



The Food Price Monitor: East Africa is a monthly report developed for the Food Security Portal (FSP), facilitated by IFPRI, with the goal of providing clear and accurate information on price trends and variations in selected maize and rice markets throughout East Africa. The reports are intended as a resource for those interested in maize and rice markets in East Africa, namely producers, traders, consumers, or other agricultural stakeholders.

Highlights

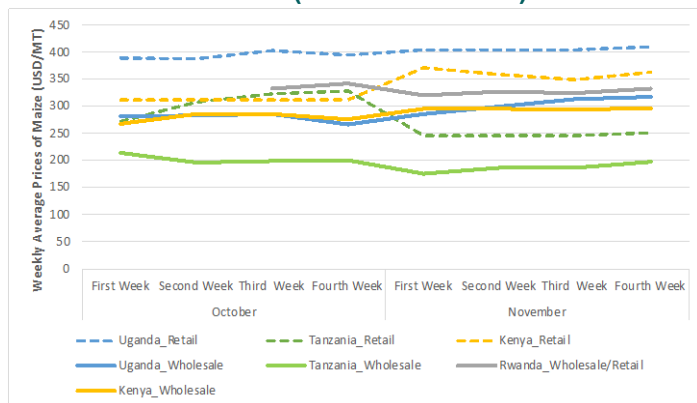
- ▶ From October to November, wholesale and retail maize prices increased in Kenya and Uganda and reduced substantially in Tanzania.
- ▶ Observed changes and disparities in the price of maize between countries in East Africa can be partly explained by how governments intervened to control surging fuel prices.
- ▶ Kenya continues to experience the highest and more volatile wholesale and retail rice prices, mostly due to scattered unfavourable climate conditions that hampered harvests, the high costs of rice importation, high domestic fuel prices, and high sustained national inflation.
- ▶ Fluctuations in the exchange rates of local currencies in the region against the USD continued to distort imported rice prices in Rwanda and Uganda.

Changing Maize Prices in East Africa

Variations were seen in wholesale and retail maize prices between October and November (Figure 1). There was a reduction in maize prices in Tanzania and Rwanda, while Kenya experienced increased prices. In Uganda, there was an increase in wholesale maize prices; retail prices remained relatively stable but the highest in the region. Uganda saw the highest weekly average retail maize prices, ranging from 389 USD/MT to 410 USD/MT; this was followed by

Kenya (between 314 USD/MT to 371 USD/MT), then Rwanda (between 342 USD/MT and 332 USD/MT), and Tanzania (between 251 USD/MT and 342 USD/MT).

Figure 1: Average wholesale and retail price of maize in East Africa (November 2021)



Source: Authors' construction using data from FSP

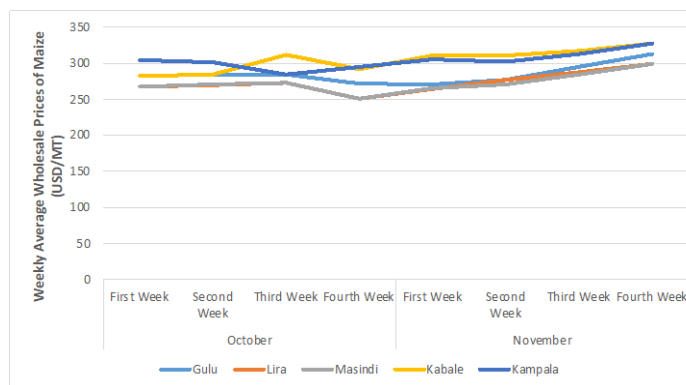
Likewise, weekly average wholesale prices were highest in Uganda, ranging from 276 USD/MT to 318 USD/MT; this was followed closely by Kenya (between 267 USD/MT to 296 USD/MT) and Tanzania (between 175 USD/MT and 214 USD/MT; Figure 1).

