

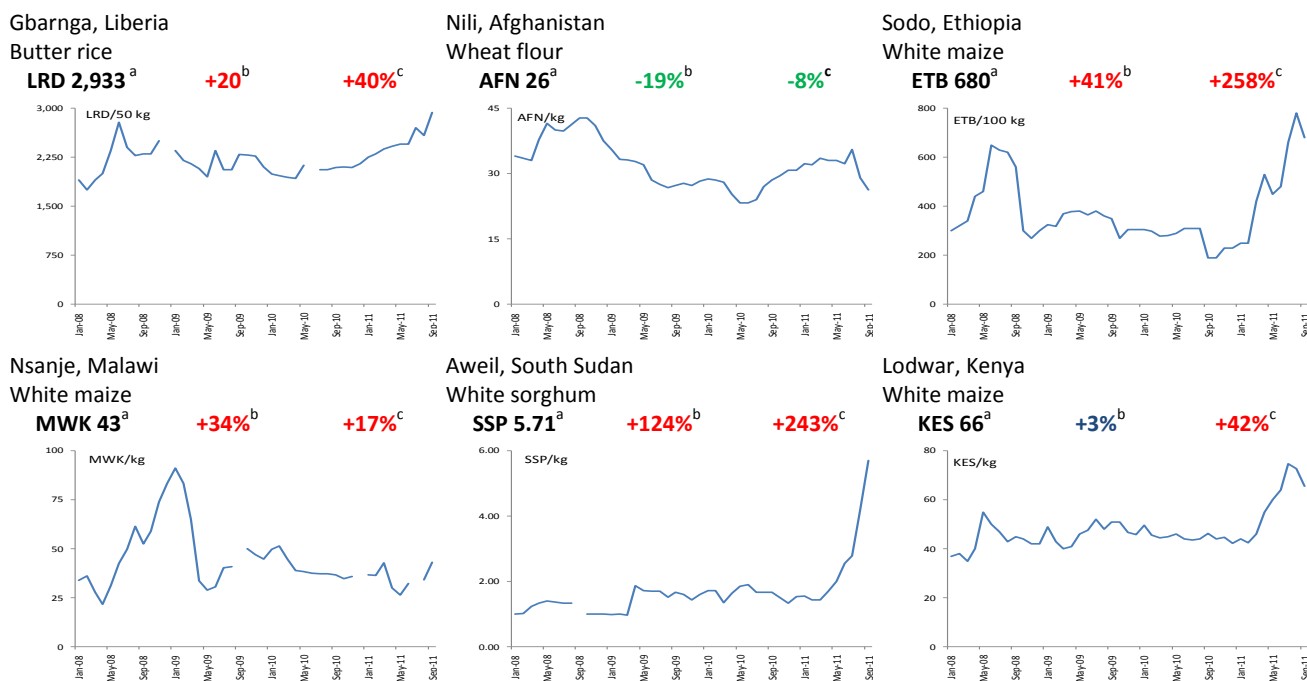
PRICE WATCH: September Food Prices

October 31, 2011

The Famine Early Warning Systems Network (FEWS NET) monitors trends in staple food prices in countries vulnerable to food insecurity. The Price Watch provides an update on trends in selected urban centers. Prices for key markets and commodities monitored are made available in the Price Watch Annex.*

- Ongoing harvests in Central America, Haiti, West Africa and some areas of East Africa led to declining food prices.
- Despite the recent or on-going harvests in western Kenya, southern Somalia, and other countries in the region, prices remain very high in areas of northern and eastern Kenya, southern Ethiopia, and most of Somalia.
- In Sudan and northern South Sudan, conflict, trade restrictions, and poor harvest prospects in Sudan's sorghum belt have increased sorghum and millet prices.
- In Southern Africa, maize prices have been stable, with robust trade moving maize from surplus to deficit regions.
- In West Africa, average production prospects have prevented food crop prices from falling as much as last year. In coastal countries, rice prices are also under pressure from the recent rise in international prices.
- In Central Asia, wheat and wheat flour prices were generally flat or down slightly in September.
- Bean and maize prices in Central America are down slightly with the *primera* harvest, but the decline may be short-lived as many crops planted for the *postrera* season have been damaged by flooding due to tropical depression 12E.

Figure I: Food price trends in selected reference markets, 2008-11



^a Current monthly average price ^b Change over three months ^c Change over one year.

* Denote wholesale. All other prices are retail.

Sources: World Food Program (WFP), Ministry of Agriculture and Food Security of Malawi, and Arid Lands Resource Management Project (ALRMP)

* FEWS NET gratefully acknowledges partner organizations, ministries of agriculture, national market information systems, the Regional Agricultural Intelligence Network, the Food and Agriculture Organization, the World Food Program, and other partners, for assistance in providing price data.

