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

Food Price Brief
March 2017

El Niño in Ethiopia
Wheat and Teff Price Trends – February 2017

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 February 2015 to February 2017. 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

The January 2017 Food Price Brief reported falling year-on-year nominal wheat prices from January 2015 to January 2016, by Eth birr 154 (17%) per quintal, and from January 2016 to January 2017, by Eth birr 130 (15%) per quintal. Nominal wheat prices fell to their lowest level in November 2016, after which prices have increased by Eth birr 29 (4%) to February 2017 (see Figure 1).

Disaggregated market price information for 17 markets confirms month-on-month price increases in nine markets, stable prices in six markets, and price decreases in two markets. The highest price increases were recorded in Jimma (Oromia region) and in Debre Markos and Dessie (Amhara region), by Eth birr 136 (15%) per quintal, Eth birr 43 (6.5%) per quintal, and Eth birr 30 (4.3%) per quintal respectively.

Further analysis by market type confirms month-on-month wheat price increases – of Eth birr 4 (0.5%) per quintal and Eth birr 49 (6%) per quintal in the surplus and transit markets respectively, and a price decrease in the deficit markets, of Eth birr 10 (1%) per quintal. Average year-on-year nominal wheat prices fell by Eth birr 119 (14%) per quintal, Eth birr 85 (9%) per quintal, and Eth birr 150 (16%) per quintal in the surplus, transit, and deficit markets respectively (see Figure 2).

Figure 1: Nominal wheat price

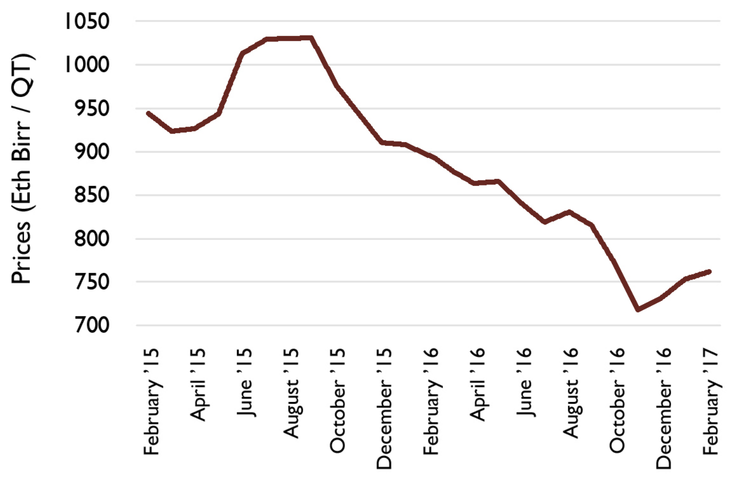
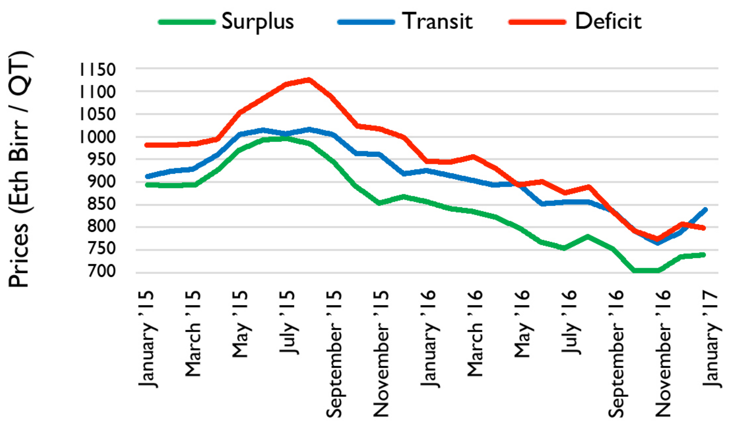


Figure 2: Wheat price by market type



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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 rose by Eth birr 725 (55%) per quintal between January 2015 and October 2016. Following the onset of the 2016 *meher* harvest, prices decreased by almost Eth birr 300 per quintal to December 2016. Prices were again on the increase in February 2017, with nominal month-on-month price rises of Eth birr 24 (1.2%) per quintal. As a result, nominal teff prices in February 2017 were Eth birr 91 (5%) per quintal above those of February 2016 (see Figure 3).

