

## El Niño in Ethiopia Wheat and Teff Price Trends – January 2017

### Introduction

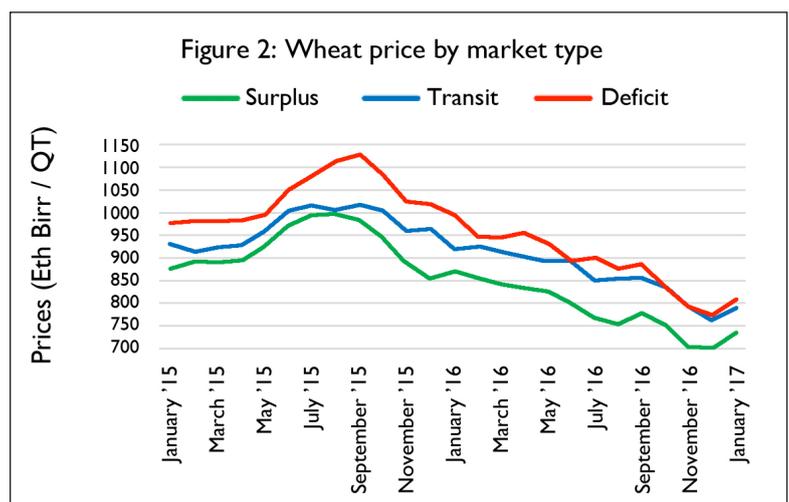
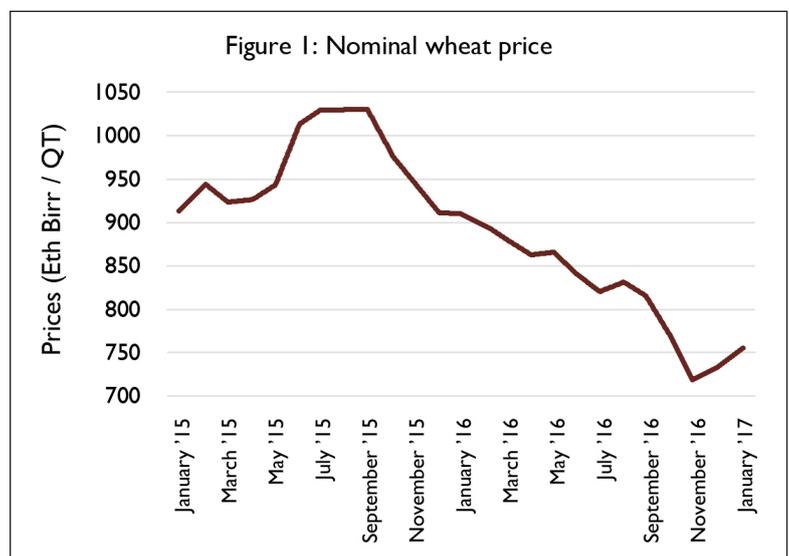
In this Food Price Brief, the AKLDP analyzes nominal Ethiopia Grain Trade Enterprise (EGTE) price data for wheat and teff over a two-year period, from January 2015 to January 2017. Wheat and teff are typically the staple cereals of urban populations and better-off rural households. In urban areas, teff 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 prices

As has been previously reported, nominal wheat prices fell by Eth birr 177 (19%) in the period January 2015 to January 2016 and again – by Eth birr 154 (17%) – to January 2017. However, despite the arrival of the first 2016/2017 *meher* wheat harvest in local markets, prices increased by Eth birr 21 (2.9%) per quintal in the period December 2016 to January 2017 (see Figure 1). Wheat prices in Ethiopia therefore remain significantly above world averages.

Disaggregated market price information for 18 markets confirmed month-on-month price increases in 17 markets and the price remaining the same in one market. The highest price increases were recorded in: Dessie, Amhara region; Bale and Shashemene, Oromia region; and Hosaena, SNNP region. These prices increased by Eth birr 83 (13.5%) per quintal, Eth birr 74 (12%) per quintal, Eth birr 57 (9%) per quintal, and Eth birr 60 (9%) per quintal respectively. These local price increases can be attributed to the decline in wheat imports and perhaps delays in smallholders releasing the new harvest to the markets.

Further analysis by market type – the surplus, deficit, and transit markets – confirmed month-on-month aggregate wheat price increases to January 2017 of Eth birr 34 (5%) per quintal, Eth birr 33 (4%) per quintal, and Eth birr 25 (3%) per quintal respectively (see Figure 2).



## 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 continued upward until October 2016, with an overall increase of Eth birr 725 (55%) per quintal. Subsequently, nominal prices of teff have fallen steeply, including a price fall in January of Eth birr 22 (1.2%) per quintal. These price falls are the result of the arrival of the 2016/2017 *meher* harvest in local markets. Despite these declines, nominal average teff prices in January 2017 remained Eth birr 85 (5%) per quintal above those of January 2016 (see Figure 3).