OVERVIEW

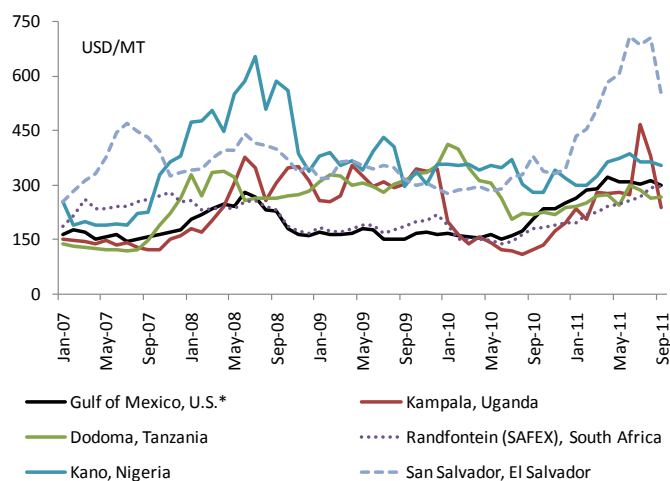
Current situation. Between August and September, maize and wheat prices in most international markets declined slightly (Figures 2 and 3). In late October, both maize and wheat prices in the U.S. export market exhibited a ten percent decline compared to late August. Prices in Argentina followed similar trends. Strong exports from Russia, Ukraine, and Kazakhstan, the arrival of the spring wheat crop in northern hemisphere producing areas, slowing economic growth globally, and falling oil prices all contributed to slight declines in international wheat prices. In the Kazakh market, wheat prices have declined significantly since July. Record-setting production estimated to be over 90 percent larger than last year has been a key factor in this fall, although some downward pressure may be due to logistical constraints in the railway infrastructure for Russian and Kazakh grain export supplies. The Ministry of Agriculture of Kazakhstan estimates the current, nearly complete harvest to be the largest since 1950.

For maize, the U.S. Department of Agriculture (USDA) revised its estimate of U.S. maize stocks, based on recent survey data, up by around a quarter. Markets reacted with a steep drop in maize prices in early October, but by October 28, export prices were back near where they were at the end of September. Ukraine continues to export more maize to fill gaps in the international market from shortfalls from the U.S. and Argentina. Additionally, the decline in oil prices over the past months and concomitant slowdown in the growth of bio-fuel production as well as the threat of a global economic downturn may have slowed the industrial use of maize.

Benchmark Thai rice prices had slight gains between August and September (Figure 4). One driver of this upswing in prices is a new policy implemented by the Thai government to purchase rice paddy to raise producer prices. The price of low-quality 100 percent broken A1 Super rice free-on-board in Bangkok was flat over the month of October, however the monthly average price was the highest it has been since August of 2008. The export rice price of long-grain rice from the U.S. was also up again due to a poor production year. Vietnamese quotes were down from August to September, but these quotes remain nearly 10 percent higher than those of July. Quotes declined slightly in Pakistan and India from August to September due to good on-going harvests in both countries. Rice export prices were steady in Argentina due to good availability of exportable supplies.

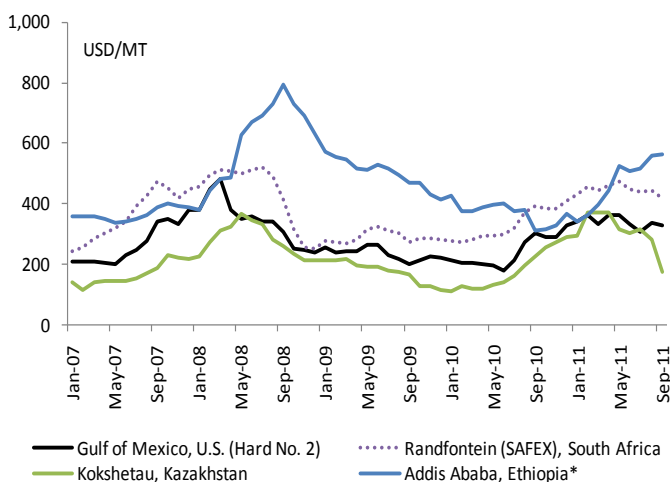
Around this time of the year, many countries monitored by FEWS NET are harvesting crops. As new crops arrive on markets and producers and traders market their carryover stocks, staple food prices decline seasonally. Both maize and bean prices declined slightly in many reference markets in Central America. In Central Asia, wheat and wheat flour prices have been relatively stable or slightly declining. In West Africa, staple grain prices have shown some decline in the Guinean,

Figure 2: International and regional white maize export or wholesale prices 2007-11



* Denotes yellow maize. All others are white maize.

Figure 3: International and regional wheat export or wholesale prices in USD per MT, 2007-11



* Denotes retail price. All other prices are export or wholesale.

Sources: Food and Agriculture Organization of the United Nations (FAO), Ministry of Industry, Trade, and Marketing (MITM) of Tanzania, Regional Agricultural Trade Intelligence Network (RATIN), Ministry of Agriculture and Livestock (MAL) of El Salvador, South Africa Futures Exchange (SAFEX), Ministry of Agriculture and Livestock of El Salvador (MAL), KazAgroMarketing, Ethiopia Grain Trade Enterprise (EGTE), WFP, U.S. Department of Agriculture (USDA)

Sudanian, and Sahelian zones. In Southern Africa, maize and bean prices remain relatively stable. However, there is some seasonal upward pressure on maize prices.

In East Africa, food crop prices are slightly down in surplus-producing areas. In famine-affected southern Somalia, the *Gu* harvest and the recent completed off-season harvest in Lower Shabelle have brought about slightly declining grain prices, but these prices remain high and price declines are not evenly distributed across southern Somalia. In general, in deficit areas of the Horn of Africa, supplies remain tight.

