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

Food Price Brief
October 2016

El Niño in Ethiopia
Maize and Sorghum Price Trends – September 2016

Introduction

In this Food Price Brief, the AKLDP analyzes nominal Ethiopia Grain Trade Enterprise (EGTE) price data for maize and sorghum from September 2014 to September 2016. As has been noted in previous Food Price Briefs, maize and sorghum are the staple cereals of poorer, typically rural households. 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 normally stabilize until May or June – when they start to rise to the July and early August peak.

Between September 2014 and September 2015, nominal maize prices fell by Eth birr 51, or 9.9%, per quintal. In contrast, in the period from September 2015 to September 2016, nominal maize prices increased by Eth birr 125, or 27%, per quintal. Similarly, nominal month-on-month maize prices to September 2016 increased by 5.9% (see Figure 1).

Disaggregated market data for 23 ETGE-monitored maize markets confirm an increase of prices in 16 and a decrease in seven markets in the month of September 2016. The highest monthly price increases were recorded in Gondar, Amhara region, by 25%; in Jimma, Nazareth, and Woliso, Oromia region, by 15.7%, 6.7%, and 6.3% respectively; and in Dire Dawa markets, by 14.6%. The price increase in Gonder can probably be attributed to market disruption. The highest price decreases were recorded in Bichena and Jiga, Amhara region, and in Assela, Oromia region – by 6.1%, 4.2%, and 3.2% respectively.

Further analysis by market type confirms average month-on-month price increases in September 2016 in the deficit, transit, and surplus markets, by 5.7%, 5.1%, and 4.3% respectively. Similarly, average year-on-year prices increased in the deficit and surplus markets by 29% and in the transit markets by 28% (see Figure 2). As noted in last month's Food Price Brief, it appears that the onset of the green maize harvest has not yet contributed to the stabilization of maize prices.

Figure 1: Nominal maize prices

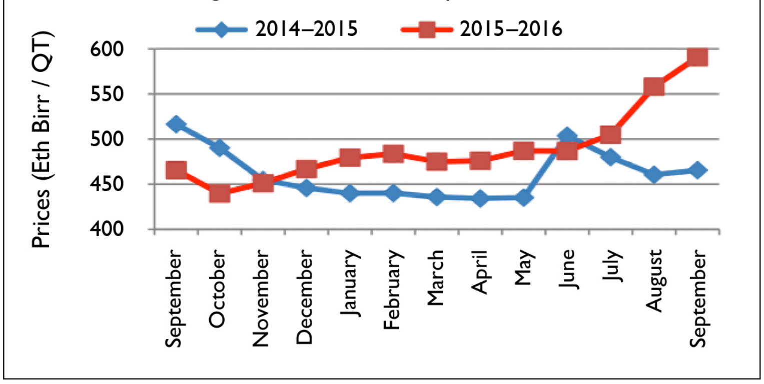
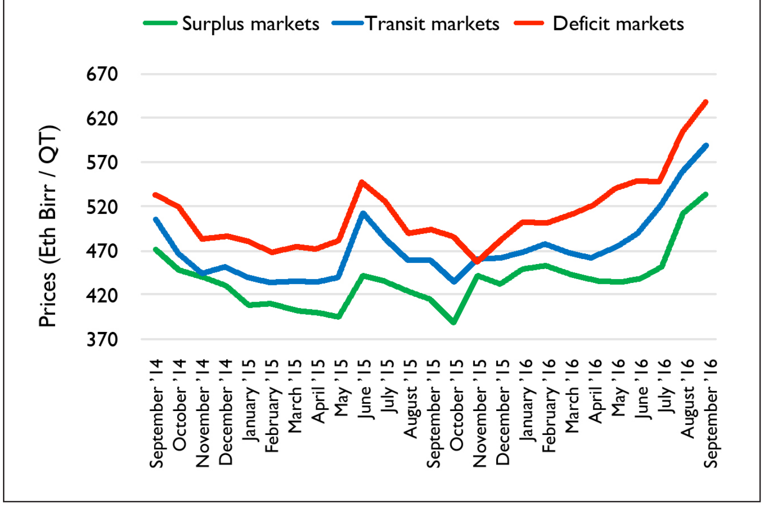


Figure 2: Maize price by market type



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Sorghum prices

Sorghum is the staple cereal in eastern Ethiopia, including in 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.

