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

Food Price Brief
September 2016

El Niño in Ethiopia

Wheat and Teff Price Trends – August 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 August 2014 to August 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 2015 to August 2016, the nominal wheat price fell by Eth birr 145, or 15%, per quintal, while year-on-year prices to August 2016 fell by 19%. In contrast, nominal month-on-month wheat prices to August 2016 increased by Eth birr 12, or 1.4%, per quintal (see Figure 1).

Disaggregated market price information for 20 markets confirms month-on-month price decreases in 13 markets, price increases in six markets, and prices remaining the same in one market. The biggest monthly price decreases were recorded in Debre Markos of Amhara, Mekele of Tigray, and Ambo of Oromia regions, by 13.4%, 8.2%, and 7.2% respectively. The highest price increases were recorded in Dejen in Amhara, and Woliso and Eteya in Oromia regions, by 10%, 7.4%, and 4.2% respectively. The price of wheat remained the same in Bahir Dar of Amhara region.

Further analysis by market type – the surplus, transit, and deficit markets – confirms month-on-month aggregate wheat price declines of 2% and 2.7% in the surplus and deficit markets respectively, while prices increased by 0.6% in transit markets. The year-on-year average nominal wheat prices declined by 24%, 15%, and 21% in the surplus, transit, and deficit markets respectively to August 2016 (see Figure 2).

Wheat price declines since the September 2015 peak are not the result of the onset of the 2015 meher harvest – as would be expected in normal years – but rather a combination of the poor quality of locally produced wheat and the El Niño drought, which has necessitated substantial wheat imports by government and international development partners.

Figure 1: Nominal wheat price

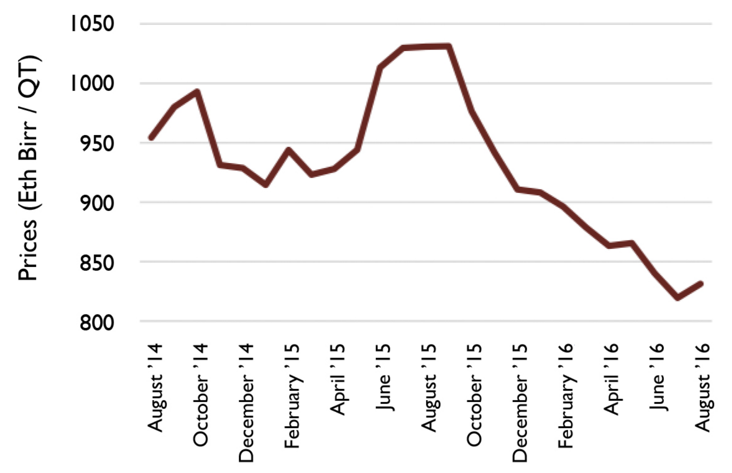
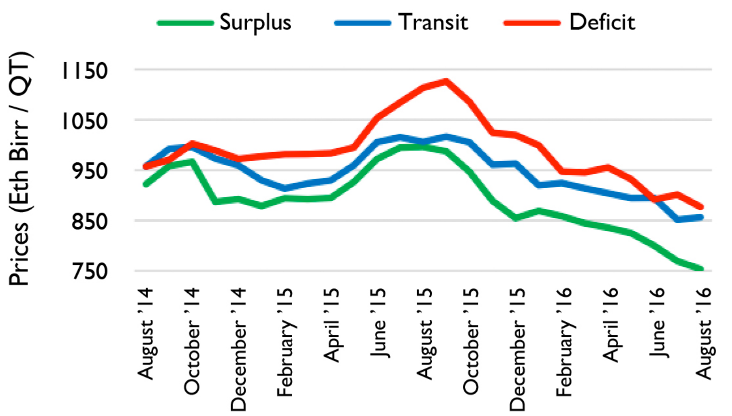


Figure 2: Wheat price by market type



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 August 2016, with an increase of Eth birr 605, or 46%, per quintal. Year-on-year prices to August 2016 increased by Eth birr 426, or 29%, per quintal, while month-on-month prices to August 2016 also increased by Eth birr 92, or 5%, per quintal. Generally, the price of teff, which is mostly consumed by richer households, showed a sharp increase (see Figure 3).

