



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

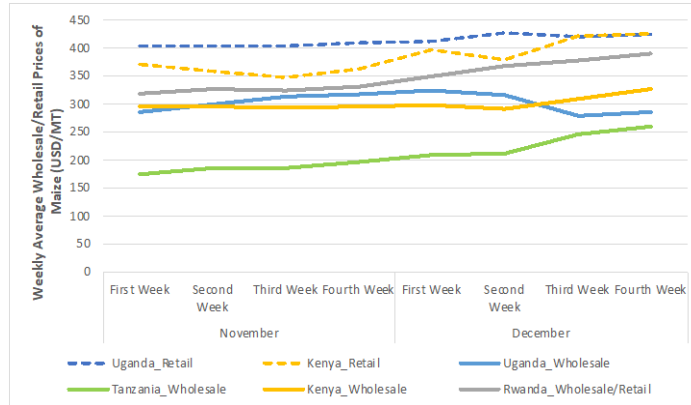
- ▶ Wholesale maize prices were lowest in Tanzania in December, which can be partially explained by high production and government intervention through purchases by the National Food Reserve Agency (NFRA).
- ▶ The wholesale and retail price margins for maize were relatively high in Uganda and Rwanda, which can be partially explained by the high transportation costs arising from elevated fuel prices.
- ▶ There was a general increase in average retail and wholesale rice prices in East Africa from November to December, with the exception of Uganda. These increases can be attributed to two factors: skyrocketing fuel prices that have increased transportation costs and led to food inflation and a rise in household demand for rice during the festive season because.

Changing Maize Prices in East Africa

There were noticeable changes in average wholesale and retail maize prices in East Africa in December (Figure 1). In Tanzania, weekly average wholesale maize prices were stable in the first week of December; they then rose from the second week and maintained an upward trend throughout the month. In Kenya, average weekly wholesale prices were also stable in the first week and rose in the second week, overtaking Uganda's wholesale prices, which fell in the

same week. Tanzania posted the lowest average wholesale prices in the region, averaging USD.232/MT throughout December. Uganda averaged USD.302/MT, Kenya averaged USD.307/MT, and Rwanda averaged USD.379/MT.

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



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)

Similarly, average weekly retail maize prices in Uganda were stable in the first week of December and increased slightly in the second week. Average retail prices in Kenya increased in the first week but fell in the second week; they then rose to around the same level as Uganda (USD.406/MT) toward the end of the month. Uganda posted the highest weekly average retail prices of maize, averaging USD.422/MT. In Uganda, the increase in maize prices from mid-December may have been driven by the rise in transport costs; petroleum prices in the country spiked by 19.2 percent in December, up from 14.5 percent in November (Odyek, 2021).

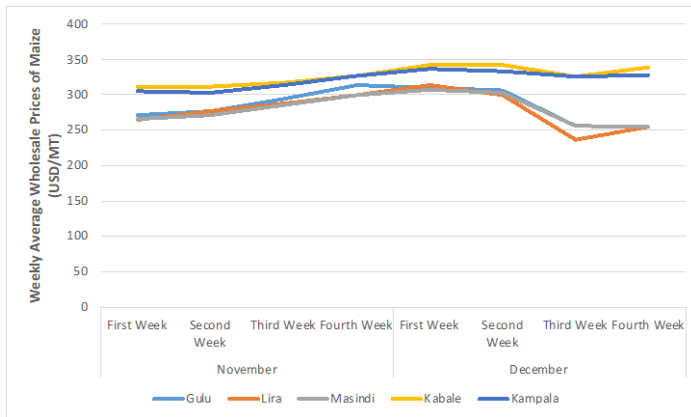
Similar increases in fuel prices in Rwanda may also have led to rising maize prices. The Rwanda Utilities Regulatory Authority announced an increase in pump prices for petrol and diesel, citing instability in the global oil market (Ufitiwabo, 2021). In addition, an unexpected dry spell and subsequent reduced production also

contributed to the increased price of maize in Rwanda.

Kenya saw an increase in maize prices due to stock reductions driven by intermediaries who buy, hoard, and speculate the staple to cause artificial shortages and trigger price increases (Daily Nation, 2021). In Tanzania, the government's intervention managed to control falling maize prices by buying a large volume of maize through the National Food Reserve Agency (NFRA). Farmers were selling maize for as low as Sh250 a kilogram, and the NFRA started procuring maize at Sh500 a kilo in the market (The Citizen, 2021).

