



El Niño in Ethiopia

Maize and Sorghum Price Trends – August 2016

Introduction

In this Food Price Brief, the AKLDP analyzes nominal Ethiopia Grain Trade Enterprise (EGTE) price data for maize and sorghum from August 2014 to August 2016. As has been noted in previous Food Price Briefs, maize and sorghum are the staple cereals of poorer, typically rural households. Price trends for maize and sorghum therefore impact directly on household cereal consumption, and consequently on calorific intake.

Maize price information

In a normal year, maize prices typically fall in August through February following the onset of the 'green' and the 'main' maize harvest, as increased flows of maize reach local markets. After February, maize prices normally stabilize until May or June – when they start to rise to the July and early August peak.

Between August 2014 and August 2015, nominal maize prices fell by Eth birr 81, or 15%, per quintal. In contrast, in the period from August 2015 to August 2016, nominal maize prices increased by Eth birr 98, or 21.2%, per quintal. Similarly, nominal month-on-month maize prices to August 2016 increased by 10.6% (see Figure 1).

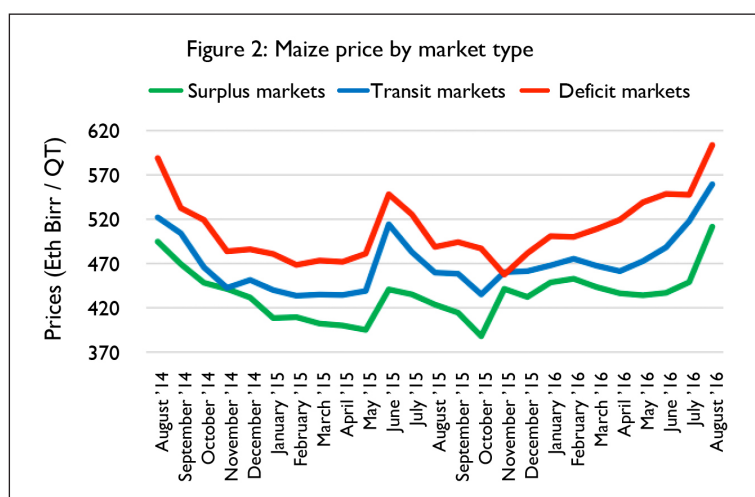
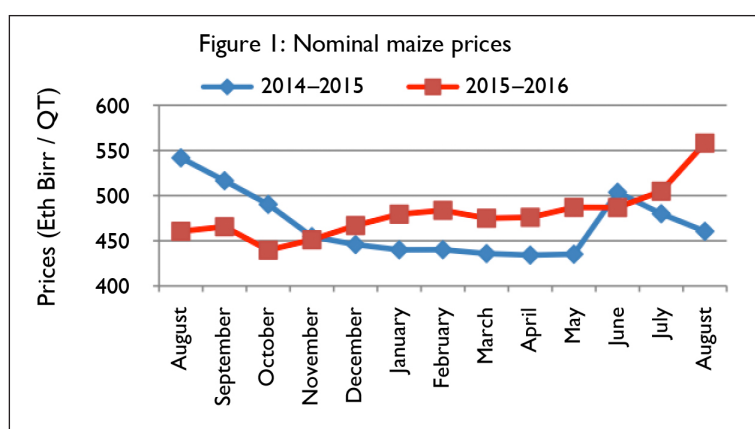
Disaggregated market data for 23 ETGE-monitored maize markets confirms an increase of prices in all markets in the month of August 2016. In Amhara region, price increases of 22.2%, 22%, 21.1%, 19.6%, and 15.8% were recorded in Debre Markos, Bure, Dejen, Jiga, and Dessie markets respectively, while price increases of 21%, 20.5%, and 16.6% were recorded in Hosaena in SNNP, Ziway in Oromia, and Mekele in Tigray regions respectively.

Further analysis by market type confirms average month-on-month price increases to August 2016 in the surplus, transit, and deficit markets, by 14%, 8%, and 10.3% respectively.

Similarly, average year-on-year prices increased in the deficit, transit, and surplus markets, by 24%, 22%, and 21% respectively. The start of the green maize harvest in many parts of the country has yet to contribute to price stabilization (see Figure 2).

Sorghum prices

Sorghum is the staple cereal in the eastern part of Ethiopia, including the zones most affected by the El Niño-induced drought. As with maize prices, sorghum prices typically peak in July and August, after which prices fall to February. Prices then typically stabilize in May and June, before slowly starting to rise to the July and early August peak.



