



El Niño in Ethiopia

Maize and Sorghum Price Trends – October 2016

Introduction

In this Food Price Brief, the AKLDP analyzes nominal Ethiopia Grain Trade Enterprise (EGTE) price data for maize and sorghum from October 2014 to October 2016. As has been 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

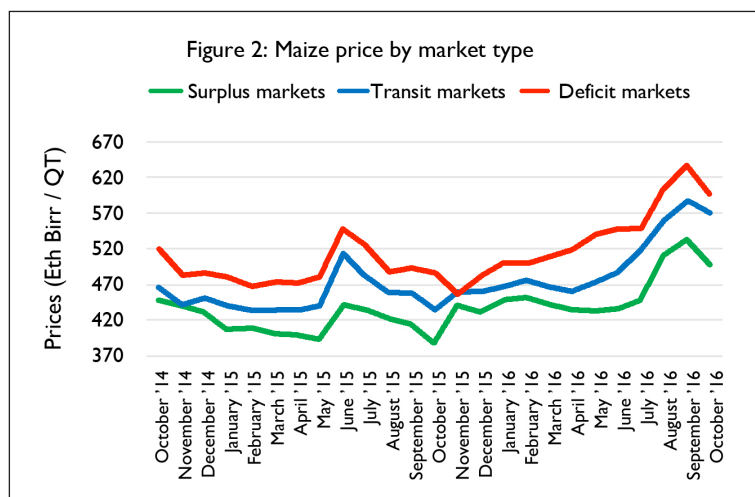
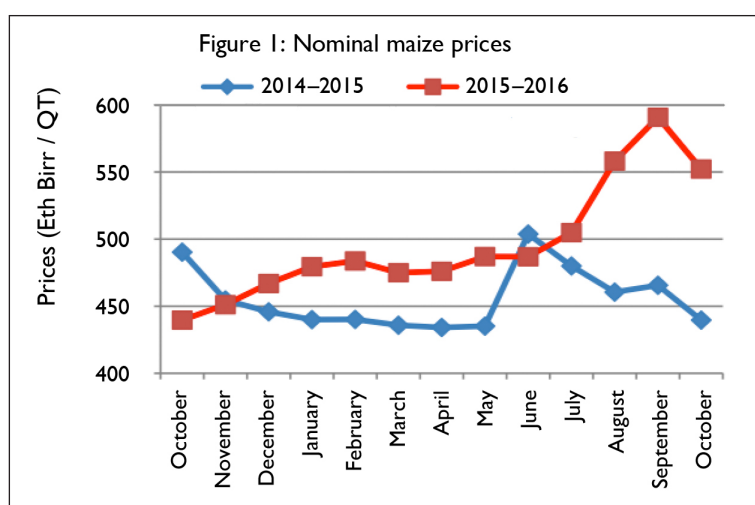
In a normal year, maize prices typically fall in August through February following the onset of the 'green' and the 'main' maize harvest, as increased flows of maize reach local markets. After February, maize prices typically stabilize until May or June – when they start to rise to the July and early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

Between October 2014 and October 2015, nominal maize prices fell by Eth birr 51, or 10.3%, per quintal. In contrast, in the period from October 2015 to October 2016, nominal maize prices increased by Eth birr 113, or 25.6%, per quintal. Nominal month-on-month maize prices to October 2016 have, however, fallen by Eth birr 39, or 6.5%, per quintal. This is the first significant maize price decrease since October 2015 (see Figure 1).

Disaggregated October 2016 data for 23 EGTE-monitored maize markets confirms a decrease in maize prices in 18 markets, an increase in maize prices in four markets and prices remaining the same in one market. The highest monthly price decreases were recorded in: Ziway, Oromia region, by Eth birr 130 (19.1%) per quintal; Alaba, SNNP region, by Eth birr 103 (16.4%) per quintal; Bure, Amhara region, by Eth birr 88 (16.1%) per quintal; Woliso, Oromia region, by Eth birr 78 (12.2%) per quintal; and Mekele, Tigray region, by Eth birr 57 (9.3%) per quintal. Falling maize prices in most markets is attributed to the arrival of the new harvest into those markets.

However, while prices eased across the country, price increases were recorded in W/Sodo in SNNP region, and in Dire Dawa and Nazareth in Oromia region, by Eth birr 63 (11.4%) per quintal, Eth birr 35 (5.8%) per quintal, and Eth birr 31 (5.7%) per quintal respectively. These price increases suggest that harvested maize is not yet reaching these markets in adequate amounts.