Disaggregated by markets, price increases were recorded in 17 markets, with prices remaining the same in three markets. The largest price increases were in Jimma, Ambo, and Nazareth (Oromia region) and Gondar (Amhara region) – by Eth birr 165 (10%) per quintal, Eth birr 150 (9.4%) per quintal, Eth birr 133 (7%) per quintal, and Eth birr 116 (7.5%) per quintal respectively.

Further analysis by market type confirms average year-on-year teff price increases of Eth birr 235 (15%) per quintal, Eth birr 89 (5%) per quintal, and Eth birr 125 (7%) per quintal in the surplus, transit, and deficit markets respectively. Similarly, average month-on-month teff price increases were recorded in the surplus, transit, and deficit markets – by Eth birr 60 (3.5%) per quintal, Eth birr 52 (3%) per quintal, and Eth birr 15 (0.8%) per quintal respectively (see Figure 4).

Despite the easing of teff prices from the high of October 2016, it would appear that the 2016/2017 *meher* harvest was only sufficient to stabilize markets through to January 2017, and that already prices are on the move upwards. At current prices, poorer urban households are forced to consume cheaper types of quey (red) teff, eat fewer teff-based meals each day, or switch to other cereals.

Figure 3: Nominal teff price

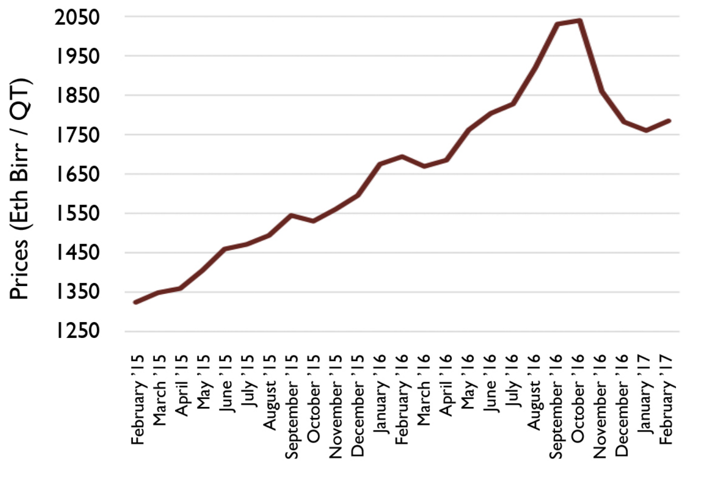
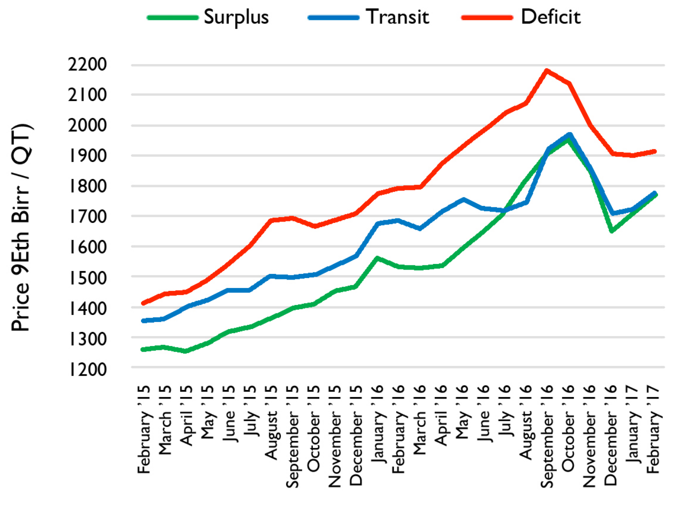


Figure 4: Teff price by market type



Conclusion

Wheat and teff are major staple food crops for the urban and wealthier rural households, and seasonal price fluctuations impact on household purchasing power and choice of purchases. Following the onset of the *meher* harvest, prices typically fall through to February, before stabilizing through to June and then rising through to the onset of the next harvest. However, as a result of the 2015 El Niño drought and associated decreases in production, teff prices were driven considerably higher than usual. Meanwhile, wheat prices rose to October 2015, before falling through to November 2016, as a result of significant government and development partners' imports that supported an expanded food assistance program to more than 18 million people.

While not significant, February 2017 price increases in teff – and to a lesser extent wheat – were unexpected and it will be interesting to see if prices continue to rise through to the typical August peak, or if they ease as a result of additional planned food imports.

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.