Disparities in fuel prices can largely explain these differences in wholesale and retail prices observed between countries. Uganda had the highest fuel prices in the region, averaging about 1.3 USD/per liter of fuel; this was followed by Kenya (approximately 1.2 USD/per liter), Rwanda (1.16 USD/per liter), and Tanzania (1.08 USD/per liter; The Independent, 2021). Unlike other countries where the government intervened to stabilize fuel prices, the government of Uganda did not intervene, citing a lack of funds to subsidize the high consumer fuel prices (Kirabo, 2021). These high prices in turn increased transportation costs. Weekly average prices of maize within markets in the East African countries

Uganda

In Uganda, average weekly wholesale maize prices were significantly higher in markets around Kampala and Kabale from the end of October to mid-November. However, prices in other markets drew closer toward the end of November (Figure 2). Kampala and Kabale are geographically distant from the regions where maize is grown; the rise in wholesale maize prices in these markets is thus primarily due to rising transportations costs driven by higher fuel prices (Box 1).

Figure 2: Average weekly wholesale prices of maize in selected markets in Uganda (November 2021)



Source: Authors' construction using data from FSP

Comparatively, wholesale maize prices were lowest in Gulu, Masindi, and Lira markets throughout October and November. Price variations in these maize-producing regions are expected to remain negligible. Overall, an upward trend in weekly average wholesale maize prices was observed throughout November, as reflected by a rise of food crop inflation to 3.6% in November from 1.7% in October.

Box 1: Fuel price hike chokes traders, stirs inflation in Uganda

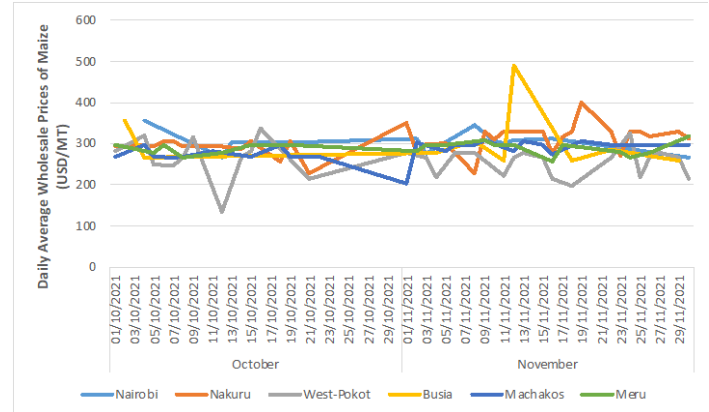
“The government is scrambling to tame spiralling oil prices amid rising transport and food costs likely to fuel inflation in the face of the approaching festive season. According to foodstuff traders in Kampala, surging fuel prices are biting them hard as they increase transport costs and lead to higher food prices in the markets for food crops from upcountry”.

Source: Daily Monitor, p.6, November 16, 2021; www.monitor.co.ug

Kenya

Daily average wholesale maize prices in selected markets in Kenya showed persistent variations throughout October and November (Figure 3). Several factors can explain the constant variations, including (1) competition between the National Cereals and Producers Board (NCPB) and millers, (2) erratic climatic conditions, (3) disease outbreaks, and (4) post-harvest handling caused by downpours during the harvest season (BII, 2021). Wholesale maize prices in the city markets of Nairobi and Nakuru were typically higher than prices in the other markets. West-Pokot markets recorded the lowest wholesale prices, averaging 134 USD/MT on October 12, while Busia (in Kenya) market recorded the highest wholesale price, rising northward of 490 USD/MT on November 12. The low prices seen in West-Pokot could be due to the bumper harvest realized in June. On the other hand, the sudden spike in wholesale maize prices in Busia (in Kenya) could be due to an increase in demand for maize from the Busia border (in Uganda) following a shortage in supply attributed to poor harvests (Awori, 2021).

