

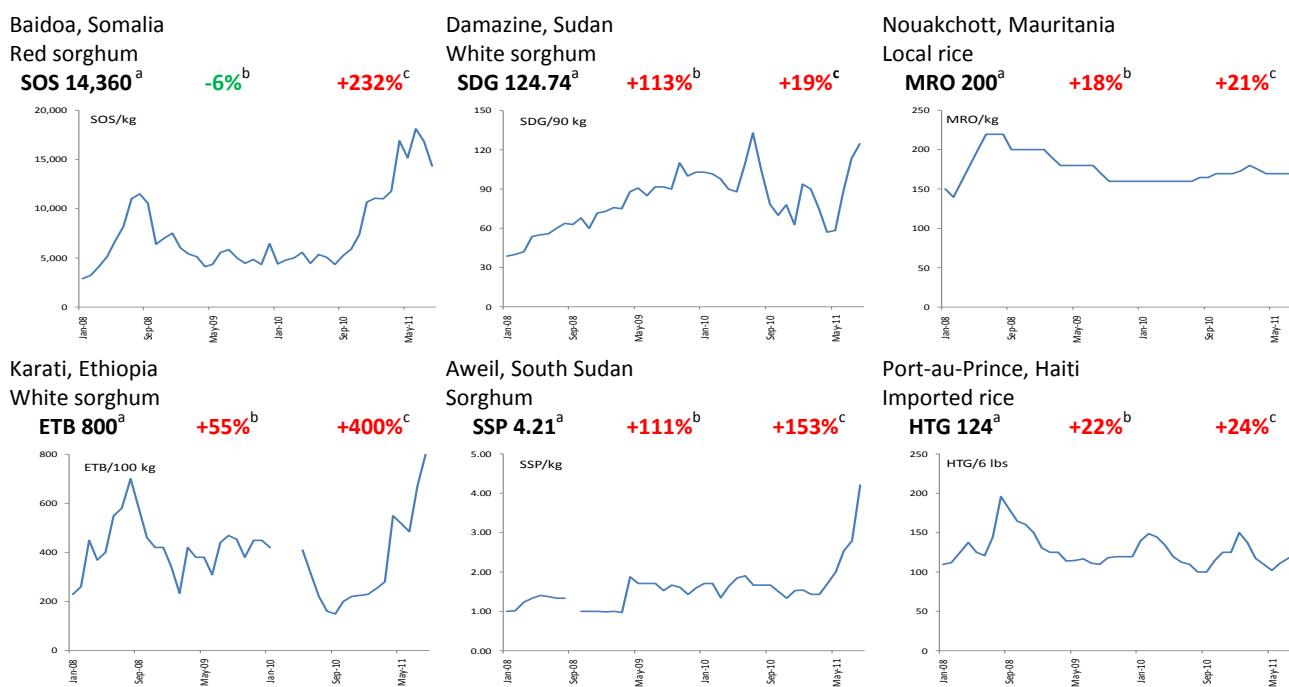
PRICE WATCH: August Food Prices

September 30, 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 harvests in western Kenya, southern Somalia, and other countries in the region, prices remain very high in the pastoral, agropastoral, and riverine areas of north and eastern Kenya, southern Ethiopia, and 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, a delayed start of the growing season has led to a weakening of the supply in parts of the Sudanian zone and the Sahel, in particular in Chad.
- In Central Asia, wheat and wheat flour prices were generally flat or down slightly in August.
- Bean and maize prices in Central America are down slightly with the *primera* harvest, but they remain high compared to last year.

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



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

* Denote wholesale. All other prices are retail.

Sources: Food Security and Nutrition Analysis Unit-Somalia (FSNAU), FEWS NET, World Food Program (WFP), Coordination Nationale de la Sécurité Alimentaire (CNSA)

* 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

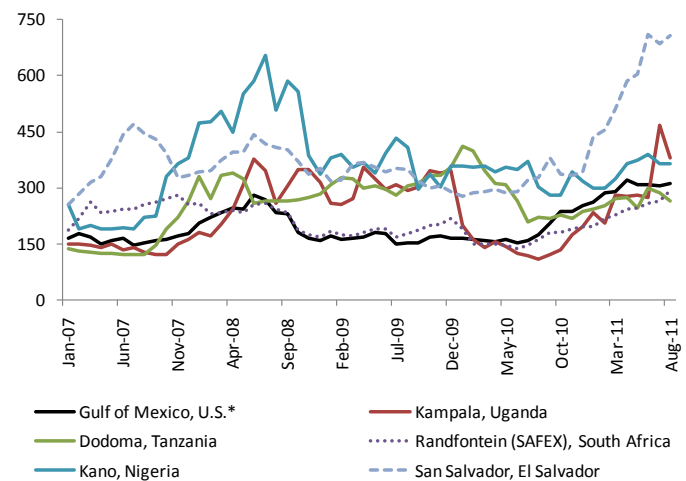
Current situation. Between August and September, maize and wheat prices in international markets declined slightly (Figures 2 and 3). In late September, both maize and wheat prices in the U.S. export market exhibited a 10-percent decline compared to late August. Prices in Argentina followed these trends. Strong exports from Russia, Ukraine, and Kazakhstan, the arrival of the spring wheat crop from North America in the market, and the lifting of an export ban in India for up to two million metric tons (MMT) were the key drivers behind the decline in the price of wheat. In the Kazakh market, wheat prices declined significantly over the past few months due to very good production prospects and, possibly, a log jam in the Russian rail system. **For maize, supplies are expected to remain tight in the U.S., the primary maize exporter,** but the arrival of the U.S. crop on the market, despite its reduced size due to unfavorable weather, and good crop prospects in South America and in other maize-producing countries have eased the upward pressure on prices. 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 put the brakes on maize utilization.

