



## El Niño in Ethiopia

### Wheat and Teff Price Trends – October 2016

#### Introduction

In this Food Price Brief, the AKLDP analyzes nominal Ethiopia Grain Trade Enterprise (EGTE) price data for wheat and teff over a two-year period from October 2014 to October 2016. Wheat and teff are typically the staple cereals of urban populations and better-off rural households. In urban areas, teff is consumed by all wealth groups, but with poorer households consuming poorer-quality teff or in some cases eating fewer meals in a day.

#### Wheat prices

From October 2014 to October 2015, nominal wheat prices fell by Eth birr 16 (1.6%) per quintal, while in the current year to October 2016, prices fell by Eth birr 206 (21%) per quintal. Nominal month-on-month wheat prices to October 2016 also fell by Eth birr 45 (5.5%) per quintal (see Figure 1).

Disaggregated market price information for 20 markets confirms month-on-month price decreases in all markets. The highest monthly price decreases were recorded in Ziway, Oromia region, Mekele, Tigray region, and Dessie, Amahara region – by Eth birr 116 (13%) per quintal, Eth birr 117 (11.6%) per quintal, and Eth birr 83 (11.4%) per quintal respectively. Further analysis by market type – i.e. of the surplus, transit, and deficit markets – confirms month-on-month aggregate wheat price decreases of Eth birr 27 (3.5%) per quintal, Eth birr 20 (2.4%) per quintal, and 54 (6.1%) per quintal respectively. Similarly, year-on-year average nominal wheat prices to October 2016 declined by Eth birr 194 (20%) per quintal, Eth birr 167 (17%) per quintal, and Eth birr 250 (23%) per quintal in the surplus, transit, and deficit markets respectively (see Figure 2).

Wheat price declines since the September 2015 peak are the result of a combination of the poor quality of locally produced wheat and the El Niño-induced drought, which have required substantial wheat imports by government and international development partners.

Prices can, however, be expected to continue to decline in the coming few months, as the 2016 *meher* wheat harvest increases the availability of locally grown wheat.

Figure 1: Nominal wheat price

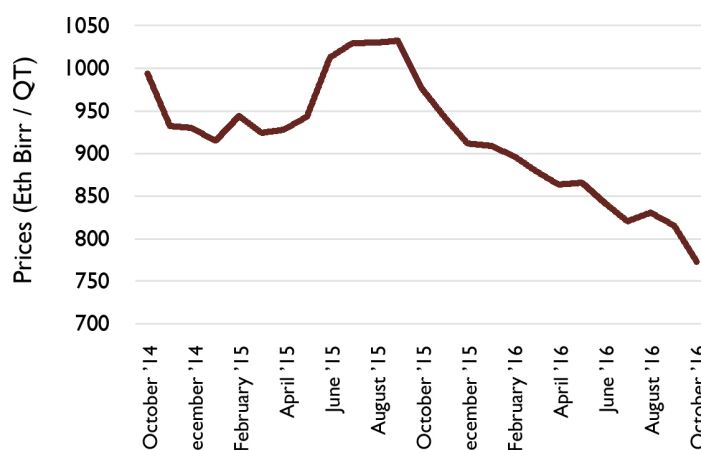
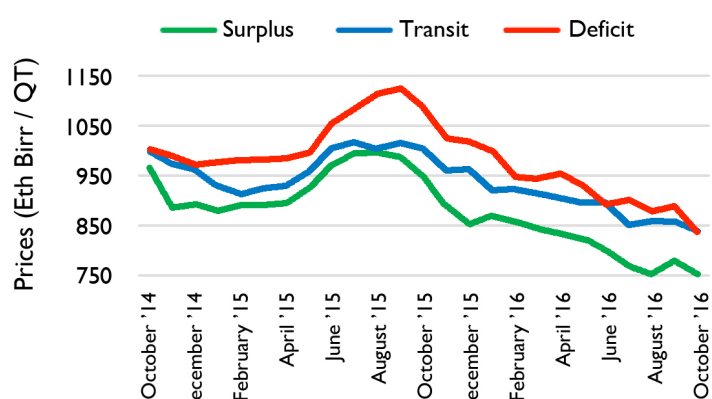


Figure 2: Wheat price by market type



## Teff

Teff is the most prized of Ethiopia's cereals, with white teff the most expensive, followed by mixed and red teff respectively. Nominal average teff prices started to rise in January 2015, and have continued upward to October 2016 – with an increase of Eth birr 725 (55%) per quintal. Year-on-year prices to October 2016 increased by Eth birr 510 (33%) per quintal, while month-on-month prices to October 2016 increased by Eth birr 9 (0.5%) per quintal (see Figure 3).

