FOOD SECURITY PORTAL FACILITATED BY IFPRI

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FOOD PRICE MONITOR: MAIZE AND RICE IN EAST AFRICA

SEPTEMBER 2024

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

- In September, the weekly average wholesale and retail prices of maize in East African countries were more stable compared to August. This stability can be attributed to favourable weather conditions that led to a bumper harvest.
- Relatedly, the wholesale and retail prices of rice across the East African countries exhibited mixed patterns. Despite this, the general outlook was more stable except for Kenya where the weekly average wholesale and retail prices posed swing-like behaviours.
- Lower domestic prices for fuel and fertilizer, influenced by the global reductions in oil and fertilizer prices observed in September compared to August, have contributed to a decrease in transportation costs for bringing cereals to local markets. This change has also helped lower production costs. The implication is low and stable maize and rice prices.
- The wholesale and retail prices of imported rice varied by country and by variety, contrasting with the domestic prices of rice. For instance, in Uganda and Rwanda, the prices of Pakistani rice decreased in September due to the Indian government's relaxation of restrictions and competitive pricing from Thai rice. However, in Kenya, the same variety experienced unstable and higher price levels during the same month, primarily due to issues with exchange rate stability and high demand.

Changing Maize Prices in East Africa

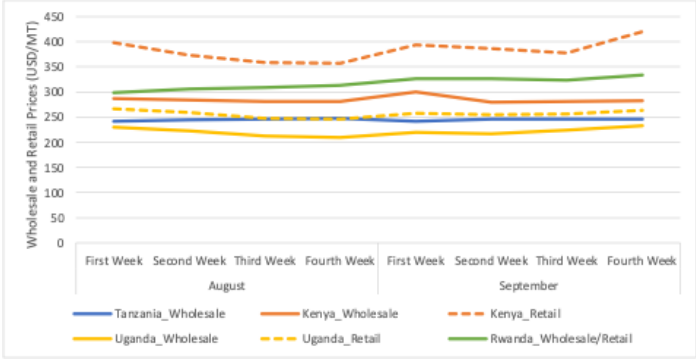
In Chart 1, the movement of weekly average wholesale and retail prices of maize across the East African region in September was generally stable. However, the retail price of maize in Kenya showed a notable increase towards the end of the month. Kenya reported the highest retail prices in the region, followed closely by Rwanda, where the retail prices exceeded the wholesale prices in Kenya. Additionally, the retail prices of maize in Uganda were nearly equal to the wholesale prices in Tanzania, and also Uganda had the lowest wholesale prices in the region.

Despite these observations, both wholesale and retail prices of maize were relatively lower than in August. According to FEWS NET (2024a), this decline in prices of maize across East African countries can be attributed to high carryover stocks and the onset of the October to February harvest season. Furthermore, the decrease in global fertilizer and oil prices between August and September, as illustrated in Charts A1 and A2, may have also contributed to this trend. Similarly, the region also experienced lower domestic pump prices in September compared to August except in Kenya where they remained unchanged.

In Kenya, both retail and wholesale prices have shown similar trends, remaining generally stable. However, retail maize prices have remained elevated and significantly higher than wholesale prices. Throughout September, wholesale maize prices remained stable after the second week. According to FEWS NET (2024a), this stability can be attributed to high carryover stocks, the availability of green harvests, and supplies from the recent July-August harvest. Additionally, the FAO (2024) notes that the low maize prices across the country are due to adequate carryover stocks resulting from above-average cereal production in 2023, as well as sustained imports from Uganda and the United Republic of Tanzania. Also, according to the Central Bank of Kenya (2024), there was a decrease in prices of most cereals mainly supported by the bumper harvest following favourable rainfall outcomes in the October-December 2023 and March-May 2024 rain seasons.

In Rwanda, the weekly average prices of maize showed significant stability from August to September, despite an elevation in the region. This period is characterized by a bumper harvest. Furthermore, according to the National Bank of Rwanda (2024), the decrease in food prices can be attributed to a decline in liquid fuel inflation, which resulted from a revision of local pump prices effective August 7, 2024. This adjustment aligns with global oil price trends.