Rice prices had moderate gains between August and September. One driver of this upswing in prices is a new policy implemented by the Thai government to directly purchase rice paddy to raise producer prices. In Bangkok, Thailand, the prices of high-quality 100 percent grade B rice and low-quality broken rice A1 Super rose by 15 and 16 percent, respectively, from late June to late September. Export prices in Vietnam, Pakistan, and the U.S. followed this trend, with a shortfall in U.S. long-grain rice being another driver of this upturn in rice prices. Thailand supplies a third of world rice exports. A supply response from other major rice-exporting countries and second-tier exporters can be expected to mitigate the short-term effect of the Thai policy. India is one of the exporters that will play a role in this adjustment, having just lifted an export ban

on non-basmati rice, although the government will put a limit on exportable supplies. Along with this factor, good rice production prospects and rising stocks at the global level in 2011/12 should temper the current rise in prices in the coming months, although price volatility might be greater than before that policy.

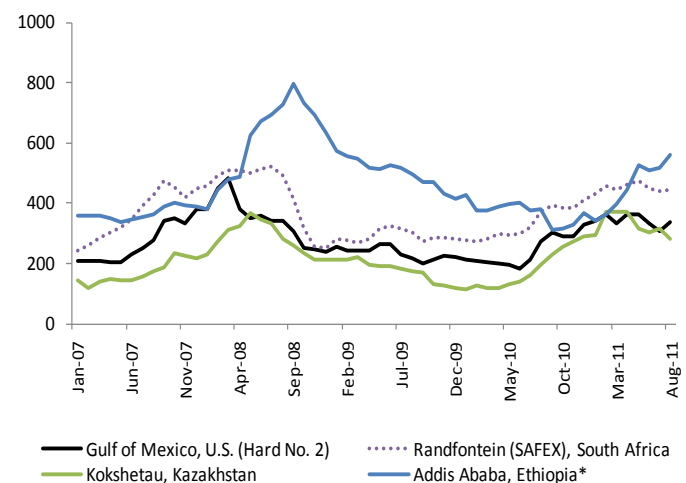
Around this time of the year, many countries monitored by FEWS NET are harvesting crops. **As new crops arrive on markets and producers and traders market their carryover stocks and the reliance of smallholders on markets decreases, staple food prices are beginning to decline seasonally.** Maize prices are showing a small decline in many reference markets in Central America. In Central Asia, wheat prices have been stable or slightly declining. In West Africa, staple food prices have shown some decline in the Guinean zone, but they held steady in August due to the late onset of the rainy season earlier and ensuing reduced prospects for this year's harvest. In Southern Africa, maize and bean prices remain relatively stable

Figure 2: International and regional white maize export or wholesale prices in USD per metric ton (MT), 2007-I I



* Denotes yellow maize. All others are white maize.

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



* 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), DGEA, KazAgroMarketing, Ethiopia Grain Trade Enterprise (EGTE), WFP, U.S. Department of Agriculture (USDA)

halfway between the 2010/11 harvest and the next lean season as production was good again this year. In East Africa too food crop prices are slightly down in surplus producing areas, including in Uganda, western Kenya, northern Tanzania, Rwanda, and Burundi. In famine-affected southern Somalia, the *Gu* harvest has brought about slightly declining grain prices, but these prices remain very high and this trend is not expected to last for very long. In general, in markets in deficit areas of the Horn of Africa, supplies are tight, and in surplus areas, strong demand from deficit areas of the region and from Central Africa is maintaining upward pressure on prices.

