

El Niño in Ethiopia Pulses Price Trends – November 2016

Introduction

In this November 2016 Food Price Brief, the AKLDP analyzes nominal Ethiopia Grain Trade Enterprise (EGTE) price data for pulses from November 2014 to November 2016. As mentioned in previous Food Price Briefs, pulses provide an important source of protein for poorer households that cannot afford sources of animal protein. Consequently, pulse price trends serve as a proxy indicator for the quality of household diet for poorer households – when pulse prices are high, poorer households typically eat fewer pulses and therefore daily protein intake is reduced.

Pulse prices

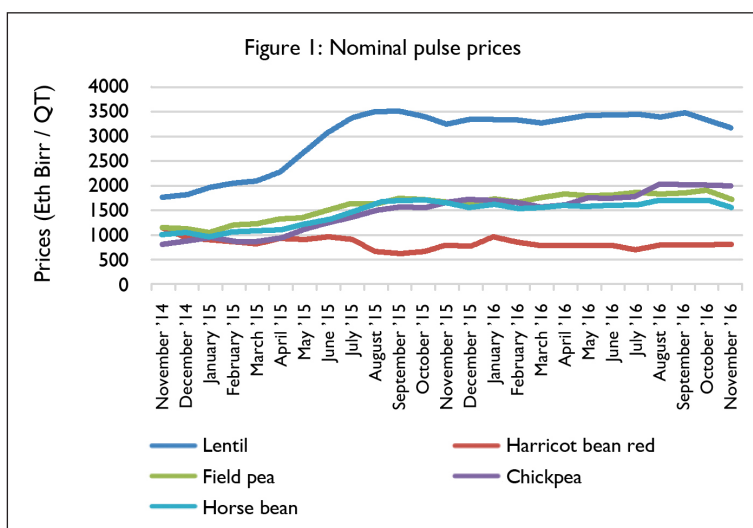
With the exception of haricot bean, price trends for pulses have been moving upward since November 2014, with an increase of 3.8% for nominal aggregate pulse prices from October 2015 to October 2016. However, the nominal aggregate price from October to November 2016 fell by 4.5%.

Disaggregated by crop, year-on-year pulse prices to November 2016 demonstrated variable trends. Some prices showed increases, for example: chickpea – by Eth birr 358, or 22%, per quintal; field pea – by Eth birr 45, or 3%, per quintal; and haricot bean – by Eth birr 18, or 2%, per quintal. In contrast, year-on-year prices of horse bean and lentil declined by Eth birr 88 (5%) per quintal and Eth birr 83 (3%) per quintal respectively. However, the price of lentil remains substantially more than the price of field pea and horse bean, and more than three times that of haricot bean (see Figure 1).

Month-on-month prices from October to November 2016 confirmed a nominal aggregate pulse price decrease of 4.5%. Disaggregated by crop, October to November 2016 prices fell as follows: field pea, lentil, horse bean, chickpea, and haricot bean declined by Eth birr 174 (9%) per quintal, Eth birr 146 (4%) per quintal, Eth birr 133 (8%) per quintal, Eth birr 17 (1%) per quintal, and Eth birr 2 (0.3%) per quintal respectively. The greatest price decline was observed for field pea in Bahir Dar, Amhara region, and Nekempt, Oromia region – by Eth birr 400 (18%) per quintal and Eth birr 337 (16%) per quintal respectively. The price of lentil also fell, with the largest price decrease in Dire Dawa – by Eth birr 213 (7%) per quintal. These price decreases are attributed to the onset of the 2016/ 2017 *meher* harvest.

Market trends

As mentioned in previous Food Price Briefs, the long-term pulse price trend is driven by a combination of domestic and international factors. On the domestic front, factors include a reduction in the area of land planted to pulses – as more



land is taken into cereal production – resulting in restricted supply, coupled with the 2015 El Niño drought, from which production and productivity (and hence prices) are only now recovering. Internationally, pulse price trends are driven by the level of demand, in particular by India – which is typically the largest pulse importer in the world.

Conclusion

Following two years of largely upward price trends, the price of pulses is now easing following the onset of the 2016/17 *meher* harvest. However, it is as yet too early to tell what the price fall will be and what effect these price decreases will have on farm-gate prices – and hence farmer income. Price declines will nevertheless be welcomed by urban dwellers, in particular those in poor and very poor socioeconomic groups that are dependent on pulses as the primary source of dietary protein.

Disclaimer

The views expressed in this Food Price Brief are those of the AKLDP project and do not necessarily reflect the views of USAID or the United States government.