



El Niño in Ethiopia

Wheat and Teff Price Trends – July 2016

Introduction

In this Food Price Brief, the AKLDP analyses nominal Ethiopia Grain Trade Enterprise (EGTE) price data for wheat and teff over a two year period from July 2014 to July 2016. Wheat and teff are typically the staple cereals of urban population 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.

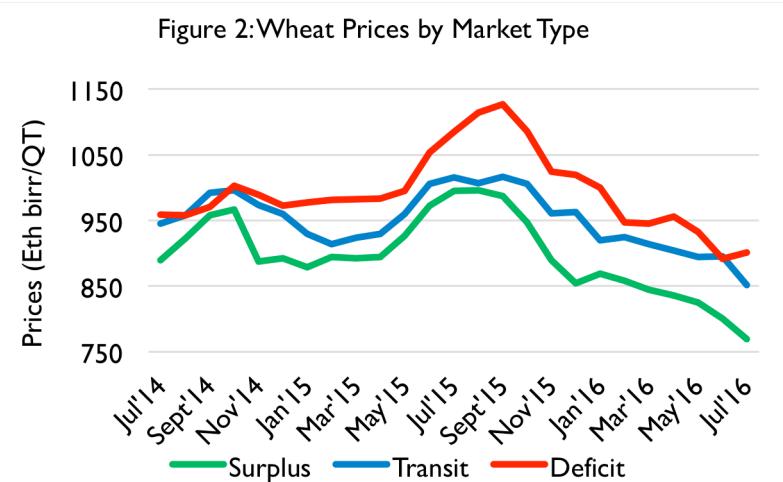
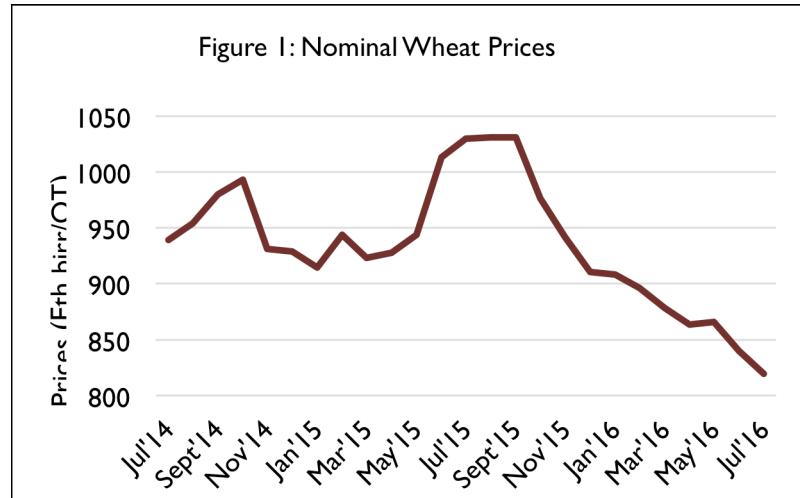
Wheat Prices

From October 2015 to July 2016, nominal wheat price fell by Eth birr 175 per quintal or 17.5%, while year-on-year prices to July 2016 fell by 20%. Similarly, nominal month-on-month wheat prices to July 2016 declined by an additional Eth birr 21 or 2.5% (Figure 1).

Disaggregated market price information for 19 markets, confirms month-on-month price decreases in 16 markets and price increases in 3 markets. The biggest monthly price decreases were recorded in Bale Robe, Wolliso, Assela and Eteya in Oromia Region by 14%, 11.8%, 7.2% and 6.7% respectively and Debre Markos in Amhara Region by 7.7%. The highest price increases were recorded in Mekele in Tigray Region, Bahir Dar in Amhara Region and Dire Dawa Administration by 10%, 5.6% and 3.5% respectively.

Further analysis by market type – surplus, transit and deficit markets – confirms month-on-month aggregate wheat price declines of 3.8% and 4.8% in surplus and transit markets respectively, while prices increased by 1.1% in deficit markets. The year-on-year average nominal wheat prices declined by 23%, 17% and 16% in surplus, deficit and transit markets respectively to July 2016 (Figure 2).

