



## El Niño in Ethiopia Maize and Sorghum Price Trends – June 2016

### Introduction

In this Food Price Brief, the AKLDP analyses nominal Ethiopia Grain Trade Enterprise (EGTE) price data for maize and sorghum from August 2014 to May 2016. As has been noted in previous Food Price Briefs, maize and sorghum are the staple cereals of poorer, typically rural households. Price trends of maize and sorghum therefore directly impact on household cereal consumption and therefore calorific intake.

### Maize Price Information

In a normal year, maize prices typically fall 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 August 2014 and June 2015, nominal maize prices fell by Eth birr 38/ quintal or 7%. In contrast, in the period from August 2015 to June 2016, nominal maize prices increased by Eth birr 26/ quintal or 5.7%. Nominal year-on-year maize prices to June 2016 however decreased by 3%, while nominal month-on-month maize prices to June 2016 remained the same (see Figure 1).

Disaggregated market data for 23 ETGE monitored maize markets confirms variable price trends in June 2016, with price increases in 14 markets, while prices fell slightly in 5 markets and prices remained the same in 4 markets.

The highest monthly price increases were recorded in Debre Birhan, Amhara and Nazareth, Oromia Regions and Dire Dawa Administration by 5.2%, 4.8% and 4.6% respectively. In contrast, the biggest monthly price decreases were recorded in Jimma, Oromia and Debre Markos, Amhara regions by 5.3% and 5.2% respectively.

Further analysis by market type – confirms average month-on-month price increases to June 2016 in surplus, transit and deficit markets by 0.6%, 3.3% and 1.8% respectively. In contrast, average year-on-year prices were more mixed, with decreases recorded in surplus and transit markets by 1% and 5% respectively, while prices in deficit markets remained the same (see Figure 2).

Figure 1: Comparison of Maize Prices Trends by Year

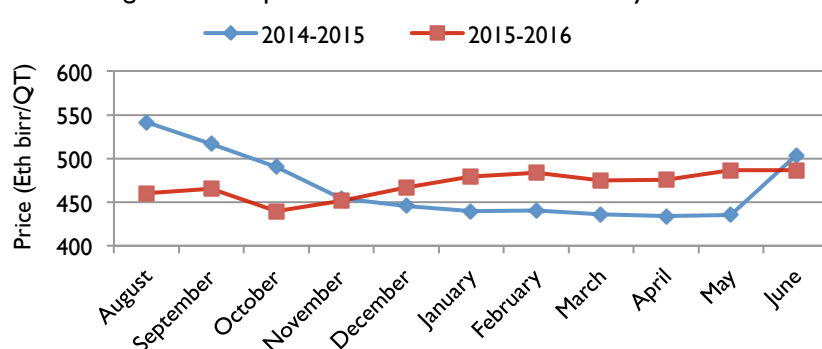
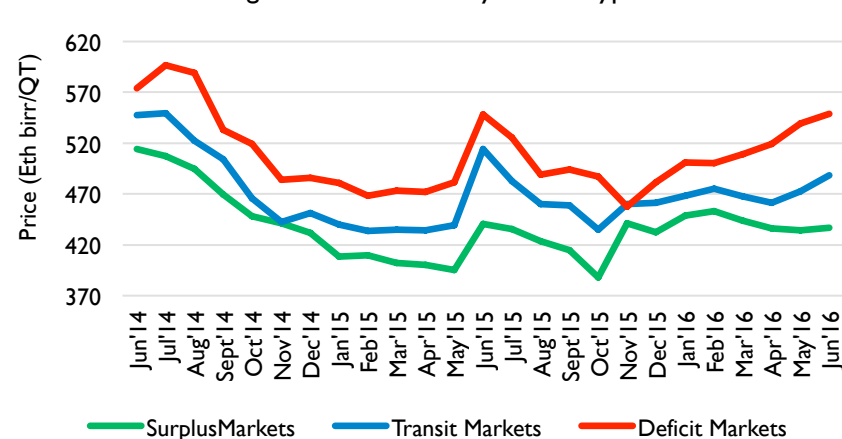


