MALAWI

STRATEGY SUPPORT PROGRAM

IFPRI Monthly Maize Market Report **August 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

- After rising 22 percent in July, the average retail maize price increased by 2 percent during August 2019.
- By the end of the month retail prices were higher in most markets than the revised minimum farmgate price of MWK180/kg.
- The average nominal prices in August 2019 remained higher than in August 2018 and 2017.
- Maize prices in Malawi were lower than in most eastern and southern Africa markets during August.

Prices increased by 2 percent in August

Following last month's sharp price increase of 22 percent, maize prices in August stabilized, increasing by 2 percent on average during the month. The average retail maize price was MWK217/kg during August, compared to MWK192/kg in July. Prices rose in twelve markets, fell in ten, and remained constant in four markets (Table 1). Luchenza, Mwanza, Mzimba, and Salima markets recorded the highest price increases of between 13 to 20 percent while Mbayani market in Blantyre city recorded the highest price decline (6 percent).

In August, the Ministry of Agriculture, Irrigation and Water Development (MoAIWD) revised the minimum farmgate price from MWK150/kg to MWK180/kg. By the end of August, retail prices in all markets except for Chitipa, Karonga, and Rumphi were higher than the revised minimum farmgate price.

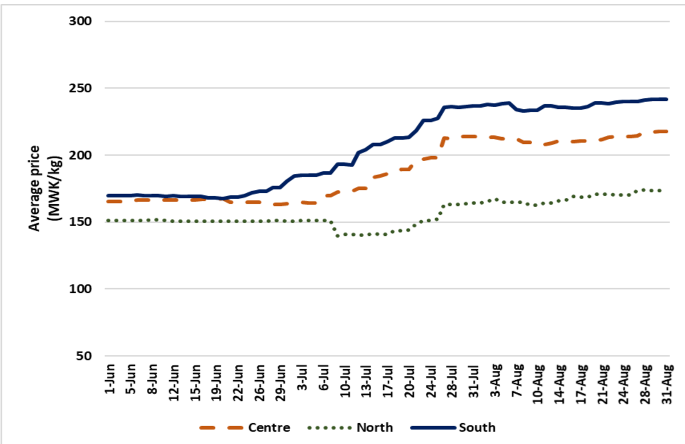
Table 1. Maize retail prices (MWK/kg) by market

Market	3-Aug-19	10-Aug-19	17-Aug-19	24-Aug-19	31-Aug-19	Change
Chitipa	160	160	160	160	160	0%
Karonga	168	168	165	164	163	-3%
Rumphi	158	155	172	172	172	8%
Mzuzu	170	170	172	172	182	7%
Jenda	190	160	180	182	190	0%
Mzimba	160	157	163	173	180	13%
Salima	207	227	233	233	233	13%
Mchinji	221	216	218	218	218	-2%
Nsungwi	220	213	205	205	217	-2%
Mitundu	213	193	200	203	207	-3%
Chimbiya	203	193	197	208	213	5%
Balaka	233	240	237	237	240	3%
M'baluku	240	220	223	243	240	0%
Mangochi	227	227	230	247	233	3%
Liwonde	250	243	240	240	240	-4%
Chiringa	247	250	247	250	250	1%
Mpondabwino	247	250	250	250	253	3%
Lunzu	250	220	240	240	247	-1%
Mbayani	260	240	230	227	245	-6%
Mwanza	203	207	227	240	240	18%
Mulanje	240	220	220	233	235	-2%
Luchenza	200	220	220	220	240	20%
Chikwawa	250	250	250	250	250	0%
Ngabu	250	242	243	243	243	-3%
Bangula	235	238	238	234	230	-2%
Nsanje	240	240	240	247	247	3%
All markets	**217**	**212**	**215**	**219**	**222**	2%

Prices remain highest in the South

Retail maize prices were highest in the South and lowest in the North (Figure 1), as has been the case since 2018. In July, prices increased sharply towards the end of the month in all regions. In August, prices have stabilized as compared to July, nevertheless they remain high in all regions. By the end August, prices in the southern region were about MWK25/kg higher than in the central region while prices in the central region were about MWK44/kg higher than in the northern region.

