



## El Niño in Ethiopia

### Maize and Sorghum Price Trends – April 2016

#### Introduction

In this Food Price Brief, the AKLDP analyses nominal Ethiopia Grain Trade Enterprise (EGTE) price data for maize and sorghum from April 2014 to April 2016. As noted in previous Food Price Briefs, maize and sorghum are the staple cereals of poorer, typically rural households. Therefore, price trends of maize and sorghum directly impact on household cereal consumption.

#### Maize Price Information

In a normal year, maize prices usually fall August through to February following the onset of the main harvest and increased supply of maize to local markets. After February, maize prices stabilize until May or June, and start to rise to August.

Between August 2014 and April 2015, nominal maize prices fell by Eth birr 108/quintal or 20%. In contrast, in the period August 2015 to April 2016, nominal prices of maize increased by Eth birr 15.5/quintal or 3.4%. Year-on-year maize prices to April have also increased by 10%.

In contrast to these price increases, month-on-month nominal maize prices to March 2016 declined by Eth birr 8.73/quintal. However, prices resumed the upward trend in April 2016 as the month-on-month nominal maize price increased by Eth birr 1/quintal or approximately 0.2% (Fig. 1).

Disaggregated month-by-month market data to April 2016 from 23 markets confirms variable price trends. For example, price increases were observed in five markets, while prices fell in 16 markets – by small amounts only – and prices remained the same in two markets.

Figure 1: Comparative Maize Prices Trends, 2014-2016

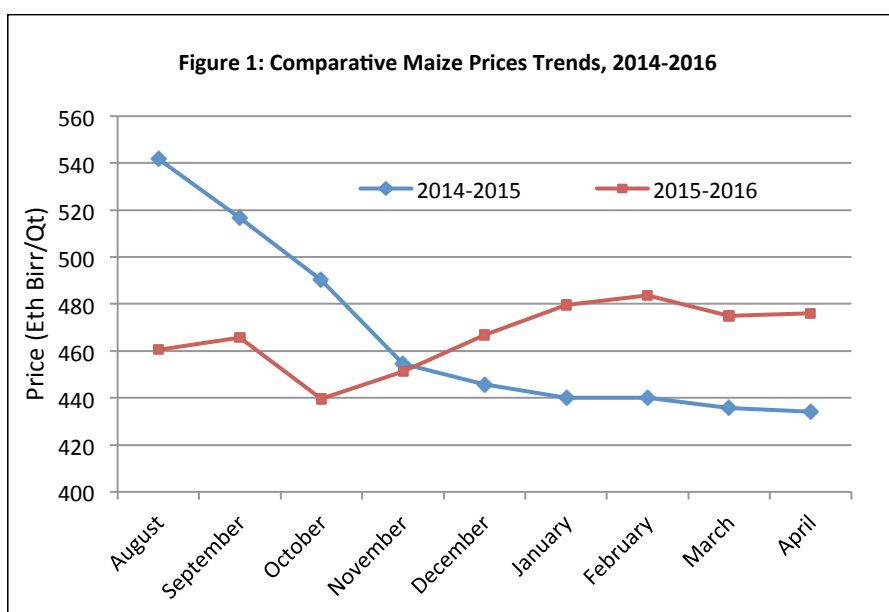
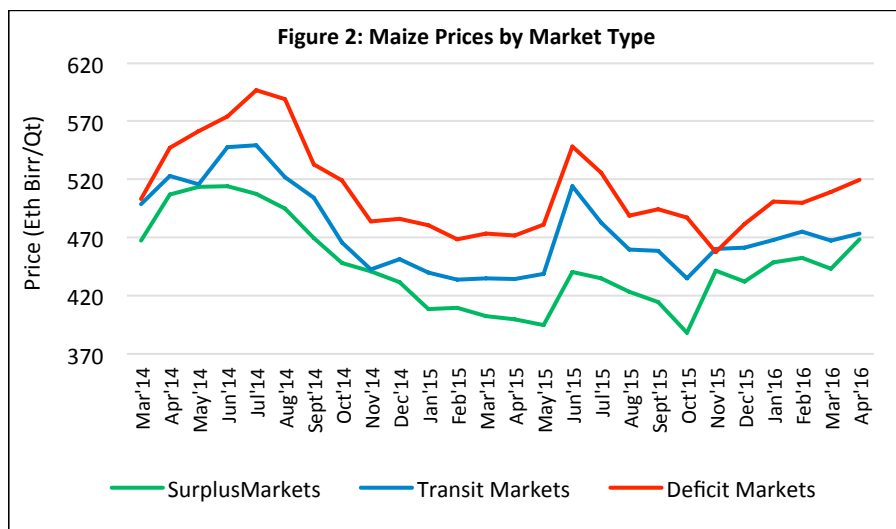


Figure 2: Maize Prices by Market Type



The highest monthly price increases were recorded in Shashamene and Assela, Oromia Region, where month-on-month prices increased by 8.1% and 7% respectively. In contrast, the biggest monthly price decreases were recorded in Dire Dawa, Jimma and Jigjiga where prices fell by 5.2%, 5% and 4.2% respectively.

Further analysis by market type – surplus, transit and deficit markets – indicates average month-on-month nominal price increases to April were recorded in surplus, deficit and transit markets by 5.7%, 2% and 1.3% respectively. Similarly, average year-on-year prices increases were recorded in the surplus, deficit and transit markets by 17%, 10% and 9% respectively (Fig. 2).

