IFPRI MALAWI

STRATEGY SUPPORT PROGRAM

IFPRI Monthly Maize Market Report **June 2019**

The Monthly Maize Market Report was developed by researchers at IFPRI Malawi with the goal of providing clear and accurate information on the variation of daily maize prices in selected markets throughout Malawi. The reports are intended as a resource for those interested in maize markets in Malawi, namely producers, traders, consumers, or other agricultural stakeholders.

Highlights

- Ten additional markets are now monitored by IFPRI from this month onwards.
- The average retail maize price increased by 2 percent during June 2019 to MWK165/kg.
- Retail prices in all markets were higher than the minimum farmgate price of MWK150/kg announced by MoAIWD in mid-April 2019, except for three markets in the North.
- Maize prices in Malawi during June were lower than in most eastern and southern Africa markets.

Prices continued to increase in June

Following the 3 percent increase in average maize prices in May, the average price increased by 2 percent in June. This compares to 11 percent increase in June 2018 and may be attributed to the relatively good recent maize harvest compared to the previous year. Prices rose in twelve markets, fell in six, and remained constant in eight markets during June 2019 (Table 1). M'baluku in Mangochi market had the highest price increase (12 percent) while Salima had the largest price decrease (6 percent). The average retail price for old maize during the month of June was MWK165/kg.

By the end of June, retail prices in all markets except Chitipa, Rumphi and Jenda were higher or equal to the minimum farmgate price of MWK150/kg announced by MoAIWD in mid-April 2019. Given that Strategic Grain Reserve stocks were just over 24,000 MT in early June, the ability to defend the minimum farmgate price remains uncertain until restocking decisions are made.

Table 1. Maize retail prices (MWK/kg) by market

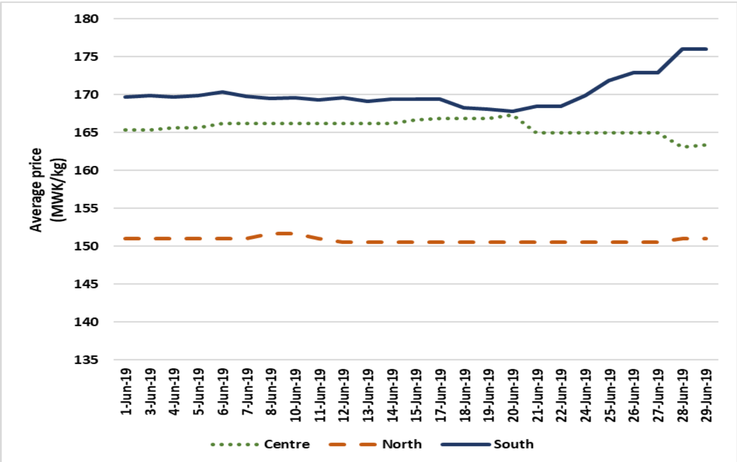
Market	1-Jun-19	8-Jun-19	15-Jun-19	22-Jun-19	29-Jun-19	Change
Chitipa	140	140	140	140	140	0%
Karonga	170	170	170	170	170	0%
Rumphi	143	143	143	143	143	0%
Mzuzu	150	150	150	150	150	0%
Jenda	143	143	143	143	147	2%
Mzimba	153	153	150	150	150	-2%
Salima	170	177	177	163	160	-6%
Mchinji	148	148	148	150	150	2%
Nsungwi	165	163	165	167	160	-3%
Mitundu	167	167	170	170	170	2%
Chimbiya	183	183	180	180	180	-2%
Balaka	147	150	153	157	157	7%
M'baluku	167	160	168	162	187	12%
Mangochi	180	180	180	187	193	7%
Liwonde	180	180	180	180	180	0%
Chiringa	160	170	170	160	163	2%
Mpondabwino	167	170	169	169	169	2%
Lunzu	163	160	160	160	160	-2%
Mbayani	160	160	160	163	173	8%
Mwanza	160	160	160	157	157	-2%
Mulanje	160	160	160	160	160	0%
Luchenza	193	193	193	193	193	0%
Chikwawa	180	179	179	179	180	0%
Ngabu	173	168	168	165	180	4%
Bangula	179	179	179	179	189	6%
Nsanje	180	180	163	163	200	11%
All markets	**165**	**165**	**165**	**164**	**168**	**2%**

Prices remain highest in the South

Maize retail prices were highest in the South and lowest in the North (Figure 1), as has been the case since 2018. The average price in the southern region was MWK5/kg higher than in the Centre. Similarly, prices in the Centre were MWK15/kg higher than in the North by the end of June. Prices in the South were generally MWK19/kg higher than in the North.