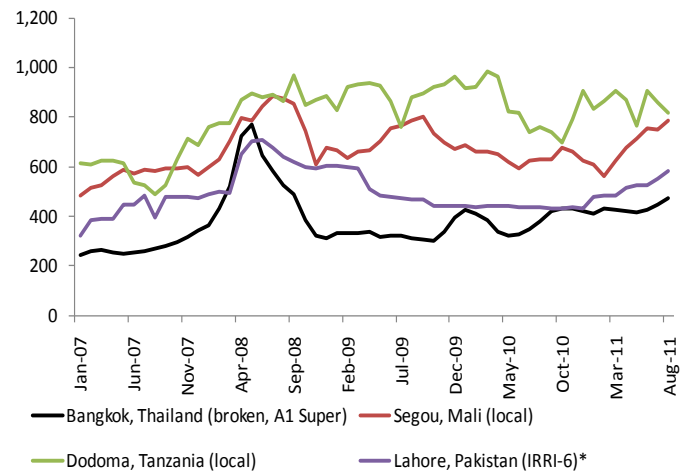
The FEWS NET food price indices[†] show that, in general, trends in food prices at the retail level in West Africa and East Africa slightly declined from July to August (Figure 5). There are significant differences between countries as some are almost through their harvest while for others the main harvests are later. 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 to that in 2008 in magnitude. In Southern Africa, prices are generally comparable to prices in recent years.

The surge in food commodities prices in 2010 and 2011 has affected countries monitored by FEWS NET. The recent rise in rice prices will add some upward pressure on domestic food prices—the prices of high-quality 100 percent grade B rice and low-quality broken rice A1 Super went up by 11 and 62 percent between September 2009 and September 2011. This external factor most likely has driven the continuous rise in food prices in coastal West African countries that rely more than others on rice imports (Figure 5).

Outlook. In the coming months, maize and wheat prices can be expected to remain at roughly the same levels as in 2010, well above prices from 2009. In 2010/11 maize carryover stocks were down by 17 percent compared to 2009/10. The International Grains Council projects that they will decrease again in 2011/12. Wheat carryover stocks are projected to remain barely the same as the supply-demand balance will be tight. World rice production is forecast to increase slightly more than consumption in 2011/12 as production prospects are good outside of the U.S. In East Africa prices will most likely stay high despite the harvests, while in West Africa, the upward pressure on prices during the marketing year 2011/12 may well be higher than in 2010/11 if production in the region is just average and international prices remain high.

[†] 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.

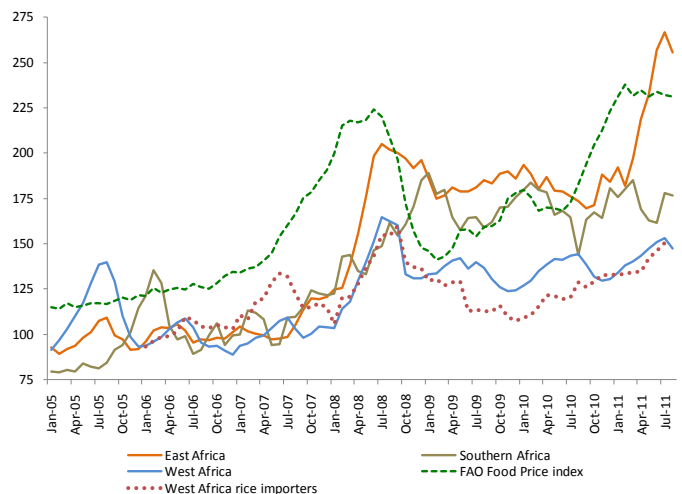
Figure 4: International and regional rice export or wholesale prices in USD per MT, 2007-11



* 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 due to missing data. The West Africa rice importers index includes prices in Mauritania, Senegal, Gambia, Guinea, and Côte D'Ivoire.

EAST AFRICA

Current situation. The prices of locally produced cereals like maize and sorghum have continued to show a declining month-on-month trend between July and August in many monitored markets in Tanzania, Kenya, Uganda, Burundi, Rwanda, and Somalia following harvests from the first season crop, but prices still remain well above prices from last year (Figure 6). For Ethiopia and Sudan, prices continue to rise as the lean season progressed. Areas further removed from harvests, along with South Sudan, 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 the southeastern marginal cropping area. 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 northern and northeastern pastoral areas where maize prices remain very high though they were relatively stable between July and August (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. 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 is strong relative to the supply. 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.

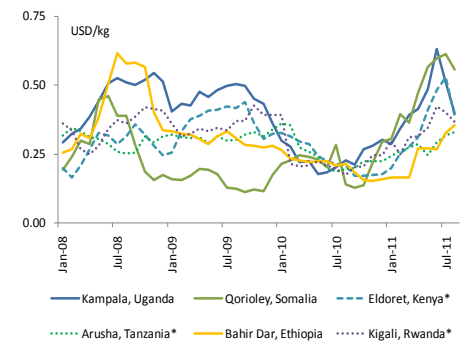
In Ethiopia, high inflation and a weakening food supply as the lean season progresses are exerting upward pressure on prices, for wheat and teff particularly. In some markets, like Dire Dawa, it is becoming difficult to buy wheat. In southern and southeastern pastoral and agro-pastoral areas, terms of trade only improved slightly despite a modest increase in livestock prices during Ramadan in August as the prices of staple grain continued to increase like for white sorghum in Karati (Figure 1).