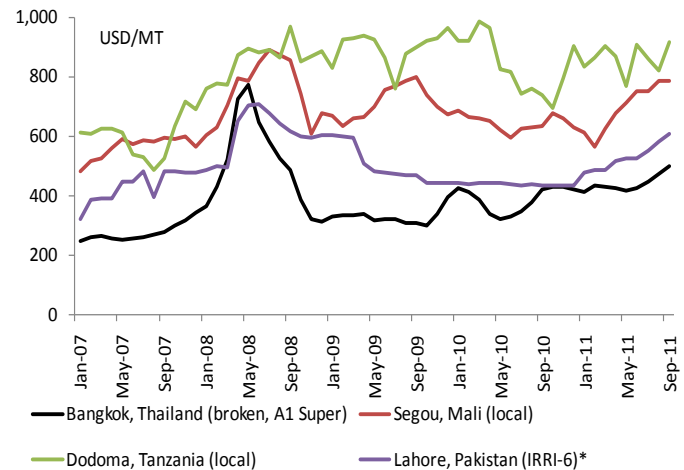
The FEWS NET food price indices[†] show that, in general, trends in food prices at the retail level in West Africa and East Africa slightly declined from August to September (Figure 5). There are significant differences between countries as some countries have completed their harvest while others have not. An important difference between West Africa and East Africa is that prices in the latter region rose much more steeply during the 2010/11 marketing season. The price surge in East Africa is comparable in magnitude to that in 2008. In Southern Africa, prices are generally comparable to prices in recent years though there are regions where seasonal price rises have already taken place such as southern Malawi.

Outlook. In the coming months, maize and wheat prices can be expected to remain at roughly the same levels as in 2010, which are well above prices from 2009. Carry-over stock estimates for wheat and for coarse grains have recently been revised up by both the International Grains Council and USDA. This slight improvement in stocks should point towards slightly steadier prices than were expected in recent months. Wheat will also receive some additional relief as Kazakhstan has announced a new policy to subsidize rail costs for grain shipped to Baltic and Black Sea ports.

Rice prices are likely to be more volatile over the coming year than over the previous year. Flooding in Pakistan and in Southeast Asia are expected to have limited impact on total, worldwide rice production though, of course, localized areas have been devastated by the floods and may have severe, localized crop losses. Vietnam, India, Pakistan, and a range of smaller exporters are largely supplying rice volumes to the world market that would typically be from Thailand. While this happens, Thailand will be building up stocks that will overhang the export market. Domestic agricultural support policies and politics will largely determine how much existing stock gets exported from countries such as India.

[†] To provide a better picture of how consumer prices are behaving in regions monitored by FEWS NET, a series of regional price indices was constructed. These indices are based on equally-weighted retail price quotes for staple foods consumed by the poor (key local and/or imported cereals, pulse, and/or tuber) in reference markets of FEWS NET countries' capital cities.

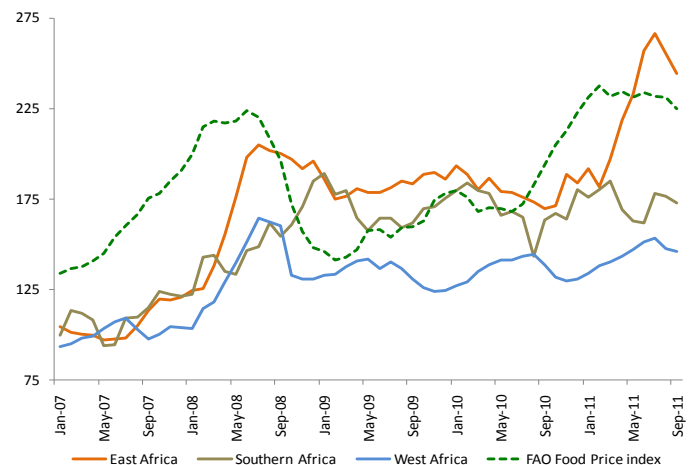
Figure 4: International and regional rice export or wholesale prices, 2007-11



* Denotes retail price. All others are wholesale.

Sources: FAO, WFP, MITM, Observatoire du Marché Agricole (OMA)

Figure 5: FEWS NET African regional price indices and FAO Food Price Index, 2007-2011



Sources: FAO, FEWS NET

Note: The base years of the FEWS NET regional price indices are the regional marketing years ending in 2006. The FAO Food Price Index uses 2002-2004 as the base period. The Southern Africa index excludes Zimbabwe because of hyperinflation in 2008. This month the West Africa index excludes Togo, Guinea, and Gambia due to missing or unavailable data.

EAST AFRICA

Current situation. The prices of locally produced cereals like maize and sorghum have continued to show a seasonally declining month-on-month trend between August and September in some monitored markets in Tanzania, Kenya, Burundi, Rwanda, and Somalia following harvests from the first season crop, but prices still remain above prices from last year (Figures 6 and 8). For Ethiopia and Sudan, prices continue to rise in some areas as the lean season progresses. Areas further removed from harvests, areas with unusually high demand, and South Sudan outside of Juba showed increasing price trends for locally or regionally produced cereals.

In western Kenya, the maize harvest has led to declining prices (Figure 6), which has spread to some deficit areas including the urban areas, the coastal region, and some areas of Turkana. For the most part, maize and bean prices remain well above prices from the past two years. The recent decline in prices has not yet reached all northern and northeastern pastoral areas where maize prices remain very high though they were relatively stable between August and September (Figure 7).

