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

Food Price Brief
October 2016

El Niño in Ethiopia

Wheat and Teff Price Trends – September 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 September 2014 to September 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

From October 2015 to September 2016, the nominal wheat price fell by Eth birr 177.24, or 17.3%, per quintal, while year-on-year prices to September 2016 fell by 21%. Similarly, nominal month-on-month wheat prices to September 2016 decreased by Eth birr 15.6, or 1.9%, per quintal (see Figure 1).

Disaggregated market price information for 21 markets confirms month-on-month price increases in 11 markets, decreases in nine markets, and prices remaining the same in one market. The highest monthly price increases were recorded in Nazareth, Oromia region, and in Bure, Amhara region – of 11.8% and 11% respectively. The biggest price decreases were recorded in Dire Dawa Administration, Jimma, Oromia region, and Alaba, SNNP region, by 4.6%, 3.8%, and 3.6% respectively. Prices remained the same in Debre Birhan, Amhara region.

Further analysis by market type – of the surplus, deficit, and transit markets – confirms month-on-month aggregate wheat price increases of 3.6%, 1.5%, and 0.2% respectively. The year-on-year average nominal wheat prices declined by 21% in each of the surplus and deficit markets, and by 16% in the transit markets, to September 2016 (see Figure 2).

Continued wheat price declines are the result of substantial wheat imports to compensate for the poorer 2015–2016 meher harvest, the result of the El Niño-induced drought.

Figure 1: Nominal wheat price

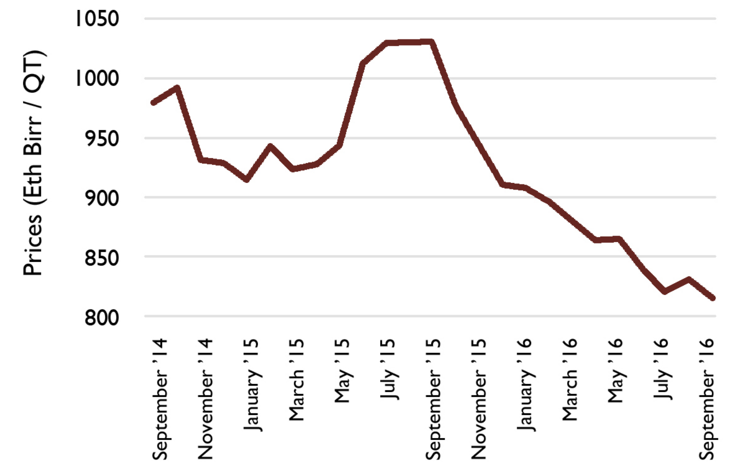
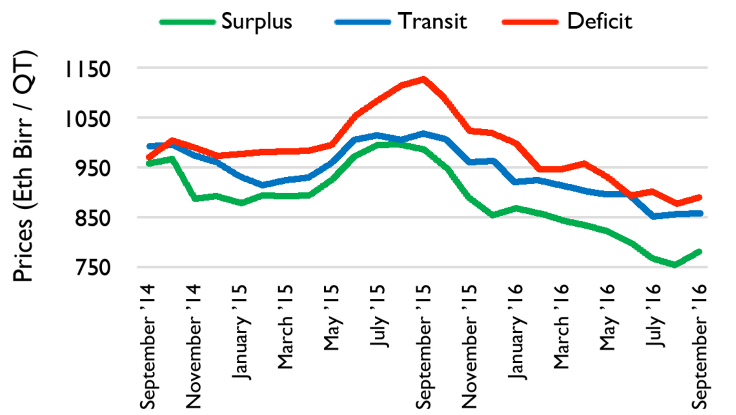


Figure 2: Wheat price by market type



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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. In January 2015, nominal average teff prices started to rise, and they have continued upward to September 2016 – with an increase of Eth birr 715, or 54%, per quintal. Year-on-year prices to September 2016 increased by Eth birr 486, or 31%, per quintal, while month-on-month prices to September 2016 also increased by Eth birr 111, or 5.8%, per quintal (see Figure 3).

