FOOD PRICE MONITOR: MAIZE AND RICE IN EAST AFRICA

MAY 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

- Weekly average wholesale and retail prices for rice in the East African countries were relatively stable except for Rwanda, where they reduced. The highest monthly average wholesale prices of rice were in Tanzania, followed by Kenya, then Uganda, and Rwanda had the lowest prices.
- Wholesale and retail prices of imported rice varieties across the East African countries, were more volatile largely due to the depreciation of the local currencies against the US dollar and the surging inflation.
- Following the announcement in April 2023 of Value Added Tax Waiver on cereals in Rwanda, there was a substantial reduction in the wholesale price of rice and maize by 19.1 percent and 4.2 percent respectively between April to May.
- In Kenya, there was a 10 percent and 4 percent increase respectively in the retail and wholesale prices of maize between April to May. The efforts by the Government of Kenya to import 48,000 tons of maize in April was only temporary and only managed to lower the prices of the staple in April and not in May.
- In Tanzania, there was a huge descrease by seven percent in maize prices between April and May which might partially be explained by the difficulties that the foreign traders from Kenya, Uganda and Rwanda are facing importing food crops from the region. Tanzania instituted a ban on foreign traders buying directly from farmers.

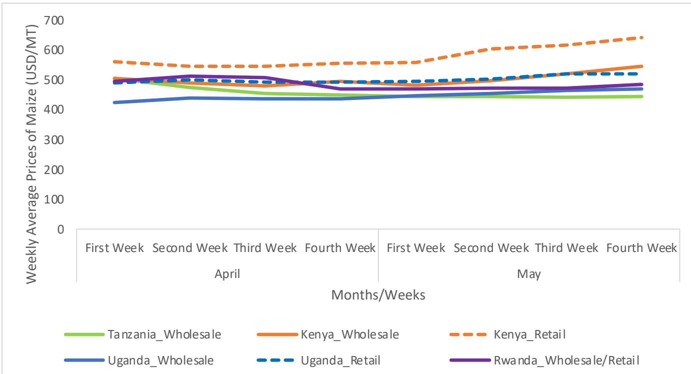
Changing Maize Prices in East Africa

From April to May, the wholesale and retail prices of maize showed a gradual increase in prices in the majority of the countries in the region. Comparatively, between April and May, across the four weeks of both months, wholesale and retail prices of maize in Kenya averaged USD.511/MT and USD.609/MT respectively in May, higher than USD.491/MT and USD.552/MT seen in April. This could be due to an acute scarcity of maize created by poor harvest in the country's maize-producing regions[1]. In April, maize prices were significantly low in Kenya due to the temporary measure by

[1] https://www.theeastafrican.co.ke/tea/business/kenya-maize-imports-raise-eac-grain-trade-by-120-percent-4227132

the Government to import about 48,000 tonnes of maize into the country.

Figure 1: Average wholesale and retail price of maize in East Africa (May 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).

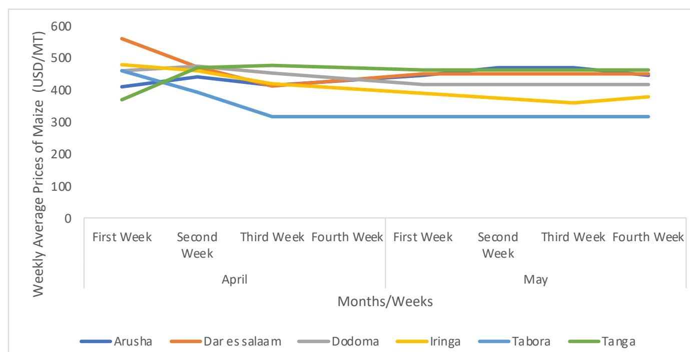
Equally, Uganda's wholesale and retail prices for maize rose in May to USD.458/MT and USD.509/MT, from USD.434/MT and USD.492/MT in April, respectively. This could be attributed to the voluminous amount of maize imported by Kenya from within the region, specifically Uganda[2]. However, in Rwanda, the outlook differed as we observed prices drop in May to USD.474/MT, from USD.495/MT in April. This could be attributed to the reopening of the borders between Uganda and Rwanda, which led to above-average maize exports from Uganda to Rwanda (Anyanzwa, 2023). This policy directive will likely react on the horizon, creating a surplus and pushing down prices. Also, the wholesale prices of maize in Tanzania dropped to USD.477/MT from USD.495/MT in the same period. This is supported by the bumper harvest experienced in Tanzania.