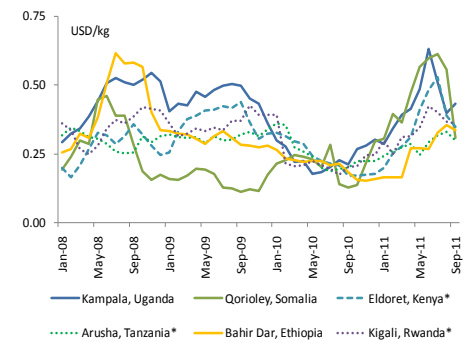
In Uganda, staple food prices tended to decrease following the first-season harvests, but they remain well above those from the previous two years. Continued demand for maize, beans, and other food commodities from South Sudan, the Democratic Republic of Congo, and Kenya have kept prices high, especially in Kampala. Similarly, in Rwanda and Burundi, despite good season-B harvests, food commodity prices remain high compared to the past couple of years as local stocks are relatively low and, at the regional level, demand remains strong. In northern Tanzania, the harvests have led to a modest decline in prices, but prices for maize, beans, and rice remain well above the prices from last year despite the recent release of government-held stocks to try to stabilize food price inflation. Tanzania has recently allowed 10,000 metric tons (MT) of maize to be purchased by Kenya in a government-to-government sale and some sales to the World Food Program (WFP), relieving some of the pressure on the region from the export ban.

In Ethiopia, high inflation and declining stocks have been exerting upward pressure on prices for wheat, teff, and maize. However, modest declines were recorded in some markets as green maize and small amounts of dry maize enter the market. Continued high inflation remains a concern for food purchasers as consumer prices are 40 percent above last year.

In Djibouti, supplies of sorghum and sorghum flour continue to decrease due to a tightening of enforcement of the Ethiopian food export ban. However, as enforcement still remains imperfect, prices in Djibouti showed little movement between August and September.

In Somalia, local grain prices slightly declined across most southern markets as supplies from the dramatically below-average *Gu* harvest were in markets along with the off-season maize harvest from Lower Shabelle. White maize prices benefited most from both the production of Lower Shabelle and the off-season harvest. Red sorghum prices have not reduced as much as those of white maize (Figure 9). Red sorghum continues to be unavailable on markets such as Beled Weyne in Hiraan region. Relief efforts are also lowering prices in localized areas. The largest declines in price were observed for markets in northern Gedo region such as Lugh where more robust relief efforts and the entry of relief food into markets caused a dramatic 60 percent fall in the price of red sorghum. However, these markets are not as well integrated as other markets with the rest of the sorghum belt, so prices remain

Figure 6: Prices of white maize in surplus areas of East Africa, 2008-11



* Denotes wholesale. All other prices are retail.

Figure 7: Prices of white maize in the Horn of Africa, 2008-11

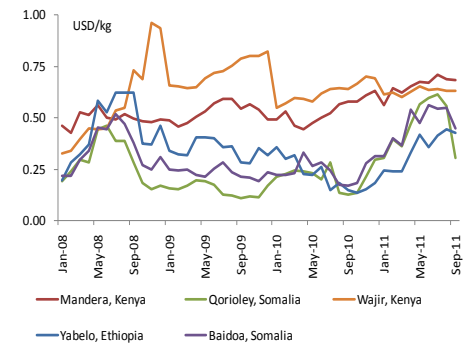
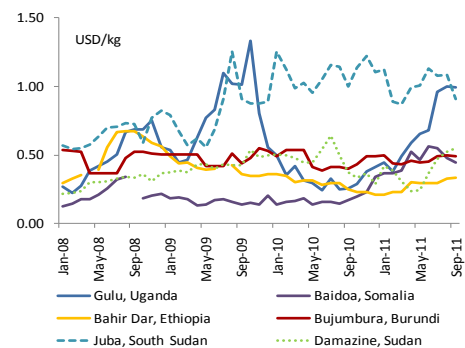


Figure 8: Prices of sorghum in East Africa, 2008-11



Sources: Food Security and Nutrition Analysis Unit-Somalia (FSNAU)/FEWS NET, RATIN, WFP, MITM, FAO, ALRMP, EGTE, Ministry of Agriculture of Kenya, FarmGain Africa Ltd.

very high even in other sorghum belt markets and even in the southern part of the Gedo region. White sorghum prices in northern Somalia remain very high and are seasonally increasing before the *Karan* harvest in November.

In Sudan, the potentially longer lean season and high international prices, along with currency depreciation and high inflation, continue to place pressure on food prices. **Fighting in South Kordofan, parts of Darfur, and southern Blue Nile state continue to increase prices** in these areas. As little grain is flowing to these areas or to South Sudan, some areas have unseasonably decreasing prices, a result of unusual supplies available in markets like El Obeid in North Kordofan.

In South Sudan, southern areas like Juba continue to benefit from the recent harvest in Central Equatoria State and in northern Uganda (Figure 8). However, with high maize prices in Uganda, continued lack of substantial trade flows from Sudan, the conflicts taking place in the Blue Nile and South Kordofan states, and the export ban in Ethiopia, **trade flows to the deficit areas of South Sudan have been limited**. Sorghum prices in Aweil, Malakal, and Wau have continued to increase, and sorghum prices increased in deficit areas as far south as Bor. Despite the official lifting of Sudan's export ban and the opening of ten border crossings, fighting just to the north of the border, poor production prospects for the next season, and informal restrictions continue to severely restrict the flow of sorghum from Sudan to South Sudan.

Outlook. In Kenya, some additional uncertainty has been introduced into the market by the passage of the Price Controls Act of 2011. As this act has not been implemented, it has not yet affected prices. If implemented, normal market functioning could be disrupted. In the grain belt areas, the National Cereals and Produce Board (NCPB) is purchasing maize at KES 3,000 per 90 kg bag, a per kilogram price only slightly lower than retail maize in Nairobi. However, the price of maize is likely to drop lower than this as some small farmers are unable to meet NCPB's quality standards, private sector traders can pay cash immediately for farmers who cannot wait for NCPB payment, and supplies outstrip NCPB's purchasing capacity as the harvest progresses. **The Minister of Agriculture, Food Security, and Cooperatives of Tanzania has announced that the export ban will soon end, and it has been relaxed for some goods such as beans.** If the the export ban is lifted, demand from regional markets may lead to prices in Tanzania remaining unusually high despite incoming harvests and the recent release of government stocks. In Uganda, continued high regional demand may keep prices at their current level through the end of November when the next harvest begins.