Figure 1: Average wholesale and retail price of maize in East Africa (August - September 2024)



Source: Authors' construction using data from the Ministry of Investment, Industry and Trade for Tanzania, eSoKo for Rwanda Ministry of Agriculture Livestock Fisheries and Cooperatives for Kenya and Daily Market Traders Survey for Uganda

In Tanzania, wholesale maize prices remained relatively stable throughout August and September, with a slight increase noted. The Bank of Tanzania (2024) attributes this minor rise to increased demand for maize from neighboring countries. Similarly, FEWS NET (2024a) indicates that the increase is driven by heightened demand in consumption markets and stable production in areas that have benefited from several consecutive seasons of above-average harvests and high carry-over stocks. Additionally, the low pump prices in September contributed to this situation. For example, petrol prices decreased from 3,294 TZS per liter to 3,233 TZS per liter, while diesel prices dropped from 3,225 TZS per liter to 3,112 TZS per liter (see Chart A3).

In Uganda, both wholesale and retail prices for maize remained relatively stable throughout September. This stability can be attributed to an increased supply resulting from the late harvest in the northern and eastern regions of the country (FEWS NET, 2024a). Additionally, carry-over stocks from the 2023 harvest and the average first-season harvests in June and July also contributed to the consistent maize prices (FEWS NET, 2024b). Another significant factor influencing the stability of maize prices in Uganda is the decrease in fuel prices, as illustrated in Chart A3 in the Appendix.

Table 1: Changes in average monthly retail and wholesale price of maize in East Africa for August - September, 2022-2024

Country	Market Levels	Monthly Average Prices August 2024 (USD/MT)	Monthly Average Prices September 2024 (USD/MT)	% Change August & September 2024	Monthly Average Prices August 2023 (USD/MT)	% Chang Septem 2023 & Septem 2024
Kenya	Retail	372	394	5.8	516	-28.1
Uganda	Retail	255	258	1.2	433	-41.1
Rwanda	Retail	293	327	10.5	568	-48.4
Kenya	Wholesale	283	286	1.0	405	-30.0
Uganda	Wholesale	219	223	2.0	368	-40.5
Rwanda	Wholesale	293	327	10.5	568	-48.4
Tanzania	Wholesale	245	245	0.1	393	-37.7

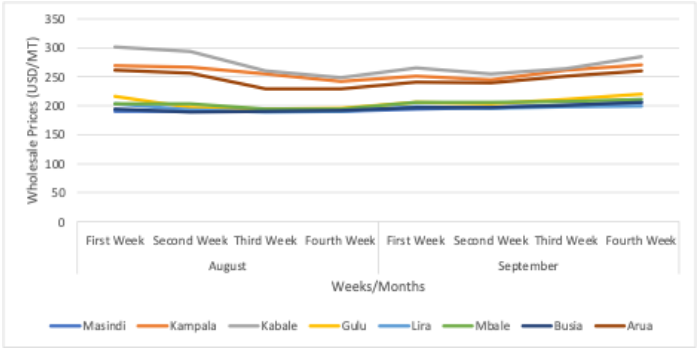
Source: Authors construction using data from FSP (for Uganda), Ministry of Agriculture Livestock and Fisheries (for Kenya), Ministry of Agriculture (for Tanzania), and e-SoKo (for Rwanda)

Uganda

In Figure 2, the weekly average wholesale prices for maize grains in selected markets throughout Uganda were somewhat lower and more stable in comparison to August. Kabale recorded the highest wholesale price in the nation, followed by the market in Kampala, and then the main market in Arua. Prices in these markets were consistently higher and more diverse when compared to other markets. This variation may be due to several reasons, such as the strong demand for maize in Kampala and from Rwanda through the Kabale market, which is situated near the Rwandan border. Furthermore, Arua district does not grow maize and relies on imports from other markets, mainly Kampala and Busia, which are considerably distant from production areas like Masindi. Finally, fuel prices in regions like Arua and Kabale are relatively high, which is likely to affect food prices in these localities.