Weekly average maize prices in Uganda maintained a slight upward trend from November until the second week of December, when they fell and remained stable throughout the end of December (Figure 2). Prices in Kampala and Kabale markets dropped by 2% and 5%, respectively. In Masindi, Lira, and Gulu, prices fell by 15.8%, 14.7% and 22.9%, respectively. These reductions in maize prices can be attributed to falling household demand during the festive season, when households prefer to consume rice. The sustained rise in wholesale maize prices at the beginning of December was due to skyrocketing fuel prices that increased transportation costs. Kampala and Kabale had the highest wholesale maize prices in the country, in part because maize is not grown in these districts.

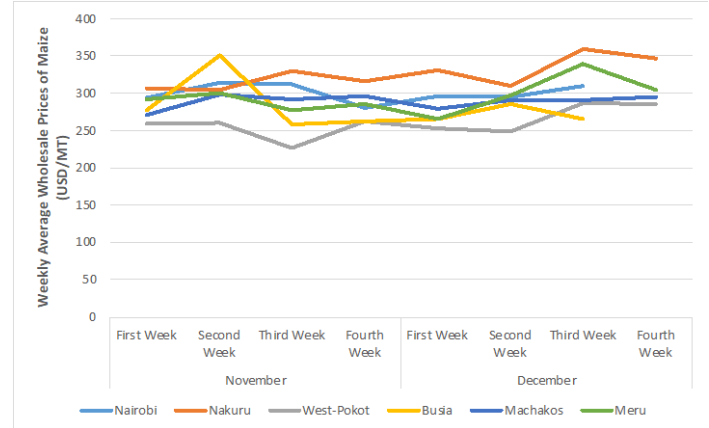
Figure 2: Average weekly wholesale prices of maize in selected markets in Uganda (December 2021)



Source: Authors' construction using data from FSP

Similarly, weekly wholesale maize prices in selected markets of Kenya maintained an upward trend from November (Figure 3). The upward trend in wholesale prices is partly attributable to rising fuel prices, poor harvests, and persistent drought in the country's arid regions (Nakuru, Meru, Machakos, and West-Pokot) (World Food Programme [WFP] report, 2021). Falling household demand for maize during the festive season also contributed to the fall in maize prices in mid-December, as rice is generally preferred over maize during the season.

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

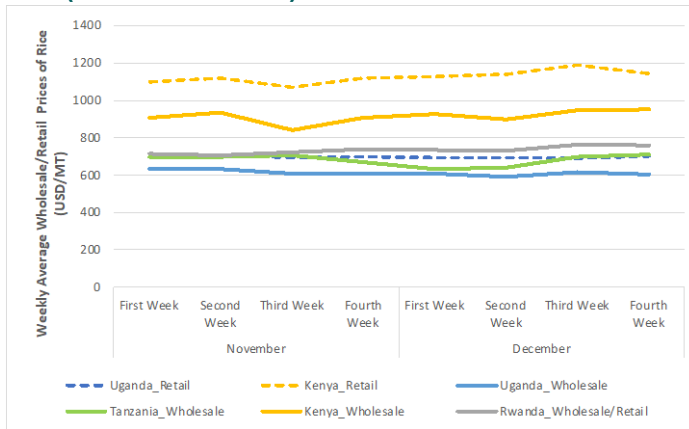


Source: Authors' construction using data from FSP

Changing Rice Prices in East Africa

As expected, weekly average wholesale and retail rice prices in East Africa were stable at the beginning of December and rose in the middle of the month as the festive season approached (Figure 4). During the festive season, there was a rise in household demand for rice. Kenya recorded the highest weekly average wholesale and retail rice prices in the region, averaging USD.1149/MT and USD.931/MT, respectively. Rwanda recorded an average of USD.750/MT. In Uganda, weekly retail prices of rice averaged USD.695/MT and weekly wholesale prices averaged USD.605/MT, the lowest in the region during December. By comparison, weekly wholesale rice prices in Tanzania averaged USD.671/MT.