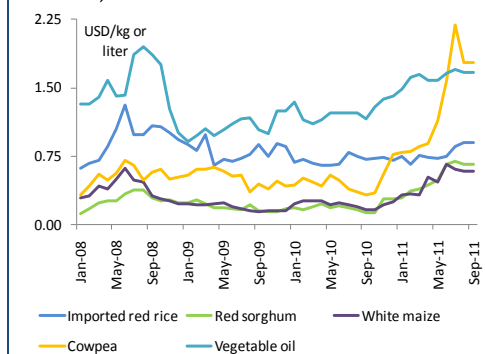
In Ethiopia, prices should start to decline in October with the *Meher* harvest, but below normal harvest in eastern *Meher* cropping areas may place continued pressure on prices in some markets.

In Somalia, local grain prices are likely to increase slightly from October to December as stocks from the *Gu* harvest and from the off-season harvest are quickly depleted. However, these harvests have provided some relief, so local grain prices are unlikely to rise to their levels seen in May to July over the medium term. Both Djibouti and Somalia may experience a slight rise in rice prices as imports from Pakistan and other sources are more expensive than they were several months ago.

Demand for seed along with high demand for exports will place continued pressure, especially on maize, in Uganda, Burundi, and Rwanda. In Rwanda, the high price of maize is expected to have displaced the planting of other crops, so these crops will have low supply following the next harvest in October and November possibly causing a rise in price of key, locally consumed commodities. In Burundi, the lean season will soon start, so demand for some items, such as sweet potatoes will increase as households shift to these substitutes to deal with continued high market prices for preferred staples.

Continued lack of substantial trade between Sudan and South Sudan along with poor prospects for sorghum and millet in Sudan, will place continued upward pressure on prices both in Sudan and in northern South Sudan. **In Sudan, a lengthening of the lean season and potentially poor harvests in the sorghum belt along with high inflation and currency depreciation are likely to continue to push prices upwards.** In South Sudan, prices may decline in October following local harvests, but this decline is likely to be short-lived. Many returnees to South Sudan live in areas that were primarily supplied by Sudan, so the growth of population in these areas places additional stress on the overall grain deficit situation in the country. **Rapid inflation of the South Sudanese pound also may push up prices for imported food commodities such as wheat flour.**

Figure 9: Prices of staples in Mogadishu, Somalia, 2008-11



Sources: FSNAU/FEWS NET

SOUTHERN AFRICA

Current situation. Since the main harvests in May and June, staple food prices have remained stable in most markets. **In a few reference markets small seasonal increases in prices are already occurring, especially for beans.** Reference markets that face increased demand from cross border traders are showing marked increases in the prices of white maize. This trend has been notable in some markets in the northern and central regions of Malawi, where the ready market in the Greater Horn of Africa and in Zimbabwe continues to provide incentive to traders to source maize for export. Increased trader activity is exerting upward pressure on maize prices both at farm gate and the main local markets. Prices in cross-border regions have remained relatively high since the harvest in June contrasting with lower prices elsewhere in surplus-producing areas.

Southern Malawi remains a food deficit region and in markets such as Nsanje, the price of maize spiked between August and September. Although these markets were adequately supplied following the harvest, recent trends have caused them to be less well supplied. The devaluation of the currency, increased trader activity, and fuel scarcity have increased the price of maize. In Zambia, export opportunities remain limited, keeping maize prices flat, despite the Food Reserve Agency's massive maize purchase program that began in July and buys maize at prices above current market prices. In Mozambique, an average harvest of food crops this year has kept prices at most reference markets stable and lower than at the same time last year. Maize prices in Zimbabwe also remain generally stable though moderately higher than last year.

In South Africa, the spot price for white maize on the South African Futures Exchange (SAFEX) increased by 31 percent since May. Unlike prices in the U.S. and Argentina, which are major maize exporters, the SAFEX prices have not declined slightly from August to September. **While global stocks of maize remain low, white maize markets in Africa continue to experience high demand.**

Outlook. In Malawi, the recent devaluation of the currency along with fuel shortages due to a lack of foreign exchange and the sourcing of maize for export are putting additional stress on markets. In southern Malawi, this pressure on maize prices will be amplified by the unavailability of subsidized low-price maize from the Agricultural Development and Marketing Corporation (ADMARC). Usually, ADMARC stores provide poor consumers with a steady supply of maize, but reports from southern Malawi indicate that some stores are out of stocks.

In Zimbabwe, most households have already turned to the market for their supplies, and, so far, **the reintroduction of the import duty on processed foods has not had an effect on maize meal prices.** Prices are expected to be relatively stable for the next several months as trade appears to be supplying ample staple food volumes to the market. **In South Africa, maize spot prices on SAFEX are expected to continue to rise as demand for white maize remains high.** However, early indications are that farmers in South Africa are in the process of planting increased area under both yellow maize and white maize, so the high prices may bring about some supply response for next year. If Tanzania lifts the export ban, increased demand by traders seeking to exploit the export market to the Horn of Africa may keep prices high. It is still unclear when Tanzania will reopen trade for maize.

