STRATEGY SUPPORT PROGRAM

IFPRI Malawi Monthly Maize Market Report June 2024

The Monthly Maize Market Report was developed by researchers at IFPRI Malawi to provide clear and accurate information on the variation of maize prices in selected markets throughout Malawi. All prices are reported in Malawi Kwacha (K).

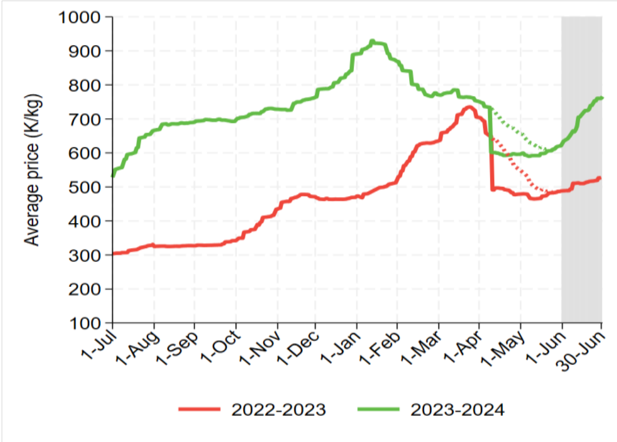
Highlights

- Retail prices of maize increased by 23 percent in June.
- Prices of maize were highest in the Southern region and lowest in the Northern region.
- No ADMARC sales were reported in any of the 26 markets monitored by IFPRI.
- ADMARC purchases were reported in 20 markets.
- Retail prices of maize in Malawi were higher than in Tanzania and comparable to the rest of the region at the market exchange rate.

Prices increased by 23 percent in June

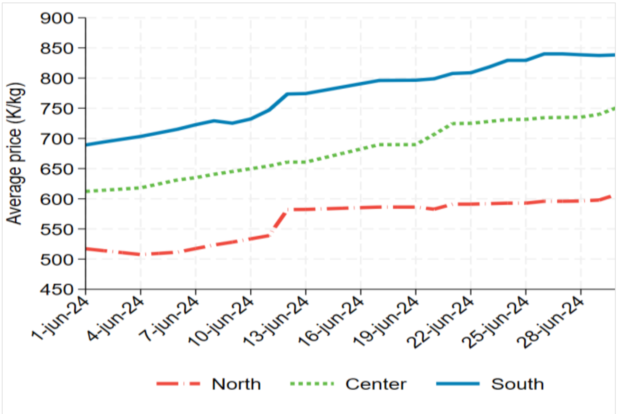
Figure 1 shows a trend in prices over the 12 months ending in June 2024, and, for comparison, over the 12 months ending in June 2023. At the beginning of the harvest season, we start reporting prices of newly harvested maize, which has a higher moisture content compared to maize from the previous harvest. High moisture content makes it unsuitable for storage or milling. During drying, it loses about 20 percent of its weight. Solid lines in Figure 1 represent observed maize prices. Dotted lines represent prices adjusted for moisture content, reflecting the true price trend.

Figure 1. Long-run trends in average maize retail prices



In June, there was a significant increase in average daily maize prices (Figure 1). The weekly average price of maize increased from K612/kg in the last week of May to K753/kg in the last week of June (Table 1), marking a substantial 23 percent rise, pushing prices well above the government's minimum farmgate price of K650/kg. By comparison, last year saw only a 6% increase during the same period. Such early, sharp increase suggests that Malawi is facing a maize shortage due to inadequate rainfall during the recently concluded main agricultural season, especially in the southern half of the country. Some farmers may also be hoarding maize in anticipation of even higher prices later in the year. Such practice would increase prices now but suppress them later

Figure 2. Average daily maize retail prices by region



Prices highest in the South

Figure 2 reveals a steady rise in maize prices across all three regions in June, with quite typical regional differences. The Southern region had the highest prices reaching a monthly average of K840/kg, a 28% increase from K654/kg in May. The

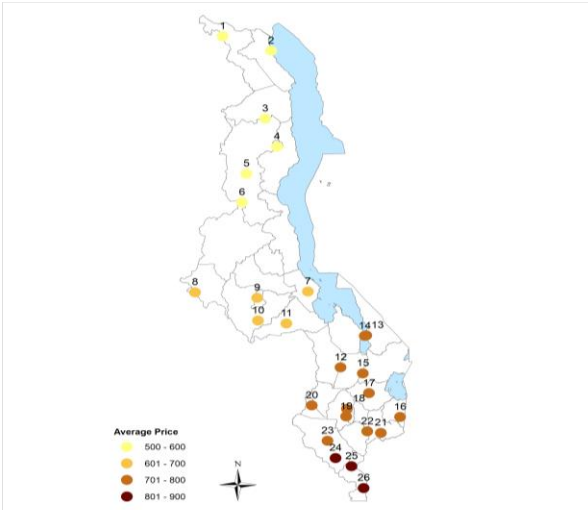
Northern region had the lowest prices, with a monthly average of K615/kg, a 22% increase from K502/kg in May. The Central region fell in between, with a monthly average price of K756/kg, a 33% increase from K568/kg in May - the largest increase among the three regions.

