Agriculture Knowledge Learning Documentation and Policy (AKLDP) Project, Ethiopia

Food Price Brief
July 2016

El Niño in Ethiopia

Wheat and Teff Price Trends – June 2014 to June 2016

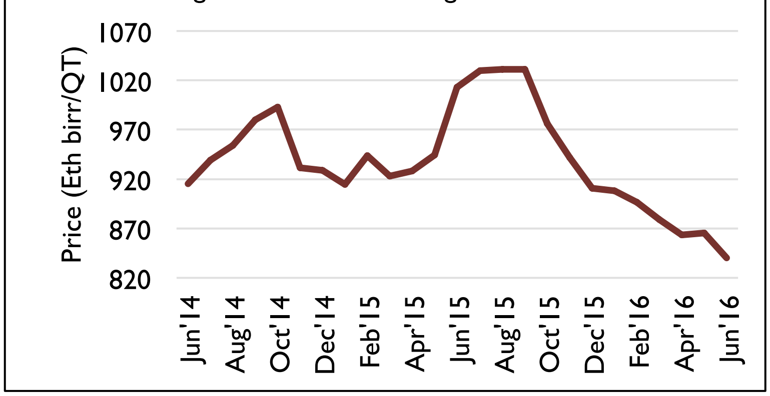
Introduction

In this Food Price Brief, the AKLDP analyses nominal Ethiopia Grain Trade Enterprise (EGTE) price data for wheat and teff over a 2 year period from June 2014 to June 2016. Wheat and teff are typically the staple cereals of urban population and better-off rural households. In urban areas, teff is consumed by all wealth groups, but with poorer households consuming poorer quality teff or in some cases eating fewer meals in a day.

Wheat Price Information

Average nominal wheat prices fell approximately by Eth birr 136/quintal or 14% from October 2015 to June 2016, while year-on-year nominal wheat prices to June 2016 declined by 17%. Similar to these declining price trends, nominal month-on-month wheat prices to June 2016 showed a decline of Eth birr 25 or 2.9% (see Figure 1).

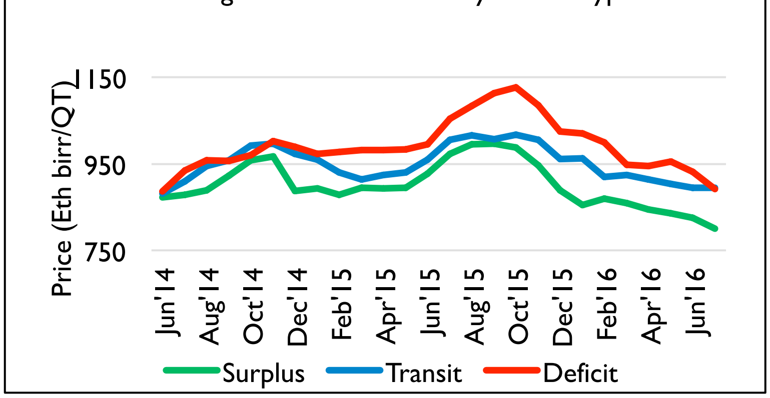
Figure 1: National AverageNominal Wheat Prices



Disaggregated market price information for 19 markets in June 2016 confirms price declines in 10 markets, price increases in 7 markets and prices remaining the same in 2 markets. The biggest price declines were recorded in Bure and Dejen, Amhara Region by 14.4% and 10.5% respectively, while the highest price increase was recorded in Jimma, Oromia Region of 3.5%.

Further analysis by market type – surplus, transit and deficit markets – confirms month-on-month aggregate wheat price declines of 3% and 4.3% in surplus and deficit markets respectively, while prices remained the same in transit markets. The year-on-year average nominal wheat prices declined by 18%, 15% and 11% in surplus, deficit and transit markets respectively to June 2016 (see Figure 2).

Figure 2: Wheat Prices by Market Type



These average nominal wheat price declines since the peak of August 2015 are not simply the result of the onset of the 2015 *meher* harvest – as would be expected in normal years – but a combination of poor quality locally produced wheat the result of the El Niño drought and an increase in government and international development partner, wheat imports.