Figure 10: Prices of white maize in Southern Africa, 2008-I I

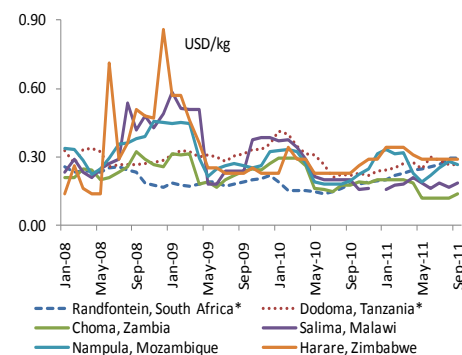


Figure 11: Prices of beans in Southern Africa, 2008-I I

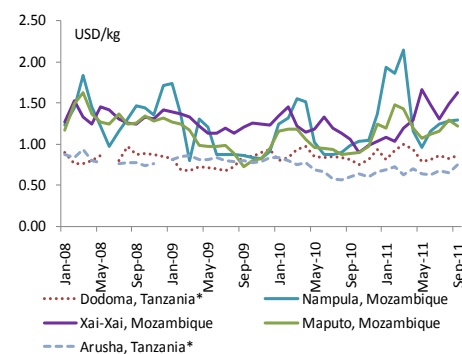
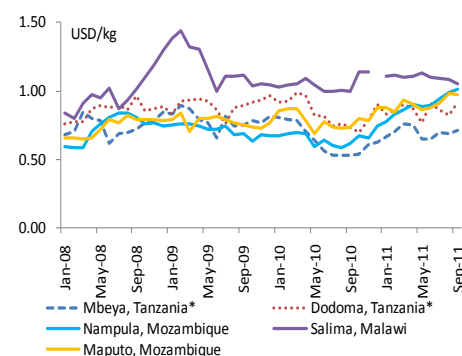


Figure 12: Price of rice in Southern Africa, 2008-I I



* Wholesale prices. All others are retail.

Sources: SAFEX, Ministry of Agriculture of Mozambique, Central Statistics Office of Zambia, MITM, FEWS NET

WEST AFRICA

Current situation. The delayed harvest in the Sahel and the north of the Sudanian zone has led to a weakened supply of cereals, which has kept food prices higher than they would usually be at this time of the year. **The rise of international rice prices has put pressure on coastal, rice-importing countries** like Ghana and Liberia where rice prices have risen since June.

In the eastern trade basin, the new crops are entering the market and are supplementing the supply of stocks from last year, but prices tend to be moderately higher than last year, including in surplus markets in Nigeria because of a weaker supply. In northern Nigeria, prices of millet and sorghum generally decreased from August to September due to the ongoing harvest. Cross-border trade of cereals between Niger and Nigeria is continuing smoothly. **In Niger, prices for locally produced millet and cowpea have decreased as the new harvest has entered the market.** Prices for sorghum and rice remained relatively stable.

In Chad, cereal availability is relatively satisfactory. In the Sudanian zone, local production has driven down the price of sorghum in markets such as Moundou. In the maize production zone near Lake Chad, expectations of low production this season has driven the price of maize 39 percent above last year in Bol.

Recent harvests in the central and western trade basins have improved availability in many urban markets. In Mali, millet prices remain relatively stable and markets are well supplied. Prices in some of these markets are even below the five-year average thanks to supplies from the current and last harvest. In Burkina Faso, prices for millet are seasonally declining, but maize and sorghum prices remain unseasonably high in some areas such as Solenzo in the main surplus-producing region in western Burkina Faso.

In Cote d'Ivoire, the price for both rice and yams in Abidjan declined slightly in September. In Benin, prices were relatively stable. In Tamale, Ghana, maize prices declined following their usual seasonal trend, but they remain well above prices from last year. Maize prices in most coastal countries remain far above those of last year.

In Mauritania, prices for imported and local cereals remain relatively stable. The extension of the lean season has caused an unseasonal increase in the sorghum price in Nouackchott. In Senegal, prices are relatively stable though generally above prices from last year. In Liberia, the price of parboiled rice has been increasing since June.

Outlook. Cross-border trade is expected to intensify as Sahelian traders from Niger and Nigeria in particular, buy and store hoping to sell later at higher prices in deficit regions. Erratic rainfall this season may increase pressure on prices if farmers fail to build adequate household stocks and turn to markets for staples earlier in the season.

In Nigeria, increased demand during Tabaski in November and the Christmas holiday in December could push staple food prices higher as household consumption increases during the holidays. Livestock prices have continued to rise for the last several months as livestock body conditions improved and demand remained strong. **Demand will be especially strong in early November due to the Tabaski holiday,** so prices may rise even more. Terms of trade for those selling livestock have improved, so during the next several months, agropastoralists and pastoralists will have their annual income peak enabling them to replenish food stocks for the lean season. **In Liberia, the local rice harvest starts in late October which will reduce demand for imported rice and availability will improve.**