Disaggregated EGTE market price information for 20 markets in September 2016 confirms price increases in all markets. The biggest price increases were recorded in Jimma, Oromia; Bahir Dar, Amhara; Shashamane, Oromia; and Hosaena, SNNP – by 13.9%, 10.8%, 10.7%, and 10.6% respectively.

Further analysis by market type confirms average year-on-year price increases of 37%, 28%, and 29% in the surplus, transit, and deficit markets respectively, and average month-on-month price increases in the surplus, transit, and deficit markets by 4.8%, 10.2%, and 5.3% respectively to September 2016 (see Figure 4).

Typically, teff prices stabilize following the onset of the meher harvest in October and November. However, it remains to be seen to what extent prices will return to 2014 prices. Until prices ease, poorer households will continue to purchase and consume cheaper types of Quey (red) teff, eat fewer teff-based meals each day, or will switch to other cereals.

Figure 3: Nominal teff price

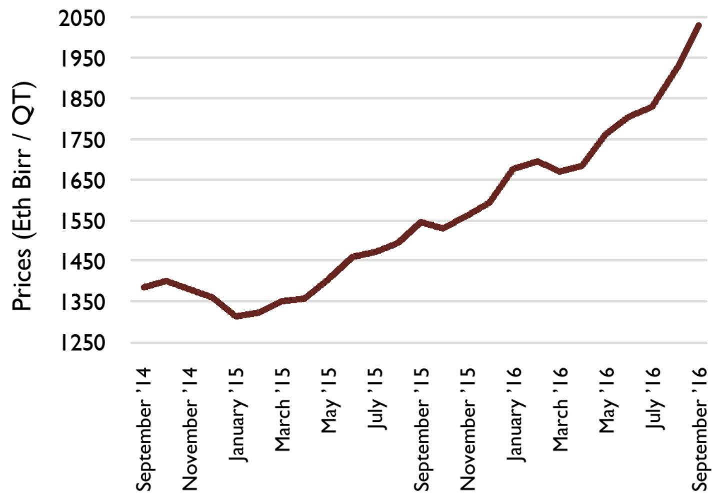
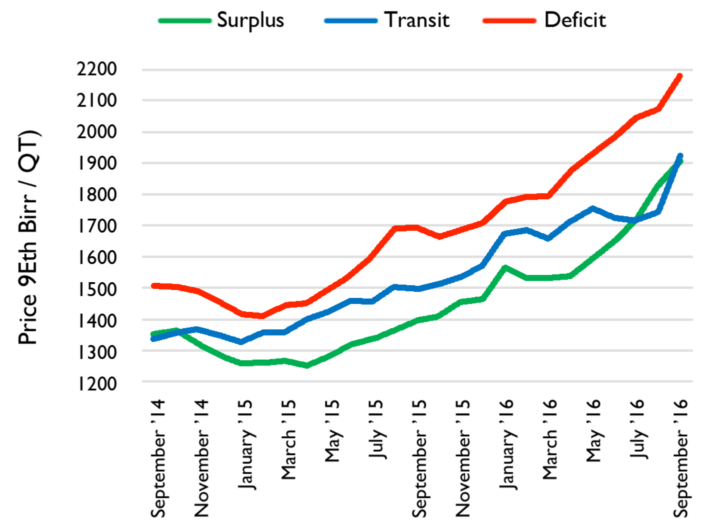


Figure 4: Teff price by market type



Conclusion

Wheat and teff are major staple food crops for urban and wealthier rural households. In contrast to previous years, average nominal wheat prices are considerably lower than at any time since September 2014. These price decreases are the result of government and development partner-led imports to provide food assistance to El Niño-induced drought-affected communities. In sharp contrast, the price of teff continues upward, and in September 2016 was well over twice the price of wheat per quintal in all markets. As more wheat imports are expected, the price of wheat is likely to remain well below previous years until the end of the year. It remains to be seen how the onset of the 2016 cereal harvest will affect the price of teff.