Further analysis by market type confirms average month-on-month price decreases to October 2016 recorded in the surplus, transit, and deficit markets – by Eth birr 34 (6.4%) per quintal, Eth birr 16 (2.9%) per quintal, and Eth birr 41 (6.5%) per quintal respectively. Again, falling prices are attributed to improved supply, the result of the new 2016 *meher* harvest. Despite



these improvements in maize prices, average year-on-year prices remained significantly higher than in October 2015, with maize trading at Eth birr 111 (29%) per quintal, Eth birr 136 (31%) per quintal, and Eth birr 109 (22%) per quintal respectively in the surplus, transit, and deficit markets (see Figure 2).

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 prices fall to February. Prices then typically stabilize in May and June, before slowly starting to rise to the July and early August peak.

In line with normal seasonal price trends, month-on-month prices of sorghum fell by Eth birr 20, or 1.9%, per quintal. Despite this fall in prices, year-on-year sorghum prices to October 2016 remained Eth birr 241 (30.5%) per quintal above those for October 2015 (see Figure 3).

Disaggregated October 2016 market price analysis for sorghum confirms month-on-month price decreases in five markets and price increases in three markets. The highest price decreases were recorded in Gondar, Amhara region, and Mekele and Humera, Tigray region, by Eth birr 93 (11.2%) per quintal, Eth birr 100 (9.1%) per quintal, and Eth birr 75 (8.8%) per quintal respectively. In contrast, the highest price increases were recorded in Ziway and Dire Dawa, Oromia region – by Eth birr 112 (9.1%) per quintal and Eth birr 93 (8.3%) per quintal respectively. The price increases in Ziway and Dire Dawa suggest that the new sorghum harvest has not yet reached all markets.

Further analysis by the surplus, transit, and deficit market type confirms that month-on-month prices to October 2016 declined in the surplus and transit markets, by Eth birr 89 (9.6%) per quintal and Eth birr 25 (2.4%) per quintal respectively. In contrast, month-on-month sorghum prices in deficit growing area markets increased by Eth birr 44 (4.1%) per quintal. Despite overall price decreases in October 2016, average year-on-year sorghum prices to October 2016 in the surplus, transit, and deficit markets remained, respectively, Eth birr 177 (27%) per quintal, Eth birr 206 (25%) per quintal, and Eth birr 245 (28%) per quintal above October 2015 prices (see Figure 4).

Conclusion

As the result of the start of the 2016 *meher* harvest, average nominal prices of maize and sorghum eased in October 2016, by 10.3% and 1.9% respectively. That said, October 2016 prices for maize and sorghum remained 26% and 31% higher than in the same month in 2015. Given that these are the key staple foods for poor households – including households recovering from the 2015 El Niño drought – such prices remain of concern, as higher-than-average prices will be reflected in household nutrition outcomes. However, as the 2016 *meher* harvest is gathering pace, it can be expected that prices will continue to ease in November and December 2016.

Figure 3: Comparison of sorghum price

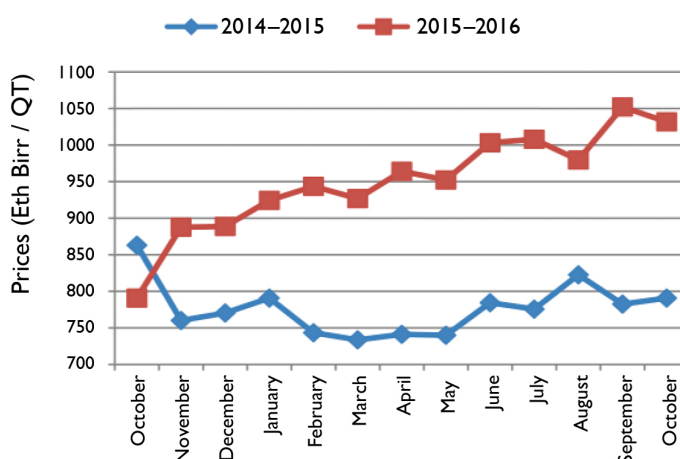
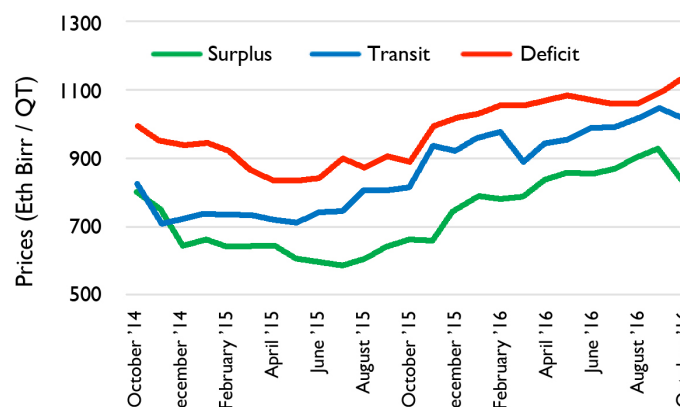


Figure 4: Sorghum price by market type



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