In the East African region, in May, the highest monthly average retail and wholesale prices of maize were observed in Kenya at USD.604/MT and USD 511/MT, respectively. Whereas retail prices in Uganda were higher than in Rwanda by 6.88 percent (the retail price in Uganda was at USD.509/MT), Rwanda had the second highest wholesale prices in the region at USD.474/MT. The wholesale prices in Uganda were USD.458/MT, and Tanzania had the lowest wholesale prices at USD.443/MT. Tanzania's institution of export permits, TIN numbers , food safety and quality certificates continues to be a challenge to potential exporters [3,4] because of the hinderances. Kenya on its part despite waiving duty on maize coming from outside East Africa continues to have high prices given scarcity at the global level[5].

Tanzania

In Tanzania, compared to April, the weekly average wholesale prices of maize in most markets like Tabora, Tanga, Dodoma, and Dar es Salaam remained unchanged except for Iringa and Arusha (Figure 2). In Tabora, Tanga, Dodoma, and Dar es Salaam, the weekly average wholesale prices of maize were USD.316/MT, USD.462/MT, USD.417/MT, and USD.450/MT, respectively, throughout the four weeks of May. In the Iringa market, the weekly average wholesale prices of maize took a nosedive between the first and second week of May to USD.360/MT in the third week and then rose to USD.380/MT in the fourth week of May. Also, in the Arusha market, the weekly average wholesale price of maize in the first week of May was USD.446/MT, increased to USD.470/MT in the second and third weeks, and dropped in the fourth week to USD.446/MT.

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



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

Kenya

In Kenya, compared to April, the weekly average wholesale prices of maize in May in most markets like Nairobi, Nakuru, West-Pokot, and Meru exhibited an upward trend except for Busia market which remained unchanged throughout May (Figure 3). For instance, in the Nairobi market, the weekly wholesale prices of maize averaged USD.446/MT in the first week, rose to USD.458/MT in the second and third week, and rose further to USD.584/MT in the fourth week. In the

[2] https://www.theeastafrican.co.ke/tea/business/kenya-maize-imports-raise-eac-grain-trade-by-120-percent-4227132

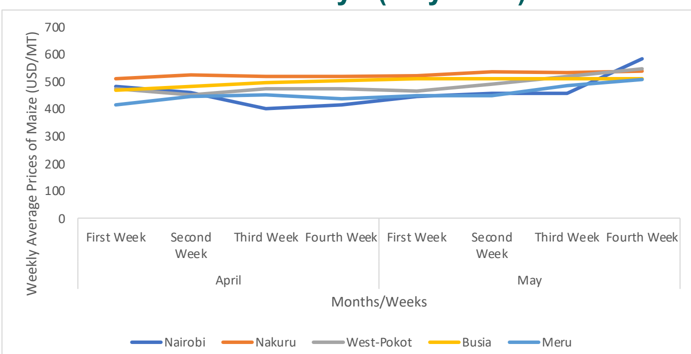
[3] https://dailynews.co.tz/govt-offers-maize-farmers-best-prices/

[4] https://www.monitor.co.ug/uganda/news/national/cross-border-traders-protest-new-barriers-to-trade-food-in-eac-4265958

[5] https://www.monitor.co.ug/uganda/news/national/cross-border-traders-protest-new-barriers-to-trade-food-in-eac-4265958

Nakuru market, the weekly average wholesale prices averaged USD.521/MT in the first week, then rose to USD.535/MT in the second week, dropped to USD.534/MT in the third week and then rose again to USD.540/MT in the fourth week. In the West-Pokot market, in the first week, the weekly average wholesale prices of maize were USD.465/MT, then increased to USD.490/MT in the second week, USD.519/MT in the third week, and increased further to USD.546/MT in the fourth week. In the Meru market, the weekly average wholesale prices were USD.448/MT in the first and second week, then rose to USD.485/MT in the third week and USD.507/MT in the fourth week. However, in the Busia market, the wholesale prices of maize averaged USD.511/MT throughout the four weeks of May.

