



El Niño in Ethiopia

Maize and Sorghum Price Trends – December 2016

Introduction

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

Maize price information

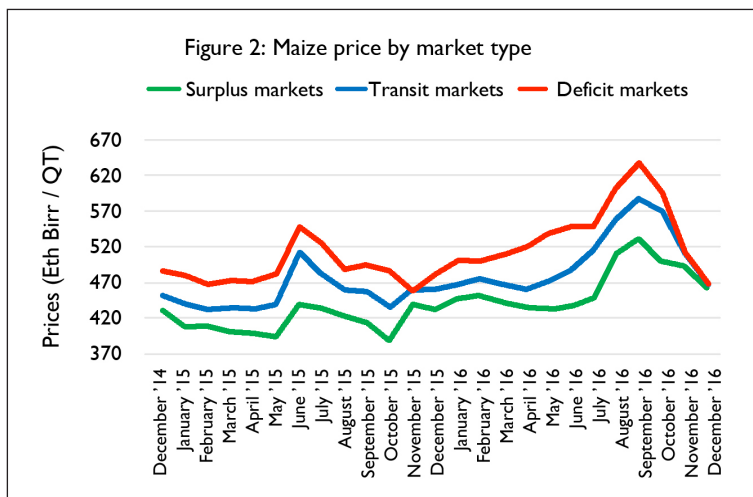
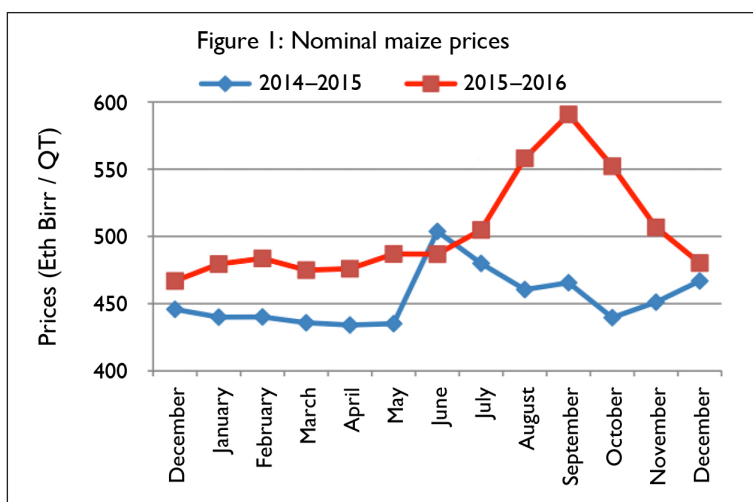
In a normal year, maize prices typically fall in August through February following the onset of the ‘green’ and the ‘main’ maize harvest, as increased flows of maize reach local markets. After February, maize prices tend to stabilize until May or June – when they start to rise to the July and early-August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

Between December 2014 and December 2015, nominal maize prices increased by Eth birr 21, or 4.5%, per quintal. Similarly, in the period from December 2015 to December 2016, nominal maize prices increased by Eth birr 13, or almost 3%, per quintal. While year-on-year nominal prices were higher than December 2014 and 2015, prices have fallen significantly from the high of September 2016, including a fall of Eth birr 26.5, or more than 5%, per quintal in December 2016. The current price of maize is Eth birr 111, or 19%, per quintal below the September 2016 price (see Figure 1).

Year-on-year prices decreased in the deficit markets, by Eth birr 11.5 (2%) per quintal, and increased in the surplus and transit markets, by Eth birr 30 (7%) per quintal and Eth birr 7 (2%) per quintal respectively (see Figure 2).

In December 2016, disaggregated month-on-month market data for 23 EGTE-monitored markets confirmed falling maize prices in 17 markets and price increases in six markets. The most significant price decreases were recorded in:

Dire Dawa; Nazareth, Shashemane, and Ambo in Oromia region; and Addis Ababa’s Ehel Berenda market – by Eth birr 113 (19.5%) per quintal, Eth birr 62.5 (12%) per quintal, Eth birr 66.5 (12%) per quintal, Eth birr 57.5 (11%) per quintal, and Eth birr 53 (10%) per quintal respectively. In contrast, the largest price increases were recorded in: Dejen, Amhara region, and Assela, Oromia region, by Eth birr 46 (9%) per quintal and 31.5 Eth birr (6.8%) per quintal respectively. Further analysis by market type confirms average month-on-month price decreases in December 2016 in the surplus, transit, and deficit markets – by Eth birr 31 (6%) per quintal, Eth birr 42 (8%) per quintal, and Eth birr 43 (8.25%) per quintal respectively.