Figure 1. Daily average maize retail prices during August



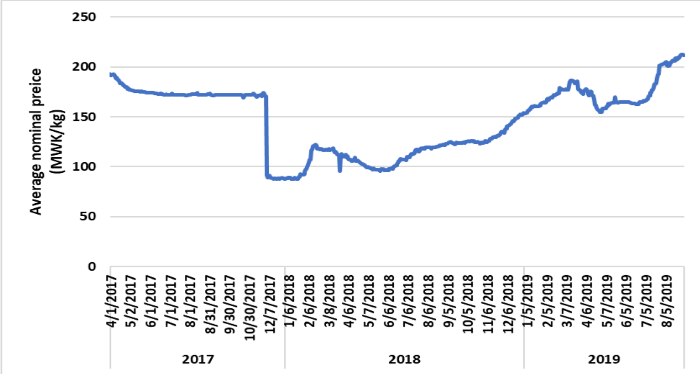
ADMARC and NFRA activities

ADMARC, the state-owned agricultural marketing parastatal plans to purchase 16,000MT of maize from the local market. On August 16, the Minister of Agriculture instructed ADMARC to revise its purchase price from MWK150/kg to MWK180/kg for all maize delivered to rural markets and to MWK200/kg for all maize delivered to ADMARC depots. During the month, the National Food Reserve Agency (NFRA) also called for bids for local procurement of 40,000MT of non-genetically modified maize to start replenishing the Strategic Grain Reserve (SGR). This maize is expected to be delivered to NFRA silos and warehouses at a maximum price of MWK200/kg.

Price trend: August 2017, 2018 and 2019

Figure 2 shows the average nominal maize retail prices between April 2017 and August 2019. From January to June 2019, nominal prices were higher than 2018 prices but lower than in 2017. In July 2019, maize prices sharply increased and remained higher in August. This is attributed to speculative behavior of traders in anticipation of government purchases and tight regional supplies. The average nominal price in August 2019 was MWK97/kg and MWK85/kg higher than in August 2018 and 2017, respectively.

Figure 2. Price trend January – August in 2017, 2018 and 2019

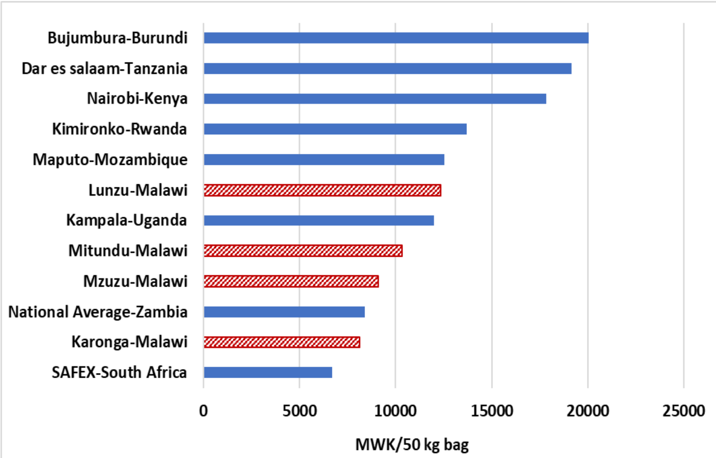


Regional prices in August 2019

Figure 3 shows retail maize prices per 50kg bag in selected markets in Malawi and in eight other regional countries at the end of August. The highest price was reported in Bujumbura, Burundi followed by Dar es Salaam, Tanzania, and Nairobi, Kenya. Kenya continues to experience maize shortage and intends to import from neighboring countries. SAFEX, the main grain futures market in South Africa recorded the lowest retail price.

In contrast to late July, when prices in Lunzu and Mitunda were higher than in Rwanda, Tanzania and Uganda, by the end of the August, prices in Malawian markets were lower than in most markets in eastern and southern Africa. However, except for Karonga prices, Malawi prices were higher than SAFEX and the national average price in Zambia.

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