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

Food Price Brief
December 2016

# El Niño in Ethiopia

## Wheat and Teff Price Trends – November 2016

### Introduction

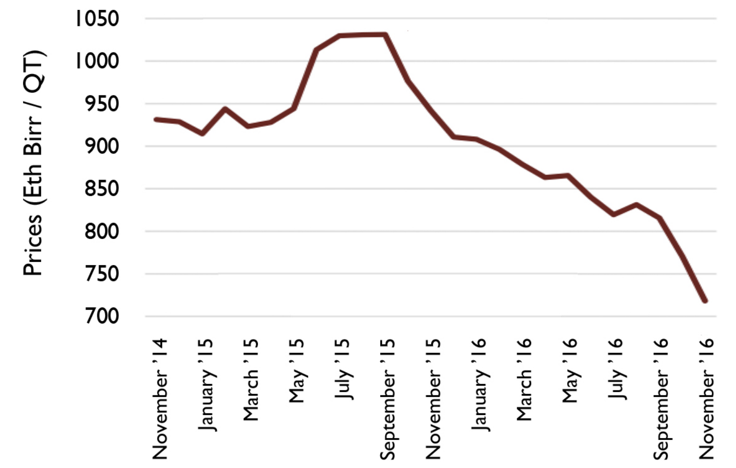
In this Food Price Brief, the AKLDP analyzes nominal Ethiopia Grain Trade Enterprise (EGTE) price data for wheat and teff over a two-year period from November 2014 to November 2016. Wheat and teff are typically the staple cereals of urban populations and better-off rural households. In urban areas, teff 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

Wheat prices have been falling since September 2015 and the onset of the El Niño drought conditions in Ethiopia, the result of a combination of factors: the poor bushel weight of local wheat produced during the 2015/16 *meher* harvest and significant government and development partner imports to bridge the food deficit gap caused by the drought.

Specifically, year-on-year prices to November 2016 fell by Eth birr 223 (24%) per quintal. Consistent with this trend, month-on-month wheat prices from October to November 2016 also fell by Eth birr 53 (6.8%) per quintal (see Figure 1).

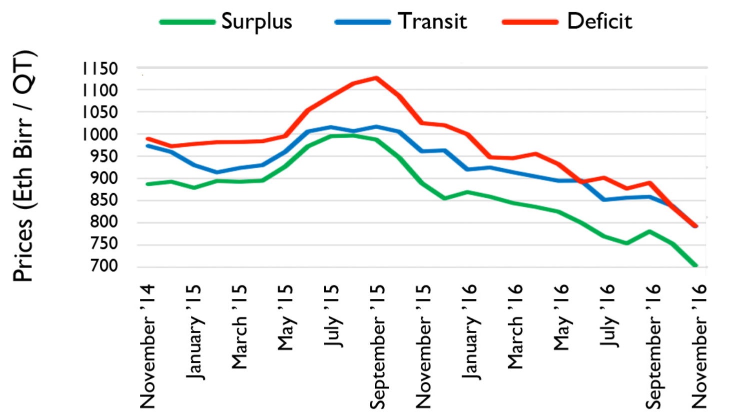
Figure 1: Nominal wheat price




Disaggregated market price information for 20 markets confirmed month-on-month price decreases in 19 of those markets. The highest monthly price decreases were recorded in Ziway in Oromia region and in Bure, Dejen, and Debre Markos in Amahara region, with price falls of Eth birr 133 (17%) per quintal, Eth birr 65 (10%) per quintal, Eth birr 65 (10%) per quintal, and Eth birr 54 (9%) per quintal respectively.

Dessie, Amhara region, was the only market that showed a month-on-month price increase of Eth birr 8 (1%) per quintal.

Figure 2: Wheat price by market type




Further analysis by market type confirmed year-on-year and month-on-month nominal aggregate wheat price decreases. Specifically, year-on-year prices in the surplus, transit, and deficit markets fell in November 2016 by Eth birr 185 (21%) per quintal, Eth birr 169 (18%) per quintal, and Eth birr 232 (23%) per quintal respectively (see Figure 2). Meanwhile, month-on-month prices in these markets fell by Eth birr 49 (7%) per quintal, Eth birr 46 (6%) per quintal, and Eth birr 43 (5%) per quintal respectively.