Conversely, the wholesale prices of maize grain in markets like Gulu, Mbale, Lira, Masindi, and Busia are quite comparable. Nevertheless, Gulu has the highest prices, followed by Mbale, Lira, and then Busia. The lower prices observed in the Busia market can be explained by its position as a border town, which benefits from maize imports from Kenya alongside local supply. In contrast, the Masindi market, situated in a maize-producing region, is experiencing reduced prices due to an abundant harvest. Gulu and Lira markets mainly obtain their maize from Masindi, although prices in Gulu are also affected by the demand from South Sudan, which is adjacent to the Gulu district in northern Uganda. Also, the northern and eastern parts of the country where most of these markets are located experienced a late bumper harvest explaining the lowest wholesale prices in the country (FEWS NET, 2024a).

Figure 2: Average weekly wholesale prices of maize in selected markets in Uganda (August – September 2024)

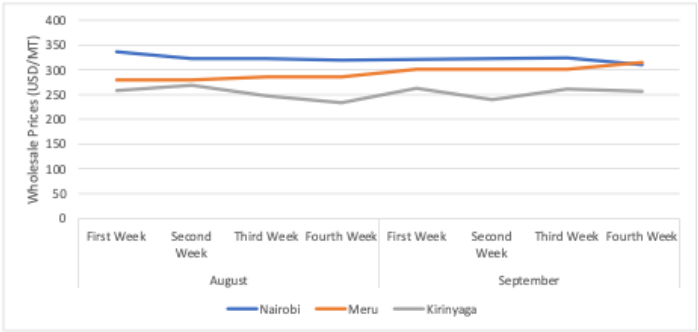


Source: Author's construction using data from the Daily Market Traders Survey for Uganda

Kenya

In Figure 3, the wholesale prices of maize across various markets in Kenya revealed inconsistencies, with the Meru market exhibiting relative price stability. The Nairobi market had the highest prices, likely because of the significant demand from urban residents. Following Nairobi, prices in the Meru market were stable but still on the higher side, mainly due to poor yields caused by the extended rainy season (FEWS NET, 2024 b). The Kirinyaga market experienced the lowest prices when compared to other markets, although it maintained an erratic trend between August and September. This fluctuation is linked to demand from nearby markets, high carryover stocks, the presence of green harvests, and supplies from the recent harvest in July-August (FEWS NET, 2024a).

Figure 3: Average weekly retail prices of maize in selected markets in Kenya (August - September 2024)



Source: Authors' construction using data from the Ministry of Agriculture Livestock Fisheries and Cooperatives for Kenya.

Tanzania

In Figure 4, the wholesale prices of maize across various selected markets in Tanzania exhibited a predominantly stable trend, with notable exceptions observed in the

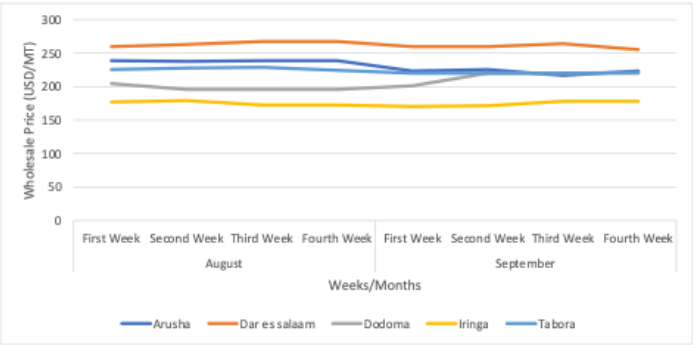
Arusha and Dodoma markets. In the Dar es Salaam market, prices remained significantly elevated, ranking it as the highest among the markets surveyed, followed closely by the Tabora market. This elevated pricing in Dar es Salaam can be largely attributed to its status as the country's leading consumer hub, where demand often outstrips supply, driving prices higher.

Arusha, situated in the northern part of Tanzania and closely connected to Kenya, emerged as one of the markets with comparatively lower wholesale prices. This may reflect the dynamics of cross-border trade and local supply conditions. Similarly, the Dodoma market, which serves as the capital and represents the central region of the country, experienced price reductions. It is important to note that Dodoma is a semi-arid area grappling with a deficit in maize production, which further places pressure on its market prices.