Figure 13: Prices of millet in West Africa, 2008-11

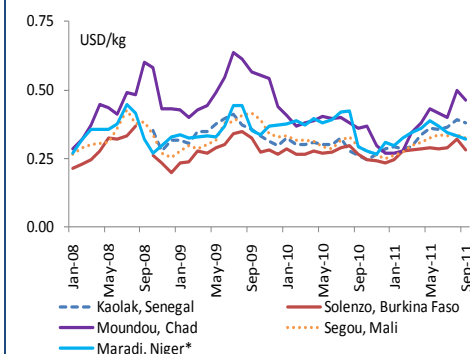


Figure 14: Sorghum prices in West Africa, 2008-11

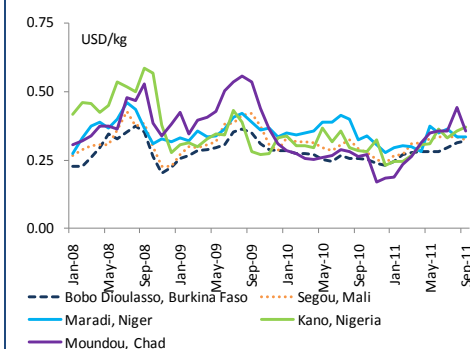
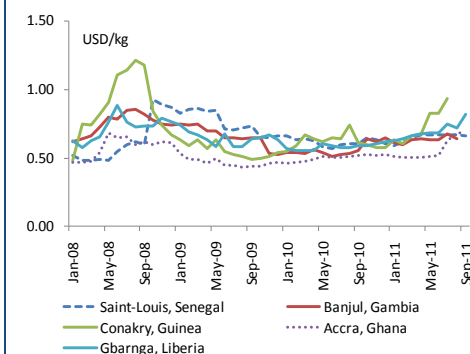


Figure 15: Rice prices in West Africa, 2008-11



* Wholesale prices. All others are retail.

Sources: Ministries of Agriculture, Systeme d'information sur les marchés agricoles (SIMA), OMA, FEWS NET

CENTRAL ASIA and MIDDLE EAST

Current situation. Price levels for wheat and wheat flour remained relatively stable from August to September in most reference markets in Afghanistan and Tajikistan. **In Kazakhstan, export wheat prices continued to decline following what may be the largest crop on record for independent Kazakhstan.** The current estimate from USDA is for Kazakhstan's wheat production to be over 90 percent larger than last year's harvest. This record production has brought Kazakh export wheat prices down in some markets by as much as 38 percent from August to September.

In response to adequate supplies of wheat flour from both Kazakhstan and Pakistan, **the price of wheat flour decreased or remained stable from August to September in all major reference markets in Afghanistan.** Seasonally, at this time of year, prices would usually increase as market demand increases due to households building stocks for the winter. In some places, wheat flour is less expensive than wheat including Maimana and Kandahar (Figure 17) reflecting the low cost and availability of imported flour. In Tajikistan, prices of wheat and wheat flour are relatively stable though they remain far above prices from this time last year (Figure 16).

Rice prices in Tajikistan, Pakistan, and Afghanistan were relatively stable in a majority of reference markets. The prices of vegetable oil remained relatively stable in the region from August to September, but they remain well above prices from last year.

In Tajikistan, potato prices increased from August to September on reference markets in potato deficit areas in the south, east, and west of the country, but potato prices were relatively stable in the surplus-producing Sugd region in northern Tajikistan and in the Rasht Valley.

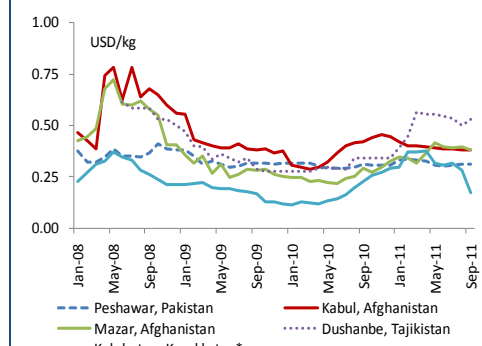
In Yemen, wheat and wheat flour prices were stable on most markets between August and September, but prices have increased since the beginning of the year by 15 to 25 percent. Rice prices fell significantly on several markets from August to September. The August to September decrease in prices of imported foods indicate that commercial imports continue to bring supplies from international markets into Yemen despite civil insecurity. For the most part, staple food prices remain above those from last year.

Outlook. From now until December, there will be some upward pressure on prices in the region as some households purchase stocks for winter. Stocking will place pressure on markets in mountainous areas such as the central highlands of Afghanistan and Tajikistan's Gorno-Badakshan Autonomous Oblast along with other highland areas throughout Central Asia. However, wheat flour will be well supplied to markets due to ample supplies from both Kazakhstan and Pakistan. Recent floods in Pakistan have affected Sindh province but the Food and Agriculture Organization (FAO) estimates that less than three percent of the current rice paddy crop was damaged. The majority of Pakistan's wheat is grown in the *Rabi* season, which was already harvested by June, so the floods will have even less of an effect on wheat than on rice. The decline of wheat prices in Kazakhstan since July will provide favorable wheat flour prices for traders from northern Afghanistan and Tajikistan. However, poor local production in northern Afghanistan and Tajikistan may cause grain prices to increase over the next several months.

A sizeable portion of imports to Afghanistan and Tajikistan are in the form of wheat flour rather than grain. Grain prices may increase over the medium term as grain is more likely to be domestically sourced from the below average domestic harvests in both Tajikistan and Afghanistan. As wheat flour will likely be imported, wheat flour prices will not increase as much or will remain flat reflecting the availability of wheat and wheat flour in Kazakhstan and Pakistan.

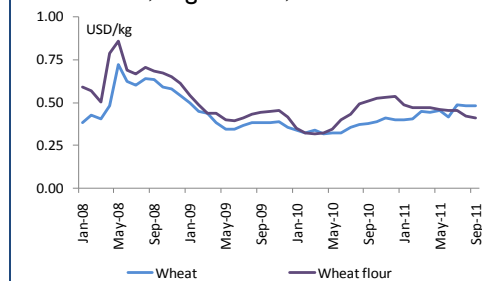
In Tajikistan like in Afghanistan, local wheat production this year has been below average. Unlike in Afghanistan, low wheat and wheat flour prices in Kazakhstan do not appear to have yet been transmitted to domestic markets. Changes in Tajikistan's exchange rate, along with inflation and rising fuel costs, if there are changes in Russian export duties, may keep prices high over the next several months.

