as the wholesale price. It first increased by 10.2 percent from 641 USD/MT in the last week of May to 707 USD/MT in the first week of June, then dropped to 642 USD/MT in the second week and further to 610 USD/MT in the third week and lastly to 630 USD/MT in the last week of June. Maize prices in Kenya increased partly because Tanzania stopped issuing permits for exportation of Maize, which tightened the available maize stock (Relief Web, 2023). Also, partially because the price of fuel remained high despite the marginal drop in the price of fuel by an average of 0.003 USD/MT per litre to from o.oo6 USD/MT in May (Anyanzwa, 2023).

In Rwanda, maize prices increased steadily throughout June. There was an overall price increase of 5.6 percent in June. Notably, from the third to the fourth week of June, the wholesale price of Maize in Rwanda surpassed that of Kenya. The increase in the price of Maize could be attributed to the restriction on the exportation of Tanzanian maize to neighbouring countries, yet Rwanda heavily relies on Tanzanian maize.

In Uganda, Maize's wholesale and retail prices were relatively stable during June with minimal price changes from the previous month. For instance, for the wholesale price, in the last week of May, it was 469 USD/MT, then it increased to 478 USD/MT in the first week of June, returned to 470 USD/MT in the second week, and then dropped to 461 USD/MT in the next week and finally to 470 USD/MT in the last week. The retail price of Maize in the previous week of May was 519 USD/MT, it remained the same in the first week of June, then reduced by 1 per cent to 513 USD/MT in the second week, then further reduced to 509 USD/MT, and back to 512 USD/MT in the last week. The price of maize remained stable in June due to reduced exports to Southern Sudan because of the claim that the Ugandan maize had a lot of aflatoxins and was not suitable for consumption[1]. Also, the start of the harvesting season helped maintain stable prices of Maize despite increased exports to Kenya. Kenya traders resorted to the importation of maize from Uganda given that Tanzania halted any exportation of maize grains from mid-June, to conduct an assessment exercise on the availability of corn foods and manufacturing conditions of foods in the country[2] .

In Tanzania, the price of Maize remained stable at an average of 439 USD/MT, with a slight decline of 0.9 per cent from the previous month's average. Maize prices remained stable due to increased supplies from the May-to-August harvest. Also, the government was purchasing Maize at competitive prices which controlled the price drop (Lyimo, 2023)

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

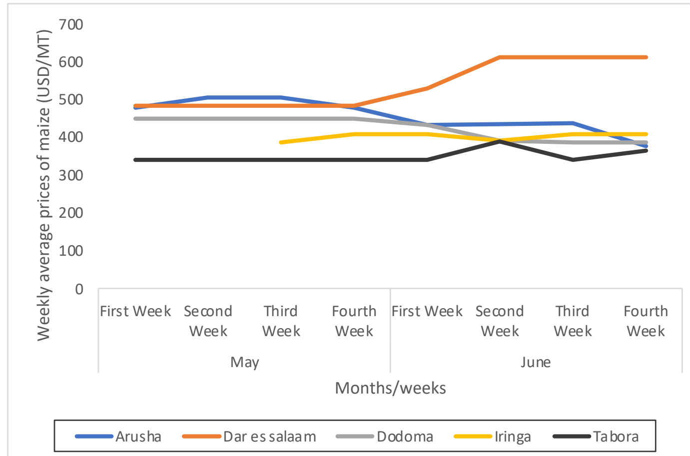


Source: Authors' construction using data from FSP (for Uganda and Tanzania), Ministry of Agriculture Livestock and Fisheries (for Kenya), and e-SoKo (for Rwanda).

Tanzania

There are variations in wholesale prices of maize grains across selected markets in Tanzania. Dar es Salaam and Tabora to a small extent experienced price increases while Arusha and Dodoma experienced price declines due to the current harvest season, May-August. Arusha and Dodoma are maize surplus zones in Tanzania. In Dar es Salaam, the price of Maize increased from the first week to the second week, then it stabilized for the rest of the months. In Arusha, the price of Maize declined from the fourth week of May to the first week of April, relatively stabilized in the third week and then declined in then further in the last week. In Iringa, the price remained stable for most of the months. With the restriction of exports, most markets experienced price declines but the government purchased of Maize at competitive rates which helped contain price decline.