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



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)

The monthly changes in retail and wholesale rice prices in East Africa (Table 1) show a general increase except for Uganda, where prices fell slightly. The increases can be attributed to two main factors: skyrocketing fuel prices that have increased transportation costs and led to food inflation and the rise in household demand for rice during the festive season.

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

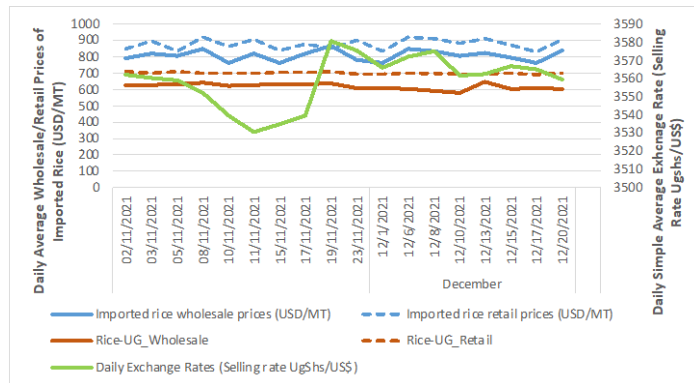
Country	Market Levels	Monthly Average Prices November	Monthly Average Prices December	Monthly % Change
Kenya	Retail	981	1149	17
Uganda	Retail	696	695	0
Rwanda	Retail	743	750	1
Kenya	Wholesale	872	931	7
Uganda	Wholesale	616	605	-2
Rwanda	Wholesale	743	750	1
Tanzania	Wholesale	644	671	4

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)

Figure 5 shows the interactions between the daily average wholesale and retail prices of

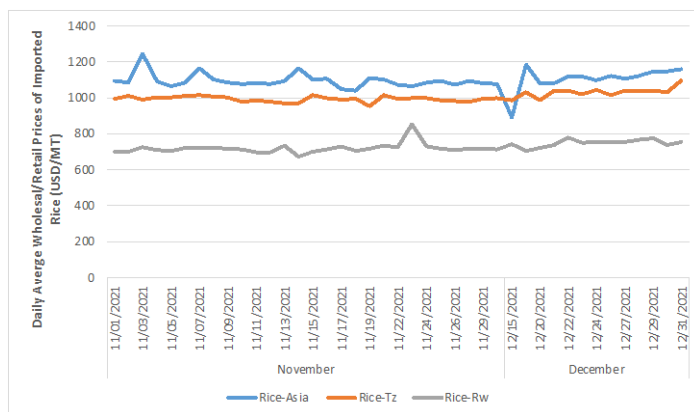
imported rice and the daily average exchange rates with domestically produced rice in Uganda. A similar positive pattern can be observed in the movement of wholesale and retail prices of imported rice and the daily average exchange rates; a marginal increase or decrease in the exchange rate is associated with a lag in the marginal increase or decrease in the wholesale/retail price of imported rice. Overall, the Ugandan currency has persistently performed better in the region, appreciating against the US dollar and subsequently making imported rice cheaper. In Rwanda, the difference between the prices of locally produced rice and imported rice remained the same from November to December (Figure 6). The price of rice imported from Asia (Rice-Asia) and Tanzania (Rice-Tz) continue to be slightly volatile, while domestically produced rice is more stable. The price of rice imported from Asia fell sharply on December 15, 2021, indicative of the dip in the FAO Cereals Prices Index by 0.6% from November amidst improved global supply chains (Food Agriculture Organization [FAO], 2022).

Figure 5: Average daily prices of imported rice, locally produced rice, and daily exchange rates in Uganda (December 2021)



Source: Authors' construction using data from FSP and Bank of Uganda for daily simple average exchange rates

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



Source: Authors' construction using data from e-Soko

Summary and Future Outlook

In December, there was a general increase in average retail and wholesale rice prices for most countries in East Africa, primarily due to the increase in demand during the festive season. In subsequent months, rice prices are likely to drop below what was observed in December due to reduced demand. The high prices of maize and rice observed in most countries in the region are also attributed to elevated fuel prices. This trend

may continue if fuel prices continue to skyrocket in the coming months in the absence of government intervention. In Tanzania, where the government intervened by purchasing extra maize stocks through its National Food Reserve Agency (NFRA), prices are likely to increase in the coming months despite high production.

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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