



## El Niño in Ethiopia Wheat and Teff Price Trends – December 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 December 2014 to December 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

In the November Food Price Brief, it was reported that nominal wheat prices fell by Eth birr 18, or 2%, per quintal in the period December 2014 to December 2015. However, in the period December 2015 to December 2016, the nominal price of wheat fell by Eth birr 177.5, or 19%, per quintal, despite an upturn in December prices – by Eth birr 15, or 2%, per quintal (see Figure 1).

Disaggregated market price information for 19 markets confirmed month-on-month price decreases in 14 markets and price increases in five markets. The largest monthly price decreases were recorded in: Mekele, Tigray region; Shashemene and Jimma, Oromia region; and Dessie, Amhara region. The prices fell by, respectively, Eth birr 112.5 (13%) per quintal, Eth birr 57.5 (8%) per quintal, Eth birr 60 (6%) per quintal, and Eth birr 33 (5%) per quintal. These price declines are thought to be the result of a combination of factors – continued supply of emergency food assistance and the start of the 2016 *meher* wheat harvest.

In contrast, prices increased in: Bure, Debre Markos, and Debre Birhan, Amhara region; and Ziway and Woliso, Oromia region. The highest month-on-month price increases were recorded in Bure and Debre Markos – by Eth birr 82.5 (14%) per quintal and 71 (13%) per quintal respectively. These price increases reflect the phased reduction of emergency food aid.

Further analysis by market type – i.e. of the surplus, transit, and deficit markets – confirmed month-on-month aggregate wheat price decreases to December 2016 – of Eth birr 2.5 (0.4%) per quintal, Eth birr 27 (3.5%) per quintal, and Eth birr 18 (2%) per quintal respectively. Similarly, the year-on-year average nominal wheat prices to December 2016 declined by Eth birr 153 (18%) per quintal, Eth birr 198 (21%) per quintal, and Eth birr 245 (24%) per quintal in the surplus, transit, and deficit markets respectively (see Figure 2).

Following a period of steep decline in the price of wheat from September 2015, average nominal wheat prices are again on the increase (although the margin is only 2%). Typically wheat prices would be in decline in December, the result of the onset of the *meher* wheat harvest; however, wheat prices are well below those of previous years – the result of significant imports of emergency food assistance in response to the 2015/16 El Niño drought episode.

Figure 1: Nominal wheat price

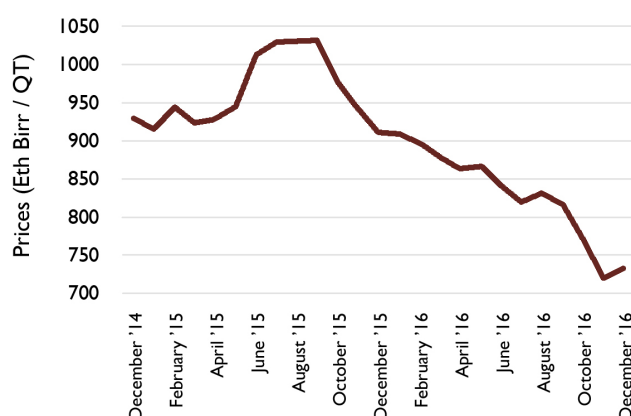
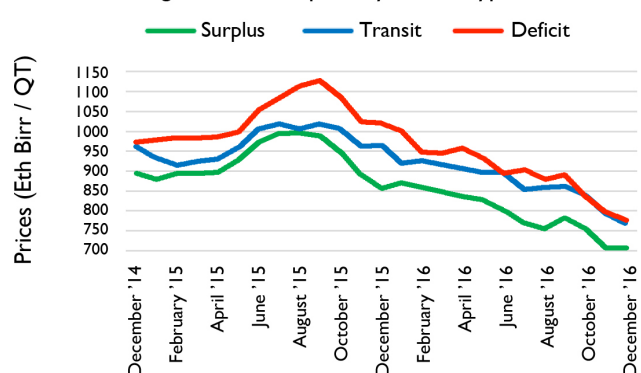


Figure 2: Wheat price by market type



## 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 continued upward till October 2016, with an overall increase of Eth birr 725 (55%) per quintal. While prices have subsequently fallen, nominal average teff prices in December 2016 remained Eth birr 467 (35.5%) per quintal above those of December 2015 (see Figure 3).