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

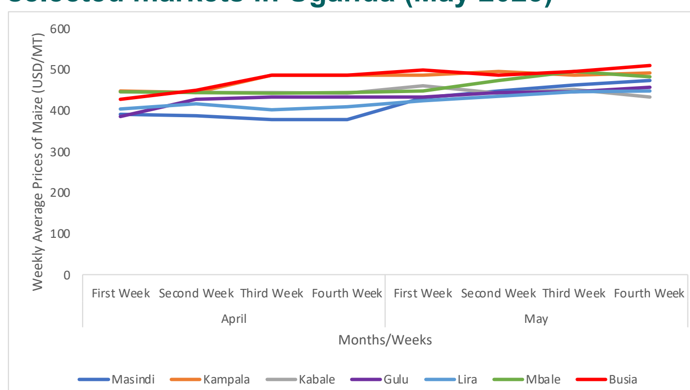


Source: Authors' construction using data from the Ministry of Agriculture Livestock Fisheries and Cooperatives

Uganda

In Uganda, as observed in April, the weekly average wholesale prices of maize in all the selected markets were unstable but generally showed an upward trend in May (Figure 4). Illustratively, in the Kampala market, in the first week, the wholesale prices averaged USD.486/MT, then rose to USD.494/MT in the second week, then dropped to USD.487/MT in the third week, and rose again in the fourth week to USD.491/MT. Similarly, in the Masindi market, in the first week, weekly wholesale prices of maize averaged USD.430/MT, rose to USD.447/MT in the second week, dropped to USD.461/MT in the third week, then rose again to USD.473/MT in the fourth week. In the Kabale market, the weekly average prices of maize in the first week were USD.461/MT, then dropped in the second week to USD.442/MT, then rose to USD.450.MT fell again in the fourth week to USD.432/MT. In the Gulu market, in the first week, the wholesale prices averaged USD.432/MT, then rose to USD.443/MT and USD.446/MT in the second week and third weekly, respectively, and subsequently dropped to USD.456/MT in the fourth week. In the Lira market, the prices surged from USD.424/MT in the first week, USD.434/MT in the second week, USD.446/MT in the third week, and USD.447/MT in the fourth week. In the Mbale market, maize prices averaged USD. 447/MT, USD.473/MT, USD.495/MT, and USD.482/MT in the first, second, third and fourth week respectively. In Busia, the weekly average wholesale prices of maize averaged USD.498/MT in the first week, dropped to USD.486/MT in the second week, then rose to USD.495/MT, then rose further to USD.510/MT in the fourth week. Beyond the fact that it is the lean season in Uganda, the surge in prices can also be attributed to the increase in fuel prices from April to May by 14.3 percent. Increasing fuel prices translate to increased transportation costs from supply to demand areas. For example, prices in Kampala and at the border town of Busia remain high because of the demand in these areas, and maize has to be transported from maize-producing districts like Masindi and Lira, making the transport costs very high.

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



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

Comparison of wholesale and retail maize prices in East Africa

Comparing April and May, the retail prices in Kenya increased by about 10% from USD.552/MT to USD.604/MT, and the wholesale prices rose by about 4% from USD.492/MT to USD.511/MT. The efforts by the Government of Kenya to import 48,000 tons of maize were only temporary and only managed to lower the prices of the staple maize food in April and not in May. In Uganda, the monthly average retail price increased by 3.4% from USD.492/MT to USD.509/MT, and the monthly average wholesale price increased by 5.6% from USD.434/MT to USD.458/MT. The increase in prices in Uganda might be attributed to the rise in the average fuel cost from UGX 4704 in April to UGX 5375 in May for diesel, and from UGX 5207 to 5381 for petrol fuel. However, it was only in Rwanda and Tanzania, where the monthly average price dropped by

4.2% from USD.495/MT to USD.474/MT and by 7.1% from USD.477/MT to USD.443/MT, respectively. [6]The huge decrease by seven percent in maize prices in Tanzania may partially be explained by the difficulties that foreign traders from other countries in the region are facing in importing food crops from her. Tanzania instituted a ban on foreign traders buying directly from farmers. Instead, with the new ban, foreign traders need to purchase agricultural commodities from local traders who hold trading certificates or they could set up local offices in Tanzania that deal directly with their exports and will only require a tax clearance certificate before they export[7].

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

Commodity	Country	Market Levels	Monthly Average Prices April	Monthly Average Prices May	% Change	Tren
Maize	Kenya	Retail	552	604	9.5%	▲
Maize	Uganda	Retail	492	509	3.4%	▲
Maize	Rwanda	Retail	495	474	-4.2%	▼
Maize	Kenya	Wholesale	492	511	3.8%	▲
Maize	Uganda	Wholesale	434	458	5.6%	▲
Maize	Rwanda	Wholesale	495	474	-4.2%	▼
Maize	Tanzania	Wholesale	477	443	-7.1%	▼