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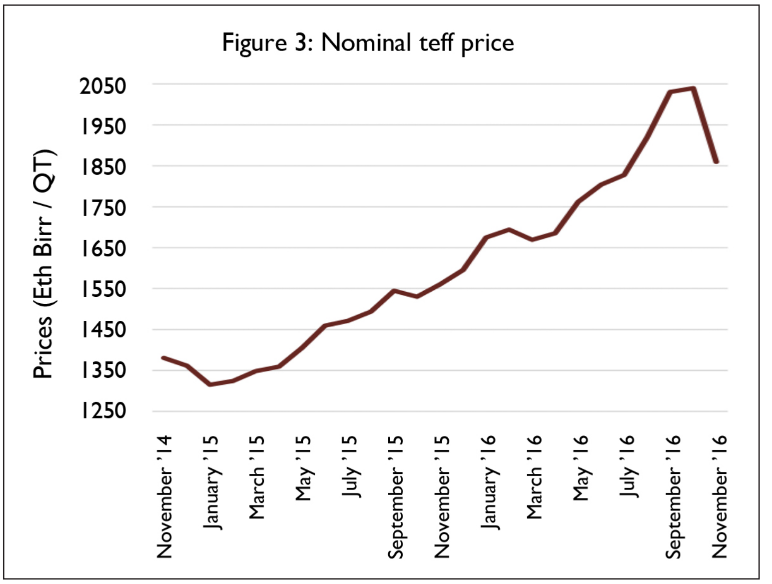
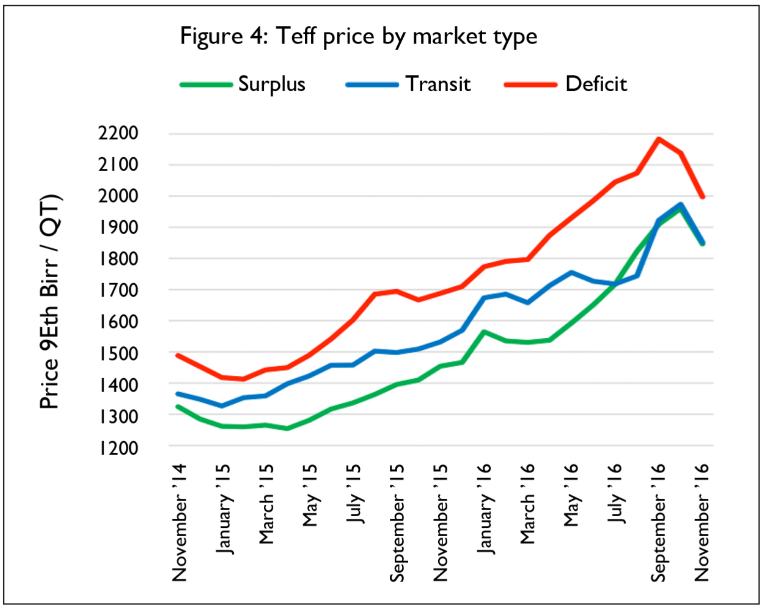
## Teff

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 started to rise in January 2015 and continued upward until October 2016, with an increase of Eth birr 725 (55%) per quintal over this period. Despite nominal teff price falls in November 2016 of Eth birr 180 (8.8%) per quintal, teff prices remained Eth birr 299 (19%) higher than in November 2015. The main reason for the decline of nominal average prices of teff is due to the arrival of the new 2016/17 *meher* season harvest (see Figure 3).




Disaggregated EGTE market price information for 21 markets in November 2016 confirmed price decreases in all markets. The biggest price falls were recorded in Ziway in Oromia region, Alaba in SNNP, Bahir Dar in Amhara, and Woliso and Eteya, also in Oromia region, with price falls of Eth birr 483, or 21%, per quintal, Eth birr 398 (20%) per quintal, Eth birr 333 (15%) per quintal, Eth birr 238 (12%) per quintal, and Eth birr 233 (11%) per quintal respectively.




Further analysis by markets type confirms average year-on-year price increases of Eth birr 392 (27%) per quintal, Eth birr 320 (21%) per quintal, and Eth birr 310 (18%) per quintal in the surplus, transit, and deficit markets respectively. In contrast, average month-on-month price decreases were recorded in the surplus, transit, and deficit markets – by Eth birr 114 (6%) per quintal, Eth birr 122 (6%) per quintal, and Eth birr 140 (6.6%) per quintal respectively (see Figure 4).

Despite these price falls in recent months, the price of teff remains well above the normal seasonal price, and poor and very poor households are still purchasing and consuming cheaper quey (red) teff and eating fewer teff-based meals each day.

## Conclusion

Wheat and teff are major staple food crops for the urban and wealthier rural households. In November 2016, average nominal wheat prices decreased by Eth birr 52, or 7%, per quintal as a result of continued imports and the onset of the 2016/17 *meher* harvest. In stark contrast to wheat prices, teff prices increased from January 2015 up until November 2016, when prices started to fall for the first time (as a result of the onset of the 2016/17 *meher* harvest).

Looking forward, it can be expected that wheat prices will start to stabilize and possibly rise as government and development partners reduce the levels of imports. In contrast, teff prices can expect to fall – in particular if, as expected, the 2016/17 harvest returns to levels that existed previous to the El Niño.