Since October 2016, nominal average teff prices have declined sharply – including a price decrease of Eth birr 77.5 (4%) per quintal in December 2016, the result of the arrival of new *meher* teff harvest in local markets.

Disaggregated EGTE price information for 18 markets in December 2016 confirmed teff price decreases in 14 markets, increases in three markets, and stable prices in one market. The biggest price decreases were recorded in: Hosaena, SNNP region; Shashemene and Nazareth, Oromia region; and Gonder, Amhara region. Prices decreased by, respectively, Eth birr 305 (14%) per quintal, Eth birr 229 (11.5%) per quintal, Eth birr 200 (9.5%) per quintal, and Eth birr 150 (8.5%) per quintal.

Further analysis by market type confirmed average year-on-year price increases – of Eth birr 183 (12%) per quintal, Eth birr 139 (9%) per quintal, and Eth birr 197 (12%) per quintal in the surplus, transit, and deficit markets respectively. In contrast, nominal average month-on-month teff prices decreased – by Eth birr 196.5 (10.5%) per quintal, Eth birr 143 (7.5%) per quintal, and Eth birr 90.5 (4.5%) per quintal in the surplus, transit, and deficit markets respectively (see Figure 4).

Following the onset of the 2016 *meher* teff harvest, nominal monthly teff prices are in decline in all markets – surplus, transit, and deficit areas (see Figure 4). However, prices are still well above normal seasonal prices and white teff is still unaffordable for poorer households, which are continuing to purchase cheaper quey (red) teff, eat fewer teff-based meals each day, or consume other cereals.

## Conclusion

Wheat and teff are major staple food crops for urban and wealthier rural households. In December 2016, average nominal wheat prices increased by Eth birr 15 (2%) per quintal, the result of reduced wheat imports as Ethiopia emerges from the 2015 El Niño. However, wheat prices remain considerably below December 2014 prices and will take some time to recover. In contrast, nominal prices of teff increased through the same period and peaked in October 2016. Following the onset of the 2016 *meher* teff harvest in October, prices have fallen; yet teff prices remain twice those of wheat.

It will be interesting to follow wheat and teff prices in the coming months, in particular if wheat prices continue to rise or if the government and development partners have to continue with above-average normal levels of cereal imports as a result of the emerging drought in southern Ethiopia.

Figure 3: Nominal teff price

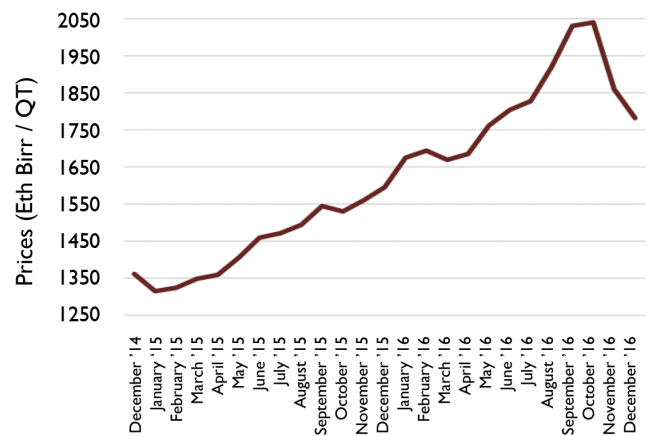
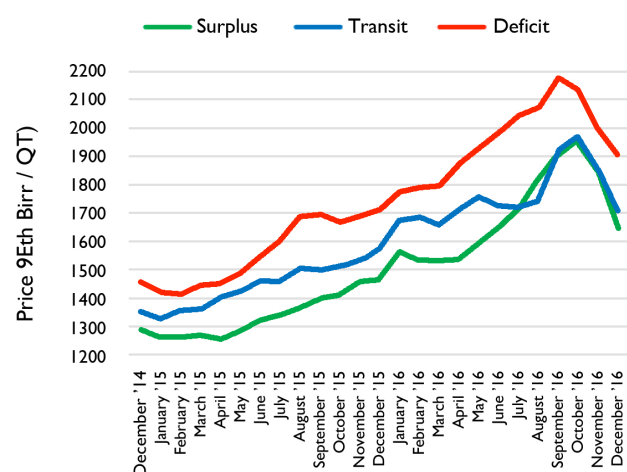


Figure 4: Teff price by market type



## 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.