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



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

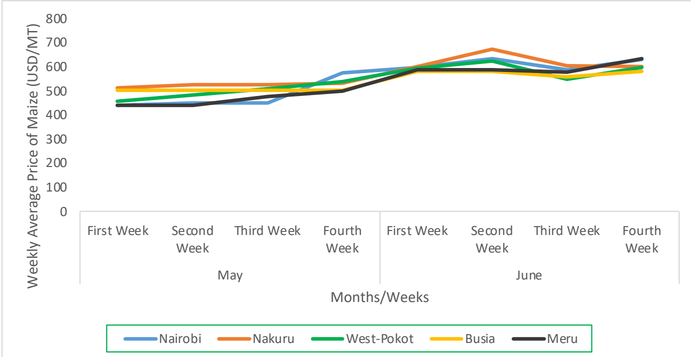
Kenya

All the markets within Kenya experienced a rise in prices from the first to the second week of June following the May trend. Nairobi, Nakuru and West Pokot markets experienced sharp increase in prices from the last week of May to the second week of June, and a sharp decline from the second to the third week, and a slow rise in the last week of June. During the month, Meru and Busia markets experienced similar price trends. From the last week of May to the first week of June, they both experienced an increase in prices, slightly stabilized in the second and third week and finally increased in the last week. Two counteracting factors largely explain the observed variation of prices within the Kenyan markets in June. First, the Tanzania factor where the Government of Tanzania had restricted the issuing of export permit for maize which affected Kenyan traders from importing maize and increasing supplies in Kenya. Reduced prices observed after the second week can largely be explained by the increasing supply of maize following the May to August first harvests. Kenya also imports maize from Tanzania and increasing supply from Uganda also descreases the prices in Kenya.

[1] https://www.newvision.co.ug/category/news/grain-dealers-want-ssudan-to-release-their-in-NV_163779

[2] https://www.monitor.co.ug/uganda/news/national/traders-protest-as-tanzania-blocks-200-uganda-bound-rice-maize-trucks--4280634

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

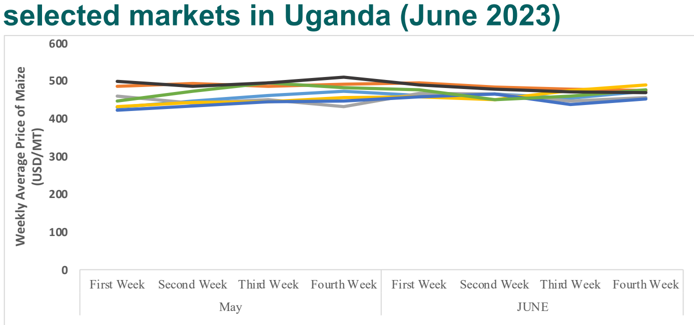


Source: Authors' construction using data from the Ministry of Agriculture Livestock Fisheries and Cooperatives

Uganda

In Uganda, we also observe a general average weekly price decline within the internal markets although it was highly volatile in most of the markets. Busia and Kampala had similar price trends, where the price of Maize gradually decreased with Busia having lower prices than Kampala. In Gulu, the price of Maize declined slightly in the first week and then had a sharp steady increase from the second week to the last week of June. Mbale had a steady downward trend from the second last week of May to the second week of June and increased upwards toward the last two weeks of June. Masindi and Lira had similar price trends with Masindi having higher prices. According to some traders , the price of maize grain in Masindi follows closely the price trends in the Lira, Busia and Kampala markets. Kabale witnessed a downward trend in maize prices in June. The price of maize in Gulu gradually increased largely due to the exportation of maize to South Sudan.