Figure 16: Wheat prices in Central Asia, 2008-11



* Wholesale price. All other prices are retail.

Figure 17: Wheat and wheat flour prices in Kandahar, Afghanistan, 2008-11



Sources: WFP, KazAgroMarketing

CARIBBEAN and CENTRAL AMERICA

Current situation. The *primera* harvest in Central America concluded with most areas being harvested by the end of September. **With the improvement of supply from the harvest, the prices of white maize, red beans, and black beans have declined.** Maize prices in September remained well above those from last year, but red beans have recovered substantially.

In El Salvador, Honduras, Nicaragua, and Costa Rica wholesale and retail prices for red beans saw significant month-on-month declines. Black beans also saw a large decline in Costa Rica, possibly because the *primera* harvest in Nicaragua was believed to be well above average. Maize prices in the region also declined as supplies from the *primera* entered the market.

In Guatemala, prices have declined due to the arrival of harvests in the southeast and north of the country. **In Guatemala City, black bean and white maize prices were marginally down between August and September.** In the west and north of the country, maize prices were down between seven and eight percent. In addition to supplies from the *primera* harvest, imported beans from Mexico and China have further improved bean availability.

In Haiti, prices were relatively stable between August and September. The availability of local products and relatively stable prices for most imported commodities in international markets continue to keep prices relatively stable. However, as a result of inflation, staple foods are more expensive than they were last year. The local maize harvest in the south of Haiti was completed between July and August, and substitution of local maize and maize meal has temporarily reduced demand for imported rice. Southern areas such as Les Cayes that experienced intensive flooding in September have had temporary spikes in prices due to trade disruptions.

Outlook. From October 10 to October 19, Central America was inundated with heavy rains from tropical depression 12E. Flooding and water logging have affected areas of the Pacific coast of southern Mexico, the Pacific coast of southern Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica. Assessments are under way to determine the impacts on crops. For the most part, the *primera* harvest has been completed, but some crops remained in the fields. In other fields, the crops for the *postrera* season had already been planted. Early estimates are fairly high for crops losses. The flooded and water-logged regions represent important production areas for both maize and beans during the *primera* and *postrera* seasons. Anticipated crop losses may drive up prices for both maize and beans. Infrastructure damage may temporarily isolate some markets which could see large, though likely temporary, spikes in prices. Post-harvest losses are also likely to be high as stored grain may suffer from humidity and fungal growth. Nicaragua has been less affected than the other countries. In Nicaragua, both the *postrera* growing season from September to December and the *apante* growing season from December to April serve as important sources of supply of beans for the region, so good seasonal performance in these areas may contribute towards bean price stability over the next several months.

In Haiti, cereal prices are expected to increase over the coming months due to high demand during the upcoming holidays, seasonal drawing down of maize stocks, and the devaluation of the Haitian currency. However, the harvesting of tubers and pigeon peas begins in November, so these substitutes may help mitigate price increases for imported rice.

Figure 18: Retail imported rice prices in Haiti, 2008-11

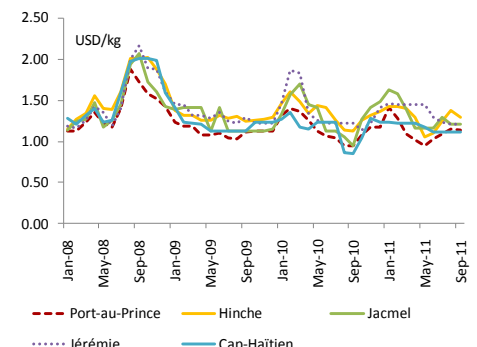


Figure 19: Retail white maize prices in Central America, 2008-11

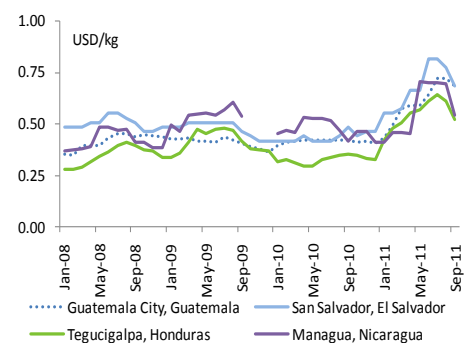
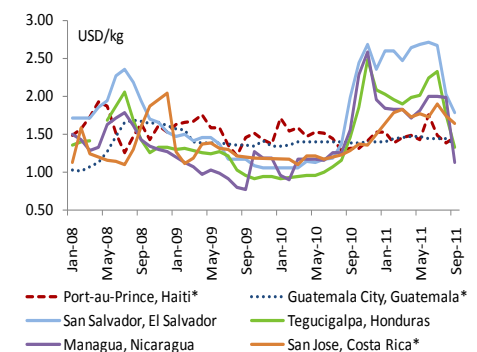


Figure 20: Red bean prices in Central America and Haiti, 2008-11



* Black bean prices. All others are for red beans. Prices for San Jose, Costa Rica are wholesale. All other prices are retail.

Sources: Coordination Nationale de la Sécurité Alimentaire (CNSEA), FEWS NET, MAL, Dirección General de Economía Agropecuaria (DGEA), Ministerio de Agricultura, Ganadería y Alimentación de Guatemala (MAGA), Sistema de Información de Mercados Productos Agrícolas de Honduras (SIMPAH), and Consejo Nacional de Producción de Costa Rica (CNP)