Disaggregated EGTE market price information for 21 markets in August 2016 confirms price increases in 19 major markets and decreases in two markets. The biggest price increases were recorded in Dejen, Debre Markos, and Bitchena of Amhara region, by 11.4%, 10.9%, and 8.5% respectively; and in Woliso and Ziway of Oromia region, by 10.6% and 8.9% respectively. Price declines were recorded in Mekele of Tigray and Gonder of Amhara regions, by 4% and 2.9% respectively.

Further analysis by market type confirms average year-on-year price increases of 34%, 16%, and 23% in the surplus, transit, and deficit markets respectively, and average month-on-month price increases to August 2016 of 6.1%, 1.5%, and 1.4% (see Figure 4).

If, as expected, teff prices continue to rise to the onset of the 2016 meher harvest in September and October 2016, poorer households can be expected to purchase and consume cheaper types of Quey (red) teff, eat fewer teff-based meals each day, or to switch to other cereals.

Figure 3: Nominal teff price

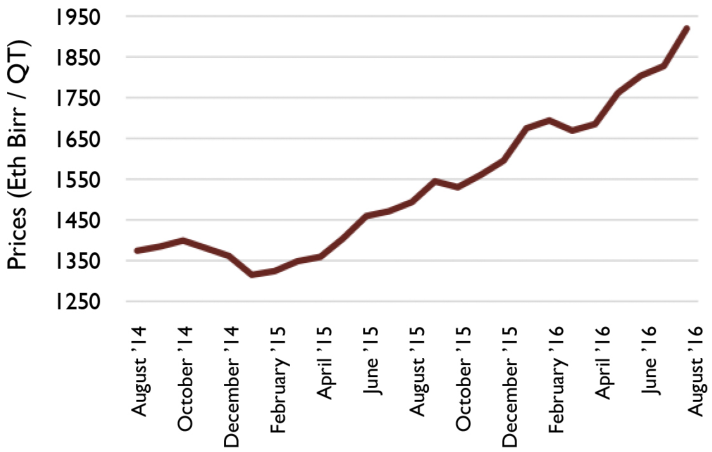
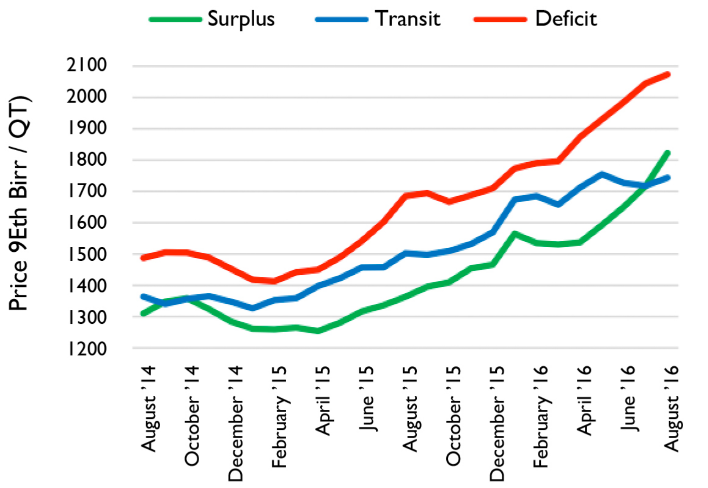


Figure 4: Teff price by market type



Conclusion

Wheat and teff are major staple food crops for urban and wealthier rural households. In sharp contrast to previous months, average nominal wheat prices increased by 1.4%. However, as a result of government and development partner-led imports, wheat prices remain considerably lower than in any month since August 2014. In sharp contrast, the price of teff continues upward, and in August 2016 was more than twice the price of wheat in the surplus, transit, and deficit markets. As more wheat imports are expected and with the onset of the 2016 wheat harvest a month away, the price of wheat is likely to remain well below previous years until the end of the year. It remains to be seen how the onset of the 2016 cereal harvest will affect the price of teff.