



## El Niño in Ethiopia

### Maize and Sorghum Price Trends – November 2016

#### Introduction

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

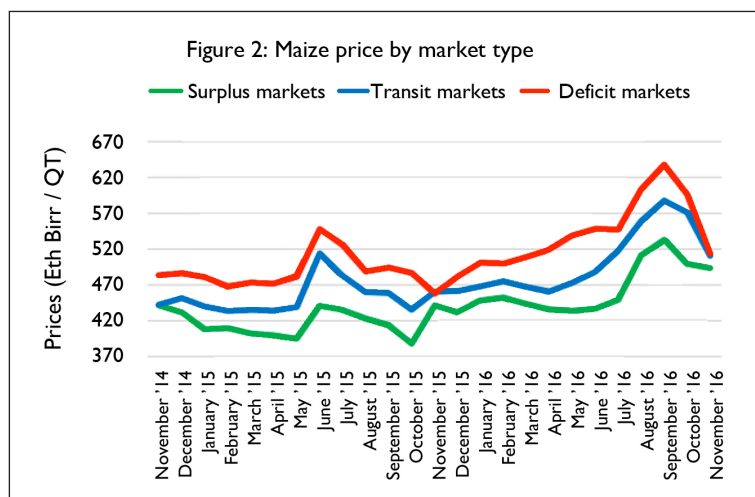
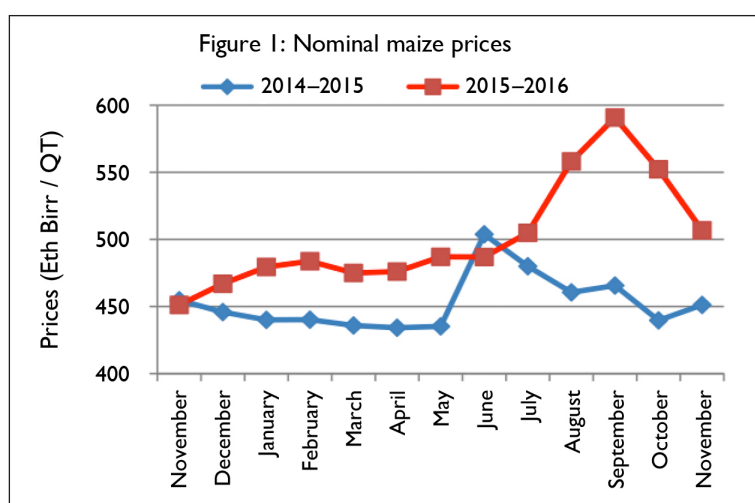
#### Maize price information

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 tend to stabilize until May or June – when they start to rise to the July and early August peak.

Between November 2014 and November 2015, nominal maize prices fell by Eth birr 4, or almost 1%, per quintal. In contrast, in the period from November 2015 to November 2016, nominal maize prices increased by Eth birr 56, or 12%, per quintal, as a result of the impact of the 2015 El Niño drought on local production. While year-on-year nominal prices remained higher, there have been steep price falls since September, including price falls of Eth birr 46, or 8%, per quintal in November 2016 (see Figure 1).

In November 2016, disaggregated market data for 23 EGTE-monitored maize markets confirmed falling prices in 22 markets, with an increase in just one. The highest monthly price decreases were recorded in: Ziway, Jimma, and Assela in Oromia region; Gonder in Amhara region; and Hosaena in SNNP region. These price falls were by Eth birr 120 (22%) per quintal, Eth birr 115 (20%) per quintal, Eth birr 108 (18.7%) per quintal, Eth birr 117 (19%) per quintal, and Eth birr 122 (17%) per quintal respectively. The cause of these steep price declines in November 2016 can be attributed to the arrival of the *meher* season harvest. Prices increased in Bure in Amhara region, by Eth birr 40 (9%) per quintal. This price increase can be attributed to a supply shortage.

Further analysis by market type confirms average month-on-month price decreases in November 2016 in all markets as follows: in the surplus markets by Eth birr 5.6 (1.1%) per quintal, in the transit markets by Eth birr 61 (11%) per quintal, and in the deficit markets by Eth birr 83 (14%) per quintal. Again, these price falls can be attributed to improved supply – a result of the arrival of the new harvest (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 contrast to previous years, nominal sorghum prices have increased year-on-year from November 2014 and November 2015 (by Eth birr 128 [17%] per quintal) and again from November 2015 to November 2016 (by Eth birr 117 [13%] per quintal). Prices were therefore 30% higher in November 2016 than in November 2014.