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

In Somalia, local grain prices slightly declined across most southern markets as supplies from the dramatically below-average *Gu* harvest reached markets (Figures 1, 6, 7, 8, and 9). However, in Hiraan region, markets have continued to experience shortages of red sorghum, although small quantities of white sorghum, probably imported from Ethiopia, are available in larger markets like Beled Weyn. In central and northern Somalia, modest grain harvests brought about a small decline in prices, like for white sorghum in Togwajale.

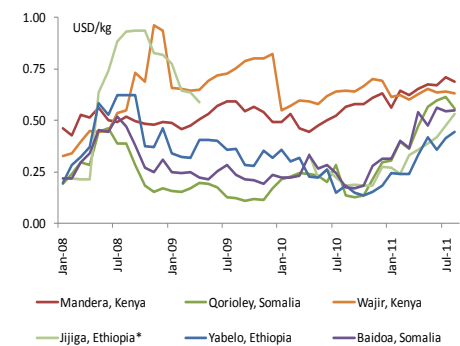
The price of red rice was relatively stable with the exceptions of northwest Somalia where strong import demand from Ethiopia continues to drive red rice prices up and of Baidoa in southern Somalia where rice procurement for relief efforts has probably increased demand locally.

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



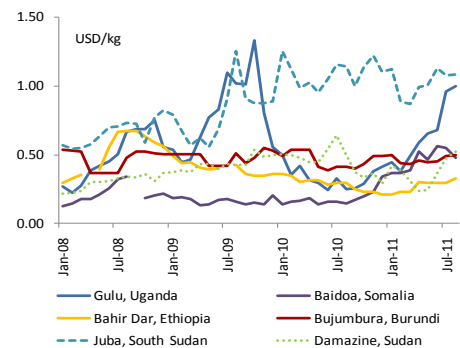
* Denotes wholesale. All other prices are retail.

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



* Denotes yellow maize. All other prices are white maize.

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



Sources: FSNAU/FEWS NET, RATIN, WFP, MITM, FAO, Arid Lands Resource Management Project (ALRMP), EGTE, Ministry of Agriculture of Kenya, FarmGain Africa Ltd.

In Sudan, the ongoing lean season and high international prices, along with currency depreciation and high inflation, continue to place pressure on food prices. With the outbreak of fighting in southern Blue Nile state (Figure 1) and South

Kordofan, both key production zones of the sorghum belt, along with poor sorghum production prospects, traders may be holding on to sorghum stocks. Millet prices in Darfur and Kordofan remain much higher than last year as crop prospects are poor and fighting in Darfur continues.

In South Sudan, southern areas like Juba are benefitting from the recent harvest in Central Equatoria State and in northern Uganda. However, with high maize prices in Uganda, export restrictions in 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 has been very limited, and sorghum prices in Aweil, Malakal, and Wau have continued to increase (Figure 1).

Outlook. Prices of local cereals will continue to decline in September and October in most grain basket markets in Kenya and Uganda, but it may take longer for lower maize prices to be transmitted to pastoral zones. However, in Kenya, some additional uncertainty has been introduced into the market by the passage of the Price Controls Act of 2011. This act gives the Minister of Finance the authority to declare a good an essential commodity and set maximum prices in consultation with the private sector. Kenya has been without price controls for over twenty years, and the bill would operate in a manner similar to that of Djibouti. However, regulations to be able to implement the Act, penalties for selling above the set price, or declaration of goods as essential have not happened, so thus far, the Act has not affected prices.

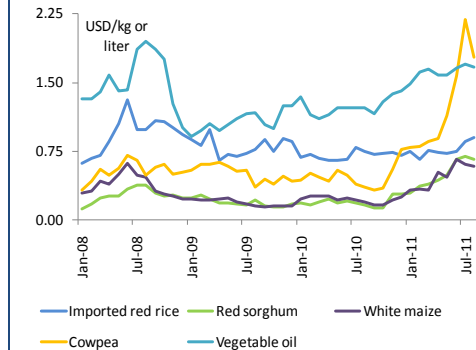
Ethiopia has announced plans to purchase 300,000 MT from the upcoming harvest. 100,000 MT would most likely be white maize and would be used to refill Ethiopia's nearly exhausted strategic grain reserve. 200,000 would most likely be wheat to be used to provide subsidized bread prices in major urban areas. Subsidized wheat would be sold to millers who will supply flour to bakeries that provide bread at government-regulated prices. This may delay the seasonal fall of grain prices, as prices would otherwise be expected to fall significantly with the start of the *Meher* harvest in October.