Figure 3: Average weekly retail prices of maize in selected markets in Kenya (November 2021)

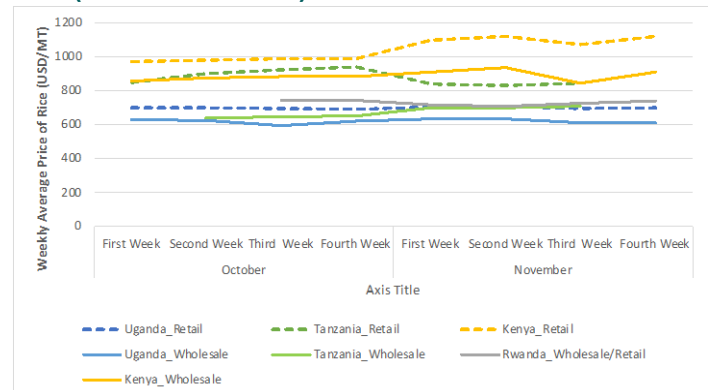


Source: Authors' construction using data from FSP

Changing Rice Prices in East Africa

Kenya recorded the highest weekly average retail rice prices in the region, ranging from 970 USD/MT to 1121 USD/MT; this was followed by Tanzania, with weekly average retail prices ranging from 828 USD/MT to 937 USD/MT (Figure 4).

Figure 4: Average retail price of rice in East Africa (November 2021)



Source: Authors' construction using data from FSP and e-SOKO

In Rwanda, weekly average rice prices were between 731 USD/MT and 743 USD/MT, and in Uganda, weekly average retail rice prices were within the range of 696 USD/MT and 738 USD/MT.

As with retail prices, Kenya maintained the highest weekly average wholesale rice prices in the region, averaging between 841 USD/MT and 935 USD/MT; this was followed by Tanzania (between 650 USD/MT and 707 USD/MT) and Uganda (between 592 USD/MT and 632 USD/MT). Since Kenya is a major importer of rice within East Africa, the weak local currency against the USD, rising crude oil prices, and adjustment of the excise duty with the current inflation rate all pushed the transportation costs and food prices up in November (Anyanzwa, 2021; Kitimo, 2021).

The rise in wholesale and retail rice prices in Tanzania may be attributed to (1) an upward trend in domestic fuel prices despite government intervention and (2) the transition to the lean season when past harvests are generally depleted. In Rwanda, the continued political impasse with neighbouring Uganda has led to higher prices for the domestic food crops as Rwanda has shifted to costly trade with other markets in Tanzania, DRC, and Kenya (The East African, 2021).

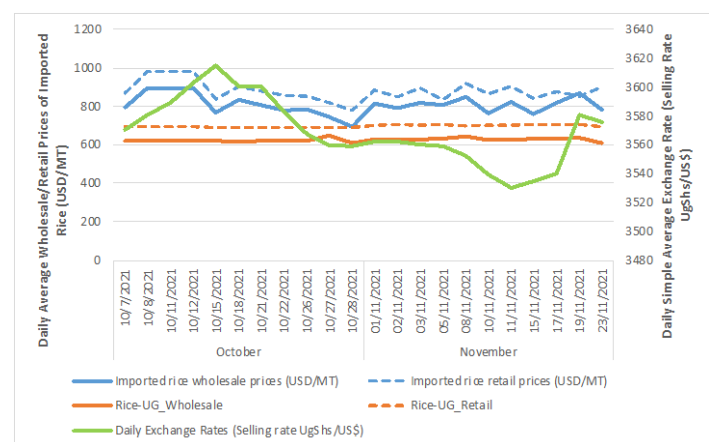
Table 1: Changes in the average monthly retail and wholesale price of rice in East Africa for October and November

Country	Market Levels	Monthly Average Prices October	Monthly Average Prices November	Monthly % Change
Kenya	Retail	981	1102	12
Uganda	Retail	696	700	1
Rwanda	Retail	743	720	-3
Tanzania	Retail	902	836	-7
Kenya	Wholesale	872	897	3
Uganda	Wholesale	616	620	1
Rwanda	Wholesale	743	720	-3
Tanzania	Wholesale	644	701	9

Source: Authors construction using data from FSP and e-Soko (for Rwanda)

Kenya’s monthly average retail rice prices increased the most in November, by 12%. Rice prices in Uganda generally showed an upward trend from October, while they fell in Rwanda. Tanzania saw the highest increase in wholesale rice prices (9%) but also the largest fall in retail prices (7%). Variations in prices can be attributed to (1) rising domestic fuel prices, (2) weak local currencies, and (3) the start of the lean season in which supply is generally low.