Between September 2014 and September 2015, nominal sorghum prices declined by Eth birr 124, or 13.7%, per quintal. In contrast, in the period September 2015 to September 2016, nominal average sorghum prices increased by Eth birr 269.5, or 34%. Similarly, the nominal average month-on-month sorghum prices to September 2016 showed an increase of 7.4% (see Figure 3).

Disaggregated September 2016 market price analysis for sorghum confirms month-on-month price increases in seven markets, with a decline in one market and prices remaining the same in one market. The highest price increases were recorded in Gondar and Dessie, Amhara region, in Ziway and Jimma, Oromia region, and in Dire Dawa Administration – by 14.9%, 5.1%, 6.2%, 4.3%, and 5.5% respectively. A price decrease was recorded in Mekele, Tigray region, by 2.2%.

Further analysis by surplus, transit, and deficit market type confirms average year-on-year sorghum price increases of 45%, 29%, and 20% respectively. Month-on-month prices also increased in the surplus, transit, and deficit markets – by 3.1%, 3%, and 2.8% – with similar price trends to those of the previous month (see Figure 4).

Figure 3: Comparison of sorghum price

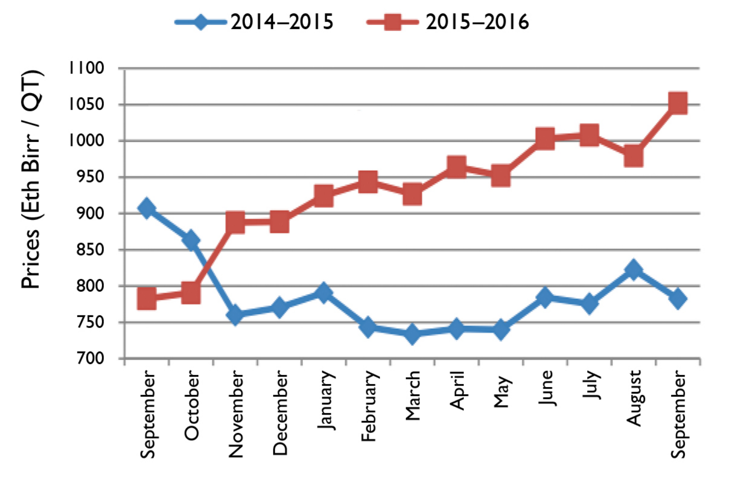
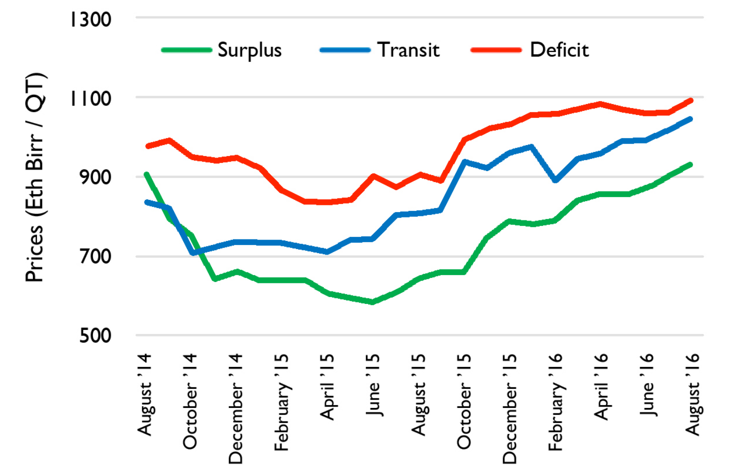


Figure 4: Sorghum price by market type



Conclusion

In common with previous months, this Food Price Brief confirms that average nominal maize and sorghum prices continue to rise, with maize prices 27% higher and sorghum prices 34.4% higher than in September 2015. As mentioned before, maize and sorghum prices are the key staple foods for poor households in Ethiopia, and therefore higher-than-average unseasonal prices will impact negatively on household food security. The current market disruption in parts of the Amhara and Oromia regions may have contributed to month-on-month food price increases.