



El Niño in Ethiopia

Maize and Sorghum Price Trends – May 2016

Introduction

This Food Price Brief analyses nominal Ethiopia Grain Trade Enterprise (EGTE) price data for maize and sorghum from August 2014 to May 2016. As has been noted in previous Food Price Briefs, maize and sorghum are the staple cereals of poorer, typically rural households. Price trends of maize and sorghum therefore directly impact on household cereal consumption and hence calorific intake.

Maize Price Information

In a normal year, maize prices typically fall August through February following the onset of the 'green maize' and the main *meher* harvest as increased flows of maize reach local markets. After February, maize prices stabilize until May or June when they typically start to rise again.

Between August 2014 and May 2015, nominal maize prices fell by Eth birr 107/ quintal or 25%. In contrast, in the period from August 2015 to May 2016, nominal maize prices increased by Eth birr 26.5/ quintal or 5.7%, while year-on-year maize prices to May 2016 increased by 12%. The month-on-month average maize price increases to May 2016 were Eth birr 11/quintal or 2.3% (see Fig. 1)

Disaggregated market data for 23 maize markets in May confirms variable price trends, with price increases in 16 markets, while prices fell slightly in 4 markets and prices remained the same in 3 markets.

The highest monthly price increases were recorded in Jima and Zeway in Oromia Region and Alaba in SNNP Region by 15%, 10% and 9.1% respectively. In contrast, the biggest monthly price decreases were recorded in Mekele, Tigray and Bure, Oromia Region by 4.2% and 3.8% respectively.

Further analysis by market type

Figure 1: Comparison of Maize Prices Trends by Year

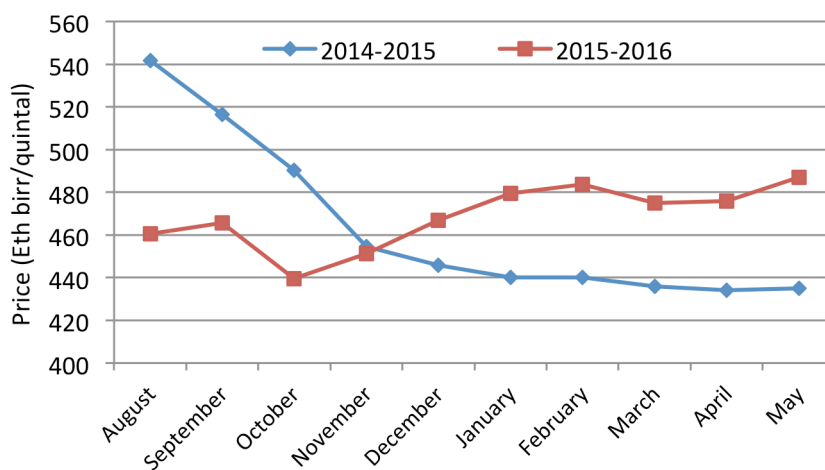
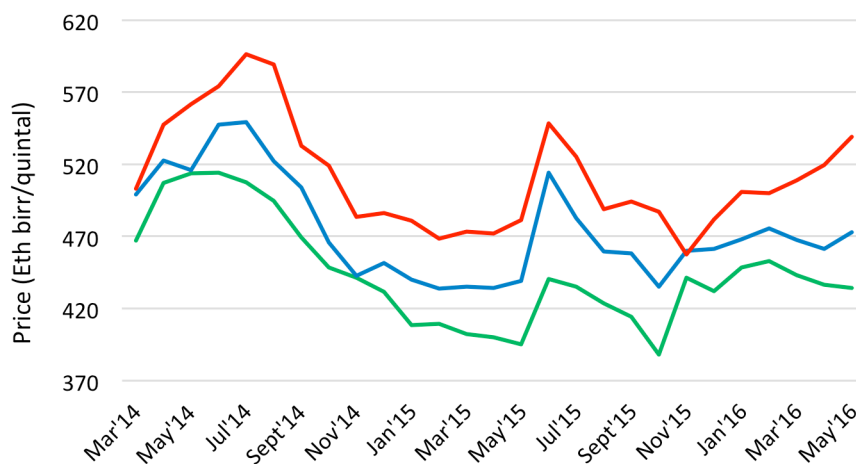


Figure 2: Maize Prices by Market Type



– surplus, transit and deficit markets – confirms average month-on-month price increases to May 2016 were recorded in transit and deficit markets by 2.5% and 3.8% respectively, while prices fell in surplus markets by 0.5%. Average year-on-year price increases in transit, surplus and deficit markets were respectively 8%, 10% and 12% respectively (see Fig. 2).