Disaggregated EGTE market price information for 20 markets in October 2016 confirms price increases in 14 and decreases in six markets. The biggest price increases were recorded in Shashamene, Nekmpt, and Ziway, Oromia region – by Eth birr 175 (9%) per quintal, Eth birr 159 (7.9%) per quintal, and Eth birr 107 (4.8%) per quintal respectively. By contrast, the biggest price decreases were recorded in Nazareth, Oromia region, and Bahir Dar, Amhara region, by Eth birr 150 (6.7%) per quintal and Eth birr 67 (2.9%) per quintal respectively.

Further analysis by market type confirms average year-on-year price increases of Eth birr 550 (39%) per quintal, Eth birr 464 (31%) per quintal, and Eth birr 471 (28%) per quintal in the surplus, transit, and deficit markets respectively. Similarly, average month-on-month price increases were recorded in the surplus and transit markets of Eth birr 50.6 (2.6%) per quintal and Eth birr 51 (2.7%) per quintal respectively. On the other hand, month-on-month prices in deficit markets declined by Eth birr 45 (2.1%) per quintal to October 2016 (see Figure 4).

It will be interesting to track teff prices in November/ December, as the 2016 *meher* teff is expected to reduce prices significantly. In particular, a normal to above normal harvest is forecast.

## Conclusion

Wheat and teff are major staple food crops for urban and wealthier rural households. In October 2016, average nominal wheat prices decreased by another Eth birr 45 (5.5%) per quintal, as a result of government and development partner-led imports. Wheat prices have therefore been at a record low since before October 2014. Low prices may be further depressed following the onset of the 2016 *belg* season wheat harvest. In sharp contrast, the price of teff continues upward and, once again, in October 2016 was more than twice the price of wheat in all markets. It remains to be seen, therefore, how the onset of the 2016 cereal harvest will affect the price of wheat and teff in the coming months. Interesting trends to watch out for include: tracking local against imported wheat prices and the medium-term price changes of teff.

Figure 3: Nominal teff price

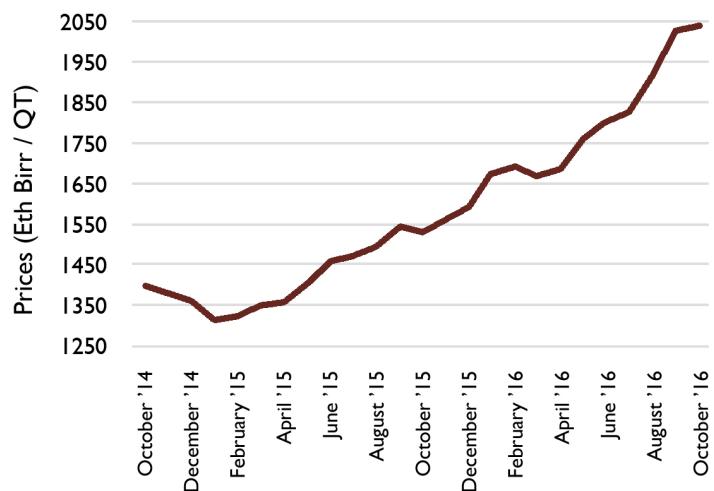
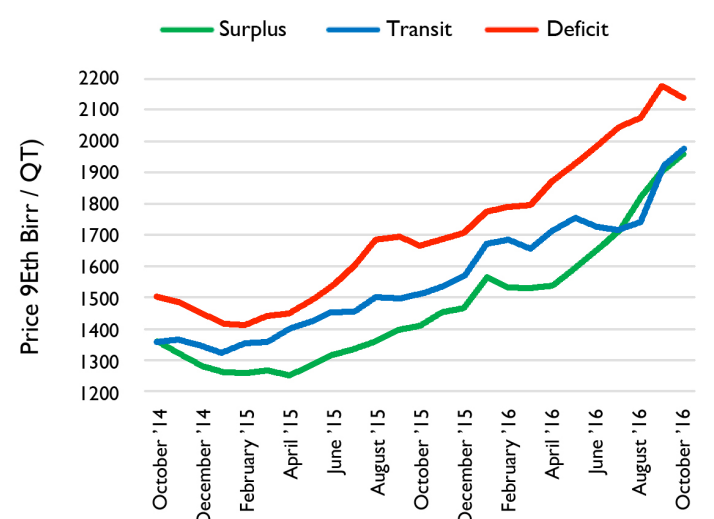


Figure 4: Teff price by market type



## 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.