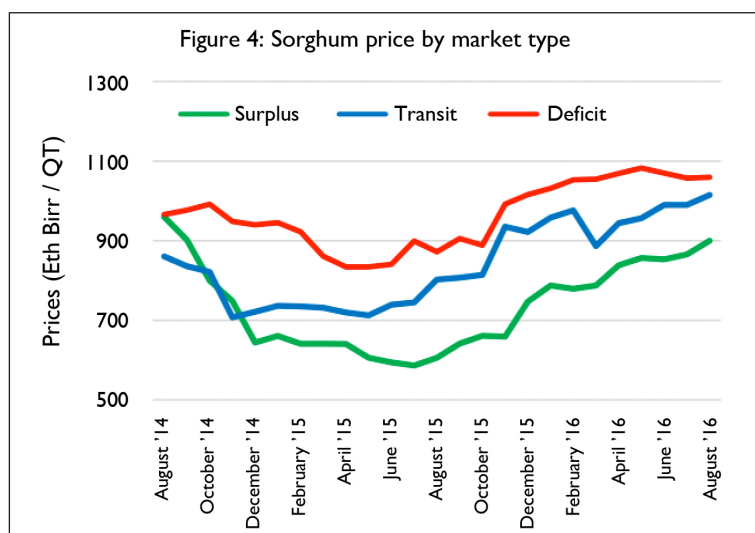
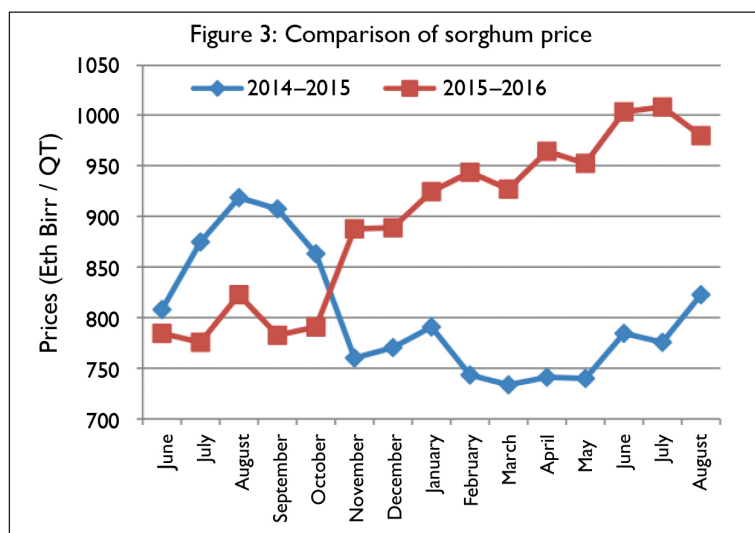
Between August 2014 and August 2015, nominal sorghum prices declined by Eth birr 96, or 10.4%, per quintal. In contrast, however, in the period August 2015 to August 2016, nominal average sorghum prices increased by Eth birr 157, or 19%, per quintal, while year-on-year sorghum prices to August were 19% higher. However, nominal average month-on-month sorghum prices to August 2016 fell by 2.8% (see Figure 3).

Disaggregated August 2016 market price analysis for sorghum confirms month-on-month price increases in five markets, with a decline in three markets and prices remaining the same in one market. The highest price increases were recorded in Humera of Tigray, Ziway of Oromia, and Debre Birhan of Amhara regions, by 21.4%, 7.3%, and 5.1% respectively, while the largest price decrease of 3.3% was recorded in Gonder in Amhara region.

Further analysis by surplus, transit, and deficit market type confirms average year-on-year sorghum price increases of 49%, 26%, and 21% respectively. The month-on-month prices also increased in the surplus, transit, and deficit markets, by 4%, 2.5%, and 0.2% (see Figure 4).

Conclusion

As with the July 2016 Food Price Brief, the average nominal prices in August 2016 for both maize and sorghum were 21.2% and 19% higher than in August 2015, and therefore in a year of reduced food availability – the result of the El Niño-induced drought – higher food prices will inevitably result in increased hardship for poor households. While higher than in August 2015, the price of sorghum fell in August 2016 by 2.8%. Therefore, it may be that this is the start of an easing of cereal prices, following the onset of the meher harvest.



Disclaimer

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