Table 1 below further reveals a significant overall increase in weekly average maize prices across most markets throughout June. Notably, Karonga market experienced the highest percentage increase at 40%, with prices rising from K422/kg in the last week of May to K760/kg in the last week of June. Although Karonga started with one of the lowest prices at K468/kg in the first week of June, its price increase was remarkable as traders incur additional transport costs by sourcing maize from Chitipa. Nsanje recorded the highest price at K890/kg by the end of June.

Table 1. Weekly average retail prices (K/kg)

	Week ending on					
	28-May-24	7-Jun-24	14-Jun-24	21-Jun-24	28-Jun-24	Change
Chitipa[1]	484	513	561	599	560	16%
Karonga[2]	422	468	547	592	589	40%
Rumphi[3]	511	507	540	566	574	12%
Mzuzu[4]	599	572	591	576	594	-1%
Mzimba[5]	436	530	558	579	587	35%
Jenda[6]	480	485	523	604	659	37%
Salima[7]	606	639	667	699	755	25%
Mchinji[8]	589	628	652	725	736	25%
Nsungwi[9]	600	622	640	650	672	12%
Mitundu[10]	562	613	651	679	757	35%
Chimbiya[11]	561	606	662	716	737	31%
Balaka[12]	596	636	718	756	798	34%
M'baluku[13]	650	676	704	744	804	24%
Mangochi[14]	642	656	674	720	761	19%
Liwonde[15]	690	691	716	807	853	24%
Chiringa[16]	705	730	740	792	829	18%
Mpondabwino[17]	670	709	753	725	753	12%
Lunzu[18]	657	671	728	785	815	24%
Mbayani[19]	702	733	762	800	819	17%
Mwanza[20]	661	679	727	785	807	22%
Mulanje[21]	660	729	765	802	847	28%
Luchenza[22]	687	738	781	807	836	22%
Chikwawa[23]	714	741	817	800	819	15%
Ngabu[24]	683	719	797	826	868	27%
Bangula[25]	688	706	779	836	864	25%
Nsanje[26]	666	755	812	882	890	34%
All markets	**612**	**644**	**687**	**725**	**753**	**23%**

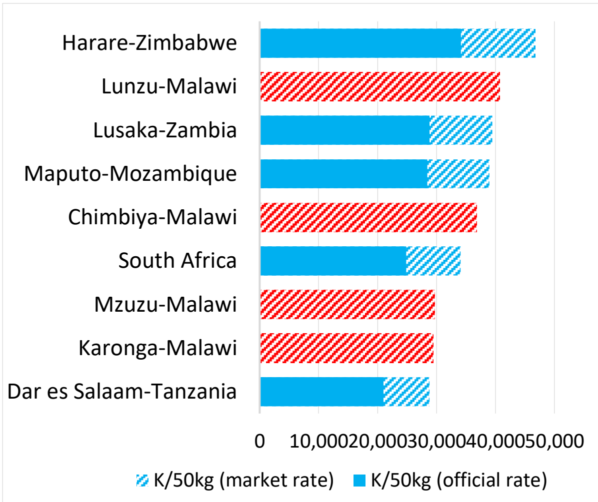
Figure 3. Location of markets



Regional prices

Tanzania's maize prices stood out as the lowest among all the countries compared in Figure 4 at both the market exchange rate (K2,400/$) and the official exchange rate (K1,751/$), driven by its new and relatively plentiful harvest. Although lower at the official exxchange rate, maize prices in Mozambique, Zambia, and South Africa we comparable to or highwer than Malawian prices at the market exchange rate, which is used for most trade.

Figure 4. Regional comparison (June 2024)



Note: Weekly average price for the week ending on 28th June

ADMARC activities

In June, no ADMARC sales were reported in any of the 26 markets monitored by IFPRI. However, ADMARC made purchases in 20 markets: 6 in the North, 2 in the Centre, and 12 in the South. Notably, ADMARC increased its purchasing price to K700/kg on 20 June. This is slightly above the government-set minimum farmgate price as well as above the prevailing retail prices in the Northen region.

How data was collected

IFPRI Malawi has been monitoring retail maize prices and ADMARC activities in selected markets since June 2016. Currently, 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 market. Data is collected by means of phone calls to the monitors. Regional prices reported in Figure 4 are sourced from weekly reports from Commodity Insights Africa.

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