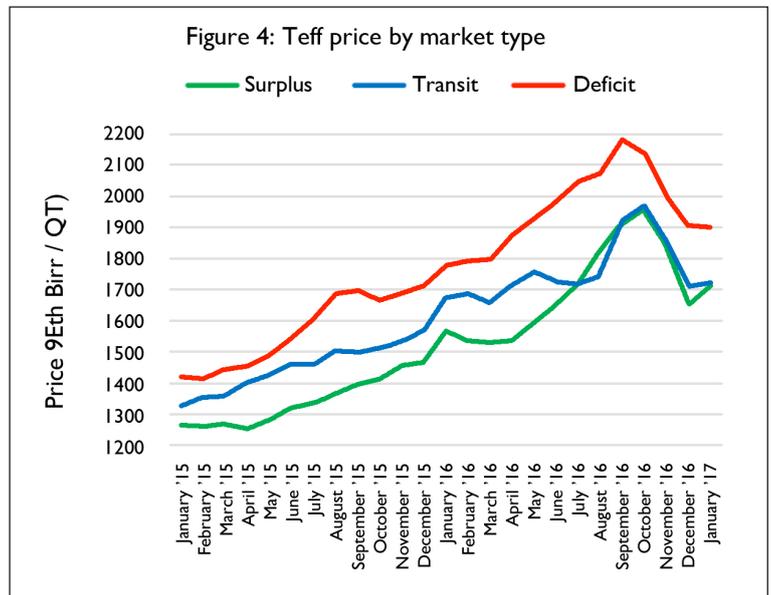
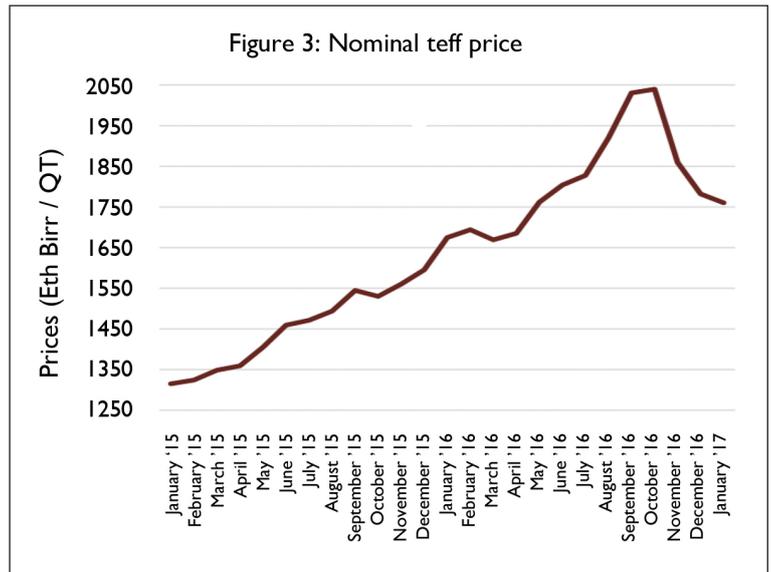
Disaggregated EGTE market price information for 17 markets in January 2017 confirmed teff price decreases in 11, increases in five, and the same price in one market. The biggest price decreases were recorded in Assela and Ambo, Oromia region – by Eth birr 232 (12%) per quintal and Eth birr 175 (10%) per quintal respectively.

Further analysis by market type confirmed average year-on-year teff price increases of Eth birr 145 (9%) per quintal, Eth birr 127 (7%) per quintal, and Eth birr 49 (3%) per quintal in the surplus, deficit, and transit markets respectively. Similarly, average month-on-month teff price increases were recorded in the surplus and transit markets – by Eth birr 61 (3.7%) per quintal and Eth birr 14 (0.8%) per quintal respectively. By contrast, an average month-on-month price decrease was recorded in the deficit markets – by Eth birr 6.5 (0.3%) per quintal (see Figure 4).

Despite declining prices, teff remains unaffordable for poorer households, and to compensate they consume only the cheaper types of quey (red) teff, eat fewer teff-based meals each day, or simply switch to other cereals.

## Conclusion

Wheat and teff are major staple food crops for urban and wealthier rural households. Normally smallholder farmers sell the bulk of their produce immediately after harvest, to pay taxes and loans and to meet their other needs. As more wheat and teff come onto the markets, prices typically fall. While teff prices have fallen in line with seasonal trends, the price of wheat increased in January by almost 3%. While this increase can perhaps be attributed to the decline of wheat imports – as Ethiopia moves into an El Niño recovery phase – it may also be that there is increased demand from the new drought-affected areas of southern Ethiopia. Despite the narrowing of the gap, the price of teff remains more than twice that of wheat.



## 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.