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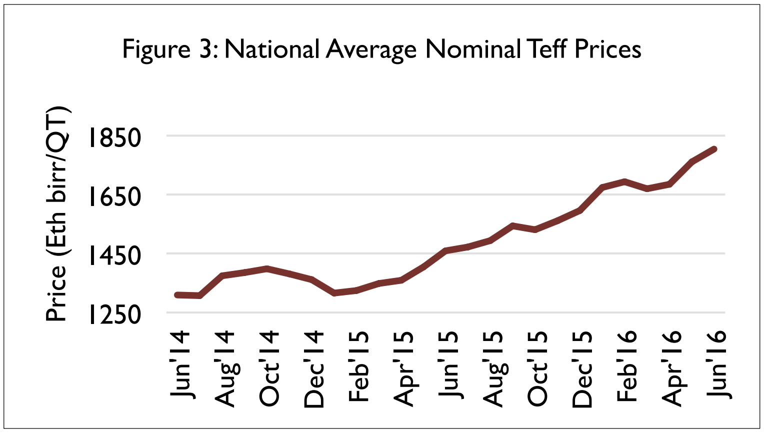
Teff

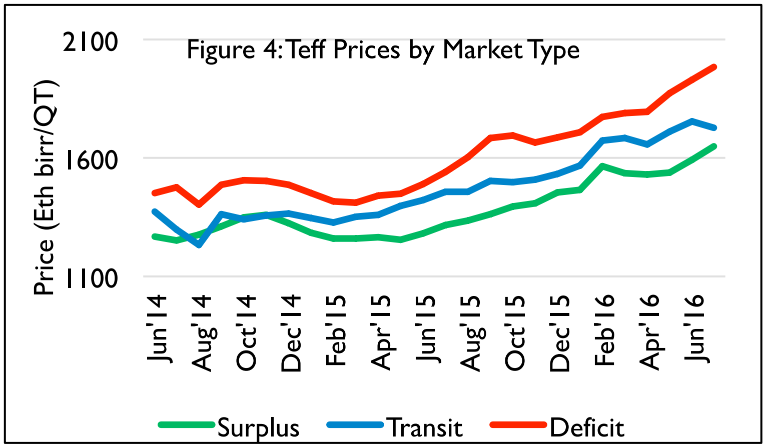
Teff is the most prized of Ethiopia's cereals, with white teff the most expensive followed by mixed and red teff respectively.

Nominal average teff prices started to rise in January 2015, and have continued upward to June 2016, with increases of Eth birr 489 or 37%. Year-on-year prices to June 2016 increased by Eth birr 345 or 24%, while month-on-month teff prices to June 2016 also increased by Eth birr 42 or 2.4% (see Figure 3).



Disaggregated EGTE market price information for 20 markets in June 2016 confirms price increases of 14 major markets, while prices fell in 6 markets. The biggest price increases were recorded in Ambo, Jimma and Eteya, Oromia Region by 9.7%, 8.7% and 6.3% respectively. The largest prices declines were recorded in Alaba SNNP, Shashemane Oromia and Debre Markos Amhara regions by 2.8%, 2% and 1.8% respectively.

Further analysis by markets type – surplus, transit and deficit – confirms average year-on-year price increases of 25%, 19% and 29% respectively, while average month-on-month price increases to June 2016 of 3.7% and 2.9% in surplus and deficit markets respectively with price declines of 1.6% in transit markets (see Figure 4).



If as expected teff prices continue upwards to the point of the teff harvest in September and October 2016, poorer households can be expected to purchase and consume cheaper types *Quey* teff, eat fewer teff-based meals each day or to switch to other cereals.

Conclusion

Wheat and teff are major staple food crops for the urban and wealthier rural households. In contrast to normal years, the prices of the two crops have diverged considerably with wheat prices falling markedly while teff prices have increased. As a result, teff prices are more than double those of wheat. Wheat prices reflect the poorer quality local wheat produced in 2015 under drought conditions and a significant increase in wheat imports – government and international development partner – to stabilize prices and the delivery of humanitarian assistance to drought affected smallholder farmers. As more imports are expected, the prices of wheat and teff can be expected to continue to diverge, at least until the onset of the 2016 *meher* harvest.

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.