In contrast to these longer-term trends, month-on-month prices fell for the second consecutive month – with a fall of Eth birr 27 (2.6%) per quintal in November 2016 (see Figure 3).

Disaggregated November 2016 market price analysis for sorghum confirmed month-on-month price decreases in six markets, while prices remained stable in two markets. The highest price decreases were recorded in Humera, Tigray region, and Gondar, Amhara region, by Eth birr 75 (9.7%) per quintal and Eth birr 40 (5.4%) per quintal respectively. These price falls can be attributed to the onset of the 2016/17 *meher* harvest.

Further analysis by surplus, transit, and deficit market type confirmed average year-on-year sorghum price increases of Eth birr 141 (21%) per quintal, Eth birr 73 (8%) per quintal, and Eth birr 113 (11%) per quintal respectively. In common with the October prices, month-on-month prices in November 2016 declined in the surplus and transit markets, by Eth birr 38 (4.6%) per quintal and Eth birr 12 (1.1%) per quintal respectively. Prices also fell in the deficit markets for the first month in recent times, with a price decline of Eth birr 28 (2.5%) per quintal (see Figure 4).

## Conclusion

Prices of maize and sorghum typically follow seasonal trends around the annual *belg* and *meher* harvests. However, as a result of the 2015 El Niño, maize and sorghum prices continued to rise over a two-year period from September 2014. Despite recent month-on-month price falls, the average nominal price for maize in November 2016 remained Eth birr 56 (12%) per quintal higher than in October 2015, while the price of sorghum remained Eth birr 117 (13%) per quintal higher. High prices for maize and sorghum, which are the key staple foods for poor and very poor households, will typically result in reduced food consumption – through the consumption of smaller portions and skipping meals. The current movement of the 2016/17 *meher* harvest into the markets is expected to result in continued downward pressure on prices – and therefore cheaper food for poorer rural and urban households.

Figure 3: Comparison of sorghum price

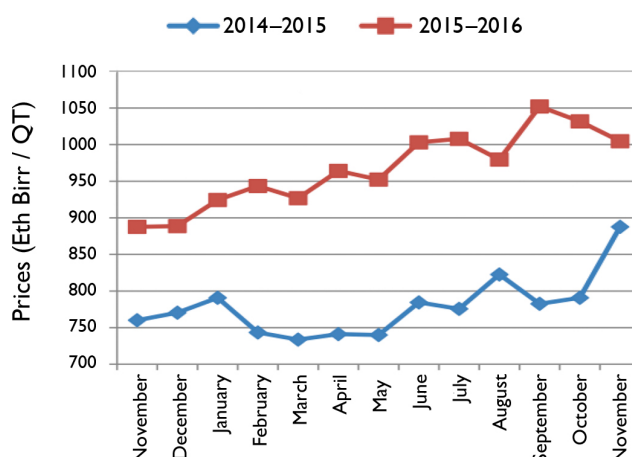
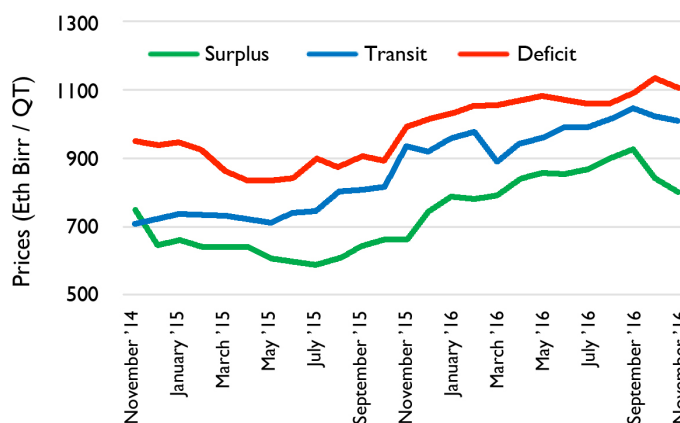


Figure 4: Sorghum price by market type



## Disclaimer

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