Agriculture Knowledge, LearningDocumentation and Policy (AKLDP) Project, Ethiopia

Food Price Brief

April 2016

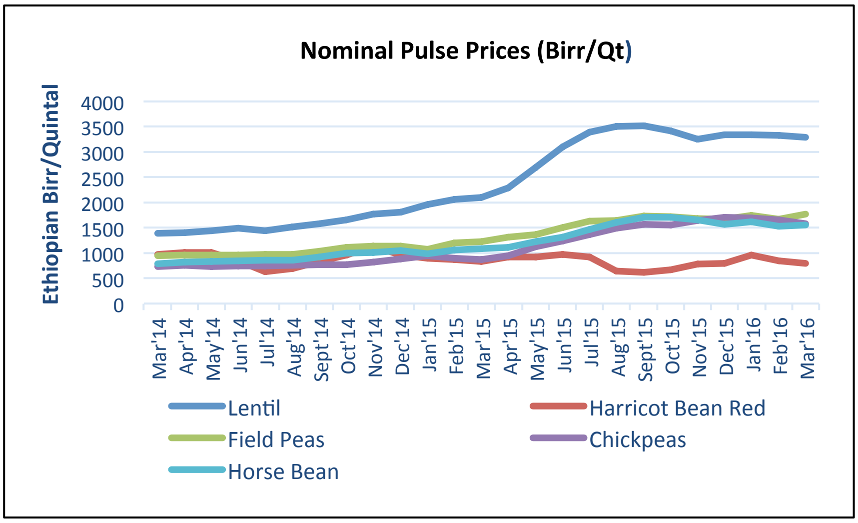
El Niño in Ethiopia

Pulses Price Trends - March 2016

Introduction

In this March 2016 Food Price Brief the AKLDP analyses nominal Ethiopia Grain Trade Enterprise (EGTE) price data for pulses from March 2014 to March 2016. Pulses play an important role in household food security in Ethiopia in particular amongst poorer households that lack the disposable income to purchase animal source protein. Pulse price trends hence typically serve as a proxy indicator for dietary diversity of poorer households for, as when pulse prices are high, poorer households typically eat fewer pulses and total protein intake is reduced.

Pulse Prices



Since March 2014 price trends for almost all pulses have been rising steeply. The exception is haricot beans, which is the cheapest locally available pulse; prices have remained stable. However, in contrast to previous months, March 2016 pulse price analysis confirms an aggregate nominal pulse basket price decline of 1.1%. Declines in the prices of different pulses recorded included 1.2%, 6% and 4.9% for lentil, haricot bean red and chickpea respectively; the price of field pea and horse bean increased by 6% and 1.1% respectively. While the price of lentils fell, the nominal price of lentils remained high compared to other pulses.

Despite the fall in month-on-month aggregate pulses prices for the first time since March 2014, the decline was modest and year-on-year pulse prices from March 2015 to March 2016 showed an increase of 43%. Disaggregated by crop, year-on-year price increase to March 2016 were respectively 80%, 57%, 43% and 44% higher for chickpeas, lentils, horse beans, and field peas and a staggering 116%, 137%, 97% and 88% higher than nominal pulse prices in March 2014.

As mentioned in AKLDP's January and February 2016 Price Briefs, the long-term price trend of pulses has been driven by a combination of domestic and international factors. On the domestic front, it appears that the result of increasing land pressure that there has been a reduction in the area planted to pulses, as farmers switch to mono-cropping of cereals. In 2015/16 the supply has been further compromised by the failed spring *belg* and erratic and poor summer *kiremt* rains that has resulted in poorer harvests. Internationally, the Government of India – the largest pulse importer in the world - has also been buying on the international market, as domestic pulse production was low in 2015. In March 2016 however, households in the drought affected areas have been receiving food assistance that routinely includes CSB for the most drought affected. This and high pulse prices, which are now well above the purchasing power of poorer household, and reduced imports to India as stocks have recovered, have helped ease prices of some pulses in Ethiopia.

Conclusion

Pulses play an important role in household food security as they typically offer an affordable protein source. While high pulse prices in 2015 and 2016 may have benefitted surplus pulse producers, high pulse prices in Ethiopia impacts on dietary diversity as poorer households reduce their pulse intake and switch instead to cereals. While the March 2016 easing of some pulse prices is welcome, pulse prices are still too high to greatly benefit the diet of poorer rural households that have been affected by the drought and have limited purchasing power. It is therefore important that food assistance interventions routinely include pulses.