In Somalia, tightening of markets will most likely lead to short-lived stabilization of local grain prices before they start increasing from October to December, all other factors remaining the same. The moderate increase of rice prices in exporting countries like Thailand and Pakistan will probably soon be transmitted to the markets in Somalia and Djibouti. In Djibouti, government price policies may limit this rise. However, like with wheat flour last year, eventually, the government may be unable to maintain the price and *belem* rice will rise moderately. Djiboutian prices will also be under upward pressure as long as the Ethiopian food export ban continues.

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 demand for maize is expected to displace 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.

Continued restrictions on 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 South Sudan, prices may show an upward trend in September but may start to decline in October following local harvests. However, the decline is likely to be very modest much like what was observed in Somalia in July and August due to low harvest and increased demand from returnees. Additional refugees from southern Blue Nile state in Sudan may weaken already strained humanitarian relief efforts in South Sudan placing further pressure on market prices in host communities.

Figure 9: Relative prices in Mogadishu, Somalia, 2008-11



* Wholesale price. All other prices are retail.

Source: FSNAU and FEWS NET

SOUTHERN AFRICA

Current Situation. Staple food prices have generally been stable for the past couple of months, remaining slightly lower than last year in most markets. These prices reflect the above-average harvests realized in most countries of the region this year. In a few reference markets, prices increased moderately between July and August, for maize (Figure 10) and especially for beans (Figure 11) and groundnuts. **Informal trade volume has increased.**[‡] Informal trade of maize increased substantially between July and August. Over the past couple of months, maize has been informally traded at record volumes. The recent lifting of the maize export ban in Malawi and strong demand from Kenya and the Greater Horn of Africa generally, Zimbabwe, and the Democratic Republic of Congo are the main drivers of this trend. Malawi is the largest source of informal exports, followed by Mozambique and Tanzania. **Despite vigorous trading activity on those markets, price increases have remained stable and below prices last year in the surplus areas of Malawi and Mozambique.**

In Mozambique, which has had an average production of food crops this year, prices in most reference markets remain stable since the harvest. Prices are lower than last year, but they are above the five-year average. In Zambia, where maize surpluses are large but export opportunities remain limited, maize prices have been rather flat despite the massive maize purchases by the Food Reserve Agency (FRA) that began in July. The agency is buying maize at prices above market prices in an attempt to purchase 1.3 million metric tons (MMT) from small scale farmers. Maize prices in Zimbabwe have been stable since the main harvest, but they are higher than last year.

In South Africa, the Southern Africa Futures Exchange (SAFEX) white and yellow maize grain spot prices continued to rise steadily. From ZAR 1682 in May, the SAFEX spot price for white maize rose to ZAR 2067 in August—a 23 percent increase. This increase is in part a result of price increases in international cereal markets.

Outlook. Staple food prices in surplus areas are expected to remain stable and below last year’s prices until the onset of the lean period when price levels are expected to turn upwards due to increased demand in deficit areas. In deficit areas in Malawi, Mozambique, and Zambia, internal and/or cross-border flows from surplus areas should allow prices to follow seasonal trends. In Zimbabwe, prices should follow seasonal trends in the coming months, but price spikes could occur due to a potential depletion of on-farm stocks as the lean season sets in, forcing households to turn to markets to fulfill their food requirements. These spikes could be significant for markets supplied through imports as the import duty on processed goods such as maize flour and vegetable oil was reenacted in July (Figure 12). The vegetable oil price in Harare increased, but so far, only by the amount of the tariff itself.

In South Africa, both the white and yellow maize spot prices on SAFEX are expected to continue to rise, tracking international price trends, and can be expected to move up in response to rising demand in overseas import markets.

Figure 10: Prices of white maize in Southern Africa, 2008-11

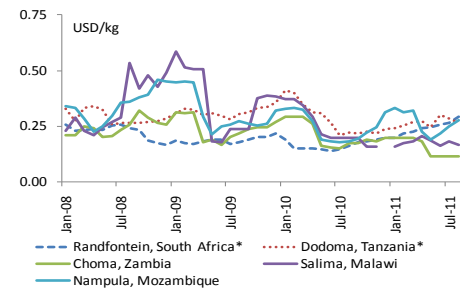


Figure 11: Prices of beans in Southern Africa, 2008-11

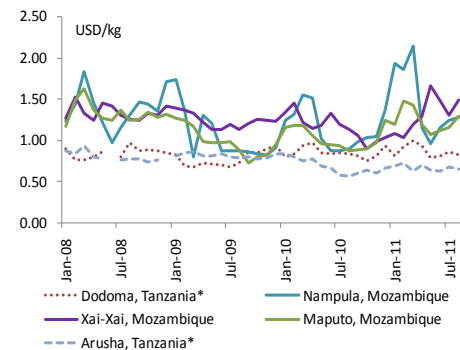
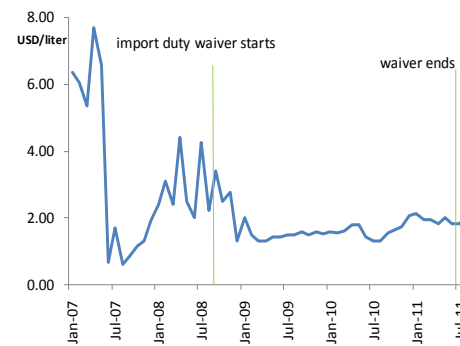


Figure 12: Price of vegetable oil in Harare, Zimbabwe, 2007-11



* Wholesale prices. All others are retail.