Figure 5: Average daily prices of imported rice in Uganda (November 2021)



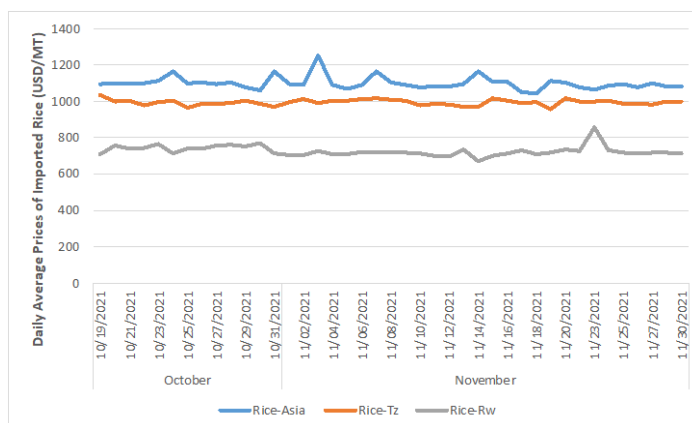
Source: Authors’ construction using data from e-Soko

Figures 5 and 6 show the daily average wholesale and retail prices of imported rice in Rwanda and Uganda throughout October and November. There was a co-movement between these prices

and daily simple average exchange rates. this co-movement implies a significant correlation between prices and exchange rates. As exchange rates fall, the variance price between imported rice and domestically produced rice diminishes (Figure 5). This suggests that the appreciation of the Ugandan currency against the USD guarantees cheaper imports.

Rwanda also imports rice from Asia (Rice-Asia) and Tanzania (Rice-Tz); thus, there is a higher disparity between imported rice and domestically produced rice in Rwanda (Rice-Rw; Figure 6). The average price of imported and domestically produced rice was estimated at 1000 USD/MT and 800 USD/MT, respectively, in November: an approximate 200 USD/MT difference. This difference can be explained by the loss in value of the Rwandan franc against the USD, which has made imports more expensive. The Rwandan franc is currently ranked twelfth amongst the top African currencies, depreciating at 3.4% (Kitimo, 2021).

Figure 6: Average daily prices of imported rice in Rwanda (November 2021)



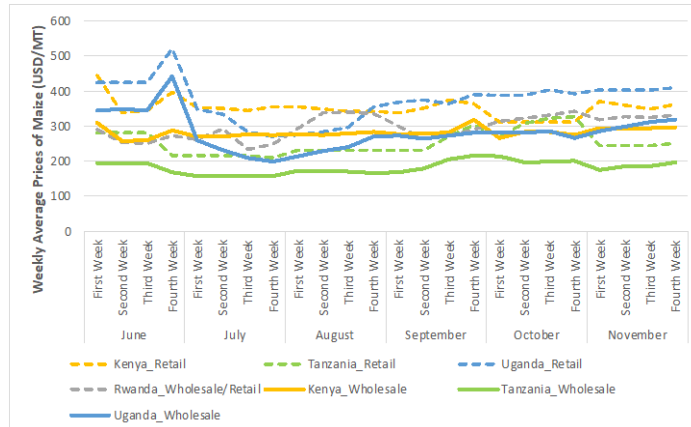
Source: Authors' construction using data from FSP

Summary of the evolution of maize prices from June to November

An assessment of price variations across East Africa for the past six months (Figure 7) shows that Tanzania maintained the lowest wholesale and retail maize prices from June until September; these prices then rose in the subsequent months, partially due to the rise in fuel prices. Tanzania's low prices stemmed from adequate supply from the national silos following the beginning of the bumper harvest in June. In Uganda, the effects of COVID-19 restrictions imposed in June, including the halting of transport or movement between districts, explains the spike of prices in June, as well as their subsequent reduction following the easing of restrictions and the beginning of the harvest of the first season.

Kenya experienced mixed results over the past six months; in June, wholesale and retail prices were relatively volatile but stabilized from July to September following the removal of restrictions on the importation of maize from Uganda and Tanzania. Maize prices then picked up again in October due to high domestic fuel prices, but the government's intervention to subsidize fuel prices dampened maize prices relatively until November. In November, maize prices experienced a rise week one then and remained generally stable throughout the remainder of the month due to a bumper harvest in certain maize-producing areas.

