Agriculture Knowledge, Learning Documentation and Policy (AKLDP) Project, Ethiopia

Food Price Brief
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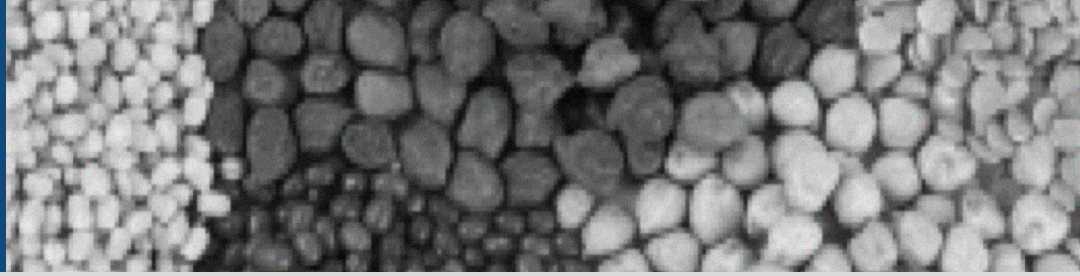


El Niño in Ethiopia
Pulses Price Trends – January 2017

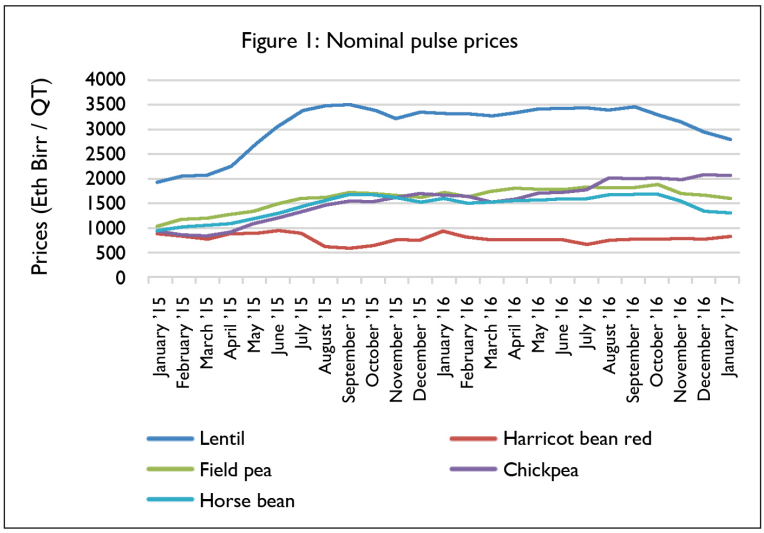
Introduction

In this January 2017 Food Price Brief, the AKLDP analyzes nominal Ethiopia Grain Trade Enterprise (EGTE) price data for pulses from January 2015 to January 2017. As mentioned in previous Food Price Briefs, pulses provide an important source of protein for poorer households that cannot afford sources of animal protein. The nutritional benefits of pulses to poorer households are significant. Consequently, pulse price trends serve as a proxy indicator for the quality of diet for these households – when pulse prices are high, poorer households typically eat fewer pulses and therefore daily protein intake is reduced.

Pulse prices

Except for haricot bean, pulse prices are still at an elevated level. However, the nominal aggregate pulse price showed a decline of 1.1% from December 2016 to January 2017. Similarly, the nominal aggregate pulse price showed a decline of 5.6% from January 2016 to January 2017.

Figure 1: Nominal pulse prices



Disaggregated by crop, with the exception of chickpea, year-on-year pulse prices to January 2017 declined. The year-on-year price declines for horse bean, lentil, haricot bean, and field pea were Eth birr 278, or 17%, per quintal, Eth birr 516, or 15%, per quintal, Eth birr 114, or 12%, per quintal, and Eth birr 114, or 7%, per quintal respectively. Apart from July 2016, from February 2016 to January 2017, the price trend for haricot bean has looked stable. The price movements during these periods were not too significant. In contrast, the year-on-year price of chickpea increased by Eth birr 390 (23%) per quintal. Since its peak in September 2016, the price of lentil continued declining until January 2017. However, the price of lentil remains substantially more than the prices of chickpea, field pea, and horse bean, and is more than three times that of haricot bean (see Figure 1).

Month-on-month prices from December 2016 to January 2017 confirmed a nominal aggregate pulse price decrease of 1.1%. Disaggregated by crop, from December 2016 to January 2017 prices fell as follows: for lentil, field pea, horse bean, and chickpea by Eth birr 137 (4.6%) per quintal, Eth birr 63 (3.7%) per quintal, Eth birr 30 (2.2%) per quintal, and Eth birr 11 (0.5%) per quintal respectively. The largest month-on-month price decline for lentil was observed in Gondar market – by Eth birr 429 (14.2%) per quintal. Similarly, month-on-month prices for lentil declined in Dessie, Nazareth, and Dire Dawa markets – by Eth birr 100 (3.7%) per quintal, Eth birr 95 (3.3%) per quintal, and Eth birr 60 (2.1%) per quintal respectively. These price decreases can be attributed to the onset of the 2016/2017 *meher* harvest. On the contrary, the month-on-month price of haricot bean increased by Eth birr 43 or 5.4%.

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Market trends

As mentioned in previous Food Price Briefs, the long-term pulse price trend is driven by a combination of domestic and international factors. On the domestic front, factors include a reduction in the area of land planted to pulses – as more land is taken into cereal production – resulting in a restricted supply, from which production and productivity – and hence prices – are only now recovering. Internationally, pulse price trends are driven by the level of demand, in particular by India, which is typically the largest pulse importer in the world.

Conclusion

Following two years of largely upward price trends, the price of pulses is now easing following the onset of the 2016/17 *meher* harvest. Nominal aggregate month-on-month as well as year-on-year prices have shown a decline – because of the arrival of new pulse crops into markets. Furthermore, if India is set to harvest a record crop of pulses, then this will affect the domestic price – as there will be a reduction in the need for imported pulses in India. However, it is too early to tell what the price fall will be, and what effect these price decreases will have on farm-gate prices – and hence farmer income. Easing prices will, however, be welcomed by urban dwellers; in particular, by those in poor and very poor socioeconomic groups that are dependent on pulses as their primary source of dietary protein.

Disclaimer

The views expressed in this Food Price Brief are those of the AKLDP project and do not necessarily reflect the views of USAID or the United States government.