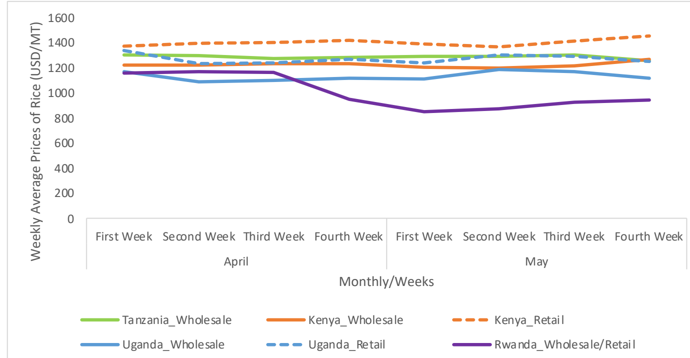
▼ = Decrease ▲= Increase ► = Constant

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 weekly average wholesale and retail rice prices in the East African countries Tanzania, Uganda, and Kenya were stable except for Rwanda, where they deviated downwards from the rest (Figure 5). Although Kenya maintained the highest wholesale and retail prices, followed by Uganda, the wholesale prices in Tanzania astoundingly rose to the level of retail prices in Uganda. The rise in rice prices in Tanzania alludes to the voluminous amount of rice imported by Kenya from Tanzania[8]. This dampened supply domestically, hence a surge in prices. Again, astoundingly, prices of rice in Rwanda were the lowest in the East African region. This price drop in Rwanda is attributed to the value-added tax waiver on rice and the government setting a maximum price for rice to reduce food inflation. In April 2023, the Government of Rwanda announced a value-added tax waiver on maize flour and ensured strict adherence by arresting non-compliant traders. [9]

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



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

Illustratively, averaging across the fourth weeks in May, wholesale and retail prices averaged USD.1221/MT and USD.1405/MT in Kenya, USD.1145/MT, and USD.1270/MT in Uganda, respectively. Further, in Tanzania, the wholesale prices averaged USD.1285/MT, while in Rwanda, the wholesale/retail prices averaged USD.898/MT.

Comparatively, averaging across the four weeks in April, wholesale prices averaged USD.1227/MT in Kenya, and retail prices averaged USD.1397/MT. In Uganda, the wholesale and retail prices averaged USD.1119/MT and USD.1269/MT, respectively. In Tanzania, the wholesale prices averaged USD.1290/MT, while in Rwanda the wholesale/retail prices averaged USD.1110/MT.

The wholesale prices of rice in Kenya were higher in April and dropped in May, but the retail prices surged in May. However, wholesale and retail prices in Uganda were more elevated in May than April. In Rwanda and Tanzania, the prices of rice dropped in May. Between the second week of April to the first week of May, the price of rice in Rwanda droped by 27 percent, this follows a Value Added Tax Waiver on cereals announced in April 2023 .

Across the East African region, in May, the highest monthly retail price of rice was in Kenya at USD.1405/MT, followed by Uganda at USD.1270/MT, and Rwanda the least at USD.898/MT (Table 2). The highest monthly average

[6] https://www.bou.or.ug/.gallery/DG/world-savings-day-2023.jpeg

[7] https://dailynews.co.tz/govt-offers-maize-farmers-best-prices/

[8] https://www.theeastafrican.co.ke/tea/business/kenya-maize-imports-raise-grain-trade-by-120-percent-4227132

[9] https://www.newtimes.co.rw/article/6917/news/business/kigali-traders-fined-for-hiking-food-prices

wholesale prices of rice in the East African region were exhibited in Tanzania at USD.1290/MT, followed by Kenya at USD. 1221/MT, then Uganda at USD.1145/MT, and Rwanda had the lowest prices at USD.898/MT.

On the other hand, comparing monthly percentage changes between April and May. The retail prices of rice in Kenya increased by about 0.6% from USD.1397/MT to USD.1405/MT. They increased by 0.1% in Uganda from USD.1269/MT to USD.1270/MT. In Rwanda, the whole-sale/retail prices dropped by 19.1% from USD.1110/MT to USD.898/MT. Whereas the monthly average wholesale prices of rice in Kenya and Tanzania decreased by 0.5% and 0.4 respectively, in Uganda, they increased by 2.3%.