Figure 7: Weekly average wholesale and retail prices of maize in East Africa (June to November 2021)



Source: Authors construction using data from Food Security Portal (for Uganda), Ministry of Agriculture Livestock and Fisheries (for Kenya), Food Security Portal (for Tanzania), and e-SoKo (for Rwanda)

Summary of the evolution of rice prices from June to November

Figure 8 shows weekly average rice prices in East Africa over a span of six months from June to November. Kenya consistently saw the highest prices throughout the period. The discrepancy in prices with the rest of the countries in the region is significantly large and can be attributed four main factors: (1) high costs of importation, since production in Kenya is below the national capacity and demand; (2) scattered unfavourable climate conditions that hampered harvests; (3) Kenya’s high sustained national inflation; and (4) skyrocketing domestic fuel prices. The reduction in prices in week one of October and sustained stability throughout November are due to government intervention in price stability and subsidization of fuel prices.

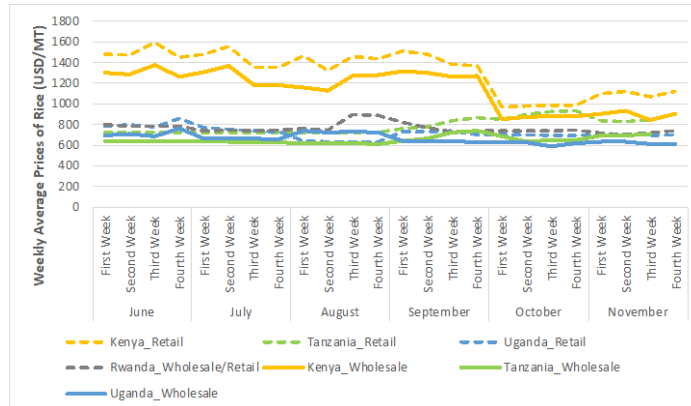
In Uganda, rice prices were substantially higher in June due to the travel restrictions to curb the spread of COVID-19. Prices later stabilized until

August, when wholesale prices followed a rise in fuel prices and transportation costs to local and main markets. In November, rice prices stabilized due to a good harvest from rice-producing regions and the partial reopening of the economy from COVID-19 lockdowns.

In Rwanda, rice prices were more stable from June to July due to reduced aggregated demand, as most business centers were closed due to COVID-19 lockdowns. Prices then rose in August following the reopening of the economy following the lockdowns; this enhanced aggregate demand as schools and more retail businesses and hotels reopened. After that, prices fell and stabilized again due to more importation from Tanzania following the political impasse with Uganda.

Tanzania saw the lowest and most stable rice prices during this period, but shocks from surging global oil prices caused an unexpected rise and increased volatility in wholesale and retail rice prices from September to November, despite government intervention in domestic fuel prices.

Figure 8: Weekly average wholesale and retail prices of rice in East Africa (June to November 2021)



Source: Authors construction using data from Food Security Portal (for Uganda), Ministry of Agriculture Livestock and Fisheries (for Kenya), Food Security Portal (for Tanzania), and e-SoKo (for Rwanda)

Data and Methodology

Data for wholesale and retail prices of rice and maize were from (1) Food Security Portal (FSP) by International Food Policy Research Institute for Uganda and Tanzania, (2) Kenyan Market Information System sourced from the Ministry of

Agriculture Livestock Fisheries and Co-operatives for Kenya, (3) Bank of Uganda for daily exchange rates, and (4) e-SoKo for Rwanda. The data for markets in Kenya and Rwanda were collected in local currencies, measured in Kshs/Kg and Rwf/Kg, respectively, and were then converted to USD/MT. Furthermore, weekly and daily wholesale and retail prices were averaged across the markets in East Africa from October and November, and within-country comparisons of weekly and daily wholesale maize prices were carried out in selected countries to understand trend influencers in particular countries. In addition, weekly average wholesale and retail prices of maize and rice were analyzed over a span of six months from June to November to obtain a comprehensive evolution of the trends and patterns in the region amidst the COVID-19 pandemic.

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