Sorghum Prices

Sorghum is the staple cereal in the eastern part of Ethiopia, including the zones most affected by the El Niño-induced drought. As with maize prices, sorghum prices typically peak in August after which prices fall to February. Prices then stabilize in the period to May and June and then typically start to rise again.

Between August 2014 and May 2015 nominal sorghum prices declined by Eth birr 179/ quintal or 19.4%. In contrast, nominal sorghum prices have increased by Eth birr 130/ quintal or 16% in the period August 2015 to May 2016, while year-on-year sorghum prices to May 2016 are 29% higher. Nominal sorghum prices for May 2016 however eased, declining by 1.2% in the month (see Fig 3).

Disaggregated May 2016 market price analysis for sorghum confirms month-on-month price increases in 6 markets, with a decline in 1 market and prices remaining the same in 1 market. The highest price increases of 3.8%, 4.3%, and 4.8% were recorded in Gonder, Amhara Region and Dire Dawa and Zeway, Oromia Region. A price decline of 1.9% was recorded in Ehel Breneda market, Addis Ababa.

Further analysis by surplus, transit and deficit market type, confirms average year-on-year sorghum price increases of 41%, 34% and 30% respectively. Month-on-month prices increased by 2.2% in surplus markets and 1.3% in transit and deficit markets (see Fig 4).

Figure 3: Comparison of Sorghum Price by Year

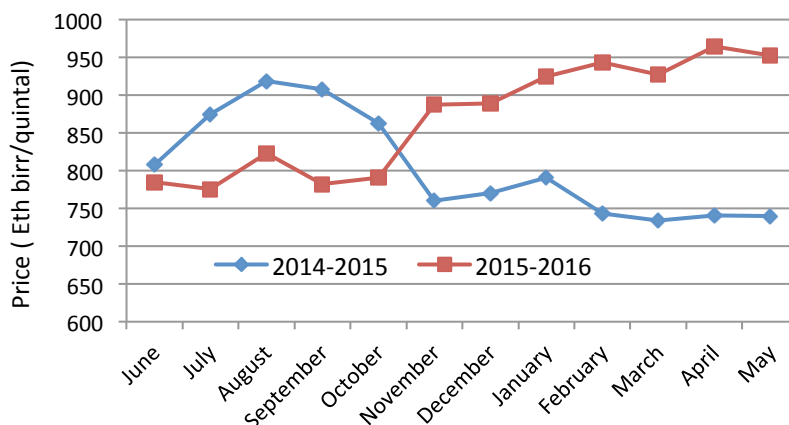
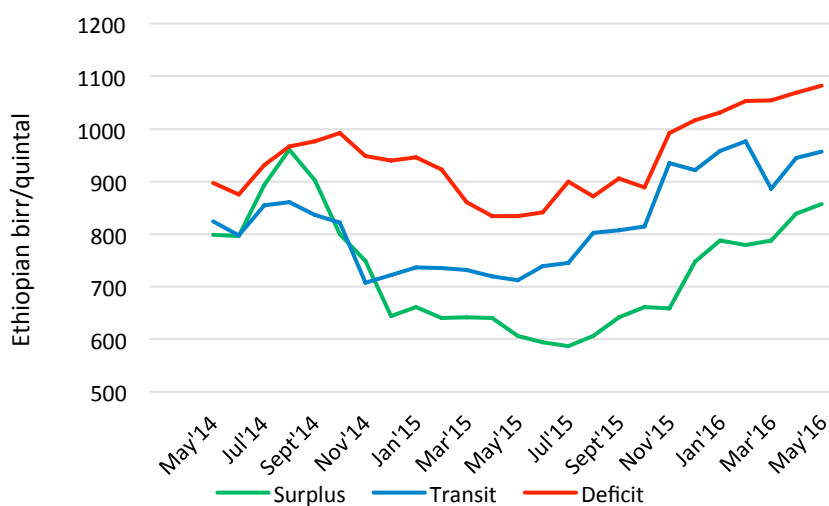


Figure 4: Sorghum Prices by Market Type



Conclusion

In contrast to previous recent years the nominal price of maize and sorghum prices did not decline after the onset of the 2015 *meher* harvest, rather prices have continued upward and average nominal prices for May 2016 are respectively 12% and 29% above May 2015 prices. Maize and sorghum prices can be expected to continue to increase to the onset of the main *meher* harvest in September, unless Ethiopia continues to import adequate food to stabilize prices. Higher food prices can be expected to decrease food intake including fewer and smaller meals being consumed each day.

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.