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

[‡] FEWS NET. *Informal Cross-border Food Trade in Southern Africa* Issue 73. August 2011.

WEST AFRICA

Current situation. In several areas, a late start of the rainy season and irregular rainfall in space and time led to modest harvests of maize and tubers in the Guinean zone and of cereals and legumes in the Sudanian zone. Some of the most affected areas, central Chad, northeastern Nigeria, western Niger, and western Mali, comprise surplus cereal-producing areas—millet in particular, which will depress cereal availability locally (Figure 13). Despite lower crop prospects in these areas, markets have still been well supplied with staple food crops due to the carryover stocks held by producers and traders as well as consumer stocks, and thanks to humanitarian assistance.

In the north of Nigeria, maize, millet, and sorghum prices were relatively stable between July and August whereas they usually begin to decline at this time of the year. Local cereal prices are moderately higher than last year. For instance, on Dawanu market in Kano, in August, wholesale prices for maize, millet, and sorghum were 22, 42, and 23 percent higher than in August 2010 (Figure 14). Cowpea prices are relatively low as production has been good. In the south of Nigeria, staple food prices declined slightly following good harvests of maize, yams, and vegetables.

In Benin, similarly, maize prices were stable or slightly declining between July and August, remaining higher than a year ago. The supply of maize is relatively weak due a production shortfall in the first cropping season. The price of cassava flour, a substitute for cereals, has been stable over the past months.

In Niger, markets have been adequately supplied with staple food crops thanks to producer and trader stocks and food assistance, including food aid distribution and subsidized sales. In addition, the demand from households has remained relatively low as they can still rely on their stocks. **Millet and sorghum prices remain significantly lower than last year.** Maize prices are stronger in comparison, and rice prices are higher than last year. Cowpea prices are much lower than last year.

In Chad, the delayed start of the growing season and diminished crop prospects prompted producers and traders to hold on to their stocks (Figure 15). Meanwhile, households have exhausted their reserves, in particular in the east of the Sahel. In this context, prices for local cereals in both surplus areas in the south and in deficit areas in the Sahel have gone up again. In the reference markets of Moundou, in the south, and Abéché, in the Sahel, between July and August, millet prices rose by 24 and 17 percent, respectively, and sorghum prices by 24 and 18 percent.

In the central and western trade basins, the availability of food on markets has improved following the harvests of maize, tubers, groundnuts, and other agricultural products. Trade flows between the Guinean zone and the Sudanian zone are functioning well. The supply of yam has improved significantly in Ghana, Togo, Côte d'Ivoire, and Burkina Faso, and this product has already been moved to the markets in western Mali and Burkina Faso.

In Burkina Faso, between July and August, staple foods increased in price while their availability in the agro-pastoralist and pastoralist zones of the north and the east of the country declined. In general, millet prices are lower than last year in several markets, but maize prices are moderately higher. In Djibo, in the north, prices for maize, millet, and sorghum went up by 7, 14, and 15 percent. Compared to August 2010, prices for millet and sorghum were 17 and 15 percent lower, but maize traded at six percent higher than last year. Due to lower production prospects, stocks have been withheld by producers in surplus areas

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

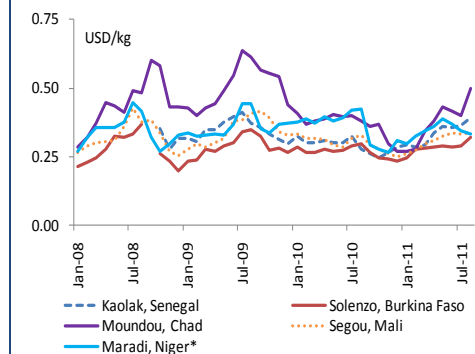


Figure 14: Sorghum prices in West Africa, 2008-11

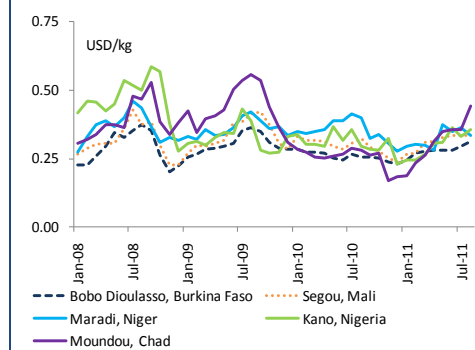
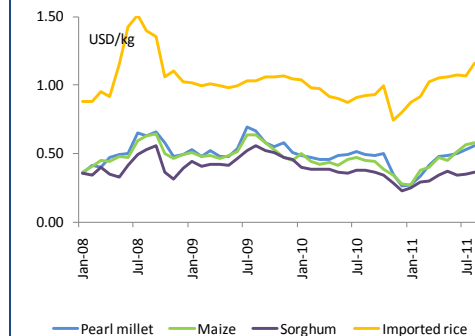


Figure 15: Staple foods in N'Djamena, Chad, 2008-11



* Wholesale prices. All others are retail.