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

Commodity	Country	Market Levels	Monthly Average Prices April	Monthly Average Prices May	% Change	Trends
Rice	Kenya	Retail	1397	1405	0.6%	▲
Rice	Uganda	Retail	1269	1270	0.1%	▲
Rice	Rwanda	Retail	1110	898	-19.1%	▼
Rice	Kenya	Wholesale	1227	1221	-0.5%	▼
Rice	Uganda	Wholesale	1119	1145	2.3%	▲
Rice	Rwanda	Wholesale	1110	898	-19.1%	▼
Rice	Tanzania	Wholesale	1290	1285	-0.4%	▼
▼ = 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

Table 3, shows the weekly average prices of the different varieties of rice imported in the selected East African countries. For instance, it indicates the wholesale and retail prices of Pakistan rice imported in Uganda, Kenya, and Rwanda; Tanzanian rice imported in Uganda and Rwanda; Thailand rice imported in Rwanda and rice from Asia imported in Rwanda. We observe significant variations in the prices of the above mentioned imports across the selected East African countries. In Uganda, the wholesale price of Pakistan rice showed a downward trend, declining from USD.1117/MT in the first week to USD.1008/MT in the last week of May. The retail price, however, showed up and down swings from the first week to the last week of May. In Kenya, the wholesale of Pakistan rice increased from USD.892/MT in the first week to USD.1053/MT in the last week of May. Like in Uganda, the retail prices in Kenya had swings in their movements throughout May. Similarly, in Rwanda, Pakistan rice's wholesale/retail prices exhibited swings throughout May. The same pattern is observed for Thailand rice, Asian and Tanzanian rice No.1 & 2. These observed variations in the trends of imported rice varieties across the East African region are attributed to the depreciation of the local currencies against the US dollar. Also, the surging inflation in the East African region has eroded the value of the local currencies, making exchange rates unstable.

Table 3: Trends of weekly average wholesale and retail prices of imported rice in East Africa (US Dollars/Metric Tons)

Variety	Importing country	Market Level	April (Weeks)				May (Weeks)			
			First	Second	Third	Fourth	First	Second	Third	Fourth
Pakistan	Uganda	Wholesale	1167	1089	1100	1119	1117	1116	1086	1008
Pakistan	Uganda	Retail	1335	1233	1240	1269	1256	1312	1230	1121
Pakistan	Kenya	Wholesale	1019	936	922	930	892	874	974	1053
Pakistan	Kenya	Retail	1135	1205	1132	1098	1095	1018	1163	1282
Pakistan	Rwanda	Wholesale/Retail	1401	1393	1374	1351	1122	1088	1083	1097
Tanzania	Uganda	Wholesale	-	-	-	-	1232	1251	1238	1169
Tanzania	Uganda	Retail	-	-	-	-	1370	1397	1371	1305
Tanzania No. 1	Rwanda	Wholesale/Retail	1416	1396	1414	1607	1560	1558	1590	1722
Tanzania No. 2	Rwanda	Wholesale/Retail	1685	1688	1682		1355	1401	1350	1295
Thailand	Rwanda	Wholesale/Retail	1354	1352	1348	1330	1266	1271	1243	1259
Asia	Rwanda	Wholesale/Retail	1265	1267	1261	1227	1265	1157	1145	1152

Source: Authors construction using data from the Ministry of Investment, Industry and Trade for Tanzania, e-SOKO for Rwanda and Ministry of Agriculture Livestock Fisheries and Cooperatives for Kenya and Daily Market Traders Survey for Uganda.

Summary and Future Outlook

Prices of maize and rice across the selected East African countries including Uganda, Kenya, Tanzania, and Rwanda, and within the selected markets in those countries exhibited mixed results. Specifically, across the East African counties and within markets, our analysis showed that the weekly and monthly average wholesale and retail prices of both maize and rice were either stable, constant, or volatile. These observed outcomes emanate from a number of factors: (1) In Kenya, the recent importation of 48000 tons of maize by the government could explain the reduction in maize prices (2) This was the same for Rwanda which waived off import duty for imported maize and rice and set a maximum price (3) In Uganda, the continued exportation of maize to neighboring Kenya explains the rise in the price of maize. (4) The drop in the price of maize in Tanzania could largely be attributed to the restriction of the exportation of maize by the government.

Equally, the wholesale and retail prices of imported varieties of rice such as Pakistan, Asia, Tanzania No.1 & 2 and Tanzania, Thailand and Asia in Uganda, Kenya, and Rwanda were exemplified by mixed trends of downward and upward trends and up and down swings. This is majorly attributed the depreciation of the East African local currencies against the US dollars used in importation of the rice varieties. Also, the surging inflation in the East African region has eroded the value of the local currencies making exchange rates unstable.

As such, we envisage that any changes in the prices in the East African region in the foreseeable months will largely be explained by the fiscal efforts that the Governments continue to undertake, and any monetary policy measures that the Central Banks undertake to curb inflation and the volatile exchange rates.

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)[10] facilitated by the International Food Policy Research Institute, (2) Kenya Market Information System [11] sourced for the Ministry of Agriculture Livestock Fisheries and Co-operatives (MALF) for Kenya, and e-Soko (3)[12] 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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