On the other hand, the Iringa market displayed relative stability in wholesale prices, a phenomenon attributed to the exceptional bumper harvest that the region recently experienced. Iringa is well-renowned as a significant maize-producing area in Tanzania, with fertile soils that contribute to its agricultural output. This consistency in pricing provides a contrast to the fluctuations observed in other regions.

Additionally, the Tanga market, located along the northern coastline, maintains robust trade connections with neighbouring Kenya, influencing its pricing dynamics. The interplay of regional agricultural productivity, consumer demand, and trade connections thus played a critical role in shaping the wholesale maize prices across these various markets in Tanzania.

Figure 4: Average weekly retail prices of maize in selected markets in Tanzania (August - September 2024)



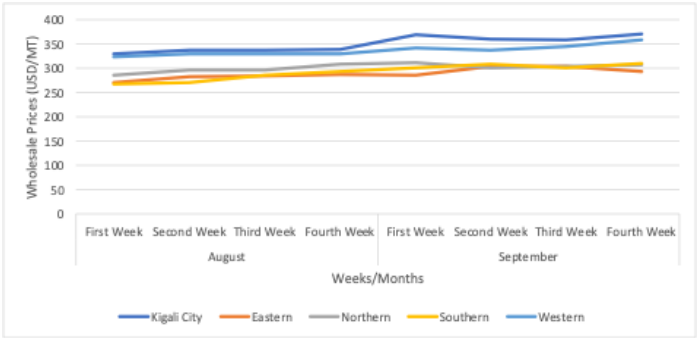
Source: Author's construction using data from the Ministry of Investment, Industry and Trade for Tanzania

Rwanda

In Figure 5, the wholesale prices of maize grains across Rwanda's various administrative provinces exhibit a notable degree of volatility. Specifically, Kigali City, the Western Province, the Southern Province, and the Northern Province have all experienced price fluctuations. In contrast, the Eastern Province stands out for its more stable pricing, indicating a different market dynamic at play in that region. The Western Province recorded the highest wholesale maize prices, indicative of increased demand in the area. This surge can largely be attributed to the urban population in Kigali City and its immediate surroundings, where consumer preferences and economic factors lead to greater demand for maize products. Prices in Kigali City were particularly noteworthy, as they exhibited a wider range of variation compared to other provinces, signalling potential supply chain issues or market pressures unique to urban centres.

On the other hand, the prices in the Northern and Southern Provinces have shown remarkable similarity, both establishing a lower average price point. These price levels appear to converge closely with those found in the Eastern Province, suggesting that market conditions in these areas are more aligned. This stability is likely attributable to several factors, including recent bumper harvests that have bolstered local supply, as well as an influx of maize imports from neighbouring countries such as Uganda and Tanzania. The availability of these imported grains can further help moderate price fluctuations and provide more consistent pricing for consumers in these provinces.

Figure 5: Average weekly retail prices of maize in selected markets in Rwanda (August - September 2024)



Source: Authors' construction using data from the eSoKo by the Ministry of Agriculture of Rwanda

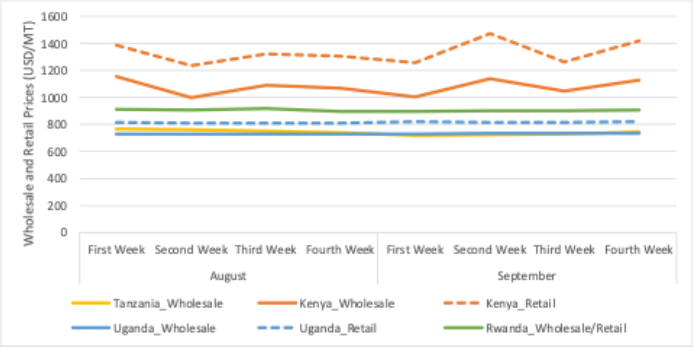
Changing Rice Prices in East Africa

In Figure 6, the wholesale and retail prices of rice across various East African countries have demonstrated disparities, reflecting unique market dynamics in each nation. Kenya emerged as the country with the highest recorded prices, which have also exhibited significant fluctuations. This volatility may be attributed to a combination of factors affecting supply and demand in the local market. Following Kenya, Rwanda ranks as the second highest in terms of rice prices, suggesting a relatively elevated demand or limited supply within the Rwandan market. In Uganda, retail prices have demonstrated a striking similarity to those observed in Rwanda, indicating a potential regional alignment in consumer pricing for rice. Meanwhile, Tanzania's wholesale