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



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

Comparison of wholesale and retail maize prices in East Africa

In Table 1, we observe that Tanzania, Kenya and Rwanda had an overall percentage increase in the monthly average retail and wholesale maize prices with only Tanzania having a slight decline of 0.9 per cent. Rwanda had the highest price increase of 9.7 per cent followed by Kenya at 7.1 per cent and lastly Uganda at 2.5 per cent.

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

Commodity	Country	Market Levels	Monthly Average Prices May 2023 (USD/MT)	Monthly Average Prices June 2023 (USD/MT)	Monthly % Change	Trends
	Kenya	Retail	552	647	7.1%	▲
	Uganda	Retail	492	513	0.7%	▲
	Rwanda	Retail	495	521	9.7%	▲
	Kenya	Wholesale	492	541	5.9%	▲
	Uganda	Wholesale	434	470	2.5%	▲
	Rwanda	Wholesale	495	521	9.7%	▲
Maize	Tanzania	Wholesale	477	439	-0.9%	▼

▼ = 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 average weekly price of rice remained generally stable in most of the markets in the region.

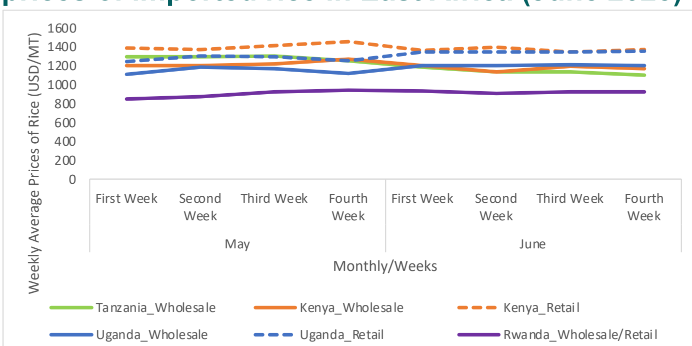
Tanzania and Kenya experienced a decline in the price of rice while Rwanda and Uganda experienced slight price increase. The price of rice remained generally lowest in Rwanda.

In Kenya, in week one, the wholesale price reduced from 1269 USD/MT in the last week of May, to 1200 USD/MT in the first week of June, then dropped further to 1132 USD/MT in the second week, and rose to 1189 USD/MT in the third week and finally dropped to 1171USD/MT in the last week. The wholesale price reduced to 1361 USD/MT in week one of June from 1450 USD/MT in the last week of May, then it increased to 1393 USD/MT in the second week, then reduced to 1348 USD/MT and finally increased to 1368 USD/MT in the last week of June. There was a slight decline in the price of rice in Kenya due to the slight reduction in the inflation rate in the month of June from 8 percent in May to 7.9 percent in June (Kamau, 2023). Also, the increased importation of duty-free rice could account for the slow decline in the price of rice (Milling Middle East and Africa, 2023).

In Uganda, the wholesale price of rice remained relatively stable through out June. For example, from 1198 USD/MT in week one to 1200 USD/MT in week two, then to 1209 USD/MT in the third week and a small marginal decrease of 1199 USD/MT in the last week.

In Rwanda, rice prices were relatively stable. It reduced 936 USD/MT in week one to 910 USD/MT in week two then stabilized at 923 USD/MT and 922 USD/MT in the last two weeks of June. In Tanzania, the price of rice in reduced by 4 per cent from week one (1180 USD/MT) to week two (1131 USD/MT) in June, then remained at 1137 in the third week, and finally reduced to 1101 in the last week of June. The restriction of the issuance of export permits for rice by Tanzania contributed to the decline in prices of rice in June for Tanzania (Aliga, 2023).