Sorghum prices

Sorghum is the staple cereal in eastern and southeastern parts 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 they fall to February. Prices then typically stabilize in May and June, and then slowly start to rise to the July and early-August peak.

Between December 2014 to December 2015 and December 2015 to December 2016, nominal sorghum prices increased by Eth birr 118 (15%) per quintal and by Eth birr 28 (3%) per quintal respectively. However, as with maize prices, the price of sorghum has declined markedly since September 2016 – by Eth birr 135, or 13%, per quintal.

In common with previous months, month-on-month sorghum prices fell by Eth birr 87.8 (8.7%) per quintal in December 2016. The decline in December was much higher than that in November 2016 (see Figure 3).

Disaggregated market price analysis in December 2016 for sorghum confirmed month-on-month price decreases in nine markets. The highest price decreases were recorded in: Mekele and Humera, Tigray region – by Eth birr 270 (38.5%) per quintal and Eth birr 342 (34%) per quintal respectively.

Further analysis by surplus, transit, and deficit market type confirms average month-on-month price decreases of Eth birr 226 (28%) per quintal, Eth birr 76.5 (7.6%) per quintal, and Eth birr 38.5 (3.5%) per quintal. From September 2016, a sharp month-on-month sorghum price decline was observed in the surplus markets. On the other hand, the year-on-year prices to December 2016 showed an increase of Eth birr 51 (5%) per quintal and Eth birr 9.5 (1%) per quintal in the deficit and transit markets, while prices decreased in the surplus markets – by Eth birr 173 (23%) per quintal (see Figure 4).

Conclusion

Maize and sorghum prices have fallen significantly since September 2016, as a result of the onset of the 2016 *meher* maize harvest, but remain above both the 2014 and 2015 prices: maize is Eth birr 13.5 (nearly 3%) per quintal above the December 2015 price, while sorghum remains Eth birr 28 (slightly more than 3%) per quintal higher. Maize and sorghum prices typically fall until February, when they stabilize through to May and then rise until the following harvest. At this point it is too early to predict the level of further price falls. However, what can be concluded is that if prices continue to fall until the end of February, then farmers may require some form of price support if they are to profit fully from the above-normal 2016 summer *kiremt* rains and therefore to recover from the effects of the 2015 El Niño episode. Falling prices are nonetheless advantageous for deficit food-producing households that buy at least part of their food in local markets.

Figure 3: Comparison of sorghum price

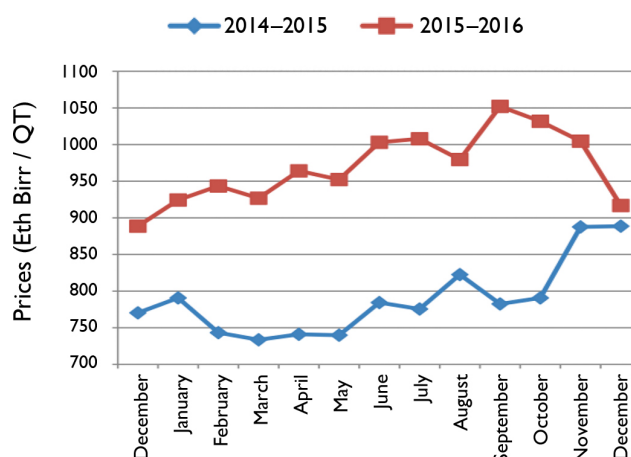
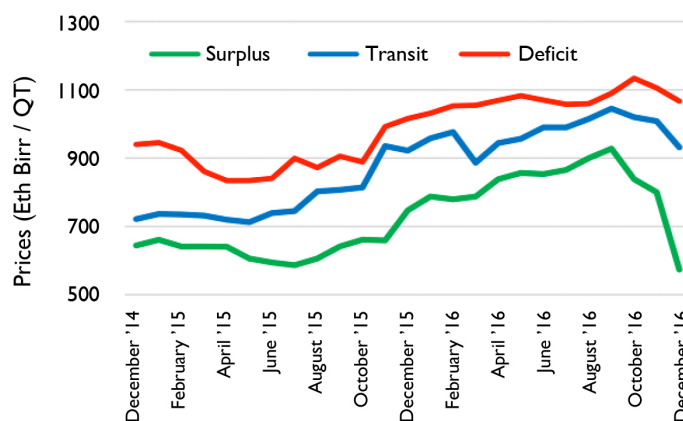


Figure 4: Sorghum price by market type



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