prices closely mirror those of Uganda, revealing interconnected market behaviours across these neighbouring countries.

The stable weekly average wholesale and retail prices witnessed in East African nations, except in Kenya, may be linked to several underlying factors. One significant element is the recent bountiful harvest throughout the region, which has likely contributed to increased supply levels, thereby exerting downward pressure on prices. Additionally, a decrease in domestic pump prices—reflecting the broader trends in global oil prices—may also play a role in shaping market conditions, making rice more accessible to consumers. The specific situation in Kenya can be attributed to the abundant harvest experienced in the region, coupled with rising local demand for rice. Moreover, the prolonged rainfall patterns noticed in southeastern areas and marginal agricultural zones along the coast have further bolstered agricultural output, ensuring a steady supply of rice in the market. These factors collectively contribute to the complex pricing landscape of rice in East Africa, as reported by FEWS NET (2024a; 2024b).

Figure 5: Weekly average wholesale and retail prices of rice in East Africa (July - August 2024)



Source: Authors' construction using data from the Ministry of Investment, Industry and Trade for Tanzania, eSoKo for Rwanda and the Ministry of Agriculture Livestock Fisheries and Cooperatives for Kenya and the Daily Market Traders Survey for Uganda.

The trend observed in the monthly average wholesale and retail prices of rice across the East African region reveals a complex and mixed pattern that echoes the variations seen in weekly average prices. Specifically, in September, there were noticeable decreases in rice prices, with Rwanda experiencing a decline of 0.8% and Tanzania reporting a more significant drop of 3.5%. In contrast, the remaining countries in the region witnessed upward trends in their rice prices during the same period.

Furthermore, when we compare the data from September 2024 with that of September 2023, there is a marked shift indicating a substantial decrease in rice prices overall. This decrease is particularly striking when we consider that it occurs in the context of the post-pandemic recovery phase, a time characterized by previously soaring prices across the East African region. The observed fluctuations in pricing are indicative of broader economic conditions and supply chain dynamics that have influenced the rice market in this part of the world.

Table 2: Monthly retail and wholesale price changes of rice in East Africa (August - September 2024, September 2023, and September 2022)

Country	Market Levels	Monthly Average Prices August 2024 (USD/MT)	Monthly Average Prices September 2024 (USD/MT)	% Change August & September 2024	Monthly Average Prices September 2023 (USD/MT)	% Chan Septem 2023 Septem 202
Kenya	Retail	1313	1354	3.2	1043	29.8
Uganda	Retail	811	819	0.9	1004	-18.
Rwanda	Retail	910	903	-0.8	1277	-29.
Kenya	Wholesale	1079	1079	0.0	1081	-0.2
Uganda	Wholesale	730	734	0.6	1178	-37.
Rwanda	Wholesale	910	903	-0.8	1277	-29.
Tanzania	Wholesale	755	729	-3.5	1043	-30.