These 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 a combination of the poor quality of locally produced wheat and the El Niño drought and an increase in wheat imports by government and international development partners.



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 July 2016, with an increase of Eth birr 513/quintal or 39%. Year-on-year prices to July 2016 increased by Eth birr 356/quintal or 24% while month-on-month prices to July 2016 also increased by Eth birr 24/quintal or 1.3% (Figure 3).

Disaggregated EGTE market price information for 21 markets in July 2016 confirms price increases in 13 major markets, prices decreases in 6 markets and prices remaining the same in 2 markets. The biggest price increases were recorded in Nekempt, Nazareth and Ambo in Oromia Region of 8.9%, 8.3% and 3.3% respectively; Hosaena in SNNP Region by 4.8%; and Bitchena in Amhara Region by 3.4%. The largest prices declines were recorded in Eteya in Oromia Region and Mekele in Tigray Region by 3% and 1.7% respectively.

Further analysis by markets type – surplus, deficit and transit – confirms average year-on-year price increases of 28.5%, 28% and 18% respectively, while average month-on-month price increases to July 2016 of 4% and 3% in surplus and deficit markets respectively with price declines of 0.5% in transit markets (Figure 4).

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

Conclusion

Wheat and teff are major staple food crops for the urban and wealthier rural households. Despite poor 2015 harvests and the onset of the 'lean season' in which cereals prices typically increase, month-on-month prices of wheat continue to fall. Falling prices can be attributed to significant Government and development partner imports. In contrast, the price of teff continues upward and in July 2016 was more than twice the price of wheat in surplus, transit and deficit markets. As more imports are expected, the prices of wheat and teff can be expected to continue to diverge, at least until the onset of the 2016 meher harvest.

Figure 3: Nominal Teff Prices

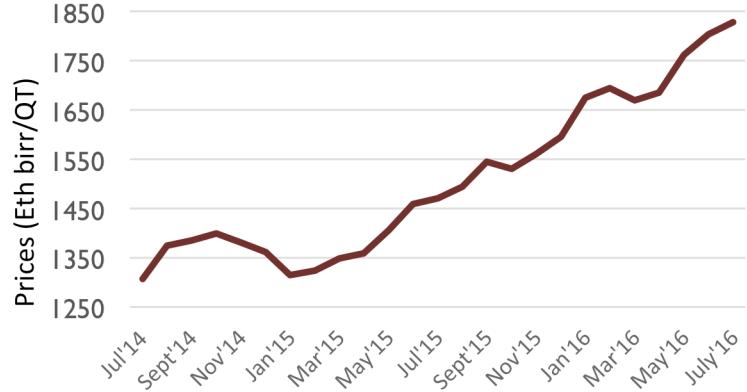
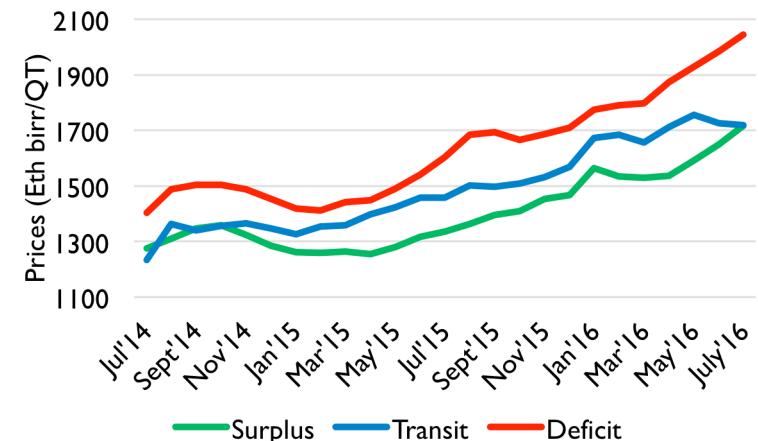


Figure 4: Teff Prices by Market Type



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