### Sorghum Prices

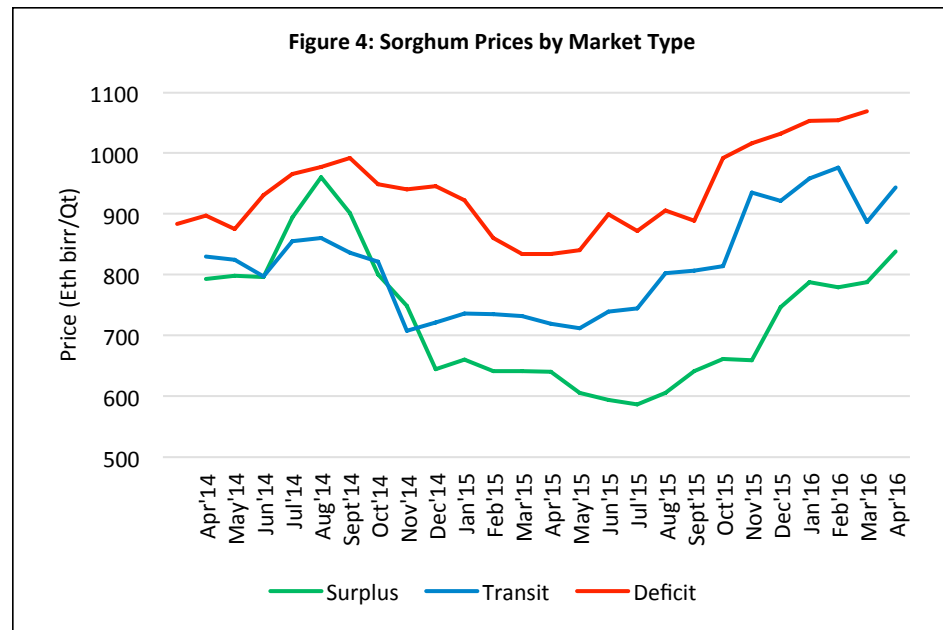
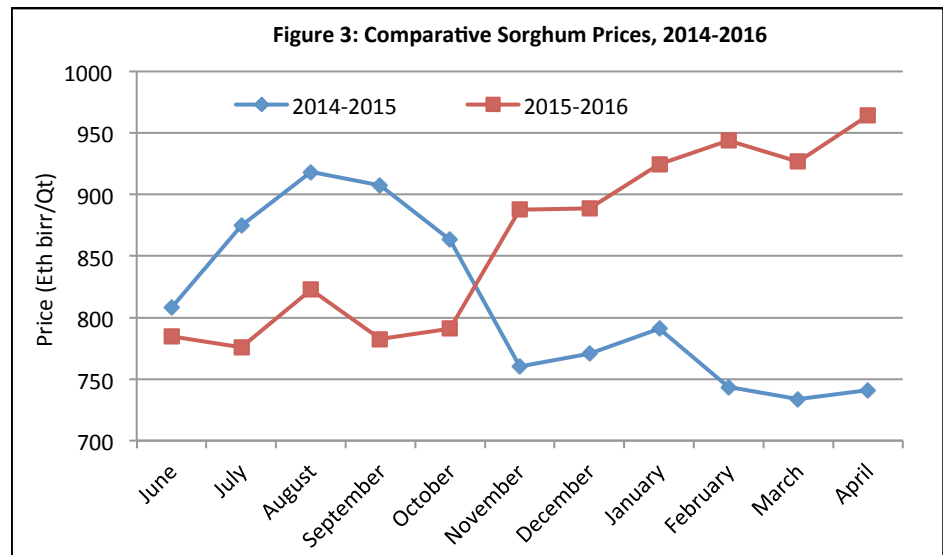
Sorghum is the staple cereal in the eastern part of Ethiopia, including the areas most affected by the El Niño-induced drought. As with other cereals, sorghum prices usually peak in August after which prices fall. As with maize, prices then stabilize through to May and June after which they start to rise to the August peak. From August 2014 to March 2015 nominal sorghum prices declined by Eth birr 177/quintal or 19%.

In line with recent atypical maize price increases, sorghum prices increased from August 2015 to April 2016 by Eth birr 142/quintal or 17%. Also, nominal month-on-month prices to April 2016 increased by 4%, while year-on-year prices April 2015 to 2016 were 30% (Fig 3).

Further analysis by market type – surplus, transit and deficit – confirms year-on-year average sorghum price increase in surplus and transit markets of 31% while prices in deficit markets increased by 28%.

Similarly, overall month-on-month sorghum price increases are recorded in surplus and transit markets of 6.5% while prices have increased in deficit markets by 1.4% (See Fig 4).

Disaggregated month-on-month market price data for sorghum also confirms price increases in 6 markets and declines in only 1 market. The highest price increases of 12.2% were recorded in Dessie and 12.1% in Mekelle, while a price decline of 0.2% was recorded only in Dire Dawa markets.



**Conclusion**

As a result of the 2015 El Niño induced drought, maize and sorghum production fell by between 50 and 90% in eastern Ethiopia, and so nominal maize and sorghum prices did not peak in August but continued to rise. Nominal month-on-month prices increased each month since September 2015, with the exception of March 2016 when prices eased slightly. In April 2016 prices continued their upward trend. As a result, average nominal prices for maize and sorghum are 10% and 30% above April 2015 prices. As the main 2016 *meher* harvest is still some months away, maize and sorghum prices can be expected to continue to rise until September 2016 unless stabilized through the importation and distribution of food assistance. Delays in distribution – including as a result of heavy summer *kiremt* rains and associated localized flooding – can be expected to result in further price increases in local markets.

**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.