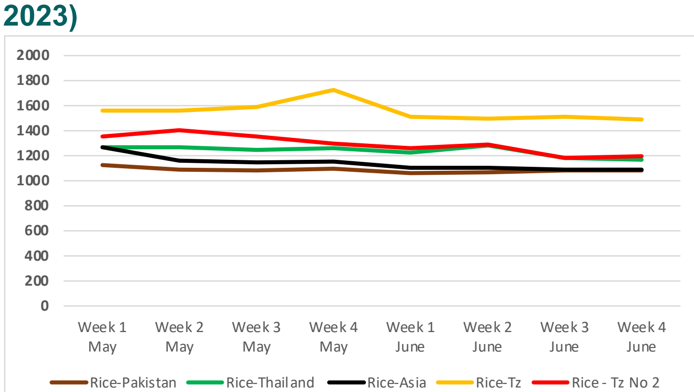
Figure 5: Average daily wholesale and retail prices of imported rice in East Africa (June 2023)



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

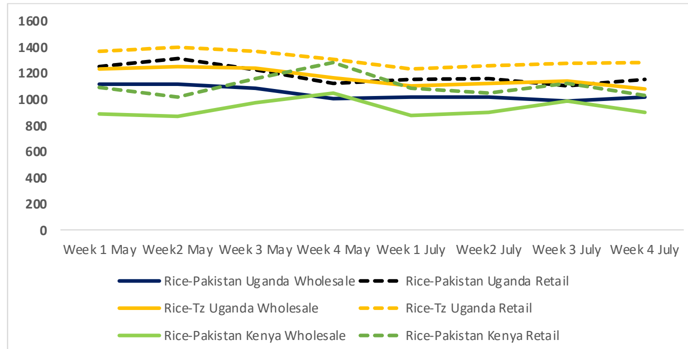
The Figure 6 shows the variations in wholesale and retail prices of varieties of imported rice in Rwanda. From May to June, there was a reduction in the prices of the various kinds of imported rice.

Figure 6: Weekly average wholesale and retail prices of imported rice varieties in Rwanda (June 2023)



The price of imported Tanzania rice was the highest although there was a substantial reduction from the last week of May into June. The second highest priced rice was Thailand and then the variety known as Rice Asia and the lowest priced was Pakistan rice. Similalry, imported Tanzania rice had the highest retail price in both Uganda and Kenya compared to Pakistan rice.

Figure 7: Weekly average wholesale and retail prices of imported rice varieties in Uganda and Kenya (May-June 2023)



In Uganda, the price of imported Pakistan rice and Tanzanian rice reduced in June compared to May. Other countries, Kenya and Rwanda, also experienced a reduction in the price of Pakistan rice in June. The reduction in the price of Asian rice in June compared to May was due to the good harvest especially in Pakistan leading to increased production (FEWSNET, 2023).

Table 2, shows the monthly average retail and wholesale percentage changes of rice in May and June. Kenya and Tanzania experienced a decline in the wholesale price of rice by 3.9 percent and 11.5 percent respectively. Tanzania had the highest decline at 11.5 percent while Uganda and Rwanda had price increases at 6 and 2.8 percent respectively with Uganda having the highest price increase. Overall Tanzania had the highest percentage decrease from May to June.

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

Commodity	Country	Market Levels	Monthly Average Prices May 2023 (USD/MT)	Monthly Average Prices June 2023 (USD/MT)	Monthly % Change	Trends
	Kenya	Retail	1367	1367	-2.7%	▼
	Uganda	Retail	1346	1346	6.0%	▲
	Rwanda	Retail	923	923	2.8%	▲
	Kenya	Wholesale	1173	1173	-3.9%	▼
	Uganda	Wholesale	1202	1202	4.9%	▲
	Rwanda	Wholesale	923	923	2.8%	▲
Rice	Tanzania	Wholesale	1137	1137	-11.5%	▼
	▼ = 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

In June, the harvesting season for Maize helped to account for the decline in the price of Maize in Uganda, Kenya, and Rwanda while that of Tanzania remained stable since the government was able to buy Maize from farmers. Tanzania tightened the availability of Maize and rice by restricting the issuance of export permits leaving many traders from the neighboring countries stranded. Uganda also faced a backlash from Southern Sudan who claimed that Ugandans' Maize had aflatoxins. Generally, the price of maize and rice in the coming months will be driven by the following factors: (1) increased supply from the harvest (2) increasing fuel costs (3) continued trade restrictions and Government interventions including purchases and storage. Trade restrictions will continue to account for the price increase or fall in the East African countries in 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)[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 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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[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

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