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

and by traders in deficit areas. In the north and the east of the country, poor pastoralists and agro-pastoralists have almost exhausted their stocks of cereals.

In Mali, millet prices were generally stable between July and August, remaining slightly lower than last year, but maize, rice, and sorghum prices were up. Maize and rice prices were up 11 percent in Bamako and 18 percent in Sikasso compared to August 2010. The supply of cereals has somewhat weakened in August, but some improvement was observed in the regions of Ségou and Koulikoro due to favorable cropping conditions.

In Mauritania, the supply of local and imported cereals was generally adequate and prices held steady, except for a moderate increase in maize and rice prices in Nouakchott (Figure 1). Millet and sorghum are still lower than last year, but the prices of local rice and imported cereals, maize, rice, and wheat are higher than last year by 21, 33, 10, and 25 percent respectively in Nouakchott. In Senegal, the increase in rainfall in August led to reduced pressure on cereal markets, but cereal prices remain higher than last year.

Outlook. In the coming months, the supply of staple food crops will improve in both rural and urban areas as the harvests gather pace while the demand from farm households will decline, and, in September, staple food prices should fall seasonally throughout most of the region. Households and traders will rebuild their food stocks. **The recent rise in international rice prices will be transmitted to domestic markets in West Africa, but the local rice harvests should mitigate this external upward pressure. At the regional level, some uncertainty remains with respect to the crop prospects due to a poor start of the growing season in several parts of the region, but production should be average.** Increased cultivation of short-cycle crops (cowpea, tubers, watermelons, melons, etc.) should mitigate the impact on availability and prices of the cereal production shortfall.

CENTRAL ASIA

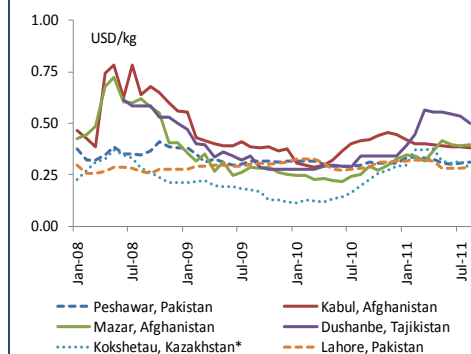
Current situation. Prices for cereals were generally flat or down slightly in both Afghanistan and Tajikistan (Figure 16). As this is the period directly after the spring-summer wheat harvest, this is in line with expected seasonal trends. Kazakhstan appears to have had a very successful wheat harvest. Estimated production for this year is 16 MMT in comparison to only 9.7 MMT last year. The larger harvest led to prices declining over 10 percent over the last three months from USD 316 per MT in May to USD 280 per MT in August. At the regional level, the post-harvest grain availability is good, and continued trade from surplus to deficit areas should maintain adequate availability.

In Afghanistan, the prices of wheat flour in August compared to July remained unchanged or decreased slightly in Mazar and Faizabad in northern Afghanistan and Kabul, Kandahar, and Jalalabad in eastern and southern Afghanistan. The exception to this general trend was the central highlands where wheat prices in Nili increased by 7 percent in response to a poor harvest. Rice prices remained stable or declined slightly in most markets in Afghanistan.

In Tajikistan, wheat and wheat flour prices remained stable due to sufficient supply and availability of imports. However, prices remain high compared to the last year. Vegetable oil prices in major markets were relatively stable from July to August though the increasing trend that began last year continues. Rice prices were generally stable, but potato followed usual seasonal trends by decreasing in some markets following the harvests in surplus areas in the Rasht Valley and northern Tajikistan.

Outlook. The very favorable wheat harvest in northern Kazakhstan should significantly dampen upward pressure on wheat prices in northern Afghanistan and Tajikistan. In Pakistan, while there has been significant flooding in the past month in Sindh province, but other grain belt areas, including Punjab and Khyber Pakhtonkhwa provinces were less affected. Over the coming months there is very likely to be upward pressure on price levels in Afghanistan and Tajikistan as the demand for wheat grain increases for the fall planting season and as households stockpile wheat and wheat flour in preparation for winter.

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



* Wholesale price. All other prices are retail.