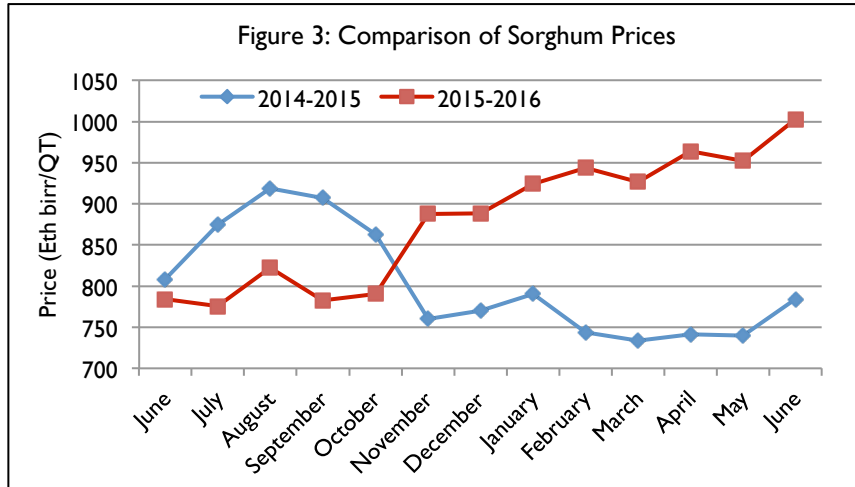
Figure 2: Maize Price by Market Type



## Sorghum Prices

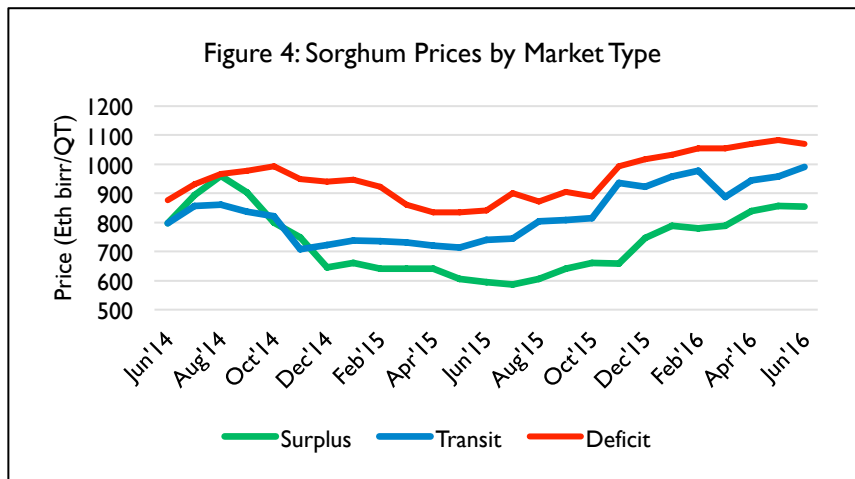
Sorghum is the staple cereal in the eastern part of Ethiopia, including the zones most affected by the El Niño-induced drought. As with maize prices, sorghum prices typically peak in July and August after which prices fall to February. Prices then typically stabilize in May and June and then slowly start to rise to the July and early August peak.

Between August 2014 and June 2015 nominal sorghum prices declined by Eth birr 134/ quintal or 14.6%. In contrast however in the period August 2015 to June 2016, nominal average sorghum prices increased by Eth birr 181/ quintal or 22%, while year-on-year sorghum prices to June 2016 were 28% higher. The nominal average month-on-month sorghum prices for June 2016 also showed an increase of 5.3% (see Figure 3).



Disaggregated June 2016 market price analysis for sorghum confirms month-on-month price increases in 3 markets, with a decline in 2 markets and prices remaining the same in 2 markets. The highest price increase of 3.1% was recorded in Debre Birhan of Amhara Region, while the largest price decrease of 5.3% was recorded in Gonder, Amhara Region.

Further analysis by surplus, transit and deficit market type confirms average year-on-year sorghum price increases of 44%, 34% and 27% respectively. The month-on-month prices also increased by 3.5% in transit markets and declined by 0.4% and 1.2% in surplus and deficit markets respectively (see Figure 4).



## Conclusion

Average nominal prices for maize in June 2016 fell below average nominal price for in 2015 for the first time. This is attributed to two factors: the first that the 'green' maize harvest has started to arrive in towns and cities across Ethiopia and the second is the strong flows of emergency food assistance that have helped to reduce market demand. In contrast, nominal average year-on-year sorghum – sorghum is preferred in the severely drought affected areas of eastern Ethiopia – prices have increased 28%. This would seem to suggest that the government will need to ensure strong transfers of food assistance to the most severely drought affected areas of eastern Ethiopia that typically consume more sorghum, in order to stabilize prices.

## 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.