IFPRI | MALAWI

STRATEGY SUPPORT PROGRAM

IFPRI Monthly Maize Market Report **August 2018**

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, sellers, consumers, or other agricultural stakeholders.

Highlights

- The average maize retail price increased by 2 percent during August 2018.
- The average retail price of MWK120/kg in August was 20 percent lower than the minimum farmgate price.
- Maize prices in Malawi remained lower than prices in most eastern and southern Africa markets.

Prices increased in August

The average maize price during the month of August was MWK120/kg. The national average retail price increased by 2 percent during the month, with prices rising in nine markets, remaining constant in six markets, and falling in just one (Table 1). Chitipa and Chikwawa markets had the highest price increases of 8 and 7 percent, respectively during the month. Maize prices declined by 6 percent in Mzimba market.

Retail prices in all markets were lower than the minimum farmgate purchase price for maize of MWK150/kg announced by the Ministry of Agriculture, Irrigation and Water Development in mid-April. Auction Holdings Commodity Exchange (AHCX) has purchased 32,000 MT of maize from 172 traders for the National Food Reserve Agency through tender at this price.

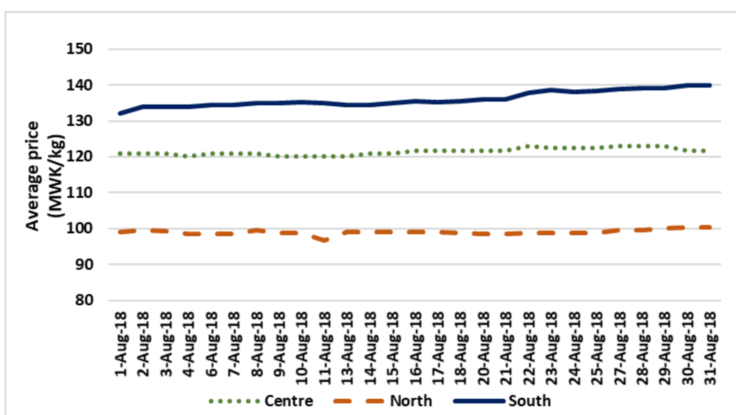
Table 1. Maize retail prices (MWK/kg) by market

Market	4-Aug-18	11-Aug-18	18-Aug-18	25-Aug-18	Change
Chitipa	81	85	87	87	7%
Karonga	99	99	100	99	0%
Rumphi	120	110	120	120	0%
Mzuzu	105	103	103	105	0%
Mzimba	90	90	83	85	-6%
Salima	135	133	137	137	1%
Mchinji	120	120	120	120	0%
Mitundu	120	120	120	120	0%
Chimbiya	110	107	110	113	3%
Lunzu	140	140	140	140	0%
Mwanza	130	130	133	133	3%
Liwonde	127	127	127	133	5%
Luchenza	137	140	140	140	2%
Mulanje	140	143	143	143	2%
Chikwawa	130	130	130	140	8%
Nsanje	133	133	133	140	5%
All markets	**120**	**119**	**120**	**122**	2%

Prices remain highest in the South

Maize prices were highest in the South and lowest in the North, as has been the case since January 2018. There was a gradual price increase in southern and central markets towards the end of the month. Markets in the North had fairly constant prices during the month.

Figure 1. Daily average maize retail prices during August



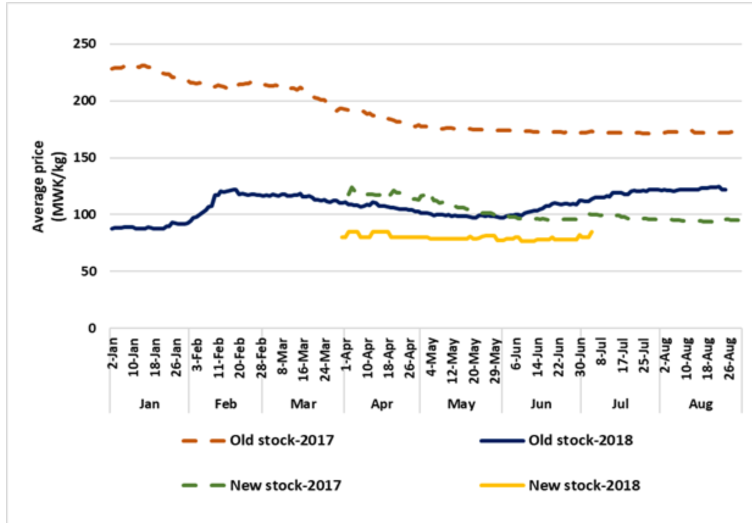
ADMARC and NFRA activities

Despite media announcements that ADMARC might resume operations from August 20, 2018, only a handful of the traders who report prices to IFPRI reported ADMARC activities during August. These traders were located in Karonga and Mitundu. Traders also noted that AHCX bought maize for the national Strategic Grain Reserve in Luchenza, Limbe, and Mzuzu markets during August.

Price trend – 2017 to 2018

Figure 2 compares average retail price trends from January to August 2018 month-by-month for new and old maize stock. In the immediate post-harvest season, old maize stock normally trades at a premium as compared to new maize, but the volume of premium stock was lower in 2018 than 2017. Old maize prices in 2018 remain significantly lower than old maize market prices were in the first half of 2017. The same is true for new maize prices. However, there has been no difference reported between new and old maize prices from July onwards this year.

Figure 2. Average retail prices – Jan to August in 2017 and 2018

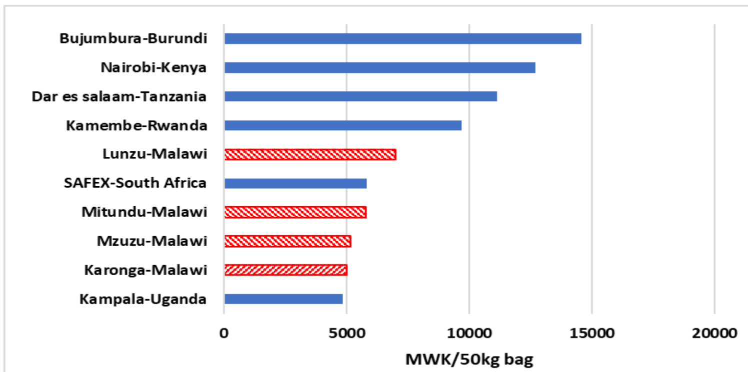


Regional prices in August 2018

Figure 3 shows retail maize prices per 50 kg bag in selected markets in Malawi and six other countries in the region. The highest retail price for a 50 kg bag of maize was reported in Bujumbura, Burundi, closely followed by Nairobi, Kenya and Dar es Salaam, Tanzania. Kampala, Uganda recorded the lowest maize price in the region during August.

While maize prices in Malawi at the end of August were significantly lower than prices in most eastern and southern Africa markets, retail prices specifically in Malawi's Lunzu market were slightly higher than on SAFEX, the main grain futures markets in South Africa.

Figure 3. Retail maize prices in selected markets in eastern and southern Africa (as of end of August 2018)



Sources: IFPRI-MALAWI, RATIN, SAFEX

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 16 markets across the country, with monitoring occurring six days per week, excluding Sundays. At least three monitors report data from each of the 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 collected from the Regional Agricultural Trade Intelligence Network (RATIN), IFPRI Malawi, and the Johannesburg Stock Exchange (JSE).

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