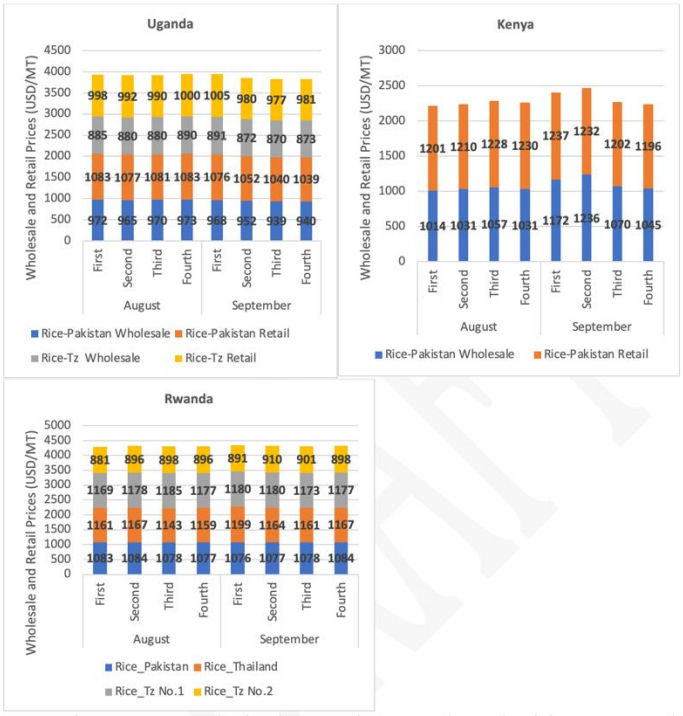
Source: Author's construction using data from the Ministry of Investment, Industry and Trade for Tanzania, eSoKo for Rwanda Ministry of Agriculture Livestock Fisheries and Cooperatives for Kenya and Daily Market Traders Survey for Uganda

Figure 7 provides a detailed overview of the wholesale and retail prices of imported rice in three East African countries: Kenya, Uganda, and Rwanda. These nations heavily depend on rice imports from Asian suppliers, with India and Pakistan being the primary sources, alongside an increasing contribution from Tanzania. In September, there was a noticeable decline in the volume of rice imported into East Africa from major Asian suppliers such as Pakistan and Thailand. This decrease can be attributed to India's recent decision to lift its export restrictions on non-basmati white rice, creating more favourable conditions for trade and affecting overall pricing. Concurrently, export prices from significant competitors like Vietnam and Thailand also experienced a downtrend, which is indicative of the shifting dynamics within the regional rice market (FEWS NET, 2024a).

In Uganda, the wholesale prices of super rice imported from Tanzania saw a relative decline in September compared to August. This reduction might reflect a variety of factors, including changes in demand and supply dynamics in the regional markets. Contrastingly, Rwanda presents a unique scenario. The demand for rice imported from Tanzania, especially grades 1 and 2, remains robust. This high demand has resulted in relatively elevated prices for these rice varieties compared to other regions, indicating a stronger consumer preference and possibly limited local alternatives.

Kenya, however, stands out as an anomaly. The wholesale and retail prices of rice imported from Pakistan have been significantly higher and more unstable compared to those in Uganda and Rwanda during both months examined. This volatility in pricing can be linked to the fluctuations in the exchange rate against the US dollar, which has impacted import costs and market pricing strategies.

Figure 6: Weekly average wholesale and retail prices of imported rice in East Africa (August – September 2024)



Source: Authors' construction using data from the Ministry of Investment, Industry and Trade for Tanzania, eSoKo for Rwanda and the Ministry of Agriculture Livestock Fisheries and Cooperatives for Kenya and the Daily Market Traders Survey for Uganda.