Sources: WFP, KazAgroMarketing

CARIBBEAN and CENTRAL AMERICA

Current situation. The *primera* harvest is still under way in Central America. The prices of white maize, red beans, and black beans decreased in some markets from August to September (Figure 18 and 19). **While prices have decreased with the onset of the *primera* harvest, they still remain quite high in comparison with last year.** In Guatemala and Honduras, the fungus *mancha de asfalto*, sometimes referred to as “tar spot disease,” affected the *primera* harvest of maize in some regions. The disease will not affect the availability of grains at the national or regional level, but some smallholder producers in affected areas may be more reliant on markets for maize.

In El Salvador, red beans, seda red beans, and white maize declined in price due to the *primera* harvest. The retail prices of red beans in San Salvador decreased 24 percent from July to August, but neither bean nor maize prices have returned to their levels from before last year’s price spikes.

In Honduras, red bean prices have generally fallen. White maize prices have been more stable, but they are starting to decrease slightly in some of the surplus markets by up to five percent.

Nicaragua’s *primera* harvest has increased availability, especially for beans. Estimates are that the bean harvest should cover domestic consumption through the end of November. Due to the good harvest, the bean export ban on beans that had been in place since September 2010 has been lifted. As much as 10,000 MT may be exported by private traders this season. The Nicaraguan maize harvest has started, and the Ministry of Agriculture estimates 200,000 hectares will be harvested by the end of September. In September, the price began to fall on wholesale markets, but no movement in retail markets was evident between July and August.

In Guatemala, the production of white maize for this year will be much better than in the previous two years. This will improve the availability of grain in the markets and household food stocks. The price of maize and beans started to decrease slightly in August and has continued to decrease in the first weeks of September.

In Haiti staple food markets have been generally stable over the past six months, albeit with a slightly increasing trend. Imported rice edged up six percent from July in the capital primarily driven by concerns about rising prices for long-grain rice from the U.S. However, in markets where local maize and tubers are abundant such as Jérémie and Jacmel, imported rice prices were down slightly (Figure 17). Bean prices fell slightly from July to August in all markets except in Jérémie where the new harvest starts in September.

Outlook. In August, the National Oceanic and Atmospheric Administration (NOAA) of the U.S. has declared that a La Niña has recurred in the Pacific Ocean. So far NOAA evaluations suggest that this will not affect rainfall in Central America until around December at which point both the *primera* and *postrera* harvests will have concluded. In this context and following usual seasonal trends, maize prices in Central America should fall during September and stabilize after that. Bean prices will continue to fall through November following usual seasonal trends.

In Haiti, the discontinuation of state fertilizer subsidies and other factors driving up input costs are expected to reduce rice planting and yields. Reduced local rice availability, along with higher prices for imported rice from the U.S. may drive up the prices of both local and imported rice over the next several months. Haiti and Central America remain vulnerable to additional hurricane-related disruptions to agricultural production and marketing systems through November.

Figure 17: Retail imported rice prices in Haiti, 2008-11

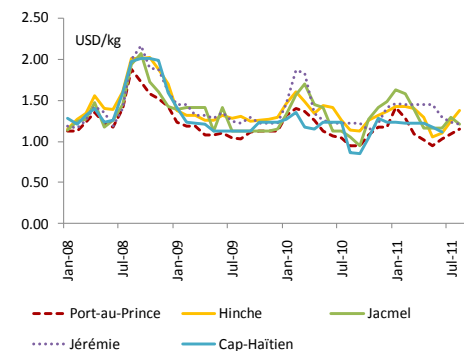


Figure 18: Retail white maize prices in Central America, 2008-11

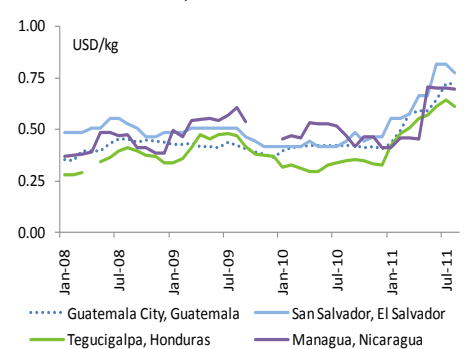
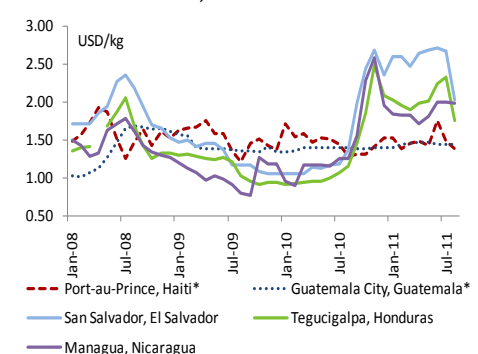


Figure 19: Retail bean prices in Central America and Haiti, 2008-11



* Black bean prices. All others are for red beans.

Sources: CNSA, FEWS NET, MAL, Dirección General de Economía Agropecuaria (DGEA), Ministry of Agriculture, Livestock, and Food of Guatemala, Sistema de Información de Mercados Productos Agrícolas de Honduras (SIMPAH)