While prices in all regions were relatively steady during the month, the average price in the southern region started increasing towards the end of the month. Traders attributed this increase to reduced maize supply in the areas, especially in Mangochi.

Figure 1. Daily average maize retail prices during June 2019



ADMARC activities

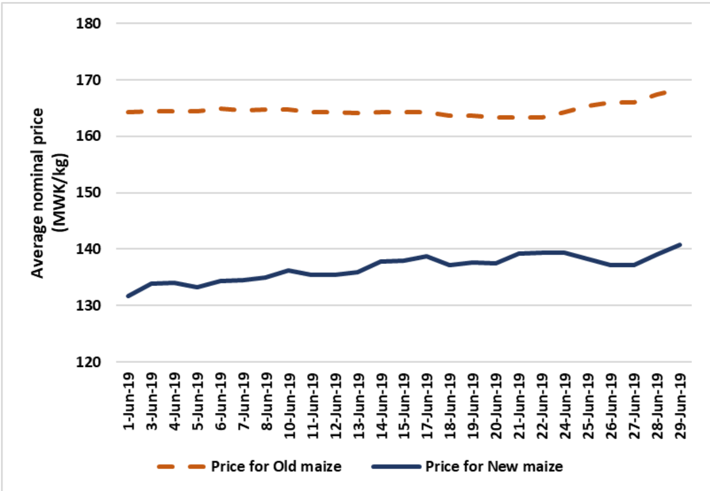
Despite the onset of the main marketing season, no ADMARC purchases were reported in any of the 26 markets monitored by IFPRI during the month of June.

Prices for old and new maize in June 2019

Figure 2 compares the average nominal maize price of old and new maize stock in June 2019. 'New' maize refers to maize from the immediate harvest of the 2018/2019 production year. On average, prices of 'old' maize were MWK28/kg higher than of 'new' maize. Most traders preferred stocking 'old' to 'new' maize due to greater risks of quality and quantity losses from high moisture content in 'new' maize. The price gap between old and new maize during June 2019 was 15 percent smaller than in the gap in May.

Prices for old maize were relatively stable during the month compared to new maize prices, which slightly increased throughout the month.

Figure 2. Prices for old and new maize in June 2019

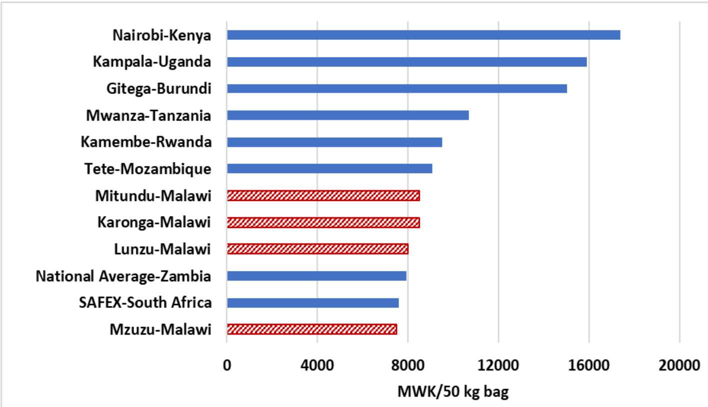


Regional prices in June 2019

Figure 3 shows retail maize prices per 50kg bag in selected markets in Malawi and in eight other regional countries at the end of June. The highest price was reported in Nairobi, Kenya, followed by Kampala, Uganda and Gitega, Burundi. Mzuzu, Malawi recorded the lowest retail price during the month of June.

While prices in selected markets in Malawi were lower than in most eastern and southern Africa markets, retail prices in Lunzu, Mitundu and Karonga were higher than the national average price in Zambia and on SAFEX, the main grain futures market in South Africa.

Figure 3. Retail maize prices in selected markets in eastern and southern Africa (as of end June 2019)



Sources: IFPRI-Malawi, RATIN, SAFEX, SIMA, Zambia Statistical Office

How data was collected

IFPRI has been monitoring retail maize prices and ADMARC activities in selected markets since November 2016. Currently, the data is collected from 26 markets across the country, with monitoring occurring six days per week, excluding Sundays. At least three monitors report data from each of these markets. Data is collected by means of automated short message service (SMS) with follow-ups made by telephone if necessary. The regional prices reported in Figure 3 are sourced from IFPRI-Malawi, the Johannesburg Stock Exchange (JSE), the Regional Agricultural Trade Intelligence Network (RATIN), Sistema de Informação de Mercados Agrícolas (SIMA), and the Central Statistical Office of Zambia.

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