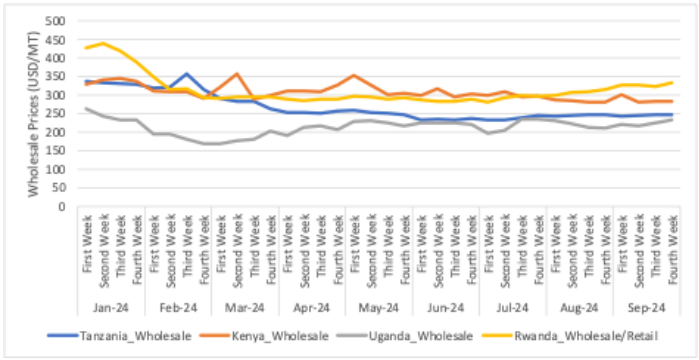
Summary and Future Outlook

The weekly average wholesale and retail prices of maize and rice across various East African nations are currently exhibiting a significant declining trend, accompanied by a noteworthy level of relative price stability. This positive pricing environment can primarily be attributed to the remarkable bumper harvests recorded throughout the region, which have fostered an ample supply of these staple crops. Additionally, comparable agricultural successes in neighbouring countries have contributed to this favourable situation, ensuring that there is a consistent flow of produce in the market. Moreover, the costs associated with local pumps and fertilisers have seen a decrease, further enhancing the affordability of these grains. For instance, in Kenya, the prices of CAN, DAP, and NPK fertilizers have decreased by between 10.4 percent and 81 percent over the past year. This combination of abundant harvests and reduced agricultural input costs has effectively kept prices of cereals in check. In a marked contrast to the previous year, the monthly average wholesale and retail prices observed in September 2024 were significantly lower than those recorded in September 2023, indicating a positive shift in the pricing landscape.

Furthermore, when examining the prices of imported rice, particularly the Pakistani variety, it is noted that in countries such as Uganda and Rwanda, these prices have remained relatively stable. This was mainly attributed to the loosening of the export restrictions from the Indian government and competitive pricing in Pakistan (FEWS NET, 2024a). However, in Kenya, the pricing dynamics appear to be more variable, suggesting a less stable market environment for imported rice. This variability could be influenced by several factors, including demand fluctuations, import logistics, exchange rates, and market regulations. Overall, the current pricing trends reflect a rather hopeful agricultural landscape in East Africa.

Separately, the downward trend in rice prices is maintained in September 2024 across the region, and also the overall outlook for maize prices remains optimistic (Chart 8). This positive sentiment can be attributed to several factors, particularly the favourable weather conditions that have been observed throughout the year, contributing to a bumper harvest. Also, since the beginning of the year, it has become clear that the price movements have stabilized, indicating resilience in the market. This stability can also be linked to the carryover of stocks from the previous year.

Figure 7: Weekly average wholesale prices of maize from January 2023 to September 2024



Source: Author's construction using data from the Ministry of Investment, Industry and Trade for Tanzania, eSoKo for Rwanda Ministry of Agriculture Livestock Fisheries and Cooperatives for Kenya and Daily Market Traders Survey for Uganda

On the other hand, trends in weekly average wholesale rice prices show greater variability compared to the relative stability seen in other countries, except for Kenya (Chart 9). However, as prices stabilize in Uganda and Rwanda due to bumper harvests in Tanzania, and if India maintains the removal of non-tariff barriers on exported rice, we can expect the price of rice to also stabilize. This development therefore points to a positive outlook for rice prices across the East African region in the medium term. Furthermore, as global oil prices decline, as illustrated in Chart A2, domestic pump prices are anticipated to decrease as well. Wamala and Ladu (2024) note that this reduction in fuel prices will lower transportation costs, alleviating the pressure on food prices throughout the region. In addition, as global fertilizer prices decline, as shown in Chart A1, consequently this could lead to lower domestic rice prices, benefiting consumers across these nations (International Rice Research Institute, 2024).

Data and Methodology

Data for wholesale and retail prices of rice and maize for Uganda and Tanzania were obtained from the (1) Food security Portal (FSP)[1] facilitated by the International Food Policy Research Institute, (2) Kenya Market Information System [2] sourced for the Ministry of Agriculture Livestock Fisheries and Co-operatives (MALF) for Kenya, and e-Soko (3)[3] for Rwanda. Also, we maintain that the data source for commodity prices for Rwanda neither indicates whether the prices are retail or wholesale. Further, the data for Kenya and Rwanda were collected in the local currencies, measured in Kshs/Kg and Rwf/Kg, and converted to USD/MT. Additionally, we averaged the weekly and daily wholesale and retail prices of maize and rice across the markets for each country in East Africa while drawing comparisons between January and February. We also analysed within-country weekly average wholesale prices of maize in selected markets of Uganda and Kenya. We also computed monthly average changes in rice wholesale and retail prices between January and February for the East African region to quantify any changes in the two periods. Finally, we constructed graphs of wholesale and retail prices of domestically produced and imported rice for Uganda and Rwanda.

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